


Annual Report 2001




Financial Reports in 2002

Sampo publishes the 2001 Annual Report in Finnish, Swedish and English.
The Annual Report in English is available on Sampo's Internet pages at the address http://www.sampo.fi/annualreport

A printed Annual Report can be ordered by e-email at the above-mentioned Internet address, by post at the address Sampo Communications, P.O. Box 1026, FIN-00075 SAMPO, Finland, or by calling +358 (0)10 514 0042.

Sampo publishes three Interim Reports in 2002:

- the Interim Report for January–March is published on 21 May 2002
- the Interim Report for January –June is published on 13 August 2002
- the Interim Report for January–September is published on 14 November 2002

The Interim Reports in English are available on Sampo's Internet pages at the address http://www.sampo.fi/interimreports

The Annual General Meeting of Sampo plc is held on 10 April 2002.

Contents

The financial statements presented on pages 18–121 are based on bookkeeping and financial statements drawn up in Finnish markka. The official financial statements can be inspected in full at Sampo Legal Affairs, Unioninkatu 22, Helsinki and at the address Yliopistonkatu 27, Turku.

Sampo Highlights 2001

January

• Sampo-Leonia's Extraordinary General Meeting of Shareholders approved the Mandatum exchange offer according to the proposal of the company's Board of Directors. The shareholders of Mandatum were offered the right to exchange their Mandatum shares for new Sampo-Leonia A shares.

• The Board of Directors of Sampo-Leonia confirmed the new operational organisation valid for the Group as of 1 February 2001 and appointed the key management. The Board of Directors decided to propose to the Annual General Meeting convening on 5 April 2001 that the name of the parent company of the Group be changed to Sampo plc. The Board also specified the strategy of the Group.

February

• The conditions for the combination of Sampo-Leonia and Mandatum Bank were met. As a result, Mandatum Bank became a subsidiary company of Sampo-Leonia.

• The name of Leonia Bank plc was changed to Sampo Bank plc.

• Sampo-Leonia published its results for 2000. The operating profit doubled to EUR 1,628 million.

March

• Some of the companies belonging to the Group were renamed. Sampo-Leonia Asset Management Ltd was named Mandatum Omaisuudenhoito Ltd, Leonia Finance Ltd was named Sampo Finance Ltd, Leonia Card Ltd became Sampo Card Ltd and Sampo-Leonia Fund Management Ltd was named Sampo Fund Management Ltd.

• Sampo-Leonia transferred to a holding company structure. The Group's parent company is a holding company with banking and insurance companies as subsidiaries.

April

• Sampo-Leonia bought 18,894 Sampo Life Insurance Company shares from Varma-Sampo Mutual Pension Insurance Company, i.e. 20.1% of the Sampo Life share capital. After the transaction, Sampo Group owns the entire Sampo Life share capital.

• Based on the decision of the Annual General Meeting of Sampo, the parent company's name was changed from Sampo-Leonia plc to Sampo plc.

• The Annual General Meeting also approved the amendments to the Articles of Association, including a split of the company's share in five.

• The Annual General Meeting elected 7 members to the Board of Directors. The Chairman, who was elected by the Board among its members after the meeting, is Olli-Pekka Kallasvuo (Nokia Corporation).

May

• Sampo proposed a combination with Storebrand and made a cash and share offer to Storebrand's shareholders. At the same time, Sampo announced an agreement to transfer its P&C insurance business to If. The agreement was conditional upon successful completion of Sampo's offer for Storebrand.

June

• Sampo's cash and share offer to Storebrand shareholders was launched on 11 June.

July

• Sampo's cash and share offer to Storebrand expired on 10 July. Sampo's offer was supported by Storebrand shareholders representing approximately 83.5% of the shares in the company. As the offered amount did not meet the set conditions of 90%, the offer period was extended until 10 August 2001.

August

• On 13 August, the period of validity of the offer made to Storebrand shareholders was extended until 28 September. Sampo's offer was supported by Storebrand shareholders representing approximately 86.3% of the shares in the company.

September

• The offer period for the cash and share offer made by Sampo to Storebrand shareholders expired on 28 September. The offer was accepted by shareholders representing less than 90% of the shares in the company. On 1 October, Sampo decided not to extend the offer period and not to pursue the Storebrand transaction due to the drawn-out offer process, changes in the value of Storebrand and the market situation.

October

• Sampo and TietoEnator announced an extension of co-operation. Sampo announced that it would also transfer its insurance IT services to Tietoleonia, a joint venture company owned by the two groups, as of 1 January 2002 (when the company was renamed Primasoft Oy).

• Sampo Bank was demerged into three companies, of which one, Sampo Bank plc, was left with the assets and liabilities related to banking. The entire staff was transferred to the new bank as old employees. Corporate liabilities and properties were transferred to the other companies. Of these, Sampo Credit plc comprises export and project financing as well as the liabilities of large companies. Property owned by the bank was transferred to Sampo Business Properties Ltd.

• The asset management of Sampo and Mandatum were centralised into one company so that the business operations of Mandatum Asset Management Ltd were transferred to Mandatum Omaisuu-

denhoito Ltd (prev. Sampo-Leonia Asset Management Ltd).
• Sampo Industrial Insurance N.V. was sold to Hampden Plc.

November
• Sampo became founding shareholder in Meridea Financial Software Company, which produces e-banking solutions. The company produces and markets new generation software for banking and the financial field. The other shareholders are Accenture, Nokia, the leading European investment company 3i Group plc as well as persons belonging to the management of the new company.
• Sampo announced a transfer of its P&C insurance operations to the If Group. At the same time, Sampo and Varma-Sampo became new owners of If. Together, Sampo and Varma-Sampo hold 50% of the voting rights in If.
• Sampo proposed that rationalisations be initiated within the administrative and support functions of the company. The company estimated that the number of staff needs to be reduced by a maximum of 750 people.
• Sampo's and Mandatum's mutual fund operations were combined so that Mandatum Fund Management Ltd surrendered the management of its mutual funds to Sampo Fund Management Ltd.

December
• The preparatory euro work launched in 1996 reached its climax in Sampo Bank's great euro conversion, after which all banking services have been euro-denominated. The insurance services were gradually euro-denominated during the transition period.
• Mandatum Bank merged into Sampo Bank.

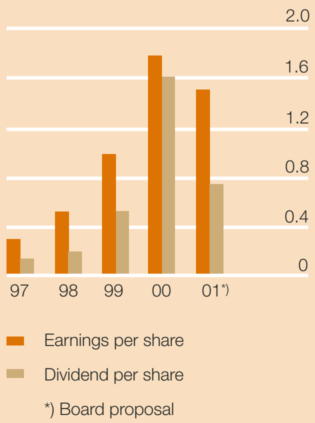
Group Key Figures

EURm	2001	2000	Change %
VOLUME			
Deposits	9,062	8,855	2.3
Loans	13,597	14,471	–6.0
Mutual funds	2,675	2,002	33.6
Other assets under management	7,469	5,214	43.2
Net income from financial operations	469	437	7.3
Life insurance premiums written	755	769	–1.8
P&C insurance premiums written	1,115	1,023	9.0
RESULTS			
Operating profit			
Holding company *)	372	–	
Banking	296	430	–31.0
Life insurance	78	421	–81.4
P&C insurance	569	777	–26.8
Total **)	1,286	1,628	–21.0
KEY FIGURES			
Per share, euro			
Earnings	1.50	1.78	–15.7
Dividend ***)	0.75	1.60	–53.1
Net asset value	5.67	8.40	–32.5

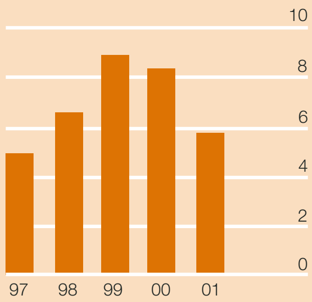
*) The holding company started its operations at the beginning of the second quarter in 2001.
**) After the deduction of intra-group dividends and sales profits.
***) Proposed dividend for 2001, number of shares 555,623,515. In addition to the ordinary dividend of EUR 0.8 an extra dividend of EUR 0.8 was paid for 2000.

Volume for year 2000 Sampo-Leonia-Mandatum pro forma.
Results and key figures excluding Mandatum.

Earnings and dividend per share, EUR



Net asset value per share, EUR



Sampo in a Nutshell

Sampo is Finland's first full-service financial group. Services relating to investment and savings hold a central position: we want to offer a varied and competitive service range to our customers interested in long-term savings. We also offer our retail, corporate and institutional customers services relating to traditional banking, insurance and investment banking operations. Our operations and customer relations are guided by Sampo's values: ethicalness, loyalty, openness and entrepreneurship.

Sampo financial group began its operations at the beginning of 2001 when Finland's leading insurance group Sampo and one of the leading banking groups, Leonia, combined their forces. In February 2001, Mandatum also joined the Group. The new Sampo is a holding company with subsidiary companies such as Sampo Bank, Sampo Fund Management Company, Mandatum Omaisuudenhoito and Sampo Life Insurance Company. The growth areas of our business operations comprise services relating to savings and investments (life insurance, asset management and mutual funds), retail and private banking and investment banking operations.

At the beginning of 2002, Sampo became the largest owner of the Nordic P&C insurance company If. At the same time, Sampo's P&C insurance companies became part of the If Group. Despite the restructurings, P&C insurance services remain part of Sampo's service range. Sampo's co-operation companies include Kaleva Mutual Insurance Company and Varma-Sampo Mutual Pension Insurance Company.

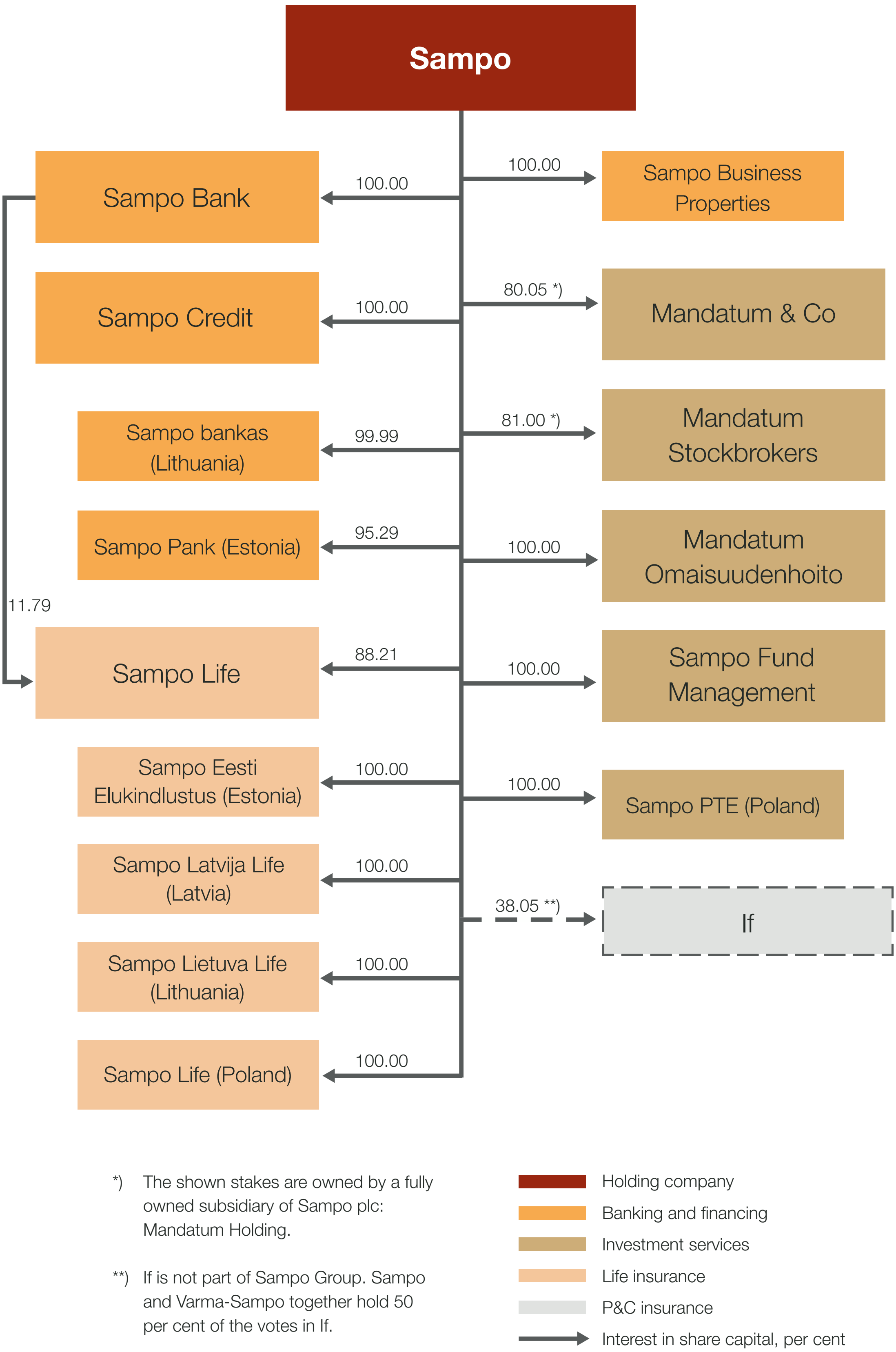
Key Target Levels of Sampo

Banking and investment services
RORAC > 20 per cent
C/I -ratio < 0.55

Sampo Life
RONAV > 14 per cent

RORAC = Net Operating Profit (taxes 29%)/Risk Allocated Capital (7% * Risk Weighted Assets)
C/I -ratio = total expenses/total income
RONAV = Net Operating Profit (taxes 29%)/Net Asset Value

Main Legal Structure of Sampo at 2 Jan. 2002



*) The shown stakes are owned by a fully owned subsidiary of Sampo plc: Mandatum Holding.

**) If is not part of Sampo Group. Sampo and Varma-Sampo together hold 50 per cent of the votes in If.

Chief Executive Officer's Review

Sampo underwent a major transformation in 2001. The Group revised its business concept and restructured its organisation. In addition, a number of legally finalised mergers were operationally implemented. This involved combining the overlapping organisational structures of the various business operations and rationalising administrative and support functions.

Despite the time-consuming process of restructuring, the Group managed to achieve good results in each of its business areas. In the latter half of the year there were encouraging signs that the new organisation was beginning to operate efficiently. Sampo increased its market share by an exceptional 3.6 percentage points in mutual funds. All our significant competitors lost market share.

In my view, 2001 was a positive year for Sampo, particularly bearing in mind the operating environment. As I forecast a year ago, equity markets proved difficult. Slower economic growth was reflected in the markets, and the terrorist attack in America on September 11 made the situation temporarily even gloomier.

I am pleased to be able to say that the profound changes in the investment climate and appalling events have had only a very limited impact on Sampo's operations. In addition to the growth in mutual fund savings, our banking operations also did well. The investment bank, Mandatum, reported near record profits, even though the industry in general was going through considerable difficulties as a result of the market downturn and the predicaments of IT firms. Following a sluggish period at the beginning of the year, life insurance improved both its market position and financial results. In domestic property & casualty (P&C) insurance we managed to reach our efficiency and profitability targets for the first time. The combined ratio improved to 104.1 per cent.

In last year's annual report I pointed out that it is particularly important to keep the Group's investment portfolio balanced in difficult market conditions and undertook to accelerate the process. This was precisely what we did. We sold 23 million of the 30 million shares we had in our Nokia portfolio at the beginning of the year at an average price of around EUR 34 per share.

A Changing Environment

In May, Sampo made an offer to purchase Storebrand ASA's share capital and to combine its P&C operations with those of If. A condition of the arrangement was the realisation of the Nordic P&C insurance solution. Storebrand is the leading Norwegian life insurer with a strategy very similar to Sampo's.

During the summer, 86 per cent of Storebrand's shares were offered to Sampo. Under Norway's controversial financial legislation, the transaction would have required 90 per cent of the shares. European authorities have strongly criticised Norwegian legislation and, in a reasoned opinion, insisted that measures are taken to amend it. Such measures are presently being considered by the Norwegian authorities.

In October, however, Sampo made the decision not to complete the Storebrand transaction because of the significant deterioration in the market situation and the consequent weakening of Storebrand's value, particularly in August and September. It would not have been in the interests of our shareholders to complete the transaction after September 11. Under the conditions of the offer, Sampo had the right to withdraw if materially adverse changes occurred. This clearly was the case.

In our view, however, the Nordic P&C insurance solution based on a combination of Sampo's businesses and those of If was still in our interest and hence should go forward. In November we reached an agreement on this. Sampo received a 38 per cent holding in If and a net cash consideration of EUR 171 million. Sampo and Varma-Sampo together now control 50 per cent of the votes in If.

If is by far the largest P&C insurer in the Nordic countries and a key associated company for Sampo. We are strongly committed to improving If's financial performance. The business portfolio transferred from Sampo serves both as an example and a goal in the efforts to improve the performance of operations in the other parts of the If Group. If acquired a healthy P&C insurance portfolio from Sampo, partly due to the sale in October of Sampo Industrial Insurance N.V.

The New Sampo

I would describe the past year primarily as a process of internal restructuring. Strategic redirection of the business and organisational restructuring were arduous tasks. The reorganisation of the legal structure of our banking operations into three companies permitted us to release significant amounts of excess capital.

Most important, however, was the fact that on the whole our businesses developed favourably under difficult internal and external circumstances. Improved operational efficiency and the excellent sales performance in the latter half of the year strengthened our conviction in the strategic choices made in January 2001. In fact, the popularity of our mutual fund and savings products was something of a surprise, considering the overall market situation last autumn.

In my assessment the strategic choices made by Sampo have been well received both by our customers and the broader market. Measured by market value, we have become a middle-sized Nordic finance house.

Work Ahead

The process of building Sampo has by no means ended. On the contrary, 2001 was but a successful start to this work.

We still have a great deal to do in customer service, product development and a deeper integration of the various business areas. The task is made somewhat easier because the fundamental strategic choices have now been made and the organisation is ready to take full advantage of new opportunities. As from 1 February 2002, Finnish legislation allows customer information to be transferred between the various parts of the financial group for customer service and marketing purposes. This anticipated amendment is of crucial importance for Sampo, as the Group and associated companies have more than 2 million customers but a much smaller number who subscribe to the full range of our financial services.

The new year promises to be challenging in the investment market, although we are no longer experiencing the crisis atmosphere that we faced in the third quarter of last year. In this difficult environment I expect professionally managed financial service companies to stand out and be successful. I am certain that Sampo will prosper, particularly in the fast-growing business areas that we have chosen to focus on.

The year 2002 could also be described as a year of returning to normal. Excess capitalisation has been reduced and the new organisation has got off to a good start. Although absolute return figures will not be on the same level as during the two previous years when we sold out our Nokia portfolio, we do expect a good return on capital invested. Our business operations are now on a sound basis.

I would like to take this opportunity to thank our customers and shareholders. Sampo has changed and will continue to change in accordance with your interests. We have improved the efficiency of our organisation in order to maintain our competitiveness and to more effectively make the expertise of our Group accessible to our customers. The Sampo brand obligates us to constantly strive to improve the entire spectrum of our services in banking, life insurance and P&C insurance operations.

The year 2001 was in many respects a difficult one for our personnel, and the changes enacted were considerable. Nevertheless, they were implemented briskly and efficiently. I wish to extend my warmest thanks to the entire personnel for coping so well and generating good results.

March 2002

Björn Wahlroos

Operating Environment 2001

Growth in total output in Finland slowed down rapidly in 2001: the estimate for GDP growth is less than one per cent. Growth of the world economy slowed down markedly in 2001. The unemployment rate continued to fall steadily, dropping to an average 9.1 per cent for the year. Inflation fell to 2.6 per cent on average. Short and long-term interest rates also fell. Overall, share prices declined compared with the previous year. The terrorist attacks against the USA on September 11 also caused anxiety on financial markets.

Financial Markets

The European Central Bank lowered its reference rate four times. The minimum bid rate was lowered by 1.5 percentage points during the year, to 3.25 per cent. Money market rates began to fall at the start of the year, as signs of an economic slowdown became clearer and expectations of slower inflation in the euro area built up. For instance, the 6 and 12-month euribor rates often used for housing loans fell by about 1.5 percentage points during the year.

Long-term interest rates mainly fell during the year. The fall in short-term rates in combination with the slowdown of both economic growth and inflation pushed down the entire yield curve. Long-term rates rose somewhat towards the end of the year, as hopes of revived economic growth made themselves felt on the markets. The spread between Finnish government bonds and German government bonds remained more or less unchanged, the spread for ten-year maturity being about 0.2 percentage points. The spread between corporate bonds and government bonds widened during the year worldwide. After a particularly sharp rise in the corporate bonds' spread over government bonds in September, differences narrowed again towards the end of the year, while remaining greater than at the beginning of the year. The volume of corporate bond issues on the European market reached record proportions, at about EUR 330 billion.

The fall in share prices which started in 2000 continued almost throughout the year. In the last quarter, the market picked up, however, as average market expectations of future economic growth increased. The HEX all-share index fell by 31 per cent over the year, while the portfolio index fell by 22 per cent. The flagging world economy and lower-than-expected growth caused a slump, particularly in share prices for growth-oriented telecommunications companies. Telecom shares as a group fell by about 39 per cent during the year. Share prices in the banking and finance sector dropped by an average of 27 per cent. Meanwhile, share prices in the forest industry rose by about 8 per cent during the year.

The fall of the euro against the US dollar levelled out during the year, at an exchange rate of about 0.89. Among foreign currencies important for Finland, the Swedish krona depreciated by about 10 per cent. The exchange rate of the euro against the British pound remained fairly steady all year.

In addition to their immediate disastrous effects, the September 11 terrorist attacks in the USA also had economic consequences in that they caused fluctuations on financial markets, depressed consumer confidence, undermined the outlook for airline companies and forced P&C insurance companies to reconsider insurance prices in the light of the risk of terrorist attacks. The immediate destruction caused in New York and Washington, D.C. led to enormous indemnities for personal injury and property damage to those affected. Sampo did not have any direct or reinsurance liabilities relative to the targets of the September 11 attacks. Central banks helped to stabilise financial markets by lowering interest rates and providing liquidity.

Households

Consumer confidence in personal finances remained firm, but expectations of general economic growth in Finland flagged. The employment trend weakened towards the end of the year, but the unemployment rate for the year as a whole still fell to 9.1 per cent. Both the nominal and real income of households increased. There was reasonably good interest in borrowing, and the proportion of euribor-linked loans went up considerably. By December, the overall stock of household bank loans had risen 8.5 per cent on the previous year, reaching EUR 37.5 billion. Despite the rapid rise in lending, the household indebtedness ratio in per cent of disposable income remained reasonable. The general public's euro and foreign currency denominated deposits stock went up by about 5 per cent. Among mutual funds, those investing in short-term interest instruments were particularly popular.

Total household housing loan stock increased by 11 per cent during the year. Housing prices remained fairly stable throughout. The pace of construction of new housing slowed down, however.

The service industries continued to grow, but at a slower pace than in 2000. Wholesale and retail sales increased, while automobile sales fell. According to statistics from the Vehicle Administration Centre, registration of new vehicles dropped by 12.7 per cent last year.

Altogether 178,890 new vehicles were registered, compared with 204,849 in 2000. Despite this, the number of vehicles totalled 3.76 million at the end of 2001, an increase of 2 per cent on the previous year.

Industry

Both exports and imports fell in 2001 compared with the previous year. Economic growth slowed on all of Finland's main export markets. The terms of trade improved slightly as a result of import prices falling more than export prices. The trade surplus remained close to 2000's record level. The current account surplus fell slightly more, since a record amount of dividends was paid out to recipients abroad.

Industrial output went down by about one per cent on the previous year. Forest industry output in particular fell as export prospects weakened. Output in the electro-technical sector, which has grown forcefully in recent years, began to flag in the spring, but took an upward turn again towards the end of the year.

Industrial investment activity was fairly low, although investments in machinery and equipment went up. In other sectors, such as the services, investments grew at a slightly faster pace. Bank loans to non-financial and housing corporations rose by about 4 per cent on the previous year.

The Baltic Area

The global economic slowdown was also felt in the Baltic area. Germany, the biggest economy in the area and also the biggest export market, was drifting closer to recession.

All in all, economies of the three Baltic countries continued to perform well during 2001, even if economic growth lost momentum towards the end of the year. Latvia had the fastest-growing GDP in Europe apart from Ireland. Economic growth supported restructuring of the area's banking system and increased its stability during 2001.

In Poland, economic growth slowed to about 1 per cent per annum during 2001. This slowdown was a consequence of high interest rate and stagnating export markets. Lower inflation and a reduction in the current account deficit were positive aspects of the development. Interest rates fell towards the end of the year and the interest rate spread between Poland and Germany lessened. The European Commission found that the Baltic States and Poland had all made good progress with legislative amendment and economic reform with a view to EU accession.

Short-term interest rates 1997–2001, per cent

Industrial output 1997–2001 Three-month moving year-on-year change, per cent

Long-term Savings

Changes in household saving opportunities and investment behaviour provide a firm foundation for Sampo's business strategy. Economic growth increases household wealth and also the possibility to save. The ageing of the population invites a growing number of people to prepare for the future by initiating their own pension saving plans.

By international comparison, a substantial portion of Finnish household financial wealth consists of savings deposits and poorly diversified equity investments. As a result, this opens a market for investment products with better earning opportunities than ordinary deposits. These investment products are less risky than individual equities. Therefore, mutual funds have become increasingly popular in recent years.

As investor vigilance grows, the share of funds as a form of savings is expected to increase even further. Together with growing household wealth, this means that Finland is one of Europe's fastest growing areas in fund saving. Simultaneously, the demand for quality asset management services is increasing.

The role of life insurance as a savings and investment vehicle is growing considerably. This interest is fuelled in part by the introduction of new life insurance packages and solutions that are linked to various investment instruments.

Life Insurance

After many years of positive development, the growth in Finland's life insurance markets slowed down in 2001. Preliminary estimates indicate that the sector's total premiums written fell by about 17 per cent to EUR 3.2 billion. The life insurance markets were affected by the general uncertainty in the investments and savings markets. However, the life insurance markets clearly recovered in the last quarter of the year.

Sampo Life's premiums written in 2001 performed better than the markets and totalled EUR 742 million. Total premiums were only about 3 per cent lower than in 2000. On the basis of preliminary industry figures, market share grew by 3.2 percentage points to 23.1 per cent.

The return on investments in life insurance depends to a great extent on the investment activities of the insurance company. In 2001, the result from investment activities was weakened by the decline in share prices sustained nearly throughout the year. For this reason, estimated on the basis of current share prices, Sampo Life's income from investment activities remained low.

A key target of Sampo Life is to strengthen its market position in the retail segment. This aim was achieved and preliminary data indicate that the market share increased to 14.1 per cent. In particular, sales to households in the last quarter of the year grew favourably. In the corporate customer segment and group pension insurance, Sampo Life maintained its market leadership.

The caution of investors and savers in the markets was reflected in a shift of life insurance saving into with-profit insurance, in which Sampo Life strengthened its position. In unit-linked insurance, the targeted improvement in market share was not achieved in full.

In the coming years, Sampo will aim at gaining market share, especially in unit-linked insurance and in the household segment. In corporate insurance, the aim is to maintain the current strong market position. High market share and Sampo's strong capital market expertise will be utilised in launching the new products and operating methods to the markets during the current year.

The reform in 2001 of Sampo Life's organisational structure and of Sampo's sales organisation began to have a favourable impact on sales developments already toward the end of the year under review. The existing broad sales channels for Sampo Life's solutions - Sampo Bank, If P&C Insurance Group, Varma-Sampo Mutual Pension Insurance Company and independent brokers - provide an excellent foundation for the achievement of the goals set for this year.

Mutual Funds and Asset Management

Sampo Fund Management Ltd was the only top-ten fund management company in Finland that increased its market share in 2001. Sampo's share of the total mutual fund assets under management registered in Finland grew during the year from 14.8 per cent to 18.4 per cent. These figures have been made comparable to those of 2000 by the inclusion of Mandatum's contribution.

The growth of assets in mutual funds registered in Finland continued in 2001. The total assets of these funds grew from EUR 13,473 million in 2000 to EUR 14,506 million. The growth was partly hindered by the downward trend in share prices in all of the main markets worldwide, which decreased the value of the securities portfolios of equity and combined funds. The fall in share prices did not inhibit the growth in the popularity of mutual funds, as monthly net inflow was positive with a few exceptions, and altogether during the year funds registered in Finland gained new capital EUR 2,462 million.

In 2001 fund investor interest was targeted at money market funds in particular. The reason for this was that many private persons chose fund investment as an alternative to traditional savings accounts during the year and, as a first step, transferred resources into money market funds. The increasing interest of corporations in improving the efficiency of their cash management also contributed to the increased popularity of money market funds. Corporate interest in Sampo funds was increased by the Sampo Sweeper, in which customers can agree on balance thresholds over which assets are automatically transferred to the Sampo Institutional Liquidity Fund.

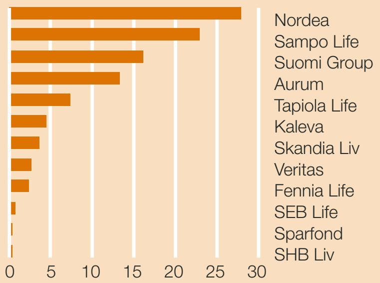
The Group's mutual fund operations were centralised into Sampo Fund Management Ltd with the transfer of funds managed by Mandatum Fund Management Company Ltd to Sampo Fund Management Ltd in November. Mutual funds still exist under the names of both Sampo and Mandatum.

The fund portfolios are managed by Mandatum Omaisuudenhoito Ltd and carefully chosen partners abroad. With regard to funds that require special knowledge and skills, the funds are managed with the best possible expertise available worldwide in that specified area.

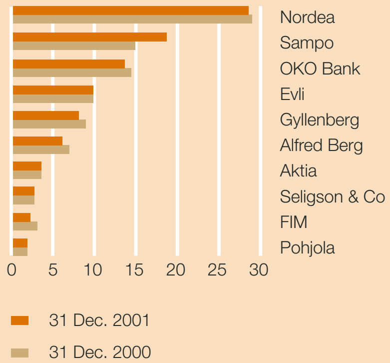
Mutual fund-based investment and saving is expected to continue growing. In particular, combined funds and equity funds, and also funds with absolute return targets, are expected to become more popular as investor interest shifts towards products offering higher expected returns in the longer term.

The rapid growth of assets managed by Mandatum Omaisuudenhoito Ltd continued. The assets under management, including mutual fund assets, grew to over EUR 10 billion. The operations of Mandatum Asset Management Ltd were transferred to Mandatum Omaisuudenhoito Ltd. The Sampo Group and Kaleva Mutual Insurance Company transferred their consulting operations concerning private equity investments to Mandatum Omaisuudenhoito Ltd's subsidiary, Mandatum Private Equity Funds Ltd.

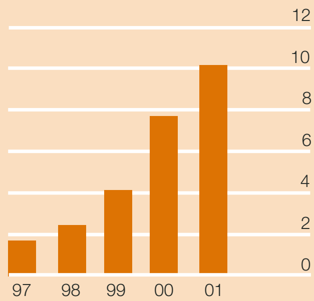
Life insurance market shares of premiums written 1–12/2001



Market shares of mutual funds registered in Finland, %



Mandatum Omaisuudenhoito Assets under management, EUR bill.



Banking and the Service Network

The goal of measures initiated in 2001 was to make Sampo the most attractive partner for Finnish customers in savings and investment. This re-orientation has borne fruit: mutual fund and life insurance sales and market shares have grown rapidly.

Retail Customers

The growth in sales of mutual fund and life insurance savings products in autumn 2001 owed much to the renewed Sampo brand as well as to changes made in customer service. The Sampo brand has been traditionally identified with insurance activities. During the year, Sampo's marketing communications profile was renewed to support the chosen business strategy. Already now, one out of five Finns identifies Sampo as the top investment and savings professional in Finland.

The selling of savings and investment services now plays a more significant role in Sampo's customer service. Customers have reacted positively to Sampo's efforts to comprehensively review their situations and objectives and to identify the possibilities for long-term saving. This successful model will be further developed to serve customers even better.

The skills of the sales staff in savings and investment have been improved by training programmes, implemented in co-operation with the Institute of Marketing and the Helsinki School of Economics. Performance measurement and incentive systems have also been reformed to support the sale of investment services.

The sale of investment products gathered momentum with the differentiation of financial and insurance service sales in the branches in summer of 2001. By the end of 2001, Sampo's financial services were offered in 146 branches, 90 of which also offered insurance services.

Personal customer services on the Internet were supplemented with the "Investors' ABC Service", which helps customers to formulate their own investment strategy and plan. New e-services included a continuous fund savings agreement, Mandatum's funds, an investors' news service and an e-deposit account.

The number of Internet customers grew by almost 25 per cent. At the end of the year, 533,000 customers had access to e-services. Payment transactions increased by 44 per cent and mutual fund business volumes by 16 per cent. Nearly 70 per cent of loan requests through the Internet were also handled via this medium.

Housing sales remained busy in 2001 and more housing loans were sold than in the previous year. Increasing use was made of Sampo's new housing finance product, "Premium Housing Finance", which combines a housing loan, investment and comprehensive insurance in a way that is new in Finland. The loan is paid back in a lump sum at the end of the loan period. In this way, the usual monthly instalments are freed for use in long-term investing. The loan is repaid from the invested funds and the income they generate. Any surplus directly increases the customer's other wealth. Premium Housing Finance is Sampo's own trademark.

Sampo's new deposit product launched in December, the equity deposit, was warmly received. In addition to a fixed interest rate, the deposit includes the possibility for extra returns depending on the price development of three chosen equities during the deposit period.

The Bank's credit management process is being renewed. The first part of the new system became operational in autumn 2001 and the whole process will be fully introduced in 2002. It will make credit management more cost-effective and leave employees with more time to engage in other customer service.

Mandatum Private Bank

Sampo's private bank operates under the Mandatum brand. It offers customised asset management services through its nation-wide network of 12 branches, an e-bank and a telephone bank.

Mandatum Private Bank customers are given their own contact person who focuses on the customers' asset management and works actively toward the achievement of agreed objectives. In addition to investment and banking services, Mandatum Private Bank also provides legal advice in taxation, family and inheritance issues.

Mandatum Private Bank has achieved a firm position as an asset manager for Finnish private customers, and this kind of service is expected to become increasingly popular. These developments have been influenced by e.g. new option systems for corporate executives and the need for asset management services arising from mergers, acquisitions and IPOs.

Corporate Customers

Sampo's corporate customers are served by about 300 customer account officers in 59 branches. Services to large corporate and institutional customers are provided through separate units with their own customer account officers. The customer account officers assist their customers to effectively utilise the whole range of Sampo Group's services in the most suitable way. The service mix includes investments, payment transactions and liquidity management. They may also include finance, risk management and mergers and acquisitions services, supplemented by insurance and bonus payment systems for corporate executives and staff.

During 2001 the corporate customers business focused on selling investment services products, which led to a substantial improvement in Sampo's market position. At the same time, Sampo maintained its strong market position in deposits and payments, and also held on to its nearly 40 per cent share of the automated payments market for corporate and institutional customers.

In order to support the new strategy's emphasis on expertise, all customer account officers participated in an investment specialist programme conducted together with the Helsinki School of Economics.

During the year, special attention was paid to improving the return on equity and on keeping net income from financial operations at a good level. This was done by improving the structure of the credit portfolio. Lending is focused on Finnish and Finland-based companies. New lending for project and export credit purposes has been discontinued. Despite the deterioration in the economic conditions, credit losses did not increase.

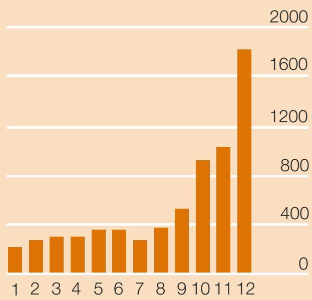
Corporate bond issues continued growing. Sampo upheld its leading position as a manager of bond issues and syndicated loans.

The e-business of corporate customers also increased substantially. The number of corporate WebBank customers grew by 39 per cent to 24,000.

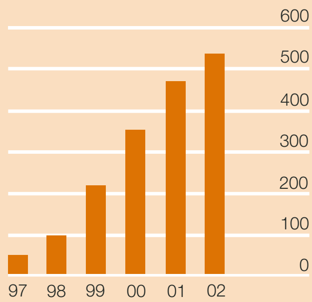
Outlook

Sampo's banking operations will grow in the future by exploiting the trends in the savings and investment markets. The focus will be on products that do not tie up too much capital. Sampo's share in the target markets will grow through active and professional selling efforts. The Bank's operating efficiency will be improved through already initiated projects for increasing the efficiency of administration, support operations and basic product processes.

No of pension policies sold in 2001, retail customers



WebBank customer numbers 1997–2002
(beginning of year, '000)



(Mandatum customers included from 2001, 13,000 customers)

Sampo has a leading position in services linked to the corporate capital market in Finland:

1. Investment banking
(Mandatum & Co)

1. Bond issues and syndicated loans
(Sampo Bank)

1. Corporate and municipal notes
(Sampo Bank)

1. Institutional asset management
(Mandatum Omaisuudenhoito)

1. Group pension insurance
(Sampo Life)

Investment Banking

Despite the challenging operating environment, Mandatum Investment Bank was able to strengthen its market position and to achieve a good financial result.

The Sampo Group's investment bank operates under the Mandatum brand name. Mandatum Investment Bank consists of two independent companies, Mandatum & Co Ltd and Mandatum Stockbrokers Ltd. Mandatum & Co is responsible for corporate finance and Mandatum Stockbrokers for stock brokerage and investment research.

The operating environment for investment banking was challenging in 2001. Share prices continued to decline for the second consecutive year and the economic outlook remained uncertain throughout the year. The repercussions of the terrorist attacks on September 11 and the ensuing political tensions slowed investor activity on a global scale and made investors more cautious in both the fixed income and equity markets. The number of mergers and acquisitions worldwide fell from the record levels of 2000. The volume of IPOs and other capital market transactions likewise decreased.

Despite the challenging operating environment, Mandatum Investment Bank was able to strengthen its market position and to achieve a good financial result.

Mandatum & Co Ltd (Corporate Finance)

The year 2001 was Mandatum & Co's first full year of operations, following the incorporation of Mandatum Bank's corporate finance operations at the beginning of the year.

Despite the tough market environment, business volume and market position remained strong. Record levels were achieved in mergers and acquisitions, measured by the number of transactions and the business volume, and excellent results were thus achieved. Mandatum & Co was able to strengthen its market position in mergers and acquisitions and to expand its customer base to technology companies.

In capital market transactions, the year was slow in terms of the number of transactions, with no IPOs being implemented on the Helsinki Exchanges during the year. Still, Mandatum & Co was able to strengthen its market position as a financial advisor and lead manager in capital market transactions. At the end of 2001, Mandatum & Co was one of the two Nordic lead managers in the Sonera rights issue.

Notwithstanding the uncertain market situation at the beginning of 2002, the future outlook for Mandatum & Co remains positive. Corporate restructuring is expected to be as active as in previous years, and Mandatum & Co's broad experience and expertise in this sector provide a firm foundation for continued success. If capital markets recover, the transaction volume is expected to increase considerably compared to last year. As a part of the Sampo Group, Mandatum has been able to strengthen its position as a financial advisor and lead manager in capital market transactions.

The near-term outlook and strong market position, as well as the strategic decisions made, provide good conditions for successful operations in 2002.

Mandatum Stockbrokers Ltd (Brokerage)

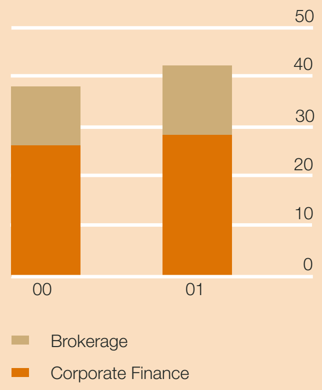
In 2001, the stock brokerage operations of Leonia Bank were transferred to Mandatum Stockbrokers. All of the stock brokerage business groups (Finnish and international institutions, Finnish private customers, derivatives brokerage) achieved a positive result. Profitability was weakened by the low number of capital market transactions (share sales, share issues, IPOs) executed on the stock markets in 2001.

As a result of the successful merging of operations, Mandatum Stockbrokers improved its position as a provider of services for Finnish private customers. In addition, despite the powerful onslaught of remote brokerage services from abroad, Mandatum Stockbrokers was able to maintain its market position in all key customer segments. The allocation of resources to derivatives brokerage increased its volume clearly from previous years' levels.

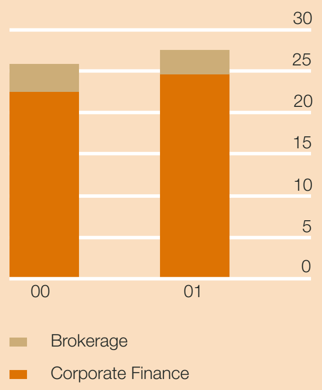
Mandatum Stockbrokers' growth in 2002 will be based on Finnish private customers. The focus on private customer services will benefit from a flexible, customer-oriented, multi-channel approach, in which customers can execute their trades on-line, as direct customers of Sampo Bank, the Mandatum branch offices or Mandatum Stockbrokers. With regard to Finnish and international institutions, the aim will be to at least maintain the current market share. In line with the company's strategy, a key priority will be the further development of investment research. A specific goal for 2002 will be to launch an Internet-based research library and database (the Mandatum Research Database, MRD).

The company's current resources will offer excellent opportunities for growth as the market situation normalises. The stock brokerage is expected to reap the benefits of synergies resulting from the 2001 merger (the merger of Mandatum Bank into Sampo) mainly during 2002. The aim is to achieve growth in fees and commissions, as a result of which the operating profit is expected to at least match that of 2001. The profit development will, however, be influenced by the general stock market operating environment, and especially by the conditions for capital market transactions.

Investment banking, total revenues, EUR m



Investment banking, operating profit, EUR m



P&C Insurance

2001 was a year of structural change in property & casualty insurance. The main reorganisation was the merger of Sampo's P&C insurance operations with the Nordic If Group.

As a step in the structuring process of the new Sampo Group, Sampo subsidiaries Sampo Enterprise and Industrial Insurance were merged into their parent company on 31 March 2001. P&C insurance was transferred to Sampo's new wholly-owned subsidiaries Sampo Insurance Company Ltd and Sampo Industrial Insurance Company Ltd. The former was given the private and corporate customer portfolio, and the latter the major customer portfolio.

Organisationally speaking, P&C insurance distribution was separated from bank distribution at the beginning of summer 2001. Instead, the revised distribution structures were adapted to the main customer segments: private, corporate and major customers.

The European subsidiary Sampo Industrial Insurance N.V. was sold to Hampden Plc in July. The Dutch insurance supervision authorities approved the deal on 31 October 2001, and after that date, the company was no longer part of the Sampo Group.

As of 2 January 2002, the P&C insurance companies and their subsidiaries became part of the If Group, the biggest property & casualty insurance group in the Nordic countries. Sampo Insurance Company Ltd was renamed If P&C Insurance Company Ltd, while Sampo Industrial Insurance Company Ltd became If Industrial Insurance Ltd. Despite this arrangement, both companies remain Finnish and within the jurisdiction of the Finnish Insurance Supervision Authority.

According to preliminary information, the market share of domestic direct insurance went up by more than one percentage point, to 35.3 per cent. If insures about one in three Finnish households. There are about one million private customers, 100,000 corporate (SME) customers and over 200 major customers.

On the Finnish market, the profitability of private customer and SME corporate customer operations improved considerably. The profitability of domestic direct insurance for major customers also rose.

Profitability on the Baltic market fell slightly, but remained at the good level required by targets. The profitability of the European subsidiary (which has since been sold) was not satisfactory.

Private Customers

Customers expect their insurance company to be active. The If Group plans to step up the frequency of its customer contacts, helping to ensure that customers' insurance cover is always in keeping with their life situation.

Telephone services are clearly becoming increasingly important for customer contacts. Access to telephone services was improved in 2001. In 2002, general insurance telephone services and claims-related telephone services will be concentrated at Contact Centers. The operations of agents and the tools they have at their disposal will also be developed, enabling them to respond to local service needs with even greater efficiency than before.

Last summer, it became possible to obtain a home insurance policy over the Internet. Experiences of this service show that customers of all ages are using the Internet. The range of on-line services will be expanded in 2002.

Internet services have expanded considerably in terms of both the range of services and the number of users. It is now possible to supply policy amendments over the net, ask for certificates and report the most common forms of property damage and personal injury.

SMEs and Public Bodies

Sampo's market standing remained strong among both SMEs and public bodies. If is still clearly the market leader in insuring public bodies.

The number of users of the Corporate Web Services (the Sampo.fi folder) doubled. Customers view the folder as an important part of overall services, and its importance in attracting new customers has grown. Companies can also order an insurance package over the Internet which covers property, loss of profits, liability and cargo. This on-line insurance policy is particularly convenient for SMEs.

Major Customers

The events of September 11 had a major impact on the reinsurance sector: reinsurance terms became tighter, prices went up and the number of reinsurers fell. All these factors were inevitably reflected in customers' insurance cover and the price of insurance.

Services for major customers will improve still further, thanks to the combined risk management expertise of Sampo and If. The Pan-Nordic service model, local service outlets in Europe and an international cooperation network will all help to guarantee extensive and comprehensive insurance packages which safeguard the business operations of customer corporations.

Risks and security threats are becoming increasingly complex and risk management is constantly faced with new challenges. As the market leader in P&C insurance, the If Group can offer versatile risk management services of a high standard for Nordic corporations, and works constantly on developing new products and services in response to customer needs.

Business in the Baltic Area

The market for P&C insurance in the Baltic area grew. Sampo's market share is about 36 per cent in Estonia, 6 per cent in Lithuania and 2 per cent in Latvia.

The new customer and insurance management system was successfully introduced at all operating units in Estonia, initially only for use in servicing private customers. During 2002, however, corporate customers will also be included in the new system.

Run-off of Foreign Reinsurance

The run-off companies Patria Reinsurance Company Limited, ST International Insurance Company Limited and Lakewood Insurance Company Ltd, which handle the run-off of foreign reinsurance, continued to operate according to plan. The technical provisions of the run-off companies fell by EUR 32.7 million.

The companies successfully concluded several negotiations on commutations of liabilities, concerning contracts comprising considerable sums. Disputes involving considerable financial interests were also resolved. The run-off companies were well in the black.

Outlook

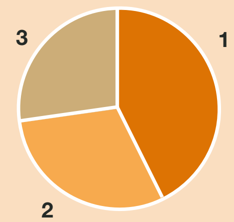
The new If Group created at the beginning of 2002 provides excellent opportunities for producing even more competitive solutions for all our customer segments. Synergy benefits may be derived in areas such as information technology, product development and the elimination of overlap.

P&C insurance will continue to focus primarily on boosting the profitability of the major customer portfolio and on improving cost-effectiveness and competitiveness by merging operations and improving the functioning and network services of the Contact Center.

Core operations are expected to grow more or less parallel with the general economic trend. There is significant growth potential in the new business operations. As the age structure of the Finnish population changes, private-sector services will be needed alongside existing public services. Growing use of electronic and wireless communications will demand new risk management solutions, as will the protection of intellectual capital. Rising demands for recycling create entirely new opportunities for a P&C insurance company.

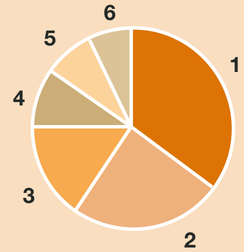
Growth prospects are good for the Baltic area and Poland. In these countries, the level of insurance is still low compared with Western Europe, but as the legislation develops, statutory insurance will expand considerably over the next few years.

P&c insurance, distribution of domestic direct insurance premiums written
Total EUR 854 mill.



1	Private customers	42%
2	Corporate customers	30%
3	Major customers	27%

P&c insurance, domestic direct insurance market shares *)
(Aggregate premiums written in 2001 EUR 2.4 bill.)



1	Sampo Group	35.3%
2	Pohjola incl. A-Vakuutus	24.3%
3	Tapiola	15.5%
4	Fennia	9.4%
5	Local Insurance Group	8.4%
6	Other	7.2%

*) Preliminary information, excl. credit and guarantee insurance of OKO Bank and Garantia

Sampo plc
Board of Directors' Report 2001

Contents

The Group adopted a holding company structure and the parent company became a holding company on 31 March 2001. Under a decision made by the Annual General Meeting, the name of the parent company was changed from Sampo-Leonia plc to Sampo plc in April 2001. Mandatum Bank became a subsidiary of Sampo-Leonia in February and merged with Sampo Bank plc in December. Sampo concentrated on its core businesses, i.a. by selling its property and casualty (P&C) insurance business to If. The arrangement came into effect after the end of the financial period on 2 January 2002.

The operating profit of the Group was EUR 1,286 million in 2001 (EUR 1,628 million in 2000). The decrease in operating profit was attributable in particular to the decrease in sales profits from investments compared to 2000. The turnover amounted to EUR 5,594 million (5,653). Earnings per share fell to EUR 1.50 (1.78). The net asset value per share less full deferred tax was EUR 5.67 (8.40).

CHANGES IN GROUP STRUCTURE

Sampo-Leonia Insurance Company plc adopted a holding company structure and the parent company became a holding company on 31 March 2001. The P&C insurance business previously carried out and received in subsidiary mergers by the parent company was transferred to Sampo-Leonia's wholly-owned subsidiaries Sampo Insurance Company Ltd and Sampo Industrial Insurance Company Ltd. The parent company was renamed Sampo plc on 9 April 2001. The Group's subsidiaries and associated companies have been listed by business sector in the Notes to the Accounts.

In April 2001, Sampo-Leonia acquired 20.1 per cent of the share capital of Sampo Life Insurance Company Limited from Varma-Sampo Mutual Insurance Company. The purchase price was EUR 185 million. After the transaction the Sampo Group holds the entire share capital of Sampo Life.

The share capital of the Estonian bank AS Sampo Pank was raised by EEK 100 million, i.e. EUR 6.4 million, in May 2001. After the subscription of the whole increase, the holding of the Group's parent company Sampo plc in AS Sampo Pank increased to 95.2 per cent from the previous 93.5 per cent.

Sampo Industrial Insurance N.V. was sold to Hampden Plc in October 2001.

In September 2001, Sampo Bank sold 95 per cent of the share capital of its service company Sampo Custody Services Ltd, specialising in custodian services, to HEX Securities Ltd.

Acquisition of Mandatum Bank

Sampo-Leonia made an exchange offer to the shareholders of Mandatum Bank Plc offering an opportunity to exchange Mandatum shares for new Sampo-Leonia A shares to be issued. For each five and a half (5 1/2) A or B share Mandatum shareholders were offered one (1) Sampo-Leonia A share. The offer period commenced on 1 February 2001 and continued until 16 February 2001. After the exchange offer, Sampo-Leonia launched a redemption offer for Mandatum shares on 27 February 2001 which expired on 28 March 2001. Mandatum Bank became a Sampo-Leonia subsidiary on 6 February 2001.

The redemption procedure in accordance with Mandatum Bank's Articles of Association was carried out at the same time as the redemption offer, subsequent to which Sampo-Leonia owned 99.76 per cent of Mandatum shares. Sampo acquired the remaining shares through a redemption procedure in accordance with the Finnish Companies Act which commenced on 14 May 2001. The arbitration tribunal appointed by the Central Chamber of Commerce confirmed on 22 December 2001 that the redemption price is EUR 10.33 for one Mandatum Bank Plc A or B share. The trading in the Mandatum Bank B share was interrupted on 30 November 2001 and the share was removed from the Helsinki Exchanges Main List on 5 December 2001.

Mandatum Bank Plc was demerged on 13 December 2001 into the new Mandatum Bank Plc and Mandatum Holding Ltd with the subsidiaries Mandatum & Co Ltd and Mandatum Stockbrokers Ltd. The merger of Mandatum Bank Plc into Sampo Bank plc came into effect on 31 December 2001. Mandatum Bank's branch offices operate as of the beginning of 2002 under the name Mandatum Private Bank.

Mandatum and Sampo asset management operations were concentrated in the hands of one company, in such a manner that the business operations of Mandatum Asset Management Ltd were transferred to Mandatum Omaisuudenhoito Ltd at the end of October. The administration of mutual funds managed by Mandatum Fund Management Ltd was conveyed to Sampo Fund Management Ltd on 30 November 2001.

Storebrand Offer

On 21 May 2001, Sampo announced a proposal to combine with Storebrand. At the same time, Sampo announced an agreement on the transfer of Sampo's P&C insurance business to If. The agreement was conditional upon the realisation of Sampo's offer to Storebrand.

Sampo made a cash and share offer to the Storebrand shareholders, offering NOK 75 or alternatively 0.9 Sampo A shares for each Storebrand share in accordance with the shareholder's choice. The offer period commenced on 11 June 2001 and was extended twice. The completion of the transaction would have required an approval of shareholders representing more than 90 per cent of the Storebrand shares and votes. The holding of shareholders supporting Sampo's offer increased in August to more than 86 per cent. Sampo also filed an application to the Norwegian authorities for an exemption to hold less than 90 per cent of Storebrand shares. The Norwegian Financial Supervision Authority (Kredittillsynet) did not support the exemption.

The offer period for Sampo plc's cash and share offer to the shareholders of Storebrand ASA expired on 28 September 2001. The Sampo Board of Directors decided not to extend the offer period and not to complete the Storebrand transaction due to the drawn-out process and changes in the value of Storebrand and in the market situation.

Sale of P&C Insurance to If

Sampo's property & casualty insurance companies and the If Group were combined to form the largest Nordic P&C insurer. On 7 November 2001, Sampo plc, Varma-Sampo Mutual Pension Insurance Company, Skandia Insurance Company Ltd (publ), Livförsäkringsaktiebolaget Skandia and Storebrand ASA agreed on the If arrangement primarily on the basis of an agreement concluded on 20 May 2001 in connection with the Storebrand offer. The arrangement came into effect after the end of the financial period on 2 January 2002. In Finland, the P&C insurance customers are still served under the Sampo brand.

After the share issue targeted at Varma-Sampo and the capitalisation of If, the holdings are as follows: Sampo 38.05 per cent, Varma-Sampo 10.06 per cent, Skandia 19.36 per cent, Skandia Liv 10.06 per cent and Storebrand 22.47 per cent. In addition to its holding, Sampo received a cash consideration of more than EUR 209 million for its P&C insurance business, of which approximately EUR 38 million was used to strenghten If's capital base. Sampo and Varma-Sampo hold together 50 per cent of the votes in If.

Demerger of Sampo Bank

On 31 October 2001, Sampo Bank was demerged into three companies. Assets and liabilities relating to banking were transferred to the new Sampo Bank plc. Sampo Credit plc comprises export and project finance and the liabilities of large-scale companies. The properties owned by the bank were transferred to Sampo Business Properties Ltd. The arrangement does not affect customer service or business operations.

Tietoleonia Became Primasoft

Sampo Group and TietoEnator agreed on a long-term cooperation in information technology. Sampo transferred its insurance IT services to Tietoleonia Oy, a joint venture company owned by Sampo and TietoEnator as of 1 January 2002. Sampo holds 40 per cent of the company's share capital and 60 per cent of the votes. The company was renamed Primasoft Oy on 1 January 2002. The joint venture's turnover during its first year of operation is estimated to total approximately EUR 110 million. Approximately 330 IT employees from Sampo transferred to Primasoft Oy.

BANKING AND INVESTMENT SERVICES

The operating profit of banking and investment services amounted to EUR 296 million (430). The results for 2001 include the operating profits of the new companies in the Group, Mandatum Bank and the Group's Baltic and Polish subsidiaries, amounting to EUR 23 million, as well as income from one-off items amounting to EUR 24 million. The results for 2000 had been positively affected by one-off items totalling EUR 181 million. Excluding the above-mentioned items affecting comparison, the profit performance continued in a stable manner and the operating profit was at the level of the previous year.

The cost to income ratio was 61 per cent (52), and excluding one-off items 64 per cent (65).

Net income from financial operations grew by 10 per cent to EUR 469 million (426), of which the new companies accounted for EUR 27 million. The average interest spread between lending and deposits shrank by 0.9 percentage points over the year, but was on average 3.9 percentage points, as in the previous year.

Dividend income totalled EUR 27 million (224). This included dividends and corporate tax credits from Sampo Life shares amounting to EUR 14 million, and the return of surplus contributions and corporate tax credits to Sampo Bank Group companies by Leonia Pension Fund amounting to EUR 11 million. The insurance operations of the Fund were transferred to Varma-Sampo Mutual Pension Insurance Company on 1 July 2001, and the Fund's functioning as a pension institution was terminated. The reference period's income included EUR 222 million from Pohjola shares.

GROUP ANALYSIS OF RESULTS

EURm	2001	2000	Impact on results
BANKING AND INVESTMENT SERVICES			
Interest receivable	1,195	1,294	–99
Interest payable	–726	–868	142
Net income from financial operations	**469**	**426**	**43**
Dividend income	27	224	–196
Fees and commissions receivable	220	179	41
Fees and commissions payable	–41	–30	–11
Net income from transactions in securities and foreign exchange dealing	43	71	–29
Other operating income	37	33	5
Administrative expenses	–367	–378	11
Depreciation and write-down of tangible and intangible assets	–35	–42	7
Other operating expenses	–44	–37	–7
Provisions for bad and doubtful debts	–16	–17	1
Write-offs in respect of debt securities held as financial fixed assets	0	0	0
Income from companies accounted for by the equity method	4	1	3
Operating profit	**296**	**430**	**–133**
PROPERTY AND CASUALTY INSURANCE			
Premiums earned	935	825	111
Claims incurred	–834	–732	–102
Net operating expenses	–203	–209	6
Other technical charges	–1	–1	0
Balance on technical account before the change in equalisation provision	**–103**	**–117**	**14**
Investment income and charges	707	892	–185
Other income and charges	–34	–59	25
Share of associated undertakings' profit	0	62	–62
Operating profit	**569**	**777**	**–208**
Change in the equalisation provision	–14	–17	2
Revaluations and revaluation adjustments on investments	–	–1	1
P&C insurance profit before extraordinary items	**555**	**760**	**–205**

Net fees and commissions grew by EUR 30 million to EUR 179 million. Of this amount, Mandatum Bank accounted for EUR 46 million and the other new companies for EUR 6 million. In particular, the net fees and commissions of investment banking increased. The increasing popularity of the WebBank and automated services reduced fees and commissions from traditional payment transactions and account use.

Income from transactions in securities and foreign exchange dealing totalled EUR 43 million (71). The reference period's income included a profit of EUR 21 million from the sale of Pohjola shares.

Other operating income, primarily comprising of income from properties,

GROUP ANALYSIS OF RESULTS cont.

EURm	2001	2000	Impact on results
LIFE INSURANCE			
Premiums written	751	766	–15
Investment income and charges, revaluations and revaluation adjustments on investments	248	526	–278
Claims paid	–399	–293	–106
Change in technical provisions before customer bonuses and change in equalisation provision	–452	–530	78
Net operating expenses	–67	–42	–25
Technical result before customer bonuses and change in the equalisation provision	**81**	**427**	**–346**
Other income and charges	–2	–6	4
Share of associated undertakings' profit	0	0	0
Operating profit	**78**	**421**	**–343**
Change in equalisation provision	–1	0	–1
Bonuses and rebates	–28	–192	164
Life insurance profit before extraordinary items	**49**	**229**	**–180**
HOLDING COMPANY			
Turnover	541	–	541
Administrative expenses	–93	–	–93
Depreciation and write-downs	–45	–	–45
Other charges	–36	–	–36
Income from companies accounted for by the equity method	5	–	5
Operating profit	**372**	**–**	**372**
Elimination items	–29	–	–29
Extraordinary income	3	19	–16
Extraordinary charges	–	–26	26
Profit before appropriations and tax	**1,246**	**1,411**	**–165**
Tax	–398	–429	30
Minority interest	–14	–59	45
Group profit for the accounting period	**833**	**923**	**–90**

SAMPO BANK PLC HAD THE FOLLOWING RATINGS ON 28 FEBRUARY 2002

	Short-term funding	Long-term funding
Moody's Investors Service	P–1	A2
Standard & Poor's	A–1	A

increased by EUR 5 million to EUR 37 million.

Administrative expenses fell by 3 per cent to EUR 367 million (378). Staff costs were up by EUR 34 million, while other administrative expenses declined by EUR 45 million. The change was influenced by investments in developing new services and distribution. Due to the new companies, staff costs increased by EUR 23 million and other administrative expenses by EUR 21 million. Other administrative expenses in 2000 included a total of EUR 38 million in compensations paid for the use of the service network of Finland Post and a total of EUR 20 million in provisions for the integration of Sampo and Leonia and the introduction of the euro. These provisions were used to cover EUR 15 million of expenses in 2001.

Depreciation and write-downs of tangible and intangible assets amounted to EUR 36 million (42). Other operating expenses increased by EUR 7 million to EUR 44 million mainly due to the expenses of the new companies.

Net provisions for bad and doubtful debts were EUR 16 million (17). New provisions and write-offs for the year amounted to EUR 36 million (41). Releases of provisions and recoveries of loans previously written off totalled EUR 20 million (24). At year-end, total specific provisions for bad and doubtful debts amounted to EUR 84 million (71), of which provisions pooled by customer group, basing on customers' credit ratings, were EUR 31 million (27).

At the end of the year, the amount of non-performing loans was EUR 109 million (62) and other non-interest-earning loans EUR 9 million (10). Of these loans, households accounted for EUR 38 million (33) and corporate customers for EUR 81 million (38).

ANALYSIS OF RESULTS BY QUARTER

	10–12		7–9		4–6		1–3	
EURm	2001	2000	2001	2000	2001	2000	2001	2000
BANKING AND INVESTMENT SERVICES								
Interest receivable	260	339	289	331	315	322	331	303
Interest payable	–148	–230	–168	–228	–199	–215	–211	–196
Net income from financial operations	**113**	**109**	**120**	**103**	**116**	**106**	**120**	**108**
Dividend income	1	0	10	0	15	223	1	1
Fees and commissions receivable	58	44	53	44	54	45	55	47
Fees and commissions payable	–12	–8	–10	–7	–10	–10	–9	–6
Net income from transactions in securities and foreign exchange dealing	7	4	18	9	7	26	10	32
Other operating income	9	12	11	7	8	7	9	7
Administrative expenses	–99	–115	–92	–76	–91	–104	–86	–84
Depreciation and write-down of tangible and intangible assets	–7	–17	–10	–8	–10	–8	–9	–9
Other operating expenses	–13	–13	–10	–8	–12	–8	–10	–8
Provisions for bad and doubtful debts	–6	–21	–7	1	2	1	–6	2
Write-offs in respect to debt securities held as financial fixed assets	0	0	0	–	–	–	–	–
Income from companies accounted for by the equity method	2	0	1	1	0	0	2	0
Operating profit	**52**	**–5**	**86**	**65**	**80**	**279**	**77**	**91**
PROPERTY AND CASUALTY INSURANCE								
Premiums earned	262	199	224	212	242	209	207	205
Claims incurred	–240	–175	–190	–193	–209	–192	–195	–172
Net operating expenses	–47	–60	–43	–45	–56	–56	–58	–48
Other technical charges	0	0	0	0	–1	–1	0	–
Balance on technical account before the change in equalisation provision	**–24**	**–37**	**–9**	**–26**	**–24**	**–39**	**–46**	**–15**
Investment income and charges	93	182	38	41	137	260	439	409
Other income and charges	–24	–36	2	–4	0	–19	–13	–1
Share of associated undertakings' profit	0	–1	0	0	0	62	0	0
Operating profit	**44**	**109**	**31**	**11**	**113**	**264**	**380**	**393**
Change in equalisation provision	12	–12	–4	0	–5	6	–17	–10
Revaluations and revaluation adjustments on investments	–	–1	–	–	–	–	–	–
P&C insurance profit before extraordinary items	**56**	**96**	**27**	**11**	**108**	**270**	**363**	**383**

ANALYSIS OF RESULTS BY QUARTER cont.

EURm	10–12 2001	10–12 2000	7–9 2001	7–9 2000	4–6 2001	4–6 2000	1–3 2001	1–3 2000
LIFE INSURANCE								
Premiums written	261	162	107	83	124	162	259	359
Investment income and charges, revaluations and revaluation adjustments on investments	122	14	–40	39	78	282	87	190
Claims paid	–121	–59	–70	–54	–65	–51	–144	–129
Change in technical provisions before customer bonuses and change in equalisation provision	–232	–96	–28	–50	–95	–112	–97	–272
Net operating expenses	–19	–15	–16	–7	–18	–10	–14	–10
Technical result before customer bonuses and change in equalisation provision	**11**	**5**	**–46**	**12**	**25**	**272**	**91**	**139**
Other income and charges	0	–1	–1	–1	0	–4	–1	–1
Share of associated undertakings' profit	0	0	0	0	0	0	0	0
Operating profit	**11**	**4**	**–47**	**11**	**25**	**268**	**90**	**138**
Change in equalisation provision	–1	0	0	0	0	0	0	0
Bonuses and rebates	1	–6	29	–5	6	–61	–63	–119
Life insurance profit before extraordinary items	**11**	**–2**	**–19**	**6**	**30**	**207**	**27**	**19**
HOLDING COMPANY								
Turnover	56		68		418			
Administrative expenses	–36		–27		–30			
Depreciation and write-down	–19		–13		–14			
Other expenses	–19		–7		–9			
Income from companies accounted for by the equity method	3		–1		2			
Operating profit	**–15**		**20**		**367**			
Elimination items	0	–	–29	–	–	–	–	–
Extraordinary income	–	0	–	–	–	1	3	18
Extraordinary charges	–	–	–	–	–	–	–	–26
Profit before appropriations and tax	**104**	**89**	**86**	**81**	**586**	**756**	**470**	**484**
Tax	–44	–54	–36	–22	–168	–205	–150	–147
Minority interest	–2	–18	–3	–2	–2	–33	–8	–7
Group profit for the accounting period	**57**	**17**	**47**	**58**	**415**	**519**	**313**	**330**

During the year, non-performing loans to corporate customers grew by EUR 43 million. Of these, EUR 37 million were secured by the Finnish government or by bank guarantees in OECD countries. The non-performing and other non-interest-earning loans of the new Group companies totalled EUR 10 million.

Capital Adequacy Data of Banking and Investment Services

At the end of 2001, the capital adequacy ratio of the consolidated group of companies in banking and investment services was 12.7 per cent (13.3 per cent on 31 March 2001). The tier 1 capital ratio was 15.6 per cent (14.7). The tier 1 capital ratio was higher because the parent company's investments in insurance companies, deducted from the total capital, were higher than the tier 2 capital. These deductible items were increased following the purchase of the shares of Sampo Life from Varma-Sampo Mutual Pension Insurance Company in April 2001.

At the end of the year, the total capital stood at EUR 1,775 million (2,033) and the total risk-weighted assets (on-balance sheet and off-balance sheet) at EUR 13,952 million (15,339).

The consolidated group consists of Sampo Bank Group, Mandatum Holding Group, Sampo Credit plc, Sampo Business Properties Ltd, AS Sampo Pank, UAB Sampo bankas, Sampo PTE and the Group's parent company Sampo plc. The parent company was converted from an insurance company to a holding company on 31 March 2001. The reference figures for capital adequacy data have been computed on this date.

ITEMS AFFECTING THE COMPARABILITY OF RESULTS

EURm	2001	2000
Banking and investment services		
Operating profit	296	430
Income from Pohjola shares	–	243
Dividends from Sampo Life shares x)	14	–
Refund of Leonia Pension Fund surplus	11	–
Staff restructuring provision	–8	–
Other expenses and provisions for restructurings	–5	–5
Provision for integration in 2000/used in 2001	11	–14
Provision for euro conversion in 2000/used in 2001	4	–6
Change in provisions for credit loss per customer group	–4	–20
Other one-off expenses	–	–17
Operating profit, excl. one-off items	273	248
Impact of new Group companies *)	23	–
Operating profit, excl. one-off items and the impact of new companies	249	248
x) Sampo's intra-group item		
Property and casualty insurance		
Operating profit	569	777
Sales profits from Nokia shares	378	522
Income from Pohjola shares	–	141
Share of profit from the income from Pohjola shares received by Finanssi-Sampo Ltd	–	63
Staff restructuring provision	–9	–
Other expenses for restructurings	–13	–
Provision for integration in 2000/used in 2001	13	–13
Accelerated depreciation on IT systems	–	–19
Other one-off expenses	0	–8
Operating profit, excl. one-off items	199	92
Impact on results by the sale of a Group company **)	–20	–
Operating profit, excl. one-off items and the impact on results by the sale of a Group company	219	92
Life insurance		
Operating profit	78	421
Sales profits from Nokia shares	17	97
Income from Pohjola shares	–	222
Staff restructuring provision	0	–
Other expenses for restructurings	0	–
Provision for integration in 2000/used in 2001	3	–3
Supplement of provision for unearned premiums	–26	–
Operating profit, excl. one-off items	86	106
Impact of new Group company ***)	–21	–
Operating profit, excl. one-off items and impact of new Group company	106	106

ITEMS AFFECTING THE COMPARABILITY OF RESULTS cont.

EURm	2001	2000
Holding company		
Operating profit	372	–
Sales profits from Nokia shares	367	–
Staff restructuring provision	–6	–
Other expenses for restructurings	–2	–
Provision for integration in 2000/used in 2001	2	–
Operating profit, excl. one-off items	11	–
Sampo Group		
Operating profit	1,286	1,628
One-off items in total	732	1,181
Operating profit, excl. one-off items	554	447
Impact of new and sold Group companies	–18	–
Operating profit, excl. one-off items and the impact of new and sold companies	**571**	**447**

*) Mandatum Bank Plc, AS Sampo Pank (Estonia), UAB Sampo bankas (Lithuania) and Sampo PTE (Poland).
**) Sampo Industrial Insurance N.V.
***) Sampo Life, Poland

On-Balance Sheet and Off-Balance Sheet Items

The total assets of banking and investment services were EUR 20.9 billion (24.7). Liabilities were EUR 19.3 billion (23.1).

During the year, on-balance sheet assets and liabilities were reduced primarily by money and capital market items. Loans and advances to credit institutions fell by EUR 1.3 billion and the amount of debt securities by EUR 2.0 billion. Liabilities to credit institutions declined by EUR 1.6 billion and funding through the issue of debt securities by EUR 1.9 billion.

Loans and advances to customers at the end of the year amounted to EUR 13.6 billion (14.1). Loans to households increased by EUR 0.4 billion to EUR 5.3 billion. Loans to domestic corporate customers fell by EUR 0.4 billion to EUR 5.8 billion, and loans to foreign customers by EUR 0.6 billion to EUR 2.5 billion.

Liabilities to customers at the end of the year totalled EUR 10.4 billion (10.7), of which the share of deposits was EUR 9.1 billion (8.2). Customers' demand deposit balances increased, while balances in savings and other deposit accounts decreased. Foreign currency denominated deposits were EUR 0.7 billion (0.4).

Off-balance sheet items totalled EUR 5.2 billion (5.9). The amount of undrawn credit facilities fell from the level at the beginning of the year. At the end of the year, the value of derivative contracts grew to EUR 27.2 billion (23.4). Interest rate options were used more than previously in the operations and growth in customer demand increased the amount of forward foreign exchange rate contracts. Calculated in accordance with the capital adequacy regulations, the credit equivalent amount of the contracts was EUR 0.6 billion (0.8), and the risk-weighted amount EUR 0.2 billion (0.3).

The Sampo Group increased its share in the mutual fund markets. Domestic mutual fund assets under management grew to EUR 2.7 billion (2.0). The greatest net increases were experienced by money market funds. The comparable market share of Sampo Fund Management Ltd rose to 18.4 per cent (14.8). The growth of the mutual fund assets under management comes entirely from customer assets, not from the fund's investments. The number of continuous fund savings agreements increased to 26,906 (18,567) and the number of unit holders to 146,046 (120,921). Other assets under management grew by more than 40 per cent to EUR 7.5 billion.

The assets under the management of Sampo PTE, the pension fund company in Poland, nearly doubled to EUR 167 million (89).

PROPERTY AND CASUALTY INSURANCE

Operating profit from P&C insurance totalled EUR 569 million (777). The decrease was mainly attributable to the decline in net investment income. Net investment income for the reference year 2000 included EUR 141 million in dividends, avoir fiscal tax credit and sales profits from Pohjola shares. Premiums written increased to EUR 1,115 million (1,023).

Domestic direct insurance premiums written increased by 9.2 per cent to EUR 854 million. According to preliminary information, Sampo Group's market share in Finland increased to 35 per cent (34). The profitability of domestic direct insurance improved and, on a comparable basis, the combined ratio stood at 104.1 per cent (106.3).

The bases of technical provisions applied by domestic P&C insurance companies were specified with respect to the provisions for unearned premiums and for outstanding claims. These transfers of technical provisions between groups of insurance class had no significant impact on the balance on technical account before the change in the equalisation provision. The combined ratio, calculated before the specifications of the bases of technical provisions, improved in the largest groups of insurance class.

Foreign direct insurance premiums written increased to EUR 221 million (209) and its combined ratio stood at 139.7 per cent (132.0).

The profitability of the entire insurance business in accordance with the financial statements improved. The combined ratio stood at 110.9 per cent (114.1). The results for the reference year included EUR 19 million in accelerated depreciations on IT systems, which reduced the combined ratio by 2.3 percentage points.

Sampo Industrial Insurance N.V. was sold to Hampden Plc in October 2001. The EUR 20 million impact of the sale is included in the P&C insurance results. As a precondition for obtaining official permission for the transaction, Sampo Industrial Insurance Company Ltd undertook to give Sampo Industrial Insurance N.V. a subordinated loan of up to EUR 10.2 million if the adequacy of the company's technical provisions or the solvency requirements so necessitate.

A one-off provision of EUR 13 million in the reference year has been included in other expenses for expenses arising from the integration of Sampo and Leonia. This provision was released in its entirety in 2001. EUR 9 million was reserved under other expenses for P&C insurance staff restructurings in 2002.

Excess capital was retained in the parent company, which was made a holding company on 31 March 2001 in the Group's internal restructuring. At year-end the solvency capital of P&C insurance was EUR 833 million (2,149) and the solvency ratio 89 per cent (261). The solvency ratio excluding run-off companies was 80 per cent.

LIFE INSURANCE

At the end of 2000 Leonia Life Insurance Company Limited was merged with Sampo Life bringing with it significant product and sales know-how relating to the banking distribution channel. The Leonia Life figures are included in the reference figures given in brackets for 2000.

The operating profit for life insurance stood at EUR 78 million (421) in the review year. The operating profit in the reference year 2000 increased particularly due to EUR 222 million in dividends, avoir fiscal tax credit and profits from the sale of Pohjola shares. A restructuring provision of EUR 3.4 million relating to the integration of Sampo and Leonia was booked under other expenses in the final accounts of 2000. EUR 0.3 million of the provision was used for operating expenses of the financial year and the remaining part EUR 3.1 million has been released into other income with impact on results.

Life insurance premiums written fell by approximately 2 per cent and stood at EUR 755 million (769). Premiums written in domestic life insurance performed better than the market and Sampo Life's market share increased to 23.3 per cent (19.9) according to preliminary information. The market share of the private customer segment, which is the key development area, rose to 14.1 per cent (12.0).

Premiums written in group pension insurance, the largest insurance line, increased to EUR 239 million (287), EUR 149 million (209) of this accruing from pension foundation liability transfers. Sampo Life further strengthened its position as the leading group pension insurer in Finland.

The uncertainty prevailing on investment markets was particularly reflected in the weighting of premiums written for single-premium endowment policies towards with-profit insurance. However, unit-linked insurance rose to 80 per cent of individual pension insurance sales. The number of unit-linked insurances sold was 6,500 (4,450). A major part of these were sold in the last quarter of the year. Gross premiums written from unit-linked insurance amounted to EUR 86 million (168).

Claims paid rose by 35 per cent and amounted to EUR 399 million (293). Claims paid include EUR 138 million in surrenders and EUR 148 million in compensations paid from pension insurance. The savings sums paid at the end of the insurance period increased considerably in domestic business and amounted to nearly EUR 100 million.

The expense ratio of life insurance was 108 per cent (106). The aim is to decrease the expense ratio by rationalising the functioning of sales channels, production, and administration and support functions.

Technical provisions of life insurance totalled EUR 4,737 million (4,254) at the end of the year. Unit-linked insurance accounted for EUR 299 million (270) of technical provisions.

In 2001 with-profit insurance savings were credited with a return of 5.3 - 5.6 per cent in domestic business, depending on the insurance line. Technical provisions include EUR 56 million in customer bonuses granted for 2001. EUR 54 million in bonuses reserved earlier were used to fund customer bonuses. EUR 34 million was reserved for bonuses payable in future years. In addition, technical provisions for group pension insurance were supplemented by EUR 26 million due to the increase in life expectancy.

Life insurance solvency capital amounted to 14.7 per cent (21.9) of technical provisions on own account on 31 December 2001. According to the interpretation of the Principle of Fairness, this lower solvency status means that the shareholders could not be allocated a share of the life insurance valuation differences.

HOLDING COMPANY

The Group's parent company adopted a holding company structure on 31 March 2001 and has now subsidiaries in the fields of banking, investment services and insurance. The holding company's balance sheet total amounted to EUR 3.0 billion, of which holdings in banking and investment service companies accounted for EUR 1.7 billion and holdings in insurance companies for EUR 0.7 billion. Other investments totalled EUR 0.5 billion.

The holding company investments in the consolidated accounts amounted to EUR 798 million and the turnover to EUR 541 million. The EUR 401 million in net income from securities trading was the most significant item in the turnover. Operating expenses excluding the internal sale of services amounted to EUR 18 million. The provision of EUR 2 million for the integration costs of Sampo/Leonia was released in its entirety. EUR 6 million was reserved for staff restructurings in 2002.

INVESTMENTS

According to the Morgan Stanley World Index, the international stock market decreased by 14.4 per cent in 2001. The economic outlook for companies weakened all through the year and market volatility remained high. The problematic market situation also had a weakening effect on the investment income of the Sampo Group insurance companies.

Net investment income of P&C insurance amounted to EUR 707 million (892). The investment portfolio of P&C insurance stood at EUR 2.5 billion at year-end. Equity investments accounted for 26 per cent of the entire investment portfolio, investments in interest-bearing instruments for 58 per cent and real estate for 16 per cent. Foreign investments accounted for 36 per cent of the investment portfolio. Investments outside the euro area totalled EUR 305 million.

Life insurance net investment income amounted to EUR 248 million (525). The return on the whole investment portfolio, including changes in value, was 0.5 per cent (6.3).

The market capitalisation of the life insurance investment portfolio, including investments in unit-linked insurance, was EUR 5.3 billion (5.1) at the end of the year. Foreign investments accounted for 48 per cent. Foreign investments outside the euro area amounted to EUR 1.3 billion. Equity investments accounted for 27 per cent (31) of the entire investment portfolio and investments in interest-bearing instruments for 59 per cent (54). Real estate investments remained unchanged at seven per cent.

The Group held approximately 30 million Nokia shares on 31 December 2000. The major part, or some 23 million shares, were sold during the first three quarters of the year under review. The impact of the sales of Nokia shares on the 2000 and 2001 results is shown in the table 'Items affecting the comparability of results'.

RISK MANAGEMENT

Risk management processes are used to limit the risk of loss by ensuring that the return to risk ratio by sector is reasonable and that every process is always efficiently and consistently carried out, even in the case of unexpected internal or external events.

As a general rule Sampo manages the risks of the business sectors separately from each other. Risk concentrations may arise at the Group level when business operations are to a large degree exposed to the same risk factors, or when fluctuations in profits correlate in a strong and positive manner. The total risks arising from different business operations are monitored regularly at Group level.

The credit risk from Sampo's banking operations is illustrated by the expected annual credit loss from corporate exposure, which is approximately 0.4 per cent measured by CreditVaR methodology, and the amount of risk capital reserved through credit loss risk, which is approximately 5 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 rise of 1 percentage point in interest rates at the turn of the year would have improved the euro-denominated value of total assets by EUR 25 million. Trading risks in banking remained low.

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

STAFF

At the end of 2001, Sampo Group employed a total of 9,684 people (10,207), 52 per cent (49) in banking and investment services, 34 per cent (41) in P&C insurance, 6 per cent (10) in life insurance and 8 per cent in the holding company formed during the review period. 8,143 people (8,162) were employed in Finland and 1,541 (2,045) abroad, of which 1,223 (1,085) in the Baltic Rim. The number of people employed abroad decreased due to the sale of Sampo Industrial Insurance N.V. to Hampden Plc and the reorganisation of the Polish sales agent network.

The Group employed an average of 10,162 people (9,184), 51 per cent (51) in banking and investment services, 34 per cent (45) in P&C insurance, 8 per cent (4) in life insurance and 7 per cent in the holding company.

An investigation aiming at making administrative and support functions more efficient was conducted during the autumn. Rationalisation measures were subsequently launched at year-end. It was estimated that the staff should be reduced by up to 750 employees. Efforts will be made to cut the staff during 2002 mainly through means other than dismissals.

At the beginning of 2002, Sampo's property & casualty insurance companies were combined with the If Group. Employees from other fields of operation were also transferred to If. As a result of these arrangements, Sampo Group employed approximately 5,800 people in January 2002.

ADMINISTRATION

On 5 April 2001, the Annual General Meeting of Sampo-Leonia plc appointed Olli-Pekka Kallasvuo and CEO Björn Wahlroos as new members of the company's Board of Directors. In addition, the following five members were re-elected to the Board: Tom Berglund, Georg Ehrnrooth, Jyrki Juusela, Paavo Pitkänen and Christoffer Taxell.

After the Annual General Meeting the Board elected from among the members Olli-Pekka Kallasvuo as Chairman and Jyrki Juusela as Vice Chairman.

Jukka Härmälä, who headed the Board of Directors for more than 7 years, stepped down from the Board, as did Ari Heiniö, Martti Hetemäki and Eino Keinänen.

After these changes the composition of the Sampo Board of Directors is as follows: Olli-Pekka Kallasvuo, Chairman, Jyrki Juusela, Vice Chairman, Tom Berglund, Georg Ehrnrooth, Paavo Pitkänen, Christoffer Taxell and Björn Wahlroos.

Amendments to the Articles of Association were made at the Annual General Meeting on 5 April 2001. According to Clause 11 of the new Articles of Association the company's Managing Director is also the CEO. In addition, clauses 12, 13 and 20 concerning the authorisation to sign for the company, the number of auditors and the terms of office were amended.

The Board of Directors wishes to thank Jukka Härmälä for his successful 12-year term as Board member and Chairman.

CHANGES IN SHARE CAPITAL

On 18 January 2001, Sampo-Leonia's Extraordinary General Meeting of Shareholders approved the exchange offer pertaining to the acquisition of Mandatum Bank Plc shares and the increase in share capital needed in order to implement the exchange offer. The exchange offer period began on 1 February 2001 and expired on 16 February 2001.

On 6 February 2001, Sampo-Leonia's Board of Directors stated that the preconditions for the combination had been met. The Board decided to implement the Mandatum exchange offer and to approve the share subscriptions made. Sampo-Leonia's share capital was increased by EUR 3,998,041.45 to EUR 91,455,763.21, by giving the Mandatum shareholders who approved the exchange offer 4,754,255 Sampo-Leonia A shares. The increase was entered in the Trade Register on 7 February 2001, and the new A shares were issued for public trading on the Helsinki Exchanges Main List on 12 February 2001.

On 22 February 2001, after the exchange offer had expired, Sampo-Leonia's Board of Directors approved the share subscriptions made and decided to increase Sampo-Leonia's share capital by EUR 1,986,920.02 to EUR 93,442,683.23, by giving 2,362,738 Sampo-Leonia A shares to the Mandatum Bank shareholders who had accepted the exchange offer. The increase was entered in the Trade Register on 23 February 2001, and the new A shares were issued for public trading on the Helsinki Exchanges Main List on 26 February 2001.

On 5 April 2001, the Annual General Meeting approved an increase in the company's shares without raising the share capital, i.e. a five-way split (1:5), and the related amendment to the Articles of Association on the minimum and maximum amount of shares. The amendment was entered in the Trade Register on 20 April 2001. After the split, the company had a total of 555,584,965 shares, 554,384,965 of which were A shares and 1,200,000 unlisted B shares.

During the period under review, 38,550 A shares were subscribed under the warrant certificates of Sampo's 1998 option programme. As a result of the subscriptions, Sampo received EUR 264,684.30 in capital and reserves. The increase in share capital as a result of the subscriptions, to a total value of EUR 6,483.64, was entered in the Trade Register on 28 November 2001.

Sampo's share capital after the increase amounts to EUR 93,449,166.87. The company has 554,423,515 A shares and 1,200,000 B shares, making a total of 555,623,515. The new shares were issued for public trading on the Helsinki Exchanges Main List on 29 November 2001.

INTRODUCTION OF THE EURO

The introduction of the euro progressed according to plan. The bank's systems were primarily converted to the euro at the end of 2001. The insurance systems were converted gradually during 2000 and 2001. Security aspects were strongly emphasised in staff training and customer information.

The transfer to euro cash took place at the beginning of 2002 over a shorter period of time than originally estimated.

RECENT DEVELOPMENTS

The Sampo/If arrangement described above came into effect on 2 January 2002. As a result, Sampo Insurance Company and Sampo Industrial Insurance Company were given the following new legal names: If P&C Insurance Company Ltd and If Industrial Insurance Ltd. The new names were entered in the Trade Register on 3 January 2002.

OUTLOOK

The revival of the economic conditions and the investment market will create favourable conditions for growth in the investment and savings markets. Sampo will continue to develop according to its selected strategic policy. Steering of distribution channels towards offering mutual funds and unit-linked insurance, and the move from passive service to active selling will continue. An increase in efficiency is crucial in all operations.

The stable performance of banking operations will continue; credit losses are not expected to grow significantly and the interest rate margin should not drop substantially from the level at the end of the review period. As capital markets are reviving and the number of mergers and acquisitions continues to be high, the profitability of investment banking is expected to remain good.

Growth in the volume of fund operations is predicted to remain strong, and the Group's share of the fund capital market is expected to increase further. As new investments will increasingly be targeted at other than bond funds, fee income is also expected to increase.

Life insurance operations will grow again after a stagnant year. The sales organisation was already operating at a good pace during the second half of the review period and is expected to perform even better particularly in sales of unit-linked insurance.

Sampo will exercise its ownership powers to implement arrangements that will substantially improve the profitability of the If Group. The effects of measures already launched are expected to improve the combined ratio in the second half of 2002.

At the end of 2001, Sampo's Board of Directors approved new financial targets for the Group's business areas. The significant risk concentrations relating to shareholdings have been dissolved and the performance of core business operations is expected to remain good. No one-off equity sales profit items such as those in 2000 and 2001 are likely, so the performance in the next few years is not expected to reach the level achieved in these exceptional years. Nevertheless, the return on capital invested will improve as business operations grow more efficient and the Group returns excess capital to shareholders. In its dividend proposal, the Board of Directors is following its declared policy and distributing approximately half of the profit for the financial year in the form of dividends to shareholders.

BOARD'S DIVIDEND PROPOSAL

The Group's distributable capital and reserves was EUR 1,331,814,021 and that of the parent company EUR 1,220,315,749. The Board of Directors proposes that a dividend of EUR 0.75 per share be paid on the company's 555,623,515 shares. The total dividend proposed is EUR 416,717,636. The Board proposes to reserve EUR 0.2 million for charitable causes. The remaining distributable funds will be transferred to the contingency fund.

Consolidated Profit and Loss Account

EURm	Notes	2001	2000
BANKING AND INVESTMENT SERVICES ACCOUNT			
Interest receivable	1	1,195	1,294
Interest payable	1	–726	–868
Net income from financial operations		**469**	**426**
Dividend income		27	224
Fees and commissions receivable		220	179
Fees and commissions payable		–41	–30
Net income from transactions in securities and foreign exchange dealing			
from transactions in securities	2	25	47
from foreign exchange dealing		17	24
		43	71
Other operating income	3	37	33
Administrative expenses			
Staff costs			
Wages and salaries		–165	–143
Social security costs			
Pension costs		–32	–23
Other		–17	–14
		–49	–37
Other administrative expenses		–154	–198
		–367	–378
Depreciation and write-down of tangible and intangible assets	4	–35	–42
Other operating expenses	3	–44	–37
Provisions for bad and doubtful debts	5	–16	–17
Write-offs in respect of debt securities held as financial fixed assets	5	0	0
Income from companies accounted for by the equity method		4	1
Operating profit before elimination items		**296**	**430**
Elimination items	27	18	4
Operating profit		**315**	**434**

EURm	Notes	2001	2000
TECHNICAL ACCOUNT - P&C INSURANCE			
Premiums earned	9		
Premiums written	7	1,115	1,023
Reinsurers' share		–160	–178
		955	845
Change in the gross provision for unearned premiums			
Total change		4	–57
Portfolio transfer		–	35
		4	–22
Reinsurers' share			
Total change		–24	22
Portfolio transfer		–	–21
		–24	2
		–20	–21
		935	825
Claims incurred	9		
Claims paid		–889	–908
Reinsurers' share		133	198
		–756	–710
Change in the provision for outstanding claims			
Total change		–98	–137
Portfolio transfer		–	74
		–98	–63
Reinsurers' share			
Total change		20	83
Portfolio transfer		–	–41
		20	42
		–78	–22
		–834	–732
Change in collective guarantee item		–1	–1
Net operating expenses	9, 11	–203	–209
Balance on technical account before the change in equalisation provision		**–103**	**–117**
Change in equalisation provision		–14	–17
Balance on technical account		**–118**	**–134**

EURm	Notes	2001	2000
TECHNICAL ACCOUNT - LIFE INSURANCE			
Premiums written			
Premiums written	7, 10	755	769
Reinsurers' share		–4	–3
		751	766
Share of net investment income	15	248	525
Claims incurred			
Claims paid	10	–403	–296
Reinsurers' share		4	3
		–399	–293
Change in the provision for outstanding claims		–135	–157
Reinsurers' share		1	1
		–134	–157
		–533	–450
Change in premium reserve			
Change in premium reserve		–346	–564
Reinsurers' share		–1	–1
		–347	–565
Net operating expenses	11	–67	–42
Other technical charges		0	0
Balance on technical account		**52**	**235**
INSURANCE BUSINESS NON-TECHNICAL ACCOUNT			
Balance on technical account, P&C insurance		–118	–134
Technical underwriting result, life insurance		52	235
Investment income	16	1,551	1,992
Revaluations on investments		3	5
Investment charges	16	–594	–545
Revaluation adjustments on investments		–5	–35
		954	1,417
Transfer of part of net investment income		–248	–525
		707	892
Other income	17	6	4
Other charges	18	–42	–69
Income from companies accounted for by the equity method		0	62
Profit before elimination items and extraordinary items		**604**	**989**
Elimination items	27	31	–4
Profit before extraordinary items		**635**	**985**

EURm	Notes	2001	2000
HOLDING COMPANY ACCOUNTS			
Interest receivable	19	15	
Interest payable	19	–15	
Net income from financial operations		**0**	
Dividend income		8	
Fees and commissions payable		–1	
Net income from transactions in securities and foreign exchange dealing			
from transactions in securities	20	401	
from foreign exchange dealing		–4	
		398	
Other operating income	21	120	
Administrative expenses			
Staff costs			
Wages and salaries		–29	
Social security costs			
Pension costs		–6	
Other		–2	
		–8	
Other administrative expenses		–56	
		–93	
Depreciation and write-down of tangible and intangible assets	23	–45	
Other operating expenses	21	–20	
Provisions for bad and doubtful debts	22	0	
Income from companies accounted for by the equity method		4	
Operating profit before elimination items		**372**	
Elimination items	27	–79	
Operating profit		**293**	
Banking and investment services operating profit		315	434
P&C insurance and life insurance profit before extraordinary items		635	985
Holding company operating profit		293	
Extraordinary items			
Extraordinary income	25	3	19
Extraordinary charges	25	–	–26
		3	–8
Profit after extraordinary items		**1,246**	**1,411**
Income taxes	26	–398	–429
Minority interest		–14	–59
Profit for the financial year		**833**	**923**

Consolidated Balance Sheet

EURm	Notes	2001	2000
ASSETS			
BANKING AND INVESTMENT SERVICES ASSETS			
Cash and balances at central banks	28, 35, 71, 72	1,383	841
Treasury bills and other eligible bills			
Treasury bills		5	7
Other		2,447	3,619
		2,452	3,625
Loans and advances to credit institutions	29, 33, 71, 72		
Repayable on demand		85	69
Other		914	2,252
		999	2,321
Loans and advances to customers	30, 33, 71, 72	13,597	14,130
Lease assets	34	515	439
Debt securities	35, 71, 72		
Issued by public bodies		470	516
Other		620	1,400
		1,090	1,916
Shares and participations	36, 37	36	35
Shares and participations in associated undertakings	37, 101	17	13
Shares and participations in Group undertakings	37, 101	1	2
Intangible assets	38		
Consolidation difference		12	9
Other long-term expenses		61	51
		73	60
Tangible assets	37, 39		
Property and shares in property companies		41	329
Other tangible assets		28	25
		69	354
Other assets	40	360	179
Prepayments and accrued income	41	299	723
Deferred tax assets	73	26	30
Elimination items	103	–23	–70
Total		**20,893**	**24,600**
INSURANCE BUSINESS ASSETS			
Intangible assets	42		
Intangible rights		7	10
Goodwill		4	10
Consolidation difference		0	285
Other long-term expenses		55	57
		67	362

EURm	Notes	2001	2000
Investments	44		
Investments in land and buildings	45		
Land and buildings		655	821
Loans to associated undertakings		1	3
		657	824
Investments in Group and associated undertakings	47		
Debt securities and loans of Group undertakings		400	110
Shares and participations in associated undertakings		13	81
		413	191
Other financial investments			
Shares	46	1,540	2,026
Debt securities		3,931	3,408
Loans guaranteed by mortgages		56	162
Other loans	48	23	35
Deposits with credit institutions		124	309
		5,675	5,939
Deposits with ceding undertakings		43	45
		6,788	6,999
Investments covering unit-linked insurance	50	300	271
Debtors			
Arising out of direct insurance operations			
Policyholders		195	168
Intermediaries		8	45
Arising out of reinsurance operations		116	109
Other debtors		118	207
Deferred tax		29	30
		466	558
Other assets			
Tangible assets	42		
Equipment		24	42
Other tangible assets		1	3
Stocks		1	1
		26	45
Cash at bank and in hand		93	96
Other assets		0	1
		119	142
Prepayments and accrued income			
Interest and rents		118	91
Other		74	96
		192	187
Elimination items	103	–479	–323
Total		**7,452**	**8,196**

EURm	Notes	2001	2000
HOLDING COMPANY ASSETS			
Loans and advances to credit institutions	52, 55, 92, 93		
Repayable on demand		48	
Other		212	
		260	
Loans and advances to customers	53, 55, 92, 93	23	
Debt securities	56, 92, 93		
Issued by public bodies		5	
Other		9	
		14	
Shares and participations	57, 58	89	
Shares and participations in associated undertakings	58, 101	74	
Intangible assets	59		
Consolidation difference		349	
Other long-term expenses		27	
		376	
Tangible assets	58, 60		
Property and shares in property companies		390	
Other tangible assets		18	
		408	
Other assets	61	20	
Prepayments and accrued income	62	5	
Deferred tax assets	94	4	
Elimination items	103	–218	
Total		**1,054**	
TOTAL ASSETS		**29,400**	**32,795**

EURm	Notes	2001	2000
LIABILITIES			
CAPITAL AND RESERVES	63		
Subscribed capital		93	87
Premium reserve		965	902
Legal reserve		370	369
Currency conversion differences		20	14
Subordinated liabilities	64	10	10
Other reserves			
Reserves provided for by the articles of association		384	346
Other reserves		77	82
		461	428
Profit/loss brought forward		134	134
Profit for the financial year		833	923
		2,886	**2,868**
Minority interest		33	94
BANKING AND INVESTMENT SERVICES LIABILITIES			
Liabilities to credit institutions and central banks	66, 71, 72		
Central banks		100	59
Credit institutions			
Repayable on demand		38	22
Other		1,720	3,402
		1,757	3,424
		1,857	3,483
Liabilities to customers	66, 71, 72		
Deposits			
Repayable on demand		7,621	7,074
Other		1,441	1,128
		9,062	8,203
Other liabilities		1,360	2,499
		10,422	10,701
Debt securities in issue	66, 67, 71, 72		
Bonds and notes		3,027	4,753
Other		2,287	2,469
		5,314	7,222
Other liabilities	68	682	599
Accruals and deferred income	69	461	625
Subordinated liabilities	70	494	462
Deferred tax liabilities	73	28	28
Elimination items	103	–689	–323
Total		**18,570**	**22,798**

EURm	Notes	2001	2000
INSURANCE BUSINESS LIABILITIES			
Technical provisions	83		
Provision for unearned premiums, P&C insurance		268	318
Reinsurers' share		–8	–47
		260	271
Premium reserve, life insurance		3,202	2,883
Reinsurers' share		–2	–3
		3,200	2,881
Claims outstanding, P&C insurance		1,843	1,949
Reinsurers' share		–212	–269
		1,631	1,680
Claims outstanding, life insurance		1,241	1,106
Reinsurers' share		–4	–3
		1,237	1,103
Equalisation provision, P&C insurance		265	251
Collective guarantee item, P&C insurance		33	31
		6,626	6,216
Technical provisions of unit-linked insurance		299	270
Obligatory provisions	84	–	1
Deposits received from reinsurers		0	2
Creditors			
Arising out of direct insurance operations		2	2
Arising out of reinsurance operations		72	91
Bond with warrants		–	1
Amounts owed to credit institutions		0	1
Other creditors		88	257
Deferred tax		12	40
		174	392
Deferred income		173	224
Elimination items	103	–13	–70
Total		**7,261**	**7,035**

EURm	Notes	2001	2000
HOLDING COMPANY LIABILITIES			
Liabilities to credit institutions and central banks	88, 92, 93		
Credit institutions			
Repayable on demand		–	
Other		242	
		242	
Debt securities in issue	88, 89, 92, 93		
Bonds and notes		–	
Other		239	
		239	
Other liabilities	90	62	
Accruals and deferred income	91	99	
Deferred tax	94	27	
Elimination items	103	–19	
Total		**651**	
TOTAL LIABILITIES		**29,400**	**32,795**
BANKING AND INVESTMENT SERVICES OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Guarantees and assets pledged as collateral security		1,970	1,873
Commitments			
Other than sale and option to resell transactions		3,193	3,993
		5,164	**5,866**
HOLDING COMPANY OFF-BALANCE SHEET ITEMS			
Commitments			
Other than sale and option to resell transactions		59	

Parent Company Profit and Loss Account

EURm	Notes	2001
Interest receivable	19	14
Interest paybale	19	–12
Net income from financial operations		**2**
Dividend income		
From Group undertakings		159
From associated undertakings		0
From other companies		8
		167
Fees and commissions payable		–1
Net income from transactions in securities and foreign exchange dealing		
from transactions in securities	20	401
from foreign exchange dealing		–4
		398
Other operating income	21	111
Administrative expenses		
Staff costs		
Wages and salaries		–29
Social security costs		
Pension costs		–6
Other		–2
		–8
Other administrative expenses		–56
		–93
Depreciation and write-down of tangible and intangible assets	23	–5
Other operating expenses	21	–16
Provisions for bad and doubtful debts	22	0
P&C insurance operating profit (for period 1 Jan. - 31 March 2001)		423
Operating profit		**986**
Profit before appropriations and tax		**986**
Appropriations		–3
Income tax	26	–159
Profit for the financial year		**824**

Parent Company Balance Sheet

EURm	Notes	2001
ASSETS		
Loans and advances to credit institutions	55, 92, 93	
Repayable on demand		42
Other		198
		240
Loans and advances to customers	53, 55, 92, 93	24
Debt securities	56, 92, 93	
Issued by public bodies		–
Other		9
		9
Shares and participations	57, 58	93
Shares and participations in associated undertakings	58, 101	65
Shares and participations in Group undertakings	57, 58, 101	2,450
Intangible assets	59	20
Tangible assets	58, 60	
Property and shares in property companies		78
Other tangible assets		18
		96
Other assets	61	16
Prepayments and accrued income	62	4
Deferred tax	94	2
TOTAL ASSETS		**3,019**
LIABILITIES		
Debt securities in issue	88, 89, 92, 93	
Bonds and notes		–
Other		239
		239
Other liabilities	90	39
Accruals and deferred income	91	95
		134
Appropriations		
Depreciation difference		1
Capital and reserves	65	
Subscribed capital		93
Restricted reserves		
Premium reserve		965
Revaluation reserve		366
Other reserves		396
Profit for the financial year		824
		2,645
TOTAL LIABILITIES		**3,019**

Holding company off-balance sheet items

Commitments		
Other than sale and option to resell transactions		59

Notes to the Accounts
Risk Management

Risk Management Principles

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board sets the principles of risk management and provides guidance on the organisation of risk management and internal control in the businesses. The Board monitors the risk management process and has established a risk control committee to control the Group's risks.

Business Risks

The major risks associated with the Group's businesses are the market risks of investment portfolios, insurance risks, credit risks, interest rate and funding risks in non-trading positions, and the operational risks inherent in every kind of activity. Market risks in trading activities have been reduced to a low level. All companies within Sampo Group focus on their activities based on their own strategies. Sampo minimises the possibility of inconsistencies in risk positions by a clear separation of duties between operating companies, i.e. the emphasis in banking and distribution is on customer lending in each country, whereas the insurance companies diversify their investment portfolios internationally. Sampo evaluates the overall risk positions regularly. The portfolio of the holding company consists mainly of investments in subsidiary and associated companies.

RISKS IN BANKING OPERATIONS

Credit Risks

Credit risks refer to variations in results caused by customers or counterparties failing to meet their commitments. Credit risks include counterparty, country and settlement risks.

The Group's guidelines lay down uniform principles for credit risk taking, with the aim of ensuring good quality in the credit process. The Board of Directors annually approves the credit risk policy, which sets the parameters for risk appetite and allocation of risks. Limits are set for risk concentrations, measured by the ratio of a customer group's nominal exposures to the Bank's total capital, as well as by the ratio of a customer group's economic capital, calculated by a credit risk model, to the total economic capital.

The Group's credit committee is authorised to make all credit decisions. It has delegated this authority to separate sub-committees responsible for corporate and retail customers, and to authorised credit officers in customer business units. The nominal amount of the authorisation varies according to the creditworthiness of customers and the required security. All credit requests are prepared in the customer business units. Credit decisions are primarily based on the creditworthiness of the respective customers. To reduce uncertainty related to its estimation, collateral or covenants are required.

The Group's rating committee, which is independent of the credit decision process, decides on all significant ratings. The use of the credit decision-making authority is controlled by the limits set for countries, customers, customer groups and products and by other reporting requirements.

Credit Rating of Corporate and Institutional Customers

The credit risk management system for corporate customers has the following elements. Each significant customer has a customer account officer who is familiar with the customer's business and monitors its development. In addition, the counterparties with the highest credit risks are analysed continually by a corporate analyst, who is independent of the customer business units. The Group has an internal 12-stage creditworthiness rating system, and the validity of the probability interpretations applied to the system's creditworthiness categories is monitored regularly. The 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. The internal rating system has existed in its current form since 1997 and the defaults discovered by the Bank's own data systems during the years 1997 - 2001 clearly support the probabilities given to the creditworthiness categories. The probabilities refer to the probability of future counterparty defaults, i.e. that customers will be unable to pay interest and loan instalments, and will be forced into reorganisation or bankruptcy.

Collateral Rating

Collateral is divided into four quality categories according to the probability of a full recovery in the event of possible realisation. Each type of collateral, e.g. securities by issuer, is given a valuation percentage, and this is used to place the share of the collateral pledged to the Bank, at its fair value, in a quality category. The collateral values are regularly updated.

Measurement of Credit Risks

Since 1999, the Bank has systematically measured its credit risks by a credit risk model. The objective of the model is to estimate both expected and unexpected credit losses, i.e. the required economic capital. The measurements are based essentially on the probabilities of future defaults by customers, deduced from the ratings, and on the expected credit losses following these defaults, depending on the exposures, collateral and other recoverable amounts. The total amount of the expected credit losses has been calculated for a period of three years with a confidence level of 99.9%. When the expected credit loss for one year is deducted from this figure, the result is the economic capital.

Based on the above-mentioned technique, the Bank has developed risk-weighted measurements of the profitability of customer business units. Likewise, the assessment of the whole customer relationship will take account of the pricing of the credit risk.

Monitoring Corporate Customer Credit Risks

Credit risk monitoring is based on the continuous monitoring not only of the macro-economy and individual customer business sectors, but also of customer creditworthiness, collateral values and covenants. In addition, the ratings of listed customers are monitored by a model which estimates the probabilities of default using the market prices of shares. Country, customer and product limits are monitored daily. To reduce credit risks, customer account officers draw up action plans for customers in the three lowest creditworthiness categories. The credit risks of the customer business units are reviewed on a year-to-year basis, monitoring the appropriateness of credit decisions, categorising the counterparties and collateral, and implementing action plans created to reduce the risks of the customers in the lowest creditworthiness categories. The achievement of portfolio targets set in the credit policy is followed monthly.

Assessing and Monitoring Retail Customer Credit Risks

The creditworthiness of retail customers is assessed by comparing the customer's income, or that of his or her family, with the living expenses and debt repayment obligations. Uncertainties related to the estimation of creditworthiness are covered by 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 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.

Credit Risks in 2001

The figures in the tables show the outstanding exposures of customers of Sampo Bank Group and Sampo Credit plc. The assets of Sampo Pank in Estonia, UAB Sampo bankas in Lithuania and Mandatum Bank, which was merged into Sampo Bank on 31 December 2001, totalling EUR 0.7 billion, are not included in the tables. Exposures are categorised according to customers or counterparties, or to guarantors, if the credit decision was based on the guarantor's creditworthiness. Credit risk reporting covers all agreements and derivative contracts, both on and off-balance sheet, with which credit risks are 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 exposures to customers decreased by about 16 per cent in the period, totalling EUR 21 billion at the end of the year. Exposures to retail customers increased by 4.5 per cent, while those to financial institutions decreased by 34 per cent, those to public sector customers by 27 per cent and those to corporate customers by 1 per cent. In regional terms, 94 per cent of credit risks applied to EU countries. Latin America accounted for less than 0.5 per cent. The Group had no direct exposures in Argentina. Of the total exposures of EUR 130 million in Asian countries, Indonesia accounted for EUR 16 million and Pakistan for EUR 4 million. Exposures in Russia stood at EUR 28 million (38) and those in Turkey at EUR 26 million (114) .

Exposures to corporate customers were reduced by EUR 850 million. Analysed by industry, the reduction was the greatest in the forest and manufacturing sectors and in wholesale and retail distribution. Exposures to customers in the IT and telecommunications sector fell, and these customers accounted for a good 2 per cent of the total exposure. Abroad, the Bank participated in financing for the network investments of several GSM operators, but the shares were small and did not include finance for any UMTS licences. About 23 per cent of exposures to corporate customers is secured by category I and II collateral.

Measured by the credit risk model, the average probability of default by corporate and institutional customers, weighted by exposures, increased from 0.6 per cent to 0.8 per cent. The expected credit loss of corporate exposures increased from 0.3 per cent to 0.4 per cent and the economic capital from 4.1 per cent to 4.9 per cent. The economic capital measured in euro remained at the same level as at the beginning of the year. The economic capital of corporate customers grew during the year by about 4 per cent, while that of the banking sector decreased. The average decrease in creditworthiness resulted in an increase in the economic capital and, correspondingly, the decrease in the nominal value of exposures reduced the economic capital.

75 per cent of the retail loan portfolio and most of the new lending was used to finance the purchase of dwellings. 74 per cent of lending and the total of its growth was in areas with net in-migration of population. 2 per cent of lending was in areas with net out-migration. More than 90 per cent of lending to retail customers was secured by category I and II collateral.

Non-performing Loans and Provisions for Bad and Doubtful Debts

Non-performing and other non-interest earning loans stood at EUR 119 million (71) at the end of the year. Of this amount, households accounted for EUR 38 million (33) and corporate and institutional customers for EUR 81 million (38). An increase of EUR 37 million in the non-performing loans to corporate customers came from a loan secured by the Finnish government and banks from OECD countries. Provisions made on a portfolio basis for loans to corporate and institutional customers amounted to EUR 31 million (27).

The net amount of provisions for bad and doubtful debts and write-offs in 2001 was EUR 16 million (17). Of this amount an increase in specific provisions pooled by customer group accounted for EUR 4 million (20).

EXPOSURES BY CUSTOMER SECTOR	2001		2000		1999	
	EURm	%	EURm	%	EURm	%
Corporate customers	7,999	38	8,849	35	8,787	31
Financial institutions	4,649	22	7,020	28	10,954	38
Public sector customers	3,036	14	4,159	16	4,015	14
Other institutions	302	1	297	1	401	1
Total	**15,985**	**75**	**20,326**	**80**	**24,156**	**84**
Retail customers	5,226	25	4,997	20	4,608	16
Total	**21,211**	**100**	**25,322**	**100**	**28,765**	**100**

EXPOSURES BY GEOGRAPHICAL AREA	2001		2000		1999	
	EURm	%	EURm	%	EURm	%
Finland	16,489	78	17,792	70	18,296	64
Other EMU countries	2,301	11	3,178	13	4,427	15
Other EU countries	1,022	5	2,061	8	3,270	11
USA, Canada, Japan, Australia, New Zealand other Western Europe	926	4	1,656	7	2,283	8
Asia (excl. Japan)	130	1	169	1	221	1
Middle East	28	0	125	0	63	0
Eastern Europe	130	1	159	1	132	0
Other countries	184	1	182	1	73	0
Total	**21,211**	**100**	**25,322**	**100**	**28,765**	**100**

CORPORATE EXPOSURES BY INDUSTRY

	2001		2000		1999	
	EURm	%	EURm	%	EURm	%
Forest industry	767	10	959	11	1,038	12
Metal industry	1,049	13	1,155	13	1,129	13
Other manufacturing	1,476	18	1,757	20	1,750	20
Wholesale and retail distribution	876	11	984	11	1,016	12
Construction	376	5	394	4	359	4
Property	1,180	15	1,271	14	1,172	13
Energy	794	10	864	10	796	9
IT and telecommunications	518	6	533	6	633	7
Other companies	962	12	931	11	894	10
Total	**7,999**	**100**	**8,849**	**100**	**8,787**	**100**

EXPOSURES TO CORPORATE AND INSTITUTIONAL CUSTOMERS BY CREDITWORTHINESS CATEGORY

Sampo	S&P	2001		2000		1999	
ratings	equivalents	EURm	%	EURm	%	EURm	%
L1+	AAA	459	3	441	2	984	4
L1	AA+, AA	4,763	30	6,220	31	6,958	29
L1–	AA–	1,563	10	1,759	9	2,311	10
L2+	A+, AA	1,300	8	3,060	15	5,738	24
L2	A–, BBB+	2,820	18	3,025	15	3,230	13
L2–	BBB, BBB–	1,783	11	2,369	12	1,692	7
L3+	BB+	999	6	1,162	6	821	3
L3	BB	1,056	7	936	5	1,141	5
L3–	BB–, B+	552	3	426	2	268	1
L4+	B, B–	113	1	150	1	101	0
L4	CCC+, CCC–	228	1	260	1	284	1
L4–	CC	–	0	0	0	0	0
Bankrupt	D	19	0	18	0	12	0
Uncategorised	N.a.	330	2	500	2	616	3
Total		**15,985**	**100**	**20,326**	**100**	**24,156**	**100**

EXPOSURES IN CATEGORIES L4+, L4, L4- BY CUSTOMER CATEGORY

	2001		2000		1999	
	EURm	%	EURm	%	EURm	%
Manufacturing	48	14	60	15	58	15
Wholesale and retail distribution	71	21	78	19	100	26
Construction & property	96	28	89	22	105	27
Other companies	93	27	68	17	68	18
Other customers	33	10	116	28	56	14
Total	**342**	**100**	**410**	**100**	**386**	**100**

EXPOSURES IN CATEGORIES L4+, L4, L4- BY SIZE OF EXPOSURE

	2001	Number of	2000	Number of	1999	Number of
Size of exposure	EURm	customers	EURm	customers	EURm	customers
Less than EUR 0.1 million	23	1,607	23	1,704	24	1,372
EUR 0.1–0.5 milion	46	219	43	196	42	202
EUR 0.5–3 million	90	82	106	90	94	85
EUR 3–10 million	120	21	124	23	104	20
Over EUR 10 million	63	4	115	7	122	6
Total	**342**	**1,933**	**410**	**2,020**	**386**	**1,685**

Market Risks

Market risks arise from earnings volatility caused by changes in market values. Movements in risk factors such as interest rates, exchange rates, equity prices and their respective volatilities or the credit quality of the counterparty affect market values.

Market Risks 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 small-scale proprietary trading which supports the Bank's ability to serve customers. Very little liquidity risk arises from trading.

Market risks in trading are measured and limited by 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 to the euro.

Asset and Liability Activities

Retail market demand deposits and loans for customers are the core of non-trading positions. The banking book also includes wholesale funding items, investments in money market and fixed income instruments and hedging derivatives. All of these items are used to modify the liquidity and interest rate risk exposures of the banking book. Sampo Bank plc was demerged into three companies on 31 October 2001. However, the non-trading books of the three companies are monitored as one portfolio. The merger of Mandatum Bank into the new Sampo Bank did not have any major effect on the interest rate risk exposure, but it did strengthen the liquidity position of the bank because of the excess of the retail demand deposits compared with customer loans in Mandatum Bank.

Market Risks of Asset and Liability Activities

The main market risk in the banking operations of the Sampo Group is the interest rate risk. 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 decrease.

The structural risk of a euro-denominated non-trading position is a situation in which Euribor rates prevail at a low level for a long period. The major part of customer lending is tied to Euribor rates, contrary to retail demand deposits. In such an environment, the interest paid on retail demand deposits falls at a slower rate than the interest received on loans, with the result that net interest margins become slimmer. The challenge of Asset and Liability management is to maintain a hedge that has a positive effect on net interest income at times of low interest rates and that does not have a large negative effect on net interest income whenever interest rates are at higher levels. The portfolio of fixed income instruments and interest rate swaps is used to hedge the net interest income of non-trading portfolios. In 2001, the hedge worked well and the net interest income was kept at sustainable levels.

In 2001 the interest rates were at historically low levels. At the same time the balance sheet was actively downsized. Hence no new fixed income investments were made. The small number of new hedging interest rate swaps were timed

MARKET RISKS IN TRADING OF SAMPO GROUP'S BANKING OPERATIONS FOR 1999–2001
(1% Daily VaR Figures in EUR thousand)

	Average			Maximum			Minimum		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Interest rate risk	415	766	666	668	1,772	1,457	219	71	326
Foreign exchange risk	98	91	121	540	1,659	424	27	0	17
Equities risk	7	1	114	43	27	367	0	0	0
Portfolio effect	–99	–89	–205	–397	–642	–620	–14	0	–22
Market risk	420	769	698	937	1,875	1,603	222	76	357

for moments when interest rates were at relatively higher levels. During the year 2001 the interest rate risk exposure was kept risk neutral. At the end of the year, a hypothetical 1 percentage point increase in interest rates would have resulted in a EUR 25 million increase in the value of the euro-denominated balance sheet.

The structural interest rate risk is mainly related to a euro-denominated balance sheet. Non-trading positions in other currencies include mainly foreign currency-denominated corporate loans and wholesale funding to finance these loans. The interest rate risks of the positions are kept neutral and the net interest income is dependent mainly on loan margins. The net interest income is transferred daily to the foreign exchange position.

Liquidity Risks in Asset and Liability Activities

A liquidity risk can be defined as earnings volatility caused by changes in funding costs or as problems in availability of funding. The background for liquidity risks is general credit market turmoil or a lack of confidence in an individual borrower. Sampo Banking group did not have any liquidity problems after the September 11 incidents.

The forecasted future development of retail demand deposits and loans for customers forms the basis for planning the funding structure. The retail market items were concentrated in Sampo Bank plc and large corporate assets were transferred to Sampo Credit plc on 31 October 2001. Sampo Credit plc was funded with short term liabilities.

As a result of the demerger, the structural liquidity exposure - the difference between retail demand deposits and customer loans - of Sampo Bank plc improved. The liquidity was strengthened also due to retail demand deposits transferred from Mandatum Bank. Surplus liquidity is mainly kept in fixed income instruments that can easily be converted into cash if necessary.

INSURANCE BUSINESS RISKS

Technical Risk

Insurance business risks comprise technical risks, investment risks and risks of various internal processes. Technical risks are limited through careful risk selection, pricing to reflect the risks and costs, and reinsurance. Reinsurance hedging is used to limit both individual compensations and the catastrophe accumulation to be paid for a single loss. The insurance company's Board of Directors determines the maximum amount of compensation for its own account.

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 investments with respect to the yield requirement of technical provisions. The intention is to limit these risks by spreading the investment portfolio as far as possible by instrument, sector and country. Currency risks are managed by keeping assets and liabilities sufficiently balanced across currencies. If necessary, derivatives are also used to hedge the investment portfolio against unexpected change.

The Boards of Directors of the insurance companies confirm the companies'

LIQUIDITY RISK OF SAMPO BANK AT 31 DECEMBER 2001

EURm	0–1 m	1–12 m	1–2 y	2–5 y	over 5 y	Total
Assets denominated in euro	3 570	2 218	1 485	3 002	4 759	15 033
Liabilities denominated in euro	10 290	1 292	323	981	1 091	13 977
Net of euro-denominated items	–6 720	926	1 162	2 021	3 667	1 056
Assets denominated in other currencies	660	1 052	112	52	141	2 017
Liabilities denominated in other currencies	1 108	747	237	450	575	3 117
Net of items denominated in other currencies	–448	305	–125	–398	–434	–1 100
LIQUIDITY POSITION	**–7 168**	**1 231**	**1 037**	**1 623**	**3 233**	

The figures of the liquidity position consist only of balance sheet items. For example, undrawn loans or overdraft facilities are not included. Due to changes 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 demand deposits are included in the shortest maturity although the account balances as a whole behaved as long-term.

investment plans defining the target distribution of the investment portfolio, limits by instrument, the organisation of investment activities, and authorities and powers annually. The investment plan takes into account the structure of the company's technical provisions. The investment plan also includes guidelines for the use of derivatives. The investment committee ensures compliance with the principles specified in the investment plan and reports to the Board on investment activities. The company's Board of Directors approves annually the risk management plan concerning the risks of the entire insurance company, the extent of which has been defined in the regulations of the Insurance Supervision Authority. The risk mangement plan of Sampo Life has been updated and approved by the company's Board of Directors in December 2001.

OPERATIONAL RISKS

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

The management of operational risks is the responsibility of the Sampo Group'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.

e&m Business

Sampo's electronic and mobile business (e&m business) is concentrated in Sampo Bank, whose portal offers investment, savings and banking services. Sampo Bank also produces an identification service for Sampo Group and third parties.

The risks related to the e&m business are managed by appropriately specified operating procedures related to portal development (definition, planning, testing and bringing into production) and maintenance.

The legal risks of the e&m business have been systematically analysed and managed. The national enforcement of EU directives related to the e&m business is pending, but the main obligations they place on service providers have already been taken into account in Sampo's web services, such as in contract terms and conditions, in the functionality of applications and web products, in what the end user access devices show and in the instructions issued for e&m business. The service-channel-specific risks have been analysed, identified and managed. The analysis of financial-service-specific risks and the assurance of their suitability for the web is an integral part of product development. Special attention has been paid to the management of business from the audit trail perspective.

In the late autumn the firewalls of the Sampo WebBank were renewed and Sampo Bank made an agreement with TietoEnator on supervision services for the WebBank including, for example, the comprehensive measurement of the availability of the automatic service.

COMPLIANCE WITH THE NEW CAPITAL ADEQUACY FRAMEWORK (BASLE II)

The new capital adequacy framework for banks contains three pillars - minimum capital requirements, supervisory review and market discipline. The pillars are connected to each other: for example, the approach that banks adopt for credit risk within minimum capital requirements affects both disclosure requirements within market discipline and risk management processes within supervisory review. The three pillars architecture of the new accord substantially differs from the current capital accord, which focused solely on the technical calculation of minimum capital requirements.

Sampo launched a Basle II Compliance project in spring 2001 as a part of the preparation process. The project group is responsible for Sampo´s full compliance with the new accord. Sampo´s project is divided as follows:

- Credit risk
- Operational risk
- Market risk and interest rate risk of banking book
- Capital adequacy and allocation

As a part of the preparation process Sampo has analysed the proposals of the Basle Committee on Banking Supervision - especially in terms of the bank´s own portfolio. During spring 2001, Sampo participated in the Quantitative Impact Study 2 set up by the Basle Committee. The aim of this study was to estimate the capital impact of the proposed rules by using the true exposure data provided by banks.

Accounting Policies in the Sampo Group

The Sampo Group operates in the field of banking, investment services and insurance.

The Annual Accounts and Consolidated Accounts of the parent company and the banking and investment services 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 regulations 106.1 and 106.2 of the Finnish Financial Supervision. Furthermore, the provisions of the Accounting Act and Companies Act are followed, with the exceptions mentioned in the Act on Credit Institutions, 30:2§.

The Annual Accounts of the insurance companies of the 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.

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

COMPARABILITY OF DATA

The Group's parent company Sampo-Leonia Insurance Company plc (Sampo plc as of 9 April 2001), which was previously an insurance company, became a holding company on 31 March 2001. Up to that date, the company's Profit and Loss Account has been compiled in accordance with the decree on an insurance company's financial accounts and consolidated financial accounts issued by the Ministry of Social Affairs and Health, and after that date in accordance with the decree on the annual accounts and group accounts of financial institutions and investment services companies issued by the Ministry of Finance. The parent company's result for the period when it was an insurance company has been incorporated into the whole year's Profit and Loss Account as one line. No reference data has been presented of the Balance Sheet.

In the Consolidated Accounts, the results of the parent company and its subsidiaries operating in other fields than banking and investment services or insurance have been presented in the insurance business's Profit and Loss Account up to the above-mentioned change. After the change the results have been presented in the Profit and Loss Account of the holding company in accordance with the decree issued by the Ministry of Finance, and the Balance Sheet in the Consolidated Balance Sheet under the assets and liabilities of the holding company.

The figures of the Leonia Group are included in the consolidated accounts of the reference year as if the Sampo Group and the Leonia Group had operated as one group since the beginning of 1999.

CONSOLIDATION PRINCIPLES

Sampo's Consolidated Accounts include the parent company Sampo plc, and all the subsidiaries in which the parent company either directly or indirectly holds more than half of the votes, excluding the subsidiaries of the parent company and Sampo 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 Profit and Loss Account comprises the banking and investment services account, P&C insurance and life insurance technical accounts and non-technical account of insurance operations, holding company account as well as common for all fields of business, extraordinary items, income taxes and minority interests. All investment income and charges pertaining to insurance business are shown in the non-technical account. The share of net investment income related to life insurance, which includes intra-group eliminations of the insurance business, is transferred to the technical account of life insurance. In the Consolidated Balance Sheet, the assets and liabilities are also presented by field of business.

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 investment services and the holding company on the one hand, and in the insurance business on the other hand. The assets and liabilities pertaining to the same field of business are valued on the basis of the same principles.

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.

Mandatum Bank has been integrated into the Consolidated Accounts as of the beginning of 2001 using the acquisition method. The acquisition, carried out through an exchange of shares, and the related increase in share capital have been booked as an interest in Mandatum Group's capital and reserves which equals the holding. No positive consolidation difference arose from the acquisition.

For the payment of the share acquisition, Sampo-Leonia Insurance Company plc issued 7,116,993 new A shares (before the split). On the acquisition day, 6 February 2001, the closing price of the Sampo share on the Helsinki Exchanges was EUR 61 (before the split). Had the share issue been booked at the quoted price of the acquisition day, a positive consolidation difference of EUR 358 million would have arisen, and the impact of the resulting write-off on the results over a depreciation period of 20 years would have been EUR 18 million in the financial year.

A consolidation difference of EUR 8 million arose from the shares in Mandatum Bank bought before the exchange offer and acquired through the redemption offer and the redemption procedures. The difference was written off immediately.

The merger of Leonia plc and Sampo Insurance Company plc, and the merger of Leonia Life Insurance Company Ltd and Sampo Life Insurance Company Limited on 31 December 2000, have been implemented in the accounts by using the pooling method of accounting.

Those of Sampo 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.

In the structural reorganisations of the Sampo Group, the provisions of Sections 52 a and 52 b of the Business Income Tax Act were applied to the mergers. Correspondingly, the provisions of Section 52 d of the said Act were applied in the business transfers. Thus all assets related to the transferred business entities and the liabilities related to the assets, including the transferred insurance portfolios and the assets covering them, and the provisions related to the transferred business, were assigned at their undepreciated values as presented in the ceding company's accounting when the business transfer entered into force.

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 votes 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, financial position and non-restricted capital and reserves is not essential, Sampo Bank plc's associated undertakings whose 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 and the holding company, 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 euros as follows:

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

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 the difference in market value have 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 and the holding company 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. Currency conversion differences 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 unearned premiums and outstanding claims, and from reinsurance commissions and deposit interests. They are presented separately under Net investment income.

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 and the holding company, 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 and the Holding Company

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 Business

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.

Debt 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.

A consolidation difference of EUR 114 million arose from the acquisition of a 20.1 per cent holding in Sampo Life during the financial year. It will be written off over a period of 10 years.

The write-off period of the goodwill which arose from the acquisition of the Atlantica insurance portfolio from Sweden has been shortened due to the subscription policy of the new If Group in such a manner that it will be written off at the end of 2002. This change had an impact of EUR 3 million on the result.

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.

Shares in other group companies are valued at net asset value or the remaining acquisition cost. 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 to public trading, 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 and the holding company, 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 IT 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 and 2001 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 were released from accruals and deferred income to other charges when they were exhausted. A provision was made in the final accounts for the employees' support package arrangements. This provision was booked under other charges and accruals and deferred income. The commitment relating to the sale of Sampo Industrial Insurance N.V. to grant the company a EUR 10.2 million subordinated loan is included in investment commitments under the off-balance sheet items insofar as no related provisions have been made under other charges and 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 and the holding company, 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. Furthermore, 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 and the holding company 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. Revaluations 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. As the insurance operations commence to present deferred tax in 2000, 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. In calculating the Group's net asset value per share, return on equity and equity/assets ratio, a 29 per cent deferred tax liability, which has been estimated to be realised during the following three years, has been deducted from the valuation differences of the holding company. Furthermore, the net asset value per share has been presented deducting the full 29 per cent deferred tax liability. Two calculation practices were applied for calculating the above-mentioned key figures and the solvency capital of the insurance operations in 1999 and 2000; from P&C insurance valuation differences were deducted the entire tax liabilities and the deferred tax liabilities which are estimated to be realised during the next few years. This tax liability constitutes 18.6 per cent of the valuation differences of P&C insurance. The tax liability has not been deducted from the key figures of previous years. The net asset value per share, the return on equity in percentages and the return on assets in percentages are calculated and presented as annual income.

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 result has been presented under investment result.

Property and Casualty 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 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 and capital redemption policies, 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 cannot exceed the insurance period. However, in a Finnish life insurance company the maximum is six years.

The discounting rate for technical provisions follows the rules described in Article 18 of the Third Life Assurance 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.

The guaranteed interest rate used in the calculation of technical provisions of a Finnish life insurance company is in compliance with the calculation basis approved by the company's Board of Directors and fulfils the requirements of regulation 1999:65 of the Ministry of Social Affairs and Health. The guaranteed interest rate used in the direct insurance premium basis is 3.5 per cent in policies commenced after 1 January 1999 and no more than 4.5 per cent in policies commenced prior to this. The discount rate used in the calculation of technical provisions is 3.5 per cent in the entire technical provisions. Due to the difference in the discount rate of technical provisions and the guaranteed interest of policies commenced prior to 1 January 1999, supplementary provisions of guaranteed interest have been added to technical provisions. The supplementary provisions will be increased in the future by additional premiums paid to individual agreements commenced prior to 1 January 1999.

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, and thus of the part of the company's assets allocated to the owners. 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 the annual accounts of 31 December 2001, no share of the valuation differences is allocated 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, Lithuania 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 and the Holding Company

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 Business

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 up to the amount which corresponds to the amount of the hedged Balance Sheet item entered as an expense. If the value of the hedging derivative is negative, the valuation difference has not been entered as an expense insofar as the negative valuation difference corresponds to the appreciation of the underlying Balance Sheet item. However, both valuation differences are taken into account in their full amount in the solvency margin calculation.

The negative 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. A positive difference is taken into account only in the solvency margin calculation.

PENSION SCHEMES

For those employed by the Finnish Group companies, statutory pension cover has been arranged in compliance with the Employees' Pensions Act, TEL. The Leonia Pension Fund, in which basic and additional pension cover had been arranged for the staff of the companies belonging to the Sampo Bank Group on the basis of majority holdings, was dissolved during the financial year. 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 as well as the holding company have been calculated in accordance with regulation 20/420/98 of the Finnish Financial Supervision Authority.

The key figures of property & casualty insurance 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 + P&C insurance turnover + life insurance turnover + holding company 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

P&C 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

Holding company

The formula has been presented above in connection with the calculation of the turnover of banking and investment services.

Operating profit

Banking and investment services operating profit + P&C insurance operating profit + life insurance operating profit + holding company 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
- – depriciation 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 assets
- ± income from companies accounted for by the equity method

P&C insurance
- \+ premiums earned
- – claims incurred
- – operating expenses
- \+ other technical income
- – other technical charges
- \+ investment income
- – investment charges
- \+ other income
- – other charges
- ± income from companies accounted for by the equity method

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

Holding company

The formula has been presented above in connection with the calculation of the operating profit of banking and investment services.

Profit before extraordinary items, appropriations and tax

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

Return on equity (at current values)

+ profit before extraordinary items, appropriations 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 (P&C insurance)
– revaluation adjustments on investments (P&C 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 number of staff at the end of each month, adjusted for part-timers

BANKING AND INVESTMENT SERVICE KEY FIGURES

Operating profit

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

Turnover

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

capital

———————————— x 100%

risk-weighted assets

INSURANCE BUSINESS KEY FIGURES

Turnover

+ P&C insurance turnover
+ life insurance turnover

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

Operating profit

+ P&C insurance operating profit
+ life insurance operating profit

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

Loss ratio

(P&C insurance)

claims incurred

———————————— x 100%

premiums earned

Expense ratio

(P&C insurance)

operating expenses

———————————— x 100%

premiums earned

Combined ratio

(P&C insurance)

loss ratio + expense ratio

Expense ratio

(life insurance)

+ operating expenses before the change in deferred acquisition costs
+ claims settlement expenses

———————————— x 100%

load income

Solvency margin *

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

Solvency capital *

+ solvency margin
+ equalisation provision
+ minority interest

Solvency capital, % of technical provisions
(P&C insurance)

+ solvency capital
——————————— x 100%
+ technical provisions
– equalisation provision

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

+ solvency capital
——————————— x 100%
+ technical provisions
– equalisation provision
– 75% x technical provisions of unit-linked insurance

Solvency ratio, %
(P&C insurance)

+ solvency capital
——————————— x 100%
+ premiums earned from 12 months

PER-SHARE KEY FIGURES

Earnings per share

+ profit before extraordinary items and tax
– tax
– minority interest
———————————
adjusted average number of shares

Capital and reserves per share

capital and reserves (excl. preferred capital notes of banking)
———————————
adjusted number of shares at 31 Dec.

Net asset value per share

+ capital and reserves (excl. preferred capital notes of banking)
± valuation differences on investments
± deferred tax and minority interest of valuation differences on investments
———————————
adjusted number of shares at 31 Dec.

Dividend per share

dividend for the accounting period
———————————
adjusted number of shares at 31 Dec.

Dividend per earnings, %

dividend per share
——————————— x 100%
earnings per share

Effective dividend yield

dividend per share
——————————— x 100%
adjusted closing share price at 31 Dec.

Price/earnings ratio

adjusted closing share price at 31 Dec.
———————————
earnings per share

Market capitalisation

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

Relative share trading volume

number of shares traded through the Helsinki Exchanges
——————————— x 100%
adjusted average number of shares

* The solvency capital of life insurance has been separated from the solvency capital of the insurance business, and the difference is disclosed as the solvency capital of P&C 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 Group 2001	Sampo Group 2000	Pro forma Sampo-Leonia 1999	Sampo Group 1999	Sampo Group 1998	Sampo Group 1997
Group key figures							
Turnover *)	EURm	5,594	5,653	4,206	2,537	1,651	1,320
Operating profit	EURm	1,286	1,628	778	565	211	155
% of turnover		23.0	28.8	18.5	22.3	12.8	11.7
Profit before extraordinary items and tax	EURm	1,243	1,419	620	415	206	116
% of turnover		22.2	25.1	14.8	16.3	12.5	8.8
Profit before appropriations and tax	EURm	1,246	1,411	633	415	166	111
% of turnover		22.3	25.0	15.1	16.3	10.1	8.4
Return on equity (at current values)	%	–15.3	3.5	37.5	67.1	33.1	23.5
Return on assets (at current values)	%	–1.0	2.1	7.2	29.0	13.8	11.6
Equity/assets ratio	%	12.1	14.3	14.3	40.8	28.6	35.6
Average number of staff		10,162	9,184	8,630	3,924	3,292	3,176
Banking and investment services key figures							
Turnover *)	EURm	1,664	1,918	1,460			
Net income from financial operations	EURm	469	426	392			
Operating profit	EURm	296	430	202			
% of turnover		17.8	22.4	13.8			
Cost to income ratio	%	61.3	52.3	69.9			
Capital adequacy ratio **)	%	12.7	13.3	9.9			
Average number of staff		5,195	4,693	4,684			
P&C insurance key figures							
Turnover	EURm	2,022	2,073	1,486	1,486	1,311	1,055
Premiums written before reinsurers' share	EURm	1,115	1,023	881	881	871	782
Operating profit	EURm	569	777	391	391	177	134
% of turnover		28.1	37.5	26.3	26.3	13.5	12.7
Loss ratio	%	89.2	88.8	90.1	90.1	95.9	88.3
Expense ratio	%	21.7	25.3	21.8	21.8	20.1	19.5
Combined ratio	%	110.9	114.1	111.9	111.9	115.9	107.8
Solvency margin	EURm	568	1,898	3,279	3,279	1,749	1,333
Equalisation provision	EURm	265	251	234	234	225	242
Solvency capital	EURm	833	2,149	3,513	3,513	1,975	1,576
% of technical provisions	%	42.3	108.4	186.5	186.5	112.2	96.7
Solvency ratio	%	89.1	260.6	469.9	469.9	260.1	233.2
Average number of staff		3,419	4,141	3,692	3,692	3,170	3,059

		Sampo Group		Pro forma Sampo-Leonia	Sampo Group		
		2001	2000	1999	1999	1998	1997
Life insurance key figures							
Turnover	EURm	1,396	1,662	1,259	1,051	340	265
Premiums written before reinsurers' share	EURm	755	769	686	541	225	191
Operating profit	EURm	78	421	185	175	34	21
% of turnover		5.6	25.3	14.7	16.6	10.1	8.0
Expense ratio	%	108.0	106.1	118.3	138.3	175.9	195.1
Solvency margin	EURm	644	870	981	949	522	98
Equalisation provision	EURm	13	12	12	11	4	0
Solvency capital	EURm	660	884	997	964	535	107
% of technical provisions	%	14.7	21.9	29.4	31.3	20.7	15.8
Average number of staff		788	350	254	232	122	117
Holding company key figures							
Turnover	EURm	541					
Operating profit	EURm	372					
% of turnover		68.7					
Average number of staff		760					
Per share key figures							
Earnings per share	EUR	1.50	1.78	0.65	0.94	0.48	0.28
Options diluted earnings per share ***)	EUR	1.49	1.78				
Capital and reserves per share	EUR	5.18	5.52	4.91	3.28	2.49	2.21
Net asset value per share less full deferred tax from holding company's valuation differences	EUR	5.87	8.81	9.31			
Net asset value per share less full deferred tax from the Group's valuation differences	EUR	5.67	8.40	8.74			
Net asset value per share no deferred tax liability deduction	EUR				12.69	6.52	4.90
Dividend per share ****)	EUR	0.75	1.60	–	0.48	0.16	0.10
Dividend per share for shares not owned by the Group	EUR				0.49		
Dividend per earnings ****)	%	50.2	89.8	–	50.6	33.4	36.1
Effective dividend yield ****)	%	8.5	13.9	–	6.9	2.5	1.7
Price/earnings ratio		5.9	6.5	–	7.4	13.5	21.3
Adjusted average number of shares	'000	555,588	522,535	–	304,000	304,000	304,000
Number of shares at 31 Dec.	'000	555,623	520,000	–	304,000	304,000	304,000
Adjusted number of shares at 31 Dec.	'000	555,623	520,000	–	304,000	304,000	304,000
Counter-value of shares at 31 Dec.	approx. EUR	0.17	0.17	–	0.17	0.17	0.17
Market capitalisation	EURm	4,889	5,980	–	2,110	1,979	1,810

		Sampo Group 2001	Sampo Group 2000	Pro forma Sampo-Leonia 1999	Sampo Group 1999	Sampo Group 1998	Sampo Group 1997
A shares							
Adjusted average number of shares	‘000	554,388	521,335	–	302,800	302,800	302,800
Number of shares at 31 Dec.	‘000	554,423	518,800	–	302,800	302,800	302,800
Adjusted number of shares at 31 Dec.	‘000	554,423	518,800	–	302,800	302,800	302,800
Weighted average share price	EUR	10.11	8.96	–	6.19	7.34	4.38
Adjusted share price, high	EUR	12.70	12.20	–	8.20	10.46	6.83
Adjusted share price, low	EUR	7.70	5.87	–	5.14	3.87	2.99
Adjusted closing price	EUR	8.80	11.50	–	6.94	6.51	5.95
Share trading volume during accounting period	‘000	231,389	170,689	–	182,495	239,510	150,955
Relative share trading volume	%	41.7	32.7	–	60.3	79.1	49.9
B shares							
Adjusted average number of shares	‘000	1,200	1,200	–	1,200	1,200	1,200
Number of shares at 31 Dec.	‘000	1,200	1,200	–	1,200	1,200	1,200
Adjusted number of shares at 31 Dec.	‘000	1,200	1,200	–	1,200	1,200	1,200

*) The turnover of leasing income of banking and investment services for the reference years 1999 and 2000 has been changed to conform to the current method of gross presentation.

**) The solvency ratio group per 31 December 2001 was created on 31 March 2001 as the parent company became a holding company. In order to preserve the comparability, the figure for the reference year has been calculated from this date. The solvency ratio of 1999 does not include the holding company.

***) The dilution effect for 2001 has beeen calculated as if all the remaining subscriptions (3,261,450) entitled to would have been realised. In 2000, there were 3,300,000 possible subscription rights. One subscription right entitles to subscribe for 5 shares.

****) The Board of Director’s proposal to the Annual General Meeting for the accounting period 2001. The ordinary dividend for 2000 was EUR 0.80 and the extra dividend EUR 0.80.

The number of shares used is 555,623,515. The amount includes the number of shares after the split on 20 April 2001, i.e. 555,584,965, to which 38,550 A shares subscribed in 2001 under the warrant certificates of the 1998 option programme have been added. The number of shares of the reference periods have been adjusted to comply with the current share capital and number of shares.

In calculating the key figures the tax corresponding to the results for the accounting period has been taken into account. In calculating the net asset value per share, return on equity and equity/assets ratio as per 31 Dec. 2001, the deferred tax liability of 29%, which is estimated to be realised during the next three years, has been deducted from the holding company’s valuation differences. A deferred tax liability of 18.6% has been deducted from the valuation differences of P&C insurance in the reference periods. The net asset value per share has furthermore been presented per 29%, i.e. less full deferred tax in all reference periods. 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.

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 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 the calculation rule specified at the beginning of 2001, the owners are not entitled to a share of the valuation differences of life insurance pertaining to 31 December 2001 in addition to that of capital and reserves. The equivalent share at the end of 2000 was 51%. Using the old calculation method, the equivalent share at the end of 2000 was 35%. The capital and reserves of life insurance, including a share of optional reserves and accumulated depreciation difference, is considered to belong entirely to the owners.

Other Notes to the Accounts

BANKING AND INVESTMENT SERVICES

1 INTEREST RECEIVABLE AND PAYABLE

EURm	2001	2000
Interest receivable		
Loans and advances to credit institutions	75	153
Loans and advances to customers	827	808
Debt securities	259	301
Net leasing income	30	20
Other interest receivable	4	12
	1,195	**1,294**
Interest payable		
Liabilities to credit institutions and central banks	126	190
Liabilities to customers	250	206
Debt securities in issue	294	385
Subordinated liabilities	28	39
Preferred capital notes	0	1
Other interest payable	28	48
	726	**868**

2 INCOME FROM TRANSACTIONS IN SECURITIES

EURm		
Debt securities and interest rate derivatives	10	–6
Equity and equity derivatives	16	53
	25	**47**

3 OTHER OPERATING INCOME AND EXPENSES

EURm		
Other operating income		
Rental and dividend income from properties and property companies	20	19
Profit on disposal of properties and property companies	5	0
Other income	13	13
	37	**33**
Other operating expenses		
Rental expenses	19	14
Expenses on properties and property companies	10	10
Loss on disposal of properties and property companies	1	0
Other expenses	14	13
	44	**37**

4 DEPRECIATION AND WRITE-DOWNS OF TANGIBLE AND INTANGIBLE ASSETS

EURm	2001	2000
Depreciation according to plan		
on tangible assets	16	16
on intangible assets	19	27
	35	**42**
Write-downs		
of properties and property companies	0	–

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

	2001		2000	
EURm	Gross amount	Releases and recoveries	Gross amount	Releases and recoveries
Provisions for bad and doubtful debts				
Loans and advances to credit institutions	–	–	0	1
Loans and advances to customers	32	20	40	22
Lease assets	3	0	0	–
Guarantees and other contingent liabilities and commitments	0	0	0	1
Other	1	0	0	0
	36	**20**	**41**	**24**

	2001	2000
Total amount written off during the year	14	6
Specific provisions written off during the year	–9	–3
Recoveries of loans and guarantees written off in previous years	–11	–9
New specific provisions for the year	31	37
Releases of provisions for the year	–9	–14
Charge to profit and loss account	**16**	**17**
Provisions pooled by customer group included in the specific provisions for the year	6	27
Amount of write-offs in respect of debt securities held as financial fixed assets	–	0

BANKING AND INVESTMENT SERVICES

6 SEGMENTAL INFORMATION

EURm	Group 2001 Income	Group 2001 Staff number average	Group 2000 Income	Group 2000 Staff number average
By class of business				
Banking	646	4,581	1,097	4,225
Credit card services	15	53	12	46
Finance company operations	18	133	18	124
Financing and investment	25	9	10	9
Mutual fund services	38	89	28	43
Other activities	75	335	77	376
	818	**5,200**	**1,242**	**4,823**
By geographical segment				
Finland	787	4,735	1,239	4,686
United Kingdom	–	–	1	2
United States	–	–	1	5
Baltic area	23	441	2	130
Poland	8	24	–	–
	818	**5,200**	**1,242**	**4,823**

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

EURm	Group 2001	2000
P&C insurance		
Direct insurance		
Finland	854	782
EEA countries	179	173
Other countries	42	37
	1,075	991
Reinsurance		
P&C reinsurance	37	26
Life reinsurance	2	6
	40	32
	1,115	**1,023**
Life insurance		
Direct insurance		
Finland	736	759
Other countries	9	1
	745	760
Life reinsurance	11	9
	755	**769**
Premiums written before reinsurers' share	**1,870**	**1,792**

8 ITEMS DEDUCTED FROM PREMIUMS WRITTEN

EURm		
Credit loss on outstanding premiums	3	2
Premium tax	112	108
Fire brigade charge	2	2
Traffic safety charge	2	2
Industrial safety charge	4	3
Government medical treatment fees	15	15
Total	**137**	**132**

INSURANCE BUSINESS

9 P&C 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
8 = Combined ratio, excl. change in bases of technical provisions

EURm	1	2	3	4	5	6	7	8
Direct insurance								
Statutory workers compensation								
2001	194	194	–217	–16	0	–39	120.2	101.3
2000	159	159	–150	–16	0	–7	104.3	
1999	173	174	–159	–15	0	–1	100.8	
Non-statutory accident and health								
2001	53	48	–47	–15	0	–13	127.3	131.0
2000	50	50	–42	–17	–1	–9	118.3	
1999	44	44	–35	–13	0	–5	111.8	
Motor third party liability								
2001	155	164	–128	–28	–1	7	95.9	101.2
2000	157	150	–132	–31	1	–13	108.8	
1999	134	129	–138	–25	1	–33	126.3	
Motor. other classes								
2001	137	143	–90	–29	–1	23	83.8	96.0
2000	131	125	–98	–32	0	–6	104.8	
1999	113	108	–89	–25	0	–5	105.1	
Marine. aviation and transport								
2001	105	103	–95	–14	5	–2	102.6	106.0
2000	72	76	–70	–12	3	–3	105.9	
1999	53	50	–71	–7	30	2	94.1	
Fire and other damage to property								
2001	290	290	–273	–80	2	–61	128.6	131.3
2000	291	284	–363	–91	98	–72	138.3	
1999	237	229	–230	–67	16	–52	128.6	
Third party liability								
2001	94	91	–63	–19	–11	–2	103.1	103.1
2000	88	86	–69	–17	1	0	99.8	
1999	58	53	–41	–10	–7	–5	110.7	
Credit and suretyship								
2001	3	2	2	–1	0	4	*	*
2000	4	3	9	–1	–1	10	*	
1999	4	3	6	–1	1	9	*	
Legal expenses								
2001	13	13	–12	–1	0	–1	108.8	108.8
2000	12	12	–8	–2	0	1	89.6	
1999	11	11	–9	–2	0	0	97.2	
Miscellaneous								
2001	31	29	–24	–7	–2	–4	122.7	126.9
2000	26	25	–19	–5	–2	–2	123.1	
1999	22	25	–21	–5	4	2	75.3	
Direct insurance in total								
2001	1,075	1,077	–948	–209	–9	–88	109.7	109.9
2000	991	969	–942	–225	98	–100	112.5	
1999	850	825	–787	–170	44	–88	112.1	
Reinsurance								
2001	40	42	–39	–13	–3	–14	151.0	151.0
2000	32	31	–29	–13	–5	–16	169.6	
1999	31	33	–50	–12	29	0	99.3	
Total								
2001	1,115	1,119	–987	–222	–12	–102	110.9	111.1
2000	1,023	1,000	–971	–238	93	–116	114.1	
1999	881	859	–837	–182	73	–88	111.9	
Change in the collective guarantee item								
2001						–1		
2000						–1		
1999						–1		
Other technical charges								
2001						–		
2000						–		
1999						–2		
Change in the equalisation provision								
2001						–14		
2000						–17		
1999						–9		
Balance on technical account								
2001						–118		
2000						–134		
1999						–100		

INSURANCE BUSINESS

10 LIFE INSURANCE PREMIUMS WRITTEN AND CLAIMS PAID

EURm	2001	2000
Direct insurance premiums written		
Life insurance		
Unit-linked individual life insurance	45	142
Other individual life insurance	214	133
Unit-linked capital redemption policy	8	10
Other capital redemption policy	116	70
Employees' group life insurance	2	2
Other group life insurance	2	2
	387	359
Pension insurance		
Unit-linked individual pension insurance	26	21
Other individual pension insurance	93	94
Unit-linked group pension insurance	7	5
Other group pension insurance	232	281
	357	401
Direct insurance premiums written in total	**745**	**760**
Regular premiums	248	234
Single premiums	497	526
	745	760
Premiums from non-profit policies	6	5
Premiums from with-profit policies	653	586
Premiums from unit-linked insurance	86	168
	745	760
Claims paid		
Direct insurance		
Life insurance	108	26
Pension insurance	148	133
	256	160
Surrenders	138	124
Reinsurance	9	13
Claims paid in total	**403**	**296**
Impact of bonuses and rebates attached to life and pension insurance policies reserved during the year, on the technical result	**37**	**141**

INSURANCE BUSINESS

11 TOTAL OPERATING EXPENSES BY ACTIVITY

EURm	2001	2000
P&C insurance		
Claims settlement expenses (claims paid)	73	72
Profit and loss account item operating expenses		
Policy acquisition costs		
Direct insurance commissions	33	34
Commissions on reinsurance assumed and profit participations	7	7
Other policy acquisition costs	53	57
	94	98
Policy management expenses	82	82
Administrative expenses	46	59
Commissions on reinsurance ceded and profit participations (–)	–19	–29
	203	209
Investment management expenses (investment charges)	4	6
Other charges	0	0
	281	**287**
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	3	1
Other policy acquisition costs	33	17
	40	23
Policy management expenses	19	10
Administrative expenses	9	9
Commissions on reinsurance ceded and profit participations (–)	–1	0
	67	42
Investment management expenses (investment charges)	8	3
	77	**47**
Change in deferred policy acquisition costs included in the change in premium reserve		
Life insurance	–1	0
Pension insurance	–1	1

INSURANCE BUSINESS

12 STAFF EXPENSES

EURm	2001	2000
Salaries and commissions	136	143
Pension expenses	23	24
Other social expenses	15	18
	175	**185**

13 EXECUTIVES' SALARIES AND COMMISSIONS

EURm		
Managing Directors and Deputy Managing Directors	1.5	1.8
Members and deputy members of the Board of Directors	0.4	0.4
Members and deputy members of the Supervisory Board	0.0	0.1
	1.9	**2.3**

14 AVERAGE STAFF NUMBERS

By class of business		
P&C insurance	3,368	4,082
Life insurance	788	350
Other	51	59
	4,207	**4,491**
By geographical segment		
Finland	2,757	3,476
Belgium	3	2
United Kingdom	45	51
The Netherlands	26	31
Latvia	39	18
Lithuania	80	35
Poland	493	67
Sweden	40	27
Germany	71	91
Estonia	653	693
	4,207	**4,491**

INSURANCE BUSINESS

15 NET INVESTMENT INCOME

EURm	P&C insurance	Life insurance
INVESTMENT INCOME		
Income from investments in Group undertakings		
Interest income	7	7
Income from investments in associated undertakings		
Share of profit of associated undertakings	1	0
Dividend income	1	–
	2	0
Income from investments in land and buildings		
Interest income from Group undertakings	0	–
Interest income from associated undertakings	0	0
Other income from Group undertakings	3	0
Other income from other than Group undertakings	23	31
	26	31
Income from other investments		
Dividend income	48	45
Interest income from Group undertakings	3	2
Interest income from other than Group undertakings	81	173
Other income from Group undertakings	0	2
Other income from other than Group undertakings	65	231
	197	453
Total	232	491
Value readjustments	15	33
Gains on realisation of investments	665	115
Investment income in total	**911**	**640**
INVESTMENT CHARGES		
Charges arising from investments in land and buildings	–10	–9
Charges arising from other investments	–48	–199
Interest and other expenses on liabilities to Group undertakings	–1	0
Interest and other expenses on liabilities to other than Group undertakings	–1	–2
Total	–60	–210
Value adjustments and depreciations		
Value adjustments on investments	–101	–104
Planned depreciation on buildings	–8	–7
	–108	–111
Losses on realisation of investments	–37	–69
Investment charges in total	**–205**	**–389**

INSURANCE BUSINESS

EURm	P&C insurance	Life insurance
Net investment income before revaluations and revaluation adjustments	**707**	**250**
Revaluations on investments	–	3
Revaluation adjustments on investments	–	–5
NET INVESTMENT INCOME	**707**	**248**
Investment income and charges include		
Exchange rate differences of insurance business	–6	–1
Exchange rate differences of investments	15	39
Share of unit-linked insurance of net investment income	–	–42

16 NET INVESTMENT INCOME

	Group	
EURm	2001	2000
INVESTMENT INCOME		
Income from investments in Group undertakings		
Interest income	14	0
Income from investments in associated undertakings		
Share of profit of associated undertakings	1	4
Dividend income	1	1
Interest income	–	10
	3	15
Income from investments in land and buildings		
Interest income from Group undertakings	0	–
Interest income from associated undertakings	0	0
Other income from Group undertakings	3	–
Other income from other than Group undertakings	54	57
	57	58
Income from other investments		
Dividend income	93	485
Interest income from Group undertakings	4	7
Interest income from other than Group undertakings	253	235
Other income from Group undertakings	2	0
Other income from other than Group undertakings	297	182
	650	909
Total	723	981
Value readjustments	48	15
Gains on realisation of investments	780	996
Investment income in total	**1,551**	**1,992**

INSURANCE BUSINESS

EURm	Group 2001	2000
INVESTMENT CHARGES		
Charges arising from investments in land and buildings	–19	–21
Charges arising from other investments	–247	–217
Interest and other expenses on liabilities to Group undertakings	–1	0
Interest and other expenses on liabilities to other than Group undertakings	–3	–4
Total	–270	–242
Value adjustments and depreciations		
Value adjustments on investments	–205	–245
Planned depreciation on buildings	–14	–15
	–219	–261
Losses on realisation of investments	–105	–42
Investment charges in total	**–594**	**–545**
Net investment income before revaluations and revaluation adjustments	957	1,447
Revaluations on investments	3	5
Revaluation adjustments on investments	–5	–35
NET INVESTMENT INCOME	**954**	**1,417**
Investment income and charges include		
Exchange rate differences of insurance business	–6	–8
Exchange rate differences of investments	54	31
Share of unit-linked insurance of net investment income	–42	–35

17 OTHER INCOME

EURm		
Decrease in negative consolidation difference	0	1
Other	5	3
	6	**4**

18 OTHER CHARGES

EURm		
Depreciation on consolidation difference	–12	–41
Depreciation on goodwill	–5	–11
Other	–25	–17
	–42	**–69**

HOLDING COMPANY

19 INTEREST RECEIVABLE AND PAYABLE

EURm	Group 2001	Parent Company 2001
Interest receivable		
Loans and advances to credit institutions	11	10
Loans and advances to customers	2	2
Debt securities	1	1
Other interest receivable	2	1
	15	**14**
Interest payable		
Liabilities to credit institutions and central banks	7	5
Liabilities to customers	0	–
Debt securities in issue	7	7
Other interest payable	1	1
	15	**12**

20 NET INCOME FROM TRANSACTIONS IN SECURITIES

EURm		
Debt securities and interest rate derivatives	0	0
Equities and equity derivatives	401	401
	401	**401**

21 OTHER OPERATING INCOME AND EXPENSES

EURm		
Other operating income		
Rental and dividend income from properties and property companies	15	6
Profit on disposal of properties and property companies	18	18
Other income	88	86
	120	**111**
Other operating expenses		
Rental expenses	9	9
Expenses on properties and property companies	4	1
Loss on disposal of properties and property companies	2	1
Other expenses	5	6
	20	**16**

HOLDING COMPANY

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

	Group 2001		Parent Company 2001	
EURm	Gross amount	Releases and recoveries	Gross amount	Releases and recoveries
Provisions for bad and doubtful debts				
Loans and advances to customers	–	0	–	0
Recoveries of loans and guarantees written off in previous years		0		0
Charge to profit and loss account		**0**		**0**

23 DEPRECIATION AND WRITE-DOWNS OF TANGIBLE AND INTANGIBLE ASSETS

EURm	Group 2001	Parent Company 2001
Depreciation according to plan		
on tangible assets	5	3
on intangible assets	33	2
	39	**5**
Write-downs		
of properties and property companies	6	0
other	–	–
	6	**0**

24 SEGMENTAL INFORMATION

	Group 2001		Parent Company 2001	
EURm	Income	Staff number average	Income	Staff number average
By class of business				
Other activities	526	809	678	809
	526	**809**	**678**	**809**
By geographical segment				
Finland	522	809	678	809
United Kingdom	4	–	–	–
	526	**809**	**678**	**809**

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.

25 EXTRAORDINARY ITEMS

EURm	2001	2000
Extraordinary income		
Relinquishing Pohjola's portfolio of capital redemption policies	3	–
Deferred tax	–	19
	3	19
Extraordinary charges		
Deferred tax	–	–26

26 INCOME TAXES

EURm		
Income taxes		
On ordinary activities		
Tax for the financial year	–392	–438
Tax from previous periods	–5	1
Deferred tax	–1	8
	–397	–429
On extraordinary items		
Tax for the financial year	–1	–
	–398	**–429**
Change in deferred tax		
Appropriations	–1	0
Merger	0	0
Included in the balance sheets of Group undertakings	0	8
	–1	**8**

SAMPO GROUP

27 ELIMINATION ITEMS OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

EURm	2001	2000
Banking and investment services account		
Interest receivable	–6	0
Interest payable	26	8
Net income from financial operations	**20**	**8**
Dividend income	–14	
Fees and commissions receivable	–1	–3
Fees and commissions payable	–	0
Other operating income	–11	–
Other operating expenses	24	–
Operating profit	**18**	**4**
Technical account - P&C insurance		
Claims paid	14	0
Operating expenses	35	0
Balance on technical account	**50**	**0**
Technical account - life insurance		
Claims paid	1	0
Operating expenses	14	2
Balance on technical account	**15**	**2**
Insurance business non-technical account		
Investment income	–39	–8
Investment charges	5	1
Profit before extraordinary items	**31**	**–4**
Holding company account		
Interest receivable	–8	
Interest payable	6	
Net income from financial operations	**–2**	
Other operating income	–83	
Other operating expenses	6	
Profit before extraordinary items	**–79**	
Group profit for the accounting period	**–29**	**0**

BANKING AND INVESTMENT SERVICES

28 TREASURY BILLS AND OTHER ELIGIBLE BILLS

EURm	2001	2000
Treasury bills	5	7
Government bonds	1,978	2,890
Certificates of deposit issued by the Bank of Finland	–	–
Certificates of deposit issued by other banks	466	728
Other	3	–
	2,452	**3,625**

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

EURm		
Loans and advances to credit institutions	999	2,321
of which to central banks	200	–

30 LOANS AND ADVANCES TO CUSTOMERS

EURm		
Loans and advances to customers by geographical area		
Finland	11,140	11,117
Other EU countries	725	886
Other Western Europe	199	247
North America	75	135
The Far East	762	902
Other countries	726	869
Bad and doubtful debt provisions based on credit rating	–31	–27
	13,597	**14,130**
Loans and advances to customers by category of borrower		
Corporations	5,444	5,596
Manufacturing	1,900	2,181
Construction	167	179
Wholesale and retail distribution, hotels and restaurants	593	706
Property	2	25
Other	2,781	2,505
Financial and insurance institutions	54	225
Public sector entities	193	261
Non-profit institutions	128	131
Households	5,322	4,904
Foreign	2,488	3,040
Bad and doubtful debt provisions based on credit rating	–31	–27
	13,597	**14,130**
Specific provisions for bad and doubtful debts		
Provisions at beginning of year	64	45
+ New provisions for year	32	41
– Releases of provisions	–9	–14
– Provisions written off	–11	–8
Provisions at end of year	**76**	**64**

BANKING AND INVESTMENT SERVICES

31 NON-PERFORMING AND OTHER NON-INTEREST EARNING LOANS

EURm	2001 Non-performing loans	2001 Other non-interest earning loans	2001 Total	2000 Non-performing loans	2000 Other non-interest earning loans	2000 Total
Corporations	25	6	32	19	6	26
Financial and insurance institutions	0	–	0	0	–	0
Public sector entities	0	0	0	0	–	0
Non-profit institutions	0	0	0	3	0	4
Households *)	37	1	38	32	1	33
Foreign	47	2	49	7	2	9
	109	**9**	**119**	**62**	**10**	**71**

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

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

EURm	2001	2000
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	3	2
Other shares and participations	3	1
	7	**3**
Assets required in connection with the reorganisation of a customer's business operations	–	–

33 SUBORDINATED ASSETS

EURm	2001	2000
Loans and advances to credit institutions	–	–
Loans and advances to customers	59	92
Debt securities	114	139
Total	**172**	**230**
Amounts include		
due from Group undertakings	–	–
due from associated undertakings	0	–

34 LEASE ASSETS

EURm	2001	2000
Prepayments	11	19
Equipment	380	314
Properties and buildings	90	85
Other assets	34	21
	515	**439**

35 DEBT SECURITIES

EURm	2001	2000
Book value		
Debt securities	1,090	1,916
Treasury bills and other eligible bills	2,452	3,625
	3,543	**5,542**
For trading purposes		
Listed	225	577
Unlisted	946	1,362
	1,171	**1,939**
Held as financial fixed assets		
Listed	2,264	3,487
Unlisted	108	115
	2,372	**3,602**
For trading purposes		
Differences between the market value and the lower book value of securities	0	5
Held as financial fixed assets		
Unamortised premiums	95	141
Held as financial fixed assets		
Unamortised discounts	10	17
Debt securities by type		
Treasury bills	15	–
Local authority bills	16	70
Commercial papers	10	51
Certificates of deposit	566	745
Convertible bonds	1	0
Other bonds and notes	2,911	4,660
Other	23	15
	3,543	**5,542**

BANKING AND INVESTMENT SERVICES

36 SHARES AND PARTICIPATIONS

EURm	2001	2000
Book value of shares and participations, total	**36**	**35**
For trading purposes		
Listed	2	3
Unlisted	26	25
	28	**28**
Held as financial fixed assets		
Listed	0	0
Unlisted	8	7
	8	**7**
Listed securities:		
Difference between the market value and the lower book value of securities		
Held for trading purposes	1	1
Held as financial fixed assets	–	3
Shares and participations in associated undertakings		
Credit institutions	–	–
Other	17	13
	17	**13**
Shares and participations in Group undertakings		
Credit institutions	–	–
Other	1	2
	1	**2**

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

EURm		Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets
Cost at beginning of year		**22**	**23**	**32**
Acquisitions	+	5	29	11
Disposals	–	–2	–11	–2
Transfers between items	+/–	–	–	–
Depreciation according to plan for the year	–	–	0	–5
Write-downs / write-backs for the year	+/–	–	0	–
Accumulated depreciation at beginning of year	–	–	–1	–8
Accumulated write-downs at beginning of year	–	–	–	–
Book value at end of year		**25**	**41**	**28**

BANKING AND INVESTMENT SERVICES

38 INTANGIBLE ASSETS

EURm	2001	2000
Goodwill	12	9
Other intangible assets *)	61	51
	73	**60**

*) Incl. intra-group items arising from IT systems

Salaries	7	7
Other expenses	3	2
	9	9

39 PROPERTIES AND SHARES IN PROPERTY COMPANIES

EURm	Book value	Capital employed	Current value *)
Land and buildings			
Occupied for own activities	12	12	–
Other	2	2	2
	15	**15**	
Shares and participations in property companies			
Occupied for own activities	14	14	–
Other	12	14	11
	26	**28**	

*) Properties and shares in property companies occupied for other than own activities

Properties and shares in property companies occupied for other than own activities 31 December 2001

	Area m²	Capital employed 1) EURm	Net income 2) %	Unlet space 3) %
By activity				
Housing	8,244	1	5.1	0.0
Business and office property	2,654	5	6.7	15.0
Industrial property	10,419	3	10.1	0.0
Water areas and agricultural forest land	34,750	3	0.0	0.0
Buildings under construction	–	–	–	–
Other domestic property	224	3	0.2	0.0
Foreign property	–	–	–	–
Total	**56,291**	**16**	**6.8**	**0.7**
Property for letting under finance lease	88,619	66	5.0	0.0
Total	**144,910**	**82**	**5.4**	**0.3**

BANKING AND INVESTMENT SERVICES

PROPERTIES AND SHARES IN PROPERTY COMPANIES cont.

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

Net income %	Capital employed 1)
Negative	
0 – 3	4
3 – 5	68
5 – 7	6
over 7	5
Total	**82**

1) The capital employed is the undepreciated 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 based on a lease on the balance sheet date.

40 OTHER ASSETS

EURm	2001	2000
Items in transit	35	8
Guarantee claims	11	10
Derivative contracts	93	81
Other	221	80
	360	**179**

41 PREPAYMENTS AND ACCRUED INCOME

EURm		
Accrued interest	231	527
Other	68	196
	299	**723**

INSURANCE BUSINESS

42 CHANGES IN INTANGIBLE AND TANGIBLE ASSETS 2001

EURm	Intangible rights	Goodwill Consolidation difference Negative consoli-dation difference	Other long-term expenses	Equipment	Total
GROUP					
Acquisition cost, 1 Jan.	20	585	145	105	856
Change in Group structure	–8	–551	–9	–32	–600
Increase	4	–	12	10	26
Decrease	–2	–16	–1	–18	–37
Acquisition cost, 31 Dec.	**14**	**18**	**147**	**65**	**244**
Accumulated depreciation, 1 Jan.	–10	–290	–88	–63	–451
Change in Group structure	5	277	7	20	309
Accumulated depreciation on decreases and appropriations	1	16	1	12	29
Depreciation for the financial period	–3	–17	–11	–10	–40
Accumulated depreciation, 31 Dec.	**–7**	**–14**	**–91**	**–41**	**–153**
Book value, 31 Dec.	**7**	**4**	**55**	**24**	**91**

The negative consolidation difference was EUR 0.5 million in 2000.

INSURANCE BUSINESS

43 CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS AT 31 DECEMBER 2001

	P&C insurance			Life insurance		
EURm	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	241	286	344	310	319	341
Real estate shares in associated undertakings	28	28	29	3	3	4
Other real estate shares	11	11	12	9	9	9
Loans to associated undertakings	1	1	1	0	0	0
	281	**326**	**386**	**322**	**331**	**354**
Investments in Group undertakings						
Bonds	–	–	–	2	2	2
Other debt securities	144	144	144	254	254	254
	144	**144**	**144**	**256**	**256**	**256**
Investments in associated undertakings						
Shares and participations	2	3	3	12	11	12
Other investments						
Shares and participations	364	364	644	1,176	1,176	1,447
Bonds	913	913	923	2,549	2,549	2,618
Other debt securities	245	245	245	224	224	224
Loans guaranteed by mortgages	28	28	28	28	28	28
Other loans	18	18	18	5	5	5
Deposits with credit institutions	82	82	82	42	42	42
	1,650	**1,650**	**1,940**	**4,024**	**4,024**	**4,365**
Deposits with ceding undertakings	6	6	6	36	36	36
	2,085	**2,129**	**2,480**	**4,650**	**4,658**	**5,024**
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 (–)	–3			18		
Book value comprises						
Unrealised gains entered as income		45			9	
Valuation difference						
(difference between current value and book value)			**351**			**366**

INSURANCE BUSINESS

44 CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

EURm	2001 Remaining acquisition cost	2001 Book value	2001 Current value	2000 Remaining acquisition cost	2000 Book value	2000 Current value
Investments in land and buildings						
Land and buildings	551	605	685	674	735	841
Real estate shares in associated undertakings	31	31	33	52	52	56
Other real estate shares	20	20	22	34	34	37
Loans to associated undertakings	1	1	1	3	3	3
	603	**657**	**740**	**762**	**824**	**936**
Investments in Group undertakings						
Bonds	2	2	2	4	4	4
Other debt securities	398	398	398	106	106	106
	400	**400**	**400**	**110**	**110**	**110**
Investments in associated undertakings						
Shares and participations	14	13	16	81	81	88
Other investments						
Shares and participations	1,540	1,540	2,092	2,034	2,026	4,233
Bonds	3,462	3,462	3,541	2,688	2,688	2,800
Other debt securities	469	469	469	720	720	720
Loans guaranteed by mortgages	56	56	56	162	162	162
Other loans	23	23	23	35	35	35
Deposits with credit institutions	124	124	124	309	309	309
	5,675	**5,675**	**6,305**	**5,947**	**5,939**	**8,258**
Deposits with ceding undertakings	43	43	43	45	45	45
	6,735	**6,788**	**7,504**	**6,945**	**6,999**	**9,437**
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 (–)	15			8		
Book value comprises						
Unrealised gains entered as income		54			45	
Other revaluations		–			11	
		54			56	
Valuation difference						
(difference between current value and book value)			**716**			**2,438**

INSURANCE BUSINESS

45 CHANGES IN INVESTMENTS IN LAND AND BUILDINGS 2001

EURm	Land and buildings and real estate shares	Loans to associated undertakings
Acquisition cost, 1 Jan.	941	3
Change in Group structure	–200	–
Increase	98	1
Decrease	–60	–3
Acquisition cost, 31 Dec.	780	1
Accumulated depreciation, 1 Jan.	–155	–
Change in Group structure	26	–
Accumulated depreciation on decreases and appropriations	5	–
Depreciation for the financial period	–14	–
Accumulated depreciation, 31 Dec.	–137	–
Value adjustments on investments, 1 Jan.	–105	–
Change in Group structure	55	–
Value adjustments on decreases and appropriations	1	–
Value adjustments for the financial period	–8	–
Value readjustments	5	–
Value adjustments on investments, 31 Dec.	–52	–
Revaluations, 1 Jan.	67	–
Change in Group structure	–2	–
Decrease	–1	–
Revaluations, 31 Dec.	64	–
Book value, 31 Dec.	**655**	**1**

LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

EURm	2001	2000
Remaining acquisition cost	100	129
Book value	117	147
Current value	147	189

46 SHARES AND PARTICIPATIONS IN OTHER THAN SUBSIDIARIES AND ASSOCIATED COMPANIES

Name of company	No. of shares	Holding %	Book value EURm	Current value EURm
PUBLIC COMPANIES				
Investment				
Kiinteistösijoitus Oyj Citycon	13,677,071	12.93	13	14
Norvestia plc	744,146	14.58	8	10
Sponda Oyj	2,582,098	3.15	10	12
Transport				
Finnlines Plc	995,100	4.98	12	23
Trade				
Kesko Corporation	1,044,930	1.16	11	11
Stockmann plc	905,000	1.76	6	12
Tamro Corporation	4,517,437	3.93	16	16
Other services				
Tietoenator Corporation	402,980	0.48	12	12
Metal and engineering				
Fiskars Corporation	1,399,040	2.53	4	12
KCI Konecranes International Plc	179,300	1.20	4	5
Outokumpu Oyj	1,643,556	1.32	19	19
Partek Corporation	2,470,640	5.06	19	22
Rautaruukki Corporation	1,428,000	1.03	6	6
Wärtsilä Corporation	3,974,450	6.68	52	82
Forest industry				
M-Real Corporation	1,584,005	0.88	7	11
Stora Enso Oyj	7,270,989	0.80	54	103
UPM-Kymmene Corporation	135,411	0.05	1	5
Multi-business				
Aspo Plc	1,083,126	12.35	3	7
Lassila & Tikanoja plc	974,083	6.15	10	18
Food industry				
Chips Abp	587,675	3.51	5	9
Huhtamäki Oyj	574,250	2.27	16	20
HK Ruokatalo Oyj	1,665,165	7.34	5	5
Lännen Tehtaat plc	522,800	8.54	5	6
Construction				
YIT Corporation	2,767,780	9.42	34	37
Telecommunication and electronics				
Aspocomp Group Plc	1,313,376	12.95	15	16
Elisa Communications Corporation	3,209,905	2.33	44	44
Instrumentarium Corporation	1,204,554	5.00	35	57
Nokia Corporation	6,801,775	0.14	11	197
Okmetic Oyj	952,150	5.64	5	5
Sonera Corporation	1,372,750	0.12	8	8
Tecnomen Corporation	3,083,400	5.31	5	5
Vaisala Oyj	869,050	5.04	12	24
Chemicals				
Kemira Oyj	4,955,900	4.05	33	33
Orion Corporation	522,516	0.77	10	10
Uponor Oyj	3,485,167	9.12	51	65

INSURANCE BUSINESS

SHARES AND PARTICIPATIONS IN OTHER THAN SUBSIDIARIES AND ASSOCIATED COMPANIES cont.

Name of company	No. of shares	Holding %	Book value EURm	Current value EURm
Media and publishing				
Alma Media Corporation	555,614	3.53	10	10
Sanoma-WSOY Oyj	3,316,052	2.28	23	36
Other industries				
J. W. Suominen Group plc	974,083	6.15	4	6
Tamfelt Corporation	750,312	8.47	6	20
I List				
Incap Corporation	344,853	9.82	2	2
Menire Corporation	958,483	6.81	1	1
Total			**607**	**1,016**
Other public companies			34	39
Public companies in total			**640**	**1,055**
OTHER COMPANIES				
Addtek International Oy Ab	1,229,430	9.80	19	19
Ahlström Oyj	375,000	1.03	5	5
Oy G. W. Sohlberg Ab	141,380	5.24	7	7
UNIT TRUSTS				
Alfred Berg Small Cap B	6,251,141	–	15	15
Alfred Berg Small Cap B Europe	17,338,594	–	18	22
Fides Telecom B	101,016	–	8	8
Mandatum BioTech+ Kasvu	603,292	–	12	13
Mandatum Emerging Asia Kasvu	528,146	–	10	10
Mandatum Euro Yrityslaina Kasvu	178,938,286	–	32	33
Mandatum Eurooppa Kasvu	535,360	–	9	9
Mandatum Global Kasvu	543,165	–	10	14
Mandatum Korko Konvergenssi Kasvu	20,105,637	–	20	24
Mandatum MediLife Kasvu	22,589,421	–	19	19
Mandatum Osake Konvergenssi Kasvu	10,070,253	–	9	9
Phalanx A	1,900,025	–	3	6
Sampo Japani Osake Kasvu	22,706,975	–	20	20
Sampo Sektorit (Eurooppa) Kasvu	8,479,825	–	9	10
Sampo Tavoite 2030 Kasvu	7,802,279	–	7	7
Seligson Global Top 25 Brands A	6,993,078	–	12	17
Seligson Global Top 25 Pharmaceuticals A	494,145	–	5	6
Sijoitusrahasto Hiisi Euro 50	115,959	–	8	9
CAPITAL TRUSTS				
Fenno rahasto Ky	5,671,889	–	10	10
Finnventure rahasto IV Ky	3,517,037	–	6	6
Finnventure rahasto V Ky	718,722	–	7	7
First European Fund Investments UK L.P.	516,910	–	5	5
Nordic Mezzanine Fund 1 Ltd	703,893	–	7	7
Total			**292**	**317**
Other shares and participations			63	66
DOMESTIC SHARES AND PARTICIPATIONS IN TOTAL			**995**	**1,438**

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 EURm	Current value EURm
PUBLIC COMPANIES					
Consumer, non-cyclical					
Pharmaceuticals					
Bristol Myers Squibb Co	United States	104,800	0.01	4	6
Glaxo Smithkline Plc	UK	370,974	0.01	8	11
Energy					
Oil producers					
BP Plc	UK	680,000	0.00	4	6
Total Fina Elf SA	France	54,374	0.01	3	9
Communication					
Telecommunication					
Vodafone Group Plc	UK	3,516,158	0.01	2	10
Basic materials					
Chemical industry					
DSM NV	The Netherlands	154,000	0.16	6	6
Financial					
Investment companies					
Investor AB	Sweden	1,090,000	0.14	12	13
Industry					
Electronics					
Venture Manufacturing Ltd	Singapore	958,000	0.41	5	8
Total				**44**	**69**
Other public companies				164	209
Public companies in total				**208**	**278**
OTHER COMPANIES					
Investeringssällskapet 1999 AB	Sweden	841,981	12.55	9	9
UNIT TRUSTS					
APS Japan Growth Fund	Cayman Islands	141,375	–	10	10
APS Japan Growth Fund	Singapore	150,000	–	11	11
Key International Trust Fund	Cayman Islands	520	–	30	43
Nektar Hedge Fund	Sweden	64,595	–	8	12
New Providence Fund Ltd	Bahamian Islands	48,552	–	10	13
Prosperity Cub Fund	Cayman Islands	350,000	–	4	12
Russian Prosperity Fund A	Cayman Islands	486,688	–	6	12
Sapic II Reference Fund 14 Limited	Cayman Islands	500,000	–	59	59
Swiss Life Relative Value Strategies Class C	Cayman Islands	12,051	–	18	19
CAPITAL TRUSTS					
Access Capital L.P.	UK	2,647,608	–	26	26
Duke Street Capital IV UK L.P.	UK	1,149,880	–	11	11
EQT Northern Europe UK No. I L.P.	UK	1,430,791	–	14	14
EQT Scandinavia II	The Netherlands	9,142,432	–	10	10
Industri Kapital 1997 L.P.	UK	681,474	–	7	7
Industri Kapital 2000 Fund	UK	682,419	–	7	7
MediaTel Capital	Luxembourg	593,461	–	6	6
Permira Europe I	UK	501,574	–	5	5
Permira Europe II L.P.2	UK	615,000	–	6	6
Preferential Equity Investors LLC	Cayman Islands	697,231	–	7	8
Procuritas Capital Partners II - B, L.P.	Sweden	5,140,148	–	6	6
Schroder Ventures Asia Pacific Fund CLP 2	Cayman Islands	495,000	–	5	6
Total				**275**	**312**
Other shares and participations				62	63
FOREIGN SHARES AND PARTICIPATIONS IN TOTAL				**545**	**653**

Holdings exceeding EUR 5 million (current value) specified.

INSURANCE BUSINESS

47 INVESTMENTS IN GROUP UNDERTAKINGS AND ASSOCIATED UNDERTAKINGS 2001

EURm	Debt securities issued by and loans to Group undertakings	Shares in associated undertakings
Acquisition cost, 1 Jan.	110	83
Change in Group structure	–28	–70
Increase	1,377	2
Decrease	–1,060	–
Transfers between items	–	1
Acquisition cost, 31 Dec.	**400**	**15**
Accumulated adjustments arising from associated undertakings	–	1
Accumulated depreciation, 1 Jan.	–	0
Change in Group structure	–	–1
Depreciation for the financial period	–	–1
Accumulated depreciation, 31 Dec.	**–**	**–2**
Value adjustments on investments, 1 Jan.	–	–
Value adjustments on investments for the financial period	–	0
Value adjustments on investments, 31 Dec.	–	0
Book value, 31 Dec.	**400**	**14**

	2001	2000
Positive consolidation difference pertaining to associated undertakings		
Positive consolidation difference 31 Dec.	1	2

48 OTHER LOANS BY SECURITY

EURm	2001	2000
Federation of municipalities, municipality and parish securities and loans thereto, and State securities	2	4
Bank guarantee	0	0
Shares in housing and real estate companies	5	9
Guarantee insurance	3	4
Insurance policy	0	0
Other security	12	15
Total of secured loans	22	33
Total of unsecured loans	1	2
Total of other loans	**23**	**35**

INSURANCE BUSINESS

49 LOANS TO EXECUTIVES (Insurance Companies' Act, Chapter 12, Section 5)

	Group 2001	2000
Managing Directors and Deputy Managing Directors		
Loans (EURm)	0.0	0.2
Interest (%)	4.50	4.50 – 5.58
Average loan period (years)	8	9
Members and deputy members of the Board of Directors		
Loans (EURm)	0.1	0.7
Interest (%)	4.50	4.50 – 5.50
Average loan period (years)	10	9
Members and deputy members of the Supervisory Board		
Loans (EURm)	–	0.0
Interest (%)	–	4.50
Average loan period (years)	–	8

50 INVESTMENTS COVERING UNIT-LINKED INSURANCE

	2001		2000	
EURm	Original acquisition cost	Current value (=book value)	Original acquisition cost	Current value (=book value)
Shares and participations	334	292	272	261
Debt securities	8	8	6	7
Deposits and other investments	1	1	3	3
	343	300	281	271
Investments acquired in advance	–1	0	–1	–1
Investments pertaining to unit-linked insurances, corresponding to technical provisions	**343**	**300**	**280**	**270**

51 DEBTORS AND CREDITORS, ASSOCIATED UNDERTAKINGS

EURm	2001	2000
Debtors		
Arising out of reinsurance operations	–	0
Other debtors	0	1
	0	1
Creditors		
Other creditors	1	0

HOLDING COMPANY

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

EURm	Group 2001	Parent Company 2001
Loans and advances to credit institutions	260	240
of which to central banks	–	–

53 LOANS AND ADVANCES TO CUSTOMERS

EURm	Group 2001	Parent Company 2001
Loans and advances to customers by geographical area		
Finland	21	21
Other countries	2	2
	23	**24**
Loans and advances to customers by category of borrower		
Corporations	18	19
Manufacturing	15	15
Property	4	4
Households	2	2
Foreign	2	2
	23	**24**

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

EURm	Group 2001	Parent Company 2001
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	0	–

55 SUBORDINATED ASSETS

EURm	Group 2001	Parent Company 2001
Loans and advances to customers	5	5
Debt securities	2	2
Total	**7**	**7**
Amounts include		
due from Group undertakings	2	2

HOLDING COMPANY

56 DEBT SECURITIES

EURm	Group 2001	Parent Company 2001
Book value		
Debt securities	14	9
For trading purposes		
Listed	14	9
Debt securities by type		
Other bonds and notes	14	9

57 SHARES AND PARTICIPATIONS FOR TRADING PURPOSES

EURm		
Book value of shares and participations, total	**89**	**93**
Held for trading purposes		
Listed	18	18
Unlisted	72	75
	89	**93**
Held as financial fixed assets		
Listed	–	–
Unlisted	0	0
	0	**0**
Difference between the market value and the lower book value of the securities		
Held for trading purposes	1	1
Shares and participations in associated undertakings		
Other than credit institutions	74	65
Shares and participations in Group undertakings		
Credit institutions	–	1,505
Other	–	945
	–	**2,450**

HOLDING COMPANY

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

		Group 2001			Parent Company 2001		
EURm		Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets	Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets
Cost at beginning of year		77	342	72	2,044	319	72
Acquisitions	+	1	307	9	476	16	9
Disposals	–	2	234	47	3	234	47
Depreciation according to plan for the year	–	–	2	3	–	0	3
Write-downs/write-backs for the year	+/–	–	–	–	–	–	–
Accumulated deductions of depreciation	–	–	53	32	–	53	32
Accumulated depreciation at beginning of year	–	–	58	45	–	58	45
Deductions of accumulated write-downs	–	–	13	–	–	13	–
Accumulated write-downs at beginning of year	–	1	30	–	1	30	–
Book value at end of year		**74**	**390**	**18**	**2,516**	**78**	**18**

59 INTANGIBLE ASSETS

EURm	Group 2001	Parent Company 2001
Intangible rights	3	3
Consolidation difference	349	–
Other intangible assets *)	10	4
Advances	14	14
	376	**20**

*) Incl. intra-group items arising from IT systems

HOLDING COMPANY

60 PROPERTIES AND SHARES IN PROPERTY COMPANIES 31 DECEMBER 2001

EURm	Group Book value	Group Capital employed	Group Current value *)	Parent Company Book value	Parent Company Capital employed
Land and buildings					
Occupied for own activities	124	124	–	4	4
Other	154	154	157	15	15
	278	**278**	**157**	**19**	**19**
Shares and participations in property companies					
Occupied for own activities	36	45	–	3	6
Other	76	106	106	56	65
	112	**151**	**106**	**59**	**71**

*) Properties and shares in property companies occupied for other than own activities 31 December 2001

Properties and shares in property companies occupied for other than own activities 31 December 2001

	Group Area m2	Group Capital employed 1) EURm	Group Net income 2) %	Group Unlet space 3) %	Parent Company Area m2	Parent Company Capital employed 1) EURm	Parent Company Net income 2) %	Parent Company Unlet space 3) %
By activity								
Housing	11,976	17	5.4	5.7	11,922	17	5.4	4.8
Business and office property	182,781	193	7.6	7.2	16,355	18	8.6	3.3
Industrial property	8,354	4	6.4	20.5	6,841	4	6.4	25.5
Water areas and agricultural and forest land	637	20	0.0	0.0	637	16	–0.1	0.0
Buildings under construction	0	21	0.0	0.0	0	21	0.0	0.0
Other domestic property	757	4	1.7	1.6	160	4	1.8	7.5
Total	**204,504**	**260**	**3.4**	**8.1**	**35,771**	**80**	**3.4**	**8.1**
Property for letting under finance leases	–	–	–	–	–	–	–	–
Total	**204,504**	**260**	**3.4**	**8.1**	**35,771**	**80**	**3.4**	**8.1**

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

Group Net income %	Group Capital employed 1)	Parent Company Net income %	Parent Company Capital employed 1)
Negative	22	Negative	16
0 – 3	38	0 – 3	29
3 – 5	25	3 – 5	10
5 – 7	41	5 – 7	10
over 7	134	over 7	14
Total	**260**	**Total**	**80**

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 space to all spaces which can be let out. Unlet spaces are spaces which can be let out, but which yield no rental income based on a lease on the balance sheet date.

HOLDING COMPANY

61 OTHER ASSETS

EURm	Group 2001	Parent Company 2001
Other assets and advances	20	16
	20	**16**

62 PREPAYMENTS AND ACCRUED INCOME

EURm		
Accrued interest	0	0
Other	4	4
	5	**4**

SAMPO GROUP

63 CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES 1 JAN. - 31 DEC. 2001

EURm	
Subscribed capital, 1 Jan.	87
Transfer to premium reserve	6
	93
Premium reserve, 1 Jan.	902
Transfer from subscribed capital	63
	965
Legal reserve 1 Jan. = 31 Dec.	369
From profit brought forward	1
	370
Currency conversion differences, 1 Jan.	14
Increase	7
Decrease	–1
	20
Subordinated liabilities 1 Jan. = 31 Dec.	10
Other reserves	
Reserves provided for by the articles of association, 1 Jan.	346
From profit brought forward	275
For dividend distribution	–237
	384
Other non-restricted reserves, 1 Jan.	82
From profit brought forward	6
Group restructurings	–11
	77
Profit brought forward 1 Jan.	1,079
For dividend distribution	–652
To reserves provided for by the articles of association	–275
To legal reserves	–1
To other non-restricted reserves	–6
Group restructurings	–12
Increase	2
Decrease	–1
	134
Profit for the financial year	833
Total	**2,886**

SAMPO GROUP

EURm

STATEMENT OF DISTRIBUTABLE PROFIT AT 31 DECEMBER 2001

Profit for the financial year	833
+ Reserves provided for by articles of association	384
+ Other non-restricted reserves	77
+ Profit brought forward	134
– Amount of appropriations of the Group's corporations which has been entered in the capital and reserves in the consolidated accounts	–96
Distributable profit in total	**1,332**

64 PREFERRED CAPITAL NOTES

EURm	2001	2000
Euro-denominated loans	10	10

At the end of the financial year, EUR 10 million of the preferred capital notes issued in 1998 by Sampo Bank were in issue. The loan totalled EUR 94 million, of which Leonia Corporate Bank had subscribed EUR 84 million when it merged with Sampo Bank on 31 December 2000. 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 distributable capital. The interest is paid annually in arrears. The loan is undated and is repayable, with the consent of the Finnish Financial Supervisory Authority, 5 years after the date of issue. The preferred capital notes are included in the Tier 1 capital of the Bank.

65 PARENT COMPANY STATEMENT OF CHANGES IN CAPITAL AND RESERVES 1 JAN. - 31 DEC. 2001

EURm	
Subscribed capital, 1 Jan.	87
Increase in subscribed capital/Mandatum exchange	6
Increase in subscribed capital/subscription with warrants	0
	93
Premium reserve, 1 Jan.	902
Increase in subscribed capital/Mandatum exchange	63
Increase in subscribed capital/subscription with warrants	0
	965
Legal reserve, 1 Jan. = 31 Dec.	366
Other reserves	
Reserves provided for by the articles of association	
Contingency reserve, 1 Jan.	621
For dividend distribution	–237
	384
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
	1
Profit brought forward, 1 Jan.	652
For dividend distribution	–652
Transfer to other reserves	0
	0
Profit for the financial year	824
Total	**2,645**

STATEMENT OF DISTRIBUTABLE PROFIT AT 31 DECEMBER 2001

Profit for the financial year	824
+ Reserves provided for by the articles of association	384
+ Other reserves	1
+ Profit brought forward	0
Total distributable profit	**1,209**

Information on Sampo shares and shareholders is presented on pages 130–133.

BANKING AND INVESTMENT SERVICES

66 UNAMORTISED DISCOUNTS AND PREMIUMS ON LIABILITIES

EURm	2001	2000
Discounts		
Liabilities to credit institutions and central banks	–	–
Liabilities to customers	–	–
Debt securities in issue	88	148
Subordinated liabilities	0	0
	88	**148**
Premiums		
Liabilities to credit institutions and central banks	–	–
Liabilities to customers	–	–
Debt securities in issue	3	11
Subordinated liabilities	0	–
	3	**11**

67 DEBT SECURITIES IN ISSUE

EURm		
Book value at end of year		
Certificates of deposit	2,146	2,284
Bonds and notes	3,027	4,753
Other	141	185
	5,314	**7,222**

68 OTHER LIABILITIES

EURm		
Items in transit	412	358
Derivative contracts	88	137
Other	183	104
	682	**599**

69 ACCRUALS AND DEFERRED INCOME

EURm		
Deferred interest	230	459
Other	231	166
	461	**625**

BANKING AND INVESTMENT SERVICES

70 SUBORDINATED LIABILITIES

EURm	2001	2000
Subordinated liabilities with a book value more than 10% of the total amount of such liabilities	413	395
Other subordinated liabilities	68	67
Total	**482**	**462**
of which amount of perpetuals	119	113
Due to Group undertakings	–	–
Due to associated undertakings	–	–

Issuer	Amount	Currency	Interest	Due date
Sampo Bank plc 1)	67	FIM	8.50	29.3.2008
Sampo Bank plc 2)	113	USD	2.15	23.6.2007
Sampo Bank plc 3)	119	USD	4.48	Perpetual
Leonia Corporate Bank plc 3)	113	USD	5.13	7.10.2002
	413			

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.

71 MATURITY ANALYSIS OF ASSETS AND LIABILITIES, BY REMAINING MATURITY

EURm		
Assets		
Less than 3 months	3,512	5,268
Treasury bills and other eligible bills	511	712
Loans and advances to credit institutions	554	1,983
Loans and advances to customers		
Repayable on demand	–	–
Other	1,979	2,273
Debt securities	469	300
3–12 months	2,215	3,226
Treasury bills and other eligible bills	138	836
Loans and advances to credit institutions	72	123
Loans and advances to customers	1,877	1,811
Debt securities	128	456
1–5 years	6,915	7,356
Treasury bills and other eligible bills	1,132	910
Loans and advances to credit institutions	294	175
Loans and advances to customers	5,155	5,409
Debt securities	334	862

BANKING AND INVESTMENT SERVICES

Over 5 years	5,496	6,144
Treasury bills and other eligible bills	671	1,168
Loans and advances to credit institutions	78	41
Loans and advances to customers	4,587	4,636
Debt securities	160	299
Liabilities		
Less than 3 months	12,138	15,190
Liabilities to credit institutions and central banks	963	2,209
Liabilities to customers	9,037	10,088
Debt securities in issue	2,138	2,893
3–12 months	2,418	2,948
Liabilities to credit institutions and central banks	684	1,090
Liabilities to customers	693	424
Debt securities in issue	1,042	1,434
1– 5 years	2,525	2,531
Liabilities to credit institutions and central banks	31	80
Liabilities to customers	661	152
Debt securities in issue	1,834	2,298
Over 5 years	512	738
Liabilities to credit institutions and central banks	180	105
Liabilities to customers	32	36
Debt securities in issue	301	598

72 ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCIES

	2001		2000	
EURm	Euro	Other currencies	Euro	Other currencies
Assets				
Treasury bills and other eligible bills	2,452	1	3,625	–
Loans and advances to credit institutions	545	454	1,725	596
Loans and advances to customers	11,096	2,501	11,085	3,045
Debt securities	751	338	909	1,007
Other assets	2,534	245	2,325	351
Total	**17,378**	**3,539**	**19,670**	**5,000**
Liabilties				
Liabilities to credit institutions and central banks	171	1,686	1,629	1,854
Liabilities to customers	9,711	711	10,287	414
Debt securities in issue	3,789	1,525	4,316	2,906
Subordinated liabilities	147	347	134	328
Other liabilities	800	372	784	468
Total	**14,619**	**4,641**	**17,150**	**5,971**

73 DEFERRED TAX

EURm	2001	2000
Deferred tax liabilities	28	28
Appropriations	28	28
Deferred tax assets	26	29
Timing differences	24	28
Mergers	2	2
Income taxes		
On ordinary activities	94	143
On extraordinary items	–	–
Total	94	143

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

EURm		
Assets pledged as collateral security		
Pledges	2,138	1,517
Assets pledged as collateral security on behalf of Group undertakings	–	–
Secured liabilities and commitments		
Debt securities in issue	–	–
Other liabilities	20	–
Off-balance sheet items	584	383
Other commitments		
Intra-day overdraft limit of the Bank of Finland’s settlement account	1,045	1,100
Other	673	765
Assets sold under agreements to repurchase		
Debt securities	12	835

BANKING AND INVESTMENT SERVICES

75 PENSION LIABILITY

The basic and supplementary pensions of the staff of Group companies have been arranged with Varma-Sampo Mutual Pension Insurance Company.

76 LEASE COMMITMENTS

EURm	2001	2000
The rental payments fall due as follows:		
in 2001	1	0
thereafter	5	2
	6	**2**

77 OFF-BALANCE SHEET ITEMS

EURm	2001	2000
Guarantees and assets pledged as collateral security	1,970	1,873
on behalf of Group undertakings	–	–
on behalf of associated undertakings	0	0
Undrawn loans, overdraft facilities and commitments to lend	3,193	3,990
to Group undertakings	–	–
to associated undertakings	0	0
Other commitments	1	3
of which to or on behalf of Group undertakings	–	–
of which to or on behalf of associated undertakings	0	2
Total	**5,163**	**5,866**
of which to or on behalf of Group undertakings	–	–
of which to or on behalf of associated undertakings	0	2

BANKING AND INVESTMENT SERVICES

78 DERIVATIVE CONTRACTS

EURm	2001 Values of underlying instruments For hedging purposes	2001 Values of underlying instruments Other	2000 Values of underlying instruments For hedging purposes	2000 Values of underlying instruments Other
Interest rate contracts				
Futures and forward rate agreements	–	441	473	850
Options				
Purchased *)	–	1,845	56	37
Written *)	–	3,993	56	108
Interest rate swaps	3,813	5,579	4,862	7,223
Total	3,813	11,859	5,447	8,218
Exchange rate contracts				
Futures and forward exchange	1	6,679	76	4,873
Options				
Purchased *)	144	808	351	126
Written *)	144	1,023	351	94
Interest rate and cross currency swaps	1,832	345	3,184	398
Total	2,121	8,855	3,962	5,491
Equity contracts				
Futures and forwards	–	1	–	1
Options				
Purchased *)	95	151	96	6
Written *)	95	92	96	6
Other equity contracts	96	–	96	–
Total	286	245	288	13

	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts
Interest rate contracts	247	56	211	48
Exchange rate contracts	362	110	529	154
Equity contracts	23	7	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

79 STAFF NUMBERS

	2001		2000	
	Average	Change	Average	Change
For the year				
Full-time staff	5,017	269	4,748	–23
Part-time staff	183	26	157	9
Total	**5,200**	**295**	**4,905**	**–14**

The segmental and geographical distribution of the staff is presented in note 6.

80 EMOLUMENTS OF MEMBERS OF ADMINISTRATIVE AND SUPERVISORY BODIES

EURm	2001	2000
Members and deputy members of the Supervisory Board	–	0.1
Members and deputy members of the Board of Directors/ Management and President and Executive Vice President	3.5	5.3
Total	**3.5**	**5.4**
of which performance-related bonuses	0.5	0.7

The basic and supplementary pensions of the members of the Board of Directors of Sampo Bank plc have been arranged through insurance.

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

	2001		2000	
EURm	Loans and advances	Guarantees	Loans and advances	Guarantees
Members and deputy members of the Supervisory Board	–	–	0.1	–
Members and deputy members of the Board of Directors/ Management and President, Executive Vice President	8.0	–	3.3	–
Auditors	–	–	–	–
Total	**8.0**	**–**	**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.

82 ASSET MANAGEMENT SERVICES

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

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

INSURANCE BUSINESS

83 TECHNICAL PROVISIONS

EURm	2001	2000
PREMIUM RESERVE		
Life insurance		
Deferred insurance policy acquisition costs deducted from the life insurance premium reserve		
Life insurance	2	3
Pension insurance	1	2
	3	5
PROVISION FOR OUTSTANDING CLAIMS		
Discounting of the provision for outstanding claims of P&C insurance		
Interest rate used in the Group 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 2001 and 7 years in the year of comparison.

	2001	2000
Provision for outstanding claims (discounted part)		
Before discounting	21	30
After discounting	–15	–22
Amount of discounting	6	8
Reinsurers' share		
Before discounting	2	7
After discounting	–2	–6
Amount of discounting	1	1

84 OBLIGATORY PROVISIONS

EURm		
Provision for rents	–	1

85 LONG-TERM LIABILITIES (5 years or longer)

Amounts owed to credit institutions	0	1

INSURANCE BUSINESS

86 DEFERRED TAX

EURm	2001	2000
Deferred tax liabilities		
Arising from appropriations	12	12
Arising from mergers	1	29
	12	**40**
Arising from timing differences	12	40
Other	0	1
	12	**40**
Deferred tax assets		
Arising from mergers	7	8
Included in the Group undertakings' balance sheets	22	22
	29	**30**
Arising from timing differences	**29**	**30**

87 CONTINGENT LIABILITIES, PLEDGED ASSETS AND DERIVATIVES

EURm		
Mortgages for own loans	1	2
Amount of the above loans	0	1
Pledges against own liabilities	10	18
Amount of the above liabilities	1	9
Liabilities on behalf of associated undertakings	12	–
Countersecurities	0	–
Pledges against own trading in derivatives	14	12
Collateral against own foreign reinsurance liabilities	52	50
Countersecurities	29	26
Own investment liabilities	319	347
Assets for own liabilities	10	–
VAT deductions	30	25
From new construction and real estate refurbishments during 1997-2001/1996-2000		

INSURANCE BUSINESS

EURm		2001	2000
Own leasing liabilities			
To be paid during the starting financial year		0	3
To be paid during following years		0	6
Own leasehold commitments		0	0
Derivative contracts			
Interest rate-linked derivatives			
Interest rate swaps	underlying instruments	–	50
	current value	–	–
Futures and forwards, open	underlying instruments	815	56
	current value	–	1
Option contracts			
Bought	underlying instruments	–	367
	current value	–	3
Sold	underlying instruments	–	548
	current value	–	–
Currency-linked derivatives			
Futures and forwards, open	underlying instruments	430	459
	current value	2	34
Futures and forwards, locked	underlying instruments	61	27
	current value	–	–
Option contracts			
Bought	underlying instruments	338	371
	current value	0	10
Sold	underlying instruments	625	785
	current value	3	4
Locked	underlying instruments	88	292
	current value	–	–
Share derivatives			
Futures and forwards, open	underlying instruments	22	4
	current value	–1	1
Option contracts			
Bought	underlying instruments	373	54
	current value	–9	1
Sold	underlying instruments	742	107
	current value	–6	3
Commodity index	underlying instruments	10	–
	current value	–	–

The currenct 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).

HOLDING COMPANY

88 UNAMORTISED DISCOUNTS AND PREMIUMS ON LIABILITIES

EURm	Group 2001	Parent Company 2001
Discounts		
Debt securities in issue	1	1

89 DEBT SECURITIES IN ISSUE

EURm		
Book value at end of year		
Commercial paper	239	239

90 OTHER LIABILITIES

EURm		
Items in transit	–	–
Derivative contracts	–	–
Other	62	39
	62	**39**

91 ACCRUALS AND DEFERRED INCOME

EURm		
Deferred interest	2	1
Other	96	94
	99	**95**

HOLDING COMPANY

92 MATURITY ANALYSIS OF ASSETS AND LIABILITIES, BY REMAINING MATURITY

EURm	Group 2001	Parent Company 2001
Assets	296	273
Less than 3 months	269	250
Loans and advances to credit institutions		
Repayable on demand	47	42
Other	212	198
Loans and advances to customers		
Repayable on demand	9	9
3–12 months	1	1
Loans and advances to customers	0	0
Debt securities	1	1
1–5 years	13	9
Loans and advances to customers	6	6
Debt securities	8	3
Over 5 years	14	14
Loans and advances to customers	9	9
Debt securities	5	5
Liabilities	239	239
Less than 3 months	227	227
Liabilities to customers	227	227
3–12 months	12	12
Liabilities to customers	12	12

93 ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCIES

	Group 2001		Parent Company 2001	
EURm	Euro	Other currencies	Euro	Other currencies
Assets				
Loans and advances to credit institutions	246	14	240	–
Loans and advances to customers	21	2	21	2
Debt securities	7	7	7	2
Other assets	559	417	2,402	344
Total	**832**	**440**	**2,670**	**349**
Liabilities				
Debt securities in issue	239	–	239	–
Other liabilities	200	231	134	–
Total	**439**	**231**	**373**	**–**

HOLDING COMPANY

94 DEFERRED TAX

EURm	Group 2001	Parent Company 2001
Deferred tax liabilities		
Appropriations	27	–
Deferred tax assets	4	2
Timing differences	3	2
Mergers	0	–
Income taxes		
Ordinary activities	161	159

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

EURm		
Assets pledged as collateral security		
Pledges	10	10
Secured liabilities and commitments		
Underwriting commitments	1	1

96 PENSION LIABILITY

The basic and supplementary pensions of the staff in the domestic Group companies have been arranged through insurance with Varma-Sampo Mutual Pension Insurance Company and Sampo Life Insurance Company, while those in foreign subsidiary companies have been arranged according to local practice.

97 OFF-BALANCE SHEET ITEMS

EURm		
Underwriting commitments	59	59
to Group companies	–	–
to associated undertakings	–	–
Total	59	59
of which to or on behalf of Group companies	–	–
associated undertakings	–	–

HOLDING COMPANY

98 STAFF NUMBERS

	Group 2001		Parent Company 2001	
	Average	Change	Average	Change
For the year				
Full-time staff	764	–16	764	–16
Part-time staff	45	–4	45	–4
Total	**809**	**–20**	**809**	**–20**

99 EMOLUMENTS OF MEMBERS OF ADMINISTRATIVE AND SUPERVISORY BODIES

EURm	Group 2001	Parent Company 2001
Members and deputy members of the Supervisory Board	0.0	0.0
Members and deputy members of the Board of Directors/ Management and President and Executive Vice Presidents	0.9	0.9
Total	**1.0**	**1.0**
of which performance-related bonuses	0.0	0.0

The Managing Director and Deputy Managing Director of Sampo plc have been insured with a supplementary insurance. The earnings for the positions of trust of the members of the Board of Directors have been insured with a voluntary pension insurance.

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

	Group 2001		Parent Company 2001	
EURm	Loans and advances	Guarantees	Loans and advances	Guarantees
Members and deputy members of the Supervisory Board	–	–	–	–
Members and deputy members of the Board of Directors/ Management and President and Executive Vice President	0.3	–	0.3	–
Auditors	–	–	–	–
Total	**0.3**	**0.0**	**0.3**	**0.0**

The interest on loans to 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.

SAMPO GROUP

101 GROUP SUBSIDIARIES

Name of company	Domicile/ country	Group holding % 1)	Parent company holding % 1)	Book value of shares in the Group EURm	Capital and reserves EURm 2)	Profit/loss for the financial year EURm
Banking						
Sampo Card Ltd	Helsinki Finland	100.00	–	22	15	3
Sampo Credit plc	Helsinki Finland	100.00	100.00	621	670	7 *)
Sampo MB Group Oy	Helsinki Finland	100.00	–	8	18	5
Sampo Bank plc	Helsinki Finland	100.00	100.00	787	840	13 *)
Sampo Finance Ltd	Helsinki Finland	100.00	–	25	57	4
Housing Loan Bank of Finland plc	Helsinki Finland	100.00	–	6	6	0
AS Sampo Pank	Tallinn Estonia	95.29	95.29	28	24	3
UAB Sampo bankas	Vilnius Lithuania	99.99	99.99	11	9	–3
Financing						
Mandatum Holding Ltd	Helsinki Finland	100.00	100.00	58	33	–1
MB Equity Partners Oy	Helsinki Finland	(60.00) 40.00	–	0	2	2
MB Mezzanine Fund Ky	Helsinki Finland	100.00	–	0	7	7
MB Mezzanine Fund II Ky	Helsinki Finland	62.50	–	29	51	3
Investment services						
Mandatum & Co Ltd	Helsinki Finland	80.05	–	1	19	17
Mandatum Omaisuudenhoito Ltd	Helsinki Finland	100.00	100.00	6	9	3
Mandatum Stockbrokers Ltd	Helsinki Finland	81.00	–	1	6	2
Mandatum Private Equity Funds Ltd	Helsinki Finland	100.00	–	0	0	0
Mandatum Fund Management Co Ltd	Helsinki Finland	100.00	–	2	2	1
Mandatum Asset Management Ltd	Helsinki Finland	100.00	–	1	4	3
Sampo Fund Management Ltd	Helsinki Finland	100.00	100.00	6	4	1
Sampo Powszechne Towarzystwo Emeryltalne S.A.	Warsaw Poland	100.00	100.00	168	8	–1
Insurance business						
Patria Reinsurance Company Ltd	Helsinki Finland	100.00	100.00	14	19	4
Sampo Industrial Insurance Company Ltd	Helsinki Finland	100.00	100.00	68	101	30
Sampo Life Insurance Company Limited	Helsinki Finland	100.00	88.21	401	302	51
ST International Insurance Company Ltd	Helsinki Finland	100.00	100.00	17	20	5
Sampo Insurance Company Limited	Helsinki Finland	100.00	100.00	103	178	75
AS Sampo Eesti Elukindlustuse	Tallinn Estonia	100.00	100.00	2	2	0
AS Sampo Eesti Varakindlustus	Tallinn Estonia	100.00	100.00	14	12	2
UAB Sampo Lietuva	Vilnius Lithuania	100.00	100.00	6	3	–2
UAB Sampo Lietuva Gyvbes Draudimas	Vilnius Lithuania	100.00	100.00	3	3	0
AAS Sampo Latvija	Riga Latvia	99.99	99.99	3	2	1
AAS Sampo Latvija Dziviba	Riga Latvia	99.99	99.99	4	3	0
Lakewood Insurance Company Ltd	London UK	100.00	–	0	3	–1
Sampo Towarzystwo Ubezpieczen na Zycie S.A.	Warsaw Poland	100.00	100.00	56	4	–21
Sampo Towarzystwo Ubezpieczén Spolka Akcyjna	Warsaw Poland	100.00	100.00	4	2	–1

GROUP SUBSIDIARIES cont.

Name of company	Domicile/ country	Group holding % 1)	Parent company holding % 1)	Book value of shares in the Group EURm	Capital and reserves EURm 2)	Profit/loss for the financial year EURm
Other						
Capsam Consulting Oy	Helsinki Finland	(60.00) 40.00	–	0	1	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	–	2	1	0
Risk Management Ltd	Helsinki Finland	100.00	100.00	1	0	0
Satura Oy	Helsinki Finland	100.00	–	0	0	0
Primasoft Oy **)	Espoo Finland	(60.00) 40.00	–	0	6	4
Sampo Holdings (UK) Ltd	London UK	100.00	100.00	29	44	–1
Sampo Industrial Holding B.V. 4)	Rotterdam Holland	100.00	–	0	0	–7
Sampo Business Properties Ltd	Helsinki Finland	100.00	100.00	41	39	–4*)
Teva Holding B.V. 4)	Rotterdam Holland	100.00	–	0	0	–7
Sampo Industriförsäkring AB	Stockholm Sweden	100.00	–	1	1	0
AS Kindlustusekspert 4)	Tallinn Estonia	100.00	–	–	–	–

*) Profit/Loss for the financial year for two months.
The profit of the old Sampo Bank plc for the period 1 Jan. - 31 Oct. 2001 was EUR 160 million.

**) Previously named Tietoleonia Oy, change of name registered on 4 Jan. 2002.

In addition, a total of 64 property and housing companies have been accounted for in the consolidated accounts.
By virtue of regulations for credit institutions 60 property companies have 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 deffered tax have been included in the capital.
3) Accounted for by the equity method.
4) The company is in liquidation.

SAMPO GROUP

102 ASSOCIATED UNDERTAKINGS OF THE GROUP

Name of company	Domicile/ country	Group holding %	Parent company holding %	Book value of shares in the Group EURm	Capital and reserves EURm 1)	Profit/loss for the financial year EURm
Financing						
MB Equity Fund Ky	Helsinki Finland	32.54	11.63	2	19	12
MB Equity Fund II Ky 2)	Helsinki Finland	28.02	9.99	8	29	1
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	5	154	107
Finnish Credit Insurance Company Ltd	Helsinki Finland	33.33	33.33	2	5	0
Other						
Automatia Pankkiautomaatit Oy	Helsinki Finland	33.33	–	9	20	1
Autovahinkokeskus Oy	Espoo Finland	35.54	–	1	3	0
Dividum Oy 4)	Helsinki Finland	32.81	32.81	48	151	14
Finanssi-Sampo Ltd 4)	Helsinki Finland	50.00	50.00	17	33	0
Kiinteistövarma Oy	Helsinki Finland	46.74	37.04	0	0	0
Netwheels Oy	Helsinki Finland	20.06	–	1	2	0
SV Benefic Oy	Helsinki Finland	49.00	–	0	0	0
Tampereen Kiinteistö Invest Oy	Tampere Finland	25.00	–	10	34	3
Toimiraha Oy	Helsinki Finland	33.33	–	1	4	0
Vahinkopalvelu Oy	Loppi Finland	20.00	–	0	1	0
Other shares and participations held as financial fixed assets						
Telephone shares				0		

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.

SAMPO GROUP

103 ELIMINATION ITEMS OF THE CONSOLIDATED BALANCE SHEET

EURm	31 Dec. 2001	31 Dec. 2000
ASSETS		
Banking and investment services assets		
Loans and advances to customers	–22	–67
Prepayments and accrued income	–1	–3
	–23	**–70**
Insurance business assets		
Investments		
Investment in Group and associated undertakings		
Group undertakings		
Debt securities and loans	–400	–110
Other investments		
Deposits	–55	–92
Assets		
Other assets	–4	–119
Cash at bank and in hand	–20	–2
Prepayments and accrued income		
Interest and rents	0	0
	–479	**–323**
Holding company assets		
Loans and advances to credit institutions	–42	
Loans and advances to customers	–2	
Debt securities		
From others	–168	
Prepayments and accrued income	0	
Other assets	–6	
	–218	
Total	**–720**	**–393**
LIABILITIES		
Banking and investment services liabilities		
Liabilities to customers		
Other liabilities	–117	–94
Debt securities in issue		
Bonds and notes	–2	–4
Other	–566	–106
Other liabilities	–4	–118
Accruals and deferred income	0	–1
	–689	**–323**
Insurance business liabilities		
Creditors		
Other creditors	–11	–69
Deferred income	–1	–1
	–13	**–70**
Holding company liabilities		
Liabilities		
Debt securities in issue	–2	
Other liabilities	–16	
Accruals and deferred income	0	
	–19	
Total	**–720**	**–393**

Helsinki, 27 February 2002

SAMPO PLC

Board of Directors

Olli-Pekka Kallasvuo Chairman	**Tom Berglund**	**Georg Ehrnrooth**
Jyrki Juusela	**Paavo Pitkänen**	**Christoffer Taxell**

Björn Wahlroos
Managing Director

Auditors' Report

To the Shareholders of Sampo plc

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Sampo plc for the financial year 2001. 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.

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 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 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.

Helsinki, 14 March 2002

KPMG WIDERI OY AB	TILINTARKASTAJIEN OY ERNST & YOUNG
Jaakko Nyman Authorised Public Accountant	**Tomi Englund** Authorised Public Accountant

(Translation of a Finnish original)

Corporate Governance

Sampo 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. Furthermore, the Board of Directors has confirmed internal regulations concerning the administration, internal control and reporting of the Sampo Group.

Sampo follows the Guidelines for Insiders of the Helsinki Exchanges. Furthermore, the Board of Directors has confirmed Guidelines for Insiders of the Sampo Group which are stricter than the official norms and which concern the Group 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 in advance for each stock purchase and sale. The Sampo Group Guidelines for Insiders also cover the regulations of the Financial Supervision Authority, the guidelines for insiders and trading of the Finnish Association of Securities Dealers and the Finnish Association of Mutual Funds as well as the recommendation for Guidelines for Insiders for investment activities issued by the Federation of Finnish Insurance Companies.

BOARD OF DIRECTORS

Duties of the Board of Directors

The Sampo Board of Directors is responsible for the management of the company in accordance with the laws, authority regulations, Articles of Association and the decisions taken by the General Meeting of Shareholders. The operating principles and the key duties of the Board of Directors have been defined in the Board's rules of procedure.

The Board of Directors confirms i.a the business strategy and the long-term operating plan of the Sampo Group, and is responsible for the proper management of the Group's operations. The Board also decides, within the limits of the company's field of activities, on exceptional and far-reaching matters with respect to the scope and quality of the Sampo Group.

The Board elects and releases the CEO and the executives of the Sampo Group and decides on their terms of employment and other compensation. In addition, the Board confirms the targets of the Group's personnel planning and supervises their implementation as well as determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

Election and Terms of Office of Board Members

According to Sampo's Articles of Association the company's Board comprises no fewer than three and no more than ten members elected at the Annual General Meeting of Shareholders. The Annual General Meeting of 2001 decided that the number of Board members is seven until the closing of the Annual General Meeting 2002. The term of office of the Board members is one year. The members of the Board of Directors elect annually from among the members a Chairman and a Vice Chairman at the first meeting following the Annual General Meeting.

The composition of the Board of Directors of Sampo plc is as follows:
Olli-Pekka Kallasvuo, Chairman
Jyrki Juusela, Vice Chairman
Tom Berglund, member
Georg Ehrnrooth, member
Paavo Pitkänen, member
Christoffer Taxell, member
Björn Wahlroos, member

The Board of Directors of Sampo plc convened 26 times in 2001.

Committees Appointed by the Board of Directors

The Board may appoint committees, executive committees and other permanent or fixed-term organs for the duties assigned by the Board. The Board confirms the rules of procedure of the Executive Committee and the guidelines and powers of other organs appointed by the Board. The Board has appointed Sampo Group's Executive Committee, the Risk Control Committee, the Board's Nomination Committee as well as the Asset and Liability Committee, Credit Committee and the Investment Committee. The personal data of these are presented as per 31 December 2001.

Nomination Committee

The Board's Nomination Committee comprises the Board Chairman as the Chairman of the Committee, the Board Vice Chairman and one member elected by the Board among the members. The Nomination Committee convenes at the request of the Chairman. The duty of the Committee is to prepare proposals made to the General Meeting of Shareholders of Sampo on the composition of the Board and the remuneration and rewarding principles for the Board members. The Nomination Committee comprises Olli-Pekka Kallasvuo, Jyrki Juusela and Georg Ehrnrooth.

Risk Control Committee

The Board of Directors has appointed a Risk Control Committee for the control of Sampo Group's risks on the Group level. The duties of the Risk Control Committee comprise i.a. the supervision of the compliance with the Sampo Group's risk management principles and other related general guidelines as well as the supervision of Sampo Group's risks and risk accumulations and the quality and scope of risk management. The Risk Control Committee comprises the Board Chairman and 1-2 members elected by the Board among the members, the CEO, the Chairmen of the Group's Asset and Liability Committee, Investment Committee and Credit Committee, the member of the Group's Executive Committee in charge of risk control, and possible other members appointed by the Board. The Chairman of the Risk Control Committee is the Chairman of the Board of Directors. The Risk Control Committee comprises Olli-Pekka Kallasvuo, Chairman, Paavo Pitkänen, Björn Wahlroos, Kari Stadigh, Ilkka Hallavo, Mika Ihamuotila, Peter Johansson and Patrick Lapveteläinen. The Committee convenes at the request of the Chairman regularly in each quarter and reports to the Board on its activities at least four times a year.

Sampo Group Executive Committee

The Sampo Group Executive Committee appointed by the Board of Directors supports the CEO in the preparation of strategic issues relating to the Sampo Group, in the handling of significant operative issues of a principle nature and in the ensuring of the internal information flow.

The composition of the Sampo Group Executive Committee is as follows:
Björn Wahlroos, CEO, Managing Director
Kari Stadigh, Deputy CEO, Executive Vice President
Sten Eklundh, Executive Vice President, Head of Investment Banking
Ilona Ervasti-Vaintola, Chief Counsel, Principal Attorney
Ilkka Hallavo, Head of Corporate Banking
Mika Ihamuotila, Executive Vice President, Head of Banking and Distribution
Peter Johansson, CFO, Head of Corporate Planning
Patrick Lapveteläinen, Head of Treasury and Administration
Petri Niemisvirta, Head of Life Insurance, Managing Director of Sampo Life
Maarit Näkyvä, Executive Vice President, Head of Retail and Private Banking

The Executive Committee convenes regularly once a week at the request of the CEO.

Asset and Liability Committee, Credit Committee and Investment Committee

The Board of Directors has appointed the Asset and Liability Committee to control balance sheet risks of the Sampo Group, the Credit Committee to control credit risks and the Investment Committee to control investment risks. The Board has also appointed the members of these committees. The Asset and Liability Committee comprises Patrick Lapveteläinen, Martti Porkka, Kai Brander, Jorma Leinonen, Aki Palo, Markku Pehkonen, Risto Tornivaara, and Jyrki Appelqvist and Pekka Kainulainen as experts. The Credit Committee comprises Ilkka Hallavo, Jukka Apajalahti, Jarmo Lankinen, Patrick Lapveteläinen, and Aki Palo as expert. The Investment Committee comprises Kari Stadigh, Jorma Leinonen, Harri Kiiski, Sirpa Mannila, Vesa Nurminen and Ulla Kangas.

CEO

The company has a Managing Director who at the same time is the CEO of the Sampo Group. The Board of Directors elects and releases the CEO and decides on the terms of his employment and other compensation. The Managing Director of the company and the CEO of the Sampo Group is Björn Wahlroos.

Top Management Remuneration and Other Benefits

According to Sampo's Articles of Association the Annual General Meeting resolves on the remuneration of the Board members. The Board decides on the employment terms and other compensation of the CEO and the executives of the Sampo Group's Executive Committee.

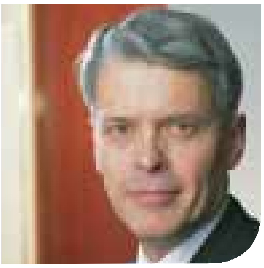
The Chairman, Vice Chairman and members of the Board of Directors will be paid monthly remuneration until the closing of the Annual General Meeting in 2002 as follows: the Chairman approximately EUR 4,200 (FIM 25,000), the Vice Chairman EUR 3,360 (FIM 20,000) and the members EUR 2,520 (FIM 15,000). In 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 are paid travel allowance for travel days to an amount corresponding to the maximum amount of tax-exempt travel allowance in accordance with the decision of the tax authorities currently valid as well as accommodation and travel expenses. Board members employed by the company do not receive separate remuneration for Board work.

The CEO was paid a total of EUR 787,933.08 in salary and shares of profit for 2001 and the Deputy CEO a total of EUR 385,105.66. The retirement age of the CEO and the Deputy CEO is 60 years and the amount of pension corresponds to the full amount of the pension under the Employees' Pensions Act TEL.

Board of Directors

Olli-Pekka Kallasvuo

Jyrki Juusela



Tom Berglund

Georg Ehrnrooth

Sampo's Board of Directors is appointed annually by the Annual General Meeting. The present members of the Board were elected by the Annual General Meeting on 5 April 2001.

Chairman
Olli-Pekka Kallasvuo, born 1953
CFO and Member of the Executive Group, Nokia Corporation. Chairperson of the Board, F-Secure Corporation, Nextrom Holding S.A and Nokian Tyres plc. He was appointed member of the Board of Directors of Sampo plc and Chairman of the Board on 5 April 2001. Holds 10,000 Sampo plc shares.

Vice Chairman
Jyrki Juusela, born 1943
Managing Director, Member of the Board, Outokumpu Oyj. Chairperson of the Board, Avesta Polarit Oyj Abp. Member of the Board, Confederation of Finnish Industry and Employers, 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 plc on 25 May 2000. Term of office started on 26 May 2000. Holds 905 Sampo plc shares.

Tom Berglund, born 1951
Professor, Vice-Rector, Swedish School of Economics and Business Administration. He was appointed member of the Board of Directors of Sampo plc on 25 May 2000. Term of office started on 26 May 2000. Holds no Sampo plc shares.

Georg Ehrnrooth, born 1940
Chairperson, Assa Abloy AB (publ) and Varma-Sampo Mutual Pension Insurance Company. Vice Chairperson of the Board, Rautaruukki Corporation. Member of the Board, Nokia Corporation, Wärtsilä Corporation, Karl Fazer Oy Ab and Sandvik AB. He was appointed member of the Board of Sampo plc on 26 June 1992. Holds 2,725 Sampo plc shares.

Paavo Pitkänen, born 1942
Managing Director, Varma Sampo Mutual Pension Insurance Company. Member of the Board, Wärtsilä Corporation, Partek Corporation and Stora Enso Oyj. Vice Chairperson of the Supervisory Board, Alma Media Corporation. He was appointed member of the Board of Sampo plc on 22 January 1999. Holds no Sampo plc shares.

Paavo Pitkänen

Christoffer Taxell

Björn Wahlroos

Christoffer Taxell, born 1948
Minister. President, CEO, Partek Corporation. Member of the Board, Wärtsilä Corporation and Stockmann plc. Member of the Supervisory Board, Varma-Sampo Mutual Pension Insurance Company. He transferred to the Board of Sampo plc from the Supervisory Board on 1 January 1998. No Sampo plc shares.

Björn Wahlroos, born 1952
CEO, Sampo plc. Member of the Board, Varma-Sampo Mutual Pension Insurance Company. He was appointed member of the Board of Sampo plc on 5 April 2001. Holds 11,839,890 Sampo plc shares.

Holdings as per 31 December 2001.

Auditors

Auditors
KPMG Wideri Oy Ab
Jaakko Nyman,
Auditor in charge, Authorised Public Accountant

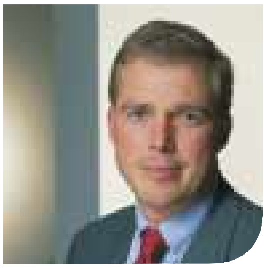
Tilintarkastajien Oy - Ernst & Young
Tomi Englund,
Auditor in charge, Authorised Public Accountant

Deputy Auditors:
Thor Nyroos, Authorised Public Accountant
Kunto Pekkala, Authorised Public Accountant

Group Executive Committee

Björn Wahlroos

Kari Stadigh



Sten Eklundh

Ilona Ervasti-Vaintola

Peter Johansson

Patrick Lapveteläinen

Petri Niemisvirta

Maarit Näkyvä

Björn Wahlroos, born 1952
CEO, Managing Director
Sampo shares 11,839,890
Options (1998 programme): –
Options (2000 programme): –

Kari Stadigh, born 1955
Deputy CEO, Executive Vice President
Sampo shares 54,390
Options (1998 programme): 51,000
Options (2000 programme): 50,000

Sten Eklundh, born 1960
Executive Vice President,
Head of Investment Banking
Sampo shares 22,220
Options (1998 programme): –
Options (2000 programme): 20,000

Ilona Ervasti-Vaintola, born 1951
Chief Counsel, Principal Attorney
Sampo shares 297,720
Options (1998 programme): –
Options (2000 programme): 50,000

Ilkka Hallavo, born 1956
Head of Corporate Banking
Sampo shares 500
Options (1998 programme): –
Options (2000 programme): 50,000

Mika Ihamuotila, born 1964
Executive Vice President,
Head of Banking and Distribution
Sampo shares 450,190
Options (1998 programme): –
Options (2000 programme): 50,000

Ilkka Hallavo

Mika Ihamuotila

Peter Johansson, born 1957
CFO, Head of Corporate Planning
Sampo shares 2,500
Options (1998 programme): –
Options (2000 programme): 50,000

Patrick Lapveteläinen, born 1966
Head of Treasury and Administration
Sampo shares 108,485
Options (1998 programme): –
Options (2000 programme): 50,000

Petri Niemisvirta, born 1970
Managing Director of Sampo Life
Sampo shares: –
Options (1998 programme): 15,825
Options (2000 programme): 50,000

Maarit Näkyvä, born 1953
Executive Vice President,
Head of Retail and Private Banking
Sampo shares: –
Options (1998 programme): –
Options (2000 programme): 50,000

Holdings as per 31 December 2001.

Staff

2001 was a period of even faster change than hitherto. Group structure and operations were particularly profoundly affected by P&C insurance development projects and arrangements and by a development project for administration and support functions. Towards the end of the year these projects resulted in restructuring measures, whose impact on personnel will become clear in 2002.

Staff Structure

At the end of 2001, Sampo Group employed a total of 9,684 people (10,207 at year-end 2000), 8,143 of these in Finland (8,162).

The number of employees in Sampo Bank plc, Sampo Life Insurance Company Ltd, Sampo Fund Management Ltd, Mandatum Omaisuudenhoito Ltd, Sampo Business Properties Ltd, Sampo Credit plc, Mandatum Holding Ltd and foreign subsidiaries, at the end of 2001 totalled 5,623, of which 610 in life insurance operations. 3,311 employees worked in P&C insurance at year-end. Employees in Group functions numbered 750.

Foreign operations employed a total of 1,541 (2045), of which 1,223 in the Baltic area. The number of foreign employees fell because Sampo Industrial Insurance N.V. was sold to Hampden Plc, and as a consequence of reorganisation in the Polish agency network.

As of the beginning of 2002, Sampo's P&C insurance companies became part of the If Group. Employees also transferred to If from Group functions. As a result of these arrangements, the number of Sampo Group staff was just under 5,800 people at the beginning of January, with about 260 of these employees working for Group functions.

Professional Skill and Development

Due to the comprehensive changes foreseen last year, no major staff development projects were started, but ongoing projects continued. The development project for administration and support functions, combined with changes in the Group structure, will ultimately lead to a re-assessment of staff development principles and resources. The outcome of these arrangements will begin to be visible in 2002. Staff support measures and supervisor training linked with the restructuring measures were planned and launched. The annual staff satisfaction survey was not carried out because these measures were going on.

Use of a network environment for staff development continued. One of the key projects here was that planning started on a network programme related to savings and investment. The programme, which was ready around the end of the year, helps staff to learn about service models based on the new strategy. The focus of development as a whole was on investment and saving services in compliance with the business strategy, and training on this subject was arranged in cooperation with Helsinki School of Economics and others.

Building a Common Corporate Culture

Further development of a common corporate culture within the new Sampo Group was promoted through measures such as uniform staff participation systems and terms of employment within the Group.

As of 1 January 2001, the Group introduced three-year collective labour agreements covering both banking and insurance operations. Employment terms were also standardised where working hours, remuneration and annual holiday are concerned.

In December, it was decided that the personnel fund would be used as part of the performance-related pay system. The Group previously had a Leonia personnel fund, which was now converted into a personnel fund for the Sampo Group. The companies which became part of the If Group as of the beginning of 2002 were not covered by the personnel fund.

The restructuring procedure was developed, and a joint committee for the purpose was set up for the whole Group. In the same context, Sampo and Leonia's former separate committees ceased to operate.

Agreement was reached with the staff concerning staff representatives on the Boards of the Group's main subsidiaries. According to this decision, elected staff representatives have the right to be present and the right to express opinions at meetings of the Boards of Directors of Sampo Bank plc, Sampo Life Insurance Company Ltd, Sampo Insurance Company Ltd (now If P&C Insurance Company Ltd, part of the If Group), and Sampo Industrial Insurance Company Ltd (now If Industrial Insurance Ltd, part of the If Group). The staff representatives' term of office on these Boards began on 1 September 2001.

Corporate Social Responsibility: from Environmental to Sustainable Development

Sampo's environmental policy was reformulated as a policy for sustainable development, and a CR (Corporate Responsibility) steering group was appointed representing the various business areas and support operations to oversee planning and coordinate implementation. The aim is to take the principles of sustainable development into account in the product and service range and in-house operating procedures.

Debate on the Kyoto Climate Protocol and the events of September 11 have brought issues of social responsibility and environmental concerns into sharper focus than ever. In Finland, there are solid foundations for developing these issues: according to the World Economic Forum, Finland was the leading country in the world in environmental sustainability in 2001, while also being at the top in terms of competitiveness.

Among Sampo's corporate values, ethics provides particularly clear support for sustainable development efforts. Sampo strives to offer its customers optimum solutions to meet their needs. Thus, in its portfolio management, for instance, Sampo uses carefully hand-picked foreign asset managers in addition to the Group's own asset management company, all in an effort to secure the best possible expertise on the investment markets of the world. Sampo has developed services based on ethical viewpoints in life insurance and mutual fund products, and in the form of a special environmental loan. Where investment objects are concerned, in addition to the traditional criteria for investment, also an assessment of environmental issues and social responsibility is made.

Products and Services

Sampo offers its customers products and services which support sensible financial planning and sustainable development. Examples include:

- The Sampo Golden Piggy Bank Club for children under 13, which was founded in 1958 and encourages saving. The club arranges local events and competitions and has its own website.
- The Sampo Sustainability Fund was the first fund to use the Dow Jones Sustainability Group Global Index as its benchmark index when it started. Investments in the fund can be made directly or in the form of life insurance. The number of unit holders in the fund went up to 1,429 during the year.
- Sampo offers its corporate customers environmental loans guaranteed by the European Investment Fund. These loans have proved particularly popular among service station owners, as environmental requirements grow stricter.
- The number of statutory environmental insurance policies at year-end was 400 and income from premiums stood at EUR 1.78 million. Compensation for environmental damage to a total of EUR 0.23 million was paid out under voluntary insurance policies and motor third party liability insurance. Claims were made in 61 cases of damage. An environmental insurance policy for service station owners was designed with the help of the Finnish Petrol Retailers Organization.
- Insurance customers are offered an extensive range of risk management and loss prevention services.

Internal Operations

- As part of the operations of the CR group, a CR plan for personnel development was drawn up and is to be implemented during 2002.
- Sampo is involved in the project of the Finnish Association of Building Owners and Construction Clients (RAKLI) for the environmental classification of buildings.
- An energy review was made of 15 buildings, with a total volume of 656,000 m^3.
- The staff took part in an Energy Conservation Week, in which each employee was issued with an electronic energy pass. There were over 1,200 replies, many of which also contained energy-saving tips.
- Indicators of electricity, heating, water and paper consumption were collected for most of Sampo's units. The indicators, which now cover five years of operations, are shown on Sampo's website.

Sampo, its Environment and Staff

Sampo sponsorship focuses on high-standard long-term projects in sports, culture and science. Examples:

- Sampo sponsors the Sampo Alpine Ski Team, made up of five disabled skiers aiming for top placements in the Paralympic Games in Torino 2006.
- Sampo Fund Management Ltd gives out grants for biotechnical research.
- Sampo Fund Management Ltd is sponsoring the training of a sniffer dog.
- The Sampo youth foundation gives out grants for work with young people and culture.
- Sampo employees also took part in various grassroots projects with social responsibility, for instance a working group which drew up a guidebook on an obstacle-free working environment for disabled people, and a jumble sale arranged on Sampo's Lauttasaari premises in Helsinki, proceeds from which went to St Petersburg's children's home no. 8.

The theme of the 12th Sampo Safety Award was the coordination of work and family life. The award sum of EUR 16,800 was divided between three winners: the nursing staff at Jorvi hospital for developing an autonomous working time model, a project between the Single Parents' Association and the City of Helsinki Public Works Department, and an association sponsoring a sheltered housing project for the mentally disabled in Helsinki.

In summer 2001, Sampo was elected to the FTSE4Good index family along with three other major Finnish companies. The selection criteria include the companies' work in promoting environmental sustainability, developing relationships with stakeholders and supporting universal human rights.

Sampo Shares and Shareholders

Shares and Votes

In accordance with the Articles of Association, the share capital of Sampo plc is at least EUR 30,105,638.84 and at the most EUR 120,422,555.30. The company's share capital was EUR 93,449,166.87 on 31 December 2001, with 555,623,515 shares, of which 554,423,515 were A shares and 1,200,000 were B shares. The shares have no nominal value. Their book counter-value is EUR 0.17 (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 at the Helsinki Exchanges since 1988. Kaleva Mutual Insurance Company owns all B shares. Furthermore, the A and B warrants of Sampo plc's Bond Loan with Warrants of 1998 are quoted on the Helsinki Exchanges Main List. The B warrants have been traded as of 2 May 2001.

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 2001, but Sampo's wholly owned subsidiary Satura Oy had 14,875 warrants issued by Sampo.

Changes in Share Capital

On 18 January 2001, Sampo's Extraordinary General Meeting of Shareholders approved the exchange offer pertaining to the acquisition of Mandatum Bank shares as well as the increase of the share capital necessary for implementing the exchange offer. The exchange offer was launched on 1 February 2001 at 9.30 a.m., and it expired on 16 February 2001 at 4.30 p.m.

On 6 February 2001, Sampo's Board of Directors announced that the preconditions for the combination were met. The Board decided to implement the Mandatum exchange offer and approve the share subscriptions made so far. This resulted in an increase in Sampo's share capital by EUR 3,998,041.45 to EUR 91,455,763.21 by giving the shareholders of Mandatum who approved the exchange offer 4,754,255 Sampo A shares. The increase was entered in the Trade Register on 7 February 2001, and the new A shares were issued for public trading on the Helsinki Exchanges Main List on 12 February 2001.

After the exchange offer had expired, Sampo's Board of Directors approved the share subscriptions made and decided to increase Sampo's share capital by EUR 1,986,920.02 to EUR 93,442,683.23 by giving 2,362,738 Sampo A shares to the Mandatum Bank shareholders who accepted the exchange offer. The increase was entered in the Trade Register on 23 February 2001, and the new A shares were issued for public trading on the Helsinki Exchanges Main List on 26 February 2001.

On 5 April 2001, the Annual General Meeting approved the increase in the company's number of shares without raising the share capital, i.e., of a split of the shares in five (1:5). The Annual General Meeting also approved the related amendment to the Articles of Association on the minimum and maximum number of shares. The change was entered in the Trade Register on 20 April 2001. After the split, the company had 555,584,965 shares, of which 554,384,965 are A shares and 1,200,000 are unlisted B shares.

During the period under review, 38,550 A shares were subscribed with warrant certificates of Sampo plc's Bond Loan with Warrants of 1998. As a result of the subscriptions, Sampo received EUR 264,684.30 in capital and reserves. The increase in share capital as a result of the subscriptions, to a total value of EUR 6,483.64, was entered in the Trade Register on 28 November 2001. Sampo's share capital after the in-crease amounts to EUR 93,449,166.87, with a total of 554,423,515 A shares. The company's total number of shares after the increase, including the 1,200,000 B shares, is 555,623,515. The new shares were issued for public trading on the Helsinki Exchanges Main List on 29 November 2001.

Authority of the Board of Directors

In April 2001, Sampo's Annual General Meeting authorised the Board to buy back and convey own shares. The maximum amount of A shares that can be bought back is 5 per cent of the company's share capital or the total number of votes attached to the shares. The shares can be bought back to be used as consideration in possible acquisitions or other structural reorganisations, for the development of the company's capital structure, or as a part of the company's incentive scheme. The authorisations are valid until 4 April 2002, thus replacing the authorisations of 12 April 2000.

Pertaining to the preparations for the Storebrand offer, Sampo's Extraordinary General Meeting authorised in June 2001 the company's Board of Directors to decide on the increase in the share capital by no more than EUR 9,670,805.77 through a rights issue in one lot or more. By virtue of the authorisation, the maximum of 57,500,000 Sampo A shares could be issued for Storebrand shareholders' subscription with a counter-value of approximately EUR 0.17 (not an exact value) per share. At the beginning of October 2001, the Board of Directors decided not to extend the offer. The authority to increase the share capital was thus never used.

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

INCREASES AND DECREASES IN SHARE CAPITAL 1997–2001

Mode	Subscription period / registration	Term of subscription or subscriber or reason for decrease	No. of new shares	Share capital after the issue / decrease EURm*)
Decrease in share capital	4 May 2000	Cancellation of shares bought back (1,520,000 A shares)	–1,520,000	50.86
Decrease in share capital	3 July 2000	Technical lowering	–	49.85
Merger consideration A shares	31 December 2000	Leonia shareholders, i.e. the Finnish state	44,720,000	87.46
Exchange Offer consideration A shares	7 February 2001	Mandatum shareholders	4,754,255**)	91.46
Exchange Offer consideration A shares	23 February 2001	Mandatum shareholders	2,362,738**)	93.44
The Bond Loan with Warrants of 1998 A warrants	28 November 2001	Warrant conversion	38,550**)	93.45

*) Rounded off

**) On 5 April 2001, the Annual General Meeting approved of an increase in the number of shares without raising the share capital, i.e. a split of the share in five.

The Bond Loan with Warrants of 1998

On 22 May 1998, Sampo issued a bond loan with warrants of approx. EUR 1.1 million. No interest was paid on the bond and it was repaid on 22 May 2001. Staff permanently employed by the Sampo Group and Kaleva Mutual Insurance Company was entitled to subscribe. Approximately 72 per cent of the staff at the time subscribed for the bond loan.

250 warrant certificates are attached to each bond of a nominal value of EUR 84.09. Of these, 75 will be marked with the letter A, 75 with the letter B and 100 with the letter C. With each warrant certificate, five Sampo A shares can be subscribed as follows:

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 Helsinki Exchanges Main List since 2 May 2000 and the B options since 2 May 2001.

The subscription price is EUR 6.87 per share. The subscription price is reduced by the amount of dividends. If the Annual General Meeting of Shareholders accepts the Board's proposal concerning the dividend distribution for 2001, the subscription price will be reduced to EUR 6.12.

As a result of the subscriptions, the share capital can increase by a maximum of 16,500,000 A shares, i.e. by no more than EUR 2.8 million, which equals 3.0 per cent of the company's share capital as per 31 December 2001.

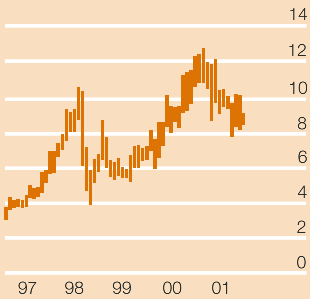
The Option Programme of 2000

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

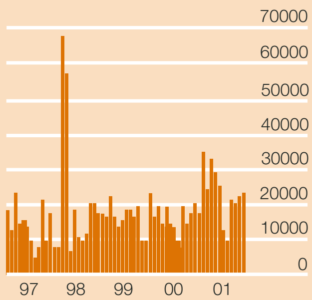
The right to subscribe for shares by virtue of the option rights arises only if the development of the trading volume weighted average price of Sampo's A share is as good as or better than the average price in the control group specified in the terms and conditions.

A total 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 for five Sampo A shares. The share subscription period for option right A starts on

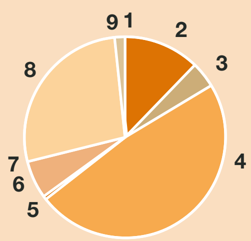
Monthly share price performance
(lowest and highest trading price in euro)



Monthly share turnover, trading volume '000



Shareholder groups, 31 December 2001
(A and B shares)



1	Public companies	0.12%
2	Private companies	12.04%
3	Financial institutions and insurance companies	4.13%
4	Public corporations	48.04%
5	Non-profit corporations	0.72%
6	Households	6.00%
7	Foreign ownership, own account	0.07%
8	Foreign ownership, incl. nominee register	27.29%
9	On joint account	1.58%

SHAREHOLDERS AT 31 DECEMBER 2001

A and B shares	No. of shares	% of share capital	% of votes
Finnish State	223,616,080	40.25	39.90
Unsa Ltd	47,212,460	8.50	8.42
Varma-Sampo Mutual Pension Insurance Co*)	21,986,525	3.96	3.92
Kaleva Mutual Insurance Company**)	12,824,755	2.31	3.14
Wahlroos Björn	11,839,890	2.13	2.11
Stora-Enso Oyj	8,746,620	1.57	1.56
Ilmarinen Mutual Pension Insurance Company	5,950,200	1.07	1.06
Local Government Pension Institution	4,500,000	0.81	0.80
Wärtsilä Corporation	1,901,000	0.34	0.34
Pension fund of Fortum	1,613,740	0.29	0.29
State Pension Fund	1,500,000	0.27	0.27
Mutual Insurance Company Pension-Fennia	1,427,600	0.26	0.25
OP-Delta sijoitusrahasto	965,200	0.17	0.17
LEL Pension Fund	960,050	0.17	0.17
Op-Tuotto Sijoitusrahasto	805,100	0.14	0.14
Sitra, The Finnish National Fund for Research and Development	756,950	0.14	0.14
Teollisuuden Voima Oy	610,260	0.11	0.11
Steveco Oy	545,800	0.10	0.10
Pension fund of Imatran Voima	544,640	0.10	0.10
Sampo Finnish Equity Fund	487,475	0.09	0.09
In the nominee register in total ***)	151,657,080	27.29	27.06
Others in total	55,172,090	9.93	9.84
Total	555,623,515	100.00	100.00

*) Varma-Sampo Mutual Pension Insurance Company announced that it had sold 20 million Sampo A shares on 21 January 2002. Therefore Varma-Sampo's share of Sampo's share capital and votes decreased to less than one tenth.
**) 11,624,755 A shares and 1,200,000 B shares.
***) GE Asset Management Incorporated announced that it no longer owned Sampo shares on 19 April 2001.

SHAREHOLDERS BY NUMBER OF SHARES OWNED AT 31 DECEMBER 2001

Shareholdings A and B shares	No. of shareholders	No. of shares	%
1 – 100	10,393	644,575	0.12
101 – 1,000	27,477	9,756,027	1.76
1,001 – 10,000	4,289	11,148,509	2.01
10,001 – 100,000	359	9,972,195	1.79
100,001 –	92	515,350,129	92.75
On waiting list		0	
On joint account		8,752,080	1.58
Total	42,610*)	555,623,515	100.00

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

2 January 2003 and for option right B on 2 January 2004. The share subscription period expires 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 thus became EUR 55.70. The share subscription price is reduced by the amount of dividends.

In the spring of 2001, the subscription price for a share, after the realised split and distribution of dividend, was EUR 9.54. If the Shareholders' Meeting approves the Board's proposed dividend distribution for 2001, the subscription price will be reduced to EUR 8.79.

As a result of the subscriptions, the number of Sampo shares can increase by a maximum of 26,000,000 new shares and the share capital by no more than EUR 4,372,886.09, which equals approximately 4.7 per cent of the share capital at the end of year 2001.

Shareholders

The number of registered shareholders on 31 December 2001 amounted to 42,610. Of the shares, 1.58 per cent had not been entered into the book-entry securities system. Foreign ownership was 27.37 per cent of the share capital and 27.13 per cent of the votes. Nearly all foreign owners have listed their holdings in the nominee register.

The direct or indirect ownership of the Chief Executive Officer and the members of the Board of Directors of Sampo amounted to 11,853,520 Sampo shares. The total holdings constituted 2.13 per cent of the share capital and 2.11 per cent of the votes.

According to its own statement on 19 April 2001, GE Asset Management Incorporated no longer holds Sampo shares. Varma-Sampo Mutual Pension Insurance Company announced on 21 January 2002 that it had sold a total of 20 million Sampo A shares. Therefore, Varma-Sampo Group's share of Sampo's share capital and votes was reduced to less than 10 per cent.

Annual General Meeting

Sampo plc's Annual General Meeting of Shareholders will be held on Wednesday 10 April 2002 at 2 p.m. at the Marina Congress Center, address Katajanokanlaituri 6, 00160 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) by 27 March 2002. Trustees shall report nominee shareholders to the shareholders' register of Sampo held by the Finnish Central Securities Depository Ltd for the purpose of the Annual General Meeting.

A shareholder whose shares have not been transferred to the book-entry securities system is also entitled to attend the Annual General Meeting providing that he 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 Sampo's Equity Issues by 4 p.m. on 5 April 2002.

Payment of Dividends

According to the policy on the payment of dividends confirmed by Sampo's Board of Directors, the company aims at paying half of its annual results in dividends.

The Board will propose to the Annual General Meeting that a total dividend of EUR 0.75 per share be paid for 2001.

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, 15 April 2002, is entitled to dividend. The dividends are proposed to be paid on 22 April 2002.

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.

Financial Information

Copies of the financial statement documents can be inspected at Sampo Group's Legal Affairs, Unioninkatu 22, Helsinki, and at the address Yliopistonkatu 27, Turku.

The Annual Report is published on Sampo's Internet pages at the address http://www.sampo.fi/annualreport

A printed Annual Report can be ordered by e-mail at the above-mentioned Internet address, by post at the address Sampo Communications, P.O. Box 1026, FIN-00075 SAMPO, Finland, or by calling +358 10 514 0042.

Sampo will publish three Interim Reports in 2002. The reports will be published on 21 May 2002, 13 August 2002 and 14 November 2002. The Interim Reports are published on the Internet at http://www.sampo.fi/interimreports

Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo is available at the address 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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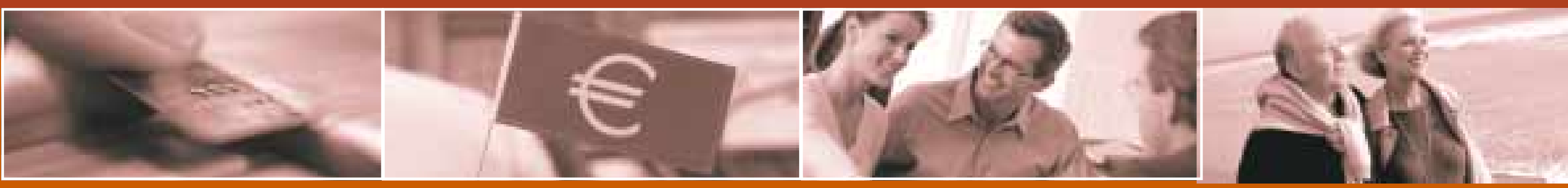

Sampo plc, registered domicile and address Turku, Yliopistonkatu 27, FIN-20075 SAMPO, Finland, Business ID 0142213-3

SAMPO