

TAPIOLA GROUP

The companies in Tapiola Group achieved good results during the first half of 2005. The turnover increased by 6.6 percent, amounting to EUR 1,296.5 million (EUR 1,216.0 million in the corresponding period last year).

All insurance companies in Tapiola Group have increased their premium income. In the banking business, the deposit base and credit portfolio have grown. The fund capital managed by Tapiola Fund Management Company increased in the review period by more than 16 percent to EUR 848.3 million (EUR 730.2 million at the end of 2004). The customer funds managed by the investment services grew by more than 12 percent to EUR 4,345.7 million (EUR 3,865.8 million).

In investment operations during the six-month period, the return on capital employed at current value exceeded 5 percent in all the insurance companies in Tapiola Group.

The six-month overall result of the group's insurance companies (the result including the change in the difference between current and book values of investments) increased to EUR 367.7 million (EUR 153.1 million).

Including the banking, fund management, and investment service businesses, the combined result of the group's six business areas totaled EUR 364.1 million (EUR 147.4 million).

The solvency capital increased by EUR 342.0 million from the beginning of the year to EUR 2,863.7 million (EUR 2,521.6 million 12/2004).

The figures in the interim report are unaudited.

NON-LIFE INSURANCE

KEY FIGURES

The overall result of Tapiola General Mutual Insurance Company (Tapiola General), i.e., operating profit and the change in the difference between current and book values of investments, totaled EUR 92.4 million (EUR 63.6 million). Operating profit accounted for EUR 61.3 million (EUR 76.2 million) of the result. Tapiola General Group's premium income increased by 12.7 percent from last year's corresponding period to EUR 407.5 million (EUR 361.7 million). Tapiola General Group's combined ratio before unwinding of discount expense was 105.5 percent (100.2%). The return on capital employed at current value achieved by the parent company Tapiola General in its investment operations of six months was 5.9 percent (4.2%). The Group's solvency capital totaled EUR 1,162.0 million (EUR 1,082.3 million 12/2004), and solvency ratio (solvency capital in relation to premiums earned) was 222.5 percent (221.3 % 12/2004).

Development of operations

On January 3, 2005, VVO Group and Tapiola General concluded a deal on interest-subsidized rental apartments. Hence the property sold to VVO will be used as rental apartments in the future as well. The deal was intended as a means of rearranging the structure of real estate investments.

In accordance with the new claims handling model for motor vehicle damage, decentralization of compensation service to a new regional service center in Tampere started at the beginning of the year. It is estimated that 35–40 employees will be working there by the end of 2005. It is possible that in the future the new service center will host other head office functions of Tapiola Group as well.

An Internet application for motor vehicle insurance was implemented in May. The online application is used by car retailers, vehicle inspection stations and insurance agents. This will speed up the service and enhance accuracy. The objective was also to gain rationalization benefits.

Insurance

Tapiola General group's premium income increased by 12.7 percent to EUR 407.5 million (EUR 361.7 million). According to the statistics of the Federation of Finnish Insurance Companies, in non-life insurance the cash-based premium income from direct insurance grew by 7.3 percent in January–May, and excluding credit and guarantee insurance the growth was 10.1 percent.

Tapiola General Group's combined ratio excluding unwinding of discount expense was 105.5 percent (100.2%), of which loss ratio accounted for 84.4 percent (78.0%) and expense ratio for 21.1 percent (22.2%).

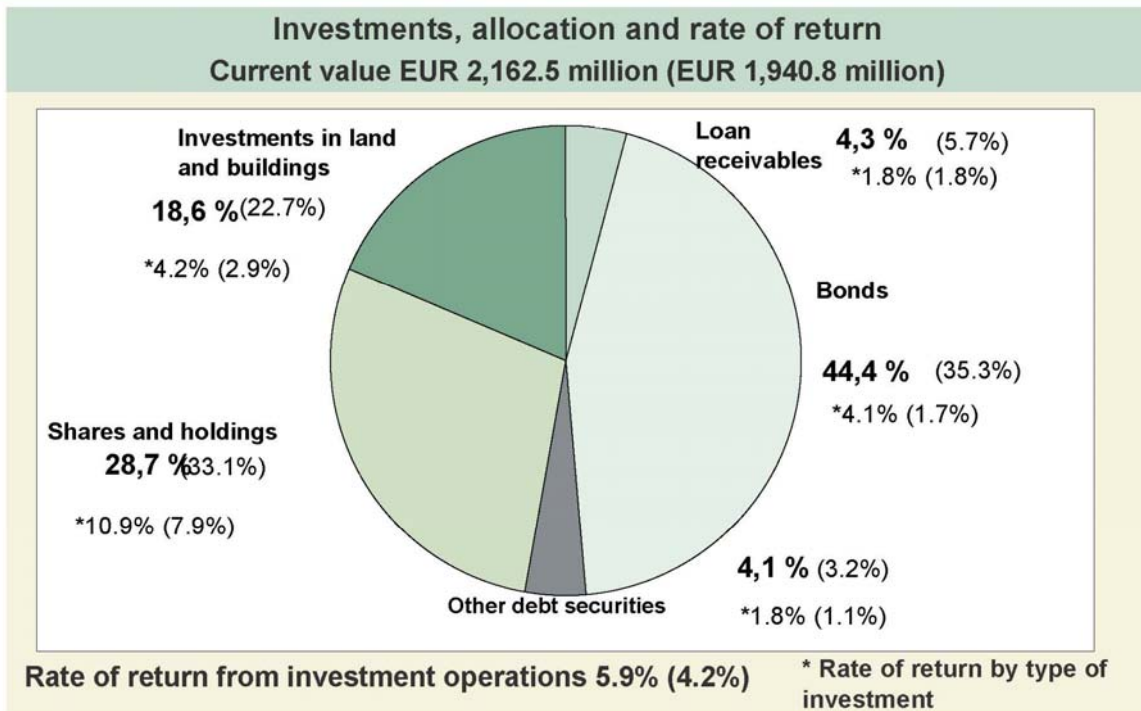
The inflow of private household customers continued at Tapiola General during the first half of the year. The number of private household customers exceeded 724,000 (713,400 12/2004). The number of corporate customers was nearly 30,000 (30,800 12/2004).

In the first half of 2005, the cumulative result on transfers of statutory non-life insurance was favorable for Tapiola General. Measured by premiums written, it was the winner of the transfer rounds with a positive net result of EUR 2.2 million. Tapiola General continued to be the second largest insurer of motor vehicles.

Investments

In the first half of the year, Tapiola General's investment income at current value was 5.9 percent (4.2%). All types of investments yielded higher income than in the corresponding period last year. Investment assets at current value stood at EUR 2,162.5 million (EUR 1,971.2 million 12/2004). Net investment income at current value amounted to EUR 119.9 million (EUR 78.3 million).

Tapiola General



Total operating expenses

Tapiola General Group's total operating expenses before reinsurance commissions and depreciations increased by 4.7 percent to EUR 67.0 million (EUR 63.9 million). Reinsurance commissions paid were EUR 0.9 million higher than during last year's corresponding period, amounting to EUR 4.4 million (EUR 3.6 million). Commissions on reinsurance ceded decreased by EUR 1.5 million, amounting to EUR 2.4 million (EUR 3.8 million). Activity-specific depreciations according to plan remained at last year's level, being EUR 2.7 million.

Solvency

Tapiola General Group's solvency margin at current value was EUR 679.9 million (EUR 617.7 million 12/2004) and solvency capital EUR 1,162.0 million (EUR 1,082.3 million 12/2004). The risk-carrying capacity, a percentage representing the company's solvency, rose to 222.5 percent (221.3% 12/2004).

Company management

The annual general meeting of Tapiola General was held on May 17, 2005. The meeting approved the financial statements for 2004 and elected new members to the supervisory board. The term of a supervisory board member is three years. Supervisory board members Juha Laaksonen, Erkki Lepistö, Pirkko Rantanen-Kervinen, and Jari Sarjo, who were in turn to resign, were re-elected. Director Antti Lemmetyinen from Espoo (Helsinki Deaconess Institute) was elected as a new member.

Tapiola General's supervisory board held its organization meeting on June 14, 2005 and elected the chairman and deputy chairman from among its members. Agricultural Councilor Reino Penttilä from Nurmo was appointed as the chairman, and Director Antti Lemmetyinen from Espoo was appointed as the deputy chairman. Agricultural Councilor Reino Penttilä, chairman of Tapiola General's supervisory board, was appointed as the chairman of the cooperative committee of the supervisory boards. Managing Director Marjut Nordström, the chairman of Tapiola Corporate Life's supervisory board, is the deputy chairman of the cooperative board.

Future prospects

In customer service, the primary development projects in the near future include the gradual nationwide implementation of the new compensation service model and the clearing of insurance and compensation claims handling backlogs in service points with overlong processing times.

As regards financial performance, measures to improve profitability will be continued, particularly in corporate insurance.

Measures to improve efficiency will be continued in the entire Group.

MUTUAL INSURANCE COMPANY TAPIOLA GROUP
PROFIT AND LOSS ACCOUNT

€million

	01-06 2005	01-06 2004	Change	Change %	01-12 2004
Technical account:					
Premiums earned					
Premium income	407.5	361.7	45.8	12.7	528.8
Reinsurers' share	-25.2	-27.2	2.0	-7.4	-23.1
Total premium income	382.3	334.5	47.8	14.3	505.7
Change in provision for unearned premiums	-126.4	-112.5	-13.9	12.3	-20.3
Reinsurers' share	12.0	12.8	-0.8	-6.4	3.7
Total change in provision for unearned premiums	-114.4	-99.7	-14.7	14.8	-16.6
Total premiums earned	267.9	234.9	33.1	14.1	489.1
Claims incurred					
Claims paid	-190.0	-181.8	-8.2	4.5	-367.1
Reinsurers' share	2.4	-3.9	6.4	-162.1	6.3
Total claims paid	-187.5	-185.8	-1.8	1.0	-360.8
Change in provision for outstanding claims	-50.5	-16.4	-34.2	208.4	-68.3
Reinsurers' share	5.8	12.9	-7.2	-55.5	2.7
Total change in provisions for outstanding claims	-44.8	-3.5	-41.3	1193.	-65.6
Total claims incurred	-232.3	-189.2	-43.1	22.8	-426.4
Change in provision for joint guarantee system	-0.3	-0.3	0.0	4.0	-0.6
Net operating expenses	-56.5	-52.1	-4.4	8.5	-106.9
Balance on the technical account before the change in the equalization provision	-21.2	-6.8	-14.5	213.6	-44.8
Change in the equalization provision	-18.0	-36.7	18.8	-51.1	-35.0
Balance on the technical account	-39.2	-43.5	4.3	-9.9	-79.8
Non-technical account:					
Investment income	121.9	127.2	-5.3	-4.2	220.2
Investment charges	-35.6	-39.3	3.7	-9.5	-63.4
Total investment income and charges	86.3	87.8	-1.5	-1.8	156.7
Other income	0.4	0.5	0.0	-1.7	0.9
Other expenses	-4.9	-5.4	0.5	-9.2	-10.4
Share of profits and losses in associated undertakings	0.7	0.1	0.6	751.7	0.0
Direct taxes on ordinary activities	-11.5	-13.6	.21	-15.8	-23.4
Profit/loss on ordinary activities after taxes	31.9	25.9	6.0	23.2	44.0
Profit/loss after extraordinary items	31.9	25.9	6.0	23.2	44.0
Minority interest in the result for the financial period	0.9	1.0	-0.1	-8.6	4.0
Profit/loss for the accounting period	32.8	26.9	5.9	22.0	47.9

**MUTUAL INSURANCE COMPANY TAPIOLA GROUP
BALANCE SHEET**

	€ million				
	June 30, 2005	June 30, 2004	Change	Change %	Dec. 31, 2004
ASSETS					
Intangible assets	34.0	30.3	3.7	12.3	30.1
Investments	1815.1	1638.7	176.4	10.8	1686.3
Debtors	400.0	276.3	123.7	44.8	316.5
Other assets	20.6	23.9	-3.3	-13.8	26.4
Prepayments and accrued income	36.5	28.3	8.2	28.9	25.8
Total assets	2306.2	1997.6	308.7	15.5	2085.0
LIABILITIES					
Capital and reserves					
Initial fund	6.9	6.9	0.0	0.0	6.9
Guarantee capital	1.8	1.8	0.0	0.0	1.8
Other capital and reserves	359.3	311.6	47.8	15.3	311.5
Profit/loss for the period	32.8	26.9	5.9	22.0	47.9
Total capital and reserves	400.8	347.1	53.7	15.5	368.1
Minority interest	21.7	20.7	1.0	4.9	22.2
Technical provisions	1613.2	1458.1	155.2	10.6	1435.8
Deposits received from reinsurers	0.1	0.0	0.1	603.4	0.0
Loans	4.0	9.5	-5.5	-57.8	5.9
Other creditors	246.9	147.5	99.3	67.3	228.0
Accruals and deferred income	19.5	14.7	4.8	33.0	25.0
Total liabilities	2306.2	1997.6	308.7	15.5	2085.0

TAPIOLA GENERAL MUTUAL INSURANCE COMPANY GROUP
OTHER NOTES
**PERFORMANCE ANALYSIS
€ million**

	01-06 2005	01-06 2004	Change	Change %	01-12 2004
Premiums earned	267.9	234.9	33.1	14.1	489.1
Claims incurred	-232.3	-189.2	-43.1	22.8	-426.4
Operating expenses	-56.5	-52.1	-4.4	8.5	-106.9
Change in provision for joint guarantee system	-0.3	-0.3	0.0	4.0	-0.6
Other technical income and expenses	0.0	0.0	0.0	-	0.0
Balance on technical account before the change in the equalization provision	-21.2	-6.8	-14.5	213.6	-44.8
Investment income and charges, revaluations and revaluation adjustments	86.3	87.8	-1.5	-1.8	156.7
Other income and expenses	-4.4	-4.9	0.5	-9.9	-9.5
Share of profits and losses in associated undertakings	0.7	0.1	0.6	751.7	0.0
Operating profit	61.3	76.2	-14.9	-19.5	102.4
Change in equalization provision	-18.0	-36.7	18.8	-51.1	-35.0
Profit/loss before extraordinary items	43.4	39.5	3.9	9.8	67.4
Profit/loss before appropriations and taxes	43.4	39.5	3.9	9.8	67.4
Income taxes and other direct taxes	-11.5	-13.6	2.1	-15.6	-23.4
Minority interests	0.9	1.0	-0.1	-8.6	4.0
Profit/loss for the accounting period	32.8	26.9	5.9	22.0	47.9
Overall result	92.4	63.6	28.8	45.4	101.8

MUTUAL INSURANCE COMPANY TAPIOLA GROUP - KEY FIGURES JUNE 30, 2005 BIENNIAL REPORT
NOTES
GENERAL INDICATORS ON FINANCIAL DEVELOPMENT

		01-06 2005	01-06 2004	Change 2005/2004	Change %	01-12 2004
Turnover	€ million	367.8	337.5	30.3	9.0	666.2
Operating profit/loss and its percentage of turnover	€ million %	61.3 16.7	76.2 22.6	-14.9	-19.5	102.4 15.4
Overall result	€ million	92.4	63.9	28.5	44.5	101.8
Profit or loss before extraordinary items and its percentage of turnover	€ million %	43.4 11.8	39.5 11.7	3.9	9.8	67.4 10.1
Profit or loss before appropriations and taxes and its percentage of turnover	€ million %	43.4 11.8	39.5 11.7	3.9	9.8	67.4 10.1
Solvency ratio *	%	28.0	27.3			28.0
INDICATORS ON THE FINANCIAL DEVELOPMENT OF NON-LIFE INSURANCE						
Premiums written	€ million	407.5	361.7	45.8	12.7	528.8
Loss ratio as a percentage	%	86.7	80.6			87.2
Expense ratio as a percentage	%	21.1	22.2			21.9
Combined ratio as a percentage	%	107.8	102.8			109.0
Loss ratio excluding unwinding of discount expense	%	84.4	78.0			84.7
Expense ratio	%	21.1	22.2			21.9
Combined ratio excluding unwinding of discount expense	%	105.5	100.2			106.6
Risk ratio as a percentage	%	79.5	78.0			79.1
Cost ratio as a percentage	%	26.0	22.2			27.5
Combined ratio excluding unwinding of discount expense	%	105.5	100.2			106.6
Solvency margin	€ million	679.9	570.5	109.4	19.2	617.7
Equalization provision	€ million	460.4	444.1	16.3	3.7	442.4
Minority interest	€ million	21.7	20.7	1.0	4.9	22.2
Solvency capital *	€ million	1162.0	1035.3	126.7	12.2	1082.3
Solvency capital as a percentage of technical provisions *	%	100.8	102.1			109.0
Risk-carrying capacity as a percentage	%	222.5	231.9			221.3
Number of personnel allocated to the companies in proportion to salaries		2307 1647	2120 1498	187 149	8.8 9.9	2167 1530

TAPIOLA GENERAL MUTUAL INSURANCE COMPANY
OTHER NOTES

Net investment income at current value January 1 – June 30, 2005

	Net investment income at current value 1) 1-6/2005 € million	Capital employed 2) 1-6/2005 € million	Return % on capital employed		
			1-6/2005 %	1-6/2004 %	1-12/2004 %
Loans 3)	1.3	69.7	1.8	1.8	3.1
Bonds incl. fixed-income funds	36.2 37.2	875.4 925.9	4.1 4.0	1.7 1.6	6.4 6.4
Other debt securities and deposits	1.6	90.3	1.8	1.1	2.2
Shares and holdings excl. fixed-income funds	64.6 63.5	589.8 539.3	10.9 11.8	7.9 8.6	13.8 13.8
Investments in land and buildings 3)	17.0	404.3	4.2	2.9	6.2
Investments, total	120.7	2029.4	5.9	4.0	8.3
Unallocated return, costs and operating	-0.7				
Net investment income at current value	119.9	2029.4	5.9	4.2	8.5

1) Net investment income at current value =

Change in market values at the end and beginning of the reporting period – cash flows during the period.

Cash flow refers to the difference between purchases/expenses and sales/income.

2) Capital employed = Market value at the beginning of the period + monthly time-weighted cash flows.

3) All loans to own property are included in investments in land and buildings in this account.

Investment allocation (at current value)

	30.6.2005		30.6.2004		31.12.2004	
	€ million	%	€ million	%	€ million	%
Loans, other receivables 1) 2)	92.0	4.3	110.5	5.7		
Bonds 1) incl. fixed-income funds	960.0 1011.1	44.4 46.8	684.6 732.8	35.3 37.8	764.9 812.9	
Other debt securities and deposits 1)	88.9	4.1	61.5	3.2	73.2	
Shares and holdings excl. fixed-income funds	620.2 569.1	428.7 26.3	643.0 594.8	33.1 30.6	610.0 561.9	
Investments in land and buildings 2)	401.3	18.6	441.2	22.7	446.0	
Investments, total	2 162.5	100.0	1 940.8	100	1971.2	

	30.6.2005	30.6.2004	31.12.2004
Bonds, modified duration	5.0	4.4	4.3

1) Accrued interest included

2) All loans to own property are included in investments in land and buildings in this account.

STATUTORY PENSION INSURANCE
KEY FIGURES

		1-6/2005	1-6/2004	Change %	1-12/2004
Premiums	€ million	589.5	530.3	11.2	1067.8
Investment income at current value, %	%	5.3	2.7	2.6	7.2
Operating expenses, % of loading profit	%	73.6	80.0	-6.4	74.7
Total result	€ million	195.1	53.1	267.4	228.1
		6/2005	12/2004		6/2004
Solvency margin	€ million	1249.9	1047.0	19.4	917.6
Solvency margin, % of technical provisions	%	23.6	20.7	2.9	18.9
Solvency margin in relation to solvency limit		2.9	2.8	0.1	2.6

The overall result of Tapiola Mutual Pension Insurance Company (Tapiola Pension) was EUR 195.1 million (EUR 53.1 million). Tapiola Pension's six-month investment income was 5.3 percent (2.7%). Solvency remained strong, and the solvency margin was 2.9 times (2.8 times 12/2004) the solvency limit.

Development of operations

Development efforts are still focused on the upgrading of the IT systems, and the work will continue in the coming years as well.

The development of operations will concentrate on managing the second phase of the pension reform at the turn of the year. The work is carried out within the framework of the IT cooperation agreement between Tapiola Pension and Etera Mutual Pension Insurance Company. Tapiola Pension will implement Etera's pension calculation system, and correspondingly Etera will implement Tapiola Pension's pension payment system. Both systems must be upgraded to comply with the changing legislation.

Tapiola Pension and Tapiola Data continue their project to make the joint earnings system of pension institutions compatible with Tapiola Pension's other systems. The alteration work affects the IT systems and functions of the insurance, claims handling, and network businesses. The project is intended to continue till autumn 2007.

The alteration work necessitated by the reform of employee pension acts progressed as planned. This was the largest project in Tapiola Pension's history, requiring approximately 28 person-years of work.

Insurance

Tapiola Pension's premium income increased by 11.3 percent to EUR 588.5 million (EUR 528.6 million). Premium income from basic TEL insurance policies grew by 12.1 percent to EUR 515.1 million (EUR 459.6 million). Premiums written for minimum YEL coverage increased by 8.2 percent to EUR 72.0 million (EUR 66.6 million).

The result of Tapiola Pension's three first transfer rounds of TEL insurance policies (the difference between new pension insurance policies transferred to the company and insurance policies transferred

from the company) was negative by EUR 3.7 million, measured by premiums written. As for Self-Employed Persons' Pensions Act (YEL) policies, Tapiola Pension's net result was 447 new policies, which was again the second best result in the industry.

At the end of the review period, Tapiola Pension had a total of 107,182 pensioners (105,211 pensioners 12/2004).

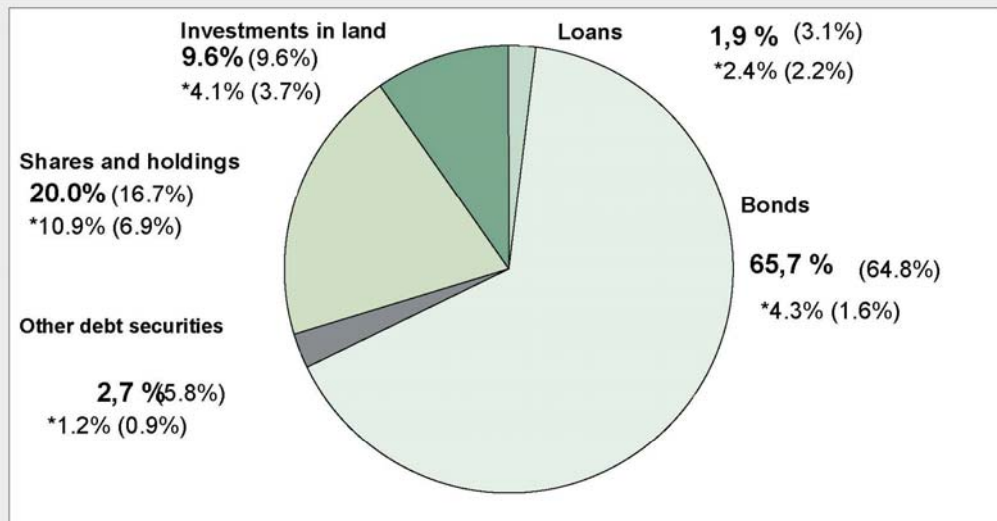
In the first quarter of the year, Tapiola Pension's claims expenditure totaled EUR 465.7 million (EUR 445.3 million).

Investments

Tapiola Pension's return on investment at current value during the first half of 2005 was 5.3 percent (2.7%). All investment instruments yielded higher income than in the corresponding period last year. Investment assets at current value stood at EUR 6,537.4 million (EUR 6,026.7 million 12/2004). Net investment income at current value was EUR 328.0 million (EUR 150.9 million).

Tapiola Pension

Investments, allocation and rate of return
Current value EUR 6,537.4 million (EUR 5,808.5 million)



Rate of return from investment operations 5.3% (2.7%) * Rate of return by type of investment

Total operating expenses

Total operating expenses amounted to EUR 18.7 million (EUR 18.5 million), an increase of 1.3 percent from the previous year.

A premium includes a so-called expense loading to cover operating expenses. Operating expenses were EUR 6.1 million (EUR 4.3 million) less than the expense loading income and accounted for 73.6% (80.0 %) of the loading income.

Solvency

The company's solvency margin amounted to EUR 1,249.9 million (EUR 1,047.0 million 12/2004), which was 23.6 percent (20.7% 12/2004) of technical provisions less those items determined in a decree on the calculation of an employee pension insurance company's solvency limit. The company's solvency limit, determined on the basis of the investment allocation, was 8.1 percent (7.5% 12/2004) of the abovementioned technical provisions, which means that the company's solvency is 2.9 times (2.8 times 12/2004) the required amount.

Company management

The annual general meeting of Tapiola Pension was held on May 17, 2005. The meeting approved the financial statements for 2004 and elected new members to the supervisory board. The term of a supervisory board member is three years. At least half of the members on the pension insurance company's supervisory board represent labor market organizations. Tapiola Pension's supervisory board members Kaarlo Julkunen, Vesa Jussila, Leo Laukkanen, Risto Pieviläinen, and Olavi Viljanmaa, who were in turn to resign, were re-elected. Managing Director Taavi Heikkilä from Lahti (Hämeenmaa Cooperative Society), Managing Director Harri Koponen from Naantali (Turku Cooperative Society), Juha Marttila, Ph.D. (Agr. For.), from Simo, Managing Director Eija Orpana from Helsinki (Finnish Student Health Service), and Negotiation Manager Markku Palokangas from Vantaa (Union of Salaried Employees TU) were appointed as new members.

Tapiola Pension's supervisory board held its organization meeting on June 14, 2005 and elected the chairman and deputy chairman from among its members. Honorary Mining Councilor Antti Oksanen from Espoo was appointed as the chairman, and Olavi Viljanmaa from Jalasjärvi, chairman of the board of directors, was appointed as the deputy chairman. Agricultural Councilor Reino Penttilä, the chairman of Tapiola General's supervisory board, was appointed as the chairman of the supervisory boards' cooperative committee. Managing Director Marjut Nordström, the chairman of Tapiola Corporate Life's supervisory board, is the deputy chairman of the cooperative board.

In its meeting held on June 13, 2005, the board of directors of Tapiola Mutual Pension Insurance Company decided to appoint Keijo Kouvonen, M.Sc, as the acting managing director and the deputy managing director following the retirement of Tapiola Pension's current managing director Kurt Lagerbohm on October 1, 2005.

Future prospects

The pension reform requires changes in the IT systems and business practices, which translate into a great amount of work for the organization both this year and next. The reform also enables a considerable increase in the number of pension applications, which will further add to the workload. In this challenging situation, the company continues to pay particular attention to the personnel's competence and coping at work, as well as to developing managerial skills by applying the updated personnel policy.

The Ministry of Social Affairs and Health confirmed on December 8, 2004 the level of the TEL technical interest rate at 4.75 percent as of January 1, 2005. The technical interest rate as defined in the Employees' Pensions Act was raised to 5.5 percent as of July 1, 2005 by the decision of the Ministry of Social Affairs and Health dated June 15, 2005.

TAPIOLA MUTUAL PENSION INSURANCE COMPANY
PROFIT AND LOSS ACCOUNT
€million

	01-06 2005	01-06 2004	Change	Change %	01-12 2004
Technical account:					
Premium income	588.5	528.6	59.9	11.3	1061.4
Investment income	204.1	219.5	-15.4	-7.0	388.3
Investment revaluations	.	.	.	.	.
Claims incurred	.	.	.	.	.
Claims paid	-489.0	-448.5	-20.5	4.6	-891.8
Change in provisions for outstanding claims	.	.	.	.	.
Total change	-74.9	-77.1	2.2	101.8	-158.2
Portfolio transfer	-0.0	2.1	-2.1	-102.0	2.1
Total change in provisions for outstanding claims	-75.0	-75.1	0.1	-0.1	-156.2
Total claims incurred	-544.0	-523.6	-20.4	3.9	-1047.8
Change in provision for unearned premiums					
Total change	-165.5	-160.5	-5.1	97.8	-281.4
Portfolio transfer	0.1	1.1	-1.0	-94.0	3.9
Total change in provision for unearned premiums	-165.5	-169.5	-6.1	3.8	-277.5
Change in uncovered liabilities	.	.	.	.	.
Statutory charges	-2.6	-2.8	-0.0	0.4	-5.2
Operating expenses	-14.2	-14.3	0.1	-0.6	-27.1
Investment charges	-65.4	-44.9	-20.4	45.5	-86.9
Revaluation adjustments on investments	.	.	.	.	.
Other technical expenses	.	.	.	.	.
Balance on the technical account	0.8	3.1	-2.3	-73.1	5.3
Non-technical account					
Other income	0.1	0.0	0.1	946.7	0.1
Other expenses	-0.0	-0.2	0.1	-75.1	-0.6
Direct taxes on ordinary activities	.	-2.2	2.2	.	-3.2
Profit/loss on ordinary activities after taxes	0.9	0.8	0.1	13.5	1.5
Profit/loss after extraordinary items	0.9	0.8	0.1	13.5	1.5
Appropriations	.	.	.	.	.
Change in depreciation difference	.	.	.	.	.
Change in optional reserves	.	.	.	.	.
Total appropriations	.	.	.	.	.
Profit/loss for the financial period	0.9	0.8	0.1	13.5	1.5

TAPIOLA MUTUAL PENSION INSURANCE COMPANY
BALANCE SHEET

€ million

	6 2005	6 2004	Change	12 2004
ASSETS				
Intangible assets	4.0	3.9	0.1	3.9
Investments	5.848,2	5.449,0	399.2	5.538,7
Debtors	71.1	89.8	-18.7	70.7
Other assets	11.7	4.2	7.5	4.8
Prepayments and accrued income	168.7	145.2	23.5	160.6
Total assets	6.103,6	5.692,1	411.6	5.778,6

	6 2005	6 2004	Change	12 2004
LIABILITIES				
Capital and reserves				
Initial fund	0.8	0.8	0.0	0.8
Guarantee capital	0.8	0.8	0.0	0.8
Other capital and reserves	40.7	39.2	1.5	39.2
Profit/loss for the period	0.9	0.8	0.1	1.5
Total capital and reserves	43.3	41.6	1.7	42.4
Accumulated appropriations	0.0	-	0.0	0.0
Technical provisions	5.942,1	5.499,7	442.5	5.701,6
Other creditors	41.5	48.7	-7.2	26.6
Accruals and deferred income	76.8	102.1	-25.4	8.0
Total liabilities	6.103,6	5.692,1	411.6	5.778,6

MUTUAL INSURANCE COMPANY TAPIOLA GROUP
OTHER NOTES

Key figures:	Jan. 1 – June 30, 2005	Jan. 1 – June 30, 2004	Jan. 1 – Dec. 31, 2004
Premiums written, € million	589.50	530.00	1 067.80
Net investment income at current value, € million	328.00	150.90	404.70
return on capital employed, %	5.3 %	2.7%	7.2%
	June 30, 2005	June 30, 2005	June 30, 2005
Technical reserves, € million	5 942.10	5 499.70	5 701.60
Solvency margin, € million	1 249.90	917.60	1 047.00
% of technical reserves 1)	23.6 %	18.9 %	20.7 %
in proportion to solvency limit	2.9	2.6	2.8
Pension funds, € million 2)	8 527.80	5 771.50	8 100.40
Estimated total payroll under TEL, € million 3)	4 695.00	4 324.80	4 363.20
Estimated reported income under YEL, € million 3)	721.20	660.40	645.30

1) Calculated as % of technical reserves used for the calculation of solvency limit

2) Technical reserves + difference between current and book value

3) Estimated full-year payroll and earned income of the insured

**MUTUAL INSURANCE COMPANY TAPIOLA GROUP
OTHER NOTES**

Key figures:

PERFORMANCE ANALYSIS	Jan. 1 – June 30, 2005 € million	Jan. 1 – June 30, 2004 € million	Jan. 1 – Dec. 31, 2004 € million
Sources of surplus			
Underwriting business result	- 8.6	8.7	39.9
Investment income at current value	197.6	40.0	177.1
Net investment income at current value + other interest items ¹⁾	327.0	150.8	399.1
Required rate of return on technical provisions	- 129.4	- 110.8	- 222.0
Loading profit	6.1	4.3	11.1
Total surplus	195.1	53.1	228.1

Use of surplus			
Change in solvency	195.1	53.1	212.1
Equalization provision	-8.6	8.7	39.4
Solvency margin	203.8	44.4	172.7
Change in unallocated insurance reserve	13.7	67.3	67.9
Change in valuation differences	189.2	- 23.7	103.3
Change in appropriations	0.0	0.0	0.0
Profit for the accounting period	0.9	0.0	1.5
Transfer to client bonuses	0.0	0.0	16.0
Total	195.1	53.1	228.1

Supplementation of allocated profit reserve made in 2002 to be amortized stood at €0.

¹⁾ Includes for example those interest items of investments that are not entered under investment income.

SOLVENCY

Solvency margin and limits

(% of technical provisions used in solvency limit calculation)	June 30, 2005 %	June 30, 2005 %	June 30, 2005 %
Solvency limit	8.1	7.3	7.5
Lower limit of the target zone	16.2	14.6	14.9
Upper limit of the target zone	32.3	29.2	29.8
Solvency margin	23.6	18.9	20.7
– solvency margin included in the balance sheet	12.5	13.3	12.9
– difference between current and book value and other items not included in the balance sheet	11.1	5.6	7.5

LOADING PROFIT

	Jan. 1 – June 30, 2005 € m	Jan. 1 – June 30, 2005 € m	Jan. 1 – June 30, 2005 € m
Expense loading income	23.0	21.3	43.4
Activity-specific operating expenses ¹⁾	- 17.1	- 17.1	- 32.2
Other income	0.3	0.3	0.6
Other expenses	0.0	- 0.2	- 0.6
Loading profit	6.1	4.3	11.1
Operating expenses % of loading profit	73.6 %	80.0 %	74.7 %

¹⁾ Excluding operating expenses from investments and working capacity maintenance

MUTUAL INSURANCE COMPANY TAPIOLA GROUP
OTHER NOTES

Net investment income at current value January 1 – June 30, 2005

	Net investment income at current value 1) 1-6/2005 € million	Capital employed 2) 1-6/2005 € million	Return % on capital employed		
			1-6/2005 %	1-6/2004 %	1-12/2004 %
Loans 3)	3.2	134.9	2.4	2.2	4.6
Bonds	176.9	4.145.8	4.3	1.6	6.3
incl. fixed-income funds	178.0	4237.7	4.2	1.6	6.3
Other debt securities and deposits	2.1	182.1	1.2	0.9	2.2
Shares and holdings	120.8	1103.3	10.9	6.9	13.5
excl. fixed-income funds	119.7	1011.5	11.8	7.6	14.0
Investments in land and buildings 3)	24.4	602.5	4.1	3.7	5.5
Investments, total	327.5	6168.7	5.3	2.7	7.2
Unallocated return, costs and operating expenses	0.5				
Net investment income at current value	328.0	6168.7	5.3	2.7	7.2

1) Net investment income at current value = Change in market values at the end and beginning of the reporting period – cash flows during the period. Cash flow refers to the difference between purchases/expenses and sales/income.

2) Capital employed = Market value at the beginning of the period + daily/monthly time-weighted cash flows.

3) All loans to own property are included in investments in land and buildings in this account.

Investment allocation (at current value)

	June 30, 2005		June 30, 2005		June 30, 2005	
	€ million	%	€ million	%	€ million	%
Loans 1) 2)	126.7	1.9	178.1	3.1	143.7	2.4
Bonds 1)	4297.7	65.7	3762.3	64.8	4038.0	67.0
incl. fixed-income funds	4389.6	67.1	3762.3	64.8	4127.5	68.5
Other debt securities and deposits 1)	178.4	2.7	338.5	5.8	175.8	2.9
Shares and holdings	1308.4	20.0	971.2	16.7	1059.9	17.6
excl. fixed-income funds	1216.5	18.6	971.2	16.7	970.3	16.1
Investments in land and buildings 2)	628.2	9.6	558.5	9.6	609.2	10.1
Investments, total	6537.4	100.0	5808.5	100.0	6026.7	100.0

	30.6.2005	30.6.2004	31.12.2004
Bonds, modified duration	5.1	4.3	4.6

1) Accrued interest included

2) All loans to own property are included in investments in land and buildings in this account.

LIFE INSURANCE
KEY FIGURES

		Parent company				Subsidiary			
		1-6/2005	1-6/2004	Change %	1-12/2004	1-6/2005	1-6/2004	Change %	1-12/2004
Premiums written	€ million	62.4	73.1	-14.6	157.7	96.9	88.4	9.6	208.1
Investment income at current value, %	%								
Parent company		5.5	3.1	2.4	7.8				
Subsidiary						5.1	3.2	1.9	7.1
Expense ratio, % of total expense loadings	%	101.3	115.5	-14.2	104.5	105.7	119.3	-13.6	112.0
Expense ratio, % of balance sheet total	%	1.6	1.7	-0.1	1.7	1.5	1.5	0.0	1.5
Operating profit	€ million	23.8	30.8	-22.7	48.6	34.4	36.8	-6.5	63.0
Total result	€ million	54.1	25.2	114.8	72.8	76.3	30.1	153.3	107.4
		6/2005	12/2004		6/2004	6/2005	12/2004		6/2004
Solvency capital	€ million	293.2	244.6	19.9	207.6	421.9	360.9	16.9	291.2
Solvency ratio, % of technical provisions	%	20.7	17.4	3.3	15.1	20.6	17.9	2.7	14.7

The overall result of Tapiola Mutual Life Assurance Company, i.e., operating profit and the change in the difference between current and book value of investments, totaled EUR 76.3 million (EUR 30.1 million). Operating profit accounted for EUR 34.4 million (EUR 36.8 million) of the result. Tapiola Life group's premium income increased by 9.6 percent to EUR 96.9 million (EUR 88.4 million).

The return on capital employed at current value achieved by the parent company Tapiola Life in its investment operations of six months was 5.5 percent (3.1%). The corresponding return achieved by the subsidiary Tapiola Corporate Life Insurance amounted to 5.1 percent (3.2%).

In recent years, bringing the expenses on par with the total expense loadings has been one of the central goals of the company and its subsidiary Tapiola Corporate Life Insurance Ltd. The measures taken have halted the unfavorable trend of the costs, which can be seen in the decrease of the Group's expense ratio to 105.7 percent (119.3 %). The Group's solvency capital totaled EUR 421.9 million (EUR 360.9 million 12/2004), and the solvency ratio (i.e., solvency capital in relation to technical provisions) rose to 20.6 percent (17.9 % 12/2004).

Development of operations

On January 3, 2005, VVO Group and Tapiola's life assurance companies concluded a deal on interest-subsidized rental apartments. Hence the property sold to VVO will be used as rental apartments in the

future as well. The deal was intended as a means of rearranging the structure of real estate investments.

Phase one of the new compensation system was implemented early in the year. The implementation of the first phase will help life assurance companies speed up considerably the compensation processes related to insurance savings.

New risk life insurance products were launched at the beginning of May. Severe illness insurance is the innovation that is most visible to the public. Tapiola's severe illness insurance is unique in the market, as instead of restricting the range of illnesses to a list of specified diagnoses, any illness causing considerable costs to the customer is regarded as a severe illness. Our customers have greeted the new products even more enthusiastically than expected.

In November 2004, Tapiola Corporate Life introduced a new group pension insurance product. The timing was excellent, as owing to external reasons, the market received a forceful growth impulse.

At the beginning of December 2004, Tapiola Corporate Life introduced a new unit-linked group pension insurance product, and its marketing has started. The product is intended as an instrument for rewarding the personnel of our customer companies. It is the most versatile product in the market for this purpose. The product is selling well; the number of offers made has nearly tripled compared with the previous year.

Insurance

Tapiola Life group's premium income increased by 9.6 percent to EUR 96.9 million (EUR 88.4 million). According to the statistics of the Federation of Finnish Insurance Companies, the premium income in the entire insurance industry grew by 8.3 percent during the first half of the year. However, in the first half of the year the industry's premium income includes the dissolving of exceptionally many pension funds.

The operation of the Employees' Group Life Insurance Pool changed on January 1, 2005, and in this connection, Tapiola Life decided to end its membership in the pool. It was freed from the liability accrued during the membership by paying the assets covering the liability to the pool. Tapiola Corporate Life continued its membership in the pool, and its share of membership increased considerably.

Tapiola Life Group's claims paid decreased by 9.3 percent to EUR 106.2 million (EUR 117.1 million). Repayments of benefits amounted to EUR 46.3 million (EUR 66.3 million), a decrease of 30.1 percent from the previous year. Surrenders amounted to EUR 11.6 million (EUR 9.7 million). Pensions paid totaled EUR 30.4 million (EUR 28.2 million). The amount of risk compensations paid increased by 34.9 percent from the previous year, totaling EUR 15.6 million (EUR 11.6 million). Claims management expenses were EUR 2.6 million (EUR 1.9 million).

Technical provisions and bonuses and rebates

The amount of Tapiola Life group's calculated interest technical provisions at the end of the financial period was EUR 2,046.0 million (EUR 2,023.4 million 12/2004). The average return requirement on technical provisions in the form of an interest rate is 3.9 percent. The amount of technical provisions on unit-linked insurances was EUR 241.5 million (EUR 209.7 million 12/2004).

A total of EUR 8.1 million (EUR 8.7 million) was reserved for customer benefits from Tapiola Life Group's result at the end of the review period. EUR 0.6 million were released from the reserve for additional future benefits (was increased by EUR 28.1 million). Tapiola Life Group has reserved a total of EUR 54.8 million (EUR 53.2 million 12/2004) for the liability of future additional benefits.

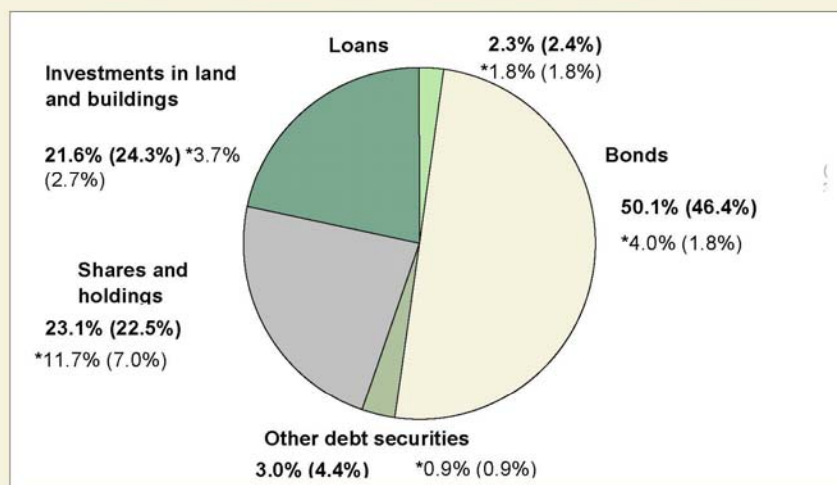
Investments

In the parent company Tapiola Life, the net return on investment at current value for the first half of the year was 5.5 percent (3.1%). All types of investments yielded higher income than in the corresponding

period last year. Investment assets at current value stood at EUR 1,669.0 million (EUR 1,611.8 million 12/2004). Net investment income at current value stood at EUR 88.4 million (EUR 46.6 million).

Tapiola Life, parent company

Investments, allocation and rate of return
Current value EUR 1,669.0 million (EUR 1,559.7 million)



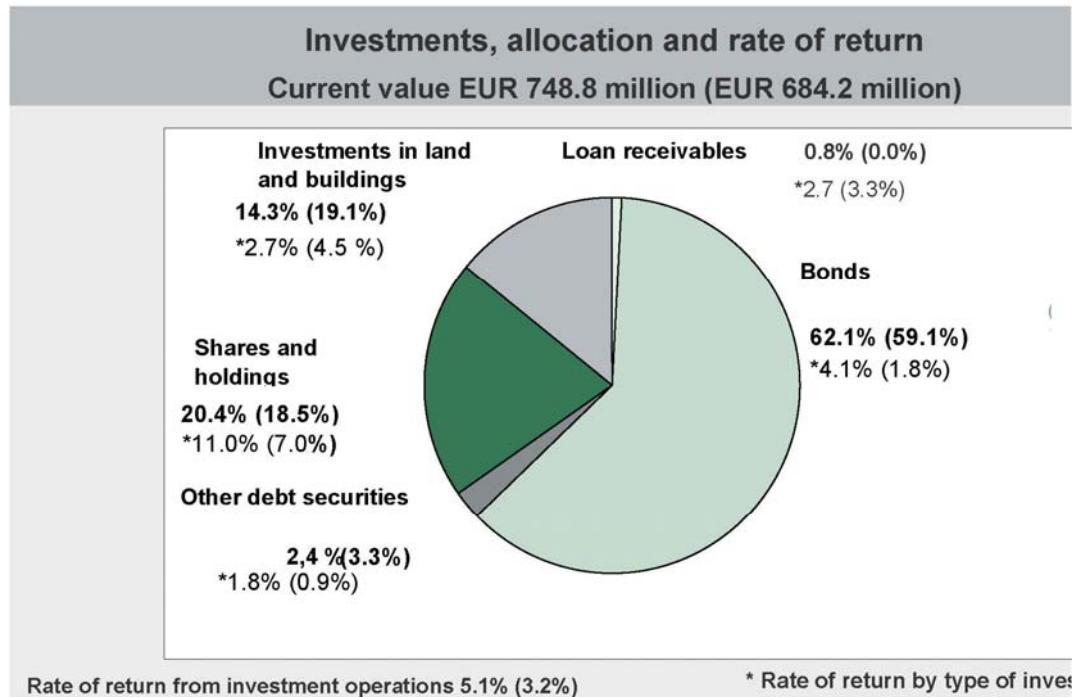
Rate of return from investment operations 5.5% (3.1%)

* Rate of return by type of investment

In the subsidiary Tapiola Corporate Life, the net return on investment at current value for the first half of the year was 5.1 percent (3.2%). The return on interest and equity investments was higher than in the corresponding period last year. Investment assets at current value stood at EUR 748.8 million (EUR 705.1 million 12/2004). Net investment income at current value was EUR 36.5 million (EUR 21.7 million).

million).

Tapiola Corporate Life, parent company



Total operating expenses

Tapiola Life Group's total operating expenses increased by 3.9 percent to EUR 17.8 million (EUR 17.1 million). Operating expenses as stated in the profit and loss account decreased by 2.3 percent to EUR 12.4 million (EUR 12.7 million). Expense ratio proportioned to total expense loadings decreased to 105.7 percent (119.3%).

Solvency

Tapiola Life Group's solvency capital totaled EUR 421.9 million (EUR 360.9 million 12/2004), and the solvency ratio was 20.6 percent (17.9% 12/2004).

Company management

The annual general meeting of Tapiola Life was held on May 17, 2005. The meeting approved the financial statements for 2004 and elected new members to the supervisory board. The term of a supervisory board member is three years. Tapiola Life's supervisory board members Seppo Aaltonen, Vesa Ekroos, Jouko Havunen, Merja Lehtonen, Risto Nieminen, and Jouko Setälä, who were in turn to resign, were re-elected. Managing Director Kimmo Simberg from Seinäjoki (Etelä-Pohjanmaa Cooperative Society) was elected as a new member. Tapiola Life's supervisory board held its

organization meeting on June 14, 2005 and appointed the chairman and deputy chairman from among its members. Jouko Havunen, Lic.Sc. (Econ.), from Laihia was elected as the chairman, and Operations Manager Pirkko Ruuskanen-Parrukoski from Helsinki was elected as the deputy chairman.

The annual general meeting of Tapiola Corporate Life was held on May 17, 2005. The meeting approved the financial statements for 2004 and elected new members to the supervisory board. The term of a supervisory board member is three years. Tapiola Corporate Life's supervisory board members Jari Bachmann, Joel Nemes, and Jukka Salminen, who were in turn to resign, were reappointed. Commercial Councilor Kari Hautanen from Hyvinkää (Tarjousmaxi Oy) was elected as a new member. Tapiola Corporate Life's supervisory board held its organization meeting on June 14, 2005 and appointed the chairman and deputy chairman from among its members. Managing Director Marjut Nordström from Asikkala was elected as the chairman, and Provincial Councilor Antero Taanila from Kokkola was elected as the deputy chairman.

Agricultural Councilor Reino Penttilä, the chairman of Tapiola General's supervisory board, was appointed as the chairman of the supervisory boards' cooperative committee. Managing Director Marjut Nordström, the chairman of Tapiola Corporate Life's supervisory board, is the deputy chairman of the cooperative board.

Future prospects

Customers are showing rapidly increasing interest in self-initiated saving and other services promoting personal welfare. A life assurance company can offer them solutions that are complementary to the services provided by society. Constructive dialogue with various representatives of society is required in order to develop an optimal assortment of products to satisfy the customers' needs.

Tapiola Life's new risk life insurance products direct Tapiola Life's operation increasingly toward the supplementation of social security. In the future our product development will focus on these services even more strongly.

In companies the nature of business is becoming more person-intensive, which creates demand for various services that promote the personnel's motivation and coping at work. Tapiola Corporate Life is in a unique position, as it can offer the customer the combined services of a life assurance, pension insurance, and non-life insurance company, efficiently via one contact person. Continued development of this combination of services and products constitutes one of our primary development projects in the near future.

TAPIOLA MUTUAL LIFE ASSURANCE COMPANY GROUP
PROFIT AND LOSS ACCOUNT
€million

	01-06 2005	01-06 2004	Change	Change %	01-12 2004
Technical account:					
Premium income	.	.	.	.	.
Premium income	96.9	88.4	8.4	9.6	208.1
Reinsurers' share	2.3	-0.6	2.9	-516.0	-3.0
Total premium income	99.2	87.9	11.3	12.9	205.1
Investment income	111.4	110.0	1.4	1.3	199.5
Revaluations on investments	16.5	7.5	9.0	119.3	4.6
Claims incurred	.	.	.	.	.
Claims paid	-106.2	-117.1	10.9	-9.3	-183.5
Reinsurers' share	0.7	0.3	0.3	99.8	3.4
Total claims paid	-105.5	-116.7	11.2	-9.6	-180.1
Change in provisions for outstanding claims	-14.8	-13.2	-1.7	12.9	-18.8
Reinsurers' share	-0.4	0.0	-0.5	1 309.8	0.0
Total change in provisions for outstanding claims	-15.3	-13.1	-2.2	16.6	-18.8
Total claims incurred	-120.8	-129.9	9.0	-6.9	-198.9
Change in provision for unearned premiums	.	.	.	.	.
Change in provision for unearned premiums	-37.1	-26.6	-10.5	39.6	-85.5
Reinsurers' share	-2.8	-0.1	-2.6	2 322.2	-0.4
Total change in provision for unearned premiums	-39.9	-26.7	-13.2	49.4	-85.9
Net operating expenses	-12.4	-12.7	0.3	-2.3	-24.9
Investment charges	-28.7	-35.9	7.2	-20.1	-63.8
Revaluation adjustments on investments	-0.1	0.0	-0.1	.	-0.8
Balance on the technical account	25.3	0.3	25.0	9 225.3	34.8
Non-technical account:	.	.	.	.	.
Other income	1.4	1.2	0.3	22.4	2.4
Other expenses	-1.4	-1.4	0.0	-1.1	-2.9
Share of profits and losses in associated undertakings	0.3	-0.9	1.2	-129.2	-2.0
Direct taxes on ordinary activities	-4.4	-0.6	-3.8	626.4	-10.5
Profit/loss on ordinary activities after taxes	21.1	-1.5	22.6	-1 509.2	21.8
Profit/loss after extraordinary items	21.1	-1.5	22.6	1 509.2	21.8
Minority interest in the result for the financial period	0.0	0.1	-0.1	-121.3	1.0
Profit/loss for the accounting period	21.1	-1.4	22.5	-1599.6	22.8

TAPIOLA MUTUAL LIFE ASSURANCE COMPANY GROUP
BALANCE SHEET

	€ million				
	June 30, 2005	June 30, 2004	Change	Change %	Dec. 31, 2004
ASSETS					
Intangible assets	9.1	9.5	-0.3	-3.3	9.3
Investments	2077.1	1996.3	80.8	4.0	2026.2
Investments used as guarantee funds for unit-linked insurances	244.7	189.5	55.2	29.1	215.7
Debtors	15.1	5.1	10.0	195.8	15.3
Other assets	1.9	2.8	-0.9	-32.8	8.4
Prepayments and accrued income	33.9	34.3	-0.4	-1.3	31.2
Total assets	2381.7	2237.4	144.3	6.4	2306.2
LIABILITIES					
Capital and reserves					
Initial fund	4.5	4.5	0.0	0.0	4.5
Guarantee capital	2.0	2.0	0.0	0.0	2.0
Other capital and reserves	18.3	-4.6	22.9	-493.6	-3.3
Profit/loss for the period	21.1	-1.4	22.5	-1599.6	22.8
Total capital and reserves	45.9	0.4	45.4	10125.9	26.0
Minority interest	4.1	6.6	-2.5	-37.6	5.1
Capital loans	15.0	22.0	-7.0	-31.8	15.0
Technical provisions	2046.0	1980.7	65.3	3.3	2023.4
Technical reserves from unit-linked insurances	241.5	187.5	54.0	28.8	209.7
Loans	7.4	8.9	-1.5	-16.4	8.9
Other creditors	17.4	27.1	-9.7	-35.8	13.5
Accruals and deferred income	4.5	4.3	0.2	4.5	4.5
Total liabilities	2381.7	2237.4	144.3	6.4	2306.2

TAPIOLA GENERAL MUTUAL INSURANCE COMPANY GROUP
OTHER NOTES
PERFORMANCE ANALYSIS
€million

	01-06 2005	01-06 2004	Change	Change %	01-12 2004
Premiums earned	99.2	87.9	11.3	12.9	205.1
Investment income and investment charges, revaluations and revaluation adjustments	99.2	81.6	17.6	21.5	139.5
Claims paid	-105.5	-116.7	11.2	-9.6	-180.1
Change in technical provisions before the change in additional benefits (customer bonuses) and equalization provision	-46.3	-2.1	-44.2	2,107.0	-74.0
Operating expenses	-12.4	-12.7	0.3	-2.3	-24.9
Other technical income and expenses	0.0	0.0	0.0	-	0.0
Balance on technical account before the change in additional benefits (customer bonuses) and equalization provision	34.1	38.0	-3.8	-10.1	65.5
Other income and expenses	0.0	-0.3	0.3	-106.2	-0.5
Share of profits and losses in associated undertakings	0.3	-0.9	1.2	-129.2	-2.0
Operating profit	34.4	36.8	-2.4	-6.5	63.0
Change in equalization provision	-0.1	-0.9	0.8	-88.2	-3.5
Additional benefits (customer bonuses)	-8.8	-36.8	28.1	-76.2	-27.2
Profit/loss before extraordinary items	25.6	-0.9	26.4	- 2,976.5	32.3
Extraordinary income	0.0	0.0	0.0	-	0.0
Extraordinary expenses	0.0	0.0	0.0	-	0.0
Profit/loss before appropriations and taxes	25.6	-0.9	26.4	-2,976.5	32.3
Income taxes and other direct taxes	-4.4	-0.6	-3.8	626.4	-10.5
Minority interests	0.0	0.1	-0.1	-121.3	1.0
Profit/loss for the accounting period	21.1	-1.4	22.5	-1,599.6	22.8
Overall result	76.3	30.1	46.2	153.3	107.4

MUTUAL LIFE ASSURANCE COMPANY TAPIOLA GROUP
KEY FIGURES JUNE 30, 2005 BIENNIAL REPORT
NOTES

		01-06/2005	01-06/2004	Change 2005/2004	Change %	01-12 2004
GENERAL INDICATORS ON FINANCIAL DEVELOPMENT						
Turnover	€ million	197.5	171.3	26.3	15.3	350.0
Operating profit/loss and its percentage of turnover	€ million %	34.4 17.4	36.8 21.5	-2.4	-6.5	63.0 18.0
Overall result	€ million	76.3	30.1	46.2	153.5	107.4
Profit or loss before extraordinary items and its percentage of turnover	€ million %	25.6 12.9	-0.9 -0.5	26.4	- 2 976.5	32.3 9.2
Profit or loss before appropriations and taxes and its percentage of turnover	€ million %	25.6 12.9	-0.9 -0.5	26.4	- 2 976.5	32.3 9.2
Solvency ratio *	%	13.9	10			12.2
INDICATORS ON THE FINANCIAL DEVELOPMENT OF LIFE INSURANCE						
Premiums written	€ million	96.9	88.4	8.4	9.6	208.1
Expense ratio proportioned to loading income	%	105.7	119.3			112.0
Expense ratio proportioned to balance sheet total	%	1.5	1.5			1.5
Solvency margin	€ million	364.0	232.6	131.3	56.4	301.2
Minimum solvency margin	€ million	88.3	85.6	2.7	3.2	88.6
Equalization provision	€ million	53.9	52.0	1.9	3.7	54.6
Minority interest	€ million	4.1	6.6	-2.5	-37.6	5.1
Solvency capital *	€ million	421.9	291.2	130.8	44.9	360.9
Solvency capital as a percentage of technical provisions *	%	20.6	14.7			17.9
Solvency margin ratio *	%	412.1	271.9			340.0
Number of personnel		2	2	0	0.0	2
allocated to the companies in proportion to salaries		319	311	8	2.6	320

MUTUAL INSURANCE COMPANY TAPIOLA GROUP
OTHER NOTES

Net investment income at current value January 1 – June 30, 2005

	Net investment income at current value 1) 1-6/2005 € million	Capital employed 2) 1-6/2005 € million	Return % on capital employed		
			1-6/2005 %	1-6/2004 %	1-12/2004 %
Loans 4)	0.7	38.7	1.8	1.8	3.5
Bonds	31.8	787.9	4.0	1.8	6.3
incl. fixed-income funds	32.7	833.0	3.9	1.8	6.4
Other debt securities and deposits	0.4	47.6	0.9	0.9	2.1
Shares and holdings	43.3	368.6	11.7	7.0	12.9
excl. fixed-income funds	42.4	323.5	13.1	7.8	13.7
Investments in land and buildings 4)	13.5	359.7	3.7	2.7	5.5
Investments, total	89.7	1602.6	5.6	3.2	7.4
Unallocated return, costs and operating expenses	- 1.3				
Net investment income at current value 3)	88.4	1602.6	5.5	3.1	7.8

1) Net investment income at current value =

Change in market values at the end and beginning of the reporting period – cash flows during the period. Cash flow refers to the difference between purchases/expenses and sales/income.

2) Capital employed =

Market value at the beginning of the period + daily/monthly time-weighted cash flows.

3) The figures do not include investments used as guarantee funds for unit-linked insurances.

4) All loans to own property are included in investments in land and buildings in this account.

Investment allocation (at current value)

	June 30, 2005		June 30, 2005		June 30, 2005	
	€ million	%	€ million	%	€ million	%
Loans 1) 2)	37.9	2.3	36.8	2.4	36.0	2.2
Bonds 1)	835.7	50.1	724.2	46.4	787.1	48.8
incl. fixed-income funds	880.9	52.8	767.8	49.2	824.9	51.2
Other debt securities and deposits 1)	49.6	3.0	68.5	4.4	34.7	2.2
Shares and holdings	385.7	23.1	351.6	22.5	374.8	23.3
excl. fixed-income funds	340.6	20.4	308.0	19.7	337.0	20.9
Investments in land and buildings 2)	360.1	21.6	378.5	24.3	379.1	23.5
Investments, total	1669.0	100.0	1559.7	100.0	1611.8	100.0

	30.6.2005	30.6.2004	31.12.2004
Bonds, modified duration	4.9	4.4	4.2

1) Accrued interest included

2) All loans to own property are included in investments in land and buildings in this account.

TAPIOLA CORPORATE LIFE INSURANCE LTD
OTHER NOTES

Net investment income at current value January 1 – June 30, 2005

	Net investment income at current value 1)	Capital employed 2)	Return % on capital employed			
			1-6/2005 € million	1-6/2005 € million	1-6/2005 %	1-6/2004 %	1-12/2004 %
Loans 4)	0.2	5.9				
Bonds	17.4	426.0	2.7	3.3	6.7	
incl. fixed-income funds	17.8	442.6	4.1	1.8	6.2	
Other debt securities and deposits			4.0	1.7	6.3	
Shares and holdings	0.4	21.0	1.8	0.9	2.2	
excl. fixed-income funds	16.1	146.2	11.0	7.0	12.9	
Investments in land and buildings 4)	15.6	129.6	12.1	8.0	13.6	
	3.0	111.2	2.7	4.5	4.5	
Investments, total	37.0	710.2	5.2	3.2	7.0	
Unallocated return, costs and operating expenses	-0.5					
Net investment income at current value 3)	36.5	710.2	5.1	3.2	7.1	

- 1) Net investment income at current value = Change in market values at the end and beginning of the reporting period – cash flows during the period. Cash flow refers to the difference between purchases/expenses and sales/income.
- 2) Capital employed = Market value at the beginning of the period + monthly time-weighted cash flows.
- 3) The figures do not include investments used as guarantee funds for unit-linked insurances.
- 4) All loans to own property are included in investments in land and buildings in this account.

Investment allocation (at current value)

	June 30, 2005		June 30, 2004		Dec. 31, 2004	
	€ million	%	€ million	%	€ million	%
Loans 1) 2)	6.3	0.8	0.0	0.0	0.0	0.0
Bonds 1)	464.7	62.1	404.5	59.1	416.8	59.1
incl. fixed-income funds	478.7	63.9	420.5	61.5	430.4	61.0
Other debt securities and deposits 1)	17.9	2.4	22.5	3.3	10.9	1.5
Shares and holdings	152.6	20.4	126.6	18.5	147.7	20.9
excl. fixed-income funds	138.6	18.5	110.6	16.2	134.0	19.0
Investments in land and buildings 2)	107.3	14.3	130.6	19.1	129.7	18.4
Investments, total	748.8	100.0	684.2	100.0	705.1	100.0

	June 30, 2005	June 30, 2004	Dec. 31, 2004
Bonds, modified duration	4.9	4.3	4.4

- 1) Accrued interest included
- 2) All loans to own property are included in investments in land and buildings in this account.

BANKING
KEY FIGURES

		1-6/2005	1-12/2004
Net income from financial operations	1000 €	1161	1373
Banking profits	1000 €	818	673
Other profits from securities and business	1000 €	67	251
Turnover	1000 €	3964	4249
Costs	1000 €	6671	13072
Costs/profits		3.26	5.69
Operating profit	1000 €	-4 625	-10776
Liabilities to public	€ million	220	198
Receivables from public	€ million	202	156
Return on capital, %	%	-23.6	-49.7
Solvency ratio	%	17.7	26.9

Tapiola Bank's deposits and other liabilities to public corporations totaled EUR 220.3 million, of which deposits accounted for EUR 210.3 million.

Net income from financial operations in the review period amounted to EUR 1.2 million (0.4), and the result was negative by EUR 4.6 million. The solvency ratio was 17.7 percent (26.9% 12/2004), while the minimum requirement was 8 percent.

The number of customers in Tapiola Bank, a subsidiary of Tapiola General, continued to grow during the first half of the year, exceeding 37,700 customers (26,500 12/2004).

Early in the year the bank acquired a majority holding in Tapiola Fund Management Company Ltd by acquiring 1,750 shares of the company, which account for 70 percent of the share capital.

Future prospects

In the banking business, the price competition restricts the pricing margins and profit margin. Tapiola Bank's performance expectations have been lowered accordingly. Tapiola Bank is responding to the competition by developing cost-efficient service processes that create price competitiveness and profitability for Tapiola Group's owner-customers. Efficiency and growth are the means to achieve the goal in the strategy period.

**FUND MANAGEMENT
KEY FIGURES**

Fund capital in the mutual funds managed by the company increased by nearly EUR 120 million, from EUR 730.2 million to EUR 848.3 million. This growth of more than 16 percent was not quite enough to retain our market share, which decreased by 0.2 percentage points to 2.1 percent. At the end of the review period, the number of unit holders was 12,468 (10,167 12/2004).

INVESTMENT SERVICES
KEY FIGURES

		1-6/2005	1-6/2004	12/2004
Turnover	1000 €	1281.2	1115.5	1889.2
Costs	1000 €	937.9	840.2	1865.3
Cost-profit relation		0.7	0.8	1.0
Operating profit	1000 €	343.3	275.4	23.9
Operating profit, % of turnover	%	26.8	24.7	1.3
Return on equity	%	1.6	-6.1	0.5
Return on total capital	%	5.1	5.4	0.4
Equity/assets ratio	%	75.6	90.6	84.7
Solvency	%	138.7	91.4	95.8

In the first half of 2005, the funds managed by Tapiola Asset Management Ltd grew by approximately 12 percent, totaling EUR 4,345.7 million at the end of the review period (EUR 3,865.8 million at the end of the year).

INVESTMENT ENVIRONMENT AND FUTURE PROSPECTS
Investment environment

During the first half of 2005, the growth prospects in the world economy were moderate. In the USA, the growth continued at a relatively high level, intensifying toward the summer. The developing markets in Asia and Latin America, and Russia, continued their strong growth as well. On the other hand, the

development in the euro zone was very slow, even though the latest signs might indicate a slight improvement of atmosphere, mainly owing to the weakening of the euro, which could have a lightly stimulating effect on the export industries in the area.

The positive air in the global equity market continued from spring to summer. The main reason for this is evidently the low inflation rate resulting in exceptionally low interest rates, both in the euro zone and the USA. In addition, the results reported by companies for the first part of the year have mostly been in line with the forecasts, or even exceeded them.

The fixed income market has continued at a historically low level and shown astonishing resistance against the high oil price and various political shocks. The gradual raises of the interest rate by the Federal Reserve (the central bank of the United States) have slightly increased the long-term interest rates, but the level is still very low. In Europe, the level was in practice about one percentage point below the USA's level for the entire first half of the year, which reflects the slower growth in the area and expectations of lower inflation.

The Finnish commercial real estate market has remained highly active during the first half of the year. The investment volume has been high, and foreign investors, too, have concluded significant commercial real estate deals in Finland. The office real estate market believes that the overall market situation is improving. The demand for rental property has increased, but this has not resulted in higher rents yet. International investors are particularly looking for commercial real estate to be included in their investment portfolios. The interest toward logistics property has also increased. Logistics property is seen as a cash flow investment, which emphasizes the role of the tenant and the tenancy agreement. The problem in the real estate investment market is the limited supply of suitable investment objects. In addition to the traditional investment market, the commercial real estate market is also following the launching of the first funds. In the international real estate investment market, the favorable development in the first half of the year continues. One of the most important trends is the vigorous growth of indirect real estate investments through real estate funds. The decrease of return requirements resulting from the investment demand has slowed down in the most sought-after areas in Western Europe.

Future prospects

The euro zone is generally burdened by budget deficits that may actually be growing. They restrict fiscal recovery and therefore also the growth of private consumer demand, which would be necessary in order to accelerate the economic growth. Slow economic growth together with high unemployment rates supports a high saving rate, which for its part holds back balanced economic growth. On the other hand, the high oil prices have not had much effect on inflation rates, and their impact on economic growth is probably only marginal. The entire euro zone seems quite stable despite political insecurity and a deteriorating economical situation in some countries. The European Central Bank will probably continue its current policy, even if the economic growth in the area stays at the lower end of their target range. The U.S. Federal Reserve, on the other hand, will probably continue to raise the interest rates while the economic growth remains strong. The goal is probably a so-called neutral level of short-term interests, estimated at approximately four percent.

The situation in the global equity market looks relatively stable, since even bad news have not been able to frighten the market. If the economic figures from different parts of the world continue their gradual recovery, we can look to the autumn with hopeful expectations.

In the interest market, the main risks concerning the rise of interest rates are the USA's high dependency on the Asian central banks' willingness to finance its deficits, and in the longer term the rise of inflation, which could be expected at a later stage of the economic cycle, if the prices of oil and raw materials continue to remain high. This is also indicated by the recent increase of unit labor costs in the USA and the stop of the growth of productivity. Europe is lagging behind in this respect, too, so any rapid rise of the interest level is not very likely to take place in the euro zone.

The demand generated by foreign investors will continue in the Finnish commercial real estate market.

The new construction projects to be completed this year and the next will have an effect on the demand for commercial real estate in older commercial centers. The prospects for a stable economic situation will keep up investor demand in the future as well, despite the shortage of appealing investment objects. The significance of indirect real estate investments will grow, and the new real estate funds are expected to increase the activity of the real estate investment market in Finland. In the housing market, the consumers' confidence in their own economic situation and the low interest rates will keep up the positive atmosphere, and no abrupt changes in the price level are expected in the near future.

GENERAL INFORMATION

Number and structure of personnel

The average number of personnel in the entire Tapiola group has grown by 129 persons from the beginning of the year, now totaling 2,335 persons (2,205 persons in 12/2004).

Societal responsibility

Tapiola Group prepares annually a separate Social Responsibility Report. Tapiola's second Social Responsibility Report 2004 was published in May.

Tapiola Group's societal responsibility principles as well as the Social Responsibility Report are available on the Internet at www.tapiola.fi

Environmental responsibility

In 2005, Tapiola group concluded separate agreements with WWF Green Office and the International Chamber of Commerce (ICC) on the continued development of environmental issues. In connection with this, we terminated the corresponding UNEP cooperation agreement with the UN.

More information on environmental responsibility is available on the Internet at www.tapiola.fi

Corporate governance

More information on the various governing bodies and their tasks is available on the Internet at www.tapiola.fi