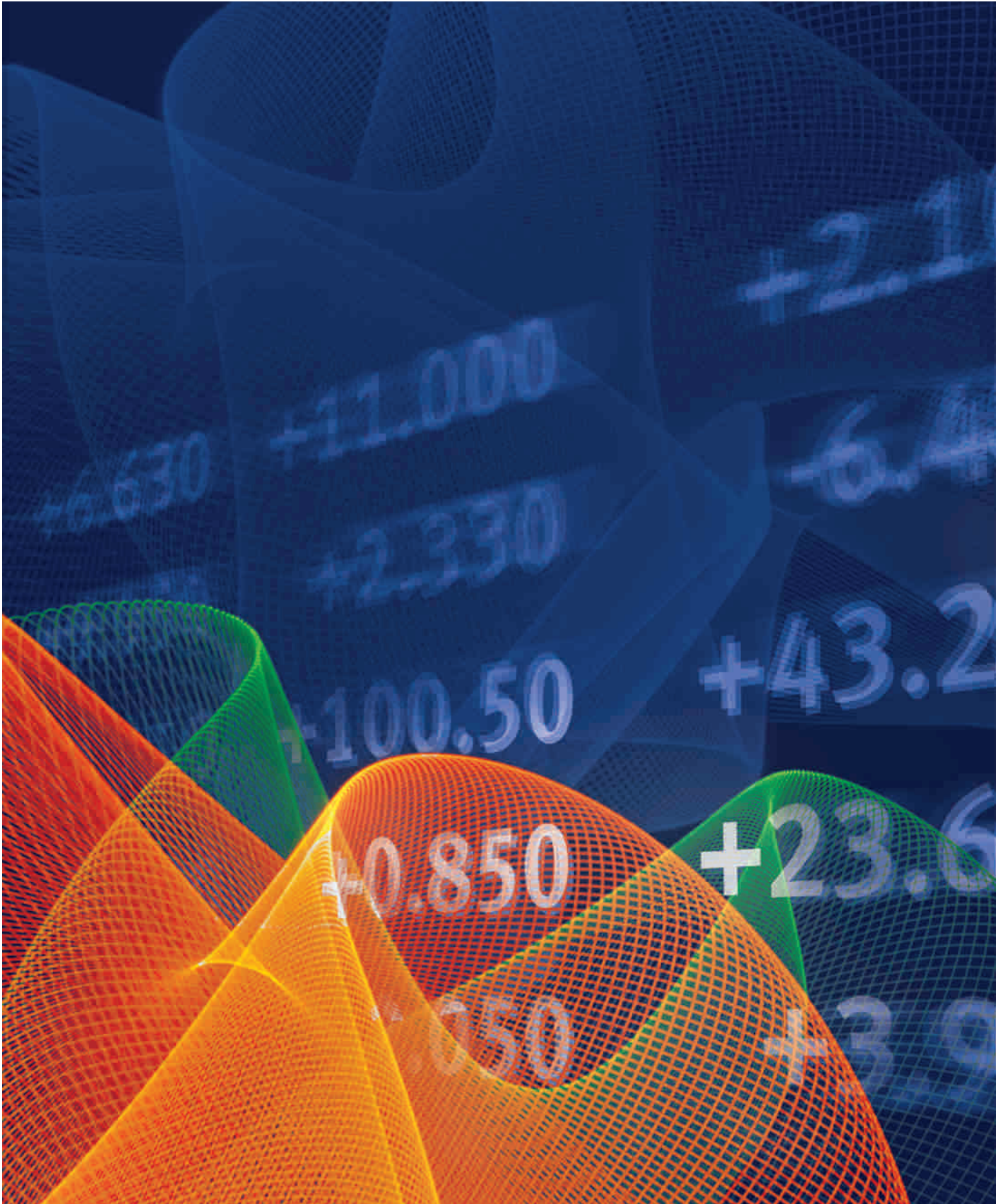


Annual Report 2000



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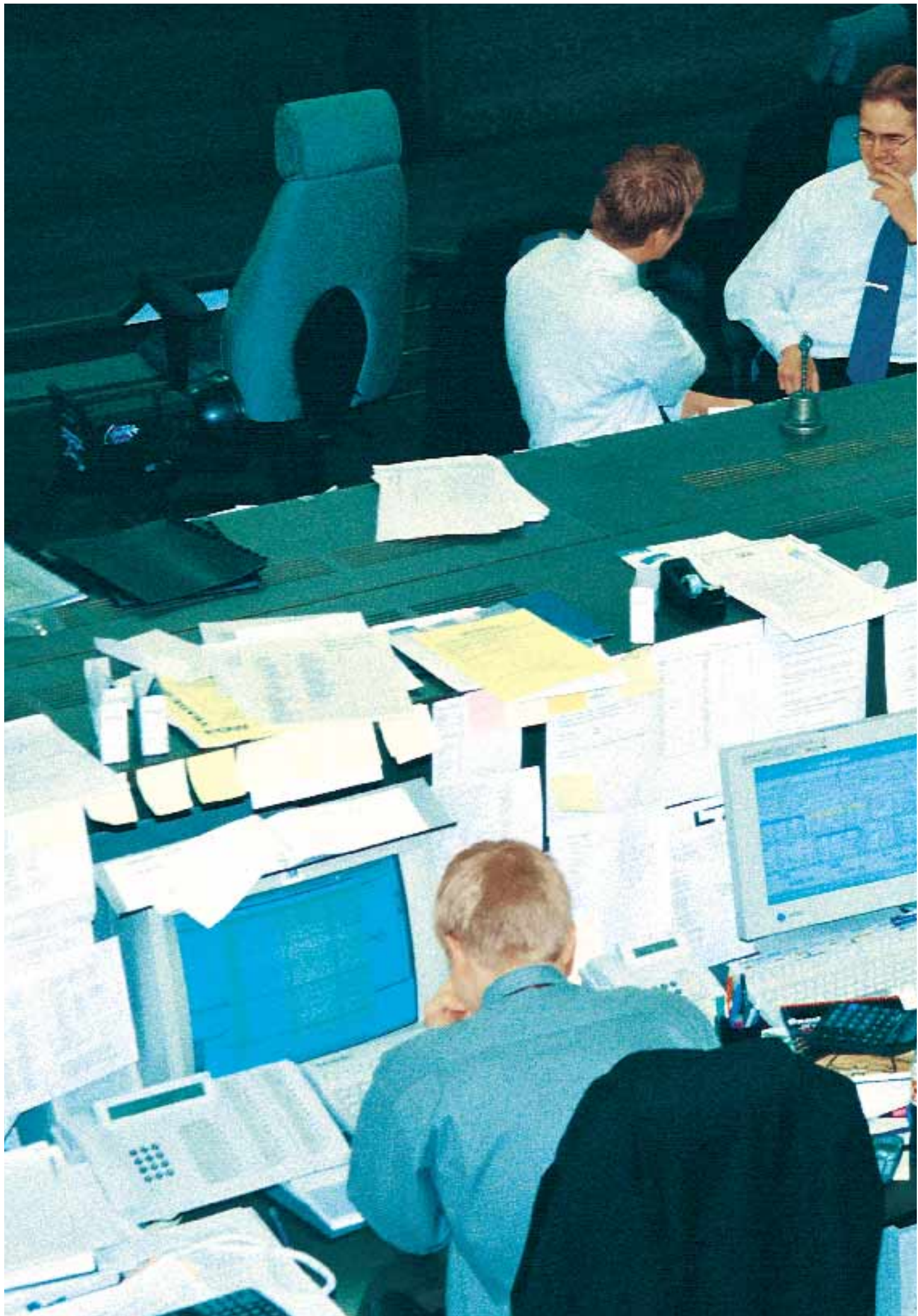
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Section II

Financial Statements



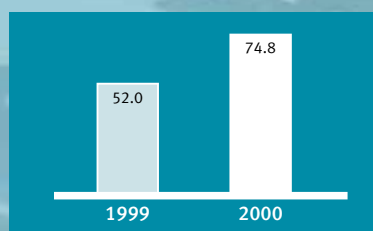
HEX in Brief

The turnover of HEX Group increased by 43.8 per cent and totalled 74.8 million euros (52.0 mill. €). The operating profit of the Group was 30.7 million euros showing an increase of 87.9 per cent over the previous year. Profit before extraordinary items and taxes amounted to 32.4 million euros (18.9 mill. €) and net profit 23.0 million euros (13.6 mill. €).

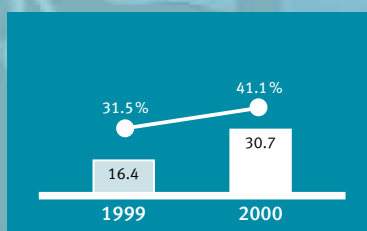
The Board of Directors will recommend to the Annual General Meeting that a dividend of 0.80 euros per share (0.50 €) or the total amount of 10,777,382.40 euros (6,797,345.99 €) should be paid for the financial year 2000.

Key figures

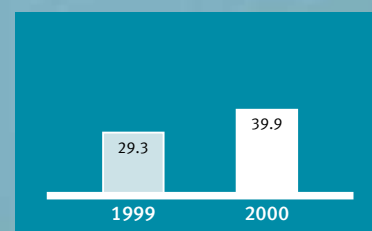
	2000	1999
Share capital, million €	26.9	22.7
Turnover, million €	74.8	52.0
Operating profit, million €	30.7	16.4
Operating profit as per cent of turnover	41.1	31.5
Profit before provisions and taxes, million €	32.3	18.9
Net profit for the financial period, million €	23.0	13.6
Net profit for the financial period as per cent of turnover	30.7	26.2
Return on equity, per cent	39.9	29.3
Return on investment, per cent	56.5	40.9
Equity ratio, per cent	73.8	83.2
Equity per share, €	4.88	3.68
Profit per share, €	1.71	1.01
Dividend per share, €	0.80	0.50
Personnel, average during financial period	250	198



TURNOVER, MILL. €



OPERATING PROFIT, MILL. €
OPERATING PROFIT AS PER CENT OF TURNOVER



RETURN ON EQUITY, PER CENT

Mission

HEX creates a possibility for success stories by uniting investors, issuers and capital.

Values

Reliability • Customer orientation • Appreciation of individuals • Profitability • Continuous development

Vision

HEX offers comprehensive investment services in automated form regardless of the domicile of the customer.

Strategy

The critical success factors of HEX are its neutral position, strong HEX brand, STP know-how, the production of reliable information that benefits investors, cost-effectiveness and economies of scale.

Facing the toughening international competition, HEX pays special attention to cost-effectiveness, automated processes and quality.

HEX endeavours to identify competitive threats in time and prepare for them by networking.

HEX expands its international distribution power so that foreign investors and intermediaries can operate as easily and cost-effectively on HEX as they can in their home countries.

HEX focuses strongly on product development.

HEX upgrades produced information.

While the client companies concentrate on their core business, HEX can receive outsourced support services for investment operations.

Strategic Business Areas

eHEX

- ▶ unique content
- ▶ easy gateway to financial services

Securities Services

- ▶ efficiency
- ▶ economies of scale

Transaction Business

Issuer Services · Trading · Settlement and Depository

- ▶ accessibility
- ▶ efficiency
- ▶ visibility
- ▶ product extensions

CEO's Review

Due to securities market deregulation and harmonisation, competition in the capital markets and between marketplaces in 2000 became ever more global. Geographic borders played a less significant role and the European marketplaces were characterised by new alliances. At the same time, markets were also characterised by decentralisation as well as by market entrants and new forms of operations.

HEX primarily bases international cooperation and the benefits it brings on networking. Structural efficiency and operational flexibility provide HEX with strategic latitude in reviewing market developments and in developing its service offerings to meet the expectations of domestic and international customers.

Achieving cost efficiency and critical mass in securities trading has been the main justification for the cooperation between exchanges. The most vital advantage provided by economies of scale refers to liquidity. The advantage is at its greatest when the liquidity benefit is gained within one type of share, as is the case at HEX. The liquidity of Finnish shares focuses on HEX.

Within a short time, HEX has enhanced its visibility as a European stock exchange focusing on technology shares. Justifiably, it is no exaggeration to say that we are one of the world's most international exchanges – both in terms of foreign shareholding and foreign broker market share – thanks to several internationally attractive companies and our marketplace efficiency. In 2000, a total of ten new remote brokers were accepted as members, and new entrants are also expected in 2001. Internationalisation is also manifested in the growing number of distributors of market data provided by HEX: within a year, the number of distributor

agreements almost doubled, and demand is reckoned to rise further.

For HEX, the year 2000 was a period of development and growth in all respects. Year-on-year stock turnover more than doubled and, as in the previous year, a large number of new listed companies' shares were quoted on the exchange. HEX Group turnover grew by 43.8 per cent to 74.8 million euros, and profitability improved further.

The Group's Board of Directors had an analysis of listing qualifications made, showing that HEX, as a fast-developing company, is eligible for listing with no legal impediments. On the basis of the analysis, the Board of Directors decided in December to further examine how the possible listing, subject to a subsequent confirmation, would be implemented.

HEX's target for 2001 is to continue to grow on a profitable basis and to ensure a high level of expertise across its business operations. Our aim is that a London broker, for example, finds it just as easy and cost-efficient to trade in securities, whether in London or in Helsinki. We will put dedicated efforts into product development and a wider product range by exploiting the STP system (Straight Through Processing) while upgrading information and, to a greater extent, switching over to content provision, too.

For HEX, the year 2001 will mark a period of new strategy implementation, which will be supported by the new internal control system based on decentralised decision-making and responsibilities. The customer-driven business organisation adopted at the end of 2000, based on five business units according to specific services provided for customers, will foster the strategy implementation.

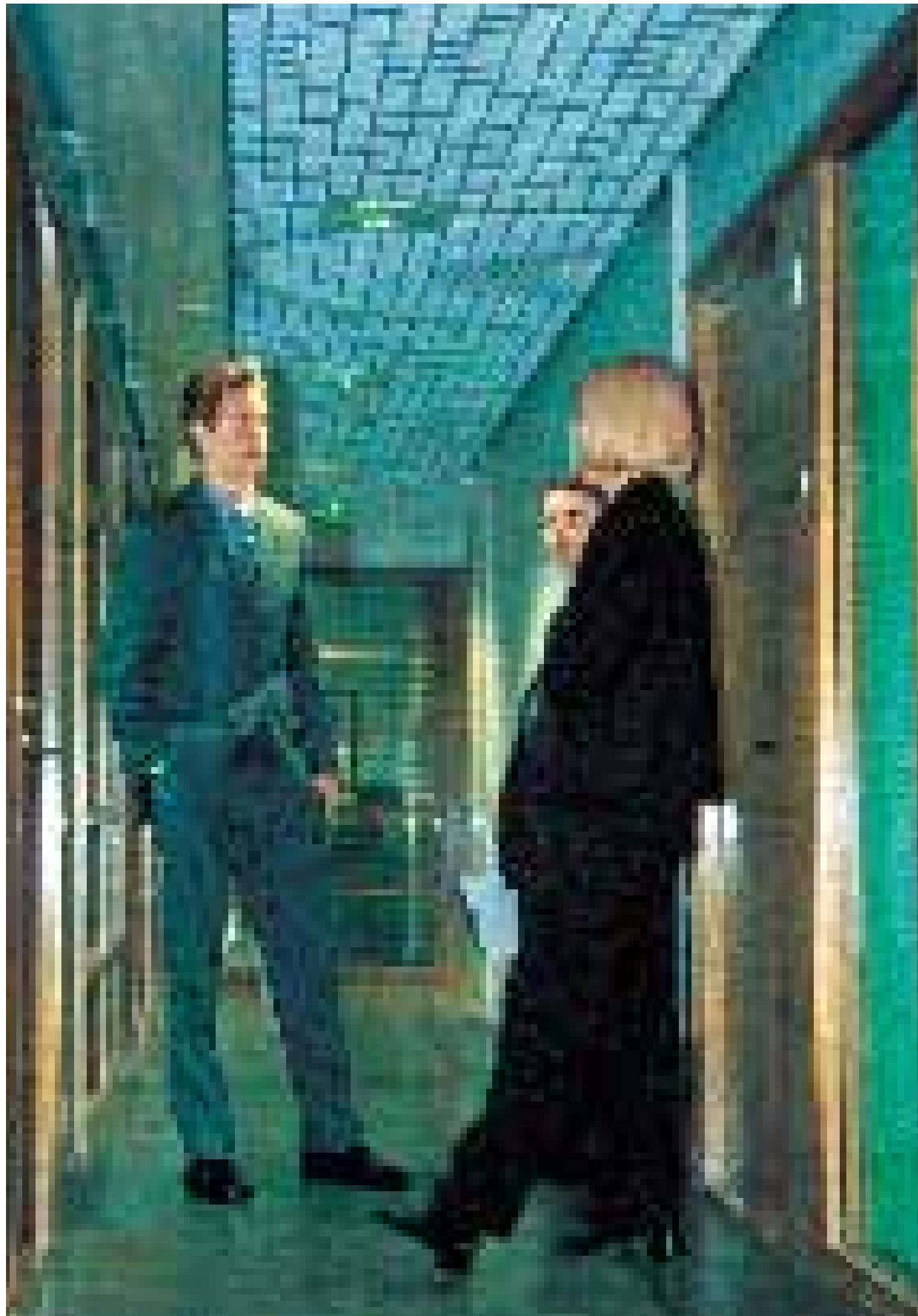
Expertise accumulated over the years is among



HEX Group's critical success factors. The best way to maintain and improve our competitiveness is to ensure that we manage to attract and retain the best possible experts. As part of its human resource strategy, HEX introduced an employee stock-option scheme at the end of the year. In-house development work in line with HEX values and the building of corporate culture will continue.

During the past few years, our customers, interested parties and personnel have experienced sweeping changes, which, I believe, will continue in 2001 as well. It gives me great pleasure to express special thanks to all HEX employees for their invaluable contribution and for building our common HEX that is more integrated than ever before. The ability and desire to reinvent ourselves has been reflected in our strong commitment to daily work and to the great number of important projects we carried out together last year.

Jukka Ruuska



Business Review

The mission of HEX Group is to offer services pertaining to securities trading and clearing as well as registration and custody of holding to issuers, investors and broker members in Finland. HEX Group provides its customers with investment services on a one-stop-shopping principle.

HEX's operations are built on an STP-based (Straight Through Processing) system including the entire life cycle of HEX's products and the automated management of all transaction phases. The aim is to create a marketplace free from geographic borders or technical barriers – HEX provides competitive products and services both for domestic and foreign customers.

HEX is faced with ever-intensifying competition both at local and international level. This is due to the European-wide market deregulation and harmonisation as well as the world-wide liberalisation of capital markets.

Of late, increasing level of wealth has influenced investor behaviour, and individual investors have become more demanding and sophisticated. In addition, product range in the securities market has widened and the services' distribution channels have taken new forms. Since the Internet makes the capital market available to 'all of us', investment operations will be given a boost and, above all, transactions will considerably increase. Hence, investing will take less and less heed of state borders – the geographic location of securities trading is becoming a matter of minor importance.

Stock-exchange consolidation process gathered momentum in 2000 as more and more European stock exchanges entered into alliances. The justifications for the alliances included, among other things, improved cost-efficiency due to larger entities and aiming for critical mass in the transaction business. In addition, the aim was to cut IT development costs (one information system equals one set of costs) that have soared in the past few years.

The stock-exchange alliances in Europe, in particular, have gained momentum despite the

rapid growth in the overall market and the stock exchanges' favourable profit development. This trend is expected to prevail and be further speeded up, not to mention the toughening competition.

From HEX Group's perspective, the consolidation process will provide benefits in terms of improved and clarified securities trading, clearing, and depository procedures, which, in turn, will imply lower costs for all market participants in the future. HEX, as an agile player, will perform successfully in the more competitive and versatile market thanks to its flexibility and innovativeness. HEX's efficient structure and distribution will ensure a high degree of strategic freedom.

HEX is faced with the challenge of finding the most viable cooperation models with the large consolidated exchanges while developing its own services both locally and regionally. HEX aims to base the cooperation on networking, instead of exclusively entering into alliances. HEX has not ruled out any form or degree of alliance and, hence, negotiates with different European counterparts over possible cooperation models on an ongoing basis.



Trading

The Trading business unit maintains a technologically sophisticated and liquid easy-to-access marketplace for Finnish financial instruments and provides Finnish investors with access to marketplaces for foreign financial assets.

HEX Trading is a marketplace for shares, derivatives, interest-bearing securities and other financial instruments. The business unit provides vital market data, such as index, share price and turnover information, for investors, resellers and other interested parties.

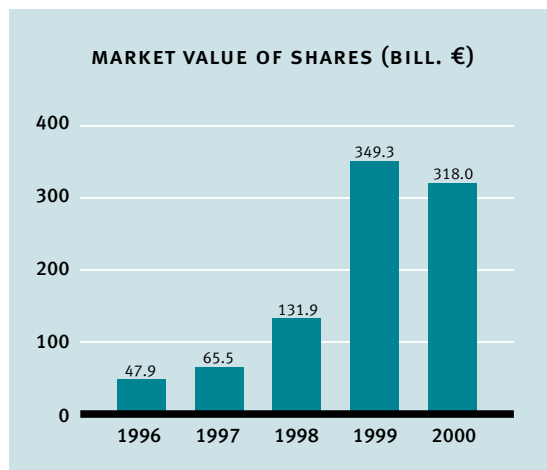
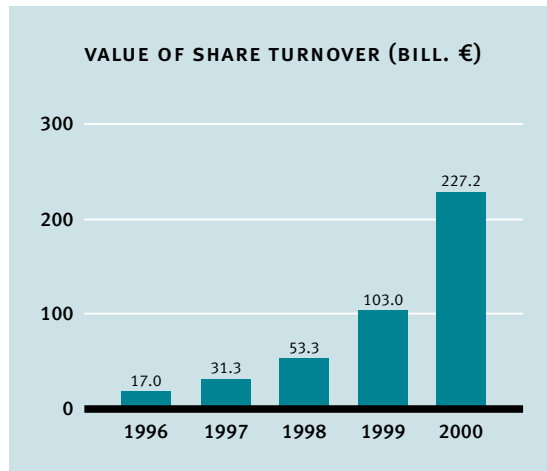
As to derivatives trading, HEX is in strategic cooperation with the Swiss-German derivative exchange, Eurex, which is the largest of its kind in the world. The most traded Finnish derivatives are traded in the Eurex system, and HEX is in charge of the marketing of Eurex products and membership in the Nordic and Baltic countries.

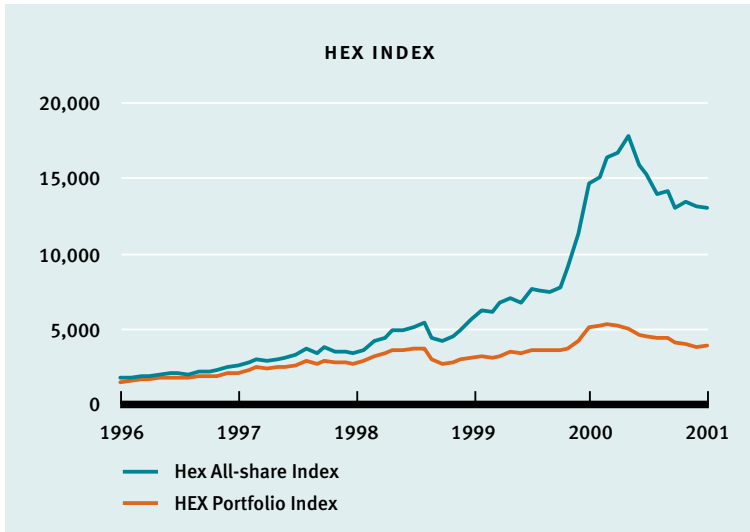
Share trading doubled

The value of share trading in 2000 totalled 227 billion euros while the corresponding figure a year earlier was 104 billion euros. As early as 2 June 2000, the value of share trading outstripped that of the 1999 total while the year-on-year growth was 118 per cent. The year-end market value of the shares listed on the Helsinki Exchanges amounted to 318.0 billion euros (349.3 billion euros in 1999).

The busiest trading month was March with 23.9 billion euros, whereas trading was at its most quiet in August with 13.4 billion euros. The average daily turnover amounted to 905 million euros. Share trading was the busiest on the Main list with an annual turnover of 225 billion euros. The annual turnover of the I list was 732 million euros and that of the NM List 1.1 billion euros.

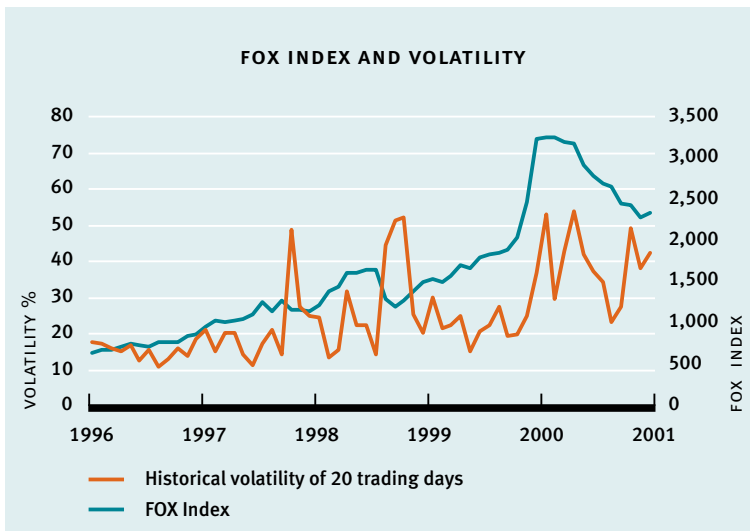
Nokia Corporation shares were the most traded shares, accounting for 66.4 per cent of the combined turnover of all lists. The second most traded shares originated from Sonera Corporation, accounting for 13.9 per cent of the combined turnover of all lists.





On the final trading day of the year, the HEX all-share index closed at 13,033.7 points, showing a 10.6 per cent decrease of share prices year on year. Measured by the balanced HEX portfolio index, share prices lost 25.2 per cent.

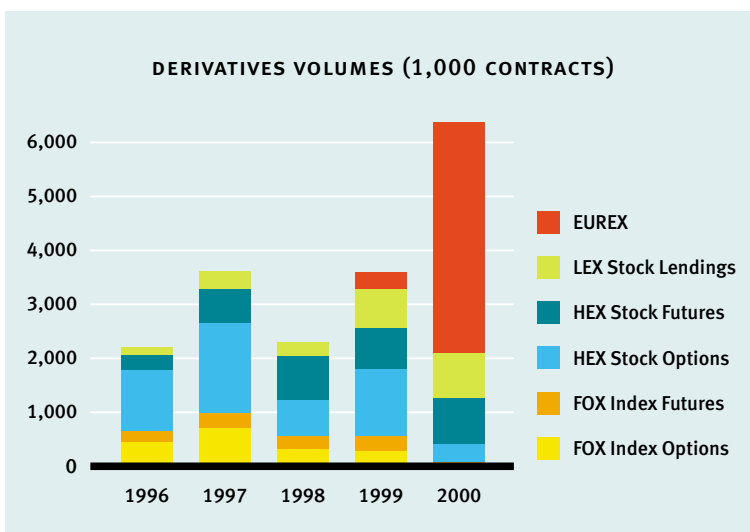
Share prices reached their peak on 2 May when the all-share index and the balanced portfolio index closed at 18,331.0 points and 5,643.8 points, respectively. On 18 October, the indices were at their lowest, the all-share index being at 10,506.0 points and the portfolio index at 3,524.2 points. The weight of Nokia Corporation shares at the end of the year was 71.6 per cent compared to 59.8 per cent in the previous year.



The FOX index, a reference index for equity derivatives, closed at 2,321.5 points at the end of the year, representing a year-on-year fall of 28.0 per cent. The year high closing of FOX was 3,502.2 points on 6 March 2000, which is also the all-time high closing figure.

Eurex market leader in Nokia options

Cooperation with Eurex during the year proved successful. In January, Eurex became the world-leading marketplace for Nokia options as their trading volume for the first time exceeded that of Stockholm. Towards the end of the year, Nokia options were among the three most traded options on Eurex.



The trading volume of the Finnish equity and index derivatives on HEX and Eurex totalled 6,391,376 contracts in 2000, whereas the corresponding figure last year amounted to 3,591,000 contracts.

Continuous trading time extended in September

In early September, trading time was extended by an hour. Since September, continuous trading ends at 6.00 p.m., i.e. thirty minutes later than before, and starts at 10.00 a.m., i.e. thirty minutes earlier than previously. Consequently, the opening session was advanced by thirty minutes to 9.00 a.m.

In April 2001, the Helsinki Exchanges will embark on evening trading. As before, continuous trading will end at 6.00 p.m. when closing prices are confirmed and, after a short interval, evening trading will continue until 9.00 p.m.

Launch of trading in covered warrants

Trading in covered warrants started on the Helsinki Exchanges' Main list at the beginning of December, and Alfred Berg Finland Oyj Abp was the first issuer. Covered warrants are transferable securities entered in the book-entry securities system. In terms of their financial substance, warrants are basically similar to options, the issuer being another party than the issuer of the underlying security. The warrant is usually issued on any listed securities, but it can also be issued on indices or similar parameters, e.g. a share basket. At the end of the year, four warrants were listed on the Helsinki Exchanges.

New remote members

In 2000, many European brokers showed interest in joining the Helsinki Exchanges' broker members, and 10 brokers were accepted as remote members. During the year, 8 new members started operations, 6 of whom were remote members. At the end of the year, there were 31 stockbrokers, of whom 12 were remote members.

Settlement and Depository

The HEX Settlement and Depository business unit's primary task is to provide account operators, clearing parties and other Central Securities Depositories (CSD) with settlement and custodial services related to shares and debt instruments in the book-entry securities system.

Settlement systems and transactions via links

The operating environment of clearing and settlement experienced major changes in 2000. The number of clearing transactions continued to grow strongly. The handling process of the ever-increasing



transactions was upgraded by renewing mainframes and by further developing operations. At the same time, the clearing rate, i.e. the clearing of securities on time according to the marketplace rules (currently, within three clearing days from the trading day), was considerably raised in cooperation with clearing parties. Particular attention was paid to risk management involved in clearing operations. Moreover, in equities clearing central bank money was solely adopted.

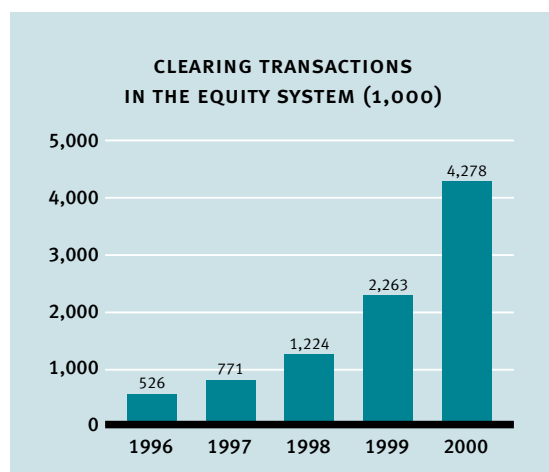
The internationalisation process continued vigorously. HEX is actively engaged in standardisation development work as a member of the ECSDA (European Central Securities Depository Association). Plenty of new remote members entered the Finnish market and bought the necessary clearing services from the service providers operating in the local market. Alliances between European clearing service providers and central securities depositories, as happened between stock exchanges, became commonplace and other forms of cooperation to intensify operations and curb costs gathered speed.

The HEX clearing and settlement developments in 2000 focused on formulating a new equities clearing system and modelling the structure of the Central counter-party (CCP). According to the CCP model, which is gaining currency in Europe, the clearing party as a centralised counter-party undertakes, against collateral, to clear trades on time.

A decision was made on building a new Real Time Gross Settlement system (RTGS) into the clearing process, which is scheduled to be adopted in equities trading in 2002. In time, the aim is also to upgrade the RTGS to operate independently of instruments to cover all shareholders' equity- and liabilities-based instruments. The RTGS system will provide foundations for the real-time clearing of trades against payment.

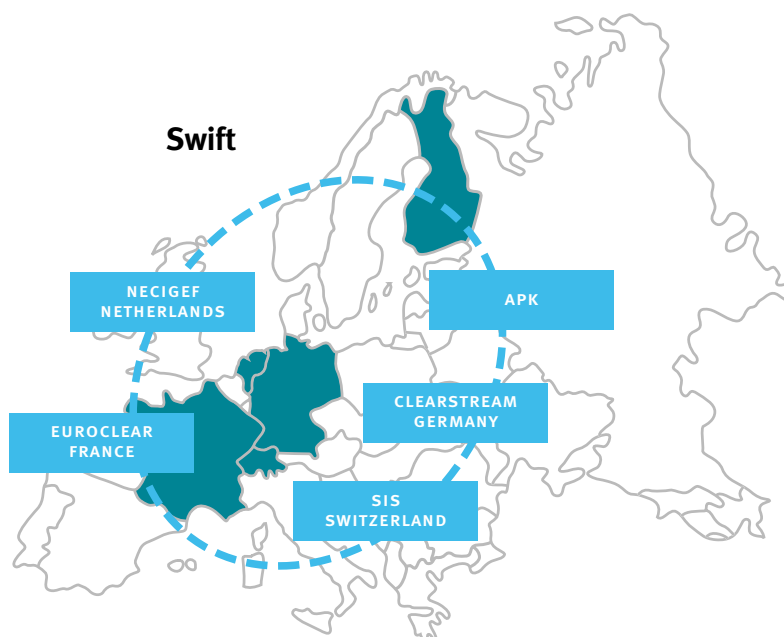
In 2000, a total of almost 4.3 million transactions were processed through the equity clearing system, almost double the transactions of 2.3 million last year. The combined value of transactions exceeded 550 billion euros (220 billion euros in 1999). The volume of debt instruments for the wholesale market remained at nearly the same level as in the previous year. The combined value of the cleared debt instrument transactions in 2000 totalled 490 billion euros.

In equities, cross-border transactions expanded considerably. The link between Clearstream Banking AG, the German Central Securities Depository based in Frankfurt, and HEX was extended in early 2000 to process, in addition to Finnish shares, the most traded German and Swiss shares. Moreover, the link between Nccgef, the Dutch Central Securities Depository, and HEX was extended during the year to deal with a growing number of Finnish shares and the most traded Dutch shares.



At the end of the year, HEX and Euroclear France also opened a link that handles, in addition to Finnish shares, the most traded French shares. The link cooperation regarding the debt instrument system did not experience changes during 2000.

The above-mentioned links operate on an FoP principle (Free of Payment), i.e. book-entry securities and payments are relayed separately by the links. In September, the formulation of the DvP link's (Delivery versus Payment) operating model, based on the ECSDA's model, was completed with Clearstream. The model has also been elaborated with Euroclear France.



Book-entry securities system

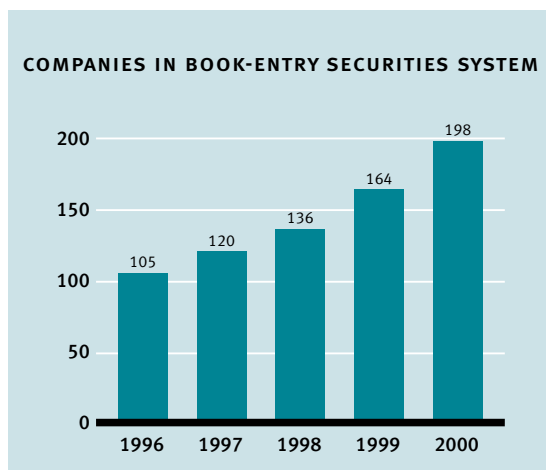
Towards the end of the year, the Finnish Central Securities Depository (APK) completed the task of incorporating the book-entry securities accounts in separate book-entry registers into a centralised information system. The book-entry registers and the APK implemented this large-scale project with the result that the centralised book-entry securities register was adopted in October. Consequently, all book-entry accounts are now entered in the book-entry securities register maintained by the APK. Account operators are in charge of maintaining data on the book-entry accounts. Centralising the accounts in one information system will lay a solid foundation for developing and intensifying securities clearing and the book-entry securities system as an integrated whole.

In connection with the project of centralising book-entry accounts, projects were launched to upgrade the transfer mechanism of trading data and other book-entry-related transactions into the book-entry accounts. The centralisation of book-entry accounts also aims to pave the way for new Finnish and foreign parties to become account operators.

The number of companies in the book-entry securities register increased by 34, to 198. The number of book-entry securities holders rose by

55,000. At year-end, the book-entry securities system consisted of about 851,000 holders with a total of 1.1 million book-entry accounts. The market capitalisation of the companies in the book-entry securities system reached 318 billion euros (349 billion €) at the end of 2000, of which foreign holding accounted for 234 billion euros (228 billion €).

In 2000, dividends paid by companies doubled to 5.6 billion euros from 2.8 billion euros in 1999. The year was characterised by additional dividends, mostly paid in terms of shares.



Issuer Services

HEX Group provides companies with opportunities for expansion and to raise capital through stock exchange listing. In HEX's business unit-based organisation, Issuer Services focuses on services pertaining to book-entry securities system and listing requirements needed by soon-to-be-listed companies or other issuers. Issuer Services is in charge of the smooth entry of shares and other financial instruments in the book-entry securities system and their stock exchange listing as well as of the induction of newly listed companies and any subsequent equity arrangements. In addition, the Division provides a wide variety of consultancy and information services for listed companies and those companies planning stock exchange listing.

The development in the US technology sector was also reflected in the companies' zest for listing on the Helsinki Exchanges in 2000. The beginning of the year went as expected, but as the mood in the market turned doubtful, a large number of projects were put off or rescheduled. Nevertheless, a total of 23 companies listed on the Helsinki Exchanges last year, 20 of which were new listed companies. The number of new listed companies was higher only in 1999. The NM list received the most entrants with ten new companies. Eight new companies entered in the Main list. A total of 179 share series from 158 companies were traded on the Helsinki Exchanges at the turn of the year, of which 108 on the Main list, 32 on the I list, 17 on the NM list and 2 on the Prelist.

Companies listed in 2000

MAIN LIST

Nordbanken Holding AB (publ)	31 Jan. 2000
Tekla Corporation	24 May 2000
Wecan Electronics Oyj	24 May 2000
Tecnomen Corporation	4 July 2000
Ocmetic Oyj	5 July 2000
Evox Rifa Group Plc	1 Nov. 2000
Vacon Plc	19 Dec. 2000
SSH Communications Security Oyj	22 Dec. 2000

I LIST

–

NM LIST

Basware Oyj	1 March 2000
Satama Interactive Plc	17 March 2000
Saunalahti Oyj	12 April 2000
eQ Online Corporation	14 April 2000
Etteplan Oyj	28 April 2000
Iocore Oyj	31 May 2000
Digital Open Network Environment Oyj Done	21 June 2000
Biotie Therapies Corporation	3 July 2000
Beltton Group Plc	11 Oct. 2000
Finvest Plc	1 Nov. 2000

PRE LIST

eQ Holding Plc	1 Nov. 2000
Vestcap Plc	1 Nov. 2000

RE-LISTINGS

TJ Group Plc (from NM List to Main List)	21 Feb. 2000
Stonesoft Corporation (from I List to Main List)	31 March 2000
Exel Oyj (from I List to Main List)	2 May 2000

Total new companies 2000: 20

Total new listings 2000: 23



The market value of the 198 equity arrangements carried out during the year totalled 653 million euros, the majority of them related to company acquisition funding. In addition, versatile share-option schemes, with a vast number of optionees, and retail bonds played a pivotal role in the equity arrangements. The largest single equity arrangement included the conversion of the Merita-Nordbanken share into a Swedish share depositary receipt and the execution of the merger of HPY Holding Corporation and Helsinki Telephone Corporation. Other major equity arrangements included the spin-off of Finvest into four companies and the increasing degree of activity among local telephone companies. Entering retail bonds in the book-entry securities system commenced successfully, and a total of twenty retail bonds were entered in the system during the year.

The Issuer Service business unit is involved in the development of new financial products. Trading in covered warrants began in December, and by the end of the year, four warrants were traded, two of them issued on Nokia shares and the remaining two on Sonera shares.

In 2000, a record number of shareholders' meetings made use of HEX's shareholders' meeting service. Autumn, in particular, was an exceptionally busy season; the number of extraordinary general meetings never having been experienced before.

Issuer Services caters for issuers by maintaining shareholders' registers and registers of other book-entry holdings as well. In addition to ordinary companies, the media, among others, capitalise on the information included in the shareholders' registers. The number of listed companies has risen and the outsiders' need for more information has been growing steadily. Consequently, services related to the holding registers were exploited more eagerly than ever before, as evidenced by the record number of extracts from shareholders' registers requested. Two highly sought-after services were launched at the end of the year, being that companies can now follow the movements of major

shareholders and look into ownership changes of a single shareholder over an even longer span.

The number of visitors on the NetSire Internet site, launched in the spring, exceeded the forecasts. Through the NetSire service, the visitor may inquire about the shareholdings of company insiders. The service includes all insider registers, open to public inspection at the Finnish Association of Securities Dealers, and HEX Group's insider registers. Later on, the range of the service will be widened.

Securities Services

The Securities Services business unit impartially provides the parties operating in the securities and derivatives market with services, included in the value chain of securities trading processes, which are not the parties' core business and where efficiency gains are generated through economies of scale.

Securities Services, as an impartial service designer and provider, aims to broaden the range of services made available and to increase market efficiency.

Increasing market efficiency will be achieved through economies of scale and by exploiting HEX Group's key position in the market. Added-value services provided by Securities Services are one of the Group's three strategic focuses, each supplementing one another and consolidating HEX's position as a provider of a full range of services on a one-stop-shopping principle.

Securities Services consists of three sections: Registration Services, Derivative Services and Collateral Management, and Stock Lending. In addition, a separate sales and development group supports other units' operations and specialises in



developing new services.

The Registration Services section acts as an account operator on a commercial basis with sixteen agents as users of its services. Registration Services supervises and regulates the operations of its agents and enters and updates data in book-entries. In addition, the section develops its account operator system and provides its agents with legal guidelines and counselling related to book-entry securities. It also maintains contacts with other account operators, authorities, software and hardware suppliers, and, in exceptional circumstances, ensures the operations of account managers.

The Derivative Services and Collateral Management section offers risk management and clearing

services for Eurex parties. The service was launched in early 2000. HEXBos, launched in 1999, consolidated its position during 2000 and today some 70 per cent of trades between Finnish parties on Eurex are cleared through HEXBos.

The Stock Lending section co-ordinates and develops the Group's lending instruments and is in charge of the majority of instruments trading. In approximately 30–40 per cent of cases, stock lending is executed through the Helsinki Exchanges with a clearing counter-party status. The remaining lending transactions are executed in the KATI clearing system where no clearing counter-party status exists.

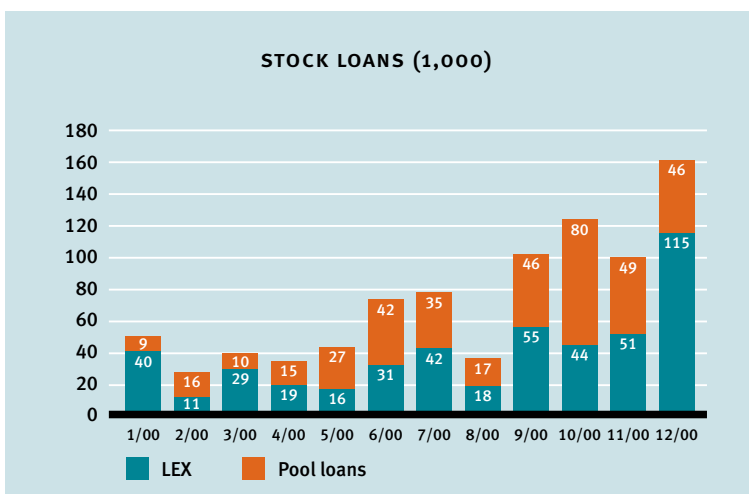
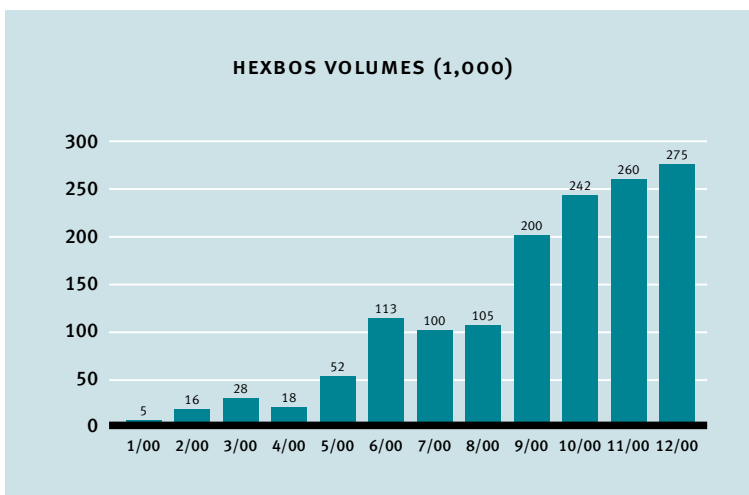
A total of 161,245 stock lending contracts were made in December 2000, a record volume in the history of stock lending. A total of 868,066 stock lending contracts were made during the year (735,536 contracts in 1999). Stock-lending in situations of delivery failure has shown clear signs of growth. Growth in the volume of short-term lending has also led to an improved clearing rate. The lending pool status showed a significant improvement due to the sharp increase in both the types and number of shares. Lower premiums in 2000 meant lower costs for borrowers resulting in growing lending volumes.

The Sales and Development group, having started its operations in late 2000, is in charge of developing new added-value services, in particular. One of the most significant future projects includes designing a back-office service package for market participants so that they can, at will, outsource their clearing and settlement processes to Securities Services.

eHEX

eHEX's business mission is to convert information generated by the Group and information and services provided by the Group partners into content and financial services to be distributed via electronic channels for b-to-b and b-to-c customers.

eHEX is divided into two business sections,



information services and investment services, and into three support functions, customer relationship management, partners, and systems development.

HEX's trading and settlement system daily produces a huge amount of market information. eHEX, the Group's electronic information distribution channel, processes and analyses this impartial information for the market participants' varying needs. eHEX provides, among other things, portfolio analyses, monthly statistics, weekly reviews and various data searches. The monthly Mutual Fund Report and the HEXStar mutual fund rating provide useful information for investors to select 'the right' fund to plough into. In the course of 2001, eHEX will launch an IR service designed for listed companies.

In 2000, demand for market data rose again, and the year-on-year number of contracts doubled. At the beginning of the year, the number of market data resellers amounted to 43, whereas at year-end the figure totalled 85. Market data prices were revised at the turn of 1999 and 2000 and the tariff became effective as of the beginning of May. A novelty in the tariff is a so-called snapshot price for real-time information. This allows the presentation of prices for an individual share series at the price charged for one query. The 30-minute delay of market data on the Internet and teletext was shortened to 15 minutes.

In September, HEXStar rating was launched to help investors in their investment decisions. The stars given to mutual funds are based on the risk-adjusted return they provide and on the regularity of their success in relation to other mutual funds in the same category. HEXStars are calculated on a monthly basis according to the Mutual Fund Report's computation principles provided by the Helsinki Exchanges. The calculations are based on prices over the past three years.

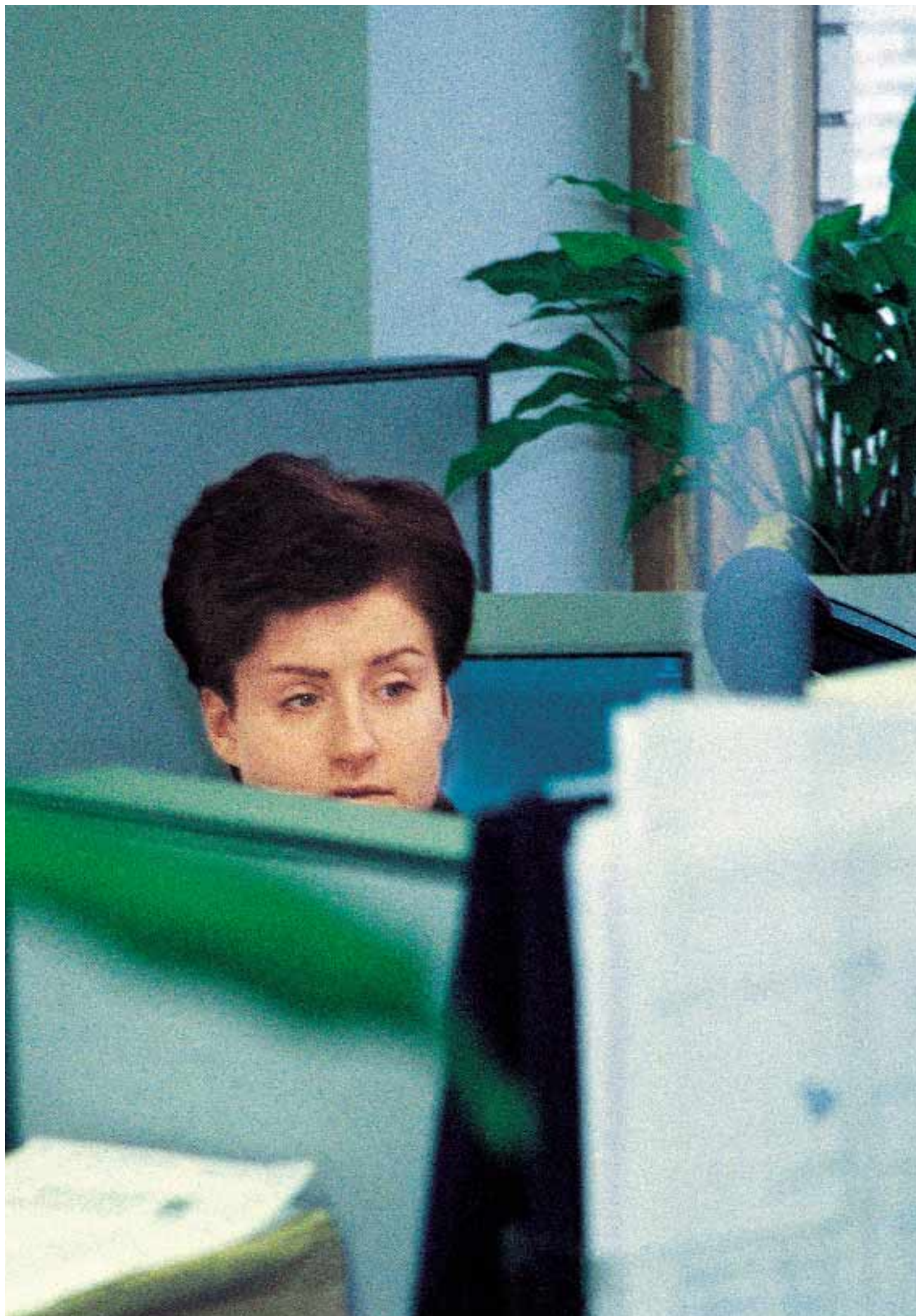
In addition, eHEX launched a HEXPort product range during the year, which includes portfolio analyses and reports provided by eHEX. These services – covering shares, interest-bearing securities and derivatives – gauge the degree of professional-

ism and efficiency of fund management as well as risks involved in investments. eHEX launched a data warehouse project with a view to increasing the efficiency of operations and widening the service range.

In November, eHEX launched an online trading platform for broker members, and Conventum Pankkiiriliike, a Finnish brokerage firm, was the first to adopt it. The eHEX Broker Platform software enables brokers to outsource the development and maintenance of the online trading platform. The eHEX Broker Platform can be integrated into the broker's Internet pages. In the course of 2001, Eurex trading will be integrated as a new feature into the eHEX Broker Platform.

One of the eHEX Broker Platform's features, adopted in 2000, is eHEXpay transaction payment service, through which the end user can select several trades and pay for them in one go with a single payment. eHEXpay is also integrated with the web payment systems of Nordea, OKO and Leonia.

At the end of 2000, eHEX began to study Internet-based b-to-b services with the aim of providing a full range of services, based on new technology and up-to-date processes, for new and existing market participants.



Company Information

Board of Directors

The Annual General Meeting elects, for a one year term, a minimum of six and a maximum of nine Board members and their personal deputy members. The term of office begins and ends following the election carried out by the Annual General Meeting. The Board of Directors elects a Chairman and Vice Chairman from amongst the members. The members and deputy members are experts in the financing business and securities markets.

The duties of the Board of Directors include company administration and appropriate organisation of operations. The Board of Directors makes decisions on the basis of proposals by the CEO on matters for which a decision by the Board of Directors is required by law, rules and regulations or authorities. The Board of Directors also decides on Group strategy, Group structure and the basis for control systems, employee incentive pay schemes and other significant matters. The Board of Directors elects the Group CEO and their deputy and appoints the Executive group.

As a rule, the Board of Directors convenes at least once a month. The Board of Directors gathered eighteen times in 2000.

Board and Executive group shareholdings in the Group

Board members do not hold shares in the Group.

The Executive group and its secretary hold a total of 14,800 shares, or about 0.11 per cent of share capital and voting rights.

In the event that the stock-option scheme materialises in full, the Executive group and their secretary may hold a maximum of 224,800 shares in the Group, or 1.5 per cent of share capital and voting rights.

Personnel

At the end of 2000, HEX Group had a permanent staff of 261, and 29 employees worked on a fixed-term or part-time basis. Of the permanent staff, 55 per cent were males and 45 per cent females. The average age of the personnel was 33.5 years.

The annual employee turnover was 15 per cent. Employees with a university degree or studies at university accounted for 55 per cent of the personnel and 40 per cent were college graduates.

One of HEX's key competitive factors includes committed and highly motivated personnel capable of independent thinking. A working community development programme was launched in 2000 with a view to bolstering the shared identity of HEX employees and creating a working environment for transparent and communicative cooperation.

The Group is running an incentive pay scheme, confirmed yearly, based on both return on capital and on personal performance. In addition, a Group-wide stock-option scheme was adopted at the end of 2000.

Listing qualifications

HEX aims to independently and competitively act as a strong marketplace for Finnish companies and investors in Europe. The Group's Board of Directors holds that, as a developing company, HEX is eligible for listing. Listing would lead to a genuine share price formation and a public market capitalisation. This would enhance the Group's visibility, contribute, among other things, to recruitment and make it possible to raise venture capital, when necessary.

The analysis of listing qualifications, ordered by the Board of Directors, was completed in December 2000. On the basis of the analysis, no legal impediments to listing exist. Once follow-up analyses have been carried out, a decision will be made on the implementation and the way of the implementation of listing.

Shareholder control

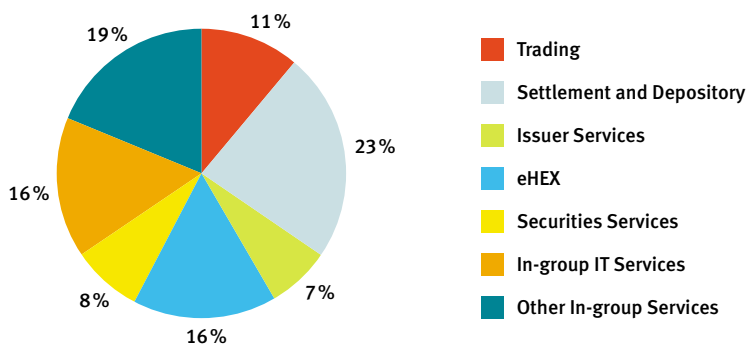
The Group is subject to a so-called shareholder control governed by the securities market legislation. If a party or several parties together intend to buy at least five per cent of the Group's share capital or voting rights, they shall notify the Financial Supervision of their intention in good time. A similar obligation to make a declaration is applied if shareholding exceeds or falls short of one-tenth, one-fifth, one-third or half of the Group's share capital or voting rights.

The Financial Supervision may oppose such a share purchase if it deems, on the basis of the information available, that the shareholding would risk Group operations. If shareholding has been obtained despite the Financial Supervision's opposition or the obligation to make a declaration was not complied with, Financial Supervision may prevent the exercise of voting rights at the Group.

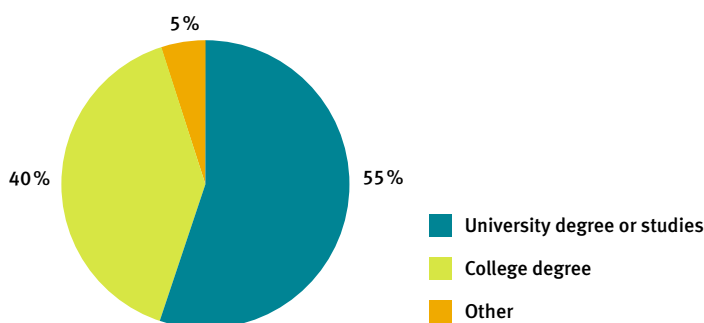
Shares and share capital

The Group's shares are book-entry securities in one series with equal rights to dividend. Each share entitles to one vote. The nominal value of a share is two euros, and a total of 13,471,728 of the Group's shares are outstanding.

DISTRIBUTION OF PERSONNEL ON 31 DEC. 2000



EDUCATION DISTRIBUTION AMONG PERSONNEL ON 31 DEC. 2000



Distribution of share capital, 31 December 2000

BY SHAREHOLDINGS

SHARES/ SHAREHOLDER	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1-100	14	9.2	278	0.002
101-1,000	37	24.2	12,157	0.09
1,001-10,000	14	9.2	44,756	0.3
10,001-50,000	60	39.2	1,549,166	11.5
50,001-100,000	10	6.5	963,206	7.1
over 100,000	16	10.5	8,783,448	65.2
Nominee registrations	2	1.3	2,118,717	15.7
Total	153	100	13,471,728	100

MAJOR SHAREHOLDERS

	SHARES		% OF SHARES AND VOTES
	NO. OF SHARES	TOTAL	
1. OM Gruppen AB *		2,103,717	15.6
2. Nordea Group			
Merita Plc	46,360		
Merita Bank Plc	1,456,463	1,502,823	11.2
3. Sampo-Leonia Group			
Leonia Pankki Oyj	876,499		
Sampo-Leonia Oyj	499,031	1,375,530	10.2
4. OKO Group		1,192,876	8.9
5. Bank of Finland		948,200	7.0
6. OKR Issuers Cooperative		930,960	6.9
7. Evli Group			
Evli Securities Plc	590,222		
Evli Options Ltd	193,428	783,650	5.8
8. Finnish State Treasury		603,400	4.5
9. Pohjola Group Insurance Corporation		499,031	3.7
10. Ilmarinen Mutual Pension Insurance Company		249,516	1.9
10. Varma-Sampo Mutual Pension Insurance Company		249,516	1.9
Total		10,439,219	77.6

* nominee registration HSS/Skandinaviska Enskilda Banken Ab

The Group's share capital of 134,717,280 Finnish markka were converted into euros by the decision of the Extraordinary General Meeting on 2 November 2000. In connection with the euro adoption, share capital was increased from 22,657,819.98 euros to 26,943,456.00 euros by means of a bonus issue of 4,285,636.02 euros. Share capital was increased by raising the nominal value of the Group's share to two euros free of charge.

Shareholders

The number of shareholders at the end of 2000 totalled 153. The ten major shareholders and shareholder groups held 77.6 per cent of share capital. Nominee registration shares accounted for 15.7 per cent of share capital. According to the information announced by OM Gruppen AB, it holds in nominee registration about 15.6 per cent of the shares.

Shareholder agreement

In connection with the formation of HEX Group in 1998, major shareholders entered into a shareholder agreement, under which the parties agreed on their pre-emptive rights to their shares in the Group and on their stand on the election of the Board of Directors as well as on the limitation of liability pertaining to the operations of the Finnish Central Securities Depository. The agreement also sets objectives for developing the book-entry securities system.

Parties to the agreement include the State of Finland, the Bank of Finland, OKR issuers Cooperative, Merita Plc, Merita Bank Plc, OKO Group, Opstock Oy, Leonia Bank Plc, Aktia Savings Bank Plc.

Stock-option scheme

HEX adopted an employee stock-option scheme in December 2000. The stock options included in the scheme aim to encourage employees to work on a long-term basis with a view to increasing share-

holder value as well as to enhancing employee commitment to the company. Part of the stock options were issued to the Group's wholly-owned subsidiary to be granted to the personnel at a later date.

As distinct from the shareholders' subscription privilege, stock options are granted to employees as part of their incentive scheme. The incentive scheme was run independent of whether the Group's listing process in the future will be carried out. If the listing on the Stock Exchange does not materialise, a subscriber will be entitled to a compensation corresponding the value equal to the increase of shareholders' equity.

The number of stock options, entitling to subscribe for the Helsinki Exchanges Group Oyj's shares, totals 1,400,000, at the subscription price of 12.50 euros. The subscription price will be lowered by the amount of dividends to be distributed after 1 December 2000 and before the share subscription. The scaled subscription periods for options will begin on 1 November 2002, 1 November 2003, 1 November 2004 and 1 November 2005, and, regarding all stock options, will end on 30 November 2007.

As a consequence of the stock-option scheme, share capital may exceed by a maximum of 2.8 million euros and employee shareholding may rise to 9.4 per cent at the most.

Reward systems

The Annual General Meeting annually confirms in advance the emoluments paid to the Board of Directors. The Board of Directors decides on the CEO's and their deputy's as well as the Executive Group's compensation and other benefits.

In parallel with the employee stock-option scheme, no specific bonus scheme is applied to the management.

Internal supervision and risk management

Internal supervision is an integral part of HEX Group's management and daily operations. Internal supervision and various risk-management tech-



niques aim to ensure efficient and profitable operations, reliable information as well as the compliance of rules and regulations and operating principles.

The major measurable and quantifiable risk-management tools include limits, which allow setting restrictions on the size of risks. Non-measurable risk-management tools include various techniques, which aim to hedge against risks.

The Board of Directors, the Executive Group and other personnel are, for their part, responsible for the functionality of supervision and risk management. As part of strategic planning, the management carries out risk assessment on an annual basis and take the necessary action.

Internal auditing

The Group's Internal Auditing unit reports to the Group's CEO and the Board of Directors. Auditing is based on international internal audit standards as well as on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) governing internal audits and risk-management issues.

The unit employs three persons, one of them being a CIA (Certified Internal Auditor), one of them a CISA (Certified Information Systems Auditor) and one of them both a CISA and a CISSP (Certified Information Systems Security Professional).

Insiders

HEX Group follows guidelines for insiders, concerning Group employees and the consultants employed by the Group, which are stricter than required by law and regulations issued by authorities.

Audit

SVH PricewaterhouseCoopers Oy, Authorised Public Accountants, is in charge of HEX companies' audit, Eero Suomela APA acting as the principal auditor and Juha Wahlroos APA as his deputy.

Organisation of operations and responsibilities

HEX Group's operations consist of five business

units: Trading, Settlement and Depository, Issuer Services, Securities Services and eHEX.

In-Group functions are organised into general staff and Group services, including IT services, Corporate Communications, Legal Affairs and Regulations, Internal Auditing, Administration, and Corporate Governance. Business unit, general staff and Group services directors report to the Group's CEO.

The business organisation is in charge of the Group's operational control. Decisions on legal matters are made in the Group structure-based organisation.

President and CEO

The President and CEO runs the Group's day-to-day administration in line with the strategy approved by the Board of Directors with a view to achieving the operational and financial targets set by the Board of Directors.

Shareholders' meeting

The Annual General Meeting is held annually prior to the end of June on the date set by the Board of Directors. The Meeting deals with issues pertaining to it as provided by law and the Articles of Association. The 2000 Annual General Meeting was held on 24 March. In addition, an Extraordinary General Meeting convened on 2 November.

Restriction on influence

Pursuant to the securities market legislation and the Articles of Association, exercising voting rights at the shareholders' meeting is confined to a maximum of one-twentieth (1/20) of the votes represented at the meeting. When counting the shareholder's votes, e.g. companies in the same Group with the shareholder are taken into account.



Board of Directors



Tarmo Korpela, 58
M.Sc. (Pol.)
Chairman of the Board
In governing bodies of HEX Group since 1986 *

Confederation of Finnish Industry and Employers; Deputy Director General 1993–
Confederation of Finnish Industries; Deputy Director General 1985–1992
Central Federation of Small Industries; Director General 1976–1985

*Finnvera Oyj; Member of the Supervisory Board 1998–
OKR-Issuers Cooperative; Chairman of the Board 1997–
Finnish Guarantee Board; Deputy Chairman of the Supervisory Board of the Trustees 1987–1998
Kera Oyj (the Fund for Regional Development); Member of the Supervisory Board 1993–1998
Fennia Mutual Insurance Company; Member of the Supervisory Board 1980–*

Deputy:
Timo Lehto, Senior Vice President and CFO, Sanitec Corporation



Timo Korvenpää, 48
B.Sc. (Econ.)
Vice Chairman of the Board
In governing bodies of HEX Group since 1997 *

Nokia Networks Oy; Senior Vice President, Finance & Control 2000–
Nokia Corporation; Vice President Finance, Corporate Treasurer 1995–2000

*Federation of Employment Pension Institutes; Member of the Board 1998–2000
Nokia Group Pension Foundation; Chairman of the Board 1996–2000
Finnish Central Securities Depository Ltd; Member of the Board 1999
Merita Bank; Deputy Member of the Board 1995*

Deputy:
Kari Toikka, Senior Vice President, UPM-Kymmene Corporation



Henrik Andersin, 41
M.Sc. (Econ.)
Member of the Board
In governing bodies of HEX Group since 1991 *

Evli Securities Plc; Senior Managing Partner and CEO 1994–
Evli Securities Ltd; Broker 1989–1994
Evli Securities Ltd (Founding Partner); Stock Exchange Floor Dealer 1985–1989

*Svenska Handelshögskolan; Deputy Member of the Board 1999–
Nordic Partners Inc. New York; Member of the Board 1998–
Finnish Securities Dealers Association; Member of the Board 1996–
The Association of Finnish Brokers; Chairman of the Board 1995–1998
Finnish Securities Dealers Association; Chairman of the Board 1995–1996 and 1998–1999*

Deputy:
Robert Sergelius, Managing Director, Alfred Berg Finland OYJ ABP



Satu Huber, 42
M.Sc. (Econ.)
Member of the Board since 2000

State Treasury; Director of Finance and Head of Finance Unit 1997–
Merita Investment Banking; First Vice President (Global Sales & Scandinavian Money & Bond markets) 1996–1997
Merita Bank; Treasury Sales, Vice President 1995

*Association for the Finnish Cultural Foundation; Member of the Board 2000–
Finnish Industry Investment Ltd; Member of the Board 1999–*

Deputy:
Jukka Järvinen, Head of Office, State Treasury

* Predecessors of Helsinki Exchanges Group Oyj are included.



Hannu Karppinen, 55

LL.M., M.Sc. (Pol.)

Member of the Board since 2 November 2000

In governing bodies of HEX Group 1989–1996 *

Bank of Finland; Head of Legal Affairs Unit (ad.int.) 2000–

Bank of Finland; Legal Counsel, Legal Affairs Unit 1985–2000

In Bank of Finland since 1971

Member of and Secretary to several Ministry of Finance working groups dealing with legislation

Member of several Finnish delegations in the Foreign Ministry's sector

Member of the Independent Panel on an Intra-European System of Central Banks-Dispute Settlement Procedure 1999–

Deputy Secretary to the Parliamentary Supervisory Council 1996–

Deputy:

Raimo Hyvärinen, Head of Department, Bank of Finland



Kalevi Kontinen, 59

Ph.D. (Tech.)

Member of the Board

In governing bodies of HEX Group since 1998 *

Nokia Information Management; Technology Director 2000–

MeritaNordbanken and its predecessors; Executive Vice President 1984–2000

TietoEnator Corporation; Member of the Board 1991–

Deputy:

Jussi Laitinen, Executive Vice President, MeritaNordbanken Plc



Martti Porkka, 49

M.Sc. (Pol.), B.Sc.

Member of the Board since 2000

Sampo plc; Head of Group Treasury and Funding 2001–

Sampo Group; Chief Investment Officer 1991–2001

Sampo Group; Head of Investments Unit 1990–1991

Sampo Group; Department Manager, Financing Department, Investments Unit 1986–1990

Deputy:

Jussi Osola, Executive Vice President, Member of the Board, Sampo Bank Plc



Timo Ritakallio, 38

LL. M.

Member of the Board

In governing bodies of HEX Group since 1995 *

OKOBANK; First Executive Vice President and Member of the Executive Board, Corporate Banking and Group Treasury 2001–

OKOBANK; Executive Director and Member of the Executive Board, Corporate Banking and Capital Markets 1997–2001

Opstock Ltd; Managing Director 1993–1997

Uudenkaupungin Seudun Osuuspankki; Managing Director, Retail Banking 1991–1993

Tampereen Seudun Osuuspankki; Assistant Director, and OP-Pirkka Fund; Managing Director, 1988–1991

OKO-Venture Capital Ltd; Chairman 2000–

OP-Kotipankki Oyj; Member of the Board 2000–

OP-Finance Ltd; Deputy Chairman 1998–

OKO Mortgage Bank Ltd; Deputy Chairman 1998–1999 and

Chairman 1999–2000

Aurum Life Insurance Company Ltd; Member of the Board 1998–2000

Opstock Companies; Member of the Board, 1993–1998

OP Fund Management Company Ltd; Member of the Board, 1992–1998

Finnish Association of Securities Dealers; Member of the Board and Deputy Chairman, Chairman 1996–1998

Deputy:

Risto Murto, Managing Director, Opstock Ltd

* Predecessors of Helsinki Exchanges Group Oyj are included.

Executive Group



Jukka Ruuska, 39
M.L.L. MBA
President and CEO
Member of the Executive Group since 2000
With HEX Group since 2000

HTC (Telecommunication Group); Director, Corporate Planning 1997–2000
Finnet Group (Telecommunication); Director, Corporate Planning 1996–1997
Prospectus Oy (Investment Bank); Deputy Managing Director 1994–1996



Heikki Sirve, 47
M.L.L.
Executive Vice President, Settlement and Depository Business Unit, In-Group IT Services
Member of the Executive Group since 1997 *
Deputy to the CEO since 2000
With HEX Group since 1997 *

Finnish Central Securities Depository Ltd; Director, Customer Services 1997–1999; Managing Director 1999–
Oy Samlink Ab; Director 1993–1996



Mika Björklund, 38
M.Sc. (Econ.)
Executive Vice President, Issuer Services Business Unit
Member of the Executive Group since 1996 *
With HEX Group since 1991 *

HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House Ltd; Senior Vice President 1997–2000
Helsinki Stock Exchange; Manager, Issuer Services 1991–1996; Vice President 1996–1997



Liisa Jauri, 40
M.L.L.
Executive Vice President, Corporate Planning
Member of the Executive Group since 1990 *
With HEX Group since 1990 *

Helsinki Exchanges Group Oyj; Director, Legal Affairs 1999–2000
Finnish Central Securities Depository Ltd; Director, Legal Affairs 1997–1998
Securities Association; Managing Director 1990–1997

State Pension Fund, Member of the Investment Advisory Committee 2000–



Lasse Musakka, 45
B.Sc. (Econ.)
Executive Vice President, eHEX Business Unit
Member of the Executive Group since 1997 *
With HEX Group since 1997 *

Helsinki Exchanges Group Oyj; Chief Information Officer 1999–2000
Finnish Central Securities Depository Ltd; Chief Information Officer 1997–1999

* Predecessors of HEX Group are included.



Teuvo Rossi, 51

M.Sc. (Econ.)

Executive Vice President, Finance and Administration as of 1 March 2001
Member of the Executive Group as of 1 March 2001

Carta Booz-Allen & Hamilton Oy; Principal, Corporate Finance 1999–2001
Den Danske Bank, Helsinki Branch; Head of Corporate Finance 1998–1999
Postipankki; Deputy General Manager, Investment Banking 1996–1998
Amer Group Ltd; Vice President and Corporate Treasurer 1990–1996



Veli Matti Salmenkylä, 41

M.Sc. (Eng.)

Executive Vice President, Securities Services Business Unit as of 15 February 2001
Member of the Executive Group as of 15 February 2001
With HEX Group since 1995 *

HEX Group; Vice President, Administration and Finance 1997–1999;
Senior Vice President, Chief Financial Officer 2000–2001
SOM Ltd, Securities and Derivatives Exchange, Clearing House;
Vice President, Administration, Finance and Derivatives Clearing 1995–1997



Jouni Torasvirta, 35

M.Sc. (Econ.)

Executive Vice President, Trading Business Unit
Member of the Executive Group since 1995 *
With HEX Group since 1989 *

Helsinki Securities and Derivatives Exchange, Clearing House Ltd; Senior Vice President 1999
Svenska Handelsbanken, Helsinki Branch; Head of Derivatives 1998–1999
HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House; Vice President, Sales 1998
SOM Ltd, Securities and Derivatives Exchange, Clearing House; Sales Director 1996–1998

Board and Executive Group Secretary



Jaakko Raulo, 43

M.LL.

Senior Vice President
Board and Executive Group Secretary since 2000
With HEX Group since 1987 *

HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House; Chief Legal Counsel 1997–1999
SOM Ltd, Securities and Derivatives Exchange, Clearing House; Vice President 1996–1997
Helsinki Stock Exchange; 1987–1996

* Predecessors of HEX Group are included.

To Shareholders

Financial Information

Results for the Financial Year 2000	2 March 2001
Annual Report for the Year 2000	15 March 2001

Interim Reports for the Financial Year 2001

January–March	week 20
January–June	week 33
January–September	week 46

Financial information will be published in Finnish and in English.

The Annual Report, the Interim Reports and Company Announcements are available on HEX Group's website at <http://www.hexgroup.com>.

Orders for publications can be made via the website or at the address:

Helsinki Exchanges Group Oyj
Corporate Communications
P.O.Box 361
FIN-00131 Helsinki

Annual General Meeting

The Annual General Meeting of Helsinki Exchanges Group Oyj will be held on 23 March 2001 at 12.30 p.m. in the Pörssiravintola restaurant, Fabianinkatu 14, Helsinki.

In order to have a right to attend the meeting, a shareholder must be registered in the Register of Shareholders of Helsinki Exchanges Group Oyj, held by Finnish Central Securities Depository Ltd, on Tuesday, 13 March 2001, at the latest.

A notice of intention to attend the meeting must be given no later than on 20 March by 4.30 p.m. by fax at the number +358 9 6166 7378.

Eventual proxies should be presented upon registration at the meeting.

Payment of Dividends

The Board of Directors will propose to the Annual General Meeting that 0.80 € per share should be paid as dividend from distributable funds. The Board of Directors will propose that the dividend should be paid on 29 March 2001. Dividend will be paid to a shareholder that is registered in the company's Register of Shareholders, held by Finnish Central Securities Depository Ltd, on record date. The record date for dividend is 26 March 2001.



Helsinki Exchanges Group Oyj
P.O.Box 361 (Fabianinkatu 14)
FIN-00131 Helsinki
Tel. +358 9 616 671
Telecopy +358 9 6166 7368
Internet: www.hexgroup.com
E-mail: corpcomm@hex.fi

Financial Statements 2000
Helsinki Exchanges Group Oyj



To Shareholders

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Results for the Financial Year 2000 2 March 2001
Annual Report for the Year 2000 15 March 2001

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Board of Directors' Report

The turnover of HEX Group increased by 43.8 per cent to 74.8 million euros (52.0 million euros). Expenses totalled 44.0 million euros (35.6 million euros). The Group's operating profit amounted to 30.7 million euros, which was 87.9 per cent more than in the previous year. Profit before extraordinary items and taxes was 32.4 million euros (18.9 million euros) and net profit for the fiscal year amounted to 23.0 million euros (13.6 million euros). Capital investments totaling 9.2 million euros (7.5 million euros) were expended on computer software and hardware and on premises.

Return on investment (ROI) grew from 40.9 per cent to 56.5 per cent. Return on equity increased from 29.3 per cent to 39.9 per cent. Earnings per share was 1.71 euros (1.01 euros).

Favourable development was mostly attributable to the intense growth of share trading that was based on interesting companies, larger group of brokers and new listed companies.

Business Operations

Trading

The demand for the services of the Trading business unit increased and share trading doubled in comparison with the previous year, amounting to 227 billion euros. This development was influenced, among other things, by the increasing share of remote brokerage. Ten new brokers were accepted as remote members. Product range widened as trading in covered warrants started in December. Following the European practice, HEX extended trading time in the Helsinki Exchanges by an hour as of September. Simultaneously, commencing separate evening trade was planned.

Derivatives cooperation with Eurex proved successful: in January Eurex became the world-leading marketplace for Nokia options. The trading volume of the Finnish equity and index derivatives on HEX and Eurex almost doubled in comparison with 1999.

Settlement and Depository

The number of clearing transactions continued to grow. The number of transactions nearly doubled in a year, amounting to 4.3 million. The total value of these transactions grew to 550 billion euros. The handling process and the clearing rate of clearing transactions were upgraded by renewing mainframes and by further developing operations.

The volume of debt instruments for the wholesale market remained at nearly the same level as in the previous year. The value of the cleared debt instrument transactions totalled approximately 490 million euros.

The internationalisation process continued vigorously. HEX was actively engaged in standardisation development work as a member of the ECSDA (European Central Securities Depository Association). Development work was focused on formulating a new clearing system and modelling the

structure of the Central counter-party and the RTGS system (Real Time Gross Settlement) that provides foundations for the real time clearing of trades against payment.

Share links with German Clearstream Banking AG and Dutch Necigef were expanded and a share link was opened with Euroclear France at the end of the year. The link service's range of securities diversified and its European coverage increased. HEX's experiences of link operations were positive. The transaction volume doubled and the market value of the securities in the link multiplied during the year. Negotiations on link cooperation with other important European institutions continued.

The book-entry securities registers and HEX carried out the task of incorporating the book-entry securities accounts in separate registers into a centralised information system. The result of this large-scale project is a centralised register that is maintained by HEX. This register intensifies securities clearing and increases possibilities for developing operations.

Issuer Services

The companies showed great interest in listing at the beginning of the year, but as the mood in the market turned doubtful towards the end of the year, their zest for listing decreased. Nevertheless, a total of 23 companies listed on the Helsinki Exchanges last year, 20 of which were new companies. At the end of the year a total of 179 share series from 158 companies were traded on the Helsinki Exchanges. A total of twenty retail bonds were entered in the book-entry securities system.

The market value of equity arrangements carried out during the year totalled 653 million euros. The majority of equity arrangements related to company acquisition funding, share-option schemes and retail bonds.

The use of the shareholders' meeting service increased tangibly and the number of visitors on the NetSire Internet site, launched in the spring, exceeded the forecasts. Issuer Services developed and diversified its information services related to shareholders' registers of companies. The demand for these information services grows continually.

Securities Services

Risk management and clearing services for Eurex parties consolidated their position during the year. At the end of the year approximately 70 per cent of trades between Finnish parties on Eurex were cleared through the HEXBos system.

In regard to delivery failure loans, stock-lending activity showed clear signs of growth. Growth of short-term lending was reflected in improved clearing rate. A total of 161,245 stock lending contracts were made in December, which is clearly a record volume.

The primary development project of the Sales and Development unit, which started its operations at the end of the year, is a back-office service package for market participants

so that they can, at will, outsource their clearing and settlement processes to HEX's Securities Services.

eHEX

eHEX, the Group's electronic information distribution channel, processed and analysed information that was produced by HEX's trading and settlement systems for the market participants' needs. The service supply became more versatile during the year and several new development projects were launched. New service forms were, for example, HEXStar rating, launched in September, and a HEXPort product range that includes portfolio analyses and reports provided by eHEX. An IR-service designed for listed companies, which will be launched in the course of 2001, and an internal data warehouse that will increase the efficiency of operations were also being developed.

In November, eHEX launched the eHEX Broker Platform; an online trading platform for broker members. It enables brokers to outsource the development and maintenance of the online trading platform. Conventum Pankkiiriliike, a Finnish brokerage firm, was the first to adopt it. One of the eHEX Broker Platform's features is eHEXpay transaction payment service. In the course of 2001, Eurex trading will be integrated into the software.

At the end of the year eHEX began to plan Internet-based services for its company customers. The aim is to provide services based on new technology for new and existing market participants.

In June, HEX acquired a minority share of 4.6 per cent in the Swedish software provider Cinnober Financial Technologies AB. The company specialises in stock trading software that utilizes the Internet.

In June, HEX also became a shareholder of Suomen Netтираhastot Oy with a share of 15.8 per cent. Suomen Netтираhastot is an impartial marketplace of shares of mutual funds that operates on the Internet.

New Strategy and Organisational Change

The Group's business organisation was reorganised in the autumn. The reorganisation, which was published in September, is part of the ongoing development work to promote the Group's customer orientation. HEX Group's operations were divided into five business units: Trading, Settlement and Depository, Issuer Services, Securities Services and eHEX. Jouni Torasvirta was appointed as the head of the Trading business unit, Heikki Sirve as the head of the Settlement and Depository business unit, Mika Björklund as the head of the Issuer Services business unit and Lasse Musakka as the head of eHEX. Jukka Ruuska was in charge of Securities Services for the present.

HEX's renewed strategy was confirmed in December. It is based on identifying the megatrends of global economy and investment that appear in the capital market and, in addition, the business area trends that derive from them.

Analysis of Listing Qualifications

In June, HEX's Board of Directors decided to order an analysis of the Group's listing qualifications. The analysis was completed in December. On the basis of it, no legal impediments to listing exist. A decision on the implementation and the manner of the implementation of listing will be made later.

Board of Directors and Auditor

On 24 March 2000, the Annual General Meeting elected eight Board members and their personal deputy members for the next term. The following people were elected Board members: Chief Executive Officer Henrik Andersin (Evoli Securities Plc), Director of Finance Satu Huber (State Treasury), Technology Director Kalevi Kontinen (Nokia Information Management), Deputy Director General Tarmo Korpela (Confederation of Finnish Industry and Employers), Director of Finance Timo Korvenpää (Nokia Oyj), Expert of Financial Market Markku Malkamäki (Bank of Finland), Chief Investment Officer Martti Porkka (Sampo Group) and Executive Director Timo Ritakallio (OKOBANK).

Markku Malkamäki resigned from the Board of Directors on 12 May 2000. In accordance with the Articles of Association, Malkamäki was replaced by his personal deputy member Raimo Hyvärinen (Bank of Finland) who acted as a Board member from 17 May 2000 until 2 November 2000 when the Extraordinary General Meeting elected Hannu Karppinen (Bank of Finland) a Board member.

The Annual General Meeting chose SVH PricewaterhouseCoopers Oy, Authorised Public Accountants, as its auditor.

Personnel

At the end of 2000 HEX Group employed 290 people. The average number of employees for the whole year was 250. At the end of the previous year, 1999, the Group employed 224 people and the average number of the employees for the whole year was 198.

One of HEX's key competitive factors is its personnel. A working community development programme was launched in the spring the aim of which is to bolster the shared identity of HEX employees and enhance internal cooperation. Along with this programme, internal communication was strengthened by establishing a newsletter for the personnel, by increasing opportunities for job circulation and by creating functional models for induction and target discussions. New strategy clarified the direction and goals of operations and the restructuring of business organisation clarified management systems.

Stock-option Scheme for the Personnel

On 2 November 2000, the Extraordinary General Meeting adopted the Board of Directors' proposal for the introduction of an employee stock-option scheme in HEX Group. The stock options included in the scheme aim to encourage employees to work on a long-term basis with a view to increasing shareholder value as well as to enhancing employee commitment

to the company. Part of the stock options was issued to the Group's wholly-owned subsidiary to be granted to the personnel at a later date.

As distinct from the shareholders' subscription privilege, stock options were granted to employees as part of their incentive scheme. The incentive scheme is run independent of whether the Group's listing will be carried out or not. If the listing on the Stock Exchange does not materialise, the subscriber will be entitled to compensation at the value equal to the increase of shareholders' equity.

The number of stock options, entitling to subscribe for the Helsinki Exchanges Group Oyj's shares, totals 1,400,000, at the subscription price of 12.50 euros. The subscription price will be lowered by the amount of dividends to be distributed after 1 December 2000 and before the share subscription. The scaled subscription periods for options will begin on 1 November 2002, 1 November 2003, 1 November 2004 and 1 November 2005, and, regarding all stock options, will end on 30 November 2007.

As a consequence of the stock-option scheme, share capital may exceed by a maximum of 2.8 million euros and employee shareholding may rise to 9.4 per cent at the most.

Changes concerning the Group

On 2 November 2000, the Extraordinary General Meeting adopted the Board of Directors' proposal for converting Helsinki Exchanges Group Ltd Oy's share capital, as registered in the Trade Register, into euros. The change was carried out by increasing share capital by means of a bonus issue in which the nominal value of the share was raised to two euros free of charge. New shares were not issued in the bonus issue. The amount of the increase of share capital was transferred to the share capital of the Group's premium fund. The increase of share capital was entered into the trade register on 30 November 2000.

The Extraordinary General Meeting also decided to convert Helsinki Exchanges Group into a public joint-stock company. A public joint-stock company was regarded a natural operational model for the Group independent of whether the Group's listing process in the future will be carried out or not for the Group's operations have increased and expanded considerably. The Group also has a great number of shareholders.

Events after the Financial Year

The favourable development of business operations continued at the beginning of 2001. In regard to the volume of trading in euros and the trading share of remote brokers, January was a record month in share trading. In January 2001, the number of clearing transactions increased by approximately 12 per cent in comparison with December 2000. Demand for market information continued to be great. The HEX all-share index decreased by over 15 per cent in January.

Preparations for evening trade continued. It was planned that evening trade will start in April 2001. Simultaneously, preparations were made for extending the trading time of derivatives correspondingly.

Finnish Competition Authority's decision on HEX's fees

In January 2001, the Finnish Competition Authority gave a decision on two cases concerning HEX Group and its competitive position. One decision dealt with the stock exchange pricing adopted by HEX in 2000 and the other the Finnish Central Securities Depository's pricing in securities clearing.

In its decision the FCA found that the Helsinki Exchanges and the Finnish Central Securities Depository hold, at least for the present, a dominant position as defined in the Act on Competition Restrictions, as maintainers of the public stock trading system and providers of clearing services in Finland.

Nevertheless, the stock exchange pricing cannot, according to the FCA, be considered discriminatory to certain brokers or broker groups and thus it cannot be regarded as abuse of dominant position as defined in the Act on Competition Restrictions. Because the stock trading market is undergoing a phase of significant commercial and technical changes, the market and the Helsinki Exchanges' position in the market may change in the near future.

However, the FCA found that the fees the Finnish Central Securities Depository collects for the share delivery delays can be considered abuse of dominant position as defined in the Act on Competition Restrictions because the fees are, according to the FCA, discriminatory to clients and not based on costs. The FCA obliged the Finnish Central Securities Depository to remove all aspects from the share delivery delay fees that violate the Act on Competition Restrictions by 31 January 2002. The FCA did not impose a competition infringement fine on the Finnish Central Securities Depository. When evaluating the need for this fine, the FCA took into consideration that the Finnish Central Securities Depository has actively developed its delay fee system to a more equal and cost-based direction.

HEX published its dissenting opinion of the FCA's market definition of the Helsinki Exchanges and the Finnish Central Securities Depository. HEX considered that competition between marketplaces and clearing providers has tightened and that the market for stock trading and clearing operations geographically exceeds the national market. In this more broadly defined market, HEX does not hold a dominant position as defined in the Act on Competition Restrictions.

HEX's value-added tax liability

The Supreme Administrative Court decided in January 2001 that as a tax liability group HEX is not liable to pay value-added tax on fees collected from brokers by the Helsinki Exchanges on the basis of the public trading of securities exercised by it or on fees the Finnish Central Securities Depository collects for the clearing operations of securities trading and other transfers.

HEX had appealed to the Supreme Administrative Court against the preliminary ruling made by the Central Tax Board, according to which HEX would be liable to pay value-added tax on the aforementioned fees. As a consequence

of the Supreme Administrative Court's decision, HEX's possibilities to achieve an equal standing alongside other European market participants have improved because the costs of trading and clearing operations decrease.

Strategic cooperation with Tallinn Stock Exchange

On 27 February 2001, HEX Group and Tallinn Stock Exchange (TSE) published their intention to enter into strategic cooperation that will include ownership and operational aspects as well. The cooperation project supports HEX's strategy of growth. Furthermore, the aim of the cooperation is to develop Estonia's capital market.

The cooperation will be based on HEX's offer to acquire over 50 per cent ownership in TSE in part by purchasing shares from shareholders and in part by subscribing new shares in a private placing. On 21 March 2001, the Annual General Meeting of TSE will decide on the private placing.

The ownership arrangements will be finalised as soon as possible after the share purchases and special issue have been concluded. The aim is to start trading with Estonian shares in HEX's system in the course of 2001.

Holding arrangements related to Suomen Nettirahastot

In February, Suomen Nettirahastot Oy, Sonera Plaza Rahastopalvelut Oy and OP-Kotipankki Oyj signed a general agreement on the basis of which HEX sold part of its shares in Suomen Nettirahastot Oy and changed part of them for the shares in Sonera Plaza Rahastopalvelut Oy. After the arrangement HEX's holding in Sonera Plaza Rahastopalvelut Oy is 4.1 per cent.

Appointments to the Group's Executive Group

Veli Matti Salmenkylä, the HEX Group's Director of Administration and Finance, was appointed the head of the Securities Services business unit and a member of the Executive Group as of 15 February 2001.

Teuvo Rossi, M.Sc. (Econ.), was appointed the HEX Group's Director of Administration and Finance and a member of the Executive Group as of 1 March 2001.

Outlook for 2001

The profit development of the last two years has been exceptionally favourable. The relative profitability of the Group is anticipated to decrease.

HEX's line of business is in transitional stage. In this atmosphere, HEX continues developing its operations on the basis of its strategic policy. HEX aims at profitable growth. It will focus on its transaction business and develop the eHEX and Securities Services business areas.

One of HEX's central aims continues to be focusing the liquidity of Finnish shares on Helsinki. HEX endeavours to strengthen its position as an international and transparent marketplace.

Consolidated Profit and Loss Statement

	1 Jan. 2000 – 31 Dec. 2000 1,000 €	1 Jan. 1999 – 31 Dec. 1999 1,000 €
TURNOVER		
Settlement income	1,528,787	2,583,159
Settlement expenses	-1,528,787	-2,583,159
Fee income	38,677	16,274
Other income	36,108	35,776
Adjustment items	—	-42
	<hr/> 74,785	<hr/> 52,008
Personnel costs		
Salaries and fees	-11,948	-10,076
Payroll add-on costs		
Pension costs	-1,900	-1,590
Other add-on costs	-928	-968
	<hr/> -14,776	<hr/> -12,634
Depreciation and write-downs		
Depreciation according to plan	-6,398	-5,620
Other operating costs	-22,864	-17,387
	<hr/>	<hr/>
OPERATING PROFIT	30,747	16,367
Financial income and expenses		
Other interest and financial income		
Extra-group items	1,936	2,633
Devaluation of financial securities under current assets	-110	-26
Interest charges and other financial expenses		
Extra-group items	-184	-37
	<hr/> 1,642	<hr/> 2,570
PROFIT BEFORE EXTRAORDINARY ITEMS	32,389	18,937
Extraordinary items		
Extraordinary income	8,800	—
Extraordinary expenses	-8,908	—
	<hr/>	<hr/>
PROFIT BEFORE TAXES	32,281	18,937
Income taxes	-9,310	-5,313
NET PROFIT	22,971	13,624

Consolidated Balance Sheet

	31 Dec. 2000		31 Dec. 1999	
	1,000 €		1,000 €	
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible rights	1,883		411	
Other capitalised expenditure	6,586	8,469	8,276	8,687
Tangible assets				
Machinery and equipment		5,317		3,305
Investments				
Other shares and holdings		990		15
CURRENT ASSETS				
Imputed tax claim		2,552		46
Short-term receivables				
Settlement receivables	22		6,185	
Fee receivables	218		567	
Sales receivables	8,351		7,472	
Loan receivables	79		—	
Other receivables	3,014		1,469	
Accrued income and deferred expenses	11,153	22,837	423	16,116
Financial securities				
Other securities		41,017		32,417
Cash on hand and on deposit		7,978		5,237
Total assets		89,160		65,823
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		26,943		22,658
Premium fund		3,465		7,751
Reserve fund		564		564
Retained earnings		11,866		5,039
Net accounting period profit		22,971		13,624
TOTAL SHAREHOLDERS' EQUITY		65,809		49,636
STATUTORY RESERVES				
Other compulsory reserves		8,800		82
LIABILITIES				
Deferred tax liabilities		168		108
Current liabilities				
Settlement debts	22		6,185	
Accounts payable	2,144		1,291	
Other debts	593		1,726	
Accrued expenses and deferred income	11,624	14,383	6,795	15,997
Total shareholders' equity and liabilities		89,160		65,823

Profit and Loss Statement, Parent Company

	1 Jan. 2000 – 31 Dec. 2000 1,000 €	1 Jan. 1999 – 31 Dec. 1999 1,000 €
TURNOVER		
Settlement income	—	654,816
Settlement expenses	—	-654,816
Fee income	—	3,470
Other income	11,937	2,449
	<hr/> 11,937	<hr/> 5,919
Personnel costs		
Salaries and fees	-3,626	-2,056
Payroll add-on costs		
Pension costs	-564	-253
Other add-on costs	-326	-167
	<hr/> -4,516	<hr/> -2,476
Depreciation and write-downs		
Depreciation according to plan	-409	-423
Other operating costs	-6,924	-2,112
	<hr/>	<hr/>
OPERATING PROFIT	88	908
Financial income and expenses		
Other interest and financial income		
Inter-group items	5,210	843
Extra-group items	6	1,683
Devaluation of financial securities under current assets	-15	—
Interest charges and other financial expenses		
Inter-group items	-356	-26
Extra-group items	-7	-5
	<hr/> 4,838	<hr/> 2,495
PROFIT BEFORE EXTRAORDINARY ITEMS	4,926	3,403
Extraordinary items		
Extraordinary income	28,800	9,000
Extraordinary expenses	-11,408	-800
	<hr/> 17,392	<hr/> 8,200
PROFIT BEFORE PROVISIONS AND TAXES	22,318	11,603
Year-end allocations		
Increase (-) or decrease (+) in voluntary reserves	-328	-48
Income taxes	-7,599	-3,242
NET PROFIT	<hr/> 14,391	<hr/> 8,313

Balance Sheet, Parent Company

	31 Dec. 2000		31 Dec. 1999	
	1,000 €		1,000 €	
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible rights	1,478		19	
Other capitalised expenditure	288	1,766	—	19
Tangible assets				
Machinery and equipment		2,203		229
Investments				
Intra-group holdings	36,996		36,996	
Other shares and holdings	970	37,966	15	37,011
CURRENT ASSETS				
Short-term receivables				
Sales receivables	4		—	
Inter-company receivables	34,621		12,844	
Loan receivables	79		—	
Other receivables	5		16	
Accrued income and deferred income	9,326	44,035	92	12,952
Financial securities				
Other securities		5,010		—
Cash on hand and on deposit		449		38
Total assets		91,429		50,249
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		26,943		22,658
Premium fund		3,465		7,751
Reserve fund		564		564
Retained earnings		6,180		4,664
Net accounting period profit		14,391		8,313
TOTAL SHAREHOLDERS' EQUITY		51,543		43,950
ACCUMULATED ADJUSTMENTS				
Depreciation difference		377		49
STATUTORY RESERVES				
Other compulsory reserves		3,984		—
LIABILITIES				
Short-term liabilities				
Accounts payable	1,018		131	
Intra-group liabilities	28,981		3,186	
Other liabilities	251		1,500	
Accrued expenses and deferred income	5,275	35,525	1,433	6,250
Total shareholders' equity and liabilities		91,429		50,249

Sources and Application of Funds

	Group 2000 1,000 €	Group 1999 1,000 €	Parent company 2000 1,000 €	Parent company 1999 1,000 €
Cash flow from business operations				
Operating profit	30,747	16,276	88	908
Adjustments:				
Depreciation according to plan	6,398	5,620	409	423
Financial income and expenses	1,642	2,368	1,304	1,735
Cash flow before change in net working capital	38,787	24,264	1,801	3,066
Change in net working capital:				
Increase (-)/decrease (+) in current non-interest-bearing receivables	-6,722	-7,153	-31,084	-6,335
Increase (-)/decrease (+) in current non-interest-bearing payables	4,863	4,609	31,307	-2,526
Cash flow from business operations before financial items and taxes	36,928	21,720	2,024	-5,795
Indirect taxes paid	-9,623	-2,485	-5,756	-530
Cash flow from business operations	27,305	19,235	-3,732	-6,325
Cash flow from investments				
Investments in tangible and intangible assets	-8,191	-7,470	-4,131	-232
Investments in a Group company	—	-3,690	—	-23,234
Purchases of other shares	-975	—	-954	—
Transfer income from tangible and intangible assets	—	498	—	—
Cash flow from investments	-9,166	-10,662	-5,085	-23,466
Cash flow of financing				
Dividend paid	-6,797	-6,797	-6,797	-6,797
Dividend received	—	—	3 534	761
Share issue	—	3,632	—	3,632
Paid and received Group contributions	—	—	17,500	8,200
Cash flow of financing	-6,797	-3,165	14,237	5,796
Change in funds	11,342	5,408	5,420	-23,995
Funds on 1 Jan.	37,654	24,243	38	24,033
Funds of Finnish Central Securities Depository Ltd on 1 Jan.	—	8,003	—	—
Funds on 31 Dec.	48,996	37,654	5,458	38

Notes to the Financial Statements

Extent of consolidated financial statements

In the consolidated financial statements for 2000 are included, in addition to the parent company, Finnish Central Securities Depository Ltd, Helsinki Securities and Derivatives Exchange, Clearing House Ltd, HEX Securities Services Ltd Oy and HEX Securities Technology Ltd Oy.

Consolidation principles

The consolidated financial statements have been drafted on the acquisition cost method. The difference between the acquisition cost of the shares of Finnish Central Securities Depository Ltd and the equity proportionate to the Group's acquired stake has been charged against capitalised expenditure under fixed assets.

Inter-group transactions, gross margins and intra-group receivables and liabilities have been eliminated in the consolidated financial accounts.

Imputed tax claim and deferred tax liability are calculated on the basis of temporary differences between taxes and financial accounts using the tax rate adopted for the following years at the moment of the closing of the books. The imputed tax claim is given in the amount of the probable claim and the deferred tax liability in its entirety. No imputed tax claim has been calculated on the allocated Group reserves.

According to the decision of the Supreme Administrative Court dated 18 January 2001, the income and expenses from securities trading and clearing of trades are not VAT-liable. The value-added taxes paid on the income and expenses from securities trading and clearing of trades performed by Finnish Central Securities Depository Ltd and Helsinki Securities and Derivatives Exchanges, Clearing House Ltd have been adjusted and respectively entered under the two companies' extraordinary income in 2000. A corresponding sum has been entered under extraordinary expenses to burden the profit and as a statutory provision, due to the uncertainty involved in the further processing of the extraordinary items.

The value-added taxes paid on the income and expenses from securities trading and clearing of trades during 1995–1999 have been adjusted and entered under the parent company's extraordinary income. A corresponding sum has been entered under extraordinary expenses to burden the profit and as an obligatory provision, due to the uncertainty involved in the further processing of the extraordinary items.

The financial statements are drafted as prescribed by the Finnish Financial Supervision Authority, the Accounting Act and the Accounting Degree.

Comparability

The data for the previous and present accounting periods are not comparable. According to the decision of the Supreme Administrative Court dated 18 January 2001, income and expenses from securities trading and clearing of trades are not VAT-liable. The value-added taxes paid on the income and expenses from securities trading and the clearing of trades in 2000 have been adjusted in the profit and loss accounts and balance sheets of Helsinki Exchanges Group Oyj, Finnish Central Securities Depository Ltd and Helsinki Securities and Derivatives Exchange, Clearing House Ltd.

The customer business operations of the parent company were transferred to Helsinki Securities and Derivatives Exchange, Clearing House Ltd on 1 April 1999.

Valuation and periodisation principles

Fixed assets are valued at acquisition cost deducted by depreciation according to plan.

Allowance for depreciation according to plan is made on straight-line basis over the financial life of the item.

Principles for depreciation according to plan

	years
Machinery and equipment	4–5
Transportation	3
Intangible rights	3
Improvements to leased premises	10
Other capitalised expenditure	3–5

Receivables and liabilities are shown at their par value, but, however, at the most at their probable value.

Financial securities are valued at acquisition cost or at market value below acquisition cost.

The Group has arranged pension insurance coverage for its staff with an insurance company.

Notes to the Profit and Loss Accounts

1. Distribution of turnover by business unit (million €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Trading	32.7	20.9	—	4.1
Issuer Services	18.7	16.6	—	1.3
Settlement and Depository	16.1	11.9	—	—
Securities Services	5.8	2.0	—	—
eHEX	1.5	—	—	—
Other income	—	0.6	11.9	0.5
Total	74.8	52.0	11.9	5.9

Turnover comprises premiums on derivatives written by Helsinki Securities and Derivatives Exchange, Clearing House Ltd as well as payments received by Helsinki Securities and Derivatives Exchange, Clearing House Ltd in net cash derivative settlements and for shares delivered. Since Helsinki Securities and Derivatives Exchange, Clearing House Ltd acts as counter-party in all trades, its settlement income always equals settlement expenditure.

2. Personnel

	Group 2000	Group 1999	Parent company 2000	Parent company 1999 (31 Dec.)
The average number of personnel employed	250	198	61	5

3. Management salaries and remuneration (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Managing Director and Members of the Board	615	1,476	285	794

Group 2000 includes the salaries of the Managing Directors (President) of HEX Securities Services Ltd Oy, Finnish Central Securities Depository Ltd and (President and CEO) Helsinki Exchanges Group Oy. The Managing Director of the parent company has been acting as Managing Director of Helsinki Securities and Derivatives Exchange, Clearing House Ltd.

Group 1999 includes the salaries of the Managing Director of HEX Securities Services Ltd Oy for the period 1 November–31 December 1999, the Managing Directors of Helsinki Securities and Derivatives Exchange, Clearing House Ltd for the period 1 April–31 December 1999 and of Finnish Central Securities Depository Ltd and the parent company for the entire year.

4. Depreciation according to plan (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Intangible rights	459	320	119	75
Other capitalised expenditure	4,143	4,041	13	99
Machinery and equipment	1,796	1,259	277	249
Total	6,398	5,620	409	423

5. Extraordinary items (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Extraordinary income				
Group contribution from Helsinki Securities and Derivatives Exchange, Clearing House Ltd	—	—	20,000	9,000
Refunding of value-added taxes	8,800	—	8,800	—
Total extraordinary income	8,800	—	28,800	9,000
Extraordinary expenses				
Group contribution to HEX Securities Services Ltd Oy	—	—	2,500	800
Value-added taxes	108	—	108	—
Statutory provision relating to value-added taxes	8,800	—	8,800	—
Total extraordinary expenses	8,908	—	11,408	800

Under extraordinary income have been entered the value-added taxes that may be refunded to the company on the basis of the decision of the Supreme Administrative Court dated 18 January 2001 stating that the income and expenses from securities trading and clearing of trades are not VAT-liable. A corresponding sum has been entered as statutory provision under extraordinary expenses to burden the profit.

6. Year-end allocations (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Difference between tax relief capital allowance and depreciation according to plan	—	—	-328	-48

7. Income taxes (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Income taxes on extraordinary items	31	—	5,044	2,296
Income taxes on standard operations	11,725	5,222	2,555	946
Change in imputed tax claim and deferred tax liability	-2,446	91	—	—
Total	9,310	5,313	7,599	3,242

Notes to the Balance Sheet

8. Fixed assets (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Intangible assets				
Intangible rights 1 Jan.	10,488	10,714	6,445	6,917
Procured during accounting period	1,952	147	1,578	37
Sold during accounting period	-21	-373	—	—
Sold during accounting period (transfer of business operations)	—	—	—	-509
Acquisition cost 31 Dec.	12,419	10,488	8,023	6,445
Accumulated depreciation according to plan	-10,536	-10,077	-6,545	-6,426
Intangible rights 31 Dec.	1,883	411	1,478	19
Other capitalised expenditure 1 Jan.	21,216	15,485	3,591	4,562
Procured during accounting period	2,452	5,731	301	214
Sold during accounting period	—	—	—	—
Sold during accounting period (transfer of business operations)	—	—	—	-1,185
Acquisition cost 31 Dec.	23,668	21,216	3,892	3,591
Accumulated depreciation according to plan	-17,082	-12,940	-3,604	-3,591
Other capitalised expenditure 31 Dec.	6,586	8,276	288	—
Tangible assets				
Machinery and equipment				
Machinery and equipment 1 Jan.	11,533	10,057	6,991	8,633
Procured during accounting period	3,878	1,589	2,258	388
Procured during accounting period (transfer of business operations)	—	—	—	1,174
Sold during accounting period	-70	-113	-7	-26
Sold during accounting period (transfer of business operations)	—	—	—	-3,178
Acquisition cost 31 Dec.	15,341	11,533	9,242	6,991
Accumulated depreciation according to plan	-10,024	-8,228	-7,039	-6,762
Machinery and equipment 31 Dec.	5,317	3,305	2,203	229
Shares and partnerships				
Shares and partnerships 1 Jan.	15	112	37,011	12,147
Procured during accounting period	978	—	958	24,924
Sold during accounting period	-3	-97	-3	-60
Acquisition cost 31 Dec.	990	15	37,966	37,011
Shares and partnerships 31 Dec.	990	15	37,966	37,011

9. Group companies 31 December 2000

	Group ownership share %	Parent company ownership share %
Helsinki Securities and Derivatives Exchange, Clearing House Ltd, Helsinki	100	100
HEX Securities Services Ltd Oy, Helsinki	100	100
HEX Securities Technology Ltd Oy, Helsinki	100	100
Finnish Central Securities Depository Ltd, Helsinki	100	100

10. Receivables (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Short-term				
Settlement receivables	22	6,185	—	—
Fee receivables	218	567	—	—
Sales receivables	8,351	7,472	4	—
Inter-group receivables:				
Accrued income and deferred liabilities	—	—	34,621	12,844
Loan receivables	79	—	79	—
Other receivables	3,014	1,469	5	16
Accrued income and deferred liabilities	11,153	423	9,326	92
Total short-term receivables	22,837	16,116	44,035	12,952
Significant claims under accrued income and deferred liabilities :				
Group contribution	—	—	20,000	9,000
Value-added taxes	8,800	—	8,800	—
Information sales	1,557	—	—	—
Finnish Central Securities Depository Ltd	—	—	4,473	—
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	—	—	8,464	—
HEX Securities Services Ltd Oy	—	—	1,684	—
Others	796	423	526	3,936
	11,153	423	43,947	12,936

11. Financial securities (1,000 €)

Difference between replacement price and book value	3,671	5,180	134	—
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12. Shareholders' equity (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Share capital 1 Jan.	22,658	21,092	22,658	21,092
Directed share issue 29 Jan.1999	—	1,566	—	1,566
Capitalisation issue	4,285	—	4,285	—
Share capital 31 Dec.	26,943	22,658	26,943	22,658
Premium fund 1 Jan.	7,751	5,684	7,751	5,684
Capital surplus	—	2,067	—	2,067
Capitalisation issue	-4,285	—	-4,285	—
Premium fund 31 Dec.	3,465	7,751	3,465	7,751
Reserve fund 1 Jan.	564	564	564	564
Reserve fund 31 Dec.	564	564	564	564
Retained earnings 1 Jan.	18,663	11,836	12,977	11,461
Dividend distribution	-6,797	-6,797	-6,797	-6,797
Retained earnings 31 Dec.	11,866	5,039	6,180	4,664
Accounting period profit	22,971	13,624	14,391	8,313
Total shareholders' equity	65,809	49,636	51,543	43,950
	Group 2000	Group 1999		
Accumulated depreciation differential entered under consolidated shareholders' equity (1,000 €)	412	264		

13. Calculation of distributable funds 31 December (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Retained profits	11,866	5,039	6,180	4,664
Accounting period profit	22,971	13,624	14,391	8,313
– portion of accumulated depreciation differential and voluntary provisions entered under shareholders' equity	-412	-264	—	—
Total	34,425	18,399	20,571	12,977

According to an amendment in legislation on the book-entry securities system dated 16 October 2000, the minimum shareholders' equity requirement for HEX Securities Services Ltd Oy is 5,000,000 €.

14. Accumulated year-end allocations

The parent company's accumulated year-end appropriations consist of accumulated depreciation differential.

15. Statutory provisions (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Statutory provision	8,800	82	3,984	—

Under extraordinary income have been entered the value-added taxes that may be refunded to the company on the basis of the decision of the Supreme Administrative Court dated 18 January 2001 according to which the income and expenses from securities trading and clearing of trades are not VAT-liable.

A corresponding sum has been entered as statutory provision under extraordinary expenses to burden the profit, due to the uncertainty involved in the further processing of the extraordinary items.

16. Group's deferred tax liability and imputed tax claim (1,000 €)

	Group 2000	Group 1999
Imputed tax claim		
On periodisation differences	2,552	46
Deferred tax liability		
On year-end allocations	168	108

17. Short-term liabilities (1,000 €)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Settlement debts	22	6,185	—	—
Accounts payable	2,144	1,291	1,018	131
Intra-group liabilities:				
Accrued liabilities and deferred income	—	—	28,981	3,186
Other debts	593	1,726	251	1,500
Accrued liabilities and deferred income	11,624	6,795	5,275	1,433
Total short-term liabilities	14,383	15,997	35,525	6,250

Significant items under accrued liabilities and deferred income:

Intra-group contribution	—	—	2,500	800
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	—	—	24,158	2,343
Finnish Central Securities Depository Ltd	—	—	1,162	—
HEX Securities Services Ltd Oy	—	—	1,661	—
Payroll with statutory add-ons	2,737	2,659	528	544
Taxes	6,244	2,737	2,670	827
Provision for free refunds	113	707	—	—
Others	2,530	692	1,577	105
	11,624	6,795	34,256	4,619

18. Stock Options

An extraordinary shareholders' meeting of Helsinki Exchanges Group Oyj approved on 2 November 2000 a personnel stock-option scheme distinct from the shareholders' subscription privilege as part of an employee incentive and commitment programme. The Board of Directors decides on the distribution of the stock options.

Of the stock options, 350,000 have been marked 'A', 350,000 have been marked 'B', 350,000 have been marked 'C', and 350,000 have been marked 'D'. Each stock option entitle to the subscription of one share with the nominal value of two euros. As a consequence of the stock-option scheme, share capital may exceed by a maximum of 1,400,000 new shares or 2,800,000 euros at the most.

The subscription price of the share is 12.50 euros. The subscription price will be lowered after 1 December 2000 and before the share subscription by the amount of dividends on the record date of each dividend distribution. The subscription price, however, is always at least the nominal value of the share. Subscribed and fully paid shares are entered on the subscribers book-entry account.

The subscription of the A shares begins on 1 November 2002, of the B shares on 1 November 2003, of the C shares on 1 November 2004 and of the D shares on 1 November 2005. The subscription period for all stock options ends on 30 November 2007.

Subscription of shares only is possible if the company's share is subject to public trading.

Should the company's share not be subject to public trading, the subscriber is entitled to a compensation determined on the basis of the increase of shareholders' equity as follows: cumulative net profit after the 2000 financial statements adopted financial accounts preceding redemption time including $\times 9.4$ per cent / 1,400,000 shares.

A financial benefit based on an employment relationship is taxable income for the beneficiary, which, according to the Prepayment Act 1118/1996, is comparable to salary for which the employer is obliged to render withholding tax and social security fees.

The shares entitle to dividend for the financial period during which they have been subscribed. Other rights relating to the shares will become valid upon the registration of the increase in share capital in the Trade Register. The owner is not entitled to surrender or place as security the stock options or the financial benefit brought by them.

19. Open interest, contingent liabilities and other commitments

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other open liabilities (1,000 €)				
Bank deposit as security for rent	126	126	—	—
Amounts payable for leasing contracts (1,000 €)				
Payable during next financial period	47	73	13	—
Payable later	19	55	4	—
Total	66	128	17	—

Other liabilities

Open interest at Helsinki Securities and Derivatives Exchange, Clearing House Ltd:

Number of trading-related open option and futures contracts:

	31 Dec. 2000	31 Dec. 1999
FOX Index Options	terminated	19,356
FOX Index Futures	terminated	7,262
STOX Stock Options	12,913	37,207
STOX Stock Futures	152,581	134,934
LEX Stock Lendings	90,247	108,134

As required under Finnish Financial Supervision Authority's instructions in 202.8/14 Jan. 1994, the minimum amount of shareholders equity of Helsinki Securities and Derivatives Exchange, Clearing House Ltd calculated on the open risk of the option corporation is 2.7 million euros on 2 January 2001, 18.5 million euros on 28 December 1999.

The credit limits on bank accounts taken by Helsinki Securities and Derivatives Exchange, Clearing House Ltd to secure the clearing of derivatives are 31 million euros.

Finnish Central Securities Depository Ltd is responsible for maintaining a Book-Entry Securities Register pursuant to Sect. 29–32 of the Finnish Book-Entry Act. In accordance with Sect. 17 of the Finnish Act on the Book-Entry System, the Central Securities Depository Fund referred to in Sect. 18 of the Act has a secondary liability for any damages payable by other registrars in cases where the registrar is unable to meet such compensation claims. Finnish Central Securities Depository Ltd also is liable for damage sustained prior to 1 January 1997. Finnish Central Securities Depository Ltd is a clearinghouse defined under Chapter 4a of the Finnish Securities Market Act and has as such assumed responsibility to conform to settlement rules and regulations.

The risk carrying capacity of Finnish Central Securities Depository Ltd comprises restricted equity totalling 15.1 million euros, a guarantee fund amounting to 3.5 million euros at the end of the financial period, a Financial Loss and Liability Policy, taken by Helsinki Exchanges Group Oyj for the Group, with a 60 million euros, limit together with loss coverage commitments provided in 1996 by the then partners of Finnish Central Securities Depository Ltd in the equivalent of 16.8 million euros.

Liability engagements on behalf of companies belonging to the same Group:

Of the subsidiaries, HEX Securities Services Ltd Oy, HEX Securities Technology Ltd Oy, Finnish Central Securities Depository Ltd and Helsinki Securities and Derivatives Exchange, Clearing House Ltd are jointly liable as a value-added tax liability group for the tax for which Helsinki Exchanges Group Oyj is under obligation to report and to render accounts.

The Board of Directors of Helsinki Exchanges Group Oyj granted a guarantee to HEX Securities Services Ltd Oy in the amount of 6.7 million euros to cover the company's liabilities beyond those from book-entry operations.

Key Ratios on Financial Performance

	2000	1999
Turnover, million €	74.8	52.0
Operating profit, million €	30.7	16.4
Operating profit as per cent of turnover	41.1	31.5
Profit before extraordinary items, million €	32.4	18.9
Profit before extraordinary items as per cent of turnover	43.3	36.4
Profit before provisions and taxes, million €	32.3	18.9
Profit before provisions and taxes as per cent of turnover	43.2	36.4
Net profit for the financial period, million €	23.0	13.6
Net profit for the financial period as per cent of turnover	30.7	26.2
Return on equity, per cent	39.9	29.3
Return on investment, per cent	56.5	40.9
Equity ratio, per cent	73.8	83.2
Gross investments under fixed assets, million €	9.2	7.5
Gross investments under fixed assets as per cent of turnover	12.4	14.4
Personnel, average during financial period	250	198

Key Ratios per Share

	2000	1999
Profit per share, €	1.71	1.01
Profit per share adjusted by dilution effect of stock-option scheme, €	1.51	—
Shareholders' equity per share, €	4.88	3.68
Shareholders' equity per share adjusted by dilution effect of stock-option scheme, €	4.44	—
Dividend per share, €	0.80	0.50
Share issue adjusted average number of shares	13,471,728	13,471,728
Share issue adjusted average number of shares, dilution effect of stock-option scheme observed	14,635,328	13,471,728

Calculation of Financial Ratios

Operating Profit	Profit after depreciation according to plan
Return on Equity, %	$\frac{\text{Profit before extraordinary items} - \text{taxes} \times 100}{\text{Shareholders' equity} + \text{minority share}}$ <small>(average at the beginning and at the end of financial period)</small>
Return on Investment, %	$\frac{\text{Profit before extraordinary items} + \text{interest and other financing costs} \times 100}{(\text{Balance sheet total} - \text{settlement debt}) - (\text{non-interest-bearing liabilities} - \text{settlement debt})}$ <small>(average at the beginning and at the end of financial period)</small>
Equity Ratio, %	$\frac{\text{Shareholders' equity} + \text{minority share}}{\text{Balance sheet total} - \text{settlement debt} - \text{advances received}}$
Profit/share, €	$\frac{\text{Profit before extraordinary items} - \text{taxes} -/+ \text{minority share}}{\text{Average number of shares adjusted by share issue}}$
Shareholders' equity /share, €	$\frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted by share issue}}$

Proposal of Parent Company's Board of Directors for Profit Allocation

The Board of Directors proposes that 0.80 euros per share or a total of 10,777,382.40 euros should be paid out as dividend from the distributable funds.

The Board of Directors proposes that 30,000 euros of the distributable funds should be appropriated for public-benefit purposes.

The remainder is proposed to be allocated into retained earnings.

Helsinki, 2 March 2001

Tarmo Korpela
Chairman of the Board

Jukka Ruuska
President and CEO

Henrik Andersin

Satu Huber

Hannu Karppinen

Kalevi Kontinen

Timo Korvenpää

Martti Porkka

Timo Ritakallio

Auditor's Report

To the shareholders of Helsinki Exchanges Group Oyj

We have audited the accounts, the accounting records and the administration of Helsinki Exchanges Group Oyj for the accounting period 1 January 2000–31 December 2000. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company profit and loss statements, balance sheets and notes to them. Based on our audit we express our opinion on these accounts and the administration of the parent company.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Thereby we have examined, on a test basis, the accounting principles, content of the accounts and the overall financial statement presentation to sufficient extent in order to obtain reasonable assurance about whether the accounts are free of material misstatement. In the audit of the administration, we have examined that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies' Act.

In our opinion, the accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of accounts in Finland. The accounts 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 at the end of the financial period. The financial statements including the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal made by the Board of Directors regarding the distribution of retained earnings as per the adopted balance sheet is in compliance with the Finnish Companies' Act.

Helsinki, 6 March 2001

SVH PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
APA



Helsinki Exchanges Group Oyj
P.O.Box 361 (Fabianinkatu 14)
FIN-00131 Helsinki
Tel. +358 9 616 671.
Telecopy +358 9 6166 7368.
Internet: www.hexgroup.com
E-mail: corpcomm@hex.fi