



*Mandatum Bank is a Finnish commercial bank specialising in private banking, asset management and investment banking.*





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## The Year 2000 in Brief

### HIGHLIGHTS

	2000	1999
Active private customers	60,313	46,280
Deposits, FIM million	3,879	2,969
Mutual funds, FIM million	3,080	1,962
Security custody, FIM million	4,948	3,748
Discretionary asset management, FIM million	3,135	1,715

- **January:**  
IT Small Firm mutual fund launched.
- **March:**  
BioTech+ mutual fund launched.
- **May:**  
Elcoteq Network Corporation share offering, with Mandatum as lead manager.
- **June:**  
Tecnomen Corporation initial public offering, with Mandatum as lead manager.
- **September:**  
Safeguard mutual fund launched.
- **October:**  
Lahti bank branch moves in to larger, better suited premises on Rautatienkatu.
- **October:**  
Private special mutual funds launched.
- **December:**  
Plans for Mandatum/Sampo-Leonia merger announced.
- **December:**  
SSH Communications Security Corp initial public offering, with Mandatum as lead manager.



## *President's Review*

The year 2000 was one of change and growth for Mandatum. All our business units developed well and we are delighted to be able to report record earnings once again. The reversal of the stock market prospects from the strong expectations of the early part of the year to the bleak outlook at year end had adverse effects on the results of many investment banks and asset managers. However, Mandatum was relatively immune to these fluctuations thanks to the fact that it is not very dependent on any one sector of the economy, type of commission or customer segment.

The results achieved in the year 2000 are largely owed to the Investment Bank and particularly Corporate Finance, which acted as adviser in the majority of significant mergers and acquisitions in Finland. Our determined efforts in capital market transactions also strengthened our position as a manager of listings and other issues. The consolidation of our resources in Mandatum Stockbrokers Ltd also enhanced our position as a stockbroker, and this was reflected in a marked growth of market share.

The company launched five new mutual funds, and the capital in our funds increased by more than a half. In a survey commissioned out by Taloussanomat (I.R.O. Research 7.11.2000) Finnish mutual fund clients voted Mandatum the best fund management company, and the number of mutual fund unit holders more than doubled. Our retail and private banking operations also strengthened their position as experts in investment and asset management in all our branches nationwide. During the past two years, Mandatum's

branches have successfully introduced private banking in all the major Finnish cities.

For Mandatum's shareholders, the most significant event of the year was the decision of Sampo-Leonia's Board to propose to the Annual General Meeting an exchange issue offered to Mandatum Bank's shareholders. In the context of this arrangement Sampo-Leonia's Board appointed the Chairman of Mandatum's Board, Mr Björn Wahlroos, to head the new Sampo Group. Mandatum's current business will form the basis of the new Sampo's capital market operations and private banking. I am convinced that the merger with Sampo is well founded from the point of view of Mandatum's customers, shareholders and personnel.

For us at Mandatum the year 2000 was characterised by enthusiasm and activity, the building of new visions and a good team spirit. I should like to thank all my colleagues for their efforts in the past year, confident in the knowledge that the Mandatum spirit will benefit the customers of both Mandatum and Sampo and ultimately shareholders of Sampo.

Mika Ihamuotila



## *Mandatum to be Part of the Sampo Finance Group*

On 3 December 2000, the Board of Directors of Sampo Insurance Company Plc and Mandatum Bank Plc approved the agreement to combine the business operations of the two parties. Sampo-Leonia made an exchange offer to the shareholders of Mandatum, who were offered one (1) Sampo-Leonia A share for five and a half (5 1/2) Mandatum A or B shares.

The offer began on 2 February 2001 and ended 16 February 2001, after which Sampo-Leonia owned 99.02 per cent of Mandatum's shares and 99.58 per cent of the total votes in the company.

Those Mandatum shareholders who accepted the exchange offer were issued a total of 7,116,993 new Sampo-Leonia

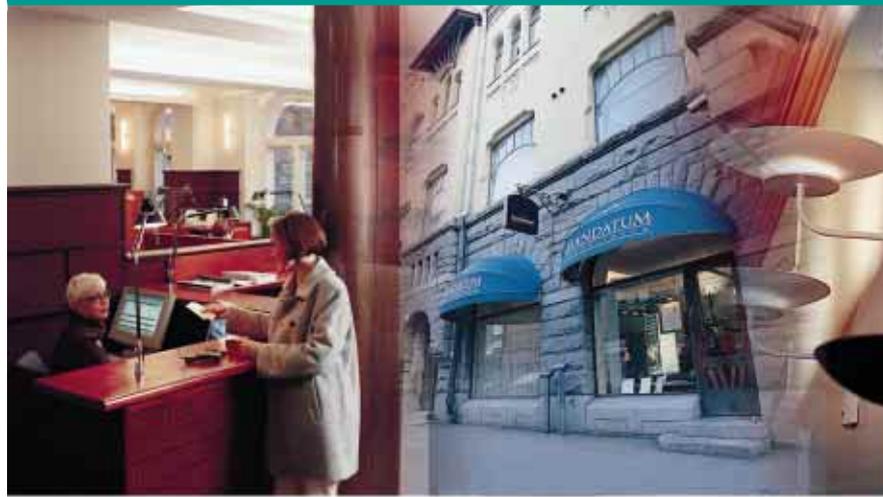
A shares. Thereafter the total number of the company's shares was 111,116,993 and the share capital amounted to EUR 93,442,683.23.

The combination of Sampo, Leonia and Mandatum has created a financial group with excellent growth potential in Finland, which is perhaps Europe's fastest growing long-term savings market.

During the year 2001 the group will focus on its current operations in Finland. The aim is to achieve cost efficiency and growth in the key areas through the integration of Sampo, Leonia and Mandatum.

# Retail Bank

*The Retail Bank's nine branches, the Internet bank and the telephone bank, Mandatum Direct, continued to grow strongly throughout the year.*



Mandatum's Retail Bank consists of nine customer service branches, a nationwide telephone bank and an Internet Bank. The Retail Bank offers customers a full range of services covering finance and securities as well as the traditional account, financing and Eurocard/MasterCard services. The Retail bank also offers discretionary asset management and advisory services for the whole brokerage sector.

Private persons showed increasing interest in investment, particularly in the stock market at the beginning of the year. At year end the Retail Bank had more than 60,000 active customers, an increase of over 30 per cent. The Bank has been developed to have a stronger focus on asset management for private customers. One of the developments was the launch of a new asset management service, Mandatum Private, which gives customers the opportunity to use the services of an own portfolio manager at every branch.

The business areas showing the strongest growth were those relating to asset management and brokerage activities. Sales of mutual fund units exceeded the targets set for the year, and share trading also developed favourably.

The expanding customer base was reflected in deposit trends, with deposits up to FIM 3,879 million, or 30 % more than in the previous year. Lending increased almost the same amount, by about 39.1 %. Credit granting is still based on low-risk secured credit facilities for private individuals, real collateral securities financing and project financing for small and medium-sized companies' housing production or real estate business. Non-performing receivables accounted for only about 0.5 % of the credit portfolio.

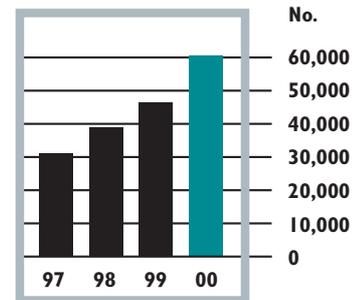
The Internet bank started up in January 2000 had more than 12,000 customers by the end of the year. In terms of customers the Internet banking service met its targets, but due to problems relating to the speed of the service, the bank could not yet market its full range of services.

## OUTLOOK

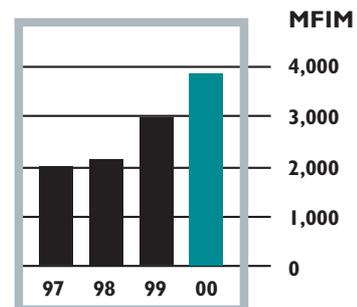
The prospects for the year 2001 are excellent. The number of customers has grown steadily for the past three years, and we believe that the new Mandatum Private asset management concept will enable continued growth. The Retail Bank will focus increasingly on sales of mutual fund units and brokerage services for customers.

## Retail Bank

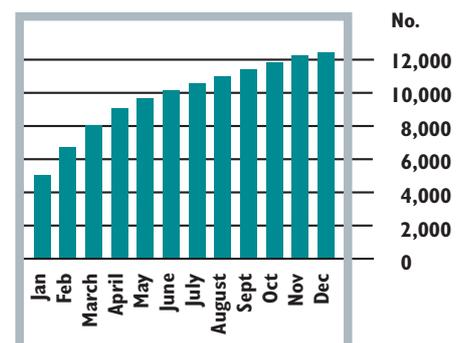
### Customers

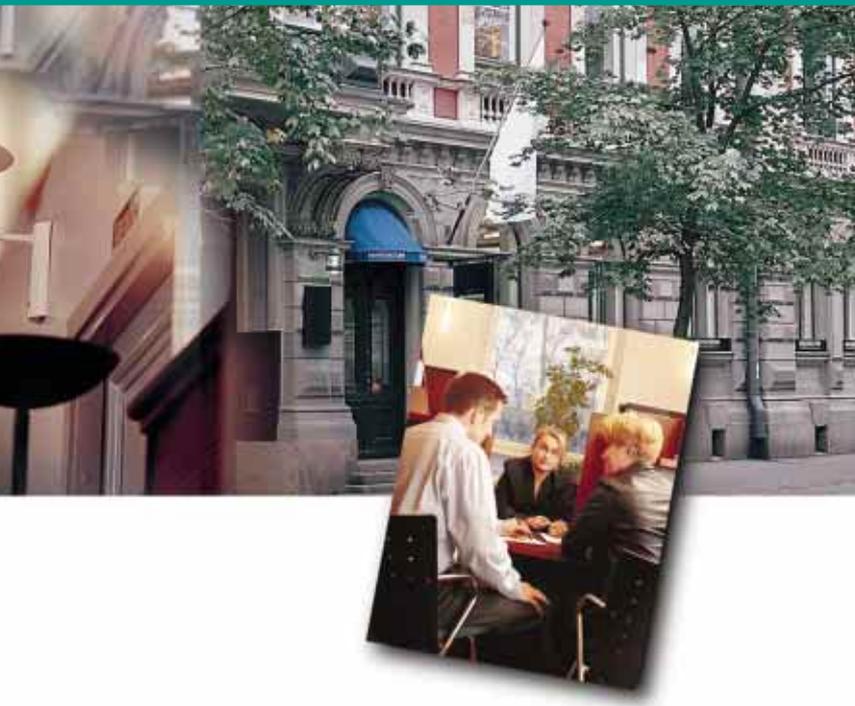


### Deposits



### Internet customers, year 2000



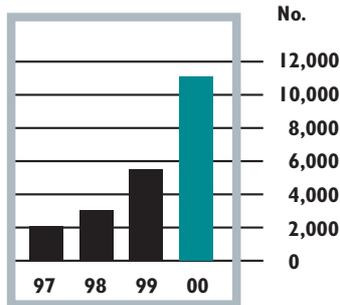


# Asset Management

*The growth of Mandatum Bank's asset management business was well in excess of overall market growth in Finland.*

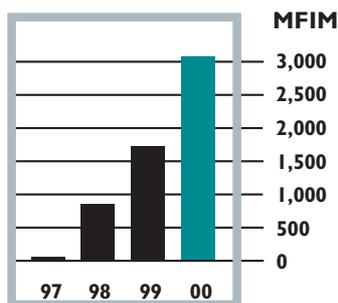
## Asset Management

**Number of mutual fund holders**

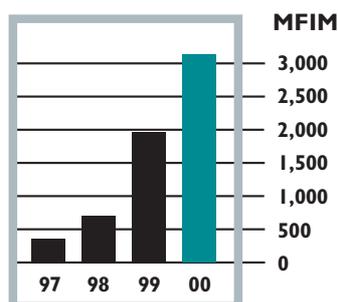


does not include overlaps

**Capital in mutual funds**



**Assets in discretionary management**



The Finnish asset management market continued its vigorous expansion in 2000. Favourable development of the stock market in the early part of the year brought the company many new mutual fund customers. Towards the end of the year, however, the market slowed down, and this was reflected in a weaker capital flow into mutual funds. However, Mandatum's asset management business continued to grow, at a considerably faster rate than the market, and its market share grew correspondingly.

The capital in Mandatum's mutual funds increased to over FIM 3 billion, a growth of some 50% over the previous year's level. Mandatum's mutual funds gained in popularity with both institutional and private investors. The best attractors of new capital were the absolute return funds Mandatum Neutral and the newly founded Mandatum Safeguard, which are unique in Finland, and the new Mandatum BioTech+ fund which invests in biotechnology. At year end the new special investment funds Mandatum Private Conservative, Mandatum Private and Mandatum Private Aggressive were launched on the market. These are the first of Mandatum's "Funds of Funds". The Private funds invest mainly in other investment funds but also sometimes directly in securities. These funds were launched for private individuals with asset management needs, and to form basic elements in Mandatum's growing discretionary asset management network. All in all the number of investment funds increased by five to seventeen. At year end there were more than 20,000 unit holders in Mandatum's various funds (including overlaps).

Funds in discretionary asset management continued to grow rapidly, reaching more than FIM 3 billion. The number of customers also continued to increase. The results for the year 2000 show that Mandatum's chosen strategy and services have met a growing demand on the market.

### OUTLOOK

The vigorous expansion of the asset management market is expected to continue in 2001, and we look forward to a further growth of market share.

Simultaneously with Mandatum Bank's transfer to the ownership of Sampo-Leonia in spring 2001, the asset management operations will undergo a process of reorganisation. The resulting increase in resources will enable us to offer customers better and higher quality asset management services.

# Mandatum Stockbrokers

*Mandatum Stockbrokers Ltd strengthened its position during the year 2000, which was exceptional in terms of stock market developments.*



During the year 2000, price trends on the stock market were more unstable than usually, with prices rising steeply at the beginning of the year and then falling during the spring. At year end the main HEX indices were well below par (HEX General Index -10.6% and HEX Portfolio Index -24.9%). Despite falling prices, the total turnover of the Helsinki Stock Exchange grew by 116.7% to approx. FIM 1,350.9 million. However, market trading developments were more clearly dependent on major companies, particularly Nokia, than in previous years.

Mandatum Stockbrokers Ltd saw a marked improvement in their market position during the year 2000. Substantial investments in trading and sales resources brought rewards in the latter part of the year. Improvements in services for foreign investors also brought numerous new customers. Fee income for Mandatum Stockbrokers Ltd amounted to FIM 66.2 million in 2000. Growth in fee income exceeded the target. This was largely attributable to the increasing number of foreign customers.

Mandatum Stockbrokers launched Internet-based trading in January 2000. In its first year of operation Mandatum Trade acquired a user base of several thousand customers, and on-line brokerage reached the targeted levels in both volume and income.

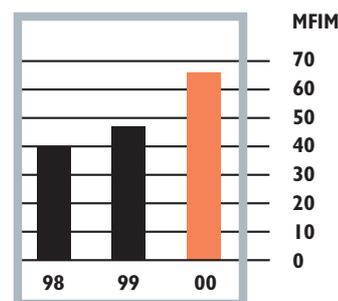
## OUTLOOK

Looking towards the future Mandatum Stockbrokers Ltd will focus on growth in three areas: Internet-based on-line brokerage, private domestic clients and international institutions. We also see opportunities to increase our share of the Finnish institutional market, and as outlined in our strategy we will continue to invest in developing equity research as foreseen in our vision of becoming the most competent broker in the market for Finnish securities.

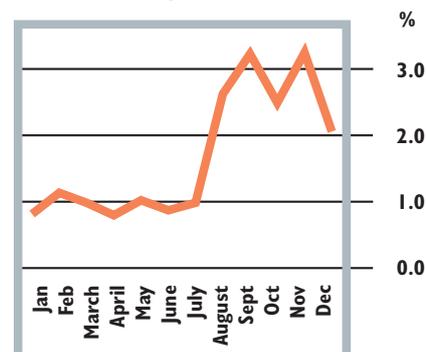
The merger of Mandatum Bank and Sampo-Leonia will offer synergy benefits in terms of both income and cost, predicting a continuation of the positive trend in commission income and operating profit. Mandatum Stockbrokers will specialise on brokerage activities and equity research, offering a competitive customer service both for domestic and international private and institutional customers. We plan to launch an on-line brokerage service in international securities for Finnish customers during 2001. Our performance during the year will of course also depend on stock market trends.

## Mandatum Stockbrokers

Fee income



Market share year 2000



HEX Main List



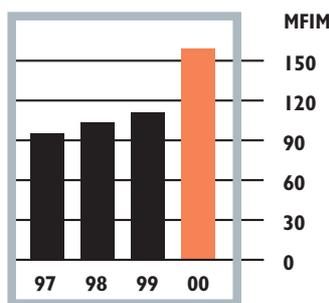


## Corporate Finance

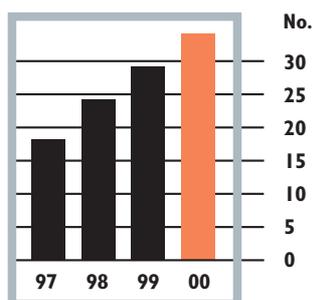
*2000 was a good year and strengthened the Bank's leading position.*

### Corporate Finance

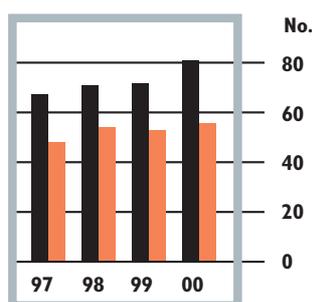
Fee income



Personnel



Commissions and Customers



■ Commissions  
■ Customers

Mandatum Bank's corporate finance operations developed favourably in the year under review. It was a good year in terms of mergers and acquisitions and other such transactions as well as capital market transactions. During the year, Mandatum acted as adviser in a record number of mergers and acquisitions and similar transactions. In the capital market there were numerous initial public offerings of new technology companies, especially in the early part of the year, and Mandatum strengthened its position as a lead manager in this sector.

In mergers and acquisitions and similar transactions Mandatum acted as adviser and lead manager in the following public transactions among others: the sale of Ahlström's Machinery Division, Länsivoima's merger with Fortum, Talentum's exchange offer to Kauppakaari shareholders, the acquisition of StoraEnso's hydropower plants for Fortum, the merger of Outokumpu Steel and Avesta Sheffield, and the acquisition of MoDo Paper for Metsä-Serla.

In capital market transactions Mandatum acted as lead manager for what was last year's largest initial public offering in monetary terms, Tecnomen's share offering and sale. In addition, Mandatum acted as lead manager in the following transactions: Elcoteq Network's share offering and private placement, data security company SSH's initial public offering, Menire's share offering and Seligson & Co's share sale. All in all, Mandatum acted as lead manager in capital market transactions totalling about FIM 2.1 billion. During the year Mandatum also introduced an Internet-based subscription system for capital market transactions which was used successfully in the Tecnomen and SSH initial public offerings.

In May Mandatum Bank announced its intention to incorporate its corporate finance business as a separate subsidiary. The incorporation took place at the beginning of 2001. The new company will continue the corporate finance operations of Mandatum Bank Plc under the name Mandatum & Co Ltd. The purpose of the incorporation is to facilitate more efficient business control and monitoring of performance. In addition the incorporation will make it possible to commit key personnel to the company through share ownership.

#### OUTLOOK

The prospects for corporate finance continue to be favourable in 2001. It is expected that mergers and acquisitions and other transactions will continue to be fairly active. As far as capital market transactions are concerned the market is on hold at the beginning of the year, but we believe that the situation will normalise again towards year-end. With the merger of Sampo-Leonia and Mandatum we are confident that our position in corporate finance operations will continue to strengthen, especially in the field of capital market transactions, where the merger will offer new business opportunities.

# Report of The Board of Directors

Profit on ordinary operations for the Mandatum Bank Group (hereinafter referred to as Mandatum) in 2000 amounted to FIM 173.4 million, an improvement on the previous year (FIM 103.7 million). All the Bank's business areas achieved a good rate of growth, with the fastest growth in asset management. The Investment Bank was the most profitable unit and all the business areas reported a positive operating result. During the accounting period the bank invested strongly in developing marketing, products and the organisation, which can be viewed as one-off expenses. The profit after taxes was FIM 153.7 million (FIM 86.2 million). Earnings per share came to FIM 2.99 (FIM 2.25).

In line with its strategy, Mandatum will continue to seek growth, above all in the areas of asset management and private banking, which have low capital requirements.

The Board of Directors proposes that no dividend should be distributed for the year 2000.

On December 3, 2000, the Boards of Directors of Mandatum Bank Plc and Sampo Insurance Company Plc (Sampo) signed a combination agreement according to which the business operations of the two companies will be merged. In line with this agreement Sampo will make an exchange offer for Mandatum's shares, in which Sampo will offer to exchange Mandatum shares for Sampo shares. The exchange offer will be implemented during February 2001. The Chairman of the Board, Mr Björn Wahlroos resigned as of January 2, 2001, when he was appointed CEO of Sampo-Leonia. As of January 2, 2001 Mr Kurt Lundmark has been Chairman of Mandatum's Board of Directors.

## **RETAIL BANK**

The operations of the Retail Bank developed favourably and the customer base grew by more than 30 % during the year

under review. This growth was reflected in deposits, which also grew by more than 30 % to FIM 3,879 million (FIM 2,969 million). The availability of the Retail Bank's services improved significantly at the end of 1999 with the introduction of the new Internet bank. During the first full year of operation, agreements were signed with about 12,000 customers.

Services relating to asset management and securities were developed further with the foundation of Mandatum Private, which will bring discretionary asset management within reach of more customers. Eurocard / MasterCard credit facilities are still popular with our customers and more than 420,000 transactions were made. The key projects for the year 2001 are developing the Internet banking and increasing the range of asset management products available through the resources provided by the combination of Mandatum and Sampo.

## **ASSET MANAGEMENT**

Mandatum Fund Management Company Ltd launched 5 new funds on the market during the year: BioTech+, Mandatum Safeguard, Mandatum Private Conservative, Mandatum Private and Mandatum Private Aggressive. The Fund Management Company now has seventeen mutual funds. Assets under management by the Fund Management Company increased considerably to FIM 3,080 million at year end (FIM 1,962 million).

The establishment of Mandatum Asset Management Ltd to centralise portfolio management services was completed according to plan during the year 2000. At year end the Bank's discretionary asset management accounted for around FIM 3,155 million (FIM 1,715 million).

The Private Bank, which was merged with Mandatum

Asset Management Ltd last year, manages the largest portfolios for private customers. By year end the Private Bank had 532 customers (275). The asset management business area is expected to continue its favourable development during the year 2001. Its goal is to become one of Finland's leading asset managers by acquiring new customers and developing new fund products and Internet services.

#### **STOCKBROKERS**

Mandatum Stockbrokers Ltd notably strengthened its market position in 2000. The substantial investments made in resources for trading and sales brought rewards towards the end of the year. Improvements in the service for foreign investors also brought new customers, and in 2000 fee income for Mandatum Stockbrokers Ltd amounted to FIM 66.6 million (FIM 47.0 million). Mandatum Stockbrokers Ltd started Internet-based trading in January 2000. Mandatum Trade has already gained several thousand users and achieved its targets for on-line trading volume and income. The conditions are right for further growth in fee income from brokerage activities in the coming year.

#### **INVESTMENT BANK**

The Investment Bank's business developed favourably during the year 2000, and it was involved in a record number of corporate acquisitions and other capital market transactions during the year. The Investment Bank's total invoicing increased to FIM 157.5 million (FIM 110.0 million). The number of commissions executed was 81 (72). The prospects for the year 2001 continue to be favourable, and it is expected that the market for corporate transactions will continue to be brisk. This year has also marked the successful launch of an Internet-based subscription system for corporate transactions.

#### **BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

In the year under review, consolidated income for the Mandatum Group totalled FIM 360.1 million (FIM 240.1 million). Consolidated net income from financial operations improved and stood at FIM 64.4 million (FIM 49.3 million). Fee income rose to FIM 267.7 million (FIM 175.7 million). The Investment Bank's invoicing amounted to FIM 157.5 million (FIM 110.0 million), fee income from asset management FIM 40.4 million (FIM 15.1 million) and fee income from brokerage activities FIM 66.6 million (FIM 47.0 million). Net income from securities trading and currency transactions was FIM 20.1 million (FIM 0.5 million), the improvement being due to the sale of shares in Network Banking-Systems Oy in payment of TJ Group Oyj share sales. The Bank has sold all its shares in TJ Group. Other income from operations amounted to FIM 6.8 million (FIM 13.5 million).

Consolidated expenses for the Mandatum Group totalled FIM 186.7 million (FIM 136.4 million). Personnel-related expenses stood at FIM 74.0 million (FIM 64.5 million) and other administrative expenses at FIM 69.8 million (FIM 40.0 million). Depreciation increased to FIM 23.9 million (FIM 21.5 million). Other operating expenses were FIM 15.1 million (FIM 10.4 million). During the year under review FIM 2.3 million was recorded in returns of credit losses, with credit losses amounting to FIM 6.2 million (FIM 0.0 million). Credit losses are not expected to play a significant role in the future either. Extraordinary income came to FIM 51.5 million (FIM 0.0 million). The sum includes the income from the sales of Network Banking-Systems Oy shares owned by the Bank to TJ Group Oyj. Extraordinary expenditure amounted to FIM 7.9 million (FIM 1.8 million). This sum included some of the expenses adjudged to be paid in connection with legal proceedings still in progress, other one-off payments and items arising from changes in book entry principles.

## *Report of The Board of Directors*

Consolidated profit on ordinary operations for the Mandatum Group in 2000 stood at FIM 173.4 million (FIM 103.7 million).

Taxes amounted to FIM 61.3 million (FIM 14.7 million). Mandatum has no confirmed unallocated losses. The tax complaint filed for stamp duties levied in 1996 totalling FIM 38.4 million is still pending in the Helsinki Administrative Court.

The consolidated balance sheet total was FIM 6,584.7 million (FIM 4,643.6 million). Deposits rose to FIM 3,879.1 million (FIM 2,969.0 million). Lending to the public stood at FIM 2,025.9 million at year end (FIM 1,456.2 million). The company's credit operations will continue to focus on households and real secured credit granting. Of outstanding credits, FIM 36.9 million (FIM 42 million) was accounted for by fixed-interest credits below the basic rate, with FIM 36 million relating to confirmed debt rescheduling. The amount of non-performing credits was FIM 7.4 million (FIM 6.9 million). The value of real estate stock at year end was FIM 166.5 million (FIM 166.3 million). Net yield from property not used by the company itself accounted for 6.15 % of the stock, but the Bank aims to reduce the amount of this property.

### **CAPITAL ADEQUACY**

In capital adequacy calculations the Group's own assets at December 31, 2000 stood at FIM 402.0 million (FIM 228.8 million), FIM 402.0 million of which was primary capital and FIM 0.0 million secondary capital. Risk-weighted commitments amounted to FIM 1,873.9 million (FIM 1,572.9

million). Calculated according to the provisions of the Credit Institutions Act the Group's capital adequacy ratio at year end was 18.9 % (14.5 %).

### **CHANGES IN GROUP STRUCTURE**

Mandatum Bank sold its shareholding in Network Banking-Systems Oy to TJ Group Oyj. The year under review saw the founding of Mandatum & Co Oy, to which Investment Bank operations have been transferred according to plan at the beginning of the year 2001.

### **SHARES**

Mandatum Bank had more than 5,500 shareholders at year end. During the accounting year, a total of 962,650 new shares were subscribed in exchange for option warrants. At December 31, 2000 the Bank's shares numbered 41,005,096. The market price of the shares on the Helsinki Exchanges varied between a high of FIM 64.21 and a low of FIM 25.27. At year end the price stood at FIM 63.08.

### **SALARIES AND EMOLUMENTS**

The performance-based salaries and emoluments of the Supervisory Board, the Board of Directors, and the Managing Director were FIM 9,869,000 (FIM 8,746,000) for the Group and for the Bank FIM 7,444,000 (FIM 5,935,000). Salaries to other personnel amounted to FIM 48,387,000 (FIM 41,945,000).

**PERSONNEL**

During the accounting period, the Group employed an average of 229 (205) persons and the Bank 168 (147) persons. At year end the total number of personnel was 251 (213) in the Group and 177 (153) in the Bank.

**COMPLIANCE WITH GUIDELINES FOR INSIDER DEALINGS**

Mandatum Bank Plc's Group complies with the guidelines for insider holdings and trading in listed companies on the Helsinki Exchanges.

**EVENTS AFTER THE ACCOUNTING PERIOD**

In an Extraordinary Meeting of Shareholders held on January, 18, 2001, Insurance Company Sampo-Leonia Plc (Sampo) decided, as previously agreed in a combination agreement between the two companies, to make an exchange offer to Mandatum's shareholders, involving the opportunity to exchange all Mandatum shares for new Sampo A shares. All those Mandatum shareholders who agreed to the exchange offer were to receive one Sampo A share for five and a half (5 1/2) Mandatum A or B shares. The exchange offer was to be implemented in the period February 1 - 16, 2001. The period of the offer may also be extended.

**OUTLOOK**

The strategic goals set for the Mandatum Group and the investments made to achieve these goals have been successful, and the operating profit is growing steadily. As the focus and goals of operations will remain the same, a year of stable development is forecast for the Group. The conditions are favourable for continuing steady growth in the year 2001.

**PROPOSAL OF THE BOARD OF DIRECTORS**

The distributable assets are FIM 237,253,075.16 for the Group and for the Bank FIM 231,941,858.58. The Bank's Board of Directors proposes that no dividend be distributed and that the profit for the accounting period of FIM 135,567,461.69 be transferred to the retained profits account.

# Consolidated Profit and Loss Statement

1,000 FIM/EUR	APPENDIX	1 JAN - 31 DEC 2000		1 JAN - 31 DEC 1999	
		FIM	EUR	FIM	EUR
Interest income	1	232,622	39,124	125,848	21,166
Interest expenses	1	-168,260	-28,299	-76,487	-12,864
<b>NET INCOME FROM FINANCIAL OPERATIONS</b>		<b>64,362</b>	<b>10,825</b>	<b>49,361</b>	<b>8,302</b>
Income from equity investments	9	1,103	186	1,066	179
Commission income	9	275,597	46,352	180,197	30,307
Commission expenses		-7,909	-1,330	-4,536	-763
Net income from securities transactions and foreign exchange dealing					
Net income from securities transactions	2	19,564	3,290	396	67
Net income from foreign exchange dealing		535	90	76	13
Other operating income	4	6,813	1,146	13,545	2,278
Administrative expenses					
Personnel					
Salaries and fees		-58,257	-9,798	-50,691	-8,526
Social security expenses					
Pension expenses		-9,698	-1,631	-8,120	-1,366
Other personnel expenses		-6,051	-1,018	-5,659	-952
Other administrative expenses		-69,794	-11,739	-40,024	-6,732
Depreciation and write-downs on tangible and intangible assets	5	-23,894	-4,019	-21,473	-3,611
Other operating expenses	4	-15,079	-2,536	-10,369	-1,744
Loan and guarantee losses	6	-3,926	-660	-31	-5
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>173,366</b>	<b>29,158</b>	<b>103,738</b>	<b>17,447</b>
Extraordinary items					
Extraordinary income	7	51,476	8,658	0	0
Extraordinary expenses	7	-7,858	-1,322	-1,825	-307
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>216,983</b>	<b>36,494</b>	<b>101,913</b>	<b>17,141</b>
Appropriations	8				
Income taxes					
Taxes for the year and previous years	34	-61,343	-10,317	-14,659	-2,465
Increase/decrease in deferred tax liability		-44	-7	-85	-14
Minority interest in profit for the financial year		-1,855	-312	-953	-160
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>153,741</b>	<b>25,857</b>	<b>86,215</b>	<b>14,500</b>

# Bank – Profit and Loss Statement

1,000 FIM/EUR	APPENDIX	1 JAN - 31 DEC 2000		1 JAN - 31 DEC 1999	
		FIM	EUR	FIM	EUR
Interest income	1	237,683	39,975	128,175	21,557
Interest expenses	1	-169,177	-28,453	-77,808	-13,086
<b>NET INCOME FROM FINANCIAL OPERATIONS</b>		<b>68,506</b>	<b>11,522</b>	<b>50,367</b>	<b>8,471</b>
Income from equity investments					
In Group undertakings	9	9,559	1,608	58,753	9,882
In other undertakings		1,014	171	1,048	176
Commission income	9	176,325	29,656	121,716	20,471
Commission expenses		-4,636	-780	-2,860	-481
Net income from securities transactions and foreign exchange dealing					
Net income from securities transactions	2	20,329	3,419	-48	-8
Net income from foreign exchange dealing		535	90	69	12
Other operating income	4	6,052	1,018	6,949	1,169
Administrative expenses					
Personnel-related expenses					
Salaries and fees		-38,594	-6,491	-32,431	-5,455
Social security expenses					
Pension expenses		-6,297	-1,059	-5,129	-863
Other personnel-related expenses		-3,740	-629	-3,258	-548
Other administrative expenses		-42,786	-7,196	-29,291	-4,926
Depreciation and write-downs on tangible and intangible assets	5	-21,402	-3,600	-14,841	-2,496
Other operating expenses	4	-13,821	-2,325	-9,910	-1,667
Loan and guarantee losses	6	1,056	178	-30	-5
<b>PROFIT ON ORDINARY OPERATIONS</b>		<b>152,102</b>	<b>25,582</b>	<b>141,105</b>	<b>23,732</b>
Extraordinary items					
Extraordinary income	7	45,596	7,668	208	35
Extraordinary expenses	7	-6,631	-1,115	-1,825	-307
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>191,067</b>	<b>32,135</b>	<b>139,488</b>	<b>23,460</b>
Appropriations	8	135	23	-2,831	-476
Income taxes		-55,634	-9,357	-24,565	-4,132
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>135,567</b>	<b>22,801</b>	<b>112,092</b>	<b>18,853</b>

# Consolidated Balance Sheet

ASSETS		31 DEC 2000		31 DEC 1999			
		1,000 FIM/EUR	APPENDIX	FIM	EUR	FIM	EUR
Liquid assets				97,832	16,454	74,137	12,469
Debt securities eligible for refinancing with central banks							
Treasury Bills	10			721,105	121,281	0	0
Others	10			2,378,950	400,111	2,135,105	359,099
Receivables from credit institutions							
Payable on demand				25,041	4,212	12,305	2,070
Receivables from the public and public sector organisations	12			2,025,887	340,730	1,456,189	244,913
Debt securities							
Issued by public sector organisations	16			130,231	21,903	40,379	6,791
Others	16			586,846	98,700	456,759	76,821
Shares and participations	17			58,277	9,801	62,412	10,497
Shares and participations in Group undertakings	17			12,282	2,066	13,467	2,265
Intangible assets							
Group consolidation goodwill	19			25,023	4,209	26,914	4,527
Other intangible assets	19			25,680	4,319	26,317	4,426
Tangible assets							
Real estate plus shares and participations	18, 20			166,549	28,012	166,289	27,968
Other tangible assets	18			45,142	7,592	41,109	6,914
Other assets	21			138,151	23,235	33,556	5,644
Accrued income and prepayments	22			147,694	24,840	98,633	16,589
<b>ASSETS TOTAL</b>				<b>6,584,690</b>	<b>1,107,465</b>	<b>4,643,571</b>	<b>780,993</b>



<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>31 DEC 2000</b>		<b>31 DEC 1999</b>		
		<b>1,000 FIM/EUR</b>	<b>APPENDIX</b>	<b>FIM</b>	<b>EUR</b>	<b>FIM</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>						
Liabilities to credit institutions and central banks						
Central banks			204,882	34,459	231,319	38,905
Repayable on demand			76,566	12,877	40,250	6,770
Liabilities to the public and public organisations						
Repayable on demand			3,879,127	652,422	2,969,006	499,351
Other liabilities			1,546,923	260,174	687,355	115,605
Debt securities issued to the public						
Others	24	136,454	22,950	242,346	40,760	
Other liabilities	25	165,571	27,847	35,920	6,041	
Accrued expenses and deferred income	26	98,252	16,525	58,157	9,781	
Subordinated liabilities	27	19,046	3,203	19,046	3,203	
Deferred tax liabilities	34	505	85	444	75	
Minority interest in capital		4,639	780	1,467	247	
<b>LIABILITIES AND SHAREHOLDERS' FUNDS TOTAL</b>			<b>6,131,964</b>	<b>1,031,322</b>	<b>4,285,309</b>	<b>720,737</b>
<b>EQUITY CAPITAL</b>						
Share capital	28	82,010	13,793	80,085	13,469	
Share premium account	28	132,228	22,239	112,133	18,859	
Profit brought forward		84,748	14,254	79,828	13,426	
Profit for the financial year		153,741	25,857	86,215	14,500	
<b>EQUITY CAPITAL TOTAL</b>			<b>452,726</b>	<b>76,143</b>	<b>358,262</b>	<b>60,255</b>
<b>LIABILITIES TOTAL</b>			<b>6,584,690</b>	<b>1,107,465</b>	<b>4,643,571</b>	<b>780,993</b>
<b>OFF-BALANCE SHEET COMMITMENTS</b>						
Commitments made to a third party on behalf of a customer						
Guarantees and pledges		18,545	3,119	14,723	2,476	
Irrevocable commitments made in favour of a customer						
Others		130,108	21,883	81,472	13,703	

## Bank – Balance Sheet

ASSETS	APPENDIX	31 DEC 2000		31 DEC 1999	
		FIM	EUR	FIM	EUR
Liquid assets		97,821	16,452	74,132	12,468
Debt securities eligible for refinancing with central banks	10	3,088,897	519,515	2,123,789	357,196
Receivables from credit institutions					
Payable on demand		13,132	2,209	8,012	1,348
Receivables from the public and from public sector organisations	12	2,098,174	352,888	1,531,057	257,505
Debt securities					
Issued by public sector organisations	16	130,231	21,903	40,379	6,791
Others	16	586,846	98,700	456,759	76,821
Shares and participations	17	57,857	9,731	60,250	10,133
Shares and participations in					
Group undertakings	17	39,239	6,600	39,808	6,695
Intangible assets	19	54,689	9,198	58,778	9,886
Tangible assets					
Real estate plus shares and participations	18, 20	137,380	23,106	135,643	22,814
Other tangible assets	18	40,348	6,786	37,324	6,277
Other assets	21	54,234	9,121	182	31
Accrued income and prepayments	22	151,094	25,412	97,706	16,433
<b>ASSETS TOTAL</b>		<b>6,549,942</b>	<b>1,101,621</b>	<b>4,663,819</b>	<b>784,398</b>

<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>31 DEC 2000</b>		<b>31 DEC 1999</b>		
		<b>1,000 FIM/EUR</b>	<b>APPENDIX</b>	<b>FIM</b>	<b>EUR</b>	<b>FIM</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>						
Liabilities to credit institutions and central banks						
Central banks			204,882	34,459	231,319	38,905
Others	23		76,566	12,877	13,000	2,186
Liabilities to the public and public sector organisations						
Deposits						
Repayable on demand			3,917,530	658,881	3,019,576	507,856
Other liabilities			1,546,923	260,174	687,355	115,605
Debt securities issued to the public						
Others	24		136,454	22,950	242,346	40,760
Other liabilities	25		113,792	19,138	27,569	4,637
Accrued expenses and deferred income	26		85,695	14,413	51,920	8,732
Subordinated liabilities	27		19,046	3,203	19,046	3,203
Appropriations						
Depreciation difference			2,875	484	3,011	506
<b>LIABILITIES AND SHAREHOLDERS' FUNDS TOTAL</b>			<b>6,103,763</b>	<b>1,026,579</b>	<b>4,295,141</b>	<b>722,391</b>
<b>EQUITY CAPITAL</b>						
Share capital	28		82,010	13,793	80,085	13,469
Share premium account	28		132,228	22,239	112,133	18,859
Profit (loss) brought forward			96,374	16,209	64,368	10,826
Profit (loss) for the financial year			135,567	22,801	112,092	18,853
<b>EQUITY CAPITAL TOTAL</b>			<b>446,180</b>	<b>75,042</b>	<b>368,677</b>	<b>62,007</b>
<b>LIABILITIES TOTAL</b>			<b>6,549,942</b>	<b>1,101,621</b>	<b>4,663,819</b>	<b>784,398</b>
<b>OFF-BALANCE SHEET COMMITMENTS</b>						
Commitments made to a third party on behalf of a customer						
Guarantees and pledges			18,545	3,119	14,723	2,476
Irrevocable commitments made in favour of a customer						
Others			310,590	52,237	129,894	21,847

# Accounting Policies

## GENERAL

The financial statements have been prepared in accordance with current legislation and the provisions of the Credit Institutions Act. In addition, the general guidelines issued by the Accounting Board have been taken into account. The financial statements include the profit and loss statement and balance sheet with the notes and a review on operations. The valuation principles and methods and periodisation principles and methods used comply with the Finnish Financial Supervision Authority regulations.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by combining the data reported in the profit and loss statements, balance sheets and notes of the Group companies. The consolidated financial statements include all subsidiaries in which the parent company has, directly or indirectly, an over 50-per cent holding. The Group companies are all based in Finland. Real estate corporations of minor significance have not been included in the consolidated financial statements. The balance sheet totals of non-consolidated companies constitute less than 1 % of the Bank's balance sheet and are equivalent in value to less than EUR 10 million: Their exclusion does not have a notable impact on the ability of the consolidated financial statements to give a true and sufficient picture of the Group's operating result and financial position. The Group has no associated companies or joint ventures that have a significant influence on the consolidated financial statements. The financial statements of Group companies included in the consolidated financial statements have been prepared to an appropriate extent in accordance with the regulations of the Finnish Financial Supervision Authority on financial statements given to parent companies. Intra-Group transactions, receivables and liabilities as well as profit distribution and intra-Group balances have been eliminated. The acquisition cost of subsidiaries has been reduced by eliminating the acquisition cost against equity capital at the acquisition date in proportion to the Group's holding, applying the acquisition cost method. The voluntary reserves of the Group companies have been divided in the consolidated balance sheet into equity capital and deferred tax liability.

## CLASSIFICATION OF ASSETS INTO CURRENT AND NON-CURRENT ASSETS

Debt securities, shares and participations and other such securities are divided into current and non-current assets according to the regulations of the Finnish Financial Supervision Authority. Debt securities and stocks entered as current assets, in which the Bank trades, and other securities classified as current assets, have been valued at the lower of acquisi-

tion cost or probable transfer price on the date of closing the accounts. The acquisition cost of securities entered as non-current assets has been capitalized and the difference between the acquisition cost and nominal value is periodised over the remaining maturity period of the security as an adjustment to income.

## VALUATION PRINCIPLES APPLIED TO RECEIVABLES AND LIABILITIES

Receivables and liabilities are entered in the financial statements at the prices paid or received for them at acquisition, adjusted by direct income or expenses relating to the acquisition. If the price paid for a receivable item is more or less than its nominal value, the difference between the acquisition price and nominal price is periodised as income or as a deduction on income and as an increase or decrease in acquisition price over the maturity period of the receivable item. If the price received for a liability is more or less than its nominal value, the difference between the price received and the nominal price is periodised as an expense or an expense deduction or as an increase or decrease in the book value over the maturity period of the liability item. Loan receivables considered as long-term investments from the Group and participating interests are entered in the financial statements at acquisition cost.

## BOOKING PRINCIPLES FOR CREDIT AND GUARANTEE LOSSES AND NON-PERFORMING RECEIVABLES

Credits whose interests or principal or part thereof are overdue or unpaid for more than three months are reported in the notes to the balance sheet under the heading "non-performing credits". Guarantees are entered as non-performing in as far as the bank has effected the payment based on the guarantee. In the case of non-performing credits, interest is not entered as income. Confirmed and probable losses resulting from write-down of receivables and collaterals are booked as credit and guarantee losses.

## DERIVATIVE CONTRACTS

During the accounting period the Bank had no old derivative contracts, nor did it conclude any new derivative contracts with the intention of hedging debts or receivables. Non-hedging contracts and derivative contracts included in the trading reserve have been valued conservatively at their probable value obtained from a public quotation. The difference between the forward and spot rates of financial futures is periodised as interest income or expenditure or as a deduction on such income and expenditure over the maturity period of the forward contracts. Any premium paid on option contracts is entered in the balance sheet as accrued income or expenditure.

#### TANGIBLE AND INTANGIBLE ASSETS AND DEPRECIATION

Tangible and intangible assets are entered at original acquisition cost less straight-line depreciation according to plan for consumable assets and other long-term expenditure, over their expected useful lives: machinery and equipment 5 years, other long-term expenditure 5-15 years and buildings 35 years. Real estate and other shares in real estate corporations owned by Group companies are entered in the balance sheet at acquisition cost less, for buildings, straight-line depreciation according to plan or on the basis of yield values or income expectations. For real estate corporations owned by the parent company, Group assets are capitalised in accordance with the long-term nature of the property and the assets are depreciated over the useful economic lives of the buildings. Other Group assets are capitalized as intangible rights and depreciated over ten years.

#### FOREIGN CURRENCY ITEMS

Balance sheet items denominated in foreign currencies are translated into Finnish markka at the mean exchange rates quoted by the European Central Bank on the date of closing the accounts.

#### PENSION SECURITY AND ADMINISTRATIVE EXPENSES

The personnel's pension security is arranged through an outside pension insurance company and there are no uncovered pension liabilities. Costs arising from pensions are entered as social security expenses. In addition salaries and fees and other personnel-related costs are also booked as personnel costs. Other administrative expenses items include meals, recreation and training expenses, office and IT expenses, telecommunications and travel expenses, and marketing and administrative expenses that are not counted as personnel expenses.

## Notes to the Accounts

ALL THE FIGURES ARE FIM 1,000 UNLESS OTHERWISE INDICATED

#### 1. INTEREST INCOME AND INTEREST EXPENSES

	2000		1999	
	Group	Bank	Group	Bank
Interest income				
Receivables from credit institutions	6,726	6,681	4,750	4,697
Receivables from the public and public sector organisations	72,557	78,332	47,099	50,110
Debt securities	151,155	150,711	72,698	72,067
Other interest income	2,184	1,959	1,301	1,301
Interest expenses				
Liabilities to credit institutions and central banks	10,177	10,177	4,327	4,327
Liabilities to the public and public sector organisations	143,078	144,004	65,017	66,496
Debt securities issued to the public	13,670	13,670	5,640	5,640
Subordinated liabilities	1,316	1,316	155	155
Other interest expenses	19	10	1,348	1,190

#### 2. BREAKDOWN OF NET INCOME FROM SECURITIES TRANSACTIONS

	2000		1999	
	Group	Bank	Group	Bank
Net income from transactions in debt securities	-1,588	-1,588	-307	-307
Net income from transactions in shares and participations	21,152	21,917	703	259

#### 3. TOTAL VALUES OF SECURITIES HELD AS CURRENT ASSETS PURCHASED OR SOLD

	2000		1999	
	Group	Bank	Group	Bank
Debt securities				
Purchased	16,857,793	16,857,793	10,990,602	10,990,602
Sold	13,744,817	13,744,817	7,980,002	7,980,002
Shares				
Purchased	3,042,328	2,230	3,090,437	1,004
Sold	3,045,110	6,020	3,090,972	2,658

**4. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES**

	2000		1999	
	Group	Bank	Group	Bank
Other income				
Real estate rental income	6,601	5,962	8,024	6,801
Other	212	90	5,521	148
Other expenses				
Expenses from real estate rental	1,174	2,410	1,882	1,537
Expenses from real estate and real estate operations	4,885	4,087	3,067	2,953
Other expenses from operations of credit institution	9,020	7,324	5,420	5,420

**5. PLANNED DEPRECIATION AND WRITE-DOWNS**

	2000		1999	
	Group	Bank	Group	Bank
Planned depreciation	23,894	21,402	21,472	14,841

**6. LOAN AND GUARANTEE LOSSES AND WRITE-DOWNS ON SECURITIES HELD AS FINANCIAL ASSETS**

	2000		1999	
	Group	Bank	Group	Bank
In respect of claims on the public and public sector organisations	6,185	1,204	58	56
Total	6,185	1,204	58	56
Recoveries on actual loan losses made during previous financial periods	2,260	2,260	26	26
Specific loan loss provisions made during the financial period	6,185	1,204	58	56
Loan and guarantee losses entered in the financial statements	3,925	1,056	32	30

**7. BREAKDOWN OF EXTRAORDINARY INCOME AND EXPENSES**

	2000		1999	
	Group	Bank	Group	Bank
Extraordinary income				
Merger profit	0	0	0	208
Profit from sale of shares	51,476	45,596	0	0
Extraordinary expenses				
Other	2,278	1,051	1,825	1,825
Expense based on change in booking principle	5,580	5,580	0	0

**8. APPROPRIATIONS**

	2000		1999	
	Group	Bank	Group	Bank
Change in depreciation difference	0	-135	0	2,831

**9. BREAKDOWN OF GROUP INCOME AND PERSONNEL, BY SECTOR**

Mandatum Bank's market area is Finland.

	2000		1999	
	Group	Bank	Group	Bank
Breakdown of personnel by sector				
Banking	177		135	
Investment service operations	68		38	
Mutual fund operations	6		8	
IT operations	0		32	
Breakdown of Group income by sector				
Banking operations	269,217		185,040	
Investment service operations	71,867		48,164	
Mutual fund operations	26,890		11,437	

**10. DEBT SECURITIES ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS**

	2000		1999	
	Group	Bank	Group	Bank
Treasury Bills	721,105	721,105	0	0
Finnish Government Bonds	643,300	632,142	543,377	532,061
Certificates of deposit with other banks	1,471,863	1,471,863	1,591,728	1,591,728
Other	263,787	263,787	0	0
Total	3,100,055	3,088,897	2,135,105	2,123,789

**11. CLAIMS ON CENTRAL BANKS**

	2000		1999	
	Group	Bank	Group	Bank
Bank of Finland	95,013	95,013	71,431	71,431

**12. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ORGANISATIONS, BY SECTOR**

	2000		1999	
	Group	Bank	Group	Bank
Enterprises	1,031,609	1,103,896	814,389	889,257
Financial and insurance institutions	0	0	5,155	5,155
Public sector organisations	6,335	6,335	8,766	8,766
Non-profit organisations	8,714	8,714	8,331	8,331
Households	976,472	976,472	617,223	617,223
Foreign	2,757	2,757	2,325	2,325
Total	2,025,887	2,098,174	1,456,189	1,531,057

**13. NON-PERFORMING AND OTHER ZERO-INTEREST ASSETS BY SECTOR**

	2000		1999	
	Group	Bank	Group	Bank
Non-performing assets				
Enterprises	6,002	6,002	3,189	3,189
Households	1,398	1,398	2,945	2,945
Total	7,400	7,400	6,134	6,134
Zero-interest assets				
Financial and insurance institutions	41,617	41,617	41,617	41,617

**14. ASSETS HELD AS SECURITY FOR CLAIMS AND ACQUIRED IN CONNECTION WITH REORGANISATION OF CLIENTS' BUSINESS OPERATIONS**

	2000		1999	
	Group	Bank	Group	Bank
Real estate and shares and participations in real estate corporations	62,605	21,120	65,876	22,915
Other shares and participations	12,281	12,281	13,466	13,466

**15. BOOK VALUE OF SUBORDINATED DEBT SECURITIES, DEBENTURES AND OTHER SUBORDINATED CLAIMS**

	2000		1999	
	Group	Bank	Group	Bank
Debentures	7,942	7,942	10,482	10,482

## 16. BOOK VALUE OF DEBT SECURITIES BY TYPE OF ASSET

	2000		1999	
	Group	Bank	Group	Bank
Debt securities	717,077	717,077	497,138	497,138
Debt securities eligible for refinancing with central banks	3,100,055	3,088,897	2,135,105	2,123,789
Total	3,817,132	3,805,974	2,632,243	2,620,927

Bank	2000		1999	
	Listed		Listed	
Debt securities				
Current assets	1,070,978		1,802,721	
Non-current assets	2,734,996		818,206	
Total	3,805,974		2,620,927	

Group	2000		1999	
	Listed		Listed	
Debt securities				
Current assets	1,082,136		1,814,037	
Non-current assets	2,734,996		818,206	
Total	3,817,132		2,632,243	

Difference between probable market value and booked acquisition cost of securities held as current assets

	2000		1999	
	Group	Bank	Group	Bank
Debt securities	1,089	1,089	17	17
Debt securities eligible for refinancing with central banks	388	388	7	7
Total	1,477	1,477	24	24

Debt securities held as current assets have been valued at the lower of probable market value and acquisition price.

Difference between the acquisition cost and nominal value of debt securities and other receivables held as non-current financial assets where it has not yet been periodised as interest.

	2000		1999	
	Group	Bank	Group	Bank
Debt securities	-4,989	-4,989	4,329	4,329
Debt securities eligible for refinancing with central banks	52,047	50,890	63,526	62,841

Breakdown of debt securities by type of claim

	2000		1999	
	Group	Bank	Group	Bank
Treasury Bills	721,105	721,105	0	0
Local authority paper	101,394	101,394	11,050	11,050
Commercial paper	0	0	23,215	23,215
Certificates of deposit	1,471,863	1,471,863	1,591,728	1,591,728
Convertible bonds	21,635	21,635	101,049	101,049
Other bonds	1,467,509	1,456,351	834,526	823,210
Other	33,626	33,626	70,675	70,675
Total	3,817,132	3,805,974	2,632,243	2,620,927



## 17. SHARES AND PARTICIPATIONS BY TYPE OF SECURITIES

	2000		1999	
	Listed	Other	Listed	Other
<b>Bank</b>				
Quoted shares and participations				
Held as current assets	50,729	0	53,143	0
Other	721	6,406	746	6,361
<b>Group</b>				
Other shares and participations				
Held as current assets	51,150	0	55,276	0
Other	721	6,406	775	6,361

Shares held as current assets have been valued at the lower of probable market value and acquisition price.

	2000	1999
Probable acquisition cost of securities borrowed at the date of closing the accounts	30,902	30,902
Average remaining maturity period	20 days	20 days

Shares and participations in Group undertakings

	2000		1999	
	Group	Bank	Group	Bank
Other	12,282	39,239	13,467	39,808

## 18. CHANGES IN SHARES, PARTICIPATIONS AND TANGIBLE ASSETS HELD AS NON-CURRENT ASSETS

	2000		1999	
	Group	Bank	Group	Bank
Shares and participations				
Acquisition cost at beginning of financial period	20,601	46,916	22,170	109,450
Increases during the financial period	35	8,984	102	4,039
Decreases during the financial period	1,204	9,534	1,671	66,573
Book value at 31 Dec.	19,432	46,366	20,601	46,916

	2000		1999	
	Group	Bank	Group	Bank
Land and water areas, buildings, shares and participations in real estate corporations				
Acquisition cost at beginning of financial period	166,289	135,643	168,079	136,222
Increases during the financial period	3,586	3,586	2,165	1,903
Decreases during the financial period	-1,795	-1,795	-2,428	-2,428
Planned depreciation during the financial period	-1,531	-54	-1,527	-54
Book value at 31 Dec.	166,549	137,380	166,289	135,643

	2000		1999	
	Group	Bank	Group	Bank
Machinery, equipment and other tangible assets				
Acquisition cost at beginning of financial period	41,109	37,324	37,703	32,388
Increases during the financial period	18,775	15,609	16,501	16,037
Decreases during the financial period	-11,437	-11,172	-742	-238
Transfers between items	0	0	-2,189	-1,769
Planned depreciation during the financial period	-3,305	-1,413	-10,164	-9,094
Book value at 31 Dec	45,142	40,348	41,109	37,324

## 19. INTANGIBLE ASSETS

	2000		1999	
	Group	Bank	Group	Bank
Goodwill	25,023	30,709	26,914	34,672
Other long-term expenditure	25,680	23,979	26,317	24,106

**20. REAL ESTATE OWNERSHIP OF THE GROUP GROUP**

Land and water areas, buildings, shares and participations in real estate corporations entered under the balance sheet item "Tangible assets"

			Book value	Capital invested
Land and water areas				
Other			2,885	2,885
Shares and participations in real estate corporations				
In own use			72,269	72,269
Other			91,395	95,401
Type of real estate holding	Surface area m <sup>2</sup>	Capital invested	Net income %	Rate of under-utilisation %
Dwellings and residential real estate	7,976	5,269	6.86	0
Business and office real estate	2,854	47,085	6.39	7
Industrial real estate	19,675	41,486	6.31	10
Land, water and forest areas	39,750	1,219	0	0
Unfinished buildings	900	1,666	0	0
Other domestic real estate	224	1,561	3.49	0
Total	71,379	98,286	6.15	10

Net income has been calculated for capital invested by subtracting the maintenance charges from rent income and property charges in respect of real estate.

Capital invested by net income	Net income % negative	Capital invested
	0-3	5,741
	3-5	15,473
	5-7	37,975
	more than 7	39,097
	Total	98,286

**21. OTHER ASSETS**

	2000		1999	
	Group	Bank	Group	Bank
Cash items in the process of collection	138,151	54,234	33,556	182

**22. ACCRUED INCOME AND PREPAYMENTS**

	2000		1999	
	Group	Bank	Group	Bank
Interest	118,842	119,425	56,705	56,705
Other	28,852	31,669	41,928	41,001
Total	147,694	151,094	98,633	97,706

**23. DIFFERENCE BETWEEN NOMINAL VALUE AND BOOK VALUE OF LIABILITIES**

Nominal value greater than book value	2000		1999	
	Group	Bank	Group	Bank
Debt securities issued to the public	964	964	1,797	1,797

**24. DEBT SECURITIES ISSUED TO THE PUBLIC**

	2000		1999	
	Group	Bank	Group	Bank
Certificates of deposit	136,454	136,454	242,346	242,346

## 25. OTHER LIABILITIES

	2000		1999	
	Group	Bank	Group	Bank
Cash items in the process of collection	140,351	94,807	15,075	15,495
Other	25,219	18,985	20,845	12,074

## 26. ACCRUED EXPENSES AND DEFERRED INCOME

	2000		1999	
	Group	Bank	Group	Bank
Interest	64,770	65,636	41,787	46,893
Other	33,482	20,059	16,370	5,027
Total	98,252	85,695	58,157	51,920

## 27. SUBORDINATED LIABILITIES

1991/I bond with equity warrants, subordinated debenture (B shares) FIM 18,933,000, may be converted into a maximum of 227,894 B shares at a subscription price of FIM 20.00. The subscription period starts from 16 Jan. 1992 annually on all banking days except for the period 10 Dec to 10 Jan. The subscription period will end on 23 Dec 2001. The nominal interest rate on the loan is 7 %.

1991/II bond with equity warrants, subordinated debenture (A shares) FIM 113,000, may be converted into a maximum of 1,095 A shares at a subscription price of FIM 20.00. The subscription period starts from 16 Jan. 1992 annually on all banking days except for the period 10 Dec to 10 Jan. The subscription period will end on 23 Dec 2001. The nominal interest rate on the loan is 7 %.

	Amount	Interest	Maturity
1. 1991/I bond with equity warrants	18,933	7 %	23 Dec 2001
2. 1991/II bond with equity warrants	113	7 %	23 Dec 2001

	Subscr. rights 1 Jan 2000	Subscr. price FIM	Subscriptions 14 Dec 2000	Remaining
I/1991	853,866	20	600,650	253,216
II/1991	6,217	20	5,000	1,217
Total	860,083		605,650	254,433

Mandatum Bank cannot redeem the bonds with equity warrants 1991/I and 1991/II before maturity without permission from the Financial Supervision Authority.

## 28. CHANGES IN EQUITY CAPITAL

	2000		1999	
	Group	Bank	Group	Bank
Share capital at the beginning of the financial period	80,085	80,085	80,082	80,082
Increases during financial period	1,925	1,925	3	3
Share capital at 31 Dec	82,010	82,010	80,085	80,085
Share premium account at the beginning of the financial period	112,133	112,133	112,112	112,112
Increases during financial period	20,095	20,095	21	21
Share premium account at 31 Dec	132,228	132,228	112,133	112,133

## 29. PERSONNEL OPTION PROGRAMME

Option I/1998. The Annual General Meeting of Mandatum Bank decided on 9 Nov 1998 to issue options by offering personnel options for subscription without consideration, deviating from the shareholders' preferential rights. A maximum of 1,250,000 options will be offered, of which 625,000 will be marked with the number I and 625,000 with the number II. One option allows the holder to subscribe for one Mandatum Bank B share with a nominal value of FIM 2. Subscription for shares with option I begins on 15 Nov 2000 and with option II on 15 Nov 2001. The subscription period ends for both options on 31 May, 2002. The B share price for both options is FIM 31.50/share. The share

subscription price will be lowered by the amount of the dividend on 1 Jan 1999. The adjustment will be made on the matching day.

Option I/1999. The Annual General Meeting of Mandatum Bank decided on 6 May 1999 to issue options by offering personnel options for subscription without consideration, deviating from the shareholders' preferential rights. A maximum of 40,000 options will be offered, of which 20,000 will be marked with the number I and 20,000 with the number II. One option allows the holder to subscribe for one Mandatum Bank B share with a nominal value of FIM 2. Subscription for shares with option I begins on 15 Nov 2000 and with option II on Nov. 15, 2001. The subscription period ends for both options on 31 May, 2002. The B share price for both options is FIM 29.75/share. The share subscription price will be lowered by the amount of the dividend on 30 March 1999. The adjustment will be made on the matching day.

Option I/2000. The Annual General Meeting of Mandatum Bank decided on 15 March 2000 to issue options by offering personnel options for subscription without consideration, deviating from the shareholders' preferential rights. A maximum of 400,000 options will be offered, of which 200,000 will be marked with the number I and 200,000 with the number II. One option allows the holder to subscribe for one Mandatum Bank B share with a nominal value of FIM 2. Subscription for shares with option I begins on 15 Nov 2000 and with option II on Nov. 15, 2001. The subscription period ends for both options on 31 May, 2002. The B share price for both options is FIM 27.75/share. The share subscription price will be lowered by the amount of the dividend on 1 Apr 2000. The adjustment will be made on the matching day.

Option II/2000. The Annual General Meeting of Mandatum Bank decided on 20 June 2000 to issue options by offering key personnel options for subscription without consideration, deviating from the shareholders' preferential rights. A maximum of 900,000 options will be offered, of which 450,000 will be marked with the number I and 450,000 with the number II. One option allows the holder to subscribe for one Mandatum Bank B share with a nominal value of FIM 2. Subscription for shares with option I begins on 15 Nov 2002 and with option II on Nov. 15, 2003. The subscription period ends for both options on 31 May, 2004. The B share price for both options is FIM 29.13/share. The share subscription price will be lowered by the amount of the dividend on 1 Jan 2001. The adjustment will be made on the matching day.

Option III/2000. The Annual General Meeting of Mandatum Bank decided on 8 Nov 2000 to issue options by offering key personnel options for subscription without consideration, deviating from the shareholders' preferential rights. A maximum of 100,000 options will be offered, of which 50,000 will be marked with the number I and 50,000 with the number II. One option allows the holder to subscribe for one Mandatum Bank B share with a nominal value of FIM 2. Subscription for shares with option I begins on 15 Nov 2002 and with option II on Nov. 15, 2003. The subscription period ends for both options on 31 May, 2004. The B share price for both options is FIM 29.13/share. The share subscription price will be lowered by the amount of the dividend on 1 Jan 2001. The adjustment will be made on the matching day.

Subscription of options and remaining subscription rights at the end of 2000

Options	No.	Subscr. price FIM *)	Subscr. rights 2000	Subscr. rights total 2000	Subscr. rights remaining December 2000
I/1998	1,125,000	27.75	562,500	259,500	865,500
I/1999	25,000	27.75	12,500	12,500	12,500
I/2000	400,000	27.75	200,000	85,000	315,000
II/2000	900,000	29.13	0	0	900,000
III/2000	100,000	29.13	0	0	100,000
Total	2,550,000		775,000	357,000	2,193,000

\*) Incl. dividend distributed

### 30. SHARE CAPITAL AND SHARE CLASSES

Information on page 31

### 31. NON-DISTRIBUTABLE ITEMS IN INCLUDED IN NON-RESTRICTED EQUITY

	2000		1999	
	Group	Bank	Group	Bank
Sum transferred from provisions to equity	1,235	0	1,461	0

### 32. THE DIVISION OF SHAREHOLDINGS AND LARGEST SHAREHOLDERS

Information on pages 30-31

**33. BREAKDOWN OF MATURITIES OF ASSETS AND LIABILITIES**

	0-3 mth	3-12 mth	1-5 yr	5- yr	Total
<b>Group 2000</b>					
Claims on central banks	1,021,881	1,542,716	189,713	345,745	3,100,055
Claims on credit institutions	25,041	0	0	0	25,041
Claims of the public and public sector org.	824,014	277,973	299,075	624,825	2,025,887
Debt securities	202,649	6,996	407,638	99,794	717,077
Liabilities to credit institutions and central banks	281,448	0	0	0	281,448
Liabilities to the public and public sector org.	5,075,160	334,309	16,581	0	5,426,050
Debt securities issued to the public	136,454	0	0	0	136,454
<b>Bank 2000</b>					
Claims on central banks	1,021,881	1,542,716	189,713	334,587	3,088,897
Claims on credit institutions	13,132	0	0	0	13,132
Claims on the public and public sector org.	862,801	277,973	320,075	637,325	2,098,174
Debt securities	202,649	6,996	407,638	99,794	717,077
Liabilities to credit institutions and central banks	281,448	0	0	0	281,448
Liabilities to the public and public sector org.	5,113,563	334,309	16,581	0	5,464,453
Debt securities issued to the public	136,454	0	0	0	136,454
<b>Group 1999</b>					
Claims on central banks	851,628	741,862	191,277	350,338	2,135,105
Claims on credit institutions	12,305	0	0	0	12,305
Claims of the public and public sector org.	465,693	114,777	386,778	488,941	1,456,189
Debt securities	104,940	0	314,581	77,617	497,138
Liabilities to credit institutions and central banks	271,569	0	0	0	271,569
Liabilities to the public and public sector org.	2,717,412	35,688	17,027	885,861	3,655,988
Debt securities issued to the public	240,043	2,303	0	0	242,346
<b>Bank 1999</b>					
Claims on central banks	851,628	741,862	191,277	339,022	2,123,789
Claims on credit institutions	8,012	0	0	0	8,012
Claims of the public and public sector org.	507,061	114,777	407,778	501,441	1,531,057
Debt securities	104,940	0	314,581	77,617	497,138
Liabilities to credit institutions and central banks	244,319	0	0	0	244,319
Liabilities to the public and public sector org.	2,717,412	35,688	17,027	936,804	3,706,931
Debt securities issued to the public	240,043	2,303	0	0	242,346

Accounts with credit facilities are classified in the 0-3 month maturity category.

Deposits other than fixed term deposits are classified in the 0-3 month maturity category.

**34. ASSET AND LIABILITY ITEMS DENOMINATED IN DOMESTIC AND FOREIGN CURRENCIES**

	<b>Group</b>		<b>Bank</b>	
	FIM	Foreign currency *)	FIM	Foreign currency *)
<b>2000</b>				
Debt securities eligible for refinancing with central banks	3,100,055	0	3,088,897	0
Claims on credit institutions	13,606	11,435	1,697	11,435
Claims on the public and public sector organisations	2,025,887	0	2,098,174	0
Debt securities	683,451	33,626	683,451	33,626
Other assets	716,628	2	632,662	0
Liabilities to credit institutions and central banks	281,448	0	281,448	0
Liabilities to the public and public sector org.	5,388,956	37,094	5,427,359	37,094
Debt securities issued to the public	136,454	0	136,454	0
Subordinated liabilities	19,046	0	19,046	0
Other liabilities	265,273	0	202,362	0
<b>1999</b>				
Debt securities eligible for refinancing with central banks	2,135,105	0	2,123,789	0
Claims on credit institutions	5,046	7,259	753	7,259
Claims on the public and public sector org.	1,456,189	0	1,531,057	0
Debt securities	2,590,702	41,541	2,579,386	41,541
Other assets	468,693	3	429,458	3
Liabilities to credit institutions and central banks	271,569	0	244,319	0
Liabilities to the public and public sector organisations	3,610,231	46,130	3,660,801	46,130
Debt securities issued to the public	242,346	0	242,346	0
Subordinated liabilities	19,046	0	19,046	0
Other liabilities	95,987	0	82,500	0

\*) Converted to FIM

**34. DEFERRED TAX CLAIMS AND LIABILITIES**

There are no fiscal tax claims or confirmed losses.

**36. NOTES CONCERNING ASSETS PLEDGED AS COLLATERAL ON OWN BEHALF OR ON BEHALF OF OTHERS, AND LIABILITIES AND COMMITMENTS FOR WHICH THEY HAVE BEEN PLEDGED**

	<b>2000</b>	<b>1999</b>
	Bank	Bank
As collateral for Bank of Finland current account with overdraft facility	929,930	981,045
As collateral for trading on Helsinki Stock Exchanges	124,860	11,053
Total	1,054,790	992,098

All collateral in the balance sheet item "Debt securities eligible for refinancing with central banks".

Collateral pledged by the Bank on behalf of an undertaking belonging to the Group

	<b>2000</b>	<b>1999</b>
	Bank	Bank
As collateral for trading on Helsinki Stock Exchanges	124,860	11,053

**37. PENSION COMMITMENTS**

Staff pension security is arranged through an outside pension insurance company. There are no uncovered liabilities.

**38. OFF-BALANCE SHEET COMMITMENTS**

Off-balance sheet commitments given by the Group on behalf of group undertakings

	<b>2000</b>	<b>1999</b>
	Bank	Bank
Commitments given on behalf of customers in favour of a third party		
Other	180,482	48,422
Total	180,482	48,422

**39. AVERAGE NUMBER OF STAFF EMPLOYED DURING THE FINANCIAL PERIOD**

	<b>2000</b>		<b>1999</b>	
	Group	Bank	Group	Bank
Average number of full-time staff	224	164	202	145
Part-time staff	5	4	3	2
change during financial period	22	19	37	4

Total amounts of salaries and fees, pension costs and other staff-related costs in respect of managing directors and members of the Board of Directors and the Supervisory Board, and their deputies.

	<b>2000</b>		<b>1999</b>	
	Group	Bank	Group	Bank
Salaries	9,870	7,445	8,746	5,935
Loans granted	7,728	7,728	7,463	5,403

Principal interest rate and other terms and conditions of loans: normal staff interest and terms and conditions. No guarantees or uncovered pension commitments were granted.

Information on management ownership is given on page 31.

#### 40. HOLDINGS IN OTHER UNDERTAKINGS

Shares and participations owned by the Bank which are held as non-current financial assets and are included in the consolidated accounts

Company name and domicile	Line of business	Ownership, %	Book value	Equity capital 31 Dec 2000	Result for financial year
Mandatum Fund Management Ltd Helsinki	Fund management	100 %	10,000	18,136	8,037
Mandatum Stockbrokers Ltd Helsinki	Stockbroking Minority share	84.5 % 15.5 %	6,163	39,480	11,510
Mandatum Asset Management Ltd Helsinki	Asset management Minority share	89 % 11 %	1,780	2,663	647
Mandatum Ltd Helsinki	Investment banking	100 %	5,000	5,040	40
Norjakiinteistöt Oy Helsinki	Real estate management	100 %	2,815	403	-368
Kiinteistö Oy Gefantie 2 Kouvola	Real estate management	100 %	12,317	5,448	-145

Shares or participations owned by the Bank which are held as non-current financial assets and are not included in the financial accounts due to their minor impact on the Group's non-restricted equity.

Company name and domicile	Line of business	Ownership, %	Book value	Equity capital 31 Dec 2000	Balance sheet total 31 Dec 1999
Optimal Omaisuudenhoido Oy Helsinki	Asset management	40 %	0	not available	not available
Kiinteistö Oy Sallansavu Salla (information for 2000)	Real estate management	100 %	2,578	3,703	3,709
Kiinteistö Oy Lehtohansa Kouvola	Real estate management	65.4 %	2,856	5,699	5,698
As. Oy Kouvolan Linjapuisto II Kouvola	Real estate management	59.7 %	446	700	7,400
Fastighets Ab Miles Helsinki	Real estate management	80 %	18,291	1,210	1,223
Fastighets Ab Bulevarden 10 Helsinki	Real estate management	100 %	54,078	1,605	1,621
Oy Alpena Ab and Oy Ganisia Ab Helsinki	Real estate management	100 %	12,281	30	not available

Equivalent information for 2000 not yet available.

#### 41. TRUSTEE SERVICES

Mandatum Bank offers its customers all the main asset management services, such as banking services, custodial services, fund management services and securities trading. Information on credit institution belonging to the Group.

#### 42. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The name, domicile and line of business of a subsidiary included in the consolidated financial statements. Information given in note 40.

#### 43. SUBSIDIARIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The profit and loss account and balance sheet, or a summary of them, of a subsidiary not included in the consolidated financial statements excluding housing and real estate corporations. Information given in note 40.

**44. ASSOCIATED UNDERTAKINGS NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

Information referred to in note 42 above concerning associated undertakings not included in the consolidated financial statements as well as the amount of equity capital of this undertaking and its profit or loss for the financial year. Information given in note 40.

**45. INCLUSION OF CONSOLIDATED GOODWILL**

Consolidated goodwill has not been included in the the consolidated profit and loss account.

**46. ELIMINATION OF CONSOLIDATED GOODWILL OF GROUP COMPANIES**

Consolidated goodwill of group companies has not been eliminated in the consolidated balance sheet.

**47. DEFERRED TAX LIABILITY**

Change in deferred tax liability based on appropriations

	2000	1999
Change in deferred tax liability	61	85
Deferred tax liability	505	444

No goodwill from associated companies.

**OTHER NOTES****Legal proceedings**

Mandatum Bank Plc is defendant in certain legal proceedings relating to actions of the former management of Interbank Ltd. A claim for damages of FIM 41.6 million relating to a criminal case pending at Salo District Court has been raised against the Bank. The accrual of interest on the claim has been stopped so that the maximum possible amount of the claim with interest is about FIM 94 million. Other cases pending are the claims of the bankruptcy estates of Torocks Oy, Calloption Oy and Niericapital Oy, totalling FIM 17.5 million and a claim of about FIM 8 million made by Soria Inc. for performance of commitments. The total amount of claims on the Bank at present amounts to around FIM 84 million, or with accrued interest some FIM 151 million.

The Helsinki District Court passed a judgment refusing a claim by Dyr-Con Oy for some FIM 17 million in damages. Dyr-Con Oy has appealed against the decision and the case will be reheard in the Court of Appeal.

In December 2000 the Helsinki Court of Appeal ruled on the claim made by Mandatum Bank in 1994 against the then members of the Board of Interbank Ltd. The Court of Appeal ruled that Mr Juha Sorvisto pay a sum of FIM 5 million to the Bank in damages. Mr Veikko Somersalmi is to pay FIM 700,000, of which FIM 500,000 jointly with Mr Jarmo Ellonen. The Court of Appeal's decision is not yet legally enforceable. The Helsinki District Court released Mr Ben Wolfram from liability for damages in its decision of 1998, which has not been appealed and is therefore legally valid.

In addition to the legal proceedings outlined above, Mandatum Bank is party to proceedings mainly relating to collection of the Bank's claims.

## The share and shareholders

**SHAREHOLDERS BY OWNERSHIP 31 DEC 2000**

No. of shares owned	No. of shareholders	% of shareholders	No. of shares	% of shares	No. of votes	% of votes
1 - 100	3,354	60.10	122,404	0.30	128,104	0.12
101 - 1,000	1,596	28.60	705,043	1.72	743,043	0.67
1,001 - 10,000	540	9.68	1,722,472	4.20	1,874,472	1.69
10,001 - 1,000,000	85	1.52	9,700,166	23.66	35,954,366	32.38
1,000,001 - 999,999,999	6	0.11	28,730,291	70.07	72,288,741	65.11
Total	5,581	100.00	40,980,376	99.94	110,988,726	99.97
Unregistered shares			24,720	0.06	38,020	0.03
Total			41,005,096	100.00	111,026,746	100.00



## SHARE CAPITAL AND SHARE CLASSES

The company has two classes of share: A shares carry 20 votes and B shares one vote. Nominal value is FIM 2.00 mk.

	No. of shares	No. of votes	% of votes	Share capital FIM
A shares	3,685,350	73,707,000	66.39	7,370,700
B shares	37,319,746	37,319,746	33.61	74,639,492
Total	41,005,096	111,026,746	100.00	82,010,192

Both share classes have the same right to dividend. Neither class of share carries any restrictions relating to the to the acquisition of shares nor have they any preferential rights to new shares when share capital is raised.

## MANDATUM BANK'S LARGEST SHAREHOLDERS BY VOTES 31 DEC 2000

	A shares	B shares	% of shares	Votes	% of votes
1 Wahlroos Björn	1,179,700	11,844,188	31.76	35,438,188	31.92
2 Vestcap Oyj	944,250	3,930,143	11.89	22,815,143	20.55
3 Sampo Group	168,600	3,716,849	9.48	7,088,849	6.38
4 Merita Pankki Oyj (entered in administrative register)	0	5,945,215	14.50	5,945,215	5.35
5 Eklundh Sten	172,900	319,598	1.20	3,777,598	3.40
6 Staffans Lars-Olof	172,900	319,598	1.20	3,777,598	3.40
7 Ervasti-Vaintola Ilona	172,900	319,598	1.20	3,777,598	3.40
8 Lundmark Kurt	172,900	319,598	1.20	3,777,598	3.40
9 Karttunen Juha	106,000	235,799	0.83	2,355,799	2.12
10 Mutual Insurance Company Kaleva	100,000	6,293	0.26	2,006,293	1.81
11 Palmroth Heikki	90,900	118,460	0.51	1,936,460	1.74
12 Huoneistovisio Oy	87,300	0	0.21	1,746,000	1.57
13 Ihamuotila Mika	60,000	301,878	0.88	1,501,878	1.35
14 Sorvisto Juha	70,000	0	0.17	1,400,000	1.26
15 Mutual Insurance Company Varma-Sampo	0	1,002,358	2.44	1,002,358	0.90
16 Vaivio Pirjo	35,000	123,723	0.39	823,723	0.74
17 Vallinkoski-Figur Eeva	35,000	116,529	0.37	816,529	0.74
18 Järvinen Kari	35,000	57,659	0.23	757,659	0.68
19 Henriksson Antti Juhani	35,000	51,400	0.21	751,400	0.68
20 Mutual Insurance Company Tapiola	0	731,978	1.79	731,978	0.66
Other	47,000	7,858,882	19.28	8,798,882	7.93
Total	3,685,350	37,319,746	100.00	111,026,746	100.00

Ownership of Supervisory Board, Board of Directors, Managing Director and Deputy Managing Director

	1,936,300	13,462,594	37.55	52,188,594	47.01
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## BREAKDOWN OF SHARES BY SECTOR 31 DEC 2000

	No. of shares	% of shares	No. of votes	% of votes
Enterprises	6,830,532	16.66	26,450,882	23.82
Financial and insurance institutions	10,427,248	25.43	16,024,648	14.43
Public sector organisations total	3,339,895	8.15	3,434,895	3.09
Non-profit organisations	361,928	0.88	361,928	0.33
Households	19,387,818	47.28	64,083,418	57.72
Foreign	632,955	1.54	632,955	0.57
Other	24,720	0.06	38,020	0.03
Total	41,005,096	100.00	111,026,746	100.00

# Key Financial Indicators

## MAIN ITEMS OF CONSOLIDATED PROFIT AND LOSS STATEMENT \*)

FIM 1,000	2000	1999	1998	1997
Interest income	232,622	125,848	117,786	111,462
Interest expenses	-168,260	-76,487	-70,941	-71,357
Net income form financial operations	64,362	49,361	46,845	40,105
Other income	303,611	195,281	153,733	131,024
Other expenses	-166,787	-119,399	-90,232	-63,532
Depreciation	-23,894	-21,473	-14,818	-10,449
Loan and guarantee losses	-3,926	-31	-2,785	-13,811
Profit on ordinary operations	173,366	103,738	92,742	83,336
Taxes	-61,387	-14,745	-15,402	-26,210
Extraordinary income and expenses	43,617	-1,825	-5,271	-15,013
Minority interest in profit for the financial year	-1,855	-953	363	0
Profit for the financial year	153,741	86,215	71,705	42,114

## MAIN ITEMS OF CONSOLIDATED BALANCE SHEET \*)

FIM 1,000	2000	1999	1998	1997
Liquid assets and receivables from credit institutions	97,832	74,137	63,569	78,424
Debt securities eligible for refinancing with central banks	3,100,055	2,135,105	589,361	1,036,083
Receivables from the public and public sector organisations	2,050,929	1,468,495	1,057,666	1,015,251
Debt securities	717,077	497,138	1,084,664	558,892
Shares and participations	70,559	75,879	26,146	38,693
Tangible and intangible assets	262,394	260,629	254,440	192,716
Other assets	285,845	132,189	180,963	104,532
ASSETS	6,584,690	4,643,571	3,256,808	3,024,591
Liabilities to credit institutions and central banks	281,448	271,569	15,000	0
Liabilities to the public and public organisations	5,426,050	3,656,361	2,586,199	2,465,425
Debt securities issued to the public	136,454	242,346	200,313	119,616
Other liabilities	264,327	94,521	91,059	137,924
Subordinated liabilities	19,046	19,046	19,046	59,245
Minority interest in capital	4,639	1,467	1,563	0
Equity capital	452,726	358,262	343,628	242,381
LIABILITIES	6,584,690	4,643,571	3,256,808	3,024,591

\*) Information for 1998 and 1997 is pro forma

## FINANCIAL INDICATORS, GROUP \*\*)

KEY FIGURES ON BUSINESS OPERATIONS	2000	1999	1998
Turnover, FIM million	536.2	321.1	274.9
Profit/Loss on ordinary operations, FIM million	173.4	103.7	92.7
Profit/Loss as percentage of turnover %	32.3	32.3	33.7
Profit/Loss before reserves and taxes %, FIM million	217.0	101.9	87.5
Profit/Loss, percentage of net turnover before appropriation and taxes %	40.5	31.7	31.8
Return on equity, ROE, %	30.5	26.2	26.3
Return on assets ROA, %	2.2	2.3	2.5
Equity to total assets, %	6.9	7.7	10.6
Income/cost ratio	1.9	1.7	1.9
Capital adequacy ratio, %	18.9	14.5	18.4

The capital adequacy ratio for 1998 has been adjusted by deducting dividend to be distributed from shareholders' assets

SHARE-RELATED INDICATORS	2000	1999	1998
Earnings/share, FIM	2.99	2.25	1.92
Equity/share, FIM	10.86	8.74	8.54
Dividend/share, FIM	0	2.00	1.75
Dividend payout ratio %	0	88.8	91.0
Effective dividend yield %	0	6.0	4.7
Price/earnings ratio P/E	21.0	14.9	19.3
Trading high for financial year	62.7	47.3	69.0
Trading low for financial year	25.3	25.0	28.0
Market capitalisation 31 Dec, FIM million	2,572.1	1,345.2	1,481.5
B share turnover, thousands	15,901	13,902	1,879
Percentage of total %	38.8	34.7	4.7
Average number of shares, thousands	40,524	40,042	38,816
Number of shares at 31 Dec, thousands	41,005	40,042	40,041

\*\*) Information for 1998 is pro forma

# Calculation of Financial and Share-Related Indicators

## FINANCIAL INDICATORS

Turnover	Turnover is reported as the sum of interest income, income from leasing operations, income from equity investments, income from commissions, net income from securities transactions and foreign exchange dealings and other operating income.
Profit/loss on ordinary operations and its share of turnover, %	Profit/Loss on ordinary operations refers to the corresponding item in the profit and loss account
Profit/loss before voluntary provisions and taxes and its share of turnover, %	Profit/loss before provisions and taxes refers to the item 'profit/loss before appropriations and taxes' in the profit and loss statement
Return on equity, %(ROE)	$\frac{\text{Profit/loss on ordinary operations - taxes}}{\text{Equity capital + minority interest + voluntary provisions and depreciation difference less deferred tax liability (average of figures for beginning and end of year)}} \times 100$
Return on assets %(ROA)	$\frac{\text{Profit/loss on ordinary operations - taxes}}{\text{Average balance sheet total (average of figures for beginning and end of year)}} \times 100$
Capital adequacy, %	$\frac{\text{Equity capital + minority interest + voluntary provisions and depreciation difference less deferred tax liability}}{\text{Balance sheet total}} \times 100$
Income cost ratio	$\frac{\text{Net income from financial operations + yield from equity investments + commission income + net income from securities transactions and foreign exchange dealings plus other operating income}}{\text{Commission expenses + administrative expenses + depreciation + other operating expenses}}$

## SHARE-RELATED INDICATORS

Earnings/share	$\frac{\text{Profit/loss on ordinary operations +/- minority interest in result for financial year - taxes}}{\text{Adjusted average number of shares during the financial year}}$
Equity/share	$\frac{\text{Equity incl. voluntary reserves and depreciation less deferred tax liability and minority interest at end of financial year}}{\text{Adjusted number of shares on closing day}}$
Dividend/share	$\frac{\text{Dividend paid for financial period}}{\text{Adjusted number of shares on closing day}}$
Dividend payout ratio, %	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$
Effective dividend yield, %	$\frac{\text{Dividend/share}}{\text{Adjusted last quotation on closing day}} \times 100$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted last quotation on closing day}}{\text{Earnings/share}}$

# *Auditor's Report*

## **TO THE SHAREHOLDERS OF MANDATUM BANK PLC:**

We have audited the accounting records, the financial statements and the administration of Mandatum Bank Plc for the financial year 2000. The financial statements prepared by the Board of Directors and the Managing Director consist of the annual report and the profit and loss statement, balance sheet and notes to the accounts of the Group and the Bank. Based on our audit, we express our opinion on these financial statements and on the Bank's administration.

We have conducted our audit in accordance with generally accepted auditing standards in Finland. These standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the financial statements are free of material misstatement. The purpose of the audit of the administration is to ensure that the Supervisory Board, the Board of Directors, the Managing Director and his deputy have complied with the provisions of the Companies Act, the Commercial Banks Act and the Act on Finnish Credit Institutions.

In our opinion, the financial statements, which show a profit of FIM 153,740,917.83 for the Group, have been prepared in accordance with the Accounting Act and the other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view of the results of the Group's and the Bank's operations and of their financial position. The financial statements can be confirmed and the members of the Bank's Supervisory Board and Board of Directors, the Managing Director and his deputy can be discharged from liability for the financial period audited by us. The proposal of the Board of Directors for handling the profit for the financial period is in compliance with the Finnish Companies Act.

Helsinki, 5 February 2001

TILINTARKASTAJIEN OY - ERNST & YOUNG, Authorised Public Accountants  
Tomi Englund, Authorised Public Accountant

# *Supervisory Board and Auditors*

## **SUPERVISORY BOARD**

Erik Stadigh, Chairman

General Aimo Pajunen, Vice Chairman

Jaakko Iloniemi, Minister

Teemu Lehtinen, Managing Director,  
Taxpayers' Association in Finland

Jussi Länsiö, Managing Director, Oy Hartwall Ab

Antti Piippo, Chairman of the Board, Elcoteq Network Oyj

Matti Rantanen, Vice Managing Director, Sampo Life

Carl Gustaf Ehrnrooth

Professor Erkki Koskela, Bank of Finland

Ralf Lehtonen

Sirpa Mannila, Securities Director, Sampo Group

Juha Rantanen, CEO, A. Ahlström Corporation

Soili Suonoja, Managing Director, Amica Oy

The Extraordinary General Meeting of Mandatum Bank held in Helsinki on 20 June 2000 approved the proposal of the Bank's Board of Directors to amend the Articles of Association to the effect that the activities of the Supervisory Board would terminate on 1 Jan 2001, whereafter the Bank would no longer have a Supervisory Board. As a consequence of the termination of the Supervisory Board, the tasks formerly assigned to the Supervisory Board were transferred by an amendment to the Articles of Association to the Board of Directors, which acts as the governing body of the Bank in as far as the tasks fall within the scope of the Bank's Board of Directors under the Companies Act and/or Commercial Banks Act in force. Furthermore, a provision was added to the Articles of Association, according to which the Board of Directors of the Bank can appoint a committee which is responsible for the operative management. The amendments to the Articles of Association are valid by resolution of the Board of Directors as from 2 Jan 2001.

## **AUDITORS**

Tilitarkastajien Oy - Ernst & Young  
Authorised Public Accountants  
Responsible Auditor Tomi Englund  
Authorised Public Accountant

# Board of Directors



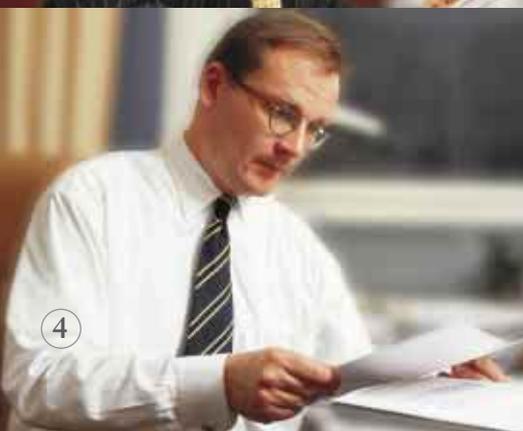
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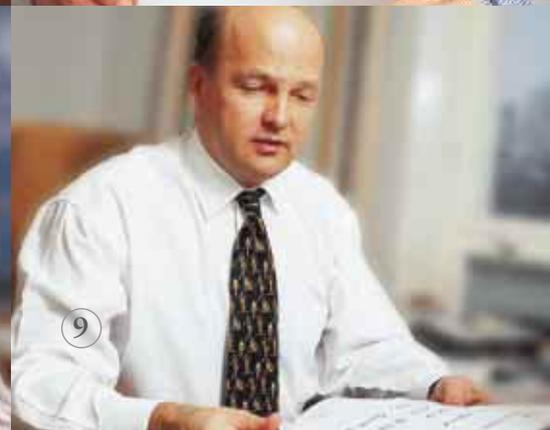
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⑦



⑧



⑨

Björn Wahlroos (48), Chairman

Paavo Prepula (59), President (-31.10.2000)

Mika Ihamuotila (36), President (1.11.2000- )

Kurt Lundmark (39), Executive Vice President

①

Patrick Lapveteläinen (34), Executive Vice President (1.11.2000- )

⑤

②

Sten Eklundh (40), member

⑥

③

Ilona Ervasti-Vaintola (49), member

⑦

④

Jerker Molander (45), member

⑧

Lars-Olof Staffans (45), member

⑨

Mr Kurt Lundmark was appointed Chairman of the Board of Directors of Mandatum Bank Plc as from 2 January 2001. Mr Björn Wahlroos was granted release from membership of the Board as from 2 January 2001, when he was appointed CEO of the Sampo-Leonia Group. Mr Jerker Molander also resigned from membership of the Board at the beginning of the year.

# Contact information

[www.mandatum.fi](http://www.mandatum.fi)

## Retail Bank

### Helsinki:

Bulevardi 10, 00120 Helsinki, Finland  
telephone +358 10 236 10, fax +358 9 664 853  
[Bulevardi@mandatum.fi](mailto:Bulevardi@mandatum.fi)

Mannerheimintie 12, 00100 Helsinki, Finland  
telephone +358 10 236 10, fax +358 9 646 566  
[mannerheimintie@mandatum.fi](mailto:mannerheimintie@mandatum.fi)

### Jyväskylä:

Kilpisenkatu 5, 40100 Jyväskylä, Finland  
telephone +358 10 236 200, fax +358 10 236 2030  
[jyvaskyla@mandatum.fi](mailto:jyvaskyla@mandatum.fi)

### Kuopio:

Kauppakatu 20, 70100 Kuopio, Finland  
telephone +358 10 236 210, fax +358 10 236 2130  
[kuopio@mandatum.fi](mailto:kuopio@mandatum.fi)

### Lahti:

Rautatienkatu 20, 15110 Lahti, Finland  
telephone +358 10 236 220, fax +358 10 236 2230  
[lahti@mandatum.fi](mailto:lahti@mandatum.fi)

### Oulu:

Torikatu 7, 90100 Oulu, Finland  
telephone +358 10 236 230, fax +358 10 236 2330  
[oulu@mandatum.fi](mailto:oulu@mandatum.fi)

### Tampere:

Kauppakatu 6, 33210 Tampere, Finland  
telephone +358 10 236 240, fax +358 10 236 2430  
[tampere@mandatum.fi](mailto:tampere@mandatum.fi)

### Turku:

Kauppiaskatu 9, 20100 Turku, Finland  
telephone +358 10 236 250, fax +358 10 236 2530  
[turku@mandatum.fi](mailto:turku@mandatum.fi)

### Vaasa:

Vaasanpuistikko 14, 65100 Vaasa, Finland  
telephone +358 10 236 260, fax +358 10 236 2630  
[vaasa@mandatum.fi](mailto:vaasa@mandatum.fi)

Mandatum Direct: telephone +358 10 804 226  
mon-fri 8 a.m.–7 p.m.  
[puhelinpankki@mandatum.fi](mailto:puhelinpankki@mandatum.fi), fax +358 10 236 5660

Internet bank: telephone +358 10 804 226  
mon-fri 8 a.m.–7 p.m.  
[helpdesk@mandatum.fi](mailto:helpdesk@mandatum.fi), fax +358 10 236 5660

Mandatum Stockbrokers Ltd  
Eteläesplanadi 8, 00130 Helsinki, Finland  
telephone +358 10 236 10, fax +358 9 651 093  
[pankkiiriliike@mandatum.fi](mailto:pankkiiriliike@mandatum.fi)

Mandatum Asset Management Ltd  
Bulevardi 10, 00120 Helsinki, Finland  
telephone +358 10 236 10, fax +358 9 627 405  
[varainhoito@mandatum.fi](mailto:varainhoito@mandatum.fi)

Mandatum & Co Ltd  
Eteläesplanadi 8, 00130 Helsinki, Finland  
telephone +358 10 236 5450, fax +358 9 177 977  
[investointipankki@mandatum.fi](mailto:investointipankki@mandatum.fi)

