

*OKOBANK Osuuspankkien Keskuspankki Oyj*



A N N U A L R E P O R T

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### Information for shareholders

The Annual General Meeting of OKOBANK Osuuspankkien Keskuspankki Oyj will be held at the Helsinki Fair Centre on April 4, 2001, at 1.30 p.m. The Executive Board proposes that the dividend to be paid is EUR 1.27 on Series A shares and EUR 1.22 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, April 9, 2001, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 18, 2001.

### Financial information in 2001

The Interim Report January 1 - March 31, 2001, will be published on May 4, 2001

The Interim Report January 1 - June 30, 2001, will be published on August 16, 2001

The Interim Report January 1 - September 30, 2001, will be published on November 1, 2001

Ordering bulletins: Financial bulletins can be obtained from the OKOBANK Group Central Cooperative, Corporate Communications, P.O. Box 308, FIN-00101 Helsinki, Finland, telephone +358 9 404 2765, telefax +358 9 404 2298, e-mail: IR@oko.fi. Financial bulletins are published in Finnish, Swedish and English.

*The following banks and brokers have announced that they prepare investment analyses on OKOBANK. The Bank is not responsible for the assessments presented in them.*

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## OKOBANK AS A PART OF THE OKOBANK GROUP

The OKOBANK Group comprises 244 member cooperative banks and their central institution, the OKOBANK Group Central Cooperative with its subsidiaries. The bank group is supervised on a consolidated basis and the central institution and member banks are responsible for each other's liabilities and commitments.

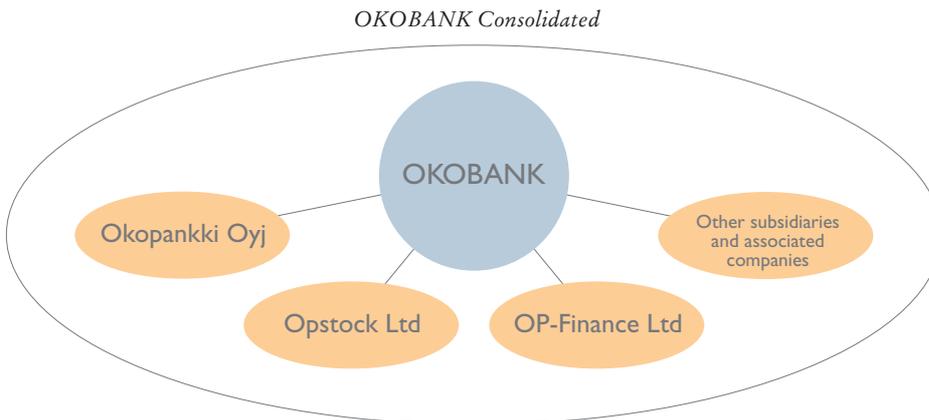
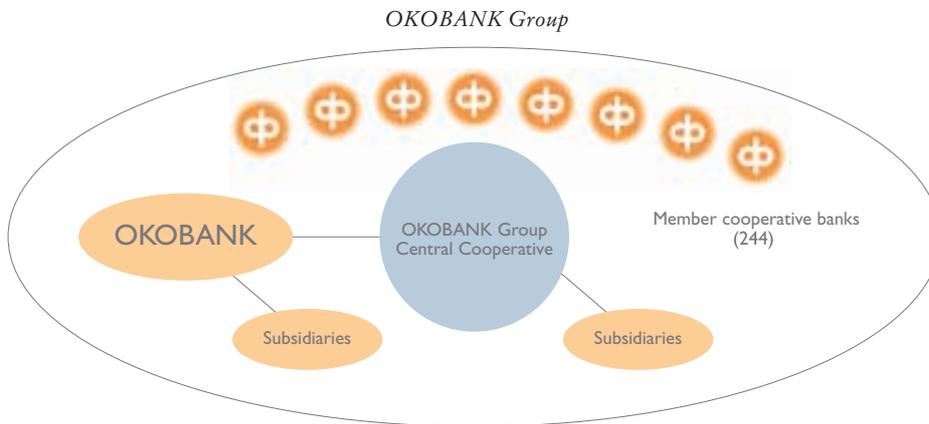
The member cooperative banks are engaged in retail banking in their own areas of operations. They are owned by their members, and their administrative bodies are made up of owner-members. The member banks operate in accordance with the Group's joint strategy and operating policy but they are independent in their own decision-making.

The OKOBANK Group Central Cooperative has a tripartite duty as the Group's central institution. It acts as the entire Group's development and service centre, is responsible for the Group's strategic control and safeguarding of interests as well as makes and holds strategic investments for the Group.

The OKOBANK Group Central Cooperative has a number of subsidiaries, the largest of which is OKOBANK. It is a commercial bank that also acts as the Group's central bank and is responsible for the Group's liquidity as well as for handling the Group's international affairs. In 2000 OKOBANK Consolidated had total assets of EUR 11 billion, or more than 40 per cent of the OKOBANK Group's total assets.

**OKOBANK Group key figures**

	2000	1999
Total assets, € million	27 086	26 024
Own funds, € million	2 555	2 051
Operating profit, € million	664	450
Return on equity (ROE), %	24.9	26.7
Capital adequacy ratio, %	13.7	12.4
Market share of euro-denominated		
- credits, %	31.9	30.2
- deposits, %	31.2	30.2



## OKOBANK CONSOLIDATED'S KEY FIGURES

	1996	1997	1998	1999	2000	Long term targets
Operating profit, € million	39	48	74	111	167	
Return on equity (ROE), %	6.6	7.0	9.7	16.1	21.5	14.0
Total income, € million	270	262	222	235	321	
Expenses/income ratio, %	70	78	69	56	43	55
Total assets, € billion	9.6	8.9	8.9	10.8	11.0	
Risk-weighted commitments, € billion	4.6	4.5	5.2	6.2	7.2	
Credit stock, € billion	3.3	3.3	3.9	4.7	5.6	
Non-performing and zero-interest claims, % of claims and commitments	1.4	0.8	0.4	0.3	0.2	
Loan and guarantee losses, % of claims and commitments	0.6	0.2	-0.1	0.0	-0.2	
Client funds under management, € billion	2.4	2.9	3.4	5.0	6.7	
Capital adequacy ratio, %	18.6	19.5	16.2	12.5	11.4	
Tier I capital ratio, %	9.6	10.1	8.3	7.3	7.0	7.0
Earnings per share (EPS), €	0.74	0.78	1.12	1.72	2.53	
Equity per share, €	10.95	11.59	10.56	10.97	12.82	
Dividend per share, €	0.14	0.35	0.44	0.69	1.26 *	
Dividend payout ratio, %	19	45	39	40	50 *	50
Effective dividend yield, % (OKOBANK Series A)	3.2	5.2	5.9	6.3	9.2 *	
Market capitalisation (A and K), € million	234	320	365	523	643	

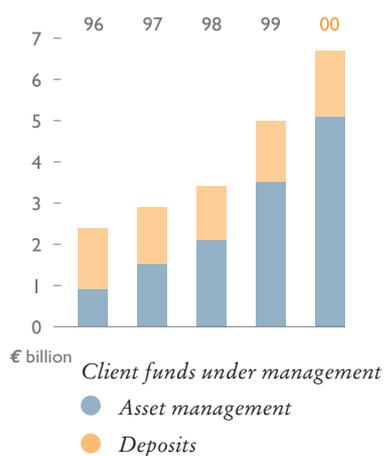
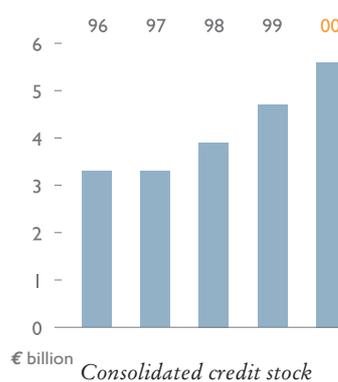
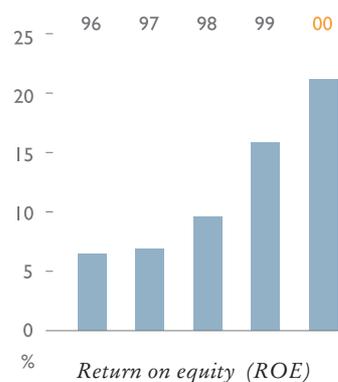
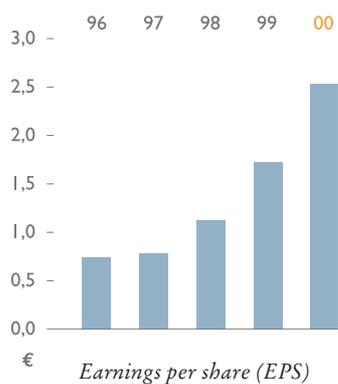
\*Executive Board's proposal: € 1.27 on Series A shares and € 1.22 on Series K shares.

## CREDIT RATINGS

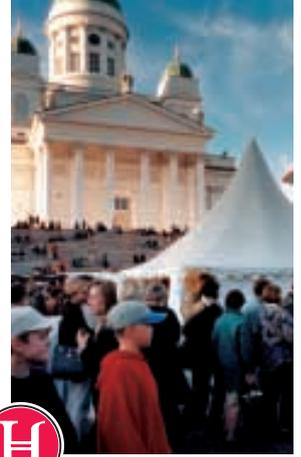
At the beginning of October Moody's Investors Service Limited upgraded OKOBANK's long-term debt rating from A1 to Aa3, and in mid-October Fitch Group upgraded its corresponding rating from A to A+. Thereafter OKOBANK's ratings from international rating agencies were as follows:

Rating Agency	Short-term debt	Long-term debt
Standard & Poor's	A-2	-
Moody's	P-1	Aa3
Fitch Group	F1	A+

In addition, Moody's and Fitch Group raised OKOBANK's individual ratings based on the Bank's profit-making ability (Moody's financial strength rating and Fitch Group's individual rating).



*For OKOBANK Consolidated, the past year was a time of fast-paced customer service. Success in serving customers paves the way for our financial success. In 2000 all the divisions achieved their profit targets, and OKOBANK Consolidated improved its result markedly compared with the previous year.*



*OKOBANK and the member cooperative banks play a prominent part within Finnish society. One form of activity is supporting Finnish culture. In 2000 Okopankki was one of the main corporate partners of the annual Helsinki Festival.*



## MAIN EVENTS

<p style="text-align: center;"><b>Group structure</b></p> <p>In May OKOBANK sold its head office premises in Vallila to the OKOBANK Group Pension Foundation. The property consisted of Kiinteistö Oy OKO-Vallila and Kiinteistö Oy Päijänteentie 12, which were OKOBANK's wholly-owned subsidiaries.</p> <p>The plan for merging OKO Mortgage Bank plc with OKOBANK was announced in June. The plan was adopted in September and the merger was entered in the Trade Register at the end of December.</p>		<p>Following Pohjola Group's ownership arrangements, the OKOBANK Group, Pohjola Group, Suomi Mutual Life Assurance Company and Ilmarinen Mutual Pension Insurance Company launched studies to map out the business areas in which they can step up co-operation benefiting all the parties.</p>
<p style="text-align: center;"><b>Development of services</b></p> <p>In March a plan for developing corporate banking Internet services was announced. In April an online service for bank guarantees was introduced. An Internet service enabling subscriptions for bonds and notes issued on the retail market was introduced in May. In July online foreign exchange and money market dealing was placed on the Internet. In September a facility was opened up to institutional investors, enabling them to submit offers over the Internet in bond auctions.</p> <p>During the summer online stock-broking was introduced in investment banking.</p>		<p style="text-align: center;"><b>Credit rating</b></p> <p>In October both Moody's and Fitch Group upgraded OKOBANK's credit rating.</p>
	<p style="text-align: center;"><b>Service network</b></p> <p>Opstock Private, which offers a full range of asset management services for private individuals, began operations in Helsinki in June. In January of the current year an Opstock Private outlet was opened in Oulu and another branch opened in Salo in February.</p>	<p style="text-align: center;"><b>Events after the close of the financial year</b></p> <p>On February 15, 2001, OKOBANK's Supervisory Board appointed Executive Board member Timo Ritakallio as the Bank's First Executive Vice President and the Head of Corporate Banking department Jarmo Viitanen was made a deputy member of the Executive Board.</p> <p>Executive Board member Keijo Manner has tendered his resignation after being appointed Managing Director of Etelä-Pohjanmaan Osuuspankki (a member cooperative bank).</p>
<p>WAP services incorporating the latest level of security were added to the palette of retail banking services in February. In June use of an electronic identification was introduced in Internet services. A Plusa account developed jointly with Kesko, the wholesaler and retail chain, was brought out on the market in October.</p>	<p style="text-align: center;"><b>Co-operation in insurance operations</b></p> <p>OKOBANK and the OKOBANK Group Central Cooperative bought shares in Pohjola Group Insurance Corporation in January and May. OKOBANK's holding rose to 3.2 per cent of the Pohjola Group's shares outstanding and 3.5 per cent of the voting rights. The OKOBANK Group's holdings at the end of the year were 9.4 per cent of the shares and 10.3 per cent of the voting rights.</p> <p>In April an agreement was signed under which statutory employees' pension tolerance and self-employed persons' pension insurance policies written by Ilmarinen Mutual Pension Insurance Company will be sold at Okopankki's and the member cooperative banks' branch offices.</p>	<p>OKOBANK's Executive Board will propose to the Annual General Meeting that the Bank's company name be changed. According to the proposal the name will be OKO Osuuspankkien Keskuspankki Oyj in Finnish and OKO Andelsbankernas Centralbank Abp in Swedish. In English the Bank uses the name OKO Bank.</p> 

## CHAIRMAN'S REVIEW

The OKOBANK Group and its central bank, OKOBANK, have reported good results for a number of years now. Last year too OKOBANK Consolidated's earnings grew substantially and the entire OKOBANK Group's operating profit again set a new record. Measured by the ratio of operating profit to total assets, the OKOBANK Group has been the most profitable of the large banks in the Nordic countries for several years.

Record-setting profitability and the strong capital adequacy that goes with it give increasing possibilities to further improve our level of service. The trend up to now has brought good feedback from customers: the market shares of the OKOBANK Group and OKOBANK have grown in most areas of banking. In the current year we shall again bring new services to our customers. We shall continue to rack up international firsts, particularly in the field of developing electronic services.

The operating environment has been favourable for the entire banking sector for a number of years in succession. Again last year total output grew briskly, spurred by the continuing strong rise in both exports and domestic demand. The balance on current account showed a sizeable surplus, and Finland's interest-bearing net debt is turning into a net receivable. The household finances of bank customers are therefore on a more solid foundation than for many years.

The sharp rise in the price of oil and the fall in the external value of the euro caused concern about a quickening rate of inflation last year. Accordingly, the European Central Bank raised the administrative interest rate all of six times. The OKOBANK Group's prime rate was raised less frequently, only three times, but by nearly as much in total amount.

In Finland the growth in total borrowing slowed down but nonetheless continued ahead at a relatively strong pace. As in previous years, total deposits grew more slowly than the credit portfolio because households again favoured saving through mutual funds and insurance policies.

In addition to stable economic development, the OKOBANK Group and OKOBANK have had another environmental advantage on their side: the internal development within the banking sector. Customers appear to appreciate the fact that decision-making remains unequivocally in Finnish hands despite the increase in international link-ups.

In Finland we have found new partners in co-operation, above all in the insurance industry and in the retail and e-commerce field. Amplifying co-operation in these areas will be one of our most important tasks in the current year. It will not, however, involve ownership arrangements that alter our structural identity.

One of the keys to our success is the Group's internal development-driven outlook. Last year we sharpened the focus of the roles played by the Group's different parts, thereby achieving a stronger and more unified whole. An important element of this effort was actions to strengthen the operational effectiveness of the OKOBANK Group Central Cooperative and OKOBANK. This will fortify the member banks' position within retail banking and inject new energy into OKOBANK Consolidated's customer business, which generates the bulk of its profits. Business volume, the number of customers and the growth in earnings lead to a virtuous circle that must be sustained in coming years as well.

Our development-driven approach was also reflected in the inputs made into improving the staff's competence and management skills. We are building competence into a strength that will enable us to stand out from our competitors. In this way we support both our customers' and our own prosperity.



*Chairman  
Antti Tanskanen*

All these actions are defined in our new strategy. This strategy guides the Group jointly, and OKOBANK Consolidated too has derived its own objectives from it. The entire Group strives to attain what OKOBANK Consolidated, in formulating its vision, has summed up in the words success, dynamism, leadership, competence and customer satisfaction. We shall devote our energies and resources to these goals this year and in future years too ( in the best interests of our customers and our owners.

My thanks to our stakeholders and staff for your support and good contributions during the past year, and my best wishes for every success in the coming year.

Helsinki, February 15, 2001

A handwritten signature in black ink, appearing to read 'Antti Tanskanen', with a long horizontal flourish extending to the right.

Antti Tanskanen  
Chairman



## THE ETHICAL PRINCIPLES GUIDING THE OPERATIONS OF OKOBANK CONSOLIDATED

### *Confidentiality*

OKOBANK Consolidated's employees are scrupulous in their observance of business and bank secrecy, insider regulations and good banking practice.

### *Responsibility*

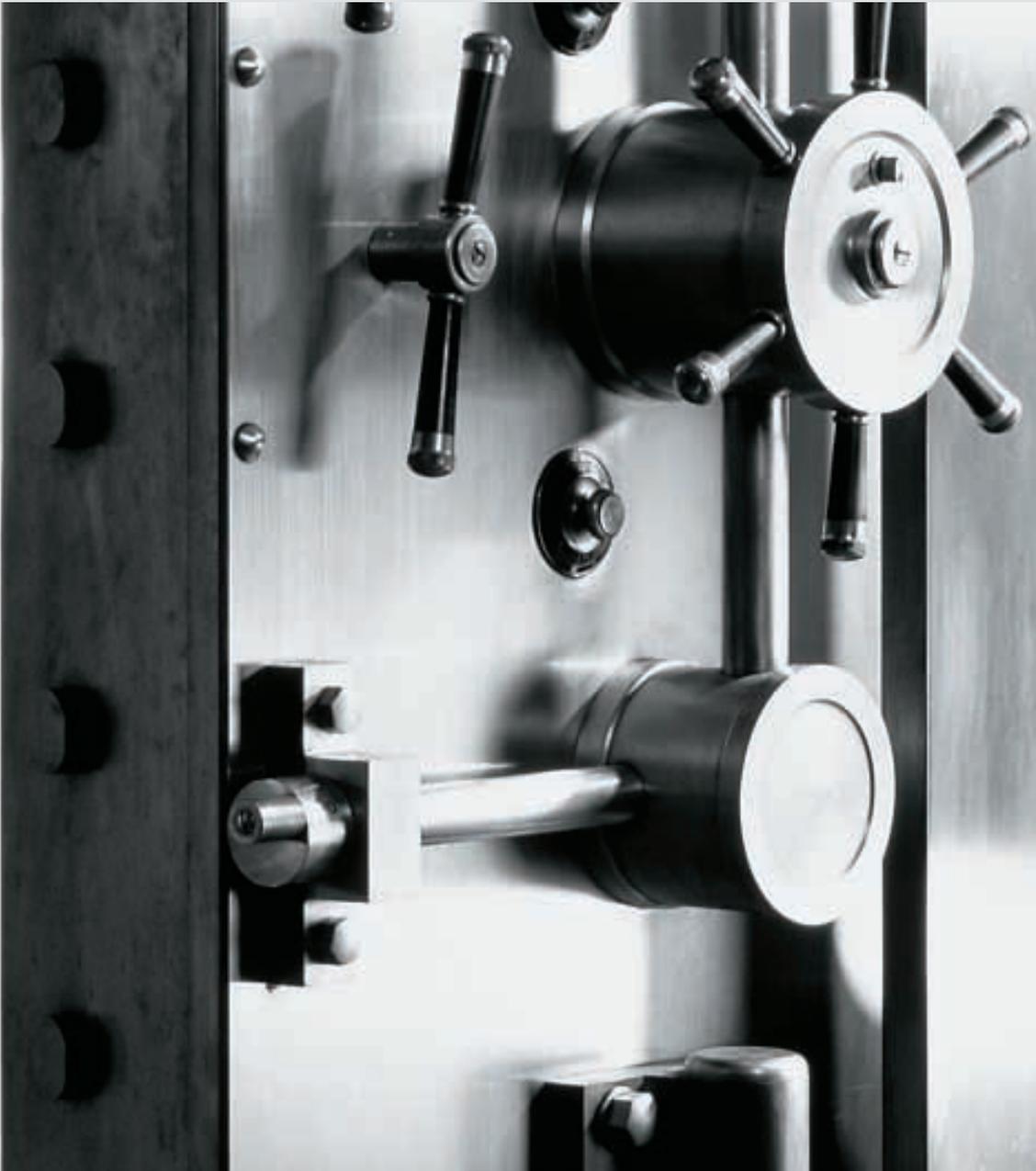
We engage in areas of business that are generally accepted and promote the economic well-being of our customers, shareholders and society.

### *Fairness*

We value our customers, shareholders, staff and other stakeholders and treat them all equally.

### *Honesty*

OKOBANK and its subsidiaries are reliable and honest partners in contractual dealings. Both external and internal communications are factual and give a correct picture of the matter being presented.



## PRESIDENT'S REVIEW

For OKOBANK Consolidated, the past year was a time of fast-paced customer service. Over the year a number of new online services that make banking easier were brought out for retail and corporate customers, along with high-quality discretionary asset management services.

In our operations we stress the importance of offering solutions that meet customers' needs and of actively keeping in touch with customers. And they have shown their appreciation of the way we operate because last year the volume of operations in OKOBANK Consolidated's main business areas grew at a clearly faster rate than did the market on average. The number of new customers also increased substantially. In the years ahead a further focus in the development of services will be the ability to meet customers' international needs.

Success in serving customers paves the way for our financial success. In 2000 all the divisions achieved their profit targets, and OKOBANK Consolidated improved its result markedly compared with the previous year. The biggest thanks for last year's fine performance goes not only to our customers but also to the Bank's professionally skilled and enthusiastic staff.

It is gratifying to be able to see a link between the Bank's success amongst customers and its ability to produce economic benefit for its shareholders. The Executive Board is proposing the payment to shareholders of a dividend for the past financial year which is more than 80 per cent higher than the dividend paid for the previous financial year.

To be able to maintain the confidence of our shareholders and customers, we must tell, in a consistent and open manner, about the principles underpinning our operations, our objectives and the results of our work. This annual report discusses the strategy, management, results and outlook of OKOBANK Consolidated and its divisions in considerably greater detail than heretofore. I hope that we have succeeded in helping shareholders and customers to gain a better understanding of the content, priorities and development orientations of OKOBANK Consolidated's operations.

Amongst OKOBANKS's strengths are nearly one hundred years of experience of Finnish business life and a commitment to serving Finnish customers. This will be the cornerstone of our operations in the future as well. In the current year OKOBANK Consolidated is well placed to achieve results that are in line with its long-term objectives.

Helsinki, February 15, 2001



Mikael Silvennoinen

President



*President*

*Mikael Silvennoinen*

*OKOBANK Consolidated's mission*

*To create economic value for customers and shareholders.*

*OKOBANK Consolidated's vision*

*To be a successful and dynamic pioneer whose expertise and customer satisfaction are the best in the industry.*



*A thorough knowledge of the needs and local conditions of Finnish customers will guide OKOBANK Consolidated's operations in coming years, as in the past.*



## STRATEGY AND MANAGEMENT

### Strategy

#### *Competitive advantage*

OKOBANK Consolidated's competitive advantage is based on its thorough knowledge of Finnish customers and the country's conditions. The Bank seeks to form and nurture long-standing customer relationships. In its operations the Bank stresses actively offering solutions that are in the customer's best interests as well as a humble service attitude.

OKOBANK Consolidated's customers have at their disposal a modern service network which is Finland's most extensive and is based on OKOBANK Consolidated's own and the member cooperative banks' outlets as well as electronic service channels. The close co-operation between OKOBANK and the member banks forms the foundation of customer service throughout the country.

OKOBANK Consolidated's key resource is its competent and committed staff. The continuous development of the staff's competence is the most important element of OKOBANK Consolidated's competitive ability and the continuity of its operations.

#### *Strategic choices*

OKOBANK Consolidated focuses on serving domestic customers, offering them versatile financing, investment and payment transfer solutions both in Finland and internationally. For international clients, OKOBANK Consolidated offers banking services to meet the needs of their business dealings and transactions that are related to Finland. OKOBANK does not seek to acquire local customers abroad who do not have a business linkage with Finland.

OKOBANK also acts as the central bank of the cooperative banks belonging to the OKOBANK Group. OKOBANK is responsible for the OKOBANK Group's liquidity, handles the Group's long-term funding on the capital markets and is in charge of the Group's international service ability.

#### *Divisions*

OKOBANK Consolidated is organised within four divisions: Corporate Banking, Investment Banking, Retail Banking and Group Treasury. The divisions have their own objectives and strategy in line with OKOBANK Consolidated's overall guidelines and they have their operating models which are tailored to the nature of the division's operations. In their activities, the divisions support the implementation of OKOBANK Consolidated's strategy.

#### *Mission*

The concept underlying OKOBANK Consolidated's operations is to create economic value for customers and shareholders. In the long-term, economic benefit for shareholders can be generated only through successful customer business and service. "The customer's best bet" is OKOBANK's motto and objective in all situations.

#### *Long-term financial targets*

OKOBANK Consolidated's long-term financial targets form the backbone of each division's business control and planning. The confirmed financial targets are:

- cost/income ratio 55 %
- Tier I own funds as a ratio of risk-weighted commitments 7 %
- return on equity 14 %
- dividend payout ratio 50 %

### *Growth*

OKOBANK Consolidated focuses on business areas and customer groups in which it has competitive advantages and where demand for services creates growth potential. The growth areas must furthermore be in line with the Group's strategy and meet long-term profitability requirements. Accordingly, OKOBANK Consolidated's objective is to grow faster than the market:

- as an arranger of financing for large and medium-sized customers on the equity and debt capital market
- as a versatile provider of financing for small and medium-sized companies
- as an asset manager for private and institutional customers and
- within retail banking in the Greater Helsinki area.

Demand for services is growing briskly in the growth areas which OKOBANK Consolidated has chosen. Furthermore, the service network of OKOBANK and the member cooperative banks provides a comprehensive and efficient sales channel.

### **Planning and management**

OKOBANK Consolidated's long-term planning and management are based on the vision it has formulated. This vision has been confirmed by the Executive Board and it helps to guide operations in line with the Bank's objectives and strategy.

OKOBANK Consolidated's vision is to be a successful and dynamic pioneer, whose expertise and customer satisfaction are the best in the industry.

Annual planning and management are based on the balanced scorecard concept. Benchmarks of success are derived from the Bank's vision and long-term targets, measured regularly and divided into three subgroups: internal performance (i.e. operational performance and intellectual capital), customer performance and financial performance.

The benchmarks for internal performance are used to plan and monitor the management atmosphere, job satisfaction and the development of the staff's competence. This benchmark furthermore encompasses improvements in processes and efficiency as well as operational reliability.

The customer performance subarea involves the planning and measurement of success in customer relations. The essential factors here are customer satisfaction, the development of services, the quality of services and market shares.

The long-term financial targets that have been set for OKOBANK Consolidated create a framework for planning financial performance. Profitability, capital adequacy and the risk position are measures of financial performance. An important part of financial performance is also the performance of OKOBANK's share on the stock market.

It is an article of belief for OKOBANK Consolidated that good internal performance underpins good customer performance, which in turn underpins healthy financial performance. Profitable operations are essential to the creation of added value for shareholders in the long-term and it affords opportunities for investing to fortify the Bank's internal performance still more.

The elements of internal performance, customer performance and financial performance are also embodied in OKOBANK Consolidated's vision. The balanced scorecard concept is thus also used to measure the realisation of OKOBANK Consolidated's vision.



*OKOBANK Consolidated's service palette also includes telebanking, which rounds out banking transactions that are handled in branch offices and via the Internet.*

OKOBANK Consolidated's vision and benchmarks of success underlie specific benchmarks that are applied to the divisions and their units. This ensures that the planning and activities of the different units are aligned with OKOBANK Consolidated's objectives.

The benchmarks of success are applied all the way down to the individual level, where the planning and monitoring of personal key objectives form a framework for performance assessment discussions, the development of competence and rewarding.

The development of management accounting for the needs of the divisions will be continued in 2001. The modelling of risks will be expanded from market risks to other areas of risk. In order to model credit risks, the internal risk rating system will be revamped. The objective is to build a uniform risk management framework that increases understanding of how much capital each division needs to engage in stable and long-term operations. The use of risk-adjusted return on investment as a gauge of the control of business operations will sharpen the making of business choices in line with OKOBANK Consolidated's yield objectives.

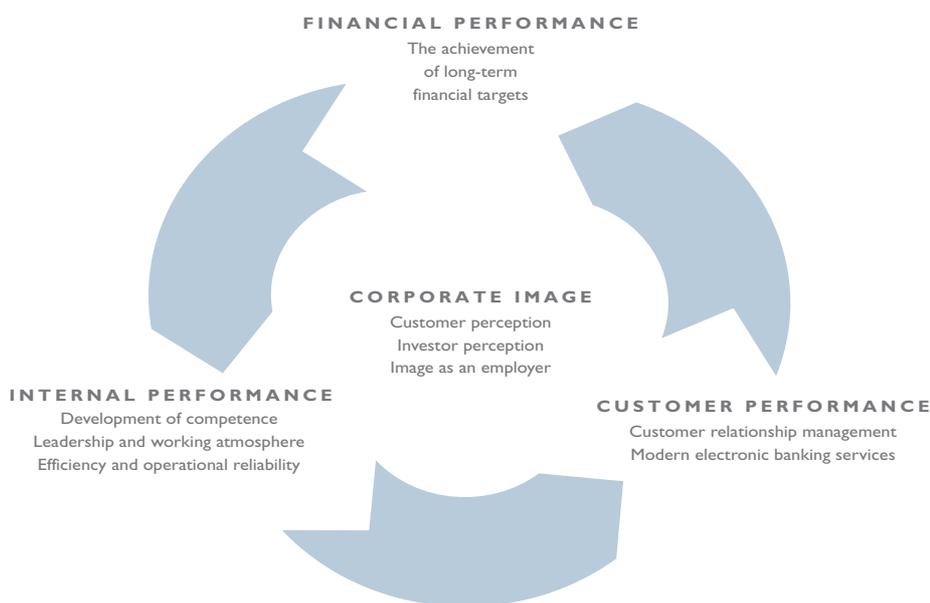
### Service network

OKOBANK Consolidated's service network works through multiple channels and forms an efficient entity whose parts support each other at different stages of the customer-service process. In Finland the service network is made up of

- the branch offices of OKOBANK Consolidated and the member cooperative banks
- Internet services and
- telephone services.

Corporate customers are served by OKOBANK Consolidated's head office in Helsinki and OP-Finance Ltd's outlets in five cities outside the Greater Helsinki area.

### *OKOBANK Consolidated's critical success factors*



Okopankki's branch offices serve retail customers and small and medium-sized companies in the Greater Helsinki area. Of Okopankki's 20 branch offices, five offer banking services to both retail and corporate customers. The other Okopankki branch offices concentrate on serving retail customers. Okopankki's service outlets provide service for private individuals only and are located in large shopping centres.

High quality discretionary asset management service for private individuals is offered at the branch offices of Opstock Private.

OKOBANK Consolidated's own locations are supplemented by the member cooperative banks' 718 branch offices and service outlets.

OKOBANK Consolidated's Internet services offer retail and corporate customers a wide spectrum of payment transfer, investment and financing solutions as well as comprehensive analysis services. The development of Internet services will be OKOBANK Consolidated's most important capital expenditure area over the next few years.

Call Centre service rounds out the way customers can do their banking at branch offices or via the Internet. The range of Call Centre services comprises all services for retail customers and they are available at flexible service times.

A Swedish language service was added to the Call Centres during the report year.

OKOBANK Consolidated's international service network comprises

- its own branch office and representative office services,
- the Unico Banking Group's branch office network and
- international account and correspondent bank relations.

OKOBANK's Stockholm branch office focuses on payment transfer and financing services for Finnish corporate customers. In addition, it serves Swedish corporate customers who have business dealings in Finland. The representative offices in Tallinn, Estonia, and St Petersburg, Russia, serve Finnish corporate customers in the Baltic countries and in Russia.

The services which the customers of OKOBANK Consolidated and the member cooperative banks require in Europe are provided mainly through the Unico Banking Group's locations.

For its customers' global service needs, OKOBANK maintains more than 2 000 account and correspondent bank relationships in nearly every country in the world.

### **Alliances**

Allying is a central element of the OKOBANK Group's operating model and strategy.

The OKOBANK Group is in itself a good example of closely allied companies, each of which is independent but which operate together as a cohesive group. The Group's operations are guided by joint objectives as well as joint values and rules of the game.

Alliances have a number of objectives which vary from partner to partner. Through co-operation, the OKOBANK Group seeks to land new customers, round out its palette of services, improve its international service ability, strengthen its technological expertise or strive for efficiency benefits

#### *Co-operation partners in Finland*

Co-operation with the insurance business got started in the autumn 1999, when the OKOBANK Group, Ilmarinen Mutual Pension Insurance Company and Suomi Mutual Life Assurance Company signed an agreement. Concurrently, the OKOBANK Group,



*As part of OKOBANK Consolidated's multichannel service network, branch offices play an important role in serving retail customers.*

Ilmarinen and Suomi jointly took strategic shareholdings in Pohjola Group Insurance Corporation.

For OKOBANK Consolidated, co-operation in the insurance field opens up new business opportunities within corporate banking, investment banking and retail banking.

In the autumn 2000 the OKOBANK Group agreed with Sonera Plaza Ltd on co-operation with the aim of offering the OKOBANK Group's banking services to customers via Sonera Plaza's consumer portal. Under the agreement the co-operation partner within the OKOBANK Group will be OKOBANK's associated company OP-Kotipankki Oyj.

In 1999 the OKOBANK Group and Kesko Corporation entered into an agreement on co-operation aiming at making use of the business linkages between the finance sector and the retail field. In the autumn 2000 the partners to the agreement brought their Plussa (Plus) account out on the market. The Plussa account is a bank account that is offered by OKOBANK's subsidiary Okopankki and the member cooperative banks and can be used in conjunction with the Kesko Group's Plussa card to pay for purchases and make cash withdrawals at stores belonging to the Kesko Group. The first Plussa accounts were opened at Okopankki and the member banks towards the end of 2000.

#### *International partners*

OKOBANK has been a member of the Unico Banking Group, the co-operation group of the European cooperative banks, for 24 years. In 2000, the Unico Banking Group comprised six full members and three associate members which are the central banks of leading retail banking groups in their home countries. These banking groups had aggregate total assets in 1999 of nearly EUR 2 100 billion. The banks had 420 000 employees and about 40 000 branch offices.

For the customers of OKOBANK Consolidated and the member cooperative banks, the branch offices of the Unico banks form a Europe-wide service network which also functions as a sales channel for corporate and institutional clients' equity and bond issues.

The globalisation of the economy together with the formation of a unified euro area have led to closer Unico co-operation. The focus of co-operation in 2000 was again on the development of payment transfer, cash management and international capital market services and on offering these to companies. The UniCash cash management service that was developed together with the Unico banks was offered as part of OKOBANK Consolidated's service palette towards the end of 1999.

<b>Unico Banking Group's member bank/bank group's central bank</b>	<b>Total assets* € billion</b>	<b>Number of offices*</b>
Crédit Agricole, France	439.5	8 000
DG Bank, Germany	916.9	18 200
ICCREA, Italy	83.5	2 900
OKOBANK Osuuspankkien Keskuspankki Oyj, Finland	26.0	700
Rabobank, The Netherlands	281.2	1 800
RZB-Austria AG, Austria	87.6	1 900
Banco Cooperativo Español, Spain **	27.5	3 800
KBC Bank and Insurance, Belgium ***	156.2	1 500
Union of Swiss Raiffeisenbanks, Switzerland **	47.0	1 300
<b>Unico Banking Group</b>	<b>2 065.4</b>	<b>40 100</b>

\* As at Dec. 31, 1999 \*\* Associated member \*\*\* Left Unico at the end of 2000

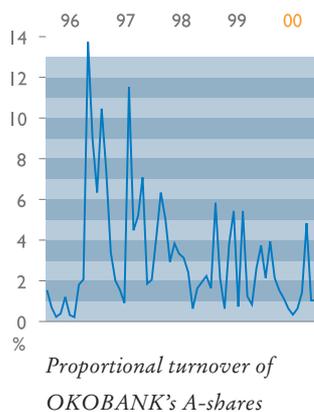
## SHARE CAPITAL AND SHAREHOLDERS

### Share capital and share series

OKOBANK's equity capital at the end of 2000 stood at EUR 196.4 million. OKOBANK's shares are divided into Series A and Series K shares. Series A shares are intended for the public and are listed on Helsinki Exchanges. Series K shares can be owned solely by a Finnish cooperative bank, a bank having the legal form of a limited company pursuant to Sections 41 a and 41 b of the Cooperative Bank Act and the Central Institution of the Amalgamation of the Cooperative Banks - the OKOBANK Group Central Cooperative. At general meetings of shareholders each Series A share entitles its holder to one vote and each Series K share to five votes. Series A shares entitle their holders to an annual dividend which is at least 1 percentage point higher than the dividend payable on Series K shares.

OKOBANK's Articles of Association contain a conversion clause according to which a Series K share can be converted, at the request of a shareholder, into a Series A share. At the end of the year Series A shares accounted for 74.7 per cent of all the shares outstanding, whereas the corresponding figure at the end of the previous year was 40.6 per cent.





The share series and equity capital are itemised in Note 36 to the accounts. Note 38 details the terms and conditions of the stock option incentive system for the personnel as well as authorisations granted to the Supervisory Board.

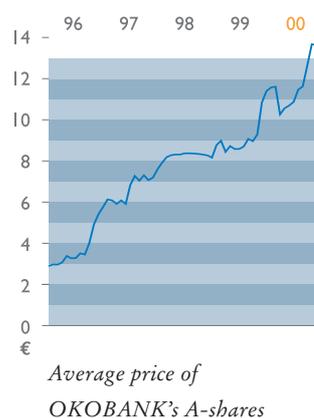
### Shareholders

At the end of 2000 OKOBANK had 24 305 registered shareholders, roughly the same number as a year earlier. The largest shareholder was OKOBANK's parent company, the OKOBANK Group Central Cooperative, which held 41.3 per cent of OKOBANK's shares and 55.8 per cent of the voting rights. Numerically, the largest shareholder group was private individuals, of whom there were 23 226. Data on the distribution of shareholdings is given in Note 39 to the annual accounts and management's shareholdings are detailed in Note 53.

### Share price trend and turnover

OKOBANK's Series A share price continued on an upward trend in 2000. The year-end price was EUR 13.76, or 23 per cent higher than at the end of 1999. The trend can be considered good because in 2000 the HEX portfolio index declined by 25 per cent. The low for the year was EUR 9.93, or more than 2 euros above the low in 1999. The high was EUR 13.99. The average share price rose from the previous year's figure of EUR 8.95 to EUR 11.82. The market capitalisation of the Series A shares at the end of the year was EUR 480 million, an increase of EUR 268 million since the end of 1999.

The number of shares traded was somewhat greater than it was in the previous year. During the year under review 6.5 million Series A shares changed owner. This represents a fifth of all the Series A shares outstanding. The five-year time series for per-share key ratios are given in Note 44 to the annual accounts.



Major shareholders Dec. 31, 2000	% of votes	% of shares	Major shareholders of series A shares Dec. 31, 2000	% of shares
OKOBANK Group			OKOBANK Group	
Central Cooperative	55.8	41.3	Central Cooperative	31.5
Nominee-registered shares	4.4	8.9	Nominee-registered shares	11.9
Turun Seudun Osuuspankki	3.2	1.4	OKOBANK Group Pension Foundation	4.6
Oulun Osuuspankki	2.8	1.4	Ilmarinen Mutual Pension Insurance Company	1.9
OKOBANK Group Pension Foundation	1.7	3.4	Norvestia Oyj	1.7
Keski-Uudenmaan Osuuspankki	1.3	0.5	Etelä-Karjalan Osuuspankki	1.3
Keski-Suomen Osuuspankki	1.2	0.5	Suomi Mutual Life Assurance Company	1.0
Porin Seudun Osuuspankki	0.9	0.7	Pohjola Life Assurance Company Ltd	1.0
Pohjolan Osuuspankki	0.8	0.5	Government Guarantee Fund	0.8
Ilmarinen Mutual Pension Insurance Company	0.7	1.4	Savonlinnan Osuuspankki	0.8

Shares of different series		
Dec. 31, 2000	Series A	Series K
Number of shares	34 867 382	11 837 618
% of shares	74.7	25.3
% of votes	37.1	62.9

## REVIEW OF OPERATIONS

### OKOBANK Consolidated's operations

In 2000 OKOBANK Consolidated exceeded all its main earnings and volume targets. All the divisions achieved their earnings targets. Operating profit was significantly greater than a year ago.

#### Quarterly performance

€ million	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	30	30	31	33	124	109	14
Commission income (net)	18	17	15	17	66	52	27
Net income from securities transactions and foreign exchange dealing	6	1	1	3	11	10	11
Other operating income	11	80	5	5	101	50	
<b>Total income</b>	<b>65</b>	<b>128</b>	<b>51</b>	<b>58</b>	<b>302</b>	<b>220</b>	<b>37</b>
<b>Total expenses</b>	<b>30</b>	<b>31</b>	<b>28</b>	<b>30</b>	<b>118</b>	<b>116</b>	<b>2</b>
Loan losses and write-downs	-2	28	-1	-3	22	-2	
Share of profit/loss of companies included using the equity method	1	2	1	1	5	5	19
<b>Operating profit</b>	<b>37</b>	<b>72</b>	<b>25</b>	<b>32</b>	<b>167</b>	<b>111</b>	<b>51</b>

#### Result and capital adequacy

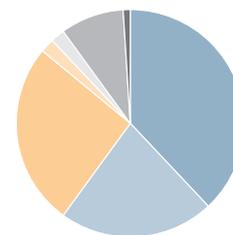
- OKOBANK Consolidated's operating profit for 2000 was EUR 167 million, up EUR 56 million, or 51 per cent, on the previous year. Operating profit adjusted for non-recurring items increased by EUR 38 million.
- Net income from financial operations grew by 14 per cent and total income by 37 per cent on 1999. Investments in Pohjola Group Insurance Corporation shares improved operating profit by EUR 35 million. Expenses net of commission expenses were up 2 per cent on the previous year.
- The return on equity rose from 16.1 per cent in the previous year to 21.5 per cent.
- The capital adequacy ratio was 11.4 per cent. Tier I capital ratio was 7.0 per cent.

#### Per-share key ratios

- Earnings per share rose from EUR 1.72 a year earlier to EUR 2.53.
- The proposed dividend is EUR 1.27 on Series A shares and EUR 1.22 on Series K shares. The dividend paid in 1999 was EUR 0.70 on Series A shares and EUR 0.65 on Series K shares. The effective dividend yield on the proposed dividend payout is 9.2 per cent.

#### Growth in operations

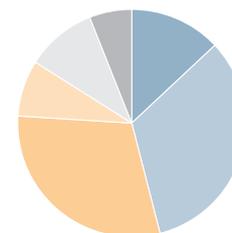
- OKOBANK Consolidated's credit portfolio was just under EUR 5.6 billion, or 17 per cent higher than at the end of 1999
- Deposits from the public amounted to more than EUR 1.6 billion, an increase of 11 per cent on the previous year.



#### Breakdown of OKOBANK

##### Consolidated's income

- Net income from financial operations 38 %
- Income from equity investments 22 %
- Commission income 26 %
- Net income from securities transactions 2 %
- Net income from foreign exchange dealing 2 %
- Real-estate income 9 %
- Other operating income 1 %



#### Breakdown of OKOBANK

##### Consolidated's expenses

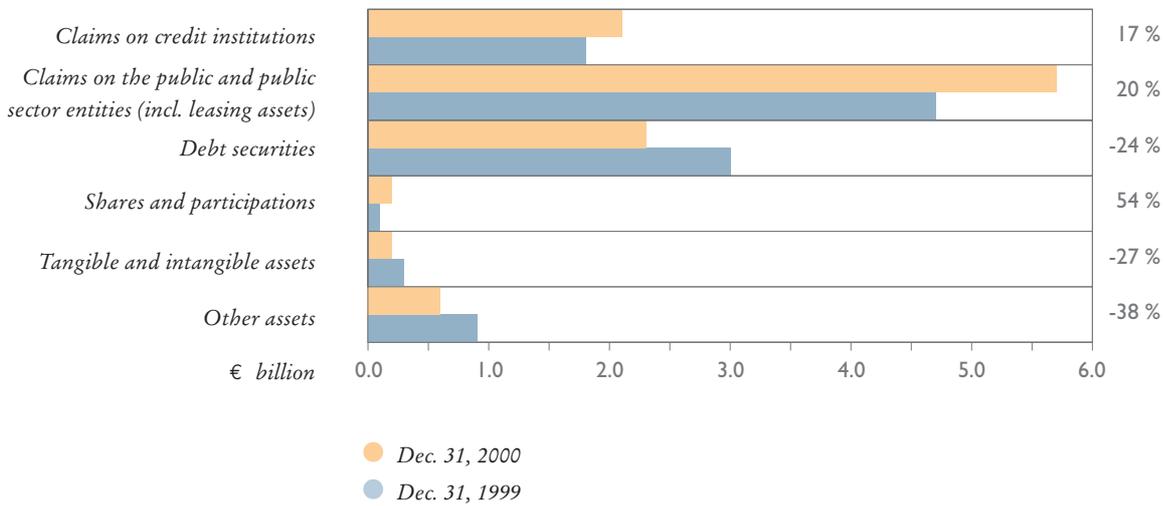
- Commission expenses 13 %
- Staff costs 33 %
- Other administrative expenses 30 %
- Depreciation 8 %
- Real-estate expenses 10 %
- Other operating expenses 6 %

- Client funds in asset management totalled EUR 5.1 billion. The amount of managed assets was EUR 1.6 billion, or 45 per cent, greater than at the end of 1999.

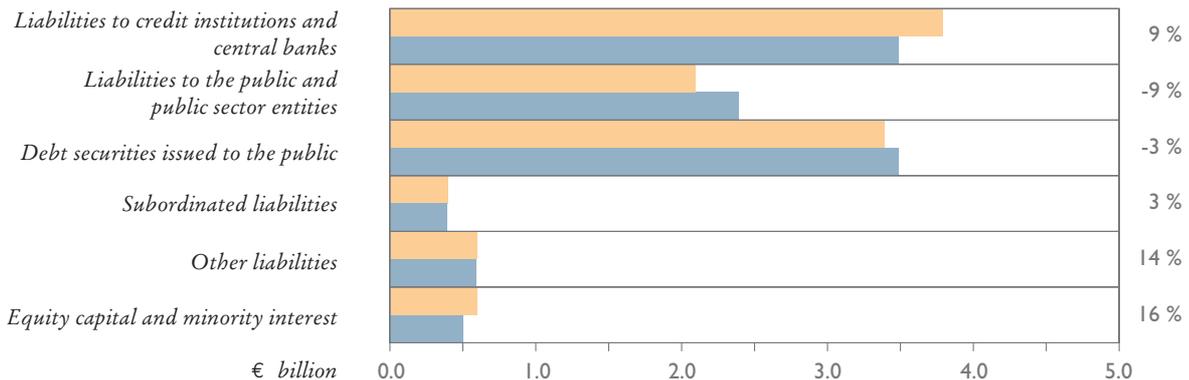
*OKOBANK Consolidated's outlook*

- The outlook for 2001 remains favourable in all the main business areas.
- In 2001 OKOBANK Consolidated's operational result is forecast to be at the same level as it was last year. OKOBANK Consolidated's operating profit is nevertheless estimated to be smaller than it was in 2000, when operating profit included a large non-recurring income from Pohjola Group shares.

*OKOBANK Consolidated's balance sheet: assets in 2000 and in 1999, change %*



*OKOBANK Consolidated's balance sheet: liabilities in 2000 and in 1999, change %*



*OKOBANK Consolidated is organised within four divisions, which have their own objectives in line with OKOBANK consolidated's strategy and their own operating models which are tailored to the nature of the division's operations.*



*In 2000 OKOBANK Consolidated's business volume, number of new customers and earnings grew substantially.*



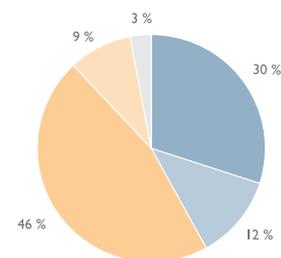
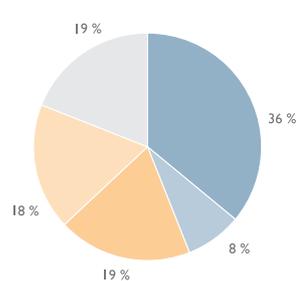
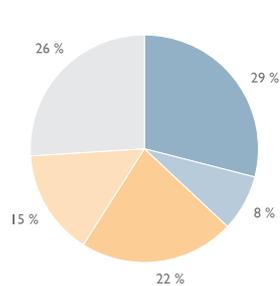
## DIVISIONS

OKOBANK Consolidated's operations are divided into four divisions: Corporate Banking, Investment Banking, Retail Banking and Group Treasury. OKOBANK Consolidated's income, expenses and capital which are not allocated to the divisions are grouped together within Other operations.

The results of the divisions are calculated by allocating to each division its income, net of commission expenses, and expenses. An amount of equity capital corresponding to 7 per cent of risk-weighted commitments is allocated to the divisions. The unallocated portion of equity capital is allocated to Other operations. The equity capital shown in Opstock Ltd's balance sheet is nevertheless allocated as the equity capital of the Investment Banking division.

### Operating profits and return on equity

Business area	Operating profit, € million		Return on equity, %	
	2000	1999	2000	1999
Corporate Banking	59	34	13.6	8.5
Investment Banking	14	9	66.3	61.8
Retail Banking	31	20	32.3	22.5
Group Treasury	31	36	23.4	30.9
Other operations	32	11	32.8	13.3
<b>Total</b>	<b>167</b>	<b>111</b>	<b>21.5</b>	<b>16.1</b>



- Corporate Banking
- Investment Banking
- Retail Banking
- Group Treasury
- Other operations

*The Corporate Bank offers corporate customers financing and cash management services as well as services connected with the money, capital and foreign exchange markets. Financial services involve granting loans and guarantees, arranging receivable- and security-backed finance, arranging finance on the debt issuance market as well as engaging in venture capital investments. Corporate Banking is conducted in the parent bank, OKOBANK, OP-Finance Ltd and OKO-Venture Capital Ltd.*



OKOBANK  
Consolidated's near-term objective is to grow faster than the markets as an arranger of financing for large and medium-sized companies on the equity and debt capital markets.



*OKOBANK's strategy is also to increase its market share as a versatile provider of financing for small and medium-sized companies.*

## CORPORATE BANKING

### Operating environment

Market interest rates rose substantially during the year, with short interest rates clearly outstripping long rates. At the start of the year the European Central Bank's administrative interest rate was 3 per cent. It was raised during the year a total of six times and was 4.75 per cent at the end of the year. In December interest rates began to notch downward.

In Finland, banks' aggregate corporate loan portfolio at the end of the year was on a par with the amount a year earlier. The prolonged downward trend in spreads on corporate loans came to a halt in 2000.

### Result of Corporate Banking

	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	15	16	14	16	61	54	13
Commission income (net)	5	5	5	5	21	17	23
Net income from securities transactions and foreign exchange dealing	-1	0	1	3	3	-5	
Other operating income	2	1	2	1	4	3	71
Total income	20	22	22	25	89	68	31
Total expenses	8	9	9	10	36	34	5
Loan losses and write-downs	-1	-5	0	0	-6	-1	
<b>Operating profit</b>	<b>13</b>	<b>17</b>	<b>13</b>	<b>16</b>	<b>59</b>	<b>34</b>	<b>72</b>
Return on equity, %					13.6	8.5	
Expenses/income ratio, %					42	53	
Staff					313	289	8
Risk-weighted commitments, € million					4 650	4 187	11
Credit stock, € million					3 902	3 453	13
Credits and guarantees, € million					4 832	4 091	18
Non-performing and zero-interest claims, € million					6	5	10
Non-performing and zero-interest claims, % of commitments					0.11	0.15	
Transmitted payment transactions, million					77	72	8

Corporate Banking reported markedly better earnings than in 1999. The improved result was due to the good growth in income, the reasonable trend in expenses and larger reversals on loan losses than a year ago.

The strategic growth areas for Corporate Banking are the arrangement of financing for large and medium-sized clients on the debt capital market as well as providing versatile finance for medium-sized companies. The growth targets set for both areas in 2000 were exceeded.

## Financial services

### *Loans and guarantees*

The aggregate loan portfolio within Corporate Banking grew by 13 per cent from the end of last year. The growth in the credit portfolio clearly outpaced the average for Finnish banks and financing companies. Total guarantees increased by EUR 181 million to EUR 930 million. Aggregate growth in loans and guarantees was 18 per cent, equalling the corresponding growth of 18 per cent in 1999.

### *Debt financing*

In corporate bond issues, OKOBANK ranked amongst the top two arrangers in Finland in 2000. OKOBANK acted as the lead manager for its domestic corporate and institutional customers in five issues and in one bond programme, and as a co-manager in five issues. OKOBANK obtained a total of EUR 513 million for its customers on the bond market. The amount was nearly EUR 300 million greater than a year earlier. In addition, together with the European banks belonging to the Unico Banking Group, OKOBANK arranged three bond issues on the euro market, raising a total of EUR 2.7 billion.

### *Venture capital investments*

OKO-Venture Capital Ltd manages venture capital funds which make fixed-term equity investments in small and medium-sized companies. The investors in the venture capital funds are the member cooperative banks, the investment units of the OKOBANK Group Central Cooperative and institutional investors outside the OKOBANK Group. The company participates in the development of its portfolio companies as a minority shareholder.

The aggregate capital of the three venture capital funds managed by the company amounted to about EUR 52 million at the end of 2000. In the year under review, 15 initial and follow-up investments totalling EUR 4.9 million were made. During the year the company exited from two companies in which it had an investment stake.

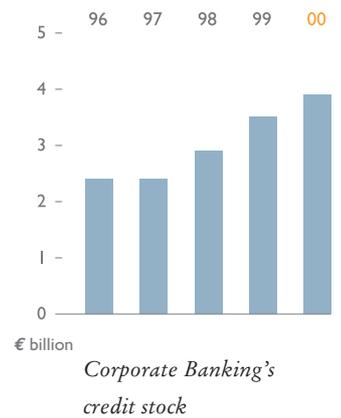
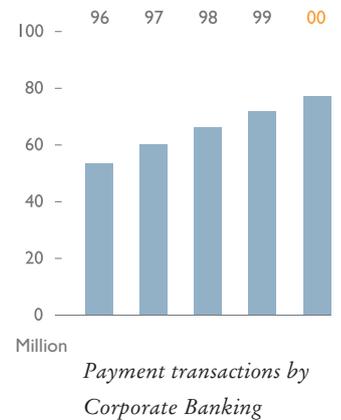
## Cash management services

OKOBANK Consolidated handled more than 77 million outgoing and incoming payment transfer transactions during the year, or 8 per cent more than a year ago. The payment transactions transmitted amounted to EUR 58.2 billion, an increase of 20 per cent on 1999.

## Money market, capital market and foreign exchange services

OKOBANK acts as a market-maker for the Finnish government's benchmark bonds and as a market participant for other main instruments in trading on the money and capital markets. OKOBANK is presently the leading Finnish market-maker for the Finnish government's benchmark bonds. In 2000, OKOBANK was one of the largest intermediaries for the issuance of government treasury bills and bonds.

The volume of money market products, bonds and customer dealings involving foreign exchange products totalled EUR 95 billion in the report year, representing an increase of 48 per cent on the previous year.



### **Electronic banking services**

The development of electronic banking services was the most important capital expenditure area within Corporate Banking in 2000. The strategy for developing electronic banking services for corporate customers was published in March.

In April OKOBANK Consolidated was the first bank in Finland to bring out on the market Internet services for bank guarantees. In May Internet services were expanded to include subscriptions for bonds issued on the retail market. In July the Bank introduced a service by means of which corporate customers can engage in real time foreign exchange and money market trading from their own workstations. A number of the member cooperative banks are also users of this service. In September OKOBANK placed in use an Internet service targeted at institutional investors, enabling them to submit their offers in bond issues sold by the auction method. OKOBANK used the new service in the issue of Elisa Communications Corporation bonds, which raised EUR 100 million in capital for the company. This was the first Finnish wholesale market issue by a Finnish company that was arranged via the Internet.

### **Corporate Banking outlook**

The growth in the credit portfolio is expected to slow down during 2001. Spreads on lending, however, are estimated to grow somewhat. Demand for bond financing will probably grow further. The amount of non-performing claims may increase a bit from the present very low level, but loan losses are estimated to remain minor in amount.

The result of Corporate Banking before loan losses is estimated to be at roughly the same level in 2001 as it was in 2000. Operating profit may nevertheless diminish somewhat because reversals of loan losses are not forecast to be as large as they were in 2000.

*OKOBANK Consolidated's investment banking is centralised within Opstock Ltd, which offers institutional and private investors as well as corporate clients asset management services and stockbroking, produces investment research services, arranges equity financing and acts as an adviser in M&A transactions.*



*OKOBANK Consolidated is seeking to grow faster than the market as an asset manager for private and institutional clients.*



*Opstock Ltd's objective is to offer versatile investment services and to be a trusted adviser.*

## INVESTMENT BANKING

### Operating environment

Brisk share turnover and rising share prices continued on Helsinki Exchanges into the first part of 2000. Share turnover peaked in March, when the HEX portfolio index, which measures the general share trend, hit its all-time high and was nearly 30 per cent higher than at the start of the year. The downturn in the prices of technology shares together with data indicating a slowdown in the United States' economic growth sent shares on a downward trend for the rest of the year. At the end of 2000 the Hex portfolio index was 25 per cent lower than at the start of the year. Share turnover on Helsinki Exchanges more than doubled during the year, reaching EUR 227 billion.

Saving through mutual funds and insurance policies grew further. Three new mutual fund companies and 64 new mutual funds were established in Finland. The aggregate amount of the capital of mutual funds registered in Finland grew by 37 per cent.

During the report year share issues and sales of shares totalling EUR 3.4 billion were arranged for Finnish customers. This amount represented a decline of one quarter compared with the figure a year earlier.

### Result of Investment Banking

	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Income	7	6	5	6	25	18	39
Expenses	2	2	2	4	11	9	29
<b>Operating profit</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>14</b>	<b>9</b>	<b>49</b>
Return on equity, %					66.3	61.8	
Expenses/income ratio, %					64	67	
Staff					124	83	49
Value of stock broking, € million					9 431	4 431	113
Client funds under management, € million					5 117	3 538	45
Number of sales of shares and share issues					3	8	-63
Capital generated for clients by sales of shares, € million					30	202	-85

The Investment Banking's result improved substantially on the previous year. The improved result was due to the strong growth in commission income from stockbroking and asset management. Investment Banking achieved its growth targets within asset management, its strategic growth area.

### Asset management

Opstock's Asset Management offers institutional clients discretionary asset management services which are based on an asset management agreement and investment strategy in accordance with the client's needs.

The amount of client assets under management by the Asset Management increased from EUR 3.5 billion to EUR 5.1 billion during the report year, an increase of 45 per cent. The number of portfolios managed by Opstock Asset Management was a quarter greater than a year ago.

Opstock Asset Management's investment activities fared well in 2000 despite a difficult market. The average 12-month yield of the OP-Delta mutual fund, calculated

over a three-year period, was 32 per cent; the OP-Pirkka balanced fund yielded 27 per cent and the OP Interest fixed income fund yielded nearly 6 per cent. The mentioned funds, which are managed by Opstock, were all the best performers in their respective classes.

The control of process risks in asset management was improved in 2000. The number of staff was increased, skills were beefed up and the asset management system that became operational towards the end of 1999 was developed further.

### Stockbroking

The volume of stockbroking by Opstock Securities amounted to EUR 9.4 billion during the report year. The figure was more than double that registered in 1999. More than a third of the stockbroking turnover came in the first quarter of the year thanks to the favourable trend in share prices. The new upswing in the price of Nokia's share that got under way in mid-October caused a revival in stockbroking in the last quarter. Opstock's market share within stockbroking on Helsinki Exchanges was at the previous year's level, or 4.2 per cent.

Clients' stockbroking orders increased by 70 per cent, totalling 270 000 orders and the proportion of share trades concluded on Helsinki Exchanges was 8.4 per cent. Despite the big growth in volumes, Opstock succeeded in clearing and settling trades faster than securities brokers on Helsinki Exchanges on average.

Internet stockbroking was developed further and during the summer Opstock went over to fully online service. The proportion of equity buy and sell orders that came in from households via the Internet reached 55 per cent in 2000, an increase of 26 percentage points on the previous year.

Trading in Finnish derivatives increased significantly in 2000. Nokia options were the fourth most traded options on Eurex, the world's largest derivatives marketplace. Interest in Nokia options also stimulated interest in other Finnish derivatives, and the growth in liquidity benefited all the market participants. In terms of its size, Opstock Securities achieved a good market share on the Eurex market, where it competes with some 450 other brokers. Opstock's market share of trading in forward rate agreements on Helsinki Exchanges was 6 per cent, and it had a 12 per cent slice of share lending.

### Investment Research

Investment Research produces information for clients to support their investment decisions. In market studies carried out in 2000, Opstock's Investment Research was again judged to be a producer of high quality and reliable analyses.

The internationalisation of the investment markets and the increase in investment alternatives pose a growing challenge for the development of analyses. Investment Research focused particularly on developing analyses of technology. The unit also brought an improvement in the systems that feed research information to the sales network.

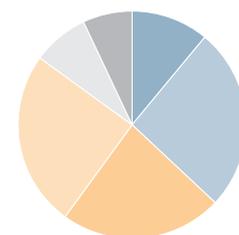
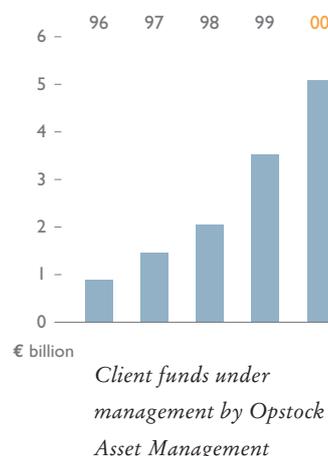
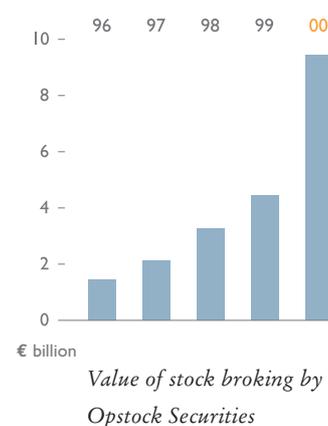
### Corporate Finance

Opstock Corporate Finance acts as an arranger of securities-backed financing solutions. In 2000 it was the lead manager in the initial public offering of Wecan Electronics Oyj and co-managed two other share offerings. Operations centred on private placement and M&A arrangements.

After the autumn 1998, Opstock Corporate Finance has arranged a total of thirteen share issues and sales of shares on the Internet and was one of the most active arrangers of Internet issues.

### Private Banking

Opstock Private, which rounds out asset management services, started up operations in Helsinki in June within Okopankki's head office. Together with Okopankki it offers



- Client funds by customer groups, Dec. 31, 2000
- Opstock funds (institutional) 11 %
  - OP-funds (retail) 26 %
  - Pension funds and foundations 23 %
  - Insurance companies 25 %
  - Enterprises 8 %
  - Others 7 %

private clients high-quality banking and asset management services that are tailored to the client's needs.

In January and February 2001, Opstock Private outlets were also opened in Oulu and Salo at the local member cooperative banks.

#### **System development**

During the report year the development of business processes and systems was continued with the aim of ensuring efficient and reliable operations. To strengthen its position in the development of its systems, in September Opstock purchased a 36 per cent minority interest in Exdec Oy. Exdec Oy is Finland's leading supplier of trading and execution systems for the equity markets.

#### **Investment Banking outlook**

Demand for securities brokerage, asset management and securities-backed financing services is forecast to keep growing in the current year. Opstock's result is expected to remain at a good level in 2001.

*The increase in electronic banking services and e-commerce also places new demands on information systems. During the report year Opstock pushed ahead with development work on systems with the aim of ensuring efficient and reliable operations.*



*Retail banking within OKOBANK*

*Consolidated is centralised within Okopankki Oyj, which offers comprehensive banking services for retail customers in the Greater Helsinki area as well as for small and medium-sized companies. The services cover financing, investments and payment transfers.*



*In 2000 Okopankki obtained nearly 20 000 new customers. The Bank's objective is to offer all its customers comprehensive service at life's every turn — big or small.*



*Okopankki has increased its market share in retail banking in the Greater Helsinki area step by step. Its objective is to outpace the average market growth.*

## RETAIL BANKING

### Operating environment

The Finnish economy grew at a fast pace in 2000. Market interest rates rose nearly the whole year long. The Op-Prime rate was raised three times during the year, rising from 3.5 per cent at the start of the year to 5.0 per cent.

Demand for loans remained fairly strong. The portfolio of housing loans on the books of the deposit banks grew by more than 10 per cent. The growth was attributable to the increase in households' income and to the continued strong demographic shift within the country.

Total bank deposits were roughly on a par with the previous year. The banks' funding costs were affected by the ending of tax-free status for interest earned on bank deposits. Competition hotted up, especially within large fixed-term deposits. Deposits accounted for a nearly unchanged proportion of financial assets - a good 45 per cent.

### Result of Retail Banking

	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	11	12	13	13	49	39	24
Commission income (net)	4	5	4	4	17	15	16
Other operating income	1	0	1	1	2	1	
<b>Total income</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>68</b>	<b>55</b>	<b>24</b>
Total expenses	9	9	9	10	37	34	8
Loan losses and write-downs	0	0	0	0	0	1	-52
<b>Operating profit</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>31</b>	<b>20</b>	<b>56</b>
Return on equity, %					32.3	22.5	
Expenses/income ratio, %					56	64	
Staff					475	443	7
Risk-weighted commitments, € million					1 046	916	14
Credit stock, € million					1 439	1 218	18
Total deposits, € million					1 288	1 151	12
Non-performing and zero-interest claims, € million					5	4	12
Non-performing and zero-interest claims, % of commitments					0.3	0.4	
Number of customers					252 000	240 000	5

Earnings from retail banking were substantially greater than in 1999. The result was improved by the growth in lending, the larger interest rate spread between the loan portfolio and total deposits as well as the growth in commission income, particularly income from stockbroking.

Growth in the market share within retail banking in the greater Helsinki area is one of OKOBANK Consolidated's key objectives. Okopankki achieved the growth targets it had set for 2000.

## Customers

Okopankki had more than 250 000 customers at the end of the year, an increase of 5 per cent in the number of customers since the beginning of the year. Retail and household customers accounted for 87 per cent of all customers. During the year Okopankki signed up 17 000 new household customers, about equal with the figure a year ago. As in the previous year, most of the new customers were under 35 years of age. About 2 000 new corporate client relationships were formed during the year, which was on a par with 1999.

## Lending

During the year under review new loans amounting to EUR 598 million were drawn down, an increase of about 3 per cent on the previous year. Housing loans accounted for 54 per cent of new loans, consumer credits for 20 per cent and corporate loans for 26 per cent.

The decline in margins on new loans that had persisted throughout the previous year bottomed out at the beginning of the report year and margins remained fairly stable during 2000.

The credit portfolio at the end of the year totalled EUR 1.4 billion, representing growth of 18 per cent since the beginning of the year, which was substantially more than the average growth in the credit portfolio of all the banks in Finland.

Total loans granted to retail and household customers amounted to EUR 1.1 billion, an increase of 17 per cent on the figure a year ago. Housing loans represented 77 per cent of the total loans granted to retail and household customers.

About every third loan granted to a retail or household customer was covered by Payment Protection Plan insurance. This provides coverage for loan repayments in unforeseeable situations such as the borrower's becoming unemployed, suffering a permanent impairment resulting from an accident, or death.

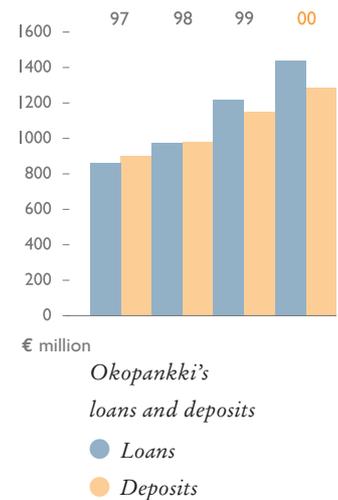
Total loans granted to corporate clients amounted to EUR 0.3 billion, up 22 per cent since the end of 1999. Of the corporate loan book, a quarter was granted to companies in the services, a quarter to those engaged in residential and commercial property management and a fifth to retailers.

## Deposit, asset management and payment transfer services

The amount of deposits at the end of the year was EUR 1.3 billion, an increase of 12 per cent since the end of 1999. The figure outpaced the Finnish banks' average growth in total deposits during 2000. The discontinuance in June of tax free status for deposits led to tighter competition on the deposit interest market, but it did not affect the popularity of deposits compared with other forms of investment. The aggregate average balance of funds in payment transfer accounts was EUR 0.7 billion, which was EUR 0.1 billion more than in 1999.

Okopankki wrote EUR 29 million of insurance policies for Aurum Life Assurance Company, which belongs to the OKOBANK Group. The figure represented an increase of 24 per cent compared with 1999. During the year brokerage buy and sell orders amounted to EUR 321 million, up 69 per cent on the previous year. Okopankki brokered nearly EUR 90 million of assets invested in mutual funds during the report year.

Okopankki's customers were already handling 90 per cent of their payment transactions via the Internet, direct debiting and payment ATM services. The proportion of transactions at the branch offices decreased further.





### Development of services

In February Okopankki added WAP services incorporating the latest level of security to its range of services. Via the service the customer can track his or her account transactions and Visa Card situation as well as make transfers to and from account and pay bills using a WAP phone. The total number of GSM and WAP contracts grew by 58 per cent from the beginning of the year, reaching 32 000.

In April, Ilmarinen Mutual Pension Insurance Company and the OKOBANK Group agreed on the marketing and sale of statutory employees' pension insurance and self-employed persons' pension insurance at the branch offices of Okopankki and the member cooperative banks.

Together with Opstock, in June Okopankki launched private banking operations focusing on asset management for private individuals.

In June the OKOBANK Group was the first bank in Finland to bring out on the market an electronic ID identification based on Public Key Infrastructure (PKI) within its Internet services. In the use of banking services, electronic identification is the equivalent of traditional signing of documents. In the early part of 2001 the OKOBANK Group will bring out on the market its own debit card incorporating a similar electronic identification. The identification is based on technology which in future will enable customers to identify themselves when using network services also via a GSM phone or a Digi TV.

The Internet services offered to customers were developed and expanded during the report year, and the renewed services will be made available to customers in 2001. The new version takes better account of customers' individual needs and the requirements of electronic identification. The number of Okopankki's online service contracts grew by 24 per cent from the beginning of the year, rising to 70 400.

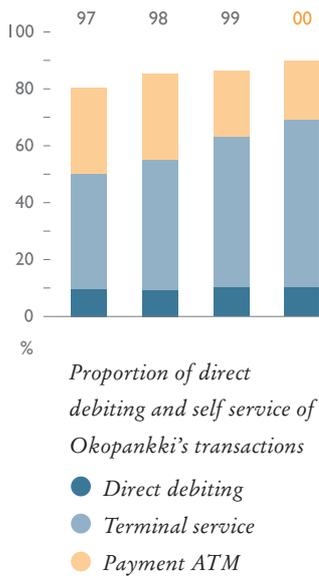
The objective of the Platinum system which Okopankki introduced in 1999 is to encourage customers to do most of their banking with Okopankki. Use of the system was developed further during the report year by adding more banking services that earn Platinum bonus points, whilst offering more benefits where the bonuses can be used. From the time Platinum was introduced up to the end of the report year, 91 000 customers had earned bonuses amounting to a total of EUR 3.0 million, of which EUR 1.2 million had been used.

Towards the end of the year the OKOBANK Group and Kesko Corporation, the Finnish wholesale and retail chain, brought out on the market a Plussa (Plus) account. Customers can use the K-Plus Oy Plussa card to pay for purchases and make cash withdrawals from their Okopankki account at stores operated by the Kesko Group.

### Retail Banking outlook

The outlook for the Finnish economy in 2001 remains favourable. Domestic demand will be supported by the good trend in wage- and salary-earners' income. Economic growth in the Greater Helsinki area will provide a solid basis for expanding Okopankki's operations. The rate of growth in lending is likely to even out during the current year. Competition in the deposit interest market will continue, pushing up funding costs for retail banking operations. The level of interest rates will have a major impact on the division's earnings trend.

Okopankki's operating profit is forecast to be at the same level as in the year under review provided that the level of interest rates does not fall significantly.



*Group Treasury is responsible for OKOBANK's central financial institution tasks, OKOBANK Consolidated's long-term funding as well as fixed income and equity investments. Central banking tasks include financing and payment transfer services for the member cooperative banks and other institutions belonging to the OKOBANK Group, the management of OKOBANK's account relationships with the Bank of Finland, seeing to the minimum and cash reserve requirements as well as ensuring the member banks' liquidity. Group Treasury furthermore offers the member cooperative banks services related to the money, foreign exchange and capital markets and sees to the OKOBANK Group's domestic and international bank and investor relations and international funding.*



## GROUP TREASURY

Result of Group Treasury	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	8	8	8	10	33	28	18
Commission income (net)	1	1	1	0	3	3	2
Net income from securities transactions and foreign exchange dealing	7	1	-1	-2	5	15	-66
Other operating income	2	1	0	0	4	4	-5
<b>Total income</b>	<b>18</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>46</b>	<b>51</b>	<b>-10</b>
Total expenses	3	4	4	4	15	15	2
<b>Operating profit</b>	<b>15</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>31</b>	<b>36</b>	<b>-15</b>
Return on equity, %					23.4	30.9	
Expenses/income ratio, %					35	30	
Staff					93	96	-3
Risk-weighted claims and commitments, € million					1 462	1 203	22
Perpetual bonds of the member cooperative banks, € million					38	38	0
Other credits to the member cooperative banks, € million					997	960	4
Capital investments to the member cooperative banks, € million					161	188	-14
Member cooperative banks' minimum reserve and cash reserve deposits, € million					1 767	1 738	2
Member cooperative banks' other deposits, € million					920	691	33

Group Treasury's result was 15 per cent lower than in 1999. Net income from financial operations grew but income from securities transactions fell to a third compared with the previous year.

### Central banking operations

Lending by the member cooperative banks grew by more than a billion euros in the year under review. Deposit funding in turn increased by EUR 0.6 billion. The member banks covered the resulting financing requirement through income financing as well as through disposals of assets. This meant that OKOBANK's claims on the member cooperative banks were at nearly the same level as they were at the end of 1999. In the fourth quarter the cooperative banks' deposits with OKOBANK grew significantly.

OKOBANK's net liabilities to the Group member cooperative banks totalled EUR 1.5 billion at the end of the year, an increase of EUR 249 million since the end of 1999.

As the central bank of the OKOBANK Group, OKOBANK, acting on behalf of all the OKOBANK Group member banks, takes care of the cash reserve deposits with the Bank of Finland in accordance with the minimum cash reserve system defined by the European Central Bank. To comply with the cash reserve requirements, investments in euro-zone bonds were increased substantially.

All in all, investments in foreign bonds totalled EUR 733 million, or 26 per cent more than at the end of 1999.

### Funding

The operating environment for funding was characterised by the strong rise in short-term interest rates that continued into the latter part of the year both in Europe and the United

States. On the equity markets the past year was spotty, with very sharp changes in the prices of listed shares.

The growth in lending and investments of OKOBANK Consolidated and the member banks were funded primarily on the money and capital markets. The amount of debt certificates which OKOBANK issued to the public was EUR 3.3 billion at the end of the year, an increase of EUR 272 million since the end of 1999. The amount of foreign funding was increased by issuing two euro-denominated bonds totalling EUR 600 million.

### Group Treasury outlook

Domestic demand will be bolstered by the good trend in wage- and salary-earners' income and the gentle decline in euro interest rates. In these conditions it is expected that the OKOBANK Group's lending will grow further in 2001, though at a slower rate than in 2000. The growth in deposit funding is estimated to fall short of the growth in lending.

The improvement in OKOBANK's credit ratings towards the end of 2000 will have a positive effect on the price of funding in 2001.

The prevailing uncertainty on the equity market, however, is expected to continue at least in the first part of the year. The fall in interest rates may revive the equity market in the latter part of 2001.

The business area's operating profit is estimated to remain at the same level as in 2000 unless the market trend differs significantly from expectations at present.

## OTHER OPERATIONS

Other operations comprise real-estate property management as well as life and pension insurance and telebanking through the associated companies Aurum Life Assurance Company and OP-Kotipankki Oyj. Other operations also include income, expenses and capital that are not allocated to OKOBANK Consolidated's business areas.

Result of Other operations	2000	1999	Change, %
Net income from financial operations	-19	-13	-48
Other operating income	99	46	
Total income	80	34	
Total expenses	20	25	-20
Loan losses and write-downs	28	-2	
Operating profit	32	11	
Return on equity, %	32.8	13.3	
Staff	34	35	-3
Capital invested in real-estate holdings, € million	197	292	-33
Capital invested in leasable properties, € million	158	166	-5
Net yield on leasable properties, %	6.6	5.9	
Vacancy rate, %	5	9	

The significant improvement in the result reported by Other operations was due primarily to the income from investments made in Pohjola Group shares.

### Property business

The objective of OKOBANK Consolidated's property business is to reduce the amount of capital invested in real-estate holdings and to improve the yield on real-estate investments.

Capital invested in OKOBANK Consolidated's real-estate holdings totalled EUR 197 million at the end of the year. The amount of capital invested diminished by EUR 95 million during the year, or by a third.



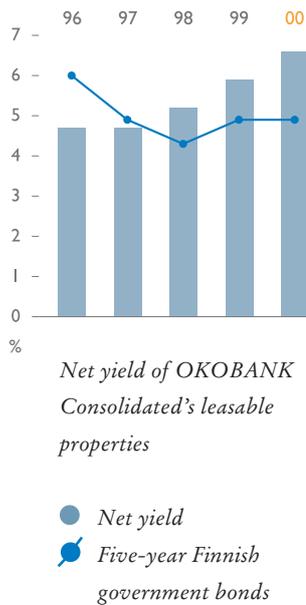
*OKOBANK's real-estate operations succeeded in their objectives: the amount of capital invested in properties diminished and the return on real-estate investments improved.*

The amount of capital invested in real-estate holdings in the Bank's own use diminished by EUR 87 million from the end of the previous year and was EUR 39 million. The decrease was due to the sale which OKOBANK made in May to the OKOBANK Group Pension Foundation of its head office property. The consolidated companies which operated in the building stayed on as tenants.

Capital invested in leasable real-estate not in own use amounted to EUR 158 million at the end of the year, decreasing by EUR 8 million on the figure a year ago.

During the report year, 24 properties were sold. In February, OKOBANK purchased the entire shares outstanding in two property management companies that were jointly owned together with YIT Construction Ltd. At the same time, OKOBANK sold to YIT its shares in two other jointly owned property management companies. As a consequence of the deals, the Kiinteistö Oy Kanta-Sarvis II property in Tampere became a subsidiary that is to be included in OKOBANK's consolidated accounts.

The situation in the rental market remained positive. The net yield on leaseable premises improved markedly thanks to the making of new lease agreements and the decrease in unrented premises. The vacancy rate improved from 9 per cent at the end of 1999 to 5 per cent. The net yield rose from 5.9 per cent at the end of 1999 to 6.6 per cent.



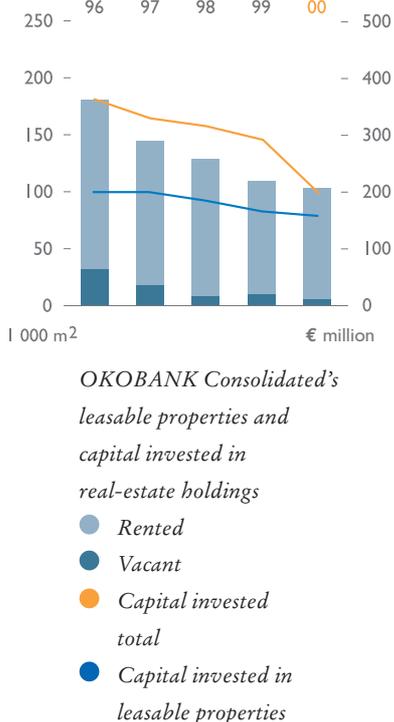
### Other operations

OKOBANK owns 49.6 per cent of the shares in Aurum Life Assurance Company. Aurum's premiums written totalled EUR 385 million, an increase of 45 per cent on the previous year. The balance on technical account improved from EUR 9.2 million in 1999 to EUR 10.2 million. The interest in Aurum's result included in OKOBANK Consolidated's annual accounts was EUR 3.5 million, or EUR 0.3 million more than in 1999.

OKOBANK Consolidated owns 48.1 per cent of the shares in the telebank OP-Kotipankki Oyj. OP-Kotipankki reported operating profit of EUR 3.2 million, or 41 per cent more than a year ago. The credit portfolio grew by 44 per cent to EUR 148 million. Total deposits at the end of the year amounted to EUR 24 million, down 43 million on the figure a year earlier. The interest in Kotipankki's net profit included in OKOBANK Consolidated's earnings was EUR 1.1 million, or EUR 0.3 million more than in 1999.

In September OP-Kotipankki and the Internet service company Sonera Plaza Oy, which is owned by Sonera Corporation, founded Sonera Plaza Finanssipalvelut Oy, which will provide comprehensive financial services to Sonera Plaza's consumer customers. The company will begin operations during 2001. Thanks to the new arrangement, Kotipankki will have a wider importance as a provider of banking services for private individuals. Kotipankki has a 20 per cent holding in the company. Kotipankki is financing its investment by increasing its share capital through a directed issue to the banks belonging to the OKOBANK Group. In September, OKOBANK's Executive Board decided that OKOBANK will not participate in Kotipankki's directed share issue. As a consequence of this, OKOBANK's shareholding will fall from 48 per cent at present to about 20 per cent. OP-Kotipankki will nevertheless remain an associated company of OKOBANK.

In January, OKOBANK purchased shares in Pohjola Group Insurance Corporation from Suomi Mutual Life Assurance Company, and it made a similar purchase of the shares in May from Ilmarinen Mutual Pension Insurance Company. At the end of the year the shares owned by OKOBANK represented 3.2 per cent of Pohjola Group's share capital and 3.5 per cent of the voting rights. During the second quarter, OKOBANK received EUR 67.5 million in dividends and avoiron fiscal tax credits on its Pohjola Group shares. Following the payment of dividends OKOBANK booked a write-down of EUR 32.7 million on the shares, which are held as financial fixed assets.



*The task of risk management is to ensure that the risks assumed by the companies belonging to OKOBANK Consolidated are correctly proportioned to the risk-bearing ability and objectives of each company and OKOBANK Consolidated. Risks are classified as credit risks, market risks, property business risks as well as strategic and operational risks.*



*Banking is based on mutual trust. Within OKOBANK, this trust is maintained through risk management, which is an important part of the Bank's day-to-day operations.*

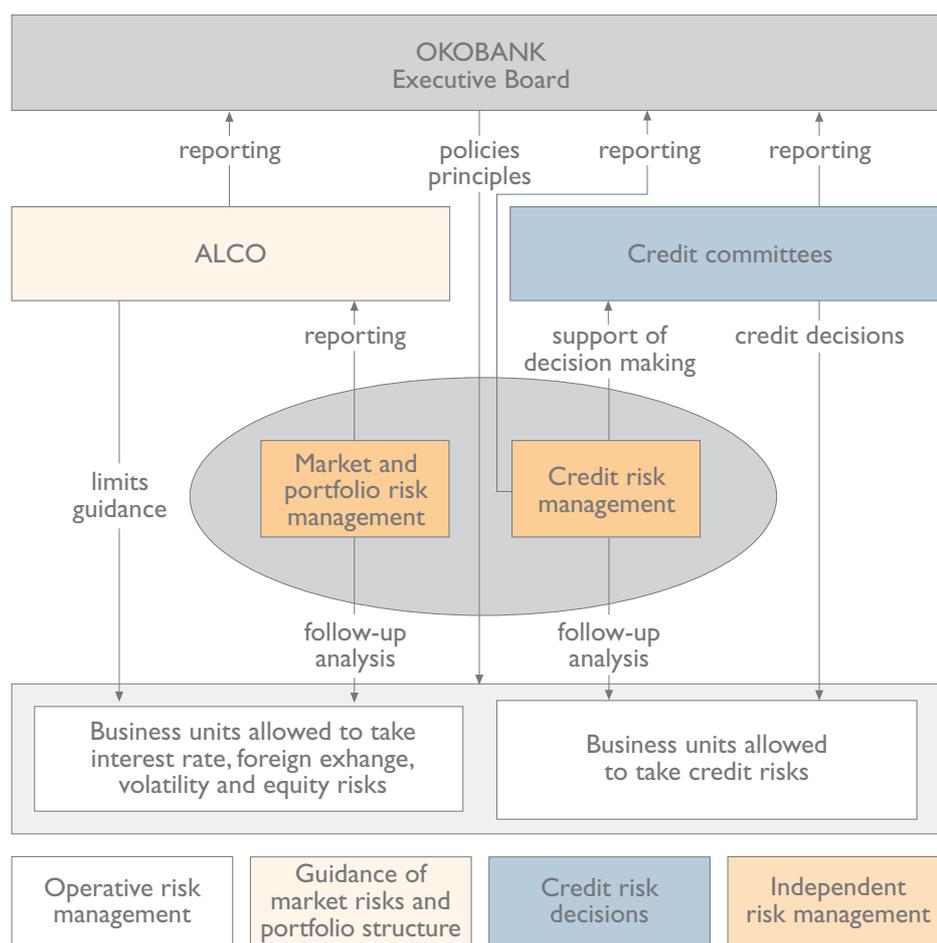
## RISK MANAGEMENT

### Risk management: objectives and organisation

Within OKOBANK Consolidated, OKOBANK's Executive Board takes decisions on the objectives and organisation of risk management, confirms the principles and policies of risk management and oversees its implementation. A key principle of OKOBANK Consolidated's risk management is that the preparation of decision proposals, decision making, execution and monitoring are separated from each other. In assigning the Executive Board's duties, responsibility for risk management rests with one Board member to whom the operationally independent Risk Management Department reports. The Risk Management Department is divided into the Credit Risk Unit and the Asset and Liability Management Unit.

Each year OKOBANK's Executive Board confirms the credit policy for OKOBANK Consolidated's corporate commitments as well as the investment policy for equity and capital investment operations. The Executive Board furthermore confirms the strategy for OKOBANK Consolidated's property business.

#### *Organisation of risk management*



The control and co-ordination of credit risks as well as the management of customer risks are tasks that fall within the competence of the Credit Committee, which reports to OKOBANK's Executive Board. The Credit Committee is chaired by OKOBANK's President. The Credit Risk Unit, which is independent from business units, is responsible for issuing guidelines on the granting of credits, for controlling the preparation of loan proposals and for furnishing statements for proposals which are dealt with by the Credit Committee.

The Asset and Liability Committee, which reports to the Executive Board, decides on the operational guidelines for the management of market risks and the limits for developing the balance sheet structure and the taking of risks. The Asset and Liability Committee is chaired by OKOBANK's President. The Asset and Liability Management Unit, which is independent from business units, is in charge of monitoring market risks, reporting on funding risks and developing risk management methods.

Identifying and managing operational risks is the responsibility of each business unit. The continuous monitoring of operational risks is carried out by the supervisors of the individual units, the business controllers and the Internal Audit. Risk management and control and risk positions are described in detail on pages 4–9 of the Financial Statements.

**Managing credit risks**

The objective of credit risk management is to confine the impacts on earnings of risks arising from customers' liabilities and other liabilities to an acceptable level.

OKOBANK's Executive Board or the Credit Committee that reports to it confirms annually the upper limits of client-specific commitments, the so-called commitment limits, for all of OKOBANK Consolidated's corporate clients whose liabilities or planned liabilities exceed EUR 5 million. The taking of credit decisions is based primarily on the customer having adequate debt servicing ability. Corporate customers are classified into five classes according to their creditworthiness. The risk analysis classification is based on the companies' financial statement data. The client's risk class is determined by combining the analysis classes and the collateral classes derived from collateral shortfall figures.

The Credit Committee or the Executive Board also approves credit limits for the credit and financial institutions who act as counterparties. The determination of these limits is based on analysis of the banks, the ratings of credit rating agencies and estimates of the limit requirements. Limits are monitored continuously and are reviewed at least once a year. Changes that have taken place in creditworthiness ratings always lead to a reassessment of the relevant limits.

OKOBANK's Executive Board also confirms country limits. Countries are classified on the basis of creditworthiness into five risk groups. Creditworthiness is assessed on the basis of international credit ratings as well as indicators of the country's economic and political state and the trend in these factors.

A comprehensive risk analysis is prepared quarterly. The report includes a section detailing large client risks as well as the trend in problem clients and problem receivables, and it also presents an estimate of the probabilities of the risk's materialising and their impact on earnings. The report also deals with the performance trend of the member banks as well as the other largest bank commitments. In addition, client relationship managers continually track the state and performance trend of their own corporate clients.

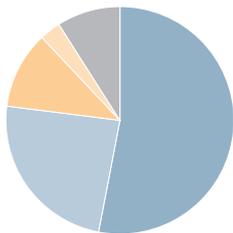
In 2000, a project was started to develop a more sophisticated internal rating method in order to meet the requirements of the New Basel Capital Accord.

OKOBANK Consolidated's credit risks are estimated to be fairly small. The estimate is based on the good analysis class distribution of corporate client commitments, the sufficient diversification of commitments across different sectors, the concentration of country risks in the best risk classes and the minor amount of problem receivables.



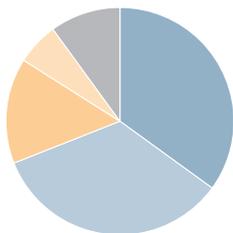
*OKOBANK Consolidated's corporate banking claims by industry*

- Housing corporations and properties 3 %
- Other real-estate management 6 %
- Forest industry 12 %
- Wholesale and retail trade 11 %
- Food industry 9 %
- Metal industry 14 %
- Telecommunications and electronics 4 %
- Other industry 6 %
- Construction 10 %
- Services 6 %
- Energy 6 %
- Transports 5 %
- Other 8 %



*Breakdown of OKOBANK Consolidated's credit stock*

- Corporates 53 %
- Households 24 %
- Non-profit institutions 11 %
- Public entities 3 %
- Other 9 %



*Corporate customers' classified commitments, OKOBANK Consolidated*

- A 35 %
- B 34 %
- C 15 %
- D and E 6 %
- Unclassified 10 %

### Managing real-estate risks

OKOBANK Consolidated's objective is to reduce the amount of capital invested in real-estate holdings and to raise the yield level. To minimise the risk of value depreciation, the properties are kept in good condition and insured against any damage to the property. To optimise the yield level, rents are kept at the market level. In addition, tenants' credit-worthiness is checked. Each year appraisals and action plans are prepared for the individual properties in the property portfolio.

Real-estate risks are estimated to be minor in amount. The net yields and occupancy ratios improved further in 2000 and the properties do not face any significant depreciation risk.

### Managing market risks

The objective of managing market risks is to confine the risks due to price changes of balance sheet and off-balance sheet items to an acceptable level as well as to capitalise on profit-generating opportunities by optimising the risk to income ratio. OKOBANK Consolidated's market risks include interest rate risk, foreign exchange risk, volatility risk, equity risk and funding risk, including liquidity risk.



The management of market risks is based on the risk limits confirmed by the Asset and Liability Committee. The Asset and Liability Management Unit prepares proposals for the interest rate, foreign exchange and funding risk limits as well as equity portfolio limits of OKOBANK Consolidated, OKOBANK and the subsidiaries.

The unit that takes a market risk handles its risk position within the framework of its limits. New business initiatives or products involving market risks are dealt with by the Asset and Liability Committee and are submitted to OKOBANK's Executive Board for approval before they are put into use. The Executive Board decides on derivative products that are to be used within the consolidated organisation. Derivative products other than those approved by the Executive Board are not used.

In 2000 interest risk within OKOBANK Consolidated was measured currency by currency according to the effect of an interest rate increase of 0.5 percentage point in the present value of known future cash flows. From the beginning of 2001 the gauge used is a change of one percentage point. In addition, a Value at Risk model (VaR) is used to measure interest rate and foreign exchange risks. VaR analysis is based on the historical trend in interest rates and foreign exchange rates.

OKOBANK Consolidated's foreign exchange risks are centralised within OKOBANK. Observance of the limit defined for OKOBANK's total net foreign exchange exposure is tracked in real time and monitored daily. OKOBANK's foreign exchange exposure limits are set considerably below the maximum amounts permitted by the Financial Supervision Authority.

Equity investments comprise both shares purchased for trading purposes and shares acquired for longer term ownership. The Asset and Liability Committee confirms the limits for the equity portfolios. Portfolio summaries and yields are reported monthly to the Asset and Liability Committee.

OKOBANK Consolidated's funding risk is measured by maturity class in terms of the magnitude of the differences between receivables and liabilities in each class. Note 42 to the annual accounts shows a breakdown of receivables and liabilities by maturity for specific balance sheet items at the end of the year. Funding risks are dealt with monthly in meetings of the Asset and Liability Committee.

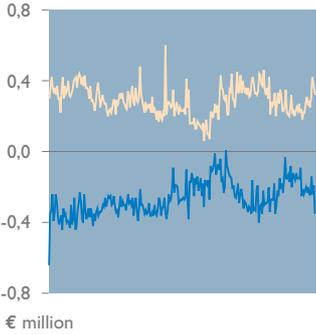
The management of OKOBANK Consolidated's balance sheet structure and funding risks is affected by OKOBANK's responsibility as a central financial institution to see to it that the OKOBANK Group has adequate liquidity reserves. The size of OKOBANK's fixed-term investment portfolios is defined in relation to the minimum level of the Group's statutory cash reserves.

Interest rate risk is the most important of OKOBANK Consolidated's market risks. Interest rate risk and foreign exchange risk were held at a low level in 2000. Equity risk is minor in amount because the equity portfolio is fairly small. Funding and liquidity risks are not major in importance.

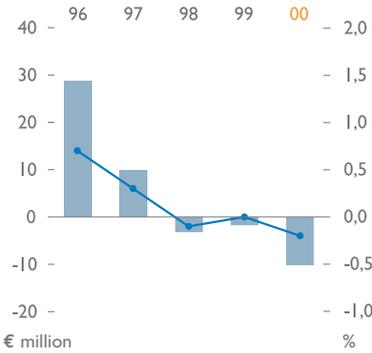
In 1999 a project was launched to create a more comprehensive VaR analysis. The objective is to build an analysis framework encompassing foreign exchange, interest rate, share value and credit risks. The project will involve going over to the use of Monte Carlo simulation techniques and statistical forecasting models in the measurement of risks. The results of the project can be utilised step by step beginning in 2001.

**Strategic and operational risks**

Strategic risk means the losses arising due to an incorrectly chosen business strategy. The aim is to minimise OKOBANK Consolidated's strategic risks through continuous planning that



*OKOBANK Consolidated's total Value at Risk in 2000 (includes interest rate and currency exposure)*  
 ● VaR  
 ● 97,5



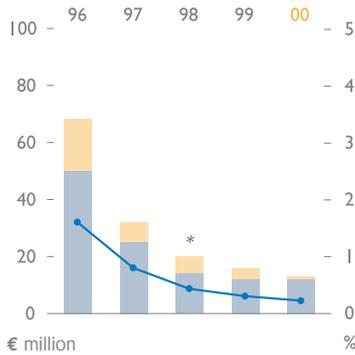
*OKOBANK Consolidated's loan and guarantee losses*  
 ● Loan and guarantee losses  
 ● Of credits to the public and guarantees, %

is based on analyses and forecasts of the trend in different industries, market areas and the competition situation as well as customers' future needs.

Operational risks mean losses which may be related to the staff's competence, the organisation of functions, or processes and information technology. The losses can also be due to changes in the operating environment or to external criminal acts.

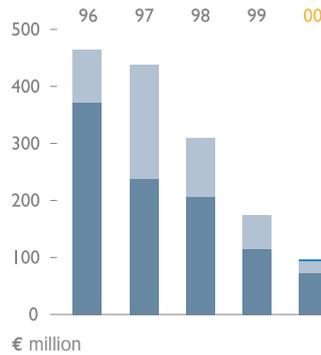
In managing operational risks, skilled staff and continuous development of know-how are in a key position. The aim is to prevent risks from materialising by separating decision-making, execution and controls from each other. Before new products are put into use, the Bank always carries out thorough planning and testing of the entire operational process and issues comprehensive guidelines. Contingency plans are also used to limit, say, risks due to malfunctioning information systems. Property and liability insurance policies are also taken out to protect against losses due to operational risks. The Internal Audit plays a key role in pinpointing these risks.

The importance of managing operational risks is most pronounced in extensive projects, the most important of which at present is preparation for the introduction of euro coins and notes at the beginning of 2002. Modifications to information systems, testing of system entities and the planning of business processes have gone ahead according to plans.



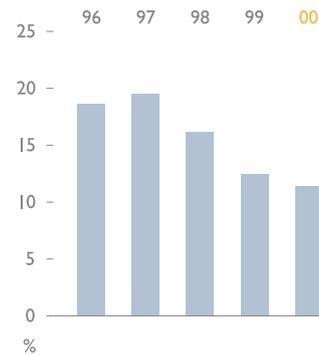
*OKOBANK Consolidated's non-performing and zero-interest claims*

- Zero-interest
- \* Security Fund's zero-interest claims not included
- Non-performing
- Of credits to the public and guarantees, %



*Equivalent credit values of derivative contracts, OKOBANK Consolidated*

- Interest rate derivative contracts
- Currency derivative contracts
- Other derivative contracts



*OKOBANK Consolidated's capital adequacy ratio*

*The objective of competence development is to build skills for the future and thereby to strengthen competitiveness. OKOBANK Consolidated's vision includes the objective of being the most competent player in the industry.*

*A bonus system covering the entire personnel encourages employees to meet performance objectives and develop their competence.*



*A central element of OKOBANK's operations is good co-operation and interaction among all staff members. The continuous development of the staff's competence is an important success factor for OKOBANK Consolidated.*



*OKOBANK's foremost resource is a professionally skilled and enthusiastic staff. All tasks are equally important and valuable.*

## PERSONNEL

### Structure

OKOBANK Consolidated had a payroll of 1 039 employees at the end of 2000, or 94 more than at the end of the previous year. During the year the average number of employed staff was 1 028 people, as against 964 people in 1999. The increase in the number of staff was due to the growth in business operations, especially in investment and retail banking. Structural changes affecting the number of staff did not take place within OKOBANK Consolidated in 2000.

Staff turnover involving employees moving to positions outside the OKOBANK Group was 6 per cent, as against 5 per cent in 1999. Staff turnover was relatively the largest among the Investment Banking staff.

Essential changes did not take place in the structure of OKOBANK Consolidated's personnel during the report year. At the end of 2000 the average age of the personnel was 40 years. The average age declined by just under a year. The average age of Retail Banking employees was the highest, 42 years, whereas for Investment Banking staff it was the lowest, 33 years. Employees under 30 years of age accounted for 19 per cent of OKOBANK Consolidated's personnel. A year earlier this proportion was 11 per cent.

Women accounted for 71 per cent of the personnel and men for 29 per cent. The proportion of men grew slightly during the report year. The proportion of women in senior and middle management was 22 per cent, as against 21 per cent a year earlier. In other supervisory positions, the proportion of women increased from 44 per cent to 48 per cent.

About 24 per cent of the personnel held a university degree. A year earlier the corresponding proportion was 20 per cent. 41 per cent of the personnel have completed a post-secondary education. During 2000 the staff's average work experience within the OKOBANK Group declined from 15 years to 12 years.

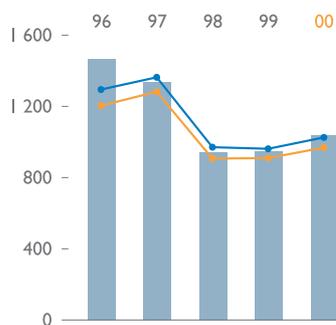
### Competence

The objective of competence development is to build skills for the future and thereby to strengthen competitiveness. OKOBANK Consolidated's vision includes the objective of being the most competent player in the industry.

The development of a competence management model, which was started in 1999, was continued in 2000. The skills required for OKOBANK Consolidated's units and functions were mapped out. The staff participated widely in identifying competence needs. To determine unit-specific and personal skills, the Bank introduced a competence appraisal tool which can be used to determine the divergences between present competence and the competence target. Competence indexes are calculated from the competence appraisals. In order to reduce the divergences between present competence and the competence target, unit-specific and personal development plans are drawn up once a year in connection with the annual plan and performance assessment discussions.

In the autumn 2000, OKOBANK Consolidated's strategic know-how areas were finalised. Most of the development inputs will be directed at competence areas where a change in the competence index is also tracked. In 2000 the priority areas were a customer-oriented approach, Internet business as well as co-operation and management. These will be the priority areas in the current year too.

The survey of competence that was started in 2000 will be supplemented to give it comprehensive scope by the end of 2001. The personal development plans drawn up on the basis of the surveys will be fleshed out annually during performance assessment discussions. As a rule, employees are themselves responsible for developing their own com-



#### OKOBANK

#### Consolidated's staff

● Staff at the end of the year

● Staff, average

● On duty, average

petence. The supervisors' task is to facilitate development.

Personnel development costs net of salary costs during days in training were EUR 1 million, or 2.4 per cent of staff costs. Training expenses accounted for a slightly lower share of staff costs compared with the previous year. Within Retail Banking, the vocational development focus was on competence in the management of customer relationships, asset management and matters related to financial services. In the other divisions the focus was on introducing and making use of new ways of working, particularly online banking operations, as well as developing the customer-oriented approach further. Co-operation and leadership were an area of competence that was developed by all the divisions.

The staff participated in external training on average for three working days. In addition, nearly every OKOBANK Consolidated employee took part in the Rytmi ("Rhythm") development programme. The objective of the programme was to illustrate strategic concepts, unify ways of working and train supervisors to act as leaders.

The Bank's attractiveness as an employer was supported through closer networking with universities and other educational institutions. During the report year OKOBANK Consolidated employees acted as advisers for a number of theses and other final papers dealing with banking operations. The Helsinki School of Economics and Business Administration named one of its lecture rooms the OKOBANK Auditorium.

### Incentives

A bonus system covering the entire personnel encourages employees to meet performance objectives and develop their competence. Rewards are based on the achievement of both individual and group targets. This process is assessed annually. Objectives are agreed upon and the results evaluated in regular performance assessment discussions. In 2000 nearly 500 people were paid a bonus corresponding on average to three weeks of pay on the basis of their performance in 1999. The targets for 2000 were derived from the strategy, by means of the benchmarks of success, separately into targets relating to customer performance, internal performance and financial performance. The achieving of these targets was assessed by the end of January 2001.

In 1999 an incentive arrangement was carried out whereby a bond loan with warrants in OKOBANK's shares was offered to the entire personnel. In addition, the key employees of Opstock Ltd were offered the possibility of obtaining shares in the company. The objective of the arrangements is to spur the personnel towards long-term goal-oriented work that increases the Bank's shareholder value. At the close of 2000 about a third of the personnel owned stock options. Opstock's staff owned 15 per cent of shares in the company.

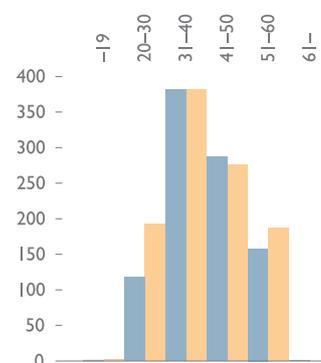
### Working atmosphere

The improvement of the working atmosphere and job satisfaction had been chosen as the development objectives for 2000. In the autumn 2000 a personnel survey was conducted within OKOBANK Consolidated, and it indicated that the development actions had brought results. For about half of the groups studied, the personnel's assessments were better than they were in the spring 1999, when the previous survey was conducted. Across a wide range of factors, the results surpassed those of an external comparison group.

The Bank will seek to improve the management atmosphere and job satisfaction further. They have been chosen as the internal performance benchmarks of success for the 2001 action plans of all the organisational units. Job satisfaction is furthermore supported through activities that maintain working ability and are arranged by the units according to their own needs.

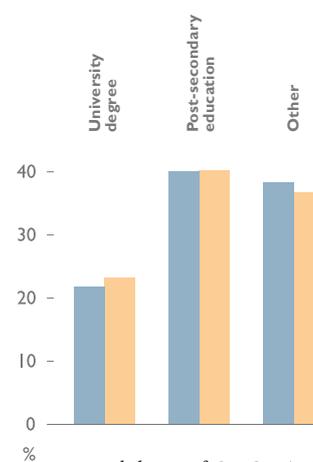


OKOBANK Consolidated's strategic competence areas



OKOBANK Consolidated's staff by age groups

- 1999
- 2000



Breakdown of OKOBANK Consolidated's staff by education

- 1999
- 2000

## **OKOBANK'S CORPORATE GOVERNANCE**

### **Annual General Meeting**

The Annual General Meeting is held once a year before the end of May on a day specified by the Supervisory Board. The agenda of the meeting includes a presentation of the annual accounts, the auditors' report and the statement of the Supervisory Board concerning the annual accounts and the audit report as well as the passing of resolutions on approving the profit and loss account and balance sheet along with the consolidated profit and loss account and balance sheet. At the meeting resolutions are also passed on actions to be taken arising from the profit or loss shown in the approved balance sheet and consolidated balance sheet. Likewise, the meeting passes a resolution on the granting of discharge from liability to the members of the Supervisory Board, the members of the Executive Board and the President. The Annual General Meeting also passes a resolution on the number of members of the Supervisory Board, the number of auditors and deputy auditors and the determination of remuneration to be paid to the Chairman and members of the Supervisory Board as well as the auditors. At the meeting the members of the Supervisory Board as well as the auditors and deputy auditors are elected. In addition, the Annual General Meeting deals with any matters legally prescribed as belonging to its competence, such as amending the Articles of Association or changing the equity capital.

### **Supervisory Board**

The Bank's operations are overseen by a Supervisory Board comprising at least 12 and no more than 30 members, who are elected for three years at a time. The majority of the members of the Supervisory Board are elected from amongst the members of the Supervisory Board of the OKOBANK Group Central Cooperative. One third of the members of the Supervisory Board are due to retire each year. The Supervisory Board is convened by the Chairman as often as business requires and it has a quorum when more than half of its members are present. The task of the Supervisory Board is to oversee that the Bank is managed competently and prudently in accordance with the law and the Articles of Association.

The specific duties of the Supervisory Board are to confirm the number of the members and deputy members of the Executive Board, to appoint and discharge the Chairman of the Executive Board, the President and an alternate for the President as well as the other members and deputy members of the Executive Board and to determine their remuneration. The Supervisory Board shall issue instructions on the division of responsibilities between the Chairman of the Executive Board, the President and the other members of the Executive Board and on their right to represent the Bank. Furthermore, its duty is to confirm instructions for recording the resolutions of the Executive Board, to confirm the general guidelines for the Bank's operations in matters which have far-reaching implications and are important in principle, to have the management and administration of the Bank inspected at least once a year by the auditors appointed by it. No less than once a year the Supervisory Board must hear the auditors and the Financial Supervision Authority. The Supervisory Board must also appoint from among their number at least one member to examine and sign the Bank's monthly balance sheet on behalf of the Supervisory Board and to issue a statement to the Annual General Meeting on the annual accounts and the audit report. The Supervisory Board decides on the convening of General Meetings.

### **Inspectorate Committee**

The audit duty falling within the competence of the Supervisory Board is exercised by the Inspectorate Committee appointed by the Supervisory Board. It includes four mem-

bers and two deputy members who can also be non-members of the Board. The Committee elects the Chairman from among its members. The Head of the OKOBANK Group Central Cooperative's Internal Audit acts as secretary to the Committee. The Committee holds two meetings annually or more frequently on the request of the Chairman.

### **Executive Board**

The Bank's board of directors is the Executive Board, whose task is to direct the Bank's operations in accordance with the legislation in force and the Articles of Association. The Executive Board comprises a Chairman, who is appointed as the Chief Executive Officer (CEO), the President as well as a minimum of three and a maximum of six other members and a maximum of four deputy members. The Chairman of the Executive Board is the Chairman of the Executive Board of the OKOBANK Group Central Cooperative and the Vice Chairman is the Vice Chairman of the Central Cooperative. The members and deputy members of the Executive Board are elected for an unspecified period. A member and deputy member of the Executive Board must resign upon reaching the age of 65.

### **Management's responsibility**

The Executive Board has a quorum when at least half of its members are present. The Executive Board is collectively responsible for the matters upon which it decides jointly in its meetings. In addition, a part of the members of the Executive Board as well as the deputy members have an operational responsibility for the operational areas and organisational units which are separately assigned to them.

### **President**

It is the duty of the Bank's President to see to the Bank's day-to-day administration in accordance with the instructions and regulations issued by the Supervisory Board and the Executive Board. The division of responsibilities between the President and the Executive Board is set forth in the standing rules confirmed by the Supervisory Board.

### **Principles of compensation**

The members of the Bank's Executive Board and the President are paid a monthly salary which is confirmed annually by the Supervisory Board. In addition, they participate in the incentive system covering the entire personnel, on the basis of which annual bonuses can be paid, and they furthermore are entitled to take part in the incentive-based arrangement offering bonds with warrants which was implemented in 1999. Under the terms and conditions of the bond loan with warrants, the CEO is entitled to subscribe for 160 000 OKOBANK Series A shares, the Presidents of OKOBANK and the OKOBANK Group Central Cooperative for 120 000 shares, the other members of the Executive Board for 80 000 shares and the deputy members for 30 000 shares. At the end of 2000 the members and deputy members of the Executive Board owned a total of 3 536 OKOBANK Series A shares. Details of the stock option arrangements are given in OKOBANK's annual accounts (Note 53), which are annexed to this publication.

### **Guidelines for insiders**

For a number of years OKOBANK has had its own guidelines for insiders. From January 2000 the Bank has observed the insider guidelines corresponding to the insider guidelines for listed companies according to the recommendation issued by Helsinki Exchanges. OKOBANK's insider register is available for public inspection at the Legal Affairs unit of the OKOBANK Group Central Cooperative at the address Teollisuuskatu 1 b, Helsinki.

The Supervisory Board has prepared a proposal to be presented to the Annual General Meeting on April 4, 2001, concerning the amending of certain paragraphs of the Articles of Association.

## SUPERVISORY BOARD

*Members elected from among OKOBANK  
Group Central Cooperative's Supervisory Board  
Members, term of office three years*

**Ola Eklund** (2000),  
Managing Director, Karjaa, 2000-2003

**Paavo Haapakoski** (1997),  
Principal, Pyhäjoki, 2000-2003,  
Deputy Chairman

**Ilkka Heinonen** (1997),  
Principal, Haapajärvi, 1999-2002

**Mauri Hietala** (2000),  
Business Development Director,  
Seinäjoki, 2000-2001

**Erkki Laatikainen** (1997),  
Professor, Jyväskylä, 1999-2002

**Jorma Lehtikainen** (1997),  
Managing Director, Lieksa, 1998-2001

**Vesa Lehtikainen** (1997),  
Managing Director, Janakkala, 2000-2003

**Jaakko Ojanperä** (2000),  
Managing Director, Kuopio, 2000-2002

**Seppo Penttinen** (1996),  
Professor, Savitaipale, 1999-2002,  
Chairman

**Tauno Raistakka** (1997),  
Farmer, Posio, 2000-2003

**Jukka Ramstedt** (1997),  
Managing Director, Pori, 1998-2001

**Asko Ruuskanen** (1986),  
Dean (ret.), Savonlinna, 1998-2001

**Turkka Saarniniemi** (1997),  
Managing Director, Pertteli, 2000-2003

**Kaj Skåtar** (1973),  
Managing Director (ret.), Vaasa, 1999-2002

**Heikki Teräväinen** (1997),  
Managing Director, Toijala, 1998-2001

**Keijo Väänänen** (1995),  
Professor, Vaala, 1998-2001

*Other members, term of office three years*

**Kaarina Aho** (1997),  
Managing Director, Tornio, 2000-2003

**Jussi Hautamäki** (1997),  
Lieutenant General,  
Hämeenlinna, 1999-2002

**Timo Kietäväinen** (1991),  
Deputy Managing Director, Helsinki, 1999-2002

**Olavi Kuusela** (2000),  
President, CEO, Helsinki, 2000-2003

**Reijo Lehtinen** (1992),  
Director, Church Central Fund (ret.),  
Espoo, 1998-2001

**Jarmo Lähteenmäki** (1995),  
Chairman, Finnish Paper Workers' Union,  
Helsinki, 2000-2003

**Kati Myllymäki** (1997),  
Licentiate in Medicine,  
Mikkelin mlk, 2000-2003

**Seppo Paatelainen** (1997),  
Managing Director, Seinäjoki, 1998-2001

**Timo Poranen** (1993),  
Managing Director, Espoo, 1999-2002

**Kari Puro** (2000),  
President, CEO, Espoo, 2000-2003

**Valvatti Remes-Siik** (1997),  
Managing Director, Oulu, 1999-2002

**Pertti Stöckel** (1992),  
Managing Director, Keminmaa, 1999-2002

**Astrid Thors** (1992),  
Member of the European Parliament,  
Helsinki, 1998-2001

**Erkki Vähämaa** (1997),  
Municipal Manager, Sotkamo, 1998-2001

*The year next to the name indicates since when the person has been a member of the Supervisory Board.  
(February 15, 2001)*

*Reijo Karhinen**Keijo Manner**Timo Ritakallio**Mikael Silvennoinen**Antti Tanskanen**Heikki Vitie**Helena Walldén*

## OKOBANK CONSOLIDATED'S ORGANISATION

Chairman and CEO

Antti Tanskanen

President

Mikael Silvennoinen

*Business Control*

Marja Huhta

### **Corporate Banking**

Timo Ritakallio

Corporate banking, debt capital markets, money market and foreign exchange and venture capital.

*Leasing and Hire-purchase*

Pekka Hujala

*Treasury Trading*

Antti Heinonen

*Corporate Banking, SME's*

Olli-Pekka Saario

*Corporate Banking, Major Clients*

Jarmo Viitanen

### **Investment Banking**

Risto Murto

Securities brokerage, asset management, corporate finance, investment research.

*Securities Brokerage*

Pekka Laulajainen

*Corporate Finance*

Jarmo Tiihonen

*Asset Management*

Matti Rantalainen

*Private Banking*

Mikael Fast

*Research*

Rami Kinnala

*Back Office and Administration*

Anu Hämäläinen

### **Retail Banking**

Hannu Tonteri

Retail banking services for private individuals and SME's in the Greater Helsinki area.

*Banking Services*

Timo Teinilä

*Administration*

Juha Harsu

### **Group Treasury**

Timo Ritakallio

Group member bank financing, internal bank, funding, fixed income, equity and real-estate investments.

*Real-Estate Investments*

Kari Karvonen

*Group Treasury and International Division*

Jorma Alanne

### **Risk Management, Operations and Processes**

Helena Walldén

Risk management, IT and electronic banking services, operations and processes, legal affairs.

*Risk Management*

Jouko Pölonen  
(April 1, 2001)

*Treasury and Capital Market Operations*

Ville-Pekka Veijola

*Corporate Services*

Markku Vehmas

*Legal Affairs*

Jari Jaulimo

*IT Management*

Simo Virkki

(February 15, 2001)

## EXECUTIVE BOARD AND AUDITORS

### Chairman

**Antti Tanskanen (54)**  
Chairman and CEO  
Member of the Board since 1996  
*Metsä-Serla Corporation, Member of the Board of Directors since 1992- Unico Banking Group, Member of the Steering Committee since 1996- Ilmarinen Mutual Pension Insurance Company, Member of the Board of Directors since 2000- The Finnish Banker's Association, Chairman of the Board of Directors since 2000- Member of the Board of the Banking Federation of the EU since 2000- YIT Corporation, Chairman of the Board of Directors since 2000-*  
  
*Right of option to subscribe for 160 000 OKOBANK Series A shares.*

### Vice Chairman

**Reijo Karhinen (46)**  
President, OKOBANK Group Central Cooperative  
Member of the Board since 1994  
*Luottokunta Oy, Deputy Chairman of the Board of Directors since 1997- Eurocard Oy, Chairman of the Board of Directors since 2000- Oy Radiolinja Ab, Member of the Board of Directors since 2000- The Finnish Housing Fair, Deputy Chairman of the Board of Directors since 2001-*  
  
*Right of option to subscribe for 120 000 OKOBANK Series A shares.*

### Members

**Mikael Silvennoinen (44)**  
President, OKOBANK  
Member of the Board since 1994  
*Unico Banking Group, Member of the Steering Committee since 1997- Pohjola Group Insurance Corporation, Deputy Chairman of the Board of Directors since 2000-*  
  
*Holds 1 200 OKOBANK Series A shares, right of option to subscribe for 120 000 OKOBANK Series A shares.*

**Keijo Manner (45)**  
Executive Vice President  
Member of the Board since 1997  
*Holds 10 OKOBANK Series A shares, right of option to subscribe for 80 000 OKOBANK Series A shares.*

**Timo Ritakallio (38)**  
First Executive Vice President, OKOBANK  
Member of the Board since 1997  
*Helsinki Exchanges Group Oyj, Member of the Board of Directors since 1998-*  
  
*Holds 800 OKOBANK Series A shares, right of option to subscribe for 80 000 OKOBANK Series A shares.*

**Heikki Vitie (48)**  
Executive Vice President  
Member of the Board since 1997  
*European Association of the Cooperative Banks, Member of the Board since 1992- The Employers' Confederation of Service Industries, Deputy Chairman of the Board of Directors since 1999- The Bank Employers' Association, Chairman of the Board of Directors since 1999-*  
  
*Right of option to subscribe for 80 000 OKOBANK Series A shares.*

**Helena Walldén (48)**  
Executive Vice President  
Member of the Board since 1994  
*Finpro, Member of the Board of Directors since 1998- Polar Real Estate Corporation, Member of the Board of Directors since 1998- YH-Group Ltd, Member of the Board of Directors since 2000-*  
  
*Right of option to subscribe for 80 000 OKOBANK Series A shares.*

### Deputy Members

**Raimo Tammilehto (58)**  
Executive Vice President  
Member of the Board since 1985  
*Holds 1 526 OKOBANK Series A shares, right of option to subscribe for 30 000 OKOBANK Series A shares.*

**Jarmo Viitanen (40)**  
Executive Vice President  
Member of the Board since 2001  
*Right of option to subscribe for 30 000 OKOBANK Series A shares.*

### Secretary of the Boards

**Markku Koponen (43)**  
Senior Vice President  
*Right of option to subscribe for 30 000 OKOBANK Series A shares.*

### Auditors

SVH Pricewaterhouse  
Coopers Oy, Authorised  
Public Accountants  
Eero Huusko, Authorised  
Public Accountant  
Kauko Lehtonen, Authorised  
Public Accountant  
  
Deputy  
Auno Inkeröinen, Authorised  
Public Accountant

## CONTACT ADDRESSES

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Telex:  
124714 okohe fi (general)  
123280 okofx fi (foreign  
exchange)

S.W.I.F.T. code:  
OKOY FI HH

### Subsidiaries

**Okopankki Oyj**  
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**OP-Finance Ltd**  
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Telephone: +358 9 693 711  
Telefax: +358 9 6937 5418

**Opstock Ltd**  
P.O. Box 362  
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Telephone: +358 9 40 465  
Telefax: +358 9 404 4490

**OKO-Venture Capital Ltd**  
P.O. Box 308  
FIN-00101 Helsinki  
Telephone: +358 9 4041  
Telefax +358 9 404 4209

### OKOBANK abroad

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Brunkebergstorg 5, 6tr  
P.O. Box 16 410  
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Telephone: +46 8 412 8900  
Telefax: +46 8 412 8919  
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firstname.surname@okobanken.se  
S.W.I.F.T. code:  
OKOY SE SX  
Managing Director:  
Erik Skön

### Representative Offices

**OKOBANK St. Petersburg  
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okospbkt@mail.wplus.net  
Representative:  
Kari Tolvanen

**OKOBANK Tallinn  
Representative Office**  
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E-mail address:  
firstname.surname@okobank.fi  
Representative:  
Arja Jurmu

### Membership

**UNICO Banking Group**  
Standing Secretariat:  
Herengracht 386  
NL-1016 CJ Amsterdam  
Telephone: +31 20 5301 212  
Telefax: +31 20 626 7846  
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www.unico.nl  
E-mail address:  
unico@unico.nl  
Secretary General:  
Rémy Lasne

### Member banks of the UNICO Banking Group

Crédit Agricole, France  
DG BANK Deutsche Genos-  
senschaftsbank AG, Germany  
ICCREA, Italy  
OKOBANK Osuuspankkien  
Keskuspankki Oyj, Finland  
Rabobank, The Netherlands  
Raiffeisen Zentralbank  
Österreich AG  
(RZB-Austria), Austria  
Banco Cooperativo Español  
(associate member), Spain  
Union of Swiss Raiffeisen  
Banks (associate member),  
Switzerland

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OKOBANK OSUUSPANKKIEN KESKUSPANKKI OYJ

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# FINANCIAL STATEMENTS 2000

OKOBANK Osuuspankkien Keskuspankki Oyj

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## ACCOUNTING POLICIES

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The annual accounts of OKOBANK and OKOBANK Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decision of January 1, 1998, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

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## INFORMATION FOR SHAREHOLDERS

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The Annual General Meeting of OKOBANK Osuuspankkien Keskuspankki Oyj will be held at the Helsinki Fair Centre on April 4, 2001, at 1.30 p.m. The Executive Board proposes that the dividend to be paid is EUR 1.27 on Series A shares and EUR 1.22 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, April 9, 2001, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 18, 2001.



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## REPORT OF THE EXECUTIVE BOARD

## RESULT OF OPERATIONS AND FINANCIAL POSITION

## RESULT

OKOBANK Consolidated's operating profit for 2000 was EUR 167.1 million, increasing by EUR 56.1 million and 51 per cent on the previous year. The result included a net gain of EUR 34.8 million on investments made in Pohjola Group Insurance Corporation shares. Operating profit for 1999 in turn included an EUR 16.6 million non-recurring capital gain on shares, whereby the comparable operating profit improved by about EUR 38 million.

The return on equity rose from the previous year's 16.1 per cent to 21.5 per cent and earnings per share rose from EUR 1.72 to EUR 2.53. The income/expenses ratio was 2.35, as against 1.80 in 1999. OKOBANK Consolidated's long-term target level for the return on equity is 14 per cent and the target for the income/expenses ratio is 1.8. The 5-year time series for the key ratios of financial performance and the per-share key figures are given in Note 44 to the annual accounts.

Consolidated performance € million	2000	1999	Change %
Net income from financial operations	124	109	14
Other income	196	126	56
Total income	321	235	37
Total expenses	137	131	5
Loan losses and write-downs	22	-2	
Share of companies included using the equity method	5	5	19
<b>Operating profit</b>	<b>167</b>	<b>111</b>	<b>51</b>

OKOBANK Consolidated's net income from financial operations amounted to EUR 124.4 million, up EUR 15.5 million and 14 per cent on the previous year. Net income from financial operations was improved by the

growth in lending as well as the rise in the level of interest rates within retail banking.

Of the EUR 71.6 million in total dividend income, EUR 67.5 million came from dividends paid on Pohjola Group shares, including avoird fiscal tax credits. Due to the large dividends paid by Pohjola Group, an EUR 32.7 million write-down on the shares was made in the profit and loss account item "Write-downs on securities held as financial fixed assets".

Commission income amounted to EUR 83.8 million, which was EUR 17.5 million more than in 1999. The bulk of the increase came from commission income on stockbroking. The good trend in commission income was also reflected in commission expenses, which increased from EUR 14.7 million a year ago to EUR 18.3 million. Most of the increase in commission expenses was due to the growth in brokerage fees paid to the member cooperative banks for securities buy and sell orders.

Commission income € million	2000	1999	Change %
Lending	10	10	0
Payment transfers	15	14	10
Securities brokerage	35	21	69
Securities issuance	3	6	-45
Asset management	10	7	50
Other commission income	10	9	12
<b>Total</b>	<b>84</b>	<b>66</b>	<b>26</b>

Net income from securities transactions and foreign exchange dealing amounted to EUR 11.2 million, an increase of EUR 1.1 million on the previous year.

Net income from trading in debt securities and on interest rate derivatives was EUR 0.7 million. In 1999 these items generated a loss of EUR 5.8 million. Net income from trading in equities amounted to EUR 4.5 milli-

on, as against EUR 11.5 million a year earlier. The decrease in net income was due to write-downs booked on decreased share values in a falling stock market. Unbooked appreciation in listed shares held as current assets amounted to more than EUR 8 million at the end of the year, whereas the corresponding amount a year earlier was EUR 15 million. Net income from foreign exchange dealing generated EUR 5.9 million, or EUR 1.6 million more than in 1999.

Other operating income amounted to EUR 29.7 million, a decrease of EUR 16.3 million on the figure a year earlier. In 1999 this income included an EUR 16.6 million non-recurring capital gain on a sale of shares. Rental income was reduced by the sale to the OKOBANK Group Pension Fund in May of the shares in OKOBANK's wholly-owned Kiinteistö Oy OKO-Vallila property. The capital gains obtained on the sale of real-estate property totalled EUR 7.8 million, an increase of EUR 3.9 million on the previous year.

OKOBANK Consolidated's expenses net of commission expenses totalled EUR 118.4 million, up EUR 2.3 million and 2 per cent on the figure a year ago.

Administrative expenses grew by EUR 7.3 million, or slightly less than 10 per cent. Staff costs accounted for 53 per cent of the aggregate amount of EUR 84 million in administrative expenses, representing an increase of about 11 per cent. The consolidated companies had a payroll at the end of the year of 1 039 employees, or 94 more than a year earlier. The amount of purchased administrative services increased compared with the previous year. Data processing and telecommunications expenses remained at the same level as in 1999.

The net effect of write-downs on real-estate company shares and their reversals, which are included in the aggregate amount of EUR 11.3 million in depreciation, was a credit to income of EUR 0.3 million. In 1999 this depreciation amounted to EUR 16.3 million and the net amount of write-downs was EUR 3.6 million.

Other operating expenses were on a par with the previous year, or EUR 23.1 million.

The net effect of loan and guarantee losses was a credit to income of EUR 10.2 million. EUR 4.7 million of final loan losses was booked. Reversals on loan losses booked in previous years amounted to EUR 8.8 million and the net change in specific loan loss provisions was more than EUR 6 million positive. A year ago the amount of rever-

sals was EUR 2.8 million and together with loan losses the net effect was a credit to income of EUR 1.7 million. The total amount of EUR 32.5 million of write-downs on securities held as financial fixed assets included an EUR 32.7 million write-down on Pohjola Group shares.

Following the write-downs, the Pohjola shares had a book value of EUR 52 per share. Their aggregate book value exceeded their share-price market value at the end of the year by about EUR 7 million. According to Pohjola Group's interim report, equity per share at the end of September amounted to more than EUR 58, or over EUR 6 higher than the book value of the shares in OKOBANK's balance sheet.

The share of profit of companies consolidated according to the equity method was EUR 5.5 million. Aurum Life Assurance Company accounted for EUR 3.5 million of this figure and OP-Kotipankki Oyj for EUR 1.1 million.

After appropriations, taxes and minority interest, OKOBANK Consolidated's profit for the financial year was EUR 118.4 million.

BALANCE SHEET

The consolidated balance sheet stood at EUR 11.0 billion, an increase of EUR 0.2 billion on the figure at the end of 1999.

Consolidated balance sheet, € million	Dec. 31, 2000	Dec. 31, 1999	Change %
Credit stock	5 559	4 739	17
Claims on credit institutions	2 082	1 784	17
Debt securities	2 259	2 961	-24
Other assets	1 100	839	31
<b>Total</b>	<b>11 000</b>	<b>10 836</b>	<b>2</b>
Deposits from the public	1 630	1 473	11
Liabilities to credit institutions and central banks	3 833	3 513	9
Debt securities issued to the public	3 380	3 494	-3
Other liabilities	1 558	1 843	-15
Equity capital	599	513	17
<b>Total</b>	<b>11 000</b>	<b>10 836</b>	<b>2</b>

Total assets grew owing to the increase in the credit portfolio. Counterbalancing this was the decrease in the amount of debt securities, because towards the end of 1999 OKOBANK took precautions for any liquidity problems that might arise during the millennium change-over and increased the amount of debt securities.

#### *Lending and investments*

Credits to the public, including leasing assets, amounted to EUR 5 559 million. The credit portfolio grew by EUR 820 million, or 17 per cent, from the end of 1999. The proportion of credits to the public in the consolidated balance sheet was just under 51 per cent, as against about 44 per cent a year earlier.

The amount of non-performing claims remained unchanged at EUR 12.2 million. In addition, the consolidated companies had EUR 1.5 million of zero-interest claims, or EUR 2.1 million less than a year ago. The amount of non-performing and zero-interest claims was 0.2 per cent of OKOBANK Consolidated's claims and commitments. A year earlier the corresponding figure was slightly less than 0.3 per cent.

Claims on credit institutions amounted to EUR 2 082 million, an increase of EUR 297 million since the end of 1999. Loans and capital investments granted to the Group member banks totalled EUR 1 158 million, or nearly the same figure as a year earlier. In addition, OKOBANK had EUR 211 million of receivables from the Bank of Finland, amounting to EUR 375 million less than at the end of previous year.

The amount of debt securities was EUR 2 259 million, or nearly a quarter less than at the end of 1999. The amount of banks' certificates of deposit declined by EUR 833 million and was EUR 751 million at the end of the year. Investments in foreign bonds were increased. Their amount was EUR 733 million, up 25 per cent on the figure a year ago.

The amount of the non-property shares owned by the consolidated companies was EUR 217 million at the end of the year, an increase of EUR 76 million on the figure a year earlier. The increase was attributable mainly to the Pohjola Group shares.

The book value of shares in real-estate and property management corporations declined by EUR 71 million from the end of 1999, to EUR 170 million. The decrease

was largely due to the sale of the shares in the head office property management companies. The amount of capital invested in real-estate holdings diminished by EUR 95 million and was EUR 197 million. Capital invested in real-estate holdings accounted for slightly less than 2 per cent of total assets at the end of the year.

#### *Deposits and other liabilities*

The amount of deposits from the public stood at EUR 1 630 million. Deposits increased by EUR 157 million, or a bit under 11 per cent, from the end of 1999. Deposits from the public accounted for a good 15 per cent of OKOBANK Consolidated's liabilities.

Liabilities to credit institutions and central banks grew by EUR 320 million to EUR 3 833 million at the end of the year. Of these liabilities, 70 per cent, or EUR 2 686 million, consisted of deposits which the member banks of the OKOBANK Group placed with OKOBANK. The member banks' deposits with OKOBANK grew by 11 per cent from the end of the previous year.

Debt securities issued to the public amounted to EUR 3 380 million at the end of the year, decreasing by EUR 114 million on the figure a year earlier. Certificate of deposit liabilities diminished by EUR 644 million, amounting to EUR 2 225 million. The amount of bonds and notes, however, grew by EUR 653 million to EUR 1 155 million. During the year OKOBANK launched two foreign bond issues in an aggregate amount of EUR 600 million.

Subordinated liabilities totalled EUR 417 million, which was roughly on a par with the figure a year ago.

#### *Equity capital*

OKOBANK Consolidated's equity capital at the end of the year stood at EUR 599 million, an increase of EUR 86 million since the end of the previous year. Distributable equity totalled EUR 116 million.

#### OFF-BALANCE SHEET ITEMS

The amount of guarantees and other off-balance sheet commitments at the end of the year was EUR 2 404 million, an increase of EUR 356 million on the figure a year earlier. The amount of guarantees diminished by EUR 55 million since the end of the year, to EUR 415

million. The amount of guarantee commitments was EUR 698 million, representing an increase of EUR 229 million, or 49 per cent, since the end of 1999. Unused credit facilities increased by EUR 219 million to EUR 1 198 million.

The value of the underlying instruments of derivative contracts was EUR 8 867 million, a decrease of EUR 1 189 million since the end of the previous year. Trading in forward rate and currency forward contracts diminished significantly. The amount of forward rate agreements declined by 46 per cent to EUR 1 028 million. The amount of currency forward contracts was EUR 572 million, down 57 per cent on the figure a year earlier. The amount of interest rate swaps, however, grew by EUR 585 million and was EUR 7 248 million. Interest rate swaps accounted for 82 per cent of the aggregate value of the underlying instruments of derivative contracts, as against 66 per cent a year earlier. The credit countervalue of derivative contracts was EUR 96 million, down EUR 79 million on the figure at the end of 1999.

#### CAPITAL ADEQUACY

OKOBANK Consolidated's capital adequacy ratio at the end of the year was 11.4 per cent, or 1.1 percentage point lower than a year earlier. The Tier I capital ratio was 7.0 per cent, which corresponds to OKOBANK Consolidated's long-term minimum target level. Because of good earnings, own funds increased by EUR 50 million since the end of 1999. The capital adequacy ratio was weakened by the nearly 1 billion euro, or 16 per cent, increase in

€ million	Dec. 31, 2000	Dec. 31, 1999
Own funds		
Tier I	504	448
Tier II	349	355
Deductions	-36	-36
<b>Total</b>	<b>816</b>	<b>767</b>
Risk-weighted receivables, investments and off-balance sheet items	7 153	6 156
Capital adequacy ratio, %	11.4	12.5
Tier I capital ratio, %	7.0	7.3

risk-weighted items since the end of the previous year.

OKOBANK Consolidated's capital adequacy at the end of 1998 was 16.2 per cent; at the end of 1997, 19.5 per cent and at the end of 1996, 18.6 per cent.

The OKOBANK Group's capital adequacy ratio at the end of 2000 was 13.7 per cent. At the end of 1999 it was 12.4 per cent; at the end of 1998, 12.2 per cent; at the end of 1997, 11.6 per cent and at the end of 1996, 11.3 per cent.

#### RISK MANAGEMENT

##### RISK MANAGEMENT: OBJECTIVES AND ORGANISATION

The task of risk management is to ensure that the risks assumed by the companies belonging to OKOBANK Consolidated are correctly proportioned to the risk-bearing ability and objectives of each company and OKOBANK Consolidated. Through efficient risk management OKOBANK Consolidated ensures that it has sufficient own funds in all conditions. Risks are classified as credit risks, market risks, property business risks as well as strategic and operational risks.

Within OKOBANK Consolidated, OKOBANK's Executive Board takes decisions on the objectives and organisation of risk management, confirms the principles and policies of risk management and oversees its implementation. A key principle of OKOBANK Consolidated's risk management is that the preparation of decision proposals, decision making, execution and monitoring are separated from each other. In assigning the Executive Board's duties, responsibility for risk management rests with one Board member to whom the operationally independent Risk Management Department reports. The Risk Management Department is divided into the Credit Risk Unit and the Asset and Liability Management Unit.

Each year OKOBANK's Executive Board confirms the credit policy for OKOBANK Consolidated's corporate commitments as well as the investment policy for interest rate, equity, and capital investment operations. The Executive Board furthermore confirms the strategy for OKOBANK Consolidated's property business.

The control and co-ordination of credit risks as well as the management of customer risks are tasks that fall within the competence of the Credit Committee, which reports to OKOBANK's Executive Board. The Credit

Committee is chaired by OKOBANK's President. The decision-making process and decision-making levels are defined in the guidelines that are confirmed by OKOBANK's Executive Board. The Credit Risk Unit, which is independent from business units, is responsible for issuing guidelines on the granting of credits and for controlling the preparation of loan proposals. Proposals brought before the Credit Committee are furthermore always accompanied by a statement by the credit risk manager.

The Asset and Liability Committee, which reports to the Executive Board, decides on the operational guidelines for the management of market risks and the limits for developing the balance sheet structure and the taking of risks. The Asset and Liability Committee is chaired by OKOBANK's President. The Asset and Liability Management Unit, which is independent from business units, is in charge of monitoring market risks, reporting on funding risks and developing risk management methods.

Identifying and managing operational risks is the responsibility of each business unit. The continuous monitoring of operational risks is carried out by the supervisors of the individual units, the business controllers and the Internal Audit.

#### MANAGING CREDIT RISKS

Credit risk means the danger of loss due to the inability of the bank's debtor or counterparty to pay its agreed obligations. The objective of credit risk management is to confine the impacts on earnings of risks arising from customers' liabilities and other liabilities to an acceptable level. OKOBANK's Executive Board has confirmed general guidelines for the management of credit risks and the organisation and decision-making authorisations related to them throughout OKOBANK Consolidated. In addition, the consolidated companies have guidelines that take into account the special features of their operations.

The management of credit risks covers lending, guarantees, derivative commitments and other financing and investment agreements involving credit risk. Within OKOBANK Consolidated, credit risks comprise the most important subarea of risk management.

OKOBANK's Executive Board or the Credit Committee that reports to it confirms the upper limits of client-specific commitments, the so-called commitment

limits, for all of OKOBANK Consolidated's corporate clients whose liabilities or planned liabilities exceed EUR 5 million. As a rule, the commitment limit is confirmed for one year at a time.

The Credit Committee or the Executive Board also approves credit limits for the credit and financial institutions who act as counterparties. The determination of these limits is arrived at by preparing analyses that are made on the basis of the banks' annual reports, the ratings of credit rating agencies and estimates of the limit requirements. The limits are dimensioned according to the own funds of the credit and financial institutions. Limits are monitored continuously and are reviewed at least once a year. Changes that have taken place in creditworthiness ratings always lead to a reassessment of the relevant limits.

Corporate customers are classified into five classes according to their creditworthiness. The risk analysis classification is based on the companies' financial statement data, the principal criteria of which are profitability, solvency and the change in turnover. The client's risk class is determined by combining the analysis classes and the collateral classes derived from collateral shortfall figures. In 2000 a project was started to develop a more sophisticated risk classification that meets the requirements of the new Basel Capital Accord that will be implemented in the near future. The classification of clients is reviewed once a year.

At the end of 2000 OKOBANK Consolidated's corporate client commitments totalled EUR 5.5 billion. Corporate client commitments grew by more than a billion euros from the end of 1999, increasing by 24 per cent. Of these commitments, EUR 1.9 billion, or 35 per cent, belonged to the best class (A) and EUR 1.8 billion, or 34 per cent, were in the second-best class (B). The two best classes accounted for 69 per cent of all corporate client commitments. According to OKOBANK Consolidated's credit policy, the aggregate commitments of class A and B companies must be at least 55 per cent of all corporate client commitments. The proportion of corporate client commitments in the two poorest classes was EUR 0.4 billion, or 6 per cent. The bulk of the total amount of unclassified commitments, amounting to EUR 0.6 billion, consisted of loans granted to housing and property-management companies, public sector entities and credits extended to private individuals engaged in small business activities.

The taking of credit decisions is based primarily on the customer having adequate debt servicing ability. The factors affecting the decision are knowledge of the customer, the customer's financial statements, the outlook for the future and available collateral. When the financing of an individual project is reviewed, the specific profitability of the project is also looked into.

A comprehensive risk analysis is prepared quarterly. By means of the report, OKOBANK's Executive Board monitors, among other things, commitments by counterparty group, corporate client commitments and collateral shortfalls by industry as well as collateral shortfalls weighted by the analysis class of the client groups. The report includes a section detailing large client risks as well as the trend in problem clients and problem receivables, and it also presents an estimate of the probabilities of the risks materialising and their impact on earnings. In addition, the report deals with the performance trend of the member banks as well as the other largest bank commitments. Apart from a comprehensive risk analysis, industry-specific analyses and individual reports are prepared. In addition, client relationship managers continually track the state and performance trend of their own corporate clients.

The management of credit risks also involves country limits, which are confirmed by OKOBANK's Executive Board. Countries are classified on the basis of creditworthiness into five risk groups. Creditworthiness is assessed on the basis of international credit ratings as well as indicators of the country's economic and political state and the trend in these factors. The Credit Risk Unit always issues a statement on the creditworthiness of the countries and on country limits. The limits of the countries belonging to the two best groups (1 and 2) are defined country by country without a time limit. The country-specific limit of countries belonging to Group 5 is a maximum of one per cent of OKOBANK Consolidated's own funds and the limit is for one year at the most. The commitments of countries belonging to Group 1 amounted to EUR 1.0 billion and those of countries belonging to Group 2 were just under EUR 0.2 billion. These liabilities accounted for about 98 per cent of OKOBANK Consolidated's aggregate country risks outside Finland. The liabilities of countries classified in Group 5 amounted to EUR 1 million. This group primarily includes countries in Asia and Africa. Russia also

belongs to this group.

OKOBANK Consolidated's credit risks are estimated to be fairly small. The estimate is based on the good analysis class distribution of corporate client commitments, the sufficient diversification of commitments across different industries, the concentration of country risks in the best risk classes and the minor amount of problem receivables.

#### MANAGING REAL-ESTATE RISKS

Risks related to real-estate holdings are value depreciation and yield risks. OKOBANK Consolidated's objective is to reduce the amount of capital invested in real-estate holdings and to raise the yield level. To minimise the risk of value depreciation, the properties are kept in good condition and insured against any damage to the property. To optimise the yield level, rents are kept at the market level. In addition, tenants' creditworthiness is checked.

Appraisals and action plans are prepared for the individual properties on the property portfolio and these are updated annually. Quarterly reports are produced which give the property-specific and summary data on the capital invested in real-estate holdings, the net yields, the vacancy rate and back rent. At the end of 2000 the capital invested in real-estate holdings as a rule corresponded to the market value of the property, estimated on a property by property basis. The effect of any write-downs on OKOBANK Consolidated's own funds was minor. Further information on real-estate holdings is presented in Note 24 to the accounts.

Real-estate risks are estimated to be minor in amount. The net yields and vacancy rates improved further and the properties do not face any significant depreciation risk.

#### MANAGING MARKET RISKS

The objective of managing market risks is to confine the risks due to price changes of balance sheet and off-balance sheet items to an acceptable level as well as to capitalise on profit-generating opportunities by optimising the risk to income ratio. OKOBANK Consolidated's market risks include interest rate risk, foreign exchange risk, volatility risk, equity risk and funding risk, including liquidity risk.

The management of market risks is based on the risk limits confirmed by the Asset and Liability Committee.

The Asset and Liability Management Unit prepares proposals for the interest rate, foreign exchange and funding risk limits as well as equity portfolio limits of OKOBANK Consolidated, OKOBANK and the subsidiaries. Limits can be set by type of risk, currency, business unit, time class and product.

Each unit that takes a market risk has the right to handle its risk exposure within its agreed limits. New business initiatives or products involving market risks are dealt with by the Asset and Liability Committee and are submitted to OKOBANK's Executive Board for approval before they are put into use. The Executive Board decides on derivative products that are to be used within the consolidated organisation. Derivative products other than those approved by the Executive Board are not used.

A Value at Risk model (VaR) is used to measure interest rate and foreign exchange risks. Within OKOBANK Consolidated, VaR analysis is based on the historical trend in interest rates and foreign exchange rates. The model estimates the change in market values of interest rate and foreign exchange positions with a one-day holding period. The statistical loss forecast produced by the model is exceeded on average 2.5 times over a 100 day period. The holding period means the time that is needed to close a position or to eliminate a risk. Because the VaR model is based on historical data, it is supplemented with a daily back and stress testing analysis.

A project aiming at making VaR analysis more comprehensive was started in 1999. The objective is to build an analysis framework within which foreign exchange, interest rate, equity and credit risks can all be analysed. As part of the project, the bank will go over to using Monte Carlo simulation techniques and statistical prediction models in measuring risks. The results of the project can be utilised stage by stage starting in 2001.

#### INTEREST RATE RISK

Interest rate risk means the effect of changes in the level of interest rates on the bank's result. Interest rate risk arises from the fact that the maturities of balance sheet and off-balance sheet items, interest rate fixing times or the interest rate linkages differ from each other.

Within OKOBANK, only separately defined units are allowed to take interest rate risk within the specified limits. The interest rate risks of other OKOBANK units

are transferred to these units, applying an internal transfer price. Specific interest rate risk limits are set for OKOBANK's subsidiaries.

Within OKOBANK Consolidated, interest rate risk in 2000 was measured currency by currency according to the effect of an interest rate increase of 0.5 percentage point in the present value of known future cash flows. From the beginning of 2001 the gauge used is a change of one percentage point. The size of the interest rate risk depends on the interest rate fixing times of interest rate-tied balance sheet and off-balance sheet items. Measured in terms of the impact of a one percentage point interest rate rise, OKOBANK Consolidated's interest rate risk during 2000 was on average EUR 5.1 million negative and the standard deviation was EUR 1.5 million. OKOBANK monitors interest rate risks in real time and day by day. The measurement method used does not take into account changes in the form of the interest rate curve. This is why the Value at Risk model (VaR) is used by OKOBANK's units as an adjunct to the measurement of interest rate risk. The maximum loss risk predicted by VaR in 2000 was EUR 0.6 million at its largest and the average value was EUR 0.25 million. The standard deviation was EUR 0.1 million. In 1999 the corresponding VaR figures were EUR 0.8, 0.3 and 0.16 million.

Interest rate risk is the most important of OKOBANK Consolidated's market risks. In 2000, interest rate risk was kept at a low level.

#### FOREIGN EXCHANGE RISK

Foreign exchange risk means the effect of changes in foreign exchange rates on the bank's result. Foreign exchange risk arises when the amounts of receivables and liabilities in the same currency differ from each other, i.e. when the bank has a foreign exchange exposure.

OKOBANK Consolidated's foreign exchange risks have been centralised within OKOBANK. The Bank has defined a limit for the total net foreign currency position, and this limit is monitored in real time and tracked on a daily basis. OKOBANK's foreign exchange risk is also measured with a VaR model. The maximum loss risk predicted by VaR was on average EUR 0.07 million in 2000 and the standard deviation was EUR 0.05 million.

During the year the total net foreign currency exposure was on average EUR 1.1 million negative and the

standard deviation was EUR 5.3 million.

According to the relevant regulation of the Financial Supervision OKOBANK Consolidated's overall net foreign currency exposure can be a maximum of 30 per cent of its own funds, nor may any single currency position exceed 15 per cent of own funds. OKOBANK's foreign currency exposure limits are set at a considerably lower maximum level. In addition, stop-loss limits have been approved for both trading during the day and for the overnight position. OKOBANK Consolidated's foreign exchange risk is minor.

Trading in currency options is centralised within OKOBANK, which trades in the common European options that have a maximum duration of one year. The risk position of the currency options business is monitored in real time and the result of trading is calculated day by day. The simulated maximum loss risk of currency options was minimal throughout the year.

#### EQUITY RISK

Equity risk means the effect of changes in the price of shares on the bank's result. The objective of equity investments is to obtain a return on invested capital that is competitive in terms of its risk-return ratio. Equity investments comprise both shares purchased for trading purposes and shares acquired for longer term ownership. The Asset and Liability Committee confirms the limits for the equity portfolios. Portfolio summaries and yields are reported monthly to the Asset and Liability Committee. OKOBANK's equity portfolio is fairly small. The book value of the equity portfolios that are traded was EUR 30.4 million at the end of the year and the amount of the unrecorded appreciation in value was EUR 8.3 million. OKOBANK Consolidated's equity risk is minor.

#### FUNDING RISK

Funding risk is the risk connected with the availability and price of refinancing, and this risk arises when the maturities of receivables and liabilities differ from each other. Funding risk also arises if receivables or liabilities are excessively concentrated in respect of counterparties, products or market areas. Funding risk involves liquidity risk, which means the risk that financing will not be available when the liabilities or other commitments fall due.

OKOBANK Consolidated's funding risk is measured

by maturity class in terms of the magnitude of the differences between receivables and liabilities in each class. Note 42 to the annual accounts shows a breakdown of receivables and liabilities by maturity for specific balance sheet items at the end of the year. Funding risks are dealt with monthly in meetings of the Asset and Liability Committee. OKOBANK's liquidity is forecast day by day. In addition, a forecast two weeks out is prepared. All known cash flows are included in the forecasts. In measuring the liquidity reserves, provision is also made for unforeseeable cash flows, such as premature repayments of loans and the drawing down of binding standby facilities.

The management of OKOBANK Consolidated's balance sheet structure and funding risks is affected by OKOBANK's responsibility as a central financial institution to see to it that the OKOBANK Group has adequate liquidity reserves. The size of OKOBANK's fixed-term investment portfolios is defined in relation to the minimum level of the Group's statutory cash reserves. The Group's cash reserve requirement during the year was on average EUR 2 359 million and the amount of OKOBANK's investments eligible as cash reserves was EUR 2 383 million. OKOBANK also handles the Group's foreign currency-denominated funding, which means that foreign currency-denominated funding risks at the level of the entire Group are centralised within OKOBANK.

The funding and liquidity risks resulting from OKOBANK's central bank task are not significant in amount.

#### STRATEGIC AND OPERATIONAL RISKS

Strategic risk means the losses arising due to an incorrectly chosen business strategy. The aim is to minimise OKOBANK Consolidated's strategic risks through continuous planning that is based on analyses and forecasts of the trend in different industries and market areas, the competition situation and customers' future needs.

Operational risks mean losses which can result from internal shortcomings or external factors that have a bearing on operations. Internal shortcomings can relate to the staff's activities and performance, the organisation of functions, or processes and information technology. External factors in turn can be connected with changes in

the operating environment or with external criminal acts.

In managing operational risks, skilled staff is in a key position. The Bank endeavours to minimise the operational risks it incurs by means of continuous development of the staff's competence and skills and by issuing operational guidelines.

Risks are also prevented from materialising by separating decision-making, execution and controls from each other. Before new products are put into use, the Bank always carries out thorough planning and testing of the entire operational process and issues comprehensive guidelines. Contingency plans are also used to limit, say, risks due to malfunctioning information systems. Property, theft and liability insurance policies are also taken out to protect against losses due to operational risks. The bank seeks to prevent legal risks from materialising by making use of unambiguous and clearly formulated agreement standards.

The significance of operational risks is most pronounced in extensive projects, the most important of which at present is preparation for the introduction of euro coins and notes at the beginning of 2002. Modifications to information systems, testing of system entities and the planning of business processes have gone ahead according to plans.

Each business unit bears responsibility for the management of operational risks. The Internal Audit also has a central role in pinpointing these risks.

#### JOINT RESPONSIBILITY

OKOBANK is a subsidiary of the OKOBANK Group Central Cooperative, which is based on the OKOBANK Group's joint operational model. The Central Cooperative with its subsidiaries and 244 member cooperative banks forms the amalgamation of the co-operative banks. Under the joint co-operation model, the resources of the OKOBANK Group serve as a safety net for all the member banks because under Chapter 2a of the Cooperative Bank Act, the Central Cooperative and its member credit institutions are jointly responsible for one another's liabilities and other commitments which cannot be met from the funds of the Central Cooperative or one member credit institution. If a member credit institution's own funds are depleted by losses such that its operations cannot be sustained, the Central

Institution of the amalgamation, the OKOBANK Group Central Cooperative, has the right to collect supplementary payments from the member credit institutions in proportion to their most recently confirmed balance sheets.

The Central Cooperative has an obligation to issue the member credit institutions instructions on safeguarding their activities, liquidity, capital adequacy and risk management, and it furthermore oversees their operations. Amongst the ways in which the Central Cooperative handles its monitoring task is the setting of monitoring limits which the member credit institutions must observe in dealing with different types of banking risks. Monitoring limits have also been set for OKOBANK Consolidated, and these too are monitored by the Central Cooperative. The monitoring task is supported by continuous inspections carried out by the Internal Audit.

#### CHANGES IN OKOBANK CONSOLIDATED'S STRUCTURE

In May OKOBANK sold the shares outstanding in the Kiinteistö Oy OKO-Vallila property to the OKOBANK Group Pension Foundation, booking a capital gain of about EUR 2 million on the sale. The deal meant a decrease of about EUR 83 million in the capital which OKOBANK had invested in OKO Vallila shares and had tied up in loans. The deal had only minor effects on the comparability of the consolidated profit and loss account.

At the end of the year, OKO Mortgage Bank plc merged with OKOBANK. The merger did not have an effect on the consolidated profit and loss account and balance sheet. OKOBANK's balance sheet at December 31, 2000, includes the assets and liabilities transferred from OKO Mortgage Bank, whereby OKOBANK's balance sheet is not fully comparable with the 1999 balance sheet. OKOBANK's profit and loss account includes an EUR 46 million gain on the merger, which was entered in extraordinary income.

In February OKOBANK purchased the remaining shares outstanding in its previously half-owned Kiinteistö Oy Kanta-Sarvis II property in Tampere. The company has been included in OKOBANK Consolidated's annual accounts for 2000.

The liquidation procedure for OKOBANK's half-

owned Hatanpääkadun Teollisuushallit Oy property in Tampere was seen to completion in December. OKOBANK received about 1 million euros as its portion of the liquidated estate. The company was previously included in the consolidated annual accounts using the equity method.

EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

OKOBANK sold its wholly-owned Kiinteistö Oy Malminkatu 30 property in January 2001.

OKOBANK's Executive Board will propose to the Annual General Meeting that the Bank's company name be changed. According to the proposal the name will be OKO Osuuspankkien Keskuspankki Oyj in Finnish and OKO Andelsbankernas Centralbank Abp in Swedish.

OUTLOOK

In the current year the operating environment is estimated to remain favourable for the development of OKOBANK Consolidated's business operations, as it did last year. The growth in lending is forecast to slow down. The growth of the population and economy in the Greater Helsinki area creates a good framework for profitable retail banking. The ongoing structural change in financial wealth will make it possible to expand investment banking services.

In 2001 OKOBANK Consolidated's operational result is forecast to be at the same level as it was last year. OKOBANK Consolidated's operating profit is nevertheless estimated to be smaller than it was in 2000, when operating profit included a large non-recurring income from Pohjola Group shares.

THE PARENT BANK OKOBANK

RESULT AND BALANCE SHEET

OKOBANK reported operating profit for 2000 of EUR 120.1 million, up EUR 33.5 million on the previous year. Operating profit for 2000 was improved by net income of EUR 34.8 million on Pohjola Group shares. Earnings for 1999 in turn included a non-recurring capital gain of EUR 16.6 million on a sale of shares. Accordingly, the compa-

nable operating profit was EUR 15.3 million greater than in 1999.

Net income from financial operations amounted to EUR 54.8 million, an increase of EUR 2.4 million on the previous year. Net income from financial operations was improved by the increase in lending and somewhat higher margins.

<b>Result</b>	<b>2000</b>	<b>1999</b>	<b>Change</b>
<b>€ million</b>			<b>%</b>
Net income from financial operations	<b>55</b>	52	5
Other income	<b>154</b>	105	46
Total expenses	<b>65</b>	74	-12
Loan losses and write-downs	<b>24</b>	-3	
Operating profit	<b>120</b>	87	39
Income/expenses ratio	<b>3.23</b>	2.14	
Return on equity, %	<b>17.8</b>	14.7	
<b>Balance sheet</b>	<b>2000</b>	<b>1999</b>	<b>Change</b>
<b>€ million</b>			<b>%</b>
Credit stock	<b>3 090</b>	1 795	72
Non-performing and zero-interest claims	<b>6</b>	8	-20
Deposits from the public	<b>344</b>	329	4
Equity capital	<b>513</b>	429	20
Capital adequacy ratio	<b>13.8</b>	15.1	
Staff, Dec. 31	<b>302</b>	300	

Other income totalled EUR 153.6 million, up EUR 48.6 million on the figure a year ago. The biggest item boosting other income was the EUR 67.5 million dividends, including avoir fiscal tax credits, that was paid on Pohjola Group shares. Commission income amounted to EUR 22.5 million, which was EUR 4.1 million more than in 1999. The biggest increase was in commission income from securities transactions. In 1999 other income included an EUR 16.6 million non-recurring capital gain on a sale of shares.

Expenses were down EUR 9.2 million on the previous year. Owing to reversals, the net impact of write-downs on shares in real-estate management companies was a credit to income of EUR 0.6 million. In 1999 the net

amount of write-downs and reversals was EUR 4.7 million. Real-estate expenses in turn were reduced by the sale of shares in the Kiinteistö Oy OKO-Vallila property.

Due to reversals, the effect of loan and guarantee losses was a credit to income of EUR 8.7 million. In 1999 the positive impact on earnings was EUR 2.1 million. The total EUR 32.5 million amount of write-downs on securities held as financial fixed assets included a write-down of EUR 32.7 million on Pohjola Group shares.

A gain on merger of more than EUR 46 million arising on the merger of OKO Mortgage Bank plc with OKOBANK was booked to extraordinary income. Net profit for the financial year after appropriations and taxes was EUR 116.7 million.

OKOBANK's total assets stood at EUR 9 489 million, increasing by EUR 252 million, or a bit under 3 per cent, from the end of 1999. OKOBANK's total assets included more than EUR 900 million of balance sheet items that were transferred in connection with the merger of OKO Mortgage Bank plc at the end of the year.

Loans to the public totalled EUR 3 090 million. The credit portfolio included EUR 898 million of loans that were transferred from OKO Mortgage Bank at the end of the year. Net of these loans, OKOBANK's credit portfolio increased by EUR 397 million, or 22 per cent, from the end of the previous year. The amount of non-performing and zero-interest claims at the end of the year was EUR 6.2 million, a decrease of EUR 1.4 million on the figure a year earlier, even though the figures at the end of 2000 included EUR 1.4 million of problem loans that were

transferred from OKO Mortgage Bank.

Claims on credit institutions diminished by EUR 80 million and were EUR 3 152 million. The member cooperative banks' share of these loans was 37 per cent, or EUR 1 158 million. The amount of loans granted to the member banks was equal to the figure at the end of the previous year. Loans to OKOBANK's subsidiary credit institutions diminished by EUR 385 million to EUR 1 072 million. The reduction was due to the fact that at the end of the year OKOBANK no longer had loans granted to OKO Mortgage Bank. At the end of 1999, loans to OKO Mortgage Bank amounted to EUR 447 million.

The amount of debt securities was EUR 2 204 million, a decrease of EUR 733 million on the figure a year earlier. Towards the end of 1999 OKOBANK took precautions for any liquidity problems that might arise during the millennium changeover and increased the amount of debt securities substantially.

Liabilities to credit institutions totalled EUR 3 603 million, or EUR 435 million more than at the end of 1999. The member banks' deposits with OKOBANK grew by EUR 273 million, or 11 per cent, to EUR 2 686 million at the end of the year.

The amount of debt securities issued to the public was EUR 3 308 million, an increase of EUR 272 million since the end of 1999. The amount of certificates of deposit diminished by EUR 631 million, or 23 per cent, and was EUR 2 142 million. The amount of domestic bonds and notes issued grew by EUR 433 million to EUR 466 million. EUR 346 million of the increase represented bond loans that were transferred from OKO Mortgage Bank. The amount of foreign bonds and notes, however, grew by EUR 469 million to EUR 699 million. The increase was due to the issuance by OKOBANK of two euro-denominated bonds in a total amount of EUR 600 million.

OKOBANK's equity capital was EUR 513 million, an increase of EUR 85 million since the end of the previous year. The amount of distributable equity was EUR 153 million.

OKOBANK's capital adequacy ratio was 13.8 per cent, or 1.3 percentage point lower than at the end of 1999. The amount of own funds grew by EUR 64 million to EUR 751 million. Total risk-weighted items grew by EUR 906 million or 20 per cent, to EUR 5 448 million.



Average price of OKOBANK Series A share, €

OKOBANK's capital adequacy ratio at the end of 1998 was 19.5 per cent; at the end of 1997, 23.5 per cent and at the end of 1996, 22.5 per cent.

#### EQUITY CAPITAL AND SHARE SERIES

OKOBANK's equity capital at the end of the year stood at EUR 196.4 million, or the same amount as a year ago. OKOBANK's shares are divided into Series A and Series K shares. The Series A shares are publicly traded on Helsinki Exchanges. Series K shares can be owned solely by a Finnish cooperative bank, a bank having the legal form of a limited company pursuant to Sections 41 a and 41 b of the Cooperative Bank Act and the central institution of the amalgamation of the cooperative banks - the OKOBANK Group Central Cooperative. At general meetings of shareholders each Series A share carries one vote and each Series K share five votes.

OKOBANK's Articles of Association contain a conversion clause according to which a Series K share can be converted, at the request of a shareholder, into a Series A share. Series A shares accounted for 74.7 per cent of all the shares outstanding at the end of the year, whereas the proportion at the end of the previous year was 40.6 per cent.

The share series and equity capital are itemised in Note 36 to the accounts. Details of the staff's share option-based incentive system as well as the authorisations granted to the Supervisory Board are given in Note 38 to the accounts.

#### SHAREHOLDERS

At the end of 2000, OKOBANK had 24 305 registered shareholders. The largest shareholder was OKOBANK's parent institution, the OKOBANK Group Central Cooperative, which held 41.3 per cent of OKOBANK's shares and 55.8 per cent of the voting rights. The numerically largest owner group was private individuals, who numbered 23 226.

The breakdown of shareholdings is detailed in Note 39 to the accounts and management's shareholdings in Note 53. The five-year time series for per-share key ratios are presented in Note 44 to the accounts. In addition, the breakdown of share ownership as well as the share turnover and price trend of OKOBANK's series A share are discussed in the Annual Report.

#### STOCKHOLM BRANCH OFFICE AND REPRESENTATIVE OFFICES

OKOBANK has a branch office in Stockholm which, in accordance with its operational concept, focuses on serving Finnish companies that operate in Sweden. OKOBANK has representative offices in St Petersburg and Tallinn.

#### CORPORATE GOVERNANCE

OKOBANK's Annual General Meeting held on March 29, 2000, elected to the Bank's Supervisory Board new members to replace those who were due to resign, or who had submitted their requests to resign from the Supervisory Board. The regular auditors elected were the firm of independent public accountants SVH Pricewaterhouse Coopers Oy, Eero Huusko, Authorised Public Accountant, and Kauko Lehtonen, Authorised Public Accountant, as well as Auno Inkeröinen, Authorised Public Accountant, who will act as deputy auditor.

At its organisation meeting held on March 29, 2000, the Supervisory Board re-elected Seppo Penttinen as its chairman and likewise re-elected Paavo Haapakoski as its vice chairman. The Annual Report includes a list of the Supervisory Board members and discusses the Board's key tasks.

#### EXECUTIVE BOARD

The Bank's Board of Directors is the Executive Board, whose task is to direct the Bank's operations in accordance with the legislation in force and the Articles of Association.

The Executive Board comprises a chairman, who is appointed as the chief executive officer (CEO), the President as well as a minimum of three and a maximum of six other members and a maximum of four deputy members. The chairman of the Executive Board is the chairman of the Executive Board of the OKOBANK Group Central Cooperative, which is the central institution of the cooperative banks pursuant to Section 7a of the Cooperative Bank Act, and the vice chairman is the vice chairman of the Central Cooperative's Executive Board.

The members and deputy members of the Executive Board are elected for an unspecified period. A member and deputy member of the Executive Board must resign

upon reaching the age of 65, at the latest.

At the end of 2000 the members of the Executive Board and the deputy member owned a total of 3 536 OKOBANK Series A shares. The compensation system for the members and deputy member of the Executive Board is based on the bond loan with equity warrants issued in 1999. On the basis of the bond warrants the CEO is entitled to subscribe for 160 000 Series A shares, the Presidents of OKOBANK and the OKOBANK Group Central Cooperative for 120 000 shares and other members of the Executive Board for 80 000 shares and, further-more, the Executive Board's deputy members can subscribe for 30 000 shares.

OKOBANK Executive Board member Juhani Elomaa, who was in charge of investment banking, resigned his seat on the Executive Board at his own request effective February 3, 2000.

GUIDELINES FOR INSIDERS

For a number of years OKOBANK has had its own guidelines for insiders. The Executive Board has decided that as from January 17, 2000, the Bank will observe insider guidelines corresponding to the recommendation issued by Helsinki Exchanges concerning insider guidelines for listed companies.

MAJOR SUBSIDIARIES

OKOPANKKI OYJ

Okopankki's operating profit was up EUR 11.5 million on the previous year and was EUR 32.4 million. The improved result was due primarily to the substantial growth in net income from financial operations, in which the good trend was attributable not only to the expansion of the credit portfolio but also to the general rise in the level of interest rates, which boosted the spread between loans and deposits. The amount of commission income grew by EUR 2.8 million to EUR 20.3 million. Net income from securities transactions amounted to EUR 0.8 million, whereas in the previous year securities transactions resulted in a loss of EUR 1.0 million. Owing to the growth in the credit portfolio, the amount of risk-weighted commitments increased by EUR 130 million, or 14 per cent. Due to the growth in own funds, the capital adequacy ratio nevertheless improved by 0.4 percentage point from the end of 1999.

€ million	2000	1999	Change %
Net income from financial operations	50	40	25
Other income	23	18	25
Expenses	40	37	8
Loan losses	0	1	-52
Operating profit	32	21	55
Income/expenses ratio	1.82	1.58	
Return on equity, %	21.8	16.2	
Credit stock	1 439	1 218	18
Non-performing and zero-interest claims	5	4	12
Deposits from the public	1 288	1 151	12
Capital adequacy ratio, %	9.7	9.3	
Staff, Dec. 31	475	441	

OP-FINANCE LTD

OP-Finance Ltd posted operating profit of EUR 13.2 million, an increase of EUR 1.5 million on the previous year. In 2000, operating profit included an EUR 1.5 million net non-recurring gain, which means that the comparable operating profit was at the same level as it was in 1999. Earnings were burdened by the narrowing margins on lending. Net income from financial operations grew by only 9 per cent, whereas the increase in the credit portfolio was nearly 15 per cent. The capital adequacy ratio remained virtually unchanged although the amount of risk-weighted commitments increased by EUR 159 million, or 18 per cent.

€ million	2000	1999	Change %
Net income from financial operations	19	17	9
Other income	7	6	16
Expenses	14	12	14
Loan losses	-1	-1	125
Operating profit	13	12	13
Income/expenses ratio	1.87	1.92	
Return on equity, %	11.4	10.8	
Credit stock	1 048	914	15
Non-performing claims	3	3	8
Capital adequacy ratio, %	9.3	9.6	
Staff, Dec. 31	132	112	

OPSTOCK LTD

Opstock Ltd's operating profit was up EUR 4.5 million on the previous year and totalled EUR 13.7 million. The improved result was attributable to the substantial growth in commission income, which amounted to EUR 39.5 million, increasing by EUR 11.8 million, or 43 per cent, on 1999. The increase came from commission income on stockbroking, which totalled EUR 30.8 million, or EUR 12.6 million more than in 1999. Income from asset management grew by EUR 1.8 million to EUR 5.5 million. Commission income from the issuance of securities, however, diminished by EUR 3 million to EUR 1.9 million. Commission expenses increased from the previous year's EUR 9.8 million to EUR 13.7 million.

Managing Director Juhani Elomaa resigned on February 3, 2000. Risto Murto was appointed as Opstock Ltd's new Managing Director.

€ million	2000	1999	Change %
Total income	38	28	39
Total expenses	25	19	33
Operating profit	14	9	49
Income/expenses ratio	1.55	1.49	
Return on equity, %	65.5	60.3	
Client funds under management	5 117	3 538	45
Staff, Dec. 31	124	84	

OKO MORTGAGE BANK PLC

OKO Mortgage Bank plc reported operating profit of EUR 9.0 million, up EUR 4.2 million on the previous year. The factors behind the improved earnings were the growth in income, lower expenses and reversals booked on loan losses. Net income from financial operations included about EUR 1.4 million net interest income from closing out interest rate swaps made with OKOBANK. The comparable net income from financial operations therefore fell slightly short of the previous year's figure. In 1999 expenses included an EUR 1.7 million write-down on the shares in the subsidiary Kiinteistö Oy Dagmarinkatu 14, whereby comparable expenses were roughly on a par with the previous year.

In September, OKOBANK's Executive Board and the Board of Directors of OKO Mortgage Bank approved the merger plan signed in June, whereby at the end of the year OKO Mortgage Bank merged with OKOBANK without undergoing a liquidation procedure.

€ million	2000	1999	Change %
Net income from financial operations	9	8	13
Other income	2	2	28
Expenses	3	5	-39
Loan losses	-1	0	
Operating profit	9	5	88
Income/expenses ratio	3.82	2.00	
Capital adequacy ratio, %	17.2	16.1	

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## ACCOUNTING POLICIES

The annual accounts of OKOBANK and OKOBANK Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decision of January 1, 1998, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

### EXTENT OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts include the information contained in the accounts of OKOBANK and its directly or indirectly owned subsidiaries and associated companies. Subsidiaries and associated companies whose total assets are less than 10 million euros and whose omission would not have an effect on the giving of an adequate description of the result of OKOBANK Consolidated's operations and its financial position have been excluded from the consolidated accounts on the basis of the relevant regulation issued by the Financial Supervision.

The subsidiaries and associated companies included in the consolidated annual accounts are listed in Note 54 to the annual accounts, where information will also be found on the companies omitted from the consolidated annual accounts.

### CONSOLIDATION

The annual accounts of those companies belonging to OKOBANK Consolidated, which are credit or financial institutions or service companies as specified by the annual account regulations issued by the Financial Supervision, have been consolidated according to the acquisition cost method. All the subsidiaries included in the consolidated accounts have been consolidated according to the acquisition cost method. New companies belonging to OKOBANK Consolidated have been incorporated into the consolidated accounts as from the date of acquisition. Subsidiaries whose status as consolidated companies has ceased during the financial year have been included in the profit and loss account up to

the transfer of ownership. The annual accounts of associated companies have been consolidated according to the equity method.

The acquisition costs of subsidiary shares have been eliminated against the equity capital as per the balance sheet dates at the time of acquisition. Excess prices of the subsidiary shares arising from the elimination have been partly included in the book values of the attributable assets. The items included are amortised in accordance with the amortisation plan for the asset item. Where it has not been possible to carry out this allocation, these items are stated in the balance sheet under goodwill on consolidation and are amortised on a straight-line basis over a period of 10 years at the most, but since 1995, over five years at the most.

The acquisition costs of shares in foreign subsidiaries are translated into domestic currency amounts at the middle rate quoted by the Bank of Finland on the balance sheet date. The acquisition costs are hedged by a corresponding debt in the same currency, whereby no translation difference arises in this respect. The translation difference arises from the effect of foreign exchange rate changes on the difference resulting from the elimination of shares in subsidiaries and the equity capital acquired. OKOBANK Consolidated does not have foreign subsidiaries that must be included in the consolidated accounts.

The internal transactions, internal margins, internal distribution of profits and internal receivables and liabilities in the separate accounts of the consolidated companies have been eliminated. The minority interest share of the result and of the equity capital has been separated out and stated as an individual item in the profit and loss account and the balance sheet.

### ITEMS DENOMINATED IN FOREIGN CURRENCY

The balance sheet items and off-balance sheet items of national currencies in the euro area have been translated into domestic currency amounts applying the fixed exchange rates quoted by the European Central Bank on

December 31, 1998. Other items denominated in foreign currency as well as the annual account information of foreign subsidiaries and the overseas branch office have been translated into domestic currency applying the average exchange rates of the currencies on the balance sheet date. The foreign exchange rate differences arising from the valuation are entered in the profit and loss account item Net income from foreign exchange dealing.

#### RECEIVABLES AND LIABILITIES

Receivables and liabilities have been entered in the balance sheet at the value which was paid for or received from them at the time of acquisition. The difference between the acquisition cost and the nominal value of a receivable is periodised as interest income and is an increase or decrease in the acquisition cost of the receivable. The difference between the amount received for a liability and the nominal value is periodised as interest expense and is an increase or decrease in the acquisition cost of the liability.

#### SECURITIES HELD AS CURRENT ASSETS

Debt securities and shares and participations that are traded are treated as securities held as current assets. Since the beginning of 1999, actively traded securities are valued at the probable transfer price and all positive and negative changes in value resulting from the valuation are entered in the accounts. Other securities held as current assets are entered in the annual accounts at the acquisition cost or the probable value on the balance sheet date, whichever is lower. In previous years all securities held as current assets were valued at the acquisition cost or the probable transfer price, whichever is lower. The probable transfer price of a debt security is taken to be the present value of the flow of principal and interest from it, discounted by the market interest rate. The probable transfer price of publicly listed shares is taken to be the closing price on the last trading day of the year.

Gains and losses on the transfer of securities held as current assets as well as changes in write-downs are entered in net income from securities transactions. The difference between the acquisition cost and nominal value of debt securities other than those that are actively traded

is periodised as interest income or as a reduction in it over the remaining maturity.

#### SECURITIES HELD AS FINANCIAL FIXED ASSETS

The securities held as financial fixed assets are debt securities which are intended to be held to maturity, shares and participations in subsidiaries and associated companies, other shares purchased as long-term investments as well as shares and participations which have been acquired in order to ensure the provision of services required by OKOBANK Consolidated.

Securities held as financial fixed assets are stated at the amount of their acquisition cost. If at the close of the financial year the probable market value of such a security is permanently lower than the acquisition cost, the difference is entered in the profit and loss account item "Write-downs on securities held as financial fixed assets". Any reversals of write-downs have been entered as an adjustment to the same profit and loss account item. The difference between the acquisition cost and nominal value of debt securities has been periodised in interest income.

#### SECURITIES REPURCHASE AND RESALE AGREEMENTS

The purchase price of securities purchased on irrevocable resale terms has been entered as a receivable in the balance sheet and figures in the item according to the party involved. The difference between the purchase price and resale price is periodised as interest income for the period of validity of the agreement.

The sale price of securities sold on irrevocable repurchase conditions has been entered as a liability in the balance sheet item according to the party involved. The difference between the sale price and the repurchase price has been periodised as interest expense for the period of validity of the agreement. Securities sold under repurchase obligations and the respective securities pledged as marginal collateral are included in the original balance sheet item irrespective of the agreement.

#### TANGIBLE AND INTANGIBLE ASSETS

The balance sheet value of tangible and intangible assets is the acquisition cost less planned depreciation and any

additional depreciation. In the separate annual accounts of subsidiaries, the accumulated depreciation difference is included in the balance sheet item "Depreciation difference", which gives the accumulated appropriations. Should the probable market price of a real-estate property or shares in a real-estate management company be permanently lower than the book value, the difference has been booked as an expense in the profit and loss account item "Depreciation and write-downs on tangible and intangible assets". Any reversals of write-downs have been booked as an adjustment to the same profit and loss account item.

The acquisition cost of buildings and other tangible and intangible assets subject to wear and tear is depreciated over the economic life of the asset on a straight-line basis according to a pre-prepared depreciation plan. In accordance with the depreciation plan prepared by OKOBANK Consolidated, the acquisition cost of buildings is depreciated over 30-40 years depending on their usage purpose and the construction materials. Machinery and equipment, EDP equipment, computer programs and vehicles are depreciated over 3-6 years and other tangible and intangible assets over 5-10 years. Leasing assets are depreciated according to the annuity method.

An individual depreciation period can be specified for tangible assets that are acquired in used condition. No depreciation is entered for non-wearing tangible assets and for revaluations.

According to a statement (1604/2000) issued by the Accounting Board on January 24, 2000, EDP software that was not included in the acquisition cost of EDP equipment shall be entered under the balance sheet item "Intangible assets" in the annual accounts for 2000. The change has been made in the comparison data for 1999.

#### VALUATION PRINCIPLES AND METHODS FOR REAL-ESTATE PROPERTIES AND SHARES IN REAL-ESTATE COMPANIES

The real-estate holdings of OKOBANK Consolidated are valued once a year. For special reasons, the values can be reviewed more frequently. In determining the balance sheet value of real-estate and shares in real-estate companies that are in own use, the starting point taken is the value of the asset in relation to earnings

expectations for ordinary operations. Commercial, office and industrial properties other than those in own use are valued as a rule according to the yield value method. Land, water and forest areas as well as dwellings and residential buildings are valued according to the sale value method.

In defining the net yield percentage, account is taken of the location of the property, its usage purpose and special features as well as any appreciation expectations. For each property, a plan of measures to be carried out has been prepared and this is reviewed yearly. In addition to the main principles, valuation of real-estate is carried out taking into account the special features of each property and use is made of statistics and forecasts that are published in the field.

In booking reductions in value, the permanence of the write-downs and criteria pertaining to their material importance have been applied. The principles of valuation have not changed compared with the previous financial year.

#### DERIVATIVE CONTRACTS

The difference between the interest received from and paid on receivables and interest rate swaps made to hedge debt securities held as financial fixed assets as well as liabilities has been booked to Interest income or expenses. In the annual accounts, the accrued interest on these interest rate swaps has been entered in Accrued income and pre-payments and Accrued expenses and prepaid income. The difference in the interest obtained from and paid on other interest rate swaps has been booked to Net income from securities transactions and the accrued interest corresponding to this income has been booked to Other assets and Other liabilities.

Changes in the value of derivative contracts taken out for hedging purposes are dealt with in the profit and loss account in the same way as is the change in value of the opposite-signed hedging balance sheet item. The income, expenses and changes in value of interest rate, currency and equity derivatives taken out for purposes other than hedging have been entered in the profit and loss account item "Net income from securities transactions and foreign exchange dealing". The items entered in the balance sheet for derivative contracts taken out for non-hedging purposes have been entered in Other assets or Other liabilities.

## NON-PERFORMING CLAIMS

The entire principal amount of a claim has been classified as non-performing when its interest, principal or a part thereof has fallen due and is unpaid for 90 days. Claims on companies placed in bankruptcy have been classified as non-performing on the date of declaration of bankruptcy at the latest. A claim based on a guarantee given has been classified as non-performing when the payment based on the guarantee has been made. The periodised accrued interest on non-performing claims has been cancelled when the claim has been classified as non-performing.

## LOAN AND GUARANTEE LOSSES

Loan and guarantee losses comprise irredeemable losses and shortfalls on receivables and guarantee commitments as well as write-downs and losses on the disposal of assets obtained in lieu of a receivable for the financing of a customer. Write-downs are entered as specific credit loss provisions when it has become apparent that a payment will not be received for the receivable or to the extent that a repayment is not expected from collateral.

In reporting loan losses, property serving as collateral for the receivable is valued at the estimated realisable market value of the property.

Recoveries on receivables written off in previous years, insurance compensations received, gains on the sale of assets obtained in lieu of a receivable for customer financing and reversals of specific loan loss provisions have been reported as a reduction in loan losses.

## EXTRAORDINARY ITEMS

Extraordinary income and expenses include such substantial, extraordinary and non-recurring items as are not involved in the ordinary operations of the subsidiaries during the financial year.

## PENSION EXPENDITURES

With the exception of Opstock Ltd, the staff's statutory pension coverage has been arranged through the OKOBANK Group Pension Fund. Supplementary pension benefits have been arranged through the OKOBANK

Group Pension Foundation, except for Opstock Ltd. In respect of an overseas branch office, the practice of the base country has been observed.

The pension liabilities of the consolidated companies have been covered in full. Coverage of the annual change in the pension liability is included in pension expenditure.

## COMPULSORY PROVISIONS

Entered as a compulsory provision is a provision for such itemisable future expenses and losses as are probable or certain but whose amount and time of occurrence are still uncertain. Specific loan loss provisions or other similar items connected with the valuation of individual balance sheet items are not entered in compulsory provisions but as a reduction in the balance sheet item under which said loan or other asset item has been entered.

The social security contributions for the personnel's stock-option-based incentive plan have not been booked as compulsory provisions. Social security contributions at the end of 2000 were minor in amount.

## TAXES

In the separate annual accounts of individual consolidated companies, income taxes are calculated and booked on the basis of a tax calculation based on taxable income. Imputed taxes due and tax claims are not entered in the balance sheet. Note 45 to the annual accounts presents an itemisation of the breakdown of the parent bank's income taxes as well as the imputed deferred taxes and tax claims.

In the separate annual accounts of individual consolidated companies, the depreciation difference and voluntary provisions are entered in the balance sheet item "Accumulated appropriations" and changes in them are entered in the profit and loss account item "Appropriations". In the consolidated balance sheet, accumulated appropriations are divided between equity capital and imputed deferred taxes, whereas in the profit and loss account they are divided between the net profit for the financial year and the change in imputed taxes due.

OKOBANK Consolidated's other imputed taxes due and tax claims are stated in Note 68 to the annual accounts.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2000			Jan. 1 to Dec. 31, 1999				
Interest income	500			349				
Leasing margin	10			7				
Interest expenses	-386			-247				
<b>Net income from financial operations</b>	<b>124</b>			<b>109</b>				
Income from equity investments	72			4				
Commission income	84			66				
Commission expenses	-18			-15				
Net income from securities transactions and foreign exchange dealing								
Net income from securities transactions	5			6				
Net income from foreign exchange dealing	6	11		4	10			
Other operating income	30			46				
Administrative expenses								
Staff costs								
Salaries and fees	36			32				
Staff-related costs								
Pension costs	5			5				
Other staff-related costs	3	8	44	3	8	40		
Other administrative expenses	40			-84			37	-77
Depreciation and write-downs on tangible and intangible assets	-11			-16				
Other operating expenses	-23			-23				
Loan and guarantee losses	10			2				
Write-downs on securities held as financial fixed assets	-33			1				
Share of profit/loss of companies included in the consolidated accounts using the equity method	5			5				
<b>Operating profit</b>	<b>167</b>			<b>111</b>				
Extraordinary items								
Extraordinary income	-			-				
Extraordinary expenses	-			-			57	-57
<b>Profit before appropriations and taxes</b>	<b>167</b>			<b>54</b>				
Income taxes								
Taxes for the financial year and previous financial years	-37			-11				
Change in imputed taxes due	-10			-47			-3	-14
Other direct taxes	0			0				
Share of profit/loss for the financial period attributable to minority interests	-1			-1				
<b>Profit for the financial year</b>	<b>118</b>			<b>39</b>				

CONSOLIDATED BALANCE SHEET

ASSETS				
€ million	December 31, 2000		December 31, 1999	
Liquid assets	221		601	
Debt securities eligible for refinancing with central banks				
Treasury bills	85		2	
Other	922	1 007	1 789	1 791
Claims on credit institutions				
Repayable on demand	43		51	
Other	2 038	2 082	1 734	1 784
Claims on the public and public sector entities	5 472		4 561	
Leasing assets	192		178	
Debt securities				
On public sector entities	229		391	
Other	1 024	1 253	779	1 170
Shares and participations	151		79	
Participating interests	57		55	
Shares and participations in consolidated companies	8		7	
Intangible assets				
Consolidated goodwill	0		0	
Other long-term expenditure	12	12	9	9
Tangible assets				
Real-estate and shares, and participations in real-estate corporations	170		241	
Other tangible assets	11	181	16	257
Other assets	264		257	
Accrued income and prepayments	99		86	
	<b>11 000</b>		<b>10 836</b>	

CONSOLIDATED BALANCE SHEET

**LIABILITIES**

€ million	December 31, 2000			December 31, 1999		
<b>Liabilities</b>						
Liabilities to credit institutions and central banks						
Central banks	300			536		
Credit institutions						
Repayable on demand	254			295		
Other	3 279	3 533	3 833	2 682	2 976	3 513
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	1 183			1 106		
Other	447	1 630		367	1 473	
Other liabilities	510			2 140	883	2 356
Debt securities issued to the public						
Bonds	1 155			502		
Other	2 225	3 380		2 993	3 494	
Other liabilities				536		483
Accrued expenses and deferred income				70		57
Compulsory provisions				0		1
Subordinated liabilities				417		404
Imputed taxes due				23		13
Minority interests				2		2
				10 402		10 323
<b>Equity capital</b>						
Share capital				196		196
Share issue account				-		-
Share premium account				1		1
Revaluation reserve				25		25
Reserve fund				203		203
Non-restricted reserves				23		24
Profit brought forward				31		24
Profit for the financial year				118		39
				599		513
				11 000		10 836
<b>Off-balance sheet commitments</b>						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 139			966		
Other	-	1 139		-		966
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments				-		-
Other	1 265	1 265		1 082	1 082	
				2 404		2 048

CONSOLIDATED KEY FIGURES 1996-2000

€ million	1996	1997	1998	1999	2000
<b>PROFIT AND LOSS ACCOUNTS</b>					
Net income from financial operations	111	118	113	109	124
Other income	159	144	109	126	197
Other expenses	159	177	139	115	125
Depreciation and write-downs	42	27	14	16	11
Loan and guarantee losses	29	10	-3	-2	-10
Write-downs on securities held as financial fixed assets	3	1	0	-1	33
Share of profit/loss of companies included in the consolidated accounts using the equity method	1	1	2	5	5
Operating profit	39	48	74	111	167
Extraordinary items	-1	1	-90	-57	0
Profit/loss before appropriations and taxes	38	48	-15	54	167
Taxes	-5	-12	0	-14	-47
Minority interests	-1	-1	-	-1	-1
Profit/loss for the financial year	31	35	-15	39	118
<b>BALANCE SHEETS</b>					
<b>Assets</b>					
Claims on credit institutions	2 734	2 338	1 694	1 784	2 082
Claims on the public and public sector entities	3 213	3 171	3 755	4 561	5 472
Debt securities	2 447	2 274	2 004	2 961	1 253
Shares and participations	133	126	134	141	151
Intangible and tangible assets	337	313	286	266	193
Other assets	775	708	1 062	1 122	1 849
Total	9 638	8 930	8 936	10 836	11 000
<b>Liabilities</b>					
Liabilities to credit institutions and central banks	3 148	2 857	2 739	3 513	3 833
Liabilities to the public and public sector entities	1 700	1 524	1 977	2 356	2 140
Debt securities issued to the public	2 739	2 650	2 657	3 494	3 380
Subordinated liabilities	516	666	579	404	417
Other liabilities	1 032	700	480	542	606
Imputed taxes due	11	13	10	13	23
Minority interests	11	10	-	2	2
Equity capital	481	511	493	513	599
Total	9 638	8 930	8 936	10 836	11 000

The figures for 1996-1997 have been amended, when possible, to comply with the regulations of the Financial Supervision that came into force on June 30, 1998.

## OKOBANK PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2000			Jan. 1 to Dec. 31, 1999		
Interest income	398			266		
Interest expenses	-344			-213		
<b>Net income from financial operations</b>	<b>55</b>			<b>52</b>		
Income from equity investments						
Consolidated companies	24			27		
Participating interests	3			3		
Other companies	71	99		3	33	
Commission income	23			18		
Commission expenses	-3			-3		
Net income from securities transactions and foreign exchange dealing						
Net income from securities transactions	2			6		
Net income from foreign exchange dealing	6	7		4	10	
Other operating income	25			44		
Administrative expenses						
Staff costs						
Salaries and fees	13			12		
Staff-related costs						
Pension costs	2			2		
Other staff-related costs	1	3	16	1	3	15
Other administrative expenses	19	-35		18	-34	
Depreciation and write-downs on tangible and intangible assets	-3			-9		
Other operating expenses	-23			-28		
Loan and guarantee losses	9			2		
Write-downs on securities held as financial fixed assets	-33			1		
<b>Operating profit</b>	<b>120</b>			<b>87</b>		
Extraordinary items						
Extraordinary income	46			-		
Extraordinary expenses	-	46		43	-43	
<b>Profit before appropriations and taxes</b>	<b>167</b>			<b>43</b>		
Appropriations	-21			0		
Income taxes	-29			-12		
<b>Profit for the financial year</b>	<b>117</b>			<b>31</b>		

## OKOBANK BALANCE SHEET

ASSETS € million	December 31, 2000		December 31, 1999	
Liquid assets		212		587
Debt securities eligible for refinancing with central banks		871		1 676
Claims on credit institutions				
Repayable on demand	42		41	
Other	3 111	3 152	3 190	3 232
Claims on the public and public sector entities		3 195		1 795
Debt securities				
On public sector entities	228		378	
Other	1 104	1 332	884	1 262
Shares and participations		146		73
Participating interests		47		47
Shares and participations in consolidated companies		149		162
Intangible assets		7		4
Tangible assets				
Real-estate and shares and participations in real-estate corporations	95		113	
Other tangible assets	3	97	8	121
Other assets		189		206
Accrued income and prepayments		90		72
		<b>9 489</b>		<b>9 237</b>

## OKOBANK BALANCE SHEET

## LIABILITIES

€ million	December 31, 2000			December 31, 1999		
<b>Liabilities</b>						
Liabilities to credit institutions and central banks						
Central banks	300			536		
Credit institutions						
Repayable on demand	278			321		
Other	3 325	3 603	3 903	2 847	3 168	3 704
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	322			308		
Other	22	344		21	329	
Other liabilities	453 797			848 1 177		
Debt securities issued to the public						
Bonds	1 165			139		
Other	2 143	3 308		2 897	3 036	
Other liabilities				477 455		
Accrued expenses and deferred income				50 34		
Compulsory provisions				0 1		
Subordinated liabilities				417 401		
	<b>8 953</b>			<b>8 808</b>		
<b>Appropriations</b>						
Depreciation difference	1			1		
Voluntary provisions	21	22		-	1	
<b>Equity capital</b>						
Share capital	196			196		
Share issue account	-			-		
Share premium account	0			0		
Reserve fund	164			164		
Non-restricted reserves	23			23		
Profit brought forward	13			14		
Profit for the financial year	117			31		
	<b>513</b>			<b>429</b>		
	<b>9 489</b>			<b>9 237</b>		
<b>Off balance sheet commitments</b>						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 098			930		
Other	-	1 098		-	930	
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments	-			-		
Other	1 043	1 043		758	758	
	<b>2 141</b>			<b>1 688</b>		

NOTES TO THE ACCOUNTS

(FIGURES IN € MILLIONS)

NOTES TO THE PROFIT AND LOSS ACCOUNT

1) Interest income and interest expenses, broken down by balance sheet item

	Consolidated		OKOBANK	
	2000	1999	2000	1999
<b>Interest income</b>				
Claims on credit institutions	108.2	70.6	174.1	110.0
Claims on the public and public sector entities	272.1	190.3	105.4	65.2
Debt securities	120.8	86.6	120.0	89.3
Other interest income	-1.1	1.1	-1.1	1.1
Leasing margin	10.0	6.9	-	-
<b>Total</b>	<b>510.0</b>	<b>355.4</b>	<b>398.4</b>	<b>265.6</b>
<b>Interest expenses</b>				
Liabilities to credit institutions and central banks	140.6	78.5	145.6	81.8
Liabilities to the public and public sector entities	57.6	29.1	34.3	15.8
Debt securities issued to the public	164.6	103.3	140.9	80.0
Subordinated liabilities	27.0	33.7	26.9	33.4
Other interest expenses	-4.1	2.1	-4.0	2.1
<b>Total</b>	<b>385.6</b>	<b>246.6</b>	<b>343.6</b>	<b>213.2</b>

2) Breakdown of net income from leasing operations

OKOBANK does not have leasing operations. According to the relevant regulation of the Financial Supervision, OKOBANK Consolidated is not required to give this information in a note.

3) Breakdown of net income from securities transactions

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Net income from transactions in debt securities	0.7	-5.8	-3.5	-6.0
Net income from transactions in shares and participations	4.5	11.5	5.1	11.6
<b>Total</b>	<b>5.2</b>	<b>5.7</b>	<b>1.6</b>	<b>5.6</b>

4) Total values of securities held as current assets purchased or sold during the financial year

	Consolidated		OKOBANK	
	2000	1999	2000	1999
<b>Debt securities</b>				
Purchased	18 052.8	15 213.8	17 573.5	14 749.4
Sold	13 440.9	11 511.1	13 346.0	11 132.7
<b>Shares</b>				
Purchased	5 268.6	1 498.9	11.5	16.8
Sold	5 276.5	1 507.7	18.7	26.0

5) Breakdown of other operating income and expenses

	Consolidated		OKOBANK	
	2000	1999	2000	1999
<b>Other operating income</b>				
Rental and dividend income from real-estate and real-estate corporations	18.4	22.0	17.7	22.2
Capital gains from the sale of real-estate and shares and participations in real-estate corporations	7.8	4.0	6.1	3.5
Other income	3.5	20.0	1.3	17.8
<b>Total</b>	<b>29.7</b>	<b>46.0</b>	<b>25.2</b>	<b>43.5</b>

	Consolidated		OKOBANK	
	2000	1999	2000	1999
<b>Other operating expenses</b>				
Rental expenses	3.7	1.8	1.6	0.5
Expenses from real-estate and real-estate corporations	9.2	12.9	15.5	23.0
Capital losses from the sale of real-estate and shares and participations in real-estate corporations	1.6	0.0	1.6	0.0
Other expenses	8.5	8.4	4.4	4.6
<b>Total</b>	<b>23.1</b>	<b>23.2</b>	<b>23.1</b>	<b>28.1</b>

6) Depreciation and write-downs on tangible and intangible assets

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Planned depreciation	11.7	12.7	3.6	3.9
Write-downs	0.6	3.9	0.4	5.0
Reversals on write-downs	-1.0	-0.4	-1.0	-0.4
<b>Total</b>	<b>11.3</b>	<b>16.3</b>	<b>3.0</b>	<b>8.6</b>

7) *Loan and guarantee losses and write-downs on securities held as financial fixed assets*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
In respect of claims on credit institutions	-	-	-	-
In respect of claims on the public and public sector entities	5.0	17.7	4.0	15.2
In respect of leasing assets	-	-	-	-
In respect of guarantees and other off-balance sheet items	0.0	-	-	-
In respect of other items	0.2	0.0	0.1	-
Gross loan and guarantee losses	5.2	17.7	4.1	15.2
Deductions from loan and guarantee losses	-15.4	-19.4	-12.8	-17.3
<b>Loan and guarantee losses in the profit and loss account</b>	<b>-10.2</b>	<b>-1.7</b>	<b>-8.7</b>	<b>-2.1</b>

Total amount of loan and guarantee losses, broken down as follows:

Actual loan losses during the financial year, total	4.7	15.9	3.6	14.1
Actual loan losses during the financial year for which a specific loan loss provision has previously been made	-4.1	-15.6	-3.5	-14.0
Recoveries in respect of actual loan losses during previous financial years	-8.9	-2.6	-7.9	-1.9
Specific loan loss provisions made during the financial year	1.0	2.1	0.5	1.1
Reversals of specific loan loss provision during the financial year	-2.8	-1.6	-1.5	-1.3
<b>Loan and guarantee losses entered in the annual accounts</b>	<b>-10.2</b>	<b>-1.7</b>	<b>-8.7</b>	<b>-2.1</b>

Write-downs on securities held as financial fixed assets:

Gross write-downs	32.7	0.1	32.7	0.1
Reversals of write-downs	-0.2	-0.7	-0.2	-0.9
<b>Total</b>	<b>32.5</b>	<b>-0.6</b>	<b>32.5</b>	<b>-0.8</b>

9) *Breakdown of appropriations*

	OKOBANK	
	2000	1999
Change in depreciation difference	0.2	0.2
Change in other voluntary provisions	-21.4	-
<b>Total</b>	<b>-21.2</b>	<b>0.2</b>

10) *Changes in compulsory provisions during the financial year*

	Consolidated	OKOBANK
	2000	1999
Pension provisions	-0.3	-0.3
Tax provisions	-	-
Others	0.0	0.0
<b>Total</b>	<b>-0.3</b>	<b>-0.3</b>

11) *Breakdown of combined items*

The items in the consolidated and OKOBANK profit and loss account are presented in accordance with the profit and loss account formats which the Ministry of Finance has confirmed for credit institutions.

12) *Income by fields of activity and market area*

Income means net income from financial operations on items in the profit and loss account, income from equity investments, commission income, net income from securities transactions and foreign exchange dealing as well as other operating income and is stated as an aggregate amount. The income is stated without eliminations.

	Income by field of activity		Staff on average	
	2000	1999	2000	1999
	Banking	281.1	215.9	782
Mortgage banking	11.3	9.7	8	8
Finance company operations	25.9	23.3	130	114
Investment firm operations	38.4	27.5	109	84
Real-estate ownership and possession	3.8	9.1	-	-
<b>Total</b>	<b>360.5</b>	<b>285.5</b>	<b>1 028</b>	<b>964</b>

	Income by geographical market		Staff on average	
	2000	1999	2000	1999
	Finland	359.9	284.7	1 018
Sweden	0.5	0.8	10	10
<b>Total</b>	<b>360.5</b>	<b>285.5</b>	<b>1 028</b>	<b>964</b>

8) *Extraordinary income and expenses during the financial year*

	Consolidated	OKOBANK
	2000	1999
Extraordinary income		
OKO Mortgage Bank plc's merger with OKOBANK		
OKOBANK's merger gain	-	46.5

NOTES TO THE BALANCE SHEET

13) Breakdown of debt securities eligible for refinancing with central banks

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Treasury bills	84.6	1.6	77.6	1.6
Government bonds	87.7	220.8	55.9	189.6
Banks' certificates of deposit	751.0	1 568.4	654.7	1 484.3
Other	83.3	-	83.3	-
<b>Total</b>	<b>1 006.6</b>	<b>1 790.8</b>	<b>871.4</b>	<b>1 675.5</b>

14) Claims on central banks

At the end of the year the balance sheet item "Claims on credit institutions" did not include claims on central banks.

15) Claims on the public and public sector entities by sector and specific loan loss provisions for them

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Enterprises	2 890.7	2 507.1	2 015.8	1 521.0
Financial and insurance institutions	307.5	123.2	316.8	143.2
General government	160.7	165.8	155.1	10.4
Non-profit institutions	631.4	593.5	513.7	51.2
Households	1 314.8	1 121.6	27.8	19.5
Foreign	166.4	49.8	165.9	49.8
<b>Total</b>	<b>5 471.7</b>	<b>4 561.0</b>	<b>3 195.0</b>	<b>1 795.1</b>

Specific loan loss provisions at the beginning of the financial year	38.7	53.9	35.3	42.8
New provisions made during the financial year (+)	1.0	2.1	0.5	1.1
Provisions reversed during the financial year (-)	-5.2	-1.6	-4.0	-1.3
Actual loan losses during the financial year, or which the credit institution has previously made specific loan loss provisions (-)	-4.3	-15.6	-3.8	-14.0
<b>Specific loan loss provisions at the end of the financial year</b>	<b>30.2</b>	<b>38.9</b>	<b>28.0</b>	<b>28.5</b>

16) Non-performing and other zero-interest claims

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Non-performing claims	12.2	12.3	4.8	4.1
Other zero-interest claims	1.5	3.6	1.5	3.5
<b>Total</b>	<b>13.7</b>	<b>15.9</b>	<b>6.2</b>	<b>7.6</b>

17) Book value of assets lodged as security for an unpaid claim as well as property acquired for the purpose of reorganising the customer's business

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Assets held as security				
Real-estate and shares and participations in real-estate corporations	4.7	2.7	4.6	-
Other shares and participations	0.4	0.4	-	-
Other assets	-	-	-	-
<b>Total</b>	<b>5.1</b>	<b>3.2</b>	<b>4.6</b>	<b>-</b>

18) Subordinated claims

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Claims on credit institutions	160.8	188.5	160.8	188.5
Claims on the public and public sector entities	6.4	5.3	6.4	5.1
Debt securities	128.8	118.0	148.9	126.3
<b>Total</b>	<b>296.0</b>	<b>311.8</b>	<b>316.1</b>	<b>319.9</b>

of which from consolidated companies			20.2	8.5
from associated companies			10.1	-

19) Breakdown of leasing assets

	Consolidated	
	2000	1999
Prepayments	1.8	9.0
Machinery and equipment	177.0	159.8
Real property and buildings	12.8	8.1
Other assets	0.9	1.2
<b>Total</b>	<b>192.5</b>	<b>178.1</b>

20) Debt securities

Publicly quoted and unquoted debt securities and debt securities eligible for refinancing with central banks at the end of the year

	Consolidated		OKOBANK	
	Quoted	Others	Quoted	Others
Securities held as current assets	956.5	783.2	925.0	687.6
Securities held as financial fixed assets	123.6	396.1	122.9	468.6
<b>Total</b>	<b>1 080.1</b>	<b>1 179.3</b>	<b>1 047.9</b>	<b>1 156.2</b>

The market value and the book value of debt securities held as current assets is the same, because all debt securities held as current assets are valued at market price.

Year-end difference between the nominal value and book value of debt securities, debt securities eligible for refinancing with central banks and other claims which are included in financial fixed assets

Consolidated figures are stated without eliminations	Consolidated		OKOBANK	
	2000	1999	2000	1999
Difference between nominal value and lower book value				
Debt securities	1.6	2.2	1.5	2.2
Difference between book value and lower nominal value				
Debt securities	3.2	5.6	3.2	4.9

Debt securities by type of claim at the end of the financial year

Book value	Consolidated		OKOBANK	
	2000	1999	2000	1999
Treasury bills	84.6	1.6	77.6	1.6
Local authority paper	10.2	-	10.2	-
Commercial paper	40.1	8.7	40.1	8.7
Certificates of deposit	754.3	1 587.8	654.7	1 500.5
Convertible bonds	2.4	2.6	2.4	2.5
Other bonds	1 251.0	1 322.2	1 351.7	1 377.7
Other debt securities	116.8	37.9	67.4	46.3
<b>Total</b>	<b>2 259.4</b>	<b>2 960.7</b>	<b>2 204.1</b>	<b>2 937.3</b>

## 21) Shares and participations

The aggregate book value of securities entered in the balance sheet item "Shares and participations" broken down into publicly quoted and unquoted securities

	Consolidated		OKOBANK	
	Quoted	Others	Quoted	Others
Securities held as current assets	30.5	0.8	30.4	-
Securities held as fixed assets	67.5	52.4	67.5	47.9
<b>Total</b>	<b>98.1</b>	<b>53.2</b>	<b>97.9</b>	<b>47.9</b>

The aggregate amount of the differences of the probable fair value or lower book value of shares and participations that are publicly quoted and which are entered in the balance sheet item "Shares and participations", by type of asset

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Securities held as current assets	8.3	16.7	8.3	14.9
Securities held as financial fixed assets	0.2	0.0	-	0.0
<b>Total</b>	<b>8.5</b>	<b>16.7</b>	<b>8.3</b>	<b>15.0</b>

OKOBANK Consolidated and OKOBANK did not have securities that were lent out at the end of 2000.

The balance sheet items "Participating interest" and "Shares and participations in consolidated companies" broken down as follows

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Participating interests				
In credit institutions	8.3	7.7	5.5	5.5
Other	48.9	46.8	41.4	41.7
<b>Total</b>	<b>57.2</b>	<b>54.6</b>	<b>46.9</b>	<b>47.2</b>
Shares and participations in consolidated companies				
In credit institutions	-	-	137.4	150.8
Other	8.5	7.4	11.9	10.7
<b>Total</b>	<b>8.5</b>	<b>7.4</b>	<b>149.3</b>	<b>161.6</b>

## 22) Increases and decreases in shares held as financial fixed assets and in tangible assets during the financial year

	Shares and participations, with the exception of shares and participations in real-estate corporations		Land and water areas, buildings and shares and participations in real-estate corporations		Machinery, equipment and any tangible assets other than those mentioned above	
	Consolidated	OKOBANK	Consolidated	OKOBANK	Consolidated	OKOBANK
Purchase price at the beginning of the financial year	110.8	258.9	231.9	156.4	67.1	50.4
Increases during the financial year	117.0	108.3	13.7	25.1	5.3	0.7
Decreases during the financial year	-3.8	-17.1	-10.7	-54.1	-16.6	-14.7
Transfers between groups	0.1	-	-	-	-4.4	-2.9
Planned depreciation during the financial year	-	-	-4.3	0.0	-3.4	-1.2
Write-downs and reversing items for write-downs during the financial year	-32.6	-32.6	-0.4	-0.1	-	-
Accumulated depreciation and write-downs entered in respect of decreases and transfers at the beginning of the financial year	2.1	2.1	2.2	1.0	14.5	12.4
Accumulated depreciation at the beginning of the financial year	-	-	-37.0	-0.5	-51.1	-42.1
Accumulated write-downs at the beginning of the financial year	-8.0	-8.0	-25.4	-33.2	-	-
Accumulated revaluations at the beginning of the financial year	-	-	-	-	-	-
Revaluation and reversing items for revaluations for the financial year	-	-	-	-	-	-
<b>Book value at the end of the financial year</b>	<b>185.6</b>	<b>311.6</b>	<b>169.9</b>	<b>94.6</b>	<b>11.4</b>	<b>2.5</b>

23) Breakdown of intangible assets

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Goodwill	3.0	3.7	-	-
Other long term expenditure	9.2	5.7	7.0	4.4
<b>Total</b>	<b>12.3</b>	<b>9.3</b>	<b>7.0</b>	<b>4.4</b>

24) Breakdown of real-estate holdings

a) Land and water areas, buildings and shares and participations in real-estate corporations entered under the balance sheet item "Tangible assets" at the end of the year

	Consolidated		OKOBANK	
	2000	1999	2000	1999
	Book value	Capital invested	Book value	Capital invested
Land and water areas and buildings				
In own use	1.1	1.1	0.9	0.9
Other	99.4	108.9	0.2	0.2
<b>Total</b>	<b>100.5</b>	<b>110.0</b>	<b>1.1</b>	<b>1.1</b>
Shares and participations in real-estate corporations				
In own use	28.0	28.4	7.9	16.2
Other	42.0	47.5	86.2	154.8
<b>Total</b>	<b>70.0</b>	<b>75.9</b>	<b>94.1</b>	<b>171.0</b>

b) Real-estate and shares in real-estate corporations that are not in own use, broken down at the end of the year

The data are consolidated data, because OKOBANK prepares consolidated annual accounts.

Type of property	Surface area, in square metres	Capital invested	Net yield, in per cent	Vacancy rate, in per cent
Dwellings and residential real-estate	506	0.8	5.8	11.0
Business and office real-estate	78 780	141.7	6.4	3.6
Industrial real-estate	22 334	10.6	9.6	9.2
Land, water and forest areas (undeveloped)	127	4.8	0.2	-
Unfinished buildings	-	-	-	-
Financial leasing real-estate	34 747	14.0	4.9	-
Other domestic real-estate	-	0.0	-	-
Foreign real-estate	-	-	-	-
<b>Properties, total</b>	<b>136 494</b>	<b>171.9</b>	<b>6.3</b>	<b>3.6</b>

Capital invested is the purchase price less depreciation entered plus the share in the debts of a real-estate corporation based on the number of shares owned therein and/or the share in the debts of a real-estate corporation based on the percentage of shares owned therein. Net yield has been calculated by subtracting from the total rental income the maintenance costs on the property or in housing corporations and mutual real-estate corporations the maintenance rents paid. The net yield is calculated from the annualised difference between monthly income according to the occupancy rate on the balance sheet date and the year's average maintenance costs, this being expressed as a ratio of the capital invested at the end of the year.

The vacancy rate is the ratio of the unused surface area to the total rentable surface area. By unused surface area is meant such rentable surface area as does not yield rental income on a contractual basis on the reporting date.

c) Capital invested in real-estate property not in own use, broken down according to the yield rate at the end of the year

Yield rate %	Capital invested
Negative	1.1
0 to 3	4.7
3 to 5	20.7
5 to 7	101.2
over 7	44.2
<b>Total</b>	<b>171.9</b>

25) Own shares

The consolidated companies held no own or the parent bank's shares at December 31, 2000.

26) Breakdown of other assets

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Cash items in the process of collection	19.6	21.2	18.8	20.0
Guarantee claims	0.2	0.3	0.0	0.3
Derivative contracts	125.6	148.5	125.7	151.9
Other	118.9	87.1	44.6	34.4
<b>Total</b>	<b>264.3</b>	<b>257.1</b>	<b>189.1</b>	<b>206.5</b>

27) Breakdown of accrued income and prepayments

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Interests	96.3	81.5	88.9	71.6
Other	3.2	4.7	0.9	0.6
<b>Total</b>	<b>99.5</b>	<b>86.2</b>	<b>89.7</b>	<b>72.2</b>

28) Breakdown of combined items under assets in the balance sheet

The asset items in the consolidated and OKOBANK balance sheet are stated in accordance with the balance sheet formats confirmed by the Ministry of Finance.

29) *Difference between the nominal value and the book value of liabilities*

Consolidated figures are stated without eliminations

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Differences between the nominal value and the lower book value				
Liabilities to credit institutions and central banks	0.0	0.3	0.0	0.3
Debt securities issued to the public	24.0	11.5	23.5	10.5
Subordinated liabilities	24.9	0.4	24.9	0.4
<b>Total</b>	<b>48.9</b>	<b>12.2</b>	<b>48.4</b>	<b>11.1</b>

Difference between book value and lower nominal value

Debt securities issued to the public	0.1	0.3	0.1	0.0
Subordinated liabilities	24.7	-	24.7	-
<b>Total</b>	<b>24.8</b>	<b>0.3</b>	<b>24.8</b>	<b>0.0</b>

30) *Breakdown of debt securities issued by type of instrument*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Certificates of deposit	2 224.8	2 868.6	2 142.4	2 772.6
Bonds	1 154.8	501.5	1 165.2	139.3
Other	0.5	124.0	0.5	124.0
<b>Total</b>	<b>3 380.0</b>	<b>3 494.1</b>	<b>3 308.0</b>	<b>3 035.9</b>

31) *Breakdown of other liabilities*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Cash items under process of collection	304.5	267.5	300.6	258.8
Derivative contracts	133.5	158.4	133.6	163.5
Other	97.6	57.5	43.0	32.6
<b>Total</b>	<b>535.6</b>	<b>483.4</b>	<b>477.2</b>	<b>454.9</b>

32) *Breakdown of accrued expenses and deferred income*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Interest	53.7	44.2	45.5	29.6
Other	16.2	13.2	4.4	4.4
<b>Total</b>	<b>69.9</b>	<b>57.3</b>	<b>50.0</b>	<b>34.0</b>

33) *Compulsory provisions at the end of the financial year*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Pension provisions	-	0.3	-	0.3
Tax provisions	-	-	-	-
Other	0.5	0.5	0.5	0.5
<b>Total</b>	<b>0.5</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>

34) *Subordinated liabilities*

Liabilities with a book value equivalent to more than 10 per cent of the total amount of subordinated liabilities:

USD 135 million (€ 125.6 million equivalent) perpetual bonds. The interest rate was 7.08% on December 31, 2000. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after September 2002, on giving advance notice as stated in the terms and conditions.

USD 100 million (€ 93.1 million equivalent) subordinated bonds. The interest rate was 7.10% on December 31, 2000. The bonds shall mature in May 2006. With the prior consent of Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after May 2001, on giving advance notice as stated in the terms and conditions.

€ 50.3 million. The interest rate was 5.655% on December 31, 2000. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after June 2004, on giving advance notice as stated in the terms and conditions.

The above-mentioned liabilities are debenture loans which are subordinated to OKOBANK's other commitments. The bonds are not equity-linked.

Subordinated liabilities other than those mentioned above:

The aggregate total euro equivalent of the liabilities in the consolidated and OKOBANK accounts was € 111.9 million as at December 31, 2000. Creditors do not have a put option. No perpetuals are included in these liabilities.

Loans targeted at companies belonging to the same consolidation group and at participating interests:

A total of € 20.2 million of loans have been targeted at consolidated companies and € 10.1 million of perpetual loans to participating interests.

35) *Increases and decreases in equity capital during the financial year*

	Book value at the beginning of the financial year	Increases for the financial year	Decreases for the financial year	Book value at the end of the financial year
<b>Consolidated</b>				
Share capital	196.4	-	-	196.4
Share issue account	-	-	-	-
Share premium account	0.8	-	-	0.8
Revaluation reserve	25.2	-	-	25.2
Reserve fund	203.3	-	0.0	203.3
Profit brought forward	86.8	-	-32.4	54.4
Profit for the financial year	-	118.4	-	118.4
<b>Equity capital, total</b>	<b>512.6</b>	<b>118.4</b>	<b>-32.4</b>	<b>598.6</b>
<b>OKOBANK</b>				
Share capital	196.4	-	-	196.4
Share issue account	-	-	-	-
Share premium account	0.4	-	-	0.4
Reserve fund	163.6	-	-	163.6
Profit brought forward	68.4	-	-32.1	36.4
Profit for the financial year	-	116.7	-	116.7
<b>Equity capital, total</b>	<b>428.9</b>	<b>116.7</b>	<b>-32.1</b>	<b>513.4</b>

36) *Shares of different series at the end of the year*

	Series A	Series K	Total
Share capital, €	146 642 099	49 785 589	196 427 688
Number of shares	34 867 382	11 837 618	46 705 000
Of share capital, %	74.7	25.3	100.0
Votes per share	1	5	
Of votes, %	37.1	62.9	100.0

The accounting countervalue of OKOBANK's share is 4.21 euros. The countervalue is not a precise figure. The number of shares issued was doubled without changing the share capital (stock split) in accordance with a resolution passed by the Annual General Meeting on March 24, 1999.

Restrictions concerning the purchase of shares:

- Series A shares are intended for the general public and are quoted on Helsinki Exchanges.
- The purchase of Series A shares is not restricted.
- Ownership of Series K shares is restricted to Finnish cooperative banks, a bank having the legal form of a limited company pursuant to the Cooperative Bank Act and the central institution of the amalgamation of the cooperative banks pursuant to the same Act.
- Upon the demand of a shareholder, or in respect of nominee-registered shares upon the written demand of the nominee asset manager entered in the book-entry register, a Series K share can be converted into a Series A share within the framework of the minimum and maximum amounts of the share types as specified in the Articles of Association.

If a dividend is distributed, Series A shares confer the right to an annual distribution of profits which is at least one (1) percentage point higher than a dividend paid on Series K shares.

**37) Total amount of non-distributable items included in non-restricted equity at the end of the year**

	Consolidated	OKOBANK
Amount transferred to equity capital from voluntary provisions and the depreciation difference, € million	57	0

**38) Issues of convertible bonds and bonds with warrants**

**Option-based incentive system**

An extraordinary general meeting of OKOBANK's shareholders passed a resolution on June 30, 1999, in accordance with the proposal of the bank's Executive Board, concerning the introduction within OKOBANK and the OKOBANK Group Central Cooperative of a share option-based incentive scheme covering the entire personnel. A bond loan with equity warrants was offered for subscription by the personnel of OKOBANK Consolidated, the OKOBANK Group Central Cooperative and its other subsidiaries, OKOBANK Group Mutual Insurance Company, the OKOBANK Group Pension Fund and the OKOBANK Group Research Foundation as well as OKOBANK's wholly-owned subsidiary OP-Sijoitus Oy. The amount of the bond loan is EUR 460 000 and the loan could be subscribed for during the period from September 6 to September 17, 1999. The loan bears no interest and it will be repaid on October 15, 2002.

The equity warrants attached to the bond loan entitle their holders to subscribe for a maximum total of 4 600 000 OKOBANK Series A shares. The subscription price of the share is EUR 10.99, or the trading turnover-weighted average price of OKOBANK's Series A share on

Helsinki Exchanges in May 1999 plus 27 per cent. The subscription price of the share will be lowered, after the period for determining the subscription price and before the subscription for shares, by the amount of dividends to be paid out on each record date for the distribution of dividends. The share subscription period will commence stepwise on October 1, 2002 and October 1, 2004. The share subscription period will close for all equity warrants on October 30, 2006.

**Authorisations granted to the Supervisory Board**

The Annual General Meeting held on March 29, 2000, authorised the Bank's Supervisory Board, for a period of one year from the Annual General Meeting, to decide on increasing the share capital through a rights issue, an issue of convertible bonds and/or the issuance of share option. The aggregate amount of the new Series K shares that can be issued in the rights issue, exchanged for convertible bonds and subscribed on the basis of share options can be a maximum of 4 000 000 shares and the aggregate amount of new Series A shares a maximum of 12 000 000 shares. The authorisation pursuant to the above furthermore confers the right to waive shareholders' pre-emptive right to subscribe new shares, convertible bonds and share options. A divergence from shareholders' subscription rights can only be made in the interest of ensuring the Bank's capital adequacy or in connection with corporate or industry-wide structural arrangements if the Bank has a weighty economic reason for doing so. The authorisation which the Annual General Meeting granted to the Supervisory Board on March 24, 1999, to decide on increasing the share capital through a rights issue, an issue of convertible bonds and the offering of share options was cancelled because it was unexercised.

**39) Major shareholders and breakdown of shareholdings**

**Major shareholders in terms of voting rights** (Ten largest shareholders according to the Share Register at December 31, 2000)

		Number of shares	Total	Number of votes	% of votes
OKOBANK Group Central Cooperative	A	11 000 000			
	K	8 293 032	19 293 032	52 465 160	55.8
Turun Seudun Osuuspankki	A	86 500			
	K	586 360	672 860	3 018 300	3.2
Oulun Osuuspankki	A	140 000			
	K	506 000	646 000	2 670 000	2.8
OKOBANK Group Pension Foundation	A	1 600 000			
	K	0	1 600 000	1 600 000	1.7
Keski-Uudenmaan Osuuspankki	A	0			
	K	245 900	245 900	1 229 500	1.3
Keski-Suomen Osuuspankki	A	0			
	K	228 280	228 280	1 141 400	1.2
Porin Seudun Osuuspankki	A	211 908			
	K	125 910	337 818	841 458	0.9
Pohjolan Osuuspankki	A	127 610			
	K	127 610	255 220	765 660	0.8
Ilmarinen Mutual Pension Insurance Company	A	651 500			
	K	0	651 500	651 500	0.7
Kainuun Osuuspankki	A	101 910			
	K	101 910	203 820	611 460	0.7
<b>Total</b>		<b>24 134 430</b>	<b>24 134 430</b>	<b>64 994 438</b>	<b>69.1</b>

Major shareholders in terms of share capital ownership (Ten largest shareholders according to the Share Register at December 31, 2000)

	Number of shares	Holdings, %
OKOBANK Group Central Cooperative	19 293 032	41.3
OKOBANK Group Pension Foundation	1 600 000	3.4
Turun Seudun Osuuspankki	672 860	1.4
Ilmarinen Mutual Pension Insurance Company	651 500	1.4
Oulun Osuuspankki	646 000	1.4
Norvestia Oyj	594 600	1.3
Etelä-Karjalan Osuuspankki	444 642	1.0
Suomi Mutual Life Assurance Company	340 000	0.7
Pohjola Group Insurance Corporation	340 000	0.7
Porin Seudun Osuuspankki	337 818	0.7
<b>Total</b>	<b>24 920 452</b>	<b>53.4</b>

Breakdown of shareholdings by number of shares (According to the Share Register at December 31, 2000)

Number of shares (Series A and K)	Number of shareholders	% of shareholders	Number of shares	Holdings, %
1 - 100	18 841	77.5	1 017 251	2.2
101 - 1 000	4 433	18.2	1 533 158	3.3
1 001 - 10 000	767	3.2	2 123 728	4.5
10 001 - 50 000	173	0.7	3 852 650	8.2
50 001 - 100 000	47	0.2	3 274 021	7.0
100 001 -	44	0.2	34 735 448	74.4
Unregistered shares			168 744	0.4
<b>Total</b>	<b>24 305</b>	<b>100.0</b>	<b>46 705 000</b>	<b>100.0</b>

Breakdown of shareholdings by sector (According to the Share Register at December 31, 2000)

Sector	Number of shareholders	% of shareholders	Number of shares	Holdings, %	Number of votes	% of votes
Enterprises	591	2.4	1 218 408	2.6	1 218 408	1.3
OKOBANK Group Central Cooperative and its member cooperative banks	235	1.0	30 471 083	65.2	77 528 915	82.4
Other financial and insurance institutions	40	0.2	2 370 800	5.1	2 413 280	2.6
Public sector entities	27	0.1	3 203 510	6.9	3 203 510	3.4
Non-profit organisations	161	0.7	828 387	1.8	828 387	0.9
Households	23 226	95.6	4 275 281	9.2	4 275 281	4.5
Foreign	20	0.1	13 509	0.0	13 509	0.0
Nominee-registered shareholders	5	0.0	4 155 278	8.9	4 155 278	4.4
Unregistered shares			168 744	0.4	418 904	0.4
<b>Total</b>	<b>24 305</b>	<b>100.0</b>	<b>46 705 000</b>	<b>100.0</b>	<b>94 055 472</b>	<b>100.0</b>

40) Principal terms and conditions of capital investments and capital loans

OKOBANK does not have capital investments or capital loans.

41) Combined items under balance sheet liabilities

The liabilities items of the consolidated and OKOBANK balance sheet are stated in accordance with the balance sheet format confirmed by the Ministry of Finance for credit institutions.

42) Maturity breakdown of assets and liabilities by balance sheet item at the end of the year

According to remaining maturity	Under 3 months	3-12 months	1-5 years	Over 5 years
<b>Consolidated</b>				
Debt securities eligible for refinancing with central banks	547.7	326.0	105.7	27.2
Claims on credit institutions	1 024.2	355.1	699.2	3.5
Claims on the public and public sector entities	918.4	837.0	2 205.3	1 511.0
Debt securities	69.5	115.0	846.2	222.1
Liabilities to credit institutions and central banks	3 592.6	141.6	74.2	24.4
Liabilities to the public and public sector entities	2 018.5	65.6	48.4	7.5
Debt securities issued to the public	1 501.9	900.1	963.2	14.9
<b>OKOBANK</b>				
Debt securities eligible for refinancing with central banks	500.0	267.3	94.8	9.4
Claims on credit institutions	1 470.9	579.5	1 076.6	25.1
Claims on the public and public sector entities	649.2	492.9	1 258.8	794.0
Debt securities	65.8	127.2	850.6	289.0
Liabilities to credit institutions and central banks	3 661.1	141.8	76.1	24.4
Liabilities to the public and public sector entities	744.2	14.9	36.3	1.5
Debt securities issued to the public	1 427.2	902.6	963.4	14.9

Claims on the public and public sector entities did not include items payable on demand in the consolidated and OKOBANK accounts at December 31, 2000. Deposits other than fixed-term deposits are included in the maturity class "Under 3 months".

43) Asset and liability items denominated in domestic and foreign currency at the end of the year

	Consolidated		OKOBANK	
	Domestic currency	Foreign currency	Domestic currency	Foreign currency
Debt securities eligible for refinancing with central banks	1 006.6	-	871.4	-
Claims on credit institutions	2 016.4	65.5	3 086.7	65.5
Claims on the public and public sector entities	5 272.9	198.8	2 996.2	198.8
Debt securities	722.2	530.6	802.0	530.6
Other assets	1 171.6	15.7	922.8	14.4
<b>Total</b>	<b>10 189.7</b>	<b>810.6</b>	<b>8 679.1</b>	<b>809.4</b>
Liabilities to credit institutions and central banks	3 216.5	616.3	3 287.1	616.3
Liabilities to the public and public sector entities	2 084.9	55.1	757.5	39.3
Debt securities issued to the public	3 380.0	-	3 308.0	-
Subordinated liabilities	143.6	273.8	143.6	273.8
Other liabilities	608.7	22.8	526.7	22.8
<b>Total</b>	<b>9 433.7</b>	<b>968.0</b>	<b>8 023.0</b>	<b>952.1</b>

44) *Financial and share based ratios*

Consolidated key ratios of financial performance

	1996	1997	1998	1999	2000
Turnover, € million	630.3	599.4	562.2	524.9	756.8
Operating profit/loss, € million	38.8	47.6	74.3	111.0	167.1
% of turnover	6.1	7.9	13.2	21.1	22.1
Profit or loss before appropriations and taxes, € million	37.6	48.2	-15.5	53.9	167.1
% of turnover	6.0	8.0	-2.7	10.3	22.1
Return on equity (ROE), %	6.6	7.0	9.7	16.1	21.5
Return on assets (ROA), %	0.34	0.38	0.55	0.82	1.10
Equity/total assets ratio, %	5.1	5.8	5.5	4.7	5.5
Average number of staff	1 299	1 368	974	964	1 028
Income/expenses ratio	1.43	1.29	1.45	1.80	2.35

Consolidated per share key ratios

	1996	1997	1998	1999	2000
Earnings per share (EPS), €	0.74	0.78	1.12	1.72	2.53
Equity per share, €	10.95	11.59	10.56	10.97	12.82
Dividend per share, €	0.14	0.35	0.44	0.69	1.26*
Dividend payout ratio, %	19.1	45.3	39.2	40.0	49.6*
Effective dividend yield, % (OKOBANK Series A)	3.2	5.2	5.9	6.3	9.2*
Price/earnings ratio (P/E)	7.2	9.3	7.0	6.5	5.4
Share price performance (OKOBANK Series A)					
Average price, €	4.31	6.63	8.27	8.95	11.82
Lowest price, €	2.52	5.13	7.15	7.80	9.93
Highest price, €	5.55	7.90	9.50	14.00	13.99
Price at Dec. 31, €	5.34	7.27	7.82	11.20	13.76
Market capitalisation (OKOBANK Series A), € million	86.1	118.6	147.9	212.3	479.8
Movements in share turnover (OKOBANK Series A), thousands	5 983.2	9 287.8	6 094.2	6 345.6	6 546.2
% of total shares outstanding	37.1	57.5	37.1	33.5	19.9
Number of shares (all)					
Average during the financial year	43 910 400	43 941 520	44 230 272	46 705 000	46 705 000
At the end of the financial year	43 910 400	44 110 000	46 705 000	46 705 000	46 705 000

The number of the Bank's shares outstanding was doubled without changing the share capital in accordance with the resolution passed by the Annual General Meeting held on March 24, 1999. The amendment was entered in the Trade Register on April 12, 1999. The per-share key ratios have been adjusted retroactively.

\*Executive Board's proposal: € 1.27 on Series A shares and € 1.22 on Series K shares.

Calculation of key ratios is presented on page 42.

NOTES TO THE ACCOUNTS CONCERNING TAXATION

45) *Income taxes*

Breakdown of income taxes into taxes on ordinary operations and on extraordinary items:

The taxes of all consolidated companies were due to ordinary operations.

Imputed taxes due and tax claims:

In the consolidated balance sheet there were imputed deferred taxes totalling EUR 23.08 million that were based on appropriations. Other imputed deferred taxes and tax claims have not been entered in the balance sheet in 2000 and 1999.

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Imputed tax claims which are likely to materialise				
Total amount	1.23	2.19	0.95	0.77

Effect of revaluations on income taxes:

Revaluations do not have an effect on the income taxes of OKOBANK or the other consolidated companies.

NOTES TO THE ACCOUNTS CONCERNING COLLATERAL, CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

46) *Assets pledged as collateral on own behalf and on behalf of third parties, plus the liabilities and commitments for which the collateral has been pledged*

	Consolidated	OKO-BANK
Assets pledged as collateral for own liabilities		
Pledges	1 095.2	1 095.2
Other	15.0	15.0
Liabilities and commitments for which asset items have been pledged as collateral		
Liabilities to credit institutions and central banks	97.7	97.7
Liabilities to the public sector and public sector entities	32.4	32.4
Debt securities issued to the public	-	-
Collateral pledged on behalf of a consolidated company		
Mortgages	5.0	-
Collateral pledged on behalf of others		
Pledges	0.8	-
Mortgages	20.2	-

47) *Pension liabilities*

Except for Opstock Ltd, the statutory pension security of the staff of consolidated companies has been arranged through the OKOBANK Group Pension Fund. Supplementary pension benefits have been arranged through the OKOBANK Group Pension Foundation, with the exception of Opstock Ltd. The foundation did not take in new beneficiaries after June 30, 1991. The statutory pension security of the staff of the Stockholm branch office has been arranged in accordance with the Swedish regulations.

The consolidated companies did not have direct liabilities arising from pension commitments.

The pension liabilities of the consolidated companies have been covered in full.

48) *Leasing liabilities*

	Consolidated	OKOBANK
Leasing payments in 2001	0.18	0.13
Leasing payments after 2001	0.12	0.07

49) *Breakdown of off-balance sheet commitments at the end of the year*

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Guarantees	415.5	470.0	387.2	444.2
of which on behalf of subsidiaries			0.5	0.3
on behalf of associated companies			-	0.0
Guarantee commitments	698.4	469.8	698.7	470.9
of which on behalf of subsidiaries			0.3	1.1
on behalf of associated companies			2.0	0.7
Mortgages	10.1	10.1	-	-
Other commitments given on behalf of a customer for a third party	15.1	16.6	12.3	14.6
Unused standby credit facilities	1 197.7	979.1	984.9	668.9
of which for subsidiaries			48.8	24.9
for associated companies			2.8	1.7
Pledges granted	-	35.3	-	26.8
Other irrevocable commitments given on behalf of a customer	67.4	67.3	58.0	62.7
Commitments given, total	2 404.1	2 048.2	2 141.1	1 688.2
Commitments given to subsidiaries or on their behalf, total			49.8	34.0
Commitments given to associated companies or on their behalf, total			4.9	2.4

50) Derivative contracts at the end of the year

	Consolidated		OKOBANK	
	2000	1999	2000	1999
<b>Values of the underlying instruments</b>				
<b>Agreements made for hedging purposes</b>				
Interest rate derivatives				
Forward rate agreements	-	-	-	-
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	655.8	683.7	655.8	683.7
Currency derivatives				
Forward agreements	572.4	1 333.5	572.7	1 333.5
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate and currency swaps	3.2	90.6	3.2	90.6
Share derivatives	-	-	-	-
Other derivatives	-	-	-	-
<b>Total</b>	<b>1 231.5</b>	<b>2 107.8</b>	<b>1 231.7</b>	<b>2 107.8</b>

Contracts made for purposes other than hedging

Interest rate derivatives				
Forward rate agreements	1 027.7	1 893.2	1 027.7	1 893.2
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	6 592.1	5 979.1	6 598.8	6 277.8
Currency derivatives				
Forward agreements	-	-	-	-
Option contracts				
Purchased	4.0	20.2	4.0	20.2
Written	3.2	18.7	3.2	18.7
Interest rate and currency swaps	-	37.1	-	37.1
Share derivatives	-	-	-	-
Other derivatives	-	-	-	-
Equity swaps	8.6	-	8.6	-
<b>Total</b>	<b>7 635.5</b>	<b>7 948.2</b>	<b>7 642.2</b>	<b>8 246.9</b>

Credit countervalues of contracts

Interest rate derivatives	73.2	116.3	73.3	119.3
Currency derivatives	21.8	58.8	21.8	58.8
Other derivatives	1.1	-	1.1	-
<b>Total</b>	<b>96.1</b>	<b>175.1</b>	<b>96.2</b>	<b>178.2</b>

51) The total amount of sales receivables arising from the selling of assets on behalf of customers and the total amount of accounts payable arising from the purchase of assets on behalf of customers

	Consolidated		OKOBANK	
	2000		2000	
Sales receivables	68.0		-	
Accounts payable	63.4		-	

52) Other contingent liabilities and commitments

OKOBANK's commitments to venture capital funds amounted to EUR 22.2 million at the end of the year.

The above-mentioned commitment is included in Note 49 to the annual accounts.

NOTES TO THE ACCOUNTS CONCERNING THE STAFF AND MEMBERS OF GOVERNING AND SUPERVISORY BODIES

53) Staff and members of governing and supervisory bodies

Staff in 2000, average

	Consolidated		OKOBANK	
	During the financial year	Change on previous year	During the financial year	Change on previous year
Full-time staff	1 007	70	310	-1
Part-time staff	21	-6	1	1
<b>Staff, total</b>	<b>1 028</b>	<b>64</b>	<b>311</b>	<b>-</b>

Salaries and emoluments received by members of governing and supervisory bodies

	Consolidated		OKOBANK	
	2000	1999	2000	1999
Members and deputy members of the Supervisory Board	0.1	0.1	0.1	0.1
Members and deputy members of the Executive Board as well as the President	1.3	1.4	0.6	0.7
<b>Total</b>	<b>1.4</b>	<b>1.5</b>	<b>0.8</b>	<b>0.8</b>

Emoluments and bonuses which depend on the credit institution's financial performance have not been paid.

Loans and guarantees granted to members of administrative and supervisory bodies at the end of the year

	Consolidated		OKO-BANK	
Loans				
To the members and deputy members of the Supervisory Board			0.4	-
To the members and deputy members of the Executive Board as well as to the President			1.1	-
To the auditors and firms of public accountants			-	-
<b>Total</b>			<b>1.5</b>	<b>-</b>

Guarantees

	Consolidated		OKO-BANK	
To the members and deputy members of the Supervisory Board			-	-
To the members and deputy members of the Executive Board as well as to the President			-	-
To the auditors and firms of public accountants			-	-
<b>Total</b>			<b>-</b>	<b>-</b>

The Bank's normal terms and conditions of credit are observed in the terms of credit of members of administrative and supervisory bodies.

The loans are tied to the generally used reference interest rates.

#### Pension commitments

Pension commitments have not been made in respect of the members of administrative and supervisory bodies. Pension commitments have also not been made in respect of persons who previously belonged to these governing bodies.

#### Management's shareholdings

The members and deputy members of OKOBANK's Supervisory Board, the members and deputy members of the Executive Board as well as the Managing Director owned a total of 5 322 OKOBANK Series A shares as at December 31, 2000, and these shares represented 0.011 per cent of all the shares outstanding and 0.006 per cent of the votes conferred by all the shares outstanding. The members and deputy members of the Executive Board and the Managing Director subscribed for an amount of the bond loan with equity warrants issued by OKOBANK, entitling them to subscribe for a total of 750 000 shares. These shares represent 1.472 per cent of all the shares and 0.766 per cent of the number of votes.

#### HOLDINGS IN OTHER COMPANIES

##### 54) Shareholdings at the end of the year

#### OKOBANK's holdings in shares and participations included in financial fixed assets

Name of company, domicile and operations	Holding, %	Aggregate book value	Equity capital of the company <sup>1)</sup>	The company's profit or loss for the finan- cial year <sup>1)</sup>
Pohjola Group Insurance Corporation, Helsinki, insurance	3.2	67.5	2 167.4	1 922.0
Realinvest Oy, Helsinki, real-estate investment	19.0	27.5	161.4	-1.0
OKOBANK Group Mutual Insurance Company, Helsinki, insurance	10.9	6.1	51.8	-2.8
Helsinki Exchanges Group Oyj, Helsinki, securities and derivatives exchange	8.1	4.9	56.3	13.0
Ojala-Yhtymä Oy, Sievi, electronics manufacturing	1.8	2.5	7.9	2.9
Luottokunta, Helsinki, financial operations	18.3	1.0	85.3	12.0
Eurocard Oy, Helsinki, financial operations	11.2	0.8	8.2	1.8
Innopoli Oy, Espoo, research and development	2.4	0.2	7.8	0.2

<sup>1)</sup> According to latest annual accounts.

In addition, OKOBANK had holdings in 30 companies that are included in financial fixed assets at the end of the year and in which the book value of the shares or participations owned was less than € 200 000. The aggregate book values of these shares and participations was € 0.70 million.

#### Consolidated company-owned shares in associated companies which are combined in consolidated accounts according to the equity method

Name of company, domicile and operations	Consolidated holding, %	Aggregate book value	Equity capital at year-end	Profit or loss for the financial year
OP-Kotipankki Oyj, Helsinki, banking	48.1	6.3	14.1	1.7
Aurum Life Assurance Company, Helsinki, insurance	49.6	33.6	73.0	7.2
Automatia Pankkiautomaatit Oy, Helsinki, finance-related services	33.3	5.1	20.3	2.4
Toimiraha Oy, Helsinki, finance-related services	33.3	2.1	3.8	0.1
Kiinteistö Oy Lahden Trio, real-estate holding and management	33.3	11.4	64.9	0.0

In accordance with the relevant regulation of the Financial Supervision, 3 associated companies have been excluded from the consolidated accounts owing to their minor importance. The aggregate book value of the shares in these companies was € 1.5 million and their total assets in their latest balance sheets stood at € 10.6 million.

Subsidiaries included in the consolidated accounts

Company name, domicile and operations	Consolidated holding, %	Book value of shares	Equity capital at year-end <sup>1)</sup>	Profit or loss for the financial year <sup>1)</sup>
Okopankki Oyj, Helsinki, banking	100	84.1	103.2	16.8
OP-Finance Ltd, Helsinki, financing	100	53.3	56.7	4.8
Opstock Ltd, Helsinki, investment service company	85	3.8	16.4	9.7
Kiinteistö Oy Aleksi-Hermes, Helsinki	100	13.7	11.0	-0.2
Kiinteistö Oy Arkadiankatu 23, Helsinki	100	5.2	5.1	-0.1
Kiinteistö Oy Dagmarinkatu 14, Helsinki	100	8.1	1.9	0.0
Kiinteistö Oy Malminkatu 30, Helsinki	100	7.1	8.2	-0.1
Kiinteistö Oy Kanta-Sarvis II, Helsinki	100	11.7	9.7	-0.3

<sup>1)</sup> According to latest annual accounts.

On May 2, 2000 OKOBANK sold the shares of real-estate company OKO-Vallila. The Company's profit and loss account for the period January 1 - May 31, 2000 has been combined in the consolidated accounts.

OKOBANK's subsidiary OKO Mortgage Bank plc merged with OKOBANK on December 31, 2000. The Company's profit and loss account for the period January 1 - December 31, 2000 has been combined in the consolidated accounts.

On the basis of the relevant regulation of the Financial Supervision, a total of 22 housing and real-estate companies have been omitted from the consolidated accounts. The aggregate total assets in the most recent balance sheets of these companies was € 43.0 million, and also omitted from the consolidated accounts were 11 other companies, which had € 14.0 million in total assets as calculated according to their most recent balance sheets.

During the financial year, OKOBANK sold the shares in its wholly owned real-estate companies Kiinteistö Oy Päijänteentie 12, Asunto Oy Masalan Metsäkylä, Asunto Oy Masalan Niittylampi and Asunto Oy Reposalmentie. In addition, the voluntary liquidation procedures of real-estate companies Kiinteistö Oy Helsingin Rälssintie 6 and Asunto Oy Ladbacka Bostads Ab were seen to completion.

#### OTHER NOTES TO THE ACCOUNTS

##### 55) Credit institution's trustee services

OKOBANK offers investment services to the public as well as asset custody and management services.

##### 56) Amount of OKOBANK's and some other cooperative credit institution's unpaid cooperative contributions

On the basis of its company form, OKOBANK does not have information to report as regards this section.

#### NOTES CONCERNING A CREDIT INSTITUTION BELONGING TO THE CONSOLIDATED GROUP

##### 57) Information concerning a credit institution belonging to the consolidated group

OKOBANK's parent company is the OKOBANK Group Central Cooperative, within whose consolidated accounts, the figures for OKOBANK Consolidated are included. A copy of the Annual Accounts of the OKOBANK Group Central Cooperative is available from the Central Cooperative at the address Teollisuuskatu 1b, 00510 Helsinki.

##### Financial income obtained from other consolidated companies and financial expenses paid to them

	2000	1999
Interest income	71.4	47.8
Income from equity investments	24.0	27.6
Interest expenses	5.4	3.6

##### Claims on consolidated companies and liabilities to them

	2000	1999
Claims on credit institutions	1 072.1	1 458.1
Claims on the public and public sector entities	14.9	26.3
Debt securities eligible for refinancing with central banks	-	-
Debt securities	73.3	108.3
Other assets	0.1	3.4
Accrued income and prepayments	9.2	10.9
<b>Total</b>	<b>1 169.6</b>	<b>1 607.0</b>
Liabilities to credit institutions	71.4	192.8
Liabilities to the public and public sector entities	1.5	7.4
Debt securities issued to the public	-	-
Other liabilities	0.1	5.1
Accrued expenses and deferred income	0.3	0.1
<b>Total</b>	<b>73.4</b>	<b>205.4</b>

NOTES CONCERNING SUBSIDIARIES AND ASSOCIATED COMPANIES

**58) Subsidiaries included in the consolidated accounts**

The subsidiaries included in the consolidated accounts are listed in Note 54.

**59) Subsidiaries which have been omitted from the consolidated accounts with the permission of the Financial Supervision**

OKOBANK Consolidated does not have subsidiaries according to this section.

**60) Associated companies included in the consolidated accounts**

The associated companies included in the consolidated accounts are listed in Note 54.

**61) Associated companies which have been omitted from the consolidated accounts with the permission of the Financial Supervision**

OKOBANK Consolidated does not have associated companies according to this section.

**62) Subsidiaries included in the annual accounts according to the business combination method**

All the subsidiaries are consolidated according to the acquisition cost method.

**63) Joint ventures included in the consolidated accounts**

All the associated companies are included in the consolidated accounts according to the equity method.

**64) Consolidated subsidiaries whose financial year has ended prior to the end of the parent company's financial year**

The financial year of all the subsidiaries included in the consolidated accounts ended on December 31, 2000.

**65) Consolidated companies that are not credit or financial institutions or ancillary service companies**

OKOBANK's associated company, Aurum Life Assurance Company, which is included in the consolidated accounts using the equity method is not a credit or financial institution or service company.

**66) Breakdown of write-off on goodwill and deduction of negative consolidation difference if these have been combined in the consolidated profit and loss account**

A write-off on goodwill and a deduction of the negative consolidation difference have not been combined in the consolidated profit and loss account.

**67) Breakdown of goodwill and negative consolidation difference if these have been deducted from each other in the consolidated balance sheet**

Goodwill and the negative consolidation difference have not been deducted from each other in the consolidated balance sheet.

**68) Breakdown of imputed taxes due and changes therein**

The imputed deferred taxes entered in the consolidated balance sheet and the change in imputed deferred taxes in the consolidated profit and loss account are based solely on appropriations. Information on the breakdown of taxes is also given in Note 45 to the annual accounts.

	2000	1999
Imputed deferred taxes in the consolidated balance sheet		
Deferred taxes which are based on appropriations and entered in the consolidated balance sheet	23.08	12.56
Imputed tax claims based on the consolidated balance sheet		
Based on consolidation measures	0.57	0.65
Based on the consolidated companies' own balance sheets	1.23	2.19
Changes in imputed taxes		
Based on appropriations	10.84	2.82
Based on consolidation measures	-0.08	-0.10
Based on Group companies' own balance sheet	-0.96	0.93

**69) Goodwill and negative consolidation difference in respect of associated companies**

The amount of unamortised goodwill of associated companies included in the consolidated accounts as at December 31, 2000, was € 0.03 million. There was no negative consolidation difference that had not been charged to income at the end of the year.

**70) Average number of staff in joint ventures that have been incorporated into the consolidated accounts in accordance with the holding of consolidated companies in them**

Joint ventures have not been incorporated into the consolidated accounts in accordance with the holding in them.

CALCULATION OF KEY RATIOS

<b>Turnover</b>	The sum total of interest income, income from leasing operations, income from equity investments, net income from securities transactions and foreign exchange dealing as well as other operating income.	
<b>Operating profit or loss</b>	Operating profit/loss according to the profit and loss account	
<b>Profit or loss before appropriations and taxes</b>	The profit and loss account item "Profit or loss before appropriations and taxes"	
<b>Return on equity (ROE) %</b>	$\frac{\text{Operating profit /loss less taxes}}{\text{Equity capital + minority interests + voluntary provisions + depreciation difference less deferred taxes due (average of the figures for the beginning and the end of the year)}} \times 100$	x 100
<b>Return on assets (ROA) %</b>	$\frac{\text{Operating profit /loss less taxes}}{\text{Average total assets (average of the figures for the beginning and the end of the year)}} \times 100$	x 100
<b>Equity/total assets ratio (%)</b>	$\frac{\text{Equity capital + minority interests + voluntary provisions + depreciation difference less deferred taxes due}}{\text{Total assets}} \times 100$	x 100
<b>Income to expenses ratio</b>	$\frac{\text{Net income from financial operations + income from equity investments + commission income + net income from securities transactions and foreign exchange dealing + other operating income}}{\text{Commission expenses + administrative expenses + depreciation + other operating expenses}}$	
<b>Earnings per share (EPS)</b>	$\frac{\text{Operating profit/loss -/+ minority interests in the profit or loss for the financial year less taxes}}{\text{Adjusted average number of shares during the financial year}}$	
<b>Equity per share</b>	$\frac{\text{Equity capital plus voluntary provisions and depreciation difference less deferred taxes due at the end of the year}}{\text{Adjusted average number of shares on the balance sheet date}}$	
<b>Dividend per share</b>	$\frac{\text{Dividend paid for the financial year}}{\text{Adjusted average number of shares on the balance sheet date}}$	
<b>Dividend payout ratio (%)</b>	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$	x 100
<b>Effective dividend yield (%)</b>	$\frac{\text{Dividend per share}}{\text{Adjusted share price on the balance sheet date}} \times 100$	x 100
<b>Price/earnings ratio (P/E)</b>	$\frac{\text{Adjusted share price on the balance sheet date}}{\text{Earnings per share}}$	
<b>Average price</b>	$\frac{\text{Total share turnover in €}}{\text{Number of shares traded}}$	
<b>Market capitalisation</b>	Total number of shares + last price on the balance sheet date	

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**EXECUTIVE BOARD'S PROPOSAL FOR THE DISPOSAL  
OF DISTRIBUTABLE FUNDS**

The consolidated distributable equity capital on December 31, 2000 was € 116 056 607.20.

The equity capital of OKOBANK Osuuspankkien Keskuspankki Oyj on December 31, 2000 was € 513 433 128.45, of which distributable equity was € 153 020 681.20.

At the disposal of the Annual General Meeting is

	€
the profit for the financial year shown in the profit and loss account	116 669 344.15
profit brought forward	12 901 864.74
and non-restricted reserves	23 449 472.31
or a total amount of	153 020 681.20

It is proposed that this be disposed as follows:

The dividend distributed on the share capital is

€ 1.27 on 34 867 382 series A shares	44 281 575.14	
€ 1.22 on 11 837 618 series K shares	14 441 893.96	58 723 469.10

Leaving in distributable equity capital	94 297 212.10
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Helsinki, February 15, 2001

Antti Tanskanen

Reijo Karhinen

Mikael Silvennoinen  
President

Keijo Manner

Timo Ritakallio

Heikki Vitie

Helena Walldén

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF OKOBANK OSUUSPANKKIEN KESKUSPANKKI OYJ

We have audited the accounting records, annual accounts and corporate governance of OKOBANK Osuuspankkien Keskuspankki Oyj for the 2000 financial year. The annual accounts, which have been prepared by the Executive Board and the President, comprise the Executive Board's report on operations as well as the profit and loss account, balance sheet and notes to the annual accounts of OKOBANK Consolidated and the parent company. Based on our audit we express an opinion on the company's annual accounts and corporate governance.

We have conducted the audit in accordance with generally accepted Finnish standards on auditing. This involves examining the accounting records, accounting policies and content and format of the annual accounts to a sufficient extent to determine that the annual accounts do not contain material errors or deficiencies. The audit of corporate governance has focused on ascertaining the legality of the actions of the members

of the Supervisory Board and the Executive Board as well as the President in accordance with the provisions of the Companies Act and the Credit Institution Act.

In our opinion the annual accounts have been prepared in accordance with the Accounting Act and the regulations issued by the Financial Supervision Authority concerning the preparation of annual accounts as well as other statutory provisions. The annual accounts give a true and fair view, as defined in the Accounting Act, of the result of operations and financial position of both OKOBANK Consolidated and the parent company. The annual accounts including the consolidated annual accounts can be adopted. The members of the Supervisory Board as well as the Chief Executive Officer, the President and the other members of the Executive Board can be discharged from liability for the financial year audited by us. The Executive Board's proposal for the disposal of distributable funds is in compliance with the Companies Act.

HELSINKI, FEBRUARY 15, 2001

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants

Kari Miettinen  
Authorised Public  
Accountant

Eero Huusko  
Authorised Public  
Accountant

Kauko Lehtonen  
Authorised Public  
Accountant

STATEMENT OF THE SUPERVISORY BOARD

At its meeting held today the Supervisory Board has examined the Bank's annual accounts and the Auditors' Report. As its statement to the 2001 Annual General Meeting, the Supervisory Board observes that the bank has been managed in accordance with the legislation and regulations in force and the Supervisory Board does not have any remarks in respect of OKOBANK Osuuspankkien Keskuspankki Oyj's annual accounts for 2000 and the Auditors' Report. The annual accounts for 2000 have been drawn up in accordance with the principles approved by the Supervisory Board, which has confirmed the accounts for presentation to the Annual

General Meeting. The Supervisory Board concurs with the Executive Board's proposal concerning the disposal of distributable funds. The following members of the Supervisory Board are to resign in accordance with the Articles of Association of OKOBANK Osuuspankkien Keskuspankki Oyj: Mauri Hietala, Jorma Lehikoinen, Reijo Lehtinen, Seppo Paatelainen, Jukka Ramstedt, Asko Ruuskanen, Heikki Teräväinen, Astrid Thors, Erkki Vähämaa and Keijo Väänänen. In addition, Kaj Skåtar, whose term of office ends in 2002, has tendered his resignation.

HELSINKI, FEBRUARY 15, 2001

ON BEHALF OF THE SUPERVISORY BOARD

Seppo Penttinen  
Chairman

Markku Koponen  
Secretary



OKOBANK Osuuspankkien Keskuspankki Oyj