



OKOBANK Group



ANNUAL REPORT

2000



C O N T E N T S

Financial information in 2001	Page
<p>The OKOBANK Group and OKOBANK Osuuspankkien Keskuspankki Oyj will publish three interim reports in 2001:</p> <ul style="list-style-type: none"> • for January-March on May 4, 2001 • for January-June on August 16, 2001 • for January-September on November 1, 2001. <p>The interim reports will be published in Finnish, Swedish and English.</p> <p>Reports can be ordered from the OKOBANK Group Central Cooperative, Corporate Communications, PO Box 308, FIN-00101 Helsinki, telephone +358 9 404 2765, telefax +358 9 404 2298, e-mail: viestinta@okobank.fi.</p> <p>This publication together with the OKOBANK Group's financial statements form the bank group's annual report for 2000. If the financial statements are not included as an annex, they can be ordered from the address above.</p>	<p>2 Chairman's review</p> <p>4 President's review</p> <p>6 Operating environment</p> <p>8 Key figures</p> <p>9 The OKOBANK Group in 2000</p> <p>11 Main events in 2000</p> <p>13 The OKOBANK Group's strategy</p> <p>17 The OKOBANK Group's structure</p> <p style="padding-left: 20px;">17 The member cooperative banks</p> <p style="padding-left: 20px;">18 The OKOBANK Group Central Cooperative</p> <p style="padding-left: 20px;">21 Corporate governance within the OKOBANK Group</p> <p>23 Operations of the OKOBANK Group</p> <p style="padding-left: 20px;">23 Owner-members</p> <p style="padding-left: 20px;">23 Customers</p> <p style="padding-left: 20px;">23 Service network</p> <p style="padding-left: 20px;">26 Alliances</p> <p style="padding-left: 20px;">27 Financing services</p> <p style="padding-left: 20px;">30 Deposit and asset management services</p> <p style="padding-left: 20px;">33 Other operations</p> <p style="padding-left: 20px;">33 Preparations for the euro</p> <p style="padding-left: 20px;">34 Risk management</p> <p>36 Personnel</p> <p>39 Earnings trend of the OKOBANK Group</p> <p style="padding-left: 20px;">39 Result of operations and financial position</p> <p style="padding-left: 20px;">40 Balance sheet</p> <p style="padding-left: 20px;">40 Capital adequacy</p> <p style="padding-left: 20px;">40 2000 review of Group companies</p> <p style="padding-left: 20px;">41 Outlook for 2001</p> <p>42 The OKOBANK Group Central Cooperative's corporate governance</p> <p>45 Members of the Supervisory Board</p> <p>46 Organisation</p> <p>47 Executive Board and Auditors</p> <p>48 Contact addresses</p>

CHAIRMAN'S REVIEW

There are many gauges of success. The traditional way is to look solely at operating profit. In this respect the OKOBANK Group has for a number of years now prospered excellently. A more nuanced picture is obtained if we look at success in relation to competitors in the marketplace - among customers.

The OKOBANK Group has increased its market share in most of the main subareas of banking. This is due in part to the growth in the number of customers, but it is also about the content of customer relationships. Our objective has been to get customers to do virtually all their banking with us, and we have clearly succeeded in accomplishing this.

It is possible to buy market share temporarily at the cost of profits. We have not done this; rather, our market shares have grown hand in hand with profits. Growth has become a virtuous circle that we shall sustain in coming years as well.

Success also depends on external factors. In recent years the operating environment has been favourable for the entire banking industry. Finland's national economy has grown at a good clip, without the interference of disturbing factors. The OKOBANK Group has had another environmental advantage on its side: the internal development within the banking sector. The upshot of this is that of the country's big banks, the OKOBANK Group is the only one which is both unequivocally Finnish and clearly focused on its core banking activities. Customers appear to appreciate this in a world of internationalisation and overlapping business orientations.

We too are looking for partners in co-operation, but large mergers are not the path we shall take. We have actively sought new partners, and have found them in the insurance industry, amongst retailers and in Internet businesses alike. Creating deeper dimensions of co-operation in these areas is one of our key tasks in the current year. It will not, however, involve ownership arrangements that alter our Group's structural identity.

Nor do we seek ownership alliances beyond Finland's borders, though other kinds of alliances are welcome. We have pursued co-operation with the cooperative banks in continental Europe for many years, and shall continue to do so. We have become something of a model: we are asked for advice and requested to tell about our experiences, especially in the area of electronic banking services.

The development and utilisation of electronic services and distribution channels are thus a central development focus for us in the current year, but it is only part of the total picture. Our main goal is to remain a frontrunner in both knowledge of customers and banking expertise as well as service quality and reliability.

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 more unified and efficient whole. Part of this process involved strengthening the service ability of the OKOBANK Group Central Cooperative.

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.



*Antti Tanskanen
Chairman*

All these actions have been set forth in the new strategy which we confirmed in June. This strategy is shared by all the Group's units; it was prepared together, approved jointly and we have given our common commitment to abide by it. It will bring a continuation to the success of past years, for which we owe thanks both to our customers and to all the Group's administrative and operational staff.

When I write these words next year, on the threshold of the OKOBANK Group's centennial, I will most assuredly be able to observe that our vision is already at hand: we are the leading bank in Finland - for our customers, more than a bank.

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



PRESIDENT'S REVIEW

“We are the OKOBANK Group’s unifying force, and the Group’s success is the source of our enthusiasm.” These words embody the essence of the OKOBANK Group Central Cooperative’s new vision, which was the focus of our efforts over the past year. The fruitful co-operation between the member banks and the Central Cooperative created a solid foundation for the OKOBANK Group’s resounding success. In coming years too our most important task is to be the motor of the bank group’s development: a knowledgeable development and service centre.

2000 was a momentous year for the Central Cooperative in two respects. First, we built for ourselves a new and very development-driven strategy. OPK-100 Plus will provide clear guidelines for the development of our operations. The other important circumstance was the good trend in the return on the investments we made for strategic purposes. This ensured for the Central Cooperative and the entire OKOBANK Group a record-setting financial result.

The strong financial development of both OKOBANK Group Central Cooperative Consolidated and the entire OKOBANK Group furnish a good basis for creating new business and developing our existing businesses. Our ability to build new success for the entire bank group is now substantially better, and the obligation which OPK-100 Plus places upon us is clearer than ever before. The emphasis of the group control that is the OKOBANK Group Central Cooperative’s statutory duty is now pointing in the right direction: towards strategic guidance.

Leadership in our industry is a central concept underlying the OKOBANK Group’s plans. Daily operations at the Central Cooperative are guided by the promise that is written into our vision: to move ahead at the forefront of strategic and technological development in the banking industry. We step up our investments in information technology and particularly for the development of electronic banking business. The modernisation and diversification of asset management services is also one of the main priorities for our product and service development.

In step with energetic development we must operate efficiently, continually improving the OKOBANK Group’s competitiveness. The extensive service image survey that was carried out amongst the member cooperative banks during the report year gave us encouraging feedback by telling about both strengths and areas that need to be developed. The member banks have a high view of our personnel’s professional skill and our modern services. We face the challenge of meeting the varying expectations of different-sized banks.

OKOBANK Group Central Cooperative Consolidated comprises companies that are of great importance for the Group’s overall operations, first and foremost OKOBANK and its subsidiaries. During the past year we sharpened our view of what the Central Cooperative’s task is as the consolidated parent company. This involves acting as an owner institution, making investments that are essential from the Group’s standpoint and managing them well. In future years this will become an increasingly prominent function for the Central Cooperative. Strengthening the Central Cooperative’s equity ratio is based on the income obtained from these investments.

The best strategic investment is nevertheless investing in people because the organisation’s success is a function of what people do. The Central Cooperative is an expert institution in which competent and active people who work towards a common goal are in a key position. During the past year we made large investments in ourselves - in our people. All our staff participated in the Rhythm programme, which offered in-depth instruction in the Central Cooperative’s tasks and objectives, along with operations control. In other respects too we built a new culture of developing the workplace and our personnel.



Reijo Karhinen
President

A personnel survey conducted towards the end of the year indicated that we are on a good course. The personnel's belief in the future has increased, and the inputs we have made into developing skills and well-being rated high marks. The external consultants who made the survey summed up the results in fairly flattering terms: we are an open, efficient, people-first organisation that rewards good performance. This is not very far away from our vision, according to which we offer capable people a challenging job and a variety of career possibilities - and we are an attractive working environment.

I wish to thank our entire staff for the good job you have done in 2000. In the current year we shall continue our joint efforts towards realising our vision in all its subareas.

Helsinki, 15 February, 2001



Reijo Karhinen
President



OPERATING ENVIRONMENT

The new millennium began in Finland with a year of fast-paced economic growth. The increase in total output was well over 5 per cent, fuelled by the continuing strong rise in exports and domestic demand.

Finnish foreign trade enjoyed further success thanks to a production base that has gained in diversification, and in part also boosted by a cheap euro. The electronics industry registered particularly fast growth. The trade surplus amounted to nearly EUR 15 billion. On an international yardstick, the external balance of the economy was very strong.

Despite the fast economic growth, the number of jobless diminished by only about ten thousand, and the average rate of unemployment was 9.8 per cent. This tells that unemployment is no longer primarily dependant on business cycles but is, to an increasing extent, a structural problem.

During the past year there was a good deal of discussion about the threat of the economy overheating. It was feared that the rise in housing prices and share prices would lead to an uncontrolled upward price spiral and to growing indebtedness. The situation on the housing market, however, tapered off owing to the rise in interest rates and as households and banks adopted a stance of greater caution.

The average rise in consumer prices quickened to 3.4 per cent, due mainly to factors beyond Finland's borders. The biggest step-up in inflation was caused by the rise in the price of petrol and in interest rates. Inflation peaked towards the end of the year, when the annual rise in prices exceeded 4 per cent.

In spite of the fast growth in households' and companies' income, the growth in total bank deposits was under 3 per cent. This was attributable primarily to the fact that a greater part of securities investments was channelled into foreign securities, such as international mutual funds. The rapid structural change in households' financial assets continued in step with the growth in mutual fund and insurance saving. Deposits accounted for a nearly unchanged share of households' financial assets - 45-odd per cent, because the value of equity assets declined owing to the fall in share prices.

Another factor affecting the costs of banks' funding, apart from the rise in interest rates, was the discontinuance of tax-free status for interest earned on bank deposits. This led to greater competition, particularly within large fixed-term deposits.

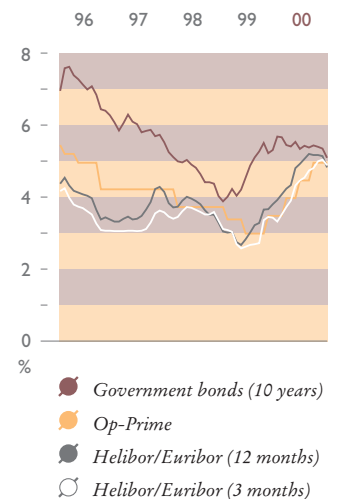
At the start of the year the European Central Bank's administrative interest rate was 3 per cent. The ECB nevertheless took the view that the sharp rise in the price of oil, the weakness of the euro and the fast growth in lending by banks in the euro-zone were leading to a risk of inflation accelerating for a longer period, and consequently the central bank began tightening monetary policy substantially. During the year the administrative interest rate was raised all in all six times, reaching 4.75 per cent.

The rise in market interest rates was accompanied by an increase in the banks' prime rates. Op-Prime was raised three times during the year. It rose from 3.5 per cent at the beginning of the year to 5.0 per cent.

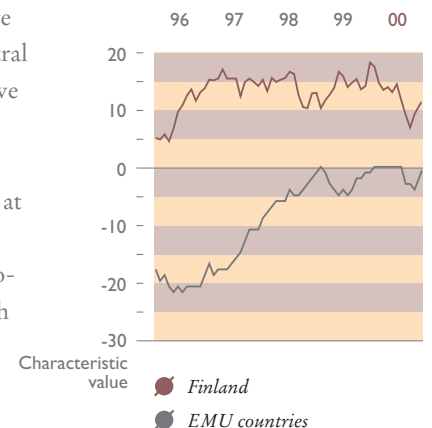
Demand for loans continued at a relatively strong rate. The deposit banks' portfolio of housing loans grew by more than 10 per cent. This was attributable to the growth in households' income, high housing prices in the country's growth centres and the continuing strong demographic shift.



Interest rates



Consumer confidence indicator



On the equity markets, 2000 was a spotty year. There was extremely sharp share price volatility, and turnover on Helsinki Exchanges reached EUR 237 billion. At the close of the year the HEX general index was 11 per cent lower than it was a year earlier. The HEX portfolio index, which is a better gauge of the general price trend, fell by 25 per cent.

The outlook for the Finnish economy in 2001 is favourable, although there has been an increase in uncertainty about the near-term trend in the international economy. The United States' economic growth is slowing down appreciably, and its effect feeds through into the Finnish economy fastest via the stock market. Domestic factors nevertheless speak in favour of continuing economic growth. In addition to wage and salary earners' quite good trend in income, domestic demand will be supported by the gentle downturn in euribor interest rates.

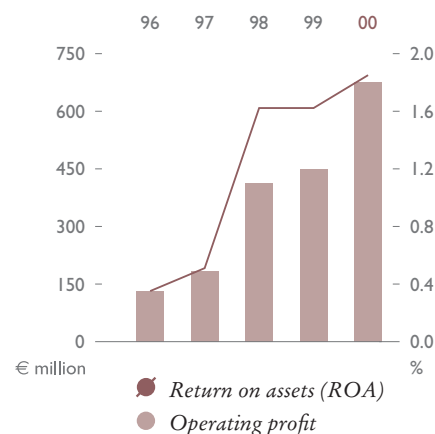
The OKOBANK Group performed well in 2000 – also in the light of figures. The earnings trend was supported by the strong growth in the Finnish economy.



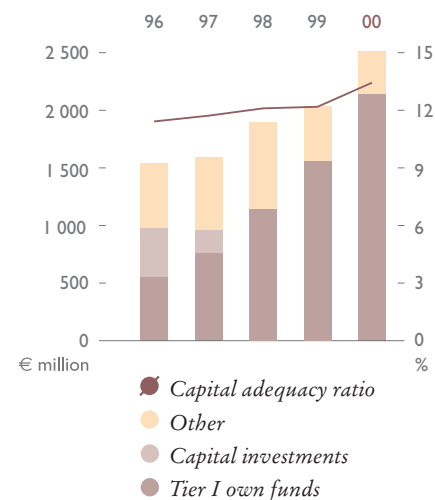
KEY FIGURES

	1996	1997	1998	1999	2000
Member banks	255	250	247	247	245
Offices	788	745	728	717	709
Staff (excl. interns)	9 185	8 695	8 366	8 337	8 535
Owner-members and customers, 1 000					
Owner-members	610	647	695	798	875
Customers	2 758	2 772	2 797	2 844	2 916
Electronic banking service contracts	-	246	341	445	572
Market shares, %					
Of FIM/euro-denominated credits	31.2	31.2	30.2	30.2	31.9
Of FIM/euro-denominated deposits	31.6	31.0	30.4	30.2	31.2
Of mutual funds registered in Finland	7.4	8.1	9.4	14.3	14.2
Of premium income from life and pension insurance	11.0	11.3	6.6	9.5	10.1
Profit and loss items, € million					
Net income from financial operations	648	649	691	678	801
Loan and guarantee losses	280	214	128	26	5
Operating profit	119	195	395	450	664
Operating profit net of non-recurring items	119	195	374	427	567
Balance sheet items, € million					
Total assets	23 792	22 816	23 332	26 024	27 086
Credit stock	15 084	15 023	16 192	18 309	20 260
Non-performing and zero-interest claims	676	434	266	236	203
Deposits	15 311	15 352	15 735	16 433	17 118
Equity capital	1 006	990	1 308	1 739	2 314
Insurance savings, € million	202	423	578	875	1 201
Capital in mutual funds, € million	139	254	460	1 461	1 917
Key ratios					
Capital adequacy ratio, %	11.3	11.6	12.2	12.4	13.7
Tier I capital ratio, % (excl. capital investments)	4.0	5.6	7.9	9.9	11.6
Return on equity (ROE), %	12.9	17.2	35.0	26.7	24.9
Return on equity net of non-recurring items, %	12.9	17.2	33.8	24.3	21.9
Return on assets (ROA), %	0.32	0.57	1.66	1.65	1.90
Return on assets net of non-recurring items, %	0.32	0.57	1.59	1.50	1.64
Cost/income ratio	63.3	61.8	56.5	59.0	48.6
Cost/income ratio net of non-recurring items	63.3	61.8	57.5	60.2	55.9

Operating profit and return on assets



Own funds and capital adequacy



THE OKOBANK GROUP IN 2000

<p>In 2000 the OKOBANK Group set a new earnings record for the fourth year running. Operating profit was EUR 664 million, up 48 per cent on the previous year. Comparable operating profit adjusted for non-recurring items grew by 33 per cent.</p>	<p>The customer base grew by 72 000 during the year, to more than 2.9 million customers.</p>
<p>Net income from financial operations grew by 18 per cent and commission income by 21 per cent since 1999. Investments in Pohjola Group Insurance Corporation shares improved the result by EUR 98 million. Expenses increased by 7 per cent.</p>	<p>The number of electronic banking service contracts reached 572 000, an increase of 29 per cent since the end of 1999. The OKOBANK Group was the first bank in Finland to introduce electronic identification in its web services.</p>
<p>Business volumes grew: the credit portfolio was up 11 per cent, deposits 4 per cent, capital invested in mutual funds 31 per cent and insurance savings 37 per cent.</p>	<p>The OKOBANK Group amplified existing co-operation partnerships and built new ones during 2000.</p>
<p>The market share of euro-denominated loans among the deposit banks rose by 1.7 percentage point to 31.9 per cent and the share of euro-denominated deposits increased by one percentage point to 31.2 per cent.</p>	<p>OKOBANK, the Group's listed central bank, posted consolidated operating profit of EUR 167 million. In October Moody's and Fitch Group upgraded OKOBANK's credit ratings.</p>



The OKOBANK Group's main goal is to remain a frontrunner in both knowledge of customers and banking expertise as well as service quality and reliability. In 2000, inputs were made into improving the staff's competence and management skills. The Group is building competence into a strength that will enable it to stand out from competitors. In this way the Group supports both its customers' and its own prosperity.



The first issue of the OKOBANK Group's new financial review, Chydenius, came out on March 15, 2000.



MAIN EVENTS IN 2000

<p>Jan 19. On the basis of a permission they had obtained on January 14, the OKOBANK Group Central Cooperative and OKOBANK purchased shares in Pohjola Group Insurance Corporation, whereby their aggregate holding of Pohjola's voting rights rose to 8.23 per cent.</p>	<p>to Sampo-Leonia to purchase its shares in Pohjola Group Insurance Corporation for a price of EUR 85 per share.</p>	
<p>Feb 15. The financial result for 1999 was announced. Operating profit amounted to EUR 450 million, up 14 per cent on 1998.</p>	<p>May 30. The OKOBANK Group Central Cooperative and OKOBANK purchased from Ilmarinen a total of 1.7 million Pohjola shares at a price of EUR 92 per share.</p>	
<p>Mar 29. The Annual Cooperative Meeting of the OKOBANK Group Central Cooperative and OKOBANK's Annual General Meeting were held in Helsinki.</p>	<p>June 13. The OKOBANK Group became the first bank to open its Internet service for use with electronic identification. By means of the identification, a user can open a current or fixed-term account, order a card, make an agreement for Active Investor services, or open a book-entry account.</p>	
	<p>June 15. The Central Cooperative's Supervisory Board confirmed OP-100 Plus, the OKOBANK Group's near-term business strategy.</p>	<p>Sept 13. The OKOBANK Central Cooperative and Sonera Plaza Ltd founded a joint venture that will offer comprehensive financial services to the consumer customers of the Sonera Plaza Internet portal.</p>
	<p>Aug 17. The January-June interim report was published. Operating profit was EUR 393 million, an increase of nearly 70 per cent on the figure a year earlier.</p>	<p>Oct 2. The main festivities of the OKOBANK week were held in Lahti under the theme Youth and the Future.</p>
<p>OKOBANK revised its previous earnings estimate upwards.</p>	<p>Aug 29. OKOBANK Group Mortgage Bank plc was entered in the Trade Register. The bank grants long-term housing loans and issues real-estate-backed bonds.</p>	<p>Oct 3. Moody's upgraded OKOBANK's long-term funding rating from A1 to Aa3. On October 13 Fitch Group upgraded its corresponding rating from A to A+. In addition, both upgraded OKOBANK's individual rating based on profit-making ability.</p>
<p>Apr 13. An agreement was signed with Mutual Pension Insurance Company Ilmarinen on the marketing and sale of statutory employees' pension and self-employed persons' pension insurance services through the banks belonging to the OKOBANK Group.</p>		<p>Nov 2. The January-September interim report was published. Operating profit was up 62 per cent on the corresponding period in 1999, rising to EUR 532 million.</p>
<p>May 4. The January-March interim report was published. Operating profit was EUR 152 million, an increase of 13 per cent on the previous year.</p>		<p>Dec 20. Lehtimäen Osuuspankki, which belonged to the Association of the Local Cooperative Banks, decided to apply for membership of the OKOBANK Group Central Cooperative. The application was approved on February 15, 2001.</p>
<p>May 10. The OKOBANK Group Central Cooperative and OKOBANK together with Mutual Pension Insurance Company Ilmarinen and Suomi Mutual Life Assurance Company made an offer</p>		

OPERATIONAL CONCEPT

The independent Finnish banks belonging to the OKOBANK Group offer the best banking service and promote the financial success of their owner-members and their customers. The OKOBANK Group's strength is based on development-driven customer service operations, close co-operation, local decision-making and skilled personnel. The core values that guide the OKOBANK Group's operations are membership, a people-first approach, reliability, the will to succeed and group solidarity.

ETHICAL PRINCIPLES

Confidentiality

The OKOBANK Group's salaried 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, owners and society.

Fairness

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

Honesty

Entities belonging to the OKOBANK Group 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.

Vision

We are the leading bank in Finland - for our customers, more than a bank. Our expertise, competence, level of service and reliability are the best in the industry and we have a wide network of partners in co-operation. Our profit performance is strong.



THE OKOBANK GROUP'S STRATEGY

The OKOBANK Group is the leading Finnish retail banking group. The member cooperative banks are modern full-service financial institutions that operate in the best interests of their area's people and companies.

The OKOBANK Group has more than 2.9 million customers. Every third Finn and small or medium-sized company considers a bank belonging to the OKOBANK Group to be their main bank. The bank group's share of agricultural entrepreneurs and forest-owning customers is more than 60 per cent. The member cooperative banks are close to their customers. The bank group has a country-wide network of branch offices. It is supported by ATMs and Call center service as well as Internet and other electronic banking services.

The OKOBANK Group develops and makes available to its customers new services and convenient ways of doing their banking. For example, as a developer of electronic banking services the OKOBANK Group is a frontrunner amongst the world's banks. Finland has been the first place where a number of electronic banking services have been introduced - and first of all within the OKOBANK Group.

The OKOBANK Group's objective, now and in the future, is to be a reliable partner, an expert and a prospering organisation that operates on the strength of its Finnish roots.

A renewed strategy strengthens competitiveness

In June 2000 the OKOBANK Group Central Cooperative's Supervisory Board confirmed the OP-100 Plus strategy, which sets the policy that will guide the OKOBANK Group's operations in the years ahead.

The starting point for the strategy review was the exceptionally fast change that is taking place in the economic operating environment, and particularly within the finance sector. Information networks are taking on a pre-eminent role in society as a whole, customers are enjoying growing wealth and the structure of assets is changing. In the financial sector, Internet-based business is bringing sweeping changes to both the production and distribution of banking services. At the same time, the sectoral boundaries between companies operating in the sector are becoming blurred. Customer relationship management and sales skills are gaining in importance as factors of competition.

OP-100 Plus is a customer-oriented and growth-driven business strategy. It reflects a prompt reaction to changes in technology and the competitive situation. Greater market shares will be sought in all the main business areas. The OKOBANK Group's objective is to rise to the position of Finland's leading bank.

Carrying out a successful strategy calls for operating as a unified bank group, fostering staff's skills, competence and motivation, whilst forging well-considered alliances across sectoral boundaries.

The strategy sets targets according to three benchmarks of success: performance in customer relations, internal performance and financial performance.

The customer is in the key position

Within performance in customer relations, the OKOBANK Group's objective is to offer the best and most reliable competence and service in the banking industry. Products and

ways of working are developed in the customer's best interests. The Group is a pioneer in developing banking services. The fundamental task is to promote the financial success of owner-members and other customers.

A customer-oriented way of working is evident at each and every member bank and in all the other units of the OKOBANK Group. The objective is for customers to do all their banking at a unit of the OKOBANK Group. This is encouraged actively and rewarded.

The OKOBANK Group is boosting its market shares in all its main business areas. All the member cooperative banks will make the fullest use of the growth potential which their own operating area offers.

In electronic banking business the bank group will continue to be a frontrunner, thereby also increasing its market share. All the main core banking services will be available online according to their priority, also offering the possibility of making service contracts and commitments online.

An accent on asset management

Within retail banking the OKOBANK Group's objective is to be the leading developer and producer of asset management services for private individuals. Market share will be built year by year. Substantially greater resources than at present will be allocated to services and building skills.

Housing loans are the most important part of the OKOBANK Group's lending activities. The objective is to increase market share further by pushing ahead with active product development and placing housing services on the Internet.

The corporate loan portfolio will be increased, keeping a sharp eye on risks, with the aim of boosting market share each year. Inputs will be increased into services for medium-sized companies as well as for active and goal-driven sales work.

Consumer credit products will be developed with a view to lifting volumes and gaining market share. A special focus will be electronic identification and offering comprehensive consumer credit services on the Internet. Co-operation with retailers will be stepped up.

In the agricultural sector the priority will be handling the daily finances and cash-management services of rural entrepreneurs as well as arrangements for financing working capital.

Internal and external co-operation networks

Centrally important areas for internal performance are networking, group control and the personnel's skills and competence.

A well-functioning and high quality internal and external co-operation network is a competitive advantage for the OKOBANK Group. The Group works as a chain organisation and its corporate image is that of a unified organisation which is perceived as being a competent and operationally attractive partner in co-operation. The Group is networked actively at both the international and domestic level.

One of the operational policy objectives which the OKOBANK Group has chosen is to network with partners who offer financial services and support functions. The strategy will be to expand the range of services offered to customers and to improve their availability, whilst obtaining operational synergy advantages.



The member cooperative banks act as financial advisers to their owner-members and customers in money matters, big – and sometimes a bit smaller.

Internally, the OKOBANK Group is a unified network whose operations are driven by customer needs. The customer-oriented way of working is supported by a clear-cut internal division of responsibilities and income. The Group's overall best interests are the primary value guiding its operations.

A multichannel service network

The OKOBANK Group deploys a multichannel and efficient service network. It is comprised of a network of branch offices and outlets, electronic banking services, the nationwide call centre and ATM services.

A nationwide network of branch offices and outlets will be maintained, providing greater coverage than competitors offer. The number of branch offices will be dimensioned to customers' needs and behavioural patterns. Call center service will be made a part of the service network of all the member banks.

Know-how breeds success

The OKOBANK Group's success springs from know-how, an inspiring working atmosphere and a pioneering spirit. The OKOBANK Group's personnel are professionally skilled and have wide-ranging competence. Each employee is responsible for the continuous development and renewal of his or her own competence.

The management culture and working atmosphere within the OKOBANK Group are open and encourage development and co-operation. The Group is also attractive as an employer.

At each unit of the OKOBANK Group the number of staff, their structure and their skills are dimensioned in line with the development of customer needs, financial performance and operations.

Profitable growth by keeping risks under control

Profitable growth is the objective in the area of financial performance. The OKOBANK Group's vision sets the target of growing faster than its competitors.

The Group will maintain good profitability. Profits will be channelled into investments that ensure the Group's long-term success in present and new business areas. From the viewpoint of profitability, the OKOBANK Group's biggest challenge is to achieve a controlled and timely adjustment of expenses to income.

The Group will maintain strong capital adequacy. The structure of own funds will be improved by generating profits. Through efficient risk management, uncontrolled risks will be prevented from arising.

The OKOBANK Group handles the financial affairs of nearly three million customers - private individuals, companies and institutions. Almost a third of our customers are also owner-members of the cooperative banks. Furthermore, OKOBANK, which is listed on Helsinki Exchanges, has more than 24 000 shareholders, most of whom are private individuals.



The OKOBANK Group's number of customers is rising at a good clip. The key to better service is always customers' individual needs and expectations.

THE OKOBANK GROUP'S STRUCTURE

The OKOBANK Group adheres to a division of responsibilities – which is agreed in the Group's strategy – between the OKOBANK Group Central Cooperative and its member banks. The member banks concentrate on their customer business whereas the Central Cooperative, which acts as a development and service centre, promotes and supports their operations, whilst also exercising responsibility for group control and safeguarding the Group's interests.

Through its determined financial operations, the bank group has strengthened its central positions within Finnish society. The core values guiding the Group's operations are membership, a people-first spirit, reliability, the will to succeed and group unity.

The member cooperative banks

The basic task of the member cooperative banks is to promote the financial success of their owner-members and customers.

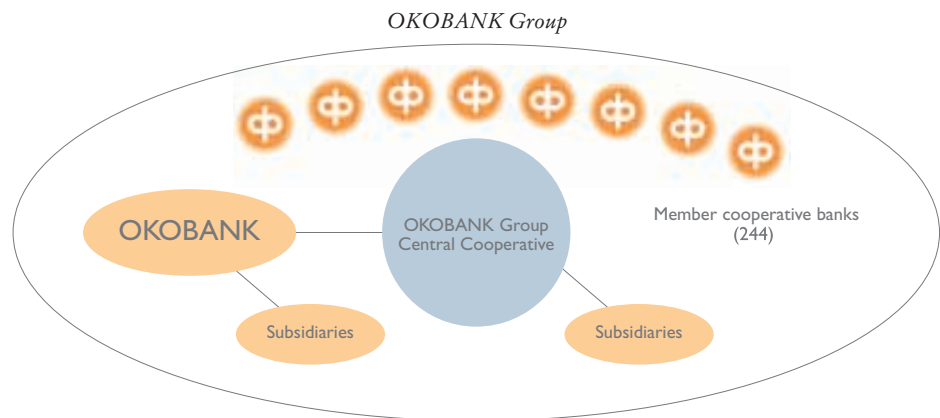
The cooperative banks are independent, local deposit banks that are engaged in retail banking. The member banks offer modern and competitive banking services to wage and salary earners and small and medium-sized business customers as well as to agricultural and forestry customers and to the public sector in their area of operations. Corresponding retail banking operations in the Greater Helsinki area are the province of OKOBANK's wholly-owned subsidiary Okopankki Oyj.

The member cooperative banks have Finland's most comprehensive service network. In most localities the cooperative banks are the leading financial institutions. A unified appearance nationwide and the member banks' close co-operation mean that services benefit from advantages of scale. Services that are designed with a frontrunner's expertise are then tailored to meet all of customers' financial needs.

According to a "brand ratings" survey carried out by Taloustutkimus Oy, a market research company, the OKOBANK Group's brand was the most respected of all the bank and insurance company brands in Finland both last year and in 1999. The same result was obtained in the study "best service brands" by I.R.O. Research Oy.

The study carried out by Taloustutkimus Oy last autumn indicates that customers consider member banks of the OKOBANK Group to be the most reliable of all the Finnish retail banks.

Membership is a distinctive feature of the cooperative bank customer relationship. Owner-membership offers a chance to participate in the bank's administration and decision-making. This gives members a say in promoting the entire locality's business life and well-



being. In addition, owner-membership brings Platinum-system benefits for doing all one's banking with a member cooperative bank.

The member banks have the corporate form of a cooperative, in which the basic values underlying decision-making include the one member, one vote principle. A person can become an owner-member of a cooperative bank by paying a cooperative contribution. The members, who are made up primarily of private individuals, elect from amongst their number their own bank's administrative staff.

The cooperative bank's basic capital is made up of the cooperative capital and any supplementary cooperative capital. The total amount of cooperative capital investments by owner-members was EUR 505 million at the end of 2000.

Finland is divided into 16 federations of cooperative banks, which are regional co-operation bodies for the member banks. They name the candidates from their areas to seats on the Supervisory Boards of the OKOBANK Group Central Cooperative and OKOBANK.

In 2000 the successful business operations of the member cooperative banks were reflected in their strong capital adequacy and good profitability. This provides a firm basis for developing the banks' own operations and their entire local sphere in the years ahead.

The OKOBANK Group Central Cooperative

In September 2000 the Central Cooperative's Supervisory Board confirmed the new OPK-100 Plus strategy as the basis of the Group's near-term development. The strategy draws heavily on the OKOBANK Group's OP-100 Plus strategy.

The OPK-100 Plus strategy emphasises a commitment to development, industry leadership and utilising strategic co-operation partnerships. The personnel's competence and expertise as well as image as an employer are among the strategic development priorities. The development focus will also bring a substantial step-up in information technology investments.

The strategy defines for the Central Cooperative three core functions that are derived from the viewpoint of operational and business logic: a development and service centre; group control and the safeguarding of interests; an owner institution.

A development and service centre

As a development and service centre, the Central Cooperative's task is to offer the member banks competitive operations support services, efficient centralised services as well as high-quality central bank services.

In line with the bank group's alliance strategy, the Central Cooperative concluded, on behalf of the OKOBANK Group, several new co-operation agreements during the year and strengthened partnerships that had been entered into previously.

Products and services as well as alliances are described in greater detail in the section Operations of the OKOBANK Group on pages 23–33.

Group control and the safeguarding of interests

Within group control and the safeguarding of interests, the Central Cooperative's task is the OKOBANK Group's strategic control in a changing operating and competitive environment as well as attending to the statutory oversight tasks which are incumbent upon the Central Cooperative. The Central Cooperative sees to the OKOBANK Group's best interests during the drafting of financial legislation and in the process of developing other standards both in Finland and internationally.

Within group control, the central point of co-operation was the strategy review that was carried out with the member banks, resulting in the above mentioned OP-100 Plus strategy. It also furnished the basis for a review of the strategies of the Central Cooperative and a number of subsidiaries.

The Central Cooperative's vision

We are moving ahead in the forefront of strategic and technical development in the banking industry, and we offer our member banks the best know-how in our field. Our operations are efficient and strengthen the OKOBANK Group's competitiveness.

We offer capable people a challenging job and versatile career opportunities.

We are an attractive working environment. We are the OKOBANK Group's unifying force, and the Group's success is the source of our enthusiasm.



The Central Cooperative offers its member banks a number of centralised service packages, the most important of which are account services, payroll administration services and collection services as well as Call center services. The use of all of these increased considerably during 2000.

A special emphasis in centralised risk management was on managing credit and financing risks across the OKOBANK Group. Inspectorate activities centred on the functionality of the risk management systems of the member banks and consolidated companies as well as on raising the level of the Group's security. Among business subareas, special attention was paid to new lending and investment services.

An owner institution

As an owner institution the Central Cooperative supports the OKOBANK Group's operations through strategic shareholdings. They are long-term investments primarily in the Group's own companies and secondarily in companies outside the Group.

At the end of 1999 the OKOBANK Group signed a major co-operation agreement with Suomi Mutual Life Assurance Company and Mutual Pension Insurance Company Ilmarinen. As a consequence of the agreement an ownership arrangement was carried out whereby the Central Cooperative and OKOBANK acquired a sizeable holding in Pohjola Group. The OKOBANK Group's proportion of Pohjola's shares at the end of the year was 9.4 per cent and it had a 10.4 per cent share of the voting rights.

The Central Cooperative owns a total of 19.3 million OKOBANK Series K and Series A shares, which give the Central Cooperative a 41.3 per cent ownership stake and 55.8 per cent of the voting rights in the bank group's central bank. The other major investments by the Central Cooperative are shown in the accompanying table.

OKOBANK and its subsidiaries

The OKOBANK Group Central Cooperative's largest subsidiary, *OKOBANK Osuuspankkien Keskuspankki Oyj*, is a commercial bank which acts as the OKOBANK Group's central bank and is responsible for the Group's liquidity and for handling its international affairs. OKOBANK Consolidated focuses on serving customers in Finland and offers them versatile financing, investment and payment transfer services. For international clients, OKOBANK offers banking services for their business needs that are related to Finland. OKOBANK's business areas are Corporate Banking, Investment Banking, Retail Banking and Group Treasury.

Direct ownership structure within OKOBANK Group, Dec. 31, 2000

Share of ownership, %	Member cooperative banks	OKOBANK Group Central Cooperative	OKOBANK Consolidated	Group total
OKOBANK Group Central Cooperative	100.0		0.0	100.0
OKOBANK Osuuspankkien Keskuspankki Oyj	24.1	41.3		65.4
Okopankki Oyj			100.0	100.0
OP-Finance Ltd			100.0	100.0
Opstock Ltd			85.0	85.0
Aurum Life Assurance Company	27.2	23.2	49.6	100.0
OP Fund Management Company Ltd		100.0		100.0
OP-Kotipankki Oyj	40.9	9.6	48.1	98.6
OKOBANK Group Mortgage Bank plc		100.0		100.0
FD Finanssidata Oy		70.0		70.0
OKOBANK Group Mutual Insurance Company	78.4	2.8	18.8	100.0
Virtuaalinen Suomi Oy		47.5		47.5

OKOBANK's shares are divided into Series A and Series K shares. Series K shares can be owned solely by the OKOBANK Group Central Cooperative as the bank group's central institution as well as by Finnish cooperative banks and banks having the legal form of a limited company pursuant to the Cooperative Bank Act. Series A shares are quoted on Helsinki Exchanges. The proportion of OKOBANK's shares held by parties outside the OKOBANK Group was about 35 per cent at the end of the year, and they held about 17 per cent of the voting rights. At the end of the year, 46 per cent of the Series A shares were owned by parties outside the Group.

During 2000 the share price trend of OKOBANK's Series A share was ascending. At the end of the year the share price was EUR 13.76, or 23 per cent higher than at the end of 1999. The high for the year was EUR 13.99 and the low was EUR 9.93. The Executive Board proposes the payment on Series A shares of a dividend of EUR 1.27 for the 2000 financial year.

Okopankki Oyj is OKOBANK's subsidiary that is engaged in retail banking in the Greater Helsinki area.

OP-Finance Ltd offers leasing and hire purchase credits, thereby rounding out the range of financial products of the OKOBANK Group's other units. OP-Finance's operations are geared towards financing for vehicles, transport fleets, work machines, industrial machinery and equipment as well as invoice receivables.

Opstock Ltd is specialised in stockbroking, corporate finance, asset management and investment research. The OKOBANK Group's investment banking operations are centralised within Opstock. The securities brokerage of the member cooperative banks and their customers is handled via Opstock.

Other OKOBANK Group Central Cooperative subsidiaries

Aurum Life Assurance Company is in charge of the Group's insurance operations and their development. Aurum's product range includes comprehensive life, pension and insurance-related investment services. The company also manages relationships with other insurance companies whose products are mediated through the OKOBANK Group's service network.

OP Fund Management Company Ltd manages the OKOBANK Group's mutual funds. In selling its mutual funds the company makes use of the service network of the member banks and the Group's Internet services.

OKOBANK Group Mortgage Bank plc, acting via the member cooperative banks, grants long-term housing loans against full collateral. The bank funds its operations by issuing housing loan bonds. The bank received an operating licence in July and it began operations at the turn of the year, 2000-2001.

OP-Kotipankki Oyj's central products are a cash credit facility intended for financing the sales of retailers and small merchants as well as the Gold Card credit facility that can be added to the OKOBANK Group's customer cards and the Gold Card MasterCard. In September 2000 Kotipankki together with Sonera Plaza Ltd founded a company which will offer comprehensive financial services to the consumer customers of the Sonera Plaza Internet portal.

FD Finanssidata Oy is an information technology company that acts as an integrator for the Group's information systems and provides the group with IT development, maintenance and production services.

Osuuspankki Realum is an asset management bank whose operations are planned to be wound up in 2004 at the latest.

Other institutions

The OKOBANK Group Pension Fund sees to the Group's statutory pension security and *The OKOBANK Group Pension Foundation* handles the supplementary pension security for persons covered by it.



The member cooperative banks' customers have close ties with their banks. Nearly a third of the customers are owner-members who take part in their bank's decision making.

Virtuaalinen Suomi Oy was established in 1999 and is an associated company of the Central Cooperative. It develops and markets Internet-based network services and in the spring 2001 will bring out on the market its Mainio.net consumer portal.

The OKOBANK Group Mutual Insurance Company is the Group's internal insurance company. It is part of the Group's internal risk management system.

The OKOBANK Group Security Fund is the Group's internal security fund whose operations will be wound up by the end of 2004.

Corporate governance within the OKOBANK Group

The OKOBANK Group began operations in its present form on July 1, 1997. The operations of the Group (the amalgamation of the cooperative banks) are subject to the provisions of the Cooperative Bank Act. The OKOBANK Group comprises the OKOBANK Group Central Cooperative, which is the Group's central institution, its member cooperative banks and the companies belonging to the consolidation groups of the Central Cooperative and the member cooperative banks. Under law the OKOBANK Group is monitored on a consolidated basis, and the central institution and the credit institutions belonging to the OKOBANK Group are responsible for each other's liabilities and commitments.

In Finland, the OKOBANK Group is a unique financial entity that has been created through special legislation. The operational model nevertheless has several successful analogues elsewhere in Europe - Rabobank Nederland in the Netherlands, for example.

The legal aspects of the OKOBANK Group's status are discussed in greater detail in the Notes to the consolidated annual accounts, which are annexed to this publication.

Within the member cooperative banks, the highest decision-making authority is exercised by the cooperative meeting or assembly, which is comprised of the owner-members and elects a Supervisory Board for the Bank. The Supervisory Board in turn elects for the Bank an Executive Board whose members are made up of both owner-members and representatives of the Bank's professional management.

Within the Group's central institution, the OKOBANK Group Central Cooperative, the highest decision-making authority rests with the Cooperative Meeting and the Supervisory Board elected by it. Operational decision-making authority is exercised by the Executive Board, which is elected by the Supervisory Board and is made up of professional managers.

The Central Cooperative's corporate governance is described in greater detail on page 42 of this publication.

The bank group's central bank, OKOBANK Osuuspankkien Keskuspankki Oyj, is a subsidiary of the central institution, the OKOBANK Group Central Cooperative. OKOBANK's highest decision-making authority rests with the Annual General Meeting and the Supervisory Board elected by it. The majority of OKOBANK's Supervisory Board is made up of members of the Central Cooperative's Supervisory Board, and the chairman of the Central Cooperative's Executive Board also is the chairman of OKOBANK's Executive Board. Within OKOBANK too, operational decision-making authority is exercised by an Executive Board which is elected by the Supervisory Board and is composed of professional managers drawn from the Central Cooperative and OKOBANK.

OKOBANK's corporate governance is discussed in greater detail in its own annual report.

The OKOBANK Group is the bank of all Finns and a reliable expert in financial affairs. For the entrepreneur, the OKOBANK Group is a knowledgeable partner whose versatile services free up time for the essentials: managing the company's business.



Some do their banking from their own computer, others stop by the nearest branch office when the need arises. It is in the OKOBANK Group's interest to be able to meet its customers' varying needs.

OPERATIONS OF THE OKOBANK GROUP

Owner-members

The cooperative banks have the corporate form of a cooperative. Owner-members receive benefits that are worth money and as owners of the bank can contribute actively to their own cooperative bank's success.

The number of owner-members grew by 77 000 during 2000. At the end of the year there were 875 000 owner-members. The target is to go over the one million mark in 2002.

The banks of the OKOBANK Group reward their owner-members and preferred customers for their loyalty in the use of banking services by awarding them Platinum bonuses. The development of the Platinum scheme, which was introduced in 1999, was continued and developed to be even better in line with customers' expectations. The number of usage benefits for bonuses – and the services that are taken into account in awarding bonuses – were increased. Notably, loans granted by OP-Finance and OP-Kotipankki now earn bonuses, and the service charges for automatic debiting of loan payments are now a usage benefit. At the end of 2000, Platinum bonuses had been earned by 720 000 customers in a total amount of EUR 20 million.

Customers

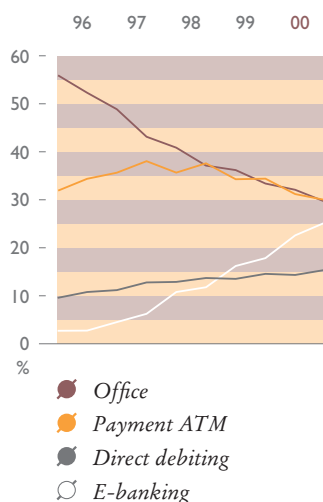
The OKOBANK Group has more than 2.9 million customers. The number of customers grew further in 2000, increasing by 72 000. The number of retail customers grew by 67 000 during the year, and 5 000 corporate customers were added to the bank group's clientele.

The bank group's market share of euro-denominated credits rose by 1.7 percentage point during 2000, to 31.9 per cent. The share of euro-denominated deposits grew by one percentage point to 31.2 per cent.

The focus in customer acquisition was on small and medium-sized companies, too. According to a survey which the Ministry of Trade and Industry carried out in July, 46 per cent of all companies were a customer of a bank belonging to the Group - and 34 per cent considered it to be their main bank.

The member banks also landed new customers among forest owners, with the market share in this sector rising to more than 60 per cent. Within farm financing, the OKOBANK Group strengthened its position as the market leader. At the end of the year it had a market share of more than 62 per cent.

Bills paid by private customers through different service channels in the OKOBANK Group



Service network

The OKOBANK Group's multichannel service network is made up of branch offices and service outlets, Call center service, electronic banking services and ATMs. The service network forms a cohesive whole, whose parts support each other at different stages of the customer service chain.

Bank services go electronic

The use of electronic banking services grew further during 2000. By the end of the year, more than 85 per cent of customers' basic service transactions were handled in the form of electronic self-services. The use of Internet services increased the fastest. In the latter part of the year, the number of Internet transactions already clearly exceeded the number of basic service transactions in branch offices. GSM and WAP transactions also grew significantly compared with the previous year. During the year the number of direct debit authorisation proxies grew by 15 per cent, amounting to about 2.5 million at the end of the year.

The number of electronic banking service contracts grew by nearly 29 per cent to 572 000 during the year. The number of Internet customer terminals in public facilities and branch offices or at self-service outlets grew from 313 to 415.

The OKOBANK Group's Internet services were expanded and upgraded during the year both in parts and as a total system. A major overhaul continued throughout the year, and the renewed service will be made available to customers in the first part of 2001. The new version is easier to use and built around the customer's needs to a greater extent. At the same time, customers will be offered the possibility of building their own personalised banking service. The new service provides especially for the requirements of electronic identification.

In June it became possible to use Population Register Centre's electronic ID card (HST) in identity certification for OKOBANK Group banking services. Electronic identification enables wide use of all banking services and also the making of legally binding agreements from one's own computer. In the first part of 2001 the OKOBANK Group will bring out on the market its own debit card incorporating a chip with an electronic certification facility.

Internet banking services - a breakthrough in five years

Internet-based banking services came out on the market in 1996, and towards the end of 2000 the volume of Internet transactions handled by the OKOBANK Group exceeded transactions carried out in the branch offices. Finland has the whole time been in the vanguard of development in the introduction of both new Internet services and security solutions. In Finland there are already more than a million users of Internet banking services.

Lots of users...

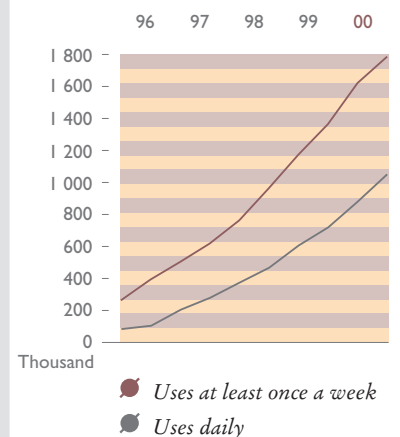
According to a survey made by Taloustutkimus Oy towards the end of last year, nearly 2.3 million Finns have used the Internet at some time. Over 1.8 million Finns visit the Internet at least once a week. There are already more than a million Finns who use the Internet daily or nearly daily. The volume of use has increased sharply over the past five years.

...and usage possibilities

In Finland the growth in the popularity of Internet banking services is being speeded up by

the easy availability of the services: all the banks have their own services and the majority of Finns have easy access to the Internet. About every third home has an Internet subscription, and nearly 1.2 million Finns use their home connection weekly. Every second family with children or with a salaried employee in the family has a subscription, and more than half of entrepreneurs do, whereas among farmers and rural entrepreneurs the figure is above 40 per cent. In addition, use of the Internet is offered, say, at workplaces, in libraries and in educational institutions. Nearly 900 000 Finns use the Internet weekly from their workplace, and about 330 000 students use it at their college or university.

Internet users in Finland



Source: Taloustutkimus Oy



Payment ATMs and cash dispensers together with debit and credit cards are convenient daily finance tools that are familiar to everybody - especially to the OKOBANK Group's customers.

The bank group is participating in Digita Oy's digital television pilot project. The results of the project will be utilised in offering the OKOBANK Group's interactive banking service in soon-to-be-introduced digital television.

ATMs and cards in active use

At the end of the year, 1.75 million debit and credit cards had been issued to customers of the OKOBANK Group. In the spring, use of the Visa Electron card was expanded from ATMs to paying for purchases. In 2000 already 75 per cent of the OKOBANK Group's cards had a payment facility. The number of payments by card grew by 5 per cent compared with the previous year. The proportion of cards intended strictly for cash withdrawals contracted.

At the end of the year the Group had 669 payment ATMs, the same number as a year earlier. Customers of the Group's member banks could also use Sampo Bank's more than 300 payment ATMs that are in reciprocal use. Owing to the popularity of Internet services, the volume of payment ATM transactions declined further.

Pioneering firsts by the OKOBANK Group

- Payment of bills as a telebanking service, 1993, first in Finland.
- Automatic telephone query of VISA balances, 1994, first in Finland.
- A terminal service operating in a WWW environment, 1996, second in the world, first in Europe.
- GSM banking service, 1996, first in the world without auxiliary software.
- Cash withdrawals from a retailer's cash register, 1997, first in Finland.
- A private individual's MasterCard credit card, 1997, first in Finland.
- International innovation award for GSM service, 1997.
- Extranet connection between a retailer and a bank, 1998, first in Finland.
- Use of a Nokia Communicator for banking services, 1998, first in the world.
- Share issues on the Internet, 1998, the first bank in Finland.
- Local Internet service adapted to a customer's personal needs, 1998, first in Finland.
- WAP banking services, 1999, WAP investment services, first in Finland.
- Use of a Visa Electron card also for payments, April 2000.
- An electronic ID card for banking services, 2000, first in the world.
- Foreign exchange and money market dealing on the Internet, the first in Finland with money market dealing, 2000.
- Kesko Plussa account, 2000.
- Co-operation with Sonera Plaza, financial services offered through a consumer portal.
- The OKOBANK Group's Internet service was the best of all the banks in terms of ease of use, reliability and functionality in an Internet service user satisfaction and visitor profile survey carried out by Suomen Gallup Web Oy in August 2000.
- The OKOBANK Group received the best mark in Icon Medialab's survey of the usability of Finnish Internet banks, January 2001.

Automatia Pankkiautomaatit Oy had about 1 900 Otto. cash dispensers in use at the end of the year. The volume of cash withdrawals by the OKOBANK Group's customers grew by 2 per cent since 1999.

OKOBANK Group Call center service

Call center service is part of the bank group's multichannel service network. The service has been built in co-operation with the member cooperative banks on the basis of a jointly agreed concept. Call center service supports the member banks by offering their customers the widest possible range of services with highly flexible service times.

The Call center's range covers all services for retail customers. Customers receive personal service six days a week and automated service every day. The number of calls coming in each month was in the range of 15 000 - 21 000.

In 2000 stockbroking and travel insurance as well as Swedish language service were added to the range of Call center services. A further task is to answer e-mails and to open Plussa accounts – for use at Kesko outlets – with the member banks.

On-site customer counselling

At the end of 2000 the OKOBANK Group had 709 branch offices, 8 less than a year earlier. The number of service outlets grew by two to 34. They are sites which are primarily intended for counselling customers and selling bank products, and as a rule they are located in large shopping centres. During the year a project was launched with the aim of developing service location models of the future, which correspond to customers' changing needs and a changing operating environment.

OKOBANK has a branch office in Stockholm and representative offices in St Petersburg, Russia, and Tallinn, Estonia.

Alliances

Finnish co-operation partners bolster operations

It is the OKOBANK Group's policy to ally with other players in the financial industry. Large-scale co-operation with the main insurance companies got under way towards the end of 1999, when the OKOBANK Group, Mutual Pension Insurance Company Ilmarinen and Suomi Mutual Life Assurance Company signed a co-operation agreement.

In April Ilmarinen and the OKOBANK Group agreed on the marketing and sale of statutory TEL (employment pensions) and YEL (self-employed persons' pensions) insurance policies through the branch offices of the member cooperative banks and Okopankki Oyj. Following the Pohjola Group's ownership arrangements that were carried out in May and June, the OKOBANK Group, Pohjola Group, Suomi and Ilmarinen have continued exploratory studies to map out the business areas in which they can step up co-operation benefiting all the parties.

In the autumn co-operation was started with Sonera Plaza with the aim of offering the OKOBANK Group's banking services in Sonera Plaza's consumer portal. Virtuaalinen Suomi Oy, which is jointly owned by the OKOBANK Group, the Pohjola Group and A-lehdet Oy, will bring out on the market its own mainio.net consumer portal in 2001. In addition, co-operation was started with two portals that are beamed at rural entrepreneurs.

The OKOBANK Group and Kesko, the central wholesaler and retail chain, brought their Plussa (Plus) account out on the market in the autumn. This is an OKOBANK Group account which can be used with the Plussa card of K-Plus Oy to pay for purchases and make cash withdrawals at stores belonging to the Kesko Group. The Plussa account came out on the market towards the end of the year. The aim is that the account can be used at all Kesko Group stores by the end of 2001.



Everyday finances can be handled conveniently by phone too. The OKOBANK Group Call Centre already encompasses all the services for retail customers.

The first experiences of the co-operation and the Plussa account have been positive. The joint project was carried out as planned and on schedule. Co-operation across sectoral boundaries is an important step in allying, in which the company's own interests are improved by the joint interests of its partners.

Co-operation was also stepped up with the main stakeholder groups in the agricultural and forest sector. Particular attention was paid to forest owners who live in towns as well as to silvicultural associations and wood buyers.

International partners – a channel to the world

Via OKOBANK, the OKOBANK Group is a member in the Unico Banking Group, a co-operation organisation of the European cooperative banks. In 2000, the Unico Banking Group comprised six full members and three associate members, which are the central banks of major retail banking groups in their home countries. These bank groups had aggregate total assets in 1999 of nearly EUR 2 100 billion. The banks employed more than 400 000 people and had about 40 000 branch offices.

For the customers of the OKOBANK Group, the branch offices of the Unico banks form a Europe-wide service network, which also works as a sales channel for the equity and bond issuance of corporate and institutional customers.

The globalisation of the economy and the formation of a unified euro-zone 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 jointly by the Unico banks was made a part of the OKOBANK Group's service palette towards the end of 1999.

Unico Banking Group's member bank/bank group's central bank	Total assets* € billion	Number of offices*
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
Unico Banking Group	2 065.4	40 100

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

Financing services

More than a third of new housing loans are provided by the OKOBANK Group

The OKOBANK Group is with you at life's every turn. One important turn in a person's life is buying a home or an apartment. For years now the OKOBANK Group has been a strong and versatile housing loan provider.

The OKOBANK Group's portfolio of housing loans to households grew by 13 per cent during the year, reaching EUR 8.2 billion at the end of the year. The market share of new housing loans rose to 36 per cent in 2000. Factors that spurred growth were the bank

group's good corporate image as a housing loan provider, competitive pricing and the OKOBANK Group's Home-owner's Service – a form of service that comprises not only financing but also all other needs connected with buying a house or apartment.

The content of the Home-owner's Service was developed particularly in respect of building single-family houses. More partners in co-operation were lined up and builders were offered new contact channels. This made available to customers a good deal of new services connected with buying and financing a home. The OKOBANK Group has far and away the largest market share in financing the building of single-family houses.

During the year the Home-owner's Service was rounded out by adding to it Kultaturva Home Insurance, which contains a number of special features and benefits that are of particular importance to housing loan customers.

The Home-owner's Service on the Internet was also revamped. The pages now offer more versatile and user-friendly thematic units as well as handy yardsticks and information on co-operation partners who are important when one buys a home or apartment.

Plenty of demand for home financing

A total of EUR 7.5 billion in new housing loans was drawn down from the deposit banks in 2000. The amount fell by over 10 per cent from the previous year's figure, when demand for loans was at record levels owing to exceptionally low interest rates. The OKOBANK Group's housing loan portfolio grew by more than 13 per cent, clearly outstripping the market average. The Group's market share of total housing loans grew by 0.9 percentage point to 33.6 per cent.

The growth in the banks' housing loan books reflects households' strong financial position. The average degree of indebtedness remained relatively low, although the differences between households widened in this respect.

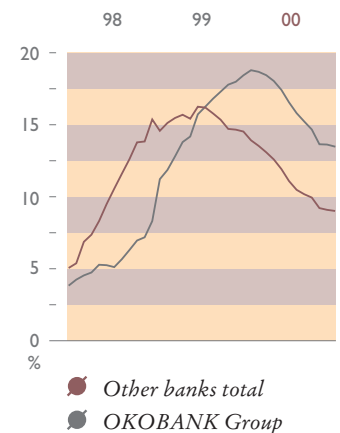
Last year demand for housing loans was buoyed up by the pronounced concentration of residential living and business activity in a few growth centres. The local overheating that threatened the residential market was avoided because the European Central Bank tightened its monetary policy substantially, and both the banks and their customers accordingly became more cautious on the loan market.

Housing prices went into gentle decline in the second half of the year following four years of rising prices (now and again at a very fast clip). At the end of 2000 housing prices throughout the country were at nearly the same level they were at a year earlier. In the Greater Helsinki area apartment prices fell a bit more than average towards the end of the year, whereby the growth in the price differential between the Greater Helsinki area and the rest of Finland came to a halt, at least temporarily.

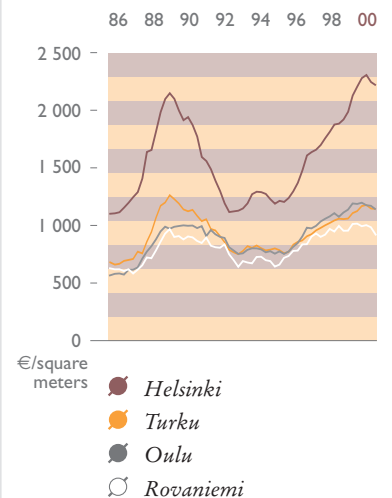
Forms of housing in transition

Finland's stock of housing is no longer exceptionally weighted towards family-owned housing. The difference compared with other West European countries has narrowed ever since the early 1990s, notably due to the spread of new forms of housing such as tenancy entitlement housing. At the turn of the millennium, non-rental housing represented about 60 per cent of the entire housing stock, whereas a decade earlier it was more than 70 per cent.

The banks' housing loan stock
12-month change



Average price of old flats





Whatever the residence, wherever it is located, the member banks of the OKOBANK Group today play an important role on the Finnish home finance scene.

Co-operation with YIT Corporation in the production and financing of Alfa apartments was continued. About 500 new Alfa apartments were produced.

OKOBANK Group Mortgage Bank plc was founded

The OKOBANK Group's new housing loan bank received an operating licence in the summer. OKOBANK Group Mortgage Bank plc is the member cooperative banks' new form of housing finance, which supplements the OKOBANK Group's strong know-how in the area of housing loans. Via the member banks, OKOBANK Group Mortgage Bank plc grants long-term housing loans against full collateral. The Mortgage Bank's funding is based on secured, low-risk housing loan bonds, which are secured by the loans, including their collateral, granted by OKOBANK Group Mortgage Bank plc.

New OP-Kiinteistökeskus estate agents' outlets – market share up

The total amount of real-estate sales diminished in Finland compared with 1999. The OP-Kiinteistökeskus estate agents concluded about 9 000 home purchases or sales during the year. The turnover was 7 per cent up on 1999.

The market share of OP-Kiinteistökeskus sites rose, especially in the country's growth centres. During the year a number of new locations were opened with the aim of further boosting market share. Rental housing gained in popularity and the number of rented dwellings brokered by the OP-Kiinteistökeskus units grew by 18 per cent since 1999.

Of Finnish estate agents, OP-Kiinteistökeskus is the only one that is part of the Internet consumers' web mall (ostajamyy.com), whose services were opened in the latter part of 2000. In future the home real-estate network service will be developed to be increasingly customer-centred and more versatile.

Card credits gain in popularity

The portfolio of consumer credits grew by nearly 8 per cent to EUR 1.5 billion, picking up a slight gain in market share too. The volume of new consumer credits shrank by 3 per cent. The popularity of card credits grew significantly thanks to their ease of use and versatility. They already account for more than 10 per cent of the entire OKOBANK Group's portfolio of consumer credits. Competition in the market is tight and loans are taken out with finance companies more and more frequently.

Comprehensive Payment Protection

About 40 per cent of the housing loans granted by the OKOBANK Group and 25 per cent of its consumer credits are covered by the Group's Payment Protection Plan insurance. It is the most comprehensive insurance for loans available on the market and it provides coverage against employment disabilities due to sickness or accident, unemployment or serious illness as well as death and a permanent accident-related disability.

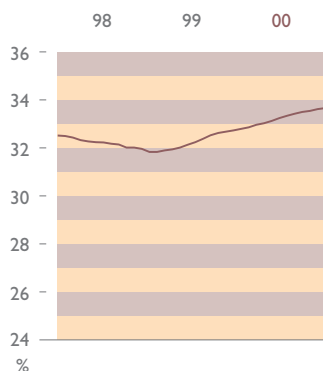
A stronger position in financing SMEs

The OKOBANK Group has a solid position and good corporate image amongst small and medium sized enterprises (SMEs). Every third SME considers a member bank of the OKOBANK Group to be its main bank.

The OKOBANK Group's portfolio of corporate credits grew by 10 per cent to EUR 5.2 billion. The Group's market share of corporate loans rose by 3.3 percentage points to 25.5 per cent.

The growth in the credit portfolio and market share was attributable to the traditional strength of the Group's banks. A good knowledge of the bank's own region as well

OKOBANK Group's market share of housing loans to households



as local, flexible decision-making are key factors of success amongst corporate clients.

According to a survey conducted by the Ministry of Trade and Industry in July, 46 per cent of all companies were customers of a bank belonging to the OKOBANK Group – and 34 per cent reported it was their main bank.

According to the OKOBANK Group's internal division of responsibilities, OKOBANK Consolidated handles the financing of large corporations. OKOBANK Consolidated's portfolio of corporate loans grew by 13 per cent during the year and the result reported by the corporate banking division was markedly better than it was in 1999.

During the year co-operation between the member banks and OKOBANK Consolidated was stepped up, especially with a view to increasing the versatility of financing services for small and medium sized companies.

Increased lending to agricultural and forestry customers

The delay in new financing legislation for rural businesses was a factor that slowed down agricultural investments. For the same reason, changes in farm ownership remained at an exceptionally low level. Despite the problems connected with subsidised financing, the portfolio of agricultural credits grew compared with the previous year.

The OKOBANK Group is Finland's uncontested market leader in farm financing and services for forest owners. The Group's portfolio of loans to agricultural and forestry customers grew during the year, reaching just over EUR 2 billion. This figure includes interest-subsidised loans and loans mediated from Treasury funds.

During the report year a special focus of development was finance company services for agricultural and forestry customers. To ease farms' working capital need, a system for the advance financing of agricultural subsidies was created. Advance financing for the wood trade was offered to forest owners on an active basis.

Deposit and asset management services

The OKOBANK Group's total deposits grew by 4.2 per cent to EUR 17.1 billion during the report year. The Group's market share of euro-denominated deposits grew by one percentage point to 31.2 per cent.

The levy of a tax on interest earned on deposits as from June 1, 2000, did not lead to a flight from deposit accounts, but instead deposits retained their position in the changed situation. Their proportion of financial assets remained unchanged at more than 45 per cent. Deposits will retain their wide popularity as a stable and safe form of investment in coming years too. In future, total deposits will be more clearly divided between savings and investment funds and funds on current account.

A big increase in insurance saving

The OKOBANK Group offers customers a comprehensive range of life, pension and investment insurance services. Aurum Life Assurance Company's premiums written rose to EUR 385 million. Aurum's premium income grew at a faster rate than did the life assurance industry in general, whereby the company's market share rose from 9.5 per cent to about 10 per cent. The amount of customers' insurance savings rose to EUR 1.2 billion.

Unit-linked policies rose to a 38 per cent proportion of premiums written. At the same time, their share of Aurum's entire technical reserves rose to 24 per cent. The trend is driven not only by customers' increased interest in these policies, but also by the close co-operation with all the Central Cooperative's units that produce asset management services.



Every third small or medium-sized company has chosen a member bank of the OKOBANK Group as its main bank. The Group further strengthened its position as a versatile provider of financing for SMEs during the report year.

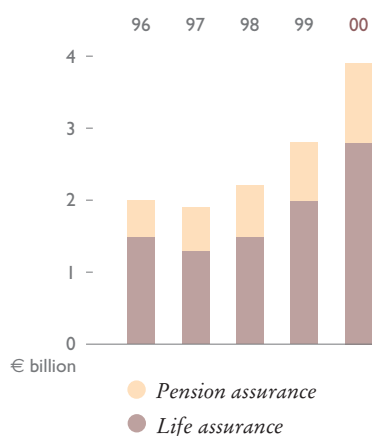
Mutual funds keep growing

Capital under management by the mutual funds continued to grow during 2000. The total amount of capital in the mutual funds registered in Finland rose by 37 per cent during the year, rising to EUR 13.5 billion. The capital inflow was especially strong in the first quarter of the year, increasing by EUR 3.1 billion. Thereafter the growth in incoming capital slowed down markedly. This was due largely to the poor share price trend in the equity markets, which was reflected not only in a drop in mutual fund values but also in the net inflow to them. Despite the uncertainty prevailing in the equity markets, the growth in capital invested in mutual funds is expected to continue in 2001.

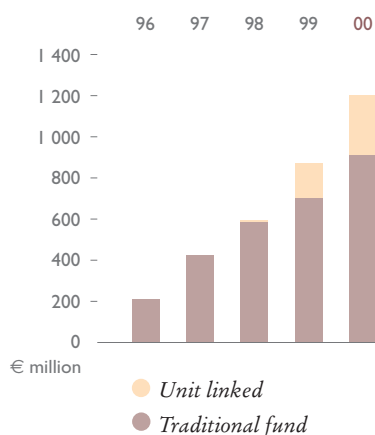
During 2000 the capital under management by the funds run by OP Fund Management Company Ltd grew by 31 per cent to EUR 1.9 billion. At the close of the financial year the company's market share was 14.2 per cent of the aggregate capital in mutual funds registered in Finland, or nearly the same as at the beginning of the year.

During the year six new OP Mutual Funds were opened. In December 1999 the OP-Spektri balanced fund was established and it began operations in January 2000. During the spring the fund grew very quickly in size and the number of its unitholders, and at the end of the year the fund's total capital amounted to EUR 169.7 million. In March

Premium income from non-statutory individual life and pension assurance



Aurum's technical reserves



Life assurance policies gain in popularity

Life assurance saving is growing strongly. In recent years insurance premiums have increased by about a quarter annually. In 2000 the growth was a hefty 37 per cent. The increase in popularity is due to the greater affluence of the population, the need to diversify investments, the low level of interest paid on deposits and tax benefits.

The largest of the subgroups within life assurance is savings life assurance policies. Premiums written in this area grew by 50 per cent last year, representing two thirds of total premiums written. Non-statutory pension insurance accounted for more than a quarter of premiums written, and grew by a good third. On the other hand, capital redemption policies lost a third of their premium income, and their proportion of total premiums written fell to 5 per cent.

Flexible yield alternatives can be written into life assurance policies. The policy can be tied to a traditional interest yield or the policy can be written on an investment-linked basis, whereby the yield tracks the return obtained from a selected mutual fund. Both interest and investment-linked components can be combined

as parts of the same policy. In recent years, unit-linked policies have enjoyed strong growth.

Structural changes in the insurance industry

Within life assurance operations, the insurance companies owned by the banks have strengthened their positions in recent years and gained market share. One of the fast-growing winners is the OKOBANK Group's Aurum.

Of Finland's life assurance companies, Sampo and Leonia merged last year. Within the Pohjola Group, Suomi began selling life assurance policies again in place of Pohjola Life. The Swedish insurance companies have increased their outlays and activity in the Finnish market. In addition, licences have also been granted to other foreign companies.

Aurum growing at a good clip

Life assurance policies are one of the OKOBANK Group's core business areas. In a bit more than five years' time, Aurum has obtained nearly 100 000 customers and built up insurance savings totalling about EUR 1.2 billion.

three new international sectoral funds were established. OP-Technology invests its assets primarily in the shares of technology companies, OP-Trend in the leading manufacturers of consumer goods and OP-Medical in the shares of companies operating in the pharmaceutical, medical technology and biotechnology fields.

In October 2000 OP-Eastern Europe started operations. The fund invests its assets in the developing equity markets in Eastern Europe. The fund's portfolio manager is Chase Fleming Asset Management. December saw the launch of the OP-Euro Yrityslaina (OP-Euro Corporate Bond) mutual fund, which invests its assets primarily in euro-denominated bonds and notes issued by European corporations.

Payment transfers on the rise

The volume of domestic payment transfer transactions increased during 2000. The number of payment transfer contracts grew by 8.8 per cent and Opnet contracts by 6.3 per cent.

The volume of outgoing payments in foreign payment transfer traffic grew slightly on the previous year. The automation of payments was increased, thereby stepping up transaction processing, reducing the number of errors and lowering costs. The degree of rationalisation of outgoing and incoming payments grew. In incoming foreign payments

Mutual funds win wide popularity

Towards the end of 2000, about 400 000 Finns owned mutual fund units. The capital of mutual fund companies registered in Finland totalled nearly EUR 13.5 billion at the end of December. A bit more than 75 per cent of this amount was in mutual funds that invest outside Finland. The capital in mutual funds has grown 15-fold since 1995 and 250-fold since 1990. At the end of 2000 there were 241 mutual funds registered in Finland, of which 64 were established last year.

The most popular type of mutual fund is an equity fund. Last year nearly half of the capital in mutual funds was in equity funds. The share in balanced funds was 15 per cent and in fixed-income funds, 12 per cent. About a quarter of the mutual fund capital consisted mainly of institutions' investments in money market mutual funds. In addition, there were hedge funds on the market, though so far they have a small share of the volume.

2000 was a difficult year for the mutual funds. Stock exchange prices headed downhill all around the world, but some industries nevertheless showed a favourable trend. The pharmaceutical industry and the financial sector enjoyed rising share prices, whereas technology shares lost nearly a third of their value and telecommunications operators even more. Fixed-income funds had a better yield than they did a year ago thanks to falling interest rates.

EUR 1.9 billion in OKOBANK Group mutual funds
The OKOBANK Group brought out on the market its first two funds, OP-Growth and OP-

Yield, in 1987 when mutual fund operations got started in Finland. Owing to the weak market situation and the recession in the 1990s, growth got off to a slow start. At the end of 1992, there was slightly less than EUR 12 million of capital in the Group's mutual funds. By 1997 the amount had risen to EUR 254 million, after which growth has been fast. Last year's 31 per cent growth raised the capital invested in mutual funds to EUR 1.9 billion.

OKOBANK Group mutual funds

Equity funds

- OP-Delta
- OP-Euro Growth
- OP-Euro Equity
- OP-Eastern Europe
- OP-Medical
- OP-Forest
- OP-Technology
- OP-Trend
- Opstock Global Equity
- Opstock Euro Index
- Opstock Finland Index

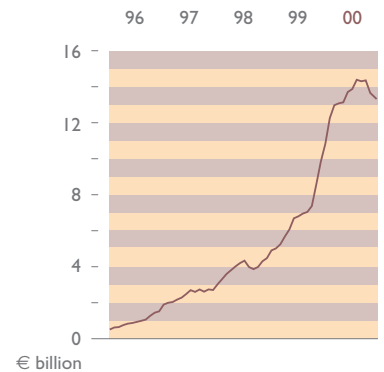
Balanced funds

- OP-Pirkka
- OP-Spektri
- OP-Yield
- Opstock Global Balanced

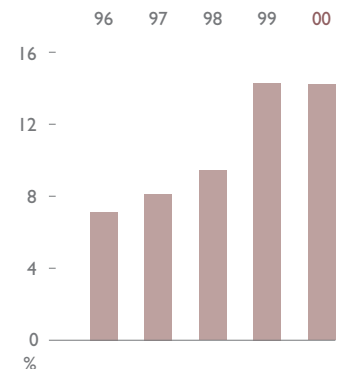
Fixed-income funds

- OP-Interest
- OP-Markka
- OP-Euro Corporate Bond
- Opstock Euro Bond Index
- Opstock Finland Bond Index

Market value of mutual funds registered in Finland



OP Fund Management Company's market share of the market value of mutual funds registered in Finland





it was nearly 70 per cent and in outgoing payments, 65 per cent.

During the year the OKOBANK Group's competitiveness within international payment transfers improved significantly when the Group joined the euro payment transfer EBA Clearing system. This enables the OKOBANK Group to offer its customers lower cost and faster euro payment transfers than previously.

During the year extensive development work on online and Cash Management services for companies was started, and it is continuing on into 2001. In October the OKOBANK Group joined in the development work on the EInvoice standard, and this phase of Internet billing will be available for testing by customers in the early part of 2001. In the current year the development of payment transfer services will be weighted towards online billing and the promotion of other online commerce applications for companies.

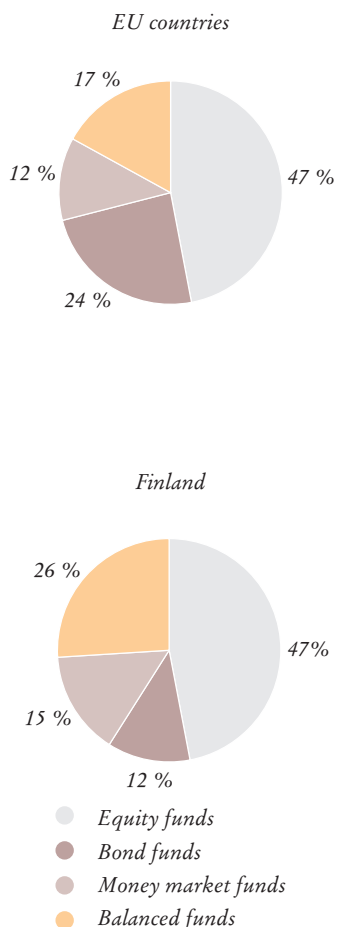
Other operations

Capital invested in real-estate diminishes

The amount of capital which the OKOBANK Group had invested in real-estate at the end of the year was EUR 1.5 billion, a decrease of EUR 0.2 billion on the figure a year earlier.

The amount of capital invested in real-estate property that was not in own use totalled EUR 1.1 billion at the end of the year. The occupancy rate of leasable properties was 88 per cent at the end of the year, and the net yield was 6.0 per cent. At the end of 1999 the occupancy rate was 89 per cent and the net yield was 5.6 per cent.

Capital in mutual funds by type of fund (June 30, 2000)



Source: Finnish Association

Preparations for the euro

The entire economic operating environment will become euro-centric from the beginning of 2002. In the form of money in bank accounts, Finnish markka amounts will be changed into euros right on January 1, 2002, when euro notes and coins will also be placed in circulation in the 12 euro-zone countries. In Finland the markka will be accepted for cash payments until the end of February 2002.

During the year under review, preparations for the euro within the OKOBANK Group were a planned continuation of the previous EMU project. In 2000, preparations focused mainly on modifications to information systems as well as information and advisory tasks.

Plans for modifying the information systems were completed and work on implementing a number of applications started. The bulk of the implementation work will nevertheless be done in the first part of 2001, with tests being carried out in the autumn and installation work coming at and around the turn of the year.

The member cooperative banks' network of euro-advisers was brought up to date and extended to every member bank of the OKOBANK Group. At the turn of the year there were 369 euro-advisers. They act as euro information transmitters, trainers and providers of customer support at the individual banks.

The euro information for private and corporate customers on the OKOBANK Group's Internet pages was updated and the Group's use of internal information networks for disseminating timely euro information was stepped up.

Euro information and training was organised for the staff of the OKOBANK Group Central Cooperative and the member cooperative banks, whilst staff and customer functions on euro-related subjects that were organised by the member banks were supported through presentations and by providing materials.

In addition, euro-related co-operation was carried on, notably, with the Ministry of Finance, the Bank of Finland and the Finnish Bankers' Association.

Within the OKOBANK Group the changeover to the euro is estimated to cost a good EUR 19 million during 2000-2002.

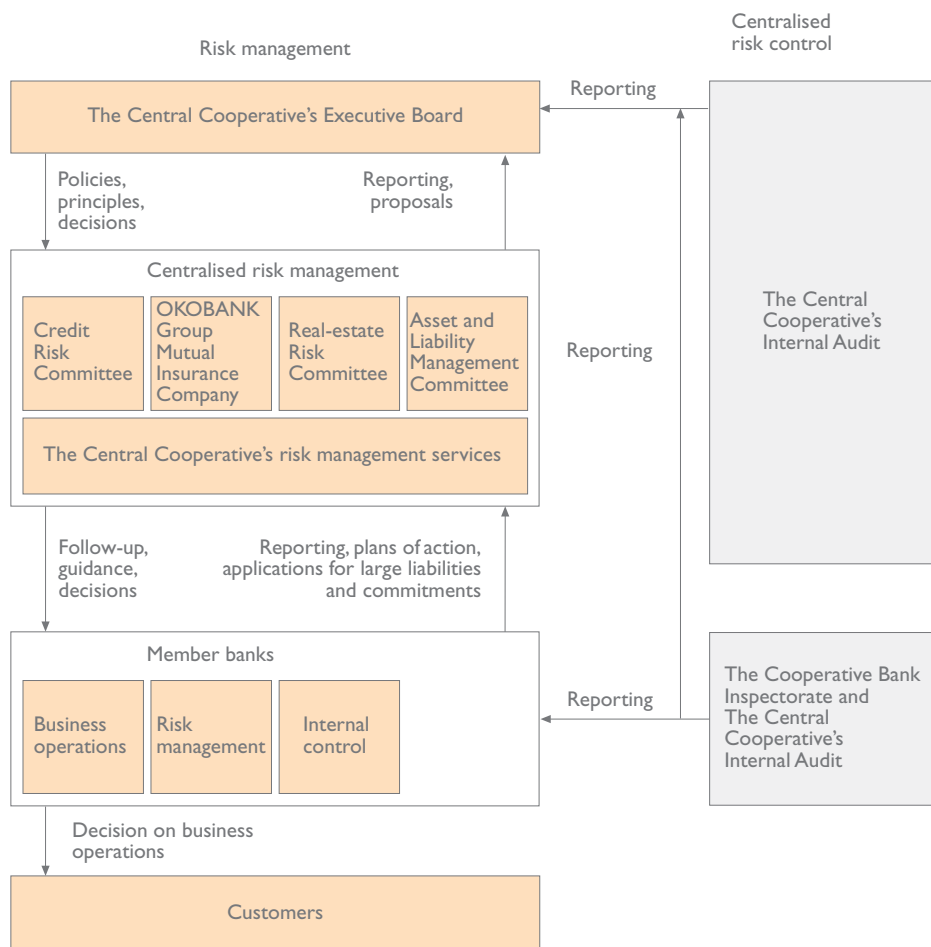
Risk management

The OKOBANK Group's risk management is based on the professional skill and prudence of business decision-makers and risk management experts, and furthermore on the systematic monitoring, assessment and limiting of risks. The most important objective of risk management is to prevent uncontrolled risks from arising, so that they do not jeopardise the capital adequacy of an individual member bank or the entire OKOBANK Group.

The OKOBANK Group Central Cooperative is in charge of managing the OKOBANK Group's risks at the Group level and for the adequacy and upgrading of the Group's risk management systems. The Central Cooperative issues its member banks instructions to safeguard their risk management and it monitors the member banks' operations. Each member bank, however, is itself responsible for ensuring that it has sufficient risk management systems in view of the extent of its operations and the risk it assumes.

Each year the OKOBANK Group Central Cooperative sets risk limits for the entire Group's risk-taking ability and different types of risk. The level of the risk limits as well as the coverage and content of the benchmarks are reviewed regularly. The control and monitoring of the member banks is handled primarily on the basis of a monitoring limit system derived from the Group's risk limits. Within the framework of the monitor-

Organisation of OKOBANK Group's risk management and control



ing limits the member banks are themselves responsible for their risk management. If monitoring limits are broken, the member banks may undergo various degrees of control over their operations.

Risks are classified as credit risks, real-estate-operations risks, market risks as well as strategic and operational risks. The OKOBANK Group's credit, real-estate and market risks are at a low level. Preparedness for dealing with strategic and operational risks has been built in a number of ways, and risks have been reduced through taking active measures.

The OKOBANK Group's risk management and risk position is discussed in greater detail in the consolidated annual accounts, which are annexed to this publication.

Reliability is the cornerstone of banking operations. Within the OKOBANK Group, comprehensive and up-to-date risk management systems go a long way towards ensuring that this trust is honoured.



PERSONNEL

The OKOBANK Group's payroll at the end of 2000 was 8 535 employees, compared with 8 337 a year earlier. The member cooperative banks employed 6 463 people and the OKOBANK Group Central Cooperative (including Okopankki), 2 052 people.

During the year the OKOBANK Group hired 670 new employees. About 81 per cent of the member banks' personnel work in customer service positions. Of the entire bank group's personnel, 84 per cent are engaged in customer service. 30 per cent of the OKOBANK Group Central Cooperative's staff work in expert capacities.

Of the OKOBANK Group's employees, 12 per cent held a university or college degree and 45 per cent had a post-secondary degree. Women accounted for 81 per cent of the personnel, and for 40 per cent of all the supervisors.

The Group has an experienced staff: the average time in employment at the end of 2000 was 19 years and the average age was 44.8 years.

Turning competence into a competitive advantage

The capability and development-driven spirit that are emphasised in the OKOBANK Group's vision challenge our people to engage in wide-ranging, varied development work



Our success springs from the best skills and competence, an innovative job atmosphere and leadership in meeting customers' needs. The personnel's competence will be built into a strength that reinforces our success. Our management culture and job atmosphere are open and encourage development and co-operation.

which creates new things and is guided by customers' needs.

Development of the member cooperative banks' operations centred on reinforcing a customer-oriented way of working, in line with the bank group's strategy. For use by the member banks, a new operational model was built in which development plans for each unit and employee are derived from the competence requirements of the individual member banks. The coverage provided by these plans is an important development benchmark for the entire OKOBANK Group. The plans are based on competence profiles which are put together in accordance with the business-driven competence structure.

The operational model for competence management and development that was created for the OKOBANK Group Central Cooperative became firmly rooted in operations during the year under review. Management defined and confirmed the strategic competence areas which will be focuses of development and in which development of the competence level will be monitored.

In the course of the year the Central Cooperative's entire personnel participated in the broad-based Rhythm programme which develops the organisation's way of working and management. It has been decided to continue the development of competence and management by means of new development programmes that will focus on leadership, vision, project activities and fostering innovation.

The study degrees that are part of the OKOBANK Group's own study system, known as the OP-Academy, were completed actively and the range of options was expanded by adding special vocational degrees. The focus areas of the degrees are management, sales training, customer service and bank staff skills. Last year 595 people enrolled for a course leading to a diploma. In addition to diploma courses, development activities included strategy days for the managing directors of the member banks, a strategy meeting of the chairman of the Supervisory Boards and Executive Boards as well as other seminars and days devoted to timely subjects.

Online study was developed energetically and new Internet study packages were produced for the entire Group's personnel. Tools and methods supporting the member banks' development work were created for online use. New interactive methods for Internet study were also introduced.

In 2000 the OKOBANK Group spent 3.3 per cent of its payroll total on training. The corresponding figure a year earlier was 3.1 per cent.

A workplace that rewards accomplishment

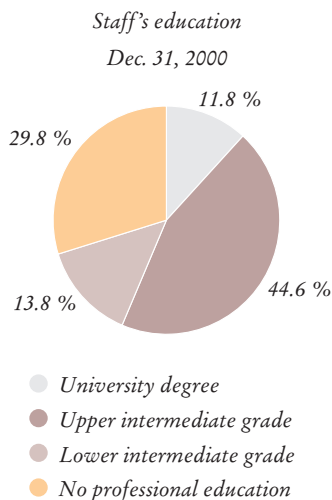
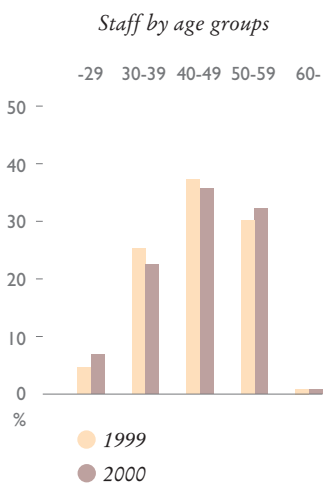
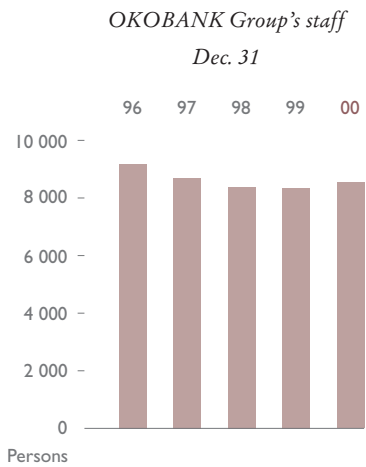
People make success. The OKOBANK Group's strategy places a strong emphasis on leadership.

The basis of leadership which is applied throughout the Group is a set of benchmarks of success that are derived from the balanced scorecard model. This is a framework for setting targets and defining important actions for three key areas: customer performance, internal performance - ie operational performance and intellectual capital - and financial performance. One important gauge of internal performance is the workplace atmosphere. Its development is monitored and all the OKOBANK Group units devote a great deal of resources to developing it.

The OKOBANK Group's personnel have the possibility of receiving profit-based bonuses and other incentives. Performance is measured in development discussions between supervisors and the staff, including an assessment of overall competence and the building of individual development plans for each employee.

The entire staff of the OKOBANK Group Central Cooperative are covered by the stock option plan that was built in 1999.

The bank group will seek to expand the use of monetary and other incentives.



In 2000 the OKOBANK Group set a new earnings record for the fourth year running. Operating profit was EUR 664 million, up 48 per cent on the previous year. Comparable operating profit adjusted for non-recurring items grew by 33 per cent.



In 2000 the OKOBANK Group fared well in competition with other banks. Market share kept growing, hand in hand with earnings.



In the report year the OKOBANK Group obtained a sizeable number of new retail and corporate customers.

EARNINGS TREND OF THE OKOBANK GROUP

Result of operations and financial position

Net income from financial operations up 18 per cent

The rise in the level of interest rates and the growth in the credit portfolio improved the bank group's net income from financial operations, which totalled EUR 801 million, up 18 per cent on the previous year. Net income from financial operations as a ratio of average total assets was 3.3 per cent in the last quarter. In the last quarter of 1999 the ratio was 2.8 per cent.

Income from equity investments grew from EUR 7 million to EUR 204 million. The dividends received from Pohjola Group, including avoiron fiscal tax credits, amounted to EUR 195 million. Commission income increased by 21 per cent to EUR 303 million. Net income from securities transactions was slightly less than one million euros, as against EUR 22 million a year earlier.

Other operating income amounted to EUR 166 million, down EUR 12 million on the previous year. The income figures for 1999 included a total of EUR 23 million of non-recurring items.

Expenses increase by 6.8 per cent

The OKOBANK Group's expenses totalled EUR 720 million, compared with EUR 674 million in 1999. The biggest increase was in other administrative expenses and write-downs.

Salaries and commissions grew by 7.1 per cent to EUR 251 million. Total staff costs grew by 3.2 per cent to EUR 301 million. During 2000 the bank group's number of staff grew by 2.4 per cent, totalling 8 535 employees at the end of the year.

Other administrative expenses grew by 8.5 per cent to EUR 164 million. Write-downs increased from EUR 23 million to EUR 36 million. Other operating expenses totalled EUR 129 million.

Hefty reversals on loan losses

The net amount of loan and guarantee losses diminished from EUR 26 million to EUR 5 million. The gross amount of new losses booked was EUR 75 million, as against EUR 70 million a year earlier.

The amount of non-performing claims at the end of December was EUR 179 million, or 11 per cent less than at the end of 1999. The amount of zero-interest claims diminished by 30 per cent to EUR 25 million. The ratio of non-performing and zero-interest claims to the credit portfolio and other claims equivalent to lending plus off-balance sheet commitments was 0.8 per cent at the end of December. At the end of 1999 this ratio was 1.0 per cent.

Operating profit EUR 664 million

The OKOBANK Group reported operating profit of EUR 664 million, exceeding the 1999 operating profit by EUR 215 million. Fourth-quarter operating profit was EUR 132 million, or EUR 8 million less than in the previous quarter. In the October-December period the result before loan losses, however, was about EUR 7 million greater than in July-September.

Income taxes booked for 2000 amounted to EUR 159 million. The bank group's after-tax profit for the financial year was EUR 504 million.

Balance sheet

The OKOBANK Group's total assets at the end of December stood at EUR 27.1 billion, an increase of EUR 1.1 billion since the end of 1999. Claims on the public and public sector entities grew by 11 per cent to EUR 20.3 billion and liabilities to the public and public sector entities rose by 1.9 per cent to EUR 18.3 billion.

The OKOBANK Group's equity capital at the end of the year totalled EUR 2.3 billion, increasing by a third on the figure a year earlier. During the report year the equity ratio rose from 6.7 per cent to 8.6 per cent. The cooperative banks' cooperative capital was EUR 505 million at the end of the year, compared with EUR 394 million a year earlier.

Capital adequacy

The bank group's capital adequacy ratio at the end of the year was 13.7 per cent, or 1.3 percentage point higher than at the end of 1999. The profit for 2000 less the proposed dividend has been included in own funds.

The amount of Tier I own funds grew by 32 per cent to EUR 2.2 billion during 2000, and risk-weighted commitments increased by 13 per cent to EUR 18.7 billion. The ratio of Tier I own funds to risk-weighted commitments grew by 1.7 percentage point to 11.6 per cent.

2000 review of Group companies

Member cooperative banks report operating profit of EUR 370 million

The cooperative banks belonging to the OKOBANK Group, the OKOBANK Group Security Fund and the OKOBANK Group Mutual Insurance Company reported an increase in consolidated operating profit of 29 per cent to EUR 457 million. The aggregate operating profit of the member cooperative banks was EUR 370 million, an increase of EUR 92 million on the previous year. The result was improved mainly by the growth in net income from financial operations and commission income. Of the bank group's 244 member cooperative banks, 242 banks reported an operating profit. The aggregate operating loss of the two cooperative banks that were in the red was EUR 0.05 million.

The Central Cooperative Consolidated posts operating profit of EUR 233 million

OKOBANK Group Central Cooperative Consolidated reported operating profit of EUR 233 million, up EUR 113 million on the previous year. EUR 98 million of the growth was due to income on investments made in Pohjola Group shares. The comparable operating profit adjusted for non-recurring items grew by 30 per cent. OKOBANK Group Central Cooperative Consolidated had a payroll of 2 052 employees at the end of the year.

The OKOBANK Group Central Cooperative's operating profit was EUR 81 million, an increase of EUR 64 million on the figure reported in 1999. Primarily owing to equity investments, the Central Cooperative's total assets grew by 71 per cent to EUR 382 million. The Central Cooperative's equity ratio at the end of the year was 44 per cent. At the end of 1999 it was 52 per cent. The Central Cooperative had a payroll of 653 people at the end of the year.

Major subsidiaries

OKOBANK Osuuspankkien Keskuspankki Oyj posted a consolidated operating profit of EUR 167 million, compared with EUR 111 million a year ago. The investment made in Pohjola Group shares added a net amount of EUR 35 million to operating profit. OKOBANK Consolidated's comparable operating profit grew by EUR 38 million. The



The OKOBANK Group's objective is to be the leading Finnish retail banking group in 2001 too.

improvement in the comparable result was attributable to the growth in net income from financial operations and commission income. Owing to reversals, the net effect of loan and guarantee losses on the result was positive, as it was a year earlier.

OKOBANK Consolidated's total assets at the end of December stood at EUR 11.0 billion, an increase of EUR 0.2 billion since the end of 1999. OKOBANK Consolidated's credits to the public including leasing contracts grew by 16 per cent from the end of 1999, rising to EUR 5.6 billion. OKOBANK Consolidated's capital adequacy ratio at the end of the year was 11.9 per cent and it had a payroll of 1 039 employees at the end of December.

Aurum Life Assurance Company's balance on technical account was EUR 10 million, up 10 per cent on the figure a year earlier. The company's premiums written grew by 45 per cent to EUR 385 million. The company's total technical reserves at the end of the year were EUR 1.2 billion, increasing by 37 per cent on the figure a year earlier.

OP-Kotipankki Oyj reported operating profit of EUR 3.2 million, an increase of EUR 0.9 million on the previous year. Net income from financial operations grew by 29 per cent to EUR 8.4 million and commission income by 67 per cent to EUR 8.6 million. The biggest increase in expenses came in commission expenses, which rose from EUR 4.4 million to EUR 7.8 million. The net amount of loan losses was EUR 1.3 million, as against EUR 0.7 million in 1999.

The bank's credit portfolio grew by 44 per cent to EUR 148 million during the year. Total deposits diminished by 64 per cent to EUR 24 million. At the end of December Kotipankki's capital adequacy ratio was 12.4 per cent.

OP Fund Management Company Ltd posted operating profit of EUR 1.2 million. In 1999 operating profit amounted to EUR 1.8 million. Income from mutual fund operations grew by 116 per cent to EUR 31 million. Commission expenses increased by 154 per cent to EUR 25.2 million and consisted mainly of payments to the Group's member banks.

Capital invested in the mutual funds run by OP Fund Management Company totalled EUR 1.9 billion at the end of December, or just under a third more than at the end of 1999.

More detailed information is given on these and the other subsidiaries of the Central Cooperative in the OKOBANK Group's financial statements, which are annexed to this publication.

Outlook for 2001

In 2000 the OKOBANK Group posted its best-ever result, clearly exceeding targets. The growth in earnings was attributable both to the favourable trend in core operations and to non-recurring items. The good earnings trend was supported by the strong growth in the Finnish economy. Operating profit for 2001 is expected to be on a par with the operating profit for 2000 adjusted for non-recurring items.

The earnings estimate is based on the assumption that the positive trend in the operating environment will continue and that no major disturbances arise.

THE OKOBANK GROUP CENTRAL COOPERATIVE'S CORPORATE GOVERNANCE

Tasks of the cooperative and its members

According to the statutes of the OKOBANK Group Central Cooperative, the Cooperative's purpose is to promote and support the development and joint operations of its members and the entire OKOBANK Group, to handle centralised services for its members and to see to the safeguarding of the Group's interests.

The Cooperative's members can be the credit institutions pursuant to the Cooperative Bank Act, whose statutes or Articles of Association have been approved by the Central Cooperative. The Supervisory Board takes decisions on admitting new members.

A member must make a contribution of at least FIM 100 000 to the Central Cooperative. When joining the Central Cooperative, a member is furthermore responsible for participating in it through supplementary contributions that are calculated on the basis of the risk-weighted claims, investments and off-balance sheet items according to the member's capital adequacy calculations.

Under the Cooperative Bank Act, the Central Cooperative is responsible for issuing its members instructions on their activities in order to ensure liquidity, capital adequacy and risk management and also to monitor the members' operations.

Meeting of the Cooperative

The Annual Meeting of the Cooperative is held once a year on a day specified by the Supervisory Board before the end of May. In calculating the votes that can be cast at the meeting, a member receives a number of votes equal to the amount of the contributions it has paid in.

If a member bank's Tier I own funds at the end of June of the previous calendar year, net of equity capital items originally provided by the State, the OKOBANK Group Security Fund or the central institution, an institution that is a subsidiary of the central institution or another member cooperative bank, are more than seven per cent of the risk-weighted total assets used in calculating the member bank's capital adequacy, the member bank receives additional votes such that collectively the members may have additional votes totalling double the number of votes accorded on the basis of their contributions. The central institution's subsidiary credit institutions do not receive additional votes.

At the meeting no member, however, can cast more than two per cent of the votes represented at the meeting.

A member who owing to its own financial difficulties has received during the current year or the five previous calendar years a subsidy loan, grant, guarantee or capital investment from the OKOBANK Group Security Fund or the central institution or a subsidiary credit institution of the central institution can cast only one vote at the meeting.

The following matters, among others, are dealt with at the Annual Meeting of the Central Cooperative:

- a resolution on approval of the parent company and consolidated profit and loss account and balance sheet for the previous financial year
- a resolution on measures to be taken respect of the profit or loss shown in the approved parent company and consolidated balance sheets

- a resolution on the granting of discharge from liability for the previous financial year to the chairman of the Executive Board, the president, the other members of the Executive Board and the members of the Supervisory Board
- a resolution on the number of members of the Supervisory Board and election of the required members of the Supervisory Board
- election of at least three auditors and a necessary number of deputy auditors to audit the Central Cooperative's corporate governance and accounts as well as the OKOBANK Group's consolidated annual accounts
- presentation and distribution of the OKOBANK Group's consolidated annual accounts and the auditors' report
- confirmation of payments collected from the members.

Supervisory Board

The Central Cooperative's Supervisory Board comprises a minimum of 32 and a maximum of 36 members. The Annual Meeting of the Cooperative first elects a maximum of 20 members, one from each Cooperative Bank Federation area, for a three-year term. Of these members, a number that is closest to one third resigns each year. In addition, 16 members are elected from the territories of the Federations such that the allotment of seats is determined among the Federations on the basis of the capital adequacy of their member banks. The term of office of these members is three years unless the term of office ends prior to this date due to a change in the allotment of seats among the Federations. A member elected to the Supervisory Board shall not be a Supervisory Board member, Executive Board member or deputy member, president or auditor or deputy auditor of a member bank which owing to its own financial difficulties has received during the current year or the five previous calendar years a subsidy loan, grant, guarantee or capital investment from the OKOBANK Group Security Fund or the central institution or a subsidiary credit institution of the central institution. The members of the Supervisory Board shall elect from amongst their number a chairman and two vice chairmen.

The task of the Supervisory Board is to oversee that the Central Cooperative's operations are managed in an expert and prudent manner in accordance with the relevant acts and the Cooperative's statutes and in the best interests of the members and the OKOBANK Group and, furthermore, that the confirmed instructions and decisions of the Cooperative are observed. In addition, the tasks of the Supervisory Board are, among other things

- to confirm the joint objectives and operational policy lines of the OKOBANK Group as well as the general principles of exercising control and oversight of the member banks, the standing regulations concerning auditing of the member banks and the principles governing support that is granted to the member banks
- to elect and dismiss the chairman of the Executive Board, the president and the other members and deputy members of the Executive Board as well as the director in charge of the audit function
- to issue instructions on the division of responsibilities between the chairman of the Executive Board, the president and the other members of the Executive Board
- to have performed by auditors elected by them at least once a year an audit of the management and administration of the Central Cooperative
- to confirm a budget for the next year and to propose for adoption by the cooperative

- meeting the main payments to be collected from the members
- to present to the Annual Meeting of the cooperative a statement on the parent company and consolidated annual accounts and to adopt them
 - to decide on calling a meeting of the cooperative.

The audit task which is a duty of the Supervisory Board is carried out by the Audit Committee appointed by the Supervisory Board. The committee comprises four ordinary and two deputy members whom may also be appointed from amongst persons who are not members of the Supervisory Board. The Audit Committee elects a chairman from amongst its number. The secretary is the head of the Central Cooperative's Internal Audit. The committee meets twice a year or more frequently when convened by the chairman.

Executive Board

The Central Cooperative's corporate governance is exercised by an Executive Board whose task is to direct the Central Cooperative's operations in accordance with the relevant acts and the Central Cooperative's statutes.

The Executive Board comprises a chairman who is appointed as the Chief Executive Officer, a president, who acts as the Executive Board's vice chairman as well as a minimum of two and a maximum of four other members and a maximum of four deputy members.

The term of office of a member or deputy member of the Executive Board lasts from the date of election up to the retirement age in accordance with the cooperative banks' pension system. The term of office can end prior to this date if the member or deputy member requests to resign or is dismissed from membership.

Management's responsibility

The Executive Board is collectively responsible for the matters which it jointly decides at its meetings. In addition, the members and deputy members of the Executive Board have an operational responsibility for the functional areas and organisational entities that are designated as their individual responsibility.

Shareholdings in OKOBANK

The members and deputy members of the OKOBANK Group Central Cooperative's Executive Board owned a total of 2 736 OKOBANK Series A shares at the end of 2000. The system of rewards for the Executive Board's members and deputy members is based on the bond loan with equity warrants issued in 1999. On the basis of the warrants, the Chief Executive Officer is entitled to subscribe for 160 000 OKOBANK Series A shares, the presidents of the OKOBANK Group Central Cooperative and OKOBANK for 120 000 shares, the other members of the Executive Board for 80 000 shares and the deputy members for 30 000 shares.

MEMBERS OF THE SUPERVISORY BOARD

*Regionally Elected Members
(term of office three years)
and members elected on the
basis of capital adequacy of
the member banks in the
region* (term of office at
most three years)*

Etelä-Pohjanmaa
Mauri Hietala (2000)
Business Development
Director
Seinäjoki, 2000-2003
* **Simo Ilomäki** (1997)
Managing Director
Vimpeli, 2000-(2003)

Etelä-Suomi
Vesa Lehikoinen (1997)
Managing Director
Janakkala, 1999-2002
* **Timo Alaviuhkola** (1997)
Head of Research Station
Hyvinkää, 2000-(2003)
* **Jorma Pitkälä** (1997)
Farmer
Hämeenkoski, 2000-(2003)

Kainuu
Keijo Väänänen (1997)
Professor
Vaala, 1998-2001
* **Erkki Airaksinen** (1997)
Managing Director
Kuhmo, 2000-(2003)

Keski-Pohjanmaa
Ilkka Heinonen (1997)
Principal
Haapajärvi, 1998-2001

Keski-Suomi
Erkki Laatikainen (1997)
Professor
Jyväskylä, 1999-2002

Kymi-Vuoksi
Seppo Penttinen (1997)
Professor
Savitaipale, 2000-2003
Chairman
* **Paavo Aho** (1997)
Colonel (ret.)
Elimäki, 2000-(2003)
* **Risto Kiljunen** (1997)
Managing Director
Lappeenranta,
2000-(2003)

Lappi
Tauno Raistakka (1997)
Farmer
Posio, 1998-2001
* **Erkki Alatalo** (1998)
Engineer (forestry)
Keminmaa, 2000-(2003)

Pirkanmaa
Heikki Teräväinen (1997)
Managing Director
Toijala, 1999-2002
* **Martti Talja** (1997)
Development Manager
Mänttä, 2000-(2003)

Pohjois-Karjala
Jorma Lehikoinen (1997)
Managing Director
Lieksa, 1999-2002
* **Heikki Pirinen** (1997)
Principal
Kitee, 2000-(2003)

Pohjois-Pohjanmaa
Paavo Haapakoski (1997)
Principal
Pyhäjoki, 1998-2001
* **Lauri Knuutila** (2000)
Managing Director
Oulainen, 2000-(2003)

Pohjois-Savo
Erkki Tuovinen (2000)
Executive Director
Sonkajärvi, 2000-2003
* **Jaakko Ojanperä** (2000)
Managing Director
Kuopio, 2000-(2003)

Satakunta
Jorma Pere (1997)
Managing Director
Eura, 1999-2002
* **Jukka Ramstedt** (1997)
Managing Director
Pori, 2000-(2003)
* **Pertti Raunio** (1998)
Principal
Rauma, 2000-(2003)

Suur-Savo
Leo Pakkanen (1997)
Managing Director
Kangasniemi, 2000-2003
* **Asko Ruuskanen** (1997)
Dean (ret.)
Savonlinna, 2000-(2003)

Sydkusten
Ola Eklund (2000)
Managing Director
Karjaa, 2000-2001

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

* **Pertti Ruotsalainen** (1997)
Hospital Physicist
Mynämäki, 2000-(2003)
*Deputy Chairman and
Chairman's first deputy*
* **Pauli Salminen** (1997)
Managing Director
Loimaa, 2000-(2003)

Österbotten
Kaj Skåtar (1997)
Managing Director (ret.),
Vaasa, 1998-2001

*Other members,
term of office three years*

Maria Kaisa Aula (1997)
Member of Parliament
Tervola, 1999-2002

Esa Härmälä (1997)
Chairman, Central Union of
Agricultural Producers
Helsinki, 1999-2002

Simo Kauppi (2000)
Managing Director
Rauma, 2000-2003
Deputy Chairman

Seppo Junttila (2000)
General Secretary
Helsinki, 2000-2003

*The year next to the name
indicates since when the person
has been a member of the
Supervisory Board.*

February 15, 2001

Pekka Jaakkola

Reijo Karhinen

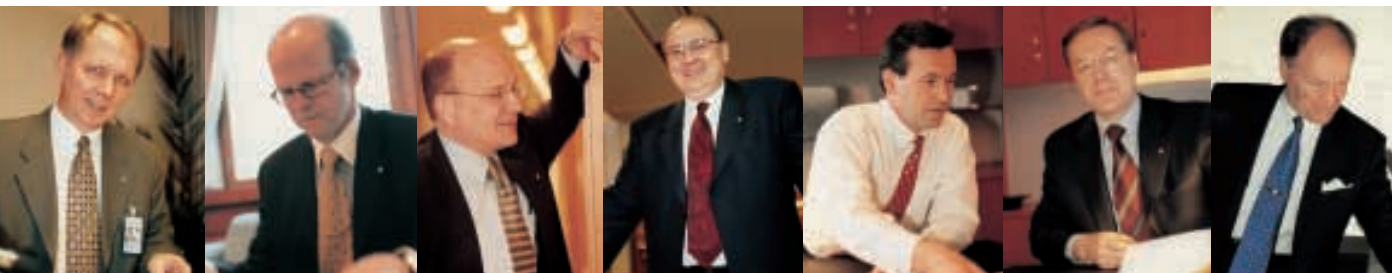
Keijo Manner

Markku Niinikoski

Mikael Silvennoinen

Antti Tanskanen

Heikki Vitie



ORGANISATION

Chairman and CEO
Antti Tanskanen

President, Vice Chairman
Reijo Karhinen

*Management Support and
Corporate Communications*

Markku Koponen*

Consolidated corporate communications, strategic planning, monitoring national economy and financing sector.

Group Administration

Heikki Vitie

OKOBANK Group's and OKOBANK Group Central Cooperative Consolidated's centralised financial control and personnel services, pension services, the Central Cooperative Consolidated's internal services, the Group's labour market and staff affairs, legal and risk management services.

Administration Services

Antti Saarelainen

Personnel Services

Tarja Joensuu-Sarkio

Legal Affairs and Risk

Management Services

Esko Hollman

OKOBANK Group

Mutual Insurance

Company

Hannu Jaatinen

OKOBANK Group

Security Fund

Tuomo Metsäaro

Accounting Department

Harri Luhtala

*OKOBANK Group Pension
Fund*

*OKOBANK Group Pension
Foundation*

Pekka Korhonen

Group Services

Pekka Jaakkola

OKOBANK Group's centralised personnel and business development services, data services, service network and card technology services.

FD Finanssidata Oy

Ilpo Antikainen

Business and Knowledge

Management Development

Anneli Karhula

OP-Kotipankki Oyj

Kai Patovirta

Call Center Service

Kai Patovirta

Osuuspankki Realum

Jouko Aho

IT Management

Markku Mäkinen

Electronic Banking Services

Matti Korkeela

Retail Banking Services

Keijo Manner

OKOBANK Group's centralised deposit, payment, financing, asset management and marketing services, agri-financing and insurance services.

Aurum Life Assurance

Company

Jukka Ruuskanen

Agri-financing

Raimo Tammilehto

Marketing and

Customer Care Services

Stina Suominen

OKOBANK Group

Mortgage Bank plc

Pekka Sarvi-Peräkylä

Deposit and Credit Services

Pekka Sarvi-Peräkylä

Asset Management Services

Harri Nummela

OP Fund Management

Company Ltd

Harri Nummela

Payment Services

Anne-Mari Tyrkkö

Audit Function

Markku Niinikoski*

Audit of operations and economy of member cooperative banks, internal audit of companies belonging to the Central Cooperative, bank security.

The Cooperative Bank

Inspectorate

Tapani Santala

Internal Audit

Heikki Yli-Juuti*

**Reporting to the CEO*

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

Pekka Jaakkola (44)
Executive Vice President
Member of the Board since 1998
Sonera Plaza Finanssipalvelut Oy, Member of the Board of Directors since 2000- Sonera Plaza Fund Service Ltd, Member of the Board of Directors since 2000-

Right of option to subscribe for 80 000 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.

Mr Keijo Manner has submitted a request to resign as from August 1, 2001, after being appointed Managing Director of Etelä-Pohjanmaan Osuuspankki (OKOBANK Group member bank).

Mikael Silvennoinen (44)
President, OKOBANK
Member of the Board since 1997
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.

Heikki Vitie (48)
Executive Vice President
Member of the Board since 1994
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.

Deputy Members

Esko Hollman (58)
Executive Vice President
Member of the Board since 1987
Right of option to subscribe for 30 000 OKOBANK Series A shares.

Matti Korkeela (54)
Executive Vice President
Member of the Board since 1997
Certall Finland Oy, Deputy Chairman of the Board of Directors since 1999- Automatia Pankkiautomaatit Oy, Deputy Chairman of the Board of Directors since 2001- Automatia Rahakortit Oy, Deputy Chairman of the Board of Directors since 2001- Toimiraha Oy, Deputy Chairman of the Board of Directors since 2001-

Right of option to subscribe for 30 000 OKOBANK Series A shares.

Raimo Tammilehto (58)
Executive Vice President
Member of the Board since 1991
Holds 1 526 OKOBANK Series A shares, right of option to subscribe for 30 000 OKOBANK Series A shares.

Markku Niinikoski (54)
Inspection Director
Attends the Executive Board's meetings.
Holds 400 OKOBANK Series A shares, right of option to subscribe for 30 000 OKOBANK Series A shares.

Markku Koponen (43)
Secretary of the Boards
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

February 15, 2001

CONTACT ADDRESSES

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OKOY SE SX
Managing Director:
Erik Skön

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E-mail address:
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

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Telefax:
+31 20 626 7846

Internet address:
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 Öster-
reich AG
(RZB-Austria), Austria
Banco Cooperativo Español
(associate member), Spain
Union of Swiss Raiffeisen
Banks (associate member),
Switzerland

THE OKOBANK GROUP

FINANCIAL
STATEMENTS 2000

The OKOBANK Group Central Cooperative

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Visiting address: Teollisuuskatu 1b, 00510 Helsinki

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Internet address: www.okobank.fi, e-mail: firstname.surname@okobank.fi

ACCOUNTING POLICIES

The annual accounts of the OKOBANK Group do not constitute full consolidated annual accounts as specified in the Accounting Act. The Accounting policy pertaining to the consolidated annual accounts of a financial institution are applied as appropriate in drawing up the annual accounts.

As a consequence of the consolidation, the bank group's equity capital items are ultimately made up of the cooperative capital investments made by the members of the cooperative banks as well as by the investments of shareholders outside the OKOBANK Group in OKOBANK's equity capital.

The annual accounts comprise a (consolidated) profit and loss account, balance sheet, the notes to them and the Executive Board's report on operations.

FINANCIAL INFORMATION IN 2001

The OKOBANK Group and OKOBANK Osuuspankkien Keskuspankki Oyj will publish three interim reports in 2001:

- for January-March on May 4, 2001
- for January-June on August 16, 2001
- for January-September on November 1, 2001.

The interim reports will be published in Finnish, Swedish and English.

Reports can be ordered from the OKOBANK Group Central Cooperative, Corporate Communications, PO Box 308, FIN-00101 Helsinki, telephone +358 9 404 2765, telefax +358 9 404 2298, e-mail: viestinta@okobank.fi.



C O N T E N T S

Report of the Executive Board 2000	1
Into the 2000s – a winner	1
The bank group's strategy undergoes a review	1
Financial performance	1
Balance sheet	4
Capital adequacy	5
The bank group's operations	6
Preparing for the euro	7
Rejoinder to the European Commission's cartel suspicions	7
The OKOBANK Group's outlook for 2001	8
2000 review of Group companies	8
Risk management	12
The OKOBANK Group's legal status	18
Accounting policies	21
Key figures for OKOBANK Group	26
OKOBANK Group profit and loss account	27
OKOBANK Group balance sheet	28
Notes to the accounts	30
Statement concerning the annual accounts	45
Auditors' report	45

REPORT OF THE EXECUTIVE BOARD 2000

INTO THE 2000S – A WINNER

The theme of the OKOBANK Group's annual plan for 2000 was "Into the 2000s a winner". For the bank group the past year was a year of singular success accompanied by strong growth and development. For the fourth year running, the OKOBANK Group set a new earnings record and boosted its market shares in most of the main areas of retail banking. In addition, the bank group strengthened partnership relationships with leading Finnish companies and brought out on the market new and progressive banking services.

The OKOBANK Group's profitability was good. Operating profit was EUR 664 million, up EUR 215 million on the previous year. The return on assets was 1.90 per cent, as against 1.65 per cent a year earlier. The equity ratio rose from 6.7 per cent to 8.6 per cent, leading to a decline in the return on equity from 26.7 per cent to 24.9 per cent. The income/expenses ratio rose from 1.70 to 2.06. The capital adequacy ratio rose to 13.7 per cent.

Comparable operating profit – EUR 567 million – adjusted for non-recurring items was up 33 per cent on the previous year. The improvement in the comparable result was attributable to the growth in net income from financial operations and commission income as well as to the reduction in loan losses. Net of non-recurring items, the return on equity was 21.9 per cent and the income/expenses ratio was 1.79. A year earlier the return on equity net of non-recurring items was 25.4 per cent and the income/expenses ratio was 1.66.

The bank group's market share of euro-denominated loans grew by 1.7 percentage point during the year and the share of euro-denominated deposits by 1.0 percentage point. The credit portfolio grew by 11 per cent and deposits by 4.2 per cent. Capital in mutual funds run by the bank group increased by 31 per cent and insurance savings by 37 per cent since the end of 1999.

The excellent financial performance, an ever-strengthening position in Finland's retail banking market, sizeable inputs into developing business operations and leading Finnish cooperation partners are the elements from which the OKOBANK Group will build further success in the years

ahead. The central objective in the current year is, in line with the theme of the annual plan, to make the most of strengths and potential.

THE BANK GROUP'S STRATEGY UNDERGOES A REVIEW

The Supervisory Board of the OKOBANK Group Central Cooperative confirmed the new Group-level strategy on June 15, 2000. The bank group will seek to attain substantially larger market shares than it now has in all the main subareas of banking. The OKOBANK Group's solid financial position coupled with the favourable outlook for the economic operating environment over the next few years will pave the way for a renewal and expansion of operations. The key elements of the revised strategy are profitable growth and management of risks together with skilled personnel and a way of working based on customers' needs. A central emphasis is a strong commitment to developing electronic banking services. In future years too the bank group will deploy a multichannel model in which the branch offices, Call center service and the ATMs all have a clearly defined role, too.

It is forecast that the number of staff and branch offices will contract, though more slowly than was estimated in the previous strategy review. The renewal of operations and the upgrading of service in the fastest growing business areas will also call for hiring new staff.

FINANCIAL PERFORMANCE

NET INCOME FROM FINANCIAL OPERATIONS UP 18 PER CENT

The OKOBANK Group's net income from financial operations totalled EUR 801 million, up 18 per cent on the previous year. The growth in net income from financial operations, which got started in the last quarter of 1999, continued throughout the year. The EUR 222 million net income from financial operations reported for the October-December period represented an increase of 25 per cent on the figure for the same period a year earlier and was 10 per cent greater than the net income from financial operations reported in the July-September period of 2000.

OKOBANK Group quarterly performance

€ million	2000				2000	1999	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	182	193	203	222	801	678	18
Commission income	75	84	72	72	303	251	21
Net income from securities transactions and foreign exchange dealing	10	-2	-1	1	8	29	-71
Other operating income	49	244	36	41	370	185	100
Total income	316	519	310	336	1 481	1 143	30
Commission expenses	7	8	10	9	35	24	45
Administrative expenses	108	120	109	128	465	443	5
Depreciation and write-downs on tangible and intangible assets	17	23	24	26	91	76	19
Other operating expenses	32	33	33	31	129	131	-1
Total expenses	165	185	176	194	720	674	7
Profit before loan losses	151	334	134	142	761	469	62
Loan and guarantee losses	0	0	-5	10	5	26	-79
Write-downs on securities held as financial fixed assets	0	98	0	1	99	0	
Share of profit/loss of companies included using the equity method	1	4	1	1	7	7	1
Operating profit	152	241	140	132	664	450	48

The factors behind the strong growth in net income from financial operations were the increase in business volumes, particularly in lending, and above all the rise in the level of interest rates, which increased the spread between loans and deposits. Concurrently, the strengthening in the bank group's capital structure and the shrinking amount of non-performing claims supported the favourable trend in net income from financial operations. The discontinuance of tax-free status for interest earned on deposits raised the interest paid on investment deposits, but the rise in interest still had only a minor effect on net income from financial operations in 2000.

During 2000 net income from financial operations as a ratio of total assets grew by 0.3 percentage point compared with the previous year and was 3.0 per cent. In the fourth quarter the ratio was 3.3 per cent, as against 2.8 per cent a year ago.

DIVIDEND AND COMMISSION INCOME GROWS

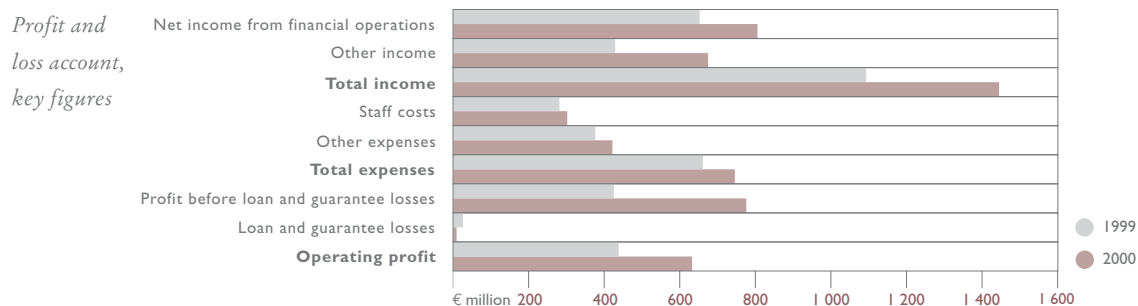
Other income than net income from financial operations amounted to EUR 681 million, an increase of EUR 216 million on 1999. The growth in income was attributable primarily to the dividends received on Pohjola Group shares which, including avoir fiscal tax credits, added EUR 195 million that was booked to income for the report year. Within

other income, commission income also grew, increasing by EUR 52 million on the figure a year ago. On the other hand, net income from securities transactions and other operating income diminished.

Commission income grew by 21 per cent to EUR 303 million. Commission income on stockbroking was up 63 per cent to EUR 37 million and in payment transfers it increased by 31 per cent to EUR 79 million. Income from lending amounted to EUR 82 million and was somewhat greater than it was a year ago. Booked as a reduction in commission income was the value of the bonuses earned by Platinum customers during the year, which amounted to EUR 20 million. A year earlier these bonuses totalled EUR 12 million.

Net income from securities transactions was just under a million euros, as against EUR 22 million a year earlier. Net income from trading in equities shrank from EUR 32 million to EUR 1.5 million. Net income from debt securities improved but was again one million euros negative. Net income from foreign exchange dealing increased by 15 per cent and was EUR 8 million.

Other operating income slimmed by 6.8 per cent to EUR 166 million. The figure for 1999 includes a total of EUR 23 million of non-recurring items. Shares in properties



and real-estate management companies generated capital gains of EUR 23 million. In the 1999 annual accounts these capital gains amounted to EUR 15 million.

In summer 2000 Arsenal Asset Management Company and the banks that in the early 1990s purchased the business operations of Savings Bank of Finland Ltd agreed on the redemption of balance sheet loan items. After the agreement, an EUR 4 million provision for balance sheet loan items was credited to income.

EXPENSES INCREASE BY 6.8 PER CENT

The OKOBANK Group's expenses totalled EUR 720 million, an increase of EUR 46 million on the previous year. Write-downs grew by EUR 13 million and commission expenses by EUR 11 million. Staff costs and other administrative expenses also increased and were EUR 22 million greater in total amount than in 1999.

Salary expenses grew by 7.1 per cent to EUR 251 million. Staff costs grew by a total of 3.2 per cent to EUR 301 million. EUR 4 million in refunds from the OKOBANK Group Pension Foundation for overcoverage was booked as a reduction in staff costs. The growth in staff costs was faster than the growth in the number of employees. During 2000 the OKOBANK Group's number of staff grew by 2.4 per cent to 8 535 employees at the end of the year. On average the bank group's personnel strength during the year was 8 697 people, or 110 people more than a year earlier.

Other administrative expenses grew by 8.5 per cent to EUR 164 million and depreciation according to plan was up 3.0 per cent to EUR 55 million. Depreciation on buildings, machinery and equipment diminished, but depreciation on intangible assets increased. The amount of write-downs was 56 per cent greater than a year earlier. Write-downs were made primarily on real-estate holdings. The write-downs were due mainly to the bank group's real-estate strategy according to which the yield level per property will be raised to 5.5 per cent by the end of 2002 at the latest.

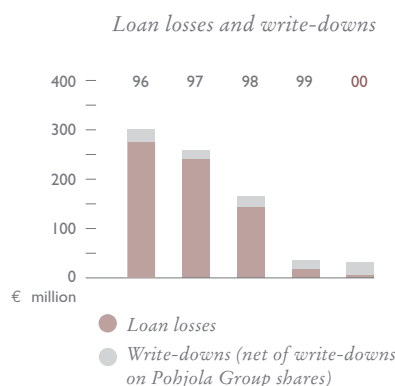
Other operating expenses amounted to EUR 129 million, or slightly less than a year earlier. Losses on the sale of properties as well as shares and participations in real-estate management companies were booked in an amount of EUR 6 million, or a quarter more than in 1999.

HEFTY REVERSALS ON LOAN LOSSES

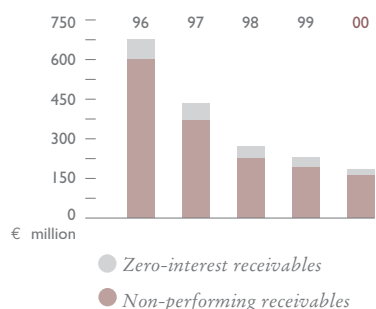
The net amount of loan and guarantee losses diminished from EUR 26 million to EUR 5 million. Net loan losses were reduced by post-collection payments and other items adjusting loan losses. The gross amount of new losses booked was EUR 75 million, as against EUR 70 million a year earlier.

The amount of non-performing claims at the end of December was EUR 179 million, or 11 per cent less than at the end of 1999. The amount of zero-interest claims diminished by 30 per cent to EUR 25 million. The ratio of non-performing and zero-interest claims to the credit portfolio and other claims equivalent to lending plus off-balance sheet commitments was 0.8 per cent at the end of December. At the end of 1999 this ratio was 1.0 per cent.

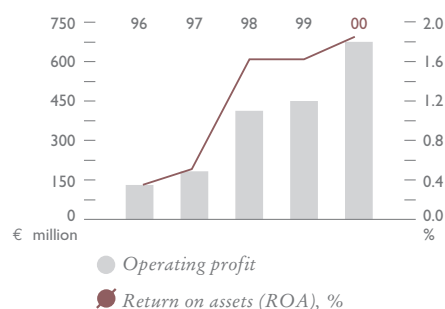
Write-downs on securities held as financial fixed assets amounted to EUR 99 million. The item consisted nearly in



Non-performing receivables



Operating profit and return on assets



its entirety of the EUR 97 million write-down booked on the purchase price paid for the Pohjola Group shares owned by the OKOBANK Group Central Cooperative and OKO- BANK. Following write-downs, the Pohjola Group shares improved the bank group's operating profit by 98 million.

At the end of the year, the per-share book value of the Pohjola Group shares was EUR 52.00 in the OKOBANK Group's balance sheet. The book value of the shares exceeded their probable market value at the prevailing share prices on the stock exchange at the end of the year by EUR 19 million. In its interim report at September 2000, the Pohjola Group stated that the per-share net asset value of its shares was EUR 58.51 at their market value and after subtraction of imputed deferred taxes. The figure is EUR 6.51 higher than the book value of the shares at the end of 2000.

OPERATING PROFIT EUR 664 MILLION

The OKOBANK Group's interest in the result of companies consolidated according to the equity method was EUR 7 million, which was on a par with the figure a year earlier. The item is in practice made up of the earnings generated by Aurum Life Assurance Company and the loss reported by Virtuaalinen Suomi Oy.

The OKOBANK Group reported operating profit of EUR 664 million, an increase of EUR 215 million on the 1999 operating profit. Fourth-quarter operating profit was EUR 132 million, or EUR 8 million less than in the previous quarter. In the October–December period the result before loan losses, however, was about EUR 7 million greater than in July–September.

Income taxes booked for 2000 amounted to EUR 159 million. The bank group's after-tax profit for the financial year was EUR 504 million.

BALANCE SHEET

CREDIT PORTFOLIO GROWS BY 11 PER CENT

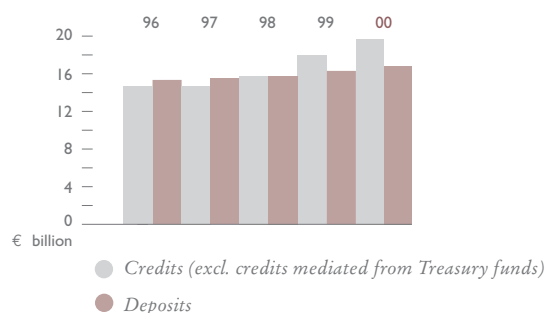
The OKOBANK Group's total assets grew by 4.1 per cent to EUR 27.1 billion. The growth was attributable primarily to the increase in the credit portfolio. The growth in the credit portfolio was nevertheless partly offset by the decrease in the amount of the more liquid investments. At the end of 1999 the bank group's liquid investments were at an exceptionally high level as the OKOBANK Group took precautions for any disturbances in the money and capital markets which might arise as a consequence of the change-over to the new millennium.

At the end of 2000 claims on the Bank of Finland totalled EUR 0.2 billion, which was a third of the figure a year ago. The amount of debt securities eligible for refinancing with central banks was also smaller than a year earlier. At the end of the report year they amounted to EUR 1.5 billion, as against EUR 2.4 billion at the end of 1999. Claims on other credit institutions, however, were 36 per cent greater than at the end of 1999. All in all, the above-mentioned funds with the highest liquidity contracted by about EUR 1.1 billion.

Claims on the public and public sector entities totalled EUR 20.3 billion at the end of December, or 11 per cent more than at the end of 1999. There was continued strong growth in the credit portfolio, albeit at a slower pace than a year ago. Claims on the public and public sector entities increased their share of total assets further. At the end of the year they amounted to 75 per cent of total assets, as against 70 per cent a year earlier.

The amount of debt securities other than those eligible for refinancing with central banks grew by 7.4 per cent to EUR 1.5 billion. The amount of shares and participations was EUR 356 million, or EUR 205 million greater than at

Credits and deposits



the end of the previous year. The growth was due nearly in its entirety to the bank group's investments in Pohjola Group shares.

Intangible assets amounted to EUR 55 million, compared with EUR 41 million at the end of 1999. Tangible assets decreased by 12 per cent to EUR 1.3 billion. Shares and participations in properties and real-estate management companies diminished by 14 per cent to EUR 1.2 billion.

DEPOSITS GROW BY MORE THAN 4 PER CENT

Liabilities to credit institutions totalled EUR 1.2 billion, an increase of 6.9 per cent on the figure a year earlier. Liabilities to the public and public sector entities grew by 1.9 per cent to EUR 18.3 billion. Deposits totalled EUR 17.1 billion, an increase of 4.2 per cent on the figure at the end of 1999. The amount of current and payment transfer-type deposits grew by 1.5 per cent to EUR 11.1 billion and deposits of the investment type increased by 9.1 per cent to EUR 6.0 billion. The ratio of deposits to the credit portfolio decreased from 92 per cent to 86 per cent.

Debt securities issued to the public totalled EUR 3.6 billion and were equal to the amount at the end of 1999. Subordinated liabilities contracted by nearly 10 per cent to EUR 670 million.

EQUITY RATIO REACHES 8.6 PER CENT

The OKOBANK Group's equity capital grew by a third to EUR 2.3 billion. Investments in the cooperative capital by the members of the cooperative banks grew by 28 per cent to EUR 505 million. The bank group's equity ratio rose from 6.7 per cent to 8.6 per cent.

According to advance information, the member cooperative banks will pay a total of EUR 17 million in interest on cooperative contributions for 2000. The proposed dividend on OKOBANK's Series A shares is EUR 1.27 and on Series

K shares, EUR 1.22. Accordingly, dividends payable to OKOBANK's shareholders outside the OKOBANK Group will be EUR 20 million.

OFF-BALANCE SHEET ITEMS

The amount of guarantees and other off-balance sheet commitments at the end of December was EUR 3.6 billion, an increase of 12 per cent since the end of 1999.

The value of the underlying instruments of derivative contracts fell further. At the end of the year the value of the underlying instruments was EUR 8.6 billion, as against EUR 9.8 billion a year earlier. The biggest decrease was in forward rate agreements, which amounted to only EUR 1.0 billion at the end of the year.

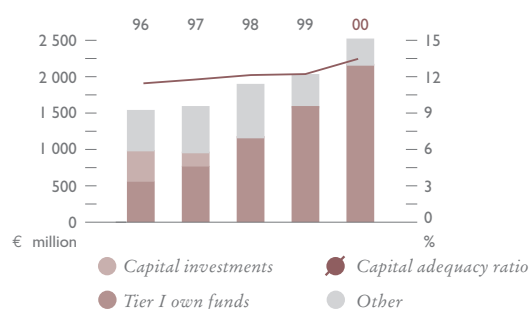
The credit countervalue of derivative contracts contracted by 47 per cent to EUR 88 million.

CAPITAL ADEQUACY

The bank group's capital adequacy ratio at the end of the year was 13.7 per cent, or 1.3 percentage point higher than at the end of 1999. Thanks to strong earnings and the growth in the member cooperative banks' cooperative capital, Tier I own funds grew by 32 per cent to nearly EUR 2.2 billion. Tier I own funds include EUR 505 million of the member cooperative banks' cooperative capital, of which EUR 77 million represents the share of terminated cooperative contributions. The ratio of Tier I own funds to risk-weighted receivables, investments and off-balance sheet commitments rose by 1.7 percentage point to 11.6 per cent.

The amount of Tier II own funds at the end of the year was EUR 0.5 billion, or slightly less than a year earlier. Risk-weighted commitments increased by 13 per cent to EUR 18.7 billion.

Own funds and capital adequacy



THE BANK GROUP'S OPERATIONS

**A GROWING NUMBER OF CUSTOMERS
AND OWNER-MEMBERS**

The number of the Group member cooperative banks' owner-members grew by 9.6 per cent during the year under review, to 875 000. In December there were a total of 720 000 recipients of Platinum bonuses, and the value of the bonuses they earned in January-December was more than EUR 20 million.

At the end of December the OKOBANK Group had more than 2.9 million customers, or 72 000 more than at the end of 1999.

NEW LOANS TOTAL EUR 7.8 BILLION

During 2000 a total of EUR 7.8 billion in new euro-denominated loans was drawn down, or 2.1 per cent less than a year earlier. In the fourth quarter the amount of new loans was 4.2 per cent less than in the third quarter. During the year, EUR 2.7 billion of housing loans was drawn down, a decrease of 6.7 per cent on the figure a year earlier, and EUR 2.7 billion of corporate credits was drawn down, or 4.3 per cent more than a year ago. The average spread on new credits was about 0.1 percentage point lower than in 1999.

The OKOBANK Group's credit portfolio at the end of December totalled EUR 20.3 billion, an increase of 10.7 per cent on the previous year. The bank group's market share of euro-denominated credits rose from 30.2 per cent at the end of 1999 to 31.9 per cent. The bank group's portfolio of housing loans to households, grew by a good 13 per cent to EUR 8.2 billion and the market share in housing loans was up 0.9 percentage point to 33.6 per cent.

The OKOBANK Group's new mortgage bank, OKOBANK Group Mortgage Bank plc, received an operating licence in July. The Bank will start full-scale operations in the current year.

MUTUAL FUND AND INSURANCE SAVING ON THE RISE

The OKOBANK Group's deposits at the end of December amounted to EUR 17.1 billion, an increase of 4.2 per cent on the figure a year earlier. The termination of tax-free status for interest on the deposits and the rise in market interest rates have lifted the average interest paid on new investment deposits, but otherwise the ending of tax-free status has had only minor effects. The bank group's market share of euro-denominated deposits was 31.2 per cent at the end of December, or 1.0 percentage point higher than it was a year earlier.

Capital under management by the mutual funds run by the OKOBANK Group grew by 31 per cent to EUR 1.9 billion. Net sales of fund units amounted to EUR 632 million, a decrease of 4.9 per cent compared with 1999. The fall in sales was largely attributable to the uncertainty prevailing in the capital markets. Net fund sales slowed down from April onward and headed into negative territory in the last quarter of the year, as did most other funds. The OKOBANK Group's market share of the total capital invested in mutual funds was 14.2 per cent at the end of December. A year earlier it was 14.3 per cent. During the report period six new mutual funds were set up.

Aurum Life Assurance Company's total technical reserves grew by 37 per cent to EUR 1.2 billion. Premiums written grew by 45 per cent to EUR 385 million. Premiums written in the fourth quarter amounted to EUR 87 million. Unit-linked policies represented 38 per cent of premium income and 24 per cent of total technical reserves. A year earlier the corresponding figures were 36 per cent and 19 per cent.

**MORE THAN HALF A MILLION ELECTRONIC
BANKING SERVICE CONTRACTS**

At the end of the year there were 572 000 electronic banking service contracts, or nearly 29 per cent more than a year earlier. The number of Internet transactions was 54 per cent greater than a year ago. Transactions in branch offices and through payment ATMs diminished further.

In 2000, already 55 per cent of securities buy and sell orders from households came in via the Internet, representing an increase from the previous year of 26 percentage points.

In February the OKOBANK Group introduced WAP banking services meeting the latest security requirements. These include monitoring of account transactions and the Visa Card situation, transfers to and from account and bill payments with a WAP phone. The aggregate number of GSM and WAP service contracts grew by nearly 60 per cent to 292 000.

In June the OKOBANK Group became the first bank in Finland to introduce an electronic ID code in its Internet services. Electronic identification and signatures make it easier to use banking services.

In July OKOBANK became the first Finnish bank to bring out on the market a service that will enable the OKOBANK Group's corporate customers to do real-time money market trading from their own workstations.

709 OKOBANK GROUP OFFICES

The number of the OKOBANK Group's branch offices

decreased by eight during the year, to 709, and the number of service outlets rose by two to 34. At the end of December the OKOBANK Group had 669 payment ATMs and 415 Internet customer terminals. The banking services offered by the OKOBANK Group provide wider regional coverage than any other bank group in Finland. OKOBANK has a branch office in Stockholm and representative offices in St Petersburg and Tallinn.

THE OKOBANK GROUP ACQUIRES A 9.4 PER CENT HOLDING IN POHJOLA GROUP

The OKOBANK Group purchased 2.0 million Pohjola Group shares from Suomi Mutual Life Assurance Company in January and 1.7 million shares from Ilmarinen Mutual Pension Insurance Company in May. The total acquisition cost of the shares was EUR 291 million. At the end of December the OKOBANK Group's holding in Pohjola Group was 9.4 per cent of the shares and 10.4 per cent of the voting rights.

EUR 1.5 BILLION OF REAL-ESTATE INVESTMENTS

At the end of December the OKOBANK Group's total capital invested in real-estate properties amounted to EUR 1.5 billion, or EUR 0.2 billion less than a year earlier. The sale of the Kiinteistö Oy OKO-Vallila property to the OKOBANK Group Pension Foundation reduced the tied-up capital by more than EUR 90 million. The occupancy rate of leasable premises was 88 per cent and the net yield was 6.0 per cent. At the end of 1999 the occupancy rate was 89 per cent and the net yield 5.6 per cent.

DEVELOPING AND ENHANCING INTERNAL SERVICES

During 2000 the member banks placed in use a SAP R/3 system within financial administration. The installation was the first made in the banking industry in the Nordic countries. During 2001 the system will be introduced at the units of the OKOBANK Group Central Cooperative.

The internal services which OKOBANK Group Central Cooperative provides to the member banks grew strongly. Another 39 cooperative banks started using the OP Account Service, making a total of 77 banks using the service by the end of the year. The financial administration of the OKOBANK Group Central Cooperative's companies was for the most part centralised previously. Payroll administration services were now provided to another 46 banks. At the end of the year the Central Cooperative offered payroll calculation services to 84 cooperative banks or their

subsidiaries. The number of client banks for collection services grew from 10 to 38.

PREPARING FOR THE EURO

The entire economic operating environment will become euro-centric from the beginning of 2002. In the form of money in bank accounts, Finnish markka amounts will be changed into euros right on January 1, 2002, when euro notes and coins will also be placed in circulation in the 12 euro-zone countries. In Finland the markka will be accepted for cash payments until the end of February 2002.

During the year under review, preparations for the euro within the OKOBANK Group were a planned continuation of the previous EMU project. In 2000, preparations focused mainly on modifications to information systems as well as on information and advisory tasks. Plans for modifying the information systems were completed and work on implementing some applications started. The bulk of the implementation work will nevertheless be done in the first part of 2001, with tests being carried out in the autumn and installation work coming at and around the turn of the year.

The member cooperative banks' network of euro-advisers was brought up to date and extended to every member bank of the OKOBANK Group. At the turn of the year there were 369 euro-advisers. They act as disseminators of euro information, trainers and providers of customer support at the individual banks.

The euro information for private and corporate customers on the OKOBANK Group's Internet pages was updated and the Group's use of internal information networks for disseminating timely euro information was stepped up.

Euro information and training was organised for the staff of the OKOBANK Group Central Cooperative and the member cooperative banks, whilst staff and customer functions on euro-related subjects that were organised by the member banks were supported through presentations and by providing materials.

Within the OKOBANK Group the changeover to the euro is estimated to cost a good EUR 19 million during 2000-2002.

REJOINDER TO THE EUROPEAN COMMISSION'S CARTEL SUSPICIONS

At the end of September the OKOBANK Group submitted its rejoinder to the suspicions which the European Commission

announced in summer 2000 concerning cartel-type price co-operation in the exchange of currencies in the euro-zone. In its rejoinder the OKOBANK Group denied having participated in price co-operation in contravention of competition rules.

THE OKOBANK GROUP'S OUTLOOK FOR 2001

In 2000 the OKOBANK Group posted its best-ever result, clearly exceeding targets. The growth in earnings was attributable both to the favourable trend in core operations and to non-recurring items. The good earnings trend was supported by the strong growth in the Finnish economy. Operating profit for 2001 is expected to be on a par with the comparable operating profit for the past financial year adjusted for non-recurring items.

The earnings estimates for the OKOBANK Group and companies belonging to it, which are presented in the annual report, are based on the assumption that the trend in the operating environment will remain positive and that no major disturbances arise.

2000 REVIEW OF GROUP COMPANIES

CHANGES IN THE GROUP STRUCTURE

As a consequence of mergers, the number of cooperative banks belonging to the bank group diminished by two during the report period. In May Askasten Osuuspankki merged with Nousiaisten Osuuspankki, and Laitilan Osuuspankki and Uudenkaupungin Seudun Osuuspankki merged to form the new Vakka-Suomen Osuuspankki. In December Lehtimäen Osuuspankki, which belongs to the Association of the Local Cooperative Banks, applied for membership of the OKOBANK Group Central Cooperative.

The minor changes that have taken place in the structures of the OKOBANK Group Central Cooperative and OKOBANK Consolidated are discussed in their respective annual reports.

MEMBER COOPERATIVE BANKS

The aggregate operating profit reported by the member cooperative banks was EUR 370 million, an increase of EUR 92 million on the previous year.

The banks' aggregate net income from financial operations grew by 20 per cent to EUR 673 million as a consequence of the rise in the level of interest rates and the growth in business volumes. Other income increased by 4.1 per cent to EUR 350 million. The biggest increase was in

commission income, which was 16 per cent greater than it was a year earlier. Net income from securities transactions, however, declined from EUR 24 million to EUR 8 million.

Expenses were up 7 per cent to EUR 641 million. Staff costs were at the previous year's level, whereas other administrative expenses grew by 13 per cent to EUR 156 million. Depreciation according to plan amounted to EUR 29 million and write-downs to EUR 34 million.

The aggregate net loan losses of the cooperative banks amounted to EUR 10 million, compared with EUR 18 million a year earlier. The banks' gross loan losses totalled EUR 60 million.

Operating profit was reported by 242 member cooperative banks. The aggregate operating loss reported by the two cooperative banks which were in the red was EUR 0.05 million.

The member cooperative banks' aggregate total assets grew by 5.5 per cent to EUR 20.2 billion. The credit portfolio increased from EUR 13.7 billion to 14.8 billion and total deposits rose from EUR 14.9 billion to 15.5 billion.

OKOBANK GROUP CENTRAL COOPERATIVE CONSOLIDATED

OKOBANK Group Central Cooperative Consolidated reported operating profit of EUR 233 million, up EUR 113 million and 93 per cent on the previous year. The growth in operating profit was attributable primarily to the EUR 98 million of net gains on Pohjola Group shares. Operating profit adjusted for non-recurring items was EUR 135 million, or EUR 31 million greater than the operating profit in the previous year adjusted for extraordinary items.

OKOBANK Group Central Cooperative Consolidated's comparative income grew by 19 per cent on the previous year. Net income from financial operations grew by 11 per cent and commission income by 37 per cent. Expenses were up 13 per cent to EUR 276 million. OKOBANK Group Central Cooperative Consolidated's reversals on loan and guarantee losses were again greater than new losses. The net amount of loan losses plus reversals was a credit to income of EUR 9 million.

OKOBANK Group Central Cooperative Consolidated's total assets grew by 1.6 per cent to EUR 11.1 billion. Claims on the public and public sector entities increased by 18 per cent to EUR 5.4 billion and total deposits were up 7.1 per cent to EUR 1.6 billion. Capital adequacy ratio was 11.6 per cent, or 0.4 percentage point less than at the end of the previous year.

OKOBANK Group Central Cooperative Consolidated posted its highest-ever operating profit in 2000. The operat-

ing profit figure includes large non-recurring income on investments. Operating profit for 2001 is expected to be on a par with the comparable operating profit reported in 2000, adjusted for non-recurring items.

The consolidated annual accounts of OKOBANK Group Central Cooperative Consolidated include the annual accounts of the parent institution, the OKOBANK Group Central Cooperative, as well as the annual accounts of OKOBANK Consolidated, OP-Kotipankki Oyj, OP Fund Management Company Ltd, FD Finanssidata Oy and OKOBANK Group Mortgage Bank plc. In addition, the consolidated annual accounts include the annual accounts of Aurum Life Assurance Company and Virtuaalinen Suomi Oy, which are consolidated according to the equity method.

The parent institution, the OKOBANK Group Central Cooperative

The OKOBANK Group Central Cooperative posted operating profit of EUR 81 million, or about EUR 64 million more than in 1999. The capital gain from Pohjola Group shares added EUR 63 million to operating profit. In comparable terms, operating profit grew by 6.5 per cent.

The OKOBANK Group Central Cooperative generated EUR 272 million of income, or EUR 148 million more than a year earlier. The biggest increase in income came from equity investments, which generated EUR 149 million, an increase of EUR 135 million on the figure a year earlier. Dividend income from Pohjola Group shares including avoiron fiscal tax credits amounted to EUR 128 million and dividend income from OKOBANK shares totalled EUR 18 million. An EUR 65 million write-down was booked on the Pohjola Group shares.

Commission income amounted to EUR 11 million, an increase of 4 per cent on the previous year. Other operating income grew by 17 per cent to EUR 120 million. EDP income increased mainly owing to the growth in new services and the volume of the member cooperative banks' operations. This item totalled EUR 67 million, representing an increase of EUR 11 million compared with 1999. Operations and Inspectorate income totalled EUR 12 million, or 6 per cent more than in 1999.

The OKOBANK Group Central Cooperative's expenses grew by 79 per cent to EUR 191 million. Staff costs were up 12 per cent to EUR 31 million and other administrative expenses increased by 13 per cent to EUR 73 million. Owing to EDP investments, depreciation increased by 57 per cent to EUR 10 million.

The OKOBANK Group Central Cooperative had total

assets at the end of the year of EUR 382 million, an increase of 71 per cent since the end of 1999. The growth was due primarily to the investments made in Pohjola Group. Equity capital at the end of the year was EUR 169 million, of which EUR 99 million represented cooperative capital. Equity ratio at the end of the report year was 44 per cent, compared with 52 per cent at the end of 1999.

The OKOBANK Group Central Cooperative's payroll increased by 77 employees to 653 during 2000. The growth in the number of staff was attributable both to the growth in centralised services and to inputs into developing banking operations.

OKOBANK Consolidated

OKOBANK Consolidated posted operating profit for 2000 of EUR 167 million, up EUR 56 million on 1999. The operating profit included EUR 35 million of income from investments made in Pohjola Group shares. Comparable operating profit grew by about EUR 38 million, stripping out the non-recurring items in the operating profit figures for 1999 and 2000. OKOBANK Consolidated's return on equity rose from 16.6 per cent to 21.5 per cent.

OKOBANK Consolidated's net income from financial operations grew by 14 per cent to EUR 124 million. Net income from financial operations was improved by the growth in the credit portfolio and the rise in the level of interest rates, which lifted the spread between retail banking loans and deposits. Commission income increased by EUR 18 million to EUR 84 million. Stockbroking accounted for EUR 14 million of the growth. Net income from securities transactions amounted to EUR 11 million, or a good million euros more than a year ago. Other operating income totalled EUR 30 million, down EUR 16 million on the figure a year earlier. Income in 1999 included a non-recurring EUR 17 million capital gain.

Administrative expenses increased by 10 per cent to EUR 84 million. Staff costs were EUR 44 million, or 10 per cent higher than they were a year ago. OKOBANK Consolidated's payroll grew by 93 employees to 1 039 people. Depreciation amounted to EUR 11 million and other operating expenses were EUR 23 million. A year earlier the corresponding figures were EUR 16 million and 23 million.

Because of sizeable reversals, the net amount of loan and guarantee losses was a credit to income of more than EUR 10 million. A year earlier the net positive effect was slightly less than EUR 2 million. Write-downs on securities held as financial fixed assets included a write-down totalling EUR 33 million on Pohjola Group shares.

Consolidated total assets stood at EUR 11.0 billion. Despite the 17 per cent growth in the credit portfolio, total assets grew by only 1.5 per cent because at the beginning of the year an extra liquidity buffer that was reserved to cover any market disturbances that might arise over the millennium changeover was wound down. The amount of OKOBANK Consolidated's guarantees and other off-balance sheet commitments grew by 15 per cent to EUR 2.4 billion.

OKOBANK Consolidated's credits to the public including leasing contracts were EUR 5.6 billion, or a good EUR 0.8 billion more than a year ago. The amount of non-performing claims was at the level of the end of 1999 and amounted to more than EUR 12 million. Non-performing and zero-interest commitments were 0.2 per cent of OKOBANK Consolidated's commitments.

The amount of deposits from the public grew by 11 per cent to EUR 1.6 billion. Liabilities to credit institutions and central banks amounted to EUR 2.7 billion. Of these liabilities, 70 per cent were deposits which the member cooperative banks made with OKOBANK. OKOBANK Consolidated's equity capital grew by EUR 86 million to EUR 599 million.

OKOBANK Consolidated's capital adequacy ratio was 11.4 per cent, as against 12.5 per cent a year earlier.

OKOBANK Consolidated's operational result in 2001 is forecast to be at the same level as it was in 2000. Operating profit is nevertheless estimated to fall short of the figure reported in 2000, when operating profit included a large income item from Pohjola Group shares.

Aurum Life Assurance Company

Aurum Life Assurance Company's market share of premium income within Finland's life assurance business grew by 0.6 percentage point to 10.1 per cent. The company's balance on technical account was EUR 10 million, up 10 per cent on the figure a year earlier. The company paid a customer bonus, in addition to calculated interest, of 3.00 per cent on pension insurance policies and 2.25 per cent on unit-linked and capital redemption policies. On policies taken out prior to October 1, 1998, Aurum paid customer bonuses of 2.00 and 1.25 per cent, respectively. During the financial year provision was made for the payment of customer bonuses in future years by increasing the additional benefit reserve by EUR 15 million.

Aurum's premiums written totalled EUR 385 million, or EUR 119 million more than a year earlier. Unit linked policies accounted for 37 per cent of premium income and 24 per cent of technical reserves. All in all, insurance policy

savings totalled EUR 1 201 million at the end of the year, an increase of 37 per cent on the figure a year earlier. The company's payroll grew by six employees to a total of 29.

OP-Kotipankki Oyj

During 2000 OP-Kotipankki Oyj concentrated on selling unsecured credit card lending. The Bank began selling its deposit and investment service business to the member banks during the report year.

In the autumn 2000 Kotipankki together with Sonera Plaza Ltd founded a company named Sonera Plaza Finanssi- palvelut Oy, which will offer comprehensive financial services to the consumer customers of the Sonera Plaza Internet portal. Kotipankki owns a 20 per cent stake in the company and it has long-term exclusive rights to offer account and card services via the new company to Sonera Plaza's customers.

Kotipankki reported operating profit of more than EUR 3.2 million, or 40 per cent more than a year earlier. Net income from financial operations grew by 29 per cent to EUR 8.4 million. The growth in the credit portfolio, the rise in the degree of overdraft facilities usage and the increased use of services lifted commission income by over 67 per cent to EUR 8.6 million.

Commission expenses were EUR 7.8 million, or 77 per cent more than a year ago. Administrative and other operating expenses amounted to EUR 5.1 million. Loan losses were EUR 1.3 million, as against EUR 0.7 million a year earlier.

Kotipankki's total assets grew by 38 per cent to EUR 155 million. Deposits from the public totalled EUR 24 million at the end of the year, down 44 per cent on the previous year. Claims on the public and public sector entities totalled EUR 148 million at the end of the year, an increase of EUR 45 million since the end of 1999. The amount of non-performing and zero-interest claims grew by 35 per cent to EUR 2 million. The Bank's capital adequacy ratio at the end of the year was 12.4 per cent, whereas at the end of 1999 it was 9.9 per cent. At the end of the year the Bank had a payroll of 36 employees, 9 more than a year earlier.

OP Fund Management Company Ltd

The capital under management by the funds run by OP Fund Management Company Ltd grew by 31 per cent to EUR 1.9 billion. The company's market share at the end of the year was 14.2 per cent of the aggregate capital in mutual funds registered in Finland. A year earlier the share was 14.3 per cent.

During 2000 six new OKOBANK Group mutual funds were opened. In January 2000 the OP-Spektri balanced fund began operations. In March the company established three new international sectoral funds. OP Technology invests its assets primarily in the shares of technology companies, OP Trend in the leading manufacturers of consumer goods and OP-Medical in the shares of companies operating in the pharmaceutical, medical technology and biotechnology fields. In October 2000 OP Eastern Europe started operations. The fund invests its assets in the developing equity markets in Eastern Europe. December saw the launch of the OP-Euro Yrityslaina (OP Euro Corporate Bond) mutual fund, which invests its assets primarily in euro-denominated bonds and notes issued by European corporations.

OP Fund Management Company Ltd posted operating profit of EUR 1.2 million, compared with EUR 1.8 million a year earlier. Thanks to the growth in capital invested in its mutual funds, income from mutual fund operations more than doubled to EUR 31 million. Commission expenses grew from EUR 10 million to EUR 25 million.

FD Finanssidata Oy

2000 was a year that brought a great deal of development projects connected with banking technology and information systems. FD Finanssidata's priority areas were the overhaul of basic systems, preparation for the changeover to the euro, the OKOBANK Group's alliance projects and the development of electronic services and infrastructure.

The company generated operating profit of EUR 1.2 million, a slight increase compared with 1999. Turnover grew by 7.1 per cent. Total assets at the end of the year stood at EUR 15 million. The company's payroll grew from 255 to 273 employees during the year under review.

OKOBANK Group Mortgage Bank plc

In February 2000 the OKOBANK Group Central Cooperative founded OKOBANK Group Mortgage Bank plc in accordance with the new Mortgage Bank Act. The Bank received its operating licence in July. Via the member cooperative banks, OKOBANK Group Mortgage Bank grants long-term housing loans against collateral. The Bank funds its operations by housing loan bonds, which are secured by the housing loans granted by the Bank, including their collateral.

By the end of the year OKOBANK Group Mortgage Bank had made agreements with 46 member cooperative banks concerning the brokerage of mortgages. The first loans granted by OKOBANK Group Mortgage Bank were drawn down at the beginning of 2001.

Virtuaalinen Suomi Oy

The Internet portal company Virtuaalinen Suomi Oy, which is owned by the OKOBANK Group Central Cooperative, Pohjola Life Assurance Company Ltd. and A-lehdet Oy, will start its actual business operations in the spring 2001, when the company brings out on the market its mainio.net consumer portal. The company reported an operating loss in 2000 of EUR 2.3 million, which was EUR 1.7 million more than a year ago.

OTHER COMPANIES IN THE OKOBANK GROUP

OKOBANK Group Mutual Insurance Company

OKOBANK Group Mutual Insurance Company's premiums written in 2000 totalled EUR 23 million, or EUR 3 million less than in 1999. Credit insurance operations accounted for 96 per cent of premiums written. Paid insurance claims diminished from EUR 23 million to EUR 16 million.

The company had total assets at the end of the year of EUR 229 million, or EUR 36 million more than a year earlier. Total technical reserves increased by EUR 16 million from the previous year and amounted to EUR 155 million at the end of the year. Of the technical reserves, the share of the claims reserve was EUR 48 million and the share of the equalisation amount was EUR 107 million. The equalisation amount strengthened by EUR 26 million from the previous year. The company's capital adequacy is strong.

OKOBANK Group Security Fund

Following the amendment to the Credit Institution Act which came into force in 1998, the member banks of the OKOBANK Group Security Fund have been able to withdraw from membership of the Security Fund after they have paid their share of the Fund's liabilities. In accordance with the payment timetable agreed by the Bank and the Security Fund, the shares of the liabilities must be paid by the end of 2004.

During 2000 the number of the Security Fund's members declined by ten to 58. The member banks covered their share of the liabilities during 2000 in a total amount of EUR 64 million. The remainder of the liabilities due for payment during the period 2001–2004 was EUR 121 million in total amount.

In 2000 the Security Fund paid, on the basis of guarantees it had given, EUR 6 million on behalf of the member banks in interest on capital investments to OKOBANK and granted to Osuuspankki Realum a total of EUR 63 million in composition in respect of the capital investment certifi-

cates which the Bank had issued. During the year the Security Fund provided EUR 1.5 million in grants on the basis of mergers that were implemented before 1999.

*OKOBANK Group Pension Fund and
OKOBANK Group Pension Foundation*

The OKOBANK Group Pension Fund handles the statutory pension security for the OKOBANK Group's personnel and the OKOBANK Group Pension Foundation provides the related supplementary pension security for the personnel in the scope of its coverage.

The number of employer members in the Pension Fund at the close of 2000 was 356 and the Fund had 8 739 employee members. There were 357 employer members at the end of the previous year, and the number of employee members was 8 664. The number of employers covered by the Pension Foundation was 330 and the number of salaried employees was 6 134.

The Pension Fund collected about EUR 46 million of insurance premiums, or EUR 6 million less than a year earlier. The Pension Fund's 18 per cent level of insurance premiums was 3.5 percentage points below the general level of the TEL employment pension insurance system. The Pension Fund's pension liability grew by about EUR 28 million and totalled EUR 478 million at the end of the year.

The Pension Fund's income from investment operations were used to increase its capital adequacy by transferring EUR 20 million to unallocated supplementary insurance provisions. Following the appropriation, the profit for the financial year was EUR 7.4 million. The Pension Fund's level of capital adequacy is at the upper limit specified by the solvency margin regulations.

2000 was the fifth year in succession when the Pension Foundation did not collect an annual contribution. Pension expenditure and the growth in the pension liability are covered in their entirety by income from investments. The Pension Foundation's pension liability grew by EUR 20 million from the previous year and amounted to EUR 461 million. The growth in the pension liability includes EUR 10 million attributable to the rise from the change in the TEL index in 2000. In addition, EUR 16 million of the Pension Foundation's income from investments was transferred to index increase provisions. Following the transfer, the profit for the financial year was EUR 15 million. The Pension Foundation's pension liability is fully covered. The figures for the Pension Fund and Pension Foundation are not included in the OKOBANK Group's consolidated annual accounts.

RISK MANAGEMENT

The OKOBANK Group's risk management is based on the professional skill and prudence of the people who take business decisions and of risk management experts as well as on the systematic monitoring, assessment and limiting of risks. The objective of the OKOBANK Group's risk management is to prevent the occurrence of uncontrolled risks which might jeopardise the capital adequacy of an individual member bank or the entire Group.

ORGANISATION OF RISK MANAGEMENT

The OKOBANK Group Central Cooperative is in charge of managing the OKOBANK Group's risks at the Group level and for the adequacy and upgrading of the Group's risk management systems. The Central Cooperative issues to its member banks instructions to safeguard their risk management and it monitors the member banks' operations. Each member bank, however, is itself responsible for ensuring that it has sufficient risk management systems in view of the extent of its operations and the risk it assumes.

The member banks have arranged their own risk management on the basis of model instructions issued by the Central Cooperative. The member banks' Supervisory Boards have confirmed the general principles of managing credit, real-estate and market risks which are to be applied by the bank and on the basis of which the bank's Executive Board guides and oversees the bank's risk taking. In the confirmed internal guidelines each member bank defines, among other things:

- The central principles governing lending, especially the objectives, decision-making authorisations and responsibilities in lending operations, the general collateral and own financing requirements and the benchmarks and risk limits used in monitoring credit risks.
- Policy lines covering real-estate holdings, such as the volume and yield targets of the holdings and the breakdown of the portfolio into properties that are to be held, developed and sold off.
- The asset and liability management policies governing business decision-making, the benchmarks for market risk and risk limits as well as the asset and liability management organisation and reporting practice.

Each year the OKOBANK Group Central Cooperative sets risk limits for the entire Group's risk-taking ability and different types of risk. The level of the risk limits as well as the coverage and content of the benchmarks are reviewed regu-

larly. In respect of credit risks, the benchmarks were supplemented at the beginning of 2001 with a new risk limit for sectoral concentrations. Following the addition of this limit, there are a total of 15 Group-level risk limits for the following subareas:

Risk-bearing capacity and profitability

Capital adequacy ratio

Leeway for losses

Profitability

Credit risks

Risk concentrations

Total volume of large customer risks

Sectoral risks

Non-performing claims

Loan loss estimate for the next three years

Real-estate risks

Capital invested in properties

Value risk of properties

Market risks

Interest rate risk

Financing risk

Consolidated cash reserves

Foreign exchange risk

Share price risk

The control and monitoring of the member banks is handled primarily on the basis of a monitoring limit system derived from the Group's risk limits. Within the framework of the monitoring limits the member banks are themselves responsible for their risk management. If monitoring limits are broken, the member banks may undergo various degrees of control over their operations. The Group has an internal risk classification according to which the member banks are ranked in terms of their risk-bearing capacity and the seriousness of their risk situation. The risk situation of the member banks is gone through and the risk classification is reviewed four times a year. In their own risk management, the member banks confirm the risk limits for their operations, these as a rule being tighter than the monitoring limits set by the Central Cooperative.

The organisational units and committees serving the Central Cooperative's risk management can only act indirectly in taking decisions affecting the risk situation of a member bank and the OKOBANK Group. Such decisions are, among other things, the granting of exemptions connected with the member banks' individual large-scale projects and the taking of insurance decisions.

The Legal Affairs and Risk Management Department is in charge of the adequacy of the OKOBANK Group's risk management systems, issuing guidelines on risk management and monitoring risks. The Central Cooperative's Audit function examines the implementation and adequacy of the risk management of the Central Cooperative, its member banks and their subsidiaries. Other elements of the Group's risk management system are the Central Cooperative's Asset and Liability Management Committee, the Credit and Real-Estate Risk Committees and the OKOBANK Group Mutual Insurance Company.

CREDIT RISKS

The purpose of credit risk management is to minimise the danger of credit losses before the taking of a credit decision and to prevent the risks of existing credit decisions from materialising in a way that might jeopardise the profitability or capital adequacy of the Group or one of its units. Because credit risks are the OKOBANK Group's largest source of risks, particular attention is always paid to developing the way the member banks manage and monitor them. In 2000 a project was started for renewing the methods of measuring credit risks.

Local and thorough knowledge of the customer is the starting point for credit risk management. Credit decisions are based on the confirmed decision-making guidelines together with the customer's debt servicing ability and collateral, which as a rule must provide full coverage. Credit decisions are taken at several levels of the organisation, each of which has its own separately confirmed decision-making authorisations and limits.

In assessing a customer's debt servicing ability and credit risks, the tools used are risk ratings, analyses of financial statements and company analyses. The analysis of annual accounts involves classifying corporate customers into five classes according to their credit worthiness. The trends in the classes are monitored at the level of the individual bank and the Group as a whole. Over 17 000 financial statement analyses were made during the report year.

The Central Cooperative's Credit Risk Committee deals with credit and other commitments of client entities in which the liabilities of the client entity exceed 25 per cent of the member bank's own funds or the liabilities within the Group exceed EUR 5 million. The five million euro limit nevertheless does not apply to OKOBANK. In 2000 the Credit Risk Committee dealt with a total of 541 applications, of which an affirmative decision was taken in 497 cases.

To cover their loan books and bank guarantees, the member cooperative banks and Okopankki Oyj have credit portfolio insurance with the OKOBANK Group Mutual Insurance Company. The insurance is tantamount to a legal guarantee and the portion of the compensation is 60 per cent of the bank's credit loss. The maximum amount of compensation is EUR 0.8 million against one customer entity's damage per one bank and EUR 5.0 million for several banks together. Insurance decisions are taken separately in respect of loans in excess of EUR 0.25 million or which are more than 10 per cent of the member bank's own funds. The commitments for a customer entity can remain outside the scope of the insurance if the risks associated with debt servicing ability or collateral are excessively large.

The trend in credit risks is monitored by means of regular risk surveys. Risk surveys are prepared by measuring credit risks by means of risk coefficients related to the customer's financial statement analysis class as well as the status of the loan and its collateral. Other benchmarks used in monitoring credit risks at the Group and member bank level include the trend in sectoral concentrations, liabilities outside the OKOBANK Group Mutual Insurance Company's

credit portfolio insurance as well as overdue amounts and non-performing claims.

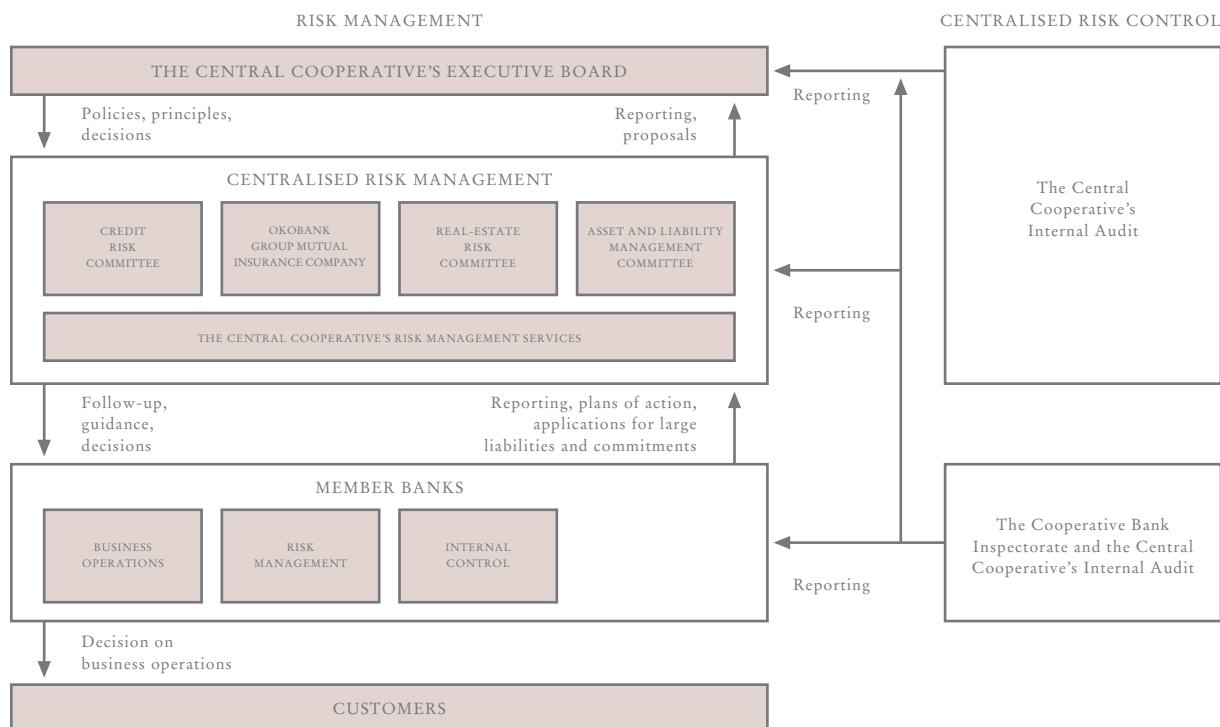
The ratio of the OKOBANK Group's non-performing and zero-interest claims to the credit portfolio and other lending-type claims and off-balance sheet items was 0.8 per cent at the end of December. At the end of 1999 the ratio was 1.0 per cent. On the basis of the small amount of non-performing and other problem claims and the results of risk surveys, the bank group's credit risks can be judged to be small. Nor do the OKOBANK Group's liabilities include major sectoral, industry or customer-specific risk concentrations.

OKOBANK handles the Group's taking of foreign risks. OKOBANK's Executive Board confirms the Bank's country limits, which are based on international credit ratings and the Bank's own analyses of the economic and political situation of different countries. The principles underlying the management of the Bank's credit and other risks are described in more detail in OKOBANK's Annual Report.

REAL-ESTATE RISKS

The objective of managing real-estate risks is to minimise

Organisation of risk management and control in OKOBANK Group



the risk of value depreciation, yield and damage risk connected with real-estate or shares and participations in property management companies. To reduce the risks connected with real-estate property and raise the yield level, the member banks have a formally adopted real-estate strategy and applies general principles for the management of real-estate and other ownership risks.

The OKOBANK Group Central Cooperative's Real-Estate Risk Committee deals with the bank group's most important real-estate projects. The committee deals with each real-estate project involving the tying up of more than EUR 5.0 million of capital in the bank group's real-estate properties.

The amount and yield level of the OKOBANK Group's real-estate holdings are monitored quarterly, at the member bank level as part of the monitoring limit system. The volume of the Group's real-estate holdings has been reduced systematically and a target has been set for lowering the amount of properties to a total value of EUR 1 500 million by the end of 2002. In practice the target was reached at the end of 2000. The yield level of the holdings will be improved such that the yield of leasable premises at the end of 2002 is at least 5.5 per cent, calculated on a property by property basis.

The value risks associated with real-estate holdings are estimated to be fairly small. The value risk of real-estate holdings other than those in own use, calculated at a yield value of 5.5 per cent, was EUR 38 million at the end of 2000, according to the bank group's risk reporting system. The complete elimination of value risk from Tier I own funds at the end of 2000 would have lowered the OKOBANK Group's capital adequacy ratio from 13.7 per cent to 13.5 per cent. Calculated at a required return half a percentage point higher, the value risk would have been EUR 47 million, and after factoring it out, the bank group's capital adequacy would have fallen by 0.3 percentage point.

MARKET RISKS

The OKOBANK Group's market risks include financing and interest rate risk as well as foreign exchange and share price risk. The management of market risks covers all balance sheet and off-balance sheet items.

The objective of managing market risks is to assure that changes in market prices or other market factors do not jeopardise the profitability or capital adequacy of an individual institution belonging to the Group or of the Group as a whole. The identification of market risks and confining the risks to an acceptable level are central tasks in the man-

Credits and leasing receivables by sectors

€ billion	Dec. 31,	Dec. 31,	Change	
	2000	1999	€ billion	%
Enterprises	5.53	5.03	0.50	10
Industry	1.54	1.43	0.11	7
Construction	0.45	0.43	0.02	5
Trade and catering	1.02	0.97	0.06	6
Real-estate investment	1.01	0.78	0.23	29
Other enterprises	1.51	1.42	0.08	6
Finance and insurance	0.14	0.07	0.08	
Public sector entities	0.18	0.18	0.00	-2
Non-profit organisations	0.96	0.88	0.08	9
Households	13.47	12.28	1.19	10
Foreign	0.17	0.05	0.12	
Total	20.45	18.49	1.97	11

agement of market risks.

Each unit of the OKOBANK Group confirms in writing the asset and liability management policy guiding its operational decisions. The asset and liability management policy defines the products and market instruments to be used by the unit, the extent of operations conducted in foreign currency, the principles underlying funding and investment activities as well as the risk benchmarks and limits that are employed.

According to the bank group's division of responsibilities, the member banks concentrate on retail banking activities. The bank group's management of liquidity, payment transfers, foreign exchange risk, long-term funding and international financial institution relationships are centralised within OKOBANK. The member cooperative banks also handle most of their money market dealing through OKOBANK. The active trading undertaken by the member cooperative banks on the money and capital markets is limited by a recommendation at the Group level according to which the value of a bank's trading portfolio can be a maximum of 5 per cent of the aggregate amount of its total assets and off-balance sheet items. At the end of the financial year, four member banks had a trading portfolio larger than the

recommended level. According to the Group's division of responsibilities, the foreign exchange risk of an individual member bank is confined to the foreign currency kept for travellers.

The Asset and Liability Management Committee, which reports to the OKOBANK Group Central Cooperative's Executive Board, decides on the operational guidelines for managing the OKOBANK Group's market risks, monitors the market risks of the Group and its units as well as the trend in the balance sheet structure and furthermore takes a position on new products and forms of account. The general guidelines on the management of market risks which are issued to the Group's member banks are approved by the Central Cooperative's Executive Board. The Asset and Liability Management Committee meets at least monthly and reports to the Central Cooperative's Executive Board.

The Asset and Liability Management Unit under the Legal Affairs and Risk Management Services department is in charge of providing general guidelines, oversight, advice and reporting in respect of the management of the OKOBANK Group's market risks. The tasks of the Asset and Liability Management Unit, which operates independently of the ordinary business activities, include monitoring, analysis and reporting on Group-level market risk limits to the Central Cooperative's management as well as the development of methods of analysing market risks and asset and liability management systems. The Asset and Liability Management Unit prepares general instructions and recommendations concerning market risks as well as Group-level risk limit proposals and unit-level monitoring limit proposals.

Each institution belonging to the Group has arranged its management of market risks in the manner required by the type and extent of its operations. Decisions concerning the management of the market risks of all units belonging to the OKOBANK Group, as well as the organisation of this management, are taken by the Executive Board. Within OKOBANK Consolidated, the Asset and Liability Management Committee, which reports to the Executive Board, decides on the operational guidelines and limits for developing the balance sheet structure and the taking of risks. A non-operational Asset and Liability Management Unit is in charge of monitoring OKOBANK Consolidated's market risks, risk exposures and the development of methods of risk management. Some individual member banks have organised the duties of managing market risks by adapting the Group's general guidelines to their own operating environment and business operations.

The extent and frequency of the market risk reporting of

the OKOBANK Group's units varies according to the nature of the unit's operations. Within OKOBANK and the major subsidiaries of the OKOBANK Group Central Cooperative, monitoring and reporting on market risks is done on a daily basis, whereas at the other institutions belonging to the bank group, monitoring is done monthly.

Financing risk

The objective of managing financing risk within the OKOBANK Group is to safeguard each unit's ability to meet its payment obligations. Financing risk arises when the due dates of receivables and liabilities differ from each other or if funding is excessively concentrated. Liquidity risk is a part of financing risk, and it means the risk that financing will not be available when liabilities or other commitments fall due. Financing risk is measured with a number of indicators describing the due date structure of balance sheet items and the amount and structure of solvency reserves. Note 33 to the accounts shows the maturity breakdown of claims and liabilities by balance sheet item at the end of the year. The monitoring limit indicator used by the member banks is the ratio to total assets of the receivables and liabilities falling due during the 12 months after the time of performing the analysis. The trend in the bank group's demand deposits is monitored separately. Major changes in their amount did not take place in 2000.

The gauge of financing risk at the level of the OKOBANK Group is the amount of receivables eligible as statutory cash reserves. OKOBANK's central bank duty includes the obligation to see to the adequacy of the Group's liquidity reserve, which means that the size of OKOBANK's portfolio of fixed-income investments is defined in proportion to the minimum level of the Group's statutory cash reserves. At the end of the year receivables eligible as statutory cash reserves totalled EUR 3.0 billion. During the year they exceeded the minimum amount specified for the bank group in law by an average of EUR 0.6 billion, as they did a year ago. The OKOBANK Group's financing risks are not major in amount.

Interest rate risk

Interest rate risk means the effect of changes in market interest rates on a bank's profits and capital adequacy. Interest rate risk arises from the differing interest rate bases applied to receivables and liabilities or to the timing of interest rate reviews. From the beginning of 2000 the OKOBANK Group's total interest rate risk has been measured in terms of the effect of a rise of 0.5 percentage point in market inter-

est rates on the present value of the Bank's risk position. Interest rate risk is also examined by interest rate linkage. The monitoring limit used for the interest rate risk of an individual member bank is the ratio of the above-described total interest rate risk benchmark to own funds. During the year the member banks also began using, alongside the total interest rate risk benchmark, an interest rate sensitivity to net interest income indicator, which reflects the impact on profits over the short term. The indicator measures the effect of a change in the interest rate level on earnings in the current financial period and over the next 12 months.

OKOBANK monitors interest rate risk in real-time and at the day-to-day level. In addition, the Value at Risk model, which is based on historical simulation, is used to measure interest rate risk at OKOBANK's units. The other units of the OKOBANK Group Central Cooperative make use of the Group's interest rate risk benchmark, supplementing it with the VaR model on a company by company basis. At the end of the year, the OKOBANK Group's interest rate risk measured in terms of the effect of a 0.5 percentage point rise in interest rates was EUR 11.7 million, compared with EUR 2.8 million at the end of the previous year. On average the bank group's interest rate risk during 2000 was EUR 6.7 million. The interest rate risk as a ratio of own funds at the end of 2000 was 0.5 per cent, i.e. the bank group's interest rate risk can be considered minor.

Foreign exchange risk

Foreign exchange risk refers to a change in profits resulting from changes in foreign exchange rates. Foreign exchange risk arises when the amounts of receivables and liabilities in the same currency differ from each other, i.e. the bank has an open FX exposure. The OKOBANK Group's foreign exchange risk is centralised within OKOBANK, and the foreign currency position of an individual member cooperative bank is in practice limited to the foreign currency kept for travellers' needs. The foreign exchange risk of a member bank is measured in terms of the size of the aggregate net foreign exchange position in relation to the bank's own funds. OKOBANK's foreign exchange risk is measured and limited by means of a risk gauge based on VaR analysis. The OKOBANK Group's net foreign exchange exposure at the end of the financial year was EUR 17 million and during the year it was on average EUR 14 million. At the end of 1999 the total net foreign exchange exposure was EUR 11 million. The bank group's foreign exchange risk was small, amounting to 0.7 per cent of the Group's own funds at the turn of the year.

Share price risk

Share price risk means the effect on the Bank's profits of changes in share prices. Within the OKOBANK Group the measure of share price risk used is the ratio to own funds of the market value of publicly quoted shares, mutual fund units or other similar instruments. OKOBANK's Series A share, the strategic investments decided separately by Executive Board and included in the portfolios of the OKOBANK Group Central Cooperative and OKOBANK and the equity portfolios of the insurance companies belonging to the Group (the OKOBANK Group Mutual Insurance Company and Aurum) are not included in calculating this measure. The above-mentioned strategic investments and the portfolios of the insurance companies are monitored as separate financial entities. The book value of the Group's publicly quoted shares and mutual fund units thus calculated was EUR 69 million at the end of the year. The figures include EUR 13 million of unbooked appreciation in value. The OKOBANK Group's share price risk is small.

At the end of 2000 the market value of the publicly quoted shares and units included in the above-defined share price gauge was 3.2 per cent of the bank group's own funds.

OTHER RISKS

Other risks refer to all other banking risks which are not credit, real-estate, or market risks. They can be due to a number of different causes, such as choices made in planning and developing business operations, criminal acts or shortcomings in the personnel's work and activities, the service processes or information technology, all of which may result in the Bank suffering various types of loss.

Strategic risk connected with the general development of the OKOBANK Group's operations is reduced through continuous planning that is based on analyses and forecasts of customers' future needs, the trend in different lines of business and market areas as well as the competitive situation. The Group's strategic policy lines are discussed widely within the Group before they are adopted.

In managing operational risks related to banking proper, a professionally skilled and well trained staff, comprehensive operational guidelines and efficient monitoring occupy a centrally important position. The introduction of new products is always preceded by thorough planning, guidelines and training covering the entire process. To reduce these risks, the OKOBANK Group's new business areas or their support as well as the use of the most complex bank products are centralised within the OKOBANK Group Central Cooperative.

In 2000 exploratory work was launched with the aim of developing the modelling of other risks and methods of measuring them as well as ways of improving internal guidelines which are important from the standpoint of preventing risks.

THE OKOBANK GROUP'S LEGAL STATUS

The OKOBANK Group began operations in its present form on July 1, 1997. The Group's operations are based on an amendment, which came into force in August 1996, to the Cooperative Bank Act. The amendment to the Cooperative Bank Act led to a sharper definition of the position of the OKOBANK Group in respect of financial monitoring. The amendment also strengthened the operational framework of the independent and local cooperative banks belonging to the group, among other things, by permitting the banks certain flexible arrangements in applying the provisions of the Credit Institution Act.

The OKOBANK Group does not form a corporate group as defined in the Accounting Act or a consolidation group as defined in the Credit Institution Act. In Finland, the OKOBANK Group is a unique financial entity that has been created through special legislation. The operational model nevertheless has several successful analogues elsewhere in Europe – Rabobank Nederland in the Netherlands, for example.

The acts establishing the legal provisions for cooperative banking are the Credit Institution Act, the Cooperative Bank Act and the Cooperative Societies Act.

EXTENT OF THE OKOBANK GROUP

The operations of the amalgamation of the cooperative banks (OKOBANK Group) are provided for in the Cooperative Bank Act. The OKOBANK Group comprises the OKOBANK Group Central Cooperative, which is the Group's central institution, its member cooperative banks and the companies belonging to the consolidation groups of the Central Cooperative and the member cooperative banks. Under law the OKOBANK Group is monitored on a consolidated basis, and the central institution and the credit institutions belonging to the OKOBANK Group are responsible for each other's liabilities and commitments.

The central bank of the group, OKOBANK, is a subsidiary of the OKOBANK Group Central Cooperative. The members of the Central Cooperative's Supervisory Board form the majority of OKOBANK's Supervisory Board. The chairman of the Central Cooperative's Executive Board also

acts as the chairman of OKOBANK's Executive Board.

CONSOLIDATED MONITORING

Under law, the OKOBANK Group is monitored on a consolidated basis in respect of capital adequacy, liquidity and customer risks. The OKOBANK Group Central Cooperative is responsible for issuing to its member credit institutions guidelines with the aim of ensuring their liquidity, capital adequacy and risk management. The Central Cooperative also has an obligation to monitor the operations of its member credit institutions and their consolidation groups. The obligation to issue guidelines and exercise supervision nevertheless does not give the Central Cooperative the power to dictate the course of the member banks' business operations. Each member cooperative bank carries on its business independently within the scope of its own resources.

The liquidity of the OKOBANK Group must be ensured in a manner that is sufficient for its operations. To support the Group's liquidity there must be cash reserves which are at least 10 per cent of the consolidated liabilities as specified in detail in the relevant act.

An institution belonging to the OKOBANK Group may not, in the course of its activities, take on a risk of such magnitude that it constitutes a material danger to the capital adequacy calculated for the institution or the OKOBANK Group as a whole. The OKOBANK Group Central Cooperative must have risk monitoring systems that are adequate in respect of the operations of the entire Group. An individual credit institution must have risk monitoring systems that are adequate in respect of its own operations.

In calculating customer risks and the minimum amount of own funds, the OKOBANK Group is considered as one credit institution. The legal provisions covering the maximum amounts of individual customer entities for the OKOBANK Group are the same in content as those for a credit institution's consolidation group. The maximum amount of an individual customer risk undertaken by the OKOBANK Group is nevertheless limited to a smaller amount than that of an individual credit institution or its consolidation group. The maximum amount of an individual customer risk is limited to 20 per cent of the Group's own funds, whereas for credit institutions and their consolidation groups the maximum amount of a customer risk is 25 per cent. The total amount of large customer risks as defined in the relevant act can be a maximum of 500 per cent of the Group's own funds, i.e. 300 percentage points smaller than

for credit institutions and their consolidation groups.

The capital adequacy calculated for the OKOBANK Group must be at least 8 per cent. Should the Group's own funds fall below 8 per cent, the Financial Supervision will set a specified period within which the minimum level of own funds specified in the relevant act must be reached. If the Group's capital adequacy is not restored within the specified period and if at least half of the Group's restricted equity capital has been lost, or the central institution is not able to meet its commitments, the OKOBANK Group in its present form must be dissolved.

EXCEPTIONS CONCERNING MEMBER CREDIT INSTITUTIONS

The OKOBANK Group Central Cooperative can grant to any of its member credit institutions and its consolidation group permission to diverge from the maximum amount of large customer risks specified in the relevant act. With the Central Cooperative's permission, an individual member credit institution can assume a maximum of twice the maximum amount of customer risk stipulated in the Credit Institution Act. For customer risks less than EUR 250 000, the Central Cooperative can grant an exemption without prejudice to the above restriction.

The regulations concerning the minimum amount of own funds required to ensure statutory capital adequacy are not applied to the OKOBANK Group Central Cooperative's member credit institutions and their consolidation groups.

If the capital adequacy of a member bank falls below the minimum level provided for in law, the Central Cooperative, acting in accordance with the guidelines prescribed by the Financial Supervision, sets a deadline for the carrying out of actions to raise the institution's own funds to the statutory level.

Should the minimum own funds fall below the absolute minimum amount prescribed in the Credit Institution Act, a deadline within which the own funds must reach the minimum amount set forth in the regulations will be set for the member credit institution. The deadline will be set by the Central Cooperative if the member credit institution's capital adequacy ratio is at least 10 per cent. If the capital adequacy ratio is below this, the Financial Supervision will set the deadline.

JOINING THE OKOBANK GROUP AND WITHDRAWAL FROM ITS MEMBERSHIP

Membership of the Central Cooperative is open to cooperative banks as well as to banks having the legal form of a

limited company pursuant to the Cooperative Bank Act provided that they make the changes set forth in the Cooperative Bank Act to their statutes or Articles of Association. Acceptance for membership calls for a two thirds majority of the votes cast at the Annual Meeting of the Cooperative or in the Representatives' Meeting of the bank.

A member credit institution has the right to withdraw from membership of the OKOBANK Group Central Cooperative provided that the capital adequacy calculated for the OKOBANK Group remains at the statutory level also following the withdrawal. A member credit institution can be expelled from membership of the Central Cooperative in accordance with the Cooperative Societies Act. The credit institution which has withdrawn or been expelled is responsible for the liabilities and commitments of another member credit institution belonging to the OKOBANK Group or of the central institution if either is placed in liquidation during a period of five years from the balance sheet date following the withdrawal or expulsion. The member credit institution that has withdrawn or been expelled is also liable to pay the extra contributions collected for the purpose of preventing another member credit institution of the Central Cooperative from being placed in liquidation.

THE OKOBANK GROUP'S ANNUAL ACCOUNTS AND AUDIT

The annual accounts of the Central institution and member credit institutions as well as their consolidation groups are combined to form the OKOBANK Group's consolidated annual accounts pursuant, as appropriate, to the provisions and regulations in effect for the consolidated annual accounts of a credit institution. The Financial Supervision has issued more detailed regulations on the preparation of the OKOBANK Group's annual accounts. The accounting policies applied are presented in the Group's annual accounts.

The Central Cooperative's auditors audit the OKOBANK Group's annual accounts observing, as appropriate, the provisions of the Financial Institution Act. The annual accounts are presented to, and passed out at, the Central Cooperative's Annual Meeting.

MONITORING THE OKOBANK GROUP

The OKOBANK Group is monitored by the Financial Supervision and the OKOBANK Group Central Cooperative, which is the Group's central institution. The Central Cooperative exercises oversight to ensure that its member credit institutions and the companies belonging to their consolidation groups operate in accordance with the laws, decrees,

instructions and regulations issued by the authorities in respect of the financial markets as well as the instructions issued by the Central Cooperative and its own statutes and Articles of Association. A member credit institution and the companies belonging to its consolidation group are responsible for supplying the Central Cooperative with all the information and reports which it requires and are necessary to enable the Central Cooperative to carry out its monitoring duties.

JOINT RESPONSIBILITY AND JOINT SECURITY

If a member credit institution's own funds are depleted to such a low level owing to losses that the legal requirements for being placed in liquidation are fulfilled, the OKOBANK Group Central Cooperative has the right to collect from its member credit institutions extra contributions, on the grounds set forth in the Central Cooperative's statutes, in a maximum amount during the financial year of five thousandths of the member credit institutions' aggregate total assets in their most recently approved balance sheets for use in carrying out the support actions necessary to prevent the member credit institution from being placed in liquidation.

The Central Cooperative and the member credit institutions are jointly and severally responsible for the debts of

the Central Cooperative or a member credit institution which is in liquidation in the event that these debts cannot be paid from its funds. The liability is apportioned amongst the central institution and the member credit institutions in proportion to the total assets in the most recently adopted balance sheets.

PROTECTION PROVIDED BY THE DEPOSIT GUARANTEE FUND

According to the legislation concerning the Deposit Guarantee Fund, which came into force in January 1998, the deposit banks belonging to the OKOBANK Group are considered to constitute a single bank in respect of deposit protection. The assets of the Deposit Guarantee Fund are applied to compensate a depositor's receivables from the deposit banks belonging to the OKOBANK Group up to a maximum amount of FIM 150 000.

Under legislation concerning the Investor Compensation Fund, the OKOBANK Group is also considered as a single bank for purposes of compensation protection. The Investor Compensation Fund's assets may be used to compensate an investor's receivable from companies belonging to the OKOBANK Group up to a maximum amount of EUR 20 000.

ACCOUNTING POLICIES

The amalgamation of the cooperative banks (hereinafter the OKOBANK Group) does not form a group as defined in the Accounting Act or a consolidation group as defined in the Credit Institution Act. The OKOBANK Group Central Cooperative and its member co-operative banks do not have in respect of each other power of control as stated in the Accounting Act, whereby a parent company cannot be specified for the bank group.

The provisions concerning the bank group's annual accounts are set forth separately in the Cooperative Bank Act. On the basis of it the Financial Supervision has issued more detailed regulations on the preparation of the OKOBANK Group's annual accounts.

The annual accounts of the OKOBANK Group do not constitute full consolidated annual accounts as specified in the Accounting Act. The Accounting policy pertaining to the consolidated annual accounts of a financial institution are applied as appropriate in drawing up the annual accounts. As a consequence of the consolidation, the bank group's equity capital items are ultimately made up of the cooperative capital investments made by the members of the cooperative banks as well as by the investments of shareholders outside the OKOBANK Group in OKOBANK's equity capital. The annual accounts comprise a (consolidated) profit and loss account, balance sheet, the notes to them and the Executive Board's report on operations.

The Executive Board of the OKOBANK Group Central Cooperative is responsible for the preparation of the annual accounts in accordance with the relevant regulations and generally approved accounting principles. In order to ensure the uniformity of the annual account principles applied by the institutions belonging to the OKOBANK Group, the Central Cooperative issues its member credit institutions instructions on the preparation of the annual accounts.

The Central Cooperative's auditors audit the OKOBANK Group's annual accounts, observing, as appropriate, the regulations of the Financial Institution Act. The auditors prepare a separate auditors' report on the annual accounts. The annual accounts of the OKOBANK Group are submitted to the Annual Meeting of the OKOBANK Group Central Cooperative.

APPLICABLE REGULATIONS

The annual accounts of the OKOBANK Group are consolidated in observance of the provisions of Chapter 2 of the Cooperative Bank Act and the regulations issued by the Financial Supervision. In the consolidation of the annual accounts the relevant guidelines applied are, as appropriate, also the regulations of Chapter 4 of the Credit Institution Act, the decision of the Ministry of Finance concerning the parent company and consolidated annual accounts of credit institutions and investment service companies, the regulations of the Accounting Act with the exceptions mentioned in Section 30 of the Credit Institution Act as well as the general instructions issued by the Accounting Board.

The credit and financial institutions, mutual fund companies and investment service companies belonging to the OKOBANK Group prepare their annual accounts in accordance with the general legal provisions and regulations concerning the annual accounts of financial institutions as well as the instructions issued by the OKOBANK Group Central Cooperative.

EXTENT AND CONSOLIDATION OF THE ANNUAL ACCOUNTS

The annual accounts of the OKOBANK Group represent a consolidation line by line of the annual accounts of the OKOBANK Group Central Cooperative, its member co-operative banks, the OKOBANK Group Security Fund, the OKOBANK Group Mutual Insurance Company as well as those credit and financial institutions, investment service companies, mutual fund companies and service companies belonging to the above-mentioned institutions or which are jointly controlled by them. The annual accounts of other companies controlled by said units as well as of the associated companies are consolidated according to the equity method.

An entity belonging to the OKOBANK Group or companies that are jointly controlled by said entities can be omitted from the annual accounts if the total assets in the company's balance sheet are less than EUR 10 million and if its omission does not have a material impact on the annual accounts.

Note 45 sets forth the companies consolidated in the annual accounts as well as the aggregate effect of the companies that are included in the consolidated annual accounts of the member credit institutions but are excluded from the Group's annual accounts.

In the companies that are consolidated line by line, intra-Group shareholdings are eliminated by the acquisition cost method against the equity capital amounts at the time of acquisition. The equity capital proportion of the accumulated depreciation difference and voluntary provisions less imputed deferred taxes thereon has not been included in equity capital if the shares have been acquired before 1998. The portion of the acquisition cost in excess of the amount of equity capital at the time of acquisition is stated as goodwill on consolidation in the consolidated annual accounts to the extent that it has not been possible to allocate it as an increase in other balance sheet items. Goodwill arising on consolidation which was entered before 1998 is amortised annually on a straight-line basis over a maximum of 10 years, and since 1998 over a maximum of 5 years.

As a departure from the acquisition cost method, the nominal value of the OKOBANK shares owned by entities belonging to the Group has been eliminated against OKOBANK's equity capital and the portion that exceeds or falls short of the nominal value has been eliminated against OKOBANK's profit/loss brought forward.

The Group's internal transactions, internal margins, internal distribution of profits, gains and losses on the sale of OKOBANK shares as well as mutual receivables and liabilities have been eliminated. A revaluation that is discharged in the accounts of an entity belonging to the Group when said institution has transferred the underlying assets on which the revaluation was made to another institution belonging to the bank group has been reversed in the OKOBANK Group's annual accounts to the extent that the grounds for the revaluation are still valid.

The accumulated depreciation difference and voluntary provisions stated in separate annual accounts as well as the changes in them are divided in the balance sheet into a portion allocated to equity capital and a portion allocated to imputed deferred taxes and the equivalent allocations in the profit and loss account are to the net profit for the financial year and to the change in imputed deferred taxes. The technical reserves indicated in the annual accounts of the OKOBANK Group Mutual Insurance Company have been treated in the Group's annual accounts in the manner of voluntary provisions.

The minority interest share of the net profit and equity capital has been separated out and it is presented as an individual item in the profit and loss account and the balance sheet. In defining the minority interest, the OKOBANK Group Central Cooperative's member cooperative banks and OKOBANK have formed a parent company in the technical sense necessary for the calculations. From the net profit and equity capital of the OKOBANK Group Security Fund, a portion has been separated out as minority interest and this corresponds to the share of the cooperative banks which remained outside the OKOBANK Group in the Security Fund's uncovered liabilities at the end of the financial year.

A real-estate company consolidated in the Group's annual accounts can elect not to book depreciation according to plan in its separate annual accounts. In the annual accounts of the OKOBANK Group the depreciation of these companies has been adjusted in accordance with the principles observed by the Group.

ITEMS DENOMINATED IN FOREIGN CURRENCY

The balance sheet items and off-balance sheet items of national currencies in the EMU 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 OKOBANK's overseas branch office have been translated into the 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 included 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 during the maturity 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 in the acquisition cost of the liability during its maturity.

SECURITIES HELD AS CURRENT ASSETS

The securities held as current assets are debt securities and shares and participations that are traded as well as securities that have been obtained through the investment of financial surpluses and which are to be held for the time being and, furthermore, non-current equity investments. Debt securities held as current assets are placed in the balance sheet items “Debt securities eligible for refinancing with central banks” and “Debt securities”.

Actively traded securities have been valued at the market value since the beginning of 1999 and all positive and negative changes in value due to valuation have been booked. Other securities held as current assets are valued at acquisition cost or the probable transfer price on the balance sheet date, 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 at 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 write-downs on these securities and reversals of the write-downs have been entered in net income from securities transactions. The difference between the acquisition cost and nominal value of non-tradable debt securities is periodised in interest income.

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 the OKOBANK Group. The debt securities held as financial fixed assets are placed in the balance sheet under the items “Debt securities eligible for refinancing with central banks” and “Debt securities”.

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 was 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 corresponding securities lodged as collateral for margin requirements are included in the original balance sheet item irrespective of the agreement.

TANGIBLE AND INTANGIBLE ASSETS AND DEPRECIATION ACCORDING TO PLAN

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 entities belonging to the OKOBANK Group, 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 principles applied by the bank group, 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.

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

Shares in real-estate management companies as well as land, forest and water areas have been entered in the balance sheet at the acquisition cost or if their market value is permanently lower than the acquisition cost, at the probable market value. Buildings are entered in the balance sheet at the acquisition cost adjusted for depreciation according to plan or, if their probable market value is permanently lower than the adjusted acquisition cost, at the probable market value.

In determining the balance sheet value of shares in real-estate and real-estate management companies that are in own use, the starting point taken is the value of the asset in relation to earnings expectations for ordinary operations. Properties classified as being in own use are properties belonging to the Group which are in its own use as office, warehouse or other premises or in use by its personnel as well as shares in real-estate management companies which give the right of possession and management in respect of such premises.

Commercial, office and industrial properties other than those in own use are valued as a rule according to the yield value method. In the 2000 annual accounts the assumed minimum required return for an individual property is 3.5 per cent. Land, water and forest areas as well as dwellings and residential buildings are valued according to the sale value method.

Write-downs on real-estate and shares in real-estate companies are entered as expense in the profit and loss account item "Depreciation and write-downs on tangible and intangible assets". In booking reductions in value, the permanence of the write-downs and criteria pertaining to their material importance have been applied.

PRINCIPLES APPLIED TO REVALUATIONS AND METHODS OF DETERMINING THE VALUE OF THEIR UNDERLYING ASSETS

Revaluations can be made on land areas and shares and participations in real-estate companies as well as in exceptional cases also on shares and participations held as financial fixed assets, the value of which is permanently and materially greater than the original acquisition cost. The land areas and shares in real-estate companies on which the revaluations are made are valued by a real-estate agent.

DERIVATIVE CONTRACTS

The differences 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 prepayments and in 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 valuation result for derivative contracts taken out for hedging purposes are booked in the profit and loss account in the same group as is the change in the 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 have been entered in "Other assets" or "Other liabilities".

Premiums paid on options are valued at the acquisition cost or the probable transfer price, whichever is lower. Income and expenses are booked to net income from securities transactions. The change in the markka countervalue of derivative contracts denominated in foreign currency are nevertheless booked to net income on foreign exchange dealing.

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 on receivables and guarantee commitments as well as probable 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 a loan loss, 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 recorded as a reduction in loan losses.

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.

TAXES

In the separate annual accounts of an individual institution belonging to the OKOBANK Group, income taxes are cal-

culated and booked on the basis of taxable income in accordance with a statement of income taxes. Imputed deferred taxes and tax claims are not entered in the balance sheet. They are set forth in Note 36 to the annual accounts.

THE EFFECT OF CHANGES IN THE GROUP'S STRUCTURE AND OF CHANGES IN THE FORMAT OF THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET ON THE COMPARABILITY OF THE 2000 AND 1999 ANNUAL ACCOUNTS

During 2000 no changes took place in the OKOBANK Group's structure, which might have affected the comparability of the 2000 and 1999 financial statements.

As a consequence of a revised sectoral classification, claims on international organisations and liabilities to them have been transferred from the credit institutions group to the public and public sector entities group. The necessary changes have been made retroactively.

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.

KEY FIGURES FOR OKOBANK GROUP

€ million

PROFIT AND LOSS ACCOUNTS	1996	1997	1998	1999	2000
Net income from financial operations	648	649	691	678	801
Other income	424	431	503	464	681
Other expenses	585	584	588	598	629
Depreciation and write-downs	94	84	87	76	91
Loan and guarantee losses	280	214	128	26	5
Write-downs on securities held as financial fixed assets	-4	4	0	0	99
Share of profit/loss of companies included in the consolidated accounts using the equity method	1	1	3	7	7
Operating profit	119	195	395	450	664
Extraordinary items	1	-	-	-	-
Profit before appropriations and taxes	119	195	395	450	664
Taxes	41	63	13	64	159
Minority interests	1	1	0	1	2
Profit for the financial year	77	132	382	385	504

BALANCE SHEETS

Assets

Claims on credit institutions	1 883	1 430	752	593	803
Claims on the public and public sector entities	15 084	15 023	16 192	18 309	20 260
Debt securities	3 486	3 209	3 026	3 804	3 021
Shares and participations	212	218	220	249	461
Intangible and tangible assets	1 749	1 747	1 641	1 545	1 374
Other assets	1 378	1 189	1 501	1 524	1 166
Total	23 792	22 816	23 332	26 024	27 086

Liabilities

Liabilities to credit institutions and central banks	1 136	585	398	1 089	1 164
Liabilities to the public and public sector entities	16 264	16 134	17 029	17 978	18 312
Debt securities issued to the public	2 914	2 800	2 796	3 652	3 629
Subordinated liabilities	1 012	1 164	1 016	743	670
Other liabilities	1 384	1 063	708	721	860
Imputed taxes due	69	75	75	98	132
Minority interests	5	5	3	4	5
Equity capital	1 006	990	1 308	1 739	2 314
Total	23 792	22 816	23 332	26 024	27 086

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 GROUP PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2000			Jan. 1 to Dec. 31, 1999		
Interest income	1 354			1 076		
Interest expenses	554			397		
Net income from financial operations	801			678		
Income from equity investments	204			7		
Commission income	303			251		
Commission expenses	35			24		
Net income from securities transactions and foreign exchange dealing						
Net income from securities transactions	1			22		
Net income from foreign exchange dealing	8	8		7	29	
Other operating income	166			178		
Administrative expenses						
Staff costs						
Salaries and fees	251			234		
Staff-related costs						
Pension costs	30			38		
Other staff-related costs	20	50	301	19	57	292
Other administrative expenses	164			152		
465				443		
Depreciation and write-downs on tangible and intangible assets	91			76		
Other operating expenses	129			131		
Loan and guarantee losses	5			26		
Write-downs on securities held as financial fixed assets	99			0		
Share of profit/loss of companies included in the consolidated accounts using the equity method	7			7		
Operating profit	664			450		
Extraordinary items	-			-		
Profit before appropriations and taxes	664			450		
Income taxes						
Taxes for the financial year and previous financial years	125			41		
Change in imputed taxes due	35	159		23	64	
Other direct taxes	-			0		
Share of profit (loss) for the financial year attributable to minority interests	2			1		
Profit for the financial year	504			385		

OKOBANK GROUP BALANCE SHEET

ASSETS € million	December 31, 2000		December 31, 1999	
Liquid assets		366		772
Debt securities eligible for refinancing with central banks				
Treasury bills		96		4
Other	1 448	1 544	2 426	2 429
Claims on credit institutions				
Repayable on demand		10		20
Other	793	803	573	593
Claims on the public and public sector entities		20 260		18 309
Leasing assets		192		178
Debt securities				
On public sector entities		326		502
Other	1 151	1 477	873	1 375
Shares and participations		356		152
Participating interests		9		9
Shares and participations in consolidated companies		95		88
Intangible assets				
Consolidated goodwill		0		0
Other long-term expenditure	54	55	40	41
Tangible assets				
Real-estate and shares and participations in real-estate corporations		1 241		1 419
Other tangible assets	78	1 320	85	1 504
Other assets		346		313
Accrued income and prepayments		262		261
		27 086		26 024

OKOBANK GROUP BALANCE SHEET

LIABILITIES € million	December 31, 2000			December 31, 1999		
Liabilities						
Liabilities to credit institutions and central banks						
Central banks	300			536		
Credit institutions						
Repayable on demand	4			32		
Other	860	864	1 164	520	553	1 089
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	7 462			6 830		
Other	9 656	17 118		9 603	16 433	
Other liabilities	1 194 18 312			1 545 17 978		
Debt securities issued to the public						
Bonds	1 270			522		
Other	2 359	3 629		3 131	3 652	
Other liabilities	619			537		
Accrued expenses and deferred income	235			173		
Compulsory provisions						
Pension provisions	-			4		
Tax provisions	-			0		
Other	6	6		7	11	
Subordinated liabilities	670			743		
Imputed taxes due	132			98		
Minority interests	5			4		
	24 772			24 285		
Equity capital						
Share and cooperative capital	573			464		
Share premium account	5			4		
Revaluation reserve	49			53		
Other restricted funds						
Reserve fund	671			664		
Non-restricted reserves						
Other reserves	421			214		
Profit brought forward	93			-44		
Profit for the financial year	504			385		
	2 314			1 739		
	27 086			26 024		
Off-balance sheet commitments						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 425			1 227		
Other	-	1 425		-	1 227	
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments	-			-		
Other	2 179	2 179		2 001	2 001	
	3 604			3 228		

NOTES TO THE ACCOUNTS

(€ MILLION)

NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2000	1999
Interest income		
Claims on credit institutions	28	35
Claims on the public and public sector entities	1 150	889
Debt securities	166	139
Other interest income	2	7
Leasing margin	9	6
Total	1 354	1 076
Interest expenses		
Liabilities to credit institutions and central banks	28	26
Liabilities to the public and public sector entities	314	201
Debt securities issued to the public	173	108
Subordinated liabilities	44	61
Capital investments	0	0
Other interest expenses	-5	1
Total	554	397

2) *Breakdown of net income from securities transactions*

	2000	1999
Net income from transactions in debt securities	-1	-11
Net income from transactions in shares and participations	1	32
Total	1	22

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

	2000	1999
Debt securities		
Securities purchased	18 843	15 145
Securities sold	14 103	10 956
Shares		
Securities purchased	5 343	1 557
Securities sold	5 317	1 573

4) *Breakdown of other operating income and expenses*

	2000	1999
Other operating income		
Rental and dividend income from real-estate and real-estate corporations	92	94
Capital gains from the sale of real-estate and shares and participations in real-estate corporations	23	15
Other income	51	69
Total	166	178
Other operating expenses		
Rental expenses	16	13
Expenses from real-estate and real-estate corporations	84	85
Capital losses from the sale of real-estate and shares and participations in real-estate corporations	6	4
Other expenses	23	28
Total	129	131

5) *Depreciation and write-downs on tangible and intangible assets*

	2000	1999
Planned depreciations	55	53
Write-downs	37	23
Reversals on write-downs	-2	-1
Total	91	76

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

	2000	1999
In respect of claims on credit institutions	0	0
In respect of claims on the public and public sector entities	63	77
In respect of leasing assets	0	0
In respect of guarantees and other off-balance sheet items	4	3
In respect of other items	12	6
Gross loan and guarantee losses	78	86
Deductions from loan and guarantee losses	73	60
Loan and guarantee losses in the profit and loss account	5	26

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

	2000	1999
Actual loan losses during the financial year, total	82	100
Actual loan losses during the financial year for which a specific loan loss provision has previously been made	-55	-75
Recoveries in respect of actual loan losses during previous financial years	-22	-21
Specific loan loss provisions made during the financial year	48	46
Reversals of specific loan loss provisions during the financial year	-47	-24
Loan and guarantee losses entered in the annual accounts	5	26

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

The extraordinary income and expenses entered in the separate annual accounts of the institutions belonging to the OKOBANK Group have been transferred to Other income and expenses in the Group's profit and loss account to the extent that they do not fulfil the criterion of being material in amount - which is part of the definition of extraordinary income and expenses - at the level of the Group. In the 2000 and 1999 profit and loss account all the income and expenses booked to the extraordinary items of the separate companies have been transferred to Other income and expenses.

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

Pension provisions	-4
Tax provisions	-
Other	-2
Total	-5

Write-downs on securities held as financial fixed assets:

Gross write-downs	99	1
Reversals of write-downs	0	-1
Total	99	0

9) *Breakdown of combined items*

Items in OKOBANK Group's profit and loss account are stated in accordance with the format stipulated by the Financial Supervision. The handling of the extraordinary items is presented in note 7.

10) *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		2000	Staff on average 1999
	2000	1999		
Banking	1 322	1 124	7 490	7 468
Mortgage banking	11	10	8	8
Finance company operations	26	23	130	114
Investment firm operations	38	28	109	84
Common fund operations	31	14	19	13
Real-estate ownership and possession	10	14	15	13
Other	431	416	926	887
Total	1 869	1 629	8 697	8 587

	Income by geographical market		2000	Staff on average 1999
	2000	1999		
Finland	1 868	1 629	8 687	8 577
Sweden	1	1	10	10
Total	1 869	1 629	8 697	8 587

NOTES TO THE BALANCE SHEET

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

	2000	1999
Treasury bills	96	4
Government bonds	612	857
Certificates of deposit	753	1 549
Other	83	20
Total	1 544	2 429

12) Claims on central banks

The balance sheet item Claims on central bank did not include claims on central banks at the end of the year.

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

	2000	1999
Enterprises	5 345	4 873
Financial and insurance institutions	144	68
General government	181	184
Non-profit institutions	956	878
Households	13 465	12 257
Foreign	170	50
Total	20 260	18 309

Specific loan loss provisions at the beginning of the financial year	267	303
New provisions made during the financial year (+)	44	44
Provisions reversed during the financial year (-)	-20	-21
Actual loan losses during the financial year, for which the credit institution has previously made specific loan loss provisions (-)	-41	-59
Specific loan loss provisions at the end of the financial year	250	267

14) Non-performing and other zero-interest claims

	2000	1999
Non-performing claims	179	200
Other zero-interest claims	25	35
Total	203	236

15) 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

	2000	1999
Assets held as security		
Real-estate and shares and participations in real-estate corporations	92	124
Other shares and participations	2	2
Other assets	0	0
Total	94	127

Shares and participations acquired for the purpose of reorganising the customer's business

	4	6
--	---	---

16) Subordinated claims

	2000	1999
Claims on the public and public sector entities	6	13
Debt securities	115	122
Total	121	135

17) Breakdown of leasing assets

	2000	1999
Prepayments	2	9
Machinery and equipment	177	160
Real property and buildings	13	8
Other assets	1	1
Total	192	178

18) Debt securities

Quoted and non-quoted debt securities and debt securities eligible for refinancing with central banks by type of assets at the end of the financial year

	Quoted	Other
Securities held as current assets	1 400	800
Securities held as financial fixed assets	352	469
Total	1 752	1 269

The total amount of differences between the probable market value and the lower book value of securities which are held as current assets

Figures are stated without eliminations	2000	1999
Debt securities eligible for refinancing with central banks	8	9
Debt securities	5	5
Total	13	14

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

Figures are stated without eliminations	2000	1999
Difference between nominal value and lower book value		
Debt securities	4	1
Claims on credit institutions	0	0
Claims on the public and public sector entities	-	-
Total	4	1
Difference between book value and lower nominal value		
Debt securities	12	16
Claims on credit institutions	-	0
Claims on the public and public sector entities	-	-
Total	12	16

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

Book value	2000	1999
Treasury bills	96	4
Local authority paper	10	3
Commercial paper	42	13
Certificates of deposit	758	1 594
Convertible bonds	6	9
Other bonds	1 904	2 038
Other debt securities	204	144
Total	3 021	3 804

19) 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

	Quoted	Other
Securities held as current assets	85	26
Securities held as financial fixed assets	197	48
Total	282	74

The aggregate amount of the differences of the probable market value and 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

	2000	1999
Securities held as current assets	14	23
Securities held as financial fixed assets	0	1
Total	14	24

OKOBANK Group 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

	2000	1999
Participating interests		
In credit institutions	-	-
Other	9	9
Total	9	9
Shares and participations in consolidated companies ¹⁾		
In credit institutions	0	2
Other	95	86
Total	95	88

¹⁾The note comprises the book value of shares in subsidiaries owned by separate institutions belonging to the bank group to the extent that the subsidiaries have not been consolidated in the bank group's annual accounts, and it furthermore includes the acquisition cost of the shares in Aurum Life Assurance Company as adjusted by entries in accordance with the equity method of consolidation.

20) Breakdown of intangible assets

	2000	1999
Establishment costs	0	0
Goodwill	1	3
Other long term expenditure	53	38
Total	55	41

21) 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

	Book value	Capital invested ¹⁾
Land and water areas and buildings		
In own use	146	146
Other	307	317
Total	453	462
Shares and participations in real-estate corporations		
In own use	216	265
Other	573	738
Total	789	1 003

b) Real-estate and shares in real-estate corporations that are not in own use, broken down at the end of the year ¹⁾

Type of property	Surface area, in square metres	Capital invested	Net yield, %	Vacancy rate, %
Dwellings and residential real-estate	230 702	143	5.7	12.6
Business, office and industrial real-estate ²⁾	1 081 462	829	6.0	11.6
Land, water and forest areas (undeveloped)	-	60	-	-
Unfinished buildings				
Financial leasing real-estate	34 747	14	4.9	0.0
Other domestic real-estate	-	9	-	-
Foreign real-estate				
Properties, total		1 055	5.6	11.8

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 ¹⁾

Yield rate, %	Capital invested
Negative	63
0 to 3	170
3 to 5	311
5 to 7	219
over 7	292
Total	1 055

¹⁾ Data concerning surface areas, invested capital, net yield rates and the vacancy rate are disclosed as Group data in respect of the member banks.

²⁾ It has not been possible to itemise the data to the accuracy required by Regulation 106.1 issued by the Financial Supervision. According to the regulation, the data are to be stated separately for commercial and office real-estate and for industrial real-estate.

22) Breakdown of other assets

	2000	1999
Cash items in the process of collection	27	32
Guarantee claims	11	13
Derivative contracts	124	148
Other	184	119
Total	346	313

23) Breakdown of accrued income and prepayments

	2000	1999
Interests	254	245
Other	7	17
Total	262	261

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

The asset items in OKOBANK Group's balance sheet are stated in accordance with the balance sheet formats confirmed by Financial Supervision.

25) Difference between the nominal value and the book value of liabilities

Figures are stated without eliminations	2000	1999
Differences between the nominal value and the lower book value		
Liabilities to credit institutions and central banks	0	1
Liabilities to the public and public sector entities	0	0
Debt securities issued to the public	26	12
Other liabilities	0	0
Subordinated liabilities	27	3
Total	53	16

Difference between book value and lower nominal value

Liabilities to credit institutions and central banks	-	-
Liabilities to the public and public sector entities	-	-
Debt securities issued to the public	0	0
Other liabilities	-	-
Subordinated liabilities	25	0
Total	25	0

26) Breakdown of debt securities issued by type of instrument

	2000	1999
Certificates of deposit	2 358	3 007
Bonds	1 270	522
Other	0	124
Total	3 629	3 652

27) Breakdown of other liabilities

	2000	1999
Cash items under process of collection	320	283
Derivative contracts	133	158
Other	166	95
Total	619	537

28) Breakdown of accrued expenses and deferred income

	2000	1999
Interest	128	102
Other	107	71
Total	235	173

29) Compulsory provisions at the end of the financial year

	2000	1999
Pension provisions	0	4
Tax provisions	-	-
Other	6	7
Total	6	11

30) 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). The interest rate was 7.10% on December 31, 2000. The loan will mature in May, 2006. With the prior consent of the 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. The above-mentioned liabilities are debenture loans which are subordinated to other commitments.

Subordinated liabilities other than those mentioned above:

The total € equivalent of the liabilities in the consolidated accounts of the OKOBANK Group was € 451 million as at December 31, 2000. Creditors do not have a put option. No perpetuals are included in these liabilities. Loans of this kind were not targeted at companies and participating interests belonging to the same consolidation group.

31) 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
Cooperative capital	394	166	-55	505
Share capital	70	-	-2	68
Share premium account	4	1	-	5
Revaluation reserve	53	-	-4	49
Reserve fund	664	7	0	671
Non-restricted reserves	214	211	-4	421
Profit brought forward	341	-	-248	93
Profit for the financial year	-	504	-	504
Equity capital, total	1 739	888	-313	2 314

The acquisition cost share in excess of or under the nominal value of the OKOBANK shares acquired by the OKOBANK Group Central Cooperative and its member cooperative banks is entered in the bank group's annual accounts either as a reduction or increase in the profit/loss brought forward.

32) *Combined items under balance sheet liabilities*

The liabilities items of OKOBANK Group's balance sheet are stated in accordance with the balance sheet format confirmed by the Financial Supervision.

33) *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
Debt securities eligible				
for refinancing with central banks	567	470	299	209
Claims on credit institutions	696	107	0	0
Claims on the public and public sector entities	2 061	2 356	7 826	8 018
Debt securities	86	136	1 003	252
Liabilities to credit institutions and central banks	1 058	85	0	21
Liabilities to the public and public sector entities	16 092	1 385	653	182
Debt securities issued to the public	1 639	910	1 065	15

Claims on the public and public sector entities did not include items payable on demand.
Deposits other than fixed-term deposits are included in the maturity class "Under 3 months".

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

	Domestic currency	Foreign currency
Debt securities eligible		
for refinancing with central banks	1 523	21
Claims on credit institutions	714	90
Claims on the public and public sector entities	20 062	199
Debt securities	946	531
Other assets	2 972	29
Total	26 217	869
Liabilities to credit institutions and central banks	535	629
Liabilities to the public and public sector entities	18 233	79
Debt securities issued to the public	3 629	-
Subordinated liabilities	396	274
Other liabilities	974	23
Total	23 767	1 005

35) *Financial and share based ratios*

OKOBANK Group key ratios of financial performance

	1996	1997	1998	1999	2000
Turnover, € million	1 807	1 668	1 721	1 583	2 086
Operating profit, € million	119	195	395	450	664
% of turnover	6.6	13.0	22.9	28.4	31.9
Profit before appropriations and taxes, € million	119	195	395	450	664
% of turnover	6.6	13.0	22.9	28.4	31.9
Return on equity (ROE), %	12.9	17.2	35.0	26.7	24.9
Return on assets (ROA), %	0.32	0.57	1.66	1.65	1.90
Equity/total assets ratio, %	2.8	3.8	5.6	6.7	8.6
Income/expenses ratio	1.6	1.6	1.8	1.7	2.1

Calculation of key ratios

Turnover	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.
Operating profit or loss	Operating profit/loss according to the profit and loss account
Profit or loss before appropriations and taxes	The profit and loss account item "Profit (loss) before appropriations and taxes"
Return on equity (ROE), %	$\frac{\text{Operating profit /loss less taxes}}{\text{Equity capital without capital investments + minority interests + voluntary provisions + depreciation difference less deferred taxes due (average of the figures for the beginning and the end of the year)}} \times 100$
Return on assets (ROA), %	$\frac{\text{Operating profit /loss less taxes}}{\text{Average total assets (average of the figures for the beginning and the end of the year)}} \times 100$
Equity/total assets ratio, %	$\frac{\text{Equity capital without capital investments + minority interests + voluntary provisions + depreciation difference less deferred taxes due}}{\text{Total assets}} \times 100$
Income to expenses ratio	$\frac{\text{Net income from financial operations + income from equity investments + commission income + net income from securities transactions and foreign exchange dealing + other operating income}}{\text{Commission expenses + administrative expenses + depreciation + other operating expenses}}$

36) Income taxes

	2000	1999
Imputed taxes due that are likely to materialise	0	0
Imputed tax claims that are unlikely to materialise	0	0
Imputed tax claims that are likely to materialise	47	46

Imputed taxes due and tax claims:

In the OKOBANK Group balance sheet there were EUR 132 million of imputed taxes due that were based on appropriations. Other imputed taxes due and tax claims have not been entered in the balance sheet in 2000 and 1999. The imputed tax claims consisted mainly of losses that were confirmed in the tax statements. Other imputed tax claims were minor in amount.

Effect of revaluations on income taxes:

Revaluations totalling EUR 125 million have been made on shares and participations in properties and real-estate management companies owned by the OKOBANK Group. If the revalued properties were sold, the revaluation would be realised as a capital gain that would result in a maximum increase in income taxes of EUR 36 million.

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

37) *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*

	2000	1999
Assets pledged as collateral for own liabilities		
Pledges	1 095	1 742
Mortgages	-	82
Other	15	-
Liabilities and commitments for which asset items have been pledged as collateral		
Liabilities to credit institutions and central banks	98	1
Liabilities to the public sector and public sector entities	32	27
Debt securities issued to the public	-	8
Collateral pledged on behalf of others		
Pledges	1	5
Mortgages	20	10

38) *Pension liabilities*

Except for Opstock Ltd, the statutory pension security of the staff of companies within the OKOBANK Group 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, FD Finanssidata Oy and Keski-Suomen Tila- ja Kiinteistöpalvelu Oy. The Foundation has not taken 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 companies within the OKOBANK Group did not have direct liabilities arising from pension commitments. The pension liabilities of the Group have been covered in full.

39) *Leasing liabilities*

Leasing payments in 2001	3
Leasing payments after 2001	20

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

	2000	1999
Guarantees	498	523
Guarantee commitments	893	670
Pledges and mortgages	12	12
Other commitments given on behalf of a customer for a third party	21	22
Unused standby credit facilities	2 082	1 778
Pledges granted	-	35
Other irrevocable commitments given on behalf of a customer	97	188
Commitments given, total	3 604	3 228

41) *Derivative contracts at the end of the year*

Values of the underlying instruments	2000	1999
Agreements made for hedging purposes		
Interest rate derivatives		
Forward rate agreements	-	-
Option contracts		
Purchased	-	-
Written	-	-
Interest rate swaps	656	684
Currency derivatives		
Forward agreements	572	1 334
Option contracts		
Purchased	-	-
Written	-	-
Interest rate and currency swaps	3	91
Share derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-
Credit derivatives	-	-
Equity swaps	-	-
Total	1 231	2 108
Contracts made for purposes other than hedging		
Interest rate derivatives		
Forward rate agreements	1 028	1 893
Option contracts		
Purchased	-	-
Written	-	-
Interest rate swaps	6 333	5 735
Currency derivatives		
Forward agreements	-	-
Option contracts		
Purchased	4	20
Written	3	19
Interest rate and currency swaps	-	37
Share derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-

Other derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-
Credit derivatives	-	-
Equity swaps	9	-
Total	7 377	7 705
Credit countervalues of contracts		
Interest rate derivatives	65	106
Currency derivatives	22	59
Other derivatives	1	-
Total	88	165

42) *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*

Sales receivables	68
Accounts payable	63

43) *Other contingent liabilities and commitments*

The companies included in the OKOBANK Group's consolidated accounts had contingent liabilities which resulted from their normal business operations and were minor in importance. These are not included in Commitments in Note 40.

44) *Staff and members of governing and supervisory bodies*

Staff in 2000, average

	During the financial year	Change on previous year
Full-time staff	8 166	122
Part-time staff	531	-12
Staff, total	8 697	110

Salaries and emoluments received by members of governing and supervisory bodies of companies consolidated within the OKOBANK Group

Members and deputy members of the Supervisory Board	2
Members and deputy members of the Executive Board as well as the President	24
Total	26

Emoluments and bonuses which depend on the credit institution's financial performance

45) *Name and domicile of companies consolidated in the annual accounts*

Company name	Domicile
Consolidated line by line:	
Member cooperative banks, 244 (listed on pages 40-44)	
OKOBANK Group Central Cooperative	Helsinki
OKOBANK Osuuspankkien Keskuspankki Oyj	Helsinki
Okopankki Oyj	Helsinki
OP-Finance Ltd	Helsinki
Opstock Ltd	Helsinki
Kiinteistö Oy Aleks-Hermes	Helsinki
Kiinteistö Oy Arkadiankatu 23	Helsinki
Kiinteistö Oy Dagmarinkatu 14	Helsinki
Kiinteistö Oy Malminkatu 30	Helsinki
Kiinteistö Oy Kanta-Sarvis II	Helsinki
OKOBANK Group Mortgage Bank plc	Helsinki
OP-Kotipankki Oyj	Helsinki
OP Fund Management Company Ltd	Helsinki
FD Finanssidata Oy	Helsinki
OKOBANK Group Security Fund	
OKOBANK Group Mutual Insurance Company	Helsinki
Jyväskylän Kassatalo Oy	Jyväskylä
Keski-Suomen Tila- ja Kiinteistöpalvelu Oy	Jyväskylä
Kiinteistö Oy Krassipuisto	Vantaa
Kiinteistö Oy Pekurinkulma	Oulu
Kiinteistö Oy Vammalan Torikeskus	Vammala

Consolidated using the equity method:

Aurum Life Assurance Company ¹⁾	Helsinki
Automatia Pankkiautomaatit Oy ²⁾	Helsinki
Hatanpääkadun Teollisuushallit Oy ²⁾	Tampere
Kiinteistö Oy Lahden Trio ²⁾	Lahti
Toimiraha Oy ²⁾	Helsinki
Virtuaalinen Suomi Oy ²⁾	Helsinki

¹⁾ Consolidated as an insurance company according to the equity method

²⁾ Consolidated as an associated company according to the equity method

Sufficient information for assessing the relationships of a company which is consolidated in the annual accounts and is not a credit or financial institution or a service company, and other companies included in the amalgamation:

Aurum Life Assurance Company is a company that is wholly owned by the OKOBANK Group Central Cooperative and its member banks and the company is engaged in life and pension insurance operations. The company handles the OKOBANK Group's life and pension insurance operations on a centralised basis.

The amalgamation's consolidated annual accounts have omitted 262 companies that are included in the consolidated annual accounts of its member credit institutions. These companies had aggregate total assets of about € 0.3 billion. The effect of consolidating the companies on the Group's equity capital would have been about € 43 million and on the capital adequacy ratio 0.25 percentage point.

The member cooperative banks of the OKOBANK Group Central Cooperative, Dec. 31, 2000.
The total assets and operating profit/loss figures are preliminary.

Name	Domicile	Managing director	Total assets € million	Operating profit/loss, € million
Alajärven Osuuspankki	Alajärvi	Pentti Mäkelä	111	2.91
Alastaron Osuuspankki	Alastaro	Petri Antila	35	0.76
Alavieskan Osuuspankki	Alavieska	Ismo Talus	24	0.21
Alavuden Seudun Osuuspankki	Alavus	Jussi Ruuhela	88	1.91
Andelsbanken för Åland	Maarianhamina	Håkan Clemes	96	0.47
Andelsbanken Raseborg	Karjaa	Bo Thölix	135	1.97
Artjärven Osuuspankki	Artjärvi	Tuulikki Kyyhkynen	31	0.64
Asikkalan Osuuspankki	Asikkala	Jari Laaksonen	48	0.93
Askolan Osuuspankki	Askola	Irja Mäittälä	30	0.79
Auran Osuuspankki	Aura	Sauli Nuolemo	37	0.93
Elimäen Osuuspankki	Elimäki	Pertti Olander	94	0.80
Enon Osuuspankki	Eno	Aulis Keronen	59	1.30
Etelä-Karjalan Osuuspankki	Lappeenranta	Risto Kiljunen	493	13.01
Etelä-Pohjanmaan Osuuspankki	Seinäjoki	Esko Ala-Äijälä	390	6.12
Etelä-Savon Osuuspankki	Mikkeli	Raimo Rekiöskö	300	7.07
Eurajoen Osuuspankki	Eurajoki	Harri Hiitiö	27	0.91
Euran Osuuspankki	Eura	Lenni Kankaanpää	51	0.79
Forssan Seudun Osuuspankki	Forssa	Jouni Hautala	170	1.94
Haapajärven Osuuspankki	Haapajärvi	Kari Ahola	41	0.91
Haapamäen Seudun Osuuspankki	Keuruu	Tauno Vuorenmaa	30	0.67
Haapaveden Osuuspankki	Haapavesi	Kalervo Karvonen	49	1.21
Hailuodon Osuuspankki	Hailuoto	Veijo Nissilä	16	0.35
Halsuan Osuuspankki	Halsua	Tapio Jokela	15	0.11
Haminan Seudun Osuuspankki	Hamina	Markku Vanhala	104	1.74
Harjavallan Osuuspankki	Harjavalta	Jarmo Tuovinen	62	2.06
Hartolan Osuuspankki	Hartola	Teemu Hauta-Aho	32	0.63
Hauhon Osuuspankki	Hauho	Timo Metsola	24	0.62
Haukivuoren Osuuspankki	Haukivuori	Seppo Laurila	22	0.64
Heinäveden Osuuspankki	Heinävesi	Ville Pönttönen	38	0.94
Himangan Osuuspankki	Himanka	Kalevi Humalajoki	38	0.28
Hinnerjoen Osuuspankki	Eura	Jukka Tuomisto	13	0.30
Hirvensalmen Osuuspankki	Hirvensalmi	Risto Rouhiainen	25	0.26
Honkilahden Osuuspankki	Eura	Olavi Juhola	19	0.46
Huhtamon Osuuspankki	Huittinen	Päivikki Järvinen	9	0.26
Huittisten Osuuspankki	Huittinen	Olli Näsi	62	2.10
Humppilan Osuuspankki	Humppila	Jari Salokangas	38	0.58
Hämeenkosken Osuuspankki	Hämeenkoski	Keijo Bragge	20	0.49
Hämeenlinnan Seudun Osuuspankki	Hämeenlinna	Olli Liusjärvi	292	1.17
Iisalmen Osuuspankki	Iisalmi	Eero Mähönen	131	2.98
Iitin Osuuspankki	Iitti	Hannu Viitanen	52	0.44
Ikaalisten Osuuspankki	Ikaalinen	Antero Sorri	45	0.91
Ilomantsin Osuuspankki	Ilomantsi	Kalevi Hämäläinen	51	1.21
Janakkalan Osuuspankki	Janakkala	Vesa Lehikoinen	144	4.56
Joensuun Osuuspankki	Joensuu	Antti Heliövaara	175	3.45
Jokioisten Osuuspankki	Jokioinen	Vesa Rantanen	40	1.28
Juuan Osuuspankki	Juuka	Tuomo Mustonen	54	1.09
Juvan Osuuspankki	Juva	Kari Pitkälä	70	1.82

Jämsän Seudun Osuuspankki	Jämsä	Heikki Rosti	106	3.23
Kainuun Osuuspankki	Kajaani	Kari Sissala	197	4.14
Kalajoen Osuuspankki	Kalajoki	Pertti Sarkkinen	82	1.64
Kalkkisten Osuuspankki	Asikkala	Esko-Pekka Markkanen	10	0.17
Kangasalan Osuuspankki	Kangasala	Veikko Poranen	76	2.33
Kangasniemen Osuuspankki	Kangasniemi	Leo Pakkanen	63	2.14
Kankaanpään Osuuspankki	Kankaanpää	Teuvo Pakkala	52	1.29
Kannuksen Osuuspankki	Kannus	Markku Niskala	43	0.51
Karjalan Osuuspankki	Mynämäki	Pentti Laaksonen	16	0.29
Karkun Osuuspankki	Vammala	Raimo Virtanen	10	0.31
Karunan Osuuspankki	Sauvo	Esko Lehtonen	9	0.07
Karvian Osuuspankki	Karvia	Antti Suomijärvi	26	0.70
Kaustisen Osuuspankki	Kaustinen	Asko Ahonen	41	0.16
Keikyän Osuuspankki	Äetsä	Reino Vätilä	17	0.42
Kemin Seudun Osuuspankki	Kemi	Pertti Stöckel	129	2.97
Kerimäen Osuuspankki	Kerimäki	Kari Korhonen	30	0.81
Keski-Suomen Osuuspankki	Jyväskylä	Aimo Ekonen	922	6.26
Keski-Uudenmaan Osuuspankki	Järvenpää	Leif Laine	504	16.90
Kestilän Osuuspankki	Kestilä	Hans Aikio	19	0.25
Kesälahden Osuuspankki	Kesälahti	Erkki Kukkonen	30	0.88
Kihniön Osuuspankki	Kihniö	Ari Heinonen	16	0.40
Kiihtelysvaaran Osuuspankki	Kiihtelysvaara	Pasi Leppänen	32	0.81
Kiikalan Rekijoen Osuuspankki	Kiikala	Kirsi-Marja Hiidensalo	18	0.41
Kiikoisten Osuuspankki	Kiikoinen	Pertti Kärki	13	0.32
Kiskon Osuuspankki	Kisko	Pekka Anttonen	24	0.16
Kiteen Seudun Osuuspankki	Kitee	Pentti Hämäläinen	139	3.04
Kiukaisten Osuuspankki	Kiukainen	Jari Valonen	18	0.36
Koillis-Savon Osuuspankki	Kaavi	Erkki Eronen	89	2.11
Koitin-Pertunmaan Osuuspankki	Hartola	Unto Aikasalo	34	0.65
Kokemäen Osuuspankki	Kokemäki	Matti Ollila	71	1.68
Kokkolan Osuuspankki	Kokkola	Aatto Ainali	263	3.06
Kontiolahden Osuuspankki	Kontiolahti	Esko Mononen	45	1.35
Korpilahden Osuuspankki	Korpilahti	Juha Luomala	41	1.04
Korsnäs Andelsbank	Korsnäs	Jan-Erik Westerdahl	34	0.77
Kotkan Seudun Osuuspankki	Kotka	Pentti Leisti	164	1.89
Kouvolan Seudun Osuuspankki	Kouvola	Marjo Partio	247	5.30
Kronoby Andelsbank	Kruunupyö	Sten-Ole Nybäck	53	1.45
Kuhmalahden Osuuspankki	Kuhmalhti	Risto Mattila	16	0.45
Kuhmoisten Osuuspankki	Kuhmoinen	Heikki Vilppala	23	0.30
Kuhmon Osuuspankki	Kuhmo	Erkki Airaksinen	81	2.11
Kuopion Osuuspankki	Kuopio	Jaakko Ojanperä	372	6.37
Kuortaneen Osuuspankki	Kuortane	Markku Jaatinen	35	0.64
Kurun Osuuspankki	Kuru	Markku Jokela	24	0.32
Kuusamon Osuuspankki	Kuusamo	Jari Himanen	87	1.07
Kuusjoen Osuuspankki	Kuusjoki	Rauno Hurme	18	0.38
Kymijoen Osuuspankki	Anjalankoski	Heikki Pykälistö	79	1.56
Kärkölän Osuuspankki	Kärkölä	Lasse Kalervo	31	0.83
Kärsämäen Osuuspankki	Kärsämäki	Timo Suhonen	24	0.41
Käylän Osuuspankki	Kuusamo	Kaisa Kurtti	12	0.25
Köyliön Osuuspankki	Köyliö	Matti Hyrsylä	44	0.93
Lapin Osuuspankki	Lappi	Vesa Parkkali	36	0.92
Lappo Andelsbank	Brändö	Torsten Nordberg	6	0.00
Lemin Osuuspankki	Lemi	Eero Innanen	27	0.70
Leppävirran Osuuspankki	Leppävirta	Ilkka Martikainen	69	1.84

Lieksan Osuuspankki	Lieksa	Jorma Lehikoinen	96	2.27
Limingan Osuuspankki	Liminka	Urpo Ojala	31	0.72
Liperin Osuuspankki	Liperi	Jalo Lehtovaara	80	1.97
Lohtajan Osuuspankki	Lohtaja	Veijo Uusitalo	32	0.17
Loimaan Osuuspankki	Loimaan kunta	Heimo Kortnesniemi	71	1.54
Loimaan Seudun Osuuspankki	Loimaan kaupunki	Tuomo Maunuksela	64	1.08
Lokalahden Osuuspankki	Uusikaupunki	Seppo Penttilä	17	0.33
Lopen Osuuspankki	Loppi	Tapio Mikkola	55	1.64
Lounais-Suomen Osuuspankki	Paimio	Vesa Viitaniemi	116	1.69
Luhangan Osuuspankki	Luhanka	Pekka Pietilä	15	0.22
Luopioisten Osuuspankki	Luopioinen	Esa Jokinen	16	0.48
Luumäen Osuuspankki	Luumäki	Eero Kettunen	37	0.74
Luvian Osuuspankki	Luvia	Hannu Kyrövaara	29	0.53
Länsi-Uudenmaan Osuuspankki	Lohja	Jukka Karasjärvi	337	6.92
Maaningan Osuuspankki	Maaninka	Reijo Kananen	41	1.26
Marttilan Osuuspankki	Marttila	Matti Vahalahti	42	2.51
Maskun Osuuspankki	Masku	Jarmo Nurmi	44	0.94
Mellilän Seudun Osuuspankki	Mellilä	Raimo Lindström	22	0.59
Merimaskun Osuuspankki	Merimasku	Kaisa Haaksiluoto	13	0.69
Metsämaan Osuuspankki	Loimaan kunta	Jussi Nieminen	17	0.34
Miehikkälän Osuuspankki	Miehikkälä	Seppo Pylvänäinen	28	0.82
Miettilän Osuuspankki	Rautjärvi	Tarja Huolman	5	0.06
Mouhijärven Osuuspankki	Mouhijärvi	Esko Heinonen	29	0.53
Mynämäen Osuuspankki	Mynämäki	Kalle Krappala	71	1.83
Myrskylän Osuuspankki	Myrskylä	Heikki Leppähaara	11	0.18
Mäntsälän Osuuspankki	Mäntsälä	Heikki Kananen	76	1.36
Mäntän Seudun Osuuspankki	Mänttä	Erkki Lauronen	90	2.48
Nagu Andelsbank	Nauvo	Johan Broos	15	0.23
Nakkilan Osuuspankki	Nakkila	Jussi Kuvaja	55	2.02
Niinijoen Osuuspankki	Loimaan kunta	Timo Seikkula	20	0.52
Nilsian Osuuspankki	Nilsia	Seppo Pääkkö	71	2.37
Nivalan Osuuspankki	Nivala	-	78	-0.05
Nousiaisten Osuuspankki	Nousiainen	Seppo Äijälä	81	2.20
Nurmeksen Osuuspankki	Nurmes	Eero Heino	69	0.59
Orimattilan Osuuspankki	Orimattila	Veli-Matti Onnela	80	1.62
Oripään Osuuspankki	Oripää	Tapio Laine	25	0.38
Oriveden Seudun Osuuspankki	Orivesi	Pertti Pyykkö	67	1.83
Osuuspankki Kantrisola	Pertteli	Turkka Saarniniemi	51	0.98
Osuuspankki Realum	Helsinki	Jouko Aho	123	0.64
Oulaisten Osuuspankki	Oulainen	Lauri Knuutila	74	2.14
Oulun Osuuspankki	Oulu	Timo Levo	745	3.98
Outokummun Osuuspankki	Outokumpu	Eero Eskelinen	46	1.12
Paattisten Osuuspankki	Turku	Eero Koskinen	42	1.01
Paavolan Osuuspankki	Ruukki	Kalle Arvio	48	1.18
Padasjoen Osuuspankki	Padasjoki	Heikki Jaakkola	16	0.20
Paltamon Osuuspankki	Paltamo	Jorma Niemi	30	0.37
Parikkalan Seudun Osuuspankki	Parikkala	Matti Martikainen	49	0.42
Parkanon Osuuspankki	Parkano	Aarre Saranpää	38	0.62
Pedersörenejdens Andelsbank	Pietarsaari	Ulf Löf	142	1.07
Perhon Osuuspankki	Perho	Pekka Pajula	28	0.56
Perniön Osuuspankki	Perniö	Risto Lehtinen	47	1.47
Peräseinäjoen Osuuspankki	Peräseinäjoki	Olavi Ilola	49	1.29
Pieksämäen Seudun Osuuspankki	Pieksämäki	Seppo Vanninen	131	0.43
Pielaveden Osuuspankki	Pielavesi	Pertti Rautaparta	44	1.01

Pihtiputaan Osuuspankki	Pihtipudas	Erkki Niemelä	28	0.65
Pohjolan Osuuspankki	Rovaniemi	Markku Salomaa	360	5.43
Polvijärven Osuuspankki	Polvijärvi	Juhani Leminen	50	1.12
Porin Seudun Osuuspankki	Pori	Jukka Ramstedt	486	12.37
Porvoon Osuuspankki	Porvoo	Pertti Hellqvist	212	5.13
Posion Osuuspankki	Posio	Martti Varanka	47	1.19
Pudasjärven Osuuspankki	Pudasjärvi	Paavo Kurttila	74	1.84
Pukkilan Osuuspankki	Pukkila	Ari Talkara	26	0.79
Pulkkilan Osuuspankki	Pulkkila	Eero Keskitalo	17	0.52
Punkalaitumen Osuuspankki	Punkalaidun	Ville-Pekka Aakula	51	1.29
Puolangan Osuuspankki	Puolanka	Jouni Ahokumpu	36	0.63
Purmo Andelsbank	Pietarsaaren mlk	Stig-Göran Jansson	17	0.23
Pyhjäjärven Osuuspankki	Pyhäjärvi	Jukka Kuonanoja	46	1.20
Pyhännän Osuuspankki	Pyhäntä	Viljo Lotvonen	18	0.28
Päijät-Hämeen Osuuspankki	Lahti	Timo Laine	439	2.55
Pälkäneen Osuuspankki	Pälkäne	Jari Linjala	29	0.89
Pöytyän Osuuspankki	Pöytyä	Juha Pullinen	43	0.82
Raahen Seudun Osuuspankki	Raahе	Seppo Rytivaara	136	3.43
Rantasalmen Osuuspankki	Rantasalmi	Vesa Auvinen	59	1.39
Rantsilan Osuuspankki	Rantsila	Ismo Välijärvi	23	0.50
Rauman Seudun Osuuspankki	Rauma	Simo Kauppi	269	9.28
Rautalammin Osuuspankki	Rautalampi	Mikko Paananen	35	0.57
Riihimäen Seudun Osuuspankki	Riihimäki	Kalevi Oksanen	141	4.70
Riistaveden Osuuspankki	Kuopio	Pauli Kröger	23	0.60
Ruhtinansalmen Osuuspankki	Suomussalmi	Helena Juntunen	6	0.09
Ruoveden Osuuspankki	Ruovesi	Alpo Porila	48	0.58
Rymättylän Osuuspankki	Rymättylä	Antero Nikki	31	0.71
Rääkkylän Osuuspankki	Rääkkylä	Olli Koivula	35	0.70
Sallan Osuuspankki	Salla	Jari Sieppi	35	0.31
Salon Seudun Osuuspankki	Salo	Jukka Hulkkonen	292	6.29
Sauvon Osuuspankki	Sauvo	Pasi Virtanen	26	0.54
Savitaipaleen Osuuspankki	Savitaipale	Martti Valtonen	45	0.91
Savonlinnan Osuuspankki	Savonlinna	Erkki Böös	191	5.47
Sideby Andelsbank	Kristiinankaupunki	Anders Storteur	8	0.15
Siikajoen Osuuspankki	Siikajoki	Pentti Keränen	17	0.34
Simpeleen Osuuspankki	Rautjärvi	Kalevi Lehti	23	0.79
Somerniemen Osuuspankki	Somero	Pertti Kujala	11	0.24
Someron Osuuspankki	Somero	Kari Raikkonen	67	1.66
Sonkajärven Osuuspankki	Sonkajärvi	Esko Nissinen	43	1.03
Sotkamon Osuuspankki	Sotkamo	Juhajouni Karttunen	54	1.86
Strömfors Andelsbank	Ruotsinpyhtää	Mats Majander	5	0.05
Sulkavan Osuuspankki	Sulkava	Kari Haverinen	26	0.55
Suodenniemen Osuuspankki	Suodenniemi	Selja Kallio	11	0.28
Suomussalmen Osuuspankki	Suomussalmi	Timo Polo	45	0.78
Suonenjoen Osuuspankki	Suonenjoki	Antti Hult	53	1.22
Sysmän Osuuspankki	Sysmä	Heikki Kuurne	50	1.35
Säkylän Osuuspankki	Säkylä	Markku Perttuli	35	0.95
Taivalkosken Osuuspankki	Taivalkoski	Riitta-Liisa Ahokumpu	24	0.33
Taivassalon Osuuspankki	Taivassalo	Markku Kraama	21	0.13
Tampereen Seudun Osuuspankki	Tampere	Tony Vepsäläinen	872	10.78
Tarvasjoen Osuuspankki	Tarvasjoki	Esa Hentula	26	0.56
Tervolan Osuuspankki	Tervola	Esa Vaarala	29	0.55
Tervon Osuuspankki	Tervo	Seppo Vehniäinen	20	0.48
Toholammin Osuuspankki	Toholampi	Lauri Keski-Rahkonen	47	0.57

Toijalan Osuuspankki	Toijala	Heikki Teräväinen	70	2.18
Tornion Osuuspankki	Tornio	Pentti Alaperä	139	0.73
Turun Seudun Osuuspankki	Turku	Risto Korpela	1 152	8.63
Tuupovaaran Osuuspankki	Tuupovaara	Tuomo Liukka	28	0.62
Tyrnävän Osuuspankki	Tyrnävä	Eero Ylilauri	32	0.93
Ullavan Osuuspankki	Ullava	Veikko Väisälä	14	0.35
Urjalan Osuuspankki	Urjala	Pekka Raivisto	63	1.43
Utajärven Osuuspankki	Utajärvi	Raimo Tuovinen	44	1.29
Uukuniemen Osuuspankki	Uukuniemi	Pauli Loikkanen	8	0.17
Vakka-Suomen Osuuspankki	Uusikaupunki	Juha-Pekka Nieminen	159	3.72
Valkeakosken Osuuspankki	Valkeakoski	Pauli Piilma	70	1.68
Valtimon Osuuspankki	Valtimo	Heikki Myller	32	0.60
Vammalan Seudun Osuuspankki	Vammala	Jari Pimiä	105	0.14
Vampulan Osuuspankki	Vampula	Kari Hänti	35	0.12
Varkauden Osuuspankki	Varkaus	Pekka Vilhunen	100	1.64
Varpaisjärven Osuuspankki	Varpaisjärvi	Seppo Koikkunen	38	0.86
Vasa Andelsbank	Vaasa	Ulf Nylund	310	4.32
Vehmersalmen Osuuspankki	Vehmersalmi	Heikki Väisänen	27	0.82
Vesannon Osuuspankki	Vesanto	Esa Keränen	31	0.68
Vetelin Osuuspankki	Veteli	Aulis Karvonen	14	0.25
Vetelin Ylipään Osuuspankki	Veteli	Jarmo Lehojärvi	15	0.43
Viekin Osuuspankki	Liekka	Esko Pyykkö	9	0.09
Vihannin Osuuspankki	Vihanti	Olavi Rasi	43	1.05
Vimpelin Osuuspankki	Vimpeli	Simo Ilomäki	28	0.78
Virolahden Osuuspankki	Virolahti	Markku Salomaa	32	0.51
Virtain Osuuspankki	Virrat	Hannu Kaakkomäki	66	1.94
Ylitornion Osuuspankki	Ylitornio	Heikki Eteläaho	40	1.08
Ylivieskan Osuuspankki	Ylivieska	Jarmo Somero	67	0.63
Ylä-Kintauden Osuuspankki	Petäjävesi	Erkki Kuivikko	2	-0.00
Yläneen Osuuspankki	Yläne	Heikki Eskola	38	1.23
Ypäjän Osuuspankki	Ypäjä	Kimmo Ranta	42	0.93
Ähtärin Osuuspankki	Ähtäri	Esko Kokkila	27	0.33
Östnylands Andelsbank	Porvoo	Arto Nurmi-Aro	110	1.72
Östra Korsholms Andelsbank	Mustasaari	Jussi Lahti	3	0.03
Övermark Andelsbank	Närpiö	Mårten Vikberg	13	0.17

46) The amount of non-paid cooperative capital investments and the number of cooperative banks' members at the end of the financial year

	2000	1999
Non-paid cooperative capital investments, total	0	1
Cooperative capital investments, notice of withdrawal given	7	8
Supplementary cooperative capital investments, notice of withdrawal given	70	61
Individual members	874 974	798 016

STATEMENT CONCERNING THE ANNUAL ACCOUNTS

We have adopted these consolidated annual accounts of the group of cooperative banks specified in the Cooperative Bank Act for the financial year January 1 – December 31,

2000. The annual accounts will be presented and made available for scrutiny at the Annual Cooperative Meeting of the OKOBANK Group Central Cooperative.

HELSINKI, MARCH 6, 2001

OKOBANK GROUP CENTRAL COOPERATIVE'S EXECUTIVE BOARD

Antti Tanskanen

Reijo Karhinen
Keijo Manner

Pekka Jaakkola
Mikael Silvennoinen

Heikki Vitie

AUDITORS' REPORT

We have audited the consolidated financial statements of the amalgamation of the cooperative banks (the OKOBANK Group) pursuant to the Cooperative Bank Act for the financial year January 1 – December 31, 2000. The financial statements prepared by the Executive Board and the President of the OKOBANK Group's central institution, the OKOBANK Group Central Cooperative, include the report of the Executive Board, the profit and loss account, balance sheet and notes to the financial statements. Based on our audit we express an opinion on these financial statements.

The audit has been conducted in accordance with Finnish Standards on Auditing. In carrying out the audit, we have acquainted ourselves with the financial statement information of the Group's member institutions, the auditors' reports and other auditor-related reports to the extent we have deemed necessary. In addition, we have examined the guidelines and

accounting policy of the financial statements as well as gone through the compilation and consolidation of the financial statement information of the Group's member institutions.

Information has been obtained from all the member institutions to be consolidated within the Group and it has been included in the consolidated financial statements. The consolidation of the financial statements from the financial statement information has been carried out substantially correctly and in compliance with the regulations issued by the Financial Supervision.

On the basis of our audit and with reference to what has been said above, we observe that the consolidated financial statements give a true and fair view, as defined in the Cooperative Bank Act and the guidelines issued by the Financial Supervision, of the OKOBANK Group's result of operations as well as of the financial position.

HELSINKI, MARCH 7, 2001

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Tauno Haataja
Authorised Public Accountant

Eero Huusko
Authorised Public Accountant

Kauko Lehtonen
Authorised Public Accountant



OKOBANK Group