



OKO BANK

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ANNUAL REPORT

2001

20

## OKO BANK – 100 YEARS IN THE FUTURE

1902	OKO Bank, which was originally known by the name Osuuskassojen Keskuslainarahasto-Osaakeyhtiö (Central Lending Fund of the Cooperative Credit Societies Limited Company), was founded on May 14 in Helsinki. It mediated funds taken from the State to cooperative credit societies. Their objective was to improve the living conditions of the Finnish rural population.
1915	OKO Bank received the right to grant loans not only to the credit societies but also to other cooperative enterprises.
1920	OKO Bank obtained a licence to receive deposits from the public.
1930	OKO Bank floated its first international bond issue on France's capital market.
1941	OKO Bank started mortgage bank operations.
1944	OKO Bank's name was changed to Osuuskassojen Keskus Oy (Central Institution of the Cooperative Societies Ltd).
1955	OKO Bank received the right to grant loans to small industrial companies.
1970	OKO Bank came under the Commercial Bank Act. The business name was changed to Osuuspankkien Keskuspankki Oy. The focus of operations began to shift to commercial banking. The remaining restrictions on lending were removed.
1975	OKO Bank started finance company operations.
1975	OKO Bank joined the SWIFT payment transfer system that was established by the banks' international co-operation network.
1977	OKO Bank and five continental European banks founded in London the Unico Banking Group comprising cooperative central banks.
1986	OKO Bank started banking operations in Sweden.
1987	OKO Bank started mutual fund operations.
1989	OKO Bank was listed on Helsinki Exchanges and received about 60 000 shareholders.
1990	OKO Bank started investment banking operations.
1996	OKO Bank Consolidated's retail banking operations expanded substantially after Okopankki Oyj was founded.
2002	OKO Bank Consolidated is a successful Finnish bank that serves companies and investors as well as retail customers in the Greater Helsinki area, whilst furthermore acting as the central bank of the OKO Bank Group.



Helsinki City Museum



## CONTENTS

### Information for Shareholders

The Annual General Meeting of OKO Osuuspankkien Keskuspankki Oyj (OKO Bank) will be held in Finlandia Hall in Helsinki on March 21, 2002, at 1.30 p.m.

The Executive Board proposes that a dividend of EUR 1.10 be paid on Series A shares and EUR 1.05 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, March 26, 2002, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 4, 2002.

### Financial information in 2002

The Interim Report January 1 – March 31, 2002, will be released on May 3, 2002

The Interim Report January 1 – June 30, 2002, will be released on August 8, 2002

The Interim Report January 1 – September 30, 2002, will be released on October 31, 2002

The interim reports will be published in Finnish, Swedish and English. The fastest way to access the interim reports in English is by visiting our website at the address [www.okobank.com](http://www.okobank.com). Paper copies can be ordered from the address

OKO Bank Group Central Cooperative,  
Corporate Communications,  
PO Box 308, FIN-00101 Helsinki,  
telephone +358 9 404 2765, telefax +358 9 404 2298,  
e-mail: [IR@oko.fi](mailto:IR@oko.fi).

### Page

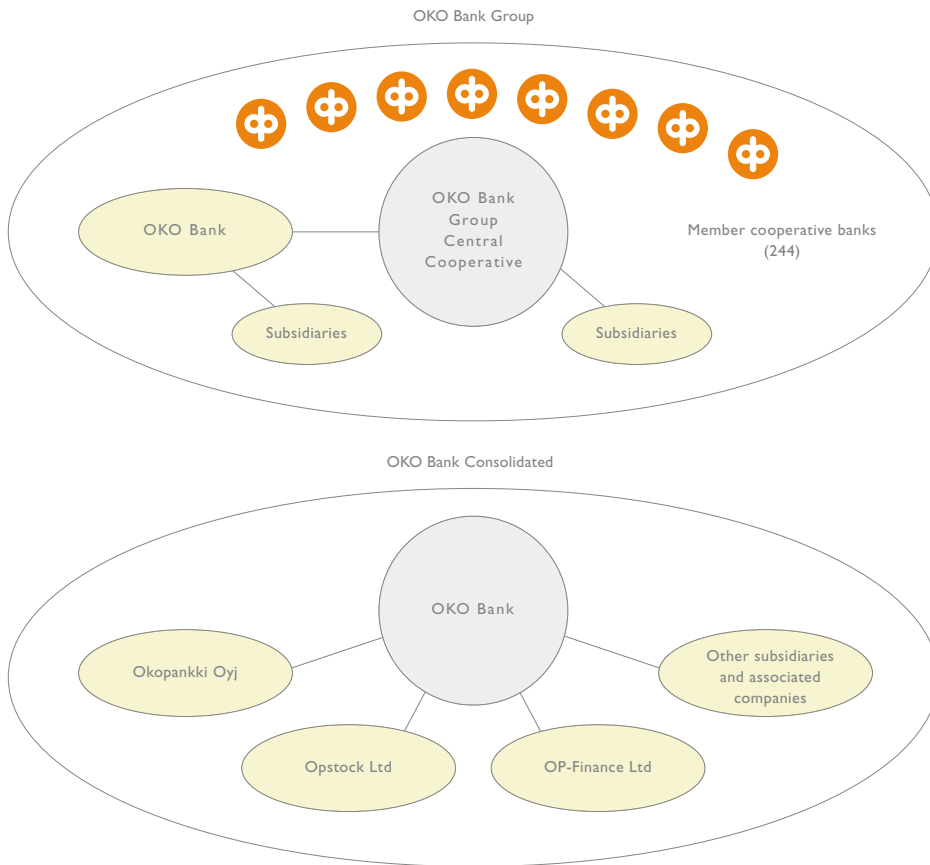
3	Information for shareholders
4	OKO Bank as a part of the OKO Bank Group
5	OKO Bank Consolidated's key figures and credit ratings
7	Main events
8	Chairman's review
11	President's review
12	Ethical principles
12	Strategy and management
12	Strategy
16	Planning and management
17	Service network
19	Partners
20	Share capital and shareholders
23	Review of operations
23	OKO Bank Consolidated's operations
26	Divisions
26	Corporate Banking
30	Investment Banking
33	Retail Banking
36	Group Treasury
38	Other operations
40	Risk management
43	Personnel
46	Corporate governance
48	Supervisory Board
49	Organisation
50	Executive Board and auditors
52	Contact addresses

← The Kaivopuisto Park in Helsinki was a popular outdoor resort already at the time when OKO Bank was founded.

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

Alfred Berg Finland Oyj, tel. +358 9 228 321 | Conventum Securities Limited, tel. +358 9 231 231 | D. Carnegie Ltd, Finland Branch, tel. +358 9 618 711 | Danske Securities AB, Helsinki Branch Office, tel. +358 9 7514 5300 | Evli Bank Plc, tel. +358 9 476 690 | Fox-Pitt, Kelton Ltd., tel. +44 (0 20) 7377 8929 | Handelsbanken Securities, tel. +45 33 418 200 | J.P. Morgan Securities Limited, tel. +44 (0 20) 7451 8000 | Mandatum Stockbrokers Ltd, tel. +358 10 23610 | Nordea Securities Oyj, tel. +358 9 123 41

## OKO BANK AS A PART OF THE OKO BANK GROUP



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

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

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

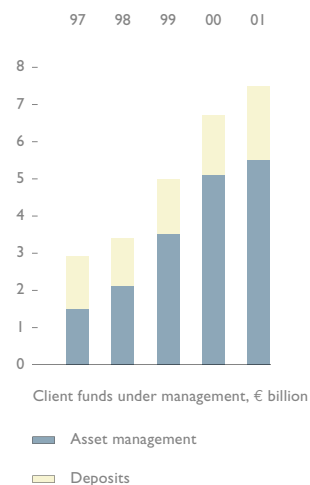
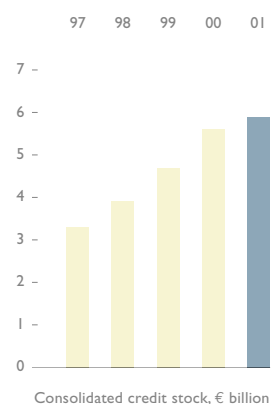
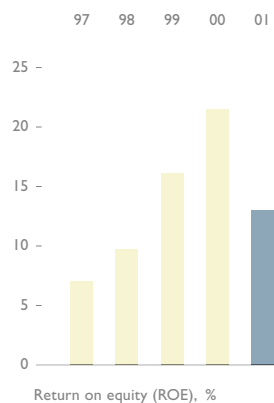
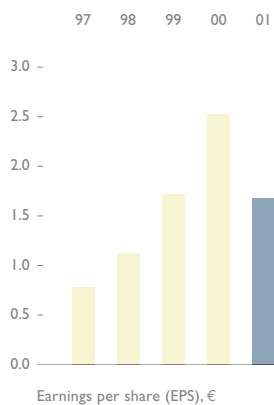
The OKO Bank Group Central Cooperative has a number of subsidiaries, the largest of which is OKO Bank. It is a listed

commercial bank that also acts as the Group's central bank and is responsible for the Group's liquidity as well as for handling the Group's international affairs. At the end of 2001 OKO Bank Consolidated had total assets of EUR 12.6 billion, or more than 40 per cent of the OKO Bank Group's total assets.

### OKO Bank Group's key figures

	2001	2000
Total assets, € million	30 031	27 086
Own funds, € million	2 951	2 555
Operating profit, € million	504	664
Return on equity (ROE), %	14.6	24.9
Capital adequacy ratio, %	15.1	13.7
Market share of euro-denominated		
- credits, %	32.4	31.9
- deposits, %	32.1	31.2

## OKO BANK CONSOLIDATED'S KEY FIGURES



	1997	1998	1999	2000	2001	Long term targets
Operating profit, € million	48	74	111	167	111	
Return on equity (ROE), %	7.0	9.7	16.1	21.5	13.0	14.0
Total income, € million	262	222	235	321	270	
Cost/income ratio, %	78	69	56	43	51	55
Total assets, € billion	8.9	8.9	10.8	11.0	12.6	
Risk-weighted commitments, € billion	4.5	5.2	6.2	7.2	7.2	
Credit stock, € billion	3.3	3.9	4.7	5.6	5.9	
Non-performing and zero-interest claims, % of claims and commitments	0.8	0.4	0.3	0.2	0.3	
Loan and guarantee losses, % of claims and commitments, (net)	0.2	-0.1	0.0	-0.2	-0.1	
Client funds under management, € billion	2.9	3.4	5.0	6.7	7.4	
Capital adequacy ratio, %	19.5	16.2	12.5	11.4	12.8	
Tier I ratio, %	10.1	8.3	7.3	7.0	7.4	7.0
Earnings per share (EPS), €	0.78	1.12	1.72	2.53	1.68	
Equity per share, €	11.59	10.56	10.97	12.82	13.24	
Dividend per share, €	0.35	0.44	0.69	1.26	1.09	*
Dividend payout ratio, %	45	39	40	50	65	* 50
Effective dividend yield, % (OKO Bank Series A)	5.2	5.9	6.3	9.2	7.8	*
Market capitalisation (A and K), € million	320	365	523	643	659	

\* Executive Board's proposal: € 1.10 on Series A shares and € 1.05 on Series K shares.

## CREDIT RATINGS

At the beginning of May, Standard & Poor's upgraded OKO Bank's short-term rating from A-2 to A-1. Following this, OKO Bank's credit ratings from international rating agencies are the following:

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



## MAIN EVENTS

← During the first hundred years of OKO Bank there have been many money reforms. A note of 50 Finnish marks from the year 1909, a note of 50 euros from 2002.

<p style="text-align: center;"><b>Development of services</b></p> <p>In March more versatile and easier-to-use Internet banking services were made available to retail customers.</p> <p>September saw the opening of Okonet, an online transaction service that has been developed for OKO Bank's corporate customers.</p> <p>In November OKO Bank's St Petersburg representative office and ZAO Raiffeisenbank Austria started co-operation whereby the service to be offered to corporate customers operating in Russia expanded significantly.</p>	<p>concluded its insurance policy marketing agreements with Ilmarinen, Eurooppalainen and Pohjola.</p> <p>In December the OKO Bank Group agreed with the Fennia Group and the Lähi-vakuutus Group (Local Insurance Group) on sales co-operation in the insurance sector. On the basis of the agreement, Okopankki will sell Fennia's insurance policies.</p>
<p style="text-align: center;"><b>Service network</b></p> <p>Opstock Private offices offering integrated asset management service for private customers were opened in Oulu in January and in Salo in February.</p> <p>In September Okopankki opened a new branch office and a service outlet in the Iso Omena (Big Apple) shopping centre in Espoo.</p>	<p style="text-align: center;"><b>Credit rating</b></p> <p>In May Standard &amp; Poor's upgraded OKO Bank's short-term funding rating from A-2 to A-1.</p>
<p style="text-align: center;"><b>Partners</b></p> <p>In May OKO Bank and the OKO Bank Group Central Cooperative together with the insurance companies Ilmarinen and Suomi terminated the shareholder agreement concerning the ownership of Pohjola Group. In July the OKO Bank Group</p>	<p style="text-align: center;"><b>Executive Board appointments</b></p> <p>In February Executive Board member Mr Timo Ritakallio was appointed OKO Bank's First Executive Vice President, and Senior Vice President Mr Jarmo Viitanen became a deputy member of the Executive Board.</p> <p>Executive Board member Mr Keijo Manner resigned in August to take over as managing director of Etelä-Pohjanmaan Osuuspankki. In June the Supervisory Board appointed in place of him Mr Erkki Böös, the managing director of Savonlinnan Osuuspankki, as a member of the Executive Board effective from the beginning of September.</p>



## CHAIRMAN'S REVIEW

Osuuskassojen Keskuslainarahasto-Osaakehtiö (The Central Lending Fund of the Cooperative Credit Societies Limited Company) was founded in Helsinki in May 1902. This marks the beginning of the entire OKO Bank Group's history, because the Group came

into being precisely in this sequence: first a central bank and only thereafter the local credit societies. This tells of the central importance of OKO Bank for the Group as a whole.

OKO Bank's founders could scarcely have imagined what a large and prominent factor in Finnish society their creation was to become in the space of a hundred years. Now the OKO Bank Group has a third of Finland's bank market and it serves all of Finland comprehensively and to the highest standards. In terms of its profitability and capital adequacy, the bank group also stands up well to comparison with its international peers.

In the course of a hundred years, OKO Bank's position has also changed essentially. Its present stature within the OKO Bank Group is reflected by the fact that its total assets are more than 40 per cent of the entire Group's



total assets. OKO Bank continues to act as the central bank of the member cooperative banks and is responsible for the Group's liquidity and sees to its funding in the capital markets. Today the emphasis is nevertheless on its own business operations. OKO

Bank plays a central role, particularly as a bank serving companies and in retail banking in the Greater Helsinki area.

The purpose of OKO Bank's operations is to produce economic value for customers and shareholders. OKO Bank has succeeded well in this respect, as is indicated by the trend in the share price and the continuing strong dividend policy. OKO Bank's share price has risen for a number of years running. Last year it outperformed the HEX general index by a considerable margin. Added value is of course also generated via the services which OKO Bank offers its customers. OKO Bank and the entire OKO Bank Group have continuously won more and more trust amongst customers. This is the best thing a bank can win. All other success follows from it.

I believe that this trust is to a large extent attributable to the Finnish roots of the OKO Bank

Group and OKO Bank. OKO Bank has foreign shareholders and it operates actively in the international markets and pursues co-operation with foreign partners. We work jointly with domestic and international partners in the best interests of our customers, but we are not seeking ownership arrangements that alter the OKO Bank Group's fundamental structures. The objective is market leadership in a growing number of business areas. We shall maintain good profitability and capital adequacy, whilst never compromising on risk management.

In recent years the OKO Bank Group and OKO Bank have simultaneously both gained market share and achieved good profitability. In the past year too our core businesses performed well, given the prevailing conditions. They were somewhat special: a kind of dual effect from the standpoint of the national economy and the banks' finances. Gross domestic product and a number of other economic indicators showed that we were in a recession. The same was plainly indicated by the slide in listed share values and equities trading. Yet the recession did not show up in the banks' basic business. Above all, there was brisk demand for loans to households, and deposits grew at a good pace. Credit losses were minor in amount, nor did non-performing claims grow mentionably. The sector fared tolerably well despite the economy's slow growth.

The OKO Bank Group's good financial performance and the further strengthening in capital adequacy together with a bolstered market position afford good possibilities to keep developing services in the direction that has won the approval of customers. In the past year too the OKO Bank Group and OKO Bank brought out on the market new, advanced banking services and invested heavily in information technology.

The transition to euro banknotes and coins went smoothly both in respect of modifications to information systems and the currency change-over itself. The banks have operated with euros for three years now, and in the course of time the euro will shape the economic structures of both Finland and all of Europe ever more profoundly. Via the capital markets, banks develop a feel for European convergence faster than many other companies.

I wish to thank our stakeholders and staff for your support during the past year and I wish you every success in the current year. Thanks to you, OKO Bank and the entire OKO Bank Group are well poised to travel, in the years ahead too, the road of success that we know from our history – another century in the future.

Helsinki, February 14, 2002



Antti Tanskanen



OSUUSKASSOJEN KESKUS Oy

ARKADIANKATU 23 HELSINKI

Edellinen

Seuraava

Pysäytä

soite



<http://www.oko.fi/>



Kirjaudu

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

MAKSUT

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## PRESIDENT'S REVIEW



← The logos of OKO Bank from the 1950s and 2000s.

2001 was a year of varying sentiment – and it offered doses of drama too. The unstable state of the world economy and the subdued equity markets gave me cause, at last year's Annual General Meeting, to lower OKO Bank Consolidated's earnings outlook for 2001. Owing to the prolonged fall in share prices, the Executive Board announced in the early autumn that third-quarter operating profit would be smaller than forecast. Economic uncertainty was furthermore increased by the atrocity that was committed on September 11.

After an eventful year, I can observe with satisfaction that last year too OKO Bank Consolidated achieved a result in line with its long-term targets. I am particularly satisfied with the 22 per cent increase in OKO Bank Consolidated's net income from financial operations compared with the previous year, spurred by the growth in the credit portfolio and total deposits as well as Treasury's good result in the fixed-income market. The strong trend in net income from financial operations offset the lower income, compared with 2000, from operations in the equity markets.

Thanks to the operating profit achieved last year and our good capital adequacy, it is a pleasure for the Executive Board to propose to shareholders the payment of a dividend that is 65 per cent of earnings per share.

OKO Bank Consolidated has strengthened its positions in its main business divisions. Towards the end of the year OKO Bank Consolidated's share of the credits granted by the deposit banks to businesses was 12 per cent. The figure has nearly doubled in four years. OKO Bank Consolidated's share of bank customers in the Greater Helsinki area has likewise shown steady growth. According to the latest surveys, it is now 13 per cent. The corresponding share for the entire OKO Bank Group in the Greater Helsinki area is 17 per cent.

The OKO Bank Group's market share of capital invested in mutual funds as well as premiums written in life and pension insurance was 13 per cent last year. In strengthening the Group's position, OKO Bank Consolidated has an important task as a seller of investment and savings services and as an asset management entity of the Group. We again achieved good results in asset management. The return posted by a number of the mutual funds run by the OKO Bank Group was among the top-ranking funds in the market.

Our strategic objective is to raise our market share within the areas of corporate banking, retail banking in the metropolitan area and asset management from the present 13 per cent level to 20 per cent. Our competitive means are the continuous development of the staff's competence, a long-term and purposeful way of working and an active service attitude that shows respect for customers. Our efforts will be supported by the well-rated, confidence-inspiring corporate image of OKO Bank and the member cooperative banks.

Nonetheless, we are not seeking to strengthen our market position at the cost of profitability. OKO Bank Consolidated is committed to the long-term financial objectives that are presented in this Annual Report. For a number of years now, OKO Bank Consolidated has been able to offer its shareholders a total return – consisting of dividends and share price appreciation – which is competitive compared with other European banks.

The current year is OKO Bank's one hundredth year of operations. Ahead of us lies an interesting and work-filled year of customer service. I believe that by dint of the good co-operation of all our staff and by determinedly carrying out our strategy, we can achieve the objectives we have set and which we have promised to our shareholders.

I thank our customers for the trust you have shown in our bank and my co-workers for a job well done last year. I wish all of you success in the current year as well.

Helsinki, February 14, 2002

Mikael Silvennoinen

## ETHICAL PRINCIPLES

*The ethical principles guiding the operations of OKO Bank Consolidated are:*

### **Confidentiality**

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

### **Responsibility**

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

### **Fairness**

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

### **Honesty**

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

## STRATEGY AND MANAGEMENT

### Strategy

*OKO Bank's objective is to be Finland's most dynamic and successful bank.*

#### COMPETITIVE ADVANTAGE

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

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

OKO Bank Consolidated's key resource is a competent and committed staff. The continuous development of the staff's competence, in turn, is the most important element of competitive ability and the continuity of the operations.

#### STRATEGIC CHOICES

OKO Bank Consolidated focuses on serving domestic customers, offering them versatile financing, investment and payment transfer solutions both in Finland and internationally. For international clients, the Bank offers services to meet the needs of their business dealings and transactions that are related to Finland.

OKO Bank also acts as the central bank of the cooperative banks belonging to the OKO Bank Group. In this role it is responsible for the OKO Bank Group's liquidity, handles the Group's long-term funding on the capital markets and attends to the Group's international service ability.

#### DIVISIONS

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

The OKO Bank Art Foundation → has a large collection of contemporary art and precious musical instruments. *Clouds over the Sky* by Mikael Stierncreuz, 1976, and *Plantain*, by Outi Kirves, 1986 (detail), the collection of OKO Bank Art Foundation.



## MISSION

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

## LONG-TERM FINANCIAL TARGETS

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

Cost/income ratio	55%
Tier I ratio of risk-weighted commitments	7%
Return on equity	14%
Dividend payout ratio	50%

## GROWTH

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

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

Demand for services is growing briskly in the growth areas which OKO Bank Consolidated has chosen and a relatively small amount of capital is tied up in business operations. Furthermore, the service network of OKO Bank and the member cooperative banks provides a comprehensive and efficient sales channel.

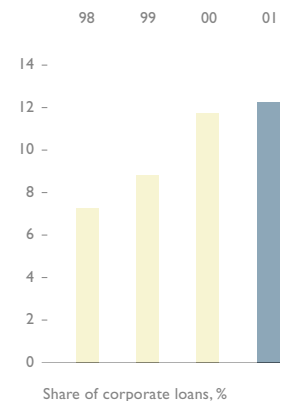
The following strategic market share targets have been confirmed for the growth areas:

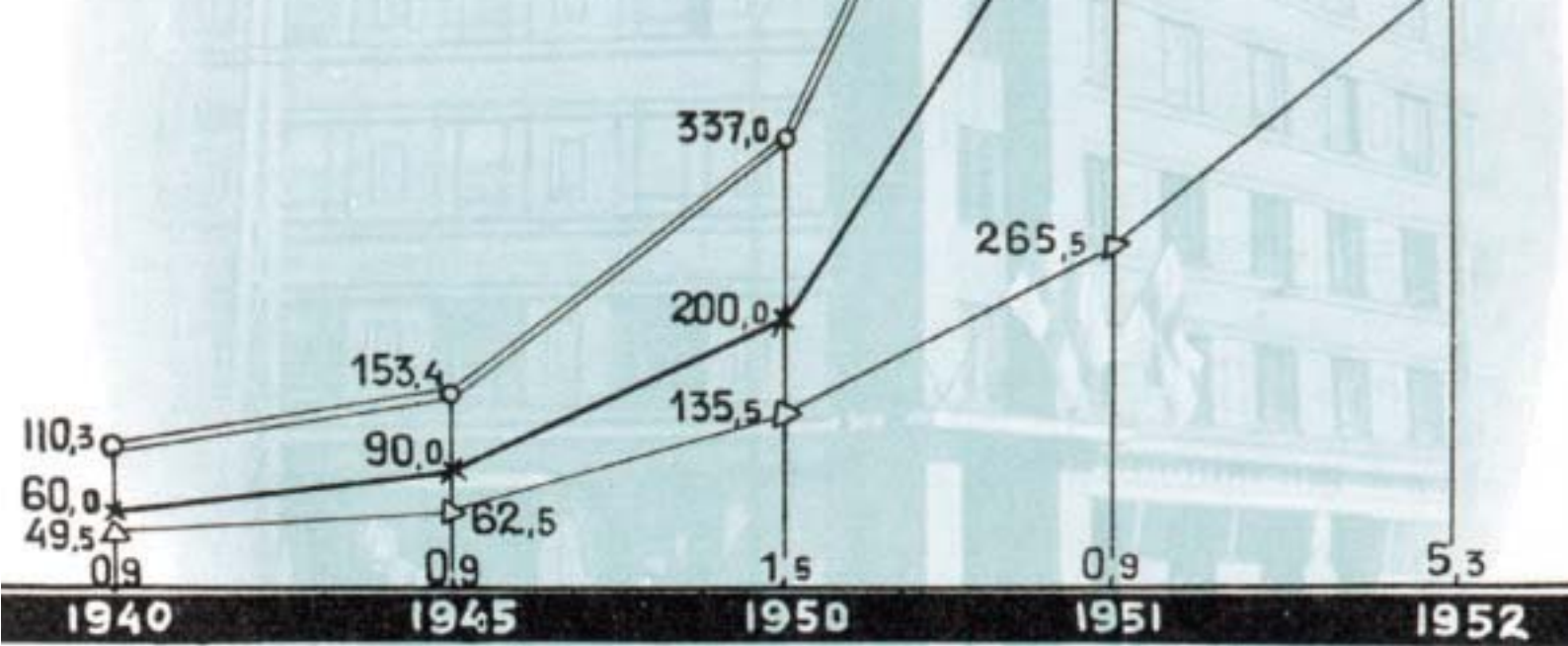
	Market share actual in 2001	Market share strategic target
Share of corporate loans	12%	20%
Share of bank customers in the Greater Helsinki area	13%	20%
Share of capital invested in mutual funds *	13%	20%
Share of voluntary life and pension insurance premiums written *	13%	20%
Unit volume of stockbroking	7%	12%

\* OKO Bank Group's market share

OKO Bank Consolidated's objective is furthermore to increase continually its volumes of payment transfer transactions. As an arranger of debt and equity financing in the capital markets, OKO Bank Consolidated wants to be one of the leading players.

The mission of OKO Bank Consolidated is to create economic value for customers and shareholders. In the long-term this can be achieved only through successful customer business and service. Although the HEX portfolio index fell by 22 per cent in 2001, the share price trend of OKO Bank's Series A share was slightly ascending. →





## Helsingin pörssi

Perjantai

Muutos ed.%	Muutos ed. eur	Päätös kurssi	Kaupat		Osto euroa	Myynti euroa	Vaihto 1000 kpl	Vuoden		Muutos 1 kk
			alin	ylin				alin	ylin	
<b>Päälista</b>										
<b>Pankit ja rahoitus</b>										
0,00		2,25	2,25	2,29	2,24	2,25	7,8	1,64	2,55	2,27
		5,84	5,78	14,20	1,85	5,87	1,10	4,77	3,25	2,7
1,04	0,06	14,20	14,10	8,80	14,10	14,20	6,9	11,35	8,91	7,3
0,71	0,10	8,65	8,55	0,03	8,64	8,70	2462,6	7,70	16,00	3,5
0,58	0,05	0,03	0,03	0,03	0,02	0,03	30,0	0,01	12,70	5,1
50,00	0,01	15,60	15,60	15,65	15,53	15,90	15,00	15,00	20,00	5,1
0,58	0,09	15,60	15,60	15,65	15,53	15,60	0,7	14,86	19,10	5,1
<b>Vakuutus</b>										
0,81	-0,16	19,50	19,50	19,70	19,31	19,80	1,7	16,85	49,50	1,0
-1,26	-0,25	19,55	19,49	19,90	19,52	19,54	78,9	16,00	49,67	1,0
<b>Sijoitus</b>										
		1,02	1,01	1,02	1,01	1,01	36,0	0,93	1,0	1,0
2,86	0,01	0,36	0,35	0,36	0,36	0,36	1,01	1,32	2,0	1,0
4,23	0,19	4,68	4,45	4,68	4,68	4,68	5,30	4,24	5,1	1,0
2,99	0,09	3,10	3,08	3,10	3,10	3,03	14,00	11,20	17,0	1,0
<b>Kuljetus ja liikenne</b>										
		13,80	13,80	13,80	13,80	13,00	14,50	0,1	11,00	1,0
		3,65	3,57	3,65	3,65	3,58	13,50	13,9	3,7	1,0
		23,35	22,75	23,35	23,35	22,76	23,20	84,3	17,0	1,0
		1,60	1,60	1,67	1,67	1,56	20,8	20,8	0,1	1,0
		22,07	22,07	22,40	22,07	22,40	23,19	4,8	18,0	1,0
		15,20	15,20	15,30	15,20	15,30	7,0	7,0	1,0	1,0
		10,39	10,39	10,39	10,39	10,39	16,0	16,0	1,0	1,0



## RISK APPETITE

OKO Bank Consolidated is seeking financial success and growth through moderate risk-taking. Operations are based on a well-considered risk/return approach in which willingness to take risk is defined by gauging risks in proportion to OKO Bank Consolidated's income as follows:

- the net of loan losses and loan loss provisions made must not, across business cycles, exceed an average of 10 per cent of OKO Bank Consolidated's annual revenues or 0.35 per cent of the credit and guarantee portfolio;
- interest rate, foreign exchange and equity risks must not exceed 5 per cent of OKO Bank Consolidated's annual revenues.

## Planning and management

OKO Bank Consolidated's long-term planning and management are based on the vision and strategy confirmed by the Executive Board. OKO Bank Consolidated's vision is to be Finland's most dynamic and successful bank.

A balanced scorecard concept is derived from the vision and its implementation is monitored on a regular basis. The balanced scorecard concept also acts as means of annual planning and management. The benchmarks of success are divided into three subgroups: internal performance (i.e. operational performance and intellectual capital), customer performance and financial performance.

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

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

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

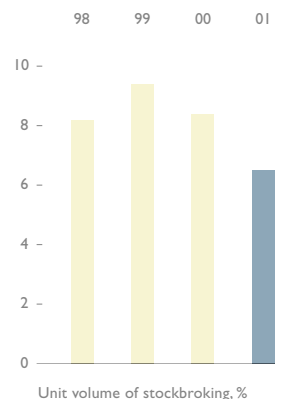
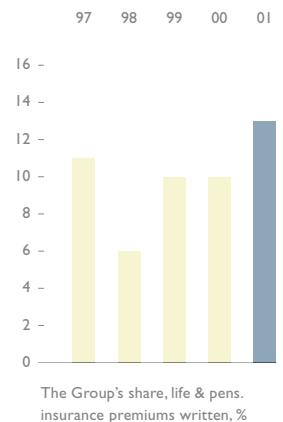
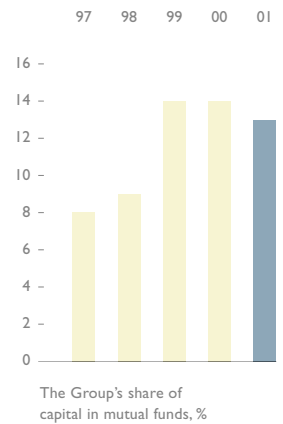
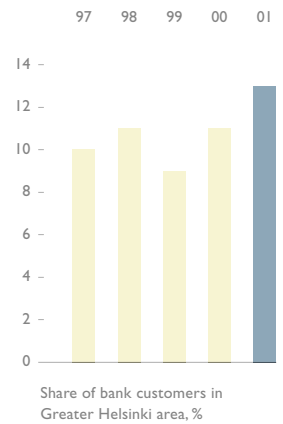
Good internal performance underpins good customer performance, which in turn underpins healthy financial performance. Profitable operations are essential to the creation of added value for shareholders in the long-term. It also affords opportunities for investing to fortify the Bank's internal performance still more.

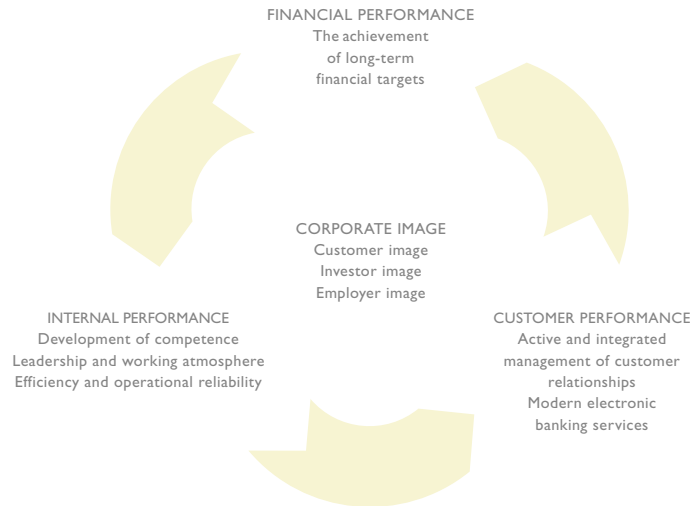
The elements of internal performance, customer performance and financial performance are also embodied in OKO Bank Consolidated's vision. The balanced scorecard concept is thus also used to measure the realisation of the vision.

OKO Bank Consolidated's vision and benchmarks of success underlie specific benchmarks that are applied to the divisions. This ensures that the planning and operations of the units are in line with the bank's objectives and strategy.

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

The management accounting and measuring of risks, which support management of the divisions, were developed further during the financial year. To measure credit risks more accurately, the Bank is overhauling its rating system to classify corporate customers. More information on this can be found in the section Risk Management. The new rating system is to be introduced during 2002. The objective of the further development is to build a model containing all types of risks so that the Bank is in a better position to assess how much capital each division needs in order to engage in stable and long-term operations. The use of the risk-adjusted return on capital as a gauge for steering operations facilitates the making of choices among alternative courses of action in accordance with the Bank's objectives.





### Service network

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

- the branch offices of OKO Bank Consolidated and the member cooperative banks,
- Internet services and
- call center services.

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

Okopankki's branch offices serve retail customers and small and medium-sized companies in the Greater Helsinki area. Of Okopankki's 21 offices, five offer bank services for both retail and corporate customers. The other Okopankki branch offices concentrate on retail customers as well as Okopankki's service outlets which are located in large shopping centres.

High-quality discretionary asset management service for private customers is offered at offices of Opstock Private in Helsinki, Oulu and Salo.

OKO Bank Consolidated's own locations are supplemented by the member cooperative banks' 701 branch offices and service outlets.

OKO Bank Consolidated's Internet services offer retail and corporate customers a wide spectrum of payment transfer, investment and financing solutions as well as comprehensive analysis services. In autumn 2001 Okonet, OKO Bank Consolidated's online transaction service, was made available to corporate customers. It offers a channel for transaction services via a single verification as well as a protected communications channel and up-to-date contact data. The development of online services has been OKO Bank Consolidated's most important capital expenditure area in 2000 and 2001. Developing them will also be a key area over the next few years.

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

**Talletuskorko todella korkein.**

Edullisin ja varmin säästöjenne sijoituspaikka. ● Avetkaa Tekin jo tänään tili meillä. ● Säästölippaita saatavana.

# Osuuskassojen Keskuslainarahasto O Y

*Myy postilähetysvekseleitä. - Perii saatavia*

Rautatienkatu 11 Puh. 766 Avoimna 9-14

## Huippuunsa

viritettyä  
palvelua yrityksille.

...saat kaikki yrityksiä tarvitsemat  
... ja maksu- ja luottotietojen välittämisen. Olemme  
... ja rahastuksemme palomäärä...  
... ja yritysten tarpeita. Yhteis-  
... Groupin pankki-  
... ja avust...

tevat ratkaisu... kansainväliseen kaupankäyn-  
... ja... yritysten kassavarojen kään-  
... hallinnointiin. Yrityspankkitoimen-  
... tusta kertoo, että asiakas-  
... ja... markkina-  
... ja... kalvussa.  
... yrityspankit



OKO Bank Consolidated's international service network comprises

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

The OKO Bank branch office that has operated in Stockholm for 15 years focuses on payment transfer and financing services for Finnish corporate customers. In addition, it serves Swedish corporate customers who have business dealings in Finland. The representative offices in Tallinn, Estonia, and St Petersburg, Russia, serve Finnish corporate customers in the Baltic countries and in Russia. During the financial year the St Petersburg representative office and ZAO Raiffeisenbank Austria started co-operation that will improve the level of services offered to customers operating in Russia.

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

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

## Partners

One of the ways of working which the OKO Bank Group has chosen is sales co-operation with partners who offer financial services and support them.

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

The objectives of partnerships vary from one partner to the next. Through co-operation, the OKO Bank Group seeks to land new customers, round out its palette of services, improve its international service ability, strengthen its technological expertise or strive for efficiency benefits.

### DOMESTIC PARTNERS

In May OKO Bank and the OKO Bank Group Central Cooperative and the insurance companies Ilmarinen and Suomi terminated the shareholder agreement concerning ownership of Pohjola Group. In July the OKO Bank Group terminated its insurance policy marketing agreements with Ilmarinen, Eurooppalainen and Pohjola.

In December the OKO Bank Group, the Fennia Group and the Lähivakuutus Group agreed on sales co-operation in the insurance. Under the co-operation agreement Okopankki will sell Fennia's insurance policies in the Greater Helsinki area as part of its Kultaturva (Gold Security) range of products. The Lähivakuutus Group in turn will begin selling the policies of Aurum Life Assurance Company.

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

### INTERNATIONAL PARTNERS

OKO Bank has been a member of the Unico Banking Group, the co-operation group of the European cooperative banks, for 25 years. During the financial year the Unico Banking Group comprised six full members and two associate members which are the central banks of major retail banking groups in their home countries. These banking groups had aggregate total assets in 2000 of nearly EUR 2 100 billion. The banks had about 37 000 branch offices.

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

← Advertising by OKO Bank in different decades. The language and style develop but the basic message remains: OKO Bank is at the forefront in bringing out to its customers new banking services and modern ways to deal with banking transactions.

The globalisation of the economy together with the formation of a unified euro area have led to closer Unico co-operation. The focus of co-operation in 2001 was again on the development of payment transfer, cash management and capital market services. The UniCash cash management service was offered as part of OKO Bank Consolidated's service palette in 1999. The service has been joined by new banks that do not belong to the Unico Group – a development thanks to which UniCash can be offered in nearly every country in Europe. Unico's joint vehicle leasing service on the Internet was brought out on the market in the report year.

Unico Banking Group's member bank/bank group's central bank	Total assets* € billion	Number of offices*
Crédit Agricole, France	535.7	7 700
DZ Bank AG Deutsche Zentral Genossenschaftsbank, Germany	936.9	17 100
ICCREA, Italy	82.2	3 000
OKO Osuuspankkien Keskuspankki Oyj (OKO Bank), Finland	27.1	700
Rabobank, The Netherlands	342.9	1 700
RZB-Austria AG, Austria	97.5	1 900
Banco Cooperativo Español, Spain **	30.5	3 500
Union of Swiss Raiffeisen Banks, Switzerland **	52.1	1 300
Unico Banking Group	2 058.4	37 000

\* As at Dec. 31, 2000

\*\* Associated member

→ The share certificates from the years 1903, 1989 and 2001 tell their own story about the development of communications also in the banking business.

## SHARE CAPITAL AND SHAREHOLDERS

### Share capital and share series

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

On the basis of a conversion clause in OKO Bank's Articles of Association, just under 300 000 Series K shares were converted into Series A shares during the year. At the end of the year Series A shares represented 75.3 per cent of all the shares outstanding. In February 2002 OKO Bank's Executive Board approved the conversion of 1 120 Series K shares into Series A shares.

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

### Shareholders

OKO Bank had 24 909 registered shareholders at the end of the year. The number is about 600 greater than a year earlier. The largest shareholder was OKO Bank's parent institution, the OKO Bank Group Central Cooperative, which held 41.3 per cent of the shares and 56.5 per cent of the voting rights. Numerically, the largest shareholder group was private individuals, who made up nearly 96 per cent of all shareholders. At the turn of the year 15.3 per cent of the Series A shares were nominee-registered. Data on the distribution of shareholdings is given in Note 39 to the annual accounts and management's shareholdings are detailed in Note 53.

Lunastettu A-rahoiston varoilla  
vaihdettavaksi B-osakkeeseen,  
Helsinki, *11 p:nä* *Kasa* *KUUTA* 1903.

*Kolström*

JOKA ON OSUUSKASSOJEN KESKUSLAINARAHASTO  
OSAKEYHTIÖN MAKSANUT SATA SUOMEN MARKKAA  
KULLASSA, OMISTAA SEN NOJALLA TÄMÄN OSAKKEEN  
SARNOTUSSA YHTIÖSSÄ.

HELSINGISSÄ, *11 p:nä* *Kasa* *KUUTA* 1903.

SOM TILL OSUUSKASSOJEN KESKUSLAINARAHASTO  
OSAKEYHTIÖ INBETALT ETTHUNDRA MARK FINSKT  
GULDMYNT, ÄR EGARE TILL DENNA AKTIE I SAGDA  
BOLAG.

HELSINGFORS, DEN *11 juni* 1903.

OSUUSKASSOJEN KESKUSLAINARAHASTO OSAKEYHTIÖ

*J. J. Kallio* *Alf Kallio* *M. J. Kallio*



**φ OKO**

OSUUSPANKKIEN KESKUSPANKKI OY

**OSAKEKIRJA**

1 A-osake à 50 mk

LITT. A

omistaa tämän osakekirjan, jonka  
määrä on täysin maksettu.

**φ ACA**

ANDELSBANKERNAS CENTRALBANK AB

**AKTIEBREV**

1 A-aktie à 50 mk

LITT. A

är ägare av detta aktiebrev, vars  
fulla belopp är inbetalt.

1-1-0037146



## Share price trend and turnover

The HEX portfolio index declined by 22 per cent during the report year. The share price trend of OKO Bank's Series A share, however, was slightly ascending. At the end of the year the share price was EUR 14.10, as against EUR 13.76 a year earlier. The low for the year was EUR 11.35 and the high was EUR 16.00. The average share price rose from the previous year's figure of EUR 11.82 to EUR 13.34. The market capitalisation of the Series A shares at the end of the year was EUR 496 million.

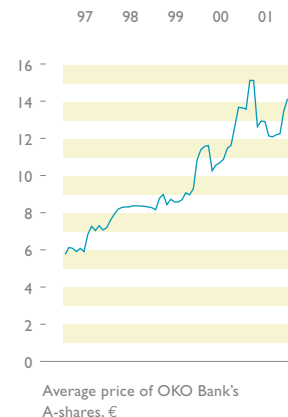
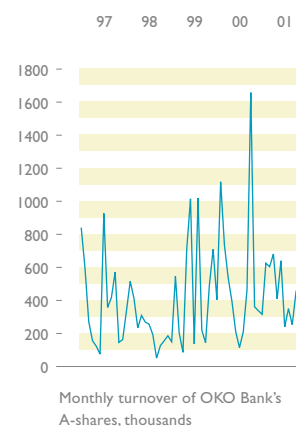
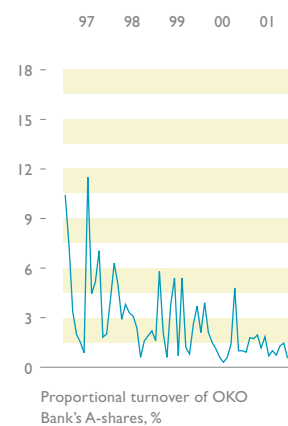
The number of shares traded was smaller than a year ago. During the year under review just under 5.3 million Series A shares changed hands, or 15 per cent of all the Series A shares outstanding. In the previous year the turnover was 6.5 million shares. The five-year time series for per-share key ratios are given in Note 44 to the annual accounts.

Major shareholders, Dec. 31, 2001	%	%
	of votes	of shares
OKO Bank Group Central Cooperative	56.5	41.3
Nominee-registered shares	5.8	11.5
Oulun Osuuspankki	2.9	1.4
Turun Seudun Osuuspankki	2.4	1.4
OKO Bank Group Pension Foundation	1.7	3.4
Keski-Uudenmaan Osuuspankki	1.3	0.5
Keski-Suomen Osuuspankki	1.2	0.5
Ilmarinen Mutual Pension Insurance Company	1.2	2.4
Porin Seudun Osuuspankki	0.9	0.7
Pohjolan Osuuspankki	0.8	0.5

Major shareholders of Series A shares Dec. 31, 2001	Holding of Series A shares %	
	OKO Bank Group Central Cooperative	
Nominee-registered shares		15.3
OKO Bank Group Pension Foundation		4.6
Ilmarinen Mutual Pension Insurance Company		3.2
Etelä-Karjalan Osuuspankki		1.3
Turun Seudun Osuuspankki		0.8
Savonlinnan Osuuspankki		0.8
Sampo Life Insurance Company Limited		0.8
Rauman Seudun Osuuspankki		0.8
Porin Seudun Osuuspankki		0.6

### Shares of different series

Dec. 31, 2001	Series A	Series K
	Number of shares	35 156 442
% of shares	75.3	24.7
% of votes	37.8	62.2



## REVIEW OF OPERATIONS

### OKO Bank Consolidated's operations

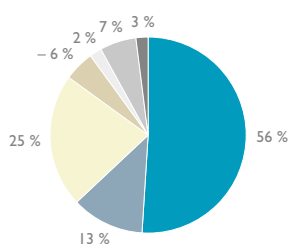
In 2001 OKO Bank Consolidated strengthened its market positions within Corporate Banking and Retail Banking. Within Investment Banking, the market share in stockbroking diminished due to tougher competition.

#### Quarterly performance

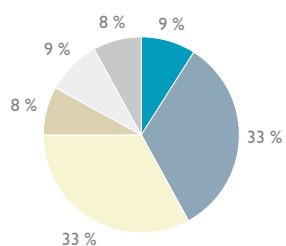
€ million	2001				2001	2000	Change, %
	1-3	4-6	7-9	10-12			
Net income from financial operations	34	38	38	41	152	124	22
Commission income (net)	14	14	12	15	56	66	-15
Net income from securities transactions and foreign exchange dealing	-1	-9	-7	6	-11	11	
Other operating income	11	41	4	5	61	101	-40
Total income	59	84	48	67	258	302	-15
Total expenses	29	31	30	35	124	118	5
Loan losses and write-downs	-2	28	0	-1	25	22	13
Share of profit/loss of companies included using the equity method	1	0	-7	8	2	5	-56
Operating profit	32	26	11	42	111	167	-34

#### Result and capital adequacy

- OKO Bank Consolidated posted operating profit of EUR 111 million, a decrease of EUR 57 million on the previous year. Most of the weakening in earnings was due to non-core operations, in which investments in Pohjola Group shares weakened the result by EUR 47 million compared with the figure a year earlier.
- The core operations comprising business divisions posted operating profit of EUR 125 million, down EUR 10 million on the comparison period a year earlier.
- OKO Bank Consolidated's net income from financial operations grew by 22 per cent. The uncertainty in the equity markets and the tightened-up competition situation weakened commission income from stockbroking and net income from securities transactions. Net commission income diminished by 15 per cent. Expenses net of commission expenses were up 5 per cent on the previous year.
- The return on equity weakened from the previous year's 21.5 per cent to 13.0 per cent. The return on equity excluding the effect of investments made in Pohjola Group shares was 14.3 per cent. In 2000 the corresponding figure was 17.4 per cent.
- The capital adequacy ratio was 12.8 per cent. Tier I ratio was 7.4 per cent.



Breakdown of OKO Bank Consolidated's income



Breakdown of OKO Bank Consolidated's expenses







### Per-share key ratios

- Earnings per share declined from the previous year's EUR 2.53 to EUR 1.68.
- The proposed dividend is EUR 1.10 on Series A shares and EUR 1.05 on Series K shares. The dividend of the year 2000 was EUR 1.27 on Series A shares and EUR 1.22 on Series K shares. The effective dividend yield of the proposed dividend payout is 7.8 per cent on the Series A share.

### Growth in operations

- OKO Bank Consolidated's credit portfolio was up 7 per cent to nearly EUR 6 billion. OKO Bank Consolidated's share of the deposit banks' euro-denominated corporate loans rose by 0.5 percentage point to a good 12 per cent.
- Deposits from the public grew strongly within OKO Bank Consolidated. The volume of deposits increased by 20 per cent to nearly EUR 2 billion at the turn of the year.
- Client funds in asset management totalled EUR 5.5 billion. The amount of client funds under asset management grew by a good 7 per cent from the end of 2000.
- The market share of equities turnover on Helsinki Exchanges diminished from 4.2 per cent to 2.6 per cent.

← The industrial base of Finland has broadened from primary production to the use of modern high-technology in different sectors of production. OKO Bank has had a significant role as a versatile arranger of financing for the industry and businesses.

### OKO Bank Consolidate's outlook

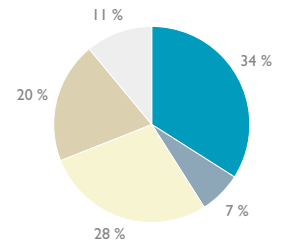
The economic outlook for 2002 is cautiously positive. The stable financial position of companies and households coupled with the low level of interest rates will support domestic demand. Finland's competitive export sector will benefit from even a slow revival in the international economy. The banks' economic operating environment will therefore probably remain relatively favourable.

In 2001 the uncertainty in the equity markets and the fall in share prices cut into OKO Bank Consolidated's operating profit. Earnings in the current year as well will be sensitive to changes in share prices. OKO Bank Consolidated's operating profit in 2002 is estimated to be somewhat greater than it was in the report year provided that major unforeseeable changes do not occur in the operating environment.

## DIVISIONS

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

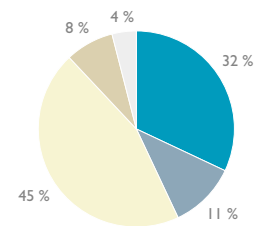
The results of the divisions are calculated by allocating to each division its income, net of commission expenses, and expenses. An amount of equity capital corresponding to 7 per cent of risk-weighted commitments is allocated to each division. The portion of equity capital not allocated to the divisions is available for Other operations. The equity capital shown in Opstock Ltd's balance sheet is nevertheless allocated as the equity capital of the Investment Banking division.



Share of consolidated income

### Operating profits and return on equity

Business division	Operating profit, € million		Return on equity, %	
	2001	2000	2001	2000
Corporate Banking	52	59	11.4	13.6
Investment Banking	5	14	25.9	66.3
Retail Banking	31	31	27.6	32.3
Group Treasury	37	31	26.3	23.4
Other operations	-15	32	-11.4	32.8
Total	111	167	13.0	21.5



Share of consolidated staff

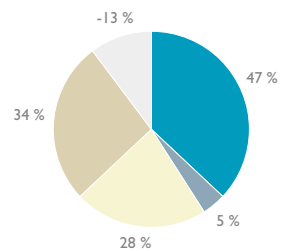
## CORPORATE BANKING

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

### Operating environment

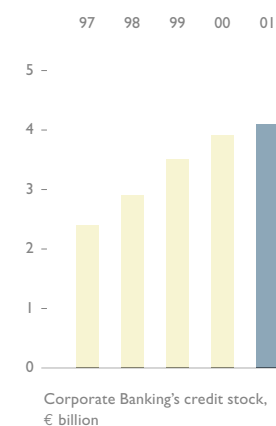
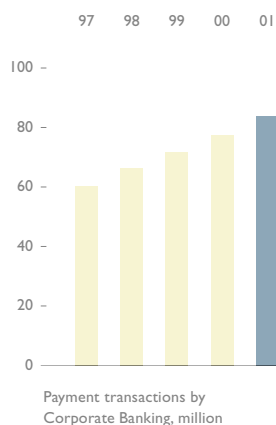
Economic growth slowed down in 2001 as a consequence of the recession in the international economy. The outlook for companies that are directly or indirectly dependent on exports weakened, but the situation for companies operating on the domestic market remained fairly stable. The European Central Bank lowered its administrative interest rate four times, by a total of 1.50 percentage points to 3.25 per cent.

In Finland the banks' aggregate portfolio of corporate credits increased by 4 per cent. The amount of companies' debt financing diminished compared with the previous year.



Share of operating profit





## Result of Corporate Banking

	2001				2001	2000	Change
	1-3	4-6	7-9	10-12			
Net income from financial operations	15	17	17	17	66	61	7
Commission income (net)	5	5	5	5	20	21	-2
Net income from securities transactions and foreign exchange dealing	1	-1	2	0	1	3	-68
Other operating income	0	1	0	0	2	4	-61
Total income	20	21	24	22	88	89	-1
Total expenses	9	10	10	10	39	36	-7
Loan losses and write-downs	-2	1	0	-1	-3	-6	58
Operating profit	14	11	15	13	52	59	-12
Return on equity, %					11.4	13.6	
Cost/income ratio, %					45	42	
Staff					342	313	
Risk-weighted commitments, € million					4 651	4 650	
Credit stock, € million					4 136	3 902	6
Credits and guarantees, € million					5 013	4 832	4
Non-performing and zero-interest claims, € million					13	6	
Non-performing and zero-interest claims, % of commitments					0.25	0.11	
Transmitted payment transactions, million					84	77	8

Corporate Banking is seeking to grow faster than the market as an arranger of financing for large and medium-sized customers on the capital markets, as a bank serving medium-sized companies and as a cash management and liquidity specialist for companies and institutions.

Corporate Banking strengthened its market positions in all the growth areas. Operating profit was smaller than in the previous year. Net income from financial operations grew by nearly 7 per cent but the amount of other income was somewhat less than in 2000. The net positive effect of loan losses and reversals diminished because more loan loss provisions were booked than a year ago.

### Financial services

In 2001 a co-operation model of OKO Bank Consolidated and the member cooperative banks which have major corporate financing operations was developed with the aim of improving the quality of the service which the OKO Bank Group offers to corporate customers.

### LOANS AND GUARANTEES

The credit portfolio within Corporate Banking grew by 6 per cent from the end of last year. In 2000 the growth in the credit portfolio was 13 per cent. The amount of finance company loans grew by 15 per cent, clearly outpacing other corporate lending, and OP-Finance Ltd strengthened further its market position within finance company products. The amount of loans to institutions remained at the same level as a year earlier. The amount of guarantees diminished by 6 per cent.

The amount of non-performing and zero-interest claims increased to EUR 13 million during the year, but they still accounted for a fairly low proportion of total commitments, i.e. 0.25 per cent.



Helsinki City Museum



## DEBT FINANCING

Owing to the increased uncertainty on the market and investors' higher required returns, the credit risk margins on debt financing grew and volumes were smaller than they were a year ago. In 2001, OKO Bank ranked first among the banks operating in Finland as an arranger of debt issues for Finnish companies, both in terms of the number of issues and the proceeds obtained from them. OKO Bank was the lead manager in Metsäliitto Osuuskunta's retail and wholesale bond issue as well as in the capital loan issues of the housing firms YH-Asunnot Oy and Kunta-asunnot Oy, and it was a manager for the bond issue of Finnvera plc. A total of EUR 180 million in funds was raised for customers through these issues. The amount was about EUR 330 million smaller than a year ago. In December OKO Bank was chosen as the lead manager of Hartwall Oyj's bond floatation. The preliminary time of the issue, which will be in a maximum amount of EUR 100 million, is the spring of 2002.

## Venture capital investments

OKO Venture Capital Ltd manages four venture capital funds with a total capital at year-end of EUR 66 million. The newest fund is Promotion Bridge I, which was established in May and invests mainly in companies that are in the listing stage. The investors in the venture capital funds are pension and insurance companies as well as other institutional investors, the member cooperative banks and the OKO Bank Group's other units that are engaged in investment operations. The Company participates in the development of its portfolio companies as a minority shareholder.

During the report year, 16 primary and secondary investments were made to a total of more than EUR 7 million. During the year the Company exited from two companies in which it had an investment stake.

## Cash management services

A total of 84 million outgoing and incoming payment transfer transactions were handled during the year, or 8 per cent more than a year ago. The value of payment transfer transactions processed was EUR 63 billion, up slightly less than 8 per cent on 2000.

The UniCash cash management service expanded to Norway, Sweden and Denmark during the report year. The management of account, payment transfer and cash services for Finnish companies trading with Russia was enhanced when in autumn OKO Bank entered into a co-operation agreement with ZAO Raiffeisenbank Austria, which operates in Russia.

## Money market, foreign exchange and debt capital market services

OKO Bank is the leading Finnish market maker for the benchmark bonds issued by the Finnish State. The Bank also acts as a market participant for the other main instruments in trading on the money and capital markets. In 2001, OKO Bank was one of the largest intermediaries for the issuance of government treasury bills and bonds.

The volume of money market products, bonds and notes and sales of foreign exchange products to customers was a good EUR 113 billion in the report year, an increase of 19 per cent on the previous year.

## Online services

The objective was to increase the usage and numbers of users of the online services as well as to develop the integrated services so that they are optimally suited to customers' needs. The numbers of users of online banking services for bank guarantees and real-time foreign exchange and money market dealing as well as vehicle purchases and sales – and the number of times these services were used – increased clearly during the year. Of all foreign exchange transactions, in December already 30 per cent were made online. New online services which OKO Bank Consolidated brought out on the market were corporate and institutional loans, documentary payments as well as certain finance company services.

Individual Internet services were assembled into Okonet, an online transaction service for companies. Okonet provides, via a single electronic ID verification, access to OKO Bank Consolidated's transaction services. By way of a protected communications channel, Okonet furthermore offers

← Stockbroking is one of the versatile services of the OKO Bank's Investment Banking. Trading on Helsinki Exchanges in 1919 and in the dealing room of Opstock in 2001.

versatile information services and timely news about banking services. The service supports transactions involving bank guarantees, corporate and institutional loans as well as foreign exchange and money market transactions. The next features to be added to it will be letters of credit and finance company services.

### Corporate Banking outlook

Demand for financial services in the corporate sector is expected to remain at the same level as it was last year. The volume of non-performing claims is likely to increase somewhat, but loan losses are estimated to remain relatively minor in amount.

Operating profit from Corporate Banking is estimated to be at the same level in 2002 as it was in the report year.

## INVESTMENT BANKING

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

### Operating environment

The declining share price trend and trading volume on the stock exchanges hampered investment banking operations throughout the report year. The HEX portfolio index declined by 22 per cent during the year. Share turnover on Helsinki Exchanges diminished by 11 per cent to EUR 203 billion. Foreign remote brokers greatly increased their market shares in Finland. Finnish brokers' proportion of the volume of trading fell by 11 percentage points to 36 per cent.

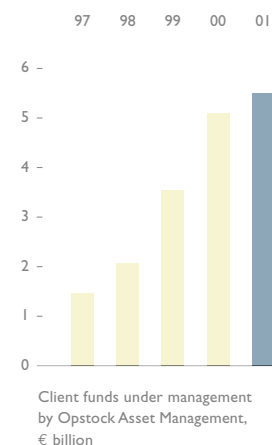
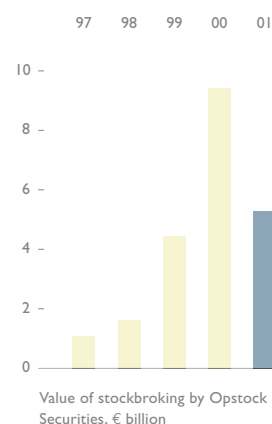
Mutual fund and insurance saving continued to grow, though at a slower pace than in previous years. The total volume of capital under management by mutual funds registered in Finland increased by 8 per cent to EUR 14.5 billion, though the fall in the market values of shares lowered the amount of capital by EUR 1.4 billion. During the report year 35 new mutual funds were established in Finland, a significant decrease compared with the previous year. The mutual fund market continued to internationalise.

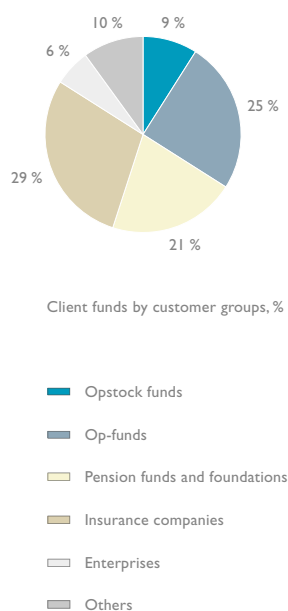
During the report year share issues and sales of shares totalling EUR 1.6 billion were arranged for Finnish companies. The value was only half of the previous year's figure. Not a single new listing was made on Helsinki Exchanges.

### Result of Investment Banking

	2001				2001	2000	Change %
	1-3	4-6	7-9	10-12			
Income	6	5	4	5	19	25	-21
Expenses	3	3	3	5	14	11	31
Operating profit	2	1	1	1	5	14	-63
Return on equity, %					25.9	66.3	
Cost/income ratio, %					80	64	
Staff					117	124	
Value of stock broking, € million					5 289	9 431	-44
Client funds under management, € million					5 506	5 117	7

The division's operating profit declined significantly on the previous year. The weakening of the result was mainly due to the decline in commission income from stockbroking.





## Asset management

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

The amount of client assets under management by Asset Management increased by 7 per cent in the report year. The number of managed portfolios was nearly a fifth greater than a year ago.

Despite difficult market conditions, Opstock Asset Management's investment operations performed well. On the basis of the annual return calculated over the last three years, the OP-Euro Obligatio and OP-Pirkka funds were the best in their class, whereas OP-Tuotto ranked second and OP-Delta third.

During the report year the OKO Bank Group established five new mutual funds whose portfolios are managed by Opstock. The funds are Opstock Private, a balanced fund; Opstock RM Optimus, a hedge fund; as well as OP-Asia, OP-Amerikka and OP-Britannia, which are special mutual funds. Because of the increased international service demand from institutional investors, co-operation was expanded with international partners. Other development areas within asset management were the improvement of risk management, quantitative analysis and reporting.

## Private Banking

Opstock Private rounds out the Asset Management services. Together with Okopankki as well as the member cooperative banks in Oulu and Salo, it offers retail customers high-quality banking and asset management service that is tailored to the customer's needs. The growth in the number of customers has been in line with targets.

## Stockbroking

Opstock Securities' market share of total euro-denominated turnover on Helsinki Exchanges was 2.6 per cent, as against 4.2 per cent a year earlier. On the basis of share unit volumes, the proportion was 6.5 per cent, and on this measure Opstock Securities was the fourth-largest broker on Helsinki Exchanges.

Over a third of the stockbroking turnover came in the first quarter. The new rise in share prices, which got under way in September, brought about a pick-up in stockbroking in October and November. The value of share trades brokered by Opstock was down 44 per cent on the previous year. The number of brokerage orders placed by private customers, 307 000, was a bit more than a quarter smaller than in 2000.

Internet trading grew further and 65 per cent of the brokerage orders placed by households came in via the Internet, representing an increase on the previous year of 10 percentage points. Opstock cleared and settled stock exchange trades on average faster than the stockbrokers on Helsinki Exchanges.

The uncertainty in the equity markets meant a significant increase in derivatives trading. Unit volume turnover in Finnish options quadrupled to EUR 15.6 million and the total euro amount doubled. Most of the options traded were Nokia equity warrants, but a large amount of trading was also done in UPM-Kymmene and Sonera equity warrants. The volume of derivatives trades brokered in Eurex through Opstock Securities grew further compared with 2000. Opstock's market share of forwards on Helsinki Exchanges was 3 per cent and it had a 10 per cent slice of share lending.

## Investment Research

Investment Research produces information for clients to support their investment decisions.

During the year, Opstock began publishing investment research studies in English. Added to the methods of analysis was the Opstock Value Added Model, which is Opstock's own model for calculating the economic profit of companies.

## Corporate Finance

Opstock Corporate Finance acts as an arranger of equities-backed financing solutions.

In 2001 Corporate Finance acted as a lead manager in two exchange offers and in one directed share issue and as an agent in one tender offer.





The number of Corporate Finance mandates grew, but the uncertain equity markets caused companies to defer implementation of their merger and acquisition plans. The number of mandates at the end of the year was the largest in Opstock's history.

### Investment Banking outlook

Share market is expected to recover during the current year. Operating profit from Investment Banking is estimated to improve on the report year providing that surprising negative changes do not take place in market expectations.

## RETAIL BANKING

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

### Operating environment

Despite the slowdown in economic growth, domestic demand strengthened, thereby maintaining the buoyant growth in traditional retail banking. Market interest rates declined nearly all year long. During the year the Op-Prime was lowered from 5.0 per cent to 3.5 per cent.

Deposits increased their popularity as a mode of saving. In the wake of mounting economic uncertainty, the reliability and security of deposits came to the fore in choosing an investment alternative. Total euro-denominated deposits of the banks operating in Finland grew by more than 5 per cent.

The growth in the banks' lending was largely attributable to the great demand for housing loans, which was driven by the fall in the level of interest rates. The deposit banks' portfolio of housing loans thus grew by nearly 12 per cent.

### Result of Retail Banking

	2001				2001	2000	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	14	14	14	14	55	49	13
Commission income (net)	4	4	3	4	15	17	-9
Other operating income	0	0	1	0	1	2	-41
Total income	18	17	18	19	72	68	5
Total expenses	9	10	10	11	40	37	10
Loan losses and write-downs	0	0	1	0	1	0	
Operating profit	8	7	8	7	31	31	-2
Return on equity, %					27.6	32.3	
Cost/income ratio, %					58	56	
Staff					480	475	
Risk-weighted commitments, € million					1 194	1 046	14
Credit portfolio, € million					1 705	1 439	19
Total deposits, € million					1 583	1 288	23
Non-performing and zero-interest claims, € million					5	5	4
Non-performing and zero-interest claims, % of commitments					0.3	0.3	
Number of customers					266 000	252 000	5

← In the old days all bank dealings were handled at the bank counter. Today also telephone and Internet services belong to the service range of the OKO Bank Consolidated. They complete the service at branch offices.

Growth in its market share within retail banking in the Greater Helsinki area is one of OKO Bank Consolidated's objectives. The strategy is to achieve a steady increase in operations and customer volumes whilst retaining the level of profitability.

Okopankki achieved the targets it had set for 2001. The growth in total loans and deposits outpaced the market. The growth improved net income from financial operations compared with the previous year despite the narrowing in the interest rate margin between loans and deposits. On the other hand, the instability in the equity markets reduced commission income, and the expansion of operations added to expenses. Operating profit in the report year was at the same level as in 2000.

### Customers

At the end of the year Okopankki had more than a quarter million customers. In relative terms, the number of customers grew by the same amount as in the previous year, or by 5 per cent. Private and household customers accounted for 88 per cent of all customers. More than half of the new customers were under 35 years old, as in the previous year. The number of new household customers grew by nearly 18 000 during the year, which was more than in the previous year. About 2 000 new corporate customers were obtained, on a par with the previous year.

### Lending

The amount of new loans drawn down in the report year was EUR 715 million, or a fifth more than a year earlier. Housing loans accounted for 56 per cent of new loans, consumer credits for 12 per cent and corporate loans for 31 per cent. Margins on new loans declined somewhat from the previous year.

The credit portfolio grew by 19 per cent from the start of the year, clearly outpacing the average growth in the credit portfolio of banks operating in Finland.

Total loans granted to private and household customers amounted to EUR 1.3 billion, an increase of 17 per cent on the figure a year ago. Housing loans represented 79 per cent of the total loans granted to private and household customers.

A good quarter of the loans granted to a private and household customer was covered by Payment Protection Plan insurance. This provides coverage for loan repayments in unforeseeable situations such as the borrower's becoming unemployed, suffering a permanent impairment resulting from an accident, or death.

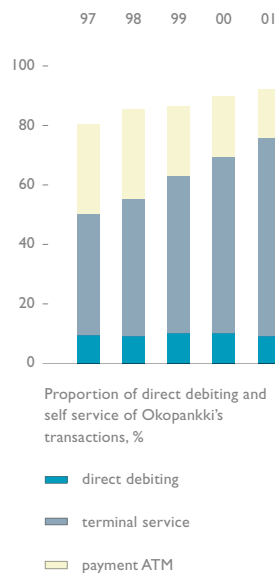
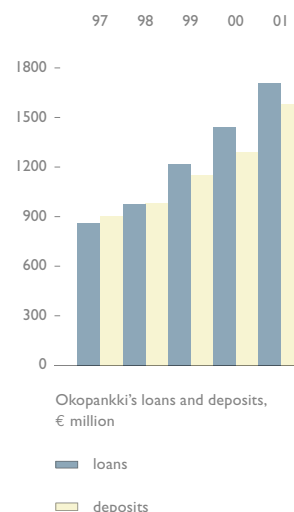
The portfolio of loans granted to corporations and institutions was EUR 0.4 billion, an increase of 25 per cent since the end of 2000. Of the corporate loan book, a third was granted to companies in the service sector, a third to those engaged in residential and commercial property management and a fifth to retailers.

### Deposit, asset management and payment transfer services

Deposits strengthened their position as a mode of investment despite the low level of interest rates. The volume of Okopankki's deposits grew by 23 per cent in one year, clearly outstripping the banks' average growth in total deposits.

In February Okopankki brought out a new fixed-term deposit; a Centennial Account has been marketed in connection with the centennial which the OKO Bank Group is celebrating in 2002. At the end of the year, 7 per cent of Okopankki's deposits were in Centennial Accounts. The average interest rate for total deposits rose somewhat during the report year. The aggregate average balance of funds in payment transfer accounts was EUR 0.7 billion, which was on a par with the figure a year earlier.

Okopankki wrote EUR 20 million of insurance policies for Aurum Life Assurance Company, which was a third less than a year ago. The weak share price trend on the equity markets reduced the amount of capital in mutual fund investments and led to a reduction in purchases and sales of mutual fund investments. In 2001 Okopankki brokered less subscriptions for fund units than redemptions. The market value of brokered mutual fund investments and life assurance policies was EUR 0.2 billion at the end of the year, on a par with the figure at the end of 2000.



Okopankki's customers were handling nine out of ten of their payment transactions via the Internet, direct debiting and payment ATM services. The volume was somewhat bigger than a year ago. Similarly, the fall in the number of branch office transactions decreased further.

### Development of services

In March restructured and more versatile Internet banking services were made available to Okopankki's customers. The number of online service contracts grew by 15 per cent to 81 000 during the report year. The number of GSM and WAP contracts in turn increased by 33 per cent to 42 000. The customer also has the option of using online banking services at a customer terminal in the branch offices.

In September Okopankki opened a new branch office and a service outlet in the Iso Omena (Big Apple) shopping centre in Espoo. At the end of the year Okopankki had a total of 21 branch offices and 5 service outlets.

The objective of the Platina (Platinum) system which Okopankki introduced in 1999 is to encourage customers to do most of their banking with Okopankki. Use of the system was developed further during the report year. Banking services that earn Platina bonuses and the range of benefits offered via the bonuses were increased. From the time Platina was introduced up to the end of the report year, 105 000 customers had earned bonuses amounting to nearly EUR 5 million, of which about a half had been used.

Marketing of the Plussa (Plus) account that is part of Kesko Corporation's loyal customer programme continued. At stores operated by the Kesko Group, customers can use the Plussa card to pay for purchases and make cash withdrawals from their Okopankki account. Significant amounts of funds were not held in Plussa accounts at the end of the year.

At the end of the year the OKO Bank Group became the first bank in Finland to develop its banking services to support use with digital television in accordance with the national MHP standard. The service will be made available to customers in the MTV3 channel's network when interactive services come on stream.

In December the OKO Bank Group reached a sales co-operation agreement with Fennia Group and the Lähivakuutus Group, whereby Okopankki will sell Fennia's insurance policies.

### Retail Banking outlook

Factors supporting domestic demand are the low level of interest rates and the stable financing position of companies and households. Economic growth in the Greater Helsinki area will provide a solid basis for the continued expansion of Okopankki's operations. The pace of growth in both the credit portfolio and total deposits is nevertheless estimated to slow down during the current year. The low level of interest rates and tougher price competition on the deposit market will cut into net income from financial operations.

Operating profit from Retail Banking is forecast to be at the same level as it was in the report year provided that interest rates remain at their present level and that the general economic situation is stable.

## GROUP TREASURY

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

### Result of Group Treasury

	2001				2001	2000	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	9	12	11	13	45	33	34
Commission income (net)	0	1	0	0	2	3	-46
Net income from securities transactions and foreign exchange dealing	-2	2	-3	4	0	5	-98
Other operating income	3	1	0	1	6	4	44
Total income	11	16	8	18	53	46	15
Total expenses	4	4	3	5	15	15	3
Operating profit	7	12	5	13	37	31	21
Return on equity, %					26.3	23.4	
Cost/income ratio, %					30	35	
Staff					80	93	
Risk-weighted claims and commitments, € million					1 412	1 462	-3
Perpetual bonds of the member cooperative banks, € million					26	37	-29
Other credits to the member cooperative banks, € million					855	997	-14
Capital investments to the member cooperative banks, € million					151	161	-6
Member cooperative banks' minimum reserve and cash reserve deposits, € million					1 938	1 767	10
Member cooperative banks' other deposits, € million					1 186	920	29

The OKO Bank Arkadia branch office has served private and corporate customers at 23, Arkadiankatu, since the year 1932 →

Group Treasury operations contributed significantly greater operating profit than a year ago. The result was improved by the growth in net income from financial operations, which was due to the increase in the deposits which the member banks made with OKO Bank and to successful fixed income investment operations. Net income from securities transactions was smaller than in 2000 owing to the fall in share prices.

### Central banking operations

The member cooperative banks' liquidity improved because loans to the public grew by slightly less than EUR 1.2 billion in 2001 and deposits from the public by over EUR 1.3 billion. The member cooperative banks' profitability was also good, so that there was only a minor need to obtain financing from OKO Bank.

OKO Bank's net liabilities to the member cooperative banks grew by EUR 0.6 billion to EUR 2.1 billion during 2001. OKO Bank's claims on the member banks diminished by 14 per cent and totalled



one billion euros. The amount of the member banks' deposits with OKO Bank in turn grew by 16 per cent to EUR 3.1 billion.

### Funding

The operating environment for funding was characterised by the substantial fall in both interest rates and share prices. The member banks' smaller-than-forecast need for financing and the growth in the deposits which they made with OKO Bank increased liquid funds. Otherwise major changes did not take place in the structure of funding.

Net income from sales of shares was EUR 2 million, or EUR 3 million less than a year ago. Unbooked appreciation in the value of listed shares amounted to EUR 3 million at the end of the year.

### Group Treasury outlook

Investment operations at the fixed income market are expected to be more difficult than in the report year and the business division's operating profit is expected to fall somewhat below the figure reported in 2001.

## OTHER OPERATIONS

*Other operations comprise real-estate operations as well as life and pension insurance and also the financing and management of unsecured credit card lending operations via the associated companies Aurum Life Assurance Company and OP-Kotipankki Oyj. Also included in Other operations are OKO Bank Consolidated's income, expenses, investments and capital which are not allocated to specific business divisions.*

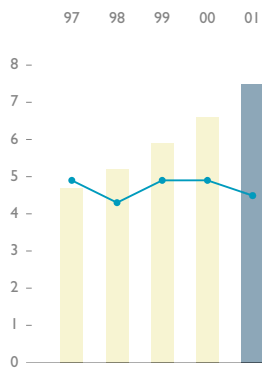
### Result of Other operations

	2001	2000	Change %
Net income from financial operations	-14	-19	25
Other operating income	42	99	-58
Total income	28	80	-65
Total expenses	16	20	-19
Loan losses and write-downs	26	28	-7
Operating profit	-15	32	
Return on equity, %	-11.4	32.8	
Staff	40	34	
Capital invested in real-estate holdings, € million	188	197	-5
Capital invested in leasable properties, € million	144	158	-9
Net yield on leasable properties, %	7.5	6.6	
Vacancy rate, %	6	5	

The weakening in OKO Bank Consolidated's result compared with the previous year was for the most part attributable to the result of non-core Other Operations, which yielded a loss of EUR 15 million. Operating profit from Other Operations in 2000 was EUR 32 million. The difference was due to the net result of the investments made in Pohjola Group shares, which was EUR 47 million weaker than last year's.

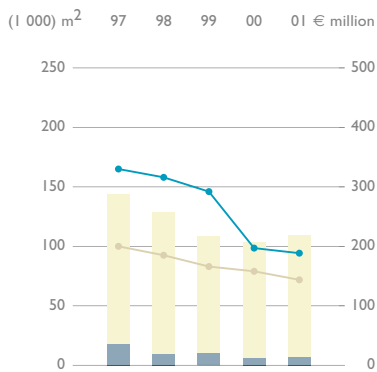
### Property business

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



Net yield of OKO Bank Consolidate's leasable properties, %

Net yield  
Five-year Finnish Government bonds



OKO Bank Consolidate's leasable properties and capital invested in real-estate holdings, € million

Rented  
Vacant  
Total of capital invested  
Capital invested in leasable properties

The real-estate market was fairly stable in the report year. The rise in the level of rents was nevertheless tapering off, though it was still possible to raise the yield level in renewals of old contracts. The weakening in the overall economic situation was also reflected in the fact that the rise in the sale prices of properties came to a halt.

The capital invested in OKO Bank Consolidated's real-estate holdings totalled EUR 188 million at the end of the year, of which EUR 45 million was invested in properties in own use. Capital invested in leaseable property diminished by EUR 14 million to EUR 144 million during the report year.

During the financial year a large number of properties were sold, the biggest of which was Kiinteistö Oy Malminkatu 30. Previously it was included in OKO Bank's consolidated accounts.

The net yield from leaseable properties improved markedly thanks to new lease agreements and disposals of real-estate holdings. It rose from 6.6 per cent at the end of the previous year to 7.5 per cent. The vacancy rate at the end of the year was 6 per cent, as against 5 per cent a year earlier.

## Other operations

OKO Bank owns 49.6 per cent of the shares in Aurum Life Assurance Company. In the report year Aurum's premiums written totalled EUR 426 million, an increase of 11 per cent on the previous year. The Company's market share of premiums written in life and pension insurance policies increased from 10 per cent to 13.4 per cent. The balance on technical account weakened from the previous year's EUR 10 million to just under EUR 2 million. The result of Aurum's investment operations was burdened by the fall in share prices. The Company's solvency margin at the end of the year was nearly triple the minimum statutory amount. EUR 0.5 million of Aurum's result was included in OKO Bank Consolidated's result, or EUR 3 million less than in 2000.

OKO Bank Consolidated's holding in OP-Kotipankki Oyj fell from 48.1 per cent to 20.8 per cent of the shares and to 11.0 per cent of the voting rights in the report year. The decrease was due to the share issue arranged by OP-Kotipankki, in which OKO Bank Consolidated did not participate and to the sale by OKO Bank of shares it held in OP-Kotipankki. These arrangements improved OKO Bank Consolidated's operating profit by about EUR 5 million.

OP-Kotipankki reported operating profit of just over EUR 4 million, or about a third more than in the previous year. The credit portfolio grew by 25 per cent to EUR 185 million. The share in OP-Kotipankki's net profit included in OKO Bank Consolidated's earnings was EUR 0.5 million, or EUR 0.6 million less than in 2000.

In 2000, OKO Bank purchased shares in Pohjola Group from Suomi Mutual Life Assurance Company, and it made a similar purchase of the shares from Ilmarinen Mutual Pension Insurance Company. At the end of 2001 the shares owned by OKO Bank represented 2.5 per cent of Pohjola Group's share capital and 3.3 per cent of the voting rights. Following the joining of Pohjola's share series in January 2002, OKO Bank's proportion of the voting rights is also 2.5 per cent.

The co-operation negotiations that were started in December 1999 continued on into the first part of 2001. In the talks concerning co-operation within life assurance, it was observed in April that it was not expedient to combine the business operations of Aurum Life Assurance Company and Suomi Life Assurance Company. In May the parties to the co-operation group agreed to cancel the shareholder agreement concerning the ownership of Pohjola Group. In July the OKO Bank Group terminated its insurance policy marketing agreements with Ilmarinen, Eurooppalainen and Pohjola.

The cancellation of the shareholder agreement changed the nature of the investment made in Pohjola shares from a strategic to a financial investment; consequently, the shares were booked at their market value for the first time at the end of June. In the report year the shareholding in Pohjola Group caused a drop in earnings of EUR 13 million. In 2000 the impact on earnings was a credit of EUR 35 million. The investment made in Pohjola Group shares has increased OKO Bank Consolidated's operating profit in 2000 and 2001 by a total of EUR 22 million, representing a return of about 20 per cent on average capital employed.



## Outlook for Other operations

The result of Other Operations is sensitive to changes in equity prices. Provided equity prices remain at the same level as in the beginning of the year, the result from Other Operations is estimated to be slightly in the black in 2002.

## R I S K M A N A G E M E N T

*The task of risk management is to identify the threats and opportunities that affect the implementation of OKO Bank Consolidated's strategy. The objective of risk management is to ensure that the targets set in the strategy and business plans are achieved and to make certain that the risks which OKO Bank Consolidated assumes are in a correct proportion to its risk capacity.*

Risk management and oversight as well as the risk exposures are described in detail on pages 5-16 of the annual accounts.

### Organisation of risk management

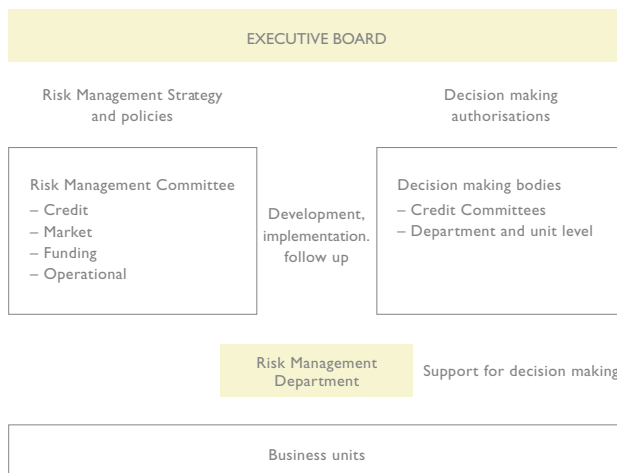
In 2001 risk management was developed from the viewpoint of an integrated risk management approach, and the risk management organisation was restructured.

Within OKO Bank Consolidated, OKO Bank's Executive Board takes decisions on the objectives and organisation of risk management, confirms the risk management strategy and Group-level risk policies as well as oversees the implementation of risk management.

OKO Bank Consolidated set up a Risk Management Committee which reports to OKO Bank's Executive Board and is in charge of co-ordinating and overseeing the principles and operational policy lines of OKO Bank Consolidated's risk management as a whole. The Risk Management Committee is chaired by OKO Bank's Executive Board member who has responsibility for risk management and service processes and to whom the Risk Management Department reports.

The task of the Risk Management Department is to develop and implement integrated risk management within OKO Bank Consolidated. The department also renders decision-making support and supervises quality in the credit decision process.

Credit risk decisions are taken, within the framework of the confirmed decision-making authorisations, by the Credit Committee, the Credit and Overdraft Committee and at the department and



unit level. OKO Bank's Executive Board approves the market risk limits at the level of OKO Bank Consolidated, within the framework of which the business units have the right to take decisions.

### Risk management strategy

The central task of risk management strategy is to define the principles of OKO Bank Consolidated's risk management, its risk capacity and the risk appetite. The risk management strategy defines the risks connected with OKO Bank Consolidated's business and sets forth the risk management organisation. In addition, it includes a description of risk management methods and measures as well as the principles of monitoring and reporting.

#### Risk capacity

Risk capacity refers to the ratio of OKO Bank Consolidated's own funds to risk-weighted assets. OKO Bank Consolidated's long-term capital adequacy target as calculated with Tier I own funds is 7.0 per cent. Risk-taking and a capital structure that are correctly dimensioned coupled with strong financial performance ensure OKO Bank Consolidated's risk capacity.

#### Risk appetite

OKO Bank Consolidated has a moderate risk appetite. Operations are based on a well-considered risk/return approach in accordance with which credit risk, market risks and funding risk are exploited. Business operations also involve strategic risk as well as operational risks.

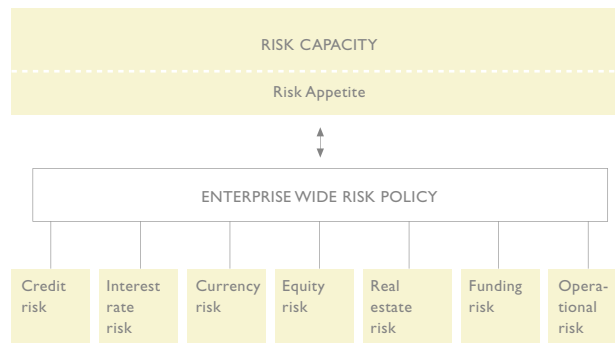
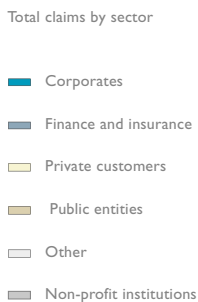
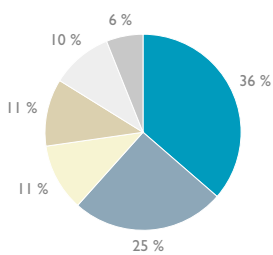
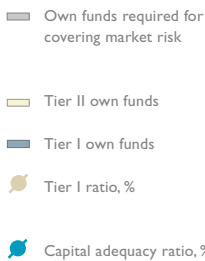
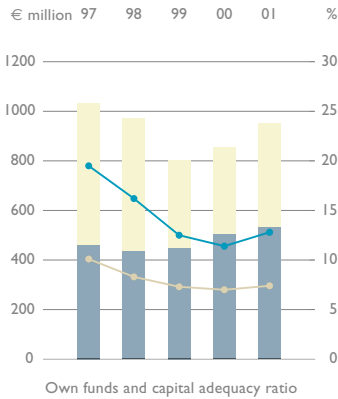
OKO Bank Consolidated's risk appetite is defined by gauging risks against OKO Bank Consolidated's income. The objective is that the net amount of loan losses and provisions booked across the business cycle does not exceed, on average, 10 per cent of OKO Bank Consolidated's annual income or 0.35 per cent of the credit and guarantee portfolio. The objective is that market risks (including interest rate, foreign exchange and equity risks) do not exceed 5 per cent of OKO Bank Consolidated's estimated annual income.

#### Risk policies

OKO Bank Consolidated employs risk policies to oversee risk-taking. In the overall risk policy that is formulated annually, the risk-taking bias is apportioned among types of risks, and Tier I own funds are allocated to the divisions. OKO Bank Consolidated's overall risk policy is complemented with policies pertaining to specific types of risk, setting forth the amount of risk (exposure) OKO Bank Consolidated has assumed, the principles concerning the structure and diversification of the defined exposure as well as the risk and return objectives. The policy for operational risks will be formulated in 2002.

### Monitoring and reporting on risks

The purpose of risk monitoring and reporting is to measure and analyse OKO Bank Consolidated's risk position and to compare it with the objectives and limits set as well as to inform decision makers on OKO Bank Consolidated's risk exposures and their development.



The independence of risk monitoring and reporting is ensured by centralising responsibility for monitoring and reporting within the Risk Management Department. Risks are also monitored actively by the business units.

The Risk Management reports on market risks daily and on other types of risks monthly or quarterly. In addition to these reports, the department prepares, on a quarterly basis, a comprehensive risk analysis of OKO Bank Consolidated, dealing with the business cycle trend and market outlook and monitoring OKO Bank Consolidated's risk capacity and the actual risk exposure in relation to the targets defined in the risk policies.

### Credit risk

Credit risk is OKO Bank Consolidated's most important risk. The objective of credit risk management is to confine the negative impacts on earnings of credit risks arising from customers' liabilities and other liabilities to an acceptable level, at the same time striving to optimise the risk/return ratio. The quality of the credit process occupies a central position in the management of credit risks. The credit process is guided by the confirmed credit risk policies, the decision-making system, decision-making authorisations and operational guidelines.

At the end of 2001 OKO Bank Consolidated's total liabilities, including off-balance sheet items, amounted to EUR 15.2 billion.

The grouping by customer of total liabilities was changed from the previous year such that non-profit entities now include not only housing corporations but also the property management liabilities of housing properties.

The largest customer group was corporate customers, who accounted for 36 per cent of total liabilities. Corporate client commitments grew by EUR 0.4 billion from the end of 2000, increasing by 8 per cent. No material change occurred in the sectoral breakdown of corporate liabilities during 2001.

According to the classification used in the analysis, the two best classes (A and B) accounted for EUR 3.9 billion, or 71 per cent, of corporate liabilities. The two lowest classes comprised EUR 0.3 billion of corporate liabilities, or 6 per cent of the aggregate amount of corporate liabilities. The bulk of the total amount of unclassified commitments, EUR 0.5 billion in total, consisted of loans granted to small business entrepreneurs and property companies.

Financial and insurance company clients' share of OKO Bank Consolidated's total liabilities at the end of 2001 was EUR 3.8 billion, or 25 per cent. Private customers' liabilities grew by 13 per cent to EUR 1.7 billion at the end of 2001.

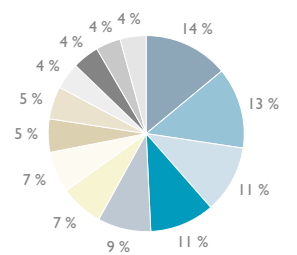
Non-performing and zero-interest claims amounted to EUR 19 million at the end of 2001, compared with EUR 14 million a year earlier. New loan and guarantee losses and loan loss provisions were booked a total of EUR 8 million. The net effect of loan and guarantee losses was a credit of EUR 4 million to income. OKO Bank Consolidated's credit risks have continued to remain fairly minor in amount.

### Market risks

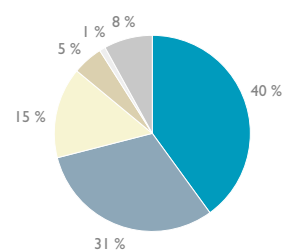
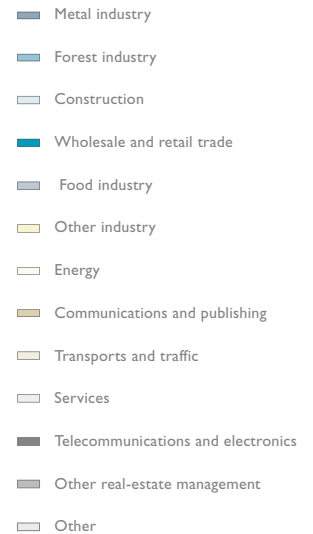
The objective of managing market risks is to confine the risks due to price changes of balance sheet and off-balance sheet items to an acceptable level as well as to promote profit-generating opportunities by optimising the risk/return ratio. A central position in the management of market risks is occupied by a continuous analysis of the structures of risk exposures and the markets as well as forecasting of the effects of changes in the markets on the bank's risk exposure and result.

OKO Bank's total VaR at the end of 2001 was EUR 1.6 million negative. Measured in terms of the effect of a rise of one percentage point in interest rates, OKO Bank Consolidated's interest rate risk at the end of the year (interest rate risks measured in different currencies summed together as absolute values) was EUR 10.3 million and the average during the year was EUR 11.4 million.

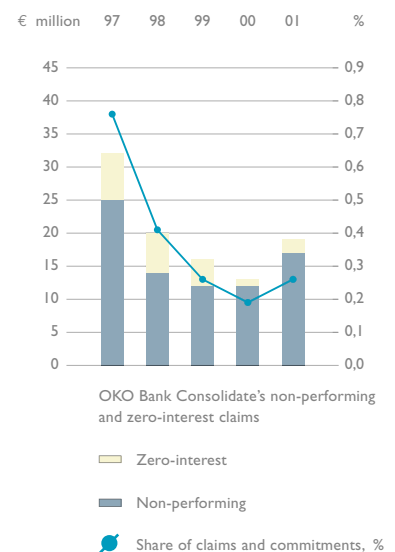
At the end of 2001, OKO Bank's total net foreign exchange exposure was EUR 2.0 million and the average during the year was EUR 2.1 million.



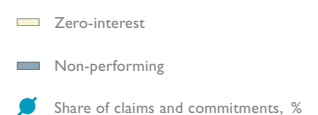
Corporate banking claims by industry

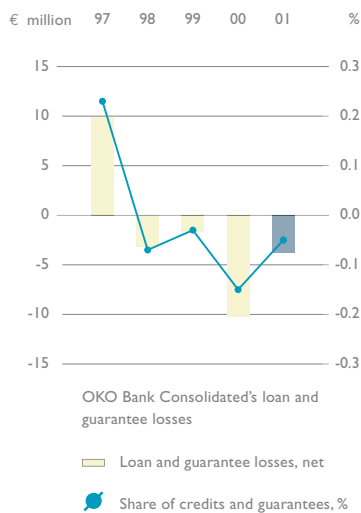


Corporate customers' classified commitments



OKO Bank Consolidated's non-performing and zero-interest claims





The market value of the listed shares in OKO Bank's portfolio at the end of 2001 was EUR 50.6 million, of which the Pohjola Group shares accounted for a total of EUR 25.7 million. Investments in venture capital funds and investment commitments totalled EUR 34.2 million.

The capital invested in OKO Bank Consolidated's real-estate holdings totalled EUR 188 million at the end of 2001, of which EUR 45 million represented properties in OKO Bank Consolidated's own use. The net yield on real-estate investments improved compared with the previous year.

### Funding risk

The purpose of managing funding risk is to ensure a capital structure that is correctly dimensioned from the standpoint of OKO Bank Consolidated's risk capacity and to limit the funding and liquidity risk resulting from the balance sheet structure.

### Strategic risk

Strategic risk means losses arising due to an incorrectly chosen business strategy. OKO Bank Consolidated strives to minimise strategic risks through continuous planning that is based on analyses and forecasts of trends in market areas, the competitive situation and customers' future needs as well as by attending to the organisation's competence and commitment.

### Operational risks

Operational risks refer to losses incurred from processes, individuals, information technology or external factors. Possible losses can also be due to changes in the operating environment, the loss of a good reputation or legal factors. The objective of managing operational risks is to ensure that as a result of the above-mentioned factors OKO Bank Consolidated does not incur excessive risks that jeopardise its operational ability.

### Development of risk management

The development of risk management is guided primarily by the needs of OKO Bank Consolidated's operations. In addition, the banks' capital adequacy framework that is presently in preparation (Basel II) will have an extensive effect on the development of risk management.

The risk management function is following actively the renewal of the capital adequacy framework and analysing the possible effects it may have on the bank's operations and capital structure. Priority areas within the development of risk management are the measurement of credit risk and operational risk as well as the development of a methodology for capital allocation based on actual risk.

## PERSONNEL

### Structure

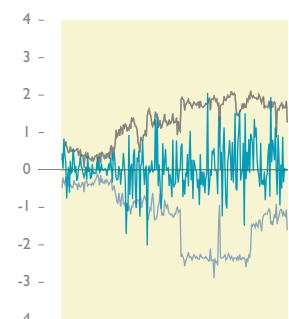
OKO Bank Consolidated had a payroll of 1 059 employees at the end of 2001, or 20 more than at the end of the previous year. During the year the average number of employed staff was 1 070 people, compared with 1 028 a year earlier. The increase in the number of staff was due mainly to the growth in corporate banking. Structural changes affecting the number of staff did not take place within OKO Bank Consolidated in 2001.

Staff turnover involving employees moving to positions outside the OKO Bank Group fell from 6 per cent to 5 per cent. Staff turnover was relatively the largest among the Investment Banking staff.

The structure of the staff remained nearly unchanged. At the end of 2001 the average age of the personnel was 40 years, as in the previous year. The average age of Retail Banking employees remained the highest, 41 years, whereas for Investment Banking it was the lowest, 34 years. Employees under 30 years of age accounted for the same proportion of staff as at the end of 2000, or 19 per cent.

The educational level of OKO Bank Consolidated's staff rose further, with 25 per cent holding an academic degree, whereas the corresponding proportion a year earlier was 24 per cent. 40 per cent of the personnel have completed a post-secondary education. The staff's average work experience within the OKO Bank Group increased somewhat and was about 13 years at the end of the year.

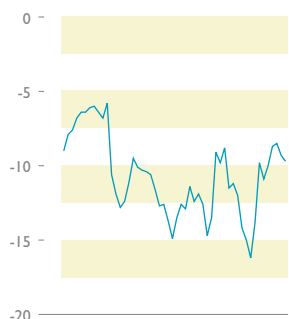
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OKO Bank's daily total VaR, € million

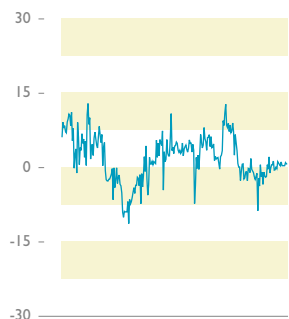
■ VaR (Quantile 2,5)  
■ Quantile 97.5  
■ Backtest

1 13 26 39 52



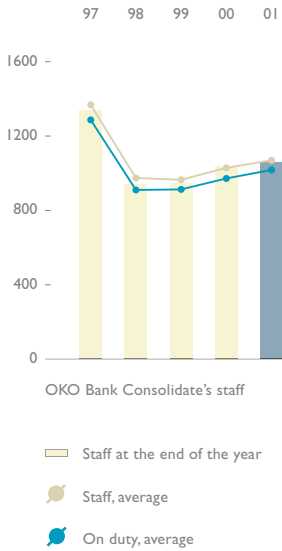
Consolidate's weekly interest rate risk on euro positions, € million

1 13 26 39 52

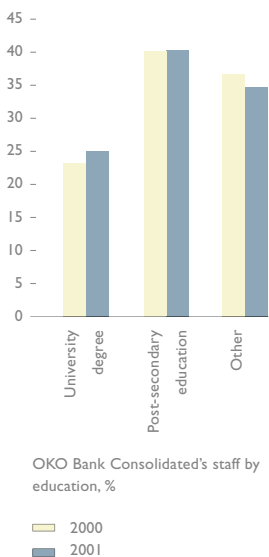
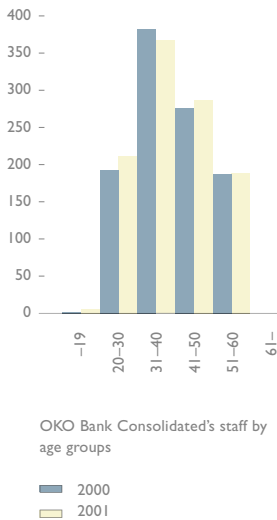


OKO Bank's daily foreign exchange position, € million





← The Einola free-time house was a favoured place for recreation for the personnel of OKO Bank from the 50s to 70s. The present Canto d'Oro Choir of the personnel is in the picture below.



## Competence

The objective of competence development is to build skills for the future and thereby to strengthen the Bank's competitiveness. Competence has been defined as one of OKO Bank Consolidated's critical success factors.

The development of a competence management model was continued in 2001 and the definition of OKO Bank Consolidated's strategic competence areas was sharpened. The organisational units determined the critical competence areas required for implementing the strategy - areas for which the target levels were derived from the units' visions. In development discussions a choice was made of the development targets for personal competence areas and the target levels for them. The development programmes that were prepared in previous years were updated and the participants agreed upon measures to be carried out. Development plans were prepared for new staff members. Competence development is the key objective of the internal performance of each employee and implementation of it is monitored regularly in a development discussion once a year. The basic premise is that everyone bears an individual responsibility for developing his or her own competence within the framework of an agreed plan. It is the task of supervisors to create the possibilities for accomplishing this.

Personnel development costs net of salary costs during days in training were EUR 1.5 million, or 3.2 per cent of staff costs. In 2000 the corresponding share was 2.4 per cent. The staff participated in external training on average for 5 working days. Within Retail Banking, the vocational development focus was on customer relationship management as well as asset management and financial services. The focus of the other divisions was customer relationship management as well as deploying and utilising the online bank. Joint areas of development for all the divisions were co-operation and leadership as well as risk management. The new priority area chosen for 2002 is process expertise.

## Incentives

OKO Bank Consolidated's entire personnel are covered by a bonus system. It encourages employees to meet performance objectives and develop their competence. Rewards are based on individual or group targets and the results are evaluated semi-annually or annually. Agreeing on objectives, monitoring them and evaluating the results are carried out in development discussions that are held twice a year. The targets are derived from the strategy and serve as benchmarks of internal performance, customer performance and financial performance. In 2001 bonuses amounting to a total of EUR 2.8 million were paid to 842 employees on the basis of their performance in 2000.

In 1999 an incentive arrangement was carried out whereby a bond loan with warrants was offered to the entire personnel. In addition, the key employees of Opstock Ltd were offered the possibility of obtaining shares in the company. The objective of the arrangements is to spur the personnel towards long-term goal-oriented work that increases the Bank's shareholder value. At the close of 2001 a third of the personnel owned stock options. 14.4 per cent of Opstock's staff owned shares in the company.

## Working atmosphere

Improvement of the management atmosphere and job well-being were the development objectives in 2001, as in the previous year. In the autumn, for the third year in succession, a comparative personnel survey was carried out, which showed that the development measures have brought results. For about two out of three of the organisational units surveyed, the personnel's estimates were better than they were in autumn 2000, at the time of the previous survey. By and large, the results were better than those of an external reference group.

In 2002 too the bank will strive to improve the management atmosphere, job satisfaction and job well-being. They have been included in the annual plans of all the organisational units as benchmarks of success in the area of internal performance.

Networking with universities and other educational institutions was continued. During the report year OKO Bank Consolidated employees acted as advisers for a number of theses and other final papers dealing with banking operations. At the Helsinki School of Economics, one of the lecture halls is named OKO Hall.

## OKO BANK'S CORPORATE GOVERNANCE

### Annual General Meeting

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

In the Annual General Meeting the proposals for the election of members of the Supervisory Board and the auditors as well as the payment of emoluments and fees to these individuals are prepared in advance by a Council that comprises persons nominated by each of the 16 provincial Federations of the Cooperative Banks.

### Supervisory Board

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

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

The audit duty falling within the competence of the Supervisory Board is exercised by the Inspectorate Committee appointed by the Supervisory Board. It includes four members and two deputy members who can also be non-members of the Board. The Committee elects the Chairman from amongst its members. The Head of the OKO Bank Group Central Cooperative's Internal Audit acts as secretary to the Committee. The Committee holds two meetings annually or more frequently on the request of the Chairman.

## Executive Board

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

## Management's responsibility

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

## President

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

## Principles of compensation

The members of the Bank's Executive Board and the President are paid a monthly salary which is confirmed annually by the Supervisory Board. In addition, they participate in an incentive system covering the entire personnel, on the basis of which annual bonuses can be paid. Furthermore, they take part in the incentive-based arrangement offering bonds with warrants which was implemented in 1999. Under the terms and conditions of the bond loan with warrants, the CEO is entitled to subscribe for 160 000 OKO Bank Series A shares, the presidents of OKO Bank and the OKO Bank Group Central Cooperative for 120 000 shares, the other members of the Executive Board of 80 000 shares and the deputy members for 30 000 shares. At the end of 2001 the members and deputy members of the Executive Board owned a total of 3 526 OKO Bank Series A shares. Details of the stock option arrangements are given in OKO Bank's annual accounts (Note 53), which are annexed to this publication.

## Guidelines for insiders

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

The Executive Board has prepared a proposal to be presented to the Annual General Meeting on March 21, 2002, concerning the amending of certain paragraphs of the Articles of Association.



## SUPERVISORY BOARD    JAN. 1, 2002

Members elected from among OKO Bank Group

Central Cooperative's Supervisory Board

Members, term of office three years

Other members, term of office three years

**Ola Eklund (2000)**

toimitusjohtaja, Karjaa, 2000–2003

**Paavo Haapakoski (1997)**

Principal, Pyhäjoki, 2000–2003

Deputy Chairman

**Ilkka Heinonen (1997)**

Principal, Haapajärvi, 1999–2002

**Mauri Hietala (2000)**

Business Development Director,

Seinäjoki, 2001–2004

**Erkki Laatikainen (1997)**

Professor, Jyväskylä, 1999–2002

**Jorma Lehikoinen (1997)**

Managing Director, Lieksa, 2001–2004

**Vesa Lehikoinen (1997)**

Managing Director, Janakkala, 2000–2003

**Ulf Nylund (2001)**

Managing Director, Vaasa, 2001–2002

**Heikki Oja (2001)**

Farmer, Tervola, 2001–2003

**Jaakko Ojanperä (2000)**

Managing Director, Kuopio, 2000–2002

**Leo Pakkanen (2001)**

Managing Director, Kangasniemi, 2001–2004

**Seppo Penttinen (1996)**

Professor, Savitaipale, 1999–2002

Chairman

**Jukka Ramstedt (1997)**

Managing Director, Pori, 2001–2004

**Turkka Saarniniemi (1997)**

Managing Director, Pertteli, 2000–2003

**Heikki Teräväinen (1997)**

Managing Director, Toijala, 2001–2004

**Keijo Väänänen (1995)**

Professor, Vaala, 2001–2004

**Kaarina Aho (1997)**

Managing Director, Tornio, 2000–2003

**Jussi Hautamäki (1997)**

Lieutenant General, Hämeenlinna, 1999–2002

**Timo Kietäväinen (1991)**

Deputy Managing Director, Helsinki, 1999–2002

**Olavi Kuusela (2000)**

President, CEO, Helsinki, 2000–2003

**Jarmo Lähteenmäki (1995)**

Chairman, Finnish Paper Workers' Union,

Helsinki, 2000–2003

**Kati Myllymäki (1997)**

Licentiate in Medicine, Mikkeli, 2000–2003

**Seppo Paatelainen (1997)**

Managing Director, Seinäjoki, 2001–2004

**Timo Poranen (1993)**

Managing Director, Espoo, 1999–2002

**Kari Puro (2000)**

President, CEO, Espoo, 2000–2003

**Leena Rantanen (2001)**

Director for the Central Church Fund,

Helsinki, 2001–2004

**Valvatti Remes-Siik (1997)**

Deputy Managing Director, Oulu, 1999–2002

**Pertti Stöckel (1992)**

Managing Director, Keminmaa, 1999–2002

**Astrid Thors (1992)**

Member of the European Parliament,

Helsinki, 2001–2004

**Erkki Vähämaa (1997)**

Municipal Manager, Sotkamo, 2001–2004

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

Chairman and CEO

Antti Tanskanen

President

Mikael Silvennoinen

Business Control

Marja Huhta

Corporate Banking	Investment Banking	Retail Banking	Group Treasury	Risk Management, Operations and Processes
Timo Ritakallio	Risto Murto	Hannu Tonteri	Timo Ritakallio	Helena Walldén
Corporate banking, finance company services, venture capital, debt capital markets, money market and foreign exchange, Stockholm branch office.	Securities brokerage, corporate finance, asset management, investment research.	Retail customer services and services for small and medium-sized business customers.	Group member bank financing and internal bank, liquidity management, group treasury, fixed-income and equity investments, real-estate investments, regional monitoring and representative offices.	Risk management, legal affairs and contractual matters, implementation and service processes, cash management, custodial services, IT management and systems, development and online services.
Leasing and hire-purchase Pekka Hujala	Securities Brokerage, institutional customers Investment Research Pekka Laulajainen	Banking Services Timo Teinilä	Real-estate Investments Kari Karvonen	Risk Management Jouko Pölonen
Money, Foreign Exchange and Debt Capital Market Antti Heinonen	Stockbroking, private customers Back Office and Administration	Administration Juha Harsu	Group Treasury and International Division Jorma Alanne	Treasury and capital market operations Ville-Pekka Veijola
Corporate Banking Jarmo Viitanen	Rami Kinnala	Asset Management Jussi Huttunen		Corporate Services Markku Vehmas
Major Clients Kai Heinonen	Corporate Finance Jarmo Tiihonen			Legal Affairs Jari Jaulimo
SME's and Institutional Customers Hannu Jaatinen	Asset Management Matti Rantalainen			IT Management Simo Virkki
	Private Mikael Fast			

EXECUTIVE BOARD AND AUDITORS JAN. 1, 2002



Above from left:

Antti Tanskanen

Reijo Karhinen

Mikael Silvennoinen

Erkki Böös

Below from left:

Timo Ritakallio

Heikki Vitie

Helena Walldén

**CHAIRMAN****Antti Tanskanen (55)**

Chairman and CEO  
Member of the Board since 1996  
M-real Corporation, Member of the Board of Directors  
Unico Banking Group, Member of the Steering Committee  
The Finnish Bankers' Association, Chairman of the Board of Directors  
Member of the Board of the Banking Federation of the EU  
The Central Chamber of Commerce of Finland, Member of the Board of Directors  
YIT Corporation, Chairman of the Board of Directors  
Right of option to subscribe for 160 000 OKO Bank Series A shares.

**VICE CHAIRMAN****Reijo Karhinen (46)**

President, OKO Bank Group  
Central Cooperative  
Member of the Board since 1994  
Luottokunta Oy, Deputy Chairman of the Board of Directors  
Eurocard Oy, Chairman of the Board of Directors  
Oy Radiolinja Ab, Member of the Board of Directors  
The Finnish Housing Fair, Deputy Chairman of the Board of Directors  
Right of option to subscribe for 120 000 OKO Bank Series A shares.

**MEMBERS****Mikael Silvennoinen (45)**

President, OKO Bank  
Member of the Board since 1994  
Unico Banking Group, Member of the Steering Committee  
Holds 1 200 OKO Bank Series A shares, right of option to subscribe for 120 000 OKO Bank Series A shares.

**Erkki Böös (48)**

Executive Vice President  
Member of the Board since September 1, 2001

**Timo Ritakallio (39)**

First Executive Vice President, OKO Bank  
Member of the Board since 1997  
HEX Plc (Helsinki Exchanges), Member of the Board of Directors

Holds 800 OKO Bank Series A shares, right of option to subscribe for 80 000 OKO Bank Series A shares.

**Heikki Vitie (49)**

Executive Vice President  
Member of the Board since 1997  
European Association of the Cooperative Banks, Member of the Board of Directors  
The Employers' Confederation of Service Industries, Member of the Board of Directors  
The Bank Employers' Association, Deputy Chairman of the Board of Directors  
Right of option to subscribe for 80 000 OKO Bank Series A shares.

**Helena Walldén (48)**

Executive Vice President  
Member of the Board since 1994  
Finpro, Member of the Board of Directors  
Polar Real Estate Corporation, Member of the Board of Directors  
YH-Group Ltd, Member of the Board of Directors  
Right of option to subscribe for 80 000 OKO Bank Series A shares.

**DEPUTY MEMBERS****Raimo Tammilehto (58),**

Executive Vice President  
Member of the Board since 1985  
On leave of absence as from February 1, 2002  
Holds 1 526 OKO Bank Series A shares, right of option to subscribe for 30 000 OKO Bank Series A shares.

**Jarmo Viitanen (41)**

Executive Vice President  
Member of the Board since 2001

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

**SECRETARY OF THE BOARDS****Markku Koponen (44)**

Senior Vice President  
Right of option to subscribe for 30 000 OKO Bank Series A shares.

**AUDITORS****Varsinaiset tilintarkastajat**

SVH Pricewaterhouse Coopers Oy, Helsinki, Authorised Public Accountants  
Eero Huusko, Authorised Public Accountant  
Kauko Lehtonen, Authorised Public Accountant

**Deputy**

Auno Inkeröinen, Authorised Public Accountant

## CONTACT ADDRESSES

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[www.okobank.com](http://www.okobank.com)

E-mail addresses:  
[firstname.surname@okobank.com](mailto:firstname.surname@okobank.com)

Visiting address:  
Teollisuuskatu 1b  
FIN-00510 Helsinki

Call Centre 0100 0500  
(In Finland only)

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FIN-00100 Helsinki  
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Telephone: +358 9 12 901  
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OKO BANK

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# FINANCIAL STATEMENTS 2001



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## ACCOUNTING POLICIES

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The annual accounts of OKO Bank and OKO Bank Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree of December 29, 2000, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

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## INFORMATION FOR SHAREHOLDERS

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The Annual General Meeting of OKO Osuuspankkien Keskuspankki Oyj (OKO Bank) will be held in Finlandia Hall in Helsinki on March 21, 2002, at 1.30 p.m. The Executive Board proposes that a dividend of EUR 1.10 be paid on Series A shares and EUR 1.05 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, March 26, 2002, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 4, 2002.

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## CONTENTS

Report of the Executive Board	1
Result of operations and financial position	1
Result	1
Balance sheet	3
Off-balance sheet items	4
Capital adequacy	5
Risk management	5
Joint responsibility	16
Deposit and investment protection	16
Changes in OKO Bank Consolidate's structure	16
Introduction of the euro	16
Outlook	17
The parent bank OKO Bank	17
Result and balance sheet	17
Share capital and share series	18
Shareholders	19
Stockholm branch office and representative offices	19
OKO Bank's business name	19
Corporate governance	20
Executive Board	20
Major subsidiaries	20
Okopankki Oyj	20
Opstock Ltd	21
OP-Finance Ltd	21
Accounting policies	22
Consolidated profit and loss account	26
Consolidated balance sheet	27
Consolidated key figures	29
OKO Bank profit and loss account	30
OKO Bank balance sheet	31
Notes to the accounts	33
Calculation of key ratios	49
Executive Board's proposal for the disposal of distributable funds	50
Auditors' report	51
Statement of the Supervisory Board	52

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## REPORT OF THE EXECUTIVE BOARD

## RESULT OF OPERATIONS AND FINANCIAL POSITION

## RESULT

OKO Bank Consolidated posted operating profit for 2001 of EUR 111 million. Compared with the previous year, the result weakened by EUR 57 million, of which EUR 47 million was due to the reduction in net income on the investment made in shares in Pohjola Group plc, which are not part of core operations.

The core business comprising business divisions posted operating profit of EUR 125 million, down EUR 10 million on the comparison period a year earlier. The uncertainty in the equity markets and the tougher competitive situation reduced commission income from stockbroking and net income from securities transactions. On the other hand, net income from financial operations generated by the business divisions improved substantially.

A major factor affecting the operating profit figures for 2000 and 2001 was the income and expenses connected with Pohjola Group shareholdings. In the report year OKO Bank Consolidated received on these shares a total of EUR 29 million in dividend income, including avoiron fiscal tax credits. Following the dividend payout, OKO Bank Consolidated lowered the value of the shares by EUR 29 million, which was booked to write-downs on securities held as financial fixed assets. In 2000, dividend income amounted to EUR 68 million and the corresponding write-down was EUR 33 million.

In May of 2001 the OKO Bank Group, Mutual Pension Insurance Company Ilmarinen and Suomi Mutual Life Assurance Company agreed that they would cancel the shareholder agreement they signed in December 1999 concerning the ownership of Pohjola Group. When the nature of the investment changed from a strategic investment to a financial investment, the shares were booked at market value for the first time at the end of June. By the end of the year an EUR 13 million write-down was booked on the shares, and this was

recorded in net income from securities transactions in the profit and loss account.

The net effect of the Pohjola Group shares on OKO Bank Consolidated's operating profit was EUR 13 million negative, whereas a year earlier it added EUR 35 million to income. In total amount, the investments made in Pohjola Group shares increased OKO Bank Consolidated's operating profit in 2000 and 2001 by EUR 22 million. OKO Bank's stake in the share capital of Pohjola Group amounted to 2.5 per cent at the end of the year.

OKO Bank Consolidated's return on equity fell from the previous year's figure of 21.5 per cent to 13.0 per cent and earnings per share fell from EUR 2.53 to EUR 1.68. The return on equity excluding net income on investments made in Pohjola Group shares, was 14.3 per cent. In 2000 the corresponding figure was 17.4 per cent. The cost/income ratio was 51 per cent, as against 43 per cent in 2000. OKO Bank Consolidated's long-term target level for return on equity is 14 per cent and for the cost/income ratio it is 55 per cent. The five-year per-share key figures and indicators of financial performance are given in Note 44 to the annual accounts.

Consolidated performance € million	2001	2000	Change %
Net income from			
financial operations	152	124	22
Other income	118	196	-40
Total income	270	321	-16
Total expenses	136	137	-0
Loan losses and			
write-downs	25	22	13
Share of companies			
included using			
the equity method	2	6	-56
<b>Operating profit</b>	<b>111</b>	<b>167</b>	<b>-34</b>



OKO Bank Consolidated's net income from financial operations amounted to EUR 152 million, up EUR 27 million and 22 per cent on the previous year. Net income from financial operations was improved by the increase in lending, the strong growth in deposits from the public as well as successful investment operations.

Dividend income amounted to EUR 35 million, or EUR 37 million less than a year ago. Dividend income net of Pohjola Group dividends totalled EUR 6 million, as against EUR 4 million in 2000.

Net commission income amounted to EUR 56 million, or EUR 10 million less than a year earlier. Net commissions on stockbroking and issuance were significantly lower than in 2000, which was a consequence of the fall in share prices due to the uncertainty on the equity markets during the year. On the other hand, net commissions on lending, payment transfers and guarantees increased compared with the previous year.

Commission income € million	2001	2000	Change %
Lending	10	9	16
Payment transfers	12	12	2
Securities brokerage	15	24	-39
Securities issuance	1	3	-72
Asset management	9	10	-2
Guarantees	4	4	14
Other commission income	4	4	4
<b>Total</b>	<b>56</b>	<b>66</b>	<b>-15</b>

Net income from securities transactions and foreign exchange dealing was EUR 11 million negative, or EUR 23 million less than a year ago.

Net income from trading in debt securities and interest rate derivatives was EUR 6 million in the red. In 2000 it was one million euros in the black. Net income from trading in equities amounted to a loss of EUR 11 million, as against a profit of EUR 5 million a year earlier. Net income from trading in equities includes a write-down of EUR 13 million on the Pohjola Group shares. Net income was reduced by the write-downs made as a consequence of the fall in share prices. Unbooked appreciation in listed shares held as current assets

amounted to more than EUR 3 million at the end of the year, whereas the corresponding amount a year earlier was EUR 8 million. Net income from foreign exchange dealing generated EUR 5 million, or a million euros less than in 2000.

Other operating income amounted to EUR 26 million, a decrease of EUR 3 million on the figure a year earlier. Rental income from real estate amounted to EUR 14 million, as against EUR 17 million in 2000. The figures are not comparable because OKO Bank Consolidated's head office property Kiinteistö Oy OKO-Vallila was included in OKO Bank Consolidated's annual accounts for five months in 2000 before the shares were sold to the OKO Bank Group Pension Foundation. The capital gains obtained on the sale of real-estate property totalled EUR 5 million, a decrease of EUR 2 million on the previous year.

OKO Bank Consolidated's expenses net of commission expenses totalled EUR 124 million, up EUR 6 million and 5 per cent on the figure a year ago.

Administrative expenses grew by EUR 7 million, or slightly less than 8 per cent. Staff costs increased about 3 per cent and accounted for more than half of the aggregate amount of EUR 90 million in administrative expenses. Staff costs were reduced by an EUR 2 million reversal, including avoifiscal tax credits, which the OKO Bank Group Pension Foundation made on a special liability.

The consolidated subsidiaries had an average payroll during the year of 1 070 employees, compared with 1 028 a year ago. At the end of 2001 the number of staff was 1 059, or 20 more than a year ago. Data processing and telecommunications expenses grew by more than 25 per cent to EUR 20 million. They were increased, among other things, by the rise in the volumes of transactions and prices as well as the purchase of new information systems.

The amount of depreciation remained at the previous year's level and was EUR 11 million. The net effect on earnings of write-downs on real-estate company shares included in the total amount of depreciation, and reversals on them, was a charge of EUR 0.3 million, compared with a credit to income of EUR 0.3 million in 2000.

Other operating expenses were on a par with the previous year, or EUR 23 million. The figure included a

provision of EUR 1.5 million for a loss connected with the settlement of securities transactions.

The net effect of loan and guarantee losses was a credit to income of EUR 4 million. The net effect of these on earnings in 2000 was a credit of EUR 10 million. A million euros of final loan and guarantee losses was booked. EUR 5 million of loan losses booked in previous years was reversed. The increases in specific loan loss provisions totalled EUR 8 million and reductions were equal in amount. A year ago final loan and guarantee losses were booked to an amount of EUR 5 million, the amount of reversals was EUR 9 million and the net change in loan loss provisions was a credit to income of EUR 6 million.

The total amount of EUR 29 million of write-downs on securities held as financial fixed assets included an EUR 29 million write-down on Pohjola Group shares.

The share in the results of companies consolidated according to the equity method was EUR 2 million, as against EUR 5 million a year earlier. EUR 0.5 million of Aurum's result was included in OKO Bank Consolidated's earnings, or EUR 3 million less than in the previous year. The share of OP-Kotipankki Oyj's result was EUR 0.5 million and the share of the results of the other associated companies totalled one million euros.

After appropriations, taxes and minority interest, OKO Bank Consolidated's profit for the financial year was EUR 79 million.

#### BALANCE SHEET

The consolidated balance sheet stood at EUR 12.6 billion, an increase of EUR 1.6 billion on the figure at the end of 2000. A major item increasing total assets was the increase in the amount of debt securities.

#### *Lending and investments*

Credits to the public, including leasing assets, amounted to EUR 5 935 million. The credit portfolio grew by EUR 376 million, or 7 per cent, from the end of 2000. Credits to the public accounted for slightly less than 47 per cent of OKO Bank Consolidated's total assets, as against 51 per cent a year earlier.

The amount of non-performing claims at the end of the year was EUR 17 million, or EUR 5 million more than at the end of 2000. The amount of zero-interest

Consolidated balance sheet, € million	Dec. 31, 2001	Dec. 31, 2000	Change %
Credit stock	5 935	5 559	7
Claims on credit institutions	1 542	2 082	-26
Debt securities	4 314	2 259	91
Other assets	859	1 100	-22
<b>Total</b>	<b>12 650</b>	<b>11 000</b>	<b>15</b>
Deposits from the public	1 958	1 630	20
Liabilities to credit institutions and central banks	4 897	3 833	28
Debt securities issued to the public	3 365	3 380	0
Other liabilities	1 812	1 558	16
Equity capital	618	599	3
<b>Total</b>	<b>12 650</b>	<b>11 000</b>	<b>15</b>

claims remained at nearly the same level as a year ago and was EUR 2 million. The amount of non-performing and zero-interest claims was 0.3 per cent of OKO Bank Consolidated's commitments. The corresponding figure a year earlier was 0.2 per cent.

Claims on credit institutions totalled EUR 1 542 million, diminishing by EUR 540 million. The amount of loans and capital investments granted to the member cooperative banks was EUR 1 007 million, or 152 million less than a year ago. In addition, OKO Bank had EUR 208 million of receivables from the Bank of Finland, or nearly the same amount as at the end of 2000. Claims on credit institutions made up 12 per cent of OKO Bank Consolidated's total assets.

The amount of debt securities was EUR 4 314 million, or nearly double the amount at the end of 2000. The amount of debt securities eligible for refinancing with central banks was increased as security lodged with the Bank of Finland for euros that were pre-distributed at the end of the year and advance returns of markka bank notes. The amount of treasury bills was EUR 1 048 million, or EUR 963 million more than a year earlier. The amount of the banks' certificates of deposit grew by EUR 896 million to EUR 1 647 million at the end of the year. The share of debt securities in OKO Bank Consolidated's total assets rose from a bit over 20 per cent to 34 per cent.

The amount of the non-property shares owned by the consolidated companies was EUR 96 million at the end of the year, a decrease of EUR 56 million on the previous year.

The book value of properties and shares in real estate companies declined by EUR 10 million and was EUR 160 million at the end of the year. The bulk of the decrease was attributable to the sale of shares in the Kiinteistö Oy Malminkatu 30 property. The amount of capital invested in real-estate holdings diminished by EUR 9 million and was EUR 188 million at the end of the year. Capital invested in real-estate holdings accounted for slightly less than 2 per cent of total assets at the end of the year.

#### *Deposits and other liabilities*

The amount of OKO Bank Consolidated's deposits from the public grew strongly, totalling EUR 1 958 million at the end of the year. Deposits increased by EUR 327 million, or 20 per cent from the end of 2000. Deposits from the public accounted for more than 15 per cent of OKO Bank Consolidated's total assets

Liabilities to credit institutions and central banks grew by EUR 1 064 million to EUR 4 897 million. Of these liabilities, 64 per cent, or EUR 3 123 million, consisted of deposits which the member banks of the OKO Bank Group placed with OKO Bank. The member banks' deposits with OKO Bank grew by 16 per cent from the end of the previous year. Liabilities to the Bank of Finland amounted to EUR 1 094 million, compared with EUR 300 million a year earlier. The bulk of these liabilities consisted of short-term fixed-period credits because at the turn of the year liquidity was handled mainly through central bank financing. Liabilities to credit institutions and the Bank of Finland made up 39 per cent of OKO Bank Consolidated's total assets at the end of the year.

Debt securities issued to the public amounted to EUR 3 365 million at the end of the year, decreasing by EUR 16 million on the figure a year earlier. Certificate of deposit liabilities grew by EUR 117 million to EUR 2 342 million. The amount of bonds and notes, however, decreased by EUR 133 million to EUR 1 022 million. Debt securities issued to the public accounted for more than 26 per cent of OKO Bank Consolidated's total assets.

Subordinated liabilities totalled EUR 473 million, an increase of EUR 56 million on the figure a year earlier. In March OKO Bank issued an EUR 150 million subordinated bond which is included in Tier II own funds. According to a permission granted by the Financial Supervision Authority in March, OKO Bank repaid in May prematurely a USD 100 million subordinated bond that was included in Tier II own funds. Subordinated liabilities made up slightly less than 4 per cent of OKO Bank Consolidated's total assets.

#### *Equity capital*

OKO Bank Consolidated's equity capital at the end of the year stood at EUR 618 million, an increase of EUR 20 million since the end of the previous year. Distributable equity totalled EUR 120 million.

#### OFF-BALANCE SHEET ITEMS

The amount of guarantees and other off-balance sheet commitments at the end of the year was EUR 2 878 million, an increase of EUR 474 million on the figure a year earlier. The amount of guarantees grew by EUR 23 million since the end of the year, to EUR 439 million. The amount of guarantee commitments was EUR 610 million, which was EUR 88 million, or a good 12 per cent, smaller than at the end of 2000. Unused standby credit facilities increased by EUR 190 million to EUR 1 387 million.

Other off-balance sheet commitments grew by a total of EUR 349 million and were EUR 442 million at the end of the year. The growth was due primarily to the EUR 360 million credit line required for membership of the EBA (Euro Banking Association) Clearing System.

OKO Bank gave a pledge of EUR 779 million to the Bank of Finland to cover the advance and redistribution arrangements for euro banknotes and coins.

The value of the underlying instruments of derivative contracts was EUR 7 642 million, a decrease of EUR 1 225 million since the end of the previous year. Trading in forward rate and currency forward contracts diminished significantly. The amount of forward rate agreements diminished by EUR 951 million to EUR 77 million. The amount of currency forward contracts was EUR 366 million, or EUR 206 million less than the fig-

ure a year earlier. The amount of interest rate swaps diminished by EUR 80 million and was EUR 7 168 million. The amount of other derivatives increased by EUR 12 million and totalled EUR 31 million at the turn of the year. Interest rate swaps accounted for more than 93 per cent of the aggregate value of the underlying instruments of derivative contracts, as against 66 per cent a year earlier. The proportion of the underlying instruments of derivative contracts taken out for hedging purposes was 9 per cent, as against 7 per cent a year earlier.

The credit countervalue of derivative contracts was EUR 74 million, down EUR 22 million on the figure at the end of 2000.

#### CAPITAL ADEQUACY

OKO Bank Consolidated's capital adequacy ratio was 12.8 per cent, or 1.4 percentage point higher than a year earlier. The Tier I capital adequacy ratio was 7.4 per cent, exceeding OKO Bank Consolidated' long-term minimum target by 0.4 percentage point. Own funds grew by EUR 99 million from the end of 2000. The amount of risk-weighted commitments was at nearly the same level as at the end of 2000.

OKO Bank Consolidated's capital adequacy ratio at the end of 1999 was 12.5 per cent; at the end of 1998, 16.2 per cent and at the end of 1997, 19.5 per cent.

€ million	Dec. 31, 2001	Dec. 31, 2000
Own funds		
Tier I	530	504
Tier II	421	349
Deductions	-36	-36
<b>Total</b>	<b>915</b>	<b>816</b>
Risk-weighted receivables, investments and off-balance sheet items	7 150	7 153
Capital adequacy ratio, %	12,8	11,4
Tier I ratio, %	7,4	7,0

The OKO Bank Group's capital adequacy ratio at the end of 2001 was 15.1 per cent, and at the end of 2000 it was 13.7 per cent. The corresponding figure in 1999 was 12.4 per cent; in 1998, 12.2 per cent and in 1997, 11.6 per cent.

## RISK MANAGEMENT

### PRINCIPLES OF RISK MANAGEMENT

OKO Bank Consolidated's ethical principles, strategic choices and long-term financial targets are the foundation of risk management.

The task of risk management is to identify the threats and opportunities that affect the implementation of OKO Bank Consolidated's strategy. The objective of risk management is to ensure that the targets set in the strategy and business plans are achieved and to make certain that the risks which OKO Bank Consolidated assumes are in a correct proportion to its risk capacity.

### ORGANISATION OF RISK MANAGEMENT

In 2001 risk management was developed from the viewpoint of an integrated risk management approach, and the risk management organisation was restructured.

Within OKO Bank Consolidated, OKO Bank's Executive Board takes decisions on the objectives and organisation of risk management, confirms the risk management strategy and Group-level risk policies as well as oversees the implementation of risk management. The Executive Board also approves the decision-making system and decision-making authorisations.

OKO Bank Consolidated set up a Risk Management Committee which reports to OKO Bank's Executive Board and is in charge of co-ordinating and overseeing the principles and operational policy lines of OKO Bank Consolidated's risk management as a whole. At the same time, the Asset and Liability Management Committee, which reported to OKO Bank's Executive Board, was discontinued and its tasks were transferred to the Risk Management Committee. The Risk Management Committee is chaired by OKO Bank's Executive Board member who has responsibility for Risk Management, Operations and Processes and to whom the Risk Management Department reports.

The task of the Risk Management Department is to develop and implement integrated risk management within OKO Bank Consolidated. In addition, the department's tasks include monitoring and reporting on OKO Bank Consolidated's risk capacity and risk policies as well as the preparation and maintenance of decision-making authorisations and instructions concerning

the taking of risks. The Risk Management Department also renders decision-making support and supervises quality in the credit decision process.

#### DECISION-MAKING BODIES

Within OKO Bank Consolidated, OKO Bank's Executive Board is the highest decision-making body in matters connected with risk management.

The OKO Bank Consolidated's Credit Committee reports to OKO Bank's Executive Board and, within the framework of the authorisations confirmed by the Executive Board, takes liability limit and credit decisions concerning customer, bank and country risks. The OKO Bank Consolidated's Credit Committee is chaired by OKO Bank's President.

The Credit Committees, Limit Committee and the department and unit-level decision-making bodies take decisions concerning credit risk within the framework of the confirmed decision-making authorisations.

OKO Bank's Executive Board also approves market risk limits at the level of OKO Bank Consolidated.

The business divisions have primary responsibility for customer relationships and risk-taking. A unit has the right to take credit, market and funding risks within the framework of the approved authorisations and limits and in accordance with OKO Bank Consolidated's risk policies.

#### RISK MANAGEMENT STRATEGY

The central task of risk management strategy is to define the principles of OKO Bank Consolidated's risk management, its risk-bearing ability and the risk appetite. The risk management strategy is reviewed annually.

The risk management strategy sets forth OKO Bank Consolidated's business risks and describes the organisation of risk management, the tasks of the different decision-making levels and organisational units participating in risk management and the division of responsibilities among these functions. In addition, it includes a description of risk management methods and measures as well as the principles of monitoring and reporting.

#### RISK CAPACITY

Risk capacity refers to the ratio of OKO Bank Consolidated's own funds to risk-weighted commitments.

OKO Bank Consolidated's long-term capital adequacy target as calculated with Tier I own funds is 7.0 per cent. Risk taking and a capital structure that are correctly dimensioned, coupled with strong financial performance, ensure OKO Bank Consolidated's risk capacity.

The ratio of Tier I own funds to risk-weighted commitments was 7.4 per cent, as against 7.0 per cent a year earlier. At the end of 2001 the amount of risk-weighted commitments was EUR 7 150 million, or nearly at the same level as a year ago, when it was EUR 7153 million.

OKO Bank Consolidated's risk capacity is formulated in a contingency plan describing not only sensitivity analysis and the target values for risk capacity but also alternative measures in different situations as well as the effect of these measures on own funds and risk-weighted commitments. The contingency plan is reviewed annually.

#### RISK APPETITE

OKO Bank Consolidated has a moderate attitude to risk-taking. Operations are based on a well-considered risk/return approach in accordance with which credit risk, market risks and funding risk are exploited. Business operations also involve strategic risk as well as operational risks.

OKO Bank Consolidated's risk appetite is defined by gauging risks against OKO Bank Consolidated's income. The objective is that the booked net amount of loan losses and provisions across the business cycle does not exceed, on average, 10 per cent of OKO Bank Consolidated's annual income or 0.35 per cent of the credit and guarantee portfolio. The objective is that market risks (including interest rate, foreign exchange and equity risks) do not exceed 5 per cent of OKO Bank Consolidated's estimated annual income.

#### RISK POLICIES

Risk-taking within OKO Bank Consolidated is guided by risk policies, whose content is defined in the risk management strategy.

In the overall risk policy that is formulated annually, the risk appetite is apportioned among types of risks, and equity capital is allocated to the divisions. The amount of equity capital allocated is 7 per cent of the risk-weighted commitments of the divisions.

OKO Bank Consolidated's overall risk policy is complemented by policies for specific types of risk, which are credit, interest rate, foreign exchange, equity, real-estate and funding risk policies as well as the policy for operational risks. Customer group-specific credit risk policies have been prepared for OKO Bank Consolidated's largest customer groups, which are corporate customers, financial sector and insurance companies as well as private customers. In addition to these, a policy has been formulated for dealing with country risks.

In the risk-type policies setting forth the amount of risk (exposure) OKO Bank Consolidated has assumed, the principles concerning the structure and diversification of the defined exposure as well as the risk and return objectives. The policy for operational risks will be formulated in 2002.

The business units prepare risk policies guiding their operations on the basis of OKO Bank Consolidated's policies.

#### MONITORING AND REPORTING ON RISKS

The purpose of risk monitoring and reporting is to measure and analyse OKO Bank Consolidated's risk position and to compare it with the objectives and limits set as well as to inform decision makers on OKO Bank Consolidated's risk positions and their development. Tracking risks also involves monitoring the observance and implementation of OKO Bank Consolidated's risk management strategy and risk policies.

The independence of risk monitoring and reporting is ensured by centralising responsibility for monitoring and reporting within the Risk Management Department. Risks are also monitored actively within the business units.

The Risk Management Department reports on market risks daily and on other types of risks monthly or quarterly. In addition to these reports, the department prepares, on a quarterly basis, a comprehensive risk analysis of OKO Bank Consolidated dealing with the business cycle trend and market outlook and monitoring OKO Bank Consolidated's risk-bearing ability and the actual risk position in relation to the targets defined in the risk policies.

#### MANAGING CREDIT RISKS

Credit risk means the risk of loss due to the inability of the bank's debtor or counterparty to pay its agreed obligations in cases where the collateral does not secure OKO Bank Consolidated's receivables, OKO Bank Consolidated's credit risks include counterparty, country and settlement risks. Country risk is a credit risk related to foreign receivables on a country by country basis. Settlement risk relates to the clearing and settlement process and involves the risk of losing a receivable that is subject to settlement.

The objective of credit risk management is to confine the negative impacts on earnings of credit risks arising from customers' liabilities and other liabilities to an acceptable level whilst seeking to optimise the risk/return ratio. The quality of the credit process occupies a central position in the management of credit risks. The credit process is guided by the confirmed credit risk policies, the decision-making system, decision-making authorisations and operational guidelines.

A prime aspect in managing settlement risk is to make sure of the reliability of counterparties. The aim is to reduce settlement risk by using standard-form agreements as well as by centralising the handling of settlements through reliable clearing centres.

The bank seeks to reduce credit risks through diversification as well as by defining collateral and covenant policies on a customer-by-customer basis. OKO Bank Consolidated does not make use of credit risk derivative agreements, nor have loans been securitised. The taking of credit risk is also limited by the greatest possible customer liabilities defined on the basis of equity capital as well as by the limit structure that is in use.

#### *Credit risk policy*

OKO Bank Consolidated's credit risk policy defines the principles concerning the composition, diversification and customer selection in respect of total liabilities as well as the use of collateral and covenants. Credit risk policy also describes the risk/return objectives. The purpose of credit risk policy is to ensure that OKO Bank Consolidated does not incur excessive risk concentrations by country, industry, customer group, group of connected clients or time period.

Targets for liability ceilings have been set for the industry-specific liabilities within credit risk policy. The purpose of these liability ceilings is to ensure that total corporate liabilities are spread out across a sufficient number of different industries. The industry-specific liability ceilings are reviewed annually. Country risk policy provides for diversifying risk by setting maximum amounts on the liabilities for individual groups of countries.

The risk related to financial and insurance companies is diversified by credit rating, issuer and product. In addition, in order to ensure the liquidity of debt security investments, minimum sizes have been defined for issues in which the Bank can invest.

The credit risk of private customers is diversified on the basis of the number of large customers and the amount of liabilities per customer.

#### *Credit risk limits*

For most corporate and financial institution clients as well as countries, a limit on total liabilities has been confirmed as well as the credit-taking policy for short and long-term liabilities.

The country limit is a euro-denominated upper limit on OKO Bank Consolidated's claims on the basis of the country risk for a given country. The amount of the country limit for each country and any time limitation thereon are defined in accordance with the country's credit rating and OKO Bank Consolidated's risk capacity such that it supports the approved business principles. Country limits are reviewed at least once a year.

The liability limit is a euro-denominated upper limit on customer-specific commitments which is confirmed by OKO Bank's Executive Board and OKO Bank Consolidated's Credit Committee annually for those OKO Bank Consolidated corporate customers whose liabilities or planned liabilities exceed or will exceed EUR 5 million. Financing and limit proposals for liabilities under five million euros are dealt with by lower-level decision-making bodies.

The financial institution limit is approved by OKO Bank's Executive Board or OKO Bank Consolidated's Credit Committee and is a euro-denominated counterparty limit that is specified by time period and product and within the framework of which business is conduct-

ed with financial institutions. It is a condition for the granting of a limit that the financial institution is located in a country for which a country limit has been approved. The financial institution limits are reviewed annually.

#### *Credit process*

The credit process is arranged such that proposals, decision-making, execution and monitoring are discrete processes. Account Managers prepare and propose liability limit and credit as well as financing proposals to the decision-making bodies.

Within OKO Bank Consolidated, a credit decision is based on a credit analysis which includes a report on the credit applicant, the liabilities granted to the customer or group of connected clients and the collateral for them, the collateral and covenant policy for short and long-term liabilities, an analysis of the customer's creditworthiness as well as a forecast of the trend in the customer's financial state. For corporate customers, a financial statement analysis is always attached to the credit limit proposal, and for new corporate customers there is often also a company study.

Most often, credit decision proposals for corporate and financial institution customers involve a position statement by the Risk Management concerning the credit risk.

Within OKO Bank Consolidated, a country's credit rating involves an assessment on the basis of the credit rating institution's financial indicators, the financial indicators describing the country's economic and political state and development as well as other information concerning the country. Countries are divided on the basis of their external credit rating into five country risk groups. Group 1 includes those countries to which Moody's assigns a credit rating of Aaa. Group 2 includes those countries to which Moody's assigns a credit rating of at least A3. Group 3 includes those countries to which Moody's assigns a credit rating of at least Baa3, or the lowest Investment Grade. Group 4 includes those countries which are defined as being relatively high risk countries, and group 5 includes countries that are defined as being very high risk countries or for which there is no credit rating.

OKO Bank Consolidated is presently building an internal sectoral risk classification aiming at an assessment of the credit rating of various industries. Plans call for introducing the risk classification during 2002.

At present the basis of assessing the credit rating of corporate customers is a financial statement analysis, on the basis of which corporate customers are ranked according to five classes (A–E). The objective is to renew OKO Bank Consolidated's internal system of assessing the credit quality of corporate customers and to place it in use during 2002. The internal classification model for credit risks which is under development is based on historical, present and expected values of numerical factors as well as on qualitative factors. If the company also has a public credit rating, this is used as one factor in assessing creditworthiness. In respect of foreign companies the assessment of creditworthiness is based on public credit rating classes.

The credit rating classifications of external rating institutions are used in evaluating the creditworthiness of financial institutions.

The credit quality of private customers is assessed on the basis of a payment ability calculation concerning the customer, which takes into account factors such as the customer's disposable income, expenses and collateral as well as the estimated changes in them.

#### *Measuring, monitoring and reporting on credit risk*

Credit risk is measured on an individual customer basis in terms of the collateral shortfall, i.e. the difference between liabilities and collateral. As a gauge of the probable loss, the Bank uses a weighted collateral shortfall which is calculated for individual customers and is determined in accordance with the customer-specific open position and the customer's analysis class. In addition, the Bank uses as gauges of credit risk the proportion which problem loans and overdue payment instalments represent within total commitments as well as the proportion of loan losses within revenues and the credit and guarantee portfolio.

Customer monitoring is divided into an annual analysis of financial statements and interim reports as well as continuous monitoring of the customer's payment behaviour and the customer's operations.

Customers' payment behaviour, due payment instal-

ments and problem credits are monitored continuously on the basis of information obtained from both OKO Bank Consolidated's internal monitoring service as well as from external services.

OKO Bank Consolidated's customers for whom the Bank wishes to examine more closely than ordinarily the development of the customer's financial state, the amount of credit risk and the customer's payment behaviour are placed on a special credit watch. This often means that the level of decision-making concerning the credit is also raised. Furthermore assessed in the same context are a change in the customer's credit rating, the probability of a credit loss as well as the need to make a loan loss provision.

For corporate customers, the liability limits approved by group of connected clients as well as total limits that are approved for financial institution groups are monitored within the credit decision process. In addition, credit decisions are monitored in decision-making bodies by always furnishing the credit decision minutes as information for the next decision-making level.

Reporting on credit risks is centralised within the Risk Management. The implementation of credit risk policy is reviewed in OKO Bank Consolidated's risk analysis, which reports on the trend in the amount of liabilities, the quality of total liabilities and risk as well as the trend in problem loans and their impact on earnings. The use of limits as well as any overdrawals are reported on regularly. In addition, the Risk Management Department prepares sectoral, credit and investment portfolio analyses.

#### *Credit risk position at December 31, 2001*

At the end of 2001 OKO Bank Consolidated's total liabilities, including off-balance sheet items, amounted to EUR 15.2 billion, an increase of 22 per cent on the figure a year earlier. The amount of debt securities grew substantially compared with the end of 2000.

Off-balance sheet items accounted for EUR 2.9 billion of total liabilities. Off-balance sheet items consisted mainly of guarantees, unused credit facilities, undrawn loans and the credit equivalent amount of derivative contracts.

The grouping by customer of total liabilities was changed from the previous year such that non-profit



Sector	31.12.2001		31.12.2000	
	Mrd €	%	Mrd €	%
Corporates	5,5	36	5,1	41
Finance and insurance	3,8	25	2,6	21
Private customers	1,7	11	1,5	12
Public entities	1,6	11	0,6	5
Other	1,5	10	1,8	14
Non-profit institutions	1,0	6	0,9	7
<b>Total</b>	<b>15,2</b>	<b>100</b>	<b>12,5</b>	<b>100</b>

entities now include not only housing corporations but also the property management liabilities of housing properties. In this respect the customer grouping differs from the sectoral division used in reporting to the authorities.

A significant part of credit risk, or 36 per cent, consists of liabilities for corporate customers. Credit risk related to corporate customers arises from financing and payment transfer services offered to businesses as well as from money market, capital market and foreign exchange dealing services.

Corporate client commitments grew by EUR 0.4 billion from the end of 2000, increasing by 8 per cent.

A substantial part of the growth in corporate customer liabilities consisted of security-backed claims.

According to OKO Bank Consolidated's credit risk policy, the share which an individual industry can represent within corporate liabilities can be a maximum of 18 per cent. Corporate liabilities are divided by industry as follows:

Industry	31.12.2001		31.12.2000	
	%	%	%	%
Metal industry	14	16		
Forest industry	13	13		
Construction	11	9		
Wholesale and retail trade	11	12		
Food industry	9	9		
Other industry	7	7		
Energy	7	8		
Communications and publishing	6	3		
Transports and traffic	5	5		
Services	4	4		
Telecommunications and electronics	4	5		
Other real-estate management	4	4		
Other	5	5		
<b>Total</b>	<b>100</b>	<b>100</b>		

The four largest industries were the metal industry, forest industry, construction and the retail and wholesale trade. The relative proportions of other industries were less than 10 per cent of the total amount of corporate liabilities. No material change occurred in the breakdown of corporate liabilities by industry during 2001.

Liabilities for the telecommunications and electronics industries were 4 per cent of the total amount of corporate liabilities and they related mainly to the large Finnish telephone operators.

OKO Bank Consolidated's large customer liabilities at the end of 2001 amounted to EUR 1 560 million, or 170 per cent of OKO Bank Consolidated's own funds, which totalled EUR 915 million. A year earlier the corresponding figures were EUR 1 640 million and 201 per cent. Large customer liabilities are considered to stem from those corporate customers of OKO Bank Consolidated, whose liabilities exceeded 10 per cent of OKO Bank Consolidated's own funds. Large customer liabilities arose from 12 group of connected clients, and their aggregate liabilities amounted to 28 per cent of total corporate liabilities.

Gauged by analysis class, the best class (A) accounted for EUR 2.2 billion, or 40 per cent, of the corporate liabilities and the second-best class (B) for EUR 1.7 billion, or 31 per cent, of corporate liabilities. Liabilities in classes A and B accounted for 71 per cent of the amount of corporate liabilities. According to OKO Bank Consolidated's credit risk policy, the aggregate proportion of the two best classes must be at least 55 per cent of all corporate liabilities. The two lowest classes comprised EUR 0.3 billion of the corporate liabilities, or 6 per cent of the aggregate amount of corporate liabilities. Financial statement information for 2000 has mainly been used as the basis of the analysis classification for corporate liabilities.

The bulk of the total amount of unclassified commitments, EUR 0.5 billion in amount, consisted of loans granted to small business entrepreneurs and real-estate property companies.

According to the credit risk policy, financing for companies belonging to the weakest credit class has been limited by setting a maximum amount for the

weighted collateral shortfall. Companies belonging to classes D and E are financed as a rule only when collateral security is lodged.

Companies belonging to the best analysis group are often granted commitments without collateral security, but in this case active use is made of covenants protecting the lender's position.

Within OKO Bank Consolidated, financial institutions are a major counterparty in trading in the money, foreign exchange and capital markets. The credit risk connected with financing and insurance companies arises mainly from deposits given and from investments in securities issued by financial and insurance companies. Financial and insurance company clients' share of OKO Bank Consolidated's total liabilities at the end of 2001 was EUR 3.8 billion, or 25 per cent.

OKO Bank Consolidated's credit risk for private customers is connected mainly with the operations of Oko-pankki Oyj. At the end of 2001, liabilities for private customers amounted to EUR 1.7 billion, or 11 per cent of OKO Bank Consolidated's total liabilities. Liabilities for private customers grew by EUR 0.2 billion from the end of 2000, increasing by 13 per cent. Most of the liabilities for private customers consisted of housing loans.

Liabilities for public sector entities grew by EUR 1.0 billion since the turn of the previous year. The growth was attributable mainly to government treasury bills.

The group "Other" includes the liabilities for the member cooperative banks and the OKO Bank Group Central Cooperative's institutions, which declined by EUR 0.3 billion from the end of 2000.

Liabilities for non-profit institutions grew by 5 per cent on the previous year. Most of the liabilities for non-profit institutions consisted of liabilities for housing corporations and non-profit builders.

OKO Bank Consolidated's country risk arises from investments and liabilities abroad. The greatest part of the country risk consists of deposits given to foreign banks and of investments in foreign bonds and notes. Retail and wholesale financing and payment transfers account for a minor portion of country risk.

The amount of country risk, excluding Finland, was EUR 1.1 billion at the end of 2001. Liabilities belonging to the two best country risk groups (1 and 2) amounted to 96 per cent, as against 98 per cent a year earlier.

Country risk group	31.12.01	%	31.12.00	%
€ million				
Group 1	932	83	1 004	83
Group 2	154	14	191	16
Group 3	33	3	16	1
Group 4	9	1	3	0
Group 5	1	0	1	0
<b>Total</b>	<b>1 129</b>	<b>100</b>	<b>1 215</b>	<b>100</b>

Risk-taking relating to countries belonging to country risk groups 3, 4 and 5 is mainly associated with financing for the foreign trade, because treasury operations are limited to the countries included in country risk groups 1 and 2.

The amount of non-performing and zero-interest claims at the end of 2001 was EUR 19 million. The amount of non-performing and zero-interest claims was up EUR 5 million since the end of the previous year. Non-performing and zero-interest claims accounted for 0.3 per cent of total commitments at the end of 2001. The corresponding figure a year earlier was 0.2 per cent.

In 2001 OKO Bank Consolidated booked new loan and guarantee losses as well as loan loss provisions to EUR 8 million whereas the corresponding figure in the previous year was EUR 2 million. The amount of loan loss reversals and reductions in loan loss provisions was EUR 12 million, same as previous year. The net effect on earnings of loan and guarantee losses was a credit of EUR 4 million, or EUR 6 million less than in 2000. More than 80 per cent of the gross amount of loan and guarantee losses as well as loan loss provisions was attributable to liabilities for corporate customers. Examined by individual sectors, about half of the loan and guarantee losses as well as credit loss provisions were for the sawmill industry and the remainder were for several different industries.

In 2001 the net amount of OKO Bank Consolidated's loan and guarantee loss as well as provisions amounted to -1.5 per cent of annual income and -0.1 per cent of the credit portfolio and total guarantees, whereas the corresponding figures a year earlier were -3.2 per cent of annual income and -0.2 per cent of the credit portfolio and total guarantees.

OKO Bank Consolidated's credit risks have continued to remain fairly minor in amount.

## MANAGING MARKET RISKS

Market risks represent the effects on the Bank's earnings of changes in market prices, i.e. interest rates, foreign exchange rates and equity prices, volatilities and other market prices. The liquidity risk of the markets is part of market risk. Risk arises when the markets do not have sufficient depth or the markets do not function owing to some disturbance, for which reason the Bank is not able in all situations to unwind its risks in respect of the prevailing market prices.

The objective of managing market risks is to confine the risks due to price changes of balance sheet and off-balance sheet items to an acceptable level as well as to promote profit-generating opportunities by optimising the risk to income ratio.

For market risks related to interest rate, foreign exchange, equity and real-estate risks, OKO Bank Consolidated has formulated organisation-wide risk policies defining the principles and limits concerning the structure and diversification of the exposure. The purpose of risk policies is to ensure that OKO Bank Consolidated does not incur excessively large market risks related to its risk capacity and appetite. Interest rate risk is diversified across currencies, products and maturities. Foreign exchange risk is spread across currencies. Equity and venture capital investment risk is diversified by market area, sector and issuer. Within venture capital investments, the diversification of risk is managed in accordance with the regulations of each mutual fund.

Market risks are involved in both trading and asset and liability management. Trading operations are based on active short-term trading and management of market risks. The task of asset and liability management is to manage both the credit and interest rate risk of the Bank's investment operations and the interest rate risk arising from OKO Bank's banking book as well as other components of the balance sheet.

A central position in the management of market risks is occupied by continuous analysis of the structures of risk exposures and the markets as well as forecasting of the effects of changes in the markets on the bank's risk position and result. Efficient management of market risks calls for timely and correct information on exposures and markets as well as a fast response to

changes in the markets. Market risks are managed by adjusting the risk exposure through both balance sheet and derivative instruments. OKO Bank Consolidated makes active use of interest rate and foreign currency derivatives, for which the amounts of the underlying instruments and credit equivalent amount are disclosed in Note 50 to the accounts.

*Measuring, monitoring and reporting on market risks*

Within OKO Bank Consolidated, interest rate risk is measured in terms of the effect of a change of one percentage point in the interest rate on the present value of future cash flows. The limit benchmarks used for foreign exchange risks are the total net exposure and the foreign exchange exposure. The limit measure that is used for equity risk is the market value of the equity portfolio. Real-estate risk is measured in terms of the amount of capital invested in leaseable properties as well as by the vacancy rate of leaseable properties.

In addition, OKO Bank's interest rate, foreign exchange and equity risks are measured by means of Value at Risk (VaR) analysis.

VaR analysis is based on the historical behaviour in interest rates as well as foreign exchange rates and equity prices. The model estimates the change in the market value of exposures over a one-day holding period, which means the time which is needed to unwind the position. The model provides a loss forecast, according to which with a probability of 97.5 per cent the loss is less than or no more than equal to the forecast given by the model.

Because VaR analysis is based on price changes that have materialised historically (volatility) and it gives a loss estimation in the "normal" conditions in the markets, the analysis is supplemented with daily stress testing. Stress testing provides a means of estimating the effects which larger market changes that have taken place during the period of analysis have on the result of the open risk position. The model's forecasting ability is monitored using daily back-testing: the result of the test can exceed the loss estimate by an average of 2.5 times during a 100-day period.

The advantages of a method based on historical simulation are empirical distributions and correlations

that have been realised in the markets, in addition to which the method is easy to understand. On the other hand, problems are the forecasting of risk based on the historical behaviour, the effect of the length of the time series sample on the value of the risk estimate, the discontinuity of extreme changes, particularly at the loss tail of the distribution, and the autocorrelation which is embodied in the time series.

When the scenario analyses and methods of measuring credit risks were being developed, the parallel use of the Value at Risk method based on Monte Carlo simulation was started at the beginning of 2002.

The Risk Management Department monitors and reports on OKO Bank's interest rate, foreign exchange and equity risk limits and alarm limits daily as well as provides weekly reports on the interest rate risk of OKO Bank Consolidated's financial institution subsidiaries.

OKO Bank's total VaR at the turn of the year was EUR 1.6 million negative. In the second quarter the average VaR was EUR -2.0, the minimum EUR -0.9 million and the maximum EUR -2.9 million. The Pohjola Group plc shares were included in the VaR analysis as from July 1, 2001; accordingly, the average figures have been calculated for the latter half of the year.

#### *Interest rate risk*

Interest rate risk is divided into price risk and repricing risk. Price risk is the effect of a change in market interest rates on the market value of interest-bearing, negotiable securities and derivative contracts. Repricing risk is the uncertainty resulting from a change in interest rates and arising in the repricing of agreements (interest rate review or falling due) in respect of a receivable or interest payable. Changes in interest rates have an opposite direction effect on the materialisation of price and repricing risks.

Interest rate risk arises from the fact that the maturities of balance sheet and off-balance sheet items, interest rate resetting times or the interest rate basis differ from each other. Within OKO Bank, only separately defined units are allowed to take on interest rate risk within the specified limits. Other balance sheet interest rate risk is transferred to asset and liability management. Specific interest rate risk limits are set for OKO Bank's subsidiaries.

OKO Bank Consolidated's interest rate risk position had a descending view for interest rate levels throughout the year. During the first three quarters the trend in interest rates was descending. Right in the last months of the year, uncertainty in the interest rate markets increased. Earnings generated from assuming an interest rate risk clearly exceeded the target set.

Measured in terms of the effect of a rise of one percentage point in interest rates, OKO Bank Consolidated's interest rate risk at the end of the year (interest risks measured in different currencies summed together as absolute values) was EUR 10.3 million and the average during the year was EUR 11.4 million. During 2001 the minimum amount of interest rate risk was EUR 6.9 million and the maximum amount EUR 17.0 million. The standard deviation of interest rate risk was EUR 2.7 million. In the previous year the average interest rate risk was EUR 5.1 million and the standard deviation EUR 1.5 million.

The interest rate risk VaR at the end of the year was EUR -1.3 million. The average VaR in the latter half of the year was EUR -0.6 million, the minimum being -0.4 and the maximum -1.3 million euros.

#### *Foreign exchange risk*

Foreign exchange risk arises when the amounts of receivables and liabilities in the same currency differ from each other. OKO Bank Consolidated's foreign exchange risks are centralised within OKO Bank, which is the OKO Bank Group's only institution that operates actively in the foreign exchange markets.

OKO Bank's overnight foreign exchange position was small throughout the year. At the turn of the year the total net foreign exchange position was EUR 2.0 million. The average position was EUR 2.1 million and at its greatest it was EUR 15.4 million. The standard deviation of foreign exchange risk was EUR 6.8 million. In 2000, the total net foreign exchange position was on average EUR -1.1 million and the standard deviation was EUR 0.05 million.

The VaR of OKO Bank's foreign exchange position at the turn of the year was EUR -0.007 million and during the year it was on average EUR -0.44 million.

The result of foreign exchange dealing was good in relation to the target set and it was based primarily on intra-day trading.

*Volatility risk (options business)*

Within the options business, market risks were not taken, but risks arising from customers' operations were fully hedged.

*Equity risk*

Within OKO Bank Consolidated, equity risk arises from equity and venture capital investment operations. Equity investments include both shares purchased for trading purposes and for holding over a longer term.

The equity risk policy defines the principles guiding the composition of the equity portfolio and the selection of individual investment items.

The market value of the listed shares in OKO Bank's portfolio at the end of the year was EUR 50.6 million, including investments in Pohjola Group plc shares having a market value of EUR 25.7 million. At the end of 2000 the aggregate market value of the listed shares was EUR 99.5 million, of which the Pohjola Group plc shares accounted for EUR 60.8 million.

The three largest sectors of the shares booked in current assets and their relative proportions were: insurance, 51 per cent; construction, 12 per cent and the metal industry, 6 per cent.

A comprehensive VaR analysis of the equity portfolio booked in current assets was started on July 1, 2001, when the OKO Bank-owned shares in Pohjola Group plc were included in the VaR analysis. The VaR at the turn of the year was EUR -1.4 million, of which the Pohjola Group plc shares accounted for about a half. The average equity VaR in the latter half of the year was EUR -1.9 million, with a minimum of EUR -1.4 million and a maximum of EUR -2.2 million.

At the end of 2001 OKO Bank's investments in venture capital funds totalled EUR 11.9 million, in addition to which there were EUR 22.3 million of binding investment commitments.

Share prices plummeted in 2001, as a consequence of which the result realised from equities was weak.

*Real-estate risk*

Real-estate risk refers to change-in-value and yield risks connected with real-estate holdings. OKO Bank Consolidated's objective is to reduce the amount of capital

invested in real-estate holdings and to raise the yield level.

Real-estate risk policy defines the principles guiding the composition of the real-estate investment portfolio and the selection of individual investment items. Each year appraisals and action plans are prepared for the individual properties in the property portfolio. Real-estate risks are reported on quarterly in OKO Bank Consolidated's risk analysis.

The capital invested in OKO Bank Consolidated's real-estate holdings totalled EUR 188 million at the end of 2001, of which EUR 45 million represented the proportion of properties in own use. A year earlier the corresponding figures were EUR 197 million and EUR 39 million. The net yield on real-estate investments improved compared with the previous year. Real-estate risks are estimated to be minor in amount.

## MANAGEMENT OF FUNDING RISK

Funding risk refers to the uncertainty connected with the availability of refinancing and the effect of the trend in the Bank's credit rating on the price of financing. Risk arises when the maturities of receivables and liabilities differ from each other. Funding risk also arises if either liabilities or receivables or both are concentrated in respect of counterparties, instruments or market segments.

Liquidity risk refers to the uncertainty regarding the availability of funding when liabilities and other payments fall due. Such a risk can materialise, for example, if market liquidity diminishes or due to the weakening in a prospective borrower's creditworthiness. Provision is made for liquidity risk by maintaining a reserve portfolio consisting of liquid debt securities.

The purpose of managing funding risk is to ensure a capital structure that is correctly dimensioned from the standpoint of OKO Bank Consolidated's risk-bearing ability and to limit the funding or liquidity risk resulting from the balance sheet structure. Funding risk is diversified by spreading it out across maturity classes, counterparties and instruments.

OKO Bank Consolidated's main sources of financing are issues of certificates of deposit as well as bonds and notes, interbank deposits and the member cooperative banks, deposits from the public and the Bank's eq-

uity capital. OKO Bank's credit rating affects the availability and price of funding on the international money and capital markets.

The management of OKO Bank Consolidated's balance sheet structure and funding risks is affected by OKO Bank's responsibility as a central financial institution to see to it that the OKO Bank Group has adequate liquidity reserves. OKO Bank also sees to the adequacy of the funding of its subsidiaries Okopankki and OP-Finance Ltd. Individual funding risk limits have been set for the funding risks arising from the subsidiaries' operations, and the companies handle their funding risk positions in accordance with these limits.

Funding risk policy defines the principles connected with the structure of OKO Bank Consolidated's long-term funding and the management of liquidity. In addition, the policy defines the principles governing the level and maintenance of the OKO Bank Group's statutory liquidity reserve, for which OKO Bank is responsible.

A funding plan is drawn up annually in line with OKO Bank Consolidated's financial position and capital adequacy targets.

#### *Measuring, monitoring and reporting on funding risk*

Funding risk is measured, by maturity class, in terms of the magnitude of the net cash flow of said class (the difference of receivables and liabilities). In addition, OKO Bank analyses financial risk by source of procurement and investment item.

Limits are imposed on financial risks by setting euro-denominated limits on the annual capital net cash flows by maturity class, the magnitude of which is proportioned to total assets. For OKO Bank's cash reserve funds which form the OKO Bank Group's liquidity reserve, a separate limit has been set which is the statutory lower limit of the Group's cash reserve funds.

Note 42 to the accounts presents the maturity breakdown of the main asset items.

Funding risks are reported on monthly.

#### STRATEGIC RISK

Strategic risk means the losses arising due to an incorrectly chosen business strategy.

Strategic risk can materialise if customer behaviour, technology or the markets move in a different direction from what has been forecast. This can lead to a situation in which income declines faster than it is possible to adjust costs. Similarly, strategic risk can materialise if the organisation's competence level or capability to undertake change are not sufficiently high.

OKO Bank Consolidated strives to minimise strategic risks through continuous planning that is based on analyses and forecasts of trends in market areas, the competitive situation and customers' future needs as well as by attending to the organisation's competence and commitment.

#### OPERATIONAL RISKS

Operational risks are a consequence of the fact that OKO Bank Consolidated carries out its business operations. Operational risks refer to losses incurred from processes, individuals, information technology or external factors. Possible losses can also be due to changes in the operating environment, the loss of a good reputation or legal factors.

The objective of the management of operational risks is to ensure that OKO Bank Consolidated does not incur excessive risks jeopardising its operational ability which are related to the personnel, processes, information systems, security or legal issues.

Within OKO Bank Consolidated, responsibility for the management of operational risks rests with the business units. The management of operational risks includes management procedures and ways of working, the management of processes, quality assurance, controls and a professionally skilled staff. The management of operational risks also involves descriptions of business processes and products as well as instructions concerning data and bank security.

It is attempted to prevent risks from materialising by separating from each other decision making, implementation and monitoring as well as by developing the quality and efficiency of processes. The introduction of new products is preceded by the planning and testing of operational processes and the issuing of guidelines for them.

In banking operations, an essential element of risk prevention is the correctness, integrity, unimpeachability

ty, availability and data security of information – elements whose importance comes to the fore in electronic transactions. In development work on information systems and in placing them in use, particular attention is paid to the adequacy of specification, content and technical expertise, testing as well as pilot stages.

OKO Bank Consolidated engages in close co-operation with the OKO Bank Group in formulating guidelines for data security and bank security. Provision is made for unforeseen situations by means of continuity plans for information technology and business operations, and these are developed and updated regularly. An important part of the management of operational risks is the studies carried out by the OKO Bank Group Central Cooperative's internal audit. Property, theft and liability insurance policies are also taken out to protect against losses due to operational risks.

In measuring operational risks the principal emphasis is on losses caused by incomplete or deficient processes or information systems. The benchmarks used are the numbers and duration of errors and fault situations as well as the size of the costs resulting from the errors that have arisen.

OKO Bank Consolidated forecasts future provisions that are to be put into effect by the authorities and has undertaken a systematic survey of operational risks and the development of processes. During 2002, monitoring of and reporting on operational risks will be fine-tuned.

#### DEVELOPMENT OF RISK MANAGEMENT

The development of risk management is guided primarily by the needs of OKO Bank Consolidated's operations. In addition, the banks' capital adequacy framework that is presently in preparation (Basel II) will have an extensive effect on the development of risk management.

The risk management function is following actively the renewal of the capital adequacy framework and analysing the possible effects it may have on the bank's operations and capital structure. Priority areas within the development of risk management are the measurement of credit risk and operational risk as well as the development of the methodology for capital allocation based on actual risk.

#### JOINT RESPONSIBILITY

OKO Bank is a subsidiary of the OKO Bank Group Central Cooperative, which is based on the OKO Bank Group's co-operation model. The Central Cooperative with its subsidiaries and 244 member cooperative banks form the amalgamation of the cooperative banks. Under the co-operation model, the resources of the OKO Bank Group serve as a safety net for all the member banks because under the Cooperative Bank Act, the Central Cooperative and its member credit institutions are jointly responsible for one another's liabilities and commitments which cannot be met from the funds of the Central Cooperative or one member credit institution. If a member credit institution's own funds are depleted by losses such that its operations cannot be sustained, the Central Institution of the amalgamation, the OKO Bank Group Central Cooperative, has the right to collect supplementary payments from the member credit institutions in proportion to their most recently confirmed balance sheets.

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

#### DEPOSIT AND INVESTMENT PROTECTION

Under the Deposit Protection Fund Act the deposit banks must belong to the Deposit Protection Fund. In respect of deposit protection the deposit banks belonging to the OKO Bank Group are considered as a single bank and depositors' claims on the member banks of the OKO Bank Group are compensated from the Deposit Protection Fund up to a maximum amount of EUR 25 228. The deposit banks within the OKO Bank Group are the member cooperative banks, OKO Bank, Okopankki Oyj and OP-Kotipankki Oyj.

Of OKO Bank Consolidated's institutions, OKO Bank, Opstock Securities Ltd and Okopankki Oyj belong to the Investor Compensation Fund. The Compensation Fund safeguards the payment of investors' uncontested and due receivables in the event that the investment service company or credit institution is not able, owing to a reason other than temporary insolvency, to pay the investors' receivables within a fixed period. An investor is paid 90 per cent of his receivable, up to a maximum of EUR 20 000. The Compensation Fund does not compensate losses due to a fall in share prices or incorrect investment decisions. The Compensation Fund only compensates the receivables of non-professional investors.

#### CHANGES IN OKO BANK CONSOLIDATED'S STRUCTURE

In the first quarter OKO Bank sold the shares outstanding in the Kiinteistö Oy Malminkatu 30 property that was included previously in the consolidated annual accounts.

At the beginning of the report year OKO Bank Consolidated owned 48.1 per cent of the shares in OP-Kotipankki Oyj. In 2000 Kotipankki teamed up with Sonera Plaza Ltd, the network service company owned by Sonera Corporation, to found Sonera Plaza Finanssipalvelut Oy with the purpose of offering financial services to Sonera Plaza's consumer customers. Kotipankki financed its 20 per cent stake through a share issue directed at the member cooperative banks and the OKO Bank Group Central Cooperative. OKO Bank did not participate in the share issue and decided furthermore to lower its holding in Kotipankki by selling 13 000 of the shares it owned to member cooperative banks. The total effect of these measures was that OKO Bank Consolidated's holding in Kotipankki fell to 21 per cent and its share of the votes to 11 per cent in the second quarter. These arrangements improved OKO Bank Consolidated's operating profit by about EUR 5 million.

#### INTRODUCTION OF THE EURO

Within OKO Bank Consolidated, euro preparations in 2001 were a planned continuation of the previous

EMU project. During the year inputs were made into modifications to information systems and placing them in use, money services for businesses as well as information and advice for the staff and, above all, customers.

All the modifications to information systems connected with customer service were seen to completion according to plans and placing in use of the information systems went virtually without a hitch. The biggest amount of clarification and rectification work was caused by payment transfer transactions that came in from customers in the wrong currency.

Within OKO Bank Consolidated, the expenses of the changeover to the euro during 1999-2002 amounted to just over one million euros.

#### OKO BANK CONSOLIDATED'S OUTLOOK

The economic outlook for 2002 is cautiously positive. The stable financial position of companies and households coupled with the low level of interest rates will support domestic demand. Finland's competitive export sector will benefit from even a slow revival in the international economy. The banks' financial operating environment will therefore probably remain relatively favourable.

In 2001 the uncertainty in the equity markets and the fall in share prices cut into OKO Bank Consolidated's operating profit. Earnings in the current year as well will be sensitive to changes in share prices. OKO Bank Consolidated's operating profit in 2002 is estimated to be somewhat greater than it was in the report year provided that major unforeseeable changes do not occur in the operating environment.

#### THE PARENT BANK OKO BANK

##### RESULT AND BALANCE SHEET

OKO Bank's operating profit for 2001 was EUR 98 million, a decrease of EUR 22 million on the previous year. The figures are not fully comparable because OKO Mortgage Bank plc merged into OKO Bank at the end of 2000. In other respects, comparable operating profit, excluding dividends from subsidiaries and associated companies and the related avoiron fiscal tax credits as



well as the net income from Pohjola Group shares, was just under EUR 16 million greater than in the previous year.

Net income from financial operations was EUR 78 million, a good EUR 23 million more than in the previous year. About a quarter of the increase was attributable to the net income from financial operations for the balance sheet items that were transferred from OKO Mortgage Bank plc. In addition, net income from financial operations was improved by the larger margins on lending and by favourable funding.

Other income amounted to EUR 104 million, or EUR 50 million less than in 2000. The dividends, including avoiv fiscal tax credits, obtained from the Pohjola Group shares totalled EUR 29 million, which was EUR 38 million less than a year ago. Commission income was nearly on a par with 2000. Net income from securities transactions was EUR 17 million negative, whereas a year ago it was in the black by slightly less than EUR 2 million. Net income from securities transactions was burdened in particular by the EUR 13 million write-downs on the Pohjola Group shares. Other operating income included an EUR 4 million capital gain on the sale of OP-Kotipankki Oyj shares.

Total expenses were EUR 4 million less than a year ago. Expenses were reduced by the EUR 2 million reversal for a special liability that was paid by the OKO Bank Group Pension Foundation, by a slightly less than EUR 3 million reversal of a write-down in connection with the sale of the shares in the Kiinteistö Oy Malminkatu 30 property and due to a reduction in real-estate expenses as a consequence of disposals of real-estate property.

The effect on earnings of loan and guarantee losses was EUR 6 million positive, thanks to reversals and cancellations of specific loan loss provisions. In 2000 the corresponding positive effect on earnings was EUR 9 million. The total amount of write-downs on securities held as financial fixed assets included a write-down of just under EUR 29 million on the Pohjola Group shares. A year ago the write-down booked on these shares was EUR 33 million.

Income taxes have been calculated and booked on the basis of a tax calculation based on taxable income. In the taxes for 2000, the EUR 33 million write-down

on Pohjola Group shares was not approved. The corresponding tax of slightly less than EUR 10 million on it has been stated in taxes belonging to previous financial years.

OKO Bank's total assets stood at EUR 10 809 million, an increase of EUR 1 320 million, or 14 per cent. The increase was due primarily to the growth in the amount of debt securities.

Loans to the public totalled EUR 3 032 million, a decrease of 2 per cent since the end of 2000. The amount of corporate and institutional loans grew by 3 per cent, but the remainder of the credit portfolio diminished substantially. Non-performing and zero-interest claims accounted for 0.16 per cent of commitments, on a par with the figure a year ago.

Claims on credit institutions diminished by EUR 441 million and were EUR 2 710 million. The member cooperative banks' share of these loans was 37 per cent, or EUR 1 007 million. The amount of credits granted to the member cooperative banks diminished by 13 per cent from the end of the previous year. Loans to OKO

Result	2001	2000	Change
€ million			%
Net income from financial operations	78	55	43
Other income	104	154	-33
Total expenses	60	65	-7
Loan losses and write-downs	23	24	-2
Operating profit	98	120	-18
Income/expenses ratio	33	31	
Return on equity, %	13,0	17,8	
<b>Balance sheet</b>	<b>2001</b>	<b>2000</b>	<b>Change</b>
€ million			%
Credit stock	3032	3090	-2
Non-performing and zero-interest claims	8	6	26
Deposits from the public	375	344	9
Equity capital	524	513	2
Capital adequacy ratio	15,8	13,8	
Staff, Dec. 31	316	302	

Bank's subsidiary credit institutions grew by 12 per cent to EUR 1 199 million.

Because of the reduction in loans granted to the public and the member cooperative banks, the amount of debt securities was increased substantially. Their amount nearly doubled to EUR 4 208 million. The biggest increase was in investments in government treasury bills and banks' certificates of deposit.

Liabilities to credit institutions totalled EUR 3 754 million, an increase of 4 per cent on the figure a year earlier. The member cooperative banks' deposits with OKO Bank grew by 16 per cent to EUR 3 123 million.

The amount debt securities issued to the public remained nearly unchanged and was EUR 3 315 million. Certificate of deposit liabilities grew by 7 per cent to EUR 2 292 million, but the amount of domestic and foreign bonds and notes diminished.

OKO Bank's equity capital was EUR 524 million, an increase of EUR 11 million since the end of the previous year. The amount of distributable equity was EUR 164 million. OKO Bank Consolidated's distributable equity capital that limits OKO Bank's dividend payout was EUR 120 million.

OKO Bank's capital adequacy ratio was 15.8 per cent, whereas at the end of 2000 it was 13.8 per cent. The amount of own funds grew by EUR 72 million to EUR 823 million. The amount of risk-weighted items diminished by 4 per cent to EUR 5 219 million. At the end of 1999 OKO Bank's capital adequacy ratio was 15.1 per cent. In 1998 and 1997 the corresponding figures were 19.5 and 23.5 per cent.

#### SHARE CAPITAL AND SHARE SERIES

OKO Bank's share capital at the end of the year stood at EUR 196.4 million, or the same amount as a year ago. OKO Bank's shares are divided into Series A and Series K shares. Series A shares are intended for private investors and are listed on Helsinki Exchanges. Series K shares can be owned solely by a Finnish cooperative bank, cooperative bank limited company and the central institution of the amalgamation of the cooperative banks, i.e. the OKO Bank Group Central Cooperative. At general meetings of shareholders each Series A share entitles its holder to one vote and each Series K share to five votes.

OKO Bank's Articles of Association contain a conversion clause according to which a Series K share can be converted, at the request of a shareholder, into a Series A share. In 2001 a total of 289 060 Series K shares were converted into the same number of Series A shares. At the end of the year, Series A shares represented 75.3 per cent of all the shares outstanding and 37.8 per cent of the voting rights. In February 2002, OKO Bank's Executive Board approved the demand presented to it to convert 1 120 Series K shares into Series A shares.

At the end of the year OKO Bank did not hold its own shares, nor has the General Meeting granted an authorisation to purchase the company's own shares.

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

#### SHAREHOLDERS

OKO Bank had 24 909 registered shareholders at the end of the year. The largest shareholder was OKO Bank's parent institution, the OKO Bank Group Central Cooperative, which held 41.3 per cent of OKO Bank's shares and 56.5 per cent of the voting rights. Numerically, the largest shareholder group was private individuals, of whom there were 23 811.

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

#### STOCKHOLM BRANCH OFFICE AND REPRESENTATIVE OFFICES

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

#### OKO BANK'S BUSINESS NAME

The Annual General Meeting of OKO Bank held on April 4, 2001, passed a resolution to change the Bank's

business name. The new business name is OKO Osu-  
spankkien Keskuspankki Oyj in Finnish and OKO  
Andelsbankernas Centralbank Abp in Swedish. The  
name change was entered in the Trade Register on June  
1, 2001. In accordance with a decision of the Executive  
Board, the bank's auxiliary business name in English  
will be OKO Bank.

#### CORPORATE GOVERNANCE

In accordance with the Articles of Association, OKO  
Bank's Annual General Meeting held on April 4, 2001,  
elected new members of the Supervisory Board. Elected  
as regular auditors for the 2001 financial year were the  
firm of independent public accountants SVH Pricewa-  
terhouse Coopers Oy as well as Eero Huusko, Author-  
ised Public Accountant, and Kauko Lehtonen, Author-  
ised Public Accountant. Auno Inkeröinen, Authorised  
Public Accountant, was elected as the deputy auditor.

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

#### EXECUTIVE BOARD

The tasks and composition of the Executive Board in  
accordance with the Articles of Association are dis-  
cussed in the Annual Report, which also discloses the  
OKO Bank Series A shareholdings of the members and  
deputy members of the Executive Board as well as their  
subscriptions for equity warrants.

On February 15, 2001, OKO Bank's Supervisory  
Board appointed Executive Board member Mr Timo  
Ritakallio as OKO Bank's Executive Vice President.  
He is responsible for the Corporate Banking and  
Group Treasury business divisions. On the same day  
the Supervisory Board appointed Mr Jarmo Viitanen,  
Senior Vice President, as a deputy member of the Exec-  
utive Board, assigning him responsibility for OKO  
Bank's Corporate Bank as well as management and co-  
ordination of OKO Bank Consolidated's corporate cli-  
ent relationships.

Mr Keijo Manner, a member of OKO Bank's Exec-  
utive Board, tendered his resignation as from August 1,

2001 following his election as managing director of  
Etelä-Pohjanmaan Osuspankki. At its meeting held  
on June 14, 2001, the Supervisory Board appointed  
Mr Erkki Böös, the managing director of Savonlinnan  
Osuspankki, as a new member of OKO Bank's Execu-  
tive Board effective September 1, 2001.

#### MAJOR SUBSIDIARIES

##### OKOPANKKI OYJ

Okopankki's operating profit remained at nearly the  
same level as a year ago and was slightly less than  
EUR 32 million. Thanks to the substantial growth  
in the credit portfolio and total deposits, net income  
from financial operations was more than EUR 6 mil-  
lion greater than in 2000. The growth in net income  
from financial operations was nevertheless dampened  
by the general fall in the level of interest rates, which  
narrowed the interest rate spread between loans and  
deposits. The amount of commission income was  
7 per cent smaller than a year ago, which was due to  
the decrease in commission income from securities  
transactions. The growth in volume led to an increase  
in expenses particularly for EDP and staff. Loan loss-  
es as well as non-performing claims remained minor  
in amount. Owing to the growth in the credit portfo-  
lio, the amount of risk-weighted commitments was  
14 per cent greater than a year ago. Thanks to the  
growth in own funds, the capital adequacy ratio  
evertheless declined by only 0.2 percentage point  
from the end of 2000.

€ million	2001	2000	Change %
Net income from financial operations	56	50	13
Other income	20	23	-10
Expenses	44	40	10
Loan losses	1	0	
Operating profit	32	32	-2
Income/expenses ratio	57	55	
Return on equity, %	18,6	21,8	
Credit stock	1 705	1 439	18
Non-performing and zero-interest claims	5	5	4
Deposits from the public	1 583	1 288	23
Capital adequacy ratio, %	9,5	9,7	
Staff, Dec. 31	480	475	

OPSTOCK LTD

Opstock Ltd posted operating profit of EUR 5 million, which was nearly EUR 9 million smaller than a year ago. The weakening in the result was due mainly to the decline in commission income from stockbroking. Net commission income from stockbroking amounted to EUR 12 million, as against EUR 20 million a year ago. Asset management commission income corrected for commission expenses, however, was at the same EUR 5 million level as in 2000. Net commission income on the issuance of securities was a million euros, or roughly on a par with the previous year. Expenses were increased most by staff and EDP costs.

€ million	2001	2000	Change %
Income	25	38	-34
Total expenses	20	25	-19
Operating profit	5	14	-63
Income/expenses ratio	80	64	
Return on equity, %	25,9	65,5	
Staff, Dec. 31	117	124	

OP-FINANCE LTD

OP-Finance Ltd posted operating profit of EUR 10 million, down by more than EUR 3 million on the previous year. In 2000, operating profit included a net non-recurring income item of slightly less than EUR 2 million, whereby comparable operating profit was just under EUR 2 million less than a year ago. The result was burdened by the narrowing in margins on lending. Net income from financial operations grew by only 5 per cent, although the increase in the credit portfolio was 15 per cent. In addition, operating profit was reduced by credit losses, which had a net positive effect on earnings a year ago.

€ million	2001	2000	Change %
Net income from financial operations	20	19	5
Other income	6	7	-12
Expenses	15	14	11
Loan losses	1	-1	
Operating profit	10	13	-25
Income/expenses ratio	59	54	
Return on equity, %	8,1	11,4	
Credit stock	1 205	1 048	15
Non-performing claims		6	3
Capital adequacy ratio, %	9,2	9,3	
Staff, Dec. 31	140	132	

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## ACCOUNTING POLICIES

The annual accounts of OKO Bank and OKO Bank Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree of December 29, 2000, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

### EXTENT OF THE CONSOLIDATED ANNUAL ACCOUNTS

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

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

### CONSOLIDATION

The annual accounts of those companies belonging to OKO Bank Consolidated, which are credit or financial institutions or service companies as specified by the annual account regulations issued by the Financial Supervision, have been consolidated according to the acquisition cost method. All the subsidiaries included in the consolidated accounts have been consolidated according to the acquisition cost method. New companies belonging to OKO Bank Consolidated have been incorporated into the

consolidated accounts as from the date of acquisition. Subsidiaries whose status as consolidated companies has ceased during the financial year have been included in the profit and loss account up to the transfer of ownership. The annual accounts of associated companies have been consolidated according to the equity method.

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

The acquisition costs of shares in foreign subsidiaries are translated into domestic currency amounts at the middle rate quoted by the Bank of Finland on the balance sheet date. The acquisition costs are hedged by a corresponding debt in the same currency, whereby no translation difference arises in this respect. The translation difference arises from the effect of foreign exchange rate changes on the difference resulting from the elimination of shares in subsidiaries and the equity capital acquired.

OKO Bank Consolidated did not have foreign subsidiaries that must be included in the consolidated accounts.

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

## ITEMS DENOMINATED IN FOREIGN CURRENCY

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

## RECEIVABLES AND LIABILITIES

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

SECURITIES HELD AS  
CURRENT ASSETS

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

Gains and losses on the transfer of securities held as current assets as well as changes in write-downs are

entered in net income from securities transactions.

The difference between the acquisition cost and nominal value of debt securities other than those that are actively traded is periodised as interest income or as a reduction in it over the remaining maturity.

SECURITIES HELD AS  
FINANCIAL FIXED ASSETS

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

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

SECURITIES REPURCHASE AND  
RESALE AGREEMENTS

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

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

## TANGIBLE AND INTANGIBLE ASSETS

The balance sheet value of tangible and intangible assets is the acquisition cost less planned depreciation and any write-down depreciation. Capitalised bond issuance expenses are booked to expense according to a plan based on the expiry of the loan period, but nevertheless at least in the same proportion as the bond is repaid. In the separate annual accounts of subsidiaries, the accumulated depreciation difference is included in the balance sheet item "Depreciation difference", which gives the accumulated appropriations. Should the probable market price of a real-estate property or shares in a real-estate management company be substantially and permanently lower than the book value, the difference has been booked as an expense in the profit and loss account item "Depreciation and write-downs on tangible and intangible assets". Any reversals of write-downs have been booked as an adjustment to the same profit and loss account item.

The acquisition cost of buildings and other tangible and intangible assets subject to wear and tear is depreciated over the economic life of the asset on a straight-line basis according to a pre-prepared depreciation plan. In accordance with the depreciation plan prepared by OKO Bank Consolidated, the acquisition cost of buildings is depreciated over 30-40 years depending on their usage purpose and the construction materials. Machinery and equipment, EDP equipment, computer programs and vehicles are depreciated over 3-6 years and other tangible and intangible assets over 5-10 years. Leasing assets are depreciated according to the annuity method. An individual depreciation period can be specified for tangible assets that are acquired in used condition. No depreciation is entered for non-wearing tangible assets and for revaluations.

According to a statement (1604/2000) issued by the Accounting Board on January 24, 2000, EDP software that was not included in the acquisition cost of EDP equipment shall be entered under the balance sheet item "Intangible assets" as from the beginning of the 2000 annual accounts.

Valuation principles and methods for real-estate properties and shares in real-estate companies

The real-estate holdings of OKO Bank Consolidated are valued once a year. For special reasons, the values

can be reviewed more frequently. In determining the balance sheet value of real-estate and shares in real-estate companies that are in own use, the starting point taken is the value of the asset in relation to earnings expectations for ordinary operations. Commercial, office and industrial properties other than those in own use and which have been acquired for investment purposes or as security for a receivable are valued as a rule according to the yield value method. Land, water and forest areas as well as dwellings and residential buildings are valued according to the sale value method.

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

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

## DERIVATIVE CONTRACTS

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

Changes in the value of derivative contracts taken out for hedging purposes are dealt with in the profit and loss account in the same way as is the change in value of the opposite-signed hedging balance sheet item. The income, expenses and changes in value of interest rate, currency and equity derivatives taken out for purposes other than

hedging have been entered in the profit and loss account item “Net income from securities transactions and foreign exchange dealing”. The items entered in the balance sheet for derivative contracts taken out for non-hedging purposes have been entered in Other assets or Other liabilities.

#### NON-PERFORMING CLAIMS

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

#### LOAN AND GUARANTEE LOSSES

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

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

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

#### EXTRAORDINARY ITEMS

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

#### PENSION EXPENDITURES

The staff’s pension security arrangements and the pension liabilities of OKO Bank Consolidated and its subsidiaries are presented in Note 47 to the accounts.

#### COMPULSORY PROVISIONS

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

The social security contributions for the personnel’s stock-option-based incentive plan have not been booked as compulsory provisions. Social security contributions at the end of 2001 were minor in amount.

#### TAXES

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

In the separate annual accounts of individual consolidated companies, the depreciation difference and voluntary provisions are entered in the balance sheet item “Accumulated appropriations” and changes in them are entered in the profit and loss account item “Appropriations”. In the consolidated balance sheet, accumulated appropriations are divided between equity capital and imputed deferred taxes, whereas in the profit and loss account they are divided between the net profit for the financial year and the change in imputed taxes due. OKO Bank Consolidated’s other imputed taxes due and tax claims are stated in Note 68 to the annual accounts.



CONSOLIDATED PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2001			Jan. 1 to Dec. 31, 2000		
Interest income			572			500
Leasing margin			11			10
Interest expenses			-432			-386
<b>Net income from financial operations</b>			<b>152</b>			<b>124</b>
Income from equity investments			35			72
Commission income			68			84
Commission expenses			-12			-18
Net income from securities transactions and foreign exchange dealing						
Net income from securities transactions			-16			5
Net income from foreign exchange dealing			5	-11		6
Other operating income			26			30
Administrative expenses						
Staff costs						
Salaries and fees			39			36
Staff-related costs						
Pension costs			4			5
Other staff-related costs			3	7		46
Other administrative expenses			45	-90		40
Other administrative expenses						-84
Depreciation and write-downs on tangible and intangible assets			-11			-11
Other operating expenses			-23			-23
Loan and guarantee losses			4			10
Write-downs on securities held as financial fixed assets			-29			-33
Share of profit/loss of companies included in the consolidated accounts using the equity method			2			5
<b>Operating profit</b>			<b>111</b>			<b>167</b>
Extraordinary items						
Extraordinary income			-			-
Extraordinary expenses			-	-		-
<b>Profit before appropriations and taxes</b>			<b>111</b>			<b>167</b>
Income taxes						
Taxes for the financial year			-17			-37
Taxes for previous financial years			-10			0
Change in imputed taxes due			-4	-31		-10
Other direct taxes			-			-
Share of profit/loss for the financial period attributable to minority interests			-1			-1
<b>Profit for the financial year</b>			<b>79</b>			<b>118</b>

CONSOLIDATED BALANCE SHEET

ASSETS				
€ million	December 31, 2001		December 31, 2000	
Liquid assets	210		221	
Debt securities eligible for refinancing with central banks				
Treasury bills	1 048		85	
Other	1 906	2 954	922	1 007
Claims on credit institutions				
Repayable on demand	54		43	
Other	1 488	1 542	2 038	2 082
Claims on the public and public sector entities	5 734		5 472	
Leasing assets	225		192	
Debt securities				
On public sector entities	355		229	
Other	1 005	1 360	1 024	1 253
Shares and participations	96		151	
Participating interests	55		57	
Shares and participations in consolidated companies	9		8	
Intangible assets				
Consolidated goodwill	0		0	
Other long-term expenditure	13	13	12	12
Tangible assets				
Real-estate and shares, and participations in real-estate corporations	160		170	
Other tangible assets	12	172	11	181
Other assets	187		264	
Accrued income and prepayments	93		99	
	<b>12 650</b>		<b>11 000</b>	

CONSOLIDATED BALANCE SHEET

LIABILITIES

€ million	December 31, 2001			December 31, 2000		
<b>Liabilities</b>						
Liabilities to credit institutions and central banks						
Central banks	1 194			300		
Credit institutions						
Repayable on demand	454			254		
Other	3 249	3 703	4 897	3 279	3 533	3 833
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	1 326			1 183		
Other	632	1 958		447	1 630	
Other liabilities	701			2 659		
Debt securities issued to the public						
Bonds	1 022			1 155		
Other	2 343	3 365		2 225	3 380	
Other liabilities				540		
Accrued expenses and deferred income				67		
Compulsory provisions				1		
Subordinated liabilities				473		
Imputed taxes due				27		
Minority interests				2		
	12 031			10 402		
<b>Equity capital</b>						
Share capital	196			196		
Share issue account	-			-		
Share premium account	0			1		
Revaluation reserve	25			25		
Other restricted reserves						
Reserve fund	203			203		
Other restricted items	1	204		-	203	
Non-restricted reserves	23			23		
Profit brought forward	90			31		
Profit for the financial year	79			118		
	618			599		
	12 650			11 000		
<b>Off-balance sheet commitments</b>						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 090			1 139		
Other	-	1 090		-	1 139	
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments	-			-		
Other	1 789	1 789		1 265	1 265	
	2 878			2 404		

CONSOLIDATED KEY FIGURES 1997-2001

€ million	1997	1998	1999	2000	2001
<b>PROFIT AND LOSS ACCOUNTS</b>					
Net income from financial operations	118	113	109	124	152
Other income	144	109	126	197	118
Other expenses	177	139	115	125	126
Depreciation and write-downs	27	14	16	11	11
Loan and guarantee losses	10	-3	-2	-10	-4
Write-downs on securities held as financial fixed assets	1	0	-1	33	29
Share of profit/loss of companies included in the consolidated accounts using the equity method	1	2	5	5	2
Operating profit	48	74	111	167	111
Extraordinary items	1	-90	-57	-	-
Profit/loss before appropriations and taxes	48	-15	54	167	111
Taxes	-12	0	-14	-47	-31
Minority interests	-1	-	-1	-1	-1
Profit/loss for the financial year	35	-15	39	118	79
<b>BALANCE SHEETS</b>					
<b>Assets</b>					
Claims on credit institutions	2 338	1 694	1 784	2 082	1 542
Claims on the public and public sector entities	3 171	3 755	4 561	5 472	5 734
Debt securities	2 274	2 004	2 961	2 259	4 314
Shares and participations	126	134	141	217	160
Intangible and tangible assets	313	286	266	194	185
Other assets	708	1 062	1 122	777	715
Total	8 930	8 936	10 836	11 000	12 650
<b>Liabilities</b>					
Liabilities to credit institutions and central banks	2 857	2 739	3 513	3 833	4 897
Liabilities to the public and public sector entities	1 524	1 977	2 356	2 140	2 659
Debt securities issued to the public	2 650	2 657	3 494	3 380	3 365
Subordinated liabilities	666	579	404	417	473
Other liabilities	700	480	542	606	609
Imputed taxes due	13	10	13	23	27
Minority interests	10	-	2	2	2
Equity capital	511	493	513	599	618
Total	8 930	8 936	10 836	11 000	12 650

The figures for 1997 have been amended, when possible, to comply with the regulations of the Financial Supervision that came into force on June 30, 1998. Claims on and liabilities to international organisations in 1997 and 1998 have been moved to claims on and liabilities to public sector entities due to changes in their sector classification.

## OKO BANK PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2001			Jan. 1 to Dec. 31, 2000		
Interest income	472			398		
Interest expenses	-393			-344		
<b>Net income from financial operations</b>	<b>78</b>			<b>55</b>		
Income from equity investments						
Consolidated companies	34			24		
Participating interests	4			3		
Other companies	34	72		71	99	
Commission income	21			23		
Commission expenses	-4			-3		
Net income from securities transactions and foreign exchange dealing						
Net income from securities transactions	-17			2		
Net income from foreign exchange dealing	5	-12		6	7	
Other operating income	23			25		
Administrative expenses						
Staff costs						
Salaries and fees	15			13		
Staff-related costs						
Pension costs	0			2		
Other staff-related costs	1	1	16	1	3	16
Other administrative expenses	21			-37		
Other administrative expenses				19		
Other administrative expenses				-35		
Depreciation and write-downs on tangible and intangible assets	-1			-3		
Other operating expenses	-18			-23		
Loan and guarantee losses	6			9		
Write-downs on securities held as financial fixed assets	-29			-33		
<b>Operating profit</b>	<b>98</b>			<b>120</b>		
Extraordinary items						
Extraordinary income	-			46		
Extraordinary expenses	-			-		
<b>Profit before appropriations and taxes</b>	<b>98</b>			<b>167</b>		
Appropriations	0			-21		
Income taxes						
Taxes for the financial year	-19			-29		
Taxes for previous financial years	-10	-28		0	-29	
<b>Profit for the financial year</b>	<b>69</b>			<b>117</b>		

## OKO BANK BALANCE SHEET

ASSETS € million	December 31, 2001		December 31, 2000	
Liquid assets		209		212
Debt securities eligible for refinancing with central banks		2 769		871
Claims on credit institutions				
Repayable on demand	24		42	
Other	2 687	2 710	3 111	3 152
Claims on the public and public sector entities		3 056		3 195
Debt securities				
On public sector entities	355		228	
Other	1 084	1 439	1 104	1 333
Shares and participations		90		146
Participating interests		44		47
Shares and participations in consolidated companies		150		149
Intangible assets		7		7
Tangible assets				
Real-estate and shares and participations in real-estate corporations	89		95	
Other tangible assets	2	90	3	97
Other assets		161		189
Accrued income and prepayments		83		90
		<b>10 809</b>		<b>9 489</b>

## OKO BANK BALANCE SHEET

## LIABILITIES

€ million	December 31, 2001			December 31, 2000		
<b>Liabilities</b>						
Liabilities to credit institutions and central banks						
Central banks	1 194			300		
Credit institutions						
Repayable on demand	469			278		
Other	3 286	3 754	4 948	3 325	3 603	3 903
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	336			322		
Other	39	375		22	344	
Other liabilities	600			453		
Debt securities issued to the public						
Bonds	1 023			1 165		
Other	2 292	3 315		2 143	3 308	
Other liabilities				508		
Accrued expenses and deferred income				42		
Compulsory provisions				1		
Subordinated liabilities				473		
				10 263		
<b>Appropriations</b>						
Depreciation difference	1			1		
Voluntary provisions	21	22		21	22	
<b>Equity capital</b>						
Share capital	196			196		
Share issue account	-			-		
Share premium account	0			0		
Reserve fund	164			164		
Non-restricted reserves	23			23		
Profit brought forward	71			13		
Profit for the financial year	69			117		
	524			513		
	10 809			9 489		
<b>Off balance sheet commitments</b>						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 067			1 098		
Other	-	1 067		-	1 098	
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments	-			-		
Other	1 563	1 563		1 043	1 043	
	2 630			2 141		

NOTES TO THE ACCOUNTS

(FIGURES IN € MILLION)

NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
<b>Interest income</b>				
Claims on credit institutions	107.0	108.2	157.6	174.1
Claims on the public and public sector entities	312.4	272.1	164.7	105.4
Debt securities	152.4	120.8	149.3	120.0
Other interest income	0.0	-1.1	0.0	-1.1
Leasing margin	11.5	10.0	-	-
<b>Total</b>	<b>583.3</b>	<b>510.0</b>	<b>471.6</b>	<b>398.4</b>
<b>Interest expenses</b>				
Liabilities to credit institutions and central banks	166.0	140.6	168.4	145.6
Liabilities to the public and public sector entities	77.0	57.6	40.7	34.3
Debt securities issued to the public	161.9	164.6	157.8	140.9
Subordinated liabilities	25.6	27.0	25.4	26.9
Other interest expenses	1.1	-4.1	1.1	-4.0
<b>Total</b>	<b>431.6</b>	<b>385.6</b>	<b>393.4</b>	<b>343.6</b>

2) Breakdown of net income from leasing operations

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

3) Breakdown of net income from securities transactions

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Net income from transactions in debt securities	-5.5	0.7	-6.1	-3.5
Net income from transactions in shares and participations	-10.9	4.5	-11.1	5.1
<b>Total</b>	<b>-16.4</b>	<b>5.2</b>	<b>-17.2</b>	<b>1.6</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
<b>Debt securities</b>				
Purchased	11 645.2	18 052.8	11 282.1	17 573.5
Sold	9 320.4	13 440.9	9 228.7	13 346.0
<b>Shares</b>				
Purchased	3 524.9	5 268.6	5.9	11.5
Sold	3 535.8	5 276.5	16.3	18.7

5) Breakdown of other operating income and expenses

	Consolidated		OKO Bank	
	2001	2000	2001	2000
<b>Other operating income</b>				
Rental and dividend income from real-estate and real-estate corporations		13.6	18.4	14.0
Capital gains from the sale of real-estate and shares and participations in real-estate corporations		5.3	7.8	3.2
Other income		7.4	3.5	5.3
<b>Total</b>	<b>26.3</b>	<b>29.7</b>	<b>22.6</b>	<b>25.2</b>
<b>Other operating expenses</b>				
Rental expenses		6.4	3.7	3.2
Expenses from real-estate and real-estate corporations		6.5	9.2	10.0
Capital losses from the sale of real-estate and shares and participations in real-estate corporations		0.1	1.6	0.6
Other expenses		9.7	8.5	4.3
<b>Total</b>	<b>22.8</b>	<b>23.1</b>	<b>18.1</b>	<b>23.1</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Planned depreciation	10.6	11.7	3.8	3.6
Write-downs	0.3	0.6	-	0.4
Reversals on write-downs	-	-1.0	-2.5	-1.0
<b>Total</b>	<b>10.9</b>	<b>11.3</b>	<b>1.3</b>	<b>3.0</b>



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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
In respect of claims on credit institutions	-	-	-	-
In respect of claims on the public and public sector entities	9.1	5.0	6.4	4.0
In respect of leasing assets	-	-	-	-
In respect of guarantees and other off-balance sheet items	0.1	0.0	-	-
In respect of other items	0.0	0.2	0.0	0.1
Gross loan and guarantee losses	9.2	5.2	6.4	4.1
Deductions from loan and guarantee losses	-13.1	-15.4	-12.2	-12.8
<b>Loan and guarantee losses in the profit and loss account</b>	<b>-3.9</b>	<b>-10.2</b>	<b>-5.7</b>	<b>-8.7</b>

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

Actual loan losses during the financial year, total	1.2	4.7	0.6	3.6
Actual loan losses during the financial year for which a specific loan loss provision has previously been made	-0.8	-4.1	-0.5	-3.5
Recoveries in respect of actual loan losses during previous financial years	-5.0	-8.9	-4.2	-7.9
Specific loan loss provisions made during the financial year	8.0	1.0	5.5	0.5
Reversals of specific loan loss provision during the financial year	-7.3	-2.8	-7.1	-1.5
<b>Loan and guarantee losses entered in the annual accounts</b>	<b>-3.9</b>	<b>-10.2</b>	<b>-5.7</b>	<b>-8.7</b>

Write-downs on securities held as financial fixed assets:

Gross write-downs	29.1	32.7	29.1	32.7
Reversals of write-downs	-	-0.2	-	-0.2
<b>Total</b>	<b>29.1</b>	<b>32.5</b>	<b>29.1</b>	<b>32.5</b>

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

	Consolidated	OKO Bank
Extraordinary income	-	-
Extraordinary expenses	-	-

9) *Breakdown of appropriations*

	OKO Bank	
	2001	2000
Change in depreciation difference	-0.1	0.2
Change in other voluntary provisions	-	-21.4
<b>Total</b>	<b>-0.1</b>	<b>-21.2</b>

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

	Consolidated	OKO Bank
Pension provisions	-	-
Tax provisions	-	-
Others	0.4	0.4
<b>Total</b>	<b>0.4</b>	<b>0.4</b>

11) *Breakdown of combined items*

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

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

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

	Income by field of activity		Staff on average	
	2001	2000	2001	2000
Banking	258.4	281.1	804	782
Mortgage banking	-	11.3	-	8
Finance company operations	26.1	25.9	139	130
Investment firm operations	25.2	38.4	127	109
Real-estate ownership and possession	3.4	3.8	-	-
Other	-	-	-	-
<b>Total</b>	<b>313.0</b>	<b>360.5</b>	<b>1 070</b>	<b>1 028</b>

	Income by geographical market		Staff on average	
	2001	2000	2001	2000
Finland	312.5	359.9	1 061	1 018
Sweden	0.5	0.5	9	10
<b>Total</b>	<b>313.0</b>	<b>360.5</b>	<b>1 070</b>	<b>1 028</b>

NOTES TO THE BALANCE SHEET

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Treasury bills	1 048.0	84.6	1 013.3	77.6
Government bonds	47.9	87.7	19.8	55.9
Banks' certificates of deposit	1 647.1	751.0	1 525.0	654.7
Other	211.2	83.3	211.2	83.3
<b>Total</b>	<b>2 954.3</b>	<b>1 006.6</b>	<b>2 769.4</b>	<b>871.4</b>

14) Claims on central banks

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

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Enterprises	3 679.1	2 890.7	2 535.4	2 015.8
Financial and insurance institutions	208.9	307.5	208.9	316.8
General government	137.5	160.7	133.4	155.1
Non-profit institutions	93.8	631.4	64.9	513.7
Households	1 522.0	1 314.8	21.4	27.8
Foreign	92.8	166.4	91.8	165.9
<b>Total</b>	<b>5 734.2</b>	<b>5 471.7</b>	<b>3 055.9</b>	<b>3 195.0</b>

Specific loan loss provisions at the beginning of the financial year	28.5	38.7	26.3	35.3
New provisions made during the financial year (+)	8.0	1.0	5.5	0.5
Provisions reversed during the financial year (-)	-7.3	-5.2	-7.1	-4.0
Actual loan losses during the financial year, for which the credit institution has previously made specific loan loss provisions (-)	-0.8	-4.3	-0.5	-3.8
<b>Specific loan loss provisions at the end of the financial year</b>	<b>28.3</b>	<b>30.2</b>	<b>24.1</b>	<b>28.0</b>

The breakdowns of sectors in 2001 and 2000 are not comparable, because, due to authority guidelines, housing corporations have been classified as non-profit institutions in 2000 and as enterprises in 2001.

16) Non-performing and other zero-interest claims

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Non-performing claims	17.4	12.2	6.0	4.8
Other zero-interest claims	1.7	1.5	1.7	1.5
<b>Total</b>	<b>19.1</b>	<b>13.7</b>	<b>7.7</b>	<b>6.2</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Assets held as security				
Real-estate and shares and participations in real-estate corporations	1.8	1.8	1.7	1.7
Other shares and participations	0.2	0.4	-	-
Other assets	-	-	-	-
<b>Total</b>	<b>2.0</b>	<b>2.2</b>	<b>1.7</b>	<b>1.7</b>

18) Subordinated claims

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Claims on credit institutions	151.4	160.8	151.4	160.8
Claims on the public and public sector entities	7.9	6.4	7.9	6.4
Debt securities	127.1	128.8	155.6	148.9
<b>Total</b>	<b>286.4</b>	<b>296.0</b>	<b>314.8</b>	<b>316.1</b>

of which from consolidated companies 28.7 20.2  
from associated companies 10.1 10.1

19) Breakdown of leasing assets

	Consolidated	
	2001	2000
Prepayments	27.6	1.8
Machinery and equipment	183.7	177.0
Real property and buildings	13.2	12.8
Other assets	0.2	0.9
<b>Total</b>	<b>224.7</b>	<b>192.5</b>

20) Debt securities

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

	Consolidated		OKO Bank	
	Quoted	Others	Quoted	Others
Securities held as current assets	2 103.4	1 710.9	2 076.2	1 554.1
Securities held as financial fixed assets	130.7	369.5	129.9	448.3
<b>Total</b>	<b>2 234.1</b>	<b>2 080.4</b>	<b>2 206.1</b>	<b>2 002.3</b>

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

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

Consolidated figures are stated without eliminations	Consolidated		OKO Bank	
	2001	2000	2001	2000
Difference between nominal value and lower book value				
Debt securities	2.0	1.6	2.0	1.5
Difference between book value and lower nominal value				
Debt securities	2.1	3.2	2.1	3.2

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

Book value	Consolidated		OKO Bank	
	2001	2000	2001	2000
Treasury bills	1 048.0	84.6	1 013.3	77.6
Local authority paper	0.4	10.2	0.4	10.2
Commercial paper	53.4	40.1	53.4	40.1
Certificates of deposit	1 652.8	754.3	1 530.7	654.7
Convertible bonds	2.2	2.4	2.2	2.4
Other bonds	1 506.3	1 251.0	1 536.9	1 351.7
Other debt securities	51.3	116.8	71.5	67.4
<b>Total</b>	<b>4 314.5</b>	<b>2 259.4</b>	<b>4 208.4</b>	<b>2 204.1</b>

## 21) Shares and participations

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

	Consolidated		OKO Bank	
	Quoted	Others	Quoted	Others
Securities held as current assets	47.4	0.2	47.3	-
Securities held as financial fixed assets	0.1	47.8	-	42.6
<b>Total</b>	<b>47.5</b>	<b>48.0</b>	<b>47.3</b>	<b>42.6</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Securities held as current assets	3.6	8.3	3.2	8.3
Securities held as financial fixed assets	0.1	0.2	-	-
<b>Total</b>	<b>3.7</b>	<b>8.5</b>	<b>3.2</b>	<b>8.3</b>

OKO Bank Consolidated and OKO Bank did not have securities that were lent out at the end of 2001.

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Participating interests				
In credit institutions	7.1	8.3	3.4	5.5
Other	48.1	48.9	40.8	41.4
<b>Total</b>	<b>55.2</b>	<b>57.2</b>	<b>44.2</b>	<b>46.9</b>
Shares and participations in consolidated companies				
In credit institutions	-	-	137.4	137.4
Other	8.8	8.5	12.2	11.9
<b>Total</b>	<b>8.8</b>	<b>8.5</b>	<b>149.6</b>	<b>149.3</b>

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

	Shares and participations, with the exception of shares and participations in real-estate corporations		Land and water areas, buildings and shares and participations in real-estate corporations		Machinery, equipment and any tangible assets other than those mentioned above	
	Consolidated	OKO Bank	Consolidated	OKO Bank	Consolidated	OKO Bank
Purchase price at the beginning of the financial year	224.0	350.1	212.6	121.7	76.8	63.1
Increases during the financial year	7.5	4.9	4.3	3.2	4.0	0.3
Decreases during the financial year	-13.2	-12.0	-1.4	-12.0	-0.4	-0.1
Transfers between groups	-38.8	-38.9	-0.8	-	0.7	-
Planned depreciation during the financial year	-	-	-2.8	-0.2	-3.1	-0.6
Write-downs and reversing items for write-downs during the financial year	-29.1	-29.1	-0.3	-	-	-
Accumulated depreciation and write-downs entered in respect of decreases and transfers at the beginning of the financial year	2.1	2.1	0.1	2.6	0.1	0.0
Accumulated depreciation at the beginning of the financial year	-	-	-33.7	-1.2	-66.7	-61.2
Accumulated write-downs at the beginning of the financial year	-40.6	-40.6	-17.6	-25.4	-	-
Accumulated revaluations at the beginning of the financial year	-	-	-	-	-	-
Revaluation and reversing items for revaluations for the financial year	-	-	-	-	-	-
<b>Book value at the end of the financial year</b>	<b>111.9</b>	<b>236.4</b>	<b>160.4</b>	<b>88.8</b>	<b>11.6</b>	<b>1.5</b>

23) Breakdown of intangible assets

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Goodwill	2.4	3.0	-	-
Other long term expenditure	10.8	9.2	7.5	7.0
<b>Total</b>	<b>13.2</b>	<b>12.3</b>	<b>7.5</b>	<b>7.0</b>

24) Breakdown of real-estate holdings

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

	Consolidated		OKO Bank	
	Book value	Capital invested	Book value	Capital invested
Land and water areas and buildings				
In own use	1.1	1.1	0.8	0.8
Other	87.3	97.2	0.8	0.8
<b>Total</b>	<b>88.4</b>	<b>98.2</b>	<b>1.6</b>	<b>1.6</b>

	Consolidated		OKO Bank	
	Book value	Capital invested	Book value	Capital invested
Shares and participations in real-estate corporations				
In own use	30.0	30.3	8.6	16.8
Other	42.0	46.5	78.6	141.7
<b>Total</b>	<b>72.0</b>	<b>76.8</b>	<b>87.2</b>	<b>158.5</b>

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

The data are consolidated data, because OKO Bank prepares consolidated annual accounts..

Net yield, in per cent	Vacancy rate, in per cent	Type of property	Surface area, in square metres	Capital invested
Dwellings and residential real-estate	160	0.3	5.4	-
Business and office real-estate	70 934	128.8	7.4	3.2
Industrial real-estate	22 334	10.5	9.5	16.9
Land, water and forest areas (undeveloped)	64	4.1	-0.2	-
Unfinished buildings	-	-	-	-
Financial leasing real-estate	32 288	9.3	5.0	-
Other domestic real-estate	-	0.0	-2.5	-
Foreign real-estate	-	-	-	-
<b>Properties, total</b>	<b>125 780</b>	<b>153.0</b>	<b>7.2</b>	<b>6.1</b>

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

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

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

Yield rate %	Capital invested
Negative	2.7
0 - 3	4.2
3 - 5	0.9
5 - 7	103.8
over 7	41.5
<b>Total</b>	<b>153.0</b>

25) Own shares

The consolidated companies held no own or the parent bank's shares at December 31, 2001.

26) Breakdown of other assets

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Cash items in the process of collection	13.0	19.6	12.5	18.8
Guarantee claims	0.1	0.2	0.0	0.0
Derivative contracts	119.2	125.6	119.3	125.7
Other	54.4	118.9	29.2	44.6
<b>Total</b>	<b>186.7</b>	<b>264.3</b>	<b>161.0</b>	<b>189.1</b>

27) Breakdown of accrued income and prepayments

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Interests	88.9	96.3	81.8	88.9
Other	3.8	3.2	1.1	0.9
<b>Total</b>	<b>92.8</b>	<b>99.5</b>	<b>82.9</b>	<b>89.7</b>

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

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

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

Consolidated figures are stated without eliminations

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Differences between the nominal value and the lower book value				
Liabilities to credit institutions and central banks	-	0.0	-	0.0
Debt securities issued to the public	14.5	24.0	14.4	23.5
Subordinated liabilities	0.3	24.9	0.3	24.9
<b>Total</b>	<b>14.9</b>	<b>48.9</b>	<b>14.7</b>	<b>48.4</b>

Difference between book value and lower nominal value

Debt securities issued to the public	0.1	0.1	0.1	0.1
Subordinated liabilities	0.1	24.7	0.1	24.7
<b>Total</b>	<b>0.2</b>	<b>24.8</b>	<b>0.2</b>	<b>24.8</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Certificates of deposit	2 342.2	2 224.8	2 291.8	2 142.4
Bonds	1 021.9	1 154.8	1 022.6	1 165.2
Other	0.5	0.5	0.5	0.5
<b>Total</b>	<b>3 364.5</b>	<b>3 380.0</b>	<b>3 314.9</b>	<b>3 308.0</b>

31) *Breakdown of other liabilities*

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Cash items under process of collection	307.6	304.5	307.2	300.6
Derivative contracts	141.2	133.5	141.3	133.6
Other	91.6	97.6	59.9	43.0
<b>Total</b>	<b>540.4</b>	<b>535.6</b>	<b>508.4</b>	<b>477.2</b>

32) *Breakdown of accrued expenses and deferred income*

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Interest	48.2	53.7	36.6	45.5
Other	19.2	16.2	5.3	4.4
<b>Total</b>	<b>67.5</b>	<b>69.9</b>	<b>42.0</b>	<b>50.0</b>

33) Compulsory provisions at the end of the financial year

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Pension provisions	-	-	-	-
Tax provisions	-	-	-	-
Other	0.8	0.5	0.8	0.5
<b>Total</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>	<b>0.5</b>

34) *Subordinated liabilities*

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

USD 135 million (153.2 million euro equivalent) perpetual bonds. The interest rate was 2.43% on December 31, 2001. 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.

EUR 150 million subordinated bonds. The interest rate was 3.948% on December 31, 2001. The bonds shall mature in March 2011. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after March 2006, on giving advance notice as stated in the terms and conditions.

EUR 50.3 million. The interest rate was 3.922% on December 31, 2001. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after June 2004, on giving advance notice as stated in the terms and conditions.

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

Subordinated liabilities other than those mentioned above:

The aggregate total euro equivalent of the liabilities in the consolidated and OKO Bank's accounts was EUR 119.8 million as at December 31, 2001. Creditors do not have a put option. These liabilities included USD 20 million (EUR 22.7 million) perpetual bonds.

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

A total of EUR 28.7 million have been targeted at consolidated companies and EUR 10.1 million of perpetual loans to participating interests.

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

	Book value at the beginning of the financial year	Increases for the financial year	Decreases for the financial year	Book value at the end of the financial year
<b>Consolidated</b>				
Share capital	196.4	-	-	196.4
Share issue account	-	-	-	-
Share premium account	0.8	-	-0.4	0.4
Revaluation reserve	25.2	-	-	25.2
Reserve fund	203.3	-	-	203.3
Other restricted items	-	0.9	-	0.9
Profit brought forward	172.8	-	-59.4	113.5
Profit for the financial year	-	78.7	-	78.7
<b>Equity capital, total</b>	<b>598.6</b>	<b>79.6</b>	<b>-59.8</b>	<b>618.4</b>
<b>OKO Bank</b>				
Share capital	196.4	-	-	196.4
Share issue account	-	-	-	-
Share premium account	0.4	-	-	0.4
Reserve fund	163.6	-	-	163.6
Profit brought forward	153.0	-	-58.7	94.3
Profit for the financial year	-	69.4	-	69.4
<b>Equity capital, total</b>	<b>513.4</b>	<b>69.4</b>	<b>-58.7</b>	<b>524.1</b>

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

	Series A	Series K	Total
Share capital, euro	147 857 802	48 569 887	196 427 688
Number of shares	35 156 442	11 548 558	46 705 000
Of share capital, %	75.3	24.7	100.0
Votes per share	1	5	
Of votes, %	37.8	62.2	100.0

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

Restrictions concerning the purchase of shares:

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

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

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

	Consolidated	OKO Bank
Amount transferred to equity capital from voluntary provisions and the depreciation difference, EUR million	72	-

38) Issues of convertible bonds and bonds with warrants

Option-based incentive system

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

The equity warrants attached to the bond loan entitle their holders to subscribe for a maximum total of 4 600 000 OKO Bank Series A shares. The subscription price of the share is EUR 10.99, or the trading

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

Authorisations granted to the Supervisory Board

The Annual General Meeting held on April 4, 2001, authorised the Bank's Supervisory Board, for a period of one year from the Annual General Meeting, to decide on increasing the share capital through a rights issue, an issue of convertible bonds and/or the issuance of share option. The aggregate amount of the new Series K shares that can be issued in the rights issue, exchanged for convertible bonds and subscribed on the basis of share options can be a maximum of 4 000 000 shares and the aggregate amount of new Series A shares a maximum of 12 000 000 shares. The authorisation pursuant to the above furthermore confers the right to waive shareholders' pre-emptive right to subscribe new shares, convertible bonds and share options. A divergence from shareholders' subscription rights can only be made in the interest of ensuring the Bank's capital adequacy or in connection with corporate or industry-wide structural arrangements if the Bank has a weighty economic reason for doing so. A decision may not be taken on behalf of parties closely associated with the Bank. The valid unused authorisations can correspond, in respect of the total amount of the increases

39) Major shareholders and breakdown of shareholdings

Major shareholders in terms of voting rights (Ten largest shareholders according to the Share Register at December 31, 2001)

		Number of shares	Total	Number of votes	% of votes
OKO Bank Group Central Cooperative	A	11 000 000			
	K	8 293 032	19 293 032	52 465 160	56.5
Nominee-registered shareholders	A	5 378 226			
	K	0	5 378 226	5 378 226	5.8
Oulun Osuuspankki	A	140 000			
	K	506 000	646 000	2 670 000	2.9
Turun Seudun Osuuspankki	A	286 500			
	K	386 360	672 860	2 218 300	2.4
OKO Bank Group Pension Foundation	A	1 600 000			
	K	0	1 600 000	1 600 000	1.7
Keski-Uudenmaan Osuuspankki	A	0			
	K	245 900	245 900	1 229 500	1.3
Keski-Suomen Osuuspankki	A	0			
	K	228 280	228 280	1 141 400	1.2
Ilmarinen Mutual Pension Insurance Company	A	1 118 100			
	K	0	1 118 100	1 118 100	1.2
Porin Seudun Osuuspankki	A	211 908			
	K	125 910	337 818	841 458	0.9
Pohjolan Osuuspankki	A	127 610			
	K	127 610	255 220	765 660	0.8
<b>Total</b>		<b>29 775 436</b>	<b>29 775 436</b>	<b>69 427 804</b>	<b>74.7</b>

and the total amount of the votes conferred by the shares issued, to a maximum of one fifth of the registered share capital and total votes conferred by the shares at the time of the authorisation resolution of the general meeting of shareholders and the Supervisory Board's decision to increase the share capital.

The Supervisory Board was authorised to decide on the principles of determining the subscription price, the subscription price itself and other terms and conditions of subscription. The authorisation granted to the Supervisory Board by the Annual General Meeting on March 29, 2000, was cancelled. The Supervisory Board has not exercised the authorisation granted to it.

**Major shareholders in terms of share capital ownership** (Ten largest shareholders according to the Share Register at December 31, 2001)

	Number of shares	Holdings, %
OKO Bank Group Central Cooperative	19 293 032	41.3
Nominee-registered shareholders	5 378 226	11.5
OKO Bank Group Pension Foundation	1 600 000	3.4
Ilmarinen Mutual Pension Insurance Company	1 118 100	2.4
Oulun Osuuspankki	646 000	1.4
Turun Seudun Osuuspankki	672 860	1.4
Etelä-Karjalan Osuuspankki	444 642	1.0
Porin Seudun Osuuspankki	337 818	0.7
Savonlinnan Osuuspankki	283 142	0.6
Sampo Life Insurance Company Limited	282 600	0.6
<b>Total</b>	<b>30 056 420</b>	<b>64.3</b>

**Breakdown of shareholdings by number of shares** (According to the Share Register at December 31, 2001)

	Number of shareholders	% of shareholders	Number of shares	Holdings, %
<b>(Series A and K)</b>				
1 - 100	18 726	75.2	1 020 939	2.2
101 - 1 000	5 102	20.5	1 784 576	3.8
1 001 - 10 000	840	3.4	2 257 330	4.8
10 001 - 50 000	158	0.6	3 553 092	7.6
50 001 - 100 000	49	0.2	3 480 699	7.5
100 001 -	38	0.2	34 512 956	73.9
Unregistered shares			95 408	0.2
<b>Total</b>	<b>24 913</b>	<b>100.0</b>	<b>46 705 000</b>	<b>100.0</b>

**Breakdown of shareholdings by sector** (According to the Share Register at December 31, 2001)

Sector	Number of shareholders	% of shareholders	Number of shares	Holdings %	Number of votes	% of votes
Enterprises	619	2.5	721 395	1.5	721 395	0.8
OKO Bank Group Central Cooperative and its member cooperative banks	247	1.0	30 516 156	65.3	76 710 388	82.6
Other financial and insurance institutions	27	0.1	1 373 880	2.9	1 373 880	1.5
Public sector entities	20	0.1	3 448 010	7.4	3 448 010	3.7
Non-profit organisations	164	0.7	466 452	1.0	466 452	0.5
Households	23 811	95.6	4 683 848	10.0	4 683 848	5.0
Foreign	21	0.1	12 525	0.0	12 525	0.0
Nominee-registered shareholders	4	0.0	5 387 326	11.5	5 387 326	5.8
Unregistered shares			95 408	0.2	95 408	0.1
<b>Total</b>	<b>24 913</b>	<b>100.0</b>	<b>46 705 000</b>	<b>100.0</b>	<b>92 899 232</b>	<b>100.0</b>



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

OKO Bank does not have capital investments or capital loans.

41) *Combined items under balance sheet liabilities*

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

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

According to remaining maturity	Under 3 months	3-12 months	1-5 years	Over 5 years
<b>Consolidated</b>				
Debt securities eligible for refinancing with central banks	2 072.9	628.8	223.2	29.3
Claims on credit institutions	492.5	488.4	549.2	11.9
Claims on the public and public sector entities	700.9	907.8	2 391.9	1 733.7
Debt securities	236.6	212.1	617.2	294.2
Liabilities to credit institutions and central banks	4 641.0	155.3	77.3	23.5
Liabilities to the public and public sector entities	2 456.7	131.6	36.6	34.1
Debt securities issued to the public	2 111.6	397.9	855.0	-
<b>OKO Bank</b>				
Debt securities eligible for refinancing with central banks	1 958.5	586.4	209.3	15.2
Claims on credit institutions	932.4	778.4	965.8	33.5
Claims on the public and public sector entities	473.5	487.9	1 279.2	815.3
Debt securities	236.5	213.0	621.8	367.7
Liabilities to credit institutions and central banks	4 690.7	156.6	77.3	23.5
Liabilities to the public and public sector entities	903.8	19.6	27.2	25.0
Debt securities issued to the public	2 061.6	397.7	855.6	-

Claims on the public and public sector entities did not include items payable on demand in the consolidated and OKO Bank accounts at December 31, 2001. Deposits other than fixed-term deposits are included in the maturity class "Under 3 months".

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

	Consolidated		OKO Bank
	Domestic currency	Foreign currency	
Debt securities eligible for refinancing with central banks	2 954.3	-	-
Claims on credit institutions	1 474.9	67.1	67.1
Claims on the public and public sector entities	5 535.2	199.0	199.0
Debt securities	908.6	451.6	451.6
Other assets	1 045.3	13.9	12.5
<b>Total</b>	<b>11 918.3</b>	<b>731.6</b>	<b>730.2</b>
Liabilities to credit institutions and central banks	4 474.2	422.8	422.8
Liabilities to the public and public sector entities	2 534.9	124.1	112.5
Debt securities issued to the public	3 364.5	-	-
Subordinated liabilities	297.2	175.9	175.9
Other liabilities	620.4	17.4	17.2
<b>Total</b>	<b>11 291.2</b>	<b>740.2</b>	<b>728.4</b>

44) *Financial and share based ratios*

Consolidated key ratios of financial performance

	1997	1998	1999	2000	2001
Turnover, € million	599.4	562.2	524.9	756.8	755.9
Operating profit/loss, € million	47.6	74.3	111.0	167.1	110.6
% of turnover	7.9	13.2	21.1	22.1	14.6
Profit or loss before appropriations and taxes, € million	48.2	-15.5	53.9	167.1	110.6
% of turnover	8.0	-2.7	10.3	22.1	14.6
Return on equity (ROE), %	7.0	9.7	16.1	21.5	13.0
Return on assets (ROA), %	0.38	0.55	0.82	1.10	0.67
Equity/total assets ratio, %	5.8	5.5	4.7	5.5	4.9
Average number of staff	1 368	974	964	1 028	1 070
Cost/income ratio, %	78	69	56	43	51

Consolidated per share ratios

	1997	1998	1999	2000	2001
Earnings per share (EPS), €	0.78	1.12	1.72	2.53	1.68
Equity per share, €	11.59	10.56	10.97	12.82	13.24
Dividend per share, €	0.35	0.44	0.69	1.26	1.09*
Dividend payout ratio, %	45.3	39.2	40.0	49.6	64.6*
Effective dividend yield, % (OKO Bank Series A)	5.2	5.9	6.3	9.2	7.8*
Price/earnings ratio (P/E)	9.3	7.0	6.5	5.4	8.4
Share price performance (OKO Bank Series A)					
Average price, €	6.63	8.27	8.95	11.82	13.35
Lowest price, €	5.13	7.15	7.80	9.93	11.35
Highest price, €	7.90	9.50	14.00	13.99	16.00
Price at Dec. 31, €	7.27	7.82	11.20	13.76	14.10
Market capitalisation (OKO Bank Series A), € million	118.6	147.9	212.3	479.8	495.7
Movements in share turnover (OKO Bank Series A), thousands	9 287.8	6 094.2	6 345.6	6 546.2	5 257.0
% of total shares outstanding	57.5	37.1	33.5	19.9	15.0
Number of shares (all)					
Average during the financial year	43 941 520	44 230 272	46 705 000	46 705 000	46 705 000
At the end of the financial year	44 110 000	46 705 000	46 705 000	46 705 000	46 705 000

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

\* Executive Board's proposal: € 1.10 on Series A shares and € 1.05 on Series K shares.

Calculation of key ratios is presented on page 49.

NOTES TO THE ACCOUNTS CONCERNING TAXATION

45) *Income taxes*

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

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

Imputed taxes due and tax claims:

In the consolidated balance sheet there were imputed deferred taxes totalling EUR 27.49 million that were based on appropriations. Other imputed deferred taxes and tax claims have not been entered in the balance sheet in 2001 and 2000.

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Imputed tax claims, which are likely to materialise				
Total amount	1.05	1.23	0.76	0.95

Effect of revaluations on income taxes:

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

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

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

	Consolidated	OKO Bank		
Assets pledged as collateral for own liabilities				
Pledges		1 458.1	1 458.1	
Other		14.0	14.0	
Liabilities and commitments for which asset items have been pledged as collateral				
Liabilities to credit institutions and central banks		1 189.4	1 189.4	
Liabilities to the public sector and public sector entities		68.6	68.6	
Debt securities issued to the public		-	-	
Collateral pledged on behalf of a consolidated company				
Pledges		53.8	53.8	
Mortgages		5.0	-	
Collateral pledged on behalf of others				
Pledges		726.1	725.4	
Mortgages		6.7	-	

Total nominal amount of the euro notes and coins predistributed to Okopankki Oyj, was e 53.8 million, of which e 10.6 million was further distributed to clients.

Owing to the advance arrangements of euro notes and coins OKO Bank gave The Bank of Finland a pledge of € 386 million on Okopankki's and member cooperative banks' behalf.

OKO Bank also gave the Bank of Finland a pledge of € 263 million on behalf of Automatia Pankkiautomaatit Oy owing to the predistribution of euro notes and coins.

47) *Pension liabilities*

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

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

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

48) *Leasing liabilities*

	Consolidated	OKO Bank
Leasing payments in 2002	0.17	0.11
Leasing payments after 2002	0.20	0.16

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Guarantees	438.8	415.5	411.3	387.2
of which on behalf of subsidiaries	-	-	0.3	0.5
on behalf of associated companies	-	-	-	-
Guarantee commitments	610.2	698.4	624.5	698.7
of which on behalf of subsidiaries	-	-	14.3	0.3
on behalf of associated companies	-	-	2.2	2.0
Mortgages	6.7	10.1	-	-
Other commitments given on behalf of a customer for a third party	33.9	15.1	31.0	12.3
Unused standby credit facilities	1 387.4	1 197.7	1 177.0	984.9
of which for subsidiaries	-	-	56.0	48.8
for associated companies	-	-	-	2.8
Other irrevocable commitments given on behalf of a customer	401.5	67.4	385.7	58.0
Commitments given, total	2 878.4	2 404.1	2 629.6	2 141.1
Commitments given to subsidiaries or on their behalf, total			70.6	49.8
Commitments given to associated companies or on their behalf, total			2.2	4.9

OKO Bank gave a pledge of € 779 million to the Bank of Finland to cover the advance and redistribution arrangements for euro banknotes and coins. The information of the pledge is given in Note 46 in collaterals pledged on behalf of others and on behalf of a consolidated company.

50) Derivative contracts at the end of the year

	Consolidated		OKO Bank	
	2001	2000	2001	2000
<b>Values of the underlying instruments</b>				
<b>Agreements made for hedging purposes</b>				
Interest rate derivatives				
Forward rate agreements	-	-	-	-
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	703.9	655.8	703.9	655.8
Currency derivatives				
Forward agreements	-	572.4	-	572.4
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate and currency swaps	-	3.2	-	3.2
Share derivatives	-	-	-	-
Other derivatives	-	-	-	-
<b>Total</b>	<b>703.9</b>	<b>1 231.5</b>	<b>703.9</b>	<b>1 231.7</b>

Contracts made for purposes other than hedging

Interest rate derivatives				
Forward rate agreements	77.0	1 027.7	77.0	1 027.7
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	6 464.1	6 592.1	6 472.5	6 598.8
Currency derivatives				
Forward agreements	366.2	-	366.2	-
Option contracts				
Purchased	7.5	4.0	7.5	4.0
Written	6.8	3.2	6.8	3.2
Interest rate and currency swaps	-	-	-	-
Share derivatives	-	-	-	-
Other derivatives				
Equity swaps	16.3	8.6	16.3	8.6
<b>Total</b>	<b>6 937.9</b>	<b>7 635.5</b>	<b>6 946.3</b>	<b>7 642.2</b>

Credit countervalues of contracts

Interest rate derivatives	64.8	73.2	64.9	73.3
Currency derivatives	6.6	21.8	6.6	21.8
Other derivatives	2.5	1.1	2.5	1.1
<b>Total</b>	<b>73.9</b>	<b>96.1</b>	<b>74.1</b>	<b>96.2</b>

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Sales receivables		29.5		-
Accounts payable		40.2		-

52) Other contingent liabilities and commitments

OKO Bank's commitments to venture capital funds amounted to EUR 22.3 million at the end of the year.

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

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

53) Staff and members of governing and supervisory bodies

Staff in 2001, average

	Consolidated		OKO Bank	
	During the financial year	Change on previous year	During the financial year	Change on previous year
Full-time staff	1 034	27	310	-
Part-time staff	36	15	7	6
<b>Staff, total</b>	<b>1 070</b>	<b>42</b>	<b>317</b>	<b>6</b>

Salaries and emoluments received by members of governing and supervisory bodies

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Members and deputy members of the Supervisory Board	0.1	0.1	0.1	0.1
Members and deputy members of the Executive Board as well as the President	1.5	1.3	0.7	0.6
<b>Total</b>	<b>1.6</b>	<b>1.4</b>	<b>0.8</b>	<b>0.8</b>

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

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

	Consolidated		OKO Bank	
	2001	2000	2001	2000
Loans				
To the members and deputy members of the Supervisory Board			0.2	-
To the members and deputy members of the Executive Board as well as to the President			0.0	-
To the auditors and firms of public accountants			0.3	-
<b>Total</b>			<b>0.5</b>	<b>-</b>

Guarantees

To the members and deputy members of the Supervisory Board		0.0	-
To the members and deputy members of the Executive Board as well as to the President		0.1	-
To the auditors and firms of public accountants		0.2	-
<b>Total</b>		<b>0.2</b>	<b>-</b>

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

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

**Pension commitments**

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

**Management's shareholdings**

The members and deputy members of OKO Bank's Supervisory Board, the members and deputy members of the Executive Board as well as the

President owned a total of 4 912 OKO Bank Series A shares as at December 31, 2001, and these shares represented 0.011 per cent of all the shares outstanding and 0.005 per cent of the votes conferred by all the shares outstanding. The members and deputy members of the Executive Board and the President subscribed for an amount of the bond loan with equity warrants issued by OKO Bank, entitling them to subscribe for a total of 700 000 shares. These shares represent 1.374 per cent of all the shares and 0.723 per cent of the number of votes.

HOLDINGS IN OTHER COMPANIES

*54) Shareholdings at the end of the year*

OKO Bank's holdings in shares and participations included in financial fixed assets

Name of company, domicile and operations	Holding %	Aggregate book value	Equity capital of the company <sup>1)</sup>	The company's profit or loss for the finan- cial year <sup>1)</sup>
Realinvest Oy, Helsinki, real-estate investment	19.0	27.5	159.8	-1.7
Finnventure Rahasto V Ky, Helsinki	5.9	5.8	9.6	-0.4
HEX Oyj, Helsinki, securities and derivatives exchange	8.1	4.9	51.5	14.4
Finnmezzanine Rahasto III B Ky, Helsinki	49.5	1.5	0.2	0.0
Luottokunta, Helsinki, financial operations	17.1	1.0	95.2	11.5
Eurocard Oy, Helsinki, financial operations	11.2	0.8	8.8	2.4
Espoo Ringside Golf Oy, Espoo	7.3	0.3	7.0	0.1
Innopoli Oy, Espoo, research and development	1.2	0.2	20.6	0.6

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

In addition, OKO Bank had holdings in 26 companies that are included in financial fixed assets at the end of the year and in which the book value of the shares or participations owned was less than € 200 000. The aggregate book values of these shares and participations was € 0.6 million.

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

Name of company, domicile and operations	Consolidated holding, %	Aggregate book value	Equity capital at year-end	Profit or loss for the financial year
OP-Kotipankki Oyj, Helsinki, banking	20.8	4.1	30.0	1.2
Aurum Life Assurance Company, Helsinki, insurance	49.6	33.6	77.0	1.2
Automatia Pankkiautomaatit Oy, Helsinki finance-related services	33.3	5.1	20.3	0.9
Toimiraha Oy, Helsinki, finance-related services	33.3	2.1	3.6	-0.1
Kiinteistö Oy Lahden Trio, real-estate holding and management	33.3	12.0	65.7	0.0

In accordance with the relevant regulation of the Financial Supervision, 2 associated companies have been excluded from the consolidated accounts owing to their minor importance. The aggregate book value of the shares in these companies was € 1.2 million and their total assets in their latest balance sheets stood at € 3.6 million.

Subsidiaries included in the consolidated accounts

Company name, domicile and operations	Consolidated holding, %	Book value of shares	Equity capital at year-end <sup>1)</sup>	Profit or loss for the financial year <sup>1)</sup>
Okopankki Oyj, Helsinki, banking	100	84.1	106.9	15.1
OP-Finance Ltd, Helsinki, financing	100	53.3	55.4	3.4
Opstock Ltd, Helsinki, investments service company	85.6	3.8	11.3	3.7
Kiinteistö Oy Aleks-Hermes, Helsinki	100	13.7	10.7	-0.2
Kiinteistö Oy Arkadiankatu 23, Helsinki	100	5.4	5.3	-0.1
Kiinteistö Oy Dagmarinkatu 14, Helsinki	100	8.1	2.0	0.0
Kiinteistö Oy Kanta-Sarvis II, Tampere	100	11.7	9.4	-0.3

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

OKO Bank sold 1/2001 the shares of its subsidiary Kiinteistö Oy Malminkatu 30. The company was not consolidated in 2001.

On the basis of the relevant regulation of the Financial Supervision, a total of 22 housing and real-estate companies have been omitted from the consolidated accounts. The aggregate total assets in the most recent balance sheets of these companies was € 41.5 million, and also omitted from the consolidated accounts were 12 other companies, which had € 30.2 million in total assets as calculated according to their most recent balance sheets.

During the financial year, OKO Bank sold the shares of Asunto Oy Karsillanpelto.

Bank Consolidated are included. A copy of the Annual Accounts of the OKO Bank Group Central Cooperative is available from the Central Cooperative at the address Teollisuuskatu 1b, 00510 Helsinki.

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

	2001	2000
Interest income	55.4	71.4
Income from equity investments	33.1	24.0
Interest expenses	2.6	5.4

OTHER NOTES TO THE ACCOUNTS

55) Credit institution's trustee services

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

56) Amount of OKO Bank's and some other cooperative credit institution's unpaid cooperative contributions

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

Claims on consolidated companies and liabilities to them

	2001	2000
Claims on credit institutions	1 195.8	1 072.1
Claims on the public and public sector entities	7.0	14.9
Debt securities eligible for refinancing with central banks	-	-
Debt securities	78.8	73.3
Other assets	0.1	0.1
Accrued income and prepayments	7.6	9.2
<b>Total</b>	<b>1 289.3</b>	<b>1 169.6</b>

NOTES CONCERNING A CREDIT INSTITUTION BELONGING TO THE CONSOLIDATED GROUP

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

OKO Bank's parent institution is the OKO Bank Group Central Cooperative, within whose consolidated accounts, the figures for OKO

Liabilities to credit institutions	77.2	71.4
Liabilities to the public and public sector entities	0.4	1.5
Debt securities issued to the public	0.2	-
Other liabilities	1.7	0.1
Accrued expenses and deferred income	0.3	0.3
<b>Total</b>	<b>79.9</b>	<b>73.4</b>

NOTES CONCERNING SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

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

OKO Bank Consolidated does not have subsidiaries according to this section.

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

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

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

OKO Bank Consolidated does not have associated companies according to this section.

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

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

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

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

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

The financial year of all the subsidiaries included in the consolidated accounts ended on December 31, 2001.

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

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

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

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

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

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

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

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

	2001	2000
Imputed deferred taxes in the consolidated balance sheet		
Deferred taxes which are based on appropriations and entered in the consolidated balance sheet	27.49	23.08
Imputed tax claims based on the consolidated balance sheet		
Based on consolidation measures	0.47	0.57
Based on the consolidated companies' own balance sheets	1.05	1.23
Changes in imputed taxes		
Based on appropriations	4.43	10.84
Based on consolidation measures	-0.10	-0.08
Based on Group companies' own balance sheet	-0.18	-0.96

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

The amount of unamortised goodwill of associated companies included in the consolidated accounts as at December 31, 2001, was € 0.03 million. There was no negative consolidation difference that had not been charged to income at the end of the year.

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

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

CALCULATION OF KEY RATIOS

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



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

The consolidated distributable equity capital on December 31, 2001 was € 120 445 742.93.

The equity capital of OKO Bank on December 31, 2001 was € 524 096 414.89. of which distributable equity was € 163 683 967.63.

At the disposal of the Annual General Meeting is

the profit for the financial year shown in the profit and loss account	69 386 755.53
profit brought forward	70 847 739.79
and non-restricted reserves	23 449 472.31
or a total amount of	<u>163 683 967.63</u>

It is proposed that this be disposed as follows:

The dividend distributed on the share capital is

€ 1.10 on 35 157 562 series A shares	38 673 318.20	
€ 1.05 on 11 547 438 series K shares	12 124 809.90	50 798 128.10

Leaving in distributable equity capital	112 885 839.53
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HELSINKI, FEBRUARY 14, 2002

Antti Tanskanen

Reijo Karhinen

Mikael Silvennoinen  
President

Erkki Böös

Timo Ritakallio

Heikki Vitie

Helena Walldén

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## AUDITORS' REPORT

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TO THE SHAREHOLDERS OF OKO BANK

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We have audited the accounting records, annual accounts and corporate governance of OKO Bank for the 2001 financial year. The annual accounts, which have been prepared by the Executive Board and the President, comprise the Executive Board's report on operations as well as the profit and loss account, balance sheet and notes to the annual accounts of OKO Bank Consolidated and the parent company. Based on our audit we express an opinion on the company's annual accounts and corporate governance.

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

in accordance with the provisions of the Companies Act and the Credit Institution Act.

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

HELSINKI, FEBRUARY 14, 2002

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants

Kari Miettinen

Authorised Public Accountant

Eero Huusko

Authorised Public Accountant

Kauko Lehtonen

Authorised Public Accountant

STATEMENT OF THE SUPERVISORY BOARD

At its meeting held today the Supervisory Board has examined the Bank's annual accounts and the Auditors' Report. As its statement to the 2002 Annual General Meeting, the Supervisory Board observes that the Bank has been managed in accordance with the legislation and regulations in force and the Supervisory Board does not have any remarks in respect of OKO Bank's annual accounts for 2001 and the Auditors' Report.

The Supervisory Board concurs with the Executive Board's proposal concerning the disposal of distributable funds. The following members of the Supervisory Board are to resign in accordance with the Articles of Association of OKO Bank: Jussi Hautamäki, Ilkka Heinonen, Timo Kietäväinen, Erkki Laatikainen, Ulf Nylund, Jaakko Ojanperä, Seppo Penttinen, Timo Poranen, Valvatti Remes-Siik ja Pertti Stöckel.

HELSINKI, FEBRUARY 14, 2002  
ON BEHALF OF THE SUPERVISORY BOARD

Seppo Penttinen  
Chairman

Markku Koponen  
Secretary



OKO Bank