



OKO BANK GROUP

ANNUAL REPORT

2001

360

10675

18719

29414

956

30370

1065

THE OKO BANK GROUP
100 YEARS IN THE FUTURE

1902	The Central Lending Fund of the Cooperative Credit Societies Limited Company was founded on May 14 in Helsinki. The first credit societies were established in the same year.
1920	The cooperative credit societies received the right to take in deposits from non-members. The number of societies had risen to 602 and their membership to 31 000.
1928	The Central Association of the Finnish Cooperative Credit Societies was founded as the central body of the societies. The number of societies was at its highpoint: 1 416. The membership topped the 100 000 mark.
1945	After the wars the number of credit societies was 927 and their market share of deposits was a good tenth. The societies were given the main role in mediating government resettlement loans, and this led to a substantial expansion of the Group's operations.
1960	In the 1950s and 1960s the focus of the credit societies' operations shifted from rural areas to the cities. The societies became general banks serving all population groups. Their market share rose to roughly a fifth.
1970	Bank legislation was amended and the cooperative credit societies became cooperative banks. The central bank's name was changed to Osuuspankkien Keskuspankki Oy (OKOBANK). The Bank Group introduced a new business emblem which, stylised somewhat, is still in use.
1980	There were 372 cooperative banks with more than 360 000 members, and the market share of deposits was nearly a quarter. The 1970s and 1980s were a period of stable growth for the Group.
1993	The OKO Bank Group together with three other bank groups acquired the healthy business operations of Savings Bank of Finland. This was the consequence of the deep crisis in which the banking sector had ended up owing to the general economic slump.
1997	In step with legislative amendments, the OKO Bank Group adopted a new form of joint operations. On the foundation of the Central Association of the Finnish Cooperative Banks, the OKO Bank Group Central Cooperative was formed as the Group's central institution.
2002	The OKO Bank Group is celebrating its centennial and continuing its operations as a strong Finnish bank group comprising 244 member cooperative banks which have about a million owner-members. The Group has some three million customers and its market share of both deposits and loans is nearly a third.



CONTENTS

Financial information in 2002

The OKO Bank Group and OKO Bank will publish three interim reports in 2002:

- for January-March on May 3, 2002
- for January-June on August 8, 2002
- for January-September on October 31, 2002.

The interim reports will be published in Finnish, Swedish and English. The fastest way to access the interim reports is by visiting our website at the address www.okobank.com. Paper copies can be ordered at 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: viestinta@okobank.com.

This publication together with the OKO Bank Group's financial statements form the Group's annual report for 2001. If the financial statements are not included as an annex, they can be ordered from the address above.

4	Chairman's review
6	President's review
8	Operating environment
9	Key figures
10	The OKO Bank Group in 2001
13	Main events in 2001
16	The OKO Bank Group's strategy
18	The OKO Bank Group's structure
18	The member cooperative banks
20	The OKO Bank Group Central Cooperative
23	Corporate Governance within the OKO Bank Group
25	Operations of the OKO Bank Group
25	Owner-members
25	Customers
25	Service network
28	Partnerships
30	Financing services
35	Deposit and asset management services
36	Other operations
36	Changeover to the euro
38	Risk management
41	Personnel
43	Result of the OKO Bank Group
43	Result of operations and financial position
44	Balance sheet
44	Capital adequacy
44	2001 review of Group companies
47	Outlook for the OKO Bank Group in 2002
47	The Central Cooperative's corporate governance
50	Members of the Supervisory Board
51	Organisation
52	Executive Board and Auditors
55	Contact addresses

CHAIRMAN'S REVIEW

A year ago, at the end of my review, I ventured to predict that now – on the threshold of the OKO Bank Group's centennial – our vision would already be at hand: we are the leading bank in Finland – for our customers, more than a bank. I wasn't wrong at all. The leader is the one who points the way to others. Last year too the OKO Bank Group was a forerunner in many respects: in growth, profitability, service and technology.

The economy behaved in an uncommon manner last year. 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 fared even better. It outpaced the market growth in nearly all the core areas of its operations. To be sure, the uncertainty in the equity markets affected securities transactions, but the insurance business strengthened further, nor did the mutual funds go into decline. The capital invested in mutual funds run



by the OKO Bank Group remained unchanged at the annual level, and life and pension insurance policies grew by a quarter. The credit portfolio and total deposits also grew substantially, enabling the OKO Bank Group to increase its market share in both financing and asset management.

The confidence of customers is the best

thing a bank can gain. When a position of leadership is achieved in this area, all other success follows from it. The OKO Bank Group has succeeded in gaining customers' confidence. I believe that in large measure this is attributable to the Group's Finnish roots. The OKO Bank Group is and will remain Finnish both in terms of its ownership and the way it operates. 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 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 we brought out on the market new, advanced banking services and we invested heavily in information technology.

A special effort went into making the transition to euro banknotes and coins. This was accomplished smoothly in terms of both modifications to information systems and the currency changeover. Customers took the historical change in stride, and the euro currency is fast becoming an everyday affair. The euro has already had an impact on the economy of both Finland and Europe as a whole, and in time the euro will shape economic structures ever more profoundly.

The OKO Bank Group's good financial position enables us to bear social responsibility in a concrete way. The principle of responsibility has been a fundamental element of our operations throughout the Bank Group's one hundred year history. Over the years we have also given a good measure of support to science, the arts, sport and other worthy causes. We have been able to pay our taxes even in difficult times, and in recent years, as our earnings have grown, we have become an increasingly important taxpayer locally and nationally.

Our solid finances also mean that we are better placed than ever before to develop our staff and to expand our areas of competence. This was one of our priorities last year, but in the current year we shall emphasise it even more. Only by dint of a competent and multi-skilled staff can the OKO Bank Group realise its vision of strengthening its position as the leading bank and being for its customers more than a bank.

This is a centennial year for the OKO Bank Group. It is therefore a very special pleasure and honour for me to thank our three million customers, one million owner-members, ten thousand administrative officers and a nearly equally large group of co-workers for your excellent co-operation during the year. Throughout its history the Bank Group has been an integral part of Finnish society, growing in step with its development and promoting development by always looking ahead – a century in the future. We shall continue along this course.

Helsinki, February 14, 2002



Antti Tanskanen

PRESIDENT'S REVIEW

The OKO Bank Group's one hundred years success story bears strong testimony to the strength of co-operation. From the outset the cooperative credit societies were independent but they acted in concert, first around their central bank, OKO Bank, and quite soon thereafter also within the framework of their own central association.



An essential element of the OKO Bank Group's continued favourable trend in operations in 2001 was the Group's good internal co-operation. A clear cut division of responsibilities between the Central Cooperative and its member banks coupled with a jointly approved vision and strategy will create, in coming years as well, the foundation on which the Group builds results-driven operations that produce added value for customers. Our excellent achievements in the face of bank competition have demonstrated that an operational model which places the accent on being local and independent leads to the creation of a tightly knit and prosperous group.

One role of the Central Cooperative is to act as a common source and repository of values. A study which we commissioned last autumn indicated that our group cohesion has clearly strengthened further. I see a very direct connection between this outcome and our business success over the past years. Close co-operation across all the Group's units is nevertheless not an

end in itself, but it is a necessary condition for customer-focused operations.

During 2001 – in line with its vision and capitalising on the Group's good financial performance – the Central Cooperative stepped up further its inputs into product and service development. In recent years we have made available to our customers a wide variety

of new products and technical innovations. For a decade now we have been in the vanguard of development in this area. We have also taken decisive steps to modernise our existing basic products and services. Our annual capital expenditures on information technology have increased nearly ten-fold in five years.

We do not want to forget our physical presence either. On the contrary. It has been our policy to offer customers quality services via multiple channels. It is up to the customers to choose the channel they wish to use. In the past year we opened two completely new-type branch offices which take into account both customers' changed needs and the transformation in the nature of bank work towards advisory services and expert tasks.

The OKO Bank Group brand is the sector's most respected brand nationwide. At the same time it has a local meaning for customers. Being local means knowing the customer and fast decision-making. It involves individual service and

commonality via the Group. In the past year we continued to invest in our brand by way of far-reaching media visibility, and we renewed our graphic identity for the centennial. The results of corporate image surveys showed a positive trend.

Last year too our number of customers grew substantially. I do not believe that this would have been possible had we not been present and highly visible in so many ways. A growing number of customers also tells of successful service and the correct product development. Nor can we forget the importance of competitive pricing.

The OKO Bank Group Central Cooperative is an expert organisation that supports the member banks' customer business. Competent and professionally skilled staff are its heart. In line with our strategy we continued to step up the development of our staff's competence. The number of employees also continued to grow. The general development thrust and the centralisation of services that promotes group efficiency have led to a significant increase in the Central Cooperative's staffing levels in recent years.

The Central Cooperative Consolidated's financial performance was markedly weaker in the report year than it was a year ago. The results of the parent company, the OKO Bank Group Central Cooperative, and the subsidiary OKO Bank

were weakened substantially in 2001 by the same factor as raised consolidated earnings to a record level in 2000: the investment in Pohjola Group shares. All in all, this share purchase, which was originally made for a strategic purpose, has yielded a good return for the Central Cooperative Consolidated purely as a financial investment. Excluding the effect of the equity investments, the Central Cooperative Consolidated's result came in on budget.

The OKO Bank Group's financial situation and position in the market are strong. Virtually throughout the 1990s the Group's biggest challenge was to lift profitability and capital adequacy. Now it is about maintaining them. A new challenge and benchmark of success is to direct resources and energy towards growth that outstrips the market in all our core business areas – without compromising on risk management.

Today's healthy growth is tomorrow's profitability and today's investments in our personnel, buttressed by product and service development, will bring growth tomorrow. My warm thanks go to all our member banks and the entire staff for your contributions during the past year and my best wishes for success in the current year, the OKO Bank Group's grand centennial.

Helsinki, February 14, 2002



Reijo Karhinen

OPERATING ENVIRONMENT

Finland's economic growth slowed sharply in step with the recession in the international economy during 2001. Total output grew by only about one per cent. The recession was clearly export-led and on the supply side its main impact was on industrial production. The growth in domestic demand, however, continued nearly at the previous year's rate, thus favouring the growth in the banks' traditional business operations. The increase in consumption expenditure was maintained by the rise in households' income as well as by people's strong confidence in the favourable trend in their own finances.

The past year showed the pronounced effect which employment has on prosperity in the domestic market. The average unemployment rate declined by 0.7 percentage point to 9.1 per cent. The labour market also reacted to the general economic trend with a fairly long lag, which meant that the improvement in the employment rate did not begin to slow down until the last months of the year.

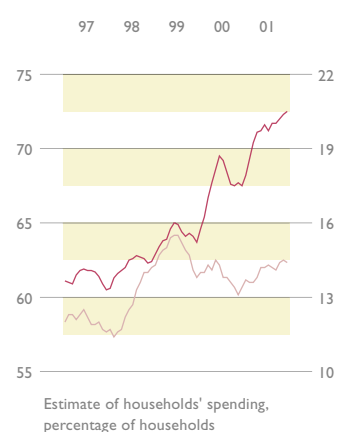
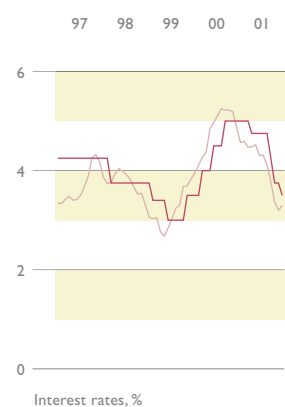
The average annual change in consumer prices was 2.6 per cent, and towards the end of the year inflation dropped below 2 per cent. The factors that restrained the rise in prices most were the fall in the price of petrol and lower interest rates.

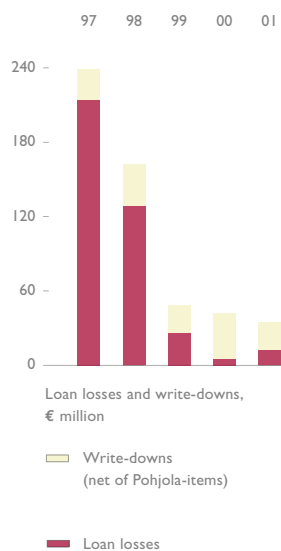
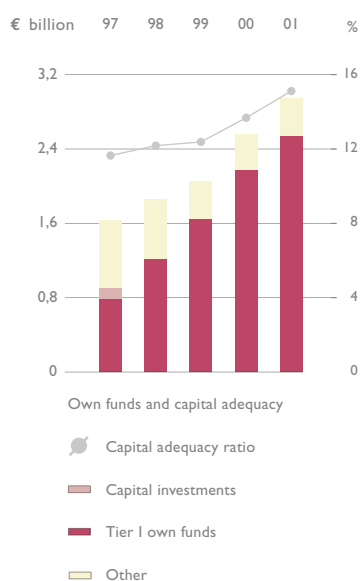
The European Central Bank lowered its administrative interest rate that influences euribor rates four times during the year, with rates falling from 4.75 per cent to 3.25 per cent. The drops in the interest rate came mostly in the autumn, when the terrorist attacks on the United States led to an increase in the uncertainty pervading the international economy and posed the threat of a prolonged recession. The situation in the interest rate markets nevertheless changed during the late autumn, and market interest rates began to notch up again. The OKO Bank Group's reference interest rate, OP-Prime, was lowered in accordance with the market situation and interest rate expectations from 5.00 per cent to 3.50 per cent in the course of the year.

The problems in the international economy showed up in the equity markets in the form of cautious investor sentiment and a substantial fall in the share price indexes. During 2001 the HEX general index fell by more than 32 per cent and the HEX portfolio index by 22 per cent. Owing to the uncertainty in the equity markets, the popularity of deposits as a mode of saving strengthened despite the low level of interest rates. The banks' total euro-denominated deposits grew by more than 5 per cent.

Demand for housing loans was supported by the stability in housing prices and the fall in interest rates nearly all year long. The level of interest rates has a significant effect on the housing loan market. The deposit banks' portfolio of housing loans grew by nearly 12 per cent. The strong growth in the banks' lending was thus largely dependent on housing loans.

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





KEY FIGURES

	1997	1998	1999	2000	2001
Member banks	250	247	247	245	245
Offices	745	728	717	709	693
Staff (excl. interns)	8 695	8 366	8 337	8 535	8 802

Owner-members and customers, thousands

Owner-members	647	695	798	875	984
Customers	2 772	2 797	2 844	2 916	2 967
Online service contracts	246	341	445	572	685

Market shares, %

Of FIM/euro-denominated credits	31.2	30.2	30.2	31.9	32.4
Of FIM/euro-denominated deposits	31.0	30.4	30.2	31.2	32.1
Of mutual funds registered in Finland	8.1	9.4	14.3	14.2	13.3
Of premium income from life and pension insurance	11.3	6.6	9.5	10.1	13.4

Profit and loss items, € million

Net income from financial operations	649	691	678	801	875
Commission income	244	262	251	303	287
Loan and guarantee losses	214	128	26	5	12
Operating profit	195	395	450	664	504

Balance sheet items, € million

Total assets	22 816	23 332	26 024	27 086	30 031
Credit stock	15 023	16 192	18 309	20 260	21 946
Non-performing and zero-interest claims	434	266	236	203	192
Deposits	15 352	15 735	16 433	17 118	18 774
Equity capital	990	1 308	1 739	2 314	2 694

Insurance savings, € million

Insurance savings, € million	423	578	875	1 201	1 493
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Capital in mutual funds, € million

Capital in mutual funds, € million	254	460	1 461	1 917	1 929
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Key figures

Capital adequacy ratio, %	11.6	12.2	12.4	13.7	15.1
Tier I capital ratio, % (excl. capital investments)	5.6	7.9	9.9	11.6	13.0
Return on equity (ROE), %	17.2	35.0	26.7	24.9	14.6
Return on assets (ROA), %	0.57	1.66	1.65	1.90	1.28
Cost/income ratio, %	61.9	56.5	59.0	48.6	55.3

THE OKO BANK GROUP IN 2001

<p>The OKO Bank Group's market position strengthened further. The market share of euro-denominated loans among the deposit banks grew by 0.4 percentage point to 32.4 per cent and the share of deposits by 0.9 percentage point to 32.1 per cent. The market share of premiums written in life and pension insurance increased by 3.3 percentage points to 13.4 per cent.</p>	<p>per cent. Capital invested in mutual funds was at the same level as at the end of 2000.</p>
	<p>The portfolio of households' housing loans grew by 14 per cent to EUR 9.3 million. The market share rose by 0.7 percentage point to 34.3 per cent. Home purchases and sales through OP-Kiinteistökeskus estate agents were up 15 per cent.</p>
<p>The operating profit was the second largest in the Group's history: EUR 504 million. It was 24 per cent smaller than the record result posted in 2000. The contraction in operating profit was attributable to investments in shares. Excluding the direct effect of investments in shares, operating profit was EUR 542 million, or 2.7 per cent smaller than the figure a year earlier.</p>	<p>The number of customers grew by 52 000 to 2.97 million and the number of owner-members increased by 109 000 to 984 000. The number of online service contracts grew by 20 per cent to 685 000. More than 88 per cent of the aggregate amount of customers' basic service transactions was handled as electronic self services.</p>
	<p>The Group's listed central bank, OKO Bank, posted operating profit of EUR 111 million.</p>
<p>Net income from financial operations grew by 9.3 per cent and commission income contracted by 5.3 per cent. Expenses were up 4.2 per cent. Credit losses were again at a low level.</p>	<p>In 2002 the OKO Bank Group's market position is expected to strengthen further, and operating profit is expected to be at nearly the same level as it was in 2001.</p>
<p>The credit portfolio was up 8 per cent, deposits 10 per cent and insurance savings 24</p>	

Maalis 3	Nosto	Säästö	3,977,720	Tuntia
10	Nosto	Säästö	2,772,500	Tuntia
19	Nosto	Säästö	2,072,500	Tuntia
22	Nosto	Säästö	1,572,500	Tuntia
eluli 7	Nosto	Säästö	1,072,500	Tuntia
18	Nosto	Säästö	572,500	Tuntia





MAIN EVENTS IN 2001

- Feb. 15.** The financial result for 2000 was announced. The OKO Bank Group set a new earnings record for the fourth year running. Operating profit was EUR 664 million. A year earlier operating profit was EUR 450 million.
- Apr. 4.** The Annual Cooperative Meeting of the OKO Bank Group Central Cooperative and OKO Bank's Annual General Meeting were held in Helsinki. At the meetings, members were elected to the Supervisory Boards of the Central Cooperative and the Bank, and amendments were made to OKO Bank's Articles of Association.
- Apr. 24.** The OKO Bank Group Research Foundation and the OKO Bank Group's Kyösti Haataja Foundation made grants totalling EUR 168 000 for scientific research.
- May 4.** The January-March interim report was published. The Group posted operating profit of EUR 152 million, which was on a par with the figure a year earlier.
- May 8.** The reintegration of Lehtimäen Osuuspankki, which had belonged to the Association of the Local Cooperative Banks, within the OKO Bank Group was confirmed. The number of the Group's member banks rose to 245.
- May 15.** The OKO Bank Group and the insurance companies Ilmarinen and Suomi agreed unanimously to terminate their agreement, made at the end of 1999, concerning co-operation and ownership of Pohjola Group.
- July 5.** The OKO Bank Group terminated its insurance policy marketing agreements with Ilmarinen, Eurooppalainen and Pohjola. The OKO Bank Group Central Cooperative and OKO Bank moved the Pohjola shares in their ownership to the market valued section of their balance sheets.
- Aug. 16.** The January-June interim report was published. The items connected with investments in Pohjola cut into operating profit, which was EUR 274 million. A year earlier operating profit was EUR 393 million.
- Sept. 24.** The main festivities of the OKO Bank Group week were held in Mustasaari under the theme Finnish Expertise.
- Nov. 1.** The January-September interim report was published. Operating profit was EUR 366 million. Net of the effect of investments in shares it was EUR 419 million. A year earlier the corresponding figures were EUR 532 million and 420 million.
- Nov. 30.** Savonlinnan Osuuspankki opened the Group's first new-look branch office. It has separate areas for quick daily banking transactions as well as for negotiations and expert services. Virtain Osuuspankki opened the same type of branch office on December 7.
- Dec. 14.** The OKO Bank Group, Fennia Group and the Lähivakuutus Group (Local Insurance Group) signed agreements on co-operation in selling insurance policies. The OKO Bank Group will begin selling Fennia's and Lähivakuutus Group's non-life policies as well as Pension-Fennia's statutory employees' and self-employed persons' insurance policies. The Lähivakuutus Group in turn will begin selling the insurance policies of Aurum, the OKO Bank Group's life assurance company.
- Jan. 1, 2002** Finland changed over to the use of euro banknotes and coins. Within the OKO Bank Group all customer services-related conversions were seen to completion according to plans and the placing in use of the information systems went virtually without a hitch, as did cash services for the member cooperative banks and customers.

← Bank branch offices have always been needed – and always will be. The way branch offices operate is nevertheless being revamped. Towards the end of the report year a new-model pilot branch office was opened in Virrat. It offers quick daily services and features clearly demarcated areas for expert services that call for privacy.

OPERATIONAL CONCEPT OF THE OKO BANK GROUP

The independent Finnish banks belonging to the OKO Bank Group offer the best banking service and promote the financial success of their owner-members and their customers.

The OKO Bank Group's strength is based on development-driven customer service operations, close co-operation, local decision-making and skilled personnel.

The core values that guide the OKO Bank Group's operations are membership, a people-first approach, reliability, the will to succeed and group solidarity.

Support of science, the arts and sport has been a part of the OKO Bank Group's operations and social responsibility all along the way. Erkki Tanttú's *Horseman* dates from 1954 and Osmo Rauhala's *One 2* from 1990 (detail), both from OKO Bank's collections. →

ETHICAL PRINCIPLES

Confidentiality

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

Responsibility

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

Fairness

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

Honesty

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

THE OKO BANK GROUP'S VISION

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



THE OKO BANK GROUP'S STRATEGY

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

The OKO Bank Group has nearly 3 million customers. Every third Finn and company considers a bank belonging to the OKO Bank Group to be their main bank. The Group's share of agricultural entrepreneurs and forest-owning customers is more than 60 per cent.

The member cooperative banks are close to their customers. The Group has a country-wide network of branch offices. It is supported by ATMs and Call centre service as well as Internet and other electronic banking services.

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

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

Shaping strategy is a continuous process

Work on defining strategy is a long-term and continuous process. The current strategy sets policy lines for several years ahead, but it also calls for renewal. The OKO Bank Group's current strategy, OP-100 Plus, dates from June 2000. A strategy review is presently under way. It will be completed in the course of the spring and presented for approval by the Supervisory Board in early summer 2002.

The current OP-100 Plus is a customer-oriented and growth-driven business strategy. It reflects a prompt reaction to changes in technology and the competitive situation. Greater market shares will be sought in all the main business areas. The OKO Bank Group's objective is to become the market leader in Finland.

The strategy observes that successful implementation calls for operating as a unified bank group, fostering staff's skills, competence and motivation, whilst forging well-considered alliances across sectoral boundaries. In OP-100 Plus, objectives have been set in accordance with three benchmarks of success: performance in customer relations, internal performance and financial performance.

The best expertise and service

Within performance in customer relations, the OKO Bank Group's objective is to offer the best and most reliable competence and service in the banking industry. Products and ways of working are developed in the customer's best interests. The Group is a pioneer in developing banking services. The fundamental task is to promote the financial success of owner-members and other customers.

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

The OKO Bank Group's vision sets the target of growing faster than its competitors. The OKO Bank Group is boosting its market shares in all its main business areas. All the member cooperative banks will make the fullest use of the growth potential which their own operating area offers.

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

Staking out strong positions in core areas

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

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

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

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

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

Joint operations are a competitive advantage

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

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

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

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

An efficient service network

The OKO Bank Group deploys a multichannel and efficient service network. It is comprised of a network of branch offices and outlets, electronic banking services, the nationwide Call Centre and ATM services.

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

A motivating working atmosphere

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

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

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

Profitability with risks under control

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

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

THE OKO BANK GROUP'S STRUCTURE

The OKO Bank Group handles the financial affairs of about three million customers – private individuals, companies and institutions. Almost a third of our customers are also owner-members of the cooperative banks. Furthermore, OKO Bank, which is listed on Helsinki Exchanges, has nearly 25 000 shareholders, most of whom are private individuals.

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

Through its determined financial operations, the Group has strengthened its central position within Finnish society.

The member cooperative banks

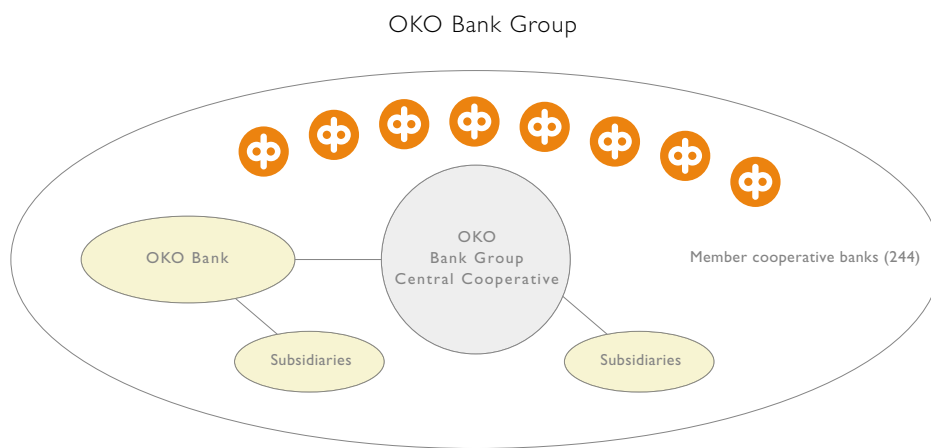
The member cooperative banks are independent, local deposit banks that are engaged in retail banking. The banks offer modern and competitive banking services to wage and salary earners and small and medium-sized business customers as well as to agricultural and forestry customers and to the public sector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

Membership is a distinctive feature of the cooperative bank customer relationship. Owner-membership offers a chance to participate in the bank's administration and decision-making. This gives members a say in promoting the entire locality's business life and well-being. In addition, owner-membership brings Platinum-system benefits for doing all one's banking with a member cooperative bank.

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

The member cooperative bank's basic capital is made up of the cooperative capital and any supplementary cooperative capital. The total amount of cooperative capital investments by owner-members was EUR 576 million at the end of 2001.

→ The Credit Societies and later on the cooperative banks have always wanted to be close to their customers. Service outlets, which are more streamlined than branch offices, are often located in large shopping centres.





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

In 2001 the successful business operations of the member cooperative banks were reflected in their strong capital adequacy and good profitability. This provides a firm basis for developing the banks' own operations and their entire local sphere in the years ahead.

The OKO Bank Group Central Cooperative

Vision

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

We offer capable people a challenging job and versatile career opportunities. We are an attractive working environment.

We are the OKO Bank Group's unifying force, and the Group's success is the source of our enthusiasm."

The OKO Bank Central Cooperative's strategy, which is derived from the OKO Bank Group's current OP-100 Plus strategy, sets forth three core functions which the Supervisory Board has confirmed for the Central Cooperative: a development and service centre; group control and the safeguarding of interests; an owner institution.

The Central Cooperative's operations were reorganised in autumn 2001. The objective of the remake was to define the areas of responsibility more clearly from the viewpoint of operational and business logic, management as well as the measurement of results. In the new organisation the areas of responsibility of the members of the Executive Board are aligned with the customer business, support and stewardship of the member banks and the centralised production of services.

A development and service centre

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

The OKO Bank Group Central Cooperative's development-weighted strategy, the changeover to the euro and the realignment of services towards self-services increased capital expenditures on information technology significantly in 2001. A special focus of development during the year was services that are offered online as well as information systems that improve the development, management and monitoring of customer relationships.

The Central Cooperative offers its member banks a variety of centralised service packages. The most important of these are account services, payroll management services and collection services as well as Call Centre services. The use of all of these increased considerably during 2001. The OKO Bank Group's 0100 0500 Call Centre and the Help Desk that supports the member cooperative banks were reorganised into a separate Contact Centre. Call Centre services were decentralised outside Helsinki, being moved partly to Varkaus and partly to Vaasa, where a new outlet was opened in January 2002.

The OKO Bank Group Central Cooperative played a main role in negotiating with outside parties and deciding on forms of co-operation concerning the entire bank group, such as with insurance companies and companies specialised in retail and online services.

Products and services as well as joint operations are described in greater detail in the section Operations of the OKO Bank Group on pages 25–39.

Group control and the safeguarding of interests

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

The OKO Bank Group's formulation of strategy was one of the central elements of group control activities. The strategy review was started in co-operation with the member banks, and the work will continue in spring 2002. The overhauled strategy will be brought before the Supervisory Board for consideration and approval in June.

The member cooperative banks' model statutes were revised on the basis of the new Cooperative Societies Act and approved by the Central Cooperative's Supervisory Board. The member cooperative banks will decide on an overhaul of their statutes as a rule during 2002.

A special emphasis in centralised risk management was on managing credit and financing risks. A risk management steering group was set up for the OKO Bank Group and given the task of co-ordinating the banks' risk management process. The group monitors the trend in the Bank Group's risk-bearing ability and risks and deals with the methods and benchmarks used in the monitoring of risks.

Auditing activities were geared towards reviewing the annual plans of the member cooperative banks and the companies belonging to OKO Bank Group Central Cooperative Consolidated, the proper functioning of risk management systems and preparations for the changeover to the euro.

An owner institution

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

In addition to strategic holdings, the Central Cooperative owns a substantial amount of shares in Pohjola Group. The holding dates from the co-operation with Pohjola, Suomi Mutual Life Assurance Company and Ilmarinen Mutual Pension Insurance Company, which came to an end in summer 2001. The Central Cooperative's holding of Pohjola shares at the end of the year was 7.5 per cent, and 9.7 per cent of the voting rights.

Direct ownership structure within OKO Bank Group, Dec. 31, 2001

Share of ownership, %	Member cooperative banks	OKO Bank Group Central Cooperative	OKO Bank Consolidated	Group total
OKO Bank Group Central Cooperative	100.0		0.0	100.0
OKO Bank	24.0	41.3		65.3
Okopankki Oyj			100.0	100.0
OP-Finance Ltd			100.0	100.0
Opstock Ltd			85.6	85.6
Aurum Life Assurance Company	27.2	23.2	49.6	100.0
OP Fund Management Company Ltd		100.0		100.0
OP-Kotipankki Oyj	60.7	18.5	20.8	100.0
OKO Bank Group Mortgage Bank plc	51.7	44.4	3.9	100.0
FD Finanssidata Oy		70.0		70.0
OKO Bank Group Mutual Insurance Company	78.4	14.9	6.7	100.0
Virtuaalinen Suomi Oy		95.0		95.0

The Central Cooperative owns a total of 19.3 million OKO Bank Series K and Series A shares, which at the end of the year gave the Central Cooperative a 41.3 per cent ownership stake and 56.5 per cent of the voting rights in the Group's central bank. The other major investments by the Central Cooperative are shown in the table above.

OKO Bank and its subsidiaries

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

OKO Bank's shares are divided into Series A and Series K shares. Series K shares can be owned solely by the OKO Bank Group Central Cooperative as the Group's central institution as well as by Finnish cooperative banks and banks having the legal form of a limited company pursuant to the Cooperative Bank Act. Series A shares are quoted on Helsinki Exchanges. The member banks' and the Central Cooperative's holding of OKO Bank's Series A shares was 54 per cent at the end of the year.

During 2001 the share price trend of OKO Bank's Series A share 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 Executive Board is proposing that for the 2001 financial year a dividend of EUR 1.10 be paid on the Series A share and EUR 1.05 on the Series K share.

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

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

Opstock Ltd is specialised in stockbroking, corporate finance, asset management and investment research. The OKO Bank Group's investment banking operations are centralised within Opstock. Opstock handles stockbroking for the member cooperative banks and their customers.

Other OKO Bank Group Central Cooperative subsidiaries

Aurum Life Assurance Company is in charge of the Group's life assurance operations and their development. Aurum's product range includes comprehensive life, pension and insurance-related investment services.

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

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

OP-Kotipankki Oyj specialises in the sale and management of unsecured consumer credits. The Bank's central products are the Gold Card credit facility that can be added to the OKO Bank Group's customer cards and the MasterCard.

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

Virtuaalinen Suomi Oy was established in 1999. It develops and markets Internet-based online services.

Osuuspankki Realum is an asset management bank whose operations will be wound up when it is merged into the OKO Bank Group Central Cooperative in 2002.

Other institutions

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

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

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

Corporate Governance within the OKO Bank Group

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

In Finland, the OKO Bank Group is a unique financial entity that has been created through special legislation. The operational model nevertheless has several successful analogues elsewhere in Europe.

The legal aspects of the OKO Bank Group's status are discussed in greater detail in the Financial Statements, which are annexed to this publication.

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

Within the Group's central institution, the OKO Bank Group Central Cooperative, the highest decision-making authority rests with the Cooperative Meeting and the Supervisory Board elected by it. Operational decision-making authority is exercised by the Executive Board, which is elected by the Supervisory Board and is made up of professional managers. The Central Cooperative's corporate governance is described in greater detail on pages 47–49 of this publication.

The Group's central bank, OKO Bank, is a subsidiary of the central institution, the OKO Bank Group Central Cooperative. OKO Bank's highest decision-making authority rests with the Annual General Meeting and the Supervisory Board elected by it. The majority of OKO Bank's Supervisory Board is made up of members of the Central Cooperative's Supervisory Board, and the chairman of the Central Cooperative's Executive Board also is the chairman of OKO Bank's Executive Board. Within OKO Bank too, operational decision-making authority is exercised by an Executive Board which is elected by the Supervisory Board and is composed of professional managers drawn from the Central Cooperative and OKO Bank. OKO Bank's corporate governance is discussed in greater detail in its own annual report.



*Onni elää orren alla,
turossasi tyytyväisyys,
kun on turvattu usseva,
huomispäivä luollettuna.*

**turvaa perheen isä ko-
din onnen ja lastensa
tulevaisuuden.**

«Lihavat vuodet» annetaan meille, jott niiden aikana voimme varautua «laihoj vuosia» varten. Säästä nyt hyvänä aikana ja turvaa vastaisuutesi, perheesi hyvinvointi ja lastesi tulevaisuus! Avaa säästötili lähinnässä Osuuskassassa ja opeta myös lapsesi säästämään!

*Todella korkeimman koron, 4⁰/₄,
ja varmat vakuudet tarjoaa tal-
lettajille p a i k k a k u n n a n*

SÄÄSTÖILLÄÄN Osuuskassa



OPERATIONS OF THE OKO BANK GROUP

Owner-members

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

The number of owner-members grew by 109 000 during 2001. At the end of the year there were 984 000 owner-members. Okopankki Oyj has a total of about 100 000 preferred customers in the Greater Helsinki area.

The banks of the OKO Bank Group reward their owner-members and preferred customers for their loyalty in the use of banking services by awarding them Platinum bonuses. During the year Platinum was developed to be better in line with customers' needs. The sphere of uses of bonuses was expanded to include new service charges for daily transactions, custodial charges and an investor's online service charge. In 2001, customer of the member banks and Okopankki earned bonuses totalling EUR 24 million, of which amount EUR 19 million was used for various services. A year ago the total amount was EUR 20 million and their usage came to slightly less than EUR 12 million.

Customers

The OKO Bank Group's number of customers grew by 52 000 during the year and was 2.97 million at the end of December. Nearly 83 per cent were household customers, about 12 per cent were businesses and institutions and some 5 per cent were customers employed in agriculture and forestry.

According to a corporate image survey commissioned by the OKO Bank Group, in 2001 the Group's retail customers gave the member banks of the Group better marks than did major competitors' customers to their own bank. The survey measured expertise, success, "Finnish character" and reliable partnership. The same survey indicated that non-customers' perception of the OKO Bank Group was the best of all the banks. In a survey of the above-mentioned corporate image components, small and medium-sized companies too gave the Group the best marks of all the banks.

The OKO Bank Group trademark – the OKO Bank brand – is very well-known in Finland. According to surveys conducted in autumn 2001, the spontaneous recognisability of the OKO Bank Group's business emblem was 95 per cent and the OKO Bank brand was the most highly respected of the bank and insurance brands in Finland. Development of the brand continued in the report year in accordance with the corporate image objectives.

Service network

The member cooperative banks have Finland's most comprehensive service network. It is comprised of branch offices, Call Centre and electronic self-services. The service network forms an integral whole whose parts support each other. A unified appearance nationwide and the member banks' close co-operation mean that services benefit from advantages of scale. Services that are designed with a front runner's expertise are then tailored to meet all of customers' financial needs.

The branch offices get a new look

The number of branch offices is diminishing, but they are gaining a new functionality. At the end of 2001 the Group had 693 branch offices, 16 less than a year earlier. The number of service outlets remained unchanged at 34. They are more streamlined than traditional branch offices and are generally located in large shopping centres.

During the year a new kind of model was built for implementing branch offices, and the first pilot branch offices were opened. The new OKO Bank Group branch office will be a service location that meets customers' future needs and is in step with the operating environment in the years ahead. The starting point for the overhaul has been the change that has taken place in customers' banking

practises. Only a small portion of customer service nowadays relates to traditional bill paying and cash withdrawals.

At the branch offices, the accent is on expert services. In the new branch office there is a clear division between quick daily services, negotiations with customers in privacy and expert services as well as preparatory work for meetings with customers.

The first of the "new-look" pilot branch offices were opened in Savonlinna and Virrat towards the end of the year. On the basis of the feedback and experiences obtained, other branch offices will be revamped stage by stage during 2002 and thereafter at a pace that is otherwise in line with the need for renewal within the member banks.

Comprehensive Call Centre service

The OKO Bank Group's Call Centre number 0100 0500 gives customers personal banking service six days a week and automated service every day. The service palette covers all services for retail customers. In 2001 on average 23 000 calls and e-mail messages were handled through the personal service each month. Half of them were contact calls which Call Centre staff made to customers.

The Call Centre service has been built in co-operation with the member banks. It supports the banks by expanding their palette of services and their service hours. Swedish-language service was enhanced when a Swedish-language service team began operating in Vaasa in January 2002.

Nowadays banking can be →
done conveniently by phone.
The OKO Bank Group's Call
Centre already cover all banking
services for retail customers.

Online banking services expand

The use of electronic banking services grew further during 2001. By the end of the year, more than 88 per cent of all of customers' basic banking transactions were handled in the form of electronic self-services. The use of Internet services increased the fastest, or by 40 per cent. The Internet became far and away the most-used channel for paying bills. GSM and WAP transactions grew by 9 per cent compared with the previous year. During the year the number of direct debit authorisation proxies grew by 7 per cent, amounting to about 2.7 million at the end of the year.

The number of online banking service contracts grew by nearly 20 per cent to 685 000 during the year. The number of Internet customer terminals in public facilities or at self-service outlets grew from 415 to 490.

The Internet service package was revamped during the financial year. The new version that was made available to customers in March is easier to use and now tailored to customers' needs better than ever before. The new service also provides for the requirements of electronic identification. The renewed service has been well received by users.

Customers can go online to open a current account and fixed-term account, order a card and also make an application for a student loan or housing loan. Applications for the granting and drawing of student loans can now be handled without a visit to the bank. The new housing loan application also enables the bank to make a loan offer without a separate round of information checking.

The second phase of the extensive overhaul of the deposit systems became operational during 2001. Thanks to the overhaul, customers now have access to more extensive account transaction queries on the Internet. The customer can select an online bank statement for an account in the Internet service instead of or in addition to a paper bank statement that is mailed to the home address. The basic online bank statement service offers customers the option of receiving a statement of account transactions for the current month or the past three months. An additional service is transaction information at first for one year and later on for two years. At the end of the year there were more than 183 000 accounts that made use of an online bank statement.

Self-services for personal investment also expanded significantly when the opening of an account and subscriptions and redemptions for mutual funds were made a part of the Internet service.

During the year a new Cash Management service package for businesses' online services was built. The system will be ready to go in use in spring 2002. Internet services will be supplemented



through the inclusion of international payments in February 2002. The sending of online bills between companies via the member banks was introduced in August, and online bills will be made available to customers of the Internet service in February 2002. Another priority area is the development of e-business and extending online billing for companies to payment transfers in 2002.

Towards the end of the report year the OKO Bank Group was the first bank in Finland to build its banking services ready for digital television in accordance with the national MHP standard. The service will be made available to customers in the MTV3 network when interactive services come on stream. Towards the end of 2001 a project was launched for implementing secure card payments via digital TV. The project is the first of its kind in the world and the participants in it include the OKO Bank Group and MTV3 as well as a number of other parties, including Visa International.

With the change in the ownership basis of Virtuaalinen Suomi Oy and after the company became a part of OKO Bank Group Central Cooperative Consolidated in July, actions were launched to make the Company's operations an integral part of the Central Cooperative's online services.

Card use spreads

At the end of 2001, 1.9 million debit and credit cards had been issued to customers of the OKO Bank Group, an increase of 6 per cent on the figure a year earlier. Of the cards issued by the OKO Bank Group during the year, already 76 per cent included a payment facility. The number of payments by card grew by 14 per cent compared with the previous year. A factor that contributed to boosting the number of cards with a payment facility and use of them towards the end of the year was customers' preparation for the changeover, at the turn of the year, to euro banknotes and coins. Pure cash dispenser cards have decreased steadily, and the same trend is likely to continue in 2002.

During 2001 it became possible to use the OKO Bank Group's own OP Certification Card in addition to the Population Register Centre's electronic HST identity card in authenticating identity for banking services. Electronic certification enables wide use of all banking services and also the making of legally binding agreements from one's own computer without visiting a branch office.

Automatia Pankkiautomaatit Oy, which is jointly owned by the OKO Bank Group, Nordea and Sampo Bank, had about 1 850 cash dispensers at the end of the year. The volume of cash withdrawals by the OKO Bank Group's customers grew by 5 per cent since the end of 2000.

At the end of the report year the Group had 669 payment ATMs, the same number as a year earlier. OKO Bank Group customers were also able to use Sampo Bank's 324 payment ATMs. With the increasing use of the Internet, payment ATMs will be used less. During the report year the volume of transactions was 3 per cent smaller than in 2000.

Partnerships

New partners within insurance services

The OKO Bank Group Central Cooperative and OKO Bank together with the insurance companies Ilmarinen and Suomi terminated in May 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.

In December the OKO Bank Group, Fennia Group and the Lähivakuutus Group (Local Insurance Group) agreed on sales co-operation in the insurance business. Under the agreement the OKO Bank Group will begin selling Fennia's and the Lähivakuutus Group's non-life policies as well as Pension-Fennia's statutory employees' and self-employed persons' insurance policies. The Lähivakuutus Group, in turn, will begin selling insurance policies of Aurum Life Assurance Company, a subsidiary of the OKO Bank Group Central Cooperative, and products of the Fennia Group. The partners' products round out the OKO Bank Group's own product palette very appropriately. The Group's customers can handle all their finance and insurance matters via a single channel.

In November OP-Kotipankki Oyj sold to Sonera Plaza Ltd its stakes in Sonera Plaza Financial Services Ltd and Sonera Plaza Fund Services Ltd. The reason for divesting the joint associated compa-

nies was the slower than expected growth in the use of portal services and the changes that have taken place in the operating environment for online services. The OKO Bank Group's mutual funds remained available through the fund marketplace of Sonera Plaza.

Portal co-operation was continued with two special portals for rural businesses.

Co-operation with Kesko Corporation, the Finnish central wholesale and retail chain, in use of the Plussa account continued, though it expanded more slowly than anticipated. The OKO Bank Group offers Plussa account services to Kesko's Loyal Customers. The account can be used, for example, to pay for purchases and to make cash withdrawals at K Group stores.

Unico co-operation continues

The Group's central bank, 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 nearly 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.

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	82.7	3 000
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

Financing services

A record amount of new housing loans

The trend in the housing market was steady in 2001 and the price level of dwellings remained on average stable throughout the country. There continued to be brisk demand for housing, especially in the growth centres.

The taking out of new housing loans was spurred by the substantial fall in the level of interest rates. During the year the average interest rate on new housing loans fell from about 6.5 per cent to about 4.5 per cent. The fall was affected not only by the lowering in market interest rate, but also to the narrowing in margins owing to the competitive situation in the housing loan market.

Households drew down more new housing loans than ever before in the OKO Bank Group's history – to the amount of EUR 3 billion. During the year households' total housing loans grew by about 14 per cent to EUR 9.3 billion. The OKO Bank Group's market share of aggregate housing loans to households was 34.3 per cent at the end of the year. A year earlier it was 33.6 per cent.

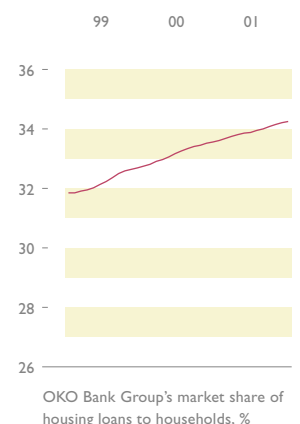
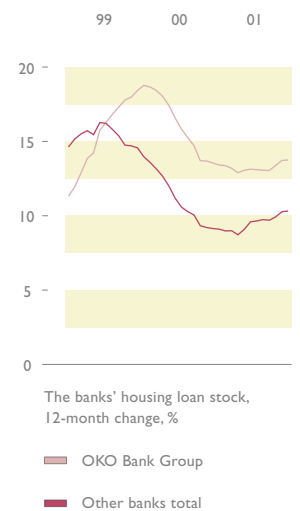
Comprehensive Housing Service

The objective of Housing Service is to offer the bank's integrated services for customers' various residential and home-purchase needs. The bank's knowhow and services help customers in managing their own finances and give a feeling of security in making one of life's biggest purchases.

Services connected with home financing gained in versatility when the Group's Housing Service package was developed further and Internet services were revamped and increased. Product develop-

→ During Finland's reconstruction years, the Credit Societies acted as the country's leading mediator of resettlement loans. To this day, the OKO Bank Group has a major position as a provider of housing finance for Finns.

<i>The OKO Bank Group as a lender</i>	
<p>Up to the beginning of the 1950s the bulk of the OKO Bank Group's lending went to rural customers and especially to farmers. The Group's own central bank, the Central Lending Fund of the Cooperative Credit Societies Limited Company (OKO Bank), for its part, initially lent only to the credit societies. Since the 1920s OKO Bank had also provided financing for cooperative businesses that supported agriculture as well as for municipalities and congregations. Amongst the Group's members there were also credit societies whose activities, from the outset, also extended to other groups, such as artisans and workers.</p> <p>Towards the end of the 1940s, resettlement lending was still directed mainly at the rural population, but from the mid-1950s on, wage and salary-earners accounted for a steadily growing proportion of lending. In practice this meant housing loans for people who had moved from the countryside to cities, and since the 1960s it also encompassed ordinary consumer credits.</p>	<p>A clear declaration of equal service for all population groups was the OP Agreement campaign that was launched in 1974. In it the member banks of the Group gave their commitment to give consideration to all the justifiable loan requests of their customers in return for a faithful deposit customer relationship. Thereafter retail salary-earners and pensioners have accounted for a steadily growing share of the member banks' lending, and retail customers have become the largest borrower group.</p> <p>Co-operative business enterprises began to represent a declining proportion of OKO Bank's lending ever since the 1960s, and the focus shifted to providing finance for small and medium-sized companies. In recent years, central banking tasks have occupied a lesser importance in OKO Bank's operations, thereby emphasising OKO Bank's position as the bank of investors and as a provider of financing for companies nationwide and retail customers in the Greater Helsinki area.</p>





SA-photo

ment within home financing was directed towards combining home financing and personal investments such that when taking out a housing loan customers are also offered appropriate forms of saving.

In coming years home financing will be one of the OKO Bank Group's main areas of operations. The objective is to strengthen the Group's position as a forerunner and leader among bank groups in the home finance sector:

At the Kotka Housing Fair in summer 2002 the OKO Bank Group will present a pilot-type single-family home development that embodies home-buyers' overall wish for flexibility in both financing and in the degree of completion and expansion potential of the dwelling.

OKO Bank Group Mortgage Bank starts up

The OKO Bank Group Mortgage Bank plc received an operating licence in July 2000. It granted its first housing loans in January. In May the Bank made an agreement with OKO Bank on the partial purchase of the credit portfolio of OKO Mortgage Bank plc, which was merged into OKO Bank towards the end of 2000. The Bank's credit portfolio at the end of the year amounted to EUR 41 million, of which loans to households accounted for 28 per cent and loans to companies and institutions for 72 per cent.

September saw the floating of the first EUR 20 million OP Mortgage Bond as part of the Bank's bond programme. During 2002 new issues of bonds and notes will be floated within this programme.

At the close of the subscription period for the first mortgage bond on December 28, 2001, the issue had been subscribed for to an amount of EUR 18.5 million. In future too mortgage bonds will be the Bank's trademark. The bonds have collateral security and the protection of the Mortgage Bank Act.

A growing market share in estate agent business

The total volume of housing purchases and sales in Finland was at the same level in 2001 as in the previous year. Deals were favoured in particular by the low level of interest rates and an evening out in the price level.

During the year the OP-Kiinteistökeskus estate agents made more than 10 300 deals, an increase of more than 15 per cent on 2000. In addition, the organisation acted as the estate agents for more than 2 300 rental apartments or homes. The biggest share of the increase in deals was in the Greater Helsinki area as well as in the Oulu, Tampere and Turku areas. The OKO Bank Group estate agents strengthened their market positions in these areas, notably by increasing their number of outlets. The OP-Kiinteistökeskus service network is the most comprehensive of all the nationwide estate agents. The OP-Kiinteistökeskus estate agents' market share of all the housing deals made by estate agents was more than 15 per cent, up about one percentage point on the previous year.

During the year the OP-Kiinteistökeskus estate agents renewed their Internet service. The quality of home showings improved significantly when an online virtual showing of properties for sale was introduced. In future too, the online home property service will be developed to provide greater versatility than before and to be in line with customers' ever more demanding needs.

Consumer credits on the increase

The OKO Bank Group's total consumer credits grew by 5.8 per cent to EUR 1.6 billion. Competition in the market was tough and non-bank provision of consumer credits is continuing to make up a greater share of total available credit.

The popularity of card credits grew further thanks to their ease of use and versatile services. The share of card credits within the OKO Bank Group's total consumer credits rose to more than 11 per cent.

The content of card services was expanded by adding bank debit card services to the MasterCard and the Luottokunta-managed credit facility to the Visa card. Thereafter the MasterCards and Visa cards offered to customers will be nearly equivalent in terms of the features they offer.

Consumer credit offerings were also increased online. Since November a customer who has made an online service contract has been able to make an application for a Kultakortti loan or MasterCard loan or to increase their overdraft - online - and has also been able to receive a preliminary credit decision in real-time. The OKO Bank Group was the first bank in Finland to offer this service to its customers.

About 40 per cent of the housing loans granted by the OKO Bank Group and 25 per cent of the consumer credits have Loan Payment Protection Insurance, which is the most comprehensive loan insurance on the market. This provides coverage against an accident or sickness-related occupational disability, unemployment or serious illness as well as death or a permanent impairment resulting from an accident.

In October, Corporate Credit Payment Protection Insurance was brought out on the market. This is a means of safeguarding a new or existing loan that is connected with business activities. It includes protection for the business person and key employees against an accident-related permanent disability, serious illness and death.

Payment transfers on the rise

The volume of domestic payment transfer transactions increased substantially in 2001. The total volume of outgoing payments during the year was 60 million, amounting to EUR 71 billion in value and there were 173 million incoming payments, which amounted to over EUR 51 billion in total. The volumes increased by 11.4 per cent on the previous year. There were more than 200 000 payment transfer contracts at the end of the year and 61 000 data transfer contracts, up by about 7 per cent on the figure a year earlier. The Finnish government put out its payment transfers for competitive bids in the summer. The OKO Bank Group submitted its offer in September, but the decision was deferred to 2002.

The unit volume of outgoing payments within international payment transfers grew by 16 per cent. About 40 per cent of the transactions was handled completely automatically. The unit volume of incoming payments grew by 4.5 per cent. About 70 per cent of them was handled fully automatically.

The OKO Bank Group has paid especial attention to its service ability as a manager of international payment transfers. Staff resources have been beefed up and cash management training has been enhanced. The OKO Bank Group's market share of international payment transfers was about 12 per cent according to SWIFT statistics, as against 10 per cent at the end of 2000.

The quality of the service has been good in both domestic and international payment transfers. Payment transfer support and advisory services for businesses were renewed in the late autumn 2001, and the reachability of the Call Centre rose to more than 90 per cent.

The introduction of the euro in information systems and the changes in money supply connected with the handling of cash both at banks and amongst customers were sizeable and they are still continuing in 2002.

Corporate loan portfolio grows

In 2001 companies deliberated longer than previously on starting capital expenditures. According to a study conducted by Tietoykkönen Oy for the OKO Bank Group, 34 per cent of small and medium-sized companies had investment and development projects over the next year. More than 61 per cent of those planning a capital expenditure intended to finance it from cash flow, and 35 per cent intended to apply for a loan from a domestic bank. A year ago 46 per cent had capital expenditure and development projects.

The OKO Bank Group's corporate loan portfolio grew by 6.5 per cent to EUR 6.7 billion during the report year, somewhat more than 30 per cent of the Group's entire credit portfolio. The breakdown of the corporate credit portfolio by sector was as follows: industry, 26 per cent; construction, about 8 per cent; retail, wholesale and hospitality trade, 16 per cent; real-estate investment operations, 17 per cent and other (including housing corporations), 33 per cent.

The OKO Bank Group's service image as the bank of small and medium-sized customers improved significantly during 2001 and its market shares increased. According to the study conducted for the OKO Bank Group by Tietoykkönen Oy in October, the market share of the member banks and OKO Bank as the main bank of small and medium-sized companies was 37 per cent, as against 31 per cent a year earlier. The market share as a regularly used bank was 55 per cent, compared with 51 per cent a year ago. At the end of the year about 74 000 companies and 43 000 entrepreneurs were regular patrons of the OKO Bank Group, both categories increasing by more than a thousand compared with the previous year.

The trend is expected to remain positive because in surveys the member banks and OKO Bank receive the best marks for visibility and when people are asked about whether they plan to continue their customer relationship with the bank. The OKO Bank Group's corporate customers are substantially more reluctant to change their bank than are the corporate customers of its main competitors. According to

surveys, the main aspects of the OKO Bank Group which customers appreciate are its Finnish roots and its reliability as a partner. In addition, the Group's banks are considered to be expert and successful compared with other banks.

Financing for agriculture and forestry on an even keel

During the past year the agricultural sector continued to invest briskly. This showed up above all as a growth in demand for interest-subsidised loans and state-subsidised loans. Other financing activities also developed favourably. The OKO Bank Group's entire credit portfolio for agriculture and forestry customers grew by about 3 per cent and totalled EUR 2.2 billion at the end of the year. The figure was about 8 per cent of the Group's entire credit portfolio.

In banking services for agricultural and forestry customers, particular attention was paid to ownership changes on farms. More than double the number of generation changes were made on customer farms compared with previous years. Bank services for forest owners were developed by expanding the Vihreä Kulta (Green Gold) service model. Similarly, OPR-Metsäraha, a financing product for the advance financing of the timber trade, was developed. In addition, co-operation agreements with the main parties to the timber trade were renewed.

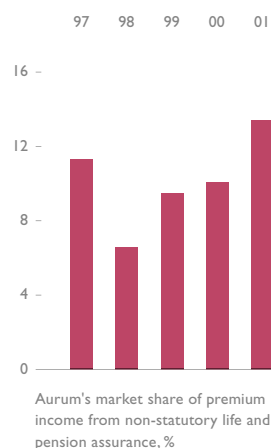
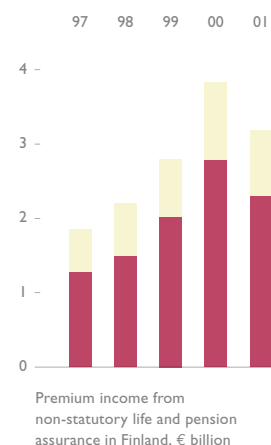
The OKO Bank Group's funding

In the first decades the credit societies' own central bank, the Central Lending Fund of the Cooperative Credit Societies Limited Company (OKO Bank), was in charge of their funding. It in turn borrowed the funds it required from the state. The cooperative society organisation was largely an auxiliary body of the state that served as a channel for allocating loans to the rural community. The demand for loans nevertheless exceeded the credits obtained from the state. To meet the shortfall, OKO Bank also borrowed funds from the then Postal Savings Bank as well as from the commercial banks. The Group's first own bond loan was floated on the Finnish market in 1915.

In 1920 the cooperative credit societies and their central bank received the right also to take in deposits from the public, and not only from their own members. This diversified the possibilities of funding, but the deposits did not have practical significance within funding until the latter half of the 1930s. In addition, in 1930 OKO Bank issued its first large international bond on the French market. A year later, the Finnish markka was devalued, which meant that from the outset the Group got a feel for the implications of foreign exchange risk. In later years the Group thus relied mainly on

the Finnish bond market as well as on borrowings from the government. The credit societies' cover deposits with OKO Bank occupied a significant position within the Group's internal financing. The operations of the credit societies expanded significantly in the latter half of the 1940s when the Group handled the bulk of the state-financed lending for resettlement and reconstruction.

Since the mid-1950s, funding has been based on deposits. The proportion which credits mediated from government treasury funds represented within all borrowings decreased to less than one tenth. The cooperative credit societies became general banks, a development that was ultimately formally established with the passage of the Cooperative Bank Act in 1970. Apart from deposits, OKO Bank made use of the Bank of Finland's central bank financing, to which each commercial bank was entitled within the framework of a separately specified quota. Since the 1960s the Group became active in the domestic bond market. This initiative was supported when OKO Bank acquired Maakiinteistöpankki (Rural Real-Estate Bank) in 1941. In the 1980s, funding became further diversified when developed money markets arose in Finland.



Online services for agricultural and forestry customers were renewed by expanding the content of the Internet website. The service offerings of the co-operation portals, Farmit and Metsä-Sanommat (Forest News), were made more versatile. Agricultural and forestry services targeted at the member cooperative banks within the Group's internal network were also renewed.

A new operational model was developed for risk management on farms. A particular aim of it is to monitor and analyse large customer farms' production operations and financial position. The guidelines connected with evaluating collateral were renewed at the same time.

Deposit and asset management services

Substantial growth in deposits

The OKO Bank Group's total deposits grew by 9.7 per cent to EUR 18.8 billion during the year. The growth clearly outstripped the average growth of all the banks in Finland. The Group's market share of euro-denominated deposits grew by 0.9 percentage point to 32.1 per cent.

Fixed-term and continuing high yield accounts showed particularly good growth, up by about 18 per cent during the year. Current accounts too grew substantially, about 5 per cent. The growth in deposits was due on the one hand to the fact that the OKO Bank Group's number of customers grew, and the other factor was that customers moved into investment instruments they considered to be reliable and safe, reflecting the increase in general economic uncertainty.

The growth in investment capital in the report year has been largely dependent on traditional deposits and life assurance savings. The changes in the deposit market have increased the need to develop all products connected with saving and investment together. Products suited to customers' different needs have been offered more comprehensively than up to now.

Life assurance policies sell well

The strong growth in total premiums written in Finnish life assurance slowed down during 2001. Owing to the uncertainty in the investment markets, total life assurance premiums written fell short of the previous year's figure.

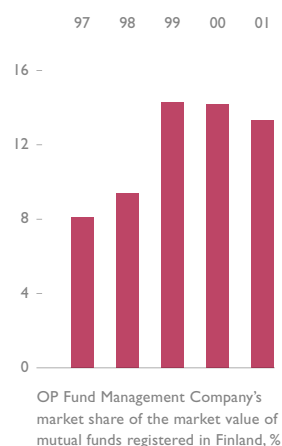
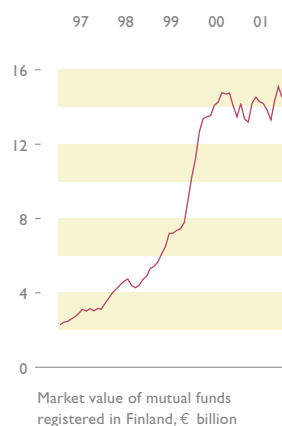
In contrast to the general trend in the sector, the OKO Bank Group's Aurum Life Assurance Company nevertheless reported good sales of its insurance policies. The Company's market share of premiums written in life and pension insurance in 2001 was 13.4 per cent. In 2000 it was 10.1 per cent. Premiums written during the financial year totalled EUR 426 million, an increase of EUR 41 million and 11 per cent on the figure a year earlier. Premiums written in pension insurance grew faster than other premium income. Aurum's total technical provisions at the end of the year were EUR 1.5 billion, an increase of 0.3 billion on the figure in 2000.

During the report year Aurum formulated its policy lines for product development over the next few years and development actions in line with it got started in the latter months of 2001.

Mutual fund investments unchanged on an annual basis

Capital invested in mutual funds continued to grow in Finland in 2001, but owing to the fall in share prices the growth was clearly more moderate than in previous years. The aggregate capital invested in mutual funds managed by OP Fund Management Company Ltd remained at roughly the level prevailing at the end of the previous year. The capital invested in the OP Mutual Funds contracted during the first three quarters of the year but headed upward again in the last quarter. Capital at the end of 2001 totalled EUR 1.9 billion, representing 13.3 per cent of the capital of all the mutual funds registered in Finland. A year earlier the market share was 14.2 per cent.

During 2001 five new OP Mutual Funds were opened. The Opstock Private special mutual fund invests its assets in the domestic and foreign equity markets as well as in fixed-income instruments, and it is beamed at investors who are looking for active and integrated asset management. The Opstock RM Optimus special mutual fund differs from ordinary funds in respect of its investment policy, notably in that the absolute return is more important than the relative return in all market situations. The OP



Asia, OP America and OP Britain special mutual funds invest their assets in the equity markets of their target areas. At the end of 2001 OP Fund Management Company Ltd had 25 mutual funds under management.

Other operations

Real-estate capital scaled back

The OKO Bank Group's real-estate holdings have been reduced and their yield level raised systematically for several years now. The amount of capital which the Group had invested in real-estate at the end of the year was EUR 1.3 billion, a decrease of EUR 0.2 billion on the figure a year earlier.

The amount of capital invested in real-estate property that was not in own use totalled EUR 0.9 billion at the end of the year. A year earlier it was 1.1 billion. The occupancy rate of leaseable properties was 89 per cent, or the same as a year ago. The net yield was 6.1 per cent, an increase of 0.5 percentage point since the end of 2000. The yield level of real-estate holdings will be improved further such that the net yield per individual leaseable property is at least 5.5 per cent at the end of the current year.

Changeover to the euro

Finland and 11 other EU countries changed over to euro banknotes and coins as from the beginning of 2002. The euro had been in use as a currency of account since the beginning of 1999.

During the report year the OKO Bank Group's euro preparations were a planned continuation of the previous EMU project. In 2001 the preparations were divided into three main areas: modifications to information systems and placing them in use, money services for banks and businesses as well as information and advice for the staff and, above all, customers.

Modification work on information systems was made into a separate project within the OKO Bank Group Central Cooperative. Nearly all the Central Cooperative's units took part in the work. All customer services-related conversions were seen to completion according to plans and the 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.

The delivery of euros to the banks and then on to companies as well as the gathering in of markka banknotes and coins was handled smoothly by the OKO Bank Group organisation. After the turn of the year there was an overload at the counting centres where all the banks delivered their cash for counting, and this led to delays in handling companies' deposits of their daily tills. For the corporate customers of the OKO Bank Group, the delays were nevertheless minor.

The Group's intranet network occupied a central position in communicating internal information and in training. In addition, a large number of training and information sessions dealing with timely euro issues were arranged for the staff. The Group member banks provided 390 euro advisers who distributed euro information to both the staff and customers. During the report year the member cooperative banks arranged hundreds of euro training sessions for customers.

In addition to the OKO Bank Group's own brochures and customer magazines, a good deal of euro materials produced by the European Central Bank, the Bank of Finland and the Ministry of Finance as well as the Finnish Bankers' Association was distributed to customers. Euro guides for both the retail and corporate customers were made available on the OKO Bank Group's Internet website. The central messages for the public at the end of 2001 were the OKO Bank Group's services as well as companies' payment transfers during the changeover to the euro.

The expenses of the changeover to the euro in 1999-2001 came to about EUR 20 million within the OKO Bank Group.

During the OKO Bank Group's one hundred year history, a great deal has happened in Finnish society, the banking system and monetary policy. One of the biggest changes occurred at the end of the report year when markka banknotes and coins changed into eurocash. →



Risk management

Objectives and organisation of risk management within the OKO Bank Group

The OKO Bank Group's risk management is based on the professional skill and prudence of business decision-makers and risk management experts, and furthermore on the systematic monitoring, assessment and limiting of risks. The most important objective of risk management is to prevent the occurrence of uncontrolled risks that jeopardise the capital adequacy of an individual member bank or the entire Group.

The OKO Bank Group Central Cooperative is in charge of managing the OKO Bank Group's risks at the Group level and for the adequacy and upgrading of the Group's risk management systems. The Central Cooperative issues to its member banks instructions to safeguard their risk management and it monitors the member banks' operations. Each institution nevertheless is responsible itself for seeing to it that it has risk management systems that are adequate in respect of the nature of its operations and risk-taking and that there are sufficient internal controls.

The member banks have arranged their own risk management on the basis of model instructions issued by the Central Cooperative. The supervisory boards of the member banks have confirmed the principles that are applied to risk management, on the basis of which the bank's executive board oversees and controls the bank's risk-taking.

The Central Cooperative has set risk limits for risk-bearing ability and profitability at the Group level as well as for credit, real-estate and market risks. Within the framework of this Group-level risk limit system the member banks' risk-bearing ability, profitability and various types of risks are governed by monitoring limits, which the banks must not exceed in their operations and on the basis of which they confirm their own risk limits. The comprehensiveness of the benchmarks and their development needs are reviewed regularly as part of the OKO Bank Group's strategy process.

Credit risks

The purpose of credit risk management is to minimise the danger of credit losses before the taking of a credit decision and to prevent the risks of existing credit decisions from materialising in a way that might jeopardise the profitability or capital adequacy of the OKO Bank Group or one of its units. Because credit risks are the Group's largest source of risks, particular attention is paid to developing the way the member banks manage and monitor them. Local and thorough knowledge of the customer is the starting point for credit risk management. Credit decisions are based on the confirmed decision-making guidelines together with the customer's debt servicing ability and collateral, which as a rule must provide full coverage.

The ratio of the OKO Bank Group's non-performing and zero-interest claims to the credit portfolio and other lending-type claims and off-balance sheet items was 0.7 per cent at the end of the year. At the end of 2000 the ratio was 0.8 per cent. On the basis of the small amount of non-performing and other problem claims as well as studies carried out when insuring the credit portfolio and, furthermore, gauging by the results of risk surveys, the Group's credit risks can be judged to be small. Nor do the OKO Bank Group's liabilities include major sectoral, industry or customer-specific risk concentrations.

Market and real-estate risks

The management on market risks involves ensuring that changes in market prices or other external market factors cannot lead to a long-term weakening in profitability or capital adequacy in an individual company belonging to the Group or within the bank group as a whole. A written asset and liability management policy guiding operational business decisions has been approved for each unit of the OKO Bank Group. Each unit belonging to the Group has arranged its management of market risks in the manner required by the type and extent of its operations.

Within the Group, financial risk refers to the unit's own ability to meet its payment obligations. Financial risk arises when the due dates of receivables and liabilities differ from each other or if funding is excessively concentrated. During 2001 the Group's financial risk was small, and its indicators were clearly above the risk limit.

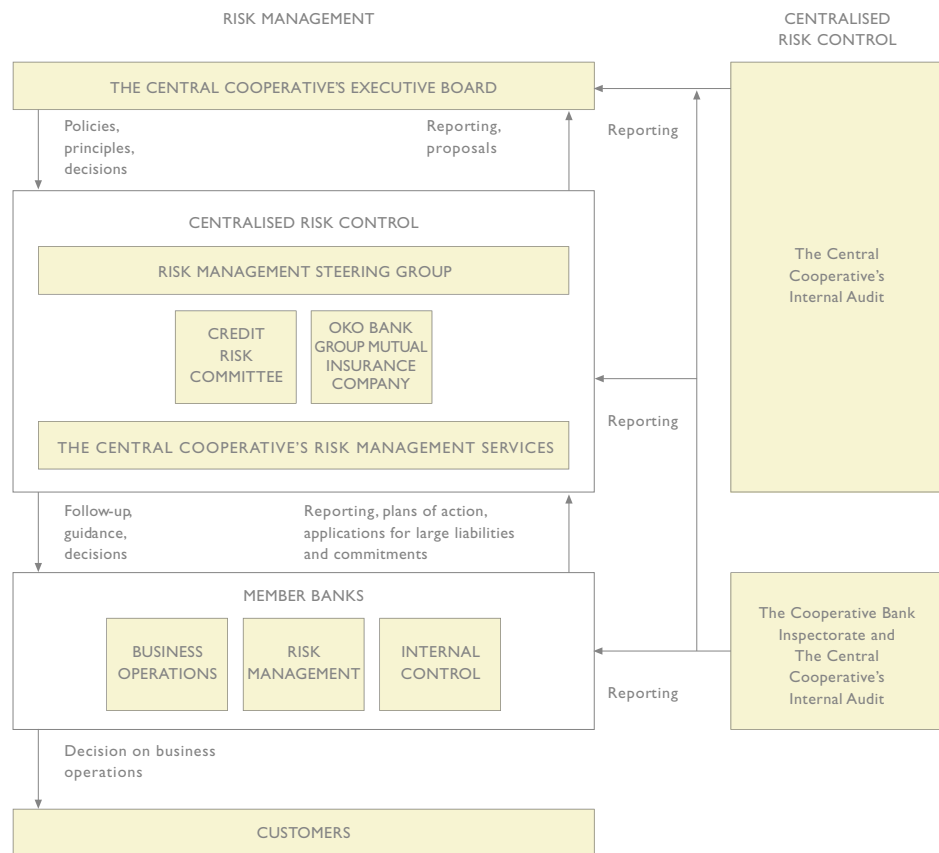
Interest rate risk refers to the effect of changes in the level of interest rate on a bank's earnings and on the market value of its risk exposure. Interest rate risk arises from the differing interest rate bases applied to receivables and liabilities or to the timing of interest rate reviews. The Group's interest rate risk can be considered minor.

Share price risk refers to the risk of change in earnings and market value caused by changes in the market price of publicly quoted shares and other similar instruments. The book-value of the publicly quoted shares and mutual fund units included in the Group's equity risk benchmark was EUR 140 million at the end of the year.

The objective of managing real-estate risks is to minimise the risk of value depreciation, yield and damage risk connected with real-estate or shares and participations in property management companies. To reduce the risks connected with real-estate property and raise the yield level, each member bank has a formally adopted real-estate strategy and applies general principles for the management of real-estate and other ownership risks. The value risk of real-estate holdings other than those in own use, calculated at a yield value of 5.5 per cent, was EUR 21 million at the end of 2001, according to the Group's risk reporting system. For residential properties, the corresponding value risk was about EUR 14 million.

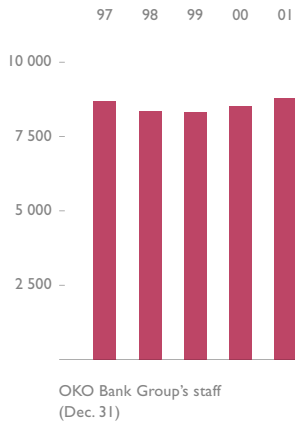
The OKO Bank Group's risk management and risk position is discussed in greater detail in the Financial Statements, which are annexed to this publication.

The OKO Bank Group's risk management and control





PERSONNEL



The OKO Bank Group's payroll at the end of 2001 was 8 802 employees, compared with 8 535 a year earlier. The member cooperative banks employed 6 548 people and the OKO Bank Group Central Cooperative (including Okopankki) 2 223 people. Of the staff, 93 per cent were permanent employees and, similarly, 93 per cent were full-timers.

During the year the OKO Bank Group hired 665 new employees, 53 per cent of whom were on a fixed-term employment contract. Of the new staff, 68 per cent went into customer service tasks. The average age of the new hires was 31.6 years. A university or college degree was held by 22 per cent of the new employees, and 26 per cent had a post-secondary degree. Of all the OKO Bank Group's employees, 13 per cent held a university or college degree and 45 per cent had a post-secondary degree. About 80 per cent of the member banks' personnel work in customer service positions.

The Group has an experienced staff: the average time in employment at the end of the year was 18.8 years and the average age was 44.6 years. Women accounted for 80 per cent of the Group's entire staff, and for 40 per cent of the supervisors.

Competence as a success factor

The OKO Bank Group has strong expertise in the banking industry. A knowledge of local conditions and customers, experienced staff and a people-centred culture lay a solid foundation on which the Group is building its future skills and competence.

The development of the member banks' competence was geared towards customer-oriented operations as well as retail investment, financing and online services. More and more member banks manage their competence on the basis of a vision and strategy. Unit-specific and personal development plans are used to ensure the development of the staff's skills in the main areas of competence. The comprehensiveness of personal development plans is one of the OKO Bank Group's benchmarks of success.

The Central Cooperative's departments have defined their strategic competences, whose development is monitored by means of competence indexes. At the individual level, development is guided by personal development plans that are put together in the development discussions. Within the Central Cooperative the development of competence was weighted toward project skills, knowhow in online business as well as management knowhow. In addition, language teaching was organised for the staff.

To develop its overall competence the OKO Bank Group makes use of reliable and strong external partners with whom it works together to tailor training programmes and degrees for the Group's needs. A course of study leading to degrees in the management of customer relationships and in management was started by 577 people through the OP Academy in 2001. Vocational degrees in business, sales, management and financial administration via apprenticeship training were also used to develop staff competence.

The OP Academy's online study programmes were developed by introducing a new interactive learning environment as well as by making new online study packages available to the entire staff.

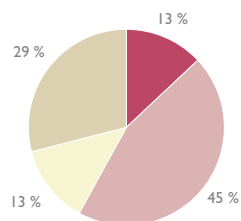
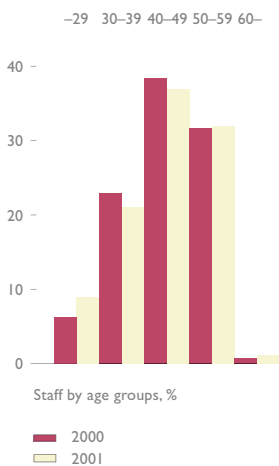
In 2001 the OKO Bank Group spent 3.5 per cent of its payroll total on training. In the previous year the proportion was 3.3 per cent.

A workplace that rewards accomplishment

A central factor of success is the staff's job motivation and commitment. The leadership tool which is applied throughout the Group is a set of benchmarks of success that are derived from the balanced scorecard model. This is a framework for setting targets and defining important actions for three key areas: customer performance, internal performance – i.e. operational performance and intellectual capital – and financial performance. The staff survey has become an established tool for measuring internal performance, and the development carried out on the basis of it is a significant part of the development of job well-being throughout the OKO Bank Group.

The OKO Bank Group's personnel have the possibility of receiving profit-based bonuses and other incentives. In 2001 the Group paid profit-related bonuses of EUR 8.5 million, which were received by 5 500 people. The Group is seeking to expand the use of incentives.

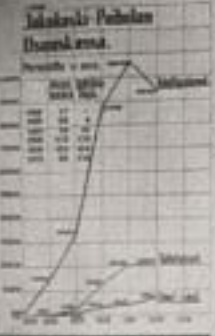
← Competent and multi-skilled staff underpin the OKO Bank Group's success. Their professional capabilities are maintained and developed through programmes such as unit and personal development plans. The photographs show a course for lady clerks, held in Vitträsk in 1955, and a Successful Manager course in Helsinki in 2002.



Staff's education, Dec. 31, 2001

- University degree
- Upper intermediate grade
- Lower intermediate grade
- No professional education

KONTIOLAIDEN OSUUSKASSAT



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Small text boxes containing details for Selkien Osuuskassa, including names and possibly dates.



RESULT OF THE OKO BANK GROUP

Result of operations and financial position

The OKO Bank Group reported operating profit of EUR 504 million (664)¹⁾, down EUR 160 million on 2000. The decrease in operating profit was due mainly to the effect of investments in equities. Stripping out this factor, the operating profit was EUR 542 million (557), a decrease of EUR 15 million on the previous year.

The Group's profitability was good, though the key ratios of profitability did decline from the exceptionally high level of previous years. Excluding the effect of equity investments, the return on assets (ROA) was 1.4 per cent (1.6), the return on equity (ROE) 15.6 per cent (21.1) and the expenses/income ratio 57 per cent (56).

Net income from financial operations up 9.3 per cent

In 2001 the OKO Bank Group's net income from financial operations grew further, but the growth slowed down compared with the previous year. In the report year net income from financial operations totalled EUR 875 million (801), up 9.3 per cent on the previous year. The growth in net income from financial operations, which got started in 1999, evened out during 2001. From quarter to quarter, net income from financial operations was nearly flat and remained at the high level reached at the end of 2000.

The drop-off in the growth of net income from financial operations was due to the contraction in the margins on new loans and deposits and to the lowered level of interest rates. The effect of the narrowing in the spread between loans and deposits was nevertheless offset by the growth in the credit and deposit portfolio as well as by the Group's strong income financing.

Commission income down 5.3 per cent

The Group's other income than net income from financial operations amounted to EUR 481 million (681), or 29 per cent less than a year earlier. Income from equity investments amounted to EUR 95 million (204), a decrease of EUR 108 million on the previous year. The decrease was due to the exceptionally large dividends paid by Pohjola Group in 2000.

Commission income amounted to EUR 287 million (303), or EUR 16 million less than a year ago. Income from payment transactions increased by 16 per cent to EUR 92 million (79). Income from stockbroking and issuance, however, contracted by 48 per cent to EUR 20 million (39). Commission income from mutual funds was down 17 per cent to EUR 25 million (31). Income from lending was also smaller than a year earlier. Booked as a reduction in commission income was the value of the bonuses earned by Platinum customers during the year, which amounted to EUR 24 million (20).

Net income from securities transactions was EUR 53 million negative (1), a substantial decrease on the figure a year earlier. Net income from trading in equities was EUR 46 million negative (1) and net income from trading in debt securities was EUR 7 million negative (1 million negative).

Other operating income slimmed by 12 per cent to EUR 146 million (166). Shares in properties and real-estate corporations generated capital gains of EUR 9 million (23).

¹⁾ The comparison figure for 2000 is given in brackets. For profit and loss account and other aggregated figures, the point of comparison is the figure for January-December 2000. For balance sheet and other cross-sectional figures, the point of comparison is the figure at the previous balance sheet date, December 31, 2000.

Expenses increase by 4.2 per cent

The OKO Bank Group's expenses were EUR 750 million (720), or 4.2 per cent greater than in 2000. Excluding the reversal of about EUR 13 million that was received from the OKO Bank Group Pension Foundation for a special liability that was booked as a reduction in staff costs, expenses would have increased by 6.0 per cent.

Salary expenses grew by 6.6 per cent to EUR 268 million (251). Overall staff costs were EUR 315 million (301), or 4.6 per cent higher than they were a year ago.

Other administrative expenses were EUR 186 million (164), an increase of EUR 21 million on 2000. The biggest increase was in EDP and marketing expenses. Depreciation according to plan amounted to EUR 58 million (55) and write-downs to EUR 18 million (36). The write-downs were due mainly to the Group's real-estate strategy according to which the yield level per property will be raised to 5.5 per cent by the end of 2002 at the latest.

Other operating expenses increased by 2.1 per cent to EUR 132 million (129). EUR 4 million of capital losses on properties and holdings in real-estate companies was booked (6), down by more than a quarter on the figure a year ago.

Loan losses still minor

Net loan losses grew to EUR 12 million (5), but remained at a low level. Non-performing claims amounted to EUR 181 million at the end of the year (179). The amount of zero-interest claims contracted by 57 per cent to EUR 11 million (25). The ratio of non-performing and zero-interest claims to the credit portfolio and other commitments equivalent to lending was 0.7 per cent at the end of the year. At the end of 2000 the ratio was 0.8 per cent. EUR 88 million of write-downs was made on securities held as financial fixed assets (99).

After the deduction of taxes, the profit for the financial year was EUR 365 million (504).

Balance sheet

The OKO Bank Group's total assets grew by 11 per cent during the report year and stood at EUR 30.0 billion at the end of the year (27.1). Claims on the public and public sector entities were EUR 21.9 billion (20.3), or 8.3 per cent greater than at the end of 2000. Liabilities to the public and public sector entities were EUR 20.1 billion (18.3), or 9.9 per cent greater than a year earlier. Deposits grew by 9.7 per cent to EUR 18.8 billion (17.1).

The Group's equity capital at the end of the year stood at EUR 2.7 billion (2.3), or 16 per cent greater than at the end of 2000. The member banks' cooperative capital at the end of the year was EUR 576 million (505), or 14 per cent greater than a year earlier. The equity ratio rose from 8.6 per cent to 9.0 per cent.

Capital adequacy

The Group's capital adequacy ratio at the end of the year was 15.1 per cent (13.7), or 1.4 percentage points higher than at the end of 2000. The profit for the financial year less the proposed dividend payout has been included in own funds. The Group's own funds grew by 15 per cent to EUR 3.0 billion (2.6) and risk-weighted claims, investments and off-balance sheet commitments were up 4.5 per cent to EUR 19.5 billion (18.7).

The ratio of Tier I own funds to risk-weighted claims, investments and off-balance sheet commitments rose by 1.4 percentage points to 13.0 per cent (11.6).

2001 review of Group companies

Member cooperative banks report operating profit of EUR 375 million

The aggregate operating profit of the member cooperative banks was EUR 375 million (370), up 1.3 per cent on the period a year earlier. All the member cooperative banks reported an operating

profit in 2001. The result was improved by the 6.5 per cent growth in net income from financial operations. Commission income contracted by 4.5 per cent mainly owing to the decrease in income from stockbroking.

Expenses were up 2.0 per cent to EUR 654 million (641). The member cooperative banks' aggregate net credit losses totalled EUR 12 million (10).

The member cooperative banks' aggregate total assets grew by 7.2 per cent to EUR 21.7 billion (20.2). The credit portfolio increased from EUR 14.8 billion to 16.0 billion and total deposits from EUR 15.5 billion to EUR 16.8 billion.

The Central Cooperative Consolidated posts operating profit of EUR 89 million

OKO Bank Group Central Cooperative Consolidated reported operating profit of EUR 89 million (233). Operating profit net of the direct effect of equity investments was EUR 118 million (126), a decrease of 6.7 per cent compared with the corresponding operating profit a year earlier. The Central Cooperative Consolidated had a staff of 2 223 employees at the end of the year (2 052).

The parent company, the OKO Bank Group Central Cooperative, posted operating profit of EUR 17 million (81). The decrease in operating profit was due to the Pohjola investments. Operating profit excluding the direct effect of equity investments, was EUR 4 million, whereas a year ago the result was a loss of EUR 3 million. The Central Cooperative's total assets at the end of the year stood at EUR 349 million (382), a decrease of 8.8 per cent since the end of 2000. The equity ratio was 47 per cent (45). The Central Cooperative had a payroll of 734 people at the end of the year (653).

Major subsidiaries

OKO Bank posted consolidated operating profit of EUR 111 million (167). The bulk of the decrease in operating profit, EUR 47 million, was attributable to the fall in net income from the investment made in Pohjola Group shares. Operating profit from core operations amounted to EUR 123 million (132). Consolidated net income from financial operations grew by 22 per cent and net commission income declined by 15 per cent. The effect of loan and guarantee losses on the result was again positive.

OKO Bank Consolidated's total assets at the end of the year stood at EUR 12.6 billion (11.0), an increase of 15 per cent since the end of the previous year. OKO Bank Consolidated's loans to the public, including leased property, grew by 7 per cent to EUR 5.9 billion (5.6). The capital adequacy ratio was 12.8 per cent (11.4). OKO Bank Consolidated had a payroll of 1 059 employees at the end of the year (1 039).

Aurum Life Assurance Company's premiums written grew by 11 per cent to EUR 426 million (385). The amount of customers' insurance savings rose to EUR 1 493 million (1 201). The Company's balance on technical account was EUR 1.6 million (10.2). The result was affected by the fall in equity prices, which weakened the Company's earnings from investments.

OP-Kotipankki Oyj posted operating profit of EUR 4.2 million (3.2). Net income from financial operations grew by 18 per cent on the previous year, to EUR 10.0 million (8.4) and commission income increased by 30 per cent to EUR 11.1 million (8.6). The Bank's credit portfolio grew by 25 per cent year on year, rising to EUR 185 million (148). During the year the Bank sold the remainder of its deposits to the member banks. At the end of the year Kotipankki's capital adequacy ratio was 16.0 per cent (12.4).

OP Fund Management Company Ltd's operating profit was EUR 1.2 million (1.2), or 2.5 per cent less than a year earlier. Income from fund management activities in the financial year totalled EUR 25 million (31). Aggregate capital invested in the mutual funds run by OP Fund Management Company remained at the level at the end of 2000 and was EUR 1.9 billion (1.9). Five new OP Mutual Funds started up during 2001. At the end of 2001 the Company had 25 mutual funds under management.

SEIVITÄMÄN

*Talletukset ylittäneet
satamiljardia*

AAA OSUUSKASSA AAA

Sinunkin  *pankkisi*

PS/8/60/50



OKO Bank Group Mortgage Bank plc granted its first loans in January 2001. In May the Bank made an agreement with OKO Bank on the partial purchase of the credit portfolio of OKO Mortgage Bank plc, which was merged into OKO Bank towards the end of 2000. The Company's credit portfolio at the end of the year was EUR 41 million. In September the Bank floated its first collateralised and low-risk housing bond as defined in the Mortgage Bank Act.

Outlook for the OKO Bank Group in 2002

In 2001 the OKO Bank Group strengthened its market positions in nearly all its business areas. The operating profit figure was the second largest in the Group's history despite the decrease in income on equity investments. Operating profit was supported by the 9.3 per cent growth in net income from financial operations. In 2002 the market position is expected to strengthen further and operating profit is anticipated to be at nearly the same level as in the report year.

The earnings estimate is based on the assumption that major unforeseeable changes do not take place in the operating environment.

THE CENTRAL COOPERATIVE'S CORPORATE GOVERNANCE

Tasks of the cooperative and its members

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

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

A member must make a contribution of at least one hundred cooperative payments of EUR 168.19 each (FIM 1 000) to the Central Cooperative. When joining the Central Cooperative, a member is furthermore responsible for participating in it through contributions that are calculated on the basis of the risk-weighted claims, investments and off-balance sheet items according to the member's capital adequacy calculations.

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

Meeting of the Cooperative

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

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

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

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

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

- a resolution on approval of the parent company and consolidated profit and loss account and balance sheet for the previous financial year
- a resolution on measures to be taken respect of the profit or loss shown in the approved parent company and consolidated balance sheets
- a resolution on the granting of discharge from liability for the previous financial year to the chairman of the Executive Board, the president, the other members of the Executive Board and the members of the Supervisory Board
- a resolution on the number of members of the Supervisory Board and election of the required members of the Supervisory Board
- election of at least three auditors and a necessary number of deputy auditors to audit the Central Cooperative's corporate governance and accounts as well as the OKO Bank Group's consolidated annual accounts
- presentation and distribution of the OKO Bank Group's consolidated annual accounts and the auditors' report
- confirmation of payments collected from the members as specified in the statutes.

At cooperative meetings, proposals concerning the election of the members of the Supervisory Board and the auditors as well as their emoluments and fees are made on the basis of an advance slate prepared by a committee whose members consist of persons named by each Federation of Cooperative Banks (16).

Supervisory Board

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

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

- to confirm the joint objectives and operational policy lines of the OKO Bank Group as well as the general principles of exercising control and oversight of the member banks, the standing

regulations concerning auditing of the member banks and the principles governing support that is granted to the member banks

- to elect and dismiss the chairman of the Executive Board, the president and the other members and deputy members of the Executive Board as well as the director in charge of the audit function
- to issue instructions on the division of responsibilities between the chairman of the Executive Board, the president and the other members of the Executive Board
- to have performed by auditors elected by them once a year an audit of the management and administration of the Central Cooperative
- to confirm a budget for the next year and to propose for adoption by the cooperative meeting the main payments to be collected from the members
- to present to the Annual Meeting of the cooperative a statement on the parent company and consolidated annual accounts and to adopt them
- to decide on calling a meeting of the central cooperative.

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

Executive Board

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

The Executive Board comprises a chairman who is called the Chief Executive Officer; a president, who acts as the Executive Board's vice chairman as well as four other members (according to the statutes, a minimum of two and a maximum of four) and three deputy members (according to the statutes, a maximum of four).

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

Management's responsibility

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

Shareholdings in OKO Bank

At the end of 2001 the members and deputy members of the Central Cooperative's Executive Board owned a total of 2 726 OKO Bank Series A shares. The reward system for members and deputy members of the Executive Board is based on the bond loan with equity warrants issued in 1999. On the basis of the equity 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.

MEMBERS OF THE SUPERVISORY BOARD JAN. 1, 2002

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

<i>Etelä-Pohjanmaa</i>	<i>Kymi-Vuoksi</i>	<i>Pohjois-Pohjanmaa</i>	<i>Varsinais-Suomi</i>
Mauri Hietala (2000)	Seppo Penttinen (1997)	Paavo Haapakoski (1997)	Turkka Saarniniemi (1997)
Business Development Director	Professor Savitaipale, 2000–2003	Principal Pyhäjoki, 2001–2004	Managing Director Pertteli, 2000–2003
Seinäjäki, 2000–2003	<i>Chairman</i>	*Lauri Knuutila (2000)	*Pertti Ruotsalainen (1997)
*Simo Ilomäki (1997)	*Paavo Aho (1997)	Managing Director Oulainen, 2000–(2003)	Hospital Physicist Mynämäki, 2000–(2003)
Managing Director Vimpeli, 2000–(2003)	Colonel (ret.) Elimäki, 2000–(2003)		<i>Deputy Chairman and Chairman's first deputy</i>
	*Risto Kiljunen (1997)	<i>Pohjois-Savo</i>	*Pauli Salminen (1997)
<i>Etelä-Suomi</i>	Managing Director Lappeenranta, 2000–(2003)	Erkki Tuovinen (2000)	Managing Director Loimaa, 2000–(2003)
Vesa Lehikoinen (1997)		Executive Director Sonkajärvi, 2000–2003	
Managing Director Janakkala, 1999–2002	<i>Lappi</i>	*Jaakko Ojanperä (2000)	<i>Österbotten</i>
*Timo Alaviuhkola (1997)	Heikki Oja (2001)	Managing Director Kuopio, 2000–(2003)	Ulf Nylund (2001)
Head of Research Station Hyvinkää, 2000–(2003)	Farmer Tervola, 2001–2004		Managing Director Vaasa, 2001–2004
*Jorma Pitkälä (1997)	*Erkki Alatalo (1998)	<i>Satakunta</i>	
Farmer Hämeenkoski, 2000–(2003)	Engineer (forestry) Keminmaa, 2000–(2003)	Jorma Pere (1997)	Other members
		Managing Director Eura, 1999–2002	
<i>Kainuu</i>	<i>Pirkanmaa</i>	*Jukka Ramstedt (1997)	Maria Kaisa Aula (1997)
Keijo Väänänen (1997)	Heikki Teräväinen (1997)	Managing Director Pori, 2000–(2003)	Member of Parliament Tervola, 1999–2002
Professor Vaala, 2001–2004	Managing Director Toijala, 1999–2002	*Pertti Raunio (1998)	
*Erkki Airaksinen (1997)	*Martti Talja (1997)	Principal Rauma, 2000–(2003)	Esa Härmälä (1997)
Managing Director Kuhmo, 2000–(2003)	Development Manager Mänttä, 2000–(2003)		Chairman, Central Union of Agricultural Producers Helsinki, 1999–2002
		<i>Suur-Savo</i>	
<i>Keski-Pohjanmaa</i>	<i>Pohjois-Karjala</i>	Leo Pakkanen (1997)	Simo Kauppi (2000)
Ilkka Heinonen (1997)	Jorma Lehikoinen (1997)	Managing Director Kangasniemi, 2000–2003	Managing Director Rauma 2000–2003
Principal Haapajärvi, 2001–2004	Managing Director Lieksa, 1999–2002	*Asko Ruuskanen (1997)	<i>Deputy Chairman</i>
	*Heikki Pirinen (1997)	Dean (ret.) Savonlinna, 2000–(2003)	
<i>Keski-Suomi</i>	Principal (ret.) Kitee, 2000–(2003)		Seppo Junttila (2000)
Erkki Laatikainen (1997)		<i>Sydkusten</i>	General Secretary Helsinki, 2000–2003
Professor Jyväskylä, 1999–2002		Ola Eklund (2000)	
		Managing Director Karjaa, 2001–2004	

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

ORGANISATION JAN. 1, 2002

Chairman
and CEO
Antti Tanskanen

Business control
Seija Halme**

President, Vice Chairman
Reijo Karhinen

Business planning
Pasi Kämäri**

*Management Support and
Corporate Communications*
Markku Koponen*
Consolidated corporate
communications, strategic
planning, monitoring
national economy and
financing sector.

Customer Function
Erkki Böös

Service Function
Heikki Vitie

Group Steering Function
Pekka Jaakkola

Audit Function
Markku Niinikoski*

Service and product
development,
marketing,
customer relationships.

Information system
and production services,
financial control,
centralised service functions.

Member bank steering,
risk management,
service network,
IT management.

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

*Aurum Life Assurance
Company*
Jukka Ruuskanen

FD Finanssidata Oy
Ilpo Antikainen

*Human Resources
Development*
Tarja Joensuu-Sarkio

*The Cooperative Bank
Inspectorate*
Tapani Santala

AgriFinancing
Raimo Tammilehto
On leave of absence as from
February 1, 2002

Administration Services
Antti Saarelainen
*OKO Bank Group Pension
Fund*
*OKO Bank Group Pension
Foundation*

Member Bank Steering
Jari Himanen
Legal Affairs
Esko Hollman

Internal Audit
Heikki Yli-Juuti*

*Marketing and Customer
Relationships*
Stina Suominen

Pekka Korhonen

Osuuspankki Realum
Jouko Aho

*OKO Bank Group Mortgage
Bank plc*
Pekka Sarvi-Peräkylä

*Financial Administration
Services*
Harri Luhtala

*OKO Bank Group Mutual
Insurance Company*
Tuomo Metsäaro

OP-Kotipankki Oyj
Kai Patovirta

Client Communications Centre
Arto Smedberg

*OKO Bank Group Security
Fund*
Tuomo Metsäaro

*OP Fund Management
Company Ltd*
Harri Nummela

Service Network
Matti Korkeela

Deposit and Credit Services
Pekka Sarvi-Peräkylä

IT Management
Markku Mäkinen

* Reporting to the CEO

** Reporting to the President

Asset Management Services
Harri Nummela

Payment Services
Anne-Mari Tyrkkö

EXECUTIVE BOARD AND AUDITORS JAN. 1, 2002



Antti Tanskanen



Reijo Karhinen



Pekka Jaakkola



Erkki Böös



Mikael Silvennoinen



Heikki Vitie

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**Pekka Jaakkola (45)**

Executive Vice President
Member of the Board
since 1998

Right of option to subscribe
for 80 000 OKO Bank Series
A shares.

Erkki Böös (48)

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

Mikael Silvennoinen (45)

President, OKO Bank
Member of the Board
since 1997
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.

Heikki Vitie (49)

Executive Vice President
Member of the Board
since 1994
European Association of the
Cooperative Banks,

Member of the Board of
Directors

The Employers' Confedera-
tion of Service Industries,

Member of the Board of
Directors

The Bank Employers' Associa-
tion,

Deputy Chairman of the
Board of Directors

Right of option to subscribe
for 80 000 OKO Bank Series
A shares.

DEPUTY MEMBERS**Esko Hollman (58)**

Executive Vice President
Member of the Board
since 1987

Suomen Asiakastieto Oy,

Deputy Chairman of the
Board of Directors

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

Matti Korkeela (55)

Executive Vice President
Member of the Board
since 1997

Certall Finland Oy,

Chairman of the Board of
Directors

Automatia

Pankkiautomaatit Oy,

Chairman of the Board of
Directors

Automatia Rahakortit Oy,

Chairman of the Board of
Directors

Toimiraha Oy,

Chairman of the Board of
Directors

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

Raimo Tammilehto (58)

Executive Vice President
Member of the Board
since 1991

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.

Markku Niinikoski (55)

Chief Audit Executive
Attends the Executive
Board's meetings.

Holds 400 OKO Bank Series
A shares, right of option to
subscribe for 30 000 OKO
Bank Series A shares.

Markku Koponen (44)

Secretary of the Boards

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

AUDITORS

SVH Pricewaterhouse

Coopers Oy, Authorised
Public Accountants

Eero Huusko,

Authorised Public Accountant

Kauko Lehtonen,

Authorised Public Accountant

Deputy**Auno Inkeröinen,**

Authorised Public Accountant

**konttori
palvelee**



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Membership

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E-mail address:
unico@unico.nl

Secretary General:
Rémy Lasne

**Member banks of
the UNICO Banking Group**

Crédit Agricole, France
DZ BANK AG Deutsche Zentral-
Genossenschaftsbank, Germany
ICCREA, Italy
OKO Bank, Finland
Rabobank, The Netherlands
RZB-Austria
(Raiffeisen Zentralbank Österreich
AG), Austria
Banco Cooperativo Español,
(associate member), Spain
Union of Swiss Raiffeisen Banks,
(associate member), Switzerland

THE OKO BANK GROUP

FINANCIAL STATEMENTS 2001



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ACCOUNTING POLICIES

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

FINANCIAL INFORMATION IN 2002

The OKO Bank Group and OKO Bank will publish three interim reports in 2002:

- for January-March on May 3, 2002
- for January-June on August 8, 2002
- for January-September on October 31, 2002.

The interim reports will be published in Finnish, Swedish and English. The fastest way to access the interim reports is by visiting our website at the address www.okobank.com.

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C O N T E N T S

Report of the Executive Board 2001	1
A year of realising potential and strenghts	1
The OKO Bank Group's strategy	1
Financial performance	2
Balance sheet	5
Capital adequacy	6
The Bank Group's operations	7
Changeover to the euro	10
Legal proceedings and investigations by the authorities	10
Outlook for the OKO Bank Group in 2002	10
2001 review of Group companies	11
Risk management	17
The OKO Bank Group's legal structure	25
Accounting policies	29
OKO Bank Group profit and loss account	34
OKO Bank Group balance sheet	35
Key figures for OKO Bank Group	37
Notes to the accounts	38
Statement concerning the annual accounts	53
Auditors' report	53

REPORT OF THE EXECUTIVE BOARD 2001

A YEAR OF REALISING POTENTIAL AND STRENGTHS

In 2001 the OKO Bank Group exploited its strengths and potential in line with its annual plan. The Group's good financial performance, strengthened market position and deep customer knowledge laid the foundation for strengthening operations and market shares further. Despite the increased uncertainty, the Finnish economy offered a moderately good operating environment for banking operations. The Group outpaced the market growth in nearly all its core business areas. Although operating profit weakened from the previous year's record level, the Group's profitability remained good. The Group continued to invest energetically in the future and brought new advanced banking services out on the market.

The OKO Bank Group's market share of euro-denominated loans grew by 0.4 percentage point to 32.4 per cent and the share of euro-denominated deposits by 0.9 percentage point to 32.1 per cent. The market share of life and pension insurance premiums written was 13.4 per cent in 2001. In 2000 it was 10.1 per cent. On the other hand, the market share of investments in mutual funds run by the OKO Bank Group declined from 14.2 per cent to 13.3 per cent. The Group's number of customers grew by 52 000, and the number of owner-members by 109 000.

Operating profit in 2001, EUR 504 million, was the second largest in the Bank Group's history, but EUR 160 million less than the record result posted a year ago. The contraction in operating profit was due mainly to the decrease in income from investments in equities. Excluding the direct effects of investments in equities, operating profit would have been at nearly the same level as in 2000.

The Group's profitability remained good. The return

on assets normalised to 1.28 per cent from the exceptionally high level of the previous three years. The return on equity fell from 24.9 per cent to 14.6 per cent. A factor contributing to the decrease was the further rise in the equity ratio. The expenses/income ratio was 55 per cent. Excluding the direct effects of equity investments, the return on assets was 1.37 per cent, the return on equity 15.6 per cent and the expenses/income ratio 57 per cent.

During its centennial year the OKO Bank Group will concentrate on strengthening customer relationships and will continue to seek clear growth in market shares. The Group is moving into its new century with a stronger financial and market position than ever.

THE OKO BANK GROUP'S STRATEGY

The OKO Bank Group is targeting clearly larger market shares than it now has in all its core businesses. The Group's strong financial position means that it is well poised to revitalise and expand its operations.

The key elements of the Bank Group's strategy are profitable growth and management of risks, inputs into new business areas together with skilled personnel and a way of working based on customers' needs. The OKO Bank Group has Finland's most comprehensive service network. It is comprised of branch offices and outlets, a Call Centre and online services. A unified appearance nationwide and the member banks' close co-operation mean that services benefit from advantages of scale.

It is forecast that the number of branch offices will contract at a moderate rate. The renewal of operations and the upgrading of service in the fastest growing business areas will call for hiring new staff.

The Bank Group undertook a strategic review in the latter half of 2001. According to plans, the new strategy will be confirmed in summer 2002.

OKO Bank Group quarterly performance

€ million	2001				2001	2000	Change %
	1-3	4-6	7-9	10-12			
Net income from financial operations	218	221	218	218	875	801	9
Commission income	71	77	66	73	287	303	-5
Net income from securities transactions and foreign exchange dealing	-8	-28	-26	16	-46	8	
Other operating income	45	121	33	41	241	370	-35
Total income	326	391	291	348	1 356	1 481	-8
Commission expenses	8	11	9	14	42	35	20
Administrative expenses	119	121	119	141	501	465	8
Depreciation and write-downs on tangible and intangible assets	18	18	20	20	76	91	-16
Other operating expenses	30	34	31	37	132	129	2
Total expenses	175	184	179	212	750	720	4
Profit before loan losses	151	207	111	136	606	761	-20
Loan and guarantee losses	-1	1	3	10	12	5	
Write-downs on securities held as financial fixed assets	0	83	0	5	88	99	-10
Share of profit/loss of companies included using the equity method	-1	0	-17	16	-2	7	
Operating profit	152	122	92	138	504	664	-24

FINANCIAL PERFORMANCE

NET INCOME FROM FINANCIAL OPERATIONS
UP 9.3 PER CENT

In 2001 the OKO Bank Group's net income from financial operations grew further, but the growth slowed down compared with the previous year. In the report year net income from financial operations totalled EUR 875 million (801)¹, up 9.3 per cent on the previous year. The growth in net income from financial operations, which got started in 1999, evened out during 2001. From quarter to quarter, net income from financial operations was nearly flat and remained at the high level reached at the end of 2000.

The drop-off in the growth of net income from financial operations was due to the contraction in the margins on new loans and deposits and to the lowered level of interest rates. The effect of the narrowing in the

¹ The comparison figure for 2000 is given in brackets. For profit and loss account and other aggregated figures, the point of comparison is the figure for January-December 2000. For balance sheet and other cross-sectional figures, the point of comparison is the figure at the previous balance sheet date, December 31, 2000.

spread between loans and deposits was nevertheless offset by the growth in the credit and deposit portfolio as well as by the Bank Group's strong income financing.

Net income from financial operations as a ratio of average total assets over the whole year was at the same level as in 2000. In the last quarter net income from financial operations as a ratio of average total assets was 0.4 percentage point smaller than a year ago.

COMMISSION INCOME DOWN 5.3 PER CENT

Other income than net income from financial operations amounted to EUR 481 million (681), or 29 per cent less than a year earlier. Net of the direct effect of investments in shares, the decline in other income would have been markedly smaller, or 9.3 per cent.

Income from equity investments amounted to EUR 95 million (204), a decrease of EUR 108 million on the previous year. The decrease was due to the exceptionally large dividends paid by Pohjola Group in 2000.

Commission income amounted to EUR 287 million (303), or EUR 16 million less than a year earlier. Com-

mission income was nevertheless still EUR 36 million greater than in 1999.

Income from payment transactions increased by 16 per cent to EUR 92 million (79). Income from stockbroking and issuance, however, contracted by 48 per cent to EUR 20 million (39). Commission income from mutual funds was down 17 per cent to EUR 25 million (31). Income from lending was also smaller than a year earlier. Booked as a reduction in commission income was the value of the bonuses earned by Platinum customers during the year, which amounted to EUR 24 million (20).

Net income from securities transactions was EUR 53 million negative (1), a substantial decrease on the figure a year earlier. Net income from trading in equities was EUR 46 million negative (1) and net income from trading in debt securities was EUR 7 million negative (1 million negative).

Other operating income slimmed by 12 per cent to EUR 146 million (166). Shares in properties and real-estate corporations generated capital gains of EUR 9 million (23).

EXPENSES INCREASE BY 4.2 PER CENT

The OKO Bank Group's expenses were EUR 750 million (720), or 4.2 per cent greater than in 2000. Excluding the reversal of about EUR 13 million that was received from the OKO Bank Group Pension Foundation for a special liability that was booked as a reduction in staff costs, expenses would have increased by 6.0 per cent.

Salary expenses grew by 6.6 per cent to EUR 268 million (251). Aggregate staff costs were EUR 315 million (301), or 4.6 per cent higher than they were a year ago. Staff costs include the above-mentioned reversal of a pension liability as well as an EUR 4 million liability coverage payment to the OKO Bank Group Pension Foundation.

Other administrative expenses were EUR 186 million (164), up EUR 21 million on the previous year. The biggest increase was in EDP and marketing expenses. Depreciation according to plan amounted to EUR 58 million (55) and write-downs to EUR 18 million (36). The write-downs were due mainly to the Bank Group's real-estate strategy according to which the yield level per property will be raised to 5.5 per cent by the end of 2002 at the latest.

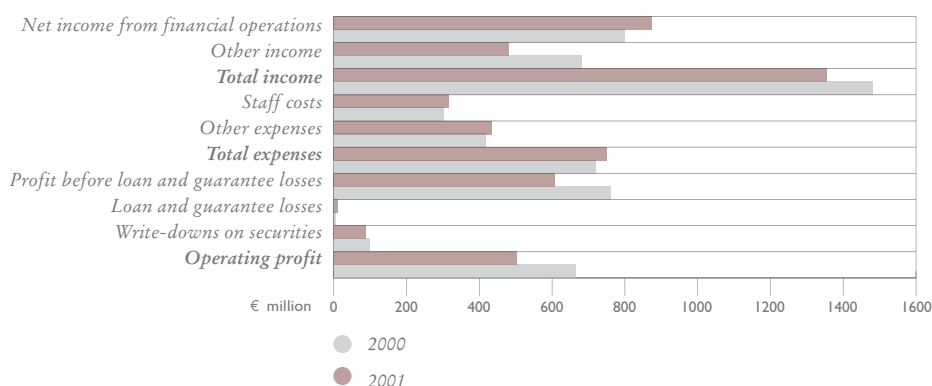
Other operating expenses increased by 2.1 per cent to EUR 132 million (129). EUR 4 million of losses on properties and holdings in real-estate companies was booked (6), or more than a quarter less than a year ago.

LOAN LOSSES STILL MINOR

Net loan losses grew to EUR 12 million (5), but remained at a low level. Net loan losses amounted to 0.04 per cent of the gross amount of the credit portfolio and other commitments equivalent to lending at the end of the year.

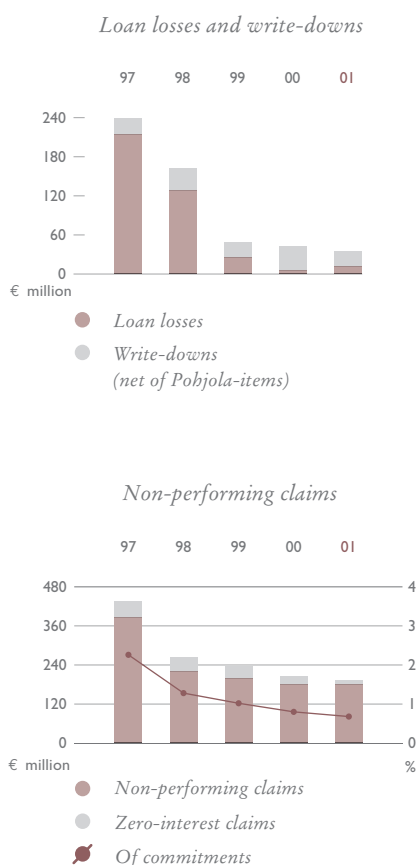
Non-performing claims amounted to EUR 181 million at the end of December (179). The amount of zero-

Profit and loss account, key figures



interest claims contracted by 57 per cent to EUR 11 million (25). The ratio of non-performing and zero-interest claims to the credit portfolio and other commitments equivalent to lending was 0.7 per cent at the end of December. At the end of 2000 the ratio was 0.8 per cent.

EUR 88 million of write-downs was made on securities held as financial fixed assets (99). The share of the profits or losses of the companies consolidated according to the equity method was a loss of EUR 2 million (7).



OPERATING PROFIT: 504 MILLION

The OKO Bank Group's operating profit was EUR 504 million (664), or EUR 160 million less than a year earlier. The decline in operating profit was attributable mainly to the effects of investments in shares, which burdened operating profit, particularly in the third

quarter. Fourth-quarter operating profit was EUR 138 million, up 49 per cent on the previous quarter and 4.2 per cent greater than the same-period operating profit a year ago.

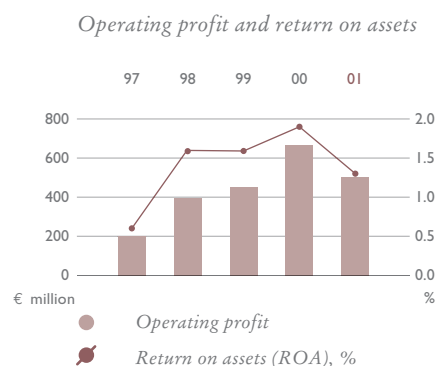
The Bank Group's profitability was still strong, though it did decline from the exceptionally high level of previous years. The return on assets (ROA) was 1.28 per cent (1.90) and the return on equity (ROE) was 14.6 per cent (24.9). The expenses/income ratio was 55 per cent (49).

OPERATING PROFIT EXCLUDING THE DIRECT EFFECT OF EQUITY INVESTMENTS

The great fluctuation in net income from investments in equities makes it difficult to compare the operating profit figures for 2000 and 2001. The result for 2000 reflected the large positive effect of equity investments, whereas the result for 2001 shows a large negative effect.

The Group's income from equity investments amounted to EUR 95 million (204). Net income from trading in equities was EUR 46 million negative in the report year, as against a credit to income in the previous year of one million euros. Write-downs on securities held as financial fixed assets, however, contracted from EUR 99 million to EUR 88 million.

The OKO Bank Group's holding in Pohjola Group shares fell from 9.4 per cent to 7.5 per cent during the report year because Pohjola increased its share capital. When a viable basis for amplifying the co-operation between the OKO Bank Group and Pohjola Group ceased to exist in summer 2001, the Pohjola Group shares were no longer considered as a strategic invest-



ment but as an ordinary investment on market terms. During the report year write-downs totalling EUR 122 million were made on the shares, of which EUR 83 million was booked, prior to the change in the asset class, under the profit and loss account heading *Write-downs on securities held as financial fixed assets*.

Effect of equity investments on operating profit

EUR million	2001	2000	Change
Operating profit	504	664	-160
Income from equity investments	95	204	-108
Net income from trading in securities	-46	1	-47
Write-downs	87	97	-10
Operating profit net of the direct effect of equity investments	542	557	-15

Net of the direct combined impact of the equity investments, the Bank Group's operating profit was EUR 542 million, or EUR 15 million less than a year ago. Excluding the effect of equity investments, the return on assets (ROA) was 1.37 per cent (1.62), the return on equity (ROE) 15.6 per cent (21.1) and the expenses/income ratio 57 per cent (56).

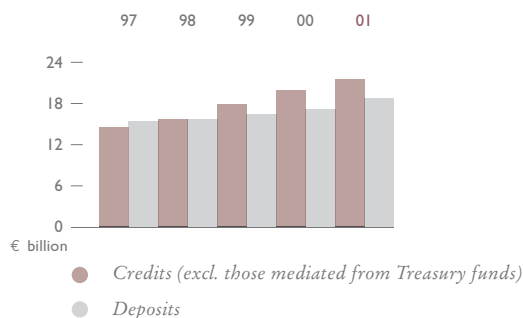
BALANCE SHEET

The OKO Bank Group's total assets grew by 11 per cent during the report year and stood at EUR 30.0 billion at the end of the year (27.1). On the assets side of the balance sheet the items that showed the biggest growth were *Claims on the public and public sector entities* and *Debt securities eligible for refinancing with central banks*, whereas on the liabilities side, *Deposits from the public* grew the most.

CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES TOTAL NEARLY EUR 22 BILLION

At the end of 2001 claims on the Bank of Finland totalled EUR 0.2 billion (0.2). The amount of debt securities eligible for refinancing with central banks grew from

Credits and deposits



EUR 1.5 billion to EUR 3.4 billion. Claims on other credit institutions were EUR 0.4 billion (0.8). In total, the above-mentioned most liquid assets increased by EUR 1.4 billion.

Claims on the public and public sector entities were EUR 21.9 billion (20.3), or 8.3 per cent greater than at the end of 2000. The growth in the credit portfolio continued to outpace the rate for the banks on average. The growth nevertheless slowed down compared with 2000. Claims on the public and public sector entities accounted for 73 per cent of the Bank Group's total assets, as against 75 per cent a year earlier.

The amount of debt securities other than those eligible for refinancing with central banks grew by 19 per cent to EUR 1.8 billion (1.5). The amount of shares and participations at the end of the year was EUR 237 million (356), a decrease of EUR 120 million on the figure a year earlier. The decrease was due nearly in its entirety to write-downs made on shares.

The amount of intangible assets grew by a quarter to EUR 68 million (55), primarily due to investments in information technology. The amount of tangible assets contracted by 6.6 per cent to EUR 1.2 billion (1.3). Shares and participations in properties and real-estate corporations diminished by 7.1 per cent to EUR 1.2 billion (1.2).

LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES TOP EUR 20 BILLION

Liabilities to credit institutions grew by 52 per cent to EUR 1.8 billion at the end of the year (1.2). The biggest growth was in liabilities to central banks.

Liabilities to the public and public sector entities were EUR 20.1 billion (18.3), or 9.9 per cent greater than a year earlier. Deposits grew by 9.7 per cent to EUR 18.8 billion (17.1). Deposits accounted for 63 per cent of the balance sheet total at the end of the year, on a par with the figure a year earlier.

The amount of debt securities issued to the public was EUR 3.7 billion (3.6), or 2.7 per cent more than a year earlier. Subordinated liabilities grew by 3.9 per cent to EUR 0.7 billion (0.7).

EQUITY CAPITAL: EUR 2.7 BILLION

The OKO Bank Group's equity capital at the end of the year stood at EUR 2.7 billion (2.3), or 16 per cent greater than at the end of 2000. Equity capital was increased by the EUR 365 million profit for the financial year as well as by owner-members' cooperative capital investments, which increased by 14 per cent during 2001, rising to EUR 576 million (505). Supplementary cooperative capital made up EUR 488 million of this amount (422).

The Bank Group's equity ratio rose from 8.6 per cent to 9.0 per cent.

According to advance information, the member cooperative banks will pay a total of EUR 19 million in interest on the cooperative capital in 2001. A year earlier, EUR 17 million in interest was paid. The Executive Board is proposing that a dividend of EUR 1.10 per share be paid on OKO Bank's Series A share and EUR 1.05 on the Series K share. The total amount of dividends to be paid on OKO Bank's shares would thus be EUR 51 million (59).

OFF-BALANCE SHEET ITEMS

The amount of guarantees, guarantee liabilities and other off-balance sheet commitments at the end of the year was EUR 4.2 billion (3.6), an increase of 16 per cent on the figure a year earlier. The biggest increase was in unused credit facilities and other credit arrangements. They amounted to EUR 2.9 billion at the end of the year (2.4), an increase of 30 per cent since the end of 2000. The amount of guarantees remained nearly unchanged, and guarantee liabilities contracted by 11 per cent.

The value of the underlying instruments of deriva-

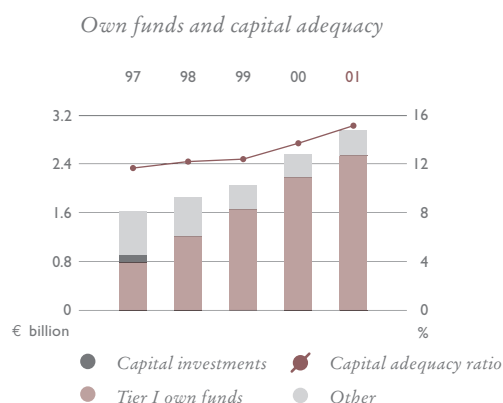
tive contracts fell further. At the end of the year it was EUR 7.4 billion, as against EUR 8.6 billion a year earlier. Forward rate agreements decreased to EUR 0.1 billion (1.0). Interest rate swaps, EUR 6.9 billion, were on a par with last year.

The credit countervalue of derivative contracts was EUR 67 million at the end of the year (88).

CAPITAL ADEQUACY

The OKO Bank Group's capital adequacy ratio at the end of the year was 15.1 per cent (13.7), or 1.4 percentage point higher than at the end of 2000. The Group's profit for the financial year less the proposed dividend payout has been included in own funds. The Group's own funds grew by 15 per cent to EUR 3.0 billion (2.6) and risk-weighted claims, investments and off-balance sheet commitments were up 4.5 per cent to EUR 19.5 billion (18.7).

Thanks to the profit for the financial year and the growth in the member cooperative banks' cooperative capital, Tier I own funds grew by 17 per cent to EUR 2.5 billion (2.2). Tier I own funds included EUR 576 million of the member cooperative banks' cooperative capital (505), of which EUR 71 million represents the share of terminated cooperative contributions (77). The ratio of Tier I own funds to risk-weighted receivables, investments and off-balance sheet commitments rose by 1.4 percentage point to 13.0 per cent (11.6). Strong capital adequacy forms a buffer against any unexpected losses and makes possible growth within the Bank



Group's core businesses.

The amount of Tier II own funds at the end of the year was EUR 0.5 billion (0.5), up 9.1 per cent on the figure a year earlier.

THE BANK GROUP'S OPERATIONS

NEARLY A MILLION OWNER-MEMBERS

At the end of 2001 the member cooperative banks had a total of 984 000 owner-members, or 109 000 more than at the end of 2000. The Bank Group's objective is that the number of its owner-members will top the one million mark in spring 2002 when the Group celebrates its centennial. At the end of the year Okopankki Oyj had a total of about 100 000 preferred customers in the Greater Helsinki area.

In December the value of the bonuses earned by Platinum customers was EUR 24 million. A year earlier these bonuses totalled a good EUR 20 million.

The OKO Bank Group's number of customers grew further. At the end of the year the OKO Bank Group had 2.97 million customers or 52 000 more than at the end of 2000.

CREDIT PORTFOLIO GROWS BY 8.3 PER CENT

During 2001 new loans were drawn down to a total amount of EUR 8.6 billion (7.8), or 9.7 per cent more than a year ago. In the last quarter, EUR 2.3 billion of loans was drawn down, an increase of 8.5 per cent on the previous quarter and 13 per cent more than in the same period a year earlier. The fall in interest rates increased demand for loans, especially housing loans granted to households.

During the year new housing loans to households were drawn down to the amount of EUR 3.0 billion (2.7), or 13 per cent more than a year earlier, and corporate loans to the amount of EUR 3.1 billion (2.7), an increase of 15 per cent on the previous year. The average spread on new housing loans in 2000 was about 0.2 percentage point smaller than in 2000.

The OKO Bank Group's credit portfolio at the end of December totalled EUR 21.9 billion (20.3), an increase of 8.3 per cent on the previous year. The growth

in the credit portfolio slowed down from the previous year, when growth of 10.7 per cent was registered. The Group's market share of euro-denominated credits was 32.4 per cent (31.9).

The portfolio of households' housing loans increased by 14 per cent to EUR 9.3 billion (8.2). The Group's market share of housing loans at the end of the year was 34.3 per cent (33.6). OKO Bank Group Mortgage Bank plc began granting housing loans during the report period. At the end of December the Bank's credit portfolio stood at EUR 41 million (0).

DEPOSITS UP 9.7 PER CENT

The total amount of the Bank Group's customer funds, i.e. deposits, capital in mutual funds and insurance savings, was EUR 22.2 billion (20.2), or 9.7 per cent greater than a year ago. Total deposits and insurance savings grew strongly during the year. On the other hand, the growth in mutual funds was slowed down by the instability in the equity markets.

During 2001 the growth in the OKO Bank Group's deposits again outpaced the average rate of deposits for the Finnish banking sector. At the end of the year deposits totalled EUR 18.8 billion (17.1), an increase of 9.7 per cent since the end of the previous year. Investment deposits were up 18 per cent to EUR 7.0 billion (6.0) and current account and payment transfer deposits increased by 5.3 per cent to EUR 11.8 billion (11.2). The Group's market share of euro-denominated deposits grew from 31.2 per cent to 32.1 per cent. The spread on new investment deposits narrowed markedly during the year, partly owing to the fall in the level of interest rates.

At the end of the year the capital in mutual funds amounted to EUR 1.9 billion (1.9). The uncertainty in the equity markets had a strong impact on the operations of mutual funds. During the first three quarters the capital invested in the mutual funds run by the Bank Group decreased by 17 per cent. In the last quarter, capital headed sharply upward and, all in all, the capital in the mutual funds at the end of the year was slightly greater than at the end of 2000. Net sales of fund units totalled EUR 172 million (632). Net sales of fund units

in the fourth quarter were EUR 133 million. The OKO Bank Group's market share of the total capital invested in mutual funds was 13.3 per cent at the end of the year. At the end of 2000 it was 14.2 per cent.

Life and pension insurance savings grew by nearly a quarter. At the end of the year Aurum Life Assurance Company's total technical provisions were EUR 1.5 billion (1.2). Premiums written in the January-December period amounted to EUR 426 million (385), an increase of 11 per cent on the figure a year earlier. In the last quarter, premiums written amounted to EUR 141 million. The growth in premiums written was mainly in traditional interest-yield insurance, which meant that the share of unit-linked policies within premiums written fell from 38 per cent to 16 per cent. Pension policies accounted for 8.4 per cent of total premiums written (8.1). Aurum's market share of premiums written in life and pension insurance in 2001 was 13.4 per cent. In 2000 it was 10.1 per cent.

SELF-SERVICES GROW IN POPULARITY

At the end of the year, 1.9 million debit and credit cards had been issued to customers of the OKO Bank Group. The number of cards grew by 6 per cent. The number of cards intended strictly for use in an ATM contracted further: already 76 per cent of the cards have a payment facility. The corresponding figure a year earlier was 70 per cent. The use of cards for making payments also increased. The volume of payment transactions during the report year was 14 per cent greater than a year ago. The number of cards and use of them was boosted by the changeover to the euro.

The aggregate volume of domestic payments in 2001 grew by about 11 per cent to more than 233 million transactions. At the end of September the OKO Bank Group submitted an offer for managing the State's payment transfers.

The number of online service contracts grew by a fifth to 685 000. At the end of the year more than 88 per cent of customers' basic banking transactions were made in the form of electronic self-service. Use of Internet services increased by 40 per cent, and the Internet became the most-used channel for paying bills.

REVAMPED INTERNET SERVICE AND REFURBISHED BRANCH OFFICES

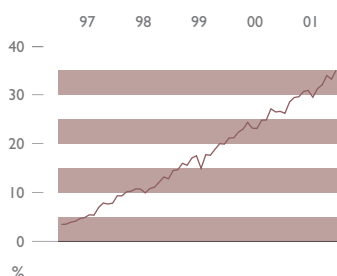
In March the OKO Bank Group opened its revamped Internet service. The new service is more versatile, clearer and more user-friendly than its predecessor. The new service provides for the requirements of electronic identification.

Towards the end of 2001 the OKO Bank Group was the first bank in Finland to make its banking services ready for digital television in accordance with the national MHP standard. The services will be offered to customers when interactive services become possible on digital TV.

At the end of the year the OKO Bank Group had 693 branch offices (709), 16 less than a year earlier. At the end of the year the Group had 34 service outlets that are more streamlined than traditional branch offices and generally operate in shopping centres. The number of such outlets was the same as a year earlier. The Group had in use 669 payment ATMs (669) and 490 Internet customer terminals (415). The banking services offered by the OKO Bank Group provide wider regional coverage than any other bank group in Finland.

Over the next few years the OKO Bank Group is modernising its network of branch offices in line with the changed customer behaviour. The aim of the remake is to strengthen the role of expert services, to add greater flexibility to routine services and in general to make branch offices more attractive. The first of the "new-look" branch offices were opened in Savonlinna and Virrat towards the end of the year.

Internet payments of all payment transactions



PERSONNEL STRENGTH: 8 802 PEOPLE

During the report year the Bank Group's staff (excluding interns) grew by 3.1 per cent to 8 802 (8 535). The number of the OKO Bank Group Central Cooperative's staff increased by 167 employees and the member cooperative banks' staff by 100. The average number of staff during the year was 8 930 (8 697).

SALES CO-OPERATION WITH FENNIA
AND LÄHIVAKUUTUS

In December the OKO Bank Group agreed on sales co-operation with Fennia Group and the Lähivakuutus Group (Local Insurance Group). The OKO Bank Group will begin selling Fennia's and the Lähivakuutus Group's non-life policies as well as Pension-Fennia's statutory employees' and self-employed persons' insurance policies. The Lähivakuutus Group in turn will begin selling Aurum's life, investment and voluntary pension policies as well as the Fennia Group's products. The partners' products round out the OKO Bank Group's own product palette very appropriately and the Bank Group's customers can now handle all their finance and insurance matters via a single channel.

The OKO Bank Group, Ilmarinen Mutual Pension Insurance Company and Suomi Mutual Life Assurance Company agreed unanimously to terminate the agreement which they made at the end of 1999 concerning co-operation and ownership of Pohjola Group. In July 2001 the OKO Bank Group terminated its insurance policy marketing agreements with Pohjola Non-Life Insurance Company Ltd, Eurooppalainen Insurance Company Ltd and Ilmarinen Mutual Pension Insurance Company.

In November the OKO Bank Group and Sonera Plaza Ltd terminated their ownership co-operation. OP-Kotipankki Oyj sold its 20 per cent stake in Sonera Plaza Financial Services Ltd and its 7 per cent stake in Sonera Plaza Fund Services Ltd to Sonera Plaza. The OKO Bank Group's mutual funds are still available through the fund marketplace service of Sonera Plaza.

The co-operation between the OKO Bank Group and the K Group (Kesko Corporation) expanded to its

planned scale when new K Group chains joined the Plussa Loyal Customer programme during the year. The amount of Plussa accounts has nevertheless grown more slowly than forecast.

REAL ESTATE

In accordance with the Bank Group's real-estate strategy, real-estate holdings have been reduced and their yield level raised systematically over a period of several years. The objective of reducing capital invested in real estate to EUR 1.5 billion - which was set for the end of 2002 - was in practice realised already at the end of 2000. After reaching it the amount of capital invested in real-estate holdings has been trimmed further, and at the end of 2001 it amounted to EUR 1.3 billion (1.5), a reduction of 7.9 per cent compared with the figure a year ago.

Capital invested in real-estate not in own use amounted to EUR 0.9 billion at the end of the year (1.1), decreasing by EUR 0.1 billion on the figure a year ago. At the end of the year residential properties and condominiums accounted for 13 per cent of this figure, business and industrial premises for 79 per cent and other real estate for 8 per cent. The occupancy rate of leaseable properties was 89 per cent (89), or the same as a year ago. The net yield of these properties was 6.1 per cent at the end of the year (5.6), or 0.5 percentage point higher than a year earlier. According to plans, the yield level of real-estate holdings will be improved further such that at the end of 2002 the yield per leaseable property is at least 5.5 per cent.

INTERNAL SERVICES ENHANCED

The internal services which OKO Bank Group Central Cooperative provides to the member banks grew further. The number of customers of the account service grew by 40 to 113 customer member banks, the payroll administration service by 25 to 103 customer member banks and collection services by 26 to 63 customer member banks.

During the report year the Call Centre for the Bank Group's retail customers as well as the Call Centre supporting the operations of the OKO Bank Group Cen-

tral Cooperative and the member banks were combined into a new Contact Centre. Centralising of the Bank Group's internal support functions within the Contact Centre will continue in coming years. The combining of the functions aims to improve both the quality and availability of customer service and the efficiency of service activities.

The committee that is preparing the 2002 meeting of the Cooperative has proposed KPMG Wideri Oy as the Central Cooperative's new firm of public accountants.

CREDIT RATINGS

The OKO Bank Group does not have a rating assigned by the international credit rating agencies. The Group's financial position nevertheless has a considerable effect on the credit ratings of the Bank Group's central bank, OKO Bank.

During 2001 Standard & Poor's upgraded OKO Bank's short-term rating from A-2 to A-1. Otherwise OKO Bank's credit ratings remained unchanged.

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

CHANGEOVER TO THE EURO

During the report year the OKO Bank Group's euro preparations were a continuation of the previous EMU project. The euro preparations were divided into three main lines: modifications to information systems and placing them in use, money services for banks and businesses as well as information and advice for the staff and, above all, customers.

Modification work on information systems was made into a separate unit within the OKO Bank Group Central Cooperative. All customer services-related conversions were seen to completion according to plans and the placing in use of the information systems went virtually without a hitch. Frequent training and information sessions were organised for the staff. The OKO Bank Group's member banks provided 390 euro advis-

ers who distributed euro information to both the staff and customers. During the report year the member cooperative banks arranged hundreds of euro training sessions for customers. The delivery of euros to the banks and then on to companies as well as the gathering in of markka bank notes and coins was handled smoothly by the OKO Bank Group organisation.

The expenses of the changeover to the euro in 1999-2001 came to about EUR 20 million within the OKO Bank Group.

LEGAL PROCEEDINGS AND INVESTIGATIONS BY THE AUTHORITIES

The companies belonging to the Bank Group are parties to litigation connected with the companies' normal business activities. These do not have an essential effect on the Bank Group's operations or financial position.

The European Commission has wound up its investigations concerning the OKO Bank Group's involvement in alleged co-operation between the banks in the pricing of currency exchange in respect of national banknotes in the euro-zone.

For all customers, the OKO Bank Group discontinued the FIM 15 fixed service charge for exchanging eurozone national banknotes and lowered the exchange commission for said banknotes to 1.0 per cent from the beginning of June 2001. Collection of the exchange commission from account customers was discontinued as from October 1, 2001.

OUTLOOK FOR THE OKO BANK GROUP IN 2002

In 2001 the OKO Bank Group strengthened its market positions in nearly all its business areas. The operating profit figure was the second largest in the Group's history despite the decrease in income on equity investments. Operating profit was supported by the 9.3 per cent growth in net income from financial operations. In 2002 the market position is expected to strengthen further and operating profit is anticipated to be at nearly the same level as in the report year.

The earnings estimates which the Annual Report presents for the OKO Bank Group and the companies belonging to the Group are based on the assumption that major unforeseeable changes do not take place in the operating environment.

2001 REVIEW OF GROUP COMPANIES

CHANGES IN THE GROUP STRUCTURE

The number of cooperative banks belonging to the OKO Bank Group remained unchanged at 244 during the report year. Ylä-Kintauden Osuuspankki merged into Keski-Suomen Osuuspankki in January, and Lehtimäen Osuuspankki became a member of the Central Cooperative in May. Lehtimäen Osuuspankki's income and expenses have been included in the Bank Group's consolidated profit and loss account for the entire financial year.

MEMBER COOPERATIVE BANKS

The aggregate operating profit of the member cooperative banks was EUR 375 million (370), up 1.3 per cent on the period a year earlier. All the member cooperative banks reported an operating profit in 2001.

The member cooperative banks' aggregate net income from financial operations grew by 6.5 per cent to EUR 717 million (673), mainly due to the growth in the volume of business. Commission income diminished by 4.5 per cent to EUR 210 million (220). Income from stockbroking diminished by 48 per cent. Net income from securities transactions was EUR 4 million negative, whereas in 2000 it was in the black by EUR 8 million.

Expenses were up 2.0 per cent to EUR 654 million (641). Staff costs were up 1.6 per cent to EUR 211 million (208). A total of EUR 11 million for a reversal on a special liability for the OKO Bank Group Pension Foundation was booked as a reduction in staff costs. Other administrative expenses grew by 16 per cent to EUR 181 million (156). Write-downs totalled EUR 19 million (34), or EUR 15 million less than a year earlier.

The aggregate net loan losses of the member cooperative banks amounted to EUR 12 million, compared with EUR 10 million a year earlier.

The member cooperative banks' aggregate total assets grew by 7.2 per cent to EUR 21.7 billion (20.2). The credit portfolio increased from EUR 14.8 billion to EUR 16.0 billion and total deposits from EUR 15.5 billion to EUR 16.8 billion.

OKO BANK GROUP

CENTRAL COOPERATIVE CONSOLIDATED

Changes in the Group structure

The Bank Group's holding in Virtuaalinen Suomi Oy rose from 47.5 per cent to 95 per cent. The Company's annual accounts are still included in the Bank Group's annual accounts according to the equity method.

The Bank Group's holdings in Sonera Plaza Financial Services Ltd and Sonera Plaza Fund Services Ltd were sold to Sonera Plaza in November. The portion of these companies' result for January-November corresponding to the Bank Group's holding has been included in the Group's annual accounts.

Result and total assets of OKO Bank Group Central Cooperative Consolidated

The Central Cooperative Consolidated posted operating profit of EUR 89 million (233). Operating profit net of the direct effect of equity investments was EUR 118 million (126), a decrease of 6.7 per cent compared with the corresponding operating profit a year earlier.

The Central Cooperative Consolidated's net income from financial operations grew by 24 per cent to EUR 156 million (126). Commission income diminished by 14 per cent to EUR 108 million (126). Net income from securities transactions was EUR 42 million negative (5 million positive). Expenses were up 8 per cent to EUR 298 million (276). Staff costs were up 12 per cent and other administrative expenses 17 per cent.

Reversals on previously booked loan and guarantee losses exceeded new loan and guarantee losses by more than EUR 2 million (9). The amount of non-performing and zero-interest claims grew by 38 per cent to EUR 22 million (16).

The Central Cooperative Consolidated's total assets grew by 16 per cent to EUR 12.9 billion (11.1). Claims on the public and public sector entities were EUR 5.9

billion (5.4), or 8.7 per cent greater than a year earlier. Liabilities to the public and public sector entities grew by 23 per cent to EUR 2.7 billion (2.2). Capital adequacy ratio at the end of the year was 12.3 per cent, or 0.7 percentage point greater than at the end of 2000.

The consolidated result for 2001 was burdened by the write-downs made on investments in equities. In 2002 operating profit is expected to be greater than in the report year.

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

*The parent institution, the OKO Bank Group
Central Cooperative*

The parent company, the OKO Bank Group Central Cooperative, posted operating profit of EUR 17 million (81). The decrease in operating profit was due to the Pohjola investments. Operating profit excluding the direct effects of equity investments was EUR 4 million, whereas a year ago the result was a loss of EUR 3 million.

The Central Cooperative's income amounted to EUR 221 million (272), or 19 per cent less than a year earlier. Income from equity investments amounted to EUR 93 million (149). Net income from securities transactions were EUR 25 million negative (0). Commission income diminished by 15.3 per cent to EUR 12 million (11). Other operating income grew by 23 per cent to EUR 148 million (120). The biggest increase was in income received from the member banks for EDP services. Operations and Inspectorate income totalled EUR 12 million (12), or 1.1 per cent more than in 2000.

The Central Cooperative's expenses totalled EUR 150 million (126), or EUR 24 million more than a year earlier. Staff costs were up 20 per cent and other admin-

istrative expenses 12 per cent. The biggest increase in other administrative expenses was in EDP expenses. Depreciation according to plan totalled EUR 13 million (10) and other operating expenses came to EUR 17 million (12). A write-down of EUR 55 million (65) that was made on the Pohjola Group shares was booked to write-downs on securities held as financial fixed assets.

The write-downs on Pohjola Group shares that were made in the 2000 accounts were not accepted as deductible expenses in the taxation for 2000. For this reason, a total of EUR 19 million of taxes for previous financial years was booked in the 2001 financial statements. The OKO Bank Group Central Cooperative reported a loss for the financial year of EUR 4 million.

The Central Cooperative's total assets at the end of the year stood at EUR 349 million (382), a decrease of 8.8 per cent since the end of 2000. The Central Cooperative's equity capital at the end of the year totalled EUR 159 million (169) and its equity ratio was 47 per cent (45).

The Central Cooperative's number of staff grew by 12 per cent to 734 (653). Nineteen staff transferred to the employ of Opset Oy, which began its operations during the financial year. Opset is a company that offers telephone exchange and mailing services, and it is owned by the Central Cooperative and ISS Suomi Oy. The company is not included in the Central Cooperative's consolidated accounts.

The Central Cooperative's operating profit is estimated to be greater in the current year than it was in 2001.

OKO Bank Consolidated

OKO Bank Consolidated reported operating profit of EUR 111 million (167), a decrease of EUR 57 million on the previous year. The bulk of the decrease in operating profit, EUR 47 million, was attributable to the fall in net income from the investment made in Pohjola Group shares. OKO Bank Consolidated's operating profit excluding the effect of the Pohjola investments was EUR 123 million (132). The uncertainty in the equity markets weakened commission income from stockbroking and net income from securities transactions, both of which are part of core operations. On the other hand,

net income from financial operations within financing and investment activities improved substantially.

OKO Bank Consolidated's net income from financial operations amounted to EUR 152 million (124), up 22 per cent on the previous year. The change is attributable to the growth in net income from financial operations of the business areas engaged in finance and investment activities. OKO Bank Consolidated's credit portfolio grew by 6.7 per cent since the end of 2000.

Income from equity investments amounted to a total of EUR 35 million (72), of which EUR 29 million (65) consisted of dividends with avoird fiscal tax credits received from shares in Pohjola Group. In connection with the dividends received from Pohjola Group shares, an EUR 29 million write-down on the shares was made in the profit and loss account item *Write-downs on securities held as financial fixed assets*.

Net commission income amounted to EUR 56 million (66). Net commission income from stockbroking and issuance diminished substantially compared with the previous year. On the other hand, net commissions on lending, payment transfers and guarantees increased compared with the previous year.

Net income from securities transactions and foreign exchange dealing was EUR 11 million negative (11 million positive), or EUR 23 million less than a year ago. Net income from securities transactions includes a write-down of EUR 13 million on the Pohjola Group shares.

OKO Bank Consolidated's expenses net of commission expenses totalled EUR 124 million (118), up 5 per cent on the figure a year ago. The net effect of loan and guarantee losses was a credit to income of EUR 4 million (10).

Consolidated total assets stood at EUR 12.6 billion (11.0). A major factor that increased total assets was the growth in the amount of debt certificates, which nearly doubled to EUR 4.3 billion (2.3). Credits to the public, including leased property, were up 6.7 per cent to EUR 5.9 billion (5.5). The amount of non-performing and zero-interest claims was EUR 19 million (14), or 0.3 per cent (0.2) of OKO Bank Consolidated's commitments. Deposits from the public amounted to EUR 2.0 billion (1.6), an increase of 20 per cent on the previous year.

Liabilities to credit institutions and central banks amounted to EUR 4.9 billion (3.8). Of these liabilities, 64 per cent (48) were deposits which the member cooperative banks made with OKO Bank. OKO Bank Consolidated's capital adequacy ratio was 12.8 per cent (11.4).

OKO Bank Consolidated's operating profit is estimated to be somewhat greater in 2002 than it was in 2001.

Aurum Life Assurance Company

Despite the fact that the uncertainty in the investment markets led to a reduction in total premiums written by life assurance companies, Aurum Life Assurance Company's premiums written grew by 11 per cent to EUR 426 million (385). Customers' insurance savings grew to EUR 1 493 million (1 201). Aurum's market share of premiums written in life and pension insurance was 13.4 per cent. The same figure in 2000 was 10.1 per cent.

Aurum's balance on technical account was EUR 1.6 million (10.2). The result was affected by the fall in equity prices, which weakened the Company's earnings from investments. The Company paid a customer bonus of 2.0 per cent on savings and capital redemption policies and 2.75 per cent on pension policies. The supplementary benefit provision that had been built up in previous years was used to pay the customer bonuses. EUR 1.7 million was allocated from the net profit for the year to build up a new supplementary benefit provision.

Aurum's solvency margin was strengthened within the framework of its long-term capitalisation programme by means of an EUR 25 million capital loan which was subscribed for by the OKO Bank Group Pension Fund and the OKO Bank Group Pension Foundation. At the end of the year the Company's solvency margin was EUR 144 million (114). The statutory minimum was EUR 51 million (39). The capital adequacy ratio calculated according to the Insurance Company Act was 11.3 per cent (11.6). At the end of the year the Company had a staff of 35 employees (29).

The Company's objective is to boost its market shares further in products that are already part of the Company's portfolio and to develop alongside them new products that serve customers more extensively.

The Company's balance on technical account is expected to improve in the current year.

OP-Kotipankki Oyj

During the year OP-Kotipankki Oyj continued to focus its operations on the sale and management of unsecured consumer credits within the OKO Bank Group. The Bank sold its remaining portfolio of deposits to the member cooperative banks during the year.

Kotipankki divested the shares it owned in Sonera Plaza Financial Services Ltd and Sonera Plaza Fund Services Ltd to Sonera Plaza Ltd, which also redeemed the capital loans which Kotipankki had granted to these companies. The effect on earnings of the arrangement, a loss of EUR 1.9 million, has been booked to extraordinary items in the Bank's annual accounts.

Kotipankki posted operating profit of EUR 4.2 million (3.2). Net income from financial operations was up 18 per cent on the previous year, to EUR 10.0 million (8.4). In step with the increased use of the degree of overdrafts and Internet banking services, commission income grew by 30 per cent to EUR 11.1 million (8.6). Commission expenses increased from EUR 7.8 million to EUR 8.3 million. Commissions paid to the member cooperative banks amounted to EUR 7.6 million (7.3). Net loan losses were booked to the amount of EUR 1.5 million (1.3). The expenses for the above-mentioned ownership arrangement were booked to extraordinary expenses in the Bank's annual accounts.

Kotipankki's total assets grew by 21 per cent to EUR 188 million during 2001 (155). Claims on the public and public sector entities were up 25 per cent on the previous year, to EUR 185 million (148). Non-performing and zero-interest claims totalled EUR 3.0 million at the end of the year (2.2), an increase of 37 per cent on the figure a year ago.

Kotipankki's ownership base was expanded and the share capital was increased during the financial year through a share issue directed at the member cooperative banks and the OKO Bank Group Central Cooperative. Following the share issue, the member cooperative banks' holding of the Company's shares is 60.7 per cent and they hold 32.0 per cent of the voting rights. The

OKO Bank Central Cooperative Consolidated's companies own the remaining shares. At the end of the year Kotipankki's capital adequacy ratio was 16.0 per cent (12.4). The Bank had a payroll of 43 employees at the end of the year (36).

Kotipankki is continuing its active development of consumer credit and card products. The objective is to expand co-operation with merchants together with nationwide retail chains and to increase the Bank's market share within unsecured card loans. Kotipankki's operating profit is estimated to be at the same level in 2002 as it was in 2001.

OP Fund Management Company Ltd

The growth in capital invested in mutual funds continued ahead in Finland in 2001, but because of the fall in share prices it was more moderate than in previous years. The aggregate capital invested in mutual funds managed by OP Fund Management Company Ltd remained at roughly the level prevailing at the end of 2000. Capital at the end of 2001 totalled EUR 1.9 billion (1.9), representing 13.3 per cent of the capital of all the mutual funds registered in Finland. A year earlier the market share was 14.2 per cent of corresponding capital.

During 2001 five new OP mutual funds were opened. The Opstock Private special mutual fund invests its assets in the domestic and foreign equity markets as well as in fixed-income instruments, and it is beamed at investors who are looking for active and integrated asset management. The Opstock RM Optimus special mutual fund differs from ordinary funds in respect of its investment policy in that the absolute return is more important than the relative return in all market situations. The OP Asia, OP America and OP Britain special mutual funds invest their assets in the equity markets of their target areas. At the end of 2001 OP Fund Management Company Ltd had 25 mutual funds under management.

The Company's operating profit was EUR 1.2 million (1.2), or 2.5 per cent less than a year earlier. Income from fund management activities in the financial year totalled EUR 25 million (31). Commissions paid to the OKO Bank Group's member banks and to other sales

agents amounted to EUR 16 million (21), down 27 per cent on the figure in the previous financial year. The Company had a staff of 27 employees at the end of the year (20).

Despite the uncertainty prevailing in the equity markets, the growth in capital invested in mutual funds is expected to continue in 2002. OP Fund Management Company is seeking to grow faster than the market. The Company's result is expected to improve on 2001.

OKO Bank Group Mortgage Bank plc

OKO Bank Group Mortgage Bank received its operating license in 2000 and granted its first loans in January 2001. In May the Bank made an agreement with OKO Bank on the partial purchase of the credit portfolio of OKO Mortgage Bank plc, which was merged into OKO Bank towards the end of 2000. The purchased credit portfolio totalled EUR 49 million, about 55 per cent of which had been transferred to the balance sheet of OKO Bank Group Mortgage Bank by the end of the year. The Bank's credit portfolio at the end of the year was EUR 41 million.

In September the Bank floated its first collateralised and low-risk housing bond as defined in the Mortgage Bank Act. The amount of the bond is EUR 20 million and it is secured by the housing loans, including their collateral, which the Bank has granted.

The Bank's share capital was increased in the spring 2001 through share issues directed at the OKO Bank Group Central Cooperative and the member cooperative banks. Following the share issues, the Central Cooperative held 44.4 per cent of the shares and 88.2 per cent of the votes. The member cooperative banks' and Okopankki Oyj's holding of the shares is 55.6 per cent and they have 11.8 per cent of the voting rights. The Bank's capital adequacy ratio at the end of the year was 51 per cent. Operating profit for the financial year was EUR 0.3 million (0.1). The Bank had a payroll of 4 employees at the end of the year (2).

The trend in housing finance and housing sales is expected to remain favourable in 2002 as well. OKO Bank Group Mortgage Bank's operational position is expected to improve and the Bank's operating profit is forecast to grow during 2002.

FD Finanssidata Oy

FD Finanssidata's services comprise production and application services for banking operations as well as related integration services. The focus of application development during the year was on overhauling basic systems and making the changeover to euro banknotes and coins. Internal development centred on the development of change management, operational reliability and the data security of networks.

FD Finanssidata reported operating profit of EUR 1.1 million (1.2). The Company's turnover was up 15 per cent to EUR 59 million (51). Total assets at the end of the year stood at EUR 15 million (15). The Company's staff grew from 273 to 306 during the report year.

Virtuaalinen Suomi Oy

In the spring, Virtuaalinen Suomi Oy brought out on the market its mainio.net online service for consumers. In December 2001 the service registered more than 70 000 visitors.

In ownership arrangements carried out during the year the Central Cooperative's holding rose from 47.5 per cent to 95.0 per cent. To boost operational efficiency, the Company's business will be fully integrated into the OKO Bank Group's online services and adapted to be in line with the revamped business plan.

The Company reported an operating loss of EUR 4.7 million (2.3), or EUR 2.4 million greater than in 2000. The company floated for subscription by the Central Cooperative an EUR 3.4 million issue of convertible subordinated capital notes. The Company had a payroll of 15 employees at the end of the year (18).

Osuuspankki Realum

Osuuspankki Realum's operating profit was EUR 1.3 million (0.6). The reversals of loan and guarantee losses as well as the contraction in financing expenses had a positive effect on the result. Depreciation includes EUR 3.1 million of write-downs on real-estate holdings (4.2). The OKO Bank Group Security Fund granted EUR 55 million in composition in respect of co-operative capital investments (63).

The Bank's total assets at the end of the year amounted to EUR 71 million (123). The credit portfolio contracted by 45 per cent to EUR 23 million (42) and real-estate holdings shrank by 43 per cent to EUR 37 million (65). At the end of the year the Bank's capital adequacy ratio was 105.9 per cent (58.9). The Bank had a payroll of 4 employees at the end of the year (4).

In June Osuuspankki Realum's Supervisory Board decided to speed up the Bank's winding-down plan, which originally was to extend up to 2004, by two years. Concurrently, it was decided to start preparations for merging the Bank with the OKO Bank Group Central Cooperative during 2002.

On the basis of a permission from the Financial Supervision Authority, Osuuspankki Realum's accounts have been consolidated directly within the accounts of the OKO Bank Group. The Bank's figures are included in the aggregate figures for the member cooperative banks, which are presented on page 11 of the Financial Statements.

OTHER COMPANIES INCLUDED IN THE
OKO BANK GROUP'S CONSOLIDATED ACCOUNTS
OKO Bank Group Mutual Insurance Company

The OKO Bank Group Mutual Insurance Company is part of the Bank Group's internal risk management system. In 2001 the Company together with other parties in charge of the Central Cooperative's risk management, paid particular attention to receivables involving a greater than normal risk owing to a weakened debt servicing ability or collateral situation.

The OKO Bank Group Mutual Insurance Company's premium income was EUR 22 million (23), or 5 per cent less than in 2000. Credit insurance operations accounted for 95 per cent of the premium income (96). Insurance compensation paid out diminished further and totalled EUR 12 million (16).

The OKO Bank Group Mutual Insurance Company had total assets of EUR 234 million (229), an increase of 2 per cent on the figure a year earlier. Technical provisions grew by EUR 19 million (16) and amounted to EUR 174 million at the end of the year (155). The claims reserve share of technical provisions was EUR 39 mil-

lion (48) and the equalisation amount was EUR 135 million (107). The equalisation amount strengthened by EUR 28 million during 2001 (26). The Company's capital adequacy is strong.

OKO Bank Group Security Fund

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

The Security Fund's operations will be wound up at the end of 2004 and it will meet only those support needs to which it has given its commitment by the end of 1998. The Central Cooperative has undertaken to bear responsibility for the surplus or deficit resulting from the winding down of the Security Fund.

At the end of 2001 the OKO Bank Group Security Fund had 38 members, as against 58 a year earlier. The member banks covered their share of the liabilities during 2001 in a total amount of EUR 55 million (64). The remainder of the liabilities due for payment during the period 2002-2004 was EUR 66 million in total amount.

On the basis of guarantees it had given, the Security Fund paid EUR 7 million on behalf of the member banks in interest on capital investments (6) and granted Osuuspankki Realum a total of EUR 55 million in composition in respect of the capital investment certificates which the Bank had issued (63). The member banks repaid EUR 18 million in capital investments to the Security Fund (11). At the end of the year the OKO Bank Group Security Fund had a total of EUR 79 million of capital investments made by the member banks (151).

OTHER COMPANIES IN THE OKO BANK GROUP
OKO Bank Group Pension Fund

The OKO Bank Group Pension Fund attends to the statutory pension security of the OKO Bank Group.

The number of employer members in the Pension Fund at the close of 2001 was 355 and the fund had

9 229 employee members. During the past year the number of employer members diminished by one and the number of employee members grew by 490.

The Pension Fund collected EUR 48 million in insurance premiums (46), or 5 per cent more than a year ago. The level of insurance premiums fell below the so-called general Employment Pension Insurance payment level by 3.1 percentage points (3.5). The Pension Fund's pension liability grew by EUR 72 million and totalled EUR 575 million at the end of the year (503).

The yield on the Pension Fund's investment operations clearly exceeded the required return for the calculated interest despite the EUR 18 million of write-downs affecting income, which resulted from the fall in share prices. The Pension Fund's capital adequacy was raised with income from investment operations by transferring EUR 36 million to the unallocated supplementary insurance provision (20). After the transfer, the Pension Fund's result for the financial year was more than EUR 4 million (over 7 million).

The Pension Fund's figures are not included in the OKO Bank Group's consolidated annual accounts.

OKO Bank Group Pension Foundation

The OKO Bank Group Pension Foundation is responsible for the supplementary pension security for the personnel in the scope of its coverage.

The number of employer members in the Pension Foundation at the end of the year was 328 and the Foundation had 5 903 employee members. The corresponding figures at the end of the previous year were 330 and 6 134.

In 2001 the Pension Foundation collected as an annual premium 2 per cent of the estimated aggregate salaries of the employees belonging to the scope of the Foundation's coverage, i.e. more than EUR 4 million. The previous time the Pension Foundation collected an annual payment was in 1995.

The Pension Foundation's pension liability grew by EUR 15 million from the previous year and stood at EUR 476 million at the close of the year (461). The pension liability was reduced by discharging EUR 4.8 million from the index increase provisions. The Pension

Foundation returned to employers a total of EUR 13 million of a so-called special liability. After the transfers, the result for the financial year was zero. In 2000 the result was EUR 15 million. The Pension Foundation's pension liability is fully covered.

The Pension Foundation's figures are not included in the OKO Bank Group's consolidated annual accounts.

RISK MANAGEMENT

The OKO Bank Group's risk management is based on the professional skill and prudence of the people who take business decisions and of risk management experts as well as on the systematic monitoring, assessment and limiting of risks. The most important objective of risk management is to prevent uncontrolled risks from arising, so that they do not jeopardise the capital adequacy of an individual member bank or the entire OKO Bank Group.

ORGANISATION OF RISK MANAGEMENT

The OKO Bank Group Central Cooperative is in charge of managing the OKO Bank Group's risks at the Group level and for the adequacy and upgrading of the Group's risk management systems. The Central Cooperative issues instructions to the Bank Group's institutions in order to safeguard their risk management and it monitors their operations. Each institution nevertheless is responsible itself for seeing to it that it has risk management systems that are adequate in respect of the nature of its operations and risk-taking and that there are sufficient internal controls.

The OKO Bank Group Central Cooperative's risk management is in charge, at the Group level, of the maintenance, development and bank-specific oversight of the risk management and monitoring limit systems as well as for the oversight, monitoring and reporting concerning the management of credit, market, real-estate and operational risks. In addition, it develops risk management methods and systems as well as carries out company studies to ascertain the financial situation and eligibility for financing of customer companies. The Central Cooperative's Risk Management examines the

implementation and adequacy of the risk management of the Central Cooperative, its member banks and their subsidiaries. Other elements of the Group's risk management system are the Credit Risk Committee and the OKO Bank Group Mutual Insurance Company.

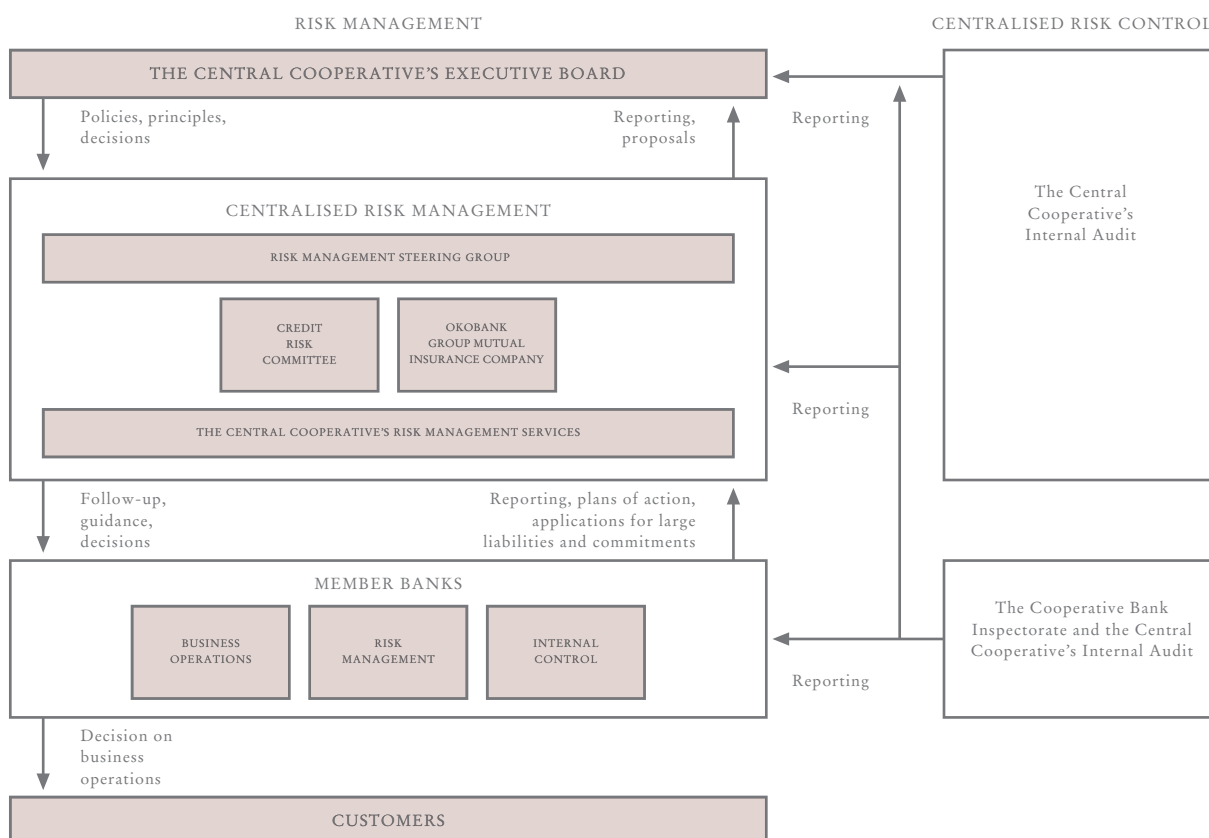
In 2001 the Central Cooperative's Executive Board established the OKO Bank Group Risk Management Steering Group, which reports to it and co-ordinates and develops the Bank Group's risk management process. The Steering Group is in charge of co-ordinating the objectives and guidelines for risk management with the OKO Bank Group's business strategy and annual plans, and it monitors the development of the Bank Group's risk-bearing ability and risk position as well as co-ordinates risk management development work. In connection with establishment of the Steering Group, the Central Cooperative's Executive Board terminated

the Asset and Liability Management Committee, which operated under its direction, and transferred most of its tasks to the Risk Management Steering Group.

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

The member banks have arranged their own risk management on the basis of model instructions issued by the Central Cooperative. The Supervisory Boards of the member banks have confirmed the principles that are applied to risk management, on the basis of which the bank's Executive Board oversees and controls the

Organisation and control of risk management in OKO Bank Group



bank's risk-taking. In the confirmed internal guidelines each member bank defines, among other things:

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

RISK AND CONTROL SYSTEM

The Central Cooperative has set risk limits for risk-bearing ability and profitability at the Group level as well as for credit, real-estate and market risks. Within the framework of this Group-level risk system the member banks' risk-bearing ability, profitability and various types of risks are governed by monitoring limits, which the banks must not exceed in their operations and on the basis of which they confirm their own risk limits. The comprehensiveness of the benchmarks and their development needs are reviewed regularly as part of the OKO Bank Group's strategy processes. In the annual plans, risk limits are set comprehensively for the annual target values of the corresponding benchmarks.

There are a total of 15 Group-level risk limits as follows:

Risk-bearing capacity and profitability

Capital adequacy ratio

Leeway for losses

Profitability

Credit risks

Risk concentrations

Total volume of large customer risks

Sectoral risks

Non-performing claims

Loan loss estimate for the next three years

Real-estate risks

Volume of properties

Value risk of properties

Market risks

Interest rate risk

Financing risk

Consolidated cash reserves

Foreign exchange risk

Share price risk

During 2001 and at the end of the year the Bank Group's key indicators of risk-bearing ability and profitability were substantially above the risk limits that had been set. During 2001 not a single risk limit for credit, real-estate or market risks was exceeded. Details of the values of certain risk indicators and the trend in them during 2001 are given in the discussion of the figures for specific types of risk.

The member banks are overseen and controlled mainly on the basis of the monitoring limit system. In addition, the Central Cooperative assesses the risks of new business models, products and services from the viewpoint of the Group as a whole and sees to it that the member banks and other institutions belonging to the Group only offer products and services in accordance with the Central Cooperative's policy lines.

In their own risk management, the member banks confirm the risk limits for their operations, these as a rule being tighter than the monitoring limits set by the Central Cooperative. If monitoring limits are broken, the member banks may undergo various degrees of control over their operations. In the Group's internal risk classifications the member banks are classified in risk categories such that the number of monitoring limit overruns and the seriousness of the overruns weaken the bank's credit rating. The Central Cooperative analyses the risk situation and reviews the risk classification regularly as part of the control process.

CREDIT RISKS

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

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

In assessing a customer's debt servicing ability and credit risks, the tools used are risk ratings, analyses of

financial statements and company analyses. The analysis of annual accounts involves classifying corporate customers into five classes according to their creditworthiness. The trends in the classes are monitored at the level of the individual bank and the Group as a whole. The number of financial statement analyses made during the report year was nearly 20 000, or 17 per cent more than in 2000.

An overhaul of the system of classifying the credit risks of corporate customers was continued with the objective of arriving at a statistical model that is capable of forecasting as well as possible on the basis of financial statement and other information the probability that corporate customers will end up in serious payment difficulties. The overhaul stems primarily from the OKO Bank Group's own risk management needs and secondarily from the need to upgrade the capital adequacy framework.

The Central Cooperative's Credit Risk Committee deals with credit and other commitments of client enti-

€ million	Dec. 31, 2001	Dec. 31, 2000	Change		Dec. 31, 2001	Non-performing claims* of credits and leasing receivables
			€ million	%		
Credits, leasing receivables and non-performing claims by sector						
Enterprises and housing companies	6 729	6 312	416	7	63	0.9
Industry	1 768	1 538	230	15	19	1.1
Construction	510	454	57	12	6	1.2
Trade and catering	1 068	1 025	43	4	12	1.2
Real-estate investment	1 129	1 010	120	12	7	0.6
Other enterprises	2 253	2 286	-33	-1	18	0.8
Finance and insurance	165	144	21	14	0	0.0
Public sector entities and non-profit organisations	331	357	-26	-7	1	0.2
Households	14 849	13 470	1 380	10	113	0.8
Foreign	97	170	-73	-43	0	0.1
Total	22 171	20 453	1 718	8	177	0.8

* Non-performing claims do not include guarantee claims

ties in which the liabilities of the client entity exceed 25 per cent of the member bank's own funds or the liabilities within the Group exceed EUR 5 million. The five million euro limit nevertheless does not apply to OKO Bank. In 2001 the Credit Risk Committee dealt with a total of 1 031 applications, of which an affirmative decision was taken in 987 cases. In 2000 the corresponding figures were 541 and 497.

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

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

The ratio of the OKO Bank Group's non-performing and zero-interest claims to the credit portfolio and other lending-type claims and off-balance sheet items was 0.7 per cent at the end of December. At the end of 2000 the ratio was 0.8 per cent. On the basis of the small amount of non-performing and other problem claims as well as gauging by reports made in connection with insuring the credit portfolio and the results of risk surveys, the Bank Group's credit risks can be judged to be small. Nor do the Group's liabilities include major sec-

toral, industry or customer-specific risk concentrations.

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

MARKET RISKS

The OKO Bank Group regards market risks as including all the financial and interest risks as well as foreign exchange and share price risks of items on and off the balance sheet. Financial risk also includes liquidity risk, i.e. the capability of meeting payments.

The management on market risks involves ensuring that changes in market prices or other external market factors cannot lead to a long-term weakening in profitability or capital adequacy in an individual company belonging to the Group or within the Group as a whole. Central factors in the management of market risks are identifying and analysing market risks, limiting risks to an acceptable level as well as regular and efficient reporting.

A written asset and liability management policy guiding operational business decisions has been approved for each unit of the Bank Group. The asset and liability management policy defines the products and market instruments to be used, the extent of operations conducted in foreign currency, the principles underlying funding and investment activities as well as the market risk benchmarks and limits that are employed.

According to the Bank Group's division of responsibilities, the member banks concentrate on retail banking activities. The Group's management of liquidity, payment transfers, foreign exchange risk, long-term funding and international financial institution relationships are centralised within OKO Bank. The member cooperative banks also handle most of their money market dealing through OKO Bank. The active trading undertaken by the member cooperative banks on the money and capital markets is limited by a recommendation at

the Group level according to which the value of a bank's trading portfolio can be a maximum of 5 per cent of the aggregate amount of its total assets and off-balance sheet items. At the end of the financial year, 3 member cooperative banks had a trading portfolio that was larger than the recommended level, as against 4 member banks a year ago. According to the Group's division of responsibilities the member banks transfer their foreign exchange risks, other than for foreign currency kept for travellers, to OKO Bank.

Each unit belonging to the Group has arranged its management of market risks in the manner required by the type and extent of its operations. Decisions concerning the management of the market risks of all units belonging to the OKO Bank Group, as well as the organisation of this management, are taken by the Executive Board or the Board of Directors. Within OKO Bank Consolidated, the Risk Management Committee, which reports to the Executive Board, decides on the operational guidelines and limits for developing the balance sheet structure and the taking of risks. The Risk Management Department is a unit that is separate from business operations and is responsible for OKO Bank Consolidated's control of market risks, risk positions and the development of methods of risk management. Some individual member banks have organised the duties of managing market risks by adapting the Group's general guidelines to their own operating environment and business operations.

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

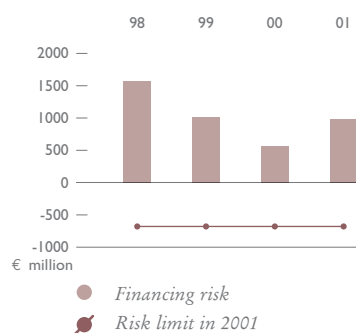
Financial risk

Within the Bank Group, financial risk refers to the unit's own ability to meet its payment obligations. Financial risk arises when the due dates of receivables and liabilities differ from each other or if funding is exces-

sively concentrated. Liquidity risk is included in financial risk. Liquidity risk arises if financing is not available when liabilities or other commitments fall due. Financial risk is measured with various indicators describing the due date structure of balance sheet items and the amount and structure of solvency reserves. Note 33 to the accounts shows the maturity breakdown of claims and liabilities by balance sheet item at the end of the year.

The OKO Bank Group's risk limit indicator for financial risk is the ratio to total assets of the receivables and liabilities falling due during the 12 months after the time of performing the analysis. In addition, the amount of the Group's receivables that are eligible as cash reserves is monitored. The key ratio for the Group's financial risk has not been near the risk limit set for it. At the end of the year receivables eligible as statutory cash reserves totalled EUR 4.3 billion (3.0). During the year they exceeded the minimum amount specified for the Group in law by an average of EUR 1.2 billion (0.6).

Financial risk in OKO Bank Group



Interest rate risk

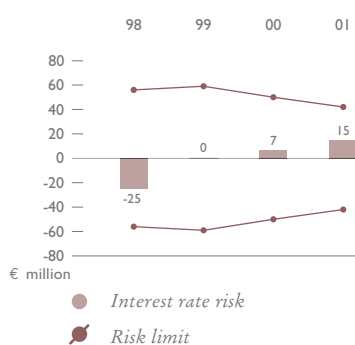
Interest rate risk refers to the effect of changes in the level of interest rate on the bank's earnings and on the market value of its risk exposure. Interest rate risk arises from the differing interest rate bases applied to receivables and liabilities or to the timing of interest rate reviews. The benchmark of overall interest rate risk used by the OKO Bank Group is the effect of a rise of 0.5 percentage points in market interest rates on the present value of the bank's risk position. In addition, a risk

indicator for the interest rate yield is used to measure the effect of a change in the level of interest rates on the member banks' result in the current financial period and during the next twelve months. Interest rate risk is also examined by interest rate maturity and balance sheet item. The monitoring limit used for the interest rate risk is the ratio of the above-described overall interest rate risk benchmark to own funds.

At the end of the year, the OKO Bank Group's interest rate risk measured in terms of the effect of a 0.5 percentage point rise in interest rates was EUR 20.0 million, compared with EUR 11.5 million at the end of the previous year. On average the Bank Group's interest rate risk during 2001 was EUR 14.5 million (6.7). The interest rate risk as a ratio of own funds at the end of the financial year was 0.7 per cent (0.5), i.e. the Group's interest risk can be considered minor.

OKO Bank monitors interest rate risk in real-time and at the day-to-day level. OKO Bank measures and limits interest rate risk by means of a VaR indicator (Value at Risk) that is based on historical simulation. At the other units of the OKO Bank Group Central Cooperative, the VaR indicator is used as an adjunct to the interest rate risk benchmark on a company-specific basis.

Interest rate risk in OKO Bank Group



Foreign exchange risk

Foreign exchange risk refers to the risk of a change in profits or market value which the bank incurs as a result of changes in foreign exchange rates. An open foreign

exchange exposure arises when the amounts of receivables and liabilities in the same currency differ from each other. Within the OKO Bank Group, foreign exchange risk is centralised within OKO Bank, and the foreign currency exposure of an individual member cooperative bank is in practice limited to the foreign currency kept for travellers' needs.

The foreign exchange risk of the Bank Group is measured in terms of the size of the aggregate net foreign exchange position in relation to own funds. OKO Bank's foreign exchange risk is measured and limited by means of a risk gauge based on VaR analysis. The OKO Bank Group's net foreign exchange exposure at the end of the financial year was EUR 10.0 million (17) and during the year it was on average EUR 14.3 million (14). The Bank Group's foreign exchange risk was small, only 0.4 per cent of the Group's own funds. A year earlier it was 0.7 per cent.

Share price risk

Share price risk refers to the risk of a change in earnings and market value caused by changes in the market price of publicly quoted shares and other similar instruments. Within the OKO Bank Group the measure of share price risk used is the ratio to own funds of the market value of publicly quoted shares, mutual fund units or other similar instruments. OKO Bank's Series A share, the strategic investments decided separately by Executive Board and included in the portfolios of the OKO Bank Group Central Cooperative and OKO Bank and the equity portfolios of the insurance companies belonging to the Group (the OKO Bank Group Mutual Insurance Company and Aurum) are not included in calculating this measure. The above-mentioned strategic investments and the portfolios of the insurance companies are monitored as separate financial entities. During the financial year the Pohjola Group shares that were previously included in strategic investments were transferred to the basic monitoring of share risk as ordinary market investments.

The market value of the publicly quoted shares and mutual fund units included in the Group's equity risk indicator was EUR 140 million at the end of the year (83), or EUR 57 million greater than at the end of 2000.

The market value at the end of 2001 of the publicly quoted shares and mutual fund units included in the above-mentioned equity risk indicator was 4.7 per cent of the Bank Group's own funds (3.2), an increase of 1.5 percentage point on the figure a year earlier.

Despite the fact that the Group's equity holdings and thereby also the share price risks are relatively small, investments in equities had a major impact on the Group's operating profit in 2001.

Real-estate risks

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

The Central Cooperative's Credit Risk Committee deals not only with large customer liabilities but also with the Group's major real-estate projects. The committee deals with each real-estate project involving the tying up of more than EUR 5.0 million of capital in the Bank Group's real-estate properties.

The amount and yield level of the OKO Bank Group's real-estate holdings are monitored quarterly, at the member bank level as part of the monitoring limit system. The value risks associated with real-estate holdings are estimated to be fairly small. According to the Group's risk reporting, the imputed value risk of business and industrial premises not in the Group's own use and calculated with a 5.5 per cent yield requirement was about EUR 21 million at the end of 2001. For residential properties, the corresponding value risk was about EUR 14 million. The imputed value risk overestimates the risk with respect to a selected level of return because the calculations also take into account, as a factor that reduces net income, basic repair expenses in excess of the annual repair requirement.

The complete elimination of imputed value risk from Tier I own funds at the end of 2001 would have lowered the Bank Group's capital adequacy ratio from 15.1 per

cent to 14.9 per cent. At the end of 2000 the capital adequacy ratio would have fallen from 13.7 per cent to 13.4 per cent. Calculated at a required return half a percentage point higher, the value risk would have been EUR 49 million, and after factoring it out, the Group's capital adequacy would have fallen by 0.3 percentage point.

OTHER RISKS

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

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

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

The management of other risks was developed in 2001 by rounding out the member banks' guidelines and by taking steps for applying, within the follow-up development of risk management systems, the principles presented in the discussion initiatives put forth by the Basel Committee on Banking Supervision.

THE OKO BANK GROUP'S LEGAL STRUCTURE

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

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

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

EXTENT OF THE OKO BANK GROUP

The operations of the amalgamation of the cooperative banks (OKO Bank Group) are provided for in the Cooperative Bank Act. After the amendments that came into force at the beginning of 2002, the provisions concerning the amalgamation of the cooperative banks have been grouped together in Chapters 2 and 11 of the Cooperative Bank Act. In the same connection, certain minor adjustments concerning the amalgamation were made to the Cooperative Bank Act.

The OKO Bank Group comprises the OKO Bank Group Central Cooperative, which is the Group's central institution, its member cooperative banks, the companies belonging to the consolidation groups of the

Central Cooperative and the member banks as well as credit and financial institutions and service companies in which one or more company belonging to the OKO Bank Group holds a total of more than half of the voting rights. Under law the OKO Bank Group is monitored on a consolidated basis, and the central institution and the credit institutions belonging to the OKO Bank Group are responsible for each other's liabilities and commitments.

The central bank of the Group, OKO Bank, is a subsidiary of the OKO Bank Group Central Cooperative. The members of the Central Cooperative's Supervisory Board form the majority of OKO Bank's Supervisory Board. The chairman of the Central Cooperative's Executive Board also acts as the chairman of OKO Bank's Executive Board.

CONSOLIDATED MONITORING

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

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

An institution belonging to the OKO Bank Group may not, in the course of its activities, take on a risk of such magnitude that it constitutes a material danger to the capital adequacy calculated for the institution or the OKO Bank Group as a whole. The OKO Bank Group Central Cooperative must have risk monitoring systems

that are adequate in respect of the operations of the entire Group. An individual credit institution must have risk monitoring systems that are adequate in respect of its own operations. The principles underlying the Group's risk management are described in greater detail on pages 17-24.

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

The capital adequacy ratio calculated for the Bank Group must be at least 8 per cent. Should the Group's own funds fall below 8 per cent, the Financial Supervision Authority will set a specified period within which the minimum level of own funds specified in the relevant act must be reached. If the Bank Group's capital adequacy is not restored within the fixed period, the Ministry of Finance, acting upon a proposal of the Financial Supervision Authority, can order the OKO Bank Group to be dissolved. The Ministry of Finance also has the right to decide on dissolution of the OKO Bank Group in other situations in which the Group does not fulfil the prescribed requirements of Chapter 2 of the Cooperative Bank Act even after the setting of a specified period.

EXCEPTIONS CONCERNING MEMBER CREDIT INSTITUTIONS

The OKO Bank Group Central Cooperative can grant to any of its member credit institutions and its consolidation group permission to diverge from the maximum amount of large customer risks specified in the relevant act. With the Central Cooperative's permission, an individual member credit institution can assume a maximum of twice the maximum amount of customer risk stipulated in the Credit Institution Act. For customer risks less than EUR 250 000, the Central Cooperative can grant an exemption to an individual bank.

The regulations concerning the minimum amount of own funds required to ensure statutory capital adequacy are not applied to the OKO Bank Group Central Cooperative's member credit institutions and their consolidation groups. If the capital adequacy of a member bank falls below the minimum level provided for in law, the Central Cooperative, acting in accordance with the guidelines prescribed by the Financial Supervision Authority, sets a deadline for the carrying out of actions to raise the institution's own funds to the statutory level.

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

A member credit institution does not bear the obligation of publishing an interim report in accordance with Section 41 of the Credit Institution Act.

JOINING THE OKO BANK GROUP AND WITHDRAWAL FROM ITS MEMBERSHIP

Membership of the Central Cooperative is open to cooperative banks, banks having the legal form of a limited company pursuant to the Cooperative Bank Act and the commercial bank acting as the central financial institution of the OKO Bank Group as well as credit institutions in which said companies own, alone or

jointly, more than half of the voting rights provided that the amendments to the statutes or Articles of Association as specified in the Cooperative Bank Act are made. Acceptance for membership calls for a two thirds majority of the votes cast at the Annual Meeting of the Cooperative or in the Representatives' Meeting of the bank or at a General Meeting of the shareholders.

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

THE OKO BANK GROUP'S ANNUAL ACCOUNTS AND AUDIT

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

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

MONITORING THE OKO BANK GROUP

The OKO Bank Group is monitored by the Financial Supervision Authority and the OKO Bank Group Central Cooperative, which is the Group's central institution. The Central Cooperative exercises oversight to ensure that its member credit institutions and the companies belonging to their consolidation groups operate in accordance with the laws, decrees, instructions and regulations issued by the authorities in respect of the financial markets as well as the instructions issued by the Central Cooperative and its own statutes and Articles of Association. A member credit institution and the companies belonging to its consolidation group are responsible for supplying the Central Cooperative with all the information and reports which it requires and are necessary to enable the Central Cooperative to carry out its monitoring duties.

JOINT RESPONSIBILITY AND JOINT SECURITY

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

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

PROTECTION PROVIDED BY
THE DEPOSIT GUARANTEE FUND

According to the legislation concerning the Deposit Guarantee Fund, which came into force in January 1998, the deposit banks belonging to the OKO Bank Group are considered to constitute a single bank in respect of deposit protection. The assets of the Deposit Guarantee Fund are applied to compensate a depositor's receivables

from the deposit banks belonging to the OKO Bank Group up to a maximum amount of EUR 25 288.

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

ACCOUNTING POLICIES

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

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

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

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

The Central Cooperative's auditors audit the OKO Bank Group's annual accounts, observing, as appropri-

ate, the regulations of the Financial Institution Act. The auditors prepare a separate auditors' report on the annual accounts. The annual accounts of the OKO Bank Group are submitted to the Annual Meeting of the OKO Bank Group Central Cooperative.

APPLICABLE REGULATIONS

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

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

EXTENT AND CONSOLIDATION OF THE ANNUAL ACCOUNTS

The annual accounts of the OKO Bank Group represent a consolidation line by line of the annual accounts of the OKO Bank Group Central Cooperative, its member cooperative banks, the OKO Bank Group Security Fund, the OKO Bank Group Mutual Insurance Company as well as those credit and financial institutions, investment service companies, mutual fund companies and service companies belonging to the

above-mentioned institutions or which are jointly controlled by them. The annual accounts of other companies controlled by said units as well as of the associated companies are consolidated according to the equity method.

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

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

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

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

The Group's internal transactions, internal margins, internal distribution of profits, gains and losses on the sale of OKO Bank shares as well as mutual receivables and liabilities have been eliminated. A revaluation that is discharged in the accounts of an entity belonging to the

Group when said institution has transferred the underlying assets on which the revaluation was made to another institution belonging to the Bank Group has been reversed in the OKO Bank Group's annual accounts to the extent that the grounds for the revaluation are still valid.

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

The minority interest share of the net profit and equity capital has been separated out and it is presented as an individual item in the profit and loss account and the balance sheet. In defining the minority interest, the OKO Bank Group Central Cooperative's member cooperative banks and OKO Bank have formed a parent company in the technical sense necessary for the calculations.

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

ITEMS DENOMINATED IN FOREIGN CURRENCY

The balance sheet items and off-balance sheet items of national currencies in the 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 OKO Bank's overseas branch office have been translated into the domestic currency applying the average exchange rates of the

currencies on the balance sheet date. The foreign exchange rate differences arising from the valuation are included in the profit and loss account item *Net income from foreign exchange dealing*.

RECEIVABLES AND LIABILITIES

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

SECURITIES HELD AS CURRENT ASSETS

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

Actively traded securities have been valued at the probable transfer price and all positive and negative changes in value due to valuation have been booked. Other securities held as current assets are valued at acquisition cost or the probable transfer price on the balance sheet date, whichever is lower.

The probable transfer price of a debt security is taken to be the present value of the flow of principal and interest from it, discounted at the market interest rate. The probable transfer price of publicly listed shares is taken to be the closing price on the last trading day of the year.

Gains and losses on the transfer of securities held as current assets as well as write-downs on these securities and reversals of the write-downs have been entered in net income from securities transactions. The difference

between the acquisition cost and nominal value of non-tradable debt securities is periodised in interest income.

SECURITIES HELD AS FINANCIAL FIXED ASSETS

The securities held as financial fixed assets are debt securities which are intended to be held to maturity, shares and participations in subsidiaries and associated companies, other shares purchased as long-term investments as well as shares and participations which have been acquired in order to ensure the provision of services required by the OKO Bank Group. The debt securities held as financial fixed assets are placed in the balance sheet under the items *Debt securities eligible for refinancing with central banks* and *Debt securities*.

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

SECURITIES REPURCHASE AND RESALE AGREEMENTS

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

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

TANGIBLE AND INTANGIBLE ASSETS AND
DEPRECIATION ACCORDING TO PLAN

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

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

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

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

value is permanently lower than the adjusted acquisition cost, at the probable market value.

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

Commercial, office and industrial properties other than those in own use are valued as a rule according to the yield value method. In the 2001 annual accounts the assumed minimum required return for an individual property is 4.5 per cent. Land, water and forest areas as well as dwellings and residential buildings are valued according to the sale value method.

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

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

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

DERIVATIVE CONTRACTS

The differences between the interest received from and paid on receivables and interest rate swaps made to hedge debt securities held as financial fixed assets as well as liabilities has been booked to interest income or

expenses. In the annual accounts, the accrued interest on these interest rate swaps has been entered in accrued income and prepayments and in accrued expenses and prepaid income. The difference in the interest obtained from and paid on other interest rate swaps has been booked to net income from securities transactions and the accrued interest corresponding to this income has been booked to *Other assets* and *Other liabilities*.

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

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

NON-PERFORMING CLAIMS

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

LOAN AND GUARANTEE LOSSES

Loan and guarantee losses comprise irredeemable losses

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

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

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

COMPULSORY PROVISIONS

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

TAXES

In the separate annual accounts of an individual institution belonging to the OKO Bank Group, income taxes are calculated and booked on the basis of taxable income in accordance with a statement of income taxes. Imputed deferred taxes and tax claims are not entered in the balance sheet. They are set forth in Note 36 to the annual accounts.

THE EFFECT OF CHANGES IN THE GROUP'S STRUCTURE AND OF CHANGES IN THE FORMAT OF THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET ON THE COMPARABILITY OF THE 2001 AND 2000 ANNUAL ACCOUNTS.

During 2001 no changes took place in the OKO Bank Group's structure, which might have affected the comparability of the 2001 and 2000 financial statements.

OKO BANK GROUP PROFIT AND LOSS ACCOUNT

€ million	Jan. 1 to Dec. 31, 2001			Jan. 1 to Dec. 31, 2000		
Interest income	1 540			1 354		
Interest expenses	665			554		
Net income from financial operations	875			801		
Income from equity investments	95			204		
Commission income	287			303		
Commission expenses	42			35		
Net income from securities transactions and foreign exchange dealing						
Net income from securities transactions	-53			1		
Net income from foreign exchange dealing	7	-46		8	8	
Other operating income	146			166		
Administrative expenses						
Staff costs						
Salaries and fees	268			251		
Staff-related costs						
Pension costs	28			30		
Other staff-related costs	20	47	315	20	50	301
Other administrative expenses	186			164		
Other administrative expenses	186			164		
Depreciation and write-downs on tangible and intangible assets	76			91		
Other operating expenses	132			129		
Loan and guarantee losses	12			5		
Write-downs on securities held as financial fixed assets	88			99		
Share of profit/loss of companies included in the consolidated accounts using the equity method	-2			7		
Operating profit	504			664		
Extraordinary items	-			-		
Profit before appropriations and taxes	504			664		
Income taxes						
Taxes for the financial year	79			125		
Taxes for previous financial years	29			0		
Change in imputed taxes due	31	138		35	159	
Share of profit (loss) for the financial year attributable to minority interests	1			2		
Profit for the financial year	365			504		

OKO BANK GROUP BALANCE SHEET

ASSETS € million	December 31, 2001		December 31, 2000	
Liquid assets		242		366
Debt securities eligible for refinancing with central banks				
Treasury bills	1 048		96	
Other	2 345	3 393	1 448	1 544
Claims on credit institutions				
Repayable on demand	37		10	
Other	329	366	793	803
Claims on the public and public sector entities		21 946		20 260
Leasing assets		225		192
Debt securities				
On public sector entities	443		326	
Other	1 309	753	1 151	1 477
Shares and participations		237		356
Participating interests		11		9
Shares and participations in consolidated companies		85		95
Intangible assets				
Consolidated goodwill	0		0	
Other long-term expenditure	68	68	54	55
Tangible assets				
Real-estate and shares and participations in real-estate corporations	1 153		1 241	
Other tangible assets	80	1 232	78	1 320
Other assets		237		346
Accrued income and prepayments		236		262
		30 031		27 086

OKO BANK GROUP BALANCE SHEET

LIABILITIES € million	December 31, 2001			December 31, 2000		
Liabilities						
Liabilities to credit institutions and central banks						
Central banks	1 194			300		
Credit institutions						
Repayable on demand	30			4		
Other	550	581	1 774	860	864	1 164
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	8 358			7 462		
Other	10 417	18 774		9 656	17 118	
Other liabilities	1 346 20 120			1 194 18 312		
Debt securities issued to the public						
Bonds	1 131			1 270		
Other	2 595	3 727		2 359	3 629	
Other liabilities				603 619		
Accrued expenses and deferred income				245 235		
Compulsory provisions						
Other compulsory provisions	4 4			6 6		
Subordinated liabilities				696 670		
Imputed taxes due				163 132		
Minority interests				4 5		
	27 337			24 772		
Equity capital						
Share and cooperative capital				644 573		
Share premium account				4 5		
Revaluation reserve				46 49		
Other restricted funds						
Reserve fund	680			665		
Other reserves	6	686		6	671	
Non-restricted reserves						
Other reserves	577	577		421	421	
Profit brought forward				371 93		
Profit for the financial year				365 504		
	2 694			2 314		
	30 031			27 086		
Off-balance sheet commitments						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges	1 352			1 425		
Other	-	1 352		-	1 425	
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments	-			-		
Other	2 832	2 832		2 179	2 179	
	4 185			3 604		

KEY FIGURES FOR OKO BANK GROUP

€ million

PROFIT AND LOSS ACCOUNTS	1997	1998	1999	2000	2001
Net income from financial operations	649	691	678	801	875
Other income	431	503	464	681	481
Other expenses	584	588	598	629	674
Depreciation and write-downs	84	87	76	91	76
Loan and guarantee losses	214	128	26	5	12
Write-downs on securities held as financial fixed assets	4	0	0	99	88
Share of profit/loss of companies included in the consolidated accounts using the equity method	1	3	7	7	-2
Operating profit	195	395	450	664	504
Extraordinary items	-	-	-	-	-
Profit before appropriations and taxes	195	395	450	664	504
Taxes	63	13	64	159	138
Minority interests	1	0	1	2	1
Profit for the financial year	132	382	385	504	365

BALANCE SHEETS

Assets

Claims on credit institutions	1 430	752	593	803	366
Claims on the public and public sector entities	15 023	16 192	18 309	20 260	21 946
Debt securities	3 209	3 026	3 804	3 021	5 146
Shares and participations	218	220	249	461	332
Intangible and tangible assets	1 747	1 641	1 545	1 374	1 301
Other assets	1 189	1 501	1 524	1 166	940
Total	22 816	23 332	26 024	27 086	30 031

Liabilities

Liabilities to credit institutions and central banks	585	398	1 089	1 164	1 774
Liabilities to the public and public sector entities	16 134	17 029	17 978	18 312	20 120
Debt securities issued to the public	2 800	2 796	3 652	3 629	3 727
Subordinated liabilities	1 164	1 016	743	670	696
Other liabilities	1 063	708	721	860	853
Imputed taxes due	75	75	98	132	163
Minority interests	5	3	4	5	4
Equity capital	990	1 308	1 739	2 314	2 694
Total	22 816	23 332	26 024	27 086	30 031

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.

NOTES TO THE ACCOUNTS

(€ MILLION)

NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2001	2000
Interest income		
Claims on credit institutions	45	28
Claims on the public and public sector entities	1 283	1 150
Debt securities	199	166
Other interest income	2	2
Leasing margin	11	9
Total	1 540	1 354

Interest expenses

Liabilities to credit institutions and central banks	52	28
Liabilities to the public and public sector entities	401	314
Debt securities issued to the public	4	173
Subordinated liabilities	38	44
Capital investments	0	0
Other interest expenses	1	-5
Total	665	554

2) Breakdown of net income from securities transactions

	2001	2000
Net income from transactions in debt securities	-7	-1
Net income from transactions in shares and participations	-46	1
Total	-53	1

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

	2001	2000
Debt securities		
Securities purchased	12 698	18 843
Securities sold	10 079	14 103
Shares		
Securities purchased	3 665	5 343
Securities sold	3 581	5 317

4) Breakdown of other operating income and expenses

	2001	2000
Other operating income		
Rental and dividend income from real-estate and real-estate corporations	89	92
Capital gains from the sale of real-estate and shares and participations in real-estate corporations	9	23
Other income	47	51
Total	146	166

Other operating expenses

Rental expenses	21	16
Expenses from real-estate and real-estate corporations	83	84
Capital losses from the sale of real-estate and shares and participations in real-estate corporations	4	6
Other expenses	24	23
Total	132	129

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

	2001	2000
Planned depreciations	58	55
Write-downs	18	37
Reversals on write-downs	0	-2
Total	76	91

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

	2001	2000
In respect of claims on credit institutions	0	0
In respect of claims on the public and public sector entities	49	63
In respect of leasing assets	0	0
In respect of guarantees and other off-balance sheet items	1	4
In respect of other items	9	12
Gross loan and guarantee losses	58	78
Deductions from loan and guarantee losses	47	73
Loan and guarantee losses in the profit and loss account	12	5

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

	2001	2000
Actual loan losses during the financial year, total	83	82
Actual loan losses during the financial year for which a specific loan loss provision has previously been made	-59	-55
Recoveries in respect of actual loan losses during previous financial years	-16	-22
Specific loan loss provisions made during the financial year	34	48
Reversals of specific loan loss provisions during the financial year	-29	-47
Loan and guarantee losses entered in the annual accounts	12	5

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

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

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

Pension provisions	0
Tax provisions	0
Other	-2
Total	-2

Write-downs on securities held as financial fixed assets:

Gross write-downs	88	99
Reversals of write-downs	0	0
Total	88	99

9) *Breakdown of combined items*

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

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

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

	Income by field of activity		Staff on average	
	2001	2000	2001	2000
Banking	1 324	1 322	7 526	7 490
Mortgage banking	1	11	3	8
Finance company operations	26	26	139	130
Investment firm operations	25	38	127	109
Common fund operations	26	31	26	19
Real-estate ownership and possession	9	10	15	15
Other	382	431	1 094	926
Total	1 792	1 869	8 930	8 697

	Income by geographical market		Staff on average	
	2001	2000	2001	2000
Finland	1 792	1 868	8 921	8 687
Sweden	1	1	9	10
Total	1 792	1 869	8 930	8 697

NOTES TO THE BALANCE SHEET

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

	2001	2000
Treasury bills	1 048	96
Government bonds	445	612
Certificates of deposit	1 670	753
Other	230	83
Total	3 393	1 544

12) Claims on central banks

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

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

	2001	2000
Enterprises	6 515	6 125
Financial and insurance institutions	165	144
General government	167	181
Non-profit institutions	539	956
Households	14 464	12 685
Foreign	97	170
Total	21 946	20 260

Specific loan loss provisions at the beginning of the financial year	249	267
New provisions made during the financial year (+)	33	44
Provisions reversed during the financial year (-)	-28	-20
Actual loan losses during the financial year, for which the credit institution has previously made specific loan loss provisions (-)	-43	-41
Specific loan loss provisions at the end of the financial year	210	250

14) Non-performing and other zero-interest claims

	2001	2000
Non-performing claims	181	179
Other zero-interest claims	11	25
Total	192	203

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

	2001	2000
Assets held as security		
Real-estate and shares and participations in real-estate corporations	64	92
Other shares and participations	3	2
Other assets	-	-
Total	67	94

Shares and participations acquired for the purpose of reorganising the customer's business	4	4
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16) Subordinated claims

	2001	2000
Claims on the public and public sector entities	8	6
Debt securities	129	115
Total	137	121

17) Breakdown of leasing assets

	2001	2000
Prepayments	28	2
Machinery and equipment	184	177
Real property and buildings	13	13
Other assets	0	1
Total	225	192

18) Debt securities

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

	Quoted	Other
Securities held as current assets	2 394	1 933
Securities held as financial fixed assets	313	505
Total	2 708	2 438

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

Figures are stated without eliminations	2001	2000
Debt securities eligible for refinancing with central banks	7	8
Debt securities	3	5
Total	10	13

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

Figures are stated without eliminations	2001	2000
Difference between nominal value and lower book value		
Debt securities	4	4
Claims on credit institutions	-	0
Claims on the public and public sector entities	-	-
Total	4	4
Difference between book value and lower nominal value		
Debt securities	8	12
Claims on credit institutions	-	-
Claims on the public and public sector entities	-	-
Total	8	12

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

Book value	2001	2000
Treasury bills	1 048	96
Local authority paper	2	10
Commercial paper	73	42
Certificates of deposit	1 675	758
Convertible bonds	5	6
Other bonds	2 274	1 094
Other debt securities	68	204
Total	5 146	3 021

19) Shares and participations

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

	Quoted	Other
Securities held as current assets	159	28
Securities held as financial fixed assets	0	49
Total	159	77

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

	2001	2000
Securities held as current assets	17	14
Securities held as financial fixed assets	0	0
Total	17	14

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

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

	2001	2000
Participating interests		
In credit institutions	-	-
Other	11	9
Total	11	9
Shares and participations in consolidated companies ¹⁾		
In credit institutions	-	0
Other	85	95
Total	85	95

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

20) Breakdown of intangible assets

	2001	2000
Establishment costs	0	0
Goodwill	1	1
Other long term expenditure	68	53
Total	68	55

21) Breakdown of real-estate holdings

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

	Book value	Capital invested ¹⁾
Land and water areas and buildings		
In own use	141	141
Other	269	269
Total	411	411
Shares and participations in real-estate corporations		
In own use	222	263
Other	520	656
Total	742	919

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

Type of property	Surface area, in square metres	Capital invested	Net yield, %	Vacancy rate, %
Dwellings and residential real-estate	210 266	122	6.4	10.7
Business and office real-estate	855 589	693	6.6	10.6
Industrial real-estate	163 089	45	7.7	12.6
Land, water and forest areas (undeveloped)	14 344	55	-0.8	30.0
Unfinished buildings	404	1	-0.3	65.8
Financial leasing real-estate	32 288	9	5.0	0.0
Other domestic real-estate	10 571	9	0.6	38.3
Foreign real-estate	-	-	-	-
Properties, total	1 286 551	934	6.1	11.1

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

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

c) Capital invested in real-estate property not in own use, broken down according to the yield rate at the end of the year: ¹⁾

Yield rate, %	Capital invested
Negative	63
0 - 3	81
3 - 5	158
5 - 7	328
over 7	304
Total	934

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

22) Breakdown of other assets

	2001	2000
Cash items in the process of collection	15	27
Guarantee claims	7	11
Derivative contracts	118	124
Other	97	184
Total	237	346

23) Breakdown of accrued income and prepayments

	2001	2000
Interests	216	254
Other	20	7
Total	236	262

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

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

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

Figures are stated without eliminations

	2001	2000
Differences between the nominal value and the lower book value		
Liabilities to credit institutions and central banks	-	0
Liabilities to the public and public sector entities	-	0
Debt securities issued to the public	16	26
Other liabilities	-	0
Subordinated liabilities	2	27
Total	19	53
Difference between book value and lower nominal value		
Liabilities to credit institutions and central banks	-	-
Liabilities to the public and public sector entities	-	-
Debt securities issued to the public	0	0
Other liabilities	-	-
Subordinated liabilities	0	25
Total	0	25

26) Breakdown of debt securities issued by type of instrument

	2001	2000
Certificates of deposit	2 485	2 358
Bonds	1 131	1 270
Other	110	0
Total	3 727	3 629

27) Breakdown of other liabilities

	2001	2000
Cash items under process of collection	326	320
Derivative contracts	141	133
Other	137	166
Total	603	619

28) Breakdown of accrued expenses and deferred income

	2001	2000
Interest	148	128
Other	98	107
Total	245	235

29) Compulsory provisions at the end of the financial year

	2001	2000
Pension provisions	-	0
Tax provisions	-	-
Other	4	6
Total	4	6

31) Increases and decreases in equity capital during the financial year

	Book value at the beginning of the financial year	Increases for the financial year	Decreases for the financial year	Book value at the end of the financial year
Cooperative capital	505	132	-61	576
Share capital	68	-	-	68
Share premium account	5	0	-1	4
Revaluation reserve	49	0	-3	46
Reserve fund	671	28	-13	686
Non-restricted reserves	421	174	-18	577
Profit brought forward	596	-	-225	371
Profit for the financial year	-	365	-	365
Equity capital, total	2 314	701	-320	2 694

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

30) Subordinated liabilities

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

USD 135 million (EUR 153.2 million 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. The interest rate was 3.948 % on December 31, 2001. The loan will 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.

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

Subordinated liabilities other than those mentioned above:

The total EUR equivalent of the liabilities in the consolidated accounts of the OKO Bank Group was EUR 393 million as at December 31, 2001. Creditors do not have a put option. These liabilities include EUR 23 million perpetual bonds.

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

The Group's internal loans, EUR 66 million, have been eliminated. The Group has no loans targeted at participating interests.

32) *Combined items under balance sheet liabilities*

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

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

According to remaining maturity	under 3 months	3-12 months	1-5 years	over 5 years
Debt securities eligible				
for refinancing with central banks	2 107	643	513	130
Claims on credit institutions	281	64	21	0
Claims on the public and public sector entities	1 553	2 662	8 661	9 069
Debt securities	305	237	788	422
Liabilities to credit institutions and central banks	1 720	19	35	0
Liabilities to the public and public sector entities	17 295	1 476	841	508
Debt securities issued to the public	2 298	451	977	0

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

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

	Domestic currency	Foreign currency
Debt securities eligible		
for refinancing with central banks	3 393	0
Claims on credit institutions	277	89
Claims on the public and public sector entities	21 747	199
Debt securities	1 297	455
Other assets	2 547	26
Total	29 262	769
Liabilities to credit institutions and central banks	1 338	436
Liabilities to the public and public sector entities	19 975	145
Debt securities issued to the public	3 727	0
Subordinated liabilities	520	176
Other liabilities	1 002	18
Total	26 562	775

35) *Financial and share based ratios*

OKO Bank Group key ratios of financial performance	1997	1998	1999	2000	2001
Turnover, EUR million	1 668	1 721	1 583	2 086	2 022
Operating profit, EUR million	195	395	450	664	504
% of turnover	13.0	22.9	28.4	31.9	24.9
Profit before appropriations and taxes, EUR million	195	395	450	664	504
% of turnover	13.0	22.9	28.4	31.9	24.9
Return on equity (ROE), %	17.2	35.0	26.7	24.9	14.6
Return on assets (ROA), %	0.6	1.7	1.7	1.9	1.3
Equity/total assets ratio, %	3.8	5.6	6.7	8.6	9.0
Cost/income ratio, %	62	57	59	49	55

Calculation of key ratios

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

36) Income taxes

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

OKO Bank Group's annual accounts do not include extraordinary income or expenses.

Imputed taxes due and tax claims:

In the OKO Bank Group balance sheet there were EUR 163 million of imputed taxes due that were based on appropriations. Other imputed taxes due and tax claims have not been entered in the balance sheet in 2001 and 2000. The imputed tax claims consisted mainly of losses that were confirmed in the tax statements. Other imputed tax claims were minor in amount.

	2001	2000
Imputed tax claims that are likely to materialise	57	47

Effect of revaluations on income taxes:

Revaluations totalling EUR 104 million have been made on shares and participations in properties and real-estate management companies owned by the OKO Bank Group. If the revalued properties were sold, the revaluation would be realised as a capital gain that would result in a maximum increase in income taxes of EUR 30 million.

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

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

	2001	2000
Assets pledged as collateral for own liabilities		
Pledges	1 946	1 095
Mortgages	-	-
Other	14	15
Liabilities and commitments for which asset items have been pledged as collateral		
Liabilities to credit institutions and central banks	1 189	98
Liabilities to the public sector and public sector entities	69	32
Debt securities issued to the public	-	-
Collateral pledged on behalf of others		
Pledges	294	1
Mortgages	7	20

The total nominal value of euro notes and coins predistributed to the Group was EUR 386 million, of which EUR 21 million was further distributed to clients.

38) Pension liabilities

Except for Opstock Ltd, the statutory pension security of the staff of companies within the OKO Bank Group 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, FD Finanssidata Oy and Keski-Suomen Tila- ja Kiinteistöpalvelu Oy. The Foundation has not taken in new beneficiaries after June 30, 1991. The statutory pension security of the staff of the Stockholm branch office has been arranged in accordance with the Swedish regulations.

The companies within the OKO Bank Group did not have direct liabilities arising from pension commitments. The pension liabilities of the Group have been covered in full.

39) Leasing liabilities

Leasing payments in 2002	3
Leasing payments after 2002	18

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

	2001	2000
Guarantees	514	498
Guarantee commitments	798	893
Pledges and mortgages	7	12
Other commitments given on behalf of a customer for a third party	34	21
Unused standby credit facilities	2 393	2 082
Pledges granted	1	-
Other irrevocable commitments given on behalf of a customer	438	97
Commitments given, total	4 185	3 604

41) Derivative contracts at the end of the year

Values of the underlying instruments	2001	2000
Agreements made for hedging purposes		
Interest rate derivatives		
Forward rate agreements	-	-
Option contracts		
Purchased	-	-
Written	-	-
Interest rate swaps	704	656
Currency derivatives		
Forward agreements	-	572
Option contracts		
Purchased	-	-
Written	-	-
Interest rate and currency swaps	-	3
Share derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-
Other derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-
Credit derivatives	-	-
Equity swaps	-	-
Total	704	1 231
Contracts made for purposes other than hedging		
Interest rate derivatives		
Forward rate agreements	77	1 028
Option contracts		
Purchased	-	-
Written	-	-
Interest rate swaps	6 225	6 333
Currency derivatives		
Forward agreements	366	-
Option contracts		
Purchased	8	4
Written	7	3
Interest rate and currency swaps	-	-
Share derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-

	2001	2000
Other derivatives		
Futures	-	-
Options		
Purchased	-	-
Written	-	-
Credit derivatives	-	-
Equity swaps	16	9
Total	6 698	7 377
Credit countervalues of contracts		
Interest rate derivatives	57	65
Currency derivatives	7	22
Other derivatives	3	1
Total	67	88

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

Sales receivables	30
Accounts payable	40

43) Other contingent liabilities and commitments

OKO Bank Group's commitments to venture capital funds at Dec. 31, 2001 were EUR 40.3 million. These commitments are included in commitments in Note 40.

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

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

44) Staff and members of governing and supervisory bodies

Staff in 2001, average	Change	
	During the financial year	on previous year
Full-time staff	8 480	314
Part-time staff	450	-81
Staff, total	8 930	233

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

Members and deputy members of the Supervisory Board	2
Members and deputy members of the Executive Board as well as the President	22
Total	24

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

0

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

Company name	Domicile
Consolidated line by line:	
Member cooperative banks, (listed on pages 48–52)	
OKO Bank Group Central Cooperative	Helsinki
OKO Bank	Helsinki
Okopankki Oyj	Helsinki
OP-Finance Ltd	Helsinki
Opstock Ltd	Helsinki
Kiinteistö Oy Aleksii-Hermes	Helsinki
Kiinteistö Oy Arkadiankatu	Helsinki
Kiinteistö Oy Dagmarinkatu	Helsinki
Kiinteistö Oy Kanta-Sarvis II	Helsinki
OKO Bank Group Mortgage Bank plc	Helsinki
OP-Kotipankki Oyj	Helsinki
OP Fund Management Company Ltd	Helsinki
FD Finanssidata Oy	Helsinki
OKO Bank Group Security Fund	
OKO Bank Group Mutual Insurance Company	Helsinki
Jyväskylän Kassatalo Oy	Jyväskylä
Keski-Suomen Tila- ja Kiinteistöpalvelu Oy	Jyväskylä
Kiinteistö Oy Pekurinkulma	Oulu
Kiinteistö Oy Vammalan Torikeskus	Vammala

Consolidated using the equity method:

Aurum Life Assurance Company ¹⁾	Helsinki
Virtuaalinen Suomi Oy ²⁾	Helsinki
Automatia Pankkiautomaatit Oy ³⁾	Helsinki
Hatanpääkadun Teollisuushallit Oy ³⁾	Tampere
Kiinteistö Oy Lahden Trio ³⁾	Lahti
Toimiraha Oy ³⁾	Helsinki

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

²⁾ Consolidated as a business corporation according to the equity method

³⁾ Consolidated as an associated company according to the equity method

OKO Bank sold in January 2001 the shares of its subsidiary Kiinteistö Oy Malminkatu 30. OKO Bank Group Central Cooperative bought in July 47.5 % of shares in Virtuaalinen Suomi Oy and raised its holding to 95 %. Osuuspankki Realum sold Kiinteistö Oy Krassipuisto on July 6, 2001.

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

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

The amalgamation's consolidated annual accounts have omitted 185 companies that are included in the consolidated annual accounts of its member credit institutions. These companies had aggregate total assets of about EUR 0.2 billion. The effect of consolidating the companies on the Group's equity capital would have been about EUR 60 million and on the capital adequacy ratio 0.28 percentage point.

The member cooperative banks of the OKO Bank Group Central Cooperative. Dec. 31, 2001.

The total assets and operating profit figures are preliminary.

Name	Domicile	Managing director	Total assets € million	Operating profit € million
Alajärven Osuuspankki	Alajärvi	Pentti Mäkelä	116	2.66
Alastaron Osuuspankki	Alastaro	Petri Antila	37	0.72
Alavieskan Osuuspankki	Alavieska	Ismo Talus	27	0.59
Alavuden Seudun Osuuspankki	Alavus	Jussi Ruuhela	93	1.84
Andelsbanken för Åland	Maarianhamina	Håkan Clemes	99	0.48
Andelsbanken Raseborg	Karjaa	Lars Björklöf	149	1.03
Artjärven Osuuspankki	Artjärvi	Tuulikki Kyyhkynen	32	0.59
Asikkalan Osuuspankki	Vääksy	Jari Laaksonen	52	0.89
Askolan Osuuspankki	Monninkylä	Irja Mäittälä	34	0.98
Auran Osuuspankki	Aura	Sauli Nuolemo	39	0.97
Elimäen Osuuspankki	Elimäki	Pertti Olander	96	0.82
Enon Osuuspankki	Eno	Ari Karhapää (as of Jan. 18, 2002)	64	1.56
Etelä-Karjalan Osuuspankki	Lappeenranta	Risto Kiljunen	545	14.47
Etelä-Pohjanmaan Osuuspankki	Seinäjoki	Keijo Manner	421	5.83
Etelä-Savon Osuuspankki	Mikkeli	Kari Manninen	323	8.14
Eurajoen Osuuspankki	Eurajoki	Harri Hiitiö	29	0.81
Euran Osuuspankki	Eura	Lenni Kankaanpää	54	1.32
Forssan Seudun Osuuspankki	Forssa	Jouni Hautala	181	1.70
Haapajärven Osuuspankki	Haapajärvi	Kari Ahola	45	0.94
Haapamäen Seudun Osuuspankki	Haapamäki	Tauno Vuorenmaa	32	0.48
Haapaveden Osuuspankki	Haapavesi	Timo Suhonen	53	1.27
Hailuodon Osuuspankki	Hailuoto	Veijo Nissilä	17	0.41
Halsuan Osuuspankki	Halsua	Tapio Jokela	16	0.06
Haminan Seudun Osuuspankki	Hamina	Markku Vanhala	119	2.53
Harjavalan Osuuspankki	Harjavalta	Jarmo Tuovinen	65	1.67
Hartolan Osuuspankki	Hartola	Teemu Hauta-Aho	34	0.53
Hauhon Osuuspankki	Hauho	Timo Metsola	27	0.74
Haukivuoren Osuuspankki	Haukivuori	Seppo Laurila	25	0.68
Heinäveden Osuuspankki	Heinävesi	Ville Pänttönen	40	1.02
Himangan Osuuspankki	Himanka	Kalevi Humalajoki	40	0.19
Hinnerjoen Osuuspankki	Hinnerjoki	Jukka Tuomisto	15	0.32
Hirvensalmen Osuuspankki	Hirvensalmi	Risto Rouhiainen	27	0.28
Honkilahden Osuuspankki	Honkilahti	Olavi Juhola	20	0.44
Huhtamon Osuuspankki	Huhtamo	Päivikki Järvinen	10	0.24
Huittisten Osuuspankki	Huittinen	Olli Näsi	68	1.96
Humppilan Osuuspankki	Humppila	Jari Salokangas	39	0.24
Hämeenkosken Osuuspankki	Hämeenkoski	Janne Nuutinen	22	0.38
Hämeenlinnan Seudun Osuuspankki	Hämeenlinna	Olli Liusjärvi	323	6.71
Iisalmen Osuuspankki	Iisalmi	Eero Mähönen	143	3.02
Iitin Osuuspankki	Kausala	Hannu Viitanen	53	0.12
Ikaalisten Osuuspankki	Ikaalinen	Antero Sorri	49	0.93
Ilomantsin Osuuspankki	Ilomantsi	Kalevi Hämäläinen	54	1.36
Janakkalan Osuuspankki	Turenki	Vesa Lehikoinen	160	4.87
Joensuun Osuuspankki	Joensuu	Antti Heliövaara	190	2.84
Jokioisten Osuuspankki	Jokioinen	Vesa Rantanen	42	1.27
Juuan Osuuspankki	Juuka	Tuomo Mustonen	57	1.38
Juvan Osuuspankki	Juva	Kari Pitkälä	77	1.81
Jämsän Seudun Osuuspankki	Jämsä	Heikki Rosti	117	3.34

Kainuun Osuuspankki	Kajaani	Kari Sissala	208	4.38
Kalajoen Osuuspankki	Kalajoki	Pertti Sarkkinen	90	1.69
Kalkkisten Osuuspankki	Kalkkinen	Esko-Pekka Markkanen	10	0.16
Kangasalan Osuuspankki	Kangasala	Veikko Poranen	85	1.99
Kangasniemen Osuuspankki	Kangasniemi	Leo Pakkanen	69	2.30
Kankaanpään Osuuspankki	Kankaanpää	Teuvo Pakkala	59	1.19
Kannuksen Osuuspankki	Kannus	Juha Lundström	46	0.53
Karjalan Osuuspankki	Mynämäki	Pentti Laaksonen	17	0.33
Karkun Osuuspankki	Karkku	Raimo Virtanen	12	0.27
Karunan Osuuspankki	Karuna	Pertti Peura	11	0.14
Karvian Osuuspankki	Karvia	Antti Suomijärvi	28	0.50
Kaustisen Osuuspankki	Kaustinen	Asko Ahonen	42	0.11
Keikyän Osuuspankki	Äetsä	Kalevi Salonen	18	0.29
Kemin Seudun Osuuspankki	Kemi	Pertti Stöckel	139	3.07
Kerimäen Osuuspankki	Kerimäki	Kari Korhonen	32	0.80
Keski-Suomen Osuuspankki	Jyväskylä	Aimo Ekonen	983	1.28
Keski-Uudenmaan Osuuspankki	Järvenpää	Leif Laine	556	16.09
Kestilän Osuuspankki	Kestilä	Hans Aikio	21	0.25
Kesälahden Osuuspankki	Kesälahti	Erkki Kukkonen	32	0.93
Kihniön Osuuspankki	Kihniö	Ari Heinonen	17	0.32
Kiihtelysvaaran Osuuspankki	Kiihtelysvaara	Pasi Leppänen	37	0.80
Kiikalan Rekijoen Osuuspankki	Rekijoki	Kirsi-Marja Hiidensalo	18	0.34
Kiikoisten Osuuspankki	Kiikoinen	Pertti Kärki	14	0.30
Kiskon Osuuspankki	Toija	Pekka Anttonen	25	0.36
Kiteen Seudun Osuuspankki	Kitee	Pentti Hämäläinen	151	3.76
Kiukaisten Osuuspankki	Kiukainen	Jari Valonen	19	0.35
Koillis-Savon Osuuspankki	Kaavi	Asko Impola	97	2.02
Koitin-Pertunmaan Osuuspankki	Koitti	Unto Aikasalo	36	0.86
Kokemäen Osuuspankki	Kokemäki	Matti Ollila	77	1.88
Kokkolan Osuuspankki	Kokkola	Aatto Ainali	266	0.69
Kontiolahden Osuuspankki	Kontiolahti	Esko Mononen	50	1.18
Korpilahden Osuuspankki	Korpilahti	Kyösti Myller (as of Jan. 1, 2002)	43	1.34
Korsnäs Andelsbank	Molpe	Jan-Erik Westerdahl	35	0.74
Kotkan Seudun Osuuspankki	Kotka	Pentti Leisti	174	3.53
Kouvolan Seudun Osuuspankki	Kouvola	Marjo Partio	268	4.66
Kronoby Andelsbank	Kruunupyö	Sten-Ole Nybäck	58	1.55
Kuhmalahden Osuuspankki	Pohja	Risto Mattila	17	0.37
Kuhmoisten Osuuspankki	Kuhmoinen	Heikki Vilppala	23	0.39
Kuhmon Osuuspankki	Kuhmo	Erkki Airaksinen	87	1.50
Kuopion Osuuspankki	Kuopio	Jaakko Ojanperä	404	5.56
Kuortaneen Osuuspankki	Kuortane	Markku Jaatinen	35	0.72
Kurun Osuuspankki	Kuru	Marja-Leena Siuro (as of Feb. 14, 2002)	26	0.58
Kuusamon Osuuspankki	Kuusamo	Kari Kivelä (as of March 1, 2002)	85	1.74
Kuusjoen Osuuspankki	Kuusjoki	Rauno Hurme	19	0.28
Kymijoen Osuuspankki	Anjalankoski	Heikki Pykälistö	85	1.77
Kärkölän Osuuspankki	Järvelä	Petri Hokkanen	34	0.78
Kärsämäen Osuuspankki	Kärsämäki	Timo Suhonen	26	0.25
Käylän Osuuspankki	Käylä	Kaisa Kurtti	13	0.31
Köyliön Osuuspankki	Köyliö	Matti Hyrsylä	46	0.94
Lapin Osuuspankki	Lappi	Vesa Parkkali	39	0.85
Lappo Andelsbank	Lappo	Torsten Nordberg	6	0.09
Lehtimäen Osuuspankki	Lehtimäki	Antti Koivula	22	0.04
Lemin Osuuspankki	Lemi	Eero Innanen	30	0.61
Leppävirran Osuuspankki	Leppävirta	Ilkka Martikainen	76	2.11

Lieksan Osuuspankki	Lieksa	Jorma Lehtikoinen	106	2.76
Limingan Osuuspankki	Liminka	Urpo Ojala	34	0.81
Liperin Osuuspankki	Liperi	Jalo Lehtovaara	84	2.27
Lohtajan Osuuspankki	Lohtaja	Veijo Uusitalo	33	0.26
Loimaan Osuuspankki	Loimaa Kk	Heimo Kortesianiemi	75	1.38
Loimaan Seudun Osuuspankki	Loimaa	Tuomo Maunuksela	69	1.28
Lokalahden Osuuspankki	Lokalahti	Bo Hellén	17	0.31
Lopen Osuuspankki	Loppi	Keijo Bragge (as of Jan. 1, 2002)	58	1.47
Lounais-Suomen Osuuspankki	Paimio	Vesa Viitaniemi	122	1.42
Luhangan Osuuspankki	Tammijärvi	Pekka Pietilä	16	0.15
Luopioisten Osuuspankki	Luopioinen	Esa Jokinen	18	0.41
Luumäen Osuuspankki	Taavetti	Eero Kettunen	40	0.94
Luvian Osuuspankki	Luvia	Hannu Kyrövaara	32	0.53
Länsi-Uudenmaan Osuuspankki	Lohja	Jukka Karasjärvi	369	3.73
Maaningan Osuuspankki	Maaninka	Reijo Kananen	44	1.22
Marttilan Osuuspankki	Marttila	Matti Vahalahti	44	0.95
Maskun Osuuspankki	Masku	Jarmo Nurmi	47	0.91
Mellilän Seudun Osuuspankki	Mellilä	Raimo Lindström	23	0.46
Merimaskun Osuuspankki	Merimasku	Kaisa Haaksiluoto	13	0.33
Metsämaan Osuuspankki	Metsämaa	Jussi Nieminen	17	0.34
Miehikkälän Osuuspankki	Miehikkälä	Seppo Pylvänäinen	31	1.02
Miettilän Osuuspankki	Miettilä	Tarja Huolman	5	0.01
Mouhijärven Osuuspankki	Mouhijärvi	Esko Heinonen	31	0.55
Mynämäen Osuuspankki	Mynämäki	Kalle Krappala	77	1.96
Myrskylän Osuuspankki	Myrskylä	Heikki Leppähaara	12	0.15
Mäntsälän Osuuspankki	Mäntsälä	Heikki Kananen	82	1.39
Mäntän Seudun Osuuspankki	Mänttä	Erkki Lauronen	100	2.47
Nagu Andelsbank	Nauvo	Johan Broos	17	0.24
Nakkilan Osuuspankki	Nakkila	Jussi Kuvaja	60	1.98
Niinijoen Osuuspankki	Niinijoki	Timo Seikkula	21	0.52
Nilsian Osuuspankki	Nilsia	Seppo Pääkkö	78	2.48
Nivalan Osuuspankki	Nivala	Markku Niskala	79	0.21
Nousiaisten Osuuspankki	Nousiainen	Ville-Pekka Aakula	87	2.21
Nurmeksen Osuuspankki	Nurmes	Eero Heino	73	1.79
Orimattilan Osuuspankki	Orimattila	Veli-Matti Onnela	89	1.99
Oripään Osuuspankki	Oripää	Jouko Rekolainen (as of Jan. 1, 2002)	28	0.37
Oriveden Seudun Osuuspankki	Orivesi	Pertti Pyykkö	72	1.72
Osuuspankki Kantrisola	Inkere	Turkka Saarniniemi	52	1.00
Osuuspankki Realum	Helsinki	Jouko Aho	71	1.32
Oulaisten Osuuspankki	Oulainen	Lauri Knuutila	80	2.70
Oulun Osuuspankki	Oulu	Timo Levo	793	8.82
Outokummun Osuuspankki	Outokumpu	Eero Eskelinen	50	1.25
Paattisten Osuuspankki	Paattinen	Eero Koskinen	49	0.94
Paavolan Osuuspankki	Ruukki	Kalle Arvio	53	1.38
Padasjoen Osuuspankki	Padasjoki	Keijo Uotila (as of Feb. 4, 2002)	16	0.22
Paltamon Osuuspankki	Paltamo	Jorma Niemi	34	0.60
Parikkalan Seudun Osuuspankki	Parikkala	Matti Martikainen	56	1.23
Parkanon Osuuspankki	Parkano	Aarre Saranpää	41	0.59
Pedersörenejdens Andelsbank	Pietarsaari	Ulf Löf	153	1.61
Perhon Osuuspankki	Perho	Pekka Pajula	29	0.56
Perniön Osuuspankki	Perniö	Risto Lehtinen	49	1.23
Peräseinäjoen Osuuspankki	Peräseinäjoki	Olavi Ilola	52	1.26
Pieksämäen Seudun Osuuspankki	Pieksämäki	Seppo Vanninen	132	0.84
Pielaveden Osuuspankki	Pielavesi	Pertti Rautaparta	46	1.29

Pihtiputaan Osuuspankki	Pihtipudas	Erkki Niemelä	29	0.76
Pohjolan Osuuspankki	Rovaniemi	Markku Salomaa	377	7.06
Polvijärven Osuuspankki	Polvijärvi	Juhani Leminen	55	1.28
Porin Seudun Osuuspankki	Pori	Jukka Ramstedt	525	12.97
Porvoon Osuuspankki	Porvoo	Pertti Hellqvist	228	2.91
Posion Osuuspankki	Posio	Martti Varanka	51	1.58
Pudasjärven Osuuspankki	Pudasjärvi	Paavo Kurttila	81	2.36
Pukkilan Osuuspankki	Pukkila	Ari Talkara	28	0.79
Pulkkilan Osuuspankki	Pulkkila	Eero Keskitalo	19	0.48
Punkalaitumen Osuuspankki	Punkalaidun	Tapio Laine	55	1.15
Puolangan Osuuspankki	Puolanka	Jouni Ahokumpu	39	0.56
Purmo Andelsbank	Pietarsaaren mlk	Stig-Göran Jansson	18	0.31
Pyhjärven Osuuspankki	Pyhäsalmi	Jukka Kuonanoja	51	1.04
Pyhännän Osuuspankki	Pyhäntä	Viljo Lotvonen	19	0.25
Päijät-Hämeen Osuuspankki	Lahti	Timo Laine	470	2.69
Pälkäneen Osuuspankki	Pälkäne	Jari Linjala	32	0.76
Pöytyän Osuuspankki	Riihikoski	Juha Pullinen	46	0.60
Raahen Seudun Osuuspankki	Raahе	Seppo Rytivaara	149	3.74
Rantasalmen Osuuspankki	Rantasalmi	Vesa Auvinen	64	1.71
Rantsilan Osuuspankki	Rantsila	Ismo Välijärvi	25	0.65
Rauman Seudun Osuuspankki	Rauma	Simo Kauppi	290	8.78
Rautalammin Osuuspankki	Rautalampi	Mikko Paananen	36	0.79
Riihimäen Seudun Osuuspankki	Riihimäki	Kalevi Oksanen	154	4.49
Riistaveden Osuuspankki	Riistavesi	Pauli Kröger	24	0.59
Ruhtinansalmen Osuuspankki	Ruhtinansalmi	Helena Juntunen	7	0.05
Ruoveden Osuuspankki	Ruovesi	Alpo Porila	52	0.42
Rymättylän Osuuspankki	Rymättylä	Antero Nikki	32	0.59
Rääkkylän Osuuspankki	Rääkkylä	Olli Koivula	37	0.82
Sallan Osuuspankki	Salla	Veikko Nissi (as of March 1, 2002)	37	0.43
Salon Seudun Osuuspankki	Salo	Jukka Hulkkonen	300	3.23
Sauvon Osuuspankki	Sauvo	Pasi Virtanen	29	0.62
Savitaipaleen Osuuspankki	Savitaipale	Martti Valtonen	49	0.98
Savonlinnan Osuuspankki	Savonlinna	Merja Auvinen	208	5.06
Sideby Andelsbank	Sideby	Anders Storteir	9	0.13
Siikajoen Osuuspankki	Siikajoki	Pentti Keränen	19	0.38
Simpeleen Osuuspankki	Simpele	Kalevi Lehti	24	0.89
Somerniemen Osuuspankki	Somerniemi	Pertti Kujala	12	0.21
Someron Osuuspankki	Somero	Kari Raikkonen	75	1.42
Sonkajärven Osuuspankki	Sonkajärvi	Esko Nissinen	48	1.17
Sotkamon Osuuspankki	Sotkamo	Juhajouni Karttunen	58	1.45
Strömfors Andelsbank	Ruotsinpyhtää	Mats Majander	5	0.05
Sulkavan Osuuspankki	Sulkava	Kari Haverinen	29	0.57
Suodenniemen Osuuspankki	Suodenniemi	Selja Kallio	11	0.14
Suomussalmen Osuuspankki	Suomussalmi	Timo Polo	47	0.88
Suonenjoen Osuuspankki	Suonenjoki	Antti Hult	56	1.15
Sysmän Osuuspankki	Sysmä	Heikki Kuurne	53	1.52
Säkylän Osuuspankki	Säkylä	Markku Perttuli	38	0.97
Taivalkosken Osuuspankki	Taivalkoski	Riitta-Liisa Ahokumpu	25	0.43
Taivassalon Osuuspankki	Taivassalo	Markku Kraama	22	0.10
Tampereen Seudun Osuuspankki	Tampere	Tony Vepsäläinen	949	11.79
Tarvasjoen Osuuspankki	Tarvasjoki	Esa Hentula	29	0.45
Tervolan Osuuspankki	Tervola	Esa Vaarala	31	0.66
Tervon Osuuspankki	Tervo	Seppo Vehniäinen	22	0.52
Toholammin Osuuspankki	Toholampi	Lauri Keski-Rahkonen	48	0.66

Toijalan Osuuspankki	Toijala	Heikki Teräväinen	74	2.10
Tornion Osuuspankki	Tornio	Pentti Alaperä	142	0.71
Turun Seudun Osuuspankki	Turku	Risto Korpela	1212	8.92
Tuupovaaran Osuuspankki	Tuupovaara	Tuomo Liukka	29	0.52
Tyrnävän Osuuspankki	Tyrnävä	Eero Ylilauri	34	0.75
Ullavan Osuuspankki	Ullava	Veikko Väisälä	15	0.33
Urjalan Osuuspankki	Urjala	Pekka Raivisto	68	1.40
Utajärven Osuuspankki	Utajärvi	Raimo Tuovinen	48	1.46
Uukuniemen Osuuspankki	Niukkala	Pauli Loikkanen	8	0.13
Vakka-Suomen Osuuspankki	Uusikaupunki	Juha-Pekka Nieminen	173	3.65
Valkeakosken Osuuspankki	Valkeakoski	Juha Luomala	77	1.95
Valtimon Osuuspankki	Valtimo	Heikki Myller	32	0.35
Vammalan Seudun Osuuspankki	Vammala	Jari Pimiä	112	0.10
Vampulan Osuuspankki	Vampula	Kari Hänti	38	0.70
Varkauden Osuuspankki	Varkaus	Pekka Vilhunen	107	1.77
Varpaisjärven Osuuspankki	Varpaisjärvi	Seppo Riekkinen	40	0.90
Vasa Andelsbank	Vaasa	Ulf Nylund	326	4.36
Vehmersalmen Osuuspankki	Vehmersalmi	Heikki Väisänen	29	0.85
Vesannon Osuuspankki	Vesanto	Esa Keränen	32	0.69
Vetelin Osuuspankki	Veteli	Jarmo Lehojärvi (as of Jan. 1, 2002)	16	0.26
Vetelin Ylipään Osuuspankki	Räyrinki	Jari Siirilä (as of Jan. 1, 2002)	16	0.37
Viekin Osuuspankki	Viekijärvi	Esko Pyykkö	9	0.11
Vihannin Osuuspankki	Vihanti	Olavi Rasi	46	1.24
Vimpelin Osuuspankki	Vimpeli	Simo Ilomäki	29	0.69
Virolahden Osuuspankki	Virolahti	Jyrki Gerlander	34	0.27
Virtain Osuuspankki	Virrat	Hannu Kaakkomäki	73	1.76
Ylitornion Osuuspankki	Ylitornio	Heikki Eteläaho	42	0.90
Ylivieskan Osuuspankki	Ylivieska	Jarmo Somero	74	0.17
Yläneen Osuuspankki	Yläne	Heikki Eskola	40	0.98
Ypäjän Osuuspankki	Ypäjä	Kimmo Ranta	45	0.88
Ähtärin Osuuspankki	Ähtäri	Esko Kokkila	30	0.43
Östnylands Andelsbank	Porvoo	Arto Nurmi-Aro	117	1.74
Östra Korsholms Andelsbank	Mustasaari	Jussi Lahti	3	0.04
Övermark Andelsbank	Närpiö	Mårten Vikberg	14	0.20

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

	2001	2000
Non-paid cooperative capital investments. total	0	0
Cooperative capital investments. notice of withdrawal given	6	7
Supplementary cooperative capital investments. notice of withdrawal given	69	70
Individual members	982 843	874 974

STATEMENT CONCERNING THE ANNUAL ACCOUNTS

We have adopted these consolidated annual accounts of the group of cooperative banks specified in the Cooperative Bank Act for the financial year January 1 – December 31, 2001. The annual accounts will be

presented and made available for scrutiny at the Annual Cooperative Meeting of the OKO Bank Group Central Cooperative.

HELSINKI, MARCH 5, 2002

OKO BANK GROUP CENTRAL COOPERATIVE'S EXECUTIVE BOARD

Antti Tanskanen

Reijo Karhinen
Erkki Böös

Pekka Jaakkola
Mikael Silvennoinen

Heikki Vitie

AUDITORS' REPORT

We have audited the consolidated financial statements of the amalgamation of the cooperative banks (the OKO Bank Group) pursuant to the Cooperative Bank Act for the financial year January 1 – December 31, 2001. The financial statements prepared by the Executive Board and the President of the OKO Bank Group's central institution, the OKO Bank Group Central Cooperative, include the report of the Executive Board, the profit and loss account, balance sheet and notes to the financial statements. Based on our audit we express an opinion on these financial statements.

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

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

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

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

HELSINKI, MARCH 6, 2002

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kari Miettinen
Authorised Public Accountant

Eero Huusko
Authorised Public Accountant

Kauko Lehtonen
Authorised Public Accountant



OKO Bank Group