OKO Bank

Annual Report 2002

Contents

OKO Bank Art Foundation owns a collection of valuable musical instruments, which it donates for the use of talented young artists. The crowning glory of the collection is a violin built by Antonio Stradivari in 1702. Photos included in the annual report of our jubilee year show violinist and conductor Pietari Inkinen and the Tempera quartet, whose members are Tiila Kangas, Silva Koskela, Ulla Lampela and Laura Vikman. The Stradivarius is currently on loan to Inkinen, while two members of the Tempera quartet have been lent other instruments from the foundation's collection.

OKO Bank Art Foundation also supports the fine arts by acquiring works by contemporary artists. In 2002, two centenary exhibitions travelled Finland under the heading 'Pictures of decades - Finnish modern art from the OKO Bank Art Foundation's collection'. Approximately 25,000 visitors in 14 different locations saw the exhibitions.

Information for shareholders

The Annual General Meeting of OKO Bank (OKO Osuuspankkien Keskuspankki Oyj) will be held in Finlandia Hall in Helsinki on Thursday, April 3, 2003, at 1.30 pm.

The Executive Board proposes that a dividend of EUR 0.75 be paid on Series A shares and EUR 0.70 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, April 8, 2003, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 15, 2003.

Financial information in 2003

May 8	The Interim Report January 1 – March 31
August 7	The Interim Report January 1 – June 30
October 30	The Interim Report January 1 – September 30

The interim reports will be published in Finnish, Swedish and English. The fastest way to access the reports in English is by visiting our website at the address www.okobank.com. Paper copies can be ordered from the address
OKO Bank Communications, PO Box 308, FIN-00101 Helsinki, telephone +358 9 404 2765, telefax +358 9 404 2298,
e-mail: IR@oko.fi.

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

Alfred Berg Finland Oyj, tel. +358 9 228 321 • Conventum Securities Limited, tel. +358 9 231 231 • D. Carnegie Ltd, Finland Branch, tel. +358 9 618 711 • Evli Securities Ltd, tel. +358 9 476 690 • Fox-Pitt, Kelton Ltd., tel. +44 (0 20) 7377 8929 • Handelsbanken Securities, tel. +45 33 418 298 • J.P. Morgan Securities Ltd., tel. +44 (0 20) 7451 8000 • Mandatum Stockbrokers Ltd, tel. +358 10 23610 • Nordea Securities Oyj, tel. +358 9 123 41

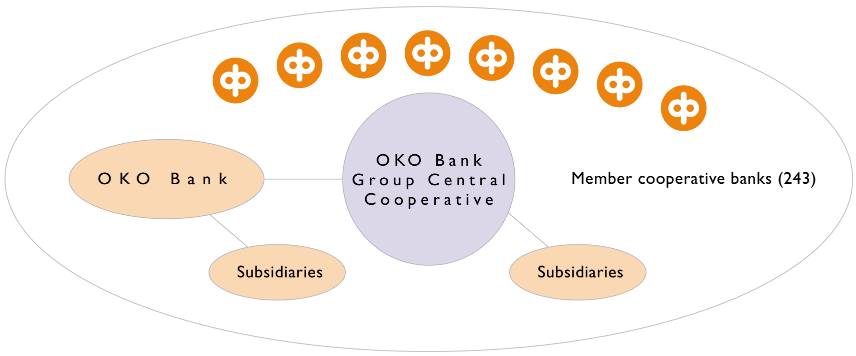
OKO Bank as a part of the OKO Bank Group

The OKO Bank Group comprises 243 member cooperative banks and their central institution, the OKO Bank Group Central Cooperative with its subsidiaries. The Group is supervised on a consolidated basis and the central institution and member banks are responsible for each other's liabilities and commitments.

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

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

The OKO Bank Group Central Cooperative has a number of subsidiaries, the largest of which is OKO Bank. It is a commercial bank that also acts as the Group's central bank and is responsible for the Group's liquidity as well as for handling the Group's international affairs. At the end of 2002 OKO Bank had total assets of EUR 12.7 billion, or 40 per cent of the OKO Bank Group's total assets.



OKO Bank Group's key figures	2002	2001
Total assets, € million	31 625	30 031
Own funds, € million	3 234	2 951
Operating profit, € million	459	504
Return on equity (ROE), %	11.9	14.6
Capital adequacy ratio, %	15.2	15.1
Market share of euro-denominated		
- credits, %	31.4	31.3*
- deposits, %	32.7	32.1

* Comparable proportion

Ethical principles

The ethical principles guiding the operations of OKO Bank are:

Confidentiality

Our employees are scrupulous in their observance of business and bank secrecy, insider regulations and good banking practice.

Responsibility

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

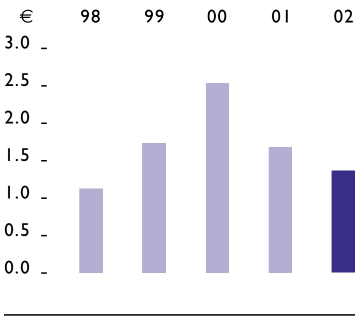
Fairness

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

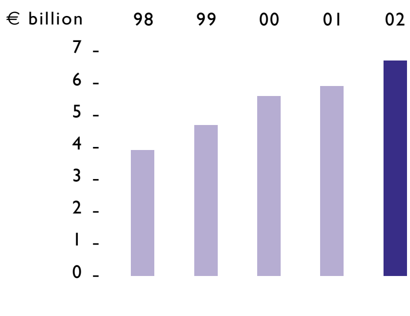
Honesty

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

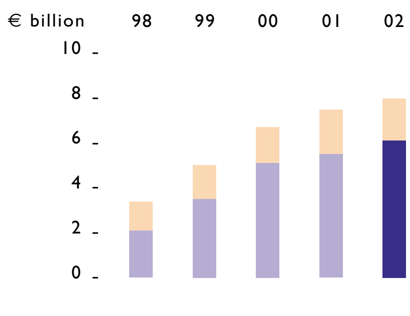
Key figures and credit ratings



Earnings per share (EPS)



Credit stock



Client funds under management

Deposits
Asset management

	1998	1999	2000	2001	**2002**	Long-term target
Operating profit, € million	74	111	167	111	**96**	
Return on equity, %	9.7	16.1	21.5	13.0	**10.0**	14.0
Return on assets, %	0.55	0.82	1.10	0.67	**0.50**	
Total income, € million	222	235	321	270	**255**	
Cost/income ratio, %	69	56	43	51	**56**	55
Total assets, € billion	8.9	10.8	11.0	12.6	**12.7**	
Risk-weighted commitments, € billion	5.2	6.2	7.2	7.2	**8.0**	
Credit stock, € billion	3.9	4.7	5.6	5.9	**6.7**	
Non-performing and non-interest bearing receivables, % of loans and guarantees	0.4	0.3	0.2	0.3	**0.2**	
Loan and guarantee losses, % of loans and guarantees	-0.1	0.0	-0.2	-0.1	**0.0**	
Client funds under management, € billion	3.4	5.0	6.7	7.4	**8.0**	
Capital adequacy ratio, %	16.2	12.5	11.4	12.8	**11.1**	
Tier I ratio, %	8.3	7.3	7.0	7.4	**7.0**	7.0
Earnings per share, €	1.12	1.72	2.53	1.68	**1.34**	
Equity per share, €	10.56	10.97	12.82	13.24	**13.56**	
Dividend per share, €	0.44	0.69	1.26	1.09	**0.74***	
Dividend payout ratio, %	39	40	50	65	**55***	50
Effective dividend yield, % (OKO A)	5.9	6.3	9.2	7.8	**5.2***	
Market capitalisation (A and K), € million	365	523	643	659	**675**	
Staff in average	974	964	1 028	1 070	**1 117**	

*Dividend proposal of the Executive Board: EUR 0.75 on Series A shares and EUR 0.70 on Series K shares.

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

Highlights of the year 2002

Mar. 7	OKO Bank chosen as a secondary intermediary bank for government payment transfers After a competitive bidding process, the Ministry of Finance chose OKO Bank as one of its payment transfer banks. OKO Bank started as a secondary intermediary bank for government payment transfers in September.
Apr. 30	OKO Bank sold holdings in Pohjola OKO Bank and the OKO Bank Group Central Cooperative sold their entire interest in Pohjola. OKO Bank's share of the transaction, which was conducted through the Helsinki Stock Exchange, amounted to nearly EUR 28 million.
May 14	Fitch Ratings upgraded OKO Bank The Fitch Ratings upgraded OKO Bank's long-term rating from A+ to AA- and its short-term rating from F1 to F1+.
May 14	OKO Bank's centennial anniversary OKO Bank celebrated its centennial anniversary. The Shareholders' Meeting establishing the Bank was held at the Fennia hotel in Helsinki on May 14, 1902.
June 25	OKO Bank and Hansabank launched a banking services partnership OKO Bank and Hansabank, the largest banking group in the Baltic countries, signed a partnership agreement, undertaking to provide competitive services for each other's private and corporate customers in their home markets.
July 3	OKO Bank issued a profit warning for the second quarter OKO Bank's Stock Exchange Release stated: "Because of the loss generated by associated company Aurum, OKO Bank's operating profit for the second quarter will be modest and considerably smaller than in the first quarter of this year and the second quarter of last year."
Sept. 9	Standard & Poor's rated OKO Bank's long-term debt The Standard & Poor's issued its first rating for OKO Bank's long-term debt. The rating is A+.
Dec. 31	OP-Finance merged with its parent OKO Bank The finance company OP-Finance Ltd merged with its parent, OKO Bank and continues its operations as a part of OKO Bank's Corporate Banking division. The arrangement aims to improve the efficiency of operations and facilitates additional contributions to customer service.

Chairman's review

A jubilee year met expectations

In the past year, OKO Bank and the OKO Bank Group celebrated their centennial anniversary. The history of the Group started with the establishment of OKO Bank, which was crucially important to the Group in the beginning and still plays a key role in our operations. Despite various mergers and acquisitions by competing banks, the OKO Bank Group has consistently strengthened its position in the Finnish banking market over the years. OKO Bank has significantly contributed to this development as the central bank of the Group and an increasingly important commercial bank.

This jubilee year brought a lot of positive publicity for us. We were able to promote ourselves and our operations more than in many previous years combined. This enhanced our domestic corporate image as well as the community spirit within the Group. This was possible because we celebrated our anniversary in good shape: as a financially solid and rapidly growing bank.

Outperforming the industry

The developments in the global and domestic economies were fairly unstable during the year. Cautious hope was intermittently followed by gloom. This was reflected in uncertainty on the stock markets, which reduced the values of the investment assets of banks and insurance companies and cut their profits.

Market interest rates were increasing at the beginning of the year, but the trend reversed in the summer, as predictions of a global economic upturn failed one after another. The situation affected the banks so that the most important source of earnings – net income from financial operations – decreased, a situation exacerbated by heavy industry competition. The overall financial situation of banks in Finland weakened, but not as much as macroeconomic trends would have suggested. Falling spreads were compensated by increased volumes as low interest rates promoted borrowing.

OKO Bank's development clearly outperformed the industry average. Net income from financial operations improved thanks to a strong increase in the loan portfolio. New loan losses were smaller than the returns on old ones, and the non-performing receivable volumes decreased. Despite the significant decline in stock prices, asset management increased substantially. The market estimate on OKO Bank's financial position and future prospects was reflected in the fact that OKO Bank's stock price held up well against a decrease in both the sector index and the HEX Portfolio Index.

The downturn continues

No strong growth is expected either in the global economy or the euro zone during the current year. The downturn – that is, slower than normal growth – will continue. The EU is focusing on the stabilisation of the public sector and is waiting for positive impact from economic recovery in the United States. However, heavy debt levels in the U.S. may slow the recovery and cause a foreign exchange rate

trend that could inhibit European hopes of growth. In Finland, the sound financial position of both companies and households has ensured moderate growth in the domestic market so far. Thus the operating environment for banks is expected to remain unchanged for the third year in a row. However operational volumes are expected to increase. Low interest rates, which are not expected to change significantly, will ensure this trend.

A growth-seeking strategy

During the year under review, the OKO Bank Group updated its strategy, pinpointing growth as our most important target. This is nothing new as such, because controlled growth has been among our targets for a long time, and we have been able to achieve this target. Now, we have targeted continued and accelerated growth. The profitability and capital adequacy of the Group have been at such a high level for years that we now have an opportunity to focus our resources on growth without sacrificing responsible risk management.

Our member banks and OKO Bank support each other in seeking growth. OKO Bank is responsible for the Group's retail banking operations in the Greater Helsinki area, where both regional development and OKO Bank's current market share are generating many opportunities for growth. The success we have achieved in asset management for private and institutional customers, as well as financing and other services for corporates is providing momentum for new gains.

Customer relations are priority one

OKO Bank has good opportunities to reach its targets as it has four major competitive advantages. The first is a stable and active course of action that places value on long-term customer relations. We take good care of customer relations in both good times and bad. The second advantage is a good corporate image and reputation. OKO Bank is known as a reliable bank close to the individual. The third advantage is co-operation with our member banks. This partnership provides a comprehensive and efficient service network. Our fourth competitive advantage is rooted in our staff. Competent and committed personnel is our ultimate key success factor.

With these strengths, we can look to the future with confidence and invest ourselves in day-to-day business in the aftermath of our successful jubilee year. I wish to thank our shareholders, customers, staff and administrative officers, as well as all our other stakeholders for your support during the past year and I wish you every success in the current year.

Helsinki, February 13, 2003

Antti Tanskanen

President's review

Taking a stronger market position

I am pleased to be able to say that OKO Bank's reputation as a bank that serves its customers well, continued to strengthen during 2002. This was reflected both in the number of new customers and the results of customer surveys. On the other hand, we cannot be satisfied with OKO Bank's earnings performance, because our operating profit fell short of the previous year due to the declining share prices.

Our objective is to strengthen OKO Bank's market position as a corporate bank, a retail bank in the Greater Helsinki area and as an asset manager for private and institutional customers. Last year, we were able to progress in all of these areas.

OKO Bank increased its share of the corporate loan portfolio of the deposit banks. In addition, we arranged funding for corporate customers from the bond market in larger amounts than any other bank operating in Finland.

The number of OKO Bank's private customers in the Helsinki region continued to increase more rapidly than the population, and studies indicate that the Bank's corporate image is more appealing than ever.

The amount of customer assets under management increased significantly despite difficult market conditions. Our expertise in asset management and investment research gained recognition in many surveys.

Active development of services

During the year, we introduced many new services to our range. Share index loans issued by OKO Bank were offered for subscription by investors for the first time. The mutual fund range also grew significantly more versatile. We signed partnership agreements with major local banks in Sweden and the Baltic countries. These agreements enable us to provide our corporate customers in those markets with payment transfer services of even better quality. Internet services for private and corporate customers were updated and extended.

Pressed down by the share prices

The Bank's earnings fell short of the previous year. At 10 per cent, our return on equity fell short of the target. The primary reason was the unprofitability of our life assurance operations due to a significant decline in share prices.

Overall earnings performances in our core operations were quite stable. Corporate Banking and Investment Banking improved their results in comparison to the previous year. The profitability of Retail Banking was hampered by low interest rates and decreasing customer spreads. The earnings of Group Treasury were affected by the uncertainty in the stock and interest rate markets.

A healthy dividend yield

Our financial performance and capital adequacy will once again allow for a competitive dividend. OKO Bank's Executive Board will propose to the Annual General Meeting that a dividend of EUR 0.75 per share be paid on Series A shares, followed by EUR 0.70 per share on Series K shares. This corresponds to a dividend payout ratio of 55 per cent and a dividend yield of more than 5 per cent.

Long-term effort continues

Despite the unclear market outlook for the current year, we will continue our long-term effort to develop OKO Bank's operations. The three important themes for this year are active customer relations management, personnel competence development and improvements to the quality and efficiency of service processes.

Our crucial targets also include the improvement of the profitability. I believe that we have good opportunities for that. Our decision to decrease OKO Bank's investment in the life assurance business, taken in February this year, will dampen the effect of stock market fluctuations on the earnings.

I wish to thank our customers for working with us and showing confidence in our Bank. I also wish to express my appreciation and gratitude to the Bank's committed and competent personnel for a job well done during the past year. I wish you every success in the current year!

Helsinki, February 13, 2003

Mikael Silvennoinen

Strategy

Vision:

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

Mission:

The purpose of OKO Bank's operations is to generate financial benefits for its customers and shareholders.

Vision and mission

The Bank will achieve its vision on the basis of high quality service solutions based on customer needs and a long-term course of action that demonstrates an appreciation of customers, personnel and shareholders.

The mission obliges the Bank's personnel to actively seek a solution serving the customer's interest in all situations. The Bank must also operate cost-effectively and take care of its price competitiveness. Customer orientation and efficiency also ensure that the expectations of the shareholders can be fulfilled.

Risk profile

OKO Bank is a moderate risk taker. The Bank takes well-considered risks and does not seek benefit in speculative business. This increases the Bank's reliability among its customers, shareholders and other stakeholders.

Strategic targets

OKO Bank's objective is to profitably increase its market share in four areas, which are ...

... retail banking in the Greater Helsinki area

The Helsinki region offers excellent opportunities for a competitive operator to increase its earnings. A good corporate image and solid competence support OKO Bank's position as a bank for private customers, as well as small and medium-sized enterprises in this central market area.

... asset management for private and institutional customers

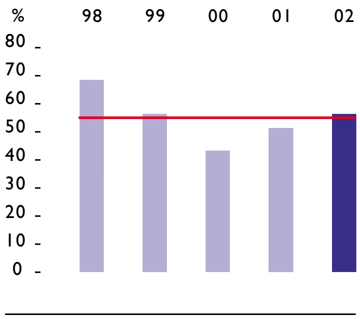
The Bank has excellent growth opportunities also in this area, because the versatile service network of the OKO Bank Group is an efficient sales channel for a rapidly expanding portfolio of increasingly prosperous customers.

... corporate banking

Our focus is on companies with turnover ranging from some tens of millions of euros up to two billion euros. OKO Bank wants to be a long-term partner offering a versatile collection of services to these customers.

... a provider of financing in the debt capital and equity markets

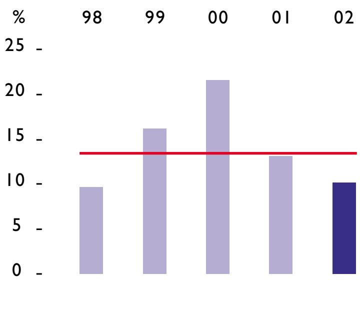
OKO Bank's competitiveness in the capital markets is based on strong expertise and the OKO Bank Group's extensive customer base of private and institutional investors.



Cost/income ratio

Realised

Long-term target



Return on equity (ROE)

Realised

Long-term target

Customers

OKO Bank focuses on serving Finnish customers at home and abroad – wherever they need our services. Our competitiveness in foreign markets is primarily based on long-term partnerships of a high quality. Through its network, OKO Bank is able to deliver banking services to its customers in a cost-effective and locally oriented way also abroad.

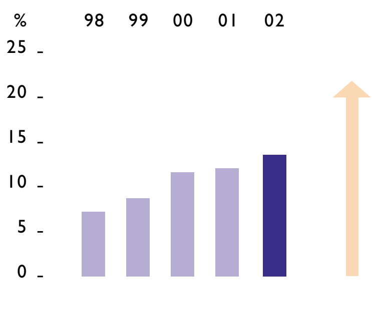
Competitive advantage

OKO Bank's operations are based on long-term thinking. The Bank's most important competitive factor is an active course of action that demonstrates an appreciation of long-term customer relationships. OKO Bank understands that customer relations must be cared for in both good times and bad. The Bank carefully addresses the details of establishing a new customer relationship and wants to commit to a long-term relation that benefits both parties.

Another important competitive advantage is OKO Bank's healthy corporate image and reputation. OKO Bank is known as a reliable bank close to the individual, paying attention to its customers and knowing their needs.

The third competitive advantage is the co-operation with member cooperative banks. The branches of OKO Bank and the member banks comprise an efficient banking services network that is the most extensive in Finland. Co-operation focuses on services to corporate customers and investors.

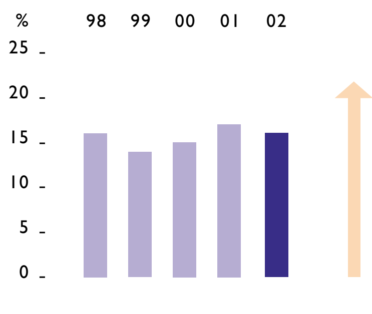
The fourth element is personnel. OKO Bank believes that continuous success is rooted in the development of competence and teamwork, the personnel's desire to adopt the best practises in the industry and willingness to commit to the Bank's objectives and ethical principles. OKO Bank wants to be a good employer and reward its personnel for success at work. Continuous investment in employee skills is a natural part of the Bank's commitment to lifelong organisational learning.



OKO Bank's share of corporate loans

Realised

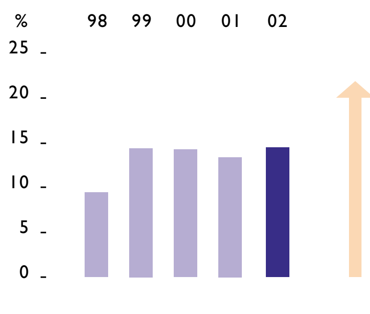
Strategic target



OKO Bank Group's share of bank customers in Greater Helsinki area

Realised

Strategic target

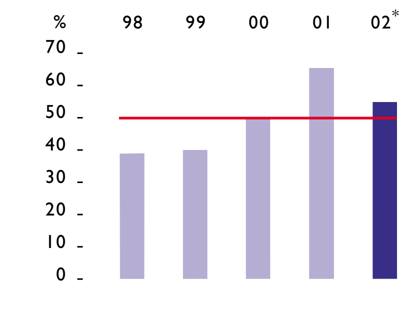


OKO Bank Group's share of capital in mutual funds

Realised

Strategic target

Share capital and shareholders

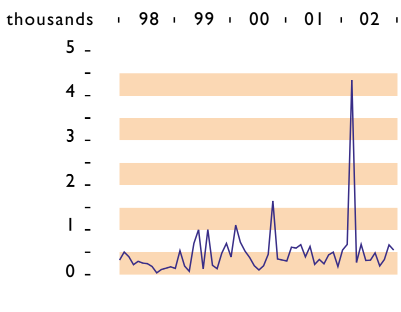


Dividend payout ratio

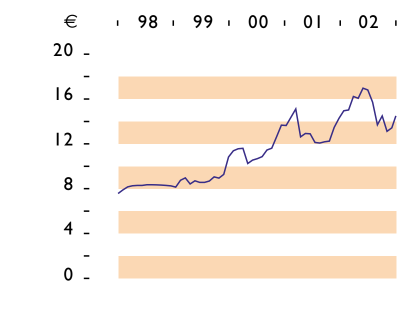
Realised

Long-term target

* Proposal of the Executive Board



Monthly turnover of A shares



Average price of A shares

Number of A shares increased

OKO Bank's share capital at the end of the year stood at EUR 196.4 million. The shares are divided into Series A and Series K shares. Series A shares are intended for private investors and are listed on the Helsinki Stock Exchange. Series K shares may only be owned by organisations within the OKO Bank Group. At the general meetings of shareholders each Series A share entitles its holder to one vote and each Series K share to five votes. The Series A shares entitle the holders to dividend amounting to a minimum of one percentage point higher than the dividend paid on Series K shares.

A total of 462,180 Series K shares were converted into Series A shares during the year on the basis of a conversion clause in OKO Bank's Articles of Association. At the end of the year, Series A shares represented 76.3 per cent of all shares outstanding.

The A options from the 1999 share option programme were listed on the Helsinki Stock Exchange starting on October 1, 2002. By the end of the year, 414,830 Series A shares had been converted using the options. These shares were registered in the Trade Register on January 17, 2003 and entitle the holders to full dividend for the year 2002. The subscription price was EUR 7.92 per share.

The share series and share capital are itemised in Note 36 to the financial statements. Note 38 specifies the terms and conditions of the share option programme for the personnel, as well as authorisations granted to the Executive Board.

Approximately 25,000 shareholders

OKO Bank had approximately 25,000 registered shareholders at the end of the year. This was roughly equal to the corresponding number a year earlier. More than 95 per cent of shareholders were private persons. The largest single shareholder is OKO Bank's parent institution, the OKO Bank Group Central Cooperative, which held 41.3 per cent of the shares and 57.6 per cent of the voting rights. At the end of the year, slightly less than 18 per cent of the Series A shares were nominee-registered. The proportion was 2 percentage points higher than a year earlier. The OKO Bank Group Central Cooperative and its member banks held a total of 54 per cent of the Series A shares. Data on the distribution of share holdings is presented in Note 39 to the financial statements, and the management's holdings are presented in Note 53.

Trading picks up steam

The HEX Portfolio Index, representing the average performance of share prices on the Helsinki Stock Exchange, declined by almost 17 per cent during the year under review. On the other hand, the price performance of OKO Bank's Series A share was slightly ascending. At the end of the year, the share price was EUR 14.45, compared to EUR 14.10 a year earlier. The average price for the year increased from EUR 13.35 to EUR 15.52. The shares reached a high of EUR 17.20 for the year and a low of EUR 12.40. The market value of all Series A shares combined was EUR 515 million at the year-end.

Trading volumes rose over the previous year. During the year, 9.5 million Series A shares changed hands, corresponding to 27 per cent of all Series A shares. In the previous year, the corresponding figures were 5.3 million shares and 15 per cent. Share-specific financial indicators for the last five years are presented in Note 44 to the financial statements.

At the beginning of October, almost 2.1 million A options became available for public trading. During the last quarter of the year, their price reached a low of EUR 4.03 and a high of EUR 6.75. Approximately 0.7 million options were traded, corresponding to one-third of all listed A options.

Major shareholders, Dec. 31, 2002	% of shares	% of votes
OKO Bank Group Central Cooperative	41.3	57.6
Nominee-registered shareholders	13.5	6.9
Ilmarinen Mutual Pension Insurance Company	2.7	1.4
OKO Bank Group Pension Foundation	2.0	1.0
Oulun Osuuspankki	1.5	3.0
Turun Seudun Osuuspankki	1.4	0.7
Etelä-Karjalan Osuuspankki	1.0	0.5
Savonlinnan Osuuspankki	0.6	0.3
Rauman Seudun Osuuspankki	0.6	0.3
Pohjolan Osuuspankki	0.5	0.8

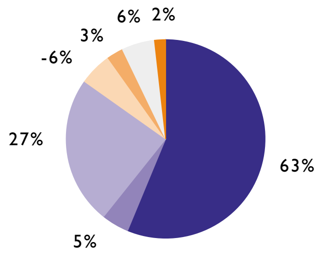
Major shareholders of Series A shares, Dec. 31, 2002

	Holding of Series A shares, %
OKO Bank Group Central Cooperative	30.9
Nominee-registered shareholders	17.6
Ilmarinen Mutual Pension Insurance Company	3.5
OKO Bank Group Pension Foundation	2.6
Turun Seudun Osuuspankki	1.9
Etelä-Karjalan Osuuspankki	1.2
Savonlinnan Osuuspankki	0.8
Rauman Seudun Osuuspankki	0.8
Thominvest Oy	0.7
Hämeenlinnan Seudun Osuuspankki	0.5

Shares of different series, Dec. 31, 2002	Series A	Series K
Number of shares	35 618 622	11 086 378
% of shares	76.3	23.7
% of votes	39.1	60.9

OKO Bank's competitive advantage is based on its thorough knowledge of Finnish customers and the country's conditions.

Review of operations



Breakdown of income

- Net income from financial operations
- Income from equity investments
- Commission income
- Net income from securities transactions
- Net income from foreign exchange dealing
- Real-estate income
- Other operating income

Operating environment

Finland's economic growth was fairly slow for the second year running. Weak demand hurt exports, showing up in industrial output, which remained at nearly the previous year's level. By contrast, demand in the domestic market remained relatively stable. The problems besetting the international economy kept interest rates low.

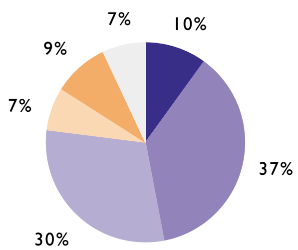
The growth in households' income coupled with the very low level of interest rates propped up brisk demand for housing loans. The deposit banks' portfolio of housing loans grew by nearly 13 per cent in 2002. Prices of stock exchange shares fell precipitously, which was manifested by investor caution.

For companies, the operating environment varied considerably from sector to sector. The export industry suffered from weak demand in the international markets. In industry catering for the domestic market and in service fields, home market demand propped up growth. On the whole, companies' financial position remained comparatively good. The growth in companies' bank loans speeded up to more than 10 per cent in the latter half of the year, although investment activity was subdued.

In 2003 the Finnish economy's momentum will still come largely from the domestic market. Households' income will rise due to the collective pay agreement, but unemployment threatens to remain fairly high. In order for there to be a sustained improvement in the international economy, the Iraq crisis must be averted and the U.S. must find a controlled way of lowering the indebtedness of its economy.

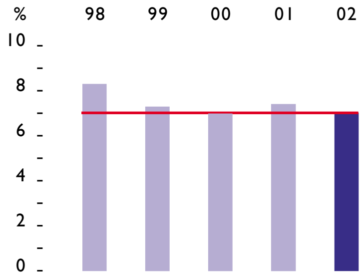
Operations

Quarterly performance	2002				2002	2001	Change,
€ million	1–3	4–6	7–9	10–12			%
Net income from financial operations	39	41	41	41	161	152	6
Income from equity investments	3	10	0	0	13	35	-63
Commission income (net)	14	13	13	15	55	56	-2
Net income from securities transactions	7	-10	-8	-3	-14	-16	15
Net income from foreign exchange dealing	2	2	2	2	7	5	48
Other operating income	4	5	4	5	19	26	-29
Total income	68	60	52	60	241	258	-6
Total expenses (excl. commission expenses)	30	34	31	35	130	124	5
Loan losses and write-downs	1	-1	-3	1	-2	25	
Share of profit/loss of companies included using the equity method	1	-19	-6	7	-17	2	
Operating profit	38	8	17	32	96	111	-13



Breakdown of expenses

- Commission expenses
- Staff costs
- Other administrative expenses
- Depreciation
- Real-estate expenses
- Other operating expenses



Tier I own funds/ risk-weighted commitments

Realised

Long-term target

Profit decreased but capital adequacy remained at target level

– The operating profit was EUR 96 million. It decreased by slightly less than EUR 15 million compared to the previous year. A loss of EUR 20 million originating in the associated company Aurum was consolidated into OKO Bank's income statement. OKO Bank's investments in Pohjola Group plc shares improved the operating profit by nearly EUR 10 million.

– The core operations comprising the Bank's four business divisions generated an operating profit of EUR 119 million, down EUR 7 million on the previous year. The operating profit decreased in Retail Banking and Group Treasury.

– Return on equity decreased from the previous year's 13.0 per cent to 10.0 per cent.

– The capital adequacy ratio was 11.1 per cent and the Tier I ratio was 7.0 per cent, which corresponds to the long-term target level.

– Earnings per share decreased from the previous year's EUR 1.68 to EUR 1.34. The proposed dividend is EUR 0.75 per Series A share and EUR 0.70 per Series K share. Dividend paid from the 2001 result amounted to EUR 1.10 per A share and EUR 1.05 per K share.

Operations on the rise

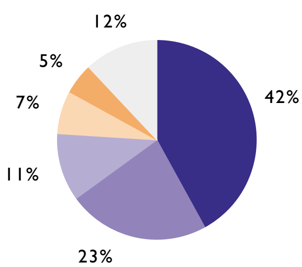
– The loan portfolio grew by 14 per cent to EUR 6.7 billion. OKO Bank's market position strengthened in both corporate and retail financing.

– Deposits from the public decreased by 2 per cent to EUR 1.9 billion.

– Customer funds in asset management totalled EUR 6.1 billion. The amount grew by a good 11 per cent during the year.

– The market share of the OKO Bank Group as a proportion of capital in mutual funds registered in Finland increased to 14.3 per cent from 13.3 per cent a year earlier.

– The market share of Life Assurance Company Aurum as a proportion of insurance premium income increased to 15.1 per cent compared to the previous year's 13.4 per cent.



Total exposure (€ 15.4 billion) by customer groups

Corporates

Finance and insurance

Private customers

Non-profit institutions

Public entities

Other

Events after the fiscal year

– In February 2003, OKO Bank decided to decrease its holdings in Aurum from 49.9 per cent to 15 per cent. The sale will improve OKO Bank Consolidated's operating profit for the current year by slightly more than EUR 50 million.

Outlook stable

– The economic outlook for 2003 resembles that of the previous year. The operating environment for banks is estimated to remain unchanged.

– The outlook for OKO Bank's business operations is stable. The operating profit is estimated to be higher than in 2002.

Risk position

Loan losses and problem loans remained small

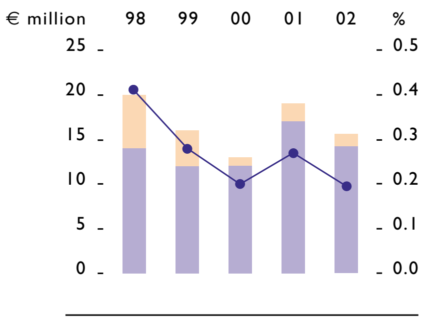
Despite the weakened economic trend, the net impact of loan and guarantee losses on earnings remained positive like the previous year. New loan and guarantee losses and loan loss provisions were booked for slightly less than EUR 6 million.

The total amount of loan loss reversals and dissolved credit loss provisions was EUR 8 million. The net impact of loan and guarantee losses on earnings improved the result by EUR 2 million. The amount of non-performing and non-interest bearing receivables was EUR 16 million, showing a decrease of EUR 3 million from the previous year. Their proportion of the loan and guarantee portfolio was 0.2 per cent.

Credit risk is the most significant risk for the bank. The total exposure including the balance sheet and off-balance sheet items amounted to EUR 15.4 billion, an increase of 2 per cent from the end of the previous year. The bulk of the total exposure, 42 per cent, consisted of corporate exposure. Total corporate exposure was well-distributed in different industries. OKO Bank's credit risk policy requires that a single industry may not account for more than 18 per cent of total corporate exposure. The metals industry made up 16 per cent of total corporate exposure. The other industries with a proportion exceeding 10 per cent included the forest industry, the construction industry as well as retailing and wholesaling.

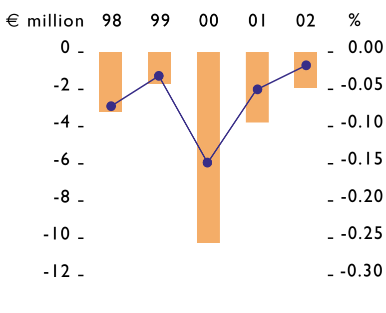
The internal credit rating system for corporate customers was reformed. The investment-grade companies amounted to EUR 2.8 billion or 44 per cent of total corporate exposure. Corporate exposure in the two weakest categories amounted to EUR 15 million or 0.2 per cent of total corporate exposure.

Loan losses are not expected to grow significantly in 2003 unless there are unforeseeable changes in the operating environment or the financial situation of the customers. This estimate is based on the low amount of problem loans, adequate distribution of the total exposure among customer groups and good distribution of total corporate exposure among different industries, focusing on investment-grade companies.



Problem loans

- Non-interest bearing
- Non-performing
- Share of loan and guarantee portfolio



Loan and guarantee losses

- Loan and guarantee losses, net
- Share of loan and guarantee portfolio

Equity market risk actively decreased

The sale of Pohjola shares cut OKO Bank's equity portfolio in half. The market value of listed shares in the portfolio amounted to EUR 25 million at the end of 2002.

Capital invested in real-estate holdings decreased. Capital invested in leasable properties amounted to EUR 140 million.

The interest rate risks, equity risks and foreign exchange risks of the parent company OKO Bank remained small. In 2002, the overall VaR (Value at Risk) was EUR -0.7 million on average.

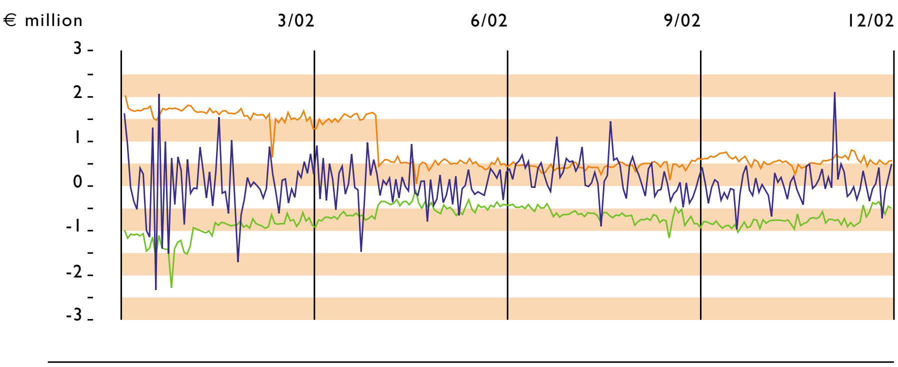
The refunding risk exposure remained good. The increase in the loan portfolio was primarily funded by decreasing the liquidity reserves and by increased deposits of the member banks placed with OKO Bank.

Operational risk management developed

A policy on operational risks was prepared during 2002. A self-assessment method for identifying risks and assessing their effect and probability of was created. The operational risks realised in the report year had almost no effect on earnings.

No compromises in risk management

OKO Bank's growth strategy will not be carried out by increasing relative risk exposure. The correct amount of risk taking, the appropriate capital structure and good financial performance guarantee the Bank's risk bearing ability.



Total VaR in 2002

Quantile 97.5% Backtest VaR (2.5%)

Divisions

OKO Bank's divisions include Corporate Banking, Investment Banking, Retail Banking and Group Treasury. The income, expenses, investments and capital that are not allocated on business divisions have been combined into Other operations.

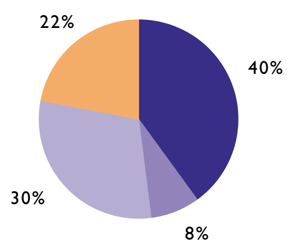
The results of the divisions have been calculated by allocating the income and expenses adjusted by commission expenses on the business division in question. Equity capital allocated on each business division equals 7 per cent of the division's risk-weighted commitments. The share of equity capital not allocated on the business divisions is allocated on Other Operations. However, the equity capital for Investment Banking equals the equity capital indicated on the balance sheet of Opstock Ltd.

Changes in the consolidation of divisions

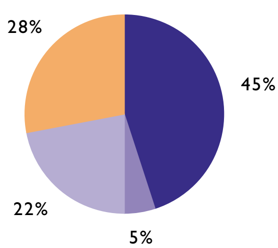
The consolidation of divisions was realigned in the beginning of 2002 by making certain changes. Real estate operations, which were previously consolidated within Other Operations, will henceforth be consolidated within Group Treasury. The corporate bond portfolio of domestic companies, which was previously consolidated within Group Treasury, will henceforth be consolidated within Corporate Banking.

The divisional results for previous years have not been adjusted to correspond to the changes. The impact on earnings due to the changes is commented upon in the reviews of the divisions.

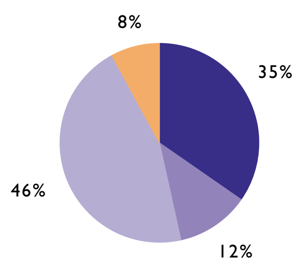
Operating profit and return on equity	Operating		Return	
Division	profit, € million		on equity, %	
	2002	2001	**2002**	2001
Corporate Banking	**54**	52	**10.7**	11.4
Investment Banking	**6**	5	**36.3**	25.9
Retail Banking	**26**	31	**20.9**	27.6
Group Treasury	**32**	37	**22.5**	26.3
Other operations	**-22**	-15	**neg.**	neg.
Total	**96**	111	**10.0**	13.0



Share of divisions' income



Share of divisions' operating profit



Share of divisions' personnel

Corporate Banking Investment Banking Retail Banking Group Treasury

Corporate Banking

The Corporate Bank offers corporate customers and institutions financing and cash management services as well as services related to the money, debt capital and foreign exchange markets. In 2002 Corporate Banking was conducted in the parent bank OKO Bank, OP-Finance Ltd and OKO Venture Capital Ltd. OP-Finance merged with the parent bank on December 31, 2002.

Operational result		**2002**			**2002**	2001	Change,
€ million	1–3	4–6	7–9	10–12			%
Net income from financial operations	**18**	**19**	**20**	**20**	**77**	66	18
Commission income (net)	**5**	**5**	**5**	**6**	**21**	20	4
Net income from securities transactions	**-2**	**-4**	**-5**	**-2**	**-12**	-2	
Net income from foreign exchange dealing	**1**	**1**	**2**	**2**	**6**	3	64
Other operating income	**0**	**2**	**0**	**1**	**3**	2	67
Total income	**23**	**23**	**22**	**26**	**94**	88	7
Staff costs	**4**	**4**	**5**	**5**	**18**	16	10
Other expenses	**5**	**7**	**5**	**6**	**24**	22	8
Total expenses	**9**	**11**	**10**	**11**	**42**	39	9
Loan losses and write-downs	**1**	**0**	**-2**	**0**	**-1**	-3	-48
Operating profit	**13**	**12**	**15**	**15**	**54**	52	3
Return on equity, %					**10.7**	11.4	
Cost/income ratio, %					**47**	45	
					Dec. 31	Dec. 31	
Staff					**363**	342	6
Risk-weighted commitments					**5 512**	4 651	19
Credit stock					**4 682**	4 136	13
Loans and guarantees					**5 631**	5 013	12
Non-performing and non-interest bearing receivables					**8**	13	-36
Non-performing and non-interest bearing receivables, % of loans and guarantees					**0.14**	0.25	

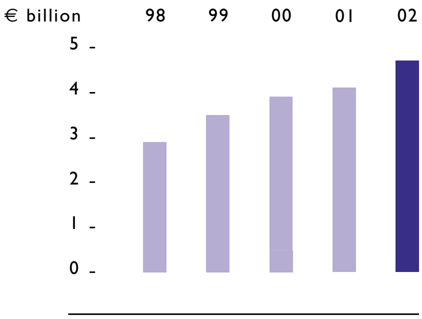
OKO Venture Capital is not included in the figures above, because the company has not been consolidated to the Financial Accounts of the OKO Bank due to its small size.

A year of profitable growth

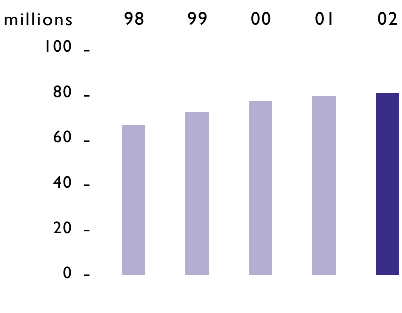
Corporate Banking is seeking to profitably strengthen its market positions in corporate financing, arranging financing in the debt capital markets, as well as cash and liquidity management for corporate customers and institutions. In 2002 OKO Bank achieved its targets in all these key focus areas.

The operating profit of Corporate Banking amounted to EUR 54 million, showing an increase of slightly more than EUR one million on the previous year. Increased volumes brought an increase in both income and costs. Loan losses from previous years were reversed in greater amounts than new loan losses were recorded, so the loan losses had a positive impact on earnings as in 2001. The corporate bond portfolio of domestic companies that was earlier consolidated to Group Treasury, is consolidated to Corporate Banking since the beginning of the year 2002. Profit from the bond portfolio amounted to EUR 3 million.

OKO Bank is seeking financial success and growth through moderate risk-taking.



Credit stock of
Corporate Banking



Payment transactions of
Corporate Banking

Market share of corporate financing on the rise

OKO Bank has invested a lot of effort in developing its operating practices. According to corporate image surveys, customers perceive quality of service, competent personnel and committed management as the strengths of OKO Bank. The Bank seeks long-term versatile customer relations. The competitive advantage is built on a banking relationship that provides added value to the customer.

The versatile and extensive service network of the OKO Bank Group and the co-operation with member banks provide a competitive advantage particularly in services for medium-sized corporate customers and venture capital investment operations. Finance company services are also sold through the service network of the member banks.

The loan portfolio of Corporate Banking increased by 13 per cent during the year. In addition, the amount of unused credit facilities increased by one-third since the end of the previous year, amounting to approximately EUR one billion.

Corporate loans and finance company loans increased by 14 per cent. OKO Bank's market share in corporate loans increased, as the total corporate loan portfolio of all deposit banks operating in Finland increased by nearly 11 per cent. The market position in finance company products improved significantly. Institutional loans increased by 11 per cent. The amount of guarantees increased by 8 per cent since the previous year. Despite the substantial increase in corporate loans, the Bank was able to increase its margin level. On the other hand, the margins for institutional loans decreased.

Non-performing and non-interest bearing receivables decreased by almost EUR 5 million, amounting to slightly more than EUR 8 million. They still represented only a minor portion of Corporate Banking commitments.

Major player in the money and debt capital markets

OKO Bank's competitiveness in the debt capital markets is based on solid expertise and the extensive investor customer base of the OKO Bank Group. The sale of bond issues is facilitated by an online service developed for institutional investors, allowing them to submit their bids for bond issues sold by auction.

During the year, OKO Bank acted as the lead manager of bond issues by Hartwall Plc, AvestaPolarit Oyj, Metsäliitto Cooperative and Elisa Communications Corporation and as the joint lead manager of an issue by Rautaruukki Corporation. These issues accumulated a total of EUR 355 million of funds for the customers. In 2001 the amount of funds accumulated was EUR 180 million. In 2002, OKO Bank ranked first in Finland as an arranger of debt issues for domestic companies, both in terms of the number of issues and the funds accumulated.

OKO Bank was also a major market party in money and debt capital markets trading. The Bank has a strong position in the trading of commercial papers and bonds in particular. The volume of customer trading in money market products, bonds and foreign exchange products increased by a quarter from the previous year, amounting to a good EUR 141 billion.

The improved market position in corporate financing creates good preconditions for increasing the market share also in 2003.

Improved position in payment transfers

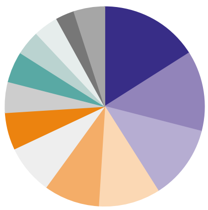
OKO Bank's target is to strengthen its market position as a provider of payment transfer and cash management services for Finnish companies and institutions both within Finland and internationally.

A total of 81 million outgoing and incoming payment transfer transactions were handled during the year, slightly more than a year ago. Commission income from payment transfers increased by approximately 16 per cent.

After a competitive bidding process, the Ministry of Finance chose OKO Bank as a secondary intermediary bank for government payment transfers. The selection improves the Bank's competitiveness in handling payment transfers for municipalities and other public sector entities. OKO Bank started to handle its part of the government's payment transfers in September 2002, so the effect of the agreement on the transfer volumes will only be fully visible in 2003.

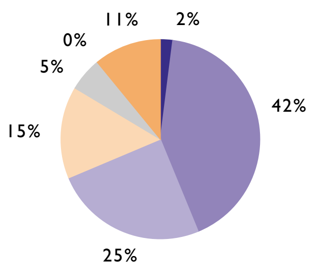
OKO Bank's most important partners in the development of international payment transfer and cash management services are Unico banks. Unico Banking Group is a partnership of European cooperative central banks where OKO Bank is a member. Banks within the Unico Group have approximately 37,000 branches that form a pan-European service network for the customers of OKO Bank and its member banks. Banks outside the Unico Banking Group have also joined the UniCash cash management service developed by the Group, allowing the service to be offered in almost all European countries.

During the year, OKO Bank entered into a partner agreement with Hansabank, the leading bank in the Baltic countries. This ensures that Finnish companies will get good services related to accounts, payment transfers and cash management in the Baltic countries.



Corporate claims and commitments by industry

- Metals industry, 16%
- Forest industry, 13%
- Construction, 12%
- Retailing and wholesaling, 10%
- Food industry, 9%
- Other industry, 8%
- Energy production, 6%
- Transportation, 5%
- Services, 5%
- Real-estate management, 4%
- Communications and electronics, 4%
- Communications and publishing, 3%
- Other, 5%



Total corporate exposure (€ 6.4 billion) by credit rating

Ratings 1–12

- 1-2
- 3-4
- 5-6
- 7-8
- 9-10
- 11-12
- Unclassified

Improved efficiency

OP-Finance, which used to be responsible for finance company services, merged with OKO Bank on the last day of the year and continues its operations as a part of OKO Bank's Corporate Banking division. The merger arrangement improves the efficiency of the operations and sharpens the handling of customer relations.

During the year, OKO Bank investigated alternative ways to serve Finnish corporate customers in Sweden. The investigations were based on the desire to provide customers with new, efficient services in Sweden.

The best choice turned out to be a partnership with Swedbank/FöreningsSparbanken. OKO Bank has entered into an agreement with Swedbank specifying that the latter will provide services to OKO Bank Group's corporate customers in Sweden. For example, the payment transfer and cash management service UniCash will be available in Sweden, as Swedbank started to use it at the beginning of 2003.

In connection with the restructuring of operations, OKO Bank decided to close its Stockholm branch office by 30 June 2003. Continuing business in Stockholm would have required extensive investments in systems that would not have been reasonable with respect to the extent of its business. By partnering with Swedbank, OKO Bank is able to provide its customers with higher quality of services in Sweden while decreasing its expenses.

Online services were a special development area of Corporate Banking also last year, as they make it possible to handle growing volumes effectively.

Continuing profitable growth

The operating environment of Corporate Banking is estimated to resemble that of the previous year. The key focus areas for 2003 are the same as in the previous year, and the target is to continue to improve the market positions. The operating profit of Corporate Banking in 2003 is estimated to be better than it was in the report year provided that major unforeseeable changes do not occur in the operating environment.

Investment Banking

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

Together with member cooperative banks and Okopankki, Opstock offers retail customers high-quality banking and asset management services tailored to their needs.

Operational result

€ million	2002				2002	2001	Change,
	1–3	4–6	7–9	10–12			%
Income	**5**	**4**	**4**	**5**	**19**	19	-3
Expenses	**3**	**3**	**3**	**4**	**13**	14	-12
Operating profit	**2**	**1**	**1**	**2**	**6**	5	19
Return on equity, %					**36.3**	25.9	
Cost/income ratio, %					**74**	80	

	Dec. 31	Dec. 31	
Staff	**122**	117	4
Value of stock broking	**3 744**	5 289	-29
Client funds under management	**6 104**	5 506	11

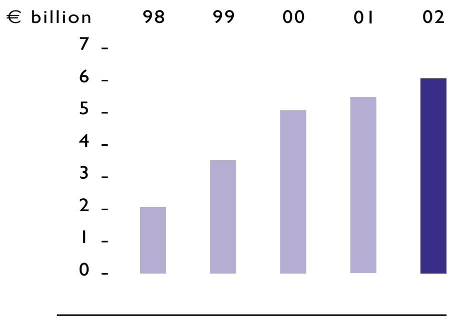
Opstock's operating profit was one-fifth better than in the previous year, despite the difficult market situation. The competitive position improved in asset management.

Customer assets under management increasing

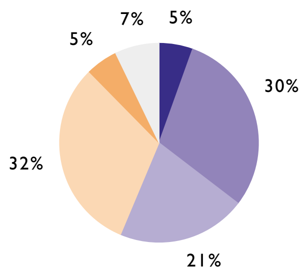
Opstock achieved its strategic target of growing faster than the market as an asset manager for institutional and individual customers. During the report year the relative growth of customer assets under Opstock's management and OP mutual funds outperformed the average of all mutual funds registered in Finland. Assets under management amounted to EUR 6.1 billion at the end of the year, or 11 per cent more than a year earlier. OP mutual funds managed by Opstock increased by 14 per cent, while the overall growth of all mutual funds registered in Finland was slightly less than 9 per cent.

Yields of OP mutual funds better than average

In 2002, the markets preferred fixed income funds and burdened equity funds. Of all the mutual fund categories registered in Finland, only fixed income funds reached positive yields. The best performers among OP mutual funds in fund-specific comparisons were Opstock Finland Bond Index and OP-Tuotto, which took the first and third place in the three-year yield comparison. The results of OP funds in the yield comparisons of mutual funds registered in Finland declined from the top rankings of the previous year but still clearly outperformed the market average.



Client funds under management by Opstock Asset Management



Client funds by customer groups
- Opstock funds
- OP funds
- Pension funds and foundations
- Insurance companies
- Corporates
- Others

Market share of mutual funds rising

OP mutual funds aim to increase their share of capital in funds registered in Finland. The OKO Bank Group supported growth by establishing four new funds managed by Opstock. The funds include OP-Focus, OP-Suomi Kasvu, OP-Cash Manager and OP-Kestävä Kehitys. The total fund base of the new funds amounted to EUR 306 million at the end of the year. The OP-Cash Manager and OP-Euro funds increased the market share of OP mutual funds in the short-term fixed income fund market from 5 per cent to 14 per cent. The growth target for market share was achieved, as the market share of OP mutual funds increased by one percentage point to 14.3 per cent.

Institutional investors indicated an increased interest in foreign mutual funds, which resulted in almost fifty per cent growth in their trading.

Competition in stockbroking stepped up

Competition in the stockbroking market became even more intensive as share prices fell and the number of brokers increased. During the year, eight new trading members entered the Helsinki Exchanges, accumulating a market share of almost 6 per cent in terms of number of transactions in December. Three small trading members exited the market, and the differences in the market shares of the trading members became smaller. Opstock's market share in terms of number of transactions decreased from 6 per cent to little more than 4 per cent. The downtrend in stock prices decreased trading by retail customers so that the number of their orders declined by 16 per cent compared to the previous year.

The share of Internet trading continued to increase: 70 per cent of the orders from retail customers came in through the Internet. The proportion increased by 5 percentage points compared to the previous year.

Opstock provides accurate estimates

Opstock continued to develop its investment research. The AQ Publications research institute of London published a Nordic Region Report of analysts at the end of the year, indicating that Opstock provides the most reliable profit estimates for companies listed in the Helsinki Exchanges. The comparison study included all parties involved in the analysis of Finnish companies, including Opstock's local competitors as well as global investment banks.

Corporate Finance grew as planned

The stock issue market was quiet during the report year, and only one company entered the Helsinki Exchanges with a small IPO. The amount of share capital acquired through stock issues and sales amounted to EUR 814 million, corresponding to approximately 0.5 per cent of the total market value of the exchange at the end of the year.

Opstock Corporate Finance acted as the lead manager in three share issues or sales, as well as a manager in three share redemption and exchange offers. In addition, it acted as an adviser in several M&A arrangements. The net commission income of Corporate Finance doubled from the previous year.

Cautiously positive outlook for 2003

Opstock estimates that its market position will continue to improve in the strategic focus areas, which include asset management and equities-based financing arrangements. This development is supported by improving efficiency, quality of service and product portfolio.

Opstock expects the operating profit to continue to increase in 2003. The results of the operations are significantly affected by the development in the equity markets, which has a direct effect on the investment behaviour of customers.

Retail Banking

Retail banking operations within OKO Bank are handled by Okopankki Oyj, which serves retail customers in the Greater Helsinki area as well as small and medium-sized corporate customers. Okopankki offers comprehensive financing, asset management and payment transfer services.

Operational result

€ million	2002				2002	2001	Change,
	1–3	4–6	7–9	10–12			%
Net income from financial operations	**13**	**13**	**14**	**14**	**54**	55	-2
Commission income (net)	**3**	**4**	**4**	**4**	**15**	15	0
Other operating income	**0**	**1**	**2**	**0**	**3**	1	85
Total income	**17**	**18**	**19**	**18**	**72**	72	0
Staff costs	**4**	**5**	**4**	**5**	**18**	17	8
Other expenses	**6**	**7**	**7**	**7**	**27**	24	11
Total expenses	**10**	**12**	**11**	**12**	**45**	40	10
Loan losses and write-downs	**0**	**0**	**0**	**1**	**1**	1	17
Operating profit	**6**	**6**	**8**	**6**	**26**	31	-14
Return on equity, %					**20.9**	27.6	
Cost/income ratio, %					**64**	58	
					Dec. 31	Dec. 31	
Staff					**485**	480	1
Risk-weighted claims and commitments					**1 365**	1 194	14
Credit stock					**1 996**	1 705	17
Deposits					**1 556**	1 583	-2
Non-performing and non-interest bearing receivables					**7**	5	42
Non-performing and non-interest bearing receivables, % of loans and guarantees					**0.35**	0.29	
Number of customers*), thousands					**259**	251	3

*) The criteria for counting customers were revised in December 2002. The figure for the year 2001 has been revised for comparison.

A year of strong growth

OKO Bank's key targets include profitable growth in the market share of Retail Banking in the Greater Helsinki area. The strategy is to achieve a steady increase in operations and customer volumes.

The customer volumes, loan portfolio and brokerage for mutual fund investments and insurance policies continued on a strong growth track. However, the low general interest rate level and decreased customer margins resulted in a decrease of net income from financial operations, and the increased business volumes added to expenses. The operating profit amounted to EUR 26 million, or EUR 4 million less than a year earlier.

As an arranger of corporate financing, OKO Bank wants to be one of the leading players.

Number of customers increased and corporate image improved

Okopankki aims to achieve long-term customer relations by means of active customer recruitment, customer relations management and high-quality services. The main target group are households as well as small and medium-sized companies with net sales less than EUR 25 million.

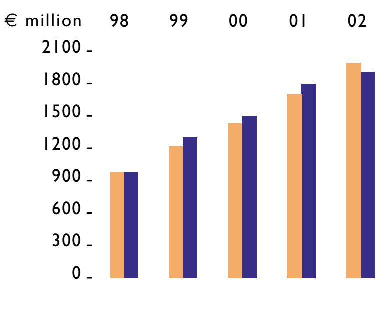
According to a study[1], Okopankki's external corporate image is the best among the main competitors. Surveys conducted among new customers indicate that a quarter of them has chosen Okopankki on the basis of someone else's recommendation.

Last year, Okopankki gained more than 14,000 new retail customers. The population of Helsinki, Vantaa and Espoo increased by a good 9,000 people in the same period. More than 65 per cent of new customers were less than 35 years old. The number of corporate customers grew by nearly 2,000, almost equal to the corresponding figure a year earlier.

At the end of the report year, Okopankki's total number of customers was almost 259,000, showing an increase of more than three per cent on the previous year. Retail customers amounted to 88 per cent of the number.

The market share of the OKO Bank Group in terms of the number of customers in the Greater Helsinki area was 16 per cent at the end of the year, compared to 12 per cent in 1997 when Okopankki started its operations.

According to a customer satisfaction survey, active offering of services and customer relations management have become the strengths of Okopankki. A good corporate image and high-quality customer service are factors that the Bank will use to seek a competitive advantage in Greater Helsinki retail banking also in the future.



Development of credit stock and client funds

Credit stock

Deposits and brokered mutual fund investments and insurance policies

Improved position in the loan markets

Okopankki seeks growth in housing loans in particular. In this field, the Bank operates in close partnership with its subsidiary Helsingin Seudun OP-Kiinteistökeskus Oy, a real estate agent that handled more than 1,100 residence deals, an increase of 8 per cent.

The loan portfolio increased by 17 per cent and amounted to EUR 2 billion at the turn of the year. The amount of housing loans increased by approximately 20 per cent, followed by corporate and institutional loans at 18 per cent. The total loan portfolio of all deposit banks operating in Finland increased by 8 per cent in a year, with the housing loan portfolio growing by 13 per cent and the corporate loan portfolio by 11 per cent, so Okopankki's market position in loans is estimated to have improved.

Okopankki's new lending in the report year amounted to almost EUR 0.8 billion, an increase of 11 per cent on the previous year. Housing loans accounted for 60 per cent of the new loans, followed by consumer credits and other household loans at 13 per cent and corporate and institutional loans at 27 per cent. Intensified competition caused the customer margins for new housing loans to decrease by 0.1 percentage points on average during the year. One-third of the retail customer loans included Loan Repayment Insurance.

[1]Otantatutkimus Oy, December 2002

The portfolio of loans granted to retail customers was EUR 1.5 billion, showing an increase of 17 per cent on the previous year. Housing loans accounted for 81 per cent of the loans granted to retail customers.

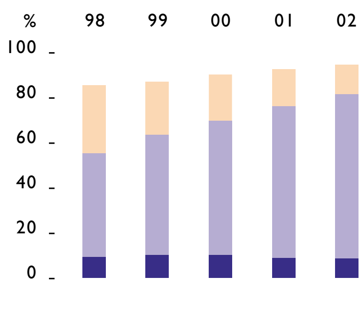
Slightly more than one-third of the corporate loan portfolio is granted to the service industry, one quarter for the management of residences and properties, and slightly less than one-fifth to companies engaged in retailing and wholesaling.

Despite the strong growth in the loan portfolio, the number of problem loans remained small. At the end of the report year, non-performing and non-interest bearing loans amounted to EUR 7 million or 0.35 per cent of loans and quarantees. A year earlier, the corresponding amount was EUR 5 million or 0.29 per cent.

Housing financing is often the first service for new customers and is supplemented later by adding extra services. Okopankki's financial expertise and success in housing financing in particular provide a solid foundation for profitable growth in the loan portfolio and other services also in the upcoming years.

Strong growth in mutual funds and insurance savings

Even though uncertainty continued in the investment markets in 2002, customers indicated an increasing interest in versatile savings and investment alternatives. The total amount of deposits, mutual fund investments and insurance policies increased by 4 per cent, amounting to EUR 1.9 billion at the end of the year.



Proportion of direct debiting and self service of transactions

- Direct debiting
- Terminal service
- Payment ATM

During the report year, the amount of mutual fund savings increased by 54 per cent, followed by a 39 per cent increase in insurance savings. Shares in mutual funds were subscribed for EUR 155 million and redeemed for EUR 77 million.

Okopankki brokered EUR 50 million of Aurum Life Assurance Company's policies. In the previous year, this figure was EUR 19 million. The total market value of brokered mutual fund investments and insurance policies increased to EUR 0.3 billion from EUR 0.2 billion at the end of the previous year.

In accordance with an agreement signed in December 2001, Okopankki began co-operation with the Fennia Group in selling insurance policies.

The amount of deposits with Okopankki decreased by 2 per cent and was slightly less than EUR 1.6 billion at the end of the year 2002. The fixed-term Centennial Accounts that were offered in connection with OKO Bank's centennial anniversary amounted to 8 per cent of all deposits at the end of the year. The average interest rate of the entire deposit portfolio decreased slightly due to the decrease in the general interest rate level.

Modern payment transfer and cash management services

Okopankki provides its customers with modern, easy to use facilities for everyday banking. More than 95% of payment transactions by Okopankki's customers were carried out using Internet, GSM, direct debit or self-service ATM terminals.

The number of payment transfers handled by Okopankki increased by more than 15 per cent. Commission income from payment transfers increased by 12 per cent in the same period.

High-quality service network

Okopankki aims to provide its customers with high-quality, easy to use services in all sections of its service network. The service network includes branches and service outlets, telephone service, ATMs, as well as Internet, GSM and WAP services.

In a telephone service survey conducted by Taloustutkimus in 2002, the telephone service of the OKO Bank Group received the highest ratings among all banks.

The beginning of May 2002 saw the opening of Okopankki Ruoholahti – a service outlet whose customers are largely acquired by visiting nearby workplaces. At the end of the year, Okopankki had 21 branches and six service outlets. In order to extend its service network, the Bank opened a new branch in the Munkkivuori shopping centre in February 2003. It offers services related to everyday banking, asset management and financing.

Customers benefit from Platinum bonuses

The Platinum bonus system encourages retail customers to centralise their banking services in Okopankki. The customer may use accumulated bonuses to pay for bank service fees and commissions.

The bonuses may be used during the year of accumulation and the two following calendar years. From the beginning of 2003, expiring bonuses will be credited in cash. Bonuses converted to cash are taxable capital gains for the customer.

At the report year, the accumulation of bonuses was EUR 2.7 million. Altogether 118,000 Okopankki customers, or one-half of the retail customers, accumulated them. The total accumulation of bonuses from the introduction of the Platinum system in 1999 until the end of the year 2002 was EUR 6.5 million, about one-half of which had been used.

Leading the technical development of banking services

In spring 2002 the OKO Bank Group and the Population Register Centre launched a project for adding a citizens' digital certification to the OKO Bank Group debit card.

In November the OKO Bank Group introduced a new payment system for the Internet and mobile phones, Digiraha. The customer can store money in the Digiraha online service in advance, particularly facilitating small payments.

In December the OKO Bank Group modernised its GSM service. After the reform, Okopankki's customers may handle their banking affairs by mobile phone more flexibly and also through a GPRS connection.

The number of Okopankki's online service contracts grew by 12 per cent to more than 91,000 during the report year.

Steady outlook for 2003

A low level of general interest rates supports growth in domestic demand. Economic growth in the Greater Helsinki area together with Okopankki's high-quality service network and active customer relations also provide good preconditions for growing business in the future. However, Okopankki estimates that the intensifying competition in Greater Helsinki retail banking will slow down the growth of the loan portfolio. The low level of interest rates and tougher price competition will cut into net income from financial operations.

The operating profit of Retail Banking in 2003 is estimated to remain at a level similar to the previous year.

Group Treasury

Group Treasury is responsible for OKO Bank Group's central financial institution tasks, OKO Bank's long-term funding, fixed income and equity investments as well as real-estate operations. In addition, it provides the member cooperative banks with services related to the money, foreign exchange and capital markets. It is also responsible for the bank and debt investor relations of the OKO Bank Group, as well as international funding.

Operational result

€ million	2002				2002	2001	Change,
	1–3	4–6	7–9	10–12			%
Net income from financial operations	**8**	**9**	**8**	**9**	**33**	45	-25
Dividend income	**3**	**1**	**0**	**0**	**4**	4	-15
Commission income (net)	**0**	**0**	**0**	**0**	**1**	2	-33
Net income from securities transactions	**2**	**-1**	**-5**	**-1**	**-5**	-2	
Net income from foreign exchange dealing	**0**	**1**	**1**	**0**	**2**	2	18
Other operating income	**4**	**4**	**4**	**4**	**17**	2	
Total income	**18**	**14**	**8**	**13**	**52**	53	-1
Staff costs	**1**	**1**	**1**	**2**	**5**	5	9
Other expenses	**4**	**4**	**4**	**3**	**15**	10	44
Total expenses	**4**	**5**	**5**	**5**	**20**	15	33
Operating profit	**13**	**8**	**3**	**8**	**32**	37	-13

Return on equity, %	**22.5**	26.3	
Cost/income ratio, %	**39**	30	

	Dec. 31	Dec. 31	
Staff	**82**	80	3
Risk-weighted commitments	**1 517**	1 412	7
Perpetual bonds of the member banks	**24**	26	-7
Other credits to the member banks	**1 137**	855	33
Capital investments to the member banks	**144**	151	-5
Member banks' minimum and cash reserve deposits	**2 083**	1 938	7
Member banks' other deposits	**1 118**	1 186	-6
Capital invested in real-estate holdings	**182**	188	-3
Capital invested in leasable properties	**140**	144	-3
Net yield on leasable properties, %	**7.1**	7.5	
Vacancy rate, %	**12**	6	

Return on equity at a good level

Despite the unstable market conditions, return on equity in Group Treasury amounted to 23 per cent. However, operating profit was smaller than in the previous year, which was partly due to changes in consolidation of the divisions. Since the beginning of the year 2002 real-estate operations are consolidated within Group

Treasury. On the other hand, the corporate bond portfolio of domestic companies is transferred from Group Treasury to Corporate Banking for consolidation.

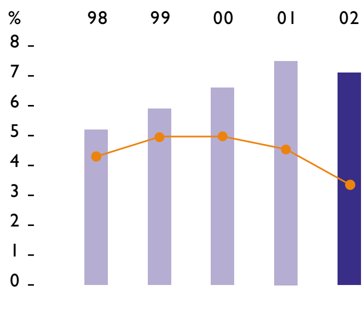
Central banking operations

OKO Bank operates as the central financial institution of the OKO Bank Group. It is responsible for maintaining the liquidity of the member banks and receiving deposits from them. The tasks of OKO Bank also include maintaining the cash reserve obligation required by the ECB, as well as the acquisition of collateral materials related to the payment transfer system.

Financing requirements of the member banks increased

The growth in the loan portfolio of the member banks increased their demand for financing compared to the previous year. Lending by the member banks increased by EUR 1.5 billion or 10 per cent in the report year, supported by a low interest rate level and extended durations of housing loans. On the other hand, the amount of deposits increased by EUR 1.2 billion or 7 per cent.

OKO Bank's net liabilities to the member banks decreased in 2002 by EUR 0.3 billion to EUR 1.9 billion. OKO Bank's receivables from the member banks increased by one quarter and amounted to EUR 1.3 billion at the end of the year. The amount of the member banks' deposits with OKO Bank in turn grew by little more than 2 per cent to EUR 3.2 billion.



The net yield on leasable properties

Net yield
5-year government bond

Good ratings and economical funding

In May, Fitch Ratings upgraded OKO Bank's long-term rating from A+ to AA- and its short-term rating from F1 to F1+. In September, Standard & Poor's issued a rating of A+ for OKO Bank's long-term debt.

The increased loan portfolio was funded in particular by decreasing other investments. During 2002, the amount of Tier II funds was reduced according to plan. OKO Bank repurchased a total of EUR 207 million in debentures and perpetual bonds considered part of Tier II funds. OKO Bank and the member banks issued a total amount of EUR 144 million in domestic bonds and debentures – that is, EUR 10 million more than in the previous year. OKO Bank's share of common bonds was EUR 69 million. The Bank was the sole issuer of five bonds totalling EUR 171 million.

Treasury management

Successful investments under difficult circumstances

OKO Bank's investment operations aim to gain benefits through the increase in value caused by changes in interest rates and prices and through dividends and other yields in the long term. The objective is to invest funds safely and gain good income from the investments.

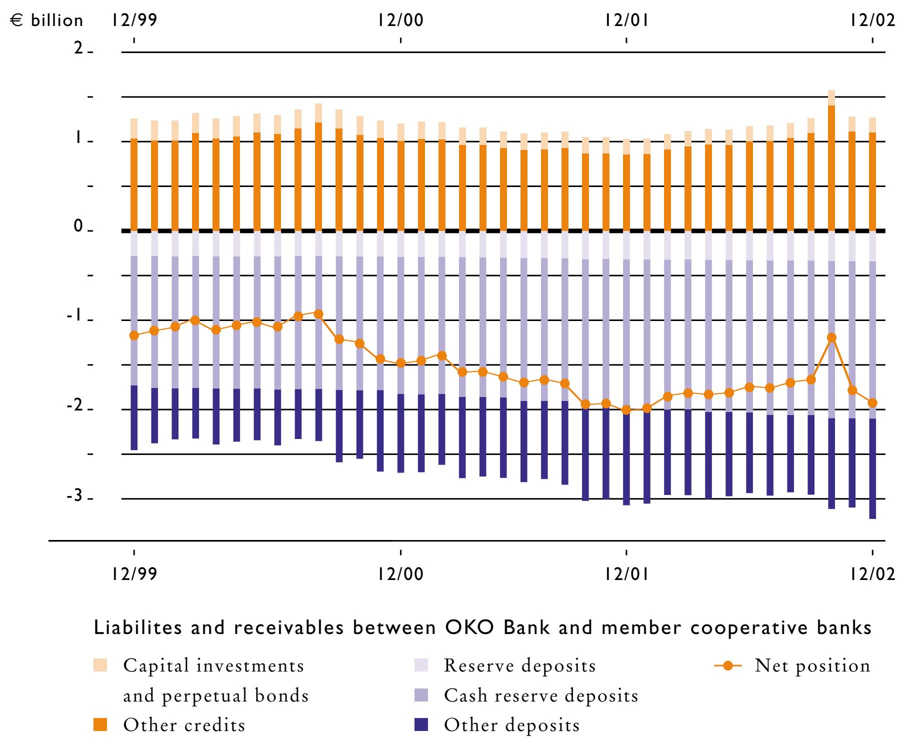
Despite the unstable economy, investment operations were successful. The portfolio structure was conservative and the investments were diversified in various industries. Yields from fixed income investments amounted to more than EUR 16 million, showing an increase of EUR one million on the previous year.

The equity markets weakened significantly during 2002. Despite this, the ROE on the equity portfolio was good. The share and venture capital investments accumulated a total of nearly EUR 4 million in dividends and avoir fiscal tax credits, slightly less than in the previous year. More than EUR one million was booked in sales profits and appreciation, slightly less than EUR one million down from 2001.

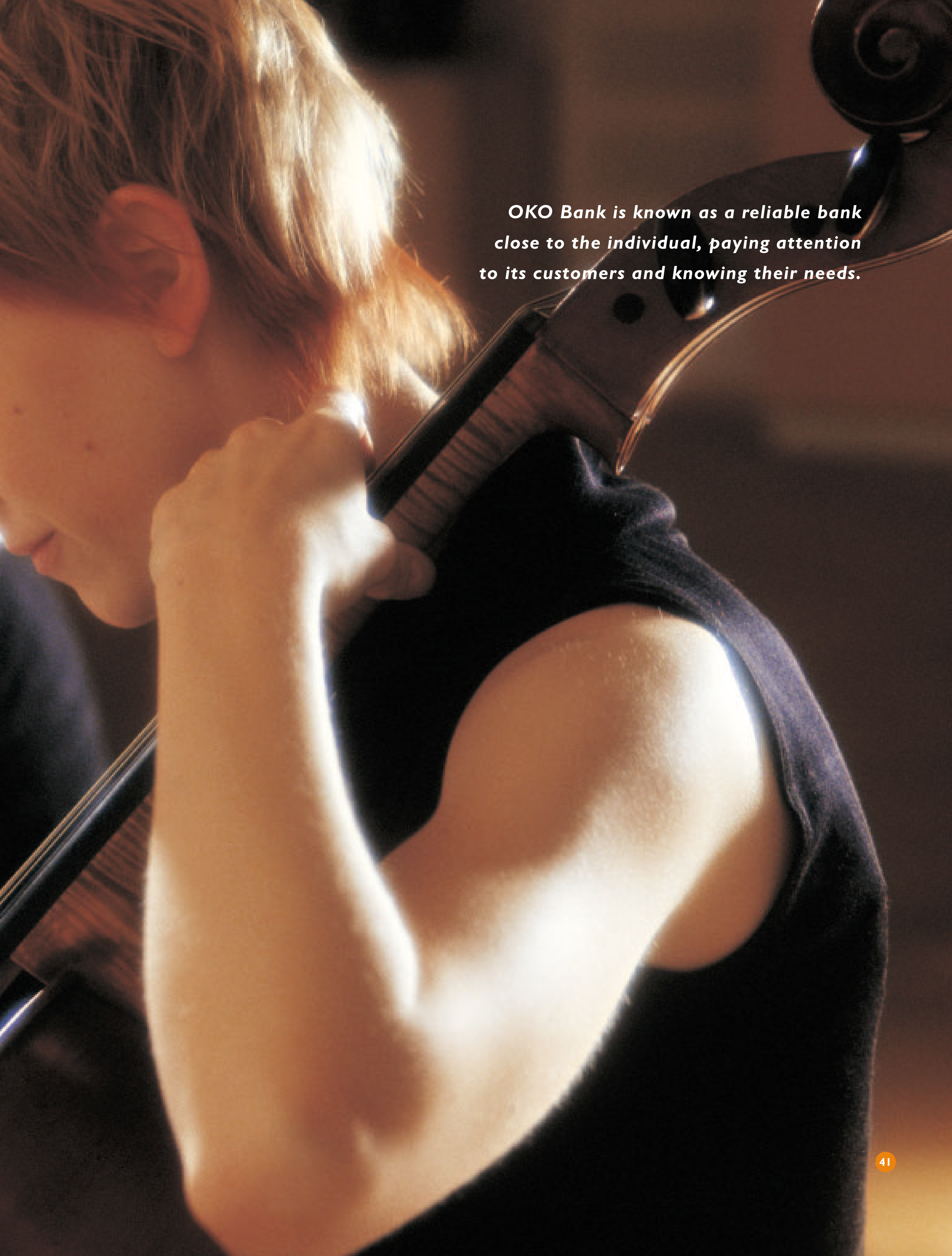
OKO Bank aims to further reduce the amount of real-estate investments. Capital invested in real-estate holdings amounted to EUR 182 million at the end of the year, almost EUR 6 million less than the previous year. Capital invested in leaseable properties amounted to EUR 140 million. The net yield from real-estate investments at the end of December amounted to 7 per cent, and the vacancy rate was 12 per cent.

Uncertain outlook

The result of the Group Treasury is considerably affected by the development in interest rates and the equity market. The operating profit for 2003 is expected to be somewhat smaller than in 2002.



Liabilites and receivables between OKO Bank and member cooperative banks



OKO Bank is known as a reliable bank close to the individual, paying attention to its customers and knowing their needs.

Other operations

Other operations comprise life and pension insurance operations via Aurum Life Assurance Company and the financing and management of unsecured credit card lending via OP-Kotipankki Oyj. Also included in Other operations are income, expenses, investments and capital which are not allocated to business divisions.

In February 2003, OKO Bank decided to decrease its holdings in Aurum to 15 per cent. The sale will improve OKO Bank Consolidated's operating profit for the current year by slightly more than EUR 50 million.

Result

€ million	**2002**	2001	Change, %
Net income from financial operations	**-4**	-14	72
Other income	**-9**	42	
Total income	**-13**	28	
Total expenses	**11**	16	-31
Loan losses and write-downs	**-2**	26	
Operating profit	**-22**	-15	-54
	Dec. 31	Dec. 31	
Staff	**41**	40	3

The 2002 result of Other operations comprised income from the investment in Pohjola shares, shares of the income of associated companies and group administration expenses. The slide in stock prices caused substantial losses for the associated company Aurum, and 49.9 per cent of these were consolidated in OKO Bank's results. The effect of Aurum's loss was diluted by the dividends and sales profit gained from Pohjola shares. At EUR 22 million, the operating loss of Other operations exceeded the 2001 loss by almost EUR 7 million. The real estate operations consolidated in Other operations in the previous year had only a minor impact on earnings but the change makes it more difficult to compare the items on the income statement.

Aurum's market position strengthened

Increasing the market position of the life assurance business is one of the strategic objectives for the OKO Bank Group.

Aurum's insurance premium income continued to grow rapidly, amounting to EUR 492 million or 16 per cent more than the previous year. The market share of the company based on insurance premium income increased by 1.7 percentage points last year, amounting to 15.1 per cent. Unit linked premiums accounted for one-fifth of the amount. The underwriting reserves increased by 20 per cent to EUR 1.8 billion.

Due to the decreasing share prices, the company's result was in the negative. A total of EUR 69 million in write-offs were booked for the company's share and mutual fund holdings. Aurum's investment portfolio was built mainly during a period of decreasing stock prices. Any valuation reserves exceeding the acquisition value have not accumulated yet, which means that decreases in stock prices immediately hamper the result. If stock prices increase, the effect is the opposite. At the end of December, shares made up 12 per cent of the company's investment assets. Unbooked appreciations – mostly in fixed income investments – amounted to EUR 31 million at the end of the year.

Aurum's result was EUR 39 million in the negative. OKO Bank's share of the loss was EUR 20 million. A year earlier the impact of Aurum on OKO Bank's earnings was EUR 0.5 million in the positive.

Aurum's capital adequacy allows for growth

The solvency margin was EUR 170 million, or EUR 26 million higher than a year earlier. It exceeds the statutory minimum almost threefold and allows to extend the company's business further.

Income from Pohjola shares amounted to EUR 10 million

In the beginning of the year 2002, OKO Bank held 2.5 per cent of the shares in Pohjola. In April, the Pohjola shares generated dividends of over EUR 7 million including avoir fiscal tax credits. The shares were sold at the end of the month at a capital gain of more than EUR 2 million. Thus OKO Bank booked almost EUR 10 million in income from the Pohjola shares. The net impact of dividends and depreciation in 2001 was EUR 13 million in the negative. This means that the income in the report year was EUR 22 million more than the previous year.

OP-Kotipankki was a good investment for OKO Bank

OP-Kotipankki succeeded clearly better than in the previous year. The loan portfolio increased by nearly 15 per cent and the operating profit doubled to EUR 8.3 million. Net income from financial operations increased by one-fifth and commission income increased by one quarter thanks to increases in the utilisation of credit lines and Internet services.

The share of profit consolidated in OKO Bank's income statement was EUR 1.2 million. A year earlier this figure was EUR 0.5 million.

At the end of December, OKO Bank's investment in OP-Kotipankki totalled EUR 4 million and its share of ownership was 20.8 per cent. The yield on the OP-Kotipankki shares in the report year was 33 per cent, so OP-Kotipankki was a good investment for OKO Bank.

In 2003 OP-Kotipankki will continue to develop its services and aims to extend cooperation with nation-wide retail chains in order to extend its business further.

Stable outlook

The gain on the sale of Aurum shares will increase the result of Other operations in the first quarter of the year. Otherwise, the operating profit consists of the consolidated results of associated companies and the administrative expenses, that are stable in their development.

Personnel

OKO Bank employed a total of 1,093 employees at the end of 2002. During the year, the personnel increased by 34 employees. The increase was mainly due to the growth in Retail Banking and Corporate Banking. The structure of the personnel remained virtually unchanged. A total of 22 employees moved outside the OKO Bank Group, compared to 48 during the previous year.

OKO Bank wants to be a good employer and reward its personnel for success at work.

A healthy working climate

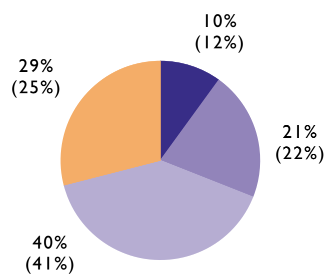
OKO Bank takes responsibility for the enhancement of on-the-job well-being since this serves the interests of all of the Bank's stakeholders. Satisfied employees regard the Bank's strategic targets as their own, commit to them and develop their competences. A healthy working atmosphere is equally attractive for existing and potential employees and thus ensures the competence of the organisation.

OKO Bank's working climate has been studied by means of a personnel survey for four years in succession. The survey has addressed job satisfaction, efficiency, management climate and internal corporate image within the Corporate Banking, Investment Banking and Group Treasury. In the most recent survey, all personnel groups estimated that personnel management, communication of information and the position of the personnel had improved from the previous year. No statistically significant decline was indicated in any of the survey groups. Job satisfaction remained unchanged as far as the entire personnel are concerned but decreased slightly among officers. The results improved from the previous year in six departments out of ten.

According to the survey, OKO Bank's working climate outperforms peer companies in its reference group. In many areas the results were significantly better compared to the reference group.

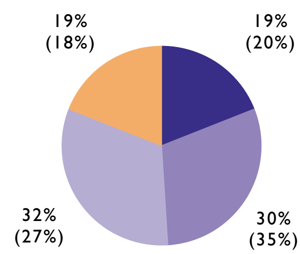
Okopankki had success in the Best Workplace Evaluation

The Bank conducted a survey among Retail Banking personnel to evaluate the quality of customer relationship management, establishment of goals and targets, teamwork and organisational regeneration. The performance improved in every category.



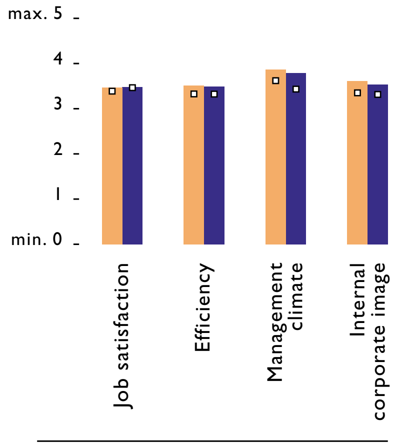
Staff by education in 2002 (2001)

- Comprehensive school
- Upper secondary or vocational school
- College
- Academic education

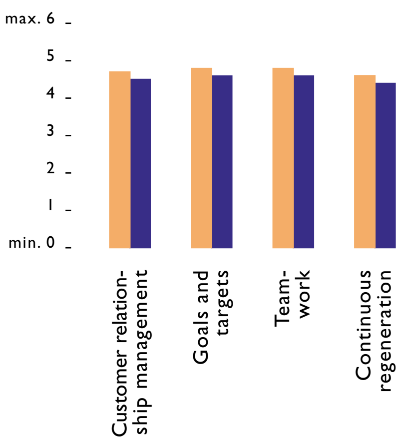


Staff by age groups in 2002 (2001)

- Under 29 years
- 30-39 years
- 40-49 years
- Over 50 years



Result of personnel survey, excl. Retail Banking
- 2002
- 2001
- Peer group



Result of personnel survey, Retail Banking
- 2002
- 2001

Okopankki took 12th place in the Best Workplace in Finland 2003 evaluation, whose results were published in January. The evaluation of workplaces was based on a survey distributed to all employees. Okopankki was the only bank among the top twenty companies.

Investing in officers' job satisfaction

Development of on-the-job well-being will continue during the current year. Action plans for the different units have been prepared on the basis of personnel survey responses and are already being implemented. This year the focus is in particular on improving the motivation of officers.

Competitiveness through competence

OKO Bank's success is based on the competence of its organisation. Therefore, investing in employee skills is a natural part of the Bank's commitment to lifelong organisational learning.

Development of skills is one way of maintaining the competence of the organisation. Appraisal discussions are conducted to determine individual competence targets and development steps for OKO Bank's officers. The worker and his or her superior jointly agree on the targets, which are derived from the vision and strategy of the business division. Achievement of the targets is continuously monitored. Each person is individually responsible for the development of his or her own competences, although managers are required to provide the prerequisites for their achievement.

The focal points for competence development in Retail Banking during the year included skills in customer relations, asset management and financing. In other business divisions the focus was on customer relations and mastering new service products. Business management, risk management and process competence were common development areas for all units.

The quality of leadership in Retail Banking has been measured for several years using the 360-degree survey based on assessments by the person in question, his or her superior and employees. The tool was also tested during the year under review by the members of the Executive Board and the Senior Vice Presidents of other business divisions.

OKO Bank continued its cooperation with universities and other educational organisations. During the year the Bank was involved in the guidance of a number of student dissertations. These also extended the Bank's own competence.

Competence development expenses, exclusive of salary costs during days in training, amounted to EUR 1.3 million, or 2.4 per cent of personnel expenses. In 2001 the corresponding figure was 3.2 per cent.

Recognition from the customers

According to corporate customer surveys, the competence of account officers at the Bank has increased steadily. In Retail Banking, competences in the field of investment services in particular received a more positive rating. The customers of

Group Treasury were also more satisfied with the competence of OKO Bank's personnel. The investment research carried out in Investment Banking received recognition for its accurate analysis.

New viewpoint on competence management

Customer relations, as well as process expertise will remain the focal points of competence development in 2003. A new assessment of the capital adequacy of banks, based on the Basel II framework, is a special area for developing competence in risk management. A decision made by the EU Council of Ministers in the summer of 2002 requires that the IAS standards must be applied to the OKO Bank's annual financial statements from 2005 onwards. The transition is being prepared by carrying out an extensive training programme during the current year.

A strategic competence management model will be developed for OKO Bank. This year the model will be piloted at Corporate Banking, where it will be utilised in customer relations management. Management of individual competences will be supported in other business divisions.

The use of the 360-degree survey as a leadership quality indicator will be standardised and extended more widely to superiors.

Rewarding good performance

Rewards for good performance are a part of the OKO Bank management philosophy. Performance is compared to jointly agreed targets in appraisal discussions. OKO Bank may use financial incentives based on good performance in individual cases, incentives that vary from year to year and incentives defined for the long term.

The A options from the 1999 share option programme offered to the entire staff were listed on the Helsinki Stock Exchange on October 1, 2002. By the end of the year a total of 534,420 options had been sold. They were traded from October to December at an average price of EUR 5.52. In addition, the option holders had the opportunity to subscribe for Series A shares in OKO Bank at a price of EUR 7.92. The subscription period for the B options will start on October 1, 2004 and end on October 30, 2006. At the end of the year 319 employees held option certificates.

Starting in 1999, key personnel at Opstock Ltd have had the opportunity to become shareholders in the company. At the end of the year 2002 Opstock's personnel held 15 per cent of the company's shares.

The bonuses paid to the personnel in 2002 accounted for a significant part of the financial compensation for their work. Bonuses based on the performance in 2001amounted to a total of EUR 2.5 million. They were paid to 900 employees, corresponding to 6.8 per cent of total salaries in 2001.

These incentive systems are OKO Bank's attraction factor among its own personnel and when competing for skilled employees.

In the incentive system for the years 2002 and 2003, the reward is easier to foresee and it takes into account the effect of team targets on individual incentives.

Corporate Governance

OKO Bank complies, to the extent that is appropriate for the Bank, the recommendation on Corporate Governance of listed companies issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers in 1997. The main parts of OKO Bank's Corporate Governance practices are compiled here. The whole text can be found at our website at the address www.okobank.com Investors. OKO Bank's risk management system is described in the financial statements, pages 18–26.

Annual General Meeting

The Annual General Meeting, held annually in March-April, deals with matters which, according to legislation and the Articles of Association, shall be handled by the Annual General Meeting.

Matters presented to the Annual General Meeting are prepared by the Executive Board. Matters concerning the election of members for the Supervisory Board and auditors, as well as their fees, make an exception to the rule. They are prepared for the Annual General Meeting by a Council that includes 16 members appointed by provincial Federations of the Cooperative Banks.

In addition to the Annual General Meeting, Extraordinary General Meetings can also be held if required. They are summoned by the Executive Board.

Supervisory Board

The Bank has a Supervisory Board that monitors the way in which the Executive Board and the President manage the Bank. The Supervisory Board elects the members and deputy members for the Executive Board as well as the President and a deputy for the President and decides on their compensations. It also confirms the regulations of the Executive Board.

The Supervisory Board shall include a minimum of 12 and a maximum of 30 members. According to legislation, the majority of members must also belong to the Supervisory Board of OKO Bank's parent institution, OKO Bank Group Central Cooperative. The term of office is three years. Every year, one-third of the members is required to resign. The Supervisory Board convenes 4-5 times annually.

The Supervisory Board provides the Annual General Meeting with a statement concerning the previous year's financial statements and auditors' report.

The inspection task assigned to it is carried out by an Inspection Committee, consisting of four ordinary members and two deputy members elected by the Board.

Executive Board

The Bank's Board of Directors is called the Executive Board. It is the duty of the Executive Board to attend to the Bank's and its subsidiaries' administration and ensure the appropriate arrangement of operations. The Executive Board has general competence to decide on all matters related to the Bank's management and other issues, which, according to legislation or the Articles of Association, are not the domain of the Annual General Meeting, the Supervisory Board or the President.

The Executive Board currently consists of seven ordinary members and two deputy members. The Chairperson of the Executive Board, also called the Chief Executive Officer, is the Chairperson and CEO of the OKO Bank Group Central Cooperative Executive Board, while the Vice-chairperson is the Vice-chairperson of the OKO Bank Group Central Cooperative Executive Board. Operative responsibility for business is held

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

by the President, the Executive Board member in charge of OKO Bank's Corporate Banking and Group Treasury, and the Executive Board member in charge of OKO Bank's Risk Management, Operations and Processes. The Executive Board usually convenes on a weekly basis.

The Bank's President, and the members and deputy members of the Executive Board, receive a monthly salary confirmed by the Supervisory Board annually. In addition, they are included in the incentive system that covers the whole personnel and allows the payment of annual bonuses.

In 2002, the salaries and bonuses of the President and the Executive Board members and deputy member in charge of business divisions amounted to some 745,000 euros.

The Executive Board members and deputy members that were at the Executive Board in June 1999 take also part in the option programme for the whole personnel approved by the Extraordinary General Meeting in that year. According to the terms of the programme, participants have the right to subscribe for OKO Bank's Series A shares in 2002–2006.

President

The duty of the President is to administer the Bank's day-to-day administration in accordance with the rules and regulations set by the Executive Board. The President is also a member of OKO Bank's Executive Board. As part of the owner control of the Bank's subsidiaries the President acts as Chairperson of the Board of Directors in the most important subsidiaries. The President of OKO Bank has a written executive contract.

Auditing

For the purpose of auditing the Bank's accounting, financial statements and administration, the Annual General Meeting shall, according to OKO Bank's Articles of Association, elect at least one and no more than three auditors, as well as one deputy auditor if none of the auditors is an audit firm authorised by the Central Chamber of Commerce. The auditors' term of office is the current financial year at the time of election and their duties end with the close of the first Annual General Meeting following their election.

Auditing fees are based on the annual plan in the case of statutory auditing and on the auditing plan in the case of extended auditing. In 2002, auditing fees in OKO Bank accounted for 350,500 euros.

Internal auditing

The duty of the Internal Auditing Unit is to assist the Bank's top management in controlling, supervising and securing operations by auditing them. The Unit evaluates the performance and efficiency of operations, the sufficiency of internal control and supervision, expediency of risk management and compliance with legislation, authority orders and internal guidelines.

Insider guidelines

OKO Bank follows insider guidelines that correspond to the recommendation given by the Helsinki Exchanges. However, The Bank's own insider guidelines are stricter than the recommendation of the Helsinki Exchanges. OKO Bank's insider register is available at the Legal Unit of OKO Bank Group Central Cooperative located at Teollisuuskatu 1 b, Helsinki.

Supervisory Board

Members elected from among OKO Bank Group Central Cooperative's Supervisory Board Members, term of office three years.

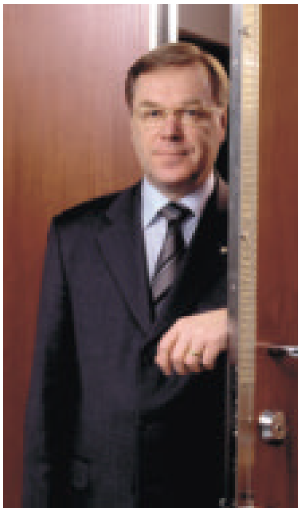
Ola Eklund (2000)
Managing Director, Karjaa, 2000–2003
Paavo Haapakoski (1997)
Principal, Pyhäjoki, 2000–2003,
Deputy Chairman of the Board
Ilkka Heinonen (1997)
Principal, Haapajärvi, 2002–2005
Mauri Hietala (2000)
Business Development Director, Seinäjoki, 2001–2004
Erkki Laatikainen (1997)
Professor, Jyväskylä, 2002–2005
Jorma Lehikoinen (1997)
Managing Director, Lieksa, 2001–2004
Vesa Lehikoinen (1997)
Managing Director, Janakkala, 2000–2003
Ulf Nylund (2001)
Managing Director, Vaasa, 2002–2005
Heikki Oja (2001)
Farmer, Tervola, 2001–2003
Jaakko Ojanperä (2000)
Managing Director, Kuopio, 2002–2005
Leo Pakkanen (2001)
Managing Director, Kangasniemi, 2001–2004
Seppo Penttinen (1996)
Professor, Savitaipale, 2002–2005,
Chairman of the Board
Jukka Ramstedt (1997)
Managing Director, Pori, 2001–2004
Turkka Saarniniemi (1997)
Managing Director, Pertteli, 2000–2003
Heikki Teräväinen (1997)
Managing Director, Toijala, 2001–2004
Keijo Väänänen (1995)
Professor, Vaala, 2001–2004

Other Members,
term of office three years

Kaarina Aho (1997)
Managing Director, Tornio, 2000–2003
Heikki Eteläaho (2002)
Managing Director, Ylitornio, 2002–2005
Jussi Hautamäki (1997)
Lieutenant General, Kerava, 2002–2005
Harri Kainulainen (2002)
Managing Director, Helsinki, 2002–2005
Olavi Kuusela (2000)
Managing Director, Helsinki, 2000–2003
Eero Lehti (2002)
Commercial Counsellor, Kerava, 2002–2005
Jarmo Lähteenmäki (1995)
Chairman, Finnish Paper Workers' Union, Helsinki, 2000–2003
Kati Myllymäki (1997)
Senior Medical Officer, Mikkeli, 2000–2003
Seppo Paatelainen (1997)
Managing Director, Seinäjoki, 2001–2004
Kari Puro (2000)
Managing Director, Espoo, 2000–2003
Leena Rantanen (2001)
Director for the Central Church Fund, Helsinki, 2001–2004
Valvatti Remes-Siik (1997)
Managing Director, Oulu, 2002–2005
Astrid Thors (1992)
Member of the European Parliament, Helsinki, 2001–2004
Erkki Vähämaa (1997)
Mayor, Kajaani, 2001–2004

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

Executive Board



Antti Tanskanen

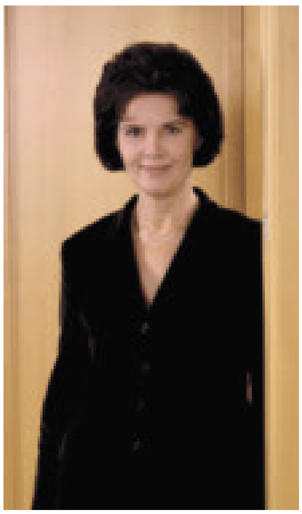
Reijo Karhinen

Mikael Silvennoinen

Erkki Böös

Timo Ritakallio

Heikki Vitie



Helena Walldén

CHAIRMAN

Antti Tanskanen, b. 1946
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 Central Chamber of Commerce of Finland,
Member of the Board of Directors
The Employers' Confederation of Service Industries,
Member of the Board of Directors
Owns warrants exercisable into 80 000 OKO Bank Series A shares. Share options for 80 000 A shares.

VICE CHAIRMAN

Reijo Karhinen, b. 1955
President, OKO Bank Group Central Cooperative
Member of the Board since 1994
Luottokunta,
Chairman of the Board of Directors
Eurocard Oy,
Deputy Chairman of the Board of Directors
The Finnish Bankers' Association,
Deputy Chairman of the Board of Directors
The Finnish Housing Fair,
Deputy Chairman of the Board of Directors
Owns warrants exercisable into 60 000 OKO Bank Series A shares. Share options for 60 000 A shares.

MEMBERS

Mikael Silvennoinen, b. 1956
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. Owns warrants exercisable into 60 000 A shares. Share options for 60 000 A shares.

Timo Ritakallio, b. 1962
First Executive Vice President, OKO Bank
Member of the Board since 1997
HEX Plc (Helsinki Exchanges)
Deputy Chairman of the Board of Directors
Holds 800 OKO Bank Series A shares. Owns warrants exercisable into 40 000 A shares. Share options for 40 000 A shares.

Erkki Böös, b. 1953
Executive Vice President
Member of the Board since 2001

Heikki Vitie, b. 1952
Executive Vice President
Member of the Board since 1994
European Association of the Cooperative Banks,
Member of the Board of Directors
The Bank Employers' Association,
Deputy Chairman of the Board of Directors
Owns warrants exercisable into 40 000 OKO Bank Series A shares. Share options for 40 000 A shares.

Helena Walldén, b. 1953
Executive Vice President
Member of the Board since 1994
Finpro,
Member of the Board of Directors
YH-Group Ltd.
Member of the Board of Directors
Owns warrants exercisable into 40 000 OKO Bank Series A shares. Share options for 40 000 A shares.

DEPUTY MEMBERS

Raimo Tammilehto, b. 1943
Executive Vice President
Member of the Board since 1985
Holds 1 526 OKO Bank Series A shares. Owns warrants exercisable into 15 000 A shares. Share options for 15 000 A shares.

Jarmo Viitanen, b. 1960
Executive Vice President
Member of the Board since 2001
Owns warrants exercisable into 15 000 A shares. Share options for 15 000 A shares.

SECRETARY OF THE BOARDS

Markku Koponen, b. 1957
Senior Vice President
Owns warrants exercisable into 15 000 OKO Bank Series A shares. Share options for 15 000 A shares.

AUDITORS

Regular auditors
Firm of authorised public accountants
KPMG Wideri Oy Ab
Raimo Saarikivi, Authorised Public Accountant

Deputy auditor
Petri Hämäläinen, Authorised Public Accountant

Organisation

Chairman
and CEO
Antti Tanskanen*

President
Mikael Silvennoinen*

Business Control
Marja Huhta

Corporate Banking

Timo Ritakallio*

Corporate banking, Finance company services, Venture capital, Debt capital markets, Money market and foreign exchange

Money, Foreign Exchange and Debt Capital Market
Antti Heinonen

Finance Company Services
Pekka Hujala

Corporate Banking
Jarmo Viitanen **

Corporates
Kai Heinonen

SMEs and Institutional Customers
Hannu Jaatinen

Investment Banking

Risto Murto

Securities brokerage, Corporate finance, Asset management, Investment research

Corporate Finance
Jarmo Tiihonen

Securities and Investment Research
Klaus Tuori

Back Office and Administration
Rami Kinnala

Asset Management
Matti Rantalainen

Private
Mikael Fast

Retail Banking

Hannu Tonteri

Retail customer services, Services for small and medium-sized enterprises

Banking Services
Timo Teinilä

Administration
Juha Harsu

Asset Management
Jussi Huttunen

Group Treasury

Timo Ritakallio*

Group member bank financing and internal bank, Liquidity management, Group treasury, Fixed-income and equity investments, Real-estate investments, Financial institutions and representative offices

Real-estate Investments
Kari Karvonen

Group Treasury and International Affairs
Jorma Alanne

Risk Management, Operations and Processes

Helena Walldén*

Risk management, Implementation and service processes, Cash management, Custodial services, IT management and systems, Development of online services, Legal affairs

Risk Management
Jouko Pölönen

Corporate Banking IT Systems
Simo Virkki

Treasury and Capital Market Operations
Ville-Pekka Veijola

Corporate Services
Markku Vehmas

Legal Affairs
Jari Jaulimo

*Member of the Executive Board

** Deputy Member of the Executive Board

Contact addresses

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(until June 30, 2003)
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Telefax +46 8 412 8919
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Opstock Ltd

PO Box 362
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Telephone +358 9 40 465
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OKO Venture Capital Ltd

PO Box 308
FIN-00101 Helsinki
Telephone +358 9 4041
Telefax +358 9 404 4209

- OKO Bank is a member of the Unico Banking Group. Contact addresses are as follows:

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Rue de l'Industrie 26–38
1040 Brussels
Belgium
Telephone +32 2 502 4318
Telefax +32 2 502 4368
unico@unico.nl

OKO Bank: 100 years

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

OKO BANK

FINANCIAL STATEMENTS 2002

OKO Osuuspankkien Keskuspankki Oyj (OKO Bank)
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Visiting address: Teollisuuskatu 1b
Telephone: +358 9 4041, Telefax: +358 9 404 3646
Internet address: www.okobank.com, e-mail: firstname.surname@oko.com

ACCOUNTING POLICIES

The annual accounts of OKO Bank and OKO Bank Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree of December 31, 2002, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of OKO Bank will be held in Finlandia Hall in Helsinki on April 3, 2003, at 1.30 pm. The Executive Board proposes that a dividend of EUR 0.75 be paid on Series A shares and EUR 0.70 on Series K shares. The dividend decided by the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, April 8, 2003, have been entered in the Shareholders' Register kept by Finnish Central Securities Depository Ltd. It will be proposed to the Annual General Meeting that the dividend be paid at the close of the record period, April 15, 2003.

CONTENTS

REPORT OF THE EXECUTIVE BOARD

RESULT OF OPERATIONS AND FINANCIAL POSITION

RESULT

The operating profit was EUR 96 million. It decreased by slightly less than EUR 15 million compared to the previous year. Most of the decrease in profit was due to losses generated by Life Assurance Company Aurum, which were caused by a substantial slide in stock prices. Aurum was OKO Bank's associated company, of whose earnings 49.9 per cent were consolidated with OKO Bank's earnings. The consolidated earnings of Aurum amounted to EUR 20 million in the negative, down from a positive figure of EUR 0.5 million the previous year.

OKO Bank's investments in Pohjola Group plc shares improved the operating profit by nearly EUR 10 million, compared to a negative effect of EUR 13 million last year. In April, the Pohjola shares generated dividends of over EUR 7 million including avoir fiscal tax credits. The shares were sold in late April, resulting in an additional booking of EUR 2 million. Ownership of the Pohjola shares boosted OKO Bank Consolidated's operating profit by nearly EUR 32 million in 2000-2002, corresponding to an almost 30 per cent return on invested capital before financing costs.

The core operations comprising the Bank's four business divisions generated an operating profit of EUR 119 million, down EUR 7 million on the previous year. The operating profit decreased in Retail Banking and Group Treasury.

Return on equity fell from the previous year's figure of 13.0 per cent to 10.0 per cent and earnings per share fell from EUR 1.68 to EUR 1.34. The return on equity excluding the consolidated loss from Aurum and net income on investments made in Pohjola shares was 12.0 per cent. In 2001 the corresponding figure was 14.3 per cent. The cost/income ratio was 56 per cent, against 51 per cent in 2001. OKO Bank's long-term target level for return on equity is 14 per cent and for the cost/income ratio it is 55 per cent.

Performance € million	2002	2001	Change, %
Total income	255	270	-5
Total expenses	144	136	6
Loan losses and write-downs	-2	25	
Share of profit/loss of companies included using the equity method	-17	2	
Operating profit	**96**	**111**	**-13**

OKO Bank Consolidated's total net income from financial operations amounted to EUR 161 million, with net income from debt securities trading EUR 17 million in the negative. Total net income from financial operations increased by EUR 10 million, and the net loss from debt securities trading was EUR 12 million higher than a year earlier.

The net income from financial operations excluding Treasury amounted to EUR 119 million. Due to the decreased general interest rate level and smaller customer margins in Retail Banking, net income from financial operations remained at the previous year's level even though the loan portfolio grew significantly.

The net income from financial operations in Treasury increased by EUR 10 million to EUR 43 million. The total profit from Treasury operations booked in net income from financial operations and net income from securities trading, including income from debt securities trading, amounted to EUR 25 million, compared to EUR 27 million in 2001.

Net income from trading in equities amounted to a profit of EUR 4 million, compared to a loss of EUR 11 million the previous year. This increase resulted, in particular, from the above-mentioned EUR 2 million profit from the sales of Pohjola shares. A year earlier, a EUR 13 million fall in prices was booked for the Pohjola shares. Unbooked appreciations of listed shares amounted to EUR 3 million at the end of the year, the same level as the year before.

Net income from foreign exchange operations increased to a good EUR 7 million, an increase of EUR 2 million from the previous year.

Dividend income amounted to EUR 13 million, or EUR 22 million less than a year earlier. Dividend income excluding Pohjola dividends totalled EUR 5 million, compared to EUR 6 million in 2001.

Net commission income amounted to EUR 55 million, or EUR one million less than a year earlier. Commissions on lending increased by 16 per cent, thanks to strong growth in the loan portfolio. On the other hand, net commission income on securities brokerage decreased by 23 per cent. The decrease was due to investors' uncertainty caused by the downtrend in stock prices, as well as intensified competition.

Net commission income € million	2002	2001	Change, %
From credits	12	10	16
From payment transfers	13	12	2
From securities brokerage	11	15	-23
From securities issuance	1	1	67
From asset management	9	9	-3
From guarantees	4	4	6
Other commission income	4	4	2
Total	**55**	**56**	**-2**

Other operating income amounted to EUR 19 million, a decrease of EUR 7 million on the figure a year earlier. Rental income and dividends from real estate holdings remained nearly at the previous year's level but the capital gains obtained on the sale of real estate diminished substantially. They totalled EUR one million, a decrease of EUR 4 million on the previous year.

Expenses net of commission expenses totalled EUR 130 million, up EUR 6 million or 5 per cent on the figure a year ago. Expenses increased in Retail Banking in particular.

Administrative expenses grew by 6 per cent. Staff costs accounted for more than half of the aggregate amount of EUR 96 million in administrative costs. They increased by approximately 15 per cent. However, the actual increase was 10 per cent, because staff costs for the comparison period were reduced by a reversal of EUR 2 million on a special liability made by the OKO Bank Group Pension Foundation, including avoir fiscal tax credits. The consolidated companies had an average payroll of 1,117 during the year, or a good 4 per cent more than a year earlier. At the end of the year, the number of staff was 1,093.

The amount of depreciation remained close to the previous year's level at EUR 11 million, with other operating expenses at EUR 23 million.

The share of the companies' results consolidated using the equity method was EUR 17 million negative, compared to EUR 2 million positive in the previous year. The consolidated earnings of Life Assurance Company Aurum amounted to EUR 20 million in the negative, down from a positive figure of EUR 0.5 million the previous year. The share of OP-Kotipankki Oyj's result was EUR one million and the share of the results of the other associated companies totalled EUR one million.

After appropriations, taxes and minority interest, the profit for the financial year was EUR 62 million.

BALANCE SHEET

The balance sheet total was EUR 12.7 billion, showing a slight increase since the end of last year. The balance sheet totals increased at the end of 2001, as liquid collateral assets were increased in connection with the introduction of the euro. The collateral assets were dissolved in the beginning of the year 2002. The loan portfolio increased strongly during the year, and the growth was primarily funded by reducing liquid funds.

Consolidated balance sheet € million	Dec. 31, 2002	Dec. 31, 2001	Change %
Credit stock	6 746	5 935	14
Claims on credit institutions	1 816	1 542	15
Debt securities	3 245	4 314	-25
Other assets	901	859	5
Total assets	**12 709**	**12 650**	**0**
Deposits from the public	1 926	1 958	-2
Liabilities to credit institutions and central banks	4 152	4 897	-15
Debt securities issued to the public	4 144	3 365	23
Other liabilities	1 853	1 812	2
Equity capital	633	618	2
Total liabilities	**12 709**	**12 650**	**0**

LENDING AND INVESTMENTS

The loan portfolio, including leasing assets, grew by 14 per cent to EUR 6.7 billion. The loan portfolio of Corporate Banking increased by 13 per cent, while the corresponding figure for Retail Banking increased by 17 per cent. The loan portfolio amounted to 53 per cent of the balance sheet total, compared to 47 per cent a year earlier.

Receivables from credit institutions increased to EUR 1.8 billion compared to the previous year's EUR 1.5 billion, mainly due to the growth of loans granted to the OKO Bank Group member banks. Receivables from member banks totalled EUR 1.3 billion, an increase of EUR 0.3 billion compared to the previous year. Receivables from credit institutions made up 14 per cent of the balance sheet total.

The amount of debt securities was EUR 3.2 billion, showing a decrease of EUR 1.1 billion since the end of 2001. Towards the end of last year, the amount of debt securities eligible for refinancing with central banks was increased as security lodged with the Bank of Finland for the pre-distribution of euros at the end of the year and advance returns of markka bank notes. These security portfolios were dissolved in the beginning of the year 2002. The proportion of debt securities in the balance sheet total decreased from 34 per cent to 26 per cent.

The amount of shares other than real estate shares was EUR 150 million at the end of the year, or EUR 10 million less than a year earlier. The largest item contributing to the decrease in share holdings was the sale of Pohjola shares in April.

Real estate holdings were further decreased during the year. The book value of properties and shares in real estate companies declined by EUR 2 million and was EUR 159 million at the end of the year. The amount of capital invested in real estate holdings diminished by EUR 6 million and was EUR 182 million. Capital invested in properties in the Bank's own use amounted to EUR 42 million. Capital invested in real estate holdings accounted for slightly more than one per cent of the balance sheet total at the end of the year.

DEPOSITS AND OTHER LIABILITIES

The strong demand for mutual funds and insurance savings products decreased the amount of customer assets in deposits. Deposits from the public decreased by 2 per cent to EUR 1.9 billion during the year. They accounted for 15 per cent of total assets.

Liabilities to credit institutions and central banks decreased by EUR 0.7 billion to EUR 4.2 billion. Of these liabilities, 77 per cent, or EUR 3.2 billion, consisted of deposits which the member banks placed with OKO Bank. The member banks' deposits with OKO Bank grew by slightly less than EUR 0.1 billion. The growth was due to increased cash reserve deposits. Liabilities to the Bank of Finland amounted to EUR 0.6 billion, compared to EUR 1.1 billion a year earlier. Liabilities to credit institutions and central banks amounted to 33 per cent of the balance sheet total at the end of the year.

Debt securities issued to the public amounted to EUR 4.1 billion at the end of the year, showing an increase of EUR 0.8 billion on the figure a year earlier. Certificate of deposit liabilities increased by EUR 0.4 billion to EUR 2.8 billion. In addition, debt securities issued within the Euro Commercial Paper programme increased by EUR 0.4 billion. The amount of bonds, however, remained at the previous year's level of EUR one billion. Debt securities issued to the public accounted for 33 per cent of OKO Bank's balance sheet total.

Subordinated liabilities amounted to EUR 0.4 billion, showing a decrease of EUR 0.1 billion from the previous year and making up 3 per cent of the consolidated balance sheet total. In June, OKO Bank issued a perpetual bond of EUR 50 million considered as part of upper Tier II funds. In September, the Bank prematurely repaid a perpetual bond of USD 135 million and a debenture of EUR 29 million. The Financial Supervision Authority had granted its approval in June and July. The Tier II funds do not include the debenture of USD 20 million, the premature repurchase of which the Financial Supervision Authority approved in the second quarter. Half of the amount had been repurchased by the end of the year. In September, OKO Bank issued a debenture of EUR 50 million considered as part of lower Tier II funds.

EQUITY CAPITAL

Equity capital at the end of the year stood at EUR 633 million, an increase of EUR 15 million since the end of the previous year. Distributable equity totalled slightly less than EUR 105 million.

OFF-BALANCE SHEET ITEMS

The amount of guarantees and other off-balance sheet commitments at the end of the year was EUR 3.2 billion, an increase of EUR 0.3 billion on the figure a year earlier. The amount of guarantees and guarantee commitments increased by EUR 0.1 billion or 10 per cent, amounting to EUR 1.2 billion at the end of the year. Unused standby credit facilities increased by EUR 0.2 billion or 17 per cent and amounted to EUR 1.6 billion at the end of the year.

Uncertainty in the financial markets remained heavy during the year. OKO Bank narrowed its interest rate risk primarily by means of interest rate swaps. The credit countervalue of derivative contracts grew to EUR 122 million, an increase of EUR 47 million since the end of the previous year.

CAPITAL ADEQUACY

OKO Bank Consolidated's capital adequacy ratio was 11.1 per cent, or 1.7 percentage points lower than a year earlier. The utilisation of capital was improved by planned decreases in Tier II funds. The amount of Tier II funds decreased by EUR 55 million.

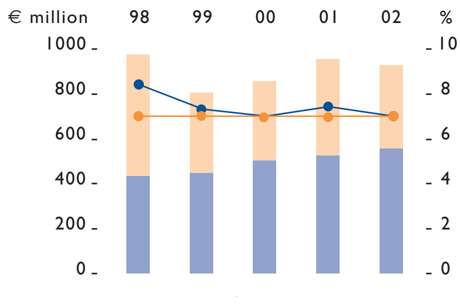
The Tier I ratio was 7.0 per cent, which corresponds to OKO Bank Consolidated's long-term target level. The amount of Tier I funds increased by EUR 31 million. The profit for the financial period has been deducted by the dividends corresponding to the Executive Board's proposal.

Risk-weighted commitments increased by 12 per cent during the year.

The capital adequacy ratio at the end of 2000 was 11.4 per cent; at the end of 1999, 12.5 per cent and at the end of 1998, 16.2 per cent.

The OKO Bank Group's capital adequacy ratio increased to 15.2 per cent from 15.1 per cent at the end of the previous year. The corresponding figure in 2000 was 13.7 per cent; in 1999, 12.4 per cent and in 1998, 12.2 per cent.

€ million	Dec. 31, 2002	Dec. 31, 2001
Own funds		
Tier I	561	530
Tier II	366	421
Deductions	-33	-36
Total	**894**	**915**
Risk-weighted receivables, investments and off-balance sheet items	8 039	7 150
Capital adequacy ratio, %	11.1	12.8
Tier I ratio, %	7.0	7.4



Own funds and capital adequacy

EXPOSURE

RISK BEARING ABILITY

The risk bearing ability at the end of the year complied with the target level, even though risk-weighted commitments increased by 12 per cent from the previous year.

Risk management and control is described in detail on pages 18 – 26 of the financial statements.

CREDIT RISK EXPOSURE

The total exposure including on-balance sheet and off-balance sheet items at the end of 2002 amounted to EUR 15.4 billion, an increase of 2 per cent from the previous year. The exposure in public sector entities, as well as financial and insurance institutions decreased significantly in comparison with the end of 2001, when preparations were made to introduce the euro.

Off-balance sheet items accounted for EUR 3.5 billion of total exposure. Off-balance sheet items consisted mainly of guarantees, unused credit facilities, undrawn loans and the credit equivalent of derivative contracts.

Total exposure by customer group

	Dec. 31, 2002		Dec. 31, 2001	
Customer group	**€ billion**	**%**	**€ billion**	**%**
Corporates	6.4	42	5.6	37
Finance and insurance	3.6	23	3.8	25
Private customers	1.7	11	1.5	10
Non-profit institutions	1.1	7	1,0	6
Public entities	0.7	5	1.6	11
Other	1.8	12	1.5	10
Total	**15.4**	**100**	**15.1**	**100**

The customer categorisation of total exposure has been defined more specifically. Non-profit entities now include not only housing corporations but also the property management liabilities of housing estates. In this respect, the customer grouping differs from the sector-based division used in reporting to the authorities. The information for the benchmark year has been adjusted correspondingly.

The bulk of the total exposure, 42 per cent, consisted of corporate exposure. Credit risk related to corporate customers arises from financing services offered to businesses, as well as from money market, capital market and foreign exchange dealing services.

Total corporate exposure grew by EUR 0.8 billion from the end of the previous year, increasing by 15 per cent. Large corporate customers with good credit ratings made up a significant part of the increase in corporate exposure.

Large-customer exposure increased by EUR 0.7 billion compared to the previous year. It amounted to EUR 2.3 billion at the end of 2002, corresponding to 258 per cent of the own funds. Large-customer exposure arose from 18 customer corporations, and their aggregate exposure amounted to 36 per cent of total corporate exposure. Large-customer exposure stems from the corporate customers whose exposure exceeds 10 per cent of the own funds. The own funds at the end of 2002 amounted to EUR 894 million.

OKO Bank's credit risk policy requires that a single industry may not account for more than 18 per cent of total corporate exposure.

Corporate claims and commitments by industry	**Dec. 31, 2002**	**Dec. 31, 2001**
Industry	**%**	**%**
Metals industry	16	14
Forest industry	13	13
Construction	12	11
Retailing and wholesaling	10	11
Food industry	9	9
Other industry	8	7
Energy production	6	7
Transportation	5	5
Services	5	4
Realestate management	4	4
Communications and electronics	4	4
Communications and publishing	3	5
Other	5	6
Total	**100**	**100**

The share of exposure to the metals industry increased by 2 percentage points compared to the previous year. No other material change occurred in the breakdown of corporate exposure by industry during 2002. The four largest industries remained the metals industry, the forest industry, construction, as well as the retailing and wholesaling. The relative proportions of other industries were less than 10 per cent of the total corporate exposure. Exposure in the communications and electronics industry amounted to approximately EUR 250 million, or 4 per cent of total corporate exposure.

The largest industry was the metals industry, where 60 per cent of the exposure originated in businesses with a credit rating of 1 to 4 (corresponding to the international rating agencies' definition of an investment-grade company). The two weakest credit ratings amounted to 0.1 per cent of the sector's exposure.

Total corporate exposure by credit rating

OKO Bank's credit rating	S&P rating	Dec. 31, 2002 € billion	%
1 – 2	AAA – A-	0.1	2
3 – 4	BBB+ – BBB-	2.7	42
5 – 6	BB+ – BB	1.6	25
7 – 8	BB- – B+	1.0	15
9 – 10	B – C	0.3	5
11 – 12	D	0.0	0
Unclassified		0.7	11
Total		**6.4**	**100**

Judged by credit rating, companies with ratings in the range 1 to 4 accounted for EUR 2.8 billion, or 44 per cent of total corporate exposure. Exposure to the companies with the two weakest ratings (11 and 12) amounted to EUR 15 million, or 0.2 per cent of total corporate exposure.

The bulk of the total amount of unclassified exposure, totalling EUR 0.7 billion, consisted of loans granted to small entrepreneurs and real-estate companies. Unclassified corporate exposure also includes exposure to companies whose parent company has an internal rating and has granted a guarantee for its subsidiary's exposure. In the table above, such exposure is included in unclassified exposure, even though from the perspective of risk, they should belong to the rating classes of their parent companies.

Companies with the best credit ratings often have exposure without collateral security, but in this case, active use is made of covenants protecting the lender's position.

According to the credit risk policy, financing for companies with the weakest credit ratings has been limited by setting a ceiling for the collateral shortfall. Companies with these credit ratings can be financed on a case-by-case basis if collateral security is provided.

Financial institutions are a major trading counterparty on the money, foreign exchange and capital markets. The credit risk associated with financial and insurance institutions arises from deposits given and from investments in securities issued by financial and insurance institutions. The share of financial and insurance institutional clients in total exposure at the end of 2002 was EUR 3.6 billion, or 23 per cent.

Credit risk for private customers is mainly associated with the operations of Okopankki Oyj. At the end of 2002, exposure to private customers amounted to EUR 1.7 billion, or 11 per cent of total exposure. Exposure to private customers grew by EUR 0.2 billion from the end of 2001, increasing by 19 per cent. Most of the exposure to private customers consisted of housing loans.

Exposure to non-profit institutions grew by 11 per cent from the previous year. 89 per cent of the exposure to non-profit institutions consisted of liabilities for housing corporations and non-profit builders.

Exposure to public sector entities decreased by EUR 900 million from the end of the previous year. Public sector entities accounted for 5 per cent of total exposure, compared to 11 per cent a year earlier.

The group "Other" includes exposure to member cooperative banks and the OKO Bank Group Central Cooperative institutions, which increased by EUR 0.3 billion compared to the end of 2001.

Country risk arises from investments and liabilities abroad. Most of the country risk consists of deposits in foreign banks and investments in foreign bonds and notes. Trade financing and payment transfers account for a minor portion of country risk.

Primary country risk, excluding Finland, totalled EUR 1.3 billion at the end of 2002. Exposure belonging to the two best country risk categories (1 and 2) amounted to 98 per cent, as opposed to 96 per cent a year earlier.

Primary country risk by group

Country risk group	Moody's rating	Dec 31, 2002 € million	%	Dec 31, 2001 € million	%
Group 1	Aaa	1 260	93	932	83
Group 2	Aa1 – A3	80	6	154	14
Group 3	Baa1 – Baa3	3	0	33	3
Group 4	Ba1 – B3	17	1	9	1
Group 5	Caa1 – C	2	0	1	0
Total		**1 362**	**100**	**1 129**	**100**

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

The amount of non-performing and non-interest-bearing receivables at the end of 2002 was EUR 16 million. This corresponds to a decrease of EUR 3 million from the end of the previous year. Non-performing and non-interest-bearing receivables accounted for 0.2 per cent of loan and guarantee portfolio at the end of 2002. The corresponding figure a year earlier was 0.3 per cent.

New loan and guarantee losses and credit loss provisions were booked for EUR 6 million, a decline of EUR 2 million from the previous year. EUR 1 million of these had previously been booked as compulsory provisions. The total amount of loan loss reversals and dissolved credit loss provisions was EUR 8 million. The net impact of loan and guarantee losses on earnings was positive, totalling EUR 2 million or, EUR 2 million less than in 2001. Credit loss provisions decreasing the amount of the receivables totalled EUR 27 million at the end of 2002.

In 2002, the net amount of loan and guarantee losses was -0.7 per cent of fiscal income and -0.02 per cent of the loan and guarantee portfolio, whereas the corresponding figures a year earlier were -1.5 per cent of fiscal income and -0.1 per cent of the loan and guarantee portfolio.

The credit risk exposure has remained at a favourable level. Loan losses are not expected to grow significantly in 2003 unless there are unforeseeable changes in the business environment or the financial position of our customers. This estimate is based on the low amount of problem loans, adequate diversification of the total exposure among customer groups and good distribution of total corporate exposure among different industries, with the focus on investment-grade companies.

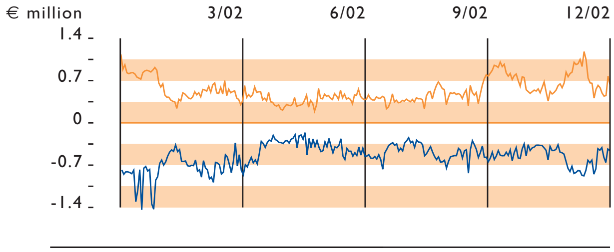
MARKET RISK EXPOSURE

The market risks remained at relatively moderate levels for the entire year. The benefit gained from risk diversification, also known as the portfolio effect, was significant.

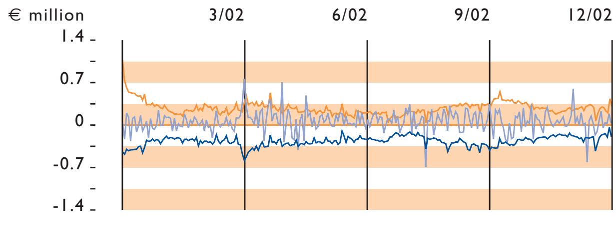
Indirect market risks also arise from the exposure of our affiliate Aurum, which are not included in the figures under review.

The sale of Pohjola shares resulted in a decrease of EUR 0.47 million in the VaR figure, indicating a reduction of OKO Bank’s equity market risk and a decrease of EUR 0.3 million in the overall VaR figure.

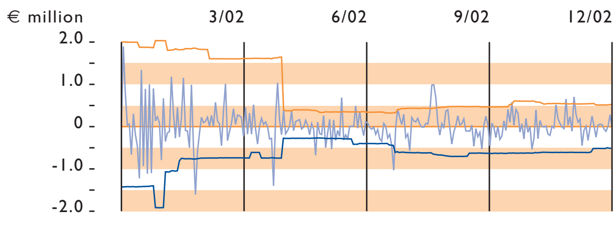
The market value of equities booked under current assets was EUR 25 million. The three largest industries with their relative proportions were: metals industry (18 per cent), food industry (14 per cent) and forest industry (12 per cent).



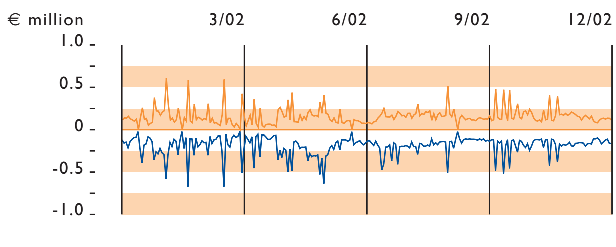
VaR on Interest Rate Exposure
Quantile 97.5% VaR (2.5%)



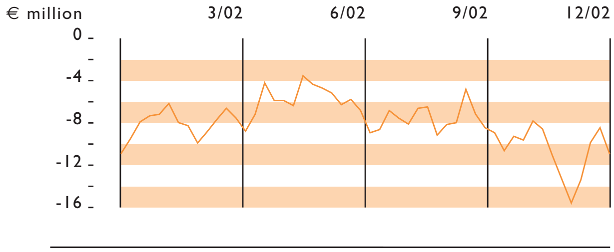
VaR on Interest Rate Risk in Banking Book
Quantile 97.5% Backtest VaR (2.5%)



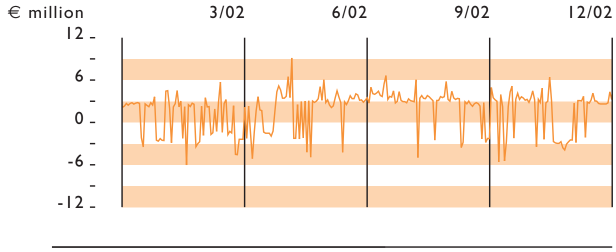
VaR on Equity Exposure
Quantile 97.5% Backtest VaR (2.5%)



VaR on Currency Exposure
Quantile 97.5% VaR (2.5%)



OKO Bank´s interest rate risk on euro exposures



OKO Bank´s overall net foreign currency exposure

Stock market continued to decline for the second year in a row. Despite difficult market conditions, OKO Bank's equity portfolio generated a positive result.

At the end of 2002, OKO Bank's investments in venture capital funds totalled EUR 17 million, in addition to which there were EUR 16.6 million of binding investment commitments.

Market interest rates declined by slightly less than one percentage point during 2002 on average. The balance sheet comprises items that are marked to market, and the interest rate risk is managed in terms of total exposure. Deposits from the public accounted for 15 per cent and the current accounts for less than 8 per cent of the balance sheet. The effect of the associated interest rate risk on net income from financial operations was fairly minor.

The total value of the underlying instruments behind derivative contracts was EUR 18.9 billion at the end of the year. There was a significant boost in the use of short-term interest rate swaps as the volatility of the fixed income markets increased. The amounts of derivative contracts and their credit equivalent amounts are disclosed in Note 50 to the financial statements.

OKO Bank's overnight foreign exchange position and the associated risk were relatively small throughout the year. The financial performance of foreign exchange dealing was good and it was based primarily on intraday trading.

In the options sector, market risks were not taken, but risks arising from customer operations were fully hedged.

OKO Bank Consolidated's Market Risks

€ million	Dec. 31, 2002	On average 2002	Standard deviation
Interest Rate Risk*)	11.1	8.9	2.4
- of which ALM	7.6	6.3	0.6
Market value of equity position	25.1	32.4	15.8
Net currency exposure	3.2	3.1	0.4

*) The effect of 100 bp interest rate movement on the present value of future cashflows. Currencies added up in absolute values.

OKO Bank's Market Risk (VaR)

€ million	Dec. 31, 2002	VaR on average 2002	VaR standard deviation
Total VaR	-0.48	-0.72	0.27
Interest Rate Risk	-0.42	-0.51	0.20
- of which ALM	-0.20	-0.27	0.08
Equity exposure	-0.51	-0.68	0.33
Currency exposure	-0.01	-0.02	0.01
Portfolioeffect	*0.47*		

Capital invested in leasable properties decreased by EUR 4 million during the year, totalling EUR 140 million. Real-estate risks are considered minor.

FUNDING RISK EXPOSURE

Funding risk exposure remained healthy. The EUR 0.8 billion increase in the loan portfolio was primarily funded by decreasing liquid reserves and with increased deposits from member banks. OKO Bank's cash reserves at the end of 2002 amounted to EUR 2.9 billion, while the minimum reserve level of the OKO Bank Group was EUR 2.7 billion.

At the end of the year, OKO Bank had a total of EUR 2.7 billion in ECP and EMTN facilities at its disposal.

OKO Bank's increased credit ratings have further enhanced the competitiveness of funding on international markets.

The maturity breakdown of the main asset items is presented in Note 42 to the accounts, with account balances and cash reserve deposits by the member banks assigned to the shortest maturity class, even though they behave similarly to longer-term debt. Debt securities included in trading portfolios are presented in accordance with the maturity date of the debt security, even though they are liquid assets.

OPERATIONAL RISKS

A policy on operational risks was prepared during 2002. A self-assessment method for identifying risks was created. The method is used for evaluating the impact and probability of risks.

The contingency plans, information technology recovery plans and major risk insurance policies covering the primary risks were updated.

The impact of operational risks which materialised in 2002 on earnings was very minor.

JOINT RESPONSIBILITY

OKO Bank is a subsidiary of the OKO Bank Group Central Cooperative, which is based on the OKO Bank Group's co-operation model. The Central Cooperative with its subsidiaries and 243 member cooperative banks form the amalgamation of the cooperative banks. Under the co-operation model, the resources of the OKO Bank Group serve as a safety net for all the member banks because under the Cooperative Bank Act, the Central Cooperative and its member credit institutions are jointly responsible for one another's liabilities and commitments which cannot be met from the funds of the Central Cooperative or one member credit institution. If a member credit institution's own funds are depleted by losses such that its operations cannot be sustained, the Central Institution of the amalgamation, the OKO Bank Group Central Cooperative, has the right to collect supplementary payments from the member credit institutions in proportion to their most recently confirmed balance sheets.

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

DEPOSIT AND INVESTMENT PROTECTION

Under the Deposit Protection Fund Act the deposit banks must belong to the Deposit Protection Fund. In respect of deposit protection the deposit banks belonging to the OKO Bank Group are considered as a single bank and depositors' claims on the member banks of the OKO Bank Group are compensated from the Deposit Protection Fund up to a maximum amount of EUR 25 000. The deposit banks within the OKO Bank Group are the member cooperative banks, OKO Bank, Okopankki Oyj and OP-Kotipankki Oyj.

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

A CHANGE IN OKO BANK CONSOLIDATED'S STRUCTURE

OP-Finance Ltd merged with OKO Bank on 31 December 2002. The merger did not have any effect on the consolidated income statement and balance sheet. OKO Bank's balance sheet includes the assets and liabilities transferred from OP-Finance, so the balance sheet of OKO Bank is not fully comparable with the 2001 balance sheet. The merger gain of EUR 0.6 million was recorded in extraordinary income on the income statement of OKO Bank.

EVENTS AFTER THE FISCAL YEAR

In February 2003, OKO Bank decided to decrease its holdings in Aurum from 49.9 per cent to 15 per cent. The sale will improve OKO Bank Consolidated's operating profit for the current year by slightly more than EUR 50 million.

OUTLOOK

The economic outlook for 2003 resembles that of the previous year. The operating environment for banks is estimated to remain unchanged.

The outlook for OKO Bank's business operations is stable. The operating profit is estimated to be higher than in 2002.

THE PARENT BANK OKO BANK

OKO Bank's operating profit for 2002 was EUR 94 million, a decrease of EUR 4 million on the previous year. Net income from financial operations was 11 per cent higher than the previous year. OKO Bank's investments in Pohjola Group shares improved the operating profit by nearly EUR 10 million. In the previous year, the net income from these investments was EUR 13 million in the negative. The amount of dividends from subsidiaries and associated companies including avoir fiscal tax credits decreased by nearly EUR 13 million compared to 2001. Expenses increased by a good 7 per cent. The impact of loan losses on earnings was EUR 3 million in the positive, compared to a positive impact of EUR 6 million in the previous year.

The balance sheet total was EUR 10.9 billion, an increase of EUR 0.1 billion on the previous year. The corporate and institutional loan portfolio increased by EUR 350 million or almost 12 per cent. In addition, the merger of OP-Finance Ltd with OKO Bank increased the loan portfolio by EUR 1.1 billion on the last day of the year. At the same time, EUR 256 million worth of leased assets were moved to the balance sheet of OKO Bank. OKO Bank's EUR 1.2 billion receivables from OP-Finance were removed from receivables from credit institutions due to the merger. However, receivables from credit institutions only decreased by EUR 0.5 billion, because OKO Bank's receivables from other credit institutions within the OKO Bank Group increased by more than EUR 0.5 billion. The amount of debt securities decreased by EUR 1.1 billion to EUR 3.1 billion, because the amount of debt securities was increased towards the end of 2001 as security lodged with the Bank of Finland for the pre-distribution of euros and advance returns of markka bank notes. The only significant changes in the structure of funding were a decrease of more than EUR 0.7 billion in liabilities to credit institutions and an increase in debt securities issued to the public by almost the same amount.

OKO Bank's equity capital at the end of the year stood at EUR 530 million, an increase of EUR 6 million since the end of the previous year. The amount of distributable equity was EUR 166 million. OKO Bank Consolidated's distributable equity capital, which limits the dividend that OKO Bank can pay out, was EUR 104.5 million.

OKO Bank's capital adequacy ratio was 12.4 per cent, whereas at the end of the previous year it was 15.8 per cent. Tier I capital adequacy ratio decreased from 9.2 per cent to 8.1 per cent. The decrease was due to an increase in risk-weighted items by more than EUR 1.6 billion, amounting to nearly EUR 6.9 billion. Most of the growth was due to items transferred to OKO Bank's balance sheet in the OP-Finance merger. The amount of own funds grew by EUR 31 million to EUR 854 million. At the end of 2000 OKO Bank's capital adequacy ratio was 13.8 per cent. In 1999 and 1998 the corresponding figures were 15.1 and 19.5 per cent.

SHARE CAPITAL AND SHARE SERIES

OKO Bank's share capital at the end of the year stood at EUR 196.4 million, or the same amount as a year ago. The shares are divided into Series A and Series K shares. Series A shares are intended for private investors and are listed on Helsinki Exchanges. Series K shares can be owned solely by entities belonging to the OKO Bank Group. At general meetings of shareholders each Series A share entitles its holder to one vote and each Series K share to five votes. The Series A shares entitle to annual distribution of profits amounting to a minimum of one percentage point higher than the dividend paid on Series K shares.

OKO Bank's Articles of Association contain a conversion clause according to which a Series K share can be converted, at the request of a shareholder, into a Series A share. In 2002 a total of 462,180 Series K shares were converted into the same number of Series A shares. At the end of the year, Series A shares represented 76.3 per cent of all shares outstanding.

The A options of the 1999 share option programme were listed on the Helsinki Exchanges starting on October 1, 2002. One-half of all the options in the stock option scheme, a total of 2,080,800 options, became subject to public trading. By the end of the year, 414,830 Series A shares in OKO Bank were subscribed using the options. These shares were registered in the Trade Register on January 17, 2003 and entitle to full dividend for the year 2002. The subscription price was EUR 7.92 per share. After the registration, OKO Bank's share capital is EUR 198.2 million or a good EUR 1.7 million higher than at the end of 2002. In addition, more than EUR 1.5 million was booked in the share premium fund.

OKO Bank did not hold any of its own shares at the end of the year, and the general meeting of shareholders has not granted any authorisation for the purchase of own shares.

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

SHAREHOLDERS

OKO Bank had 24,996 registered shareholders at the end of the year. The largest shareholder was OKO Bank's parent institution, the OKO Bank Group Central Cooperative, which held 41.3 per cent of OKO Bank's shares and 57.6 per cent of the voting rights. The OKO Bank Group Central Cooperative and the member banks held 19.3 million shares or 54 per cent of the 35.6 million shares in Series A.

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

STOCKHOLM BRANCH OFFICE AND REPRESENTATIVE OFFICES

OKO Bank's branch office in Stockholm has concentrated on payment transfer and financing services of Finnish companies in Sweden. During the year, OKO Bank investigated alternative ways to serve Finnish corporate customers in Sweden. Based on these investigations, the Bank decided to close its Stockholm branch office by June 30, 2003. OKO Bank has entered into an agreement with the Swedish FöreningsSparbanken/ Swedbank. Swedbank will provide services to OKO Bank Group's corporate customers in Sweden.

OKO Bank has representative offices in St Petersburg and Tallinn.

ADMINISTRATION

OKO Bank's Annual General Meeting held on March 21, 2002, approved the annual accounts for 2001. Release from liability was granted to the members and deputy members of the Supervisory Board and the Executive Board, as well as to the President. In accordance with the proposal of the Executive Board, a decision was made to pay a dividend of EUR 1.10 on each Series A share and EUR 1.05 on each Series K share.

In accordance with the Articles of Association, the Annual General Meeting elected new members of the Supervisory Board. At its meeting, held on the same day, the Supervisory Board re-elected Mr. Seppo Penttinen as its chairman and likewise re-elected Mr. Paavo Haapakoski as its vice-chairman.

The regular auditors elected for the 2002 financial year were the firm of authorised public accountants KPMG Wideri Oy Ab and Mr. Raimo Saarikivi, Authorised Public Accountant; Mr. Petri Hämäläinen, Authorised Public Accountant, was elected deputy auditor.

EXECUTIVE BOARD

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

ACCOUNTING POLICIES

The annual accounts of OKO Bank and OKO Bank Consolidated have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree of December 31, 2002, concerning the parent company and consolidated annual accounts of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision, which came into force on June 30, 1998.

EXTENT OF THE CONSOLIDATED ANNUAL ACCOUNTS

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

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

CONSOLIDATION

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

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

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

ITEMS DENOMINATED IN FOREIGN CURRENCY

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

RECEIVABLES AND LIABILITIES

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

SECURITIES HELD AS CURRENT ASSETS

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

Gains and losses on the transfer of securities held as current assets as well as changes in write-downs are entered in net income from securities transactions. The difference between the acquisition cost and nominal value of debt securities other than those that are actively traded is periodised as interest income or as a reduction in it over the remaining maturity.

SECURITIES HELD AS FINANCIAL FIXED ASSETS

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

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

SECURITIES REPURCHASE AND RESALE AGREEMENTS

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

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

TANGIBLE AND INTANGIBLE ASSETS

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

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

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

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

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

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

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

DERIVATIVE CONTRACTS

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

Changes in the value of derivative contracts taken out for hedging purposes have not been booked, because the opposite-signed changes in the value of the hedged balance sheet items have neither been booked in the profit and loss account. The income, expenses and changes in value of interest rate, currency and equity derivatives taken out for purposes other than hedging have been entered in the profit and loss account item “Net income from securities transactions and foreign exchange dealing”. The items entered in the balance sheet for derivative contracts taken out for non-hedging purposes have been entered in Other assets or Other liabilities.

NON-PERFORMING CLAIMS

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

LOAN AND GUARANTEE LOSSES

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

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

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

EXTRAORDINARY ITEMS

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

PENSION EXPENDITURES

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

COMPULSORY PROVISIONS

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

TAXES

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

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

PRINCIPLES OF RISK MANAGEMENT

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

The task of risk management is to identify the threats and opportunities that affect the implementation of the strategy. The objective of risk management is to support the achievement of the targets set in the strategy and to control that the risks are in proportion to the risk bearing capacity.

ORGANISATION OF RISK MANAGEMENT

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

The Executive Board decides on the goals and organisation of risk management, confirms the risk management strategy and risk policies and oversees the implementation of risk management. The Executive Board also approves the decision-making system and decision-making authorisations.

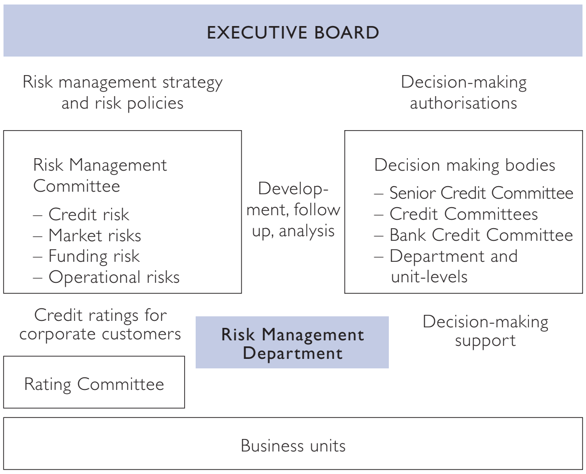
The Risk Management Committee reports to the Executive Board and is in charge of co-ordinating and overseeing the principles and operational policy lines of risk management as a whole. The Risk Management Committee is chaired by an OKO Bank Executive Board member, who has responsibility for Risk Management, Operations and Processes, and to whom the Risk Management Department reports.

The task of the Risk Management Department is to develop and implement integrated risk management within OKO Bank. The Risk Management Department oversees and reports on the development of risk bearing capacity and the observance of risk management policies. In addition, the department is responsible for preparing and maintaining the decision-making authorisations and the operational guidelines associated with risk management. In the credit approval process, the Risk Management Department supports decision-making and controls quality.

The Rating Committee is responsible for determining credit ratings for corporate customers, whose actual or planned exposure exceeds EUR 5 million. The Rating Committee may also determine credit ratings for smaller corporate customers. The members of the Rating Committee are appointed by the Risk Management Committee.

The Senior Credit Committee, operating within the framework of the authorisations confirmed by the Executive Board, takes exposure limit and credit approval decisions concerning customer, bank and country risks. The Senior Credit Committee is chaired by OKO Bank's President.

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

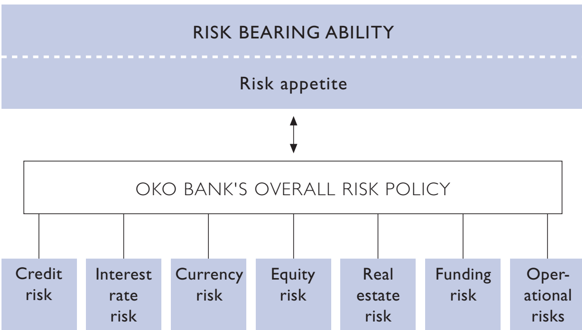


The business units have primary responsibility for customer relationships and risk-taking. A unit has the right to take credit, market and funding risks within the framework of the approved authorisations and limits and in accordance with the risk policies.

RISK MANAGEMENT STRATEGY

The central task of risk management strategy is to define the principles of risk management, the risk bearing ability and the risk appetite. The risk management strategy is reviewed annually.

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



RISK BEARING ABILITY

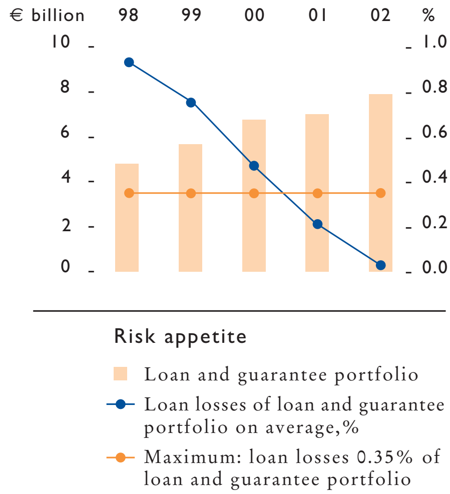
Risk bearing ability refers to the amount of own funds in proportion to risk-weighted commitments. OKO Bank's capital adequacy target as calculated with Tier I own funds is 7.0 per cent on average.

The risk bearing ability is formulated in a contingency plan describing sensitivity analysis and the target values for risk bearing ability. The contingency plan is reviewed annually and also includes alternative measures for different scenarios, as well as calculations on the effect of these measures on own funds and risk-weighted commitments.

RISK APPETITE

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

The risk profile is defined by calculating the risks in proportion to income. The target is that the average net amount of loan losses and reserves over the trend cycle should not exceed 10 per cent of the annual income, or 0.35 per cent of the loan and guarantee portfolio. The target is that market risks (including interest rate risks, foreign exchange risks and equity market risks) should not exceed 5 per cent of the estimated annual income.



RISK POLICIES

Risk-taking is guided by annually formulated risk policies.

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

The overall risk policy is supplemented with policies for specific types of risk, which are credit, interest rate, foreign exchange, equity market, real-estate and funding risk policies, as well as the operational risk policy.

The risk-specific policies set forth the maximum allowable risks, the principles concerning the composition and diversification of exposure, as well as the risk and return targets.

Specific credit risk policies have been prepared for three types of customers: corporate customers, financial and insurance institutions and private customers. In addition to these, a country risk policy has been formulated.

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

RISK MONITORING AND REPORTING

The task of risk monitoring is to oversee compliance with the risk management strategy and the risk policies. The central task of risk reporting is to measure and analyse OKO Bank's risk exposure and its development in order to support decision-making.

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

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

MANAGING CREDIT RISK

Credit risk means risk due to the inability of the Bank's contract parties to meet their agreed obligations in cases where the collateral does not protect the Bank's receivables. Credit risk comprises counterparty risk, country risk and settlement risk. Country risk is a credit risk related to foreign receivables on a country-by-country basis. Settlement risk relates to the clearing and settlement process and involves the risk of losing a receivable that is subject to settlement.

The objective of credit risk management is to confine the negative earnings impact of credit risks arising from customer exposure to an acceptable level whilst seeking to optimise the risk/return ratio. Credit approval and the quality of the credit approval process occupy a central position in the management of credit risks. The credit process is guided by confirmed credit risk policies, decision-making authorisations and operating guidelines.

A key aspect of managing settlement risk is to ensure the reliability of counterparties. The aim is to reduce settlement risk by using standard-form agreements, as well as by centralising the handling of settlement in reliable clearing centres.

The Bank seeks to reduce credit risk through diversification of the loan portfolio, as well as by defining collateral and covenant policies on a customer-specific basis. The taking of credit risk is also limited by the large-customer exposures defined on the basis of own funds, as well as by employing the existing limit system. OKO Bank does not use credit derivatives or asset securitization.

CREDIT RISK POLICY

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

Growth targets have been set for the industry-specific exposure within the credit risk policy. The purpose of these targets is to ensure that total corporate exposure is diversified across a sufficient number of different industries. The industry-specific targets are reviewed annually. Country risk policy provides for diversifying risk by setting maximum amounts on the exposure in individual groups of countries.

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

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

CREDIT RISK LIMITS

For most corporate and institutional clients, as well as countries, a limit on total exposure has been confirmed, as well as a risk-taking policy for short and long-term liabilities.

The country limit is a euro-denominated ceiling for country risk on OKO Bank receivables from a given country. The amount of the country limit for each country and any related time limitation are defined in accordance with the country's credit rating and OKO Bank risk bearing ability such that it supports the approved business principles. Country limits are reviewed at least once a year.

The exposure limit is a euro-denominated ceiling on customer-specific exposure, which is annually confirmed by OKO Bank's Executive Board or Senior Credit Committee for those corporate customers whose actual or planned exposure exceeds EUR 5 million. Financing and limit proposals for exposure under EUR 5 million are dealt with by lower-level decision-making bodies.

The financial institution limit is approved by OKO Bank's Executive Board or Senior Credit Committee and is a euro-denominated counterparty limit specified by time period, defining the framework for conducting business with financial institutions. It is a condition for the establishment of a limit that the financial institution is located in a country for which a country limit has been approved. The financial institution limits are reviewed annually.

CREDIT APPROVAL PROCESS

The credit approval process is arranged such that proposals, decision-making, execution and oversight are discrete processes. Account managers prepare and present all exposure limit proposals, limit proposals and financing proposals to the decision-making bodies.

The credit approval decision is based on credit analysis, which includes a report on the credit applicant, the credit previously granted to the customer and the related collateral. A credit proposal for a corporate customer also includes the collateral and covenant policy for short and long-term exposure, an analysis of the customer's creditworthiness, as well as a forecast of the trend in the customer's financial status. For corporate customers, a financial statement analysis is always attached to the proposed exposure limit, and for new corporate customers, there is often also a corporate analysis.

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

A country's credit rating involves an assessment on the basis of a credit rating agency's rating, the financial indicators describing the country's economic and political status, as well as other information concerning the country. Countries are divided into five country risk categories on the basis of their Moody's credit rating. The credit rating of countries in Category 1 is Aaa. Category 2 includes countries with a credit rating of at least A3. Category 3 includes those countries to which Moody's assigns a credit rating of at least Baa3, or the lowest Investment Grade. Category 4 includes countries defined as being relatively high-risk countries. Category 5 includes countries that are defined as being very high-risk countries or for which there is no credit rating.

The evaluation of corporate customer creditworthiness was updated during the year under review by implementing a 12-step internal credit rating system. The two weakest credit ratings are reserved for default companies - that is, customers with severe payment defaults, customers subject to corporate restructuring and customers declared bankrupt. The target of the new credit rating system is to divide corporate customers into credit rating categories on the basis of the customer's repayment ability in such a way that the rating fulfils the requirements for risk management and the criteria set for internal rating models by the new capital adequacy framework (Basel II).

The Rating Committee is responsible for determining internal credit ratings for all corporate customers whose actual or planned exposure exceeds EUR 5 million.

The internal credit rating is based on the historical and predicted values of numerical indicators, as well as qualitative indicators. If the company also has a public credit rating, this is used as one factor in assessing creditworthiness. The internal credit rating of small companies is based on analysed financial statements and payment history.

The internal credit ratings are matched to the credit ratings defined by an external rating agency (Standard & Poor´s) on the basis of average one-year probabilities of default calculated over a long period of time. The internal credit rating is used in the pricing of exposure, the credit approval process and the calculation of risk adjusted capital requirements.

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

The creditworthiness of private customers is assessed on the basis of a financial assessment, which takes into account factors such as the customer's disposable income, loan repayment expenses and collateral, as well as the estimated changes in them.

MEASURING, MONITORING AND REPORTING CREDIT RISK

Credit risk is measured on a customer-specific basis in terms of total exposure and uncovered exposure calculated as the difference between exposure and collateral value. The amount of credit risk is also measured using weighted collateral shortfall calculated by multiplying the customer-specific uncovered exposure with the probability of default corresponding to the customer's credit rating. In addition, the Bank uses as indicators of credit risk the proportion of problem loans and past due loan payments of loan and guarantee portfolio, as well as the proportion of loan losses to income and the loan and guarantee portfolio.

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

Customer payment history, past due payments and problem loans are monitored continuously on the basis of information obtained from both OKO Bank's internal monitoring service, as well as from external services.

In the event that OKO Bank wants to examine the development of its customers' financial status, amount of credit risk and payment history in more detail, the customer in question is placed on special watch. This often means that the credit approval decision is made by a higher-level decision-making body. Furthermore, the need to change the customer's credit rating, the probability of a loan loss, as well as the need to create a credit loss provision are assessed in the same context.

The exposure limits of corporate customers and the total exposure limits of corporate financial institutions are monitored in the credit approval process. Credit approval decisions are also overseen in decision-making bodies that always submit their decision protocols to the next decision-making level for information.

Reporting on credit risks is centralised within the Risk Management Department. Observance of the credit risk policy is assessed in a risk analysis that analyzes the development of the amount and quality of total exposure, as well as problem loans.

The use of limits as well as any overdrafts is reported regularly. In addition, the Risk Management Department prepares analyses by industry, loan and investment portfolio.

MANAGING MARKET RISKS

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

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

For market risks related to interest rates, currency rates, equity markets and real-estate risks, OKO Bank has formulated risk policies defining the principles and limits concerning the composition and diversification of exposure. The purpose of risk policies is to ensure that OKO Bank does not incur excessively large market risks in relation to its risk tolerance. Interest rate risk is diversified across currencies, products and maturities. Foreign exchange risk is hedged on a currency-specific basis. Equity and venture capital investment risk is diversified by market area, industry and issuer. Within venture capital investments, the diversification of risk is managed in accordance with the regulations of each fund.

Market risks are involved in both trading and treasury management. Trading operations are based on active short-term trading and management of market risks.

The task of treasury management is to manage both the credit and interest rate risk of the Bank's investment operations and the interest rate risk arising from OKO Bank's loan and deposit portfolio, as well as other components of the balance sheet.

A central position in the management of market risks is occupied by continuous analysis of the structures of risk positions and the markets, as well as forecasting of the effects of changes in the markets on the Bank's exposure and result. Efficient management of market risks calls for timely and correct information on exposures and markets, as well as a fast response to changes in the markets. Market risks are managed by adjusting the risk position through both balance sheet and derivative instruments. Interest rate and foreign exchange derivatives are actively used.

MEASURING, MONITORING AND REPORTING MARKET RISKS

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

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

The VaR model is based on the historical behaviour of interest rates, as well as foreign exchange rates and stock prices. The model estimates the change in the market value of exposures over a one-day holding period, which means the time that is needed to unwind the position or cover the risk. The model provides a loss forecast, according to which the probability of the loss being less than or equal to the forecast is 97.5 per cent.

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

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

The risks of positions are also estimated by means of scenario analysis based on different market situations.

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

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

INTEREST RATE RISK

Interest rate risk arises from the fact that the maturities, interest rate reset dates and reference rates of balance sheet and off-balance sheet items differ from each other. Interest rate risk materialises in trading as a change in the market value of securities. As far as treasury management is concerned, interest rate risk materialises as a change in the net financial income.

Within OKO Bank, only separately defined units are allowed to take on interest rate risk within specified limits. Any interest rate risk arising from other operations than trading is transferred to treasury management. Specific interest rate risk limits are set for OKO Bank's subsidiaries.

INTEREST RATE RISK IN TREASURY MANAGEMENT

On the one hand, interest rate risk in treasury management arises from the different resetting times of interest rates between the Bank's investment and funding operations, and on the other hand, from the different resetting times of interest rates between the loan and deposit portfolios. Whenever investments are bound to reference rates longer than those of funding, any increase in interest rates generates a loss for the Bank.

The interest rate risk of treasury management is measured and reported as a part of OKO Bank's total interest rate risk. The measurement is based on the effect of a change of one percentage point in the interest rate on the present value of future cash flows. The differences in position characteristics are taken into account when defining transfer prices, risk limits and business targets. The effect of current accounts of the general public is less than 8 per cent of the balance sheet total.

Derivative contracts are used in treasury management mostly for hedging purposes and are subject to the principles of hedging calculation. The VaR method is used in the verification of hedging.

FOREIGN EXCHANGE RISK

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

EQUITY MARKET RISK

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

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

REAL-ESTATE RISK

Real-estate risk refers to valuation changes and yield risks associated with real-estate holdings. The objective is to reduce the amount of capital invested in real-estate holdings and to raise the yield level.

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

MANAGEMENT OF FUNDING RISK

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

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

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

The main sources of funding are issues of certificates of deposit, bond issues, deposits from other banks and member banks, deposits from the public and the bank's equity capital. OKO Bank's credit rating affects the availability and price of funding on the international money and capital markets.

The balance sheet structure and the management of funding risks is affected by OKO Bank's responsibility as a central financial institution to see to it that the OKO Bank Group has adequate liquidity reserves. OKO Bank is also responsible for ensuring the adequacy of funding to its retail banking subsidiary Okopankki. Individual refunding risk limits have been set for the funding risks arising from subsidiary operations, and the companies handle their refunding risk exposure in accordance with these limits.

Short-term liquidity is managed on the basis of combining known and predicted cash flows, which are estimated daily over a three-week horizon. If necessary, OKO Bank can also use the lending facility of OKO Bank Group's minimum reserve deposits to manage short-term liquidity.

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

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

MEASURING, MONITORING AND REPORTING FUNDING RISK

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

Funding risks are limited by setting euro-denominated limits for annual net principal inflow by maturity class. A separate limit has been set for OKO Bank's cash reserve funds which form the OKO Bank Group's liquidity reserve, corresponding to the statutory lower limit of the Group's cash reserve funds.

Funding risks are reported on a monthly basis.

MANAGING OPERATIONAL RISKS

Operational risks refer to any direct or indirect losses of income or expenses caused by inadequately functioning processes, product management, personnel, materialisation of legal risks, information management, information technology or information security, or uncertainty related to security or the continuation of operations caused by an external threat. Potential losses can also be due to a lost reputation.

The objective of operational risk management is to identify, prevent and limit operational risks so that they will not endanger the achievement of targets.

The chosen operational risk management approach includes the improvement of process quality and efficiency and the establishment of predictable, risk-preventative operating procedures.

A risk policy for operational risks has been prepared, defining the principles guiding the identification, assessment, monitoring and reporting of operational risk, as well as the types of operational risks. The policy also defines the central targets for operational risk management.

The business units are responsible for operational risk management. The Risk Management Department oversees the implementation of operational risk management and the risk level, and also reports on these.

The identification, assessment and reporting of operational risks are used to focus our view of the operational risk profile, as well as the need and required amount of risk management resources and actions.

Crucial operational risk management factors include risk identification and assessment, as well as subsequent development of operating procedures. The materialisation of risks is prevented by developing processes and personnel competence, as well as by separating decision-making, execution and oversight from each other. The implementation of new products is preceded by the description of products, planning of operating processes, testing and preparation of guidelines, as well as product approval.

Management of legal risks emphasises expertise in business-related law and legal regulation, as well as the verification of the binding nature and legal compliance of any contracts.

Essential factors in information management include the management of risks related to the authenticity, usability, availability and integrity of information, elements that are particularly important in electronic transactions. In development and implementation of information systems, particular attention is paid to the adequacy of specifications, expertise in terms of content and technology, testing, as well as pilot stages.

The members of the OKO Bank Group collaborate closely in the management of data security and bank security. Provision is made for unforeseen circumstances by means of contingency plans and information technology recovery plans, and these are developed and updated regularly. The studies carried out by the OKO Bank Group Central Cooperative's internal audit unit play an important role in the management of operational risks. Property, theft and liability insurance policies are also taken out to protect against losses due to operational risks.

MEASURING, MONITORING AND REPORTING OPERATIONAL RISKS

In measuring operational risks, the principal emphasis is on losses caused by deficient processes or information systems. These are measured by means of the number of errors and the magnitude of expenses caused by them.

Self-assessment results, error statistics, damage statistics and process development progress associated with operational risks are regularly reported to the management.

STRATEGIC RISK

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

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

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

DEVELOPMENT OF RISK MANAGEMENT

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

The Risk Management Department is actively following the renewal of the capital adequacy framework and analysing the possible effects it may have on the Bank's operations and capital structure. The development of risk management focuses on the measurement of credit risk, development of an economic risk-based procedure for capital allocation, as well as development of operations-related risk management methods.

Materialised operational risks are monitored by creating more comprehensive damage statistics from the beginning of 2003 onwards.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€ million				**Jan. 1 to Dec. 31, 2002**				**Jan. 1 to Dec. 31, 2001**
Interest income				497				572
Leasing margin				11				11
Interest expenses				-347				-432
Net income from financial operations				**161**				**152**
Income from equity investments				13				35
Commission income				69				68
Commission expenses				-14				-12
Net income from securities transactions and foreign exchange dealing								
Net income from securities transactions			-14				-16	
Net income from foreign exchange dealing			7	-6			5	-11
Other operating income				19				26
Administrative expenses								
Staff costs								
Salaries and fees		42				39		
Staff-related costs								
Pension costs	7				4			
Other staff-related costs	4	11	53		3	7	46	
Other administrative expenses			43	-96			45	-90
Depreciation and write-downs on tangible and intangible assets				-11				-11
Other operating expenses				-23				-23
Loan and guarantee losses				2				4
Write-downs on securities held as financial fixed assets				0				-29
Share of profit/loss of companies included in the consolidated accounts using the equity method				-17				2
Operating profit				**96**				**111**
Extraordinary items								
Extraordinary income			-				-	
Extraordinary expenses			-	-			-	-
Profit before appropriations and taxes				**96**				**111**
Income taxes								
Taxes for the financial year			-21				-17	
Taxes for previous financial years			0				-10	
Change in imputed taxes due			-12	-33			-4	-31
Other direct taxes				-				-
Share of profit/loss for the financial period attributable to minority interests				-1				-1
Profit for the financial year				62				79

CONSOLIDATED BALANCE SHEET

ASSETS **€ million**		**December 31, 2002**		**December 31, 2001**
Liquid assets		83		210
Debt securities eligible for refinancing with central banks				
Treasury bills	81		1 048	
Other	2 026	2 107	1 906	2 954
Claims on credit institutions				
Repayable on demand	31		54	
Other	1 785	1 816	1 488	1 542
Claims on the public and public sector entities		6 490		5 734
Leasing assets		256		225
Debt securities				
On public sector entities	140		355	
Other	998	1 138	1 005	1 360
Shares and participations		76		96
Participating interests		62		55
Shares and participations in consolidated companies		11		9
Intangible assets				
Consolidated goodwill	0		0	
Other long-term expenditure	13	13	13	13
Tangible assets				
Real-estate and shares, and participations in real-estate corporations	159		160	
Other tangible assets	7	166	12	172
Other assets		392		187
Accrued income and prepayments		98		93
		12 709		**12 650**

CONSOLIDATED BALANCE SHEET

LIABILITIES € million	December 31, 2002			December 31, 2001		
Liabilities						
Liabilities to credit institutions and central banks						
Central banks		732			1 194	
Credit institutions						
Repayable on demand	362			454		
Other	3 059	3 420	4 152	3 249	3 703	4 897
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	1 372			1 326		
Other	553	1 926		632	1 958	
Other liabilities		733	2 659		701	2 659
Debt securities issued to the public						
Bonds		999			1 022	
Other		3 145	4 145		2 343	3 365
Other liabilities			639			540
Accrued expenses and deferred income			61			67
Compulsory provisions			0			1
Subordinated liabilities			379			473
Imputed taxes due			39			27
Minority interests			2			2
			12 076			**12 031**
Equity capital						
Share capital		196			196	
Share issue account		3			-	
Share premium account		0			0	
Revaluation reserve		25			25	
Other restricted reserves						
Reserve fund	204			203		
Other restricted items	-	204		1	204	
Non-restricted reserves		23			23	
Profit brought forward		118			90	
Profit for the financial year		62	**633**		79	**618**
			12 709			**12 650**
Off-balance sheet commitments						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges		1 192			1 090	
Other		-	1 192		-	1 090
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments		-			-	
Other		2 015	2 015		1 789	1 789
			3 207			**2 878**

CONSOLIDATED KEY FIGURES 1998–2002

€ million

PROFIT AND LOSS ACCOUNTS	1998	1999	2000	2001	2002
Net income from financial operations	113	109	124	152	161
Other income	109	126	197	118	94
Other expenses	139	115	125	126	133
Depreciation and write-downs	14	16	11	11	11
Loan and guarantee losses	-3	-2	-10	-4	-2
Write-downs on securities held as financial fixed assets	0	-1	33	29	0
Share of profit/loss of companies included in the consolidated accounts using the equity method	2	5	5	2	-17
Operating profit	74	111	167	111	96
Extraordinary items	-90	-57	-	-	-
Profit/loss before appropriations and taxes	-15	54	167	111	96
Taxes	0	-14	-47	-31	-33
Minority interests	-	-1	-1	-1	**-1**
Profit/loss for the financial year	**-15**	**39**	**118**	**79**	**62**

BALANCE SHEET	1998	1999	2000	2001	2002
Assets					
Claims on credit institutions	1 694	1 784	2 082	1 542	1 816
Claims on the public and public sector entities	3 755	4 561	5 472	5 734	6 490
Debt securities	2 004	2 961	2 259	4 314	3 245
Shares and participations	134	141	217	160	149
Intangible and tangible assets	286	266	194	185	179
Other assets	1 062	1 122	777	715	830
Total	**8 936**	**10 836**	**11 000**	**12 650**	**12 709**
Liabilities					
Liabilities to credit institutions and central banks	2 739	3 513	3 833	4 897	4 152
Liabilities to the public and public sector entities	1 977	2 356	2 140	2 659	2 659
Debt securities issued to the public	2 657	3 494	3 380	3 365	4 145
Subordinated liabilities	579	404	417	473	379
Other liabilities	480	542	606	609	700
Imputed taxes due	10	13	23	27	39
Minority interests	-	2	2	2	2
Equity capital	493	513	599	618	633
Total	**8 936**	**10 836**	**11 000**	**12 650**	**12 709**

OKO BANK PROFIT AND LOSS ACCOUNT

€ million				**December 31, 2002**				**December 31, 2001**
Interest income				402				472
Interest expenses				-314				-393
Net income from financial operations				**87**				**78**
Income from equity investments								
Consolidated companies			25				34	
Participating interests			1				4	
Other companies			12	38			34	72
Commission income				22				21
Commission expenses				-6				-4
Net income from securities transactions and foreign exchange dealing								
Net income from securities transactions			-15				-17	
Net income from foreign exchange dealing			7	-7			5	-12
Other operating income				17				23
Administrative expenses								
Staff costs								
Salaries and fees		16				15		
Staff-related costs								
Pension costs	3				0			
Other staff-related costs	2	5	21		1	1	16	
Other administrative expenses			18	-38			21	-37
Depreciation and write-downs on tangible and intangible assets				-3				-1
Other operating expenses				-18				-18
Loan and guarantee losses				3				6
Write-downs on securities held as financial fixed assets				0				-29
Operating profit				**94**				**98**
Extraordinary items								
Extraordinary income			1				-	
Extraordinary expenses			-	1			-	-
Profit before appropriations and taxes				**95**				**98**
Appropriations				-20				0
Income taxes								
Taxes for the financial year			-22				-19	
Taxes for previous financial years			0	-22			-10	-28
Profit for the financial year				**54**				**69**

OKO BANK BALANCE SHEET

ASSETS
€ million

		December 31, 2002		December 31, 2001
Liquid assets		75		209
Debt securities eligible for refinancing with central banks		1 921		2 769
Claims on credit institutions				
Repayable on demand	34		24	
Other	2 143	2 176	2 687	2 710
Claims on the public and public sector entities		4 501		3 056
Leasing assets		256		-
Debt securities				
On public sector entities	140		355	
Other	1 051	1 191	1 084	1 439
Shares and participations		68		90
Participating interests		69		44
Shares and participations in consolidated companies		99		150
Intangible assets		9		7
Tangible assets				
Real-estate and shares and participations in real-estate corporations	87		89	
Other tangible assets	2	89	2	90
Other assets		365		161
Accrued income and prepayments		88		83
		10 907		10 809

OKO BANK BALANCE SHEET

LIABILITIES						
€ million		**December 31, 2002**			**December 31, 2001**	
Liabilities						
Liabilities to credit institutions and central banks						
Central banks		732			1 194	
Credit institutions						
Repayable on demand	371			469		
Other	3 088	3 459	4 191	3 286	3 754	4 948
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	353			336		
Other	17	370		39	375	
Other liabilities		619	989		600	976
Debt securities issued to the public						
Bonds		1 001			1 023	
Other		3 051	4 052		2 292	3 315
Other liabilities			622			508
Accrued expenses and deferred income			48			42
Compulsory provisions			0			1
Subordinated liabilities			379			473
			10 283			**10 263**
Appropriations						
Depreciation difference		26			1	
Voluntary provisions		68	95		21	22
Equity capital						
Share capital		196			196	
Share issue account		3			-	
Share premium account		0			0	
Reserve fund		164			164	
Non-restricted reserves		23			23	
Profit brought forward		89			71	
Profit for the financial year		54	**530**		69	**524**
			10 907			**10 809**
Off balance sheet commitments						
Commitments given to a third party on behalf of a customer						
Guarantees and pledges		1 165			1 067	
Other		-	1 165		-	1 067
Irrevocable commitments given in favour of a customer						
Securities repurchase commitments		-			-	
Other		1 796	1 796		1 563	1 563
			2 961			**2 630**

NOTES TO THE ACCOUNTS

(FIGURES IN € MILLION)

NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Interest income				
Claims on credit institutions	80.1	107.0	134.2	157.6
Claims on the public and public sector entities	286.0	312.4	139.2	164.7
Debt securities	139.3	152.4	136.2	149.3
Other interest income	-7.9	0.0	-8.0	0.0
Leasing margin	11.0	11.5	-	-
Total	**508.5**	**583.3**	**401.6**	**471.6**
Interest expenses				
Liabilities to credit institutions and central banks	130.1	166.0	131.5	168.4
Liabilities to the public and public sector entities	60.6	77.0	30.6	40.7
Debt securities issued to the public	135.3	161.9	132.9	157.8
Subordinated liabilities	19.1	25.6	17.6	25.4
Other interest expenses	2.0	1.1	2.0	1.1
Total	**347.1**	**431.6**	**314.5**	**393.4**

2) Breakdown of net income from leasing operations

Net income from leasing operations of OP-Finance Ltd which was merged with OKO Bank were as follows

Rental income	71.5
Planned depreciation	-59.0
Additional depreciation and loan losses	-
Net gains and losses on the sale of leasing assets	-0.3
Commission income	0.3
Other income	0.1
Other expenses	-1.2
Total	**11.3**

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

3) Breakdown of net income from securities transactions

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Net income from transactions in debt securities	-17.4	-5.5	-18.4	-6.1
Net income from transactions in shares and participations	3.5	-10.9	3.5	-11.1
Total	**-13.9**	**-16.4**	**-14.9**	**-17.2**

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

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Debt securities				
Purchased	19 700.7	11 645.2	19 108.9	11 282.1
Sold	15 364.7	9 320.4	14 947.3	9 228.7
Shares				
Purchased	1 848.0	3 524.9	11.4	5.9
Sold	1 873.0	3 535.8	39.8	16.3

5) Breakdown of other operating income and expenses

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Other operating income				
Rental and dividend income from real-estate and real-estate corporations	13.7	13.6	14.2	14.0
Capital gains from the sale of real-estate and shares and participations in real-estate corporations	1.0	5.3	1.0	3.2
Other income	3.9	7.4	1.5	5.3
Total	**18.6**	**26.3**	**16.6**	**22.6**
Other operating expenses				
Rental expenses	7.3	6.4	3.7	3.2
Expenses from real-estate and real-estate corporations	6.5	6.5	9.9	10.0
Capital losses from the sale of real-estate and shares and participations in real-estate corporations	0.1	0.1	0.1	0.6
Other expenses	9.4	9.7	3.9	4.3
Total	**23.3**	**22.8**	**17.6**	**18.1**

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Planned depreciation	10.8	10.6	3.5	3.8
Write-downs	-	0.3	-	-
Reversals on write-downs	-0.2	-	-0.2	-2.5
Total	**10.6**	**10.9**	**3.3**	**1.3**

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
In respect of claims on credit institutions	-	-	-	-
In respect of claims on the public and public sector entities	10.4	9.1	6.6	6.4
In respect of leasing assets	-	-	-	-
In respect of guarantees and other off-balance sheet items	-	0.1	-	-
In respect of other items	-	0.0	-	0.0
Gross loan and guarantee losses	10.4	9.2	6.6	6.4
Deductions from loan and guarantee losses	-12.4	-13.1	-9.6	-12.2
Loan and guarantee losses in the profit and loss account	**-1.9**	**-3.9**	**-3.0**	**-5.7**

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

Actual loan losses during the financial year, total	4.1	1.2	2.4	0.6
Actual loan losses during the financial year for which a specific loan loss provision has previously been made	-2.9	-0.8	-1.6	-0.5
Recoveries in respect of actual loan losses during previous financial years	-3.1	-5.0	-2.0	-4.2
Specific loan loss provisions made during the financial year	4.6	8.0	2.4	5.5
Reversals of specific loan loss provision during the financial year	-4.6	-7.3	-4.2	-7.1
Loan and guarantee losses entered in the annual accounts	**-1.9**	**-3.9**	**-3.0**	**-5.7**

Write-downs on securities held as financial fixed assets:

Gross write-downs	0.1	29.1	0.1	29.1
Reversals of write-downs	-0.2	-	-0.2	-
Total	**-0.1**	**29.1**	**-0.1**	**29.1**

8) Extraordinary income and expenses during the financial year

	Consolidated	OKO Bank
Extraordinary income		
The merger of OP-Finance Ltd with OKO Bank		
OKO Bank's merger gain	-	0.6
Extraordinary expenses	-	-

9) Breakdown of appropriations

	OKO Bank	
	2002	2001
Change in depreciation difference	0.4	-0.1
Change in other voluntary provisions	-20.0	-
Total	**-19.6**	**-0.1**

10) Changes in compulsory provisions during the financial year

	Consolidated	OKO Bank
Pension provisions	-	-
Tax provisions	-	-
Others	-0.6	-0.6
Total	**-0.6**	**-0.6**

11) Breakdown of combined items

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

12) Income by fields of activity and market area

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

	Income by field of activity		Staff on average	
	2002	2001	2002	2001
Banking	233.3	258.4	847	804
Finance company operations	30.1	26.1	145	139
Investment firm operations	23.1	25.2	125	127
Real-estate ownership and possession	3.4	3.4	-	-
Other	-	-	-	-
Total	**289.9**	**313.0**	**1 117**	1 070

	Income by geographical market		Staff on average	
	2002	2001	2002	2001
Finland	289.4	312.5	1 112	1 061
Sweden	0.5	0.5	6	9
Total	**289.9**	**313.0**	**1 117**	1 070

NOTES TO THE BALANCE SHEET

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Treasury bills	80.7	1 048.0	35.5	1 013.3
Government bonds	322.7	47.9	321.9	19.8
Banks' certificates of deposit	1 503.9	1 647.1	1 364.0	1 525.0
Other	199.7	211.2	199.7	211.2
Total	**2 106.9**	**2 954.3**	**1 921.2**	**2 769.4**

14) Claims on central banks

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

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Corporates	4 237.6	3 679.1	3 785.7	2 535.4
Financial and insurance institutions	44.9	208.9	44.9	208.9
General government	143.3	137.5	141.3	133.4
Non-profit institutions	103.7	93.8	73.9	64.9
Households	1 819.3	1 522.0	314.2	21.4
Foreign	141.2	92.8	140.8	91.8
Total	**6 489.9**	**5 734.2**	**4 500.8**	**3 055.9**

Specific loan loss provisions at the beginning of the financial year	29.9	30.0	27.7	27.7
New provisions made during the financial year (+)	4.6	8.0	3.2	5.5
Provisions reversed during the financial year (-)	-4.6	-7.3	-4.6	-7.1
Actual loan losses during the financial year, for which the credit institution has previously made specific loan loss provisions (-)	-2.9	-0.8	-1.8	-0.5
Specific loan loss provisions at the end of the financial year	**26.8**	**29.9**	**24.5**	**25.6**

16) Non-performing and other zero-interest claims

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Non-performing claims	14.2	17.4	7.2	6.0
Other zero-interest claims	1.4	1.7	1.3	1.7
Total	**15.6**	**19.1**	**8.5**	**7.7**

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Assets held as security				
Real-estate and shares and participations in real-estate corporations	1.8	1.8	1.8	1.7
Other shares and participations	0.1	0.2	-	-
Other assets	-	-	-	-
Total	**1.9**	**2.0**	**1.8**	**1.7**

18) Subordinated claims

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Claims on credit institutions	143.8	151.4	143.8	151.4
Claims on the public and public sector entities	5.9	7.9	5.9	7.9
Debt securities	120.2	127.1	123.5	155.6
Total	**269.9**	**286.4**	**273.1**	**314.8**
of which from consolidated companies			3.4	28.7
from associated companies			-	10.1

19) Breakdown of leasing assets

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Prepayments	34.5	27.6	34.5	-
Machinery and equipment	205.0	183.7	205.0	-
Real property and buildings	16.4	13.2	16.4	-
Other assets	0.5	0.2	0.5	-
Total	**256.4**	**224.7**	**256.4**	**-**

20) Debt securities

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

	Consolidated		OKO Bank	
	Quoted	Others	Quoted	Others
Securities held as current assets	1 274.7	1 589.8	1 275.9	1 404.9
Securities held as financial fixed assets	246.0	134.7	245.3	186.2
Total	**1 520.8**	**1 724.5**	**1 521.2**	**1 591.1**

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

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

Consolidated figures are stated without eliminations	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Difference between nominal value and lower book value				
Debt securities	0.8	2.0	0.8	2.0
Difference between book value and lower nominal value				
Debt securities	1.4	2.1	1.4	2.1

Debt securities by type of claim at the end of the financial year Book value	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Treasury bills	80.7	1 048.0	35.5	1 013.3
Local authority paper	0.0	0.4	0.0	0.4
Commercial paper	0.8	53.4	0.8	53.4
Certificates of deposit	1 521.5	1 652.8	1 381.7	1 530.7
Convertible bonds	1.1	2.2	1.1	2.2
Other bonds	1 410.6	1 506.3	1 458.9	1 536.9
Other debt securities	230.6	51.3	234.4	71.5
Total	**3 245.2**	**4 314.5**	**3 112.3**	**4 208.4**

21) Shares and participations

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

	Consolidated Quoted	Consolidated Others	OKO Bank Quoted	OKO Bank Others
Securities held as current assets	26.0	-	22.5	-
Securities held as financial fixed assets	10.4	40.0	10.4	34.8
Total	**36.4**	**40.0**	**32.9**	**34.8**

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

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Securities held as current assets	2.8	3.6	2.7	3.2
Securities held as financial fixed assets	-	0.1	-	-
Total	**2.8**	**3.7**	**2.7**	**3.2**

OKO Bank Consolidated and OKO Bank did not have securities that were lent out at the end of 2002.

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

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Participating interests				
In credit institutions	8.1	7.1	3.4	3.4
Other	54.0	48.1	65.6	40.8
Total	**62.0**	**55.2**	**69.0**	**44.2**
Shares and participations in consolidated companies				
In credit institutions	-	-	84.1	137.4
Other	11.1	8.8	14.7	12.2
Total	**11.1**	**8.8**	**98.8**	**149.6**

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

	Shares and participations, with the exception of shares and participations in real-estate corporations Consolidated	OKO Bank	Land and water areas, buildings and shares and participations in real-estate corporations Consolidated	OKO Bank	Machinery, equipment and any tangible assets other than those mentioned above Consolidated	OKO Bank
Purchase price at the beginning of the financial year	118.1	242.9	230.4	115.6	77.2	65.8
Increases during the financial year	31.8	30.8	1.5	1.2	1.9	0.7
Decreases during the financial year	-19.8	-54.1	-4.0	-3.4	-0.9	-0.8
Transfers between groups	-	-	-	-	-0.1	-
Planned depreciation during the financial year	-	-	-3.9	-0.9	-2.7	-1.0
Write-downs and reversing items for write-downs during the financial year	-0.1	-0.1	0.3	0.0	-	-
Accumulated depreciation and write-downs entered in respect of decreases and transfers at the beginning of the financial year	-	-	0.0	-	0.5	0.6
Accumulated depreciation at the beginning of the financial year	-	-	-36.4	-0.6	-68.7	-63.0
Accumulated write-downs at the beginning of the financial year	-6.5	-6.5	-29.5	-25.3	-	-
Accumulated revaluations at the beginning of the financial year	-	-	-	-	-	-
Revaluation and reversing items for revaluations for the financial year	-	-	-	-	-	-
Book value at the end of the financial year	**123.5**	**213.0**	**158.5**	**86.6**	**7.1**	**2.4**

23) Breakdown of intangible assets

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Goodwill	0.0	2.4	-	-
Other long term expenditure	13.1	10.8	8.8	7.5
Total	**13.1**	**13.2**	**8.8**	**7.5**

24) Breakdown of real-estate holdings

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

	Consolidated		OKO Bank	
	Book value	Capital invested	Book value	Capital invested
Land and water areas and buildings				
In own use	1.0	1.0	0.8	0.8
Other	84.1	94.6	0.2	0.2
Total	**85.1**	**95.6**	**1.0**	**1.0**
Shares and participations in real-estate corporations				
In own use	31.1	31.4	6.7	14.5
Other	42.3	55.3	79.0	139.0
Total	**73.4**	**86.7**	**85.7**	**153.6**

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

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

Type of real-estate	Surface area, m²	Capital invested	Net yield, %	Vacancy rate, %
Dwellings and residential real-estate	375	0.8	1.6	57.4
Business and office real-estate	69 743	135.1	7.5	3.8
Industrial real-estate	22 334	10.5	4.4	35.5
Land, water and forest areas (undeveloped)	-	3.3	-0.1	-
Unfinished buildings	-	-	-	-
Financial leasing real-estate	32 288	9.2	3.8	-
Other domestic real-estate	58	0.2	4.8	-
Foreign real-estate	-	-	-	-
Properties, total	**124 797**	**159.1**	**6.9**	**8.7**

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

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

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

Yield rate %	Capital invested
Negative	4.0
0 - 3	7.1
3 - 5	9.5
5 - 7	103.6
over 7	34.9
Total	**159.1**

25) Own shares

The consolidated companies held no own or the parent bank's shares at December 31, 2002.

26) Breakdown of other assets

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Cash items in the process of collection	81.6	13.0	72.7	12.5
Guarantee claims	0.1	0.1	0.0	0.0
Derivative contracts	171.1	119.2	171.2	119.3
Other	139.1	54.4	121.4	29.2
Total	**391.9**	**186.7**	**365.2**	**161.0**

27) Breakdown of accrued income and prepayments

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Interests	89.3	88.9	84.8	81.8
Other	8.3	3.8	3.4	1.1
Total	**97.6**	**92.8**	**88.2**	**82.9**

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

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

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

Consolidated figures are stated without eliminations

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Differences between the nominal value and the lower book value				
Liabilities to credit institutions and central banks	-	-	-	-
Debt securities issued to the public	23.3	14.5	23.0	14.4
Subordinated liabilities	0.4	0.3	0.4	0.3
Total	**23.7**	**14.9**	**23.4**	**14.7**

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Difference between book value and lower nominal value				
Liabilities to credit institutions and central banks	-	-	-	-
Debt securities issued to the public	1.5	0.1	1.5	0.1
Subordinated liabilities	0.2	0.1	0.2	0.1
Total	**1.7**	**0.2**	**1.7**	**0.2**

30) Breakdown of debt securities issued by type of instrument

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Certificates of deposit		2 778.5		2 342.2
2 684.3		2 291.8		
Bonds	999.3	1 021.9	1 000.8	1 022.6
Other	367.0	0.5	367.0	0.5
Total	**4 144.8**	**3 364.5**	**4 052.1**	**3 314.9**

31) Breakdown of other liabilities

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Cash items under process of collection	332.6	307.6	329.7	307.2
Derivative contracts	201.3	141.2	201.4	141.3
Other	104.9	91.6	91.3	59.9
Total	**638.8**	**540.4**	**622.3**	**508.4**

32) Breakdown of accrued expenses and deferred income

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Interest	35.4	48.2	30.6	36.6
Other	25.1	19.2	17.0	5.3
Total	**60.6**	**67.5**	**47.6**	**42.0**

The social security payment liability arising from unused employment-related stock options granted to the Group company personnel has been entered under accruals and deferred income.

33) Compulsory provisions at the end of the financial year

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Pension provisions	-	-	-	-
Tax provisions	-	-	-	-
Other	0.2	0.8	0.2	0.8
Total	**0.2**	**0.8**	**0.2**	**0.8**

34) Subordinated liabilities

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

EUR 50 million. The interest rate was 3.549% on December 31, 2002. The bonds shall mature in March 2011. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after March 2006, on giving advance notice as stated in the terms and conditions.

EUR 150 million. The interest rate was 3.567% on December 31, 2002. The bonds shall mature in March 2011. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after March 2006, on giving advance notice as stated in the terms and conditions.

EUR 50.3 million. The interest rate was 3.601% on December 31, 2002. The bonds shall mature in June 2009. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after June 2004, on giving advance notice as stated in the terms and conditions.

EUR 50 million perpetual bond. The interest rate was 6.000% on December 31, 2002. With the prior consent of the Financial Supervision, all the bonds may be redeemed on any interest payment date falling in or after June 2007, on giving advance notice as stated in the terms and conditions.

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

Subordinated liabilities other than those mentioned above:

The aggregate total euro equivalent of the liabilities in the consolidated and OKO Bank's accounts was EUR 79.3 million as at December 31, 2002. Creditors do not have a put option. These liabilities included USD 10 million (EUR 9.5 million) perpetual bonds.

Loans targeted at companies belonging to the same consolidation group and at participating interests:
A total of EUR 3.4 million have been targeted at consolidated companies.

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

	Book value at the beginning of the financial year	Increases for the financial year	Decreases for the financial year	Book value at the end of the financial year
Consolidated				
Share capital	196.4	-	-	196.4
Share issue account	-	3.3	-	3.3
Share premium account	0.4	-	-	0.4
Revaluation reserve	25.2	-	-	25.2
Reserve fund	203.3	-	-	203.3
Other restricted items	0.9	-	-	0.9
Profit brought forward	192.1	-	-50.8	141.3
Profit for the financial year	-	62.4	-	62.4
Equity capital, total	**618.4**	**65.7**	**-50.8**	**633.3**
OKO Bank				
Share capital	196.4	-	-	196.4
Share issue account	-	3.3	-	3.3
Share premium account	0.4	-	-	0.4
Reserve fund	163.6	-	-	163.6
Profit brought forward	163.7	-	-50.8	112.9
Profit for the financial year	-	53.5	-	53.5
Equity capital, total	**524.1**	**56.8**	**-50.8**	**530.1**

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

	Series A	Series K	Total
Share capital, euro	149 801 597	46 626 092	196 427 689
Number of shares	35 618 622	11 086 378	46 705 000
Of share capital, %	76.3	23.7	100.0
Votes per share	1	5	
Of votes, %	39.1	60.9	100.0

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

Restrictions concerning the purchase of shares:
- Series A shares are intended for the general public and are quoted on Helsinki Exchanges.
- The purchase of Series A shares is not restricted.
- Ownership of Series K shares is restricted to Finnish cooperative banks, cooperative bank limited company and the Central Institution of the Amalgamation of the Cooperative Banks – the OKO Bank Group Central Cooperative.
- Upon the demand of a shareholder, or in respect of nominee-registered shares upon the written demand of the nominee asset manager entered in the book-entry register, a Series K share can be converted into a Series A share within the framework of the minimum and maximum amounts of the share types as specified in the Articles of Association.

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

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

	Consolidated	OKO Bank
Amount transferred to equity capital from voluntary provisions and the depreciation difference, EUR million	99.2	-

38) Issues of convertible bonds and bonds with warrants

Option-based incentive system

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

The equity warrants attached to the bond loan entitle their holders to subscribe for a maximum total of 4,600,000 OKO Bank Series A shares. The subscription price of the share is EUR 10.99, or the trading turnover-weighted average price of OKO Bank's Series A share on Helsinki Exchanges in May 1999 plus 27 per cent. The subscription price of the share will be lowered, after the period for determining the subscription price and before the subscription for shares, by the amount of dividends to be paid out on each record date for the distribution of dividends. The subscription period for the A options started on October 1, 2002. For the B options it will commence on October 1, 2004. The share subscription period will close for all equity warrants on October 30, 2006.

The A options from the stock option scheme were listed on the Helsinki Stock Exchange starting on October 1, 2002. A total of 2,080,800 A options became available for public trading. Each option entitles its holder to subscribe for one OKO Bank Series A share. At the end of the year, the subscription price was EUR 7.92 per share.

Authorisation granted to the Supervisory Board:

The authorisation granted to the Supervisory Board by the Annual General Meeting on April 4, 2001, to decide on increasing the equity capital through rights issues, convertible bonds and the granting of share options, was cancelled because it was not exercised.

Authorisation granted to the Executive Board:

The Annual General Meeting authorised OKO Bank's Executive Board for a period of one year from the Annual General Meeting to decide on increasing the equity capital through one or more rights issues, one or more issues of convertible bonds and/or the granting of share options, such that the new shares to be subscribed for in the rights issue, exchanged for convertible bonds and subscribed for on the basis of the share options, must be Series A shares and their aggregate number can be a total maximum of 9 million shares and the Bank's share capital can be increased by a total maximum of EUR 37,851,390.54. The authorisation further confers the right to waive shareholders' pre-emptive rights to subscribe for new shares, convertible bonds and share options.

Disapplication of shareholders' pre-emptive subscription rights can only be made in connection with merger and acquisition arrangements if the Bank has a weighty economic reason for doing so. A decision pursuant to the above cannot, however, be taken on behalf of a party closely associated with the Bank. The existing unexercised authorisations can, to the aggregate amount of the increases and the total votes conferred by the shares, correspond to a maximum of one-fifth of the registered share capital and total votes conferred by the shares at the time of the Annual General Meeting's resolution to grant the authorisation and the Executive Board's decision to carry out the increase in share capital.

(Continues on page 42)

39) Major shareholders and breakdown of shareholdings

Major shareholders in terms of voting rights (Ten largest shareholders according to the Share Register at December 31, 2002)

		Number of shares	Total	Number of votes	% of votes
OKO Bank Group Central Cooperative	A	11 000 000			
	K	8 293 032	19 293 032	52 465 160	57.6
Nominee-registered shareholders	A	6 282 202			
	K	0	6 282 202	6 282 202	6.9
Oulun Osuuspankki	A	174 000			
	K	506 000	680 000	2 704 000	3.0
Ilmarinen Mutual Pension Insurance Company	A	1 247 700			
	K	0	1 247 700	1 247 700	1.4
Keski-Uudenmaan Osuuspankki	A	0			
	K	245 900	245 900	1 229 500	1.4
Keski-Suomen Osuuspankki	A	0			
	K	228 280	228 280	1 141 400	1.3
OKO Bank Group Pension Foundation	A	942 700			
	K	0	942 700	942 700	1.0
Pohjolan Osuuspankki	A	127 610			
	K	127 610	255 220	765 660	0.8
Porin Seudun Osuuspankki	A	81 908			
	K	125 910	207 818	711 458	0.8
Turun Seudun Osuuspankki	A	672 860			
	K	0	672 860	672 860	0.7
Total		**30 055 712**	**30 055 712**	**68 162 640**	**74.9**

The Executive Board shall be authorised to decide on the bases of determining the subscription price, the subscription price itself and the other terms and conditions of subscription, as well as on the terms and conditions of the convertible bonds or share options. The Executive Board shall also be authorised to decide that the shares offered in the rights issue, the convertible bonds or the share options can be subscribed for against payment in kind by exercising an offsetting right or otherwise subject to specific terms and conditions.

Major shareholders in terms of share capital ownership (Ten largest shareholders according to the Share Register at December 31, 2002)

	Number of shares	Holdings, %
OKO Bank Group Central Cooperative	19 293 032	41.3
Nominee-registered shareholders	6 282 202	13.5
Ilmarinen Mutual Pension Insurance Company	1 247 700	2.7
OKO Bank Group Pension Foundation	942 700	2.0
Oulun Osuuspankki	680 000	1.5
Turun Seudun Osuuspankki	672 860	1.4
Etelä-Karjalan Osuuspankki	444 642	1.0
Savonlinnan Osuuspankki	283 142	0.6
Rauman Seudun Osuuspankki	267 654	0.6
Pohjolan Osuuspankki	255 220	0.5
Total	**30 369 152**	**65.1**

Breakdown of shareholdings by number of shares (According to the Share Register at December 31, 2002)

Number of shares (Series A and K)	Number of shareholders	% of shareholders	Number of shares	Holdings, %
1 - 100	18 443	73.8	1 011 293	2.2
101 - 1 000	5 421	21.7	1 946 514	4.2
1 001 - 10 000	897	3.6	2 433 476	5.2
10 001 - 50 000	153	0.6	3 600 288	7.7
50 001 - 100 000	47	0.2	3 320 733	7.1
100 001 -	35	0.2	34 304 398	73.5
Unregistered shares			88 298	0.2
Total	**24 996**	**100.0**	**46 705 000**	**100.0**

Breakdown of shareholdings by sector (According to the Share Register at December 31, 2002)

Sector	Number of shareholders	% of shareholders	Number of shares	Holdings %	Number of votes	% of votes
Corporates	641	2.6	977 754	2.1	977 754	1.1
OKO Bank Group Central Cooperative and its member cooperative banks	244	1.0	30 359 815	65.0	74 705 327	82.0
Other financial and insurance institutions	22	0.1	587 326	1.3	587 326	0.6
Public sector entities	20	0.1	2 846 710	6.1	2 846 710	3.1
Non-profit organisations	191	0.8	663 849	1.4	663 849	0.7
Households	23 851	95.4	4 879 826	10.4	4 879 826	5.4
Foreign	21	0.1	19 220	0.0	19 220	0.0
Nominee-registered shareholders	6	0.0	6 282 202	13.5	6 282 202	6.9
Unregistered shares			88 298	0.2	88 298	0.1
Total	**24 996**	**100.0**	**46 705 000**	**100.0**	**91 050 512**	**100.0**

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

OKO Bank does not have capital investments or capital loans.

41) Combined items under balance sheet liabilities

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

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

According to remaining maturity	Under 3 months	3-12 months	1-5 years	Over 5 years
Consolidated				
Debt securities eligible for refinancing with central banks	731.9	853.6	476.3	45.0
Claims on credit institutions	588.4	403.8	810.8	13.4
Claims on the public and public sector entities	858.9	987.8	2 575.2	2 068.0
Debt securities	40.2	144.2	742.5	211.5
Liabilities to credit institutions and central banks	4 000.4	46.2	83.1	22.7
Liabilities to the public and public sector entities	2 291.3	82.5	95.3	189.7
Debt securities issued to the public	2 243.9	1 358.0	542.8	-
OKO Bank				
Debt securities eligible for refinancing with central banks	633.3	767.3	475.6	45.0
Claims on credit institutions	674.6	449.3	1 038.9	13.4
Claims on the public and public sector entities	796.1	810.9	1 910.5	983.3
Debt securities	40.2	145.1	748.2	257.7
Liabilities to credit institutions and central banks	4 039.4	46.3	83.1	22.7
Liabilities to the public and public sector entities	820.8	19.0	27.9	121.8
Debt securities issued to the public	2 152.8	1 355.0	544.3	-

Claims on the public and public sector entities did not include items payable on demand in the consolidated and OKO Bank accounts at December 31, 2002. Deposits other than fixed-term deposits are included in the maturity class “Under 3 months”.

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

		Consolidated		OKO Bank
	Domestic currency	Foreign currency	Domestic currency	Foreign currency
Debt securities eligible for refinancing with central banks	2 106.9	-	1 921.2	-
Claims on credit institutions	1 821.8	78.1	2 173.2	77.6
Claims on the public and public sector entities	6 185.6	304.3	4 196.5	304.3
Debt securities	760.3	378.1	813.1	378.1
Other assets	1 062.8	11.4	1 032.4	10.8
Total	**11 937.3**	**771.9**	**10 136.4**	**770.9**
Liabilities to credit institutions and central banks	3 954.8	197.6	3 993.8	197.6
Liabilities to the public and public sector entities	2 535.1	123.7	876.1	113.4
Debt securities issued to the public	3 809.1	335.6	3 716.5	335.6
Subordinated liabilities	369.9	9.5	369.9	9.5
Other liabilities	721.2	19.3	650.8	19.3
Total	**11 390.2**	**685.8**	**9 607.1**	**675.4**

44) Financial and share based ratios

Consolidated key ratios of financial performance

	1998	1999	2000	2001	2002
Turnover, € million	562.2	524.9	756.8	755.9	660.9
Operating profit/loss, € million	74.3	111.0	167.1	110.6	96.1
% of turnover	13.2	21.1	22.1	14.6	14.5
Profit or loss before appropriations					
and taxes, € million	-15.5	53.9	167.1	110.6	96.1
% of turnover	-2.7	10.3	22.1	14.6	14.5
Return on equity (ROE), %	9.7	16.1	21.5	13.0	10.0
Return on assets (ROA), %	0.55	0.82	1.10	0.67	0.50
Equity/total assets ratio, %	5.5	4.7	5.5	4.9	5.0
Average number of staff	974	964	1 028	1 070	1 117
Cost/income ratio, %	69	56	43	51	56

Consolidated per share ratios

	1998	1999	2000	2001	2002
Earnings per share (EPS), €	1.12	1.72	2.53	1.68	1.34
Equity per share, €	10.56	10.97	12.82	13.24	13.56
Dividend per share, €	0.44	0.69	1.26	1.09	0.74*
Dividend payout ratio, %	39.2	40.0	49.6	64.6	55.2*
Effective dividend yield, % (OKO Bank Series A)	5.9	6.3	9.2	7.8	5.2*
Price/earnings ratio (P/E)	7.0	6.5	5.4	8.4	10.8
Share price performance (OKO Bank Series A)					
Average price, €	8.27	8.95	11.82	13.35	15.52
Lowest price, €	7.15	7.80	9.93	11.35	12.40
Highest price, €	9.50	14.00	13.99	16.00	17.20
Price at Dec. 31, €	7.82	11.20	13.76	14.10	14.45
Market capitalisation (OKO Bank Series A),					
€ million	147.9	212.3	479.8	495.7	514.6
Movements in share turnover					
OKO Bank Series A), thousands	6 094.2	6 345.6	6 546.2	5 257.0	9 528.3
% of total shares outstanding	37.1	33.5	19.9	15.0	27.0
Number of shares (all)					
Average during the financial year	44 230 272	46 705 000	46 705 000	46 705 000	46 705 000
At the end of the financial year	46 705 000	46 705 000	46 705 000	46 705 000	46 705 000

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

* Executive Board's proposal: € 0.75 on Series A shares and € 0.70 on Series K shares.

Calculation of key ratios is presented on page 50.

NOTES TO THE ACCOUNTS CONCERNING TAXATION

45) Income taxes

Breakdown of income taxes into taxes on ordinary operations and on extraordinary items:
The taxes of all consolidated companies were due to ordinary operations.

Imputed taxes due and tax claims:
In the consolidated balance sheet there were imputed deferred taxes totalling EUR 39.2 million that were based on appropriations. Other imputed deferred taxes and tax claims have not been entered in the balance sheet in 2002 and 2001.

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Imputed tax claims, which are likely to materialise				
Total amount, € million	1.0	1.1	0.7	0.8

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

After the confirmed tax assessment for 2001, OKO Bank's unused avoir fiscal tax credits amounted to EUR 15 million and the tax surplus to EUR 73 million. There were no unused confirmed losses.

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

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

	Consolidated	OKO Bank
Assets pledged as collateral for own liabilities		
Pledges	943.0	943.0
Mortgages	-	-
Other	14.0	14.0
Liabilities and commitments for which asset items have been pledged as collateral		
Liabilities to credit institutions and central	600.7	600.7
Liabilities to the public sector and public sector entities	148.2	148.2
Debt securities issued to the public	-	-
Collateral pledged on behalf of a consolidated company		
Pledges	-	-
Mortgages	-	-
Other	-	-
Collateral pledged on behalf of others		
Pledges	0.7	-
Mortgages	6.7	-
Other	-	-

47) Pension liabilities

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

The consolidated companies did not have direct liabilities arising from pension commitments.
The pension liabilities of the consolidated companies have been covered in full

48) Leasing liabilities

	Consolidated	OKO Bank
Leasing payments in 2003	5.0	0.4
Leasing payments after 2003	0.3	0.2

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

	Consolidated		OKO Bank	
	2002	2001	2002	2001
Guarantees	463.7	438.8	433.6	411.3
of which on behalf of subsidiaries	-	-	-	0.3
on behalf of associated companies	-	-	-	-
Guarantee commitments	687.9	610.2	702.1	624.5
of which on behalf of subsidiaries	-	-	14.2	14.3
on behalf of associated companies	-	-	1.8	2.2
Mortgages	6.7	6.7	-	-
Other commitments given on behalf of a customer for a third party	33.5	33.9	29.1	31.0
Unused standby credit facilities	1 619.1	1 387.4	1 419.2	1 177.0
of which for subsidiaries	-	-	40.0	56.0
for associated companies	-	-	-	-
Pledges given	-	-	-	-
Other irrevocable commitments given on behalf of a customer	396.2	401.5	376.6	385.7
of which for subsidiaries	-	-	-	-
for associated companies	-	-	-	-
Commitments given, total	3 207.1	2 878.4	2 960.6	2 629.6
Commitments given to subsidiaries or on their behalf, total			54.2	70.6
Commitments given to associated companies or on their behalf, total			1.8	2.2

50) Derivative contracts at the end of the year

Values of the underlying instruments	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Agreements made for hedging purposes				
Interest rate derivatives				
Forward rate agreements	-	-	-	-
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	1 485.8	703.9	1 485.8	703.9
Currency derivatives	-	-	-	-
Share derivatives				
Forward agreements	-	-	-	-
Option contracts				
Purchased	6.7	-	6.7	-
Written	-	-	-	-
Other derivatives	-	-	-	-
Total	**1 492.4**	**703.9**	**1 492.4**	**703.9**

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Contracts made for purposes other than hedging				
Interest rate derivatives				
Forward rate agreements	3 156.6	77.0	3 156.6	77.0
Option contracts				
Purchased	20.0	-	20.0	-
Written	20.0	-	20.0	-
Interest rate swaps	14 160.0	6 464.1	14 173.1	6 472.5
Currency derivatives				
Forward agreements	599.6	366.2	599.6	366.2
Option contracts				
Purchased	-	7.5	-	7.5
Written	-	6.8	-	6.8
Interest rate and currency swaps	-	-	-	-
Share derivatives	-	-	-	-
Other derivatives				
Forward rate agreements	-	-	-	-
Option contracts				
Purchased	-	-	-	-
Written	-	-	-	-
Credit risk derivatives	-	-	-	-
Equity swaps	-	16.3	-	16.3
Total	**17 956.2**	**6 937.9**	**17 969.2**	**6 946.3**
Credit countervalues of contracts				
Interest rate derivatives	88.2	64.8	88.5	64.9
Currency derivatives	32.1	6.6	32.1	6.6
Other derivatives	1.1	2.5	1.1	2.5
Total	**121.3**	**73.9**	**121.7**	**74.1**

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

	Consolidated 2002	OKO Bank 2002
Sales receivables	45.3	-
Accounts payable	59.8	-

52) Other contingent liabilities and commitments

OKO Bank's commitments to venture capital funds amounted to EUR 16.6 million at the end of the year.

The above-mentioned commitments are included in Note 49 to the annual accounts.

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

53) Staff and members of governing and supervisory bodies

Staff in 2002, average

	Consolidated During the financial year	Consolidated Change on previous year	OKO Bank During the financial year	OKO Bank Change on previous year
Full-time staff	1 080	46	342	32
Part-time staff	37	1	5	-2
Staff, total	**1 117**	**47**	**347**	**30**

Salaries and emoluments received by members of governing and supervisory bodies

	Consolidated 2002	Consolidated 2001	OKO Bank 2002	OKO Bank 2001
Members and deputy members of the Supervisory Board	0.1	0.1	0.1	0.1
Members and deputy members of the Executive Board as well as the President	1.7	1.5	1.0	0.7
Total	**1.8**	**1.6**	**1.1**	**0.8**

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

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

	Consolidated	OKO Bank
Loans		
To the members and deputy members of the Supervisory Board	0.1	0.0
To the members and deputy members of the Executive Board as well as to the President	0.7	-
To the auditors and firm of public accountants	-	-
Total	**0.9**	**0.0**

	Consolidated	OKO Bank
Guarantees		
To the members and deputy members of the Supervisory Board	0.0	-
To the members and deputy members of the Executive Board as well as to the President	0.2	-
To the auditors and firm of public accountants	-	-
Total	**0.2**	**-**

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

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

Pension commitments

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

Management's shareholdings

The members and deputy members of OKO Bank's Supervisory Board, the members and deputy members of the Executive Board as well as the President owned a total of 4 592 OKO Bank Series A shares as at December 31, 2002, and these shares represented 0.010 per cent of all the shares outstanding and 0.005 per cent of the votes conferred by all the shares outstanding. The members and deputy members of the Executive Board and the President subscribed for an amount of the bond loan with equity warrants issued by OKO Bank, entitling them to subscribe for a total of 700 000 shares. These shares represent 1.376 per cent of all the shares and 0.735 per cent of the number of votes.

HOLDINGS IN OTHER COMPANIES

54) Shareholdings at the end of the year

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

Name of company, domicile and operations	Holding %	Aggregate book value	Equity capital of the company [1]	The company's profit or loss for the financial year [1]
Realinvest Oy, Helsinki, real-estate investment	19.0	27.5	159.6	-0.2
Finnventure Rahasto V Ky, Helsinki, venture capital fund	8.1	8.2	92.3	-4.5
HEX Oyj, Helsinki, securities and derivatives exchange	8.1	4.9	52.0	11.2
Finnmezzanine Rahasto III B Ky, Helsinki, venture capital fund	49.5	2.2	3.1	0.1
Luottokunta, Helsinki, financial operations	16.8	1.0	100.5	7.0
Eurocard Oy, Helsinki, financial operations	11.2	0.8	8.3	1.5
Innopoli Oy, Espoo, research and development	1.2	0.2	20.8	0.2

[1] According to latest annual accounts.

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

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

Name of company, domicile and operations	Consolidated holding, %	Aggregate book value	Equity capital at year-end	Profit or loss for the financial year
OP-Kotipankki Oyj, Helsinki, banking	20.8	4.1	32.9	5.0
Aurum Life Assurance Company, Helsinki, insurance	49.9	58.4	86.9	-39.1
Automatia Pankkiautomaatit Oy, Helsinki finance-related services	33.3	5.1	20.4	1.0
Toimiraha Oy, Helsinki, finance-related services	33.3	2.1	3.8	0.2
Kiinteistö Oy Lahden Trio, real-estate holding and management	33.3	19.6	66.5	0.0

In accordance with the relevant regulation of the Financial Supervision, 2 associated companies have been excluded from the consolidated accounts owing to their minor importance. The aggregate book value of the shares in these companies was € 1.2 million and their total assets in their latest balance sheets stood at € 5.5 million.

Subsidiaries included in the consolidated accounts

Company name, domicile and operations	Consolidated holding, %	Book value of shares	Equity capital at year-end [1]	Profit or loss for the financial year [1]
Okopankki Oyj, Helsinki, banking	100.0	84.1	106.6	10.7
Opstock Ltd, Helsinki, investments service company	85.6	3.8	12.2	4.2
Kiinteistö Oy Aleksi-Hermes, Helsinki	100.0	13.8	10.7	0.0
Kiinteistö Oy Arkadiankatu 23, Helsinki	100.0	5.6	5.2	-0.1
Kiinteistö Oy Dagmarinkatu 14, Helsinki	100.0	8.1	2.0	0.0
Kiinteistö Oy Kanta-Sarvis II, Tampere	100.0	11.7	9.1	-0.3

1) According to latest annual accounts.

On the basis of the relevant regulation of the Financial Supervision, a total of 19 housing and real-estate companies have been omitted from the consolidated accounts. The aggregate total assets in the most recent balance sheets of these companies was € 38.7 million, and also omitted from the consolidated accounts were 10 other companies, which had € 29.2 million in total assets as calculated according to their most recent balance sheets.

During the financial year, OKO Bank sold the shares of Asunto Oy Asuinkartano, Kiinteistö Oy Näyttelijäntie ja Kiinteistö Oy Kantilli.

OKO Bank's subsidiary OP-Finance Ltd merged with OKO Bank on December 31, 2003. The profit and loss account of OP-Finance has been consolidated to OKO Bank Consolidated's financial statements for the period January 1 – December 31, 2002.

OTHER NOTES TO THE ACCOUNTS

55) Credit institution's trustee services

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

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

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

NOTES CONCERNING A CREDIT INSTITUTION BELONGING TO THE CONSOLIDATED GROUP

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

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

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

	2002	2001
Interest income	58.9	55.4
Income from equity investments	24.5	33.1
Interest expenses	1.6	2.6

Claims on consolidated companies and liabilities to them

	2002	2001
Claims on credit institutions	359.8	1 195.8
Claims on the public and public sector entities	6.7	7.0
Debt securities eligible for refinancing with central banks	-	-
Debt securities	51.6	78.8
Other assets	0.1	0.1
Accrued income and prepayments	3.0	7.6
Total	**421.2**	**1 289.3**
Liabilities to credit institutions	42.2	77.2
Liabilities to the public and public sector entities	0.6	0.4
Debt securities issued to the public	0.0	0.2
Other liabilities	0.1	1.7
Accrued expenses and deferred income	0.0	0.3
Total	**43.0**	**79.9**

NOTES CONCERNING SUBSIDIARIES AND ASSOCIATED COMPANIES

58) Subsidiaries included in the consolidated accounts

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

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

OKO Bank Consolidated does not have subsidiaries according to this section.

60) Associated companies included in the consolidated accounts

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

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

OKO Bank Consolidated does not have associated companies according to this section.

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

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

63) Joint ventures included in the consolidated accounts

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

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

The financial year of all the subsidiaries included in the consolidated accounts ended on December 31, 2002.

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

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

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

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

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

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

68) Breakdown of imputed taxes due and changes therein

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

	2002	2001
Imputed deferred taxes in the consolidated balance sheet		
Deferred taxes which are based on appropriations and entered in the consolidated balance sheet	39.2	27.5
Imputed tax claims based on the consolidated balance sheet		
Based on consolidation measures	0.4	0.5
Based on the consolidated companies' own balance sheets	1.0	1.1
Changes in imputed taxes		
Based on appropriations	11.7	4.4
Based on consolidation measures	-0.1	-0.1
Based on Group companies' own balance sheet	-0.0	-0.2

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

The amount of unamortised goodwill of associated companies included in the consolidated accounts as at December 31, 2002, was € 0.01 million. There was no negative consolidation difference that had not been charged to income at the end of the year.

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

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

CALCULATION OF KEY RATIOS

Turnover	The sum total of interest income, income from leasing operations, income from equity investments, net income from securities transactions and foreign exchange dealing as well as other operating income.
Operating profit or loss	Operating profit/loss according to the profit and loss account
Profit or loss before appropriations and taxes	The profit and loss account item “Profit or loss before appropriations and taxes”
Return on equity (ROE) %	$\frac{\text{Operating profit /loss less taxes}}{\text{Equity capital + minority interests + voluntary provisions + depreciation difference less deferred taxes due (average of the figures for the beginning and the end of the year)}} \times 100$
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 (%)	$\frac{\text{Equity capital + minority interests + voluntary provisions + depreciation difference less deferred taxes due}}{\text{Total assets}} \times 100$
Cost/income ratio, %	$\frac{\text{Commission expenses + administrative expenses + depreciation + other operating expenses}}{\text{Net income from financial operations + income from equity investments + commission income + net income from securities transactions and foreign exchange dealing + other operating income}} \times 100$
Earnings per share (EPS)	$\frac{\text{Operating profit/loss -/+ minority interests in the profit or loss for the financial year less taxes}}{\text{Adjusted average number of shares during the financial year}}$
Earnings per share (EPS), diluted	The denominator is the average share-issue adjusted number of shares during the financial period plus the number of shares which is obtained if all options are converted into shares. Subtracted from the figure thus obtained is the number of shares that can be obtained through the exercise of options multiplied by the share subscription price and divided by the average price of the share during the report period.
Equity per share	$\frac{\text{Equity capital plus voluntary provisions and depreciation difference less deferred taxes due at the end of the year}}{\text{Adjusted average number of shares on the balance sheet date}}$
Dividend per share	$\frac{\text{Dividend paid for the financial year}}{\text{Adjusted average number of shares on the balance sheet date}}$
Dividend payout ratio %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield %	$\frac{\text{Dividend per share}}{\text{Adjusted share price on the balance sheet date}} \times 100$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted share price on the balance sheet date}}{\text{Earnings per share}}$
Average price	$\frac{\text{Total share turnover in €}}{\text{Number of shares traded}}$
Market capitalisation	Total number of shares x last price on the balance sheet date

EXECUTIVE BOARD'S PROPOSAL FOR THE DISPOSAL OF DISTRIBUTABLE FUNDS

The consolidated distributable equity capital on December 31, 2002 was € 104 520 509.88.

The equity capital of OKO Bank on December 31, 2002 was € 530 091 846.02 of which distributable equity was € 166 393 945.16.

At the disposal of the Annual General Meeting is

	€
the profit for the financial year shown in the profit and loss account	53 512 102.44
profit brought forward	89 432 370.41
and non-restricted reserves	23 449 472.31
or a total amount of	166 393 945.16

It is proposed that this be disposed as follows:

The dividend distributed on the share capital is

€ 0.75 on 36 037 192 Series A shares	27 027 894.00	
€ 0.70 on 11 082 638 Series K shares	7 757 846.60	34 785 740.60
Leaving in distributable equity capital		131 608 204.56

HELSINKI, FEBRUARY 13, 2003

Antti Tanskanen

Reijo Karhinen

Mikael Silvennoinen
President

Erkki Böös

Timo Ritakallio

Heikki Vitie

Helena Walldén

AUDITORS' REPORT

(Translation)

TO THE SHAREHOLDERS OF OKO BANK

We have audited the accounting records and the financial statements, as well as the administration by the Supervisory Board, the Executive Board and the President of OKO Bank for the financial period 1 January – 31 December 2002. The financial statements, which include the report of the Executive Board, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Executive Board and the President. Based on our audit we express an opinion on these financial statements and the bank's administration.

We conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration was to examine that the Supervisory Board, the Executive Board and the President have complied with the rules of the Finnish Companies Act and the Finnish Act on Credit Institutions.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and the financial position of both OKO Bank Consolidated and the parent company. The financial statements can be adopted and the members of the Supervisory Board, as well as the Chief Executive Officer, the President and the other members of the Executive Board can be discharged from liability for the period audited by us. The Executive Board's proposal for the disposal of distributable funds is in compliance with the Finnish Companies Act.

HELSINKI, 13 FEBRUARY, 2003

KPMG Wideri Oy Ab

Hannu Niilekselä
Authorised Public Accountant

Raimo Saarikivi
Authorised Public Accountant

STATEMENT OF THE SUPERVISORY BOARD

At its meeting held today the Supervisory Board has examined the Bank's annual accounts and the Auditors' Report. As its statement to the 2003 Annual General Meeting, the Supervisory Board observes that the Bank has been managed in accordance with the legislation and regulations in force and the Supervisory Board does not have any remarks in respect of OKO Bank's annual accounts for 2002 and the Auditors' Report.

The Supervisory Board concurs with the Executive Board's proposal concerning the disposal of distributable funds. The following members of the Supervisory Board are to resign in accordance with the Articles of Association of OKO Bank: Kaarina Aho, Ola Eklund, Paavo Haapakoski, Olavi Kuusela, Vesa Lehikoinen, Jarmo Lähteenmäki, Kati Myllymäki, Heikki Oja, Kari Puro and Turkka Saarniniemi. In addition, Leo Pakkanen, whose term of office ends in 2004, has tendered his resignation.

HELSINKI, FEBRUARY 13, 2003

ON BEHALF OF THE SUPERVISORY BOARD

Seppo Penttinen
Chairman

Markku Koponen
Secretary

OKO Bank