January | February | March | April | May | June | July | August | September | October | November | December

OKO Bank Annual Report 2003

Contents

Photographs designed and shot by the Lahti Polytechnic, Institute of Design, photography major: Katja Almgren, Raisa Karjalainen, Sami Kero, Teemu Kuusimurto, Elina Laukkarinen and Mika Ranta, orientation teacher Pauliina Pasanen. **Theme of the photographs** Turning objectives into results!

OKO Bank is a Finnish commercial bank whose Series A share is quoted on the Helsinki Stock Exchange. OKO Bank has more than 25,000 shareholders.

OKO Bank's four business divisions are

Corporate Banking

The Corporate Banking Division provides financing and cash management services to companies and other organisations, as well as services related to money, foreign exchange and debt capital markets.

Investment Banking

Investment banking operations are run by Opstock Ltd, a company that offers asset management and brokerage services to private and institutional investors. Opstock also arranges equity-based funding to companies and acts as an advisor in M&A and corporate restructuring arrangements.

Retail Banking

Retail banking services are provided by Okopankki Oyj, whose customer base covers private customers and SMEs in the Greater Helsinki area. Okopankki offers financing, wealth management and payment transfer services.

Group Treasury

OKO Bank acts as the central financial institution for the OP Bank Group. Group Treasury is also in charge of OKO Bank's long-term funding and investment activities.

OKO Bank is part of the OP Bank Group, a leading Finnish bank group.

Result 2003

Dramatic Improvement in OKO Bank's Performance

OKO Bank recorded a consolidated operating profit of € 174 million (96)*. The financial performance was fuelled by the sale of OP Life Assurance Company's** shares, which improved the profit by € 53 million, and the sale of Kiinteistö Oy Aleksi-Hermes shares, which generated an operating profit of € 11 million.

In the corresponding period, the negative impact arising from the consolidation of OP Life Assurance was € 20 million. On the other hand, OKO Bank's investments in Pohjola Group plc shares boosted the operating profit in 2002 by € 10 million.

The core operations of OKO Bank's four divisions generated an operating profit of € 120 million (119), with the divestiture of Aleksi-Hermes excluded. All divisions except for Retail Banking saw their operating profit improve.

Return on equity was up to 18.5 per cent (10.0).

The capital adequacy ratio was 11.0 per cent. The Tier I ratio was 7.0 per cent, which is on par with the long-term target.

Earnings per share totalled € 2.66 (1.34). The proposed dividend is € 1.60 on Series A shares and € 1.55 on Series K shares. The dividend paid in fiscal 2002 was € 0.75 for Series A shares and € 0.70 for Series K shares. Given the proposed dividend distribution, the effective dividend yield is 8.8 per cent.

A Stronger Market Position

The loan portfolio grew by almost 10 per cent to € 7.4 billion. OKO Bank was still able to strengthen its market position as a corporate bank.

Customer funds in asset management totalled € 8.4 billion (6.1). Managed funds saw an annual growth of 37 per cent.

Stable Prospects

General economic conditions appear to be improving slightly. The business conditions in the banking sector are expected to remain unchanged, with fierce competition persisting.

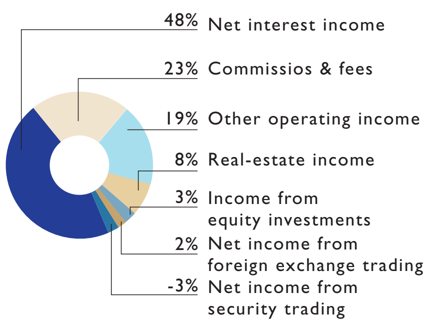
OKO Bank's prospects for 2004 are stable. Non-recurring items excluded, the overall performance of the core business is expected to be on a par with 2003. However, the consolidated operating profit will fall short of the previous year's figure, as capital gains had a significant impact on 2003 earnings.

* *Figures from 2002 are shown in brackets.*

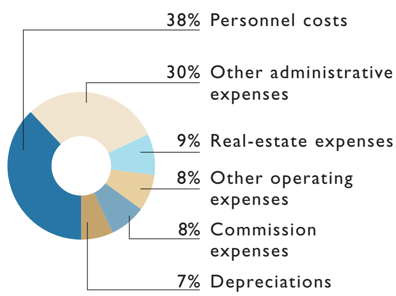
** *Aurum Life Assurance Company changed its name to OP Life Assurance Company in December 2003.*

Quarterly Performance

€ million	2003 1–3	4–6	7–9	10–12	2003	2002	Change, %
Net interest income	**40**	**40**	**40**	**42**	**161**	161	0
Income from equity investments	**3**	**2**	**4**	**0**	**9**	13	-30
Net commissions & fees	**15**	**15**	**15**	**21**	**66**	55	21
Net income from securities trading	**-5**	**-2**	**1**	**-2**	**-9**	-14	38
Net income from foreign exchange trading	**2**	**2**	**1**	**1**	**6**	7	-15
Other operating income	**64**	**6**	**4**	**16**	**90**	19	-
Total income	**119**	**61**	**66**	**78**	**324**	241	34
Total expenses (excl. commission expenses)	**34**	**34**	**33**	**39**	**139**	130	7
Loan and guarantee losses	**0**	**0**	**2**	**0**	**2**	-2	-
Write-downs on securities held as non-current financial assets	**4**	**0**	**0**	**0**	**5**	0	-
Share of affiliate profits/losses	**-5**	**1**	**1**	**0**	**-3**	-17	81
Operating profit	**76**	**28**	**31**	**40**	**174**	96	81



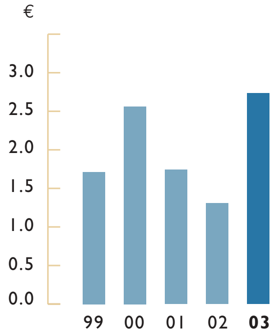
Breakdown of Income



Breakdown of Expenses

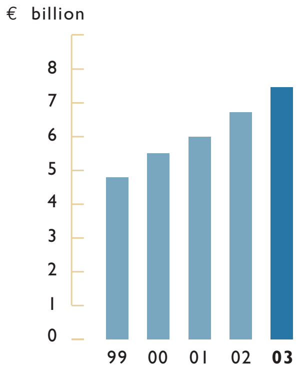
Key Figures

Earnings per Share (EPS)



	1999	2000	2001	2002	2003	Long-term target
Operating profit, € million	111	167	111	96	**174**	
Return on equity, %	16.1	21.5	13.0	10.0	**18.5**	**14.0**
Return on assets, %	0.82	1.10	0.67	0.50	**0.92**	
Total income, € million	235	321	270	255	**335**	
Cost/income ratio, %	56	43	51	56	**45**	**55**
Balance sheet total, € billion	10.8	11.0	12.6	12.7	**14.8**	
Risk-weighted items, € billion	6.2	7.2	7.2	8.0	**8.8**	
Loan portfolio, € billion	4.7	5.6	5.9	6.7	**7.4**	
Non-performing and interest-free loans, % of loans and guarantees	0.3	0.2	0.3	0.2	**0.2**	
Loan and guarantee losses, % of loans and guarantees	0.0	-0.2	-0.1	0.0	**0.0**	
Client funds*, € billion	5.0	6.7	7.4	8.0	**10.4**	
Capital adequacy ratio, %	12.5	11.4	12.8	11.1	**11.0**	
Tier I ratio, %	7.3	7.0	7.4	7.0	**7.0**	**7.0**
Earnings per share, €	1.72	2.53	1.68	1.34	**2.66**	
Earnings per share, diluted, €					**2.58**	
Equity per share, €	10.97	12.82	13.24	13.56	**15.23**	
Dividend per share, €	0.69	1.26	1.09	0.74	**1.59****	
Dividend payout ratio, %	40	50	65	55	**60****	**50**
Effective dividend yield, % (OKO A)	6.3	9.2	7.8	5.2	**8.8****	
Market capitalisation (A and K), € million	523	643	659	675	**871**	
Average personnel	964	1 028	1 070	1 117	**1 138**	

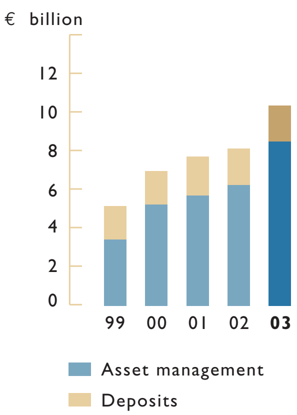
Loan Portfolio



* Client funds = deposits and amount of assets under management

** Executive Board's dividend proposal: € 1.60 for series A shares and € 1.55 for series K shares.

Client Funds



Credit Ratings

Rating Agency	Short-term debt	Long-term debt
Standard & Poor's	A-1	A+
Moody's	P-1	Aa2
Fitch Ratings	F1+	AA-

Highlights of 2003

January

Leasing and Factoring Services Merge with OKO Bank's Corporate Banking

Since the beginning of 2003, OKO Bank's Corporate Banking Division has been in charge of providing leasing and factoring services following the merger of the former OP Finance Ltd with its parent company OKO Bank at the end of 2002.

OKO Bank and Swedbank Join Forces in Corporate Banking

OKO Bank and the Swedish Swedbank (FöreningsSparbanken) entered into an agreement regarding corporate services. Under this agreement, Swedbank provides services to the OP Bank Group's corporate customers in Sweden. At the same time, OKO Bank decided to shut down its Stockholm branch office by the end of June.

February

OKO Bank Reduces Holdings in OP Life Assurance Company

OKO Bank sold some of its shares in the OP Life Assurance Company to the OP Bank Group Central Cooperative for € 80 million. As a result, OKO Bank's holdings in OP Life Assurance shrank from 49.9 to 15 per cent. This arrangement improved OKO Bank's operating profit by € 53 million.

July

Moody's Upgrades OKO Bank's Credit Rating

Moody's Investors Service upgraded OKO Bank's long-term rating to Aa2 from Aa3 and its financial strength rating to B+ from B. Moody's said its decision was based on the OP Bank Group's consistently strong performance and financial position.

October

OKO Bank Joins Forces with Other Nordic Players in Clearing and Custody Services

OKO Bank made arrangements with Swedbank and the Norwegian Den norske Bank regarding securities clearance and custody services. The agreement offers OP Bank Group's customers investing in Swedish or Norwegian securities access to reasonably priced, high-quality services.

November

OKO Bank Sells Hermes Building to Sponda

OKO Bank sold its Hermes property located in the Helsinki city centre to the Sponda real estate investment company for € 53 million. The sale of the Aleksi-Hermes property boosted OKO Bank's operating profit by € 11 million in the final quarter.

Aa2

Aa2

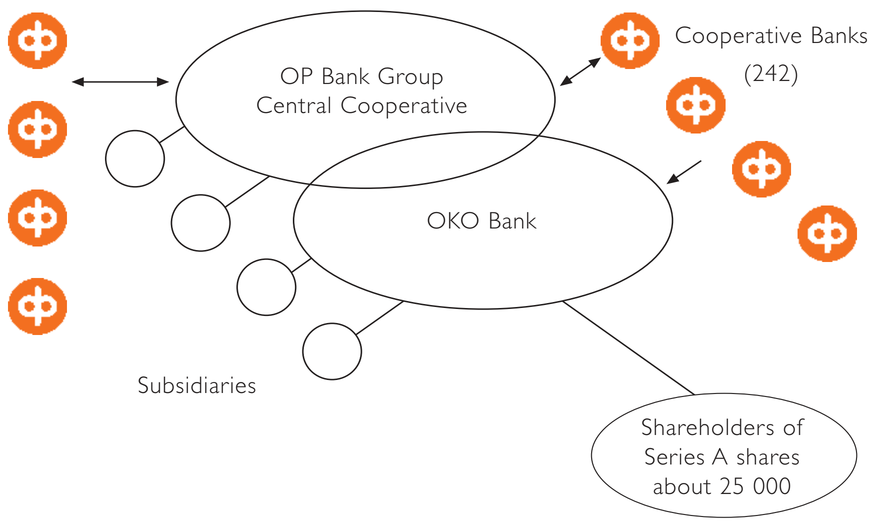
OKO Bank as a part of the OP Bank Group

The OP Bank Group is a leading Finnish bank group with more than three million customers. The OP Bank Group comprises 242 member cooperative banks and their central institution **OP Bank Group Central Cooperative**. 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 owned by their members, and they are engaged in retail banking in their own areas of operations.

The OP Bank Group Central Cooperative acts as the Group's development and service centre as well as makes and holds strategic investments for the Group.

OKO Bank is the most significant subsidiary of the OP Bank Group Central Cooperative. It is a commercial bank that also acts as the central bank of the OP Bank Group and is responsible for the Group's liquidity management and international affairs. At the end of 2003, OKO Bank had total assets of € 14.8 billion, or slightly more than 40 per cent of OP Bank Group's total assets.



OP Bank Group's Key Figures

	2003	2002
Total assets, € billion	**35.0**	31.6
Own funds, € billion	**3.6**	3.2
Operating profit, € million	**515**	459
Return on equity (ROE), %	**11.5**	11.9
Capital adequacy ratio, %	**15.4**	15.2
Market share of euro-denominated		
- credits, %	**29.8**	29.7
- deposits, %	**31.6**	30.9
Personnel	**9 048**	8 937

Chairman's Review

A Year of Stability in the Banking Sector

Last year was a favourable one for the banking sector, at least in comparison with many other sectors. Weak economic conditions did not have such a heavy impact on banking as they did, for example, on industry. This has been the prevailing trend for the last few years.

Despite the rapid growth of loan portfolios, banks booked very few credit losses. Even though this is an excellent combination for the banking sector, low interest rates have slowly been eating away at one of the key sources of income in the banking sector, namely net income from financial operations.

These are good times for Finnish borrowers: interest rates have reached a record low, and, owing to fierce competition, the lending margins are the narrowest in Europe.

The banking sector did not make headlines last year. There were very few major reorganisations in the business. OKO Bank and the entire OP Bank Group were able to distinguish themselves from competitors with their in-depth knowledge and understanding of Finnish customers and the domestic business environment.

OP Bank Group and OKO Bank Gain Market Share

The OP Bank Group and OKO Bank emerged as winners in the fierce competition for market share. We were able to boost our market share in all of our key business areas, especially in life and pension insurance. Changes in market shares tend to be very small, but when they occur repeatedly, even a tenth of a percentage point becomes significant. But more important than those tenths is the direction: we have seen a persistent upward trend, and I am confident this trend will continue. And even though market share is not everything, it is the most reliable long-term indicator of customer confidence, the key criterion for any bank.

International rating agencies look at the OP Bank Group's overall performance when assessing OKO Bank's creditworthiness. In these assessments, too, positive attention has been paid to the growth of the Group. Last summer, Moody's upgraded OKO Bank's long-term ratings on the following grounds: "The OP Bank Group's performance and financial position have been consistently strong despite difficult business conditions and tight competition."

Economic Growth Still on the Horizon

Last year in my review I wrote "The downturn – that is, slower than normal growth – will continue." Unfortunately it appears that I must repeat those words this year.

Finland has tolerated three years of slow economic growth fairly well. A somewhat contradictory development continued last year: consumption grew even faster than a year earlier while investments continued to decrease. The growth of our national economy turned on private consumption, and will continue to do so this year.

Economic development was sluggish in the euro zone and was overshadowed by rising unemployment and economic deficits in the big EMU countries. However, the global economy is already showing faint signs of stronger growth. In the United States, growth accelerated in the second half, but was again fuelled by private consumption. The current account deficit continued to deepen, prompting a general lack of confidence in the US dollar. The growth of the US economy and more specifically its ability to drive European and Finnish economic growth remains unclear. In terms of the near future of the Finnish economy, the best remedy would be to focus on measures aimed at boosting domestic demand.

Pursuing Controlled Growth

The OP Bank Group's strategic objective is to maintain controlled growth. We are seeking growth in those sectors that show the greatest potential. This strategy places considerable emphasis on OKO Bank, both divisionally and regionally.

The strengths of Okopankki, which is responsible for the OP Bank Group's retail banking services in the Greater Helsinki area, include highly motivated and skilled personnel as well as services tailored to our customers' needs. For several years, Okopankki has been able to meet its challenging growth objectives without compromising its financial performance and risk management.

Growth is the driving force behind OKO Bank's own strategy, too. OKO Bank is seeking growth as a retail bank, a corporate bank, an asset manager, and an arranger of financing from debt capital markets. I am pleased to report that all indicators show that last year OKO Bank was able to meet its performance targets in all of these areas. I have every reason to believe this development will continue.

I would like to extend my warmest thanks to our personnel for their excellent performance last year. I would also like to extend sincere thanks to our customers, shareholders and other stakeholders for the trust and confidence you have shown in us.

Helsinki, February 12, 2004

Antti Tanskanen

President's Review

OKO Bank's Earnings Reach All Time High

Year 2003 marked the sixth fiscal year I reported to our shareholders. In many respects last year was the best of them.

Firstly, OKO Bank's earnings reached an all time high. Even though earnings included some non-recurring items, I am very satisfied with the fact that despite record low interest rates and a subdued stock market, our operating profit was also among the best in OKO Bank's earnings history.

Six years ago, in 1998, we made it our objective to outperform market growth in the following strategic sectors: corporate banking, retail banking in the greater Helsinki area, asset management as well as arranging financing to our customers from capital markets. At that time, our market share was in the neighbourhood of 10 per cent, whether measured by corporate lending, the number of banking customers in Greater Helsinki, or assets in mutual funds. Our objective of 20 per cent seemed very distant then, but not any more.

A Stronger Overall Market Position

OKO Bank was able to move successfully forward in every strategic sector. Several key indicators revealed that our market position as a corporate bank has strengthened. For example, OKO Bank was the number one arranger of corporate bond issues on the Finnish market. Growth in retail banking has been so rapid in recent years that OP Bank Group's share of customers in the Greater Helsinki is approaching the 20 per cent level. The amount of client funds under our management continued to grow very rapidly.

At the same time, our risk exposure remained stable. Credit losses were minor, even though slightly higher than in the previous year.

Last year featured stable, balanced development. The credit for that goes to our skilled and motivated staff.

As one of OKO Bank's shareholders, I am naturally delighted to see the Bank perform so well as an investment. The price of our Series A share rose by more than 25 per cent during the year.

Capital Gains Boosted Performance

OKO Bank recorded capital gains on divestitures related to its life assurance and real estate holdings. This also reduced the risks associated with these operations.

The reduction in OKO Bank's holdings in OP Life Assurance Company bolstered earnings by € 53 million. In my opinion, this was a successful arrangement, as it balanced OKO Bank's investment portfolio. After the sale, OKO Bank's performance is less vulnerable to stock price fluctuations.

The sale of the Hermes building in the Helsinki city centre was in line with OKO Bank's real estate investment strategy of reducing real estate holdings in the long run. The sale of the Hermes property improved our operating profit by € 11 million.

Record Dividends to Shareholders

In the past few years, OKO Bank has distributed at least half of its earnings to shareholders in the form of dividends. The Executive Board will propose at the Annual General Meeting that a dividend of € 1.60 be paid on Series A shares and € 1.55 on Series K shares for fiscal 2003. Assuming that the Executive Board's proposal is approved at the Annual General Meeting, OKO Bank will pay € 76.8 million in dividends in April, which is significantly more than ever before. The proposed dividend corresponds to a 60% dividend payout ratio and an 8.8% dividend yield.

Stable Prospects for Core Sectors

The demand for loans and housing loans in particular, has been very intense in recent years. We expect the demand for loans to remain strong in 2004 but to drop off a bit from last year. On the other hand, strong growth will probably continue in asset management.

My current forecast calls for OKO Bank's operational earnings in 2004 to be on par with the 2003 performance. We will continue to strive for an ever stronger market position in our selected strategic sectors without compromising risk management.

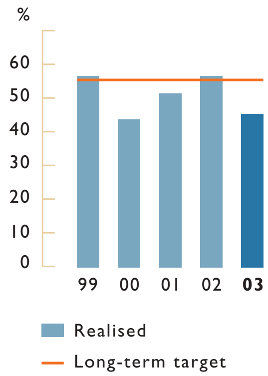
I would like to extend my warmest thanks to our customers and shareholders for putting their trust in OKO Bank.

Helsinki, February 12, 2004

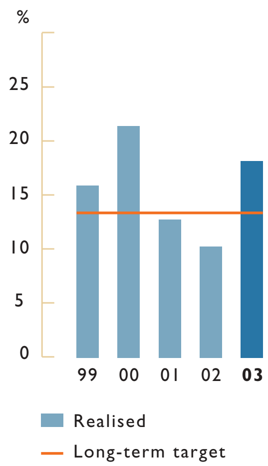
Mikael Silvennoinen

Strategy

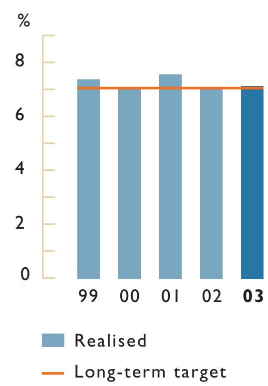
Cost/income Ratio



Return on Equity (ROE)



Tier I Own Funds / Risk-weighted Commitments



Vision

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

Mission

The purpose of OKO Bank's operations is to generate financial benefits for its customers 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 OP Bank Group is an efficient sales channel for a rapidly expanding portfolio of increasingly prosperous customers.

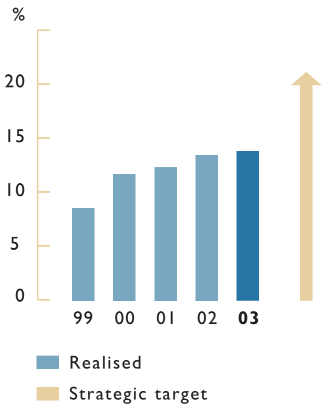
... corporate banking

The 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.

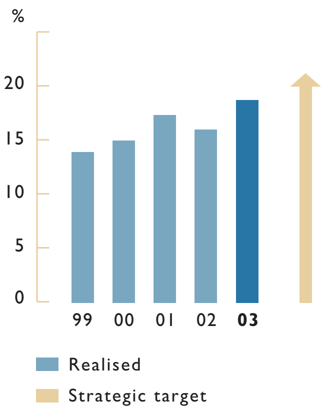
... a provider of financing in the debt capital and equity markets

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

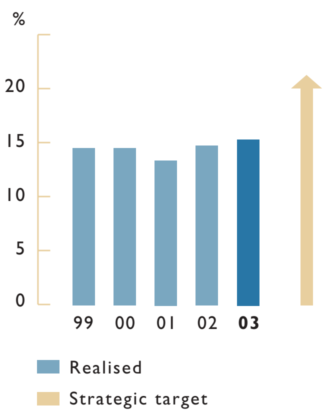
OKO Bank's Share of Corporate Loans



OP Bank Group's Share of Bank Customers in Greater Helsinki Area



OP Bank Group's Share of Capital in Mutual Funds



Customers

OKO Bank focuses on serving Finnish customers both home and abroad – wherever they need services. The Bank's 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.

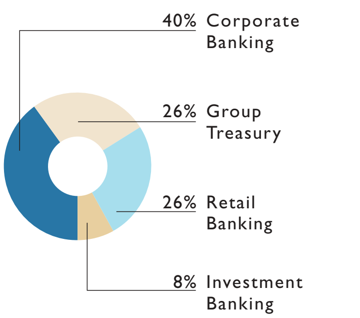
The fourth element is personnel. OKO Bank believes that continuous success is rooted in the development of competence and teamwork, the personnel's desire to adopt the best practises in the industry and willingness to commit to the Bank's objectives and ethical principles. OKO Bank wants to be a good 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.

Divisions

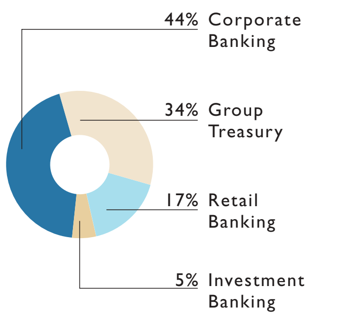
OKO Bank's divisions include Corporate Banking, Investment Banking, Retail Banking and Group Treasury. The income, expenses, investments and capital that are not allocated to business divisions have been integrated under Group Administration.

	Operating profit, € million		Return on equity, %	
Division	**2003**	2002	**2003**	2002
Corporate Banking	**57**	54	**10.2**	10.7
Investment Banking	**7**	6	**40.2**	36.3
Retail Banking	**22**	26	**15.1**	20.9
Group Treasury	**44**	32	**33.0**	22.5
Group Administration	**43**	-22		
Total	**174**	96	**18.5**	10.0

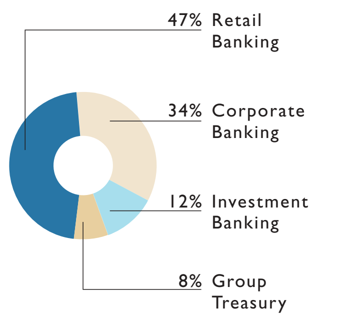
The financial results of the divisions have been calculated by allocating the income and expenses adjusted by commission expenses to the division in question. Equity allocated to each division equals 7 per cent of the division's risk-weighted items. The share of equity not allocated to the divisions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



Share of Divisions' Income



Share of Divisions' Operating Profit



Share of Divisions' Personnel

Corporate Banking

OKO Bank Took Market Share

Over the past six years, OKO Bank has been able to double its share in corporate financing. This clearly indicates that we have been able to meet our customers' expectations by fostering long-term customer relationships, by developing our services and, most importantly, by being a reliable partner.

We have arranged financing for the corporate sector and the Finnish Government alike in the bond markets. Last year, OKO Bank was the leading arranger of corporate bond issues in Finland. We have also arranged financing for mergers and acquisitions, primarily in co-operation with venture capitalists.

Our cash management and payment transfer services attracted significant new customers that represent major international and Finnish corporations as well as the public sector. As a result, our payment transfer services volume grew by more than a third.

Several surveys show that our customer satisfaction and corporate image exceed the industry benchmarks. I am confident that these factors have contributed significantly to our success in the past few years. With these strengths working in our favour, we are well positioned for future challenges.

Timo Ritakallio
First Executive Vice President
OKO Bank

Corporate Banking offers corporate customers and institutions financing and cash management services, as well as money market, capital market and foreign exchange services. Financial services include loans and guarantees, leasing and factoring, bond issues and syndicated loans, and venture capital investments.

Corporate Banking services are provided by OKO Bank and OKO Venture Capital Ltd (OVC), which has been consolidated since the beginning of the year 2003.

Income in Corporate Banking is generated primarily by lending margins, trading in the money, foreign exchange and debt capital markets, and commissions and fees from financing and payment transfer services. The net interest income is not sensitive to interest rate fluctuations because the funding of lending is market rate-driven.

Corporate Banking strives to strengthen its market position as a corporate lender, provider of financing in the capital markets, and as a corporate cash and liquidity manager all the while maintaining healthy profitability.

The cooperation between OKO Bank and member cooperative banks as well as the service network that covers the entire OP Bank Group provide us with a significant competitive asset, particularly in the SME sector and venture capital activities. The extensive service network also supports the sales of finance company services.

Improved Profits and Stronger Market Position

	2003				2003	2002	Change,
€ million	1–3	4–6	7–9	10–12			%
Net interest income	**19**	**19**	**20**	**20**	**78**	77	1
Commissions and fees (net)	**7**	**8**	**6**	**10**	**30**	21	44
Net income from securities trading	**-3**	**-2**	**-1**	**-1**	**-7**	-12	44
Net income from foreign exchange trading	**2**	**1**	**1**	**1**	**5**	6	-20
Other operating income	**0**	**1**	**0**	**0**	**1**	3	-40
Total income	**25**	**27**	**26**	**29**	**107**	94	13
Personnel costs	**5**	**5**	**5**	**6**	**21**	18	17
Other expenses	**6**	**7**	**6**	**7**	**25**	24	6
Total expenses	**11**	**11**	**10**	**14**	**46**	42	11
Loan losses and write-downs	**0**	**0**	**2**	**0**	**3**	-1	
Operating profit	**14**	**15**	**13**	**16**	**57**	54	7
Return on equity, %					**10.2**	10.7	
Cost/income ratio, %					**45**	47	

	Dec. 31	Dec. 31	
Personnel	**367**	363	1
Risk-weighted items, € million	**5 854**	5 512	6
Loan portfolio, € million	**5 007**	4 682	7
Loans and guarantees, € million	**5 986**	5 631	6
Non-performing and interest-free loans, € million	**12**	8	39
Non-performing and interest-free loans, % of loans and guarantees	**0.19**	0.14	

Corporate Banking recorded an operating profit of € 57.2 million, showing an increase of € 3.5 million from the previous year. Income grew by € 12.3 million and expenses by € 4.4 million. Loan losses totalled € 3 million. Last year, they generated a positive profit impact of € 1.4 million as loan loss reversals outstripped new specific loan loss provisions.

OKO Bank was able to strengthen its market position as a corporate bank during the year. The loan portfolio of Corporate Banking saw an increase of 7 per cent during the year. Furthermore, unused standby credit facilities grew by a third from the previous year-end to € 1.2 billion. The loan portfolio saw particularly strong growth in loans to municipalities and non-profit institutions, which increased by 20 per cent. Finance company loans grew by 18 per cent, and OKO Bank's market position strengthened. Actual corporate loans dropped by 7 per cent, but taking into account the Bank's unused standby credit facilities, there was an increase of 6 per cent.

New long-term credit facilities in the amount of over € 1.2 billion were arranged for corporate customers. New lending in finance company services amounted to € 0.8 billion. During the year, OKO Bank was involved in a few major corporate M&A financing operations.

OKO Bank was able to raise lending margins of corporate portfolio. However, fierce competition slowed down the positive development. Spreads in loans to non-profit organisations fell. Lending commissions grew by almost a third from the previous year.

A sound risk position was maintained despite an increase in non-performing and interest-free receivables by € 3 million to under € 12 million. The impact of loan losses on overall performance was not significant.

According to corporate image surveys, corporate customers perceive high-quality services, skilled personnel and management's commitment as OKO Bank's strengths.

Market Leader in Debt Issues

OKO Bank's competitive strength in the debt capital markets is based on its high level of expertise and the extensive investor clientele of the OP Bank Group. In fact, OKO Bank maintained its position as the lead arranger of corporate debt issues in Finland.

During the year, OKO Bank acted as the lead manager in six bond issues and as a manager in one, and the lead manager in one capital note issue. Capital arranged for clients totalled € 385 million; an increase of € 30 million on the previous year.

The Bank was the lead arranger – and the only Nordic bank – in an international four-bank syndicate that managed the Finnish Government's € 5-billion benchmark bond issue in May.

OKO Bank launched four share index loans totalling € 27 million. In addition, a capital guaranteed Credit Basket bond was issued, whose yield is tied to the basket of one hundred investment-grade international corporations. Bond subscriptions totalled € 31 million.

OKO Bank is an active player in the money and capital market trading. It holds a particularly strong position in the trade of commercial papers and bonds. The trading volume of money market products, bonds and foreign exchange products

Dramatic Growth in Payment Transfers

OKO Bank's objective is to strengthen its market position as a corporate payment transfer services and cash management services provider both in Finland and internationally.

A total of 108 million incoming and outgoing payment transfers were performed during the year; an increase of more than a third from the previous year. The substantial growth in payment transfers relates to major new corporate customers in payment transfer and cash management, and the fact that OKO Bank has handled a part of Finnish Government payment transfers since September 2002. The full impact of this payment transfer service did not materialise until the year under review. As a result of the considerable increase in the number of payment transfers, commissions and fees were up by almost a quarter from the previous year.

New Venture Capital Funds

In addition to the three venture capital funds managed by OKO Venture Capital, a new Promotion Equity set of funds was established in the spring. It consists of four regional and one national venture capital fund. Together, these funds have assets under management totalling € 32 million. The assets in funds under OVC's management totalled € 95 million at the year-end.

During the year, the funds executed seed investments in four companies and follow-on investments in eight companies. Investments totalled approximately € 7 million. The funds exited from four investments.

Efficiency Enhanced

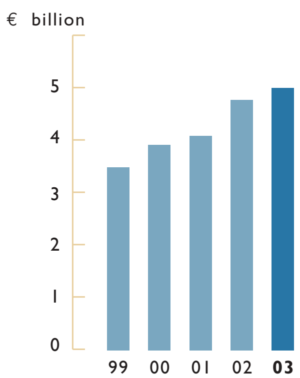
In accordance with a decision made early in the year, the Stockholm branch office was closed at the end of June. OKO Bank is now partnering with the Swedish Swedbank to offer the OP Bank Group's corporate customers banking services in Sweden. These savings will materialise fully in 2004.

OKO Bank aims to ensure the efficient management of rising volumes by developing its online services and by actively promoting their use. In certain product segments, assignments received online had a considerable share: more than half of the assignments involving bank guarantees and some 40 per cent involving foreign exchange or money market transactions were placed online.

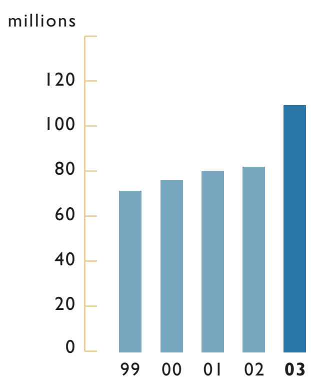
Positive Earnings Prospects

Business conditions are expected to remain largely unchanged from 2003 with fierce competition prevailing. The objective is to continue to strengthen the market position in selected key business areas. Corporate Banking is expected to perform somewhat better than in 2003, provided there are no significant unexpected changes in business conditions.

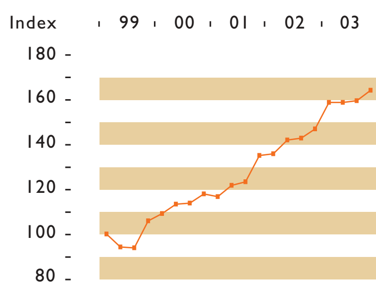
Loan Portfolio of Corporate Banking



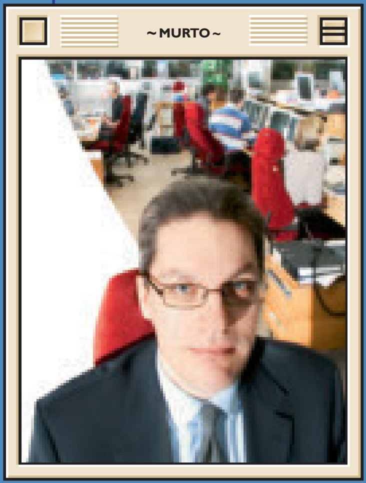
Payment Transfers of Corporate Banking



Average Margin of Loans to Corporate Customers



Investment Banking



Opstock's Asset Management Shows Dramatic Growth

The stock market went into an upswing in the spring, and after a long wait, last year brought our customers increased returns. Customer funds under Opstock's management increased by nearly 40 per cent to € 8.4 billion, with both institutional and private customers' funds contributing to this growth. Funds were the most popular investments. I believe this trend will continue this year.

The stock market recovery boosted our stock brokerage, especially towards the year-end. In conjunction with becoming a member of the Stockholm Stock Exchange in the autumn, Opstock launched remote brokerage of Swedish shares and has had very good experiences in this field. Our analyst team is one of the largest in Finland, and once again performed well against international competitors as a forecaster of Finnish listed company performance.

In the past few years, there have been very few share issues and IPOs. Consequently, Opstock Corporate Finance's assignments have mainly involved corporate M&A programmes. I'm happy to say that Opstock reached a high point last year with a successful share issue arranged for a listed company – which was the largest share issue arranged in Finland in 2003.

Risto Murto
Managing Director
Opstock Ltd

OKO Bank's Investment Banking services are provided by Opstock Ltd, which offers private and institutional investors individual asset management services and brokerage. In addition, Opstock carries out investment research, arranges equity financing and acts as an adviser in M&A transactions.

Opstock offers retail customers high-quality banking and asset management services tailored to the customers' needs in partnership with member banks and Okopankki (a wholly-owned retail banking subsidiary of OKO Bank).

Operating income consists of portfolio management fees, commissions of mutual fund sales, proceeds from the Corporate Finance services, and brokerage commissions. The key objective in Investment Banking is to outperform market growth in asset management.

Operating Profit Improved

€ million	2003 1–3	4–6	7–9	10–12	2003	2002	Change, %
Income	**5**	**4**	**7**	**6**	**22**	19	15
Personnel costs	**2**	**2**	**2**	**2**	**8**	7	6
Other expenses	**2**	**1**	**2**	**2**	**7**	6	21
Total expenses	**3**	**3**	**4**	**4**	**14**	13	13
Operating profit	**1**	**1**	**3**	**3**	**7**	6	20
Return on equity, %					**40.2**	36.3	
Cost/income ratio, %					**72**	74	
					Dec. 31	Dec. 31	
Personnel					**125**	122	2
Client funds under management, € million					**8 372**	6 104	37
Value of brokerage, € million					**2 132**	3 744	-43

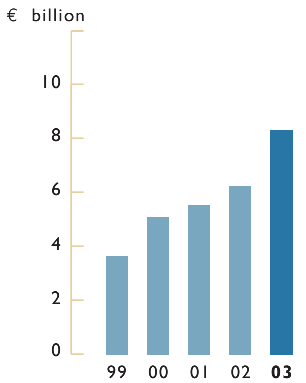
Investment Banking generated an operating profit of € 7.2 million; up by € 1.2 from the previous year. Portfolio management fees saw a dramatic increase, which can be attributed to an increase in managed assets and commissions from successful portfolio management. Gains from the divestiture of fixed assets also boosted our operating profit.

Assets under Opstock's management grew by 37 per cent during the year and totalled € 8.4 billion at the year-end. Funds saw the biggest growth. Assets in OP mutual funds increased by 47 per cent, compared to 40 per cent aggregate growth for all of the mutual funds registered in Finland.

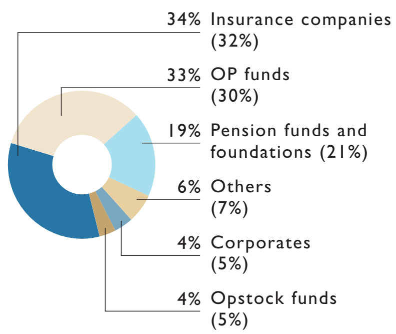
The customised wealth management services provider Opstock Private changed its name to Opstock Wealth Management. This new name better describes both the service concept offered and the needs of customers. Opstock Wealth Management's objective is to expand the customer base from private customers to non-profit organisations and other similar associations.

In August-September 2003, Scandinavian Financial Research conducted a survey among Finnish institutional investors on the competitive position of asset management companies. The survey showed that Opstock Asset Management has been able to maintain its position as one of the leading asset managers. Of the nine companies surveyed, Opstock finished second.

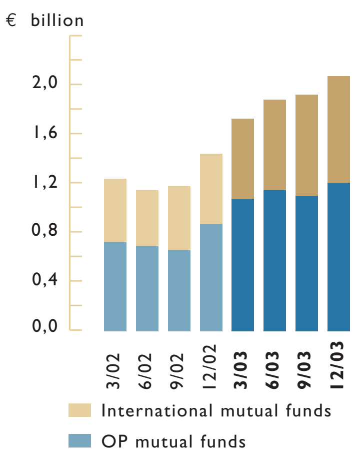
Client Funds under Opstock's Management



Client Funds by Customer Groups in 2003 (2002)



Investment Banking, Mutual Funds Sold



In November-December 2003, the Taloustutkimus market research company surveyed the recognition and reputation of asset management companies among Finnish institutional investors. As in the previous year, Opstock Asset Management and the OP Fund Management company received the best overall rating among the 27 companies in the field, and were also the best recognised.

Market Share of Mutual Funds Increased

Investing in mutual funds continued to be very popular, money market and fixed income funds being the most popular investment. New net subscriptions in mutual funds registered in Finland amounted to € 4.6 billion, € 3.1 billion of which were placed in fixed-income funds.

OP mutual funds managed by Opstock grew by a billion euros. Short-term funds accounted for two thirds of the growth. The OP Bank Group's share of assets in these funds rose by 6 percentage points to 20 per cent. The overall market share of all OP mutual funds was 15.1 per cent compared with 14.3 per cent in 2002.

As a result of the general recovery of the stock market, equity and balanced funds generated positive returns. The OP-Suomi Kasvu equity fund performed particularly well with a staggering annual return of 64 per cent.

During the year, institutional investors continued to show interest in international funds; as a result, the international partner funds brokered by Opstock grew from € 0.6 billion to € 0.9 billion.

Stock Brokerage Volumes Up, Value Down

Opstock stock brokerage increased by 13 per cent. The value of the brokered transactions, however, fell 43 per cent from a year earlier. Opstock's market share of brokerage on the Helsinki Stock Exchange was 4 per cent, unchanged from a year earlier.

Household equity trading declined by 4 per cent to 162,000. Seventy per cent of investor assignments were handled through the Bank's online service.

At the beginning of September, Opstock launched remote brokerage operations on the Stockholm Stock Exchange. By offering Swedish securities through brokerage, Opstock is able to provide its Finnish and foreign customers improved services in the converging securities market.

Stock brokerage unit continued to make considerable investments in information systems in order to improve process efficiency and customer service.

According to a Nordic analyst study conducted by the London-based AQ research institution, Opstock was able to prepare the most accurate performance forecasts for companies listed on the Helsinki Stock Exchange for the second year running. The study included Finnish and international analyst houses that carry out investor research on Finnish companies.

Stock Exchange List Shortened

Even though general market conditions picked up, no new companies were listed on the Helsinki Stock Exchange while several de-listed themselves. Opstock Corporate

Finance acted as the lead manager or manager in three share exchange and redemption offers, while it was lead manager in the Atria share issue and acted as an advisor in M&A arrangements.

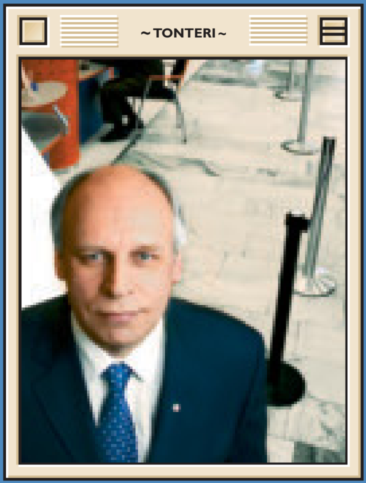
Opstock sold its shares in OMHEX and Exdec in the third quarter, as the company no longer considered them to be strategic holdings. The gain on the OMHEX shares was € 2.1 billion and the loss on the Exdec shares € 0.7 billion. Opstock´s parent company, OKO Bank, still has holdings in OMHEX.

Positive Earnings Prospects

The general recovery of the stock market is expected to continue, and the operating profit generated by Investment Banking is expected to rise from the 2003 adjusted operating profit.

Retail Banking

Brisk Growth in Okopankki's Loan Portfolio



Okopankki's loan portfolio continued to show a strong growth of 17 per cent. In comparison with the previous year, a significantly larger number of housing loans were granted.

I am particularly pleased to say that the number of new customers at Okopankki saw a steady increase. A satisfied customer is the best marketing tool for any bank, as proven by studies showing that one new customer out of three comes to our Bank through a friend's recommendation.

In wealth management, mutual funds gained even more popularity. Short-term funds accounted for as much as 90 per cent of the Bank's new retail savings.

Owing to low interest rates and narrower spreads, Okopankki's earnings fell short of last year. We expect stiff competition to persist in the Greater Helsinki area as new players enter the field.

A skilled and motivated personnel is the key to high-quality customer service. Also last year, Okopankki recruited more personnel and opened a new branch office in Munkkivuori.

During the current year, we plan to open another new branch office in Kontula. If interest rates remain low, I firmly believe that the strong growth of Okopankki's loan portfolio will continue.

Hannu Tonteri
Managing Director
Okopankki Oyj

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

Operating income consists primarily of the interest rate spread between lending and borrowing, as well as commissions and fees from credit arrangements, payment transfer services and sales of long-term savings products. The amount of income depends on the level of interest rates and on the lending-borrowing ratio.

OKO Bank's objective in Retail Banking is to achieve ongoing and steady growth in the Helsinki region.

Weaker Performance

€ million	2003 1–3	4–6	7–9	10–12	2003	2002	Change, %
Net interest income	**13**	**13**	**12**	**12**	**50**	54	-8
Commissions and fees (net)	**4**	**4**	**4**	**5**	**18**	15	14
Other operating income	**1**	**1**	**0**	**0**	**2**	3	-33
Total income	**18**	**17**	**17**	**17**	**69**	72	-4
Personnel costs	**5**	**5**	**5**	**5**	**20**	18	8
Other expenses	**7**	**7**	**7**	**7**	**27**	27	3
Total expenses	**11**	**12**	**12**	**12**	**47**	45	5
Loan losses and write-downs	**0**	**0**	**0**	**0**	**1**	1	-51
Operating profit	**6**	**5**	**5**	**5**	**22**	26	-17
Return on equity, %					**15.1**	20.9	
Cost/income ratio, %					**69**	64	

	Dec. 31 2003	Dec. 31 2002	Change, %
Personnel	**500**	485	3
Risk-weighted items, € million	**1 570**	1 365	15
Loan portfolio, € million	**2 327**	1 996	17
Deposits, € million	**1 613**	1 556	4
Non-performing and interest-free loans, € million	**7**	7	-6
Non-performing and interest-free loans, % of loans and guarantees	**0.28**	0.35	
Number of customers, thousands	**263**	259	2

The operating profit from Retail Banking shrank by € 5 million on the previous year to € 22 million. Net income from financial operations declined by € 4 million owing to low interest rates and narrower spreads. Income decreased by a total of € 3 million while expenses rose by € 2 million. Loan losses totalled one million euros.

Okopankki seeks to establish long-term customer relationships through active prospecting and customer relationship management, and by offering high-quality services. At the end of 2003, the Bank had 263,000 customers, with 14,000 new customers. Less than 13,000 of those were private customers and the remainder were companies and organisations.

According to the Bank's own follow-up study, more than a third of the new customers chose Okopankki at someone's recommendation. Good branch locations and the availability of services were the second reason for choosing Okopankki.

During the year, the OP Bank Group's share of customers in the Helsinki region grew to 19 per cent. According to a survey conducted by Otantatutkimus* in November, Okopankki continued to outperform its competitors in terms of corporate image and customer loyalty. Its strengths included appreciation and respect for customers, and its ability to understand changes in its customers' lives.

* Otantatutkimus Oy, November 2003

Number of Housing Loans Up

Low interest levels boosted the demand for loans throughout the year. Okopankki's loan portfolio grew by 17 per cent, amounting to € 2.3 billion at the year-end. Housing loans increased by 22 per cent and corporate loans by 8 per cent.

New lending from Okopankki amounted to almost one billion euros, an increase of 22 per cent on the previous year. Housing loans accounted for 63 per cent, other loans to households 15 per cent, and corporate loans 22 per cent.

Fierce competition pushed down new housing loan spreads. Margins dropped by an average of 0.2 percentage points from the previous year. A loan repayment insurance was linked to almost a third of the private customers' loans.

Private customer loan portfolio totalled € 1.7 billion with housing loans representing a large majority. The growth of Okopankki's housing loan portfolio is fuelled by co-operation with its subsidiary, Helsingin Seudun OP-Kiinteistökeskus real-estate agency. The company recorded net sales of € 5 million and the number of home sales it brokered grew by 7 per cent from the previous year. The average number of personnel at Helsingin Seudun OP-Kiinteistökeskus was 60.

Corporate loans amounted to € 0.6 billion at the year-end. A third of these were granted for housing and property management, a quarter to the service industry, and a fifth to the trade sector.

The number of non-performing loans remained small despite the strong growth of the loan portfolio. Non-performing and interest-free loans amounted to € 7 million at the year-end, a slight decrease from the previous year. These loans were down to 0.28 per cent of the total loan and guarantee portfolio from 0.35 per cent a year earlier.

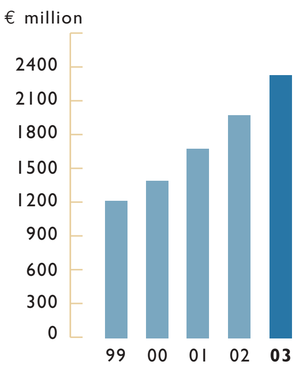
Mutual Funds and Savings Insurance on the Rise

The structure of funds under management in Okopankki changed during the year. The share of savings in mutual funds relative to total customer funds increased by 5 percentage points and savings insurance by 2 percentage points. Meanwhile the share of deposits diminished. Deposits and mutual fund and insurance savings totalled € 2.1 billion, an increase of 13 per cent.

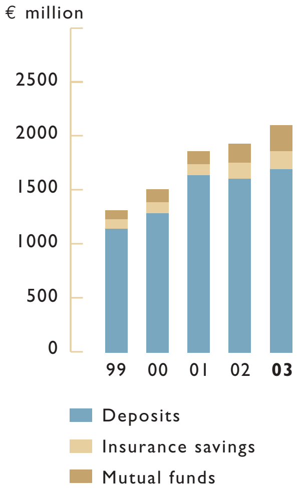
Subscriptions in mutual funds amounted to € 270 million and liquidations to € 157 million. Net subscriptions in funds rose by € 34 million in a year. Okopankki sold € 60 million worth of OP Life Assurance policies; an increase of € 10 million from the previous year. The market value of mutual fund investments and life assurance policies sold was € 0.5 billion at the year-end compared to € 0.3 billion a year earlier.

Deposits were up by 4 per cent to € 1.6 billion.

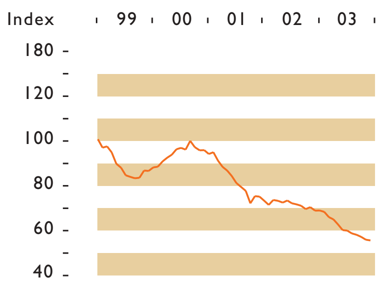
Loan Portfolio of Retail Banking



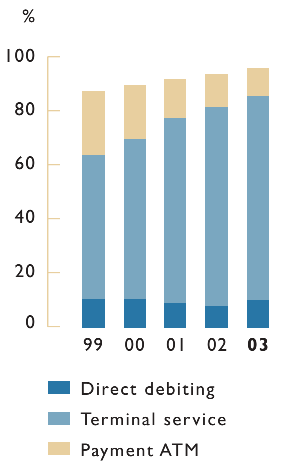
Customer Assets of Retail Banking



Interest Rate Margin between Loans and Deposits



Proportion of Direct Debiting and Self Service of Transactions



Bonus to Loyal Customers

Okopankki introduced Platinum Bonuses in 1999 with the objective of encouraging private customers to focus all their financial service needs on Okopankki. The bonuses accumulated may be used to pay for service charges or fees, or they may be exchanged for cash. When exchanged for cash, they constitute taxable capital income.

In 2003, 116,000 customers earned a total of € 3 million worth of Platinum Bonuses. Bonuses accumulated between 1999 and 2003 amounted to almost € 11 million, of which € 7 million had been spent by the end of the reporting year.

Extensive and Secure Services

Okopankki provides its customers with high-quality, easy-to-use services no matter which service channel they select. During the year, special emphasis was placed on the security of services. The new Visa Electron cards offered by the OP Bank Group were equipped with an EMV chip, which prevents their reproduction and unauthorised use. The chip will also be inserted into Visa credit cards in the future.

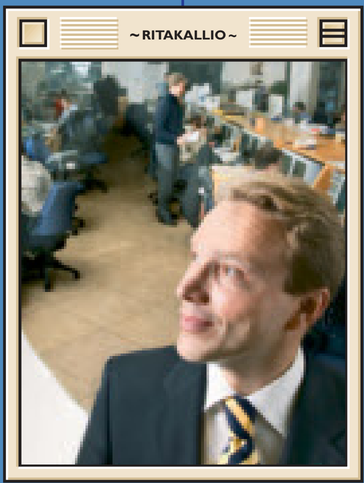
In October, the Verified by Visa verification service was introduced for online shopping. This service enables the reliable identification of the buyer and the seller at the point of sale and thereby considerably reduces the possibility of online fraud.

In February, Okopankki opened a new branch office in Munkkivuori, Helsinki. Customers now have access to 22 branch offices and to 6 service points, telephone service, Internet, GSM, WAP and digital TV services, and ATMs. A survey conducted by Taloustutkimus Oy in spring 2003 showed that the OP Bank Group was considered the best telephone services provider in the banking sector.

Okopankki's payment transfer commissions grew by 10 per cent on the previous year. Direct debit or self-service transactions accounted for 95 per cent of all transactions. The number of online banking agreements totalled less than 92,000, which is about the same as a year earlier.

Stable Prospects

Business conditions in 2004 are not expected to change. Interest rates are expected to remain low, which will support growth in lending but will tax the growth of net income from financial operations. Competition will remain tough. The operating profit from Retail Banking is likely to remain on the 2003 level.



Group Treasury

Strong Demand for OKO Bank Bonds

OKO Bank's credit rating improved once again as Moody's upgraded its long-term credit rating from Aa3 to Aa2 last year. The decision was based on OKO Bank's and the entire OP Bank Group's strong financial performance.

OKO Bank was actively engaged in the international capital markets, seeking funding from these markets. I am very pleased to see such strong demand for our bonds both in the European and Japanese markets.

The OP Bank Group's loan portfolio outgrew its deposit portfolio, which is why member co-operative banks turned to OKO Bank for funding more frequently than previously. Our healthy credit ratings allowed us to accommodate the member banks' funding needs at a competitive price.

The return on OKO Bank's fixed income investment portfolio was the highest in many years. The Bank's equity portfolio generated good income as well, largely thanks to the recovery of the stock market and extra dividends paid by the HEX Group.

We were able to get an almost 8 per cent return on our real estate investments despite very challenging market conditions. From the sale of the Hermes building, the Bank booked € 11 million in capital gains.

Timo Ritakallio
First Executive Vice President
OKO Bank

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

Operating income comes from the OP Bank Group's liquidity management and funding operations, and proceeds from OKO Bank's fixed income, equity and real estate investments.

The objective of Group Treasury is to effectively manage the liquid assets of the OP Bank Group and to secure its financial position as cost-effectively as possible, and to invest OKO Bank's own funds safely and profitably.

Return on Equity Improved

	2003				2003	2002	Change,
€ million	1–3	4–6	7–9	10–12			%
Net interest income	**8**	**8**	**8**	**10**	**34**	33	1
Dividend income	**3**	**1**	**4**	**0**	**8**	4	103
Commissions and fees (net)	**0**	**0**	**0**	**0**	**1**	1	0
Net income from securities trading	**-3**	**-1**	**0**	**-1**	**-4**	-5	23
Net income from foreign exchange trading	**0**	**0**	**0**	**1**	**2**	2	0
Other operating income	**4**	**4**	**4**	**16**	**28**	17	66
Total income	**13**	**13**	**17**	**26**	**69**	52	31
Personnel costs	**1**	**1**	**1**	**2**	**6**	5	12
Other expenses	**3**	**3**	**3**	**4**	**14**	15	-1
Total expenses	**5**	**5**	**5**	**6**	**20**	20	2
Loan losses and write-downs	**4**	**0**	**0**	**0**	**4**	0	
Operating profit	**4**	**9**	**12**	**19**	**44**	32	37
Return on equity, %					**33.0**	22.5	
Cost/income ratio, %					**30**	39	
					Dec. 31	Dec. 31	
Personnel					**81**	82	-1
Risk-weighted items, € million					**1 498**	1 517	-1
Loans to the member banks, € million					**1 933**	1 305	48
Member bank cash reserve deposits, € million					**2 212**	2 083	6
Member bank other deposits, € million					**983**	1 118	-12
Capital invested in real-estate holdings, € million					**131**	182	-28
Capital invested in leasable properties, € million					**91**	140	-35
Net yield on leasable properties, %					**7.9**	7.1	
Vacancy rate, %					**6**	12	

Group Treasury's return on equity was up from 23 to 33 per cent. The operating profit rose by € 12 million from the previous year. The sale of Kiinteistö Oy Aleksi-Hermes shares and bigger dividends compared to the previous year boosted the growth.

CENTRAL BANKING

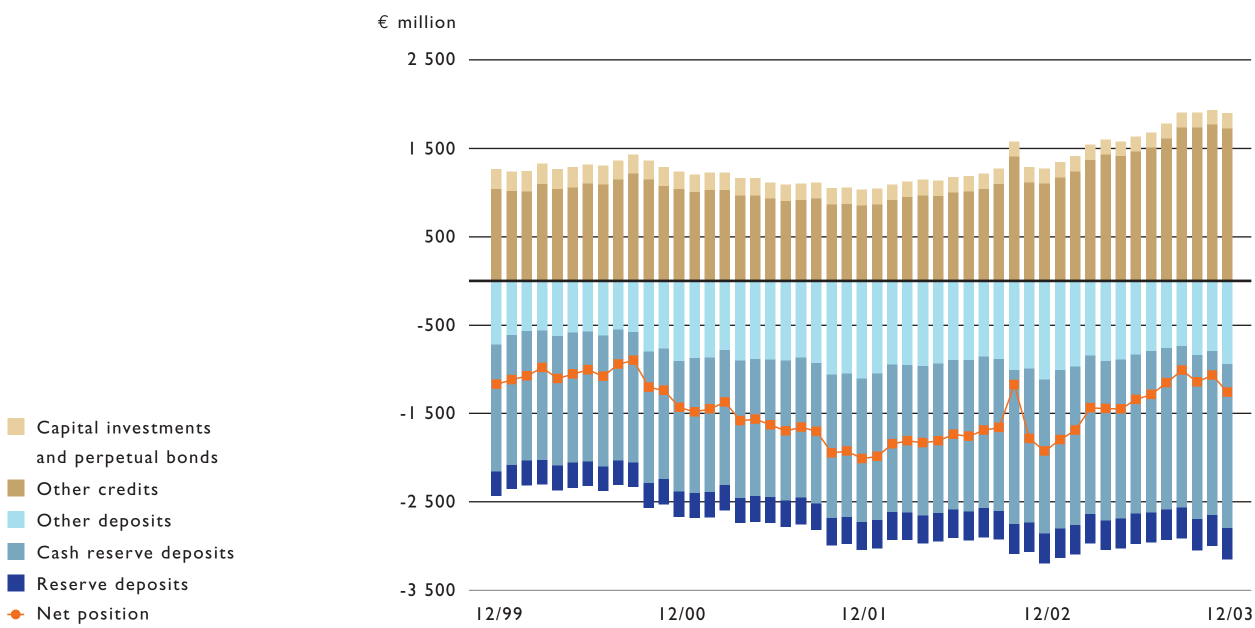
Member Bank Funding Requirements Still Up

As the central financial institution of the OP Bank Group, OKO Bank is responsible for safeguarding the liquidity of member cooperative banks and for accepting deposits. It also makes sure that the asset requirements of the European Central Bank and the Credit Institution Act are met, and is in charge of acquiring the collateral required by the payment transfer system.

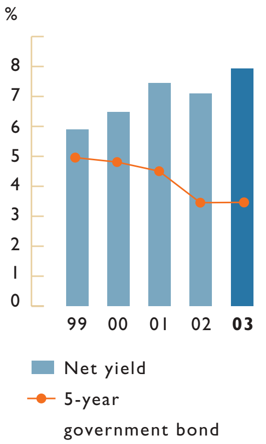
Member cooperative bank lending increased by € 2 billion or 12 per cent, and deposits rose by € 1.2 billion or 7 per cent. The increased funding requirements boosted OKO Bank's receivables from member banks by € 0.6 billion to € 1.9 billion. Net liabilities to member banks decreased by the same amount, because member bank deposits with OKO Bank remained unchanged.

OKO Bank's credit ratings continued to improve. Moody's upgraded OKO Bank's long-term credit rating from Aa3 to Aa2. Good ratings enabled OKO Bank to acquire funding at a reasonable cost. The increase of € 1.3 billion in public and member bank loans was funded from the money and capital markets. Roughly half of the funding was long-term debt.

Liabilites and Receivables between OKO Bank and Member Banks



Net Yield on Leasable Properties



ASSET AND LIABILITY MANAGEMENT

Higher Income from Investments

The objective of investment activities is to generate long-term benefit from the changes in interest rates and stock prices as well as dividend and other income. The funds are invested securely, aiming at maximum return. Investment portfolios are diversified by instrument, country and industry. Derivative agreements are used to hedge value depreciation.

Interest rate income amounted to € 15 million, a decrease of € 1 million from the previous year. The fixed income investment portfolio amounted to € 0.7 billion at the year-end.

Income from equity investments tripled to € 9 million. This income included an over € 3 million additional dividend from HEX. The portfolio's risk/return ratio was good, and the investments were successfully diversified across various industries. The book value of listed shares totalled approximately € 25 million at the year-end. Unrealised appreciation of shares amounted to € 26 million with OMHEX shares accounting for € 22 million.

OKO Bank is reducing its real-estate holdings. The most significant deal last year was the sale of Kiinteistö Oy Aleksi-Hermes to Sponda, a real estate investment company. Capital invested in real-estate amounted to € 131 million at the year-end, a decrease of € 51 million from the previous year. Capital invested in leasable properties totalled € 91 million.

OKO Bank wrote down its Realinvest shares by € 4 million to better reflect its share of the company's net asset value. This revaluation was based on appraisals that Realinvest had performed on its real estate property.

The book value of OKO Bank's real estate investment portfolio corresponded to its current value at the year-end. The net yield from real-estate investments was 7.9 per cent and the vacancy rate was 6 per cent.

Stable Prospects

The stock market recovery is expected to continue and no major changes are foreseeable in the interest rates. The sale of Aleksi-Hermes boosted Group Treasury's performance dramatically. In 2004, Group Treasury is expected to record an operating profit that will be on par with 2003 profit, with the sale of Aleksi-Hermes excluded.

Group Administration

Group Administration includes income, expenses, investments and capital not allocated to the divisions. OP Life Assurance Company Ltd's and OP-Kotipankki Oyj's shares are included in Group Administration.

Financial Performance

€ million	**2003**	2002	Change, %
Net interest income	**-1**	-4	79
Other income	**55**	-9	-
Total income	**54**	-13	-
Expenses	**11**	11	3
Loan losses and write-downs	**-1**	-2	-
Operating profit	**43**	-22	-

	Dec. 31	Dec. 31
Personnel	**40**	41

The operating profit of Group Administration consisted of the sale of OP Life Assurance Company shares, affiliate profits and losses, and administrative expenses. The operating profit saw a dramatic year-on-year increase. The sale of OP Life Assurance Company's shares improved Group Administration's earnings by € 53 million. A year earlier, the company's earnings impact was € 20 million negative. On the other hand, in 2002, the investments in Pohjola shares increased the income by € 10 million. Group Administration expenses remained stable.

OP-Kotipankki Performed Well

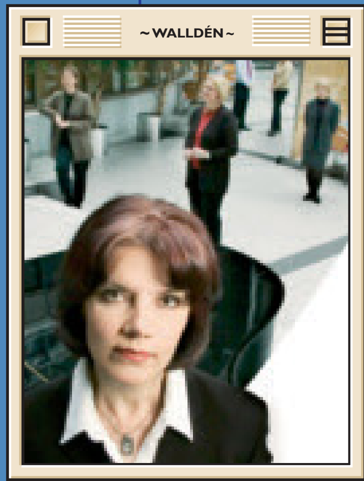
The OP Bank Group's objective is to gain a stronger position in the consumer financing market. OP-Kotipankki plays a key role in this sector, as it specialises in the financing and management of credit issued with payment cards, for which there is no collateral. OKO Bank's investments in Kotipankki totalled € 4 million at the year-end and its holdings were 20.8 per cent.

At the end of 2003, OP-Kotipankki's loan portfolio grew by more than 8 per cent and its operating profit by a little over 50 per cent to € 13 million. The affiliate were recorded in the consolidated income statement and were € 1.9 million (1.2).

Stable Prospects

The sale of OP Life Assurance shares boosted Group Administration's performance considerably. In 2004, Group Administration is expected to record an operating profit that will be on a par with 2003 profit, with the sale of OP Life Assurance excluded.

Risk Exposure



OKO Bank Invests in Process and Risk Management Development

In the past few years, the OKO Bank Group has pursued its growth strategy adhering to a moderate risk policy. Despite powerful growth, our risk position has remained stable and the amount of credit losses and non-performing loans very small.

However, changes in business conditions and in our operations create a continuous need to enhance risk management. The new capital adequacy framework prepared by the Basel Committee also stresses the importance of risk management in the calculation of capital adequacy requirements and the pricing of risks, among other things.

During the year we launched an extensive process enhancement programme to improve our customer services and internal efficiency. This programme focuses on polishing our cash management and payment transfer services, stock brokerage and credit process. Corporate customers' credit approval authorisations were renewed by scaling them to the credit rating category and the related risk.

OKO Bank's strong capital adequacy, good financial performance and stable risk position provide us with an excellent foundation to implement our growth strategy without compromising risk management.

Helena Walldén
Executive Vice President
OKO Bank

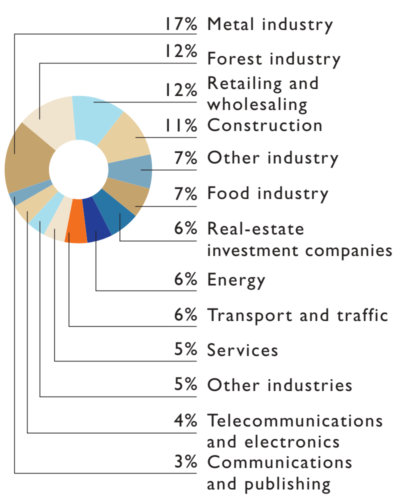
Credit risk is the most significant risk to a bank. Credit risk reviews focus on the development of total exposure and customer creditworthiness. Total exposure refers to the total amount of receivables and off-balance sheet items vulnerable to credit risk.

Total exposure

	Dec. 31, 2003		Dec. 31, 2002	
	€ billion	%	€ billion	%
Claims on the public and public sector entities	**7.6**	**42**	6.8	44
Claims on credit institutions and central banks	**3.6**	**20**	1.9	12
Debt securities	**2.9**	**16**	3.3	22
Unused standby credit facilities	**2.3**	**13**	1.7	11
Guarantees and documentary credits	**1.2**	**7**	1.1	7
Derivative contracts	**0.1**	**1**	0.1	1
Other off-balance sheet items	**0.5**	**3**	0.4	3
Total	**18.2**	**100**	15.3	100

Total exposure by counterparty

	Dec. 31, 2003		Dec. 31, 2002	
	€ billion	%	€ billion	%
Corporates	**6.6**	**36**	6.3	41
Finance and insurance	**4.7**	**26**	3.5	23
Cooperative banks and OP Bank Group Central Cooperative	**2.5**	**14**	1.8	12
Private customers	**2.1**	**12**	1.7	11
Non-profit institutions	**1.6**	**9**	1.3	8
Public entities	**0.6**	**3**	0.7	5
Total	**18.2**	**100**	15.3	100



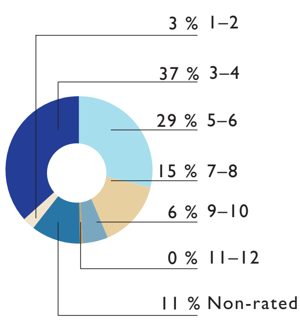
Corporate Exposure by Industry (€ 6.6 billion)

OKO Bank Risk Position Stable

OKO Bank's total exposure amounted to € 18.2 billion, up 19 per cent on the previous year. Receivables from the public and public sector entities accounted for more than 40 per cent of the total exposure. The largest individual customer group was corporate customers, whose exposure grew by 6 per cent to € 6.6 billion.

Although corporate customer credit ratings fell slightly, they remained good. The Bank's exposure to investment-level companies (ratings class 1–4) totalled € 2.6 billion, representing 40 per cent of overall corporate exposure. Their proportion of overall exposure decreased by 3 percentage points, mainly as a result of rating changes. Meanwhile, the proportion of exposure in ratings class 5–6 grew by 3 percentage points. Exposure in the two lowest ratings classes totalled only € 13 million, or 0.2 per cent of the total corporate exposure. Companies in the metal and forestry sectors largely accounted for this exposure.

Corporate customers' credit risk is diversified across various sectors of industry, the four largest being the metal, forest, trade and construction industries. The



Total Corporate Exposure by Credit Rating (€ 6.6 billion)*

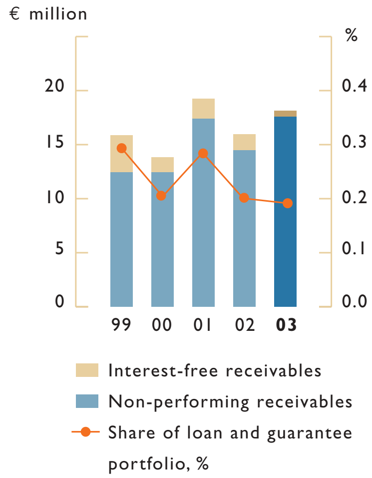
* Excl. collateral and guarantees

metal industry was the largest sector and accounted for € 1.1 billion or 17 per cent of corporate exposure. The most significant sector changes were the increase by 2 percentage points of exposure in the trade sector, and the decrease of exposure in the food industry by 2 percentage points to 7 per cent of total corporate exposure.

The Proportion of Problem Loans Small

Despite the increase in the loan portfolio, the proportion of past due payments and non-performing loans of the total loan and guarantee portfolio remained small. Past due payments totalled € 13 million, which equals 0.2 per cent of the total loan and guarantee portfolio. Non-performing and interest-free receivables grew by

Problem Loans



€ 2 million to € 18 million but represented only 0.2 per cent of the total loan and guarantee portfolio as they did a year earlier.

Less than € 6 million (6) worth of new loan and guarantee losses and specific loan loss provisions were recorded. The total amount of loan loss recoveries and adjustments of specific loan loss provisions was € 3 million (8). The net loan and guarantee losses totalled € 2 million (net profit € 2 million).

OKO Bank has been able to maintain a stable credit risk position. The amount of loan and guarantee losses is only expected to grow very slightly this year, unless there are sudden and unexpected changes in business conditions or in customer financial position. Loan loss recoveries and revaluations of specific loan loss provisions are expected to decrease, which would result in a modest increase in net loan and guarantee losses. This forecast is based on the small number of non-performing loans, and moderate credit risks relative to total exposure.

Moderate Market Risks

Interest rate, equity market and foreign exchange risks remained on a moderate level throughout the year. They accounted for 15 per cent of the risk-weighted items at the year-end.

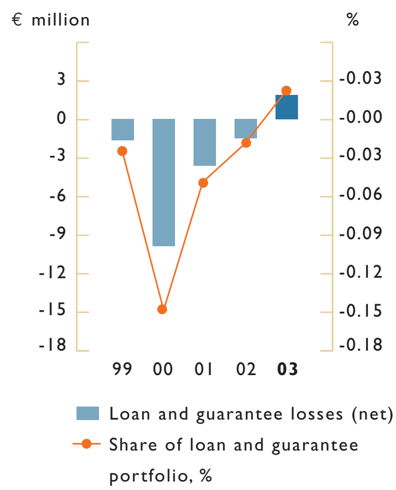
The market value of quoted shares was at the year-end € 56 million, of which the proportion of OMHEX shares was € 27 million. Investments in venture capital funds and unexecuted investment commitments totalled € 37 million. Capital invested in real-estate holdings continued to decrease. At the year-end, € 91 million was invested in leasable properties.

OKO Bank's liquidity remained healthy throughout the year. CD issues for less than a year and interbank deposits accounted for approximately 40 per cent of the funding. The proportion of long-term debt was raised during the year.

Improvements in Operational Risk Management

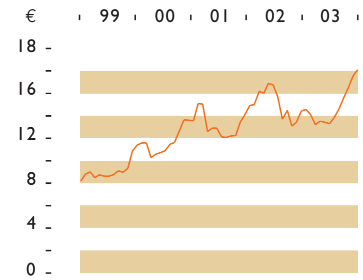
Process development and internal assessment of operations play a crucial part in operational risk management enhancement. The bank developed its credit, brokerage, cash management and payment transfer services processes with the aim of achieving growth and improving the quality of services as well as efficiency. In addition, contingency plan and information technology recovery plans were updated. The impact of actual operational risks on operating profit was less than € 0.3 million.

Loan and Guarantee Losses

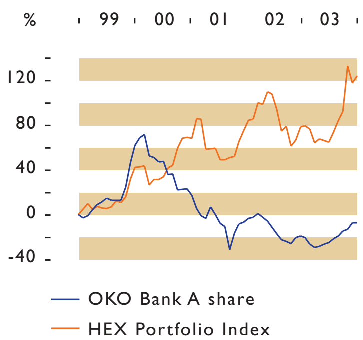


Shares and Shareholders

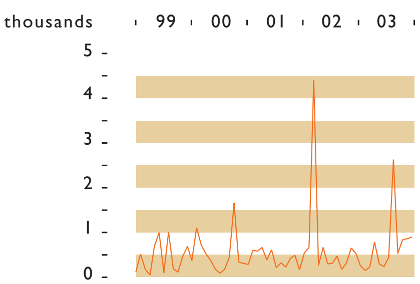
Average Price of A Shares



Proportional Change in OKO Bank A Share and HEX Portfolio Index



Monthly Turnover of A Shares



Number of A Shares Increased

OKO Bank's shares are divided into Series A and K. Series A shares are intended for the general public and are quoted on the Helsinki Stock Exchange, whereas the ownership of series K shares is restricted to companies and entities that are part of the OP Bank Group. The share series differ also in other respects: At shareholders' meetings, Series A shares entitle their holders to one vote while Series K shares carry five votes each. Furthermore, Series A shares entitle their holders to an annual dividend that is at least one percentage point higher than the dividend paid on Series K shares.

By the end of the year, a total of 1.6 million Series A shares were subscribed using the A stock options provided in the 1999 stock option incentive system, 1.4 million of which were registered during the year. The registrations raised OKO Bank's share capital by € 6 million to € 202.4 million. In addition, almost € 5 million was recorded in the share premium fund. The 0.2 million shares subscribed in the November to December period were registered on January 16, 2004. All the shares referred to above entitle their holders to a full dividend for 2003. The subscription price was € 7.92 until April 7, 2003 and € 7.17 thereafter.

Member co-operative banks converted 9,660 Series K shares into Series A shares under the conversion clause in OKO Bank's Articles of Association. Series A shares represented 77 percent of all shares at the year-end.

The Executive Board of OKO Bank will propose at the AGM that the number of OKO Bank's shares be doubled without increasing the share capital by splitting each share into two shares. The objective is to improve trading opportunities of the Series A shares on the Helsinki Exchanges. If the AGM accepts the proposal, the shareholders will get two new Series A shares for each old Series A share, and two new Series K shares for each old Series K share.

The share series, share capital and increases in share capital registered in 2003 are described under Note 36 to the financial statements. The terms and conditions of the option-based personnel incentive programme, as well as the authorisations given to the Executive Board are explained in Note 38.

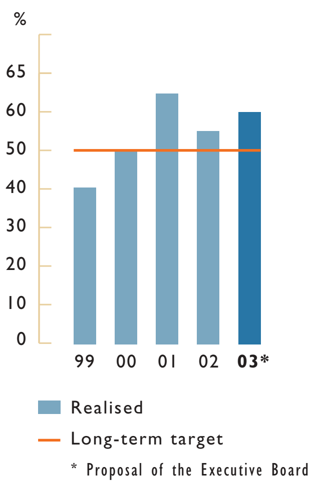
More than 25,000 Shareholders

OKO had more than 25,000 registered shareholders at the end of 2003. Some 95 per cent of the shareholders were private citizens. The largest individual shareholder was the OKO Bank's parent company, the OP Bank Group Central Cooperative, which held 40.1 per cent of the shares and 56.8 per cent of the votes. The number of nominee registered shares grew from 18 to 20 per cent. Information regarding the distribution of shareholdings is presented in note 39 and the management's shareholding is described in note 53 to the financial statements.

Share Price Up

During the year, the weighted HEX portfolio index of the Helsinki Stock Exchange was up by more than 16 per cent while OKO Bank's Series A share price rose by

Dividend Payout Ratio



over 25 per cent. The share price at the year-end was € 18.10 compared to € 14.45 a year earlier. Meanwhile the average price fell slightly and stood at € 15.30. The share price reached a high of € 18.50 during the year and a low of € 12.76. The market capitalisation for Series A shares increased by 30 per cent to € 671 million.

The number of shares traded fell from the previous year's 9.5 million to 8.8 million. Approximately one fourth of all Series A shares changed hands during the year. Financial indicators and share-specific ratios for five years are presented in note 44.

Series A stock options were traded actively. Their average turnover was 1.5 million, representing 90 per cent of all stock options available for trading at the beginning of the year. The price of Series A stock options reached a low of € 4.80 and a high of € 11.10.

Major Shareholders

As of Dec. 31, 2003	% of shares	% of votes
OP Bank Group Central Cooperative	40.1	56.8
Nominee-registered shareholders	15.2	7.9
Ilmarinen Mutual Pension Insurance Company	2.0	1.1
OP Bank Group Pension Foundation	1.9	1.0
Oulun Osuuspankki	1.5	3.0
Turun Seudun Osuuspankki	1.4	0.7
Etelä-Karjalan Osuuspankki	0.9	0.5
Savonlinnan Osuuspankki	0.6	0.3
Rauman Seudun Osuuspankki	0.6	0.3
Pohjolan Osuuspankki	0.5	0.8

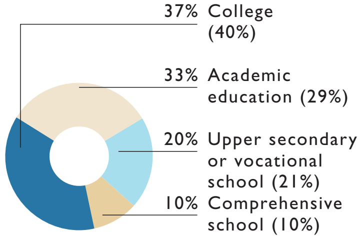
Major Shareholders of Series A Shares

As of Dec. 31, 2003	% of Series A shares
OP Bank Group Central Cooperative	29.7
Nominee-registered shareholders	19.7
Ilmarinen Mutual Pension Insurance Company	2.6
OP Bank Group Pension Foundation	2.4
Turun Seudun Osuuspankki	1.8
Etelä-Karjalan Osuuspankki	1.2
Savonlinnan Osuuspankki	0.8
Rauman Seudun Osuuspankki	0.7
State Pension Fund	0.6
Pohjola Finland Value Fund	0.6

Shares of Different Series

As of Dec. 31, 2003	Series A	Series K
Number of shares	37 059 707	11 076 718
% of shares	77.0	23.0
% of votes	40.1	59.9

Personnel



Personnel by Education in 2003 (2002)

OKO Bank and its subsidiaries employed an average of 1,113 people during the year. The number of employees increased by 22, mainly as a result of the growth in Retail Banking.

OKO Bank believes in responsible human resource management. In 2003, the principles and best practices related to responsible human resource management were formulated into a policy, which will help to standardize management efforts in the Bank's Divisions. This policy covers human resource planning, promoting well-being in the workplace, competence management, salaries and incentive systems, as well as the principles of internal communication and the best deployment practices.

Well-being in the workplace is in the best interests of our stakeholders. Satisfied employees appreciate the importance of customer and the employer success, are able to commit themselves to strategic objectives, and are willing to promote both personal development and development in the workplace.

Satisfaction Regularly Surveyed

OKO Bank has conducted a survey on employee satisfaction for five consecutive years. This survey covered Corporate Banking, Investment Banking and Group Treasury and focused on job satisfaction, efficiency, management styles and internal corporate image. A separate employee survey was carried out in Retail Banking.

On the whole, the results of the 2003 survey were very similar to the previous year's results. Results for supervisors and specialists were on the previous year's level and were very good in comparison with an external benchmark group. On the other hand, results in the office employee group deteriorated somewhat and fell below the benchmark.

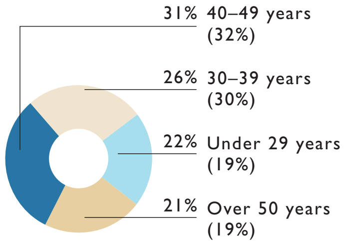
In Retail Banking, a survey was carried out focusing on the quality of customer relationship management, target setting, teamwork, and reforms. The results were good, although they did show a slight decline from the previous year.

Improving well-being in the workplace is a long-term effort, so it will be included in every divisional business plan in the current year.

A Competent Organisation – the Key to Success

OKO Bank is strongly committed to supporting its key success factor: competence. The skills and know-how of our staff constitute a significant dimension of competence management. At OKO Bank, competence is managed divisionally and is being constantly developed.

During the year, the Corporate Banking Division launched a project aimed at developing a competence management model based on OKO Bank's strategy. This model is built on key competence areas derived from the company vision and strategy, and on their critical evaluation. The core criteria used in the evaluation include customer opinions, which are regularly polled in satisfaction surveys. Core competence areas serve as a starting point for defining personal development objectives and the measures required to achieve them. These are discussed in annual employee



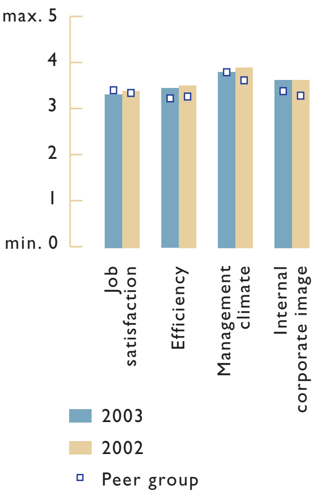
Personnel by Age Groups in 2003 (2002)

appraisals. Although everyone is personally responsible for achieving learning objectives, it is the supervisor's job to provide sufficient prerequisites for learning.

The major competence development areas in Corporate and Investment Banking were customer relationship management, new service products and team-work skills. Meanwhile in Retail Banking, customer relationship management took centre stage, along with asset management and financing. Development areas shared by all Divisions included management, risk management with a special emphasis on the Basel II framework, process competence and IAS/IFRS standards.

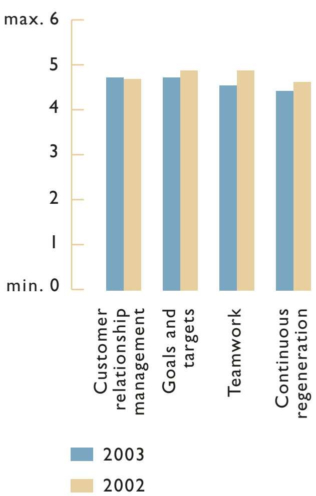
In Retail Banking, management quality has been measured for several years using a 360° survey. This survey is based on the subject's personal opinion and on his or her supervisor's and subordinates' opinion of the subject's actions. During the

Result of Personnel Survey, Excl. Retail Banking



The survey was conducted by Psycon Feedback Solutions Oy

Result of Personnel Survey, Retail Banking



The survey was conducted by Innotiimi Oy / Feedback Oy

year, this survey was extended to include all supervisors. The results obtained from the survey help to set objectives and to assess the effects of development efforts.

OKO Bank continued its co-operation with universities and other training organisations in a number of areas, including the tutoring of Master's theses. OKO Bank introduced itself to students at recruitment fairs, and offered trainee positions and summer jobs to students. OKO Bank's career opportunities were presented at various events held in the OKO Bank room at the Helsinki School of Economics.

In addition to on-the-job learning, competence development support included training purchased from outside training providers. Training costs excluding salary costs for the training period amounted to one million euros, or 1.9 per cent of total personnel costs. In 2002, training costs were 2.4 per cent.

IAS/IFRS Standards and the Basel II Framework High on the Agenda

In 2004, the focus will be on customer relationship management, process competence, and teamwork skills. Changes in capital adequacy requirements – the Basel II framework – continue to represent a special focus area for risk management development. After the adoption of IAS/IFRS standards in 2005, the analysis of our customers' financial statements and the preparation of OKO Bank's own financial statements will require in-depth knowledge and understanding of the new regulations. Our objective is to develop skills in this area in the course of 2004.

Incentives Built into the Management System

Rewarding personnel for excellent performance is an integral part of OKO Bank's management system. Appraisals are held twice a year to see whether objectives have been met. OKO Bank pays both individual and team incentives for good performances in accordance with an annually approved incentive system. The Bank also has an option-based incentive system, which is designed to encourage long-term employee commitment.

Stock options were offered to the entire personnel of OKO Bank in 1999. Options marked A were listed on the Helsinki Stock Exchange on 1 October 2002. The subscription period for B stock options will begin on 1 October 2004, and the subscription period for both options will end on 30 October 2006. The number of stock option holders in OKO Bank or its subsidiaries totalled 327 at the year-end.

The key personnel of Opstock Ltd have been offered a stake in the company since 1999. At the end of 2003, Opstock's personnel had a 15 per cent holding in the company.

Once again, incentives represented a significant portion of the total salaries and compensation. In 2002, a total of € 2.9 million in performance-based incentives were paid to 1,002 people, representing 6.3 per cent of all salaries (and compensation) in 2002. The incentive system used in 2004 is designed to provide even stronger support for the achievement of divisional targets.

During the year, the OP Bank Group launched preparations for an inter-Group personnel fund, which would serve as a long-term personnel incentive.

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.

The OP Bank Group's annual report includes a chapter on corporate responsibility, which also applies to OKO Bank. Consequently, the issue is not addressed in this annual report.

Corporate Governance

In 2003, HEX, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers announced a Recommendation for the Corporate Governance of listed companies. OKO Bank complies with the Recommendation as far as possible within the framework of its Corporate Governance model.

The main parts of OKO Bank's Corporate Governance practices are compiled here. Additional information can be found at our website at the address www.okobank.com > Equity Investors. OKO Bank's risk management system is described in the financial statements, pages 23–32.

Annual General Meeging

In accordance with the Limited Liability Companies Act, shareholders exercise their power of decision at the Annual General Meeting, held in March or April. In addition to the Annual General Meeting, Extraordinary General Meetings can also be held if required. They are summoned by the Executive Board.

Matters concerning the election of members for the Supervisory Board and auditors, as well as their fees, are prepared for the Annual General Meeting by a Council that includes 16 members appointed by provincial Federations of the Cooperative Banks. Other matters are prepared by the Executive Board.

Supervisory Board

The Bank has a Supervisory Board, required by the Cooperative Bank Act, 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 operating principles of the Executive Board.

The Supervisory Board shall include a minimum of 12 and a maximum of 30 members (the current number of members is 30). According to legislation, the majority of members must also belong to the Supervisory Board of OKO Bank's parent institution, OP Bank Group Central Cooperative. The term of office is three years.

In 2003, the Supervisory Board convened 4 times. 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.

Matters of high importance presented to the Supervisory Board are prepared by the OP Bank Group Central Cooperative's working committee. Four of the committee members are members of the OKO Bank's Supervisory 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 members and deputy members of the Board are not independent of the Bank or its major shareholders, as they are employed full-time at OKO Bank or OKO Bank's parent institution, OP Bank Group Central Cooperative. Five of the members also belong to the Executive Board of the Central Cooperative.

As specified in the guiding principles, the Executive Board convenes once a week or whenever necessary. In 2003, the Executive Board held 52 meetings. The average participation rate was 91%.

For the purpose of business management, the Board has appointed permanent committees to make decisions on matters that concern the Bank and its subsidiaries, within the limits determined by the Executive Board, and report on their operations to the Board. The most significant of these include the Credit Committee and the Risk Management Committee.

The members and deputy members of the Executive Board and the President do not receive any separate compensation or other benefits (such as shares or equity derivative options) for Board work. 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. 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.

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 and a deputy for the President are appointed by the Bank's Supervisory Board, which also confirms the written terms of their working contracts.

President Mikael Silvennoinen's salary, performance bonus and fringe benefits totalled 306,369 euro in 2003. He also received an income of 416,400 euro, comparable to salary, from exercising the A stock options included in the 1999 option incentive scheme.

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 is supported by the Management Committee, which includes executives responsible for the Bank's business divisions and for the risk management as well as OKO Bank's Chief Financial Officer. The Management Committee does not have special powers of decision.

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.

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 2003, auditing fees in OKO Bank accounted for 114,174 euro. Compensation paid to KPMG Wideri Oy Ab for services not related to the auditing of the accounts totalled 78,897 euro in 2003.

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. Internal auditing is subject to the Chief Executive Officer of the OP Bank Group, who acts as the Chairman of the Executive Boards of the OP Bank Group Central Cooperative and OKO Bank, and it is organised as an Internal Auditing Unit in the Central Cooperative.

Inspection by Authority

OKO Bank is a credit institution under public supervision. Supervision is carried out by the the Financial Supervision Authority, which operates in connection with the Bank of Finland.

Insider Guidelines

The Executive Boards of OKO Bank and the OP Bank Group Central Cooperative have confirmed the guidelines on insider holdings applied in both groups. The guidelines correspond to the recommendation given by the Helsinki Exchanges. At the end of 2003, the permanent insider register comprised 106 persons.

OKO Bank has adopted a special restriction on trading, which applies to insiders trading with the Bank's shares, or securities entitling to shares, within 45 days before the publication of the annual report bulletin and within 30 days before the publication of the interim report.

OKO Bank's insider register is maintained by the Legal Unit of OKO Bank Group Central Cooperative. The register is available at the Unit's locations at the address Teollisuuskatu 1 b, Helsinki.

Supervisory Board

Members elected from among OP Bank Group Central Cooperative's Supervisory Board Members

Ola Eklund (2000)	Managing Director, Karjaa	2003–2006
Paavo Haapakoski (1997)*	Principal, Pyhäjoki	2003–2006
Ilkka Heinonen (1997)	Principal, Haapajärvi	2002–2005
Mauri Hietala (2000)	Business Development Director, Seinäjoki	2001–2004
Jukka Hulkkonen (2003)	Managing Director, Halikko	2003–2006
Jari Laaksonen (2003)	Managing Director, Asikkala	2003–2006
Erkki Laatikainen (1997)	Professor, Jyväskylä	2002–2005
Jorma Lehikoinen (1997)	Managing Director, Lieksa	2001–2004
Ulf Nylund (2001)	Managing Director, Vaasa	2002–2005
Heikki Oja (2001)	Farmer, Tervola	2003–2006
Jaakko Ojanperä (2000)	Managing Director, Kuopio	2002–2005
Seppo Penttinen (1996)**	Professor, Savitaipale	2002–2005
Jukka Ramstedt (1997)	Managing Director, Pori	2001–2004
Pertti Ruotsalainen (2003)	Hospital Physicist, Mynämäki	2003–2006
Heikki Teräväinen (1997)	Managing Director, Toijala	2001–2004
Pekka Vilhunen (2003)	Managing Director, Varkaus	2003–2004
Keijo Väänänen (1995)	Professor, Vaala	2001–2004

Other members

Kaarina Aho (1997)	Managing Director, Tornio	2003–2006
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	2003–2006
Eero Lehti (2002)	President, Kerava	2002–2005
Jarmo Lähteenmäki (1995)	Master of Laws, Helsinki	2003–2006
Kati Myllymäki (1997)	Senior Medical Officer, Mikkeli	2003–2006
Seppo Paatelainen (1997)	Managing Director, Seinäjoki	2001–2004
Leena Rantanen (2001)	Director for the Central Church Fund, Helsinki	2001–2004
Valvatti Remes-Siik (1997)	Deputy Managing Director, Oulu	2002–2005
Astrid Thors (1992)	Member of the European Parliament, Helsinki	2001–2004
Erkki Vähämaa (1997)	Mayor, Kajaani	2001–2004

Members on January 1, 2004
The year next to the name indicates since when the person has been a member of the Supervisory Board.

* Deputy Chairman ** Chairman

Executive Board

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, Chairman of the Board of Directors
The Employers' Confederation of Service Industries, Member of the Board of Directors

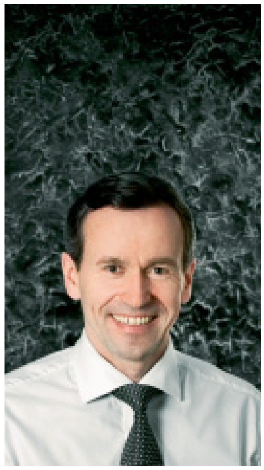
Share options for 80 000 OKO Bank Series A shares.

Vice Chairman

Reijo Karhinen
b. 1955
President, OP 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

Share options for 60 000 OKO Bank Series A shares.

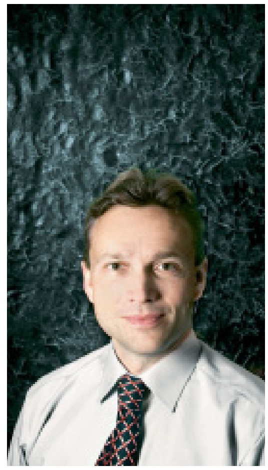


Members

Mikael Silvennoinen
b. 1956
President, OKO Bank

Member of the Board
since 1994
Unico Banking Group, Member of the Steering Committee

Holds 1 200 OKO Bank Series A shares. Share options for 60 000 A shares.

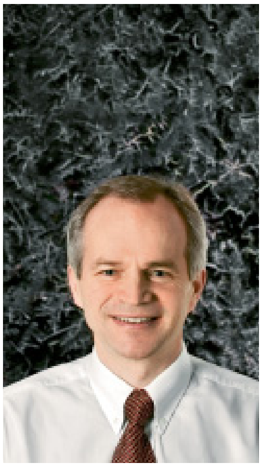


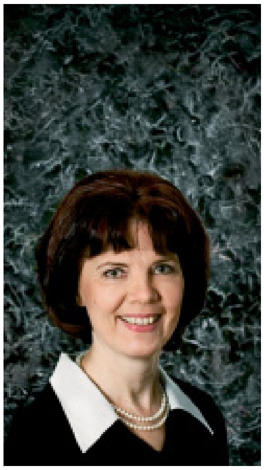
Timo Ritakallio
b. 1962
First Executive Vice President, OKO Bank

Member of the Board
since 1997
HEX Integrated Markets Ltd, Member of the Board of Directors
SSH Communications Security Copr., Member of the Board of Directors
Stockholmsbörsen AB, Member of the Board of Directors

Holds 800 OKO Bank Series A shares. Share options for 40 000 A shares.

Members on January 1, 2004





Erkki Böös
b. 1953
Executive Vice President,
OP Bank Group Central
Cooperative

Member of the Board
since 2001

Heikki Vitie
b. 1952
Executive Vice President,
OP Bank Group Central
Cooperative

Member of the Board
since 1997
European Association of the
Cooperative Banks, Member
of the Board of Directors
The Bank Employers'
Association, Deputy Chairman
of the Board of Directors
The Finnish Bankers' Association, Member of the Board of
Directors

Share options for 40 000
OKO Bank Series A shares.

Helena Walldén
b. 1953
Executive Vice President,
OKO Bank

Member of the Board
since 1994
Finpro, Member of the
Board of Directors
Lännen Tehtaat plc,
Member of the
Supervisory Board

Owns warrants exercisable
into 10 000 OKO Bank
Series A shares. Share
options for 40 000
A shares.

Deputy Members

Raimo Tammilehto
b. 1943
Executive Vice President, OP Bank
Group Central Cooperative

Member of the Board since 1985
Holds 2 526 OKO Bank Series A
shares. Share options for 15 000 A
shares.

Jarmo Viitanen
b. 1960
Executive Vice President,
OKO Bank

Member of the Board since 2001
Share options for 15 000 OKO
Bank Series A shares.

Secretary of the Boards

Markku Koponen
b. 1957
Senior Vice President,
OP Bank Group Central Cooperative
Share options for 15 000
OKO Bank Series A shares.

Auditors

**Firm of authorised
public accountants
KPMG Wideri Oy Ab**

Raimo Saarikivi,
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

Financing Services
Pekka Hujala

Corporate Banking
Jarmo Viitanen[**]

SMEs and Institutional Customers
Hannu Jaatinen

Investment Banking

Risto Murto

Securities brokerage, Corporate finance, Asset management, Investment research

Corporate finance
Jarmo Tiihonen

Back Office and Administration
Rami Kinnala

Asset Management
Matti Rantalainen

Securities and Investment Research
Tarja Ollilainen

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

Legal Affairs
Jari Jaulimo

Risk Management
Jouko Pölönen

Custody and Treasury Back Office Operations
Ville-Pekka Veijola

Corporate Banking IT Systems
Simo Virkki

Corporate Services
Markku Vehmas

Jan. 1, 2004 [*] Member of the Executive Board [**] Deputy Member of the Executive Board
Member of the Management Committee

Information for Shareholders

Annual General Meeting and Dividend Payout

The Annual General Meeting of OKO Bank (OKO Osuuspankkien Keskuspankki Oyj) will be held in Finlandia Hall in Helsinki on Wednesday, March 31, 2004, at 1.30 pm.

The Executive Board proposes that a dividend of € 1.60 be paid on Series A shares and € 1.55 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 5, 2004, 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 on April 14, 2004.

Financial Information in 2004

The Interim Report January 1 – March 31	May 6
The Interim Report January 1 – June 30	August 5
The Interim Report January 1 – September 30	October 28

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.

Annual Report Orders and Changes of Address

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Information for Investors at www.okobank.com

The address www.okobank.com > Equity Investors offers information for example on the OKO Bank Share and its price development.

Investment Analyses on OKO Bank

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 • CAI Cheuvreux Nordic AB, Stockholm tel. +46 8 723 51 00, London tel. +44 20 7971 4000 • 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 • FIM Securities Ltd, tel. +358 9 613 4600 • Fox-Pitt, Kelton Ltd., tel. +44 (0 20) 7377 8929 Handelsbanken Securities, tel. +45 33 418 200 • J.P.Morgan Securities Ltd., tel. +44 (0 20) 7451 8000 • Mandatum Stockbrokers Ltd, tel. +358 10 23610 Nordea Securities Oyj, tel. +358 9 12 341

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Mrs. Marja Huhta
CFO
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Mr. Olli Kankkunen
Vice President, Business Control
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First Executive Vice President
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Mr. Jorma Alanne
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Finland

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OKO Venture Capital Ltd

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OKO BANK

FINANCIAL STATEMENTS 2003

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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@okobank.com

ACCOUNTING POLICIES

The financial statements of OKO Bank and OKO Bank Group have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree, concerning the parent company and consolidated financial statements of credit institutions and investment service companies as well as the regulations issued by the Financial Supervision Authority.

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of OKO Bank will be held at Finlandia Hall in Helsinki on March 31, 2004, at 13.30 pm. The Executive Board proposes that a dividend of € 1.60 be paid on Series A shares and € 1.55 on Series K shares. The dividend approved at the Annual General Meeting will be paid to shareholders who on the record date confirmed by the Executive Board for the dividend payout, April 5, 2004, have been entered in the Shareholders' Register maintained by Finnish Central Securities Depository Ltd. It will be proposed at the Annual General Meeting that the dividend be paid at the close of the record period, April 14, 2004.

CONTENTS

REPORT OF THE EXECUTIVE BOARD

RESULT OF OPERATIONS AND FINANCIAL POSITION

FINANCIAL PERFORMANCE

OKO Bank's consolidated operating profit grew to € 174 million (96) . The financial performance was fuelled by the sale of OP Life Assurance Company's (formerly Aurum Life Assurance Company) shares in February, which improved the profit by € 53 million, and the sale of Kiinteistö Oy Aleksi-Hermes shares in December, which generated an operating profit of € 11 million. The negative impact arising from the consolidation of OP Life Assurance for the corresponding period was € 20 million. On the other hand, OKO Bank's investments in Pohjola Group plc shares boosted the operating profit in 2002 by € 10 million.

The capital gain of € 59 million from the sale of OP Life Assurance shares was recorded under other operating income. The share of losses from the company in January was € 6 million and was recorded under "Share of affiliate profits/losses". Following the sale, OP Life Assurance is no longer an affiliate of OKO Bank and is not included in the consolidated financial statements.

The core business of OKO Bank's four divisions generated an operating profit of € 131 million (119). All divisions except for Retail Banking saw their operating profit improve.

The return on equity was 18.5 per cent (10.0) and earnings per share € 2.66 (1.34). The cost/income ratio was 45 per cent (56). Excluding the impact generated by the sale of OP Life Assurance shares, the ratio was 55 per cent, and return on equity was 13.0 per cent. OKO Bank's long-term target level for the cost/income ratio is 55 per cent, and 14 per cent for return on equity.

[1] Figures from 2002 are shown in brackets. Figures from the income statement as well as other cumulative figures are compared with those recorded in January – December 2002. Balance sheet figures and other benchmarks are compared to the previous balance sheet date (December 31, 2002).

Performance, € million	2003	2002	**Change, %**
Total income (incl. commission expenses)	324	241	34
Total expenses (excl. commission expenses)	139	130	7
Loan losses and write-downs	7	-2	
Share of affiliate profits/losses	-3	-17	
Operating profit	**174**	**96**	**81**

After appropriations, taxes and minority interests, the profit for the financial year was € 126 million (62).

NET INTEREST INCOME AND NET INCOME FROM SECURITIES TRADING

Net interest income remained on the previous year's level at € 161 million. Net losses from notes and bonds trading totalled € 15 million (-17).

Net interest income excluding Treasury amounted to € 120 million (118). The Treasury earnings recorded as consolidated net interest income and net trading income from notes and bonds amounted to € 26 million (25).

Net income from equity trading amounted to € 6 million (4). The € 2 million capital gain from OMHEX shares sold by Opstock had a significant impact on net income. The figures from the compared period included earnings worth € 2 million from Pohjola shares. Unrealised appreciation of listed shares amounted to € 26 million (3) at the year-end. The growth was primarily attributable to the OMHEX shares held by OKO Bank.

OTHER INCOME

Dividend income totalled € 9 million (13), including less than € 4 million in additional dividends from HEX Plc, while income in the compared period included € 7 million in dividends from Pohjola shares.

Net income from foreign exchange trading amounted to € 6 million (7).

Net commissions and fees rose by more than a fifth to € 66 million (55). The increase was primarily generated by lending, payment transfers and securities issuance. Meanwhile commissions and fees from securities brokerage decreased.

Other operating income amounted to € 90 million (19). The increase can be attributed to the capital gain from the sale of OP Life Assurance shares and the sale of Kiinteistö Oy Aleksi-Hermes shares.

Net Commissions & Fees, € million	2003	2002	Change, %
From lending	14	12	19
From payment transfers	16	13	30
From securities brokerage	10	11	-17
From securities issuance	5	1	
From asset management	10	9	9
From guarantees	5	4	6
Other fee income	7	4	57
Total	**66**	**55**	**21**

EXPENSES

Expenses, excluding commission expenses, increased by 7 per cent to € 139 million (130).

Administrative expenses rose by 7 per cent to € 103 million (96). Personnel costs represented approximately half of the total expenses. They increased by 9 per cent, due to an increase in the number of employees, wages and indirect personnel costs. OKO Bank and its subsidiaries employed an average of 1,138 (1,117) people during the year. Number of personnel at the year-end was 1,113 (1,092).

LOAN LOSSES AND WRITE-DOWNS

Less than € 6 million (6) worth of new loan and guarantee losses and specific loan loss provisions were recorded. The total amount of loan loss recoveries and adjustments of specific loan loss provisions was € 3 million (8). The net loan and guarantee losses totalled € 2 million (net profit € 2 million).

OKO Bank holds a 19 per cent stake in Oy Realinvest Ab, a real estate investment company. OKO Bank lowered the value of its Realinvest shares by € 4 million to better reflect its share of the company's asset value.

SHARE OF AFFILIATE PROFITS/LOSSES

The share of affiliate losses was € 3 million (-17). OKO Bank's losses in January from OP Life Assurance before the sale of its shares totalled € 6 million (-20). Its share of OP-Kotipankki Oyj's profits was € 2 million (1) while its share of other affiliates' profits totalled € 1 million (1).

BALANCE SHEET

Balance sheet total was € 14.8 billion (12.7) at the year-end.

Balance Sheet, € million	Dec. 31, 2003	Dec. 31, 2002	Change, %
Loan portfolio	7,390	6,746	10
Receivables from financial institutions	2,679	1,816	47
Notes and bonds	2,910	3,245	-10
Other assets	1 775	901	97
Assets	**14,754**	**12,709**	**16**
Deposits from the public	2,038	1,926	6
Liabilities to financial institutions and central banks	4,831	4,152	16
Notes and bonds issued to the public	4,779	4,144	15
Other liabilities	2,373	1,853	28
Shareholders' equity	733	633	16
Liabilities	**14,754**	**12,709**	**16**

LENDING

The loan portfolio, including leasing assets, grew by less than 10 per cent to € 7.4 billion. In Corporate Banking, the loan portfolio increased by 7 per cent and in Retail Banking by 17 per cent. The Bank's loan portfolio accounted for about half of its total assets.

At the year-end, non-performing and interest-free receivables totalled € 18 million (16). They represented 0.2 per cent of the total loan and guarantee portfolio

(0.2). Specific loan loss provisions decreasing the receivables amounted to € 25 million (27) at the end of 2003.

Receivables from financial institutions – mainly from member cooperative banks – grew to € 2.7 billion (1.8). Receivables from those banks increased by € 0.6 billion. Receivables from financial institutions represented nearly a fifth of the total assets.

OTHER INVESTMENTS

Shareholdings other than real-estate holdings totalled € 119 million (150) at the year-end. The sale of OP Life Assurance shares in particular reduced holdings.

During the year, OKO Bank continued to reduce its real-estate holdings. As a result, the book value of real-estate and real-estate holdings fell to € 113 million (159). Capital invested in real-estate holdings was down to € 131 million (182). From the total, capital invested in real-estate in the Bank's own use amounted to € 40 million (42). Capital invested in real-estate holdings represented less than one per cent of total assets. Furthermore, OKO Bank's investments in real estate investment companies totalled € 27 million.

FUNDING

Deposits from the public increased by 6 per cent to € 2.0 billion (1.9). They made up 14 per cent of the balance sheet total.

Liabilities to financial institutions and central banks rose to € 4.8 billion (4.2). Most of these were member cooperative bank deposits with OKO Bank. Cooperative bank deposits with OKO Bank remained at the previous year-end level, or € 3.2 billion. Liabilities to the Bank of Finland rose to € 1.2 billion (0.6). Liabilities to financial institutions and central banks amounted to 33 per cent of the balance sheet total.

The amount of debt securities issued grew to € 4.8 billion (4.1). Bonds accounted for roughly € 0.5 billion of the increase and certificates of deposit for € 0.2 billion. In total, these made up 32 per cent of the balance sheet.

Subordinated liabilities were at the previous year-end level, or € 0.4 billion. In October, the Financial Supervision Authority authorised OKO Bank to repurchase a USD 10 million perpetual loan considered Tier II funds. By the end of the year, half of the loan had been repurchased.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at € 733 million (633) at the year-end with distributable equity amounting to € 146 million.

OFF-BALANCE SHEET ITEMS

The aggregate amount of guarantees and other off-balance sheet items grew to € 3.6 billion (3.2), mainly due to an increase in the amount of unused credit facilities to € 2.1 billion (1.6). Loan and other guarantees decreased to € 1.1 billion (1.2).

The credit counter value of derivative contracts increased to € 149 million (121).

CAPITAL ADEQUACY

Capital adequacy ratio was 11.0 per cent. Tier I ratio to risk-weighted items was 7.0 per cent, which is on a par with the long-term target. Risk-weighted items increased by 9 per cent while the amount of Tier I funds increased by € 58 million. The dividend proposed by the Executive Board has been deducted from the profit for the period. Tier II funds remained almost at the previous year-end level.

The capital adequacy ratio at the end of 2001 was 12.8 per cent; at the end of 2000, 11.4 per cent and at the end of 1999, 12.5 per cent.

€ million	**Dec. 31, 2003**	**Dec. 31, 2002**
Own funds		
Tier I	620	561
Tier II	364	366
Mandatory adjustments*)	-13	-33
Total	**971**	**894**
Risk-weighted receivables, investments and off-balance sheet items	8,792	8,039
Capital adequacy ratio, %	11.0	11.1
Tier I ratio, %	7.0	7.0

*) The following investments in venture capital funds, totalling € 7 million and managed by OKO Venture Capital Ltd have not been deducted according to the exception provided by the Financial Supervision Authority in line with the order in 75 §, clause 5 of the Credit Institution Act: Promotion Equity I Ky, Promotion Capital I Ky, Promotion Rahasto II Ky and Promotion Bridge I Ky.

The OP Bank Group's capital adequacy ratio increased to 15.4 per cent from 15.2 per cent at the end of the previous year. The corresponding figure in 2001 was 15.1 per cent; in 2000, 13.7 per cent and in 1999, 12.4 per cent.

RISK EXPOSURE

RISK BEARING ABILITY

At the end of 2003, our risk bearing ability was in line with the 7 per cent target level, although risk-weighted items increased by 9 per cent on the previous year.

Risk management policies and measures are described in more detail on pages 23 to 32 in the financial statements.

CREDIT RISK POSITION

When reviewing credit risks, the focus is on the development of total exposure and the customers' creditworthiness. Total exposure means the total amount of off-balance sheet items and receivables vulnerable to credit risk. Total exposure includes both the interest and the principal adjusted by specific credit loss provisions.

The Group's total exposure amounted to € 18.2 billion at the end of 2003, showing an increase of 19 per cent from the previous year. Receivables from the public and public sector entities accounted for more than 40 per cent of the total exposure. The per annum increase was € 0.8 billion, or 12 per cent. Receivables from financial institutions, bonds and notes accounted for more than a third of the total exposure.

TOTAL EXPOSURE

In the breakdown of total exposure by customer group, non-profit organisations include housing corporations and the exposure in the housing and real estate management sector. In this respect, the customer grouping differs from the sector division used in official reporting, in which housing corporations are included in corporate exposure.

Corporate customers were the largest customer group, representing 36 per cent of the total exposure. Corporate exposure consisted primarily of credits and guarantees. In comparison with 2002, the growth in corporate exposure slowed. In 2003, corporate exposure was up by 6 per cent or € 0.4 billion. A more detailed analysis of the structure of corporate exposure is presented under the section Corporate Exposure.

Financial and insurance institutions accounted for 26 per cent or € 4.7 billion of total exposure as of the end of 2003. Receivables from financial institutions and central banks also grew considerably compared to the end of 2002. Financial and insurance institutions also comprise receivables from central banks. Financial and insurance institution exposure consisted mainly of deposits and investments in their own bonds and notes. According to the credit ratings issued by Moody's, counterparties rated at least A3 accounted for more than 80 per cent of exposure in the financial and insurance institution sector.

Cooperative member banks and companies in the OP Bank Group Central Cooperative represented 14 per cent of the total exposure. This customer group's exposure grew by € 0.7 billion to € 2.5 billion during

Total Exposure

	Dec. 31, 2003		Dec. 31, 2002	
	€ billion	%	€ billion	%
Claims on the public and public sector entities	7.6	42	6.8	44
Claims on credit institutions and central banks	3.6	20	1.9	12
Debt securities	2.9	16	3.3	22
Unused standby credit facilities	2.3	13	1.7	11
Guarantees and documentary credits	1.2	7	1.1	7
Derivative contracts	0.1	1	0.1	1
Other off-balance sheet items	0.5	3	0.4	3
Total	**18.2**	**100**	**15.3**	**100**

Total Exposure by Counterparty

	Dec. 31, 2003		Dec. 31, 2002	
	€ billion	%	€ billion	%
Corporates	6.6	36	6.3	41
Finance and insurance	4.7	26	3.5	23
Cooperative banks and OP Bank Group Central Cooperative	2.5	14	1.8	12
Private customers	2.1	12	1.7	11
Non-profit institutions	1.6	9	1.3	8
Public entities	0.6	3	0.7	5
Total	**18.2**	**100**	**15.3**	**100**

the year. The credit risk associated with cooperative member bank and OP Bank Group Central Cooperative company exposure is extremely low in our view.

The portion of private customers' total exposure remained on the previous year's level. Exposure rose by € 0.4 billion or 22 per cent and totalled € 2.1 billion as of the end of 2003. Housing loans accounted for 70 per cent of private customer exposure. We consider the credit risk associated with private customer to be very low, since the credit risk is diversified over a large number of customers, and the agreements include collateral that covers the majority of the risk. Less than 15 per cent of private customer exposure was such that the customer-specific exposure exceeded two hundred thousand euros.

Non-profit organisation exposure rose by € 0.3 billion or 26 per cent and totalled € 1.6 billion as of the end of 2003. Housing corporations and non-profit building associations accounted for 89 per cent of the exposure. Rated non-profit building companies or housing corporations owned by municipalities or cities represented 60 per cent of this customer group's exposure. Customers in this group generally have good collateral, therefore the credit risk associated with non-profit organisations can be regarded as very low.

Public sector entity exposure fell by € 0.1 billion from the previous year. The majority of the public sector entities' € 0.6 billion exposure consisted of credits granted to municipalities, and government notes and bonds. We consider exposure to public sector entities as risk-free.

LARGE-CUSTOMER EXPOSURE

Large-customer exposure refers to corporate customers whose exposure exceeds 10 per cent of the Group's own funds. As of the end of 2003, the Group's own funds totalled € 971 million; an increase of 77 million from a year earlier.

Corporate exposure totalled € 1.6 billion at the end of 2003, representing 163 per cent of the Group's own funds. Large-customer exposure comprised 10 corporate customer groups, whose aggregate exposure represented 24 per cent of total corporate exposure. Large-customer exposure decreased by € 0.6 billion from the previous year. The reason for the decrease was that 8 customer groups' exposure no longer exceeded the 10 per cent limit owing to an increase in OKO Bank's own funds.

CORPORATE EXPOSURE

Exposure of investment-grade companies (ratings 1–4) totalled € 2.6 billion at the end of 2003, which is € 0.1 billion less than a year earlier. The proportion of investment-grade company exposure dropped from 43 to 40 per cent during the year, mainly as a result of changes in ratings. Meanwhile, the proportion of exposure in ratings classes 5–6 grew by 3 percentage points. In other ratings classes the relative changes in exposure were less than one percentage point. Exposure of companies in the two weakest ratings classes (ratings 11 and 12) totalled € 13 million, or 0.2 per cent of corporate exposure. Companies in the metal or forest industries accounted for the bulk of exposure in the two weakest ratings classes.

The distribution of ratings is shown in accordance with counterparty ratings. Collateral or guarantees received have not been taken into account.

A large part of the € 0.7 billion in unclassified corporate exposure consisted of credit granted to entrepreneurs, real estate companies or small corporate customers. The average exposure of unclassified customers' was less than € 50,000.

When providing funding to companies with high ratings, covenants protecting the lender's position are used actively. Meanwhile securities and guarantees are used

Total Corporate Exposure by Credit Rating

Credit rating	S&P rating	Dec. 31, 2003 € billion	Dec. 31, 2003 %	Dec. 31, 2002 € billion	Dec. 31, 2002 %
1–2	AAA - A-	0.2	3	0.1	2
3–4	BBB+ - BBB-	2.4	37	2.6	41
5–6	BB+ - BB	1.9	29	1.6	26
7–8	BB- - B+	1.0	15	1.0	15
9–10	B - C	0.4	5	0.3	5
11–12	D	0.0	0	0.0	0
Non-rated		0.7	11	0.7	11
Total		**6.6**	100	**6.3**	100

to reduce risk when funding companies with weaker ratings.

The metal industry was the largest industry and represented 17 per cent of corporate exposure. Investment-level companies accounted for slightly less than 60 per cent of the exposure in the metal industry. According to the corporate customers' credit risk policy, no individual industry's share of total corporate exposure may exceed 18 per cent. The four largest industries whose proportion exceeded 10 per cent of corporate exposure were once again metal industry, forest industry, retailing and wholesaling and construction. The most significant changes in the industry distribution were an increase of exposure in the retailing and wholesaling industry by € 0.2 billion and a decrease of € 0.2 billion in the food industry.

Thirty-nine per cent of corporate exposure was € 10 million or less, while exposure in excess of € 50 million represented 30 per cent of the total.

Total Corporate Exposure by Industry

	Dec. 31, 2003		Dec. 31, 2002	
Industry	**€ billion**	**%**	**€ billion**	**%**
Metal industry	1.1	17	1.0	16
Forest industry	0.8	12	0.8	13
Retailing and wholesaling	0.8	12	0.6	10
Construction	0.7	11	0.7	11
Other industry	0.5	7	0.5	8
Food industry	0.4	7	0.6	9
Real-estate investment companies	0.4	6	0.3	5
Energy	0.4	6	0.3	6
Transport and traffic	0.3	5	0.3	5
Services	0.3	5	0.3	5
Telecommunications and electronics	0.3	4	0.3	4
Communications and publishing	0.2	3	0.2	3
Other industries	0.3	5	0.3	5
Total	**6.6**	**100**	**6.3**	**100**

Total Corporate Exposure by Customers' Exposure

Customers' exposure, € million	**€ billion**	**%**
0–1	1.2	18
1–10	1.4	21
10–50	2.0	30
50–100	1.2	18
100–	0.8	12
Total	**6.6**	**100**

COUNTRY RISK

Secondary country risk, excluding Finland, amounted to € 1.6 billion as of the end of 2003; an increase of € 0.3 billion from the previous year. The majority of country risk consisted of deposits in foreign banks and investments in foreign notes and bonds. Funding in the retailing and wholesaling industry and payment transfer services accounted for a small proportion of country risk. Exposure in the two highest ratings classes, 1 and 2, accounted for 96 per cent of the secondary country risk in comparison with 98 per cent a year earlier.

The secondary country risk of China, which is rated in country risk group 2, totalled € 28 million at the year-end. In 2003, group 4 saw the biggest relative growth in country risk, largely due to the rising risk ratings of Turkey, Brazil and Russia.

Secondary Country Risk by Group

Country	**Moody's**	**Dec. 31, 2003**		**Dec. 31, 2002**	
risk	**rating**	**€ million**	**%**	**€ million**	**%**
Group 1	Aaa	1 428	92	1 176	93
Group 2	Aa1 - A3	72	4	70	5
Group 3	Baa1 - Baa3	6	0	3	0
Group 4	Ba1 - B3	53	3	17	1
Group 5	Caa1 - C	0	0	2	0
Total		**6.6**	**100**	**6.3**	**100**

PAST DUE PAYMENTS AND NON-PERFORMING LOANS

Past due payments amounted to € 13 million at the end of December 2003, showing an annual increase of € 1 million. Past due payments represented 0.2 per cent of the loan and guarantee portfolio, putting them on par with the previous year.

Non-performing and interest-free receivables grew by € 2 million and totalled € 18 million as of the end of 2003. They represented 0.2 per cent of the loan and guarantee portfolio, which is about the same as a year earlier.

Specific credit loss provisions that reduce the amount of receivables totalled € 25 million at the end of 2003. € 12 million of these involved non-performing receivables. A year earlier, specific credit loss provisions amounted to € 27 million, of which € 14 million were allocated to non-performing receivables.

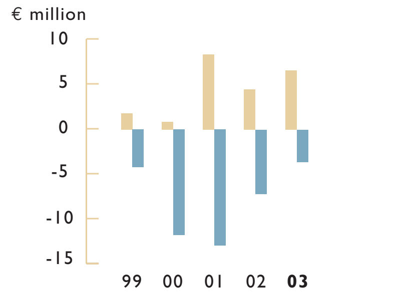
In 2003, new credit and guarantee losses and specific credit loss provisions in the amount of € 6 million were booked, showing no significant change from the previous year. Credit loss recoveries and revaluations of credit loss provisions totalled € 3 million, down € 5 million from 2002. Net credit and guarantee losses totalled € 2 million. Private customers accounted for € 1 million and corporate customers, mainly companies in the telecommunications and electronics industries, for € 5 million of new credit and guarantee losses, and specific credit loss provisions.

In terms of risk appetite for credit risks, our target is for the average net credit losses and credit loss provisions over the trend cycle not to exceed 10 per cent of the annual income, or 0.35 per cent of the loan and guarantee portfolio. In 2003, net credit and guarantee losses represented 0.7 per cent of annual income and 0.03 per cent of the loan and guarantee portfolio compared to -0.7 per cent of annual income and -0.02 per cent of the loan and guarantee portfolio a year earlier.

Non-performing Receivables
€ million

Dec. 31, 2003	Private Customers	Corporate Customers	Other	Total
Non-performing and interest-free receivables	7	8	3	18
Non-performing and interest-free receivables, % of loans and guarantees	0.4	0.2	0.2	0.2
Specific loan-loss provisions	3	18	4	25

Dec. 31, 2002	Private Customers	Corporate Customers	Other	Total
Non-performing and interest-free receivables	8	8	0	16
Non-performing and interest-free receivables, % of loans and guarantees	0.4	0.2	0	0.2
Specific loan loss provisions	4	19	4	27



Development of Loan Losses
Loan losses (gross)
Loan loss recoveries

CREDIT RISK POSITION LOOKS STABLE

OKO Bank has been able to maintain a stable credit risk position. The amount of credit and guarantee losses is only expected to grow very slightly this year, unless there are sudden and unexpected changes in business conditions or in the customers' financial position. Credit loss recoveries and revaluations of specific credit loss provisions are expected to decrease, which would result in a modest increase in net credit and guarantee losses. This forecast is based on the small number of non-performing loans, and the moderate credit risk level in terms of total exposure.

MARKET RISK POSITION

Market risks accounted for 6 per cent of the Group's risk-weighted items at the year-end.

Market risks remained on a moderate level the whole year. The benefit derived from diversifying our risk over several risk classes, known as the portfolio effect, was significant.

Interest rate exposure in trading was minor. At the year-end, 56 per cent of the Group's interest rate exposure was in euros and 41 per cent was in US dollars. The dollar-denominated interest rate exposure consisted chiefly of trading exposure. Treasury's interest rate exposure made up 71.4 per cent of the Group's exposure. The result from interest rate exposure was good in both Treasury and trading. Low interest rates boosted the Group's net income from financial operations, particularly owing to the narrower spread between interest rates in retail borrowing and lending.

The market capitalisation of listed shares was € 56.1 million at the year-end, of which € 29.3 million was recorded under current assets. The three largest industries recorded under current assets by holding were as follows: forest industry 25 per cent, metal industry 22 per cent, and communications and publishing 9 per cent. OMHEX shares with a market capitalisation of € 26.8 million were recorded under fixed assets. Investments in venture capital funds totalled € 20.4 million and binding unexecuted investment commitments € 17.0 million.

Share prices rose during the year, resulting in good earnings from shares.

Market Risks of OKO Bank and its subsidiaries

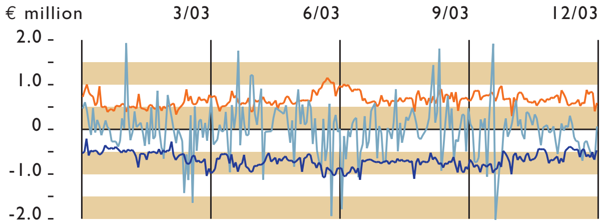
€ million	Dec. 31, 2003	On average 2003	Standard deviation
Interest rate risk *			
OKO Bank Group total	5.8	8.9	2.5
- of which ALM	5.9	5.9	4.3
Market value of equity position	29.3	24.7	2.1
OMHEX shares	26.8	25.0	1.0
Venture capital funds incl. unexecuted investment commitments	34.7	34.0	2.5
Net currency exposure	3.2	1.6	2.1

* The effect of 100 basis point interest rate movement on the present value of future cashflows (currencies added up in absolute values)

OKO Bank's Market Risk VaR

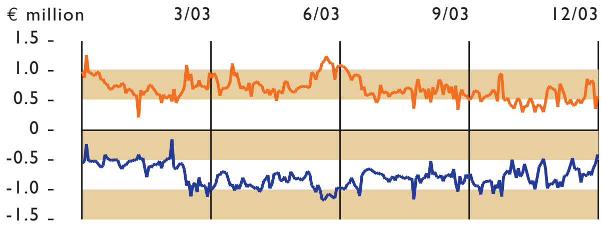
Value at Risk

€ million	Dec. 31, 2003	On average 2003	Standard deviation
Total	-0.47	-0.67	0.15
Interest rate risk	-0.39	-0.70	0.19
of which ALM	-0.37	-0.51	0.15
Equity exposure	-0.43	-0.46	0.09
Currency exposure	-0.04	-0.01	0.01
Portfolioeffect	0.39		



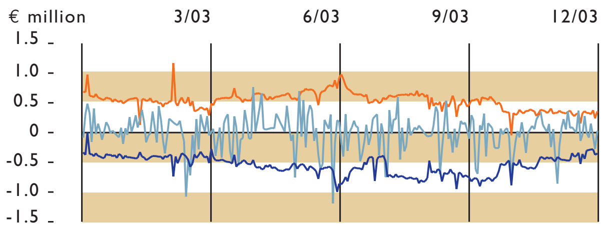
OKO Bank's Total VaR

Quantile 97.5% Backtest VaR (2.5%)



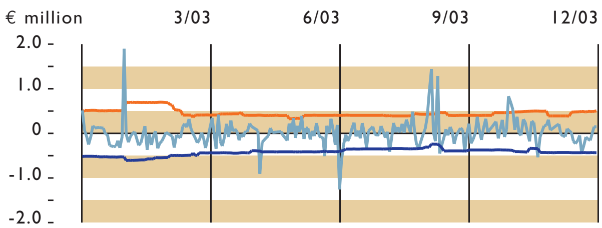
OKO Bank's VaR on Interest Rate Risk

Quantile 97.5% VaR (2.5%)



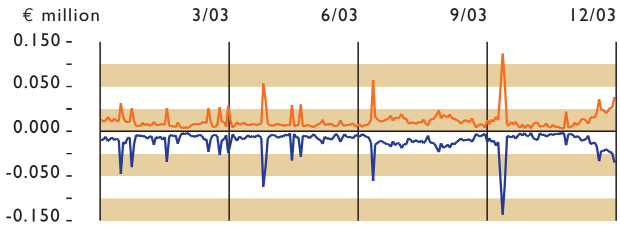
OKO Bank's VaR on interest Rate Risk in ALM

Quantile 97.5% Backtest VaR (2.5%)



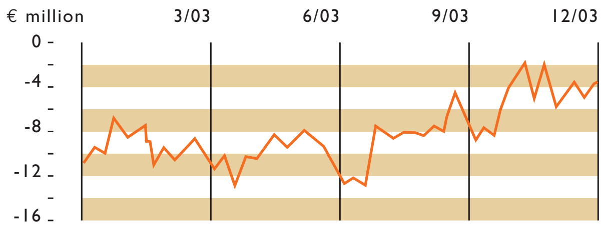
OKO Bank's VaR on Equity Exposure

Quantile 97.5% Backtest VaR (2.5%)

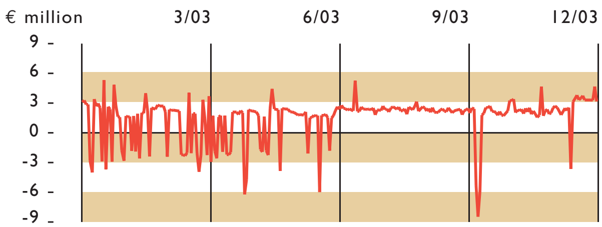


OKO Bank's VaR on Currency Exposure

Quantile 97.5% VaR (2.5%)



OKO Bank Group's Euro-denominated Interest Rate Risk



OKO Banks Overall Net Foreign Currency Exposure

OKO Bank's overnight currency exposure remained low throughout the year. At the year-end, net currency exposure amounted to € 3.2 million. Foreign exchange trading posted good results in relation to its targets that were largely based on intra-day trading.

No market risks were taken in option operations or when issuing index loans; instead, the risks were hedged.

DERIVATIVES

The Group's derivatives have been itemised by application in Note 50 to the financial statements.

A larger number of interest rate swaps was made to hedge against interest rate fluctuations than a year earlier. The number of equity and credit derivatives used to hedge the additional earnings linked to index loans increased following the issue of new index loans.

In trading, the volume of interest rate swaps declined owing to reduced use of short-term swaps to cover money market exposure. OKO Bank uses currency forward contracts more actively in trading. With the appreciation of the US dollar, customer demand for currency forward contracts has picked up.

The unrealised market capitalisation of the derivatives used to hedge the loan portfolio and liabilities against interest rate risk amounted to € -0.4 million. Meanwhile the unrealised market capitalisation of derivates used to hedge the investment portfolio against interest rate risk was € -6.5 million. The balance sheet items hedged using derivatives include an equal positive value adjustment based on interest rate fluctuations.

FUNDING RISK

The breakdown of the maturities of key balance sheet items is presented in Note 42 to the financial statements (the liquid reserves of member cooperative banks and current account deposits from the public in the shortest time class, and notes and bonds included in trading portfolios itemised by due date).

OKO Bank's principal funding currency is euro. Euro-denominated long-term loans totalled € 1.7 billion (85%). Long-term loans also include those denominated in dollars (USD 216 million), Swiss francs (CHF 45 million) and yen (JPY 10 billion). The currency risk involved in these is hedged using interest rate and currency swaps.

Member bank market-rate deposits represented approximately 21 per cent of the Group's funding. Deposits from the public accounted for 14 per cent of OKO Bank Group's funding. Current and income accounts not placed in any time class represented some 8 per cent. The proportion of long-term funding rose from 8 to 13 per cent.

OKO Bank Group's largest funding item are CDs, which are itemised by buyer group in the next table.

OKO Bank's CD and Euro CP's Issue Volume by Buyer Group and Investments in CD's of Other Banks

€ million	Dec. 31, 2003	On average 2003	Standard deviation
CD's ja ECP's issued	3 505	3 682	747
- to banks	1 521	1 819	342
- to corporates	1 801	1 844	188
- to other customers	184	166	32
Investments in CD's of other banks	1 527	1 476	48

OKO Bank's Funding Risk According to the Maturity

Periodic principal gap, € million	Dec. 31, 2003	On average 2003	Standard deviation
0–1 years	-743	-819	104
1–2 years	508	624	140
2–3 years	619	641	73
3–4 years	760	646	132
4–5 years	602	591	36
5–10 years	1 103	1 045	
> 10 years	444	470	
Deposits not allocated to time buckets	-3 294	-3 198	48

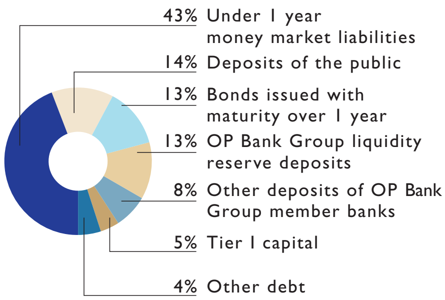
At the year-end, the short-term net capital gap was € 743 million. Deposits not placed in any time class consisting of current accounts and the member bank liquid reserves amounted to € 3,294 million. The notes and bonds included in trading portfolios are placed in the shortest time period when calculating net capital cash flow.

The OKO Bank Group's liquid reserves and their minimum requirements are shown in the table. Liquid reserves comprise liquid, negotiable notes and bonds, and net interbank deposits of less than one month by counterparty.

OKO Bank's liquidity remained good during the whole year.

OKO Bank Group's Liquidity Reserve and its Minimum Level

€ million	Dec. 31, 2003	On average 2003	Standard deviation
Liquidity reserves	3 684	3 048	294
- of which the liquidity reserve of OP Bank Group member banks	1 854	1 818	25
The minimum level of liquidity reserves	2 971	2 826	81



OKO Bank Group's Funding Structure, Dec. 31, 2003

REAL ESTATE EXPOSURE

OKO Bank Group's capital invested in real estate holdings amounted to € 131 million at the end of 2003, with properties in bank use representing € 40 million. In addition, holdings in real estate investment companies totalled € 27 million. The net yield on real estate investments rose from the previous year. In our view, real estate risks remain minor.

OPERATIONAL RISKS

Process development and internal assessment of operations play a crucial part in operational risk management enhancement. The Bank developed its credit, brokerage, cash management and payment transfer services processes with the aim of achieving growth and improving the quality of services as well as efficiency. In addition, business continuation and information technology recovery plans were updated.

The impact of actual operational risks on operating profit was less than € 0.3 million.

JOINT RESPONSIBILITY

OKO Bank is a subsidiary of the OP Bank Group Central Cooperative, which is based on the OP Bank Group's co-operation model. The Central Cooperative with its subsidiaries and 242 member cooperative banks form the amalgamation of the cooperative banks. Under the co-operation model, the resources of the OP Bank Group serve as a safety net for all the member banks because under the Cooperative Bank Act (Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative), 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 OP 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, 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 INVESTOR PROTECTION

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

OKO Bank and its subsidiaries 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 certain period. An investor is paid 90 per cent of his receivable, up to a maximum of € 20,000. The Compensation Fund does not compensate losses due to a fall in share prices or incorrect investment decisions. The Compensation Fund only compensates the receivables of non-professional investors.

CHANGES IN GROUP STRUCTURE

In February, OKO Bank decreased its shareholding in the OP Life Assurance Company from 49.9 per cent to 15 per cent. Following the sale, OP Life Assurance is no longer an affiliate of OKO Bank and is not included in the consolidated financial statements.

In December, OKO Bank sold the shares of Kiinteistö Oy Aleksi-Hermes, which was previously included in the consolidated financial statements.

PREPARATION FOR THE ADOPTION OF THE IAS/IFRS STANDARDS AND THE NEW CAPITAL ADEQUACY REGULATIONS

CHANGES IN THE FINANCIAL REPORTING REGULATIONS

According to IAS regulations adopted by the European Parliament and Council in 2002, public corporations must prepare their consolidated financial statements in accordance with IAS/IFRS standards no later than the beginning of fiscal 2005. In the summer of 2003, the European Commission approved the current IAS/IFRS standards for enforcement throughout the European Union, with the exception of the Financial Instrument standards: Disclosure and Presentation (IAS 32), and Recognition and Measurement (IAS 39).

In Finland, the IAS committee appointed by the Ministry of Trade and Industry submitted its final report on the impact of the adoption of the IFRS standards and the Fair Value Directive on Finnish accounting standards. The Government's proposal regarding these changes will most likely be presented to the Finnish Parliament in spring 2004.

OKO BANK PREPARES FOR IAS/IFRS ADOPTION

OKO Bank will adopt the IAS/IFRS standards in the presentation of its consolidated financial statements for fiscal 2005. Interim reports in 2005 will also be prepared in accordance with the recognition and measurement principles set out in IFRS. In addition, Fair Value Directive-related regulations will be applied at OKO Bank and its subsidiaries as of the beginning of 2005.

The preparations of OKO Bank and its subsidiaries will take place under the auspices of an OP Bank Group IAS/IFRS project coordinated by the OP Bank Group Central Cooperative. In 2003, the project team drafted the first versions of calculation guidelines for the key standards, analysed the critical influences of the standards on the consolidated financial statements and shareholders' equity of the OP Bank Group and OKO Bank, and launched the required information system modifications. OKO Bank carried out an extensive training programme for management and financial specialists.

Preparations in 2004 will involve taking a closer look at the interpretation of the IAS 39 standard, complementing required changes in the information systems, particularly in terms of the IAS 39 standard and requirements for the notes, carrying out the changes, and specifying the financial statement preparation process in more detail. During the course of 2004, OKO Bank will generate a more in-depth analysis of how the standards will affect its operations and financial statements.

THE IMPACT OF IAS/IFRS STANDARDS

A number of uncertainties hamper the assessment of the overall impact of the IAS/IFRS standards, as only drafts are currently available for some of the standards to be complied with by the end of the transition time, December 31, 2005. IASB has promised to publish all the standards to be complied with at the transition time by the end of the first quarter of 2004.

As a result of the adoption of new standards, the number of financial instruments to be valued at current market value will increase. The introduction of the IFRS-compliant financial statements will increase the volatility of OKO Bank's financial performance and shareholders' equity.

The IAS 39 standard on the recognition and measurement of financial instruments will have the most significant impact on OKO Bank's financial position. Only a draft is currently available for this standard under which the rules for hedging calculations are being developed. The final formulation may retrospectively affect OKO Bank's shareholders' equity accounts and financial results at the point of transition.

The IAS/IFRS standards require a recalculation of pension liabilities in so-called benefit-based pension schemes. A final interpretation of the extent to which the Finnish employee pension system is considered payment or benefit-based is not yet available. Most likely, the OP Bank Group Pension Fund and Pension Foundation will be defined as benefit-based systems.

The IAS/IFRS standards allow real estate investments to be valued at either the adjusted acquisition cost or at their fair value. The OP Bank Group has not yet decided which principle will be followed.

The effects of the IAS/IFRS standards on the opening balance in 2004 and on the accounting process have been identified. Efforts to identify the required changes in the notes to the financial statements are under way. An IFRS-compliant accounting process is already partly in place, as is review of business activities from the beginning of 2004.

CHANGES IN CAPITAL ADEQUACY REGULATIONS

For several years, the Basel Committee on Banking Supervision has been preparing a dramatic change in the financial institutions' capital adequacy calculation and supervision regulations. The Committee's objective is to approve a new set of regulations during 2004. Similarly, the European Commission's new Capital Adequacy Directive, which is based on the recommendations of the Basel Committee, should be approved during 2004. According to these plans, a new capital adequacy framework will take effect at the end of 2006.

The new capital adequacy framework is based on generally accepted risk management methods and is built on three pillars. Pillar I regulates the calculation of the banks' minimum capital and capital adequacy ratio. The objective of Pillar II provisions is to ensure that banks have sufficient capital in relation to their risk profile and their risk management systems, methods and internal control levels. Pillar III regulates the disclosure of information pertaining to banks' risk and capital adequacy position.

The purpose of the reform is to increase stability in the financial market by improving the methods used to ensure banks' capital adequacy. The objective is also to encourage banks to develop better risk management systems and to promote appropriate risk pricing. In the development of the new capital adequacy regulations, the starting point was that despite changes in the grounds for determining minimum capital, the average minimum capital requirement in the international banking sector on the whole would not change.

The most significant change involves the calculation of the capital requirement for credit risk either on the basis of an external credit rating or the bank's own internal rating. Another important change is the capital requirement for operational risks.

PREPARING FOR THE CAPITAL ADEQUACY FRAMEWORK

OKO Bank's risk management methods and systems development are primarily based on the Bank's risk management needs and are secondarily geared to meeting the requirements of the capital adequacy framework. From this starting point, OKO Bank's Executive Board spelled out the mission statement for the calculation of minimum capital requirements (Pillar I) at the end of 2003: Capital requirements for credit risk are calculated using the foundation internal ratings based approach for corporate exposure, and internal ratings based approach for retail exposure. Meanwhile capital requirements for operational risk are calculated using standard methods, and requirements for market risk using the current basic methodology.

OKO Bank will continue to prepare for the adoption of the new capital adequacy framework in accordance with the guidelines described above. Final decisions regarding the methods to be enforced will be made after the Basel Committee on Banking Supervision and the European Commission have given their final approval for the new capital adequacy framework.

PROSPECTS

General economic conditions appear to be improving slightly. The business conditions in the banking sector are expected to remain unchanged, with fierce competition persisting.

OKO Bank's prospects for 2004 are stable. Non-recurring items excluded, the overall performance of the core business is expected to be on a par with 2003. However, the consolidated operating profit will fall short of the previous year's figure, as capital gains had a significant impact on 2003 earnings.

THE PARENT BANK OKO BANK

OKO Bank recorded an operating profit of € 149 million, showing an increase of € 55 million from 2002. The operating profit figures are not comparable, because the income and expenses of OP-Rahoitus Oy, which merged into OKO Bank at the end of the previous year, were included in OKO Bank's income statement for the fiscal period. In both years, a few non-recurring items boosted the operating profit. In 2003, operating profit grew as a result of the € 44 million capital gain from the sale of OP Life Assurance Company, and the € 8 million capital gain from the sale of Aleksi-Hermes real estate holdings. Furthermore, OKO Bank's investments in Pohjola Group plc shares improved the operating profit by almost € 10 million in 2002.

Balance sheet total stood at € 12.9 billion, showing an increase of € 2 billion from the previous year. Private and corporate loan portfolio including leasing assets grew by 6 per cent or € 0.3 billion. Receivables from financial institutions increased by almost € 1.2 billion. OKO Bank's receivables from financial institutions within the OP Bank Group largely accounted for the growth. This growth was financed primarily from the money and capital markets.

OKO Bank's shareholders' equity totalled € 570 million; an increase of € 40 million from the end of 2002. Distributable equity amounted to € 197 million. The consolidated distributable equity that restricts OKO Bank's profit distribution was € 145.9 million.

OKO Bank's capital adequacy ratio was 12.3 per cent compared to 12.4 per cent a year earlier. Tier I ratio dropped from 8.1 to 7.9 per cent. Own funds increased by € 63 million to € 917 million. Risk-weighted items totalled € 7.5 billion, up by € 0.6 billion from the previous year. OKO Bank's capital adequacy ratio was 15.8 per cent at the end of 2001. The figures for 2000 and 1999 were 13.8 per cent and 15.1 per cent respectively.

SHARE CAPITAL AND SHARE SERIES

OKO Bank's shares are divided into Series A and K. Series A shares are intended for the general public and are quoted on the Helsinki Stock Exchange, whereas the ownership of series K shares is restricted to companies and entities that are part of the OP Bank Group. At shareholders' meetings, Series A shares entitle their holders to one vote while Series K shares carry five votes each. Furthermore, Series A shares entitle their holders to an annual dividend that is at least one percentage point higher than the dividend paid on Series K shares. At the end of the year, the number of shares outstanding was 48.1 million. Series A shares represented 77 per cent of all shares.

Member cooperative banks converted 9,660 Series K shares into Series A shares under the conversion clause in OKO Bank's Articles of Association.

The A options from the 1999 share option programme were listed on the Helsinki Stock Exchange starting on October 1, 2002. Half of the options from the option programme, or 2,080,800 options, were admitted for public trading. By the end of the year, a total of 1.6 million Series A shares were subscribed using the A stock options provided in the 1999 stock option incentive system, 1.4 million of which were registered during the year. The registrations raised OKO Bank's share capital by € 6 million to € 202.4 million. In addition, € 4.6 million was recorded in the share premium fund. The 215,820 A shares subscribed in the November to December period were registered on January 16, 2004. All the shares referred to above entitle their holders to a full dividend for 2003. The subscription price was € 7.92 until April 7, 2003 and € 7.17 thereafter.

At the end of the year, OKO Bank did not possess its own shares and the Annual General Meeting has not authorised purchase of own shares.

The share series, share capital and increases in share capital registered in 2003 are described under Note 36 to the financial statements. The terms and conditions of the option-based personnel incentive programme, as well as the authorisations given to the Executive Board are explained in Note 38.

SHAREHOLDERS

OKO Bank had 25,170 registered shareholders at the end of 2003. Some 95 per cent of the shareholders were private persons. The largest individual shareholder was the OKO Bank's parent institution, the OP Bank Group Central Cooperative, which held 40.1 per cent of the shares and 56.8 per cent of the votes. Of the 37 million A shares, the Central Cooperative and its member banks owned 19.2 million shares or 51.7 per cent.

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

STOCKHOLM BRANCH OFFICE AND REPRESENTATIVE OFFICES

In accordance with a decision made in January, the Stockholm branch office was closed at the end of June. Since that, OKO Bank has no branch offices abroad. The Bank has representative offices in St Petersburg and in Tallinn.

ADMINISTRATION

At the OKO Bank Annual General Meeting, held on April 3, 2003, the shareholders approved the Financial Statements and released the members and deputy members of the Supervisory Board and the Executive Board, as well as the President from liability. In accordance with the proposal of the Executive Board, the shareholders approved the payment of a dividend totalling € 0.75 on each Series A share and € 0.70 on each Series K share.

In accordance with the Articles of Association, the shareholders elected new members to the Supervisory Board at the Annual General Meeting. 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 members of the Supervisory Board are listed in the Annual Report. There is also a description of the Board's main duties.

The regular auditors elected for fiscal year 2003 were the firm of chartered public accountants KPMG Wideri Oy Ab and Mr. Raimo Saarikivi, Authorised Public Accountant.

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 share options.

ACCOUNTING POLICIES

The financial statements of OKO Bank and its subsidiaries have been prepared and presented in accordance with the provisions of the Credit Institution Act, the Ministry of Finance's decree 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 Authority.

SCOPE OF THE FINANCIAL STATEMENTS

The financial statements include the information contained in the accounts of OKO Bank and its directly or indirectly owned subsidiaries and affiliates. Subsidiaries and affiliates with total assets below 10 million euros and whose omission would not detract from the provision of an adequate description of the financial performance of OKO Bank's operations and its financial position have been excluded from the financial statements on the basis of the current Finnish regulations.

The subsidiaries and affiliates covered by the financial statements are listed in Note 54, where information is also available on the omitted companies.

CONSOLIDATION PRINCIPLES

The financial statements of OKO Bank companies, which are credit or financial institutions, or service companies as prescribed by the Financial Supervision Authority, have been consolidated using the acquisition cost method. All the subsidiaries included in the accounts have been consolidated according to the acquisition cost method. New OKO Bank companies have been incorporated into the accounts from the point of acquisition. Subsidiaries that have ceased to be Group companies during the fiscal year have been included in the income statement to the point of transfer. The accounts of affiliates have been consolidated using the equity method.

The acquisition costs of subsidiary shares have been eliminated against equity as per the balance sheet dates at the point of acquisition. The excess values of the subsidiary shares arising from the elimination have been included partially in the book values of the related assets. The items are amortised in accordance with an amortisation schedule for the asset. Where it has not been possible to carry out this allocation, these items are stated in the balance sheet under consolidated goodwill and are amortised on a straight-line basis over a maximum period of 10 years, but since 1995, over a maximum of five years.

The internal transactions, margins, distribution of profits, as well as receivables and liabilities in the separate accounts of consolidated companies have been eliminated. The minority interest share of earnings and equity has been separated and stated as an individual item in the income statement and the balance sheet.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Items denominated in foreign currency have been converted using the average exchange rates of the currencies on the balance sheet date. The exchange rate differences arising from the valuation are entered under the income statement item "net income from foreign exchange trading".

RECEIVABLES AND PAYABLES

Receivables and payables have been recorded at the value that was paid for or received from them at the point of acquisition. The difference between the acquisition cost and the nominal value of a receivable is allocated to interest income and is an increase or decrease in the acquisition cost of the receivable. The difference between the amount received for a payable and the nominal value is allocated to an interest expense and is an increase or decrease in the acquisition cost of the payable.

SECURITIES HELD IN CURRENT ASSETS

Debt securities and shares and holdings that are traded are treated as securities held in current assets. Actively traded securities are valued at the probable transaction price and all positive and negative changes in value resulting from the valuation are recorded in the accounts. Other securities treated as current assets are recorded in the accounts at the acquisition cost or the probable value on the balance sheet date, whichever is lower. The probable transaction 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, plus a risk premium. The probable transaction 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 disposal of securities treated as current assets, as well as write-downs, are recorded 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 allocated to interest income or as a reduction in it until maturity.

SECURITIES HELD IN LONG TERM FINANCIAL ASSETS

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

These securities are stated at their acquisition cost. If at the end of the fiscal year the probable market value of such a security is permanently lower than the acquisition cost, the difference is recorded in the income statement under "write-downs on financial assets". Any reversals of write-downs have been recorded as an adjustment to the same income statement item. The difference between the acquisition cost and nominal value of debt securities has been allocated to interest income.

The purchase price of securities purchased on irrevocable resale terms has been recorded 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 allocated to interest income for the period of validity of the agreement.

The sale price of securities sold on irrevocable repurchase conditions has been recorded as a liability in the balance sheet item according to the party involved. The difference between the disposal price and the repurchasing price has been allocated as an interest expense for the lifetime 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-downs. Capitalised bond issuance expenses are recorded as expenses using a plan based on the repayment schedule, but nevertheless at least in the same proportion as the bond is repaid. In the separate accounts of subsidiaries, the accumulated excess depreciation is included in the balance sheet item "excess depreciation", which provides the accumulated appropriations. Should the probable market price of a 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 income statement item "depreciation and write-downs on tangible and intangible assets". Any reversals of write-downs have been booked as an adjustment to the same income statement 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 schedule. In accordance with the depreciation schedule prepared by OKO Bank, the acquisition cost of buildings is depreciated over 30-40 years depending on their use and the construction material. Machinery and equipment, IT 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 using the annuity method. An individual depreciation period can be specified for tangible assets that are acquired in used condition. No depreciation is recorded for durable tangible assets and for revaluations.

VALUATION PRINCIPLES AND METHODS FOR REAL ESTATE PROPERTIES AND REAL ESTATE HOLDINGS

The real estate holdings of OKO Bank are valued once a year. For specific reasons, the values can be reviewed more frequently. In determining the balance sheet value of real estate and real estate holdings that are in own use, the starting point taken is the value of the asset in relation to operational earnings expectations. 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 disposal value method.

In defining the net yield percentage, account is taken of the location of the property, its use 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 annually. In addition to these main principles, valuation of real estate is carried out taking into account the special features of each property and use is made of published statistics and forecasts.

In recording reductions in value, the permanence of the write-downs and criteria pertaining to their material importance have been applied.

DERIVATIVE CONTRACTS

The difference between the interest received from and paid on receivables and interest rate swaps executed to hedge debt securities held in long term financial assets, as well as liabilities has been recorded under “interest income or expenses”. In the accounts, the accrued interest on these interest rate swaps has been recorded under “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 recorded under “net income from securities transactions” and the accrued interest corresponding to this income has been recorded under “other assets” and “other liabilities”.

Value adjustments for hedging derivative contracts have been treated in the income statement in the same way as the close-out value adjustments of the balance sheet item subject to hedging; in other words, the value adjustments for derivatives hedging against interest rate risk are not recorded. Hedging has been proved effective either as individual contract pairs or as partial portfolios using the Value at Risk method.

The “linked derivatives” related to issued index loans and the derivatives hedging them have been separated from the main contract and valued at current value. Derivative contracts used to hedge loans have also been valued at current value. Value adjustments have been recorded in the income statement.

The income, expenses and changes in the value of interest rate, currency and equity derivatives acquired for purposes other than hedging have been recorded under the income statement item “net income from securities transactions and foreign exchange dealing”. The items entered in the balance sheet for derivative contracts acquired for non-hedging purposes have been recorded under “other assets” or “other liabilities”.

The premiums paid for share options have been valued at acquisition cost or at a lower probable transfer value. Income or expenses have been recoded under the net income from securities transactions. Change in the euro counter value of derivative contracts in foreign currencies has been recorded under net income from foreign exchange dealing.

NON-PERFORMING LOANS

The entire principal of a loan has been classified as non-performing when its interest, principal or a part thereof has fallen due and is unpaid for 90 days. Claims against companies declared bankrupt 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 allocated accrued interest on non-performing claims has been eliminated 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 recorded as specific credit loss provisions when it has become apparent that a payment will not be received for the receivable or to the extent that a repayment is not expected from collateral.

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

Recoveries of receivables written off in previous years, insurance compensation 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 fiscal year.

PENSION EXPENSES

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

COMPULSORY PROVISIONS

Items recorded under compulsory provisions include provisions for such 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 recorded under compulsory provisions but as a reduction in the balance sheet item under which the related loan or other asset item has been recorded.

TAXES

In the separate accounts of individual companies, income taxes are calculated and recorded on the basis of a tax calculation based on taxable income. Deferred tax liabilities and tax claims are not stated in the balance sheet. Note 45 to the financial statements presents a breakdown of the parent bank's income taxes as well as the deferred tax liabilities and tax claims.

In the separate accounts of individual companies, excess depreciation and voluntary provisions are recorded under the balance sheet item "accumulated appropriations" and the related changes are recorder under the income statement item "appropriations". In the consolidated balance sheet, accumulated appropriations are divided between equity and deferred tax liabilities, whereas in the income statement they are divided between the net profit for the fiscal year and the change in deferred tax liabilities. OKO Bank's other deferred tax liabilities and tax claims are stated in Note 68 to the financial statements.

PRINCIPLES OF RISK MANAGEMENT

Risk management at OKO Bank relies on the Bank's ethical principles, strategic choices and long-term financial targets.

The purpose of risk management is to identify the threats and opportunities that affect the implementation of OKO Bank's strategy. The objective is to help OKO Bank achieve the targets set in its strategy by ensuring that risks are proportional to its risk bearing ability.

ORGANISATION OF RISK MANAGEMENT

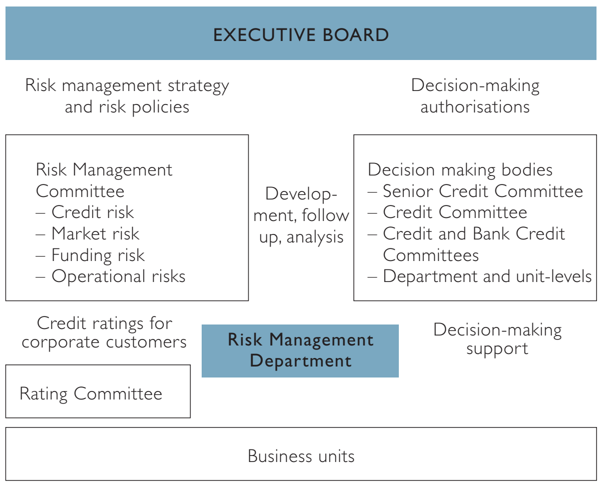
Within OKO Bank, OKO Bank's Executive Board is the highest decision-making body in matters associated with risk management. The Executive Board's duties include deciding on the goals and the organisation of risk management, confirming the risk management strategy and risk policies, and supervising the 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 supervising overall risk management principles and operational policy guidelines. It also appoints the members of the Rating Committee. The Risk Management Committee is chaired by the OKO Bank Executive Board member responsible for Risk Management, Operations and Processes to whom the Risk Management Department reports.

The Rating Committee is responsible for determining credit ratings for corporate customers. The 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 relations and risk-taking. A business unit is entitled to take decisions concerning credit, market and funding risks within the framework of the approved authorisations and limits.

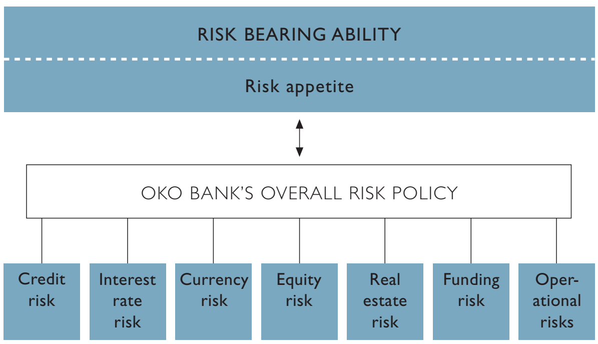
The Risk Management Department is responsible for developing and implementing an integrated risk management procedure within OKO Bank.



The Risk Management Department supervises and reports on any developments in terms of risk bearing ability, risk position and the implementation of risk management policies. The department is also responsible for preparing and maintaining the decision-making authorisations and the operational guidelines associated with risk management. Furthermore, the business units are actively involved in risk monitoring. In the credit approval process, the Risk Management Department supports decision-making and controls quality.

RISK MANAGEMENT STRATEGY

The key objective of the risk management strategy is to define the principles of risk management as well as OKO Bank's risk bearing ability and risk appetite. The risk management strategy defines the business risks and describes the organisation of risk management, the responsibilities of the different decision-making levels and organisational units participating in risk management, and the division of responsibilities among them. In addition, it includes a description of risk management methods and indicators, as well as monitoring and reporting principles. The risk management strategy is reviewed annually.



RISK BEARING ABILITY

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

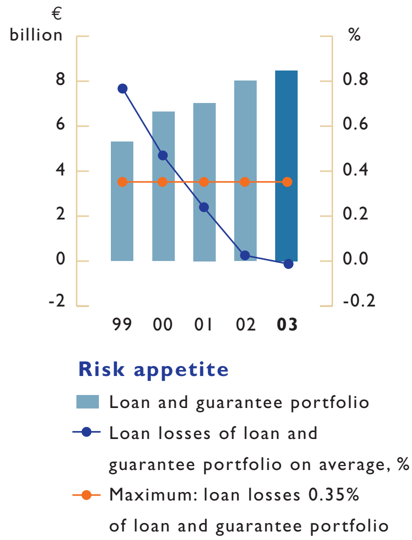
A contingency plan for risk bearing ability has been prepared featuring the target values and a sensitivity analysis.

The contingency plan is reviewed annually and it includes alternative measures to be taken in various situations, as well as calculations on the effect of these measures on risk bearing ability and risk-weighted commitments.

RISK APPETITE

OKO Bank is a moderate risk taker. Operations are based on a calculated risk/ return approach that serves as a guideline for exploiting credit risk, market risk and funding risk. Business activities also involve a strategic risk as well as operational risks.

The risk appetite is determined by calculating risks in proportion to income. The target is that the average net credit 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 OKO Bank's forecasted annual income.



RISK POLICIES

Annually formulated risk policies provide the guidelines for risk-taking. In the overall risk policy, the risk appetite is apportioned to various types of risks, and equity is allocated to the divisions. The equity allocated to the divisions is 7 per cent of the division's risk-weighted commitments.

The overall risk policy is supplemented by specific risk type policies, namely credit, interest rate, foreign exchange, equity market, real-estate and funding risk policies, as well as the operational risk policy. In addition, the business units prepare their own risk policies on the basis of OKO Bank policies.

CREDIT RISK MANAGEMENT

Credit risk means risk arising from the inability of the bank's contracting parties to meet their 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 associated with foreign receivables on a country-by-country basis. Settlement risk has to do with the clearing and settlement process and involves the risk of losing a receivable being settled.

The objective of credit risk management is to restrict losses from 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.

In managing settlement risk, it is vital to ensure that the counterparties are reliable. To reduce settlement risk, standard-form agreements are used and settlements are processed by reliable clearing centres.

OKO Bank seeks to reduce credit risk by diversifying its loan portfolio, as well as by defining collateral and covenant policies on a customer-specific basis. To further limit credit risks, a maximum customer exposure limit has been defined on the basis of the Bank's risk bearing ability, and a limit system is in place. Credit derivatives or asset securitisation are not used for credit risk management.

CREDIT RISK POLICY

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

For the portfolio review, customers are divided into six groups: corporate customers, financial and insurance institutions, private customers, OP Bank Group member cooperative banks and companies; public entities, and non-profit institutions. Separate credit risk policies have been prepared for three customer groups, namely corporate customers, financial and insurance institutions and private customers. Furthermore, a country risk policy has been drawn up.

The corporate customer credit risk policy involves determining a relative maximum exposure for industry and rating-specific risk.

Risks related to financial and insurance institutions have been 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 OKO Bank can invest.

The credit risk involved in private customers is naturally diversified owing to the large number of customers and the amount of exposure per customer.

The country risk policy allows risks to be diversified by setting maximum limits on exposure in individual groups of countries.

CREDIT RISK LIMITS

A risk limit is the maximum exposure or uncovered exposure set for a customer or a country. A limit may also include restrictions in terms of time or product, for example a maximum amount for short-term or long-term liabilities. For most corporate and institutional customers, a customer-specific risk policy has also been set, comprising the minimum amount of collateral and the covenants to be used.

The exposure limit is a euro-denominated ceiling on customer-specific exposure. The exposure limit is annually confirmed for those corporate customers whose actual or planned exposure exceeds € 5 million.

The financial institution limit is specified for a specified time period and is a euro-denominated counterparty limit within which business is conducted with financial institutions. The limit is provided on condition that the financial institution is located in a country for which a country limit has been approved. The financial institution limit is reviewed annually.

The country limit is a euro-denominated ceiling for 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's risk bearing ability in such a way that it supports the approved business principles. Country limits are reviewed at least once a year.

CREDIT PROCESS

The day-to-day credit process plays a crucial role in credit risk management. From the risk management perspective, the key stages are credit standing evaluation, decision-making and execution, which are separate processes. The Risk Management Department supervises the credit process flow and quality.

CREDIT STANDING EVALUATION

The credit standing of corporate customers is evaluated using OKO Bank's own 12-step internal credit rating system. The company's financial position as presented in its financial statements, with the key features being capital adequacy, profitability and liquidity, will affect its rating. Other elements to be taken into account include the company's market position, competitive strength, product quality, growth potential, and the general business outlook in the industry. If the company has a public credit rating, that will be considered when assessing creditworthiness.

The collateral or guarantees received for the customer's exposure are not taken into account in the credit standing evaluation. Risk assessment for each exposure is performed at the decision-making stage on the basis of the customer's credit standing, the proposed exposure and the collateral and guarantees presented; at this stage, the pricing of the exposure is also confirmed.

The purpose of the rating is to place all corporate customers into credit rating categories in such a way as to meet the needs of risk management and to fulfil the criteria the new capital adequacy framework (Basel II) sets for internal rating models. The two weakest credit ratings are reserved for customers with severe payment defaults, customers subject to corporate restructuring or customers declared bankrupt.

The internal credit ratings are harmonised with the Standard & Poor's rating system on the basis of average one-year default probabilities 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 Rating Committee is responsible for determining internal credit ratings for all corporate customers whose actual or planned exposure exceeds € 5 million. The internal credit rating of small companies is based on analysed financial statements and credit record.

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

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

An individual country's credit rating derives from 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 country-specific information.

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 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.

DECISION-MAKING

Credit proposals are made on the basis of the credit standing evaluation. Account managers prepare and present the exposure limit proposals, credit limit and financing proposals to the decision-making bodies. The credit approval decision includes a report on the credit applicant, any credit previously granted to the customer and the related collateral and uncovered exposure.
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 development in the customer's financial position. 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 business analysis. In most

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

The decision-making bodies take decisions to accept risks within the framework of their authorisations and in compliance with the bank's confirmed credit risk policies, limits and guidelines. The authorisations of each decision-making body have been scaled to the customer's credit rating, exposure and uncovered exposure.

EXECUTION

The execution stage involves preparing the offer and contract documents based on the approved proposals. Before the customer is given access to any funds, the fulfilment of the drawing terms and conditions is verified. Furthermore, the fulfilment of contractual terms is monitored throughout the duration of the agreement.

MEASURING, MONITORING AND REPORTING CREDIT RISK

Credit risk is measured on a customer-specific basis in terms of total exposure and uncovered exposure. Exposure means the total number of balance sheet and off-balance sheet items that the bank holds for a specific customer. Uncovered exposure is calculated as the difference between the exposure and the collateral value. The amount of credit risk is also measured using a weighted collateral shortfall figure calculated by multiplying the customer-specific uncovered exposure against the probability of default corresponding to the customer's credit rating. Other indicators of credit risk include the proportion of non-performing loans and past due loan repayments of the loan and guarantee portfolio, as well as the proportion of credit losses to income and the loan and guarantee portfolio.

Customer monitoring consists of an annual analysis of financial statements and interim reports, as well as continuous monitoring of the customer's credit record and the customer's business activities.

Customer credit record, past due payments and non-performing loans are monitored continuously on the basis of information obtained from both OKO Bank's internal monitoring service, as well as from external services.

Customers whose financial status development, credit risk and credit record OKO Bank wants to examine in more detail are placed under special observation. In this context the need to change the customer's credit rating, the probability of a credit loss, as well as the need to make a credit loss provision are also considered. This often means that the credit approval decision is made in a higher-level decision-making body.

The credit approval process involves monitoring the exposure limits of corporate customers and the total exposure limits of corporate customers and financial institutions. Furthermore, decision-making bodies supervise the credit approval decisions and always submit their decision protocols to the next decision-making level for consideration.

The Risk Management Department carries overall responsibility for reporting credit risks. It prepares a corporate risk analysis that reviews the general compliance with the credit risk policy, and analyses the development of the amount, distribution and quality of total exposure, as well as the development of non-performing loans.

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

MARKET RISK MANAGEMENT

Market risks include the impact of market prices (interest rates, foreign exchange and share prices) and volatility on the bank's financial performance. Market liquidity risk is one element of market risk. A risk arises if markets lack sufficient depth or cease to function due to disturbances, causing the bank to lose its ability to liquidate or cover its risks at prevailing market prices.

The objective of market risk management is to confine risks arising from price fluctuations in balance sheet and off-balance sheet items to an acceptable level and to promote healthy financial performance by optimising the risk/return ratio.

Both trading and treasury activities involve market risks. Trading activities are based on active short-term trading and market risk management. The objective of trading is to safeguard the OP Bank Group's liquidity while pursuing maximum profitability.

Group Treasury is responsible for ensuring OKO Bank's domestic and foreign funding and for managing the equity, credit and interest rate risks involved in investment activities, as well as the structural interest rate risk arising from the loan and deposit portfolio and other balance sheet items (such as shares, real estate and shareholders' equity). The objective is to hedge the Group's net income from financial operations against interest rate fluctuation. Group Treasury does not take foreign exchange risks.

OKO Bank's Executive Board approves the market risk management principles and risk policies. The Risk Management Committee coordinates and supervises overall risk management principles and supervises the use of limits. OKO Bank's market risks are centrally managed by the Divisions responsible for the risks in question. The Divisions are responsible for their own exposure, and the results within the framework of the set limits. The Risk Management Department monitors and reports market risks and their outcome to the Divisions and to the Executive Board. The principles and indicators used in managing the market risk involved in trading and treasury are largely the same.

Group-level risk policies have been prepared for interest rate, foreign exchange, equity and real estate risks where the principles and limits regarding the structure and diversification of exposure have been defined. The objective of these policies is to ensure that OKO Bank's market risks are proportional to its risk bearing ability. Group-level risk limits continue to be allocated between trading (interest rate, foreign exchange and volatility risk) and treasury (interest rate and equity risk).

Interest rate risk is diversified in terms of currency, product and maturity. Foreign currency risk is hedged by currency. Equity and capital investment risks are diversified by market area, sector and issuer. Risk involved in venture capital investments is diversified in accordance with the fund regulations. Specific limits have been set for options.

Continuous analysis of the structure of our risk position and the markets, as well as anticipating the impact of changes on the bank's risk position and performance play a key role in market risk management. Effective market risk management requires current and accurate information on exposure and markets, and fast response to changes. Market risks are managed by adjusting the risk position using both balance sheet and derivative instruments, in line with the current market views and within the risk limit framework. Market exposure or individual agreements can also be hedged with derivative instruments against changes in market value or to secure net financial income.

MEASURING, MONITORING AND REPORTING MARKET RISK

OKO Bank Group measures interest rate risk in terms of the impact of one percentage point change in interest rates on the current value of future cash flows. Foreign exchange risk limit benchmarks include total net exposure and foreign exchange par exposure. The market value of the share portfolio is used as the limit benchmark for listed shares. Capital invested in leasable properties and the vacancy rate is used to measure real estate risk. In addition, OKO Bank's interest rate, currency and equity risks are measured using Value at Risk (VaR) analysis.

The VaR model is based on the historical development of interest and foreign exchange rates and share prices. This model is used to analyse changes in the market value of exposures over a one-day holding period, which is the time needed to unwind the position or to cover the risk. The model provides a loss forecast suggesting that the probability of the loss being less than or equal to the forecast is 97.5 per cent.

The VaR analysis is based on historical price changes (volatility) and offers a loss estimate in ”normal” market conditions. Stress testing can be used to evaluate the impact of the most significant market changes during the review period on an open risk position. The forecasting accuracy of the model is monitored using a daily back testing method: the result of the test may exceed the loss estimate by an average of 2.5 times during a 100-day period.

The benefits of historical simulation include empirical, realised scatter and correlations. Moreover, the method is easy to understand. Its problematic features, however, include risk forecasting based on historical performance, the impact of the length of the selected time series on the risk indicator value, the discontinuity of extreme changes particularly in the loss tail, and autocorrelation associated with the time series.

The Risk Management Department monitors OKO Bank's interest rate, foreign exchange and equity risk limits daily, and the Group's financial institution subsidiaries' interest rate risk weekly, and reports these to the Divisions and Executive Board.

INTEREST RATE RISK

Interest rate risks arise from differences between balance sheet or off-balance sheet item maturities, interest rate reset dates or the bases of interest rates. In trading, interest rate risks materialise when a market rate fluctuation shows up as a security market value change. In treasury, interest rate risk translates into a change in net income from financial operations.

In the OKO Bank Group, only specifically named units or companies are allowed to interest rate risk within the set limits.

INTEREST RATE RISK IN TREASURY

Interest rate risk in Treasury arises in connection with the repricing of balance sheet receivables and liabilities and is caused by changes in interest rates and the different resetting times of interest rate revisions. A rise in interest rates generates a loss for the bank, if investments are tied to rates for longer than funding.

The balance sheet also contains structural interest rate risks generated in retail borrowing and interest-free balance sheet items. Early repayment of customer agreements can also create interest rate risk.

Treasury handles interest rate risks incurring from operations other than trading and manages the position within the authorised limits.

Treasury's interest rate risks are included in OKO Bank's total interest rate risk and are measured and reported using the same benchmarks and limitation principles as a trading portfolio (e.g. 100-point rise in interest rates, VaR, MtM). These are expected to render the net income from financial operations more sensitive to interest rate fluctuations.

FOREIGN EXCHANGE RISK

Foreign exchange risks arise when there is a gap between receivables and liabilities in the same currency. Since OKO Bank is the only entity within the OP Bank Group that is actively engaged in the foreign exchange market, it is centrally responsible for all foreign exchange risks.

Management of foreign exchange risk is carried out in the context of trading. Limits set on the total net foreign currency exposure and the par exposure of key currencies (USD, GDP, SEK) are used to restrict exposure. In addition, an alarm limit has been set on the VaR figure for foreign exchange risk. The risk is also constrained with stop/loss limits.

EQUITY MARKET RISK

At OKO Bank, equity market risks arise from equity and venture capital investment activities. Equity investments include shares purchased for trading purposes as well as for long-term holding.

The principles regulating the composition of the equity portfolio and the selection of investments are defined in the equity market risk policy. Treasury is responsible for the management of the equity portfolio recorded under current assets.

VOLATILITY RISK

OKO Bank is responsible for volatility risk management. Foreign exchange options and the repurchase of issued index loans create small-scale volatility risks. These risks are measured using a simulated VaR-type maximum loss risk indicator for a position (spot/volatility matrix), the market value of the underlying instrument and the market volatility of the derivative.

FUNDING RISK MANAGEMENT

Funding risk refers to the risk associated with the availability of refunding and the impact of the bank's credit rating development on the price of funding. A deviation between the maturities of receivables and liabilities generates risks. Similarly, funding risks arise if either liabilities or receivables or both are concentrated in respect of counterparties, instruments or market segments. Changes in customer behaviour or in the business environment may also create funding risks.

Liquidity risk refers to the risk associated with the availability of funding when liabilities or other payments mature. Such a risk may materialise as a result of diminished market liquidity or the falling credit rating of a prospective borrower. Provisions for liquidity risks comprise a portfolio consisting of liquid notes and bonds.

Liquidity management is subject to the regulations of the European Central Bank's minimum reserve and liquidity credit systems.

To ensure the continuity and reliability of operations, it is essential to manage funding risk and to maintain sufficient liquidity. Funding and liquidity risk management are critical to OKO Bank, as manifested by OKO Bank's Group Treasury duty to secure sufficient liquidity and reserves within the OP Bank Group. The liquidity reserve portfolio represents less than one fourth of the Group's balance sheet, or € 3 billion.

The purpose of funding risk management is to ensure that the Group's capital structure is correctly proportioned to its risk bearing ability, and to limit the funding or liquidity risk arising from the balance sheet structure. Funding risk is managed by planning liquidity and the balance sheet structure, by maintaining a sufficient liquidity reserve, and by diversifying funding risk on the basis of maturity, counterparty and instrument.

OKO Bank's Executive Board approves the funding and liquidity risk management principles and risk policies. The Risk Management Committee coordinates and supervises these principles and the use of limits. Group Treasury has the central responsibility for OKO Bank's funding risk management and long-term funding. Meanwhile Trading is in charge of liquidity management and the maintenance of reserve portfolios. The Risk Management Department monitors and reports funding risks to the Divisions and the Executive Board.

OKO Bank is also responsible for arranging sufficient funding for its retail banking subsidiary Okopankki. Individual refunding risk limits have been set for the funding risks arising from subsidiary operations, and Okopankki handles its risk exposure in accordance with these limits.

OKO Bank's key sources of income include issues of CDs and bonds, deposits from other banks and member co-operative banks, deposits from the public, and shareholders' equity. OKO Bank's credit rating affects the availability and price of funding in the international money and capital markets.

The principles and limits related to the Group's long-term funding structure and liquidity management are defined in its funding risk policy.

A funding plan, which is approved by the Executive Board, is prepared annually in line with the Group'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, funding risk is analysed by source and investment.

The purpose of measuring funding risk is to describe how receivables and liabilities will mature in the future, bearing their liquidity in mind. Furthermore, the analysis shows how retail customer deposits, which were originally demand deposits but became permanent, and member co-operative bank liquidity reserve deposits have been invested. This analysis reveals any funding needs or investment potential in each time class. Liquid investments recorded under trading portfolios and other current assets are handled in the shortest time class owing to their high liquidity.

Funding risks have been limited by setting a euro-denominated limit on annual net principal inflow by maturity class. The limits are proportionate to the balance sheet.

A separate limit has been set for OKO Bank Group's cash reserve funds which represent the OP Bank Group's liquidity reserve and the statutory minimum of its cash reserve funds. At least a third of the liquidity reserve must be in the form of highly liquid notes and bonds held as collateral for central bank liabilities, thereby securing the availability of the central bank's liquidity credits.

Daily liquidity is monitored using calculations and forecasts for a 30-day period. They include the impact of internal transactions as well as forecasts of cash flows in interbank payment transfer services (salaries, pensions and other recurring transactions).

The Risk Management Department reports funding risks to the Divisions and the Executive Board monthly. Daily activities include the preparation of cash flow statements by currency and an estimate of the adequacy of reserve funds.

DERIVATIVE ACTIVITIES

OKO Bank Group uses interest rate and currency derivatives actively. The underlying values and credit countervalues of these are itemised in Note 50 to the financial statements. Derivatives are used for trading and hedging purposes as a part of overall position management. Derivative risks are monitored as a part of the overall exposure in trading and asset management using the same benchmarks as for balance sheet exposure. The only exception is options, whose risk is measured as described above under section ”Volatility Risk”.

The counterparty risk involved in derivatives business is monitored using credit countervalues that are based on the repurchase cost of contracts (market value) and instrument-specific future credit risk factors.

The purpose of hedging credits and debt issues against interest rate risk is to lock the margin, or the interest rate difference between the hedged and hedging item.

Additional earnings components linked to the issued index loans have been hedged using derivative structures. The hedging derivatives are share index options and credit derivatives. Credit derivatives were not used for purposes other than to hedge index loans.

REAL ESTATE RISK

Real estate risk refers to risks associated with the change in the value of real estate or the return on real estate holdings. The OKO Bank Group's objective is to reduce capital invested in real estate holdings.

The real estate risk policy sets out the principles providing guidelines for the composition of a real estate portfolio and the selection of investments. Individual assessments and action plans are prepared annually for real estate investments. Real estate risks are reported quarterly in the corporate risk analysis.

MANAGING OPERATIONAL RISKS

Operational risks refer to any potential loss caused by defective internal processes, personnel or systems, or any uncertainty in terms of the security or the continuation of operations caused by an external threat. The definition also includes legal risks and reputational risks associated.

The business units are responsible for operational risk management. The Risk Management Department supervises and reports the implementation of operational risk management and the risk level.

A corporate risk policy for operational risks has been prepared, defining the principles that guide the identification, assessment, monitoring and reporting of operational risks. It also defines the key objectives for operational risk management.

The objective is to establish a culture that helps prevent risks. The organisation's ethical principles and values as well as its management and business culture hold a crucial position in this effort. Risk management is founded on a systematic approach, caution and continuity, which are to be observed in all business sectors. The chosen operational risk management approach revolves around process quality and efficiency enhancement.

In managing operational risks, risk identification and assessment as well as the subsequent refining of operating procedures play a critical role.

To prevent risks, processes and personnel competence will be developed, and the decision-making, execution and supervision will be separated. Before new products are released, they will be described, operating processes will be planned, guidelines will be prepared, and the product will be approved.

For legal risk management, expertise in business-related laws and regulations is essential. It is also crucial to ensure the legal and binding nature of any contracts.

The 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, and pilot stages.

For the purpose of information and banking security management, efficient and secure information processing and protection against external threats are critical. The members of the OP Bank Group collaborate closely in the management of information and bank security. Contingency plans and information technology recovery plans have been prepared in cases of emergency, which are developed and updated regularly. Studies carried out by the OP Bank Group Central Cooperative's Internal Auditing 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

The key indicators for operational risks are the number of errors and the expenses they create. The supervision of realised operational risks has been extended to cover the entire OKO Bank Group as of the beginning of 2003.

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

STRATEGIC RISK

Strategic risk refers to losses incurred as a result of an erroneous business strategy.

Strategic risk can materialise if customer behaviour, technology or markets move in a different direction than anticipated. This may cause a decline in income that outpaces cost adjustment. Similarly, inadequate organisational competences or the inability to manage change may create strategic risks.

The OKO Bank Group strives to minimise its strategic risks by continuous planning based on analyses and forecasts with respect to market development, the competitive environment and future customer needs, and by safeguarding the organisation's competence and commitment.

DEVELOPMENT OF RISK MANAGEMENT

OKO Bank's rations are the key driving force behind the development of risk management. In addition, the capital adequacy framework (Basel II), which is currently being prepared, will have an extensive impact on the development of risk management.

The Risk Management Department stays up to date on the capital adequacy framework renewal process and analyses its potential effects on OKO Bank's operations and capital structure.

The key priority areas in the development of risk management include credit risk and operational risk management, and improvements in risk-based financial capital allocation procedures.

CONSOLIDATED INCOME STATEMENT

€ million				Jan. 1 to Dec. 31, 2003				Jan. 1 to Dec. 31, 2002
Interest income				420				497
Net leasing income				10				11
Interest expenses				-270				-347
Net income from financial operations				**161**				**161**
Income from equity investments				9				13
Commissions and fees				78				69
Commission expenses				-12				-14
Net income from securities and foreign exchange trading								
Net income from securities trading			-9				-14	
Net income from foreign exchange trading			6	-2			7	-6
Other operating income				90				19
Administrative expenses								
Personnel costs								
Salaries and compensation		46				42		
Indirect personnel costs								
Pension costs	8				7			
Other indirect personnel costs	4	12	58		4	11	53	
Other administrative expenses			45	-103			43	-96
Depreciation and write-downs on tangible and intangible assets				-10				-11
Other operating expenses				-26				-23
Loan and guarantee losses				-2				2
Write-downs on securities held as non-current financial assets				-5				0
Share of affiliate profits/losses				-3				-17
Operating profit				**174**				**96**
Profit before appropriations and taxes				**174**				**96**
Income taxes								
Taxes for the fiscal period			-27				-21	
Taxes for previous fiscal periods			0				0	
Change in deferred taxes			-20	-47			-12	-33
Share of minority interests				-1				-1
Profit for the period				**126**				**62**

CONSOLIDATED BALANCE SHEET

ASSETS € million		December 31, 2003		December 31, 2002
Liquid assets		929		83
Notes and bonds eligible for refinancing with central banks				
Treasury bills	26		81	
Other	1 824	1 850	2 026	2 107
Receivables from financial institutions				
Repayable on demand	26		31	
Other	2 653	2 679	1 785	1 816
Receivables from the public and public sector entities		7 250		6 490
Leasing assets		291		256
Notes and bonds				
From public sector entities	54		140	
From others	1 006	1 061	998	1 138
Shares and holdings		88		76
Shares and holdings in affiliates		21		62
Shares in subsidiaries		10		11
Intangible assets				
Consolidated goodwill	-		0	
Other long-lived assets	13	13	13	13
Tangible assets				
Real estate and real-estate holdings	113		159	
Other tangible assets	6	119	7	166
Other assets		358		392
Deferred income and advances paid		86		98
		14 754		**12 709**

CONSOLIDATED BALANCE SHEET

LIABILITIES € million		December 31, 2003			December 31, 2002	
Liabilities						
Liabilities to financial institutions and central banks						
Central banks		1 330			732	
Financial institutions						
Repayable on demand	409			362		
Other	3 091	3 501	4 831	3 059	3 420	4 152
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	1 744			1 372		
Other	294	2 038		553	1 926	
Other liabilities		1 269	3 307		733	2 659
Debt securities issued to the public						
Bonds		1 499			999	
Other		3 280	4 779		3 145	4 145
Other liabilities			592			639
Deferred expenses and advances received			83			61
Mandatory reserves			1			0
Subordinated liabilities			366			379
Deferred taxes			59			39
Minority interests			2			2
			14 021			**12 076**
Equity						
Share capital		202			196	
Share issue account		2			3	
Share premium account		5			0	
Revaluation reserve		25			25	
Other restricted reserves						
Reserve fund	203			203		
Other restricted items	1	204		1	204	
Unrestricted reserves		23			23	
Retained earnings		145			118	
Profit for the period		126	**733**		62	**633**
			14 754			**12 709**
Off-balance sheet commitments						
Commitments given to a third party on behalf of customers						
Guarantees and pledges		1 174			1 192	
Other		-	1 174		-	1 192
Irrevocable commitments given on behalf of a customer						
Other		2 454	2 454		2 015	2 015
			3 628			**3 207**

CONSOLIDATED KEY FIGURES

€ million

INCOME STATEMENTS	**1999**	**2000**	**2001**	**2002**	**2003**
Net interest income	109	124	152	161	161
Other income	126	197	118	94	174
Other expenses	115	125	126	133	141
Depreciation and write-downs	16	11	11	11	10
Loan and guarantee losses	-2	-10	-4	-2	2
Write-downs on securities held as non-current financial assets	-1	33	29	0	-5
Share of affiliate profits/losses	5	5	2	-17	-3
Operating profit	111	167	111	96	174
Extraordinary items	-57	-	-	-	-
Profit before appropriations and taxes	54	167	111	96	174
Taxes	-14	-47	-31	-33	-47
Minority interest	-1	-1	-1	-1	-1
Profit for the period	**39**	**118**	**79**	**62**	**126**

BALANCE SHEETS	**1999**	**2000**	**2001**	**2002**	**2003**
Assets					
Receivables from financial institutions	1 784	2 082	1 542	1 816	2 679
Receivables from the public and public sector entities	4 561	5 472	5 734	6 490	7 250
Notes and bonds	2 961	2 259	4 314	3 245	2 910
Shares and holdings	141	217	160	149	119
Tangible and intangible assets	266	194	185	179	132
Other items	1 122	777	715	830	1 664
Total	**10 836**	**11 000**	**12 650**	**12 709**	**14 754**
Liabilities					
Liabilities to financial institutions and central banks	3 513	3 833	4 897	4 152	4 831
Liabilities to the public and public sector entities	2 356	2 140	2 659	2 659	3 307
Debt securities issued to the public	3 494	3 380	3 365	4 145	4 779
Subordinated liabilities	404	417	473	379	366
Other items	542	606	609	700	677
Deferred taxes	13	23	27	39	59
Minority interest	2	2	2	2	2
Equity	513	599	618	633	733
Total	**10 836**	**11 000**	**12 650**	**12 709**	**14 754**

OKO BANK INCOME STATEMENT

€ million				Jan. 1 to Dec. 31, 2003				Jan. 1 to Dec. 31, 2002
Interest income				350				402
Net leasing income				11				0
Interest expenses				-248				-314
Net income from financial operations				**113**				**87**
Income from equity investments								
From subsidiaries			18				25	
From affiliates			1				1	
From other companies			8	28			12	38
Commissions and fees				34				22
Commission expenses				-5				-6
Net income from securities and foreign exchange trading								
Net income from securities trading			-11				-15	
Net income from foreign exchange trading			6	-4			7	-7
Other operating income				70				17
Administrative expenses								
Personnel costs								
Salaries and compensation		23				16		
Indirect personnel costs								
Pension costs	4				3			
Other indirect personnel costs	3	7	30		2	5	21	
Other administrative expenses			24	-54			18	-38
Depreciation and write-downs on tangible and intangible assets				-4				-3
Other operating expenses				-23				-18
Loan and guarantee losses				-2				3
Write-downs on securities held as non-current financial assets				-5				0
Operating profit				**149**				**94**
Extraordinary items								
Extraordinary income			-				1	
Extraordinary expenses			-	-			-	1
Profit before appropriations and taxes				**149**				**95**
Appropriations				-56				-20
Income taxes								
Taxes for the fiscal period			-28				-22	
Taxes from previous fiscal periods			0	-28			0	-22
Profit for the period				**66**				**54**

OKO BANK BALANCE SHEET

ASSETS
€ million

		December 31, 2003		December 31, 2002
Liquid assets		921		75
Notes and bonds eligible for refinancing with central banks		1 659		1 921
Receivables from financial institutions				
Repayable on demand	24		34	
Other	3 302	3 327	2 143	2 176
Receivables from the public and public sector entities		4 925		4 501
Leasing assets		291		256
Notes and bonds				
From public sector entities	54		140	
From others	1 071	1 125	1 051	1 191
Shares and holdings		90		68
Shares and holdings in affiliates		11		69
Shares in subsidiaries		99		99
Intangible assets		8		9
Tangible assets				
Real estate and real-estate holdings	71		87	
Other tangible assets	2	73	2	89
Other assets		322		365
Deferred income and advances paid		79		88
		12 930		10 907

OKO BANK BALANCE SHEET

LIABILITIES						
€ million		**December 31, 2003**			**December 31, 2002**	
Liabilities						
Liabilities to financial institutions and central banks						
Central banks		1 330			732	
Financial institutions						
Repayable on demand	441			371		
Other	3 194	3 635	4 965	3 088	3 459	4 191
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	418			353		
Other	10	428		17	370	
Other liabilities		1 162	1 590		619	989
Notes and bonds issued to the public						
Bonds		1 531			1 001	
Other		3 135	4 666		3 051	4 052
Other liabilities			558			622
Deferred expenses and advances received			64			48
Mandatory reserves			1			0
Subordinated liabilities			366			379
			12 210			10 283
Accumulated appropriations						
Excess depreciation		36			26	
Voluntary reserves		114	150		68	95
Equity						
Share capital		202			196	
Share issue account		2			3	
Share premium account		5			0	
Reserve fund		164			164	
Unrestricted reserves		23			23	
Retained earnings		108			89	
Profit for the period		66	570		54	530
			12 930			10 907
Off-balance sheet commitments						
Commitments given to a third party on behalf of customers						
Guarantees and pledges		1 164			1 165	
Other		-	1 164		-	1 165
Irrevocable commitments given on behalf of a customer						
Other		2 184	2 184		1 796	1 796
			3 348			**2 961**

NOTES TO THE FINANCIAL STATEMENTS

(€ MILLION)

NOTES TO THE INCOME STATEMENT

1) Breakdown of Interest Income and Expenses by Balance Sheet Item

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Interest income				
Receivables from financial institutions	74.2	80.1	88.4	134.2
Receivables from the public and public sector entities	264.1	286.0	182.1	139.2
Notes and bonds	95.6	139.3	93.5	136.2
Other interest income	-13.6	-7.9	-13.7	-8.0
Net leasing income	10.3	11.0	-	-
Total	**430.5**	**508.5**	**350.3**	**401.6**
Interest expenses				
Liabilities to financial institutions and central banks	88.3	130.1	89.4	131.5
Liabilities to the public and public sector entities	38.2	60.6	18.2	30.6
Notes and bonds issued to the public	126.3	135.3	124.0	132.9
Subordinated liabilities	14.1	19.1	13.8	17.6
Other interest expenses	2.6	2.0	2.6	2.0
Total	**269.5**	**347.1**	**248.0**	**314.5**

2) Breakdown of Net Leasing Income

	OKO Bank	
	2003	2002
Rental income	77.5	71.5
Planned depreciation	-65.6	-59.0
Excess depreciation and loan losses	-	-
Capital gains and losses (net) from disposal of leasing assets	-0.1	-0.3
Commissions and fees	0.3	0.3
Other income	0.0	0.1
Other expenses	-1.4	-1.2
Total	**10.6**	**11.3**

In accordance with the regulations of the Financial Supervision Authority, the OKO Bank Group will not present this note to the financial statement.

3) Breakdown of Net Income from Securities Trading

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Net income from notes and bonds trading	-14.8	-17.4	-14.2	-18.4
Net income from equity trading	6.2	3.5	3.6	3.5
Total	**-8.6**	**-13.9**	**-10.6**	**-14.9**

4) Total Value of Securities Held as Current Assets Purchased and Sold during the Period

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Notes and bonds				
Securities purchased	20 842.1	19 700.7	20 168.9	19 108.9
Securities sold	16 091.0	15 364.7	15 729.2	14 947.3
Shares				
Securities purchased	1 526.6	1 848.0	7.8	11.4
Securities sold	1 531.5	1 873.0	9.4	39.8

5) Breakdown of Other Operating Income and Expenses

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Other operating income				
Rental and dividend income from real-estate holdings	13.4	13.7	13.9	14.2
Capital gains on the sale of real-estate holdings	12.4	1.0	9.3	1.0
Other income	63.8	3.9	47.2	1.5
Total	**89.6**	**18.6**	**70.4**	**16.6**
Other operating expenses				
Rental expenses	7.7	7.3	5.3	3.7
Expenses from real-estate holdings	7.5	6.5	10.1	9.9
Capital losses on the sale of real-estate holdings	0.3	0.1	0.3	0.1
Other expenses	10.9	9.4	7.1	3.9
Total	**26.4**	**23.3**	**22.8**	**17.6**

6) Depreciation and Write-Downs on Tangible and Intangible Assets

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Planned depreciation	10.5	10.8	4.8	3.5
Write-downs	-	-	-	-
Recoveries on write-downs	-0.7	-0.2	-0.7	-0.2
Total	**9.9**	**10.6**	**4.2**	**3.3**

7) Loan and Guarantee Losses and Write-Downs on Securities Held under Non-Current Financial Assets

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Receivables from financial institutions	-	-	-	-
Receivables from the public and public sector entities	10.8	10.4	9.6	6.6
Leasing assets	-	-	-	-
Guarantees and other off-balance sheet items	0.0	-	0.0	-
Other	-	-	-	-
Gross loan and guarantee losses	10.8	10.4	9.6	6.6
Adjustments to loan and guarantee losses	-8.4	-12.4	-7.7	-9.6
Loan and guarantee losses recorded in the income statement	**2.4**	**-1.9**	**1.9**	**-3.0**
Breakdown of total loan and guarantee losses				
Actual total loan losses during the period	5.9	4.1	5.5	2.4
Actual loan losses provisioned earlier	-5.3	-2.9	-4.9	-1.6
Recoveries of loan losses in previous years	-1.5	-3.1	-1.3	-2.0
Specific loan loss provisions during the period	4.9	4.6	4.2	2.4
Revaluations of specifically provisioned loan losses	-1.6	-4.6	-1.5	-4.2
Loan and guarantee losses in the income statement	**2.4**	**-1.9**	**1.9**	**-3.0**
Write-downs on securities held as non-current financial assets				
Gross write-downs	4.6	0.1	4.6	0.1
Revaluation of write-downs	0.0	-0.2	0.0	-0.2
Total	**4.5**	**-0.1**	**4.5**	**-0.1**

8) Extraordinary Income and Expenses during the Fiscal Period

	OKO Bank Group	OKO Bank
Extraordinary income	-	-
Extraordinary expenses	-	-

9) Breakdown of Appropriations

	OKO Bank	
	2003	2002
Change in excess depreciation	-9.5	0.4
Change in other voluntary reserves	-46.0	-20.0
Total	**-55.5**	**-19.6**

10) Changes in Mandatory Reserves During the Fiscal Period

	Konserni	OKO
Pension reserves	-	-
Tax reserves	-	-
Other	0.7	0.7
Total	0.7	0.7

The liquidator of Benefon Oyj's corporate re-organisation has filed action for recovery against its major investors with the Helsinki District Court. The action concerns the loan repayments and interest paid to capital investors. While the investors have denied the claims, OKO Bank allocated € 0.7 million to a mandatory reserve.

11) Breakdown of Combined Items

The items in the OKO Bank Group and OKO Bank income statements are presented in accordance with the formula approved for financial institutions by the Ministry of Finance.

12) Income by Division and Market Area

Income refers to the aggregate of the following income statement items: Net Intereest Income, Income from Equity Investments, Commissions and Fees, Net Income from Securities and Foreign Exchange Trading, and Other Operating Income. The income is presented without eliminations.

	Income by Division		Average Number of Personnel	
	2003	2002	2003	2002
Banking	282.7	233.3	859	847
Finance company operations	31.3	30.1	147	145
Investment services	25.8	23.1	125	125
Real-estate holding and management	3.2	3.4	-	-
Other	1.9	-	7	-
Total	**344.8**	**289.9**	**1 138**	**1 117**

The finance company OP-Finance Ltd merged with its parent, OKO Bank on December 31, 2002 and continued its operations as a part of OKO Bank in 2003.

	Income by Market Area		Average Number of Personnel	
	2003	2002	2003	2002
Finland	344.6	289.4	1 137	1 112
Sweden	0.2	0.5	1	6
Total	**344.8**	**289.9**	**1 138**	**1 117**

NOTES TO THE BALANCE SHEET

13) Breakdown of Notes and Bonds Eligible for Refinancing with Central Banks

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Treasury bills	26.0	80.7	25.3	35.5
Government bonds	147.8	322.7	147.1	321.9
Bank certificates of deposit	1 472.2	1 503.9	1 283.2	1 364.0
Other	203.6	199.7	203.6	199.7
Total	**1 849.6**	**2 106.9**	**1 659.3**	**1 921.2**

14) Receivables from Central Banks

At the year-end. the balance sheet item Receivables from Financial Institutions did not include receivables from central banks.

15) Receivables from the Public and Public Sector Entities by Sector and the Specific Loan Loss Reserves

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Companies	4 474.0	4 237.6	3 975.8	3 785.7
Financial and insurance institutions	21.5	44.9	21.5	44.9
Public sector entities	331.5	143.3	329.8	141.3
Non-profit organisations	130.4	103.7	101.9	73.9
Households	2 209.0	1 819.3	413.3	314.2
Foreign	83.2	141.2	82.3	140.8
Total	**7 249.6**	**6 489.9**	**4 924.6**	**4 500.8**

Specific loan loss reserves at the beginning of the period	26.9	29.9	24.5	27.7
New provisions made during the year (+)	4.9	4.6	4.2	3.2
Provisions revaluated during the year (-)	-1.6	-4.6	-1.5	-4.6
Loan losses during the year for which specific loan loss provisions have been made (-)	-5.3	-2.9	-4.9	-1.8
Specific loan loss provisions at the beginning of the period	**24.9**	**26.8**	**22.3**	**24.5**

16) Non-Performing Loans and Other Interest-Free Receivables

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Non-performing loans	17.9	14.2	11.3	7.2
Other interest-free receivables	0.6	1.4	0.5	1.3
Total	**18.5**	**15.6**	**11.8**	**8.5**

17) Book Value of Assets Pledged as Collateral for Non-Performing Loans and Assets Purchased to Restructure Customer Businesses

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Assets pledged as collateral				
Real estate and real-estate holdings	1.8	1.8	1.8	1.8
Other shares and holdings	-	0.1	-	-
Other assets	-	-	-	-
Total	**1.8**	**1.9**	**1.8**	**1.8**

18) Subordinated Liabilities

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Receivables from financial institutions	143.8	143.8	143.8	143.8
Receivables from the public and public sector entities	5.4	5.9	5.4	5.9
Notes and bonds	99.4	120.2	112.6	123.5
Total	**248.7**	**269.9**	**261.9**	**273.1**
of which subsidiaries accounted for			13.4	3.4
affiliates accounted for			-	-

19) Breakdown of Leasing Assets

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Advance payments	16.3	34.5	16.3	34.5
Machinery and equipment	249.9	205.0	249.9	205.0
Real estate and buildings	24.1	16.4	24.1	16.4
Other assets	0.4	0.5	0.4	0.5
Total	**290.7**	**256.4**	**290.7**	**256.4**

20) Notes and Bonds

Publicly quoted and private notes and bonds as well as notes and bonds eligible for refinancing with central banks at the year-end

	OKO Bank Group		OKO Bank	
	Quoted	Others	Quoted	Others
Held as current assets	1 132.1	1 522.8	1 163.0	1 333.4
Held as non-current assets	167.5	87.9	166.8	121.3
Total	**1 299.6**	**1 610.7**	**1 329.8**	**1 454.7**

There is no difference between the probable sale price and a lower book value of notes and bonds held as current assets since all notes and bonds held as current assets are valued at their market price.

The difference between the nominal value and book value of notes and bonds held as non-current assets, notes and bonds eligible for refinancing with central banks, and other receivables at the year-end.

The OKO Bank Group's figures are presented without eliminations	OKO Bank Group 2003	OKO Bank Group 2002	OKO Bank 2003	OKO Bank 2002
The difference between the nominal value and the lower book value				
Notes and bonds	0.5	0.8	0.5	0.8
The difference between the book value and the lower nominal value				
Notes and bonds	1.2	1.4	1.2	1.4

Notes and bonds by type at the year-end Book value	OKO Bank Group 2003	OKO Bank Group 2002	OKO Bank 2003	OKO Bank 2002
Treasury bills	26.0	80.7	25.3	35.5
Municipal papers	5.9	0.0	5.9	0.0
Commercial papers	28.6	0.8	28.6	0.8
Certificates of deposit	1 475.5	1 521.5	1 286.5	1 381.7
Convertible bonds	0.6	1.1	0.6	1.1
Other bonds	1 214.7	1 410.6	1 274.9	1 458.9
Other notes and bonds	159.0	230.6	162.6	234.4
Total	**2 910.3**	**3 245.2**	**2 784.5**	**3 112.3**

21) Shares and Holdings

The aggregate book value of securities recorded under the balance sheet item Shares and Holdings divided into quoted and private securities

	OKO Bank Group Quoted	OKO Bank Group Others	OKO Bank Quoted	OKO Bank Others
Held as current assets	25.0	-	24.5	-
Held as non-current assets	4.9	58.4	4.9	61.0
Total	**29.9**	**58.4**	**29.4**	**61.0**

The aggregate difference between the probable sale price and the lower book value of the publicly quoted shares and holdings recorded under the balance sheet item Shares and Holdings by asset type

	OKO Bank Group 2003	OKO Bank Group 2002	OKO Bank 2003	OKO Bank 2002
Held under current assets	4.3	2.8	4.0	2.7
Held under non-current assets	22.0	-	22.0	-
Total	**26.3**	**2.8**	**26.0**	**2.7**

OKO Bank Group was not involved in any securities lending at the end of 2003.

Breakdown of the balance sheet items Shares and Holdings in Affiliates and Shares and Holdings in Subsidiaries:

	OKO Bank Group 2003	OKO Bank Group 2002	OKO Bank 2003	OKO Bank 2002
Shares and holdings in affiliates				
In financial institutions	9.4	8.1	3.4	3.4
In others	11.3	54.0	7.2	65.6
Total	**20.7**	**62.0**	**10.5**	**69.0**
Shares and holdings in subsidiaries				
In financial institutions	-	-	84.1	84.1
In others	10.4	11.1	15.0	14.7
Total	**10.4**	**11.1**	**99.1**	**98.8**

22) Increases and Decreases in Shares and Tangible Assets Held as Non-Current Assets during the Period

	Shares and Holdings except for Real-Estate Shares and Holdings		Land, Water, Buildings and Real-Estate Shares and Holdings		Machinery and Equipment and Related Tangible Assets	
	OKO Bank Group	OKO Bank	OKO Bank Group	OKO Bank	OKO Bank Group	OKO Bank
Acquisition cost at the beginning of the fiscal period	130.1	219.6	228.0	113.4	78.0	65.7
Increases during the period	6.7	4.9	0.6	0.4	1.9	0.6
Decreases during the period	-31.2	-37.9	-61.9	-17.0	-0.8	-0.5
Transfers between items	-0.1	0.0	-	-	-0.2	-
Planned depreciation during the fiscal period	-	-	-3.0	-0.1	-2.5	-0.8
Write-downs and recoveries during the period	-4.5	-4.5	0.7	0.7	-	-
Accumulated depreciation and write-downs on adjustments and tranfers at the beginning of period	-	-	17.8	0.5	0.7	0.3
Accumulated depreciation at the beginning of period	-	-	-40.3	-1.5	-70.9	-63.4
Accumulated write-downs at the beginning of period	-6.6	-6.6	-29.2	-25.2	-	-
Accumulated revaluations at the beginning of period	-	-	-	-	-	-
Revaluations and recoveries during the period	-	-	-	-	-	-
Book value at the end of period	**94.3**	**175.5**	**112.7**	**71.2**	**6.3**	**2.0**

23) Breakdown of Intangible Assets

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Goodwill	-	0.0	-	-
Other long-term expenditure	12.9	13.1	8.0	8.8
Total	**12.9**	**13.1**	**8.0**	**8.8**

24) Breakdown of Real-Estate Holdings

a) Breakdown of Land and Water as well Real-Estate Holdings Recorded under the Balance Sheet item Tangible Assets at the Year-End

	OKO Bank Group		OKO Bank	
	Book value	Capital Invested	Book Value	Capital Invested
Land, water and buildings				
In own use	0.6	0.6	0.3	0.3
Other	40.4	47.5	0.2	0.2
Total	**40.9**	**48.0**	**0.5**	**0.5**
Real-estate holdings				
In own use	29.9	30.1	6.1	12.7
Other	41.9	53.1	64.6	90.4
Total	**71.8**	**83.2**	**70.7**	**103.2**

b) Breakdown of Real Estate and Real-Estate Holdings in Other than Own Use at Year-End

Information is presented in consolidated form, since OKO Bank has likewise prepared its financial statements.

Type of property	Area sq. m.	Capital Invested	Net Yield %	Vacancy Rate, %
Dwellings and residential properties	160	0.3	5.3	-
Offices and business premises	57 692	86.8	8.3	2.8
Industrial properties	20 067	10.4	5.0	16.8
Land, water and forest (undeveloped)	-	3.0	-0.1	-
Unfinished buildings	-	-	-	-
Financial leasing properties	38 255	19.1	3.0	-
Other domestic properties	-	0.0	-	-
Non-domestic real estate	-	-	-	-
Total real estate	**116 173**	**119.7**	**6.9**	**4.3**

Capital invested refers to the undepreciated acquisition cost plus the amount of company debt per share and/or the proportion of company debt based on its shareholding.

Net yield was calculated by subtracting from the total rental income the property maintenance cost or the service charges paid in housing corporations and mutual real-estate companies. The net yield percentage was calculated from the per annum difference in monthly income based on the occupancy rate on the balance sheet date and the year's average maintenance costs, expressed as a ratio of the capital invested at the year-end.

Vacancy rate refers to the ratio of unused space to total rentable space. Unused area means rentable premises that did not generate rental income under agreements on the closing day.

c) Breakdown of Capital Invested in Real Estate not in Own Use according to the Year-End Yield

Yield Rate	Capital Invested
Negative	1.1
0 - 3	9.2
3 - 5	18.5
5 - 7	60.1
Over 7	30.8
Total	**119.7**

25) Own Shares

On December 31, 2003, the subsidiaries did not hold their own or the parent company's shares.

26) Breakdown of Other Assets

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Receivables from payment transfers	7.1	81.6	6.6	72.7
Guarantee receivables	0.1	0.1	0.0	0.0
Derivative contracts	141.0	171.1	142.0	171.2
Other	210.2	139.1	173.1	121.4
Total	**358.4**	**391.9**	**321.7**	**365.2**

27) Breakdown of Deferred Income and Advances Paid

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Interest	80.2	89.3	78.4	84.8
Other	5.5	8.3	1.1	3.4
Total	**85.6**	**97.6**	**79.5**	**88.2**

28) Breakdown of the Corresponding Combined Balance Sheet Items

The asset items in the consolidated and OKO Bank's balance sheet are presented in accordance with the formula approved by the Ministry of Finance.

29) Difference between the Nominal Value and Book Value of Liabilities

The OKO Bank Group's figures are presented without eliminations.

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Difference between the nominal and lower book value				
Liabilities to financial institutions and central banks	0.0	-	0.0	-
Debt securities issued to the public	24.0	23.3	23.7	23.0
Subordinated liabilities	0.3	0.4	0.3	0.4
Total	**24.4**	**23.7**	**24.1**	**23.4**
Difference between the lower book and nominal value				
Liabilities to financial institutions and central banks	-	-	-	-
Debt securities issued to the public	2.6	1.5	2.6	1.5
Subordinated liabilities	0.3	0.2	0.3	0.2
Total	**2.8**	**1.7**	**2.9**	**1.7**

30) Breakdown of Debt Securities Issued to the Public by Type

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Certificates of deposit	2 974.6	2 778.5	2 829.7	2 684.3
Bonds	1 499.3	999.3	1 531.0	1 000.8
Other	305.3	367.0	305.3	367.0
Total	**4 779.2**	**4 144.8**	**4 665.9**	**4 052.1**

31) Breakdown of Other Liabilities

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Payment transfer liabilities	259.9	332.6	257.3	329.7
Derivative contracts	176.0	201.3	176.5	201.4
Other	156.1	104.9	124.5	91.3
Total	**592.0**	**638.8**	**558.3**	**622.3**

32) Breakdown of Deferred Expenses and Advances Received

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Interest	56.2	35.4	46.6	30.6
Other	27.2	25.1	17.4	17.0
Total	**83.5**	**60.6**	**64.0**	**47.6**

The social security commitment arising from unused options offered to OKO Bank personnel was recorded under deferred expenses.

33) Mandatory Reserves at the End of Period

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Pension reserves	-	-	-	-
Tax reserves	-	-	-	-
Other	0.9	0.2	0.9	0.2
Total	**0.9**	**0.2**	**0.9**	**0.2**

34) Breakdown of Subordinated Liabilities

Liabilities with a book value exceeding 10% of the total subordinated liabilities:

€ 50 million. The interest rate on December 31, 2003 was 2.742%. This loan will mature in March 2011. With the Financial Supervision Authority's permission, the loan may, provided that an advance notice has been given, be repaid in full on the interest payment date in March 2006 or on subsequent interest payment dates.

€ 150 million. The interest rate on December 31, 2003 was 2.759%. This loan will mature in March 2011. With the Financial Supervision Authority's permission, the loan may, provided that an advance notice has been given, be repaid in full on the interest payment date in March 2006 or on subsequent interest payment dates.

€ 50.3 million. The interest rate on December 31, 2003 was 2.905%. This loan will mature in June 2009. With the Financial Supervision Authority's permission, the loan may, provided that an advance notice has been given, be repaid in full on the interest payment date in June 2004 or on subsequent interest payment dates.

€ 50 million perpetual loan. The interest rate on December 31, 2003 was 6.000%. With the Financial Supervision Authority's permission, the loan may, provided that advance notice has been given, be repaid in full on the interest payment date in June 2007 or on subsequent interest payment dates.

The loans referred to above are debentures, and as such are subordinated liabilities. These loans do not involve any terms and conditions concerning conversion into shares.

Subordinated liabilities other than those mentioned above:

On December 31, 2003, the total countervalue of the OKO Bank Group's and OKO Bank's debts in euros was € 66.1 million. Creditors are not entitled to demand premature repayment of these loans. The debts include perpetual loans totalling USD 5 million (countervalue € 4.0 million).

Loans to subsidiaries and affiliates:

Loans to Group companies total € 13.4 million.

35) Increases and Decreases in Equity Items during the Fiscal Period

	Book Value at the Beginning of Period	Increases during the Period	Decreases during the Period	Book Value at the End of Period
OKO Bank Group				
Share capital	196.4	6.0	-	202.4
Share issue account	3.3	8.8	-10.6	1.5
Share premium account	0.4	4.6	-	5.0
Revaluation reserve	25.2	-	-	25.2
Reserve fund	203.3	-	-	203.3
Other restricted items	0.9	-	-	0.9
Retained earnings	203.7	-	-34.9	168.9
Profit for the period	-	126.1	-	126.1
Total shareholders' equity	**633.3**	**145.5**	**-45.4**	**733.3**
OKO Bank				
Share capital	196.4	6.0	-	202.4
Share issue account	3.3	8.8	-10.6	1.5
Share premium account	0.4	4.6	-	5.0
Reserve fund	163.6	-	-	163.6
Retained earnings	166.4	-	-34.8	131.6
Profit for the period	-	65.6	-	65.6
Total shareholders' equity	**530.1**	**85.0**	**-45.4**	**569.7**

36) Different Shares at the Year-End

	Series A	Series K	Total
Share capital, €	155 862 383	46 585 464	202 447 847
No. of shares	37 059 707	11 076 718	48 136 425
Percentage of share capital	77.0	23.0	100.0
Votes per share	1	5	
Percentage of votes	40.1	59.9	100.0

The counter book value for OKO shares is ¤ 4.21. The countervalue is not a precise figure. The number of issued shares was doubled without changing the share capital under a decision made at the shareholders' meeting of 24 March 1999.

Restrictions on share purchases

- Series A shares are intended for the general public and are quoted on the Helsinki Stock Exchange.
- There are no purchase restrictions on series A shares. Ownership of series K shares is restricted to Finnish co-operative banks, co-operative bank companies, and the OP Bank Group Central Cooperative. A shareholder's or nominee registered Series K shares can be converted into series A shares at the written request of the asset manager shown in the book-entry securities system within the framework of the minimum and maximum number for each series of shares stipulated in the Articles of Association.

If a dividend is distributed, series A shares entitle holders to a dividend that is at least one (1) percentage point higher than the dividend paid on series K shares.

Increases in OKO Bank's share capital due to subscriptions of Series A shares based on the 1999 stock option incentive programme

Date of registration	Amount of shares	Increase in share capital	Share premium fund
17.1.2003	414 830	1.7	1.5
16.5.2003	118 550	0.5	0.4
21.8.2003	684 850	2.9	2.0
11.9.2003	67 200	0.3	0.2
14.11.2003	145 995	0.6	0.4
Total	**1 431 425**	**6.0**	**4.6**

37) Total Non-Distributable Items Included in Unrestricted Equity at the Year-End

	OKO Bank Group	OKO Bank
Amount transferred from voluntary reserves and excess depreciation to equity, € million	149.0	-

38) Convertible Bonds and Options Issued

Option-Based Incentive Scheme

As proposed by the Executive Board, a decision was made at OKO Bank's extraordinary shareholders' meeting of 30 June 1999 to introduce an option-based incentive system that would include all personnel of OKO Bank and the OP Bank Group Central Cooperative. A bond with equity warrants was offered for subscription to the personnel of OKO Bank, the OP Bank Group Central Cooperative and their subsidiaries, the OP Bank Group Mutual Insurance Company, the OP Bank Group Pension Fund and the OP Bank Group Research Foundation, as well as OKO's wholly-owned subsidiary OP-Sijoitus Oy. The bond totalled € 460,000 and the subscription period was from 6 to 17 September 1999. The loan carried no interest and was repaid on October 15, 2002.

The equity warrants attached to the bond entitle their holders to subscribe a maximum of 4,600,000 OKO's series A shares. The subscription price is € 10.99, which was the trading turnover-weighted average price of OKO Bank's series A share on the Helsinki Stock Exchange in May 1999 plus 27 per cent. The subscription price will be reduced by the amount of dividends to be paid after the subscription price setting period and before the subscription on the record date for each dividend distribution. The subscription period for A warrants commenced on October 1, 2002 and will commence on October 1, 2004 for B warrants. The subscription period for all warrants expires on October 30, 2006.

The A warrants issued under the option scheme have been listed on the Helsinki Stock Exchange since October 1, 2002. A total of 2,080,800 warrants were offered for public trading, each entitling the holder to subscribe one OKO Bank series A share. The subscription price was € 7.92 until April 7, 2003 and € 7.17 after that.

Authorisations Given to the Executive Board:

The shareholders authorised OKO Bank's Executive Board for a period of one year from the Annual General Meeting on April 3, 2003 to decide on increasing the share capital through one or more new share issues, one or more issues of convertible bonds and/or the granting of stock options, such that the new shares to be subscribed for in the new share issues, exchanged for convertible bonds and subscribed on the basis of the stock options, must be Series A shares and their aggregate number can be a maximum total of 9 million shares. The Bank's share capital may be increased by a maximum total of € 37,851,390.54.

The authorisation further confers the right to waive shareholders' pre-emptive rights to subscribe new shares, convertible bonds and stock options. Pre-emption of shareholders' subscription rights can only be made in connection with merger and acquisition arrangements if the Bank has a sound financial 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 total 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 shareholders' resolution to grant the authorisation and the Executive Board' decision to carry out the increase in share capital.

The Executive Board shall be authorised to decide the grounds on which the subscription price is determined, the subscription price itself and other terms and conditions of subscription, as well as on the terms and conditions of convertible bonds or stock options. The Executive Board shall also be authorised to decide if the shares offered in new share issues, convertible bonds or stock options can be subscribed against payment in kind by using offsetting methods and other specific terms and conditions.

The authorisation given to the Executive Board by the Annual General Meeting on March 21, 2002, shall be cancelled unused.

39) Major Shareholders and Breakdown of Shareholding

Major shareholders in terms of voting rights (10 biggest shareholders according to the shareholder register on December 31, 2003)

		No. of Shares	Total	No. of Votes	% of Votes
OP Bank Group Central Cooperative	A	11 000 000			
	K	8 293 032	19 293 032	52 465 160	56.8
Nominee registered shares	A	7 308 482			
	K	0	7 308 482	7 308 482	7.9
Oulun Osuuspankki	A	200 000			
	K	506 000	706 000	2 730 000	3.0
Keski-Uudenmaan Osuuspankki	A	0			
	K	245 900	245 900	1 229 500	1.3
Keski-Suomen Osuuspankki	A	0			
	K	228 280	228 280	1 141 400	1.2
Ilmarinen Mutual Pension Insurance Company	A	976 650			
	K	0	976 650	976 650	1.1
OP Bank Group Pension Foundation	A	900 000			
	K	0	900,000	900 000	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		**30 794 242**	**30 794 242**	**68 901 170**	**74,6**

Major shareholders in terms of share ownership (10 biggest shareholders according to the shareholder register on December 31, 2003)

	No. of Shares	% of All Shares
OP Bank Group Central Cooperative	19 293 032	40.1
Nominee registered	7 308 482	15.2
Ilmarinen Mutual Pension Insurance Company	976 650	2.0
OP Bank Group Pension Foundation	900 000	1.9
Oulun Osuuspankki	706 000	1.5
Turun Seudun Osuuspankki	672 860	1.4
Etelä-Karjalan Osuuspankki	444 642	0.9
Savonlinnan Osuuspankki	283 142	0.6
Rauman Seudun Osuuspankki	267 654	0.6
Pohjolan Osuuspankki	255 220	0.5
Total	**31 107 682**	**64.7**

Breakdown of shareholding by number of shares (According to the shareholder register on December 31, 2003)

Number of shares owned (Series A and K)	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 100	18 156	72.1	1 000 198	2.1
101 - 1,000	5 759	22.9	2 088 095	4.3
1,001 - 10,000	1 009	4.0	2 696 276	5.6
10,001 - 50,000	162	0.6	3 688 874	7.7
50,001 - 100,000	46	0.2	3 184 113	6.6
100,001 -	38	0.2	35 398 705	73.5
In joint accounts			80 164	0.2
Total	**25 170**	**100.0**	**48 136 425**	**100.0**

Breakdown of shareholding by sector (According to the shareholder register on December 31, 2003)

Shareholder type	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares	No. of Votes	% of Votes
Companies	656	2.6	1 198 966	2.5	1 198 966	1.3
OP Bank Group Central Cooperative and member cooperative banks	235	0.9	30 244 804	62.8	74 551 676	80.6
Other financial and insurance institutions	34	0.1	785 192	1.6	785 192	0.8
Public sector entities	20	0.1	2 577 060	5.4	2 577 060	2.8
Non-profit organisations	213	0.8	727 119	1.5	727 119	0.8
Households	23 989	95.3	5 196 388	10.8	5 196 388	5.6
Foreign	19	0.1	18 250	0.0	18 250	0.0
Nominee registered shareholders	4	0.0	7 308 482	15.2	7 308 482	7.9
In joint accounts			80 164	0.2	80 164	0.1
Total	**25 170**	**100.0**	**48 136 425**	**100.0**	**92 443 297**	**100.0**

40) Principal Terms regarding Equity Investments and Equity Loans

OKO Bank has no equity investments or equity loans..

41) Liabilities in the Consolidated Balance Sheet

Liabilities in the consolidated balance sheet are presented in accordance with the formula approved for financial institutions by the Ministry of Finance.

42) Breakdown of Maturities of Receivables and Liabilities by Balance Sheet Item at Year-End

By remaining term to maturity	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
OKO Bank Group				
Notes and bonds eligible for refinancing with central banks	1 349.1	262.6	178.1	59.8
Receivables from financial institutions	987.4	544.4	1 143.0	4.0
Receivables from the public and public sector entities	887.5	1 033.4	2 943.2	2 385.5
Notes and bonds	85.5	118.6	670.8	185.8
Liabilities to financial institutions and central banks	4 608.8	118.9	80.6	22.4
Liabilities to the public and public sector entities	2 868.5	82.2	92.8	263.3
Debt securities issued to the public	2 828.1	562.0	1 384.4	4.7
OKO Bank				
Notes and bonds eligible for refinancing with central banks	1 277.2	144.3	178.0	59.8
Receivables from financial institutions	1 122.7	611.2	1 588.7	4.0
Receivables from the public and public sector entities	810.2	855.5	2 120.4	1 138.5
Notes and bonds	85.4	118.4	702.3	219.2
Liabilities to financial institutions and central banks	4 743.3	118.9	80.6	22.4
Liabilities to the public and public sector entities	1 326.2	26.2	25.9	211.3
Debt securities issued to the public	2 685.1	560.1	1 416.1	4.7

Receivables from the public and public sector entities did not include any repayables on demand as of December 31, 2003. Deposits other than fixed-term deposits were included in the maturity class "less than 3 months".

43) Assets and Liabilities in Domestic and Foreign Currencies at the Year-End

	OKO Bank Group		OKO Bank	
	Domestic Currency	Foreign Currency	Domestic Currency	Foreign Currency
Notes and bonds eligible for refinancing with central banks	1 849.6	-	1 659.3	-
Receivables from financial institutions	3 426.1	172.7	4 074.2	172.6
Receivables from the public and public sector entities	7 079.9	169.6	4 755.1	169.5
Notes and bonds	833.9	226.8	898.4	226.8
Other assets	983.0	12.4	965.5	8.6
Total	**14 172.5**	**581.5**	**12 352.5**	**577.5**
Liabilities to financial institutions and central banks	4 693.9	136.8	4 820.4	144.7
Liabilities to the public and public sector entities	3 143.7	163.2	1 428.2	161.4
Debt securities issued to the public	4 505.5	273.6	4 392.3	273.6
Subordinated liabilities	362.3	4.0	362.3	4.0
Other liabilities	720.3	17.4	609.2	14.1
Total	**13 425.7**	**595.0**	**11 612.3**	**597.9**

44) Financial Indicators and Share-Specific Ratios

Financial indicators for the OKO Bank Group

	1999	2000	2001	2002	2003
Net sales, € million	524.9	756.8	755.9	660.9	670.5
Operating profit/loss, € million	111.0	167.1	110.6	96.1	174.1
% of net sales	21.1	22.1	14.6	14.5	26.0
Profit or loss before appropriations and taxes, € million	53.9	167.1	110.6	96.1	174.1
% of net sales	10.3	22.1	14.6	14.5	26.0
Return on equity, %	16.1	21.5	13.0	10.0	18.5
Return on assets, %	0.82	1.10	0.67	0.50	0.92
Capital adequacy, %	4.7	5.5	4.9	5.0	5.0
Average personnel	964	1 028	1 070	1 117	1 138
Cost/income ratio, %	56	43	51	56	45

Share-Specific ratios for OKO Bank Group

	1999	2000	2001	2002	2003
Earnings per share, €	1.72	2.53	1.68	1.34	2.66
Earnings per share, diluted, €					2.58
Equity per share, €	10.97	12.82	13.24	13.56	15.23
Dividend per share, €	0.69	1.26	1.09	0.74	1.59*
Dividend payout ratio, %	40.0	49.6	64.6	55.2	59.8*
Effective dividend yield, % (OKO A)	6.3	9.2	7.8	5.2	8.8*
Price/earnings ratio	6.5	5.4	8.4	10.8	6.8
Share price development (OKO A)					
Average, €	8.95	11.82	13.35	15.52	15.30
Low, €	7.80	9.93	11.35	12.40	12.76
High, €	14.00	13.99	16.00	17.20	18.50
Year-end, €	11.20	13.76	14.10	14.45	18.10
Market capitalisation (OKO A), € million	212.3	479.8	495.7	514.6	670.7
Trading volume (OKO A) in thousands of shares	6 345.6	6 546.2	5 257.0	9 528.3	8 767.8
as % of all shares	33.5	19.9	15.0	27.0	24.1
Total number of shares (all)					
Average during the fiscal period	46 705 000	46 705 000	46 705 000	46 705 000	47 465 716
At the end of fiscal period	46 705 000	46 705 000	46 705 000	46 705 000	48 136 425

The number of outstanding shares was doubled without changing the share capital pursuant to the decision made at shareholder's meeting of March 24, 1999. The amendment was entered into the Trade Register on April 12, 1999. Share-specific ratios have been adjusted retroactively.

* Executive Board's proposal: € 1.60 for series A shares and € 1.55 for series K shares.

Calculation of key ratios is explained on page 56.

NOTES REGARDING INCOME TAXES

45) Income Taxes

Distribution of income tax between ordinary operations and extraordinary items:

The taxes of all OKO Bank Group companies were attributable to ordinary operations.

Deferred taxes and tax liabilities
The consolidated balance sheet included ¤ 59.3 million of deferred taxes that were based on appropriations. Other deferred taxes and tax liabilities were not recorded in the balance sheet for 2003 and 2002.

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Deferred tax liabilities likely to materialise				
Total amount, € million	1.7	1.0	1.3	0.7

Impact of revaluations on income taxes:
Revaluations have had no impact on the income taxes of OKO Bank or other Group companies.

After the approved 2002 taxes, OKO Bank had no unused tax credit on corporate income taxes and € 24 million worth of tax surplus. There were no unused confirmed losses.

NOTES CONCERNING COLLATERAL AND CONTINGENT LIABILITIES AS WELL AS DERIVATIVE CONTRACTS

46) Assets Given as Collateral on Own and Others' Behalf as well as Liabilities and Commitments for which They Were Pledged.

	OKO Bank Group	OKO Bank
Assets pledged as collateral for own liabilities and commitments		
Pledges	1 454.1	1 454.1
Mortgages	-	-
Other	15.0	15.0
Collateralised liabilities		
Liabilities to financial institutions and central banks	1 201.0	1 201.0
Liabilities to the public and public sector entities	238.5	238.5
Debt securities issued to the public	-	-
Collateral pledged on behalf of a Group company		
Pledges	-	-
Mortgages	-	-
Other	-	-
Collateral pledged on behalf of others		
Pledges	0.7	-
Mortgages	-	-
Other	-	-

47) Pension Liabilities

OKO Bank Group company personnel, except for Opstock Oy, is covered by a statutory pension scheme arranged through the OP Bank Group Pension Fund. Supplementary pension has, with the exception of Opstock Oy, been arranged through the OP Bank Group Pension Fund. The Fund has not accepted new beneficiaries since 30 June 1991. The statutory pension cover for personnel at the Stockholm branch office had been arranged in accordance with the Swedish law.

OKO Bank Group companies have no direct liabilities associated with pension liabilities.

The pension liabilities of OKO Bank Group companies are fully covered.

48) Leasing Liabilities

	OKO Bank Group	OKO Bank
Leasing payments in 2004	0.2	0.1
Leasing payments after 2004	0.2	0.1

49) Breakdown of Off-Balance Sheet Commitments at the Year-End

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Loan guarantees	328.3	463.7	299.3	433.6
On behalf of subsidiaries	-	-	-	-
On behalf of affiliates	-	-	-	-
Other guarantees	764.1	687.9	787.2	702.1
On behalf of subsidiaries	-	-	23.1	14.2
On behalf of affiliates	-	-	2.0	1.8
Mortgages	-	6.7	-	-
Other commitments given to a third party on behalf of a customer	81.7	33.5	77.1	29.1
Unused standby credit facilities	2 083.5	1 619.1	1 817.1	1 419.2
To subsidiaries	-	-	20.0	40.0
To affiliates	-	-	-	-
Pledges given	-	-	-	-
Other irrevocable commitments given on behalf of a customer	370.2	396.2	367.0	376.6
To subsidiaries	-	-	-	-
To affiliates	-	-	-	-
Total commitments	3 627.7	3 207.1	3 347.7	2 960.6
Total commitments given to subsidiaries or on their behalf			43.1	54.2
Total commitments given to affiliates or on their behalf			2.0	1.8

50) Derivative Contracts at the Year-End

	OKO Bank Group		OKO Bank	
Values of underlying instruments	2003	2002	2003	2002
Contracts made for hedging purposes				
Interest rate derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	2 026.6	1 458.8	2 026.6	1 485.8
Currency derivatives	-	-	-	-
Interest rate and currency swaps	99.7	-	99.7	-
Equity derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	45.4	6.7	45.4	6.7
Written	-	-	-	-
Other derivatives	-	-	-	-
Credit derivatives	31.4	-	31.4	-
Total	**2 203.0**	**1 492.4**	**2 203.0**	**1 492.4**

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Contracts made for purposes other than hedging				
Interest rate derivatives				
Futures and forwards	1 009.1	3 156.6	1 009.1	3 156.6
Options				
Purchased	49.7	20.0	49.7	20.0
Written	49.7	20.0	49.7	20.0
Interest rate swaps	8 268.1	14 160.0	8 368.5	14 173.1
Currency derivatives				
Futures and forwards	956.0	599.6	956.0	599.6
Options				
Purchased	26.3	-	26.3	-
Written	26.3	-	26.3	-
Interest rate and currency swaps	-	-	-	-
Equity derivatives				
Futures and forwards	0.5	-	-	-
Other derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	-	-	-	-
Written	-	-	-	-
Credit derivatives	-	-	-	-
Equity swaps	-	-	-	-
Total	**10 358.8**	**17 956.2**	**10 458.6**	**17 969.2**
Credit countervalues of contracts				
Interest rate derivative contracts	81.3	88.2	82.6	88.5
Currency derivative contracts	58.5	32.1	58.5	32.1
Other derivatives	9.1	1.1	8.5	1.1
Total	**148.9**	**121.3**	**149.6**	**121.7**

51) Accounts Receivable and Payable from Sale or Purchase of Assets on Behalf of Customers

	OKO Bank Group	OKO Bank
	2003	2003
Accounts receivable	12.0	-
Accounts payable	15.2	-

52) Other Contingent Liabilities and Commitments

At the year-end, OKO Bank's commitments to venture capital funds totalled € 17.0 million.

These are included in the commitments referred to in note 49.

NOTES CONCERNING PERSONNEL AND MEMBERS OF EXECUTIVE AND SUPERVISORY BOARDS

53) Personnel and Members of Executive and Supervisory Boards

Average personnel in 2003

	OKO Bank Group		OKO Bank	
	During the Fiscal Period	Change from Previous Year	During the Fiscal Period	Change from Previous Year
Full-time personnel	1 106	26	483	141
Part-time personnel	32	-5	7	2
Total personnel	**1 138**	**21**	**490**	**143**

Salaries and compensation paid to members of Executive and Supervisory Boards

	OKO Bank Group		OKO Bank	
	2003	2002	2003	2002
Members and deputy members of the Supervisory Board	0.1	0.1	0.1	0.1
Members and deputy members of the Executive Board and the President	3.0	1.7	2.3	1.0
Total	**3.1**	**1.8**	**2.4**	**1.1**

Salaries and compensation based on a financial institution's financial performance have not been paid.

Loans and guarantees granted to members of Executive and Supervisory Boards at year-end

	OKO Bank Group	OKO Bank
Loans		
To members and deputy members of the Supervisory Board	0.2	-
To members and deputy members of the Executive Board and the President	0.4	-
To auditors and auditing companies	-	-
Total	**0.6**	**-**

	OKO Bank Group	OKO Bank
Guarantees		
To members and deputy members of the Supervisory Board	0.0	-
To members and deputy members of the Executive Board and the President	0.3	-
To auditors and auditing companies	-	-
Total	**0.3**	**-**

The bank's standard terms and conditions for loans are applied to loans granted to members of the Executive and Supervisory Boards.

Loans are tied to generally used reference rates.

Pension commitments

There are no pension commitments for members of the (administrative) executive and supervisory (bodies) boards. Furthermore, no pension commitments have been made for previous members of these bodies.

Management ownership

As of December 31, 2003, members and deputy members of OKO Bank's Supervisory Board, members and deputy members of the Executive Board and the President held a total of 5,824 OKO Bank series A shares, or 0.012% of all shares oustanding and 0.006% of the total voting rights. Members and deputy members of the Executive Board and the President subscribed for a portion of the bond loan with warrants that entitles them to subscribe for a total of 360,000 shares.
These shares represent 0.708% of all shares and 0.378% of voting rights.

HOLDINGS IN OTHER COMPANIES

54) Shareholding at the Year-End

OKO Bank's Ownership in Shares and Holdings Held as Non-Current Assets

Company name, registered office and line of business	% of All Shares	Total Book Value	Company's Shareholders' Equity [1]	Company's Profit or Loss for the Period [1]
Realinvest Oy, Helsinki, real estate investment	19.0	23.5	112.0	-46.5
OP Life Assurance Company Ltd	14.9	22.3	86.9	-36.0
Finnventure Rahasto V Ky, Helsinki, venture capital fund	5.9	9.4	121.1	-9.2
OMHEX AB, Stockholm, securities and derivatives trading	2.3	4.9	48.3	9.8
Finnmezzanine Rahasto III B Ky, Helsinki, venture capital fund	49.5	3.6	4.4	0.2
Luottokunta, Helsinki, financing operations	16.5	1.0	101.7	2.8
Eurocard Oy, Helsinki, financing operations	11.2	0.8	8.3	1.5

[1] According to the latest approved financial statements.

In addition, OKO Bank had holdings in 23 companies at the year-end that are included in fixed assets in which the book value of the shares and holdings was less than € 200,000. The total book value of these shares and holdings was € 0.4 million.

Group Company Affiliate Holdings Included in the Consolidated Financial Statements Using the Equity Method

Company name, registered office and line of business	Group's Shareholding %	Total Book Value	Shareholders' Equity at Year-End	Profit or Loss for the Fiscal Period
OP-Kotipankki Oyj, Helsinki, banking	20.8	4.1	38	8.0
Automatia Pankkiautomaatit Oy, Helsinki, financial services support	33.3	5.1	20.8	1.2
Toimiraha Oy, Helsinki, financial services support	33.3	2.1	4.1	0.3
Kiinteistö Oy Lahden Trio, real estate ownership and management	33.3	19.6	66.5	0.0

Subsidiaries Included in the Consolidated Financial Statements

Company name, registered office and line of business	Group's Shareholding %	Book Value of Shares	Shareholders' Equity at Year-End 1)	Profit or Loss for the Fiscal Period 1)
Okopankki Oyj, Helsinki, banking	100.0	84.1	102.3	5.3
Opstock Ltd, Helsinki, investment services	85.0	3.8	13.2	5.0
OKO Venture Capital Ltd, Helsinki, venture capital operations	100.0	1.0	1.6	0.5
Kiinteistö Oy Arkadiankatu 23, Helsinki, real estate ownership and management	100.0	5.6	5.0	-0.2
Kiinteistö Oy Dagmarinkatu 14, Helsinki, real estate ownership and management	100.0	8.1	2.0	0.0
Kiinteistö Oy Kanta-Sarvis II, Tampere, real estate ownership and management	100.0	11.7	8.8	-0.3

1) Parent company information in a separate financial statement

Under the Financial Supervision Authority's regulations, a total of 16 housing and real-estate companies with an aggregate balance sheet total of € 36.4 million, as well as 9 other companies whose aggregate balance sheet total was ¤ 27.8 million were not included in the consolidated financial statements.

During the fiscal period, OKO Bank sold its real-estate shares in Kiinteistö Oy Matinlehmus.

During the fiscal period, Kiinteistö Oy Kankiraudantie 4, OPR-trading Oy and Långnäs Oy were dissolved.

OKO Bank sold its real-estate shares in Kiinteistö Oy Aleksi-Hermes on December 2003. The company's income statement for January 1 to November 30, 2003 was included in the consolidated financial statements.

OTHER NOTES

55) Trustee Services Provided by a Financial Institution

OKO Bank offers the public investment and asset management services.

56) Unpaid Membership Fees of a Cooperative Bank and Other Cooperative Financial Institution

Owing to its company form, OKO Bank has no information to report under this section.

NOTES CONCERNING FINANCIAL INSTITUTIONS WITHIN THE GROUP

57) Information Concerning a Financial Institution within the Group

OKO Bank's parent company is the OP Bank Group Central Cooperative. OKO Bank's information is included in the Cooperative's consolidated financial statements. A copy of the OP Bank Group Central Cooperative's financial statements is available at Teollisuuskatu 1b, 00510 Helsinki.

Financial income from and expenses to subsidiaries

	2003	2002
Interest income	17.1	58.9
Income from equity investments	18.5	24.5
Interest expenses	1.2	1.6

Receivables from and payables to subsidiaries

	2003	2002
Receivables from financial institutions	649.6	359.8
Receivables from the public and public sector entities	2.0	6.7
Notes and bonds eligible for refinancing with central banks	-	-
Notes and bonds	33.4	51.6
Other assets	1.2	0.1
Deferred income and advances paid	4.2	3.0
Total	**690.4**	**421.2**
Liabilities to financial institutions	135.9	42.2
Liabilities to the public and public sector entities	3.5	0.6
Debt securities issued to the public	1.3	0.0
Other liabilities	0.6	0.1
Deferred expenses and advances received	-	-
Total	**141.3**	**43.0**

NOTES CONCERNING SUBSIDIARIES AND AFFILIATES

58) Subsidiaries Included in the Consolidated Financial Statements

Subsidiaries included in consolidated financial statements are listed in note 54.

59) Subsidiaries Not Included in the Consolidated Financial Statements by Financial Supervision Authority Permission

Subsidiaries referred to here are not part of OKO Bank.

60) Affiliates Included in the Consolidated Financial Statements

Affiliates included in consolidated financial statements are listed in note 54.

61) Subsidiaries Not Included in the Consolidated Financial Statements by Financial Supervision Authority permission

Affiliates referred to here are not part of OKO Bank.

62) Subsidiaries Included in the Consolidated Financial Statements Using the Pooling of Interests Method

All subsidiaries have been consolidated using the acquisition cost method.

63) Joint Ventures Included in the Consolidated Financial Statements

All affiliates have been consolidated using the equity method.

64) Subsidiaries whose Fiscal Period ended before the Parent Company's Included in the Consolidated Financial Statements

The fiscal period of all subsidiaries included in the consolidated financial statements ended on December 31, 2003.

65) Companies Included in the Consolidated Financial Statements That are Not Credit or Financial Institutions or Service Enterprises.

OKO Bank's affiliate OP Life Assurance Company Ltd (former Aurum Life Assurance Company), which until January 31, 2003 was included in the consolidated financial statements using the equity method, is not a credit or financial institution or a service enterprise.

66) Breakdown of the Depreciation of Consolidated Goodwill and Reserve if They Were Consolidated in the Income Statement

The depreciation of consolidated goodwill and decrease in reserve were not included in the consolidated income statement.

67) Breakdown of Consolidated Goodwill and Reserve, if They Have Been Deducted from Each Other in the Consolidated Balance Sheet

Consolidated goodwill and reserves were not deducted from each other in the consolidated balance sheet.

68) Breakdown of Deferred Taxes and Changes in Them

Deferred taxes in the consolidated balance sheet and changes in them recorded under the consolidated income statement are based exclusively on appropriations.

A breakdown of taxes is also presented in note 45.

	2003	2002
Deferred taxes in the consolidated balance sheet		
Deferred taxes based on appropriations entered in the consolidated balance sheet	59.3	39.2
Deferred tax liabilities based on the consolidated balance sheet		
Based on consolidation	0.3	0.4
Based on Group companies' own balance sheets	1.7	1.0
Changes in deferred taxes		
Based on appropriations	20.1	11.7
Based on consolidation	-0.1	-0.1
Based on Group company balance sheets	0.7	-

69) Consolidated Goodwill and Reserve from Affiliates

At the year-end, there were no undepreciated consolidated goodwill from affiliates included in consolidated financial statements or consolidated reserve that had not been booked as income.

70) Average Number of Personnel in Joint Ventures Included in the Consolidated Financial Statements by Group Company Holding

Affiliates have not been included in the consolidated financial statements by shareholding.

CALCULATION OF FINANCIAL RATIOS

Net sales	The sum total of interest income, income from leasing operations, income from equity investments, commissions and fees, net income from securities transactions and foreign exchange trading as well as other operating income..
Operating profit or loss	Operating profit or loss as shown on the Income Statement
Profit or loss before appropriations and taxes	Income Statement item Profit or Loss before Appropriations and Taxes
Return on equity (ROE), %	$\frac{\text{Operating profit or loss less taxes}}{\text{Shareholders' equity + minority interest + voluntary reserves and excess depreciation less deferred taxes (average at the beginning and end of year)}} \times 100$
Return on assets (ROA), %	$\frac{\text{Operating profit or loss less taxes}}{\text{Balance sheet total on average (beginning and end of the year)}} \times 100$
Equity/total assets ratio, %	$\frac{\text{Shareholders' equity + minority interest + voluntary reserves and excess depreciation less deferred taxes}}{\text{Balance sheet total}} \times 100$
Cost/income ratio, %	$\frac{\text{Commission expenses + administrative expenses + depreciation + other operating expenses}}{\text{Net interest income + income from equity investments + commissions and fees + net income from securities and foreign exchange trading + other operating income}} \times 100$
Earnings per share	$\frac{\text{Operating profit or loss + minority share of profit or loss less taxes}}{\text{Adjusted number of shares on average during the fiscal period}}$
Earnings per share (EPS), diluted	The denominator is the share-issue adjusted number of shares on average during the fiscal period plus the resulting number of shares if all options are converted into shares. From this sum, the resulting number of shares from full option conversion is deducted, then multiplied by the share subscription price and divided by the average share price during the fiscal period.
Equity per share	$\frac{\text{Shareholders' equity and voluntary reserves and excess depreciation less deferred taxes and minority interest at the end of the fiscal period}}{\text{Adjusted number of shares on closing day}}$
Dividend per share	$\frac{\text{Dividend distributed for the fiscal period}}{\text{Adjusted number of shares on closing day}}$
Dividend/earnings, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	$\frac{\text{Dividend/earnings}}{\text{Adjusted last share price of the fiscal period}} \times 100$
Price (to) / earnings ratio (P/E)	$\frac{\text{Adjusted latest share price of the fiscal period}}{\text{Earnings per share}}$
Average price	$\frac{\text{Total share turnover in euros}}{\text{Number of shares traded}}$
Market capitalisation	Number of shares x latest share price on closing day

EXECUTIVE BOARD'S PROPOSAL FOR THE DISPOSAL OF DISTRIBUTABLE FUNDS

The consolidated distributable equity on December 31, 2003 was € 145,913,376.50.

The equity of OKO Bank on December 31, 2003 was € 569,733,051.69 of which distributable equity was € 197,199,264.78.

At the disposal of the Annual General Meeting is

		€
the profit for the financial year shown in the income statement		65 591 060.06
profit brought forward		108 158 732.41
and non-restricted reserves		23 449 472.31
or a total amount of		197 199 264.78

It is proposed that this be disposed as follows:

The dividend distributed on the share capital is

€ 1.60 on 37,308,177 Series A shares	59 693 083.20	
€ 1.55 on 11,044,068 Series K shares	17 118 305.40	76 811 388.60
Leaving in distributable equity capital		120 387 876.18

HELSINKI, FEBRUARY 12, 2004

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 2003. 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 the 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 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 fiscal period audited by us. The Executive Board's proposal for the disposal of distributable funds is in compliance with the Finnish Companies Act.

HELSINKI, FEBRUARY 12, 2004

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 2004 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 financial statements for 2003 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: Mr Mauri Hietala, Mr Jorma Lehikoinen, Mr Seppo Paatelainen, Mr Jukka Ramstedt, Mrs Leena Rantanen, Mr Heikki Teräväinen, Mrs Astrid Thors, Mr Pekka Vilhunen, Mr Erkki Vähämaa and Mr Keijo Väänänen. In addition, Mr Ilkka Heinonen and Mr Jarmo Lähteenmäki have tendered their resignations.

HELSINKI, FEBRUARY 12, 2004
ON BEHALF OF THE SUPERVISORY BOARD

Seppo Penttinen
Chairman

Markku Koponen
Secretary

OKO Bank