OKO BANK

ANNUAL REPORT 2004

OKO Bank is a Finnish commercial bank whose Series A share is quoted on the Helsinki Stock Exchange.
The Bank has about 26,000 shareholders.

OKO Bank's four business divisions are

Corporate Banking

The Corporate Banking division's customer base covers companies and institutions. The division provides financing and cash management services 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 customers are private individuals 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 as well as fixed-income, equity and real-estate investment activities.

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

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RESULT 2004

Comparable Performance Improved

– OKO Bank recorded an operating profit of € 134 million (174)* . The figure includes slightly over € 10 million of capital gains from OMX AB shares. In 2003, non-recurring items improved earnings by € 65 million, which translates as a € 14 million increase in the comparable operating profit. All divisions except for Retail Banking saw their operating profit improve.

– Return on equity was 13.9 per cent (18.5).

– The capital adequacy ratio was 10.8 per cent (11.0), while the Tier I ratio was 7.1 per cent (7.0).

– Earnings per share totalled € 1.05 (1.33).

– The Executive Board proposes a dividend of € 0.53 for Series A shares and € 0.50 for Series K shares. Dividend paid for the fiscal year 2003 in April 2004 amounted to € 0.80 for Series A and € 0.78 for Series K shares, and the additional dividend paid in December 2004 was € 0.30 for both series of shares.

* Figures from 2003 are shown in brackets.

Growth of Business Outperformed Expectations

– The loan portfolio increased by 17 per cent to € 8.7 billion (7.4). OKO Bank was able to strengthen its market position as a corporate bank.

– Customer funds in asset management totalled € 11.1 billion (8.4). The annual increase was 33 per cent.

– Deposits from the public increased by 18 per cent to € 2.4 billion at year-end (2.0).

Outlook for 2005

The business environment and competitive situation of banks are expected to remain similar to 2004. Due to the growth in business, OKO Bank's consolidated earnings before taxes will probably be bigger than the corresponding amount in 2004 adjusted for non-recurring items, provided there are no unexpected changes in the business environment.

Quarterly Performance

	04				04	03	Change, %
€ million	1-3	4-6	7-9	10-12			
Net interest income	41	40	40	43	164	161	2
Income from equity investments	2	4	0	1	7	9	-19
Net commissions & fees	19	19	17	24	79	66	20
Net income from securities trading	-5	5	0	0	-1	-9	-93
Net income from foreign exchange trading	2	2	1	1	6	6	-8
Other operating income	5	5	4	7	20	90	-77
Total income	64	75	63	75	276	324	-15
Total expenses (excl. commission expenses)	35	37	35	40	147	139	6
Loan and guarantee losses	-1	0	0	1	1	2	-49
Write-downs on securities held as non-current financial assets	-	-	-	0	0	5	-93
Share of affiliate profits/losses	1	1	1	3	6	-3	-
Operating profit	30	39	29	36	134	174	-23
Cost/income ratio, %	58	51	57	56	56	45	

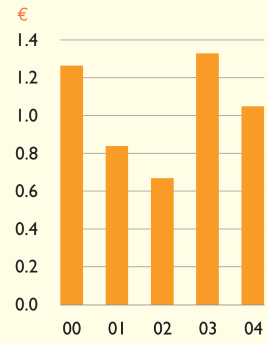
KEY FIGURES

	00	01	02	03	04	Long-term targets
Operating profit, € million	167	111	96	174	**134**	
Return on equity, %	21.5	13.0	10.0	18.5	**13.9**	14.0
Return on assets, %	1.10	0.67	0.50	0.92	**0.66**	
Total income, € million	321	270	255	335	**291**	
Cost/income ratio, %	43	51	56	45	**56**	55
Balance sheet total, € billion	11.0	12.6	12.7	14.8	**16.4**	
Risk-weighted items, € billion	7.2	7.2	8.0	8.8	**9.9**	
Loan portfolio, € billion	5.6	5.9	6.7	7.4	**8.7**	
Non-performing and interest-free loans, % of loans and guarantees	0.2	0.3	0.2	0.2	**0.2**	
Loan and guarantee losses, % of loans and guarantees	-0.2	-0.1	0.0	0.0	**0.0**	
Client funds, € billion[*]	6.7	7.4	8.0	10.4	**13.5**	
Capital adequacy ratio, %	11.4	12.8	11.1	11.0	**10.8**	
Tier I ratio, %	7.0	7.4	7.0	7.0	**7.1**	7.0
Earnings per share, €	1.27	0.84	0.67	1.33	**1.05**	
Earnings per share, diluted, €	1.26	0.81	0.64	1.29	**1.02**	
Equity per share, €	6.41	6.62	6.78	7.62	**7.51**	
Dividend per share, €	0.63	0.54	0.37	1.09	**0.52**[**]	
Dividend payout ratio, %	50	65	55	82	**50**[**]	50
Effective dividend yield (OKO A), %	9.2	7.8	5.2	12.2	**5.1**[**]	
Market capitalisation (A and K), € million	643	659	675	871	**1 022**	
Average personnel	1 028	1 070	1 117	1 138	**1 246**	

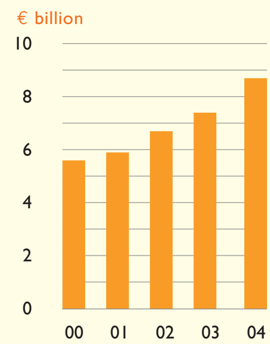
[*] Client funds = Deposits and amount of assets under management.

[**] Executive Board's dividend proposal: € 0.53 for Series A shares and € 0.50 for Series K shares.

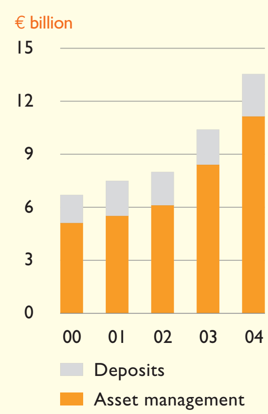
Earnings per Share (EPS)



Loan Portfolio



Client Funds



OKO Bank's Ratings

OKO Bank's ratings from international rating agencies remained unchanged in 2004.

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

EVENTS IN 2004

1 2 3 4 5 6

March

OKO Bank issued the largest bond in its history

OKO Bank issued the largest bond in its history, amounting to € 600 million. The bond is listed on the London Stock Exchange.

May

Number of shares doubled as a result of their split

The number of OKO Bank shares doubled as a result of their split (1:2). The number of the Bank's Series A and K shares was increased without increasing the share capital so that each existing Series A share was split into two new Series A shares and each Series K share was split into two new Series K shares.

June

OKO Bank issued a capital loan

OKO Bank issued a capital loan to the amount of 10 billion Japanese yen. € 74 million of this was considered equal to shareholders' equity. OKO Bank is using the loan to finance its growth and improve the efficiency of capital usage.

November

OKO Bank issued a $ 500 million benchmark bond

OKO Bank issued a bond of 500 million US dollars to the international capital market. The loan period is 5 years. The bond is listed on the London Stock Exchange.

December

Extraordinary General Meeting decided upon additional dividends

At OKO Bank's Extraordinary General Meeting on December 7, the shareholders approved the Executive Board's proposal of an additional dividend amounting to 0.30 euro per share. The total amount of additional dividends was almost € 30 million.

7 8 9 10 11 12

September

OKO Bank is surveying a reform of its corporate governance

OKO Bank's Executive Board initiated a survey of reforming the Bank's corporate governance. The survey examines the possibility to abolish OKO Bank's Supervisory Board and replace the internal Board of Directors (Executive Board) with an external Board of Directors.

December

Global Finance magazine ranked OKO Bank as Finland's best

The American Global Finance magazine ranked OKO Bank as Finland's best bank in 2004. The selection criteria mentioned in the magazine included, among other things, OKO Bank's credit ratings, earnings performance, strong service network, wide range of products and high-quality Internet and mobile services.

October

B options listed on the Helsinki Stock Exchange

OKO Bank's 1999 B options were listed on the Helsinki Stock Exchange at the beginning of October. Before listing, the B options were combined with the already listed 1999 A options. The share subscription period for B options started on October 1, 2004 and will end on October 30, 2006.

Events at the beginning of 2005

At the beginning of February, OKO Bank sold its holdings in Automatia Pankkiautomaatit Oy, Suomen Asiakastieto Oy and a number of other companies to the OP Bank Group Central Cooperative. Automatia Pankkiautomaatit used to be an associated company included in the consolidated financial statements. OKO Bank held one-third of the company. The sold companies have had a minor effect on the Group's annual earnings. The aggregate capital gains amounted to € 4.7 million.

OKO BANK AS A PART OF THE OP BANK GROUP

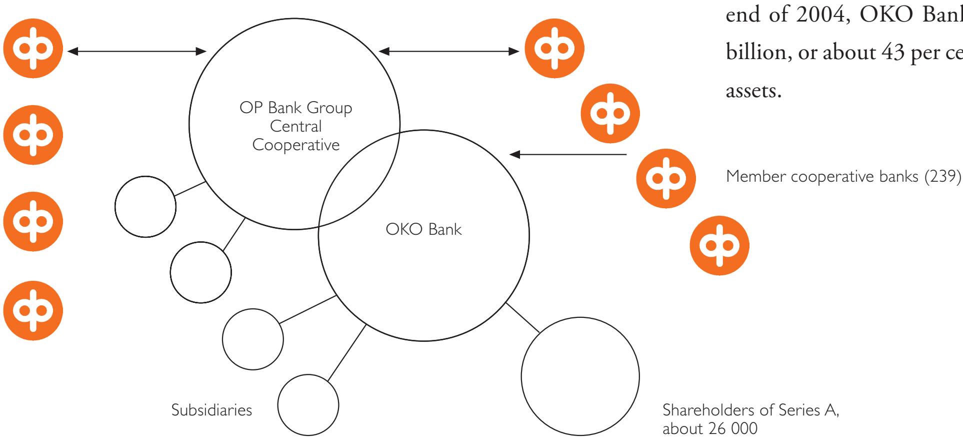
OP Bank Group's Key Figures

	2004	2003
Total assets, € billion	**38.2**	35.0
Own funds, € billion	**4.1**	3.6
Operating profit, € million	**504**	515
Return on equity (ROE), %	**10.5**	11.5
Capital adequacy ratio, %	**15.8**	15.4
Market share of euro-denominated		
credits, %	**30.5**	29.8
deposits, %	**32.3**	31.6
Personnel	**9 118**	9 114

The OP Bank Group is a leading Finnish bank group with more than three million customers. The OP Bank Group comprises 239 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 2004, OKO Bank had total assets of € 16.4 billion, or about 43 per cent of OP Bank Group's total assets.



"Okopankki's Leppävaara branch offers a versatile range of services for loan and investment matters. It is easy to conduct one's banking affairs at our modernised office, which provides the facilities for undisturbed negotiations. The services of the branch are supplemented by a service outlet at the nearby Sello shopping centre."

Helena Löfström
Head of Branch Office
Okopankki

CHAIRMAN'S REVIEW

Continuous growth is the motive force behind the OP Bank Group's strategy, which was updated last year. "Our historical and recent business achievements impose an obligation and give us the wherewithal to continue outpacing the market," as the idea is expressed in the introduction. The OP Bank Group's objective is to exceed the average market growth in all its core business areas and to be the market leader in them. The objective is realistic because the Group's financial soundness, market position and corporate image are stronger than ever. In 2004 the OP Bank Group achieved all its growth targets, without compromising on profitability and risk management.

On the basis of the OP Bank Group's strategy, in the autumn OKO Bank updated its own strategy covering the next three years. Growth – profitable growth – is its cornerstone too. By the end of 2007, OKO Bank is seeking to rise from third place to become the second largest player as the bank of businesses, the bank of households in the Greater Helsinki area and as an asset manager. The success achieved in recent years gives good reason to believe that these targets will be reached.

The power of continuous growth is something that would be beneficial for the world economy and our home country's economy as well. Indeed, it was a stronger year of growth for the world economy than was generally expected a year ago. Even that, however, did not help Europe. In coming years, the United States' debt-driven economy will be less and less apt to act as the world's locomotive. Europe itself must be able to generate so much demand that it will lead to jobs for more and more people. I thus believe that the European Central Bank will refrain from major interest rate hikes, and I forecast that market interest rates will remain at a low level, as in recent years.

Finland's economic growth last year was respectable as measured against the eurozone. It was nevertheless weak compared with the world economy and in view of what would have been required to achieve employment targets. Finland's investment rate is still worryingly low, though it did notch up slightly last year.

The banks' loan portfolio continued to grow briskly, mainly thanks to robust demand for home mortgages, but the corporate loan portfolio also expanded. Deposit growth was smaller and the spread between loan and deposit rates narrowed further. The upswing in the equity market, however, boosted the popularity of long-term saving, and capital invested in mutual funds increased substantially.

The trend in the current year will most likely be the same. The growth in personal income and continuing low interest rates will maintain demand for non-

rental housing and thereby also support loan growth. Investments in mutual funds are continuing to rise, and life and pension insurance too can be expected to revive, because the implications of the new legislation have become clear.

Motivated, capable and committed staff are the prime factor driving OKO Bank's competitiveness. A bank is a service company whose success is largely in the hands of its staff. This is why OKO Bank also wants to reward its employees for good performance. In the area of incentives, we set off on a new path last year when it was decided to establish a personnel fund. Alongside it, a separate reward system for management was created. The aim of these schemes is to reward people for good performance, to encourage them to do even better and to get everybody solidly behind the common objectives.

In addition to the OP Bank Group Central Cooperative and the member banks, OKO Bank has about 26 000 shareholders. As a listed company, OKO Bank wants to operate openly and transparently, and to observe the best corporate governance practices for Finnish listed companies.

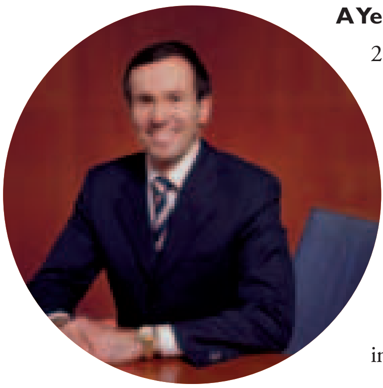
Towards the end of 2003, the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers published a Corporate Governance recommendation setting out numerous guidelines for listed companies. The recommendation expresses reservations concerning supervisory boards, though under the Companies Act a company can have one, as OKO Bank does. OKO Bank has taken the recommendation seriously. This is demonstrated by the fact that in the autumn a study was launched on the possible abolishment of the Bank's Supervisory Board and replacement of the present internal board of directors – the Executive Board – with a non-executive board of directors.

Under the current Cooperative Bank Act, OKO Bank must have a supervisory board. In order for the change to be possible, the act must first be amended. Accordingly, the Executive Board submitted to Parliament in February a proposal for amending the Cooperative Bank Act, according to which a supervisory board will no longer be mandatory. It is likely that an amendment to OKO Bank's Articles of Association can be dealt with at an extraordinary general meeting of OKO Bank's shareholders before the end of this year.

I warmly thank OKO Bank's staff, customers, shareholders and all other stakeholders for their good co-operation during the past year.

Helsinki, February 10, 2005

Antti Tanskanen



A Year of Strong Growth

2004 saw strong growth in OKO Bank's business operations. Growth was particularly rapid in Corporate Banking and Asset Management.

Credits granted to companies increased by 19 per cent, with corresponding growth in corporate payment transfers. The strong growth in lending was based on OKO Bank's increasingly active role as a specialist in financing mergers and acquisitions. OKO Bank retained its leading position as an arranger of financing for companies in the debt capital market.

I am extremely happy with the development of Corporate Banking, which was largely responsible for the improvement in the Group's comparable performance.

Customer funds in Asset Management increased by one-third and amounted to over € 11 billion at the year-end. This good performance also reflected positively on the financial result. Investment Banking improved its performance from the previous year, which was largely due to asset management.

In Retail Banking, the growth in housing loans fell from the exceptionally high level of the previous years. Nevertheless, housing loan stock increased by 15 per cent on the previous year, an increase which was in line with average growth for the market. Owing to dampened growth and low interest rates, the performance of Retail Banking fell somewhat short of the previous year.

Comparable Performance Improved

The Group's operating profit adjusted for non-recurring items increased by 13 per cent from 2003. Comparable income increased by 5 per cent and expenses by one per cent. The improvement was based on strong growth in volumes, since the interest level remained low throughout the year and margins were narrow because of tight competition. In view of such circumstances I consider our overall annual performance to be good.

OKO Bank achieved strong growth through successful risk management. The amount of non-performing receivables and loan losses remained extremely low. During the year OKO Bank also focused significant resources on process improvement and management of operational risks.

In 2004 OKO Bank paid dividends twice. The actual dividend paid in the spring and the additional dividend paid in the autumn amounted to 82 per cent of the profits for 2003. Owing to the good financial development in the fourth quarter of the year, we will be able to propose to the Annual General Meeting in the spring a higher dividend payment for the financial year 2004 than anticipated at the time of the additional dividend in the autumn. The Executive Board will propose that 50 per cent of the profit for 2004 be paid to shareholders as dividend. Thus, the share-specific dividend paid on Series A shares will be € 0.53 and on Series K shares € 0.50.

Reforms in Long-Term Incentive Scheme

2004 saw a revision of the Group's strategic objectives. More information on the objectives is available in the Annual Report, pages 14–16. We also reformed our long-term incentive schemes in connection with strategy revision. At the beginning of this year, OKO Bank introduced a personnel fund for the purpose of rewarding its employees. The fund will invest a significant share of its profit-sharing transfer in OKO Bank's shares. The Bank also established a share-based incentive scheme for management. Members of management may receive OKO Bank shares as a reward for successful performance. In both the personnel fund and the management share-based incentive scheme, rewards are based on the achievement of the Group's profitability and growth targets in the upcoming years.

Positive Outlook

The banks' operating environment is likely to remain unchanged from the previous year. The Finnish economy will continue to grow at the same rate as in 2004. Tight price competition is likely to continue. However, the significant increase in OKO Bank's business last year provides a solid foundation for continued success in 2005. I believe we will achieve a higher level of performance, non-recurring items excluded, than in 2004.

Our personnel performed outstandingly last year. I wish to express my sincere thanks and respect. I would also like to extend my thanks to our customers and shareholders for the trust you have shown in OKO Bank.

Helsinki, February 10, 2005

Mikael Silvennoinen

STRATEGY

OKO Bank's Executive Board confirmed in November the Bank's new strategy for the period 2005–2007. The main objectives concern improving return on equity and reinforcing the Bank's position on the market.

Vision

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

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

Strategic Targets

OKO Bank strives at growing faster than the markets in the upcoming years...

... in corporate banking
OKO Bank wants to be an expert long-term partner to corporates and organisations offering a versatile collection of services to these customers.

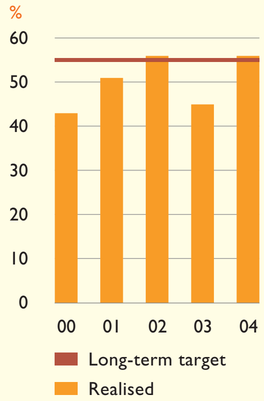
... as a bank for households in the Greater Helsinki area
The Helsinki region offers excellent opportunities for a competitive retail bank to increase its earnings. A good corporate image and solid competence support OKO Bank's position as a bank for households in this central market area.

... in asset management for institutional and private customers
The Bank has excellent growth opportunities also in this area, since the Group has top-level expertise in asset management. In addition to that, the versatile service network of the OP Bank Group is an efficient sales channel for a rapidly expanding portfolio of increasingly prosperous customers.

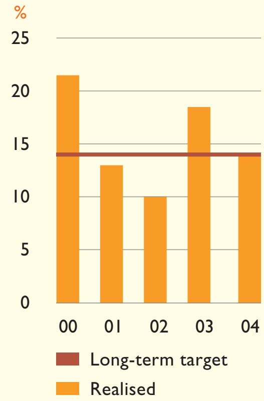
OKO Bank aims to increase the relative proportion of Investment Banking in the Group's earnings, since its return on equity is high. The Bank is ready to reinforce Investment Banking with acquisitions.

... as 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.

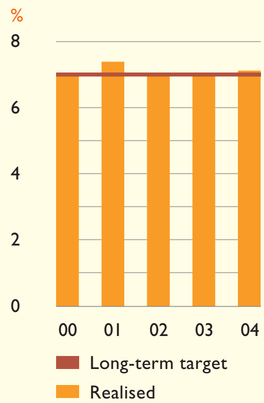
Cost/Income Ratio



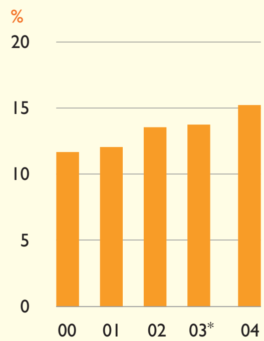
Return on Equity (ROE)



Tier I Own Funds / Risk-weighted Commitments

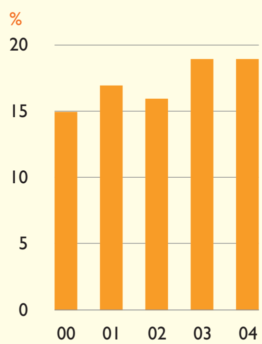


OKO Bank's Share of Corporate Loans



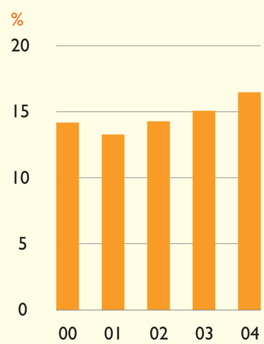
* Since January 2003 according to the new statistics of the Bank of Finland.

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



Source: Otantatutkimus Oy

OP Bank Group's Share of Capital in Mutual Funds



Source: The Finnish Association of Mutual Funds

Market Share Targets

	Year 2001	Year 2004	Year 2007
Large companies	3.	3.	2.
SMEs *	2.	2.	1.
Payment services for corporate customers *	3.	3.	2.
Households' bank in the Helsinki Metropolitan area *	3.	3.	2.
Asset manager	5.	3.	2.

* measured at the OP Bank Group level

Long-term Financial Objectives

Cost / income ratio, %	55
Tier I ratio, %	7.0
Return on equity (ROE), %	14.0
Dividend payout ratio, %	50

The financial targets measure efficiency, return on equity, risk-bearing ability and dividend payout. The objectives set no longer include non-recurring items, but the actual target values remain unchanged.

In OKO Bank's renewed strategy, targets were confirmed for the divisions for the first time as regards cost/income ratio and return on equity.

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.

Customers

OKO Bank focuses on serving Finnish customers both at 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.

OKO Bank has been a member of the Unico Banking Group, an association of European cooperative banks, for over 25 years. In 2004, the Unico Banking Group had six Full Member Banks and two Associated Banks, all of which are central banks for significant retail banking groups in their home countries. These banks have over 42,000 branch offices in total. They provide OKO Banks' customers with an extensive, international service network.

Competitive Advantage

OKO Bank understands that customer relations must be cared for in both good times and bad. This active course of action that demonstrates an appreciation of long-term customer relationships is the Bank's most important competitive factor. OKO 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 values. OKO Bank wants to be a good employer and reward its personnel for success at work. Continuous investment in employee competence is a natural part of the Bank's commitment to lifelong organisational learning.

VALUES

OKO Bank's values include success together, responsibility and human touch.

Prospering Together

We succeed and reform together with the customer. Seamless cooperation between OKO Bank and OP Bank Group improves our service ability and efficiency of our operations.

Responsibility

Our business operations are generally acceptable and promote the economic well-being of customers, shareholders, personnel and society. Our customer relationships are long-lasting and based on mutual trust.

A People-first Approach

Our operations are based on appreciation and equal treatment of individuals – customers as well as staff members.

DIVISIONS

OKO Bank's divisions include Corporate Banking, Investment Banking, Retail Banking and Group Treasury.

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. However, the equity for Investment Banking is equal to the equity indicated on the balance sheet of Opstock Ltd. The income, expenses, investments and equity that are not allocated to business divisions have been integrated under Group Administration.

In OKO Bank's renewed strategy, long-term targets were confirmed for the divisions for the first time. They are presented in the table below.

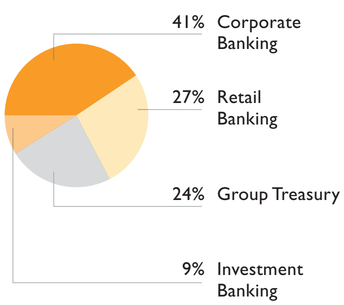
The earnings of Central Banking Operations and Treasury will be disclosed separately as of the beginning of 2005.

Operating profit, € million

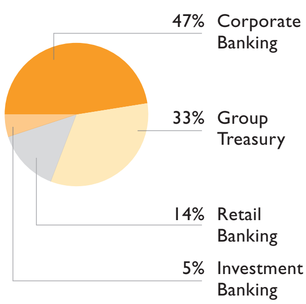
Division	2004	2003
Corporate Banking	66	57
Investment Banking	8	7
Retail Banking	20	22
Group Treasury	47	44
Group Administration	-8	43
Total	134	174

Share of Divisions'

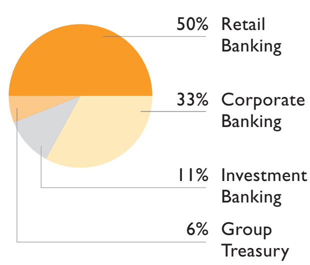
Income



Operating Profit



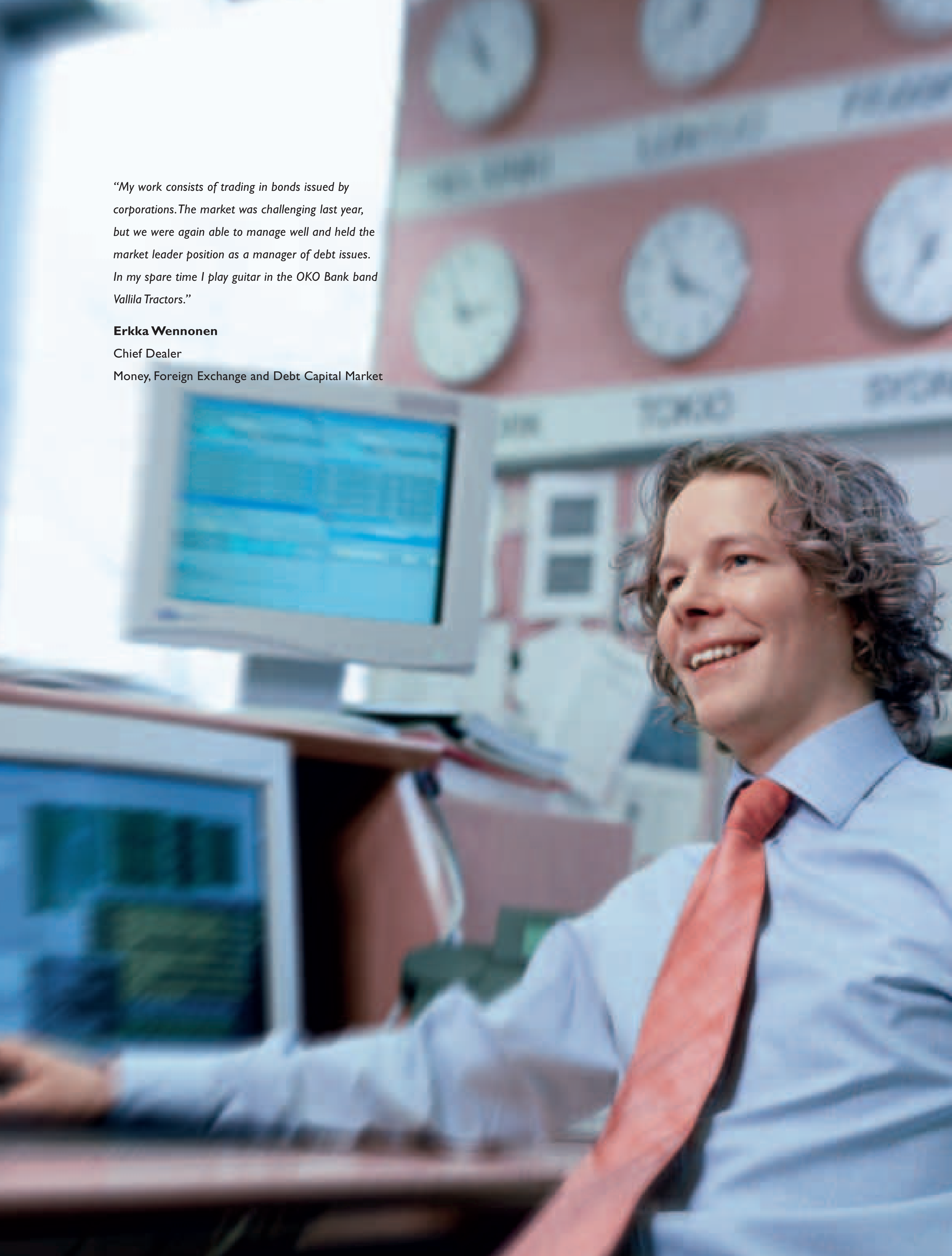
Personnel



Long-term Financial Targets

	OKO Bank Group	Corporate Banking	Retail Banking	Central Banking Operations	Treasury
Cost / income ratio, % *	55	40	<60		
Return on equity (ROE), % *	14	12	>15	14	30

* Excluding non-recurring items



"My work consists of trading in bonds issued by corporations. The market was challenging last year, but we were again able to manage well and held the market leader position as a manager of debt issues. In my spare time I play guitar in the OKO Bank band Vallila Tractors."

Erkka Wennonen
Chief Dealer
Money, Foreign Exchange and Debt Capital Market

CORPORATE BANKING

Corporate Banking offers corporate customers and institutions financing and cash management services, as well as money market, capital market and foreign exchange services.

Market Position as a Corporate Bank Even Stronger

2004 was the sixth year in a row during which OKO Bank was able to strengthen its position as a corporate bank. The Group's market share in corporate financing exceeded 15 per cent. Price competition in the market became more intense than in the previous year, and credit risk margins decreased to almost record-setting low levels.

According to customer feedback and survey results, our key competitive advantages include persistence, expertise and reliability. It seems that we have developed our practices towards the right direction and that our strong commitment to customer work in recent years is now producing results.

OKO Bank's international competitiveness has also significantly improved thanks to the development of new services and networking. Our objective is to further strengthen our position in foreign trade financing and as a payment traffic operator within Finland and internationally.

Last year we focused particularly on financing mergers and acquisitions. The year was successful in this area. We retained our leading position as an arranger of financing for companies and organisations in the debt capital market.

Key focus areas in 2005 include the financing of mergers and acquisitions, strengthening our market position as a bank for small and medium-sized companies in the Greater Helsinki area, as well as real estate financing.

Our objective is to become the leading Finnish corporate bank. The encouraging results of customer satisfaction surveys create confidence in the successful realisation of this challenge. Even though it is important for us to win market share, it is even more important to have an increasing number of satisfied customers!

Timo Ritakallio
First Executive Vice President
OKO Bank

Long-term Financial Targets

	Targets	2004	2003	2002	2001	2000	1999
Cost/income ratio, %	**40**	43	45	47	45	42	53
Return on Equity (ROE), % p.a.	**12.0**	10.7	10.2	10.7	11.4	13.6	8.5

"My job with OKO Corporate Bank provides an excellent vantage point on Finnish business life. The challenging nature of the job comes from long-term management of major corporate accounts. I contribute to ensuring that we as a bank are able to provide first-class services tailored to the customer's needs together with corporate management."

Merja Lattunen
Vice President
Corporate and Institutional Clients

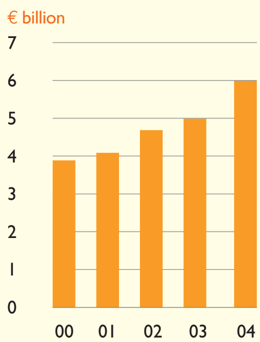
Financial Performance

€ million	04 1–3	04 4–6	04 7–9	04 10–12	04	03	Change, %
Net interest income	**20**	**20**	**19**	**21**	**81**	78	4
Commissions and fees (net)	**8**	**9**	**8**	**10**	**36**	30	19
Net income from securities trading	**-5**	**2**	**-2**	**-1**	**-7**	-7	6
Net income from foreign exchange trading	**1**	**1**	**1**	**1**	**4**	5	-13
Other operating income	**0**	**0**	**0**	**0**	**1**	1	-46
Total income	**25**	**32**	**27**	**31**	**114**	107	7
Personnel costs	**5**	**5**	**5**	**7**	**22**	21	6
Other expenses	**6**	**6**	**5**	**7**	**24**	25	-6
Total expenses	**11**	**11**	**10**	**14**	**46**	46	-1
Loan losses and write-downs	**0**	**0**	**1**	**1**	**2**	3	-38
Operating profit	**14**	**21**	**16**	**16**	**66**	57	16

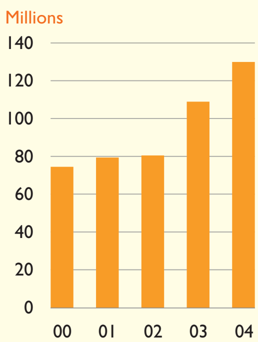
	04	03
Return on equity, %	**10.7**	10.2
Cost/income ratio, %	**43**	45

	Dec. 31	Dec. 31
Personnel	**395**	367
Risk-weighted items, € million	**6 699**	5 854
Loan portfolio, € million	**5 970**	5 007
Loans and guarantees, € million	**7 169**	5 986
Non-performing and interest-free loans, € million	**13**	12
Non-performing and interest-free loans, % of loans and guarantees	**0.19**	0.19

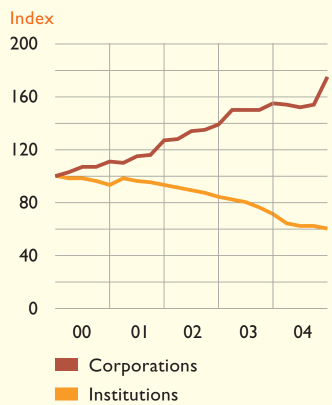
Loan Portfolio of Corporate Banking



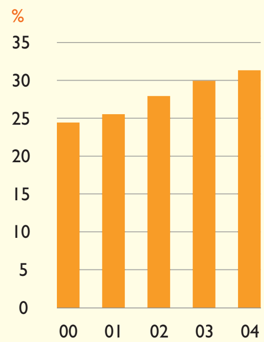
Payment Transfers of Corporate Banking



Average Margin of Loans to Corporate Customers



OKO Bank´s Share of Leasing and Factoring



Source: Finnish Finance Houses Association

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.

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 of lending is not sensitive to interest rate fluctuations because the funding of lending is market rate-driven.

OKO Bank's objective is to become the leading Finnish corporate bank by strengthening its market position as a corporate lender, provider of financing in the debt capital markets, and as a cash and liquidity manager for corporates and institutions.

Loan Portfolio Increased almost One-fifth

Corporate Banking recorded an operating profit of € 66.5 million, showing an increase of € 9.3 million from the previous year. Income increased by € 7.8 million and expenses decreased by € 0.4 million. Loan losses amounted to € 1.9 million, compared to € 3 million in the previous year.

OKO Bank's market position as a corporate bank strengthened clearly. The aggregate amount of loans, unused standby credit facilities and guarantees grew by almost € 1.4 billion, or 19 per cent from the previous year. The loan portfolio increased by slightly less than € 1 billion or one-fifth during the year. The increase in corporate loans, as well as loans to municipalities and non-profit institutions, was 21 per cent. Leasing and factoring increased by 15 per cent. The amount of unused standby credit facilities increased by 15 per cent to approximately € 1.5 billion. The guarantee portfolio was € 1.2 billion or slightly more than one-fifth larger than a year earlier. OKO Bank's market share of the corporate loan portfolio strengthened by more than one percentage point and stood at 15.3 per cent.

New long-term loans to corporations amounted to € 1.6 billion and new leasing and factoring to € 1 billion. OKO Bank participated in financing significant M&A arrangements and acted as the lead manager in two substantial syndicated loans. Another particular focus area was real estate financing.

The level of margins in OKO Bank's corporate loan portfolio remained stable despite intense price competition. In fact, the margins increased slightly towards the end of the year. However, the margins on loans granted to municipalities and non-profit institutions continued to decrease. Thanks to the strong growth of the credit portfolio, lending commissions grew by more than a third from the previous year.

Risk exposure remained good. The number of problem loans remained at almost the same level as a year earlier, and the earnings effect of loan losses was minor.

According to corporate image surveys, corporate customers perceive high-quality services, skilled personnel and management commitment as OKO Bank's strengths. A customer satisfaction survey conducted by Taloustutkimus Oy indicated that OKO Bank's leasing and factoring services are ranked as the industry's best, both in terms of general performance and customer service. OKO Venture Capital took second place in a corporate image survey among Finnish venture capital investors, also conducted by Taloustutkimus.

The cooperation between OKO Bank and its member cooperative banks, as well as the versatile service network that covers the entire OP Bank Group, provide us with a significant competitive asset, particularly in the medium-sized enterprises sector and venture capital investment operations. The extensive service network also supports the sales of leasing and factoring services.

A Market Leader in Debt Issues

OKO Bank's competitive strength as arranger of financing in the Finnish debt capital markets is based on its high level of expertise and the extensive investor clientele of the OP Bank Group.

During the report year, the Bank retained its position as a leading arranger of domestic debt issues and acted as lead manager in nine bond issues. These generated funding to customers worth a total of € 404 million; an increase of approximately € 20 million on the previous year. Furthermore, the Bank issued 16 structured index loans with an aggregate amount of € 162 million.

OKO Bank is a major player in the trade carried out in the money and debt capital markets. The customer trading volume of money market products,

"In my job as a portfolio manager in Opstock I contribute to investing the institutional customers' assets in the equity and fixed-income markets. Our customers include various types of businesses, insurance companies, pension funds and foundations. As one of the leading asset managers in Finland, we provide the customers with an extensive expertise of investment market and proper tools for efficient portfolio management."

Elli Dahl
Portfolio Manager
Opstock Asset Management

bonds and foreign exchange products increased by more than one-third, amounting to € 164 billion.

Significant Growth in Payment Transfers

The total number of incoming and outgoing payment transfers was 129 million, or a fifth more than a year earlier. The number of corporate customers using cash services also increased. Owing to the intense price competition, growth in commissions and fees from payment transfers amounted to no more than 7 per cent.

OKO Bank signed a co-operation agreement with the Bank of America in March. The agreement improves the efficiency of OKO Bank's customers' international payment transfers. The Bank significantly strengthened its position as a provider of international payment transfer services provider and in trade finance.

OKO Bank Became a Partner of Family Business Network Finland

Family Business Network Finland chose OKO Bank as a strategic partner. The cornerstones of cooperation are found in common values and objectives. OKO Bank wants to be actively involved in the promotion of Finnish business and economy.

Positive Earnings Prospects

The business environment is anticipated to remain similar to the year 2004. Corporate Banking is expected to perform better than in the report year, provided there are no unexpected changes in the business environment.

INVESTMENT BANKING

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 in partnership with member cooperative banks and Okopankki.

Favourable Year for Opstock Investor Customers

The investment markets were favourable to Opstock's customers in 2004. Returns from the Finnish equity market were good in particular. The flow of dividends from listed companies to their shareholders was record-breaking as well, mostly for tax reasons. The level of short-term interest rates was surprisingly low.

Customer assets under Opstock's management increased by one-third to more than € 11 billion. Growth was strong for the second year in a row. We have become the third-largest asset management company in Finland.

Investing in mutual funds continued to be very popular. Mutual fund investments by private customers, as well as institutional investors, continued to increase and diversify. Companies have adopted money market funds as a means of liquidity management. Among the funds under our management, OP-Arvo Osake and OP-Suomi Kasvu performed particularly well. We established a fund of funds for professional investors, registered in Ireland and investing in international hedge funds.

Last year we invested particular effort in equity brokerage through the Internet. I believe that our position as an Internet equity broker will clearly improve this year when our customers have access to even better trading and reporting tools. Our customers are also backed by our investment research team, which is one of the strongest in Finland and received good rankings in last year's forecast and recommendation comparisons.

This year's returns for Opstock customers depend ultimately on economic development. However, the investment market continues to become more diversified. We want to be part of this trend and serve our customers also during this year.

Risto Murto
Managing Director
Opstock Ltd

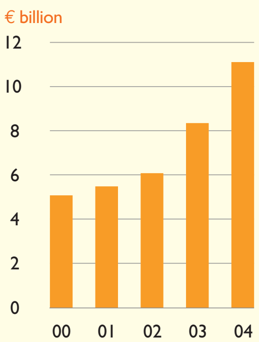
Financial Performance

	04				04	03	Change, %
€ million	1-3	4-6	7-9	10-12			
Income	**6**	**5**	**5**	**8**	**24**	22	11
Personnel costs	**2**	**2**	**2**	**2**	**9**	8	17
Other expenses	**2**	**2**	**2**	**2**	**7**	7	7
Total expenses	**4**	**4**	**4**	**4**	**16**	14	12
Operating profit	**2**	**1**	**1**	**4**	**8**	7	8

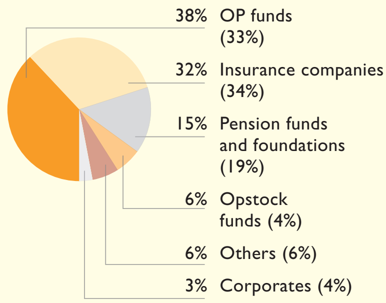
Return on equity, %	**44.0**	40.2
Cost/income ratio, %	**74**	72

	Dec. 31	Dec. 31
Personnel	**134**	125
Client funds under management, € million	**11 134**	8 372
Value of brokerage, € million	**7 720**	4 264

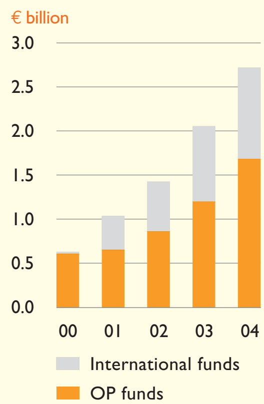
Client Funds under Opstock's Management



Client Funds by Customer Groups in 2004 (2003)



Investment Banking, Mutual Funds Sold



Operating income consists of portfolio management fees, commissions of mutual fund sales, proceeds from the Corporate Finance services, and brokerage commissions.

The objective in asset management is to strengthen the market position so that Opstock becomes the second largest asset manager in Finland. The company's competitive advantage in this market is based on strong expertise, customer-oriented thinking and product development.

The target in brokerage operations is to strengthen the market position so that Opstock becomes the largest broker in Finland in terms of the number of transactions. The company's competitive advantage in brokerage is based on strong analysis, development of online services and an extensive service network.

A Significant Increase in Managed Assets

The operating profit was € 7.8 million, compared with € 7.2 million in the previous year. The previous year's figure includes non-recurring items worth € 1.7 million, which means that the comparable growth in operating profit was € 2.3 million. The earnings improvement was mostly attributable to the fourth quarter. An increased amount of funds under management and successful portfolio management improved the income from assets management. The equity trading volumes saw clear growth, which increased income from brokerage operations.

Opstock's position as an asset manager strengthened during the year. The client funds under management increased by 33 per cent during the year, amounting to € 11.1 billion at year-end. Asset management under a full proxy accounted for € 8.2 billion of the amount. The growth was particularly intense in the OP mutual funds, the aggregate capital of which increased by 55 per cent. The introduction of new funds, successful portfolio management and active sales of the funds increased fund capital. Other customer assets increased by 20 per cent. The total capital of fund management companies operating in Finland saw an increase of 41 per cent.

Mutual Fund Investing is Popular

The aggregate capital of OP mutual funds managed by Opstock increased by € 1.7 billion. The growth focused on equity funds. Net mutual fund subscriptions amounted to € 1.3 billion, with equity funds making up almost one-half of the total. The combined market share of all OP mutual funds was 16.5 per cent (15.1).

Among the OP mutual funds, the growth of capital in short-term fixed-income funds has been very intense during the last two years. Their aggregate capital has increased tenfold to € 1.8 billion.

Almost all the OP mutual funds managed by Opstock made a profit in 2004. The best equity funds were OP-Suomi Kasvu and OP-Arvo Osake, which were ranked number one and number four in their respective groups in the mutual funds report published by the Finnish Association of Mutual Funds.

Brokered foreign partner funds increased by one-fifth, with capital at year-end totalling € 1.0 billion. The major share of the capital was attracted by equity funds investing in the Euro area, the United States and Japan.

In March, Opstock established the R2 Alpha Strategies fund of funds in Ireland, investing in hedge funds. Institutional investors showed increased interest in funds of funds, and R2's capital increased rapidly. The fund's capital amounted to almost € 100 million at year-end.

Brokerage Clearly Increasing

The market position in brokerage strengthened during the year. The number of transactions brokered by Investment Banking increased by almost one-third, and the trading volume in euro almost doubled. The market share of brokerage at the Helsinki Stock Exchange was 5.1 per cent (4) of trades, or 2.1 per cent (1.5) of the trading volume in euro. Brokerage in the Stockholm Stock Exchange was also more active than in the previous year.

Households' equity trading increased by 24 per cent to 284,000 trades. Sixty-eight per cent (70) of investors' assignments were handled through the Bank's online service.

Investment Research Successful in Analyst Comparison

Opstock was successful in a Nordic comparison of analysts carried out by AQ Research of London and comprising Finnish and foreign analysis firms. Opstock was the only Nordic operator making the top three in the accuracy of both profit estimates and investment recommendations.

Corporate Finance Operations Declined on Previous Year

Opstock Corporate Finance's commission income declined on the previous year in a challenging market situation. The number and value of M&A arrangements decreased in comparison with the previous year. Activity increased towards the end of the year, and, among other things, Opstock Corporate Finance was the lead manager in HK Ruokatalo Oyj's share issue and an advisor in the sale of Karelia Corporation's shares.

Positive Earnings Prospects

The positive development of the equity market is expected to continue, and the public offerings are going to recover. The popularity of mutual fund investments will probably increase among private and institutional investors, which will increase the amount of assets under management. The earnings of the Investment Banking operations are expected to be larger than in the previous year if the market develops as expected.

"Opstock employs a team of nine analysts, one of the largest of its kind in Finland. We monitor different industries and analyse companies as investments. I am in charge of the consumer goods industry, trade and the metal industry. We provide our analysis results to customers for supporting their investment decisions."

Jari Räisänen
Senior Analyst
Opstock Investment Research

RETAIL BANKING

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.

Okopankki Continues its Growth Track – Share of Customers Approaching 20%

Okopankki's loan portfolio has increased at a rapid pace for six years in a row. The customer margins on new loans decreased only slightly last year and stabilised at the current low levels under intense competition.

In the autumn, we introduced a new product developed by Okopankki, an interest-capped home mortgage, which has created the expected interest amongst home buyers. The interest-cap offers customers security against increased rates but offers the opportunity to benefit from decreased rates.

Customer assets under our management increased rapidly, particularly thanks to the increased popularity of mutual funds and insurance savings.

We gained 13,000 new customers, which was slightly less than in the previous year. Also, in 2004, one new customer in three came to Okopankki at a friend's recommendation. Customer satisfaction with our services is also indicated by the fact that according to a survey conducted by Otantatutkimus, Okopankki's corporate image among its own customers remained clearly better in comparison to the main competitors.

Since 1997, our share of customers in the Greater Helsinki area has increased by approximately one percentage point each year. It is now approaching 20 per cent.

In addition to household banking, Okopankki also serves small and medium-sized companies operating in the Greater Helsinki area. The Bank's organisation saw a major change last year: we established a Corporate Bank specialising in the service requirements of small and medium-sized companies.

We have extended our service network in recent years by establishing new branches and service outlets. In the autumn, we opened a branch in Kontula, followed in January 2005 by a service outlet in the Sello shopping centre in Espoo. In the second half of the year, our services will also be extended to the Jumbo shopping centre in Vantaa.

Hannu Tonteri
Managing Director
Okopankki Oyj

Long-term Financial Targets

	Long-term targets	2004	2003	2002	2001	2000	1999
Cost/income ratio, %	**under 60**	74	69	64	58	56	64
Return on Equity (ROE), % p.a.	**over 15.0**	12.3	15.1	20.9	27.6	32.3	22.5

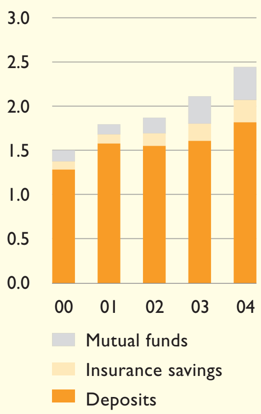
Financial Performance

€ million	04 1-3	04 4-6	04 7-9	04 10-12	04	03	Change, %
Net interest income	**12**	**12**	**12**	**12**	**47**	50	-6
Commissions and fees (net)	**5**	**5**	**4**	**6**	**20**	18	11
Other operating income	**2**	**2**	**2**	**2**	**8**	2	-
Total income	**19**	**18**	**17**	**20**	**75**	69	7
Personnel costs	**6**	**6**	**6**	**5**	**23**	20	15
Other expenses	**8**	**8**	**8**	**8**	**32**	27	15
Total expenses	**13**	**14**	**14**	**13**	**54**	47	15
Loan losses and write-downs	**0**	**0**	**0**	**0**	**0**	1	-66
Operating profit	**6**	**4**	**3**	**7**	**20**	22	-8
Return on equity, %					**12.3**	15.1	
Cost/income ratio, %					**74**	69	

	Dec. 31	Dec. 31
Personnel	**585**	500
Risk-weighted items, € million	**1 760**	1 570
Loan portfolio, € million	**2 658**	2 327
Deposits, € million	**1 823**	1 613
Non-performing and interest-free loans, € million	**11**	7
Non-performing and interest-free loans, % of loans and guarantees	**0.40**	0.28
Number of customers, thousands	**267**	263

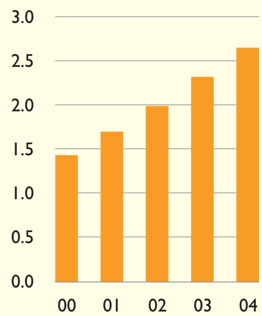
Customer Assets of Retail Banking

€ billion



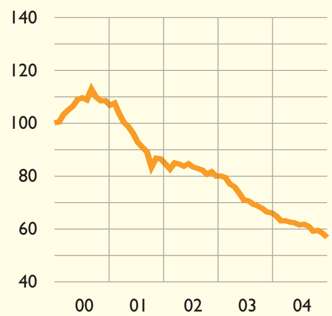
Loan Portfolio of Retail Banking

€ billion



Interest Rate Margin between Loans and Deposits

Index



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

In Retail Banking OKO Bank aims at continuous, faster than the market growth of business in the Greater Helsinki area. The Bank strives for long-term customer relationships through active customer relationship management and high-quality services.

Number of Customers on the Increase

The operating profit of Retail Banking was € 20 million, which was € 2 million less than a year earlier. A low interest rate level and reduced customer margins taxed the net interest income, which dropped by € 3 million. Income from Helsingin Seudun OP-Kiinteistökeskus, which was consolidated with Retail Banking in 2004, amounted to slightly less than € 7 million, while expenses were € 6 million. Comparable income decreased by 2 per cent and expenses increased proportionally by the same amount. Despite the fact that Okopankki's loan portfolio continued its intense growth, loan losses were low.

According to a survey conducted by Otantatutkimus Oy in November, OP Bank Group's share of customers in Greater Helsinki was 19 per cent, equal to the previous year's figure. According to the study, Okopankki's strengths include competitive service fees, respect for customers and the ability to understand customers in changing situations of life. Okopankki's image among its own customers was better and its customers were more loyal to their own bank compared with the main competitors

The number of new customers increased by 13,000; 11,000 were private customers and the remainder were companies and organisations; 43 per cent of the new private customers were 18 to 35 years of age.

High Demand for Housing Loans

The interest rate level remained low, which supported the increase of loan portfolio. The loan portfolio grew by 14 per cent and amounted to € 2.7 billion at year-end. New lending amounted to € one billion, showing an increase of 7 per cent on the previous year; 61 per cent of the new loans were housing loans, 14 per cent other loans to households and 25 per cent corporate loans. Loan repayment insurance was linked to a third of the new loans.

The housing loan portfolio saw an annual growth of 15 per cent. Okopankki's housing services are supplemented by co-operation with its subsidiary, the Helsingin Seudun OP-Kiinteistökeskus real estate agency. The number of sales brokered by the company increased by one-fifth on the previous year, amounting to approximately 1,400. The number of personnel at Helsingin Seudun OP-Kiinteistökeskus at year-end was 84.

85 per cent of the € 2 billion private customer loan portfolio consisted of housing loans. In addition to loans with variable and fixed interest rates, Okopankki introduced a new type of interest-capped housing loan in September that offers customers security against an increase in market rates. Customers have been very interested in this type of loan, and towards the end of the year rate-limiting contracts were signed for both new and old loans.

The reported year saw the establishment of Corporate Bank, which focuses on services for small and medium-sized enterprises. In addition to customer relationship management, Corporate Bank focuses resources on developing the asset management of its corporate customers, improving the efficiency of their cash management and promoting electronic financial administration. Corporate loans amounted to € 0.6 billion at year-end. The annual increase was 15 per cent.

The amount of problem loans at year-end was fairly minor.

Customer Assets Strongly Increasing

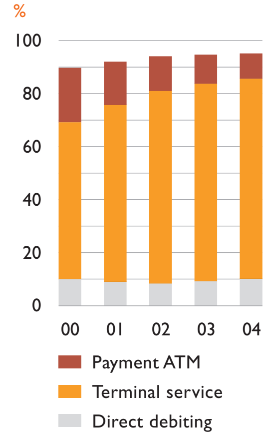
Asset management is one of Okopankki's focus areas. Thanks to expert service and active sales work, the amount of deposits, insurance savings and mutual fund investments increased by 16 per cent to € 2.5 billion during the year.

Okopankki brokered € 56 million-worth of OP Life Assurance policies, which was slightly less than in the previous year. The net amount of mutual fund subscriptions and redemptions brokered was € 85 million, while the corresponding amount a year earlier was € 113 million. The market value of brokered insurance policies and mutual fund investments increased to € 0.6 billion from the previous year's € 0.5 billion.

The increase in deposits was 13 per cent, totalling € 1.8 billion.

Okopankki's customers carried out 95 per cent of their payment transactions via the Internet, direct debit or self-service giro machines. The total number of payment transactions increased by one per cent on the previous year.

Proportion of Direct Debiting and Self Service of Transactions



More Bonus through Centralisation

The objective of the Platinum bonus scheme is to encourage private customers to place all of their banking business in 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.

Customers accumulated almost four million euro of bonuses in 2004, 85 per cent of which was used.

New Tool for the Management of Personal Finances

Okopankki provides its customers with high-quality, comprehensive services regardless of the service channel. The service network was extended to the Kontula district in Helsinki, where a new branch was opened in September 2004. A service outlet in the Sello shopping centre in Espoo was opened in January 2005, and another will be established in the Jumbo shopping centre in Vantaa in the autumn.

Customers now have access to a total of 30 branch offices or service outlets, Internet, GSM, WAP and digital TV services, and ATMs. The telephone service and responses to messages received online were centralised in the new Telephone and Online Services unit in the spring.

Okopankki had 96,000 online banking agreements at year-end. The annual growth of the number was 5 per cent. In the spring of 2004, the service was supplemented with the Oma talous (Personal finances) additional service where a customer can monitor his/her personal or family finances.

Okopankki's consumer credit range was supplemented in the latter half of the year by Joustoluotto (flexible credit), suitable for financing durable consumer goods.

Stable Outlook for 2005

The business environment is expected to remain similar to the previous year. The interest rate level will probably remain low and the customer margins narrow. Earnings from Retail Banking are estimated to be at least equal to the 2004 level.

"My job at Helsingin Seudun OP-Kiinteistökeskus is a real customer service job, working with people. We are involved in the largest purchases of our customers' lives. At the Korso branch I work as an agent for apartments, real estate and plots of land, and prepare documents associated with sales transactions."

Riitta Juvonen
Sales Manager
Helsingin Seudun OP-Kiinteistökeskus

GROUP TREASURY

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 cooperative banks with money market, foreign exchange and capital market services.

Active Operations in the International Capital Market

OKO Bank borrowed € 600 million from the international capital market in March 2004. The bond issue was the largest in the Bank's history. The number of offers clearly exceeded the bond amount, which is an indication of OKO Bank's good reputation among debt capital investors.

In November, the Bank issued the year's second major bond, which amounted to 500 million US dollars. These are examples of debt securities issued by OKO Bank last year. The issues were preceded by a vast number of investor meetings in the financial centres of Europe and Asia.

OKO Bank used the loans to finance its own growth and obtain financing for the growth of the OP Bank Group member banks. OKO Bank's essential task is to act as the central financial institution for the OP Bank Group, maintaining its liquidity.

OKO Bank's credit ratings remained unchanged and are still better than those of the main competitors. The Bank's financing costs were record-setting low.

The development of the equity market was favourable, which was also evident in the positive development in OKO Bank's equity portfolio. The Bank received approximately € 10 million in capital gains from the sale of shares in the stock exchange group OMX.

OKO Bank wants to be transparent to investors. As of the beginning of 2005, the Group Treasury Division will report the earnings of Central Banking operations and Treasury operations separately. The targeted long-term return on equity for Central Banking is 14 per cent, while the corresponding figure for Treasury is 30 per cent.

Timo Ritakallio
First Executive Vice President
OKO Bank

Long-term Financial Target

	Target	2004	2003	2002	2001	2000	1999
Return on Equity (ROE), % p.a.	**20.0**	30.4	33.0	22.5	26.3	23.4	30.9

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.

The operating profit of Group Treasury was € 47.1 million, which was € 2.7 million more than in the previous year. Income was almost equal to the previous year, but expenses and write-downs decreased by a total of € 4.5 million. The income included € 10.4 million in gains from the sale of shares in the stock exchange group OMX. In the previous year income was boosted by capital gains from the sale of Kiinteistö Oy Aleksi-Hermes shares amounting to € 11 million.

Central Banking

As the central financial institution of the OP Bank Group, OKO Bank is responsible for the liquidity of the OP Bank Group and acquires funding from the money and capital markets.

"I provide consultancy to corporate customers who plan on entering the markets of St. Petersburg and Northwest Russia or have already established themselves there. Furthermore, I am a counsel to the OKO Bank Art Foundation, which owns an extensive art collection and nine historically valuable musical instruments. Among these, the Stradivarius known as "the Irish" is currently assigned to the use of the violinist Réka Szilvay."

Kari Tolvanen
Chief Representative, OKO Bank, St. Petersburg
Counsellor, OKO Bank Art Foundation

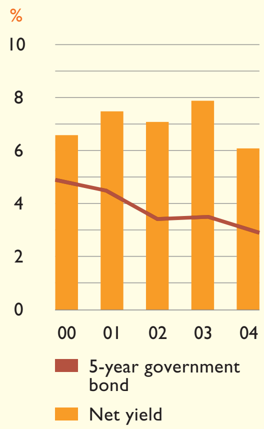
Financial Performance

€ million	04 1–3	04 4–6	04 7–9	04 10–12	04	03	Change, %
Net interest income	9	9	9	10	37	34	11
Dividend income	2	3	0	1	6	8	-19
Commissions and fees (net)	0	0	0	0	1	1	6
Net income from securities trading	0	4	2	1	7	-4	-
Net income from foreign exchange trading	0	0	0	1	2	2	3
Other operating income	3	3	3	5	13	28	-53
Total income	14	20	15	18	67	69	-2
Personnel costs	1	1	1	2	5	6	-5
Other expenses	3	3	3	5	14	14	-2
Total expenses	4	5	4	6	19	20	-3
Loan losses and write-downs	0	0	0	0	0	4	-93
Operating profit	10	15	11	11	47	44	6

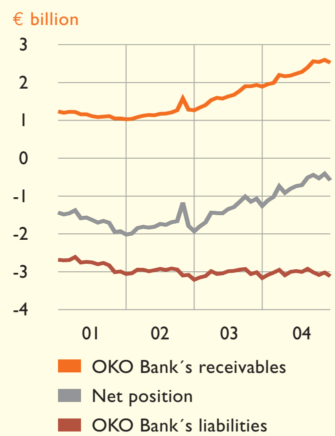
	04	03
Return on equity, %	30.4	33.0
Cost/income ratio, %	31	30

	Dec. 31 04	Dec. 31 03
Personnel	83	81
Risk-weighted items, € million	1 644	1 498
Loans to the member banks, € million	2 608	1 933
Member bank mandatory deposits, € million	2 354	2 212
Member bank other deposits, € million	774	983
Capital invested in real-estate holdings, € million	134	131
Capital invested in leasable properties, € million	89	91
Net yield on leasable properties, %	6.1	7.9
Vacancy rate, %	7	6

Net Yield on Leasable Properties



Liabilites and Receivables between OKO Bank and Member Banks



Member Bank Funding Requirements Still Up

The cooperative banks required funding from OKO Bank because their loan portfolios grew faster than their deposits. As a result, OKO Bank's receivables from the member banks increased by € 0.6 billion to € 2.6 billion. Simultaneously, the amount of member banks' deposits at OKO Bank decreased by € 0.1 billion to € 3.1 billion. OKO Bank's net liabilities to the member banks decreased by € 0.8 billion to € 0.5 billion.

Treasury

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

Higher Income from Investments

Interest rate income amounted to € 14 million, a decrease of € 1 million from the previous year. The market value of the fixed-income investment portfolio was € 0.7 billion at year-end.

The € 10.4 million capital gains from OMX shares doubled equity investment income to € 20 million. The equity portfolio's risk/return ratio was good, and the investments were successfully diversified across various industries. The non-booked market value of listed shares amounted to € 17 million at the end of the year (26), with OMX shares accounting for € 11 million (22). The remaining OMX shares are a long-term investment.

The amount and structure of real estate holdings remained almost unchanged during the report year. Invested capital was € 134 (131) million at year-end. Capital invested in real estate held for rental purposes decreased by € 2 million to € 89 million. Third-party assessments of the fair value of each real estate investment were commissioned during the report year. The total amount of the fair values is somewhat higher than the book value of the invested capital. Net yield from real-estate investments was 6.1 per cent (7.9) and the vacancy rate was 7 per cent (6).

OKO Bank aims to profitably reduce the amount of real estate investments.

Increased Long-Term Funding

There were no changes in OKO Bank's credit ratings during the report year. The strong credit ratings enabled smooth acquisition of funding, and the needs for growth were funded at a reasonable cost.

Long-term funding increased by a total of € 1.4 billion, which increased its share of all funding. The amount of debt securities issued grew from € 4.8 billion to € 6.1 million. Long-term bonds amounted to € 2.9 billion of the total, compared with € 1.5 billion a year earlier.

In order to fund its growth and to improve the efficiency of the use of capital, OKO Bank issued a capital loan of 10 billion Japanese yen in June, with a euro equivalent of € 74 million.

In June, OKO Bank made a premature repayment of a € 50 million debenture bond, and in July the Bank repaid the $ 5 million that remained of a perpetual loan originally amounting to $ 95 million.

The total amount of short-term Euro Commercial Paper and OKO Bank certificates of deposit remained at the same level as at the end of the year 2003, at € 3.1 billion.

A Stable Earnings Outlook

The development of the equity and fixed income markets has a significant effect on the division's earnings. The favourable development of the equity market is expected to continue, and the level of interest rates will remain low. The member banks' funding requirement is expected to continue growing, but the earnings effect will be minor.

The earnings are expected to be at least at par with the 2004 earnings, excluding the capital gains from OMX shares, if there are no substantial changes in the business environment.

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.

The earnings comprise Group Administration expenses and shares in affiliate profits or losses. The operating loss was € 8 million (operating profit of € 43 million). The earnings decreased significantly on last year because the profit for the comparison period included an earnings impact of € 53 million from the sale of OP Life Assurance shares. 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 here, as it specialises in the financing and management of credit issued under payment cards, for which there is no collateral. OKO Bank's investments in Kotipankki totalled € 4 million at year-end and its holdings were 20.8 per cent.

During 2004, OP-Kotipankki's loan portfolio grew by 6 per cent and its operating profit amounted to € 12 million (13). The affiliate profit recorded in the consolidated income statement was € 1.8 million (1.9).

Toimiraha Sold its Business

OKO Bank's share of holding in Toimiraha Oy is 33.3 per cent. Toimiraha sold its business operations to Automatia Pankkiautomaatit Oy in December, which increased Toimiraha's profit for the period to € 7.1 million (0.3). The intention is to dissolve the company during the current year. The affiliate profit recorded in the consolidated income statement was € 2.4 million (0.1).

Weakening Earnings in 2005

The earnings of Group Administration are expected to fall somewhat short of the year 2004 because expenses are increasing and the shares of affiliate profits are decreasing.

Financial Performance

€ million	04	03	Change, %
Net interest income	-1	-1	-67
Other income	4	55	-92
Total income	**3**	54	-95
Expenses	12	11	1
Loan losses and write-downs	-1	-1	9
Operating profit	**-8**	43	-

	Dec. 31	Dec. 31
Personnel	**45**	40

"For the last two years I have prepared the introduction of IAS/IFRS accounting standards within OKO Bank. We made the transition to the new accounting principles at the beginning of 2005. The project has been extensive and will continue until the standards become a part of everyday work."

Marianna Järvinen
Controller
Business Control

Stable Risk Position – Effort Invested in Risk Management

Strong growth was expected at the beginning of 2004, and this became true in all divisions on the basis of moderate risk-taking. The rating distribution of exposure and other risk indicators show that despite strong growth, the Bank's risk position has remained stable.

OKO Bank's strategic target is to further strengthen its market position. The significance of risk management is emphasised even more than before from viewpoints such as strategic risk management, efficient use of capital and steering the profitability and risk targets of business.

The reform of capital adequacy regulations (Basel II) as of the beginning of 2007 will also emphasise the role of risk management and internal control. OKO Bank has purposefully developed risk management in accordance with business needs, taking the requirements of the new capital adequacy regulations into account.

A process development programme has been initiated to ensure growth, profitability and customer service quality. The most important processes from a business viewpoint have been described with regard to corporate and private customers, and partly with regard to joint investment customers. Some of the targets established have already been achieved through process development, but the work continues in order to further improve customer service quality and the efficiency of operations.

Efficient and proactive risk management is one of the most important long-term success factors for banks. Due to this, OKO Bank is committed to risk management and a culture that prevents risks in advance.

Helena Walldén
Executive Vice President
OKO Bank

"The Corporate Services department specialises in corporate cash management, foreign trade and financing services. It has approximately one hundred employees. My central task as the head of the department is to create a working environment in which our team is able to achieve the challenging objectives derived from OKO Bank's strategy."

Markku Vehmas
Senior Vice President
Corporate Services

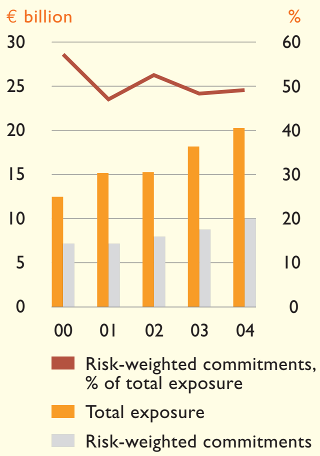
Total Exposure

€ billion	Dec. 31, 2004	Dec. 31, 2003	Change, %
Claims on the public and public sector entities	**8.8**	7.6	16
Claims on credit institutions and central banks	**3.8**	3.6	6
Debt securities	**3.3**	2.9	12
Unused standby credit facilities	**2.5**	2.3	11
Guarantees and documentary credits	**1.4**	1.2	20
Derivative contracts	**0.2**	0.1	38
Other off-balance sheet items	**0.4**	0.4	-27
Total	**20.3**	18.2	12

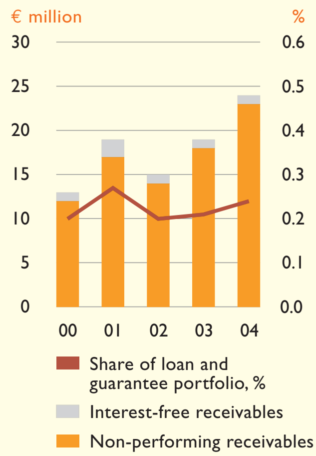
Total Exposure by Counterparty

€ billion	Dec. 31, 2004	Dec. 31, 2003	Change, %
Corporates	**7.9**	6.6	19
Finance and insurance	**4.3**	4.7	-9
Cooperative banks and OP Bank Group Central Cooperative	**3.2**	2.5	26
Private customers	**2.4**	2.1	15
Non-profit institutions	**1.8**	1.6	17
Public entities	**0.6**	0.6	10
Total	**20.3**	18.2	12

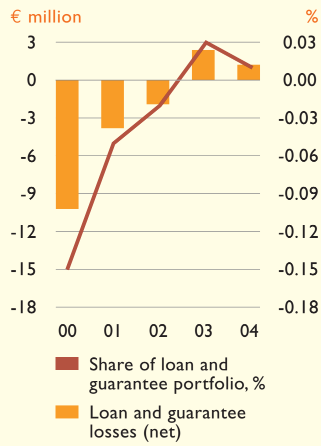
Total Exposure and Risk-weighted Commitments



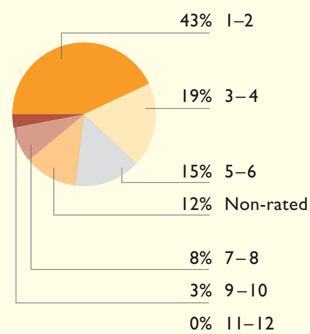
Problem Loans



Loan and Guarantee Losses



Total Exposure by Credit Ratings *



* Excl. private customers

Credit Risk Exposure

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 with specific loan loss provisions.

Credit Ratings of Exposure at a Good Level

Despite a 12 per cent increase in total exposure, the credit risk position has remained stable. The proportion of risk-weighted items in total exposure, used for the calculation of capital adequacy, was less than 50 per cent. The proportion of investment-grade exposure, referring to rating classes 1 to 4 (excluding private customers) in total exposure, was 62 per cent and the proportion of classes 5 to 10 was 25 per cent. Classes 11 and 12 represented less than one per cent and non-rated exposure 12 per cent. The credit risk associated with private customers can be considered very low because 90 per cent of private customer exposure is covered by collateral.

Although corporate customers' credit ratings fell slightly, they remained good. The proportion of investment-grade exposure in total corporate exposure was 39 per cent, which is less than one percentage point lower than in the previous year. Decreasing credit ratings resulted in a € 20 million increase in exposure belonging to the two weakest ratings, which amounted to € 33 million or 0.4 per cent of corporate exposure.

Proportion of Problem Loans Unchanged

Past due payments grew by € 3 million to € 16 million but represented 0.2 per cent of the total loan and guarantee portfolio, as they did a year earlier. Problem loans, which refer to non-performing and interest-free receivables, increased by € 6 million to € 24 million. Their proportion in the loan and guarantee portfolio also remained at the previous year's level of 0.2 per cent.

Less than € 5 million (6) 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 slightly more than € 3 million (3). The net impact of loan and guarantee losses on earnings was € 1 million (2). The amount of loan losses and write-downs is anticipated to remain small unless there are unexpected changes in the business environment or the customers' financial positions. This forecast is based on the small number of non-performing loans and the moderate credit risk level in terms of total exposure.

Moderate Market Risks

Interest rate, equity market and foreign exchange risks were kept at a low level. Their proportion in the Group's risk-weighted commitments was 5 per cent at the year-end, which is slightly less than the previous year.

Equity market exposure totalled € 84 million, with listed shares representing € 48 million, and investments in venture capital funds and unexecuted investment commitments € 36 million.

The under one-year funding risk remained at the previous year's level. The € 1.3 billion increase in the loan portfolio and the € 0.7 billion increase in the funding of member banks was mostly funded by debt securities.

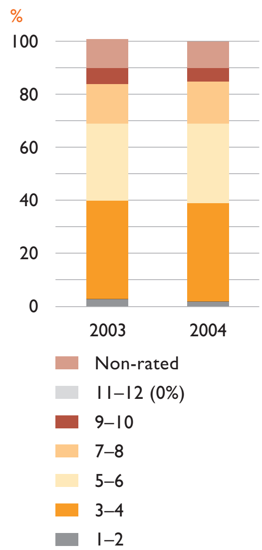
Earnings Impact of Operational Risk Minor

Operational risk management focused on reducing the most significant risks identified in connection with the risk surveys. A comprehensive survey of the Group's insurance coverage was prepared and the insurance policies were renewed on this basis.

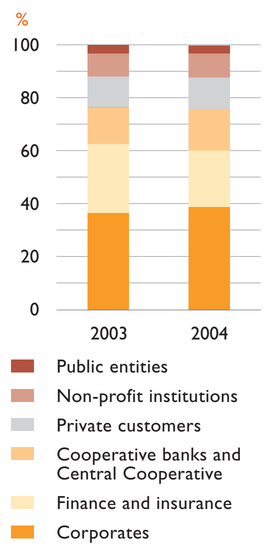
The realisation of risks is monitored by preparing statistics on damage caused by operational risk. The quality of risk surveys is evaluated in relation to realised damage.

The negative impact of operational risks on earnings was € 0.6 million (0.4).

Total Corporate Exposure by Credit Rating



Total Exposure by Counterparty



SHARES AND SHAREHOLDERS

Number of Shares Doubled

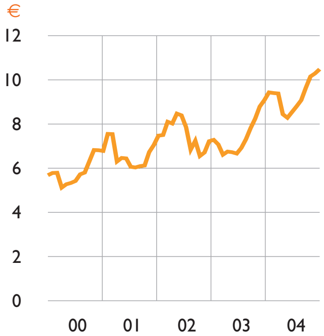
OKO Bank's shares are divided into Series A and K. Series A shares are intended for the general public and are quoted on the Helsinki Stock Exchange, whereas the ownership of series K shares is restricted to companies and entities that are part of the OP Bank Group. The share series differ also in other 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.

In accordance with the Executive Board's proposal, shareholders decided at the Annual General Meeting on March 31, 2004 to double the number of shares in the Bank. The increase in the number of shares was carried out without increasing the share capital so that each of the Bank's shares was split into two new shares (split 1:2). The change was entered in the Trade Register at the end of April. After the split, the counter value of each share is € 2.10.

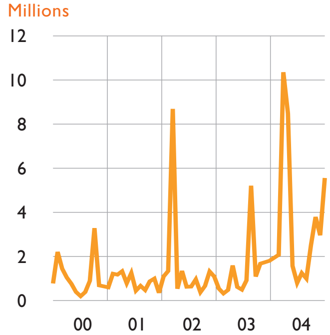
The share split changed the subscription ratio of the 1999 option scheme. One option right entitles to the subscription of two new Series A shares instead of one. The B options belonging to the option scheme were listed on the Helsinki Stock Exchange at the beginning of October as an additional batch of A options. Before listing, the B options were combined with the A options and the name was changed to 1999 A/B option rights.

By the end of the year, 5.8 million Series A shares had been subscribed for using the option rights, and slightly less than 1.8 million of these were entered in the Trade Register during the reported year. The registrations raised OKO Bank's share capital by € 3.7 million to € 206.2 million. In addition, slightly over € 1.5 million was recorded in the share premium fund. The 1.2 million shares subscribed for in December were registered on January 13, 2005. All the shares referred to above entitle their holders to a full dividend for 2004. Taking the share split into account, the subscription price was € 3.585 until April 4, 2004 and € 2.785 there-

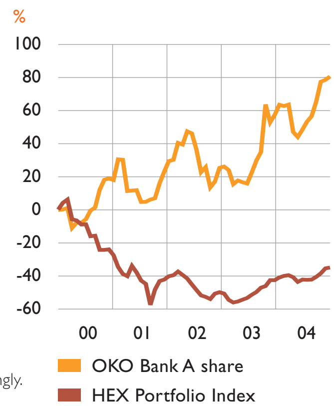
Average Price of A Shares *



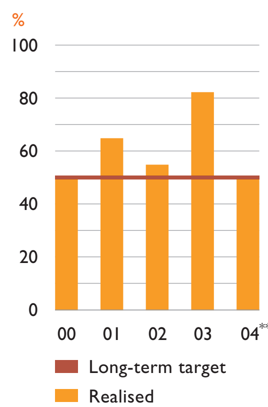
Monthly Turnover of A Shares *



Proportional Change in OKO Bank A Share and HEX Portfolio Index *



Dividend Payout Ratio



* At the end of April 2004 OKO Bank´s share was splitted and the time series adjusted accordingly.
** Proposal of the Executive Board

after. The payment of an additional dividend (December 10, 2004) decreased the subscription price to € 2.485.

If the Shareholders' Meeting in the spring approves the dividend of € 0.53 per share as proposed by the Executive Board, the subscription price for new shares to be subscribed using the 1999 stock options will decrease on the record date of 5 April 2005 by only € 0.38 to € 2.105, since this is the minimum subscription price stipulated in the terms of the option loan.

Member co-operative banks converted 66,660 Series K shares into Series A shares under the conversion clause in OKO Bank's Articles of Association.

At the end of the year, OKO Bank owned no own shares, nor has the Annual General Meeting given the Bank authorisation to acquire own shares.

Approximately 26,000 Shareholders

OKO had slightly less than 26,000 shareholders at the end of the year, and approximately 95 per cent of these were private citizens. The largest individual shareholder was the OKO Bank's parent company, the OP Bank Group Central Cooperative, which held 39.4 per cent of the shares and 56.3 per cent of the votes. The number of nominee registered shares in proportion to all Series A shares increased by two percentage points to slightly less than 22 per cent.

Increased Price and More Trading Volume

During the reported year, the HEX portfolio index of the Helsinki Stock Exchange increased by 15 per cent, and the development of OKO Bank's Series A share was similar. The share price at the year-end was € 10.42 compared to € 9.05 a year earlier. Meanwhile, the average price of € 9.40 was more than one-fourth higher than in the previous year. The share price reached a high of € 10.78 during the year and a low of € 7.98.

Trading volume increased significantly. Approximately 43 million shares, representing more than one half of all Series A shares, changed hands during the year. The previous year's trading volume was approximately one fourth of the shares. Financial indicators and share-specific ratios for five years are presented in Note 44.

Trading in options remained buoyant. The trading volume was approximately 1.7 million options, slightly more than in the previous year. The option price reached a high of € 15.93 and a low of € 10.50.

Shares of different series

Dec. 31, 2004	Series A	Series K
Number of shares	75 947 914	22 086 776
% of shares	77.5	22.5
% of votes	40.7	59.3

Major shareholders

Dec. 31, 2004	% of shares	% of votes
OP Bank Group Central Cooperative	39.4	56.3
Nominee-registered shareholders	16.8	8.8
OP Bank Group Pension Foundation	1.8	1.0
Oulun Osuuspankki	1.7	3.1
Turun Seudun Osuuspankki	1.2	0.7
Etelä-Karjalan Osuuspankki	0.9	0.5
Pohjola Finland Value Fund	0.7	0.4
Thominvest Oy	0.6	0.3
Savonlinnan Osuuspankki	0.6	0.3
Rauman Seudun Osuuspankki	0.5	0.3

Major shareholders of Series A share

Dec. 31, 2004	% of Series A shares
OP Bank Group Central Cooperative	29.0
Nominee-registered shareholders	21.7
OP Bank Group Pension Foundation	2.4
Turun Seudun Osuuspankki	1.5
Etelä-Karjalan Osuuspankki	1.1
Oulun Osuuspankki	0.9
Pohjola Finland Value Fund	0.9
Thominvest Oy	0.8
Savonlinnan Osuuspankki	0.7
Rauman Seudun Osuuspankki	0.7

PERSONNEL

"OKO Bank acts as the central bank of the OP Bank Group and is responsible for its's liquidity. I have been involved in the financing of member banks and associated counselling for more than 20 years. Shortage of funds was common in the past, and we granted also loans of quite small amounts to the member banks. Today, the availability of funding at market terms is good. Our funding services have become more and more electronic in recent years."

Mikko Pulkkinen

Finance Manager, Finance of Member Banks

OKO Bank and its subsidiaries employed 1,242 people at the end of 2004. The number of personnel increased by 129 during the year, which was mostly attributable to the consolidation of Helsingin Seudun OP-Kiinteistökeskus, real estate agency. With the effect of OP-Kiinteistökeskus eliminated, the increase was 45 people.

Equality Plan Completed

The responsible human resources management policy was supplemented in 2004 by an equality plan intended to guarantee equal treatment and equal opportunities for all employees. The versatility of personnel is considered a strength at OKO Bank. Among other things, it improves the Bank's ability to face business challenges. Equality is also included in OKO Bank's values confirmed at the end of the year.

Gender equality receives particular attention. The proportion of women in front and back office tasks is clearly higher, at 87 per cent, while men have the majority in specialist and managerial tasks, at 57 per cent.

OKO Bank Personnel more Satisfied than Benchmark Group

One of the means for developing job satisfaction is a personnel survey, the results of which are used to develop procedures and the work community. OKO Bank has conducted a survey on employee satisfaction in seven 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 2004 survey were very similar to the previous year's results. The results varied by employee groups: Results for superiors and specialists were at the previous year's level and were very good in comparison to an external benchmark group. Results for office employees were weaker than those of other employee groups but slightly better than the previous year.

Job satisfaction is developed persistently. A good work atmosphere belongs to the operating plans of each unit also in the current year.

OKO Bank Succeeding and Reforming with Customers

Organisational competence and reform are the cornerstones of OKO Bank's success. As a part of these, staff expertise is continuously developed and managed divisionally.

During the year, Corporate Banking defined the success competencies derived from the vision and strategy, assessed the levels and confirmed targets. Development actions called for by the targets were initiated and continued. Customer opinions, also under regular surveying, are important for the assessment and steering of competence and development.

Important areas for competence development within Corporate Banking included sales of services, management of new products and teamwork skills. Training within Investment Banking focused on asset management and securities brokerage examinations. Competence development within Retail Banking was continued in all service sectors. Sales management was under particular focus, and comprehensive training for managers was carried out in the autumn to improve this. Development areas shared by all divisions included leadership, risk management (with special emphasis on the Basel II framework), changes in business and reporting due to IFRS, as well as process competence.

Means of competence management include biannual appraisal discussions on personal development objectives and the measures required to achieve them. It is the task of managers to create preconditions for learning, and everyone is responsible for achieving his/her target within this framework.

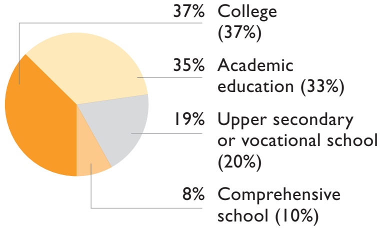
The managerial work development programme "Balance" was carried out on the basis of the results of the 2003 personnel survey and involved all managers with the exception of Retail Banking. Its purpose was to clarify and balance the roles of managers and emphasise the importance of managerial work. Thus, "Balance" aimed to improve the work conditions of all employees.

During preparation of the OKO Bank strategy, values were discussed within each division in order to achieve a common understanding of the contents of the values in everyday work.

Retail Banking has used a 360° survey as a tool for developing managerial work for several years. The survey includes the subject's own assessment of the quality of his/her managerial work, as well as assessments by his/her superior and subordinates.

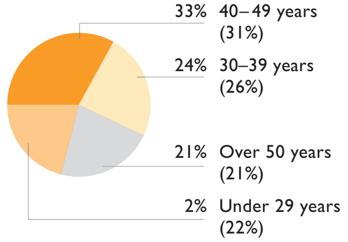
In addition to on-the-job learning, competence development support included training purchased from outside training providers. Training costs, excluding salary costs for the training period, amounted to

Personnel by Education
in 2004 (2003)



Excl. Helsingin Seudun OP-Kiinteistökeskus

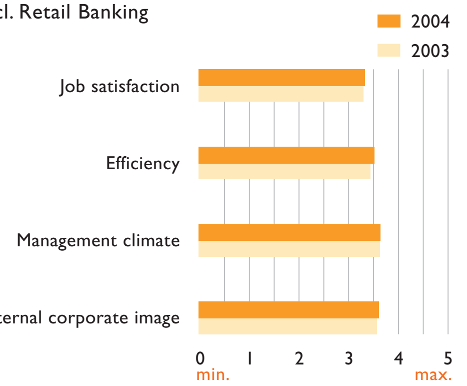
Personnel by Age Groups
in 2004 (2003)



Result of Personnel Survey, Retail Banking

The survey was conducted by Innotiimi Oy / Feedback Oy.

Result of Personnel Survey, excl. Retail Banking



The survey was conducted by Psycon Feedback Solutions Oy.

€ 1.4 million, which accounted for 2.5 per cent of total personnel costs. In 2003, training costs were 1.9 per cent.

Incentives Paid for 2003 Amounted to € 3.2 Million

Rewarding personnel for excellent performance is an integral part of OKO Bank's management system. Short- and long-term rewards support the achievement of targets in accordance with the strategy.

Short-term rewards are based on the achievement of targets set for each year. The annual incentive schemes are customised for each division. The amounts paid are based on the division's results.

Annual achievements are compared to jointly established targets at appraisal discussions. OKO Bank rewards both individual and team performance.

Once again, incentives represented a significant portion of the total salaries and compensation in 2004. Based on performances in 2003, a total of € 3.2 million in performance-based incentives were paid to 936 people, representing 6.9 per cent of all salaries and compensation in 2003.

Reforms in Long-term Incentives

A personnel fund was established in 2004. It will invest a significant share of its profit-sharing transfer in OKO Bank's shares. In addition to that, a new incentive scheme for management was confirmed. In the scheme, the incentives will be paid as OKO Bank shares. The personnel fund and the incentive scheme will replace the option-based incentive scheme expiring in October 2006. The rewards are based on the achievement of OKO Bank's strategic targets.

OKO Bank, Okopankki Oyj and Helsingin Seudun OP-Kiinteistökeskus Oy joined the personnel fund in 2004. Membership in the personnel fund includes all employees of each of the companies involved, with the exception of separately named managers included in the management scheme.

At the beginning of 2005, OKO Bank Group had 1,117 members in the personnel fund and 43 persons belonging to the incentive scheme for management.

In 1999, a decision was made to create a stock option scheme for all employees, and the associated A/B options are listed on the Helsinki Exchanges. The subscription period for A options started on October 1, 2002, followed by B options on October 1, 2004. The subscription period for both options will end on October 30, 2006. The number of stock option holders in OKO Bank and its subsidiaries totalled 205 at the end of 2004.

Key personnel of Opstock Ltd have been offered a stake in the company since 1999. At the end of 2004, Opstock's personnel had a 15 per cent holding of the company.

The long-term incentive systems are described in more detail in Notes 38 and 71 to the financial statements.

In 2003, Helsinki Stock Exchange, 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 present framework of its Corporate Governance model.

In September 2004, the Executive Board of OKO Bank decided to prepare a memorandum on renewal of the Bank's Corporate Governance. The memorandum is based on the above mentioned Recommendation for the Corporate Governance of listed companies. The possibility of abolishing the Supervisory Board of OKO Bank is raised, as well as the replacement of the internal Board of Directors (Executive Board) by an external Board of Directors.

The main parts of OKO Bank's Corporate Governance practices are compiled here. Additional information can be found at the address www.oko.fi/english. OKO Bank's risk management system is described in the financial statements , pages 24-32.

Annual General Meeting

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.

Shareholders who wish to attend the Meeting must be inscribed as a shareholder in the register of shareholders maintained by Finnish Central Securities Depository Ltd 10 days before the Annual General Meeting or as a nominee-registered shareholder temporarily inscribed in the Bank's register of shareholders on the day given, and who has informed the Bank on attendance no later than on the day mentioned in the notice of the meeting.

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 2004, the Supervisory Board convened 5 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.

Following the decision on monthly compensations taken at the Annual General Meeting in the spring of 2004, the Chairman of the Supervisory Board was paid € 1,500, the Vice-Chairmen received € 750 and other members of the Supervisory Board were paid € 200. In addition, the members of the Supervisory Board were paid € 200 for each meeting, as well as the necessary travel and accommodation expenses.

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 decides on the Bank's and its subsidiaries' strategy and main business objectives as well as confirms the management structure and policies.

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. The duties and responsibilities of the members and deputy members are confirmed by the Bank's Supervisory Board.

As specified in the guiding principles, the Executive Board convenes once a week or whenever necessary. In 2004, the Executive Board held 54 meetings. The average participation rate was 91%.

The Executive Board has not appointed any committees from among its members for the preparation of matters to be handled. For the purpose of business management, there are 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.

A personnel fund was established in 2004, and a separate incentive scheme for management to which the representatives of management belong by the decision of the Supervisory Board. 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 € 1,200,297 in 2004. Of this total, the income from exercising the 1999 A/B stock options was € 865,800.

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 CFO. 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.

In 2004, audit fees amounted to a total of € 190,198. This amount includes the statutory auditing of the accounts for 2004 of group companies and the contract-based extended audits conducted during this period. Compensation for other services paid to the audit company totalled € 102,405.

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 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 to be applied in both groups. The guidelines correspond to the recommendation given by the Helsinki Stock Exchange. In accordance with the Securities Markets Act, permanent insiders include the members and deputy members of OKO Bank's Supervisory Board and Executive Board, the President and the auditors. Furthermore, OKO Bank's permanent insiders include the members of the OP Bank Group Central Cooperative's Supervisory Board and Executive Board, as well as the middle management of the Central Cooperative and OKO Bank. In addition to these, permanent insiders include specialists and other employees in separately designated tasks within the Central Cooperative and OKO Bank who continuously possess detailed information on the financial position of OKO Bank (mainly employees in financial management, communications and special management tasks). At the end of 2004, the permanent insider register comprised 236 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. Information on the shares owned by members of OKO Bank's Supervisory Board, Executive Board and auditors and securities entitling to these shares is also available on the Internet (www.oko.fi/english).

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
- Confederation of Finnish Industries, EK, Member of the Board and its Working Committee

Vice Chairman
Reijo Karhinen, b. 1955
President,
OP Bank Group Central Cooperative
Member of the Board since 1994

- The Association of the Pension Foundations,
  Chairman of the Board of Directors
- The Finnish Pension Alliance TELA,
  Second Deputy Chairman of the Board of Directors
- Luottokunta,
  Chairman of the Board of Directors
- The Finnish Housing Fair,
  Second Deputy Chairman of the Board of Directors
- The Finnish Bankers' Association,
  First Deputy Chairman of the Board of Directors

Holds 10,000 OKO Bank Series A shares.

Mikael Silvennoinen, b. 1956
President, OKO Bank
Member of the Board since 1994

- Unico Banking Group,
  Member of the Steering Committee

Holds 2,400 OKO Bank Series A shares.

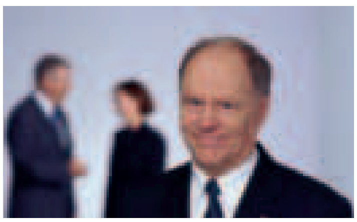
January 1, 2005

Timo Ritakallio, b. 1962
First Executive Vice President, OKO Bank
Member of the Board since 1997

- OMX Exchanges Ltd, Member of the Board of Directors
- SSH Communications Security Corp., Member of the Board of Directors
- Stockholmsbörsen AB, Member of the Board of Directors

Holds 1,600 OKO Bank Series A shares.
Share options for 25,000 A shares.

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 30,000 OKO Bank Series A shares.

Helena Walldén, b. 1953
Executive Vice President, OKO Bank
Member of the Board since 1994

- Finnish Fur Sales, Member of the Board of Directors

Share options for 40,000 OKO Bank Series A shares.

Deputy Members

Raimo Tammilehto, b. 1943
Executive Vice President,
OP Bank Group Central Cooperative
Member of the Board since 1985
Holds 10,052 OKO Bank Series A shares.
Share options for 3,500 A shares.

Jarmo Viitanen, b. 1960
Executive Vice President, OKO Bank
Member of the Board since 2001
Holds 7,500 OKO Bank Series A shares.
Share options for 7,500 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 Oy Ab
Raimo Saarikivi,
Authorised Public Accountant

ORGANISATION

Chairman and CEO
*Mr Antti Tanskanen**

President
*Mr Mikael Silvennoinen**

Business Control and IR
Ms Marja Huhta

Corporate Banking
*Mr Timo Ritakallio**
Corporate banking, Leasing and factoring, Venture capital, Debt capital markets, Money market and foreign exchange

Investment Banking
Mr Risto Murto
Securities brokerage, Corporate finance, Asset management, Alternative investments, Investment research

Retail Banking
Mr Hannu Tonteri
Retail customer services, Services for SMEs

Group Treasury
*Mr 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

Risk Management, Operations and Processes
*Ms Helena Walldén**
Risk management, Implementation and service processes, Cash management, Custodial services, IT management and systems, Development of online services, Legal affairs

Retail and Wholesale Industry´s Financing Services
Mr Heikki Rissanen

Money, Foreign Exchange and Debt Capital Market
Mr Antti Heinonen

Corporate and Institutional Clients
Mr Jarmo Viitanen **

– Major Clients
Mr Heikki Pelto-Arvo

– SMEs and Institutional Clients
Mr Hannu Jaatinen

– Leasing and Factoring
Mr Hannu Lahtinen

Corporate Finance
Mr Jarmo Tiihonen

Back Office and Administration
Mr Rami Kinnala

Asset Management
Mr Matti Rantalainen

Alternative Investments
Mr Reima Rytsölä

Securities and Investment Research
Ms Tarja Ollilainen

Administrative Services
Mr Juha Harsu

Branch Office Services
Mr Timo Teinilä

Asset Management
Mr Jussi Huttunen

Business Banking Services
Mr Markku Venäläinen

Real-estate Investments
Mr Kari Karvonen

Group Treasury and International Affairs
Mr Jorma Alanne

Legal Affairs
Mr Jari Jaulimo

Risk Management
Mr Jouko Pölönen

Custody and Treasury Back Office Operations
Mr Ville-Pekka Veijola

Corporate Banking IT Systems
Mr Simo Virkki

Corporate Services
Mr Markku Vehmas

February 1, 2005
* Member of the Executive Board
** Deputy Member of the Executive Board
Member of the management Committee

SUPERVISORY BOARD

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

Mr **Ola Eklund** (2000),
Product Director, Karjaa, 2003–2006
Mr **Paavo Haapakoski**, Principal (1997)*,
Pyhäjoki, 2003–2006, Deputy Chairman
Mr **Mauri Hietala** (2000),
Business Development Director, Seinäjoki 2004–2007
Mr **Jukka Hulkkonen** (2003),
Managing Director, Halikko, 2003–2006
Mr **Jari Laaksonen** (2003),
Managing Director, Asikkala, 2003–2006
Mr **Erkki Laatikainen** (1997),
Professor, Jyväskylä, 2002–2005
Mr **Juhani Leminen** (2004),
Managing Director, Polvijärvi, 2004–2007
Mr **Heikki Oja** (2001),
Farmer, Tervola, 2003–2006
Mr **Jaakko Ojanperä** (2000),
Managing Director, Kuopio, 2002–2005
Mr **Seppo Penttinen** (1996) **,
Professor, Savitaipale, 2002–2005, Chairman
Mr **Jukka Ramstedt** (1997),
Managing Director, Pori, 2004–2007
Mr **Pertti Ruotsalainen** (2003),
Hospital Physicist, Mynämäki, 2003–2006
Mr **Heikki Teräväinen** (1997),
Managing Director, Toijala, 2004–2007
Mr **Pekka Vilhunen** (2003),
Managing Director, Varkaus, 2004–2007
Mr **Keijo Väänänen** (1995),
Professor, Vaala, 2004–2007

Other members

Ms **Kaarina Aho** (1997),
Managing Director, Tornio, 2003–2006
Mr **Heikki Eteläaho** (2002),
Managing Director, Ylitornio, 2002–2005
Mr **Jussi Hautamäki** (1997),
Lieutenant General, Kerava, 2002–2005
Mr **Harri Kainulainen** (2002),
Managing Director, Helsinki, 2002–2005
Mr **Olavi Kuusela** (2000),
Managing Director, Helsinki, 2003–2006
Mr **Eero Lehti** (2002),
President, Kerava, 2002–2005
Ms **Kati Myllymäki** (1997),
Senior Medical Officer, Mikkeli, 2003–2006
Mr **Ulf Nylund** (2001),
Managing Director, Vaasa, 2002–2005
Mr **Seppo Paatelainen** (1997),
Managing Director, Seinäjoki, 2004–2007
Ms **Leena Rantanen** (2001), Director for the
Central Church Fund, Helsinki, 2004–2007
Ms **Valvatti Remes-Siik** (1997),
M.Sc. (Agr.For), Oulu, 2002–2005
Mrs **Astrid Thors** (1992), Member of the
Parliament, Helsinki, 2004–2007
Mr **Timo Vallittu** (2004),
Chairman, Helsinki, 2004–2006
Mr **Erkki Vähämaa** (1997),
Mayor, Kajaani, 2004–2007

Members on January 1, 2005
The year next to the name indicates since when the person has been a member of the Supervisory Board.

* Deputy Chairman
** Chairman

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 Thursday, March 31, 2005, at 1.30 pm.

The Executive Board proposes that a dividend of € 0.53 be paid on Series A shares and € 0.50 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, 2005, 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 12, 2005.

Interim Reports in 2005

May 12	January–March
August 11	January–June
November 10	January–September

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.oko.fi/english.

At the same address, you can order OKO Bank's Stock Exchange Releases (e.g. Interim reports) to your own e-mail.

Annual Report Orders and Changes of Address

OKO Bank and OP Bank Group:
IR@oko.fi, tel. +358 10 252 2765

Information for Investors at www.oko.fi/english

The address www.oko.fi/english offers information for example on the OKO Bank Share and its price development.

IR Contact Information

For equity investors:
Ms Marja Huhta, CFO, Head of IR,
tel. +358 10 252 2037
Mr Olli Kankkunen, Vice President,
Business Control, tel. +358 10 252 3864
Ms Tiina Hedberg, Secretary to the President,
tel. + 358 10 252 2314
IR@oko.fi

For debt investors:
Mr Timo Ritakallio, First Executive Vice President,
tel. +358 10 252 4322
Mr Jorma Alanne, Senior Vice President,
tel. +358 10 252 4450

E-mail addresses: firstname.surname@oko.fi

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
- *EQ Bank Ltd., tel. +358 9 681 781*
- *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. 010 444 2454*
- *J.P. Morgan Securities Ltd.,*
  tel. +44 (0 20) 7451 8000
- *Mandatum Stockbrokers Ltd, tel +358 10 23 610*
- *Nordea Securities Oyj, tel. +358 9 12 341*

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Telefax +358 10 255 6265

Opstock Ltd
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Finland
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Telefax +358 10 252 2434

OKO Venture Capital Ltd
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Finland
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Telefax +358 10 252 3652

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firstname.surname@oko.fi

Picture on the front cover:

Ms Mari Hämäläinen, Manager, Custody and Treasury Back Office Operations

Graphic design and production: Dynamo Identity. Photos: Mr Numi Nummelin. Printing: Libris, Helsinki, Finland 2005.

OKO BANK

FINANCIAL STATEMENTS 2004

CONTENTS

Information for Shareholders

The Annual General Meeting of OKO Bank (OKO Osuuspankkien Keskuspankki Oyj) will be held at Finlandia Hall in Helsinki on March 31, 2005, at 1.30 pm. The Executive Board proposes that a dividend of € 0.53 be paid on Series A shares and € 0.50 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, 2005, 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 12, 2005.

REPORT OF THE EXECUTIVE BOARD

RESULT OF OPERATIONS AND FINANCIAL POSITION

Financial Performance

OKO Bank recorded an operating profit of € 134 million (174).[1] The figure includes slightly over € 10 million of capital gains from OMX AB shares. Financial performance in the comparison period 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 improved the profit by € 11 million. This translates to a € 14 million increase in the comparable operating profit.

Performance € million	2004	2003	Change, %
Total income (incl. commission expenses)	276	324	-15
Total expenses (excl. commission expenses)	147	139	6
Loan losses and write-downs	2	7	-77
Share of affiliate profits/losses	6	-3	
Operating profit	134	174	-23

Return on equity was 13.9 per cent (18.5) and earnings per share € 1.05 (1.33). The cost/income ratio was 56 per cent (45). In the comparison period, 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.

The consolidated net profit for the fiscal year after appropriations, taxes and minority interest was € 101 million (126).

Net Interest Income and Net Income from Securities Trading

Net interest income rose to € 164 million (161). Net losses from notes and bonds trading totalled € 16 million (-15).

Net interest income, excluding Treasury, amounted to € 124 million (120).

The Treasury earnings recorded as consolidated net interest income and net trading income from notes and bonds, included in net income from securities trading, amounted to € 25 million (26).

Net income from equity trading amounted to € 15 million (6). The € 10 million capital gain from the OMX shares sold by OKO Bank had a significant impact on net income. At the end of the year, OKO Bank held 1.6 million shares in OMX as a long-term investment. The figure for the comparison period included € 2 million of capital gain from OMX shares sold by Opstock (a subsidiary of OKO Bank).

Unrealised appreciation of listed shares amounted to € 17 million (26) at the year-end. OMX shares excluded, unrealised appreciation amounted to € 6 million (4).

Other Income

Dividend income totalled € 7 million (9). Income in 2003 included slightly less than € 4 million in additional dividends from HEX Plc.

Net commissions and fees rose by more than a fifth to € 79 million (66). The increase was primarily generated from securities brokerage and issuance, lending and asset management.

[1] The brackets contain comparative figures from 2003. Figures from the income statement as well as other cumulative figures are compared with those recorded in 2003. Balance sheet figures and other benchmarks are compared to the previous balance sheet date (December 31, 2003).

Net Commissions & Fees			Change,
€ million	2004	2003	%
From lending	18	14	27
From payment transfers	17	16	6
From securities brokerage	17	10	79
From securities issuance	5	5	7
From asset management	12	10	18
From guarantees	5	5	10
Other fee income	5	7	-24
Total	79	66	20

Other operating income amounted to € 20 million (90). The figure for 2003 included a capital gain of € 59 million from the sale of OP Life Assurance shares and a capital gain of € 11 million from the sale of Kiinteistö Oy Aleksi-Hermes shares.

Comparable total income increased by 5 per cent.

Expenses

Expenses, excluding commission expenses, increased by 6 per cent to € 147 million (139). Most of this increase was attributable to Helsingin Seudun OP-Kiinteistökeskus Oy LKV, a real-estate agency, included in the consolidated accounts since the beginning of 2004. The expenses of OP-Kiinteistökeskus amounted to slightly more than € 6 million. The Group's comparable expenses were thus one per cent higher than a year earlier.

Administrative expenses rose by 9 per cent to € 112 million (103). Personnel costs represented approximately half of the total expenses and increased by 9 per cent, nearly two-thirds of which was due to the consolidation of OP-Kiinteistökeskus. The comparable increase in personnel expenses was 4 per cent. OKO Bank Group companies employed an average of 1,246 (1,138) people during the year. The number of personnel at the year-end was 1,242 (1,113).

Loan Losses and Write-downs

A total of € 4.6 million (5.6) 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 € 3.4 million (3.2). The loan and guarantee losses weakened the net profit by € 1.2 million (2.4).

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

Share of Affiliate Profits/Losses

The share of affiliate profits was € 6 million (-3). The share of OP-Kotipankki Oyj's profits was € 2 million (2), while the share of other affiliates' profits totalled € 4 million (1). In the comparison period, OKO Bank's losses in January from OP Life Assurance before the sale of its shares totalled € 6 million.

The share of Toimiraha Oy's profits increased to € 2.4 million (0.1). In December Toimiraha sold its business to Automatia Pankkiautomaatit Oy. As a result of the sale, Toimiraha's profit for the fiscal period increased to € 7.1 million (0.3). The company will be dissolved during 2005. OKO Bank holds one-third of Toimiraha.

The share of OP-Kotipankki Oyj's profits was € 1.8 million (1.9) while the share of other affiliates' profits totalled € 1.8 million (0.9).

Taxes

The Group's deferred tax liabilities were adjusted in June to reflect the reduction in the corporate tax rate that will be effective as of the beginning of 2005. This one-time adjustment improved the consolidated net profit by more than € 6 million.

Balance Sheet

The balance sheet total was € 16.4 billion (14.8) at the year-end.

Balance Sheet			Change,
€ million	Dec. 31, 2004	Dec. 31, 2003	%
Loan portfolio	8 679	7 390	17
Receivables from financial institutions	3 548	2 679	23
Notes and bonds	3 249	2 910	12
Other assets	951	1 775	-46
Assets	16 428	14 754	11
Deposits from the public	2 409	2 038	18
Liabilities to financial institutions and central banks	4 310	4 831	-11
Notes and bonds issued to the public	6 103	4 779	28
Other liabilities	2 798	2 373	18
Shareholders' equity	807	733	10
Liabilities	16 428	14 754	11

Lending

The loan portfolio, including leasing assets, grew by 17 per cent to € 8.7 billion. In Corporate Banking, the loan portfolio increased by 19 per cent and in Retail Banking by 14 per cent. The loan portfolio accounted for slightly more than half of the total assets.

At the year-end, non-performing and interest-free receivables totalled € 24 million (18). They represented 0.24 per cent of the total loan and guarantee portfolio (0.21). Specific loan loss provisions decreasing the receivables amounted to € 25 million (25).

Receivables from credit institutions – mainly from member cooperative banks of the OP Bank Group – grew to € 3.5 billion (2.7). The loan portfolio of the member banks increased more rapidly than their deposits, creating an increased funding requirement from OKO Bank. The amount of receivables from member banks increased to € 2.6 billion (1.9). Receivables from credit institutions represented one-fifth of total assets.

Other Investments

The book value of real estate holdings increased to € 116 million (113) and invested capital to € 134 million (131). Most of the increase was attributable to new premises acquired for Retail Banking. Capital invested in real estate held for rental purposes was € 89 million (91) at the year-end. Capital invested in real estate holdings represented less than one per cent of total assets. In addition, holdings in real estate investment companies totalled € 24 million (27).

Shareholdings other than real-estate holdings remained at € 119 million, or at the year-end 2003 level.

Funding

Deposits from the public increased by 18 per cent to € 2.4 billion (2.0) and made up 15 per cent of the balance sheet total. Most of the increase was in current deposits.

Liabilities to credit institutions and central banks decreased to € 4.3 billion (4.8). Most of these were member cooperative bank deposits with OKO Bank. The amount of liabilities to member banks decreased to € 3.1 billion (3.2). Liabilities to the Bank of Finland decreased to € 1.0 billion (1.2). Liabilities to credit institutions and central banks made up slightly more than one-fourth of the balance sheet total.

The funding requirement, arising from the Group's increased loan portfolio and an increase in credits granted to the member cooperative banks, was mainly funded by debt securities, the amount of which increased to € 6.1 billion (4.8). The amount of bonds increased by € 1.3 billion and short-term Euro Commercial Paper increased by € 0.2 billion. However, the number of certificates of deposit decreased by € 0.2 billion. Debt securities made up 37 per cent of the balance sheet total.

Subordinated liabilities remained at the 2003 year-end level, in other words at € 0.4 billion. In June, OKO Bank made a premature repayment of a € 50 million debenture bond considered Tier II funds and in July a $ 5 million perpetual loan, also considered Tier II funds; both were approved by the Financial Supervision Authority. In November OKO Bank issued a € 70 million debenture bond considered Tier II funds.

Shareholders' Equity

Shareholders' equity was € 807 million (733) at the year-end with distributable equity amounting to € 75 million (146).

In June OKO Bank issued a capital loan of 10 billion Japanese yen considered Tier I funds. The loan is a perpetual loan but can be called in for the first time in 2014. OKO Bank is using the loan to finance its growth and enhance capital usage. The loan was issued in June because the level of margins on capital loans issued by banks with a high credit rating was advantageous.

Off-balance Sheet Items

The aggregate amount of guarantees and other off-balance sheet items grew to € 4.1 billion (3.6), mainly due to an increase in the number of unused standby credit facilities, which amounted to € 2.4 billion (2.1) at year-end. The amount of loan and other guarantees increased to € 1.3 billion (1.1).

The credit countervalue of derivative contracts stood at € 234 million (149) at the end of the year.

Capital Adequacy

The capital adequacy ratio was 10.8 per cent. Tier I ratio to risk-weighted items was 7.1 per cent, which is slightly above the long-term target. Risk-weighted items increased by 13 per cent while the level of Tier I funds increased by € 91 million. Most of the increase was attributable to the capital loan issued in June, € 74 million of which is considered Tier I funds. Tier I funds also include the profit for the fiscal period deducted by dividends in accordance with the Executive Board's dividend proposal. The amount of Tier II funds increased by € 17 million.

€ million	Dec. 31, 2004	Dec. 31, 2003
Own funds		
Tier I	711	620
Tier II	381	364
Mandatory adjustments *)	-15	-13
Total	1 076	971
Risk-weighted receivables, investments and off-balance sheet items	9 947	8 792
Capital adequacy ratio, %	10.8	11.0
Tier I ratio, %	7.1	7.0

*) The following investments in venture capital funds, totalling € 6 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 capital adequacy ratio at the end of 2002 was 11.1 per cent; at the end of 2001, 12.8 per cent and at the end of 2000, 11.4 per cent.

The OP Bank Group's capital adequacy ratio increased to 15.8 per cent from 15.4 per cent at the end of the previous year. The corresponding figure in 2002 was 15.2 per cent; in 2001, 15.1 per cent and in 2000, 13.7 per cent.

RISK EXPOSURE

Risk Bearing Ability

Risk bearing ability is measured by the ratio of consolidated Tier I funds to risk-weighted commitments.

Risk bearing ability at the end of the year stood at 7.1 per cent, which is slightly above the average target level of 7 per cent.

Principles of risk management are described in more detail on pages 24 to 32 in the financial statements.

Credit Risk Exposure

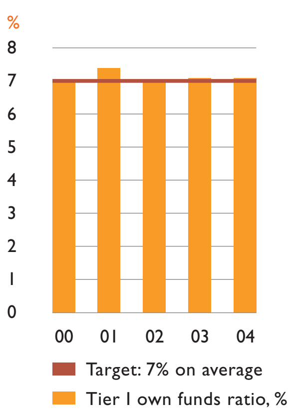
When reviewing credit risks, the focus is on the development of total exposure and the customers' creditworthiness. Total exposure means the total amount of off-balance sheet items and receivables vulnerable to credit risk. Total exposure includes both the interest and the principal adjusted with specific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

Despite a 12 per cent increase in total exposure, the credit risk position has remained stable. The proportion of risk-weighted items in total exposure, used for the calculation of capital adequacy, was less than 50 per cent.

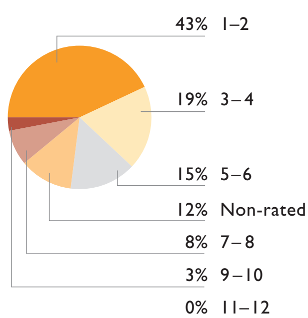
The rating distribution of total exposure is based on the creditworthiness of the primary debtor or counterparty; no collateral or guarantees have been taken into account.

The proportion of investment-grade exposure, referring to rating classes 1 to 4 (excluding private customers) in total exposure, was 62 per cent and the proportion of classes 5 to 10 was 25 per cent. Classes 11 and 12 represented less than one per cent and non-rated exposure 12 per cent.

Risk Bearing Ability: Realised and Target



Total Exposure by Rating *)



*) Excl. private customers

Problem loans, which refer to non-performing and interest-free receivables, increased by € 6 million to € 24 million, but their proportion of the loan and guarantee portfolio remained at the previous year's level of 0.2 per cent.

Total Exposure

The Group's total exposure amounted to € 20.3 billion at the end of 2004. Receivables from the public and public sector entities accounted for more than 40 per cent of the total exposure.

Total Exposure

€ billion	Dec. 31, 2004	Dec. 31, 2003	Change, %
Claims on the public and public sector entities	8.8	7.6	16
Claims on credit institutions and central banks	3.8	3.6	6
Debt securities	3.3	2.9	12
Unused standby credit facilities	2.5	2.3	11
Guarantees and documentary credits	1.4	1.2	20
Derivative contracts	0.2	0.1	38
Other off-balance sheet items	0.4	0.4	-27
Total	20.3	18.2	12

Total Exposure by Counterparty

€ billion	Dec. 31, 2004	Dec. 31, 2003	Change, %
Corporates	7.9	6.6	19
Finance and insurance	4.3	4.7	-9
Cooperative banks and OP Bank Group Central Cooperative	3.2	2.5	26
Private customers	2.4	2.1	15
Non-profit institutions	1.8	1.6	17
Public entities	0.6	0.6	10
Total	20.3	18.2	12

In the review of counterparties, total exposure is divided into six customer groups. Corporate customers were the largest customer group, representing almost 40 per cent of the total exposure.

The year-on-year increase in corporate exposure was € 1.3 billion, or 19 per cent. Loans and guarantees amounted to slightly more than 50 per cent of corporate exposure, receivable and security-backed financing amounted to 20 per cent, and unused credit facilities amounted to slightly more than 20 per cent. The rating and industry distribution of corporate exposure is analysed in more detail under Corporate Exposure.

Financial and insurance institutions were the second largest group of customers and made up 21 per cent of the total exposure. The exposure in financial and insurance institutions mostly comprised notes, bonds and deposits. Receivables from central banks are also included. Investment-grade exposure – that is, exposure with ratings 1 to 4 – made up 90 per cent of the € 4.3 billion total financial and insurance institution exposure.

The exposure of co-operative member banks and the OP Bank Group Central Co-operative grew by € 0.7 billion, or 26 per cent during the year. The exposure of the member banks and the OP Bank Group Central Co-operative is investment-grade.

Private customer exposure increased by 15 per cent to € 2.4 billion at year-end; 70 per cent of the exposure comprised housing loans, and the share of security-backed credits was slightly over 10 per cent. The credit risk associated with private customer exposure can be considered low because 90 per cent of the exposure is covered by collateral. Furthermore, the credit risk is diversified on the basis of the large number of customers. Less than 17 per cent of private customer exposure was such that the exposure exceeded two hundred thousand euro.

Non-profit organisations accounted for slightly less than 10 per cent of the total exposure. Within this group of customers, € 1.1 billion, or 64 per cent of the exposure, comprises exposure in non-profit building companies rated by the Rating Committee or housing corporations owned by municipalities. The credit risk associated with non-profit organisation exposure can be considered very low because 85 per cent of the exposure is covered by collateral.

Exposure in public sector entities increased by less than € 100 million during the year. Notes and bonds made up more than 60 per cent of the € 0.6 billion exposure in this customer group. The share of exposure in foreign public sector entities was 6 per cent, or € 40 million. More than 90 per cent of exposure in public sector entities has the highest rating.

Collateral

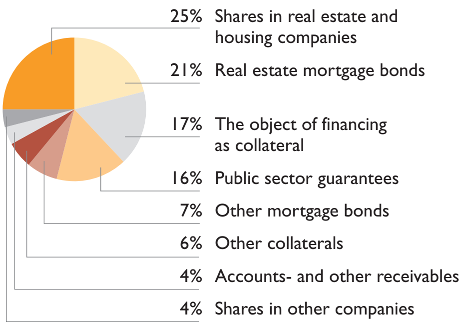
Receivables from financial and insurance institutions, member co-operative banks, the OP Bank Group Central Co-operative and public sector entities are generally not associated with collateral.

However, a substantial share of the credit risks arising from exposure in private customers and non-profit organisations is covered by collateral.

Collateral is used to reduce the credit risk associated with corporate customers with a rating clearly below investment-grade.

When providing funding to companies with high ratings, covenants protecting the lender's position are actively used. Covenants are not collateral as such but can be used to secure the preconditions for loan repayment.

Collateral Value by Collateral



Collateral value refers to a percentage of the fair value of a collateral object, determined by type of collateral.

Housing and real estate collateral made up almost 80 per cent of all collateral pledged by private customers.

With regard to collateral associated with non-profit organisations, the share of guarantees granted by public sector entities was significant, almost 44 per cent. In addition, the share of housing and real estate collateral was 36 per cent.

Large-Customer Exposure

Large-customer exposure refers to corporate customer exposure exceeding 10 per cent of the Group's own funds. The Group's own funds increased by € 105 million to € 1,076 million during the year.

The amount of large-customer exposure at year-end was € 2.2 billion, which is € 0.6 billion more than a year earlier. Large-customer exposure consisted of exposure in 14 consolidated groups. The share of large-customer exposure was 207 per cent of own funds, compared with 163 per cent a year earlier. The increase in corporate exposure is also evident as an increase of large-customer exposure. More than 60 per cent of large-customer exposure was investment-grade.

Corporate Exposure

Although corporate customers' credit ratings fell slightly, they remained good. The proportion of investment-grade exposure in total corporate exposure was 39 per cent, which is less than one percentage point lower than in the previous year.

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

Total Corporate Exposure by Credit Rating

€ million

Rating	Dec. 31, 2004	Dec. 31, 2003	Change, %
1-2	144	178	-19
3-4	2 946	2 456	20
5-6	2 342	1 916	22
7-8	1 258	974	29
9-10	415	369	12
11-12	33	13	159
Non-rated	779	719	8
Total	7 917	6 625	19

The increase in corporate exposure was focused on ratings 3 to 7.

Decreasing credit ratings resulted in a € 20 million increase in exposure belonging to the two weakest ratings, which amounted to € 33 million or 0.4 per cent of corporate exposure.

The amount of unclassified corporate exposure was € 0.8 billion, or 10 per cent. More than 60 per cent of this consisted of credit granted to entrepreneurs, real estate companies or small and medium-sized businesses in the trade and services sector. Unclassified customers' average exposure was less than € 50,000.

The largest sector was the metal industry, the share of which decreased by 3 percentage points to 14 per cent of corporate exposure.

Three other industries where exposure exceeded 10 per cent of corporate exposure were the construction industry, trade and forest industry.

The largest increases in euro were seen in the construction industry, transport and communications, as well as real estate investment.

Corporate Exposure by Industry

€ million	Dec. 31, 2004	Dec. 31, 2003	Change, %
Metal industry	1095	1094	0
Construction	1049	737	42
Retailing and wholesaling	941	794	18
Forest industry	843	815	3
Transport and traffic	607	333	82
Management of real estate	557	428	30
Other industry	480	490	-2
Food industry	480	457	5
Energy	420	369	14
Services	415	315	31
Real-estate investment companies	301	113	165
Telecommunications and electronics	249	269	-8
Chemical industry	236	114	107
Communications and publishing	225	208	8
Other industries	18	88	-80
Total	7917	6625	19

The increase in corporate exposure has originated in several different industries, which has further improved the extensive diversification of corporate exposure by industry.

Corporate exposure is also well diversified in terms of amounts of exposure.

Total Corporate Exposure by Customer's Exposure

Customer's Exposure, € million	€ billion	%
0–1	1.3	17
1–10	1.4	18
10–50	2.0	26
50–100	2.0	26
100–	1.1	13
Total	7.9	100

Country Risk

Foreign receivables amounted for less than 10 per cent of total exposure. Secondary country risk, excluding Finland, remained at the same level as a year earlier, at € 1.6 billion as of the end of 2004. The majority of country risk consisted of deposits in foreign banks and investments in foreign notes and bonds. Viewed by region, the majority of country risk originates in the EU countries; countries outside the EU accounted for 24 per cent of country risk.

Country risk increased in country risk categories 2 and 4 during the year. The greatest country risk in category 2 was associated with Estonia, at € 35 million. Country risk in category 4 consisted of 11 countries. The greatest country risks in category 4 were associated with Turkey, Russia and Brazil.

Secondary Country Risk by Group

Country risk	Moody's-rating	Dec. 31, 2004	Dec. 31, 2003	Change, %
Group 1	Aaa	1394	1428	-2
Group 2	Aa1-A3	91	72	27
Group 3	Baa1-Baa3	7	6	6
Group 4	Ba1-B3	111	53	112
Group 5	Caa1-C	4	0	-
Total		1607	1559	3

Past Due Payments and non-performing loans

Past due payments grew by € 3 million to € 16 million but represented 0.2 per cent of the total loan and guarantee portfolio, as they did a year earlier.

Problem loans, which refer to non-performing and interest-free receivables, increased by € 6 million to € 24 million. Despite of the growth, their proportion of the loan and guarantee portfolio remained at the previous year's level of 0.2 per cent.

Non-performing Receivables

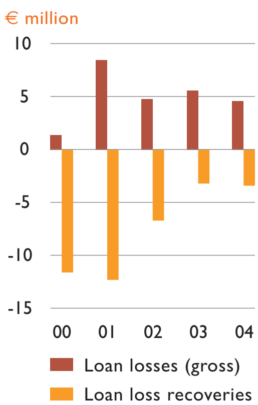
€ million	Private Customers	Corporate Customers	Other	Dec. 31, 2004, total
Non-performing and interest-free receivables	10	13	1	24
Non-performing and interest-free receivables, % of loans and quarantees	0.4	0.2	0.1	0.2
Specific loan loss provisions	2	20	4	26

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

Specific credit loss provisions that reduce the amount of receivables totalled € 26 million (25) at the year-end. € 15 million (12) of these involved non-performing receivables.

Less than € 5 million (6) 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 slightly more than € 3 million (3). The net impact of loan and guarantee losses on earnings was € 1 million (2).

Development of Loan Losses



In terms of risk appetite for credit risks, the 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 2004, credit and guarantee losses represented 0.4 per cent of annual income and 0.01 per cent of the loan and guarantee portfolio compared to 0.7 per cent of annual income and 0.03 per cent of the loan and guarantee portfolio a year earlier.

Credit Risk Position Outlook

In 2005 the amount of loan losses and write-downs is anticipated to remain small unless there are unexpected changes in the business environment or the customers' financial positions. 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 5 per cent (6) 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 the risk over several risk classes, known as the portfolio effect, was significant.

Interest rate risk remained moderate during 2004 both in trading and treasury. At the year-end, 91 per cent of the Group's interest rate exposure was in euro and 8 per cent was in US dollars. Low interest rates had a negative impact on the Group's net interest income, particularly owing to the narrower spread between interest rates in retail borrowing and lending.

The market value of the equity portfolio stood at € 83.7 million (92.1) at the end of the year. The Bank sold more than one-third of its holdings in OMX shares.

The market value of equities booked in current assets amounted to € 32.6 million, compared with € 28.4 million a year earlier. The three proportionally largest industries in the equity portfolio were: chemical industry 15 per cent, forest industry 13 per cent and trade 12 per cent.

Investments in venture capital funds totalled € 20.2 million and binding unexecuted investment commitments € 15.8 million.

Thanks to the sale of OMX shares, increased share prices and increased dividend income, earnings from equities were good.

OKO Bank's overnight currency exposure remained low throughout the year. At the year-end, net currency exposure amounted to € 3.6 million. Foreign exchange trading focused mainly on intraday trading.

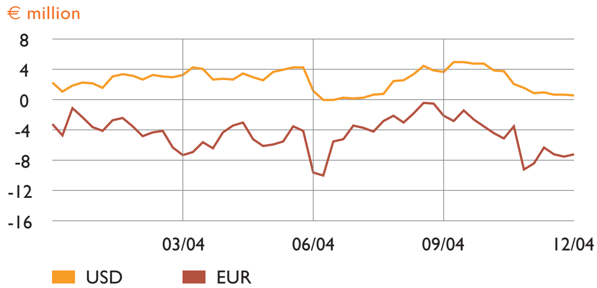
Market risks arising from the issuance of structured bonds were covered by derivatives contracts corresponding to the earnings structure of the bonds. The volumes of option business increased, particularly with regard to interest rate options, but open option positions were kept minor.

Market Risks of OKO Bank and its subsidiaries

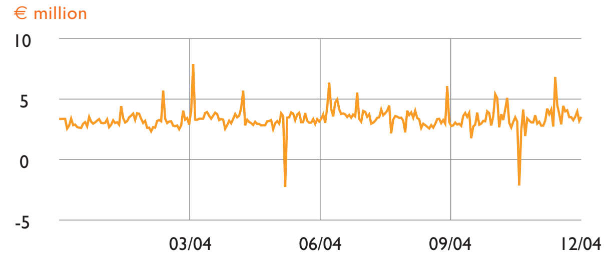
€ million	Dec. 31, 2004	On average 2004	Standard deviation 2004	On average 2003
Interest rate risk *),	7.8	7.1	2.1	8.9
of which OKO Bank's ALM	9.7	5.4	1.7	5.9
Market value of equity position	32.6	29.3	1.7	24.7
OMX shares	15.1	19.4	7.8	25.0
Venture Capital Funds	36.0	36.9	0.5	34.0
Net currency exposure	3.6	3.4	0.9	1.6

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

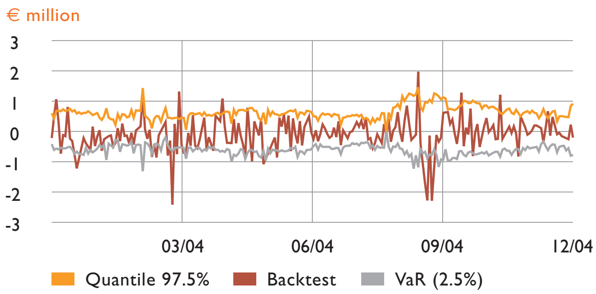
OKO Bank Group's EUR and USD -denominated Interest Rate Risk



OKO Bank's Overall Net Foreign Currency Exposure



OKO Bank's VaR on Interest Rate Risk 2004



OKO Bank's Market Risk VaR

Value at Risk € million	Dec. 31, 2004	On average 2004	VaR standard deviation 2004	On average 2003
Total	-0.78	-0.62	0.17	-0.67
Interest rate risk	-0.94	-0.53	0.17	-0.70
of which ALM	-0.43	-0.47	0.21	-0.51
Equity exposure	-0.22	-0.34	0.06	-0.46
Currency exposure	-0.02	-0.02	0.01	-0.01
Portfolio effect	0.40			

Derivatives

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

The amounts of interest rate swaps for hedging purposes, as well as interest rate and currency swaps, increased during 2004, particularly as a consequence of hedging the interest rate and exchange rate risks of bonds issued. The amounts of equity and credit derivatives used to hedge the additional earnings linked to structured bonds also increased following the issue of new bonds.

The amount of interest rate swaps in trading operations decreased, but the use of interest rate and bond futures, as well as forward exchange agreements, increased. The strengthening of the euro against the US dollar and the exceptionally low level of interest rates created more customer demand in currency and interest rate derivatives, which increased the volume of derivatives contracts in trading operations. Trading in credit derivatives was started during 2004.

The credit counter-values of derivatives contracts increased from € 149 million to € 234 million.

Credit Support Annex (CSA) agreements were signed with the most important counterparties in order to reduce counterparty risk in OTC derivatives trading. The CSA agreement defines the contracting parties' obligations to supply collateral for covering open position risk.

The unrealised market capitalisation of the derivatives used to hedge the loan portfolio and liabilities against interest rate risk amounted to € -13.5 million (-0.4). Meanwhile the unrealised market capitalisation of derivates used to hedge the investment portfolio against interest rate risk was € -4.3 million (-6.5). The balance sheet items hedged using derivatives include an equal un-booked 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 (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).

The increase in OKO Bank Group's balance sheet total by € 1.7 billion to € 16.4 billion was mostly funded by debt securities. OKO Bank issued bonds to a total value of € 1.6 billion in 2004, most of these with five-year maturity. Increased long-term funding resulted in an increase in the share of debt securities from 32 per cent to 37 per cent of total funding.

The share of the member banks' market-rate deposits decreased from 22 per cent to 19 per cent of the Group's funding, while the share of deposits from the public increased from 14 per cent to 15 per cent.

OKO Bank Group's largest funding items were certificates of deposit and Euro Commercial Papers, which are itemised by buyer group in the next table.

OKO Bank's principal funding currency is euro. Long-term loans also include those denominated in US-dollars and to a lesser extent in Japanese yen and in other currencies. The currency risk involved in these is hedged using interest rate and currency swaps.

At the year-end, the short-term net capital gap was € -714 million, or at the same level as a year earlier.The average maturity of the largest receivable item, the loan portfolio (€ 8.7 billion), was slightly more than four years, and, correspondingly, the average maturity of the largest debt item, debt securities (€ 6.1 billion), was eighteen months.

Deposits not placed in any time class consisting of current accounts and the member bank liquid reserves amounted to € 3,547 million.The notes and bonds included in trading portfolios are placed in the shortest time class 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 Funding Structure

€ million	Dec. 31, 2004	Share, %	Dec. 31, 2003	Share, %
Liabilities to financial institutions				
and central banks	1 181	7	1 636	11
Liabilities to OP Bank Group	3 129	19	3 195	22
Liabilities to the public				
and public sector entities	4 072	25	3 307	22
Deposits	2 409	15	2 038	14
Other	1 663	10	1 269	9
Debt securities issued to the public	6 103	37	4 779	32
Bonds	2 838	17	1 499	10
CDs and Euro CPs	3 265	20	3 280	22
Liabilities/deferred expenses/deferred taxes	746	5	738	5
Subordinated liabilities	390	2	366	2
Equity	807	5	733	5
Total	16 428		14 754	

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

€ million	Dec. 31, 2004	Dec. 31, 2003	Change, € million	Change, %
CD's and ECP's issued	3 255	3 505	-250	-7
to banks	1 873	1 521	352	23
to corporates	1 239	1 801	-562	-31
to other customers	142	184	-42	-23
Investments in CD's of other banks	1 491	1 527	-36	-2

OKO Bank's Funding Risk According to the Maturity
Periodic principal gap

€ million	Dec. 31, 2004	Dec. 31, 2003	Change, € million	Change, %
0–1 year	-714	-743	29	-4
1–2 years	924	508	416	82
2–3 years	1 088	619	469	76
3–4 years	924	760	164	22
4–5 years	-376	602	-978	-162
5–10 years	940	1103	-163	-15
>10 years	779	444	335	75
Deposits not allocated				
to time buckets	-3 547	-3 294	-253	8

OKO Bank Group's Liquidity Reserve and its Minimum Level

€ million	Dec. 31, 2004	Dec. 31, 2003	Change, € million	Change, %
Liquidity reserves	3 788	3 684	104	3
of which the liquidity reserve				
of OP Bank Group member banks	1 975	1 854	121	7
The minimum level of liquidity reserves	3 385	2 971	414	14

Real Estate Exposure

OKO Bank Group's capital invested in real estate holdings amounted to € 134 million at the end of 2004, with properties in bank use representing € 45 million. In addition, holdings in real estate investment companies totalled € 24 million. A year earlier the respective figures were € 131 million, € 40 million and € 27 million.

Net yield from real-estate investments was 6.1 per cent (7.9) and the vacancy rate was 7 per cent (6). Third-party assessments of the fair value of each real estate investment were commissioned in 2004. According to the assessments, the total amount of the fair values is somewhat higher than the book value of the invested capital. Real estate risks are estimated to remain minor.

Operational Risks

Operational risk management focused on reducing the essential risks identified in connection with the risk assessments. A comprehensive study of the Group's insurance coverage was prepared and the insurance policies were renewed on this basis.

The realisation of risks is monitored by loss data collection. The quality of risk assessments is evaluated in relation to operational loss data.

The negative impact of operational risks on earnings remained minor, at € 0.6 million (0.4).

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 239 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. 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

The real-estate agency Helsingin Seudun OP-Kiinteistökeskus Oy LKV, a fully owned subsidiary of Okopankki Oyj, has been consolidated since the beginning of 2004 as a part of OKO Bank's IFRS preparations. Furthermore, the share of earnings from Okopankki's associated real estate company Kiinteistö Oy Kaisaniemenkatu 1 has been consolidated since June. A transaction concluded at the end of May increased Okopankki's holding in the company to 22.3 per cent.

TRANSITION TO IFRS REPORTING AND TO NEW CAPITAL ADEQUACY REGULATIONS

OKO Bank will migrate from Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS) in 2005. The interim reports in 2005 will be prepared in accordance with the new principles. The parent company OKO Bank and its subsidiaries will continue to prepare their financial statements in accordance with the provisions of the Credit Institutions Act.

This is a description of the essential effects of the IFRS transition with regard to OKO Bank's reporting and the presentation of financial statements, as well as shareholders' equity on the date of transition. The estimates do not include the effects of the IAS 39 standard (Financial Instruments), because the standard does not require the preparation of data for comparison and because OKO Bank will adopt the standard as of the beginning of 2005. The final transition calculations based on the balance sheets and income statements at the end of 2003 and the end of each quarter in 2004 will be published at the end of March 2005.

Effects of the IFRS Transition on Reporting and the Presentation of Financial Statements

The presentation of financial statements will change and, among other things, the income statement and balance sheet formats will differ from current practice. Net income in the income statement will be grouped to better reflect the nature of the business. The grouping of the balance sheet will correspond to the grouping of net income in the income statement. The grouping of shareholders' equity items also deviates from the current practice. The financial statements include a cash flow statement as a new item. The division of segments within the Group will remain in line with the previous divisions.

The number of subsidiaries consolidated in OKO Bank's financial statements will not increase due to IFRS.

Assets leased out on finance lease contracts will be represented as receivables from customers in the consolidated balance sheet. Assets leased out on other types of lease contracts will be represented under tangible assets. On the opening IFRS balance sheet (January 1, 2004), finance lease contracts amounted to € 285 million, while the amount of other lease contracts was € 5 million.

Effects on OKO Bank Group's Shareholders' Equity on the Date of Transition (Jan. 1, 2004) and on the Comparison Earnings of the Year 2004

The IFRS standards specify the principles for the recognition of income in more detail compared to Finnish Accounting Standards. OKO Bank's subsidiary Okopankki has recognised some commissions and fees associated with loan repayment insurances as income on the cash basis in financial statements prepared in accordance with national accounting standards for the years 1995 to 2003. It is possible that some of these commissions and fees have to be reversed later. Commissions and fees recognised as income by the beginning of 2004 that are not deemed valid for recognition as income in accordance with the IFRS standards amounted to some € 9 million. This amount has been transferred to liabilities. After the effect of deferred taxes, the transfer decreases shareholders' equity by € 6 million.

On the 2004 IFRS income statement for comparison and on the annual income statements each year from the beginning of 2005 onwards, one-time commissions and fees that are associated with several years and that may need to be reversed later will only be recognised as income up to the amount applicable to the fiscal period. The new recognition practice will reduce the commissions and fees on the 2004 income statement by comparison by some € 1 million compared to the earlier practice.

The statutory pension cover of OKO Bank employees is handled by the OP Bank Group Pension Fund, while the Pension Foundation manages additional pension cover offered to employees. The Pension Foundation has been closed to new employees as of July 1, 1991.

All of the Group's pension arrangements are classified as defined-benefit schemes. The Group has used the option provided in IFRS 1, according to which pension arrangement funds have been valued at fair value and the obligation at current value based on the calculatory assumptions valid at the time of transition on January 1, 2004.

Based on calculations performed by authorised actuaries, the pension arrangement funds exceeded their obligations, including deferred taxes, by € 31 million as of January 1, 2004. The asset was recorded under pension receivables and equity in the opening balance. However, the asset item does not have any positive effect on capital adequacy.

Real estate investments will be valuated by the fair value principle in IFRS financial statements. The total effect of the changed valuation practice and the consolidation of mutual real estate companies on shareholders' equity, including deferred taxes, is fairly positive.

Development-phase expenses will be capitalised in essential development projects, and the equity effect of these, including deferred taxes, is positive but minor.

OKO Bank does not have any significant goodwill originating in corporate mergers. The only goodwill item was totally eliminated in the transition, and this has a slightly negative effect on shareholders' equity.

The transition to IFRS financial statements increases shareholders' equity as of January 1, 2004, but does not have any essential effect on capital adequacy.

Capital Adequacy Regulations will Change

In June 2004 the Basel Committee on Banking Supervision published the final version of the new recommendations on the calculation and monitoring of the capital adequacy of credit institutions. Some specific paragraphs may still change, but as a rule the recommendation is in its ultimate form. The European Commission has been preparing a new capital adequacy directive on the basis of the Basel recommendation. The intention is to approve the directive in the European Parliament and the Council of Ministers during 2005. The new capital adequacy regulations are planned to enter into force in the EU at the beginning of 2007.

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.

Unlike the current regulations, the new capital adequacy regulations, which are currently being prepared, will allow several methods for minimum capital calculation. In future, the minimum capital requirement for credit risk may also be calculated on the basis of an external or the bank's own credit rating. The new regulations also stipulate a minimum requirement concerning own funds for operative risks.

Preparing for the Capital Adequacy Reform

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 defined a policy for the targets of calculating the minimum capital requirement at the end of 2003. According to the policy, the minimum capital requirement will be calculated using the internal rating method for retail credit risk exposure, the basic internal rating method for corporate credit risk exposure and the standard method for operational risk exposure. The capital requirement for market risk will continue to be calculated using the basic method.

In February 2005 OKO Bank's Executive Board confirmed the policies defined earlier with regard to the methods to be used and decided that OKO Bank will utilise the transitional provisions associated with the capital adequacy reform. OKO Bank will gradually adopt internal rating methods for the calculation of capital requirement for credit risks so that the capital requirement for the first portfolios (including corporate exposure) will be calculated using the internal rating method starting from the beginning of 2008.

OKO Bank is involved in the OP Bank Group's capital adequacy project, the purpose of which is to ensure that the Group and its credit institution members satisfy the requirements of the new capital adequacy regulations within the transition period. The Bank continued its preparations for the new capital adequacy regulations in 2004, focusing on the specification and construction of information systems required by the new regulations and on the development of an internal classification system for private customers. OKO Bank also focused development resources on the capital management process and methods for evaluating operative risks.

EVENTS AFTER THE FISCAL YEAR

At the beginning of February OKO Bank sold its holdings in Automatia Pankkiautomaatit Oy, Suomen Asiakastieto Oy and some of other companies to the OP Bank Group Central Cooperative. Automatia Pankkiautomaatit Oy used to be an associated company included in the consolidated financial statements. OKO Bank held one-third of the company. The sold companies have had a minor effect on the Group's annual earnings. The aggregate capital gains amounted to € 4.7 million.

OUTLOOK FOR 2005

The business environment and competitive situation of banks are expected to remain similar to 2004.

Due to the growth in business, OKO Bank's consolidated earnings before taxes will probably be bigger than the corresponding amount in 2004 adjusted for non-recurring items, provided there are no unexpected changes in the business environment.

THE PARENT BANK OKO BANK

OKO Bank recorded an operating profit of € 117 million, showing a decrease of € 31 million from 2003. The operating profit included capital gains of € 10 million from the sale of OMX AB shares. In 2003, operating profit grew as a result of capital gains totalling € 53 million from the sale of OP Life Assurance Company and the sale of Aleksi-Hermes real estate holdings.

Balance sheet total stood at € 14.4 billion, showing an increase of € 1.5 billion from the previous year. Corporate and institutional loan portfolio including leasing assets grew by nearly 19 per cent or € 1 billion. Receivables from financial institutions increased by € 1 billion. OKO Bank's receivables from financial institutions within the OP Bank Group accounted for 80 per cent of the growth. This growth was financed primarily from the money and capital markets.

OKO Bank's shareholders' equity totalled € 577 million; an increase of € 7 million from the end of 2003. Distributable equity amounted to € 126 million. The consolidated distributable equity that restricts OKO Bank's profit distribution was € 75 million.

OKO Bank's capital adequacy ratio was 12.0 per cent compared to 12.3 per cent a year earlier. Own funds increased by € 102 million to € 1,019 million. In 2004, OKO Bank issued a capital loan of 10 billion Japanese yen, € 74 million of which is considered Tier 1 funds. Risk-weighted items totalled nearly € 8.5 billion, up by € 1 billion from the previous year. OKO Bank's capital adequacy ratio was 12.4 per cent at the end of 2002. The figures for 2001 and 2000 were 15.8 per cent and 13.8 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. 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.

In accordance with the Executive Board's proposal, shareholders decided at the Annual General Meeting on March 31, 2004 to double the number of shares in the Bank. The increase in the number of shares was carried out without increasing the share capital so that each of the Bank's shares was split into two new shares (split 1:2). The change was entered in the Trade Register at the end of April. After the split, the counter book value of each share is € 2.10.

Member co-operative banks converted 66,660 Series K shares into Series A shares under the conversion clause in OKO Bank's Articles of Association.

The share split changed the subscription ratio of the 1999 option scheme. One option right entitles to the subscription of two new Series A shares instead of one. The B options belonging to the option scheme were listed on the Helsinki Stock Exchange at the beginning of October as an additional batch of A options. Before listing, the B options were combined with the A options and the name was changed to 1999 A/B option rights.

By the end of the year, 5.8 million Series A shares had been subscribed for using the option rights, and slightly less than 1.8 million of these were entered in the Trade Register during the reported year. The registrations raised OKO Bank's share capital by € 3.7 million to € 206.2 million. In addition, slightly over € 1.5 million was recorded in the share premium fund. The 1.2 million shares subscribed for in December were registered on January 13, 2005. All the shares referred to above entitle their holders to a full dividend for 2004. Taking the share split into account, the subscription price was € 3.585 until April 4, 2004 and € 2.785 thereafter. The payment of an additional dividend (December 10, 2004) decreased the subscription price to € 2.485.

At the end of the year, OKO Bank owned no own shares, nor has the Annual General Meeting given the Bank authorisation to acquire own shares.

The dividend that will be paid to each Series A share is taken into account when determining the subscription price of the shares subscribed for with OKO Bank's 1999 option rights. The present subscription price per share is € 2.485. It will be lowered on the record date for the dividend payout (April 5, 2005) by € 0.38 to € 2.105. In accordance with the terms and conditions of the option programme, that is the minimum subscription price per 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.

Shareholders

OKO Bank had 25,940 registered shareholders at the end of the year. The majority of these or 24,723 were private citizens. The largest individual shareholder was the OKO Bank's parent company, the OP Bank Group Central Cooperative, which held 39.4 per cent of the shares and 56.3 per cent of the votes. Of the 75.9 million A shares, the Central Cooperative and its member banks owned 38.3 million shares or 50.4 per cent.

Information regarding the breakdown of shareholdings is presented in Note 39 and the management's shareholding in Note 53. 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

Branch Offices and Representative Offices Abroad

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 March 31, 2004, the shareholders approved the Financial Statements of the year 2003 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 € 1.60 on each Series A share and € 1.55 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 were the firm of chartered public accountants KPMG Wideri Oy Ab

(KPMG Oy Ab as of January 24, 2005) and Mr. Raimo Saarikivi, Authorised Public Accountant.

OKO Bank's Extraordinary General Meeting approved the Executive Board's proposal that an additional dividend of € 0.30 be paid per each Series A and Series K share. The General Meeting decided to pay the dividend also to those shares subscribed for with OKO Bank 1999 Warrant A/B on November 5, 2004 at latest.

In September, the Executive Board of OKO Bank decided to prepare a memorandum on renewal of the Bank's corporate governance. The possibility of abolishing the Supervisory Board will be raised in the memorandum, as well as the replacement of the internal Board of Directors (Executive Board), based on the former Commercial Bank Act, by an external Board of Directors.

The abolishment of the Supervisory Board of OKO Bank requires an amendment to the Cooperative Bank Act (Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative). On February 4, 2005, the Finnish Government submitted a bill to Parliament regarding an amendment to the Cooperative Bank Act. If the bill is passed, the Supervisory Board will no longer be a mandatory body within OKO Bank. In addition to that, changes to OKO Bank's corporate governance require decisions by General Meeting of Shareholders on amending the Articles of Association and other required measures.

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.

Short-term and Long-term Incentives

OKO Bank Group applies short-term and long-term incentive systems. Short-term incentives are based on the achievement of targets set for each year. The annual incentive systems are customised for each Division. The total amounts of bonuses to be paid are based on the earnings of the Divisions.

The long-term incentive system includes the stock option scheme that has been valid for five years and expires at the end of October 2006. A personnel fund has been established to replace the stock option scheme, and a new management incentive system with OKO Bank's shares paid out as bonuses has been confirmed. The incentives in both systems are based on the Bank's strategic targets. The incentive period in the personnel fund is 5 years and in the management system 3 years.

The Group companies that joined the personnel fund in 2004 include OKO Bank, Okopankki Oyj and Helsingin Seudun OP-Kiinteistökeskus Oy. The members of the personnel fund comprise the entire staff of each company that has joined, excluding separately designated management representatives who belong to the scope of the management system.

In Opstock Ltd the personnel has the possibility of becoming a shareholder in the company.

The stock option scheme is described in Note 38 and the personnel fund as well as the new management incentive scheme in Note 71.

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 originally 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.

Loan losses and loan loss reserves have been recorded as a reduction of the balance sheet value of the receivable.

Securities Held in Current Assets

Debt securities, 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. 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. 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 longterm 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 counter 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 counter 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 recorded 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.

Pension Expenses

The statutory pension cover of OKO Bank Group employees is handled by the OP Bank Group Pension Fund. The additional pension cover offered to employees (excl. Opstock Ltd) is managed by the Pension Foundation. After June 30, 1991 no new beneficiaries have been accepted to the Pension Foundation.

Group companies have no direct liabilities associated with pension arrangements.

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

Capital Loans

Capital loans granted in accordance with the Credit Institutions Act have been included in the equity item 'Capital loans'. In the calculation of capital adequacy, they are included in Tier I funds. Interest on capital loans will only be paid from distributable funds. The Bank has allocated the payable interest as cost and deferred expenses.

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.

PRINCIPLES OF RISK MANAGEMENT

Risk management at OKO Bank relies on the Bank's values, 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

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 Senior Credit Committee, operating within the framework of the authorisations confirmed by the Executive Board, takes exposure limit and credit approval decisions concerning customer, bank and country risks. The Senior Credit Committee is chaired by OKO Bank's President. The Credit Committees, the Bank Credit Committee and the department and unit-level decision-making bodies take decisions concerning credit risk within the framework of the confirmed decision-making authorisations.

The business units have primary responsibility for customer relations and risk-taking. A business units are 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

By submission of the Risk Management Committee, OKO Bank's Executive Board approves an annually revised risk management strategy for the OKO Bank Group, specifying the Group's risk bearing ability, risk appetite and principles of risk management. The risk management strategy also describes the principles of capital management and a plan for maintaining capital adequacy.

Furthermore, the risk management strategy includes a description of the Group's business risks and the organisation of risk management. It also describes the tasks and division of responsibilities between different decision-making levels and organisational units involved in risk management.

Risk Bearing Ability and Capital Management (ICAAP)

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

Business is steered and monitored according to business area. Business areas results are compared with the Tier I capital bound to the operations in accordance with the 7 per cent target level calculated in accordance with Basel I. This is used to allocate capital to different business areas and calculate return on equity (ROE) specific to each business area.

The capital management process creates a capital adequacy forecast and associated sensitivity analysis on the basis of earnings and growth trends. Furthermore, different threat scenarios are described and their impacts on capital adequacy are estimated. The process also surveys the measures that would be used to maintain the level of capital adequacy should a threat scenario be realised.

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. Another target is that any losses caused by market risks should not exceed 5 per cent of the estimated consolidated 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 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.

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. In addition to that, credit risk comprises 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 have been used for credit risk management, but no asset securitisation.

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 defaulted customers, 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.

Determination of Credit Standing by Customer Group

Customer Group	*Determination of Credit Standing*
Corporate customers, liabilities exceeding € 5 million	Credit rating by the Rating Committee
Corporate customers, liabilities less than € 5 million	Credit rating based on financial statements and payment behaviour
Financial and insurance institutions	Credit rating by an external rating institution
Member banks and the Central Cooperative	Credit rating by the Rating Committee
Countries	Credit rating by an external rating institution
Private customers	Assessment of creditworthiness based on a financial analysis

Countries are divided into five country risk categories on the basis of their Moody's credit rating. The lowest Investment Grade rating is Baa3, or countries in country risk category 3.

Correlation between Country Risk Categories and Moody's Credit Ratings

Country Risk	*Moody's Equivalent*
Category 1	Aaa
Category 2	Aa1-A3
Category 3	Baa1-Baa3
Category 4	Ba1-B3
Category 5	Caa1-C and non-rated

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. 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 minutes 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 for the Executive Board. The analysis 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 activities is to safeguard the OP Bank Group's liquidity while pursuing maximum profitability. Trading activities amount to some 20 per cent of the balance sheet total.

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 holdings and shareholders' equity). The objective is to hedge the Group's net interest income 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

Risk type	*Risk indicator*	*P&L indicator*	*Frequency*
Interest rate risk/ trading portfolios	The effect of a 100-point interest rate change on the current value of future cash flows VaR	Change in market value	Daily
Interest rate risk/ Group Treasury	The effect of a 100-point interest rate change on the current value of future cash flows VaR	Change of market value, net interest income	Daily
Foreign exchange risk	Total net position, currency pair positions, VaR	Change in market value	Daily
Equity risk	Market value VaR	Change in market value	Daily/ weekly
Volatility risk	Maximum loss in accordance with the spot/volatility matrix	Change in market value	Daily
Real estate risk	Capital tied to objects available for lease and the vacancy rate of real estate	Net income	Quarterly

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 the 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 positions 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 monitors market risks using the indicators specified in the table on page 28.

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 exposure. 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. 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 interest income.

In the OKO Bank Group, only specifically named units and 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. These are expected to render the net interest income 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. Interest rate and 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 price of the underlying instrument and the market price volatility of the derivative.

Real Estate Risk

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

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 risk analysis.

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.

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 about one fifth of the Group's balance sheet.

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 funding 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 up to five years. 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.

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. 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, as well as equity, equity index and credit derivatives to a lesser amount. 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. Hedge effectiveness is assessed by the ratio between the VaR figures and market values of the hedged and hedging items.

Additional earnings components linked to the issued index loans have been hedged using derivative structures. The hedging derivatives are equity, equity index, currency, interest rate and credit derivatives.

Managing Operational Risks

Operational risk refers to the risk that the operations create: as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk, which includes legal risk but excludes strategic risk, may also lead to loss of reputation.

The business units are responsible for operational risk management. The Risk Management Department monitors the implementation of operational risk management, the risk level and losses caused by realised risks, and provides reports on these issues.

A corporate risk policy for operational risks has been prepared, defining the principles that guide the identification, assessment, monitoring and reporting of an 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 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.

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 have to 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, it is 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, 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. The members of the OP Bank Group collaborate closely in the management of information and bank security and the prevention of money laundering and financing of terrorism.

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 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.

Identifying, Monitoring and Reporting Operational Risks

Operational risks inherent in current activities are ordinarily identified for each process, crossing the organisational boundaries. With regard to significant risks, the probability of the risk and the potential earnings impact of its realisation are assessed. Risks are re-assessed regularly and always in connection with significant changes.

Internal loss data collection covers the entire Group. The purpose of statistics is to understand the causes leading to the events and to develop operations on this basis.

Risk Management regularly reports to corporate management on risk assessment results and aggregated group wide information on loss data, and recommends development projects or new procedures on the basis of assessments.

In 2005 the focus within operational risk management will be on the assessments of operational risks and updating previous assessments on all significant operations, products and systems. Operational risk management methods and reporting associated with risks will also be developed.

Strategic Risk

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

The strategic risks associated with the implementation of the OKO 2004 strategy and the achievement of goals was surveyed during the strategy process.

The threat and effect of strategic risks will be monitored and assessed annually in connection with updates to the risk management strategy. In the same context, any changes in the business environment and competitive conditions, as well as their effects on strategy implementation, will be assessed.

Development of Risk Management and Processes

OKO Bank's business requirements 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 OP Bank Group has initiated a project to introduce the methods provided by the capital adequacy reform in accordance with the EU Directive based on the Basel II recommendation and to implement the reform. Furthermore, the Bank will analyse the potential effects of the reform on the its business operations and capital structure. The reform has already had impact on issues such as the pricing of credit and the competitive situation on the market.

The most important processes from a business viewpoint have been identified with regard to corporate and private customers, and partly with regard to joint investment customers. Uniform descriptions have been prepared for most of the processes. Descriptions and development of processes continue to require significant effort. The quality and performance of the processes will be developed, taking into account the clarity of tasks and interdependencies between the different roles in the process and creating a culture that prevents risks in advance.

The key priority areas in the development of risk management include improvements in the risk-based capital allocation procedure.

CONSOLIDATED INCOME STATEMENT € million

	Jan. 1 to Dec. 31, 2004				Jan. 1 to Dec. 31, 2003			
Interest income				423				420
Net leasing income				11				10
Interest expenses				-269				-270
Net interest income				**164**				161
Income from equity investments				7				9
Commissions and fees				93				78
Commission expenses				-14				-12
Net income from securities and foreign exchange trading								
Net income from securities trading			-1				-9	
Net income from foreign exchange trading			6	5			6	-2
Other operating income				20				90
Administrative expenses								
Personnel costs								
Salaries and compensation		51				46		
Indirect personnel costs								
Pension costs	8				8			
Other indirect personnel costs	4	11	63		4	12	58	
Other administrative expenses			49	-112			45	-103
Depreciation and write-downs on tangible and intangible assets				-9				-10
Other operating expenses				-26				-26
Loan and guarantee losses				-1				-2
Write-downs on securities held as non-current financial assets				0				-5
Share of affiliate profits/losses				6				-3
Operating profit				**134**				174
Profit before appropriations and taxes				**134**				174
Income taxes								
Taxes for the fiscal period			-16				-27	
Taxes for previous fiscal periods			-1				0	
Change in deferred taxes			-15	-31			-20	-47
Share of minority interests				-1				-1
Profit for the period				**102**				126

CONSOLIDATED BALANCE SHEET € million

ASSETS	December 31, 2004		December 31, 2003	
Liquid assets		297		929
Notes and bonds eligible for refinancing with central banks				
Treasury bills	68		26	
Other	1 997	2 065	1 824	1 850
Receivables from financial institutions				
Repayable on demand	53		26	
Other	3 496	3 548	2 653	2 679
Receivables from the public and public sector entities		8 319		7 250
Leasing assets		360		291
Notes and bonds				
From public sector entities	112		54	
From others	1 073	1 185	1 006	1 061
Shares and holdings		87		88
Shares and holdings in affiliates		25		21
Shares in subsidiaries		7		10
Intangible assets				
Consolidated goodwill	-		-	
Other long-lived assets	10	10	13	13
Tangible assets				
Real estate and real-estate holdings	116		113	
Other tangible assets	7	123	6	119
Other assets		303		358
Deferred income and advances paid		100		86
		16 428		14 754

CONSOLIDATED BALANCE SHEET € million

LIABILITIES			December 31, 2004			December 31, 2003
Liabilities						
Liabilities to financial institutions and central banks						
Central banks		959			1 330	
Financial institutions						
Repayable on demand	309			409		
Other	3 041	3 351	4 310	3 091	3 501	4 831
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	2 009			1 744		
Other	400	2 409		294	2 038	
Other liabilities		1 663	4 072		1 269	3 307
Debt securities issued to the public						
Bonds		2 838			1 499	
Other		3 265	6 103		3 280	4 779
Other liabilities			579			592
Deferred expenses and advances received			87			83
Mandatory reserves			2			1
Subordinated liabilities			390			366
Deferred taxes			74			59
Minority interests			2			2
			15 620			14 021
Equity						
Share capital		206			202	
Share issue account		3			2	
Share premium account		7			5	
Revaluation reserve		25			25	
Other restricted reserves						
Reserve fund	203			203		
Other restricted items	1	204		1	204	
Capital loans		72			-	
Unrestricted reserves		23			23	
Retained earnings		166			145	
Profit for the period		102	807		126	733
			16 428			14 754
Off-balance sheet commitments						
Commitments given to a third party on behalf of customers						
Guarantees and pledges		1 410			1 174	
Other		-	1 410		-	1 174
Irrevocable commitments given on behalf of a customer						
Other		2 720	2 720		2 454	2 454
			4 130			3 628

CONSOLIDATED KEY FIGURES € million

INCOME STATEMENTS	2000	2001	2002	2003	**2004**
Net interest income	124	152	161	161	164
Other income	197	118	94	174	126
Other expenses	125	126	133	141	152
Depreciation and write-downs	11	11	11	10	9
Loan and guarantee losses	-10	-4	-2	2	1
Write-downs on securities held as non-current financial assets	33	29	0	-5	0
Share of affiliate profits/losses	5	2	-17	-3	6
Operating profit	167	111	96	174	134
Profit before appropriations and taxes	167	111	96	174	134
Taxes	-47	-31	-33	-47	-31
Minority interest	-1	-1	-1	-1	-1
Profit for the period	118	79	62	126	**102**

BALANCE SHEETS	2000	2001	2002	2003	**2004**
Assets					
Receivables from financial institutions	2 082	1 542	1 816	2 679	3 548
Receivables from the public and public sector entities	5 472	5 734	6 490	7 250	8 319
Notes and bonds	2 259	4 314	3 245	2 910	3 249
Shares and holdings	217	160	149	119	119
Tangible and intangible assets	194	185	179	132	133
Other items	777	715	830	1 664	1 060
Total	11 000	12 650	12 709	14 754	**16 428**
Liabilities					
Liabilities to financial institutions and central banks	3 833	4 897	4 152	4 831	4 310
Liabilities to the public and public sector entities	2 140	2 659	2 659	3 307	4 072
Debt securities issued to the public	3 380	3 365	4 145	4 779	6 103
Subordinated liabilities	417	473	379	366	390
Other items	606	609	700	677	668
Deferred taxes	23	27	39	59	74
Minority interest	2	2	2	2	2
Equity	599	618	633	733	807
Total	11 000	12 650	12 709	14 754	**16 428**

OKO BANK INCOME STATEMENT € million

	Jan. 1 to Dec. 31, 2004				Jan. 1 to Dec. 31, 2003			
Interest income				355				350
Net leasing income				11				11
Interest expenses				-249				-248
Net interest income				**117**				113
Income from equity investments								
From subsidiaries			16				18	
From affiliates			2				1	
From other companies			7	25			8	28
Commissions and fees				41				34
Commission expenses				-7				-5
Net income from securities and foreign exchange trading								
Net income from securities trading			0				-11	
Net income from foreign exchange trading			6	6			6	-4
Other operating income				14				70
Administrative expenses								
Personnel costs								
Salaries and compensation		25				23		
Indirect personnel costs								
Pension costs	4				4			
Other indirect personnel costs	2	6	31		3	7	30	
Other administrative expenses			25	-56			24	-54
Depreciation and write-downs on tangible and intangible assets				-4				-4
Other operating expenses				-19				-23
Loan and guarantee losses				-1				-2
Write-downs on securities held as non-current financial assets				0				-5
Operating profit				**117**				149
Profit before appropriations and taxes				**117**				149
Appropriations				-65				-56
Income taxes								
Taxes for the fiscal period			17				28	
Taxes from previous fiscal periods			0	-18			0	-28
Profit for the period				**35**				66

OKO BANK BALANCE SHEET € million

ASSETS	December 31, 2004		December 31, 2003	
Liquid assets		290		921
Notes and bonds eligible for refinancing with central banks		1 870		1 659
Receivables from financial institutions				
Repayable on demand	43		24	
Other	4 308	4 351	3 302	3 327
Receivables from the public and public sector entities		5 662		4 925
Leasing assets		360		291
Notes and bonds				
From public sector entities	112		54	
From others	1 145	1 256	1 071	1 125
Shares and holdings		87		90
Shares and holdings in affiliates		11		11
Shares in subsidiaries		95		99
Intangible assets		7		8
Tangible assets				
Real estate and real-estate holdings	71		71	
Other tangible assets	2	73	2	73
Other assets		280		322
Deferred income and advances paid		91		79
		14 434		12 930

OKO BANK BALANCE SHEET € million

LIABILITIES	December 31, 2004			December 31, 2003		
Liabilities						
Liabilities to financial institutions and central banks						
Central banks		959			1 330	
Financial institutions						
Repayable on demand	344			441		
Other	3 090	3 434	4 394	3 194	3 635	4 965
Liabilities to the public and public sector entities						
Deposits						
Repayable on demand	568			418		
Other	21	589		10	428	
Other liabilities		1 625	2 213		1 162	1 590
Notes and bonds issued to the public						
Bonds		2 867			1 531	
Other		3 160	6 028		3 135	4 666
Other liabilities			548			558
Deferred expenses and advances received			67			64
Mandatory reserves			2			1
Subordinated liabilities			390			366
			13 642			12 210
Accumulated appropriations						
Excess depreciation		49			36	
Voluntary reserves		166	215		114	150
Equity						
Share capital		206			202	
Share issue account		3			2	
Share premium account		7			5	
Reserve fund		164			164	
Capital loans		72			-	
Unrestricted reserves		23			23	
Retained earnings		68			108	
Profit for the period		35	577		66	570
			14 434			12 930
Off-balance sheet commitments						
Commitments given to a third party on behalf of customers						
Guarantees and pledges		1 400			1 164	
Other		-	1 400		-	1 164
Irrevocable commitments given on behalf of a customer						
Other		2 389	2 389		2 184	2 184
			3 789			3 348

NOTES TO THE FINANCIAL STATEMENTS € million

Notes to the Income Statement

Note 1

Breakdown of Interest Income and Expenses by Balance Sheet Item

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Interest income				
Receivables from financial institutions	83.5	74.2	102.1	88.4
Receivables from the public and public sector entities	263.0	264.1	179.8	182.1
Notes and bonds	89.4	95.6	86.7	93.5
Other interest income	-13.3	-13.6	-13.5	-13.7
Net leasing income	10.5	10.3	-	-
Total	**433.2**	430.5	**355.1**	350.3
Interest expenses				
Liabilities to financial institutions and central banks	81.5	88.3	82.6	89.4
Liabilities to the public and public sector entities	40.3	38.2	21.1	18.2
Notes and bonds issued to the public	139.0	126.3	137.4	124.0
Subordinated liabilities	14.6	14.1	14.0	13.8
Other interest expenses	-6.3	2.6	-6.3	2.6
Total	**269.1**	269.5	**248.8**	248.0

Note 2

Breakdown of Net Leasing Income

	OKO Bank	
	2004	2003
Rental income	87.0	77.5
Planned depreciation	-73.7	-65.6
Excess depreciation and loan losses	-	-
Capital gains and losses (net) from disposal of leasing assets	-0.8	-0.1
Commissions and fees	0.3	0.3
Other income	0.1	0.0
Other expenses	-1.8	-1.4
Total	**11.1**	**10.6**

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

Note 3

Breakdown of Net Income from Securities Trading

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Net income from notes and bonds trading	-15.6	-14.8	-14.6	-14.2
Net income from equity trading	15.1	6.2	15.0	3.6
Total	**-0.6**	-8.6	**0.4**	-10.6

Note 4

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Notes and bonds				
Securities purchased	36 263.4	20 842.1	35 789.5	20 168.9
Securities sold	29 315.4	16 091.0	29 303.6	15 729.2
Shares				
Securities purchased	4 435.0	1 526.6	15.5	7.8
Securities sold	4 443.0	1 531.5	29.9	9.4

Note 5

Breakdown of Other Operating Income and Expenses

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Other operating income				
Rental and dividend income from real-estate holdings	9.5	13.4	10.0	13.9
Capital gains on the sale of real-estate holdings	0.4	12.4	0.4	9.3
Other income	10.5	63.8	4.0	47.2
Total	**20.4**	89.6	**14.4**	70.4
Other operating expenses				
Rental expenses	8.2	7.7	5.0	5.3
Expenses from real-estate holdings	7.6	7.5	7.7	10.1
Capital losses on the sale of real-estate holdings	0.1	0.3	0.1	0.3
Other expenses	10.4	10.9	6.1	7.1
Total	**26.3**	26.4	**18.9**	22.8

Note 6

Depreciation and Write-downs on Tangible and Intangible Assets

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Planned depreciation	8.9	10.5	4.2	4.8
Write-downs	-	-	-	-
Recoveries on write-downs	-0.3	-0.7	-0.3	-0.7
Total	**8.6**	9.9	**3.9**	4.2

Note 7

Loan and Guarantee Losses and Write-downs on Securities Held under Non-current Financial Assets

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Receivables from financial institutions	-	-	-	-
Receivables from the public and public sector entities	6.5	10.8	5.2	9.6
Leasing assets	-	-	-	-
Guarantees and other off-balance sheet items	-	0.0	-	0.0
Other	-	-	-	-
Gross loan and guarantee losses	6.5	10.8	5.2	9.6
Adjustments to loan and guarantee losses	-5.3	-8.4	-4.2	-7.7
Loan and guarantee losses recorded in the income statement	**1.2**	2.4	**1.0**	1.9
Breakdown of total loan and guarantee losses				
Actual total loan losses during the period	2.7	5.9	1.8	5.5
Actual loan losses provisioned earlier	-1.9	-5.3	-1.1	-4.9
Recoveries of loan losses in previous years	-2.2	-1.5	-2.1	-1.3
Specific loan loss provisions during the period	3.8	4.9	3.4	4.2
Revaluations of specifically provisioned loan losses	-1.1	-1.6	-1.0	-1.5
Loan and guarantee losses in the income statement	**1.2**	2.4	**1.0**	1.9
Write-downs on securities held as non-current financial assets				
Gross write-downs	0.3	4.6	0.3	4.6
Revaluation of write-downs	-	0.0	-	0.0
Total	**0.3**	4.5	**0.3**	4.5

Note 8

Extraordinary Income and Expenses during the Fiscal Period

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

Note 9

Breakdown of Appropriations

	OKO Bank	
	2004	2003
Change in excess depreciation	-13.0	-9.5
Change in other voluntary reserves	-52.0	-46.0
Total	**-65.0**	-55.5

Note 10
Changes in Mandatory Reserves During the Fiscal Period

	OKO Bank Group	OKO Bank
Pension reserves	-	-
Tax reserves	-	-
Other	0.9	0.9
Total	**0.9**	**0.9**

To cover the cleaning cost of polluted soil owned by a real estate company owned by OKO Bank, in its financial report the Bank allocated 1.0 million euro to a mandatory reserve, which has been recorded under other operating expenses.

Note 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.

Note 12
Income by Division and Market Area

Income refers to the aggregate of the following income statement items: Net Interest 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	
	2004	2003	**2004**	2003
Banking	240.3	282.7	868	859
Finance company operations	34.9	31.3	158	147
Investment services	29.6	25.8	132	125
Real-estate holding and management	1.7	3.2	-	-
Other	8.5	1.9	88	7
Total	**314.9**	344.8	**1 246**	1 138

	Income by Market Area		Average Number of Personnel	
	2004	2003	**2004**	2003
Finland	314.9	344.6	1 246	1 137
Sweden	-	0.2	-	1
Total	**314.9**	344.8	**1 246**	1 138

Notes to the Balance Sheet

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Treasury bills	67.7	26.0	63.1	25.3
Government bonds	230.1	147.8	229.4	147.1
Bank certificates of deposit	1 614.7	1 472.2	1 425.6	1 283.2
Other	152.1	203.6	152.1	203.6
Total	**2 064.7**	1 849.6	**1 870.1**	1 659.3

Note 14

Receivables from Central Banks

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

Note 15

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Companies	5 317.2	4 474.0	4 737.7	3 975.8
Financial and insurance institutions	17.0	21.5	17.2	21.5
Public sector entities	209.5	331.5	209.5	329.8
Non-profit organisations	152.5	130.4	124.0	101.9
Households	2 544.4	2 209.0	496.5	413.3
Foreign	78.2	83.2	77.5	82.3
Total	**8 318.8**	7 249.6	**5 662.4**	4 924.6
Specific loan loss reserves at the beginning of the period	24.9	26.9	22.3	24.5
New provisions made during the year (+)	3.8	4.9	3.4	4.2
Provisions revaluated during the year (-)	-1.1	-1.6	-1.0	-1.5
Loan losses during the year for which specific loan loss provisions have been made (-)	-1.9	-5.3	-1.1	-4.9
Specific loan loss provisions at the end of the period	**25.7**	24.9	**23.5**	22.3

Note 16

Non-performing Loans and Other Interest-free Receivables

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Non-performing loans	23.1	17.9	12.4	11.3
Other interest-free receivables	1.1	0.6	1.0	0.5
Total	**24.2**	18.5	**13.4**	11.8

Note 17

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Assets pledged as collateral				
Real estate and real-estate holdings	1.8	1.8	1.8	1.8
Other shares and holdings	-	-	-	-
Other assets	-	-	-	-
Total	**1.8**	1.8	**1.8**	1.8

Note 18

Subordinated Liabilities

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Receivables from financial institutions	143.8	143.8	143.8	143.8
Receivables from the public and public sector entities	4.9	5.4	4.9	5.4
Notes and bonds	104.6	99.4	127.8	112.6
Total	**253.3**	248.7	**276.5**	261.9
of which subsidiaries accounted for			23.4	13.4
affiliates accounted for			-	-

Note 19
Breakdown of Leasing Assets

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Advance payments	32.3	16.3	32.3	16.3
Machinery and equipment	299.7	249.9	299.7	249.9
Real estate and buildings	27.7	24.1	27.7	24.1
Other assets	0.3	0.4	0.3	0.4
Total	**360.1**	290.7	**360.1**	290.7

Note 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	1 346.1	1 736.6	1 375.0	1 542.8
Held as non-current assets	92.1	74.4	91.4	117.1
Total	**1 438.2**	**1 811.0**	**1 466.4**	**1 659.9**

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		OKO Bank	
	2004	2003	**2004**	2003
The difference between the nominal value and the lower book value				
Notes and bonds	0.3	0.5	0.3	0.5
The difference between the book value and the lower nominal value				
Notes and bonds	0.9	1.2	0.9	1.2

Notes and bonds by type at the year-end

Book value	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Treasury bills	67.7	26.0	63.1	25.3
Municipal papers	0.2	5.9	0.2	5.9
Commercial papers	2.3	28.6	2.3	28.6
Certificates of deposit	1 632.5	1 475.5	1 443.3	1 286.5
Convertible bonds	0.0	0.6	0.0	0.6
Other bonds	1 469.6	1 214.7	1 537.2	1 274.9
Other notes and bonds	76.9	159.0	80.3	162.6
Total	**3 249.2**	2 910.3	**3 126.4**	2 784.5

Note 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		OKO Bank	
	Quoted	Others	Quoted	Others
Held as current assets	28.9	-	26.4	-
Held as non-current assets	3.8	54.1	3.8	56.8
Total	**32.7**	**54.1**	**30.2**	**56.8**

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		OKO Bank	
	2004	2003	**2004**	2003
Held under current assets	6.4	4.3	6.1	4.0
Held under non-current assets	11.3	22.0	11.3	22.0
Total	**17.7**	26.3	**17.4**	26.0

OKO Bank Group was not involved in any securities lending at the end of 2004.

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Shares and holdings in affiliates				
In financial institutions	10.3	9.4	3.4	3.4
In others	15.1	11.3	7.2	7.2
Total	**25.4**	20.7	**10.5**	10.5
Shares and holdings in subsidiaries				
In financial institutions	-	-	84.1	84.1
In others	6.5	10.4	11.3	15.0
Total	**6.5**	10.4	**95.4**	99.1

Note 22
Increases and Decreases in Shares and Tangible Assets Held as Non-current Assets during the Period

	OKO Bank Group	OKO Bank	OKO Bank Group	OKO Bank	OKO Bank Group	OKO Bank
	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	
Acquisition cost at the beginning of the fiscal period	105.5	186.7	166.8	96.8	79.8	65.8
Increases during the period	6.8	2.1	5.9	2.4	2.2	0.4
Decreases during the period	-14.5	-14.2	-2.7	-2.6	-0.7	-0.6
Transfers between items	-1.1	-1.1	3.1	-	0.0	-
Planned depreciation during the fiscal period	-	-	-2.1	-0.1	-2.2	-0.6
Write-downs and recoveries during the period	-0.3	-0.3	0.3	0.3	-	-
Accumulated depreciation and write-downs on adjustments and transfers at the beginning of period	4.5	4.5	-1.2	-	0.5	0.5
Accumulated depreciation at the beginning of period	-	-	-25.5	-1.0	-73.0	-63.9
Accumulated write-downs at the beginning of period	-11.1	-11.1	-28.5	-24.6	-	-
Accumulated revaluations at the beginning of period	-	-	-	-	-	-
Revaluations and recoveries during the period	-	-	-	-	-	-
Book value at the end of period	**89.9**	**166.6**	**116.2**	**71.2**	**6.6**	**1.6**

Note 23
Breakdown of Intangible Assets

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Goodwill	-	-	-	-
Other long-term expenditure	10.1	12.9	7.1	8.0
Total	**10.1**	12.9	**7.1**	8.0

Note 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	2.3	2.3	0.3	0.3
Other	39.1	46.7	0.2	0.2
Total	**41.4**	**49.0**	**0.5**	**0.5**
Real-estate holdings				
In own use	33.3	33.5	7.0	15.0
Other	41.5	53.5	63.8	88.2
Total	**74.8**	**87.0**	**70.8**	**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	95	0.2	5.6	-
Offices and business premises	56 227	86.6	6.1	8.1
Industrial properties	20 067	10.4	6.1	13.2
Land, water and forest (undeveloped)	-	3.0	-0.2	-
Unfinished buildings	-	-	-	-
Financial leasing properties	41 527	22.6	2.9	1.4
Other domestic properties	-	0.0	-	-
Non-domestic real estate	-	-	-	-
Total real estate	**117 915**	**122.8**	**5.3**	**6.6**

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	11.8
0–3	11.3
3–5	14.3
5–7	54.6
Over 7	30.8
Total	**122.8**

Note 25

Own Shares

On December 31, 2004, the subsidiaries did not hold their own or the parent company's shares.

Note 26
Breakdown of Other Assets

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Receivables from payment transfers	3.9	7.1	3.5	6.6
Guarantee receivables	2.4	0.1	2.3	0.0
Derivative contracts	159.3	141.0	160.3	142.0
Other	137.3	210.2	114.1	173.1
Total	**302.9**	358.4	**280.2**	321.7

Note 27
Breakdown of Deferred Income and Advances Paid

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Interest	90.4	80.2	89.0	78.4
Other	9.3	5.5	1.6	1.1
Total	**99.7**	85.6	**90.6**	79.5

Note 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.

Note 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	
	2004	2003	**2004**	2003
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	24.8	24.0	24.6	23.7
Subordinated liabilities	0.7	0.3	0.7	0.3
Total	**25.5**	24.4	**25.4**	24.1
Difference between the lower book and nominal value				
Liabilities to financial institutions and central banks	-	-	-	-
Debt securities issued to the public	1.7	2.6	1.8	2.6
Subordinated liabilities	0.2	0.3	0.2	0.3
Total	**1.9**	2.8	**2.0**	2.9

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

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Certificates of deposit	2 775.4	2 974.6	2 670.4	2 829.7
Bonds	2 837.7	1 499.3	2 867.4	1 531.0
Other	489.9	305.3	489.9	305.3
Total	**6 103.0**	4 779.2	**6 027.8**	4 665.9

Note 31

Breakdown of Other Liabilities

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Payment transfer liabilities	255.9	259.9	253.1	257.3
Derivative contracts	215.7	176.0	216.2	176.5
Other	107.6	156.1	78.3	124.5
Total	**579.3**	592.0	**547.7**	558.3

Note 32

Breakdown of Deferred Expenses and Advances Received

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Interest	66.5	56.2	57.6	46.6
Other	20.9	27.2	9.7	17.4
Total	**87.3**	83.5	**67.3**	64.0

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

Note 33

Mandatory Reserves at the End of Period

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Pension reserves	-	-	-	-
Tax reserves	-	-	-	-
Other	1.9	0.9	1.9	0.9
Total	**1.9**	0.9	**1.9**	0.9

The most significant mandatory reserves were the provision of 0.7 million euro due to the action for recovery filed by the liquidator of Benefon Oyj's corporate re-organisation in 2003, and the provision of 1 million euro for covering the cleaning cost of polluted soil owned by a real estate company owned by OKO Bank in 2004.

Note 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, 2004 was 2.778%. 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, 2004 was 2.774%. 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 million perpetual loan. The interest rate on December 31, 2004 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.

€ 70 million. The interest rate on December 31, 2004 was 3.500%. This loan will mature in November 2015. 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 November 2010 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, 2004, the total countervalue of the OKO Bank Group's and OKO Bank's debts in euros was € 70.2 million. Creditors are not entitled to demand premature repayment of these loans.

Loans to subsidiaries and affiliates:

Loans to Group companies total € 23.4 million.

Note 35

Increases and Decreases in Equity Items during the Fiscal Period

OKO Bank Group	Book Value (beginning of period)	Increases	Decreases	Book Value (end of period)
Share capital	202.4	3.7	-	206.2
Share issue account	1.5	6.6	-5.3	2.9
Share premium account	5.0	1.5	-	6.5
Revaluation reserve	25.2	-	-	25.2
Reserve fund	203.3	-	-	203.3
Other restricted items	0.9	-	-	0.9
Capital loans	-	71.6	-	71.6
Retained earnings	295.0	-	-105.7	189.3
Profit for the period	-	101.5	-	101.5
Total shareholders' equity	**733.3**	**185.0**	**-110.9**	**807.5**
OKO Bank				
Share capital	202.4	3.7	-	206.2
Share issue account	1.5	6.6	-5.3	2.9
Share premium account	5.0	1.5	-	6.5
Reserve fund	163.6	-	-	163.6
Capital loans	-	71.6	-	71.6
Retained earnings	197.2	-	-106.2	91.0
Profit for the period	-	34.8	-	34.8
Total shareholders' equity	**569.7**	**118.3**	**-111.5**	**576.6**

Note 36

Different Shares at the Year-end

	Series A	Series K	Total
Share capital, €	159 707 453	46 445 288	206 152 741
No. of shares	75 947 914	22 086 776	98 034 690
Percentage of share capital	77.5	22.5	100.0
Votes per share	1	5	
Percentage of votes	40.7	59.3	100.0

The counter book value for OKO shares is € 2.10. 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 31 March 2004.

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 in 2004 based on the 1999 stock option incentive programme

Date of registration	Amount of shares	Increase in share capital	Share premium fund
16.1.2004	431 640	0.9	0.6
14.4.2004	2 000	0.0	0.0
10.6.2004	62 500	0.1	0.0
10.9.2004	29 600	0.1	0.0
12.11.2004	1 236 100	2.6	0.8
Total	**1 761 840**	**3.7**	**1.5**

Note 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	215.8	-

Note 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 Bank'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 8,323,200 OKO Bank'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 price shall nevertheless always be at least the accounting countervalue of the share, which was € 2.10 at the end of the year 2004. The subscription period for A warrants started on October 1, 2002 and for B warrants on October 1, 2004. 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 for one OKO Bank series A share. The B warrants were listed to the Helsinki Stock Exchange on October 1, 2004 as an additional batch of A Warrants. A total of 2,080,800 warrants were offered for public trading, each entitling the holder to subscribe for two OKO Bank series A shares. Before listing, the B warrants were combined with the A warrants and the name was changed to 1999 A/B option rights.

The subscription price was € 7.17 from January 1 to April 4, 2004, and € 5.57 from April 5 to April 30, 2004. The share split (1:2) of OKO Bank shares was entered into Trade Register on April 30, 2004. As a consequence, the share subscription ratio of the share option programme changed. Since the beginning of May, one option right entitles to the subscription of two new Series A shares instead of one, or the subsription price per share was € 2.785. Following the OKO Bank's additional dividend payout the subscription price was lowered to € 2.485 on December 10, 2004.

By the end of the year, 5.8 million Series A shares had been subscribed for using the option rights

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 March 31, 2004 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 18 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 April 3, 2003, shall be cancelled unused. The Executive Board did not use the given authorisation during the report year.

Note 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, 2004)

		No. of Shares	Total	No. of Votes	% of Votes
OP Bank Group Central Cooperative	A	22 000 000			
	K	16 586 064	38 586 064	104 930 320	56.3
Nominee registered shares	A	16 472 282			
	K	0	16 472 282	16 472 282	8.8
Oulun Osuuspankki	A	700 000			
	K	1 012 000	1 712 000	5 760 000	3.1
Keski-Uudenmaan Osuuspankki	A	0			
	K	491 800	491 800	2 459 000	1.3
Keski-Suomen Osuuspankki	A	0			
	K	456 560	456 560	2 282 800	1.2
OP Bank Group Pension Foundation	A	1 800 000			
	K	0	1 800 000	1 800 000	1.0
Pohjolan Osuuspankki	A	195 220			
	K	255 220	450 440	1 471 320	0.8
Porin Seudun Osuuspankki	A	163 816			
	K	251 820	415 636	1 422 916	0.8
Kainuun Osuuspankki	A	283 820			
	K	203 820	487 640	1 302 920	0.7
Turun Seudun Osuuspankki	A	1 170 000			
	K	19 960	1 189 960	1 269 800	0.7
Total		**62 062 382**	**62 062 382**	**139 171 358**	**74.7**

Major shareholders in terms of share ownership
(10 biggest shareholders according to the shareholder register on December 31, 2004)

	No. of Shares	% of All Shares
OP Bank Group Central Cooperative	38 586 064	39.4
Nominee registered	16 472 282	16.8
OP Bank Group Pension Foundation	1 800 000	1.8
Oulun Osuuspankki	1 712 000	1.7
Turun Seudun Osuuspankki	1 189 960	1.2
Etelä-Karjalan Osuuspankki	850 284	0.9
Pohjola Finland Value Fund	700 000	0.7
Thominvest Oy	581 000	0.6
Savonlinnan Osuuspankki	566 284	0.6
Rauman Seudun Osuuspankki	535 308	0.5
Total	**62 993 182**	**64.3**

Breakdown of shareholding by number of shares
(According to the shareholder register on December 31, 2004)

Number of shares owned (Series A and K)	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 100	5 494	21.2	367 788	0.4
101 – 1 000	17 815	68.7	4 385 217	4.5
1 001 – 10 000	2 255	8.7	6 207 667	6.3
10 001 – 50 000	233	0.9	5 306 644	5.4
50 001 – 100 000	55	0.2	3 880 882	4.0
100 001 –	88	0.3	77 886 492	79.4
Total	**25 940**	**100.0**	**98 034 690**	**100.0**

Breakdown of shareholding by sector
(According to the shareholder register on December 31, 2004)

Shareholder type	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares	No. of Votes	% of Votes
Companies	655	2.5	2 910 530	3.0	2 910 530	1.6
OP Bank Group Central Cooperative and member cooperative banks	234	0.9	60 348 892	61.6	148 695 996	79.8
Other financial and insurance institutions	33	0.1	1 551 395	1.6	1 551 395	0.8
Public sector entities	19	0.1	3 500 140	3.6	3 500 140	1.9
Non-profit organisations	243	0.9	1 715 602	1.7	1 715 602	0.9
Households	24 723	95.3	11 501 896	11.7	11 501 896	6.2
Foreign	27	0.1	33 953	0.0	33 953	0.0
Nominee registered shareholders	6	0.0	16 472 282	16.8	16 472 282	8.8
Total	**25 940**	**100.0**	**98 034 690**	**100.0**	**186 381 794**	**100.0**

Note 40

Principal Terms regarding Capital Investments and Capital Loans

Capital loan 10 billion Japanese yen (euro equivalent 71.6 million)

Interest on the loan is fixed at 4.23% until June 18, 2034, and then variable 6-month Yen LIBOR + 1.58%. Interest will be payable on June 18 and December 18 annually. If interest cannot be paid for a given interest period, the obligation to pay interest for the period in question will lapse.

The loan can be called in at the earliest in 2014. After 2014, the loan can be repaid annually on the annual interest due dates June 18 or December 18. The entire amount of the loan must be repaid in one payment. The loan is a perpetual loan.

Note 41

Combined 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.

Note 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	713.2	1 074.9	186.1	90.5
Receivables from financial institutions	1 310.6	967.5	1 264.3	6.1
Receivables from the public and public sector entities	838.0	1 192.3	3 361.9	2 926.5
Notes and bonds	50.9	136.0	690.7	307.0
Liabilities to financial institutions and central banks	4 155.7	49.2	76.5	28.9
Liabilities to the public and public sector entities	3 570.2	104.3	74.5	323.1
Debt securities issued to the public	2 352.1	1 727.5	1 862.9	160.5
OKO Bank				
Notes and bonds eligible for refinancing with central banks	677.3	916.9	185.4	90.5
Receivables from financial institutions	1 501.0	974.2	1 869.6	6.1
Receivables from the public and public sector entities	751.3	991.9	2 456.9	1 462.3
Notes and bonds	66.4	135.8	699.9	354.0
Liabilities to financial institutions and central banks	4 239.1	49.2	76.5	28.9
Liabilities to the public and public sector entities	1 904.3	15.5	0.5	292.8
Debt securities issued to the public	2 262.8	1 727.6	1 872.6	164.8

Receivables from the public and public sector entities did not include any repayables on demand as of December 31, 2004. Deposits other than fixed-term deposits were included in the maturity class "less than 3 months".

Note 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	2 064.7	-	1 870.1	-
Receivables from financial institutions	3 611.0	226.5	4 413.7	226.2
Receivables from the public and public sector entities	8 193.6	125.2	5 537.2	125.2
Notes and bonds	1 006.7	177.9	1 078.3	177.9
Other assets	1 004.8	17.5	995.1	9.8
Total	**15 880.7**	**547.1**	**13 894.5**	**539.1**
Liabilities to financial institutions and central banks	4 214.2	96.2	4 288.7	105.1
Liabilities to the public and public sector entities	3 853.6	218.6	2 000.9	212.3
Debt securities issued to the public	5 393.6	709.5	5 318.3	709.5
Subordinated liabilities	390.2	-	390.2	-
Other liabilities	722.9	21.5	602.8	14.0
Total	**14 574.5**	**1 045.8**	**12 600.9**	**1 040.9**

Note 44

Financial Indicators and Share-specific Ratios

Financial indicators for the OKO Bank Group

	2000	2001	2002	2003	**2004**
Net sales, € million	756.8	755.9	660.9	670.5	633.4
Operating profit/loss, € million	167.1	110.6	96.1	174.1	133.7
% of net sales	22.1	14.6	14.5	26.0	21.1
Profit or loss before appropriations and taxes, € million	167.1	110.6	96.1	174.1	133.7
% of net sales	22.1	14.6	14.5	26.0	21.1
Return on equity, %	21.5	13.0	10.0	18.5	13.9
Return on assets, %	1.10	0.67	0.50	0.92	0.66
Capital adequacy, %	5.5	4.9	5.0	5.0	4.5
Average personnel	1 028	1 070	1 117	1 138	1 246
Cost/income ratio, %	43	51	56	45	56

Share-Specific ratios for OKO Bank Group

	2000	2001	2002	2003	**2004**
Earnings per share, €	1.27	0.84	0.67	1.33	1.05
Earnings per share, diluted, €					1.02
Equity per share, €	6.41	6.62	6.78	7.62	7.51
Dividend per share, €	0.63	0.55	0.37	1.09	0.52*
Dividend payout ratio, %	49.6	64.6	55.2	82.4	50.0*
Effective dividend yield, % (OKO A)	9.2	7.8	5.2	12.2	5.1*
Price/earnings ratio	5.4	8.4	10.8	6.8	9.9
Share price development (OKO A)					
Average, €	5.91	6.68	7.76	7.65	9.40
Low, €	4.97	5.68	6.20	6.38	7.98
High, €	7.00	8.00	8.60	9.25	10.78
Year-end, €	6.88	7.05	7.23	9.05	10.42
Market capitalisation (OKO A), € million	479.8	495.7	514.6	670.7	791.4
Trading volume (OKO A) in thousands of shares	13 092.4	10 514.0	19 056.6	17 535.6	43 026.5
as % of all shares	19.9	15.0	27.0	24.1	57.5
Total number of shares (all)					
Average during the fiscal period	93 410 000	93 410 000	93 410 000	94 931 432	96 901 243
At the end of fiscal period	93 410 000	93 410 000	93 410 000	96 272 850	98 034 690

The number of outstanding shares was doubled without changing the share capital pursuant to the decision made at shareholder's meeting of March 31, 2004. The amendment was entered into the Trade Register on April 30, 2004. Share-specific ratios have been adjusted retroactively.

* Executive Board's proposal: € 0.53 for series A shares and € 0.50 for series K shares.

Calculation of key ratios is explained on page 68.

Notes regarding Income Taxes

Note 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 € 74.3 million of deferred taxes that were based on appropriations. Other deferred taxes and tax liabilities were not recorded in the balance sheet for 2004 and 2003.

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Deferred tax liabilities likely to materialise				
Total amount, € million	2.9	1.7	2.3	1.3

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 2003 taxes, OKO Bank had no unused confirmed losses.

Notes concerning Collateral and Contingent Liabilities as well as Derivative Contracts

Note 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	1 286.9	1 286.9
Mortgages	-	-
Other	15.0	15.0
Collateralised liabilities		
Liabilities to financial institutions and central banks	960.7	960.7
Liabilities to the public and public sector entities	324.9	324.9
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	-	-

Note 47

Pension Liabilities

OKO Bank Group company personnel, except for Opstock Ltd, is covered by a statutory pension scheme arranged through the OP Bank Group Pension Fund. Supplementary pension has, with the exception of Opstock, been arranged through the OP Bank Group Pension Foundation. The Foundation has not accepted new beneficiaries since June 30, 1991. OKO Bank Group companies have no direct liabilities associated with pension liabilities. The pension liabilities of OKO Bank Group companies are fully covered.

Note 48

Leasing Liabilities

	OKO Bank Group	OKO Bank
Leasing payments in 2005	0.4	0.1
Leasing payments after 2005	0.7	0.1

Note 49

Breakdown of Off-balance Sheet Commitments at the Year-end

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
Loan guarantees	293.5	328.3	263.3	299.3
On behalf of subsidiaries	-	-	-	-
On behalf of affiliates	-	-	-	-
Other guarantees	1 019.0	764.1	1 042.5	787.2
On behalf of subsidiaries	-	-	23.5	23.1
On behalf of affiliates	1.8	2.0	1.8	2.0
Mortgages	-	-	-	-
Other commitments given to a third party on behalf of a customer	97.9	81.7	93.9	77.1
Unused standby credit facilities	2 352.5	2 083.5	2 026.5	1 817.1
To subsidiaries	-	-	20.0	20.0
To affiliates	-	-	-	-
Pledges given	-	-	-	-
Other irrevocable commitments given on behalf of a customer	367.5	370.2	362.4	367.0
To subsidiaries	-	-	-	-
To affiliates	-	-	-	-
Total commitments	**4 130.3**	3 627.7	**3 788.7**	3 347.7
Total commitments given to subsidiaries or on their behalf	-	-	**43.5**	43.1
Total commitments given to affiliates or on their behalf	**1.8**	2.0	**1.8**	2.0

Note 50

Derivative Contracts at the Year-end

Values of underlying instruments

Contracts made for hedging purposes	OKO Bank Group 2004	OKO Bank Group 2003	OKO Bank 2004	OKO Bank 2003
Interest rate derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	2 642.9	2 026.6	2 642.9	2 026.6
Currency derivatives				
Interest rate and currency swaps	678.6	99.7	678.6	99.7
Equity derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	70.8	45.4	70.8	45.4
Written	-	-	-	-
Other derivatives				
Options				
Purchased	38.7	-	38.7	-
Written	-	-	-	-
Credit derivatives	31.4	31.4	31.4	31.4
Total	**3 462.4**	2 203.0	**3 462.4**	2 203.0

	OKO Bank Group		OKO Bank	
Contracts made for purposes other than hedging	**2004**	2003	**2004**	2003
Interest rate derivatives				
Futures and forwards	4 148.2	1 009.1	4 148.2	1 009.1
Options				
Purchased	895.6	49.7	895.6	49.7
Written	826.7	49.7	859.2	49.7
Interest rate swaps	7 786.8	8 268.1	7 883.8	8 368.5
Currency derivatives				
Futures and forwards	1 914.5	956.0	1 914.5	956.0
Options				
Purchased	0.7	26.3	0.7	26.3
Written	0.9	26.3	0.9	26.3
Interest rate and currency swaps	-	-	-	-
Equity derivatives				
Futures and forwards	-	0.5	-	-
Other derivatives				
Futures and forwards	-	-	-	-
Options				
Purchased	-	-	-	-
Written	-	-	-	-
Credit derivatives	35.0	-	35.0	-
Equity swaps	-	-	-	-
Total	**15 608.4**	10 385.8	**15 737.8**	10 485.6
Credit countervalues of contracts				
Interest rate derivative contracts	111.6	81.3	114.5	82.6
Currency derivative contracts	104.4	58.5	104.4	58.5
Other derivatives	18.0	9.1	18.0	8.5
Total	**234.0**	148.9	**236.9**	149.6

Note 51

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

	OKO Bank Group	OKO Bank
	2004	**2004**
Accounts receivable	51.8	-
Accounts payable	56.8	-

Note 52

Other Contingent Liabilities and Commitments

At the year-end, OKO Bank's commitments to venture capital funds totalled € 15.8 million. These are included in the commitments referred to in note 49.

Notes concerning Personnel and Members of Executive and Supervisory Boards

Note 53

Personnel and Members of Executive and Supervisory Boards

Average personnel in 2004

	OKO Bank Group During the Fiscal Period	OKO Bank Group Change from Previous Year	OKO Bank During the Fiscal Period	OKO Bank Change from Previous Year
Full-time personnel	1 219	113	505	22
Part-time personnel	27	-5	6	-1
Total personnel	**1 246**	**108**	**511**	**21**

Salaries and compensation, including social expenses, paid to members of Executive and Supervisory Boards

	OKO Bank Group		OKO Bank	
	2004	2003	**2004**	2003
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	3.6	3.0	2.5	2.3
Total	**3.8**	3.1	**2.7**	2.4

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	0.1	-
To members and deputy members of the Executive Board and the President	0.3	-
To auditors and auditing companies	-	-
Total	**0.4**	**-**

	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	0.0	-
To auditors and auditing companies	-	-
Total	**0.0**	**-**

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 Executive and Supervisory boards. Furthermore, no pension commitments have been made for previous members of these bodies.

Management ownership

As of December 31, 2004, 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 36,368 OKO Bank series A shares, or 0.037% of all shares outstanding and 0.020% 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 212,000 shares. These shares represent 0.208% of all shares and 0.112% of voting rights.

Holdings in Other Companies

Note 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	117.6	5.5
OP Life Assurance Company Ltd	14.9	22.3	122.4	35.5
Finnventure Rahasto V Ky, Helsinki, venture capital fund	5.9	4.5	135.1	-6.9
OMX AB, Stockholm, securities and derivatives trading	1.4	3.8	389.1	-49.4
Finnmezzanine Rahasto III B Ky, Helsinki, venture capital fund	49.5	4.2	7.4	0.3
Luottokunta, Helsinki, financing operations	16.5	1.0	103.0	1.7
Eurocard Oy, Helsinki, financing operations	11.2	0.8	8.0	1.1

In addition, OKO Bank had holdings in 25 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 € 0.5 million.

[1] According to the latest approved financial statements.

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	40.8	7.3
Automatia Pankkiautomaatit Oy, Helsinki, financial services support	33.3	5.1	24.3	4.8
Toimiraha Oy, Helsinki, financial services support	33.3	2.1	11.4	7.2
Kiinteistö Oy Lahden Trio, real estate ownership and management	33.3	19.6	66.8	0.0
Oy Kaisaniemenkatu 1, Helsinki, real estate ownership and management	22.4	9.3	14.6	0.0

Subsidiaries Included in the Consolidated Financial Statements

Company name, registered office and line of business	Group's Shareholding %	Total Book Value	Shareholders' Equity at Year-End [1]	Profit or Loss for the Fiscal Period[1]
Okopankki Oyj, Helsinki, banking	100.0	84.1	99.8	2.6
Opstock Ltd, Helsinki, investment services	85.3	3.8	11.9	5.3
OKO Venture Capital Ltd, Helsinki, venture capital operations	100.0	1.0	1.6	0.6
Helsingin Seudun OP-Kiinteistökeskus Oy LKV, Helsinki, real estate agency	100.0	0.2	0.4	0.2
Kiinteistö Oy Arkadiankatu 23, Helsinki, real estate ownership and management	100.0	5.6	4.9	-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	8.4	-0.4

Under the Financial Supervision Authority's regulations, a total of 16 housing and real-estate companies with an aggregate balance sheet total of € 35.0 million, as well as 8 other companies whose aggregate balance sheet total was € 23.0 million were not included in the consolidated financial statements. During the fiscal period, OP-Kiinteistöt Oy was dissolved.

[1] Parent company information in a separate financial statement

Other Notes

Note 55

Trustee Services Provided by a Financial Institution

OKO Bank offers the public investment and asset management services.

Note 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

Note 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

	2004	2003
Interest income	20.6	17.1
Income from equity investments	16.0	18.5
Interest expenses	1.1	1.2

Receivables from and payables to subsidiaries

	2004	2003
Receivables from financial institutions	812.0	649.6
Receivables from the public and public sector entities	2.0	2.0
Notes and bonds eligible for refinancing with central banks	-	-
Notes and bonds	42.7	33.4
Other assets	1.3	1.2
Deferred income and advances paid	4.8	4.2
Total	**862.8**	690.4
Liabilities to financial institutions	85.7	135.9
Liabilities to the public and public sector entities	2.6	3.5
Debt securities issued to the public	1.7	1.3
Other liabilities	1.3	0.6
Deferred expenses and advances received	0.1	-
Total	**91.4**	141.3

Notes concerning Subsidiaries and Affiliates

Subsidiaries Included in the Consolidated Financial Statements — Note 58

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

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

Subsidiaries referred to here are not part of OKO Bank.

Affiliates Included in the Consolidated Financial Statements — Note 60

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

Affiliates Not Included in the Consolidated Financial Statements by Financial Supervision Authority permission — Note 61

Affiliates referred to here are not part of OKO Bank.

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

All subsidiaries have been consolidated using the acquisition cost method.

Joint Ventures Included in the Consolidated Financial Statements — Note 63

All affiliates have been consolidated using the equity method.

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

The fiscal period of all subsidiaries included in the consolidated financial statements ended on December 31, 2004.

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

The real-estate agency Helsingin Seudun OP-Kiinteistökeskus Oy, a subsidiary of Okopankki Oyj, is included in the consolidated financial statements using the acquisition cost method since January 1, 2004. It is not a credit institution or financial institution or a service enterprise.

Note 66

Breakdown of the Depreciation of Consolidated Goodwill and Reserve if they Were Combined in the Income Statement

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

Note 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.

Note 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.

	2004	2003
Deferred taxes in the consolidated balance sheet		
Deferred taxes based on appropriations entered in the consolidated balance sheet	74.3	59.3
Deferred tax liabilities based on the consolidated balace sheet		
Based on consolidation	0.2	0.3
Based on Group companies' own balance sheets	2.9	1.7
Changes in deferred taxes		
Based on appropriations	15.0	20.1
Based on consolidation	-0.1	-0.1
Based on Group companies' own balance sheets	1.1	0.7

Note 69

Consolidated Goodwill and Reserve from Affiliates

The balance sheet item Real Estate and Real-Estate Holdings includes € 12.7 million undepreciated consolidated goodwill from affiliates included in consolidated financial statements.

There were no consolidated reserve that had not been booked as income.

Note 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.

Note 71

Long-term Incentive Schemes

The 1999 share option programme has been described in Note 38.

Personnel fund

OKO Bank joined the personnel fund for the OP Bank Group on October 26, 2004, Okopankki on October 22, 2004 and Helsingin Seudun OP-Kiinteistökeskus on October 27, 2004. A total of 1,117 OKO Bank employees were members of the fund on December 31, 2004.

The amount of profit-sharing transfer into the personnel fund is based on the achievement of the following targets: ROE percentage (weight 50%), increase in OKO Bank's market share (weight 35%) and increase in the market share of OP Bank Group (weight 15%). The transfer will be made if the Bank meets at least 80 per cent of this target. If the Bank meets the set targets, the amount of the profit-sharing transfer to the personnel fund for 2005 will correspond to 2.5 per cent of the total salary of fund members in 2005 (44.7 million euro in 2004).

Profit-sharing transfers into the fund will be divided into personal fund units between the employees of the company in question who are members of the fund. The division will be based equally on earnings under the Employees' Pensions Act and completed working hours.

After a person has been a fund member for at least five years, 15 per cent of his/her fund unit will be transferred annually to the withdrawable portion. This portion or a part of it will be paid to the member no later than four months after the books of the fund have been closed, if the member has announced his/her intention to withdraw.

Management Scheme

Under a decision taken by OKO Bank's Supervisory Board, the management scheme includes members of OKO Bank's Executive Board, heads of departments and directors in comparable positions, as well as those managers who are members of the personnel fund and whose HAY rating is 9-11. The number of persons included in the scheme on January 1, 2005 was 43.

Those included in the scheme may receive OKO Bank shares as annual rewards for 2005-2007. The targets set for this three-year period correspond to the targets regulating the profit-sharing transfer into the personnel fund.

Within the framework of the set targets, each person included in the scheme is entitled to a reward corresponding to his/her regular salary subject to withholding tax for the following period: the President – four months, members of the Executive Board – three months, heads of departments and directors in corresponding positions – two months, and managers – two weeks. Managers are also entitled to a share in the profit-related payment paid into the personnel fund, the maximum amount of which corresponds to their salary for one month. The reward will be paid two years after the completion of the earning period.

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	Income Statement item Profit or Loss before Appropriations and Taxes 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 equity of the parent bank OKO Bank on December 31, 2004 was € 576,587,247.57 of which the distributable equity was € 125,795,960.76.

The consolidated distributable equity on December 31, 2004 was € 74,967,034.54.

The consolidated distributable equity restricts the amount of funds available for dividend payout. At disposal of the Annual General Meeting is

	€
the distributable profit for the financial year	34 714 406.44
profit brought forward	16 803 155.78
and non-restricted reserves	23 449 472.32
or a total amount of	74 967 034.54

It is proposed that the distributable funds of the parent bank be distributed as follows:

€ 0.53 on 77,132,214 Series A shares	40 880 073.42	
€ 0.50 on 22,086,776 Series K shares	11 043 388.00	51 923 461.42
Leaving in consolidated distributable equity capital		23 043 573.12

Helsinki, February 10, 2005

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 2004. 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 Group 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 10, 2005

KPMG 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 2005 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 2004 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 Heikki Eteläaho, Mr Jussi Hautamäki, Mr Harri Kainulainen, Mr Tapio Kurki, Mr Erkki Laatikainen, Mr Eero Lehti, Mr Ulf Nylund, Mr Jaakko Ojanperä, Mr Seppo Penttinen ja Mrs Valvatti Remes-Siik. In addition, Mr Heikki Teräväinen has tendered his resignation.

Helsinki, February 10, 2005

On Behalf of the Supervisory Board

Seppo Penttinen
Chairman

Markku Koponen
Secretary

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