

Pohjola Bank plc's Interim Report 1 January–30 June 2012





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Q2/12: EBT almost €100 mn

Strong progress in customer business

BANKING

Loan portfolio €13.2 bn

+ 3%

+ 10% in the year to June

Margin on corporate loan portfolio

1.43%

+ 0.11 pps in the year to June

+ 0.05 pps in Q2/12

Impairment losses

€11 mn

0.07% of the loan and guarantee portfolio

Q2/11: €20 mn, 0.14%

NON-LIFE INSURANCE

Insurance premium revenue €281 mn

+ 7%

Operating combined ratio

85.4%

Q2/11: 83.3%

Return on investments at fair value

0.6%

Q2/11: 0.6%

Q2

H1/12: EBT over €200 mn

Strong progress in customer business

BANKING

Loan portfolio €13.2 bn

+ 6%

+ 10% in the year to June

Margin on corporate loan portfolio

1.43%

+ 0.11 pps in the year to June

+ 0.09 pps from 31 Dec. 2011

Impairment losses

€19 mn

0.12% of the loan and guarantee portfolio

H1/11: €36 mn, 0.24%

NON-LIFE INSURANCE

Insurance premium revenue €549 mn

+ 8%

Operating combined ratio

92.5%

H1/11: 91.6%

Return on investments at fair value

5.5%

H1/11: 1.0%

H1



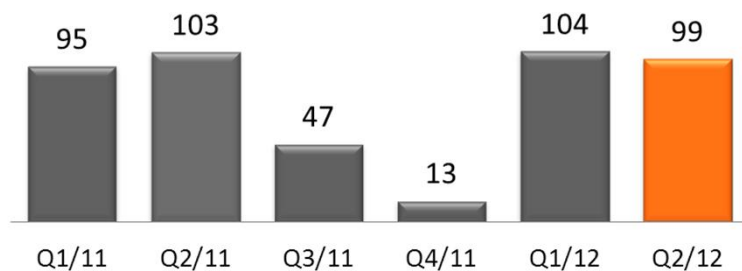
Pohjola Group

Interim Report Q2/12

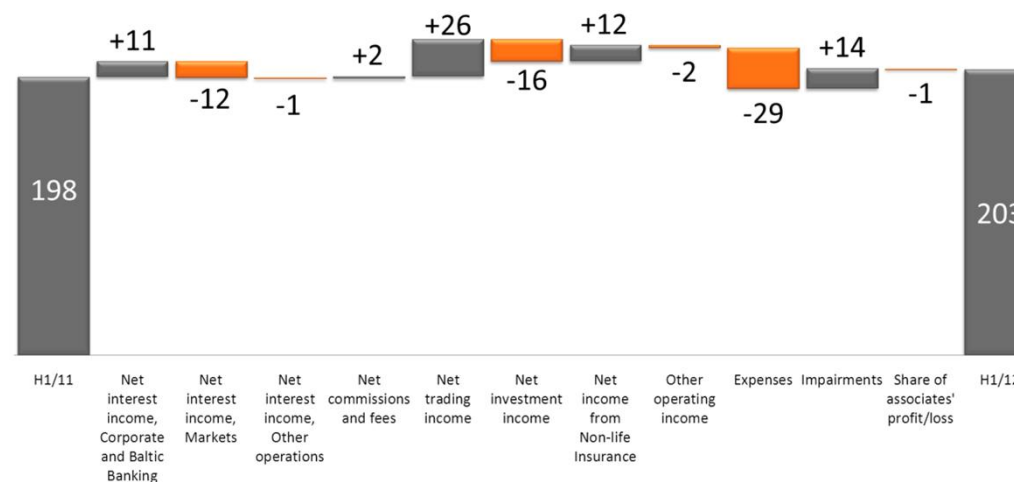
Pohjola Group

Good EBT – H1/12 over €200 mn

Earnings before tax, € mn
By quarter



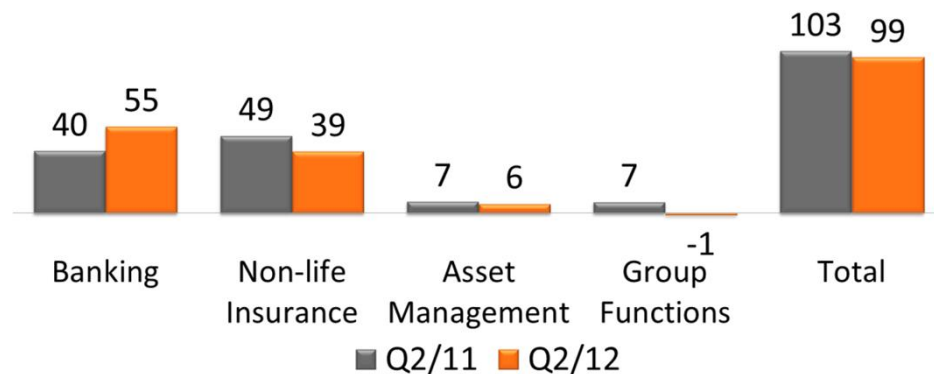
Earnings before tax, €mn
Year-on-year change, H1



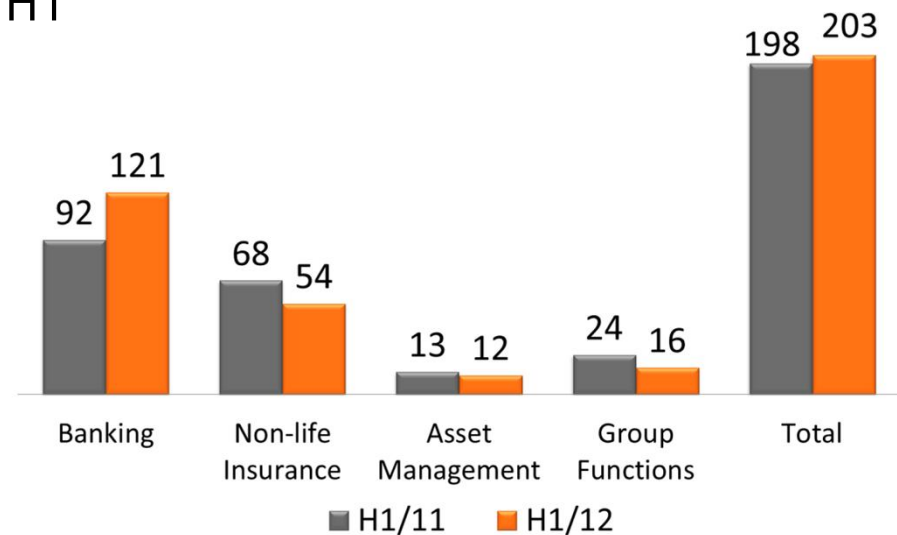
Pohjola Group

Banking showed strong financial performance
Non-life Insurance recorded good operating profitability

Earnings before tax, €mn
By business line, year-on-year change
Q2



Earnings before tax, €mn
By business line, year-on-year change
H1

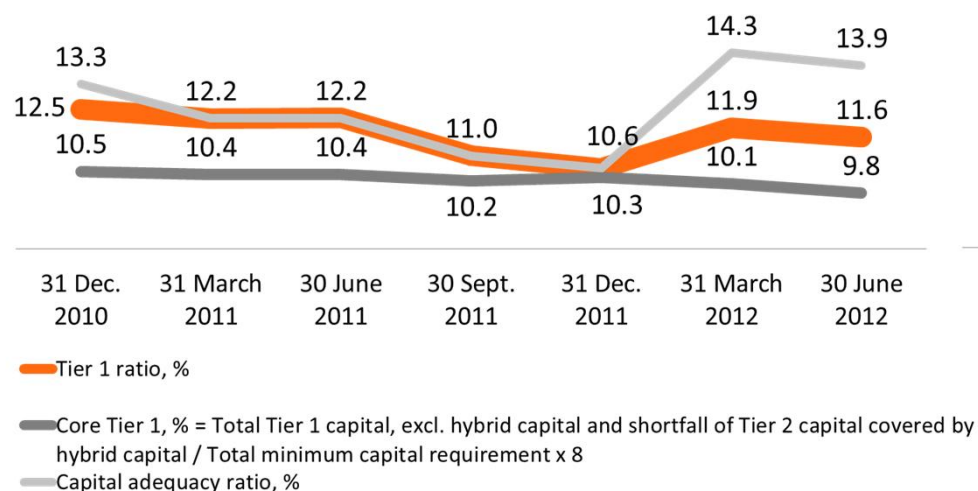


Pohjola Group's Capital Adequacy

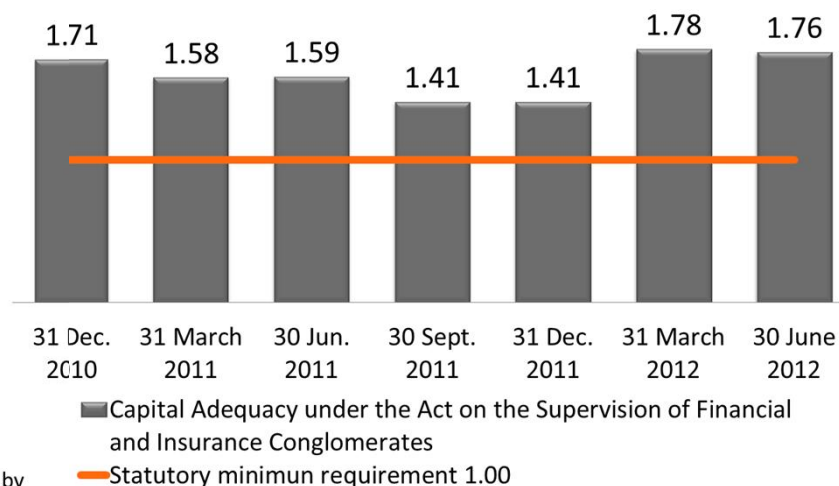
Growth in the commitment portfolio increased RWAs at a faster rate than that in the capital base

Capital adequacy still on a solid basis

Capital adequacy ratio under the Act on Credit Institutions, %



Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



OP-Pohjola Group's Core Tier 1 ratio 14.7% as of 30 June 2012 (14.0% on 31 Dec. 2011)

OP-Pohjola Group's Core Tier 1 ratio target is 15%.


Pohjola Group

Financial targets over the economic cycle



	Target	Q2/12	H1/12	2011	2010	2009
Group						
Return on equity at fair value, %	13	11.8	27.7	3.1	9.3	19.2
Tier 1 ratio, %	> 9.5	11.6	11.6	10.6	12.5	11.8
Core Tier 1 ratio, %		9.8	9.8	10.3	10.5	9.7
Banking						
Operating cost/income ratio, %	< 40	34	34	35	35	35
Non-life Insurance						
Operating combined ratio, %	92.0	85.4	92.5	89.8	89.7	87.7
Operating expense ratio, %	< 20	22.3	23.1	21.8	21.3	22.2
Solvency ratio, %	70	86	86	77	86	88
Asset Management						
Operating cost/income ratio, %	< 50	53	53	49	53*	53
Rating target						
AA rating affirmed by at least two credit rating agencies	2	2	2	2	3	3
Dividend policy						
Dividend payout ratio 50%, provided that Tier 1 ratio > 9.5%	≥ 50			60	55	51

* excl. items related to corporate transactions



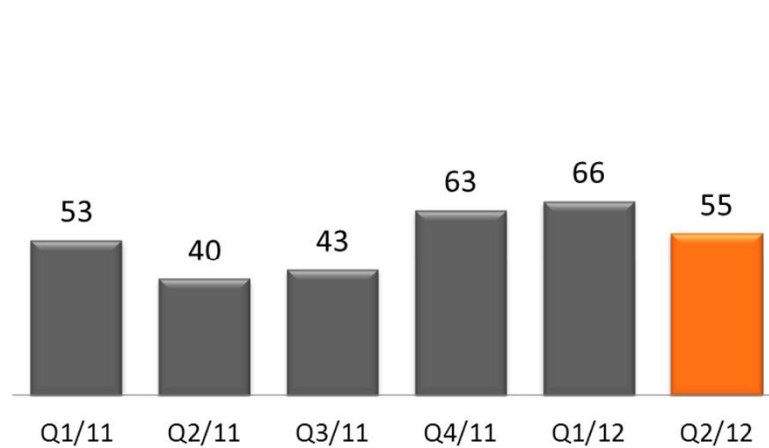
Banking

Interim Report Q2/12

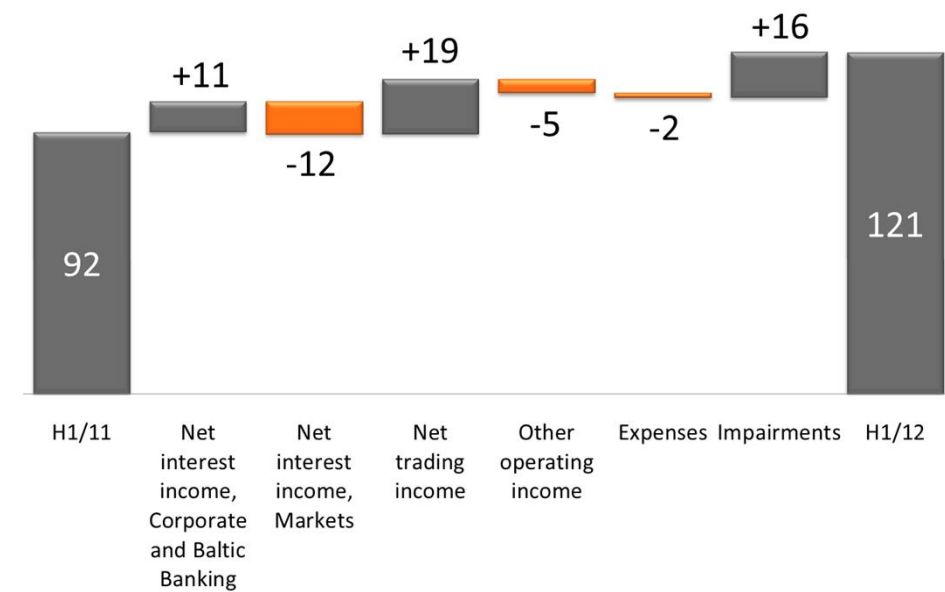
Banking

Strong financial performance

Earnings before tax, €mn
By quarter



Earnings before tax, €mn
Year-on-year change, H1

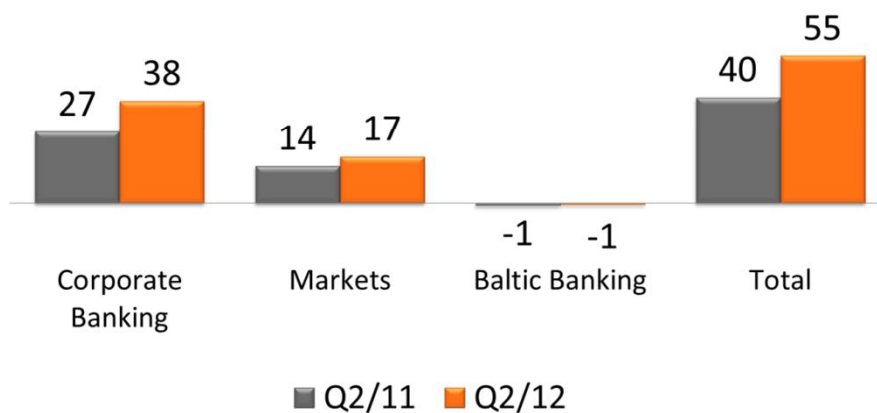


Banking

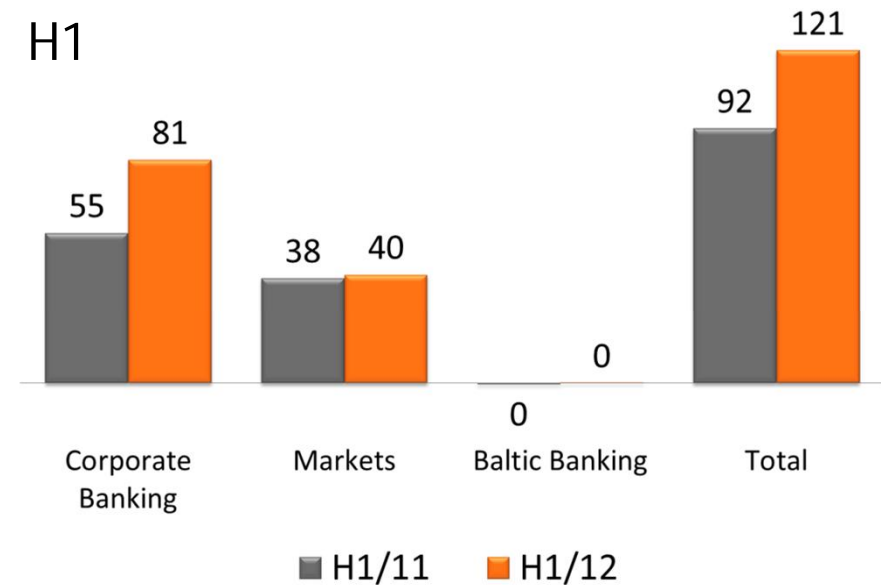
Corporate Banking showed improved net interest income and lower impairment charges year on year

Growth in client income and risk exposure management improved the financial performance of Markets

Earnings before tax, €mn
By division, year-on-year change
Q2



Earnings before tax, €mn
By division, year-on-year change
H1



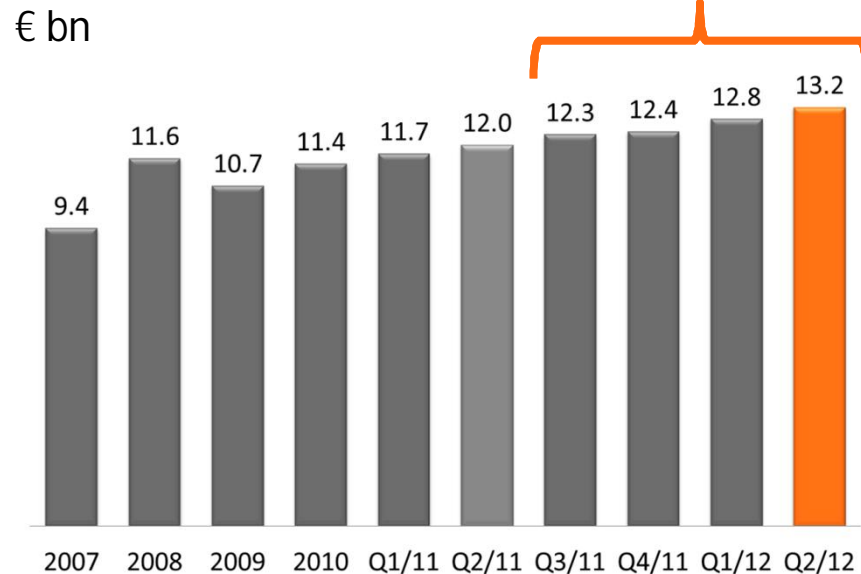
Banking

Average margin up by 9 basis points in H1/12

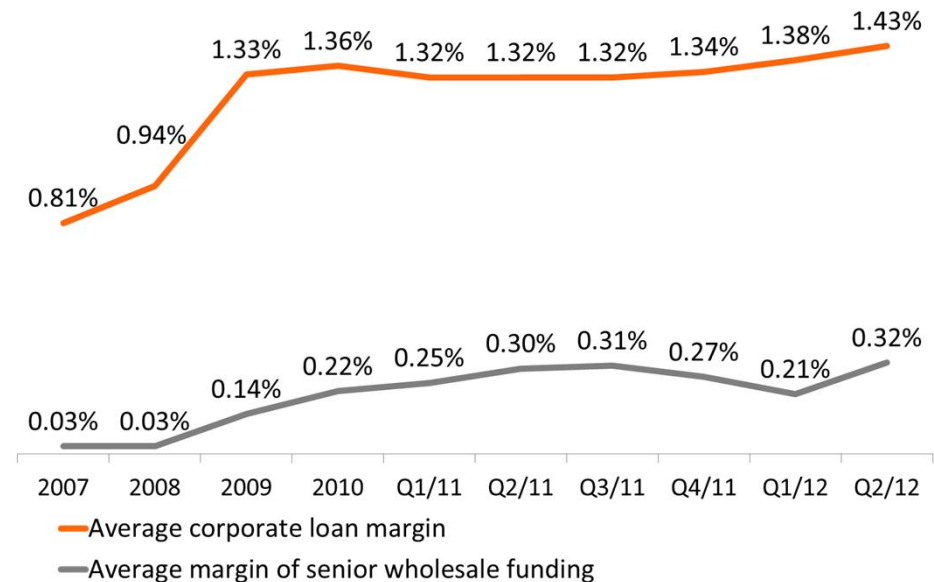
Growth in the loan portfolio improved the market share of corporate loans to 20.7% (May/2012)

Loan portfolio continued its growth

10% annual growth
6% from year-end
3% in Q2/12



Average corporate loan portfolio margin rose, funding costs went up

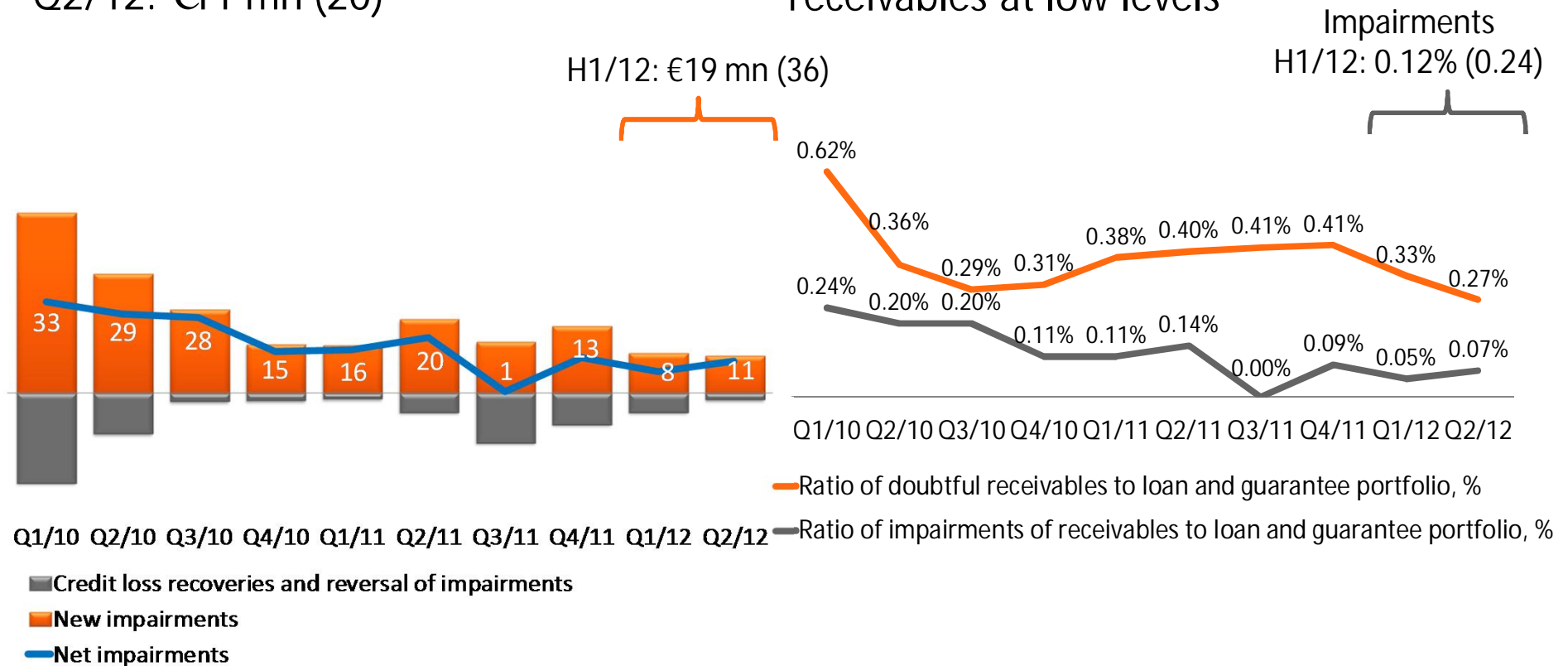



Banking

The loan portfolio remained good in terms of quality

Net impairment loss on receivables
Q2/12: €11 mn (20)

Impairment losses and doubtful
receivables at low levels





Non-life Insurance

Interim Report Q2/12

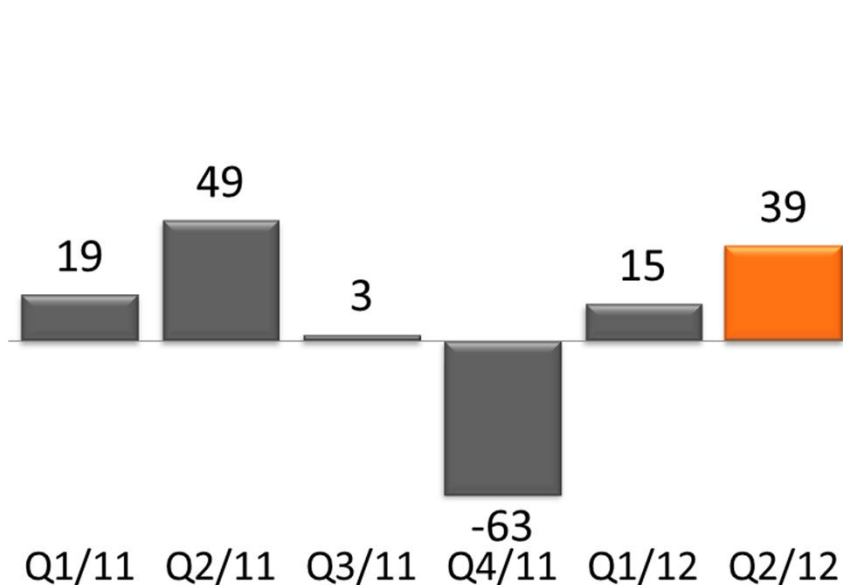
Non-life Insurance

Good operating profitability – H1/12: 92.5% (91.6) and Q2/12: 85.4% (83.3)

Return on investment at fair value H1/12: 5.5% (1.0), but investment income recognised in the income statement was lower than a year ago

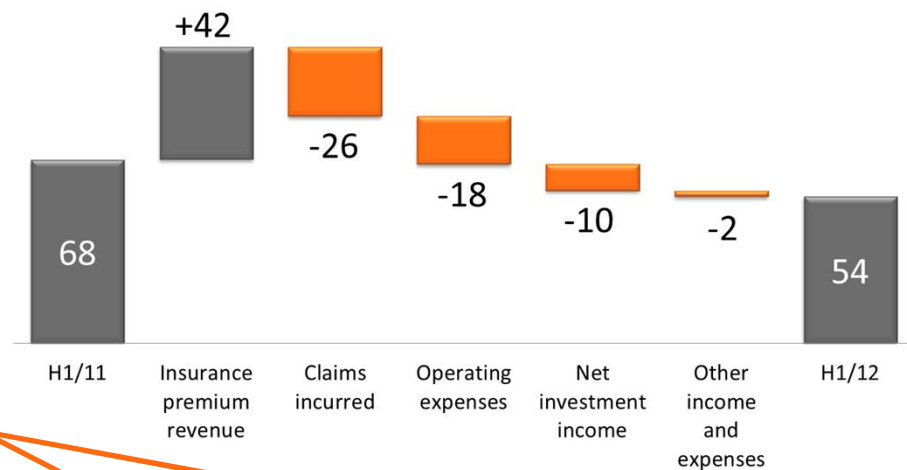
Earnings before tax, € mn

By quarter



Earnings before tax, € mn

Year-on-year change, H1



The discount rate for technical provisions related to pension liabilities will be reduced from 3.3% to 3.0% in Q3/2012, lowering consolidated earnings before tax by approximately EUR 50 million.

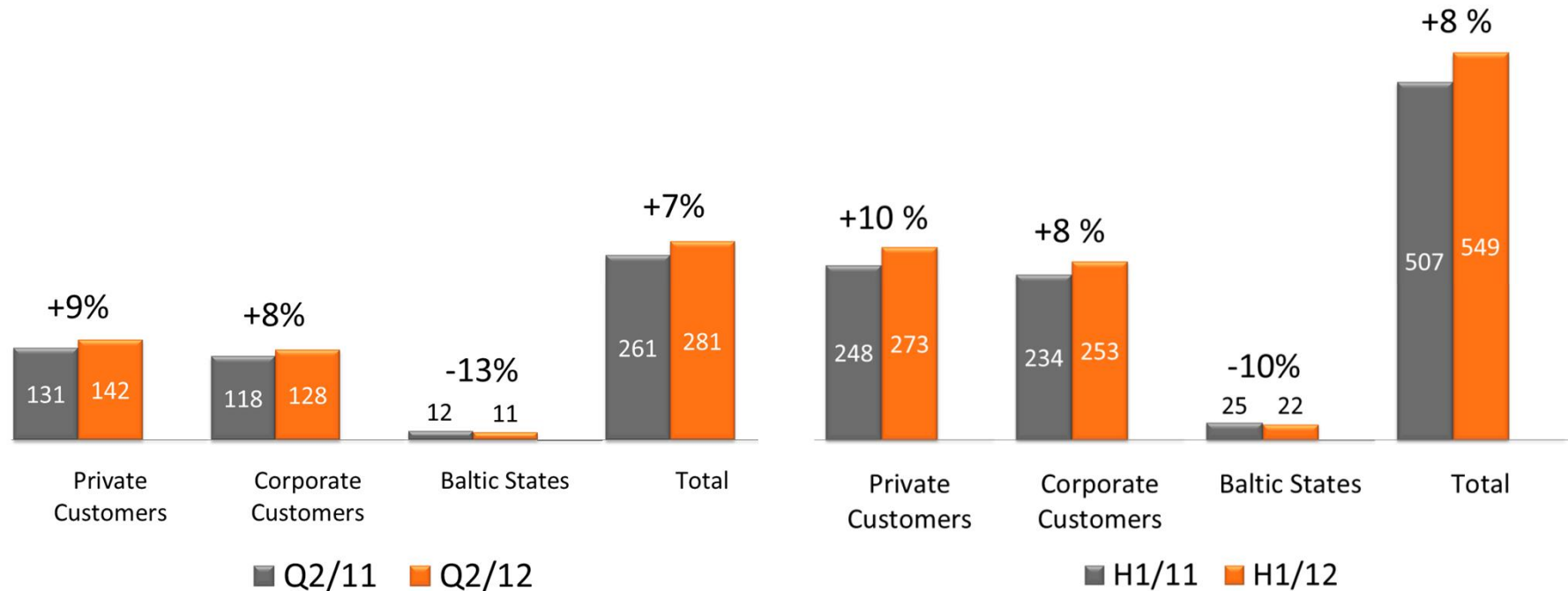
Non-life Insurance

Insurance premium revenue continued to grow vigorously

Sales of policies for H1/12 to Private Customers up by 20% and to Corporate Customers by 6% year on year

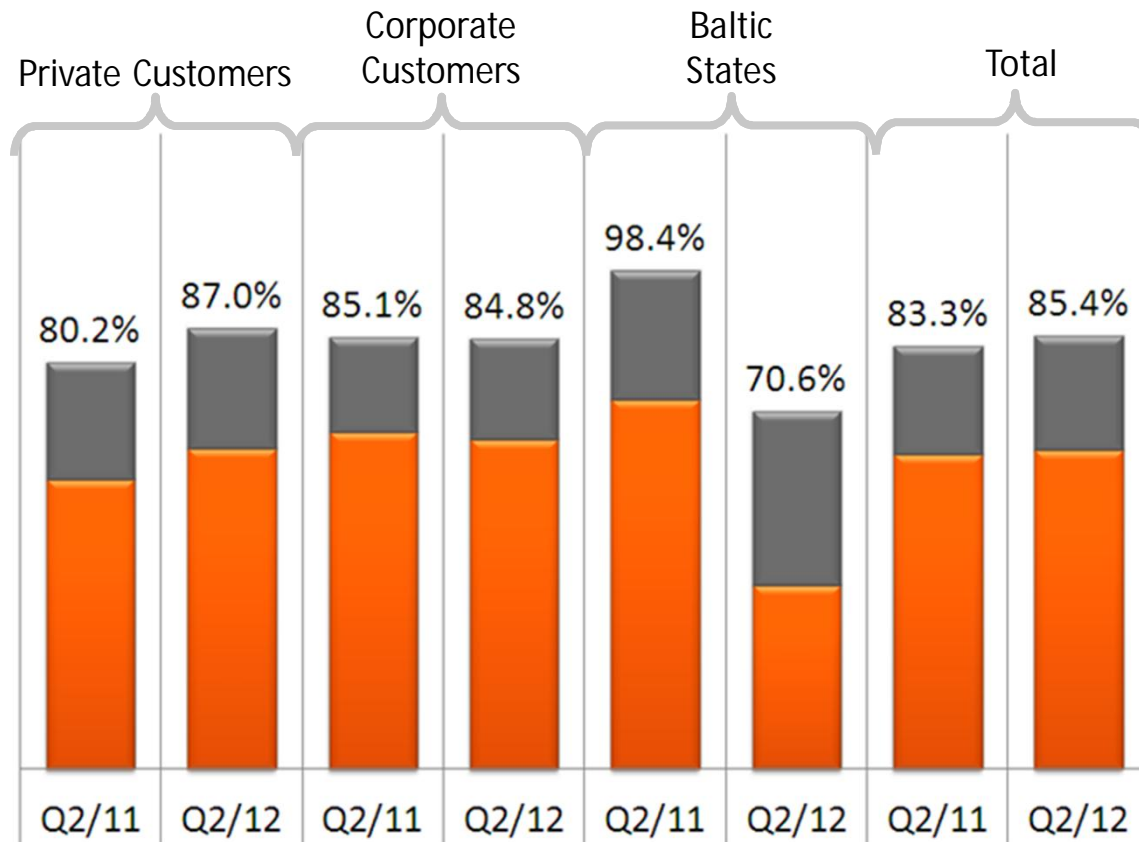
Insurance premium revenue by division, €mn and year-on-year change, Q2

Insurance premium revenue by division, €mn and year-on-year change, H1



Non-life Insurance Q2/12

All divisions reported a good operating combined ratio

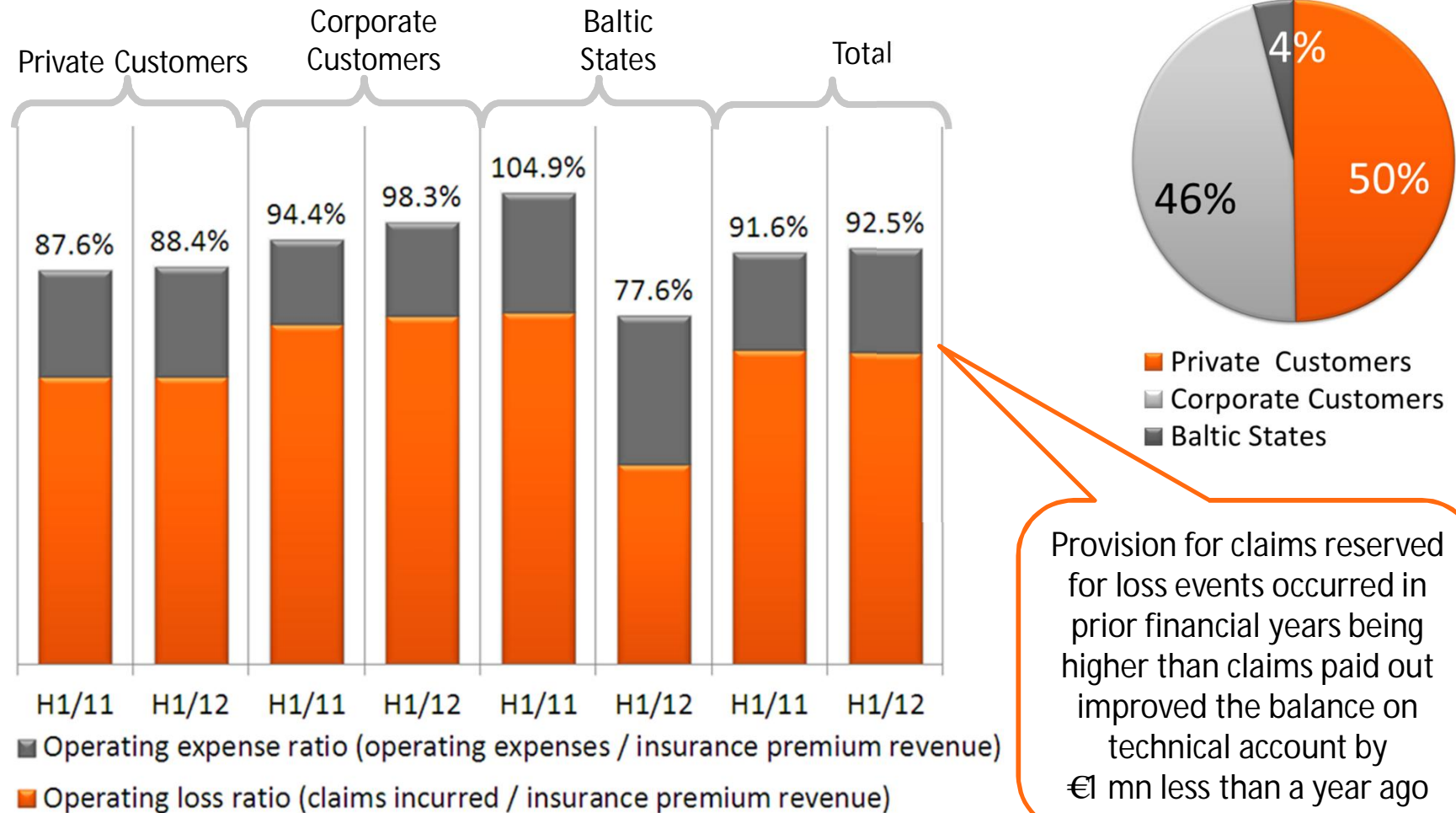


■ Operating expense ratio (operating expenses / insurance premium revenue)
 ■ Operating loss ratio (claims incurred / insurance premium revenue)

Provision for claims reserved for loss events occurred in prior financial years being higher than claims paid out improved the balance on technical account by €10 mn more than a year ago

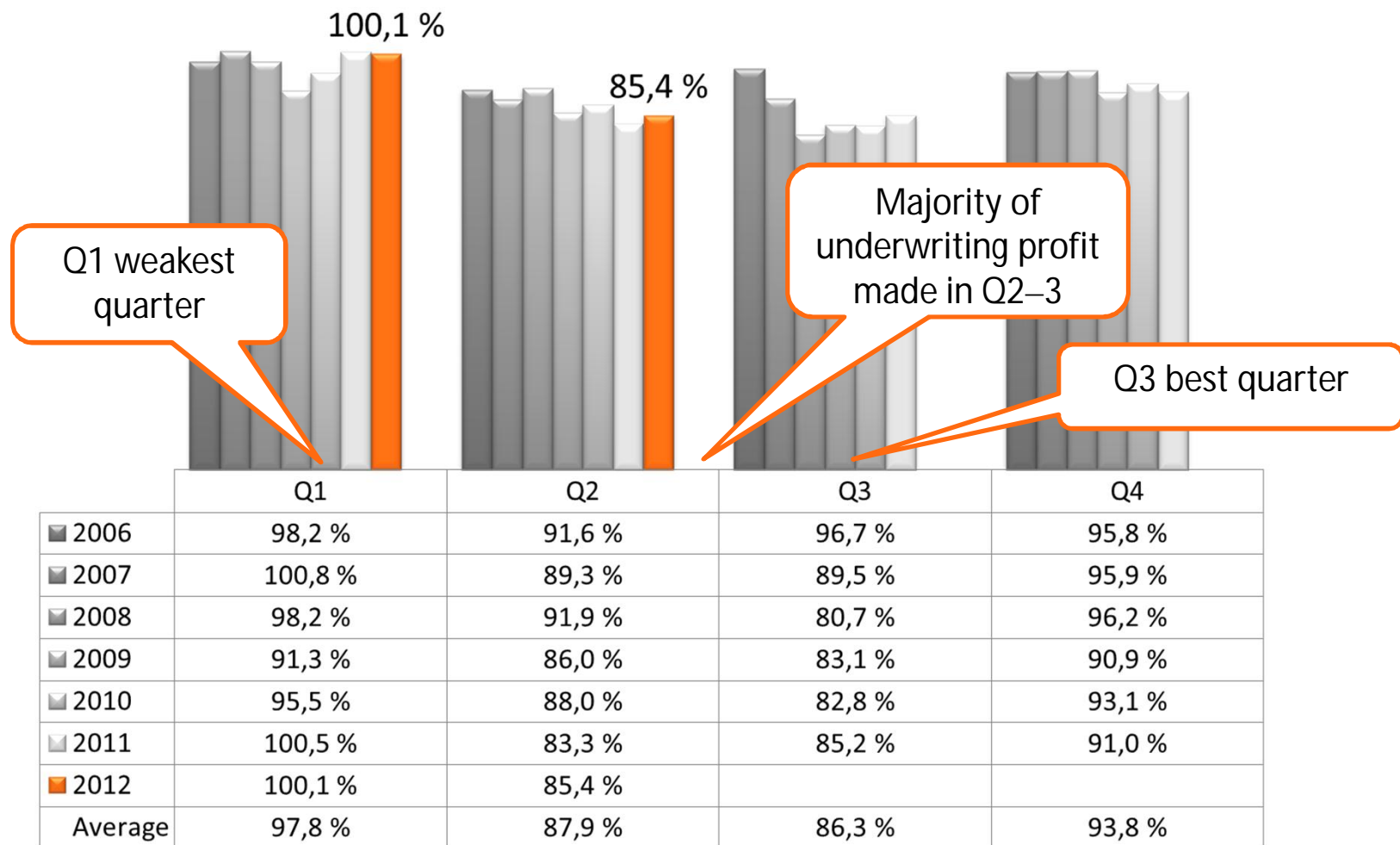
Non-life Insurance H1/12

Operating combined ratio by division and sources of insurance premium revenue total



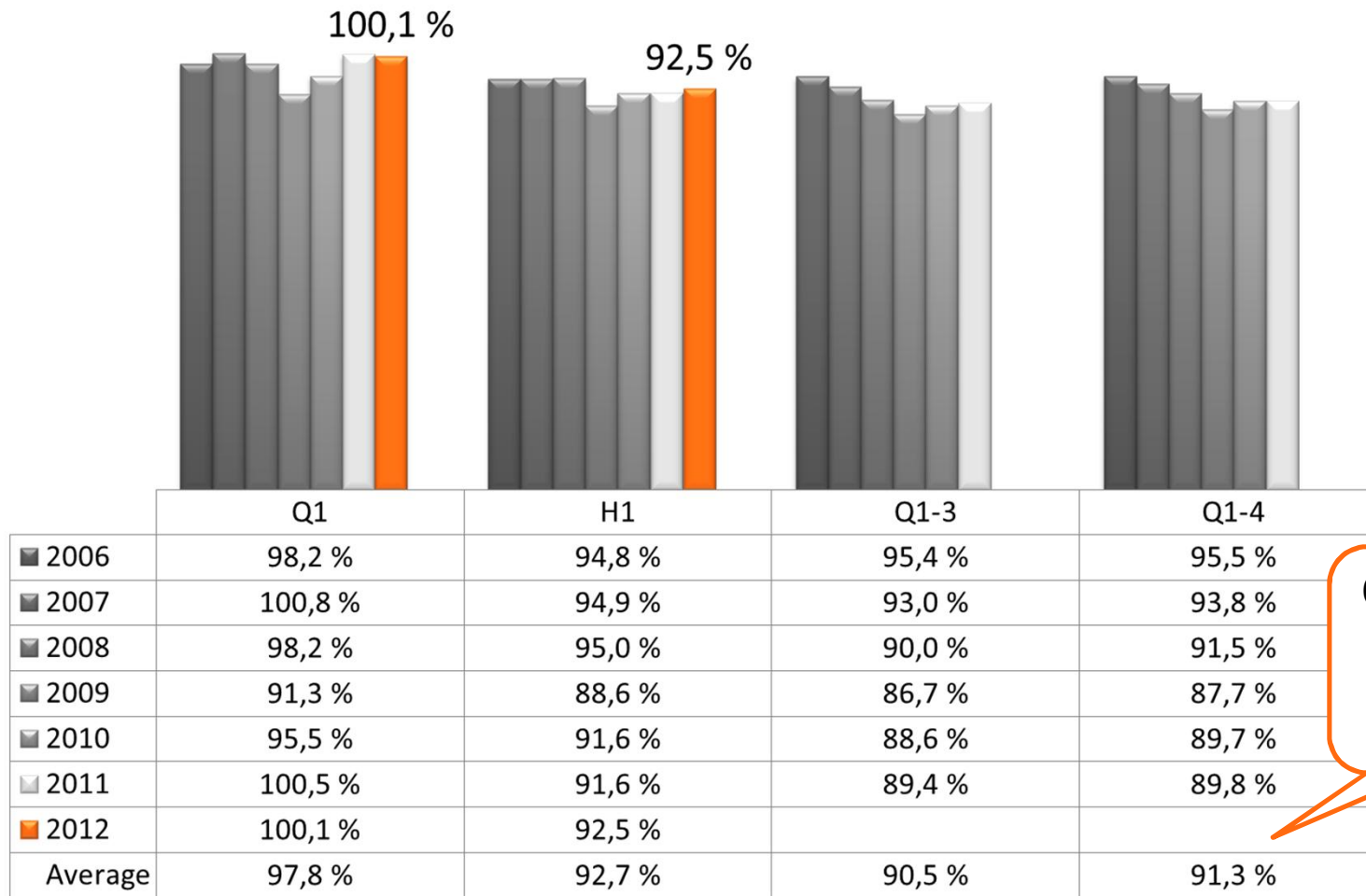
Non-life Insurance Q2/12

Operating combined ratio by quarter, %



Non-life Insurance H1/12

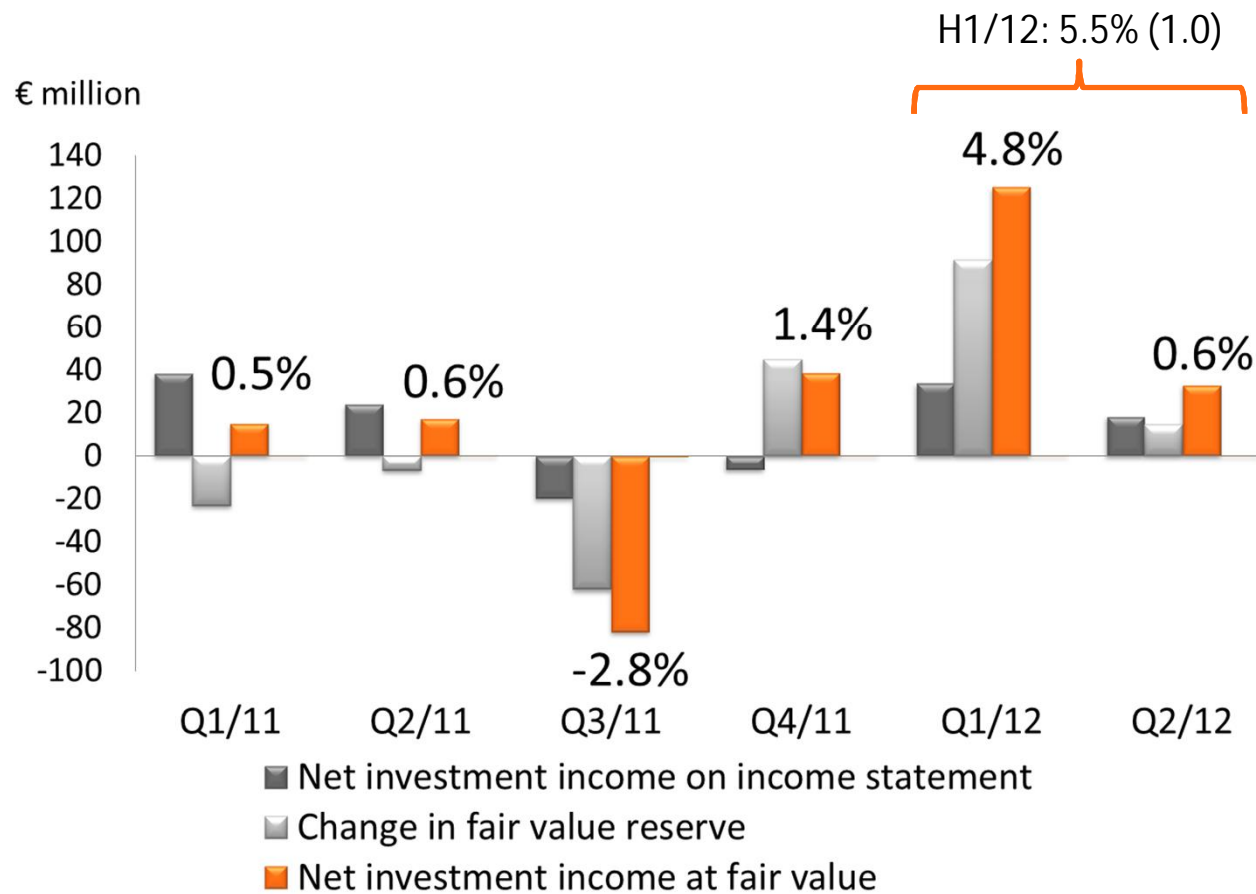
Operating combined ratio, %, cumulative



Guidance
for
FY2012:
89-94%

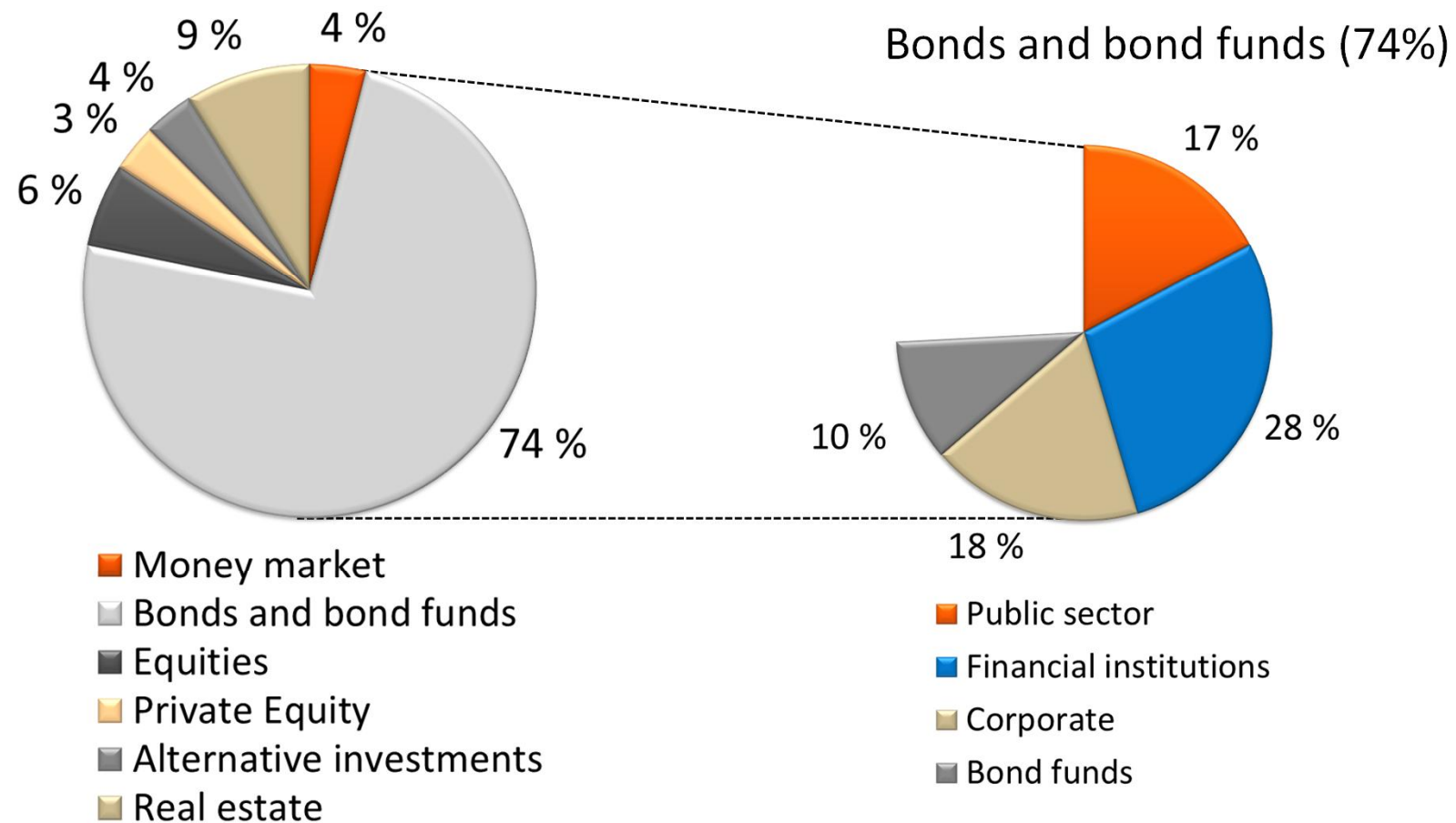
Non-life Insurance

Return on investments at fair value, %



Non-life Insurance

Investment portfolio (€3.1 bn) by asset class as of 30 June 2012





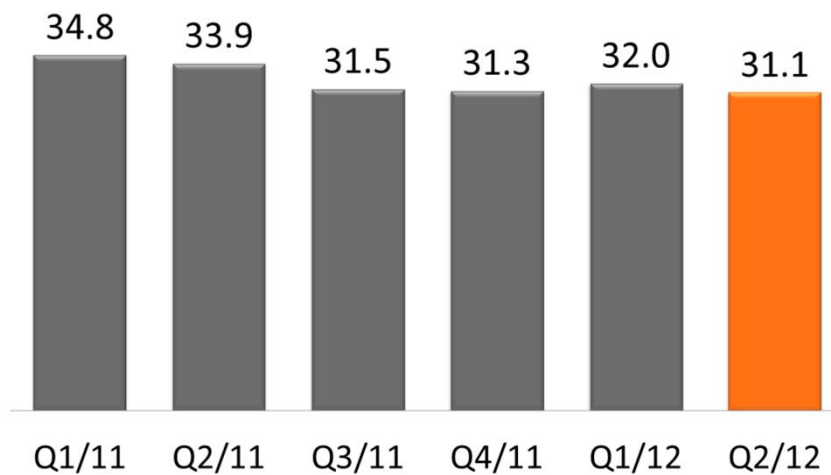
Asset Management

Interim Report Q2/12

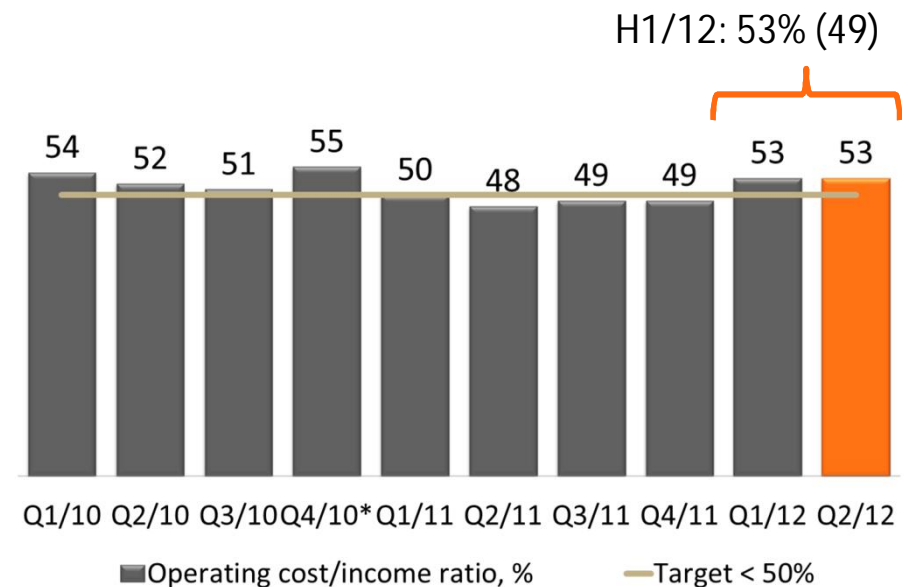
Asset Management

Earnings before tax H1/12 €12 million (13)

Assets under management, €bn



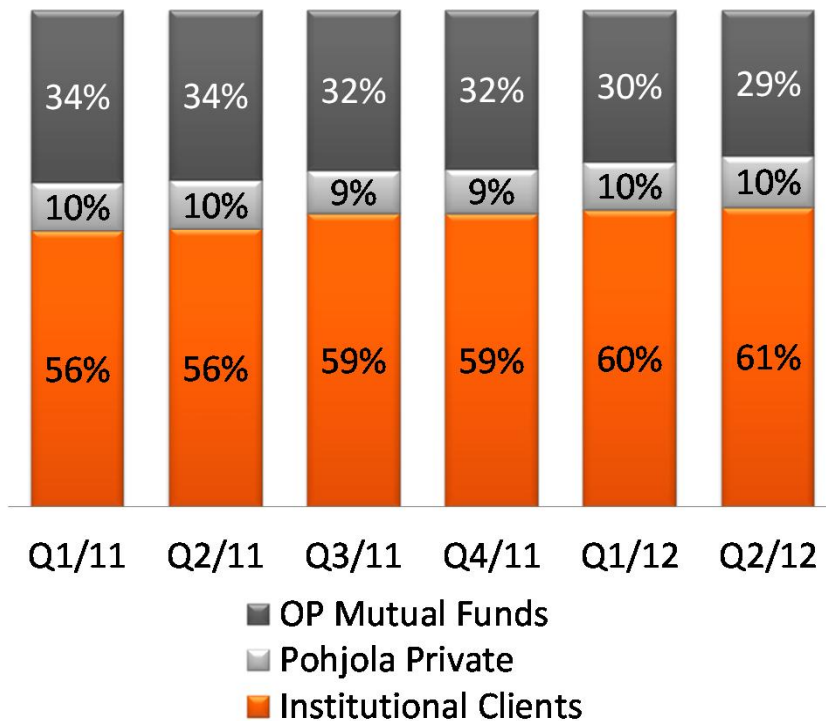
Operating cost/income ratio, %



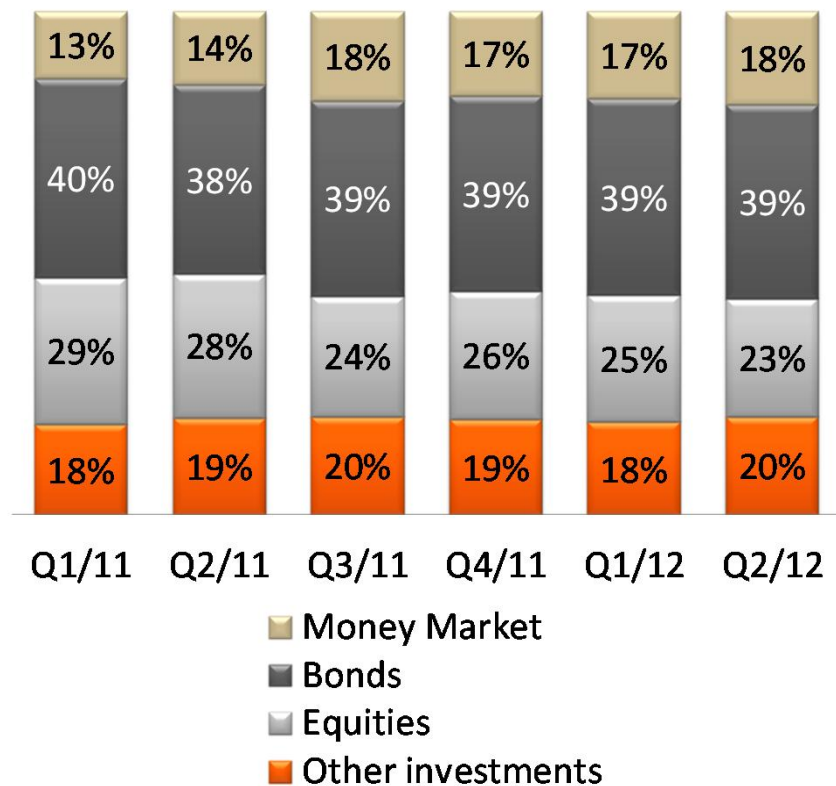
* excl. items related to corporate transactions

Asset Management

Assets under management increased in Pohjola Private and Institutional Clients



Assets under management by asset class





Group Functions

Interim Report Q2/12

Group Functions

Earnings before tax H1/12 €16 mn (24)

Issued senior debt and covered bonds in 2010–12

Pohjola Bank plc, senior debt issues

Year	Month	Amount	Maturity	Interest rate
2012	March	€750 mn	5 yrs	m/s+118bp
2011	January	€500 mn	5 yrs	m/s+80bp
2010	September	€750 mn	7 yrs	m/s +88bp
2010	March	€750 mn	5 yrs	m/s+78bp
2010	February	€750 mn	3 yrs	3mEuribor +53bp

OP Mortgage Bank, covered bond issues

Year	Month	Amount	Maturity	Interest rate
2012	May	€1.25 bn	5 yrs	m/s+32bp
2011	July	€1 bn	7 yrs	m/s+48bp
2011	April	€1 bn	5 yrs	m/s+35bp
2010	June	€1 bn	5 yrs	m/s+40bp

Q2/12

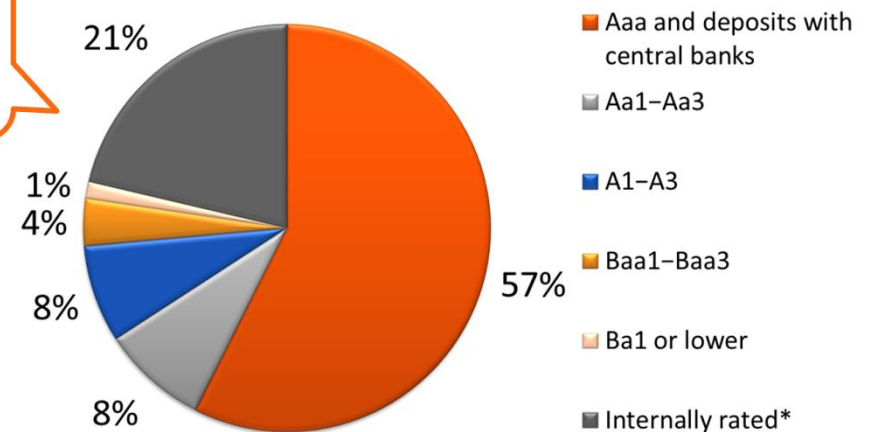
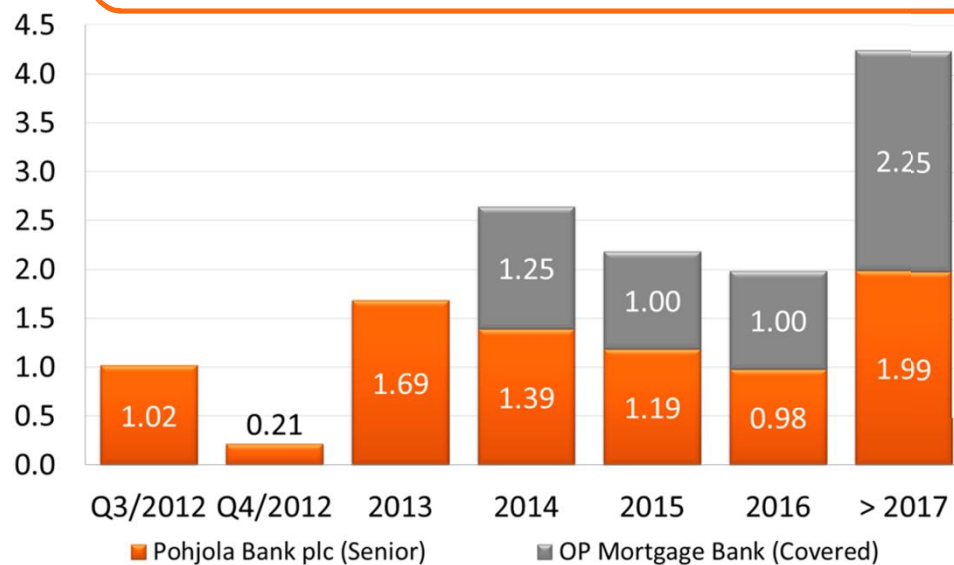
- Financial position and liquidity remained strong
- Moody's and S&P affirmed AA-level ratings
- Availability of short-term funding remained good
- OP Mortgage Bank issued a 1.25-billion-euro covered bond with a maturity of 5 years at midswap +32 bps in Q2
- Nordic banks as a safe haven in the middle of the euro crisis

Group Functions


Maturing long-term funding,
€bn as of 30 June 2012

Liquidity buffer (€14.7 bn) by credit
rating as of 30 June 2012

The liquidity buffer plus other items based on OP-Pohjola Group's contingency funding plan can be used to cover wholesale funding for at least 24 month



*) Internally rated: corporate loans (88%), the remainder consists of externally non-rated notes and bonds issued by public-sector entities and companies



Outlook towards the end of 2012

Pohjola Group's outlook towards the end of 2012

- Consolidated earnings before tax in 2012 are expected to be markedly higher than in 2011.
- The Banking loan portfolio is expected to grow at least at the same rate as in 2011 when the rate was 9%. The average corporate loan portfolio margin is expected to remain at least at its current level.
- Within Non-life Insurance, the operating combined ratio for the full year 2012 is estimated to vary between 89% and 94%, if the number of large claims is not much higher than in 2011.
- There is still great uncertainty about the economic outlook and the operating environment.
- The full version of “Outlook” can be found in the Interim Report.

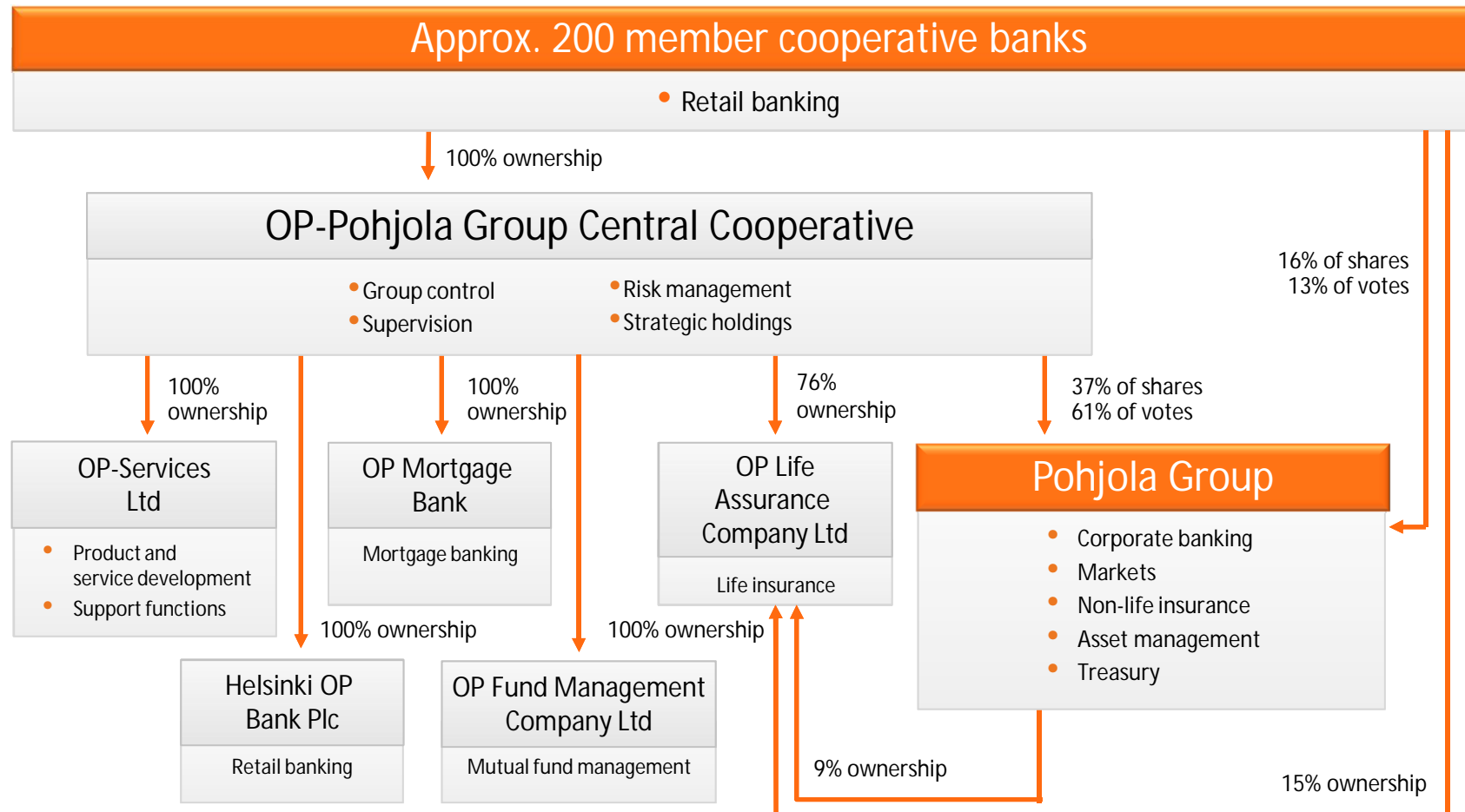


Background Material

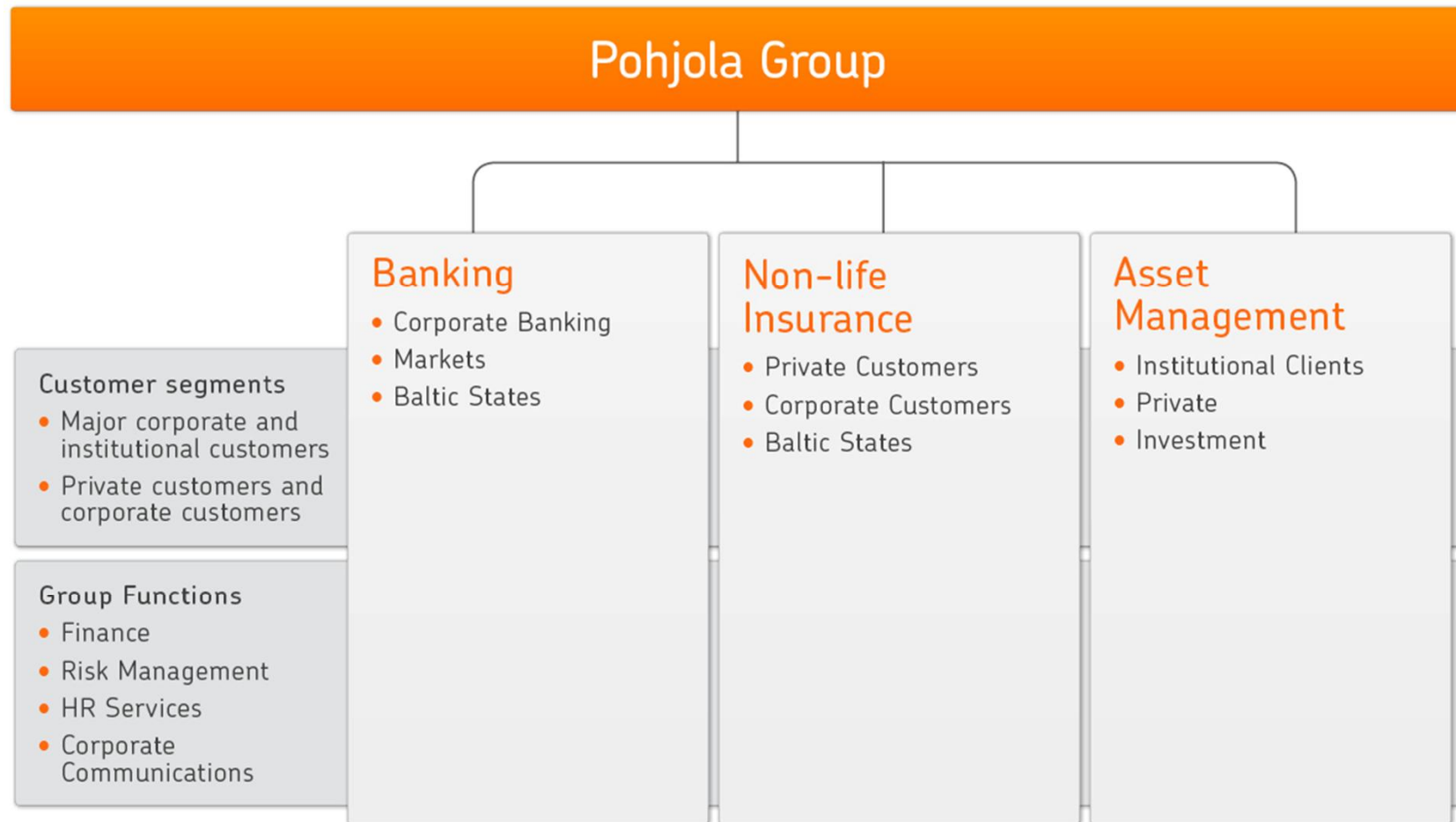
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OP-Pohjola Group's Ownership Structure and the Roles of Group Entities

OP-Pohjola Group Central Cooperative and the member banks are liable for each other's debts and commitments. Insurance companies do not fall within the scope of joint liability. OP-Pohjola Group is monitored on a consolidated basis by Finnish FSA.

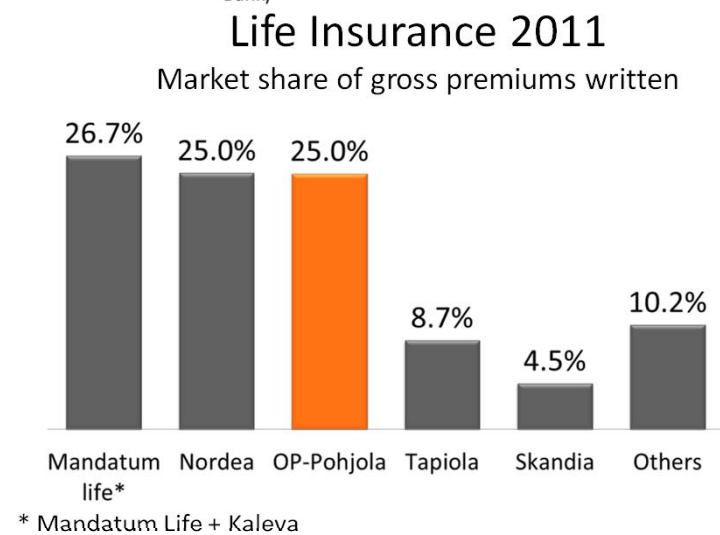
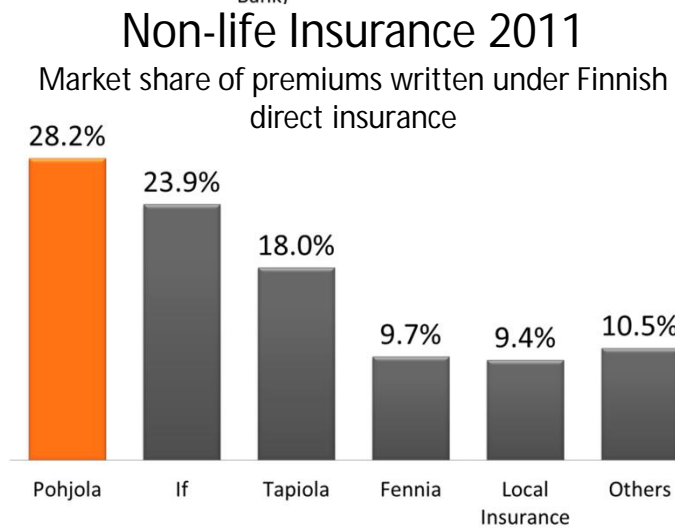
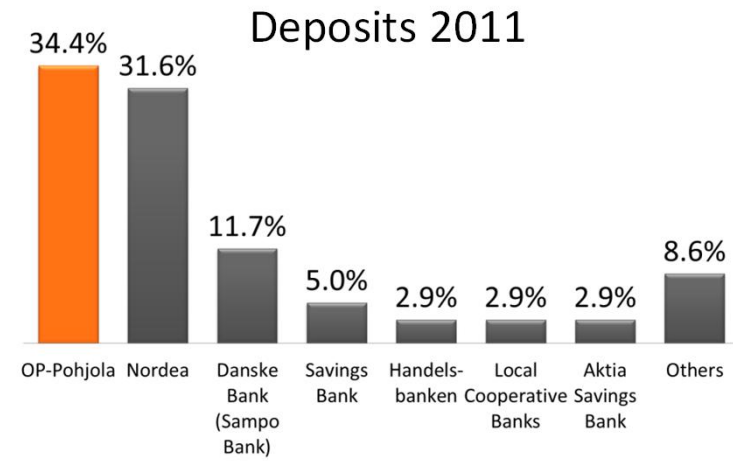
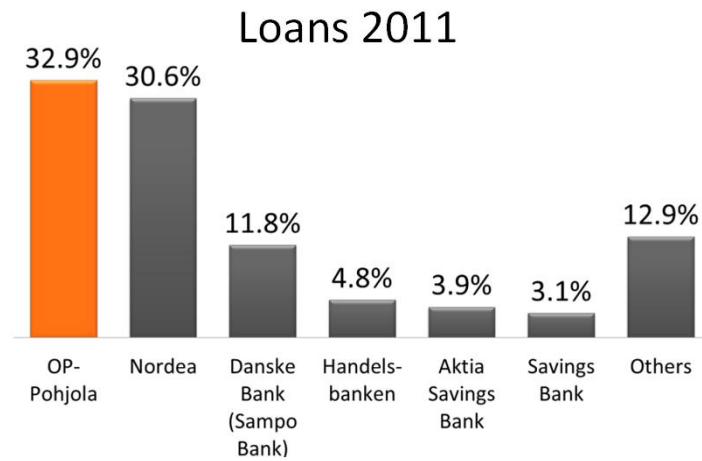


Pohjola Group's Business Structure



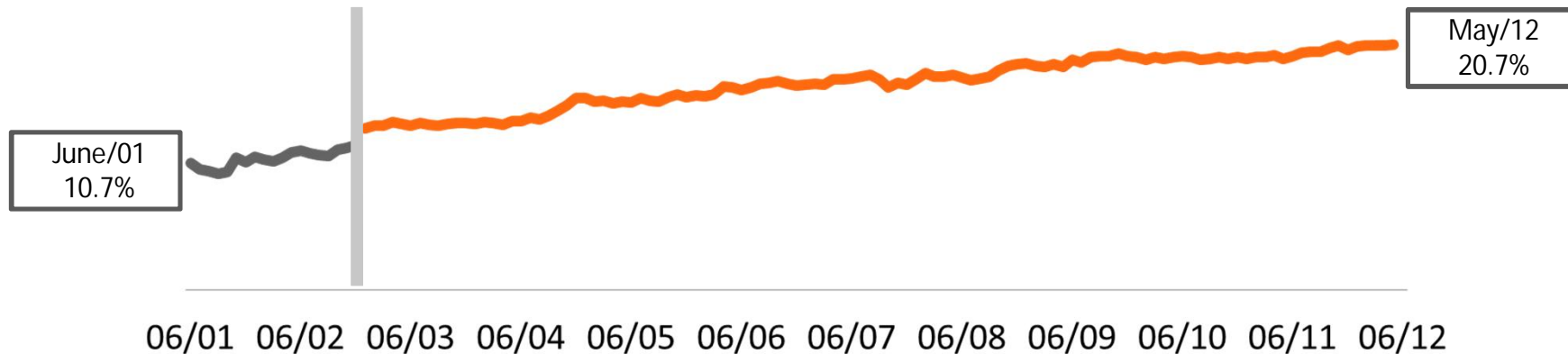
OP-Pohjola Group – Market Leader in Finland

Market shares

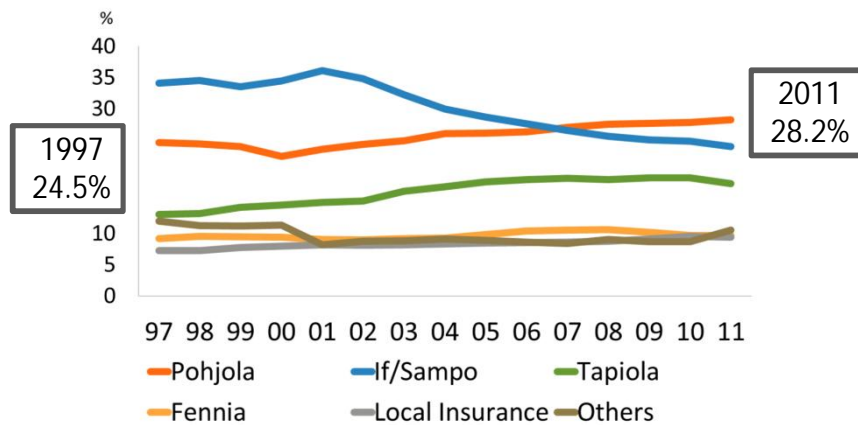


Pohjola's Market Position and Targets

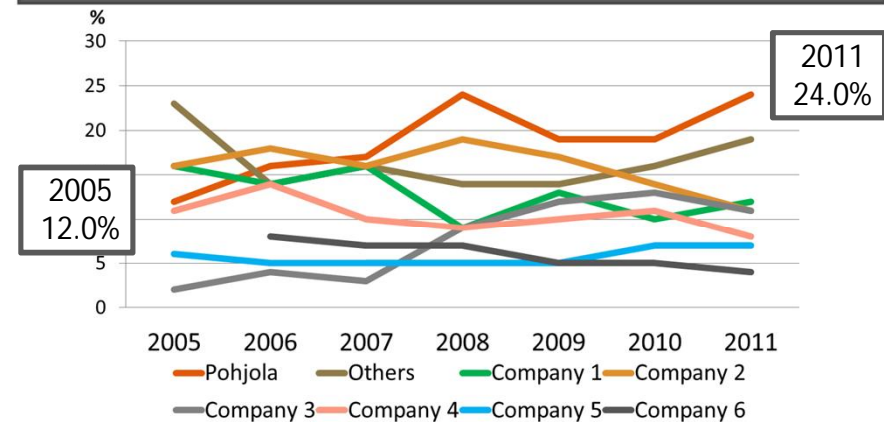
Banking 2nd, Target 1st



Non-life Insurance 1st, Target 1st



Asset Management 1st, Target 1st



Source: Federation of Finnish Insurance Companies

Source: SFR, Based on interviews and answers by institutional investors with disclosed investment size.

Pohjola



Joint Liability

- Joint liability within OP-Pohjola Group is based on the Act on the Amalgamation of Deposit Banks.
- OP-Pohjola Group Central Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with the Act.
 - The Central Cooperative is responsible for the payments of any debts of a member credit institution that cannot be paid using such member credit institution's own funds.
 - A member credit institution must pay the Central Cooperative a proportionate share of the amount which the Central Cooperative has paid either to another member credit institution as part of the support action described above, or to a creditor of such member credit institution as payment of a due debt for which the creditor has not received payment from his debtor.
 - Each member credit institution's liability, for the amount which the Central Cooperative has paid on behalf of one member credit institution to its creditors, is divided between the member credit institutions in proportion to their last adopted balance sheet totals.
- OP-Pohjola Group Group's insurance companies do not fall within the scope of joint liability.

Pohjola's Credit Ratings

Rating target: Rating AA affirmed by at least 2 credit rating agencies

Moody's and S&P affirmed AA-level ratings and stable outlook for Pohjola during Q2/2012

	Moody's	S&P	Fitch
Handelsbanken	Aa3	AA-	AA-
Nordea	Aa3	AA-	AA-
Pohjola Bank plc	Aa3	AA-	A+
DnB NOR	A1	A+	A+
SEB	A1	A+	A+
Swedbank	A2	A+	A
Danske Bank	Baa1	A-	A*
OP Mortgage Bank**	Aaa	AAA	-
Pohjola Insurance Ltd	A3	AA-	-
If	A2	A	-
Finnish government	Aaa	AAA*	AAA

* Credit rating outlook is negative

** Covered bond rating

24 July 2012

CSR at OP-Pohjola Group

Corporate social responsibility is responsibility for the economic, social and environmental impacts of business operations. The financial sector also plays a key role in promoting the stability of the whole of society.

Corporate social responsibility programme



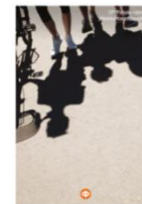
International commitments



Pohjola Asset Management Ltd and OP Fund Management Ltd signed the UN Principles for Responsible Investment (UNPRI) in 2009, among the first Finnish asset managers.

CARBON DISCLOSURE PROJECT

Reporting



OP-Pohjola Group has prepared its Corporate Social Responsibility Report in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

OP-Pohjola Group and Pohjola Bank plc

Earnings analysis, € million

	OP-Pohjola Group H1/2012	Pohjola Bank plc H1/2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Net interest income	529	139	1 030	276
Net income from Non-Life insurance	228	231	312	318
Net income from Life Insurance	48		72	
Net commissions and fees	295	82	574	161
Other income	113	62	173	89
Total income	1 213	513	2 160	843
Total expenses	752	290	1 358	527
Returns to owner-members and OP-bonus customers	96		176	
Earnings before impairment loss on receivables	365	223	626	316
Impairment loss on receivables	28	21	101	60
Earnings before tax	337	203	525	258
Change in fair value reserve	375	231	-400	-180
Earnings before tax at fair value	711	433	125	78

OP-Pohjola Group and Pohjola Bank plc

Key figures and ratios

	OP-Pohjola Group H1/2012	Pohjola Bank plc H1/2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Total assets, € million	95 483	43 818	91 905	41 111
Receivables from customers, € million	63 128	13 504	60 331	12 701
Deposits, € million	43 156	8 913	41 304	8 025
Equity capital, € million	6 746	2 508	6 242	2 306
Tier 1 ratio, %	15.1	11.6	14.0	10.6
Core Tier 1 ratio, %	14.7	9.8	14.0	10.3
Doubtful receivables, € million	348	42	296	62
Ratio of doubtful receivables and zero-interest bearing receivables to loans and guarantees, %	0.53	0.26	0.47	0.41
Loan and guarantee portfolio, € billion	66.1	16.1	62.8	15.0
Impairment loss on receivables, € million	28	21	101	60
Impairment loss on receivables / loan and guarantee portfolio, %	0.08	0.13	0.16	0.40
Personnel	13 544	3 451	13 229	3 380

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group H1/2012	Pohjola Bank plc H1/2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Net interest margin, %	1.1*	1.43**	1.2*	1.34**
Cost/Income ratio, %	62	34***	63	35***
Return on equity (ROE) at fair value, %	17.1	27.7	0.4	3.1
Return on assets, (ROA) at fair value, %	1.2		0.0	
Non-Life Insurance, solvency ratio, %		86		77
Life Insurance, solvency ratio, %	15.7****		12.9****	
Operating combined ratio, %		92.5		89.8

* Net interest income as a percentage of average total assets

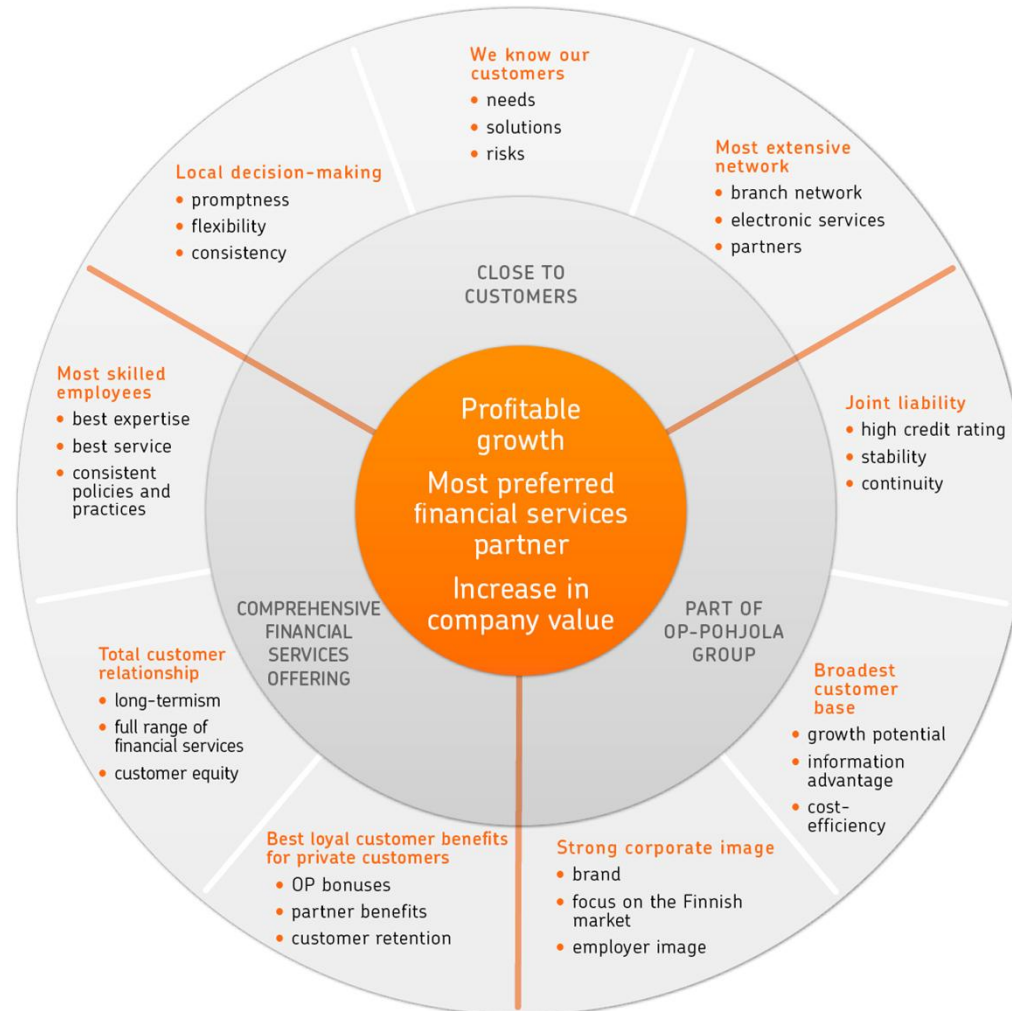
** Average margin for corporate lending

*** Cost / Income ratio in Banking

**** Solvency capital / (net technical provisions for own account - equalisation provision - 0.75 * technical provisions on unit-linked insurance) * 100

Strategy and Competitive Advantages

Value through Integration



Strategy Implementation Business

Upgrading business for corporate and institutional customers

- Mid-size corporate customers
- Roles, responsibilities, practices



Intensifying integration of Banking and Non-life Insurance business

- New CRM organisations
- Exploiting shared customer data



Improvement in international service capabilities

- Branch network in the Baltic countries
- International partner network
- Enhancing international sales



Strategy Implementation HR Services

Enhancing the Group's intellectual capital

- Competence surveys and strategy-based job requirements
- Personal development plans
- Group key employee programme
- Employer image, motivation and incentive scheme



Strategy Implementation Year 2012

- The theme: “Making our team supreme”
 1. Focus on customers
 2. Aiming at top internal performance
 3. Completing strategic initiatives with great determination
- At the end of 2012, we will have:
 - strengthened our market position in Banking and Non-life Insurance
 - improved Asset Management investment income
 - strengthened performance and cooperation efficiency within the Group
 - improved our earnings year on year



Strategy Update Underway

External change drivers

- Operating environment
- Competition
- Mega trends

Mission, vision and values

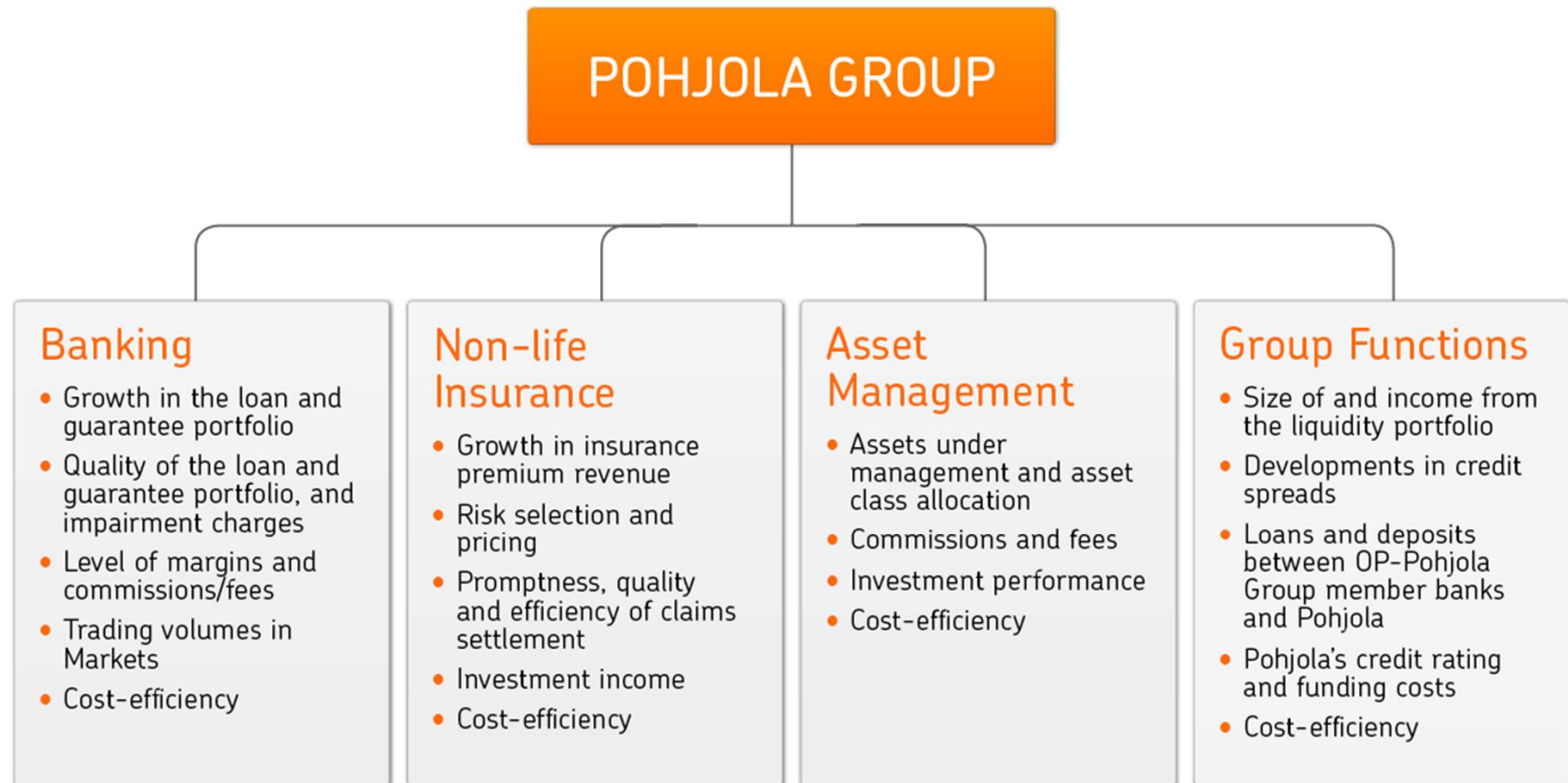
**Pohjola's
strategy process**

OP-Pohjola
Group's strategy

Outcomes:

- Specified business policies
- Specified development programmes
- Specified financial targets

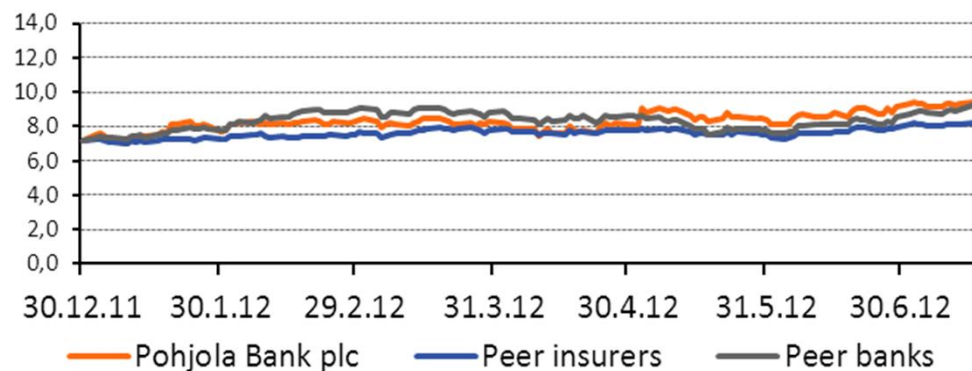
Key Value Drivers



Pohjola Share and Total Shareholder Return

MCAP of Pohjola Series A and K shares totalled €2.9 bn as of 30 June 2012

TSR 1 Jan. 2012–18 July 2012

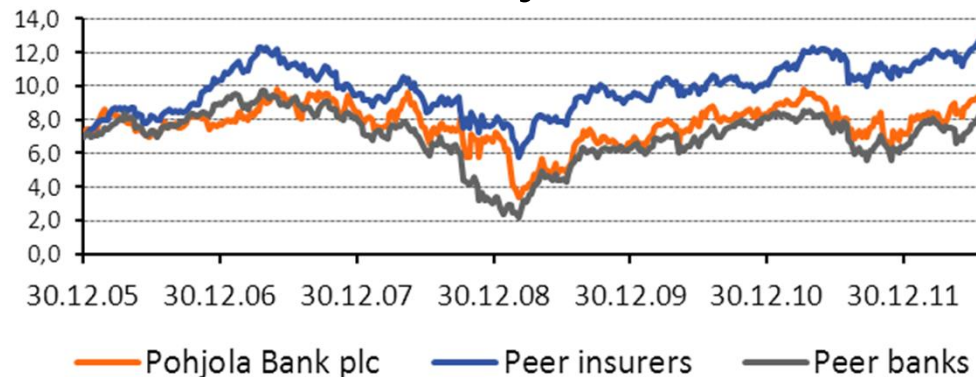


Pohjola +31%

Peer banks -30%

Peer insurers +16%

TSR 1 Jan. 2006–18 July 2012



Peer insurers +82%

Pohjola +34%

Peer banks +18%

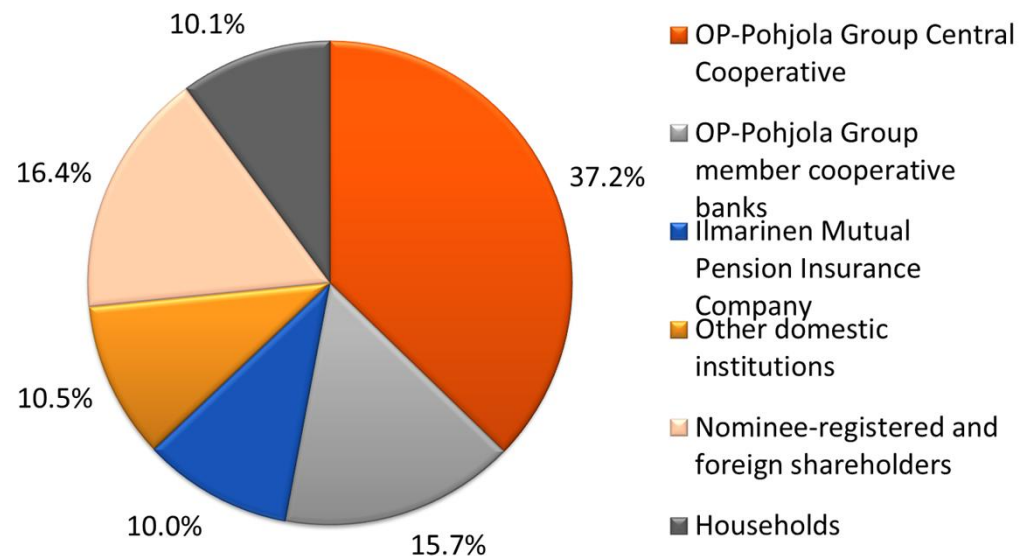
Peer banks: Danske, DnB NOR, Nordea, SEB, SHB, Swedbank Peer insurers: AlmBrand, Sampo/If, TopDanmark, Tryg

Pohjola



Ownership Structure

Holdings of Series A and K Shares as of 30 June 2012

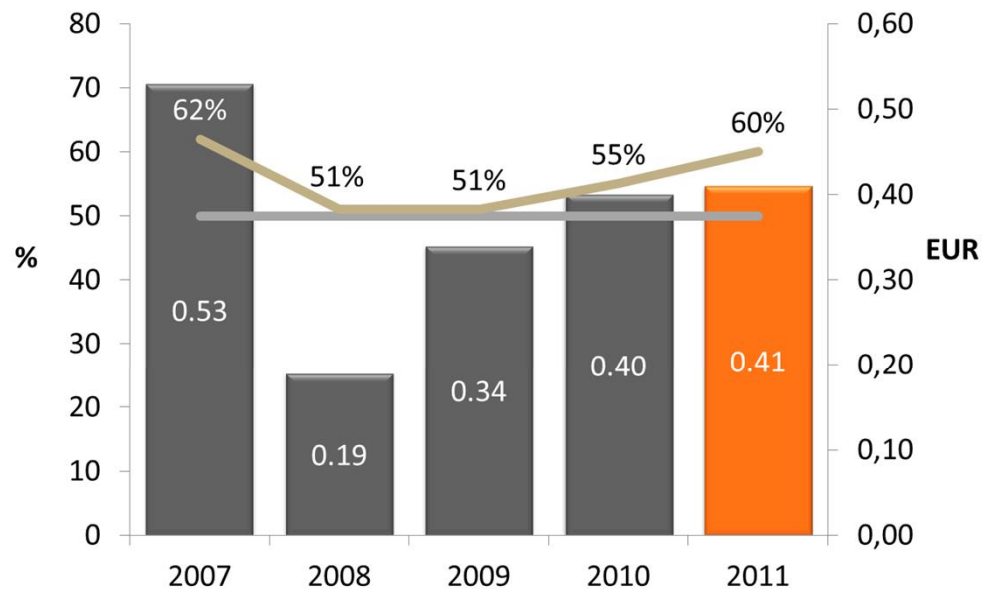


Major shareholders as of 30 June 2012

30 June 2012	% of all shares	% of Series A shares	% of Series K shares	% of votes
1. OP-Pohjola Group Central Cooperative	37.24	23.16	89.69	61.28
2. Ilmarinen Mutual Pension Insurance Company	10.00	12.68	-	5.42
3. Oulun Osuuspankki	1.37	1.10	2.35	1.82
4. OP Bank Group Pension Fund	1.08	1.37	-	0.59
5. State Pension Fund	0.82	1.04	-	0.44
6. Varma Mutual Pension Insurance Company	0.80	1.02	-	0.44
7. OP Bank Group Pension Foundation	0.73	0.92	-	0.39
8. Turun Seudun Osuuspankki	0.57	0.71	0.05	0.33
9. Tampereen Seudun Osuuspankki	0.51	0.60	0.15	0.34
10. Suur-Savon Osuuspankki	0.47	0.54	0.24	0.37
Nominee-registered shares, total	15.36	19.48	-	8.32
Others	31.05	37.37	7.51	20.26
Total	100.00	100.00	100.00	100.00

Dividend Policy

We aim to distribute a minimum of 50% of earnings per share in dividends, provided that Tier 1 stands at a minimum of 9.5%



■ Dividend/Series A share *


— Target dividend payout ratio 50%

— Dividend payout ratio, %

* Share-issue-adjusted dividend for 2007–09

- Dividend payout ratio 60% in 2011
 - €0.41 on Series A shares
 - €0.38 on Series K shares
- Dividend payout ratio averaged 56% during 2007–11
- Dividend/share in 2011: €0.40

	2007	2008	2009	2010	2011
Dividends distributed, € mn	130.9	45.5	106.6	125.8	129.0
Effective dividend yield (Series A share), %	5.0	2.4	4.5	4.5	5.5

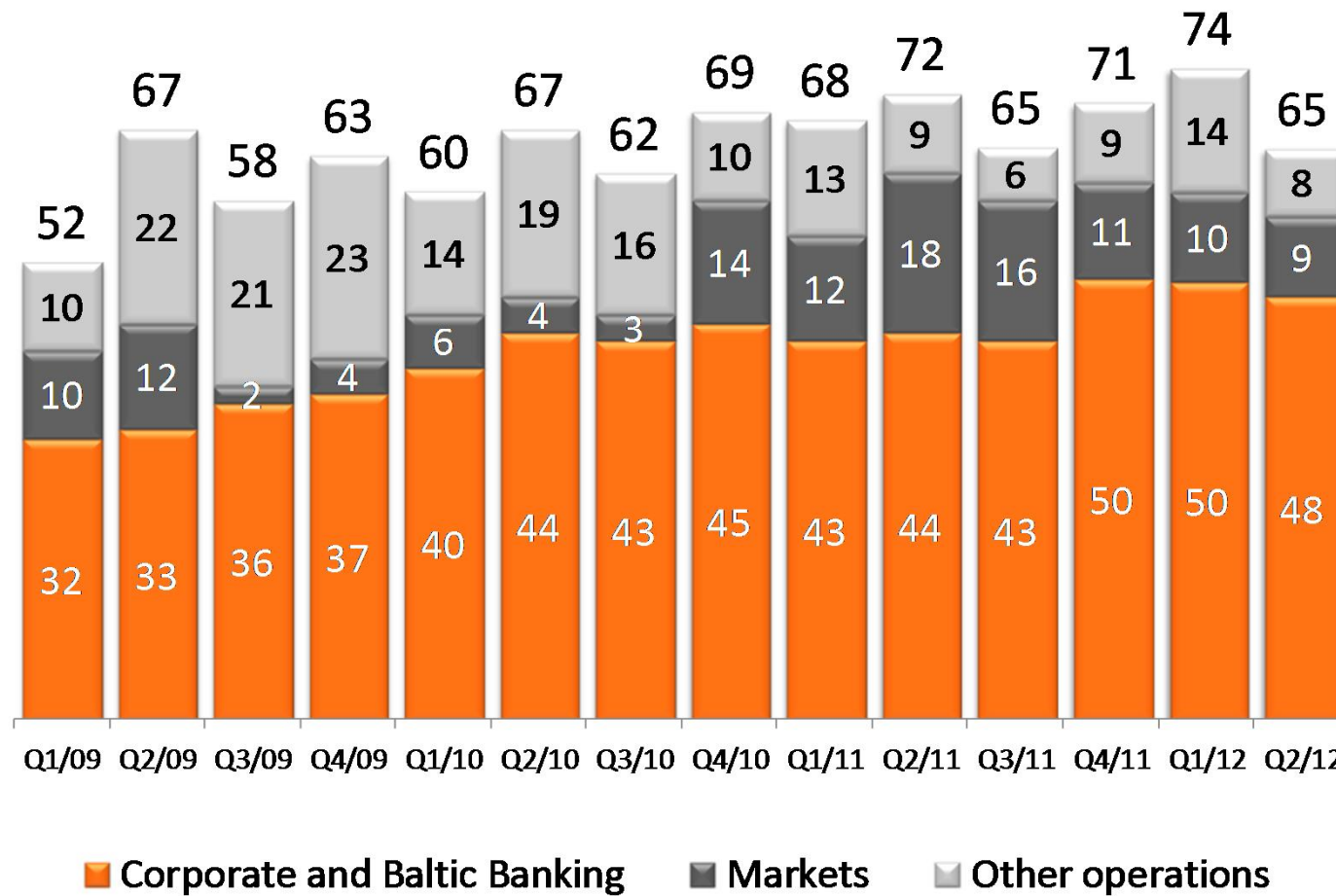


Background Material on Group and Business Segments

- Group 53
- Banking 55
- Non-life Insurance 58
- Group Functions 74

Pohjola Group

Net interest income 2009–Q2/2012, €million



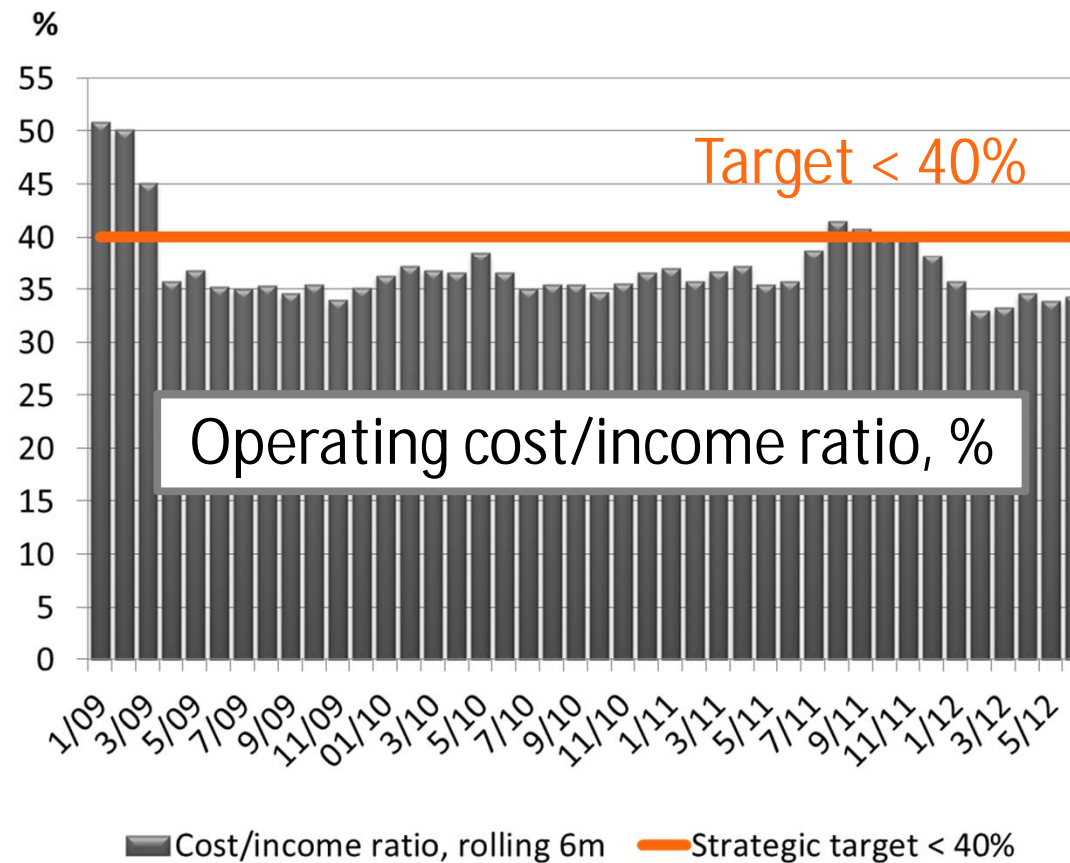
Pohjola Group

Direct Exposures to Sovereign Debt in GIIPS Countries as of 30 June 2012

€ million	Banking	Non-life Insurance	Group Functions	Total
Greece	0	2	0	2
Italy	0	14	0	14
Ireland	0	0	0	0
Portugal	0	6	0	6
Spain	0	0	0	0
Total	0	22	0	22

Banking

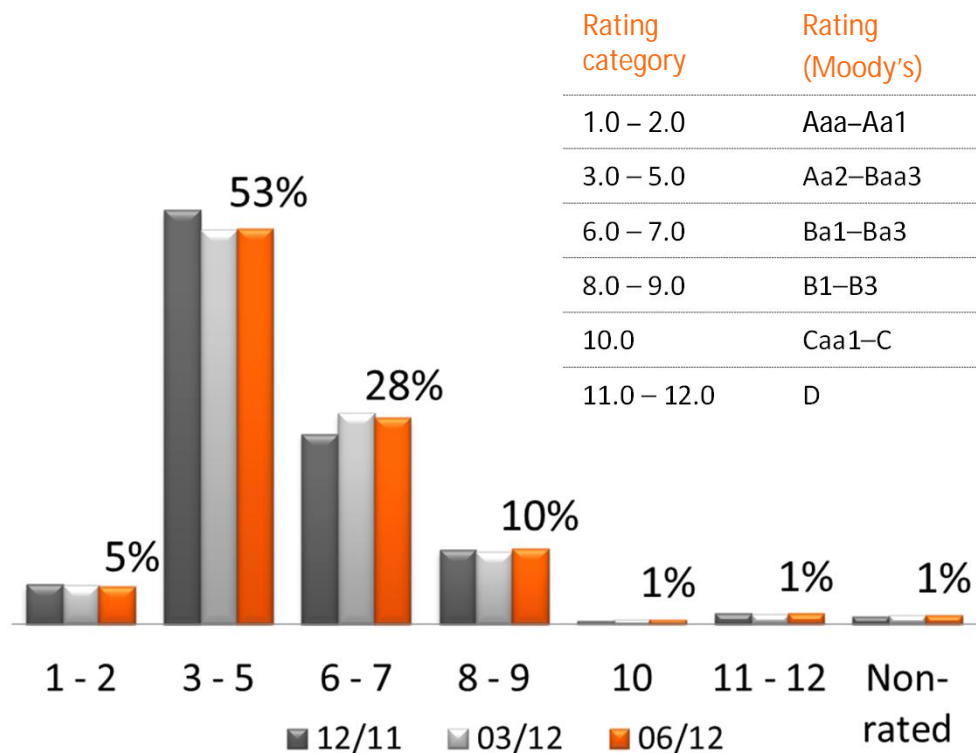
Q2/12 earnings before impairment loss on receivables €67 mn (59)
 Cumulative operating cost/income ratio for Q2/12 at 34% (Q2/11 at 38%)



Banking

Banking exposures from the Non-financial Corporations and Housing Corporations Sector (total €19.3 bn in June/12)

Investment-grade (ratings 1–5) exposure accounts for 59% of total exposure
(March/12: 58% and Dec/11: 61%)

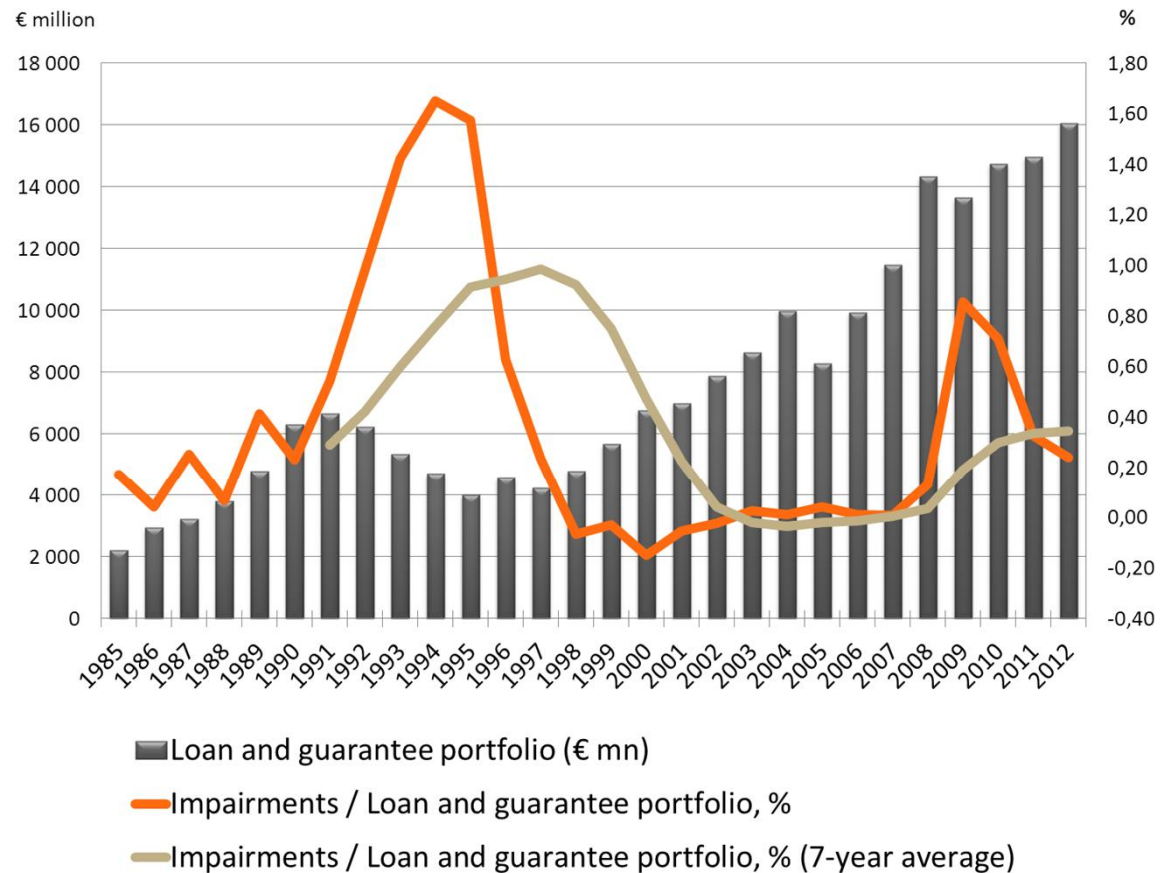


Industry	06/2012 € mn	06/2012 Percentage	03/2012 € mn
Renting and operating of residential real estate*	2 070	10,7 %	1 975
Manufacture of machinery and equipment (incl. services)	1 876	9,7 %	1 851
Wholesale and retail trade	1 802	9,3 %	1 667
Renting and operating of other real estate*	1 646	8,5 %	1 603
Construction	1 457	7,5 %	1 464
Transportation and storage	1 353	7,0 %	1 428
Buying and selling of own real estate	1 206	6,2 %	1 185
Energy	1 025	5,3 %	1 017
Forest industry	1 045	5,4 %	906
Metal industry	853	4,4 %	841
Services	838	4,3 %	825
Food industry	810	4,2 %	797
Chemical industry	740	3,8 %	706
Information and communication	688	3,6 %	699
Financial and insurance activities	594	3,1 %	568
Agriculture, forestry and fishing	479	2,5 %	474
Other manufacturing	382	2,0 %	387
Mining and quarrying	257	1,3 %	248
Water supply, sewerage and waste management	172	0,9 %	122
Other industries	34	0,2 %	27
Total	19 328	100,0 %	18 792

*) 06/2012: 49% (€1,017 mn) of the exposures in the "Renting and operating of residential real estate" -industry and 18% (€298 mn) of the exposures in "Renting and operating of other real estate" -industry are guaranteed by government, cities or municipalities.

Banking

Ratio of impairments of receivables to loan and guarantee portfolio*

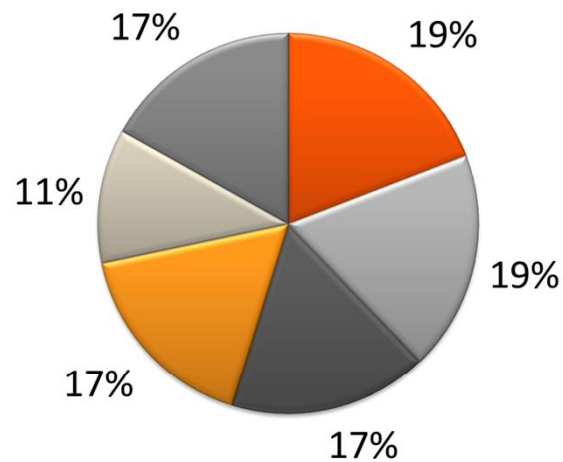


* For 2012, impairment losses have been annualised by multiplying the H1/2012 figure by 2.

Non-life Insurance

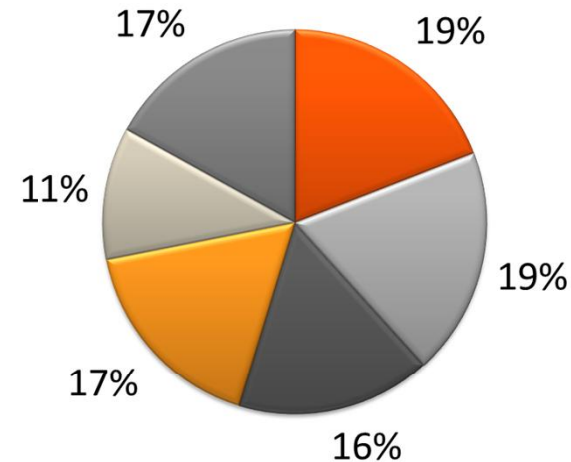
Insurance premium revenue and operating combined ratio by insurance line

Insurance premium revenue in 2011
(€1,024 mn)



Motor, third party liability	83.4%
Fire and other damage to property	98.9%
Statutory workers' compensation insurance	79.8%
Motor, other	97.7%
Other accident and health	90.6%
Other	81.4%

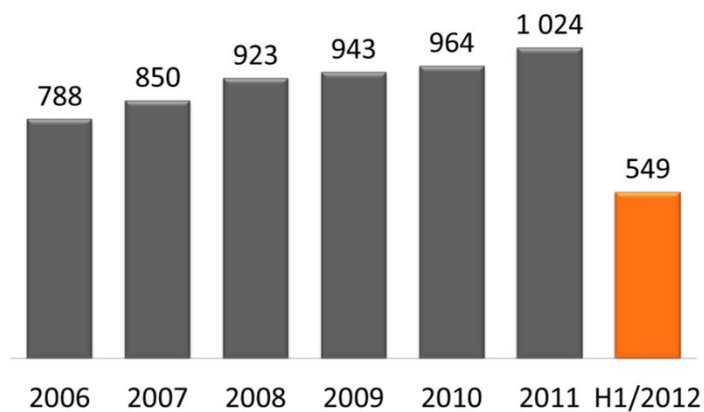
Insurance premium revenue in H1/2012
(€549 mn)



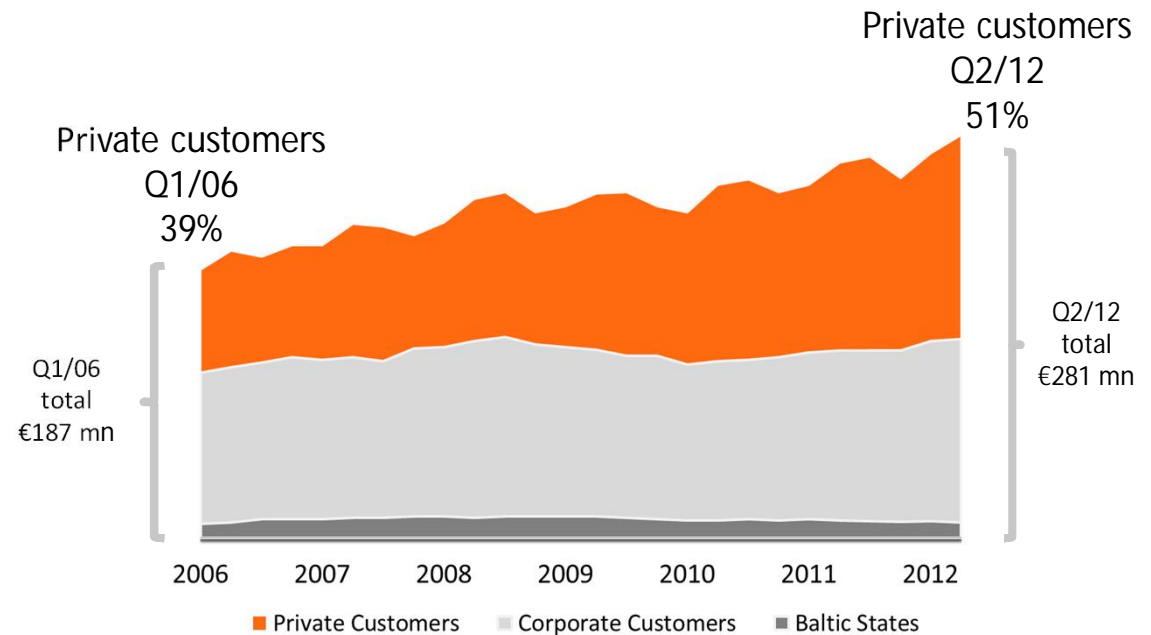
Motor, third party liability	85.0%
Fire and other damage to property	99.3%
Statutory workers' compensation insurance	88.8%
Motor, other	103.2%
Other accident and health	100.5%
Other	81.0%

Non-life Insurance

Insurance premium revenue
between 2006 and H1/2012

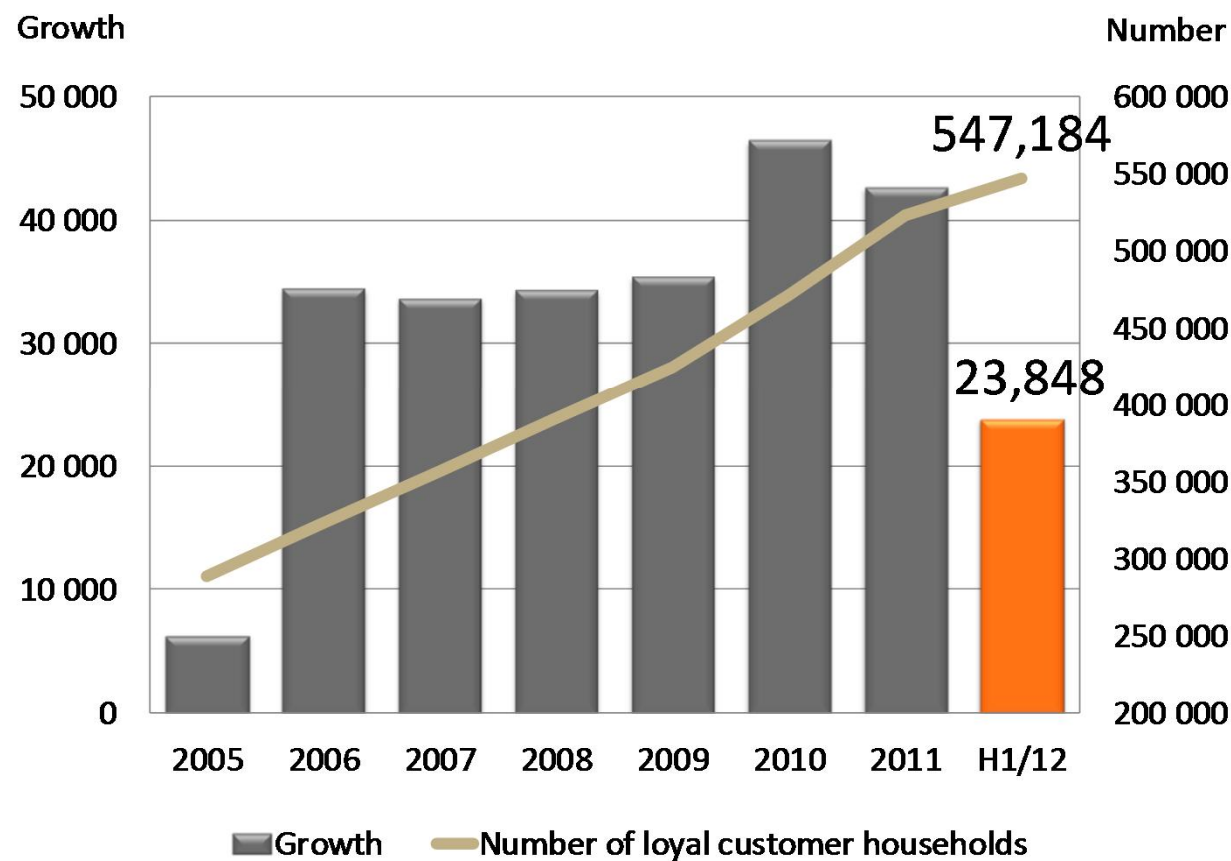


Insurance premium revenue
by customer group 2006–Q2/2012



Non-life Insurance

The number of loyal customer households totals over 500,000

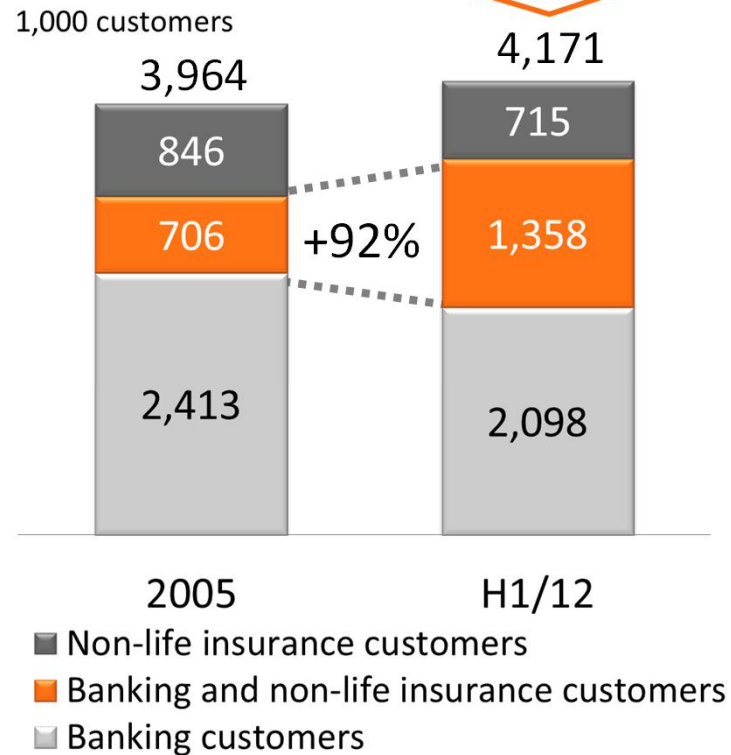


- ✓ Loyal customer households account for approx. 80% of premiums written among private customers.
- ✓ An annual insurance premium paid by a loyal customer household averages approx. €1,000.
- ✓ Insurance premiums annually paid by other customers average approx. €250.
- ✓ Loyal customer has at least 3 policies with Pohjola.

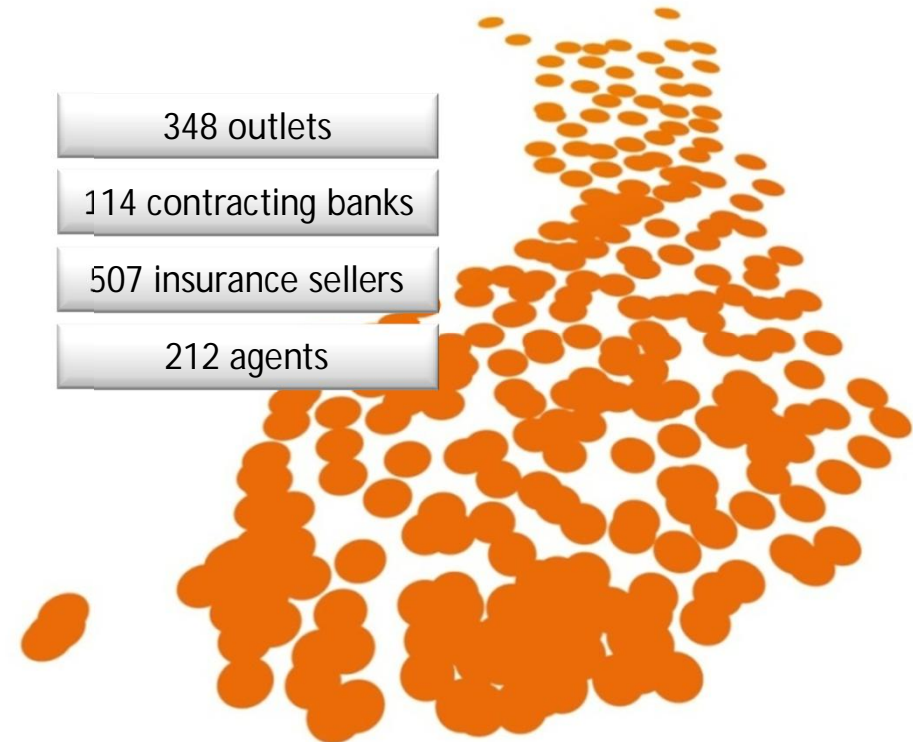
Broadest Customer Base in Finland

Cross-selling potential between Pohjola and OP-Pohjola Group member banks

The number of customers shared by Banking and Non-life Insurance increased by 59,000 from the year-end 2011.



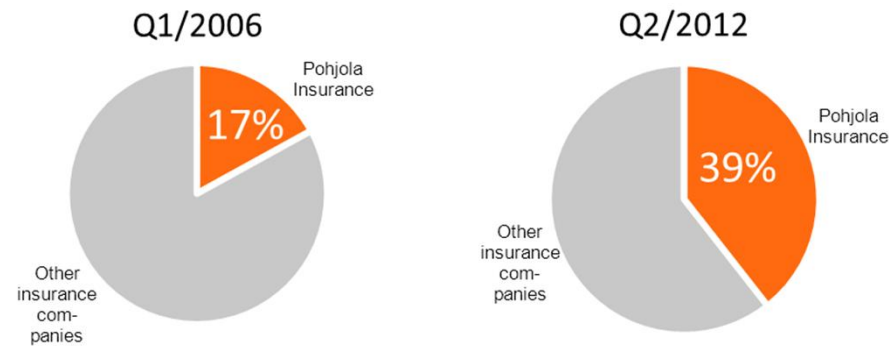
Pohjola Insurance sales resources
30 June 2012



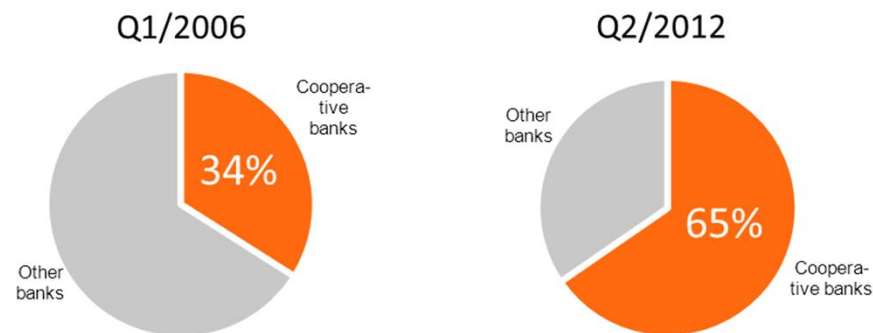
Comprehensive Financial Services Offering

The Bank Insurance Model has proved effective and efficient cross-selling pays dividends

OP-Pohjola Group member bank customers and their main insurer



Pohjola Insurance customers and their main bank

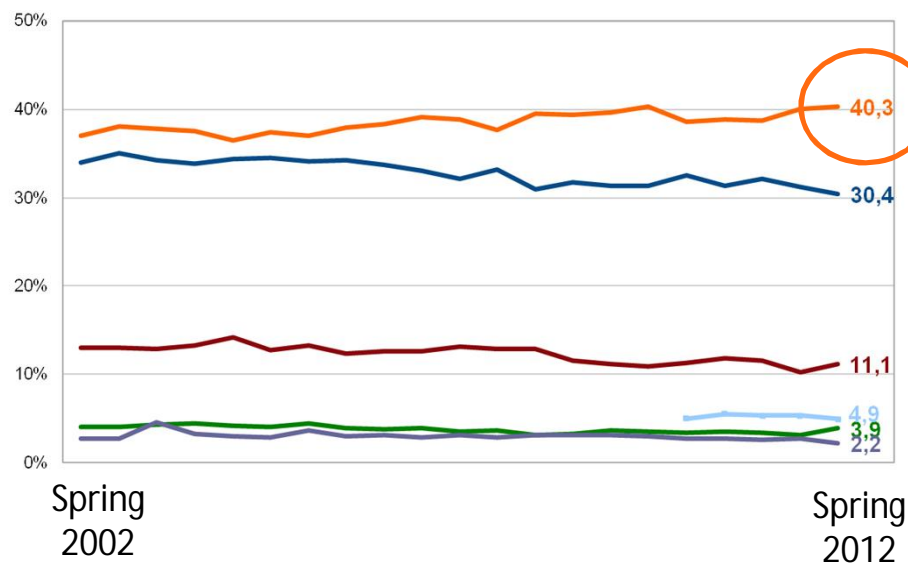


Source: Consumer survey on bank and insurance company switch by TNS Gallup; main customer relationship

Growth Potential in Total Customer Relationships

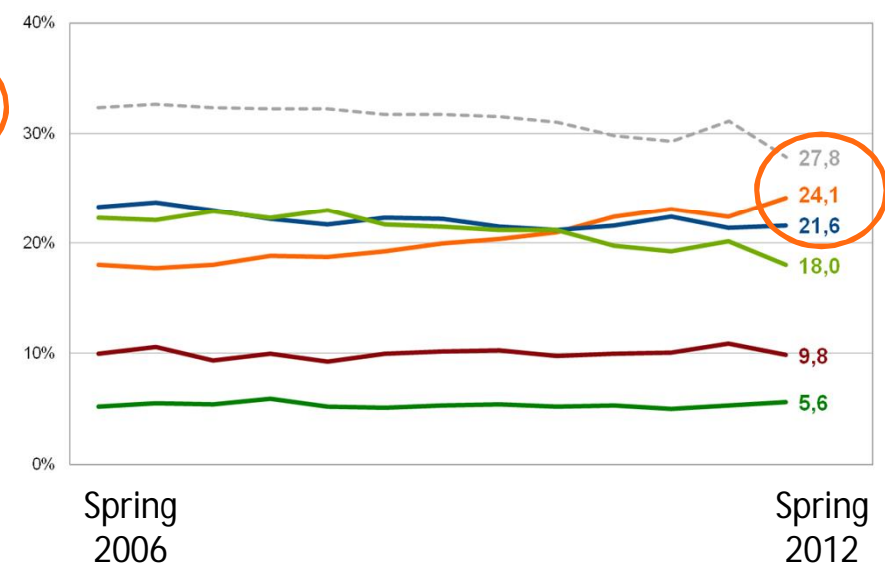
Pohjola has great growth potential as non-life insurer for private customers

Market share by bank
Main bank



— OP-Pohjola Group

Market share by insurer
Main insurer



— Pohjola Insurance

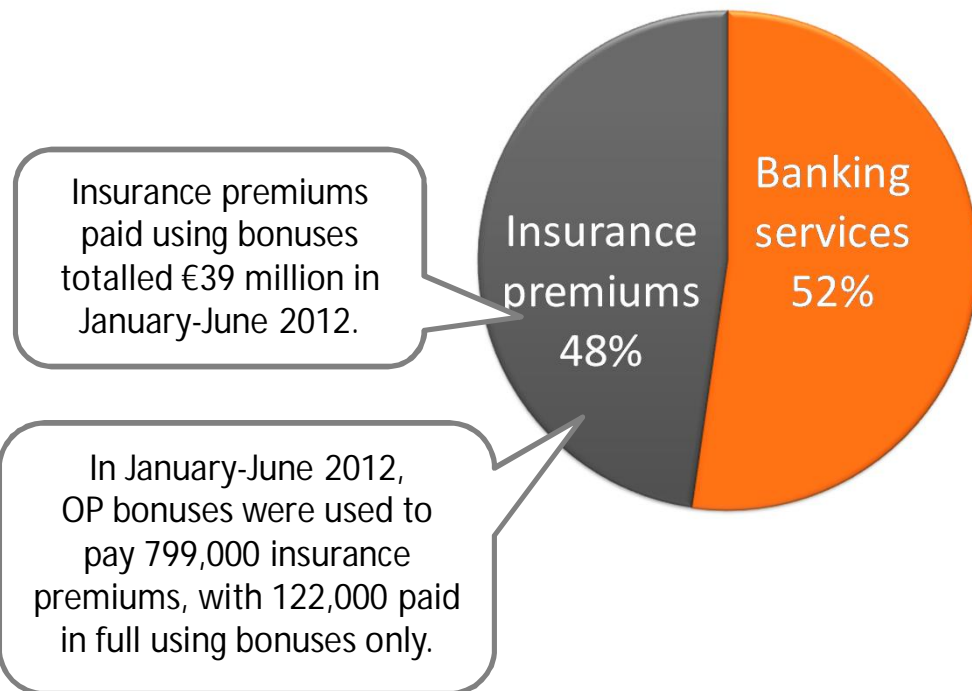
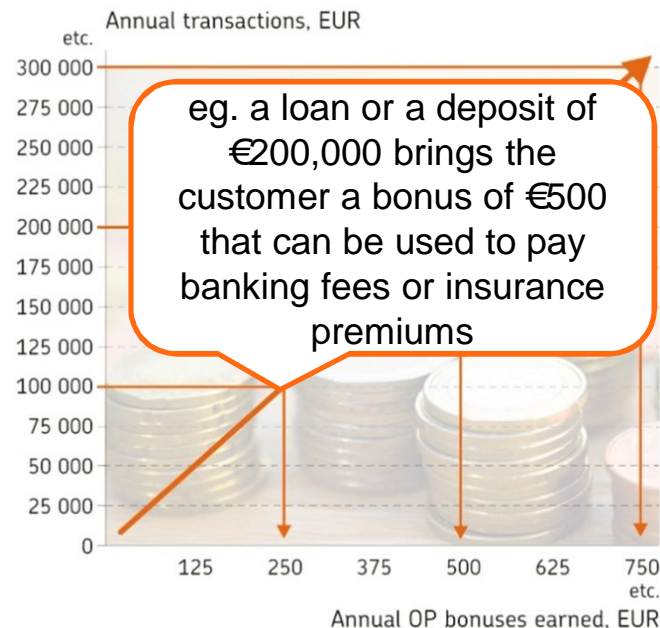
Source: Survey on bank and insurance company switch by TNS Gallup Oy

Best Loyal Customer Benefits for Private Customers

OP bonuses to customers reached a new high in 2011, €163 mn (2005: €42 mn)

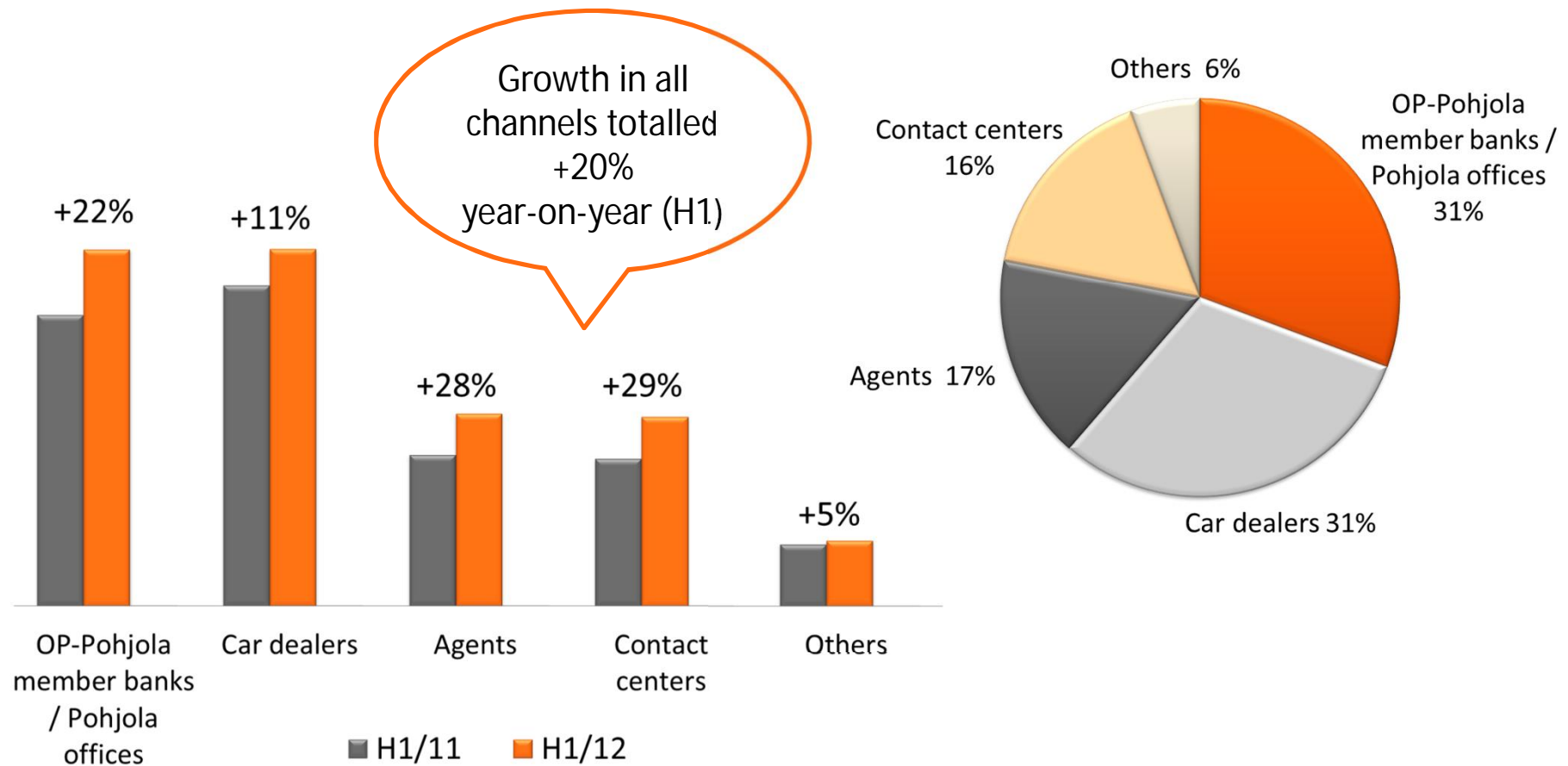
Bonuses accrue from banking and insurance services

Use of bonuses (€83 mn) January-June 2012



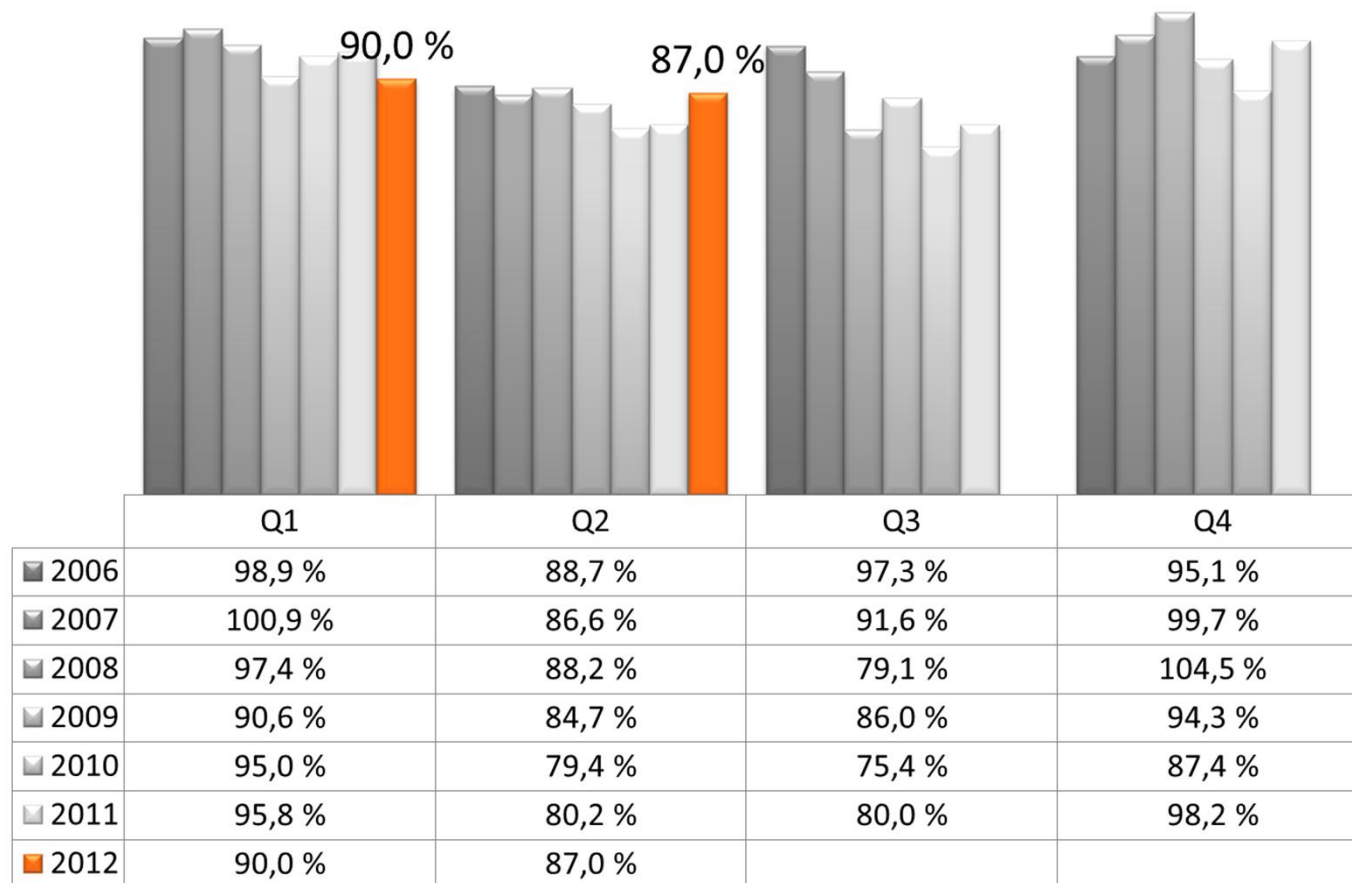
Non-life Insurance

Sales to private customers by channel



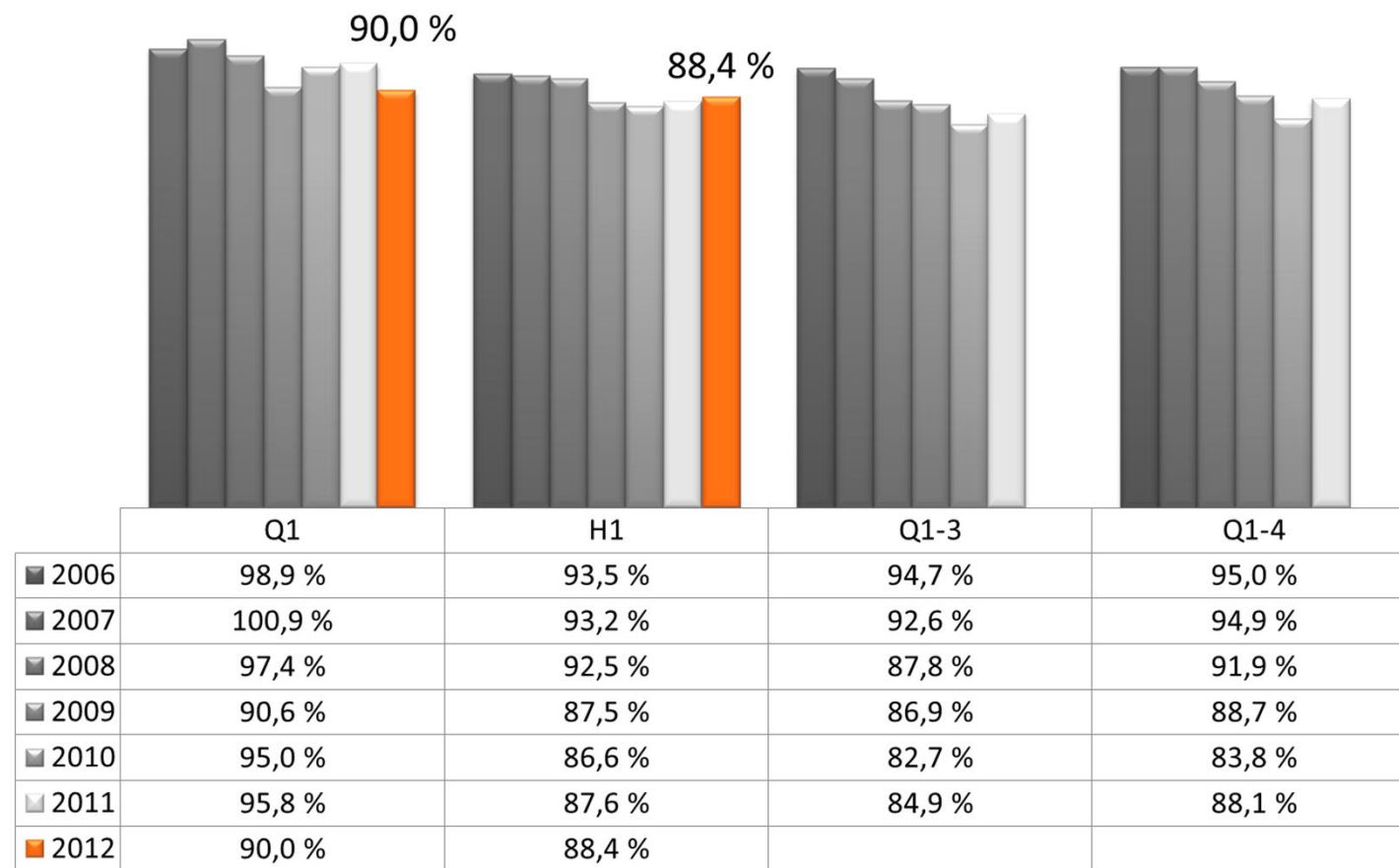
Non-life Insurance Q2/12

Private Customers: operating combined ratio by quarter



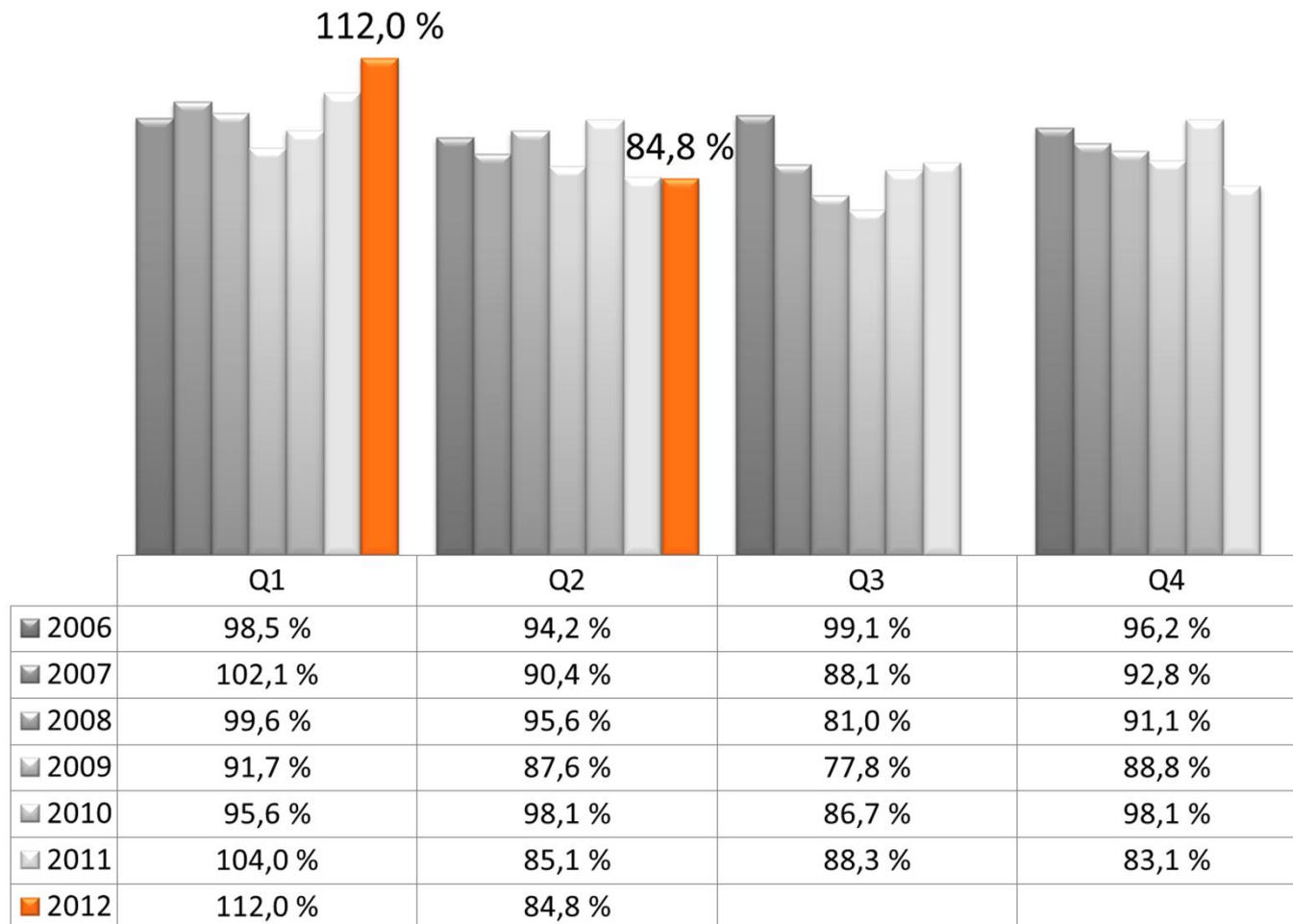
Non-life Insurance H1/12

Private Customers: operating combined ratio, cumulative



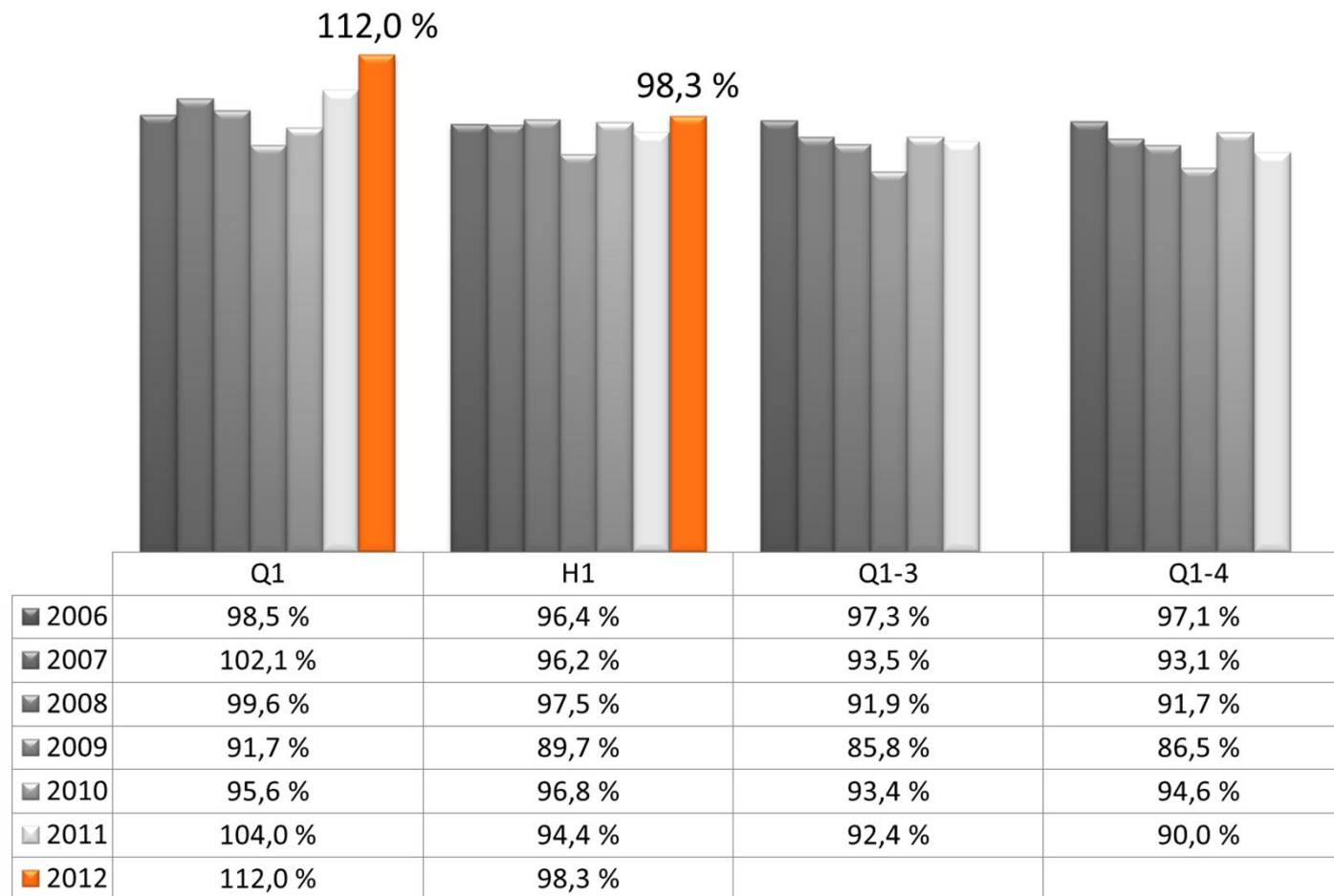
Non-life Insurance Q2/12

Corporate Customers: operating combined ratio by quarter



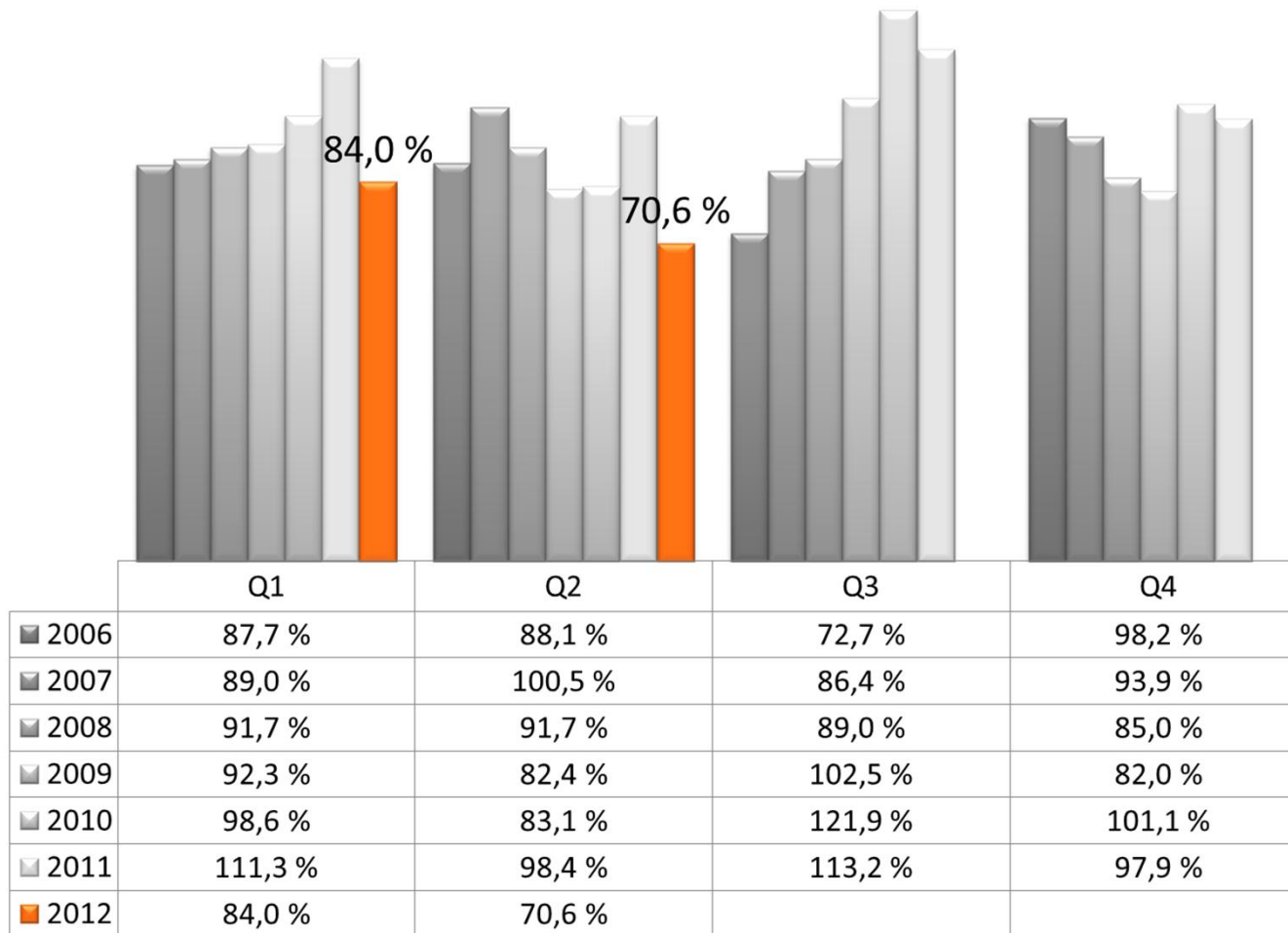
Non-life Insurance H1/12

Corporate Customers: operating combined ratio, cumulative



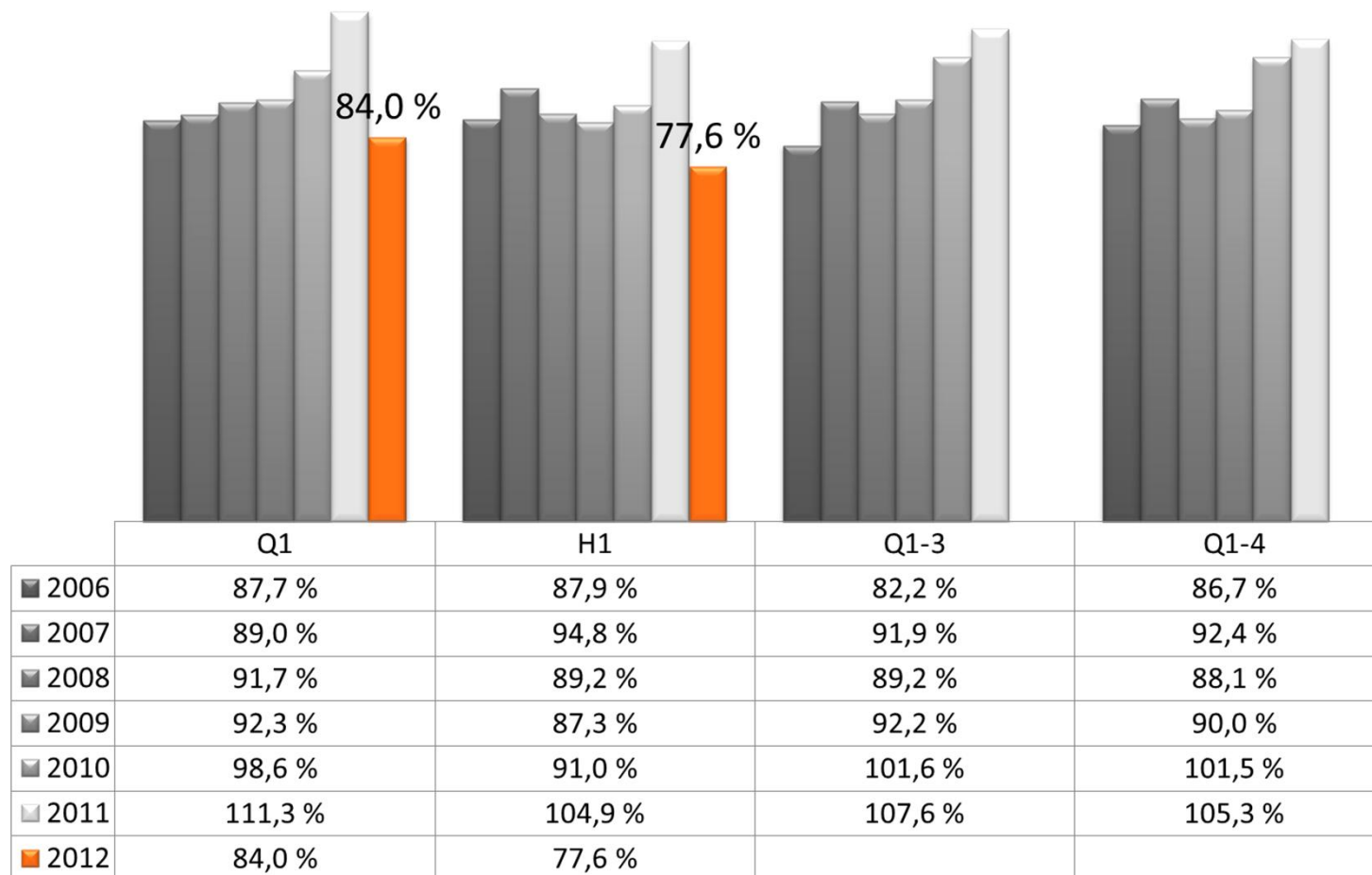
Non-life Insurance Q2/12

Baltic States: operating combined ratio by quarter



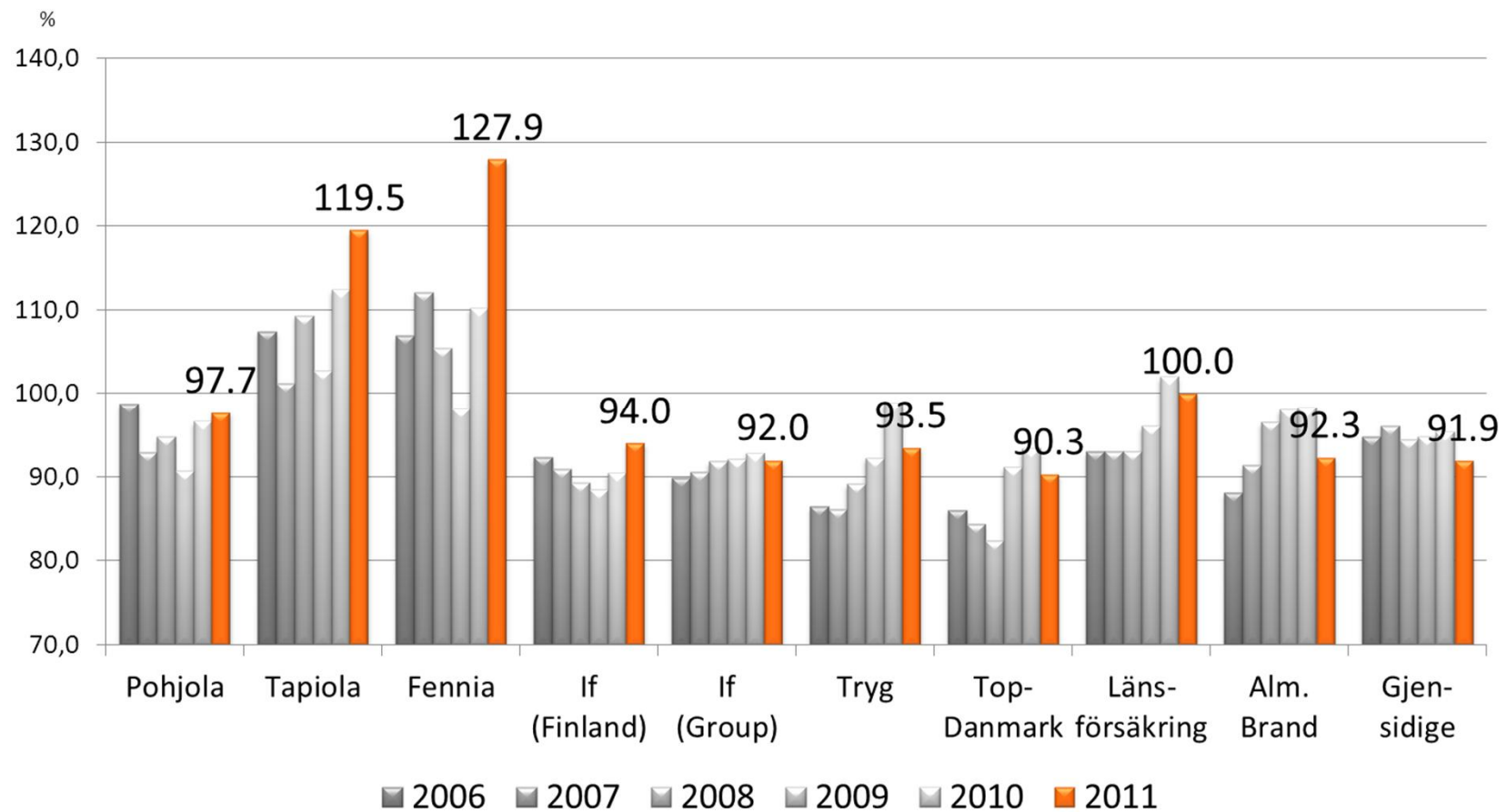
Non-life Insurance H1/12

Baltic States: operating combined ratio, cumulative



Profitability of Nordic Insurers

Combined Ratio 2006–11



Non-life Insurance

Fixed-income portfolio by maturity and credit rating 30 June 2012

- Investments under the “investment grade” accounted for 89 % (91) of the portfolio
- 74 % of investments rated at least A-
- Average residual term to maturity 4.8 years (4.8) and duration 4.0 years (3.9)

Non-life Insurance fixed-income portfolio by maturity and credit rating on 30 June 2012*, EUR million

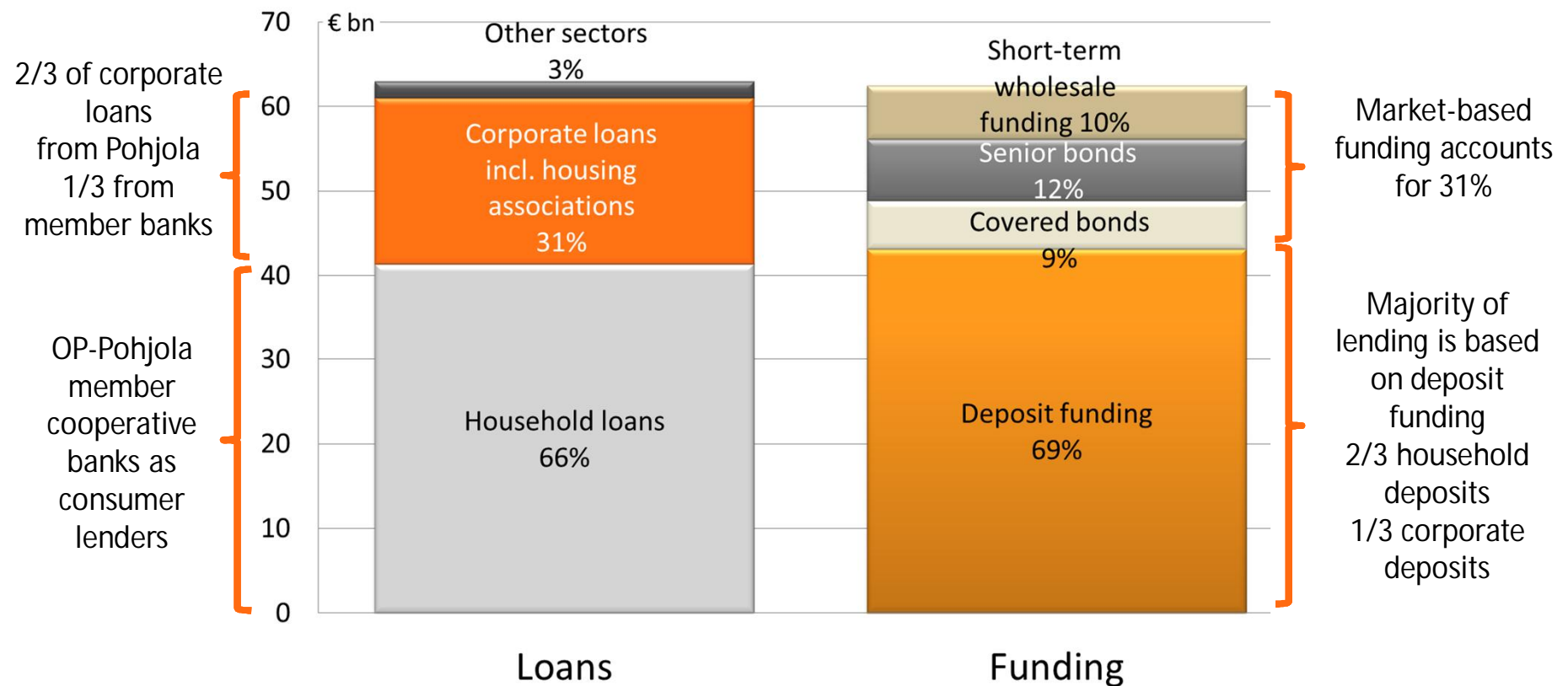
Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	18	126	390	157	127	97	914	39 %
Aa1–Aa3	85	45	80	22	3	32	266	11 %
A1–A3	59	153	238	65	27	14	556	24 %
Baa1–Baa3	39	121	190	57	48	0	455	19 %
Ba1 or lower	14	68	13	48	3	4	150	6 %
Internally rated	0	1	1	0	0		2	0 %
Total	216	514	912	348	207	147	2 343	100 %

* Excludes credit derivatives.

Group Functions

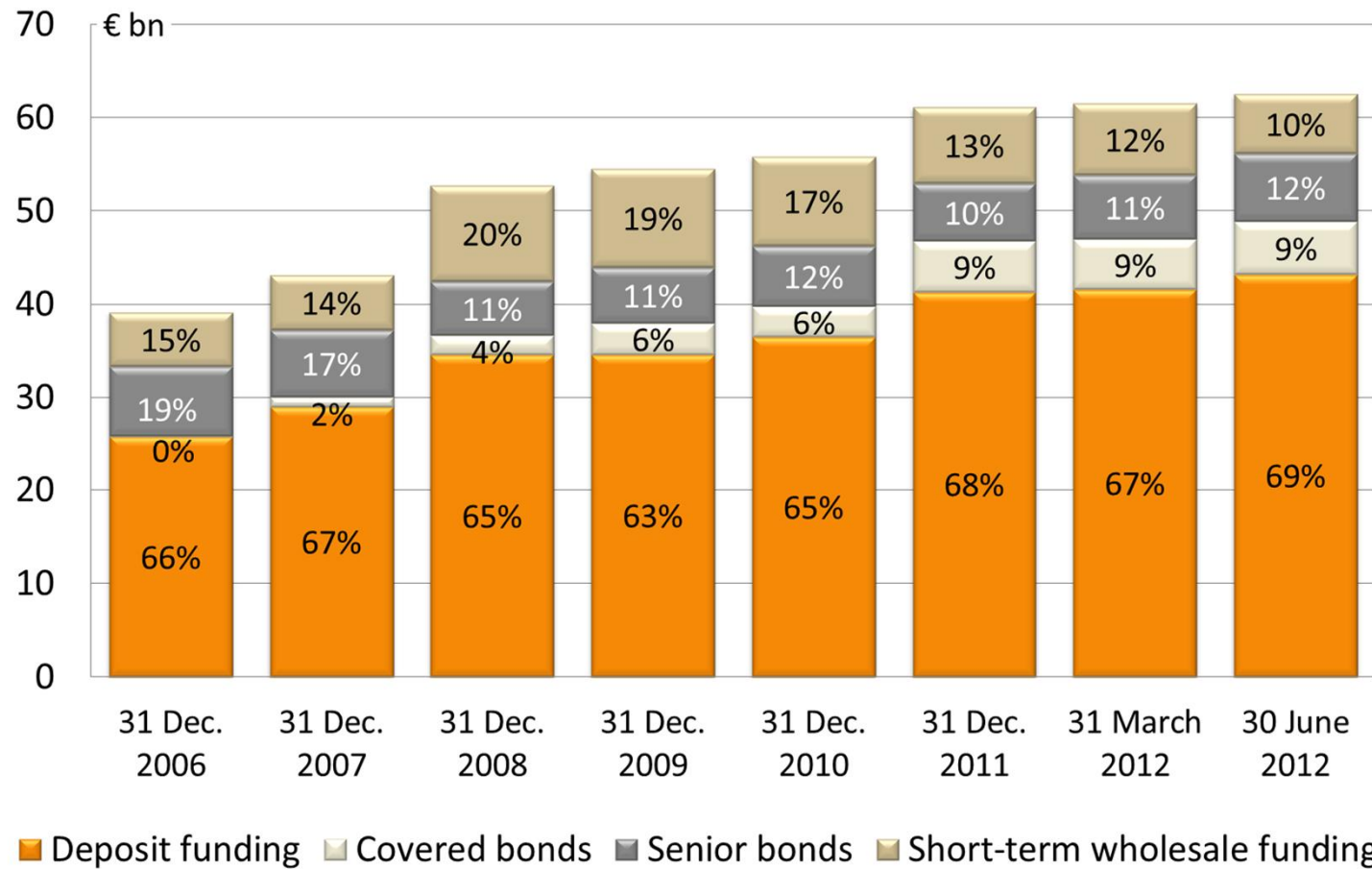
OP-Pohjola Group's Loans and Funding Structure

30 June 2012



Group Functions

OP-Pohjola Group's Funding Structure Development 2006–12



Group Functions

Financial assets included in the liquidity buffer by maturity and credit rating on 30 June 2012, € million

Liquidity buffer by maturity and credit rating on 30 June 2012, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	4 935	824	1 394	652	640	20	8 466	57 %
Aa1–Aa3	80	206	427	316	215	1	1 245	8 %
A1–A3	264	625	231	3	16		1 140	8 %
Baa1–Baa3	176	221	142	5	7		551	4 %
Ba1 or lower	91	37	33	4	33	0	198	1 %
Internally rated**	582	688	863	313	232	469	3 146	21 %
Total	6 129	2 601	3 090	1 293	1 143	490	14 746	100 %

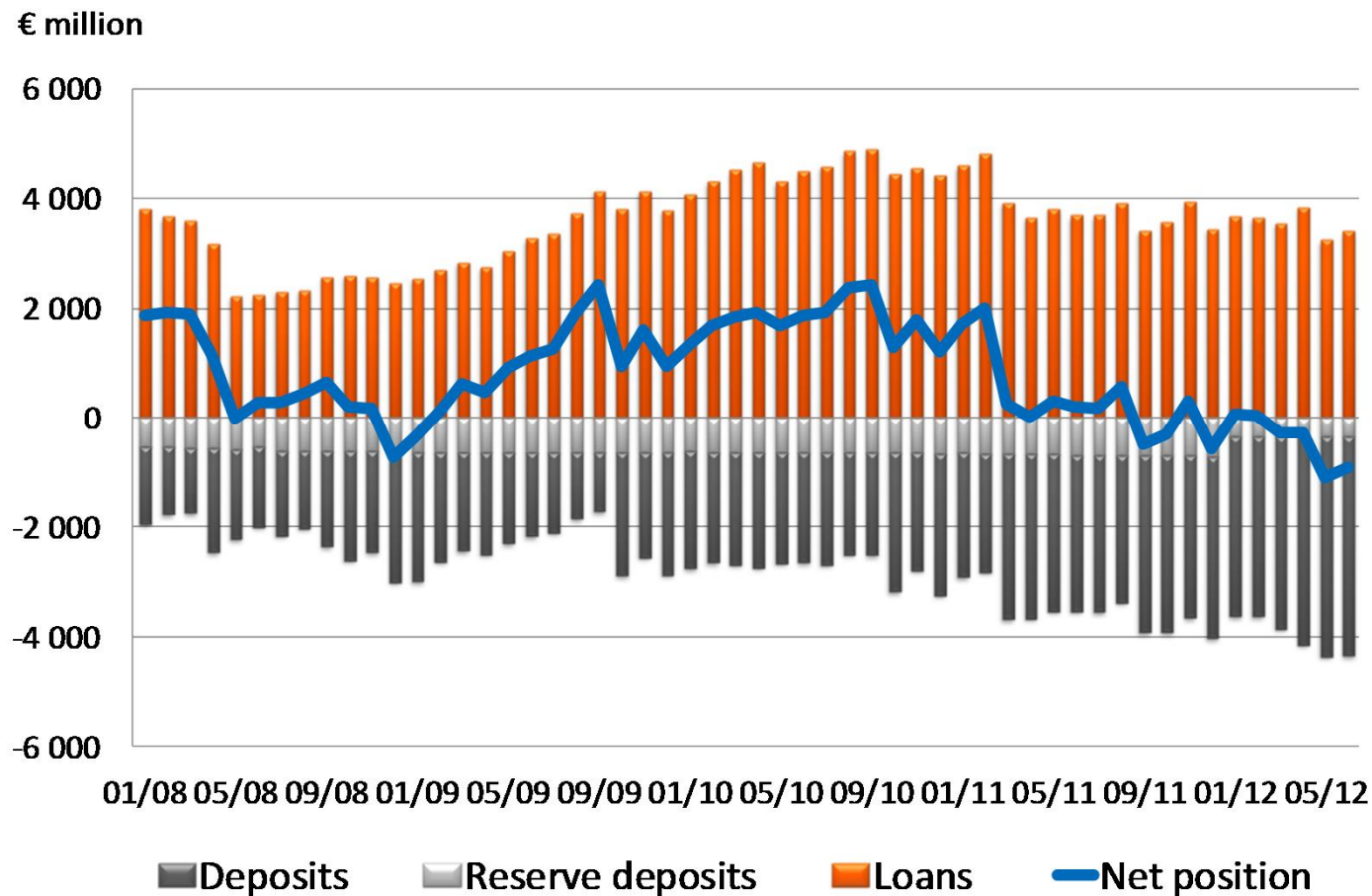
* incl. deposits with the central bank


** PD \leq 0.40%

The liquidity buffer's (excl. deposits with the central bank) residual term to maturity averages 4.5 years.

Group Functions

Receivables and liabilities between Pohjola and OP-Pohjola Group member banks





Finnish Economy

Forecasts for the Finnish Economy*

Published in January 2012

	2011 EUR bn	2010 Volume, % change on previous year	2011 Volume, % change on previous year	2012f	2013f
GDP	189.4	3.3	2.7	1.0	2.0
Imports	78.3	6.9	5.7	2.3	3.7
Exports	77.1	7.5	2.6	3.0	4.5
Consumption	151.2	2.1	1.8	1.6	1.7
Private consumption	105.2	3.3	2.5	2.1	2.3
Public consumption	46.0	-0.3	0.4	0.4	0.3
Fixed investment	37.1	1.9	6.8	-1.8	1.5

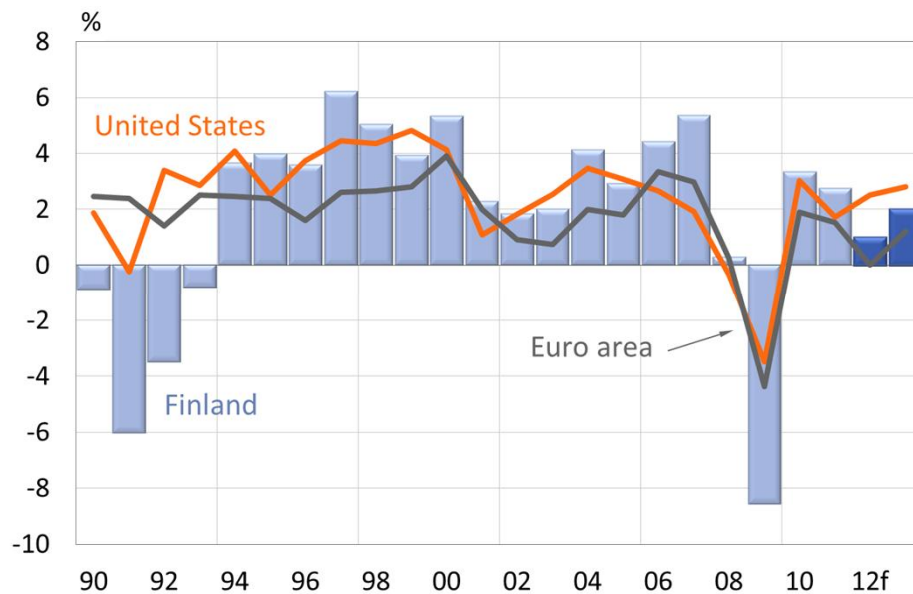
Other key indicators

	2010	2011	2012f	2013f
Consumer price index, % change y/y	1.2	3.4	2.4	2.0
Unemployment rate, %	8.4	7.8	7.8	7.6
Current account balance, % of GDP	1.4	-1.2	-0.2	-0.2
General government EDP debt, % of GDP	48.4	48.6	50.4	51.4
General government EDP deficit, % of GDP	-2.5	-0.5	-1.0	-0.5

* Source: OP-Pohjola Group / Strategic Planning

GDP and Demand Components

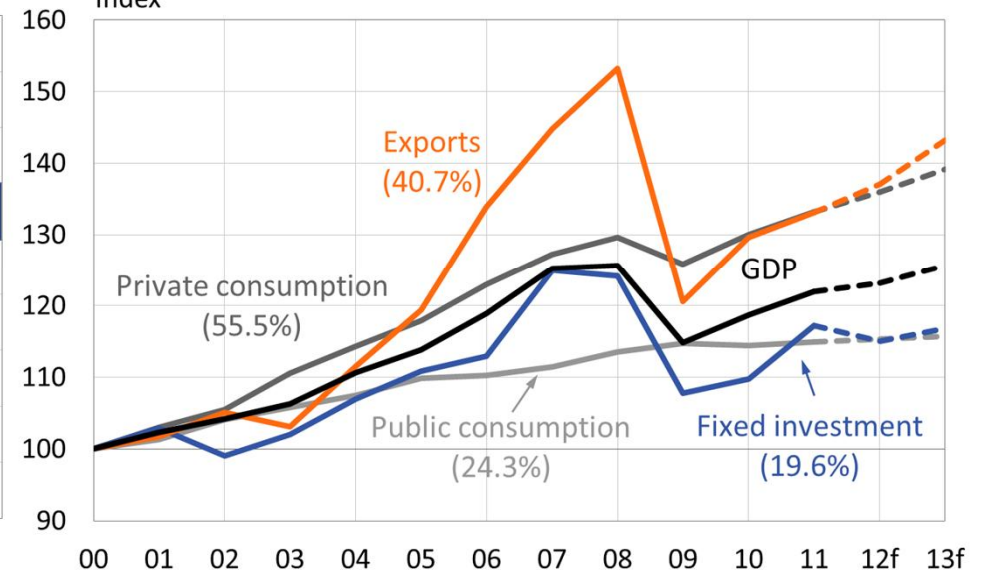
Change in GDP volume



Sources: Reuters EcoWin, forecasts OP-Pohjola Group (January 2012)

GDP and demand components

2011 GDP shares in brackets
Index

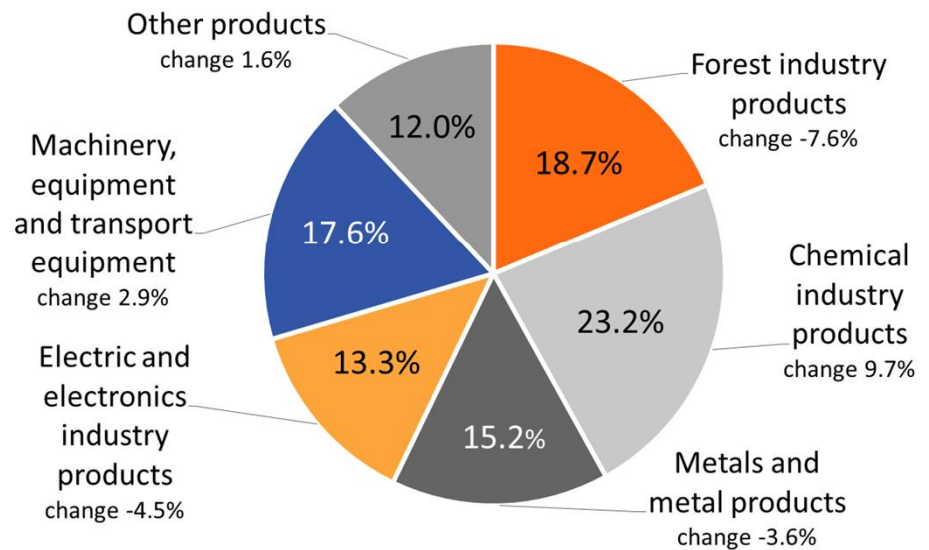


Sources: Statistics Finland, forecasts OP-Pohjola Group, January 2012

Goods Exports by Product Group and by Country

Goods exports by product group

Share of total exports and annual change
1-5/2012

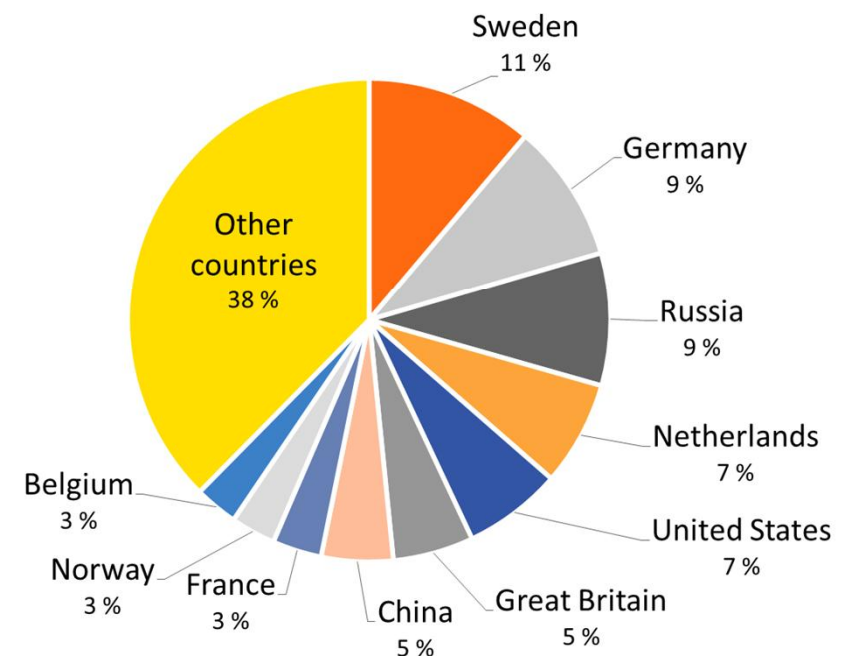


Source: National Board of Customs

Total exports 23.7 EUR Billion (change, 0.0%)

Goods exports by country

1-5/2012

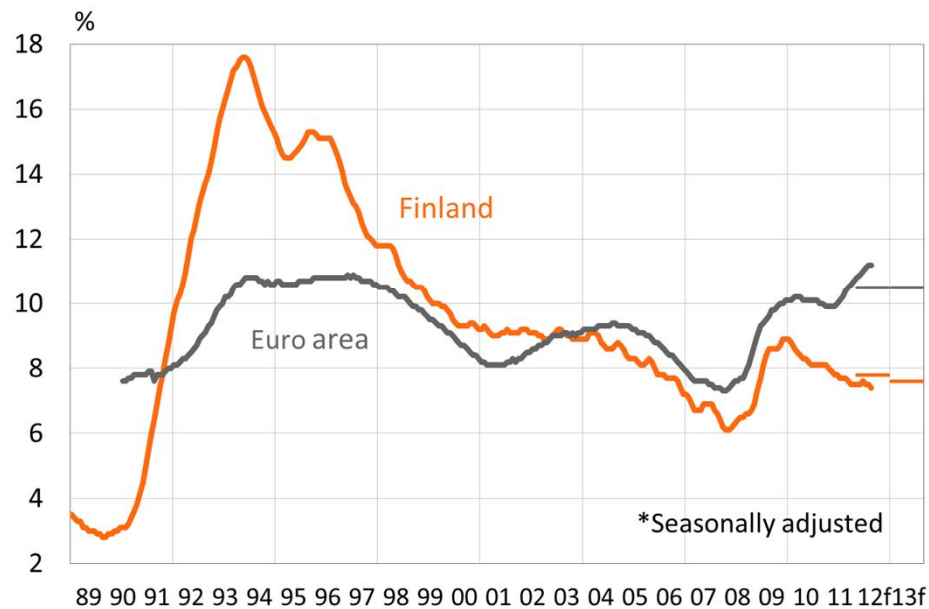


Source: National Board of Customs

In 2011 approx. 40 % of Finnish exports to growing economies (Sweden, Germany, Russia, USA, China)

Unemployment Rate and Corporate Debt

Unemployment rate* in Finland and Euro area

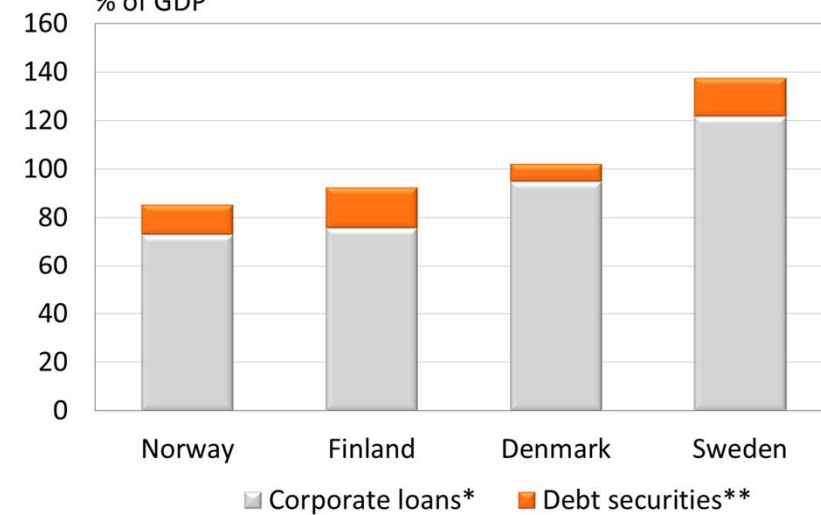


Sources: Statistics Finland, Eurostat, forecasts OP-Pohjola Group, January 2012

Corporate debt

Year 2010

% of GDP



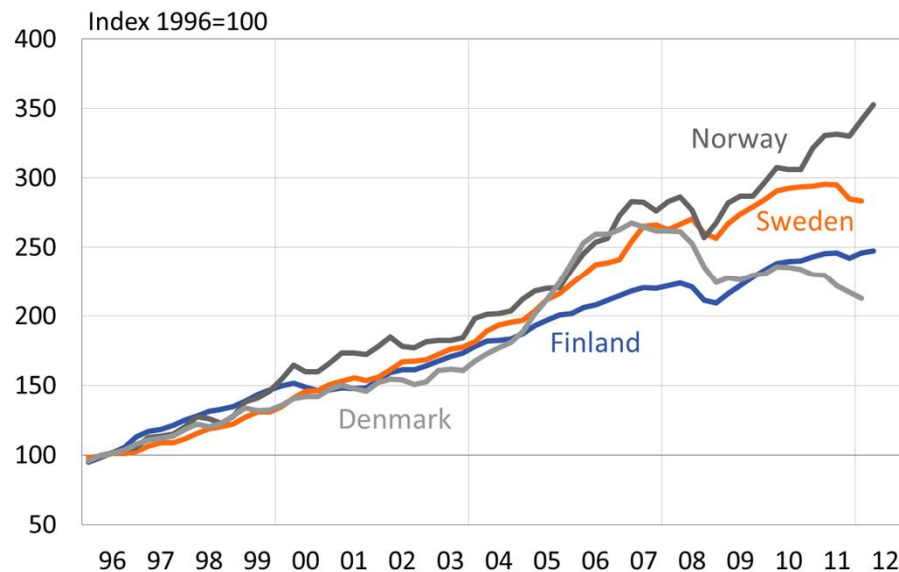
* Excl. loans between companies

** Commercial papers, corporate bonds and financial derivatives

Source: Eurostat, Consolidated Financial Accounts

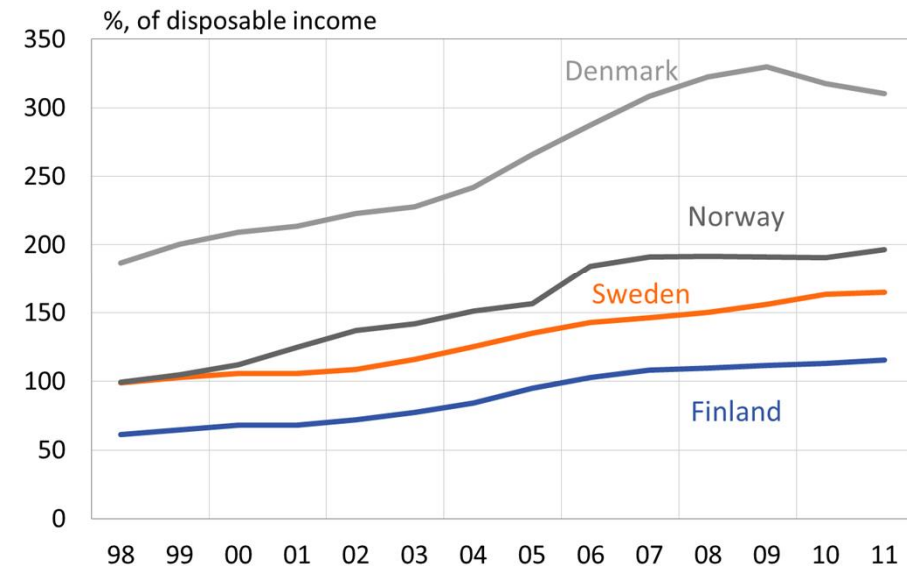
Average House Prices and Households' Debt

Average house prices



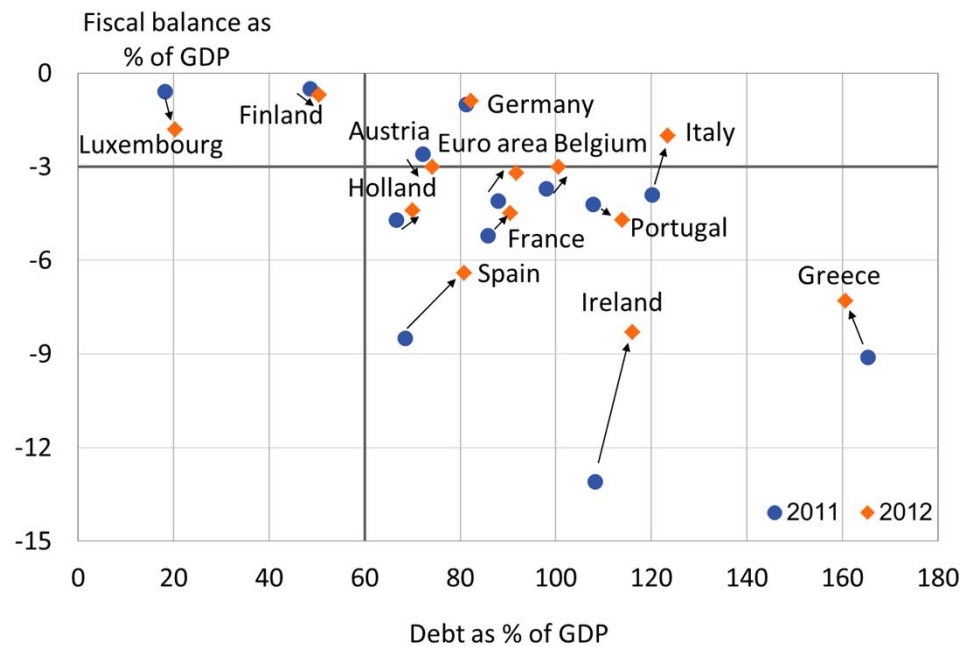
Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio

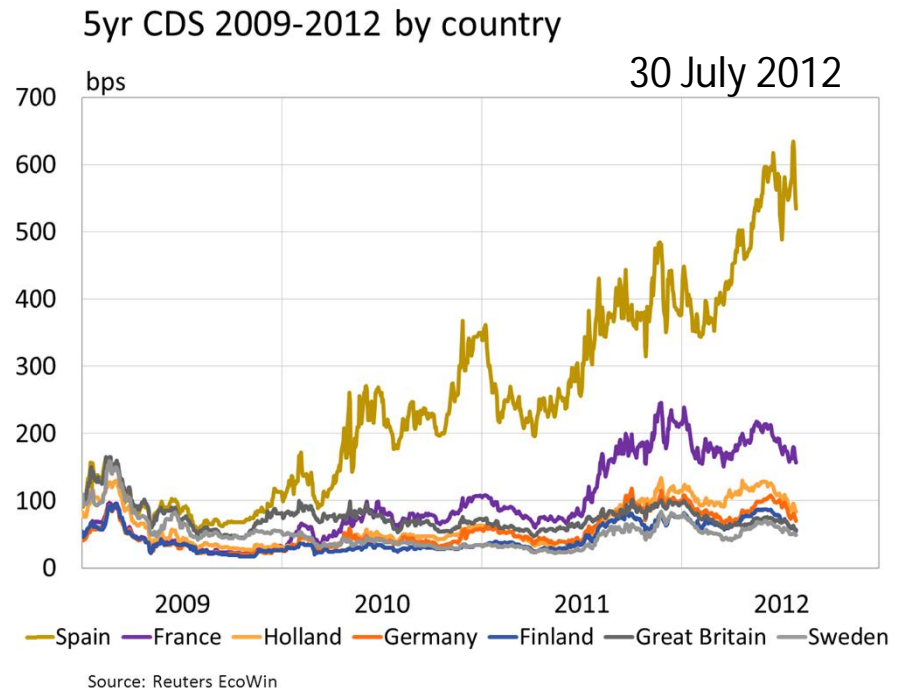


Sources: Central Banks, Statistics Finland

Fiscal Balance and 5-year CDS by Country



Sources: Eurostat, forecasts European Commission, May 2012





Pohjola IR team

Pohjola IR team



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