

OP-Pohjola Group's Financial Statements Bulletin

1 January–31 December 2012

background material



Contents

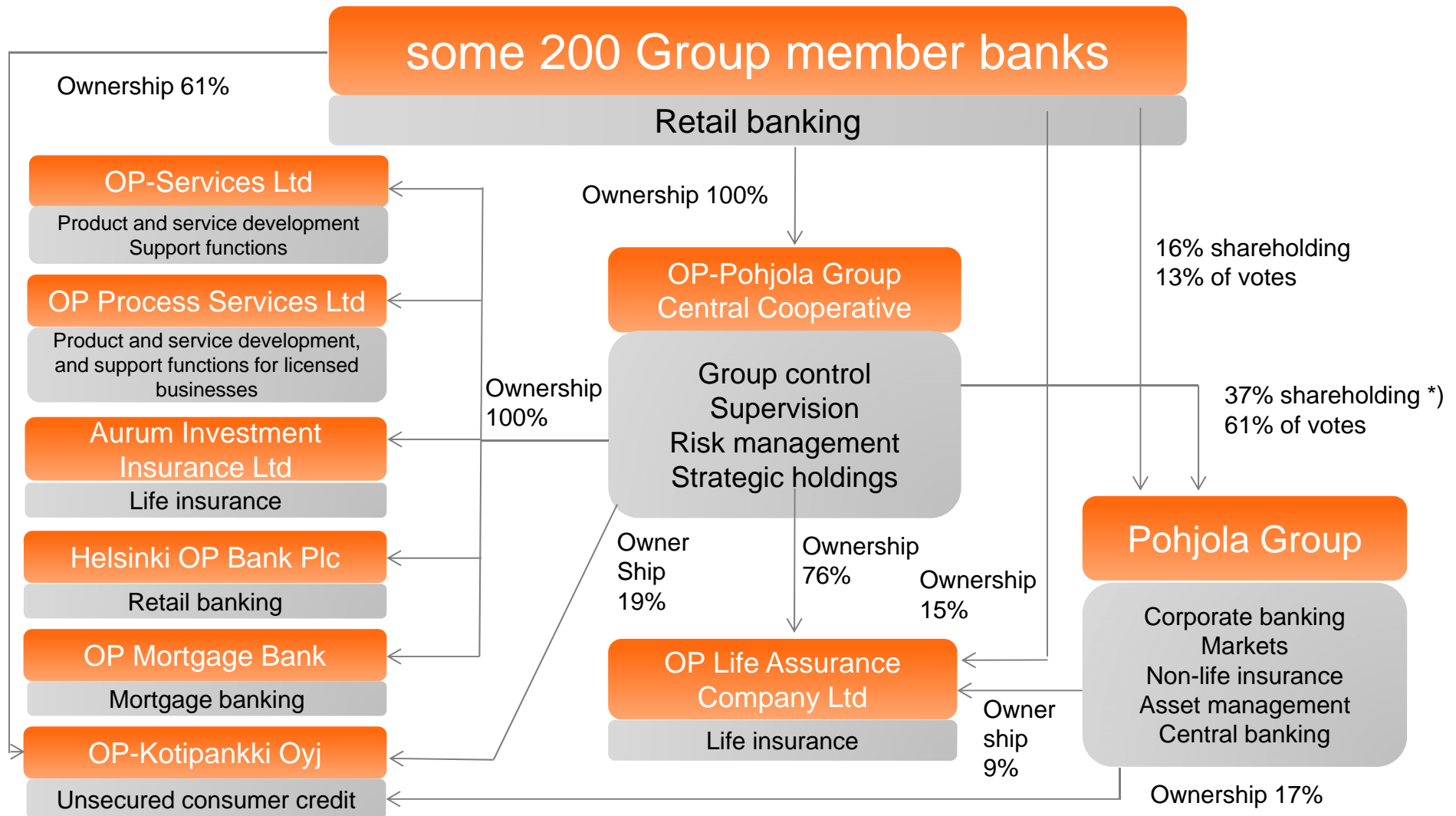
- OP-Pohjola Group
- Year-on-year results
- Quarterly figures
- Capital adequacy
- Balance sheet
- Loans and customer funds
- Customers, owner-members etc.
- 5-year trends



OP-Pohjola Group

Structure, Ownership Base and Division of Responsibilities OP-Pohjola Group

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Credit institutions within OP-Pohjola Group are liable for each other's debts and commitments. OP-Pohjola Group is supervised by FSA on a consolidated basis.

*) Includes shareholding of 0.26% by OP-Pohjola Group Central Cooperative's subsidiary, OP Life Assurance Company Ltd

**) OP-Pohjola Group's shareholding 100%, of which OP-Pohjola Group Central Cooperative Consolidated's shareholding 39%.

OP-Pohjola Group Business Segments

Banking

- Cooperative banks, Helsinki OP Bank Plc, OP-Kotipankki Oyj and OP Mortgage Bank.
- Pohjola Group's Banking segment
- OP Bank Group Mutual Insurance Company

Non-life Insurance

- Pohjola Insurance Ltd, Eurooppalainen Insurance Company Ltd, A-Insurance Ltd, Seesam Insurance AS and Pohjola Health Ltd

Wealth Management

- Pohjola Group's Asset Management segment
- OP Life Assurance Company Ltd, OP Fund Management Company Ltd and Aurum Investment Insurance Ltd

Other operations

- OP-Pohjola Group Central Cooperative, OP-Services Ltd, OP Process Services Ltd and Pohjola's Group functions

OP-Pohjola Group Key Indicators

	Q1-Q4/2012	Q1-Q4/2011	Change, %
Earnings before tax, €million	601	525	14.5
Banking	437	447	-2.2
Non-life Insurance	92	8	
Wealth Management	101	47	
Returns to owner-members and OP-bonus customers, €million	192	176	8.8
	31 Dec 2012	31 Dec 2011	Change, %
Ratio of capital base to minimum of capital base (FiCo)	1.90	1.80	0.10 *
Core Tier 1 ratio, %	14.1	14.0	0.1 *
Core Tier 1, excl. transition provisions, %	14.8	14.0	0.8 *
Non-performing receivables/ loan and guarantee portfolio	0.46	0.47	-0.02 *
Joint banking and insurance customers (1000)	1,425	1,299	9.7

*Change in ratio

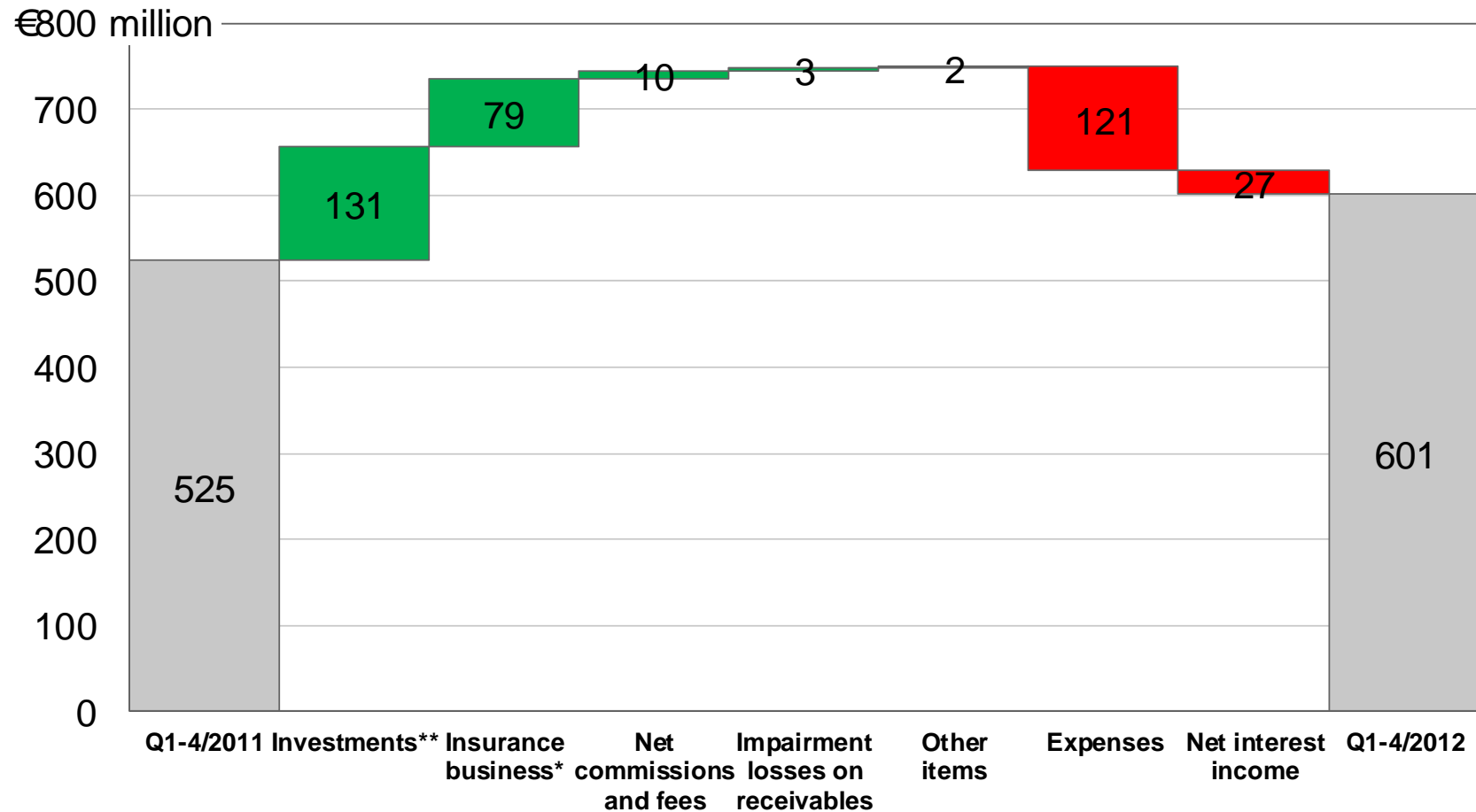
Joint Liability, Deposit Insurance and Investors' Compensation

- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their consolidation groups as well as credit and financial institutions and service companies in which the above-mentioned entities together hold more than half of the total votes.
- The central institution's members at the end of the report period comprised OP-Pohjola Group's member cooperative banks as well as Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank , OP-Kotipankki Oyj and OP Process Services Ltd.
- By virtue of the Act on the Amalgamation of Deposit Banks, the central institution has both the right to control its credit institutions and the obligation to supervise their operations. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in applicable law, the member credit institutions and OP-Pohjola Group Central Cooperative are ultimately jointly and severally liable for each other's debts and commitments. OP-Pohjola Group's insurance companies, for example, do not therefore fall within the scope of joint liability.
- Deposit banks belonging to OP-Pohjola Group, i.e. its member cooperative banks, Pohjola Bank plc, Helsinki OP Bank Plc and OP-Kotipankki Oyj, are regarded as a single bank with respect to deposit insurance. Under legislation governing the Investors' Compensation Fund, OP-Pohjola Group is also considered a single entity in respect of investors' compensation.

A background photograph of a person sitting at an outdoor cafe table. The person is holding a smartphone. On the table is a white coffee cup on a saucer, a glass of water, and a vase with blue flowers. In the background, there are other tables, chairs, and a body of water with sailboats under a bright sky.

Year-on-year Results

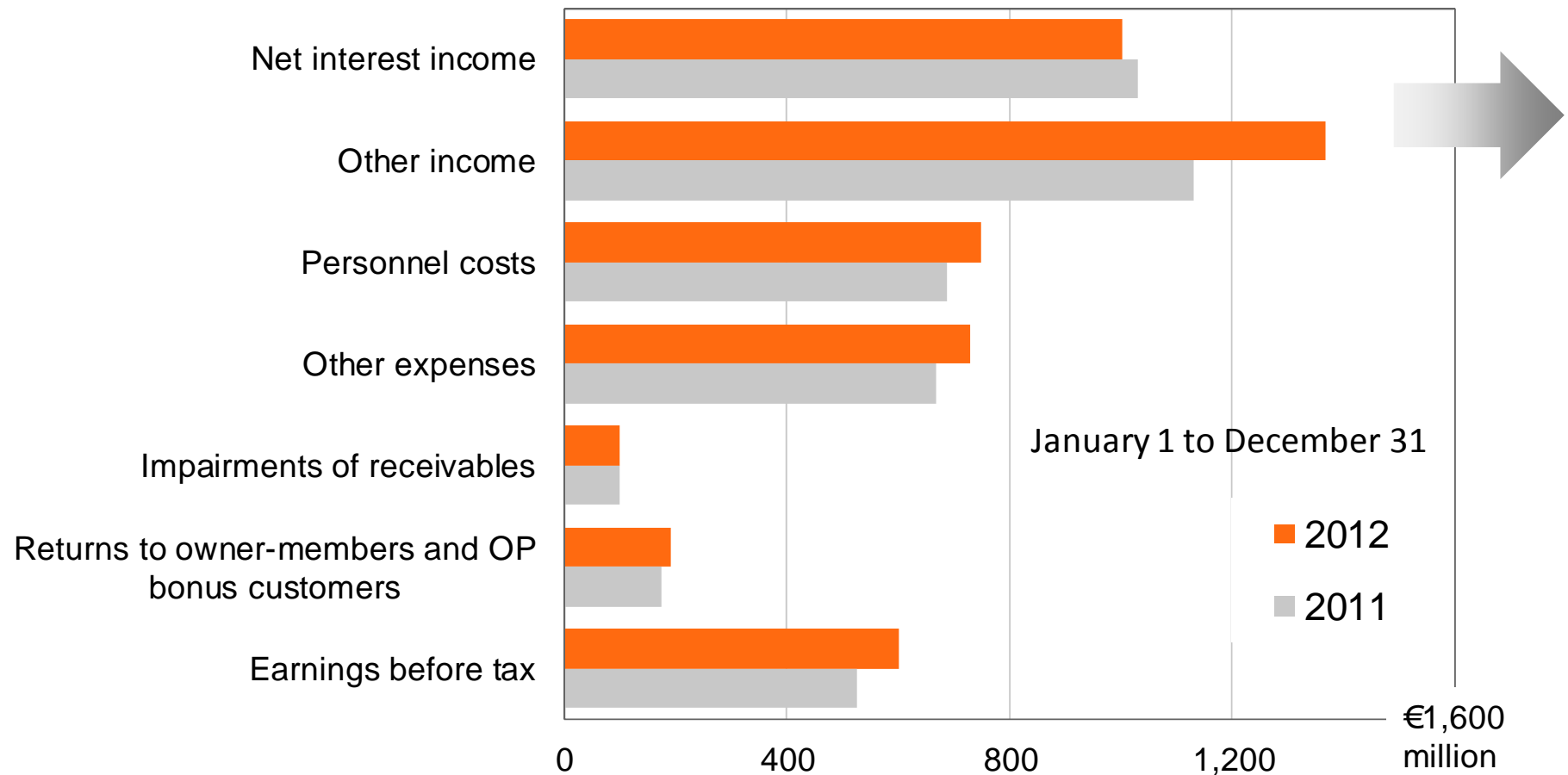
OP-Pohjola Group Earnings before Tax

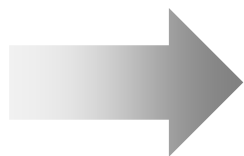


*) Life and Non-life Insurance **) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

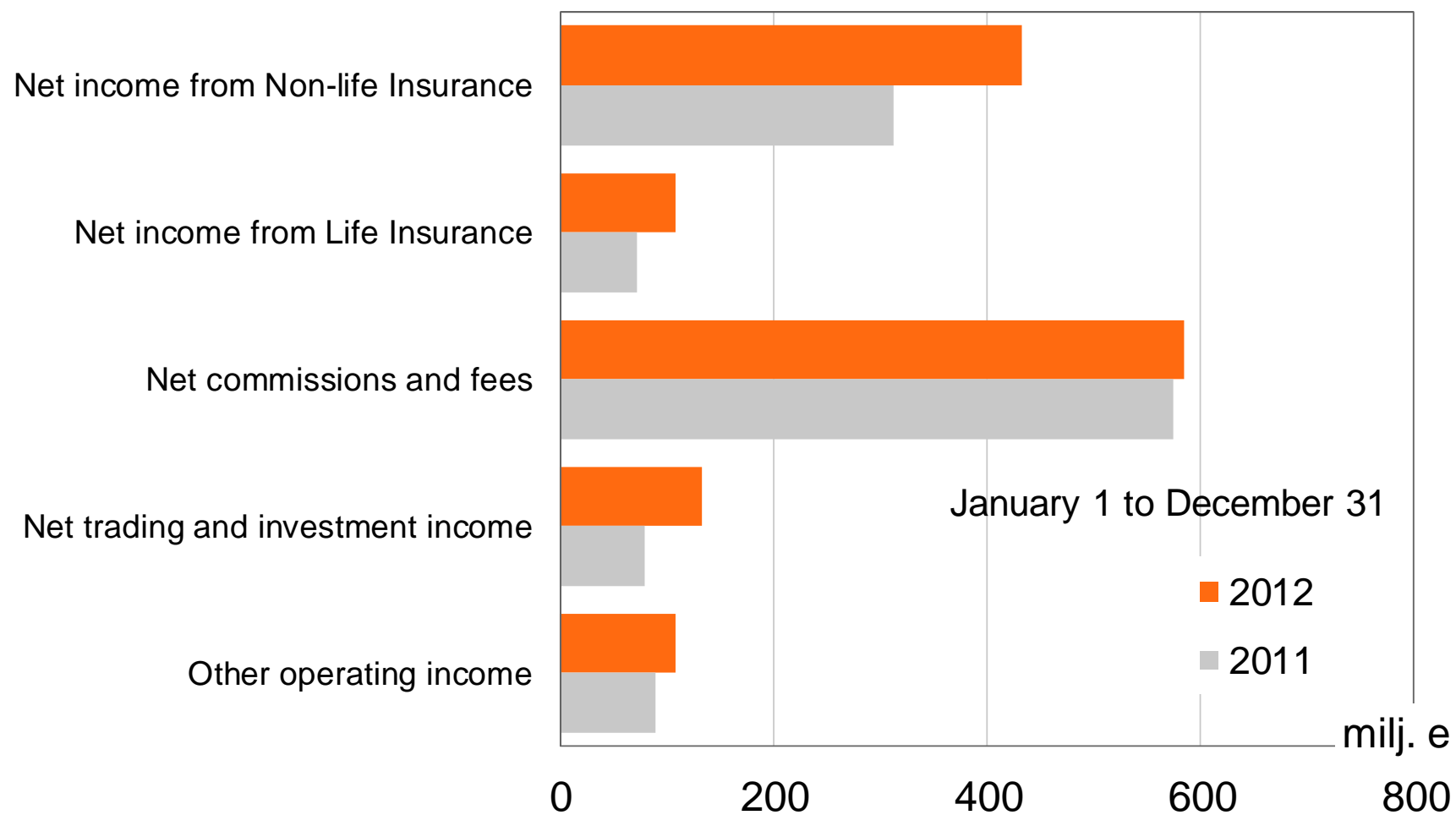


OP-Pohjola Group Income statement





OP-Pohjola-gruppen Other Income



OP-Pohjola Group

Income statement

January 1 to December 31 milj. e	2012	2011	Change € million	%
Interest income	3,174	3,294	-120	-3.7
Interest expenses	2,171	2,264	-93	-4.1
Net interest income	1,003	1,030	-27	-2.6
Impairments of receivables	99	101	-3	-2.6
Net interest income after impairment losses	904	928	-25	-2.7
Net income from Non-life Insurance operations	433	312	121	38.8
Net income from Life Insurance operations	108	72	37	51.2
Net commissions and fees	584	574	10	1.8
Net trading income	81	17	63	0.0
Net investment income	52	63	-11	-17.3
Other operating income	109	90	19	21.2
Personnel costs	749	689	60	8.7
Other administrative expenses	378	351	27	7.7
Other operating expenses	352	318	34	10.7
Returns to owner-members and OP bonus customers	192	176	16	8.8
Share of associates' profits/losses	2	4	-2	-42.6
Earnings before tax	601	525	76	14.5

OP-Pohjola Group

Income Statement by Business Segment

1 January to 31 December 2012

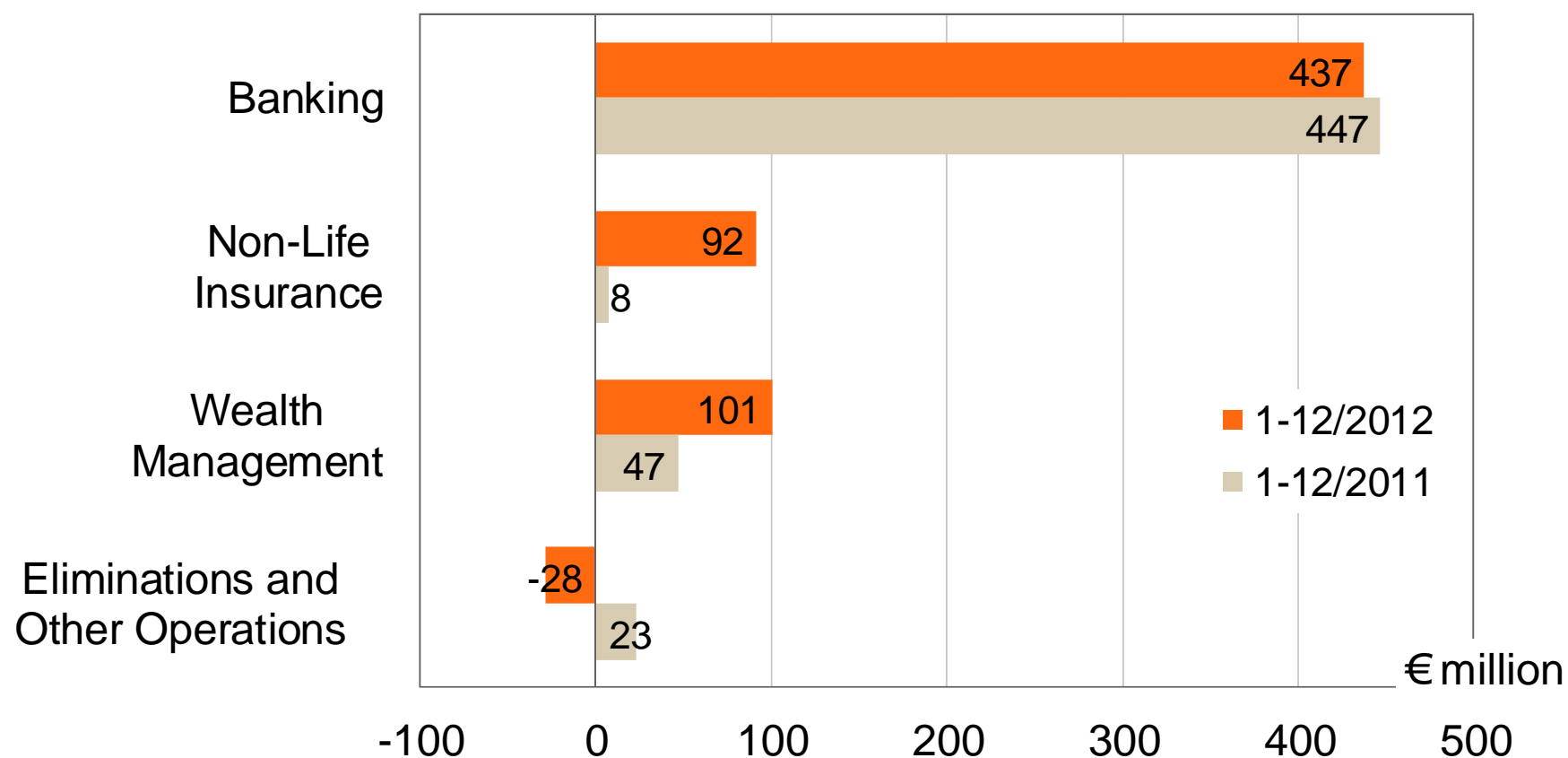
e million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	969	-8	3	39	1,003
Net income from non-life insurance	0	438	0	-5	433
Net income from life insurance	0	0	19	89	108
Net commissions and fees	543	23	172	-155	584
Other income	722	20	43	17	802
Total income	1,692	458	237	-15	2,371
Personnel costs	433	135	32	149	749
Other expenses	534	231	104	-139	730
Total expenses	967	366	136	10	1,479
Impairment losses on receivables	96	0	0	-3	93
Returns to owner-members	192	0	0	0	192
Earnings before tax	437	92	101	-28	601

Cost /income ratio, %

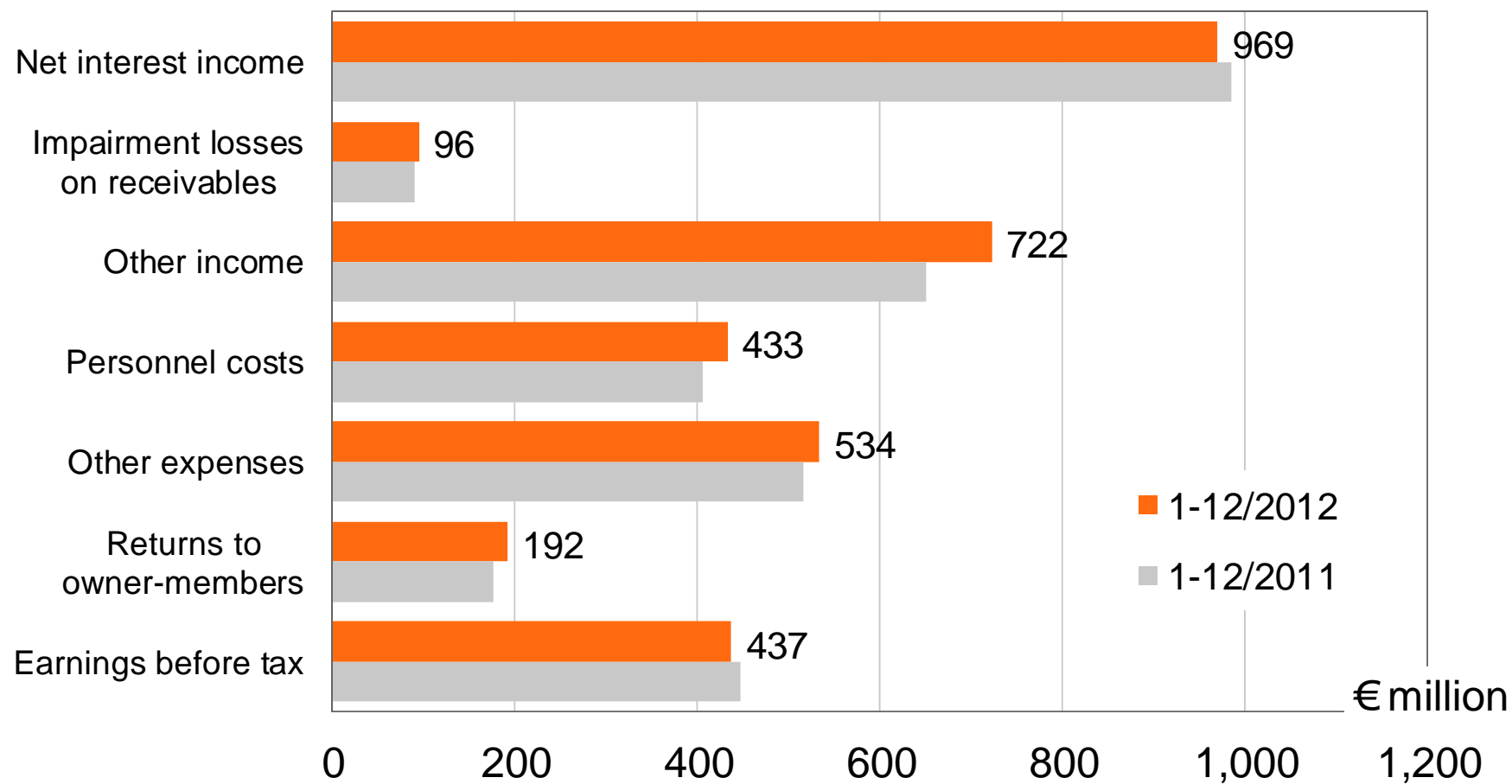
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OP-Pohjola Group

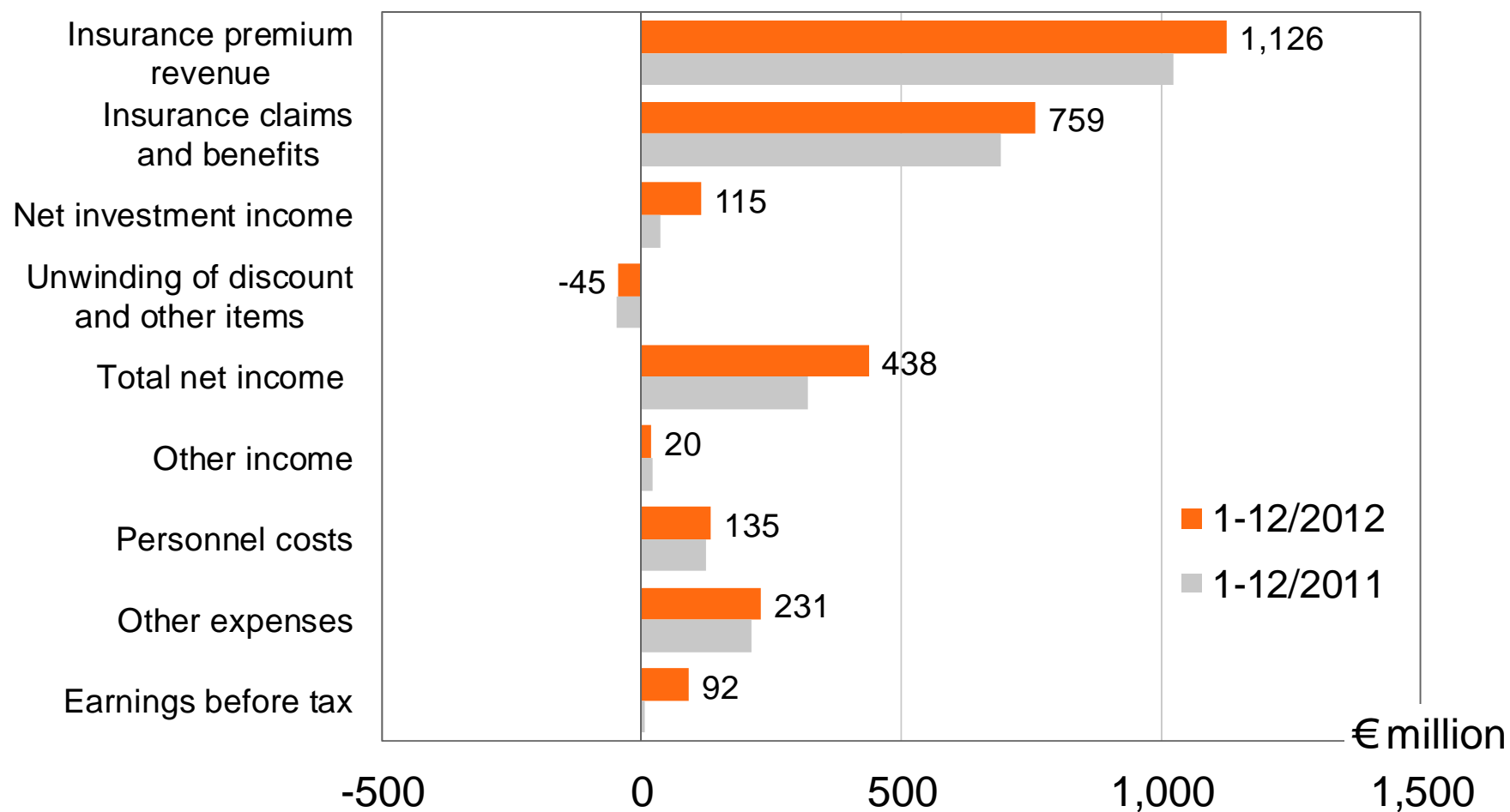
Earnings before tax by Business Segment



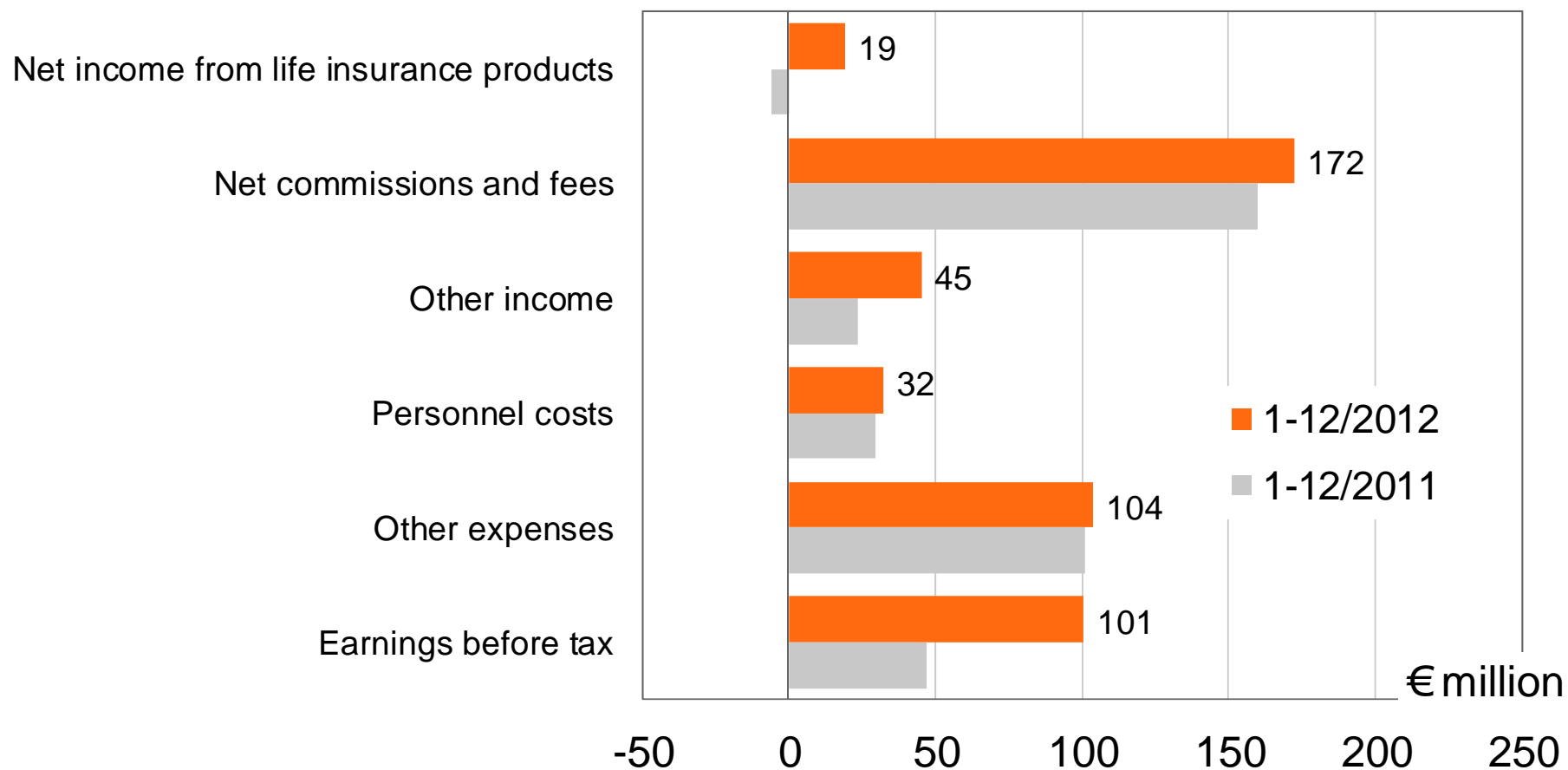
OP-Pohjola Group Banking



OP-Pohjola Group Non-Life Insurance



OP-Pohjola Group Wealth Management



A close-up photograph of a hand pointing at a set of architectural blueprints. The blueprints show various building plans, including a large rectangular structure with internal divisions. A semi-transparent dark grey rectangular box is overlaid on the center of the image, containing the text 'Quarterly Figures' in white. The background is slightly blurred, showing more of the blueprints and some bare tree branches on the left side.

Quarterly Figures

OP-Pohjola Group

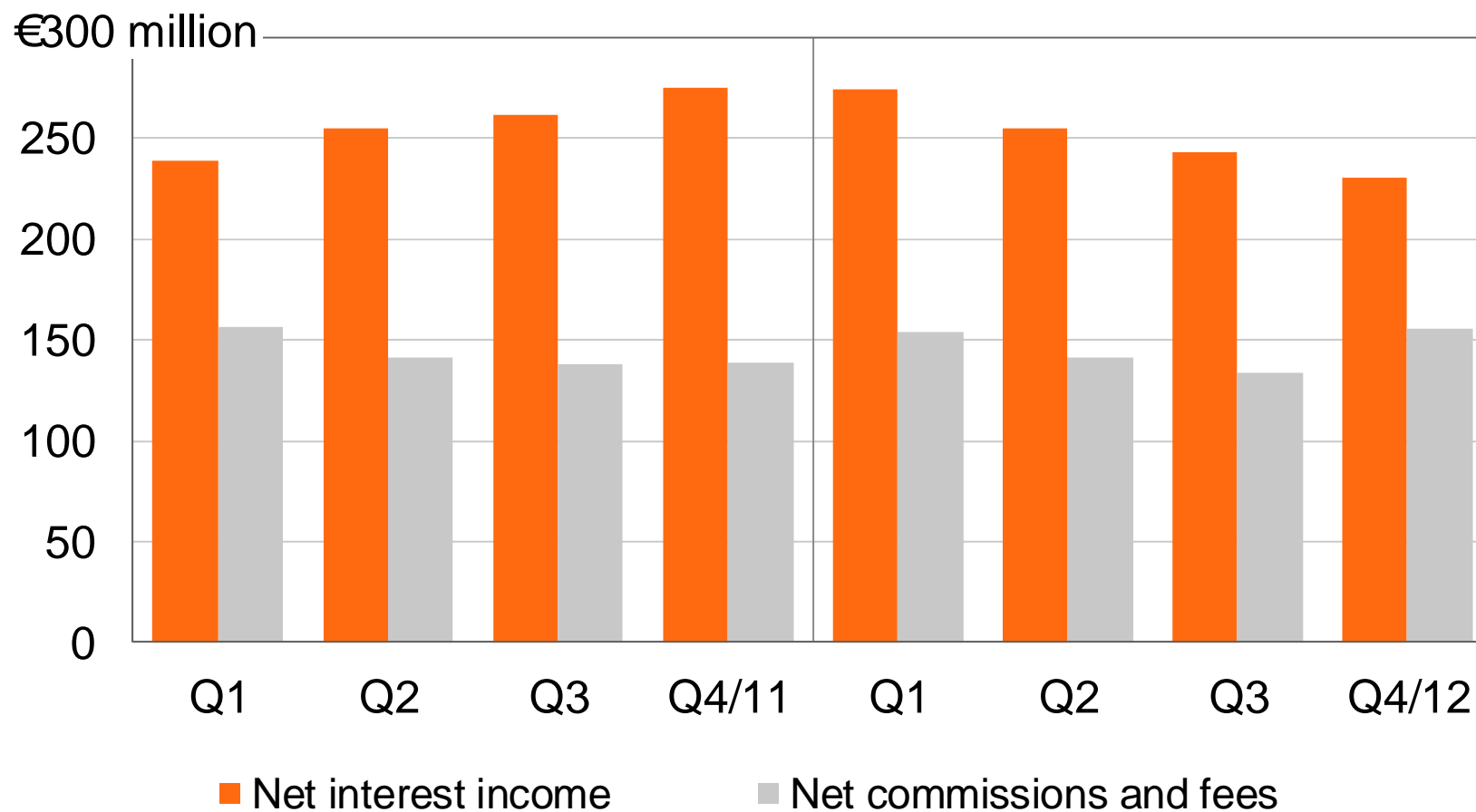
Quarterly Performance

€million	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	238	255	261	275	274	255	243	231
Other income	371	330	214	215	363	321	326	358
Total income	609	585	476	490	637	576	569	588
Personnel costs	176	186	147	180	199	190	184	176
Other expenses	158	165	154	192	180	183	163	203
Total expenses	334	350	301	372	379	373	347	379
Impairments of receivables	23	31	10	37	11	17	19	51
Returns to owner-members and OP bonus customers	42	47	43	44	44	52	46	50
Earnings before tax	210	157	122	37	203	134	156	108

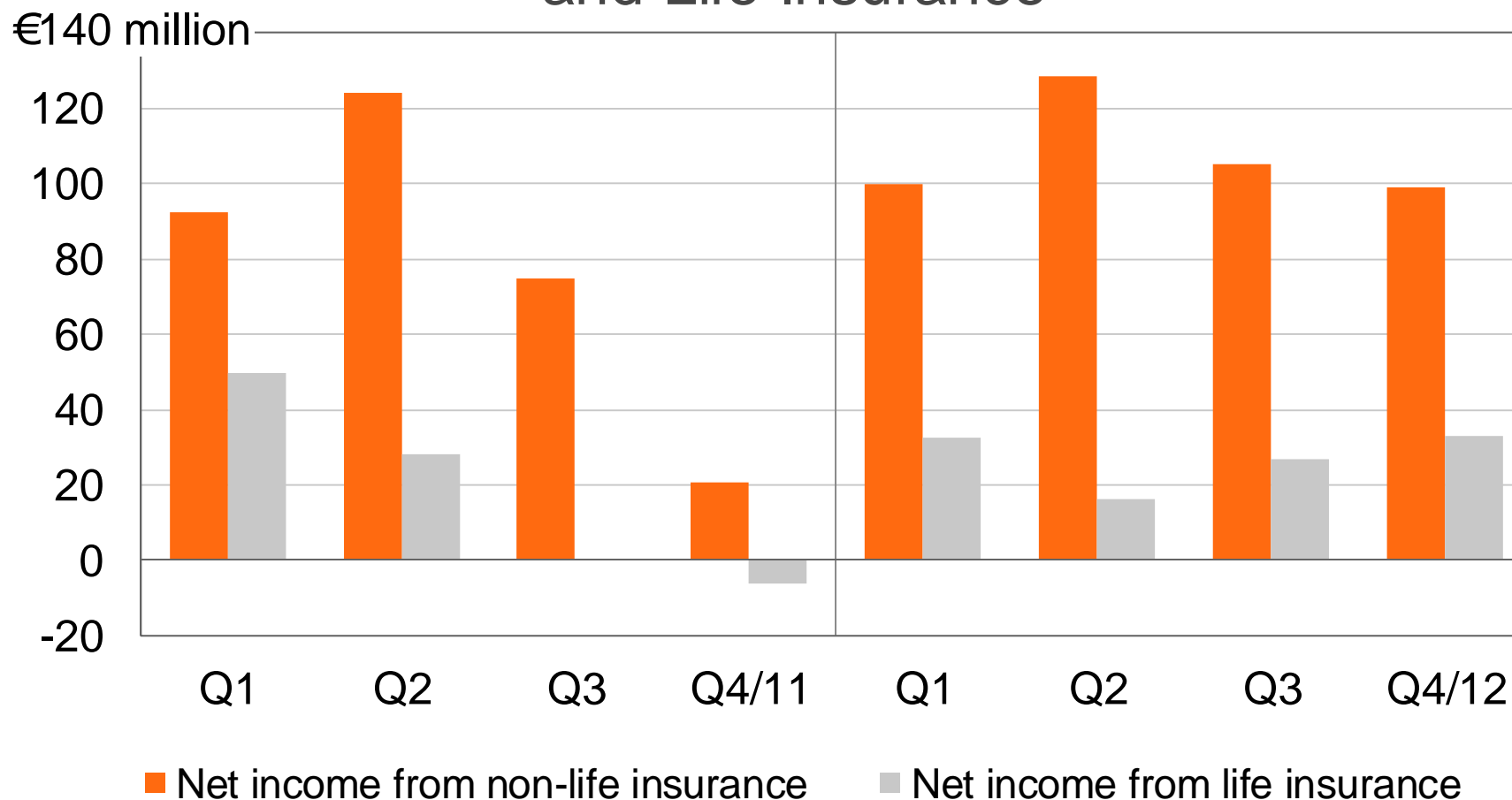
OP-Pohjola Group
Other Income by Quarter

€million	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	92	124	75	20	100	129	105	99
Net income from life insurance	50	28	0	-6	32	16	27	33
Net commissions and fees	156	141	138	138	153	141	134	156
Net income from trading and investments	46	15	-19	38	52	13	19	47
Other income	27	22	20	25	25	22	41	23
Total	371	330	214	215	363	321	326	358

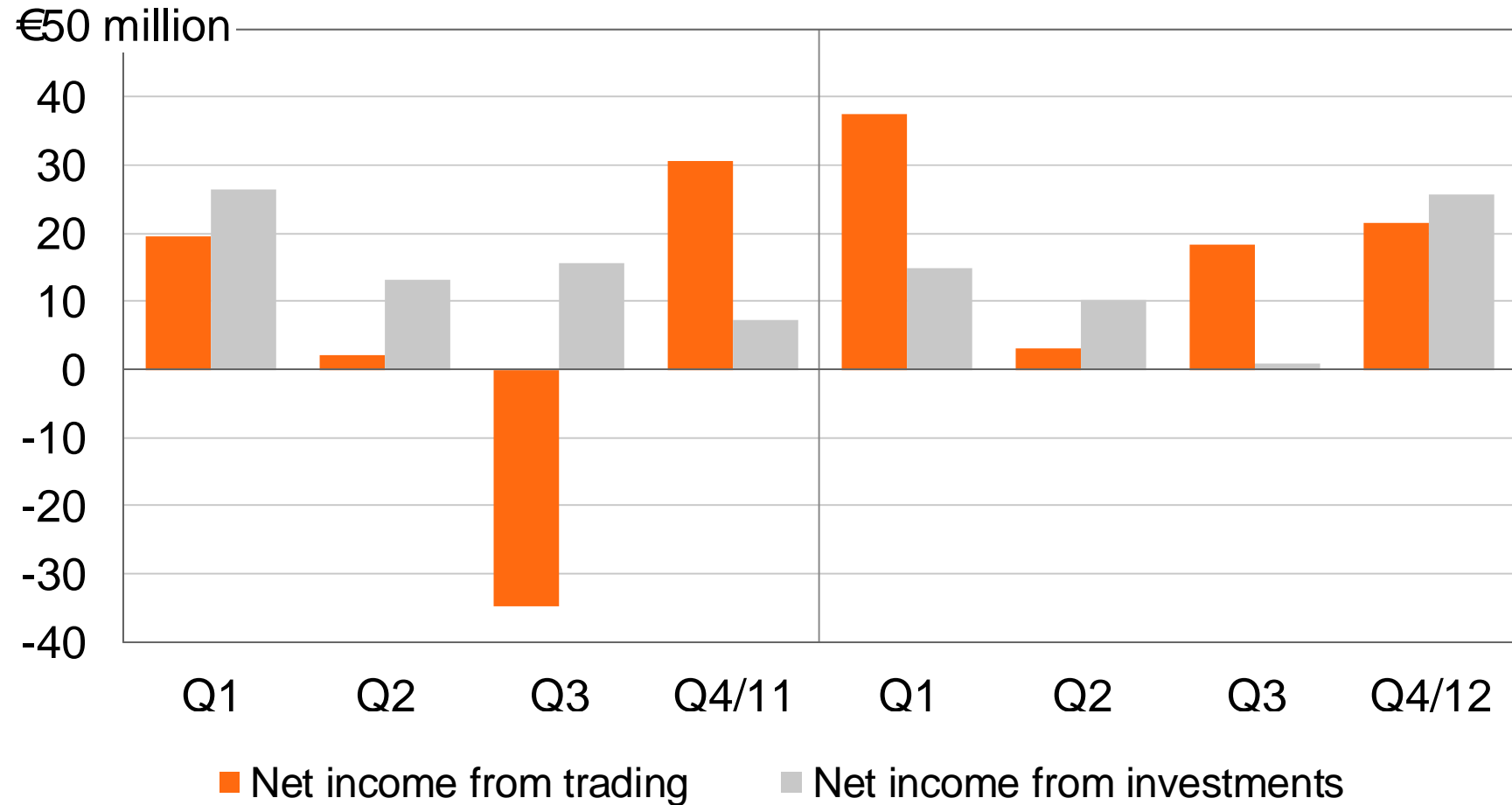
OP-Pohjola Group Net Interest Income and Net Commissions and Fees



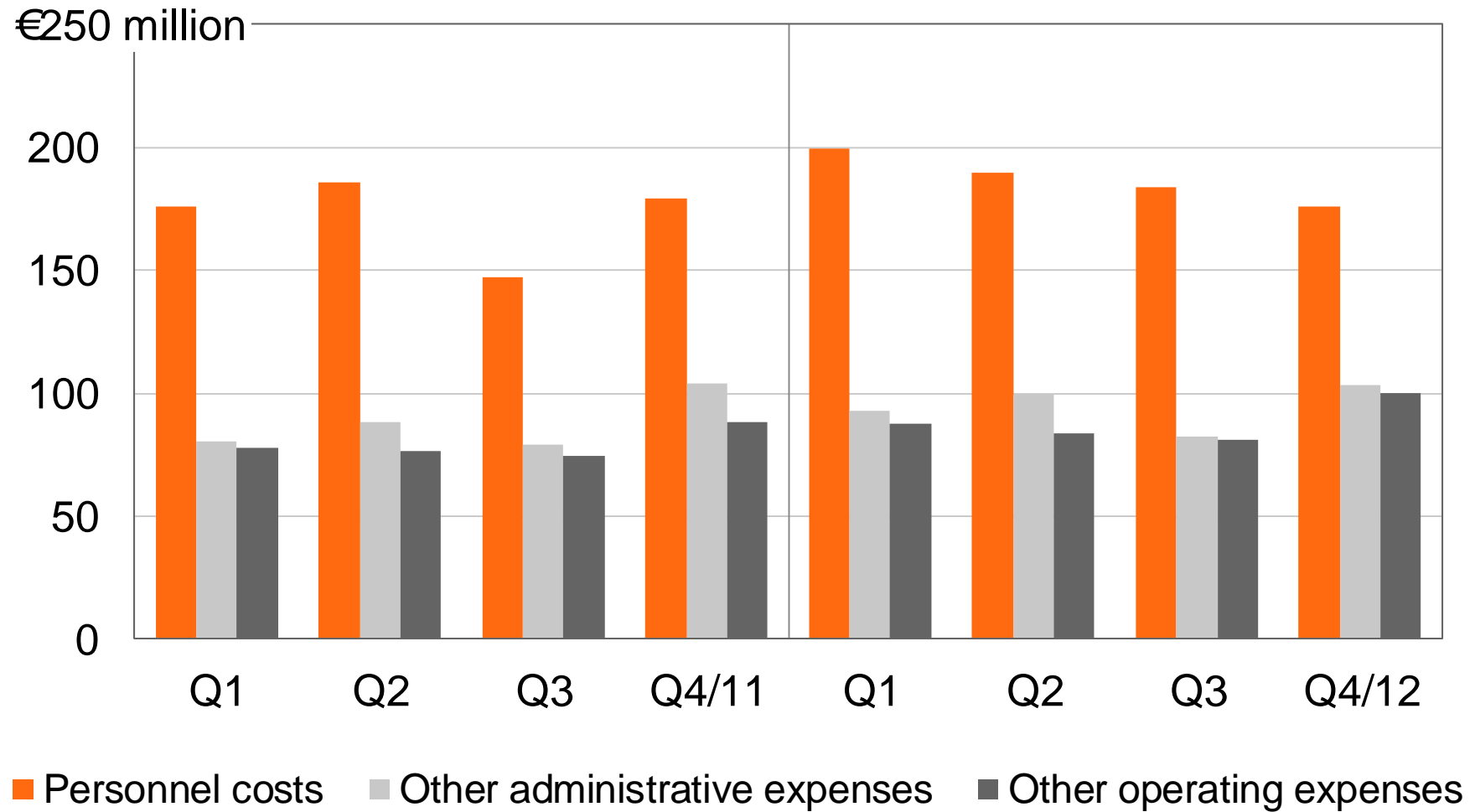
OP-Pohjola Group Net Income from Non-life and Life Insurance



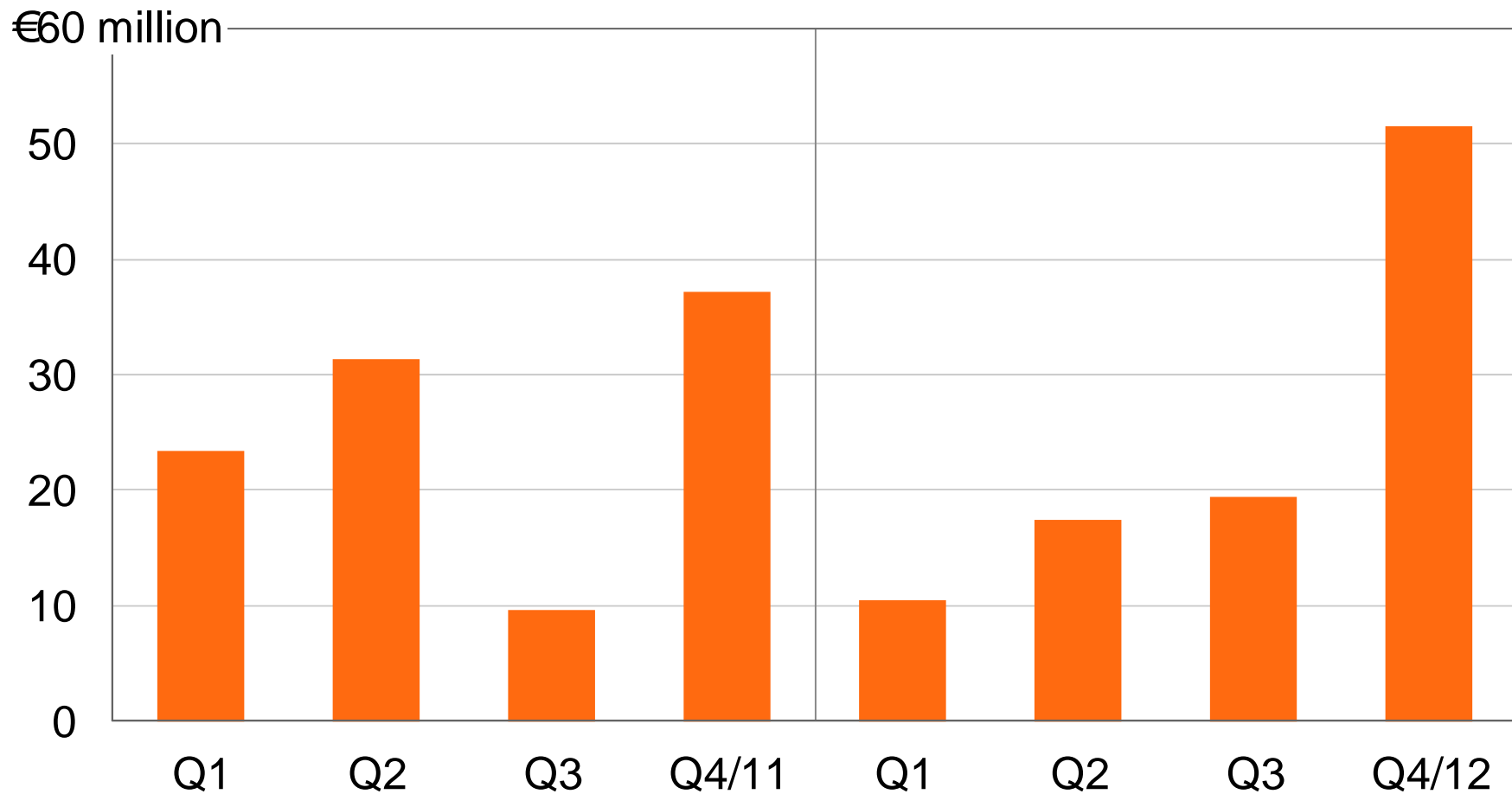
OP-Pohjola Group Net Income from Trading and Investments



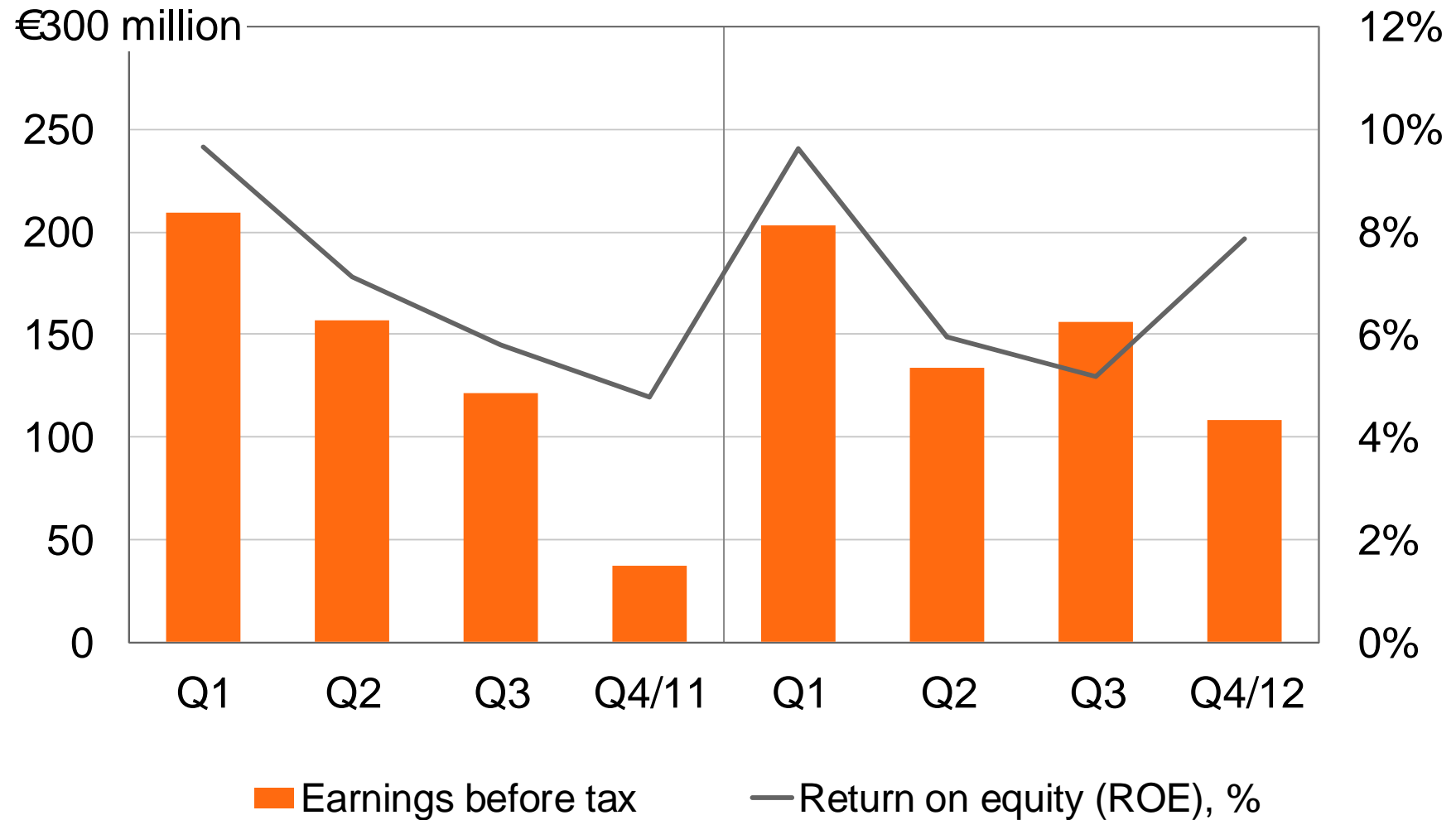
OP-Pohjola Group Expenses



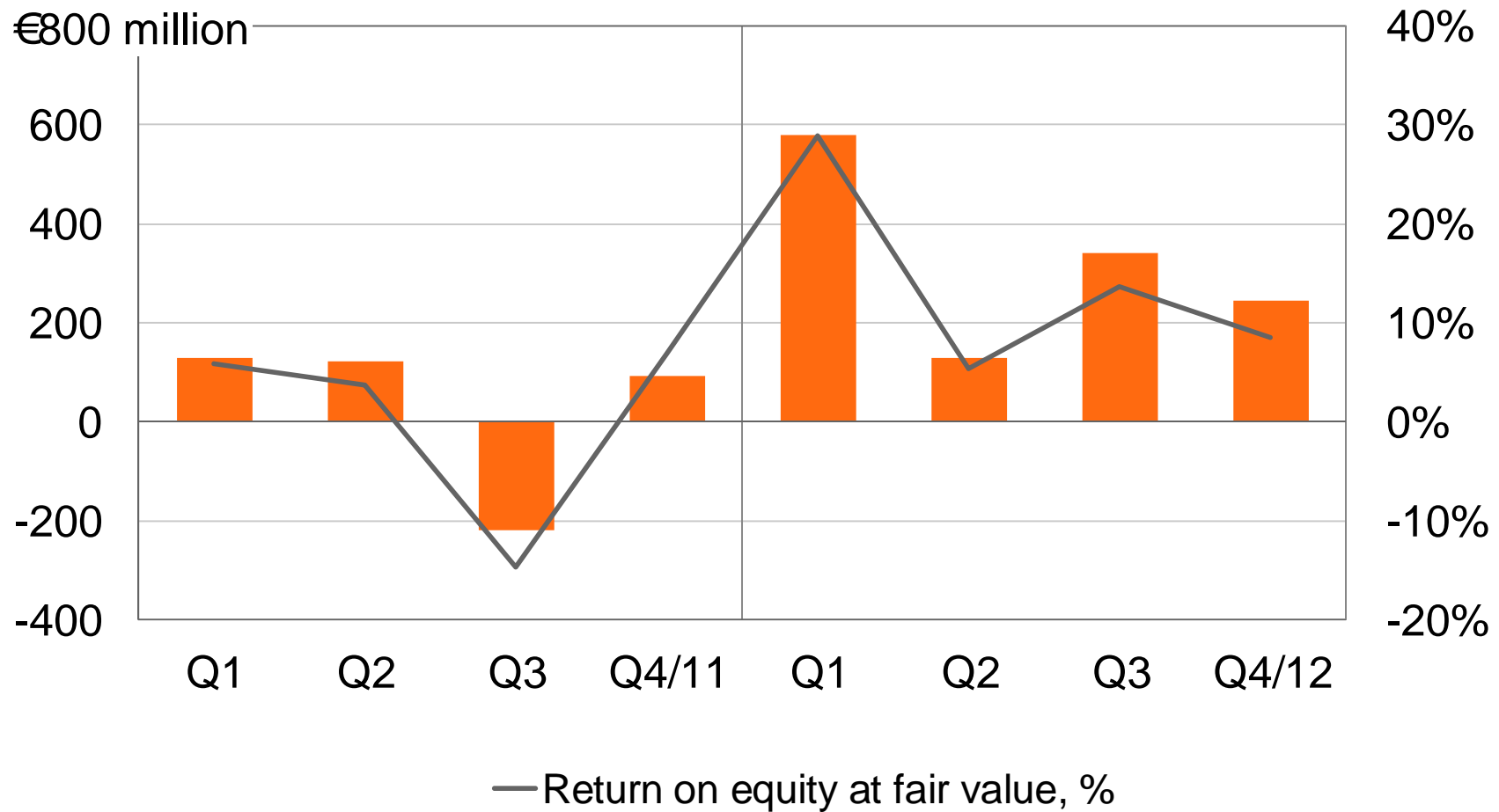
OP-Pohjola Group Quarterly Impairments of Receivables



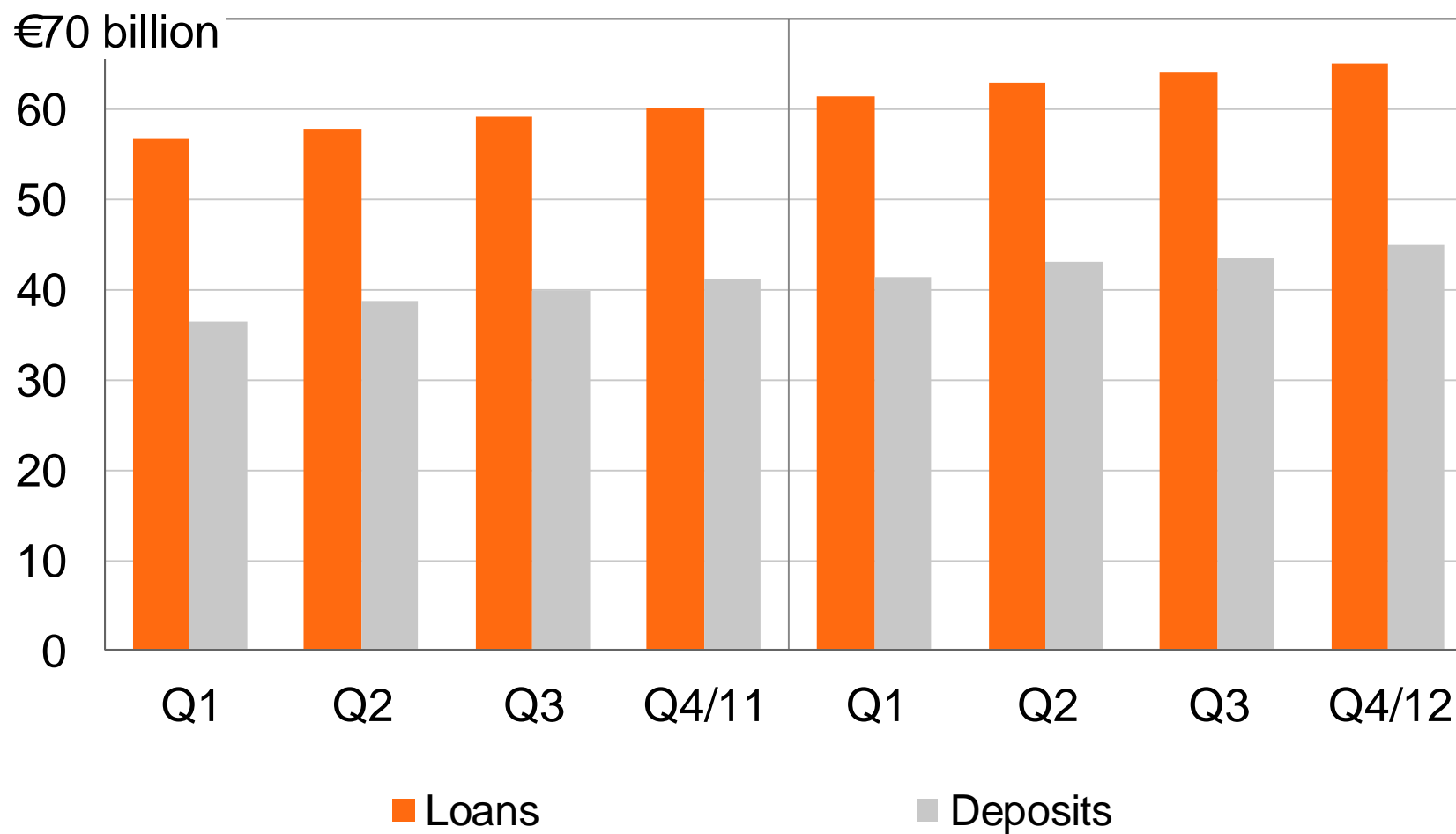
OP-Pohjola Group Earnings before Tax



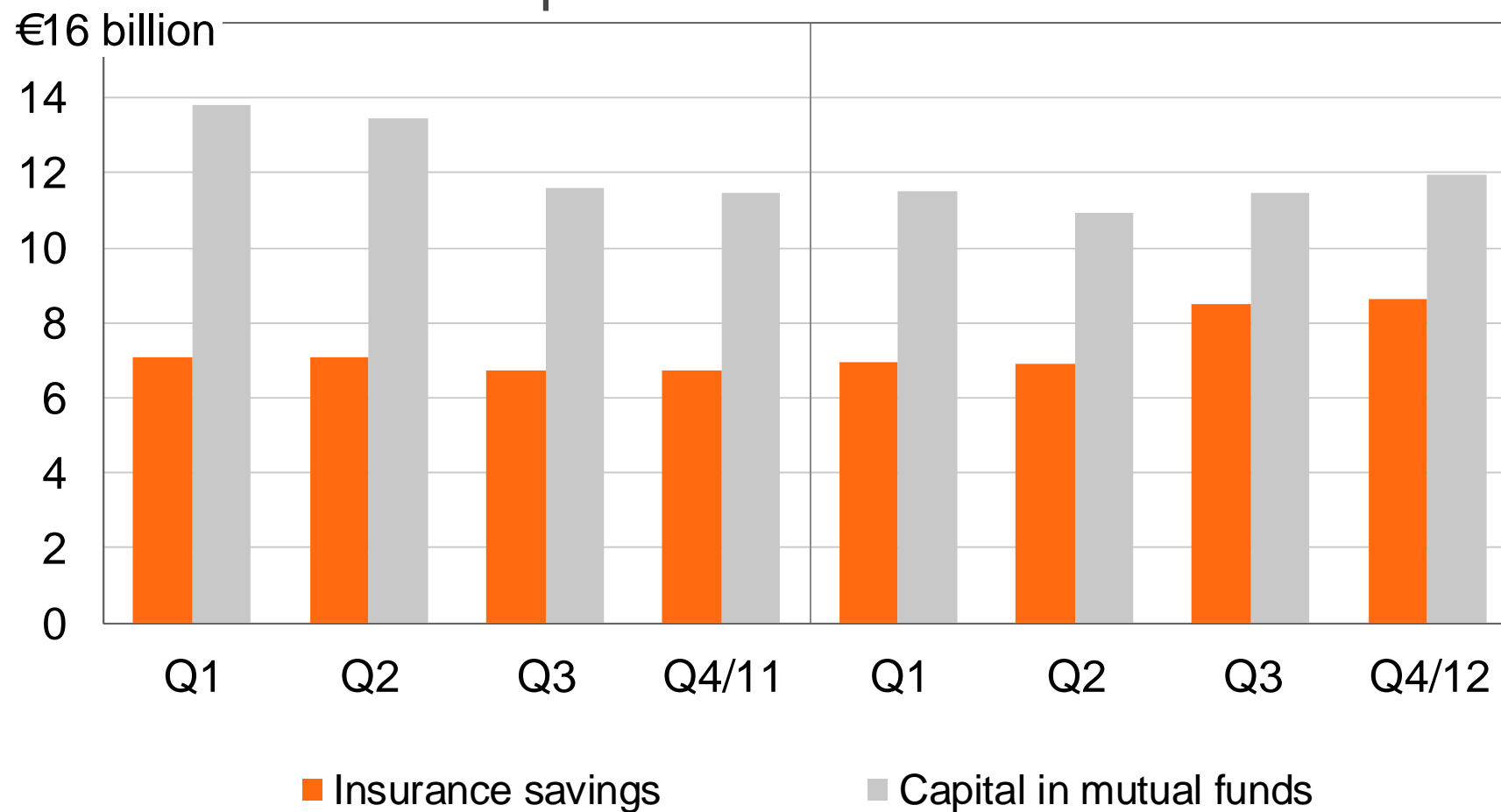
OP-Pohjola Group Earnings before Tax at Fair Value



OP-Pohjola Group Loans and Deposits

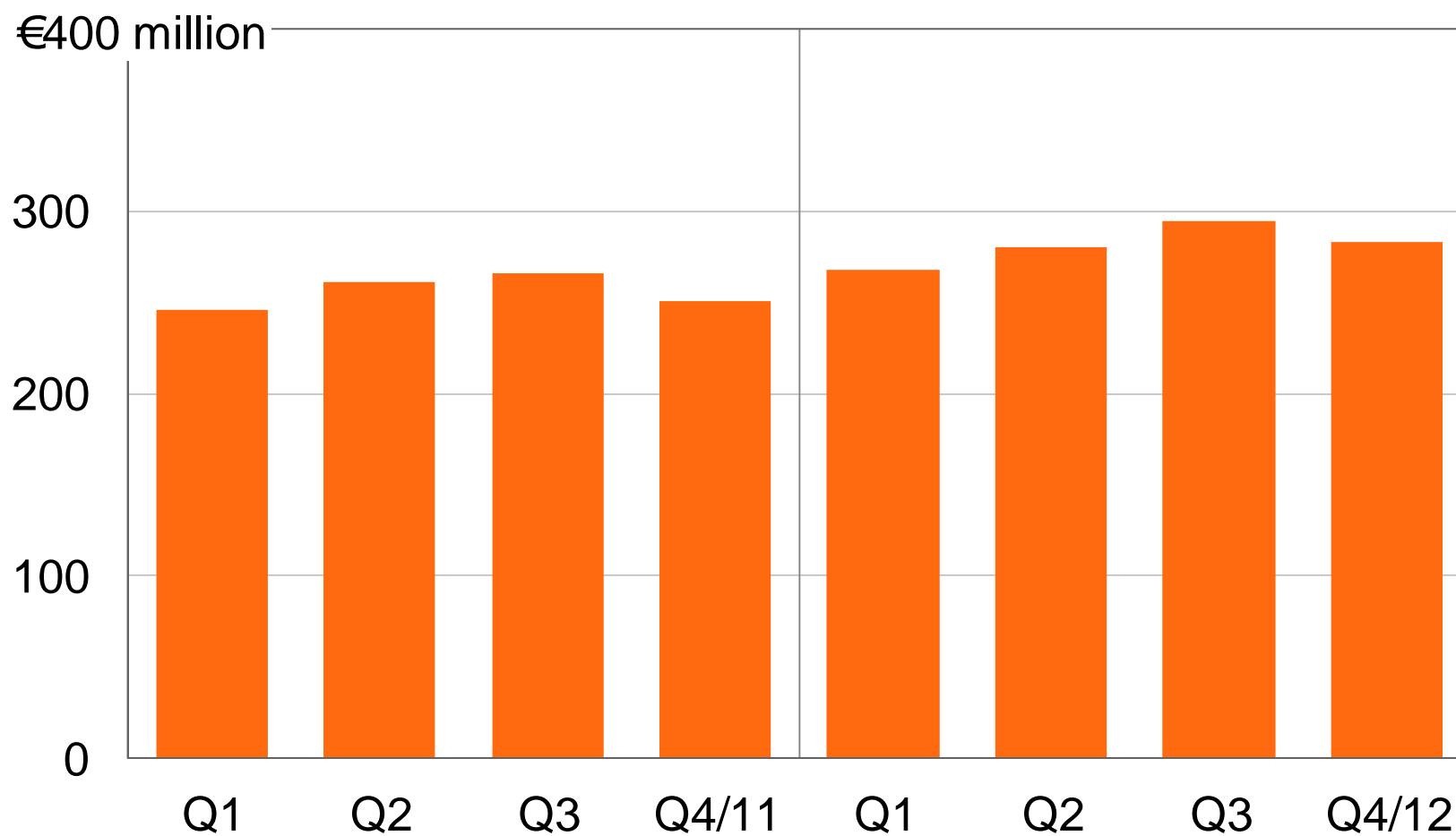


OP-Pohjola Group Life Insurance Savings and Capital in Mutual Funds



OP-Pohjola Group

Non-life Insurance Premium Revenue (IFRS)





Capital Adequacy

Two Capital Adequacy Ratios

Consolidated capital adequacy =
capital adequacy of the
amalgamation of cooperative banks

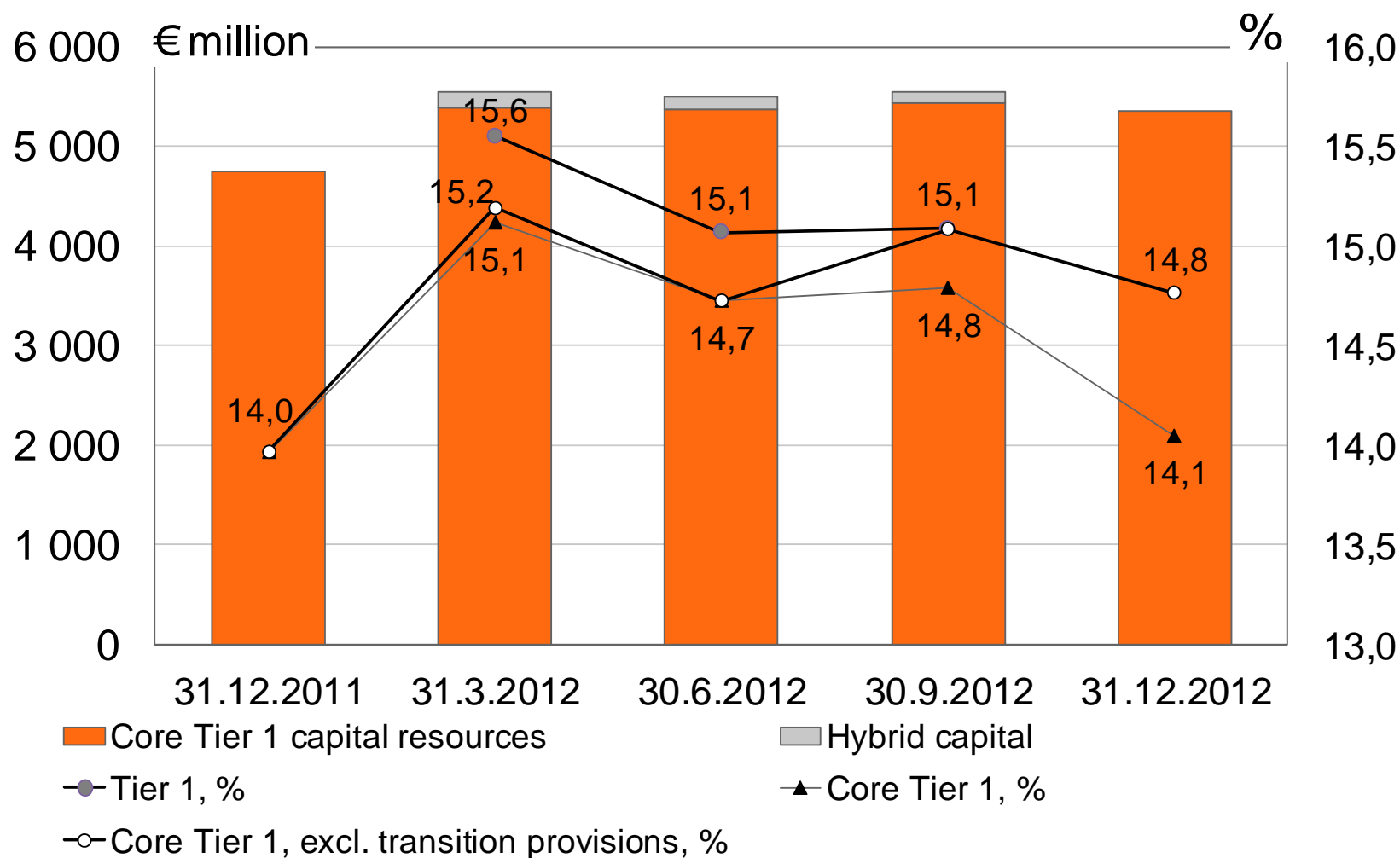
- The Group's operations are based on the Act on the Amalgamation of Deposit Banks
- The Act on the Amalgamation of Deposit Banks prescribes a minimum capital requirement for an amalgamation of cooperative banks. This is calculated using the provisions in the Act on Credit Institutions.
- The amalgamation of cooperative banks consists of the amalgamation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their consolidation groups. Although OP-Pohjola Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions.

Capital adequacy ratio (under the Act on the Supervision of Financial and Insurance Conglomerates) = OP-Pohjola Group's capital adequacy

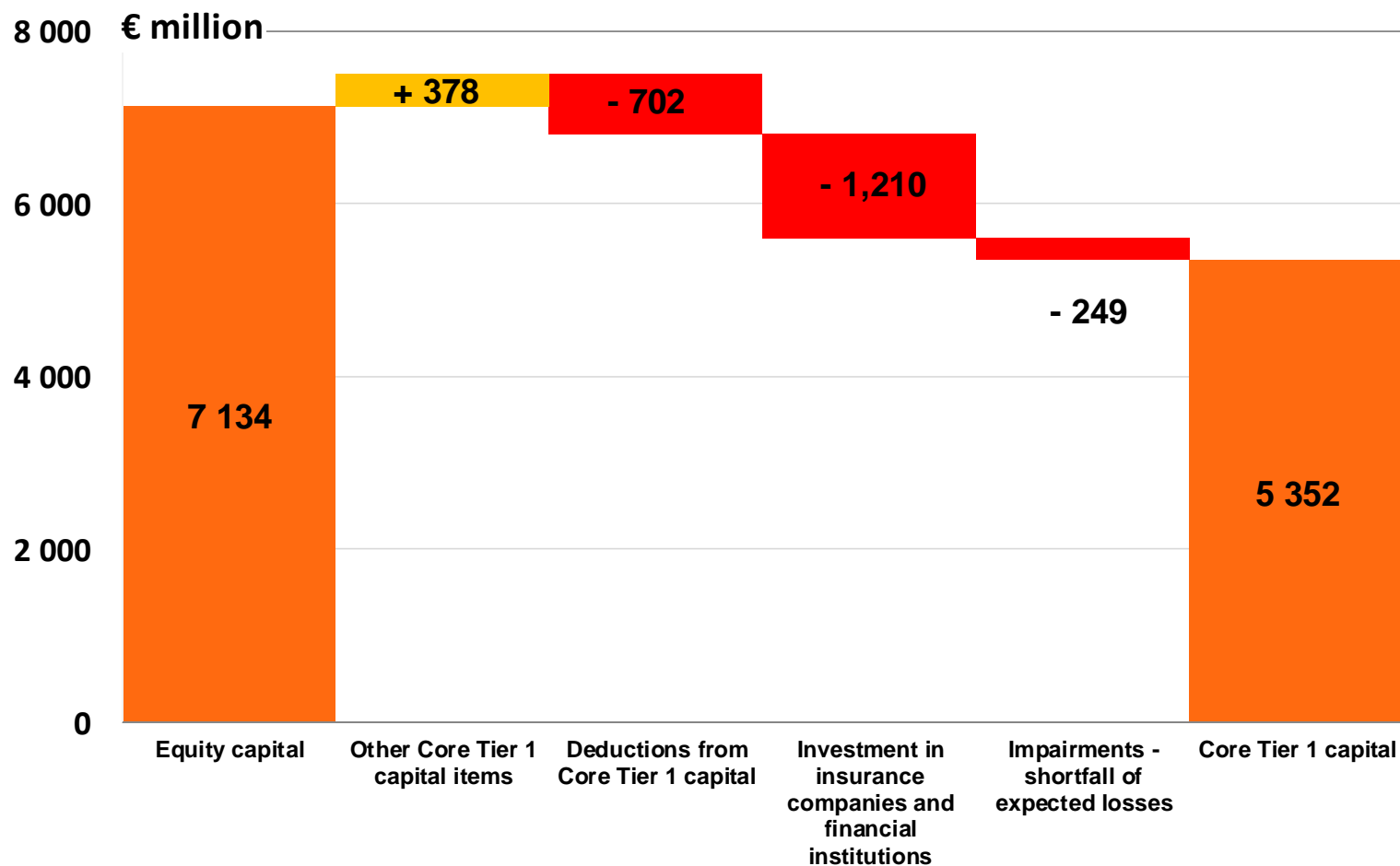
- OP-Pohjola Group is a financial conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.
- OP-Pohjola Group's capital adequacy pursuant to the Act on the Supervision of Financial and Insurance Conglomerates is calculated using the consolidation method, whereby assets included in capital resources but not included in equity capital, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet.
 - Capital resources may not include items not available for covering the losses of other companies belonging to the conglomerate.
- The financial conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement and the insurance companies' joint minimum operating capital.

In view of both capital adequacy requirements,
OP-Pohjola Group's risk-bearing capacity is strong.

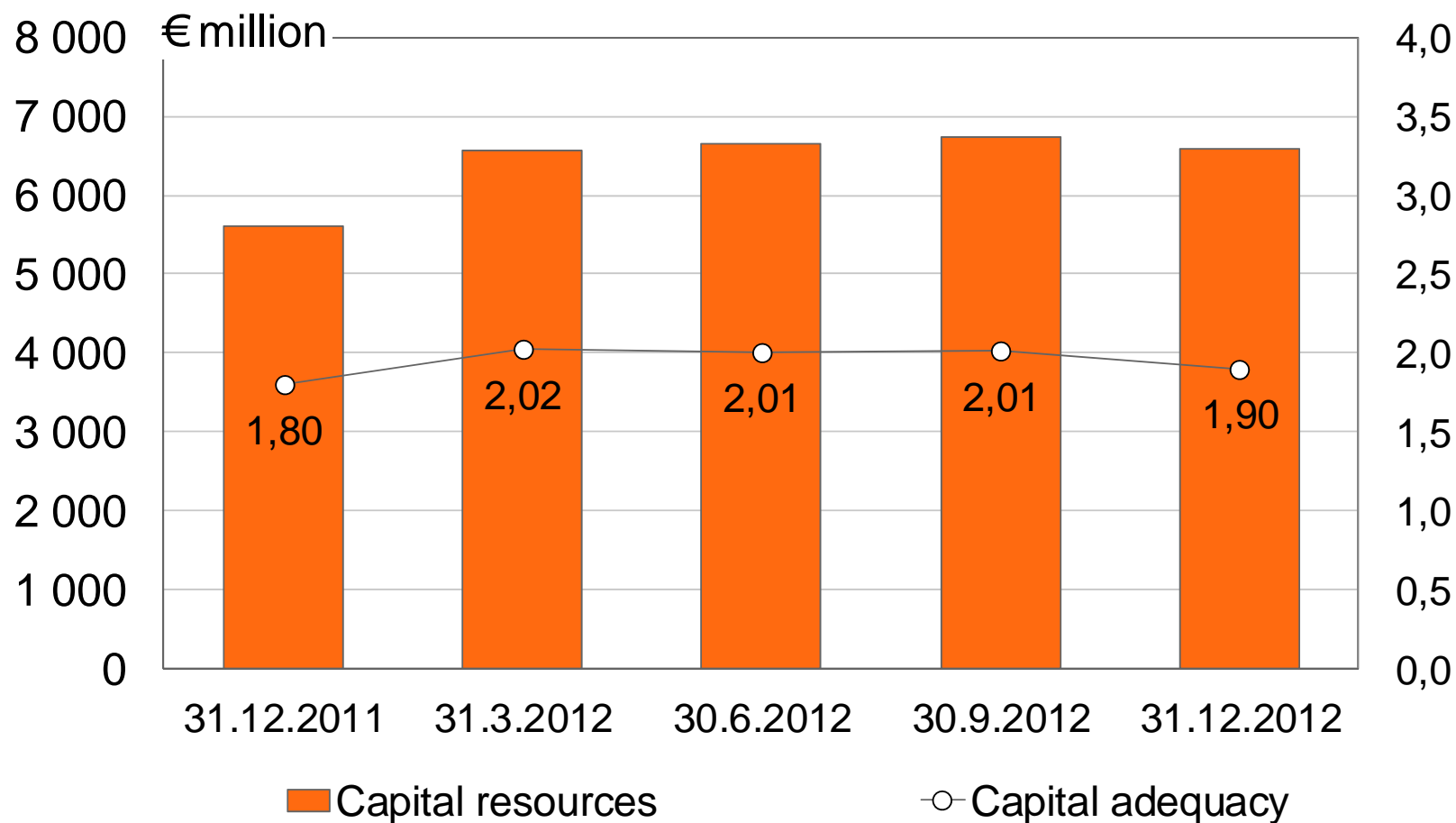
The amalgamation of the cooperative banks Capital Resources and Capital Adequacy



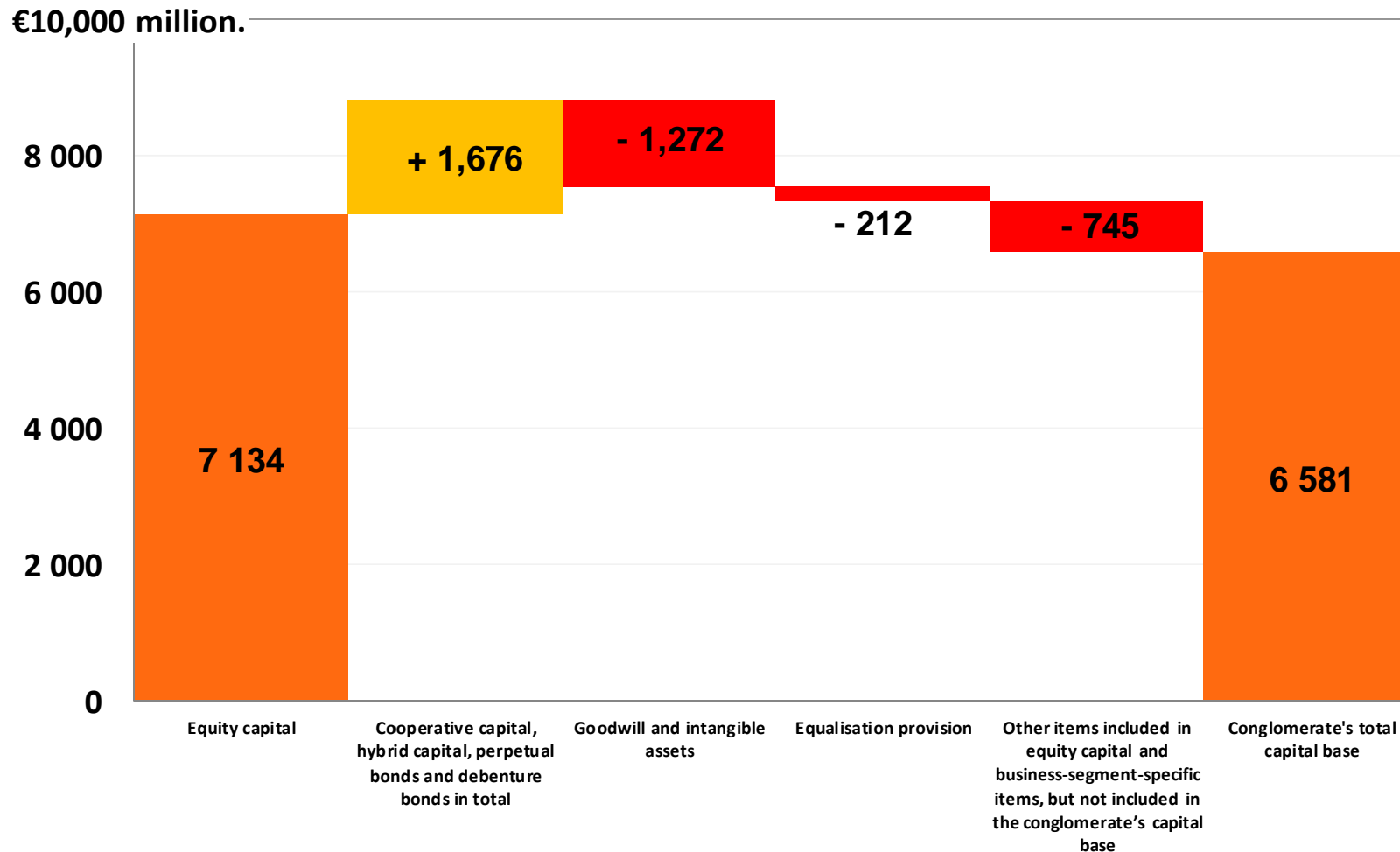
Tier 1 Capital under the Act on Credit Institutions 31 December 2012



OP-Pohjola Group Conglomerate's Capital Adequacy



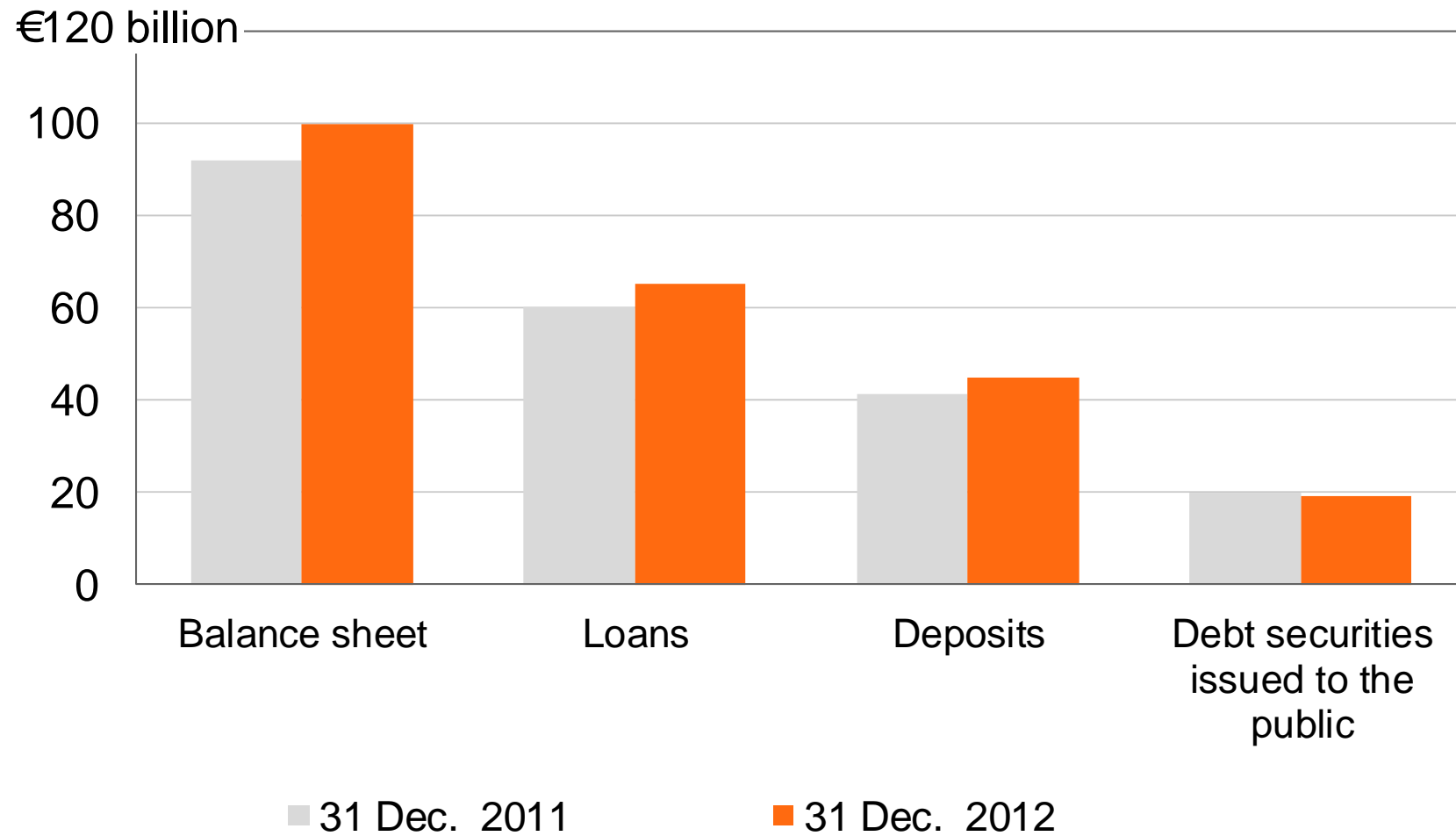
Total Capital Base under the Act on the Supervision of Financial and Insurance Conglomerates 31 December 2012



A close-up photograph of a man in a dark suit, white shirt, and blue striped tie. He is holding a black folder or portfolio with both hands, looking down at it. The background is blurred, suggesting an office setting.

Balance Sheet

OP-Pohjola Group Key Balance Sheet Items



OP-Pohjola Group

Balance sheet

€million	31 Dec. 2012	31 Dec. 2011	Change €million	%
Receivables from credit institutions	840	1,104	-264	-23.9
Financial assets at fair value through profit or loss	358	281	76	27.1
Receivables from customers	65,161	60,331	4,830	8.0
Non-life Insurance assets	3,492	3,205	287	8.9
Life Insurance assets	9,173	7,006	2,167	30.9
Investment assets	6,596	8,343	-1,746	-20.9
Other items	14,150	11,636	2,514	21.6
Total assets	99,769	91,905	7,864	8.6
Liabilities to credit institutions	1,965	1,783	183	10.3
Liabilities to customers	49,650	45,974	3,676	8.0
Non-life Insurance liabilities	2,592	2,508	85	3.4
Life Insurance liabilities	8,970	6,932	2,038	29.4
Debt securities issued to the public	19,270	20,005	-735	-3.7
Other liabilities	10,188	8,462	1,726	20.4
Equity capital	7,134	6,242	892	14.3
Total liabilities and equity capital	99,769	91,905	7,864	8.6



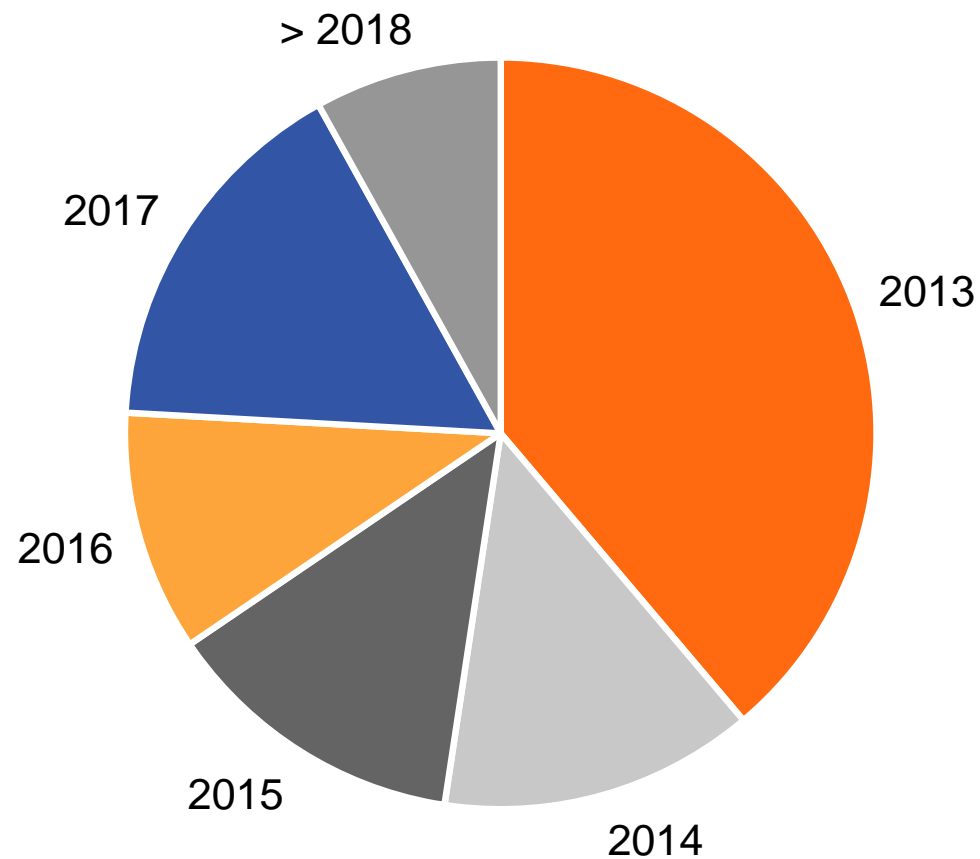
OP-Pohjola Group

Equity Capital and Cooperative Capital

€ million	31 Dec 2012	31 Dec 2011	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	200	201	-1	-0.5
Cooperative capital	136	132	4	3.3
Fair value reserve	339	-188	527	
Other reserves	2,683	2,621	62	2.4
Retained earnings	3,752	3,474	278	8.0
Minority interest	24	3	22	
Total equity capital	7,134	6,242	892	14.3
Cooperative capital not included in equity capital				
	622	666	-44	-6.6



OP-Pohjola Group
Debt Securities Issued to the Public
Maturity 31 December 2012
total of €19.3 billion



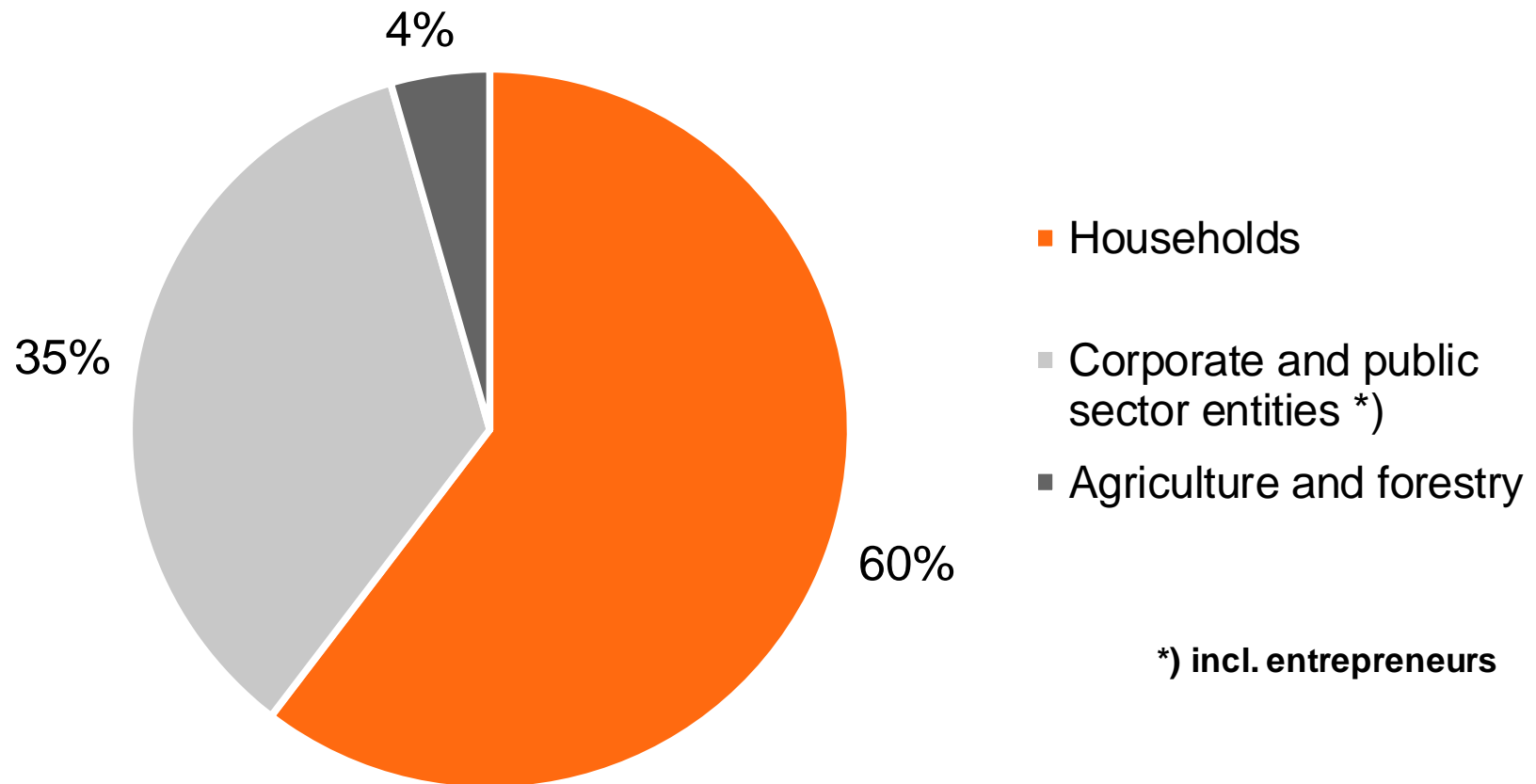


Loans and Customer Funds

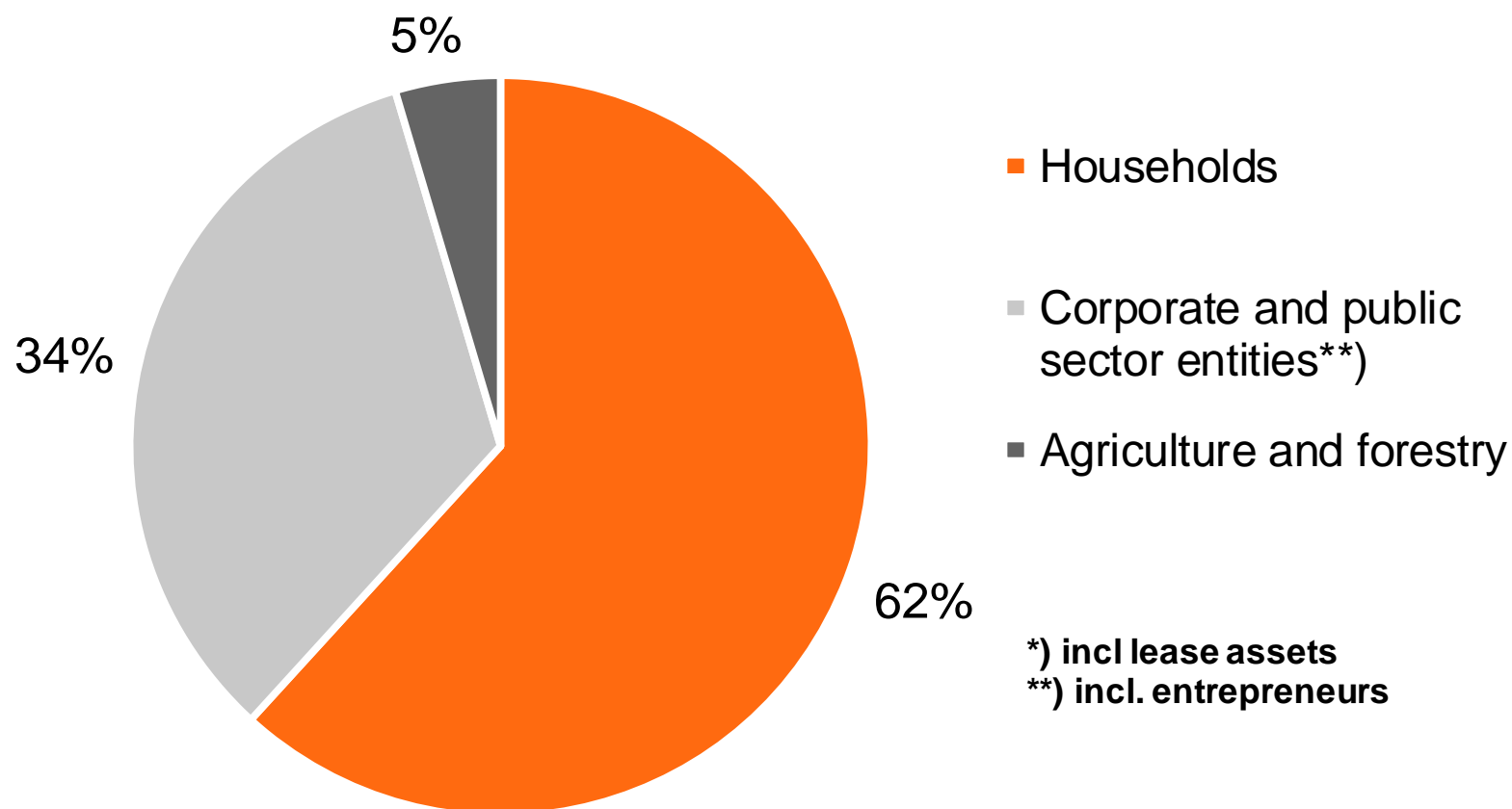
OP-Pohjola Group

Deposits by Customer Sector

31 December 2012



OP-Pohjola Group Loans* by Customer Sector 31 December 2012

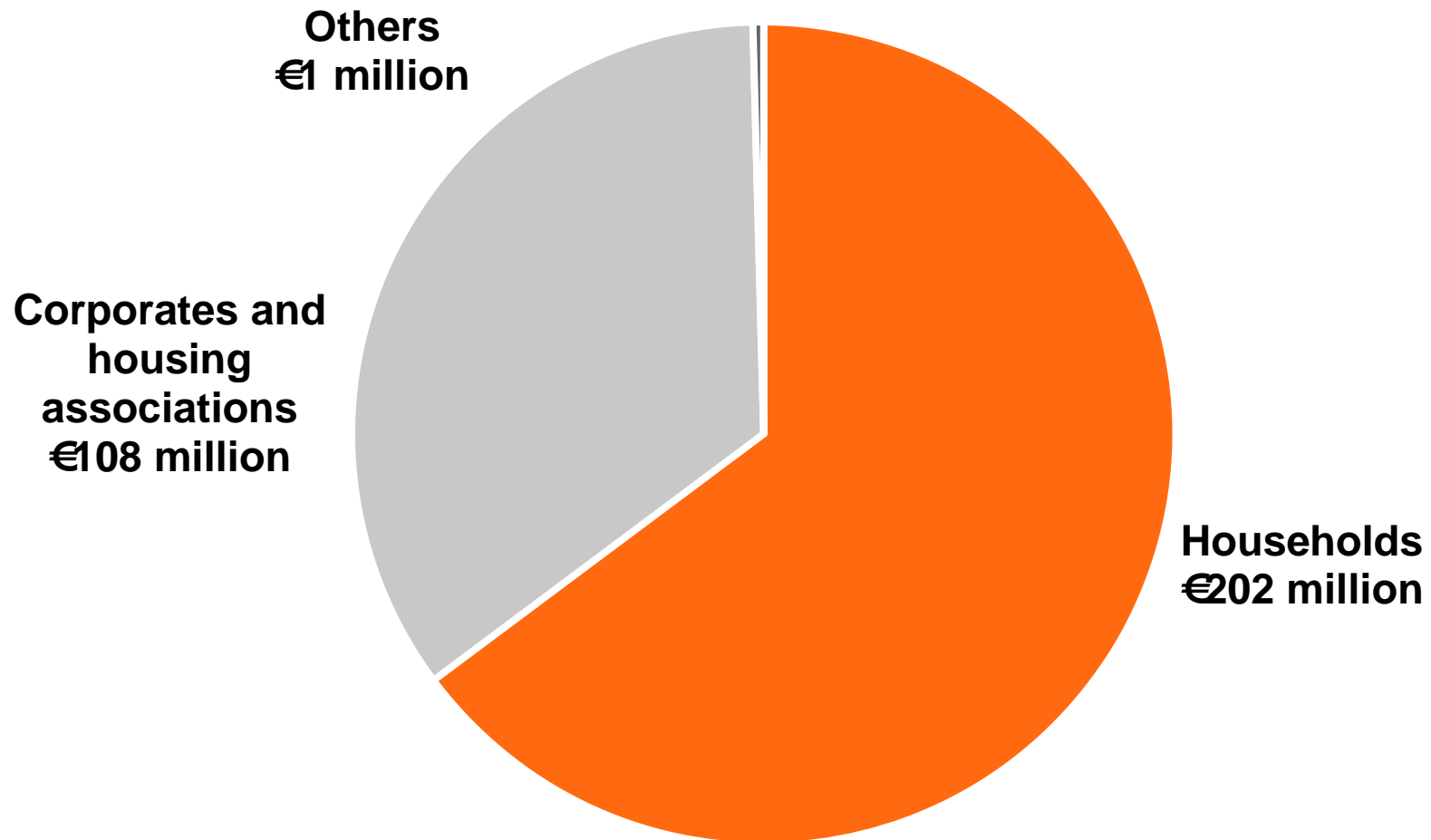


OP-Pohjola Group

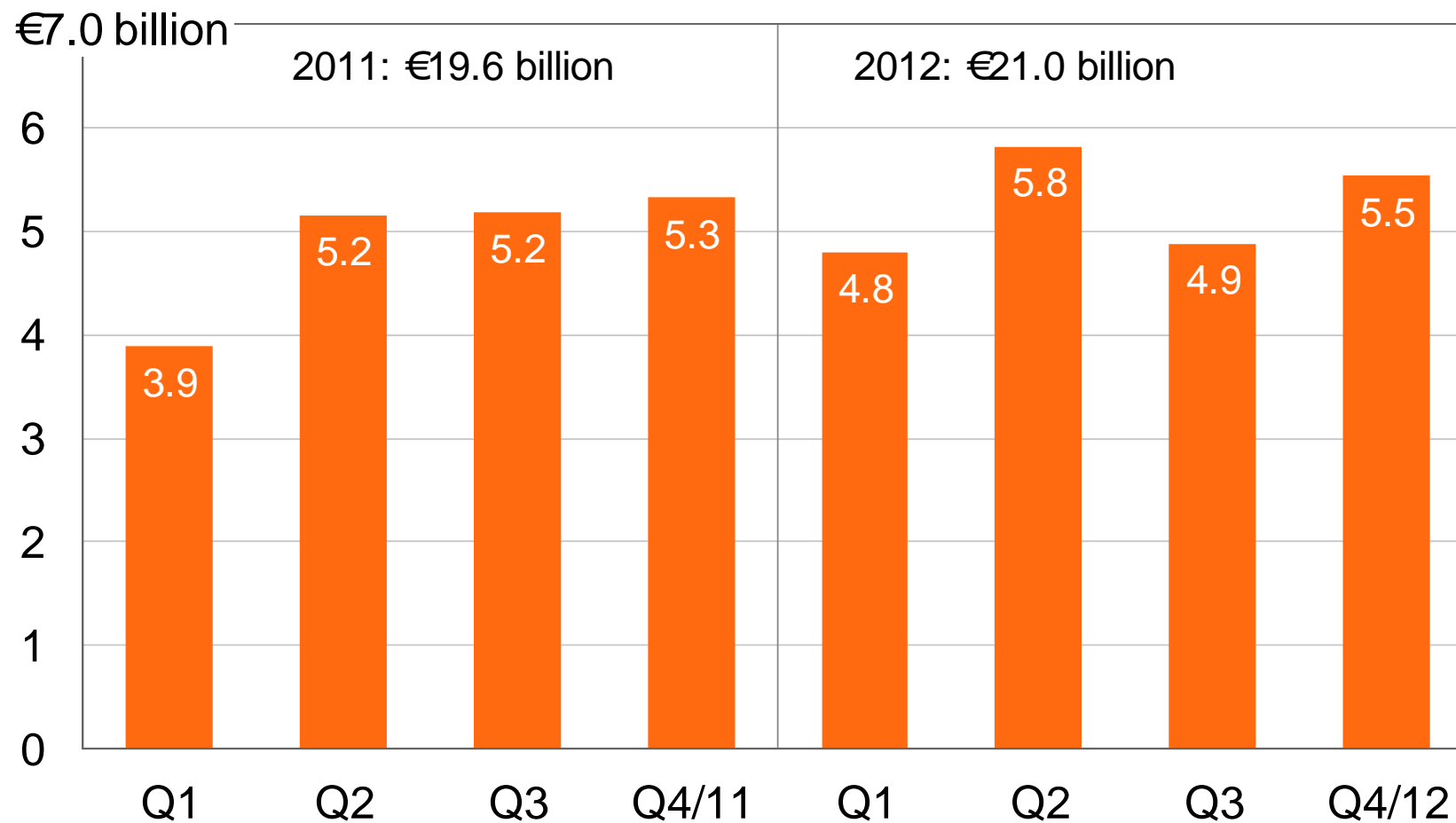
Loan and Guarantee Portfolio by Sector

€million	31 Dec. 2012	31 Dec. 2011	€million	Change, %	Non-performing and zero-interest loans	
					€million	% of loan and guarantee portfolio
Enterprises and housing associations	23,725	21,709	2,016	9.3	108	0.5 %
Renting and operation of residential real estate incl. housing associations	4,831	4,195	636	15.2	3	0.1 %
Other renting and operating of real estate	3,575	2,761	813	29.5	14	0.4 %
Wholesale and retail trade	2,607	2,314	294	12.7	10	0.4 %
Services	1,697	1,571	126	8.0	13	0.7 %
Construction	1,648	1,637	11	0.7	12	0.7 %
Transportation and storage	1,550	1,411	139	9.8	8	0.5 %
Manufacture of machinery and equipment (incl. services)	1,264	1,324	-60	-4.5	4	0.3 %
Financial and insurance services	1,095	695	400	57.5	8	0.8 %
Agriculture, forestry and fishing	823	773	50	6.5	6	0.7 %
Forest Industry	657	718	-61	-8.5	14	2.1 %
Metal Industry	647	645	2	0.2	3	0.5 %
Energy	617	476	140	29.4	0	0.0 %
Food Industry	581	626	-45	-7.1	3	0.6 %
Buying and selling of own real estate	510	1,034	-523	-50.6	4	0.9 %
Chemical Industry	345	382	-37	-9.7	0	0.1 %
Other manufacturing	336	425	-89	-20.9	3	1.0 %
Other industries	942	721	221	30.7	2	0.2 %
Public corporations and non-profit organisations	1,262	1,132	130	11.5	1	0.1 %
Households	42,689	39,909	2,780	7.0	202	0.5 %
Adjustments	484	37	446	0.0	0	
Total	68,160	62,788	5,373	8.6	311	0.46%

OP-Pohjola Group
Non-performing and Zero-interest Receivables
31 Dec 2012
€311 million

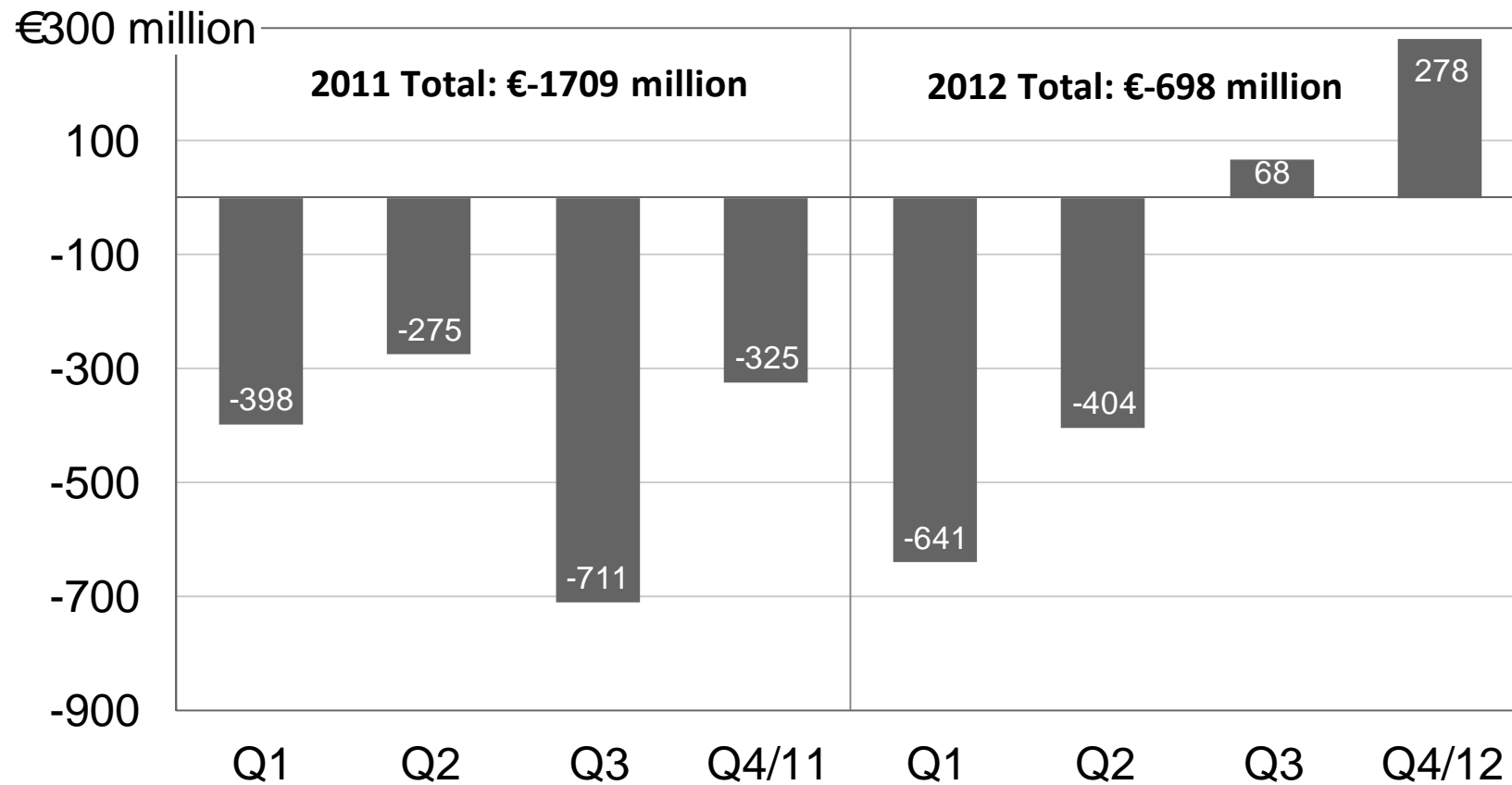


OP-Pohjola Group New Loans by Quarter



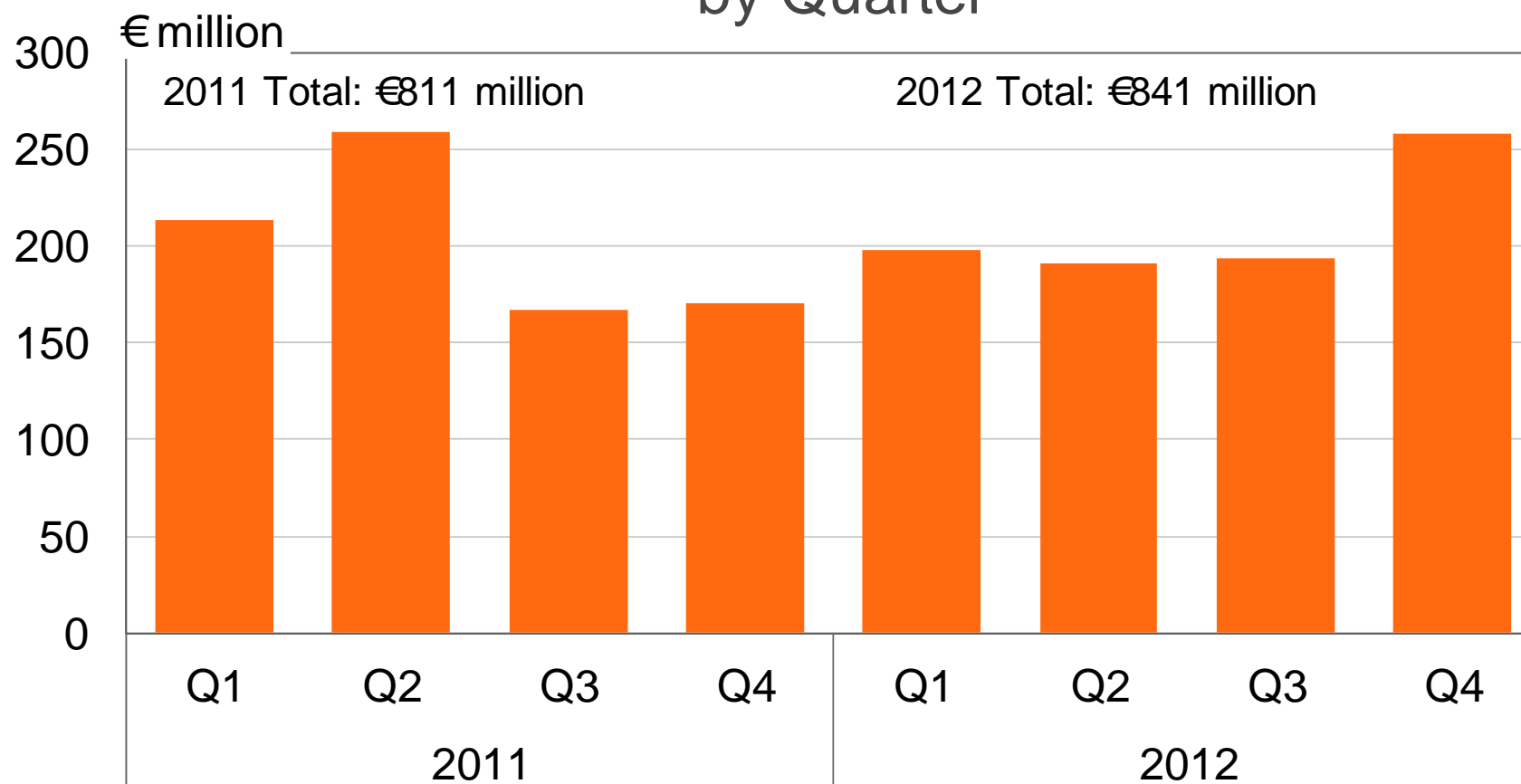
OP-Pohjola Group

Net Sales Inflow of Mutual Funds by Quarter



OP-Pohjola Group

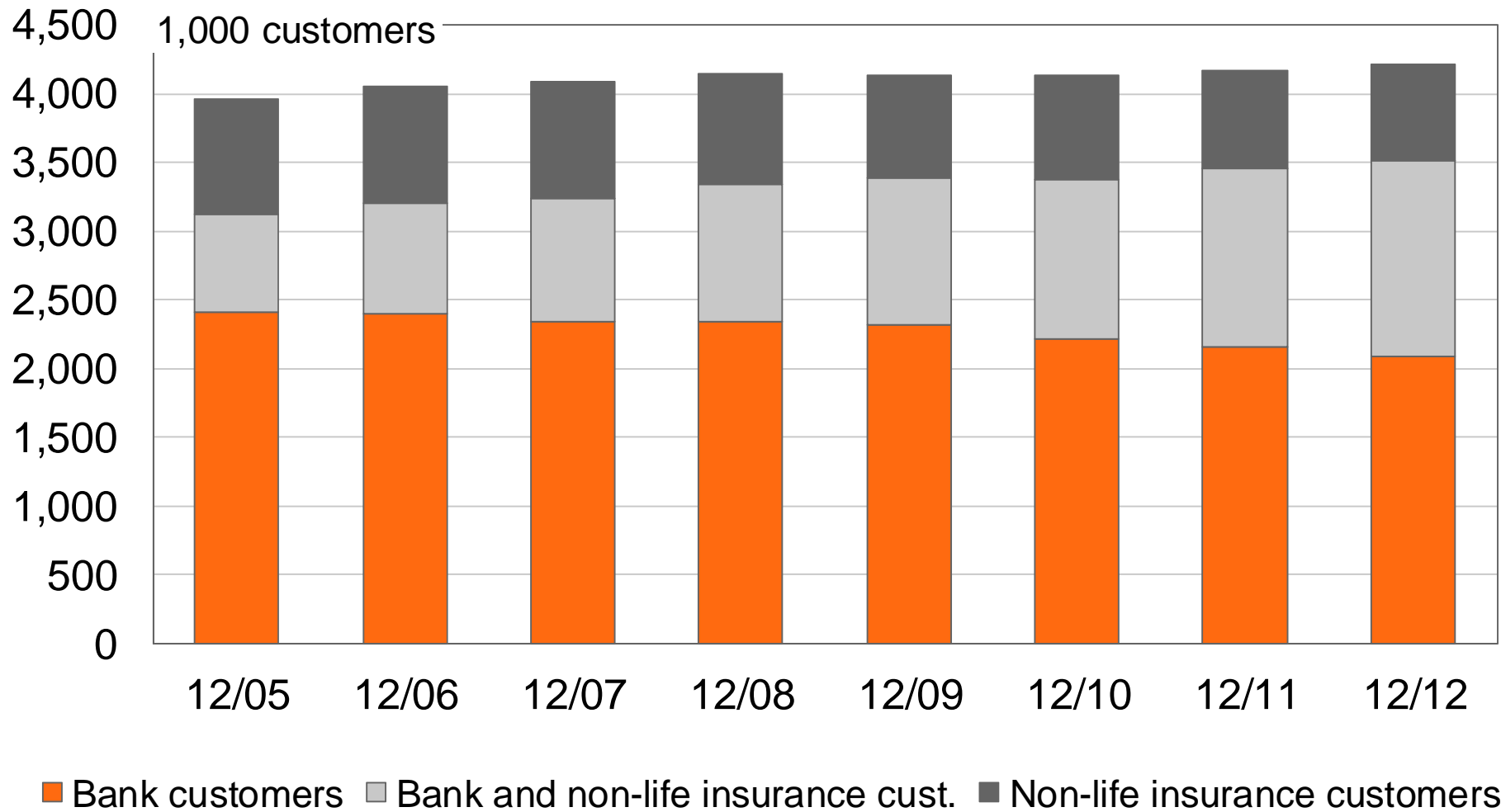
Life and Pension Insurance Premiums Written by Quarter



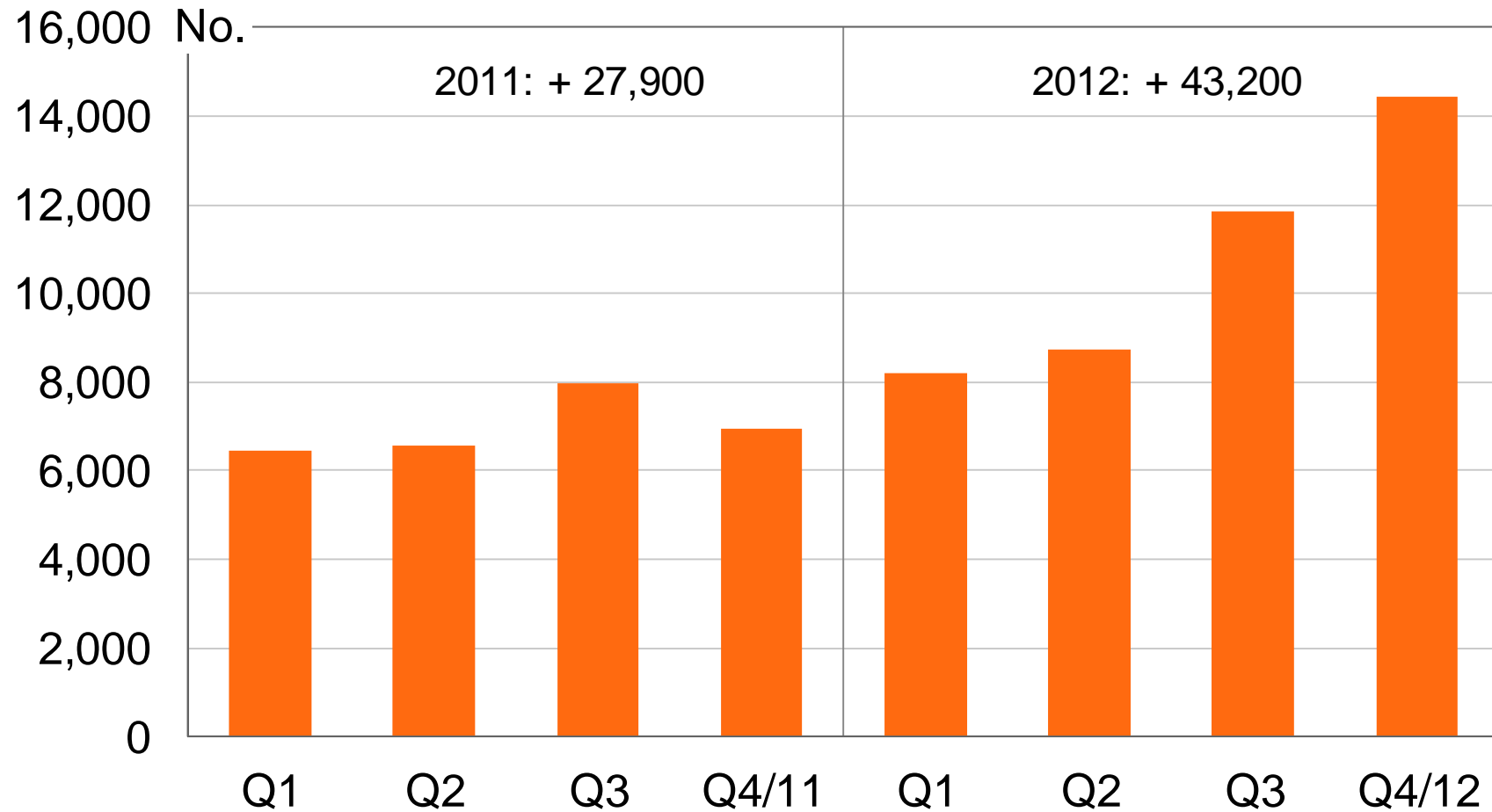


Customers, Owner-members, etc.

OP-Pohjola Group Breakdown of Customer Base



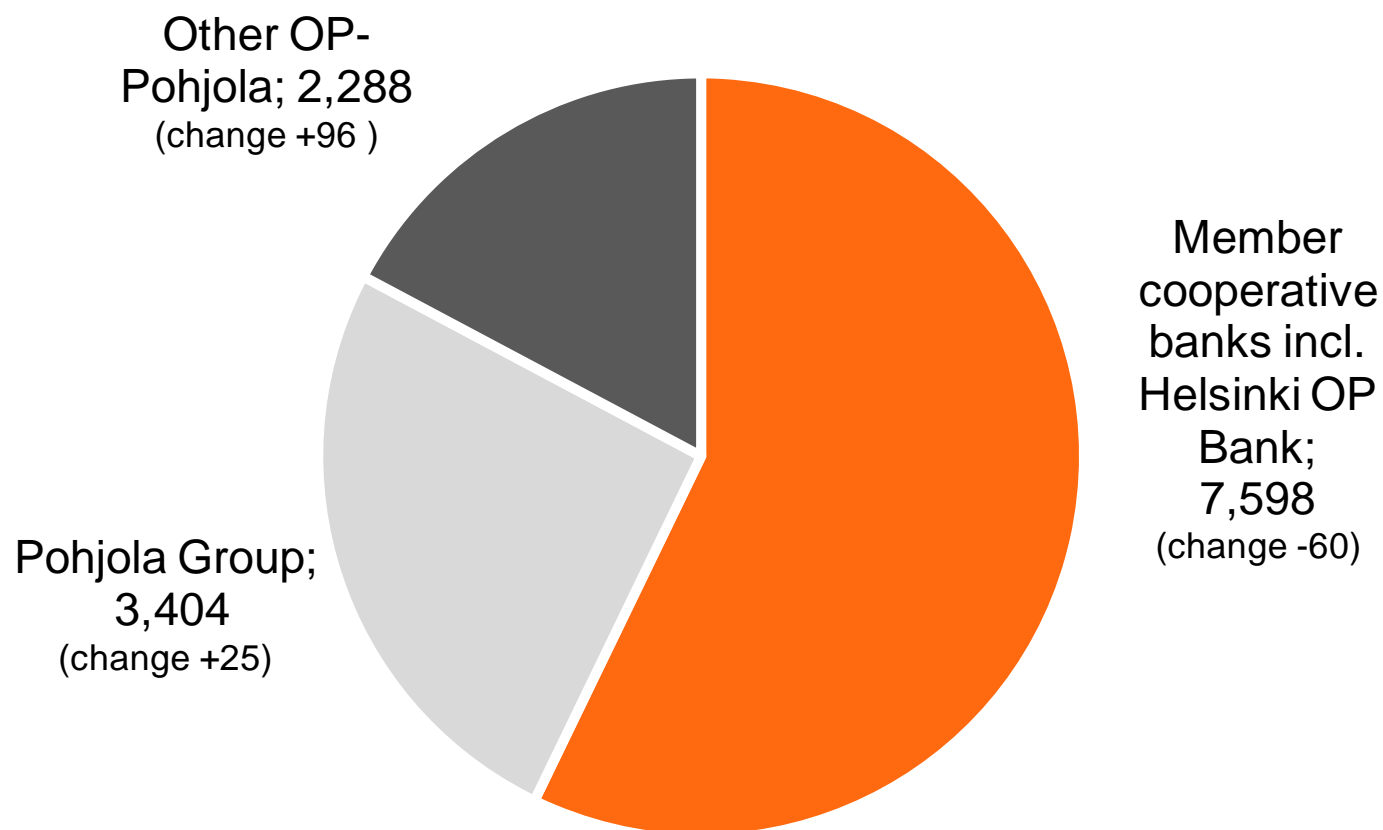
OP-Pohjola Group Net Increase in Owner-members by Quarter



OP-Pohjola Group's Personnel

31 December 2012

13,290 (+ 61 within 12 months)



OP-Pohjola Group Service Network

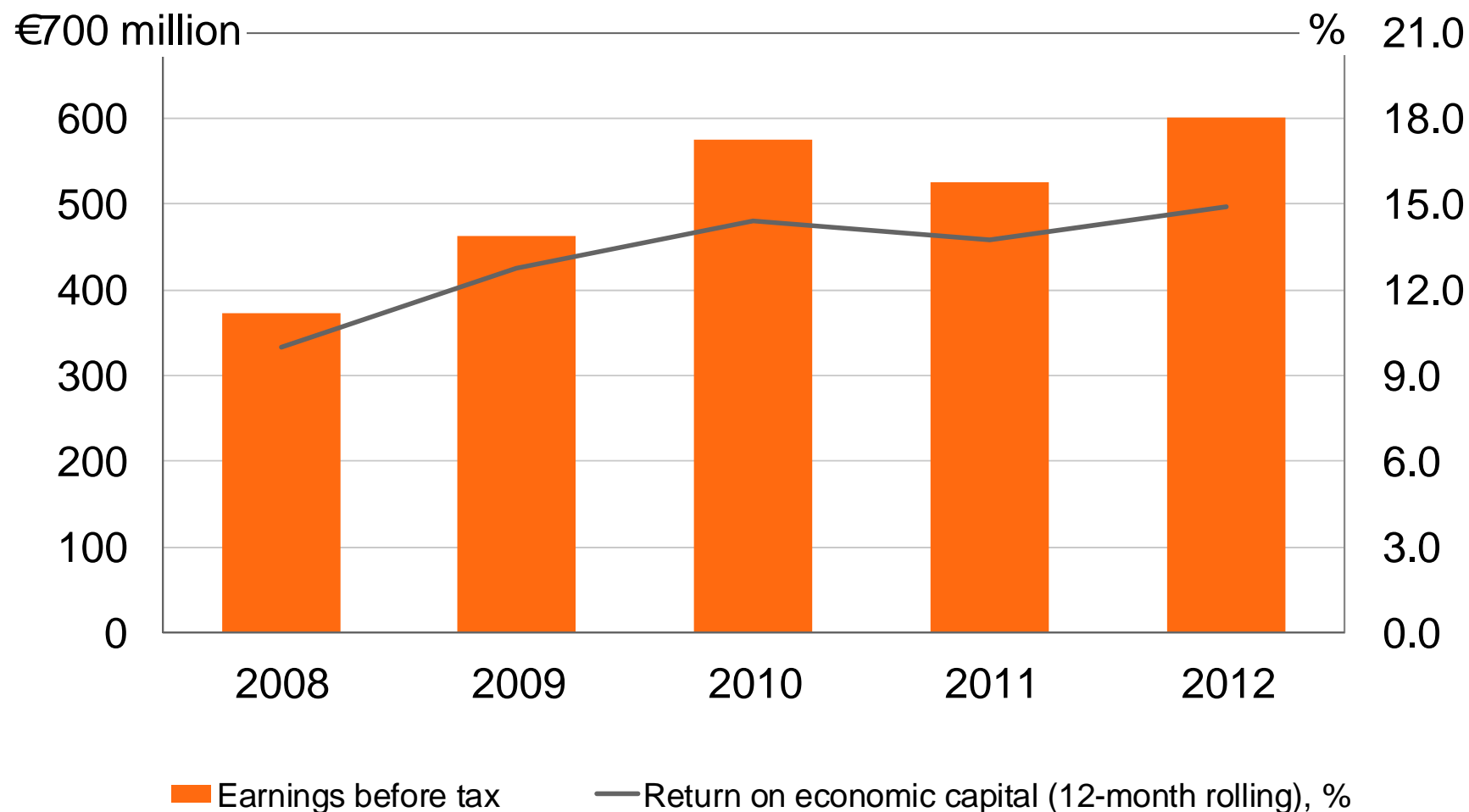
	31 Dec 2012	12-month change
eServices Agreements	1,611,229	52,533
Locations	519	-16
providing both banking and insurance services	350	5
Private banking locations	37	1
OP-Kiinteistökeskus estate agents	178	4
Online customer terminals	530	-17

A photograph of an outdoor cafe terrace. In the foreground, a person's hand is holding a tablet. On the table, there is a white coffee cup, a glass of water, and a vase with blue flowers. In the background, there are other tables, chairs, and the masts of boats, suggesting a waterfront location. The scene is brightly lit, likely by sunlight.

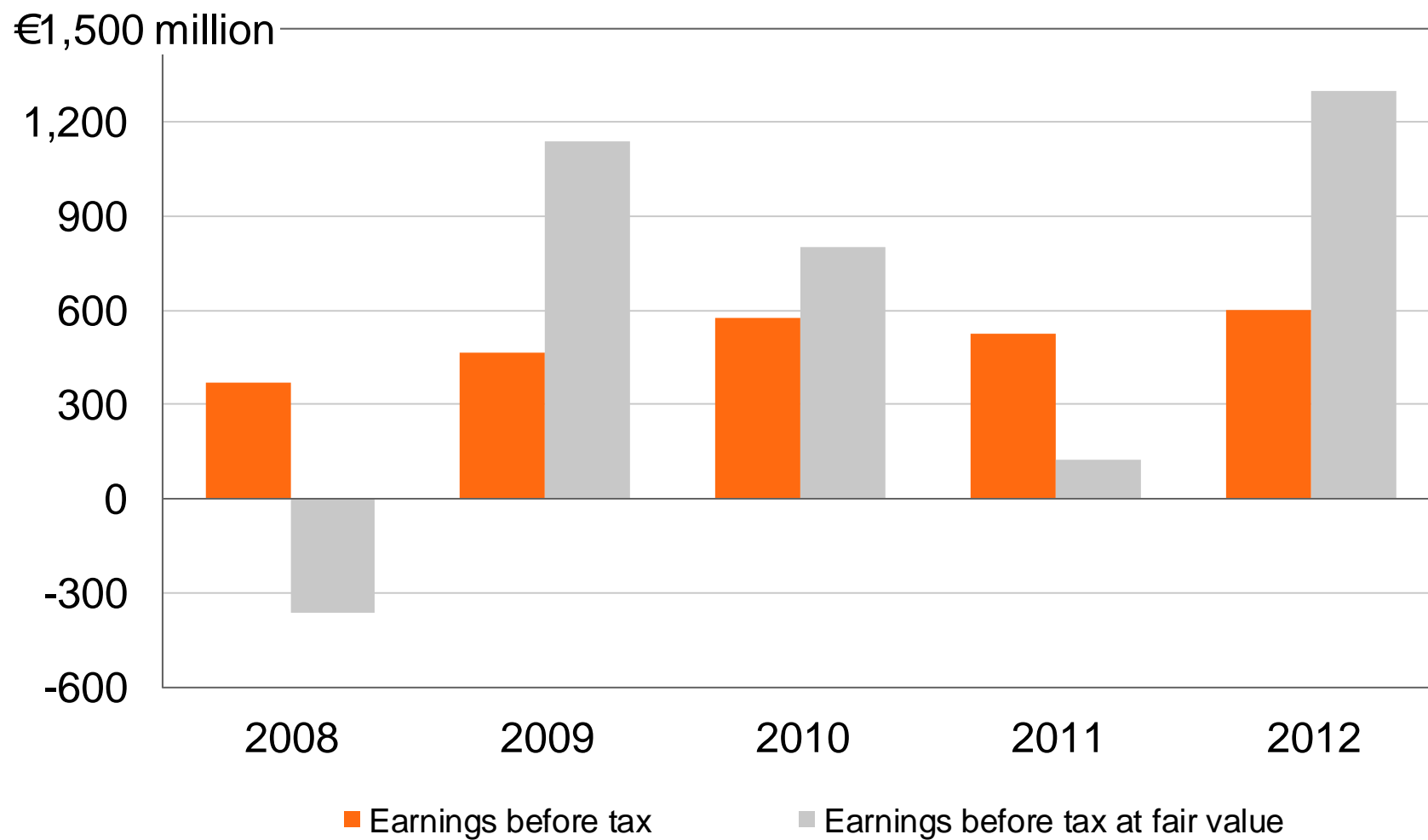
5-year Trends

OP-Pohjola Group

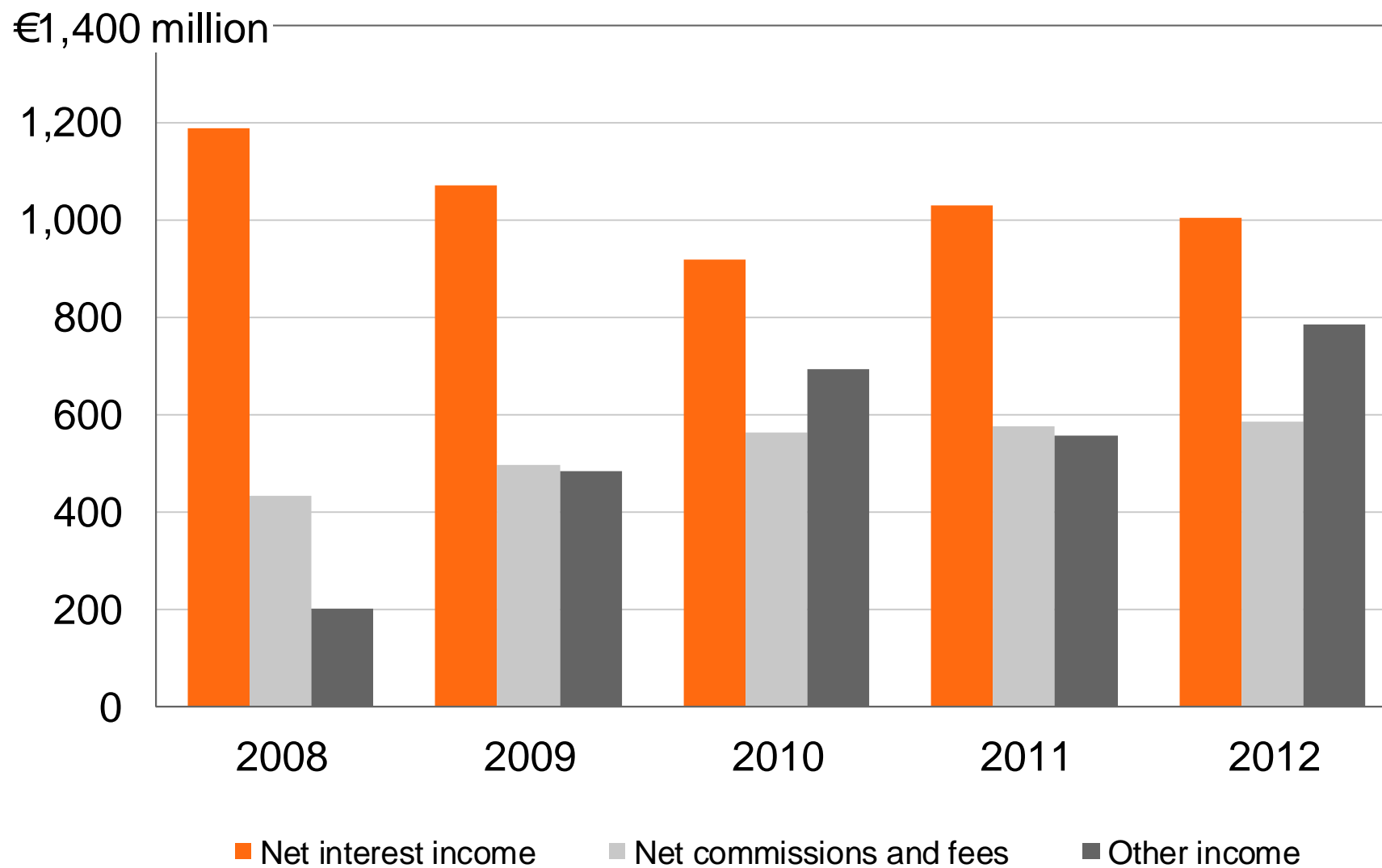
Earnings before Tax and Return on Economic Capital



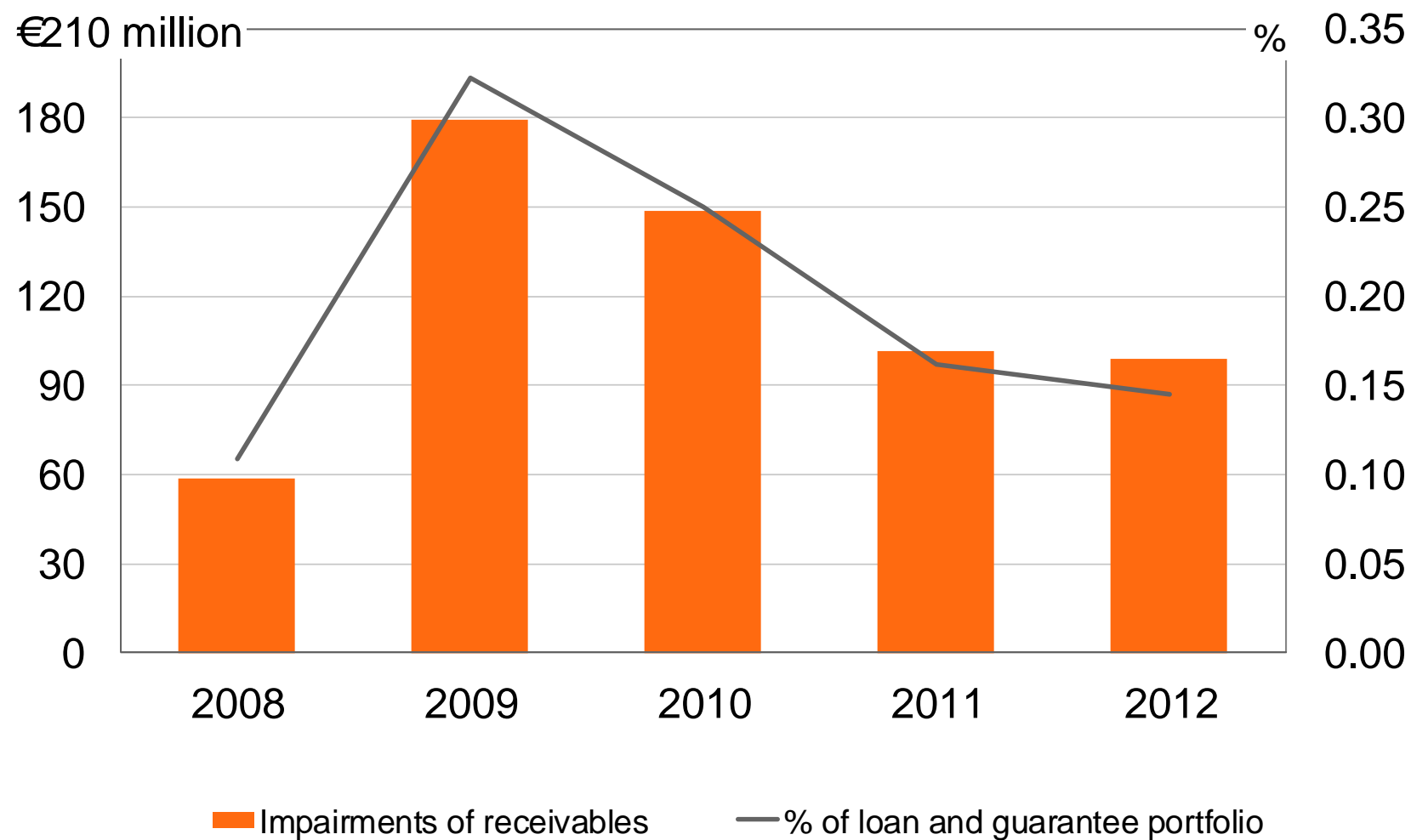
OP-Pohjola Group Earnings before Tax



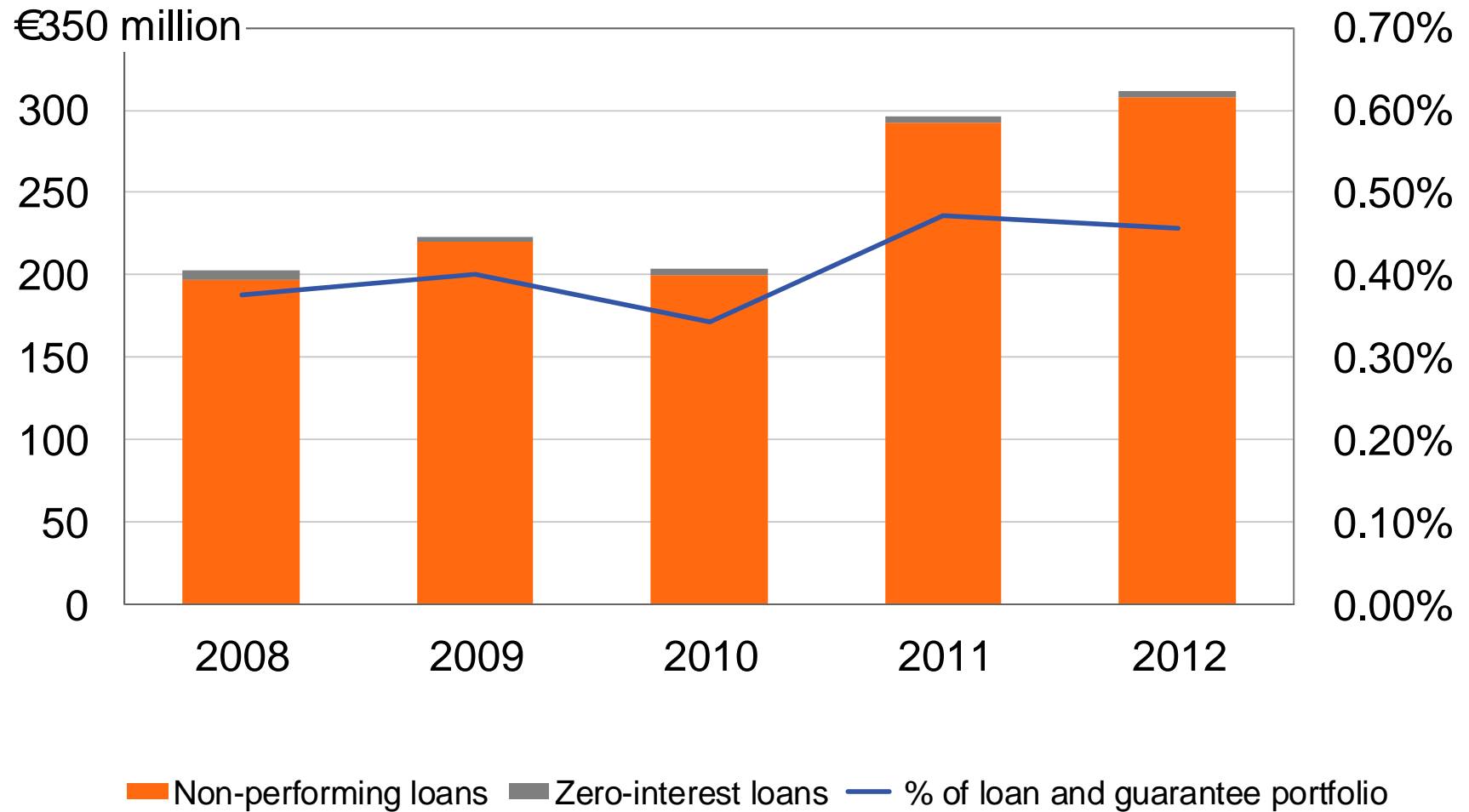
OP-Pohjola Group Income



OP-Pohjola Group Impairments of Receivables

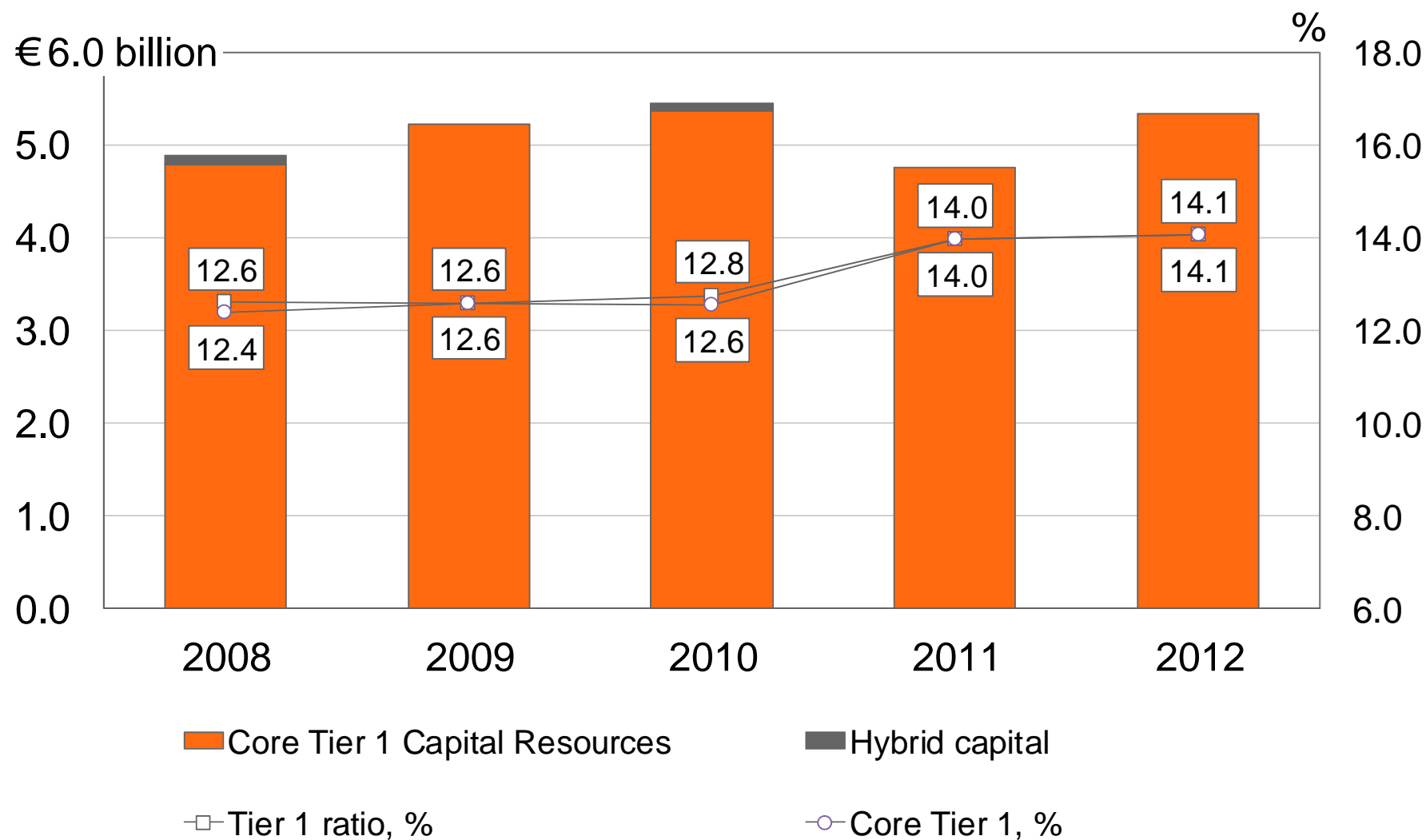


OP-Pohjola Group Non-performing loans

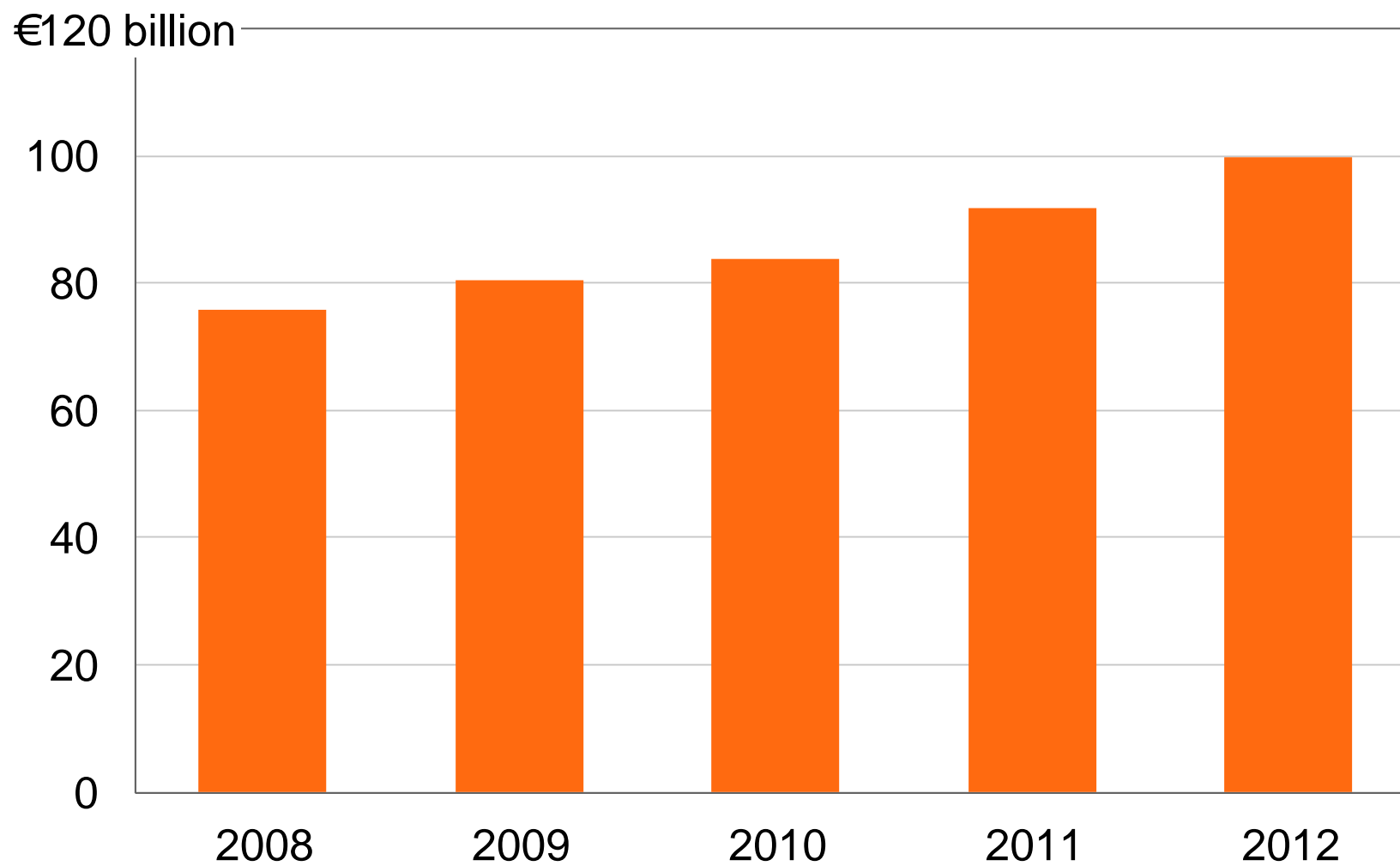


The amalgamation of the cooperative banks

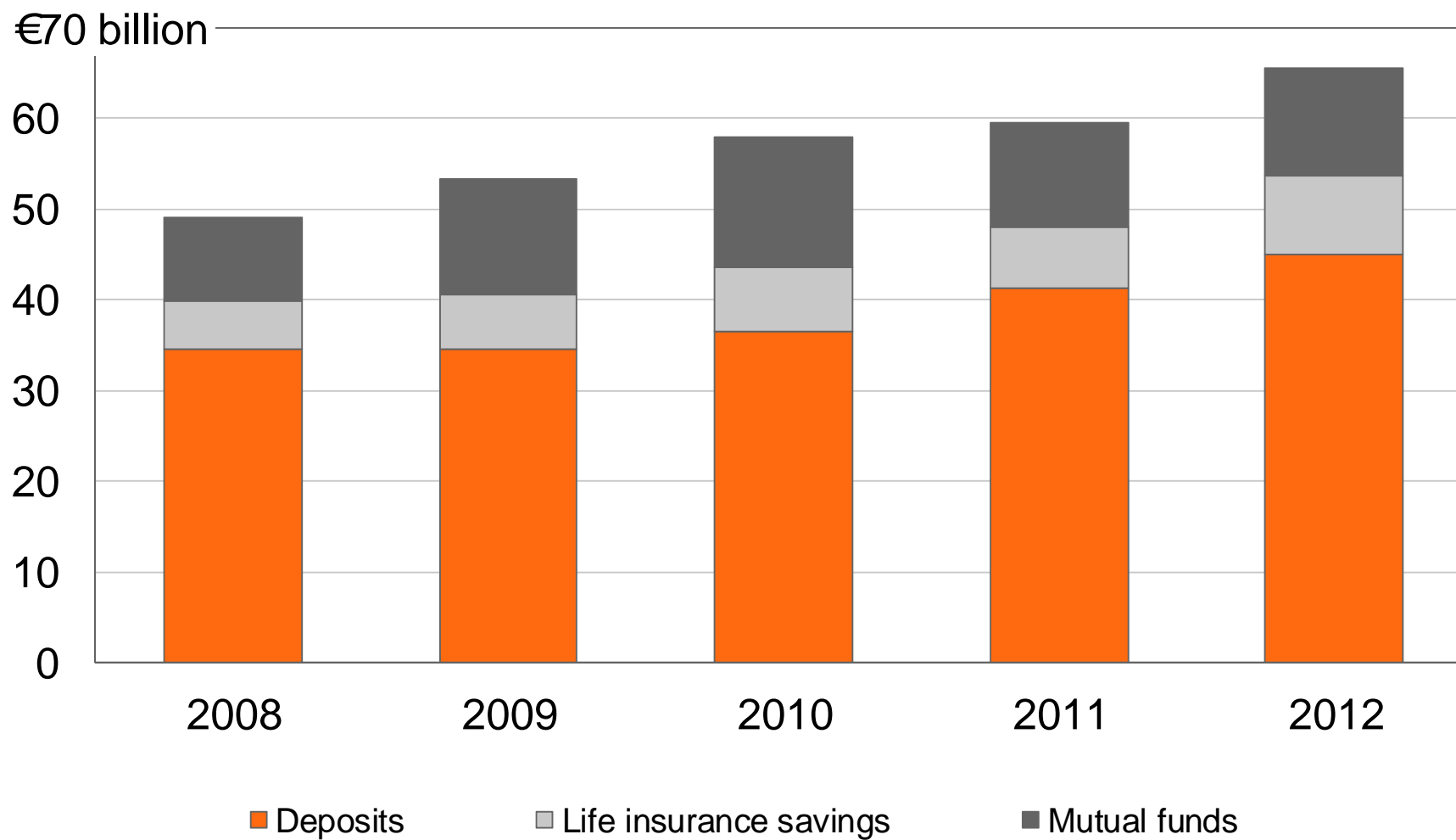
Capital Base and Capital Adequacy Ratio



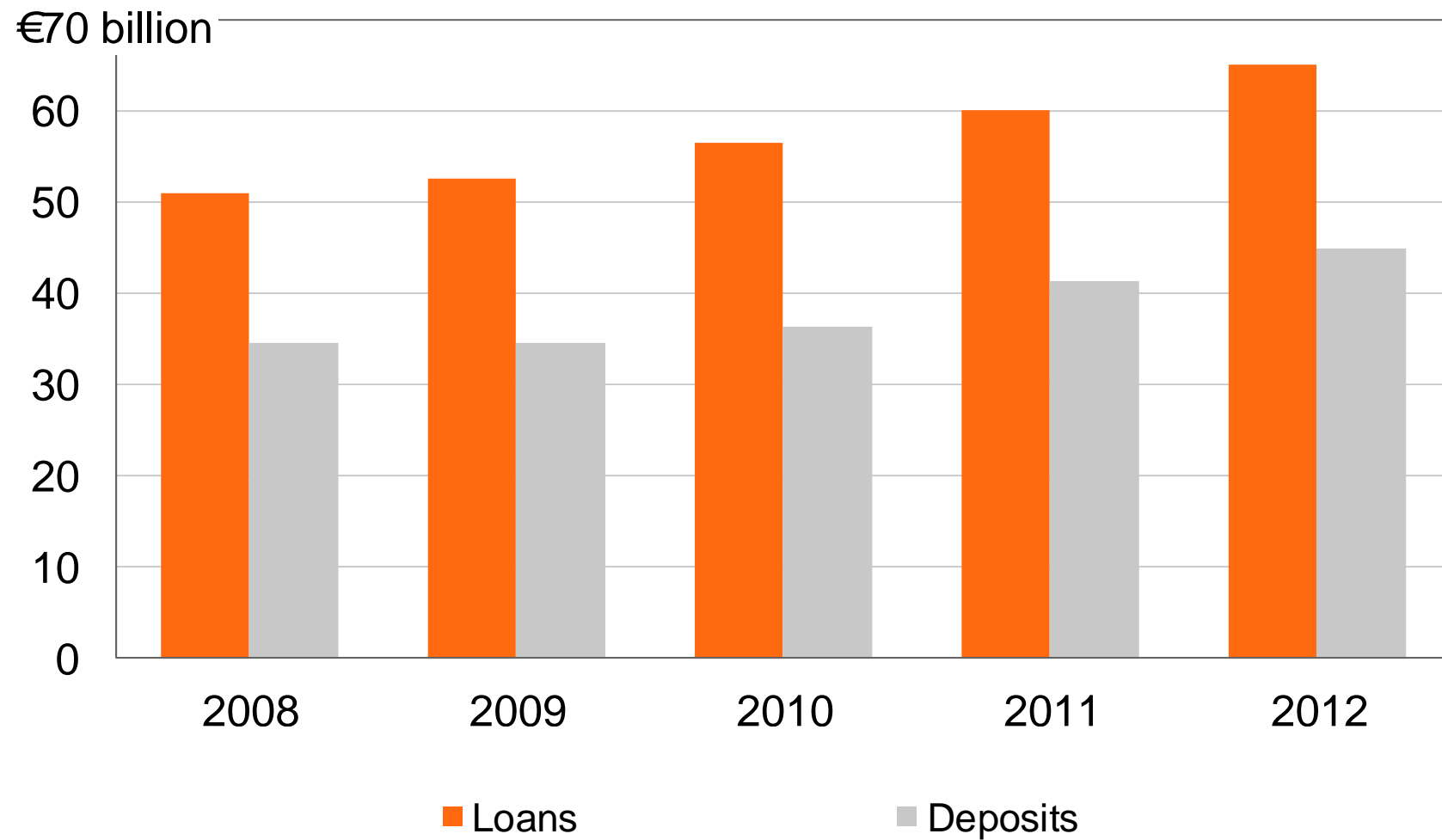
OP-Pohjola Group Balance Sheet



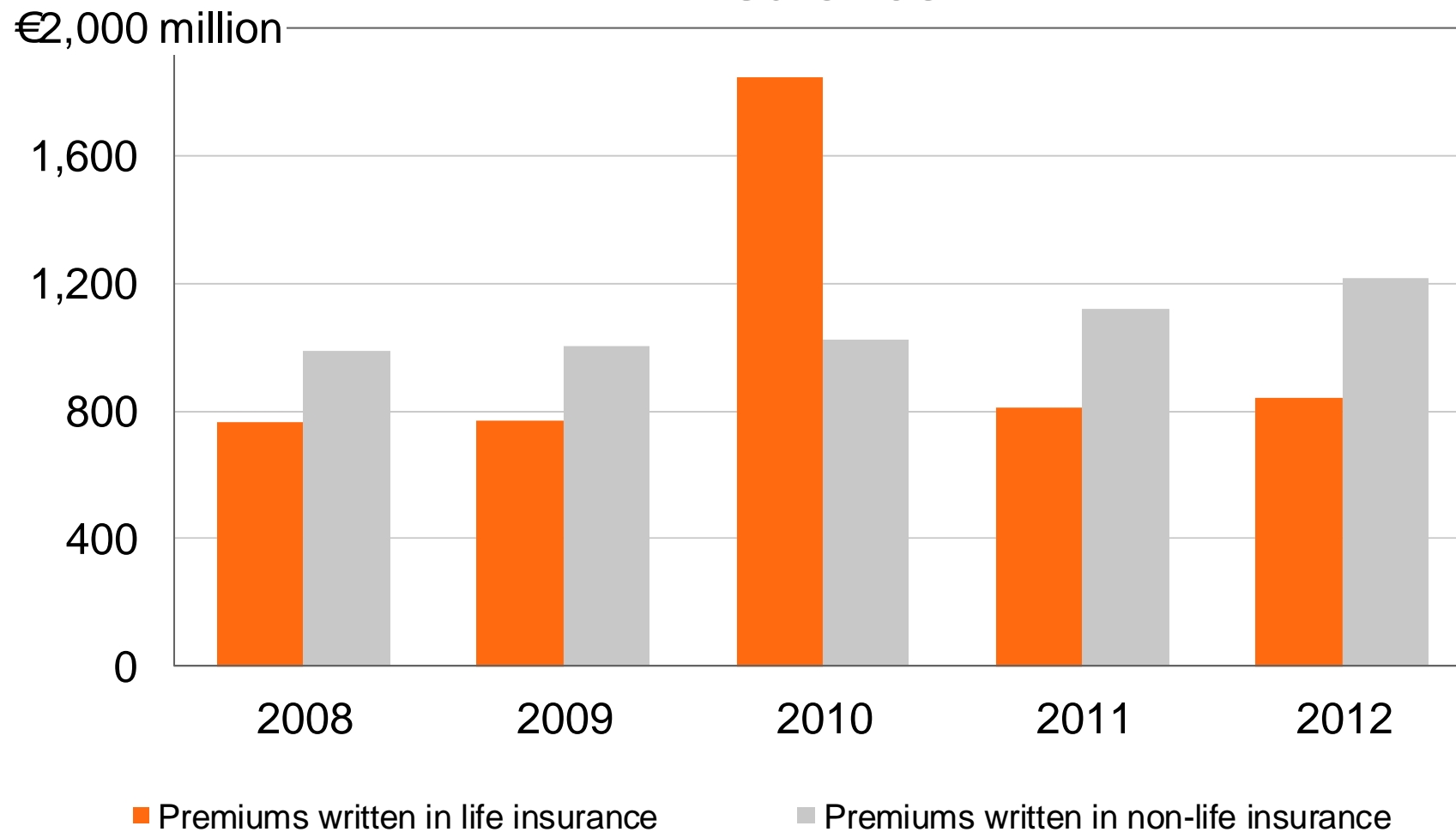
OP-Pohjola Group Customer Funds



OP-Pohjola Group Loans and Deposits



OP-Pohjola Group Premiums Written in Life and Non-life Insurance



A close-up photograph of a person's hands holding a small, light-colored wooden model of a chair. The person is wearing a dark, patterned top and a watch on their left wrist. In the background, there are architectural drawings on a table, including a floor plan and a perspective drawing of a chair. The scene is indoors, with warm lighting.

Thank you