Pohjola Bank plc’s Annual General Meeting

Helsinki Exhibition & Convention Centre
27 March 2012, 2.00 pm
1. Opening of the Meeting
Chairman of the Board of Directors
Reijo Karhinen
Improved confidence – subdued outlook

Source: Reuters EcoWin
Ownership-based incentive schemes at OKO Bank/Pohjola were the products of their time

- Ownership-based schemes have been in place since 1999
- Discontinuing the schemes began in 2007
- Special schemes were discontinued at the end of 2011 based on an accelerated schedule

*Dividend for 2011 proposed by the Board of Directors
Results through Intense Cooperation

Use of OP Bonuses, € mn

- **2008**: 18
  - Other use: 55
  - Insurance premiums: 100

- **2011**: 66
  - Other use: 17,3
  - Insurance premiums: 20,2

OP-Pohjola Group's Market Share of Corporate Loans, %

- **2007**: 28,3
  - Pohjola: 33,3

- **2011**: 33,3
  - Other OP-Pohjola Group: 20,2
Two Differing Financial Services Groups

Market share 2010, %

- Deposits: OP-Pohjola 32.5%, Local-Tapiola 33%
- Loans: OP-Pohjola 33%, Local-Tapiola 21.3%
- Life insurance assets: OP-Pohjola 23.4%, Local-Tapiola 27.8%
- Mutual funds assets: OP-Pohjola 23.4%, Local-Tapiola 27.8%
- Non-life insurance: OP-Pohjola 27.8%, Local-Tapiola 27.8%
Pohjola’s Earnings before Tax and Dividend Payout 2007-2011

*Dividend for 2011 proposed by the Board of Directors*
2. Calling the Meeting to Order
3. Election of Persons
Checking the Minutes and
Supervising Vote Counting
4. Legality of Meeting
5. Recording of Those Present and Confirmation of Voters List
   • Review by President and CEO Mikael Silvennoinen
President and CEO’s Review

- Business performance in 2011
- Strategy implementation
- Financial performance for 2011 and outlook for 2012
- Balance sheet, capital adequacy and credit ratings
- Pohjola share and proposed dividend distribution
Business Performance 2011
Banking

Reima Rytsölä

b. 1969

M.Soc.Sc., CEFA
Loan Portfolio Up 9%

€ bn

2007: +18%
2008: +23%
2009: -7%
2010: +6%
2011: +9%

Loan portfolio
Change
Loan portfolio by sector 31 December 2011

- Corporates: 85%
- Financial institutions: 4%
- Insurance companies: 7%
- Public-sector entities: 2%
- Households: 2%
- Non-profit organisations: 0%
Average Margin: Corporate Loan Portfolio and Senior Wholesale Funding

Average margin on corporate loan portfolio

Average margin of senior wholesale funding
Growth Potential among Corporate Banking Customers for Markets Division

Earnings before tax by division, € million

- Corporate Banking
  - 2010: 82
  - 2011: 140

- Markets
  - 2010: 55
  - 2011: 60

- Baltic
  - 2010: 133
  - 2011: 198

Total
  - 2010: 400
  - 2011: 587
Non-life Insurance

Jouko Pölönen
b. 1970
M.Sc. (Econ. & Bus. Adm.), eMBA
Insurance Premium Revenue Up 6%
Even Insurance Premium Revenue Distribution by Insurance Line

2011 insurance premium revenue €1,024 million

Insurance premium revenue and operating combined ratio by insurance line, %

- 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%
Pohjola Strengthened Its Leading Market Position

Non-life insurers’ market share, %

Pohjola's 2011 preliminary information: approx. 29%

- Pohjola
- If/Sampo
- Tapiola
- Fennia
- Fennia
- Local Insurance
OP-Pohjola Group’s Great Customer Potential as Source of Sustained Growth

Number of joint customers has grown by 84% since 2005
Pohjola Insurance Has over 500,000 Loyal Customer Households

Annual growth in number of loyal customer households vs. Number of loyal customer households from 2007 to 2011.
Operating* Combined Ratio at Good Level

- Claims incurred / insurance premium revenue
- Operating expenses / insurance premium revenue

*) excl. changes in reserving bases and amortisation of intangible assets
Profitability of Nordic Insurers
Combined Ratio 2007–11

*) excl. amortisation of intangible assets
Non-life Insurance Investment Portfolio Allocation
Almost Unchanged

% 100 90 80 70 60 50 40 30 20 10 0

2007 2008 2009 2010 2011

Money market
Bonds and bond funds
Private equity
Equities
Alternative investments
Real property

Money market: 2%
Bonds and bond funds: 72%
Private equity: 3%
Equities: 10%
Alternative investments: 5%
Real property: 9%
Return on Investment at Fair Value

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.8</td>
</tr>
<tr>
<td>2008</td>
<td>-7.0</td>
</tr>
<tr>
<td>2009</td>
<td>10.7</td>
</tr>
<tr>
<td>2010</td>
<td>5.1</td>
</tr>
<tr>
<td>2011</td>
<td>-0.4</td>
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</table>
Asset Management

Karri Alameri
b. 1963
B.Sc. (Econ. & Bus. Adm.)
Assets under Management Down 11%

<table>
<thead>
<tr>
<th>Year</th>
<th>€ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>31.5</td>
</tr>
<tr>
<td>2008</td>
<td>25.3</td>
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<tr>
<td>2009</td>
<td>33.1</td>
</tr>
<tr>
<td>2010</td>
<td>35.0</td>
</tr>
<tr>
<td>2011</td>
<td>31.3</td>
</tr>
</tbody>
</table>
Share of Institutional Clients Increased to 59% of Assets under Management

2010: 56%
- OP Mutual Funds: 10%
- Pohjola Private: 9%
- Institutional Clients: 37%

2011: 59%
- OP Mutual Funds: 9%
- Pohjola Private: 8%
- Institutional Clients: 42%
Strategy Implementation
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

Tarja Ollilainen
b. 1960
M.Sc. (Econ. & Bus. Adm.)

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

Satisfied personnel driving force behind success

- Personnel survey updated in 2011
- Employee wellbeing programme and leadership work
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

Update of OP-Pohjola Group’s strategy

Pohjola’s strategy process

Outcomes:
- Specified business policies
- Specified development programmes
- Specified financial targets
Financial Performance for 2011 and Outlook for 2012
Finance

Vesa Aho
b. 1974
M.Sc. (Econ. & Bus. Adm.)
Consolidated Earnings before Tax €258 Million

€ mn

2007  2008  2009  2010  2011

288  119  265  308  258
Consolidated Earnings Performance 2010 vs. 2011

Earnings before tax, € million

2010

- Net interest income
- Net trading income
- Net investment income
- Net income from Non-life Insurance
- Other operating income
- Expenses
- Impairments
- Share of associates' profits/losses

2011

- +18
- -3
- -9
- -8
- -70
- -9
- -14
- +44
- +2

Total: 308

Total: 258

Pohjola
Banking Improved Earnings in 2011

Earnings before tax by division, € million

- Banking: 133 (2010), 198 (2011)
- Asset Management: 31 (2010), 27 (2011)
- Total: 308 (2010), 258 (2011)
Group Impairment Charges on the Decrease

€ mn

-100
-50
0
50
100
150

2007 2008 2009 2010 2011

- New impairment charges
- Reversal of impairment losses and recoveries from loan losses
- Net impairments
# Financial Targets over the Economic Cycle

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on equity at fair value, %</td>
<td>13</td>
<td>3.4</td>
<td>9.3</td>
<td>19.2</td>
</tr>
<tr>
<td>Tier 1 ratio, %</td>
<td>&gt; 9.5</td>
<td>10.6</td>
<td>12.5</td>
<td>11.8</td>
</tr>
<tr>
<td>Core Tier 1 ratio, %</td>
<td>10.3</td>
<td>10.5</td>
<td>9.7</td>
<td></td>
</tr>
<tr>
<td><strong>Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cost/income ratio, %</td>
<td>&lt; 40</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td><strong>Non-life Insurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating combined ratio, %</td>
<td>92.0</td>
<td>89.8</td>
<td>89.7</td>
<td>87.7</td>
</tr>
<tr>
<td>Operating expense ratio, %</td>
<td>&lt; 20</td>
<td>21.8</td>
<td>21.3</td>
<td>22.2</td>
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<tr>
<td>Solvency ratio, %</td>
<td>70</td>
<td>77</td>
<td>86</td>
<td>88</td>
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<tr>
<td><strong>Asset Management</strong></td>
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<td></td>
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<tr>
<td>Operating cost/income ratio, %</td>
<td>&lt; 50</td>
<td>49</td>
<td>53*</td>
<td>53</td>
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</table>

* excl. items related to corporate transactions
Outlook for 2012

- Consolidated earnings before tax in 2012 are expected to be markedly higher than in 2011.

- Within Banking, the loan portfolio is expected to continue to grow in 2012, albeit not as strongly as in 2011. The average corporate loan margin is expected to remain at least at its current level.

- In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 94%, if the number of major losses is not much larger than in 2011.

- There is still great uncertainty about the economic outlook and the operating environment.

- The full version of outlook is available from the Financial Statements Bulletin.
Balance Sheet, Capital Adequacy and Credit Ratings
Risk Management

Petri Viertiö
b. 1962
M.Sc. (Tech.)
Balance Sheet Total Increased to €41.1 Billion
Capital Base and Capital Adequacy

*) Including the 500-million-euro Lower Tier 2 subordinated notes issued in February 2012
Capital Adequacy Ratio under the Act on the Supervision of Financial and Insurance Conglomerates

*) Including the 500-million-euro Lower Tier 2 subordinated notes issued in February 2012
### Pohjola’s Strong Creditworthiness

#### 20 March 2012

<table>
<thead>
<tr>
<th>Institution</th>
<th>Moody's</th>
<th>S &amp; P</th>
<th>Fitch</th>
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<tbody>
<tr>
<td>Pohjola Bank plc</td>
<td>Aa2*</td>
<td>AA-</td>
<td>A+</td>
</tr>
<tr>
<td>Handelsbanken</td>
<td>Aa2*</td>
<td>AA-</td>
<td>AA-</td>
</tr>
<tr>
<td>Nordea</td>
<td>Aa2*</td>
<td>AA-</td>
<td>AA-</td>
</tr>
<tr>
<td>DnB NOR</td>
<td>Aa3*</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>Danske Bank</td>
<td>A2*</td>
<td>A**</td>
<td>A**</td>
</tr>
<tr>
<td>SEB</td>
<td>A1*</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>Swedbank</td>
<td>A2*</td>
<td>A+</td>
<td>A</td>
</tr>
<tr>
<td>OP Mortgage Bank***</td>
<td>Aaa</td>
<td>AAA</td>
<td>-</td>
</tr>
<tr>
<td>Pohjola Insurance Ltd If</td>
<td>A2*</td>
<td>AA-</td>
<td>-</td>
</tr>
<tr>
<td>If</td>
<td>A2</td>
<td>A</td>
<td>-</td>
</tr>
<tr>
<td>Finnish government</td>
<td>Aaa</td>
<td>AAA**</td>
<td>AAA</td>
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</table>

* Credit rating under review for a possible downgrade
** Credit rating outlook is negative
*** Covered bond rating
Pohjola Share and Proposed Dividend Distribution
Total Shareholder Return 2006–11 vis-à-vis a Group of Peer Banks and Insurers

Peer insurers: AlmBrand, Sampo, TopDanmark and Tryg
Peer banks: Danske, DnB Nor, Nordea, SEB, SHB and Swedbank

Peer insurers: +58%
Pohjola: +2%
(23 March 2012 €8,56)
Peer banks: -9%
Proposed Dividend Distribution for 2011

- In line with the dividend policy, the proposed dividend accounts for 60% of earnings per share
  - €0.41 per one Series A share
  - €0.38 per one Series K share
- Dividend payout ratio during 2007–11 averaged 56%
7. Adoption of the Financial Statements
8. Allocation of Profit Shown by the Balance Sheet and Decision on Dividend Distribution
8. Board Proposal for Profit Distribution 1/4

- On 31 December 2011, the shareholders’ equity of Pohjola Bank plc totalled EUR 1,483,174,404.31, EUR 367,775,016.60 of which represented distributable equity.

- The following funds are at the AGM’s disposal for profit distribution:
  - Profit for 2011: EUR 103,733,682.96
  - Retained earnings: EUR 69,936,778.10
  - Reserve for invested non-restricted equity: EUR 307,931,364.75
  - Other non-restricted reserves: EUR 23,449,472.31
  - Less negative fair value reserve: EUR –137,276,281.52
  - Total: EUR 367,775,016.60
The Company has €691 million in voluntary provisions in its balance sheet, and their reversal enables an increase of distributable funds by around €521 million.

The Board of Directors proposes that the Company’s distributable funds be distributed as follows:

- EUR 0.41 per share payable on 251,169,770 Series A shares, totalling EUR 102,979,605.70, and
- EUR 0.38 per share payable on 68,381,645 Series K shares, totalling EUR 25,985,025.10, i.e.

the proposed total dividend distribution amounts to EUR 128,964,630.80.
8. Board Proposal for Profit Distribution 3/4

- The Board of Directors proposes that the profit for 2011, EUR 103,733,682.96, and EUR 25,230,947.84 out of the retained earnings be allocated to dividend distribution.

- Accordingly, EUR 238,810,385.80 remains in the Company’s distributable equity.

- In addition, the Board of Directors proposes that a maximum of EUR 150,000, of which EUR 65,000 to the Pohjola Bank Art Foundation, be available to the Board of Directors reserved from the distributable funds for donations and other charitable contributions.
8. Board Proposal for Profit Distribution 4/4

- The Company’s financial position has not undergone any material changes since the end of the financial year 2011. The Company’s liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors’ view.

- The dividend record date proposed by the Board is 30 March 2012 and the payment date 10 April 2012.
8. Report on Donations and Other Charitable Contributions in 2011

- On 29 March 2011, the AGM reserved a maximum of €200,000 for use by the Board of Directors for donations and other charitable contributions.

- In 2011, the Board of Directors made such donations and contributions to:
  - the Pohjola Bank Art Foundation worth €125,000
  - the Aalto University Foundation worth €50,000
9. Decision on Discharge from Liability of the Members of the Board of Directors and the President and CEO
10. Decision on Emoluments Payable to the Board of Directors
10. Proposal by OP-Pohjola Group Central Cooperative for Board Emoluments

- Monthly Board emoluments
  - Chairman, €8,000 (7,000)
  - Vice Chairman, €5,500 (5,000)
  - Other members, €4,500 (4,000)
  - An additional monthly emolument of €1,000 will be paid to such Board committee chairs who are not the Chairman or Vice Chairman of the Board of Directors (unchanged)

- Monthly emoluments are treated as pensionable salary

- In addition, the Board members will receive an attendance allowance of €550 for each meeting (500). An attendance allowance also applies to the meetings of Board Committees. Daily allowances and compensation for travel expenses are payable in accordance with the Group’s Travel Expenses Regulations (unchanged).
11. Decision on the Number of Members of the Board of Directors
11. Decision on the Number of Board Members
Proposal by OP-Pohjola Group Central Cooperative

- The Board of Directors comprises eight members, six of whom are elected by the AGM.
12. Election of Members of the Board of Directors
12. Election of Members of the Board of Directors
Proposal by OP-Pohjola Group Central Cooperative 1/3

Merja Auvinen
b. 1960
M.Sc. (Econ. & Bus. Adm.), eMBA
Deputy Managing Director,
Suur-Savon Osuuspankki

Jukka Hienonen
b. 1961
M.Sc. (Econ. & Bus. Adm.)
President and CEO,
SRV Group Plc
12. Election of Members of the Board of Directors
Proposal by OP-Pohjola Group Central Cooperative 2/3

Jukka Hulkkonen (NEW)
b. 1955
M. Sc. (Forestry), eMBA, kauppaneuvos (Finnish honorary title)
Managing Director, Salon Osuuspankki

Mirja-Leena Kullberg (NEW)
b. 1962
Diploma in Business and Administration, IDBM
Managing Director, Artek oy ab
12. Election of Members of the Board of Directors
Proposal by OP-Pohjola Group Central Cooperative 3/3

Harri Sailas
b. 1951
M.Sc. (Econ. & Bus. Adm.)
President and CEO, Ilmarinen Mutual Pension Insurance Company

Tom von Weymarn
b. 1944
M.Sc. (Eng.)
Board professional
12. Chairman and Vice Chairman of the Board of Directors

Pursuant to law and/or the Articles of Association, the Board of Directors also comprises:

**Reijo Karhinen**
b. 1955  
M.Sc. (Econ. & Bus. Adm.), vuorineuvos (Finnish honorary title)

Executive Chairman, OP-Pohjola Group  
CEO and Chairman of the Executive Board,  
OP-Pohjola Group Central Cooperative,  
Chairman of Pohjola’s Board of Directors

**Tony Vepsäläinen**
b. 1959  
LL.M., eMBA

Chief Business Development Officer and Deputy to Executive Chairman and CEO, OP-Pohjola Group  
Central Cooperative,  
Vice Chairman of OP-Pohjola Group Central Cooperative’s Executive Board, Vice Chairman of Pohjola’s Board of Directors
13. Decision on Auditors’ Remuneration
13. Decision on Auditors’ Remuneration Proposal by OP-Pohjola Group Central Cooperative

- Auditors’ remuneration is based on a reasonable invoiced amount (unchanged)
  - Remuneration (Group-level) in 2011 €340,907 (€372,473)
  - Fees for non-audit services paid to KPMG Oy Ab in 2011 €388,361 (533,611)
14. Election of Auditors
14. Election of Auditors
Proposal by OP-Pohjola Group Central Cooperative

- Re-electing KPMG Oy Ab to act as the auditor
- Oy KPMG Ab is also the auditor of OP-Pohjola Group Central Cooperative, the parent institution
15. Authorisation Given to the Board of Directors to Decide on a Share Issue
15. Authorisation Given to the Board of Directors to Decide on a Share Issue
Board Proposal 1/2

- The Board of Directors proposes to the AGM that the AGM authorise the Board of Directors to decide on one or several rights issues.

- The total number of Series A and Series K shares offered for subscription in such a rights issue may not exceed 24,000,000 and 6,000,000, respectively, or accounting for around 9% of the existing number of shares.
15. Authorisation Given to the Board of Directors to Decide on a Share Issue
Board Proposal 2/2

- The Board of Directors is also authorised to waive the shareholders’ pre-emptive right (private placement), should there be, from the Company’s perspective, a financially cogent reason to do so, in accordance with the Limited Liability Companies Act. In such a case, this authorisation may be exercised for the purpose of financing and executing company acquisitions or other transactions relating to the Company’s business.

- The authorisation contains the Board of Directors’ right of stipulating the terms and conditions of a share issue and on other matters relating to these measures. Based on the proposal, the Board of Directors also has the right to decide on whether the subscription price will be entered in full or in part in the reserve for invested non-restricted equity or share capital.

- It is proposed that the Board authorisation be valid until 27 March 2013.
16. Closing of the Meeting
16. Closing of the Meeting

- The Minutes of the Meeting will be available for inspection by shareholders at the Company’s head office and on the Company’s website as of 10 April 2012.
Pohjola Bank plc’s Annual General Meeting

Thank you for your presence!