



The mark of a good group *
Pohjola Bank plc Annual Review 2010



The mark of a good group

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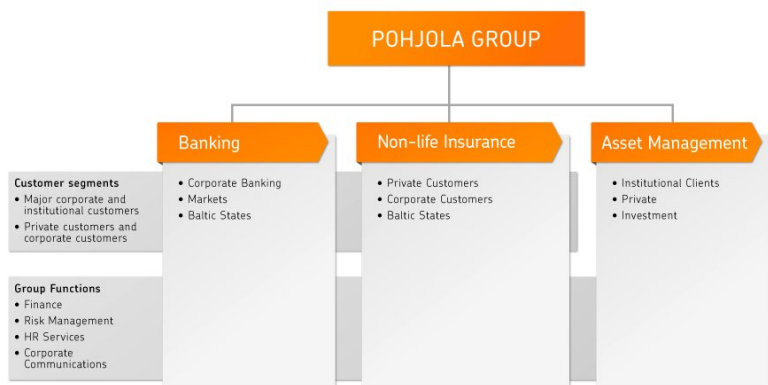
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Pohjola in Brief

Pohjola Group is a Finnish financial services company providing banking, non-life insurance and asset management services. Its mission is to promote the prosperity, security and well-being of its customers.

Pohjola in brief



Pohjola aims to be the leading corporate bank, non-life insurer and institutional asset manager in terms of market share.

	2010	Target
Market position as a corporate bank	2nd	1st
Market position as a non-life insurer	1st	1st
Market position as an institutional asset manager	1st	1st

The Group aims to be the most preferred financial services partner. Profitable growth and an increase in company value form our key objectives. Pohjola's strategic cornerstones lie in its three unique competitive advantages:

- Close to customers
- Comprehensive financial services offering
- Being part of OP-Pohjola Group

Most preferred financial services partner



Pohjola is committed to strong capitalisation and a shareholder-friendly dividend policy. Its Series A shares have been listed on the Large Cap List of NASDAQ OMX Helsinki since 1989, with POH1S as the trading code and Financials as the industry class. Pohjola has approximately 35,000 shareholders.

At the end of 2010, the number of Pohjola Group employees totalled around 3,000.

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Core values

Pohjola's success lies in its sustainable core values: People-first approach, Responsibility and Prospering together.

Values



People-first approach

- We are approachable and accessible.
- Our service is based on friendliness, initiative and promptness.
- We appreciate our customers, partners and co-workers.

Responsibility

- We deliver on our promise and perform consistently.
- We aim at long-term customer relationships based on mutual trust.
- We foster our competencies and good organisational climate.
- We ensure that our business is in the interests of our shareholders and meets high ethical standards.

Prospering together

- We prosper together with our customers.
- We establish networks in Finland and at international level on an extensive basis.

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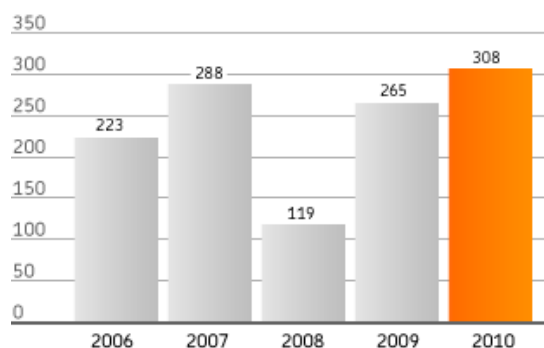
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Key figures and ratios

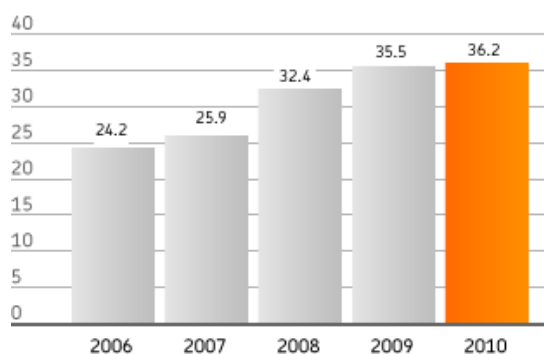
Earnings before tax

€ million

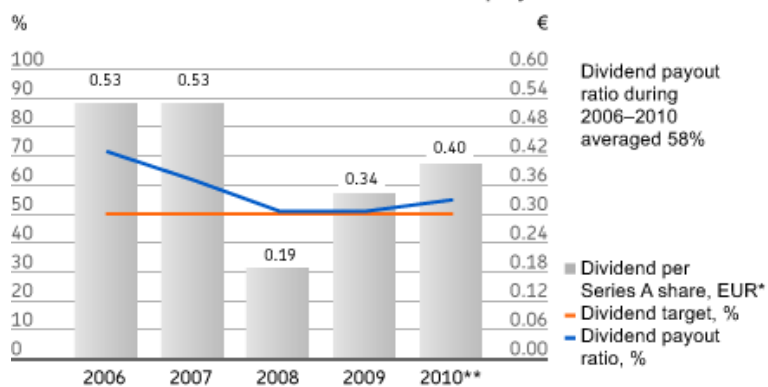


Balance sheet total

€ billion



Dividend/Series A share and dividend payout ratio



* Share-issue adjusted dividend during 2006–2008

** Board's proposal

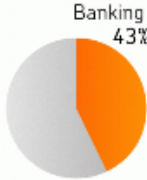


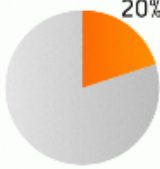
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Business structure

Pohjola Group consists of three business segments - Banking, Non-life Insurance and Asset Management - and the Group Functions in support of the segments.

	Business	Business divisions/functions	Main market area	Strategic role	Share of consolidated earnings before tax in 2010
Banking	Financing and financial management solutions for corporate and institutional customers	Corporate Banking Markets Baltic States	Finland and neighbouring regions	Good profitability and stronger market position	 <p>Banking 43%</p>
Non-life Insurance	Insurance solutions for private, corporate and institutional customers	Private Customers Corporate Customers Baltic States	Finland and neighbouring regions	Growing at a rate above the market average, strengthening market leadership and maintaining good profitability	 <p>Non-life Insurance 27%</p>
Asset Management	Managing assets of institutions, wealthy private individuals and families Managing assets of OP-Pohjola Group's mutual funds	Institutional Clients Private Investment	Finland and neighbouring regions	Good profitability and stronger market position	 <p>Asset Management 10%</p>
Group Functions	Supporting the Group and its business lines Central Banking and Group Treasury Managing OP-Pohjola Group's liquidity and funding	Finance Risk Management HR Services Corporate Communications	-	Controlling, supporting and encouraging the business lines in their efforts to achieve Group goals	 <p>Group Functions 20%</p>

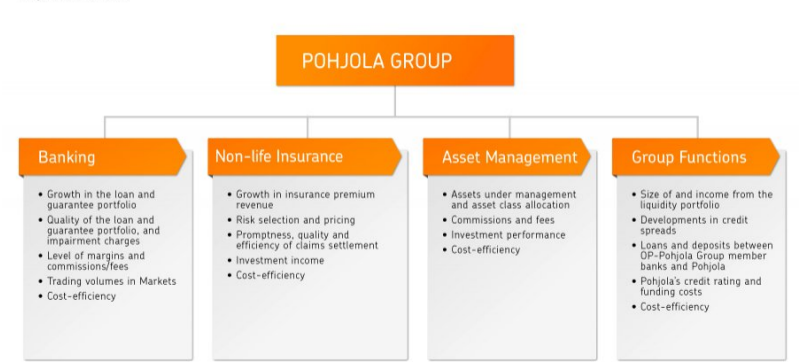
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Key value drivers

Key value drivers



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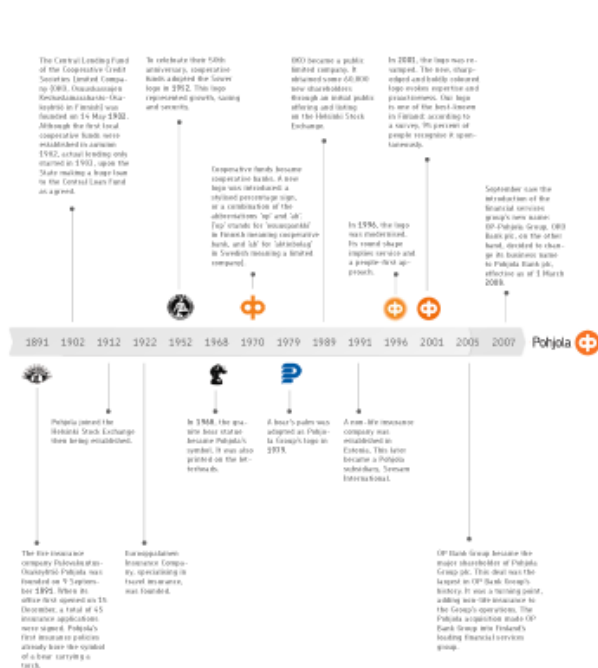
Credit ratings

Together with OP Mortgage Bank, Pohjola manages OP-Pohjola Group's liquidity and international funding. All of the three credit rating agencies have affirmed AA rating for Pohjola's long-term debt.

Rating agency	Long-term debt	Outlook
Standard & Poor's	AA-	Stable
Moody's	Aa2	Negative
Fitch	AA-	Negative

Great Finnish success story

Pohjola has an over 100-year history in the sector.



As part of a great group

Pohjola is part of OP-Pohjola Group, the leading financial services group in Finland, which is made up of over 200 independent member cooperative banks, in addition to Pohjola, and OP-Pohjola Group Central Cooperative, the Group's central institution, including its subsidiaries and closely related companies. With around 4.1 million customers, the Group provides its customers with the most extensive and diversified range of banking, investment and insurance services.

[Read more about Pohjola as a part of OP-Pohjola Group](#)

[Read more about OP-Pohjola Group](#)

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Year 2010 in Brief

Consolidated earnings before tax in 2010 improved markedly year on year, totalling over EUR 300 million. Corporate Banking showed a strong increase in net interest income. In line with our expectations, our impairment charges on receivables were lower than in 2009 and were markedly lower in the second half than a year ago. Within Non-life Insurance, the balance on technical account remained good despite the claims filed in the aftermath of the bad winter conditions and the late summer storms. The investment environment was highly volatile during 2010, which is why consolidated earnings before tax at fair value were lower than the record figure reported in the previous year and return on equity remained lower than the target level.

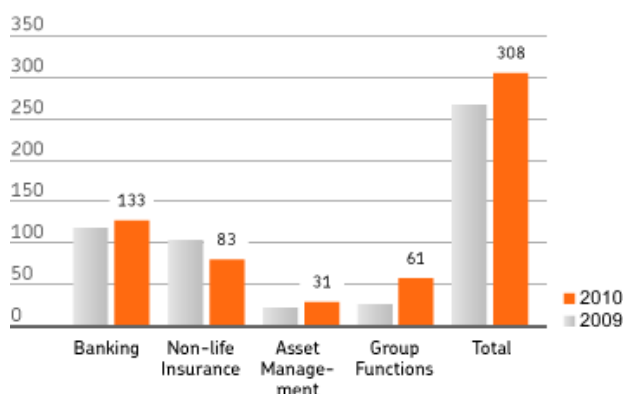
	2010	2009
Earnings before tax, € mn	308	265
Earnings before tax at fair value, € mn	291	508
Return on equity at fair value, %	9.3	19.2
Earnings per Series A share, €	0.72	0.66
Proposed dividend (Series A share), €	0.40	0.34
Proposed dividend (Series K share), €	0.37	0.31

Pohjola Group results

- Year on year, consolidated earnings before tax improved to EUR 308 million (265). Earnings before tax without non-recurring items amounted to EUR 322 million. Earnings include EUR 104 million (129) in impairment charges on receivables. Earnings before tax at fair value were EUR 291 million (508) and return on equity at fair value stood at 9.3% (19.2).
- Banking posted earnings before tax of EUR 133 million (117), with impairment charges on receivables eroding its earnings by EUR 105 million (117). The operating cost/income ratio stood at 35% (35).
- Excluding changes in reserving bases and amortisation on intangible assets arising from company acquisition, Non-life Insurance's operating combined ratio stood at 89.7% (87.7). Within Non-life Insurance, return on investments at fair value was 5.1% (10.7).
- Asset Management reported earnings before tax of EUR 31 million (21), which included EUR 6 million in net non-recurring income related to corporate transactions. Assets under management increased to EUR 35 billion (33.1).
- Capital gains on notes and bonds improved earnings before tax posted by the Group Functions.

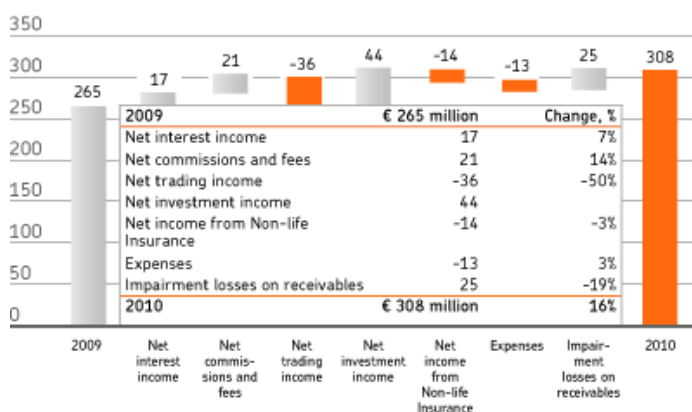
Earnings before tax by division

€ million



Earnings/loss before tax

Change between 2009 and 2010



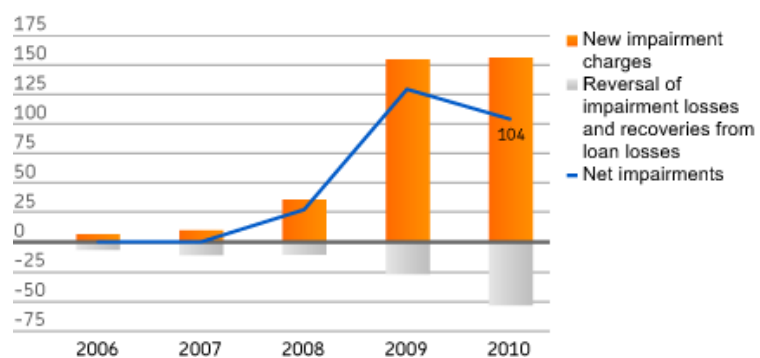
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Impairment charges

€ million



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Financial performance: Banking

Banking showed a marked improvement in its earnings. Greater demand for corporate loans led to a 6% increase in our corporate loan portfolio. Thanks to this increase and the higher average margin on the corporate loan portfolio, net interest income showed strong growth. Tougher competition put an end to the trend of the rising average corporate loan margin and sent the margin on new loans down in the second half. The Markets division reported good financial performance and client trading volumes were on the rise. Baltic Banking improved its performance year on year but still showed a loss.

[Read more about Banking in 2010](#)

Financial performance: Non-life Insurance

Within Non-life Insurance, the balance on technical account remained good despite the claims filed in the aftermath of the bad winter conditions and the late summer storms. Insurance premium revenue grew and its growth above market average among private customers in particular remained strong throughout the year. We had set a strategic target in 2005 of serving 450,000 loyal customer households by the end of 2010, but reached it already in August, and this growth remained vigorous in the fourth quarter too. Non-life Insurance posted lower earnings before tax than the year before. Excluding non-recurring items, its earnings were, however, at the previous year's excellent level.

[Read more about Non-life Insurance in 2010](#)

Financial performance: Asset Management

Within Asset Management, assets under management increased to EUR 35 billion and earnings before tax were better than a year ago. Earnings included EUR 6 million in net income from corporate transactions, related mainly to the internationalisation of the private equity fund business.

[Read more about Asset Management in 2010](#)

Financial performance: Group Functions

Year on year, earnings before tax more than doubled to EUR 61 million. The figure included EUR 29 million in capital gains on notes and bonds. Impairments on notes and bonds reduced earnings by EUR 10 million.

[Read more about Group Functions in 2010](#)

Outlook for 2011

Consolidated earnings before tax in 2011 are expected to be higher than in 2010. The greatest uncertainty is related to developments in impairment charges, large claims and the investment environment. The full version of the outlook can be found in the Report by the Board of Directors 2010.

[Read more about Pohjola Group's outlook for 2011](#)

Consolidated earnings, € million

	2010	2009	2008	2007	2006
Net interest income	258	241	174	115	96
Net commissions and fees	164	143	122	115	102
Net trading income	35	71	-81	-34	20
Net investment income	31	-13	6	28	37
Net income from Non-life Insurance	388	402	353	433	328
Other operating income	50	50	42	71	50
Total income	926	895	617	728	632
Total expenses	514	501	470	440	409
Earnings before impairments of receivables	412	394	147	288	223
Impairments of receivables	104	129	28	1	1
Earnings before tax	308	265	119	288	223
Change in fair value reserve	-17	243	-252	-54	-1
Earnings/loss before tax at fair value	291	508	-133	234	222

Consolidated balance sheet, € million

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Liquid assets	1,501	3,102	2,260	448	907
Receivables from credit institutions	8,033	7,630	6,644	5,217	5,546
Financial assets at fair value through profit or loss	422	1,279	3,255	4,701	4,801
Derivative contracts	1,962	1,443	1,486	528	320
Receivables from customers	12,433	11,323	12,279	9,288	7,864
Non-life Insurance assets	3,198	3,156	2,745	2,809	2,766
Investment assets	6,364	5,417	1,287	727	233
Intangible and tangible assets	1,022	1,077	1,114	1,096	1,115
Other assets	1,248	1,083	1,379	1,108	645
Total assets	36,184	35,510	32,448	25,922	24,196
Liabilities to credit institutions	4,960	4,984	3,643	2,739	2,390
Derivative contracts	2,054	1,456	1,644	548	331
Liabilities to customers	4,231	4,133	3,508	2,738	1,994
Non-life Insurance liabilities	2,351	2,279	2,238	2,140	2,099
Debt securities issued to the public	16,685	17,295	16,425	12,856	13,263
Other liabilities	3,526	3,097	3,350	3,032	2,289
Total liabilities	33,807	33,244	30,808	24,053	22,368
Total shareholders' equity	2,377	2,267	1,640	1,869	1,828
Total liabilities and shareholders' equity	36,184	35,510	32,448	25,922	24,196

Key figures and ratios

	2010	2009	2008	2007	2006
Profit for the financial year, € million	229	194	89	212	180
Balance sheet total, € billion	36.2	35.5	32.4	25.9	24.2
Return on equity at fair value, %	9.3	19.2	-5.6	9.3	9.5
Loan portfolio, € billion	11.4	10.7	11.6	9.4	7.9
Loan and guarantee portfolio, € billion	14.0	13.4	14.1	11.4	9.8
Assets under management, € billion	35.0	33.1	25.3	31.3	31.3
Non-life Insurance premium revenue, € million	964	943	923	850	788
Capital adequacy ratio, %	13.3	13.5	11.3	11.2*	12.9*
Tier 1 ratio, %	12.5	11.8	9.4	10.7*	8.2*
Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates	1.71	1.73	1.26	1.38*	1.13*

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Earnings/share (EPS), € **

Series A share	0.72	0.66	0.36	0.85	0.73
Series K share	0.69	0.63	0.33	0.84	0.72
Equity/share, € **	7.44	7.09	6.58	7.51	7.34
Dividend/share, € **					
Series A share	0.40***	0.34	0.19	0.53	0.53
Series K share	0.37***	0.31	0.16	0.50	0.52
Dividend/earnings, (dividend payout ratio) %	55***	51	51	62	72
Effective dividend yield, % (Series A share)	4.5***	4.5	2.4	5.0	5.1
Price/earnings ratio (P/E), (Series A share)	12.5	11.5	22.4	12.5	14.2
Market capitalisation (Series A and K shares), € billion	2.87	2.41	1.98	2.66	2.58
Share trading volume (Series A share), million	154	175	119	147	104
% of all Series A shares	61	75	74	92	66
Number of shares (Series A and K shares) year end, million	320	320	203	203	203
Number of shares (Series A and K shares) year end, million **	320	320	249	249	249
Average personnel	3005	2966	3085	3006	3030

* The bases of calculation have changed from those in 2008. Figures for 2007 have been converted into comparable ones in conformity with the Basel II framework and have not been specifically audited. Figures for 2006 have been calculated in accordance with the former calculation bases.

** Due to Pohjola Bank plc's rights issue and new shares entered in the Trade Register on 4 May 2009, the per-share ratios for 2006-08 have been adjusted retro-actively using the share issue ratio.

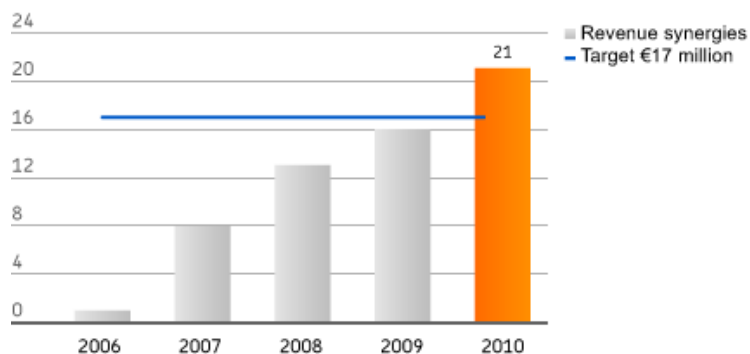
*** As proposed by the Board of Directors

Acquisition synergies

In connection with the acquisition of the non-life insurance business in 2005, Pohjola set a target of achieving annual revenue synergies of EUR 17 million by the end of 2010, resulting from growth in the number of loyal customer households. Pohjola already achieved this target in March 2010.

Revenue synergies

€ million



The estimate is based on the following formula:
 $10\% \times (\text{new loyal customer households received as a result of cooperation with Group member banks} \times \text{average insurance premium} / \text{household}) + \text{a 5.4\% return on insurance premium invested}$

Highlights 2010

January

- Petteri Änkilä (38), M.Sc. (Econ. & Bus. Adm.) is appointed Head of Markets and member of the Executive Committee of Pohjola's Banking as of 8 February 2010.

February

- Pohjola Bank plc issues a EUR 750-million floating rate bond under its EMTN programme in international capital markets, with a maturity of three years.
- The Pohjola Bank Art Foundation selects new holders of its highly valued instruments. These instruments form a key part of the Foundation's collection. The Foundation lends a Ferdinando Gagliano violin (1767) to Jaso Sasaki, a Charles Gaillard violin (1867) to Eeva Oksala and a Leonhard Maussiell viola (1722) to Sauli Kulmala. At the same time, Samuli Peltonen continued to be the holder of a Giovanni Grancino cello (1698) and Tuomas Lehto the holder of a Nicholas Lupot cello (1795).

March

- Pohjola Bank plc issues a EUR 750-million bond under its EMTN programme in international capital markets, with a maturity of five years.
- Pohjola Asset Management Ltd's Board of Directors appoints Veli-Pekka Heikkinen, D.Sc. (Econ. & Bus. Adm.), Chief Investment Officer and member of the Executive Committee of Pohjola Asset Management.
- Pohjola's Annual General Meeting adopts the Financial Statements for 2009, discharges members of the Board of Directors and the President and CEO from liability and decides on dividend distribution.

April

- A total of 25,080 Series K shares held by OP-Pohjola Group member cooperative banks are converted into Series A shares, with the resulting changes being registered in the Trade Register on 14 April 2010. Trading in the converted Series A shares begins on NASDAQ OMX Helsinki on 15 April 2010.

May

- The Court of Appeal of Helsinki issues its ruling in the redemption dispute between Pohjola Bank plc's and Pohjola Group plc's minority shareholders. The Court of Appeal does not amend the ruling issued by the Helsinki District Court in August 2008, whereby the redemption price of one Pohjola Group plc share is EUR 13.35. This ruling gains legal force on 2 August 2010.

June

- Pohjola Asset Management Ltd and OP Fund Management Company Ltd become founder members of Finland's Sustainable Investment Forum, FINSIF. Pohjola Asset Management Ltd and OP Fund Management Company Ltd already signed the UN Principles for Responsible Investment (UN PRI) in 2009.

July

- The Committee of the European Banking Supervisors (CEBS), in cooperation with the European Central Bank, the European Commission and national supervisory authorities, coordinate the EU-wide forward-looking stress test of 91 banks in June-July. OP-Pohjola Group is included in the stress test exercise according to which the Group ranks 9th of the European banks in terms of financial strength. Given that Pohjola Bank plc is part of OP-Pohjola Group operating under the principle of joint responsibility, its data are included in the test results. OP-Pohjola Group's banking earnings and capital base would remain strong even if the assumptions of economic deterioration used in the Europe-wide bank stress test were to materialise. Conducted by the CEBS, the stress test gives a clean bill of health to OP-Pohjola Group.

August

- Suomi Mutual Life Assurance Company notifies Pohjola Bank plc that on 23 August 2010 its shareholding in Pohjola fell below one-tenth (1/10) of all Pohjola's registered share capital and that the proportion of its holding fell below one-twentieth (1/20) of the votes conferred by all Pohjola shares.

September

- Tomi Yli-Kyyny, President of Pohjola Insurance Ltd, a Pohjola Bank plc subsidiary, announces that he will depart Pohjola.
- Jouko Pölönen, CFO of Pohjola Group, M.Sc. (Econ. & Bus. Adm.) and eMBA, is appointed a new President

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of Pohjola Insurance Ltd. He has been member of Pohjola Group's Executive Committee since 2008. He takes up his new duties on 1 January 2011.

- The existing management of Pohjola Capital Partners Ltd and its present majority shareholder, Pohjola Bank plc, agree on a management buyout whereby the existing management acquires all of the company's shares.
- Pohjola Insurance Ltd and Pohjantähti Mutual Insurance Company plan to merge. At the meeting of 28 September 2010, the Board of Directors of both companies approves a merger plan whereby Pohjantähti Mutual Insurance Company will merge into Pohjola Insurance Ltd, both companies' extraordinary general meetings of December 2010 would adopt the plan.

October

- Pohjola Insurance Ltd branches out into the well-being-at-work business. For this purpose, it establishes a subsidiary, Pohjola Health Ltd, to provide expert services related to the analysis, management and measurement of employee wellbeing. Veli-Matti Qvintus is appointed the company's President and CEO.

November

- Pohjola Asset Management Ltd internationalises its private equity fund business by buying a 40% shareholding in Access Capital Partners Group SA, a manager and advisor of private equity funds of funds. At the same time, Pohjola sells Pohjola Private Equity Funds Ltd to Access Capital Partners.

December

- The merger of Pohjola Insurance Ltd and Pohjantähti Mutual Insurance Company is cancelled when Pohjantähti's Extraordinary General Meeting rejects the merger plan. A two-thirds vote in favour of the plan should have been required for the adoption. The merger plan is seconded by 32% of the votes.

Dear shareholders,



2010 showed again that cooperation between Group member banks and Pohjola Insurance – the merger between banking and insurance services – is progressing very well. In the past five years, Group member banks have become an important sales channel for personal insurance, and the number of joint customers rose at a record rate last year.

Pohjola Bank plc is a major investment for the entire OP-Pohjola Group. A common objective for all of us owners is to develop Pohjola and boost it as a profitable listed company that enjoys healthy growth. This way we can continue to offer steady dividends to all the owners.

Reijo Karhinen
Executive Chairman of OP-Pohjola Group

[Executive Chairman's review of 2010 at OP-Pohjola Group](#)

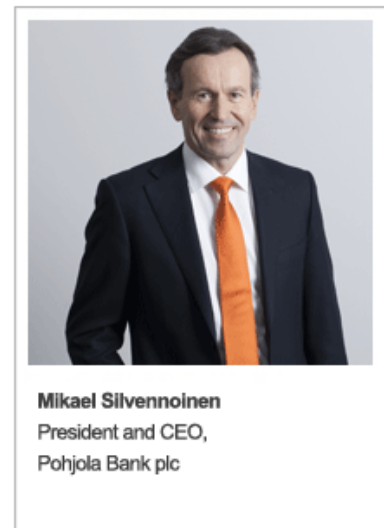
Review by the President and CEO

The world economy grew fast in 2010, and thanks to the export markets, growth in Finland was quicker than expected. This was manifested at Pohjola Bank plc as a revival of our corporate customer business: following a contraction of loan portfolios in 2009, the corporate loan portfolio increased again by 6% in 2010, and the decline in insurance premium revenue from corporate customers that began in 2009 levelled off late in 2010. In 2011 we expect both our corporate loan portfolio and premium revenue from business insurance to continue to grow.

Insurance premium revenue from private customers continued to rise at an above-market rate. We set ourselves a strategic target in 2005 to increase the number of our customer households who also use Pohjola Insurance as their main insurer to 450,000 by the end of 2010, reaching this landmark already in August 2010. Our excellent success hinges on close cooperation between Pohjola Insurance and the Group member banks, our respective expertise that complement each other, and our promise to offer our customers the best loyalty benefits in the market. I believe this cooperation will bring us good results for still many years to come.

Consolidated earnings before tax in 2010 improved markedly year on year, totalling EUR 308 million. The Group's capital adequacy was strong at the year end. Improvements were recorded in Banking, Asset Management and Group Treasury, which is part of Group Functions. Owing to non-recurring items, earnings by Non-life Insurance fell short of those in 2009, but the adjusted earnings reached the 2009 figures. Within Non-life Insurance, the operating balance on technical account remained excellent despite the claims filed in the aftermath of the bad winter conditions and the late summer storms.

The good result and solid capital adequacy enable us to pay dividends to shareholders as laid out in our strategy. The Board will propose to the Annual General Meeting that a dividend of 0.40 euros be paid per listed Series A share, and 0.37 euros per unlisted Series K share. The proposal corresponds to a 55% dividend payout ratio. Pohjola Bank plc's total shareholder return for 2010 was 24%, which includes the dividends paid in spring



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2010 and the share price change in 2010.

The sovereign debt crises in Greece and Ireland were heightened in 2010. The next countries in the danger zone are Portugal and Spain. Lack of confidence in the market concerning the ability of Italy and Belgium to manage their debts has resulted in high credit risk premiums in the two countries. Despite lack of confidence in the debt capital market, Pohjola's short- and long-term funding has not experienced any problems. Our credit rating is among the highest in Europe, which enables us to obtain funding from the market at a competitive price.

2010 was a year of active business development in our Group. Early on in the year, we introduced new CRM organisations: "Major Corporate and Institutional Customers" is in charge of the 300 largest groups of connected clients, while "Private Customers and Corporate Customers" is in charge of private customers and other corporate customers. Pohjola and two Group member banks, Tampereen Seudun Osuuspankki and Turun Seudun Osuuspankki, completed an operating model in 2010 to combine the expertise, resources and local presence of Pohjola Bank plc and the Group member banks in order to boost the position of the entire OP-Pohjola Group as a partner for medium-sized businesses. This model will be expanded in 2011.

The year also saw Pohjola - following a long period of preparations - commence corporate funding operations in the Baltic countries.

Our asset management operations focused on capital investments. We sold our subsidiary that engaged in the venture capital business on a management buyout basis. Venture capital operations in which direct investments are made through funds in unlisted businesses are not part of Pohjola's core business. Instead, we are developing and internationalising business in which investors are given opportunity to invest through funds into private equity funds. We sold our subsidiary that engaged in this line of business to Belgian Access Capital and immediately became its biggest shareholder.

Enhancing the Group's intellectual capital constitutes one of Pohjola's strategic initiatives. Last year we prepared the Group's first two-year Talent programme, which will be launched in early 2011, offering tailored and guided development paths for the 70 or so persons chosen.

The Finnish economy is estimated to continue its recovery in 2011, which will also provide growth potential in the financial sector. Pohjola is determined to utilise some of this growth - and some more! As stated in our strategy, we aim to boost our market position and to do it in a way that will also benefit our shareholders.

I would like to take this opportunity to express our warmest thanks to our shareholders, customers, OP-Pohjola Group member banks and other partners for their trust and constructive cooperation not forgetting our personnel which have done an excellent job. Together we have built a strong foundation for 2011.

Mikael Silvennoinen
Pohjola Bank plc's President and CEO

Strategy

Pohjola provides its corporate and institutional customers with a diverse range of banking, non-life insurance and asset management services, and private individuals with an extensive range of insurance and private banking services. Profitable growth and an increase in company value form our key objectives.

Strategy in summary

Finland and its neighbouring regions constitute our key market area. We know our customers well and are in close interaction with them. We build customer relationships on a long-term basis with the aim of establishing comprehensive customer relationships. Pohjola provides services promptly, flexibly and consistently. We are making dedicated efforts to further develop our service network in Finland and neighbouring regions. In other market areas, our service capabilities are based on cooperation with high-profile local or international partners.

Pohjola stands out from the competition based on its competencies and high-quality solutions. Our competitive advantages lie in customer-focused, flexible and prompt services, a comprehensive financial services offering and a solid ownership base. As part of OP-Pohjola Group, Pohjola boasts the most extensive and diversified service network and largest clientele in Finland.

Our profitable growth enables a competitive Total Shareholder Return. We will secure business continuity by maintaining a strong capital base. Joint responsibility with OP-Pohjola Group Central Cooperative and OP-Pohjola Group's member credit institutions strengthens Pohjola's creditworthiness.

Strategy in a nutshell

Strategy in a nutshell

MISSION	We promote the prosperity, security and wellbeing of our customers
VISION	We are the most preferred financial services partner
KEY OBJECTIVES	Increasing company value, profitable growth
CORE VALUES	People-first approach, responsibility, prospering together

Mission, vision and key objectives

Our mission is to promote the prosperity, security and wellbeing of our customers. Our vision is to be the most preferred financial services partner built around the ability to exceed customer expectations and around reliability. Profitable growth and an increase in company value form our key objectives.

Promises to stakeholders

Promises to stakeholders

SHAREHOLDERS	Our total shareholder return is competitive
CUSTOMERS	We provide the best solutions and operate on a long-term basis
PERSONNEL	We foster a motivating organizational climate and create excellent opportunities for skill development
SOCIETY	We promote the sustainable development and prosperity of our operating regions

Pohjola aims at a Total Shareholder Return that is above its peer group average. We will grow and strengthen our market position profitably. Strong capitalisation enables us to secure the continuity of our business.

We will operate on a long-term basis and provide our customers with the best solutions. Our competencies, active approach and service quality make us stand out. We will anticipate our customers' needs while actively developing new service packages.

We foster a motivating organisational climate and create excellent opportunities for skill development. We aim to be the most attractive employer in the financial sector. We will invest in leadership work and management development.

Pohjola operates in a responsible way and promotes the sustainable prosperity and wellbeing of its operating regions. Our profitable business will provide foundations for business continuity, employment and the fulfilment of social obligations.

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Value through integration based on competitive advantages

Pohjola implements its strategy by exploiting its three competitive advantages.

Close to customers



Comprehensive financial services offering



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Close to customers

We make decisions at local level, genuinely close to our customers. We can offer quick, consistent, predictable and clear service and decision-making to our customers. As a Finnish service provider, we have made a long-term commitment to our home markets.

We know our customers and their needs and will serve them through thick and thin.

We can make use of the most extensive service network serving customers throughout Finland. We provide our international services in cooperation with high-profile partners.

Comprehensive financial services offering

We boast Finland's largest group of banking, non-life insurance and asset management professionals providing customers with the most suitable solutions and best service.

Our comprehensive financial services offering enables us to establish comprehensive customer relationships. We manage customer relationships on a long-term basis.

Together with OP-Pohjola Group member banks we promise our private customers the best loyal customer benefits, with OP bonuses at the core. In this way, we will ensure high customer retention, which in turn improves profitability.

Part of OP-Pohjola Group

OP-Pohjola Group and its central bank Pohjola have operated for over a hundred years now. The financial services group's capital adequacy and credit rating are among the strongest in the sector and being part of OP-Pohjola Group strengthens Pohjola's creditworthiness.

OP-Pohjola Group has more than four million customers, of whom joint banking and non-life insurance customers total over one million. Being part of OP-Pohjola Group provides Pohjola with remarkable growth and cross-selling potential in both insurance and banking services while creating cost-efficiency and providing a huge amount of information used, for instance, for targeting services and pricing.

Pohjola's and the Group's shared logo numbers among the most recognisable ones in Finland and we have an appealing and revered corporate image associated with trustworthiness.

Strategic initiatives

1. When it comes to **upgrading business for corporate and institutional customers**, we have the aim of strengthening not only our own but also the entire OP-Pohjola Group's market position as a partner of mid-size companies in particular. Well-defined responsibilities between Pohjola and OP-Pohjola Group member banks play a key role in this respect.
2. **Intensifying business integration** involves measures to make more efficient use of Pohjola's shared customer potential. We exploit customer data in identifying customer potential, targeting efforts, selecting customers and determining prices.
3. When it comes to **improving our international service capabilities**, we will extend our international partner network in order to provide our customers with competitive services on a global scale. We are also a full-blown financial services provider for our customers abroad.
4. When it comes to **enhancing the Group's intellectual capital**, we will invest in our ability to reinvent ourselves and develop our operations further in order to be able to provide our customers with the best solutions and services available in the sector. We will enhance our competencies on a long-term basis in view of future needs.

Implementation of strategic initiatives 2010




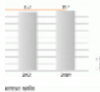
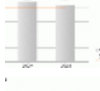
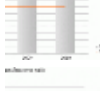

Implementation of strategic initiatives 2010			
	Banking	Non-life Insurance	Asset Management
Upgrading business for corporate and institutional customers	CRM models for mid-size corporate customers completed, roles and responsibilities between Pohjola and OP-Pohjola Group member banks agreed, operations started.		
Intensifying business integration between banking and non-life insurance	<ul style="list-style-type: none"> • CRM organisations shared by Banking and Non-life Insurance adopted in order to ensure solutions in support of customer needs. • Shared customer data exploited systematically in decision-making. 		
Improving international service capabilities	<ul style="list-style-type: none"> • Our own branch network built in the Baltic countries. • International cooperation network expanded. 	<ul style="list-style-type: none"> • International partner network developed further. 	<ul style="list-style-type: none"> • International sales and private equity fund business strengthened. • International partner network developed further.
Enhancing the Group's intellectual capital	<ul style="list-style-type: none"> • Strategy-based job requirements defined. Personal competence surveys and development plans performed by area of responsibility on the basis of the Group's competence map. • Group key employee programme (Talent programme) launched. • Job motivation and employee wellbeing at good levels based on the results of the personnel survey. Action plans made to enhance job motivation and employee wellbeing. Incentive schemes developed further and related communication increased. 		


Strategy implementation in 2011 and the next few years


Considering that in 2010 we focused on creating operating models and planning implementation with respect to our strategic initiatives, key tasks in 2011 will involve putting the plans and operating models into practice. We have defined three-year development plans that mainly follow our strategic initiatives. Pohjola Group's key development plans for the next three years are as follows:

- Further developing and securing sales channels' operations
- Adopting the Economic Profit/Economic Capital model in business control
- Exploiting the information advantage in segmentation, marketing, risk selection and pricing
- Expanding our Baltic business and further developing international cash management services and international partnerships
- Implementing the Talent programme and creating an effective competence survey process
- Further developing the Markets division business
- Further developing the claims operating model and creating an excellent claims settlement service concept
- Enhancing electronic transactions

Financial targets over the economic cycle

Financial targets	Target	Reported 2010	Reported 2009	
Group	13	9.3	19.2	
Return on equity at fair value, %				
Tier 1 ratio, %	> 9.5	12.5	11.8	
Banking	< 40	35	35	
Operating cost/income ratio, %				
Non-life Insurance	92	89.7	87.7	
Operating combined ratio, %				
Operating expense ratio, %	< 20	21.3	22.2	
Solvency ratio, %	70	86	88	
Asset Management	< 50	53*	53	
Operating cost/income ratio, %				

Rating target	Target	Reported 2010	Reported 2009	Development 2008–2010
AA rating	AA rating issued by at least two credit rating agencies	Pohjola has AA rating issued by all of the three credit rating agencies: Standard & Poor's: AA- Moody's: Aa2 Fitch: AA-	On 31 December 2009, AA rating issued by all of the three credit rating agencies	

Dividend policy	Target	Reported 2010	Reported 2009	Development 2008–2010
% of earnings per share	A minimum of 50% of earnings per share in dividends, provided that Tier 1 stands at a minimum of 9.5%.	The Board of Directors proposes that 55% of earnings per share will be distributed in dividends. Dividend proposals: - Series A share EUR 0.40 - Series K share EUR 0.37	51	

*Excl. items related to corporate transaction

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Operating Environment

World economic growth in 2010 was almost as brisk as during the best years of the last few decades. However, it started from the recession and the recovery was exceptionally uneven between countries. The recovery of economies continued to involve uncertainty, and confidence indicators varied a lot throughout the year.

In China, vigorous economic growth accelerated inflation with the result that China had to tighten its economic policy. The US economy perked up at a sluggish pace on average and the USA had to take exceptional monetary policy measures by buying government bonds.

In the euro area, the weak economic situation in some countries and the management of their financial problems added to uncertainty. Despite the debt crisis, the euro-area economy grew at a reasonably fine rate considering that the German economy, for example, recovered at a brisk pace.

In spite of market uncertainties, consumer and business confidence remained high both in the euro area and elsewhere during the second half of the year. In 2011, the world economy is expected to grow at a rate above the long-term average.

Key world economic challenges in 2011

- The economic situation of the euro-area will remain challenging with great market uncertainty.
- Economic development will vary greatly between countries, with some economies hit by inflation and other economies by high unemployment.
- Differences between countries may be reflected in swings in foreign exchange markets in particular.
- The USA and the euro area should gradually be able to withdraw from an unusually expansionary monetary policy.

Finnish economy recovers at a brisk pace

The Finnish economy recovered swiftly in 2010, supported not only by livelier exports but also higher consumer spending and housing investment. The effects of the 2009 fall in GDP were much smaller on the economy than initially feared. The unemployment rate began to decrease as early as the first half of 2010 and the number of bankruptcies decreased notably after a short increase. Public deficit also turned out to be a positive surprise. Because of the strong public finances, Finnish government bond interest rates remained low despite the euro-area debt crisis.

The Finnish economy is expected to continue its recovery at a relatively brisk pace in 2011. Economic growth will be more broad-based than last year because of stronger capital spending. Unemployment is expected to continue decreasing and the public deficit to remain small.

Inflation accelerated again in 2010, fuelled by taxes and rising food and energy prices. The very same factors will fuel inflation in 2011 too, although otherwise inflation pressures are moderate due, for example, to slowly increasing wages and salaries.

Despite the favourable outlook, the Finnish economy will continue to face plenty of challenges. Global economic threats and longer-term challenges faced by the Finnish economy will sustain uncertainty over the economic outlook.

GDP change

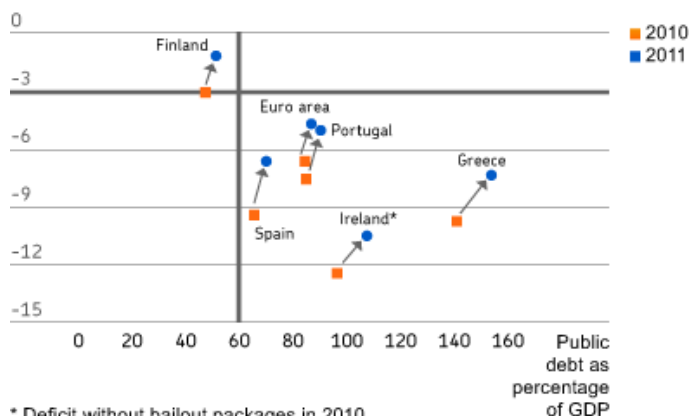


*Seasonally adjusted series

Sources: BEA, Eurostat, Statistics Finland

Fiscal balance and government debt

Surplus/deficit as percentage of GDP



* Deficit without bailout packages in 2010

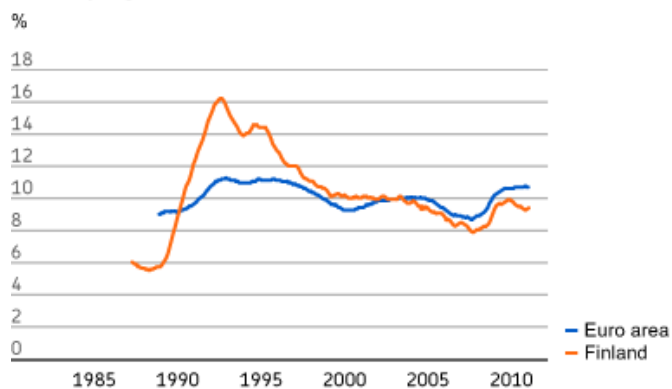
Source: Autumn forecast 2010 by European Commission

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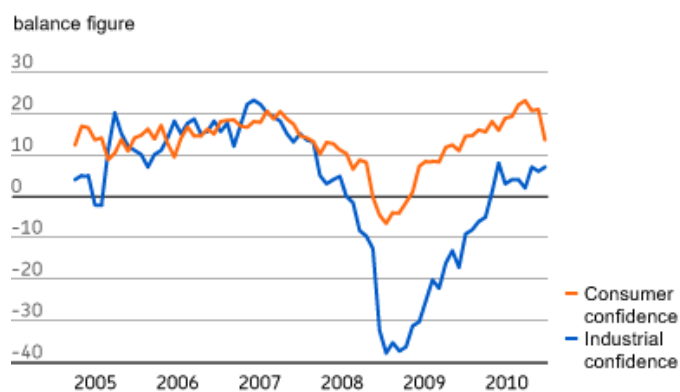
Unemployment rate* in Finland and euro area



* Seasonally adjusted series

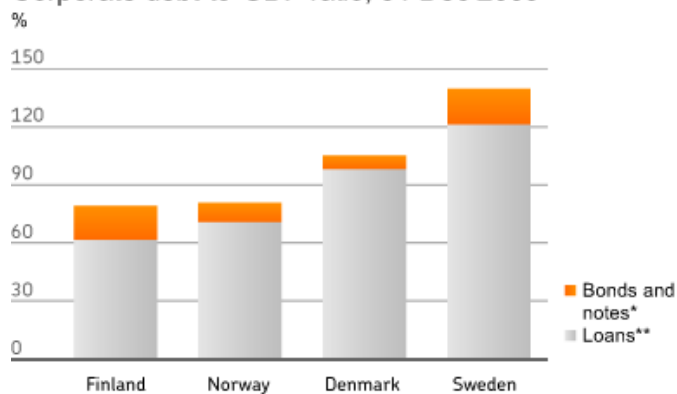
Source: Statistics Finland and OECD

Confidence indicators in Finland



Source: Statistics Finland and Confederation of Finnish Industries EK

Corporate debt-to-GDP ratio, 31 Dec 2009



* Money market instruments, bonds and derivative contracts

** Excl. Loans between Finnish companies

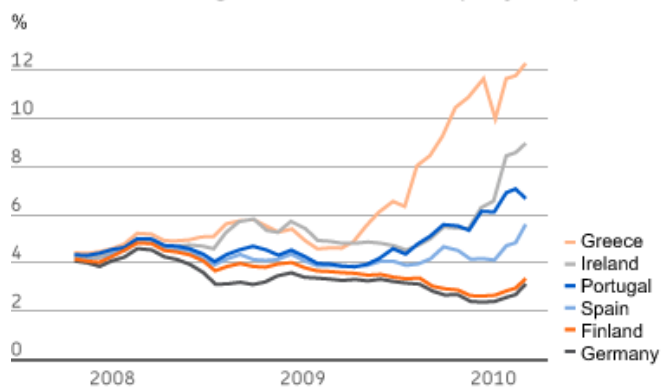
Sources: Eurostat, Statistics Finland

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Interest rates of government bonds (10 years)



Source: Reuters

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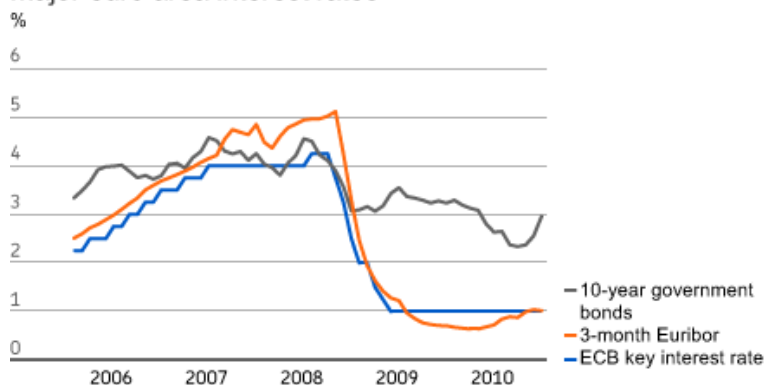
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Slow rise in interest rates in 2011

The Euribor rates began to edge up during 2010 when liquidity in the market gradually started to normalise as a result of the arrival of maturity of long-term funding operations launched in 2009. The European Central Bank (ECB) kept the main refinancing rate unchanged. It also offered banks unlimited refinancing through one-week, one-month and three-month schemes. In addition, in the spring the ECB started buying government bonds aimed at improving the performance of government bond markets. The ECB raised the added liquidity from banks in terms of deposits.

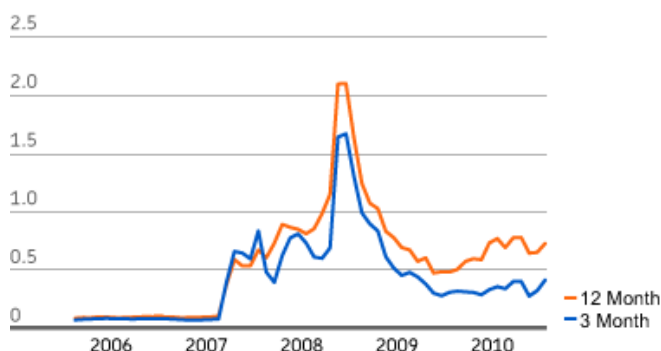
Major euro area interest rates



Sources: Bank of Finland, Reuters

Money market risk premiums

Euribor-Eurepo, Percentage points



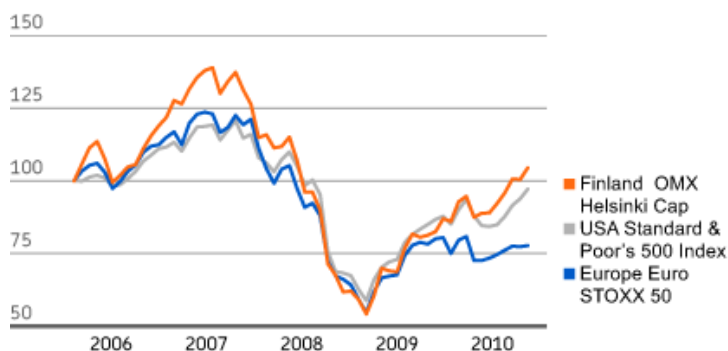
Source: Bank of Finland

Equity markets in 2010

- Equity market developments varied greatly by market area. The US market showed markedly better performance than the European market; the Finnish equity market saw an excellent year.
- By and large, company performance was better than expected and economic stimulus packages encouraged risk appetite amid the low-interest-rate environment.
- The European sovereign debt crisis and quantitative easing in the USA resulted in strong fluctuations in the market.

Stock indices in Finland, Europe and the USA

31 Jan 2006=100



Source: NASDAQ OMX, STOXX Limited and Standard & Poor's

Bond markets in 2010

- The debt crisis hit by some euro-zone peripheral economies was the most important theme in the market. Due to their debt problems, the debt risk premiums of these economies hit a new high.
- Central banks continued an unconventionally expansionary monetary policy by keeping the key interest rates low and purchasing government bonds.
- German interest rates hit a new low since the adoption of the euro.

Growth prospects for 2011 in the euro-area economy seem fair, albeit with uneven growth between the countries, and characterised by uncertainty due to the European sovereign debt crisis among a few countries. The inflation outlook remains moderate but energy and food price increases may keep the inflation rate above the ECB's target. The Euribor rates may rise slightly but the ECB will not probably raise them until late 2011.

Equity market prospects for 2011

- Companies' profit performance is expected to show favourable development; economic development will play an increasing role in market movements.
- Companies' strong balance sheets will raise expectations of dividends, greater capital spending and the revival of the merger and acquisition market.
- Accelerating inflation will form a key theme in equity markets.

Bond market prospects for 2011

- Accelerating economic growth and inflation in the euro area will increase probability of the European Central Bank gradually tightening its monetary policy. In addition, the unusually low interest rates in Germany will add pressure to raise interest rates.
- Measures taken by the authorities to reduce systemic risk will represent the key driver of euro-area government bonds. The ECB's large-scale bond-purchase programme and an increase in the European Financial Stability Facility (EFSF) will represent potential drivers of risk premiums.
- Refinancing peripheral economies' government bonds will play an important role in the development of these countries' debt risk premiums.

More stringent bank regulation as a result of the financial crisis

The debate prompted by the financial crisis on the need for enhancing financial regulation and supervision resulted in concrete measures within the EU during 2009 and 2010. These measures not only involve tighter capital adequacy and liquidity requirements for banks but also other measures to secure stability in the financial market and mend the problems caused by the crisis.

As a result of the financial crisis, the regulatory framework for banks' capital and liquidity requirements is becoming significantly more rigorous according to the Basel III framework. The regulatory changes are aimed at improving the quality of their capital base, reducing the cyclic nature of capital requirements and setting quantitative limits to liquidity risk. These changes are still under preparation, due to be effective between 2013 and 2019, and it is too early to predict precisely what their effects will be on markets and the banking business. In any event, the regulatory changes will considerably increase the minimum capital requirements and the need for long-term funding. As a consequence of the changes, costs of banks' equity capital and liabilities are expected to rise. Transition periods under the Basel III package are fairly long so that the financial sector will have enough time to adapt to the changes and that the economic recovery will not be jeopardised. The financial sector will need stronger capitalisation on a global scale, which will enhance its stability.

The Capital Requirements Directive, CRD 3, for credit institutions came into force on 1 January 2011, applying to rules on derogations for bank networks from prudential requirements, large customer exposures, the capital base and notably the treatment of hybrid capital instruments within an institution's capital base, as well as liquidity risk management.

In 2010, the European Parliament prepared a directive and the Finance Ministry a decree governing the remuneration policies and practices of credit institutions and investment firms, with the aim of ensuring that such policies and practices do not encourage excessive risk-taking. This regulation starts from the premise that a firm's remuneration schemes must be in line with the business strategy, goals and targets, and core values and agree with long-term interests. The schemes must be consistent with and promote sound and effective risk management. As required by the rules, a bank must apply specific principles to the remuneration of those whose professional activities may influence the bank's risk profile, taking account of total results, risks, capital costs and liquidity. Payment of a significant portion of bonuses to them must be deferred, i.e. these bonuses must be paid only after a waiting period. At least half of the bonuses must be paid in shares or share-linked instruments. Moreover, the key remuneration principles must include a clause that enables the bank not to pay a bonus in case any bonus payment would jeopardise the sufficiency of its capital base.

In 2010, the International Accounting Standards Board (IASB) proposed amendments to the existing International Financial Reporting Standards. The key draft standards pertain to accounting for financial instruments, insurance contracts, leases and revenue recognition. The IASB has the aim of issuing the final standards by the end of June 2011 and the mandatory standards will take effect on 1 January 2013 at the earliest. Owing to the delay in the draft standards and major effects on the reporting system arising from the amendments, it has been proposed that the effective date should be postponed until early 2015. The amendments will have major effects on disclosure.

Solvency II to improve risk management of insurance companies

In the spring of 2009, the EU adopted a new, major solvency regime applying to the insurance sector. This Solvency II Directive is aimed at harmonising the regulatory framework for insurance company risk management and solvency management EU-wide. The Directive enables insurers to better take account of their risks in their solvency calculations. Coming into force on 1 January 2013, the directive will encourage the adoption of more sophisticated risk management systems.

Financial regulation initiatives

- Tighter rules on capital requirements in terms of quality and quantity
- Increasing counter-cyclical capital buffers in rules on capital adequacy and financial statements for banks
- Tightening up the general risk management requirements, especially those for liquidity risk
- Increasing derivatives market regulation

Capital Adequacy and Risk Exposure

In 2010, Pohjola strengthened its risk-bearing capacity as a result of its good financial performance.

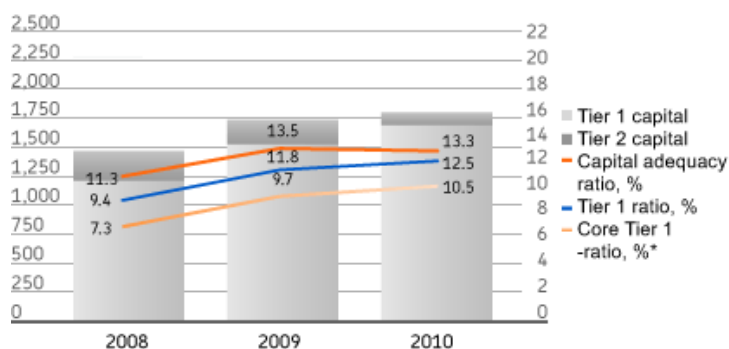
	2010	2009
Capital adequacy ratio, %	13.3	13.5
Tier 1 ratio, %	12.5	11.8
Core Tier 1 ratio, % *	10.5	9.7
Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates	1.71	1.73
Risk-weighted assets, € mn	13,520	13,024
Non-life Insurance solvency ratio, %	86	88

* Tier 1 capital excl. hybrid capital in relation to total risk-weighted assets

The capital adequacy ratio stood at 13.3% (13.5) as against the statutory minimum requirement of 8%. Tier 1 ratio was 12.5% (11.8). Pohjola Group's Tier 1 target ratio stands at a minimum 9.5% over the economic cycle.

Capital base and capital adequacy

€ million



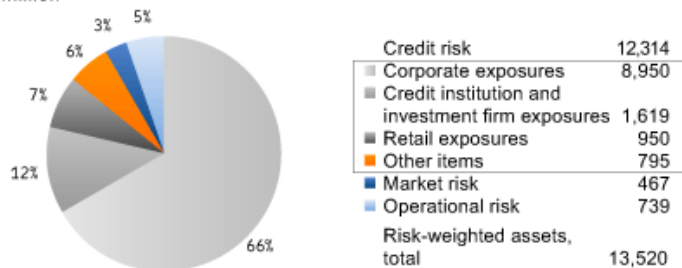
* Tier 1 capital excl. hybrid capital in relation to total risk-weighted assets.

Tier 1 capital came to EUR 1,692 million (1,541) and the total capital base amounted to EUR 1,803 million (1,753). On 31 December 2010, risk-weighted assets (RWA) totalled EUR 13,520 million (13,024), showing a year-on-year increase of EUR 496 million on a like-for-like basis. Counterparty risk in derivatives trading increased due to a good volume performance. The capital requirement for securitised investments rose owing to weak rating developments and changes in the calculation method. The capital requirement for operational risk grew as a result of a good return performance.

Pohjola uses the Internal Ratings Based Approach (IRBA) in its capital adequacy measurement for credit risks. This applies to exposures to corporate and institutional customers, accounting for around two-thirds of Pohjola's minimum capital requirement. With respect to other exposure classes, Pohjola aims to phase in the Internal Ratings Based Approach in such a way that the approach will next apply to retail exposures. The minimum capital adequacy requirement for operational risks and market risks is calculated using the Standardised Approach (SA).

Exposure classes under Basel II framework on 31 Dec 2010

€ million



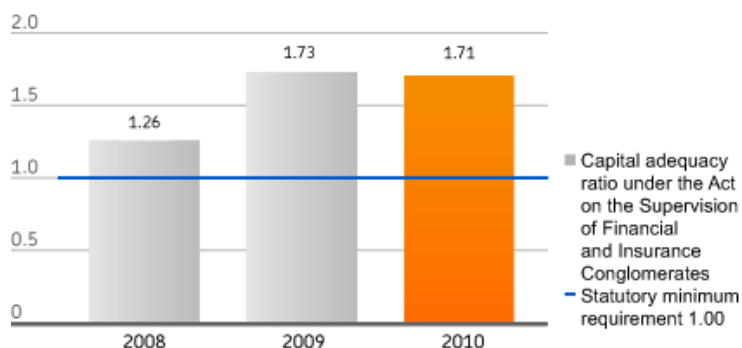
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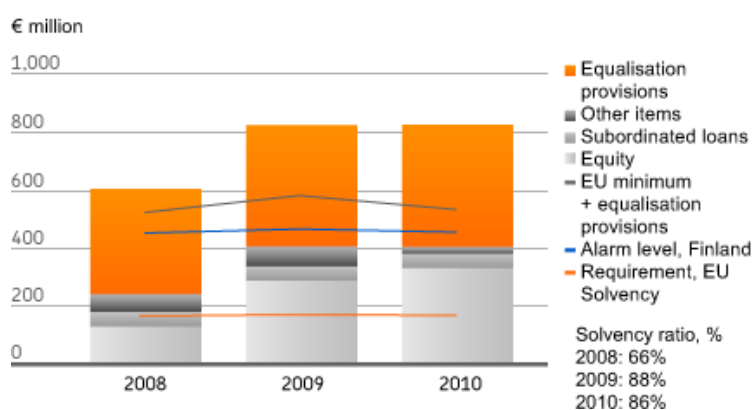
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The capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates stood at 1.71 (1.73). Non-life Insurance solvency ratio was 86% (88).

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



Non-life Insurance solvency capital and solvency ratio



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Major risks

Pohjola Group's major risks exposed by Banking and the Group Functions include credit, credit spread, interest rate, currency, equity, commodity and liquidity risks, and those exposed by Non-life Insurance include underwriting risks and market risks associated with investments. Strategic and operational risks, such as changes in the economic situation, competition or customer behaviour, are also inherently related to Banking, Non-life Insurance, Asset Management, and the Group Functions.

Financial position and liquidity remained strong

Pohjola's financial position and liquidity remained at a healthy level in 2010, with short-term and long-term funding performing well. Pohjola maintains OP-Pohjola Group's liquidity portfolio which mainly consists of notes and bonds eligible as collateral for central bank refinancing. The liquidity portfolio totalled EUR 9.5 billion (11.7) on 31 December 2010. This liquidity portfolio plus other items included in OP-Pohjola Group's balance sheet and eligible for central bank refinancing constitute the total liquidity buffer, which can be used to cover OP-Pohjola Group's wholesale funding maturities for some 24 months.

Volatile capital markets

In 2010, capital markets were volatile but investment valuations mainly improved with respect to instruments included in both the liquidity buffer and the Non-life Insurance investment portfolio. Uncertainty over some euro-area economies diminished net interest income. Higher equity prices and narrower credit spreads affected Non-life Insurance investment income, with the related return at fair value standing at 5.1% (10.7). Equity risk increased as a result of allocation decisions and the favourable market development with respect to equity investments.

Economic recovery reflected in lower impairment charges

Pohjola's credit risk exposure remained on a sound basis and impairment charges were lower than a year ago. Net loan losses and impairment losses recognised for the financial year amounted to EUR 104 million (129), accounting for 0.73% (0.94) of the loan and guarantee portfolio. Investment-grade exposures continued to remain at good levels with respect to both the total exposure and corporate exposure. The creditworthiness of corporate customers with a lower rating showed stabilisation in the wake of the economic recovery. Past due payments and doubtful receivables continued to remain at low levels.

Regulatory changes

As a result of the financial crisis, the regulatory framework for banks' capital and liquidity requirements is becoming significantly more rigorous. These changes are aimed at improving the quality of the banks' capital base, reducing the cyclic nature of capital requirements and setting quantitative limits to liquidity risk. The changes are still under preparation, due to be effective between 2013 and 2019, and it is too early to predict precisely what their effects will be. From Pohjola Group's viewpoint, the most significant changes in the new regulations are related to allowances for insurance company holdings and liquidity risk requirements whose treatment will most likely to be finalised only in national legislation.

[Read more about regulatory changes](#)

[Read more about Pohjola's risk management and its organisation](#)

Corporate Responsibility

Pohjola's corporate responsibility is built on the company's core values. Pohjola enhances corporate responsibility as part of OP-Pohjola Group's corporate responsibility and strategy.

General principles of corporate responsibility

- Core values
- Corporate Governance
- Pohjola Asset Management as signatory to the UN Principles for Responsible Investment
- Green Office service

Corporate responsibility and its further development play a key role in OP-Pohjola Group's strategy. The strategy and a corporate responsibility programme prepared on its basis provide the guidelines and set the goal for social corporate responsibility shared by Pohjola and the entire OP-Pohjola Group. This programme determines the Group's corporate social responsibility themes, focus areas and proposed measures and their targets and indicators.

During 2010, OP-Pohjola Group drew up the corporate responsibility programme which will steer operations in 2011.

The programme addresses corporate responsibility through the following five entities:

- Customers and ownership
- Business - products, services and channels
- Personnel and management
- Environment and climate
- Operating environment - local communities and society

OP-Pohjola Group aims to be a pioneer in corporate social responsibility within the Finnish financial sector.

Pohjola's representatives were involved in drawing up the corporate responsibility programme and the related environmental objectives. Non-life Insurance has a major role in environmental work, such as a climate programme launched and aimed at systematically reducing the company's carbon footprint and reporting the climate effects of operations while providing customers in the future with a diverse range of products and services related to fighting climate change. Analysing OP-Pohjola Group's carbon footprint was one concrete action under the climate programme.

Economic responsibility aspects are in focus in corporate responsibility issues in the financial sector, for which Pohjola has an extensive range of management and monitoring tools. Fulfilling economic responsibility may relate, for example, to effective risk management and good corporate governance.

Pohjola Asset Management Ltd and OP Fund Management Company Ltd have signed the UN Principles for Responsible Investment (UN PRI) and have been accredited by the Carbon Disclosure Project (CDP). Pohjola aims to put such development work to use in other business lines and divisions too.

Interaction with stakeholders

Responsibility to stakeholders and interaction with them form a key part in present-day corporate responsibility. Pohjola applies its well-established practices of interaction with its customers and shareholders. When it comes to other stakeholders, Pohjola's stakeholder interaction issues are managed and developed as part of those of OP-Pohjola Group on a holistic basis. OP-Pohjola Group has a long tradition of close interaction and the Group's cooperative roots have contributed to the successful interaction.

OP-Pohjola Group and Pohjola are in cooperation with other companies on a nationwide basis. For example, OP-Pohjola Group and Pohjola are in cooperation with the Federation of Finnish Financial Services (FK).

Pohjola's lobbying activities are managed as part of the coordinated lobbying activities of the entire OP-Pohjola Group. These activities are aimed at active lobbying and interaction in compliance with good practice. Presenting proposals, replying to requests for comments and organising briefings number among interaction tools used in lobbying.

Donations and other contributions to the public good

In 2010, Pohjola Insurance and Suomi Mutual granted their joint annual Medical Award to Professor of Medicine Jussi Huttunen in recognition of his broad healthcare expertise in Finland. In early 2011, Vappu Taipale was given the 31st Pohjola and Suomi Mutual Medical Award in recognition of her distinguished efforts and long-term contribution to the promotion of children's mental health in Finland. The Award is worth 20,000 euros and the grantee is selected by the Finnish Medical Foundation.

Pohjola also annually grants an award to a sports club in recognition of its work based on plural values and of highly effective efforts in sports club activities. SK Vuoksi received this Pohjola Award of Hyvä Seura (Good Sports Club) in 2010 and Kiimingin Urheilijat in early 2011. The Award is worth 10,000 euros. In addition to this first prize, Pohjola grants its regional Pohjola Award to 16 clubs.

Instruments of the Pohjola Bank Art Foundation and their holders

The Pohjola Bank Art Foundation also represents nationwide support activities. The Art Foundation acquires works of present-day artists and has a collection of highly valued stringed instruments which it lends to young, talented musicians. In early 2011, it lent a Pierre & Hippolyte Silvestre violin to Pekko Pulakka.

- Antonio Stradivarius violin (1702): Antti Tikkanen
- Ferdinandus Gagliano violin (1767): Jaso Sasaki
- Carlo Antonio Testore violin (1730): Linda Hedlund
- Charles Gaillard violin (Paris 1867): Eeva Oksala
- Pierre & Hippolyte Silvestre violin (Lyon 1843): Pekko Pulakka
- Leonhard Maussiell viola (1722): Sauli Kulmala
- Joannes Florenus Guidantus viola (1737): Atte Kilpeläinen
- Giovanni Grancino cello (1698): Samuli Peltonen
- Nicholas Lupot cello (1795): Tuomas Lehto

Banking

Pohjola's Banking provides corporate and institutional customers with solutions for their financing and financial management needs. Pohjola ranks second in these services in Finland. Banking consists of the following divisions: Corporate Banking, Markets and Baltic Banking.

Key figures and ratios

	2010	2009
Earnings before tax, € mn	133	117
Loan and guarantee portfolio, € bn	14.0	13.4
Margin on corporate loan portfolio, %	1.36	1.33
Impairments of receivables as percentage of loan and guarantee portfolio, %	0.75	0.87
Operating cost/income ratio, %	35	35
Personnel	657	607

The mark of a good group ★

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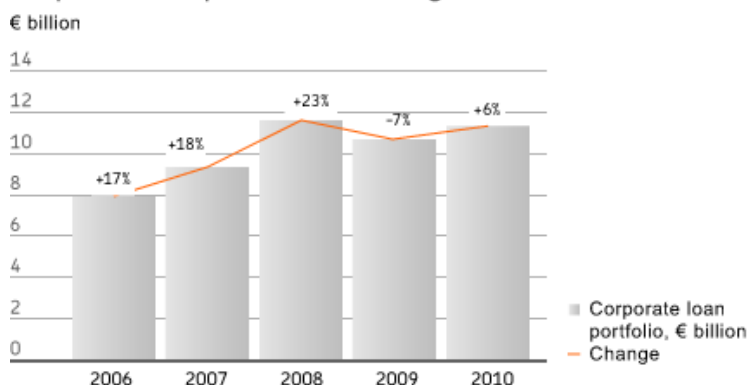
The review can be read in its entirety online at <http://www.pohjola.fi/annualreport2010>

Markets

The combined corporate loans of financial institutions in Finland totalled EUR 56.5 billion at the end of 2010. Finnish companies have financed their business by issuing bonds and commercial papers worth around EUR 28.8 billion in capital markets (September 2010) and pension insurers have lent EUR 9.1 billion to the corporate sector (December 2010).

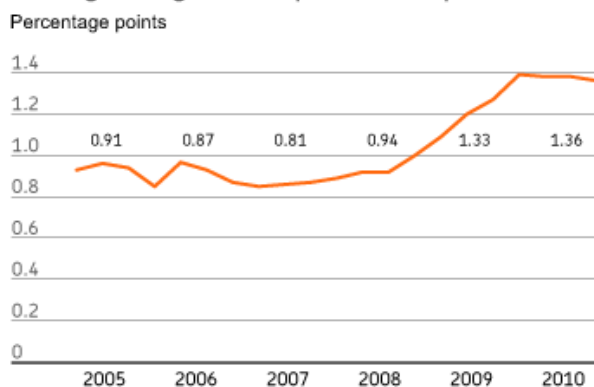
In 2010, demand for corporate loans rebounded, with the loan portfolio increasing by 6%. We can expect that the corporate loan portfolio will grow larger in the next few months exceeding the level before the financial crisis. Companies have shown increasing willingness to borrow although their willingness to invest is still weak. Greater demand for working capital explains the growing willingness to borrow, thanks to growth in output.

Corporate loan portfolio and changes to it



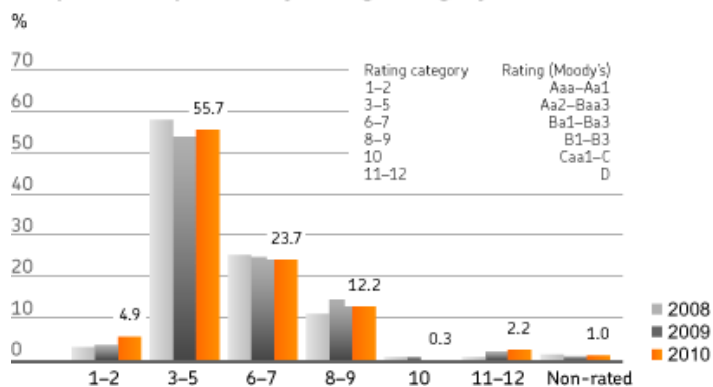
The average corporate lending rate margin stopped rising in 2010 because of fiercer competition. Corporate lending rate margins varied depending on the risk level involved, i.e. the difference of financing costs widened between companies with a good credit score and those with a bad one. Low interest rates continued to keep corporate financing costs exceptionally low.

Average margin on corporate loan portfolio



Due to highly volatile bond markets, some investors have shied away from notes and bonds as investment instruments. However, many companies have shown considerably greater willingness to use derivatives in order to hedge their liabilities and receivables.

Corporate exposure by rating category



The mark of a good group *

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Market overview

Pohjola accounted for 19.6% of the market share of corporate loans and the entire OP-Pohjola Group for 29.2% of the market share of corporate and institutional loans. Pohjola ranks among the three leading banks as the main bank used by large Finnish corporations (survey by SFR) and is the only Finnish bank acting as the main market maker in Finnish Government benchmark bonds.

Finnish corporate customers have appreciated Pohjola's dedicated commitment to funding for domestic companies. This long-term approach and the strong capital base have contributed to Pohjola's stronger position for instance as an arranger of Finnish companies' syndicated loans. Syndicated loans involve a remarkable refinancing potential in the years to come.

Market share of corporate loans*

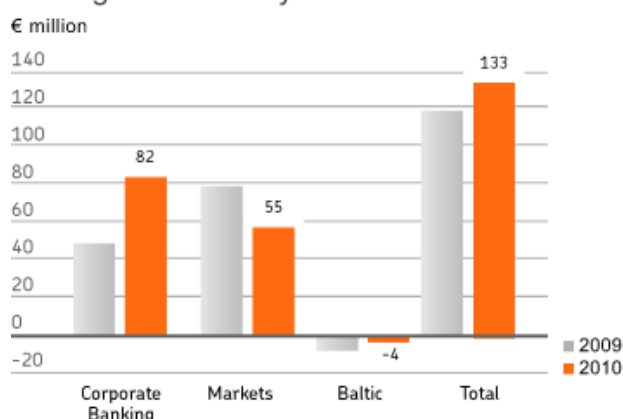


* Until the end of 2002, the corporate loan portfolio of deposit banks, since 2003 the proportion based on a new statistical basis of the Bank of Finland.

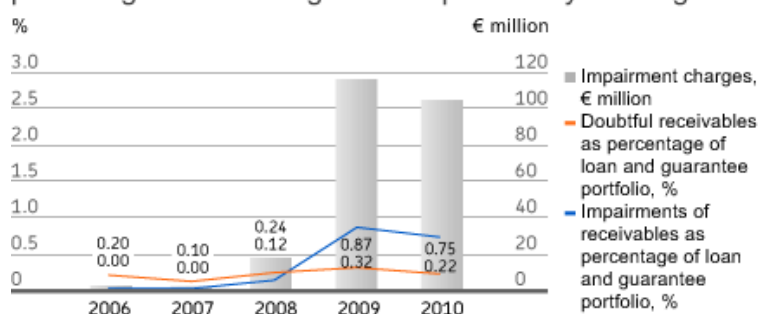
Year 2010

Faced by the challenging market situation, Banking managed to maintain good profit performance. Impairment charges were lower than in the previous year. The Markets division's earnings performance normalised from its exceptionally high level a year ago. Companies increased their hedging measures due to jittery markets and customer trading volumes grew over the previous year in fixed-income and foreign exchange products. Thanks to growth in the trading volume of bonds and derivatives, Markets posted a good financial result.

Earnings before tax by division



Impairments of receivables and doubtful receivables as percentage of loan and guarantee portfolio by Banking



Earnings by Banking

€ mn	2010	2009
Net interest income	199	165
Net commissions and fees	93	85
Net trading income	47	78
Other income	29	30
Total income	368	358
Total expenses	130	125
Earnings before impairments of receivables	238	234
Impairments of receivables	105	117
Earnings before tax	133	117

Business divisions

Corporate Banking

Corporate Banking provides financing, payment transfer and cash management services, and financing services for foreign trade. It grants for example loans and guarantees and provides leasing and factoring services.

As a payment transfer and cash management services provider, Pohjola has been successful in attracting new customers, which provides good opportunities to develop this business further. Pohjola has also strengthened its position as a provider of financing for foreign trade. Our strengths lie in our domestic services for Finnish customers and our strong international partner network.

The Single Euro Payments Area, SEPA, has involved the introduction of standardised basic payment transfer services for customers in the euro payments area. The period of transition over to SEPA lasted until the end of 2010, since when SEPA-related services have replaced equivalent national payment services. In practice, most of the national payment services were replaced by SEPA during the latter half of the year.

In addition, we aim to provide companies with economic value added by providing innovative products and services in the field out of line with conventional banking. These innovations have paved the way for new business, for example, in the versatile management of capital assets and in risk management in which customers can make use of new methods to manage their business risks by means of derivatives.

Markets

The Markets division's services range from the arrangement of debt issues, corporate finance services and custody, equity, bond, foreign exchange, money market and derivative products to research and analysis services. We aim to be the most preferred partner in the Finnish capital market while seeking growth in the derivatives business in particular by expanding our product range and utilising various sales channels. The derivatives business forms one of the Group's strategic priorities, given that companies are increasingly utilising derivatives in an effort to hedge against interest rate risks, foreign exchange risks and other price risks.

Pohjola aims to increase equity brokerage, sales of money market and foreign exchange products while enhancing its position as the arranger of share issues and other issues for Finnish companies and as a financial advisor in mergers and acquisitions. Pohjola Corporate Finance Ltd, a Pohjola Group subsidiary providing services for share issues, equity sales and corporate transactions, acts as a consultant in the field of securities-based financing solutions and various corporate transactions. In 2010, we accounted for 3.9% (4.3) of turnover on NASDAQ OMX Helsinki Ltd in euro terms.

Baltic States

We provide finance-company products in all of the three Baltic countries. Corporate leasing and factoring solutions provided by Pohjola Finance form the core of our Baltic Banking operations. Pohjola changed its representative office in Estonia to a branch office in 2010 and will launch customer services in 2011. We will continue to further develop our Baltic business in the next few years and also aim to open branch offices in Latvia and Lithuania.

Customer segments

At the beginning of 2010, Pohjola adopted a CRM organisation shared by Banking and Non-life Insurance, in which customers are divided into major corporate and institutional customers, and private customers and corporate customers.

Through this new organisation, we aim to understand our customers' needs and businesses better and seek more customer-focused operations in the provision of comprehensive financial services with a view to ensuring services that best meet customer needs. This reorganisation has also intensified our cooperation with the largest OP-Pohjola Group member banks and Helsinki OP Bank Plc in providing services for SMEs.

Key value drivers

- Growth in the loan and guarantee portfolio
- Quality of the loan and guarantee portfolio, and impairment charges
- Level of margins and commissions/fees
- Trading volumes in Markets
- Cost-efficiency

Responsibility

For a bank, corporate responsibility to its customers means that the bank must ensure its own financial strength. The past few years have proven that the identification and management of risks form the core of sustainable and responsible banking. Responsible banking makes it possible for banks, its customers and society to survive a crisis.

Responsible banking came to play a pronounced role during the financial crisis when Pohjola and other banks with a strong capital base made corporate customers weather the tough times. Despite the recession, the combined loan losses in Finland remained relatively low.

Characteristics of responsible banking:

- The lending rate margin must be reasonable for the customer but must reflect refinancing and credit risk.
- Collateral requirements for financing must be reasonable.
- The bank, for its part, should ensure the continuity of viable business. In its financing decisions, the bank takes account of the market situation faced by the company and that prevailing in the industry.

In focus

International operations

International service capabilities will be high on the agenda in developing the Banking business in the next few years. In 2010, employees throughout Pohjola Group deepened their skills in international services while the business divisions invested in expanding their international business.

The provision of Pohjola's international services is strongly built on the partnership strategy. We aim to cooperate with foreign banks which have established a firm foothold in their markets, boast the best expertise on local business and banking and have the best opportunities to provide corporate customers in these markets with suitable service solutions. This cooperation ranges from payment transfers to strategic partnerships.

Pohjola is making dedicated efforts to develop its banking services for corporate customers in the fast-growing BRIC markets, i.e. Brazil, Russia, India and China. Our representative office in St. Petersburg tracks the local market and helps to upgrade the range of banking services and enhance the service network.

Our partner banks abroad:

- Raiffeisen Bank in Russia
- ICICI Bank Limited in India
- Bank of China in China
- Banco Itaú in Brazil

Pohjola has agreed with its partner banks on mutual customer referrals, cooperation in trade finance and international payment services provided for Finnish companies which are engaged in foreign trade or plan to operate at local level.

Pohjola's cooperation with Citibank in international custody and clearing services has diversified the range of products and services. This cooperation has also enabled Pohjola to win new international customers.

Unico Banking Group

Pohjola is a member of the Unico Banking Group, a group of European banks with a cooperative background and origin. The Unico cooperation focuses on the development of payment transfer and cash management services, and international capital market, financing and leasing services for corporates. All Unico member banks are leaders in their respective markets and the branches of these member banks form an extensive international service network which also serves as a service channel for our corporate and institutional customers. Unico member banks include Crédit Agricole in France, DZ BANK in Germany, Rabobank in the Netherlands, RZB Group in Austria and ICCREA Holding in Italy.

Electronic service capabilities

Within Banking, enhancing eService capabilities will number among the top priorities in the near future. Fast and convenient services and easy access will further improve customer processes and customer satisfaction with our services.

Q&A Reima Rytsölä

What strategic goals has Pohjola set for Banking?

Good profitability and a stronger market position represent our goals within Banking. The long-term profitability target measured by the operating cost/income ratio stands at less than 40%. Our goal is to be the leading corporate bank in Finland and the leading service provider in the capital market. We aim at market leadership as a bank for large corporate customers and, together with OP-Pohjola Group member banks, as a bank for SMEs. As an arranger of financing in the capital market, we aim at the leading market position in Finland.

What are the tools that Pohjola will use to achieve these goals?

We seek to occupy the position of the main bank among its customers by providing them with comprehensive solutions fulfilling all of their needs for banking and insurance services. This will require superior customer satisfaction. We aim to make more efficient use of the customer potential we share with OP-Pohjola Group by intensifying the integration of banking and insurance operations.

What is your promise to Banking customers?

Our competitiveness is built around expert and consistent service based on a long-term approach, and around cost-efficiency.



Reima Rytsölä
Senior Executive Vice President,
Banking

Non-life Insurance

Pohjola Insurance Ltd is Finland's leading non-life insurer, providing private customers and corporate and institutional customers with a diverse range of comprehensive insurance solutions. Non-life Insurance consists of the following business divisions: Private Customers, Corporate Customers and Baltic States.

Pohjola Insurance has the strategic goal of growing at a rate above the market average, strengthening its market leadership and maintaining good business profitability.

Non-life insurance refers to bearing the customer's risk against insurance premiums. Non-life Insurance pre-tax earnings consist of the balance on technical account, investment income and other income and expenses. The balance on technical account comes from insurance premium revenue less claims incurred and operating expenses.

The most important profitability indicator is the combined ratio showing the proportion of claims incurred and operating expenses to insurance premium revenue. Non-life insurance profitability is secured, for example, by risk-based premium rating, proactive loss prevention, reinsurance on the greatest individual risks and efficient claims settlement.

With respect to investment operations, Non-life Insurance is tasked with investing assets covering technical provisions and equity in a safe and profitable way conducting a policy of sufficient risk diversification.

For customers, non-life insurance usually becomes concrete in terms of compensation. Pohjola's competitive edge lies in its extensive partner network and efficient purchasing.

Key figures and ratios

	2010	2009
Earnings before tax, € mn	83	102
Operating combined ratio, %	89.7	87.7
Operating expense ratio, %	21.3	22.2
Return on investments at fair value, %	5.1	10.7
Solvency ratio, %	86	88
Personnel	2,090	2,070

Market overview

Pohjola's strength in the Finnish market lies in OP-Pohjola Group's strong market position and extensive branch network and the extensive range of electronic services. Local presence and in-depth customer knowledge provide extraordinary potential for the sales of non-life insurance policies.

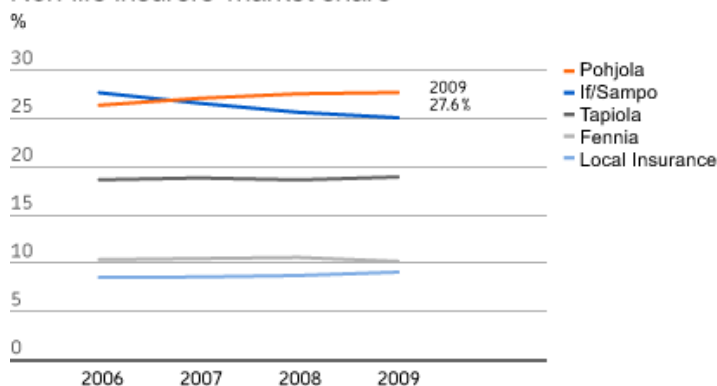
In the Finnish non-life insurance market, the combined premiums written amounted to an estimated EUR 3.4 billion in 2010, up by 2% year on year, as the recession continued to affect the corporate sector, reducing insurance premiums based on companies' payroll bills, net sales and operating profit. Statutory policies and voluntary policies accounted for 40% and 60% of the premiums written, respectively. Slightly over half of the voluntary policies have been taken out by households and the rest by companies and institutions. Private Customers accounted for 49% of premiums written, Corporate Customers for 46% and the Baltic States for 5%. The largest four insurance groups generate roughly 85% of all premiums written.

In comparison with the other Nordic countries, property and life and health risks in particular are still insufficiently insured in Finland, which is why we have great growth potential in personal insurance. In the Baltic countries, the insurance market is young and the ratio of premiums written to GDP is still low, especially with respect to policies for private customers.

Market position

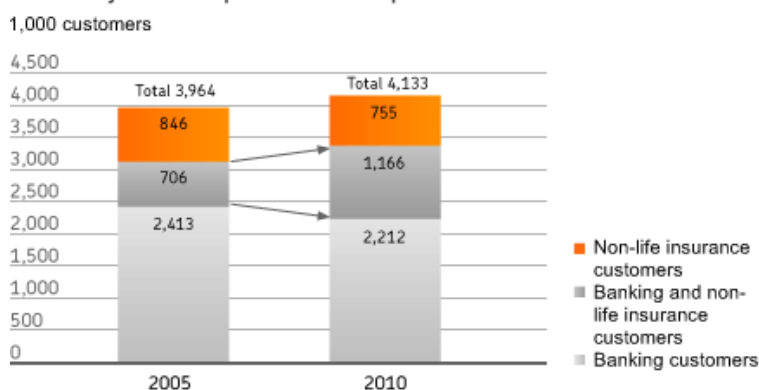
Pohjola is Finland's leading non-life insurer. Its market share of premiums written under Finnish direct insurance stood at 27.6% in 2009. Our strategic goal is to continue to strengthen our position as a non-life insurer in all of our customer segments in Finland and in the non-life insurance market in the Baltic region.

Non-life insurers' market share

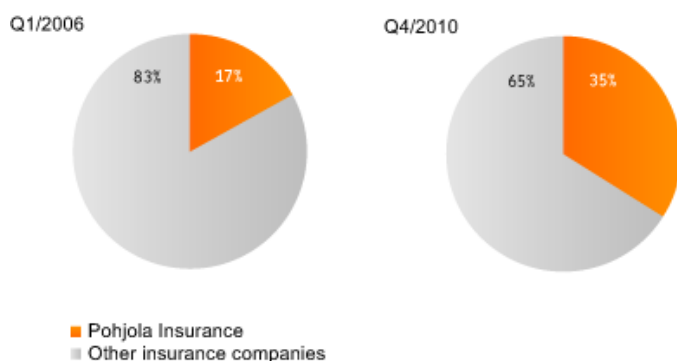


Within both the private customer segment and the corporate customer segment, we are acquiring new customers from the clientele of OP-Pohjola Group member banks. We aim at comprehensive, permanent customer relationships through an extensive spectrum of products used by customers. There is considerable growth potential among private customers. Within corporate customers, we seek to expand our market position, especially in the SME segment.

OP-Pohjola Group's customer potential



OP-Pohjola Group member bank customers and their main non-life insurer

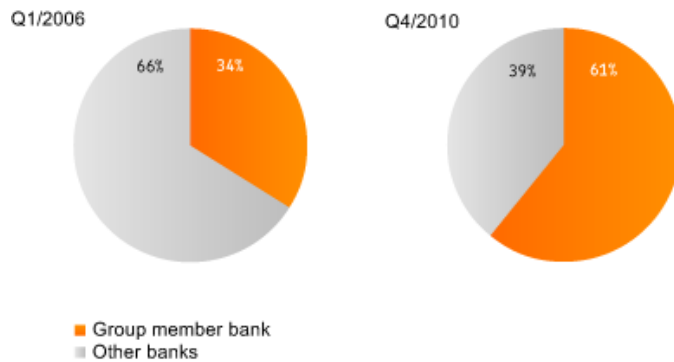


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Main bank used by Pohjola Insurance customers



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

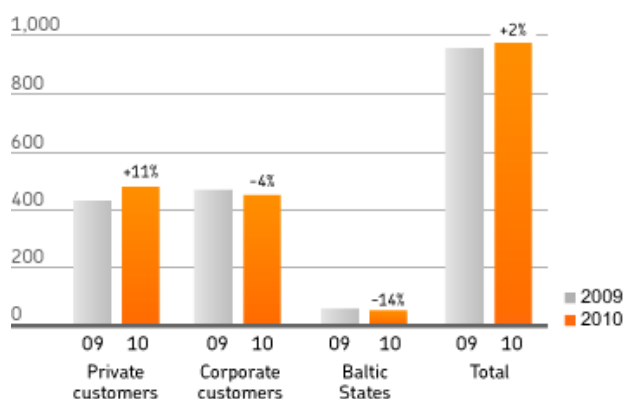
Year 2010

In 2010, the balance on technical account remained on a sound basis although the bad winter weather conditions early in the year and late-summer storms added to claims expenditure. Thanks to our reinsurance cover, the storms did not have any major effect on our financial results.

Growth in insurance premium revenue remained strong within Private Customers, becoming the largest division within Non-life Insurance. The recession continued to affect the corporate sector, reducing insurance premium revenue from corporate customers. This downward trend slowed down as the year progressed and the second-half premium revenue reached the level reported a year earlier. The recession also resulted in lower insurance premium revenue in the Baltic region.

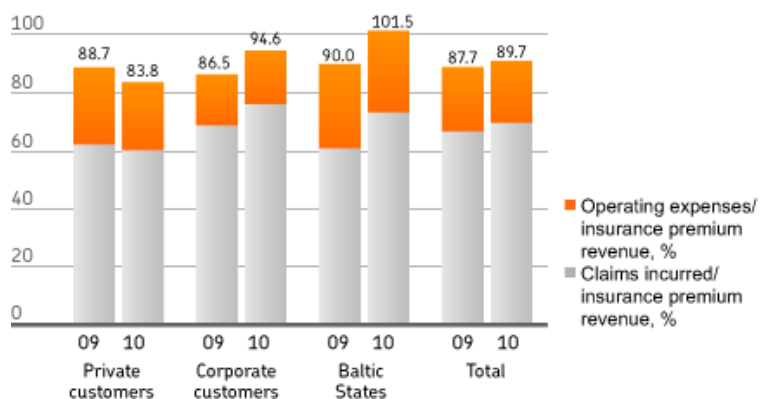
Insurance premium revenue by division and its change

€ million



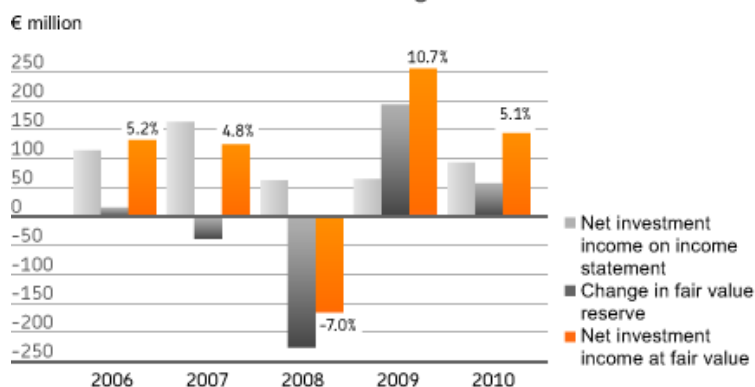
Operating combined ratios

%

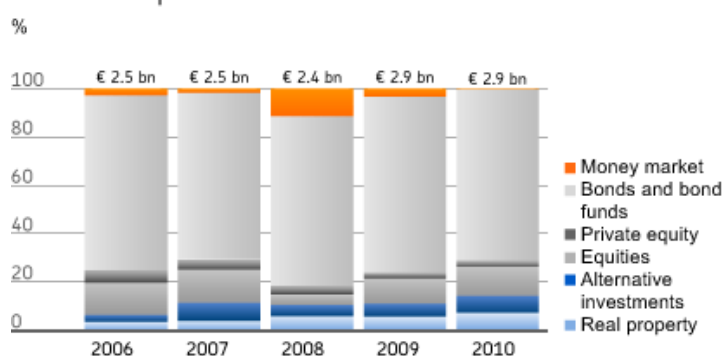


2010 was volatile in capital markets, which was reflected in investment income.

Net investment income and change in fair value reserve



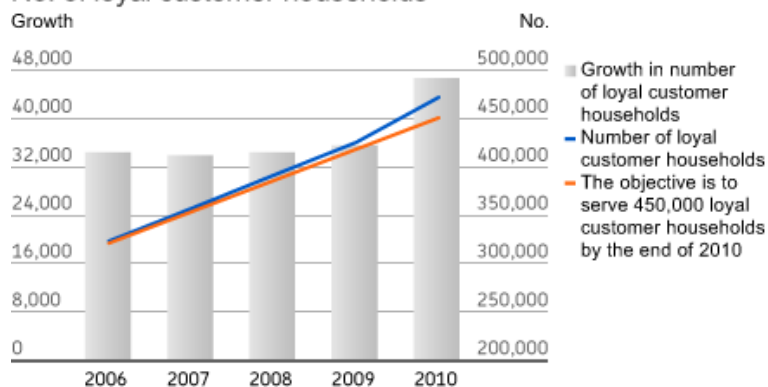
Investment portfolio allocations



Extraordinary items eroded Non-life Insurance earnings for 2010, with their combined effect of EUR 20 million. Extraordinary items derived from higher life expectancy in the mortality model and the removal for a provision for the joint guarantee scheme under statutory workers' compensation insurance and motor liability insurance.

We had set a strategic target in 2005 of serving 450,000 loyal customer households by the end of 2010, but reached it already in August. The year-end number of loyal customer households totalled 471,200, of which up to 60% also use OP-Pohjola Group member cooperative banks as their main bank. In 2010, our customers used EUR 56 million in OP bonuses to pay their non-life insurance premiums, totalling 1,088,800 bills and around 18% of these were paid in full using bonuses only.

No. of loyal customer households



The merger of Pohjola Insurance Ltd and Pohjantähti Mutual Insurance Company was cancelled in December when Pohjantähti's Extraordinary General Meeting rejected the merger plan.

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Earnings by Non-life Insurance

€ m n	2010	2009
Insurance premium revenue	964	943
Claims incurred	-694	-617
Operating expenses	-205	-210
Amortisation adjustment of intangible assets	-31	-28
Balance on technical account	33	88
Investment income and expenses	87	61
Other income and expenses	-37	-46
Earnings before tax	83	102
Earnings before tax at fair value	139	290

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Business divisions

Private Customers

We provide our private customers with an extensive range of insurance policies and also provide policies under group insurance through, for example, various associations.

The key content of our CRM concept pertains to loyal customer benefits that promote customer retention and the purchase of a full spectrum of policies on a one-stop-shop basis. Customers who use OP-Pohjola Group as their main bank and insurer can also use their OP bonuses earned through the use of banking and insurance services to pay their non-life insurance premiums.

As part of cooperation between OP-Pohjola Group and K-Group, loyal customers under the K-plussa scheme also earn K-Plussa points by paying their Pohjola insurance premiums, covering home, family and motor vehicle policies.

Private customers can buy non-life insurance policies and update their insurance cover at more than 300 OP-Pohjola Group member bank branches, and we also have our national telephone service and online service. Our branch network is supplemented with an extensive network of agents.

Corporate Customers

Pohjola provides corporate and institutional customers with all statutory and voluntary policies. Employee pension insurance policies provided by our partner, Ilmarinen Mutual Pension Insurance Company, supplement OP-Pohjola Group's range of services for corporate customers.

An extensive range of diverse risk management services, services related to employee pension, proactive loss prevention and safety consultancy services play a key role in our service concept for corporate customers.

Within the farm and forest insurance lines, OP-Pohjola Group aims to become the market leader. Our market share of farm insurance policies has actually increased from two per cent to almost 15% in the last four years.

Furthermore, the market share of forest insurance policies has increased to almost 20%. There is still growth potential, considering that half of privately-owned forests, or a total of around 7.5 hectares, lack insurance altogether. Finland has some 600,000 private forest owners, and our larger market share has furthered by OP-Pohjola Group's strong forestry knowledge and Group member banks' expertise and leading market position in financing for the agricultural and forest sectors.

When it comes to international insurance for customers, our international service network offers insurance and risk management services all around the world, based on in-depth knowledge of local conditions. Royal & SunAlliance, which is a world leading non-life insurer operating through its network in over 135 countries, has already been our partner for over 30 years.

In order to mitigate risks, Pohjola reinsures all of the greatest individual risks and the risk accumulation that may arise from catastrophes. For risk diversification purposes, Pohjola has entered into partnership with 35 reinsurers, with Munich Re being the main reinsurer. All of these partners have at least A rating category affirmed by S&P.

Baltic States

The Pohjola-owned Seesam companies provide their customers with expert services on a local basis and comprehensive non-life insurance coverage in Estonia, Latvia and Lithuania. Seesam also sells its insurance products on an extensive basis through other distribution channels, such as banks, brokers and its agents. Our market share averages 7% in the Baltic countries, which we are determined to increase.

In the Baltic countries' non-life insurance market, the combined premiums written amounted to an estimated EUR 0.8 billion in 2010. The recession continued to reduce insurance premium revenue in the Baltic region. Considering that the Baltic countries are still characterised by a low ratio of premiums written to GDP, there is definitely a market for a more extensive range of policies offered to customers, although the current economic situation presents a challenge to growth in this respect.

Claims settlement

In 2010, Pohjola received 390,000 loss reports. Our claims services' strength lies in promptness, efficiency, even quality and their easy availability. Customers can file their loss report by telephone, online or by post. Our extensive partner network enables efficient claims settlement services. We have entered into partnership with firms representing over 20 industries, such as healthcare services providers, car repair shops, building firms and household appliance retailers.

Customer segments

At the beginning of 2010, Pohjola adopted a CRM organisation shared by Banking and Non-life Insurance, in which customers are divided into major corporate and institutional customers, and private customers and corporate customers.

Through this new organisation, we aim to understand our customers' needs and businesses better and seek more customer-focused operations in the provision of comprehensive financial services with a view to ensuring services that best meet customer needs. This reorganisation has also intensified our cooperation with the largest OP-Pohjola Group member banks and Helsinki OP Bank Plc in providing services for SMEs. We are in intense cooperation with OP-Pohjola Group member banks in sales of policies to private customers.

Key value drivers

- Growth in insurance premium revenue
- Risk selection and pricing
- Promptness, quality and efficiency of claims settlement
- Net investment income
- Cost-efficiency

Responsibility

Case: Compensation for record storm damage from Pohjola

Asta, Veera, Lahja and Sylvi

Between July and August 2010, storms named Asta, Veera, Lahja and Sylvi raged through Finland. Some eight million cubic metres of forest were devastated, corresponding to 15% of the nation's annual felling. In addition to forests, a great deal of other property, such as buildings, cars, movables, fixed assets and power cables, fell on the path of the storms.

In compensation for the resulting storm damage, Pohjola paid a total of around EUR 20 million to its private and corporate customers. Pohjola has reinsurance cover for all major losses exceeding EUR 5 million.

Claims kept coming

A large share of claims was reported to Pohjola by phone. On the Monday following Asta's visit, we received a record 4,100 contacts. After only a week, even this record was shattered by the influx of over 4,800 calls when Lahja and Sylvi had rampaged through the country. In two weeks, we received over 20,000 inbound contacts, three times the normal number. Increasing our number of telephone staff was not enough to prevent waiting times lengthening during peak periods. A large number of claims were also submitted online.

The majority of loss reports received by Pohjola, some 1,500, concerned forest damage. August was the busiest month, with 750 reports received, the number of forest damage claims normally reaching us in an entire year.

Pohjola received almost as many loss reports of other types of storm damage. Reports of damage to households resulting from natural catastrophes - such as a garden tree toppling onto a building or vehicle - totalled 1,400 in August and 2,400 for the year. Last year's total was 600.

Asta tears through a forest

On 30 July, a forest owner in Central Finland was astonished to see the havoc wreaked by Asta, in just a few minutes, in their 300 hectare forest.

"The storm also struck our home settlement of Naarajärvi, but no trees were knocked over. On the following day, when I went to inspect my forest only 30 kilometres away, I had a rude awakening. A depressing scene of destruction awaited me. Asta had taken just moments to ravage more than half of the forest, leaving both saplings and mature timber scattered in its wake. As a result, over 40 hectares of clearings needed replanting."

"I immediately contacted the local forestry society, Pohjola's insurance agent in Pieksämäki and Pohjola's claims settlement service. Everything was handled without delay. The forestry society arrived immediately to assess the damage, while compensation from the insurance company was prompt. I also contacted a forestry company right away, which purchased the usable timber and hauled it quickly away."

"Few car owners have much use for all-risk car insurance, but they still take it out. However, moles, snow and storms damage a forest almost yearly, which makes forest insurance necessary. I have always insured any forests I have owned, and I intend to continue doing so."

In focus: new business through wellbeing

Pohjola Health Ltd, a Pohjola Insurance Ltd subsidiary, started operating at the beginning of 2011. It provides its customers with new types of expert services related to wellbeing-at-work analysis, monitoring, measurement and management.

The number of Finns' sick leave days averages some 11 days, due to an illness or accidental injury. Pohjola Health helps corporate customers enhance employee wellbeing so as to enable a marked reduction in sick leave days. It is estimated that demand for employee wellbeing enhancement services will grow vigorously in Finland in the next few years.

Subsidiaries

Non-life Insurance comprises six companies: Pohjola Insurance Ltd as a non-life insurer in Finland, A-Insurance Ltd focusing on insurance for commercial transport, Eurooppalainen Insurance Company Ltd specialising in travel insurance and the Seesam companies in the Baltic States.

Q&A Jouko Pölönen

What strategic goals has Pohjola set for Non-life Insurance?

Pohjola Insurance has the strategic goal of growing at a rate above the market average, strengthening its market leadership and maintaining good business profitability. Our key long-term profitability target measured by the operating combined ratio stands at 92%.

What are the tools that Pohjola will use to achieve these goals?

We will strengthen our market position by making efficient use of the customer base we share with OP-Pohjola Group and of the service network while intensifying the integration of our Banking and Non-life Insurance businesses. Given that OP-Pohjola Group has 4.1 million customers of which only 1.9 million are Non-life Insurance customers, there is huge growth potential in this respect.

Pohjola's strength in the Finnish market lies in OP-Pohjola Group's strong market position and extensive branch network and the extensive range of electronic services. Local presence and in-depth customer knowledge provide extraordinary potential for the sales of non-life insurance policies. The results that we have achieved in recent years show that our concept is effective.

What is your promise to Non-life Insurance customers?

We are constantly upgrading our operations with a view to improving service. First, since the beginning of December 2010 our private customers have earned OP bonuses from insurance premiums too. Second, we are upgrading our online service in such a way that customers can use non-life insurance services more easily and conveniently at op.fi while they use banking services.

For customers, non-life insurance usually becomes concrete in terms of compensation, speeding up our claims service and upgrading its quality and improving customer satisfaction will number among our top priorities 2011.

Operating since January 2011, Pohjola Health Ltd provides larger corporate customers with new types of expert services related to wellbeing-at-work analyses, monitoring, measurement and management.



Jouko Pölönen
President,
Pohjola Insurance Ltd

Asset management

Pohjola Asset Management is a trusted domestic asset manager and the leading player in Finland. Its almost 150 investment management experts manage assets, worth some EUR 35 billion, of institutions, wealthy private individuals and families, and OP-Pohjola Group's mutual funds. The Asset Management business line comprises Pohjola Asset Management Ltd, Pohjola Property Management Ltd and the associated company Access Capital Partners Group SA.

Our own portfolio management covers euro-denominated fixed-income investments and European equities (including Eastern European and Russian), and we also make asset allocation decisions ourselves, or choices of how investments are distributed among asset classes. Using our in-house trading team in equity trading provides our clients with price and return benefits. In addition, we have entered into partnership with a host of high-profile international investment management firms.

In addition to conventional fixed-income and equity asset classes, Pohjola Asset Management has its own Hedge Fund, Property and Private Equity teams. These teams have a total of over 60 portfolio managers and analysts, most of them being based in Helsinki, and the resulting information flow and intense teamwork form the key basis of our success in investment operations.

Key figures and ratios

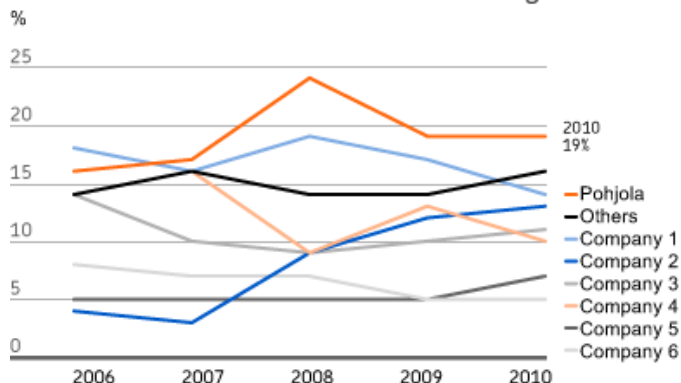
	2010	2009
Earnings before tax, € mn	31	21
Assets under management, € bn	35	33
Operating cost/income ratio, %	53*	53
Personnel	144	162

* Excluding items related to corporate transaction

Market overview

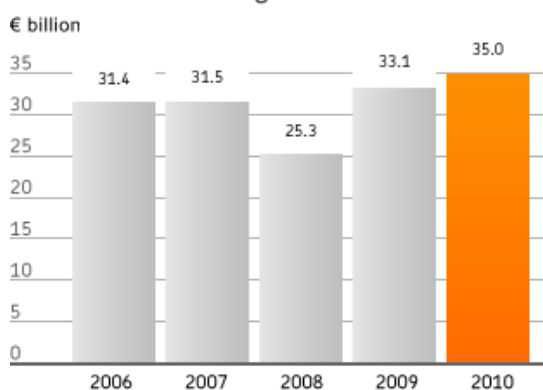
For the fourth year in a row, Pohjola Asset Management was the largest institutional asset manager in Finland in 2010 (survey by SFR). In markets characterised by tough competition, we pulled ahead of our main competitors. The quality of Pohjola Asset Management's client service was rated markedly above the industry average.

Market shares of Institutional Asset Management



Source: SFR

Assets under management



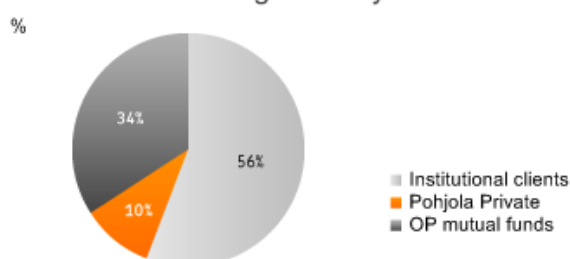
Institutional assets under management totalled EUR 19.5 billion at the year end.

Pohjola Private provides its services for private individuals and qualified investment firms used by families with client portfolios worth over one million euros. Pohjola Private continued to increase its market share vigorously and assets under management rose by 37% to more than EUR 3.4 billion.

The Private Banking and Wealth Management Survey 2010 by Euromoney rated OP-Pohjola Group's Private Banking services the best in Finland.

The portfolio management of OP Fund Management Company Ltd's mutual funds is mainly centralised within Pohjola Asset Management. The assets of OP Fund Management Company Ltd's funds managed by Pohjola Asset Management totalled EUR 12.0 billion on 31 December and these funds' market share of mutual funds registered in Finland stood at 23.4% (2nd largest).

Assets under management by client

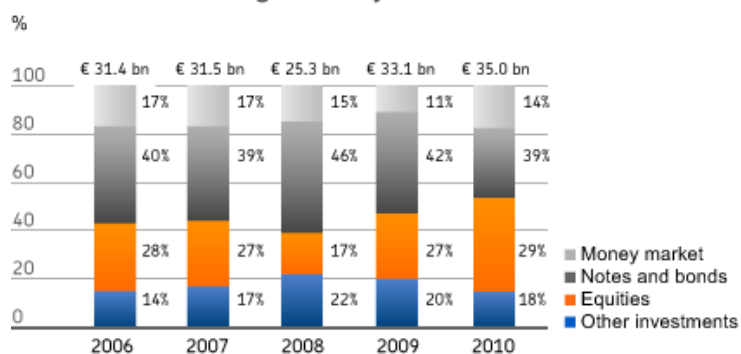


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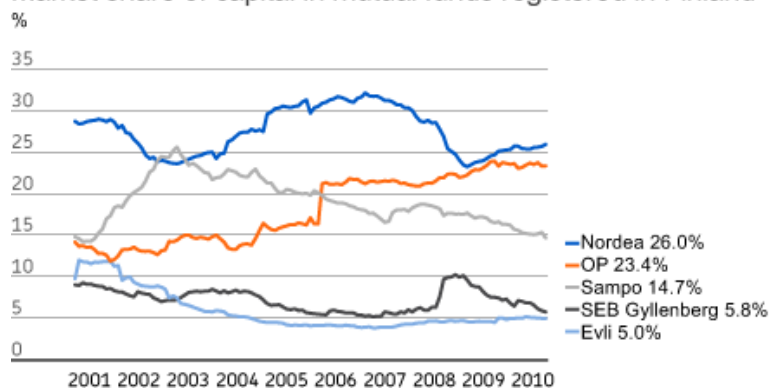
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Assets under management by asset class



Market share of capital in mutual funds registered in Finland



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Year 2010

2010 was characterised by volatile capital markets. Capital markets showed excellent returns in almost all asset classes although government bond returns remained low as a result of a rise in long-term interest rates in late 2010.

The client business made good progress and assets under management were on the increase.

We enhanced our international service capabilities further in 2010 and are now providing our Finnish clients with the market's most extensive package of asset management services. The number of our international asset management partners grew in 2010 and assets invested through our partners amount to around EUR 6 billion.

Asset Management internationalised its private equity fund business as Pohjola Bank plc bought a 40% shareholding in Access Capital Partners Group SA, a manager and advisor of private equity funds of funds. At the same time, Pohjola sold Pohjola Private Equity Funds Ltd to Access Capital Partners.

Pohjola sold its shareholding in Pohjola Capital Partners Ltd, a private equity firm, on a management buyout basis. The sold company was renamed Vaaka Partners Ltd.

Earnings by Asset Management

€ m n	2010	2009
Net commissions and fees	58	50
Other income and expenses	9	2
Total income	67	52
Total expenses	35	30
Earnings before tax	31	21

Institutional Clients and Pohjola Private

Institutional Clients

We provide institutional investors with a full range of asset management services, depending on client needs: discretionary investment management, advisory investment management or opportunities to invest in individual mutual funds available from OP Mutual funds and a wide range of international partners' funds. Our services also include a variety of portfolio analyses and modelling and reporting and client service.

In addition to conventional asset classes, we offer international private equity, property and hedge fund investment options.

Pohjola Private

Pohjola Private provides wealthy private individuals and family businesses with asset management, insurance and banking services as well as tax and inheritance planning services. Representing the Finnish forerunner in asset management concepts aiming at absolute returns, Private offers concepts of various return and risk levels.

Service for private and family business clients is always personal in nature, and Finland's largest portfolio management team specialising on an asset class basis is there to support asset managers. We provide wealthy private individuals and their firms with diverse expertise and high cost-efficiency and a wide range of international investment products typically available only to the largest professional investors.

Key value drivers

- Investment performance
- Assets under management and asset class allocation
- Commissions and fees
- Cost-efficiency

Responsible investing

Pohjola Asset Management complies with the UN Principles for Responsible Investment (UN PRI) which have been integrated as part of the investment processes. In the spring of 2010, our portfolio managers, in cooperation with OP Fund Management Company, participated actively in Finnish companies' Annual General Meetings. In 2010, we carried out an extensive analysis of corporate responsibility regarding Finnish and European companies.

Pohjola Asset Management and OP Fund Management Company were among founder members of FINSIF, Finland's Sustainable Investment Forum. The purpose of this association is to increase knowledge of and distribute information on responsible investing in Finland.

Q&A Mikko Koskimies

What strategic goals has Pohjola set for Asset Management?

Our goal is to be the leading provider of asset management services in Finland. And our financial target over the economic cycle is an operating cost/income ratio of less than 50%.

What are the tools that Pohjola will use to achieve these goals?

Our highly skilled employees, competitive investment returns and pioneership through expertise will make us reach our goals.

What is your promise to Asset Management clients?

We promise solid cooperation and competitive investment returns.



Mikko Koskimies
President,
Pohjola Asset Management Ltd

Group Functions

In support of the Group and its businesses, the Group Functions comprises Finance, Risk Management, Identity and Communications, and HR Services. The Group Functions is tasked with guiding, supporting and encouraging the business lines in their efforts to achieve Group goals. Proactive risk management, optimum capital management coupled with motivated and skilled employees play a key role in this respect. The main task of Central Banking and Group Treasury is to manage Pohjola's and the entire OP-Pohjola Group's liquidity and wholesale funding.

Key figures and ratios

	2010	2009
Earnings before tax, € mn	61	25
Liquidity portfolio, € bn	9.5	11.7
Receivables and liabilities from/to Pohjola and OP-Pohjola Group member banks, net position, € bn	1.2	1.0
Personnel	126	136

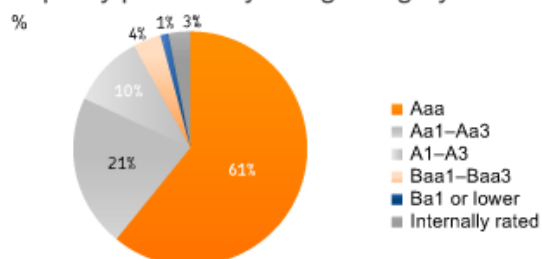
Market and operating environment

OP-Pohjola Group's liquidity management is aimed at securing the required funding and its availability in a cost-effective way and in all circumstances. With the prolonged financial crisis in 2010, the financial position of Pohjola and the entire OP-Pohjola Group remained stable. Thanks to its high credit rating, Pohjola had no difficulty in receiving market funding.

Year 2010

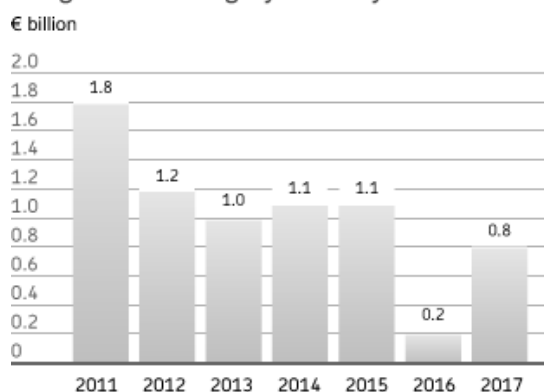
The liquidity position remained strong throughout 2010 and the liquidity portfolio amounted to EUR 9.5 billion on 31 December, accounting for 26% of Pohjola's consolidated balance sheet and for 11% of OP-Pohjola Group's balance sheet, invested in notes and bonds issued by governments, municipalities and financial institutions, and securitised assets and corporate bonds eligible as collateral for central bank refinancing.

Liquidity portfolio by rating category 31 Dec 2010

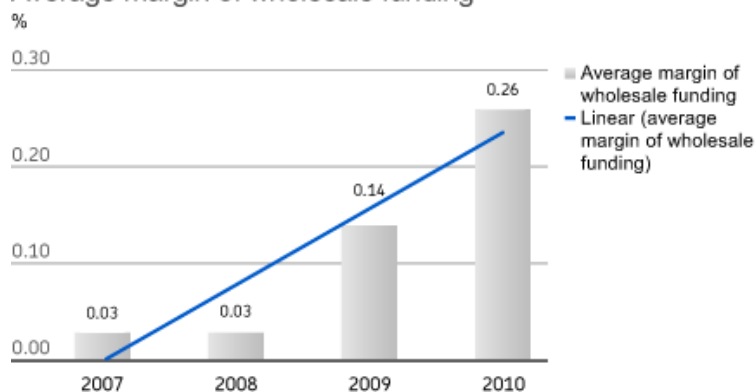


Pohjola obtained long-term funding by issuing three senior bonds with a maturity of three, five and seven years and each worth EUR 750 million. In addition, OP Mortgage Bank issued a covered bond worth EUR 1 billion and with a maturity of five years.

Long-term funding by maturity 31 Dec 2010



Average margin of wholesale funding



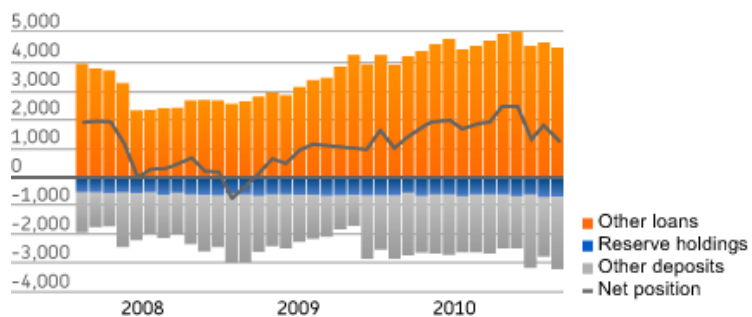
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Receivables and liabilities between Pohjola and OP-Pohjola Group retail banks

€ million



Earnings by Group Functions

€ mn

	2010	2009
Net interest income	64	75
Net trading income	-9	-7
Net investment income	31	-13
Other income	12	17
Total income	98	72
Total expenses	38	36
Earnings before impairments of receivables	60	36
Impairments of receivables	-1	12
Earnings before tax	61	25

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Key value drivers

- Size of and income from the liquidity portfolio
- Development in credit spreads
- Loans and deposits between OP-Pohjola Group member banks and Pohjola
- Pohjola's credit rating and funding costs
- Cost-efficiency

Finance

The Finance function is in charge of Pohjola Group's business planning and monitoring the development of Group control methods the effective allocation of capital to the business lines, and investor relations.

Central Banking and Group Treasury within Finance is responsible for managing Pohjola Group's funding and the entire OP-Pohjola Group's liquidity. It serves as an internal bank in charge of Pohjola's funding and interest rate risk management related to the balance sheet.

Transactions between Pohjola and OP-Pohjola Group member banks are based on market terms, transparency and the matching principle. For the purpose of financing central banking services, the Executive Board of OP-Pohjola Group Central Cooperative annually confirms a central banking fee paid by Group member banks and Helsinki OP Bank Plc to Pohjola.

Risk Management

The Risk Management function is tasked with safeguarding the service capabilities of Pohjola Group's business in the long term. It helps to achieve the Group's strategic goals by ensuring that risks are proportional to the Group's risk-bearing capacity. The function implements integrated risk and capital adequacy management within Pohjola Group. Identifying, assessing, analysing and monitoring risks and developing risk management methods and indicators form part of this work.

Risk Management is responsible for assisting the Board of Directors and its committees in preparing and developing the Group's capital adequacy management principles and preparing the Group's risk policy. It is in charge of monitoring and reporting the implementation of the Group's risk-bearing capacity and risk policies, and preparing and maintaining decision-making powers and instructions pertaining to risk-taking.

Furthermore, Risk Management assists in decision-making and serves as a quality controller, coordinates compliance within Pohjola Group and supports the Group business lines in the management of their compliance risks. It also assesses risks associated with the introduction of new products and business models.

Identity and Communications

OP-Pohjola Group's Identity and Communications is in charge of coordinating Pohjola Group's communications and media relations while managing the entire OP-Pohjola Group's communications.

Communications is tasked with promoting Pohjola Group's business by providing all stakeholder groups with true information on the Group's goals, targets, operations and performance. Communications aim to support Pohjola's strategic and business goals and enhance and maintain the Group's strong corporate image while fostering cooperation within the Group. Internal organisational communications contribute to deploying the strategy throughout the Group through communication tools.

In focus

The most significant drivers of change in the European banking sector in the next few years relate to the effect of regulatory changes in financial markets on the capital adequacy framework and liquidity management and on accounting for financial instruments. Analysing these changes and estimating their effects on markets and the Group's business form the Group Functions' key challenges in 2011.

[Read more about the operating environment and regulatory changes](#)

The Euribor Steering Committee of the European Banking Federation (EBF) selected Pohjola Bank plc as a Euribor panel bank at the beginning of 2011. The panel determines daily Euribor rates. The Euro Interbank Offered Rate (Euribor) is a daily reference rate issued by Euribor panel banks at which banks offer to lend unsecured funds to other banks in the euro wholesale money market. Euribor rates are used in the euro area as a base rate for loans and as a reference rate in the derivatives market.

The EBF has selected 44 active and the best-rated banks in the euro area for the panel. Pohjola is the only Finnish-owned bank in the panel. Nordea, Danske Bank and Svenska Handelsbanken are other Nordic panel members. The majority of the panel banks come from Germany and France.

HR Services

Enhancing the Group's intellectual capital constitutes one of Pohjola's four strategic initiatives. This conveys an important message to both our customers and employees. We provide our customers with the best service and expertise with a view to fulfilling various needs for services. In this respect, our highly skilled employees, their customer service skills and positive problem-solving attitude play a key role.

Pohjola Group employs a staff of over 3,000 representing professionals from various fields. We invest in every single employee's competence development. We set great store by job satisfaction and employee wellbeing because they are directly reflected in customer experience. The point is that employees pull together and service experienced by the customer is greater than the sum of its parts.

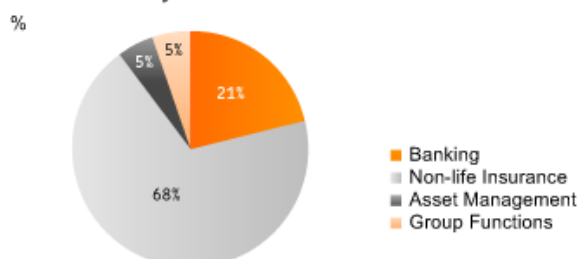
Our job satisfaction surveys have shown better results over the years and the level of job satisfaction at Pohjola is high. We invest heavily in leadership skills, workplace performance, enthusiasm for work and other factors that enhance wellbeing at work.

At the practical HR management level, enhancing intellectual capital as a strategic priority means that we have defined Group-wide requirements for competencies and practices on the basis of our strategy. On the basis of these requirements, we have analysed areas in need of improvements by business line/division and made plans for what improvement measures require emphasis at the business line/division and individual level. For the purpose of strategy implementation at practical level, we have linked each employee's personal development programme strongly with the Group's strategy.

As part of our intellectual capital development programme, we launched our Talent programme in the beginning of 2011. Every year, we select programme participants from among staff members across the organisation, who are determined to enhance their competencies and interested in taking up duties as an executive or key employee. They constitute a common network in which each member has his own development path.

Pohjola's personnel is undergoing constant transformation in a variety of ways. We encourage our employees to also enhance and enrich their skills by seeking out new career opportunities within Pohjola Group and OP-Pohjola Group. In addition to job rotation, the number of recruits totalled 110 in 2010. The number of Pohjola Group employees came to 3,016 (2,975) on 31 December 2010.

Personnel by business line



Personnel by gender



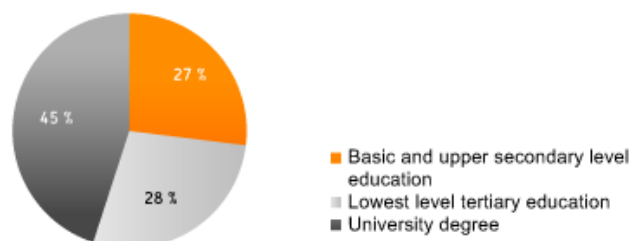
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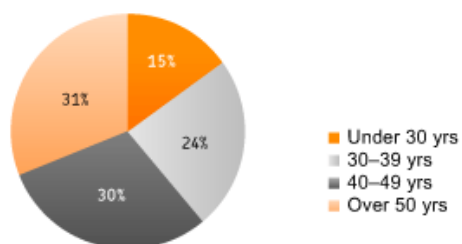
Personnel by education

%



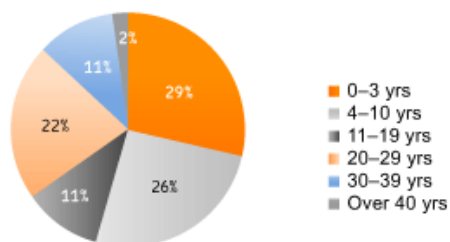
Personnel by age

%



Years of service

%



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Q&A Eva Valkama

What does competence enhancement as a strategic goal mean?

For our customers, it means the best service provided by the best experts. This requires continuous product and service development in order for us to be able to meet changing customer needs. To us, enhancing competencies brings competitive advantage through our dynamic and high-performance organisation and employees. For our personnel, it involves opportunities for personal growth and skill enrichment not only as individuals but also as team members - it means enhancing skills as an expert or manager and growing as an individual.

What are the tools that Pohjola will use to achieve this goal?

We have linked competence enhancement and related development programmes strongly with the company's strategic goals and priorities, supported by systematic competence management tools.

We will achieve the goal by creating an organisational climate characterised by respect for people and through supportive leadership work and coaching. Each and every Pohjola staff member is also responsible for his skill enhancement, personal growth and workplace development.

What is your promise to Pohjola's personnel?

At Pohjola and OP-Pohjola Group, people have opportunities for ongoing skill improvement and enrichment and for a variety of jobs and career paths. Competence enhancement is every man's and woman's right at Pohjola. We encourage our employees to enhance their skills and reinvent themselves. Pohjola is determined to invest heavily in the wellbeing of its employees and creating an atmosphere where people enjoy their work.



Eva Valkama
Senior Executive Vice President,
Human Resources

Pohjola - Part of OP-Pohjola Group

Pohjola is part of OP-Pohjola Group, the leading financial services group in Finland, which provides its customers with the most extensive and diversified range of banking, investment and insurance services. The Group has three business segments: Banking and Investment Services, Life Insurance and Non-life Insurance.

Owner-members	1.3 million
Private customers	over 3.7 million
Corporate and institutional customers	420,000
Personnel	12,504
Bank and non-life insurance outlets	554

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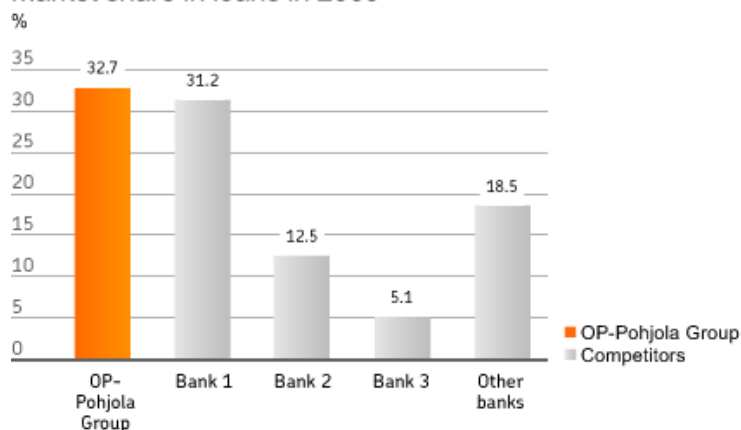
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Market leader

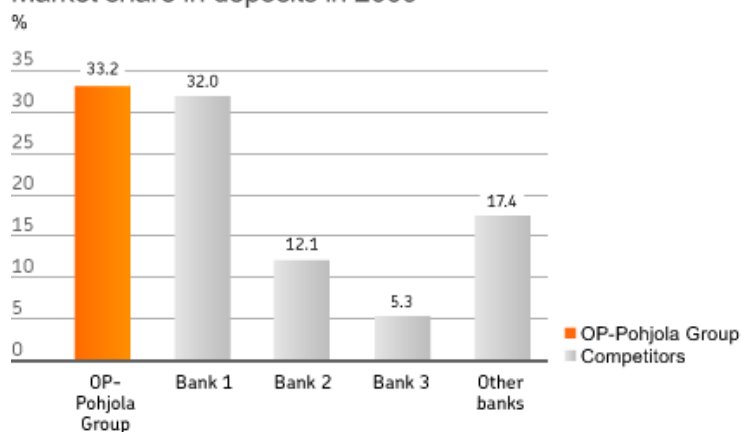
OP-Pohjola Group, the leading financial services group in Finland, leads the market not only in lending, deposits but also non-life insurance. It ranks second in the life insurance market in terms of premiums written.

Market share in loans in 2009



Source: Federation of Finnish Financial Services

Market share in deposits in 2009



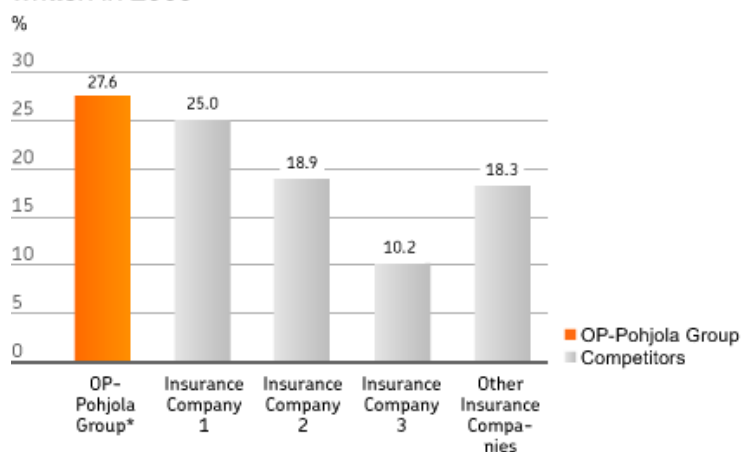
Source: Federation of Finnish Financial Services

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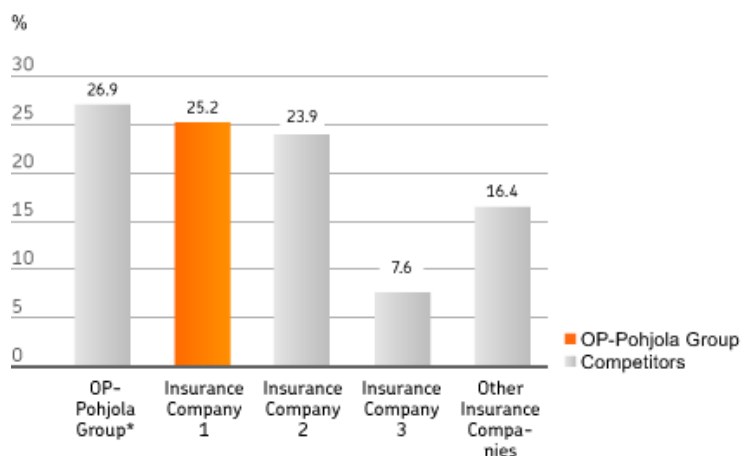
Market share in non-life insurance premiums written in 2009



Source: Federation of Finnish Financial Services

* Pohjola Non-life, A-Insurance, Eurooppalainen

Market shares in life insurance gross premiums written in 2009



Source: Federation of Finnish Financial Services

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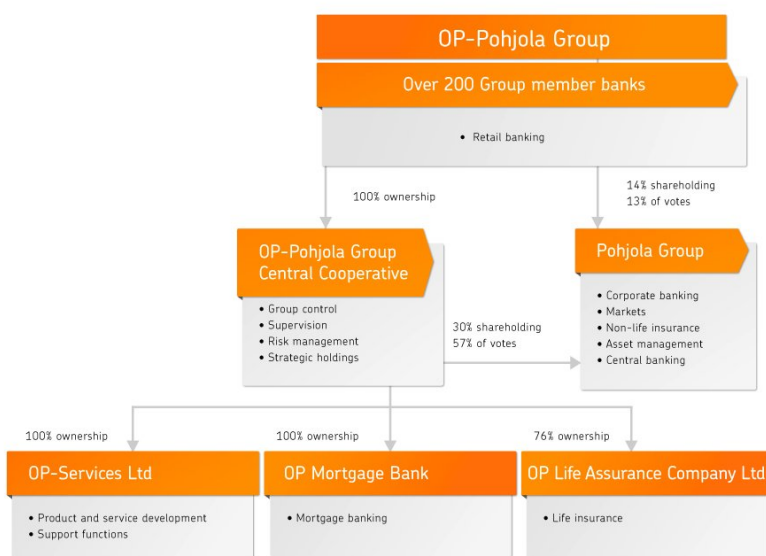
The review can be read in its entirety online at <http://www.pohjola.fi/annualreport2010>

OP-Pohjola Group structure and division of responsibilities

OP-Pohjola Group is made up of over 200 member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including its subsidiaries and closely related companies. Pohjola Bank plc is OP-Pohjola Group Central Cooperative's most significant subsidiary acting as OP-Pohjola Group's central bank responsible, for example, for the Group's liquidity and international operations.

OP-Pohjola Group Central Cooperative's other major subsidiaries include OP Mortgage Bank and OP Life Assurance Company Ltd. In the summer of 2010, a decision was made to split OP-Pohjola Group Central Cooperative into two organisations: OP-Pohjola Group Central Cooperative acting as the Group's central institution and OP-Services Ltd in charge of service provision for OP-Pohjola Group.

OP-Pohjola Group structure, ownership base and division of responsibilities



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.

[For more information about the ownership structure of OP-Pohjola Group](#)

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Joint responsibility

Pohjola answers for OP-Pohjola Group's liquidity and funding. OP-Pohjola Group Central Cooperative, the Group's central institution, and its member credit institutions are liable for each other's debts and commitments, based on the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä). OP-Pohjola Group's insurance companies do not fall within the scope of joint responsibility. The joint responsibility and solid financial position of the Group improve Pohjola's creditworthiness.

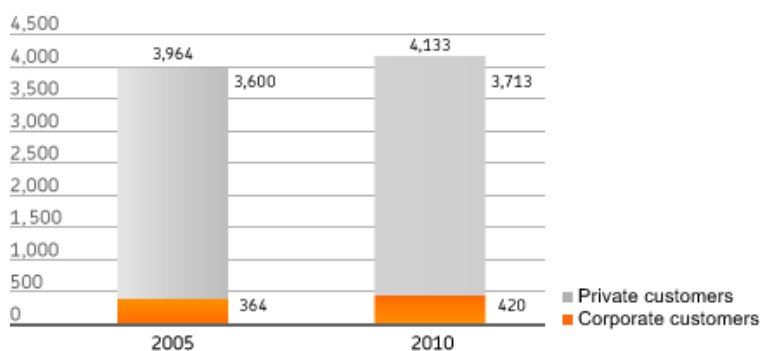
Broadest customer base

Being part of OP-Pohjola Group provides Pohjola with competitive advantage. OP-Pohjola Group has more than four million customers, of whom joint banking and non-life insurance customers total around 1.2 million. With over 550 branches providing banking and non-life insurance services, the Group boasts the broadest customer base and the most extensive branch network in Finland. About half of its branches provides both banking and non-life insurance services. This extensive branch network enables remarkable growth and cross-selling potential. As a result of the integration, Pohjola can provide its customers with the best loyalty benefits.

Conducted by TNS Gallup, the annual survey on bank and insurance company switch revealed that 61% of the respondents use OP-Pohjola Group member banks as their main bank and 35% use Pohjola Insurance as their main insurer.

OP-Pohjola Group's customers

1,000 customers



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Strong corporate image

OP-Pohjola Group has an over 100-year history in the banking and insurance sector. OP-Pohjola Group's and Pohjola's shared logo is among the sector's most recognisable ones in Finland. The core of the brand is a unique package of banking and insurance services that is convenient for customers and supports corporate customers' business. OP-Pohjola Group is the leading player in the Finnish financial sector. The Universum Student Survey 2010 revealed that OP-Pohjola Group is the eighth most attractive employer among university students and a survey commissioned by Helsingin Sanomat, a national daily, in October 2010 showed that OP-Pohjola Group ranks sixth among the most responsible brands.

OP-Pohjola Group aims to be the leading financial services group in Finland and grow at a rate above the market average. The Group's competitive advantages are as follows:

- Comprehensive financial services offering
- Best loyalty benefits
- Close to customers
- Cooperative basis
- Finnish identity



Key figures and ratios

	OP-Pohjola Group 2010	Pohjola 2010	OP-Pohjola Group 2009	Pohjola 2009
Balance sheet total, € million	83,969	36,184	80,430	35,510
Receivables from customers, € million	56,834	12,433	52,992	11,323
Deposits, € million	36,443	4,231	34,617	4,133
Equity capital, € million	6,726	2,377	6,187	2,267
Tier 1 ratio, %	12.8	12.5	12.6	11.8
Doubtful receivables, € million	204	31	223	44
Doubtful receivables as percentage of loan and guarantee portfolio, %	0.3	0.22	0.4	0.32
Loan and guarantee portfolio, € billion	59.4	14.0	55.6	13.4
Impairments of receivables, € million	149	104	179	129
Impairments of receivables as percentage of loan and guarantee portfolio, %	0.25	0.73	0.32	0.94
Personnel	12,504	3,005	12,504	2,966

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Income statement, € million

	OP-Pohjola Group 2010	Pohjola 2010	OP-Pohjola Group 2009	Pohjola 2009
Net interest income	917	258	1,070	241
Net income from Non-life Insurance	382	388	396	402
Net income from Life Insurance	100	-	-120	-
Net commissions and fees	563	164	496	143
Other income	210	116	208	108
Total income	2,172	926	2,051	895
Total expenses	1,286	514	1,248	501
Earnings before impairments of receivables	723	412	643	394
Impairments of receivables	149	104	179	129
Returns to owner-members and OP bonus customers	163	-	160	-
Earnings before tax	575	308	464	265
Gross change in fair value reserve	225	-17	677	243
Earnings before tax at fair value	800	291	1,140	508

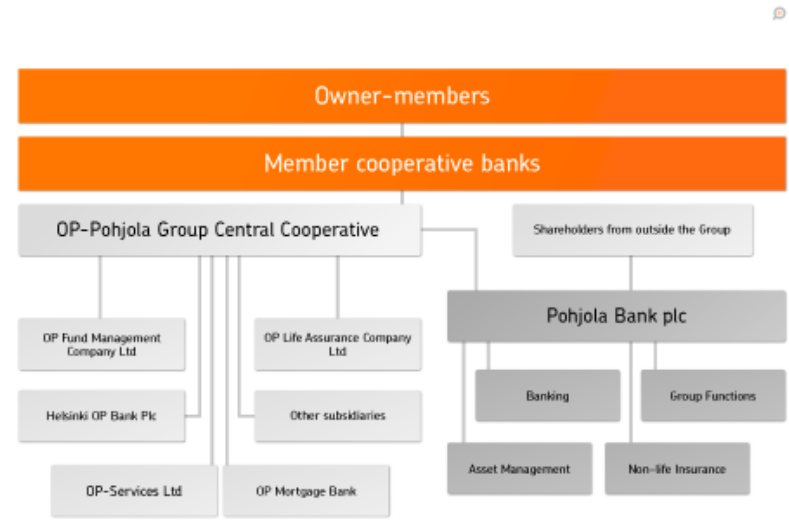
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Corporate Governance

As OP-Pohjola Group Central Cooperative's subsidiary, Pohjola Bank plc (Pohjola or the Company) belongs to OP-Pohjola Group providing banking, insurance and other financial services, in terms of operations and ownership. OP-Pohjola Group is made up of over 200 local member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including its subsidiaries.



Group structure

Pohjola Group comprises Pohjola Bank plc, the parent company, and its subsidiaries.

Pohjola Group structure



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Corporate Governance structure

Pohjola is a Finnish public limited company in which the duties and responsibilities of the executive bodies are laid down by the laws of Finland.

Pohjola's corporate governance is based on a so-called one-tier system. A General Meeting of Shareholders exercises the highest decision-making powers and elects the Company's Board of Directors and auditor. Pohjola is managed by the Board of Directors, whose control and supervisory responsibility covers the entire Group, and the President and CEO appointed by the Board of Directors. The President and CEO is assisted by the Group Executive Committee in managing the Group.

In its decision-making, Pohjola complies with the Finnish Limited Liability Companies Act, regulations governing public limited companies, its [Articles of Association](#) and the rules and guidelines issued by NASDAQ OMX Helsinki Ltd. The Company complies with the Finnish Corporate Governance Code (2010) with certain, specifically stated exceptions.

The graph below depicts Pohjola Group's major decision-making bodies and reporting relationships in brief.

Pohjola Group's reporting relationships in brief 1 Jan 2011



Corporate Governance Statement

Pohjola prepares annually a Corporate Governance Statement required by the Finnish Corporate Governance Code and the Securities Markets Act. Pohjola will issue the Statement separate from the Report by the Board of Directors, which will be available on its website.

Corporate Governance update

Pohjola keeps its Corporate Governance information up-to-date available under [Investor Relations](#) on its website. The most important updates appear when the Company publishes its Financial Statements and the Report by the Board of Directors, and decisions made by General Meetings of Shareholders.

Board of Directors



Reijo Karhinen

Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

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Board of Directors



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Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

Reijo Karhinen, b. 1955

Chairman

Executive Chairman, OP-Pohjola Group, Vuorineuvos (Finnish honorary title)

M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics
Board member since 1994

Other relevant positions:

- Federation of Finnish Financial Services: Chairman of the Board of Directors
- European Banking Federation: Member of the Board of Directors
- Ilmarinen Mutual Pension Insurance Company: Member of the Board of Directors
- Central Chamber of Commerce: Member of the Board of Directors
- Luottokunta: Member of the Supervisory Board
- OP-Pohjola Group Central Cooperative: President
- Unico Banking Group: Member of the Steering Committee

Relevant previous experience:

President 1997–2006, Executive Vice President 1994–1996, OKOBANK Group Central Cooperative; Managing Director 1990–1994, Kuopion Osuuspankki; Managing Director 1988–1990, Savonlinnan Osuuspankki; Managing Director 1985–1988, Varkauden Osuuspankki; Assistant Director 1979–1984, Juvan Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 43,189 on 1 Jan. 2010 and 52,802 on 31 Dec. 2010

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Board of Directors



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Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

Jukka Hienonen, b. 1961

President and CEO of SRV Group Plc

M.Sc. (Econ. & Bus. Adm.)

Board member since 2009

Other relevant positions:

- Helsinki Region Chamber of Commerce: Member of the Delegation

Relevant previous experience:

President and CEO 2005–2010, Finnair Corporation; Executive Vice President 2003–2005, Director of Department Store Division 2001–2005 and Director of Foreign Operations 1995–2000, Stockmann Plc

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 15,712 on 1 Jan. 2010 and 15,712 on 31 Dec. 2010

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Board of Directors



Reijo Karhinen

Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

Simo Kauppi, b. 1954

Managing Director, Länsi-Suomen Osuuspankki

M.Sc. (Econ. & Bus. Adm.), eMBA

Board member since 2006

Other relevant positions:

- Satakunnan OP-liitto: Vice Chairman of the Board of Directors
- Satakunta Chamber of Commerce: Vice Chairman of the Board of Directors
- Länsi-Suomen Diakonialaitoksen säätiö: Vice Chairman of the Board of Directors
- Finda Oy: Member of the Board of Directors
- Satakunnan korkeakoulusäätiö: Member of the Board of Directors

Relevant previous experience:

Deputy Managing Director from 2006 until 30 April 2009, Länsi-Suomen Osuuspankki; Managing Director 1996–2006, Rauman Seudun Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 3,163 on 1 Jan. 2010 and 5,671 on 31 Dec. 2010

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Board of Directors



Reijo Karhinen

Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

Tom von Weymarn, b. 1944

Retired since 2004

M.Sc. (Eng.)

Board member since 2006

Other relevant positions:

- Hartwall Capital Oy Ab: Chairman of the Board of Directors
- Turku Science Park Ltd: Chairman of the Board of Directors
- Sibelius Academy: Chairman of the Board of Directors
- IK Investment Partners Ltd: Senior Advisor
- Boardman Ltd: partner
- Oy Empower Ab: Member of the Board of Directors
- Hydrios Biotechnology Oy: Member of the Board of Directors

Relevant previous experience:

President and CEO 1997–2004, Oy Rettig Ab; Executive Vice President 1991–1997, Cultor Plc; Director 1983–1991, the last two years of this period as President and CEO, Oy Karl Fazer Ab; Managing Director 1981–1983, Telko Oy; Executive Vice President 1975–1981, Oy Huber Ab

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,650 on 1 Jan. 2010 and 1,650 on 31 Dec. 2010

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Board of Directors



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Jukka Hienonen
Simo Kauppi
Tom von Weymarn
Satu Lähteenmäki
Tony Vepsäläinen
Merja Auvinen
Harri Sailas

Satu Lähteenmäki, b. 1956

Director from 1 Jan. 2010 until 31 July 2012, Turku School of Economics / University of Turku (Professor of Management and Organisation)

D.Sc. (Econ. & Bus. Adm.)

Board member since 2006

Other relevant positions:

- University of Turku: Chairman of the Board of the Turku School of Economics since 2010
- Turku School of Economics Support Foundation: Member of the Board
- Member of the Scientific Advisory Council for Public Administration and Management set up the Ministry of Finance
- Member of the Board of OP-Pohjola Group Research Foundation
- Member of the Board of the Kyösti Haataja Foundation

Relevant previous experience:

Professor of Management and Organisation since 1999, Assistant Professor 1997–1998 and various teaching and research positions 1985–1996, Turku School of Economics; Career and Outplacement Consultant 1996, MPS/DBM Scandinavia; visiting professor since 2004 Johannes Kepler University, Linz, Austria

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 0 on 1 Jan. 2010 and 0 on 31 Dec. 2010

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Board of Directors



Reijo Karhinen
Jukka Hienonen
Simo Kauppi
Tom von Weymarn
Satu Lähteenmäki
Tony Vepsäläinen
Merja Auvinen
Harri Sailas

Tony Vepsäläinen, b. 1959

Vice Chairman

Chief Business Development Officer (CBDO) and Deputy to Executive Chairman, OP-Pohjola Group Central Cooperative
LL.M., eMBA

Board member since 2007

Other relevant positions:

- Luottokunta: Vice Chairman of the Board of Directors
- OP-Pohjola Group Central Cooperative: Vice Chairman of the Executive Board
- Finnish Cultural Foundation: Member of the Board of Trustees

Relevant previous experience:

President 2007–2010, OP-Pohjola Group Central Cooperative; Managing Director 1998–2006, Tampereen Seudun Osuuspankki; Deputy Managing Director 1996–1998, Turun Seudun Osuuspankki; Bank Manager 1993–1996, Kuopion Osuuspankki; Deputy to Area Manager 1992–1993, Suomen Säästöpankki SSP Oy; managerial duties 1985–1992, Pohjois-Savon Säästöpankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,767 on 1 Jan. 2010 and 8,665 on 31 Dec. 2010

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Board of Directors



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Jukka Hienonen
Simo Kauppi
Tom von Weymarn
Satu Lähteenmäki
Tony Vepsäläinen
Merja Auvinen
Harri Sailas

Merja Auvinen, b. 1960

Managing Director, Savonlinnan Osuuspankki

M.Sc. (Econ. & Bus. Adm.), eMBA

Board member since 2006

Other relevant positions:

- Etelä-Savo Chamber of Commerce: Vice Chairman of the Board of Directors

Relevant previous experience:

Managing Director, in addition to her regular duties, 1992–1993, Pohjois-Savon OP-Kiinteistökeskus Oy; Bank Manager 1992–2001, Kuopion Osuuspankki; Marketing Director 1989–1992, Savonlinnan Osuuspankki; Bank Manager 1989, Marketing Manager 1987–1989, Nilsin Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 866 on 1 Jan. 2010 and 1,390 on 31 Dec. 2010

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Board of Directors



Reijo Karhinen

Jukka Hienonen

Simo Kauppi

Tom von Weymarn

Satu Lähteenmäki

Tony Vepsäläinen

Merja Auvinen

Harri Sailas

Harri Sailas, b. 1951

President and CEO, Ilmarinen Mutual Pension Insurance Company

M.Sc. (Econ.)

Board member since 2010

Other relevant positions:

- Finnair Corporation: Vice Chairman of the Board of Directors
- Helsinki Region Chamber of Commerce: Chairman of the Board of Directors
- Central Chamber of Commerce: Member of the Board of Directors
- Finnish Pension Alliance TELA: Chairman of the Board of Directors
- Aalto University Properties Ltd: Chairman of the Board of Directors

Relevant previous experience: Head of Regional Bank 2004–2006 and Deputy Managing Director, Head of Retail Banking Finland 2002–2004, Nordea Bank Finland Plc; Deputy Managing Director, Head of Regional Bank during 1998–2002, MeritaNordbanken/Merita Bank Finland Plc; District Director of Uusimaa 1995–1998, Merita Bank Plc; Various duties 1975–1995, Kansallis-Osake-Pankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 0 on 1 Jan. 2010 and 0 on 31 Dec. 2010

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Executive Committee



Mikael Silvennoinen

Petri Viertiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

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Executive Committee



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Petri Viertö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Mikael Silvennoinen, b. 1956

Chairman

President and CEO, Pohjola Bank plc

Employed by Pohjola Group since 1989. President and CEO of Pohjola Bank plc (formerly OKO Bank plc) since 1997 and member of the Executive Board 1997–2006, Chairman of the Pohjola Group's Executive Committee since 2006

M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Managing Director of various Group companies 1989–1997, Pohjola Group; various managerial positions 1983–1989, Wärtsilä Group

Other relevant positions:

Unico Banking Group: Member of the Steering Committee

Konecranes Plc: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 37,055 on 1 Jan. 2010 and 40,797 on 31 Dec. 2010

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Executive Committee



Mikael Silvennoinen

Petri Vartiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Petri Vartiö, b. 1962

CRO, Pohjola Bank plc

Employed by Pohjola Group since 2009

Member of Pohjola Group's Executive Committee since 2009

M.Sc. (Tech.)

Relevant previous experience:

Director 2007–2009, Advisory Services, Ernst & Young; Chief Risk Officer 2002–2007, Sampo plc; Chief Risk Officer 2000–2001, Sampo Bank plc; Risk Manager 1999–2000, Varma-Sampo; various managerial positions 1997–1999, Leonia Group

Other relevant positions:

OP Life Assurance Company Ltd: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,572 on 1 Jan. 2010 and 1,572 on 31 Dec. 2010

Executive Committee



Mikael Silvennoinen

Petri Viertiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Eva Valkama, b. 1949

Senior Executive Vice President, Human Resources, Pohjola Bank plc

Employed by Pohjola Group since 1984

Member of Pohjola Group's Executive Committee since 2009

M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Various managerial positions 1984–2009, Pohjola Insurance Ltd

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 720 on 1 Jan. 2010 and 1,386 on 31 Dec. 2010

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Executive Committee



Mikael Silvennoinen

Petri Viertiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Jouko Pölönen, b. 1970

President, Pohjola Insurance Ltd

Employed by Pohjola Group since 2001

Member of Pohjola Group's Executive Committee since 2008

M.Sc. (Econ. & Bus. Adm.), eMBA

Relevant previous experience:

CFO 2009–2010, Pohjola Bank plc; CRO 2001–2008, Pohjola Bank plc; Authorised Public Accountant 1999–2001, and auditor 1993–1999, PricewaterhouseCoopers

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 3,004 on 1 Jan. 2010 and 3,517 on 31 Dec. 2010

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Executive Committee



Mikael Silvennoinen

Petri Viertiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Reima Rytsölä, b. 1969

Senior Executive Vice President, Banking, Pohjola Bank plc

Employed by Pohjola Group since 1996

Member of Pohjola Group's Executive Committee since 2008

M.Soc.Sc., CEFA

Relevant previous experience:

Various managerial duties 1998–2007 and chief dealer, domestic money market, 1996–1997, Pohjola Bank plc and its subsidiaries; foreign exchange dealer 1994–1996, Merita Plc

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 2,188 on 1 Jan. 2010 and 2,719 on 31 Dec. 2010

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Executive Committee



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Petri Viertiö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Mikko Koskimies, b. 1967

President, Pohjola Asset Management Ltd

Employed by Pohjola Group since 2005

Member of Pohjola Group's Executive Committee since 2006

M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Managing Director 1998–2005, ABN Amro Omaisuudenhoido Oy; various managerial positions at Nordea Group 1989–1997 and during 1993–1997 at Merita Bank Luxembourg S.A.

Other relevant positions:

St1 Oy: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 5,000 on 1 Jan. 2010 and 5,000 on 31 Dec. 2010; 2.5% indirect shareholding in Pohjola Asset Management Ltd

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Executive Committee



Mikael Silvennoinen

Petri Viertö

Eva Valkama

Jouko Pölönen

Reima Rytsölä

Mikko Koskimies

Vesa Aho

Vesa Aho, b. 1974

CFO, Pohjola Bank plc

Employed by Pohjola Group since 2001

Member of Pohjola Group's Executive Committee since 2011

M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience: Pohjola Bank plc: various supervisory and managerial duties 2006–2010

Other relevant positions: -

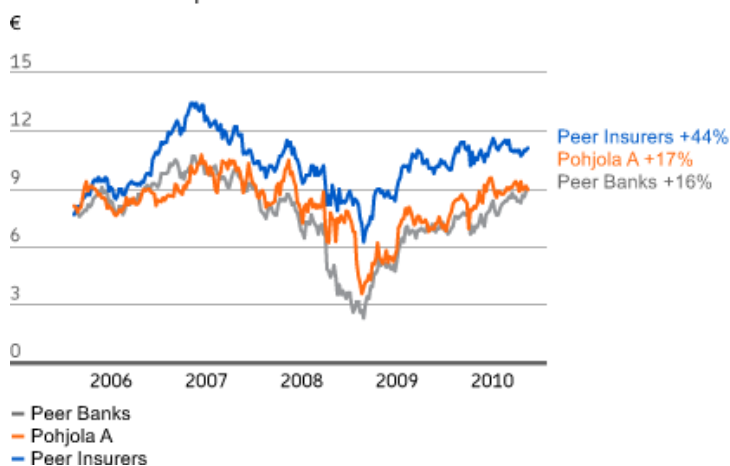
Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares on 1 March 2011: 0

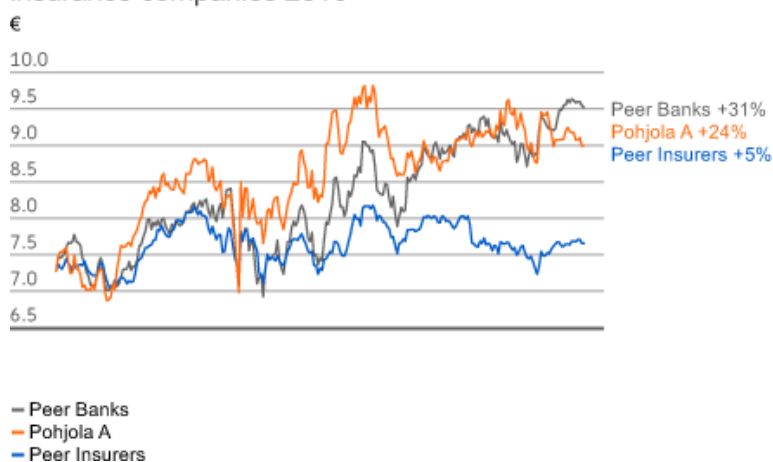
Shares and Shareholders

Pohjola's promise to its shareholders based on its strategy is to generate a competitive total shareholder return (TSR). Pohjola aims at a TSR that is above the average TSR of its Nordic peer groups.

Pohjola Total Shareholder Return vis-à-vis peer banks and insurance companies 2006–2010



Pohjola Total Shareholder Return vis-à-vis peer banks and insurance companies 2010



Peer banks: Nordea, SEB, SHB, Danske, Swedbank, DnBNOR
Peer insurance companies: Sampo, Tryg, Topdanmark, Alm.Brand

[Read more about Pohjola Bank's Shares](#)

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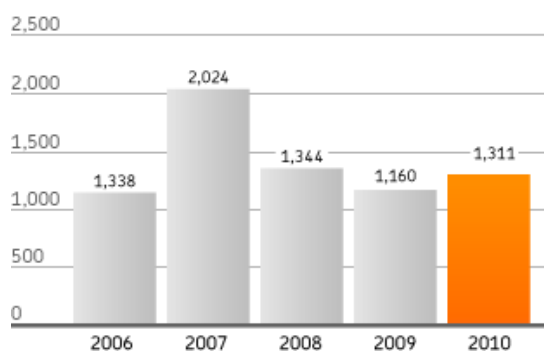
Share price and trading volume

Series A share

	2010	2009	2008	2007	2006
Year-end closing price, €	8.97	7.55	7.88	10.56	10.26
Year high, €	9.79	9.31	11.43	12.34	12.04
Year low, €	6.97	3.80	6.28	9.64	8.97
Share trading volume, million	154	175	119	147	104
Share trading value, € million	1,311	1,160	1,344	2,024	1,338

Trading volume of Series A share

€ million



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Basic information on shares 31 Dec 2010

Pohjola Bank plc shares are divided into Series A and K shares.

Series A shares

Series A shares available for subscription by the general public are quoted on NASDAQ OMX Helsinki. They have been quoted on the Main List of the Helsinki Stock Exchange since 1989. In case of dividend payout, Series A shares entitle their holders to an annual per-share dividend which is at least three cents higher than the per-share dividend declared on Series K shares. Each Series A share entitles its holder to one vote at a General Meeting of Shareholders.

Series A share

- Trading code: POH1S
- ISIN code: FI0009003222
- Round lot: 1 share
- Vote/share: 1 vote
- No. of shares: 251,169,770
- Total votes conferred: 251,169,770

Series K shares

Series K shares represent unlisted shares, held by OP-Pohjola Group member cooperative banks and entities, which may be transferred only between these banks and entities but which may be converted into Series A shares if so required by a holder of Series K shares. Each Series K share entitles its holder to five votes at a General Meeting of Shareholders.

Series K share (unlisted)

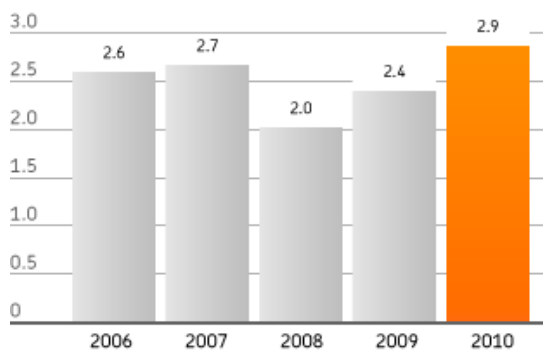
- Code: POHKS
- ISIN code: FI0009003925
- Vote/share: 5 votes
- No. of shares: 68,381,645
- Total votes conferred: 341,908,225

Share capital

	31 Dec. 2010	31 Dec. 2009
Total share capital, €	427,617,463	427,617,463
Total number of shares	319,551,415	319,551,415
Total votes conferred by shares	593,077,995	593,077,995

Market capitalisation (A- and K-shares total)*

€ billion



* Series K shares are valued at the same price as Series A shares

The mark of a good group *

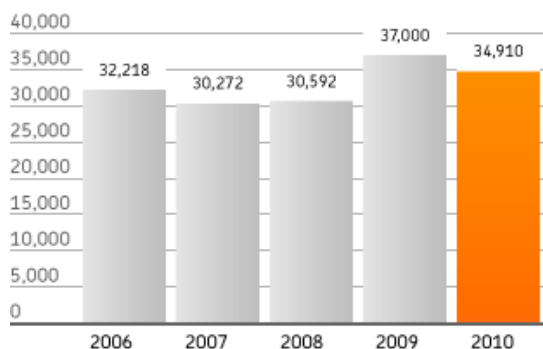
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Shareholders

The number of Pohjola's registered shareholders totalled 34,910 on 31 December 2010, down by 2,090 year on year, while their 2009 year-end number totalled 37,000.

Number of shareholders

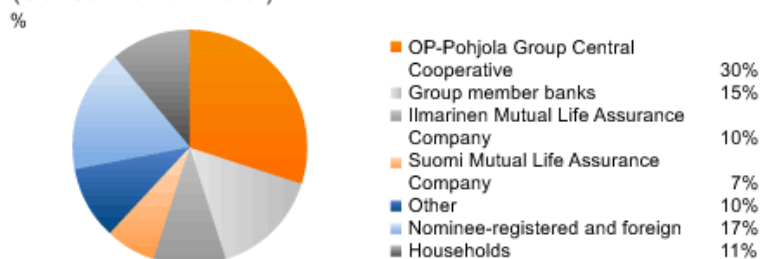


Private individuals accounted for around 95% of all shareholders.

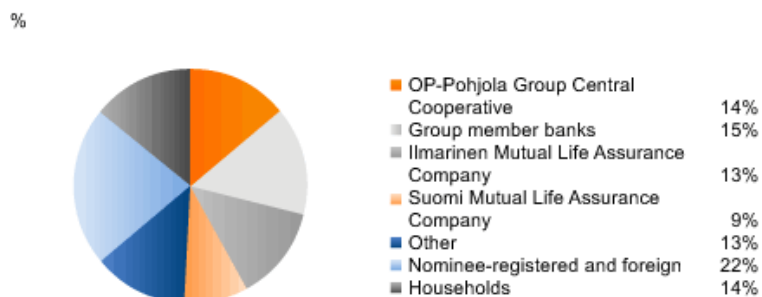
In accordance with provisions under the Act on Cooperative Banks and Other Cooperative Credit Institutions, Pohjola Bank plc must be a subsidiary of OP-Pohjola Group Central Cooperative, the central institution. Pohjola shares held by OP-Pohjola Group Central Cooperative represent approximately 57% of votes conferred by all of the shares.

The largest shareholder was OP-Pohjola Group Central Cooperative, the parent entity of Pohjola, representing 30.0% of all shares and 57.1% of votes. On 31 December 2010, nominee registered shares represented 20.1% of Series A shares and other foreign shareholding in Pohjola stood at around 1.2%.

Holdings by type of shareholders 31 Dec 2010 (Series A and K total)



Holdings by type of shareholders 31 Dec 2010 (Serie A)



[Shareholdings by sector](#)

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10 largest shareholders on 31 December 2010

	% of shares	% of votes	% of Series A shares
OP-Pohjola Group Central Cooperative	30.0	57.1	14.0
Ilmarinen Mutual Pension Insurance Company	10.0	5.4	12.7
Suomi Mutual Life Assurance Company	7.3	3.9	9.2
Oulun Osuuspankki	1.3	1.8	1.0
OP Bank Group Pension Fund	1.1	0.6	1.4
OP Bank Group Pension Foundation	0.7	0.4	0.9
Turun Seudun Osuuspankki	0.6	0.4	0.8
Varma Mutual Pension Insurance Company	0.6	0.3	0.7
Folketrygdfondet	0.5	0.3	0.6
OP-Delta Fund	0.5	0.3	0.6
Nominee-registered shares, total	15.8	8.5	20.0
Others	31.7	21.3	38.0
Total	100.0	100.0	100.0

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Disclosure of shareholdings

The following disclosure of shareholdings took place in 2010:

On 24 August 2010, Suomi Mutual Life Assurance Company (Suomi Mutual, business ID 0201320-0) notified Pohjola that on 23 August 2010 its shareholding in Pohjola had fallen below 1/10 of all Pohjola's registered share capital and that the proportion of its holding had fallen below 1/20 of the votes conferred by all Pohjola shares. Consequently, Suomi Mutual Life Assurance Company holds 23,193,672 Series A shares, holds 7.26% of all shares and has voting rights which account for 3.91% of the votes conferred by all shares.

Conversion of Series K Shares into Series A Shares

A total of 25,080 Series K shares held by OP-Pohjola Group member cooperative banks were converted into Series A shares, with result that the number of Series K shares decreased from 68,406,725 to 68,381,645 while that of Series A shares quoted on NASDAQ OMX Helsinki increased from 251,144,690 to 251,169,770. The conversions did not change the total number of shares outstanding, amounting to 319,551,415 shares. The post-conversion number of votes conferred by the shares comes to 593,077,995.

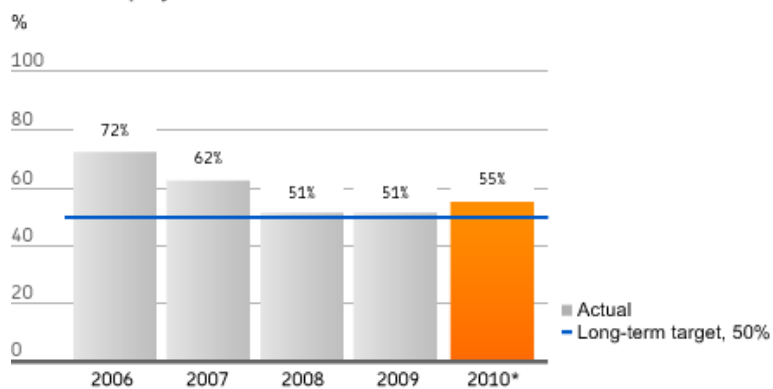
Trading in the converted Series A shares began on 15 April 2010.

Dividend policy

The long-term target for the dividend payout ratio is a minimum of 50%, provided that the Tier 1 ratio stands at a minimum of 9.5%.

The dividend payout ratio during 2006–10 averaged 58%.

Dividend payout ratio



* Dividend based on Board proposal

	2010*	2009	2008	2007	2006
Dividend payout ratio, %**	55	51	51	62	72
Dividends paid out, € mn	125.8	106.6	45.5	130.9	130.9

* As proposed by the Board

** Proportion of EPS

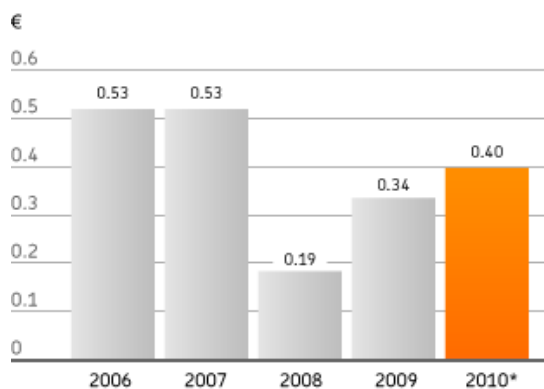
Dividend

The Board of Directors of Pohjola Bank plc proposes that a per-share dividend of EUR 0.40 (0.34) be paid on Series A shares and EUR 0.37 (0.31) on Series K shares for the financial year 2010.

	2010*	2009	2008	2007	2006
Series A share, €	0.40	0.34	0.19	0.53	0.53
Series K share, €	0.37	0.31	0.16	0.50	0.52

* As proposed by the Board

Dividend / Series A



* Dividend based on Board proposal

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Annual General Meeting and dividend payout

Pohjola Bank plc will hold its Annual General Meeting (AGM) in the Congress Wing of the Helsinki Exhibition & Convention Centre (Messuaukio 1, Helsinki) on Tuesday 29 March 2011, starting at 2.00 pm.

Notice of the Meeting was published on the Company's website and in Helsingin Sanomat and Hufvudstadsbladet on 22 February 2011. It was also published in the form of a Company Announcement. Registration for the AGM will terminate at 4.00 pm on Wednesday, 23 March 2011.

17 March 2011	Record date for the AGM
29 March 2011	AGM
1 April 2011	Dividend record date
12 April 2011	Dividend payout

Share issue authorisations and other special rights entitling to shares

The AGM of 26 March 2010 authorised 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. 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 whether the subscription price will be entered in full or in part in the reserve for invested non-restricted equity or share capital. The authorisation is effective until the AGM in 2011. On the basis of the authorisation, the Board of Directors has not made any decision on a share issue.

Stock-option schemes

Pohjola has no valid stock-option schemes in place.

Share buyback authorisations

Pohjola has no valid authorisations to buy back its own shares.

Management shareholding

	31 Dec. 2010	31 Dec. 2009
Series A shares held by members of the Board of Directors and the Executive Committee	126,687	131,602
- Proportion of all share capital, %	0.04	0.04
- Proportion of all votes, %	0.02	0.02

The sections [Board of Directors](#) and [Executive Committee](#) present shareholdings by Board members and Executive Committee members in greater detail.

Equity analysts

The following banks and brokerage firms assess Pohjola as an investment. Pohjola is not responsible for any of their opinions, estimates or forecasts.

Bank/brokerage	Analyst
ABG Sundal Collier	Claus Højmark Jensen
Carnegie	Gianandrea Roberti
Credit Suisse	Alex Orloff
Danske Equities	Per Grønborg
Evli Bank	Kimmo Rämä
Handelsbanken	Matti Ahokas
JPMorgan Cazenove	Duncan Russell
Nordea	Paavo Ahonen
SEB Enskilda	Mika Koskinen
Sw edbank	Bengt Dahlström

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Investor relations

Pohjola's Investor Relations is in charge of contacts with investors and analysts and coordinates investor meetings, with the aim of ensuring, according to the Disclosure Policy, that markets will have simultaneous access to sufficient and true information on the Company and its consolidated group as the basis for Pohjola share price formation, and that such information will be published promptly and equitably. The full version of the Disclosure Policy guiding investor relations can be found at www.pohjola.fi > [English](#) > [Investor Relations](#) > [Corporate Governance](#) .Pohjola's website contains a large material archive regarding events for investors.

Pohjola's website at pohjola.fi > [English](#) > [Investor Relations](#) > [Equity Investors](#) provides equity investors with a variety of information, such as on the Pohjola share and share performance, consensus estimates, share performance calculator and extensive presentation material.

Debt Investors

Pohjola Bank plc and OP Mortgage Bank act as the issuers of debt instruments within OP-Pohjola Group.

[Pohjola – Part of OP-Pohjola Group](#)

[More credit rating information](#)

Funding

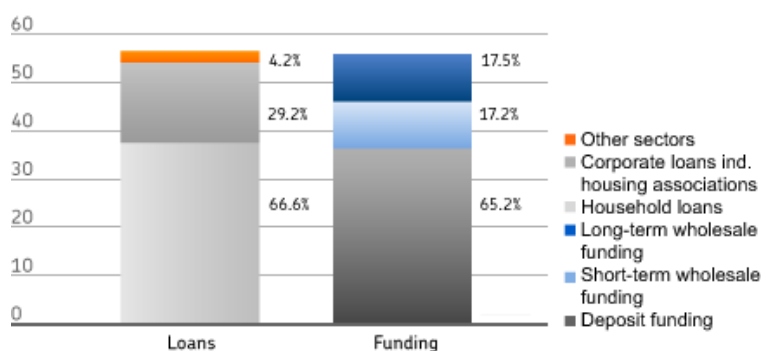
Acting as OP-Pohjola Group's central bank, Pohjola is responsible for planning all of the Group's wholesale funding in money and capital markets. Pohjola is in charge of the Group's unsecured wholesale funding while OP Mortgage Bank is in charge of secured wholesale funding.

In its wholesale funding operations, Pohjola aims at broad diversification, according to which it diversifies risks by maturity category, counterparty, product and market area.

OP-Pohjola Group boasts a strong funding structure, given that around two-thirds of lending is based on deposits and the rest comes from money and capital markets.

Loans and funding by OP-Pohjola Group, 31 Dec 2010

€ billion



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Debt issuance programmes

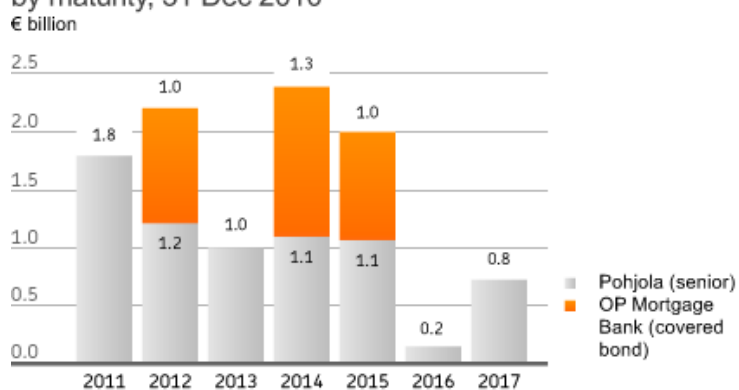
Pohjola has a EUR 15 billion EMTN programme and a EUR 12 billion ECP programme, with debt instruments with a maturity of over one year issued under the former programme and debt instruments with a maturity of less than one year issued under the latter. In addition, Pohjola issues certificates of deposit (CD) in the Finnish market.

OP Mortgage Bank issues covered bonds under a 10 billion EMTCN programme.

Pohjola senior bond and OP-Mortgage Bank covered bond issues 2010

Issuer	Month of issue	€ mn	Maturity
Pohjola Bank plc	February	750	3 years
Pohjola Bank plc	March	750	5 years
OP Mortgage Bank	June	1,000	5 years
Pohjola Bank plc	September	750	7 years

Pohjola and OP Mortgage Bank long-term funding by maturity, 31 Dec 2010



Joint responsibility within OP-Pohjola Group

Joint responsibility within OP-Pohjola Group is based on the Act on the amalgamation of deposit banks (laki talletuspankkien yhteenliittymästä) according to which OP-Pohjola Group Central Cooperative, the Group's central institution, and its member credit institutions are ultimately liable for each other's debts and commitments. This joint responsibility applies to OP-Pohjola Group Central Cooperative, OP-Pohjola Group member cooperative banks, Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank and OP-Kotipankki Oyj. Other OP-Pohjola Group companies, such as insurance companies, do not fall within the scope of joint responsibility. The joint responsibility and solid financial position of the Group improve Pohjola's creditworthiness.

Credit ratings

Pohjola's credit rating remained unchanged in 2010 and only two other Nordic banks boast the AA rating for long-term debt affirmed by all the three credit rating agencies. When assessing Pohjola's credit rating, the credit rating agencies take account of the entire OP-Pohjola Group's financial standing.

Based on its strategy, Pohjola aims at an AA credit rating affirmed by at least two credit rating agencies.

Covered bonds issued by OP Mortgage Bank are rated AAA by Standard & Poor's and Aaa by Moody's.

Long-term debt rating

	Moody's	S&P	Fitch
Pohjola Bank plc	Aa2*	AA-	AA-*
Handelsbanken	Aa2	AA-	AA-
Nordea	Aa2	AA-	AA-
DnB NOR	Aa3	A+	A+
Danske Bank	Aa3	A*	A+
SEB	A1	A	A+
Swedbank	A2	A	A
OP Mortgage Bank**	Aaa	AAA	-
Finnish government	Aaa	AAA	AAA

*) The credit rating outlook is negative

**) Cover bond rating

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Pohjola maintains regular contact with investors and analysts. Its Investor Relations aims at ensuring that all market participants will have sufficient, true and real-time information on the company and its Group, and to secure that the information to be published is given promptly and equitably. For potential investors investing in bonds issued by Pohjola, the information forms the basis of how to assess the issuer's repayment capacity. The full Disclosure Policy guiding Investor Relations can be found at [pohjola.fi > English > Investor Relations > Corporate Governance > Disclosure Policy](#).

Website

Pohjola's website provides plenty of information for debt investors at [pohjola.fi > English > Investor Relations > Debt Investors](#).

[Pohjola Interim Reports](#)

[www.pohjola.fi > English > Media > Releases](#)

[OP-Pohjola Group Interim Reports](#)

[www.op.fi > English > OP-Pohjola Group > Media > Material service](#)

[OP Mortgage Bank Interim Reports](#)

[www.op.fi > English > OP-Pohjola Group > Media > Subsidiaries' Annual and Interim Reports](#)