



**OP-Pohjola Group's  
Interim Report for 1 January–31 March 2014**

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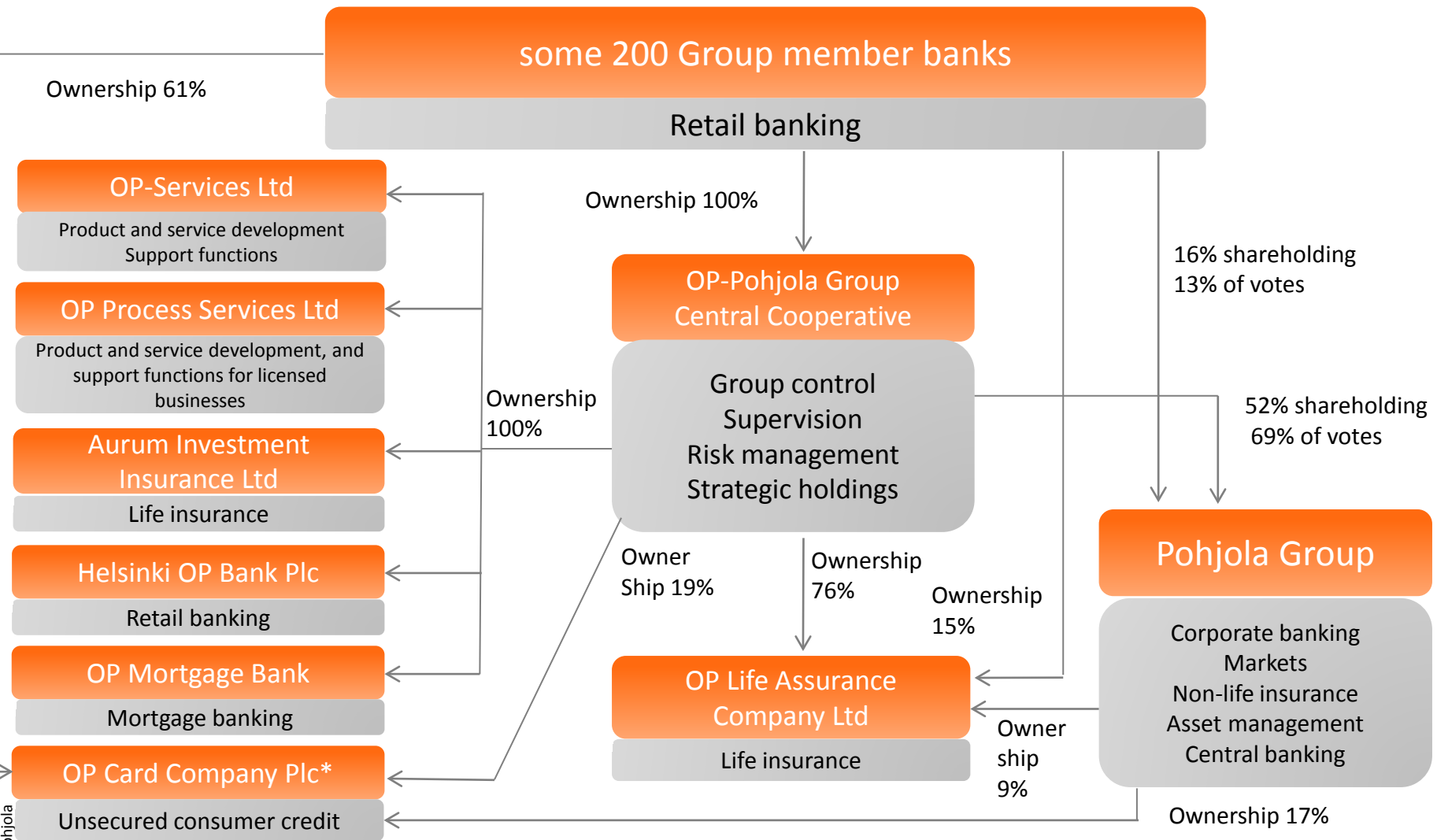
- **OP-Pohjola Group**
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- **Loans and customer funds**
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## OP-Pohjola Group

# OP-Pohjola Group



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.

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

© OP-Pohjola

# OP-Pohjola Group Business Segments

## Banking

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

## Non-life Insurance

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

## Wealth Management

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

## Other operations

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

# OP-Pohjola Group Key Indicators

## OP-Pohjola Group's Key Figures

	Q1/2014	Q1/2013	Change, %	Q1-Q4/2013
Earnings before tax, EUR million	257	234	10.0	701
Banking	160	98	63.5	404
Non-life Insurance	62	56	12.3	166
Wealth Management	67	57	18.2	113
Returns to owner-members and OP bonus customers	49	48	2.8	193
	31 March 2014	31 March 2013	Change, %	31 Dec. 2013
Common Equity Tier 1 (CET1) ratio/Core Tier 1 %**	15.5	14.6		17.3
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)	2.00	1.85		1.90
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.41	0.51	-0.10 *	0.42
Joint banking and insurance customers (1,000)	1,535	1,442	6.5	1,518

\*\* Change in ratio

\*\* The comparatives have been calculated under the principles that came into effect on 1 January 2014

# Joint Liability, Deposit Insurance and Investors' Compensation

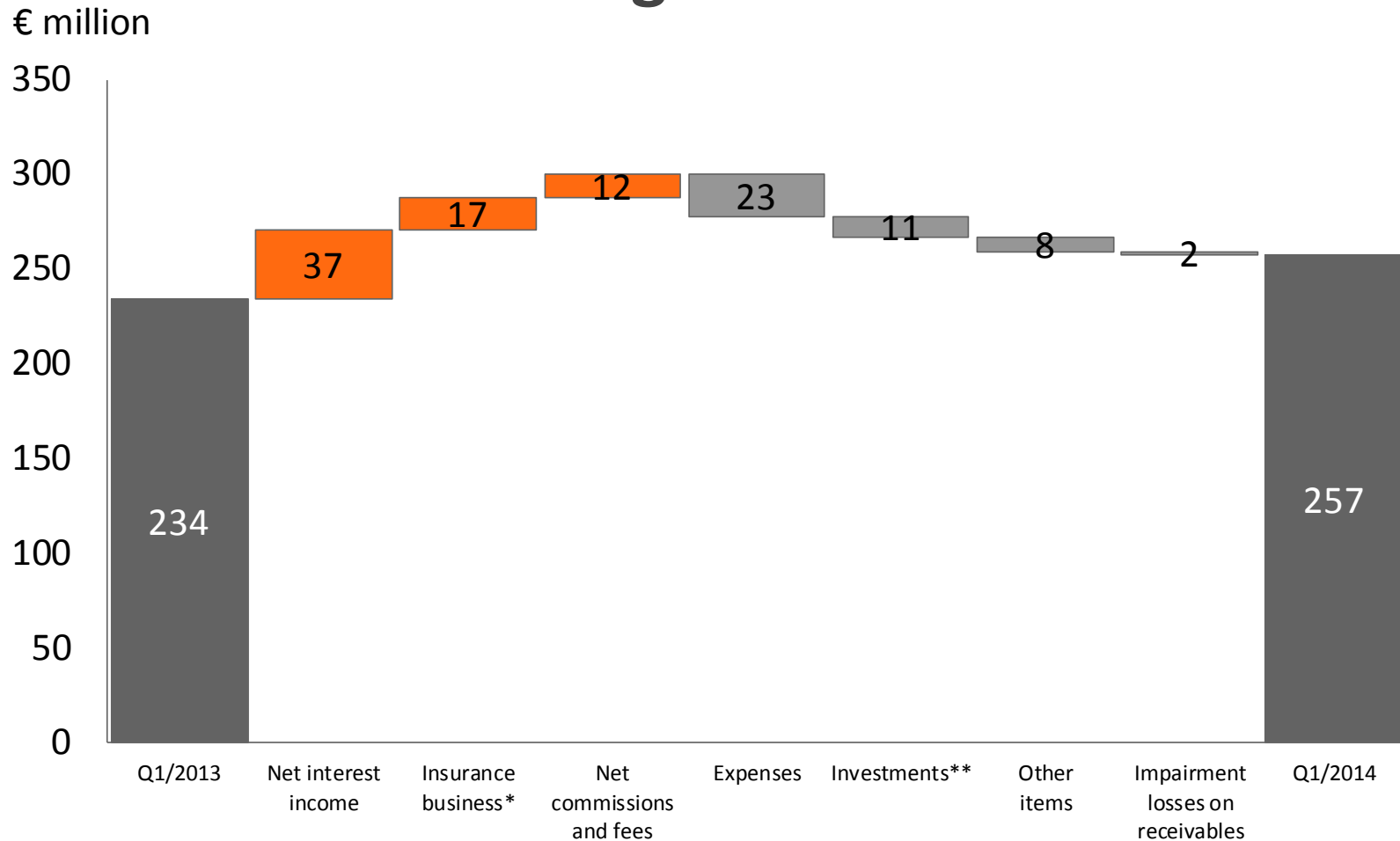
- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their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



## Year-on-year Results

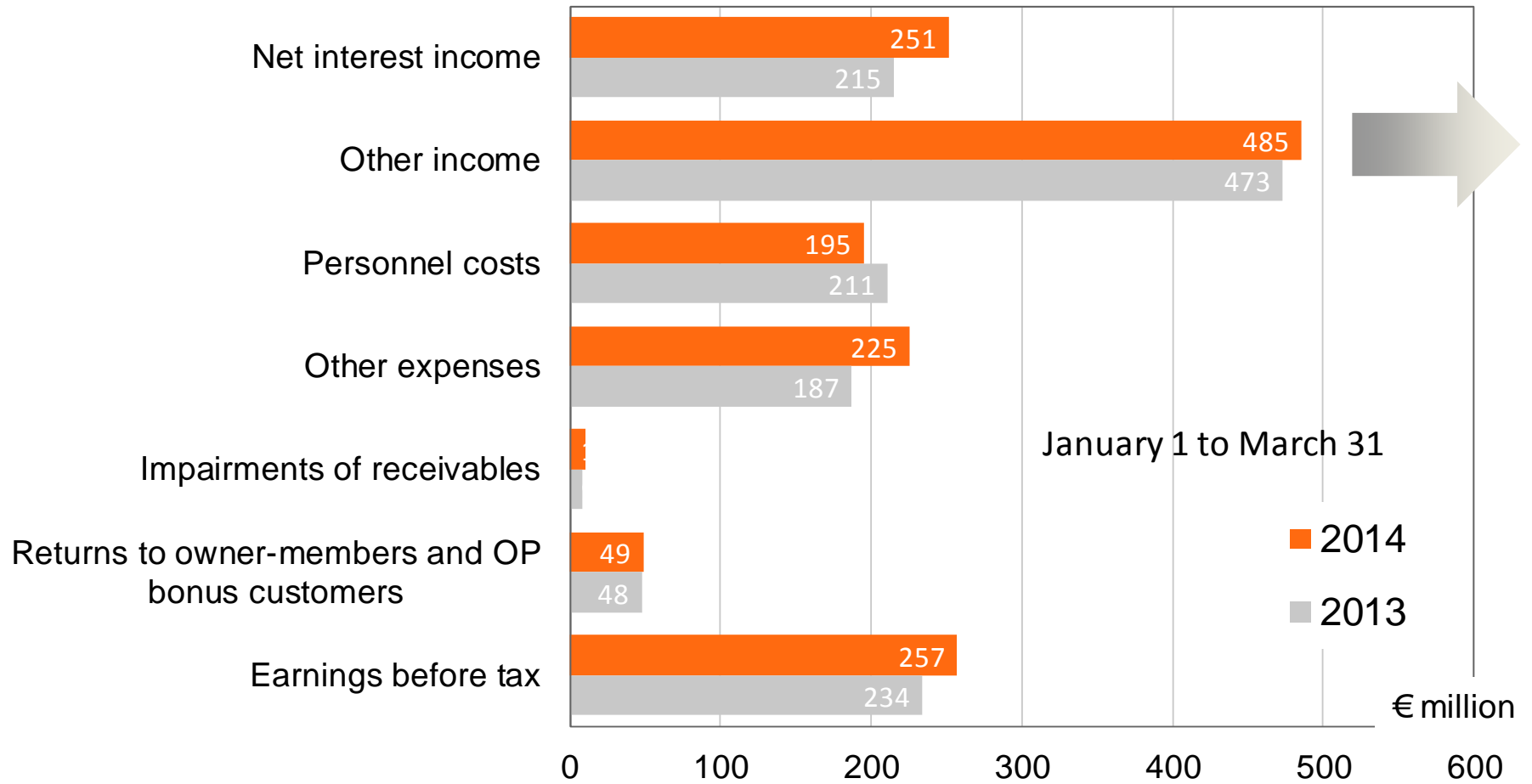


# OP-Pohjola Group Earnings before Tax

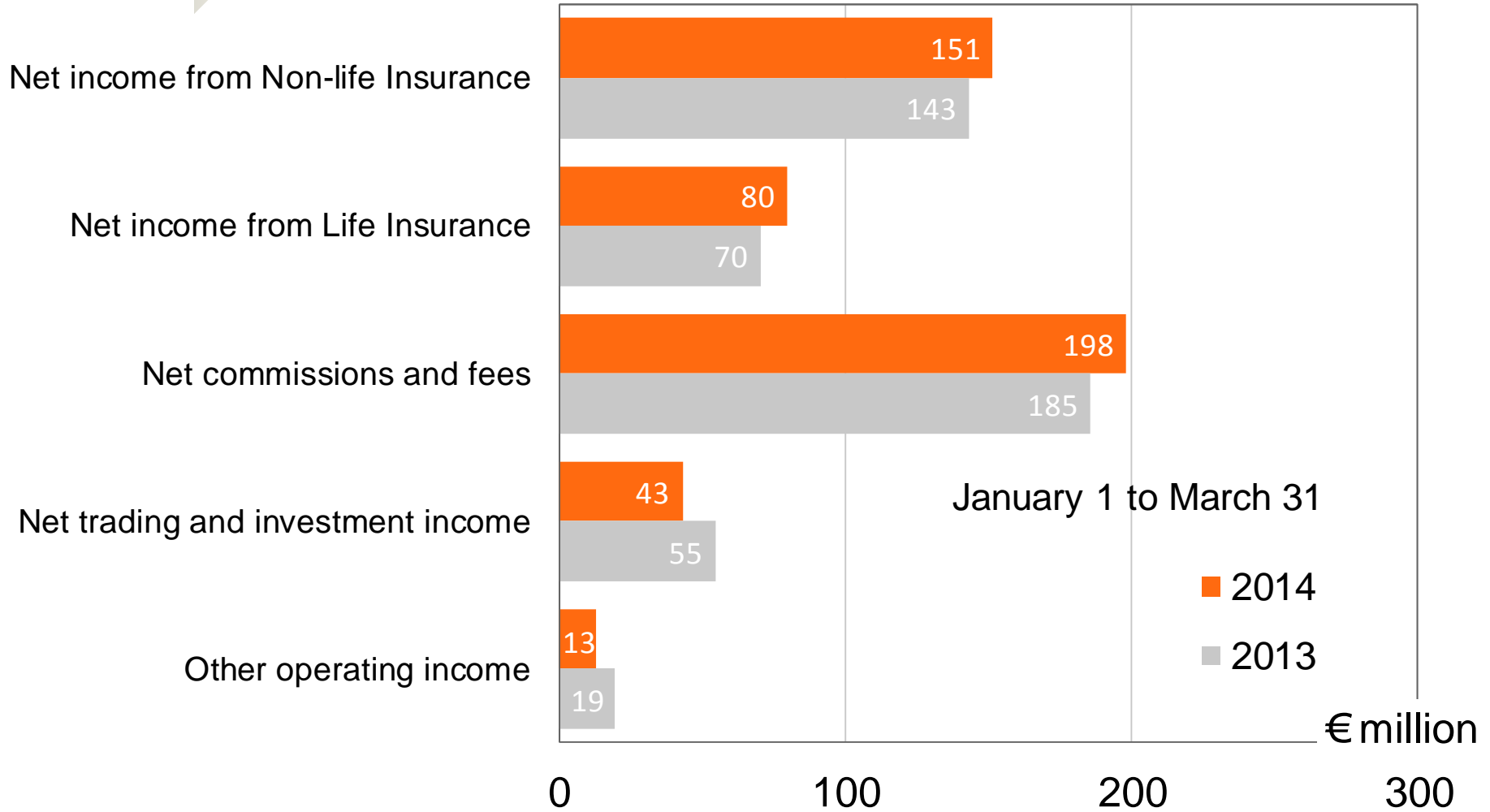


\*) Life and Non-life Insurance \*\*) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

# OP-Pohjola Group Income statement



# OP-Pohjola Group Other Income



OP-Pohjola Group

Income statement

January 1 to March 31 € million	2014	2013	Change	
			€ million	%
Interest income	651	616	35	5.7
Interest expenses	399	401	-1	-0.3
Net interest income	251	215	37	17.1
Impairments of receivables	10	9	2	18.3
Net interest income after impairment losses	241	206	35	17.0
Net income from Non-life Insurance operations	151	143	8	5.9
Net income from Life Insurance operations	80	70	9	13.3
Net commissions and fees	198	185	12	6.7
Net trading income	27	29	-2	-6.7
Net investment income	16	26	-10	-37.5
Other operating income	13	19	-6	-33.3
Personnel costs	195	211	-16	-7.5
Other administrative expenses	112	85	28	32.6
Other operating expenses	113	102	11	10.5
Returns to owner-members and OP bonus customers	49	48	1	2.8
Share of associates' profits/losses	0	0	0	-21.8
Earnings before tax	257	234	23	10.0

# OP-Pohjola Group

## Income Statement by Business Segment

1 January to 31 March 2014

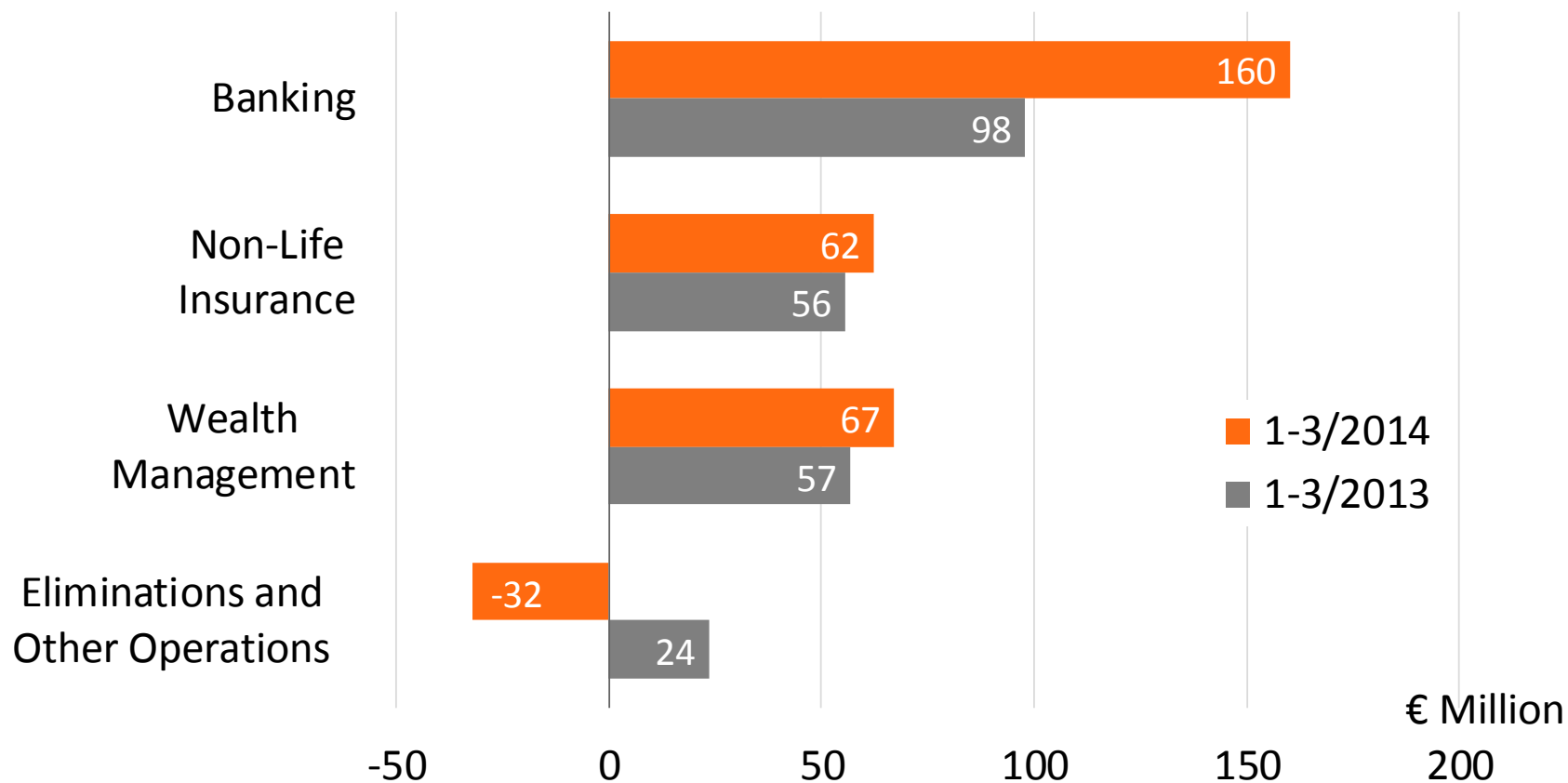
€ million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	267	-6	0	-11	251
Net income from non-life insurance	0	154	0	-2	151
Net income from life insurance	0	0	49	31	80
Net commissions and fees	183	4	41	-30	198
Other income	39	3	3	11	56
<b>Total income</b>	<b>490</b>	<b>154</b>	<b>93</b>	<b>-1</b>	<b>737</b>
Personnel costs	121	27	6	40	195
Other expenses	154	65	20	-13	225
<b>Total expenses</b>	<b>275</b>	<b>92</b>	<b>26</b>	<b>27</b>	<b>420</b>
Impairment losses on receivables	10	0	0	0	10
Satunnaiset erät	0	0	0	0	0
Returns to owner-members	45	0	0	-4	40
<b>Earnings before tax</b>	<b>160</b>	<b>62</b>	<b>67</b>	<b>-32</b>	<b>257</b>

Cost /income ratio, %

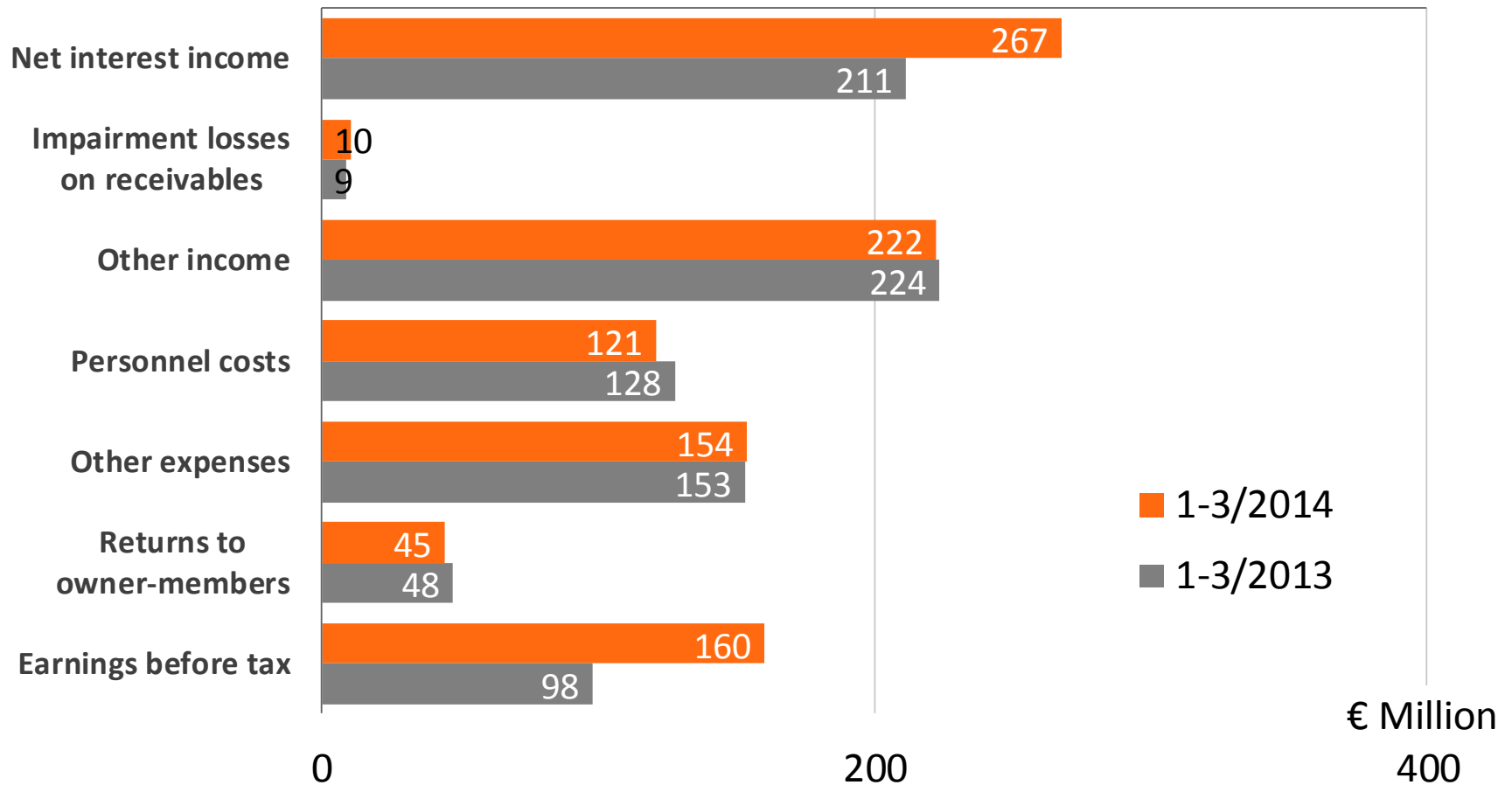
56

# OP-Pohjola Group

## Earnings before tax by Business Segment



# OP-Pohjola Group Banking



€ Million

0

200

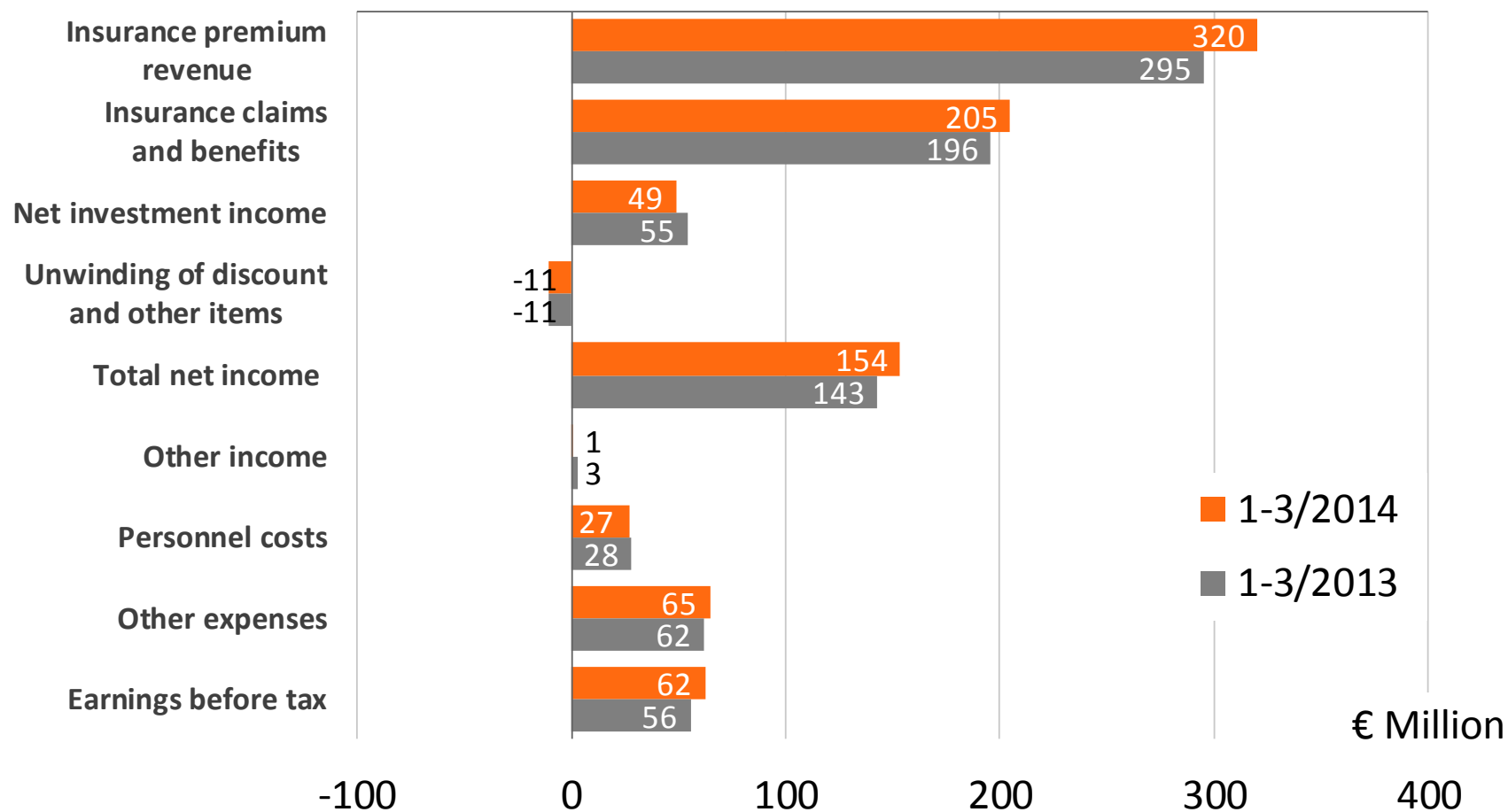
400

■ 1-3/2014

■ 1-3/2013

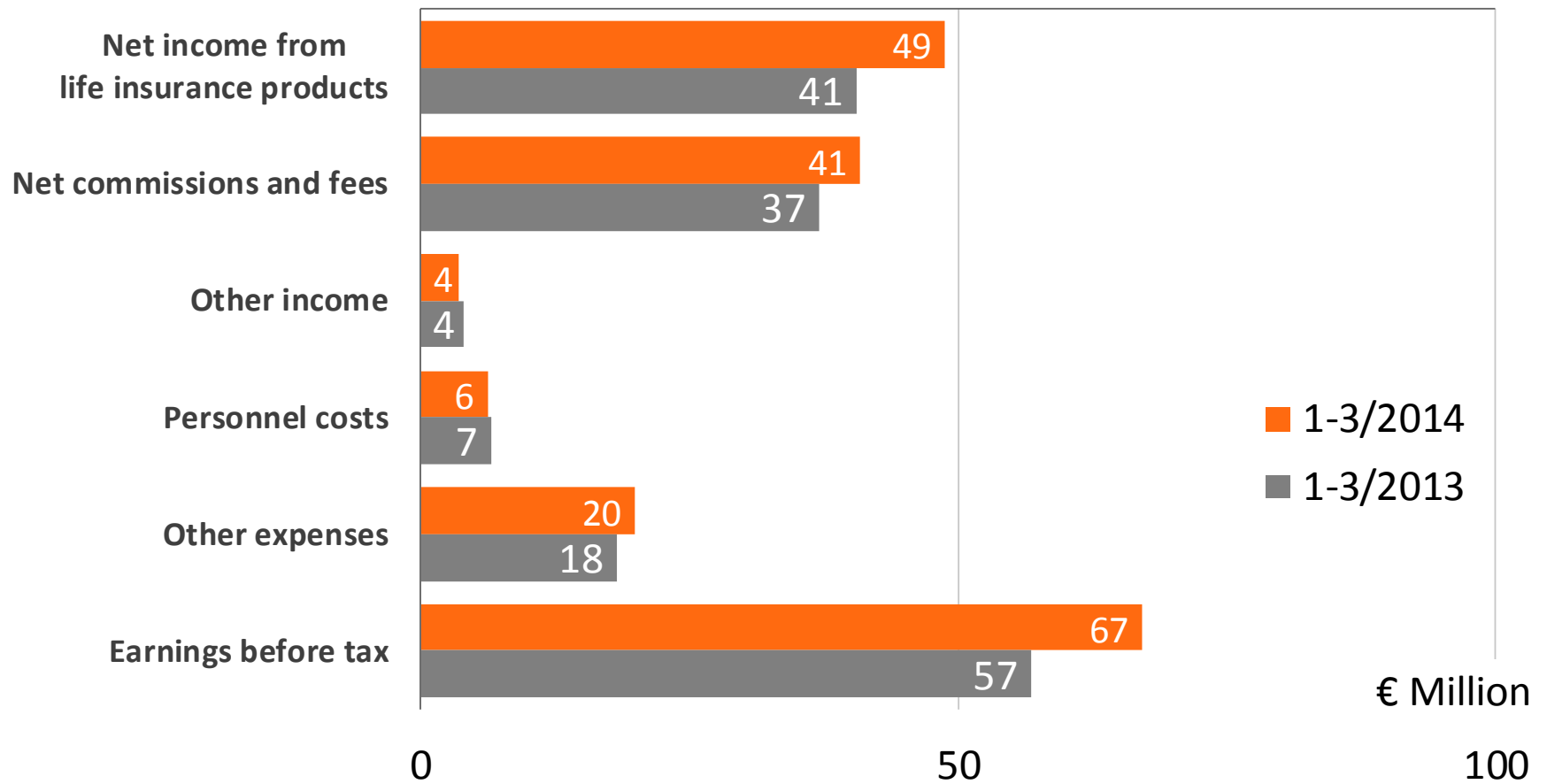


# OP-Pohjola Group Non-Life Insurance





# OP-Pohjola Group Wealth Management



€ Million



## Quarterly Figures

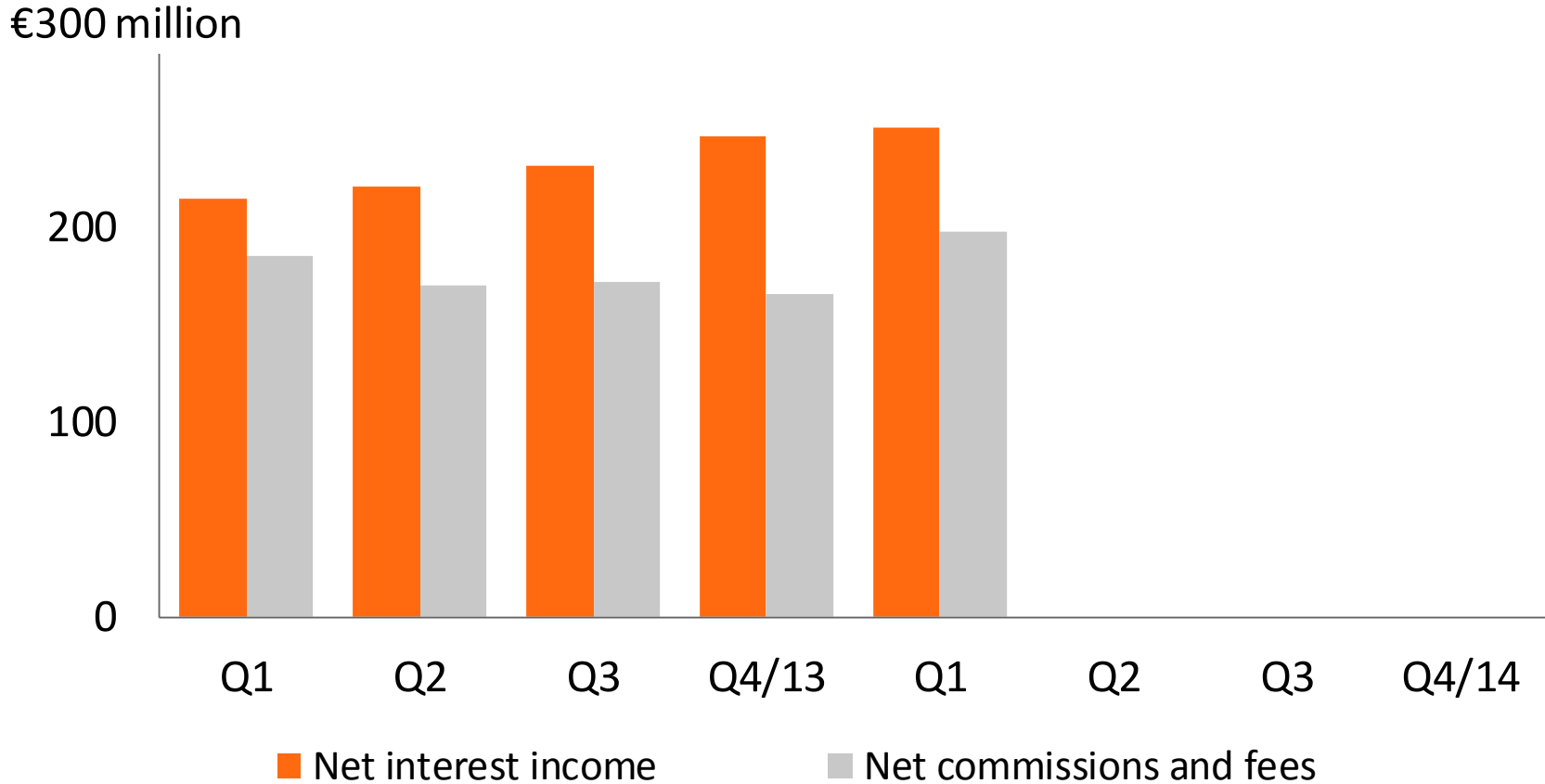
## OP-Pohjola Group Quarterly Performance

€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	215	221	232	247	251			
Other income	473	413	410	364	485			
Total income	688	634	642	611	737			
Personnel costs	211	203	176	202	195			
Other expenses	187	199	184	236	225			
Total expenses	398	402	360	438	420			
Impairments of receivables	9	23	17	34	10			
Returns to owner-members and OP bonus customers	48	48	49	49	49			
Earnings before tax	234	161	216	90	257			

OP-Pohjola Group  
Other Income by Quarter

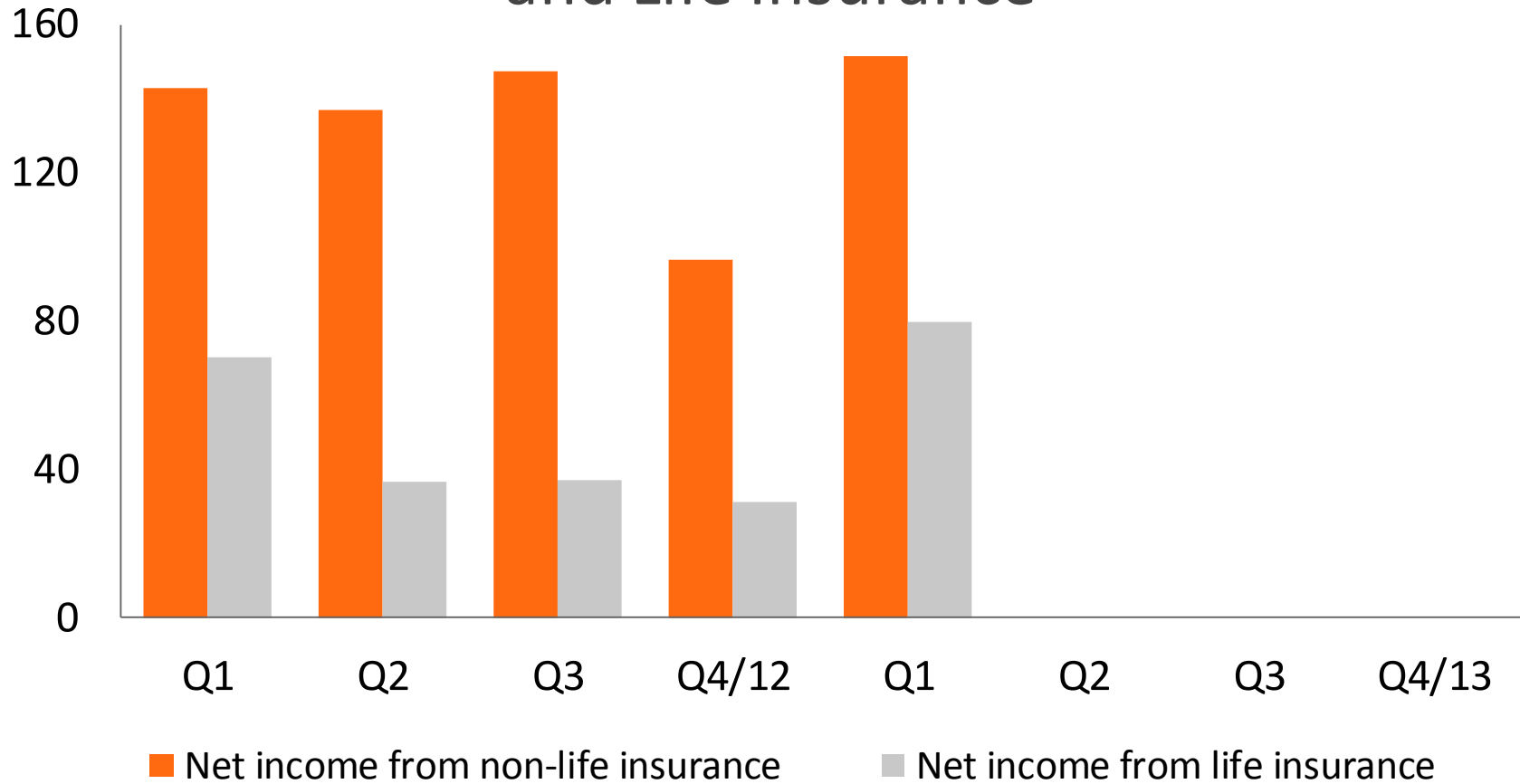
€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	143	137	147	96	151			
Net income from life insurance	70	36	37	31	80			
Net commissions and fees	185	171	172	166	198			
Net income from trading and investments	55	46	35	46	43			
Other income	20	23	18	25	13			
<b>Total</b>	<b>473</b>	<b>413</b>	<b>410</b>	<b>364</b>	<b>485</b>			

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



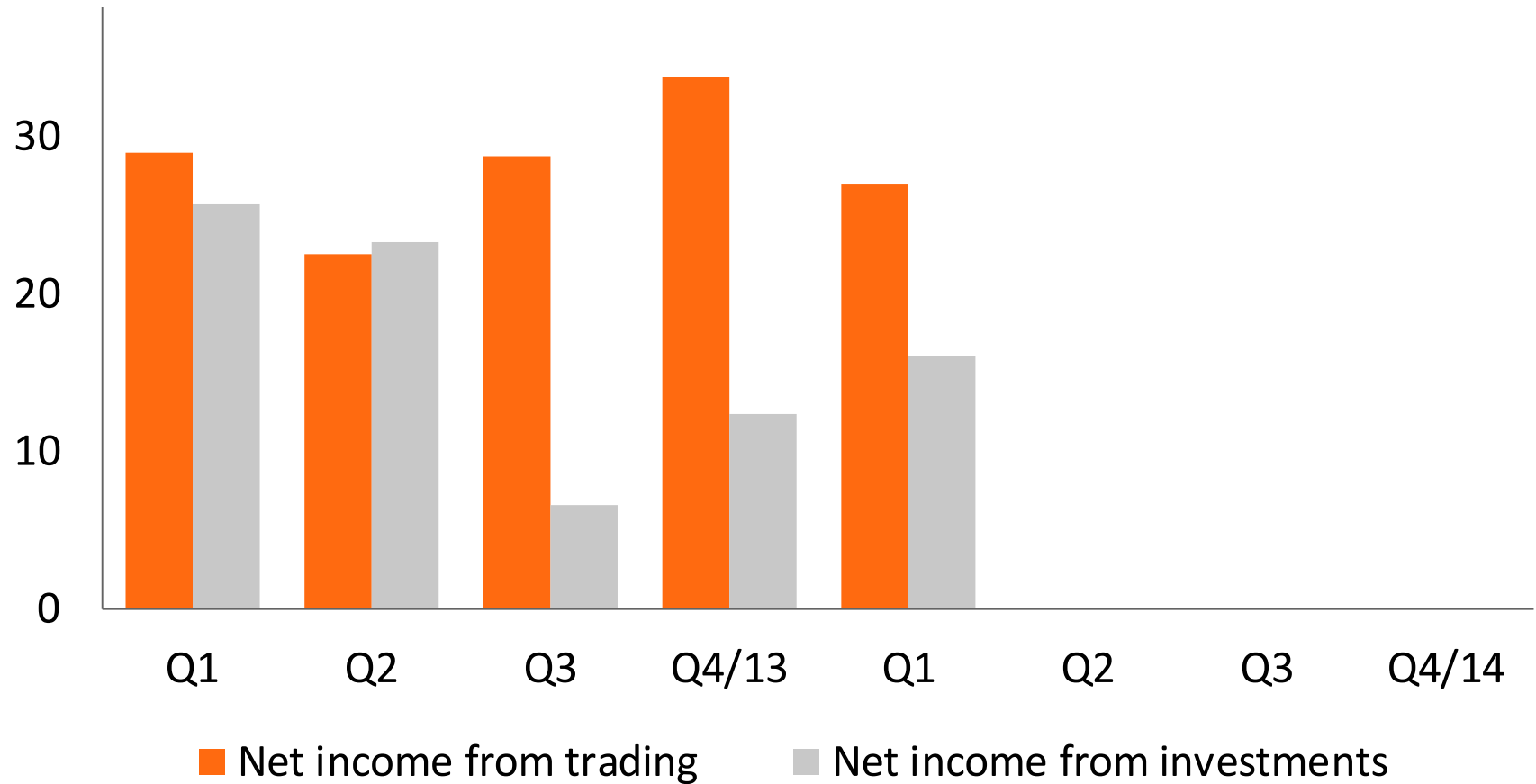
# OP-Pohjola Group Net Income from Non-life and Life Insurance

€ million



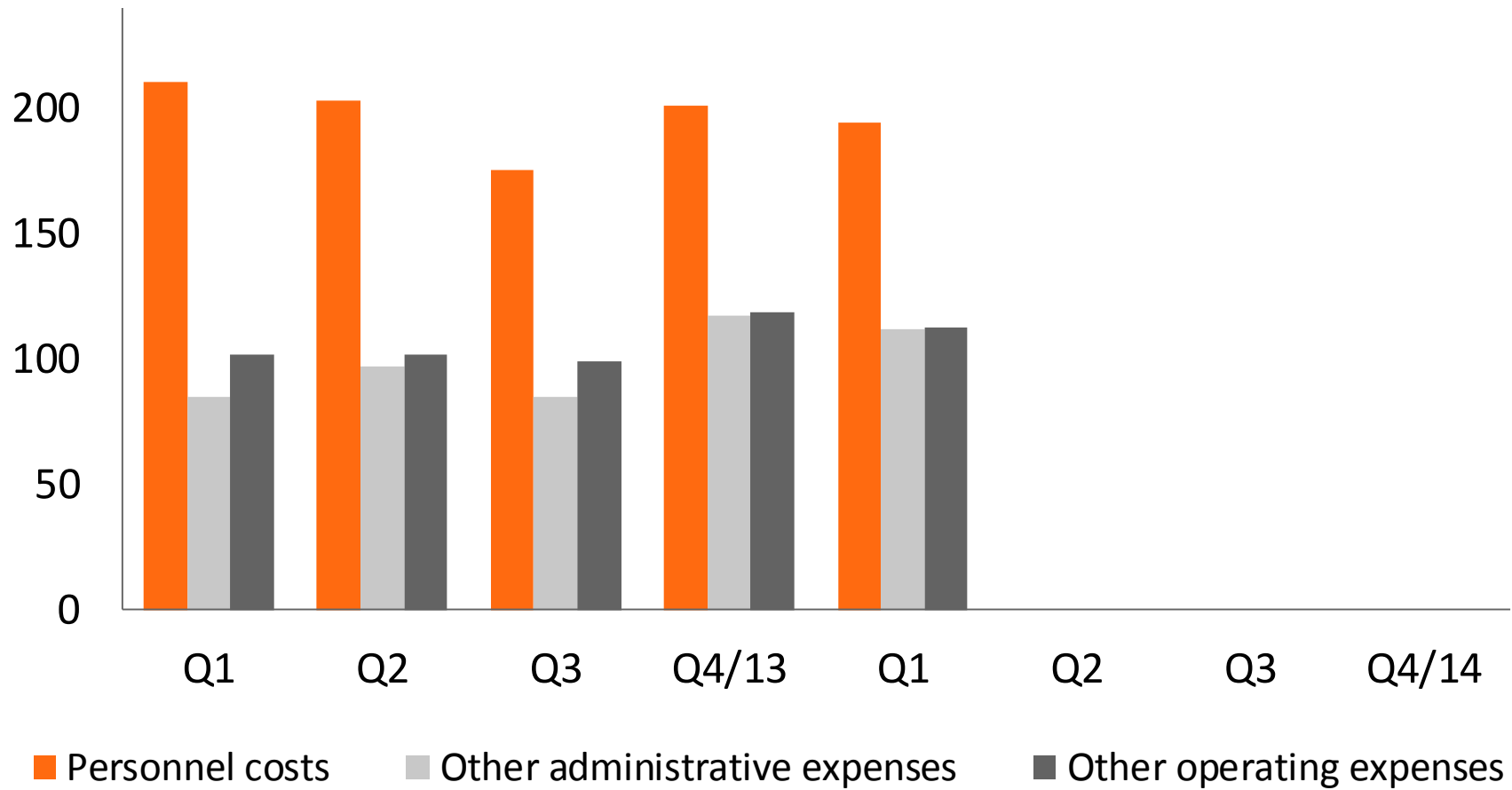
# OP-Pohjola Group Net Income from Trading and Investments

€40 million



# OP-Pohjola Group Expenses

€250 million

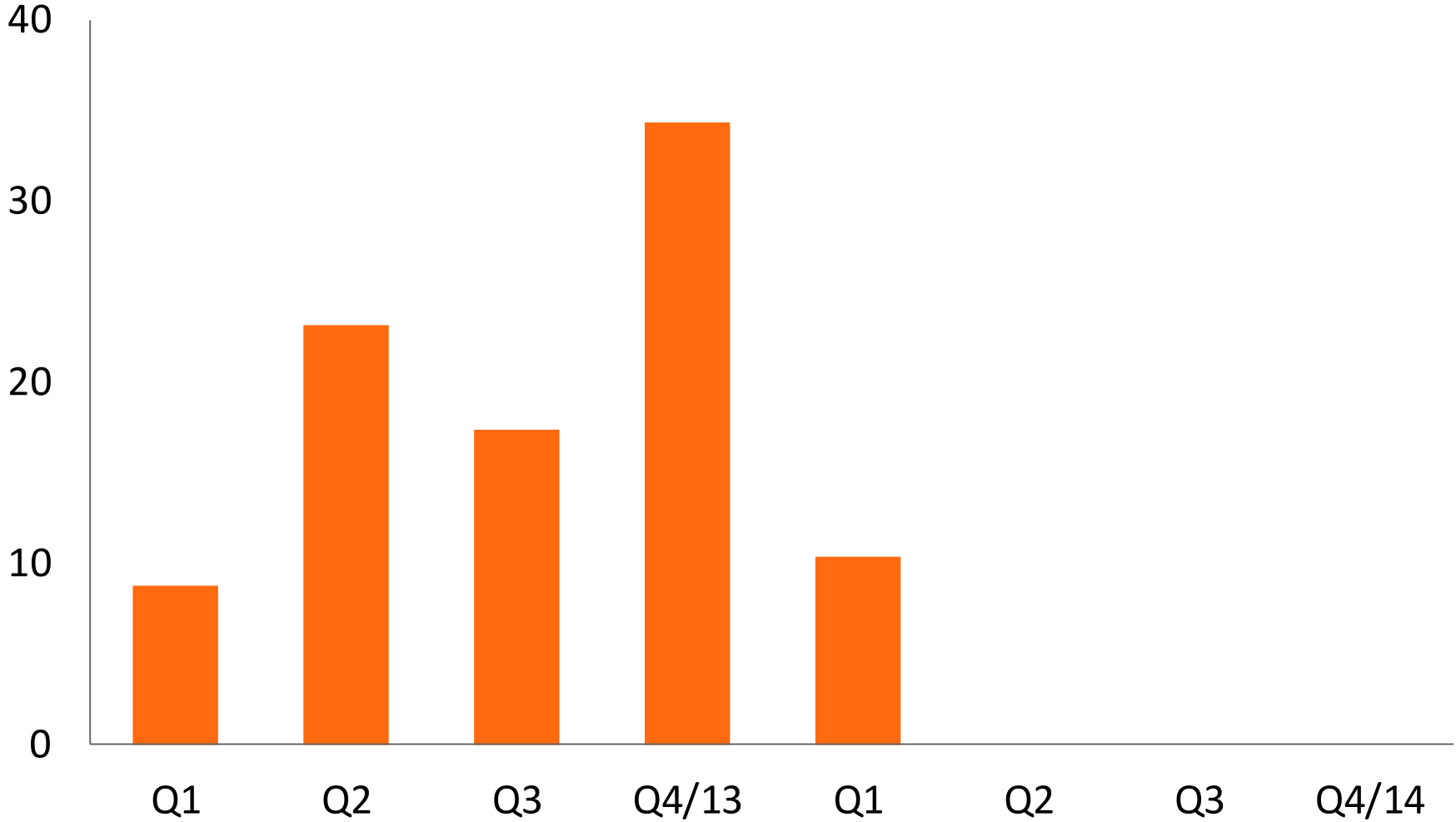




# OP-Pohjola Group

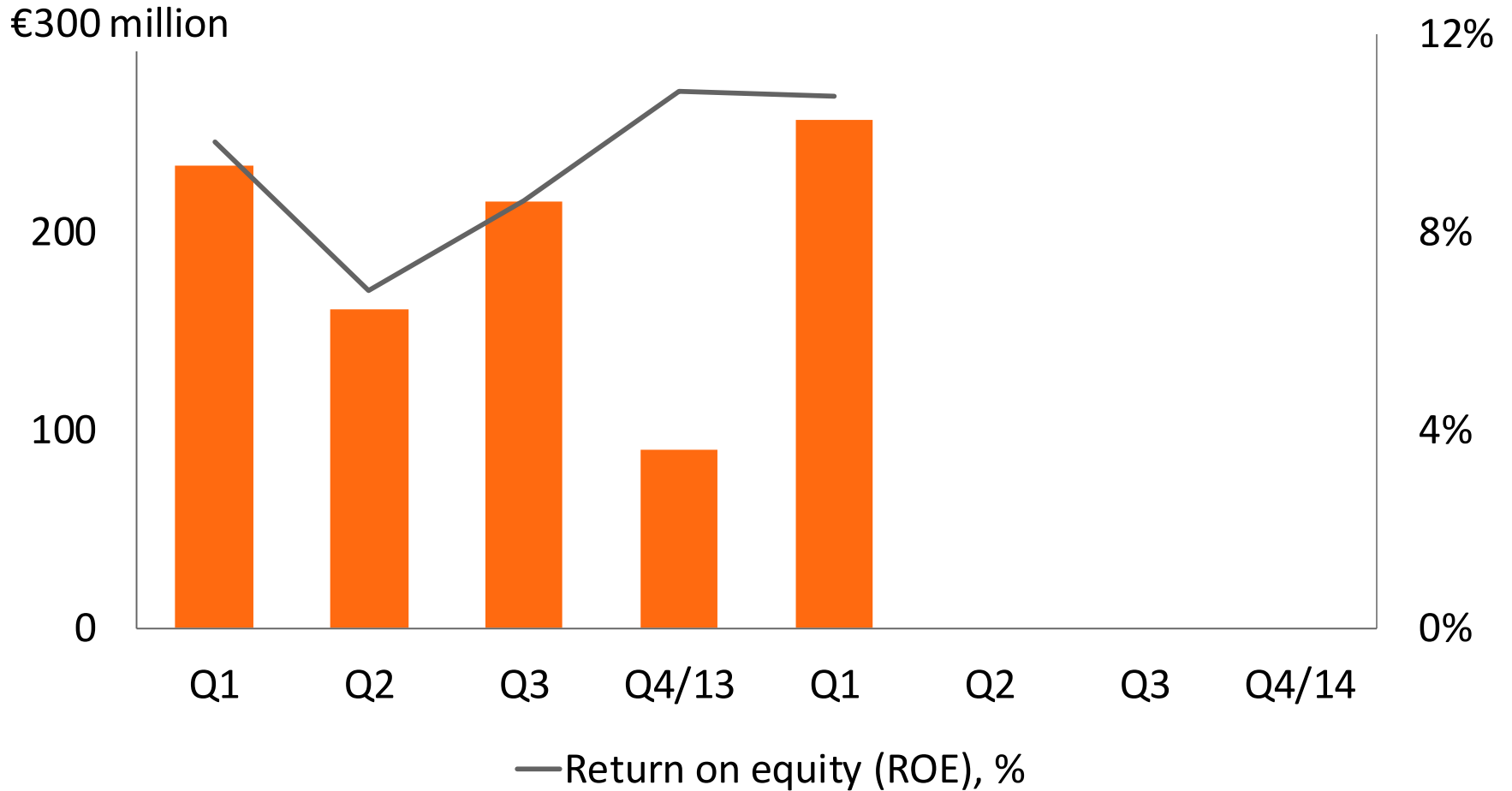
## Quarterly Impairments of Receivables

€ million



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# OP-Pohjola Group Earnings before Tax



# OP-Pohjola Group

## Earnings before Tax at Fair Value

€ million

400

300

200

100

0

15%

10%

5%

0%

Q1

Q2

Q3

Q4/13

Q1

Q2

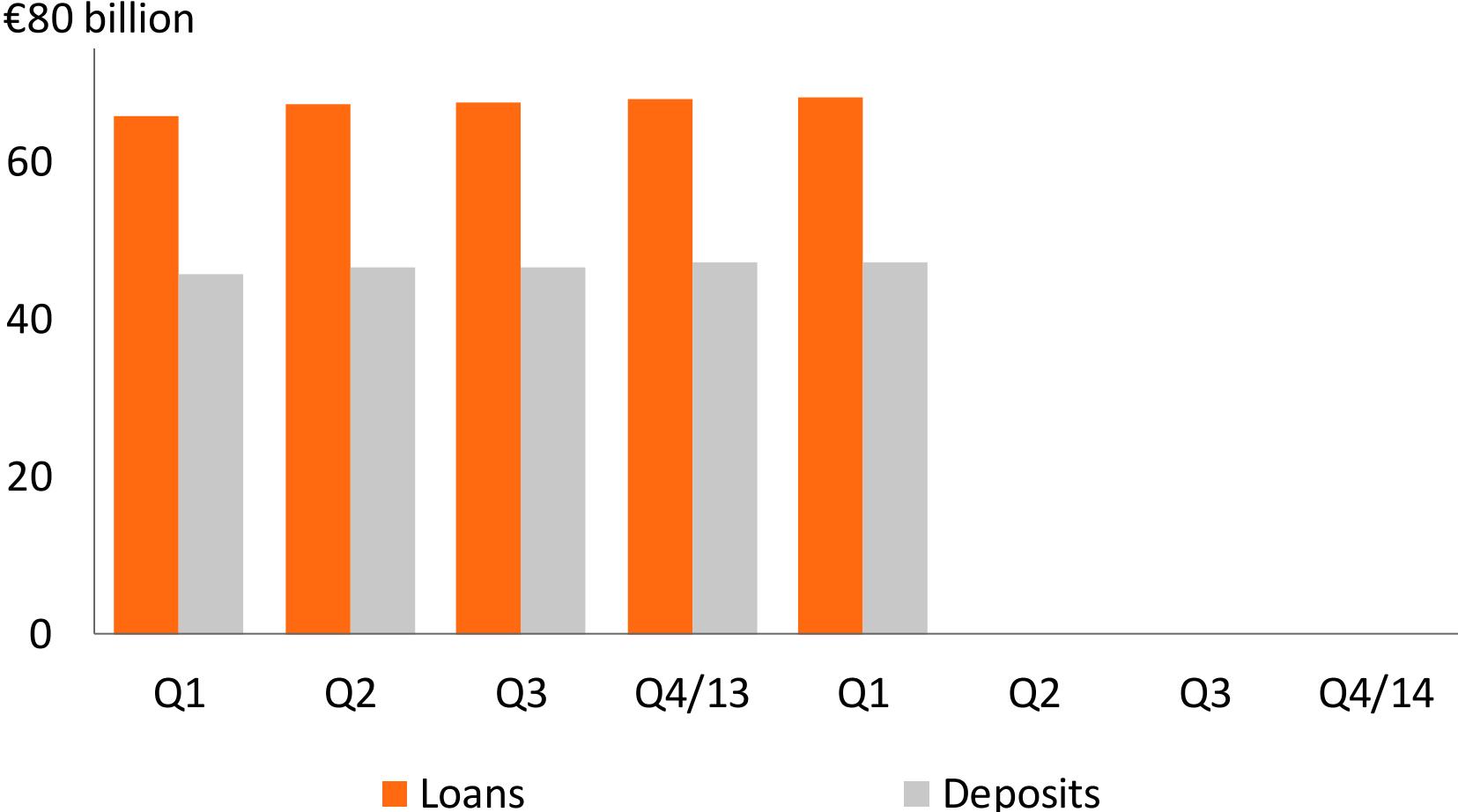
Q3

Q4/14

— Return on equity at fair value, %

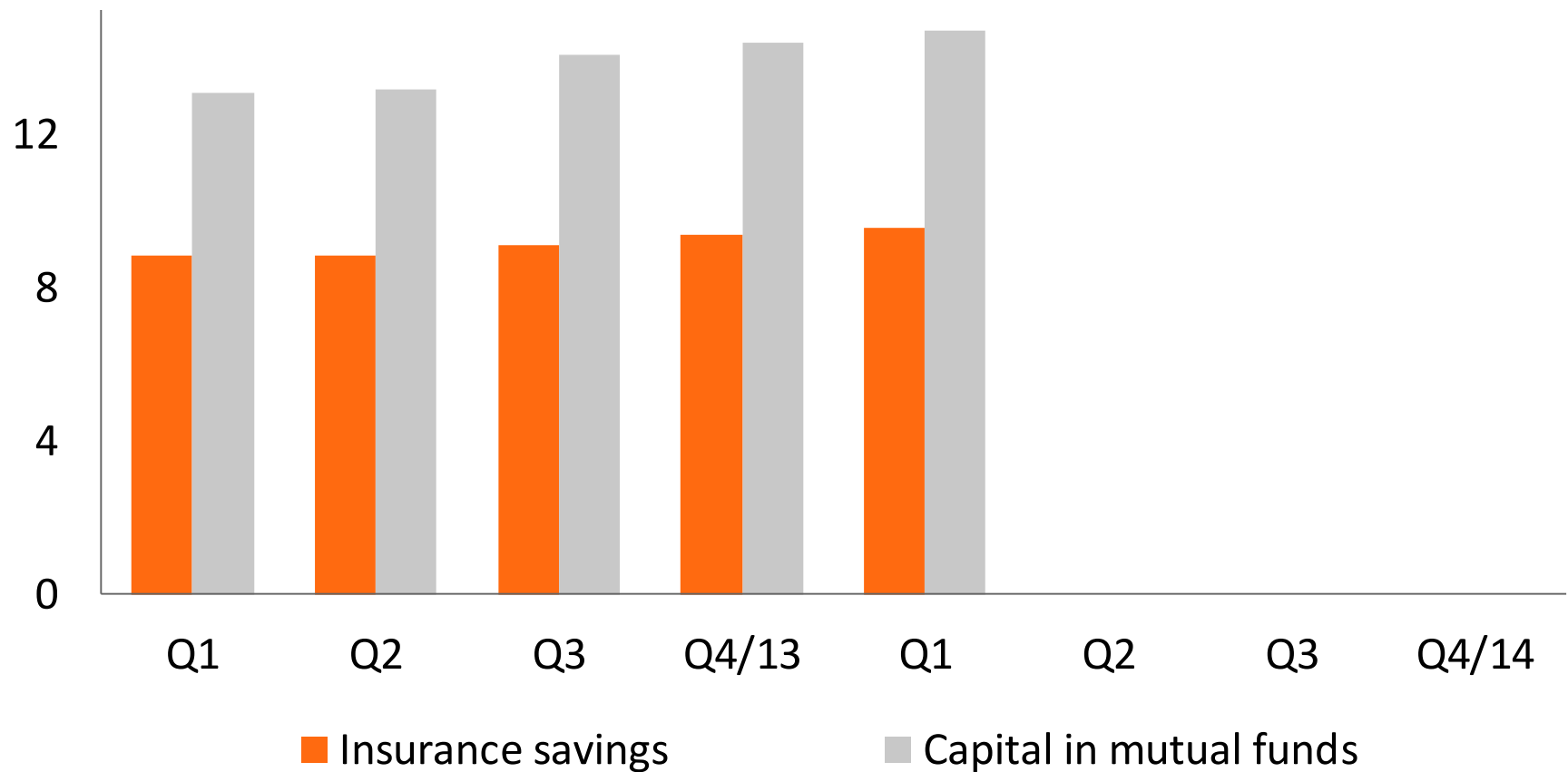


# OP-Pohjola Group Loans and Deposits



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

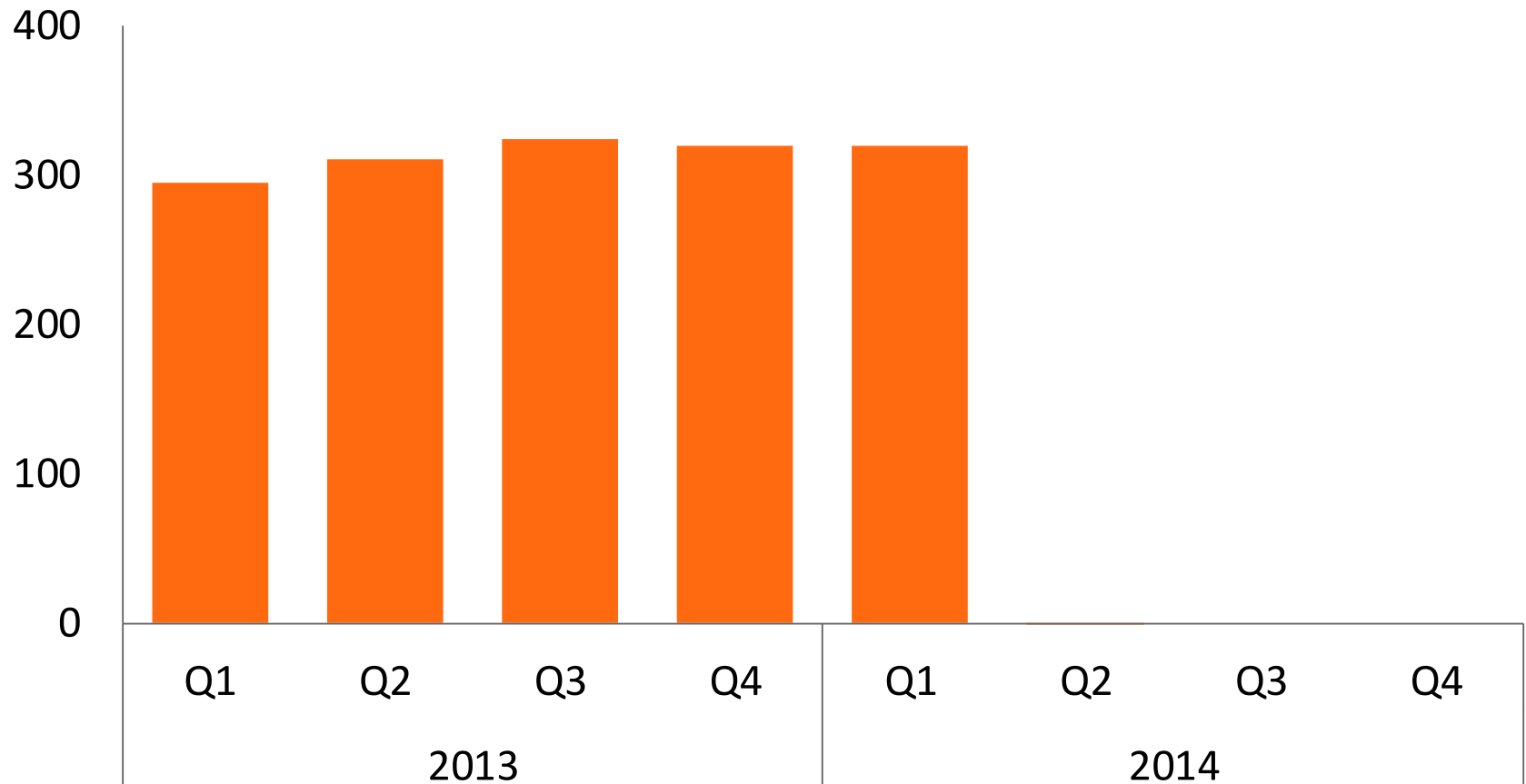
€16 billion



# OP-Pohjola Group

## Non-life Insurance Premium Revenue (IFRS)

€million





## Capital Adequacy

# Two Capital Adequacy Ratios

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

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

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

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

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

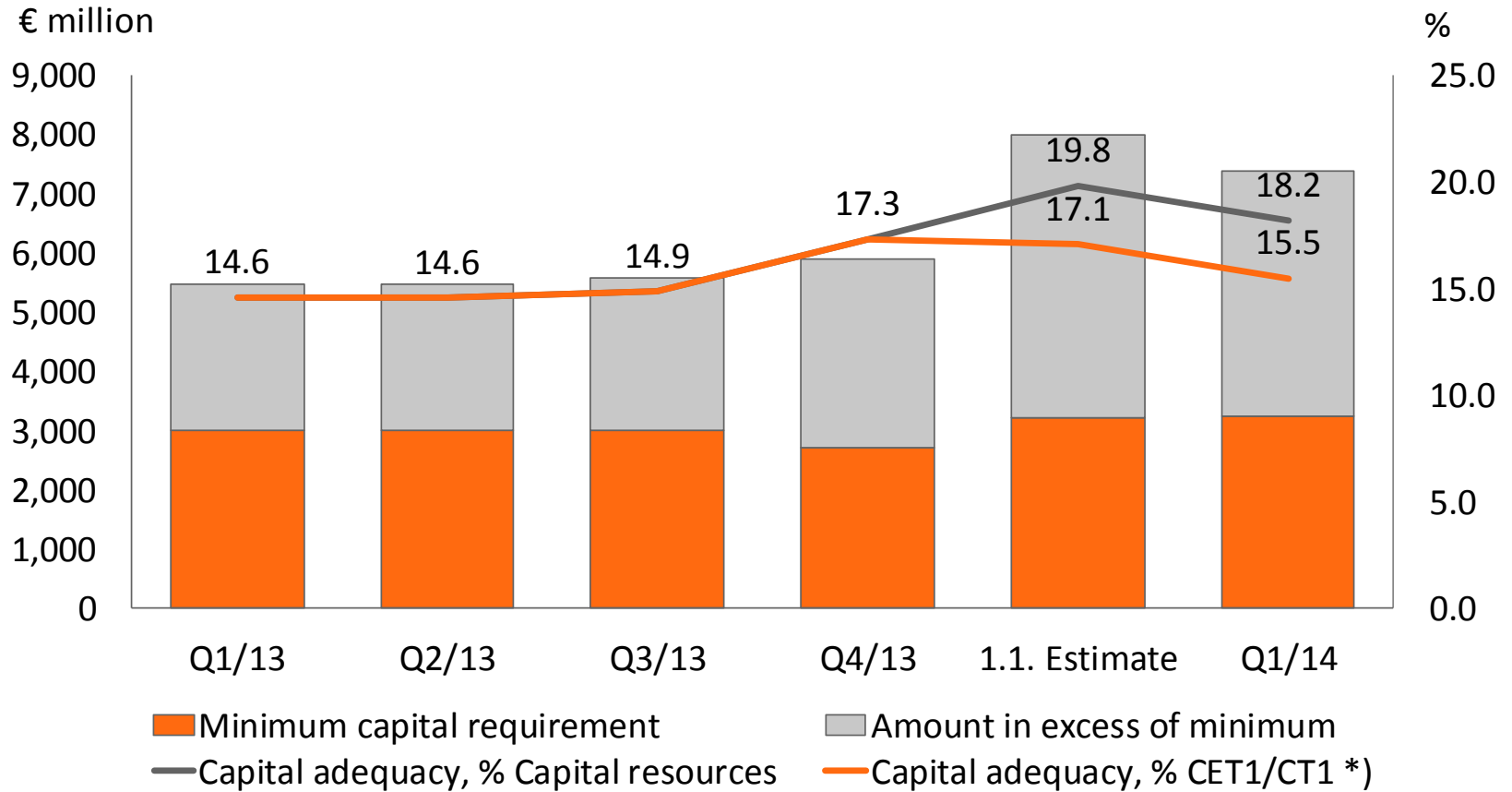


# The credit risk of the capital adequacy of the Amalgamation of the Cooperative Banks is calculated using the Internal Ratings Based Approach (IRBA)

- The Internal Ratings Based Approach (IRBA) is applied to the following types of exposure
  - Retail exposure
  - Corporate exposure (FIRB)
  - Credit institution exposure (FIRB)
- The Standardised Approach (SA) is applied to government exposure
- A simple and PD/LGD method are applied to equity investments

# The amalgamation of the cooperative banks

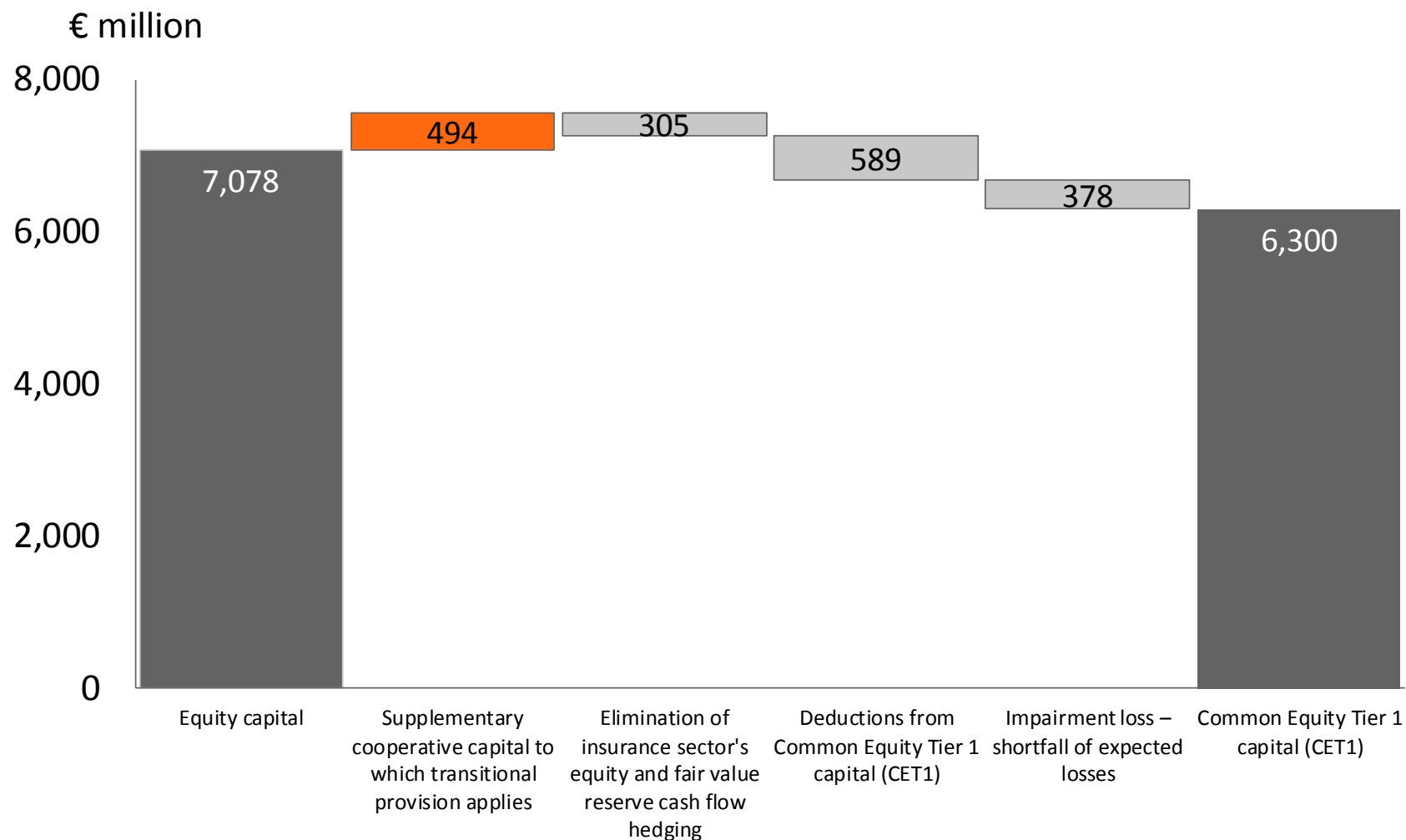
## Capital Resources and Capital Adequacy



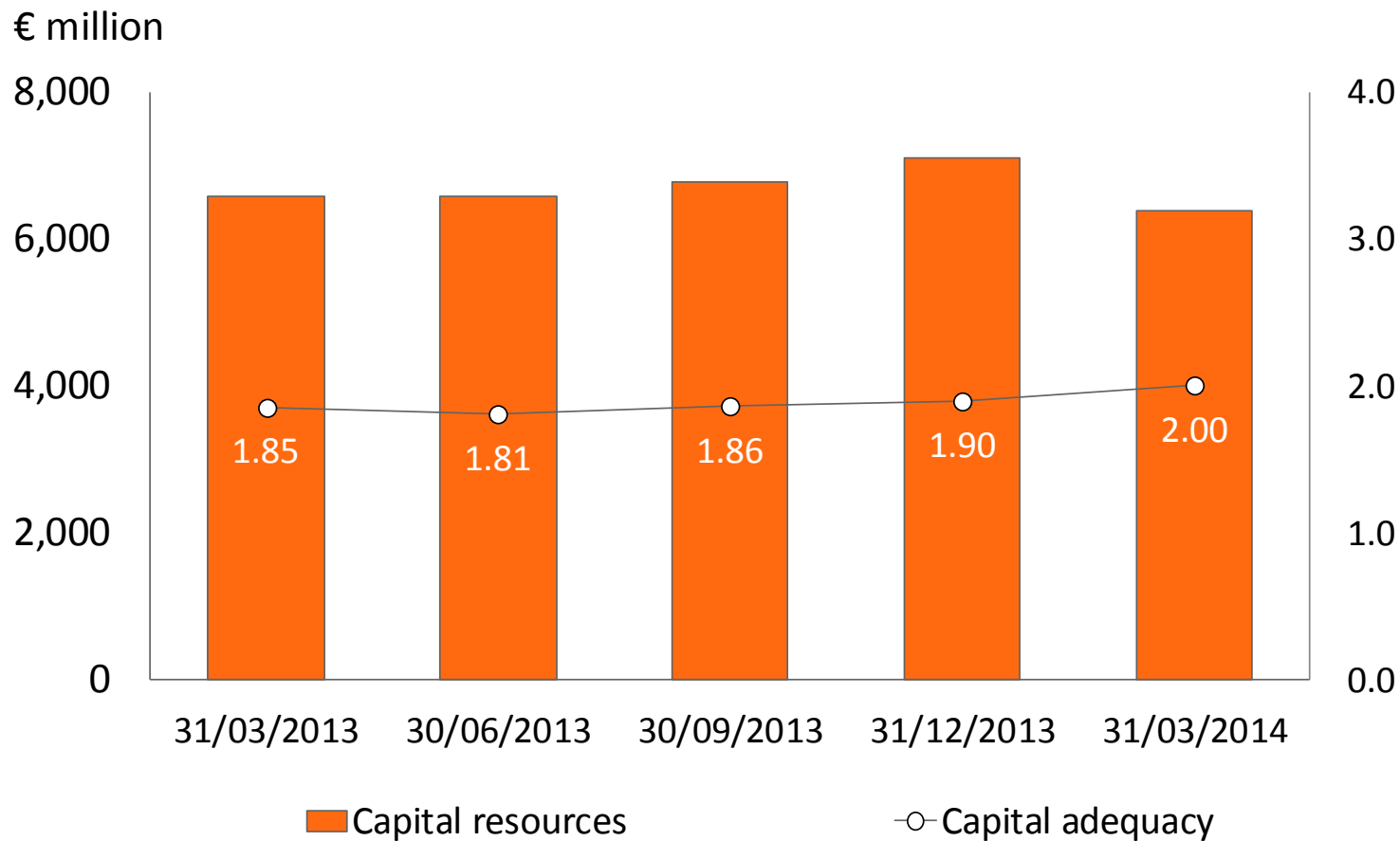
Until Q4/13 according to CRD3 before IRBA transitional provisions (Basel I floor)

# Common Equity Tier 1 (CET1)

31 March 2014

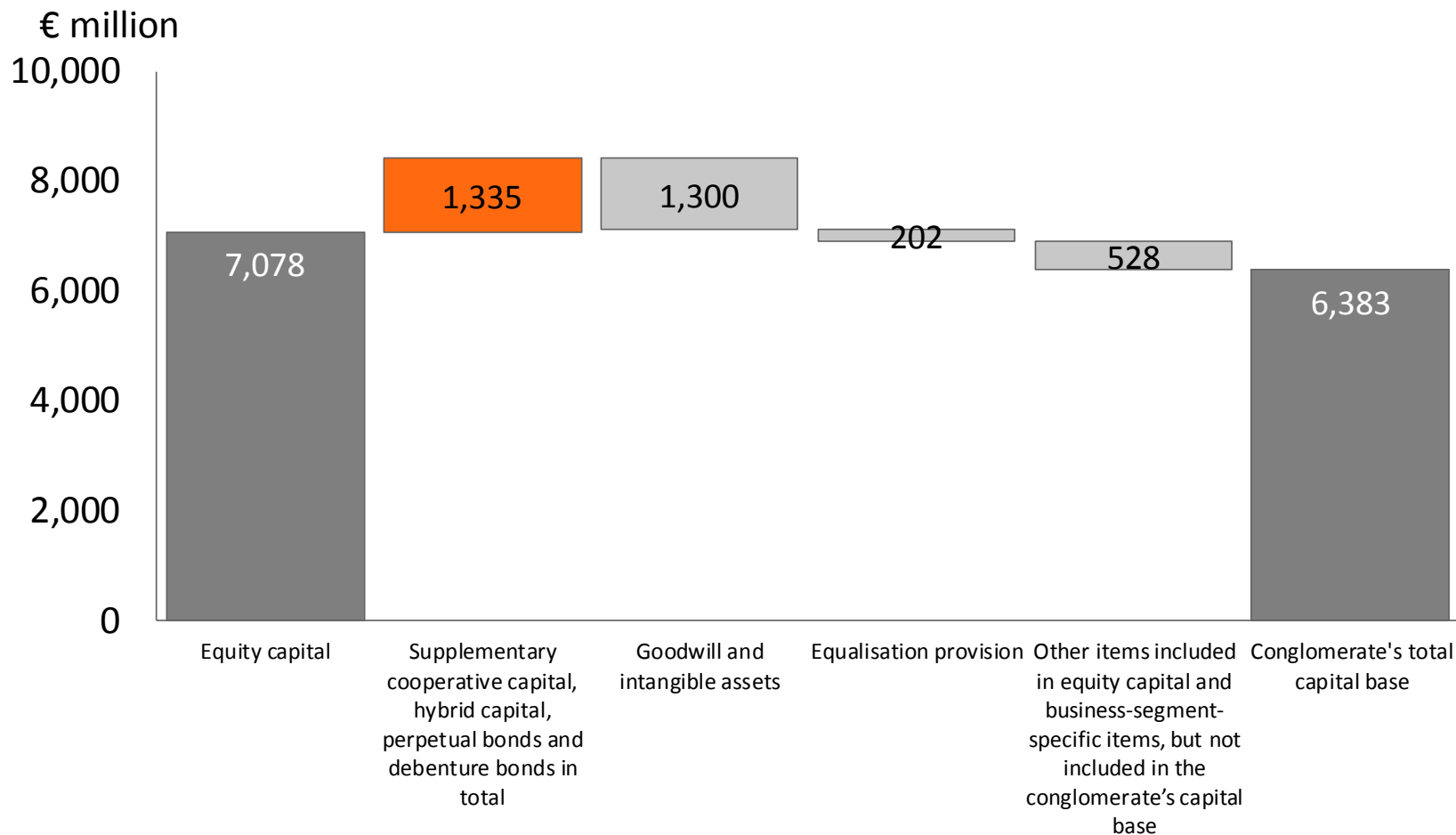


# OP-Pohjola Group Conglomerate's Capital Adequacy



# Total Capital Base under the Act on the Supervision of Financial and Insurance Conglomerates

## 31 March 2014

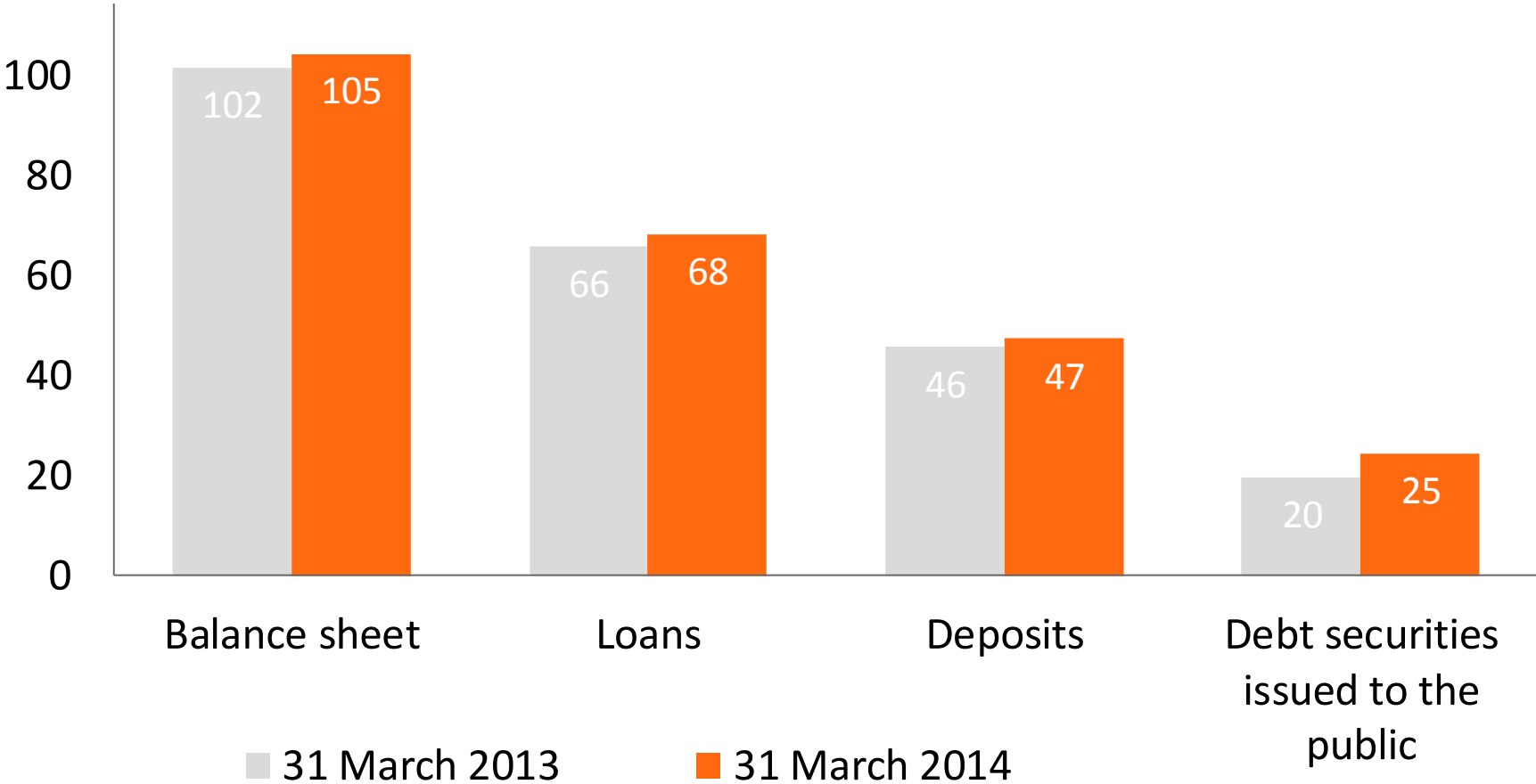




## Balance Sheet

# OP-Pohjola Group Key Balance Sheet Items

€120 billion



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# OP-Pohjola Group

## Balance sheet

€ million	31 March	31 March	Change	
	2014	2013	€ million	%
Receivables from credit institutions	4,807	1,028	3,779	
Financial assets at fair value through profit or loss	508	429	79	18.5
Receivables from customers	68,392	65,979	2,413	3.7
Non-life Insurance assets	3,771	3,706	65	1.8
Life Insurance assets	10,114	9,499	615	6.5
Investment assets	8,480	6,724	1,756	26.1
Other items	8,512	14,393	-5,881	-40.9
<b>Total assets</b>	<b>104,584</b>	<b>101,757</b>	<b>2,827</b>	<b>2.8</b>
Liabilities to credit institutions	1,250	2,130	-880	-41.3
Liabilities to customers	49,581	50,611	-1,030	-2.0
Non-life Insurance liabilities	3,104	3,056	49	1.6
Life Insurance liabilities	10,117	9,352	765	8.2
Debt securities issued to the public	24,595	19,737	4,858	24.6
Other liabilities	8,860	9,663	-803	-8.3
Equity capital	7,078	7,209	-131	-1.8
<b>Total liabilities and equity capital</b>	<b>104,584</b>	<b>101,757</b>	<b>2,827</b>	<b>2.8</b>

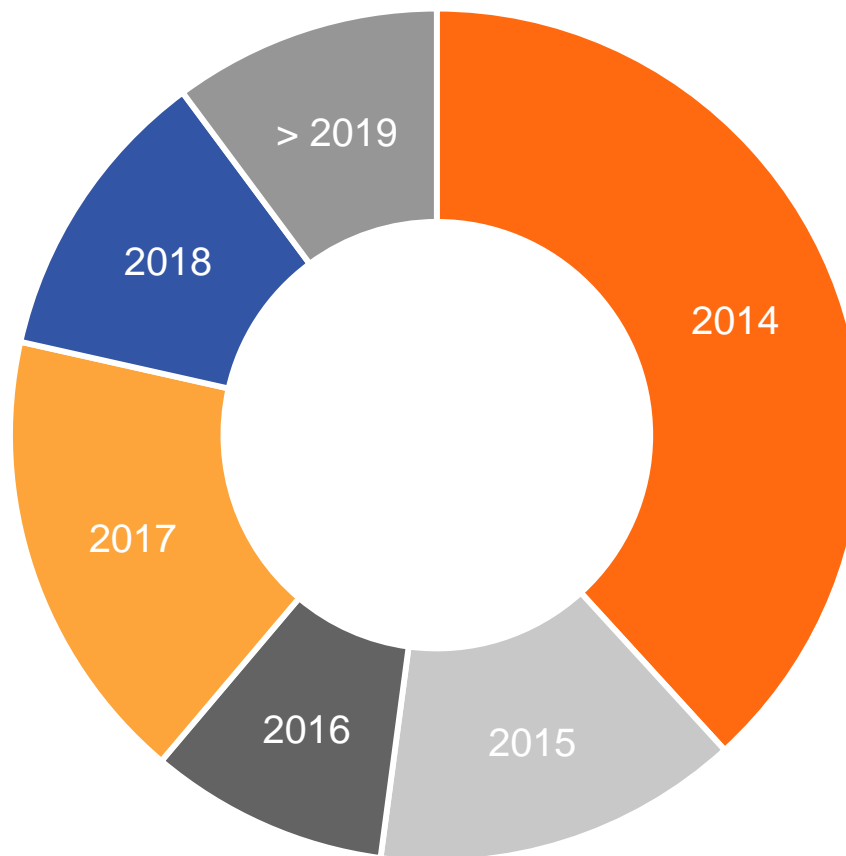


# OP-Pohjola Group

## Equity Capital and Cooperative Capital

€ million	31 March 2014	31 March 2013	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	138	199	-61	-30.7
Cooperative capital	171	137	34	24.5
Fair value reserve	323	320	2	0.7
Other reserves	2,600	2,704	-104	-3.8
Retained earnings	3,747	3,773	-26	-0.7
Minority interest	99	76	24	
<b>Total equity capital</b>	<b>7,078</b>	<b>7,209</b>	<b>-131</b>	<b>-1.8</b>
Cooperative capital not included in equity capital	588	666	-78	-11.7

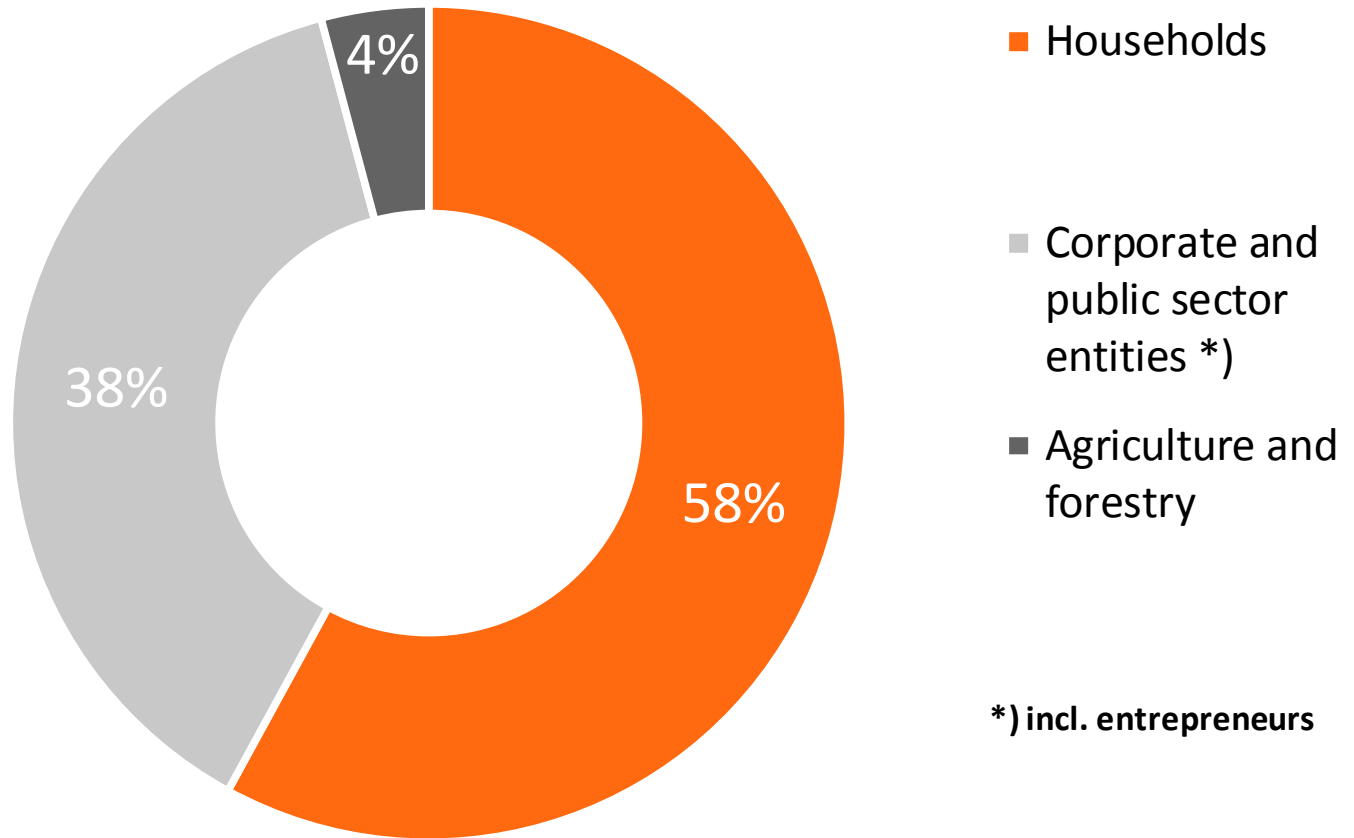
OP-Pohjola Group  
**Debt Securities Issued to the Public**  
**Maturity 31 March 2014**  
total of €24.6 billion





## Loans and Customer Funds

# OP-Pohjola Group Deposits by Customer Sector 31 March 2014



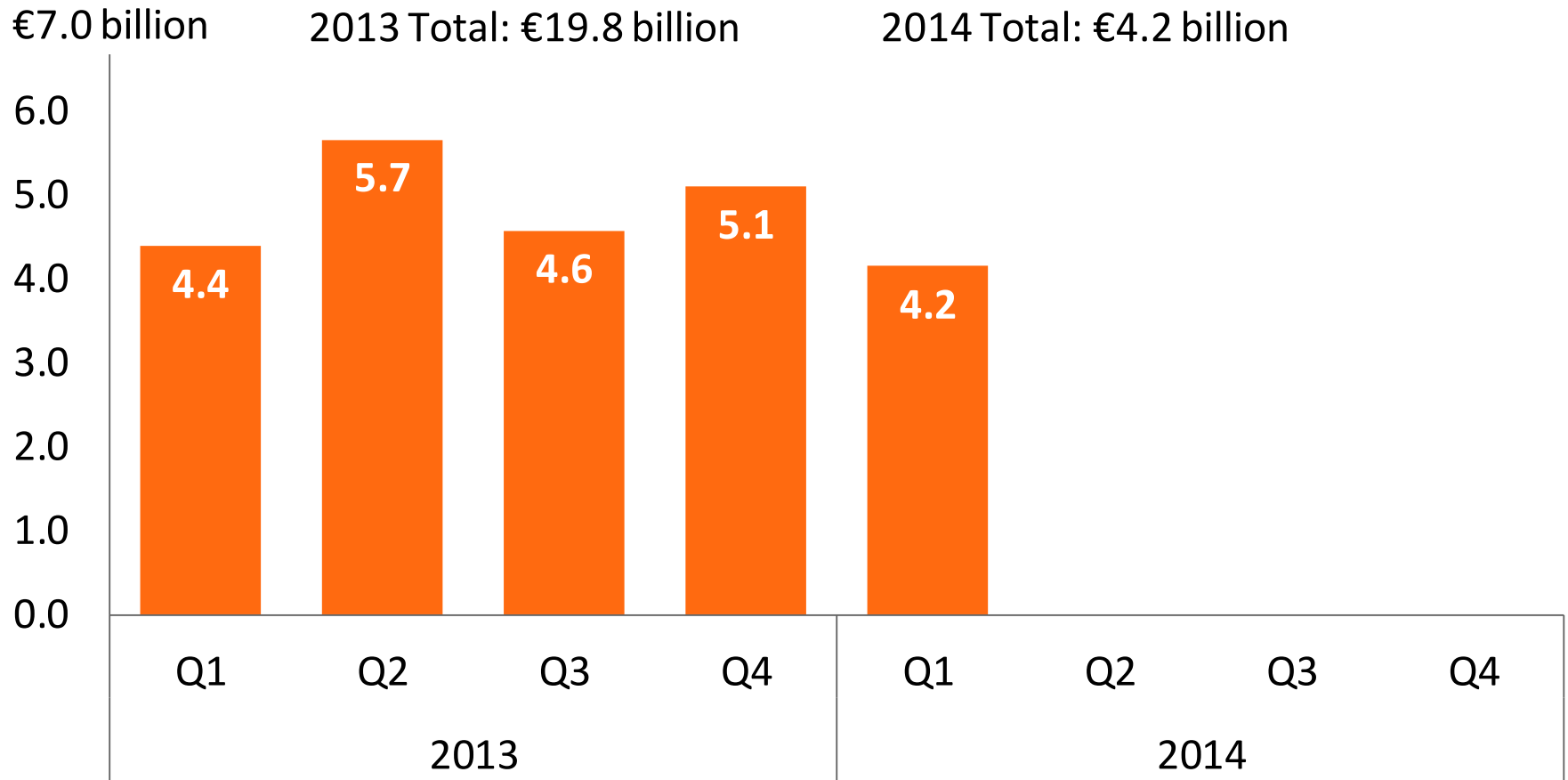
\*) incl. entrepreneurs

# OP-Pohjola Group

## Loan and Guarantee Portfolio by Sector

€ million	31 March 2014	31 March 2013	€ million	Change, %
<b>Enterprises and housing associations</b>	<b>24,787</b>	<b>24,411</b>	<b>376</b>	<b>1.5</b>
Renting and operating of residential real estate	5,804	5,010	794	15.8
Renting and operating of other real estate	3,173	3,091	82	2.6
Wholesale and retail trade	2,740	2,788	-48	-1.7
Services	1,844	1,751	93	5.3
Construction	1,578	1,706	-127	-7.5
Transportation and storage	1,466	1,544	-78	-5.0
Manufacture of machinery and equipment (incl. services)	1,445	1,240	204	16.5
Energy	1,302	812	490	60.3
Agriculture, forestry and fishing	813	840	-27	-3.2
Forest Industry	660	682	-22	-3.2
Financial and insurance services	651	1,092	-441	-40.4
Real estate investments	620	1,024	-404	-39.4
Metal Industry	553	617	-64	-10.4
Food Industry	534	597	-64	-10.7
Chemical Industry	370	341	29	8.5
Other manufacturing	212	385	-173	-45.0
Other industries	1,022	890	132	14.9
<b>Public corporations and non-profit organisations</b>	<b>1,241</b>	<b>1,247</b>	<b>-6</b>	<b>-0.5</b>
<b>Households</b>	<b>44,536</b>	<b>43,072</b>	<b>1,464</b>	<b>3.4</b>
<b>Adjustments</b>	<b>698</b>	<b>-113</b>	<b>810</b>	<b>0.0</b>
<b>Total</b>	<b>71,262</b>	<b>68,618</b>	<b>2,644</b>	<b>3.9</b>

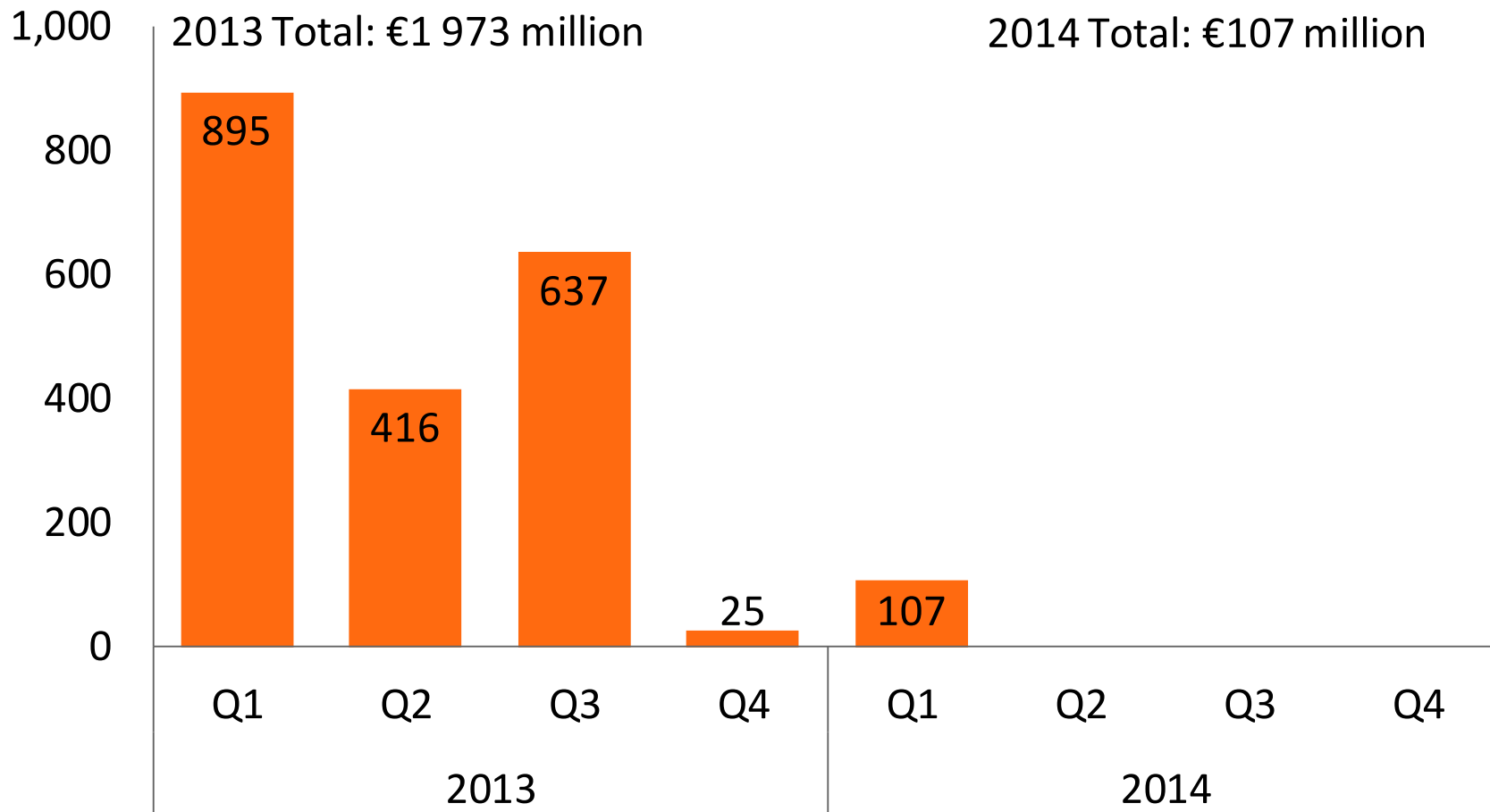
# OP-Pohjola Group New Loans by Quarter



# OP-Pohjola Group

## Net Sales Inflow of Mutual Funds by Quarter

€million

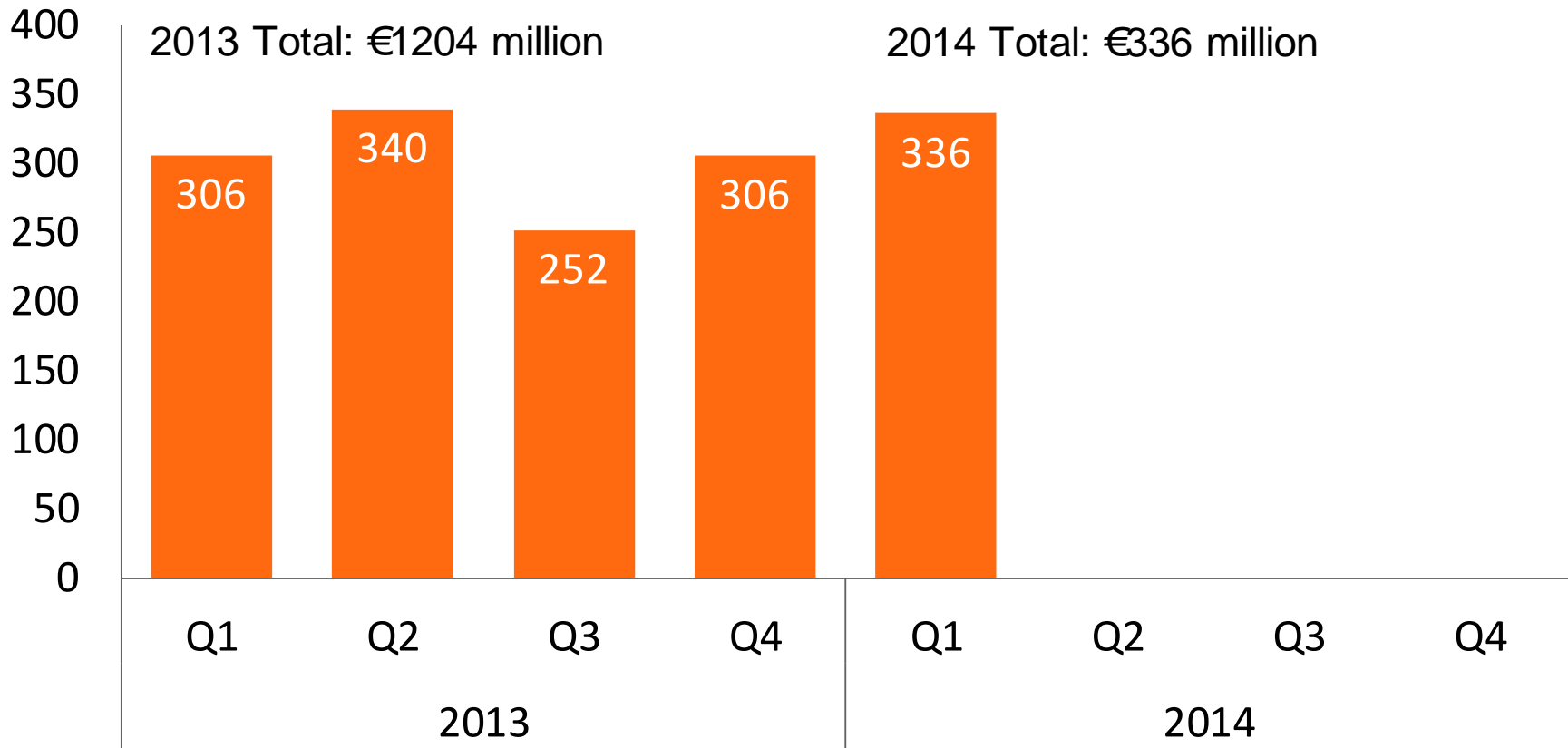


# OP-Pohjola Group

## Life and Pension Insurance Premiums

### Written by Quarter

€million







**Customers, Owner-members, etc.**

# OP-Pohjola Group Breakdown of Customer Base

1,000 customers

5,000

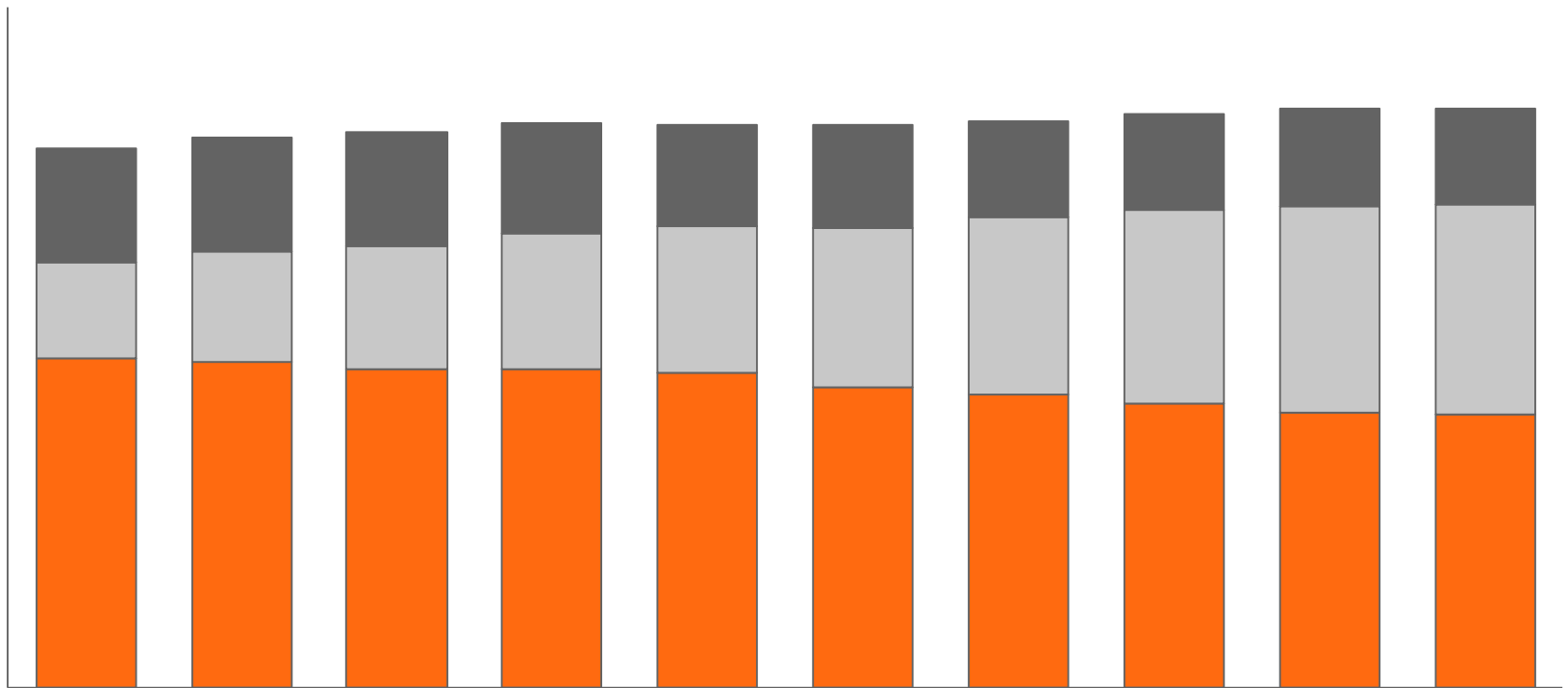
4,000

3,000

2,000

1,000

0



12/05

12/06

12/07

12/08

12/09

12/10

12/11

12/12

12/13

03/14

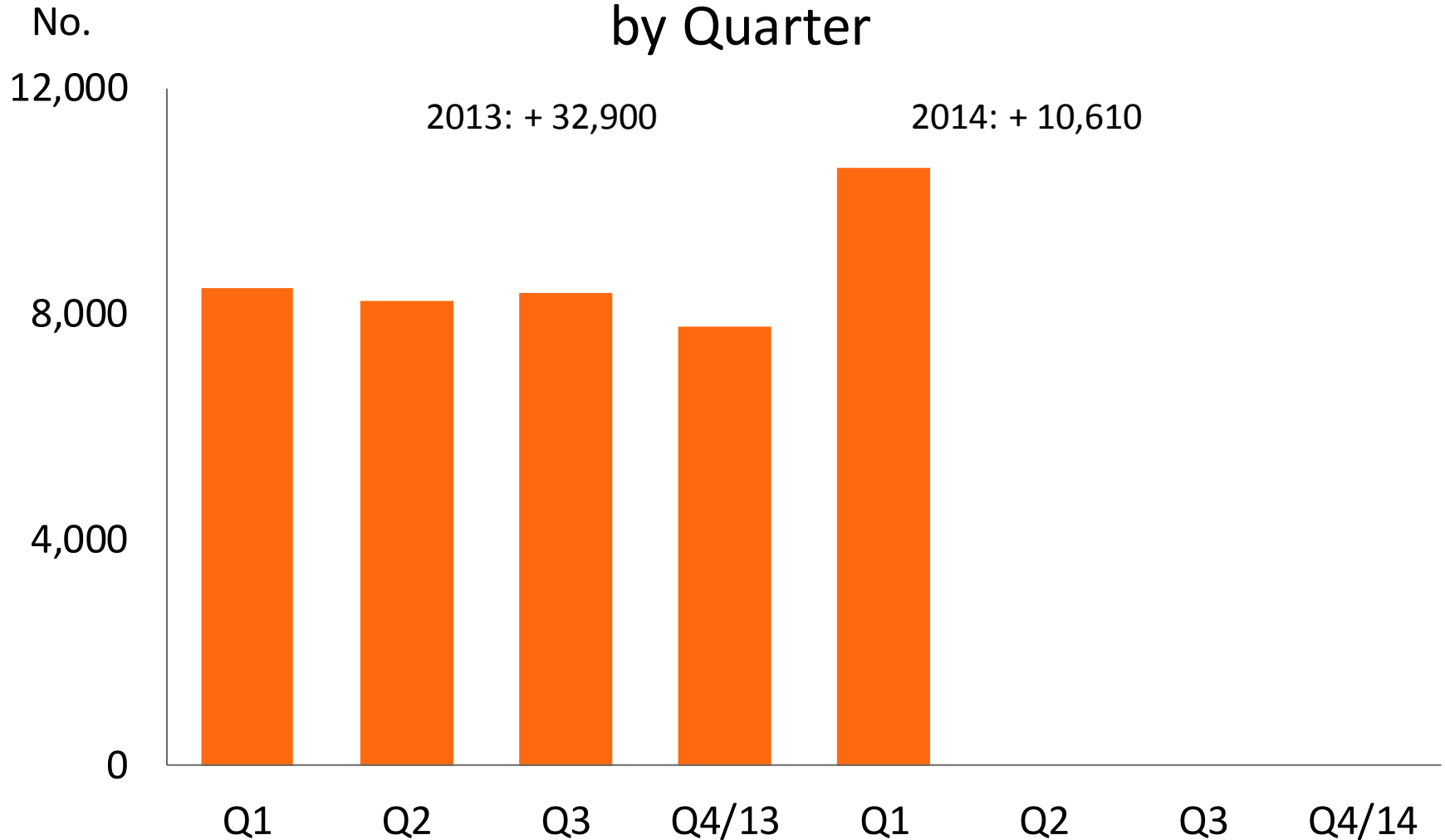
Bank customers

Bank and non-life insurance cust.

Non-life insurance customers



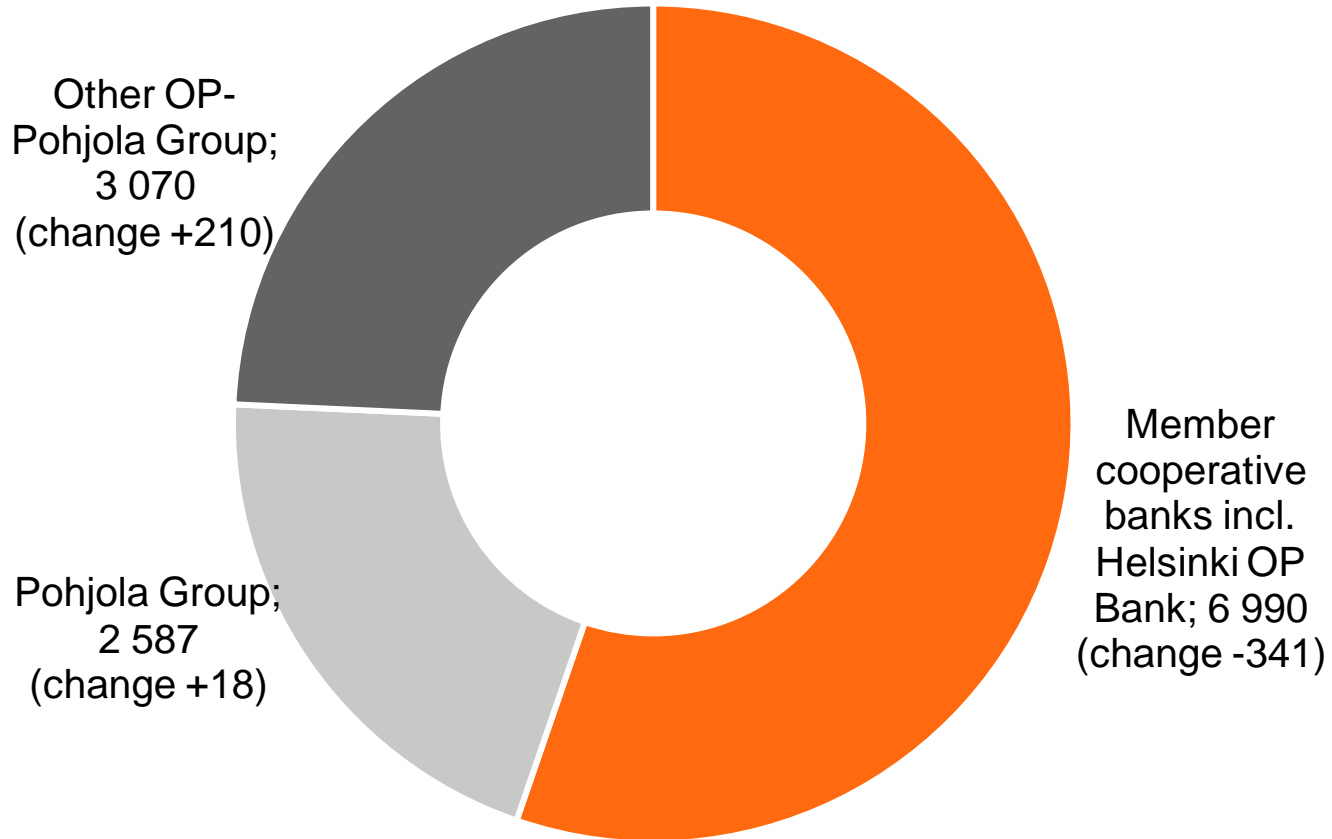
# OP-Pohjola Group Net Increase in Owner-members by Quarter



# OP-Pohjola Group's Personnel

## 31 March 2014

12,647 (-113 within 12 months)



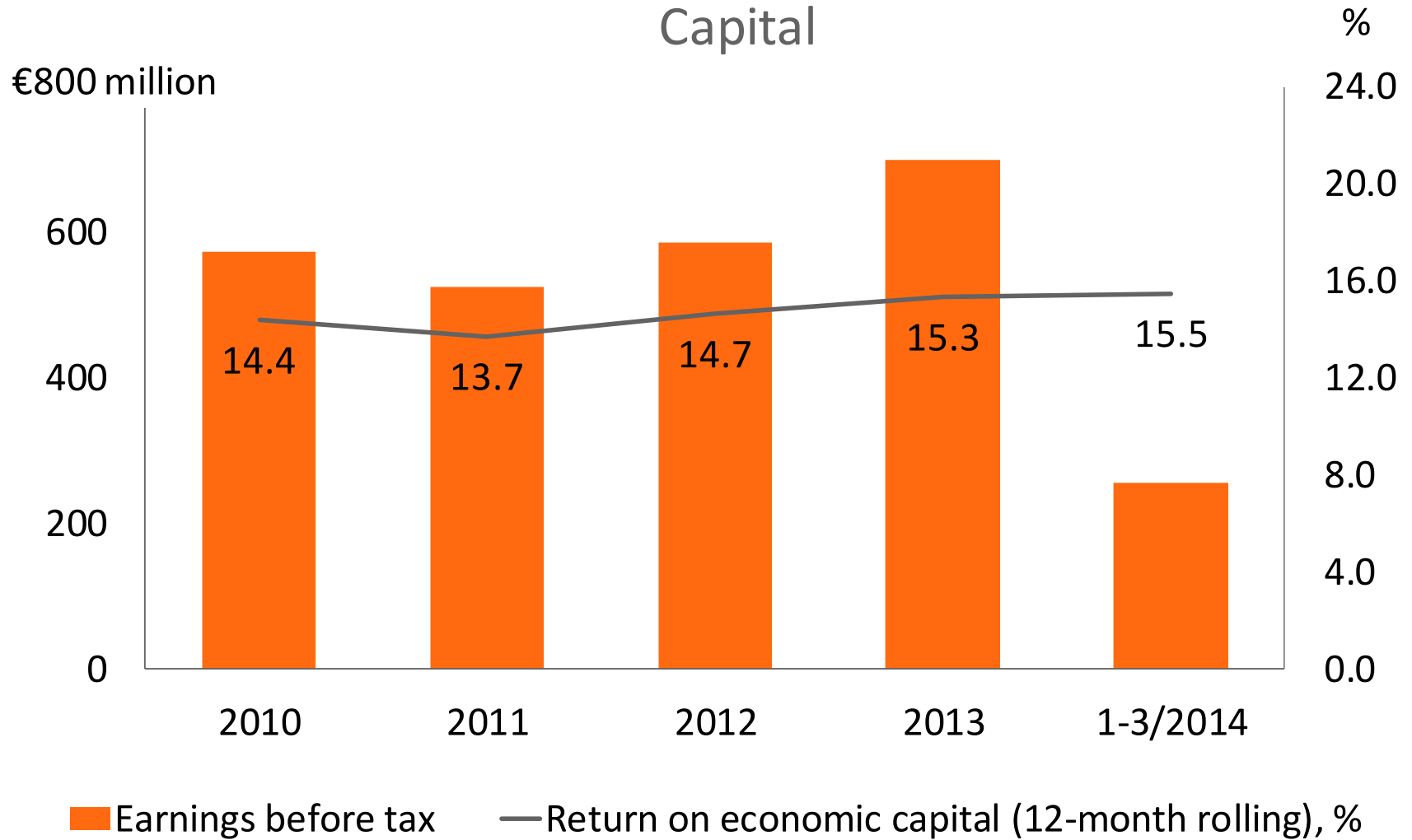
# OP-Pohjola Group's service network

	March 2014	12-month change
Visits to op.fi	11,037,837	+3%
No. of OP-mobile users	368 000	n/a
Pivo application uploads (Q1/2014)	200,000	n/a
eServices Agreements	1,603,315	+28 649
Bank branches	472	-30
Providing both non-life insurance and banking services	350	-4
Private Banking branches	40	+2
OP-Kiinteistökeskus real estate agencies	170	+/- 0
Online customer terminals	482	-32
Followers of Facebook (OP-Pohjola Group and OP-Pohjola Group cooperative banks)	114,118	n/a
Followers on Twitter	2,683	+1,883
Followers on LinkedIn (OP-Pohjola Group and Pohjola in total)	5,051	+2,483
Customer contacts in telephone service in March 2014	220,568	+19,337



## 5-year Trends

# OP-Pohjola Group Earnings before Tax and Return on Economic Capital



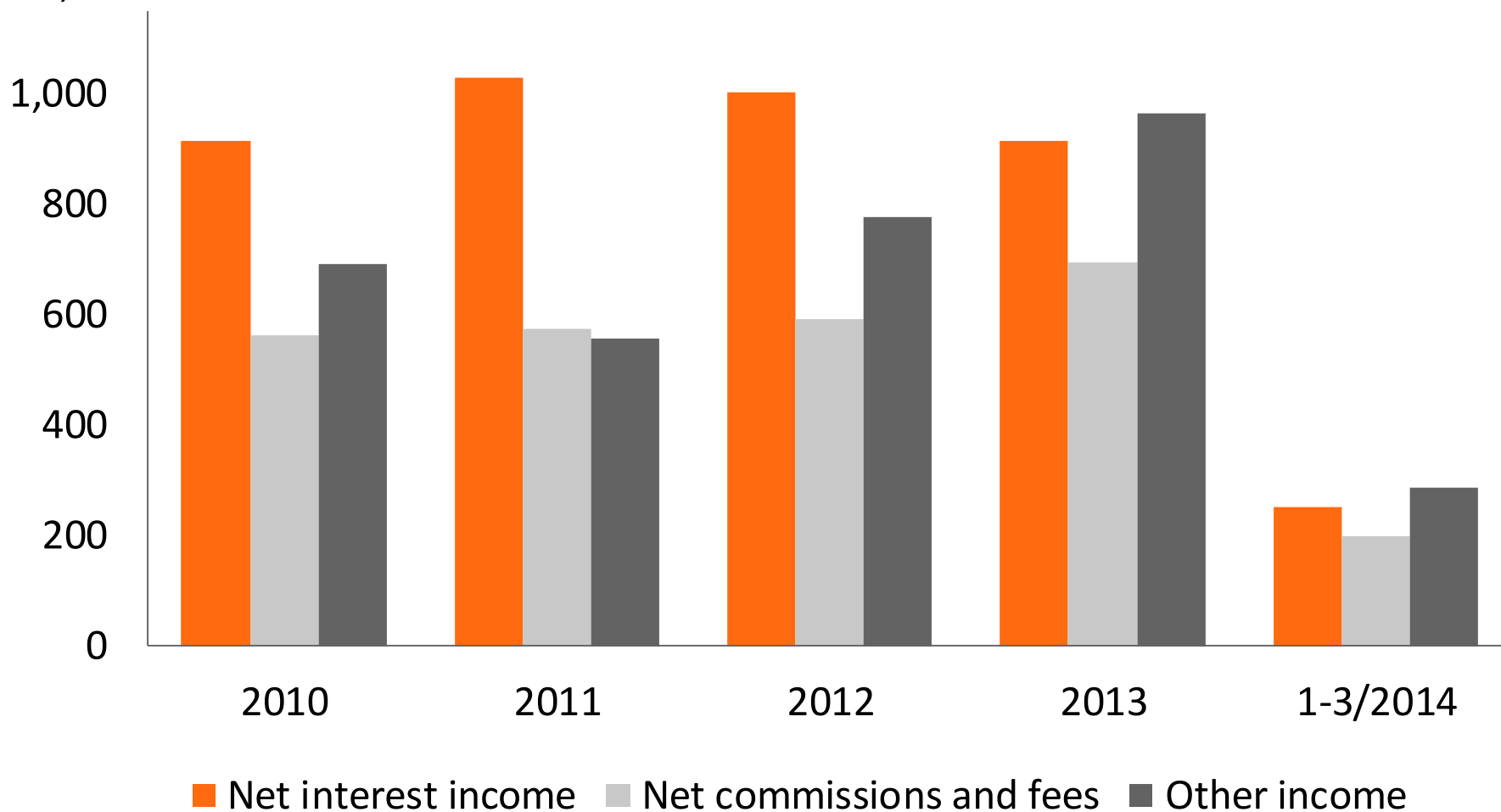
# OP-Pohjola Group Earnings before Tax



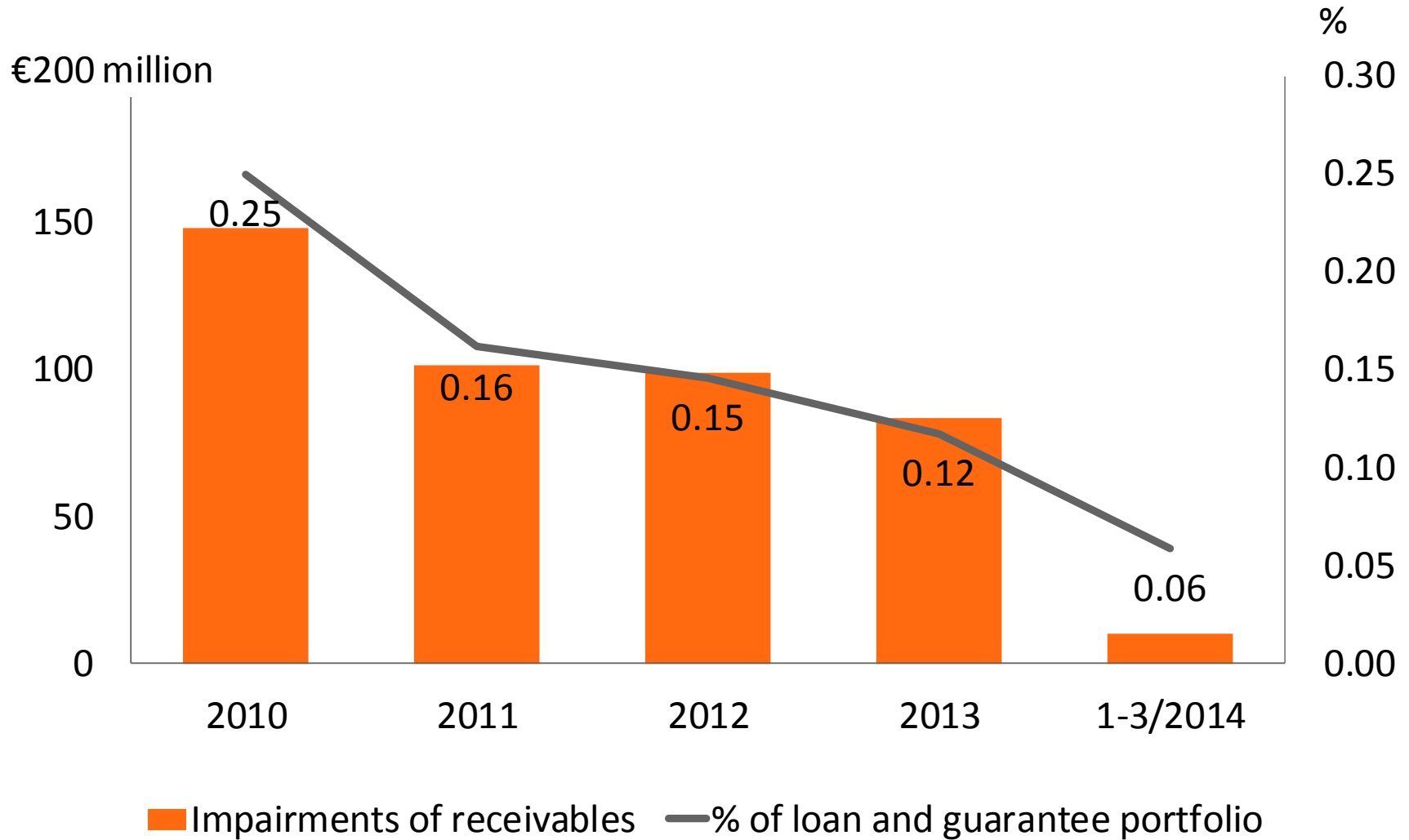


# OP-Pohjola Group Income

€1,200 million

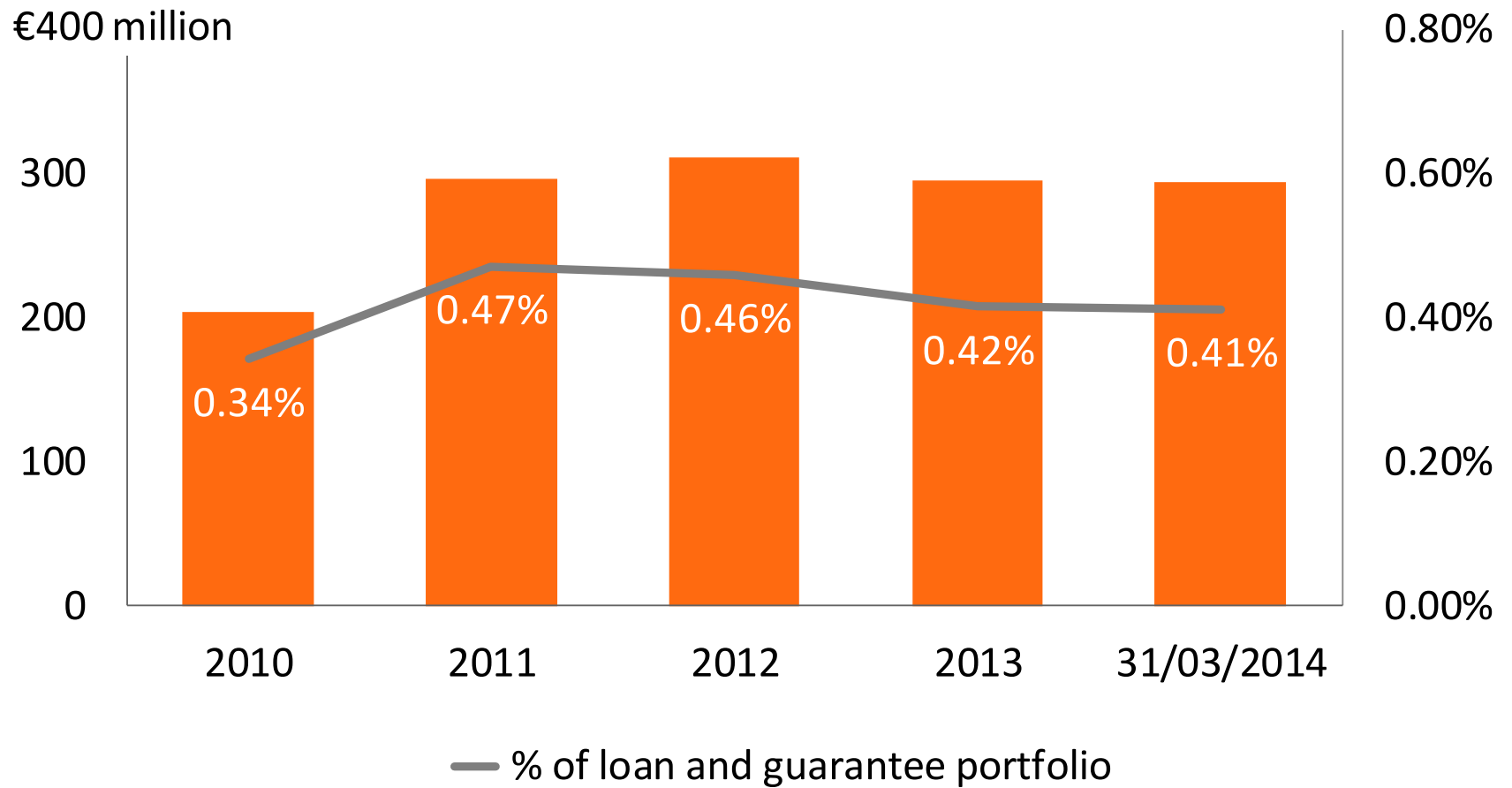


# OP-Pohjola Group Impairments of Receivables



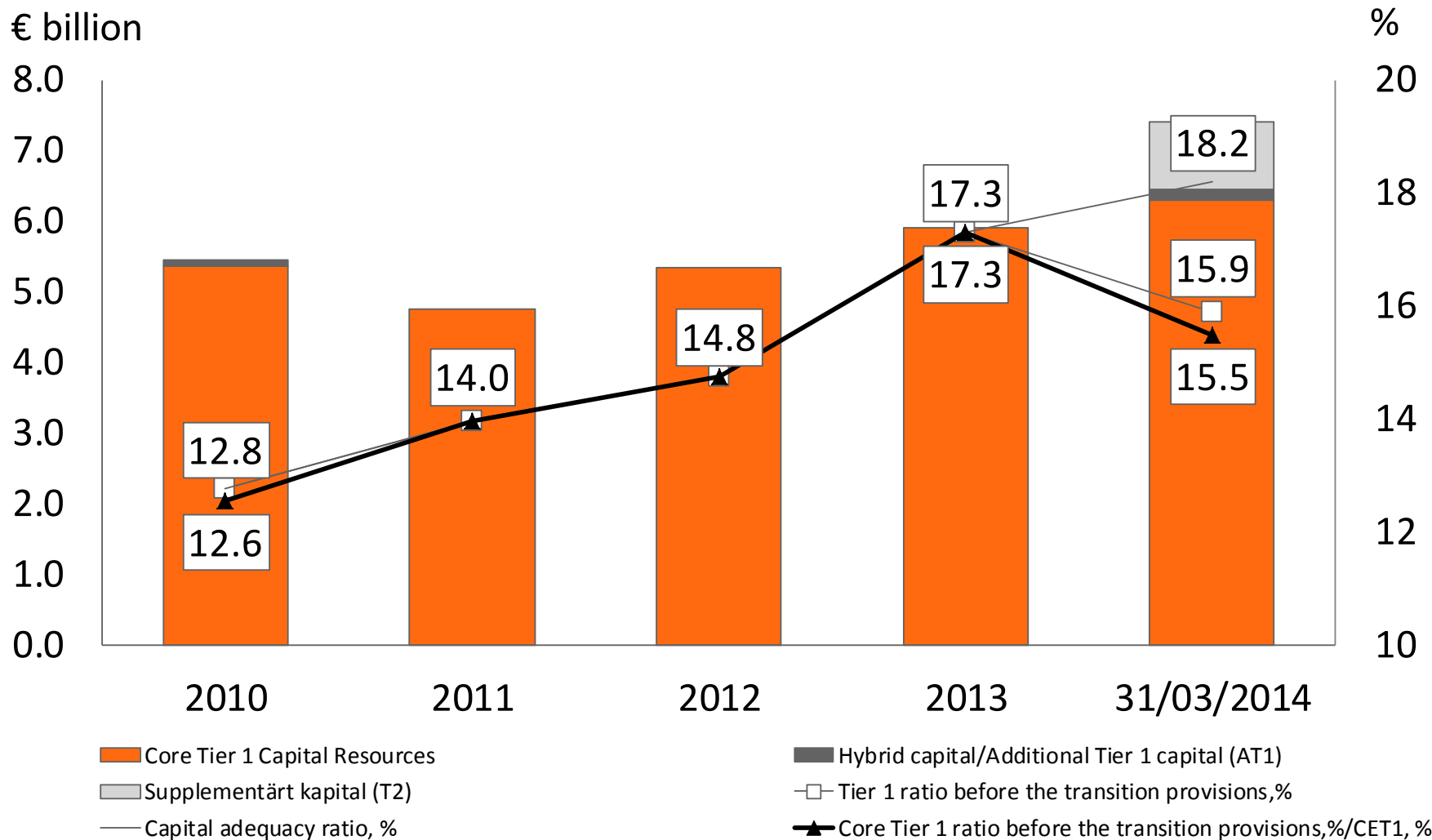
# OP-Pohjola Group

## Receivables over 90 days overdue

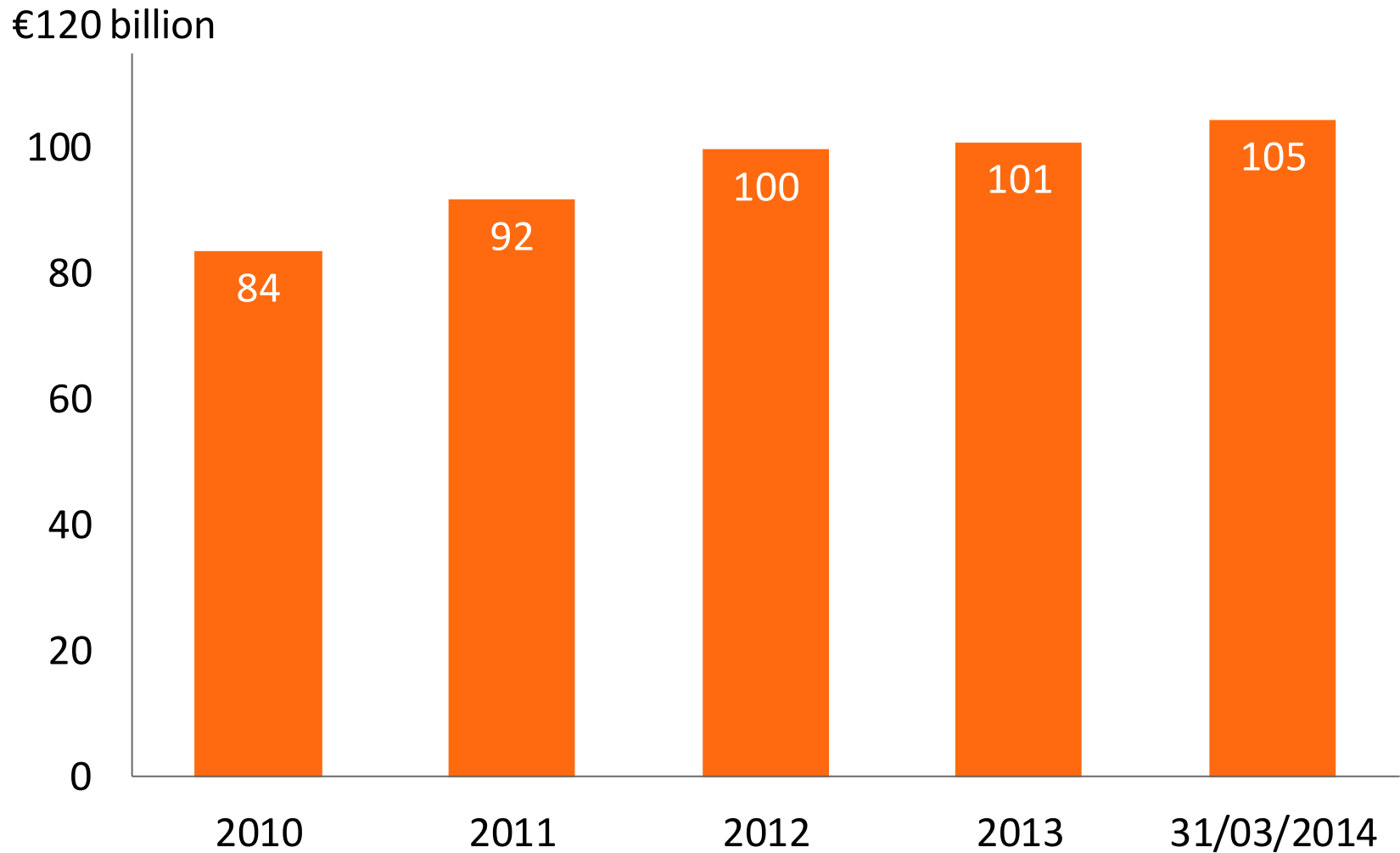


# The Amalgamation of the cooperative banks

## Capital base and Capital Adequacy Ratio

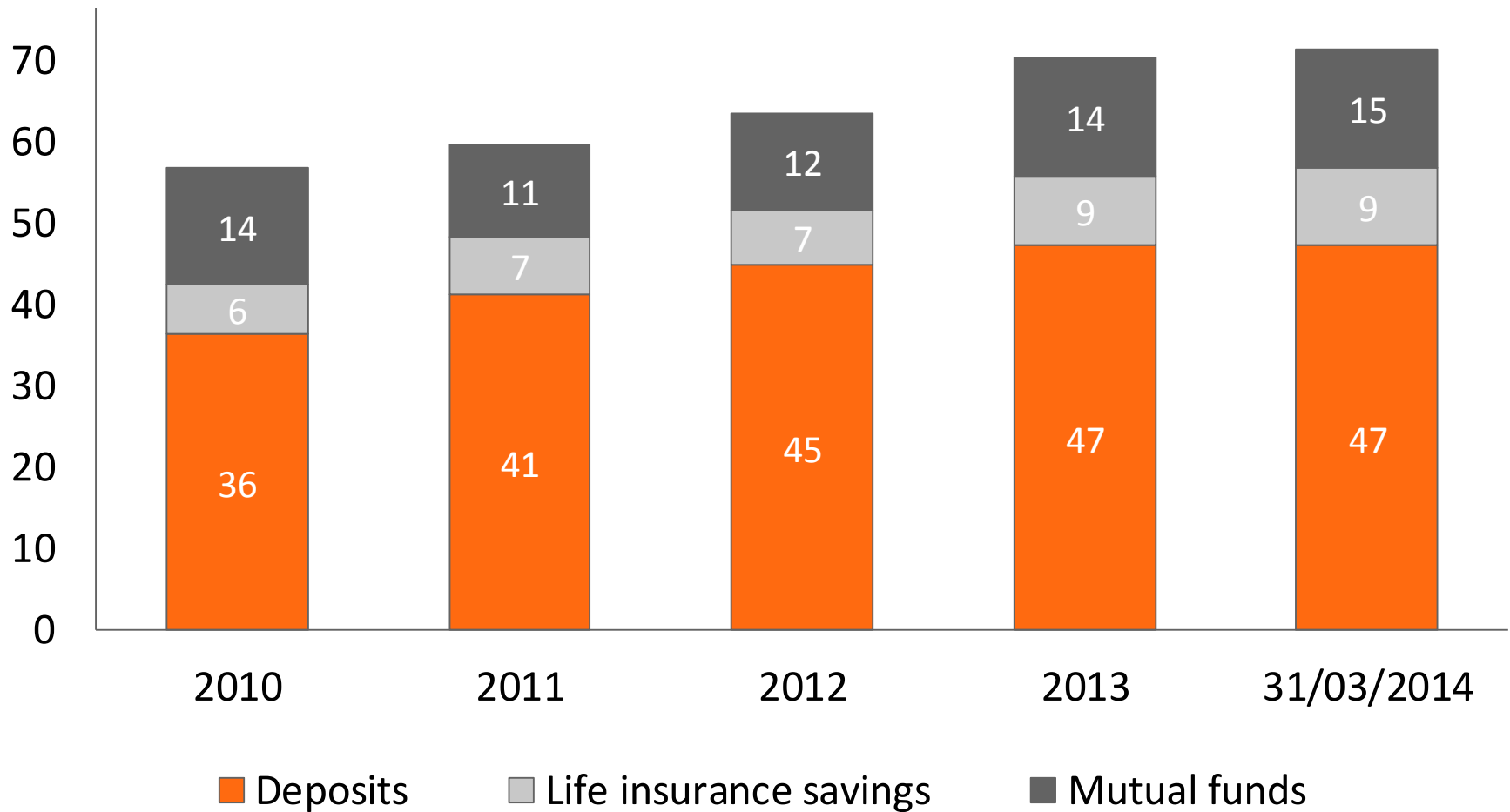


# OP-Pohjola Group Balance Sheet



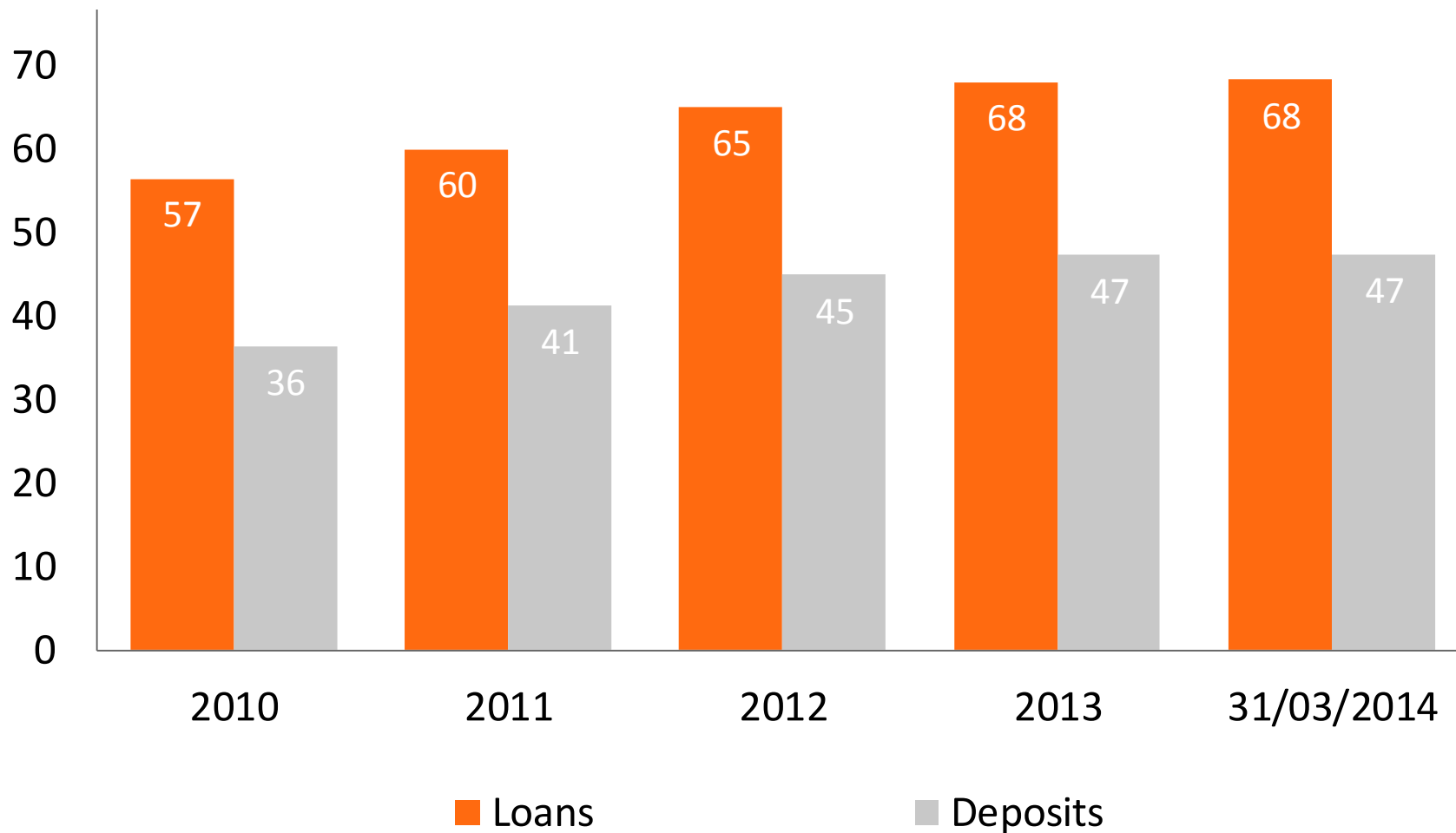
# OP-Pohjola Group Customer Funds

€80 billion



# OP-Pohjola Group Loans and Deposits

€80 billion

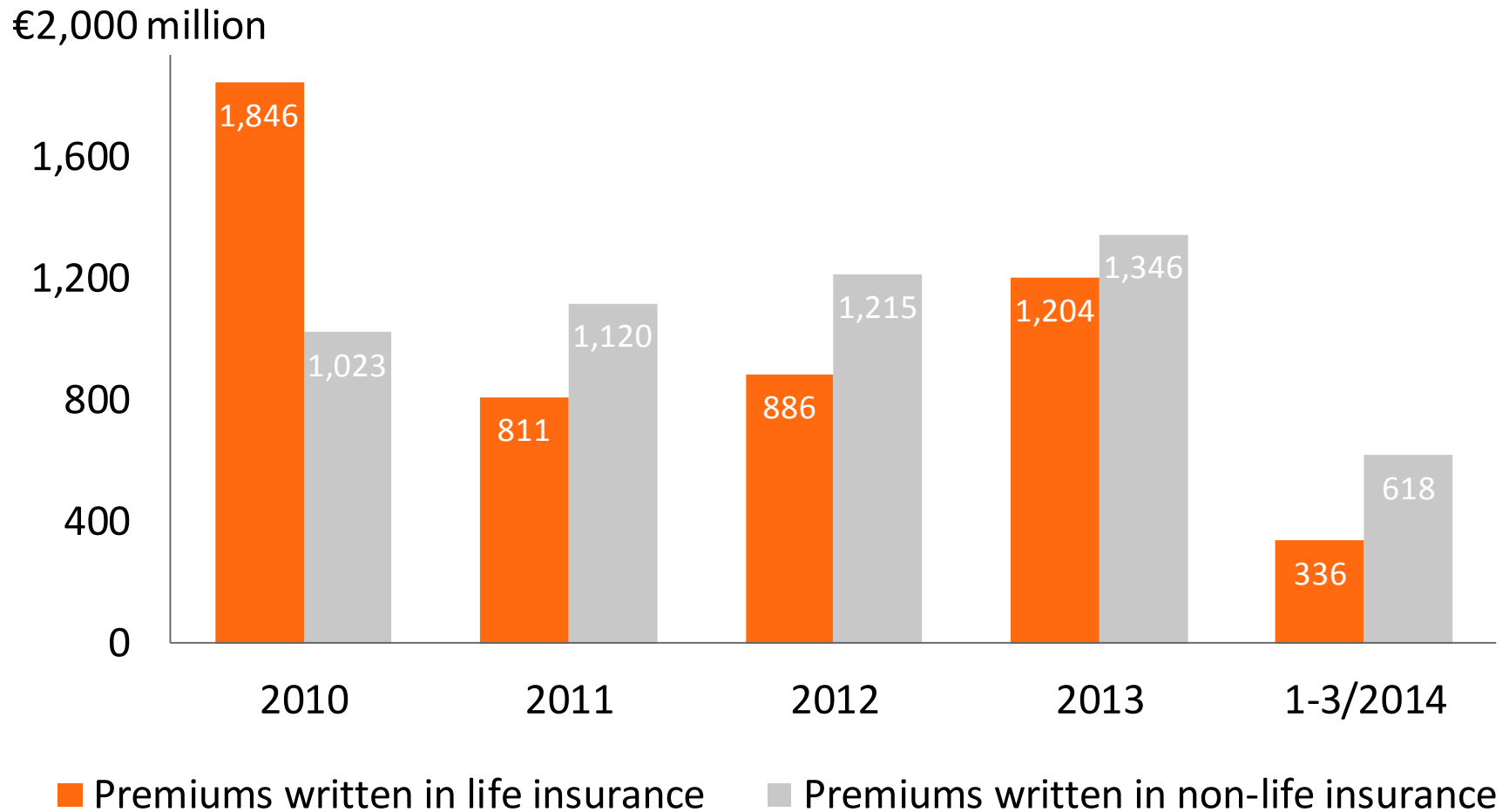


Loans

Deposits



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







**Thank you**