

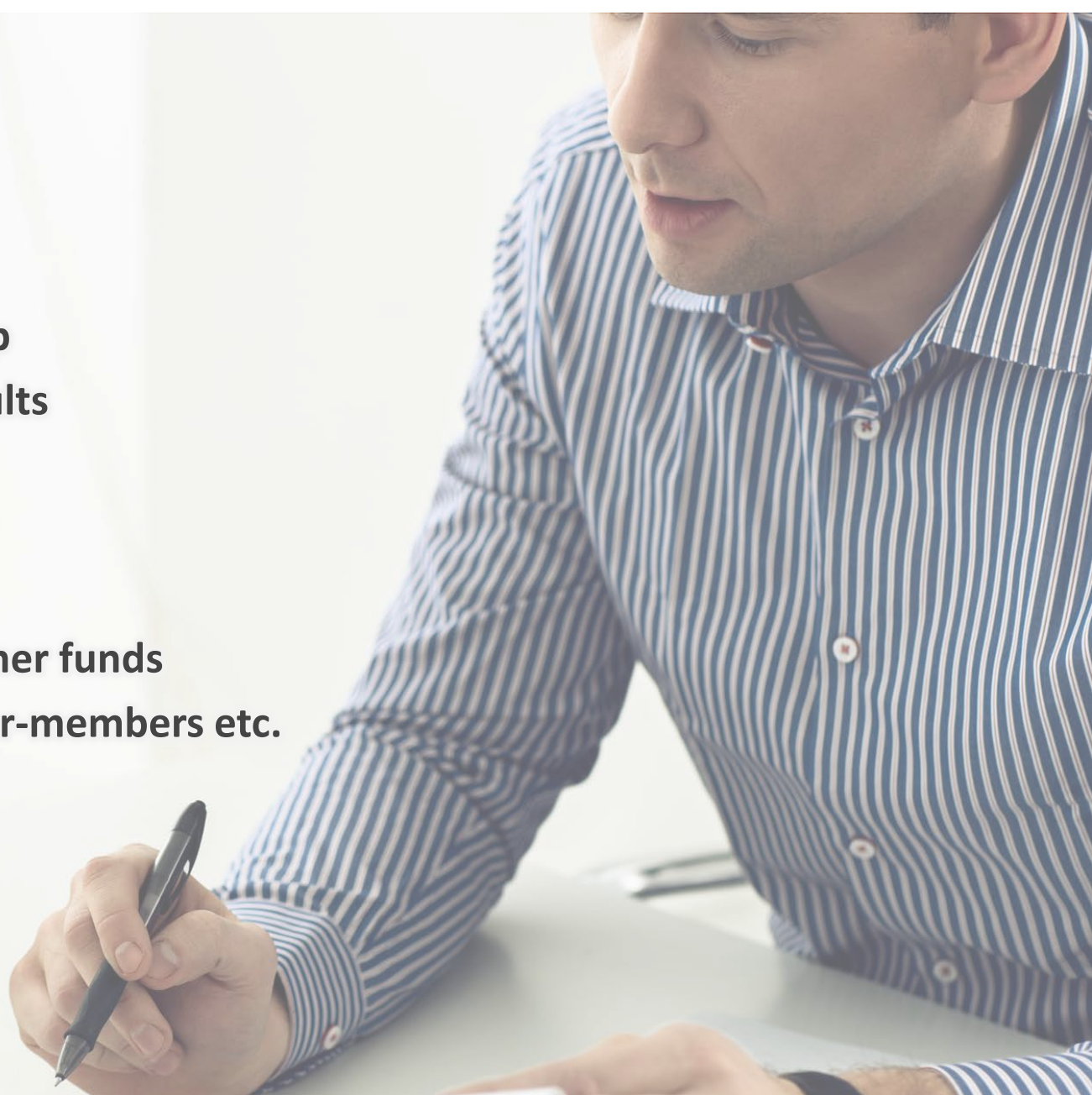


**OP-Pohjola**

**Interim Report for 1 January – 30 June 2013**

# Contents

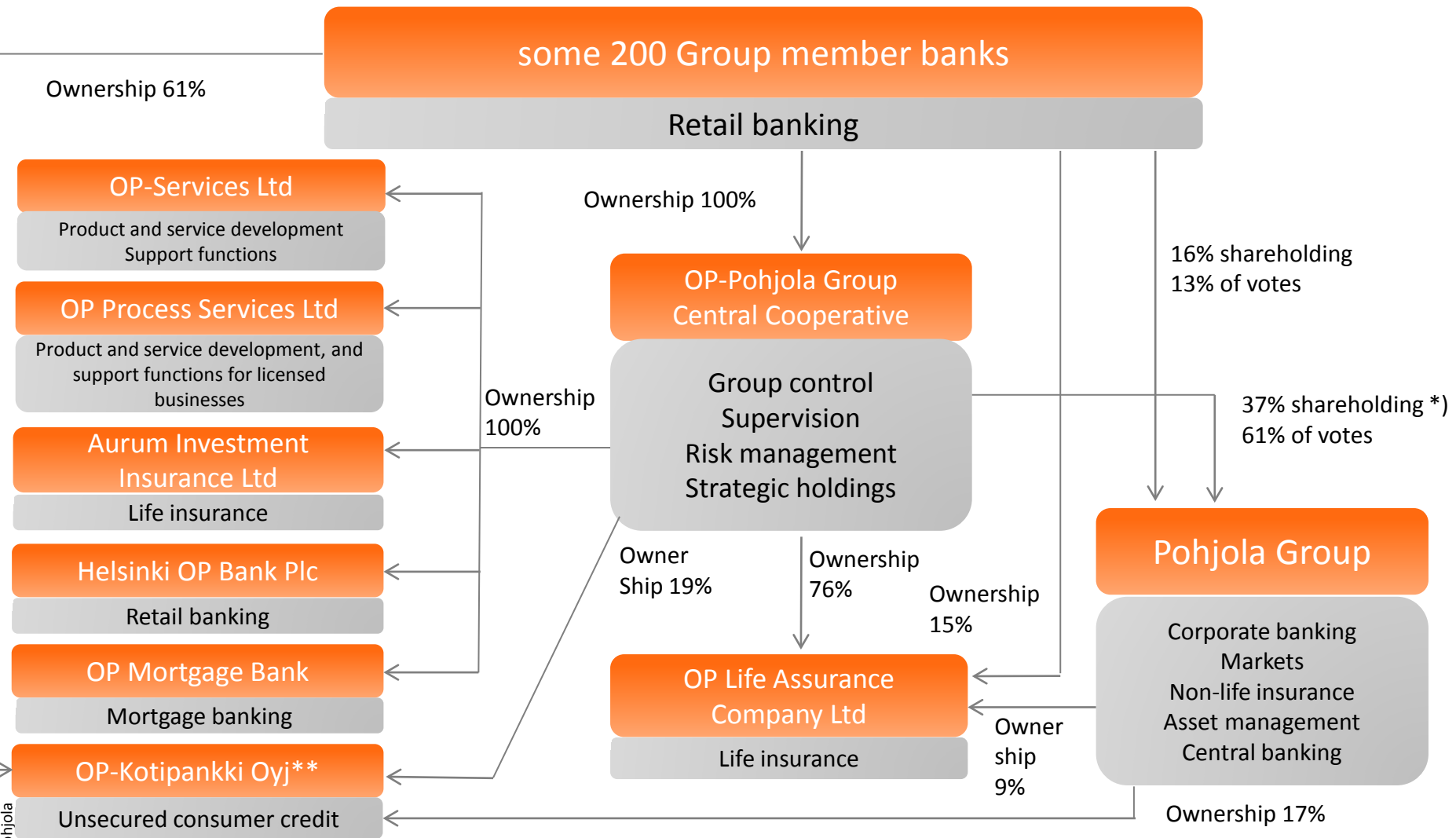
- **OP-Pohjola Group**
- **Year-on-year results**
- **Quarterly figures**
- **Capital adequacy**
- **Balance sheet**
- **Loans and customer funds**
- **Customers, owner-members etc.**
- **5-year trends**





## OP-Pohjola Group

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



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

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

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

© OP-Pohjola

# OP-Pohjola Group Business Segments

## Banking

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

## Non-life Insurance

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

	Q1-Q2/2013	Q1-Q2/2012	Change, %	Q1-Q4/2012
<b>Earnings before tax, € million</b>	<b>398</b>	<b>329</b>	<b>21.0</b>	<b>586</b>
<b>Banking</b>	<b>193</b>	<b>247</b>	<b>-21.9</b>	<b>424</b>
<b>Non-life Insurance</b>	<b>99</b>	<b>54</b>	<b>81.7</b>	<b>92</b>
<b>Wealth Management</b>	<b>77</b>	<b>34</b>		<b>101</b>
<b>Returns to owner-members and OP-bonus customers, € million</b>	<b>96</b>	<b>96</b>	<b>-0.6</b>	<b>192</b>
	30 June 2013	30 June 2012	Change, %	31 Dec. 2012
<b>Core Tier 1, excl. transition provisions, %</b>	<b>14.6</b>	<b>14.7</b>	<b>-0.16 *</b>	<b>14.8</b>
<b>Core Tier 1 ratio, %</b>	<b>13.7</b>	<b>14.7</b>	<b>-1.0 *</b>	<b>14.1</b>
<b>Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)</b>	<b>1.81</b>	<b>2.01</b>	<b>-0.2 *</b>	<b>1.90</b>
<b>Non-performing receivables/ loan and guarantee portfolio</b>	<b>0.46</b>	<b>0.53</b>	<b>-0.06 *</b>	<b>0.46</b>
<b>Joint banking and insurance customers (1000)</b>	<b>1,468</b>	<b>1,358</b>	<b>8.1</b>	<b>1,425</b>

\*Change in ratio

# Joint Liability, Deposit Insurance and Investors' Compensation

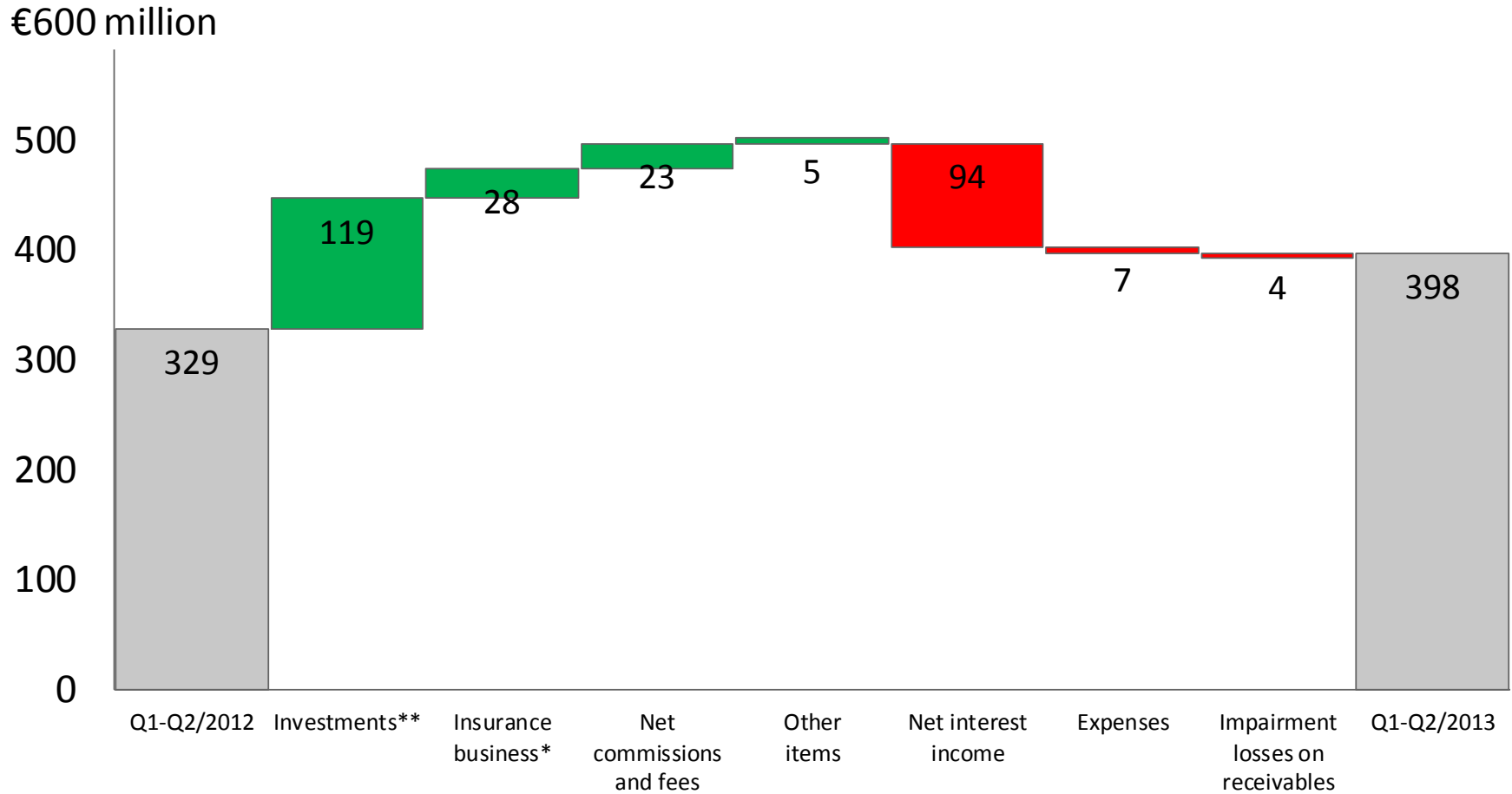
- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their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



## Year-on-year Results

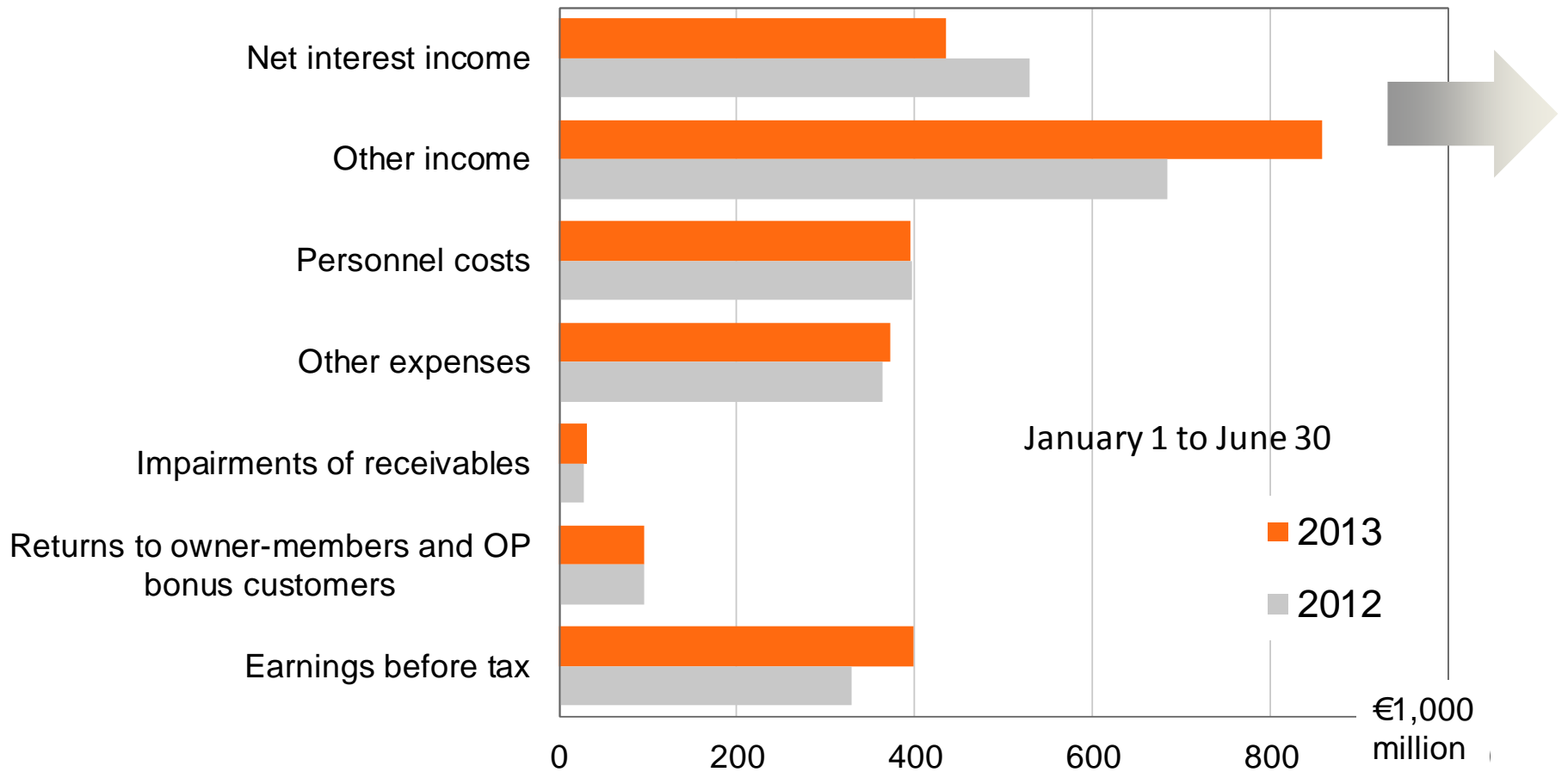


# OP-Pohjola Group Earnings before Tax



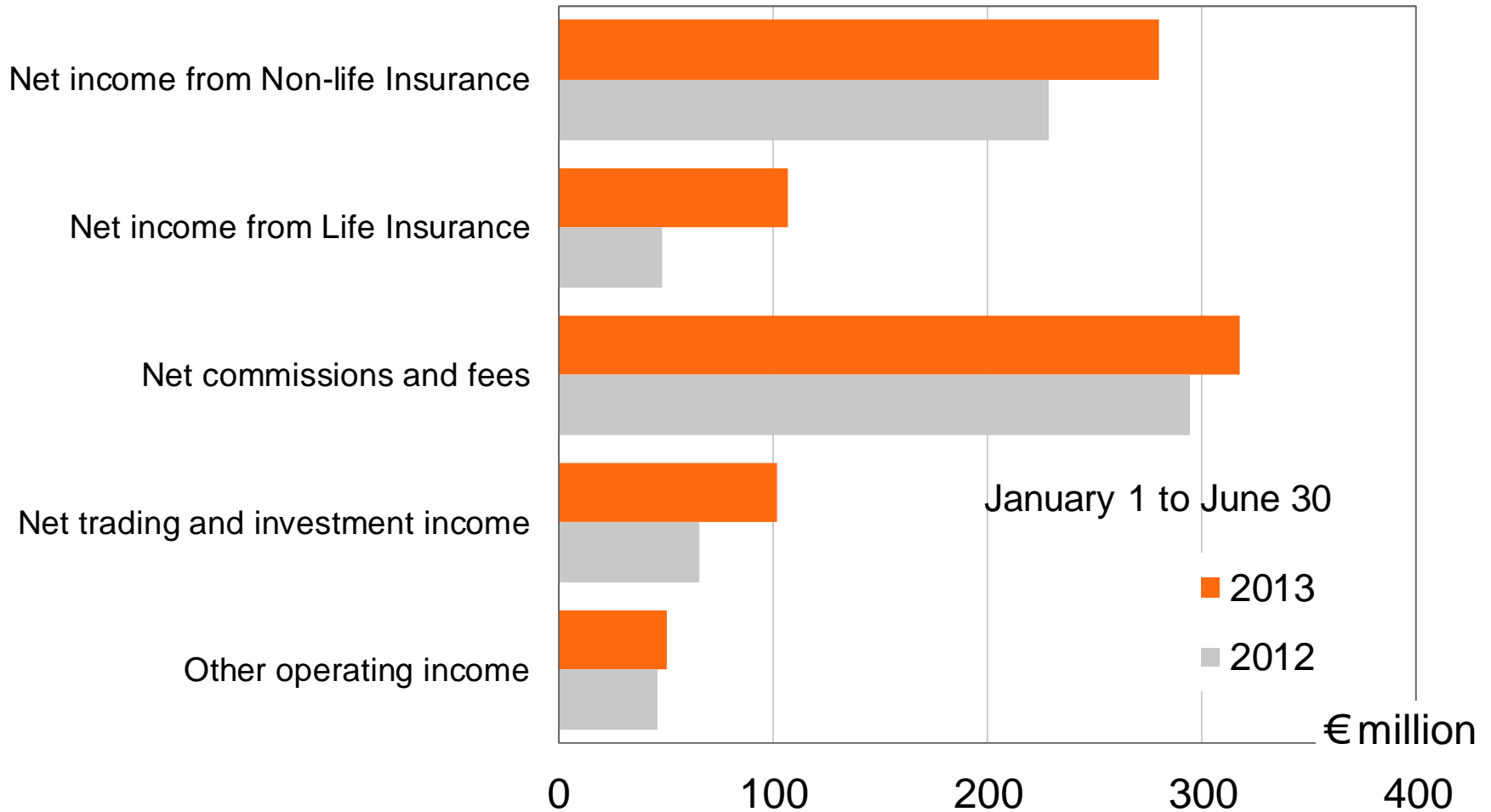
\*) Life and Non-life Insurance \*\*) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

# OP-Pohjola Group Income statement





## OP-Pohjola Group Other Income



OP-Pohjola Group

Income statement

January 1 to June 30 € million			Change	
	2013	2012	€ million	%
Interest income	1,240	1,735	-495	-28.5
Interest expenses	805	1,206	-401	-33.2
Net interest income	435	529	-94	-17.8
Impairments of receivables	32	28	4	14.3
Net interest income after impairment losses	403	501	-98	-19.6
Net income from Non-life Insurance operations	280	228	52	22.6
Net income from Life Insurance operations	107	48	59	
Net commissions and fees	317	295	23	7.8
Net trading income	52	41	11	27.3
Net investment income	50	25	25	99.5
Other operating income	50	46	4	9.2
Personnel costs	395	397	-2	-0.6
Other administrative expenses	177	192	-15	-7.9
Other operating expenses	195	171	24	14.1
Returns to owner-members and OP bonus customers	96	96	-1	-0.6
Share of associates' profits/losses	1	1	0	16.6
Earnings before tax	398	329	69	21.0

# OP-Pohjola Group

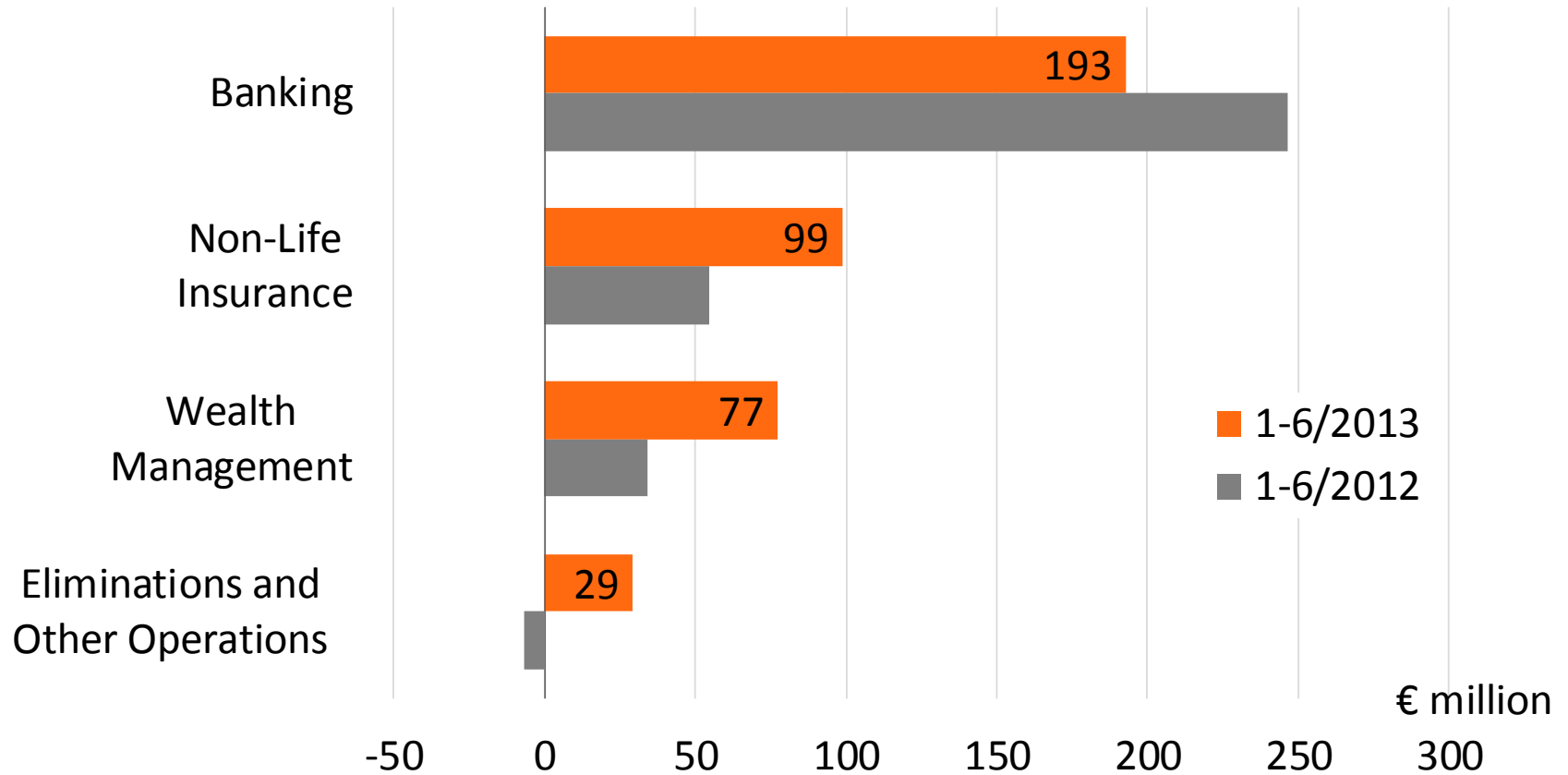
## Income Statement by Business Segment

1 January to 30 June 2013

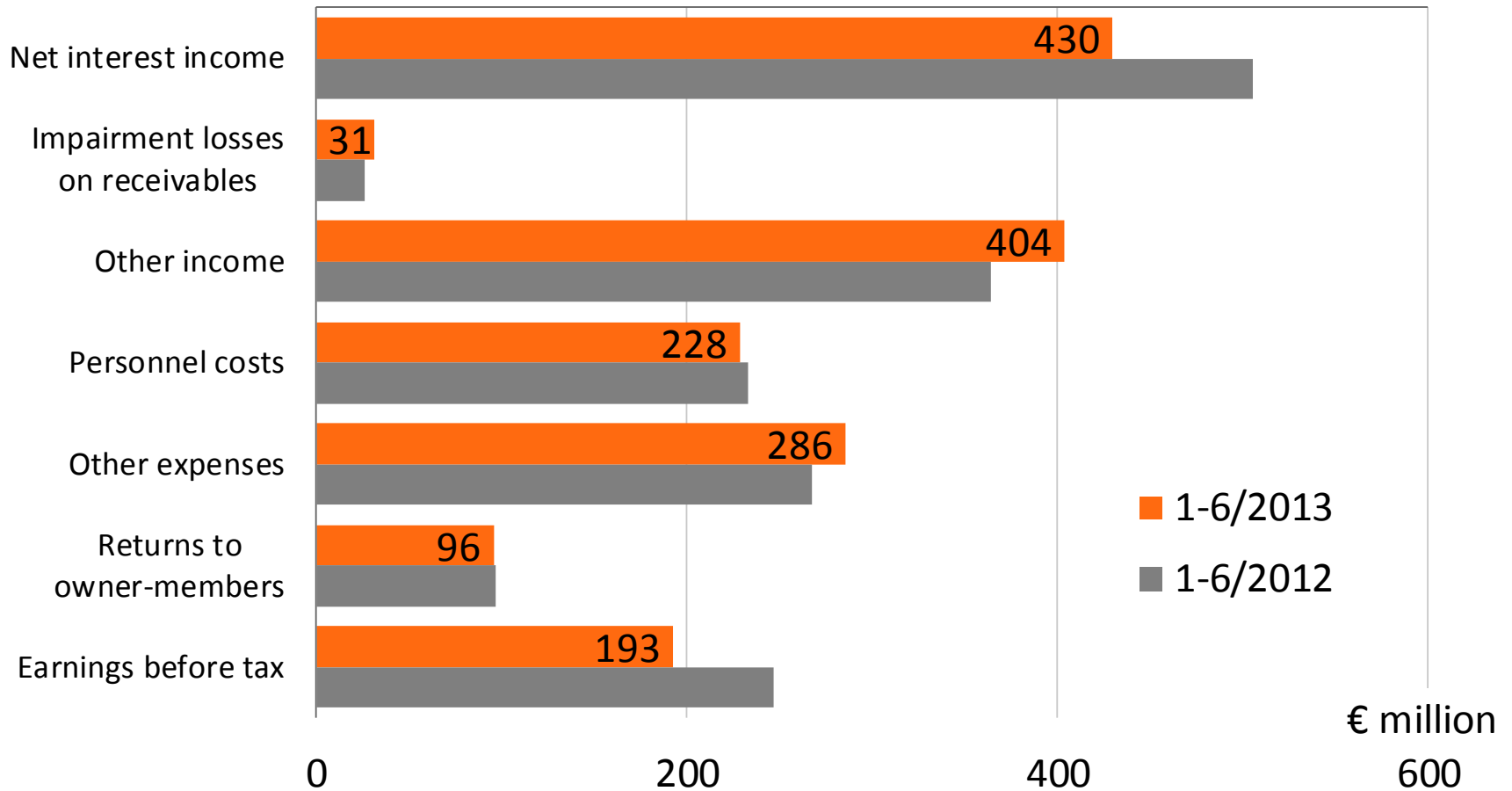
€ million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	430	-12	1	16	435
Net income from non-life insurance	0	279	0	1	280
Net income from life insurance	0	0	47	60	107
Net commissions and fees	307	9	96	-94	317
Other income	404	2	15	37	457
<b>Total income</b>	<b>833</b>	<b>280</b>	<b>159</b>	<b>20</b>	<b>1,292</b>
Personnel costs	228	56	13	97	395
Other expenses	286	126	69	-108	372
<b>Total expenses</b>	<b>514</b>	<b>182</b>	<b>82</b>	<b>-11</b>	<b>767</b>
Impairment losses on receivables	31	0	0	-1	30
Returns to owner-members	96	0	0	0	96
<b>Earnings before tax</b>	<b>193</b>	<b>99</b>	<b>77</b>	<b>29</b>	<b>398</b>
Cost /income ratio, %	62				

# OP-Pohjola Group

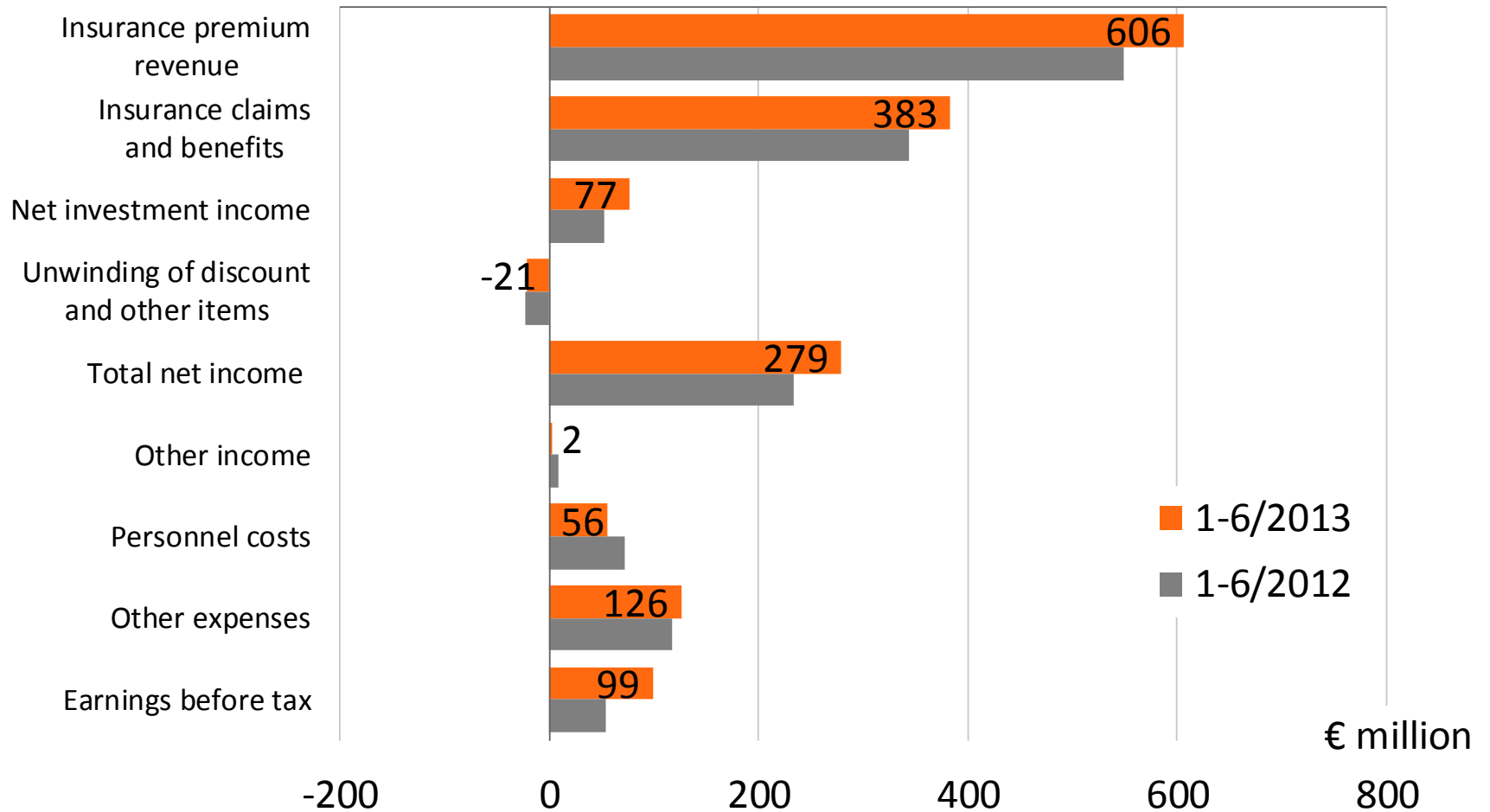
## Earnings before tax by Business Segment



# OP-Pohjola Group Banking

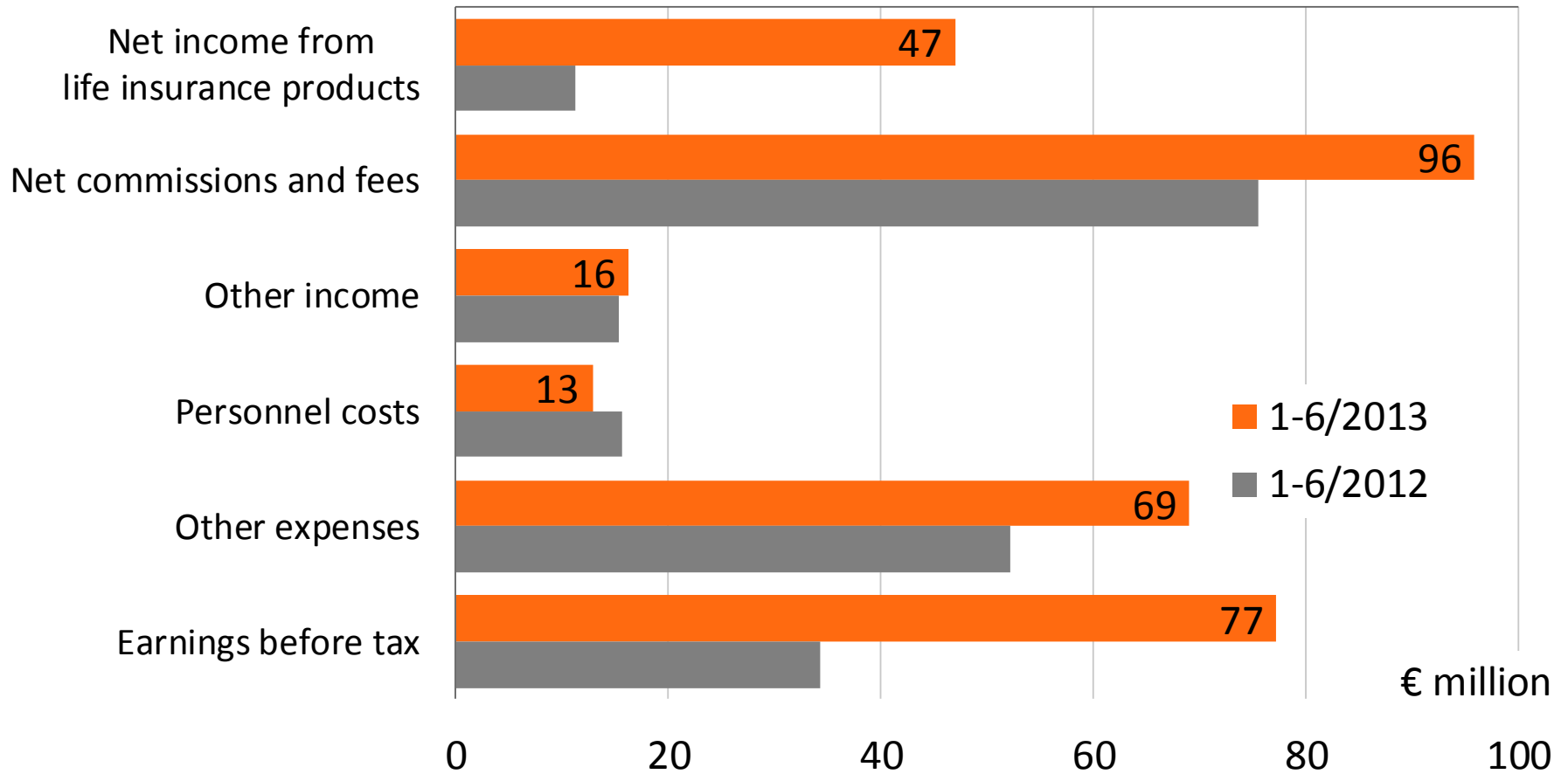


# OP-Pohjola Group Non-Life Insurance





# OP-Pohjola Group Wealth Management





## Quarterly Figures

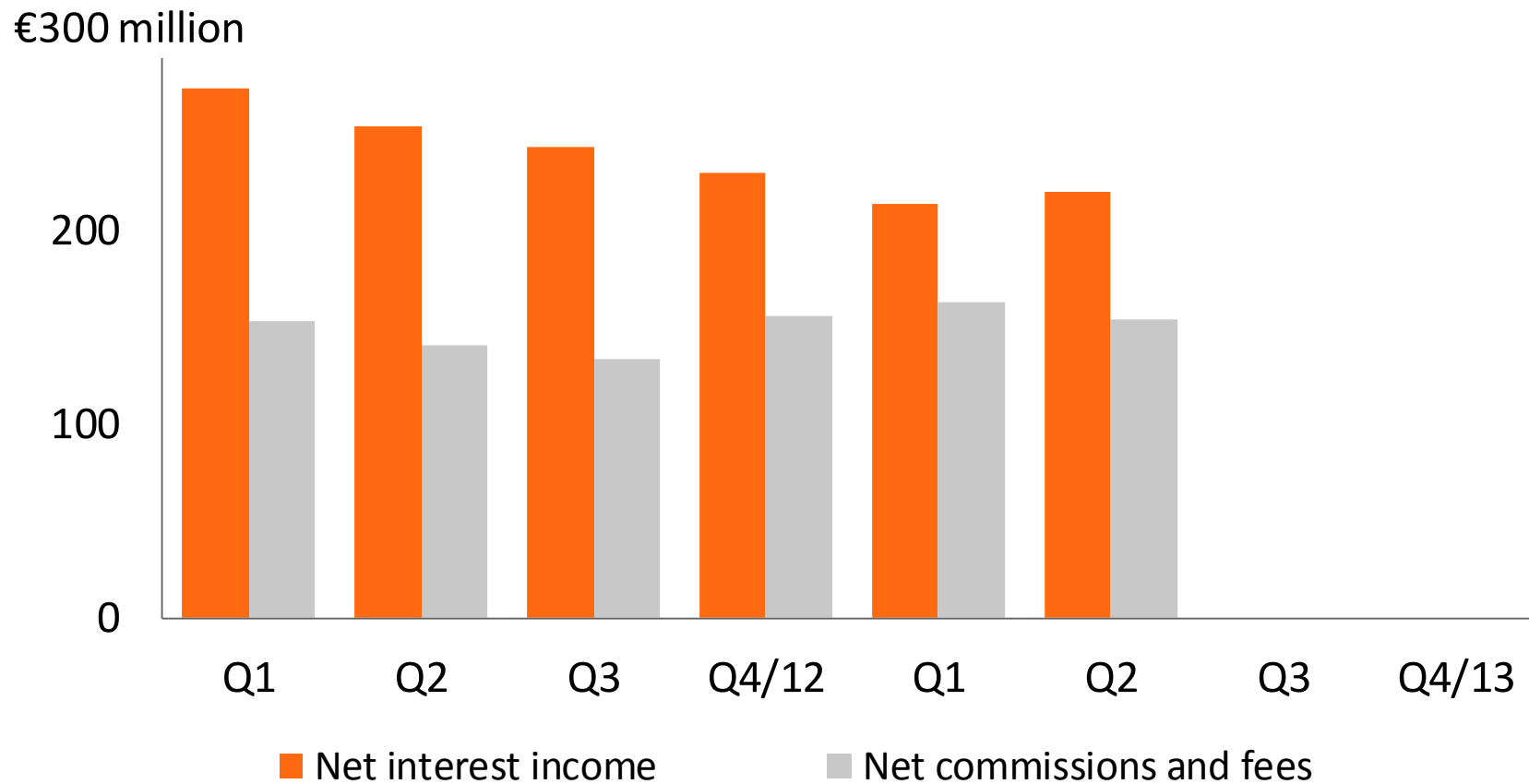
OP-Pohjola Group  
Quarterly Performance

€ million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	274	255	243	231	214	221		
Other income	363	321	326	358	458	400		
Total income	637	576	569	588	672	621		
Personnel costs	203	194	188	180	201	194		
Other expenses	180	183	163	203	181	192		
Total expenses	383	377	351	383	382	385		
Impairments of receivables	11	17	19	51	9	23		
Returns to owner-members and OP bonus customers	44	52	46	50	48	48		
Earnings before tax	199	130	153	104	234	164		

OP-Pohjola Group  
Other Income by Quarter

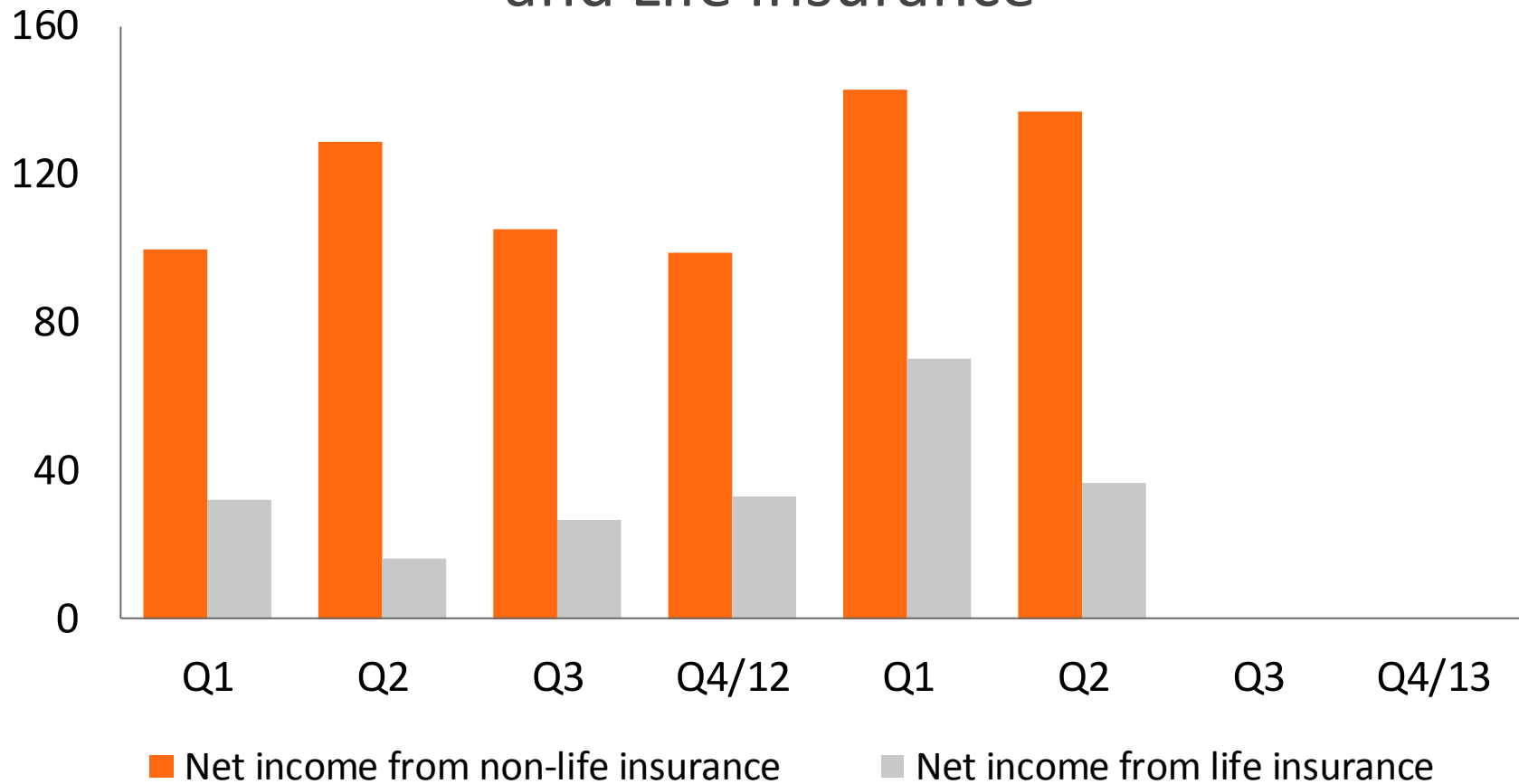
€ million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	100	129	105	99	143	137		
Net income from life insurance	32	16	27	33	70	37		
Net commissions and fees	153	141	134	156	163	154		
Net income from trading and investments	52	13	19	47	54	48		
Other income	25	22	41	23	27	24		
Total	363	321	326	358	458	400		

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



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

€ million

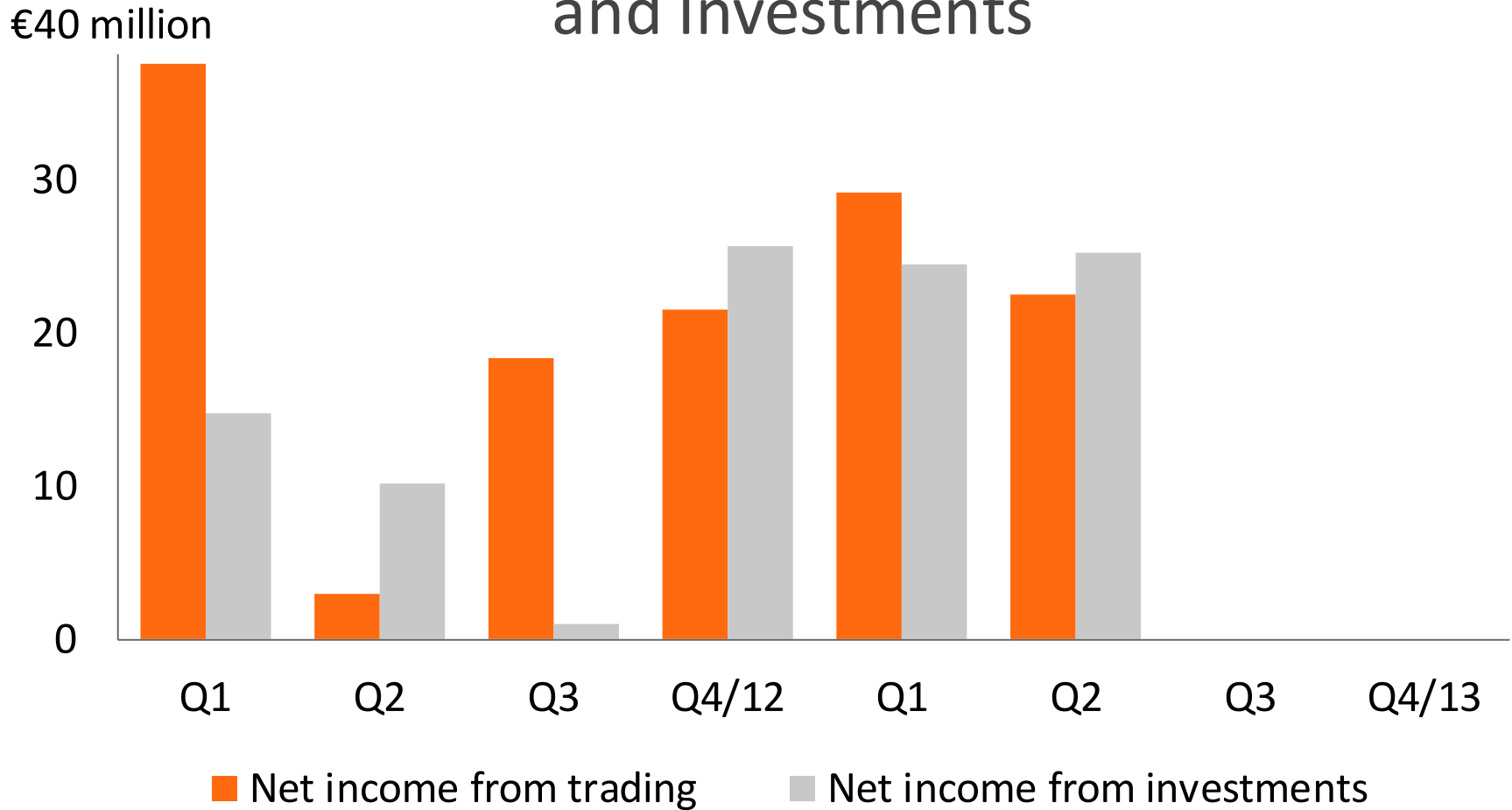


■ Net income from non-life insurance

■ Net income from life insurance

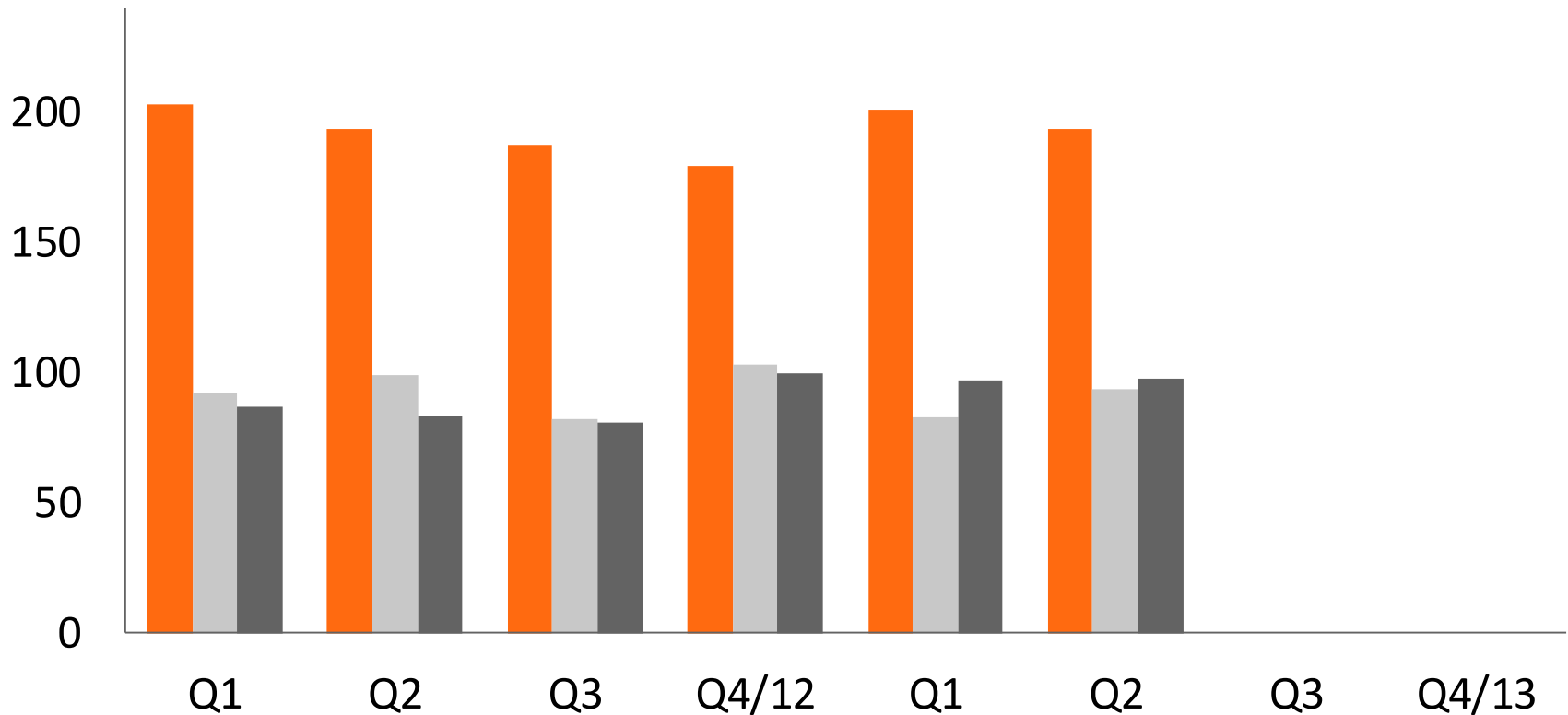


# OP-Pohjola Group Net Income from Trading and Investments



# OP-Pohjola Group Expenses

€250 million



Personnel costs

Other administrative expenses

Other operating expenses

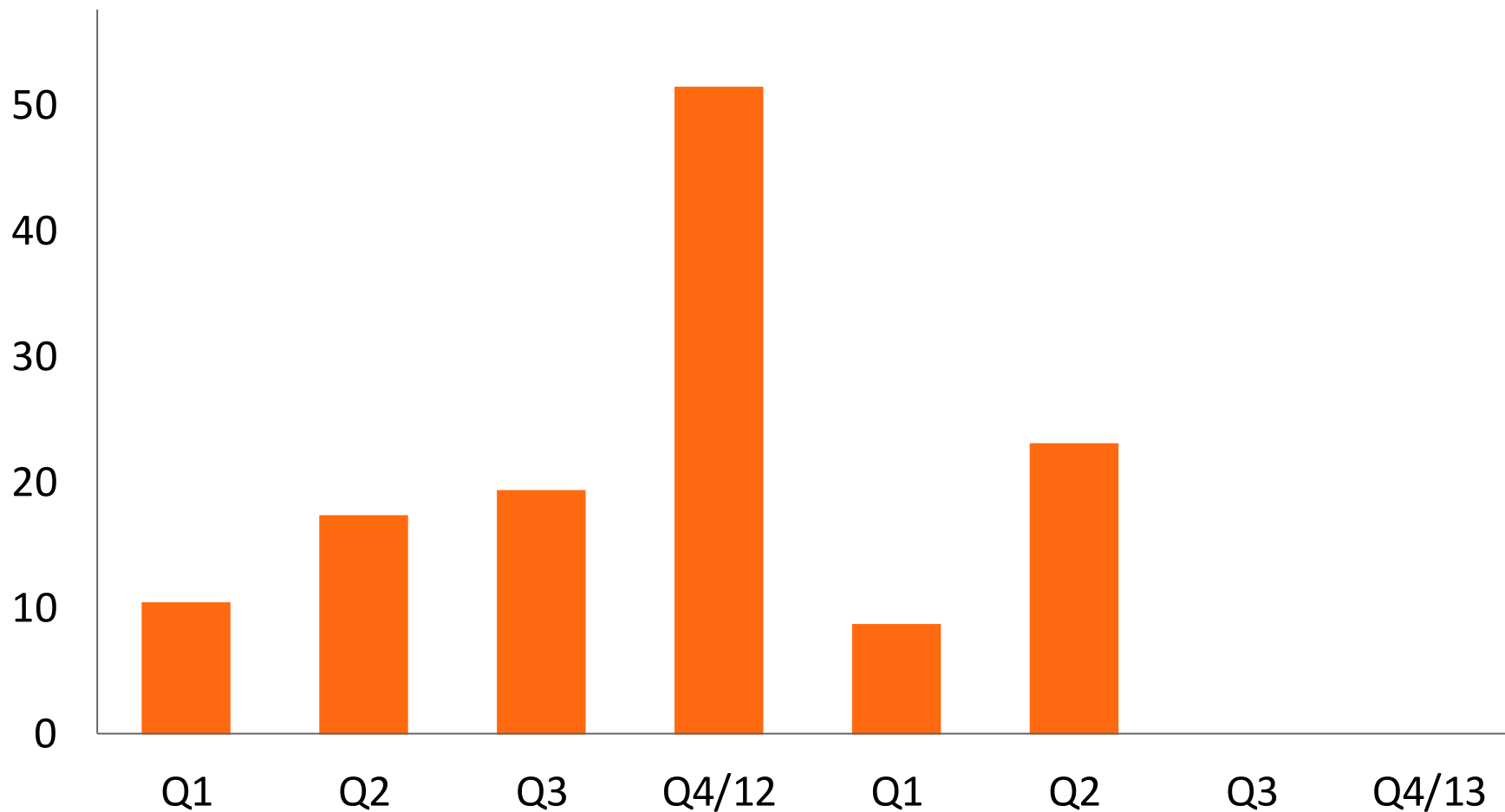




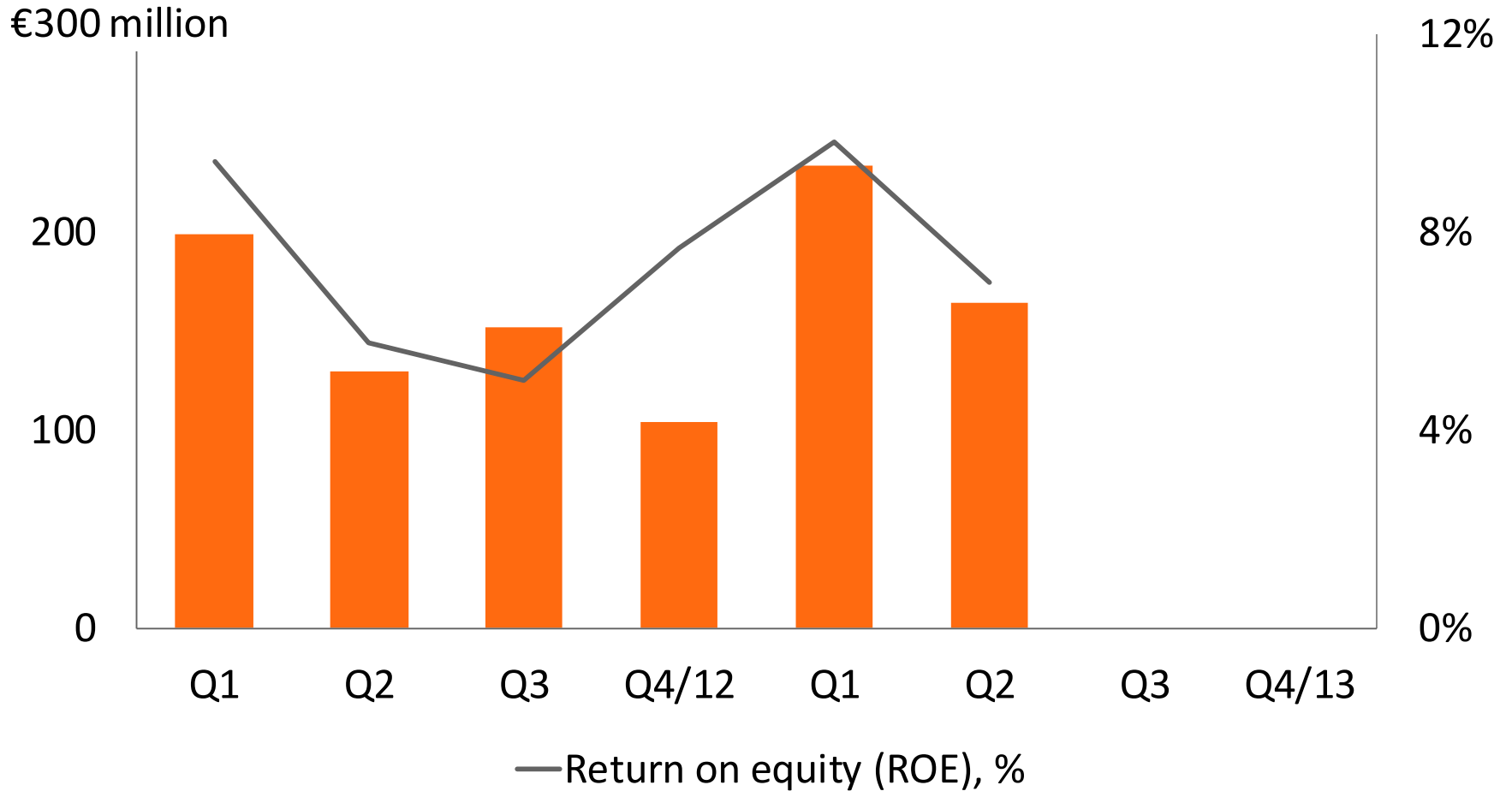
# OP-Pohjola Group

## Quarterly Impairments of Receivables

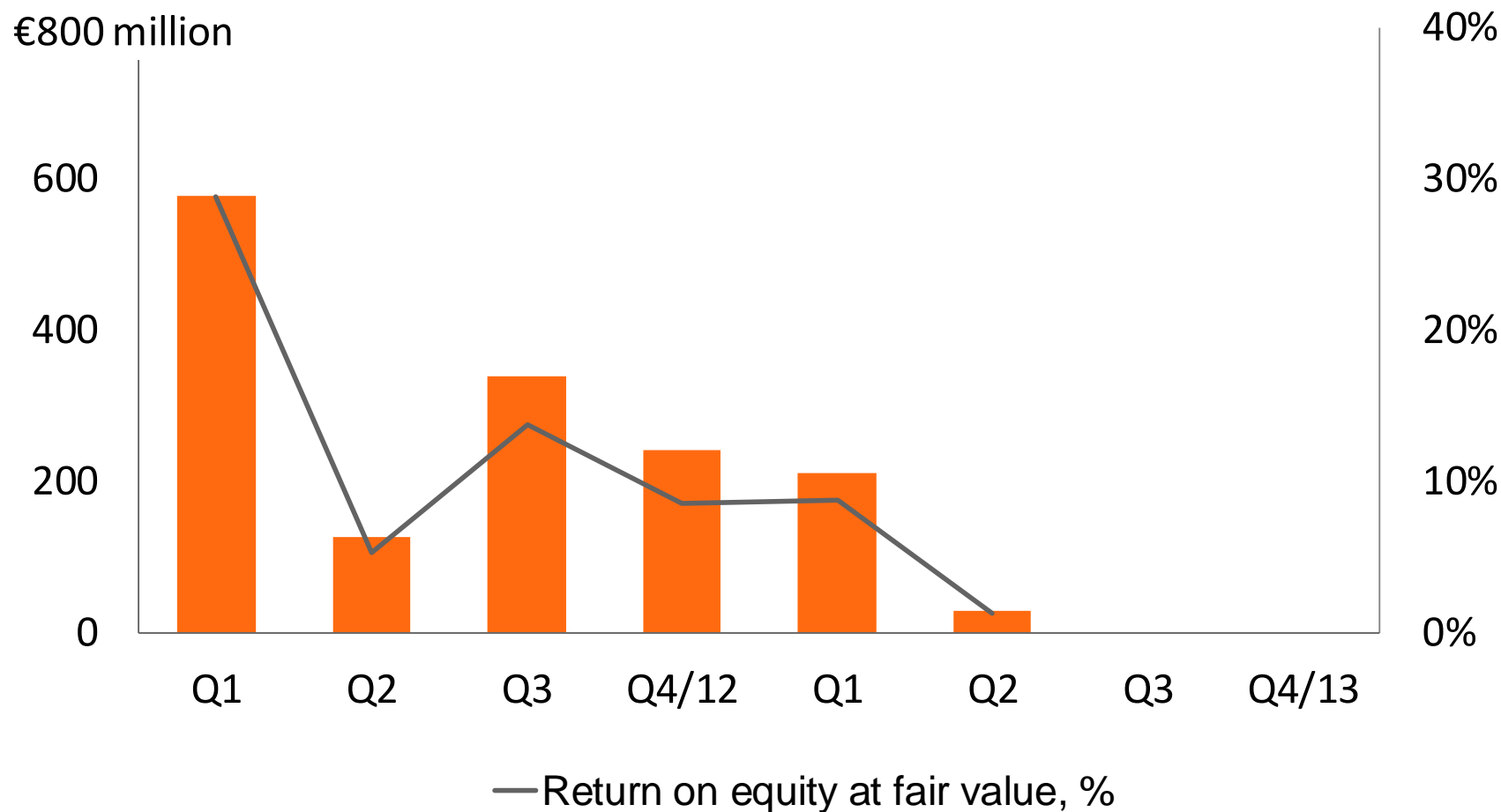
€60 million



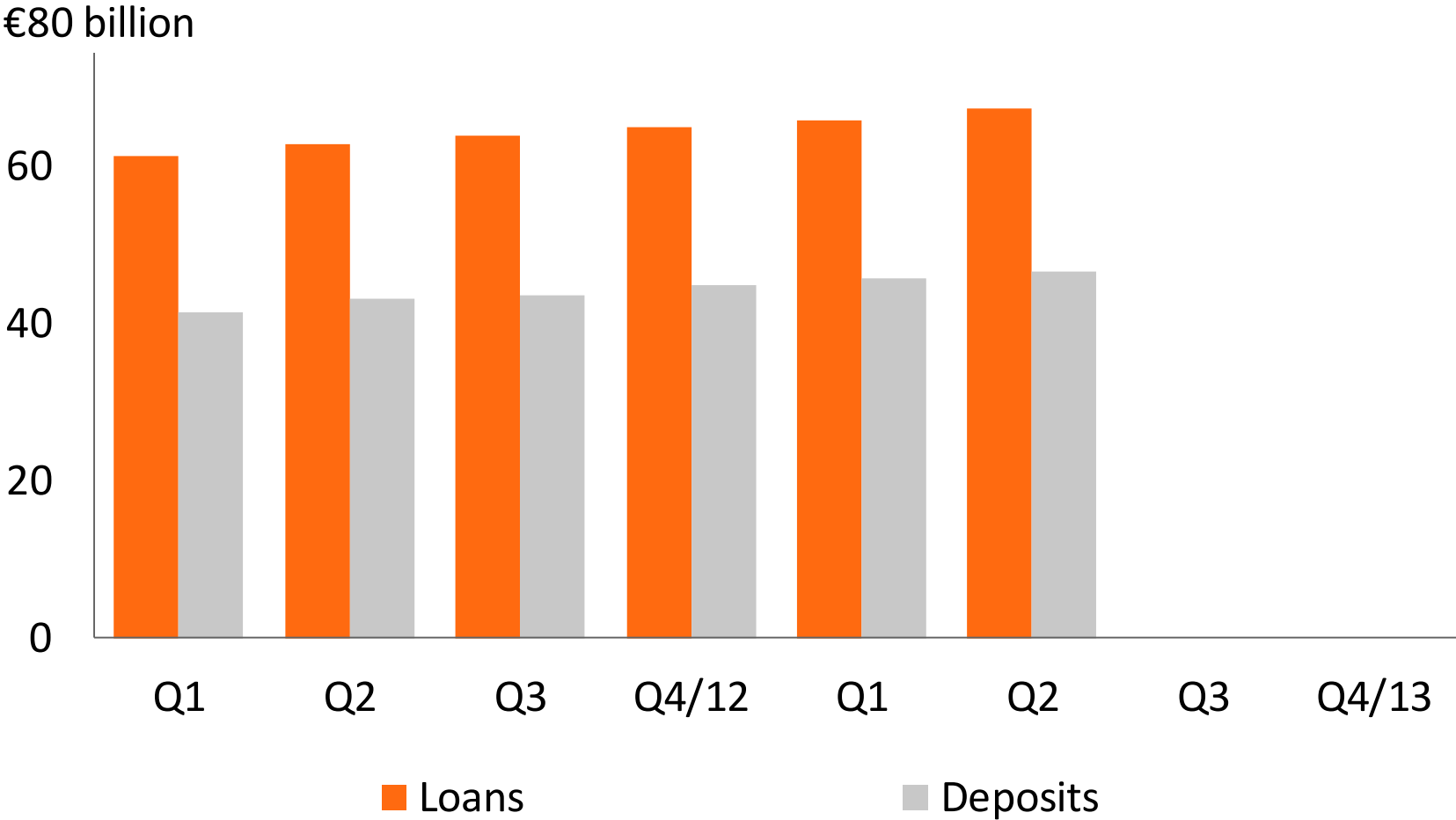
# OP-Pohjola Group Earnings before Tax



# OP-Pohjola Group Earnings before Tax at Fair Value

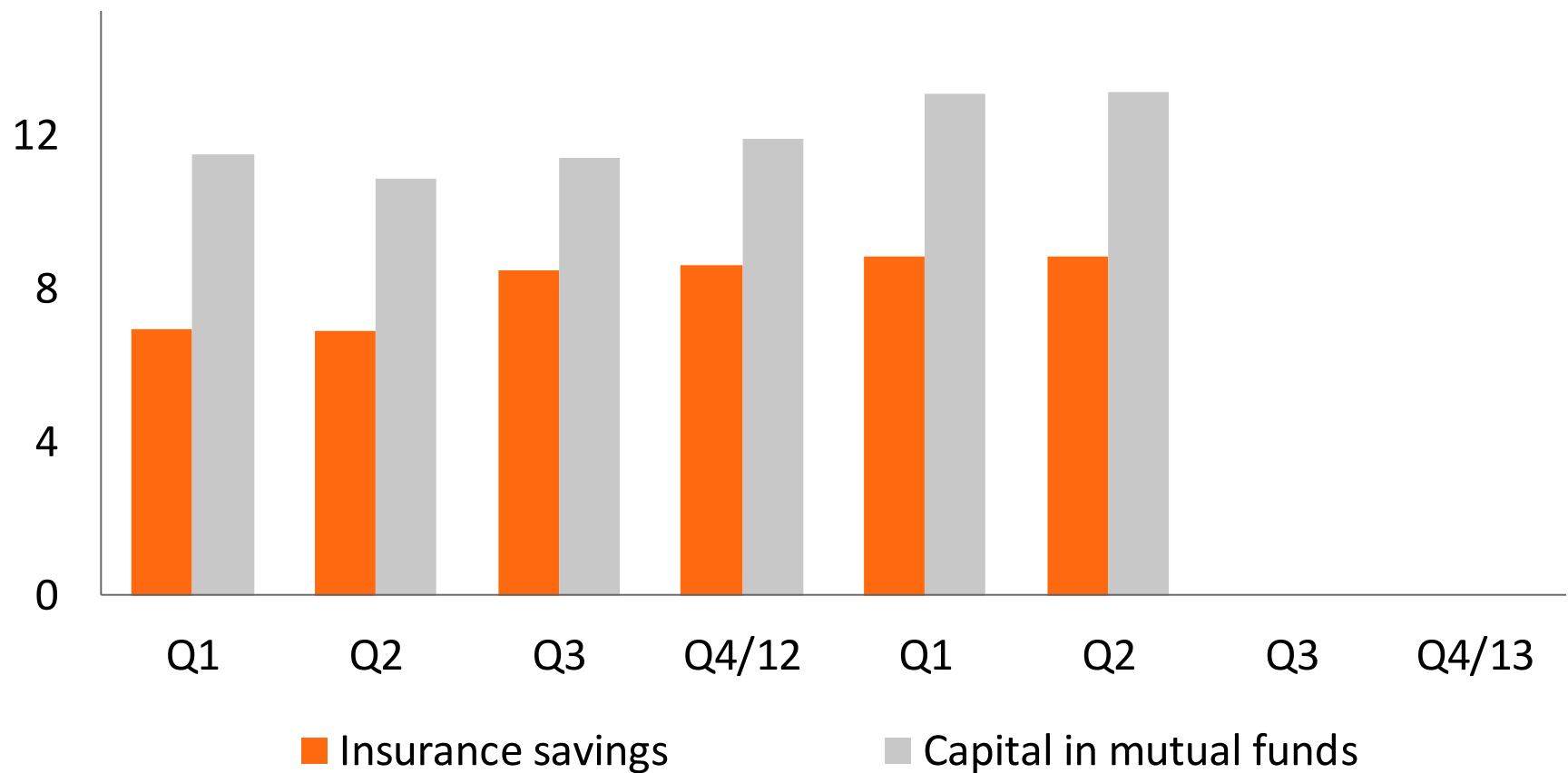


# OP-Pohjola Group Loans and Deposits



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

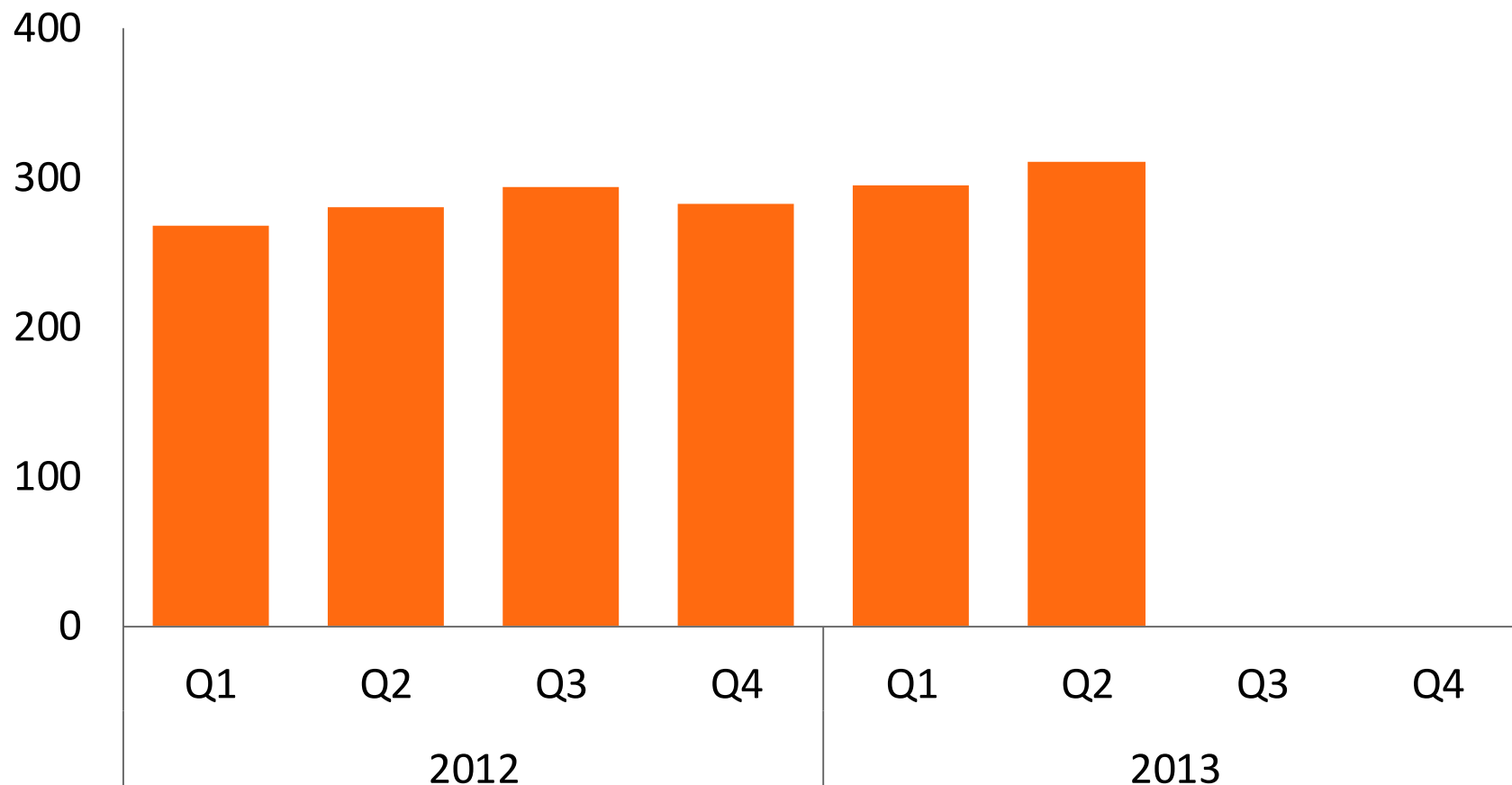
€16 billion



# 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 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.

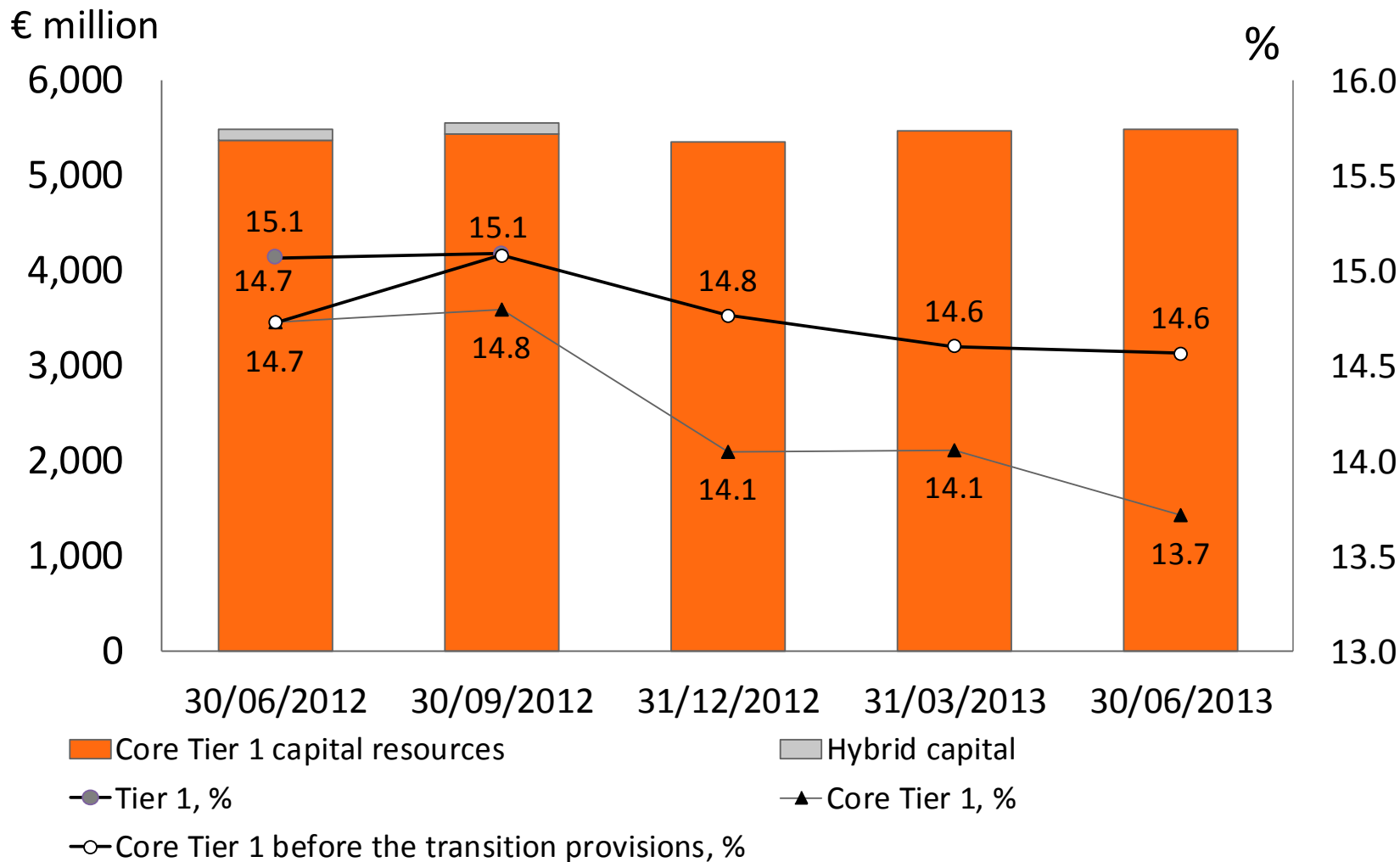


# The credit risk of the capital adequacy of the Amalgamation of the Cooperative Banks is calculated using the Internal Ratings Based Approach (IRBA)

- 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

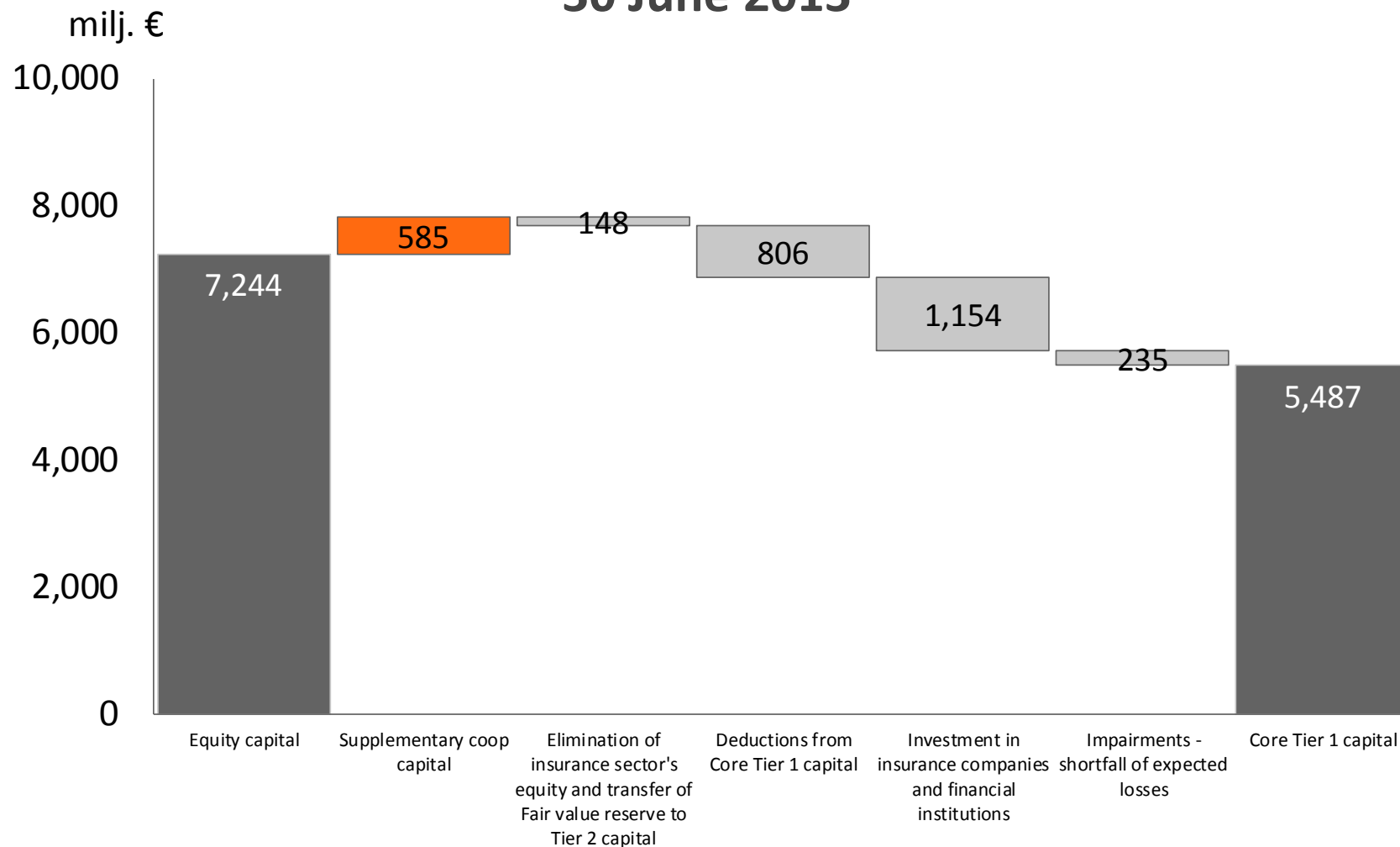
# The amalgamation of the cooperative banks

## Capital Resources and Capital Adequacy

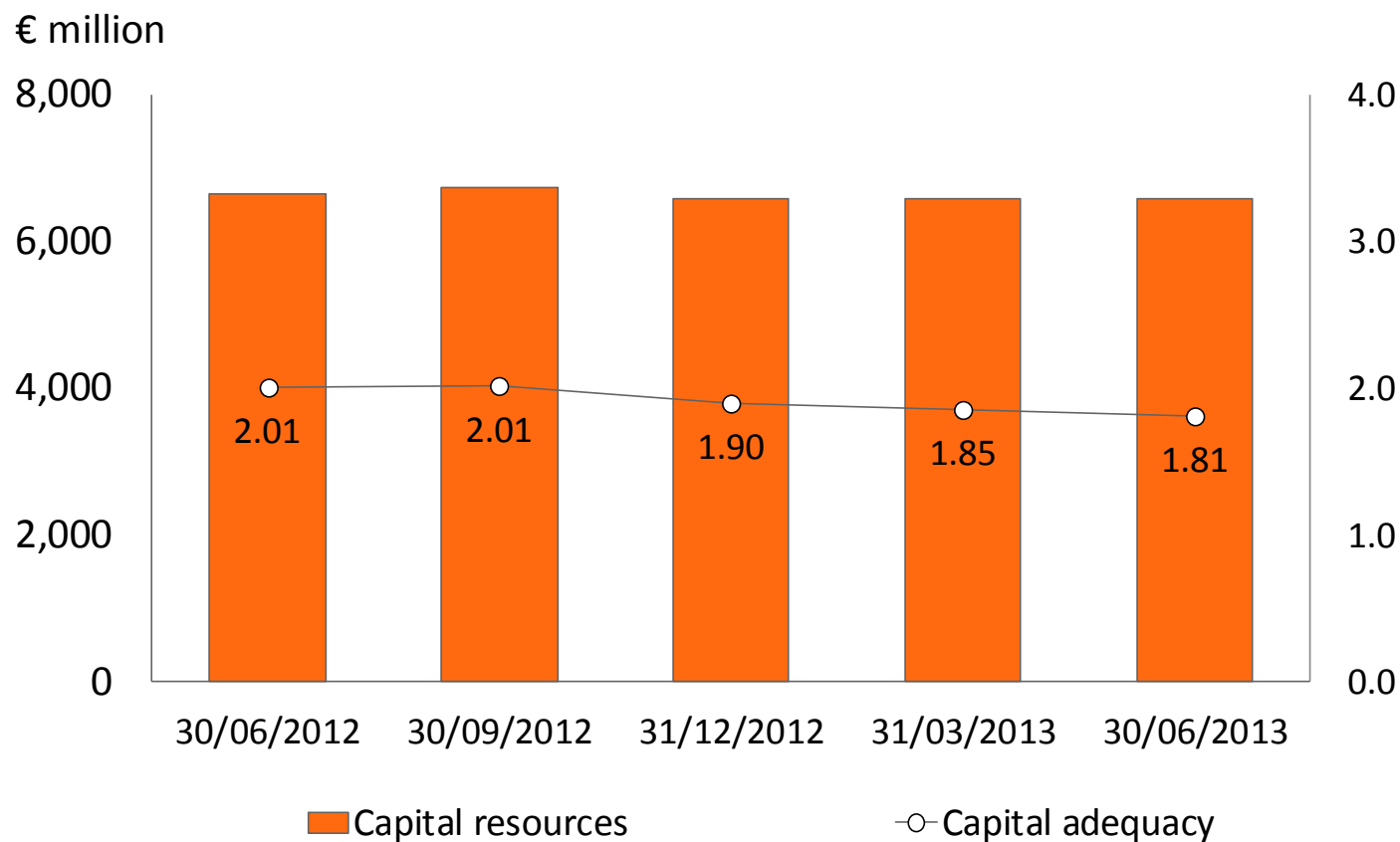


# Tier 1 Capital under the Act on Credit Institutions

## 30 June 2013

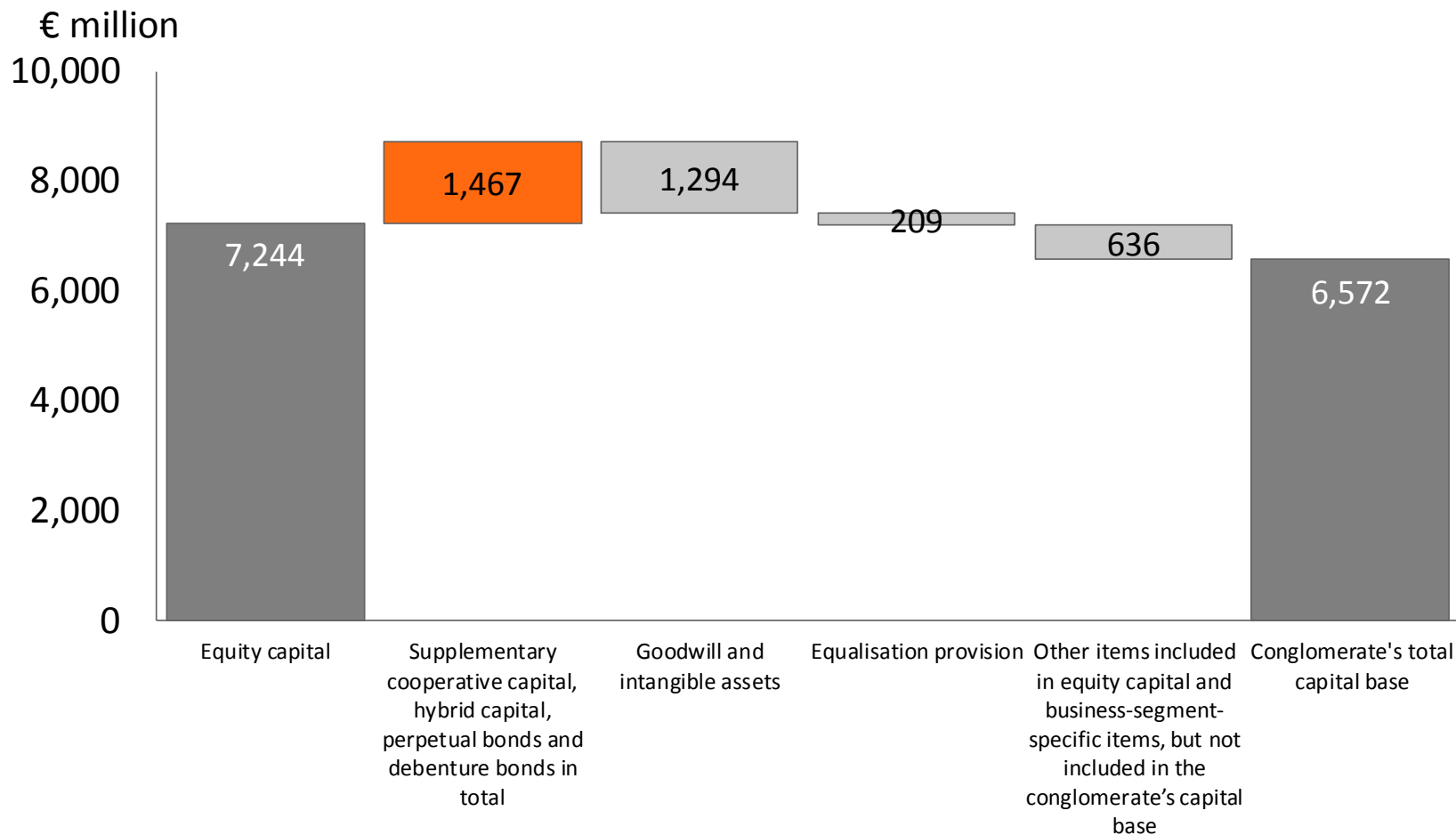


# OP-Pohjola Group Conglomerate's Capital Adequacy



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

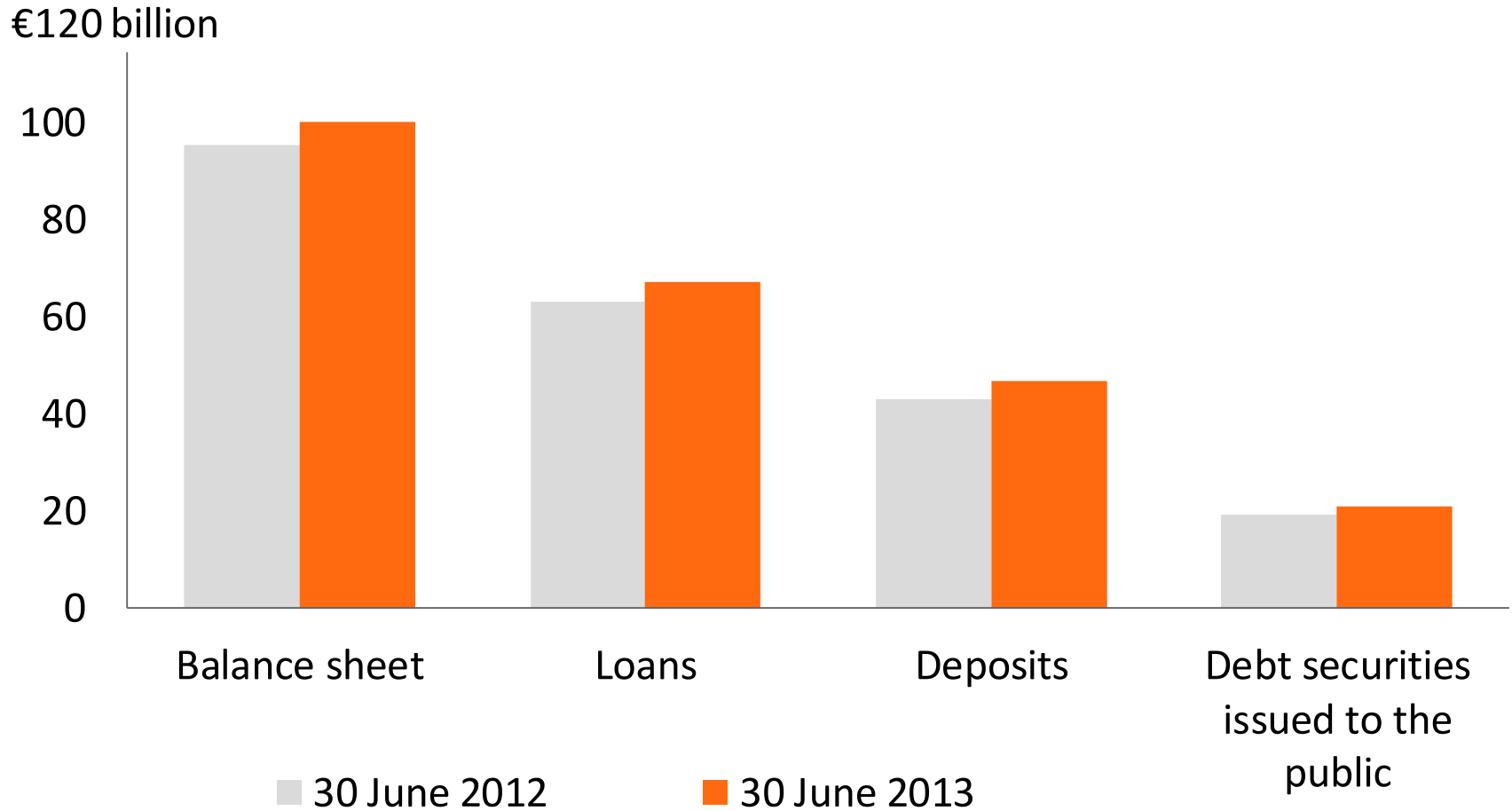
## 30 June 2013





# Balance Sheet

# OP-Pohjola Group Key Balance Sheet Items



# OP-Pohjola Group

## Balance sheet

€ million	30 June	30 June	Change	
	2013	2012	€ million	%
Receivables from credit institutions	794	1,090	-296	-27.2
Financial assets at fair value through profit or loss	395	347	48	13.8
Receivables from customers	67,551	63,128	4,423	7.0
Non-life Insurance assets	3,623	3,593	30	0.8
Life Insurance assets	9,201	6,931	2,271	32.8
Investment assets	7,468	7,383	85	1.1
Other items	11,429	13,011	-1,582	-12.2
Total assets	100,461	95,483	4,978	5.2
Liabilities to credit institutions	1,423	1,707	-284	-16.7
Liabilities to customers	49,745	47,593	2,152	4.5
Non-life Insurance liabilities	2,935	2,810	124	4.4
Life Insurance liabilities	9,212	7,229	1,983	27.4
Debt securities issued to the public	20,969	19,437	1,532	7.9
Other liabilities	8,933	9,960	-1,026	-10.3
Equity capital	7,244	6,746	498	7.4
Total liabilities and equity capital	100,461	95,483	4,978	5.2

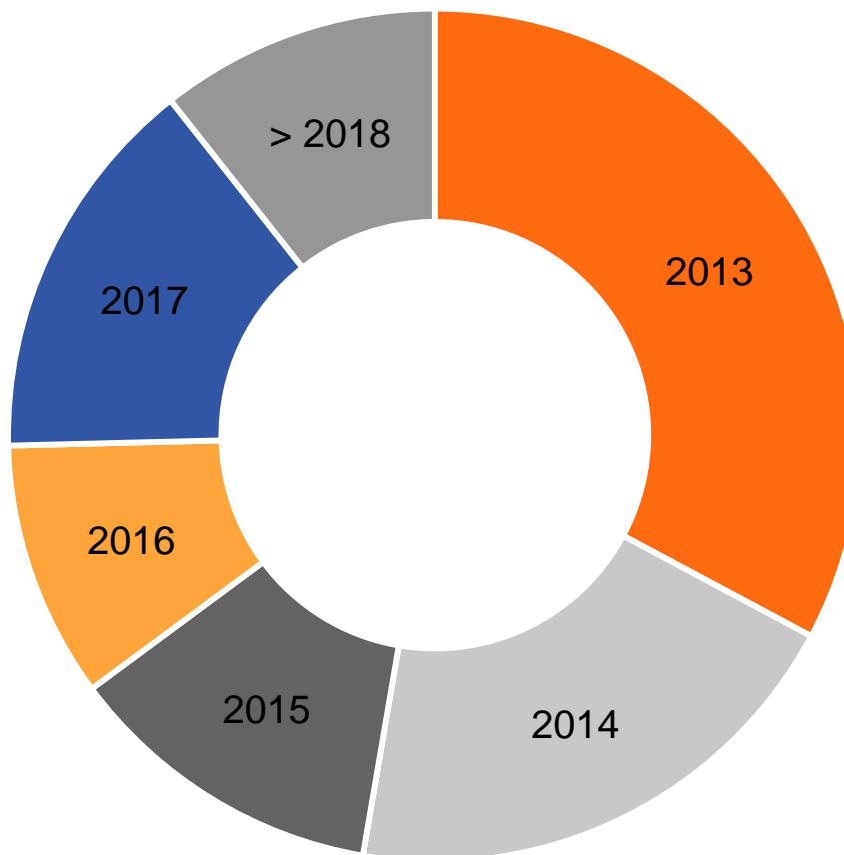


# OP-Pohjola Group

## Equity Capital and Cooperative Capital

€ million	30 June 2013	30 June 2012	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	200	200	0	0.0
Cooperative capital	138	134	4	3.3
Fair value reserve	218	95	123	129.7
Other reserves	2,729	2,682	47	1.7
Retained earnings	3,934	3,613	322	8.9
Minority interest	25	22	2	
<b>Total equity capital</b>	<b>7,244</b>	<b>6,746</b>	<b>498</b>	<b>7.4</b>
Cooperative capital not included in equity capital	643	666	-23	-3.5

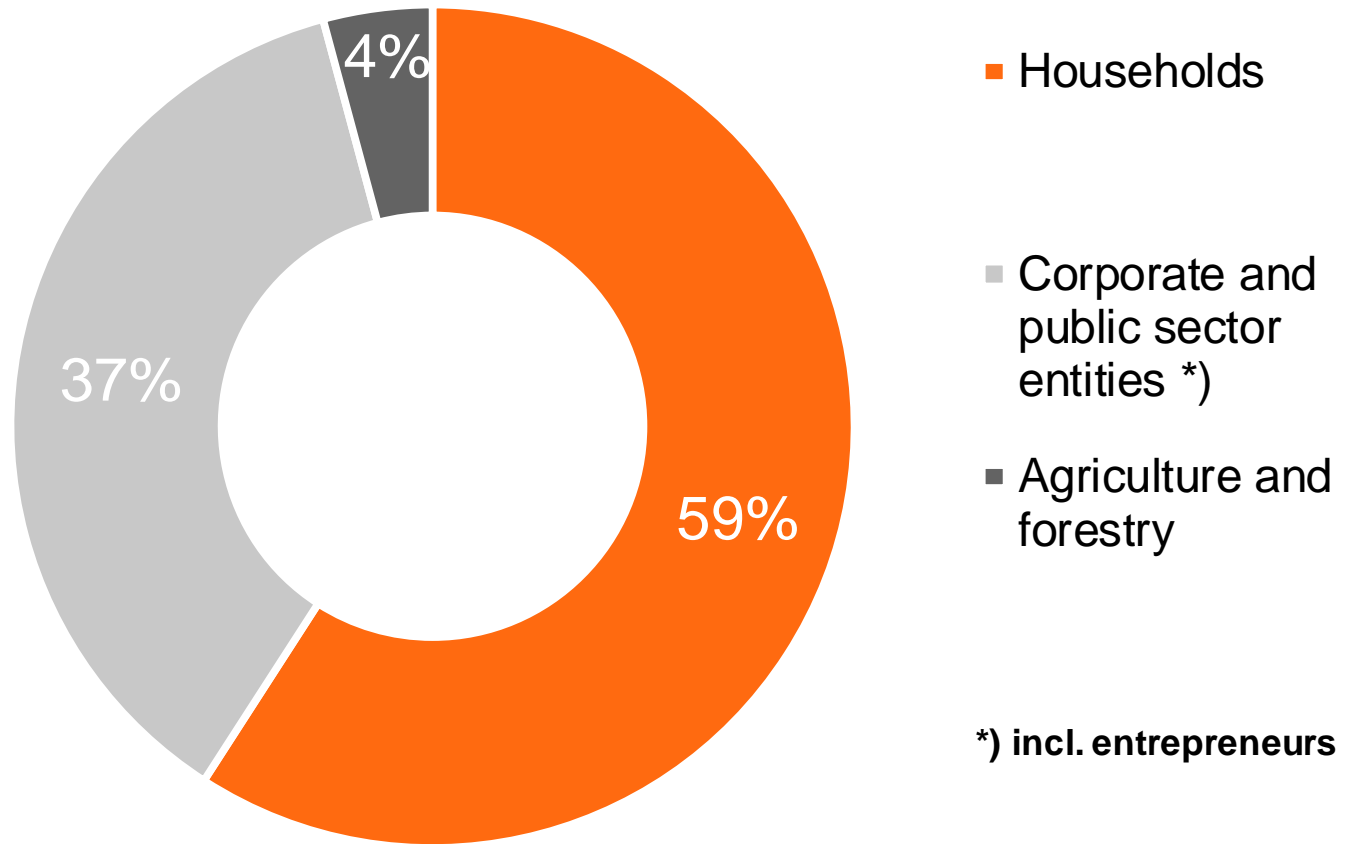
OP-Pohjola Group  
**Debt Securities Issued to the Public**  
**Maturity 30 June 2013**  
total of €21.0 billion



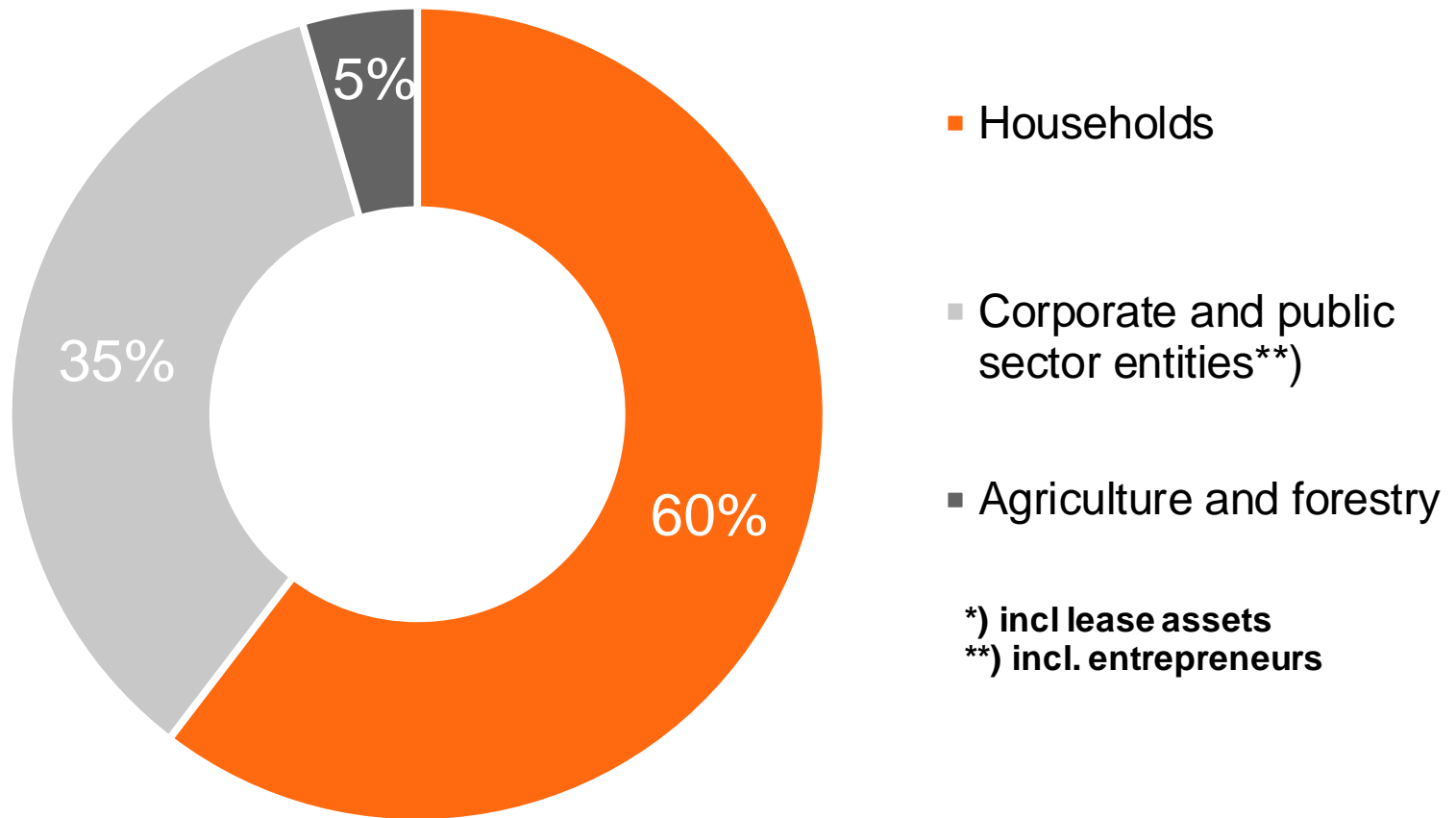


## Loans and Customer Funds

# OP-Pohjola Group Deposits by Customer Sector 30 June 2013



# OP-Pohjola Group Loans\* by Customer Sector 30 June 2013

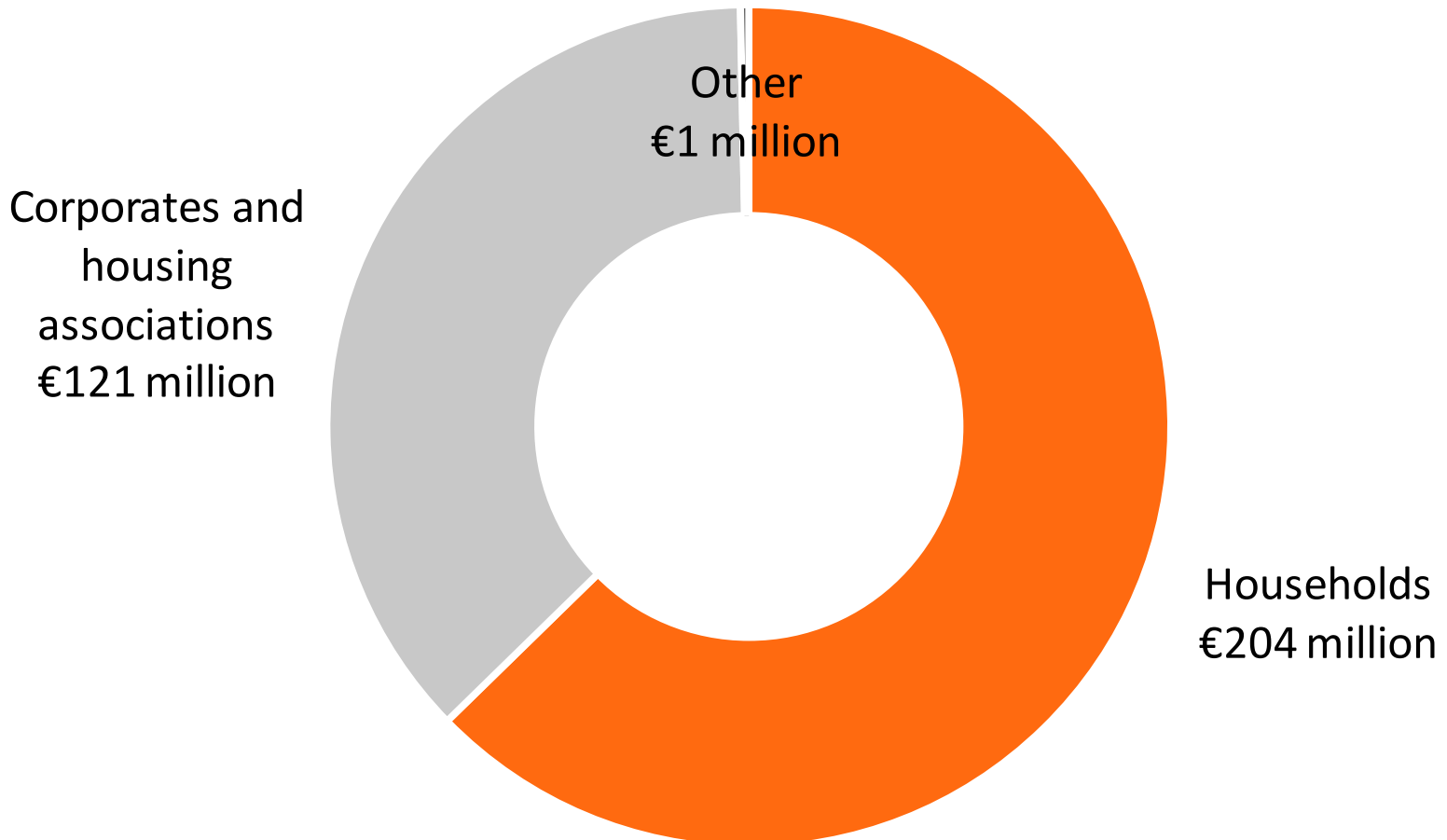


# OP-Pohjola Group

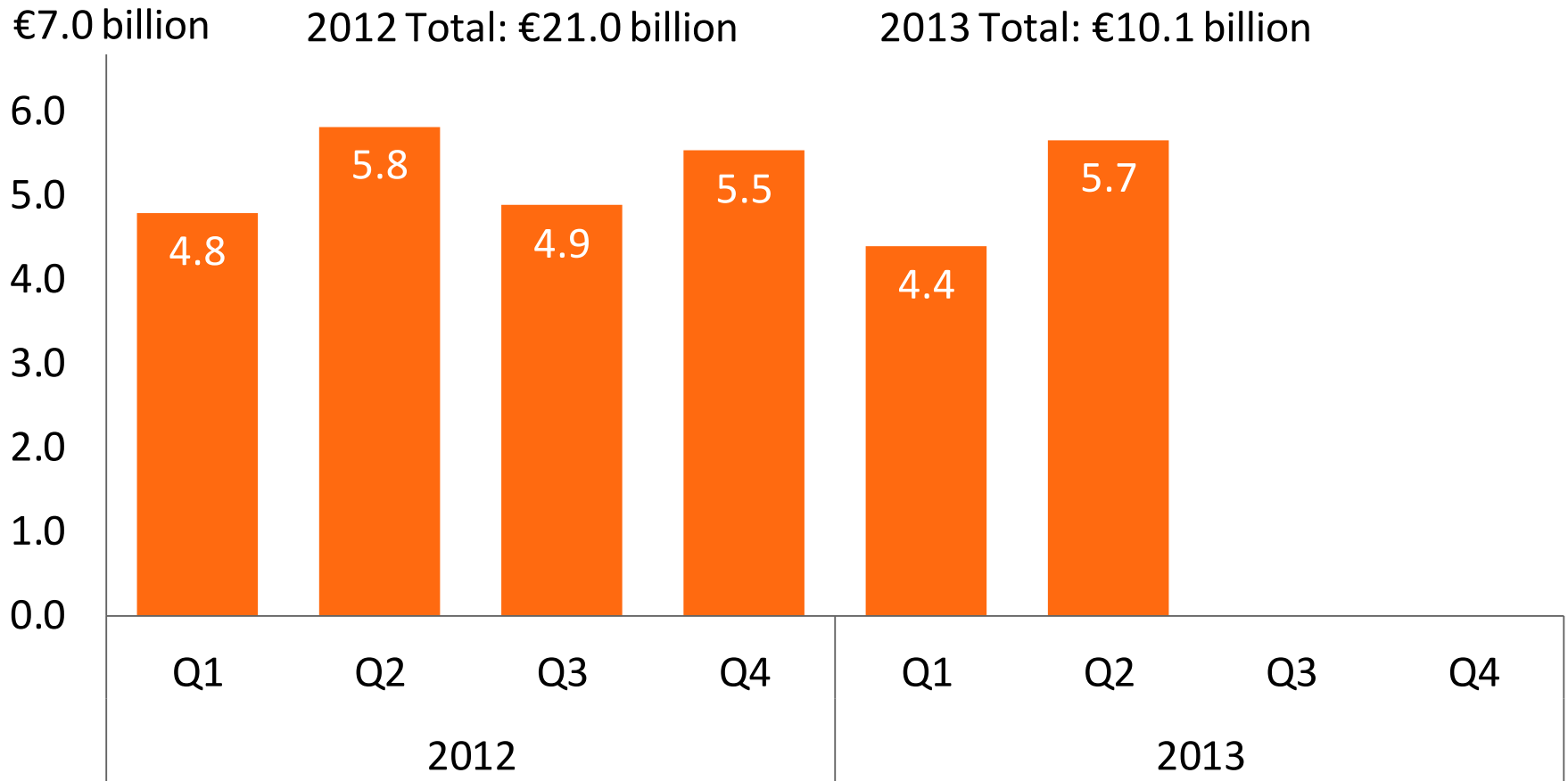
## Loan and Guarantee Portfolio by Sector

€ million	30 June 2013	30 June 2012	€ million	Change, %
<b>Enterprises and housing associations</b>	<b>25,279</b>	<b>23,319</b>	<b>1,960</b>	<b>8.4</b>
Renting and operating of residential real estate	5,210	4,572	639	14.0
Renting and operating of other real estate	3,166	2,910	256	8.8
Wholesale and retail trade	2,748	2,380	367	15.4
Construction	1,794	1,750	44	2.5
Services	1,739	1,672	67	4.0
Transportation and storage	1,543	1,473	71	4.8
Manufacture of machinery and equipment (incl. services)	1,326	1,346	-20	-1.5
Energy	1,263	690	573	83.1
Financial and insurance services	1,027	890	137	15.3
Real estate investments	937	1,051	-114	-10.8
Agriculture, forestry and fishing	859	812	47	5.8
Forest Industry	800	765	35	4.5
Metal Industry	646	667	-21	-3.1
Food Industry	568	652	-84	-12.9
Chemical Industry	340	404	-64	-15.8
Other manufacturing	319	436	-118	-27.0
Other industries	994	848	146	17.2
<b>Public corporations and non-profit organisations</b>	<b>1,290</b>	<b>1,197</b>	<b>93</b>	<b>7.8</b>
<b>Households</b>	<b>43,812</b>	<b>41,324</b>	<b>2,488</b>	<b>6.0</b>
<b>Adjustments</b>	<b>15</b>	<b>285</b>	<b>-270</b>	<b>0.0</b>
<b>Total</b>	<b>70,396</b>	<b>66,125</b>	<b>4,271</b>	<b>6.5</b>

OP-Pohjola Group  
Non-performing and Zero-interest Receivables  
30 June 2013  
€326 million



# OP-Pohjola Group New Loans by Quarter

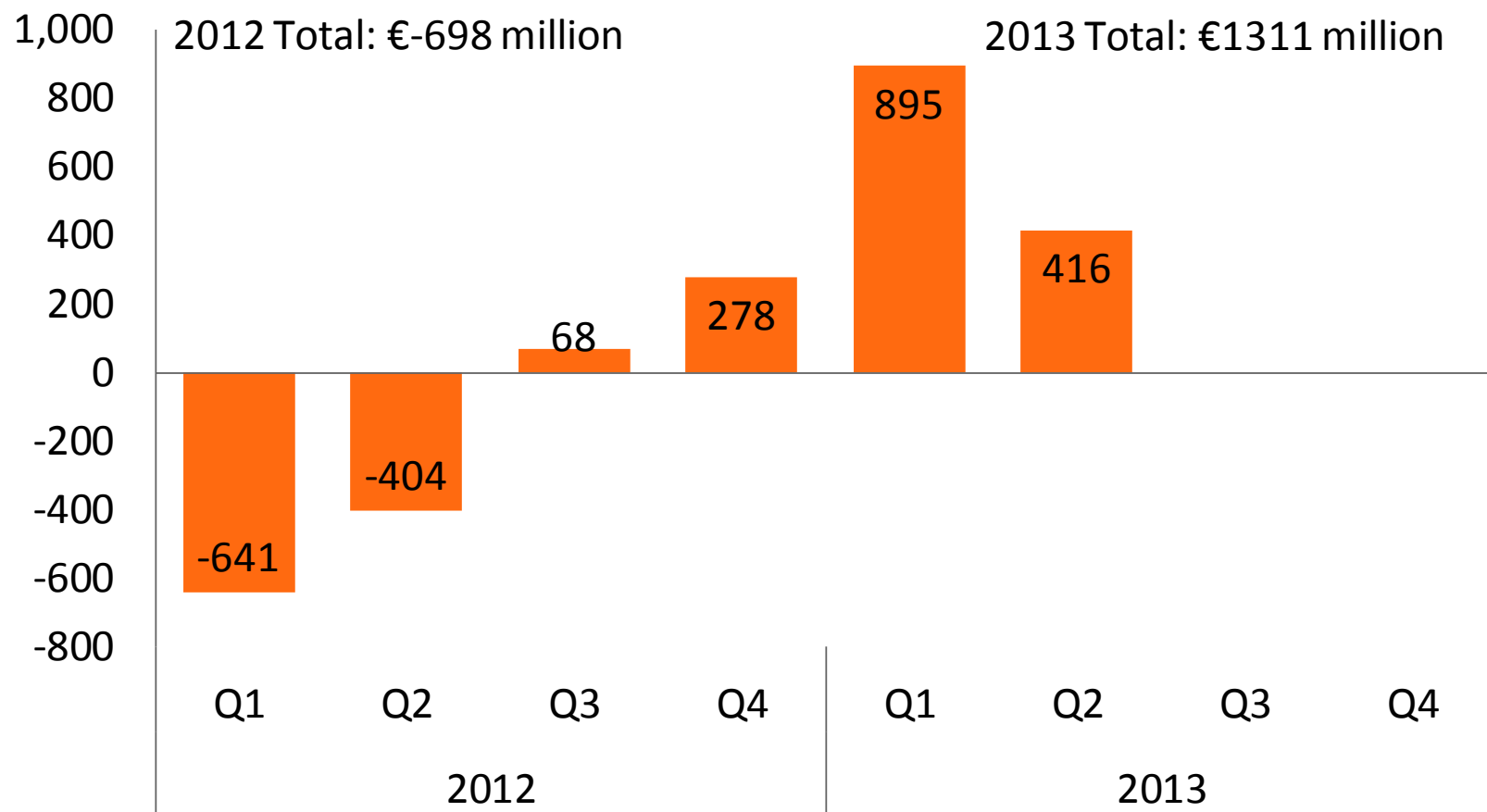




# OP-Pohjola Group

## Net Sales Inflow of Mutual Funds by Quarter

€million

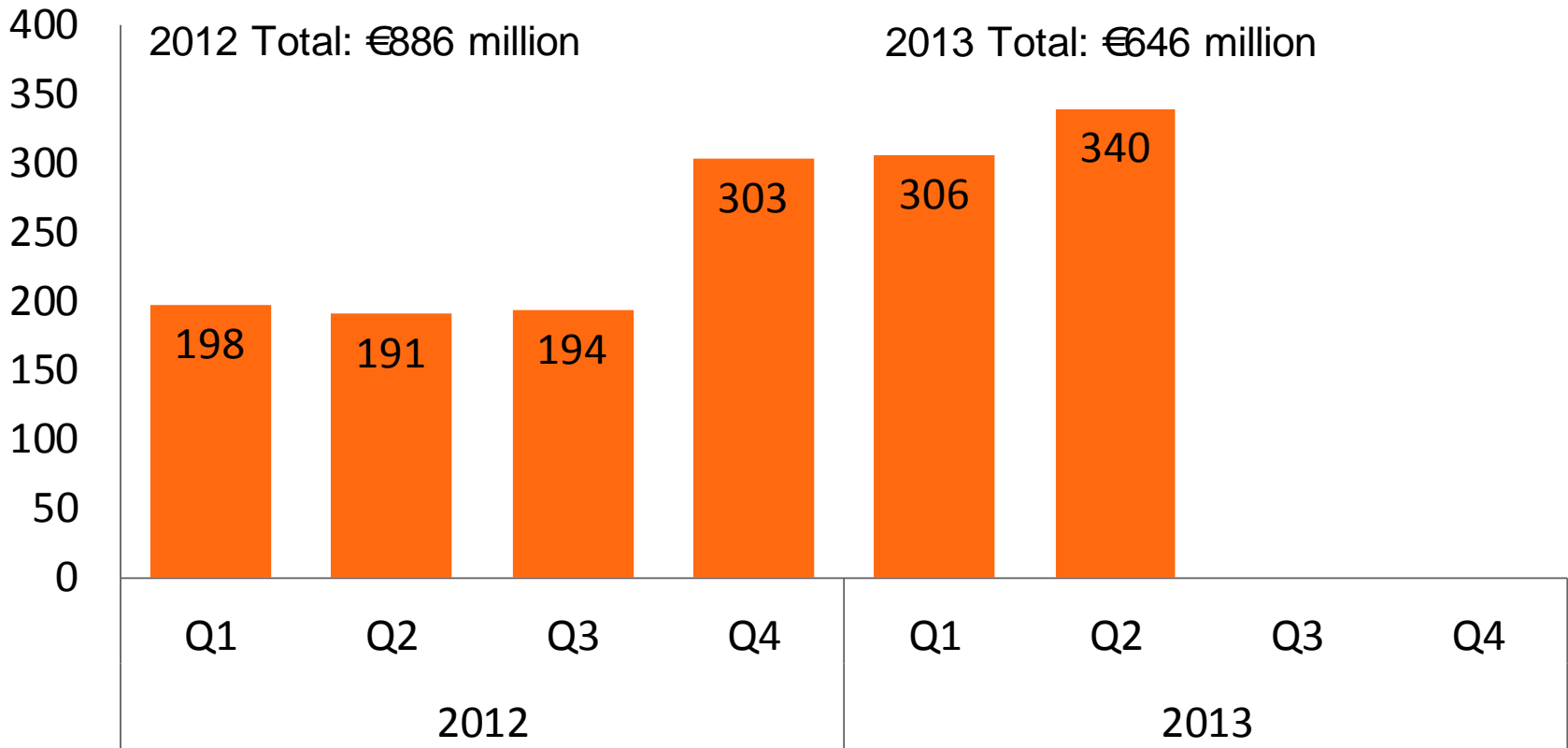


# OP-Pohjola Group

## Life and Pension Insurance Premiums

### Written by Quarter

€million

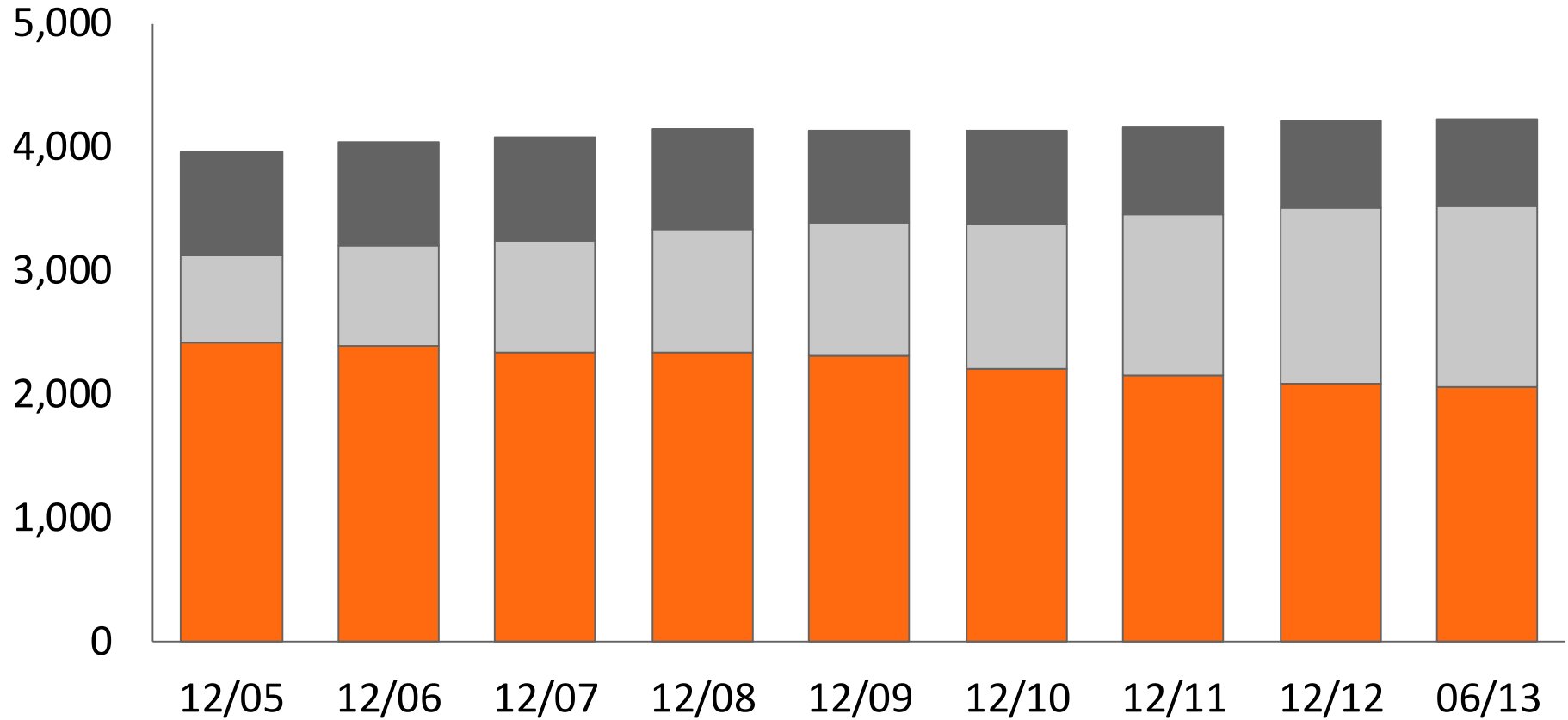




**Customers, Owner-members, etc.**

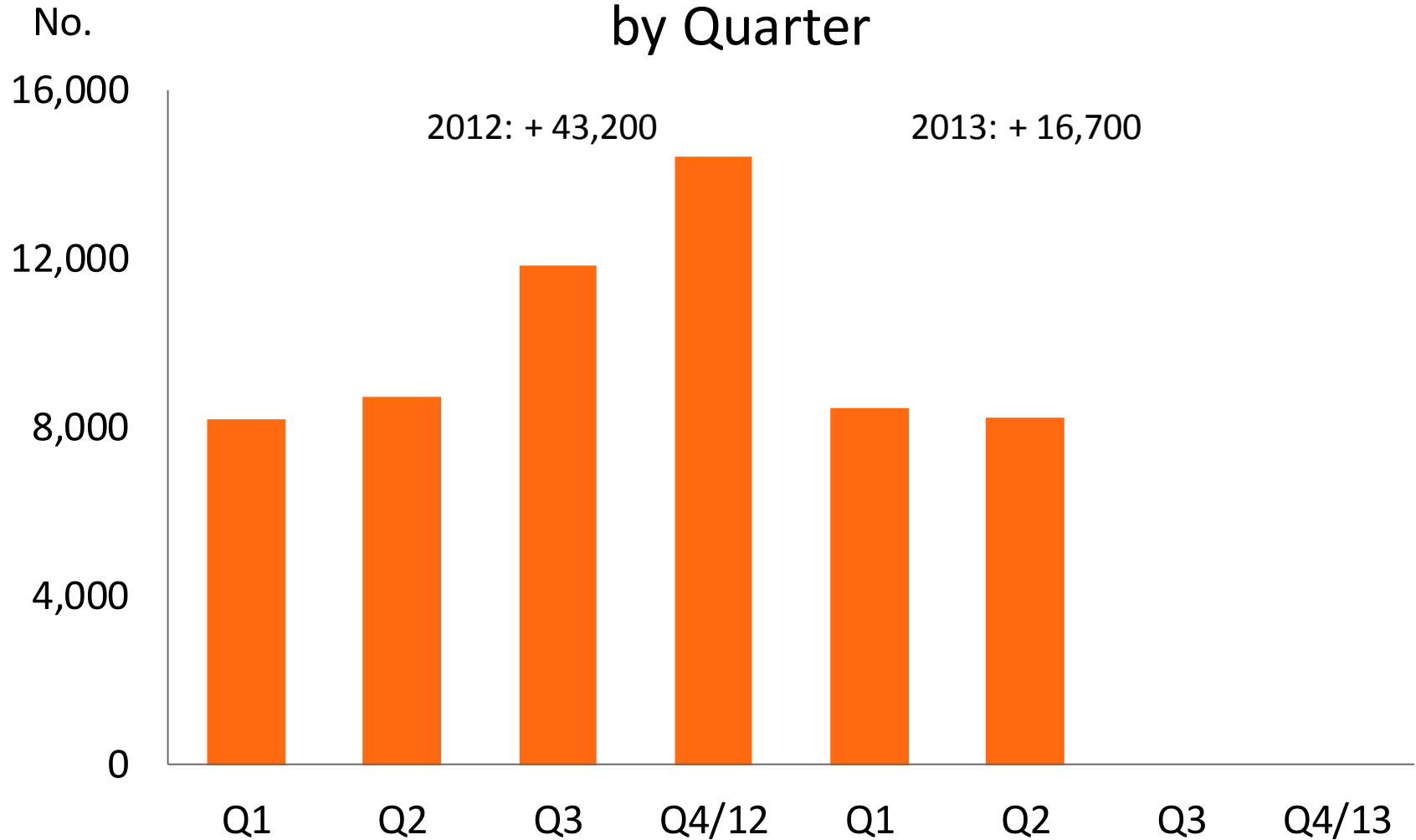
# OP-Pohjola Group Breakdown of Customer Base

1,000 customers



■ Bank customers   ■ Bank and non-life insurance cust.   ■ Non-life insurance customers

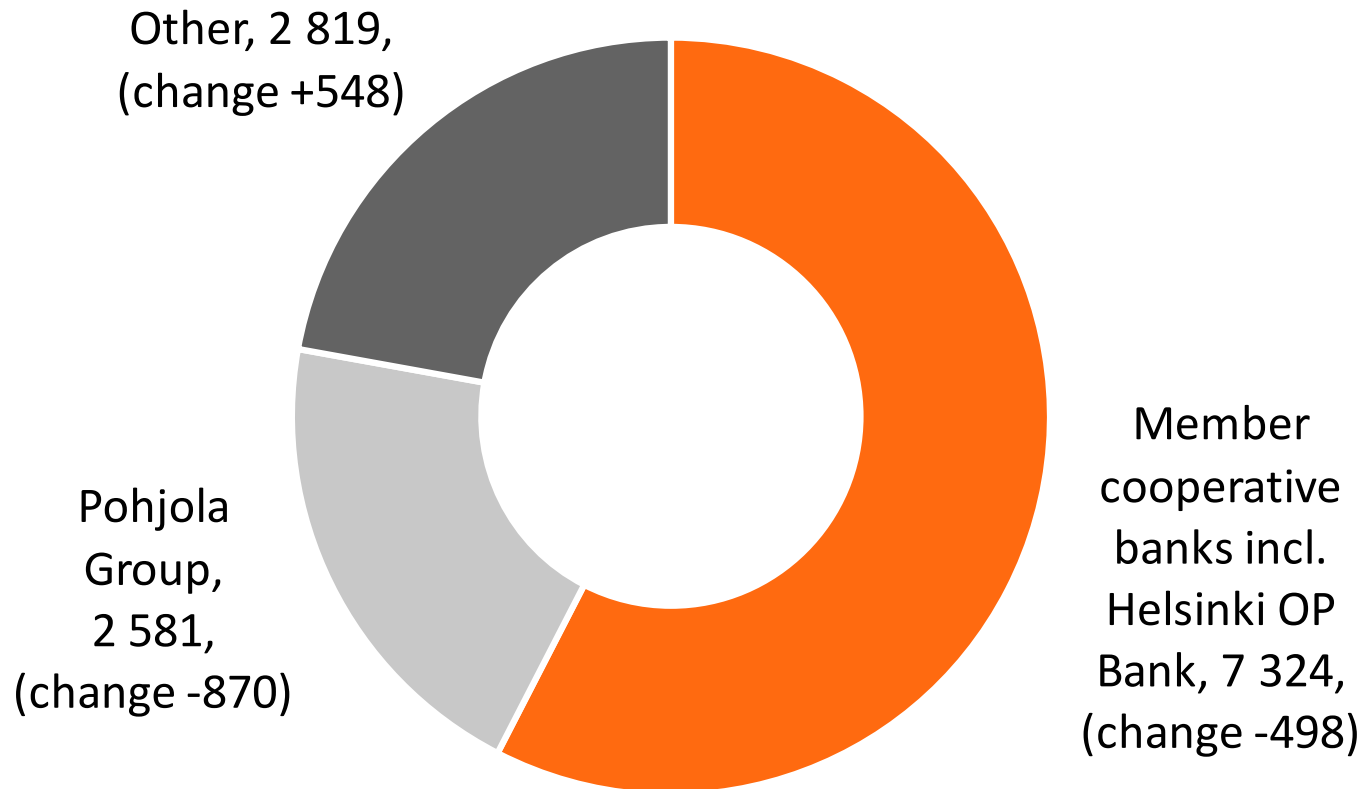
# OP-Pohjola Group Net Increase in Owner-members by Quarter



# OP-Pohjola Group's Personnel

## 30 June 2013

12,724 (-820 within 12 months)



# OP-Pohjola Group

## Service Network

	30 June 2013	Change from year- end	12-month change
eServices Agreements	1,627,000	16,000	54,000
Locations	499	-20	-33
providing both banking and insurance services	355	5	10
Private banking locations	38	1	2
Online customer terminals	506	-24	-41

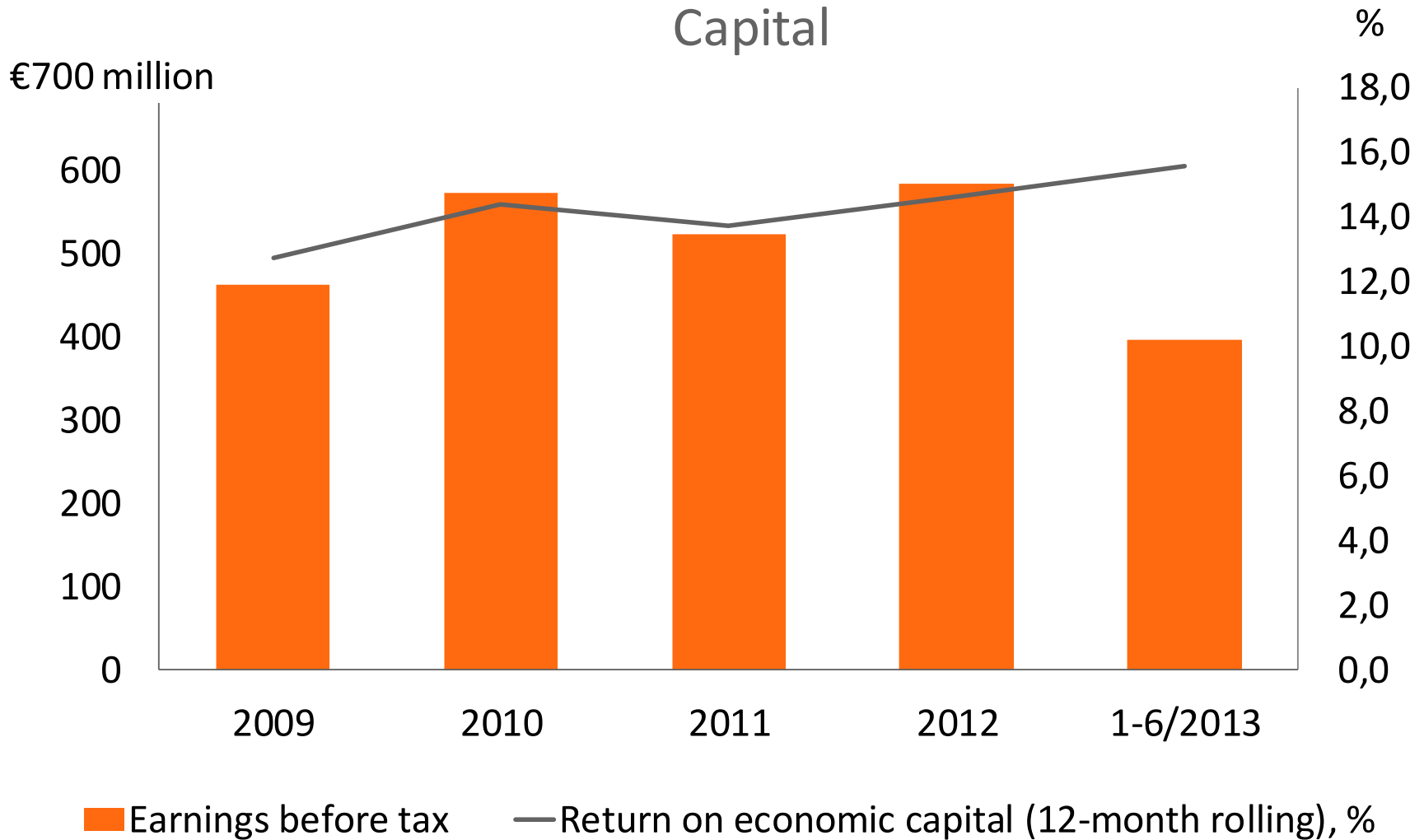


## 5-year Trends



# OP-Pohjola Group

## Earnings before Tax and Return on Economic Capital

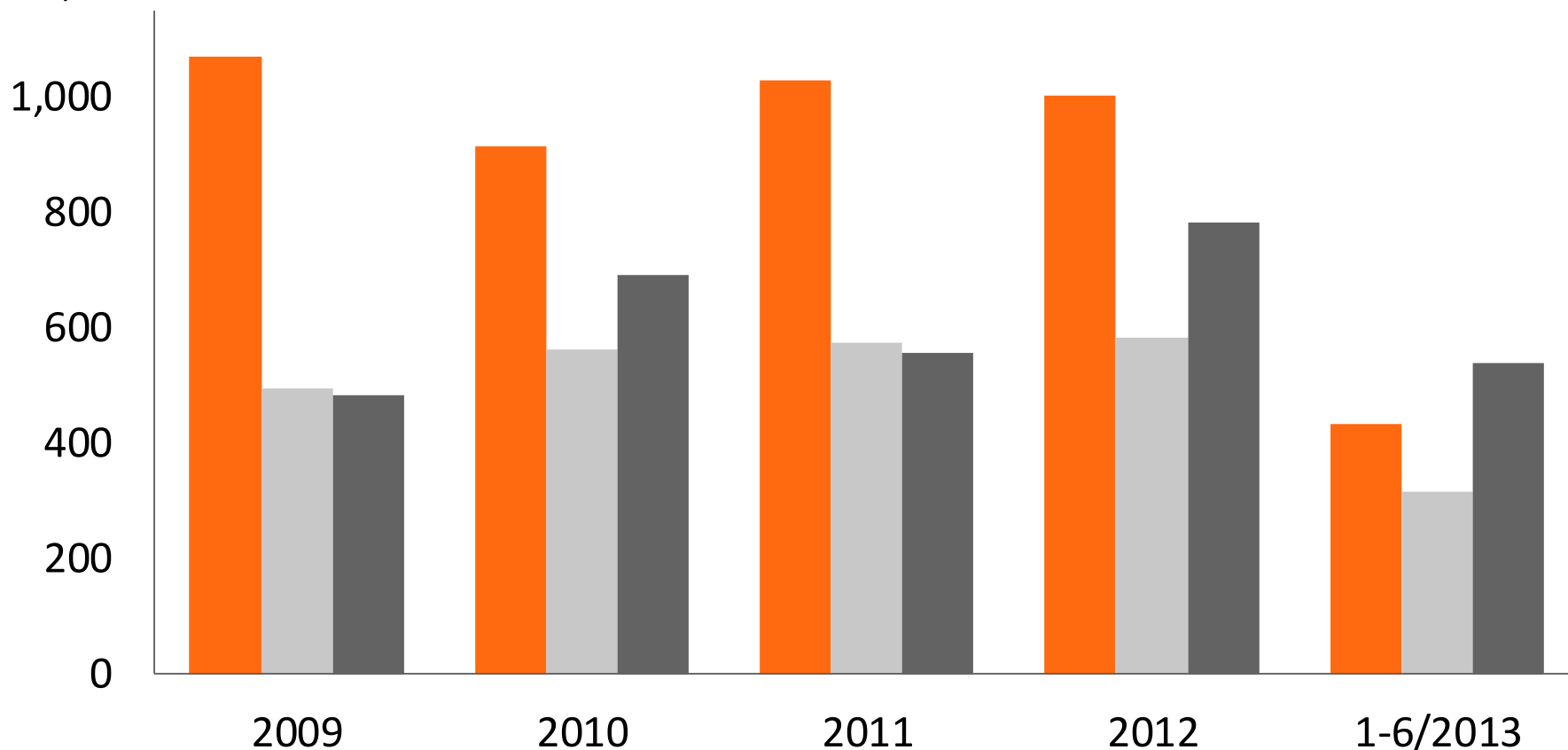


# OP-Pohjola Group Earnings before Tax



# OP-Pohjola Group Income

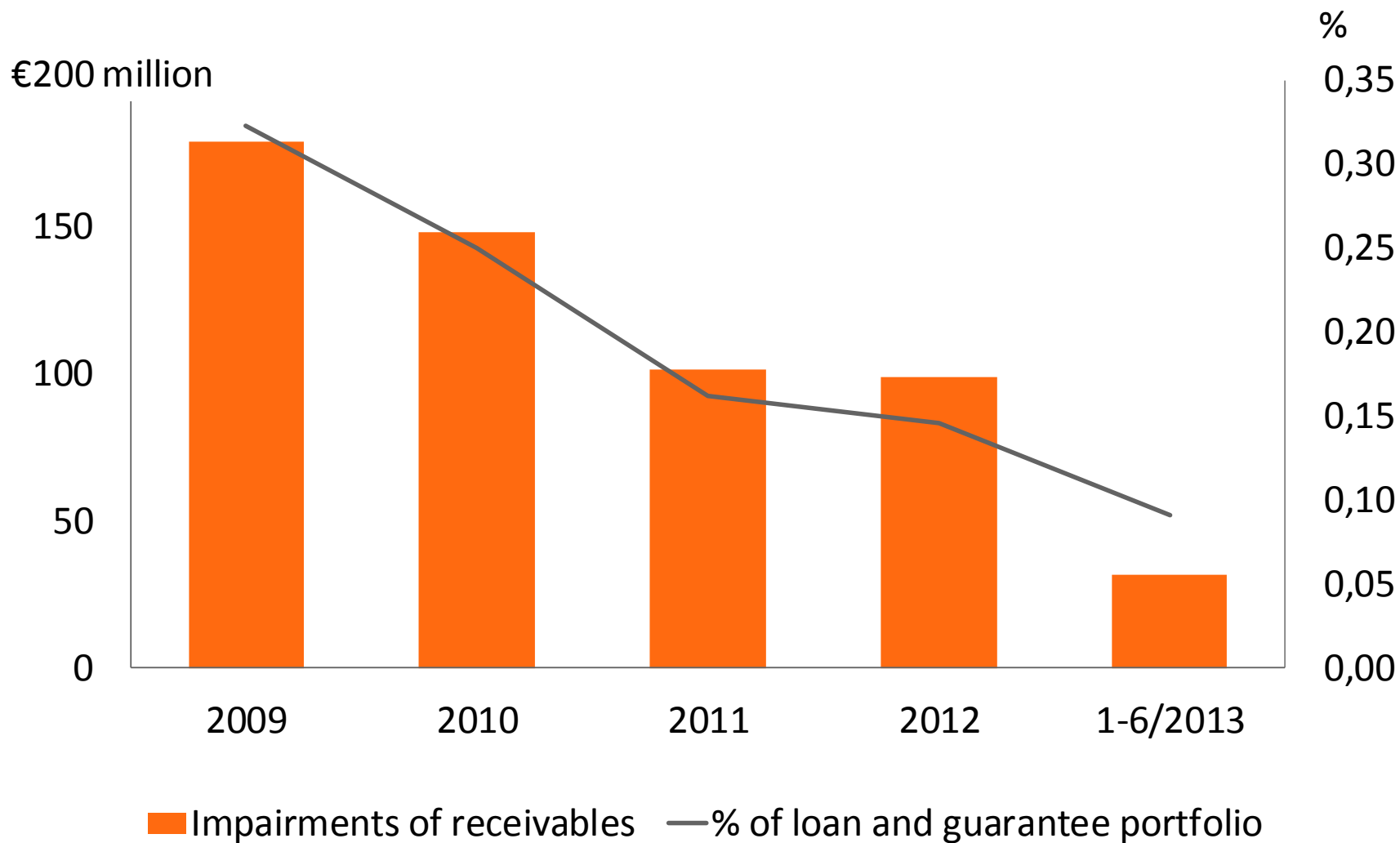
€1,200 million



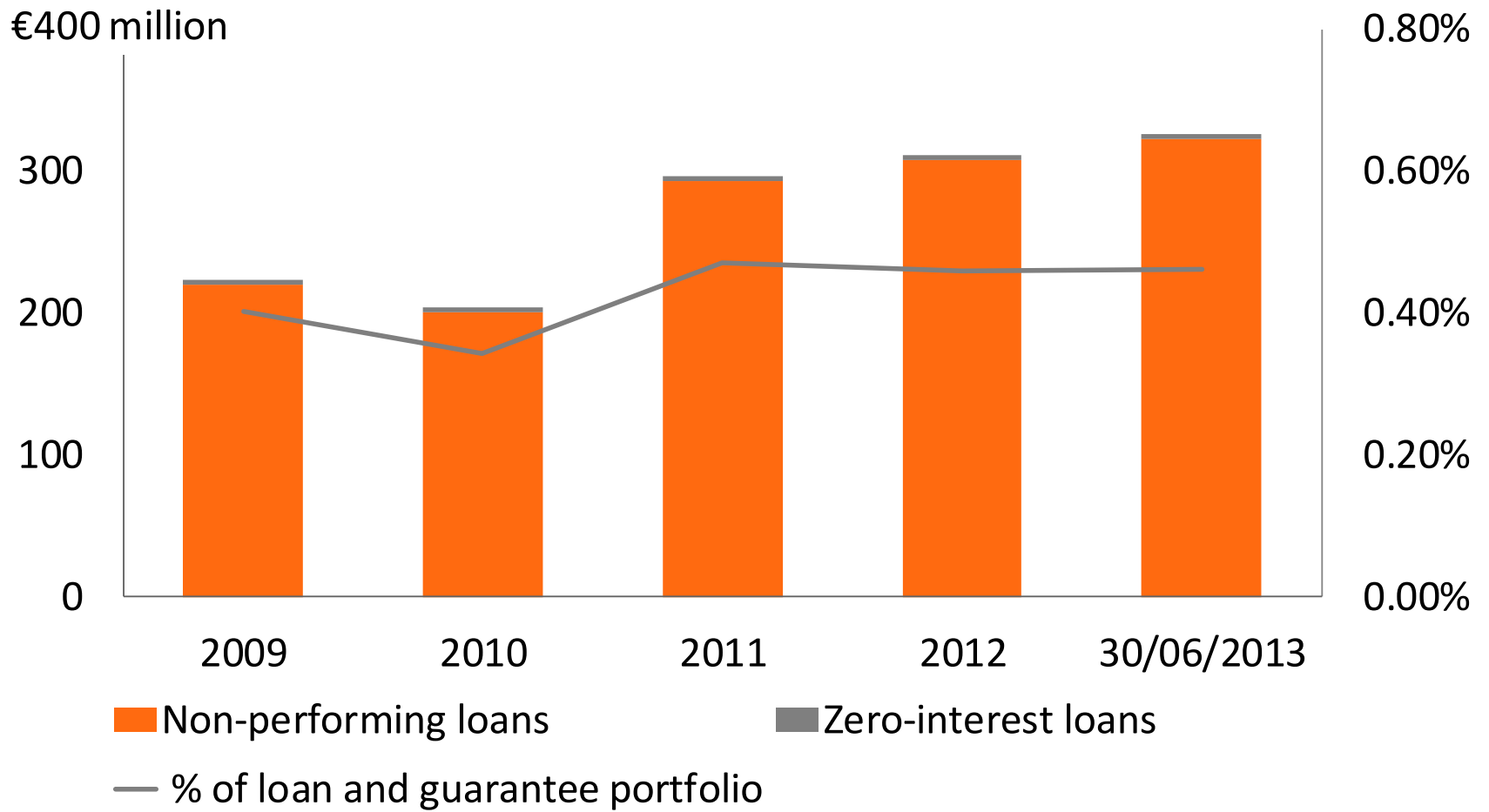
Net interest income Net commissions and fees Other income



# OP-Pohjola Group Impairments of Receivables

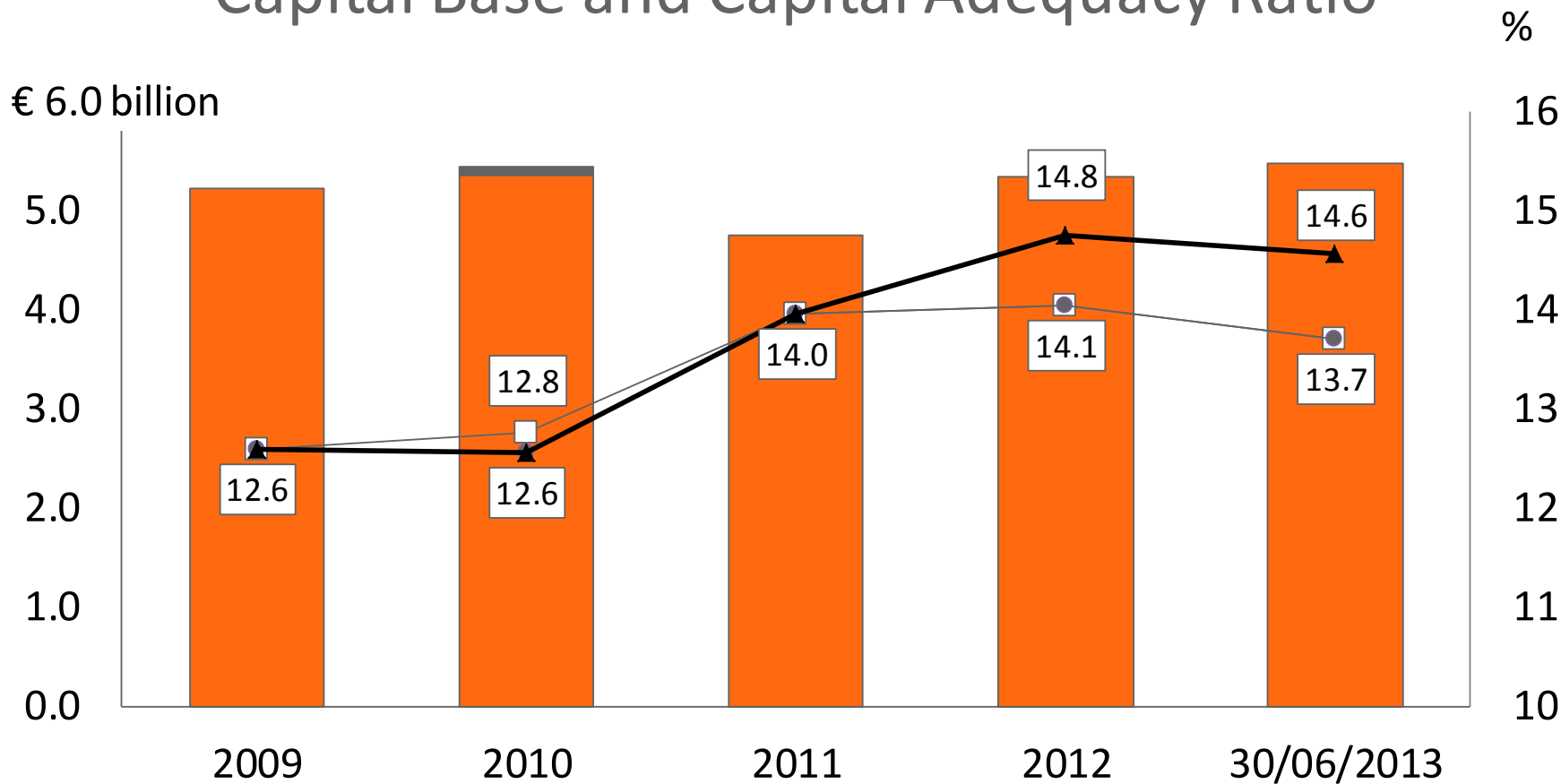


# OP-Pohjola Group Non-performing loans



# The amalgamation of the cooperative banks

## Capital Base and Capital Adequacy Ratio



Hybrid capital

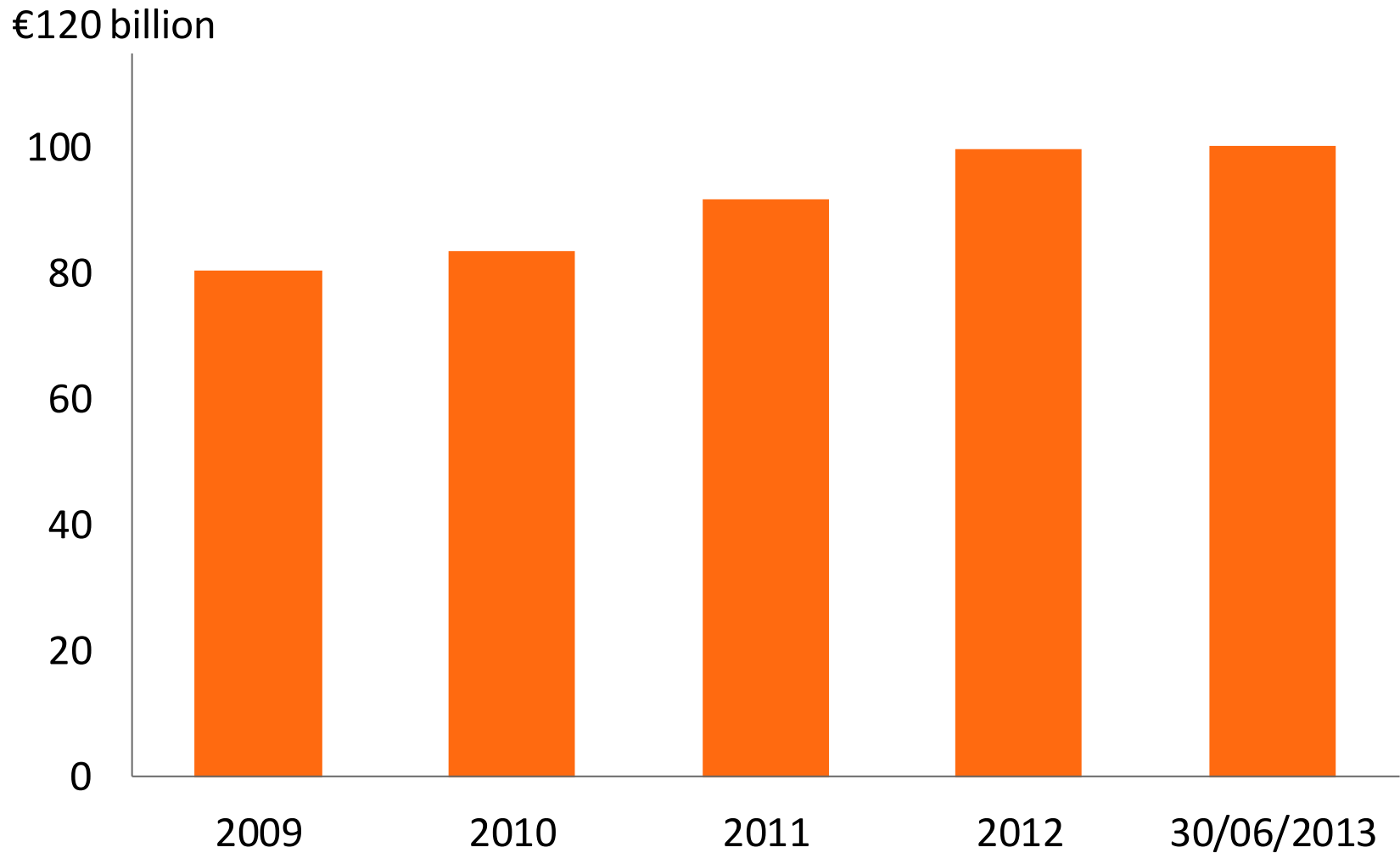
Tier 1 ratio, %

Core Tier 1 ratio before the transition provisions, %

Core Tier 1 Capital Resources

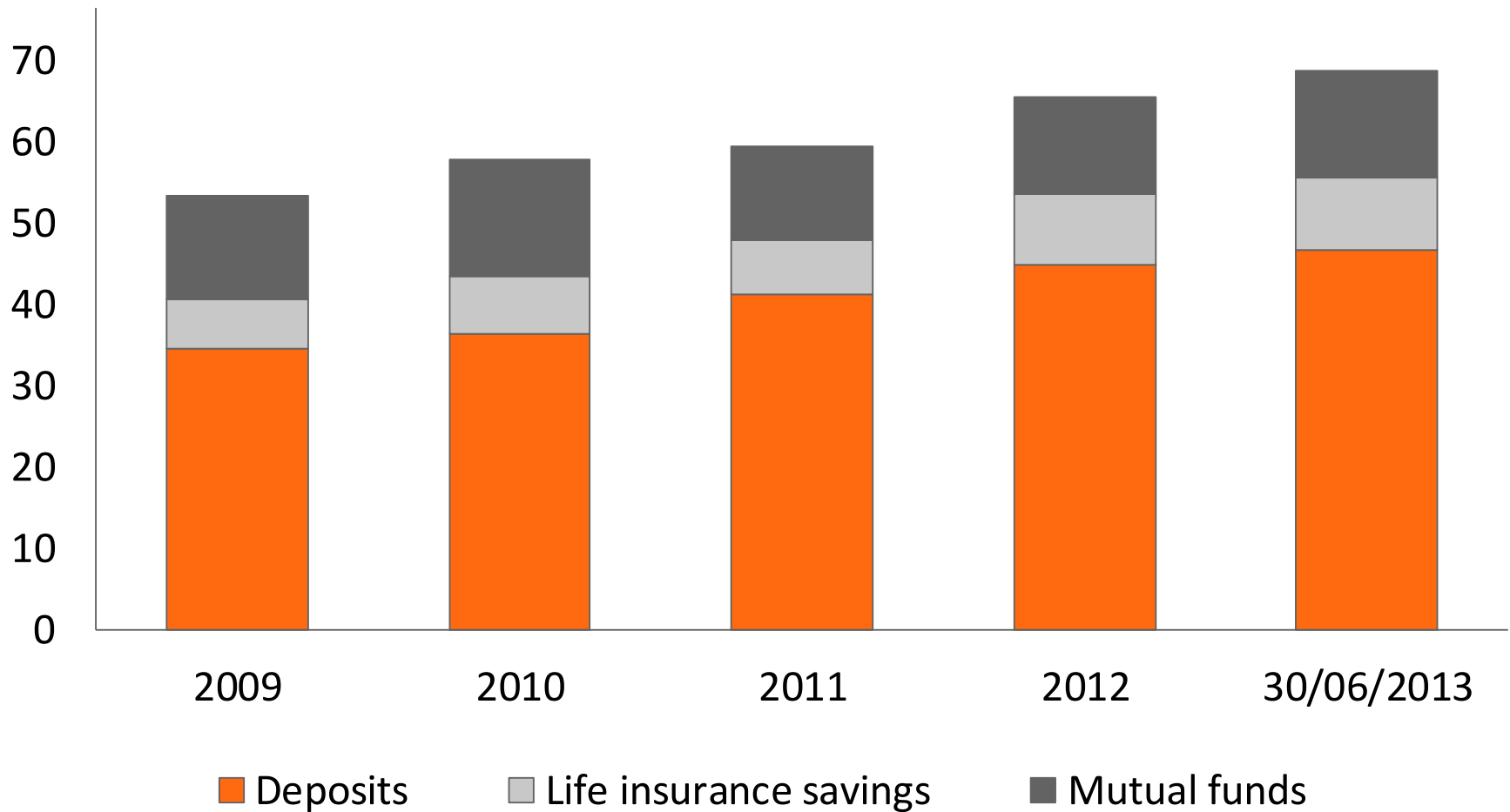
Core Tier 1, %

# OP-Pohjola Group Balance Sheet



# OP-Pohjola Group Customer Funds

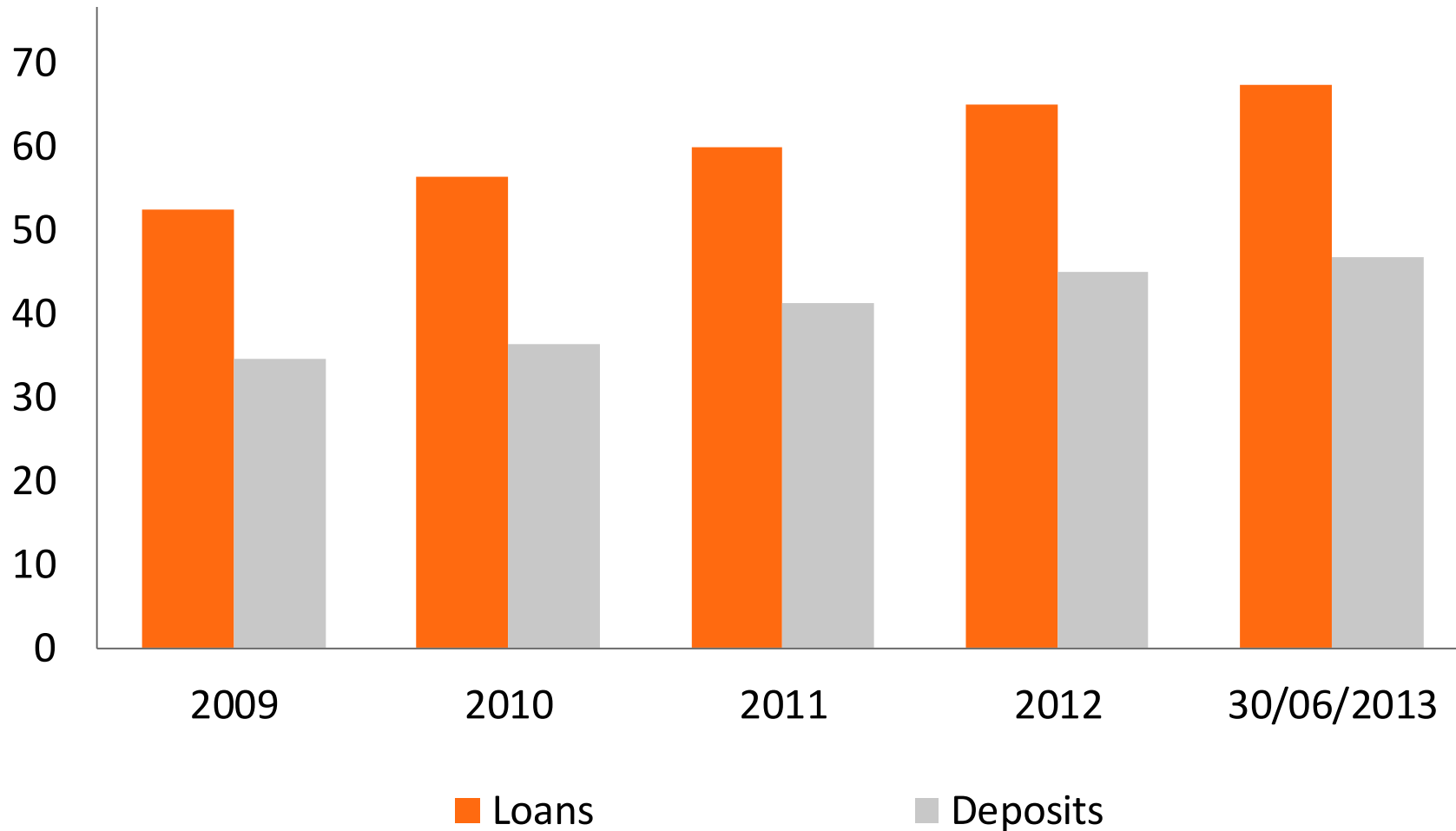
€80 billion





# OP-Pohjola Group Loans and Deposits

€80 billion

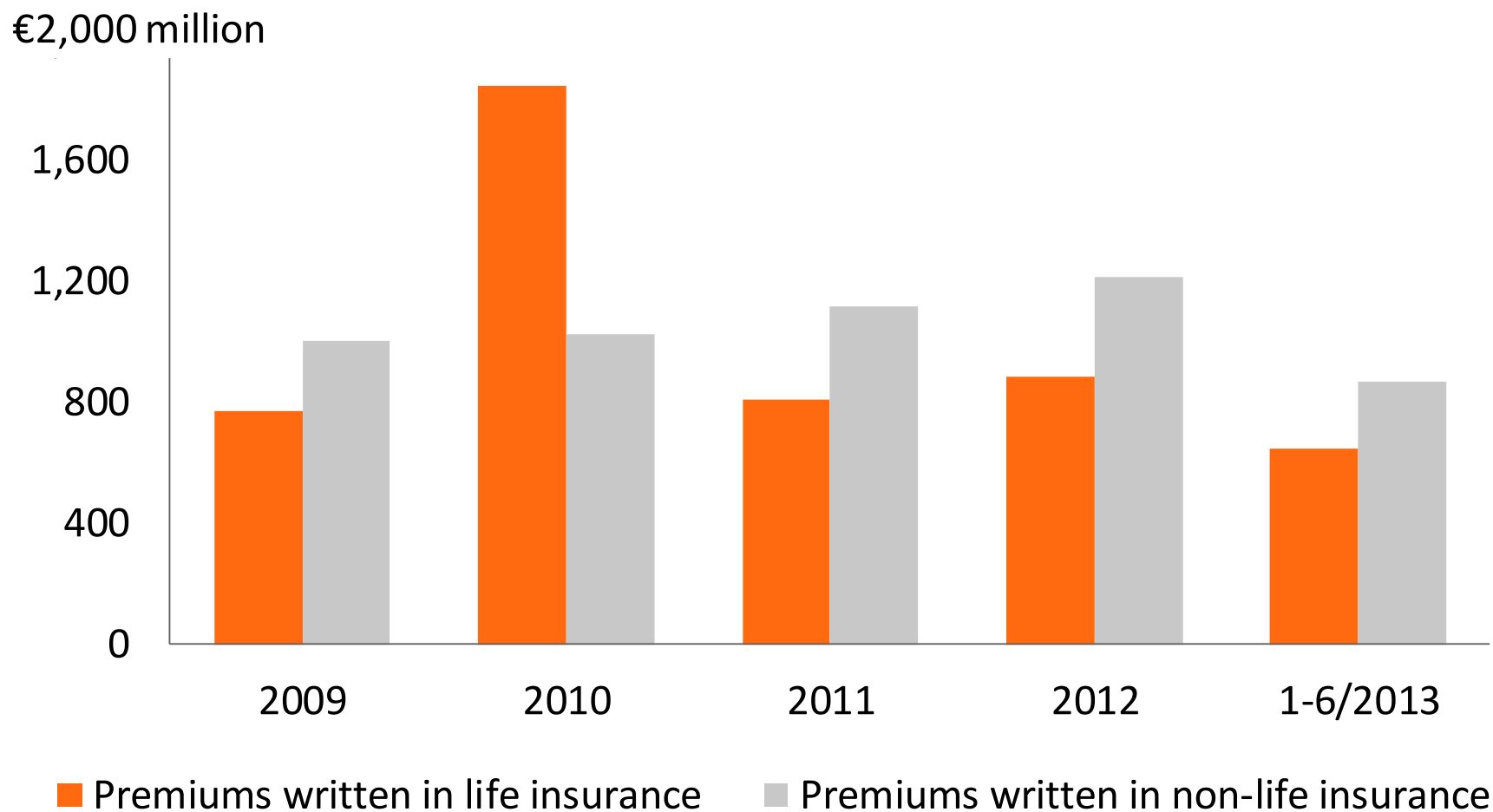


Loans

Deposits



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





**Thank you**