


OP-Pohjola Group's Interim Report Q3 2012

background material



Contents

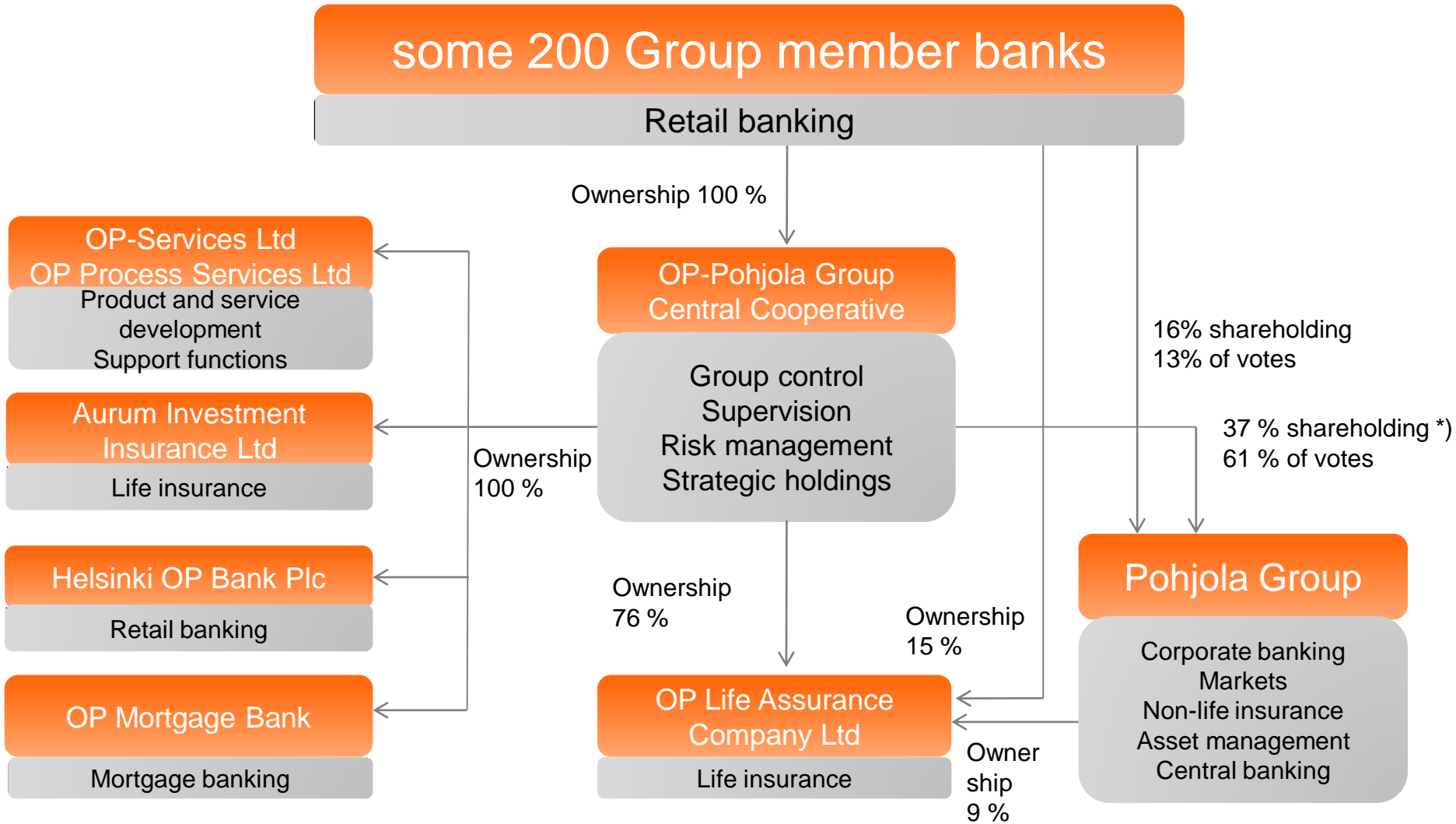
- OP-Pohjola Group
- Year-on-year results
- Quarterly figures
- Capital adequacy
- Balance sheet
- Loans and customer funds
- Customers, owner-members etc.
- 5-year trends



OP-Pohjola Group

Structure, Ownership Base and Division of Responsibilities

OP-Pohjola Group



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 Business Segments

Banking

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

Non-life Insurance

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

Wealth Management

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

Other operations

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

OP-Pohjola Group Key Indicators

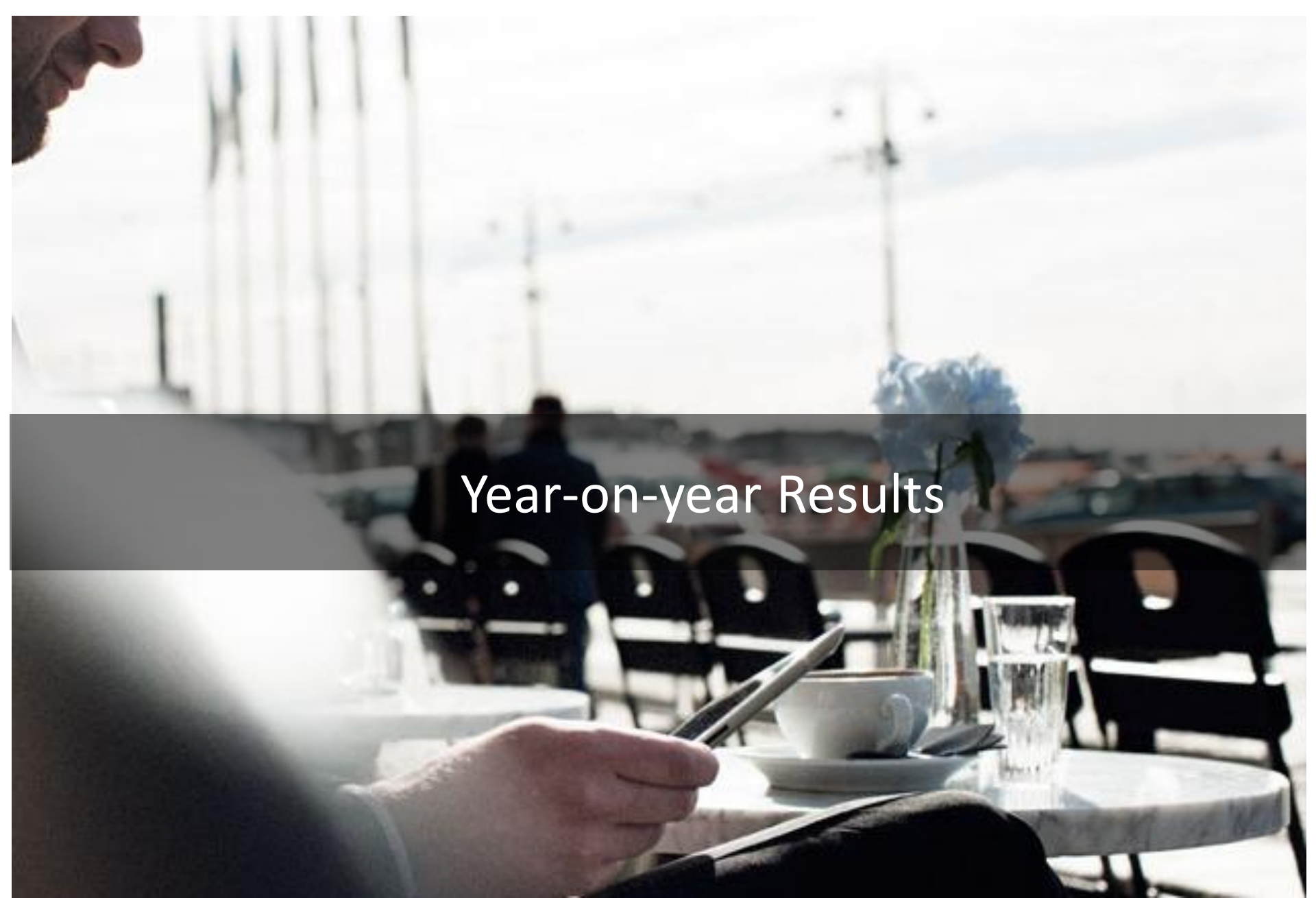
	Q1-3/2012	Q1-3/2011	Change, %	Q1-4/2011
Earnings before tax, € million	493	488	1.1	525
Banking	355	333	6.6	447
Non-life Insurance	82	71	15.6	8
Wealth Management	74	64	16.6	47
Returns to owner-members and OP-bonus customers, € million	142	132	7.6	176
	30 Sep 2012	30 Sep 2011	Change, %	31 Dec. 2011
Ratio of capital base to minimum of capital base (FiCo)	2.01	1.49	0.52 *	1.80
Core Tier 1 ratio, %	14.8	11.6	3.2 *	14.0
Non-performing receivables/ loan and guarantee portfolio	0.55	0.57	-0.01 *	0.47
Joint banking and insurance customers (1000)	1,388	1,264	9.8	1,299

*Change in ratio



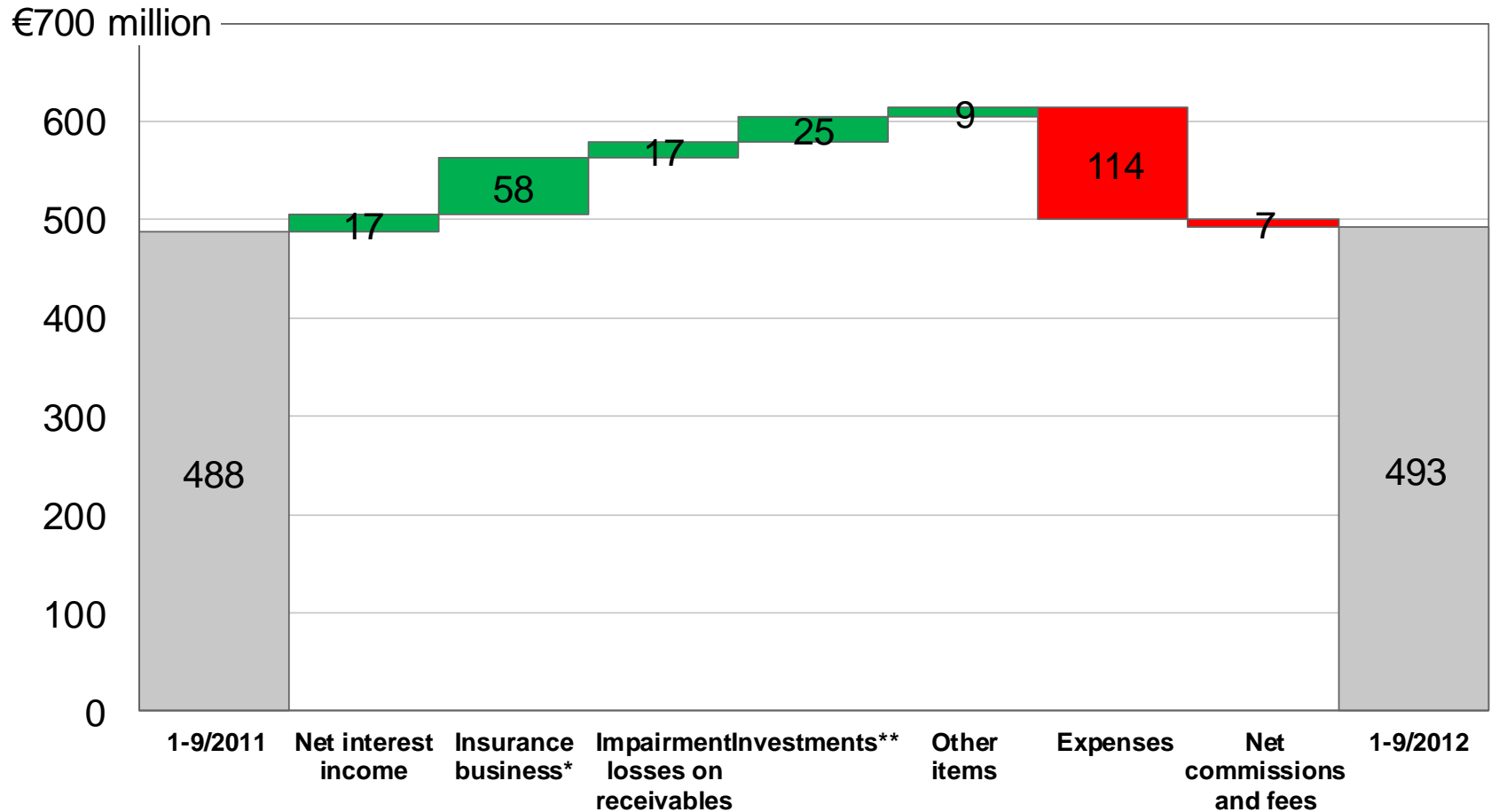
Joint Liability, Deposit Insurance and Investors' Compensation

- 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.



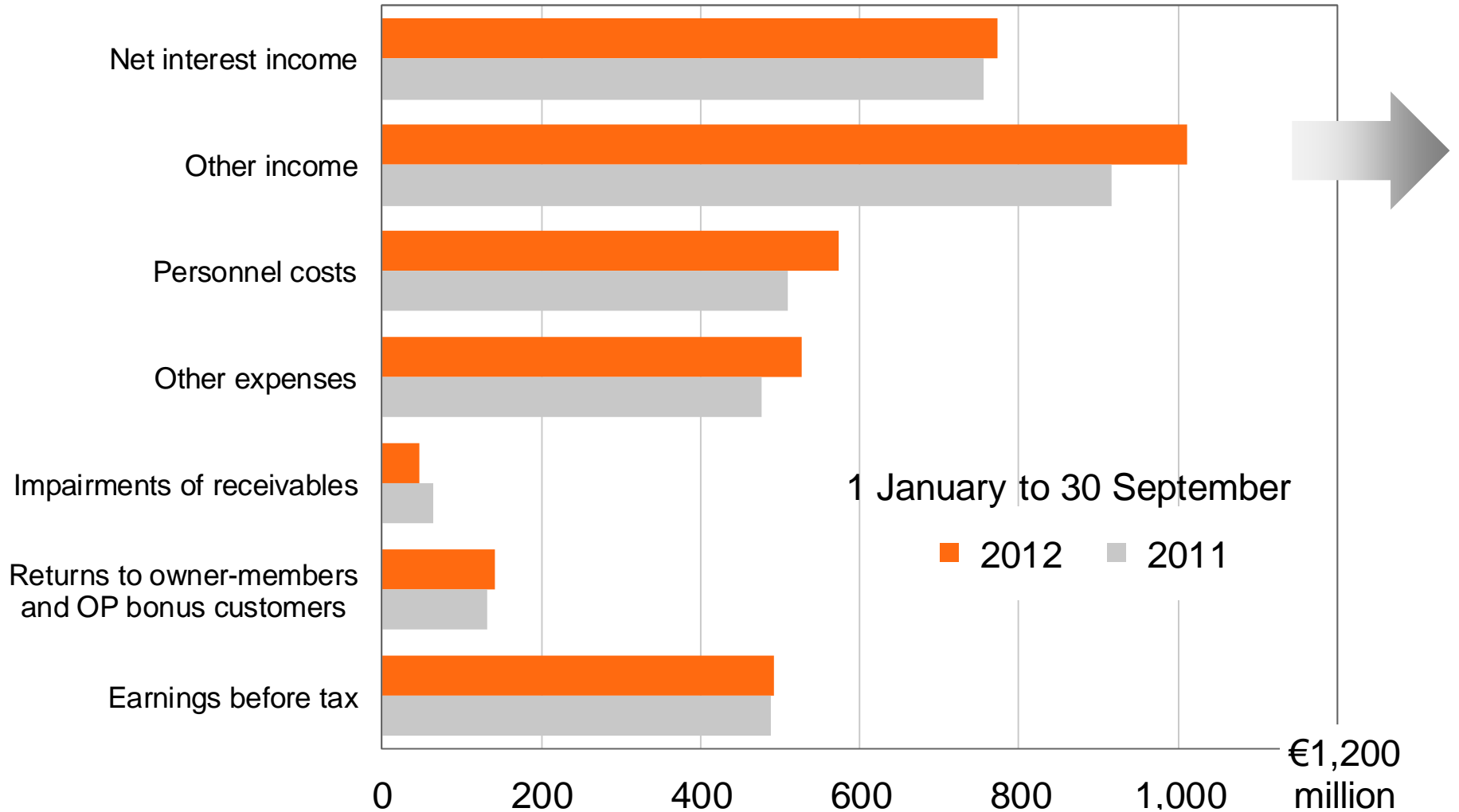
Year-on-year Results

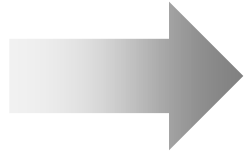
OP-Pohjola Group Earnings before Tax



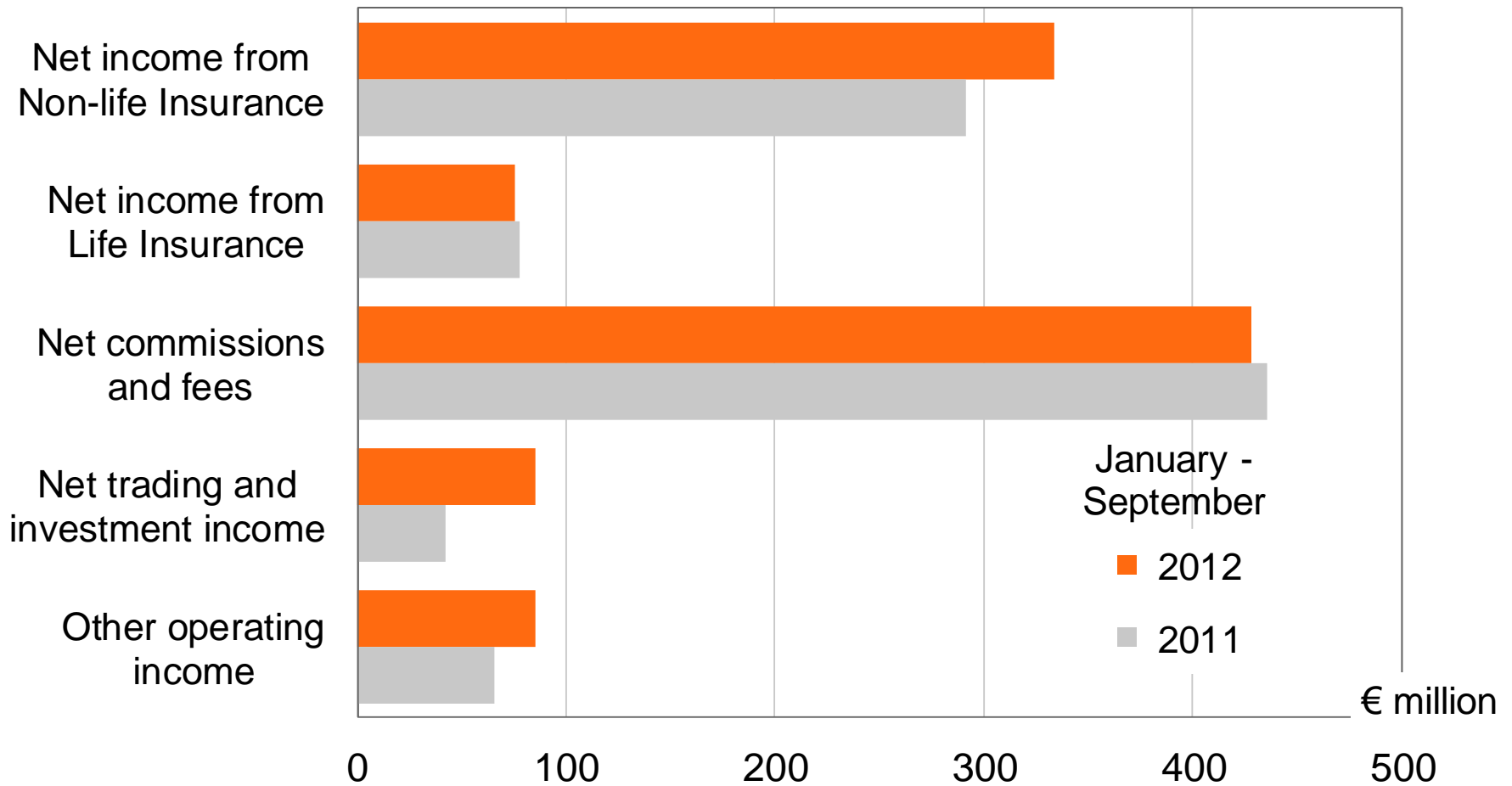
*) Life and Non-life Insurance **) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

OP-Pohjola Group Income Statement





OP-Pohjola Group Other Income



OP-Pohjola Group

Income Statement

€ million			Change	
1 January to 30 September	2012	2011	€ million	%
Interest income	2,499	2,367	132	5.6
Interest expenses	1,727	1,612	115	7.1
Net interest income	772	755	17	2.3
Impairments of receivables	47	64	-17	-26.3
Net interest income after impairment losses	725	690	34	4.9
Net income from Non-life Insurance operations	334	291	42	14.6
Net income from Life Insurance operations	75	78	-2	-3.1
Net commissions and fees	428	435	-7	-1.7
Net trading income	59	-13	72	
Net investment income	26	55	-29	-53.0
Other operating income	86	66	20	30.7
Personnel costs	573	509	64	12.6
Other administrative expenses	275	248	27	11.0
Other operating expenses	252	229	22	9.8
Returns to owner-members and OP bonus customers	142	132	10	7.6
Share of associates' profits/losses	2	3	-1	-37.2
Earnings before tax	493	488	5	1.1

OP-Pohjola Group

Income Statement by Business Segment

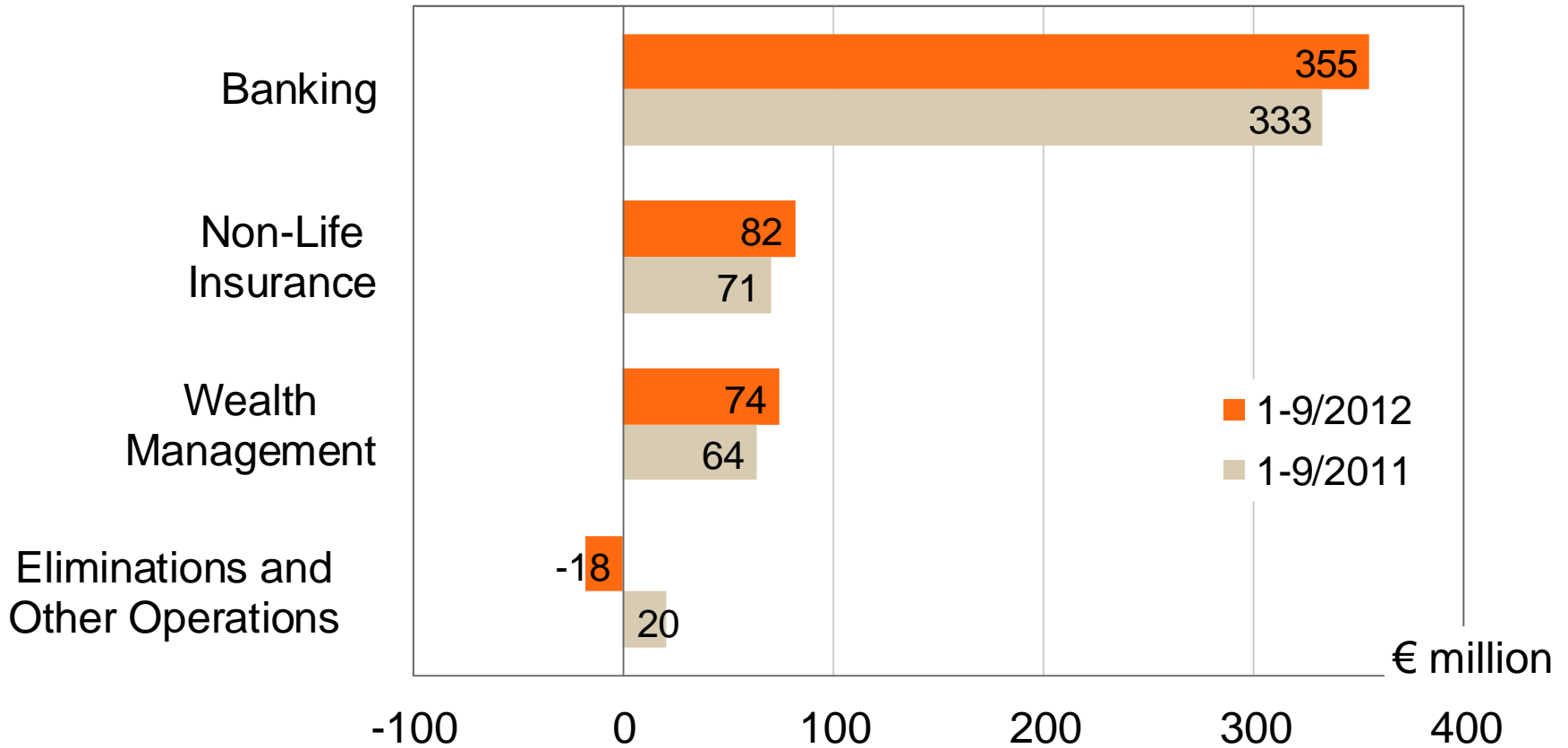
1 January to 30 June 2012

e million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	740	-6	2	36	772
Net income from non-life insurance	0	342	0	-8	334
Net income from life insurance	0	0	18	57	75
Net commissions and fees	394	17	114	-97	428
Other income	522	15	36	6	578
Total income	1,262	357	170	-6	1,782
Personnel costs	326	103	23	120	573
Other expenses	392	172	72	-110	526
Total expenses	719	275	96	10	1,099
Impairment losses on receivables	45	0	0	-2	44
Returns to owner-members	142	0	0	0	142
Earnings before tax	355	82	74	-18	493

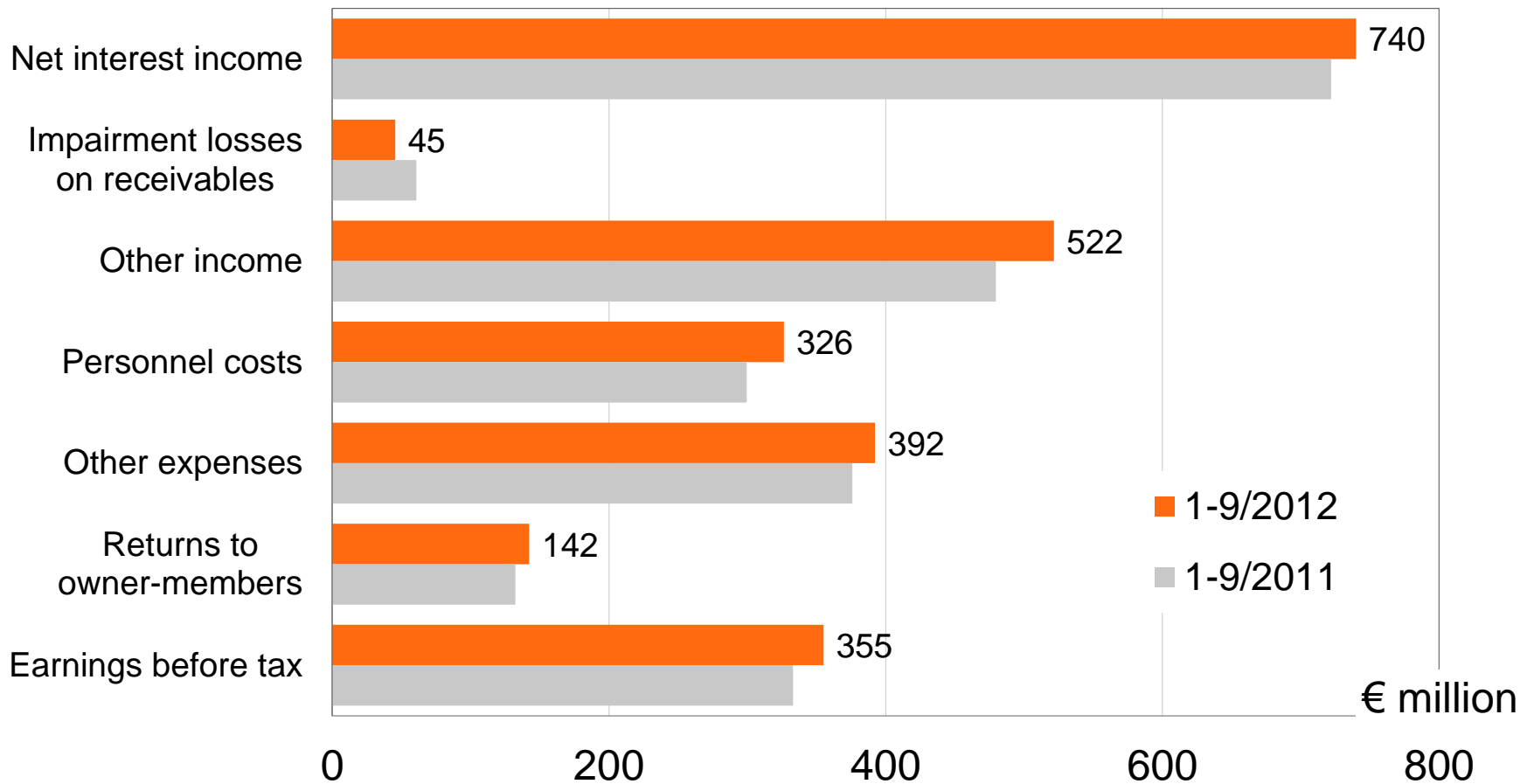
Cost /income ratio, %

57

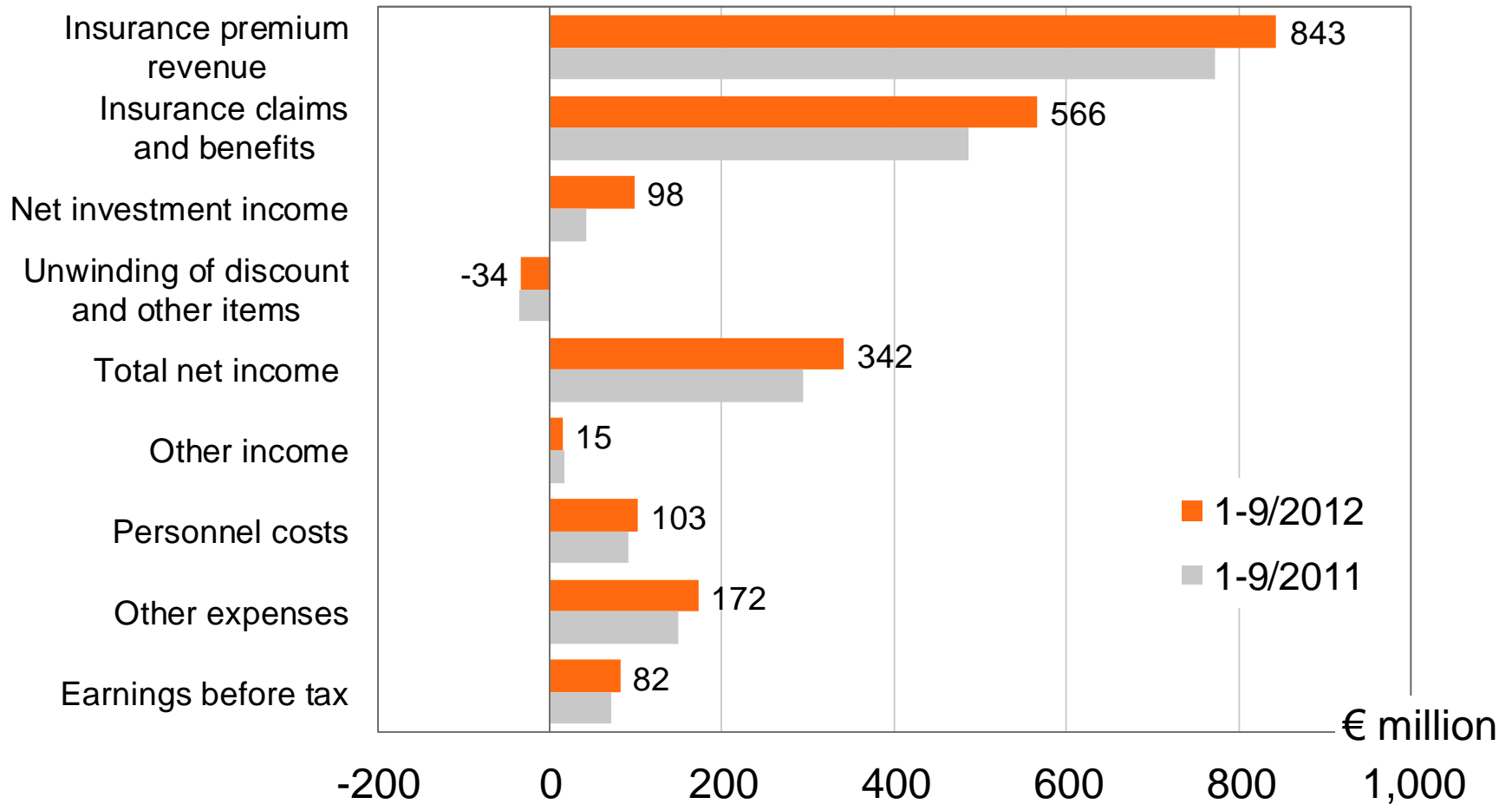
OP-Pohjola Group
Earnings before tax by Business Segment



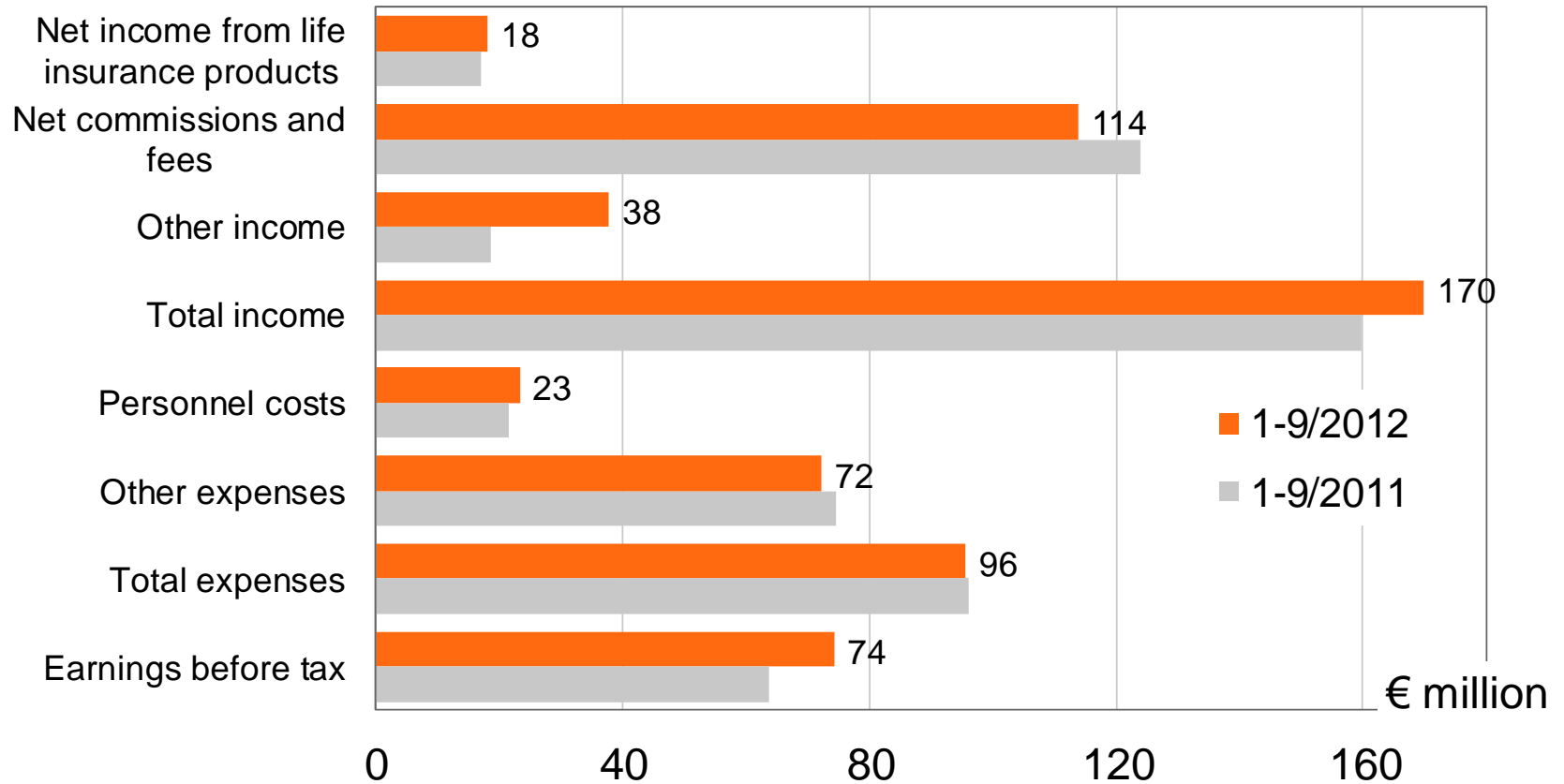
OP-Pohjola Group Banking



OP-Pohjola Group Non-Life Insurance



OP-Pohjola Group Wealth Management



A hand is pointing at architectural blueprints on a table. The blueprints show various building plans and structures. The background is slightly blurred, showing some trees and a building.

Quarterly Figures

OP-Pohjola Group Quarterly Performance

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

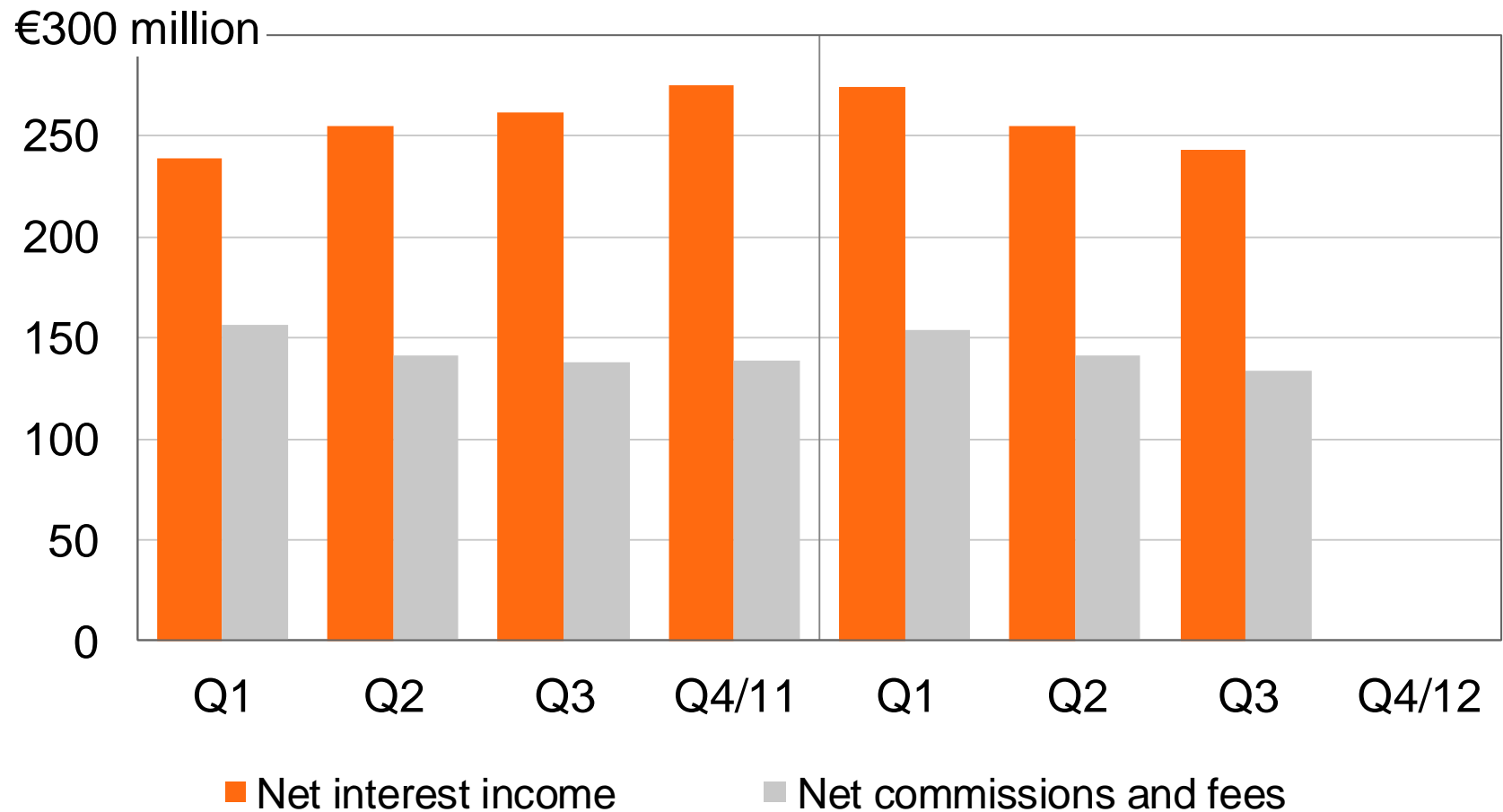
OP-Pohjola Group

Other Income by Quarter

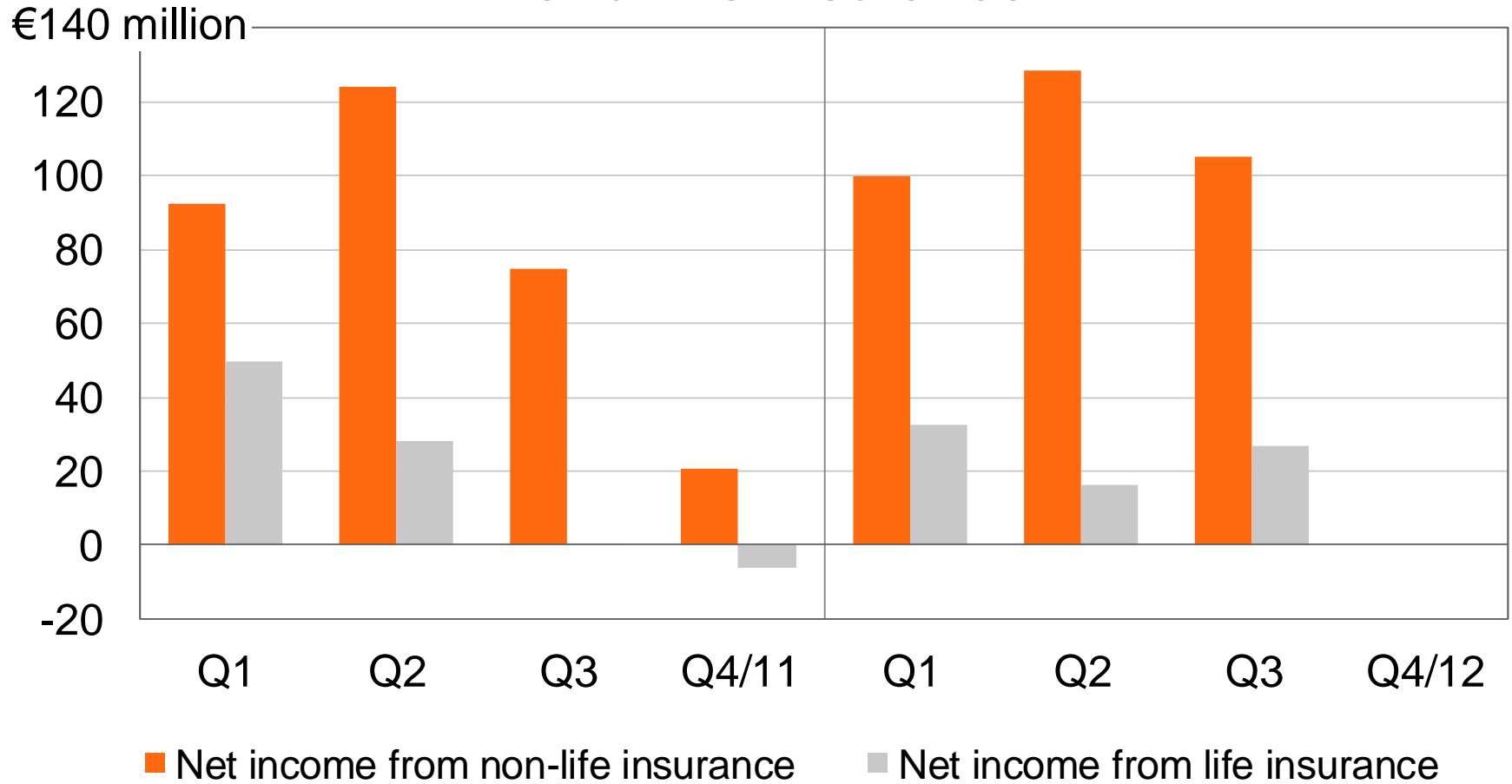
€ million	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	92	124	75	20	100	129	105	
Net income from life insurance	50	28	0	-6	32	16	27	
Net commissions and fees	156	141	138	138	153	141	134	
Net income from trading and investments	46	15	-19	38	52	13	19	
Other income	27	22	20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



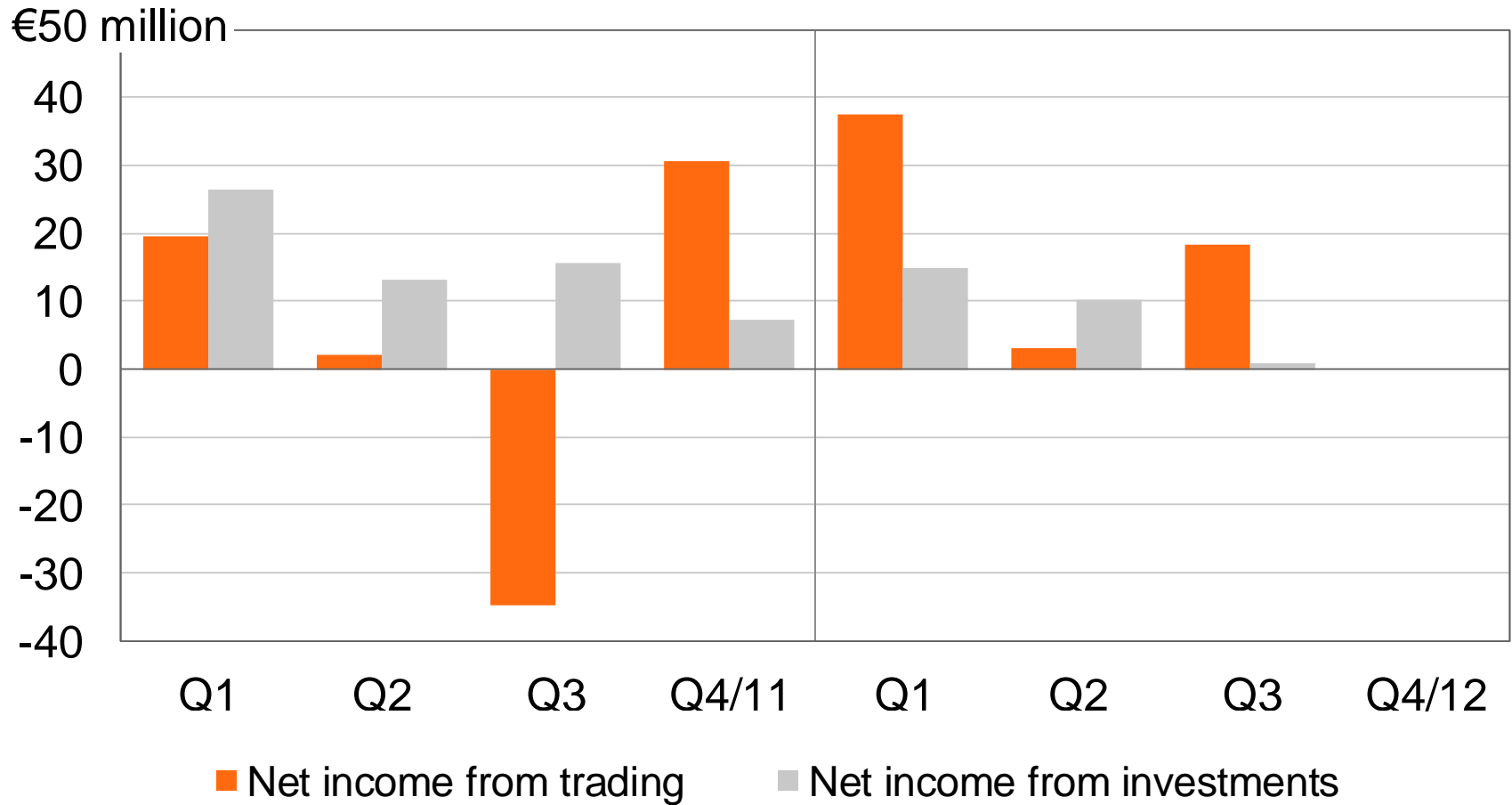
OP-Pohjola Group Net Interest Income and Net Commissions and Fees



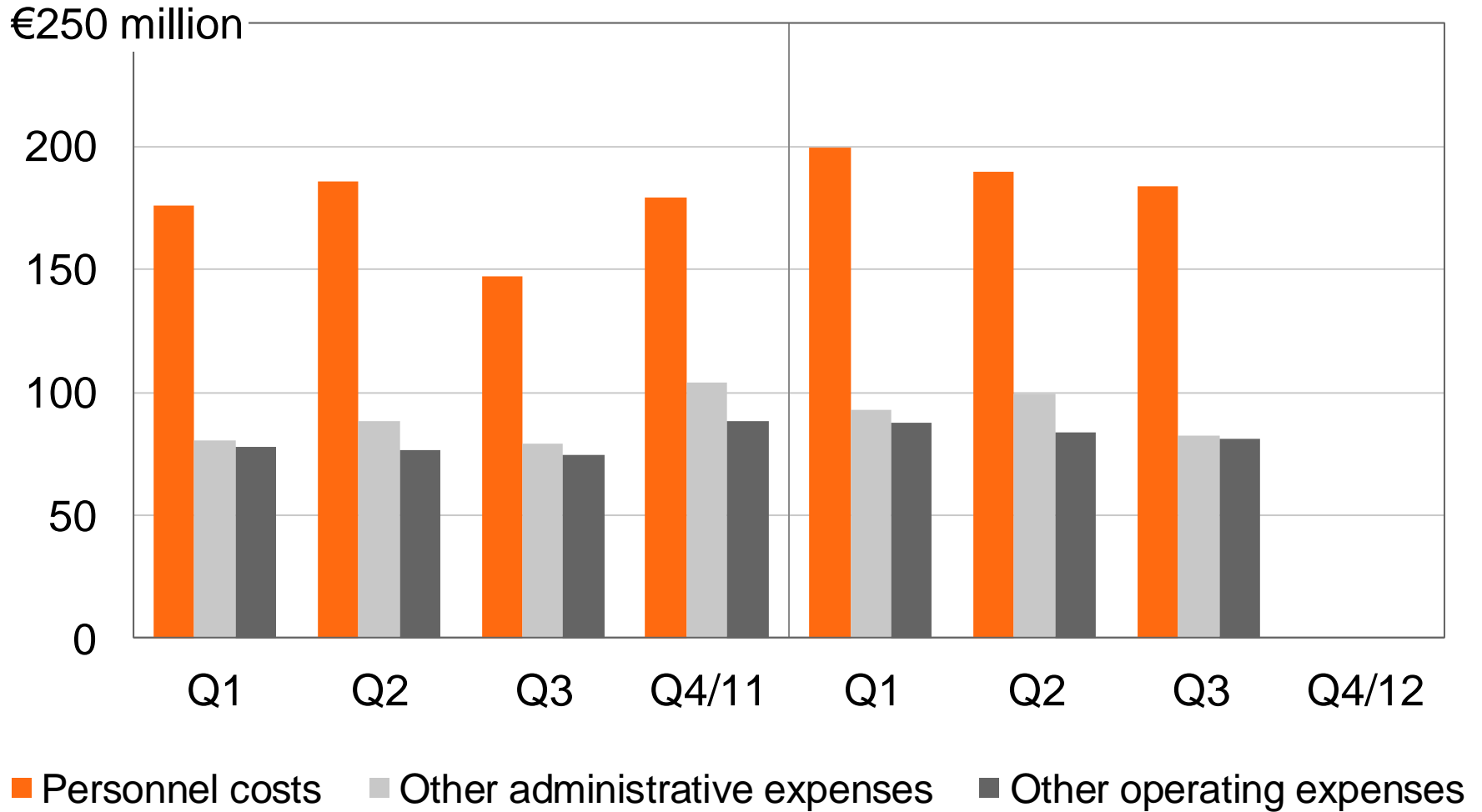
OP-Pohjola Group Net Income from Non-life and Life Insurance



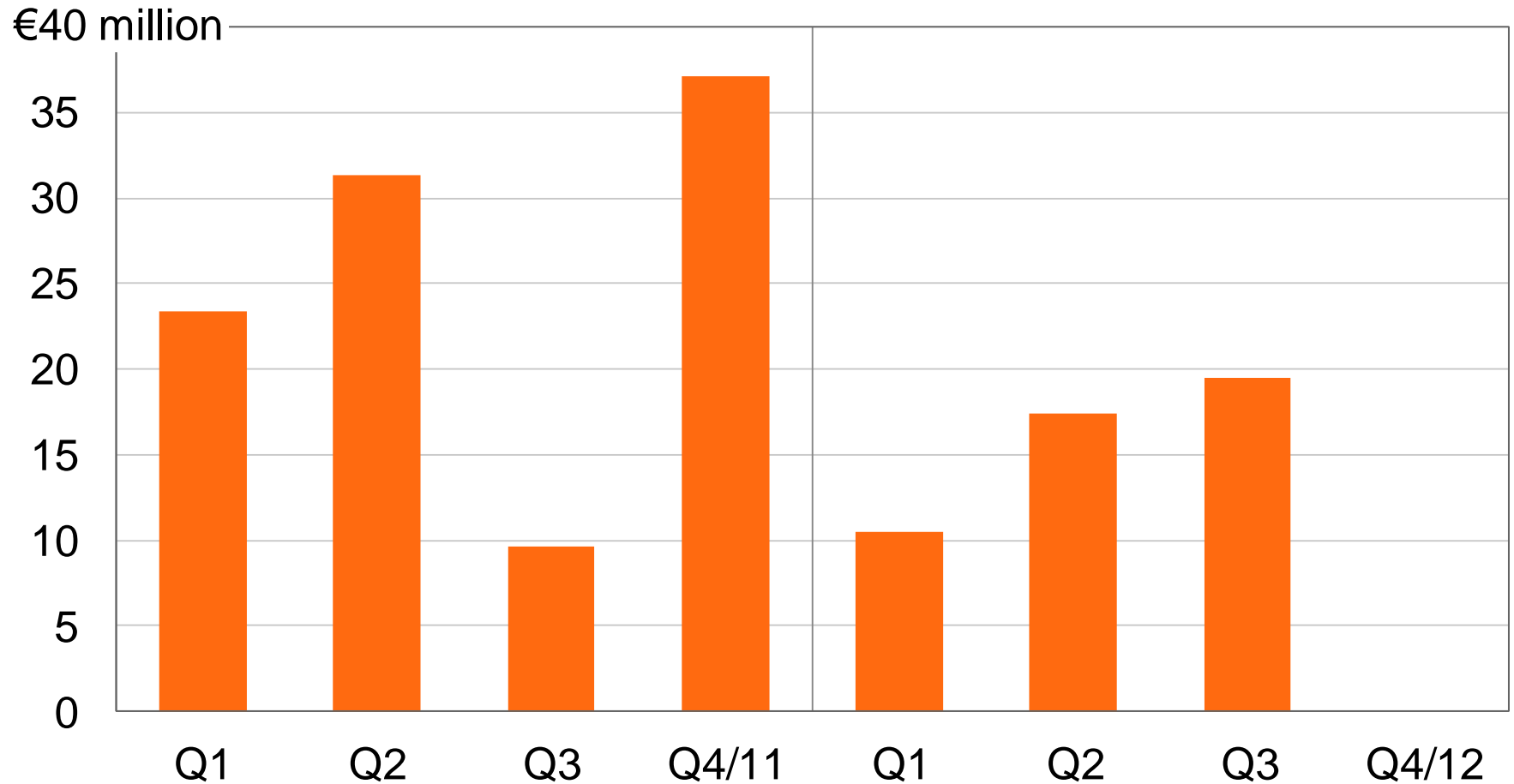
OP-Pohjola Group Net Income from Trading and Investments



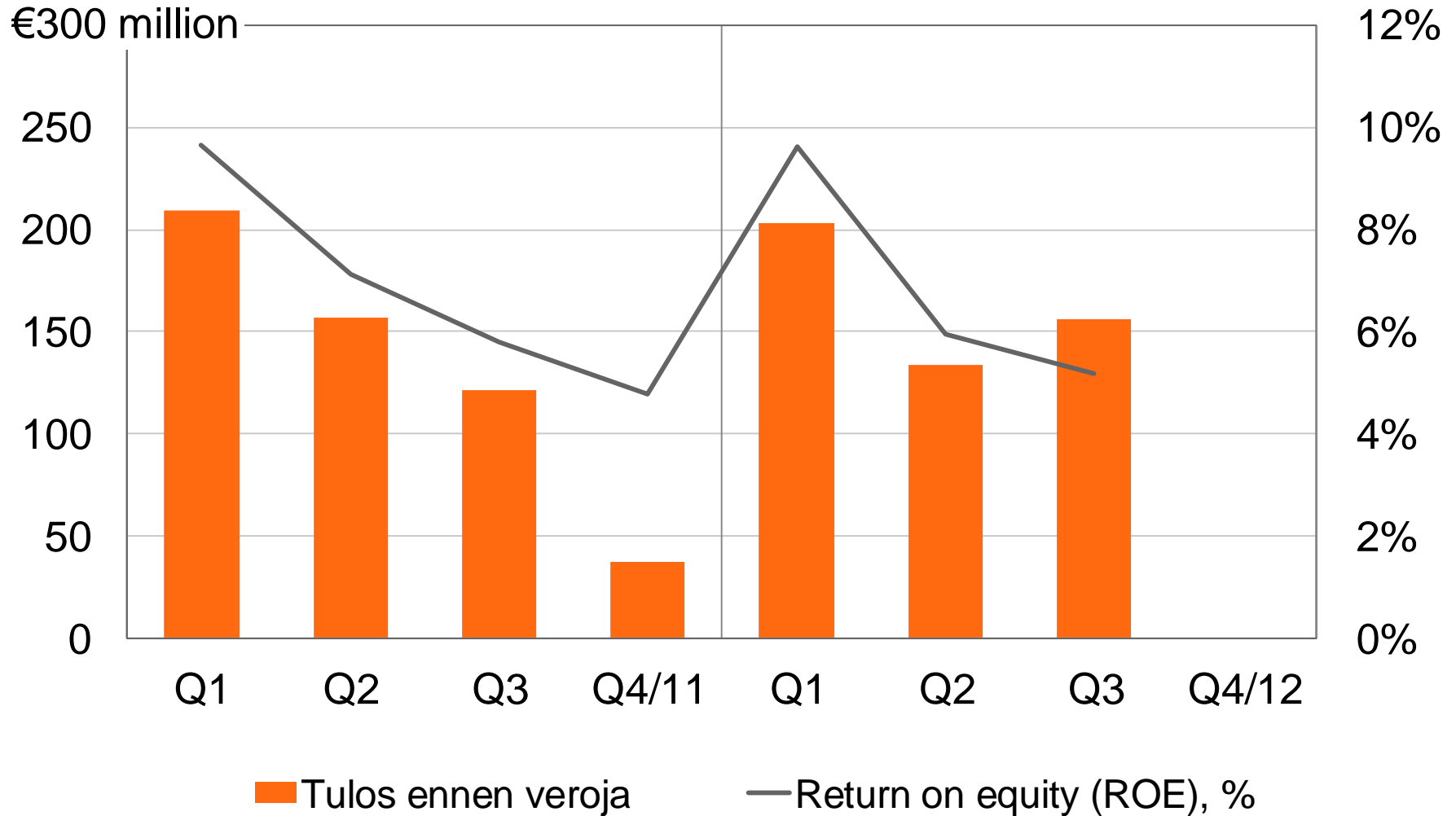
OP-Pohjola Group Expenses



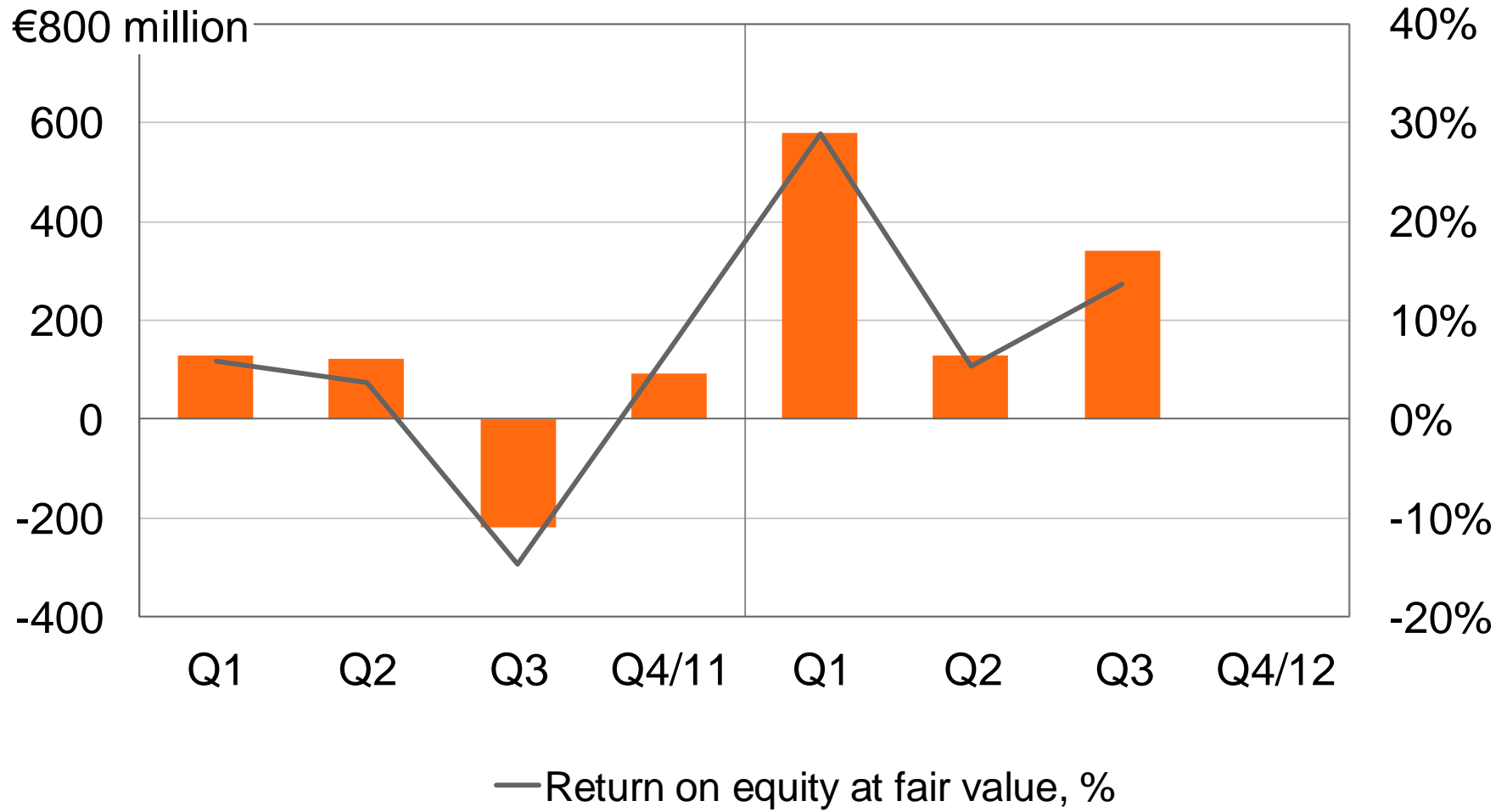
OP-Pohjola Group Quarterly Impairments of Receivables



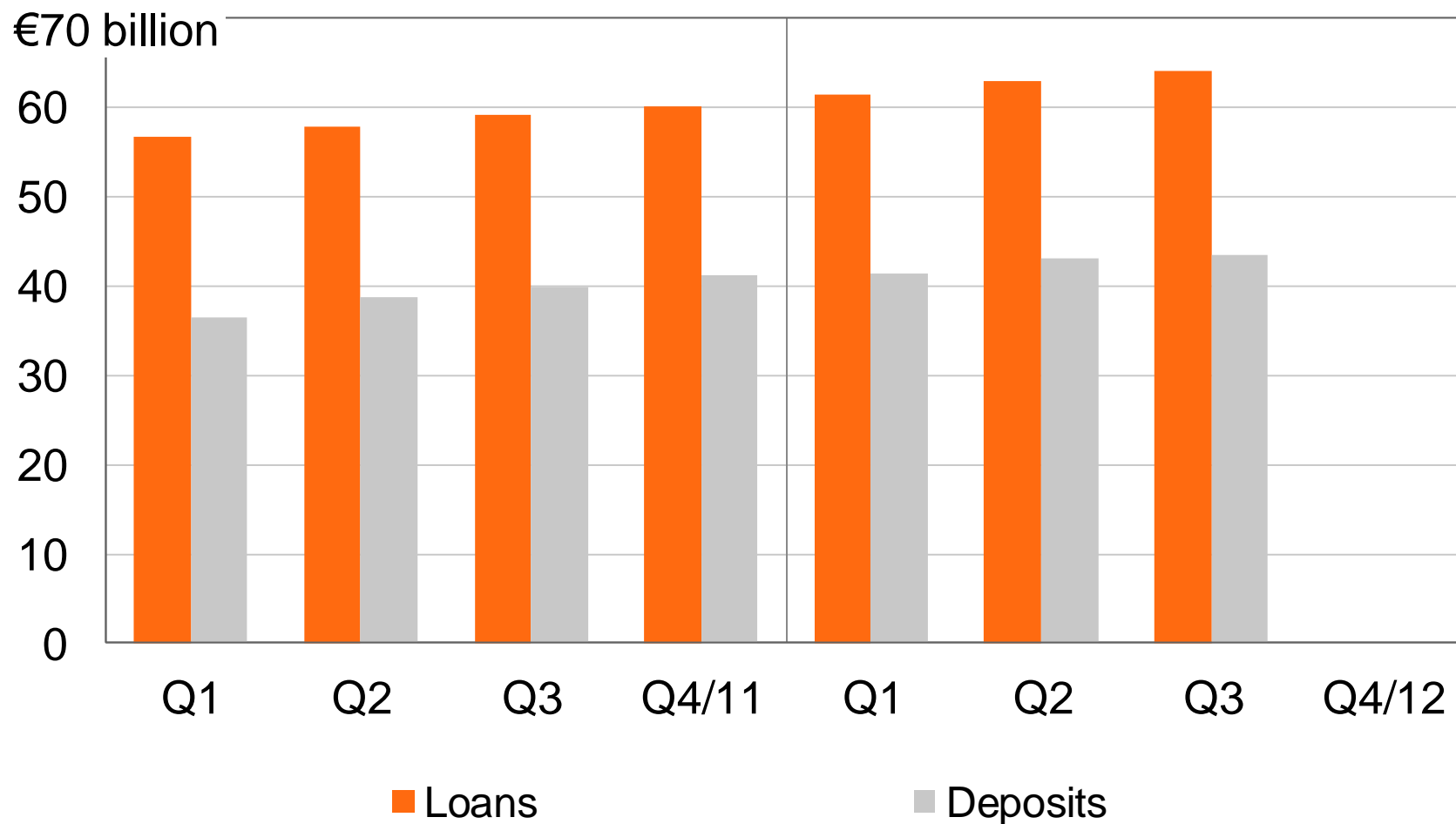
OP-Pohjola Group Earnings before Tax



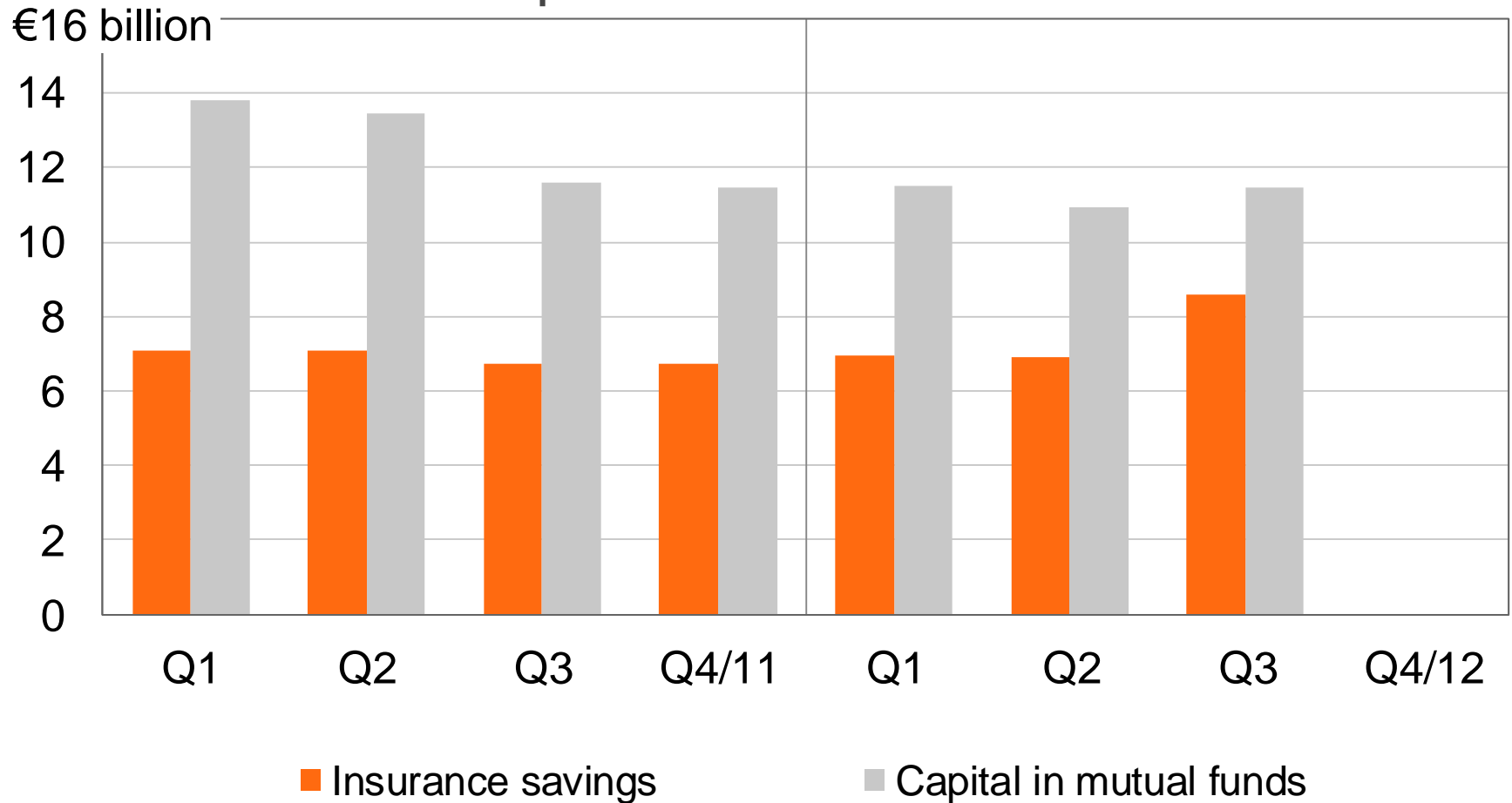
OP-Pohjola Group Earnings before Tax at Fair Value



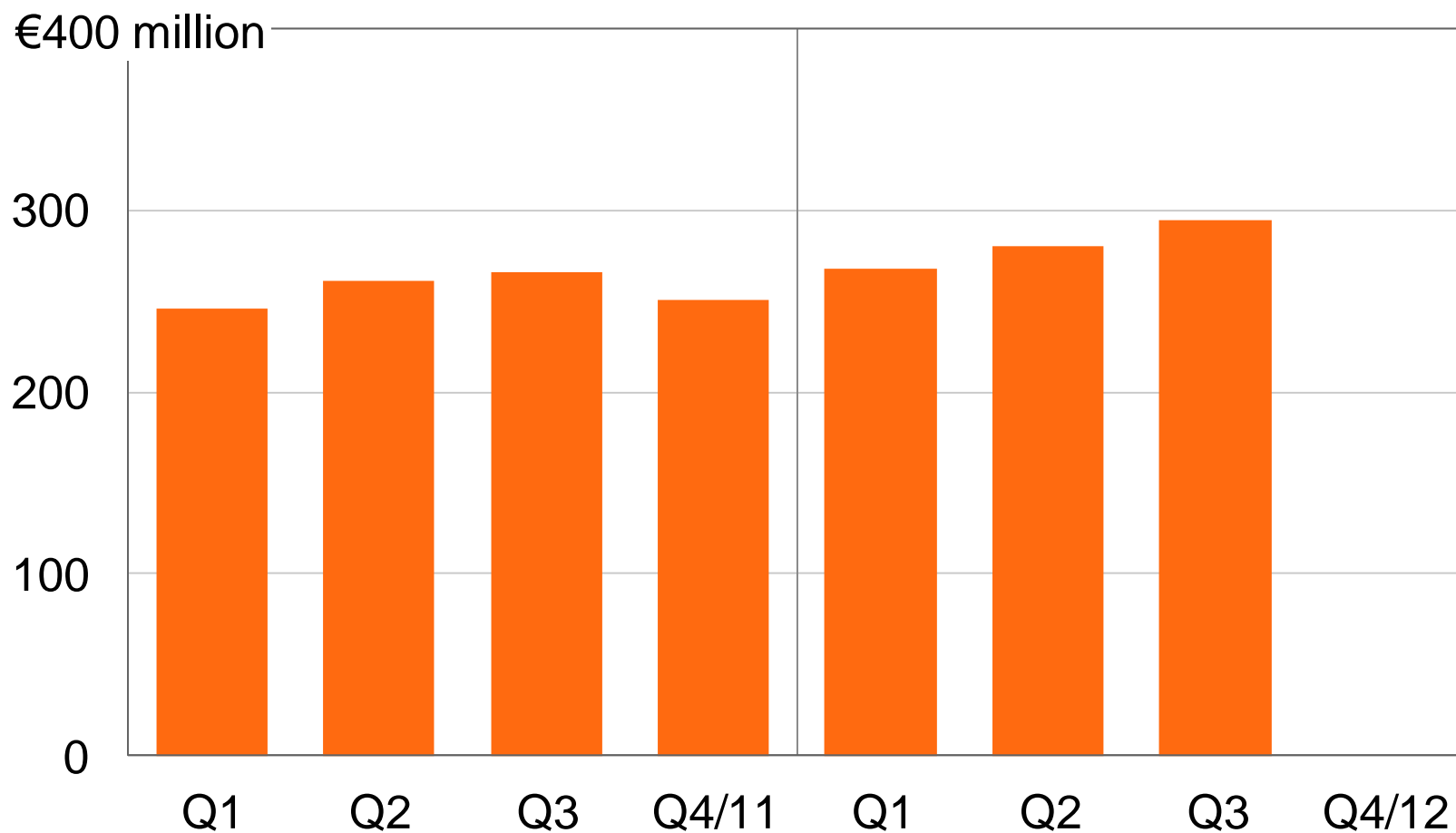
OP-Pohjola Group Loans and Deposits



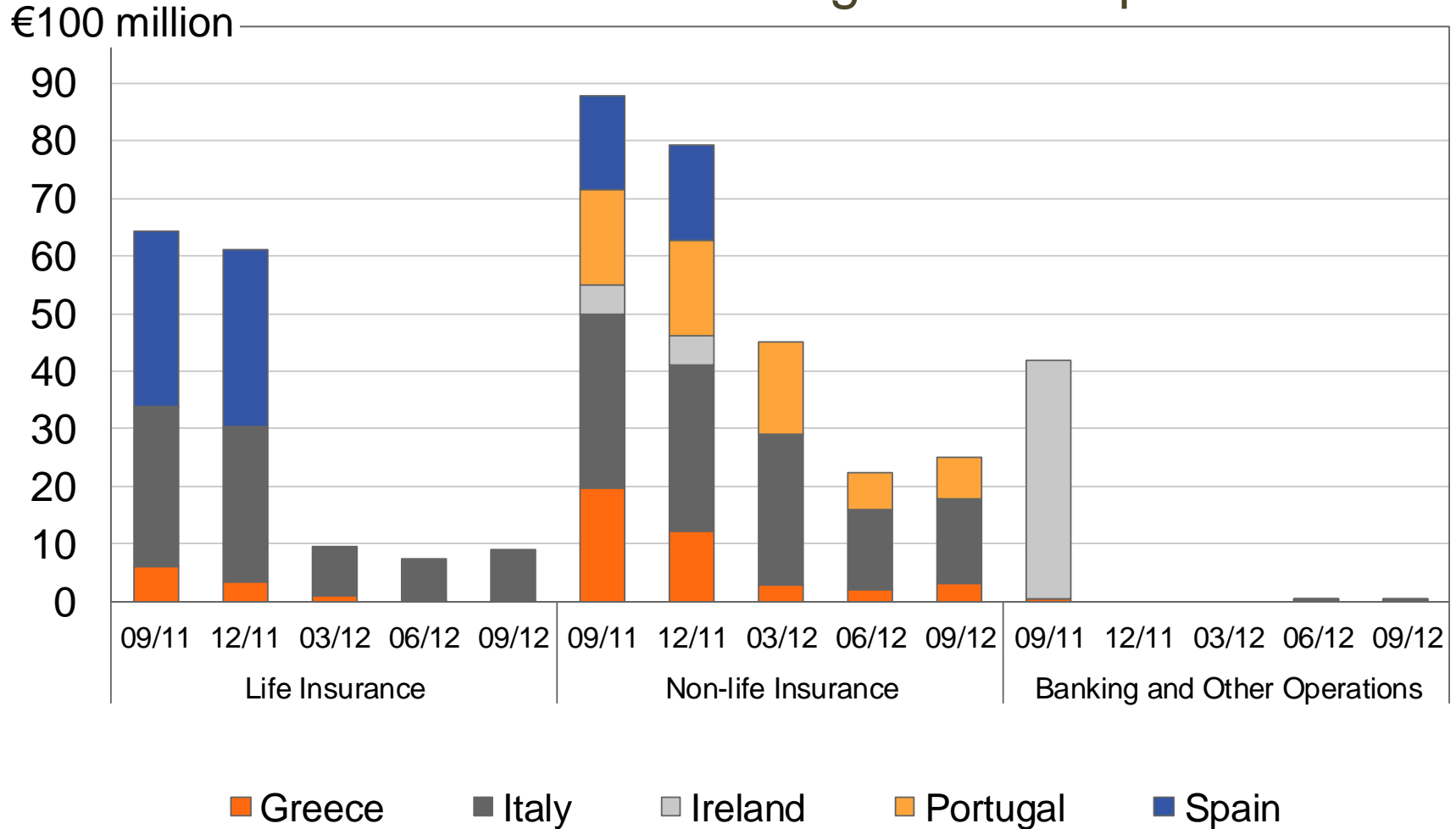
OP-Pohjola Group Life Insurance Savings and Capital in Mutual Funds




OP-Pohjola Group Non-life Insurance Premium Revenue (IFRS)



OP-Pohjola Group Direct GIIPS Sovereign Debt Exposure





Capital Adequacy

Two Capital Adequacy Ratios

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

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

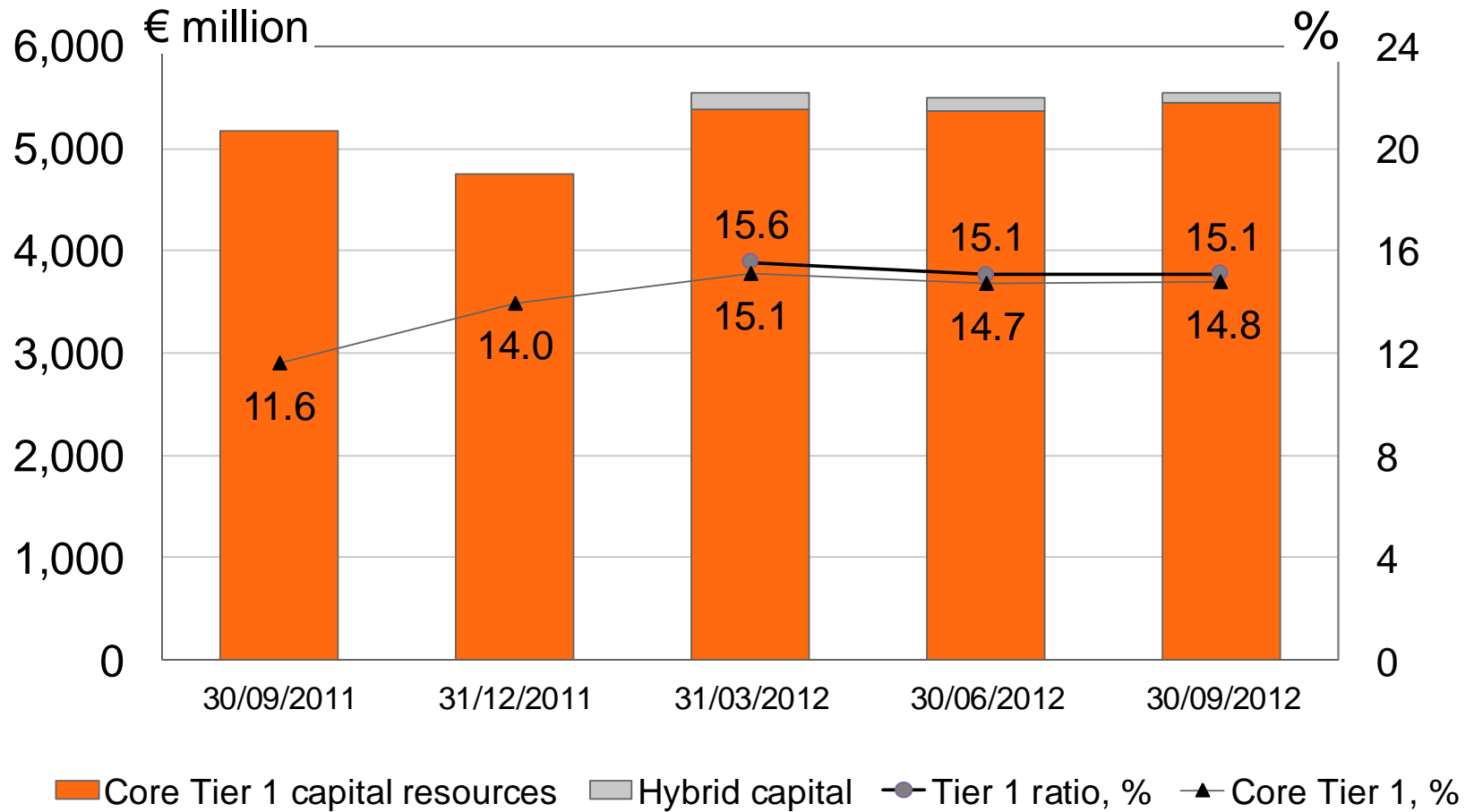
Capital adequacy ratio (under the Act on the Supervision of Financial and Insurance Conglomerates) = OP-Pohjola Group's capital adequacy

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

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

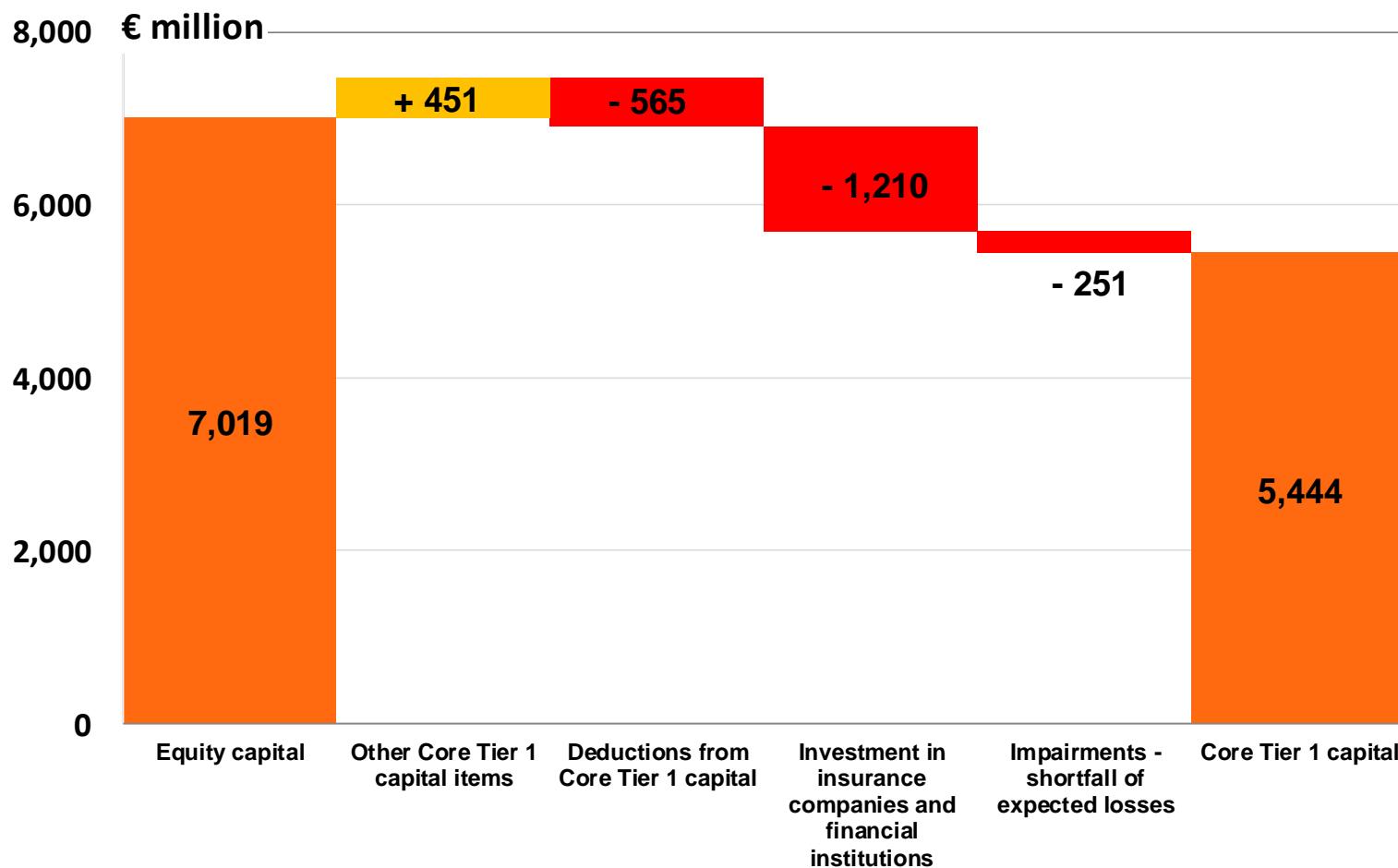
The amalgamation of the cooperative banks

Capital Resources and Capital Adequacy



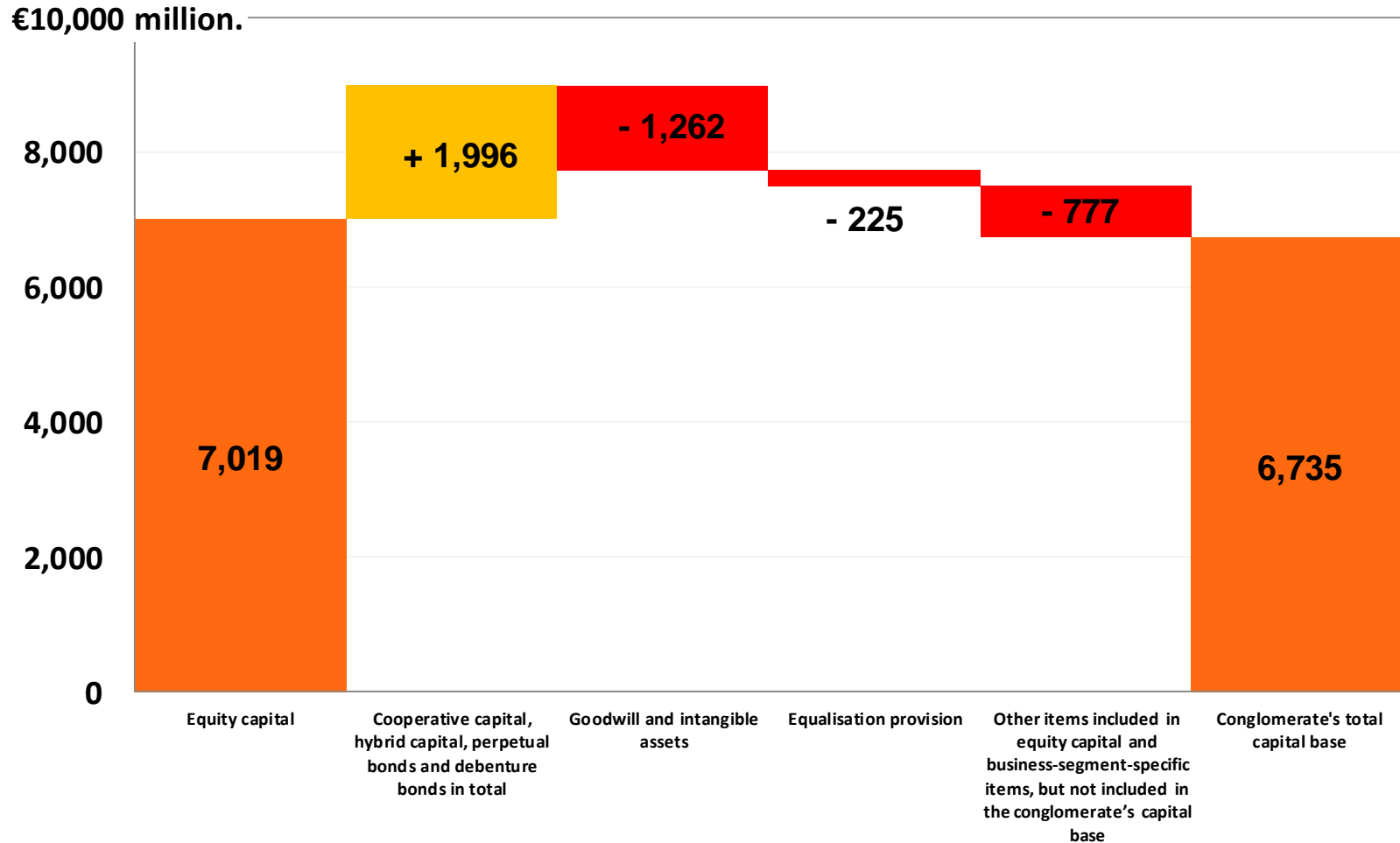
Dec. 2011: Effect of IRBA adoption around 2.6 percentage points

Tier 1 Capital under the Act on Credit Institutions 30 September 2012



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

30 September 2012



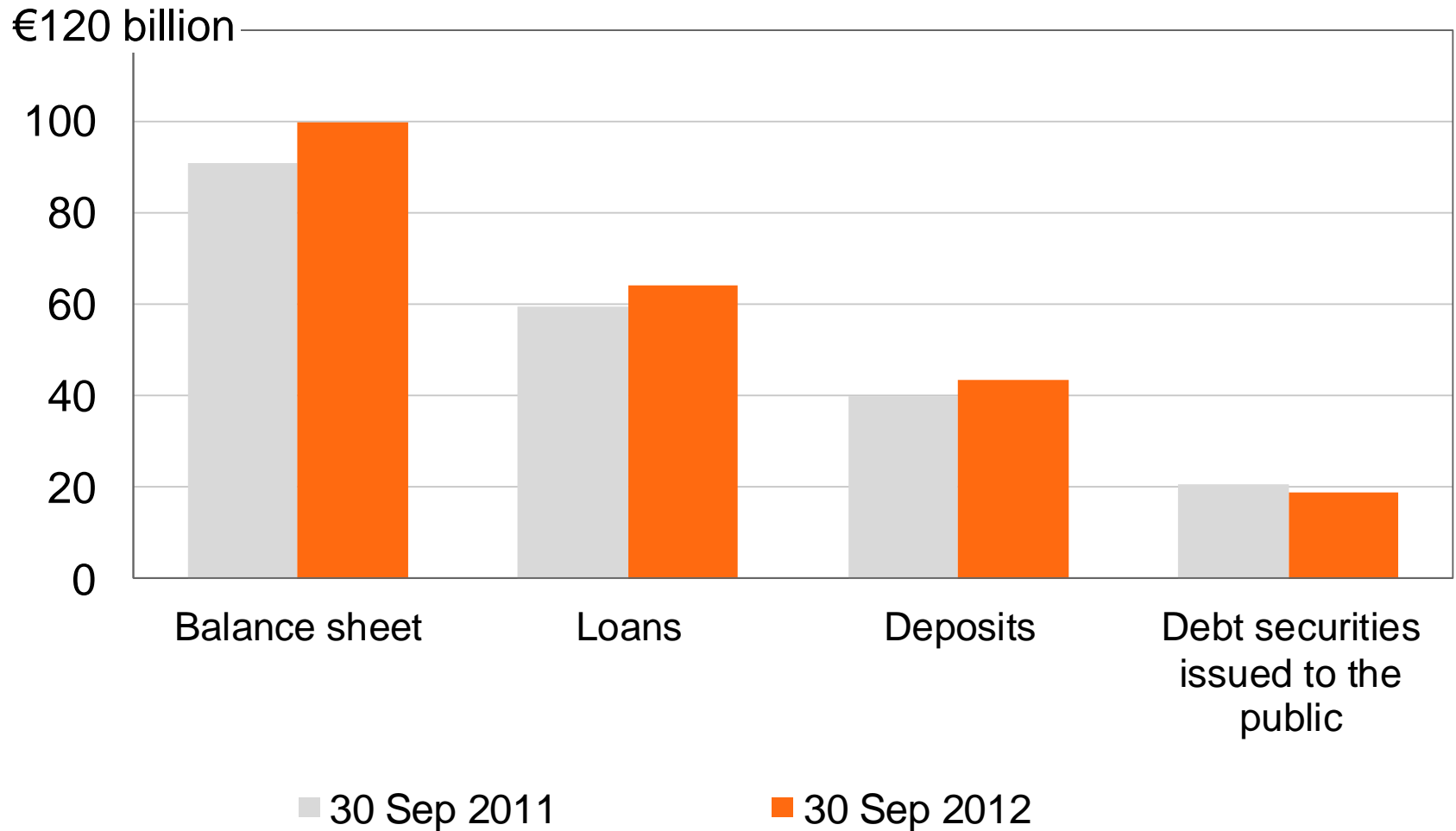
Adopting the Internal Ratings Based Approach

- In its calculation of capital requirement for credit risk, OP-Pohjola Group phased in the Internal Ratings Based Approach (IRBA).
 - Pohjola Bank plc has used IRBA in its capital adequacy measurement for corporate and institutional customers' credit risks since 30 September 2008.
 - OP-Pohjola adopted IRBA to credit risk for other exposures in December 2011.
- The capital requirement for credit risk concerning state and central banks will continue to be calculated using the Standardised Approach.
- The same will apply to market risks.
- The use of the Internal Ratings Based Approach reduces the Group's capital requirement, but makes it more susceptible to market fluctuations.
- Adoption of IRBA improved capital adequacy under the Act on Credit Institutions by 2.6 percentage points.

A close-up photograph of a man in a dark grey suit, white shirt, and blue striped tie. He is holding a black folder or binder with both hands, looking down at it. The background is blurred. A semi-transparent dark grey horizontal bar is overlaid across the middle of the image.

Balance Sheet

OP-Pohjola Group Key Balance Sheet Items



OP-Pohjola Group

Balance sheet

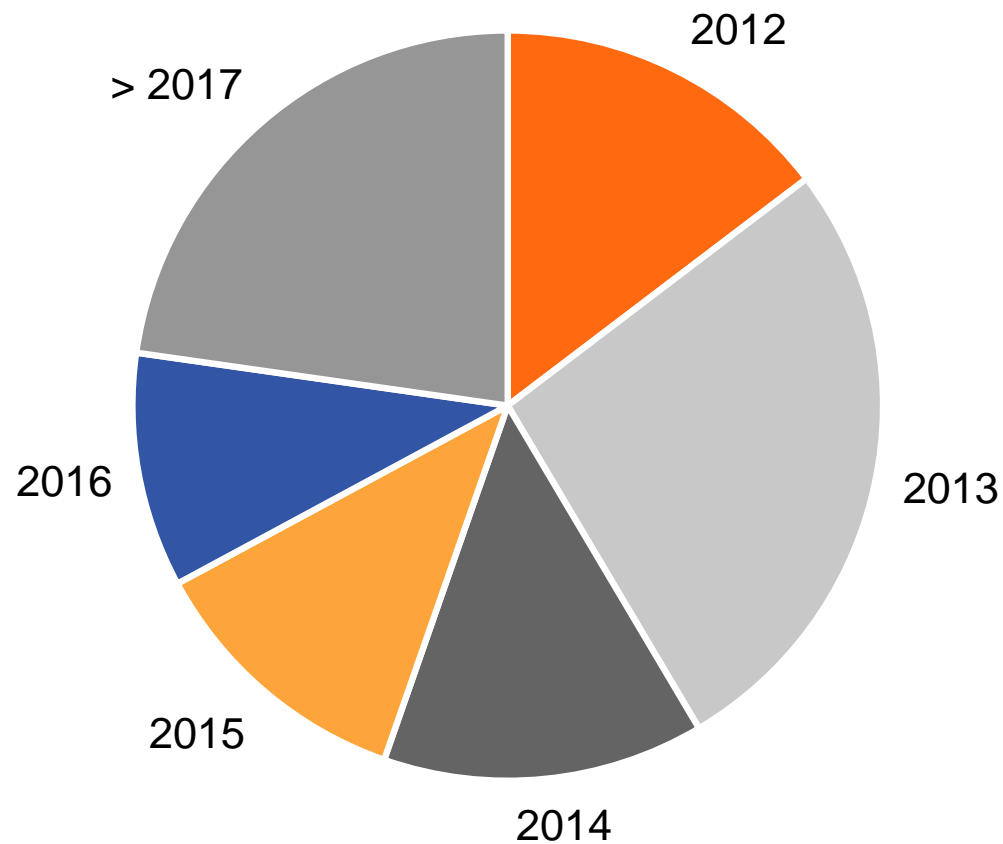
€ million	30 Sep	30 Sep	Change	
	2012	2011	€ million	%
Receivables from credit institutions	934	3,678	-2,744	-74.6
Financial assets at fair value through profit or loss	388	350	38	10.8
Receivables from customers	64,174	59,387	4,787	8.1
Non-life Insurance assets	3,603	3,168	435	13.7
Life Insurance assets	8,843	6,900	1,943	28.2
Investment assets	6,191	8,274	-2,083	-25.2
Other items	15,593	9,048	6,545	72.3
Total assets	99,725	90,804	8,921	9.8
Liabilities to credit institutions	2,961	1,972	989	50.2
Liabilities to customers	48,935	43,836	5,099	11.6
Non-life Insurance liabilities	2,843	2,624	219	8.3
Life Insurance liabilities	8,849	6,970	1,879	27.0
Debt securities issued to the public	18,928	20,732	-1,804	-8.7
Other liabilities	10,190	8,538	1,653	19.4
Equity capital	7,019	6,133	886	14.4
Total liabilities and equity capital	99,725	90,804	8,921	9.8

OP-Pohjola Group

Equity Capital and Cooperative Capital

€ million	30 Sep 2012	30 Sep 2011	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	200	202	-1	-0.6
Cooperative capital	135	131	4	2.8
Fair value reserve	235	-225	461	
Other reserves	2,682	2,619	63	2.4
Retained earnings	3,744	3,406	338	9.9
Minority interest	23	0	23	
Total equity capital	7,019	6,133	886	14.4
Cooperative capital not included in equity capital	608	666	-59	-8.8

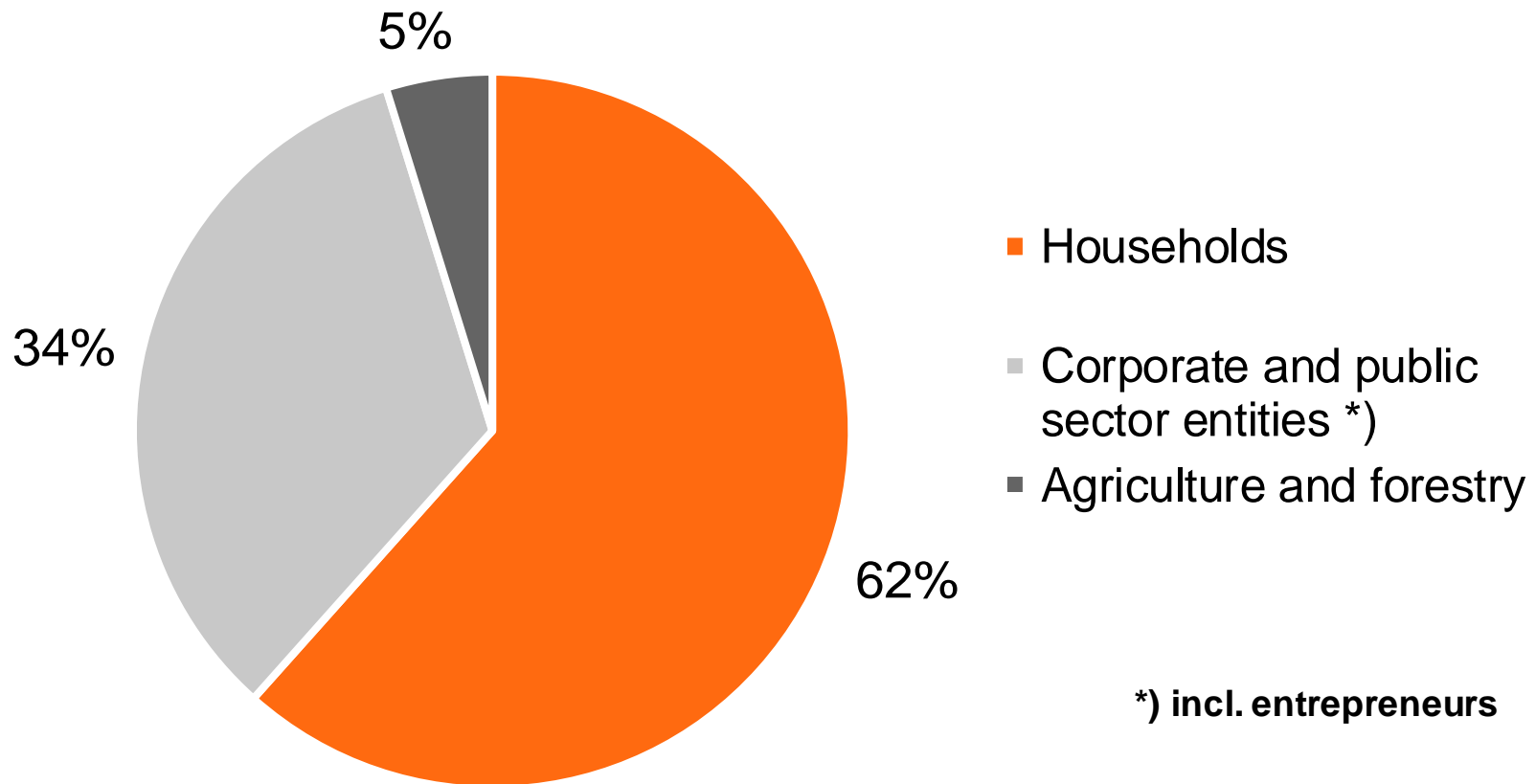
OP-Pohjola Group
Debt Securities Issued to the Public
Maturity 30 September 2012
total of €19.4 billion



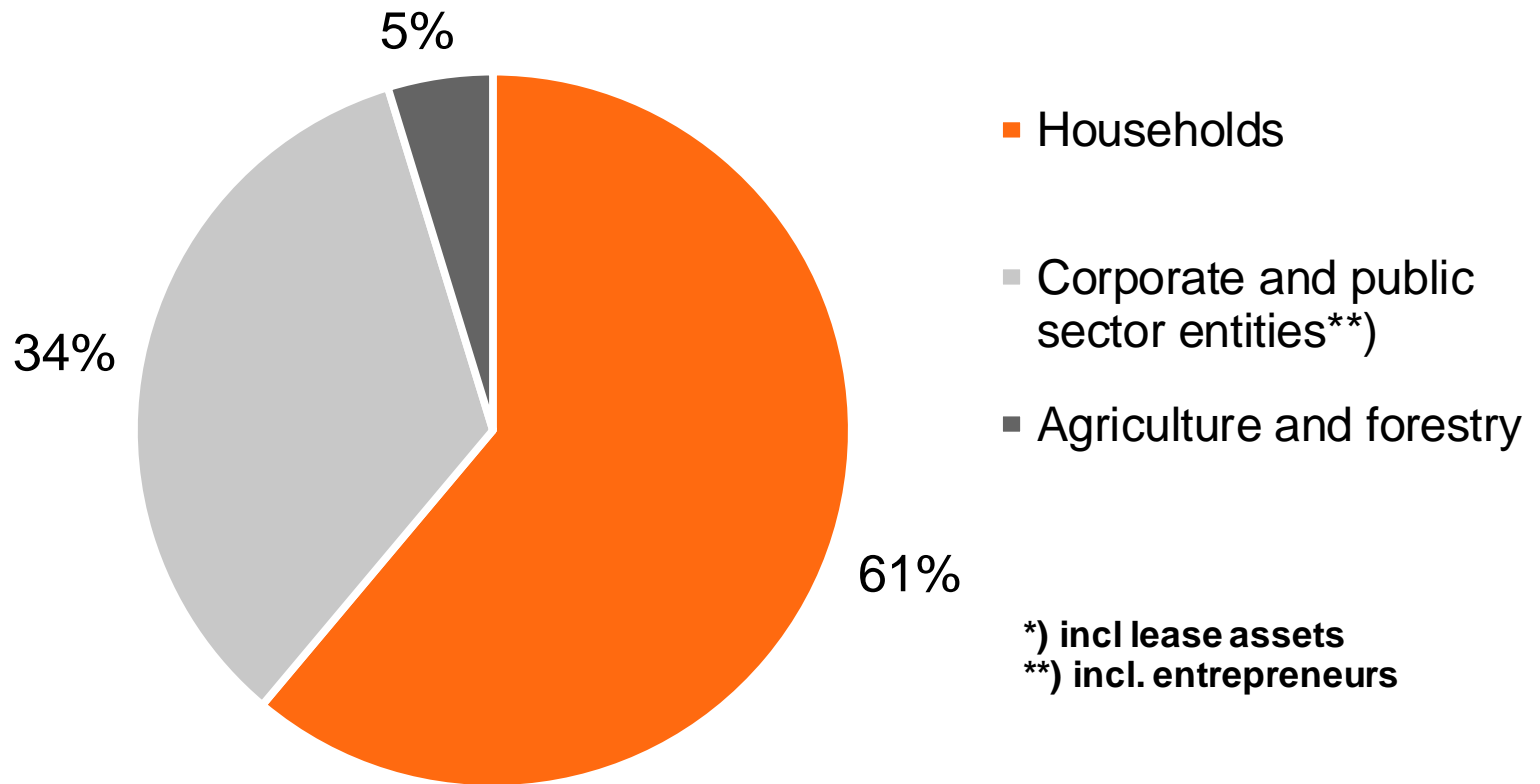


Loans and Customer Funds

OP-Pohjola Group Deposits by Customer Sector 30 Sep 2012



OP-Pohjola Group Loans* by Customer Sector 30 Sep 2012

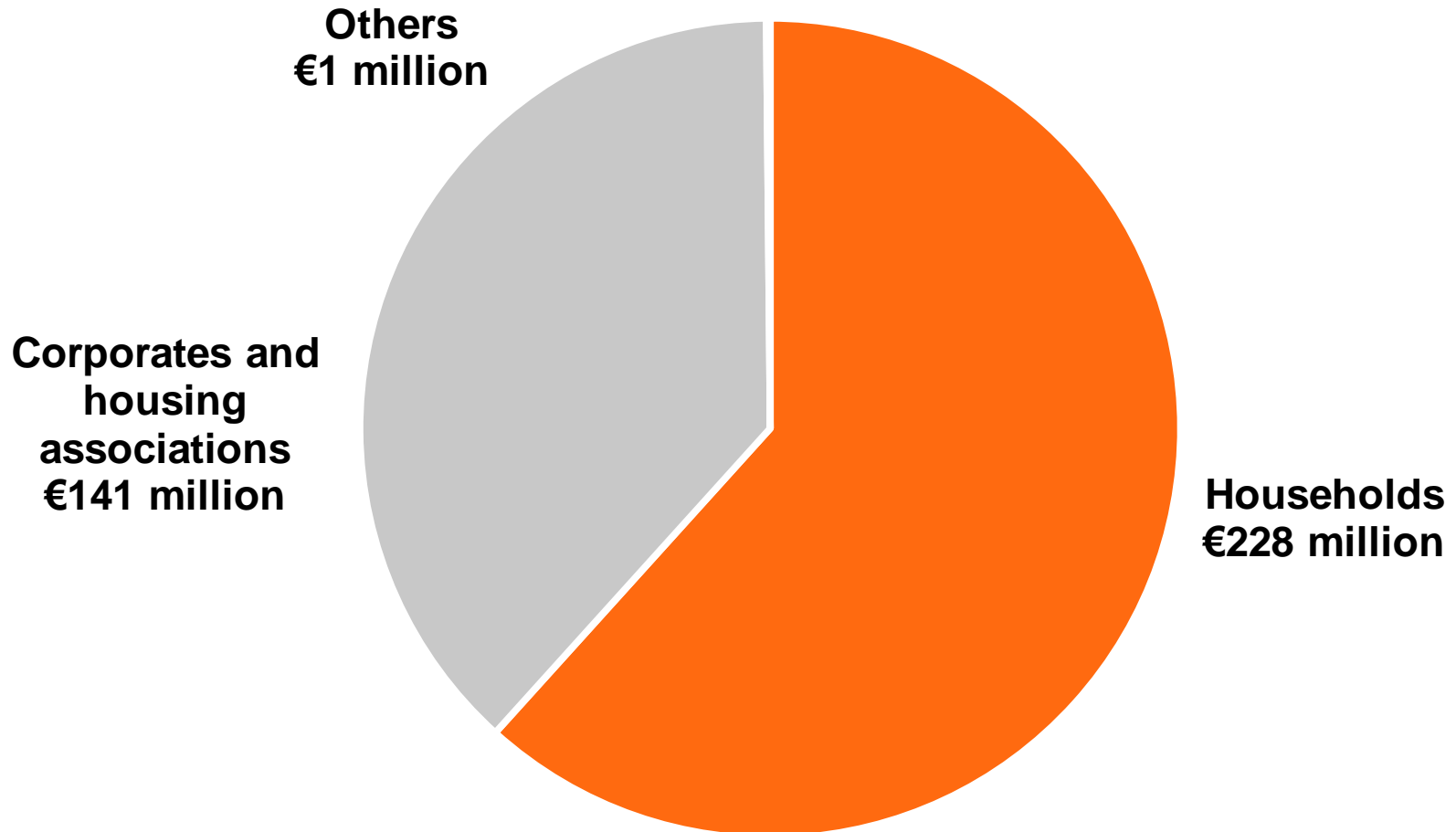


OP-Pohjola Group

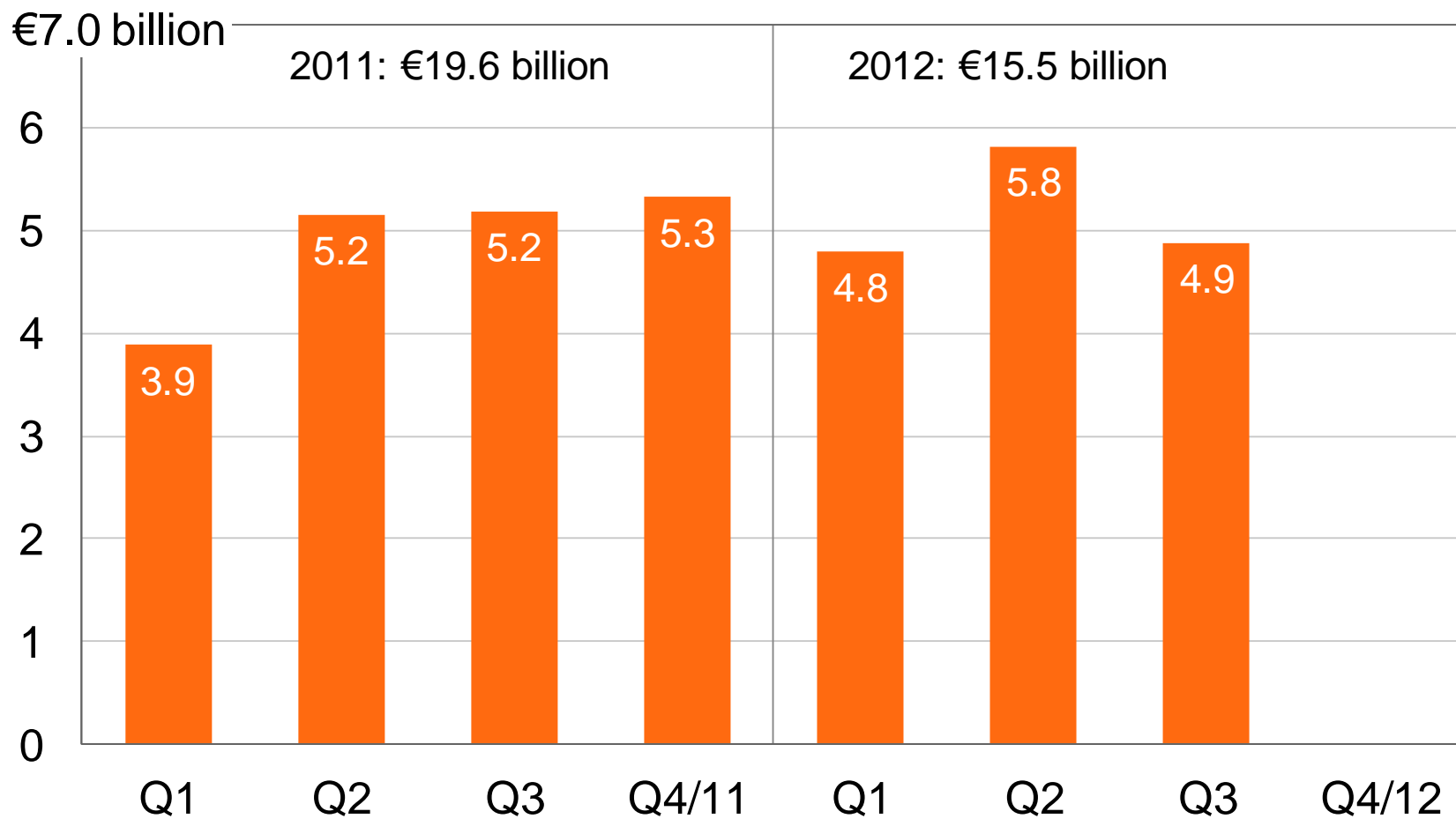
Loan and Guarantee Portfolio by Sector

€ million	30 Sept. 2012	30 Sept. 2011	€ million	Change, %	Non-performing and zero-interest loans	
					€ million	% of loan and guarantee portfolio
Enterprises and housing associations	23,414	21,412	2,002	9.4	141	0.6 %
Renting and operation of residential real estate incl. housing associations	4,775	4,058	716	17.7	3	0.1 %
Other renting and operating of real estate	2,976	2,668	307	11.5	14	0.5 %
Wholesale and retail trade	2,432	2,272	159	7.0	9	0.4 %
Services	1,695	1,545	150	9.7	17	1.0 %
Construction	1,688	1,649	39	2.4	15	0.9 %
Transportation and storage	1,510	1,390	120	8.6	8	0.5 %
Manufacture of machinery and equipment (incl. services)	1,268	1,239	29	2.3	13	1.0 %
Buying and selling of own real estate	1,045	1,046	-1	-0.1	0	0.0 %
Financial and insurance services	944	690	254	36.8	11	1.2 %
Agriculture, forestry and fishing	836	683	153	22.5	7	0.9 %
Forest Industry	745	773	-28	-3.6	21	2.8 %
Food Industry	645	647	-2	-0.4	8	1.3 %
Metal Industry	625	642	-17	-2.6	2	0.4 %
Energy	611	480	131	27.3	0	0.0 %
Chemical Industry	361	410	-50	-12.1	0	0.1 %
Other manufacturing	398	474	-75	-15.9	9	2.2 %
Other industries	861	744	117	15.7	3	0.3 %
Public corporations and non-profit organisations	1,215	1,110	105	9.4	0	0.0 %
Households	42,071	39,431	2,640	6.7	228	0.5 %
Adjustments	99	-19	118	0.0	0	
Total	66,799	61,934	4,865	7.9	369	0.55%

OP-Pohjola Group
Non-performing and Zero-interest Receivables
30 Sep 2012
€369 million

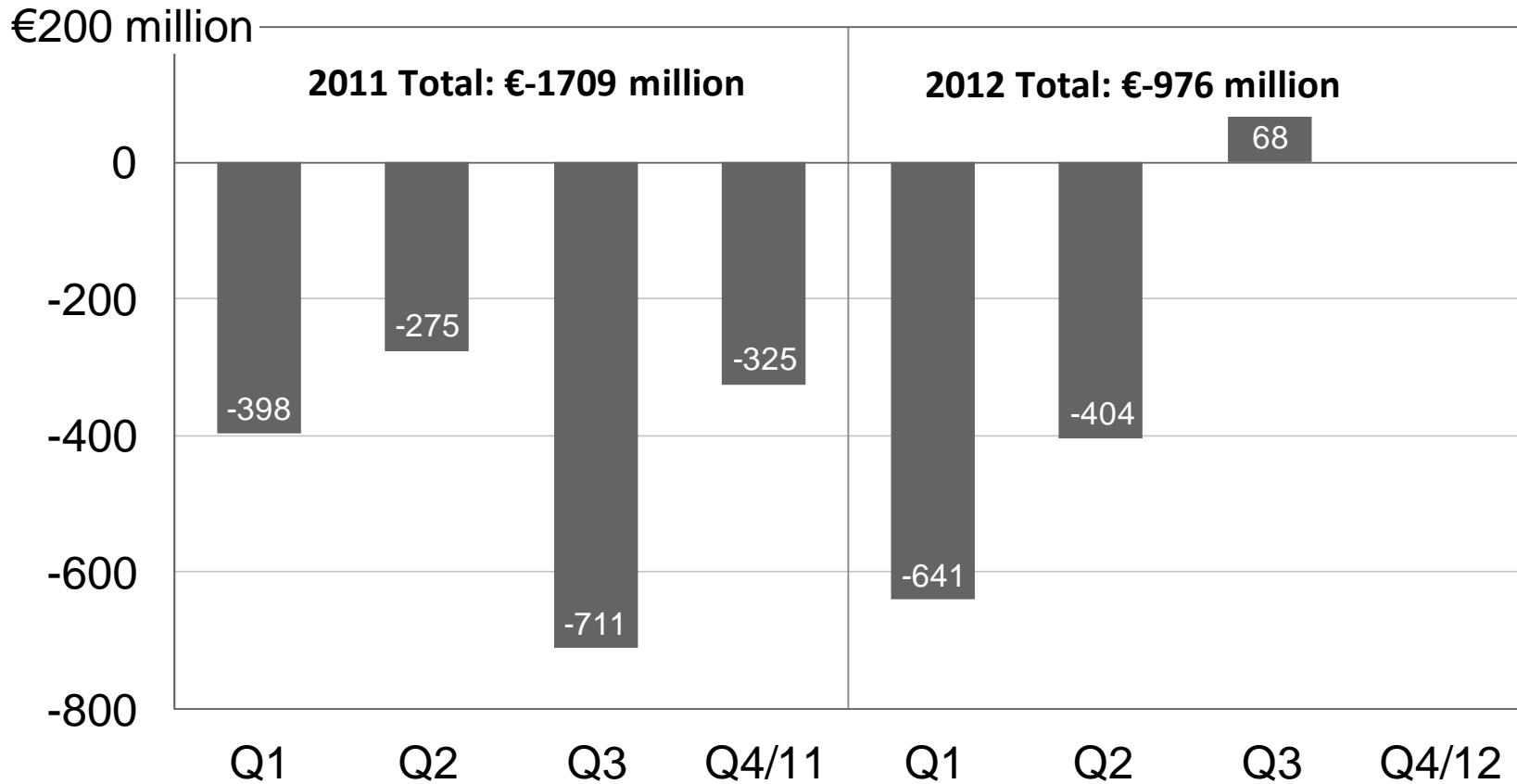


OP-Pohjola Group New Loans by Quarter

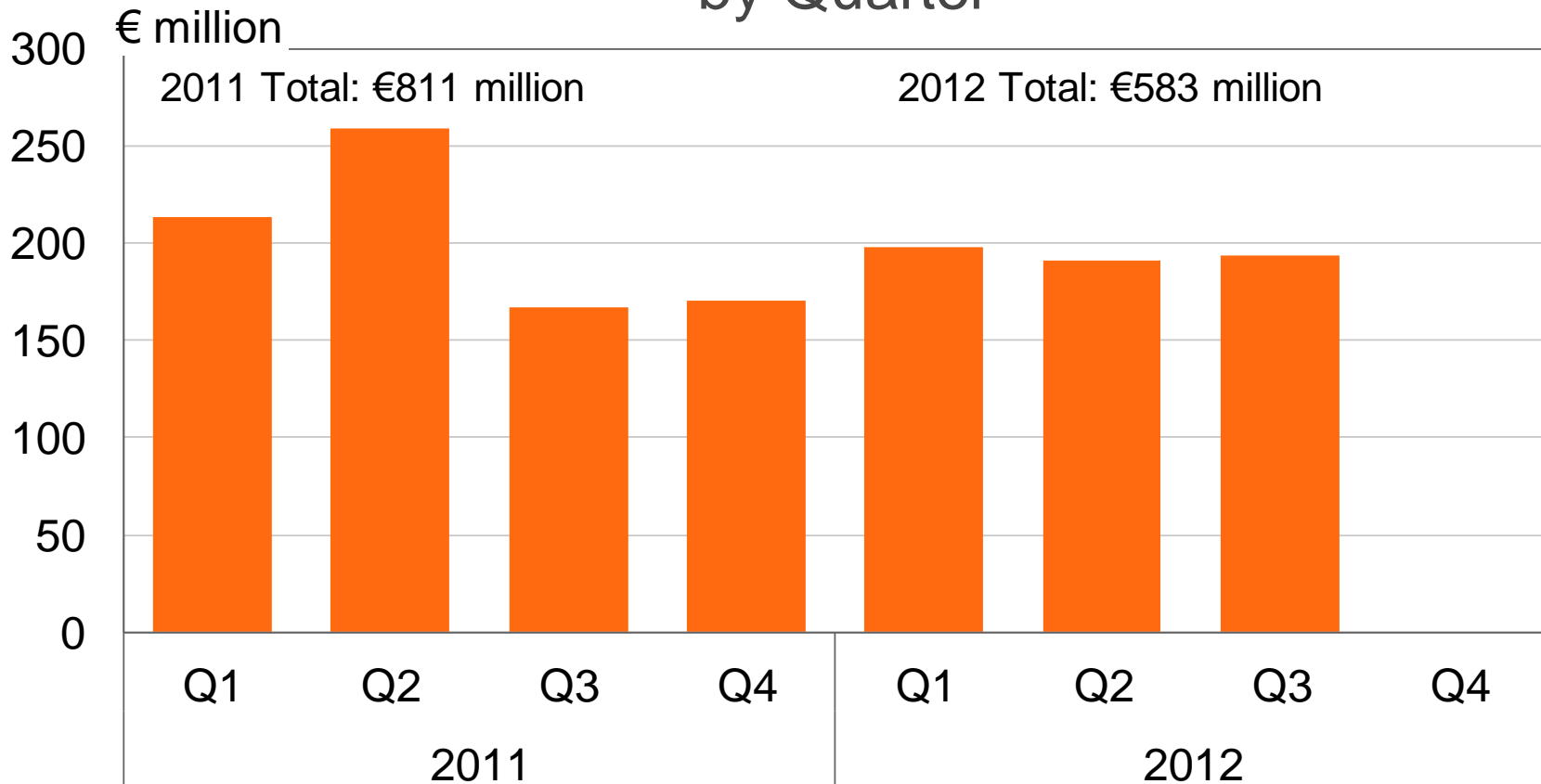


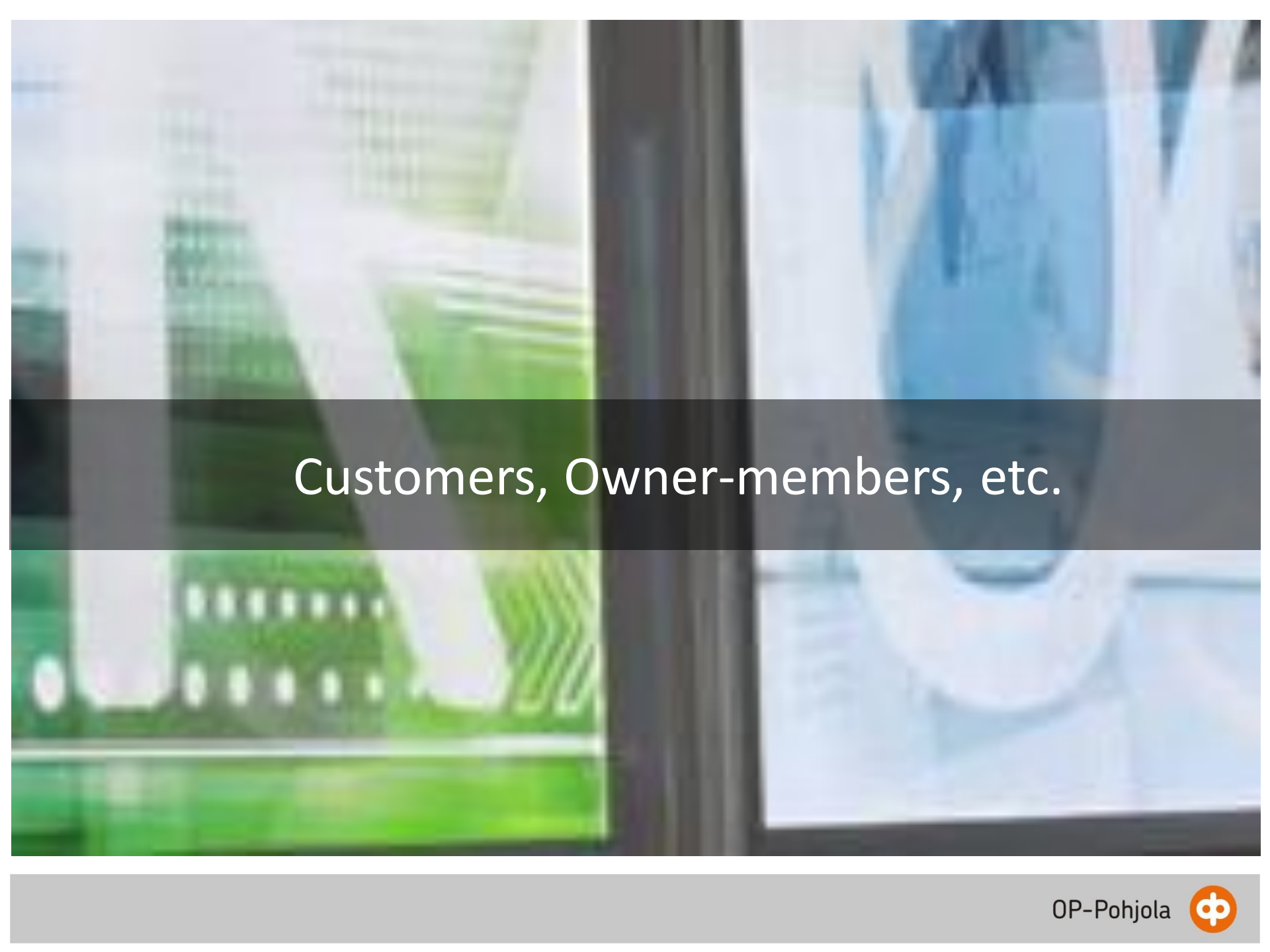
OP-Pohjola Group

Net Sales Inflow of Mutual Funds by Quarter



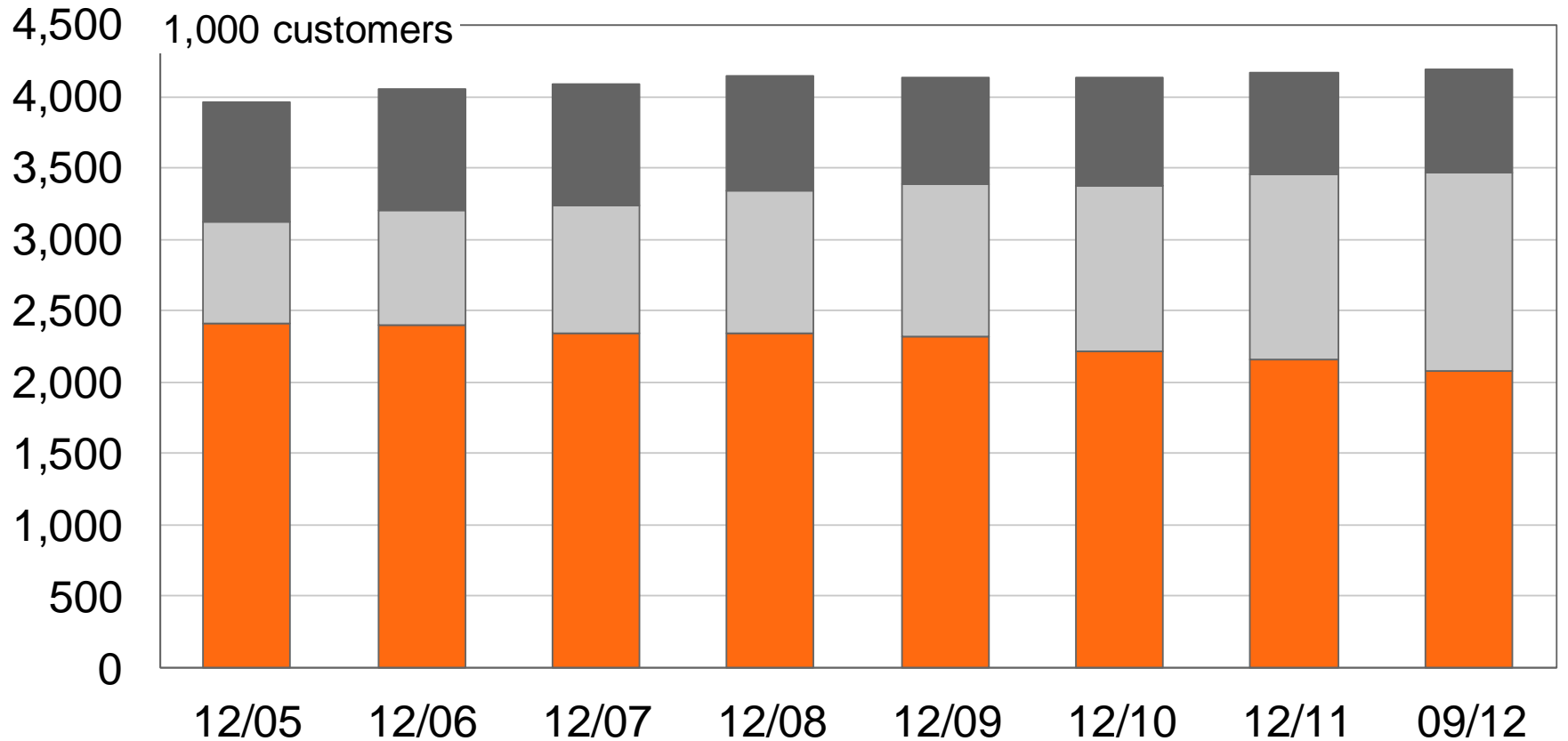
OP-Pohjola Group Life and Pension Insurance Premiums Written by Quarter





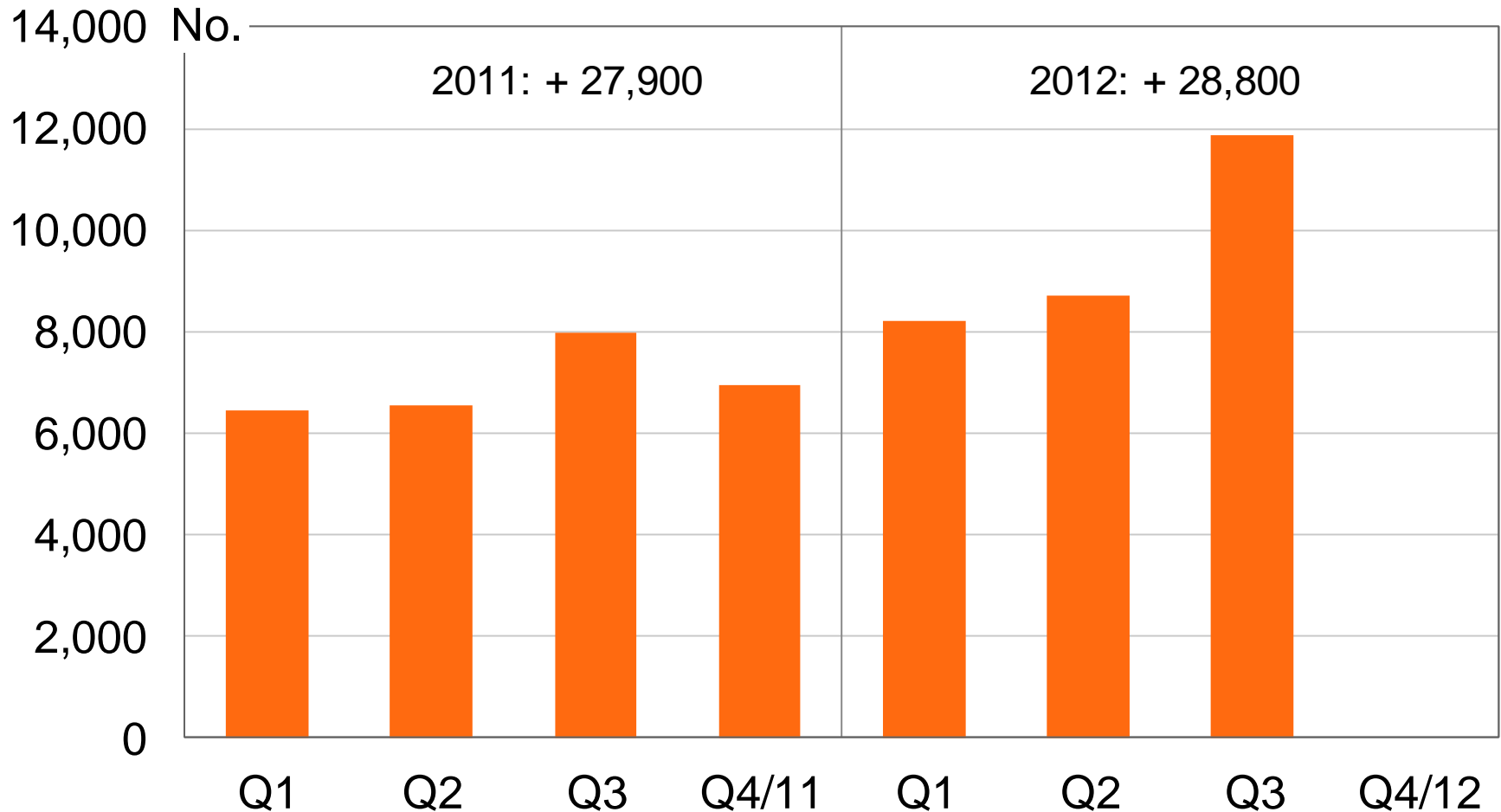
Customers, Owner-members, etc.

OP-Pohjola Group Breakdown of Customer Base



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

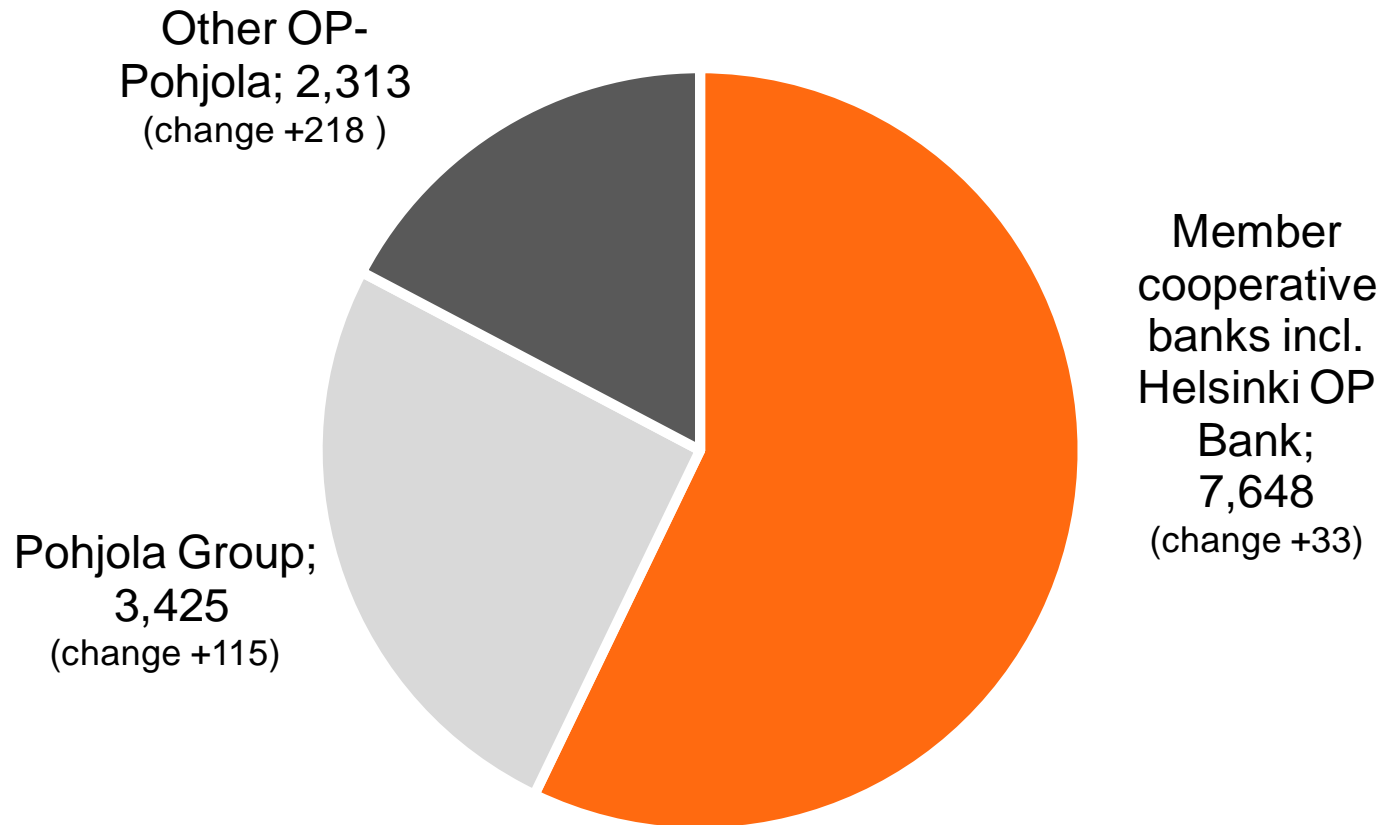
OP-Pohjola Group Net Increase in Owner-members by Quarter



OP-Pohjola Group's Personnel

30 Sep 2012

13,386 (+ 366 within 12 months)



OP-Pohjola Group Service Network

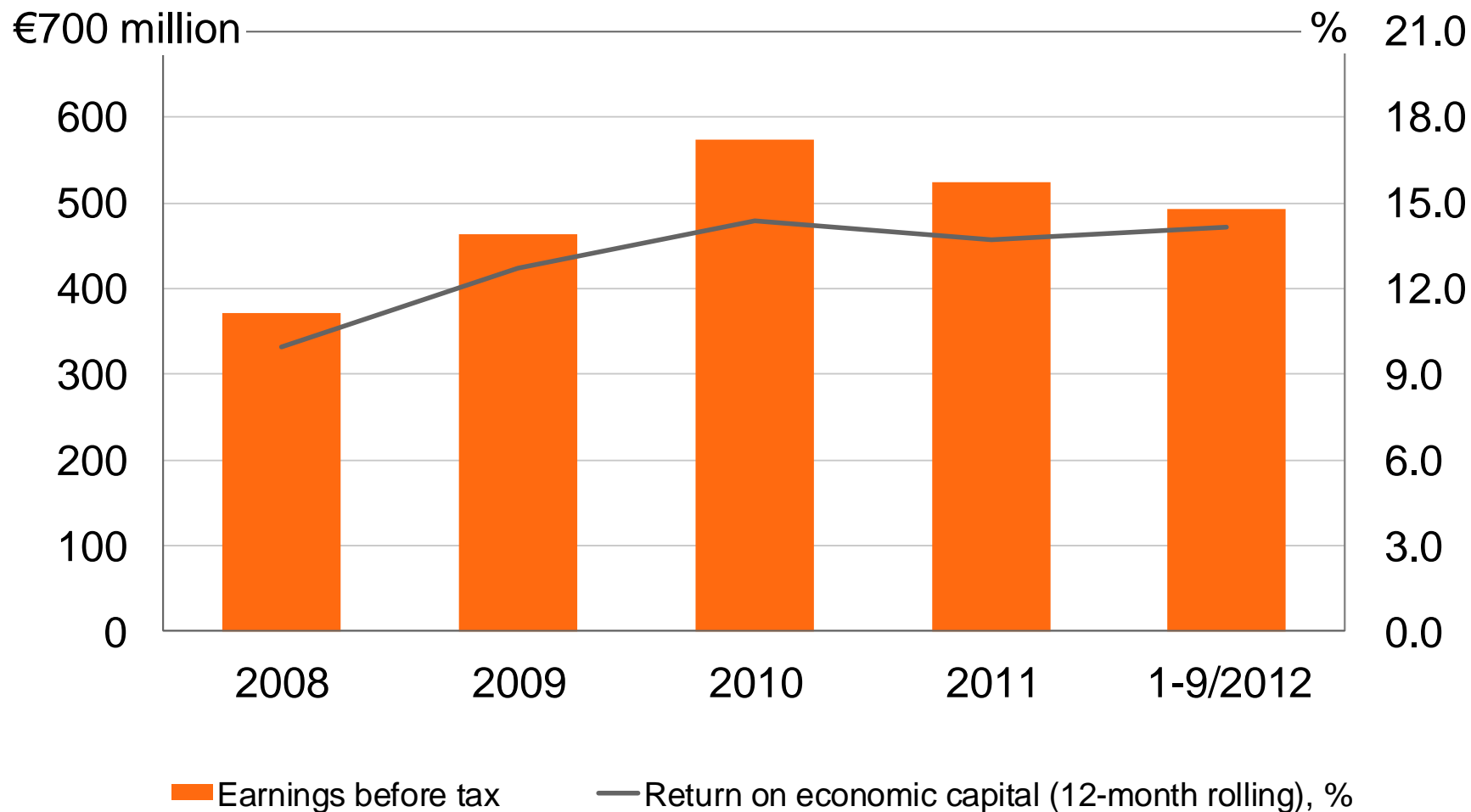
	30 Sep 2012	Change from year- end	12-month change
eServices Agreements	1,599,086	40,390	53,497
Locations	523	-12	-14
providing both banking and insurance services	350	5	13
Private banking locations	37	1	3
OP-Kiinteistökeskus estate agents	172	-2	4
Online customer terminals	540	-7	-9

A photograph of a person sitting at an outdoor cafe table, using a tablet. The table has a white coffee cup, a glass of water, and a vase with a blue flower. In the background, there are several sailboats in a harbor under a bright sky. The text "5-year Trends" is overlaid in the center of the image.

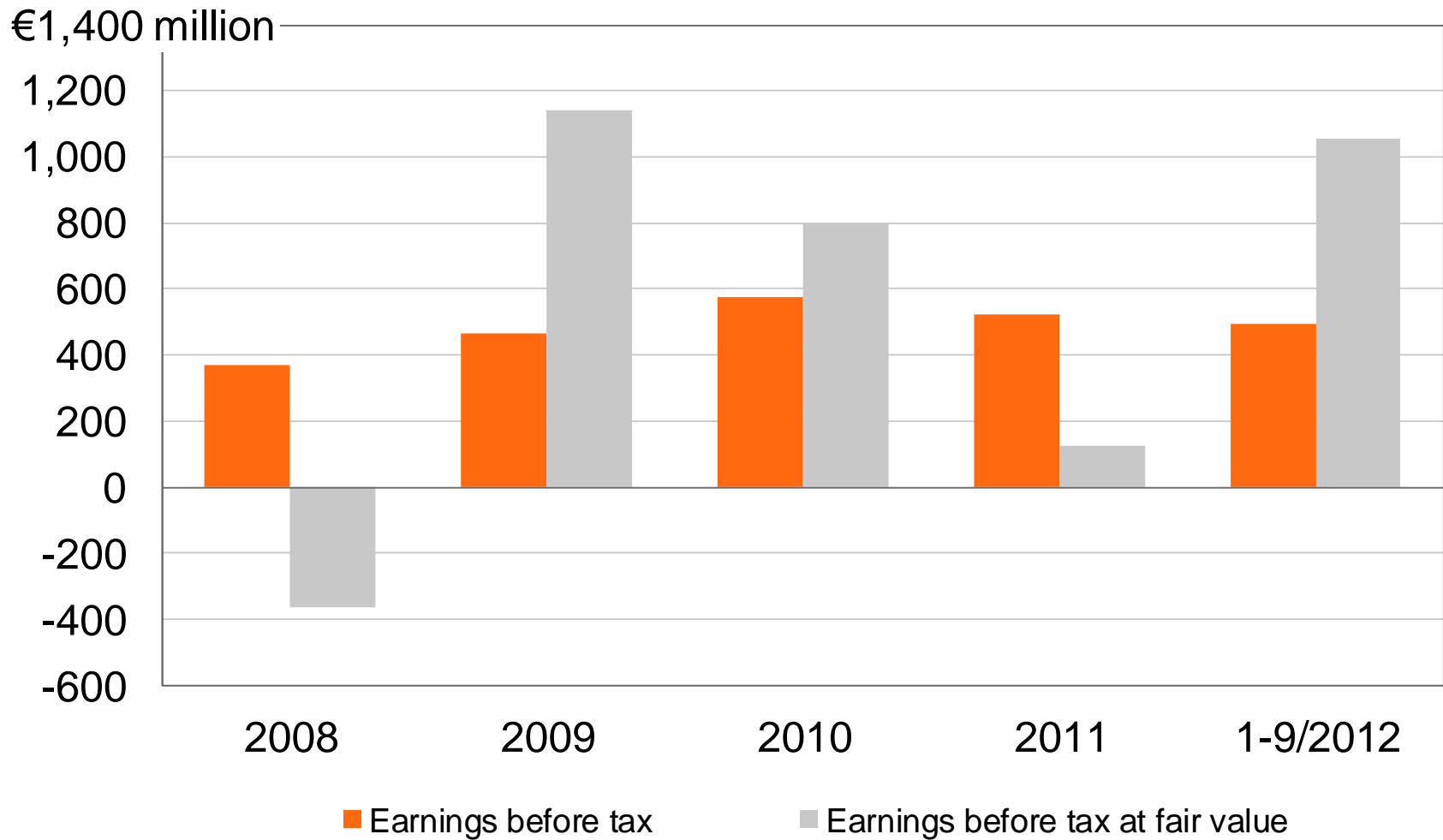
5-year Trends

OP-Pohjola Group

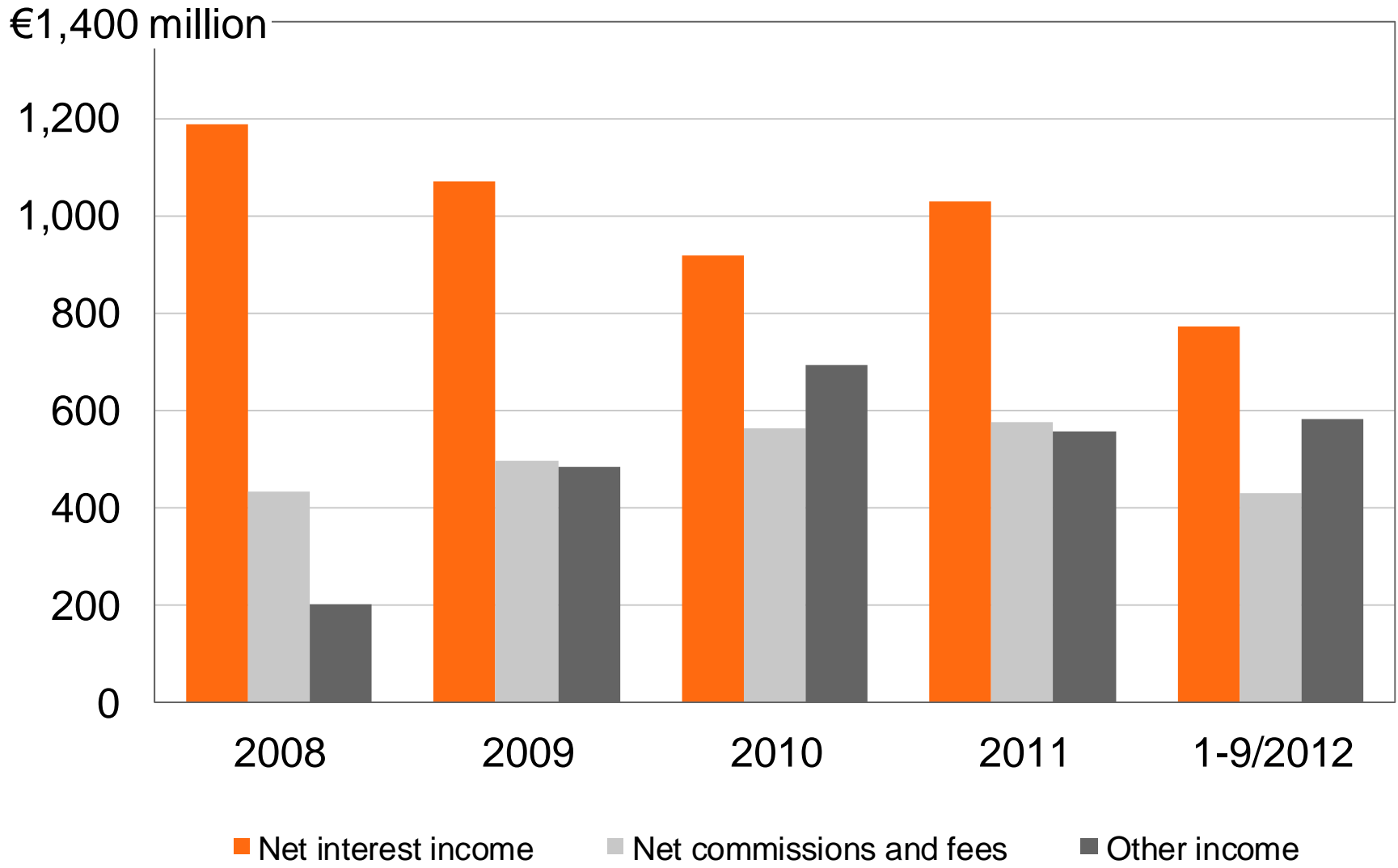
Earnings before Tax and Return on Economic Capital



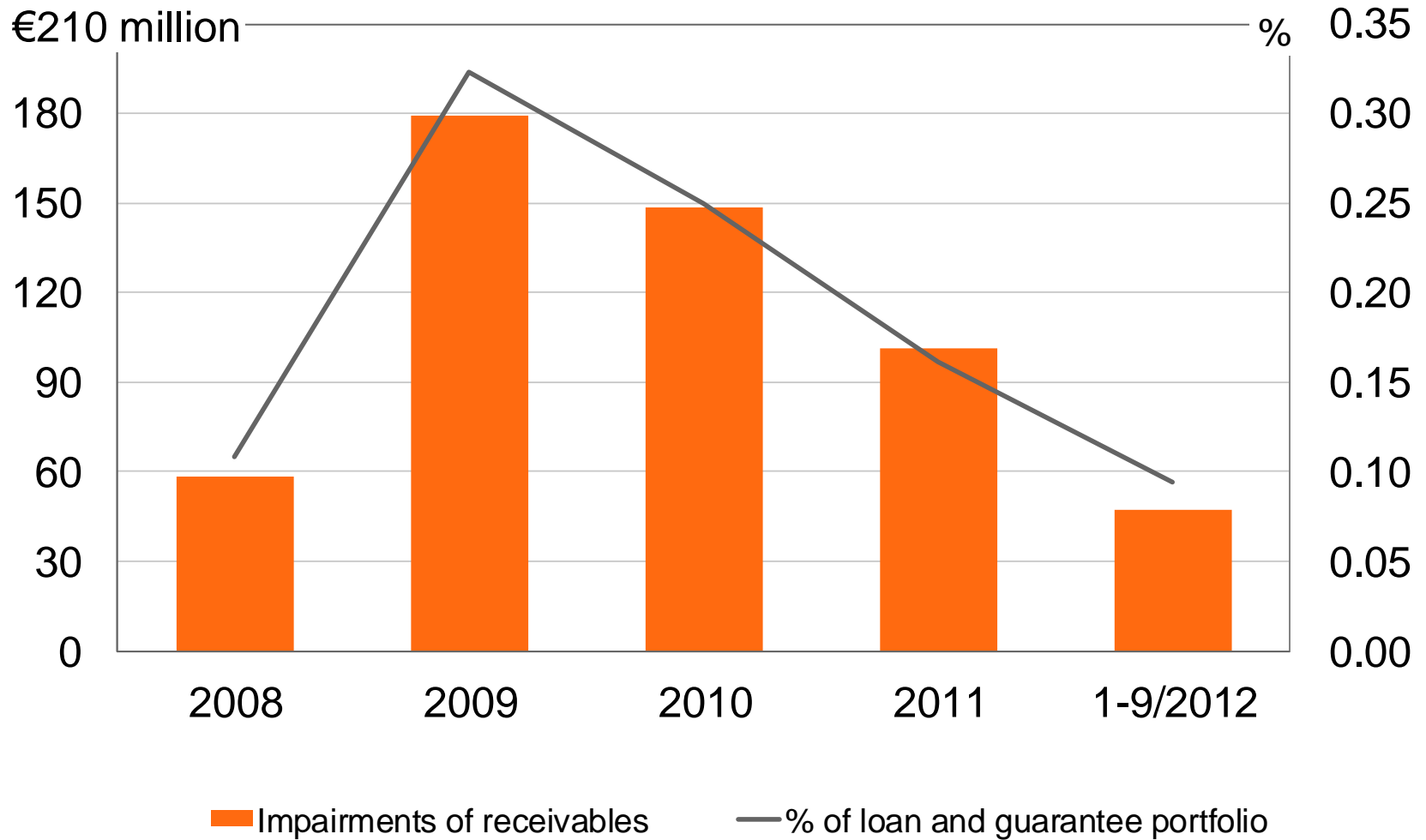
OP-Pohjola Group Earnings before Tax



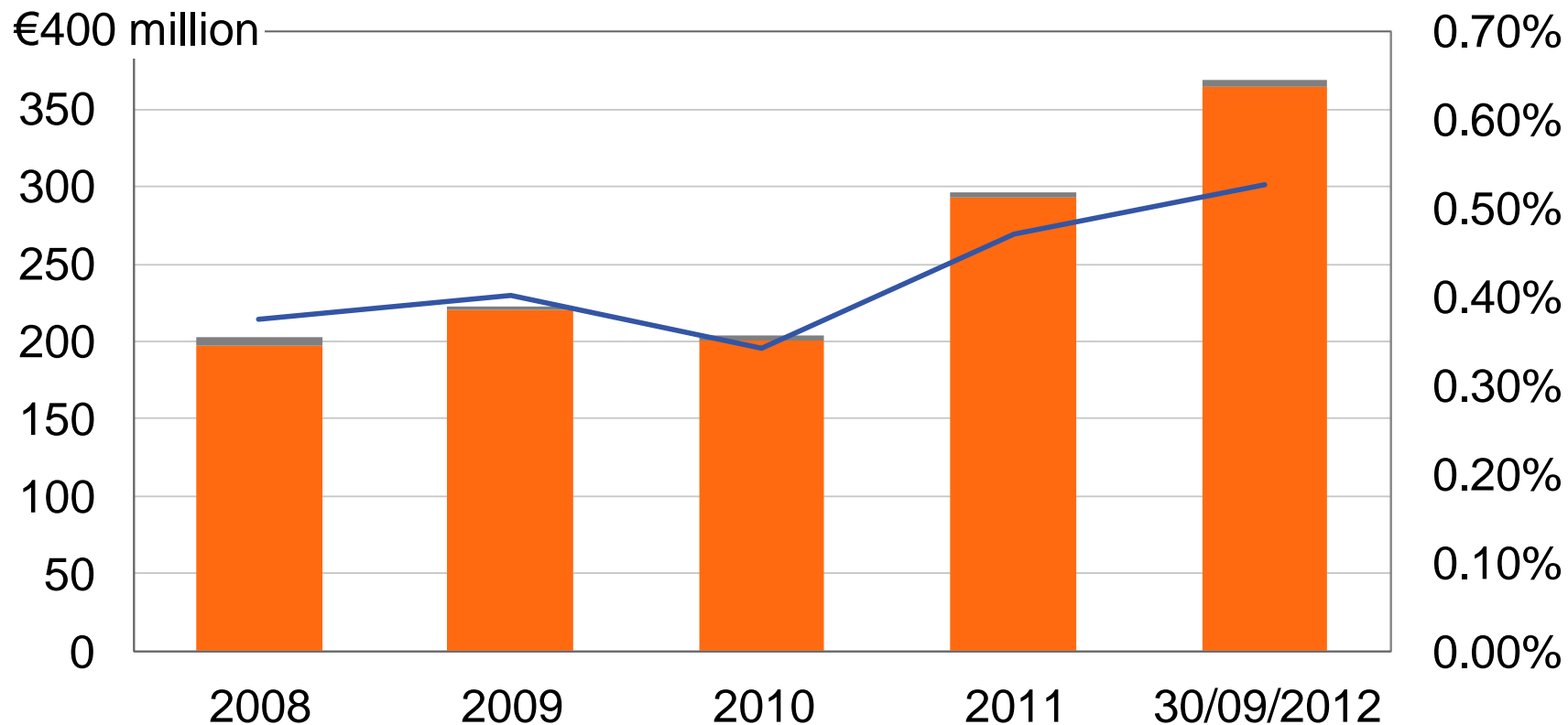
OP-Pohjola Group Income



OP-Pohjola Group Impairments of Receivables



OP-Pohjola Group Non-performing loans

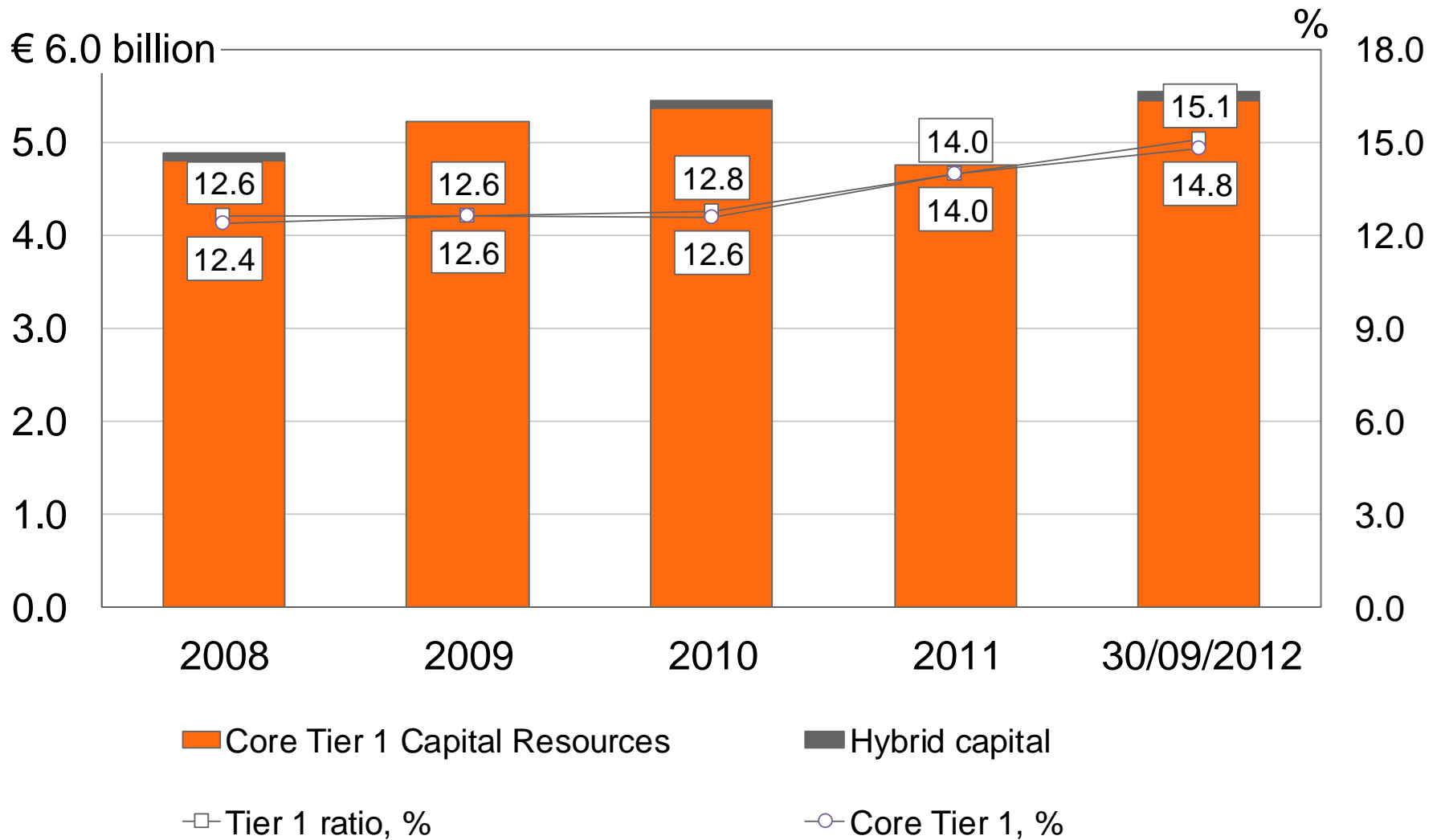


Non-performing loans Zero-interest loans % of loan and guarantee portfolio

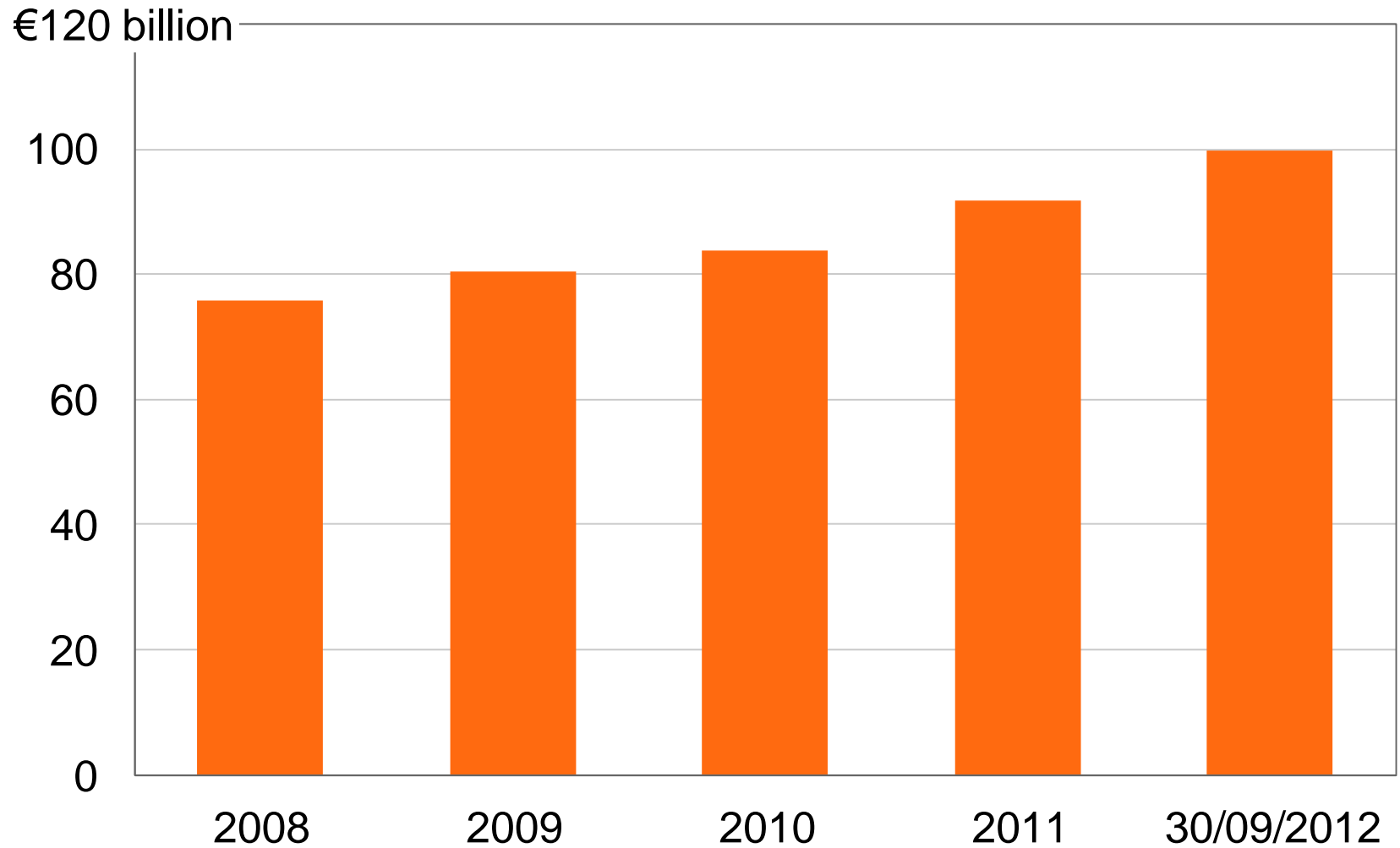


The amalgamation of the cooperative banks

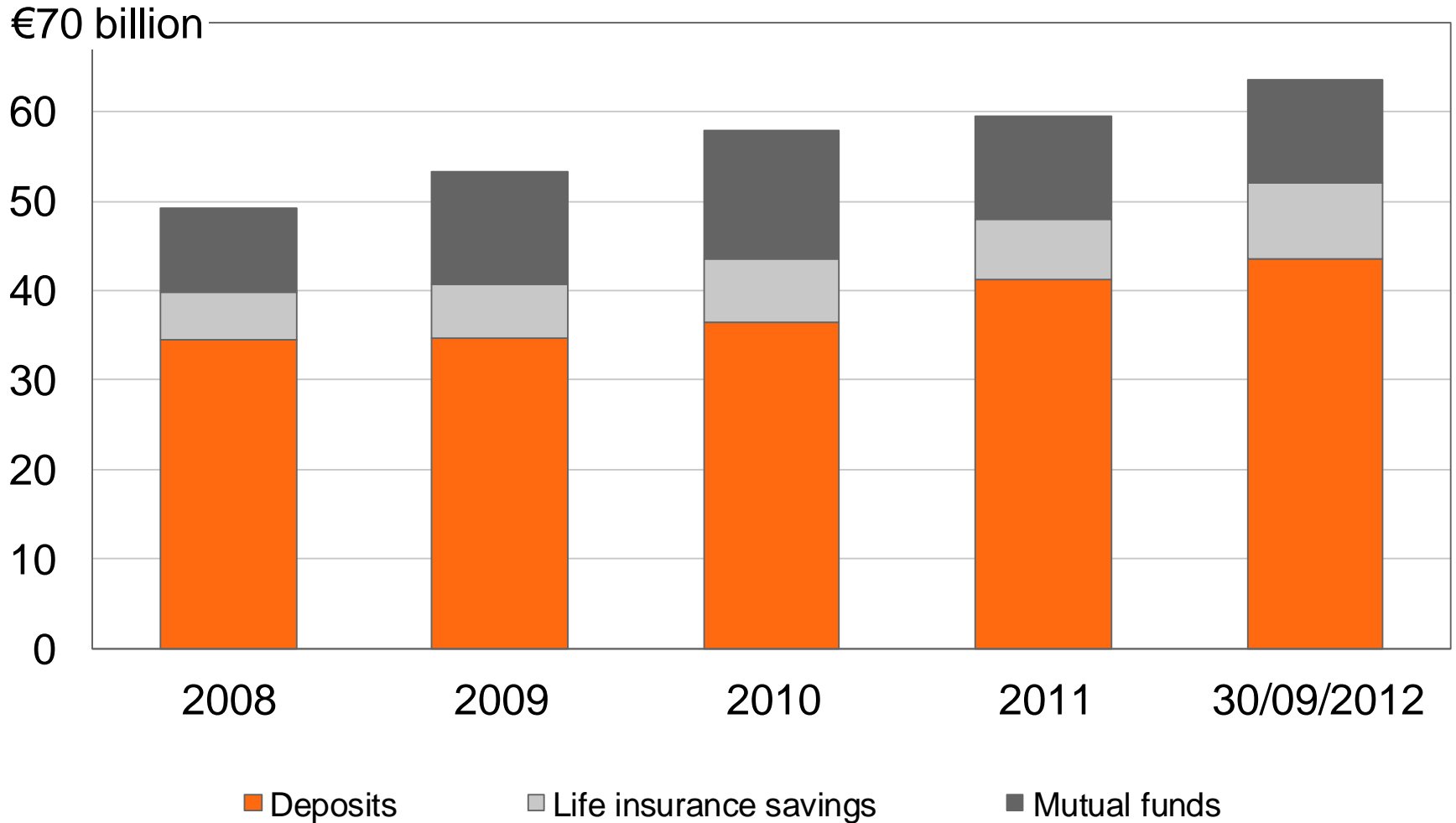
Capital Base and Capital Adequacy Ratio



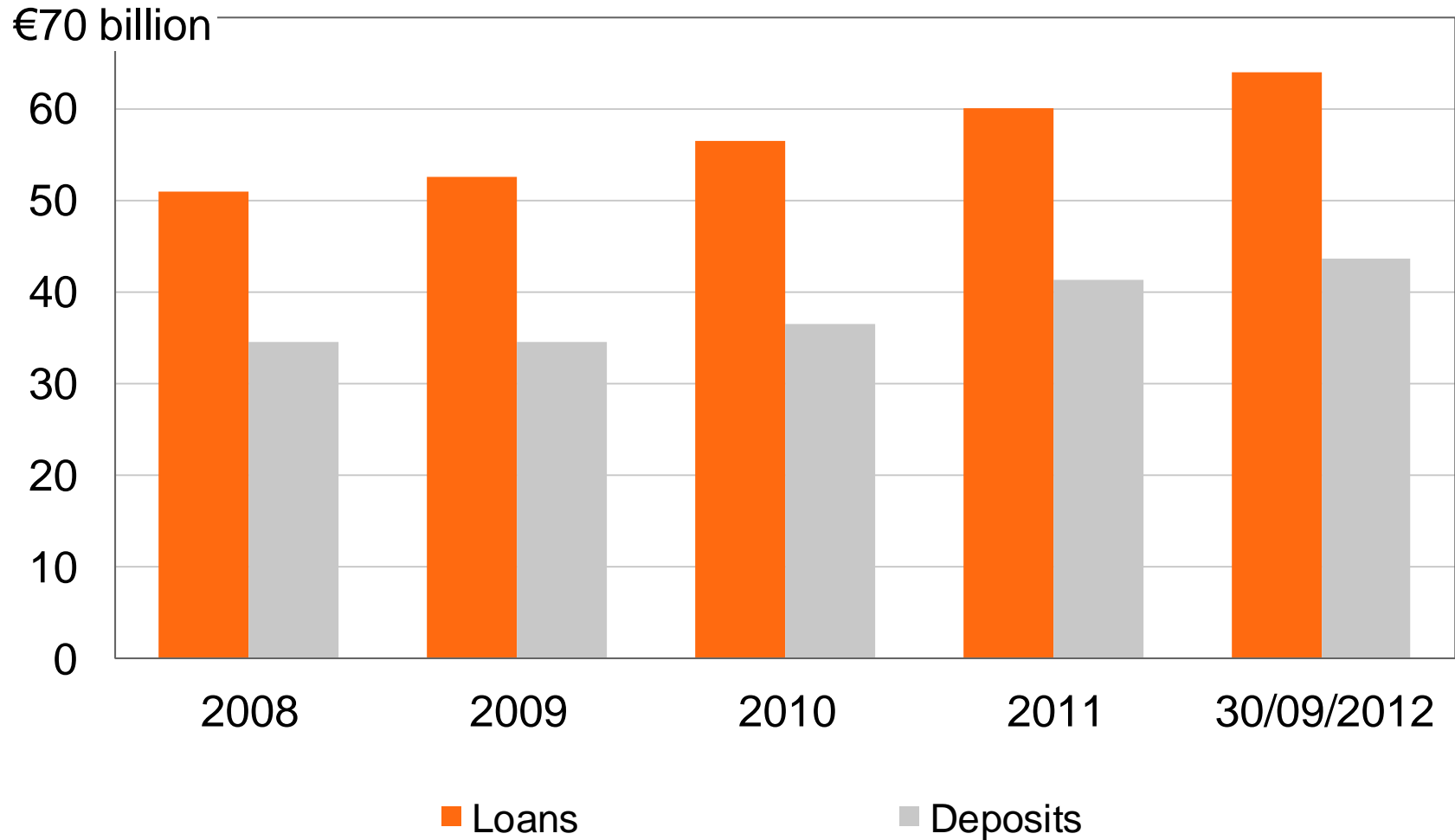
OP-Pohjola Group Balance Sheet



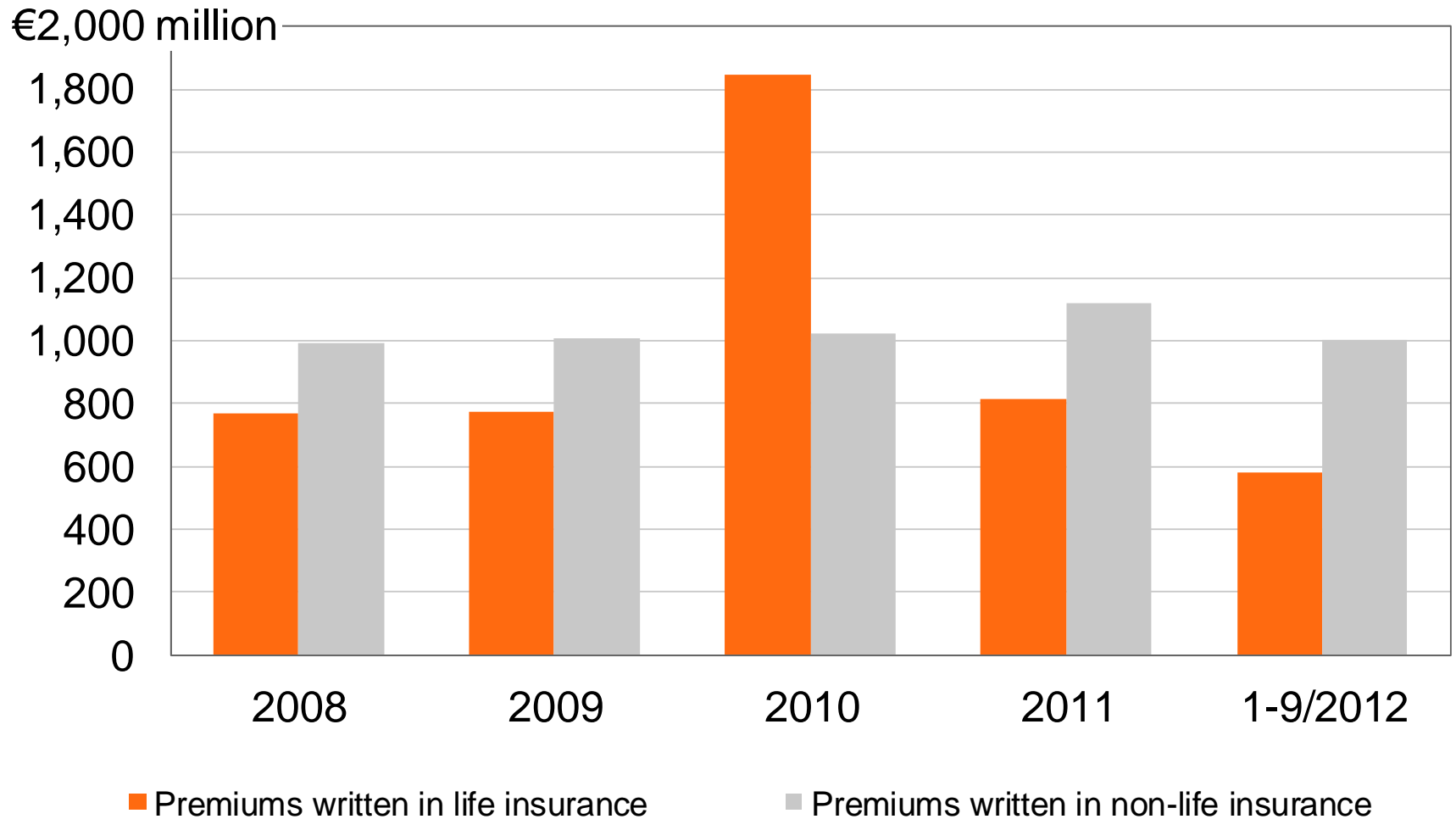
OP-Pohjola Group Customer Funds



OP-Pohjola Group Loans and Deposits



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



A close-up photograph of a person's hands holding a small, white, rectangular wooden model of a house. The model has a pitched roof and a chimney. The person is wearing a dark, patterned top and a watch on their left wrist. In the foreground, there are several sheets of paper with architectural drawings, including floor plans and elevations. The background is slightly blurred, showing a desk and a chair.

Thank you