

# Pohjola Group

Interim Report  
1 January–31 March 2010



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Interim Report  
1 January–31 March 2010



# Pohjola Group

## Relevant information Q1/2010

- Income increased by 20% and expenses by 1%
- Earnings before impairments of receivables improved by almost 60%
- Impairment charges did not increase from their previous quarter's level
- Impairment charges are estimated to be lower in 2010 than in 2009
- Earnings before tax at fair value improved considerably



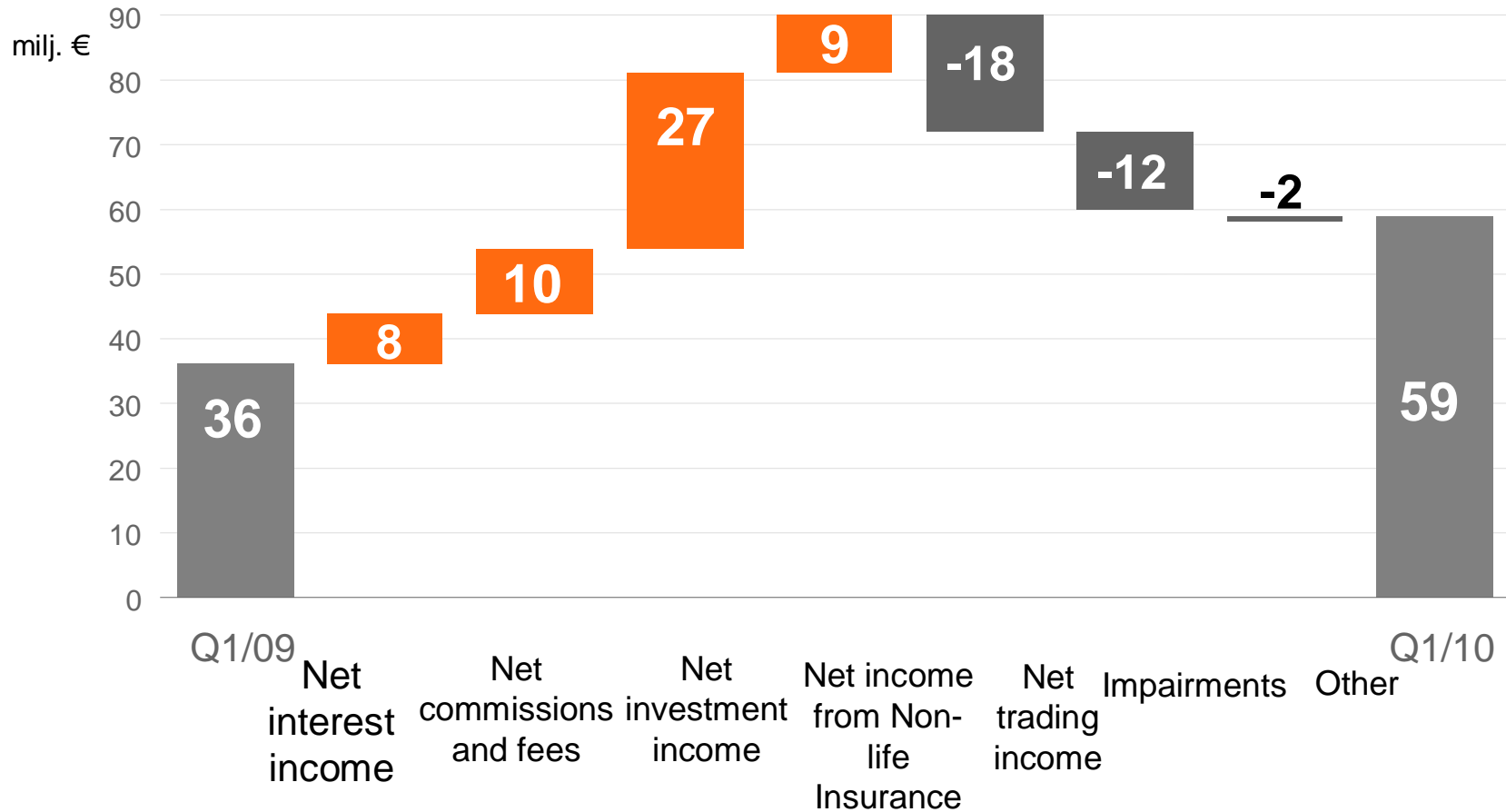
# Pohjola Group

## Q1/2010 in brief

- Earnings before tax improved markedly to EUR 59 million (36)
- Earnings before tax at fair value amounted to EUR 119 million (41) and return on equity at fair value was 15.9% (7.2)
- Banking posted earnings before tax of EUR 26 million (50), with impairment charges on receivables affecting its earnings by EUR 33 million (12).
- Non-life Insurance reported a good balance on technical account and recorded an operating combined ratio of 95.5% (91.3). Its return on investments at fair value rose to 3.2% (-0.4)
- Asset Management more than doubled its earnings before tax to EUR 6 million (2). Assets under management grew by 6% from their level at the end of 2009 to EUR 34.9 billion
- Capital gains on notes and bonds improved earnings before tax posted by the Group Functions

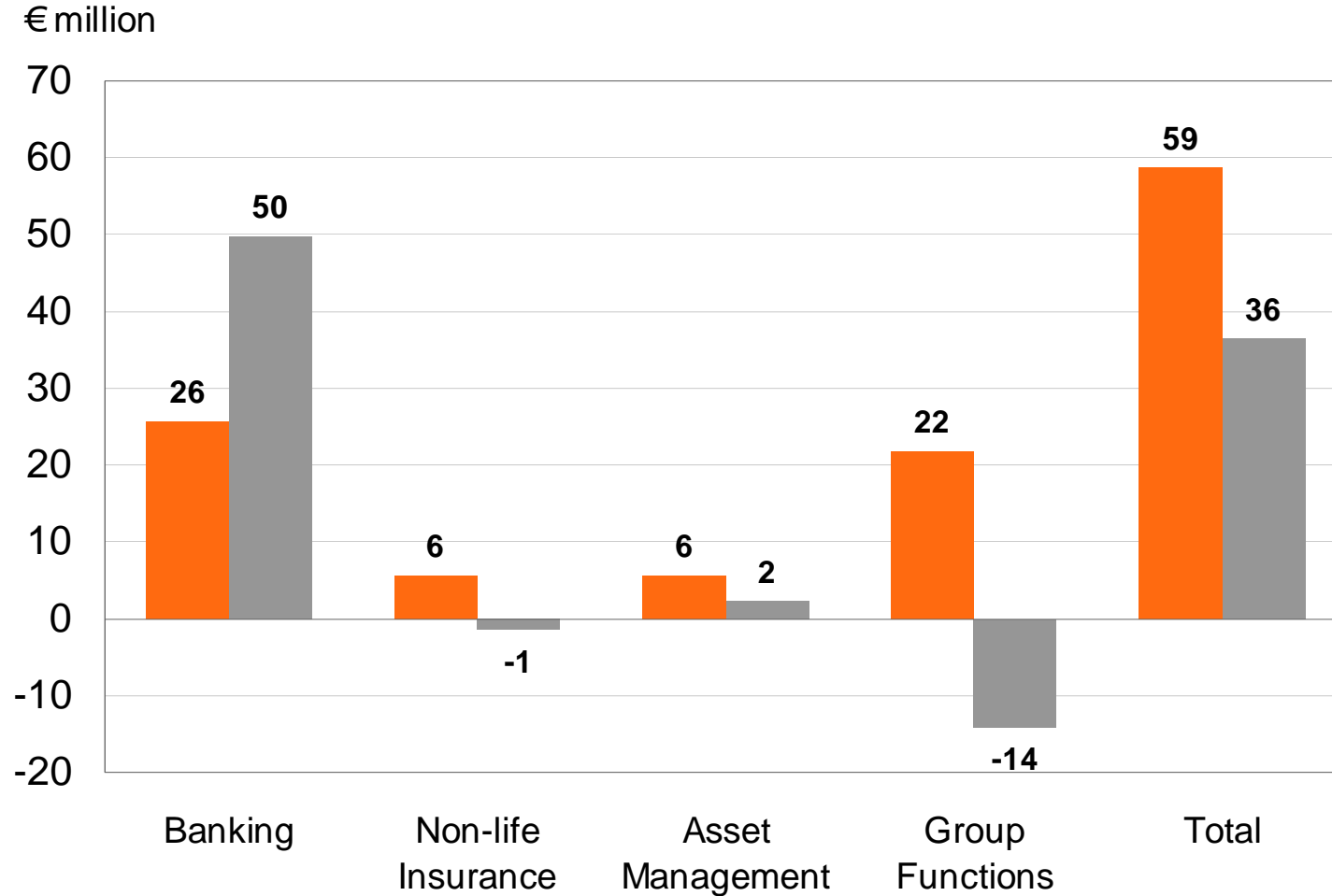
# Pohjola Group

## Earnings before tax Q1/09 vs. Q1/10



# Pohjola Group

## Earnings before tax by business segment Q1/2010



# Pohjola Group

## Consolidated Earnings

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Net interest income	60	52	16 %	249	241
Corporate Banking	40	32	26 %	146	138
Markets	6	10	-42 %	23	27
Other operations	14	10	43 %	79	75
Net commissions and fees	40	30	32 %	153	143
Net trading income	7	25	-71 %	54	71
Net investment income	18	-9		14	-13
Net income from Non-life Insurance	79	70	13 %	411	402
Insurance operations	74	83	-11 %	373	382
Investment operations	17	-2		82	64
Other items	-11	-11	3 %	-44	-44
Other operating income	11	11	-5 %	49	50
<b>Net income</b>	<b>215</b>	<b>179</b>	<b>20 %</b>	<b>930</b>	<b>895</b>



# Pohjola Group

## Consolidated Earnings

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Net income	215	179	20 %	930	895
Personnel costs	47	45	5 %	192	190
IT-expenses	19	19	2 %	76	75
Depreciation and amortisation	18	17	6 %	73	72
Other expenses	39	41	-5 %	161	164
Total expenses	123	122	1 %	502	501
Earnings before impairments of receivables	92	57	59 %	428	394
Impairments of receivables	33	21	57 %	141	129
<b>Earnings before tax</b>	<b>59</b>	<b>36</b>	<b>61 %</b>	<b>288</b>	<b>265</b>
Change in fair value reserve	61	4		299	243
<b>Earnings/loss before tax at fair value</b>	<b>119</b>	<b>41</b>	<b>190 %</b>	<b>586</b>	<b>508</b>
<b>Earnings per share, €</b>	<b>0,14</b>	<b>0,10</b>	<b>40 %</b>	<b>0,70</b>	<b>0,66</b>

# Pohjola Group

## Consolidated Earnings by Quarter

€ million	1-3/09	4-6/09	7-9/09	10-12/09	1-3/10
Net interest income	52	67	58	63	60
Corporate Banking	32	33	36	37	40
Markets	10	12	2	4	6
Other operations	10	22	21	23	14
Net commissions and fees	30	36	36	41	40
Net trading income	25	8	27	11	7
Net investment income	-9	0	1	-5	18
Net income from Non-life Insurance	70	122	114	96	79
Insurance operations	83	101	107	92	74
Investment operations	-2	32	19	15	17
Other items	-11	-11	-11	-11	-11
Other operating income	11	11	11	17	11
<b>Total income</b>	<b>179</b>	<b>245</b>	<b>247</b>	<b>224</b>	<b>215</b>

# Pohjola Group

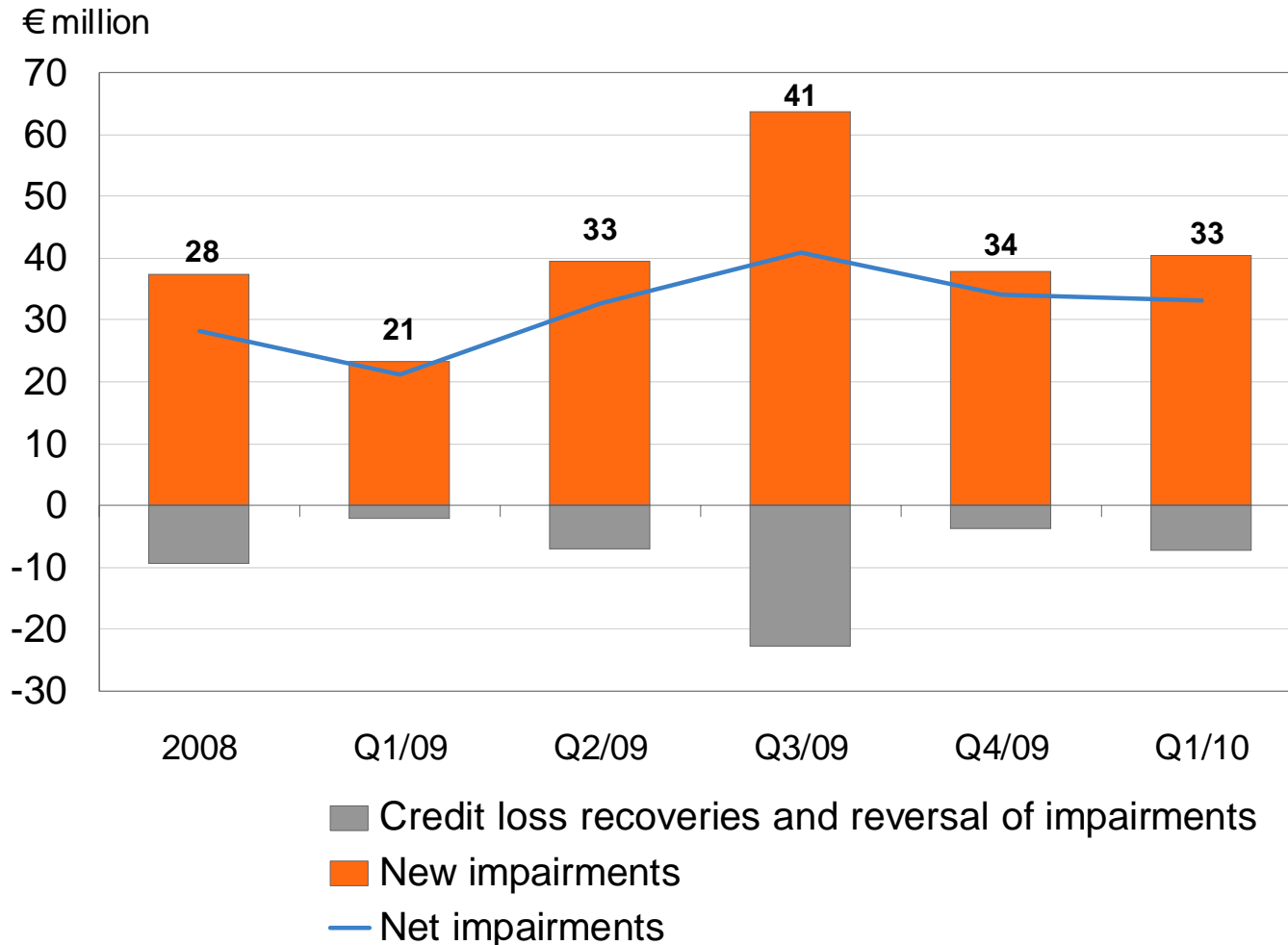
## Consolidated Earnings by Quarter

€ million	1-3/09	4-6/09	7-9/09	10-12/09	1-3/10
Total income	179	245	247	224	215
Expenses					
Personnel costs	45	50	47	48	47
IT-expenses	19	18	19	20	19
Depreciation and amortisation	17	17	17	21	18
Other expenses	41	40	36	45	39
Total expenses	122	125	119	135	123
Earnings before impairments of receivables	57	119	128	89	92
Impairments of receivables	21	33	41	34	33
<b>Earnings before tax</b>	<b>36</b>	<b>87</b>	<b>87</b>	<b>55</b>	<b>59</b>
Change in fair value reserve	4	100	109	30	61
<b>Earnings/loss before tax at fair value</b>	<b>41</b>	<b>186</b>	<b>196</b>	<b>84</b>	<b>119</b>
<b>Earnings per share, €</b>	<b>0,10</b>	<b>0,22</b>	<b>0,20</b>	<b>0,12</b>	<b>0,14</b>

# Pohjola Group

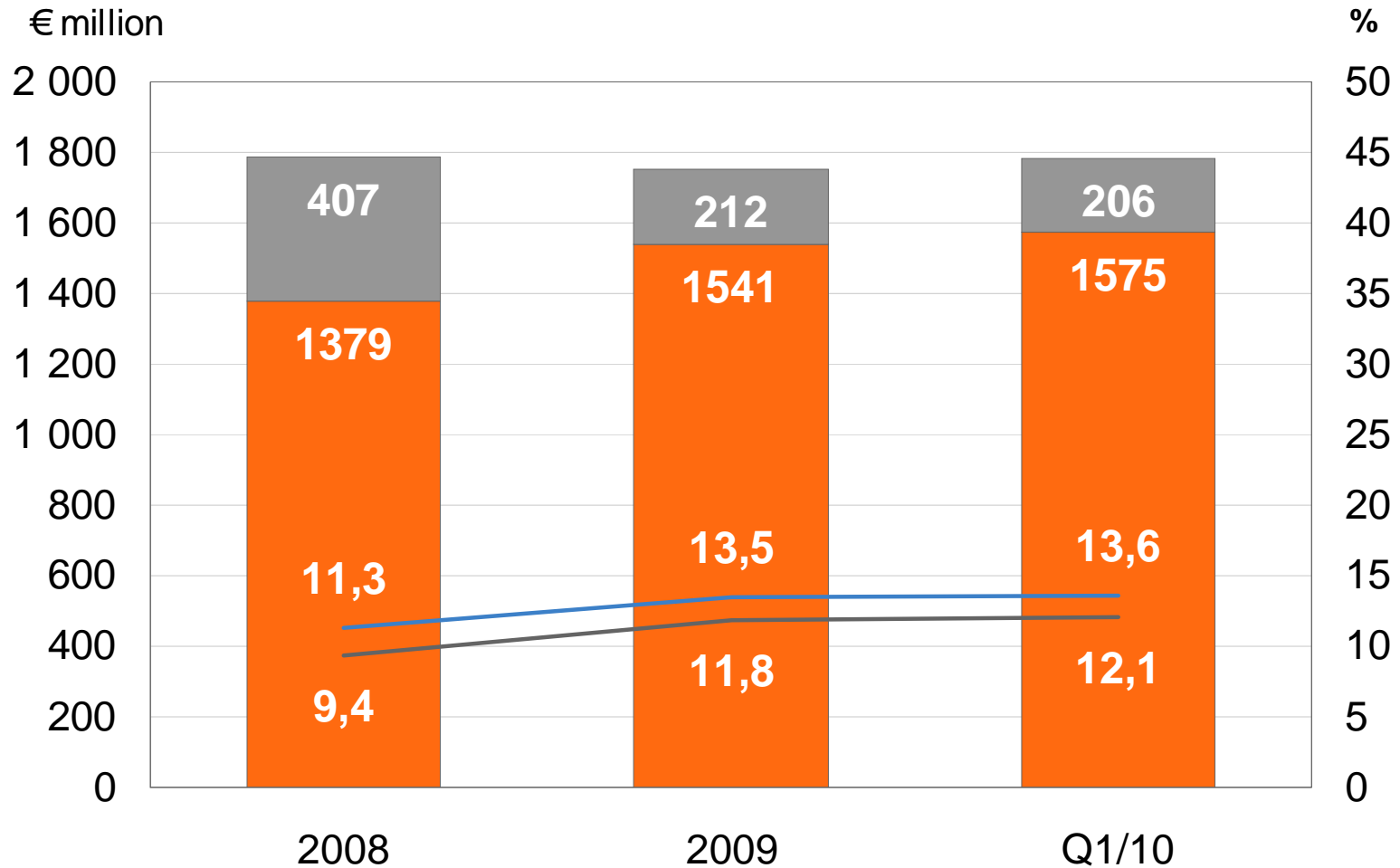
The ratio of impairment charges on loans and other receivables to the loan and guarantee portfolio stood at the previous quarter's level 0.24% (Q4/09: 0.25%).

Impairment charges are estimated to be lower in 2010 than in 2009



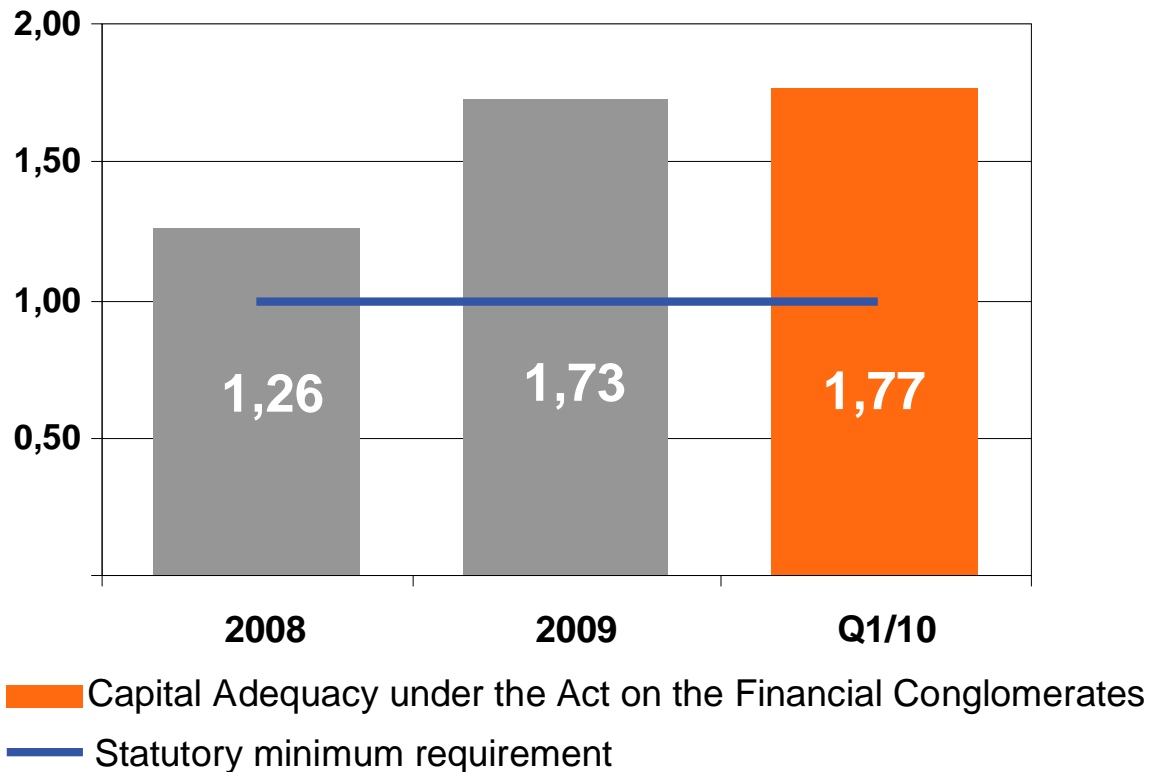
# Pohjola Group

Tier 1 ratio under the Act on Credit Institutions improved to 12.1%



# Pohjola Group

The capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates improved to 1.77



# Banking

## Relevant information Q1/2010

- The loan and guarantee portfolio began to increase
- The average corporate loan margin rose although the margin on new loans took a turn downwards
- Higher impairment charges year on year and the normalisation of the Market's performance weakened earnings



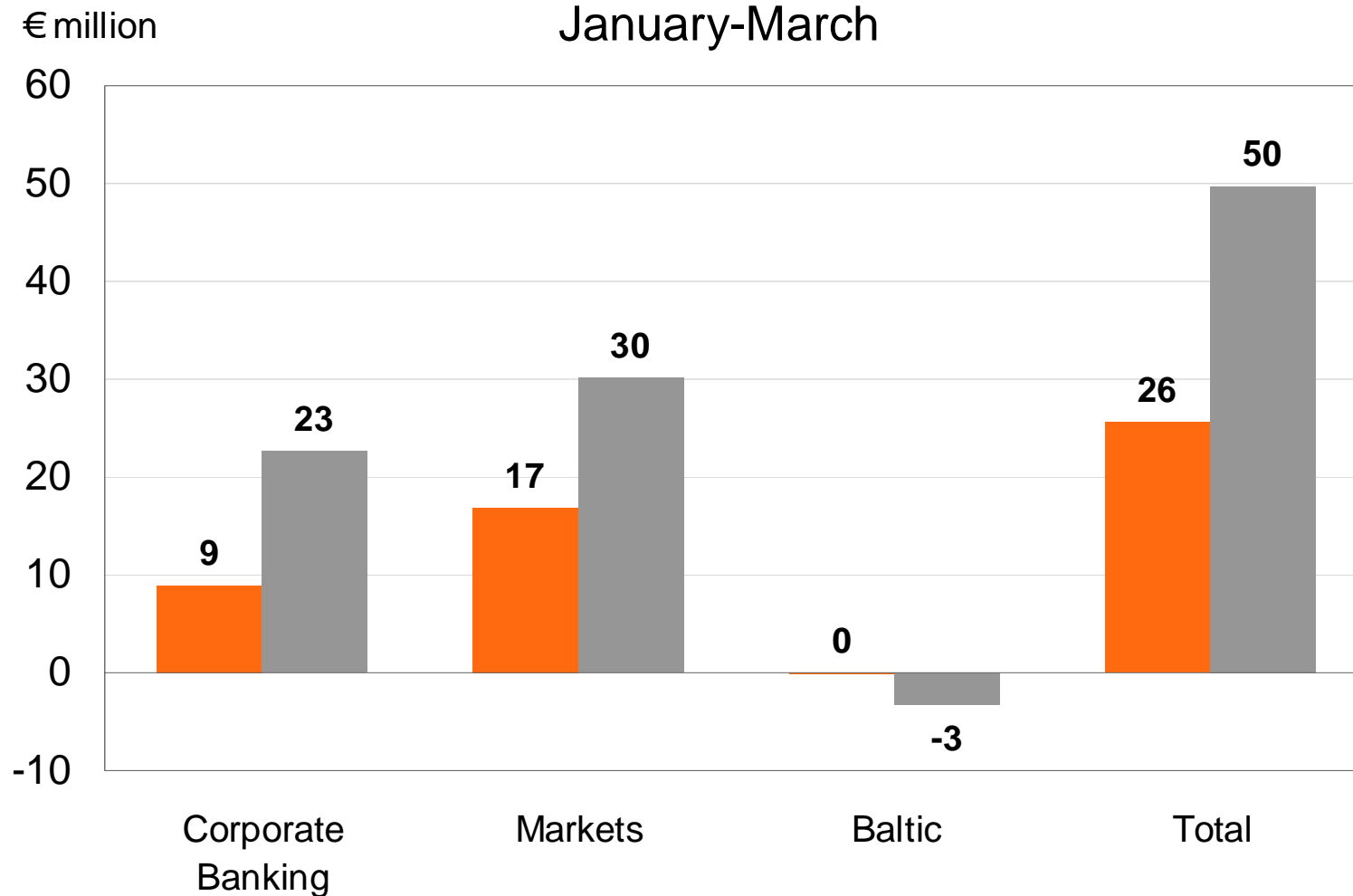
# Banking Performance

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Net interest income	46	42	10 %	169	165
Corporate Banking	40	32	26 %	146	138
Markets	6	10	-42 %	23	27
Net commissions and fees	24	19	26 %	90	85
Net trading income	13	24	-47 %	67	78
Other operating income	7	8	-6 %	30	30
Total income	90	93	-3 %	356	358
Operating expenses	31	31	1 %	125	125
Earnings before impairments of receivables	59	61	-3 %	232	234
Impairments of receivables	33	12	185 %	138	117
<b>Earnings before tax</b>	<b>26</b>	<b>50</b>	<b>-48 %</b>	<b>93</b>	<b>117</b>
Operating cost/income ratio, %	35	34	3 %	36	35



# Banking

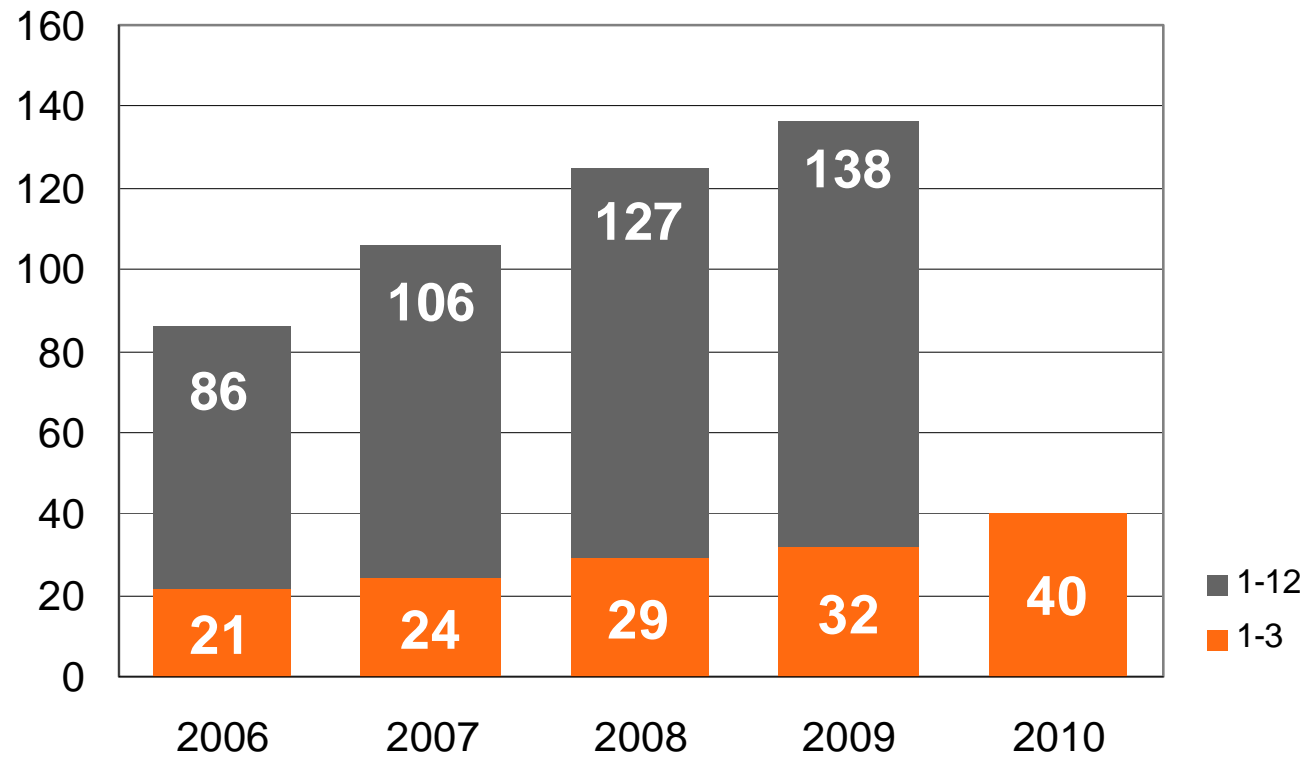
## Earnings before tax by division January-March



# Banking

Corporate Banking net interest income up by 26%

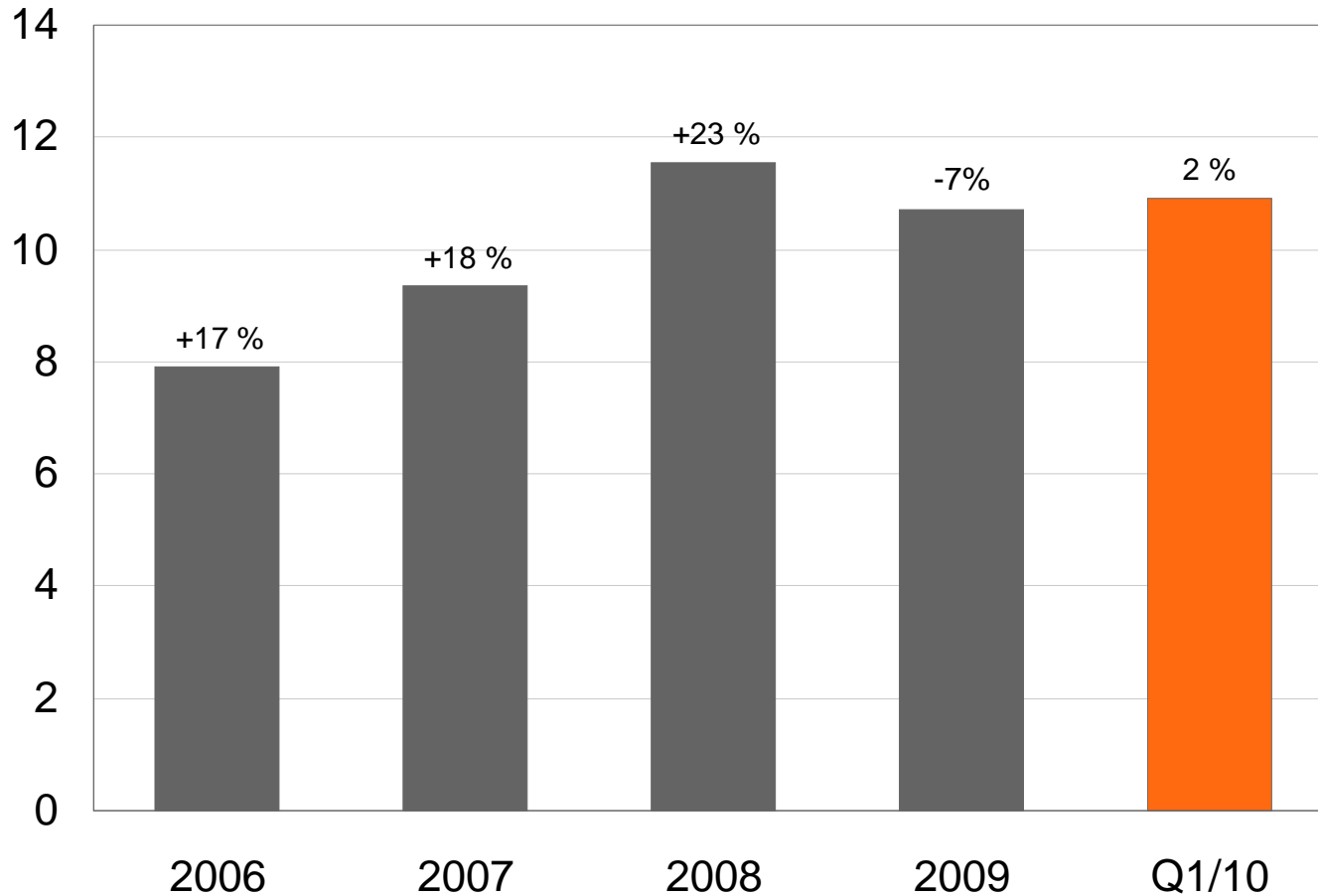
€million



# Banking

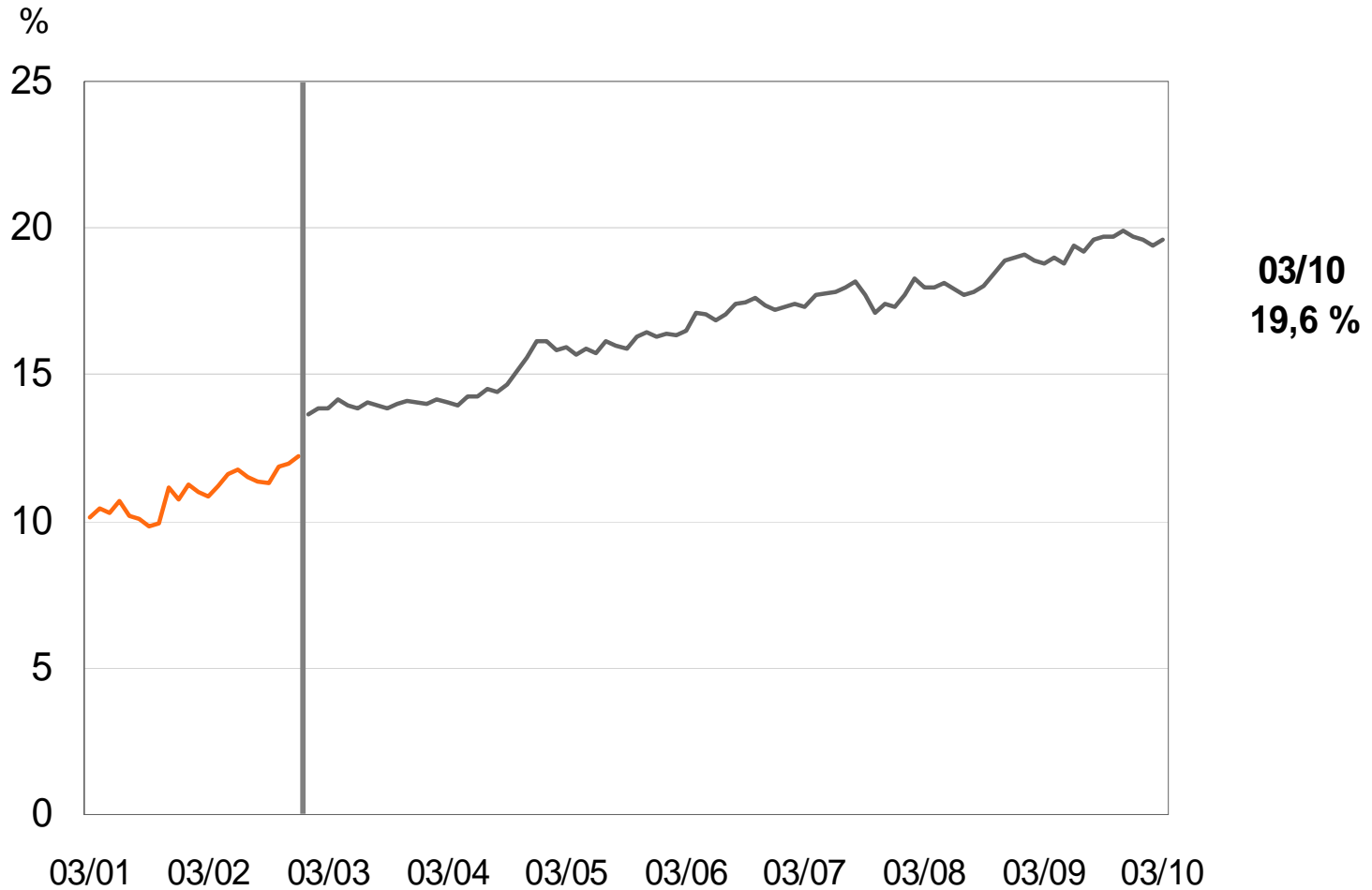
The loan portfolio grew by 2% from 2009-end level

€ billion



# Banking

Market share of corporate loans 19.6%

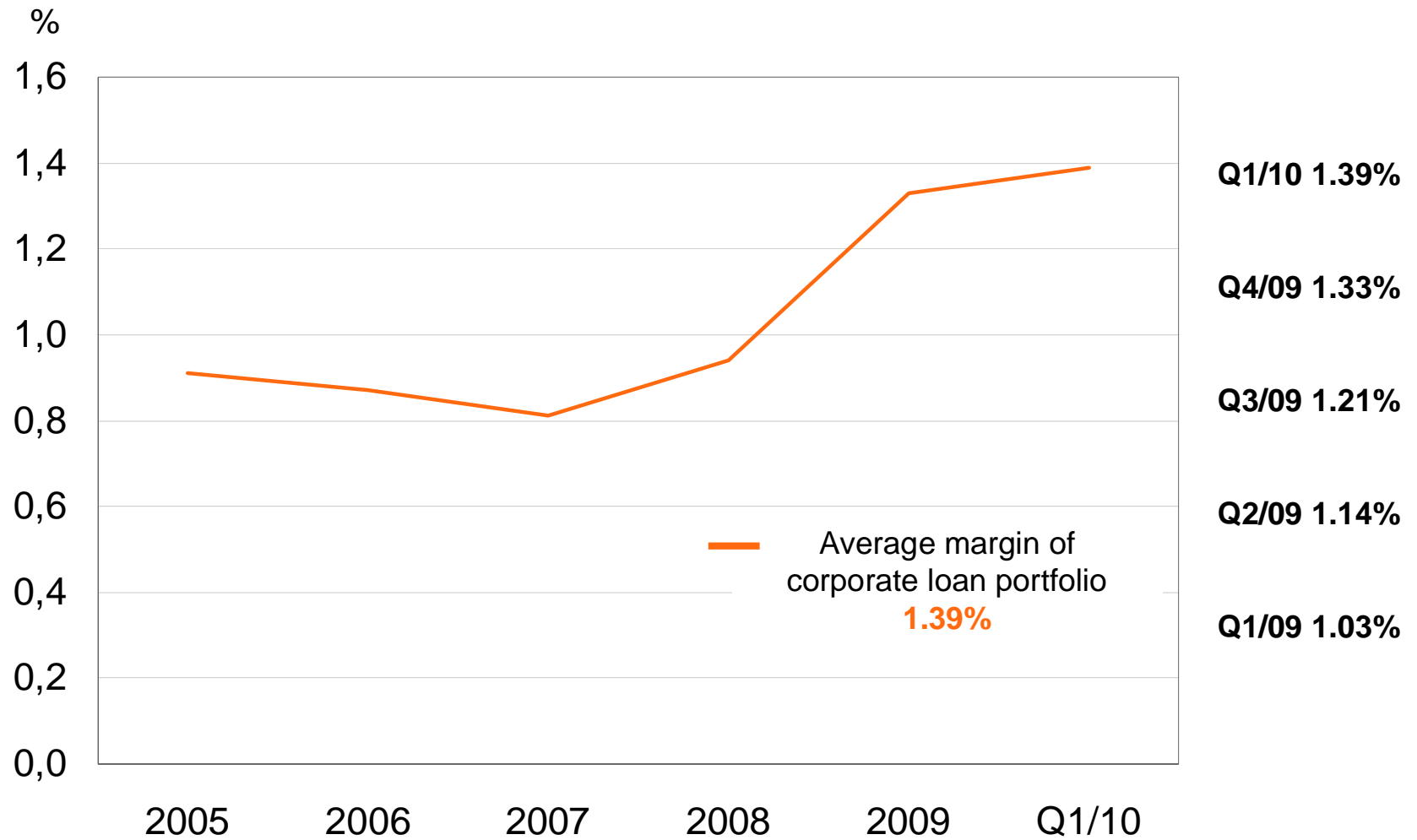


\*) Deposit banks' corporate loan portfolio until Dec./2002

\*\*) The proportion as of Jan. 2003 based on a new statistical basis of the Bank of Finland

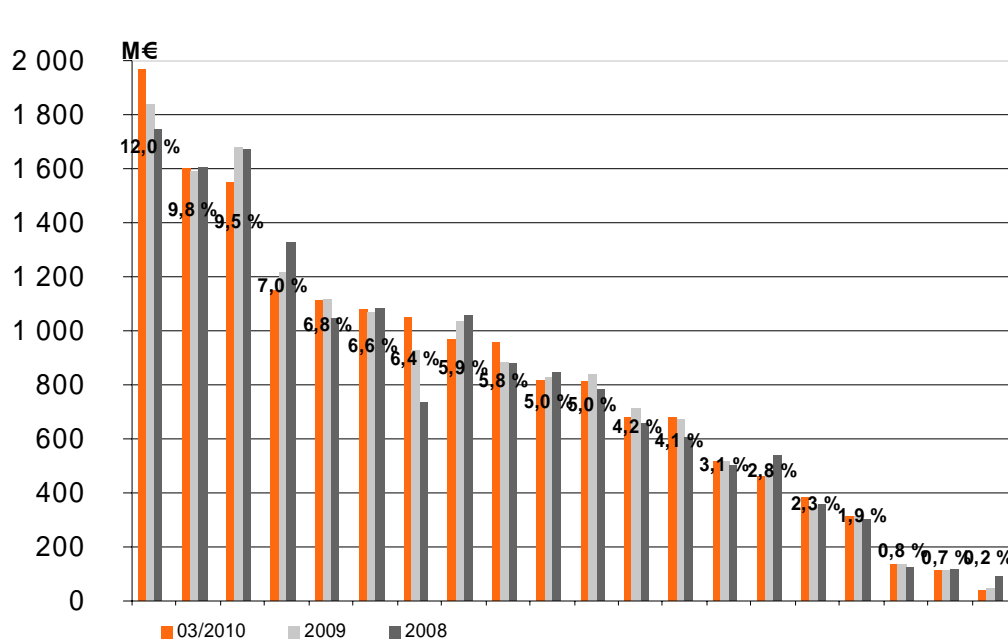
# Banking

Average corporate loan margin rose to 1.39%



# Banking

## Highly diversified corporate customer exposure (companies and housing corporations) by industry



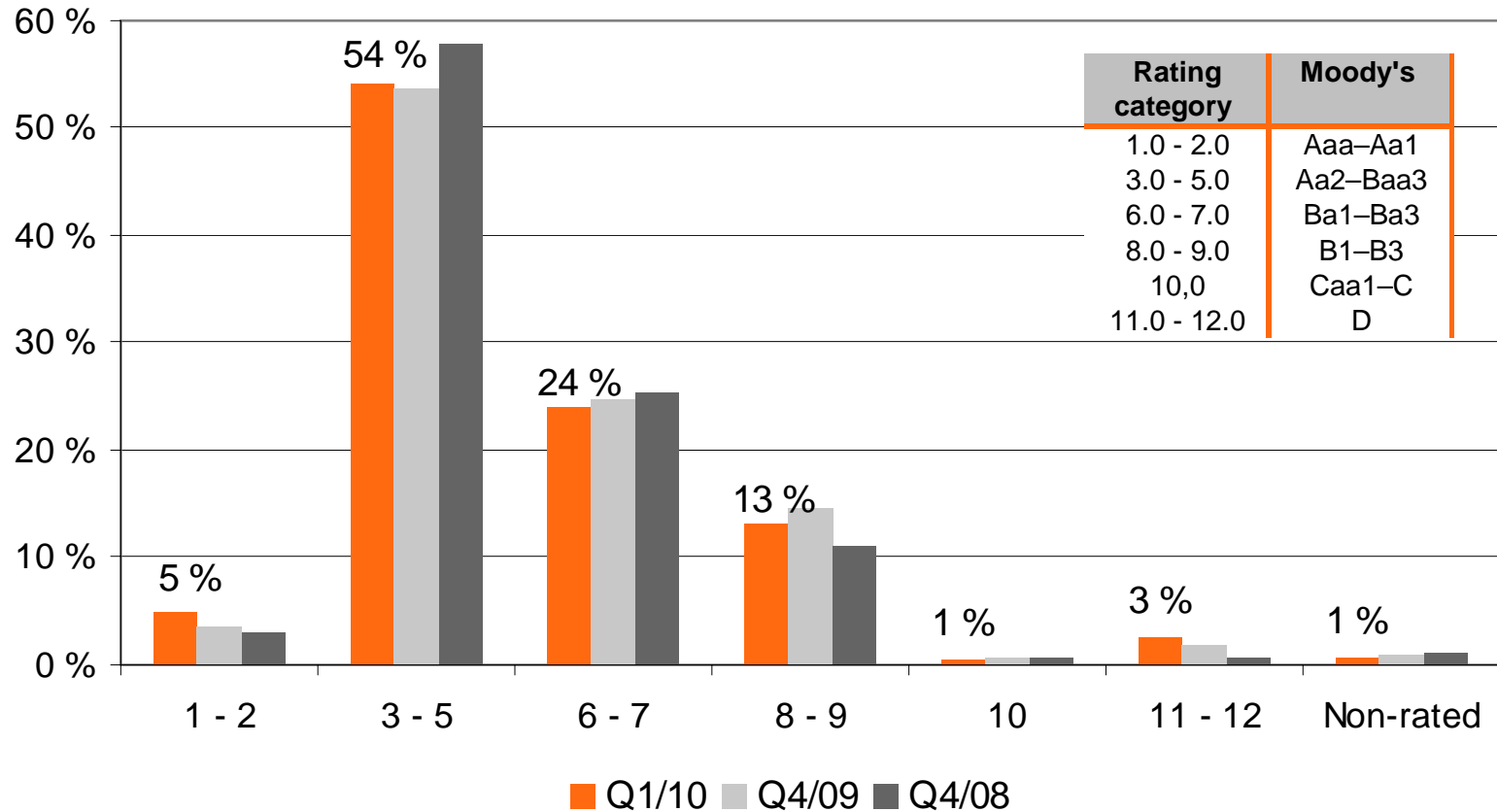
Industry	Q1/10	Q1/10
Renting and operating of residential real estate	12,0 %	1 969
Manufacture of machinery and equipment (incl. services)	9,8 %	1 602
Wholesale and retail trade	9,5 %	1 551
Construction	7,0 %	1 151
Transportation and storage	6,8 %	1 110
Buying and selling of own real estate	6,6 %	1 076
Renting and operating of other real estate	6,4 %	1 052
Forest industry	5,9 %	965
Chemical industry	5,8 %	953
Services	5,0 %	816
Metal industry	5,0 %	814
Energy	4,2 %	681
Food industry	4,1 %	676
Information and communication	3,1 %	515
Other manufacturing	2,8 %	463
Financial and insurance activities	2,3 %	384
Agriculture, forestry and fishing	1,9 %	310
Mining and quarrying	0,8 %	133
Water supply, sewerage and waste management	0,7 %	110
Other industries	0,2 %	38
<b>Total</b>	<b>100,0 %</b>	<b>16 368</b>

\* ) 03/2010: 47 % (922 M€) of the exposures in the "Renting and operating of residential real estate" -industry have been guaranteed by government, cities or municipalities

Pohjola/IR

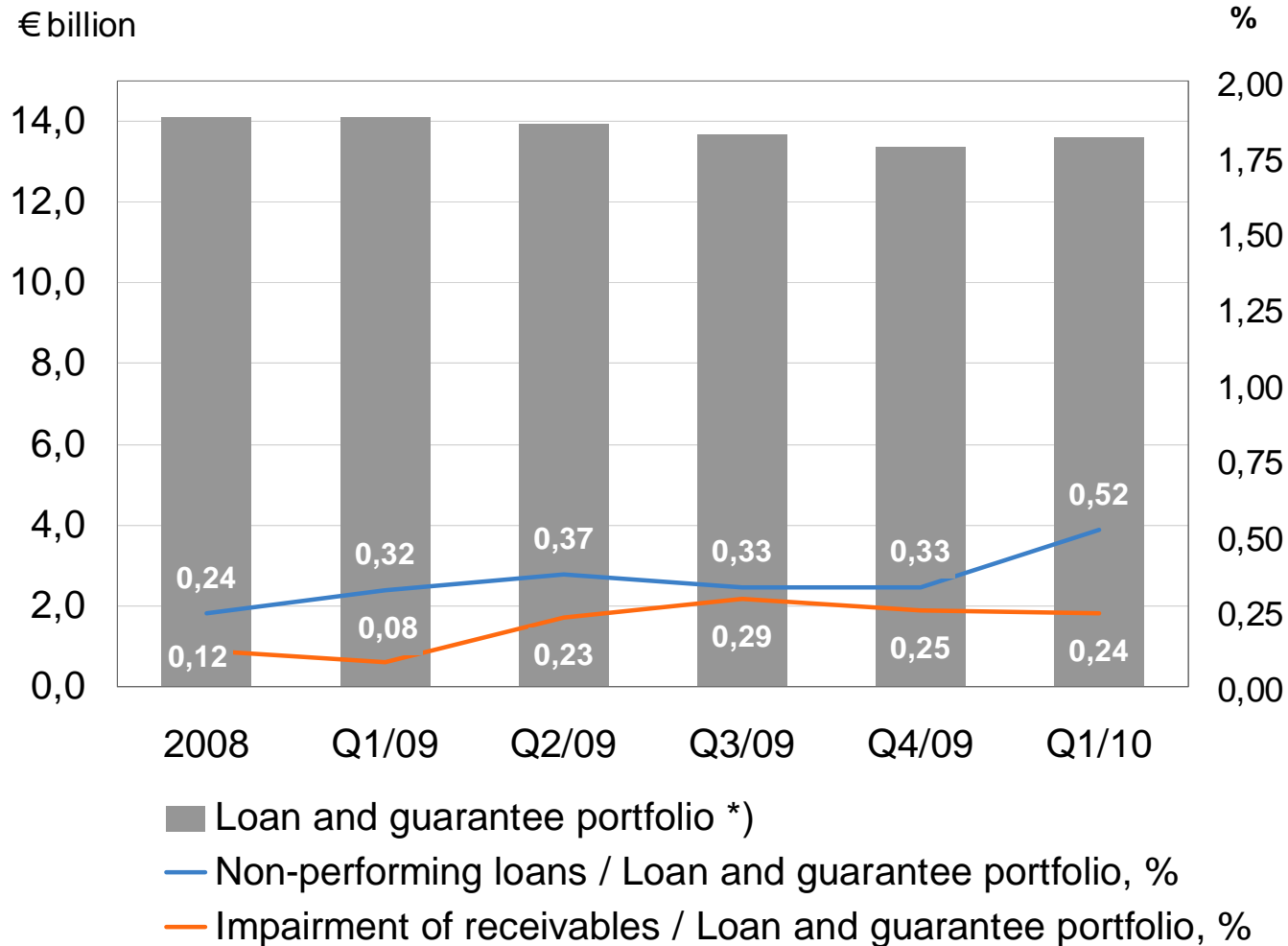
# Banking

Investment-grade exposure (ratings 1–5) of corporate customers (companies and housing corporations) accounts for 59% (57) of total exposure



# Banking

Impairment charges for Q1/10 EUR 33 million (Q4/09: 34)  
0.24% of the loan and guarantee portfolio (Q4/09: 0.25%)





## Non-life Insurance

Relevant information Q1/2010

- The balance on technical account was good and the operating combined ratio stood at 95.5% although the extraordinarily bad winter weather conditions increased the number of losses reported by policyholders by 35% within motor liability and motor vehicle insurance
- Growth in insurance premium revenue remained strong (9%) among private customers, but insurance premium revenue from corporate customers decreased (-8%), especially when it comes to statutory workers' compensation insurance
- Non-life Insurance return on investments at fair value developed favourably, 3.2%

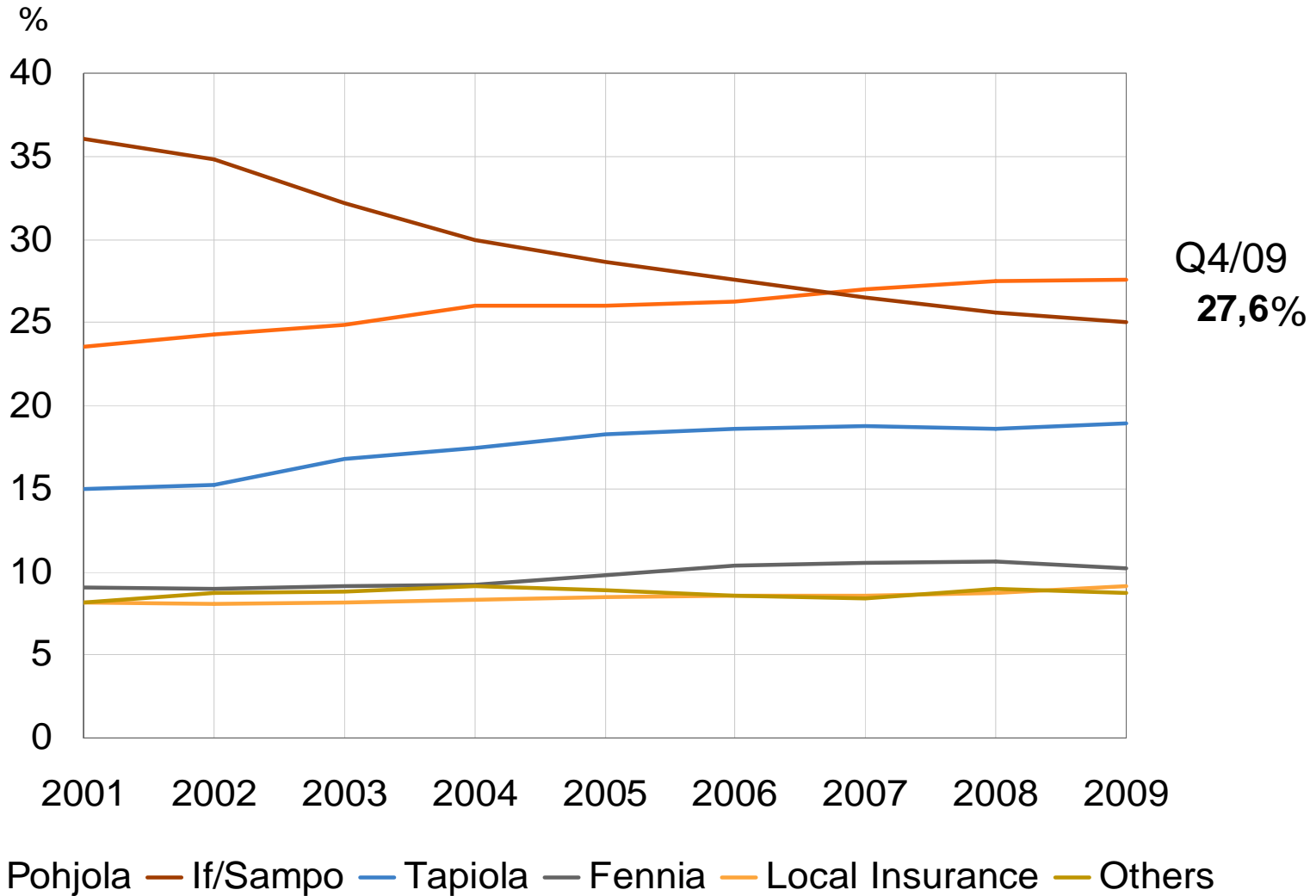


# Non-life Insurance Performance

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Insurance premium revenue	227	231	-1 %	940	943
Claims incurred	-168	-160	5 %	-625	-617
Operating expenses	-50	-50	-1 %	-209	-210
Balance on technical account before amortisation	10	20	-49 %	106	116
Amortisation/adjustment on intangible asset *	-6	-6	-2 %	-28	-28
Balance on technical account	4	14	-70 %	78	88
Net investment income	16	-2		79	61
Other income and expenses	-14	-14	6 %	-47	-46
<b>Earnings/loss before tax</b>	<b>6</b>	<b>-1</b>		<b>110</b>	<b>102</b>
<b>Earnings/loss before tax at fair value</b>	<b>75</b>	<b>1</b>		<b>364</b>	<b>291</b>
Operating claims ratio, %	73.7	69.5			65.5
Operating expense ratio, %	21.8	21.8			22.2
Operating combined ratio, %	95.5	91.3			87.7
Return on investment, %	3.2	-0.4			10.7

# Non-life Insurance

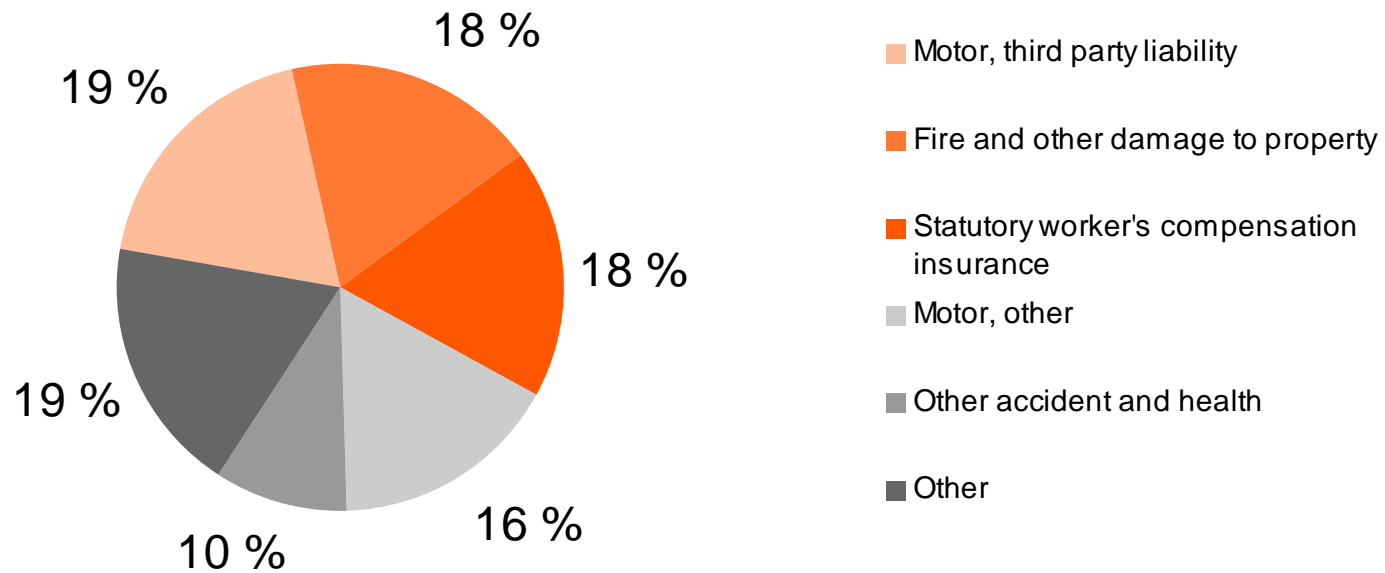
Non-life insurers' market share in premiums written \*)



\*) Market share of domestic direct premiums written  
Source: Federation of Finnish Insurance Companies

# Non-life Insurance

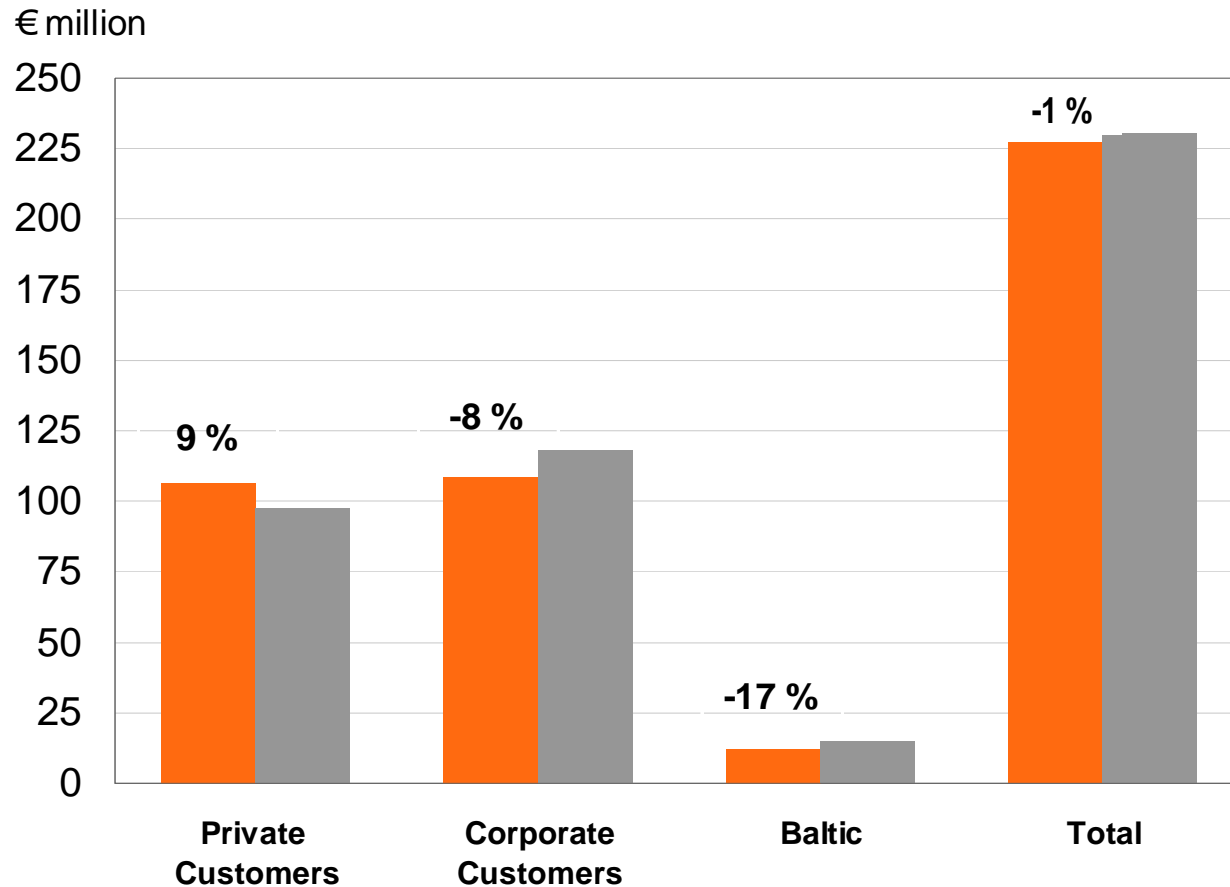
Breakdown of insurance premium revenue 2009  
totalling EUR 942.6 million by line of insurance



# Non-life Insurance

Insurance premium revenue declined by 1% as a result of lower premium revenue shown by statutory workers' compensation insurance.

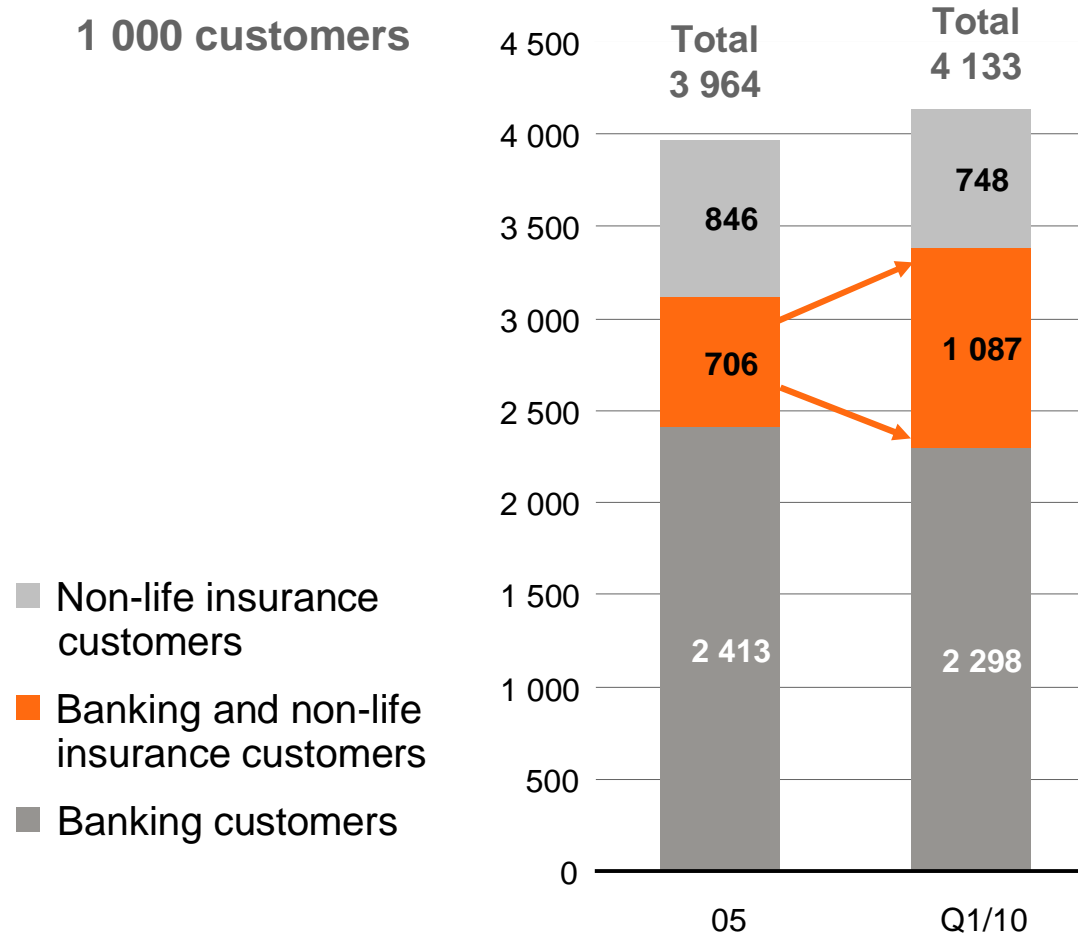
Strong growth within private customers continued



# Non-life Insurance

OP-Pohjola Group's customer potential as source of growth

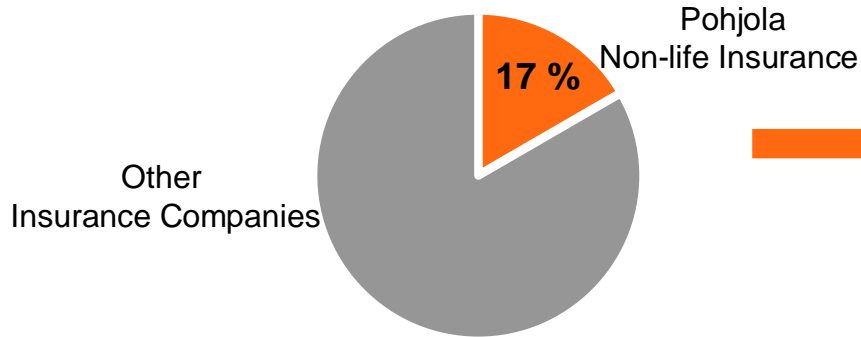
1 000 customers



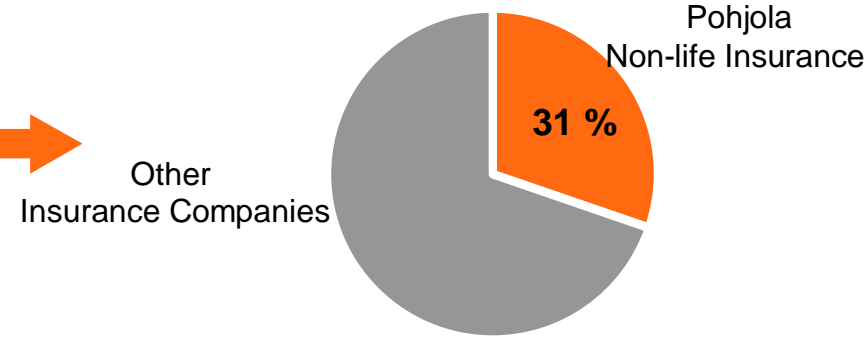
# Non-life Insurance

## Cross selling works well

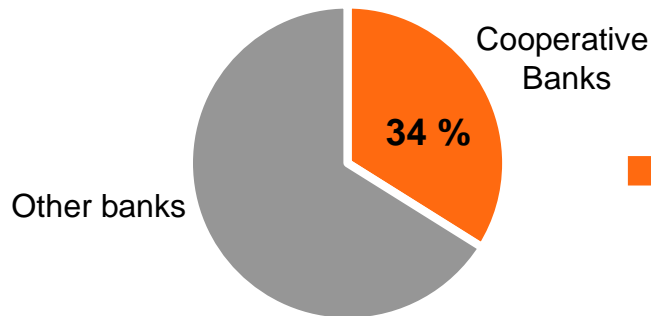
OP-Pohjola Group member bank customers  
and their main non-life insurer Q1/2006



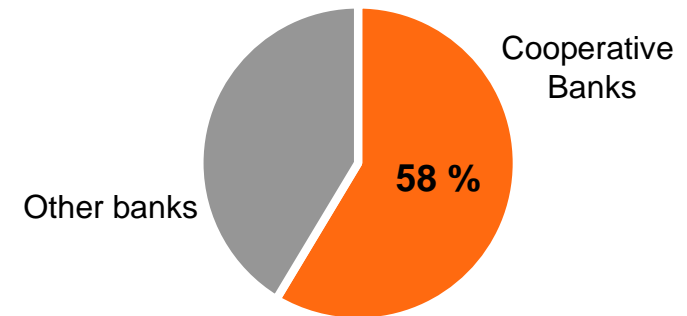
OP-Pohjola Group member bank customers  
and their main non-life insurer Q1/2010



Pohjola Insurance customers  
and their main bank Q1/2006



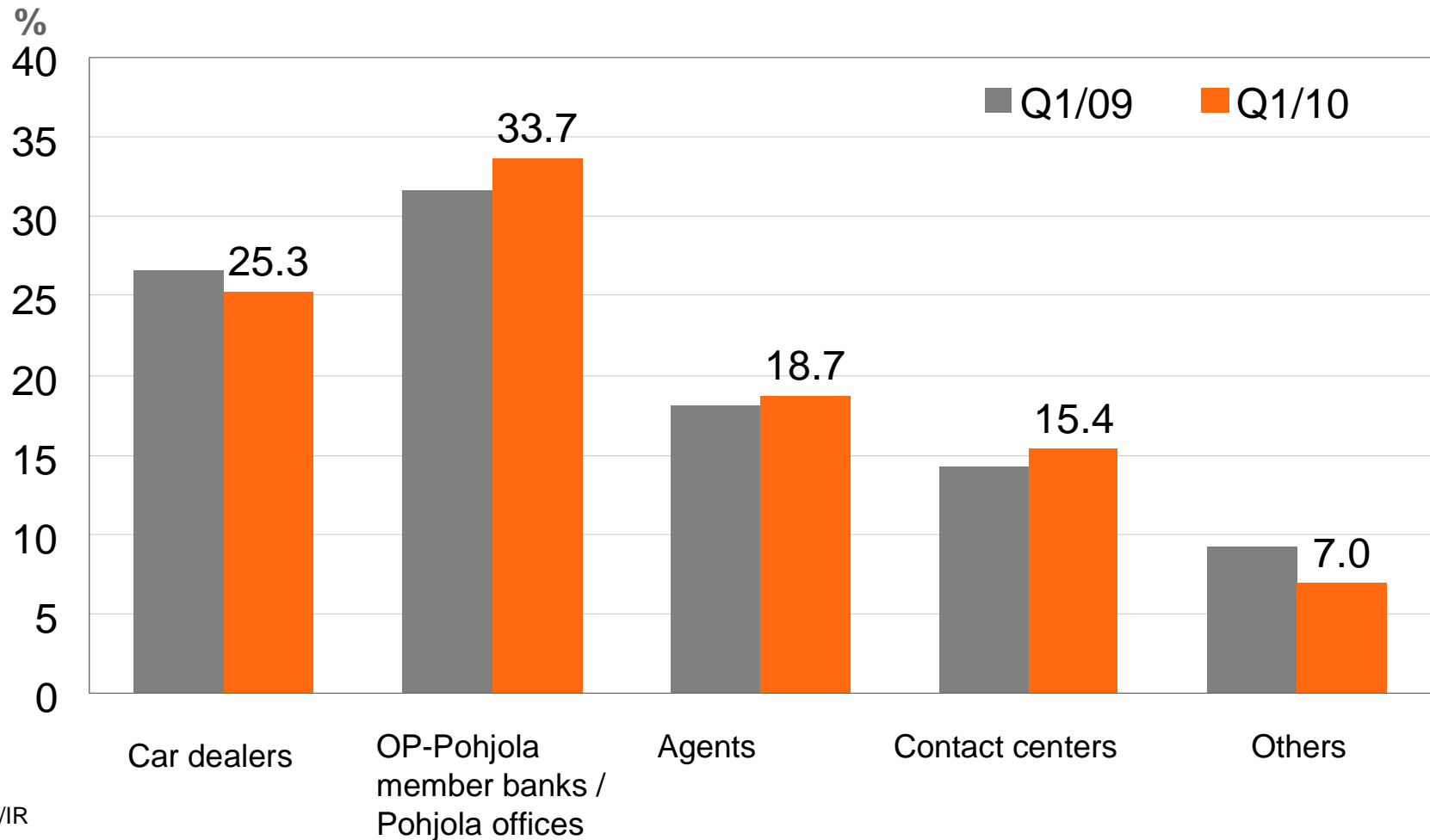
Pohjola Insurance customers  
and their main bank Q1/2010



Pohjola/IR Consumer survey on bank and insurance company switch 2009 by TNS Gallup; main customer relationship

# Non-life Insurance

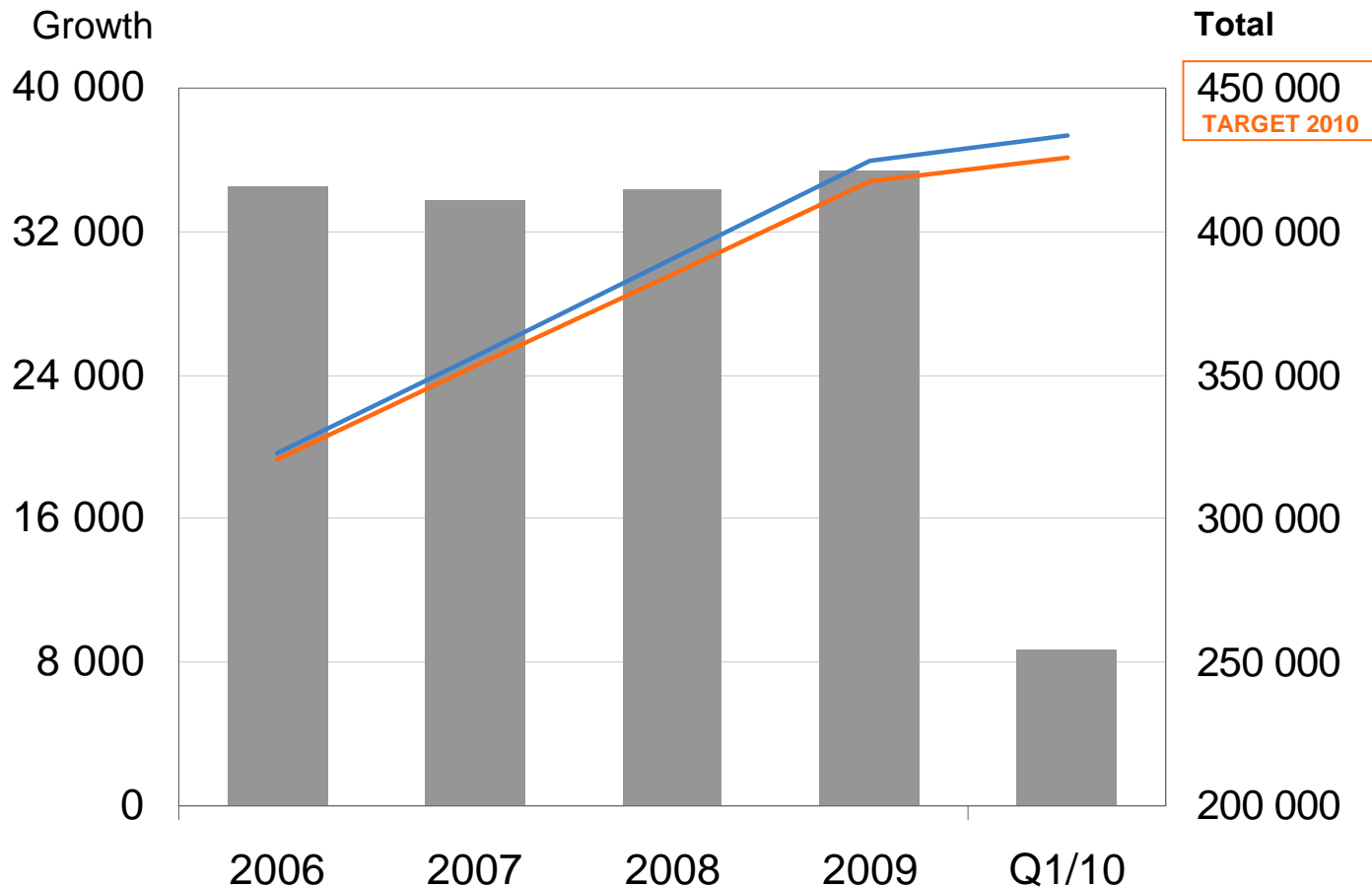
Increasing role of OP-Pohjola Group's member banks  
in sales to private customers





# Non-life Insurance

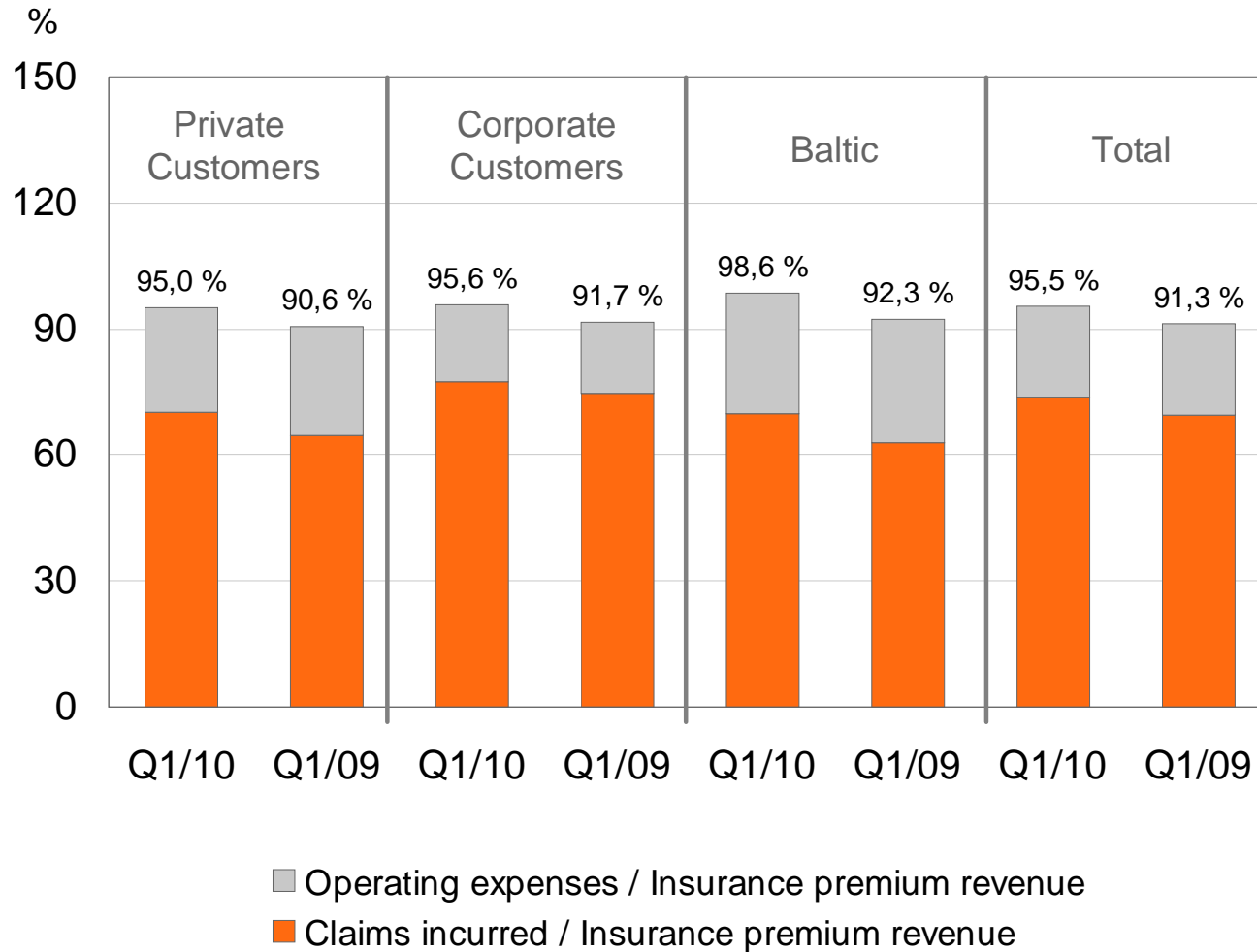
The number of loyal customer households grew by 8,680, to 433,394



■ Growth — Number of loyal customer households — Target

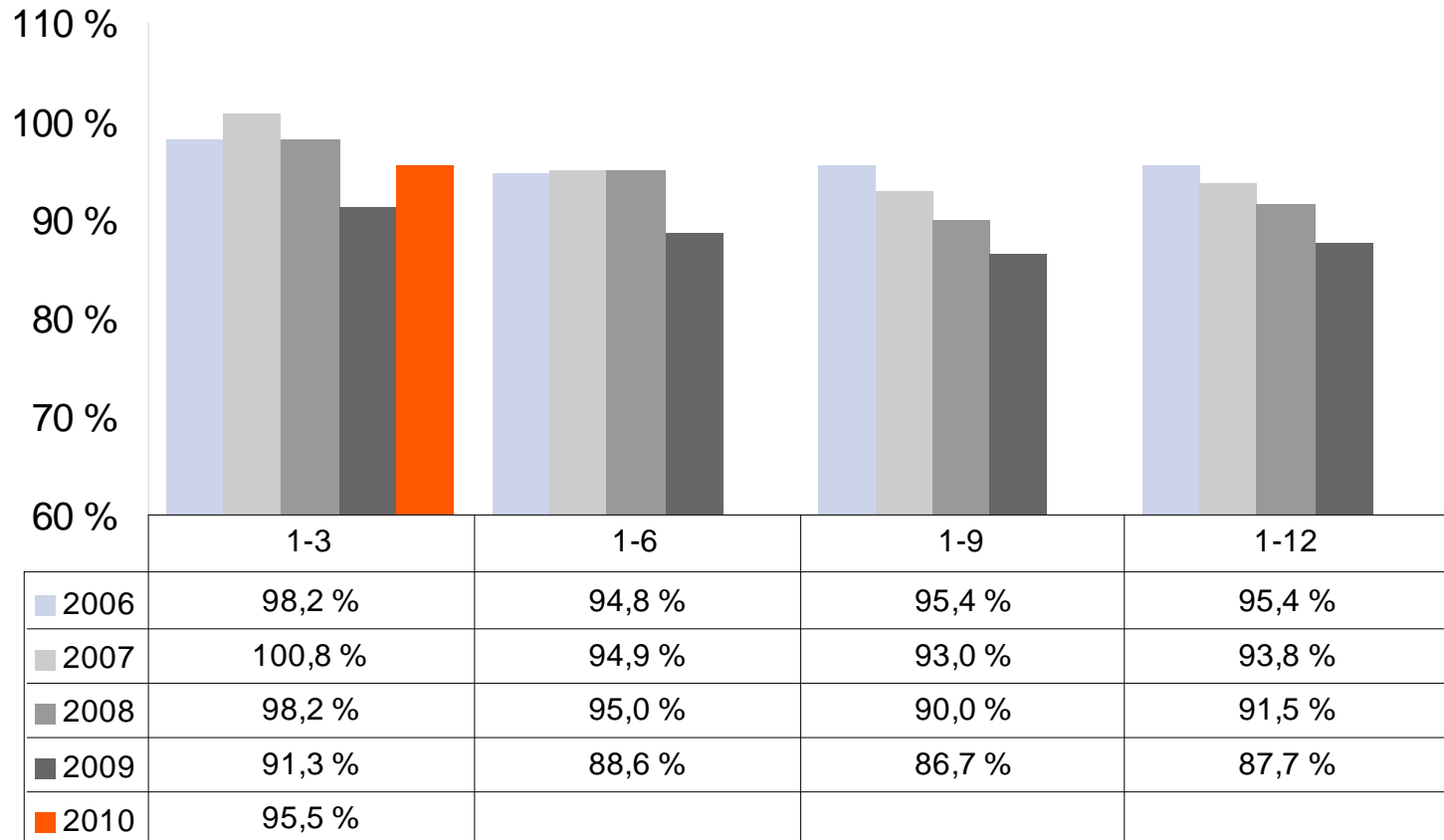
# Non-life Insurance

## Operating combined ratio by division



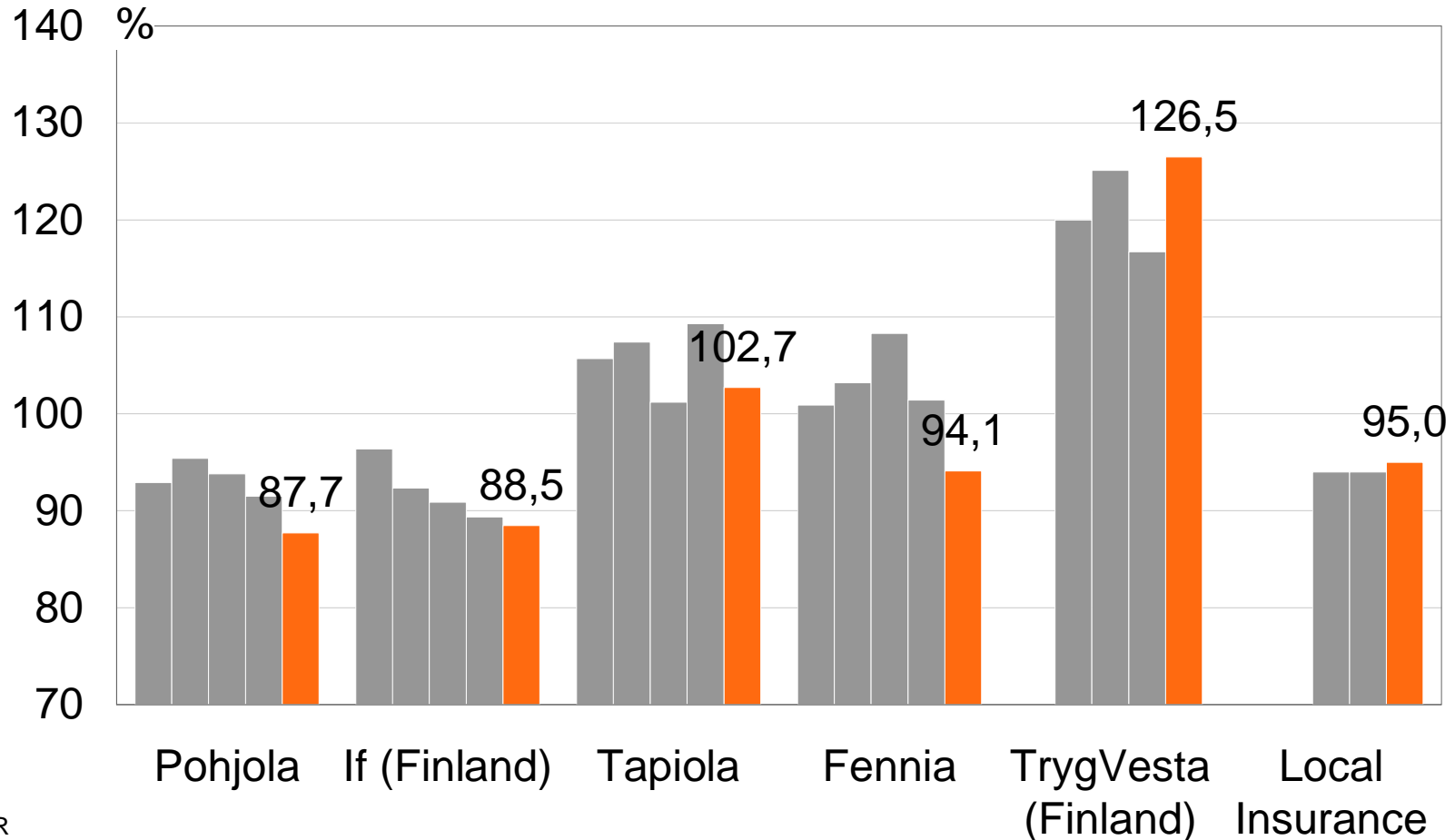
# Non-life Insurance

## Operating combined ratio, cumulative



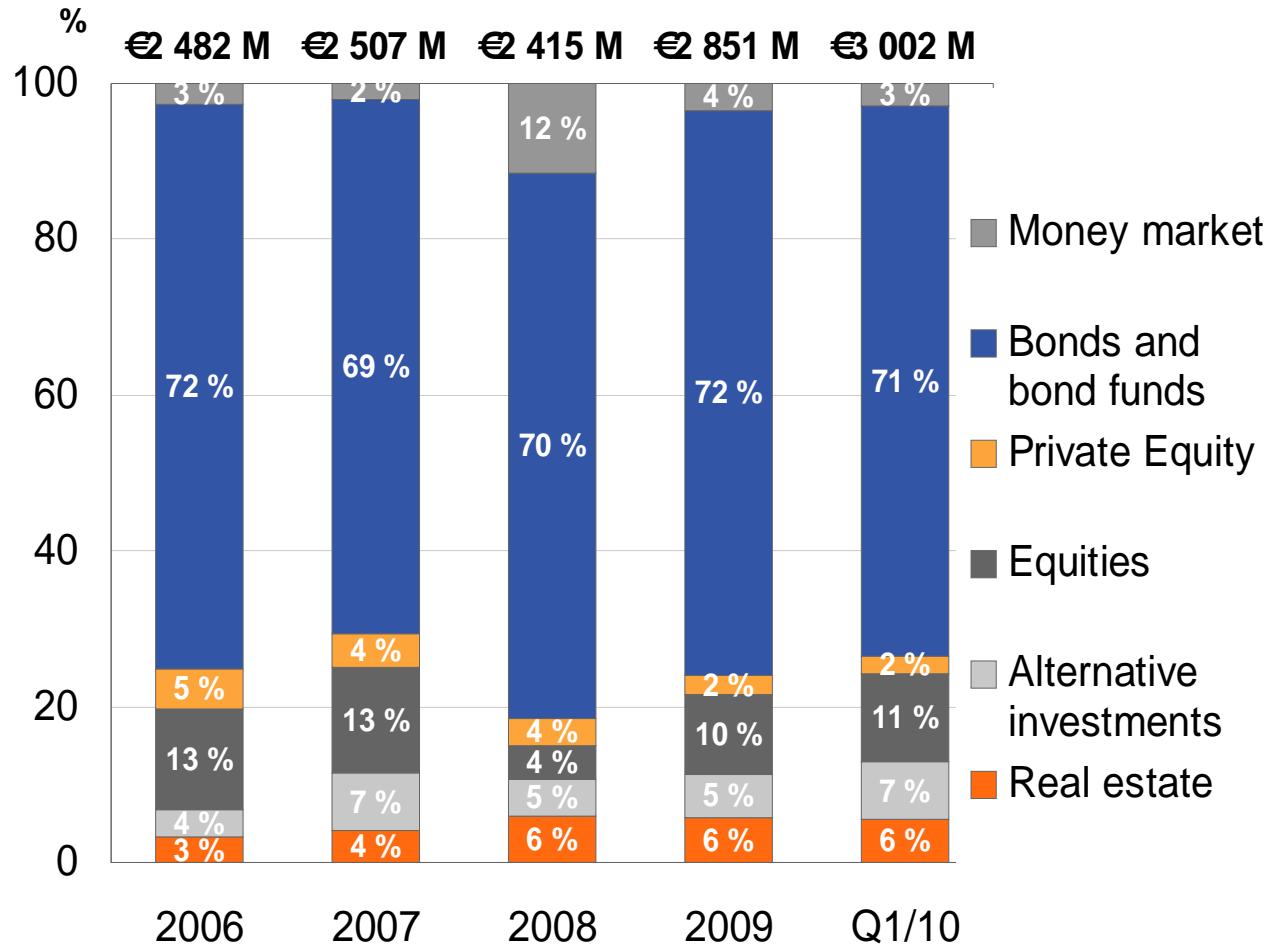
# Non-life Insurance

Profitability of Finnish insurance companies  
Combined ratio 2005-2009



# Non-life Insurance

Investment allocation almost unchanged



# Non-life Insurance

## Fixed-income portfolio by maturity and credit rating on 31 March 2010\*

EUR million

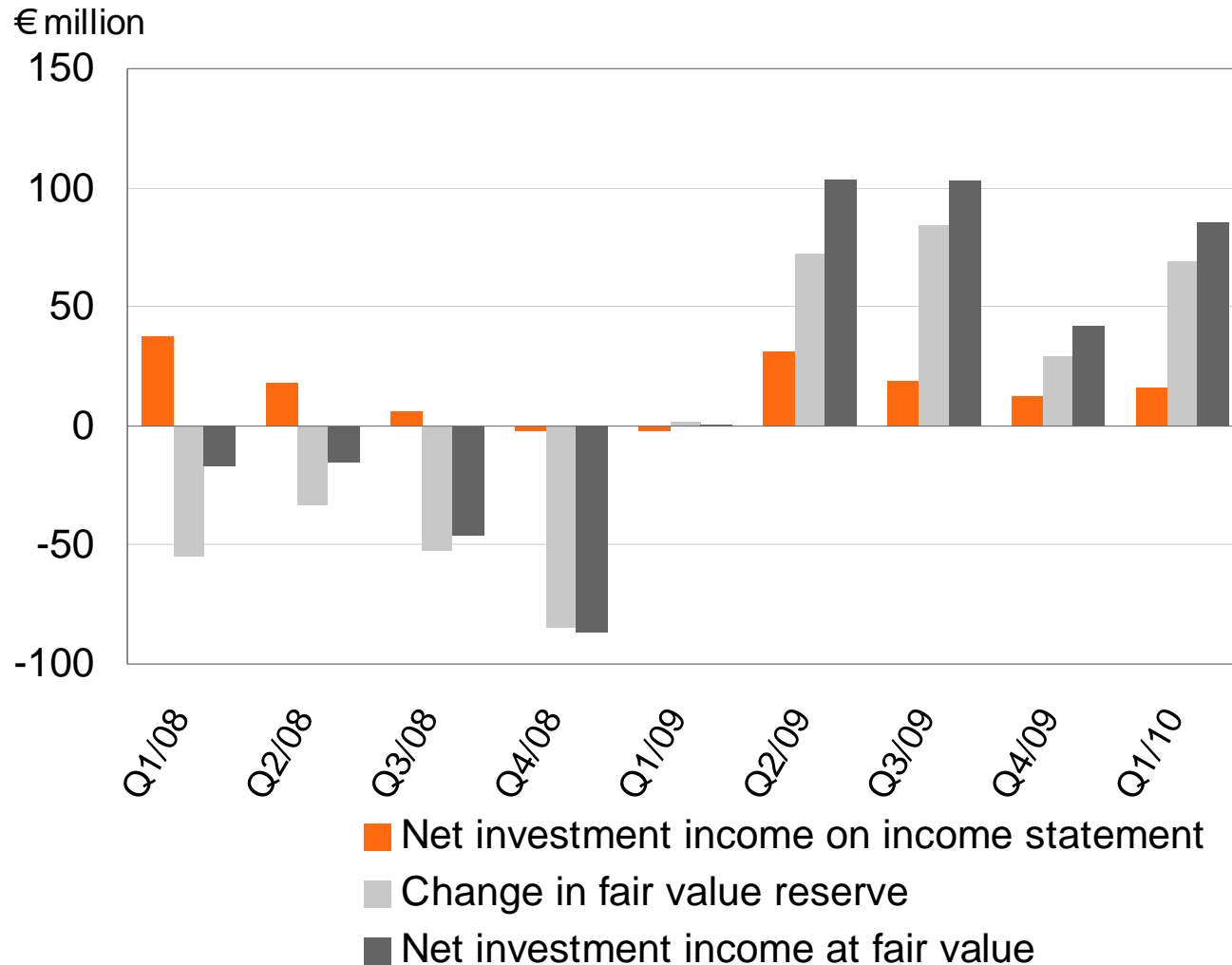
Year	0-1	1-3	3-5	5-7	7-10	10-	Total	%
Aaa	22	142	86	124	20	111	504	23 %
Aa1-Aa3	50	154	118	23	11	44	400	18 %
A1-A3	71	214	221	83	108	42	738	33 %
Baa1-Baa3	34	155	101	30	49	13	382	17 %
Ba1 or lower	54	21	69	7	20	0	171	8 %
Internally rated	7	3	7	2	2	1	21	1 %
<b>Total</b>	<b>237</b>	<b>689</b>	<b>602</b>	<b>268</b>	<b>209</b>	<b>212</b>	<b>2 217</b>	<b>100 %</b>

The residual maturity averages 5.1 years and the duration 3,6 years.

Non-life Insurance fixed-income portfolio had a total of EUR 57 million in Greek government notes and bonds

# Non-life Insurance

Return on investments at fair value was 3.2% (-0.4).



# Asset Management

Relevant information Q1/10

- Assets under management increased by EUR 34.9 billion
- Asset Management earnings before tax more than doubled to EUR 6 million (2)
- Operating cost/income ratio improved to 54% (68).



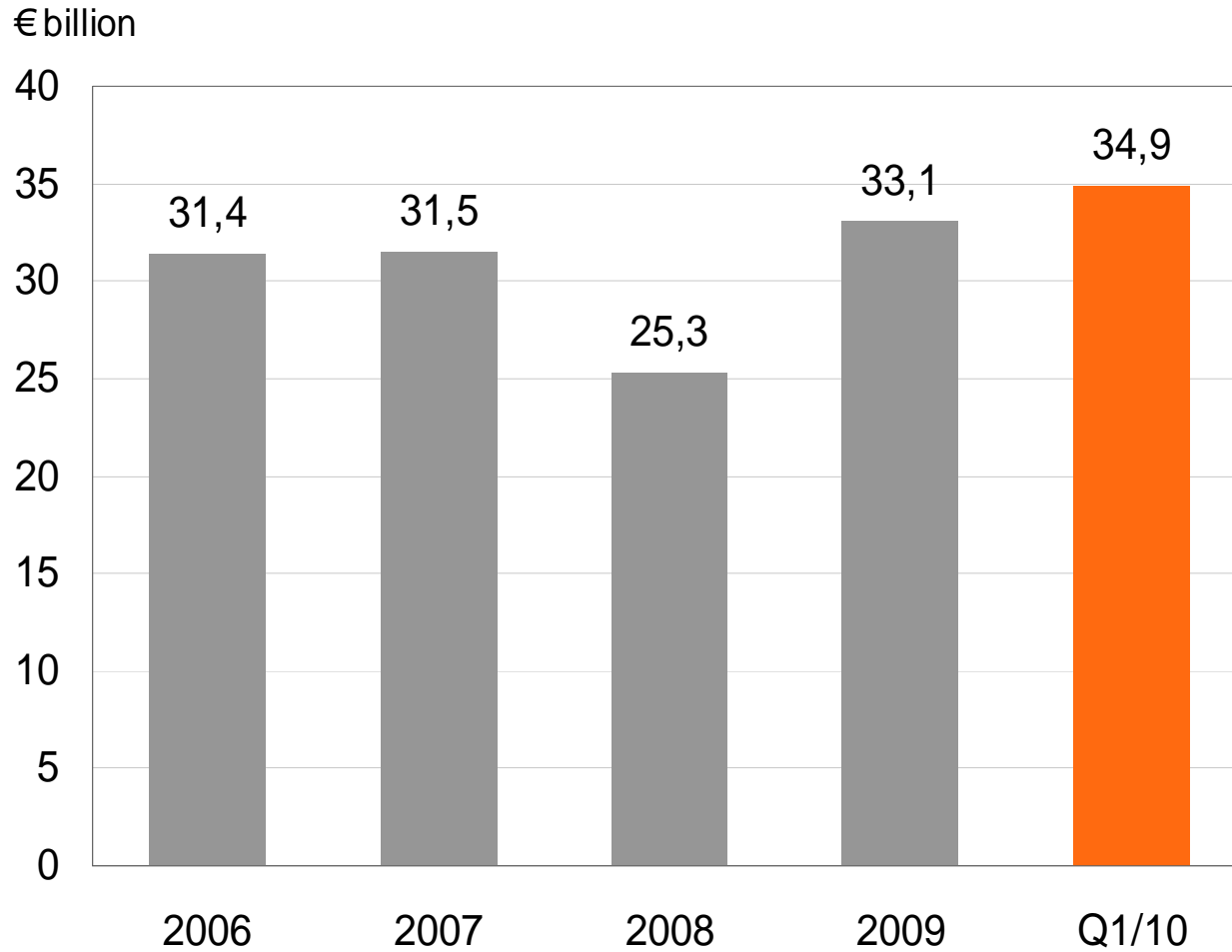


# Asset Management Performance

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Net commissions and fees	13	9	53 %	55	50
Other expenses	1	1	-23 %	2	2
Total net income	14	9	46 %	56	52
Total expenses	8	7	15 %	31	30
<b>Earnings before tax</b>	<b>6</b>	<b>2</b>	<b>145 %</b>	<b>24</b>	<b>21</b>
<b>Operating cost/income ratio, %</b>	<b>54</b>	<b>68</b>	<b>-21 %</b>	<b>39</b>	<b>53</b>

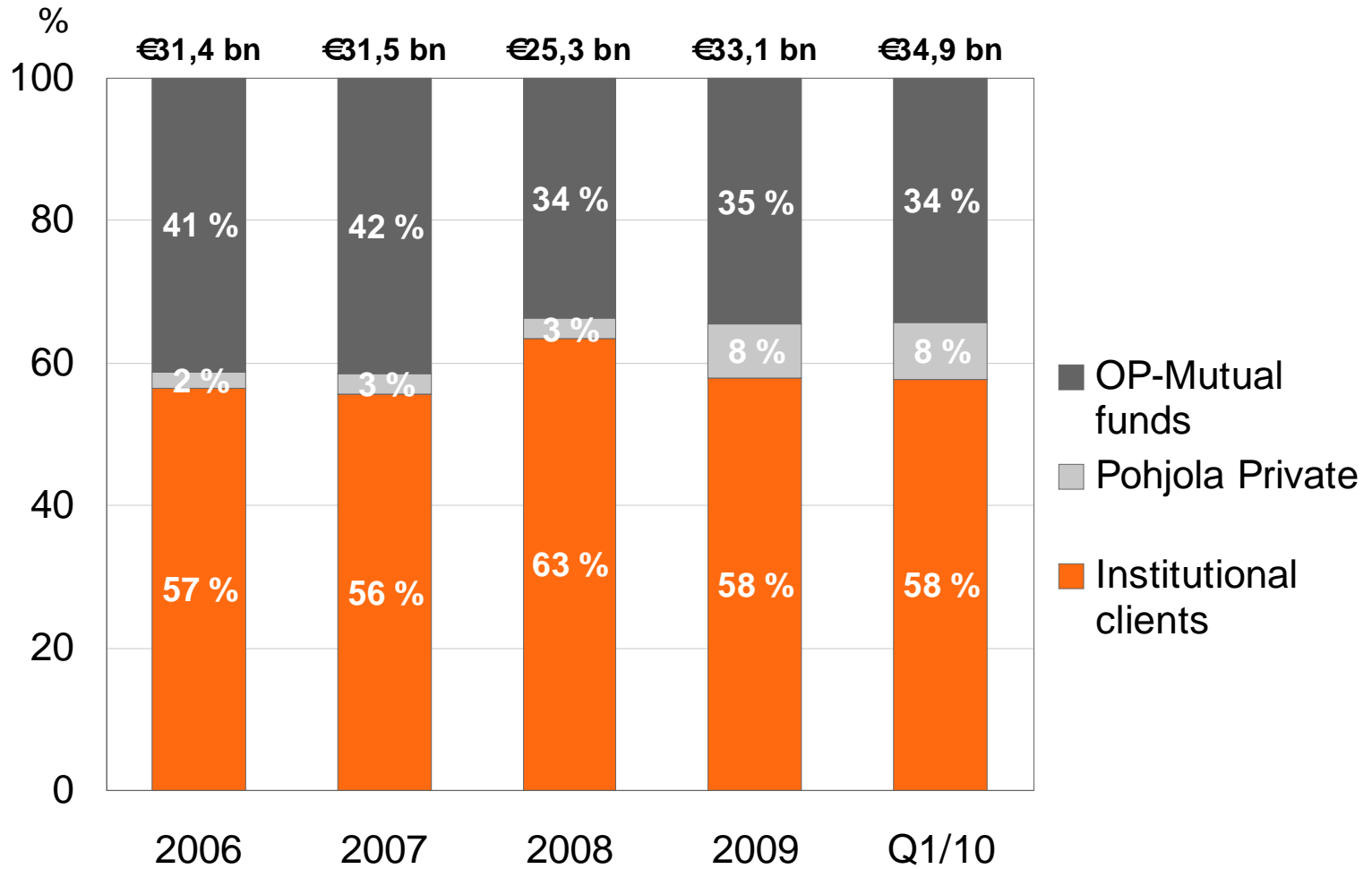
# Asset Management

Assets under management grew by 6% from end 2009



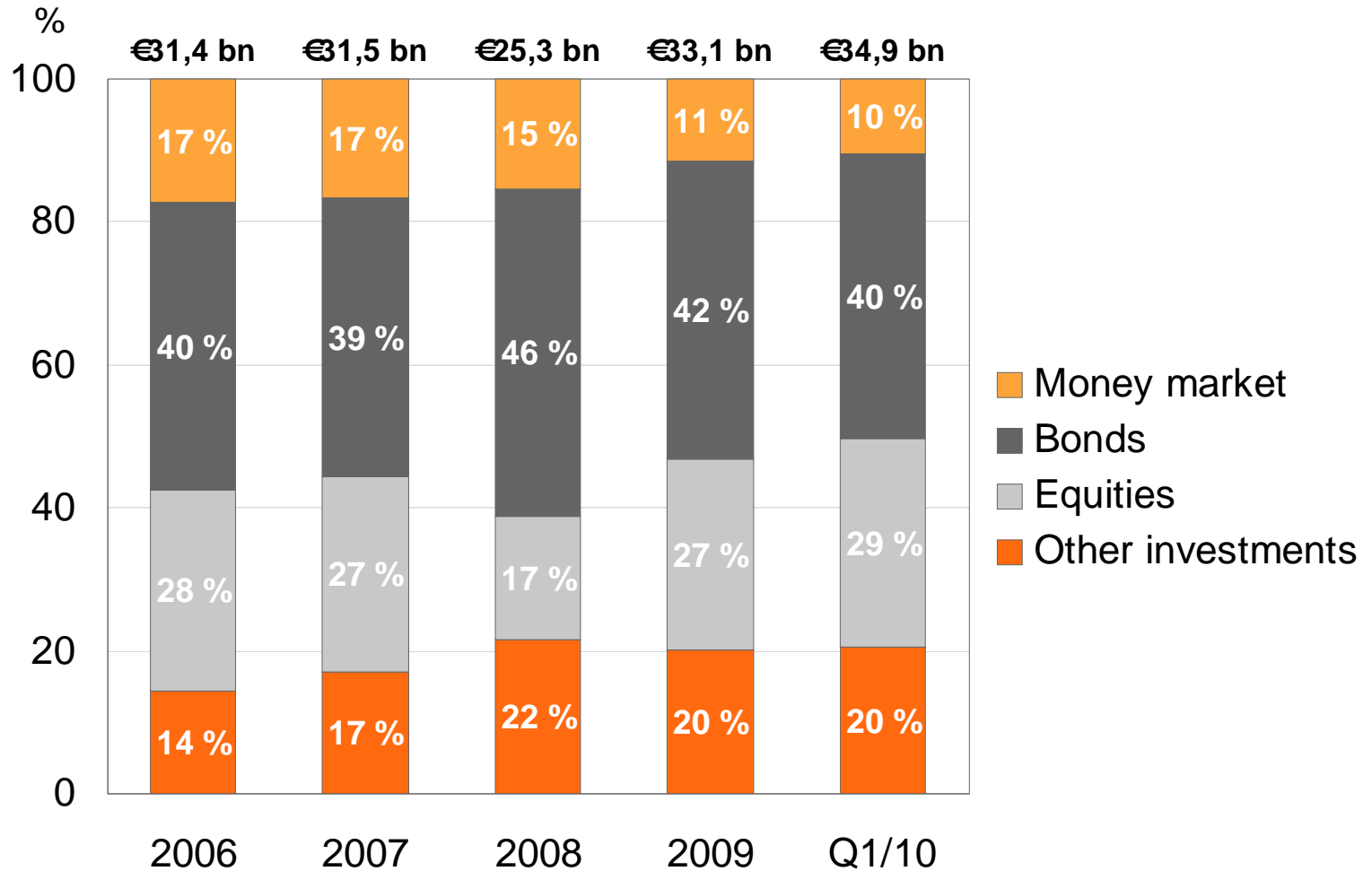
# Asset Management

## Assets under management by client group



# Asset Management

## Assets under management by asset class



# Group Functions

Relevant information Q1/10

- Earnings before tax came to EUR 22 million (-14)
- Capital gains on notes and bonds improved earnings before tax
- Liquidity and the availability of funding remained good
- Long-term funding increased by EUR 1.5 billion

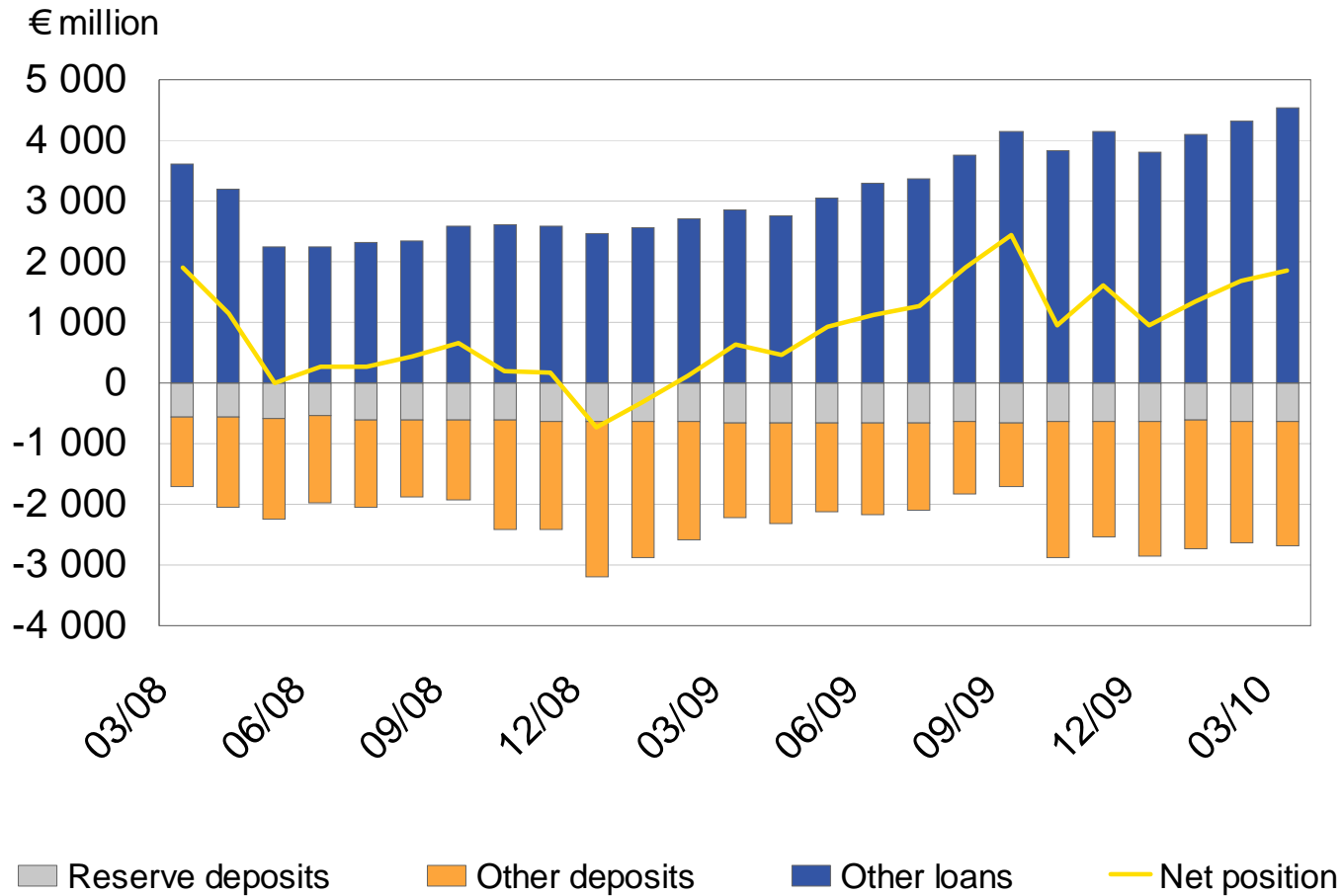


# Group Functions Performance

€ million	Q1/10	Q1/09	change %	rolling 12Mo	2009
Net interest income	14	9	60 %	80	75
Net trading income	-6	1		-13	-7
Net investment income	18	-9		14	-13
Other income	4	3	10 %		17
<b>Total net income</b>	<b>30</b>	<b>4</b>		<b>98</b>	<b>72</b>
Operating expenses	8	9	-8 %	35	36
Impairments on receivables		9	-100 %	3	12
<b>Earnings before tax</b>	<b>22</b>	<b>-14</b>		<b>61</b>	<b>25</b>
<b>Earnings/loss before tax at fair value</b>	<b>14</b>	<b>-12</b>		<b>102</b>	<b>76</b>

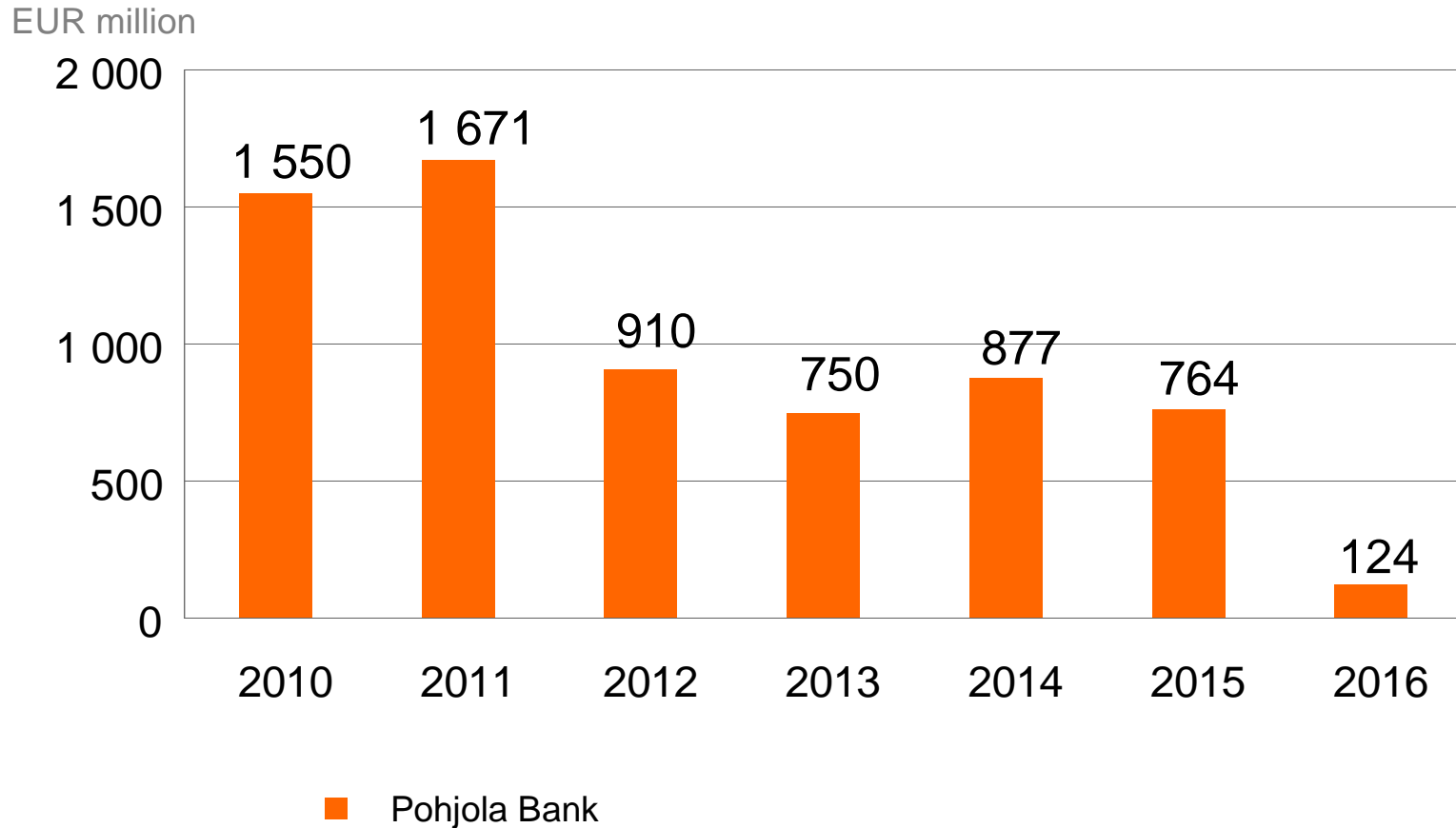
# Group Functions

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



# Group Functions

Pohjola's long-term debt based on bonds by year of maturity





# Group Functions

Liquidity portfolio by maturity and credit rating on 31 March 2010

EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	3 556	968	1 862	742	509	140	7 777	65 %
Aa1–Aa3	719	1 021	703	106	108	105	2 763	23 %
A1–A3	166	526	132	23	8	5	859	7 %
Baa1–Baa3	2	62	45	10			120	1 %
Ba1 or lower	34	53	44	25	11		166	1 %
Internally rated	122	110	36	26			293	2 %
<b>Total</b>	<b>4 598</b>	<b>2 740</b>	<b>2 820</b>	<b>931</b>	<b>636</b>	<b>251</b>	<b>11 977</b>	<b>100 %</b>

The residual maturity of the liquidity portfolio averages 3.6 years

The liquidity portfolio had a total of EUR 21 million in Greek government notes and bonds

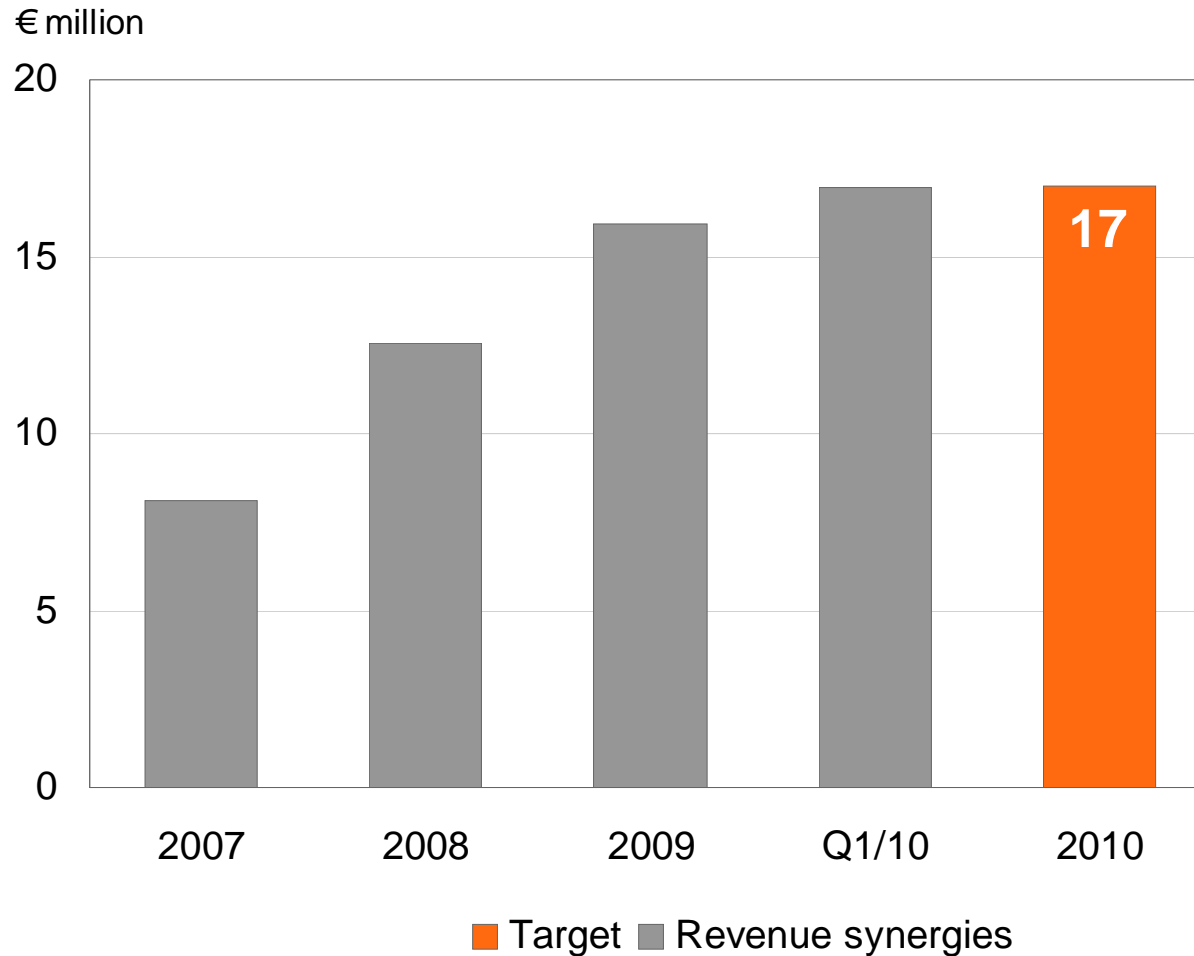
## Revenue synergies

- 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, which Pohjola already achieved in March



# Revenue Synergies

Annual revenue synergies already achieved in the first quarter



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

# Pohjola Group

## Outlook towards the year end

- Enabled by the economic recovery, impairment charges are expected to remain lower than a year ago
- Consolidated earnings before tax in 2010 are expected to be at the same level as in 2009
- The full version of “Outlook” can be found in the Interim Report



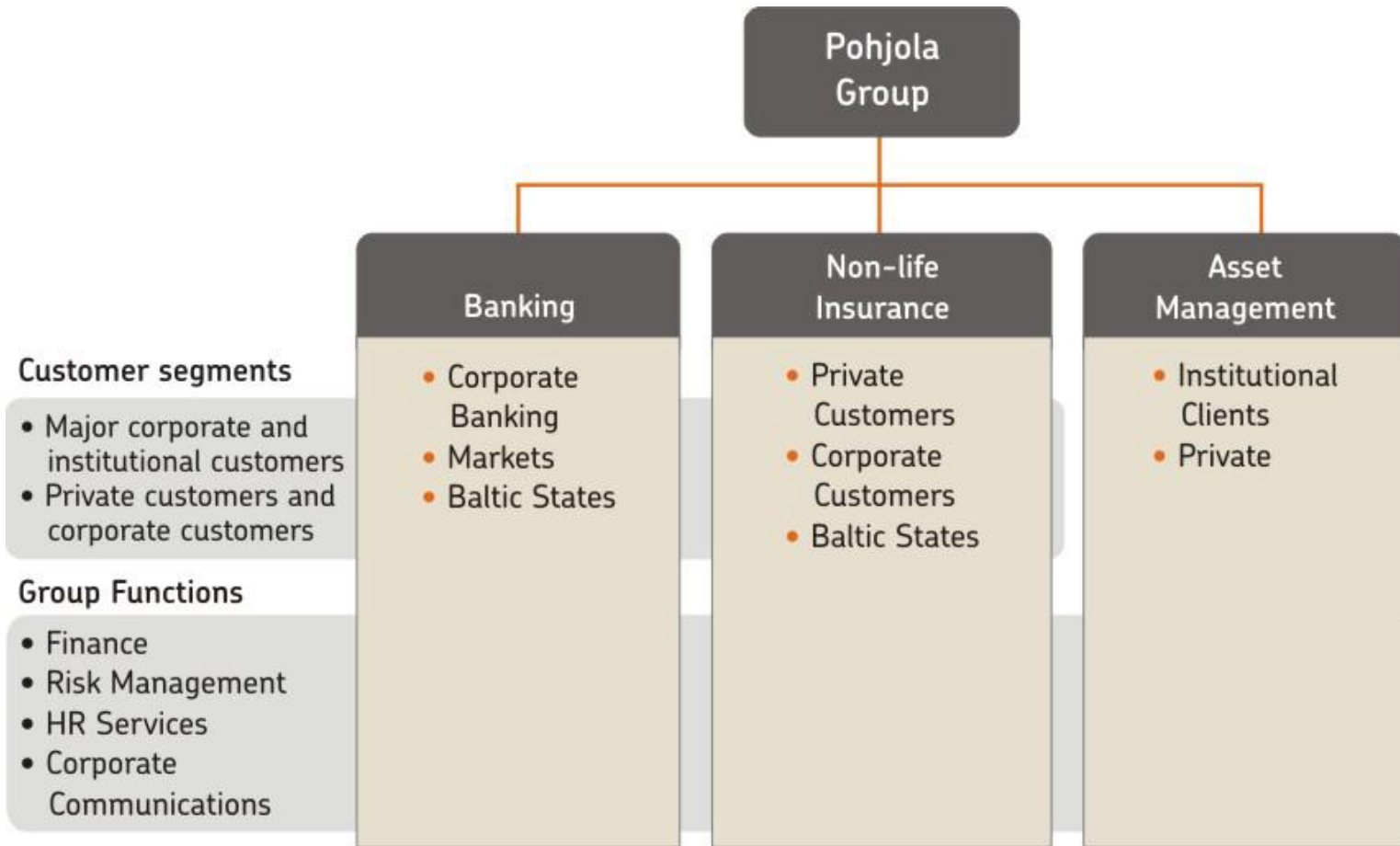
# Pohjola in Brief



# Pohjola in Brief

- Pohjola Group is a Finnish financial services company providing banking, asset management and non-life insurance services. Pohjola Bank plc Series A shares have been quoted on the Helsinki Stock Exchange (NASDAQ OMX Helsinki) since 1989. Pohjola has approximately 37,000 shareholders.
- Pohjola Group operates through three business segments which are Banking, Non-Life Insurance and Asset Management.
- Pohjola's strategy focuses on intensifying integration between banking and non-life insurance, upgrading businesses and improving service capabilities.
- Pohjola's mission is to promote the prosperity, security and well-being of its customers, and profitable growth and an increase in company value form the Group's key objectives.
- Pohjola is part of OP-Pohjola Group which is the leading financial services group in Finland. OP-Pohjola Group has over four million customers.

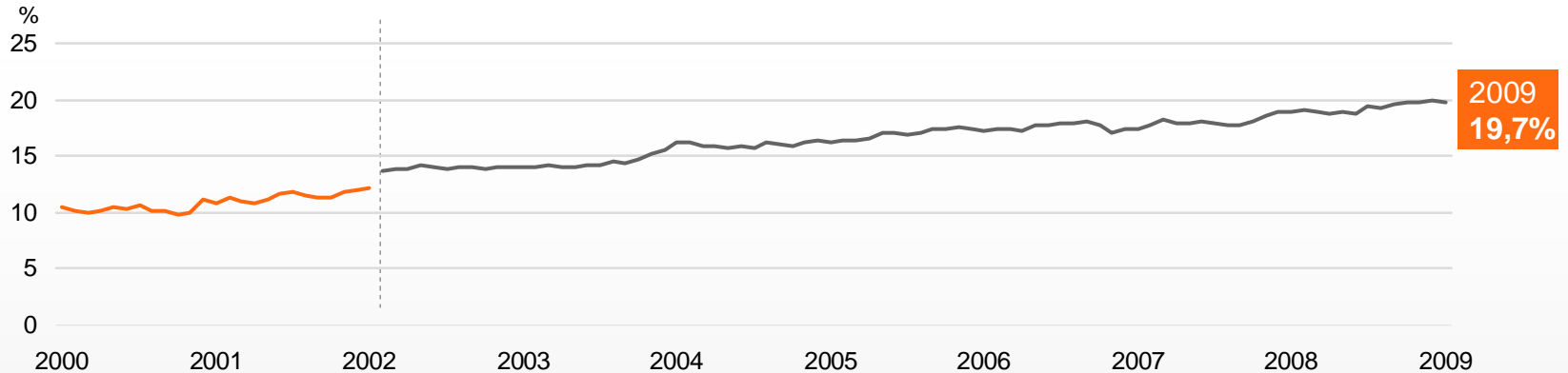
# Pohjola Group's Business Structure



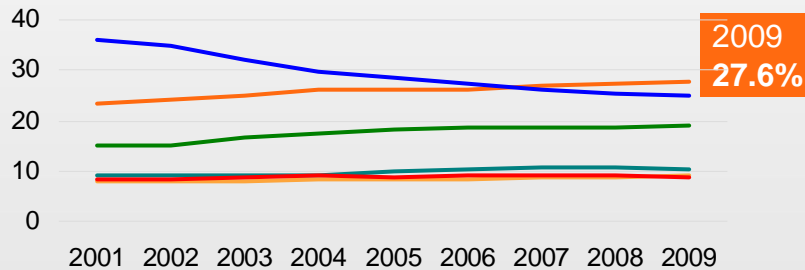
# Pohjola Group

Business Model has proved successful across business segments

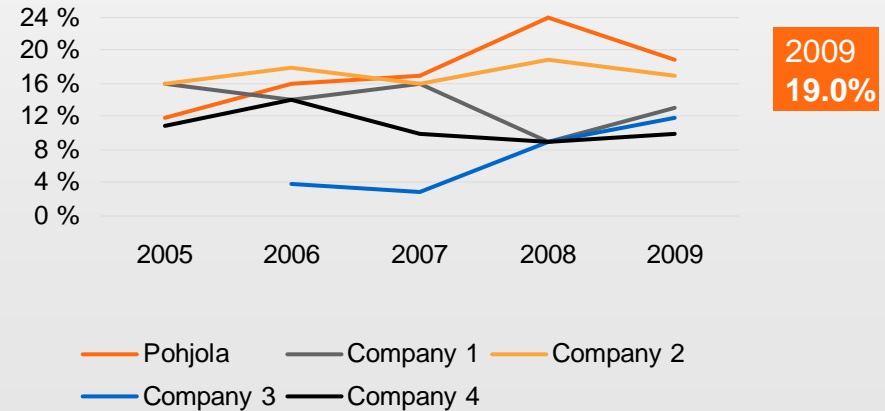
## Banking



## Non-life Insurance



## Asset Management



— Pohjola — If/Sampo — Tapiola  
— Fennia — Local Insurance — Other

— Pohjola — Company 1 — Company 2  
— Company 3 — Company 4

Lähde: Federation of Finnish Insurance Companies, SFR. Based on interviews and answers by institutional investors with disclosed investment size



# Pohjola Group

## Key Value Drivers

### Pohjola Group

#### Banking

- Growth in the loan and guarantee portfolio
  - Quality of the portfolio and impairment charges
- Level of margins and commissions/fees
  - Capital market activity and trading volumes
- Cost-efficiency

#### Non-life Insurance

- Premium growth
- Risk selection and pricing
- Promptness, quality and efficiency of claims settlement
  - Net investment income
- Cost-efficiency

#### Asset Management

- Assets under management
- Asset allocation
  - The level of commissions and fees
- Investment performance
- Cost-efficiency

#### Group Functions

- Return on the liquidity portfolio
- Credit spread development
  - The amount of loans/deposits to/from OP-Pohjola member banks
- Pohjola's credit rating and funding costs
- Cost-efficiency

# Strategy and Financial Targets



# 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	<p>Increasing company value</p> <p>Profitable growth</p>
Critical Success Factors	<p>Exploiting customer potential</p> <p>Risk anticipation, selection and pricing</p> <p>Highly skilled employees and high-quality partnerships</p> <p>Competitive solutions</p> <p>Cost-efficiency</p> <p>Strong capitalisation</p>
Competitive Advantages	<p>Comprehensive financial services offering</p> <p>Part of OP-Pohjola Group – Strong brand</p> <p>Close to customers – Firmly rooted in Finland</p> <p>Operational flexibility and promptness</p>
Core Values	People-first approach, Responsibility, Prospering together

# Value through Integration

Strategy, vision and competitive advantages



# Strategic initiatives

1. Upgrading business for corporate and institutional customers

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2. Intensifying integration between Banking and Non-life Insurance

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3. Improving international service capabilities

---
4. Enhancing the Group's intellectual capital

# Market position Goals

## Leading market position in Finland

	Now	Target
Corporate Banking	2.	1.
Non-life Insurance	1.	1.
Asset Management	1./2.	1.

Source: Data disclosed by companies, Financial Supervision Authority, Federation of Finnish Insurance Companies

# Financial Targets

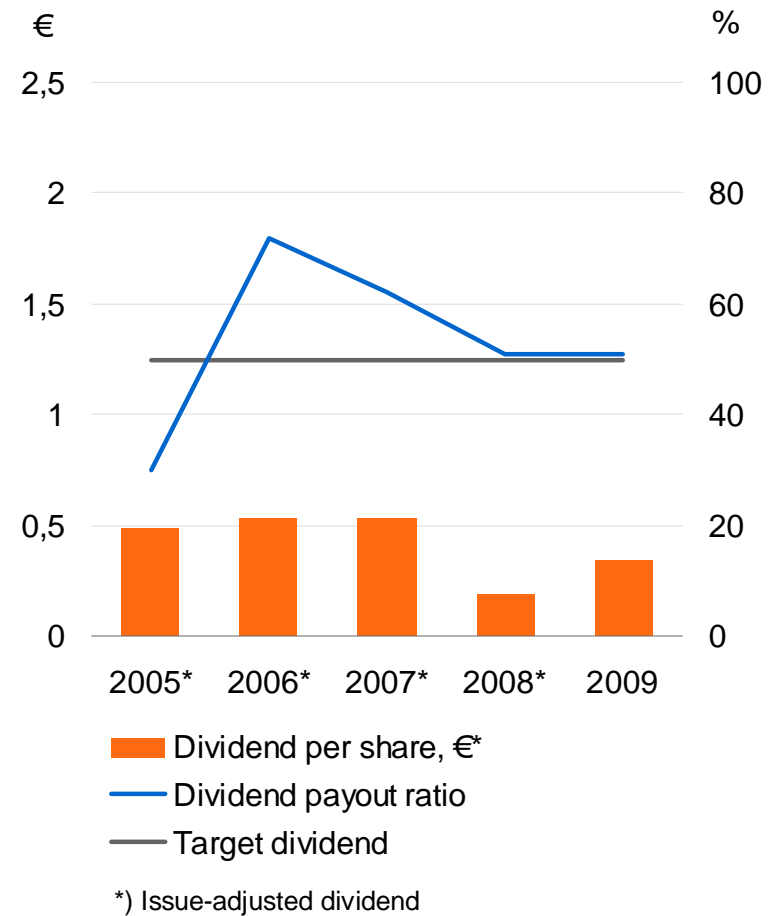
## over the economic cycle

	Target	Q1/10	Q1/09	2009
<b>Group</b>				
Return on equity at fair value, %	13	15.9	7.2	19.2
Tier 1 ratio, %	> 9.5	12,1	9.4	11.8
<b>Banking</b>				
Operating cost/income ratio, %	< 40	35	34	35
<b>Non-life Insurance</b>				
Operating combined ratio, %	92	95.5	91.3	87.7
Operating expense ratio, %	< 20	21.8	21.8	22.2
Solvency ratio, %	70	91	67	88
<b>Asset Management</b>				
Operating cost/income ratio, %	< 50	54	68	53

# Dividend policy

We aim to distribute a minimum of 50% of earnings per share in dividends, provided that Tier 1 stands at a minimum of 9.5%

- Dividends for 2009 paid out accounts for 51% of earnings per share
- Dividend payout ratio during 2005–09 averaged 53%.





# Credit rating

Rating target: AA rating issued by at least two credit rating agencies

	Moody's*	S&P*	Fitch*
Pohjola Bank	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	-
OP Mortgage Bank***	Aaa	AAA	-
Pohjola Insurance Ltd	A2**	A+	-
If	A2	A	-
Finnish government	Aaa	AAA	AAA

\*) Long-term debt

\*\*\*) The credit rating outlook is negative

\*\*\*) Covered bond rating

## Pohjola share

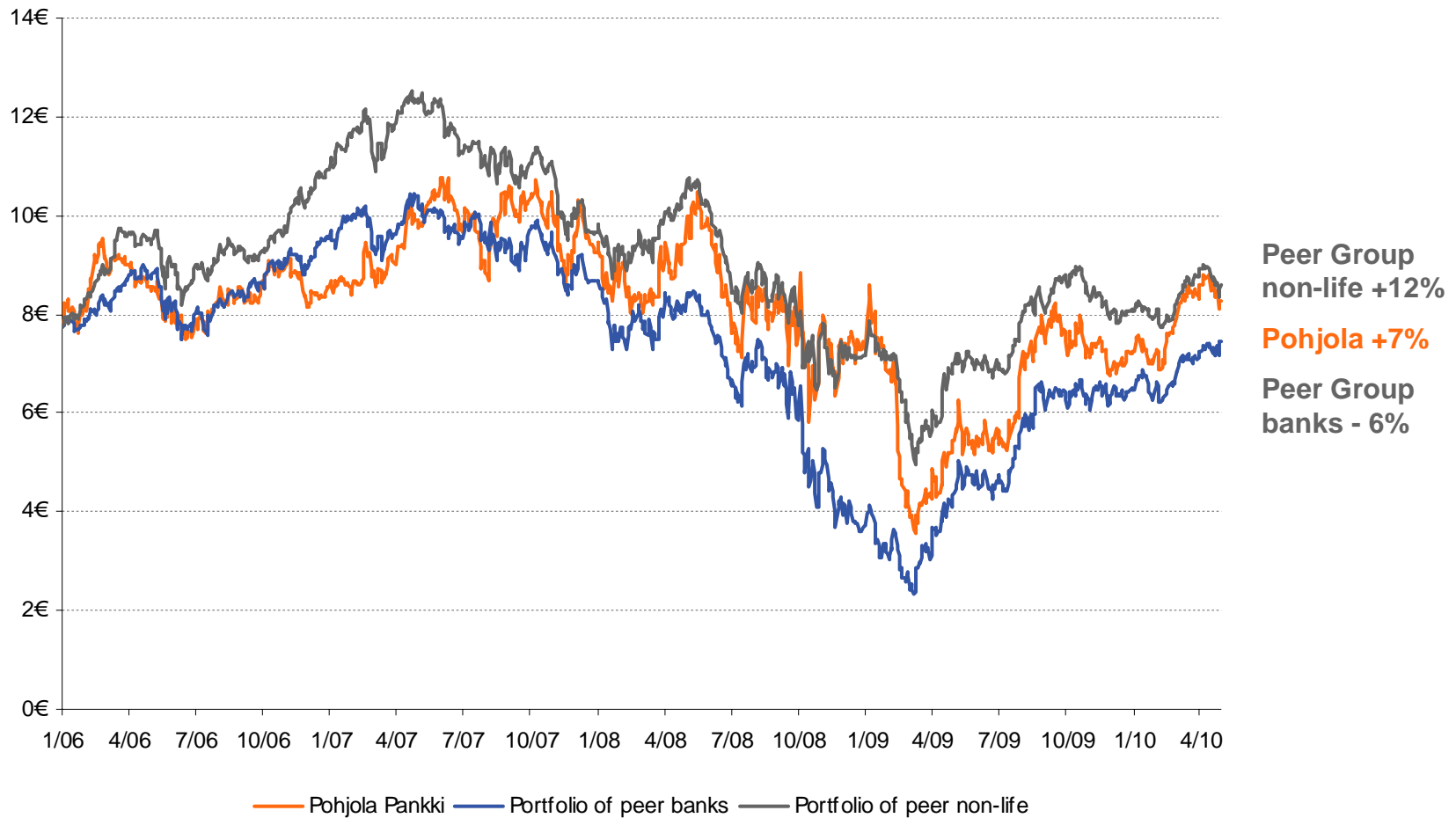
- Pohjola share price performance has been competitive compared to that of a group of its peer banks and insurance companies
- Improved share liquidity
- The number of holders of nominee-registered shares began to increase



# Pohjola Group

## TSR vis-à-vis a Group of Peer Banks and Insurance Companies

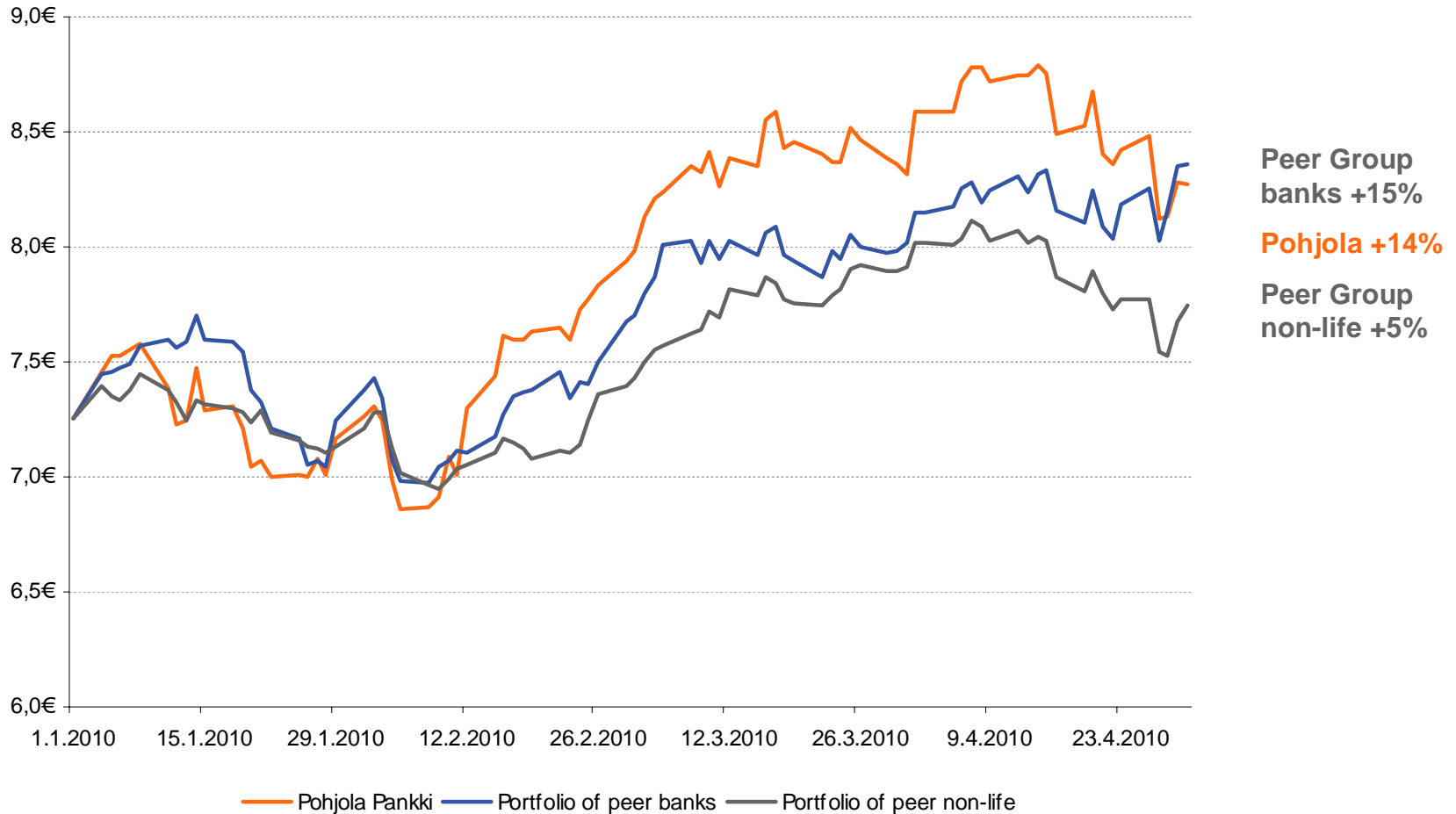
(1.1.2006–30.4.2010)



# Pohjola Group

## TSR vis-à-vis a Group of Peer Banks and Insurance Companies

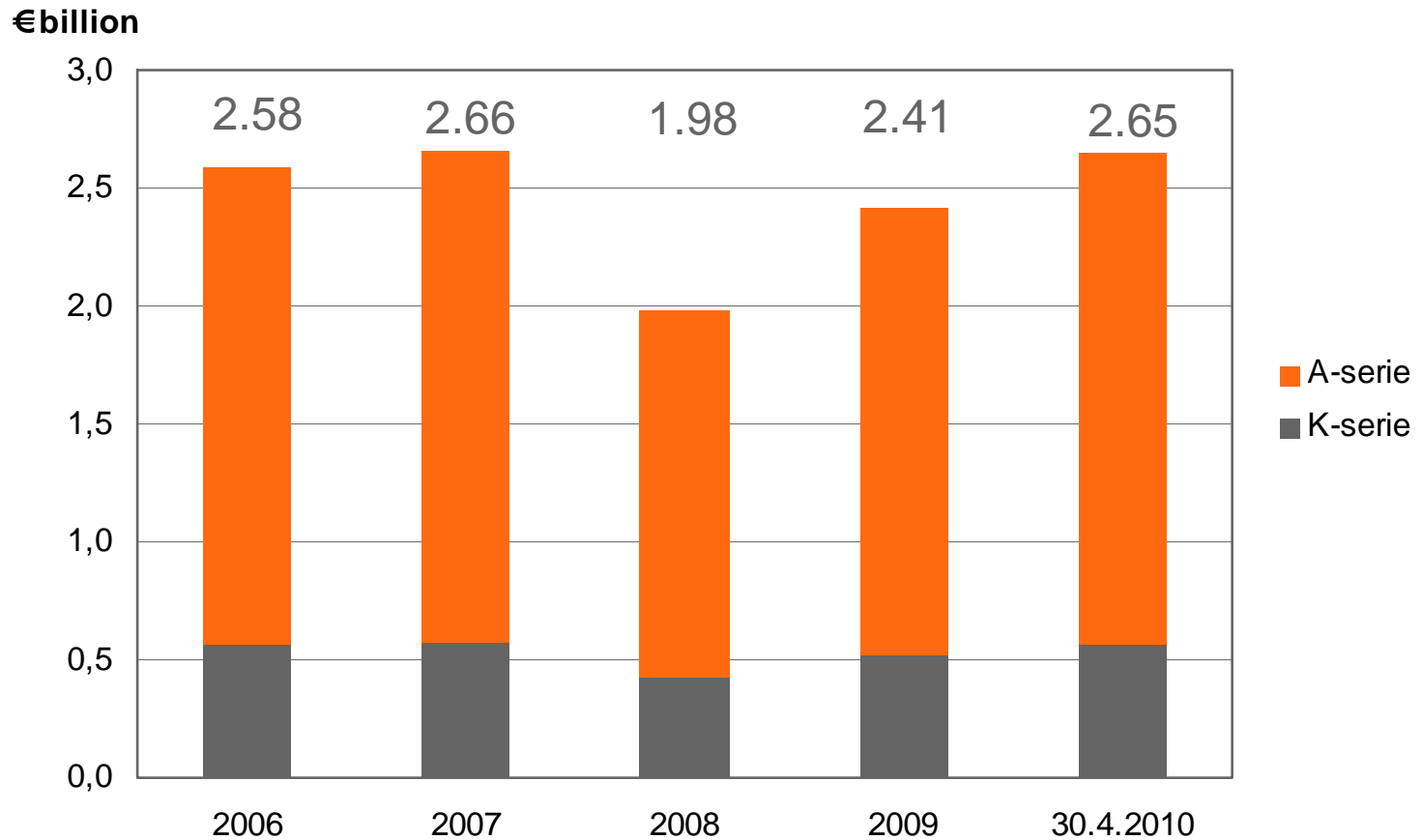
(1.1.2010–30.4.2010)



Pohjola/IR

# Market Capitalisation of Pohjola

## Series A and K Shares



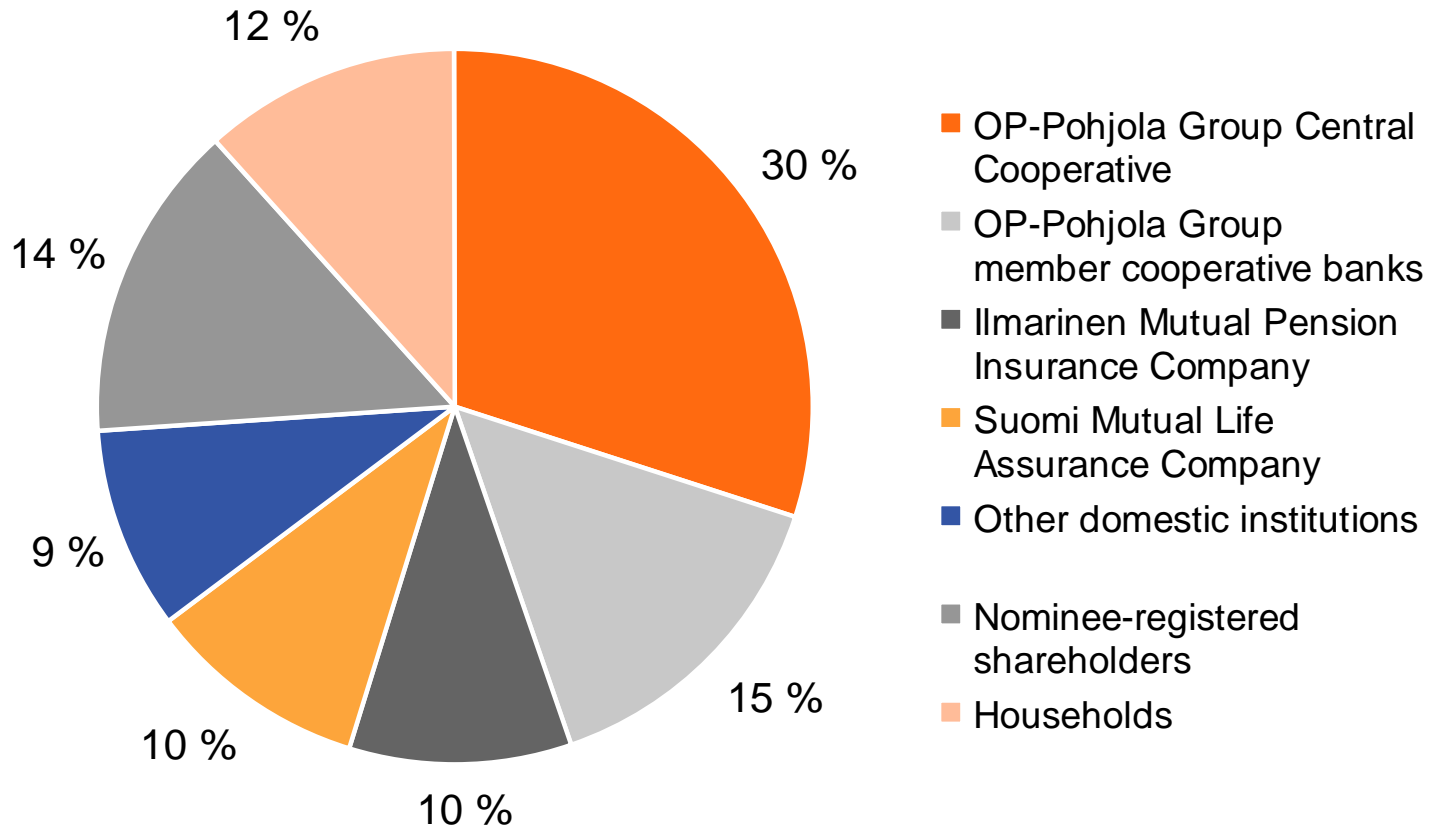
# 10 Largest Shareholders

Shareholder	% of shares	% of voting rights	€ million
Op-Keskus Osk.	29,98	57,04	797
Mutual Life Insurance Company Suomi	10,25	5,52	272
Ilmarinen Mutual Pension Insurance Company	10	5,39	266
Skandinaviska Enskilda Banken Ab [nominee reg.]	6,32	3,41	168
Nordea Bank Finland Abp [nominee reg.]	5,61	3,02	149
Oulun Osuuspankki	1,28	1,76	34
Op-Eläkekassa	1,08	0,58	29
Svenska Handelsbanken Ab (publ).			
Filialverksamheten I Finland [nominee reg.]	1,02	0,55	27
Op-Eläkesäätö	0,73	0,39	19
Turun Seudun Osuuspankki	0,63	0,36	17
<b>Total</b>	<b>66,9</b>	<b>78,0</b>	<b>1 779</b>
Nominee registered shares	16,5	6,98	345

Source: Company website as of 31.03.2010

# Shareholdings of Pohjola Shares

Series A and K as of 31 March 2010



# OP-Pohjola Group

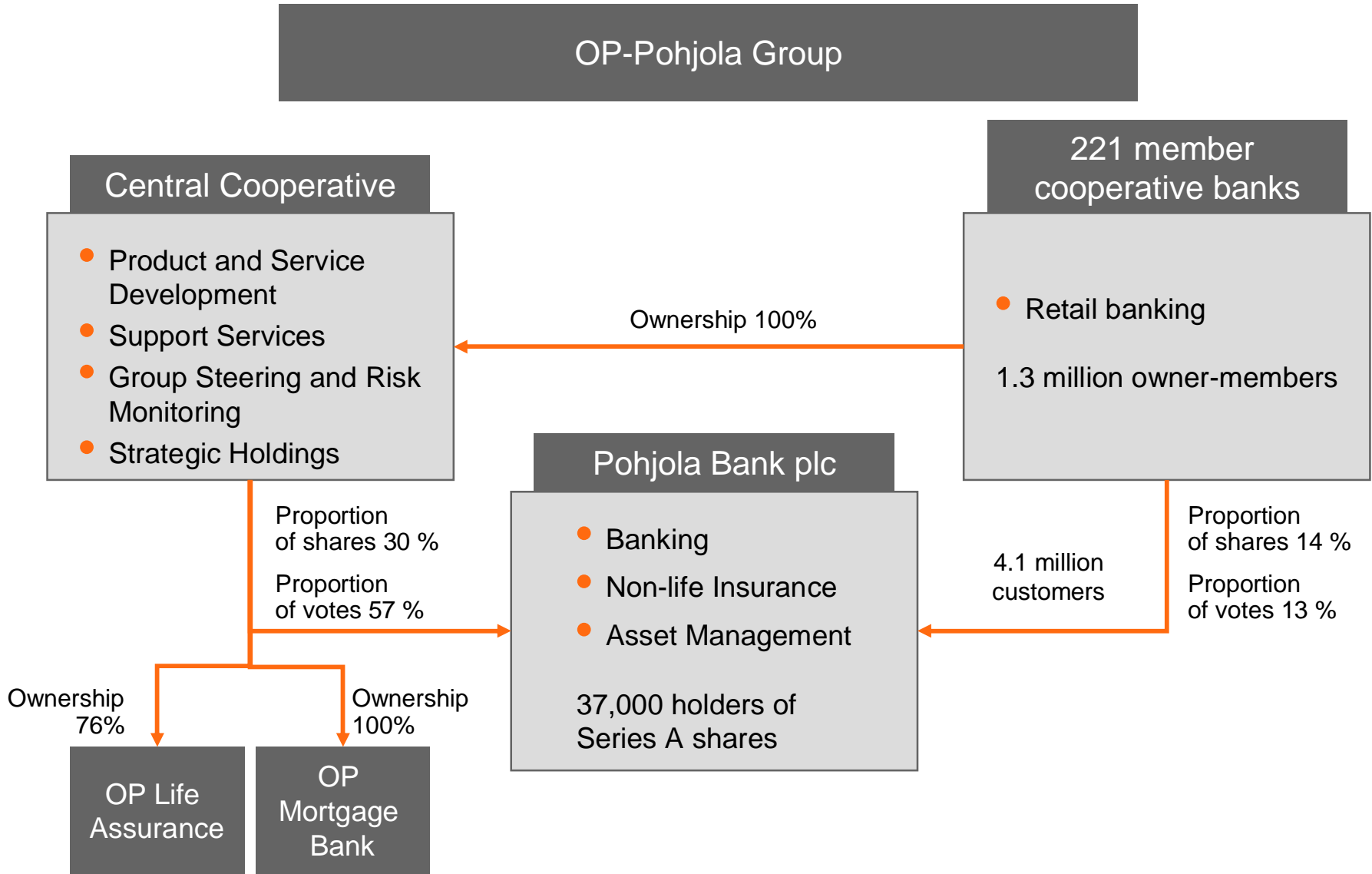




# OP-Pohjola Group

## Brings Benefits to Pohjola

- OP-Pohjola Group is the market leading financial services provider in Finland
- OP-Pohjola Group serves as the distribution channel for Pohjola's non-life insurance services. OP-Pohjola Group boasts the most extensive service network in Finland with almost 600 offices, and the broadest customer base with over 4 million customers
- OP-Pohjola Group has the best loyal customer benefits, such as OP bonuses
- OP-Pohjola Group's strong financial position enhances Pohjola's credit rating



The Central Cooperative and the member banks are liable for each other's debts and commitments.

Pohjola/IR

OP-Pohjola Group is monitored on a consolidated basis by FSA.

# Joint Responsibility within OP-Pohjola Group

- Joint responsibility within OP-Pohjola Group is based on the Cooperative Banks Act. OP-Pohjola Group Central Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with the Act.
  - On the basis of this joint responsibility, the Central Cooperative and the member credit institutions are jointly and severally responsible for the debts of the central institution or a member credit institution which is in liquidation or in bankruptcy in the event that these debts cannot be paid from its funds.
  - The liability is apportioned among the Central Cooperative and the member credit institutions in proportion to the total assets in the most recently adopted balance sheets.
- OP-Pohjola Group's insurance companies do not fall within the scope of joint responsibility.

# OP-Pohjola Group and Pohjola

## Balance sheet items

	OP-Pohjola Group Q1/10	Pohjola Q1/10	OP-Pohjola Group 2009	Pohjola 2009
Total assets, € million	83 211	37 634	80 430	35 510
Receivables from customers, € million	53 679	11 530	52 992	11 323
Deposits, € million	34 358	5 243	34 617	4 133
Equity capital, € million	6 376	2 249	6 187	2 267
Tier 1, %	12.6	12.1	12.6	11.8
Non-performing claims, € million	296	71	223	44
Non-performing and zero-interest bearing receivables of loans and guarantees, %	0.5	0.51	0.4	0.32
Loan and guarantee portfolio, €bn	56,3	13.5	55.6	13.3
Impairments of receivables, € million	38	33	179	129
Impairments of receivables / loan and guarantee portfolio, %	0.07	0.24	0.32	0.94
Personnel	12 502	2 992	12 504	2 966

# OP-Pohjola Group and Pohjola

## Income Statement

milj. €	OP-Pohjola Group Q1/10	Pohjola Q1/10	OP-Pohjola Group 2009	Pohjola 2009
Net interest income	224	60	1070	241
Net income from Non-Life insurance	78	79	396	402
Net income from Life Insurance	14		-120	
Net commissions and fees	143	40	496	143
Other income	64	36	208	108
<b>Total income</b>	<b>523</b>	<b>215</b>	<b>1872</b>	<b>766</b>
<b>Total expenses</b>	<b>317</b>	<b>123</b>	<b>1248</b>	<b>501</b>
<b>Earnings before impairments of receivables</b>	<b>166</b>	<b>92</b>	<b>643</b>	<b>394</b>
Impairments of receivables	38	33	179	129
Returns to owner-members and OP-bonus customers	39		160	
<b>Earnings before tax</b>	<b>128</b>	<b>59</b>	<b>464</b>	<b>265</b>
Change in fair value reserve	212	61	677	243
Earnings/loss before tax at fair value	340	119	1140	508

# OP-Pohjola Group and Pohjola

## Key ratios

	OP-Pohjola Group Q1/10	Pohjola Q1/10	OP-Pohjola Group 2009	Pohjola 2009
Net interest margin, %	1.1	1.39**	1.4*	1.33**
Cost / Income ratio, Banking, %	58	35	53	35***
Return on equity (ROE) at fair value, %	16.2	15.9	14.7	19.2
Return on assets, (ROA) at fair value, %	1.2		1.1	
Non-Life Insurance, Solvency ratio, %	91	91	88	88
Life Insurance, Solvency ratio, %	15.5		13.3****	
Operating Combined ratio, %		95.5		87.7

\* Net interest income as a % of average total assets

\*\* Average margin for corporate lending

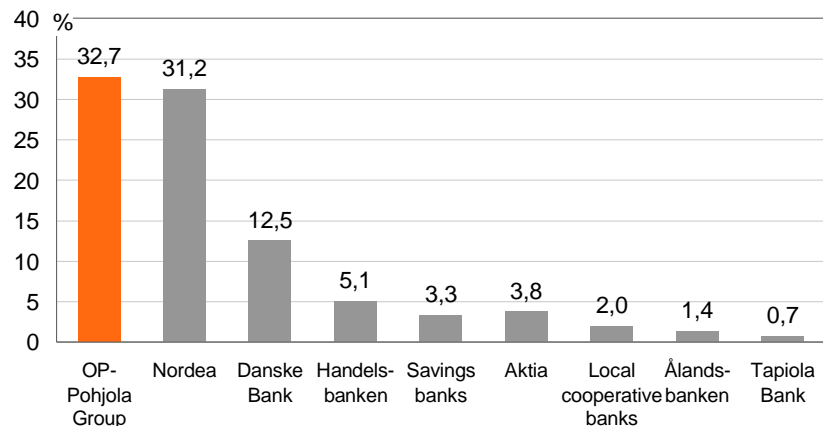
\*\*\* Cost / Income ratio, Banking

\*\*\*\* Solvency capital / (net technical provisions at own liability - equalization provision - 0,75 \* technical provisions on unit-linked insurances) \* 100

# OP-Pohjola

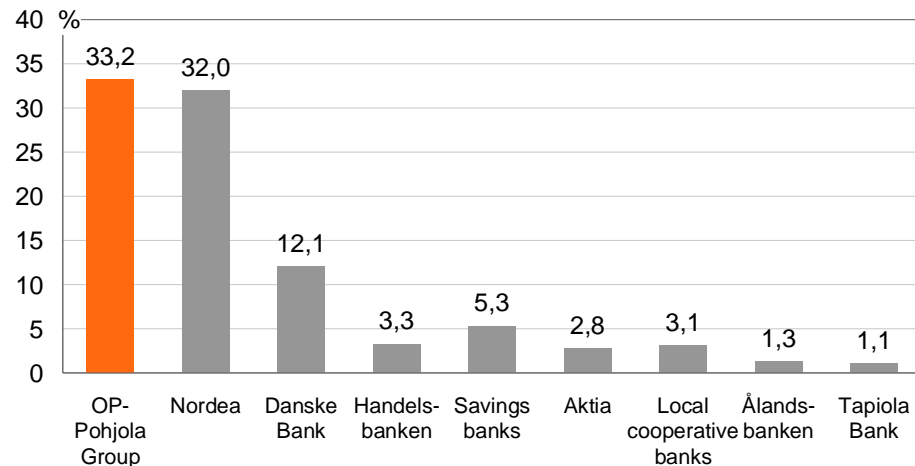
## The leading financial services provider in Finland

Market Share in Loans  
31 December 2009



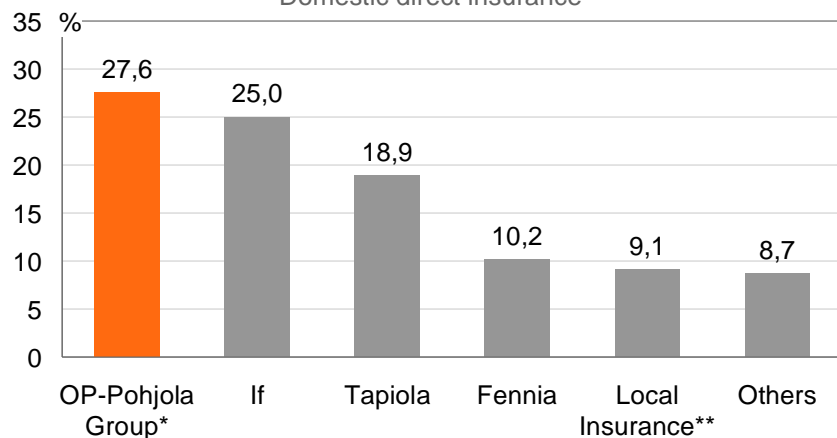
Source: Federation of Finnish Financial Services

Market Share in Deposits  
31 December 2009



Source: Federation of Finnish Financial Services

Market share in non-life insurance  
premiums written 2009  
Domestic direct insurance

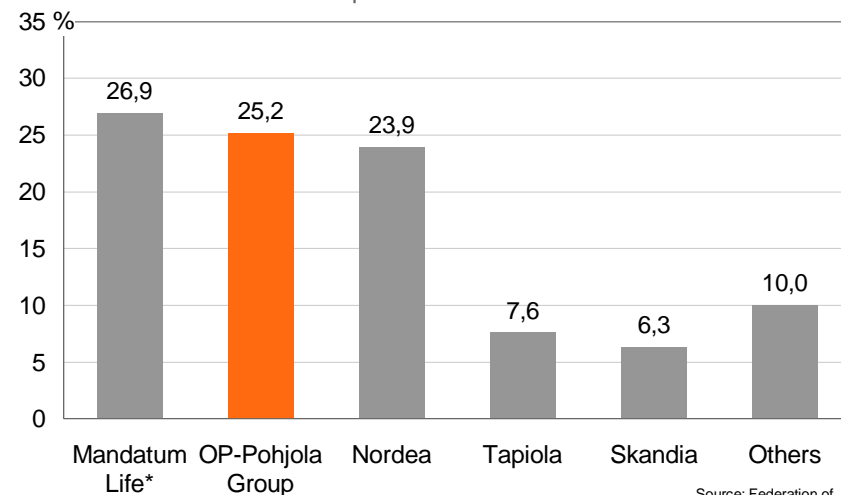


Source: Federation of Finnish Financial Services

\*Pohjola Non-Life, A-Insurance, Eurooppalainen

\*\*incl. Palonvara

Market shares in life insurance  
Gross premiums written 2009



\* Mandatum Life and Kaleva

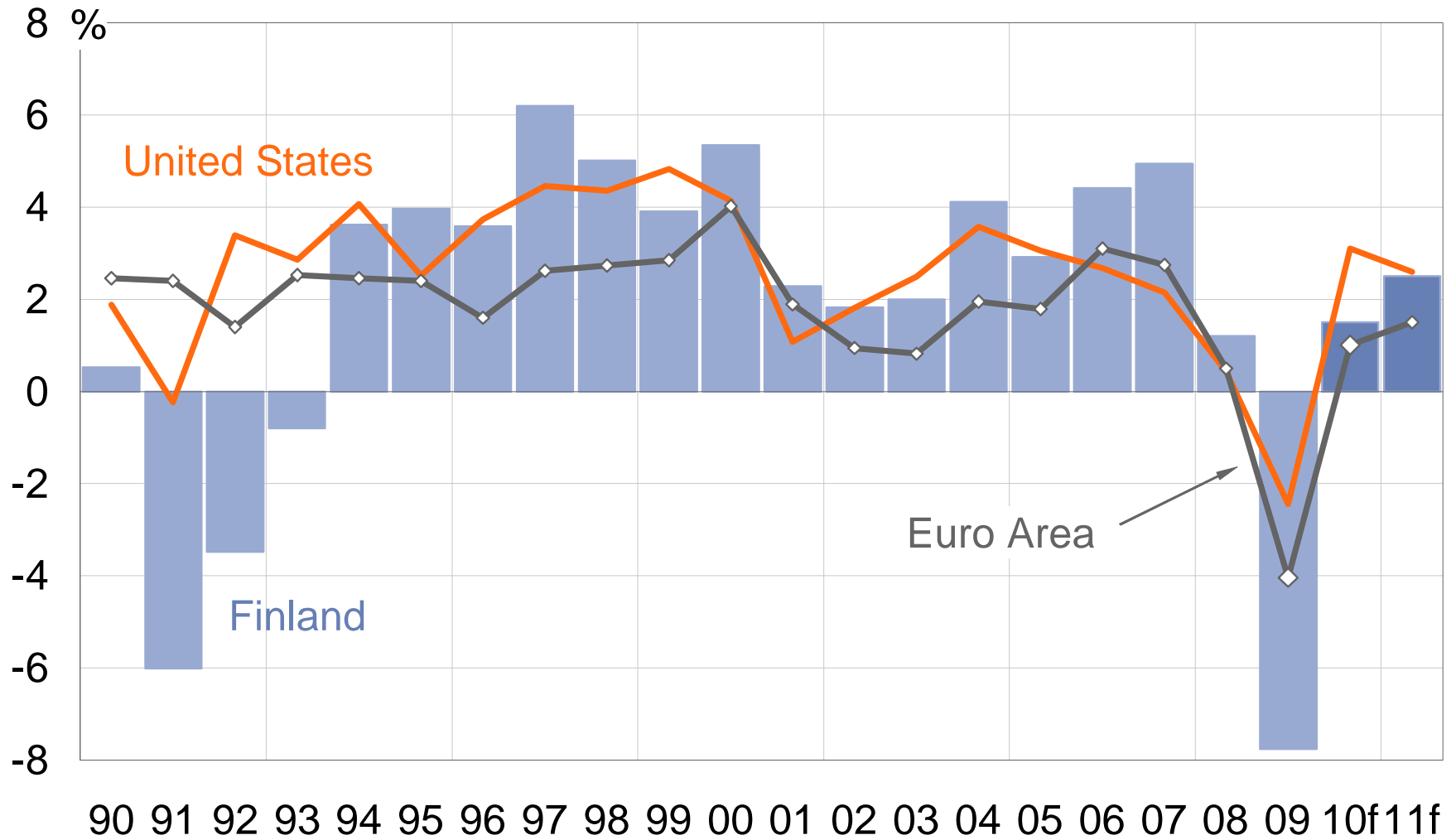
Source: Federation of Finnish Financial Services

# Finnish Economy





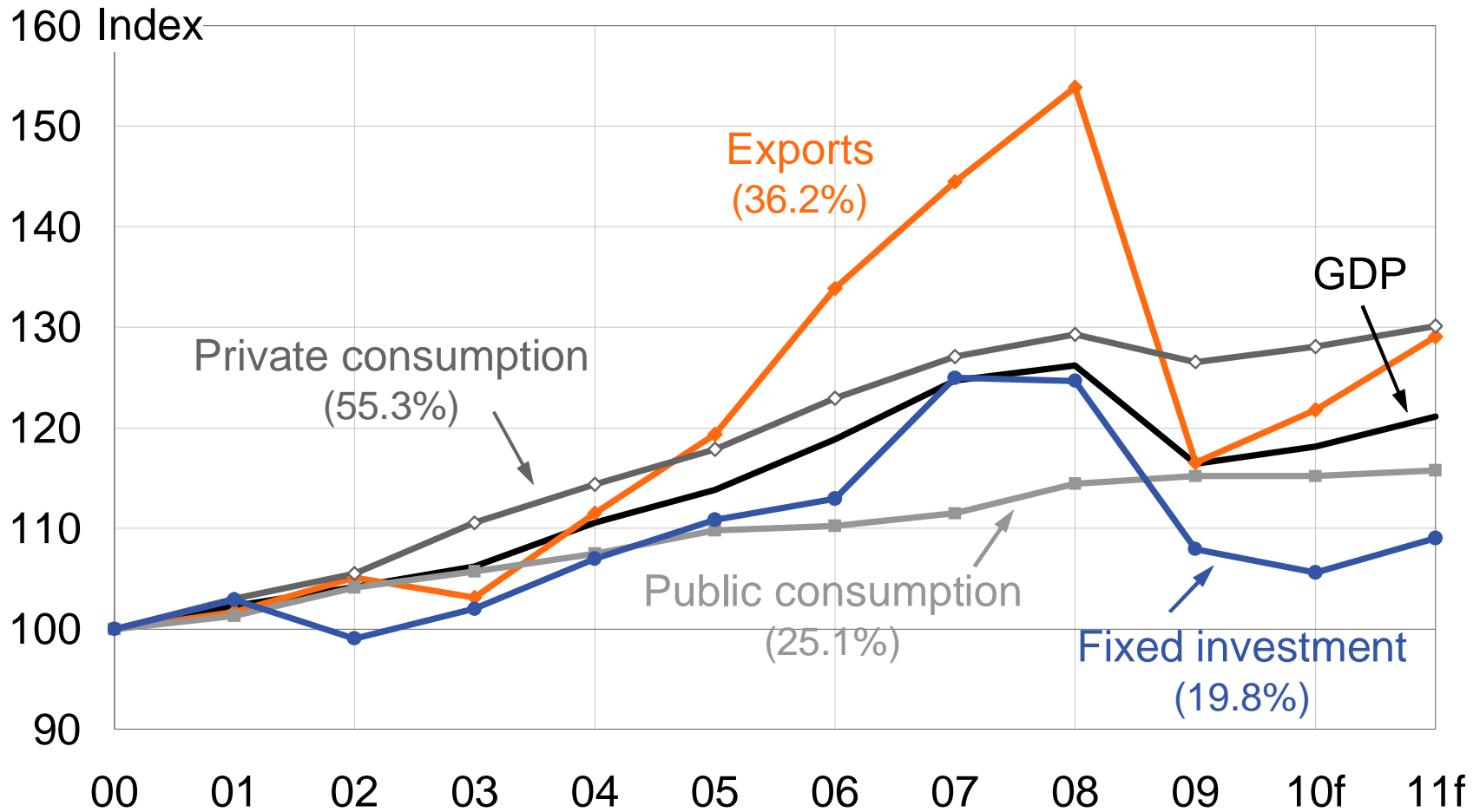
# Change in GDP volume



Sources: Reuters EcoWin, forecasts OP-Pohjola Group (May 2010) and IMF (April 2010)

# GDP and demand components

## GDP shares in 2009 in brackets

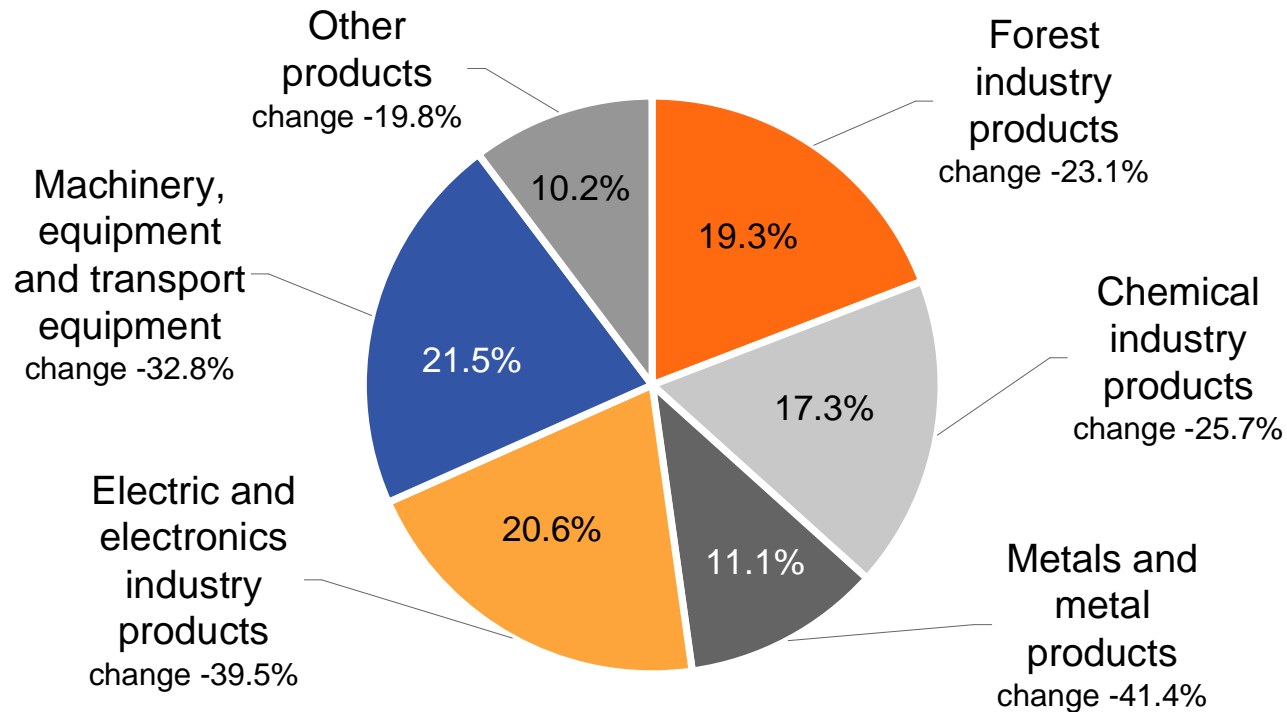


Sources: Statistics Finland, forecasts OP-Pohjola Group, May 2010

# Finnish Goods Exports

## Goods exports by product group

Share of total exports and annual change  
2009

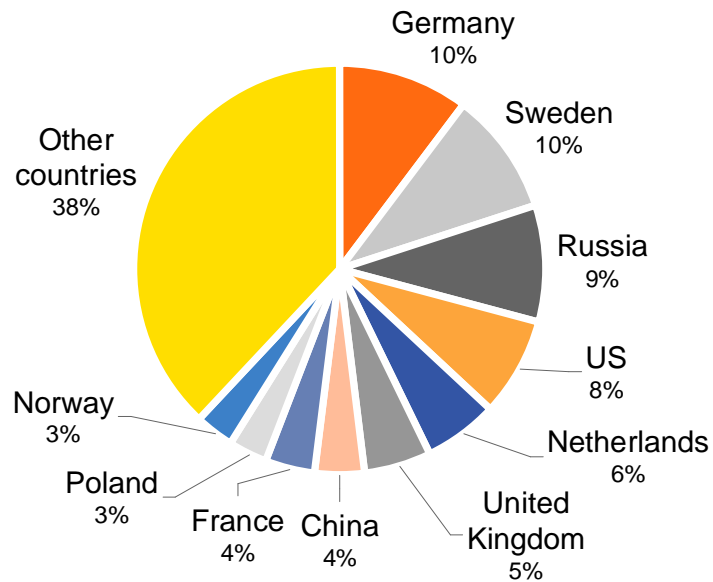


Source: National Board of Customs

Total exports 44.9 EUR Billion (change, -31.5%)

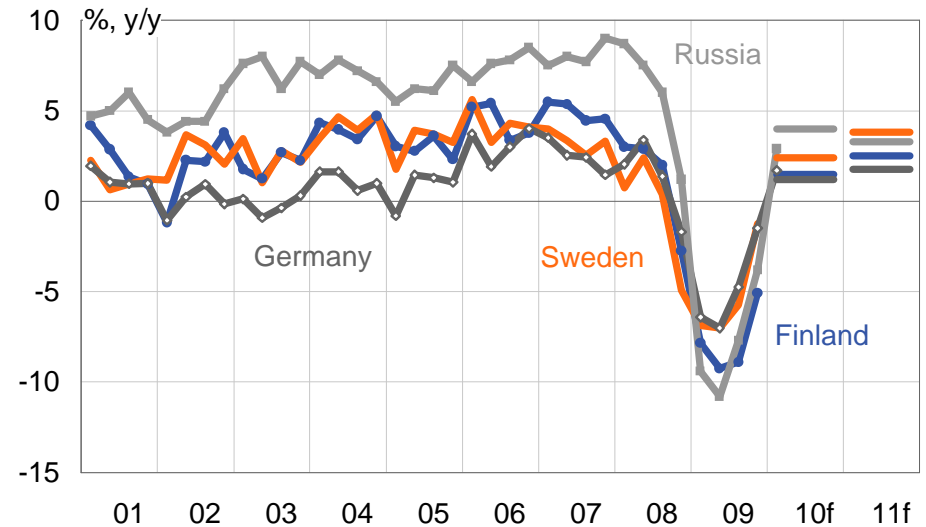
# Finland's Main Trading Partners

Goods exports by countries  
2009



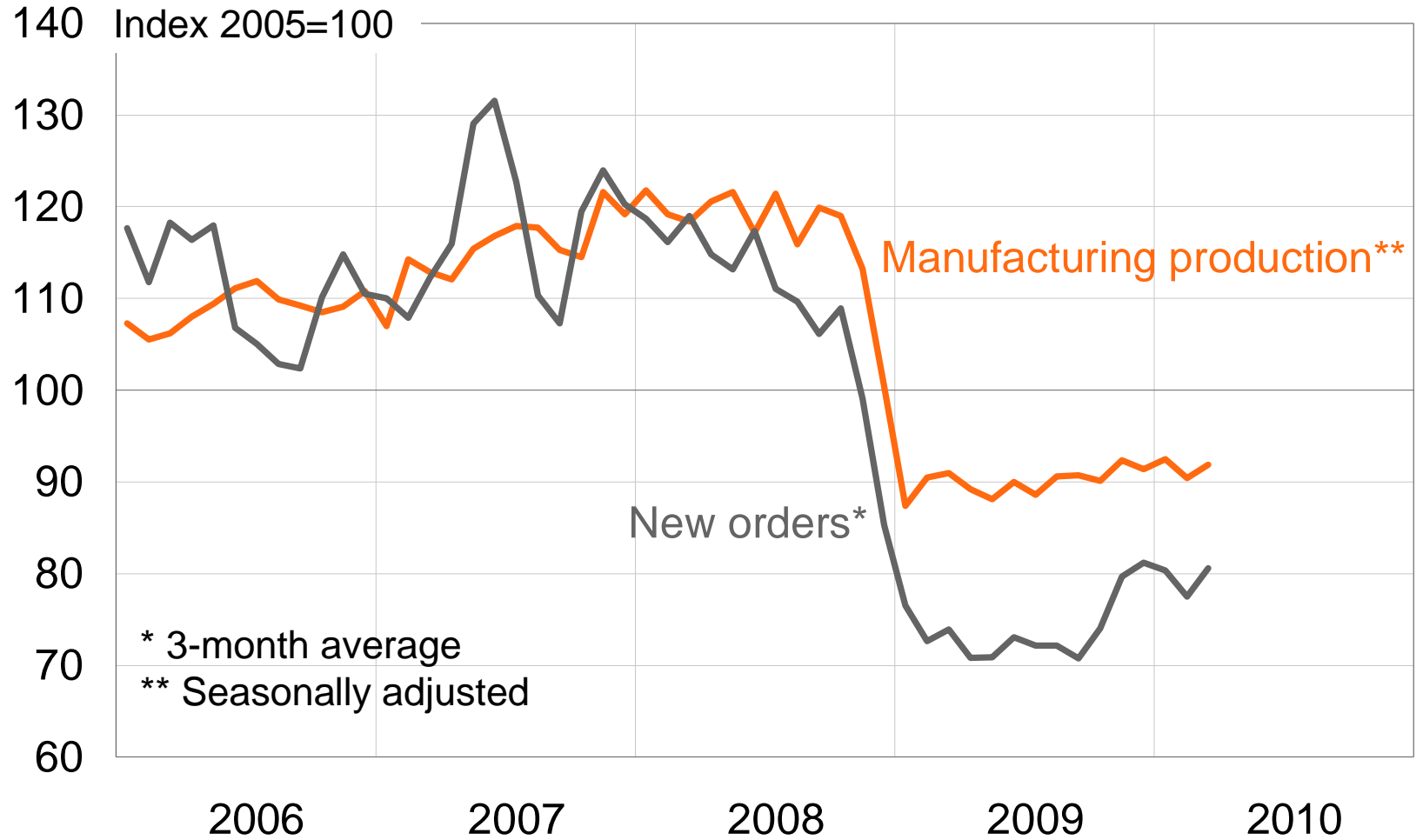
Source: National Board of Customs

GDP growth

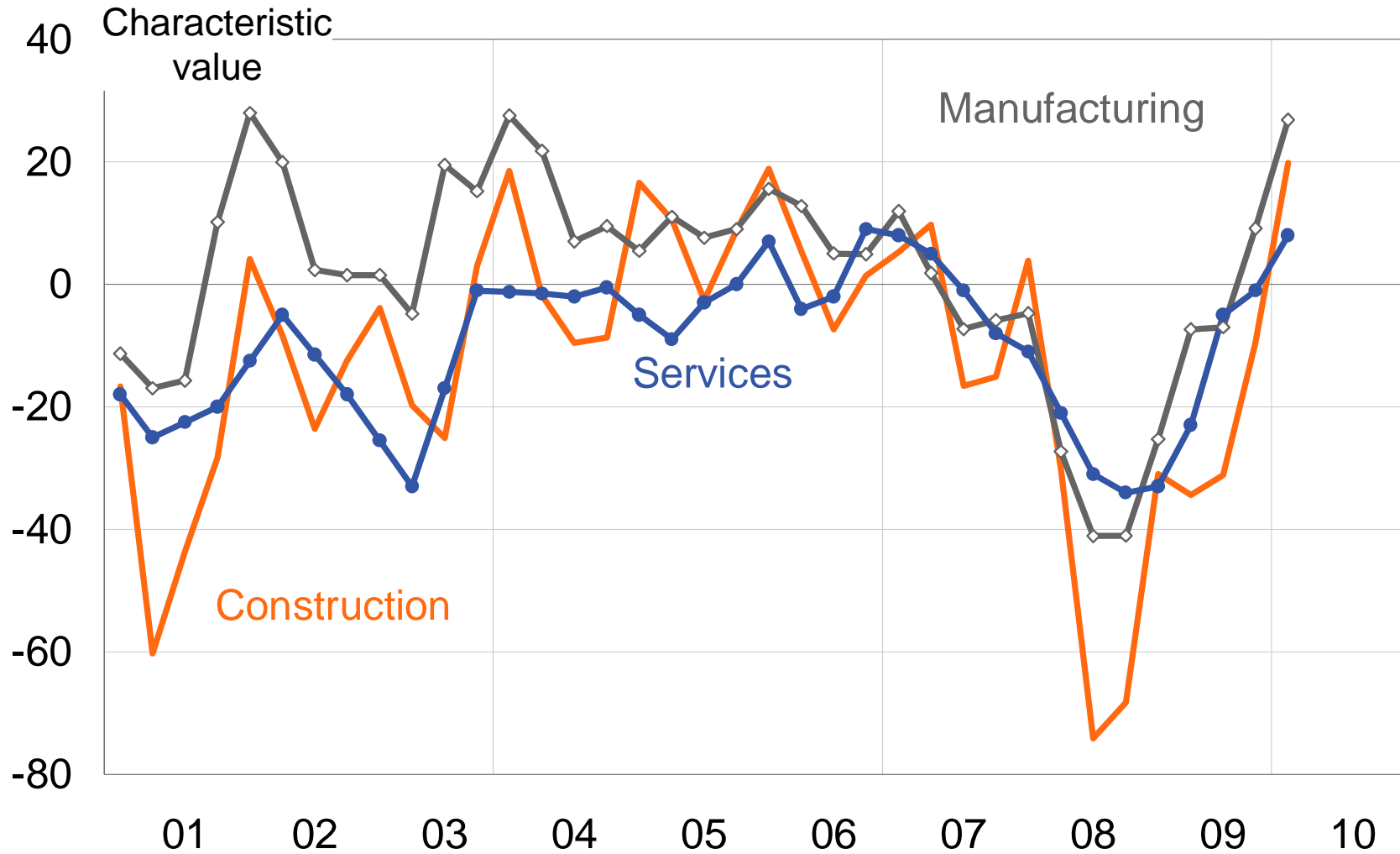


Sources: Reuters EcoWin, IMF (WEO, April 2010), OP-Pohjola Group (May 2010), National Institute of Economic Research (Sweden) March 2010

# Manufacturing production and new orders

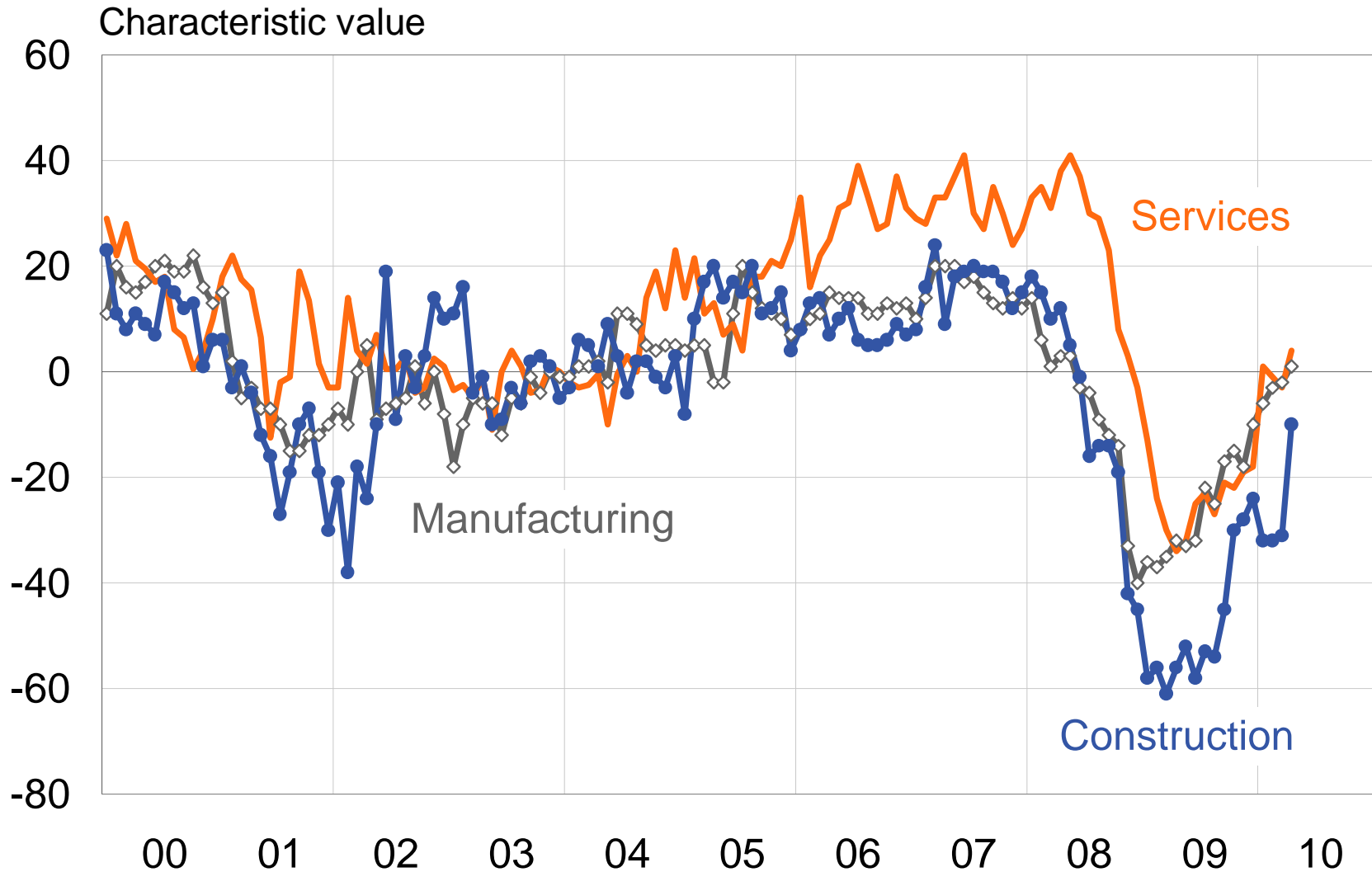


# Business outlook survey



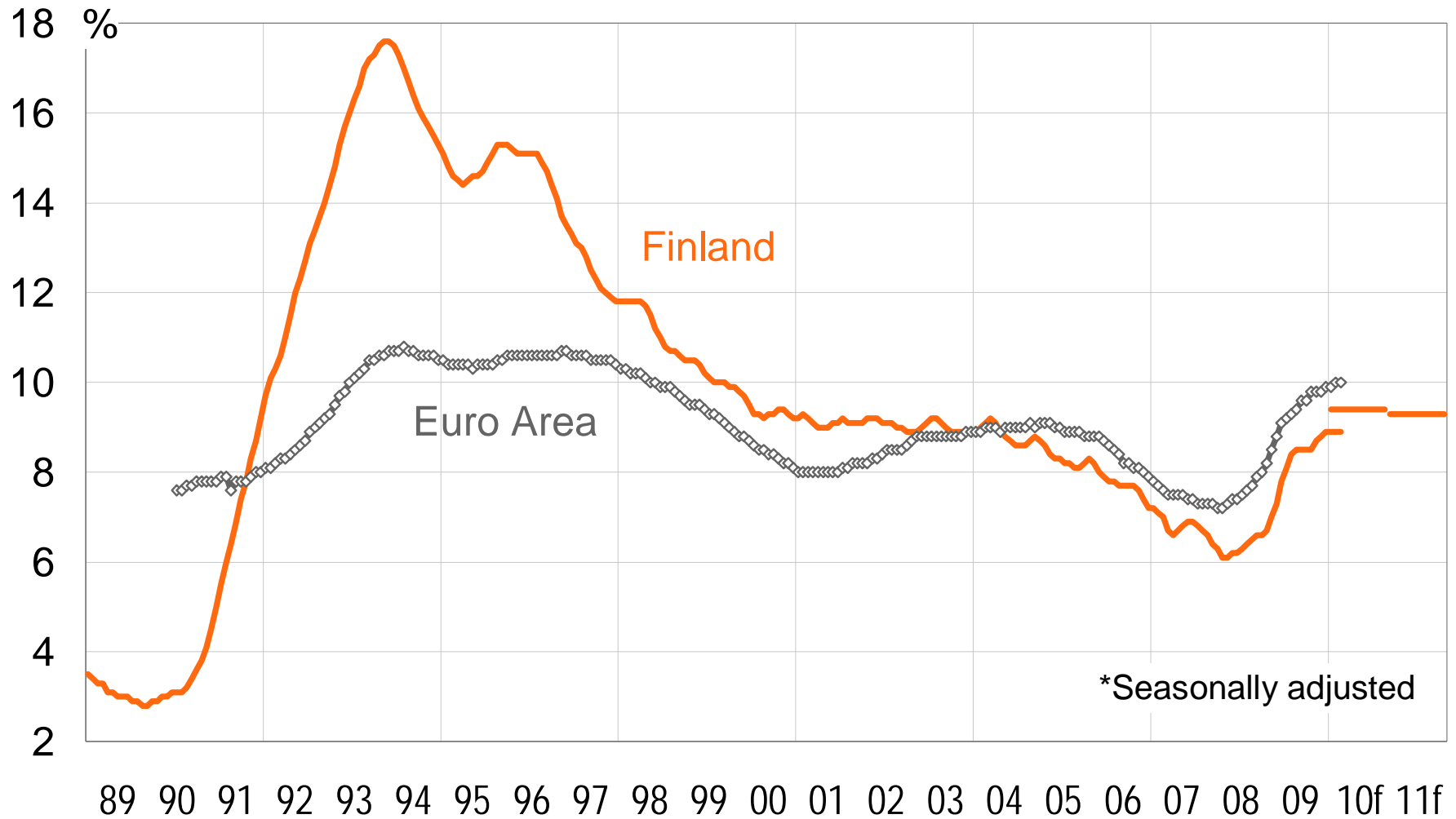
Source: Confederation of Finnish Industries EK (6 May 2010)

# Confidence indicators in Finland



P Source: Condeferation of Finnish Industries EK

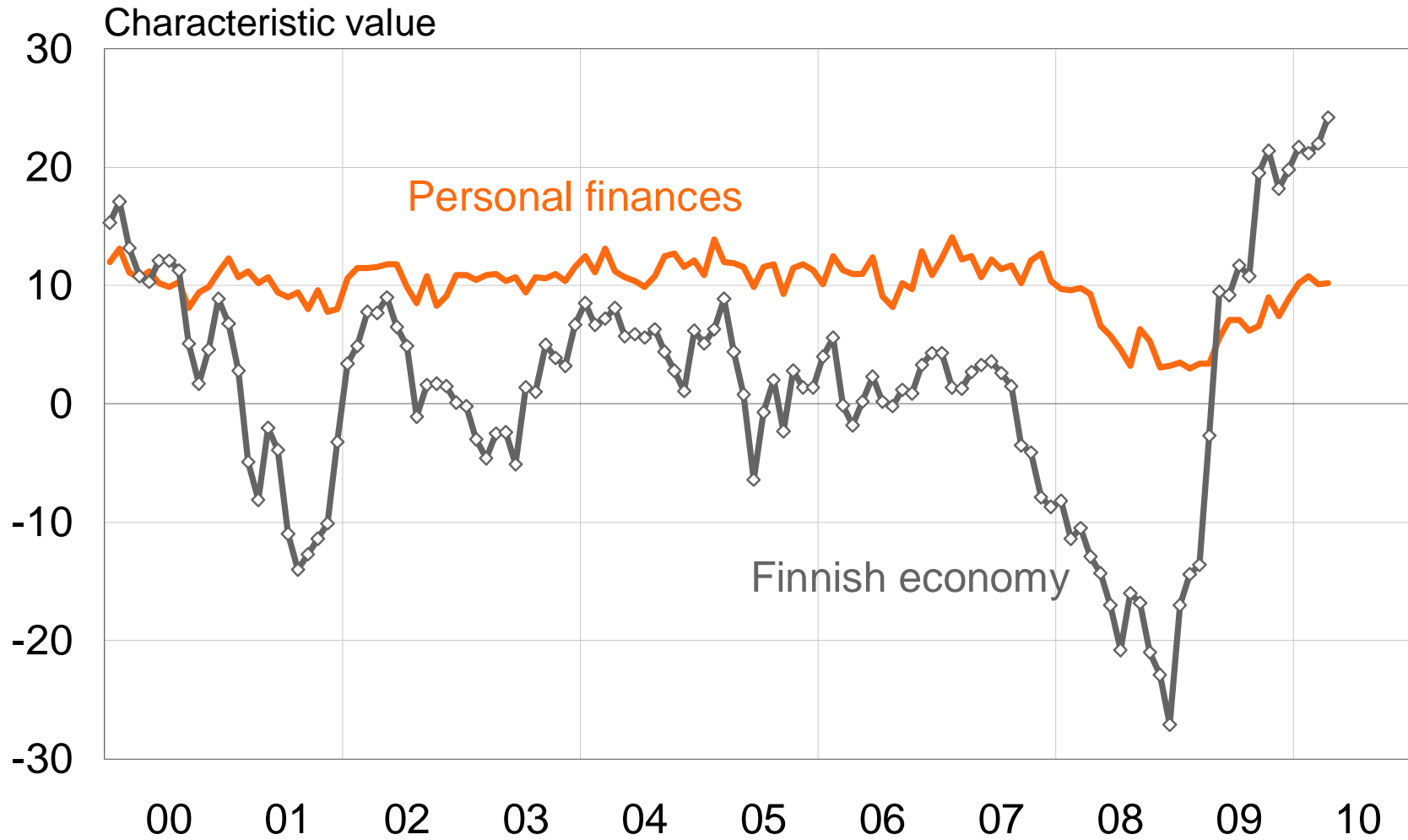
# Unemployment rate\* in Finland and Euro Area



Pohjola Group Sources: Statistics Finland, Eurostat, forecasts OP-Pohjola Group, May 2010

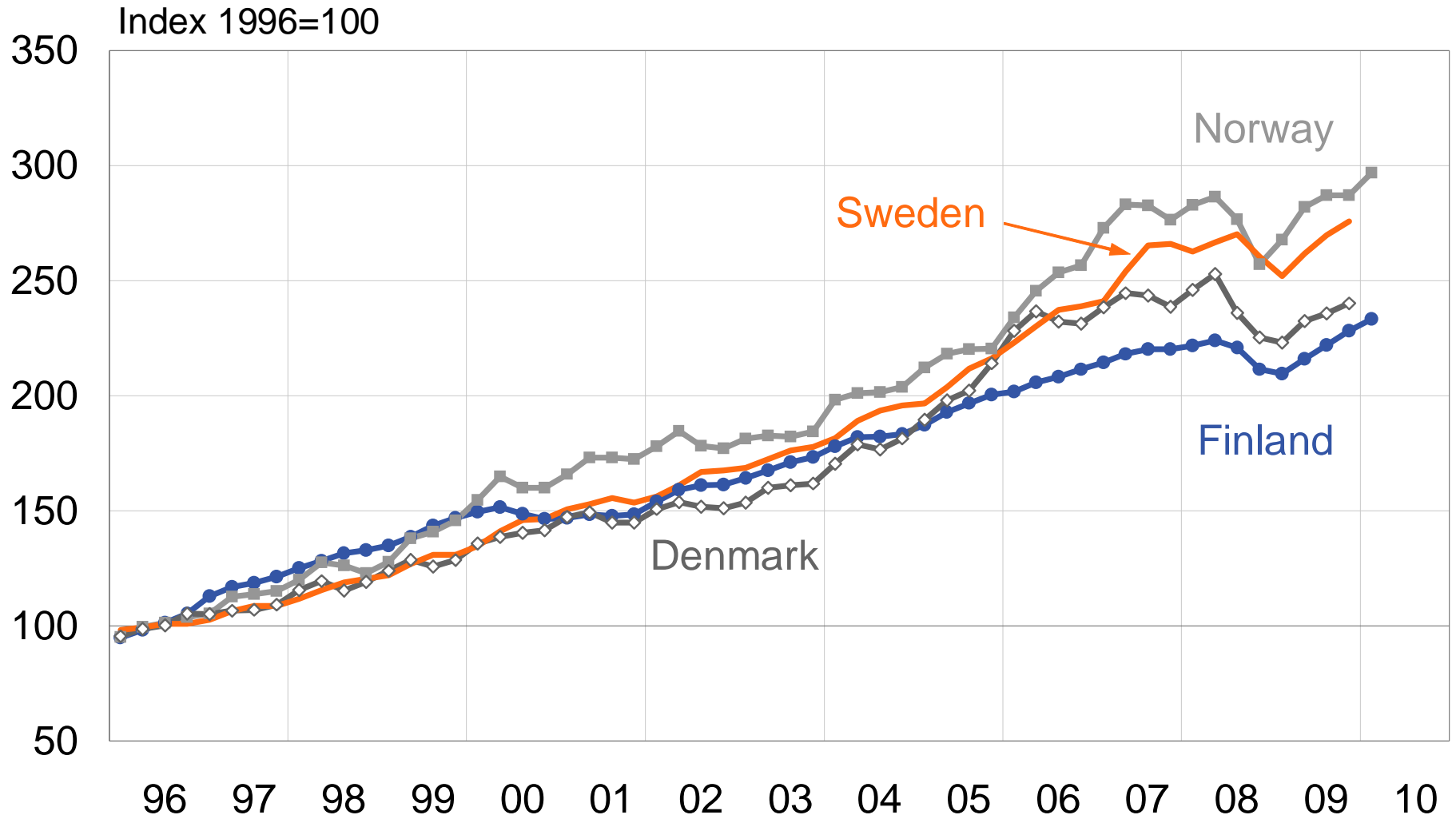


# Consumer confidence indicator



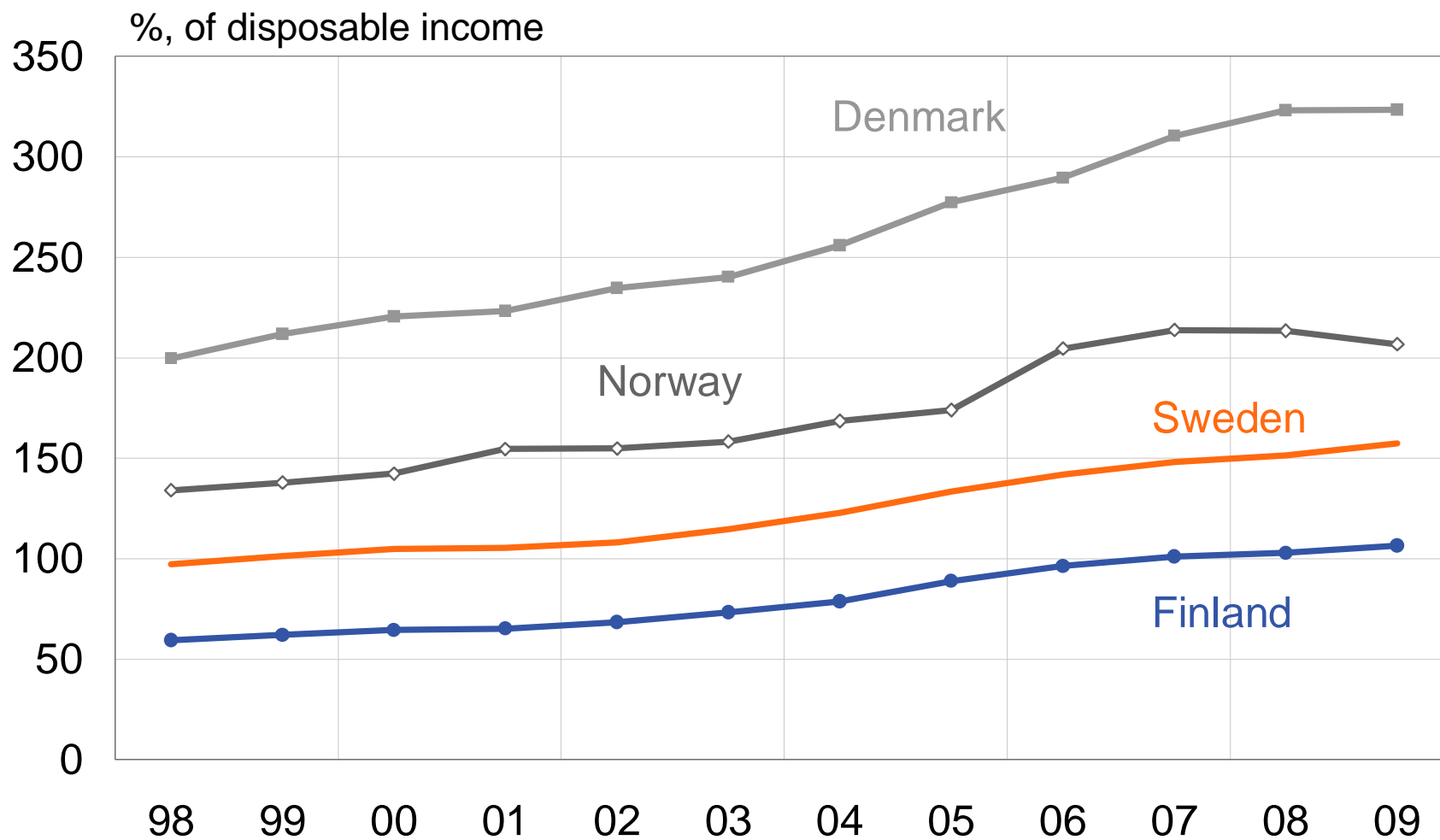
Pohjola/IRSource: Statistics Finland

# Average house prices



Pohjola Sources: Reuters EcoWin, Statistics Sweden

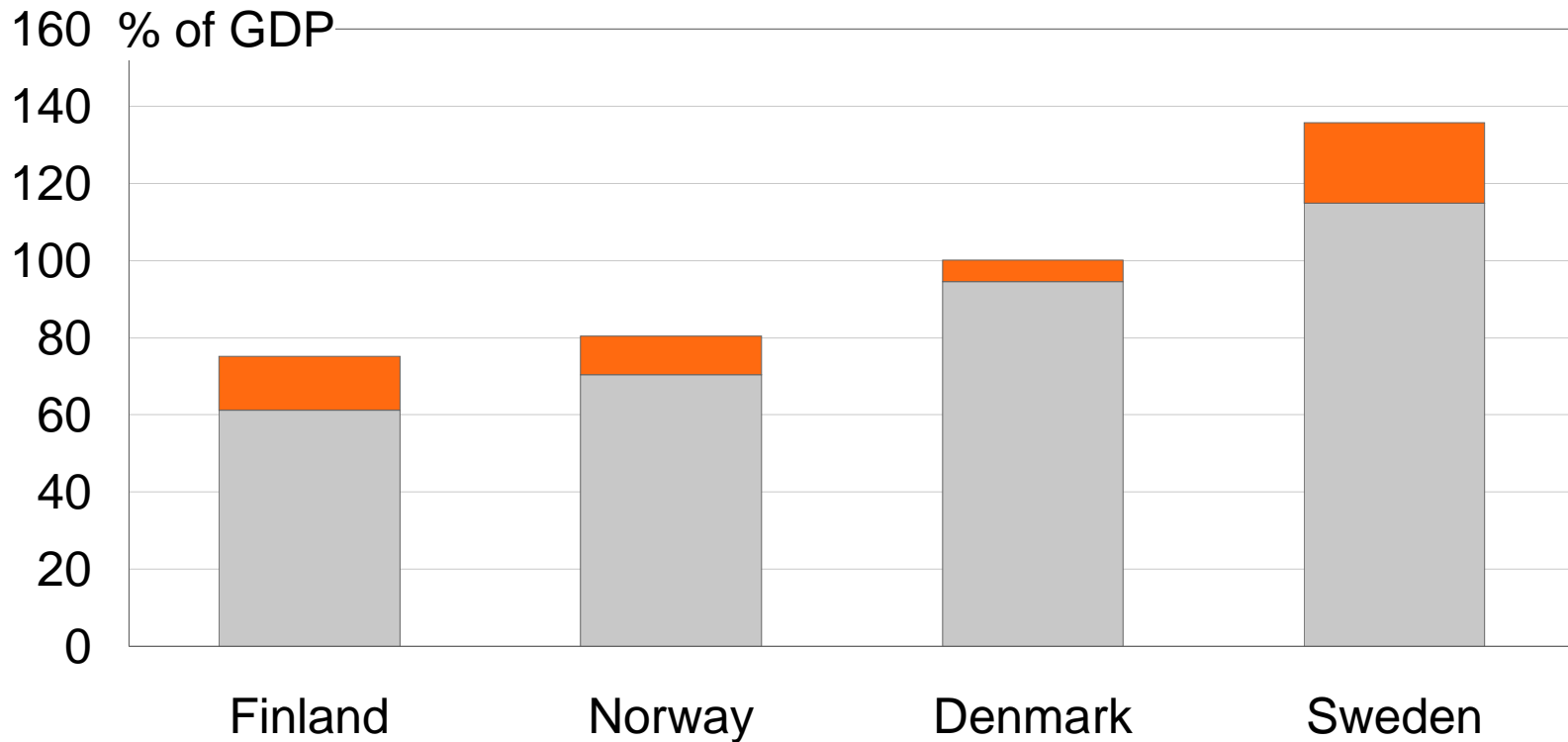
# Households' debt ratio



Source: Central Banks, Statistics Finland

# Corporate debt

## Year 2008



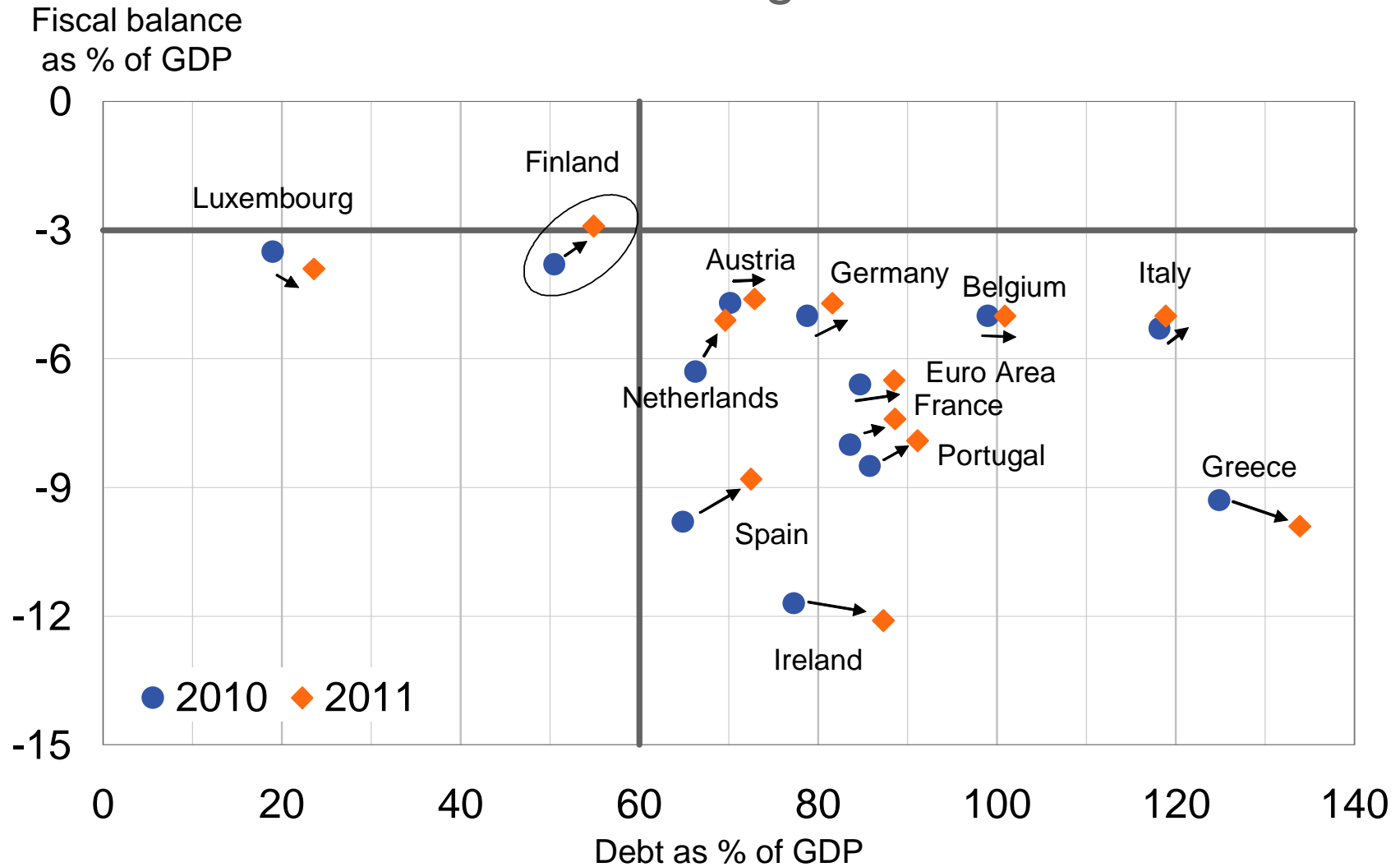
■ Corporate loans\* ■ Debt securities\*\*

\* Excl. loans between Finnish companies

\*\* Commercial papers, corporate bonds and financial derivatives

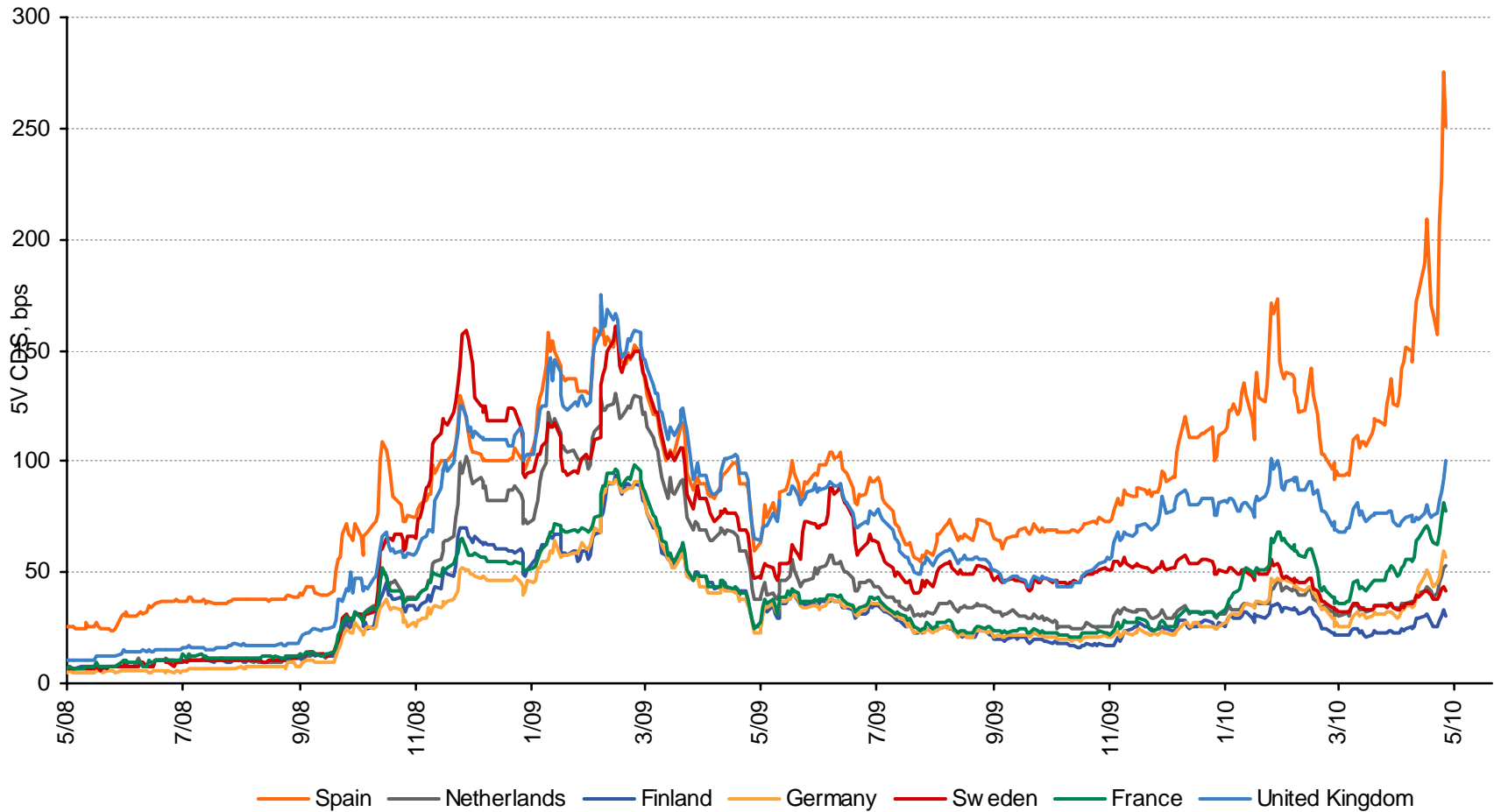
Source: Eurostat, Consolidated Financial Accounts

# Fiscal balance and government debt



Pohjola/IR Source: European Commission, May 2010

# 5 year sovereign CDS 05/08 - 05/10



# Forecast for the Finnish economy

Published on 10 May, 2010

	2009 EUR bn	2009 Volume, % change on previous year	2010f	2011f
<b>GDP</b>	171.0	-7.8	1.5	2.5
<b>Imports</b>	57.2	-22.3	3.0	4.5
<b>Exports</b>	61.9	-24.3	4.5	6.0
<b>Private consumption</b>	94.5	-2.1	1.2	1.6
<b>Public consumption</b>	42.9	0.7	0.0	0.5
<b>Private fixed investment</b>	29.1	-15.7	-2.0	4.0
<b>Public fixed investment</b>	4.7	4.0	-2.5	-2.0

## Other key indicators

	2009	2010f	2011f
<b>Consumer price index, % change y/y</b>	0.0	1.2	1.6
<b>Wage and salary earnings, % change y/y</b>	3.9	3.0	2.5
<b>Unemployment rate, %</b>	8.2	9.4	9.3
<b>Current account balance, % of GDP</b>	1.3	1.7	2.0
<b>General government debt, % of GDP</b>	44.0	50.0	53.5
<b>General government net lending, % of GDP</b>	-2.2	-4.0	-3.5

Pohjola

# Investor Relations

## Contacts

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