

Pohjola Bank plc's Financial Statements Bulletin 1 Jan.–31 Dec. 2012 Background Material



Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. All forward-looking statements in this presentation expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of Pohjola Group and its various functions. No assurance can be given that such expectations will prove to have been correct. Accordingly, results may differ materially from those set out in the forward-looking statements as a result of various factors. Pohjola has used sources of information which it considers to be reliable, and the accuracy and reliability of which it has sought to establish to the best of its ability, but it can nevertheless not guarantee their accuracy or reliability.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations. Our financial reports also describe risks and factors that could affect our future performance and the industry in which we operate. Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial position or results of operations could materially differ from that presented as anticipated, believed, estimated or expected. The views and other information provided are current as of the date of when such information was provided and may be subject to change without notice. Pohjola does not undertake and is not under any obligation to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law or applicable stock exchange regulations.

Past performance is no guide to future performance. Persons needing advice should consult an independent financial, legal or tax adviser.

Contents

Financial Statements Bulletin Q4/2012 and FY/2012

- Pohjola Group
- Banking
- Non-life Insurance
- Asset Management
- Group Functions
- Pohjola Group's outlook for the year 2013

Background Material

- Background material for new investors
- Background material on Pohjola Group and Business Lines
- OP-Pohjola Group's and Pohjola Bank plc's results and key figures
- Finnish Economy
- Pohjola IR team

FY/2012 and Q4/2012 in Brief

FY/2012

- Consolidated earnings improved markedly to €374 million (258)
- Earnings by Banking and Asset Management rose to record levels.
- The operating combined ratio of Non-life Insurance was at a healthy level, 90.5% (89.8)
- Return on Non-life Insurance investments at fair value was 10.8%) (–0.4)
- Core tier 1 ratio stood at 10.6% (10.3).

Q4/2012

- Consolidated earnings improved markedly to €92 million (13).
- Earnings by Non-life Insurance and Asset Management were considerably higher than the year before.
- Banking showed lower earnings than a year ago due to impairment charges.

Dividend distribution proposed by the Board
accounts for 51% the financial year's profit, €0.46/Series A share

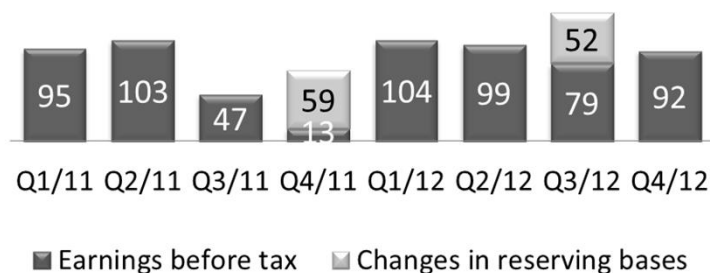


Pohjola Group Q4/2012 and FY/2012

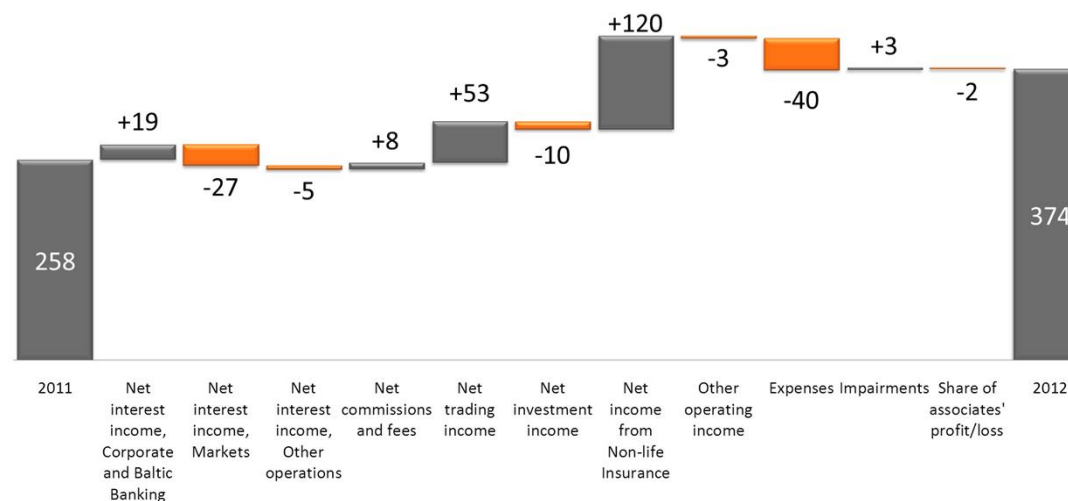
Marked Improvement in Consolidated Earnings

ROE 11.2% in 2012

Earnings before tax, € mn
By quarter



Earnings before tax, € mn
Year-on-year change, 2012 vs. 2011

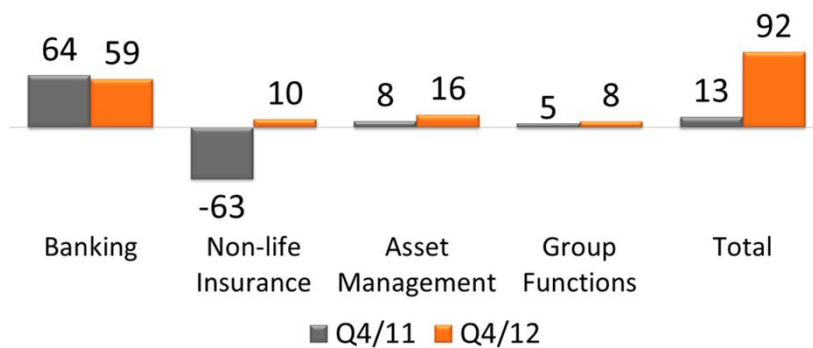


Improvement in All Business Lines' 2012 Financial Performance

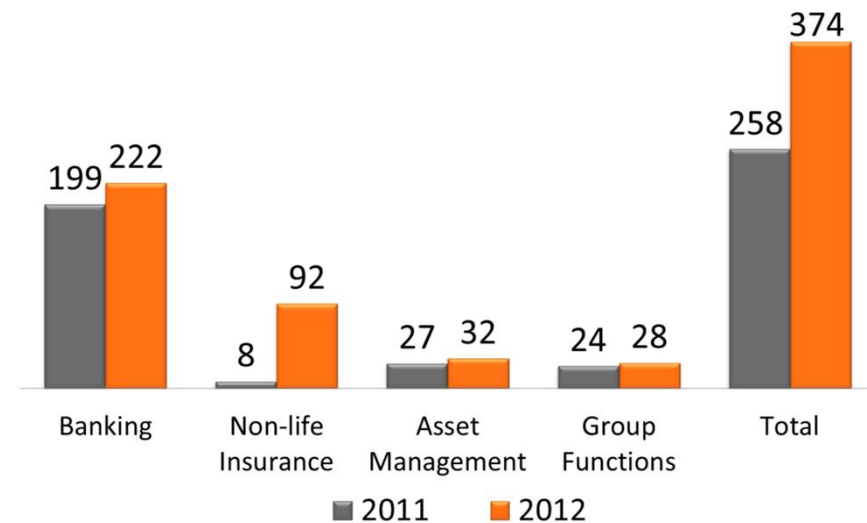
Earnings grew most in Non-life Insurance

Earnings by Banking and Asset Management rose to record levels

Earnings before tax, € mn
By business line, year-on-year change
Q4/12 vs. Q4/11



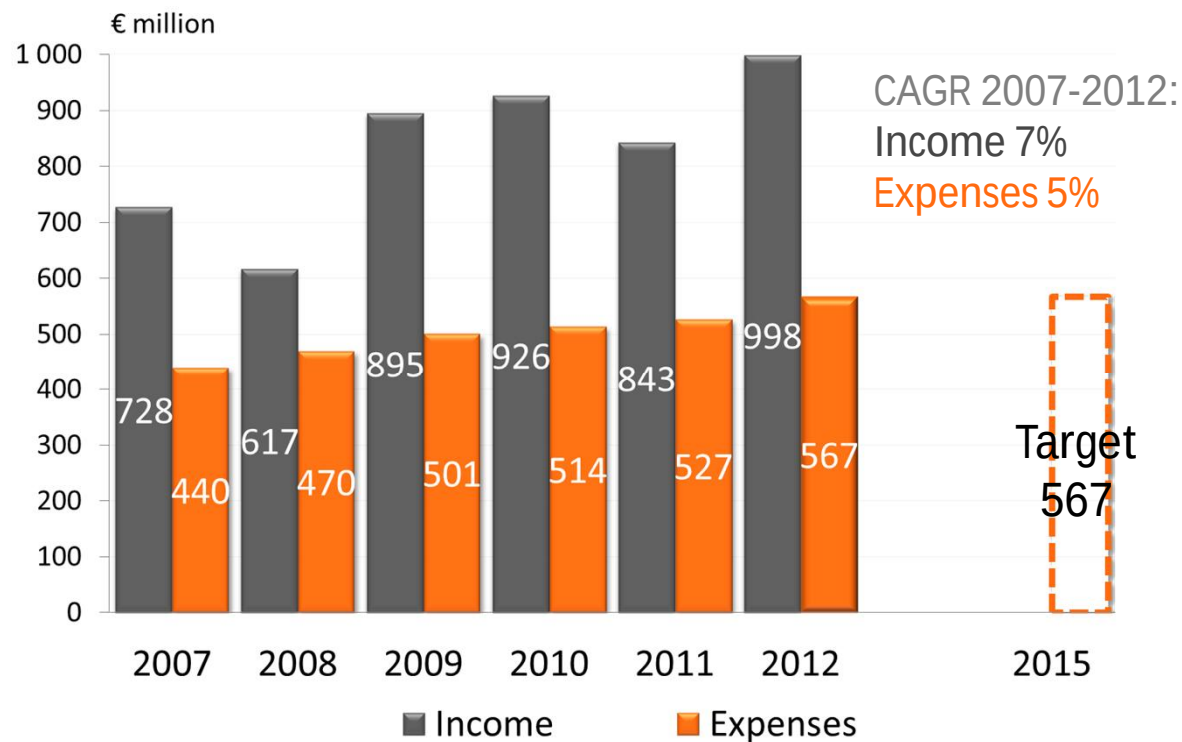
Earnings before tax, € mn
By business line, year-on-year change
2012 vs. 2011



Cost Efficiency

Target for total expenses: Total expenses at end of 2015 at 2012-end level

Income and cost developments, € million
2007–2012



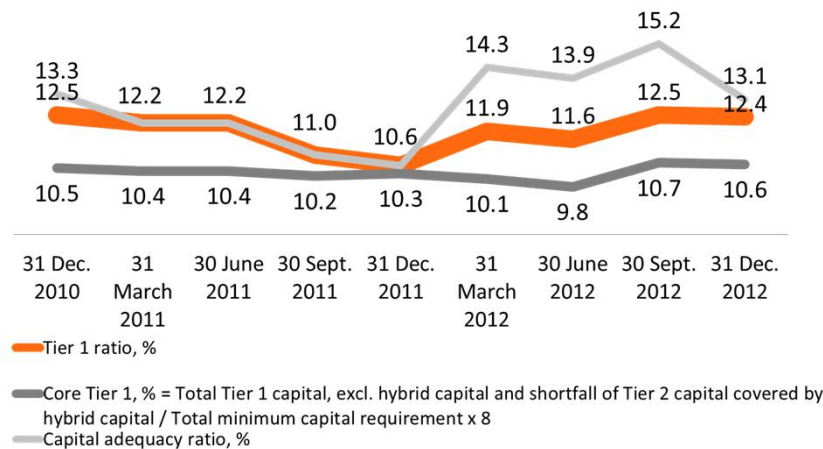
Total income up by 18% and total expenses up by 8% in 2012

Total expenses down by 4% in Q4/12 vs. Q4/11

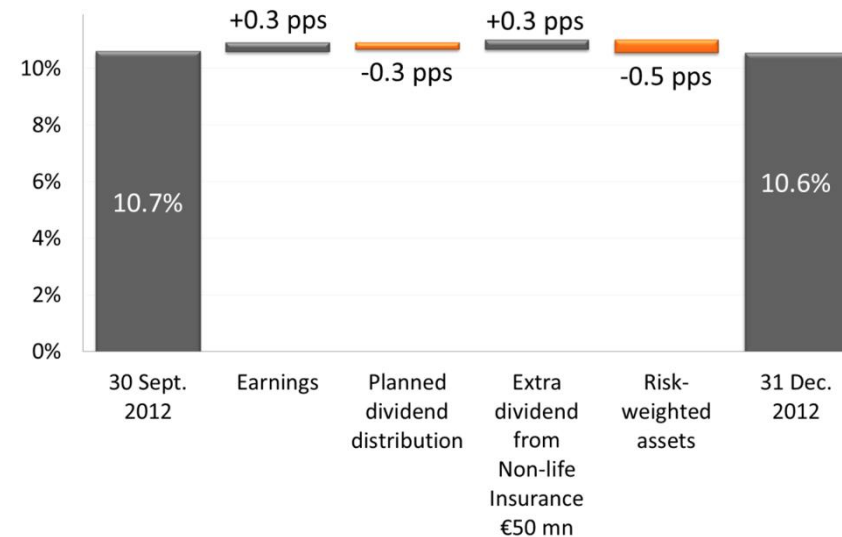
Core Tier 1 Almost at Target Level

Capital adequacy ratio decreased during the fourth quarter as a result of the redemption of Upper Tier 2 perpetual subordinated notes and an increase in risk-weighted assets

Capital adequacy ratio under the Act on Credit Institutions, %



Changes in Core Tier 1 ratio in Q4/12



1.70

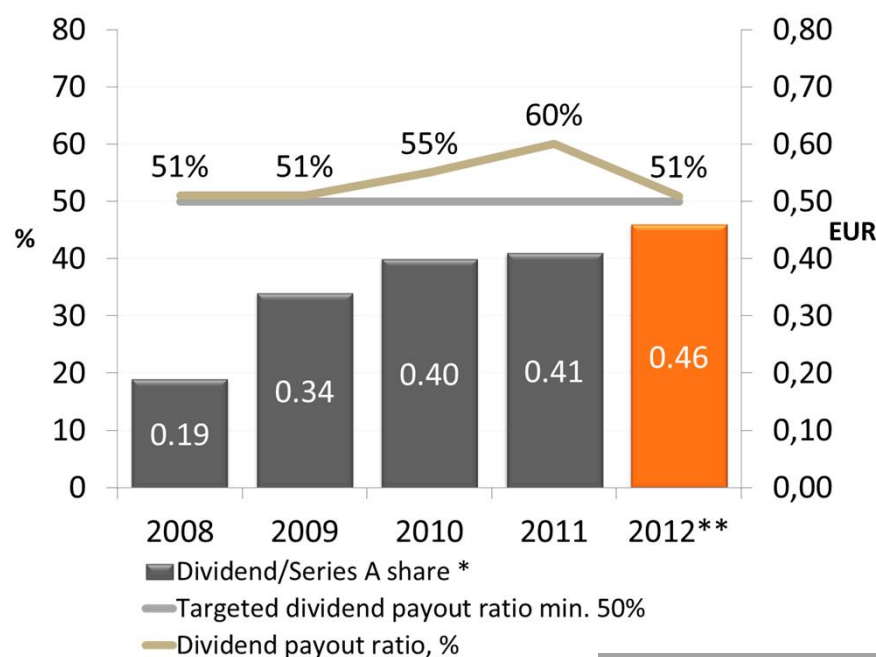
(31 Dec. 2011: 1.41)

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates was clearly above the statutory minimum requirement.

OP-Pohjola Group Group's Core Tier 1 ratio 14.1% as of 31 December 2012 (14.0% on 31 Dec. 2011)
 OP-Pohjola Group Group's Core Tier 1 ratio target is 15%.

Dividend Proposal €0.46 per Series A Share**

We aim to distribute a minimum of 50% of our earnings for the financial year in dividends, provided that Core Tier 1 ratio remains at least 10%



* Share-issue-adjusted dividend for 2008–09
 ** Proposal by the Board of Directors

- Dividend payout ratio 51% of earnings for the financial year 2012**
 - €0.46 on Series A shares (0,41)
 - €0.43 on Series K shares (0,38)
- Dividend payout ratio averaged 54% during 2008-2012**

	2008	2009	2010	2011	2012**
Dividends distributed, € mn	45.5	106.6	125.8	129.0	145.0
Effective dividend yield (Series A share), %	2.4	4.5	4.5	5.5	4.1

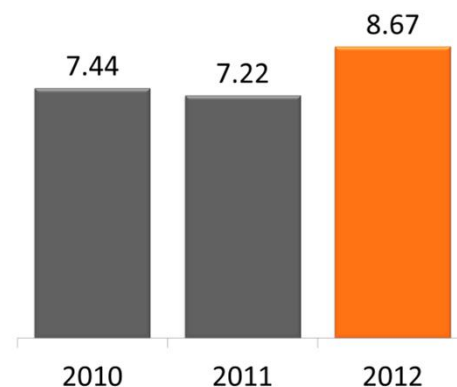
Key figures

ROE 11.2% and equity per share improved clearly

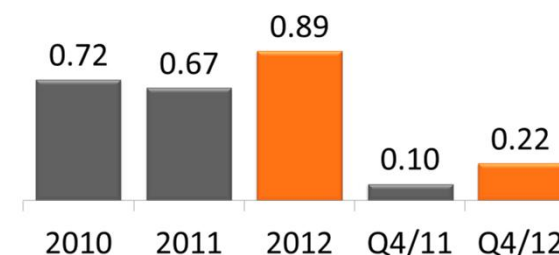
ROE, %
(previous target 13% at fair value)



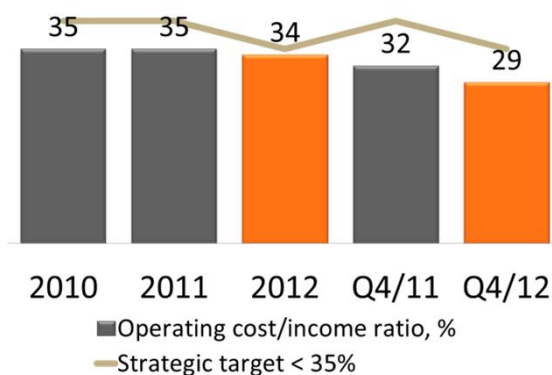
Equity per share, €



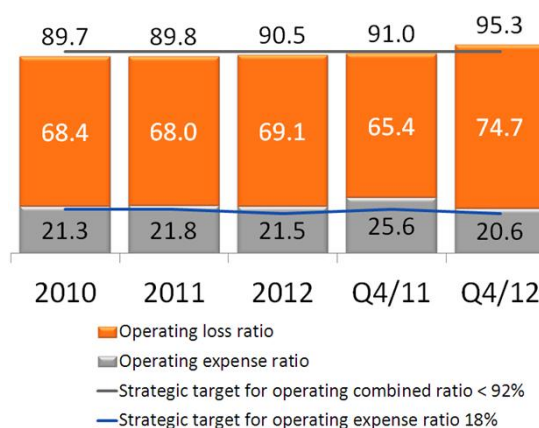
Earnings per share, €



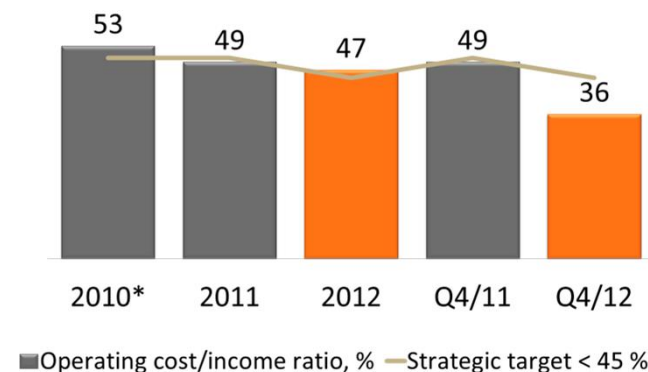
Operating cost/income ratio
by Banking, %



Operating combined ratio
by Non-life Insurance, %



Operating cost/income ratio
by Asset Management, %



* excl. items related to corporate transactions

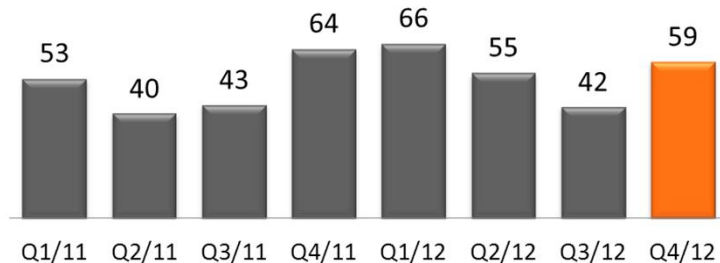


Banking Q4/2012 and FY/2012

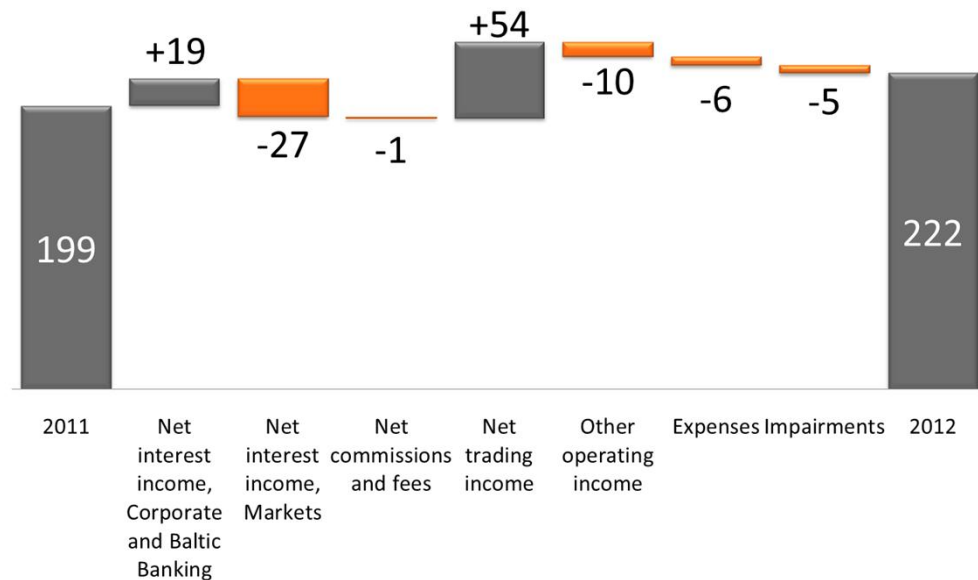
Cumulative Earnings Improved by 12% Year-on-year

Fourth-quarter earnings were slightly lower than a year ago
due to an increase in impairment charges

Earnings before tax, € mn
By quarter

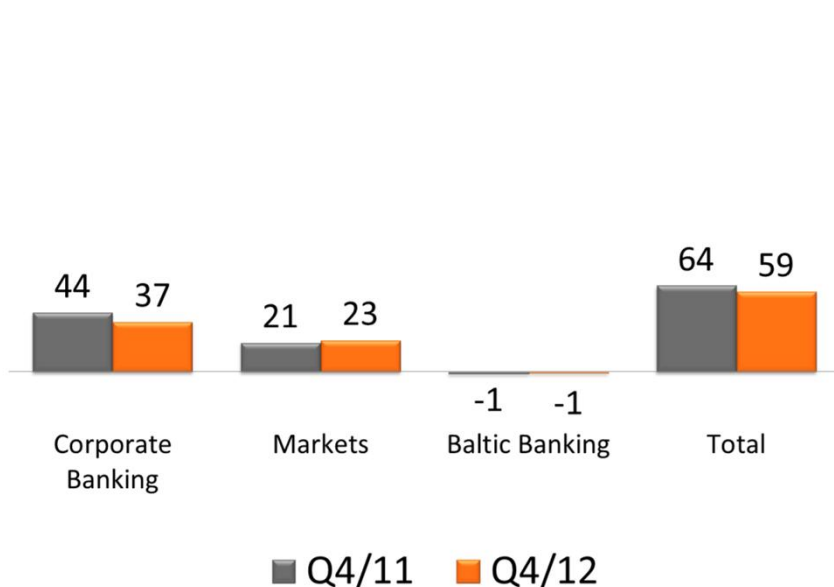


Earnings before tax, € mn
Year-on-year change, 2012 vs. 2011

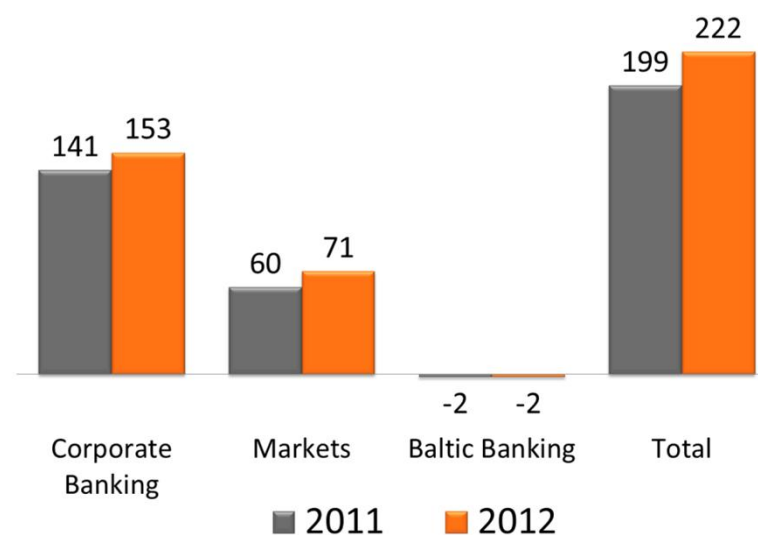


Corporate Banking Earnings Up by 9% and Markets Up by 18% in 2012

Earnings before tax, € mn
By division, year-on-year change
Q4/12 vs. Q4/11

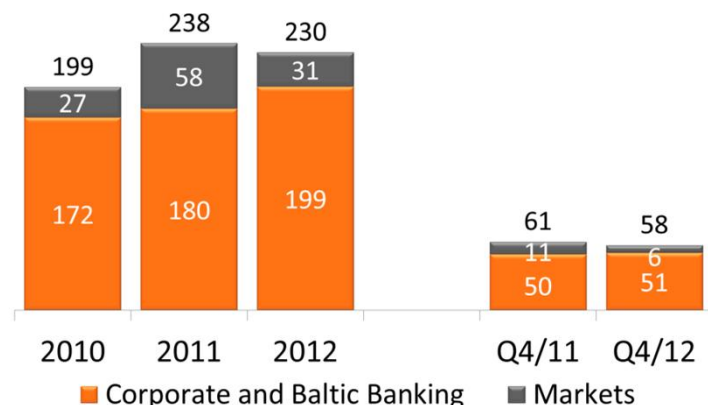


Earnings before tax, € mn
By division, year-on-year change
2012 vs. 2011



Development of Key Income Items

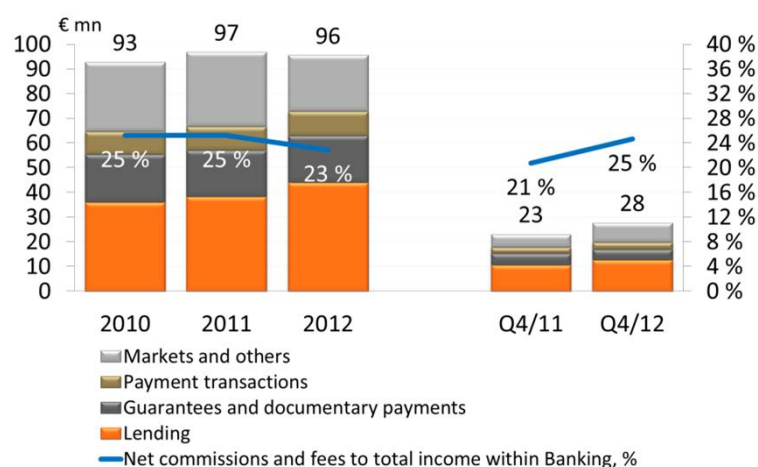
Net interest income, € million



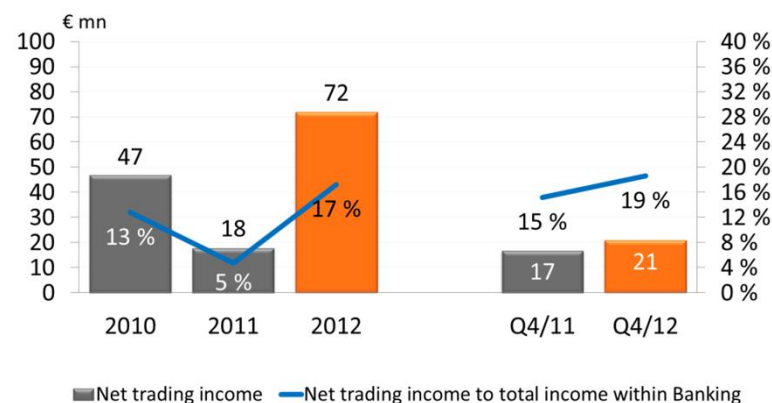
Higher net interest income and lending commissions and fees improved Corporate Banking earnings.

Net trading income behind the Markets division's improved earnings.

Net commissions and fees, € million



Net trading income, € million



Loan Portfolio Up by 9% and Average Corporate Loan Portfolio Margin by 18 Basis Points in 2012

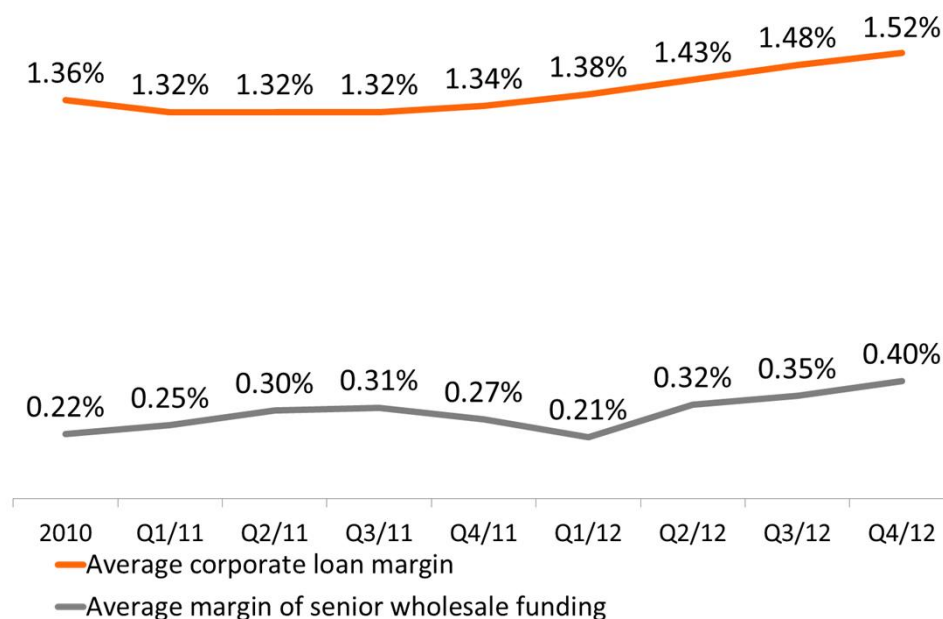
Loan Portfolio Up by 2% and Average Corporate Loan Portfolio Margin by 4 Basis Points in Q4/2012

Loan and guarantee portfolio, € bn

The loan and guarantee portfolio increased by 8% in the year to December and by 0% in Q4/12



Average corporate loan margin and margin of senior wholesale funding, %



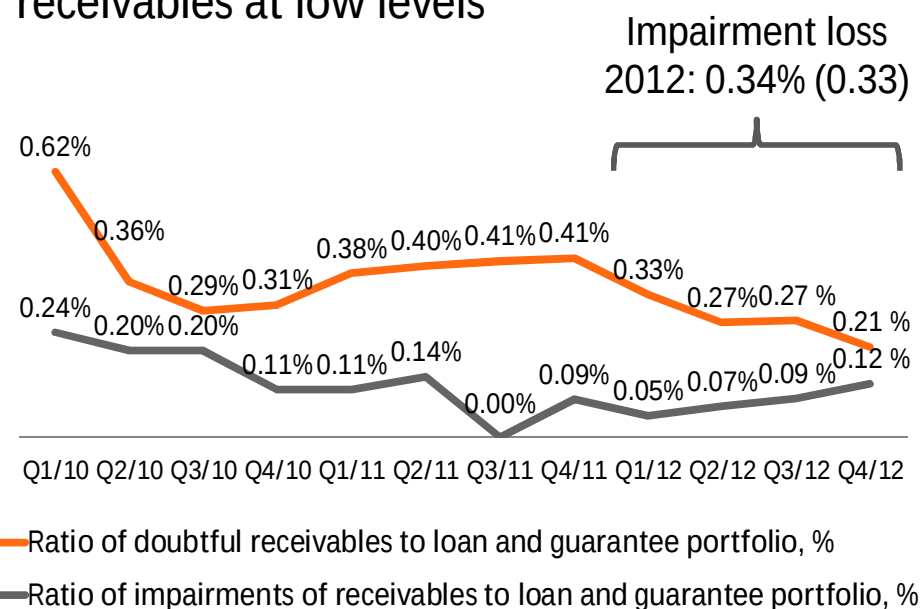
Loan Portfolio Quality Remains Good

Investment-grade exposures accounted for 63% (65) of total exposures by Banking and for 59% (61) of corporate customer (incl. housing corporations) exposures

Net impairment loss on receivables
Q4/12: €20 mn (13)



Impairment losses and doubtful
receivables at low levels



© OP-Pohjola

■ Credit loss recoveries and reversal of impairments
 ■ New impairments
 — Net impairments

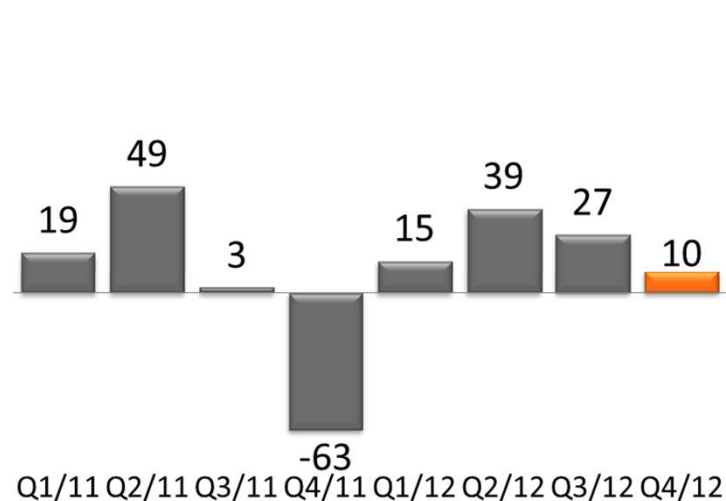


Non-life Insurance Q4/2012 and FY/2012

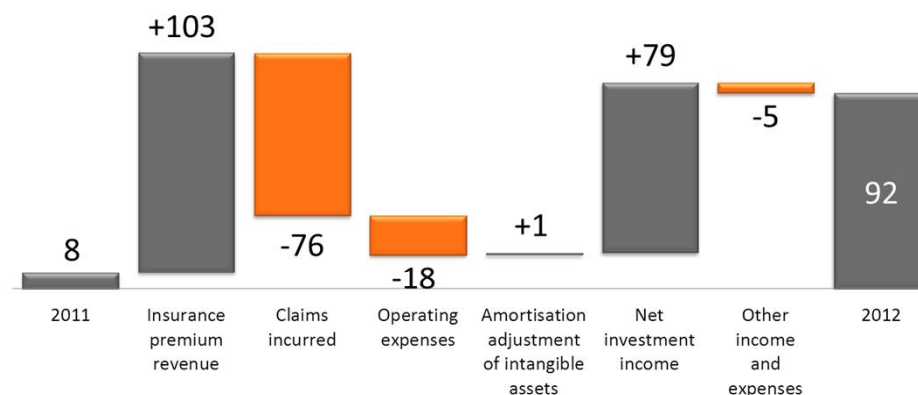
Significant Improvement in Non-life Insurance Earnings

Insurance premium revenue was up and investment operations were successful

Earnings before tax, € mn
By quarter



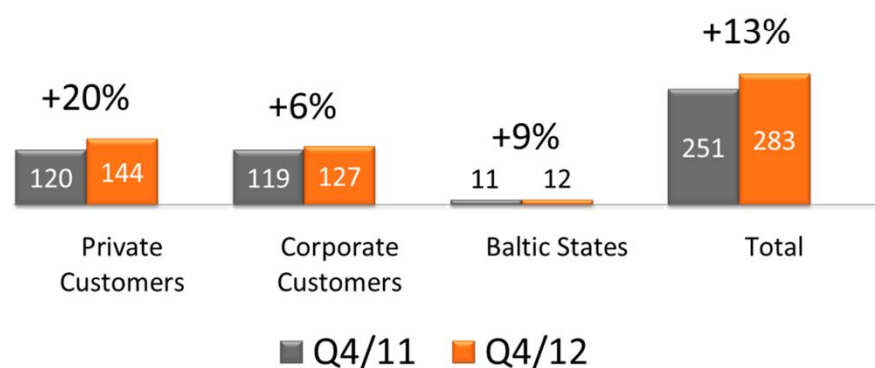
Earnings before tax, € mn
Year-on-year change, 2012 vs. 2011



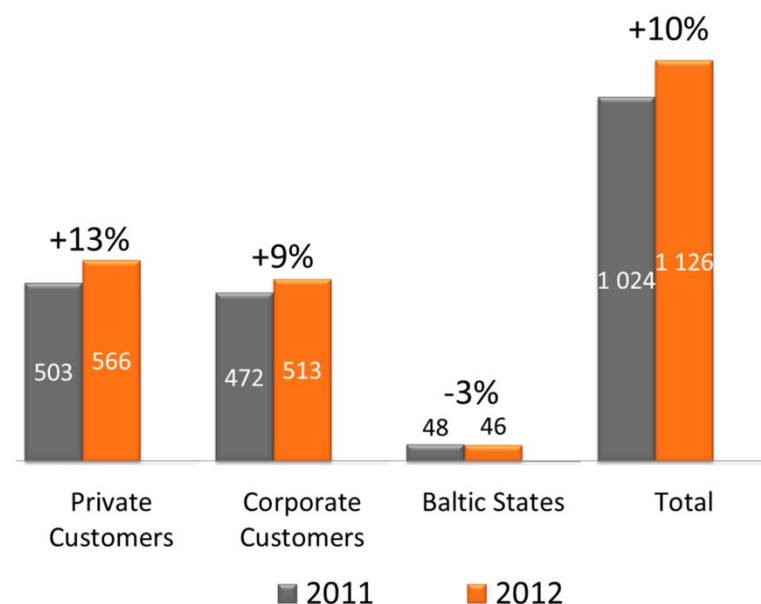
In 2012, claims incurred were reduced by a year-on-year increase of €2 million released from technical provisions relating to prior year claims the amount released coming to €27 million (25). Technical provisions relating to prior year claims increased by €9 million, which increased Q4/2012 claims incurred (€4 million was released in Q4/2011).

Strong Growth in Insurance Premium Revenue from Private Customers and Corporate Customers

Insurance premium revenue by division, € mn and year-on-year change, Q4/12 vs. Q4/11



Insurance premium revenue by division, € mn and year-on-year change, 2012 vs. 2011

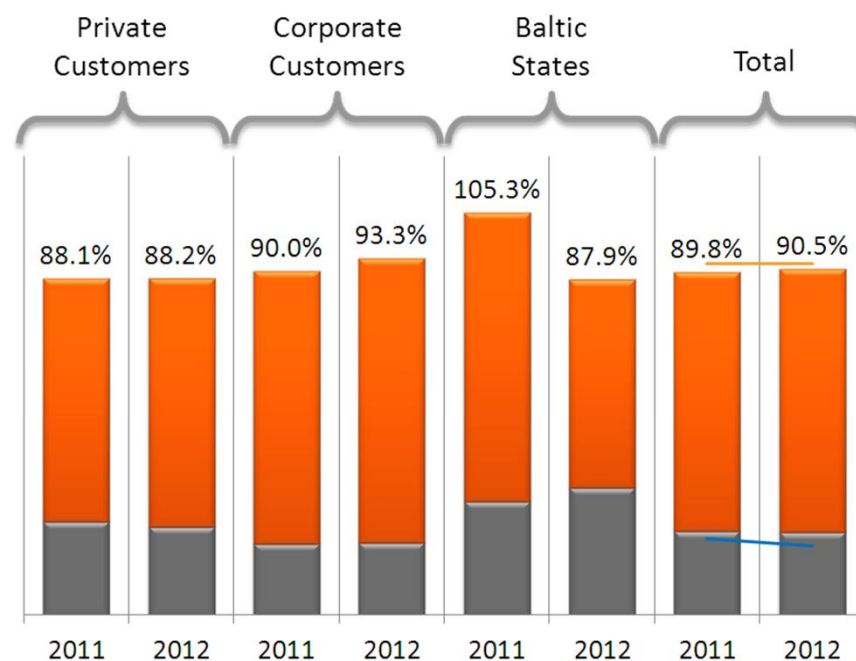
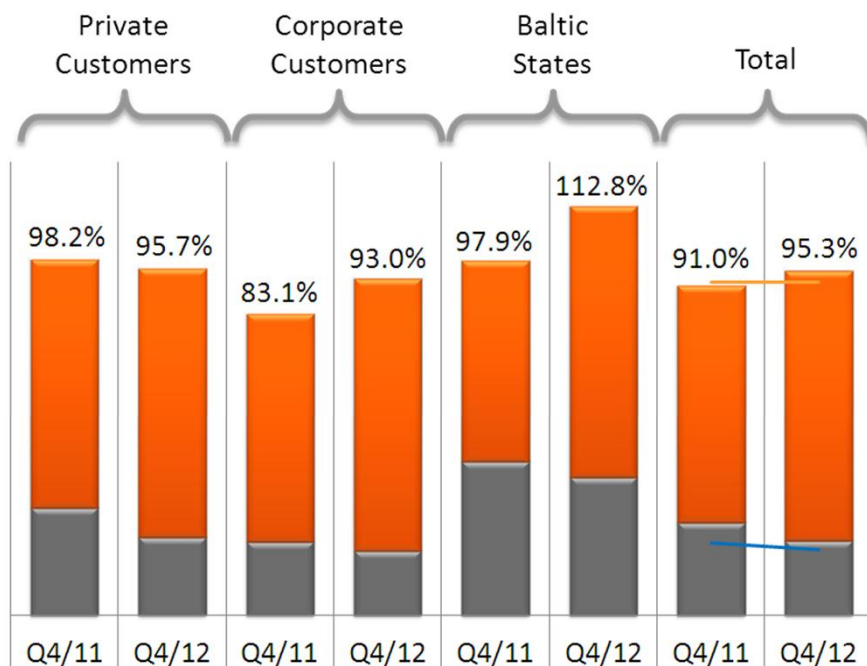


Operating Combined Ratio at Good Level in All Divisions

Operating profitability burdened by a higher number of large claims than the year before

Q4/2012 vs. Q4/2011

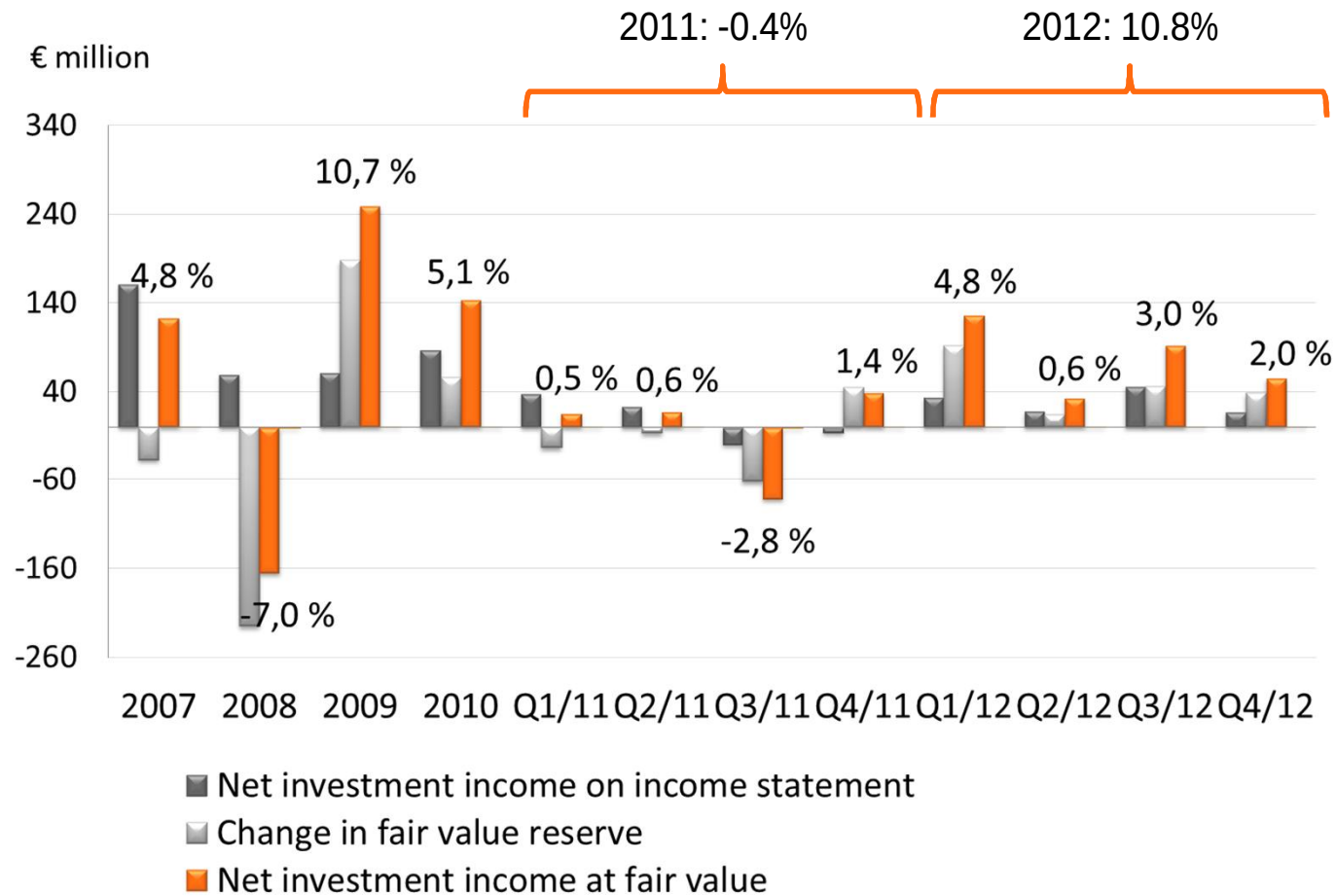
2012 vs. 2011



Operating loss ratio (claims incurred / insurance premium revenue)
 Operating expense ratio (operating expenses / insurance premium revenue)
 Strategic target for operating combined ratio of Non-life Insurance < 92%
 Strategic target for operating expense ratio of Non-life Insurance 18%

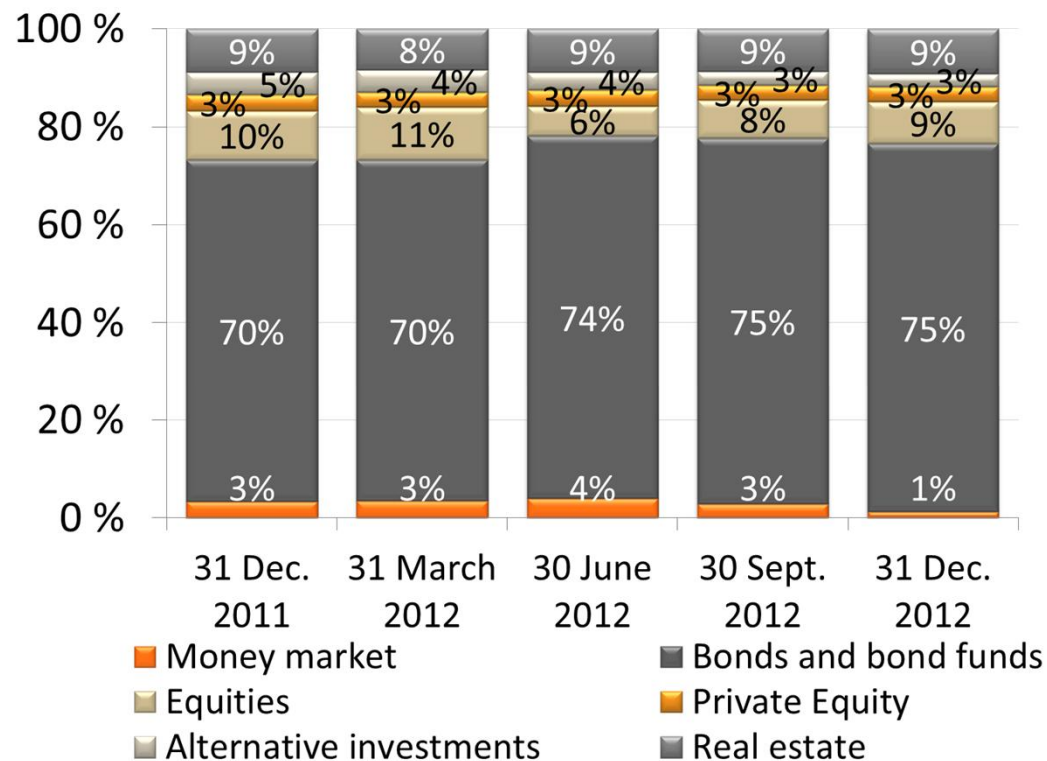
Operating loss ratio (claims incurred / insurance premium revenue)
 Operating expense ratio (operating expenses / insurance premium revenue)
 Strategic target for operating combined ratio of Non-life Insurance < 92%
 Strategic target for operating expense ratio of Non-life Insurance 18%

Investment Income at Good Level

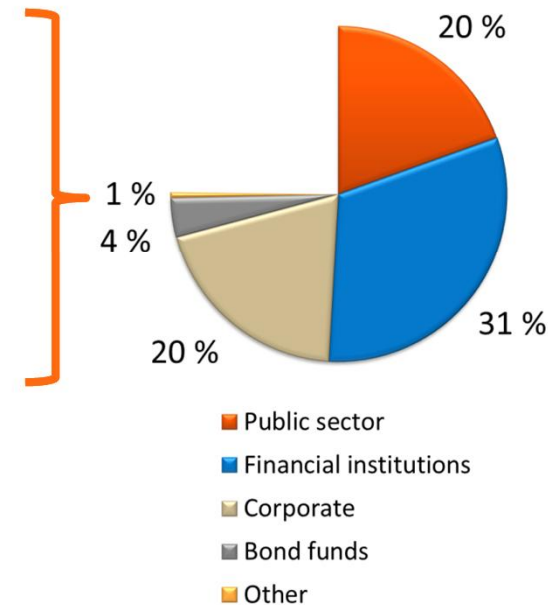


No Major Changes in the Allocation of Investment Portfolio in Q4/12

Investment portfolio (€3.1 bn) by asset class as of 31 December 2012



Bonds and bond funds (75%)





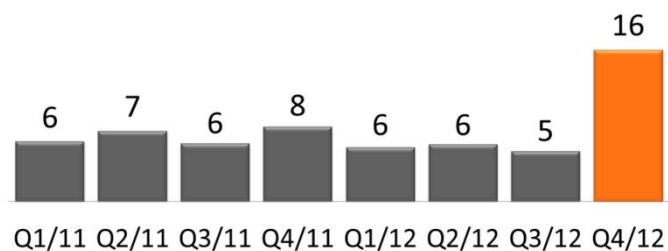
Asset Management Q4/2012 and FY/2012

Asset Management Earnings up by 19% in 2012

Earnings before tax hit a record

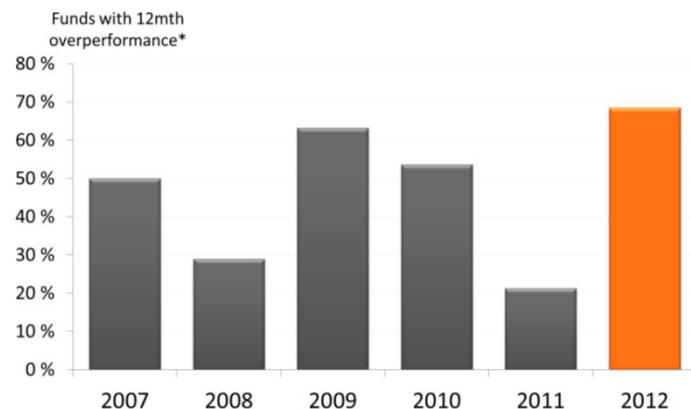
Earnings before tax, € mn

By quarter



Higher performance-based fees improved earnings

A total of 68% of OP Mutual Funds included in Asset Management portfolio management outperformed their benchmark index in 2012



* Funds managed by Pohjola Asset Management Ltd

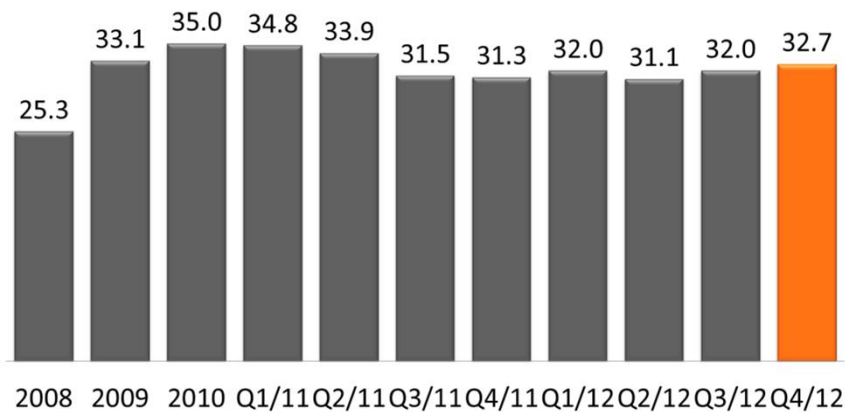
Asset management fees, € mn



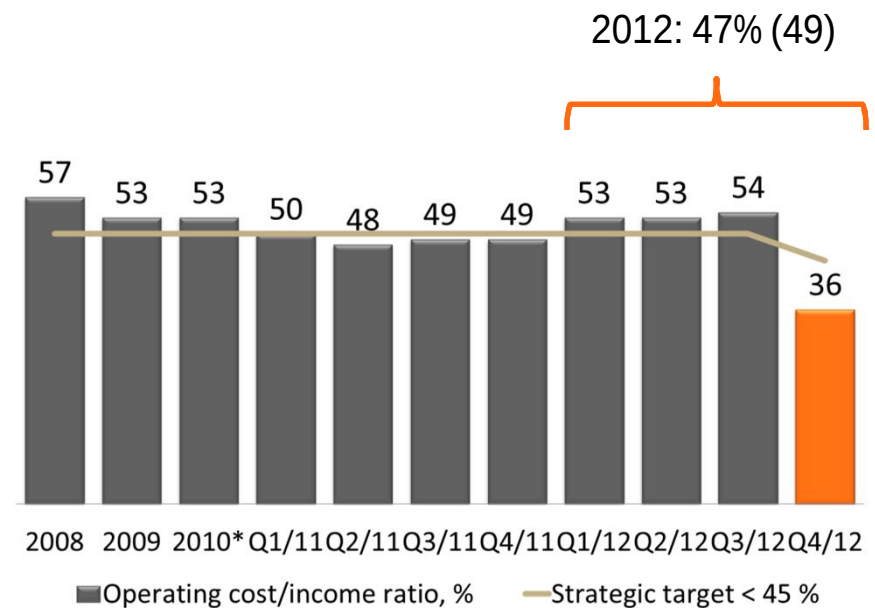
Assets under Management Increased

Very good operating profitability thanks to higher income from performance-based fees

Assets under management, € bn



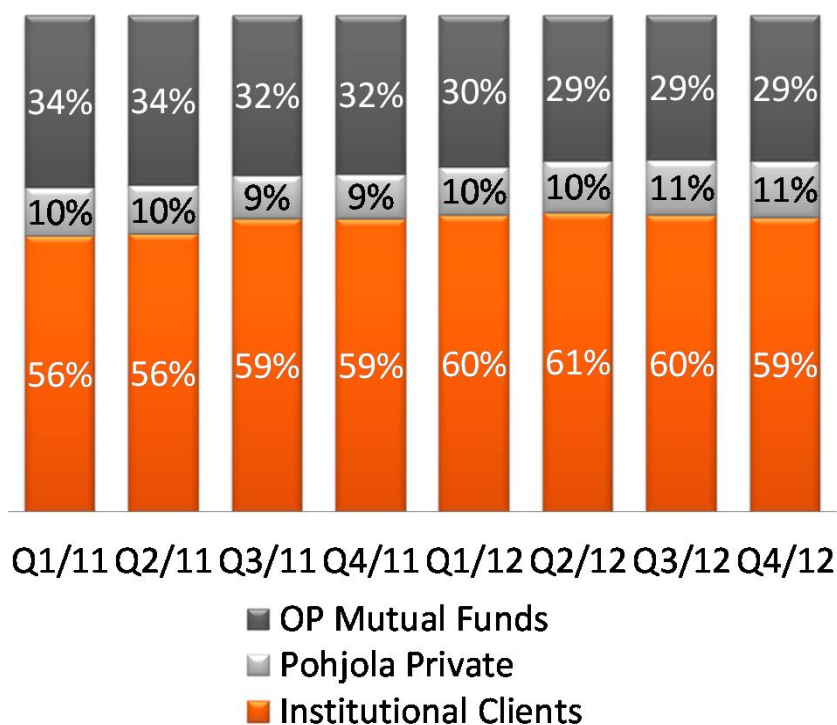
Operating cost/income ratio, %



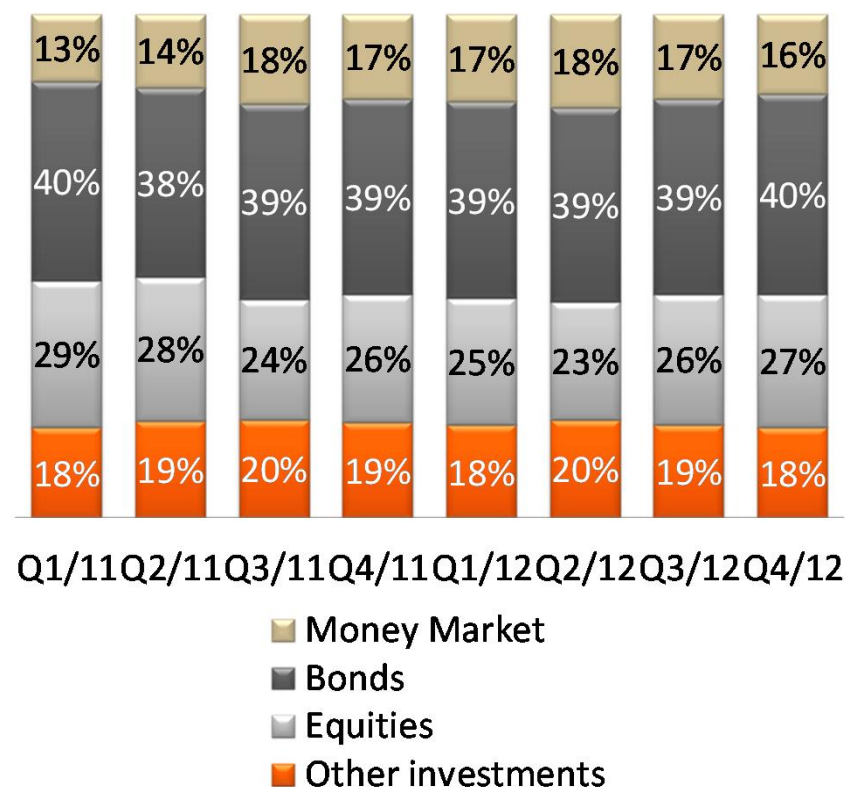
* excl. items related to corporate transactions

Share of Equities and Bonds of Assets under Management Increased

Assets under management by client group



Assets under management by asset class





Group Functions Q4/2012 and FY/2012

Availability of Funding Remained Good

Funding based on strong credit ratings (Aa2/AA-/A+)

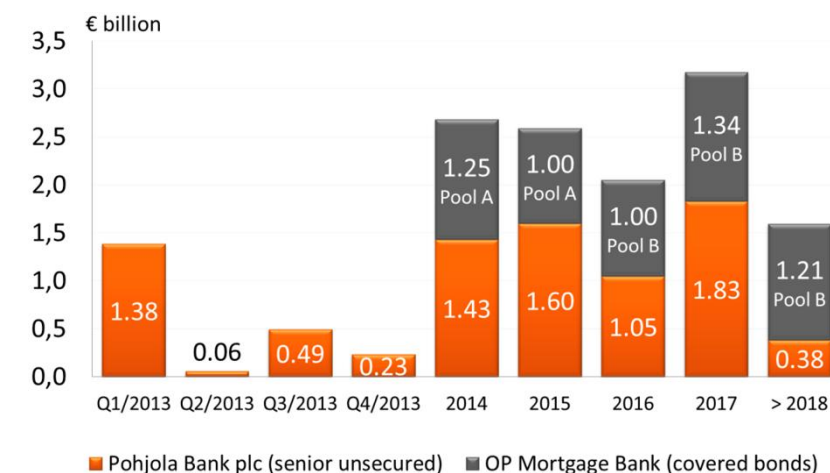
Pohjola Bank plc, senior debt issues

Year	Month	Amount	Maturity	Interest rate
2012	March	€750 mn	5 yrs	m/s+118bp
2011	January	€500 mn	5 yrs	m/s+80bp

OP Mortgage Bank, covered bond issues

Year	Month	Amount	Maturity	Interest rate
2012	May	€1.25 bn	5 yrs	m/s+32bp
2011	July	€1 bn	7 yrs	m/s+48bp

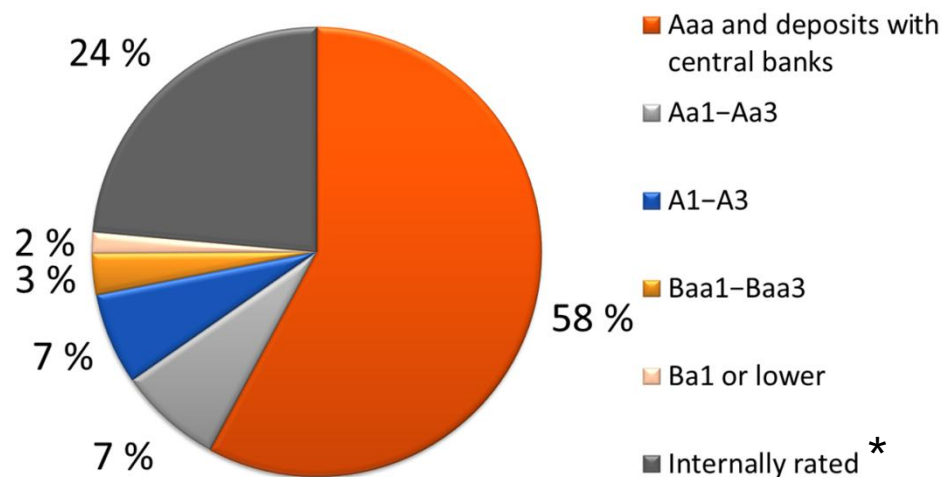
Maturing long-term funding, € bn as of 31 December 2012



- Long-term wholesale funding in 2012 totalled €4.5 billion, with senior bonds issued by Pohjola accounting for €2.4 billion, lower Tier 2 subordinated notes for €0.5 billion and covered bonds issued by OP-Mortgage Bank accounting for €1.6 billion
- In Q4/2012, long-term funding was based on issuing private placement bonds.
- The Group Functions reported earnings of €28 million (24) in 2012.

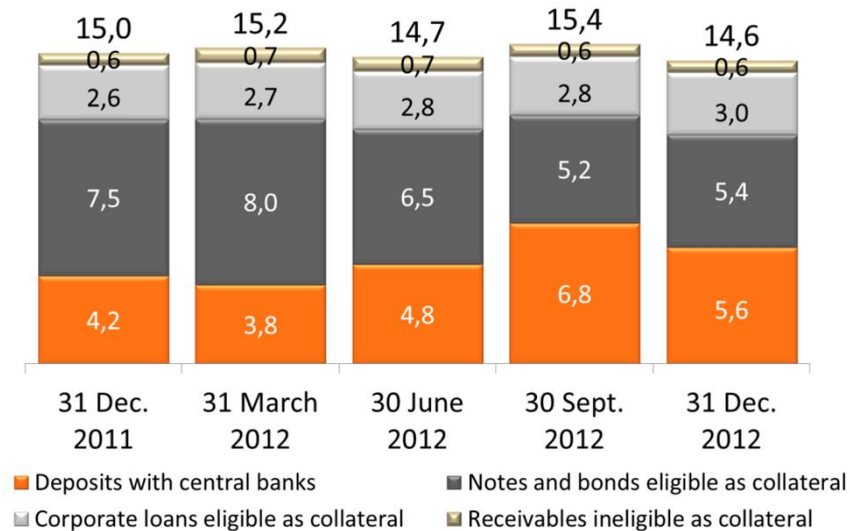
Share of Notes and Bonds in the Liquidity Buffer Decreased in 2012

Liquidity buffer (€14.6 bn) by credit rating as of 31 December 2012



*) Internally rated: corporate loans (87%), the remainder consists of externally non-rated notes and bonds issued by public-sector entities and companies

Liquidity buffer by product, € bn



The liquidity buffer plus other items based on OP-Pohjola Group's contingency funding plan can be used to cover wholesale funding for at least 24 months.



Outlook for 2013

Pohjola Group's Outlook for 2013

- Consolidated earnings before tax in 2013 are expected to be higher than in 2012.
- Within Banking, growth prospects on the loan portfolio are dimmer than last year.
- Within Non-life Insurance, operating combined ratio for the full year 2013 is estimated to vary between 89% and 93% if the number of large claims is not much higher than in 2012.
- Group Functions' net interest income is estimated to be lower than in 2012.
- There is still great uncertainty about the economic outlook and the operating environment.
- The full version of "Outlook for 2013" can be found in the Financial Statements Bulletin.

Background Material

Background Material for New Investors

- Pohjola Group's business structure and market position
- Pohjola as part of OP-Pohjola Group
- Pohjola Group's ownership structure
- OP-Pohjola Group's market position
- Pohjola's credit ratings
- Pohjola's financial targets, key value drivers, total shareholder return and strategy
- CSR at OP-Pohjola Group

Background Material on Pohjola Group and Business Lines

- Pohjola Group
- Banking
- Non-life Insurance
- Group Functions

OP-Pohjola Group's and Pohjola Bank plc's results and key figures

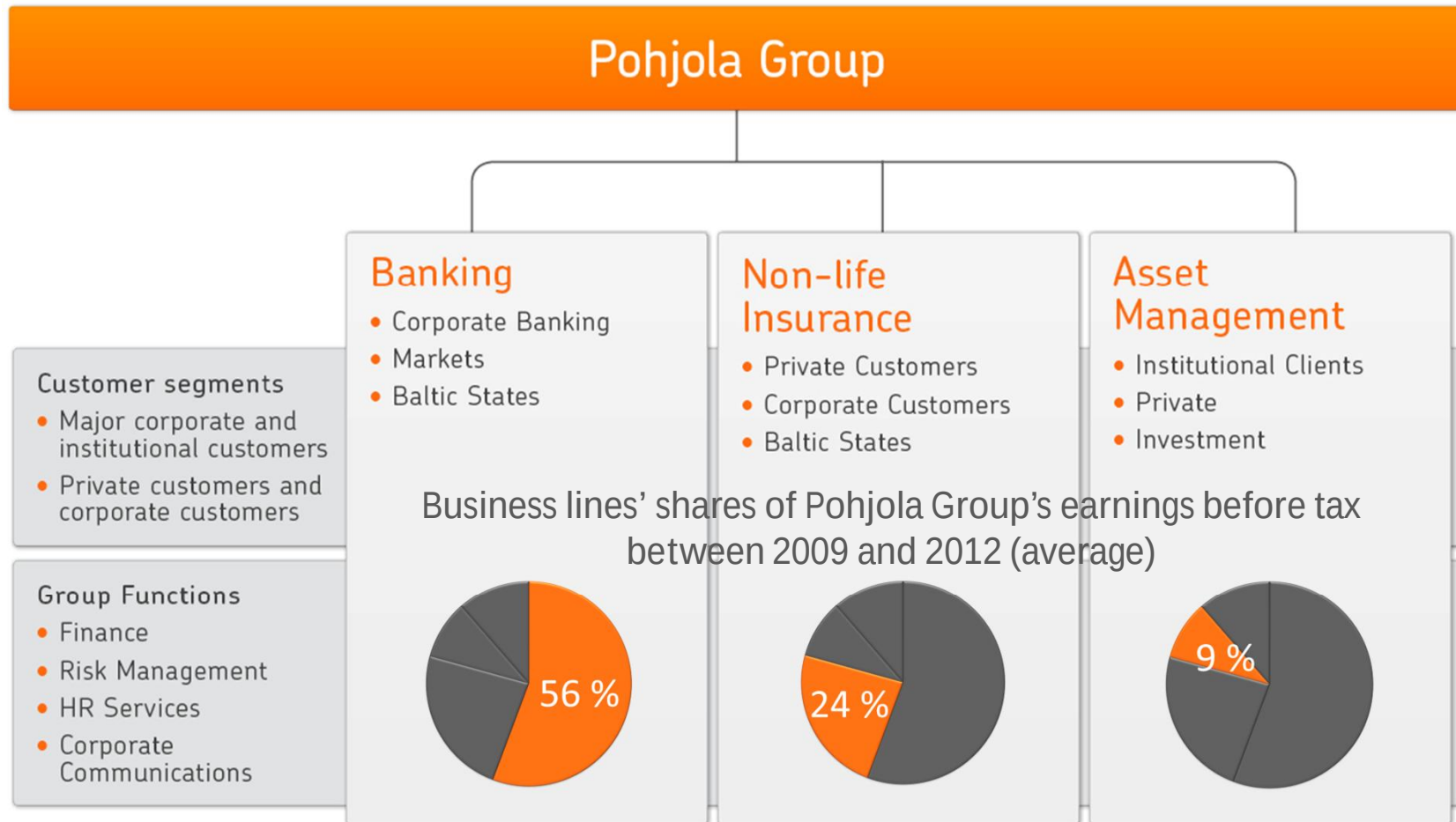
Finnish Economy

Pohjola IR team



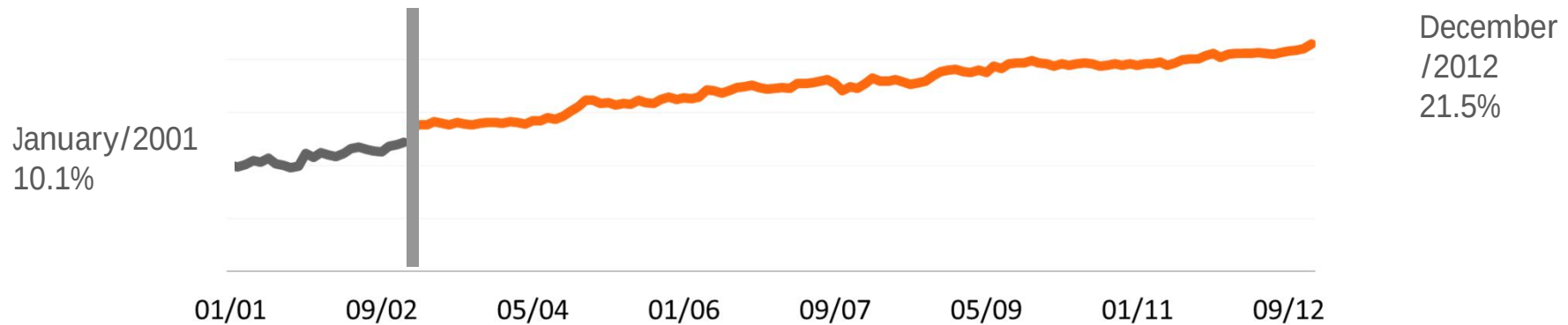
Background Material for New Investors

Pohjola Group's Business Structure

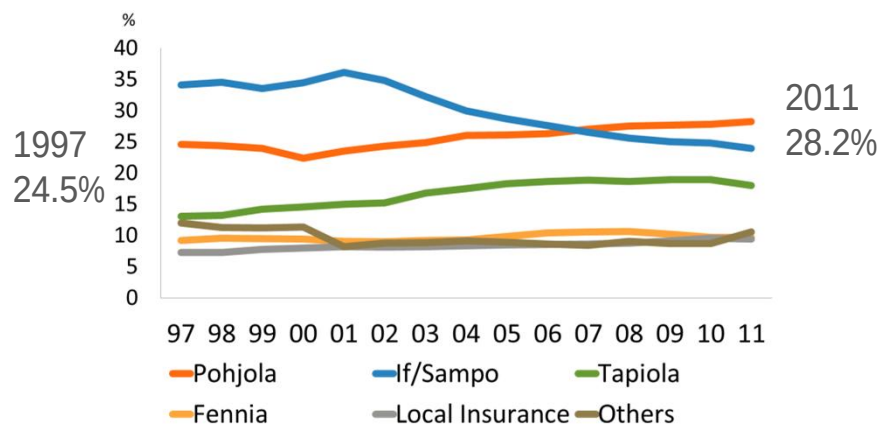


Pohjola's Market Position and Targets

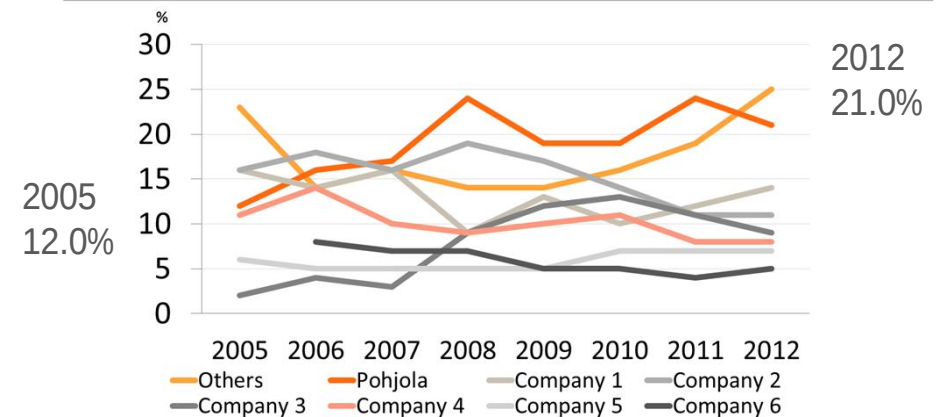
Banking: Market share of corporate lending, position 2nd, target 1st



Non-life Insurance: Market share of premiums written under Finnish direct insurance, position 1st, target 1st



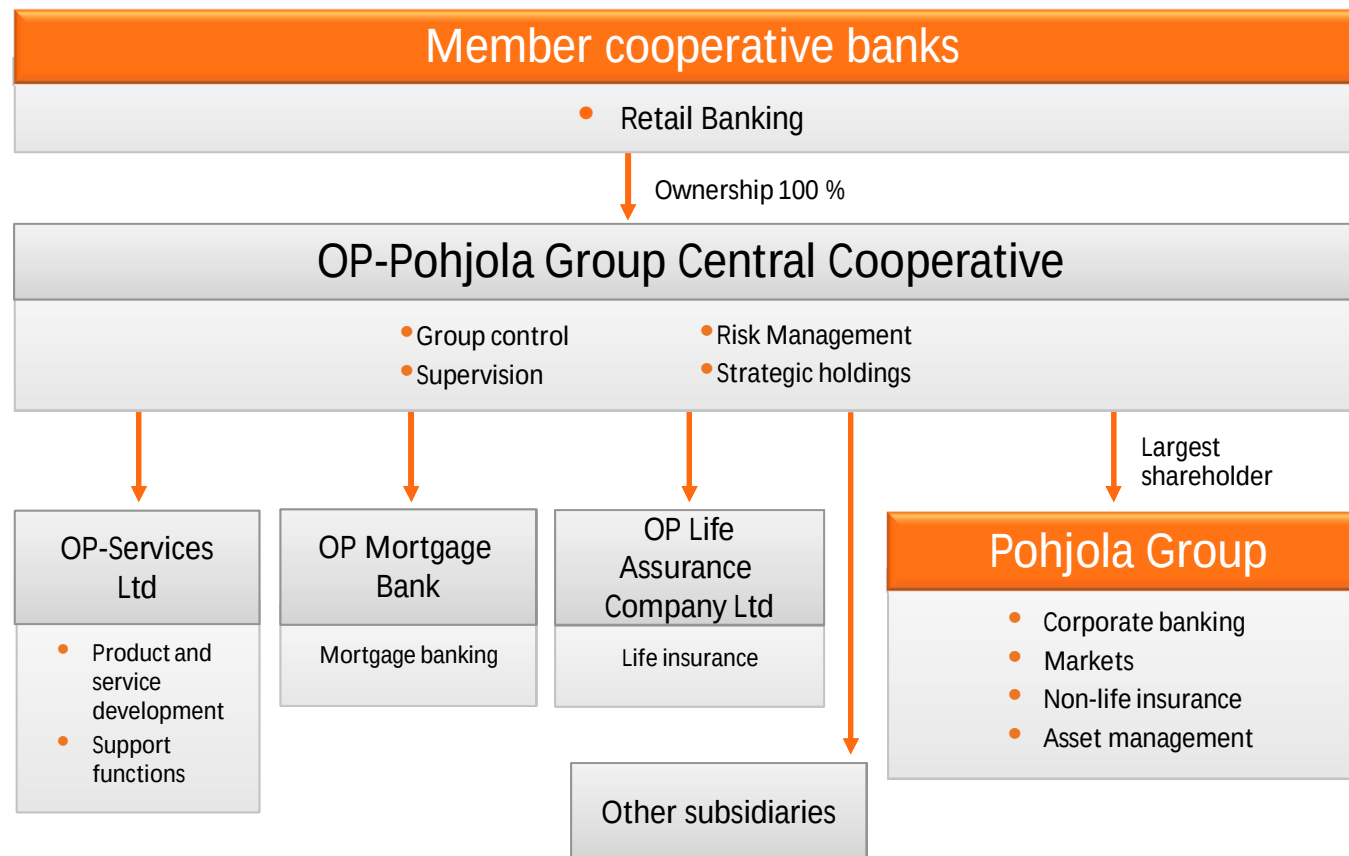
Asset Management: Market share of institutional asset management, position 1st, target 1st



Source: Federation of Finnish Insurance Companies

Source: SFR, Based on interviews and answers by institutional investors with disclosed investment size.

Pohjola as Part of OP-Pohjola Group

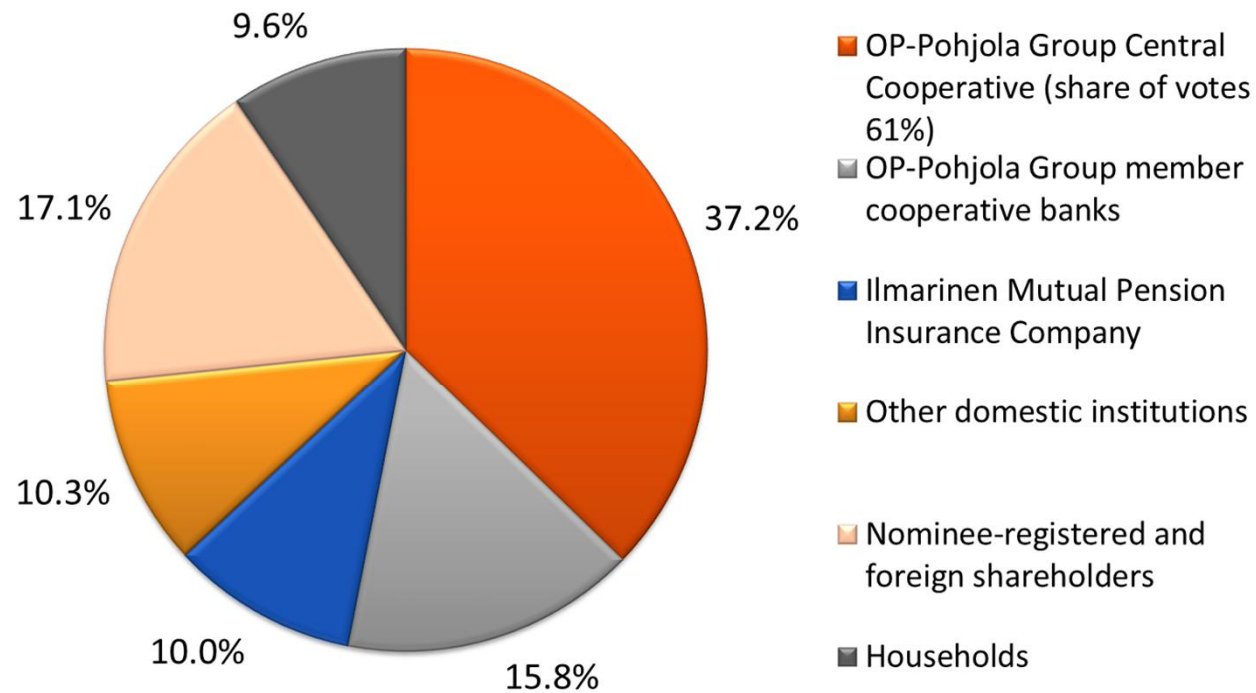


OP-Pohjola Group Central Cooperative and the member banks are liable for each other's debts and commitments. Insurance companies do not fall within the scope of joint liability.

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

Ownership Structure

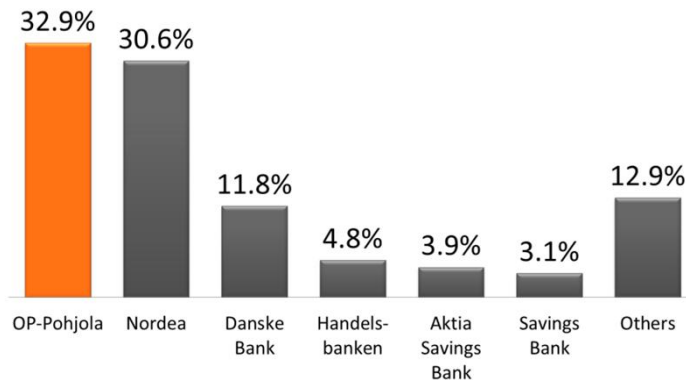
Holdings of Series A and K Shares
as of 31 December 2012



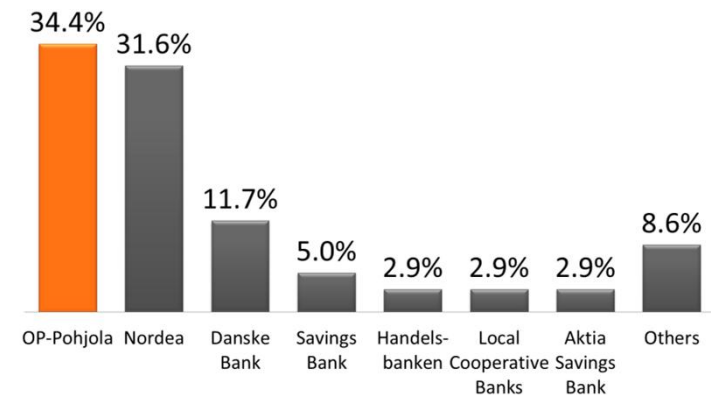
OP-Pohjola Group – Market Leader in Finland

Market shares

Loans 2011

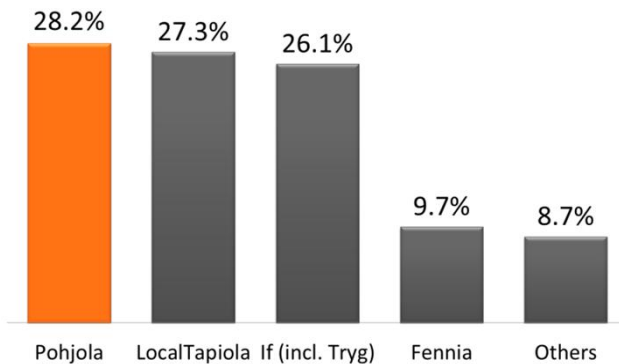


Deposits 2011



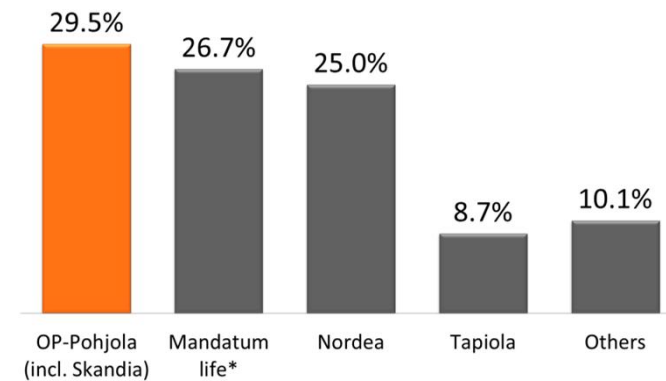
Non-life Insurance 2011

Market share of premiums written under Finnish direct insurance



Life Insurance 2011

Market share of gross premiums written



* Mandatum Life + Kaleva

Pohjola's Credit Ratings

Rating target: AA rating affirmed by at least 2 credit rating agencies
(or at least at the main competitors' level)

	Moody's	S&P	Fitch
Handelsbanken	Aa3	AA-**	AA-
Nordea	Aa3	AA-**	AA-
Pohjola Bank plc	Aa3	AA-**	A+
DNB	A1	A+	A+
SEB	A1	A+**	A+
Swedbank	A2	A+**	A+
Danske Bank	Baa1	A-*	A**
OP Mortgage Bank***	Aaa	AAA	-
Pohjola Insurance Ltd	A3	AA-**	-
If	A2	A	-
Finnish government	Aaa	AAA	AAA

- S&P affirmed AA- rating and changed its outlook for Pohjola Bank plc from stable to negative during Q4/2012
- Fitch affirmed A+ rating and stable outlook for Pohjola Bank plc during Q3/2012
- Moody's affirmed Aa3 rating and stable outlook for Pohjola Bank plc during Q2/2012

* Rating outlook is positive
 ** Rating outlook is negative
 *** Covered bond rating
 Updated: 22 January 2013

Financial Targets

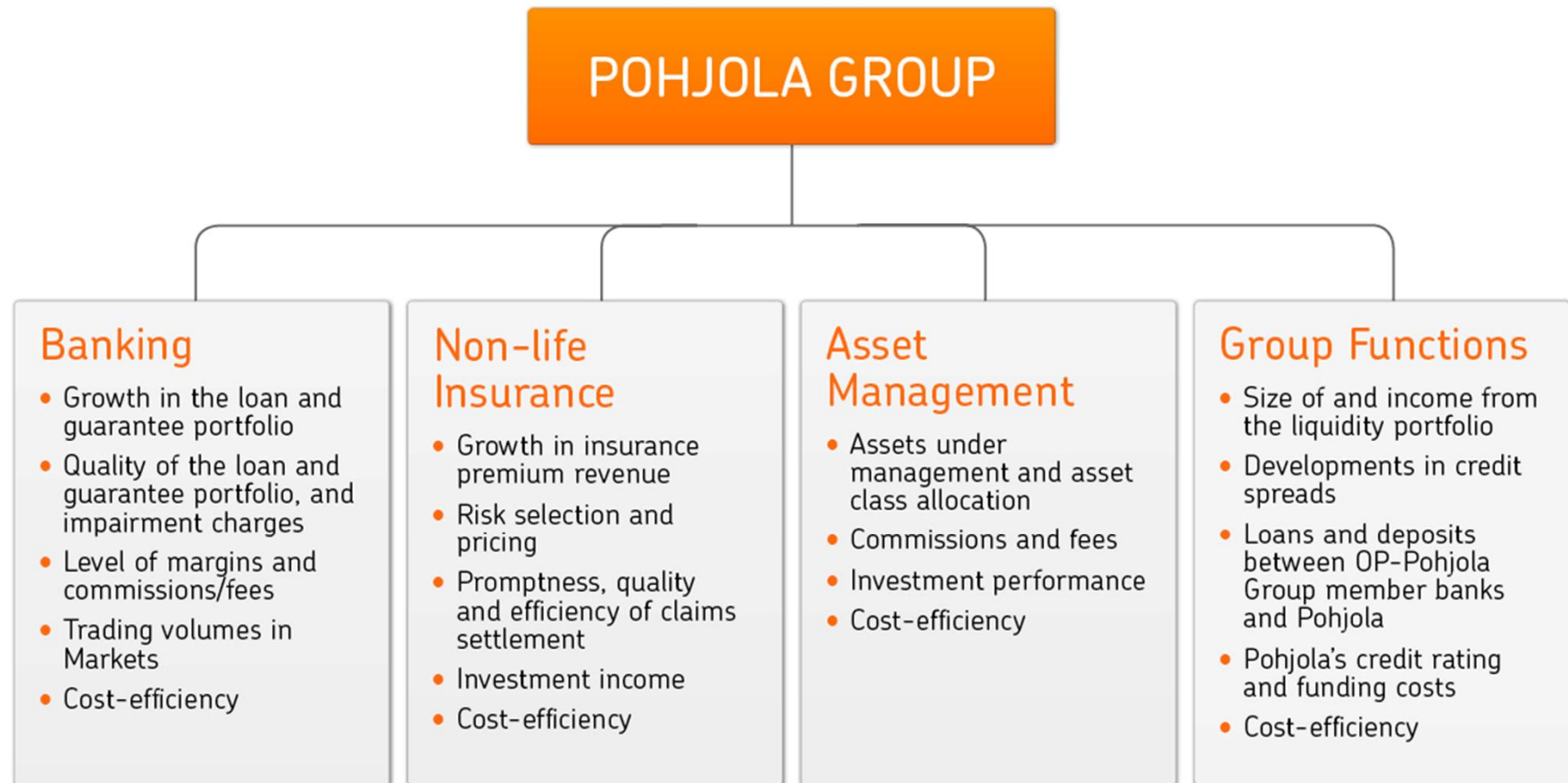
Strategy 2012 – Value and efficiency through integration

		Target	Q4/12	2012	2011	2010	2009
Financial targets over the economic cycle	Group						
	ROE, %	13	10.1	11.2	9.2	9.9	10.0
	Core Tier 1, %	≥ 11.0	10.6	10.6	10.3	10.5	9.7
	Banking						
	Operating cost/income ratio, %	< 35	29	34	35	35	35
	Non-life Insurance						
	Operating combined ratio, %	< 92	95.3	90.5	89.8	89.7	87.7
	Operating expense ratio, %	18	20.6	21.5	21.8	21.3	22.2
	Solvency ratio, %	70	81	81	77	86	88
	Asset Management						
	Operating cost/income ratio, %	< 45	36	47	49	53*	53
Target for total expenses	Total expenses at end of 2015	At 2012-end level	142	567	527	514	501
Rating target	AA rating affirmed by at least two credit rating agencies (or at least at the main competitors' level)	2	2	2	2	3	3
Dividend policy	Aim: distributing a minimum of 50% of earnings for the financial year in dividends, provided that Core Tier 1 remains at least 10%.	≥ 50	-	51**	60	55	51

* excl. items related to corporate transactions

** proposal by the Board of Directors

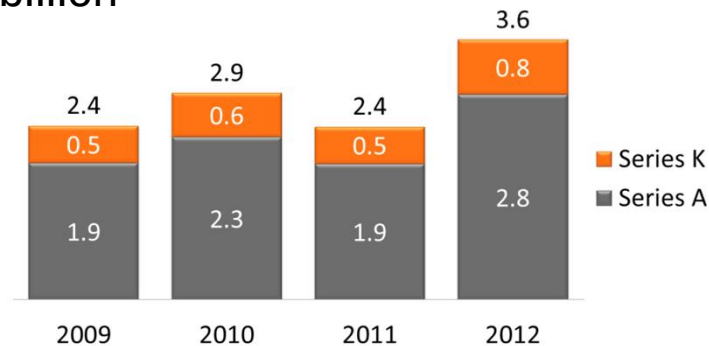
Key Value Drivers



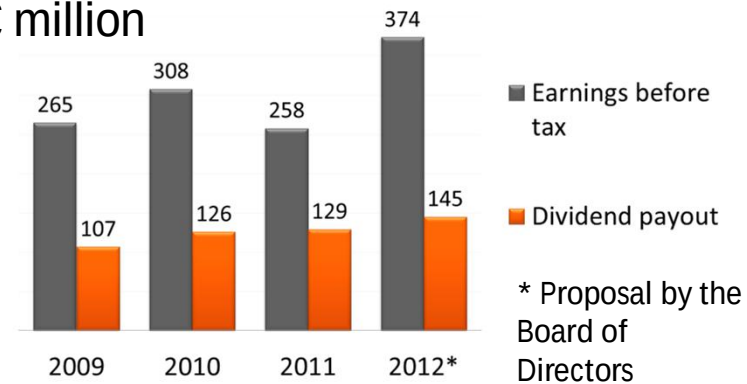
Pohjola Share, Dividends and TSR

Stakeholder promise to shareholders: Our Total Shareholder Return is at the top level among Nordic peer banks and insurers

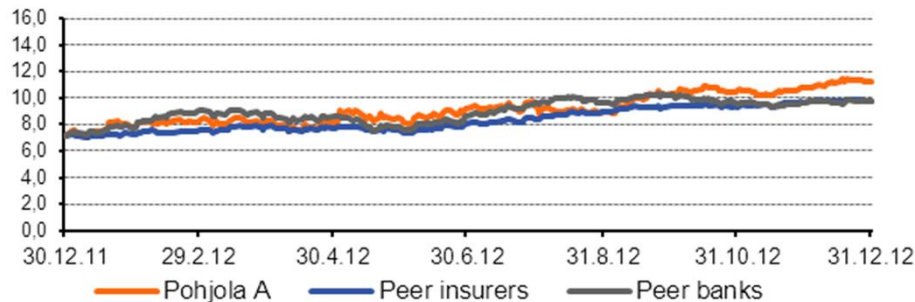
MCAP of Pohjola Series A and K shares, € billion



Pohjola Group's EBT and dividend payout, € million

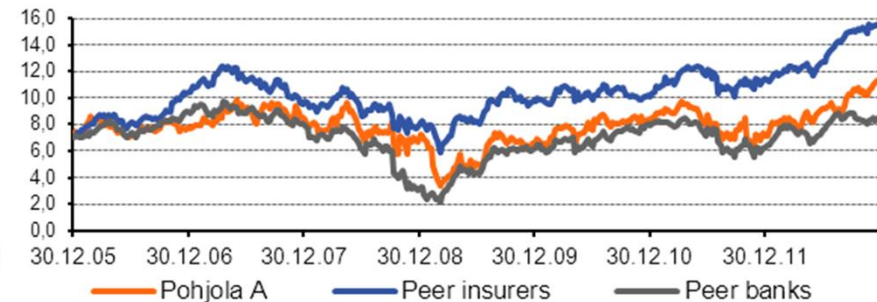


TSR 2012, €



Pohjola +58 % Peer insurers +37 % Peer banks +37 %

TSR 2006-2012, €



Peer insurers +120 % Pohjola +61 % Peer banks +20 %

Peer banks: Danske Bank, DNB, Nordea, SEB, SHB, Swedbank Peer insurers: Alm.Brand, Gjensidige, Sampo, Topdanmark, Tryg

Strategy and Competitive Advantages

Strategy 2012 – Value and efficiency through integration



Strategy 2012

Value and Efficiency through Integration

Strategy guided by external factors

- Operating environment
- Competition
- Regulation

What will change?

- We will make customer experience our competitive advantage.
- We will seek more targeted growth with the aim of improving the return on capital.
- We will use more efficiently OP-Pohjola Group's competitive advantages and strengths.
- We will raise efficiency and capital adequacy to a new level.

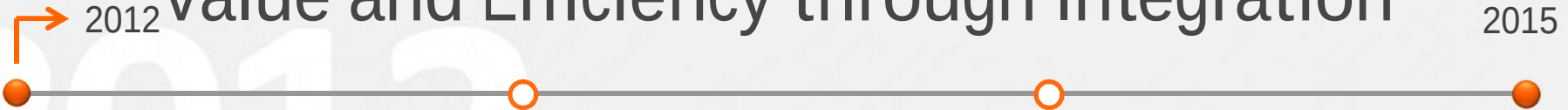
We will put a higher premium on efficiency, profitability and capital adequacy, and will grow in a controlled way.

What will remain unchanged?

- Our mission, vision and core values will remain unchanged.
- We will ensure the best overall competencies in the sector.
- We aim at a top-level Total Shareholder Return among our peer group.

Strategy 2012

Value and Efficiency through Integration



Successful implementation of the strategy will show

within the Group as follows:

- Increased company value and top-level Total Shareholder Return among the peer group
- Considerable improvement in efficiency and earnings
- Stronger capital base
- Improved market position of our businesses

within the business segments as follows:

- Deeper customer relationships and higher capital efficiency within Banking
- Successfully continued cross-selling and marked improvement in efficiency within Non-life Insurance
- Competitive investment returns of OP Mutual Funds and support for OP-Pohjola Group's goal of becoming Finland's leading wealth manager

CSR at OP-Pohjola Group

Corporate social responsibility is responsibility for the economic, social and environmental impacts of business operations. The financial sector also plays a key role in promoting the stability of the whole of society.

Corporate social responsibility programme



International commitments



Pohjola Asset Management Ltd and OP Fund Management Ltd signed the UN Principles for Responsible Investment (UNPRI) in 2009, among the first Finnish asset managers.

CARBON DISCLOSURE PROJECT

Reporting



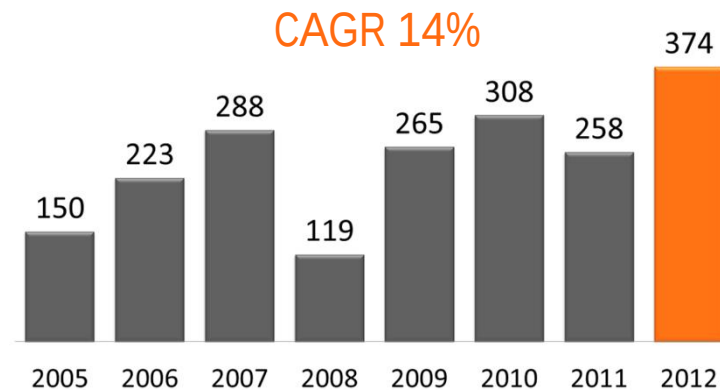
OP-Pohjola Group has prepared its Corporate Social Responsibility Report in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.



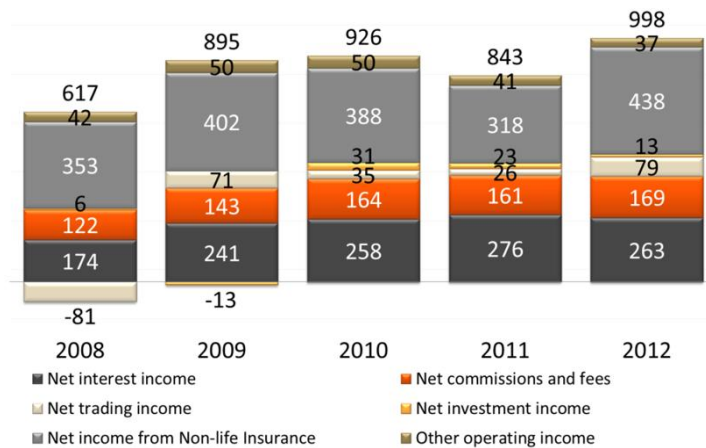
Background Material on Pohjola Group and Business Lines

Earnings and Their Components

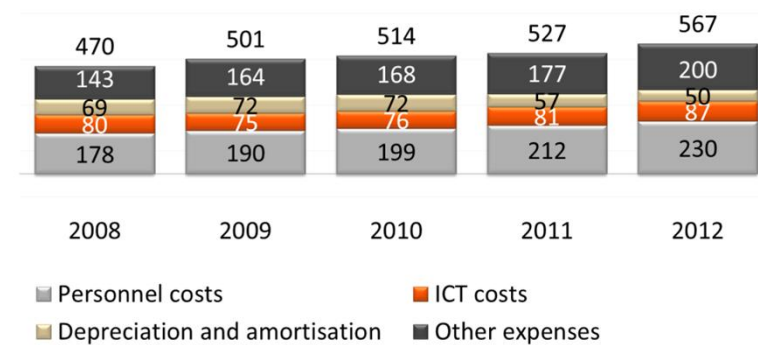
Earnings before tax, € million



Income by item, € million

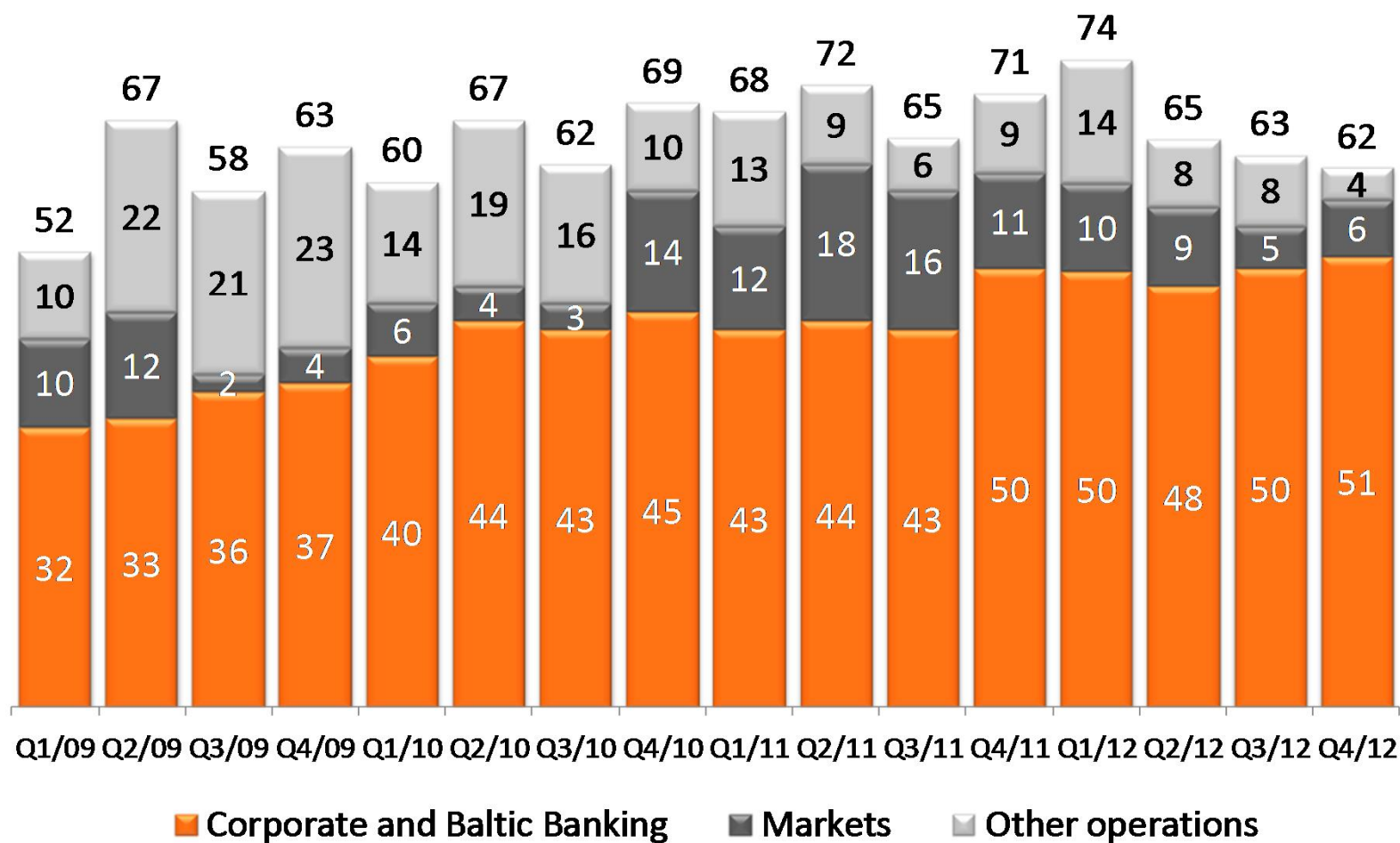


Expenses by item, € million



Net Interest Income

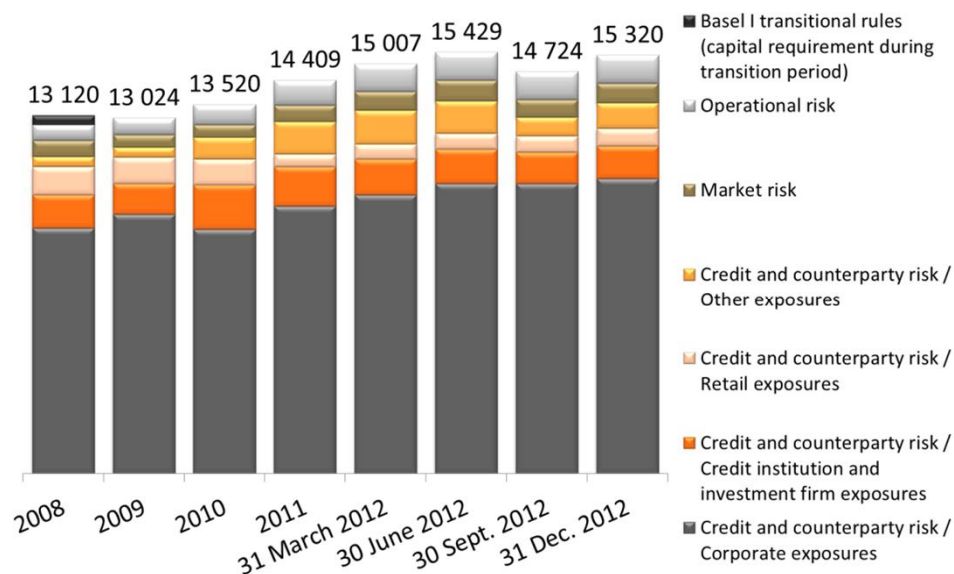
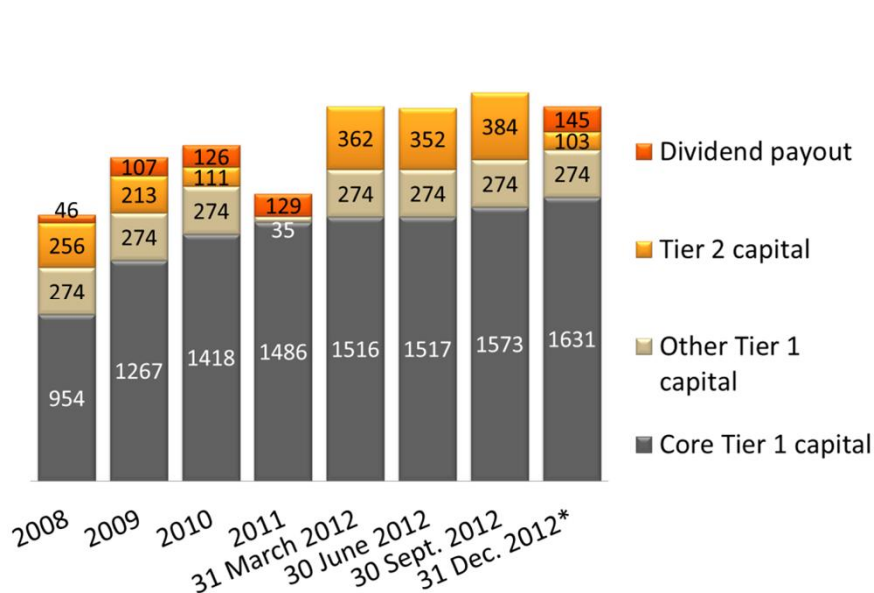
Q1/2009–Q4/2012, € million



Structure of Capital Base and Risk-weighted Assets

Capital base and dividend payout, € mn

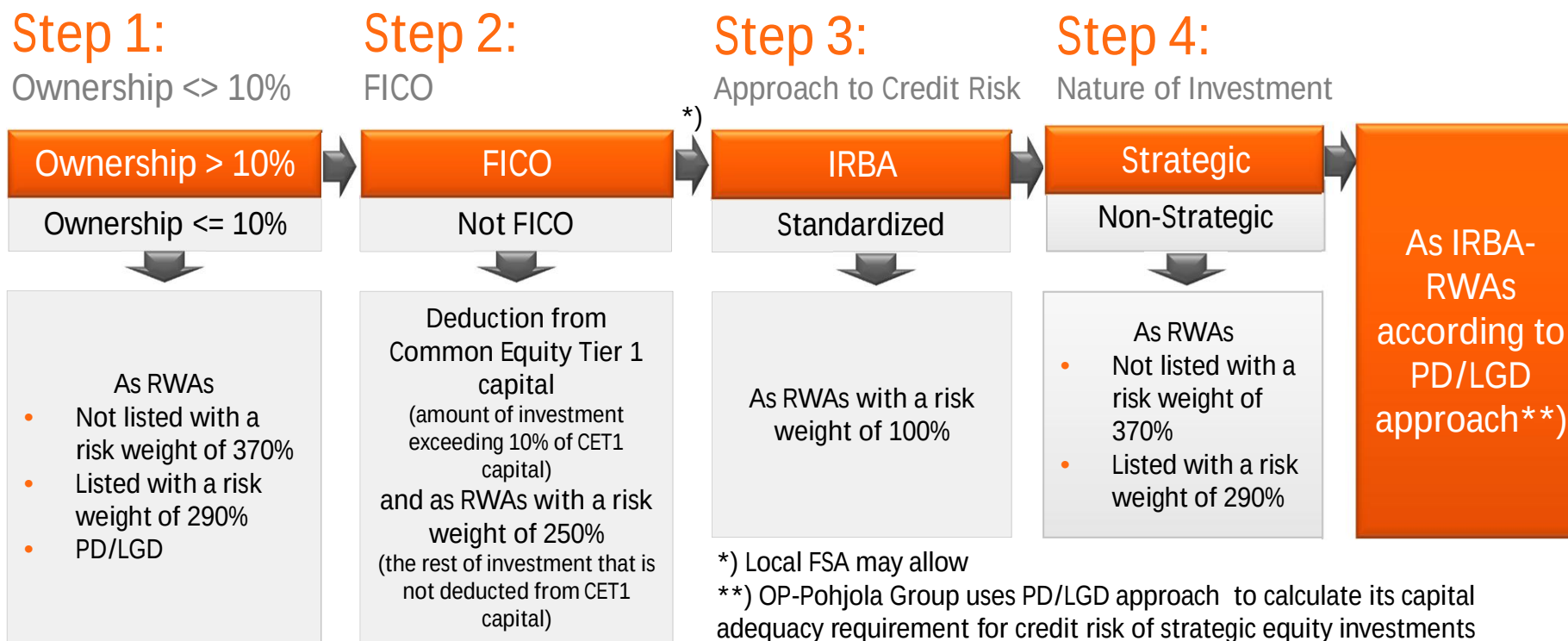
RWAs by risk type



* Board proposal for dividend distribution for financial year 2012.

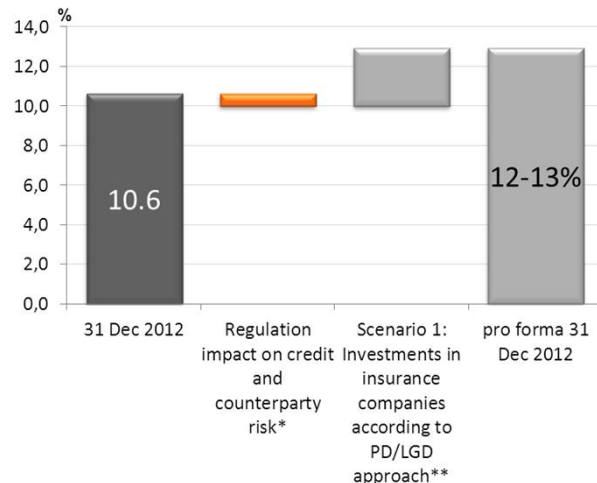
Treatment of Insurance Holdings according to CRR Proposal by EU

CRR ("Capital Requirement Regulation") –
Implementation of Basel 3 framework to European legislation

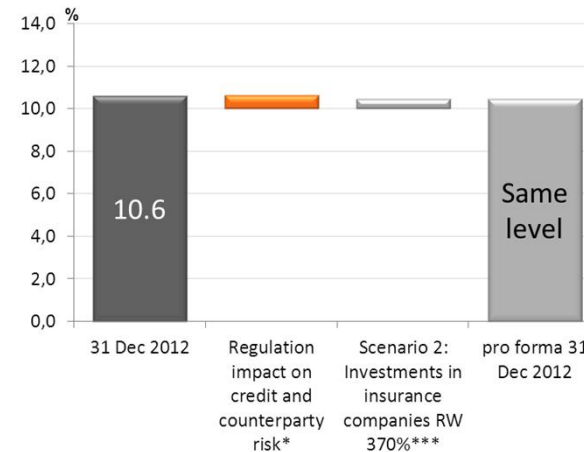


Estimated Regulation Impacts on Core Tier 1 Ratio, pro forma 31 December 2012

Scenario 1: Risk weight of investments in insurance companies according to PD/LGD approach



Scenario 2: Risk weight of investments in insurance companies 370%



Scenario assumptions based on the compromise proposal on CRR:

*) Regulation impact on credit and counterparty risk (Article 148, 374): Higher risk weight for large financial sector entities' exposures, and for derivatives (CVA, Credit Valuation Adjustment).

**) Risk weight of an insurance holding allowed (Article 46): risk weighted under the PD/LGD approach (Article 150.3). Estimated risk weight dependent on the internal rating of the investee company.

***) Risk weight of an insurance holding allowed (Article 46): Risk weighted under the simple risk weight approach for non-listed equity investments (Article 150.2)

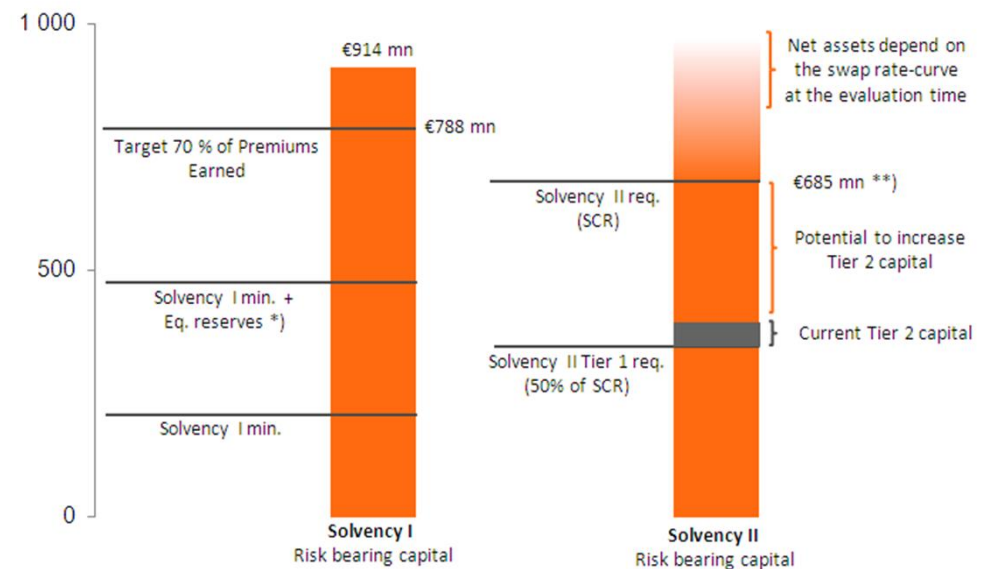
NB: Scenarios in this presentation are based on the beliefs of our management about the CRR proposal by EU. These regulatory changes are still under preparation due to be effective between 2014 and 2019, and it is too early to predict precisely what their effects will be.

Solvency II Requirements Already Met

Major changes in Solvency II

- Market-consistent valuation of assets and liabilities:
 - The main effect is due to discounting technical provisions with a swap-rate curve
 - Only minor changes to IFRS on the asset side
- Finnish Equalisation Reserve classified as Tier 1 Capital
- A risk sensitive capital requirement (SCR) covering risks at 99.5% confidence level over a one-year period

Solvency I and estimated Solvency II requirements, 31 Dec. 2012

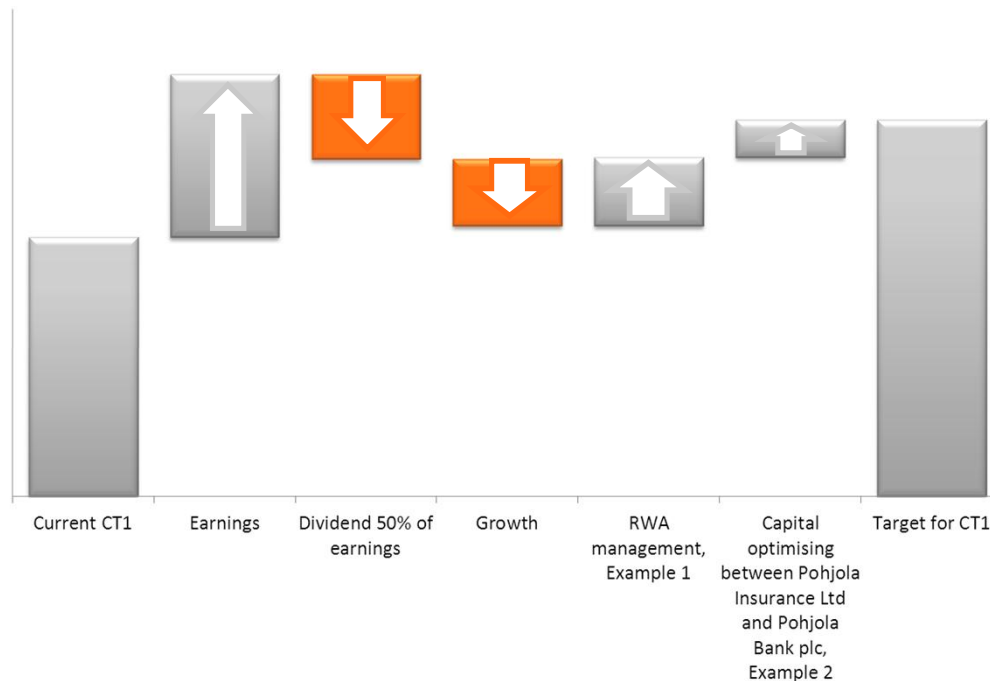


*) Solvency II minimum requirement €203 mn + Finnish Equalization Reserve requirement

**) Solvency II requirement based on current level 2 guidance and on investment portfolio and technical provisions as of 31 Dec. 2012.

Multiple Tools to Manage Core Tier 1 Ratio

Tools to manage CT1



Example 1: RWA Management

- Reduction of 5 pps in the average risk weight of corporate exposures (end-2011: 65.2%), would improve Core Tier 1 ratio by 0.5 pps (pro forma 31 Dec. 2012).

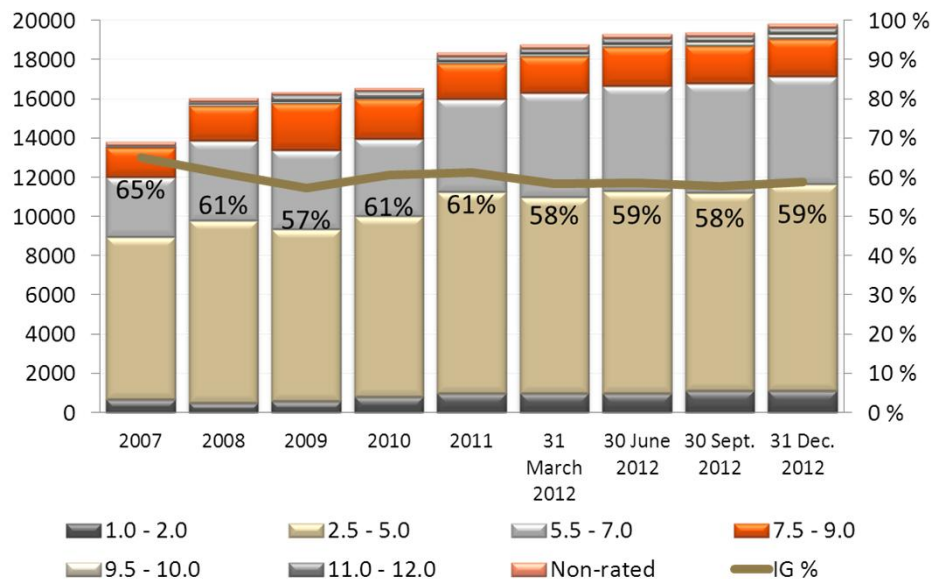
Example 2: Capital optimising (Solvency II)

- In Non-life Insurance, halving the share of equity, private equity and alternative investments from their current 15% to 7.5% would decrease the solvency requirement by approx. €80-110 million.
- Dividend of €100 million from Pohjola Insurance Ltd to Pohjola Bank plc would increase Core Tier 1 ratio by 0.7 pps (pro forma 31 Dec. 2012)

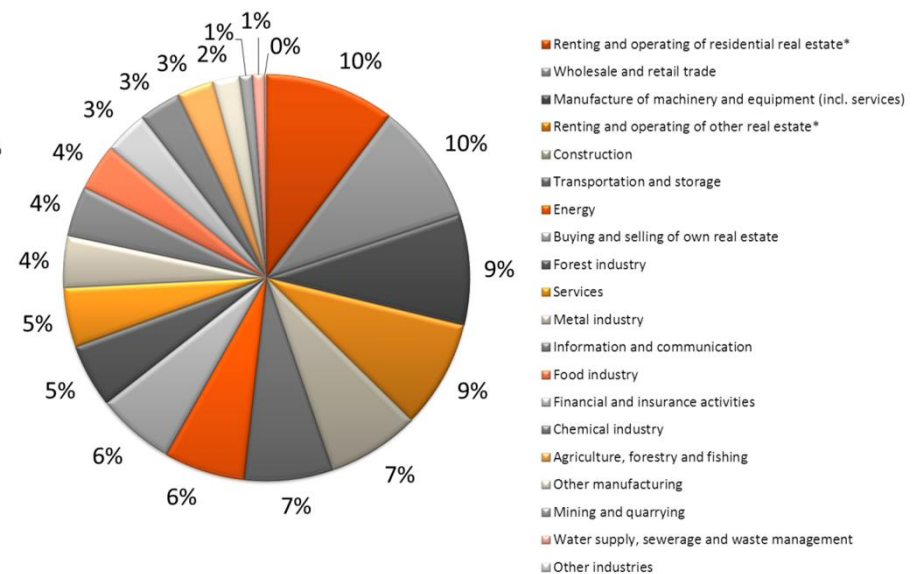
Share of Investment-grade Exposure to Total Exposure from the Non-financial Corporations Sector 59% (61%)

Corporate and housing corporation exposures diversified by industry

Exposure from the Non-financial Corporations sector (€19.9 bn) by rating category, investment grade (rating categories 1–5) accounts for 59%
€ million



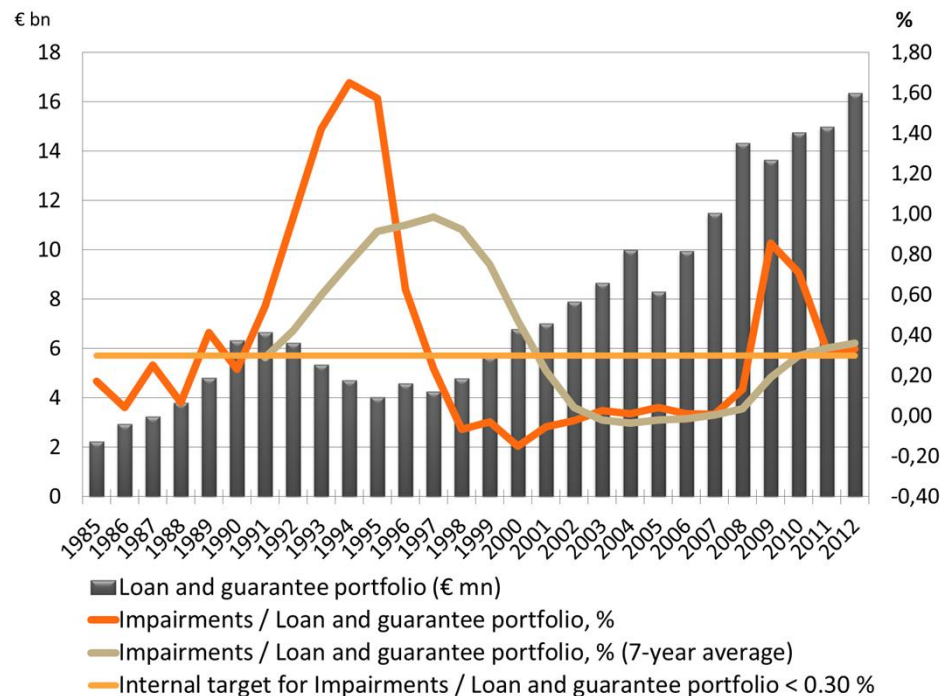
Exposure from the Non-financial Corporations by industry, %



*) 12/2012: 51% (€1,038 mn) of the exposures in the “Renting and operating of residential real estate” industry and 15% (€261 mn) of the exposures in “Renting and operating of other real estate” industry were guaranteed by government, cities or municipalities.

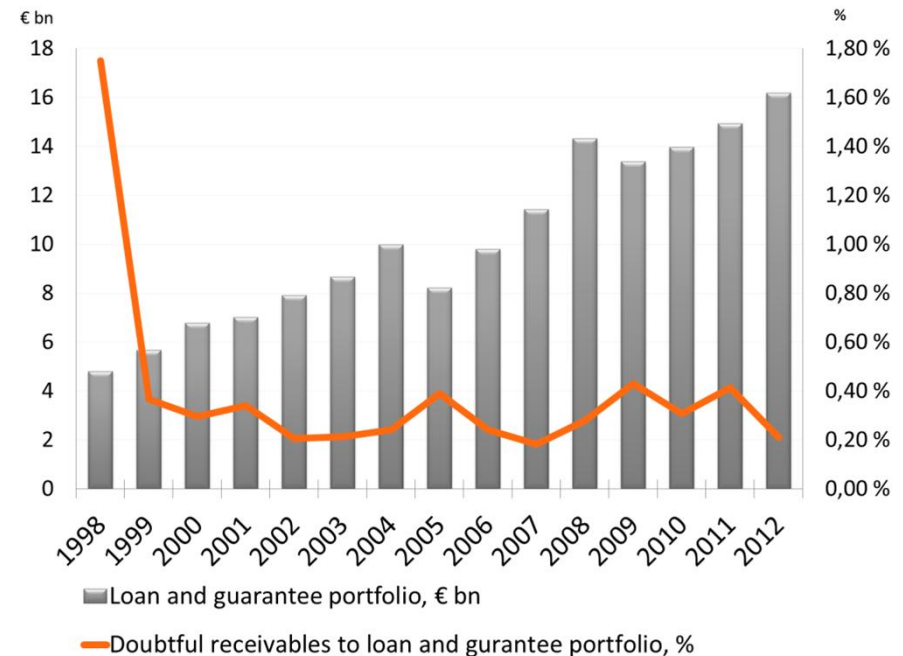
Impairments and Doubtful Receivables to Loan and Guarantee Portfolio, %

Impairments
to loan and guarantee portfolio



Share of loan and guarantee portfolio does not include the impairments of notes and bonds in the liquidity buffer

Doubtful receivables
to loan and guarantee portfolio



Pohjola as Syndicated Loan Bank and in Debt Capital Markets

Leading Finnish syndicated loan banks in 2012*

Banks	EURm	Share	Issues	Participation
Pohjola	761	22.6%	10	91%
SEB	617	18.3%	7	64%
Nordea	595	17.7%	9	82%
Danske	528	15.7%	8	73%
Handelsbanken	395	11.7%	5	45%
Swedbank	221	6.6%	4	36%
ING	142	4.2%	2	18%
JP Morgan	67	2.0%	1	9%
Barclays	42	1.2%	1	9%
Total	3 367		11	

* EURm stands for MLA credit

Source: Bloomberg

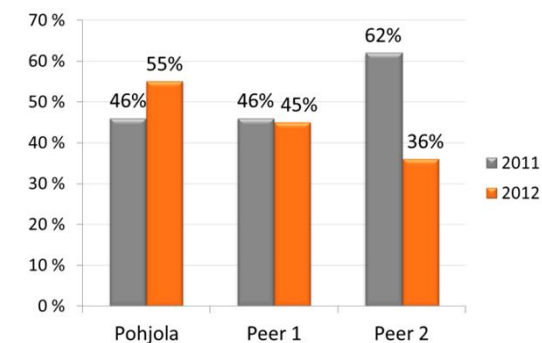
Lead manager performance in Finnish corporate bond issues, 2011–2012

Lead Manager	Total raised (MEUR)	Lead Manager	Number of deals
Pohjola Bank	1 760	Pohjola Bank	22
Nordea Bank	1 667	Nordea Bank	19
Danske Bank	1 480	Danske Bank	16
Citigroup	600	Citigroup	5
Deutsche Bank	600	SEB	5
SEB	525	Deutsche Bank	4
BNP Paribas	492	Barclays	3
Barclays	450	BNP Paribas	3
ING	317	ING	3
Goldman Sachs	125	Handelsbanken	2
Total	9 116	Total	43

Source: Bloomberg

Debt issues: Top banks

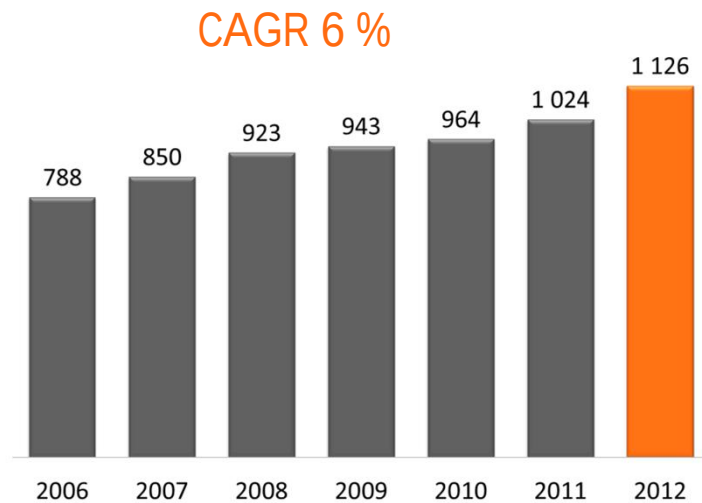
% of corporate citing the bank as one of their top 5 banks



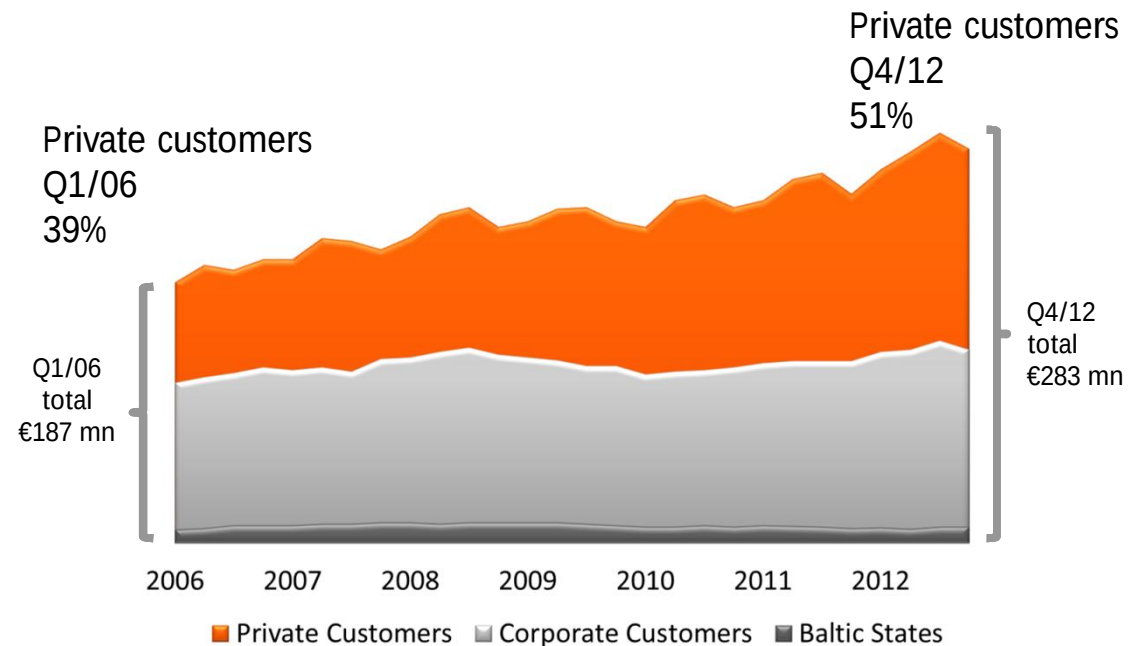
Source: SFR 2012

Insurance Premium Revenue by Customer Group

Insurance premium revenue
between 2006 and 2012

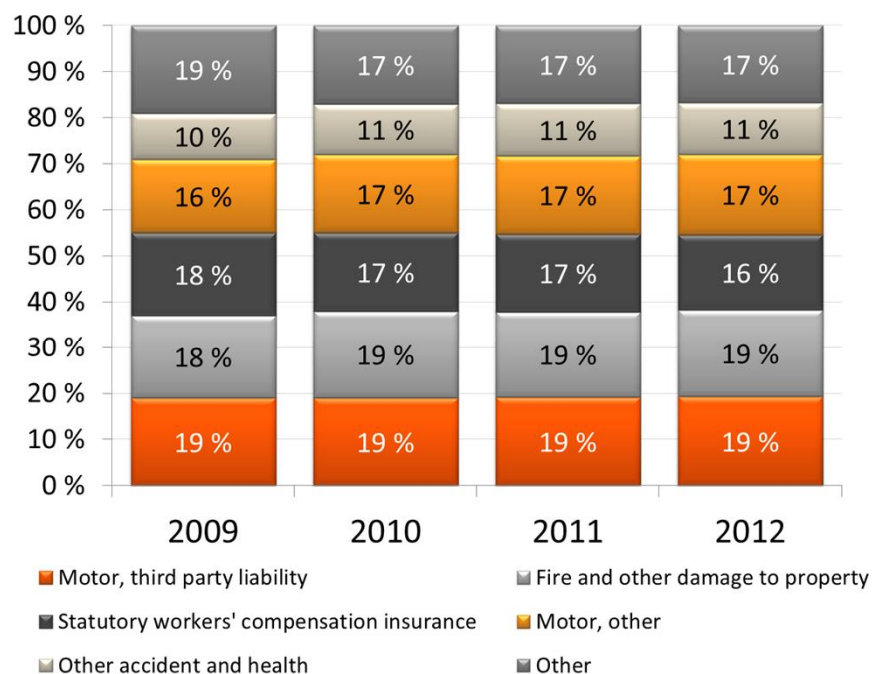


Insurance premium revenue
by customer group Q1/2006–Q4/2012

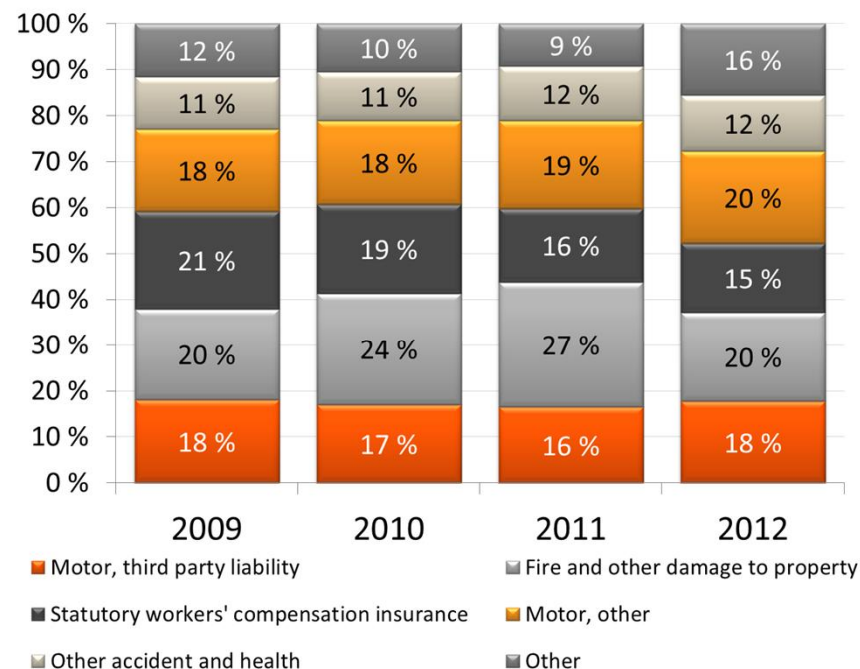


Insurance Premium Revenue and Claims Incurred by Insurance Line

Insurance premium revenue by insurance line



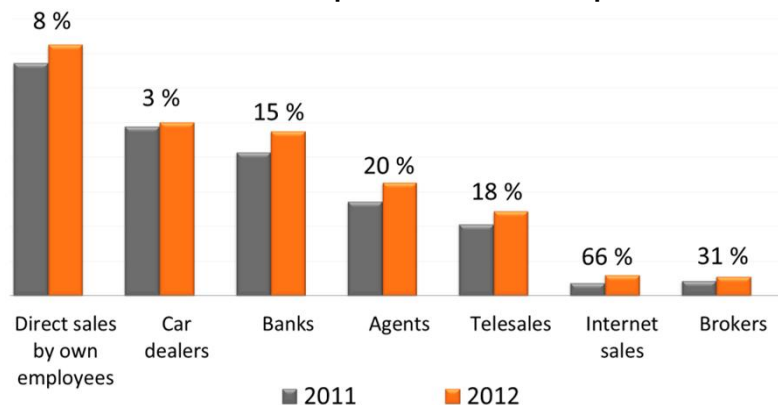
Claims incurred by insurance line



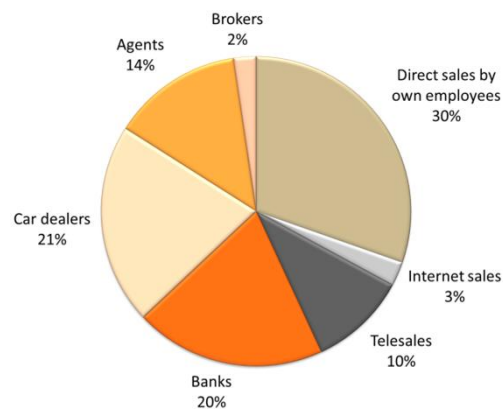
Sales Channels by Non-life Insurance

Total sales were up by 12% in 2012. Private customer sales were up by 13% corporate customer sales were up by 10%.

Growth in sales to private and corporate customers by channel in 2012 vs. 2011



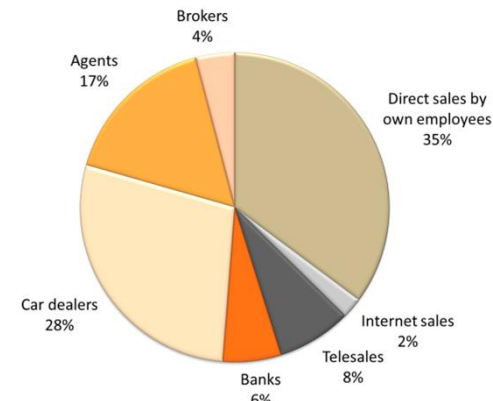
Pohjola Insurance sales channels for private and corporate customers in 2012



OP-Pohjola Group member cooperative banks accounted for 31% of sales to private customers and car dealers for 29%.

Pohjola's own personnel represents the most significant sales channel for corporate customers.

Private and corporate customer sales channels of Finnish insurers in 2011

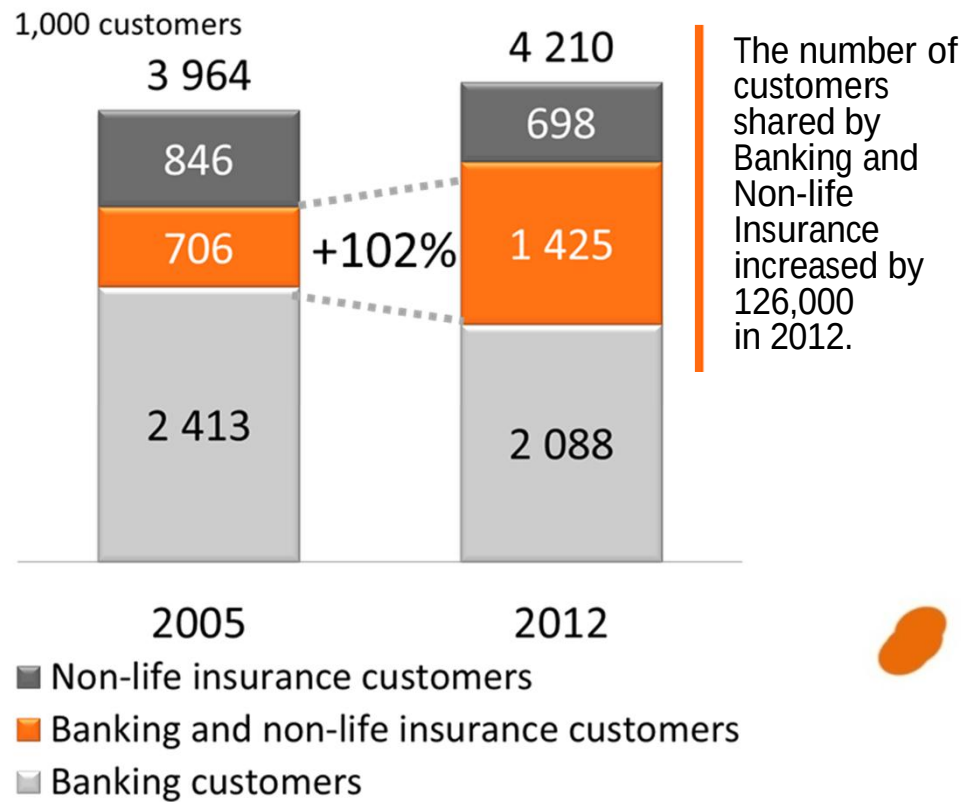


Source: Federation of Finnish Financial Services

Broadest Customer Base in Finland

Cross-selling potential between Pohjola and OP-Pohjola Group member banks

Pohjola Insurance sales resources
31 December 2012



350 outlets

116 contracting banks

530 insurance sellers

214 agents

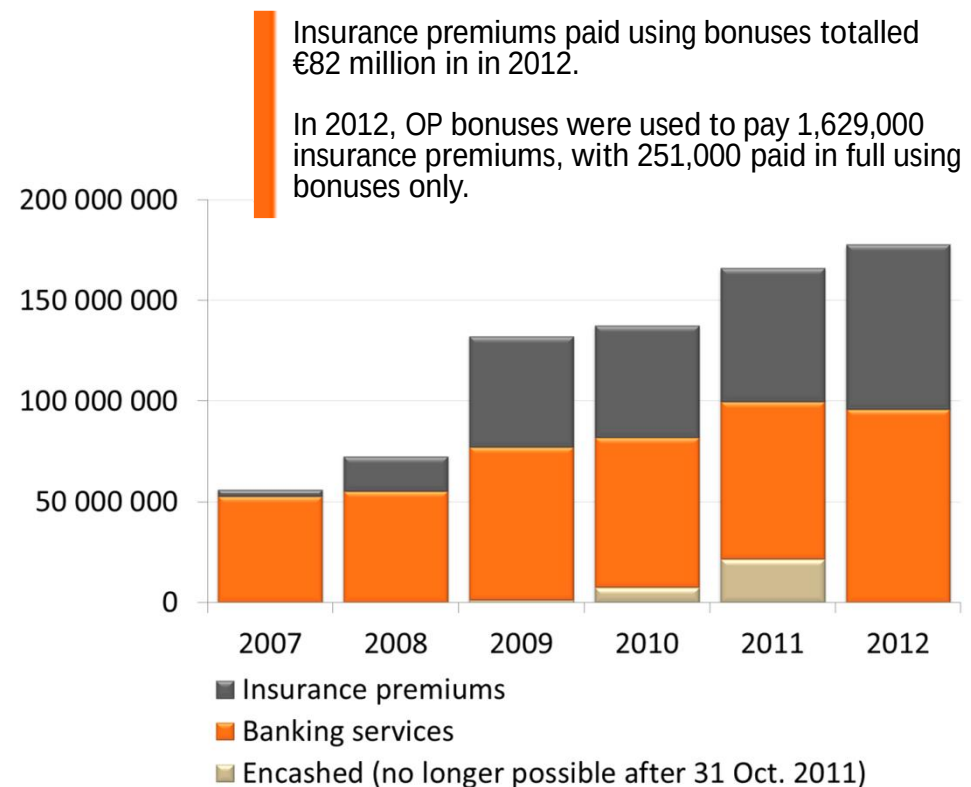
Best Loyal Customer Benefits for Private Customers

OP bonuses to customers reached a new high in 2012, €173 mn
(2011: €163mn, 2005: €42 mn)

Bonuses accrue from banking
and insurance services

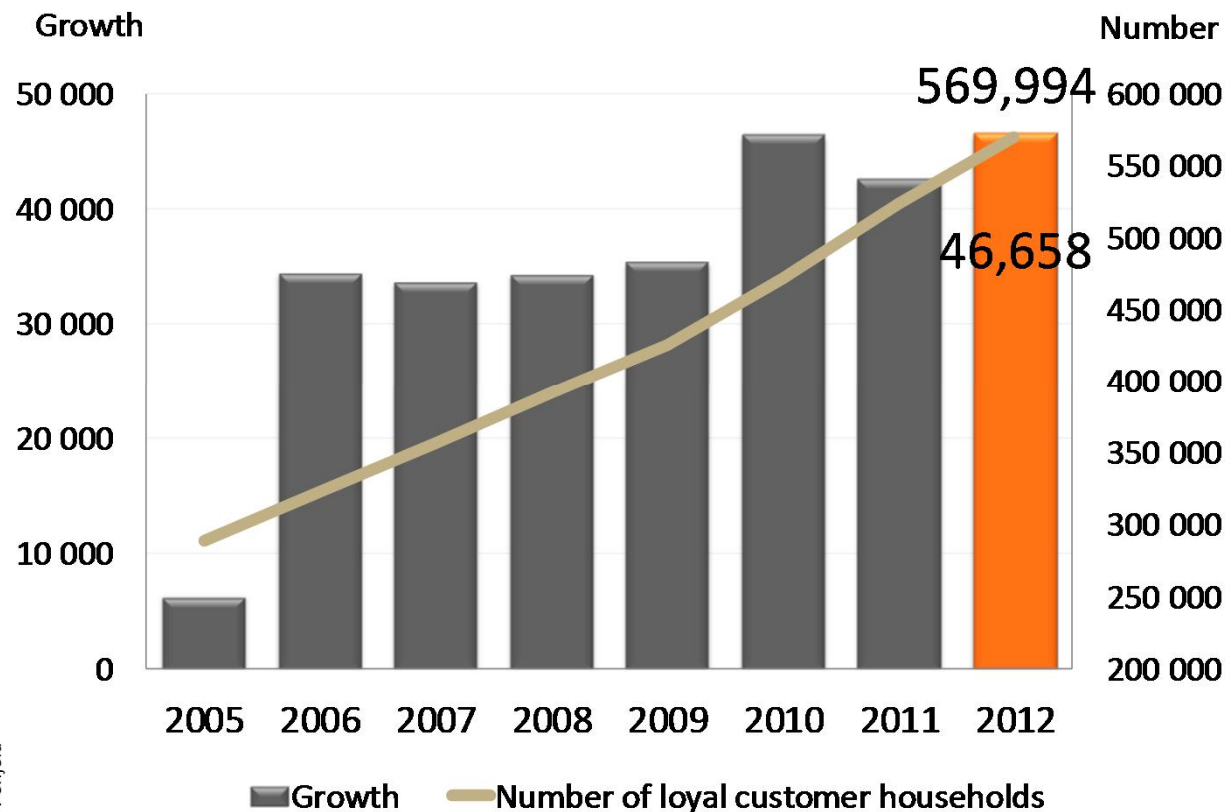


Use of bonuses in 2012: €178 mn



Number of Loyal Customer Households over 550,000

Number and growth of loyal customer households



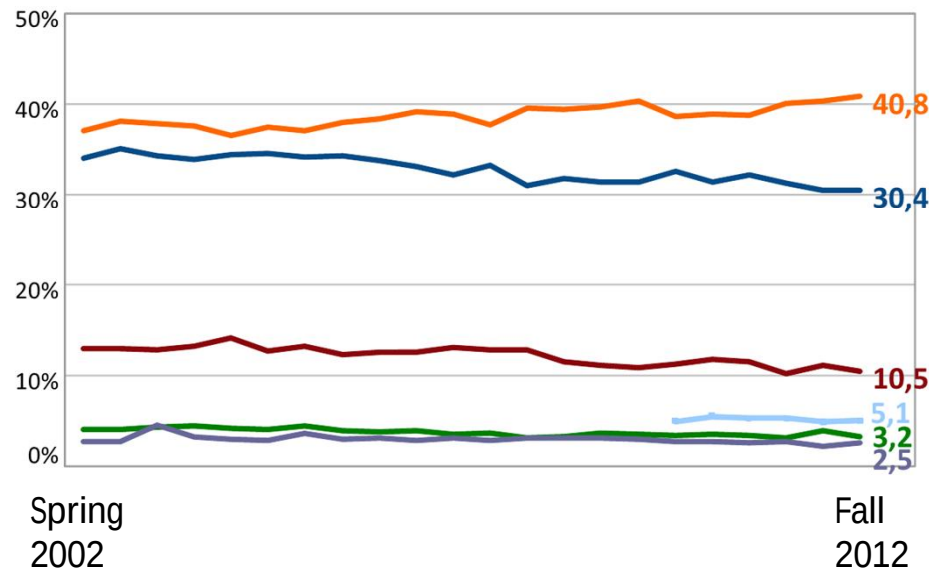
© OP-Pohjola

- Loyal customer households account for approx. 80% of premiums written among private customers.
- An annual insurance premium paid by a loyal customer household averages approx. €1,000.
- Insurance premiums annually paid by other customers average approx. €250.
- Loyal customer has at least 3 policies with Pohjola.
- Churn rate of loyal customer households is 2.6%.

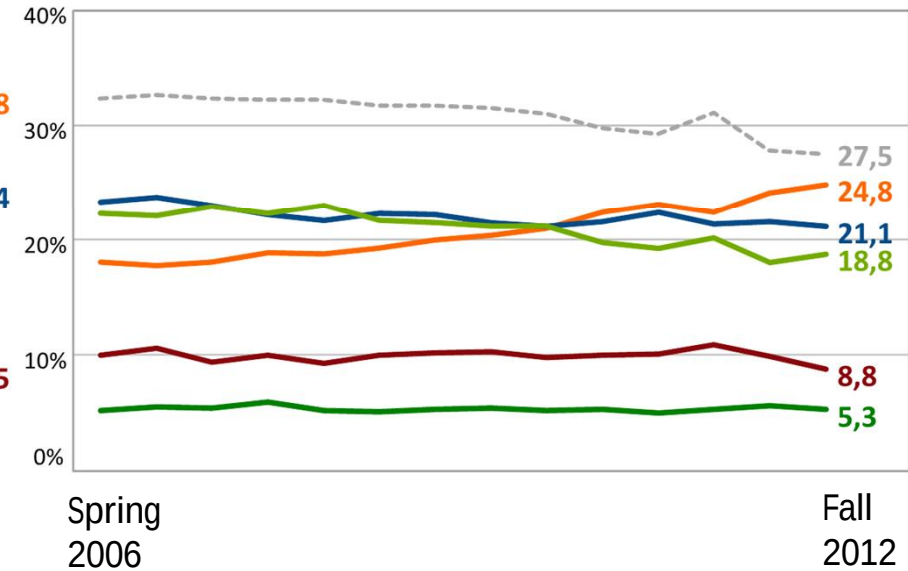
Growth Potential in Total Customer Relationships

Pohjola has great growth potential as non-life insurer for private customers

Market share by bank
Main bank



Market share by insurer
Main insurer

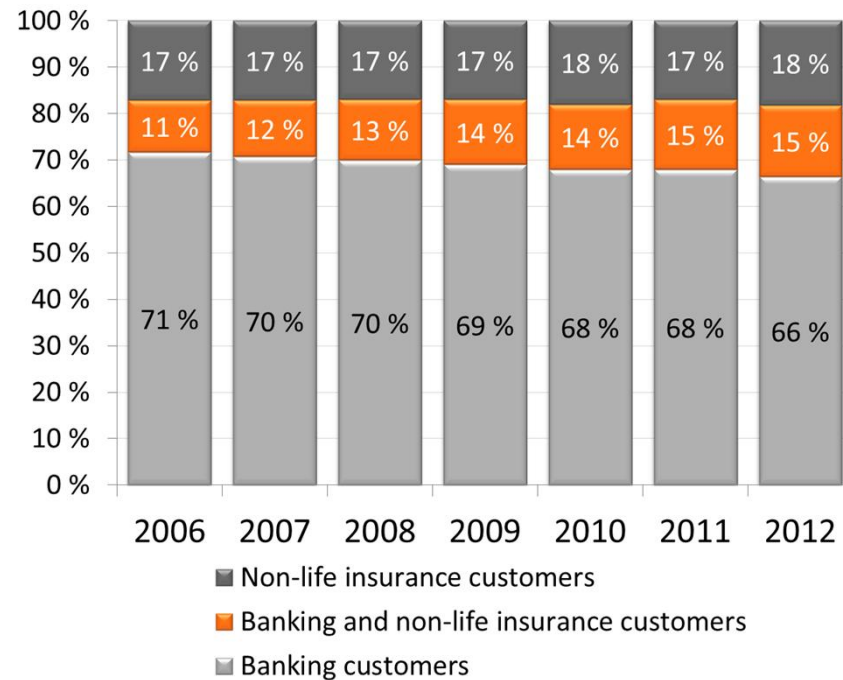


OP-Pohjola Group

Pohjola Insurance Ltd

Cross-selling Expanded to SME Customers by Deepening Integration in Customer Relationship Management

OP-Pohjola Group's corporate customers

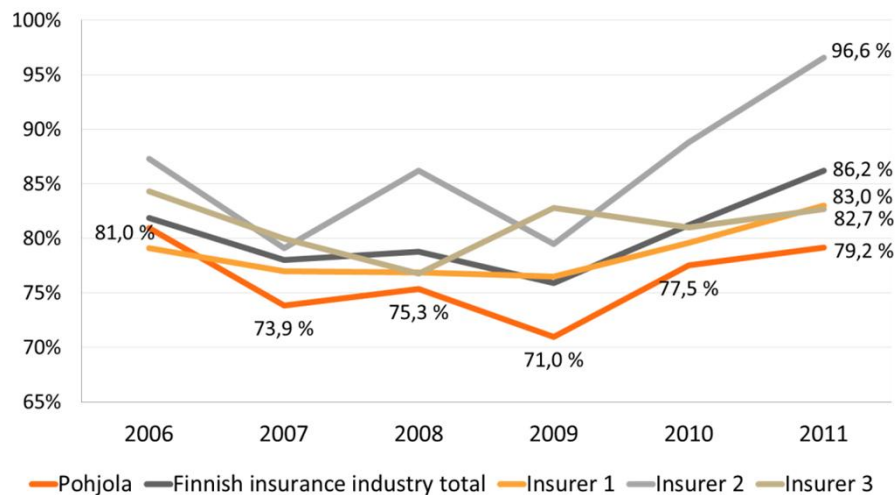


Pohjola Insurance sales resources among corporate customers
31 December 2012



Risk Selection and Pricing – Tools to Manage Good Underwriting Performance

Loss ratio of Finnish insurance companies in 2006-2011, FAS



Source: Federation of Finnish Financial Services

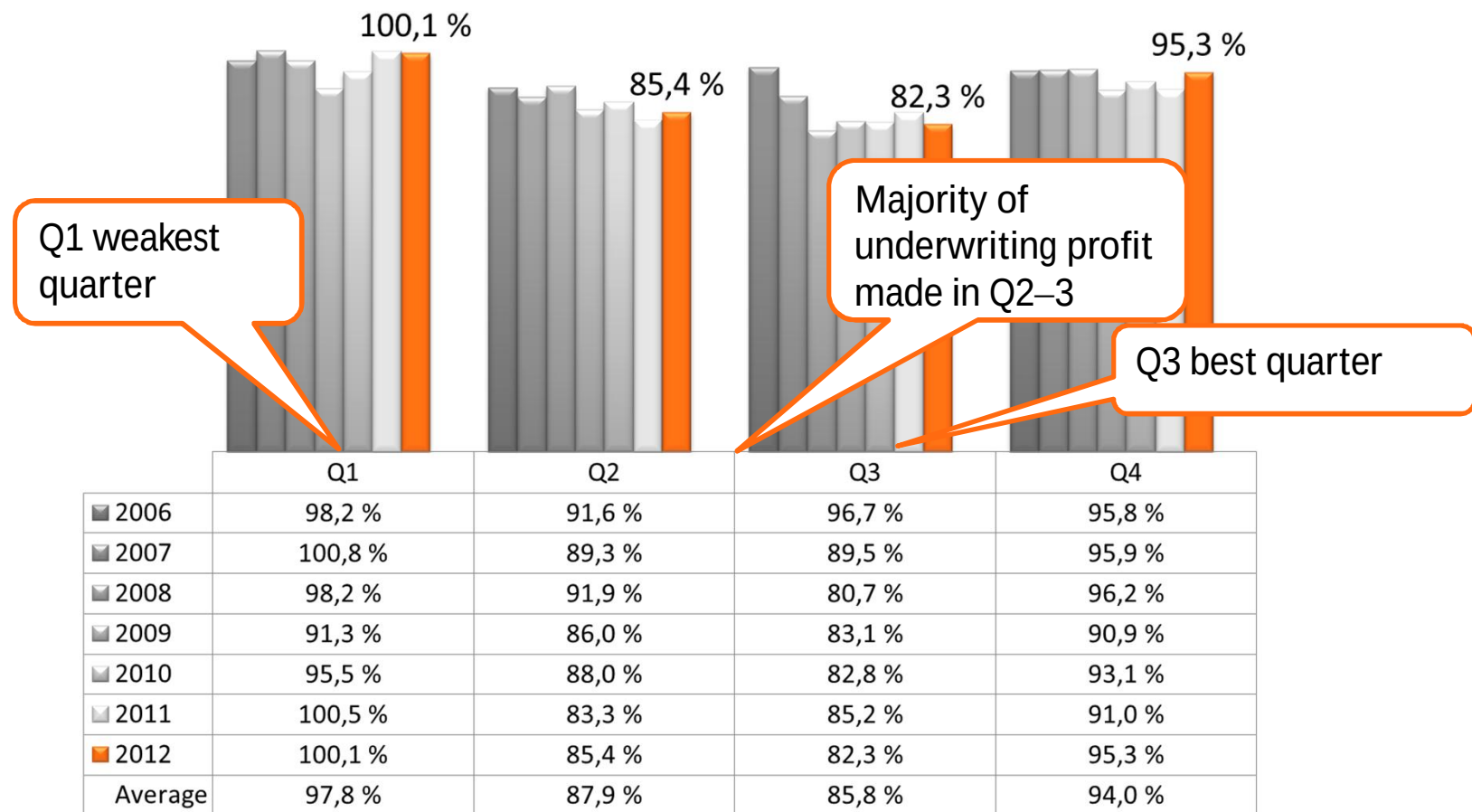
Risk-based pricing

- Competitive advantage through well-built data warehouse and monitoring systems
- Break-even method in pricing takes account of operating and financial costs in addition to risk

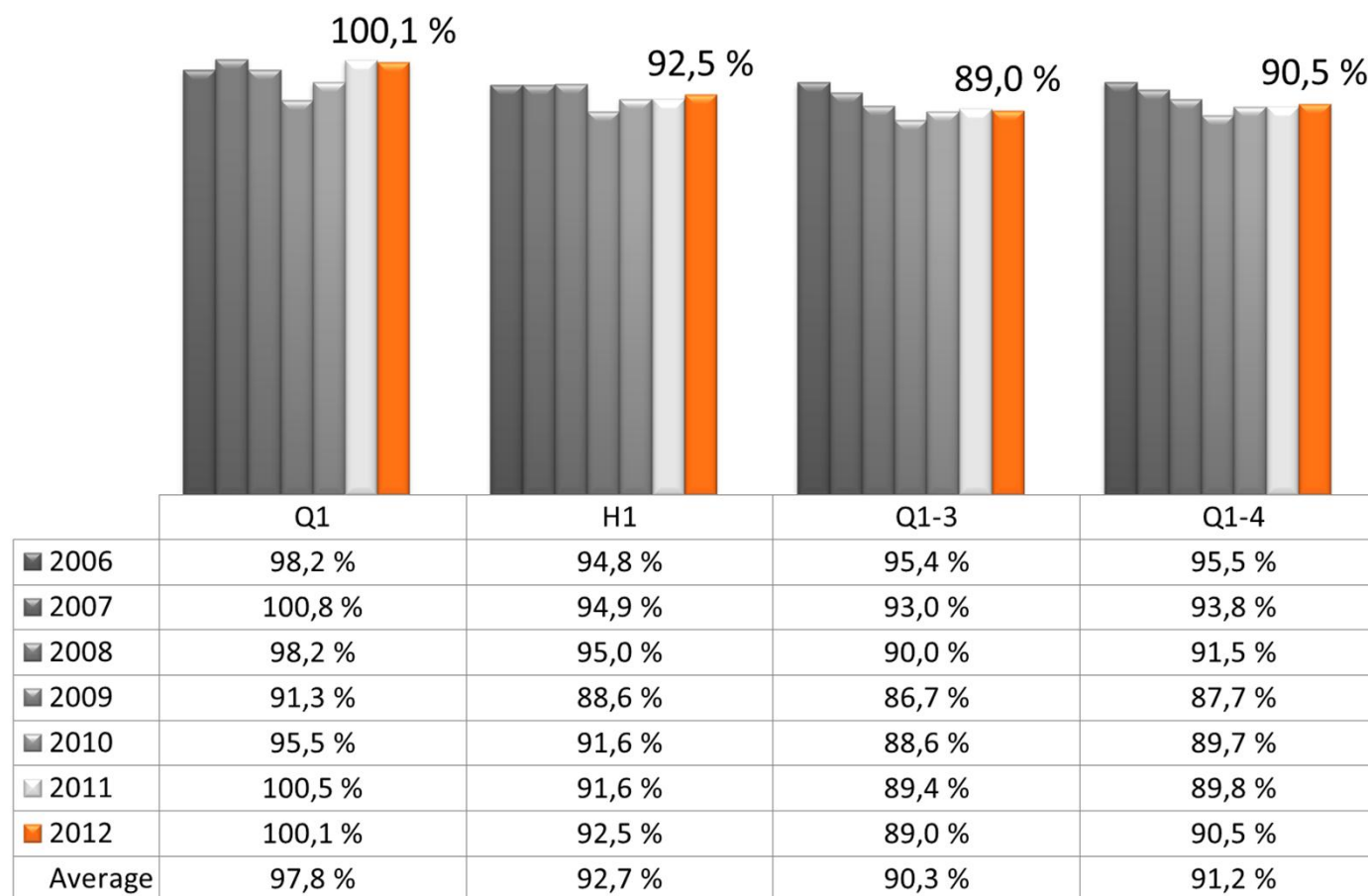
Active management of customer accounts

- Model for estimating the value of the customer
- Development programmes for unprofitable customers

Operating Combined Ratio by Quarter within Non-life Insurance

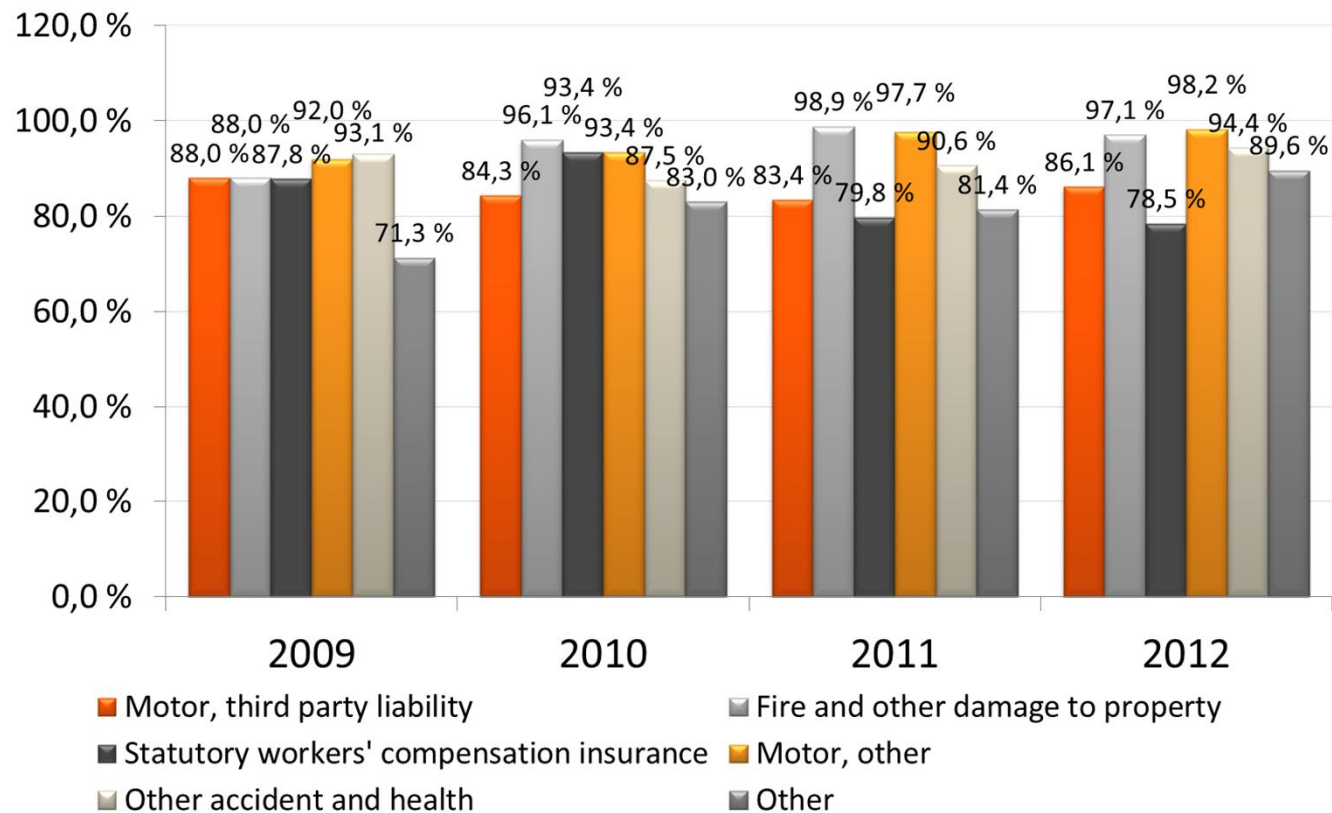


Cumulative Operating Combined Ratio within Non-life Insurance



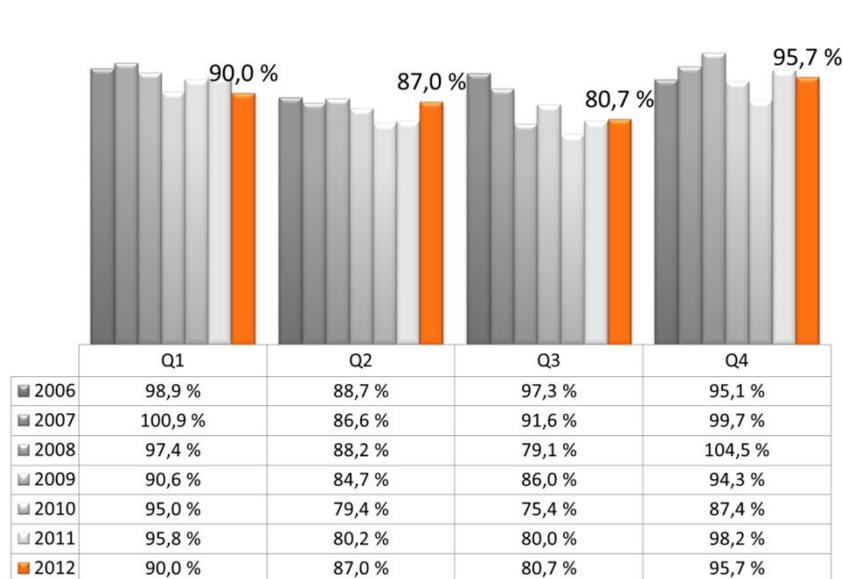
Guidance for FY2013:
89-93%, if the number of large claims is not much higher than in 2012

Operating Combined Ratio by Insurance Line within Non-life Insurance

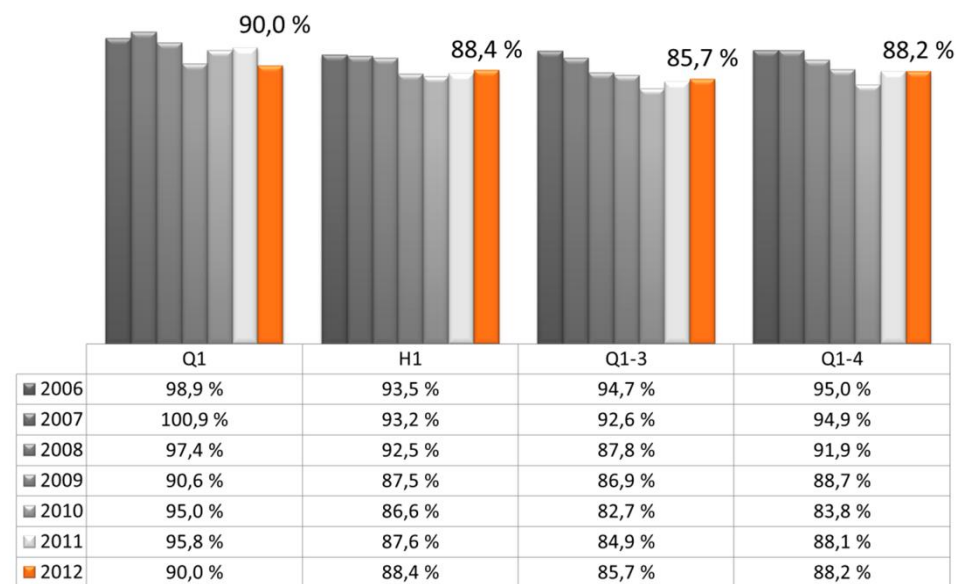


Private Customers' Operating Combined Ratio

By quarter

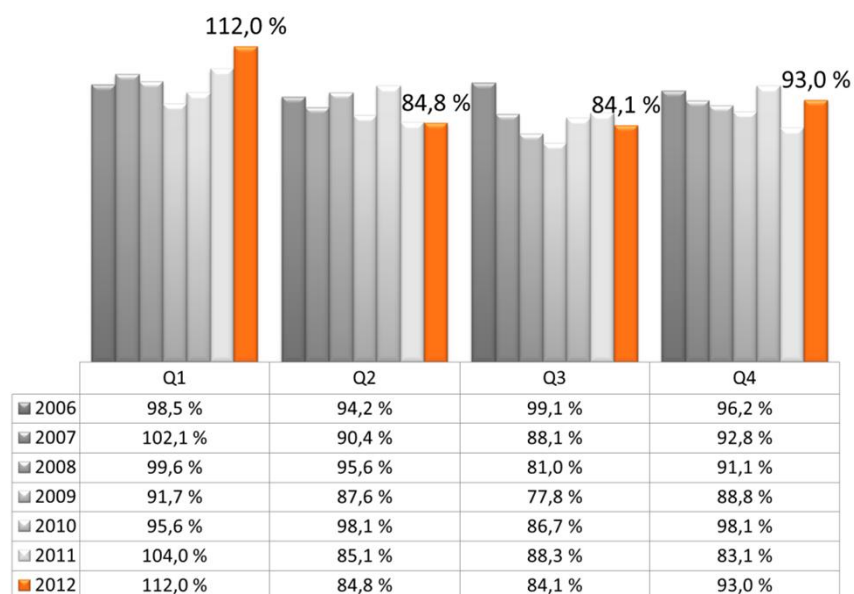


Cumulative

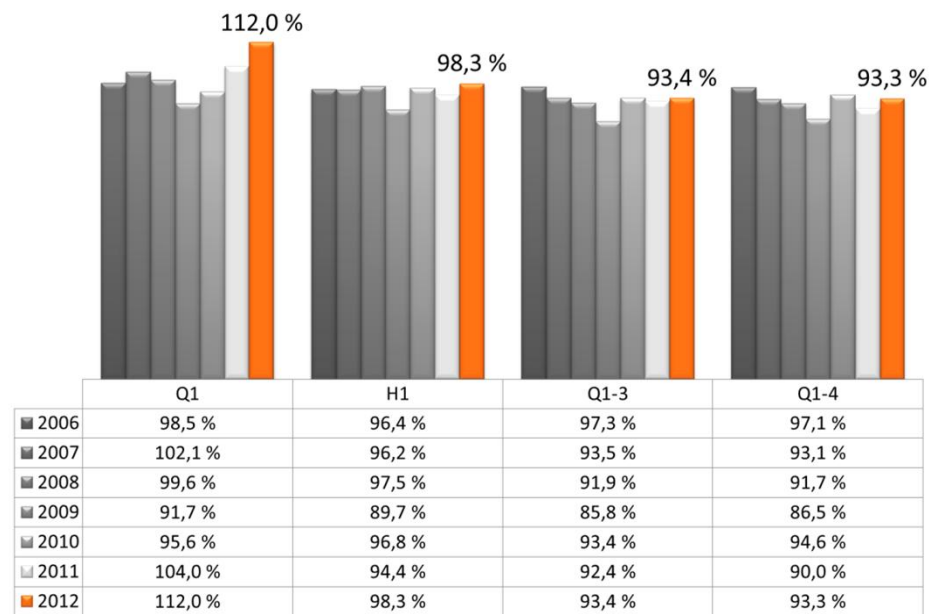


Corporate customers' Operating Combined Ratio

By quarter

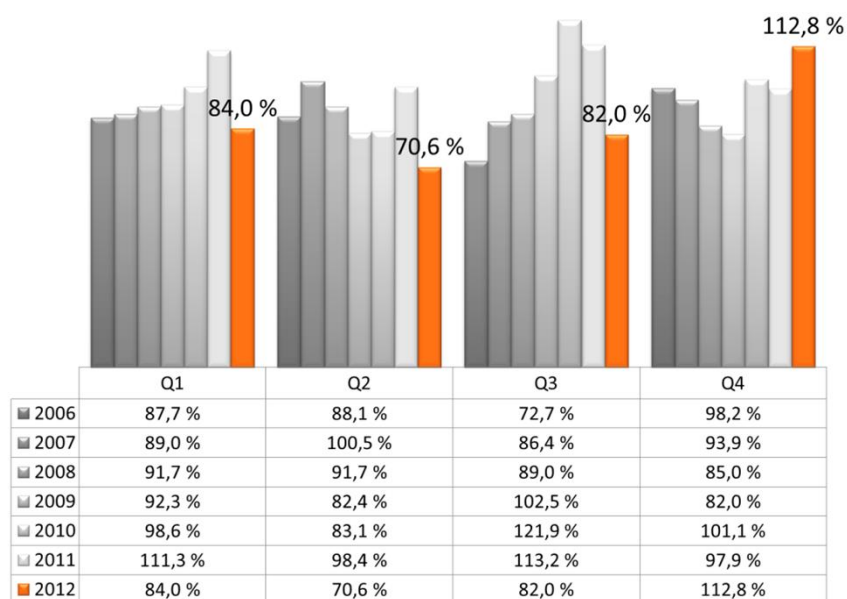


Cumulative

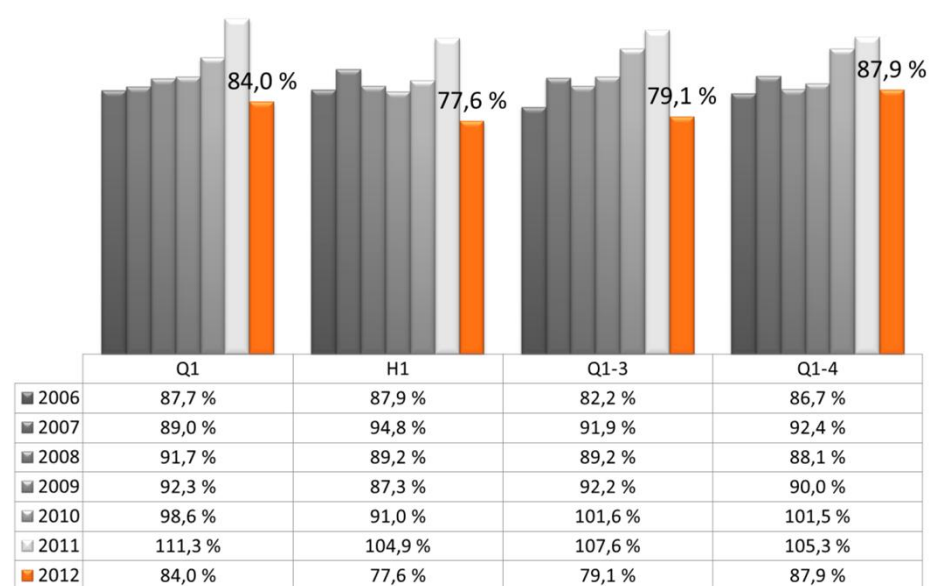


Baltic States' Operating Combined Ratio

By quarter

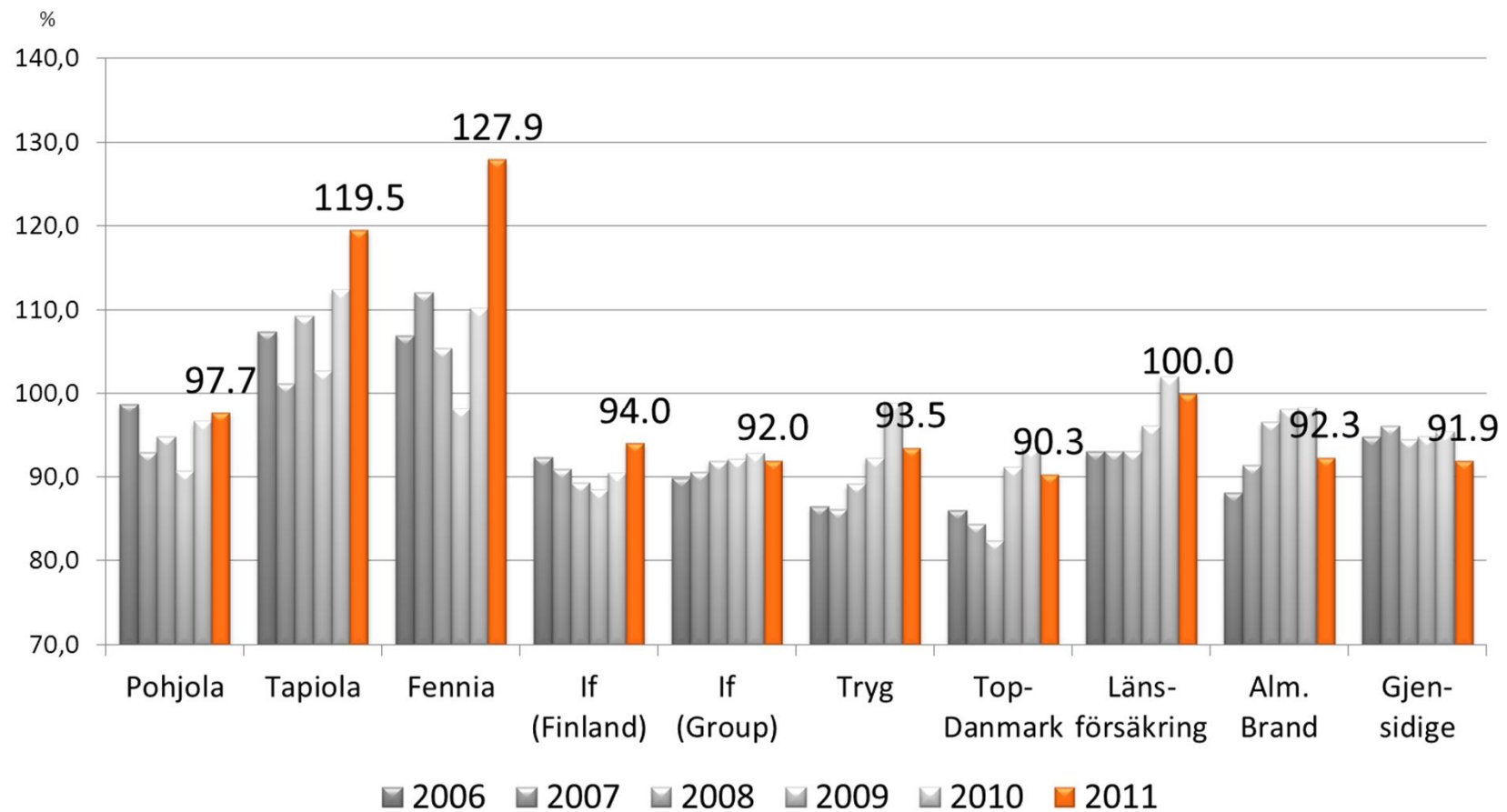


Cumulative



Profitability of Nordic Insurers

Combined ratio 2006–11



Fixed-income Portfolio by Maturity and Credit Rating as of 31 December 2012

Investments under the “investment grade” accounted for 92 % (91) of the portfolio
73 % of investments rated at least A-

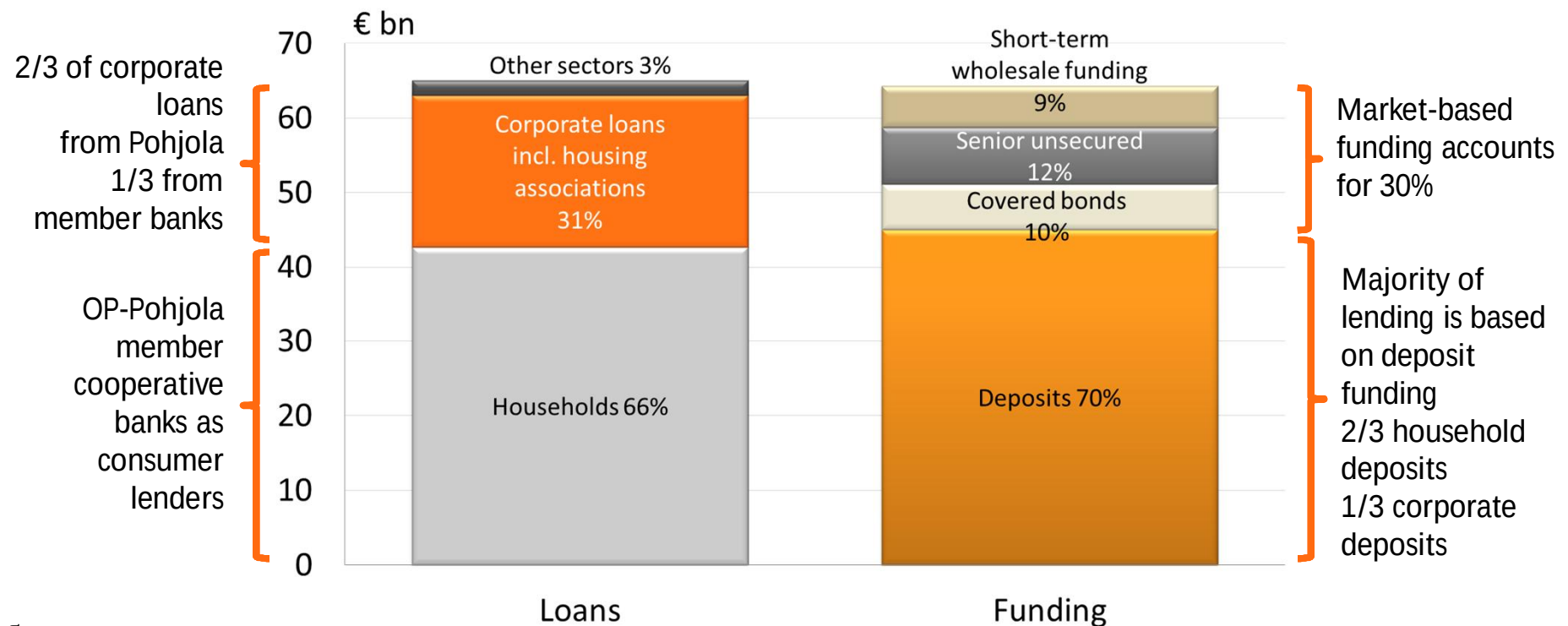
Average residual term to maturity 4.2 years (4.8) and duration 4.2 years (3.9)

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 December 2012*, EUR million

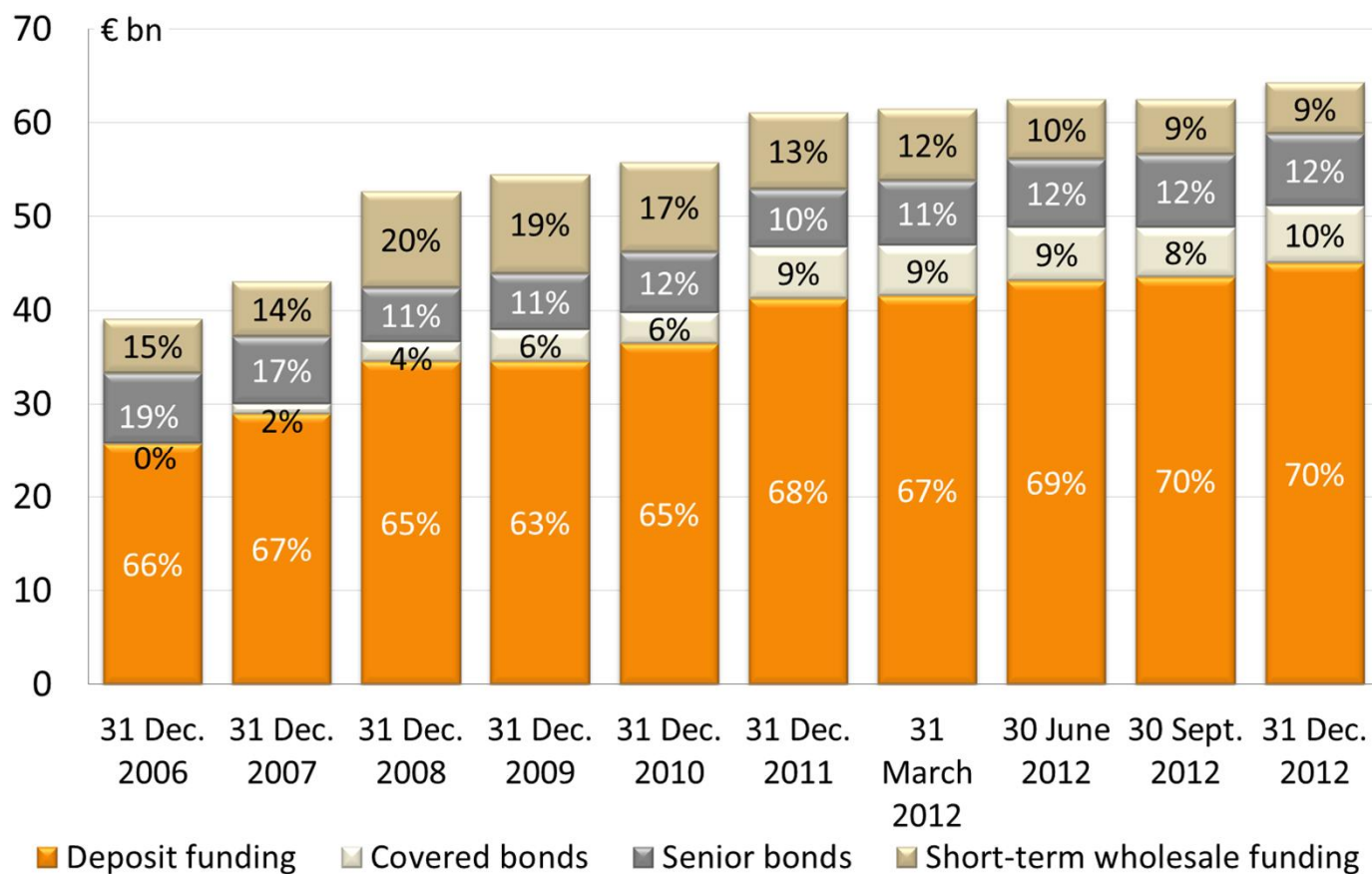
Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	14	145	323	187	106	77	853	36 %
Aa1–Aa3	27	47	142	23	12	27	278	12 %
A1–A3	37	194	220	88	38	1	578	25 %
Baa1–Baa3	25	80	176	68	74	26	448	19 %
Ba1 or lower	32	79	47	26	6	8	198	8 %
Internally rated	1	0	0		0		1	0 %
Total	135	545	909	392	236	139	2 356	100 %

* Excludes credit derivatives.

OP-Pohjola Group's Loans and Funding Structure 31 December 2012



OP-Pohjola Group's Funding Structure Development 2006–12



Financial Assets Included in the Liquidity Buffer by Maturity and Credit Rating as of 31 December 2012

Liquidity buffer by maturity and credit rating on 31 December 2012, EUR million

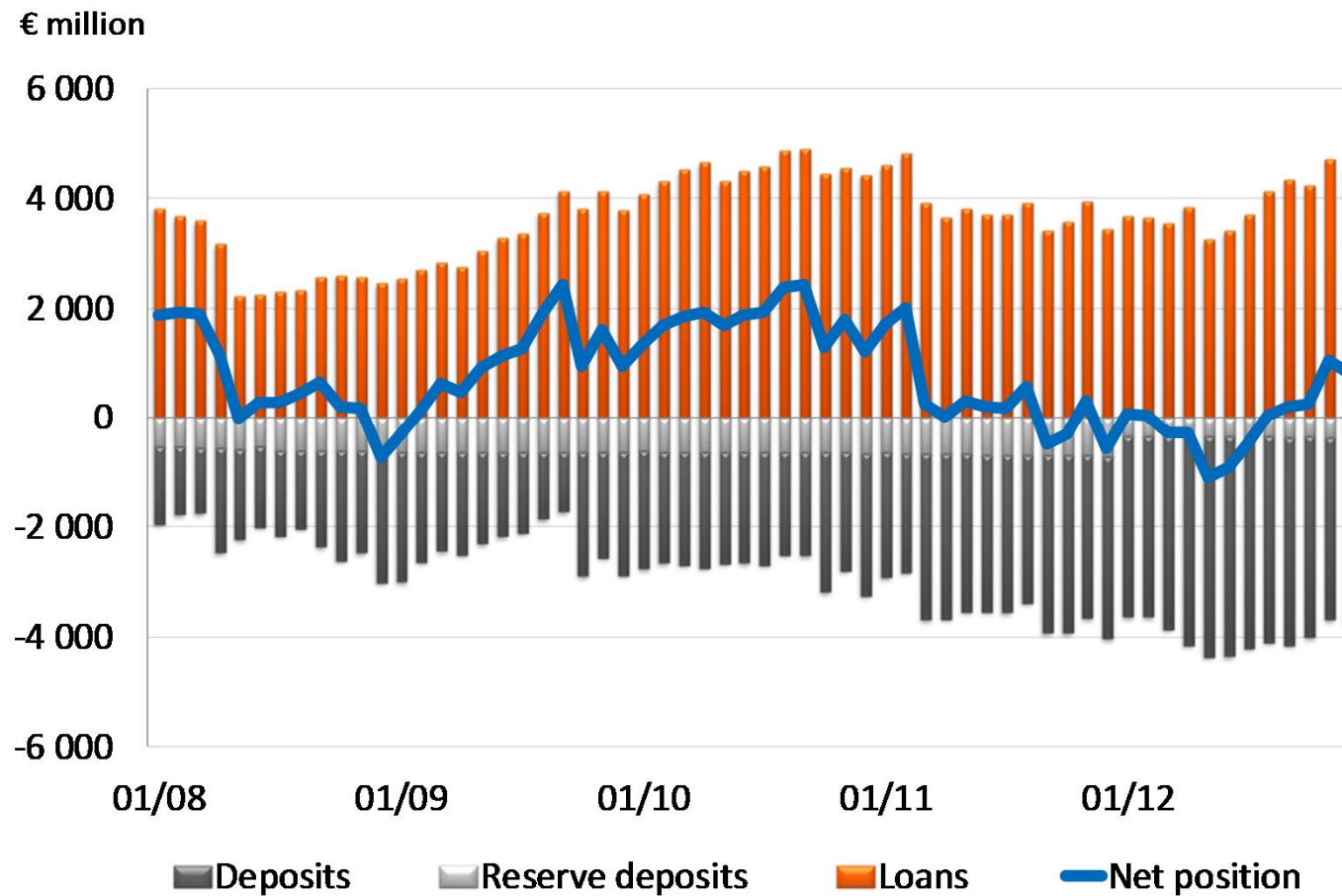
Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	5 721	868	683	409	751	22	8 452	58 %
Aa1–Aa3	86	270	156	315	254	11	1 092	7 %
A1–A3	244	458	234	14	13	1	964	7 %
Baa1–Baa3	106	192	123	4	7		432	3 %
Ba1 or lower	55	33	67	31	36	0	221	2 %
Internally rated**	575	707	1 047	408	203	504	3 443	24 %
Total	6 787	2 527	2 308	1 181	1 264	538	14 605	100 %

* incl. deposits with the central bank

** PD $\leq$ 0.40%

The liquidity buffer's (excl. deposits with the central bank) residual term to maturity averages 4.6 years.

Receivables and Liabilities between Pohjola and OP-Pohjola Group Member Banks





OP-Pohjola Group's and Pohjola Bank plc's Results and Key Figures

OP-Pohjola Group and Pohjola Bank plc

Earnings analysis, € million

	OP-Pohjola Group 2012	Pohjola Bank plc 2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Net interest income	1 003	263	1 030	276
Net income from Non-Life insurance	433	438	312	318
Net income from Life Insurance	108		72	
Net commissions and fees	584	169	574	161
Other income	243	129	173	89
Total income	2 371	998	2 160	843
Total expenses	1 479	567	1 358	527
Returns to owner-members and OP-bonus customers	192		176	
Earnings before impairment loss on receivables	700	431	626	316
Impairment loss on receivables	99	57	101	60
Earnings before tax	601	374	525	258
Change in fair value reserve	698	418	-400	-180
Earnings before tax at fair value	1 299	792	125	78

OP-Pohjola Group and Pohjola Bank plc

Key figures and ratios

	OP-Pohjola Group 2012	Pohjola Bank plc 2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Total assets, € million	99 769	44 623	91 905	41 111
Receivables from customers, € million	65 161	13 839	60 331	12 701
Deposits, € million	45 011	10 775	41 304	8 025
Equity capital, € million	7 134	2 769	6 242	2 306
Tier 1 ratio, %	14.1	12.4	14.0	10.6
Core Tier 1 ratio, %	14.1	10.6	14.0	10.3
Doubtful receivables, € million	311	34	296	62
Ratio of doubtful receivables and zero-interest bearing receivables to loans and guarantees, %	0.46	0.21	0.47	0.41
Loan and guarantee portfolio, € billion	65.1	16.4	62.8	15.0
Impairment loss on receivables, € million	99	57	101	60
Impairment loss on receivables / loan and guarantee portfolio, %	0.15	0.35	0.16	0.40
Personnel	13 290	3 404	13 229	3 380

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group 2012	Pohjola Bank plc 2012	OP-Pohjola Group 2011	Pohjola Bank plc 2011
Net interest margin, %	1.0*	1.52**	1.2*	1.34**
Cost/Income ratio, %	62	34***	63	35***
Return on equity (ROE) at fair value, %	14.1	23.3	0.4	3.1
Return on assets, (ROA) at fair value, %	1.0		0.0	
Non-Life Insurance, solvency ratio, %		81		77
Life Insurance, solvency ratio, %	18.6****		12.9****	
Operating combined ratio, %		90.5		89.8

* Net interest income as a percentage of average total assets

** Average margin for corporate lending

*** Cost / Income ratio in Banking

**** Solvency capital / (net technical provisions for own account - equalisation provision - 0.75 * technical provisions on unit-linked insurance) * 100



Finnish Economy

Forecasts for the Finnish Economy

Published in January 2013

	2011 EUR bn	2011 Volume, % change on previous year	2012f	2013f	2014f
GDP	189.5	2.8	0.2	0.8	1.7
Imports	78.6	6.1	-0.8	0.8	2.5
Exports	77.3	2.9	-1.0	1.2	3.3
Consumption	151.2	1.7	1.2	1.0	1.1
Private consumption	105.0	2.3	1.9	1.3	1.3
Public consumption	46.2	0.4	-0.4	0.4	0.6
Fixed investment	37.2	7.1	-2.3	-1.2	2.6

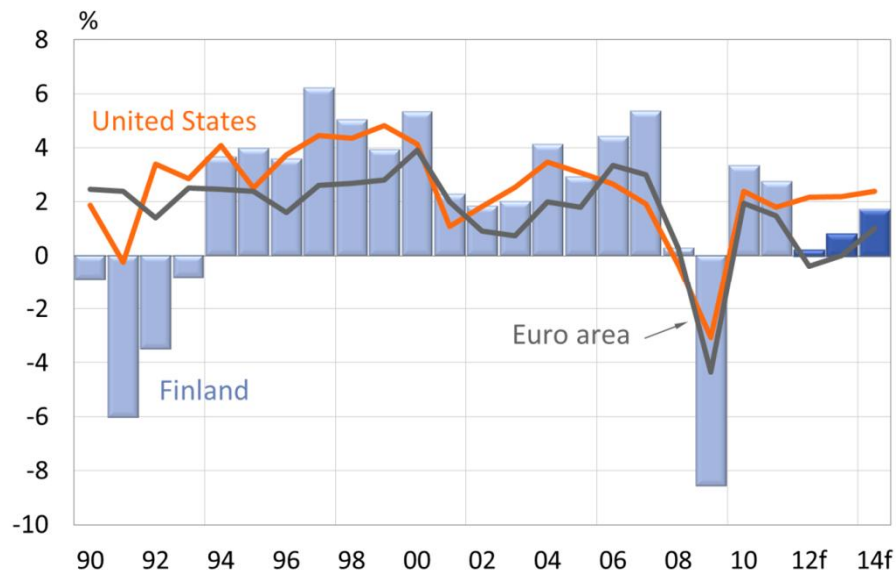
Other key indicators

	2011	2012f	2013f	2014f
Consumer price index, % change y/y	3.4	2.8	2.2	1.3
Unemployment rate, %	7.8	7.7	8.1	8.0
Current account balance, % of GDP	-1.6	-1.6	-1.4	-1.0
General government debt, % of GDP	49.0	52.7	54.7	55.6
General government deficit, % of GDP	-0.6	-1.4	-1.2	-0.5

Sources: Statistics Finland and OP-Pohjola Group

GDP and Demand Components

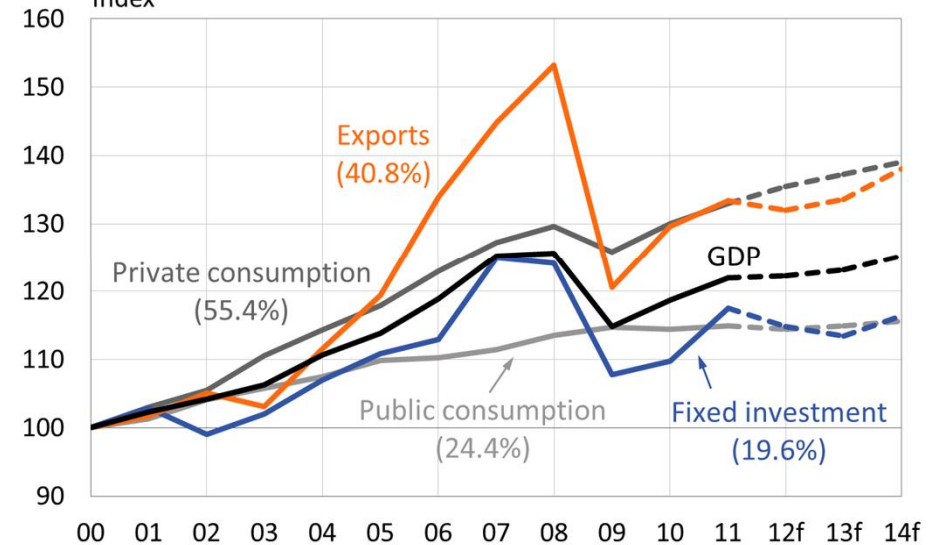
Change in GDP volume



Sources: Reuters EcoWin, forecasts OP-Pohjola Group, January 2013

GDP and demand components

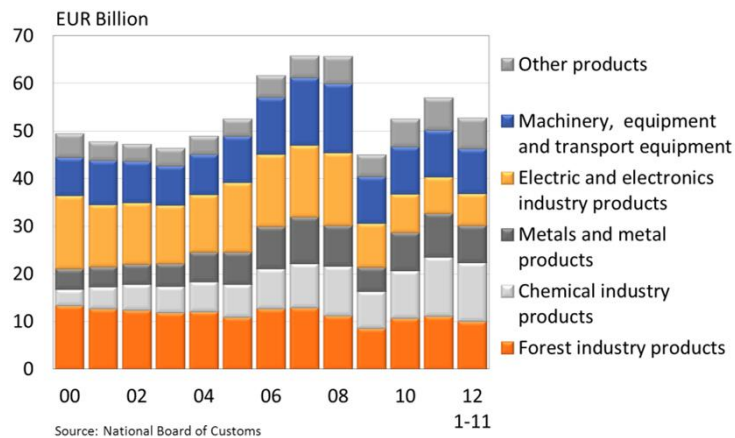
2011 GDP shares in brackets
Index



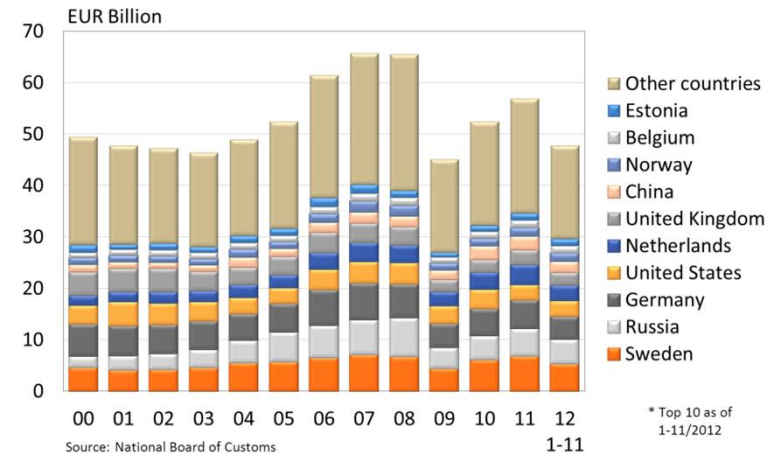
Sources: Statistics Finland, forecasts OP-Pohjola Group, January 2013

Goods Exports by Product Group and by Country

Exports by commodity group

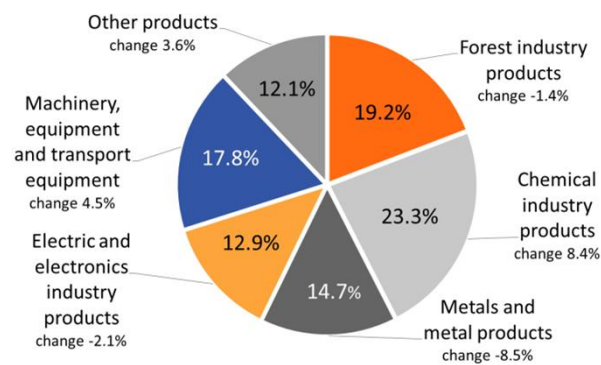


Finlands' largest* export countries



Goods exports by product group

Share of total exports and annual change
1-11/2012

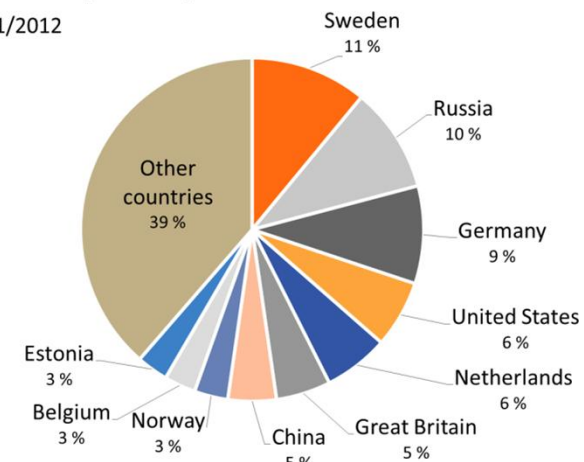


Source: National Board of Customs

Total exports 52.7 EUR Billion (change, 1.1%)

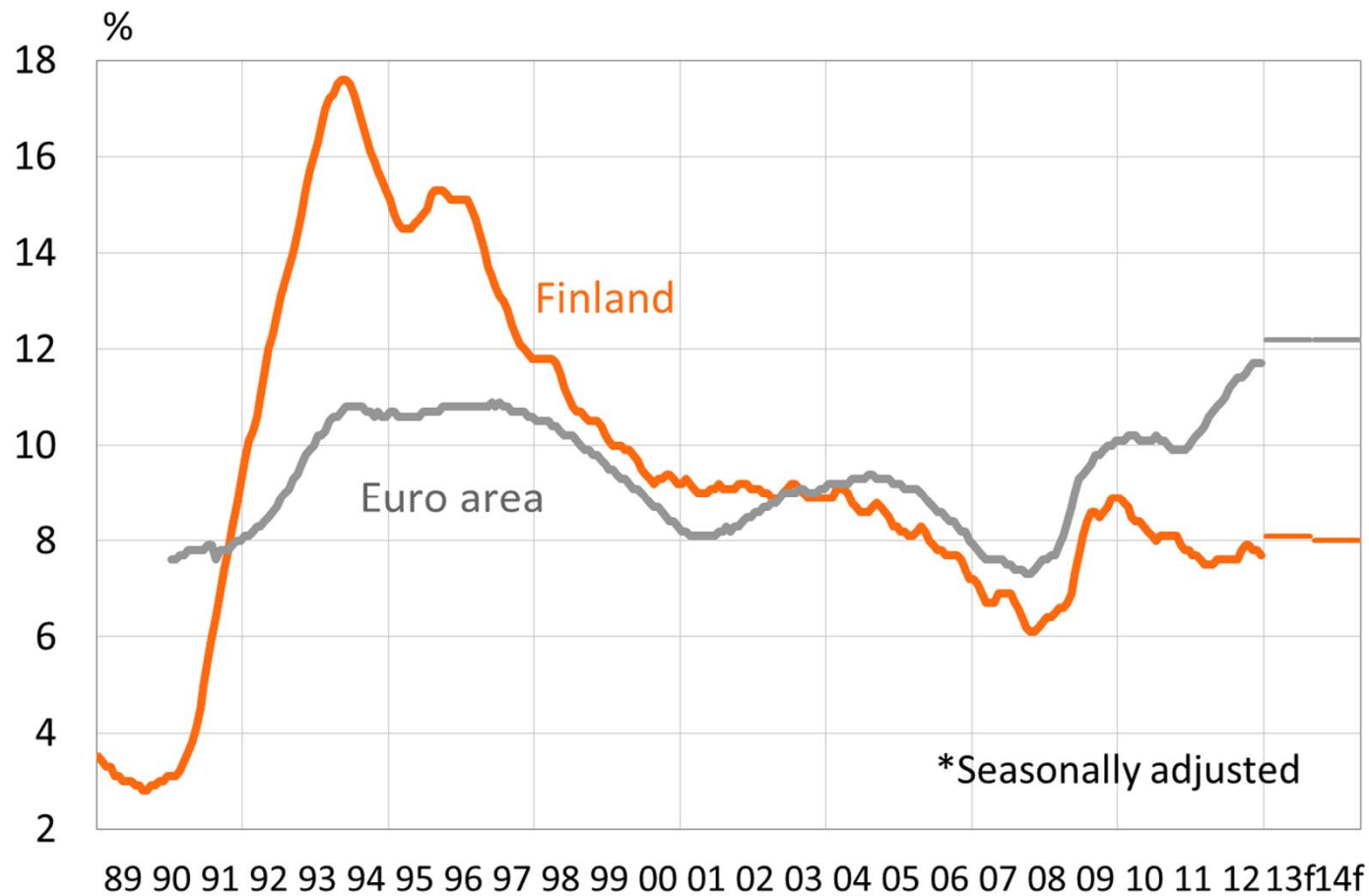
Goods exports by countries

1-11/2012



Source: National Board of Customs

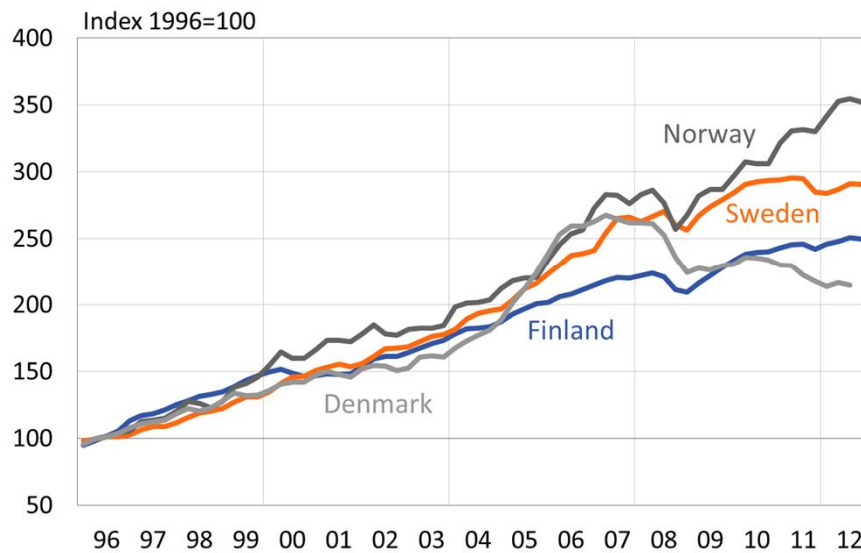
Unemployment Rate* in Finland and Euro Area



Sources: Statistics Finland, Eurostat, forecasts OP-Pohjola Group, January 2013

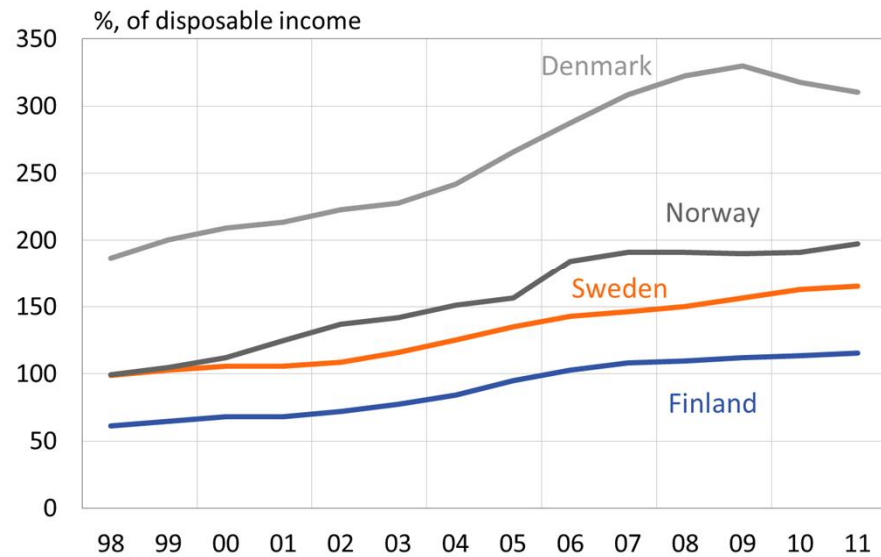
Average House Prices and Households' Debt

Average house prices



Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio



Sources: Central Banks, Statistics Finland

Structure and Financial Condition of the Finnish Corporate Sector

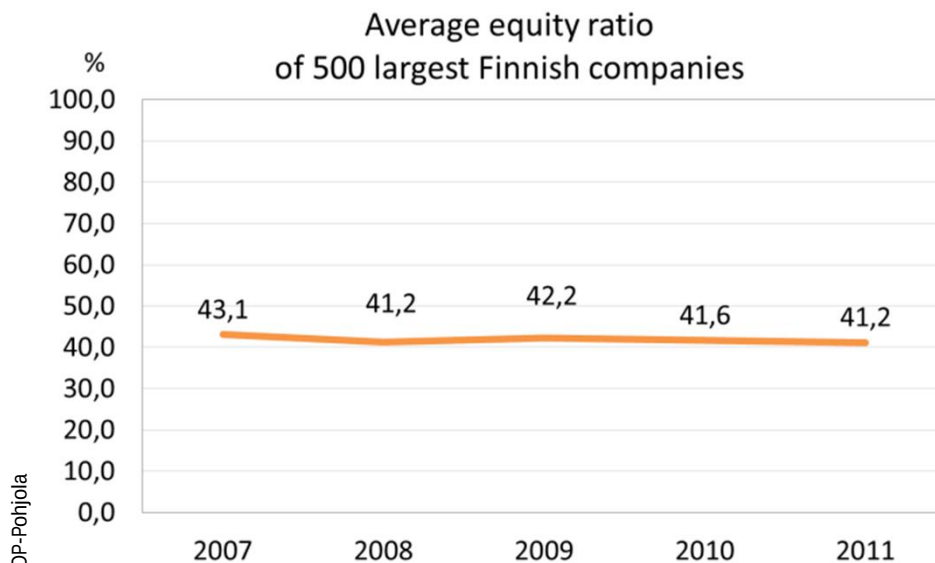
Top 650 companies account for 45% of the turnover in the Finnish corporate sector:

The number of companies in Finland totals approx. 320,000, of which 99.1% are small (personnel < 50), 0.70% medium-sized (personnel 50–249) and 0.20% large (personnel > 249)

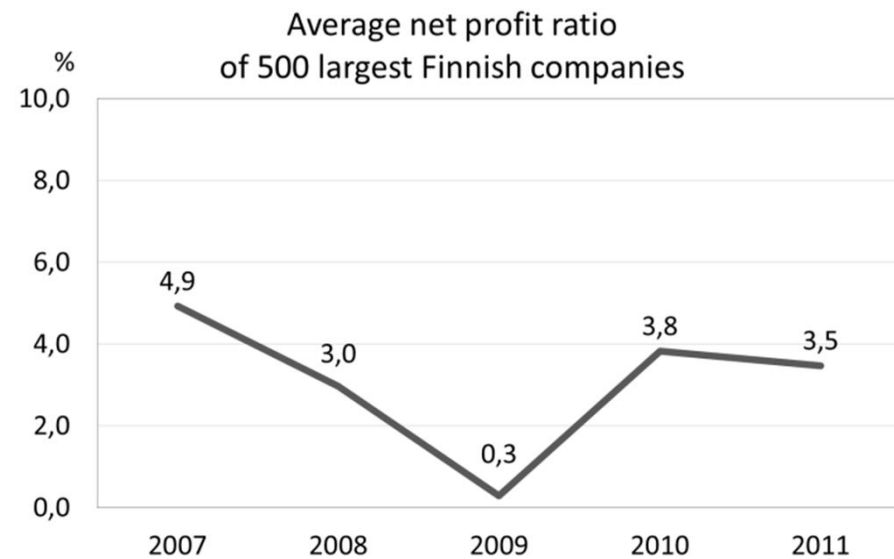
Source: Statistics Finland

Largest Finnish companies are in good financial condition:

The average equity ratio of the 500 largest Finnish companies is 41.2%



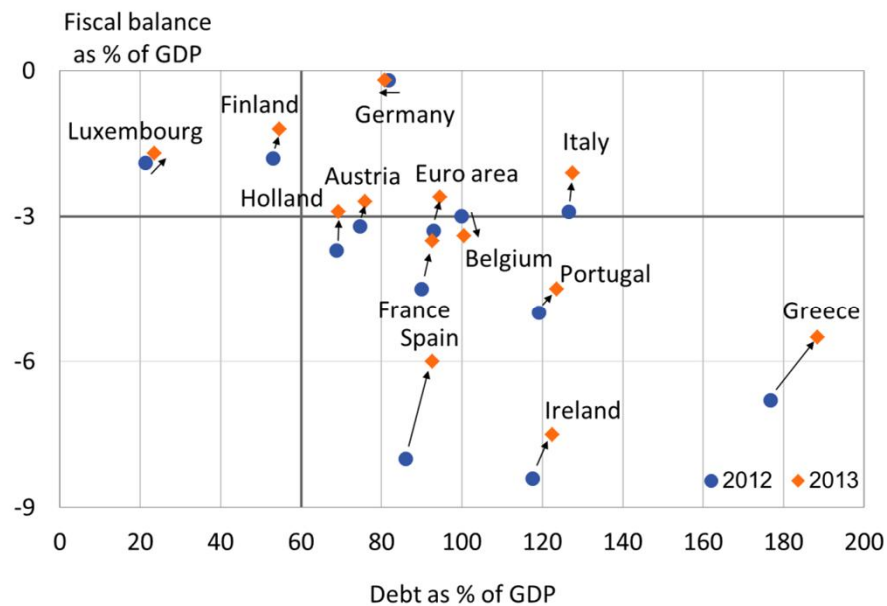
Source: Balance Consulting



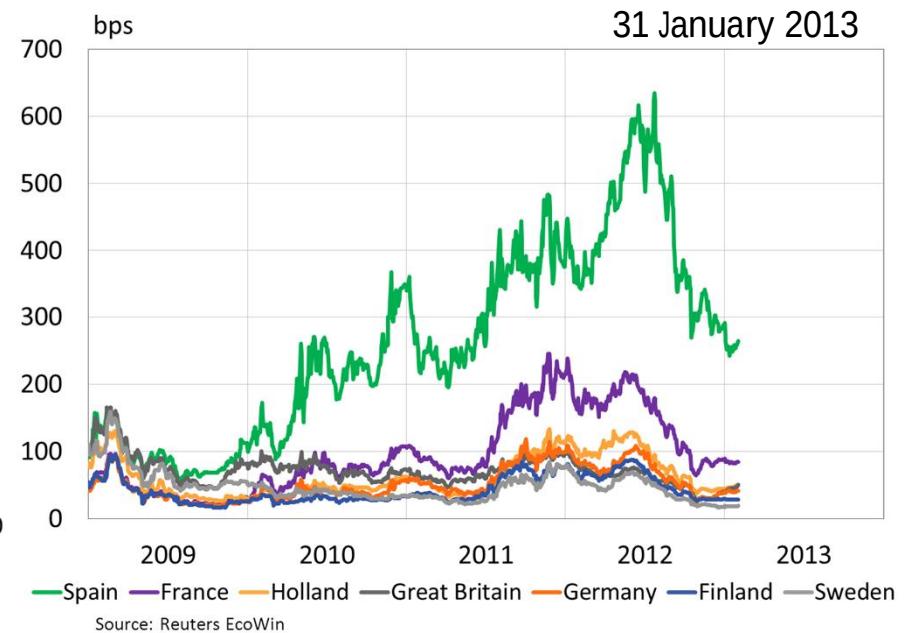
Source: Balance Consulting

Fiscal Balance and 5-year CDS by Country

Fiscal balance, forecasts for 2012 and 2013



5yr CDS 2009-2013 by country





Pohjola IR team

Pohjola IR team



Head of IR

Ms Niina Pullinen

Tel. +358 10 252 4494

niina.pullinen@pohjola.fi



IR Specialist

Ms Jaana Mauro

Tel. +358 10 252 8426

jaana.mauro@pohjola.fi



IR Specialist

Ms Anna Eskelinen

Tel. +358 10 252 8145

anna.eskelinen@pohjola.fi



IR Assistant

Ms Anne Hasso

Tel. +358 10 252 2569

anne.hasso@pohjola.fi