



Pohjola Bank plc's Interim Report for 1 January – 31 March 2013

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.

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

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- 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

Consolidated Earnings before Tax Improved YoY to €131 mn (103)

ROE 14.8%

1

Income up 8% and expenses down 2%

- Excluding bank levy, expenses decreased by 6%.

2

Efficiency-enhancement programme

- €7 million cost savings recorded for Q1/2013 out of the total targeted cost savings for 2013.

3

Core Tier 1 ratio: 10.7%

- Stronger capital base arising from dividends of €50 million paid by Non-life Insurance

4

Proposed CRR adopted

- Treatment of insurance company investments as risk-weighted assets permitted but the details of its application require permission from the regulator
- The above treatment may increase CT1 by up to around 3 pps, while other changes caused by CRD IV are expected to slightly weaken capital adequacy
- Implementation through national law during 2013, in force on 1 Jan. or 1 July 2014

Non-life Insurance Reported Good Performance

Banking Earnings Were Eroded by Lower Income from trading in Markets

1

Banking earnings €54 million (65)

- Lower income from trading in Markets and the bank levy of €4.3 reduced earnings
- Net interest income from Corporate Banking was up by 5%

2

Non-life Insurance earnings €55 million (15)

- Strong growth in insurance premium revenue, favourable developments in claims incurred, lower operating expenses, capital gains on investments
- Operating combined ratio 92.4% (100.1) and expense ratio 19.9% (23.9)

3

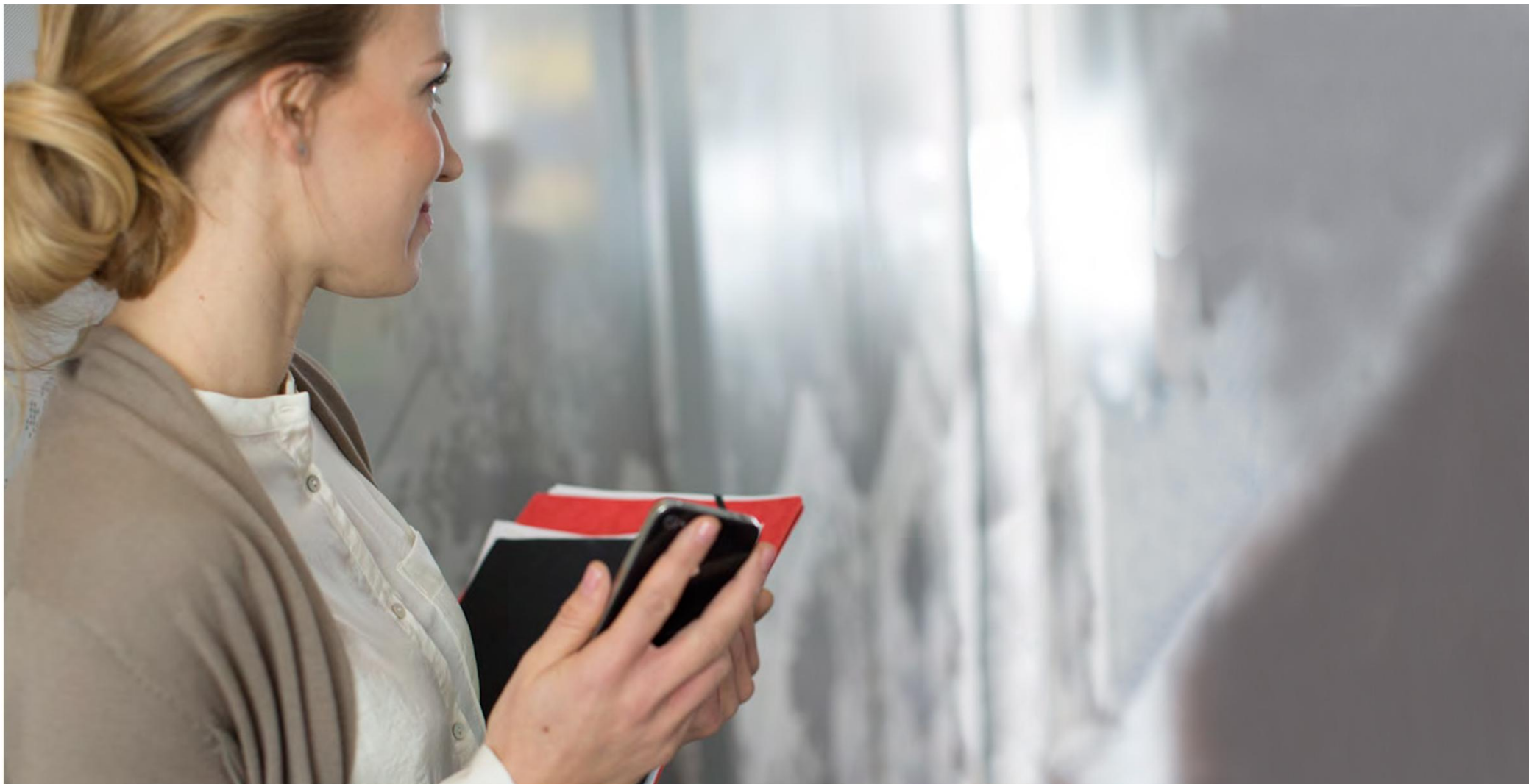
Asset Management earnings €5 million (6)

- Assets under management up by 4% as a result of good progress in net asset inflows and positive developments in market values

4

Group Functions earnings €17 million (17)

- Capital gains on notes and bonds compensated for lower net interest income and net trading income



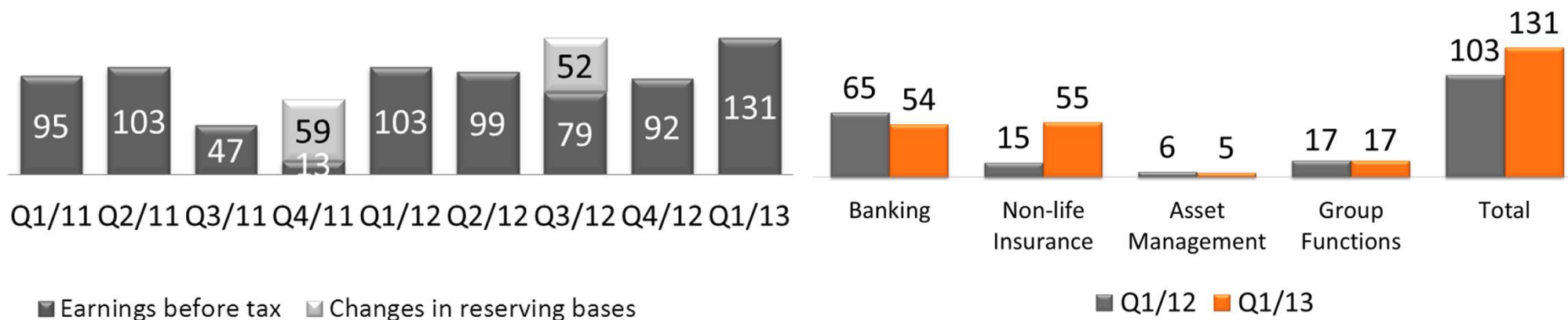
Pohjola Group Q1/2013

Consolidated Earnings Improved Markedly and ROE at 14.8%

Non-life Insurance reported good financial performance
Banking Earnings Were Eroded by Lower Income from trading in Markets

Earnings before tax, € mn
By quarter

Earnings before tax, € mn
By business line, year-on-year change
Q1/13 vs. Q1/12

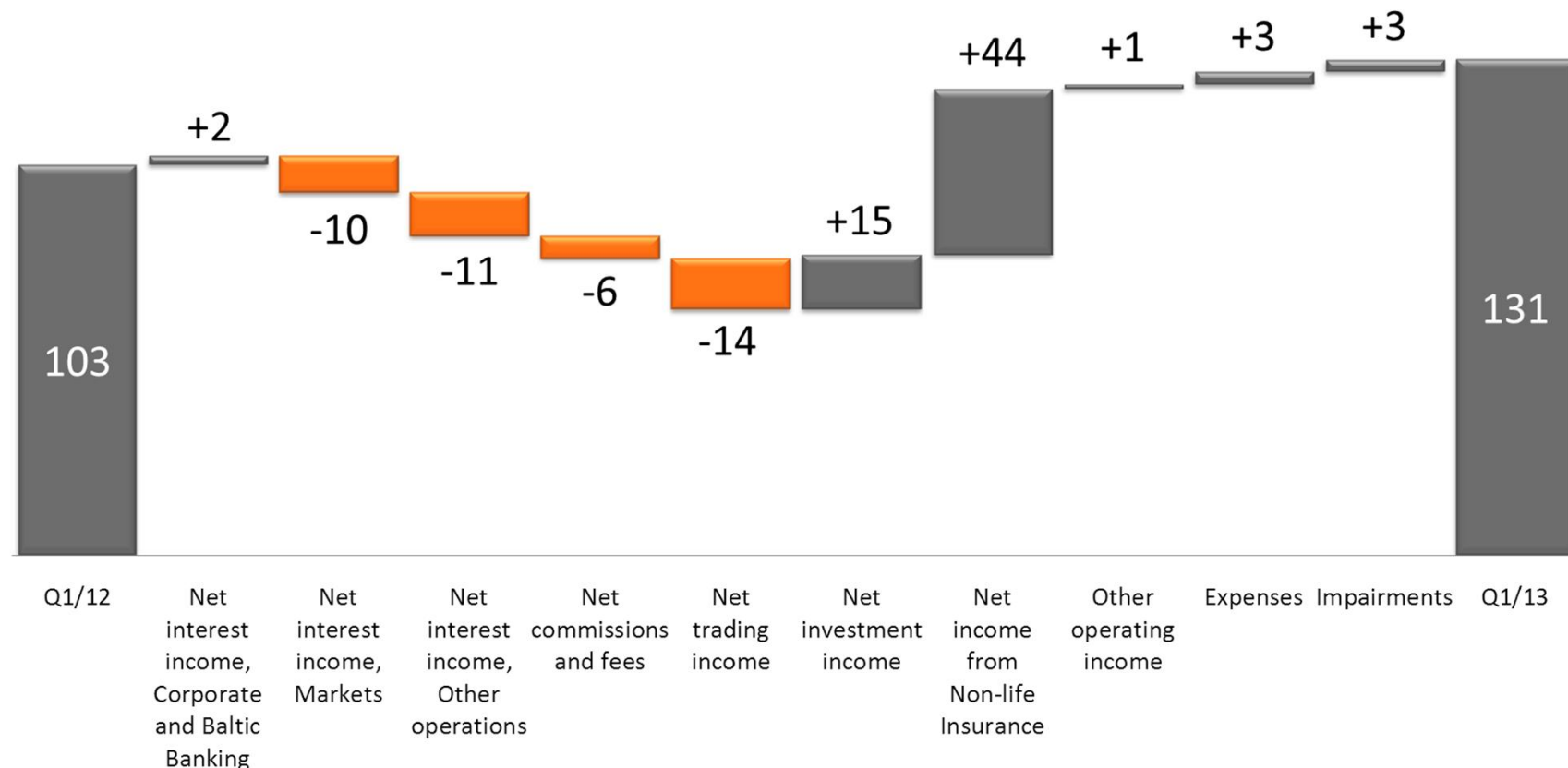


Net Income from Non-life Insurance and Net Investment Income Improved Consolidated Earnings

Bank levy increased expenses by 5 million

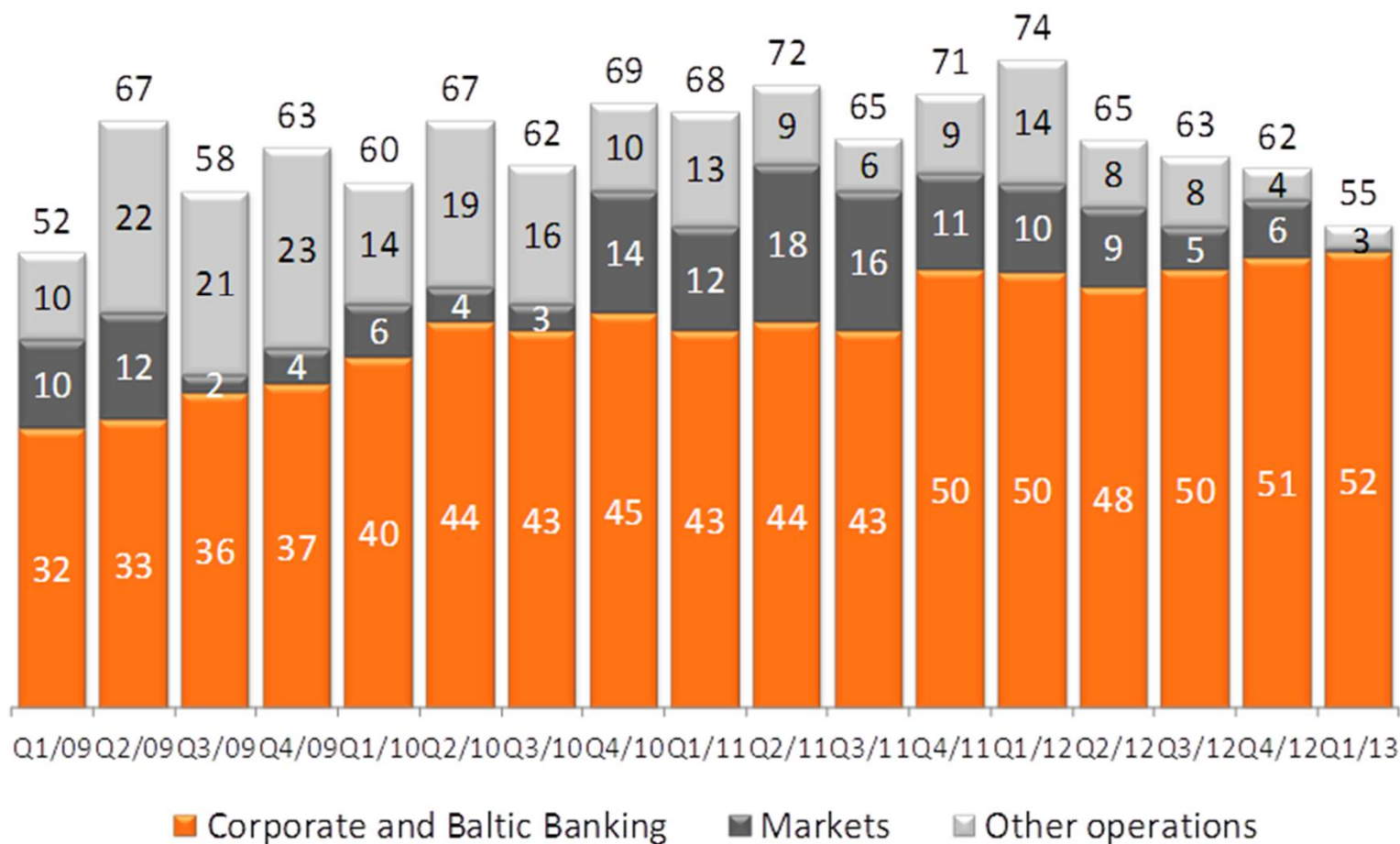
Earnings before tax, € mn

Year-on-year change, Q1/13 vs. Q1/12



Net Interest Income

Q1/2009–Q1/2013, € million

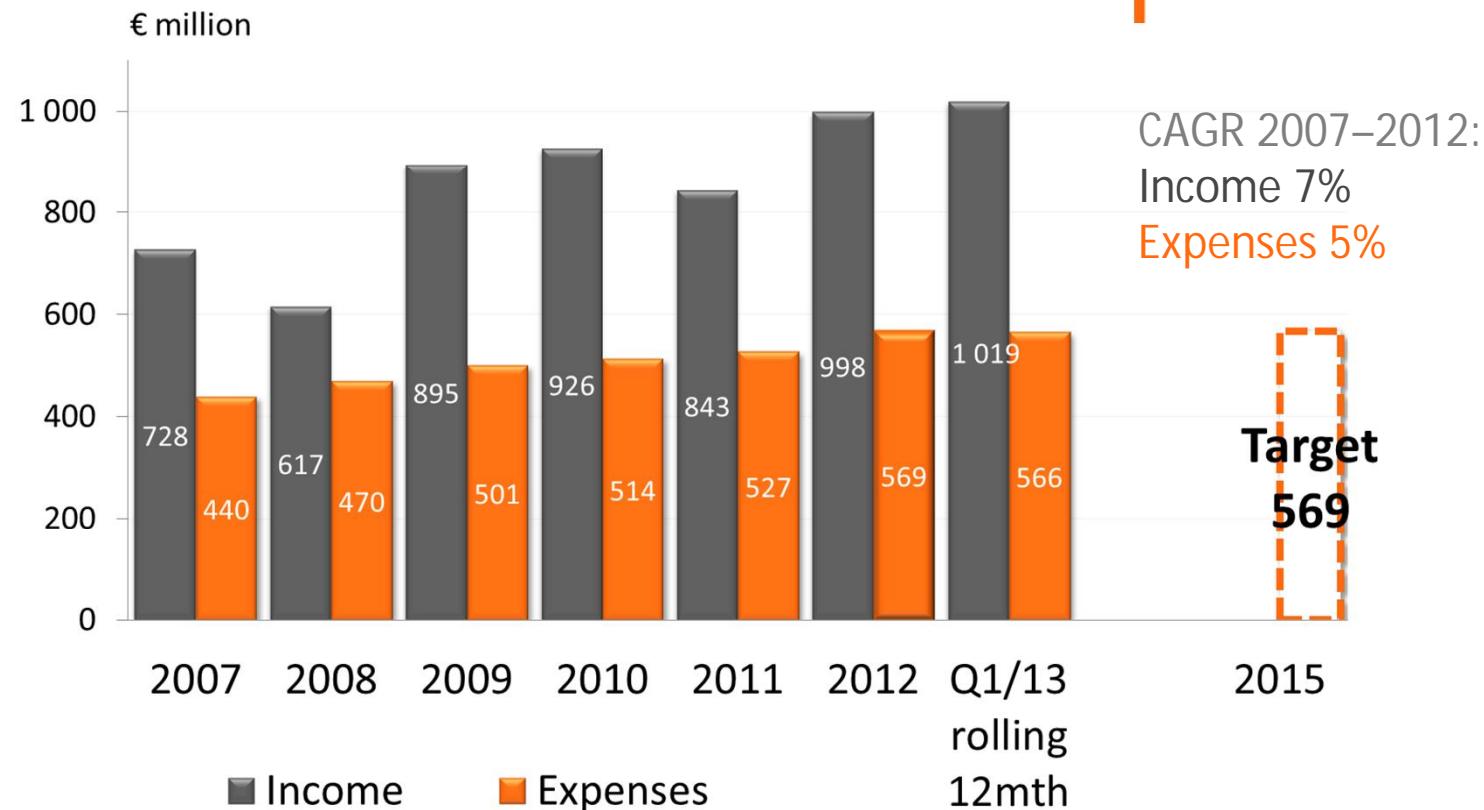


Q1/2013 Income Up 8% and Expenses Down 2%

Excluding €5-million bank levy, expenses decreased by 6%

Income and cost developments, € million
2007–Q1/2013

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



Cost Savings of €7 Million Reported for Q1/2013 in Line with the Target

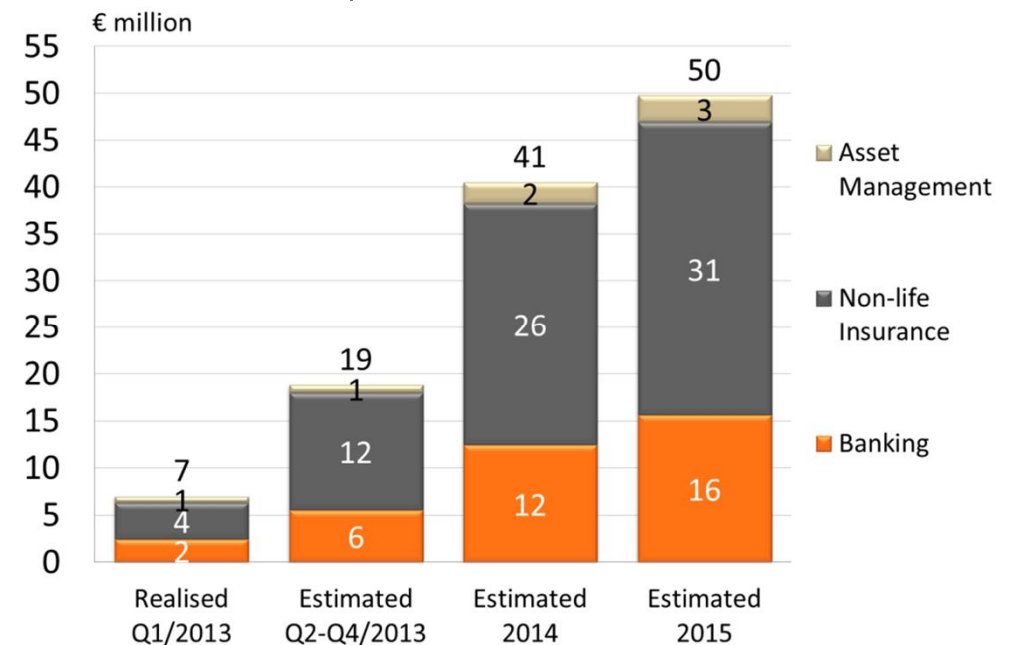
Non-life Insurance is the biggest beneficiary of the efficiency-enhancement programme

Realised and remaining cost savings
Q1/2013–2015, € mn



Realised and estimated cost savings by
business line

Q1/2013–2015, € mn



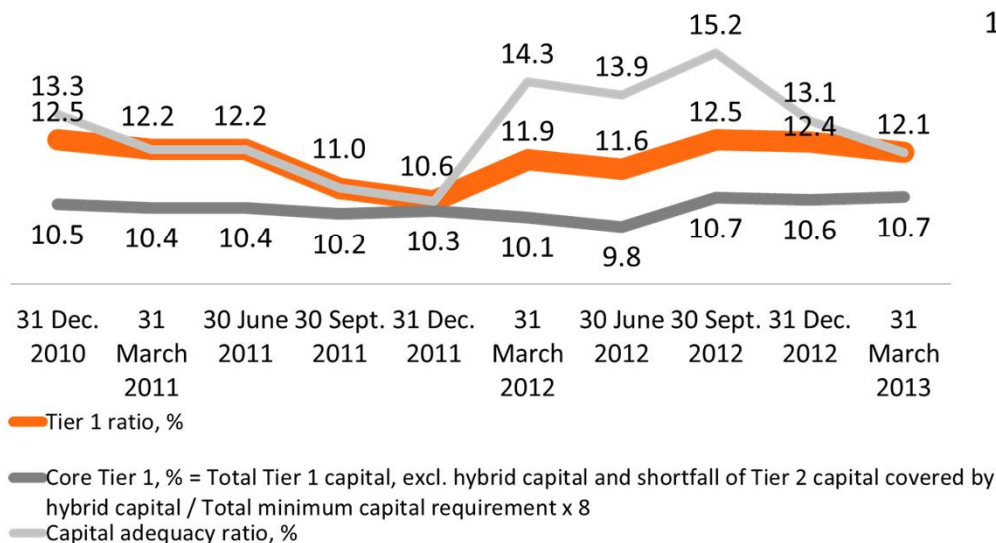
NB 1: Estimated cost savings are based on the figures published in the stock exchange release dated 19 September 2012, "Pohjola to initiate an Information and Consultation Process"

NB 2: The estimated cost savings are on a gross basis and do not include investments necessary to implement the efficiency-enhancement programme.

Core Tier 1 at 10.7%

Capital adequacy ratio and Tier 1 ratio decreased in Q1 as a result of the redemption of Upper Tier 2 perpetual subordinated notes

Capital adequacy ratio under the Act on Credit Institutions, %



Changes in Core Tier 1 ratio in Q1/13



1.66
(31 Dec. 2012: 1.70)

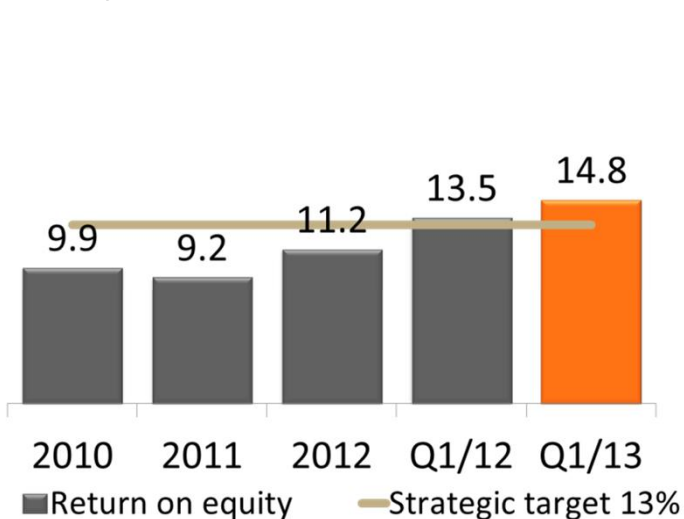
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates was clearly above the statutory minimum requirement.

OP-Pohjola Group Group's Core Tier 1 ratio as of 31 March 2013: 14.1% (31 Dec. 2012: 14.1%). OP-Pohjola Group's Core Tier 1 ratio target is 15%.

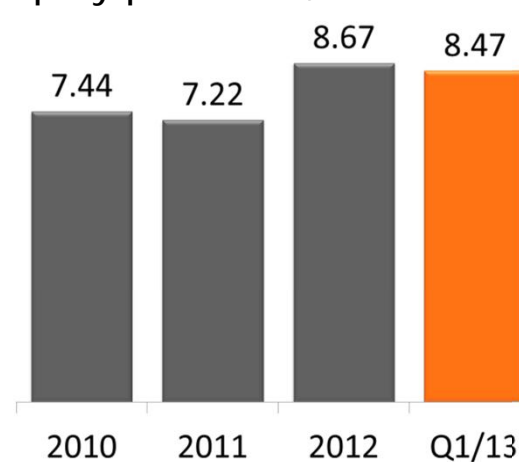
Key Figures and Ratios

ROE 14.8%, equity per share decreased as a result of dividend distribution

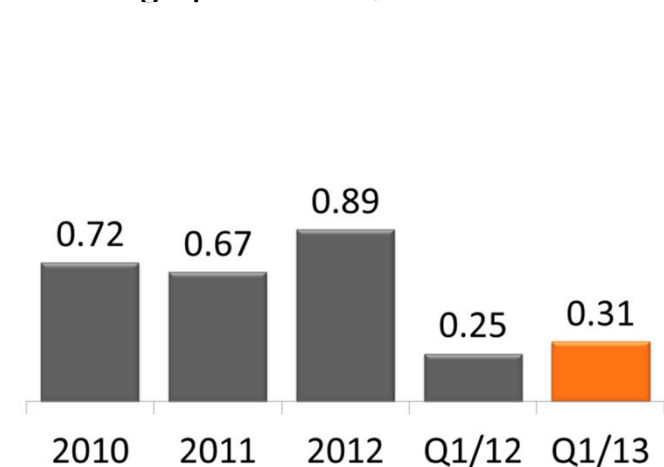
ROE, %



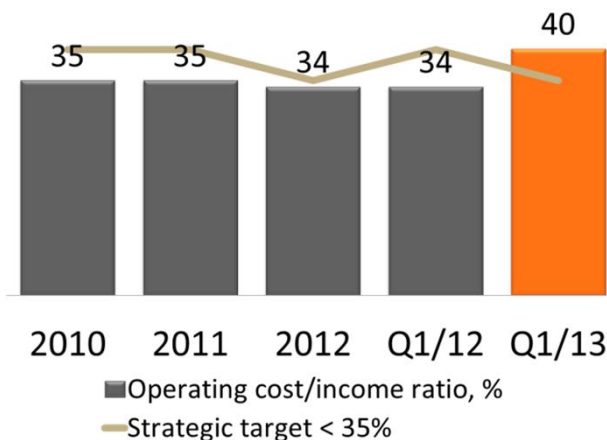
Equity per share, €



Earnings per share, €



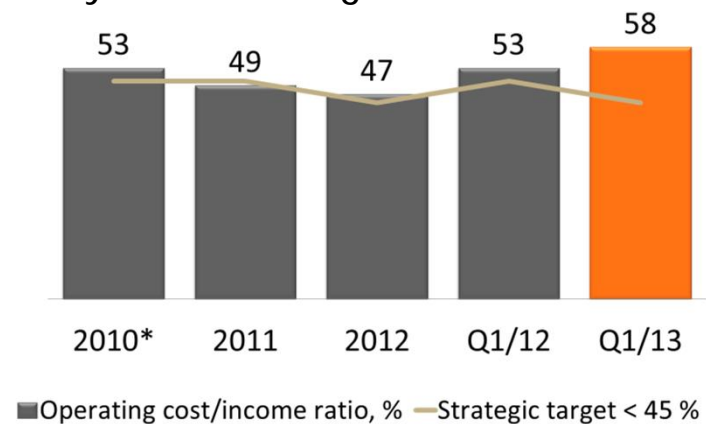
Operating cost/income ratio by Banking, %



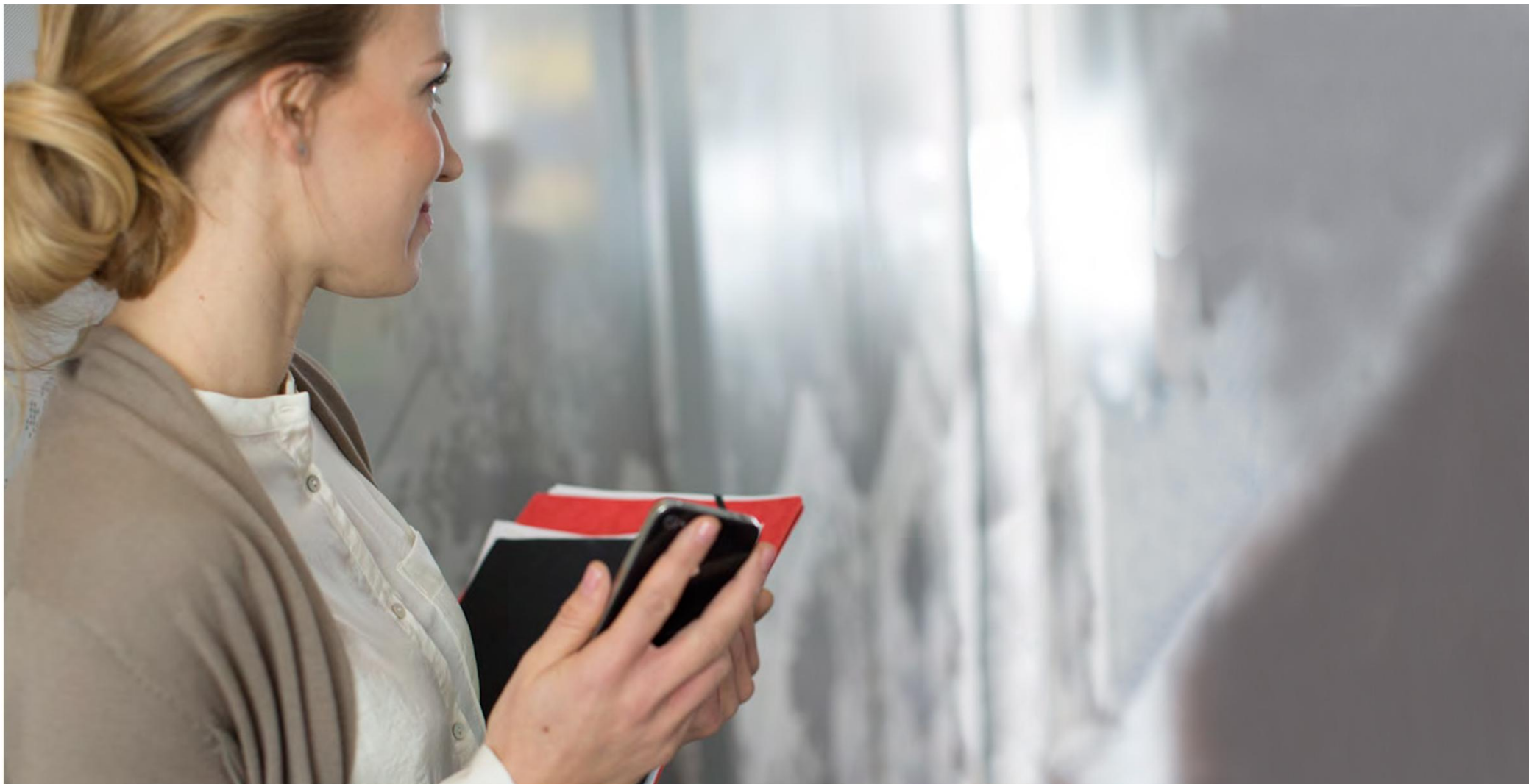
Operating combined ratio by Non-life Insurance, %



Operating cost/income ratio by Asset Management, %



* excl. items related to corporate transactions

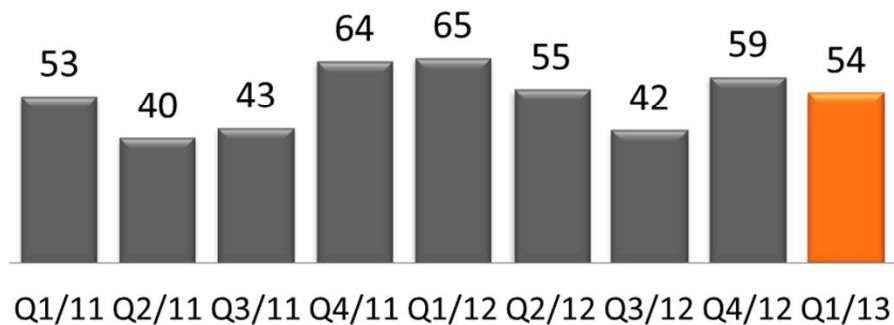


Banking Q1/2013

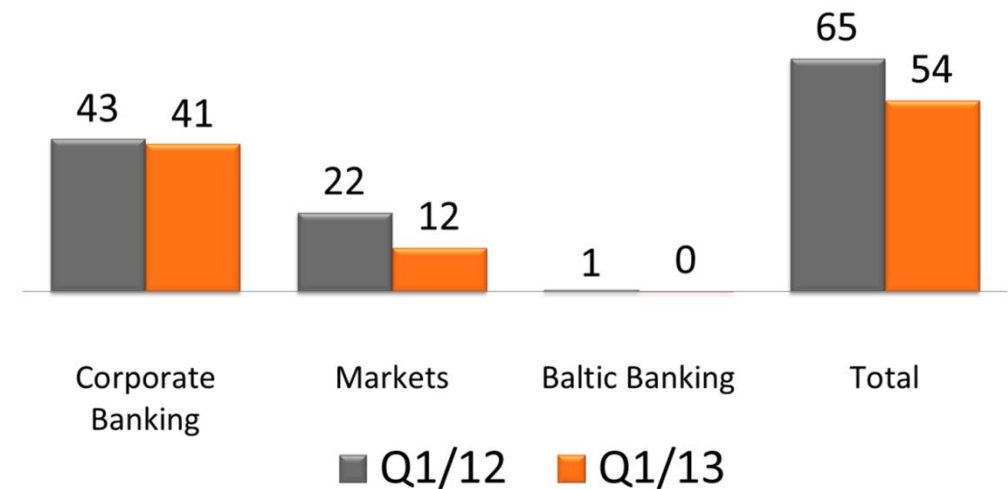
Corporate Banking Earnings Previous Year's Level

Earnings reported by Markets were eroded by reduced income from trading

Earnings before tax, € mn
By quarter



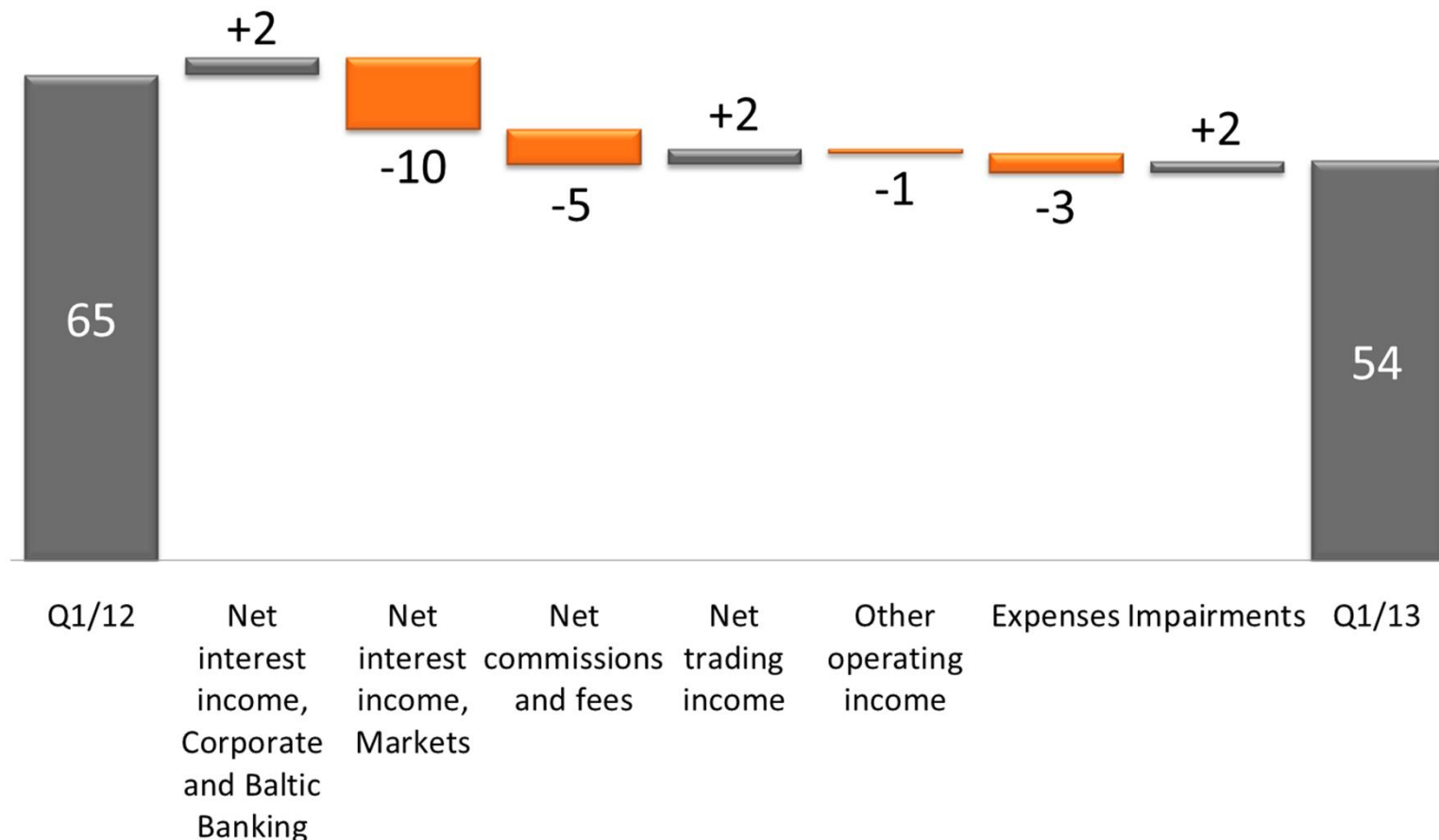
Earnings before tax, € mn
By division, year-on-year change
Q1/13 vs. Q1/12



Reduced Earnings Resulting from Lower Net Interest Income by Markets and Net Commissions and Fees

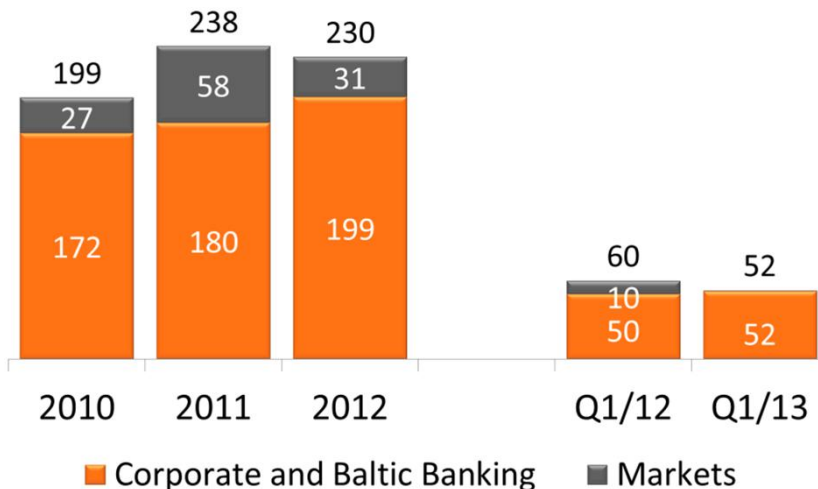
Excluding €4.3-million bank levy, expenses decreased by €2.0 million.

Earnings before tax, € mn, year-on-year change, Q1/13 vs. Q1/12



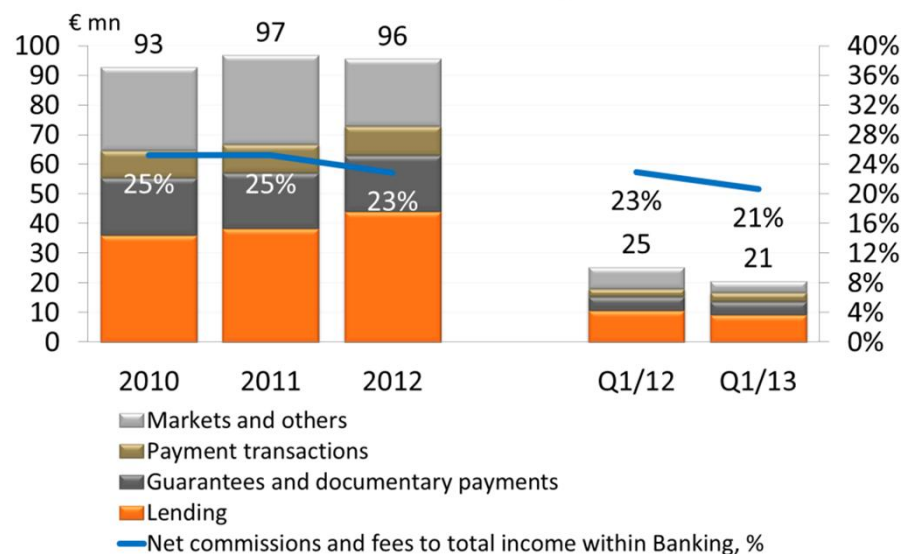
Development of Key Income Items

Net interest income, € million

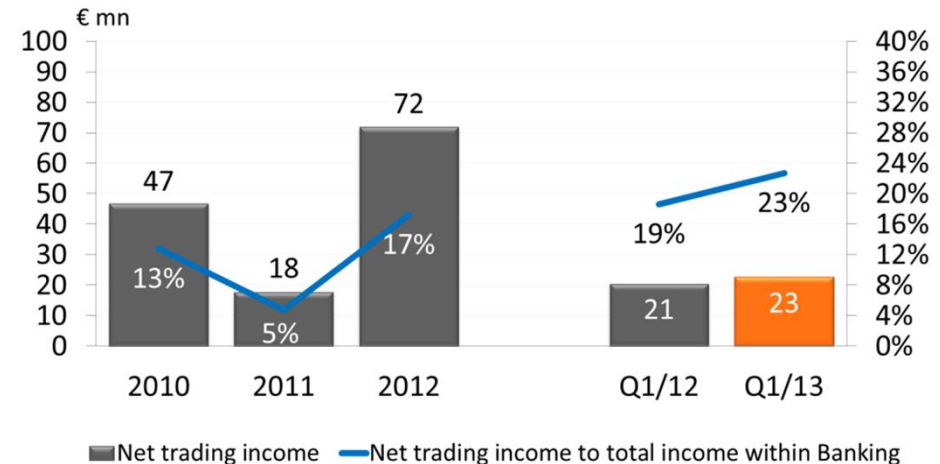


- Net interest income from Corporate Banking and Baltic Banking was up by 5% year on year.
- Client income posted by Markets was somewhat the same as a year earlier but income from trading was lower than a year ago.
- Net commissions and fees increased in payment transactions but decreased in lending and securities brokerage

Net commissions and fees, € million



Net trading income, € million



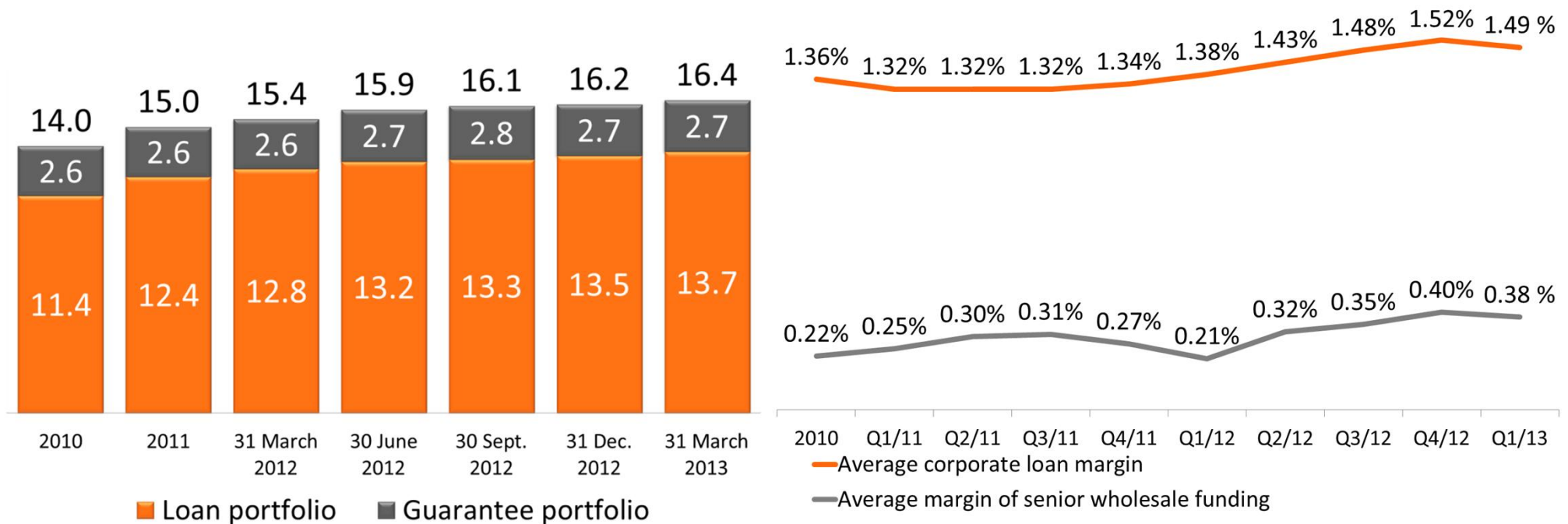
Loan Portfolio Up by 2% and Average Corporate Loan Portfolio Margin Down by 3 Basis Points in Q1/2013

Short-term wholesale funding increased and the average senior wholesale funding margin decreased to 0.38%

Loan and guarantee portfolio, € bn

The loan and guarantee portfolio increased by 1% in Q1/2013

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

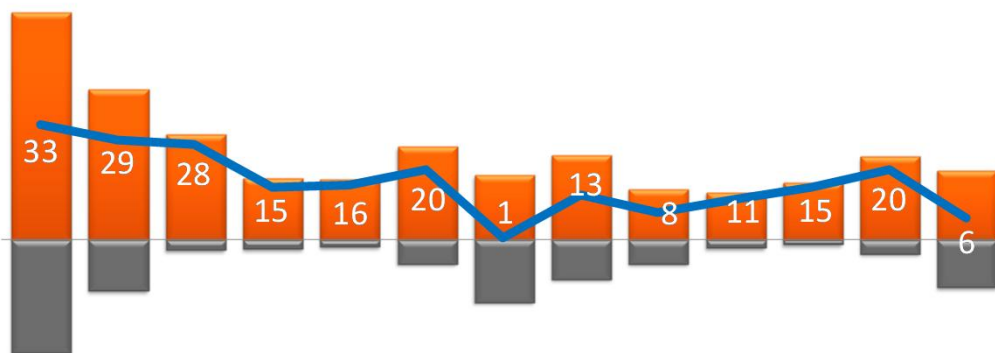


Good Quality Loan Portfolio

Impairment losses reduced year on year

Investment-grade exposures accounted for 62% (63) of total exposures by Banking and for 58% (59) of corporate customer (incl. housing corporations) exposures

Net impairment loss on receivables
Q1/13: €6 mn (8)

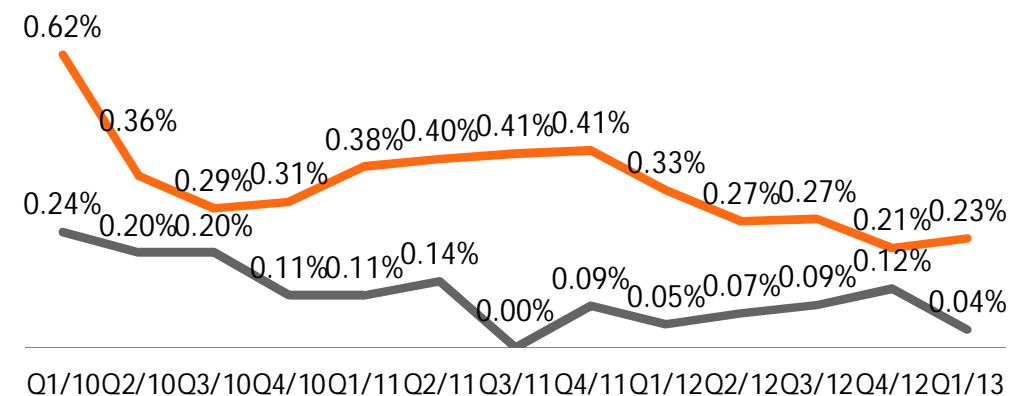


Q1/10 Q2/10 Q3/10 Q4/10 Q1/11 Q2/11 Q3/11 Q4/11 Q1/12 Q2/12 Q3/12 Q4/12 Q1/13

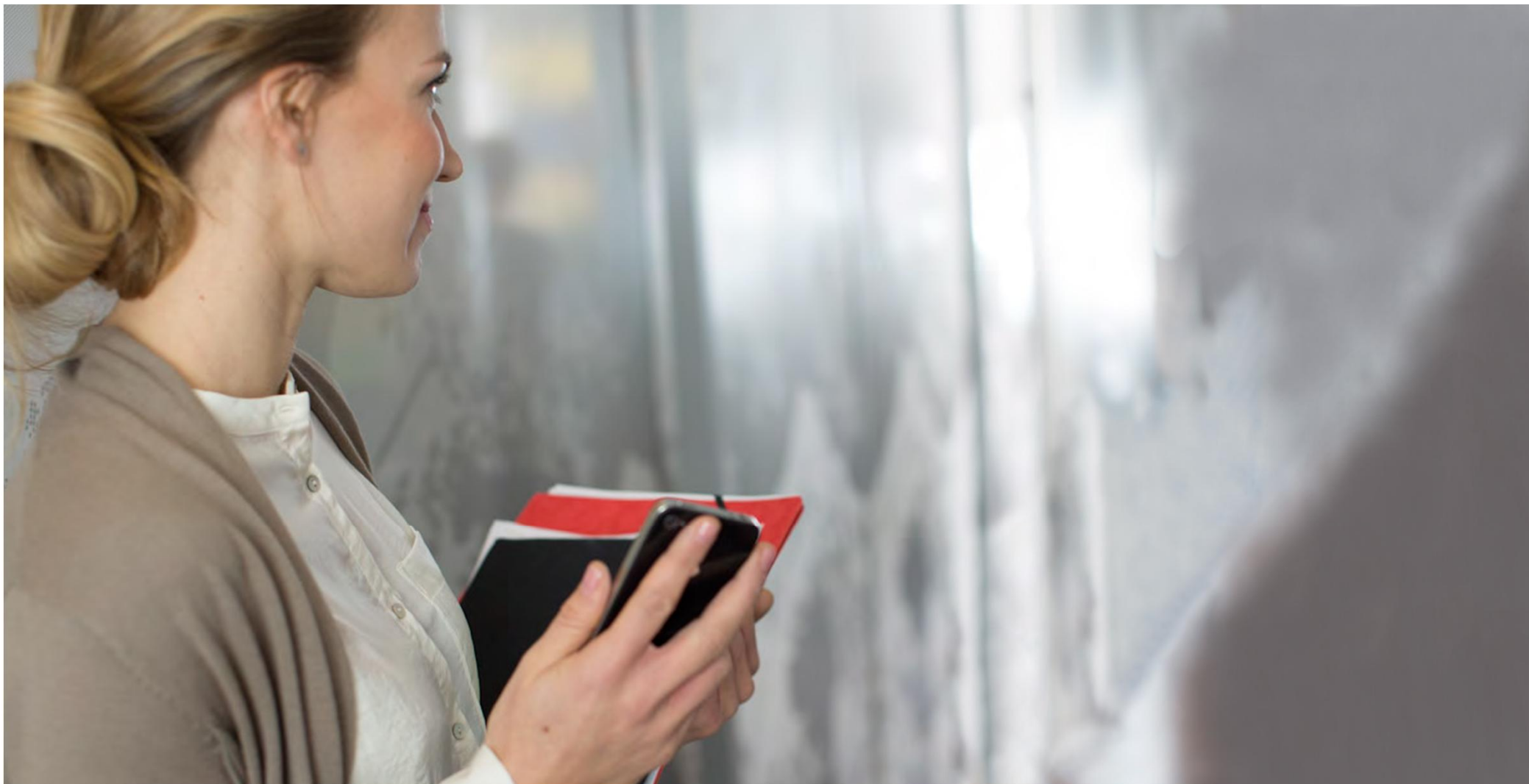
Credit loss recoveries and reversal of impairments
 New impairments
 Net impairments

© OP-Pohjola

Impairment losses and doubtful
receivables at low levels



Ratio of doubtful receivables to loan and guarantee portfolio, %
 Ratio of impairments of receivables to loan and guarantee portfolio, %

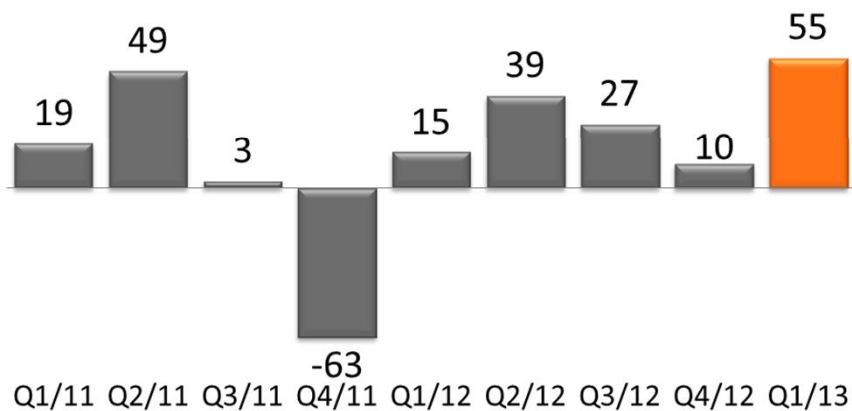


Non-life Insurance Q1/2013

Non-life Insurance Showed Better Financial Performance

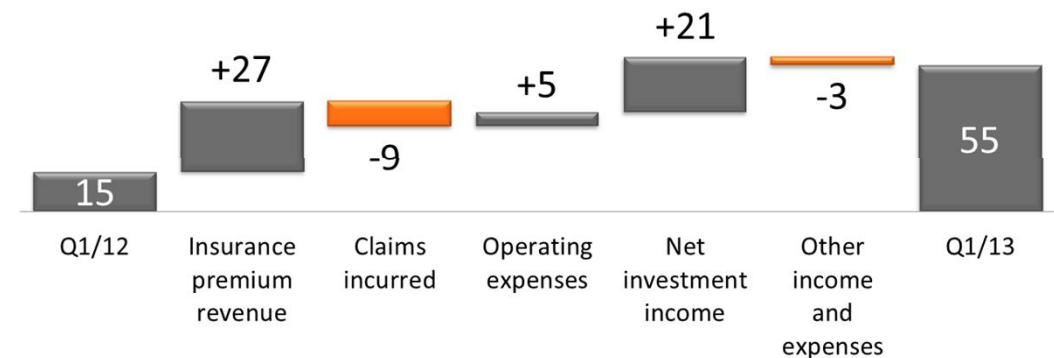
Growth in insurance premium revenue, favourable claims developments, the efficiency-enhancement programme and capital gains contributed to improved earnings

Earnings before tax, € mn
By quarter



Earnings before tax, € mn

Year-on-year change, Q1/13 vs. Q1/12

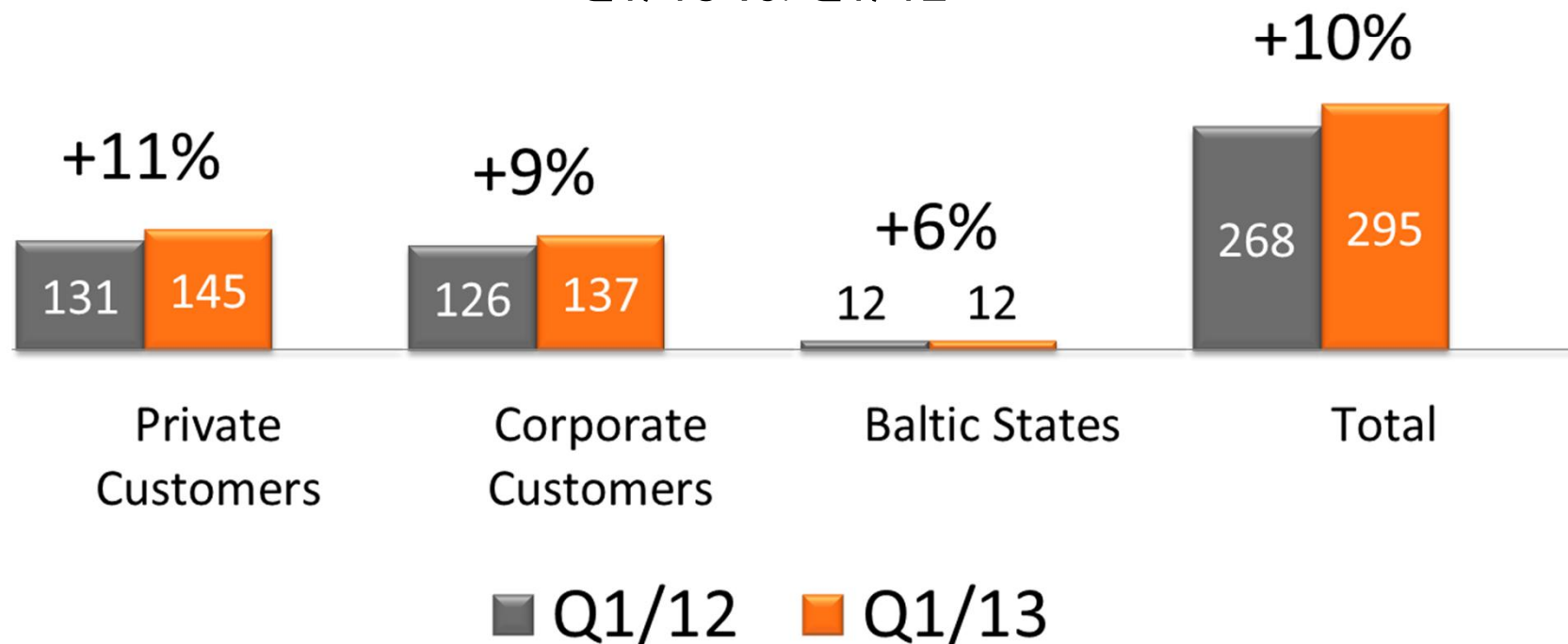


Changes in claims for previous years improved balance on technical account by EUR 1 million (3).

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

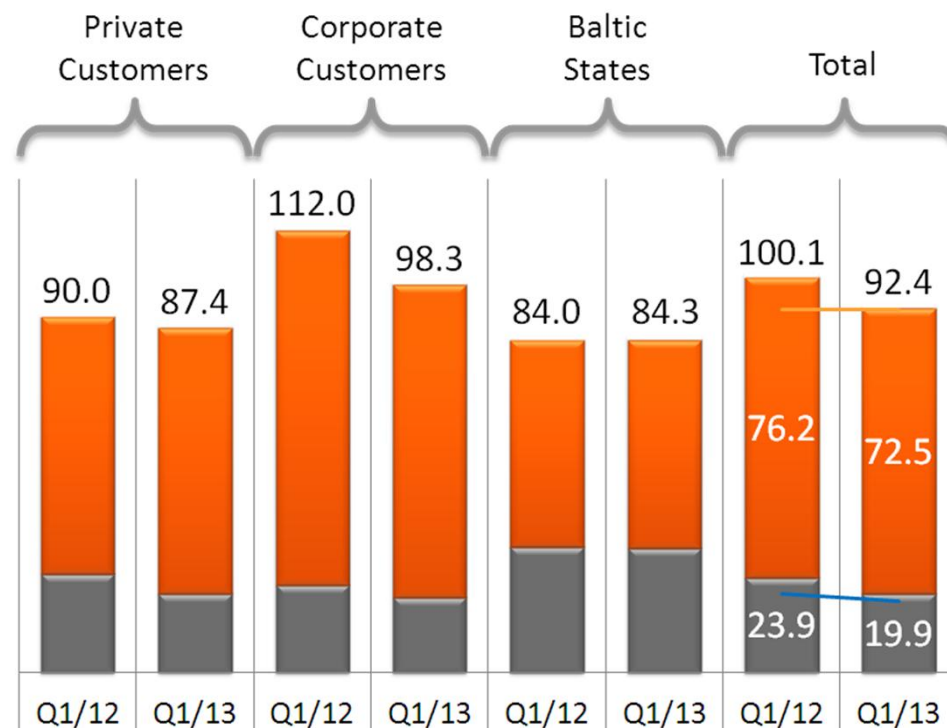
Sales of policies to private and corporate customers declined by 4% from their strong levels a year ago

Insurance premium revenue by division, € mn and year-on-year change, Q1/13 vs. Q1/12



Good Operating Combined Ratio Despite Typically Difficult Q1

Operating combined ratio by division,
Q1/13 vs. Q1/12

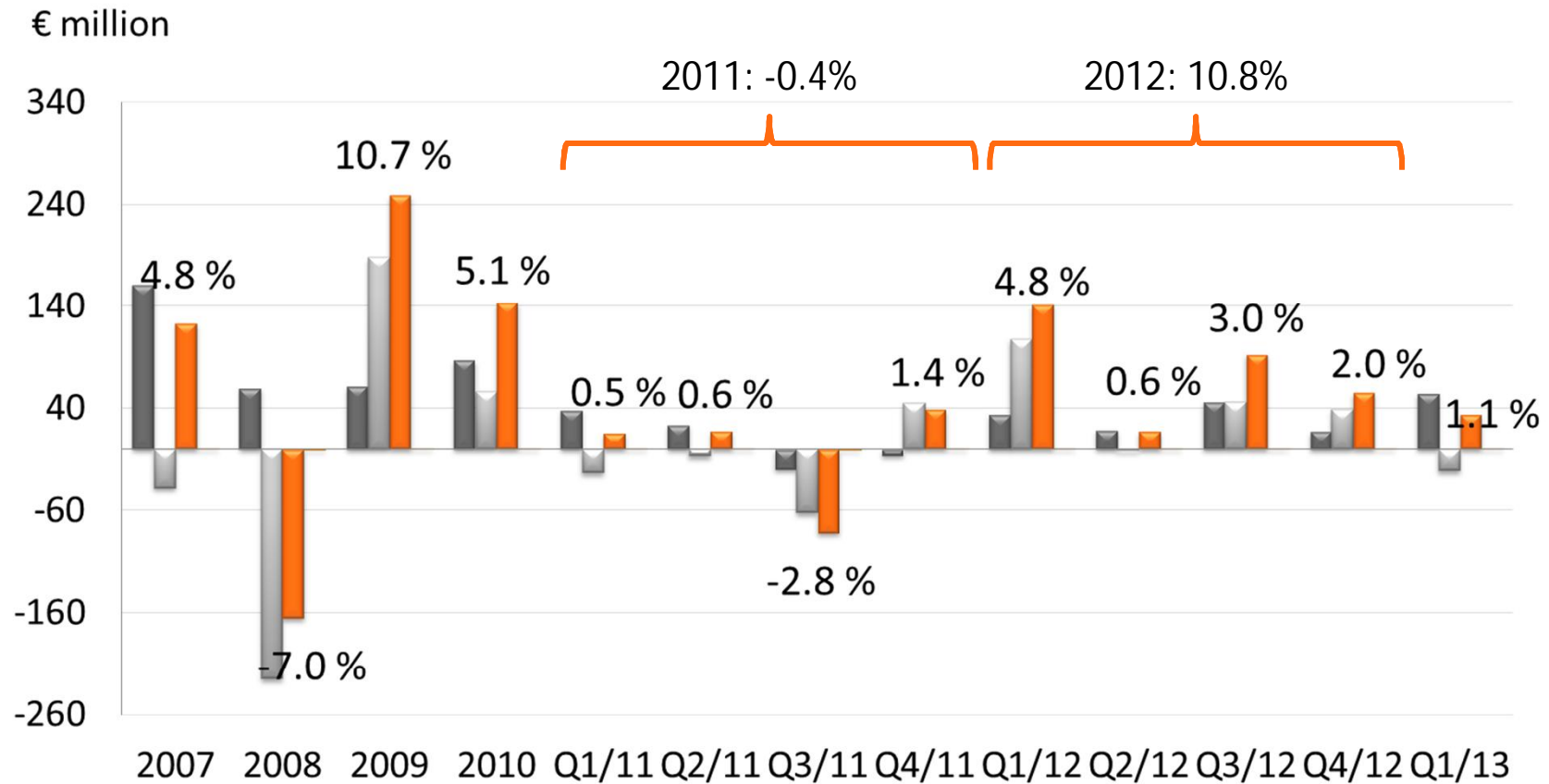


- Operating loss ratio (claims incurred / insurance premium revenue)
- Operating expense ratio (operating expenses / insurance premium revenue)
- Strategic target for operating combined ratio of Non-life Insurance < 92%
- Strategic target for operating expense ratio of Non-life Insurance 18%

Premium revenue continued its growth, claims expenditure developed favourably and operating expenses were lower than a year ago

Capital Gains Enhanced Earnings

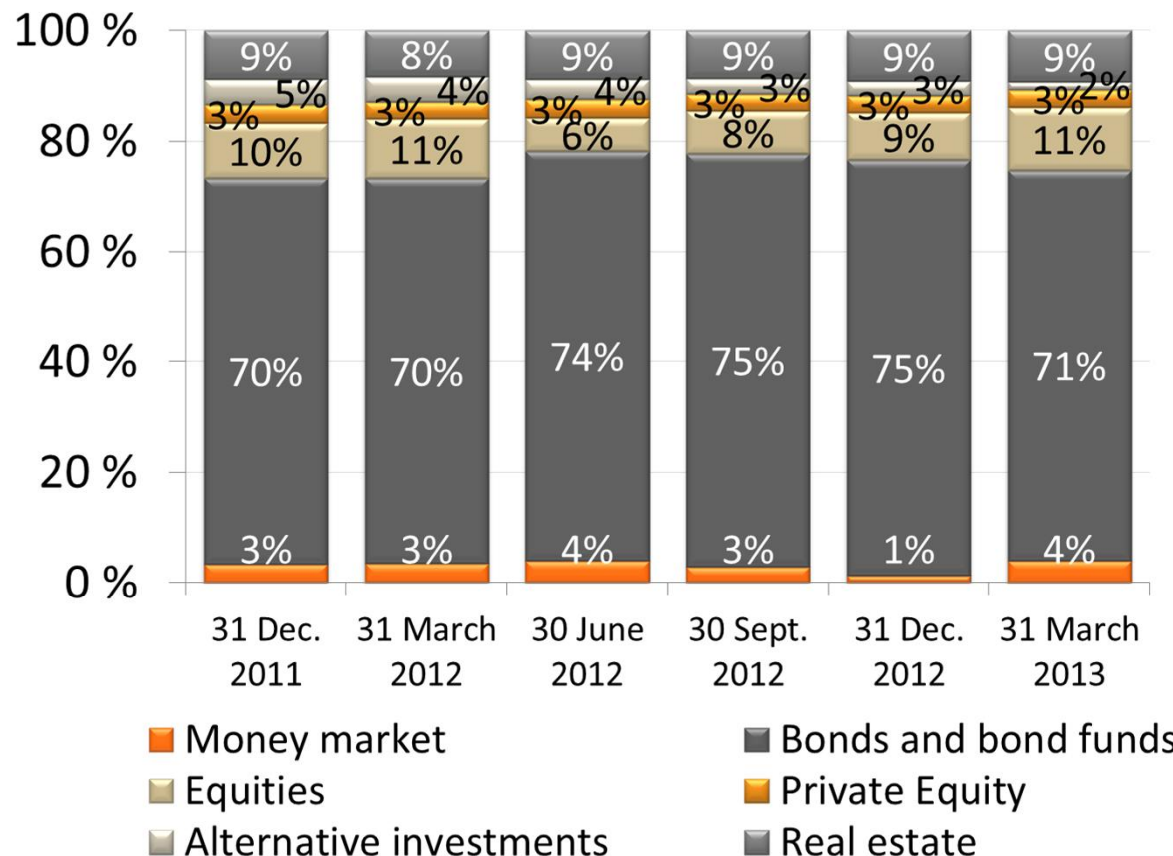
Return on investments at fair value 1.1%



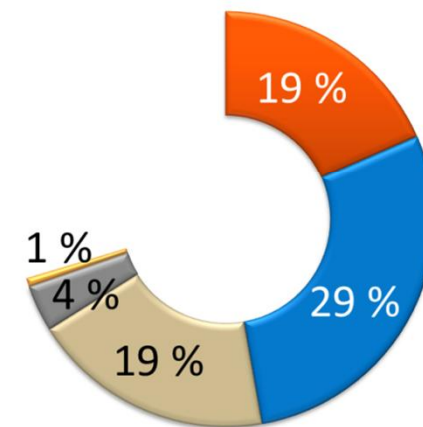
- Net investment income on income statement
- Change in fair value reserve
- Net investment income at fair value

Increase in Equity Allocation in Investment Portfolio in Q1/13

Investment portfolio (€3.2 bn) by asset class as of 31 March 2013



Bonds and bond funds (71%)



- Public sector
- Financial institutions
- Corporate
- Bond funds
- Other



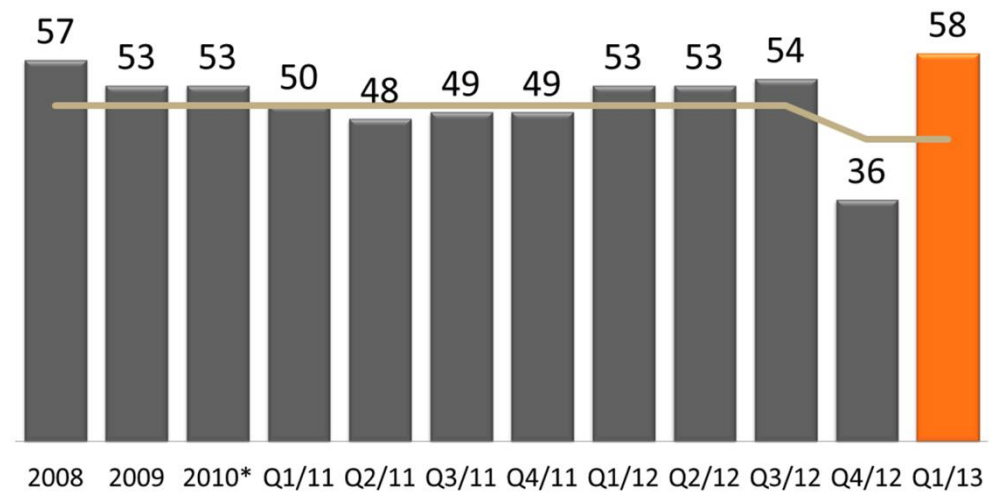
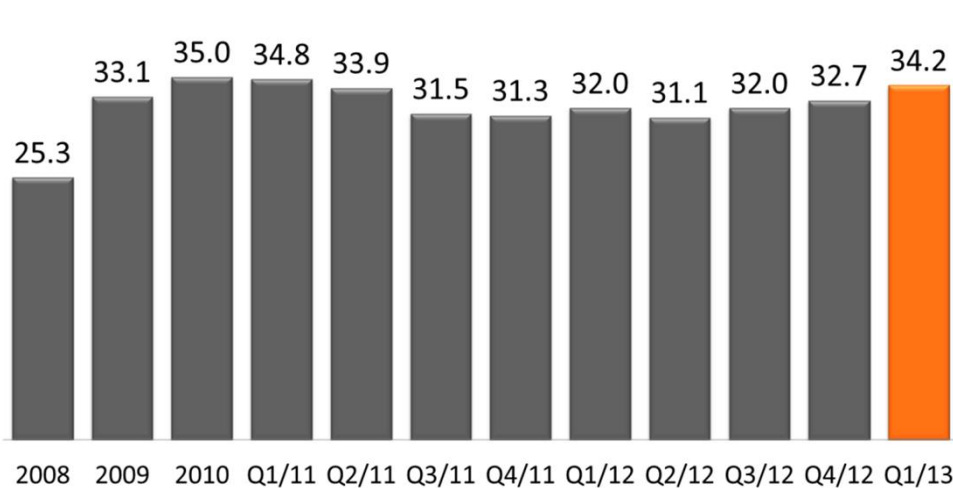
Asset Management Q1/2013

Earnings by Asset Management €5 Million in Q1/2013

Assets under management were up by 4% as a result of good progress in net asset inflows and positive developments in market values

Assets under management, € bn

Operating cost/income ratio, %

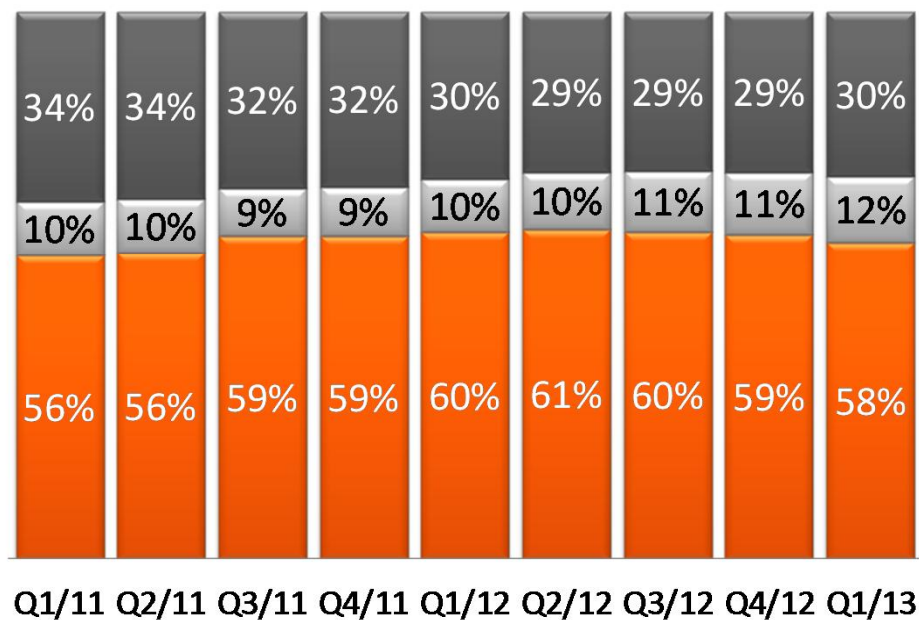


■ Operating cost/income ratio, % — Strategic target < 45 %

* excl. items related to corporate transactions

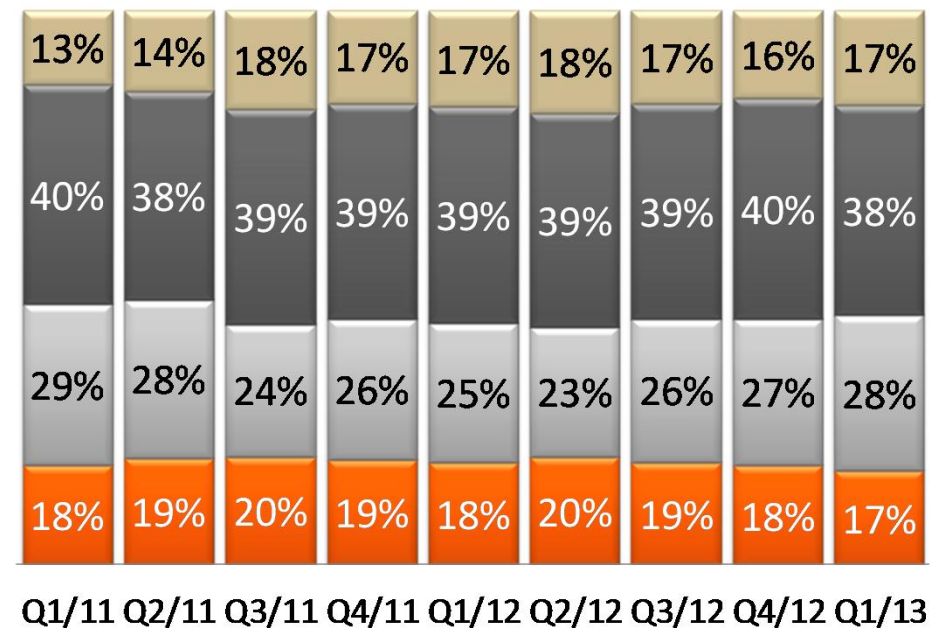
Greater Share of Equities of Assets under Management

Assets under management by client group



■ OP Mutual Funds
 ■ Pohjola Private
 ■ Institutional Clients

Assets under management by asset class



■ Money Market
 ■ Bonds
 ■ Equities
 ■ Other investments



Group Functions Q1/2013

Availability of Funding Remained Good

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

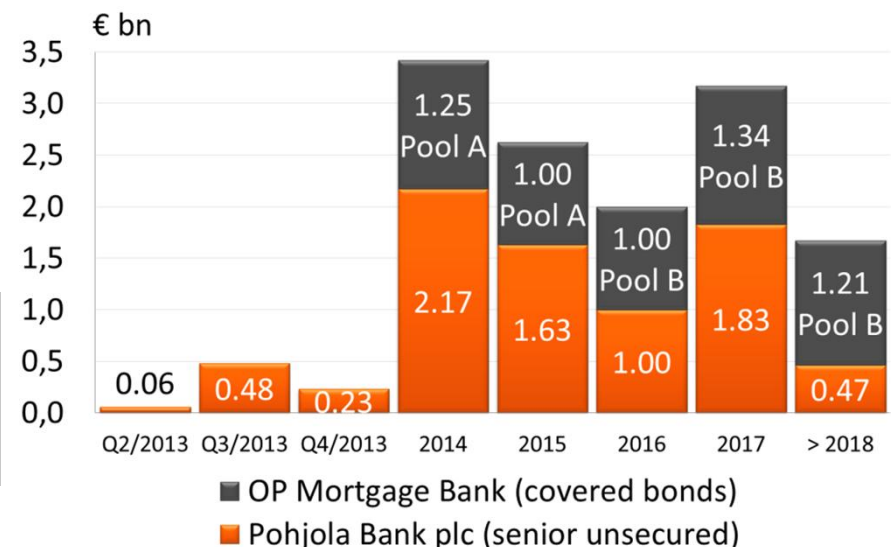
Pohjola Bank plc, senior debt issues

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

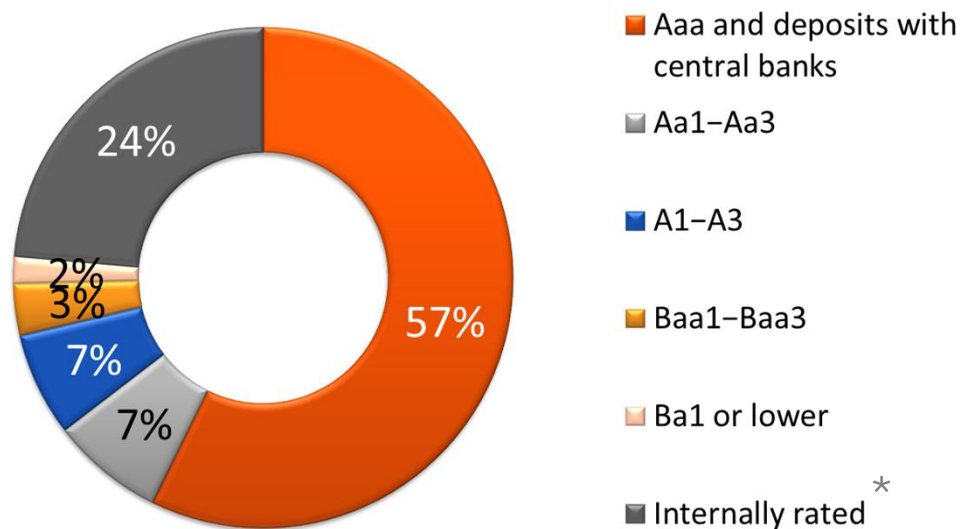
Maturing long-term funding, € bn as of 31 March 2013



- During the reporting period, Pohjola Bank plc issued long-term private placements worth €0.2 billion. The period saw no issue of new benchmark-size senior bonds or covered bonds.
- Group Functions Q1/13 earnings of €17 million were at the same level as a year ago.

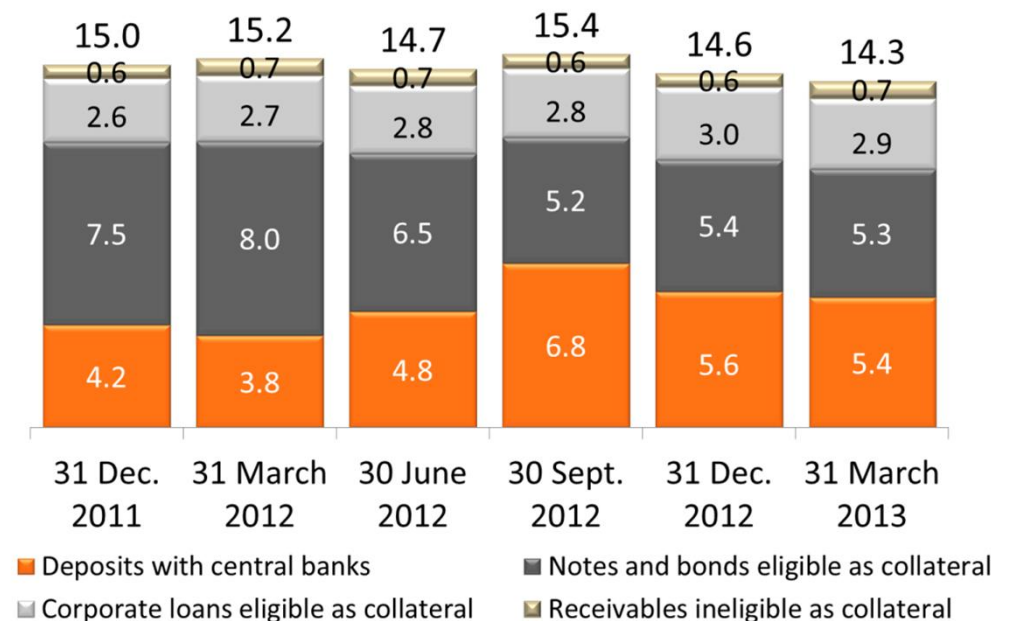
No Major Changes in the Allocation of the Liquidity Buffer in Q1/2013

Liquidity buffer (€14.3 bn) by credit rating as of 31 March 2013



*) Internally rated: corporate loans (86%), 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 maturing wholesale funding for at least 24 months.



Outlook for the Rest of 2013

Pohjola Group's Outlook for the Rest of 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 Interim Report.

Background Material

1. 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

2. Background Material on Pohjola Group and Business Lines

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

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

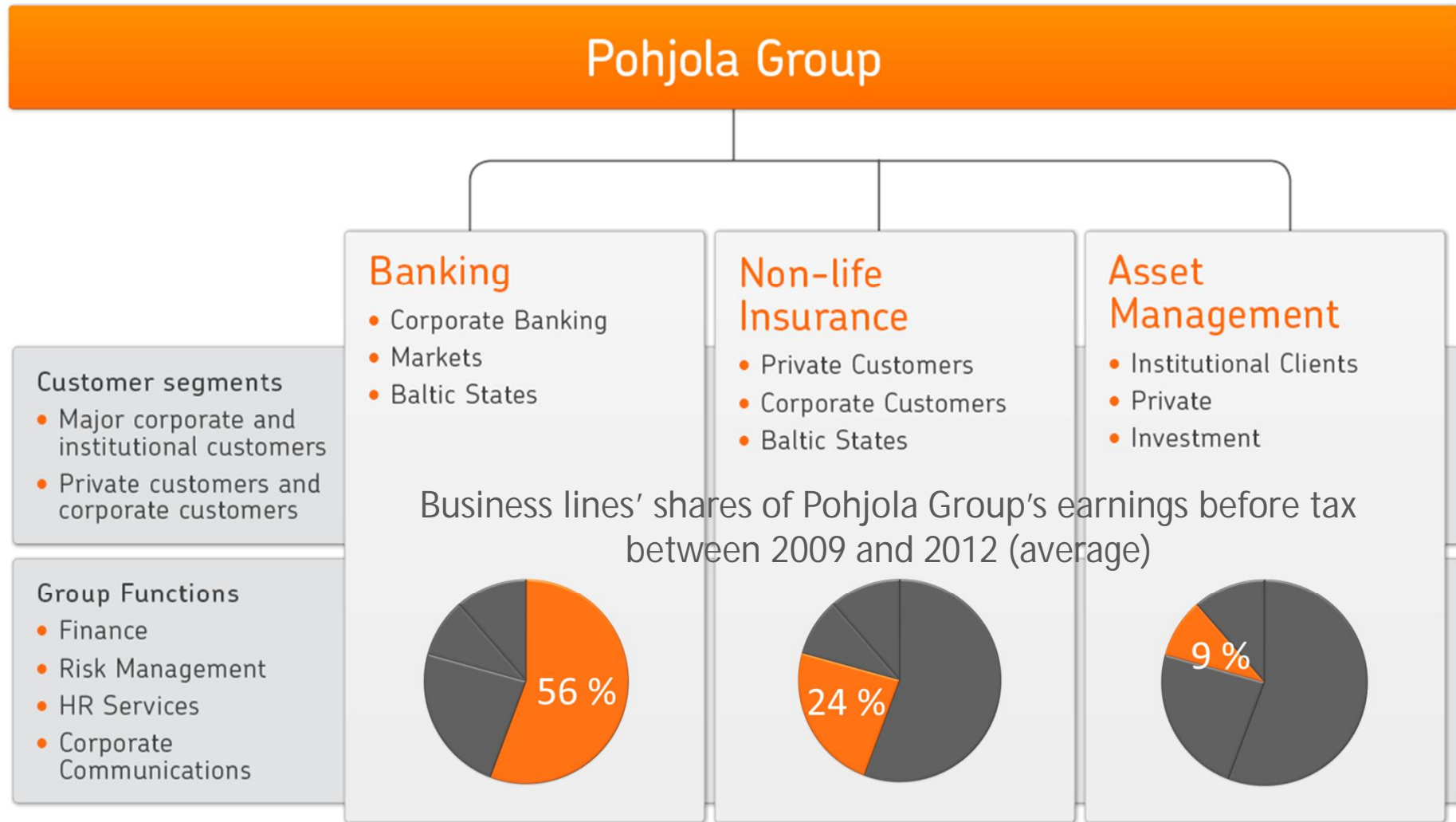
4. Finnish Economy

5. Pohjola IR team



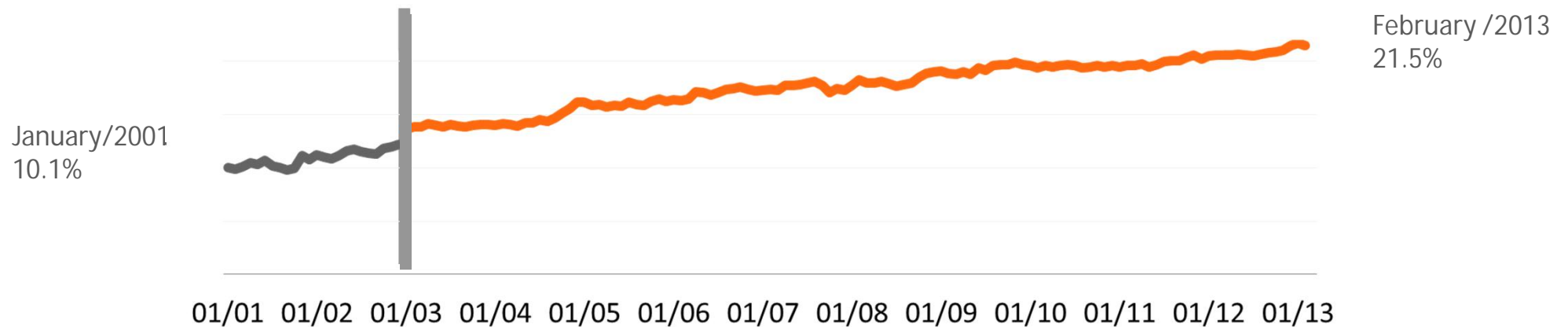
Background Material for New Investors

Pohjola Group's Business Structure



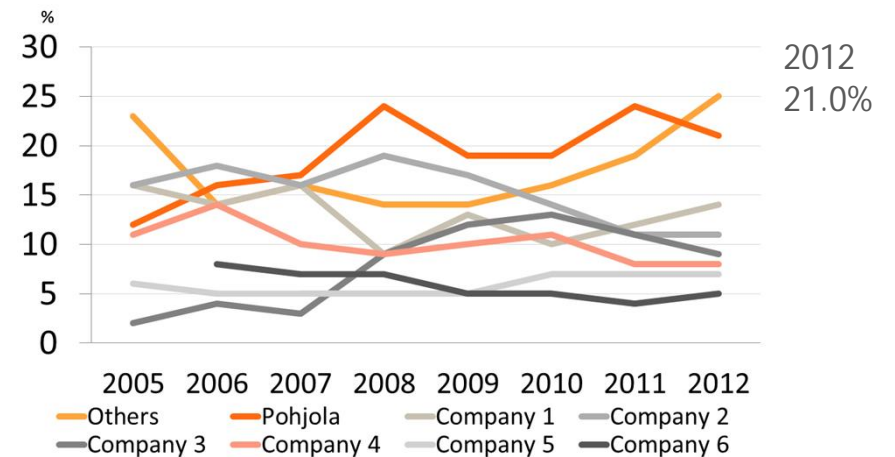
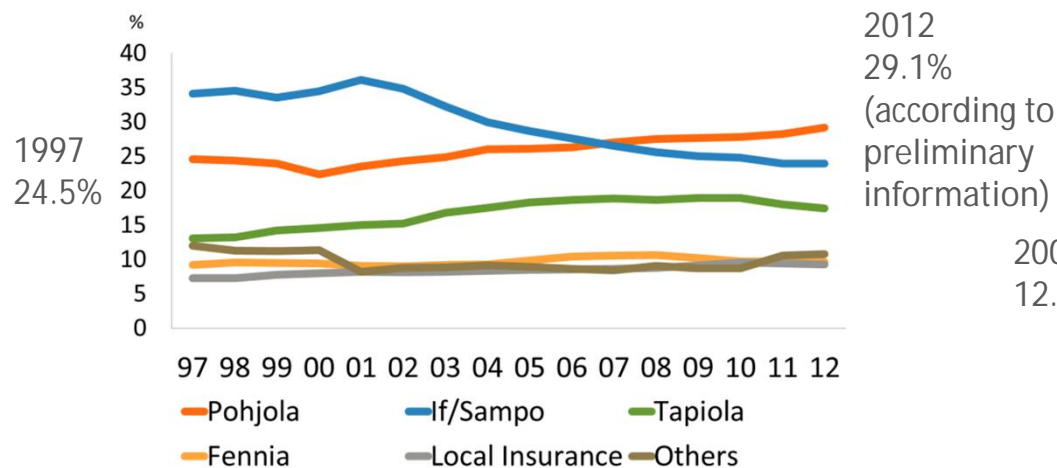
Pohjola's Market Position and Targets

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

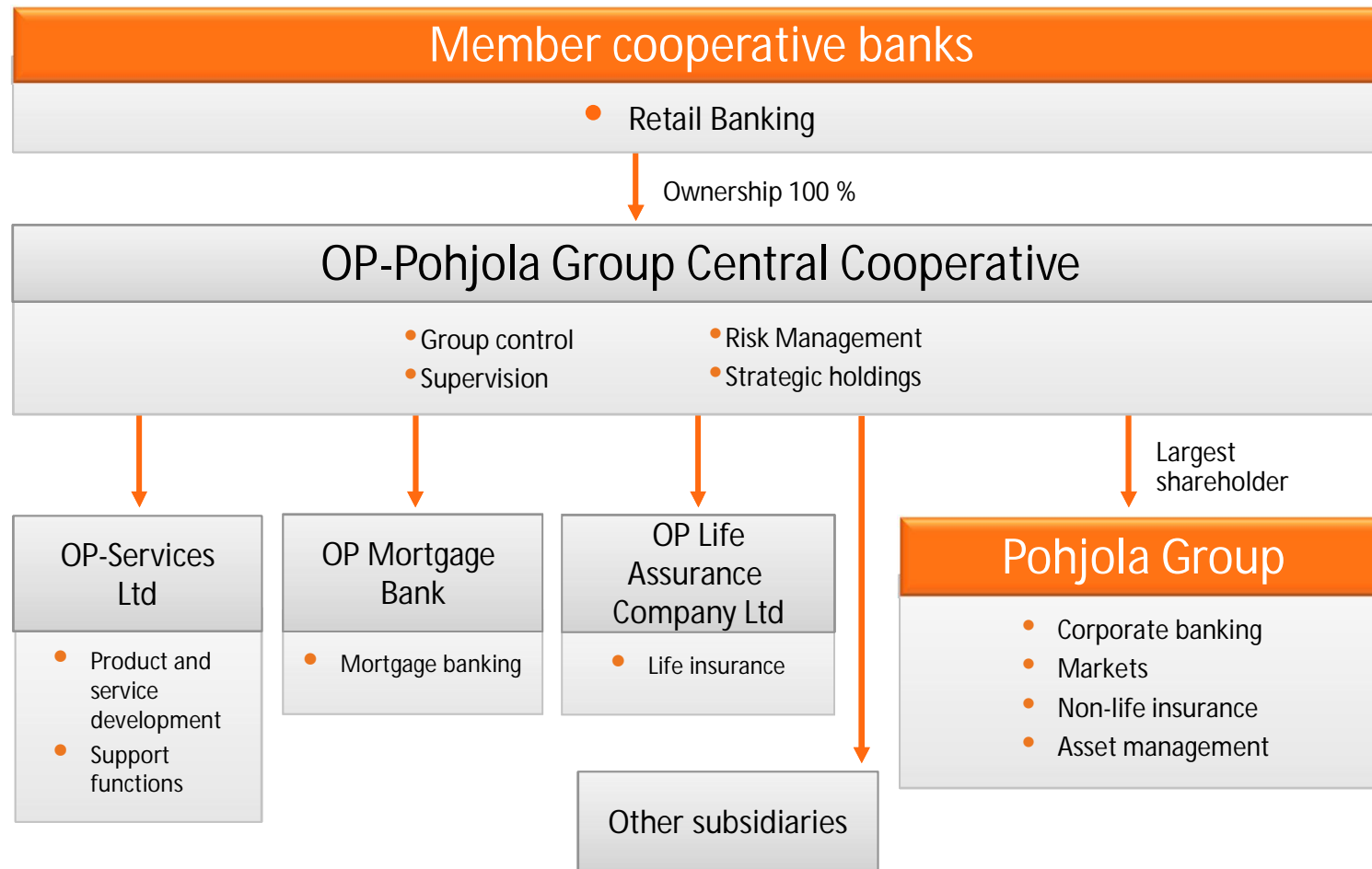
Asset Management: Market share of institutional asset management, position 1st, target 1st



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

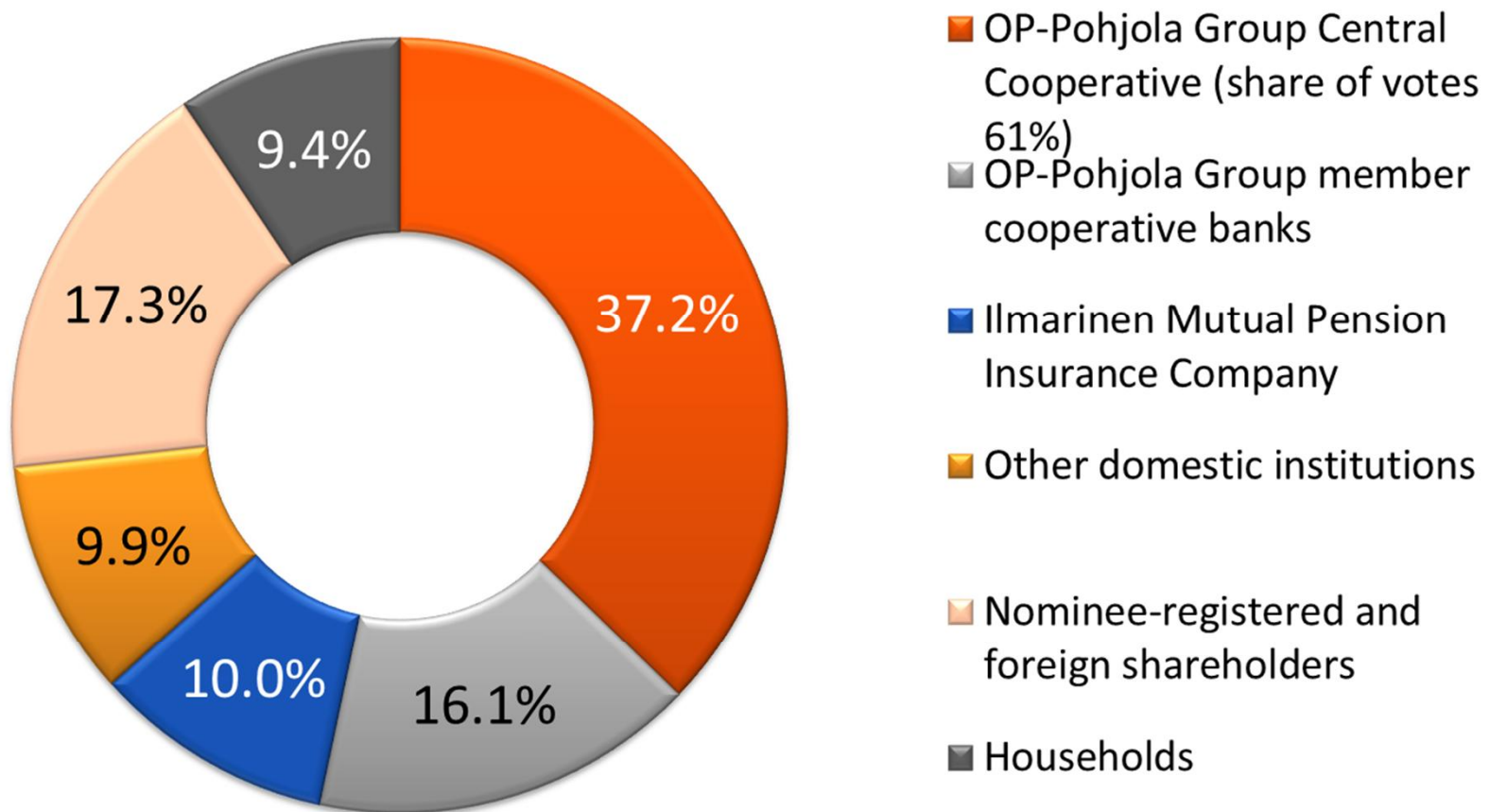


OP-Pohjola Group Central Cooperative and the member banks are liable for each other's debts and commitments. Insurance companies do not fall within the scope of joint liability.

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

Ownership Structure

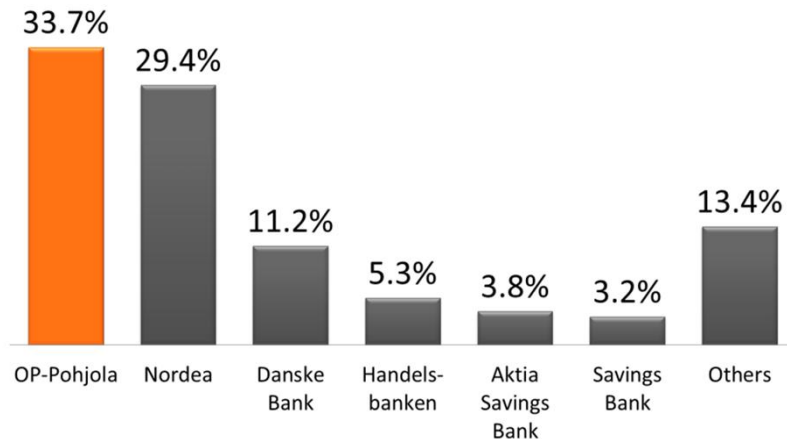
Holdings of Series A and K Shares
as of 31 March 2013



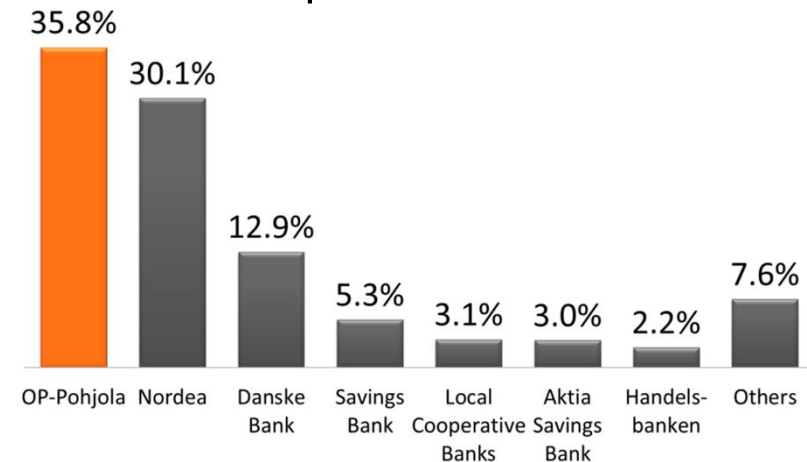
OP-Pohjola Group – Market Leader in Finland

Market shares

Loans 2012

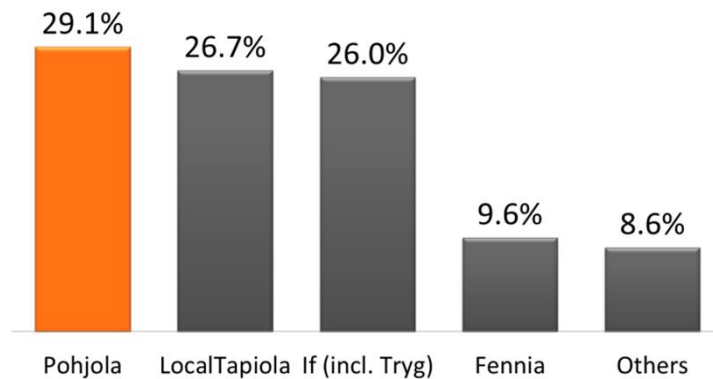


Deposits 2012



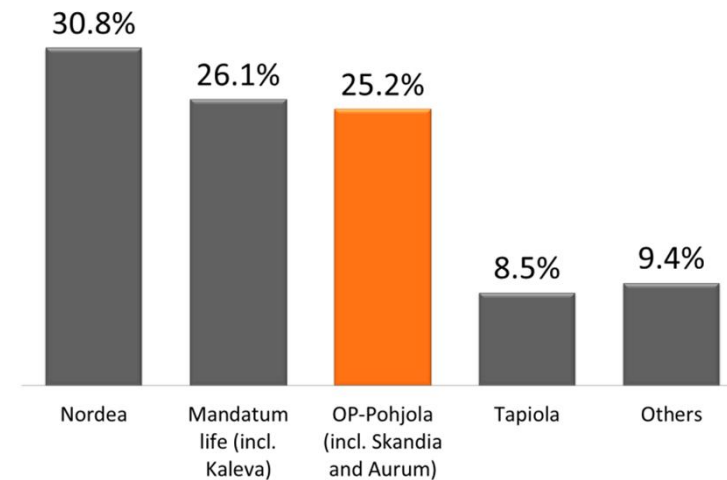
Non-life Insurance 2012*

Market share of premiums written under Finnish direct insurance



Life Insurance 2012*

Market share of gross premiums written



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

* Rating outlook is positive
 ** Rating outlook is negative
 *** Covered bond rating
 Updated: 17 April 2013

- Fitch affirmed A+ rating and stable outlook for Pohjola Bank plc on 4 April 2013
- S&P affirmed AA- rating and changed its outlook for Pohjola Bank plc from stable to negative during Q4/2012
- Moody's affirmed Aa3 rating and stable outlook for Pohjola Bank plc during Q2/2012

Financial Targets

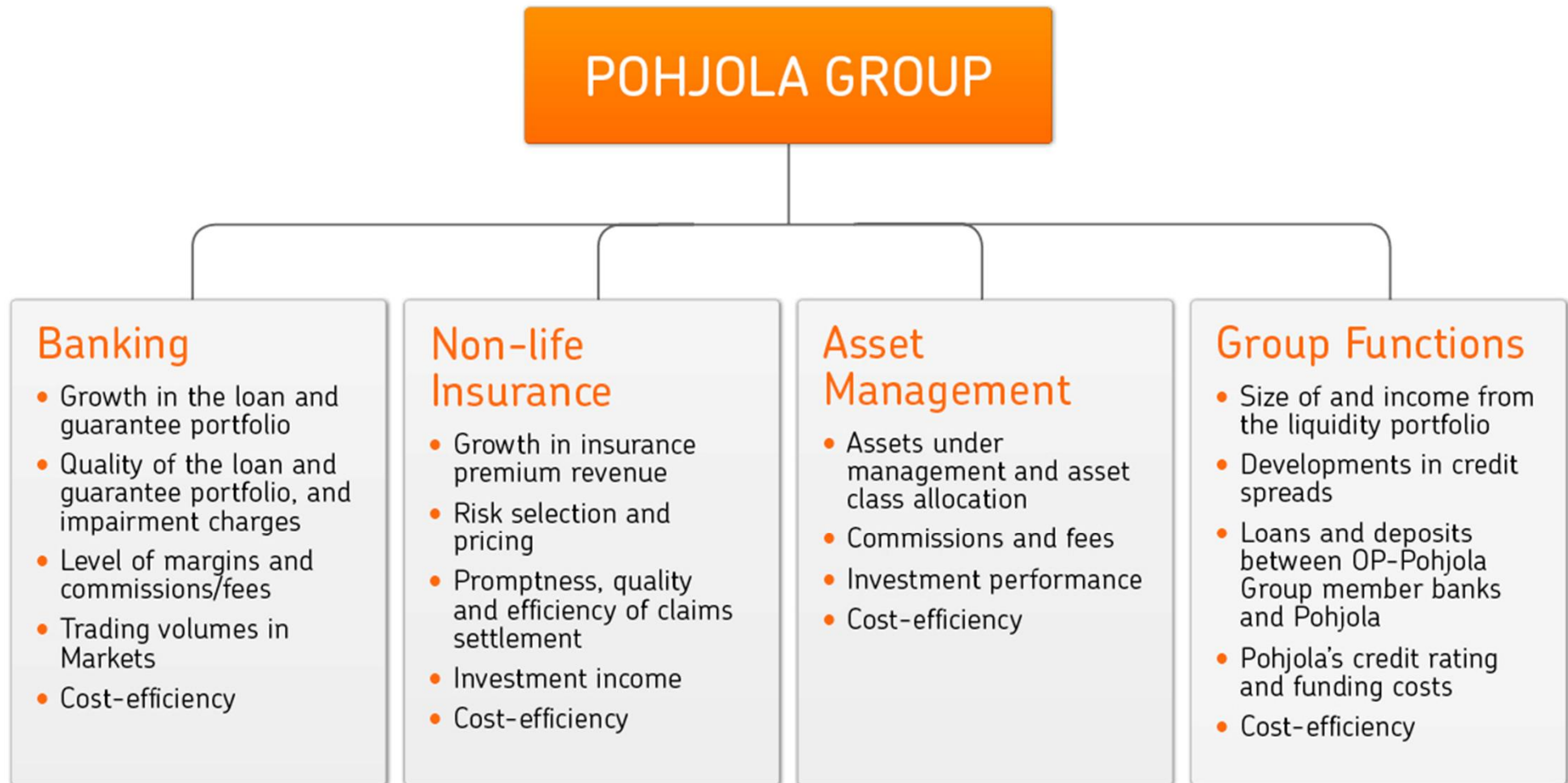
Strategy 2012 – Value and efficiency through integration

		Target	Q1/13	2012	2011	2010	2009
Financial targets over the economic cycle	Group						
	ROE, %	13	14.8	11.2	9.2	9.9	10.0
	Core Tier 1, %	≥ 11.0	10.7	10.6	10.3	10.5	9.7
	Banking						
	Operating cost/income ratio, %	< 35	40	34	35	35	35
	Non-life Insurance						
	Operating combined ratio, %	< 92	92.4	90.5	89.8	89.7	87.7
	Operating expense ratio, %	18	19.9	21.5	21.8	21.3	22.2
	Solvency ratio, %	70	77	81	77	86	88
	Asset Management						
	Operating cost/income ratio, %	< 45	58	47	49	53*	53
Target for total expenses	Total expenses at end of 2015, € million	At 2012-end level	566**	569	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

** rolling 12mth

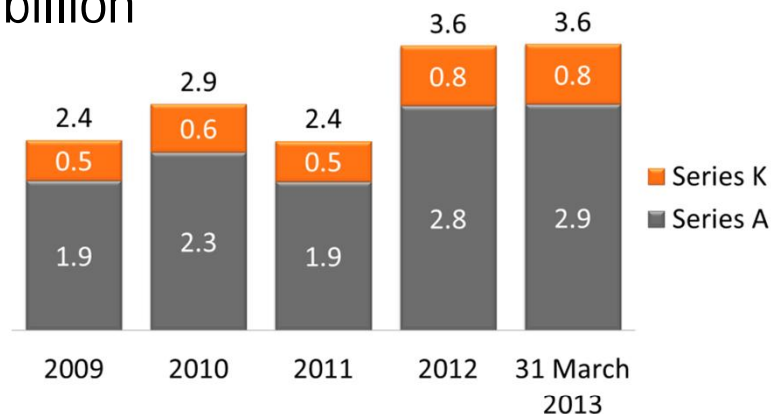
Key Value Drivers



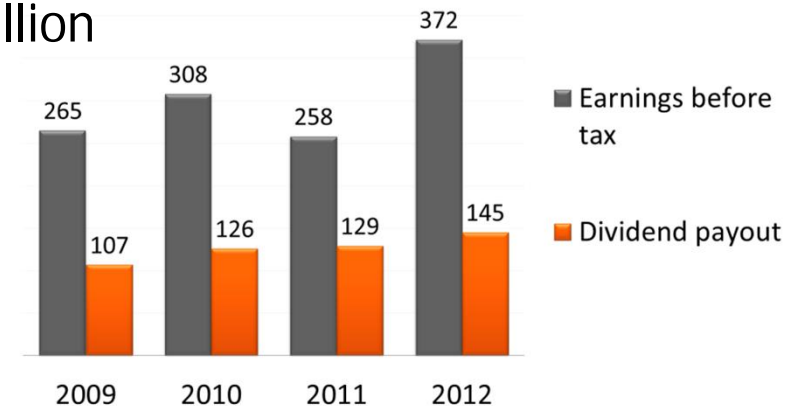
Pohjola Share, Dividends and TSR

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

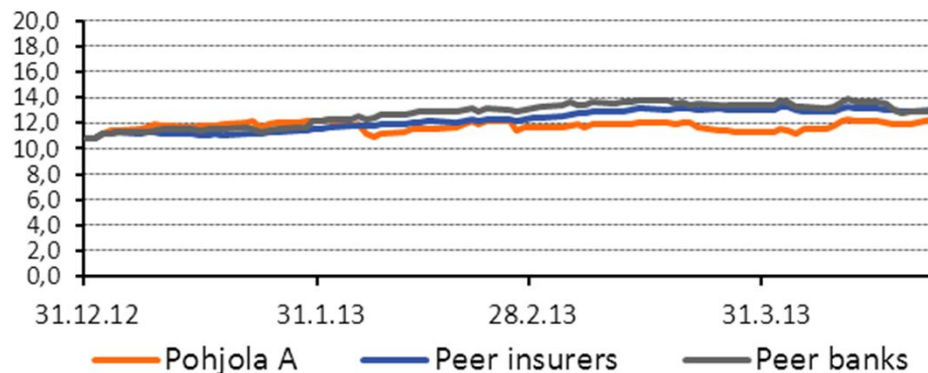
MCAP of Pohjola Series A and K shares, € billion



Pohjola Group's EBT and dividend payout, € million



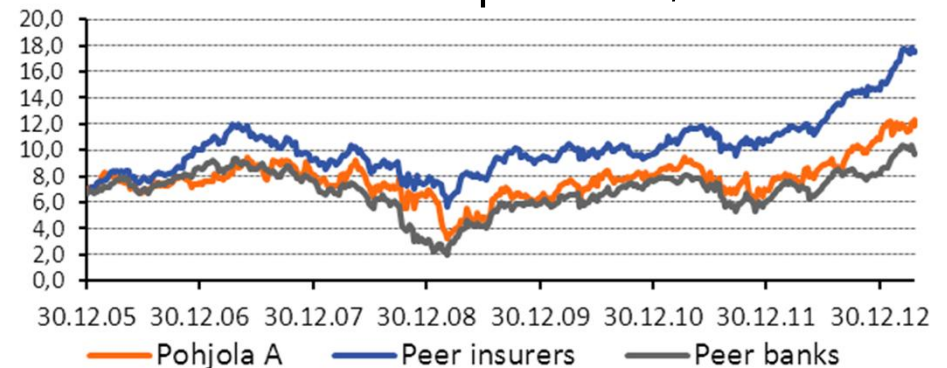
TSR 1 Jan. 2013–22 April 2013, €



Peer insurers +20 % Peer banks +19 % Pohjola +13 %

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

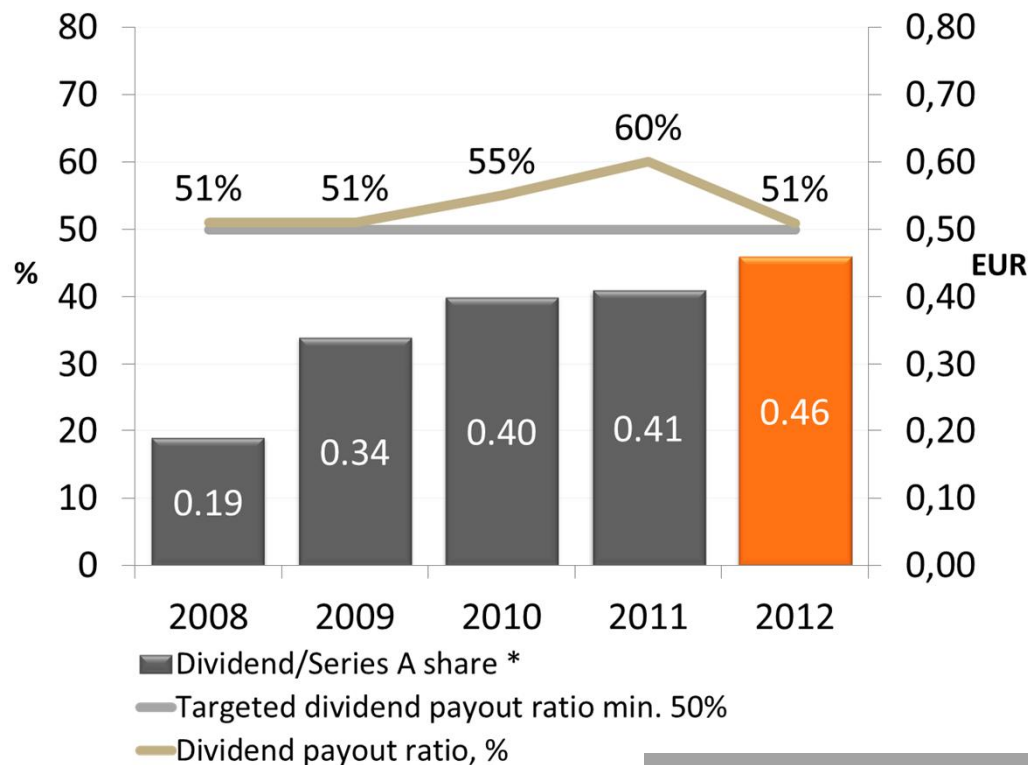
TSR 1 Jan. 2006–22 April 2013, €



Peer insurers +162 % Pohjola +83 % Peer banks +45 %

Dividend Policy

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

- 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

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.

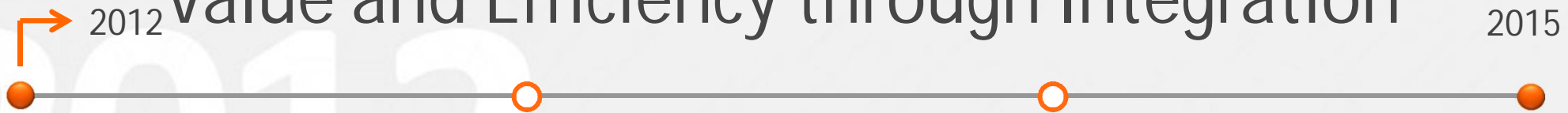
We will put a higher premium on efficiency, profitability and capital adequacy, and will grow in a controlled way.

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

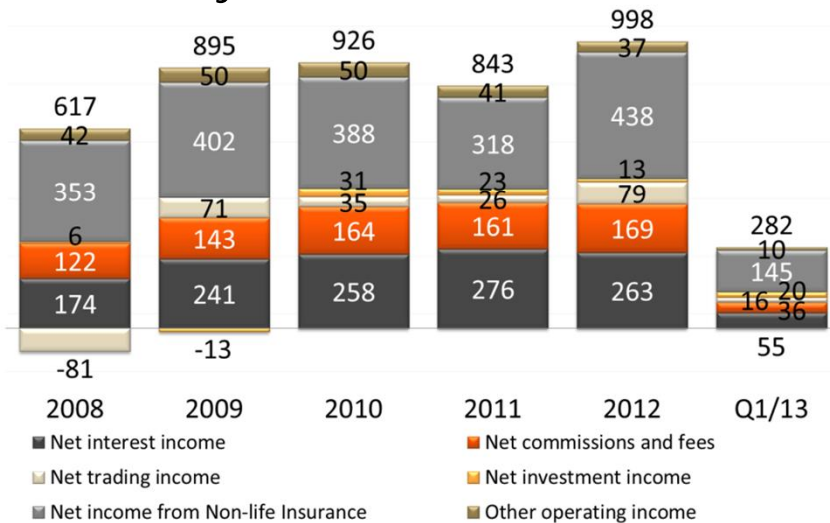
Earnings and Their Components

Earnings before tax, € million

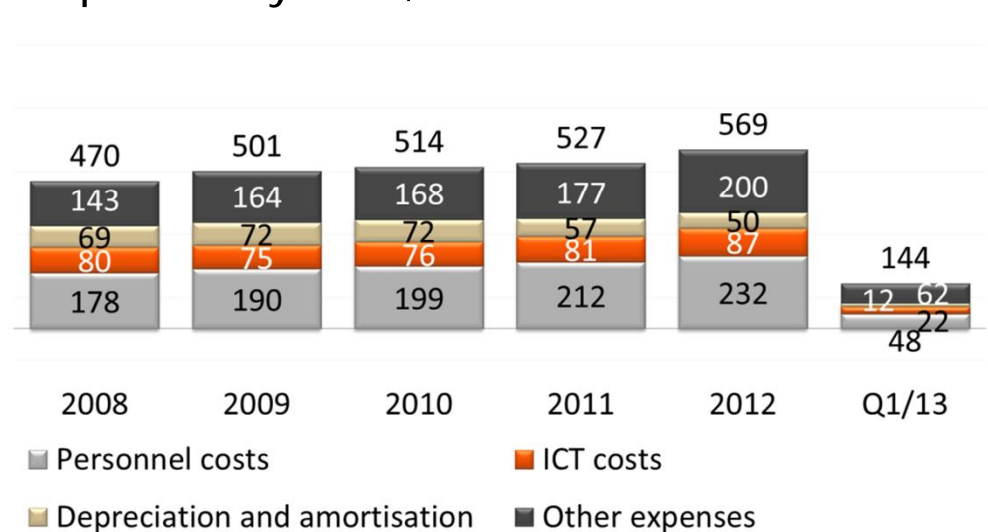
CAGR 2005–2012: 14%



Income by item, € million



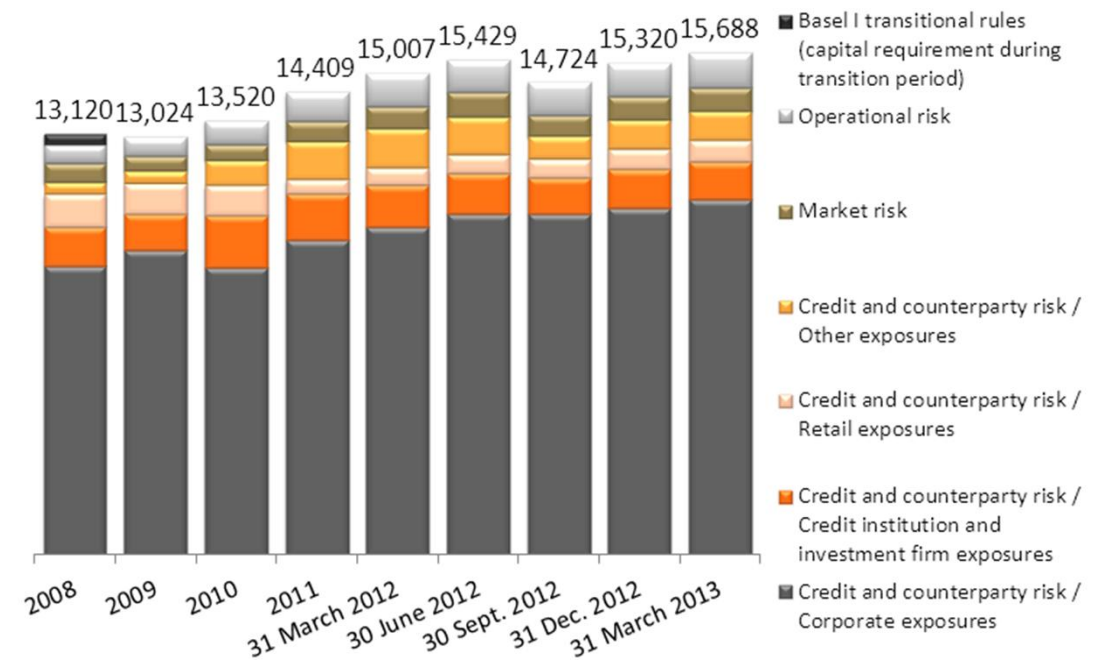
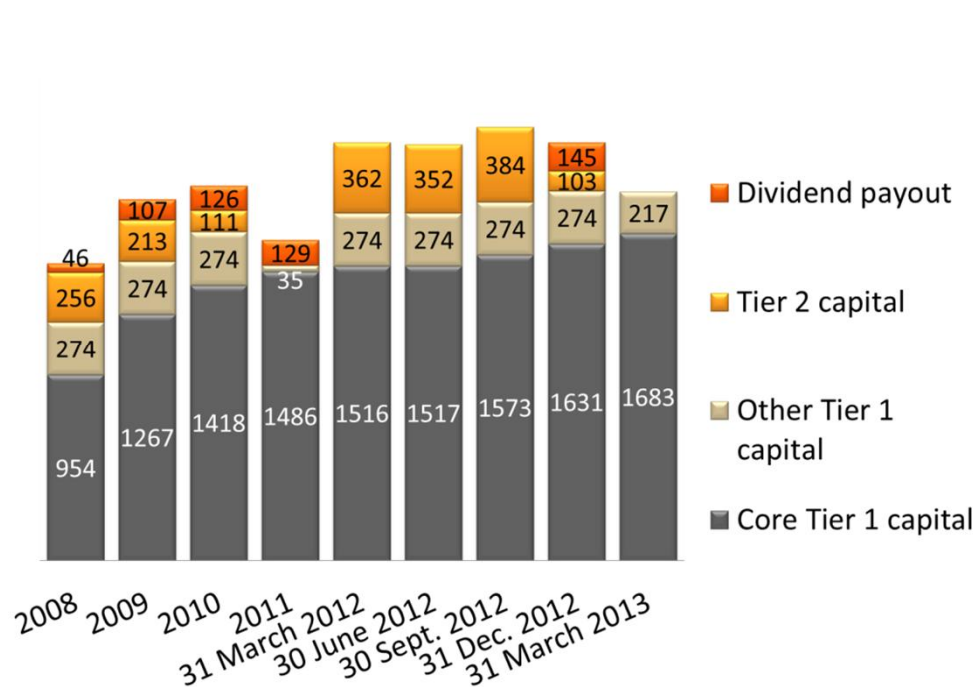
Expenses by item, € million



Structure of Capital Base and Risk-weighted Assets

Capital base and dividend payout, € mn

RWAs by risk type, € mn



Treatment of Insurance Holdings according to CRR

Proposal Adopted by European Parliament on 16 April 2013

* CRR – Basel 3 framework implementation through EU law

Implementation through national law during 2013, in force on 1 January or 1 July 2014

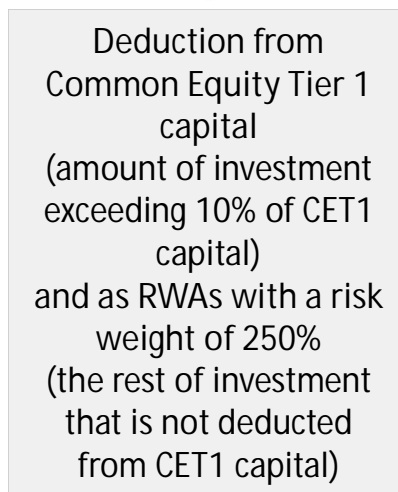
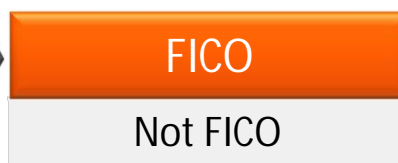
Step 1:

Ownership <> 10%



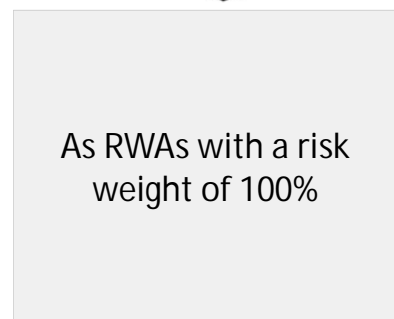
Step 2:

FICO



Step 3:

Approach to Credit Risk

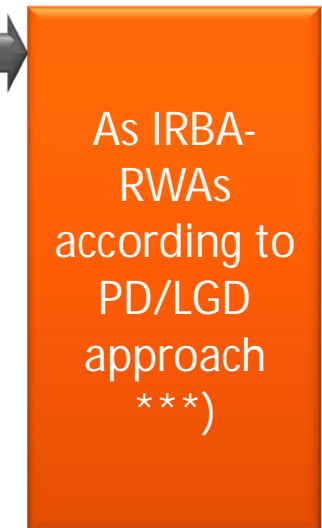
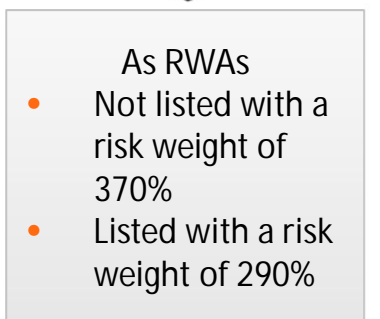


**) Local FSA may allow

***) OP-Pohjola Group uses the PD/LGD approach to calculate its capital adequacy requirement for credit risk of strategic equity investments

Step 4:

Nature of Investment



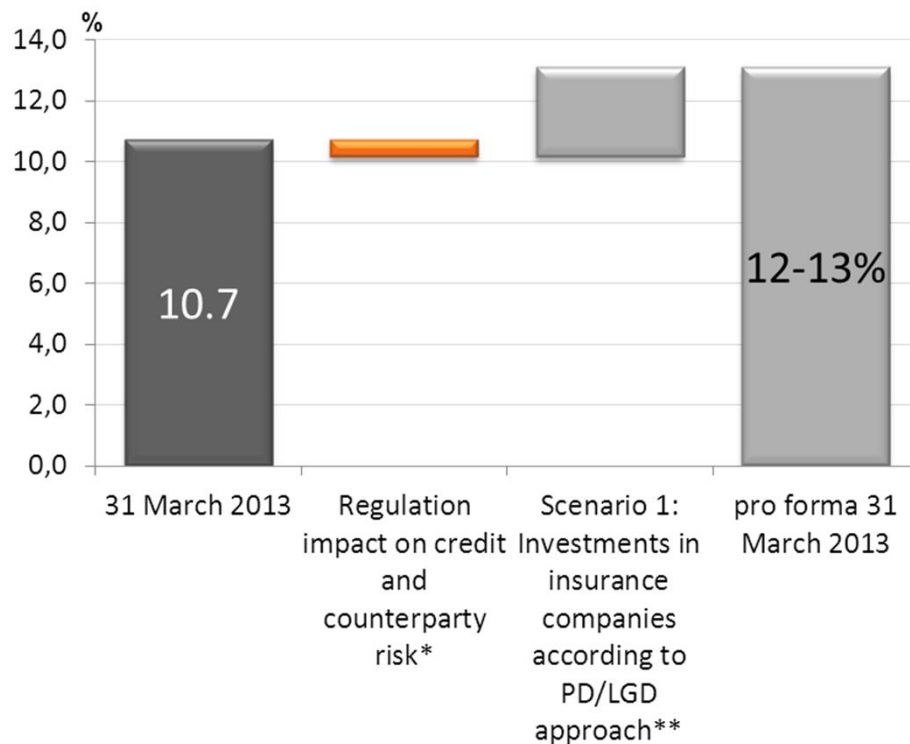
Estimated Regulation Impacts on Core Tier 1 Ratio, pro forma 31 March 2013

Scenario 1: Vakuutusyhtiösijoitusten riskipaino PD/LGD-menetelmän mukaan

Scenario assumptions based on the compromise proposal on CRR approved by European Parliament on 16 April 2013 (Capital Requirement Regulation):

*) Regulation impact on credit and counterparty risk (Article 148, 374, 476a): Higher risk weight for large financial sector entities' exposures, and for derivatives (CVA, Credit Valuation Adjustment) and lower risk weight for SME customer exposures.

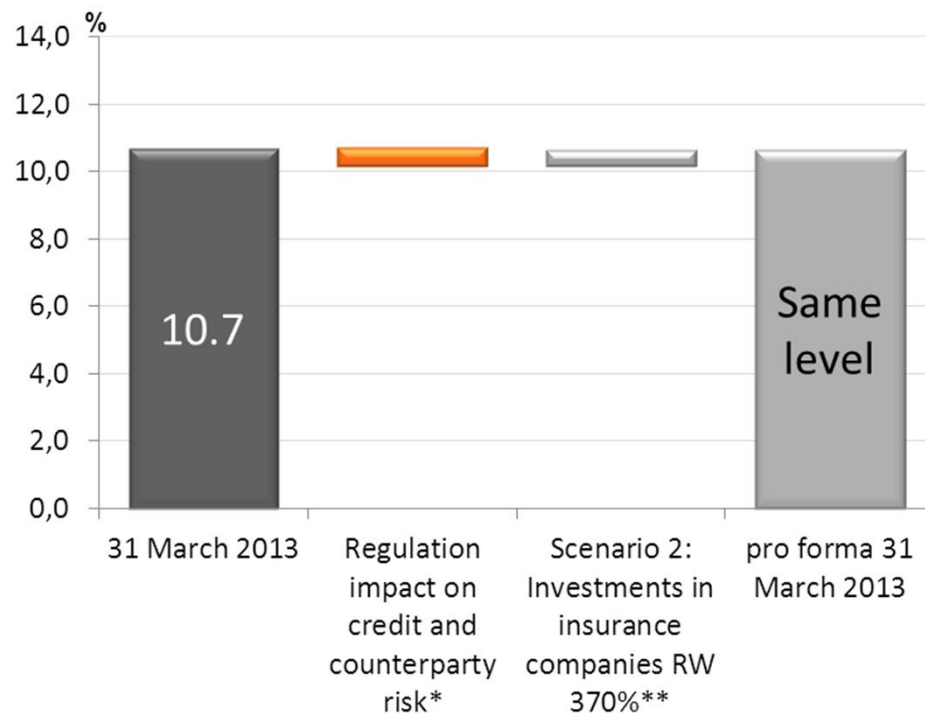
**) Risk weight of an insurance holding allowed (Article 46): risk weighted under the PD/LGD approach (Article 150.3). Estimated risk weight dependent on the internal rating of the investee company.



NB: Scenarios in this presentation are based on the beliefs of our management about the CRR proposal by EU. These regulatory changes will be implemented nationally during 2013 and they are estimated to be effective between 2014 and 2019. For now, it is too early to predict precisely what their effects will be.

Estimated Regulation Impacts on Core Tier 1 Ratio, pro forma 31 March 2013

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



Scenario assumptions based on the compromise proposal on CRR approved by European Parliament on 16 April 2013 (Capital Requirement Regulation):

*) Regulation impact on credit and counterparty risk (Article 148, 374, 476a): Higher risk weight for large financial sector entities' exposures, and for derivatives (CVA, Credit Valuation Adjustment) and lower risk weight for SME customer exposures.

**) 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)

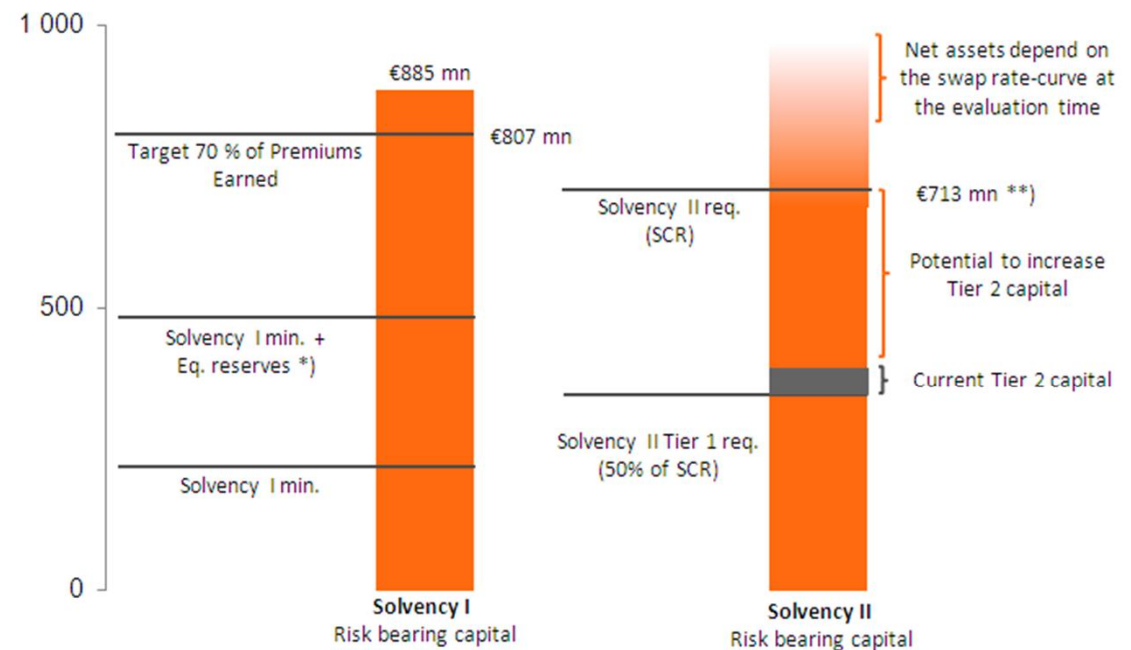
NB: Scenarios in this presentation are based on the beliefs of our management about the CRR proposal by EU. These regulatory changes will be implemented nationally during 2013 and they are estimated to be effective between 2014 and 2019. For now, it is too early to predict precisely what their effects 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 insurance liabilities 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
- The date on which the Solvency II framework will come into force is still uncertain

Solvency I and estimated Solvency II requirements, 31 March 2013

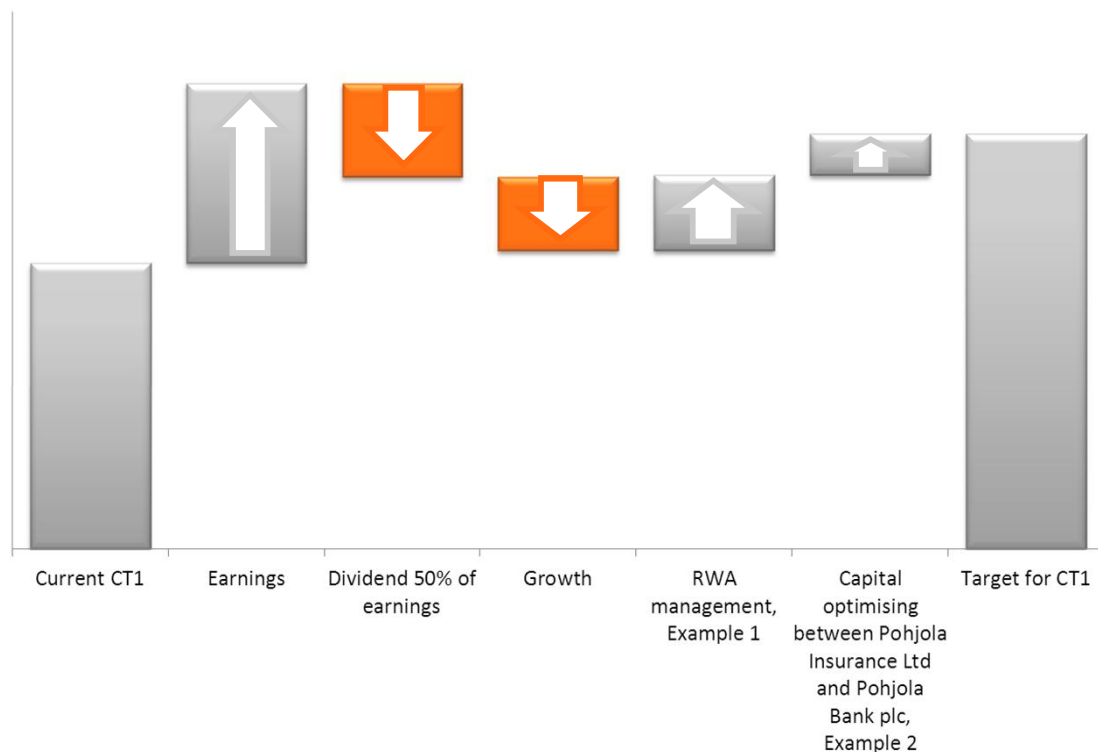


*) Solvency II minimum requirement €219 mn + Finnish Equalization Reserve requirement

**) Solvency II requirement based on current level 2 guidance and on investment portfolio and insurance liabilities as of 31 March 2013.

Multiple Tools to Manage Core Tier 1 Ratio

Tools to manage CT1



Example 1: RWA Management

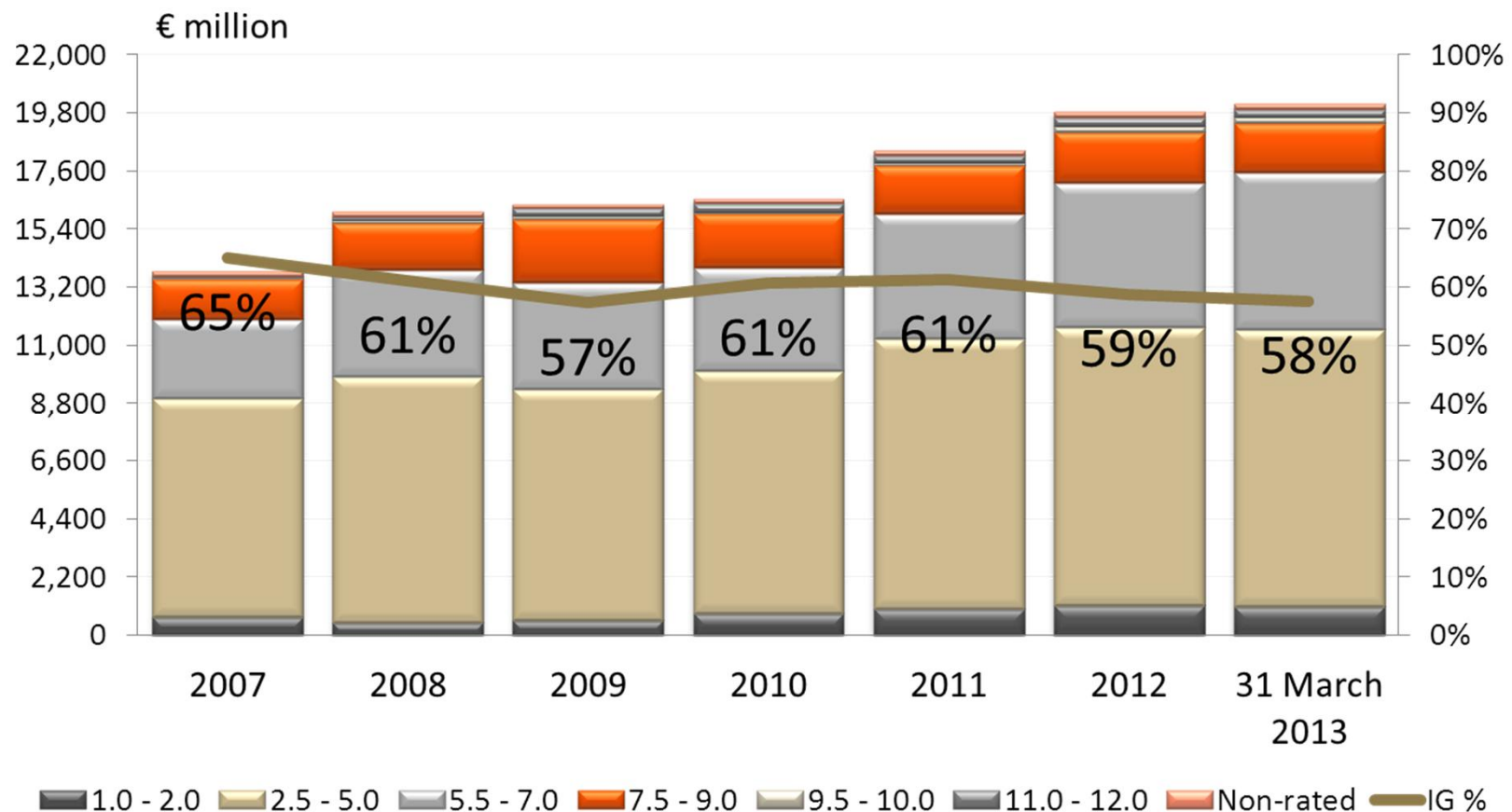
- Reduction of 5 pps in the average risk weight of corporate exposures (end-2012: 65.0%), would improve Core Tier 1 ratio by 0.5 pps (pro forma 31 March 2013).

Example 2: Capital optimising (Solvency II)

- In Non-life Insurance, halving the share of equity, private equity and alternative investments from their current 16% to 8% 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 0.6 pps (pro forma 31 March 2013)

Share of Investment-grade Exposure to Total Exposure from the Non-financial Corporations Sector 58% (59%)

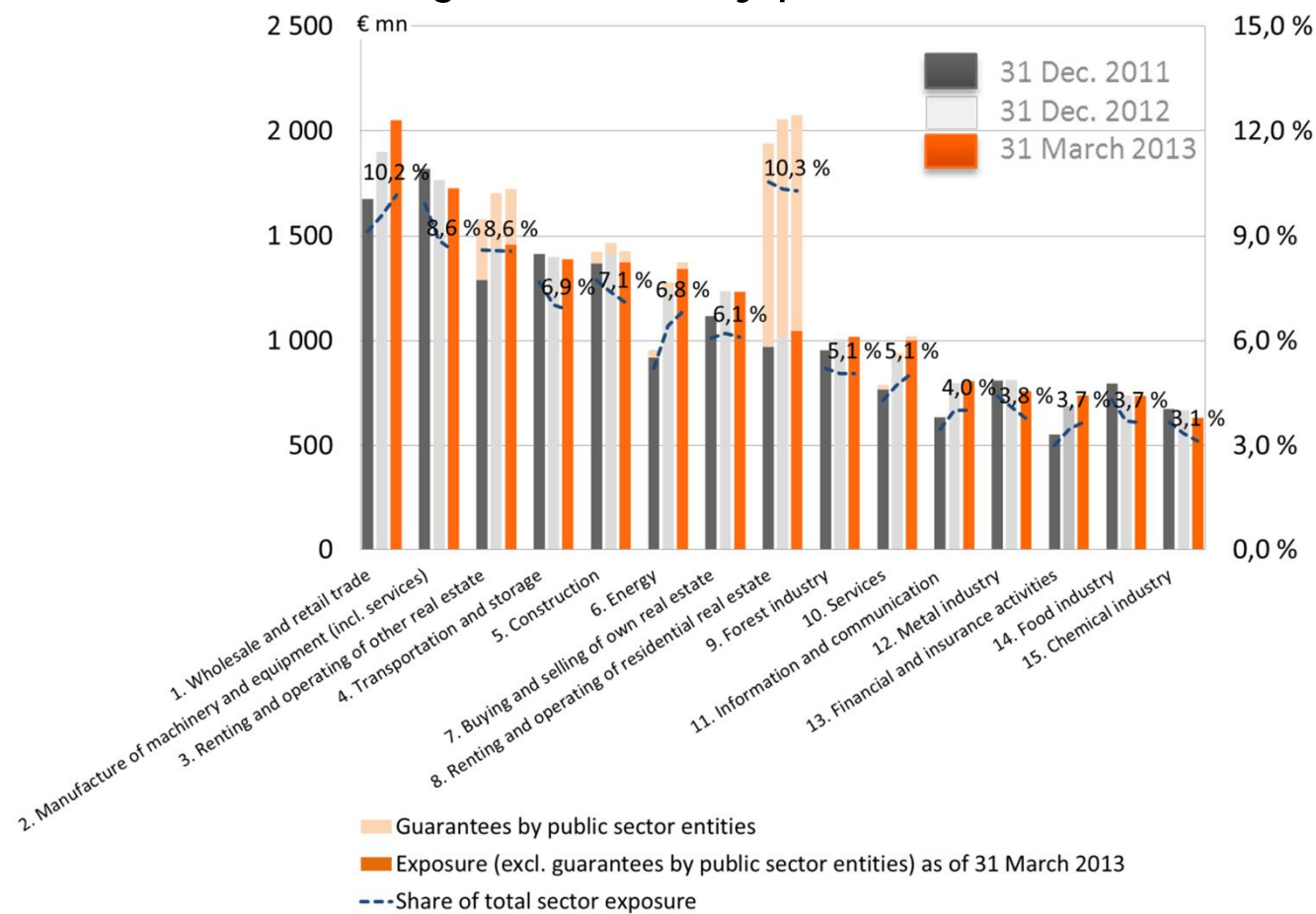
Exposure from the Non-financial Corporations sector (€20.2 bn) by rating category, investment grade (rating categories 1–5) accounts for 58%



Corporate and Housing Corporation Exposures

Diversified by Industry

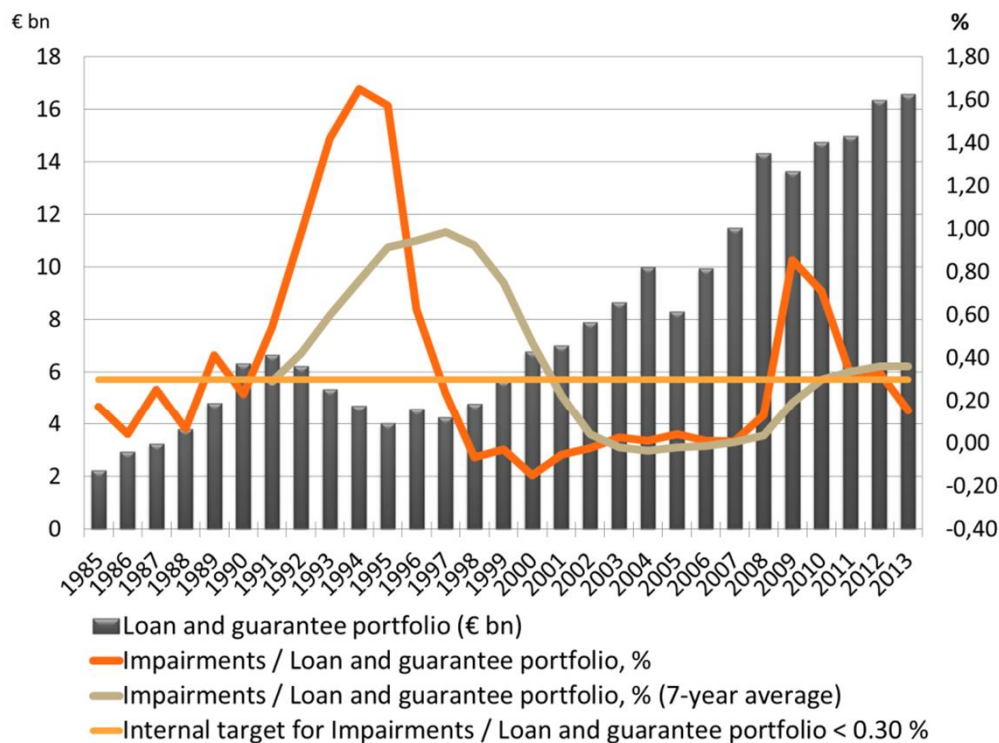
TOP 15: Exposure from the Non-financial Corporations sector by industry
(excl. guarantees by public-sector entities)



31 March 2013: 50% (€1,028 mn) of the exposures in the “Renting and operating of residential real estate” industry and 15% (€267 mn) of the exposures in “Renting and operating of other real estate” industry were guaranteed by government, cities or municipalities.

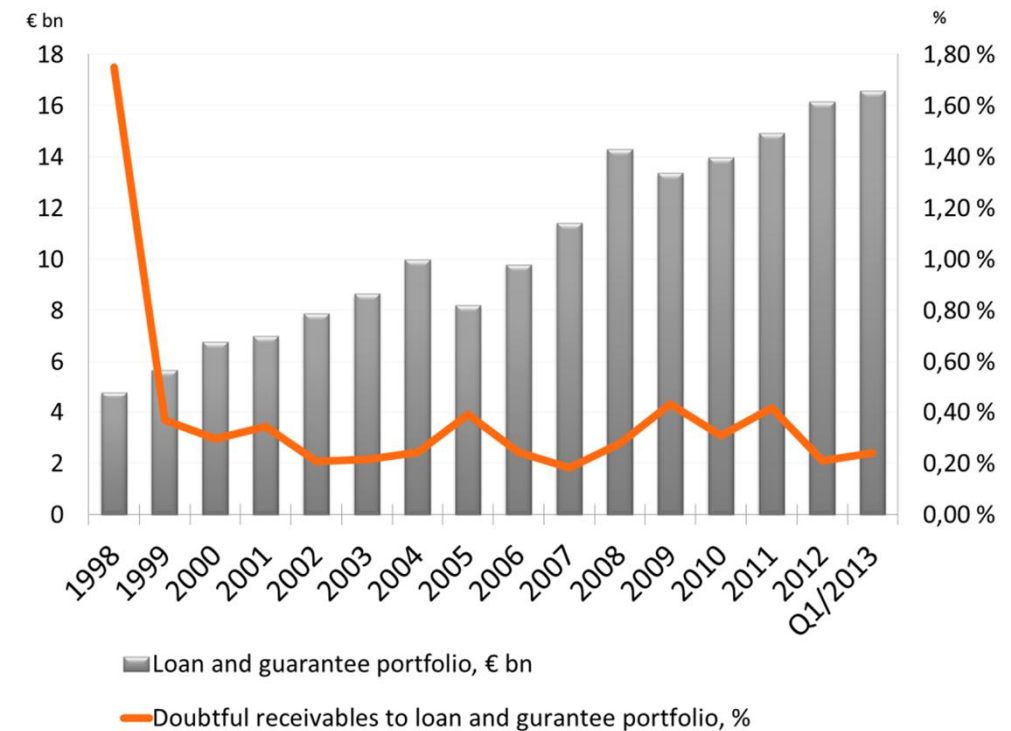
Impairments and Doubtful Receivables to Loan and Guarantee Portfolio, %

Impairments to loan and guarantee portfolio



Impairments for 2013 are calculated by multiplying Q1/13 impairments by 4.
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

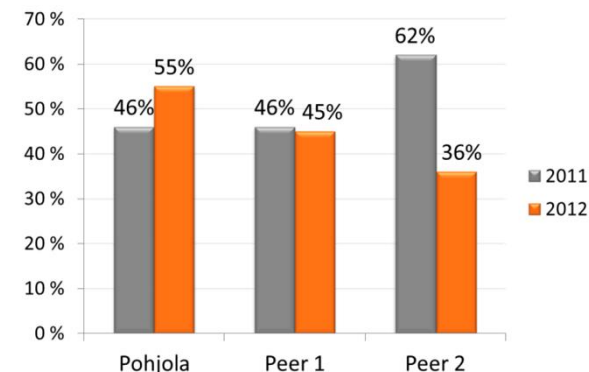
Lead manager performance in Finnish corporate bond issues, 2011–2012

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



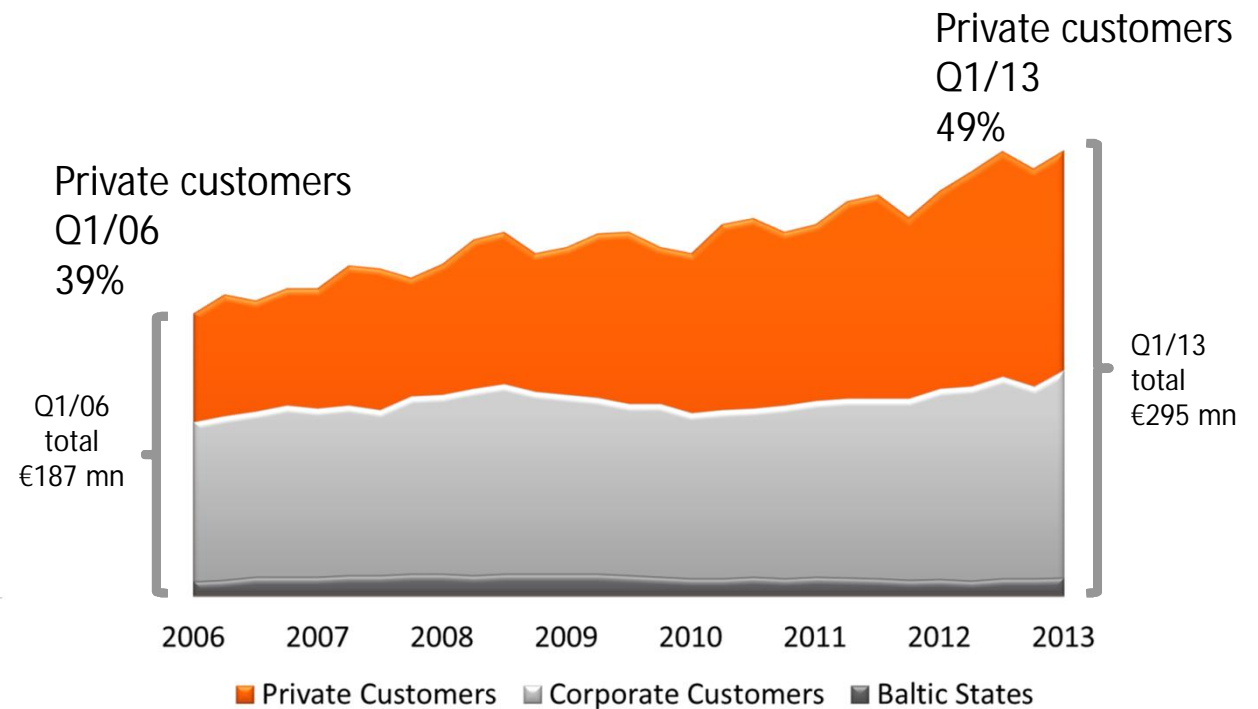
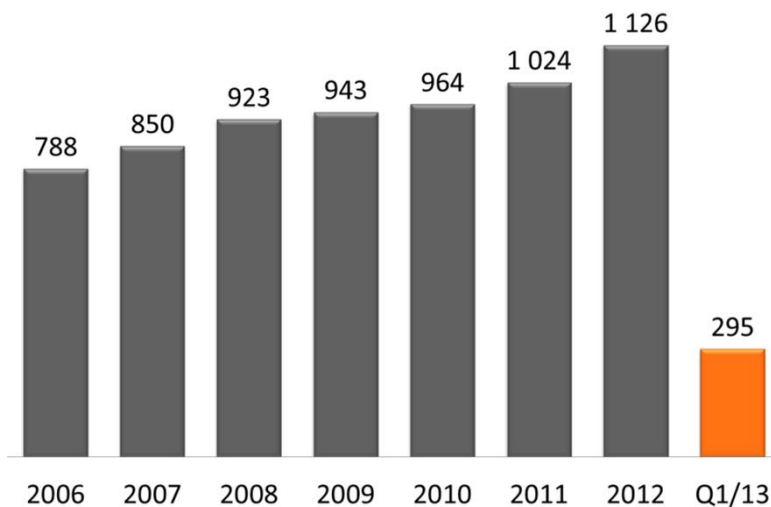
Source: SFR 2012

Insurance Premium Revenue by Customer Group

Insurance premium revenue
between 2006 and Q1/2013

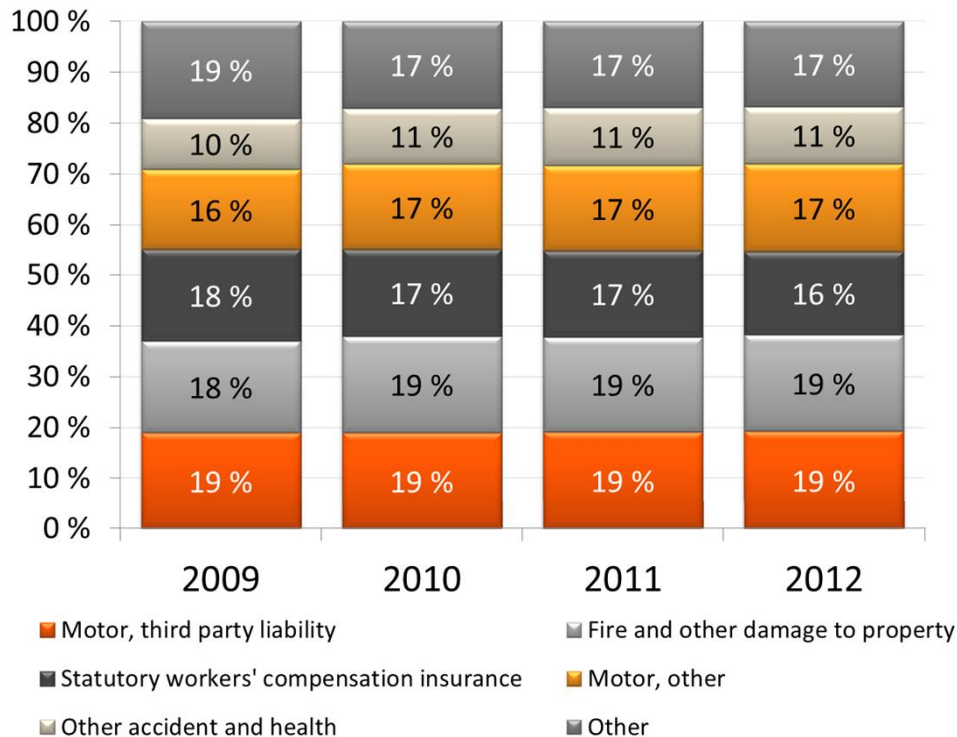
Insurance premium revenue
by customer group Q1/2006–Q1/2013

CAGR 2006-2012: 6%

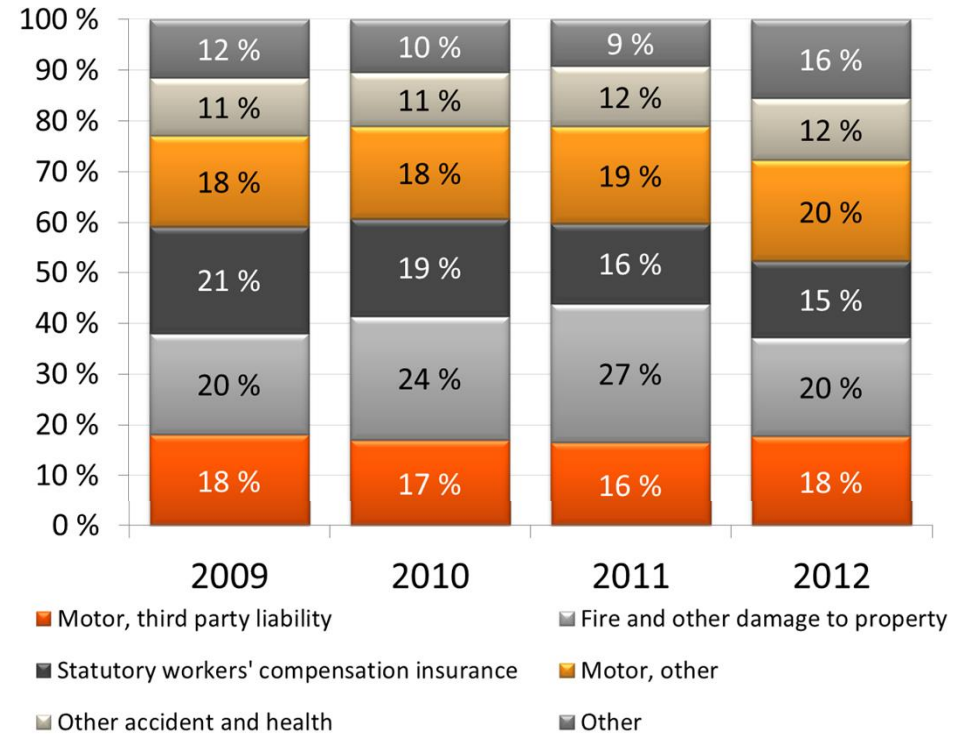


Insurance Premium Revenue and Claims Incurred by Insurance Line

Insurance premium revenue by insurance line



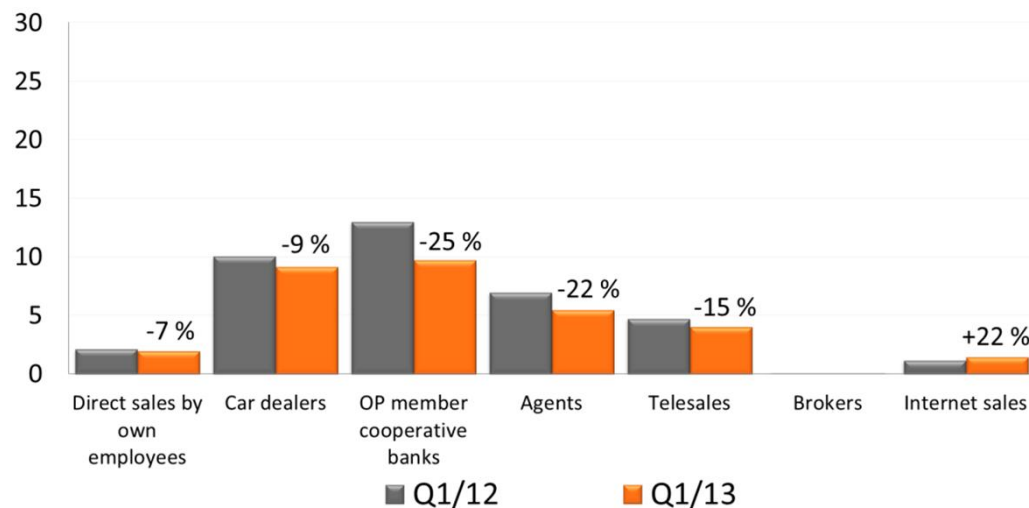
Claims incurred by insurance line



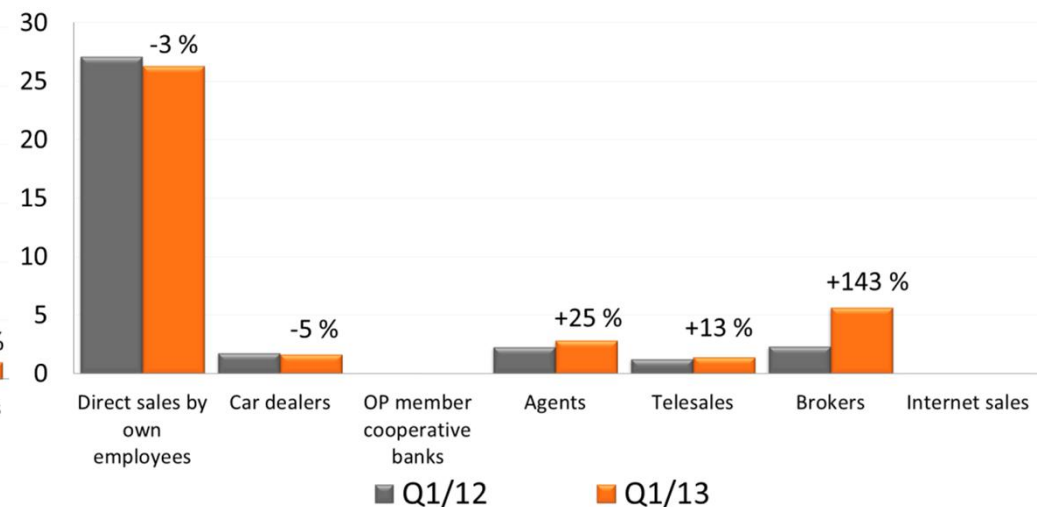
Sales to Private and Corporate Customers by Channel

Corporate customer sales rose by 9% and private customer sales dropped by 17%.
YoY, total sales decreased by 4%.

Sales to private customers by channel,
Q1/13 vs. Q1/12, € million



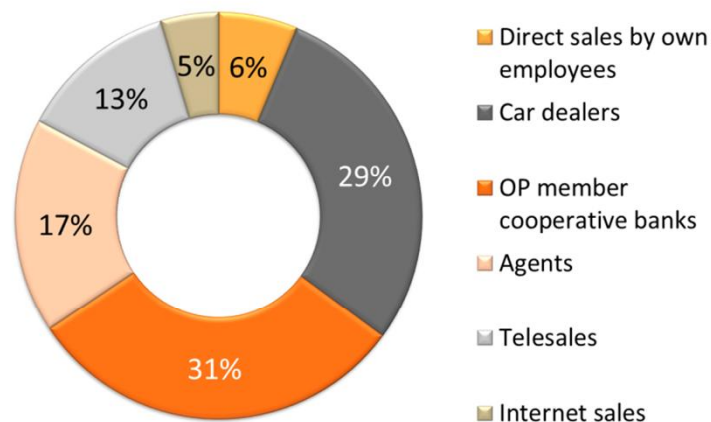
Sales to corporate customers by channel,
Q1/13 vs. Q1/12, € million



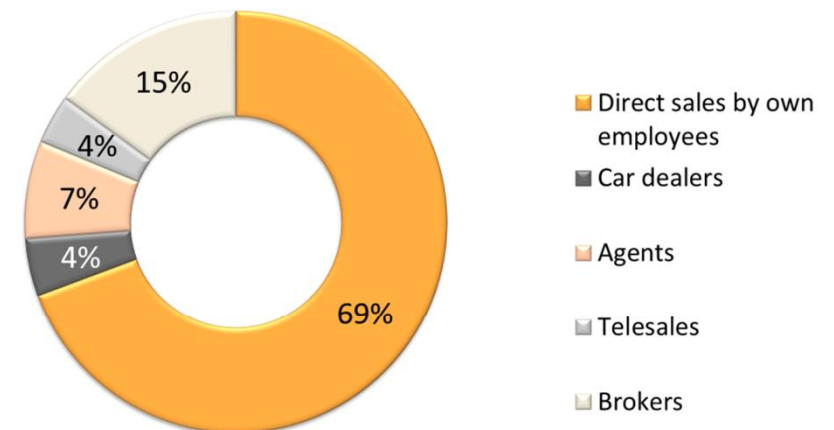
Sales Channels in Non-life Insurance

OP-Pohjola Group cooperative banks as the main channel for private customer sales and our own sales people as the main channel for corporate customer sales. Banks as channels play an important role in Pohjola sales compared with its Finnish peer insurers.

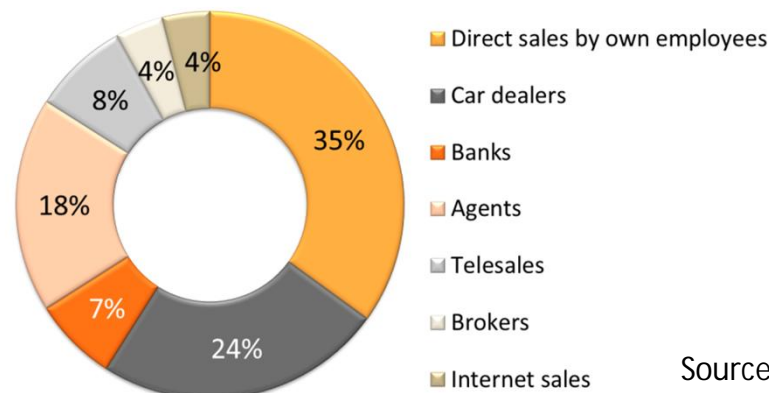
Pohjola Insurance sales channels for private customers Q1/2013



Pohjola Insurance sales channels for corporate customers in Q1/2013



Private and corporate customer sales channels of Finnish insurers in 2012



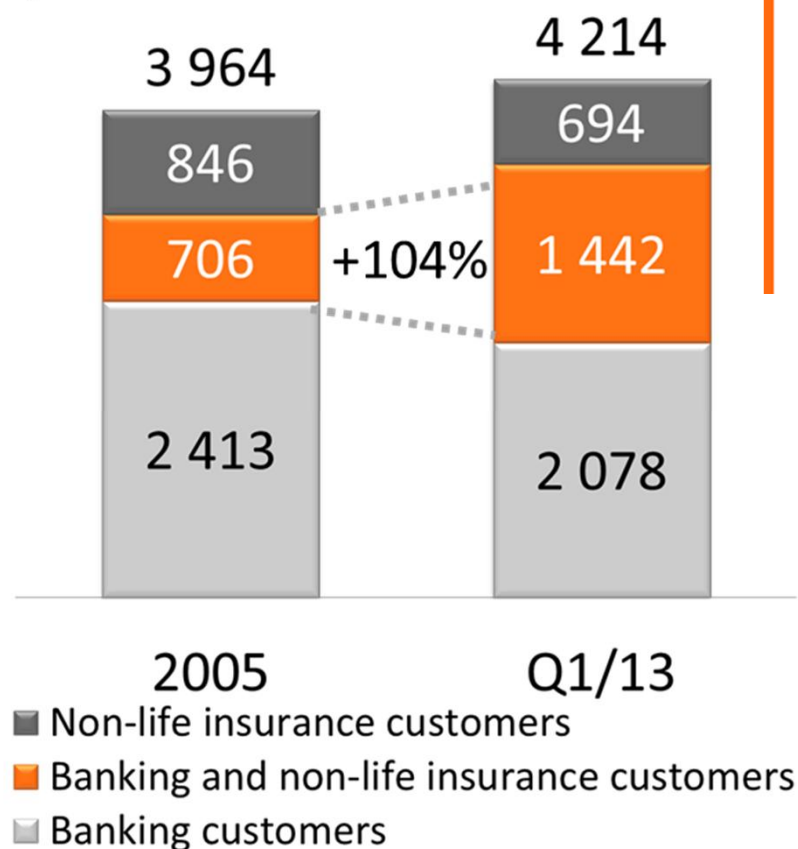
Source: Federation of Finnish Financial Services

Broadest Customer Base in Finland

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

Pohjola Insurance sales resources
31 March 2013

1,000 customers



The number of customers shared by Banking and Non-life Insurance increased by 17,000 in Q1/2013

354 outlets

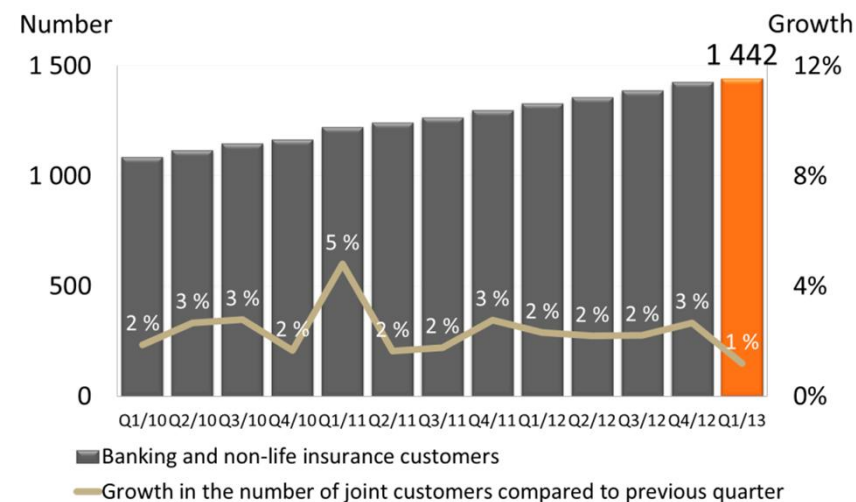
118 contracting banks

528 insurance sellers

215 agents



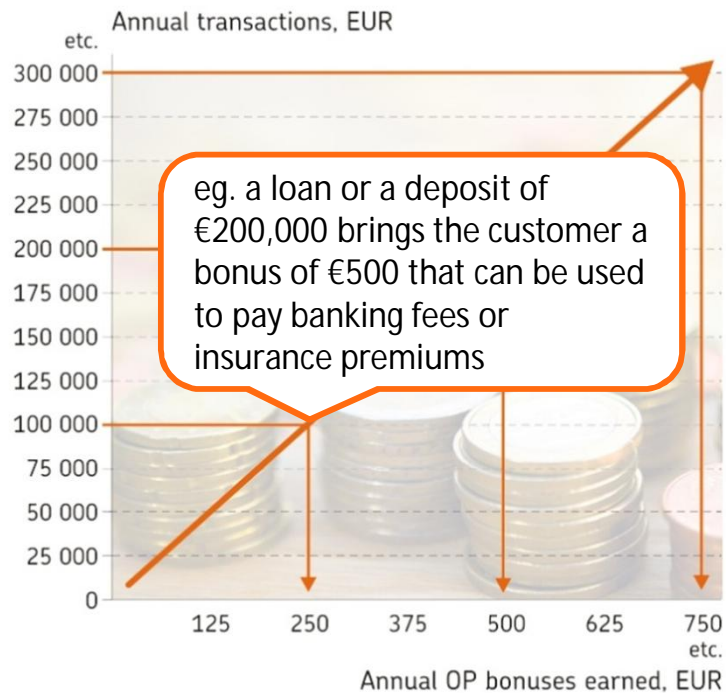
Number of customers shared by Banking and Non-life Insurance



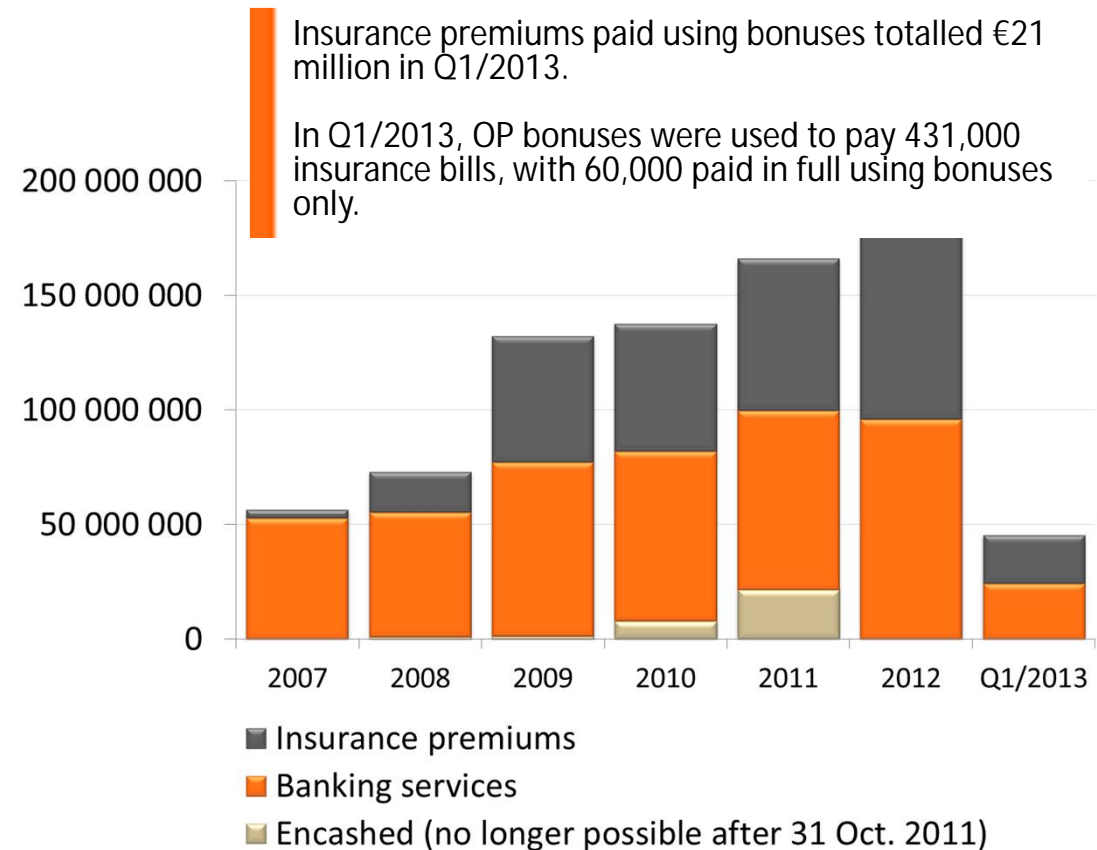
Best Loyal Customer Benefits for Private Customers

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

Bonuses accrue from banking and insurance services

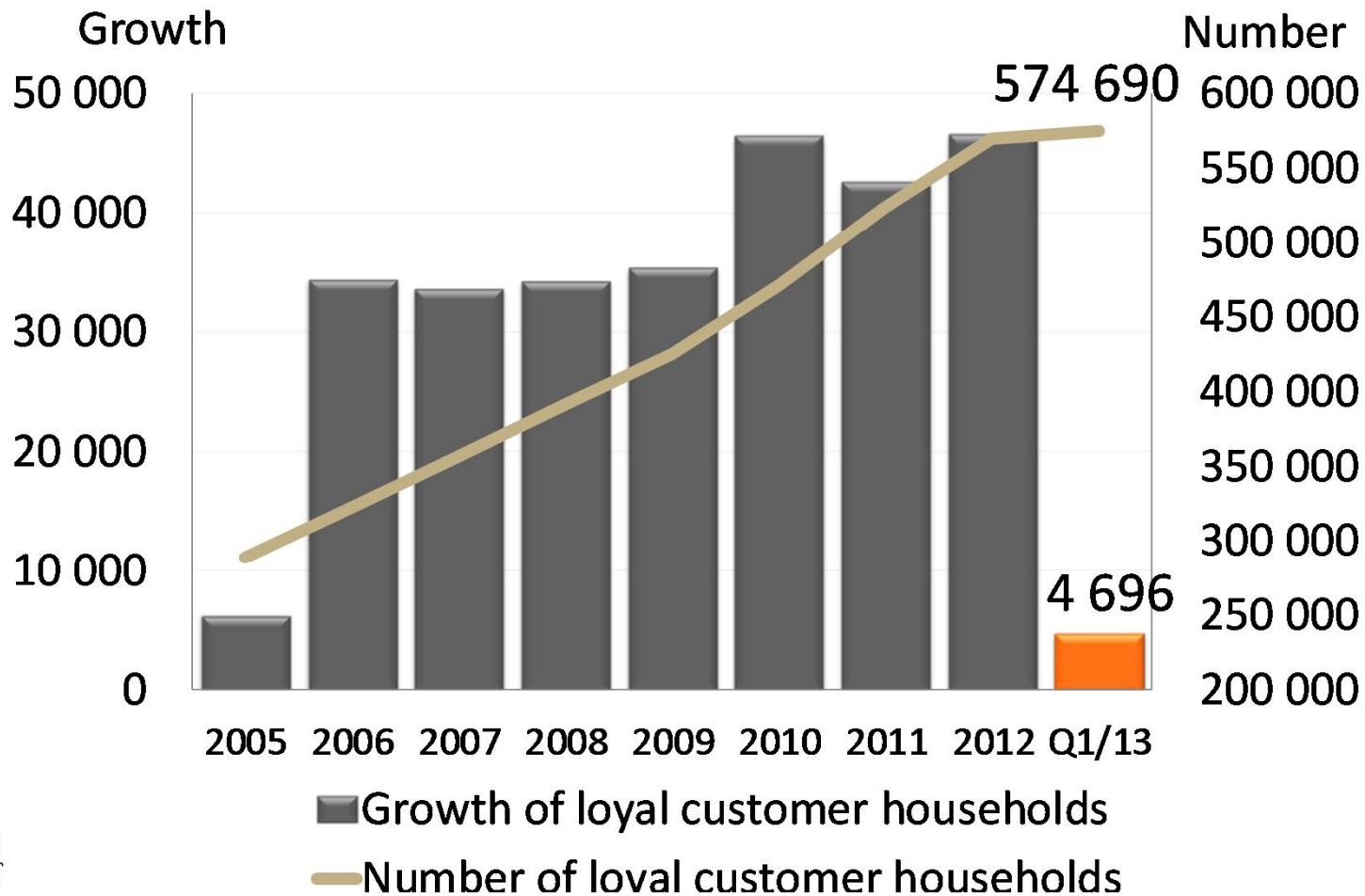


OP bonuses to customers in Q1/13: €45 mn
Use of bonuses in Q1/13: €45 mn



Number of Loyal Customer Households* over 550,000

Number and growth of loyal customer households



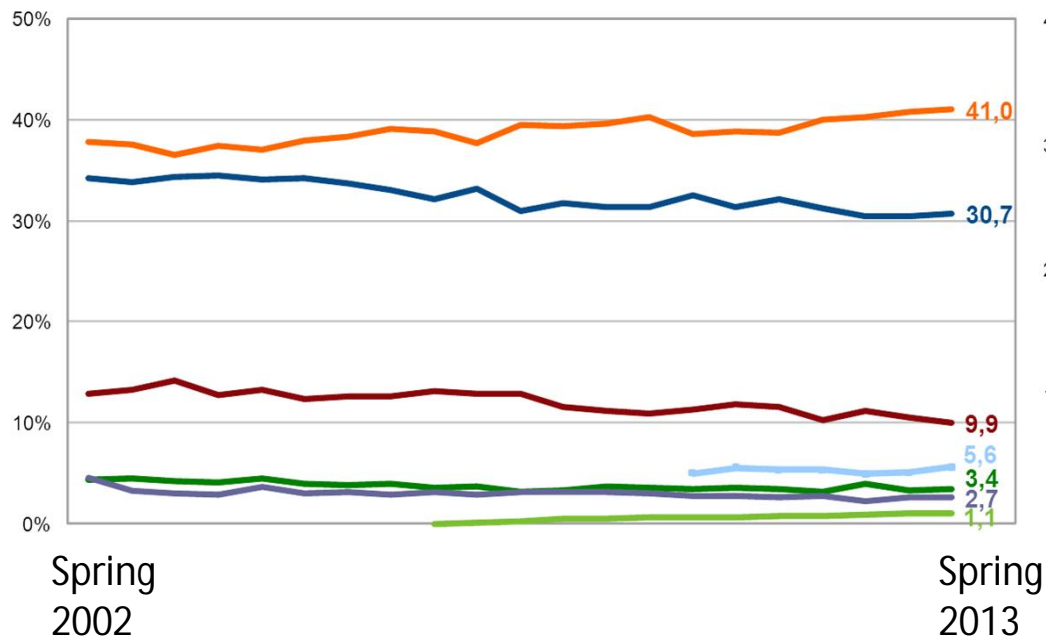
- Loyal customer households account for approx. 80% of premiums written among private customers.
- An annual insurance premium paid by a loyal customer household averages approx. €1,000.
- Insurance premiums annually paid by other customers average approx. €250.
- Churn rate of loyal customer households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

*) Loyal customer has at least 3 policies with Pohjola.

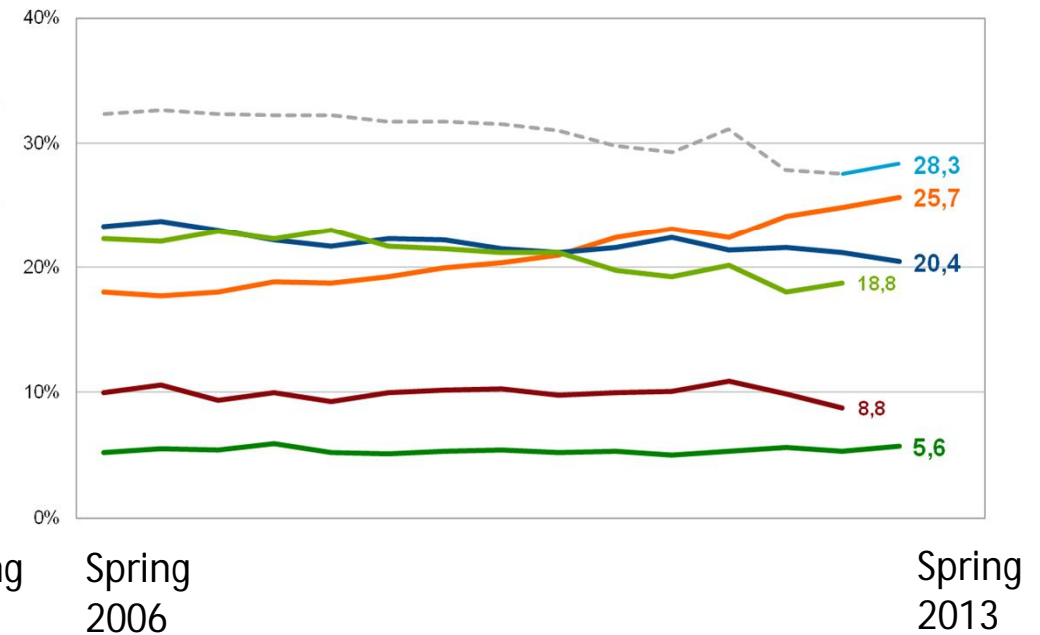
Growth Potential in Total Customer Relationships

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

Market share by bank
Main bank



Market share by insurer
Main insurer

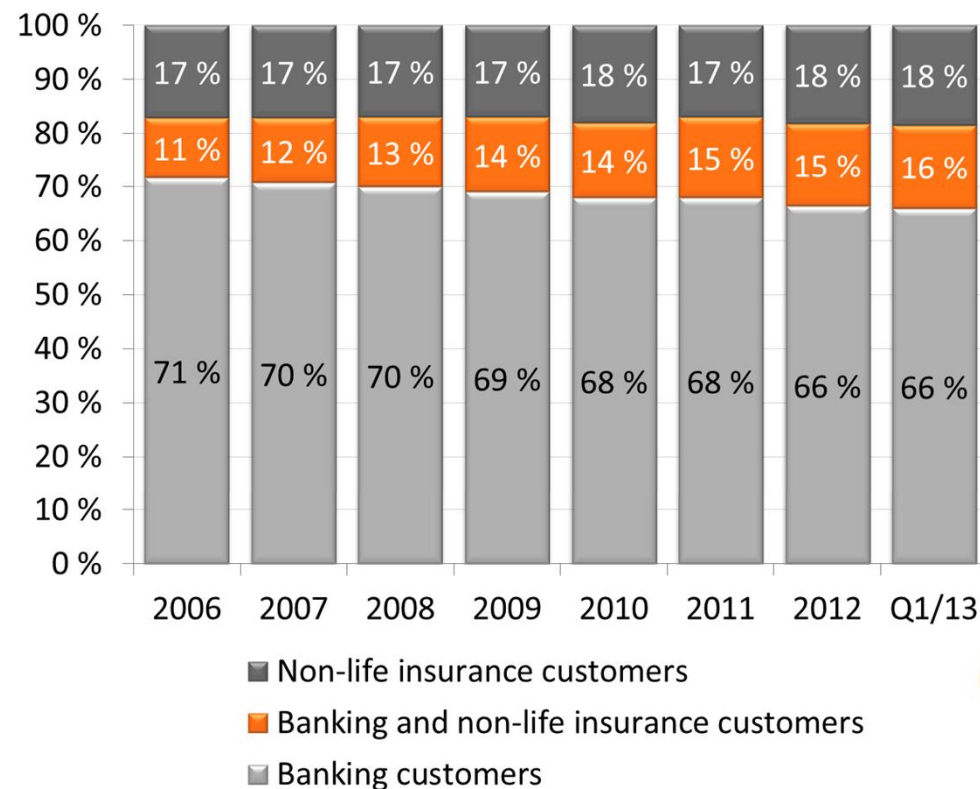


OP-Pohjola Group

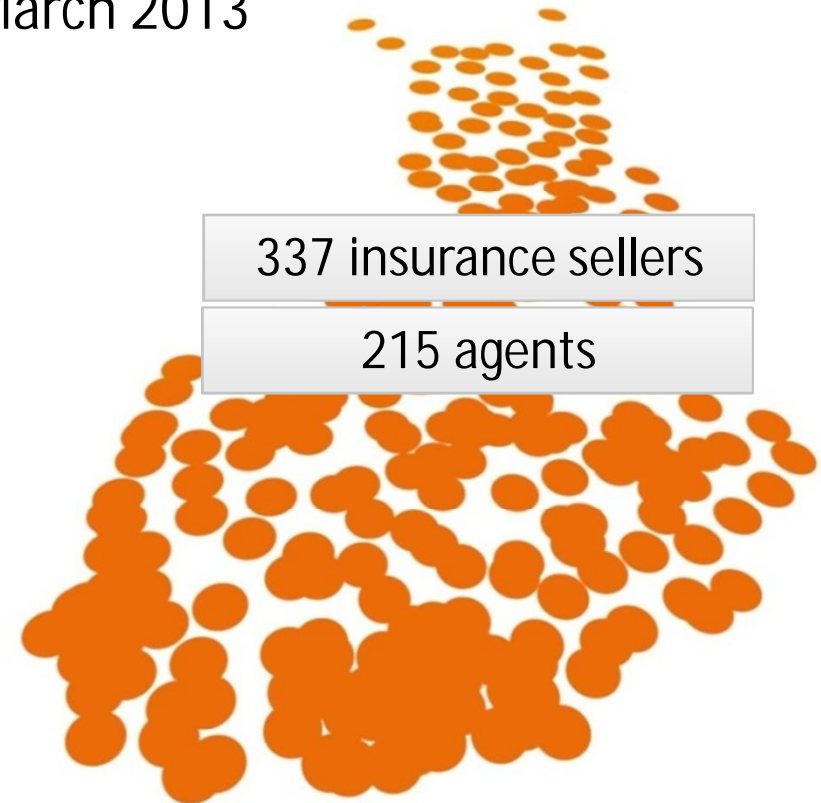
Pohjola Insurance Ltd

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

OP-Pohjola Group's corporate customers

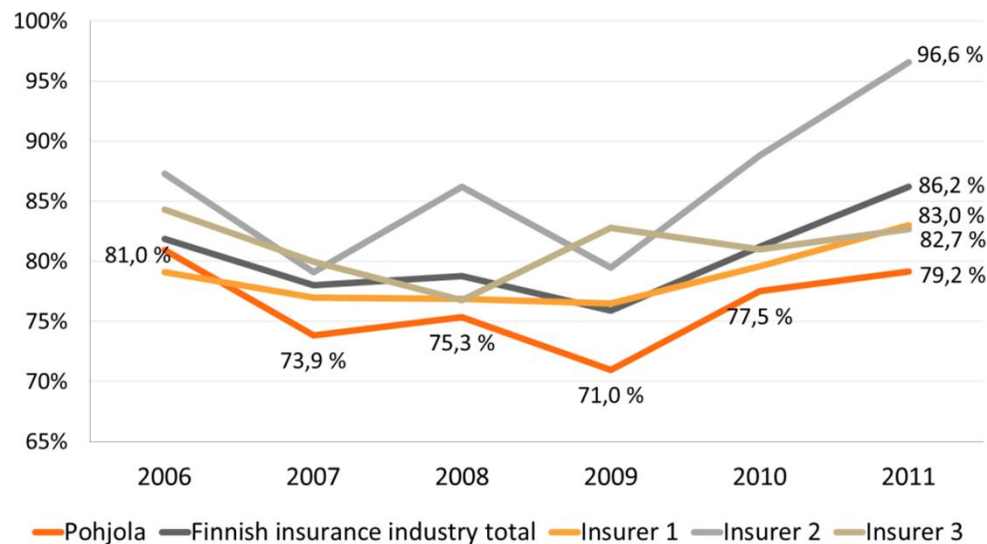


Pohjola Insurance sales resources among corporate customers
31 March 2013



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

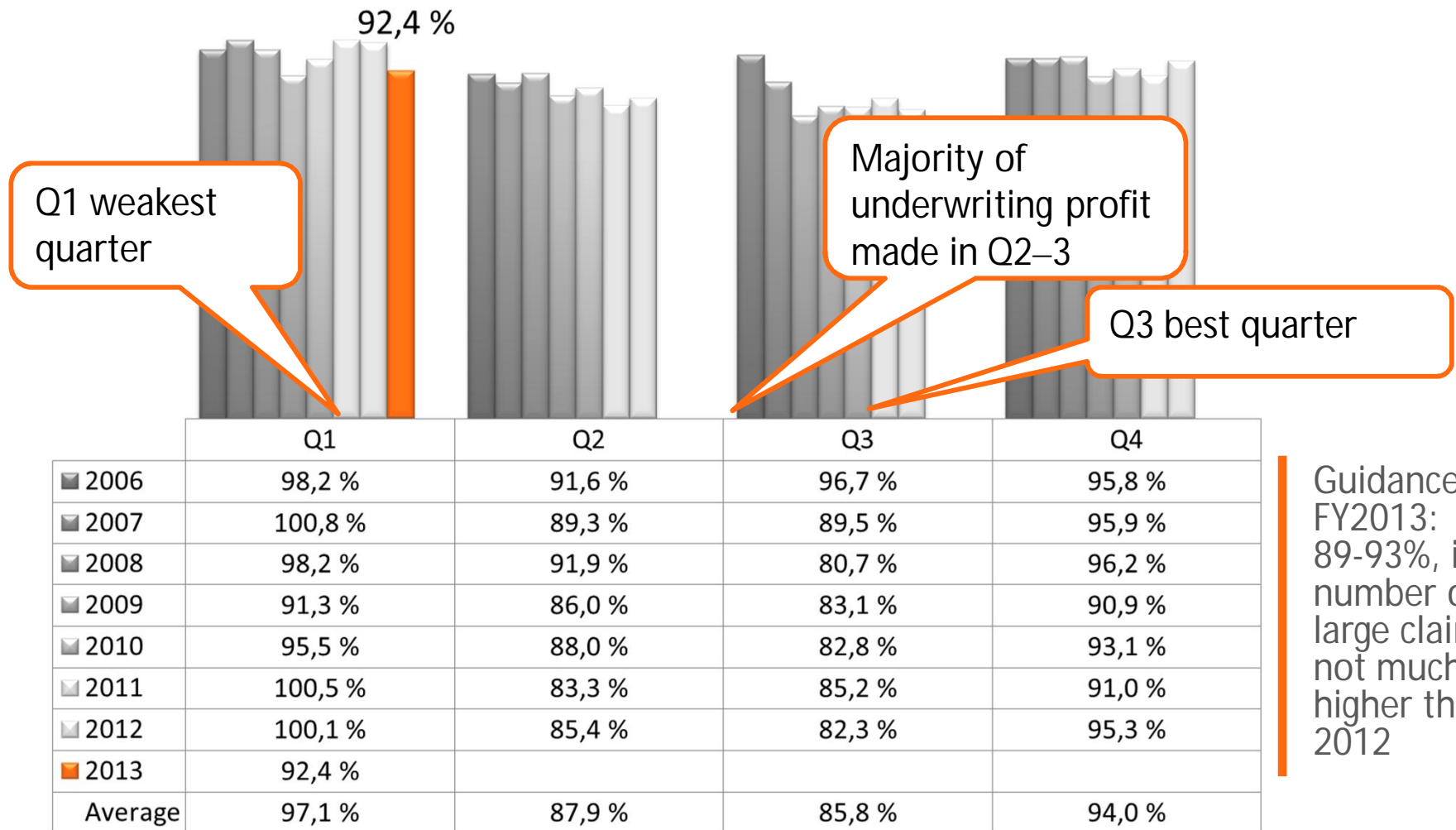
Risk-based pricing

- 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

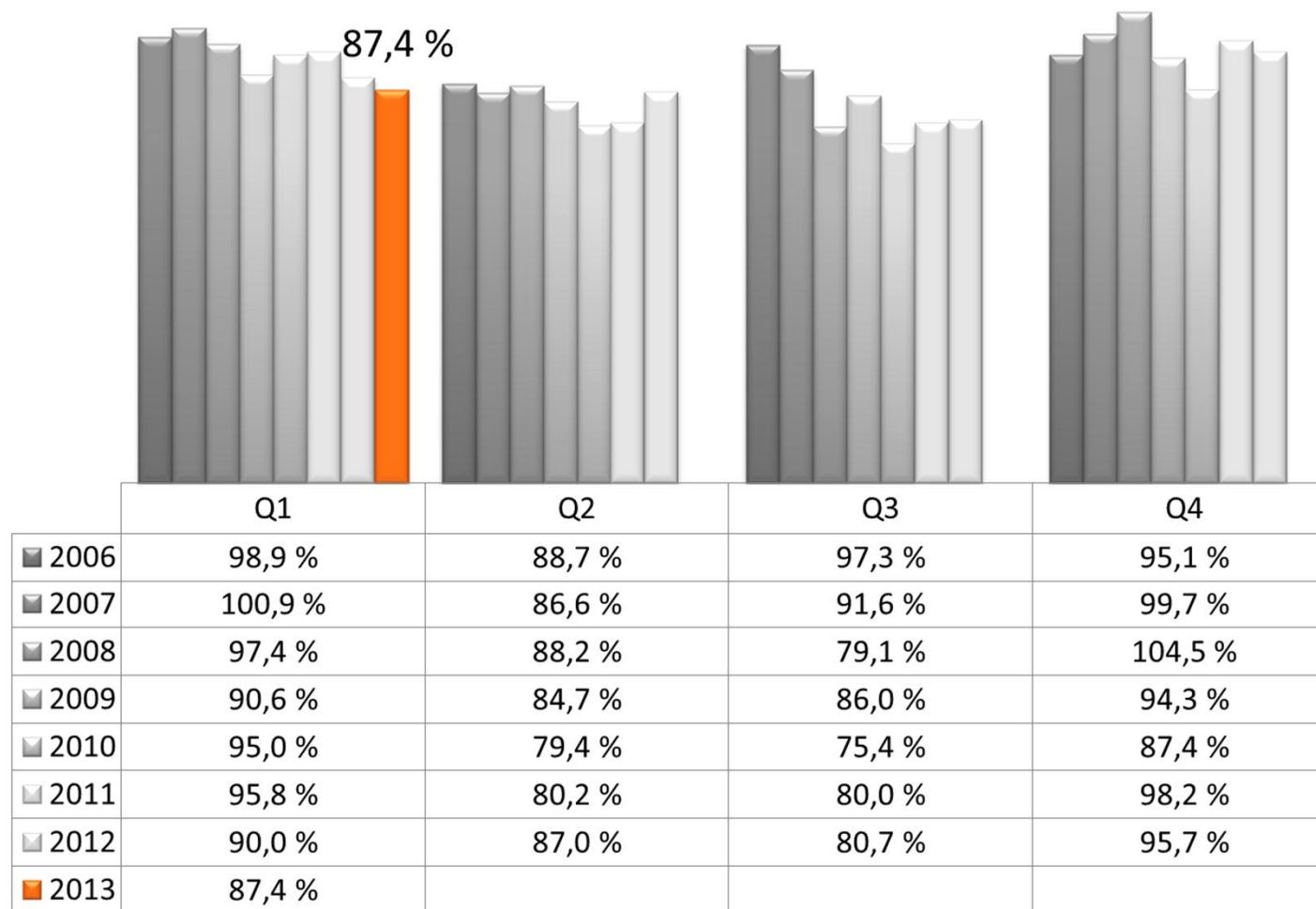
Active management of customer accounts

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

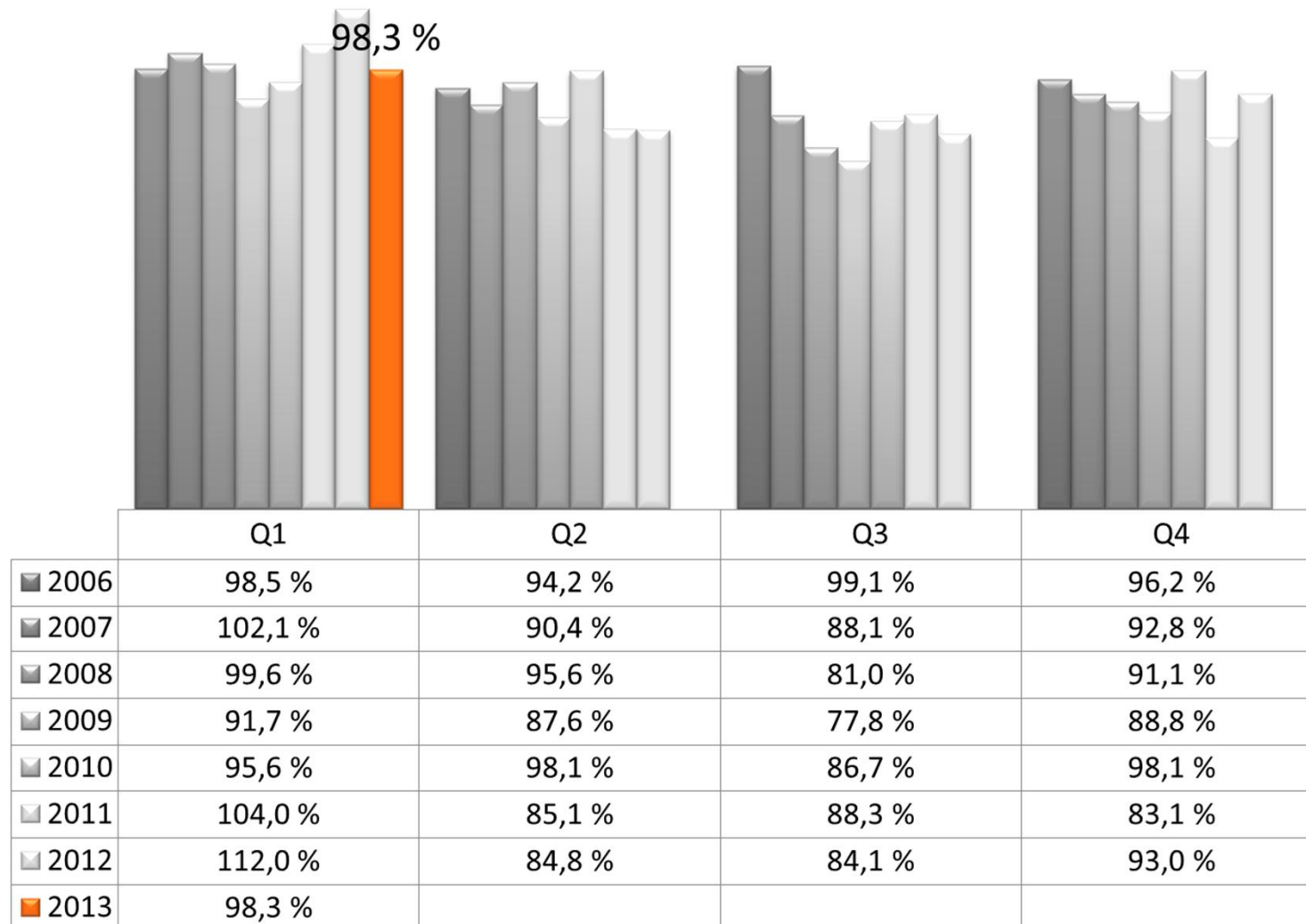
Operating Combined Ratio by Quarter within Non-life Insurance



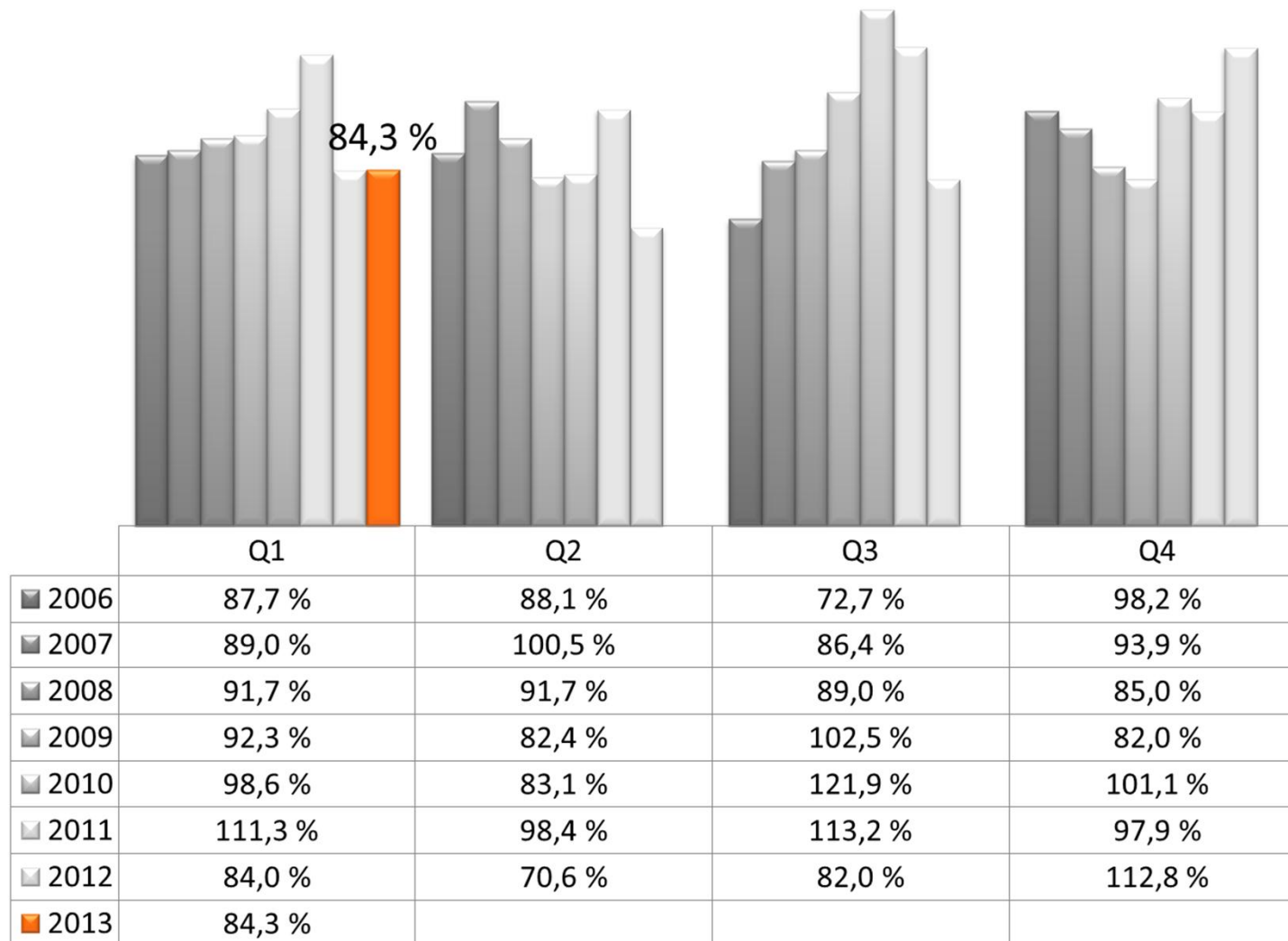
Private Customers' Operating Combined Ratio by Quarter



Corporate Customers' Operating Combined Ratio by Quarter

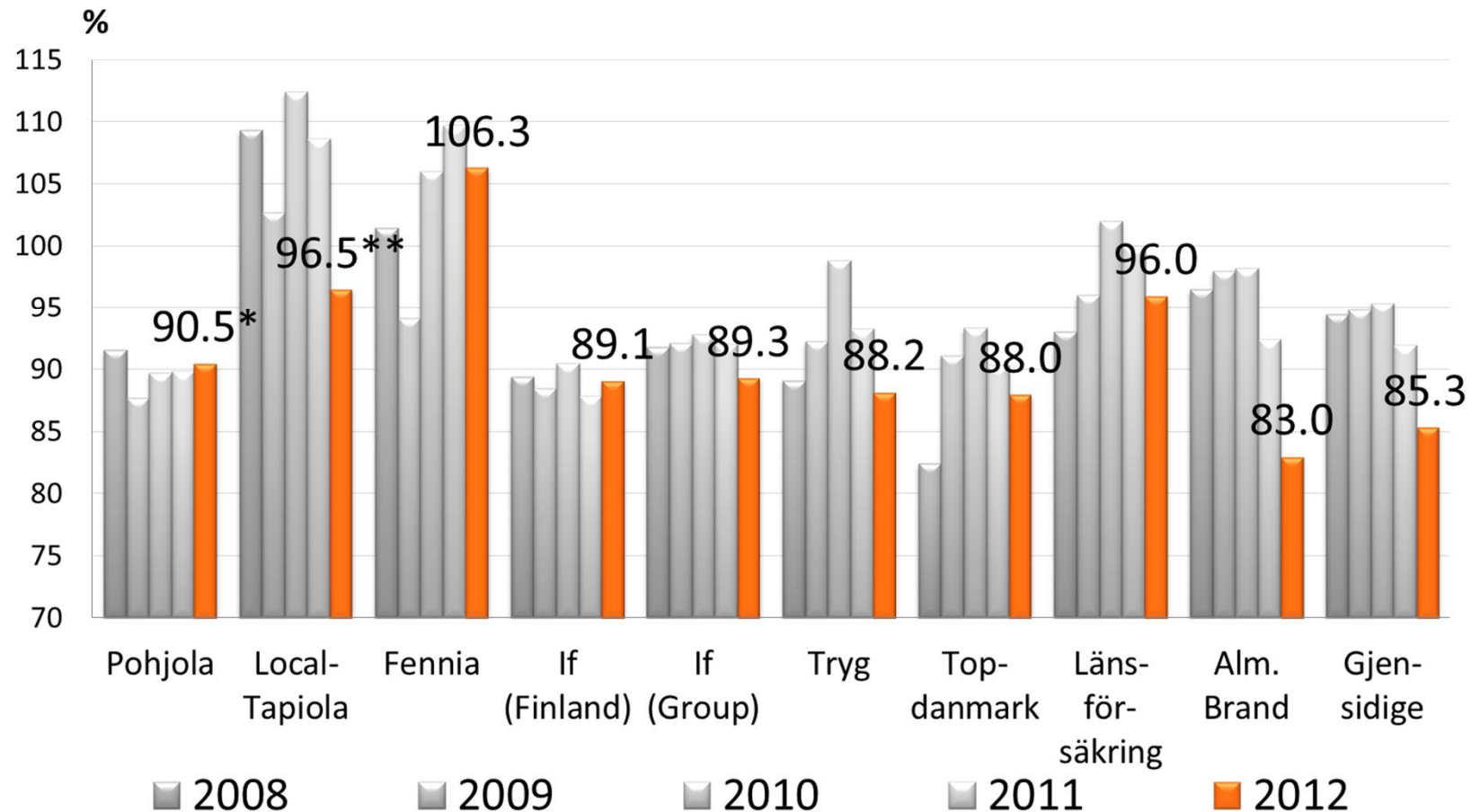


Baltic States' Operating Combined Ratio by Quarter



Profitability of Nordic Insurers

Operating combined ratio 2008–12

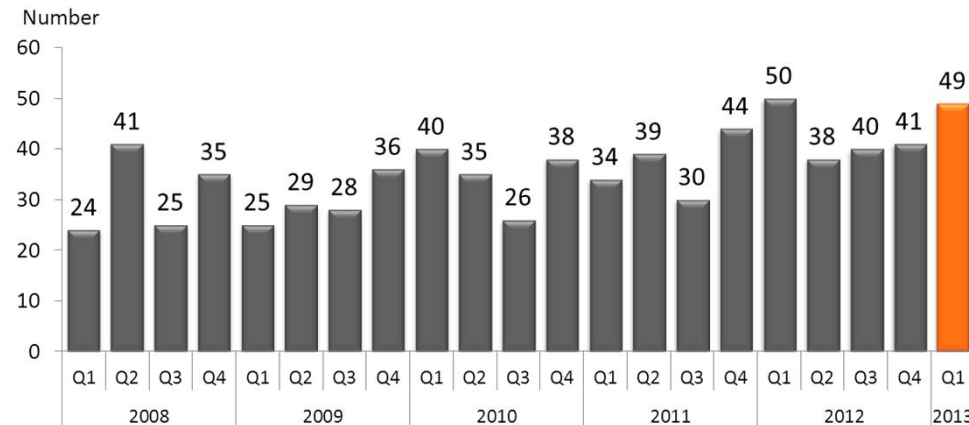


* Excl. changes in reserving bases and amortisation of intangible assets

** Tapiola's figures between 2008-2010

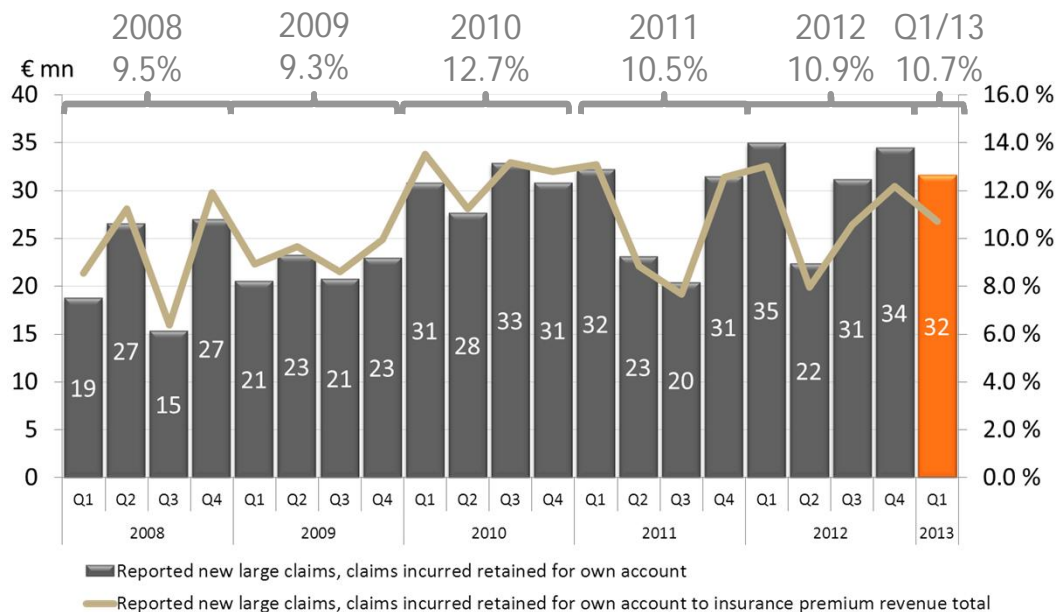
Large Claims 2008–Q1/2013

Number of reported new large claims



Large claim means an individual claim of over €0.3 million.

Reported new large claims, claims incurred retained for own account and its relation to insurance premium revenue



Fixed-income Portfolio by Maturity and Credit Rating as of 31 March 2013

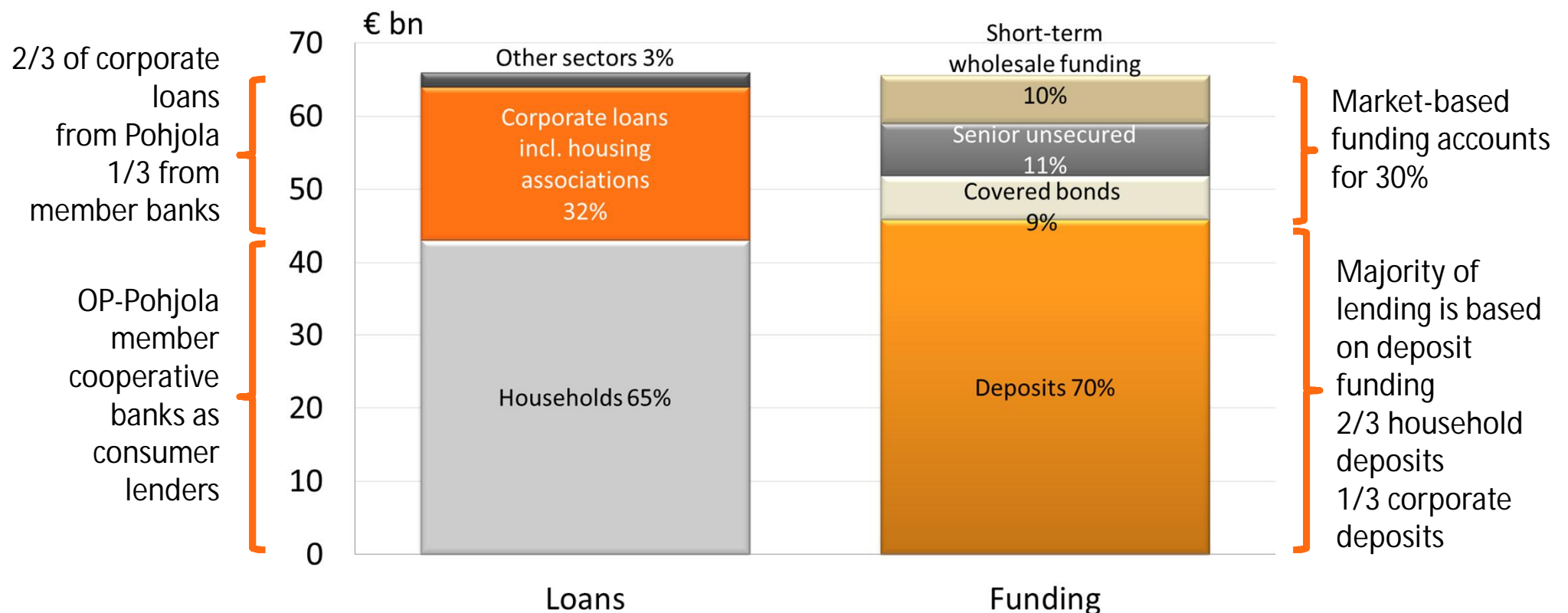
Investments under the “investment grade” accounted for 91 % (92) of the portfolio
 77 % of investments rated at least A-
 Average residual term to maturity 3.8 years (4.2) and duration 3.6 years (4.2)

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2013*, EUR million

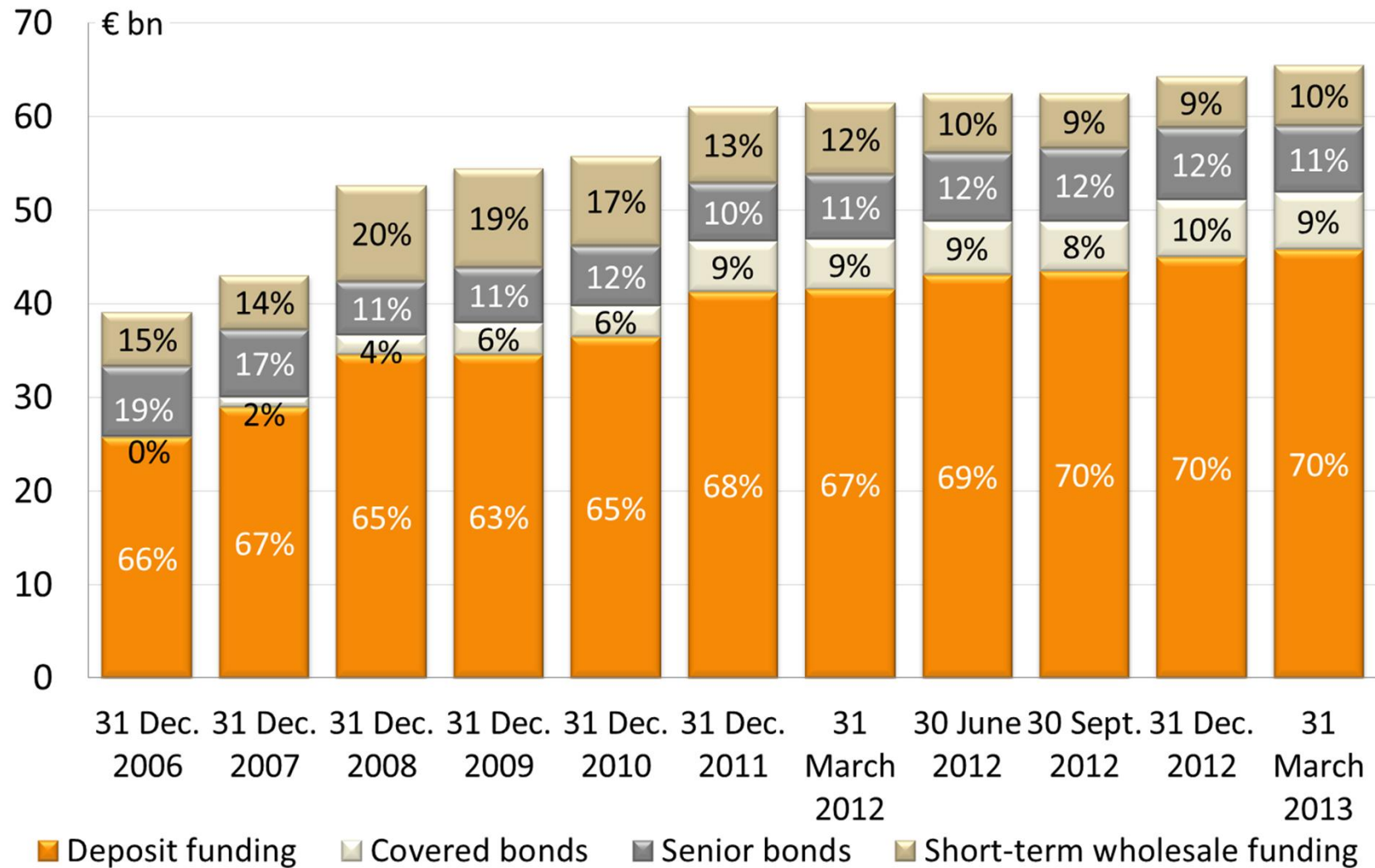
Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	193	90	302	49	114	77	825	36%
Aa1–Aa3	234	32	52	0	14	27	359	16%
A1–A3	83	173	192	74	35	0	556	25%
Baa1–Baa3	50	63	85	81	29	23	330	15%
Ba1 or lower	50	61	36	16	6	7	176	8%
Internally rated	21	0	0	0			21	1%
Total	630	418	667	220	198	134	2,268	100%

* Excludes credit derivatives.

OP-Pohjola Group's Loans and Funding Structure 31 March 2013



OP-Pohjola Group's Funding Structure Development 2006–31 March 2013



Financial Assets Included in the Liquidity Buffer by Maturity and Credit Rating as of 31 March 2013

Liquidity buffer by maturity and credit rating on 31 March 2013, EUR million

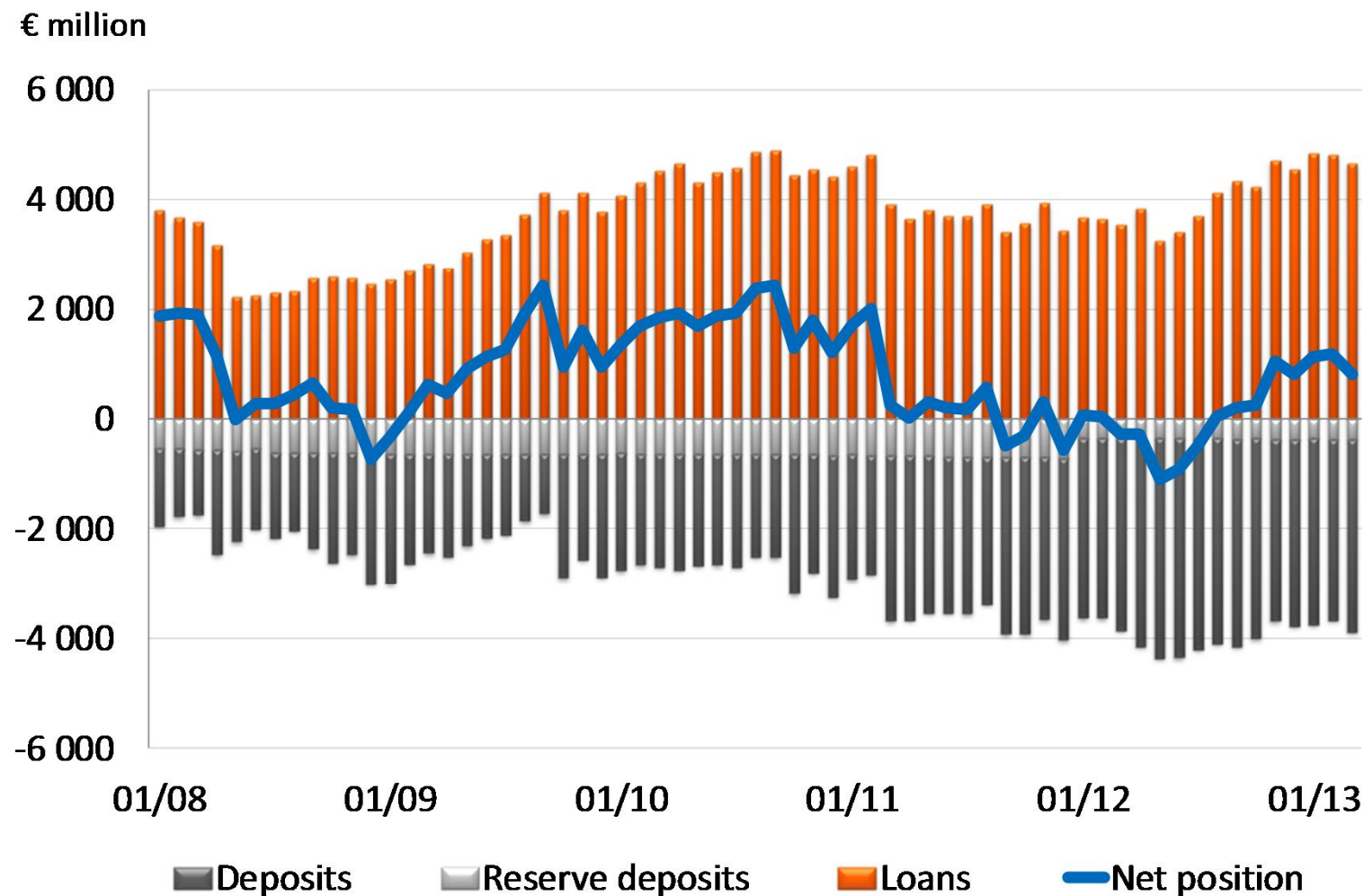
Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	5,428	848	722	655	511	22	8,185	57%
Aa1–Aa3	48	193	142	408	252	1	1,043	7%
A1–A3	173	536	195	31	22	1	960	7%
Baa1–Baa3	157	262	40	2	15		476	3%
Ba1 or lower	63	69	67	9	41	0	249	2%
Internally rated**	565	801	959	396	164	491	3,376	24%
Total	6,434	2,709	2,124	1,502	1,006	515	14,289	100%

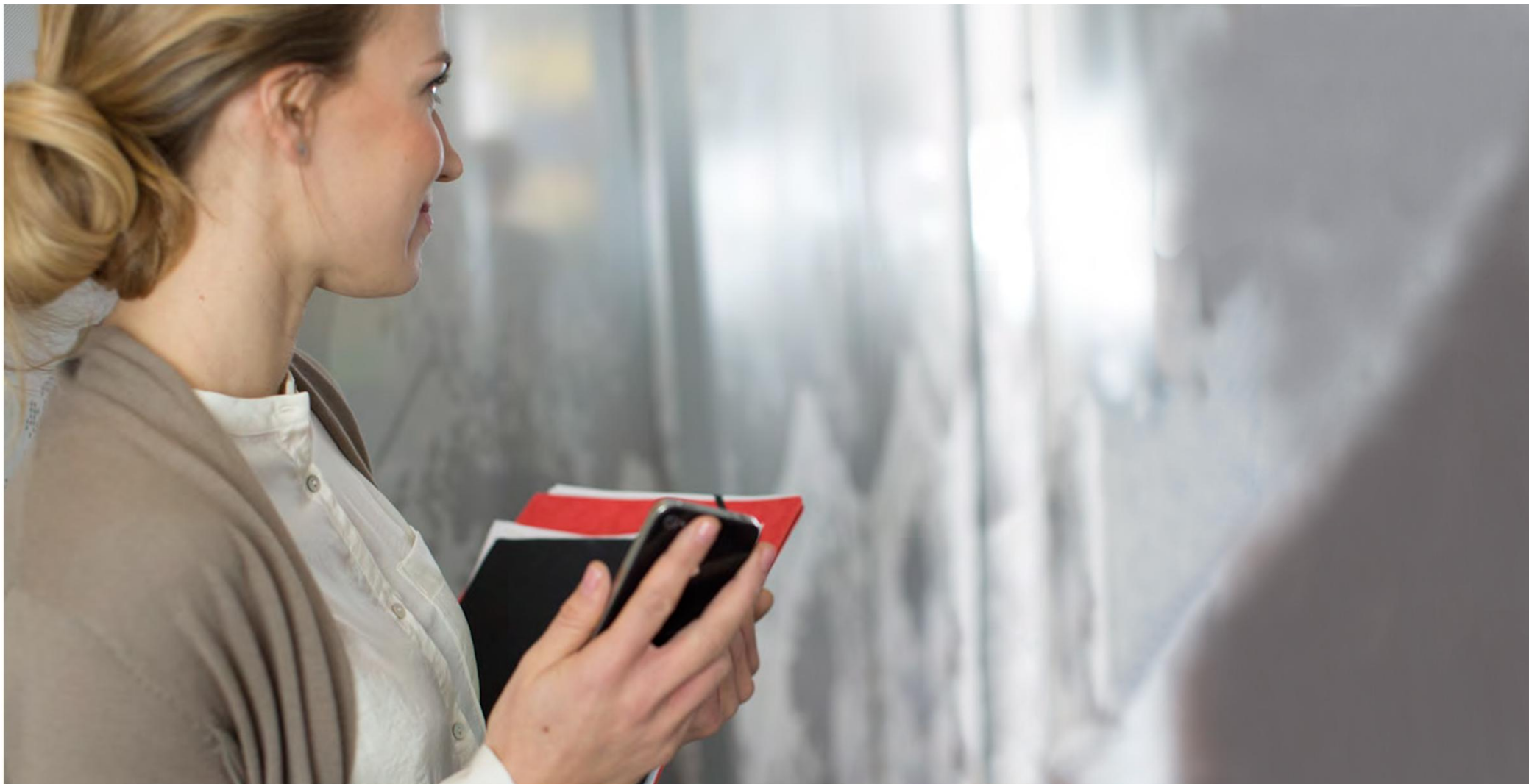
* incl. deposits with the central bank

** PD \leq 0.40%

The liquidity buffer's (excl. deposits with the central bank) residual term to maturity averages 4.7 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 Q1/2013	Pohjola Bank plc Q1/2013	OP-Pohjola Group 2012	Pohjola Bank plc 2012
Net interest income	214	55	1 003	263
Net income from Non-Life insurance	143	145	433	438
Net income from Life Insurance	70		108	
Net commissions and fees	163	36	584	169
Other income	81	46	243	129
Total income	672	282	2 371	998
Total expenses	382	144	1 494	569
Returns to owner-members and OP-bonus customers	48		192	
Earnings before impairment loss on receivables	243	137	684	429
Impairment loss on receivables	9	7	99	57
Earnings before tax	234	131	586	372
Change in fair value reserve	-24	-17	698	418
Earnings before tax at fair value	210	114	1 283	790

OP-Pohjola Group and Pohjola Bank plc

Key figures and ratios

	OP-Pohjola Group Q1/2013	Pohjola Bank plc Q1/2013	OP-Pohjola Group 2012	Pohjola Bank plc 2012
Total assets, € million	101 671	45 691	99 769	44 623
Receivables from customers, € million	66 089	14 042	65 161	13 839
Deposits, € million	45 839	11 202	45 011	10 775
Equity capital, € million	7 202	2 707	7 134	2 769
Tier 1 ratio, %	14.1	12.1	14.1	12.4
Core Tier 1 ratio, %	14.1	10.7	14.1	10.6
Doubtful receivables, € million	350	38	311	34
Ratio of doubtful receivables and zero-interest bearing receivables to loans and guarantees, %	0.51	0.23	0.46	0.21
Loan and guarantee portfolio, € billion	68.7	16.6	67.7	16.4
Impairment loss on receivables, € million	9	7	99	57
Impairment loss on receivables / loan and guarantee portfolio, %	0.05	0.04	0.15	0.35
Personnel	12 760	2 569	13 290	3 404

OP-Pohjola Group and Pohjola Bank plc

Key ratios

	OP-Pohjola Group Q1/2013	Pohjola Bank plc Q1/2013	OP-Pohjola Group 2012	Pohjola Bank plc 2012
Net interest margin, %	0.9*	1.49**	1.0*	1.52**
Cost/Income ratio, %	57	40***	63	34***
Return on equity (ROE), %	8.8****	14.8	14.1****	11.2
Return on assets, (ROA) at fair value, %	0.6		1.0	
Non-Life Insurance, solvency ratio, %		77		81
Life Insurance, solvency ratio, %	15.3*****		16.8*****	
Operating combined ratio, %		92.4		90.5

* Net interest income as a percentage of average total assets

** Average margin for corporate lending

*** Cost / Income ratio in Banking

**** At fair value

***** 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

	2012 € bn	2011 Volume, % change on previous year	2012	2013f	2014f
GDP	194.5	2.8	-0.2	0.8	1.7
Imports	78.4	6.1	-3.7	0.8	2.5
Exports	77.3	2.9	-1.4	1.2	3.3
Consumption	157.8	1.7	1.4	1.0	1.1
Private consumption	109.5	2.3	1.6	1.3	1.3
Public consumption	48.3	0.4	0.8	0.4	0.6
Fixed investment	37.8	7.1	-2.9	-1.2	2.6

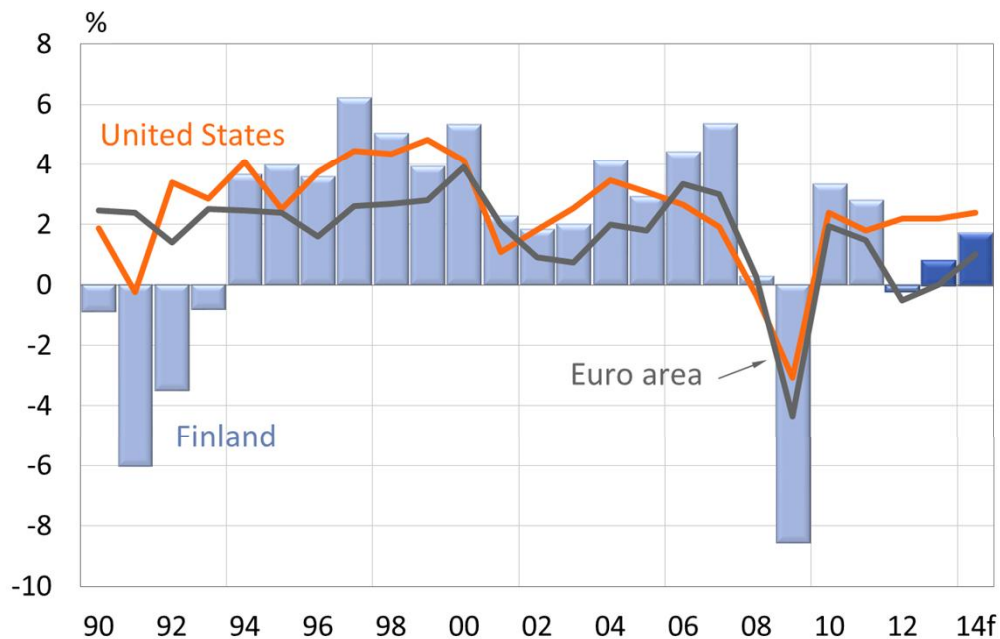
Other key indicators

	2011	2012	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	-1.8	-1.4	-1.0
General government debt, % of GDP	49.0	53.0	54.7	55.6
General government deficit, % of GDP	-0.8	-1.9	-1.2	-0.5

Sources: Statistics Finland and OP-Pohjola Group

GDP and Demand Components

Change in GDP volume

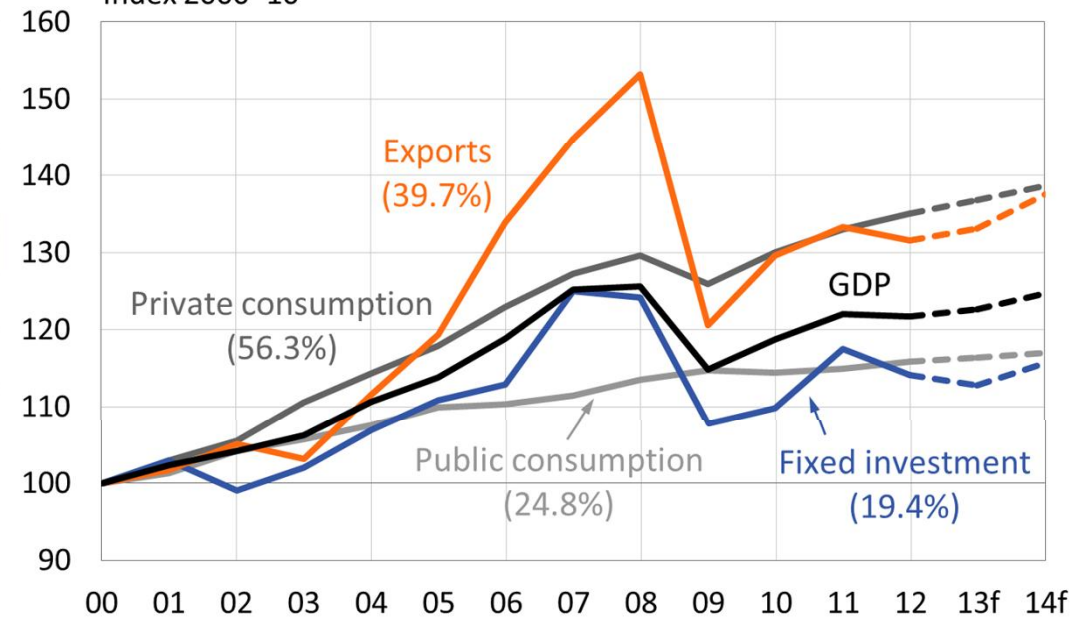


Sources: Reuters EcoWin, forecasts OP-Pohjola Group, January 2013

GDP and demand components

2012 GDP shares in brackets

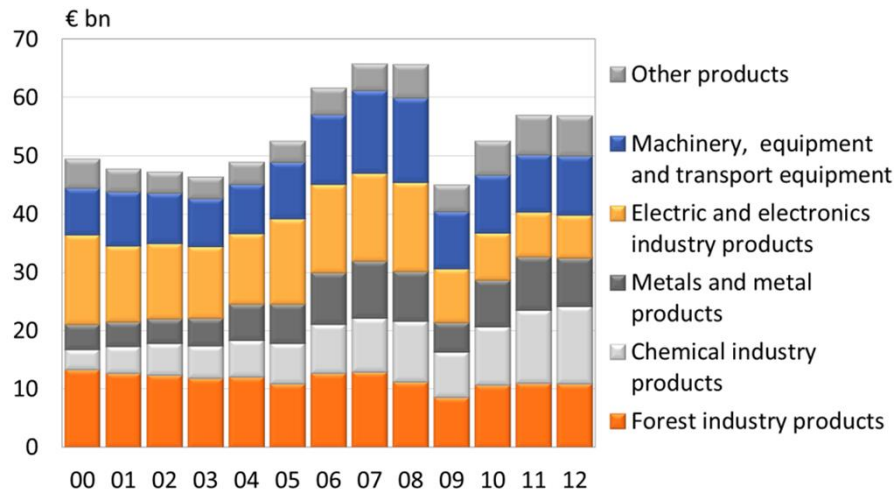
Index 2000=10



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

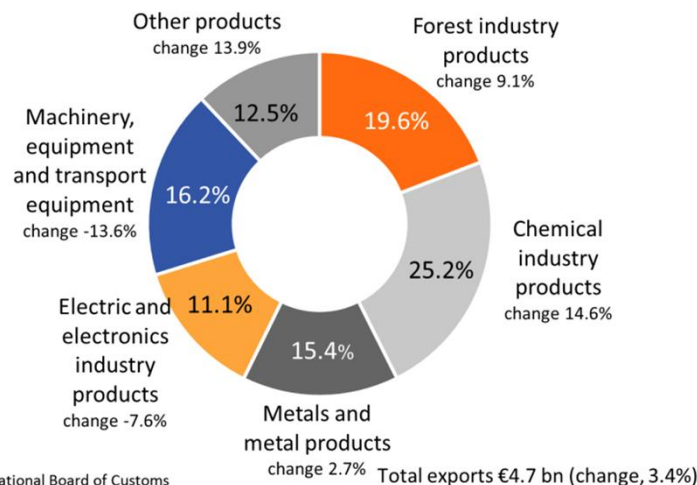
Goods Exports by Product Group and by Country

Exports by commodity group



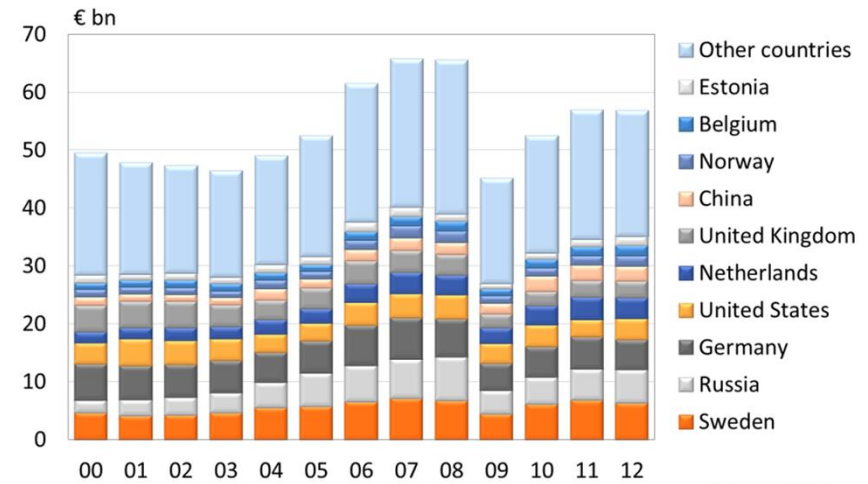
Source: National Board of Customs

Goods exports by product group

Share of total exports and annual change
1/2013

Source: National Board of Customs

Finlands' largest* export countries

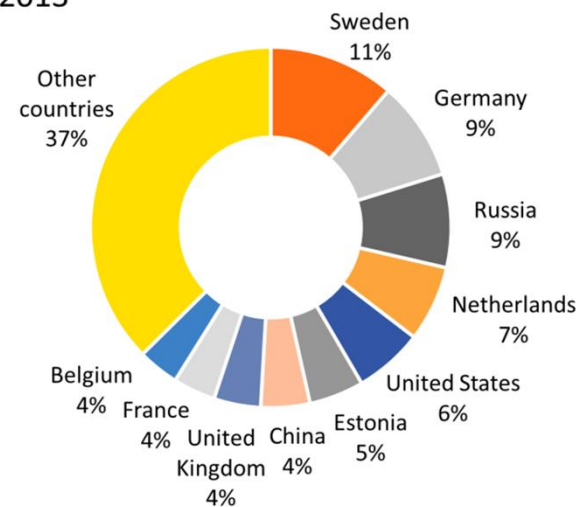


Source: National Board of Customs

* Top 10 of 2012

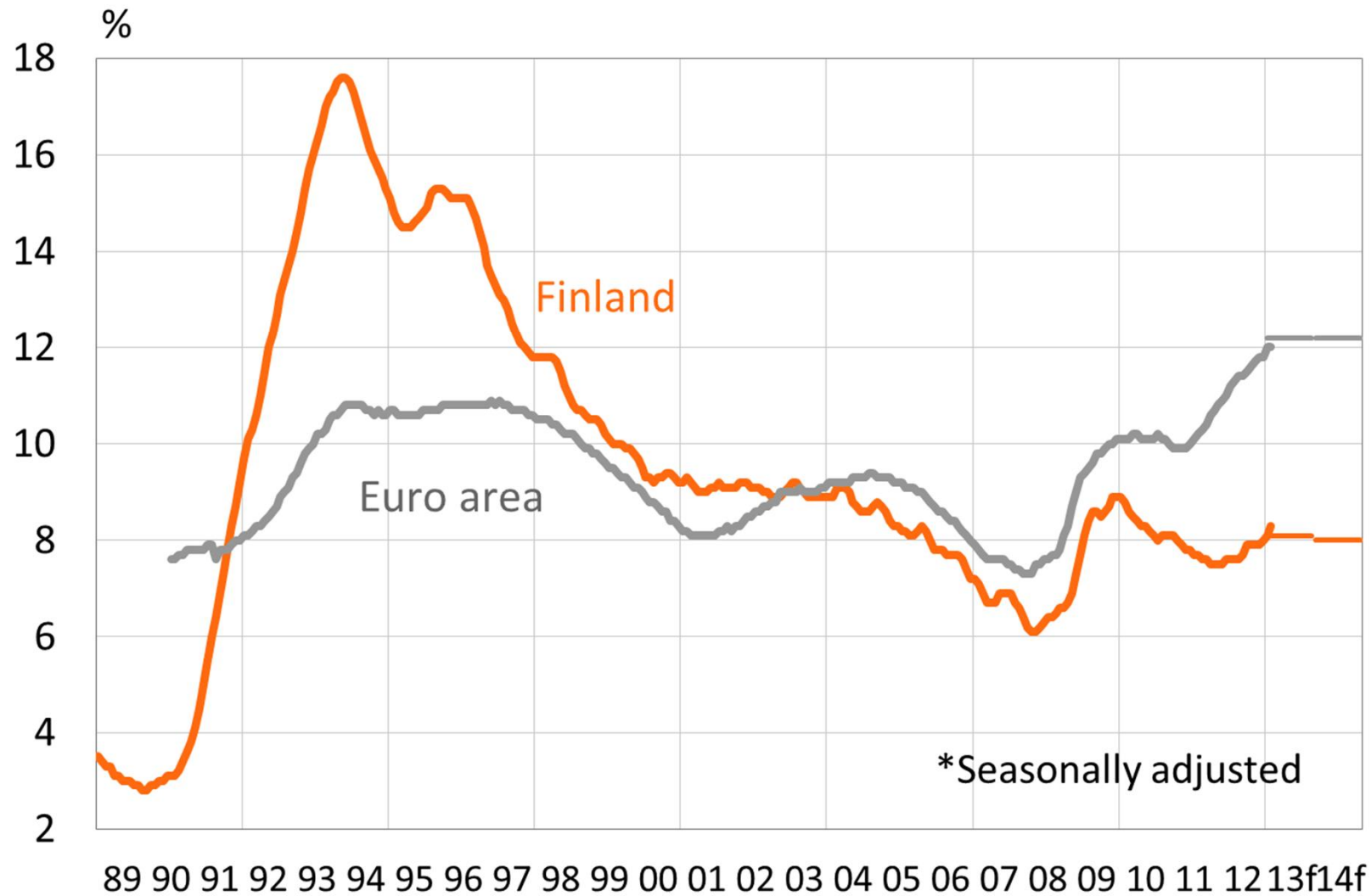
Goods exports by country

1/2013



Source: National Board of Customs

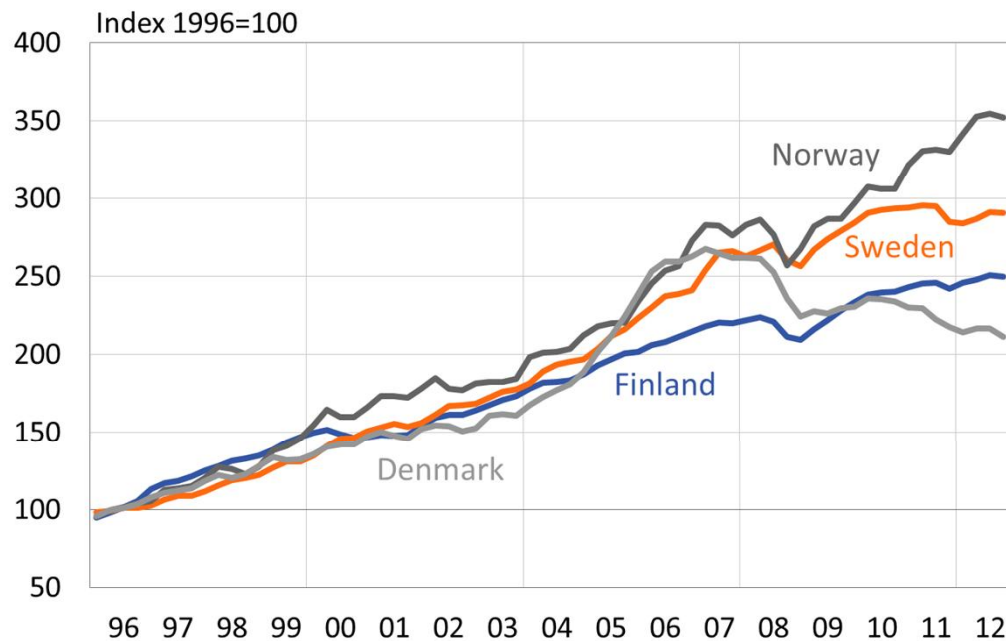
Unemployment Rate* in Finland and Euro Area



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

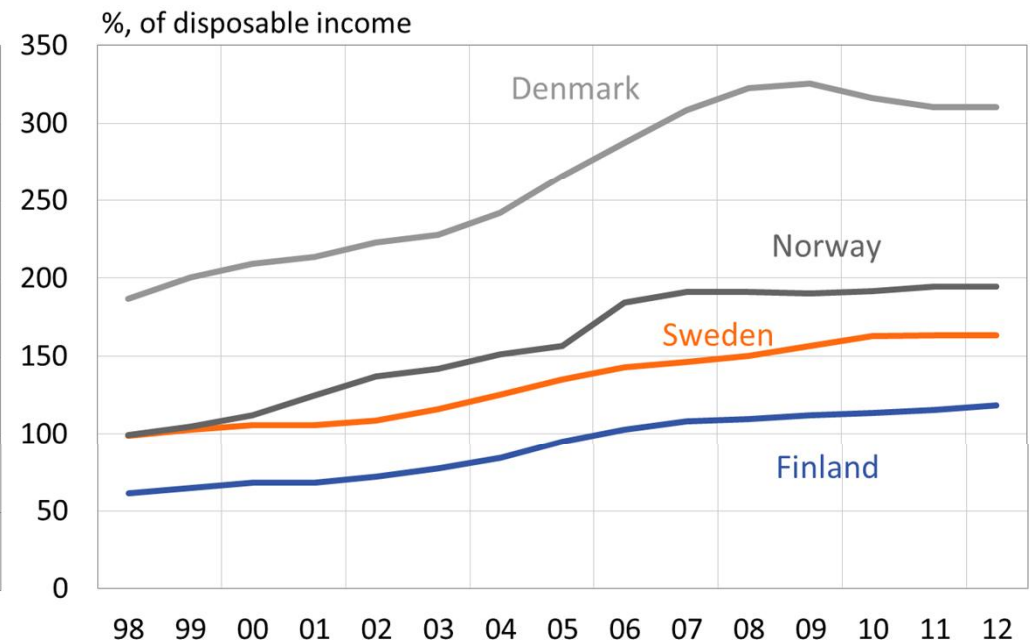
Average House Prices and Households' Debt

Average house prices



Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio



Sources: Central Banks, Statistics Finland

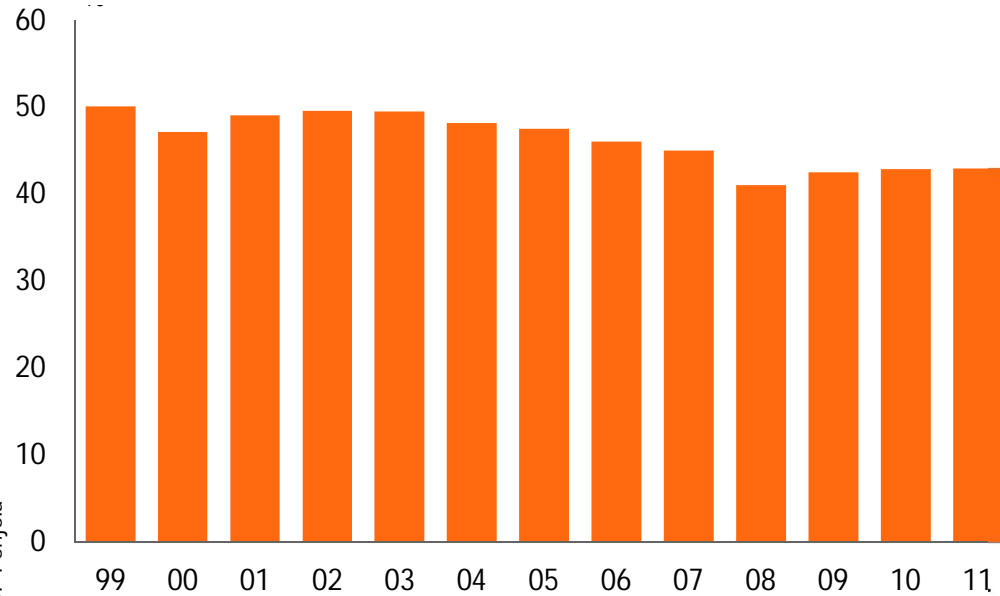
Structure and Financial Condition of the Finnish Corporate Sector

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)

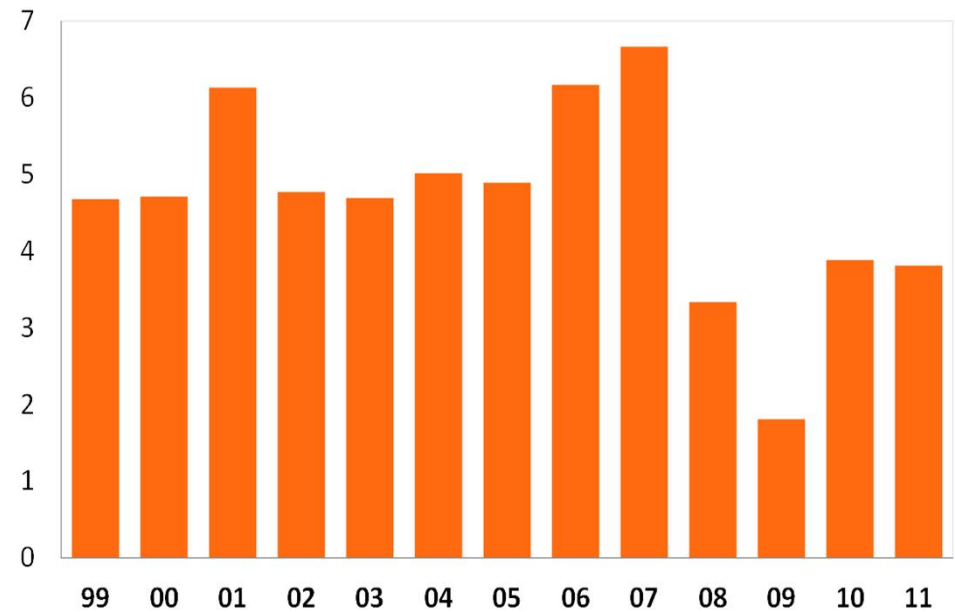
Source: Statistics Finland

Companies' equity ratio 1999-2011, %



Source: Statistics Finland

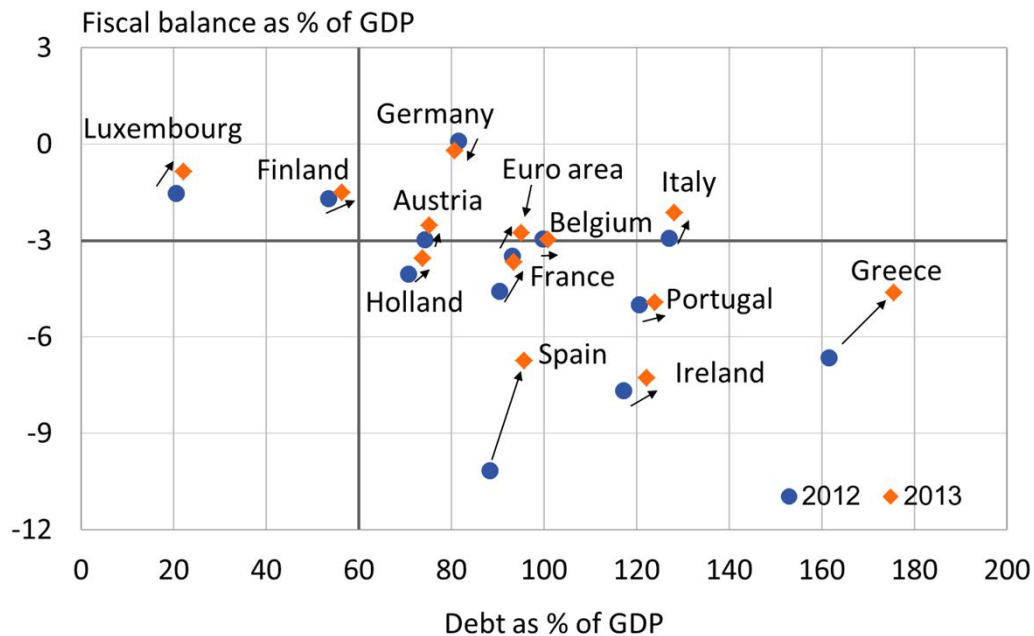
Companies' net profit ratio 1999-2011, %



Source: Statistics Finland

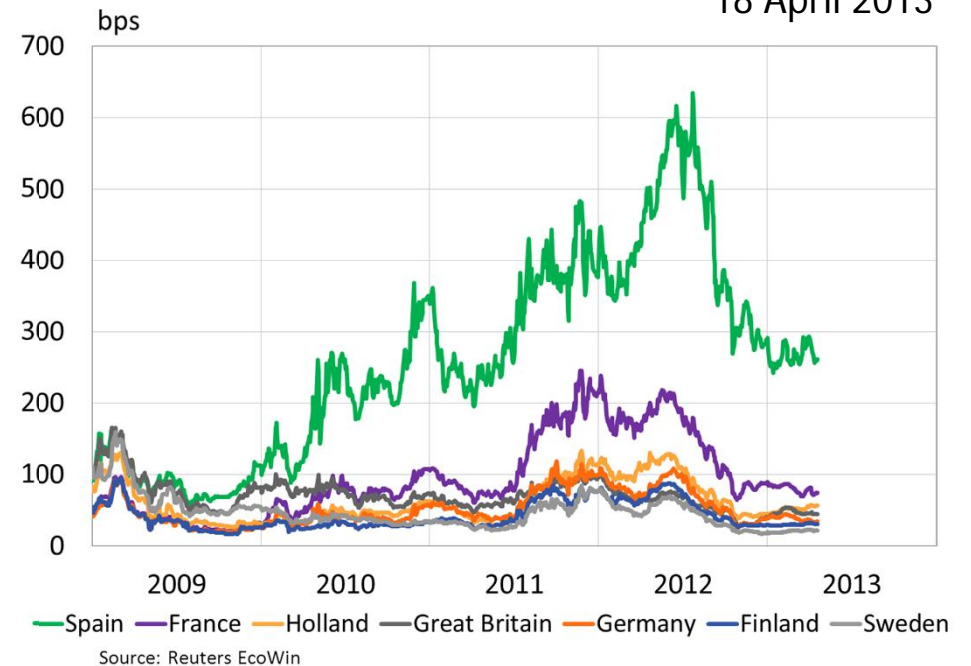
Fiscal Balance and 5-year CDS by Country

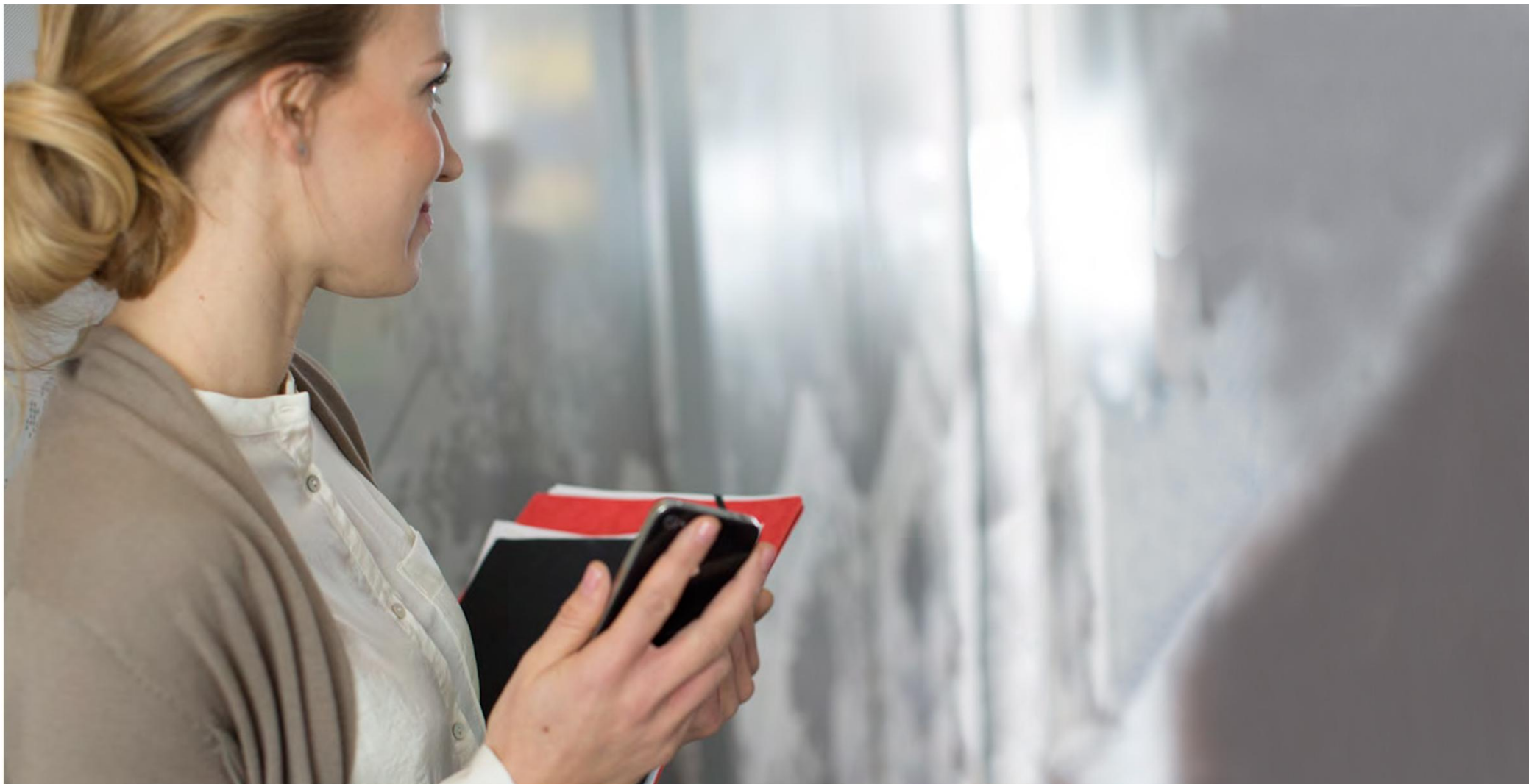
Fiscal balance, forecasts for 2012 and 2013



5yr CDS 2009-2013 by country

18 April 2013





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Pohjola IR team



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