

# Debt Investor Presentation Q2/2013

OP-Pohjola Group and issuing entities  
Pohjola Bank plc and OP Mortgage Bank  
[www.pohjola.com](http://www.pohjola.com) > Investor Relations > Debt Investors

# 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

1. OP-Pohjola Group in Brief
2. Finnish Economy
3. OP-Pohjola Group
4. OP Mortgage Bank
5. OPMB Cover Asset Pool B Characteristics
6. OPMB Cover Asset Pool A Characteristics
7. Debt Investor Relations Contacts
8. Appendix



# OP-Pohjola Group in Brief

## Issuing entities: Pohjola Bank plc and OP Mortgage Bank

- Leading financial services provider in Finland
- Pohjola Bank plc is rated Aa3 by Moody's and AA- by S&P. OP Mortgage Bank's covered bonds are rated Aaa by Moody's and AAA by S&P.
- Strong capital position and deposit funding base
- Liquidity buffer and other items included in OP-Pohjola Group's Contingency Funding Plan to cover 24 months of maturing wholesale funding
- Finnish risk exposure



## Interim Reports of OP-Pohjola Group, Pohjola Bank plc and OP Mortgage Bank online

### OP-Pohjola Group

<https://www.op.fi/op/op-pohjola-group/media/material-service/op-pohjola-group-publications?id=86002&kielikoodi=en>

### Pohjola Bank plc

<https://www.pohjola.fi/pohjola/media/material-service?id=342000&kielikoodi=en>

### OP Mortgage Bank

<https://www.op.fi/op/op-pohjola-group/media/material-service/subsidiaries'-publications?id=86004&kielikoodi=en>



# Finnish Economy

# Forecasts for the Finnish Economy

Published in January 2013

	2012 € bn	2011 Volume, % change on previous year	2012 Volume, % change on previous year	2013f	2014f
GDP	192.5	2.7	-0.8	0.8	1.7
Imports	79.8	6.2	-1.0	0.8	2.5
Exports	78.1	2.7	-0.2	1.2	3.3
Consumption	156.9	1.9	0.3	1.0	1.1
Private consumption	108.5	2.6	0.2	1.3	1.3
Public consumption	48.3	0.5	0.6	0.4	0.6
Fixed investment	37.7	5.7	-1.0	-1.2	2.6

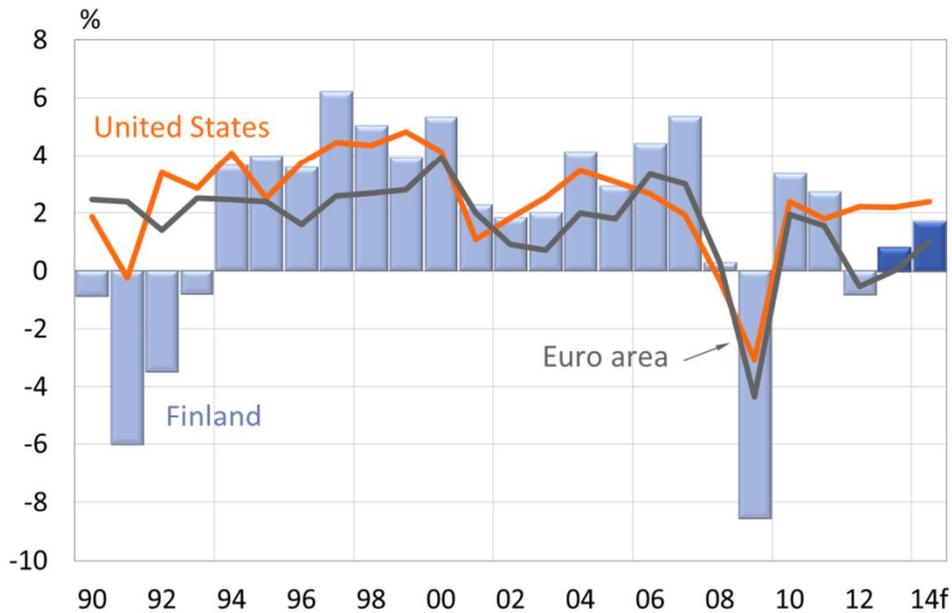
## Other key indicators

	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	-1.5	-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

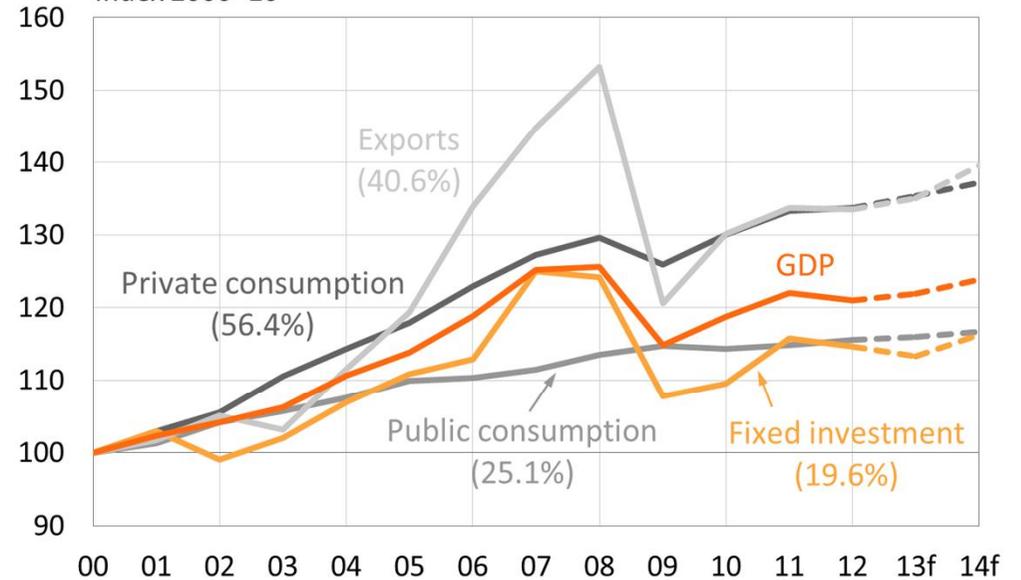


Sources: Reuters EcoWin, forecasts OP-Pohjola Group, January 2013

GDP and demand components

2012 GDP shares in brackets

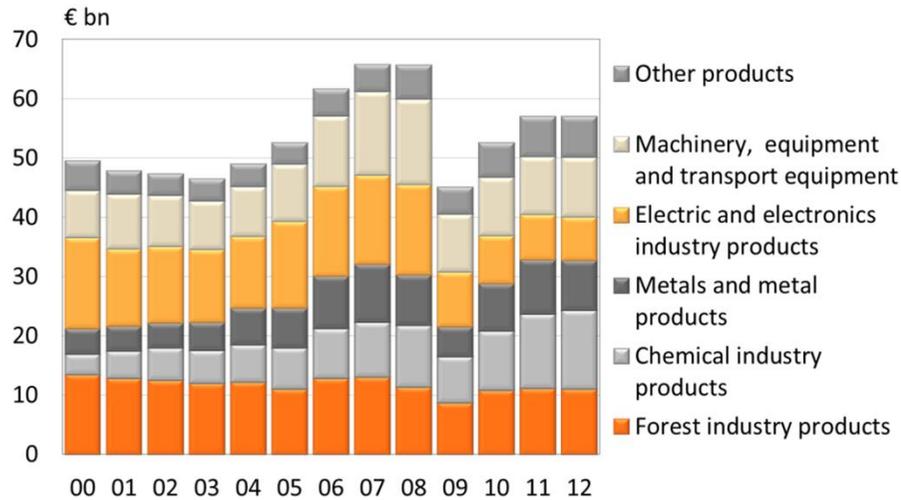
Index 2000=10



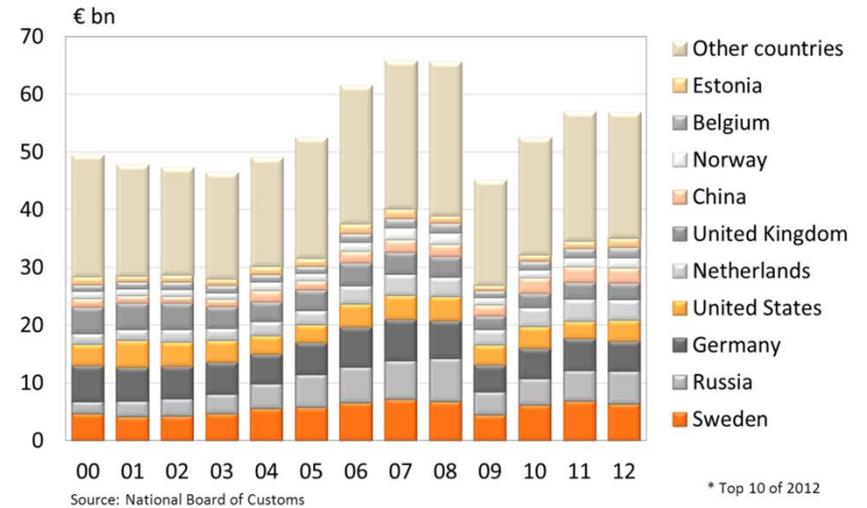
Sources: Statistics Finland, forecasts OP-Pohjola Group, January 2013

# Goods Exports by Product Group and by Country

Exports by commodity group

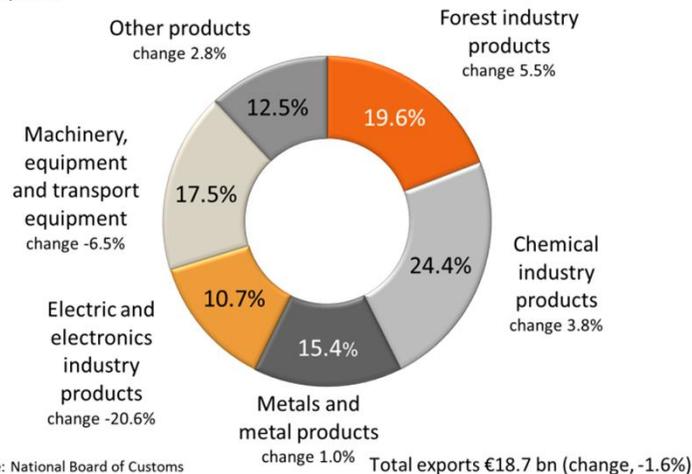


Finlands' largest\* export countries



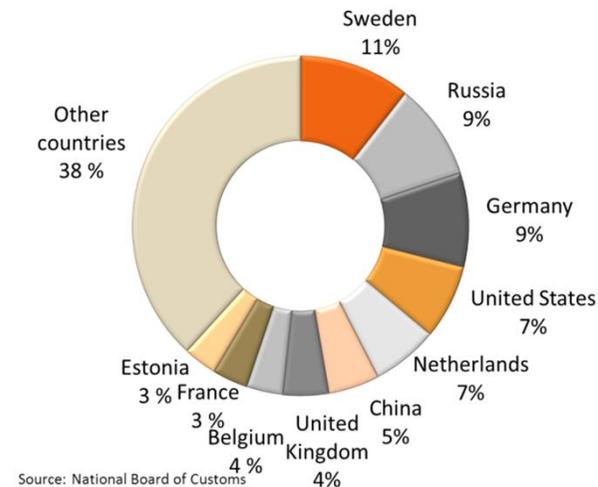
Goods exports by product group

Share of total exports and annual change 1-4/2013

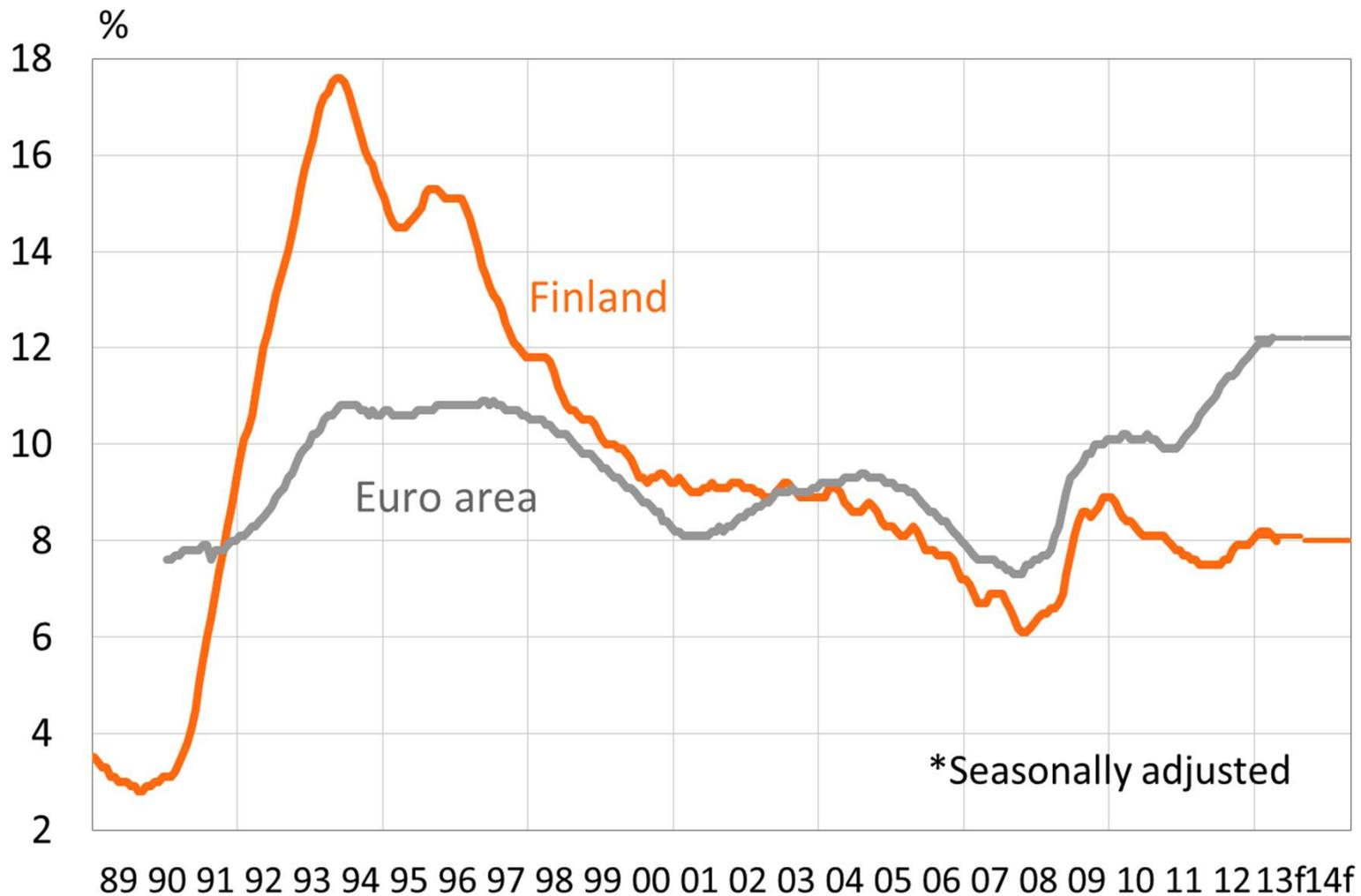


Goods exports by country

1-4/2013



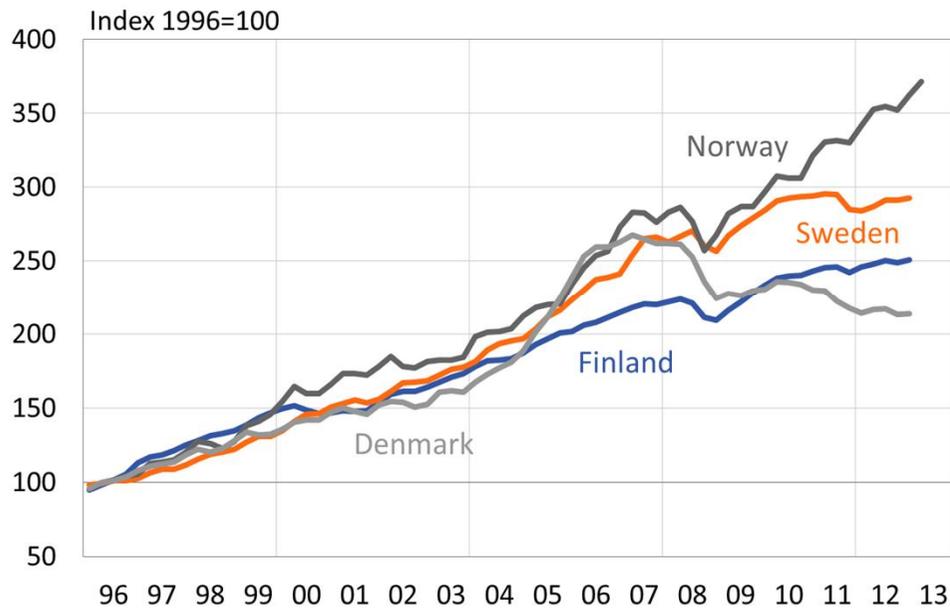
# Unemployment Rate\* in Finland and Euro Area



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

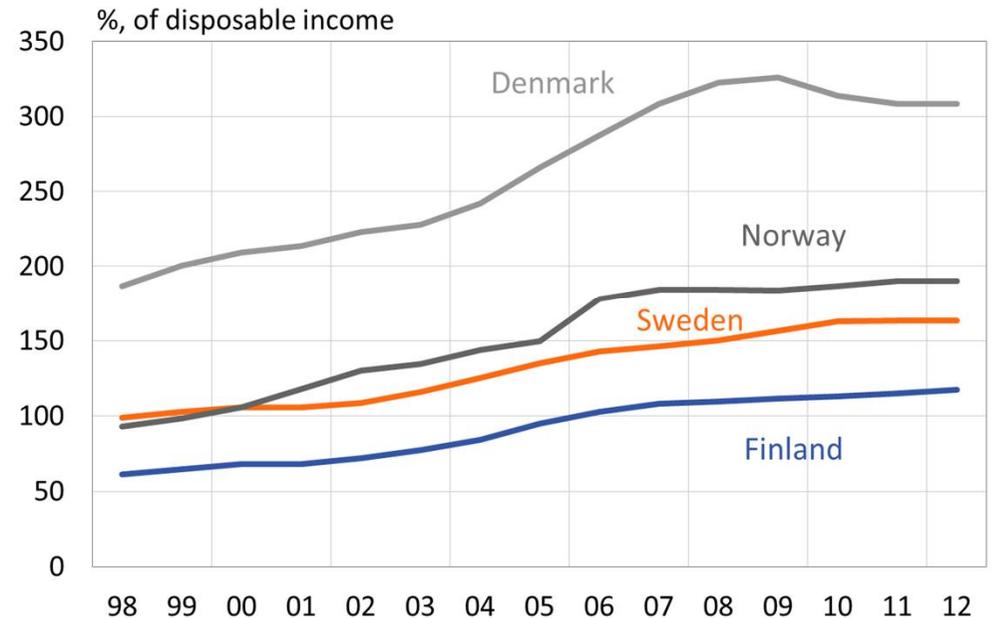
# Average House Prices and Households' Debt

Average house prices



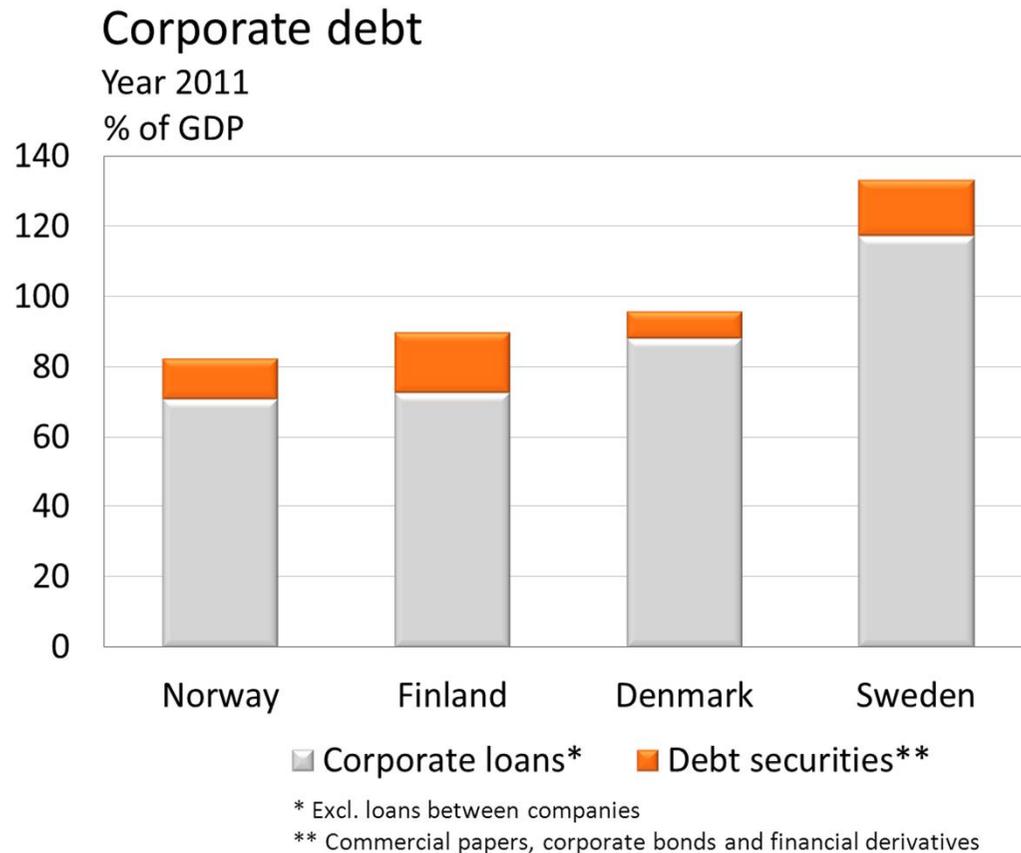
Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio



Sources: Central Banks, Statistics Finland

# Corporate Debt to GDP and Financial Condition of the Finnish Corporate Sector



Source: Eurostat, Consolidated Financial Accounts

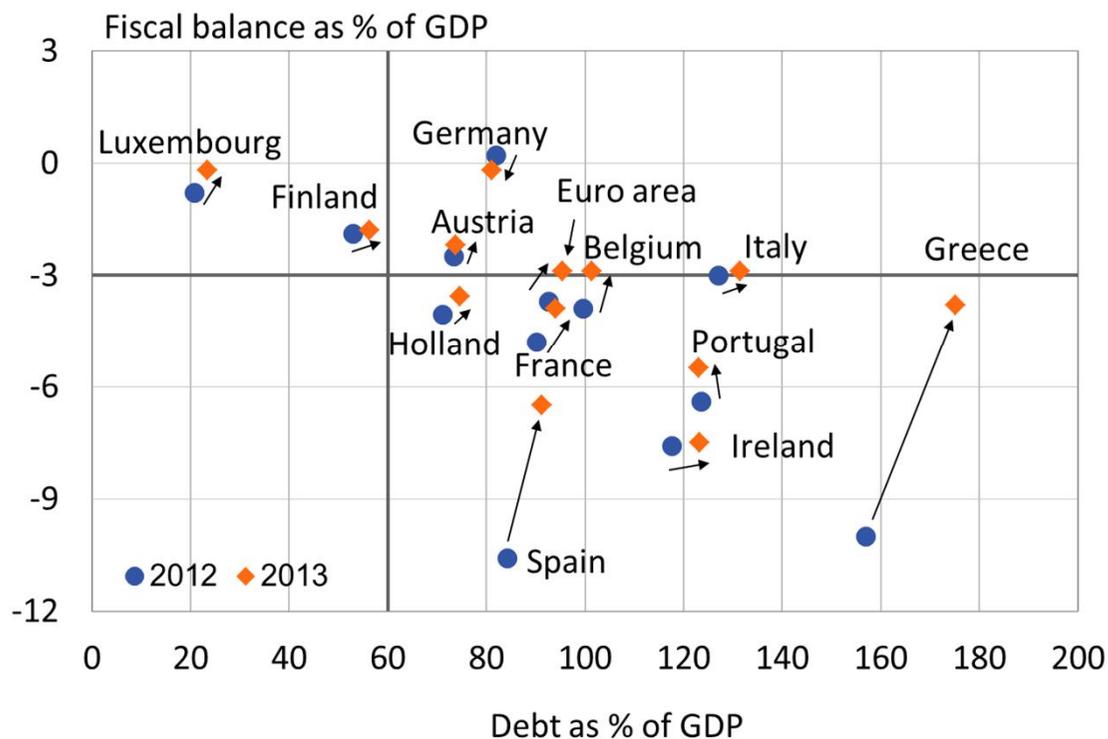
- Top 650 companies account for 45% of the turnover in the Finnish corporate sector
- Average equity ratio of the 500 largest Finnish companies was 41.2% in 2011
- Average net profit ratio of the 500 largest Finnish companies was 3.5% in 2011

Source: Statistics Finland

# Fiscal Balance and Sovereign Ratings for Euro Area

22 July 2013

Fiscal Balance, forecasts for 2012 and 2013



Source: European Commission, May 2013

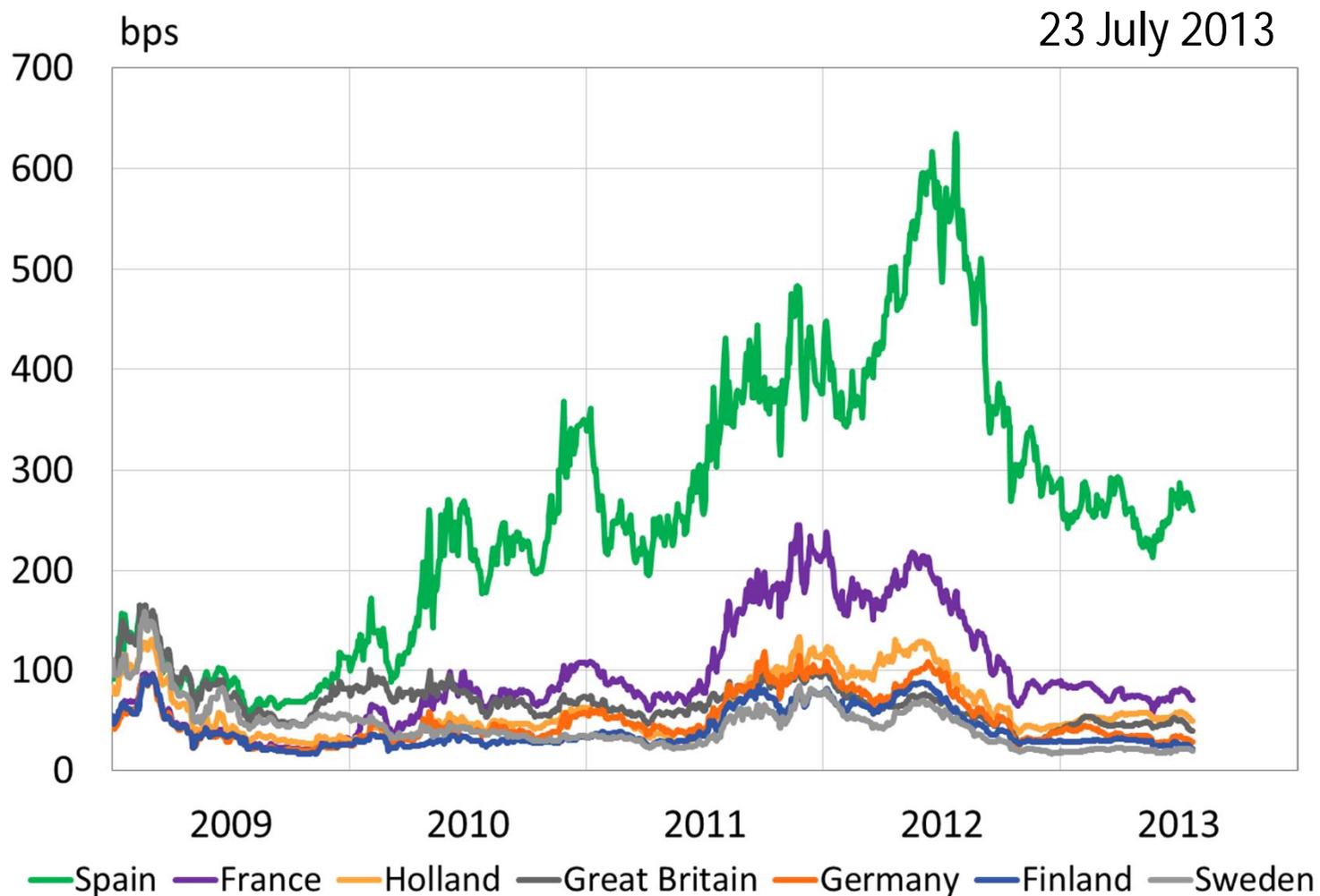
Country	Moody's rating	S&P rating
Finland	Aaa	AAA
Germany	Aaa*	AAA
Luxembourg	Aaa*	AAA
Netherlands	Aaa*	AAA*
Austria	Aaa*	AA+
France	Aa1*	AA+*
Belgium	Aa3*	AA*
Estonia	A1	AA-
Slovakia	A2*	A
Malta	A3*	BBB+
Italy	Baa2*	BBB*
Spain	Baa3*	BBB-*
Slovenia	Ba1*	A-
Ireland	Ba1*	BBB+**
Portugal	Ba3*	BB*
Cyprus	Caa3*	CCC+
Greece	C (No outlook)	B-

\* Negative outlook

\*\* Positive outlook

Sources: moodys.com and standardandpoors.com

# 5-year CDS 2009–13 by Country

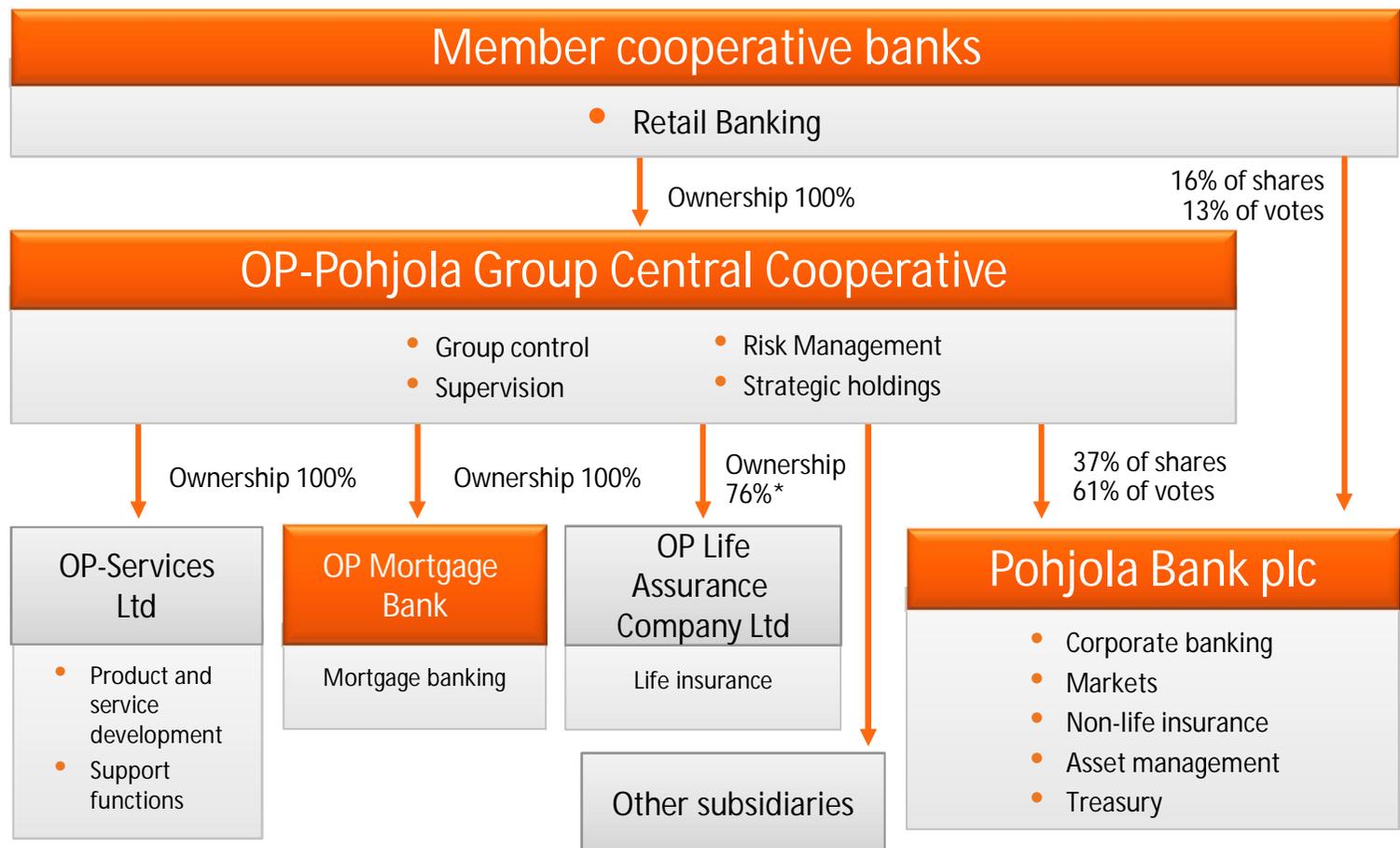


Source: Reuters EcoWin



# OP-Pohjola Group

# Ownership Structure and the Roles of Group Entities



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.

Issuing entities are Pohjola Bank plc and OP Mortgage Bank.

\*OP Life Assurance Company Ltd is fully owned by OP-Pohjola Group entities

30 June 2013	Balance sheet total, € mn	Equity capital, € mn
OP-Pohjola Group	100,461	7,244
Pohjola Bank plc	44,156	2,760

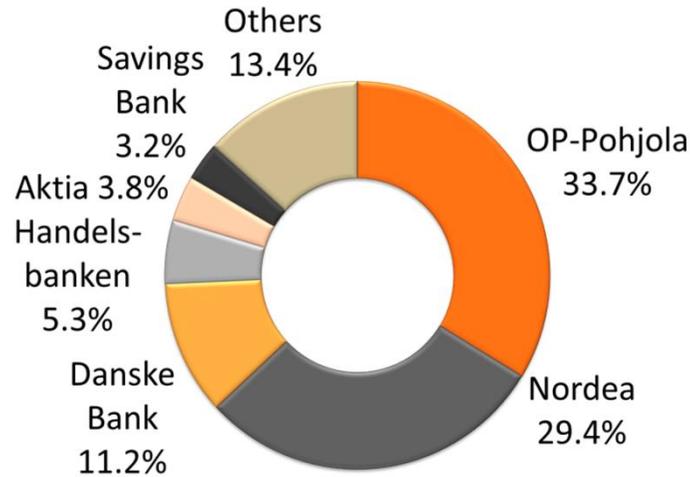
# Joint Liability

- Under the Act on the Amalgamation of Deposit Banks (*Laki talletuspankkien yhteenliittymästä 599/2010*), OP-Pohjola Group Central Cooperative and the member credit institutions are jointly liable for each others' debts
- If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from the Central Cooperative
- The member credit institutions must pay proportionate shares of the amount the Central Cooperative has paid, and upon insolvency of the Central Cooperative they have an unlimited liability to pay the debts of the Central Cooperative
- The Central Cooperative and the member credit institutions are under an obligation to take support actions to prevent a member credit institution's liquidation
- The member credit institutions include Pohjola Bank plc, Helsinki OP Bank plc, OP-Kotipankki Oyj, OP Mortgage Bank and the member cooperative banks
- Further information on the joint liability is available in the EMTN Base Prospectus.

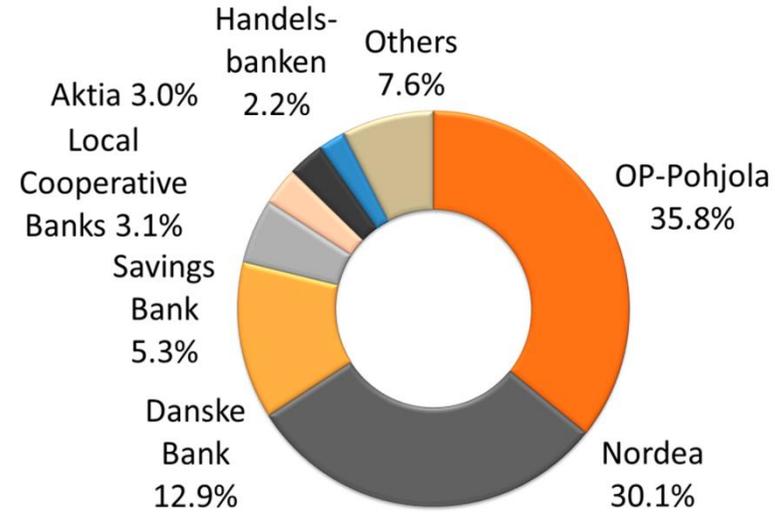
# Market Leader in Finland

## Market shares in 2012

### Loans

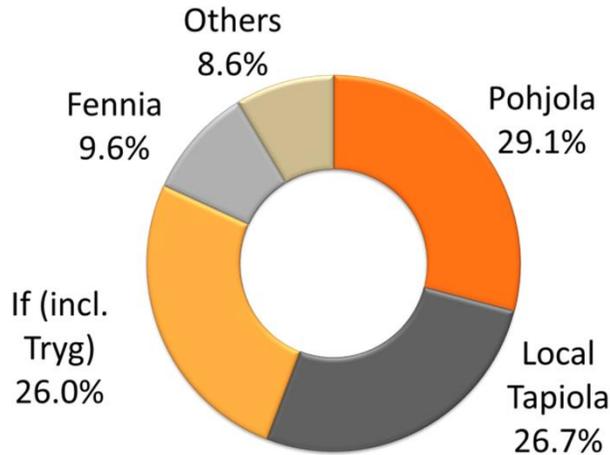


### Deposits



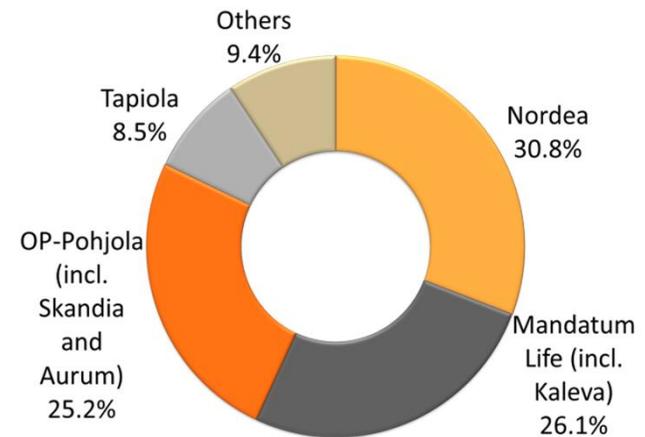
### Non-life Insurance

Market share of premiums written under Finnish direct insurance



### Life Insurance

Market share of gross premiums written



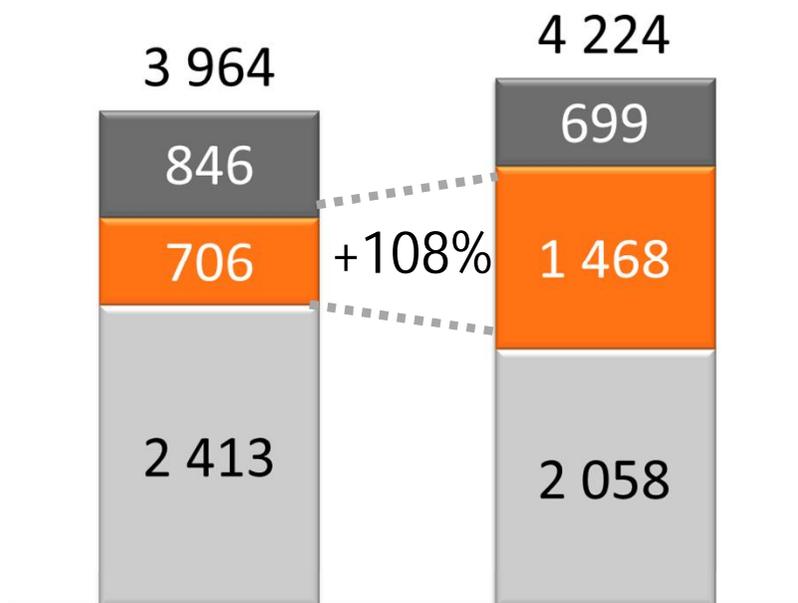
Source: Federation of Finnish Financial Services

# Huge Customer Potential

Cross-selling between OP-Pohjola Group member cooperative banks and Pohjola Insurance works well

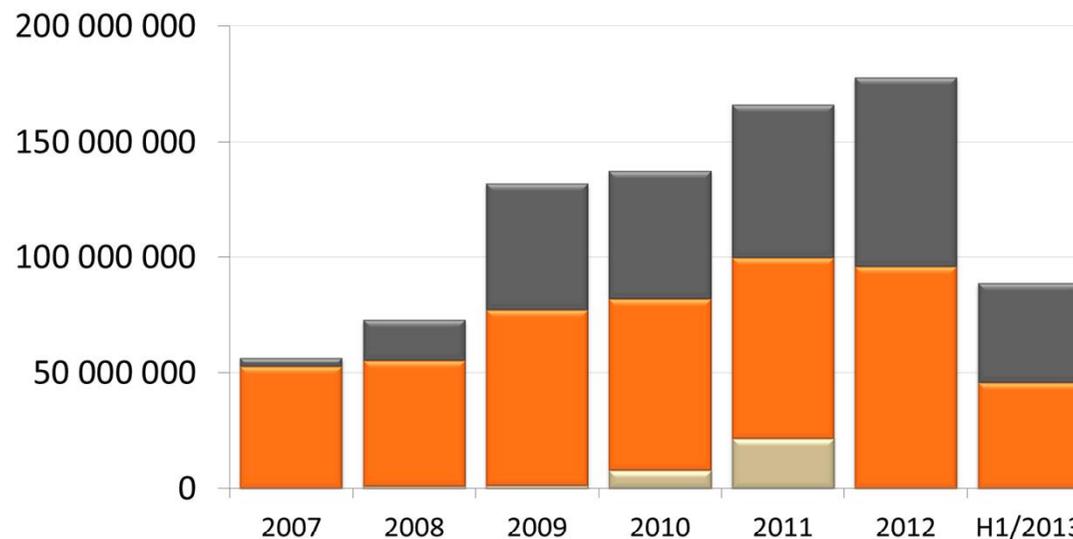
The number of customers shared by Banking and Non-life Insurance increased by 43,000 in H1/2013.

1,000 customers



- Non-life insurance customers
- Banking and non-life insurance customers
- Banking customers

OP bonuses to customers reached a new high in 2012, €173 mn (2005: €42 mn)  
Use of bonuses H1/2013: €89 mn

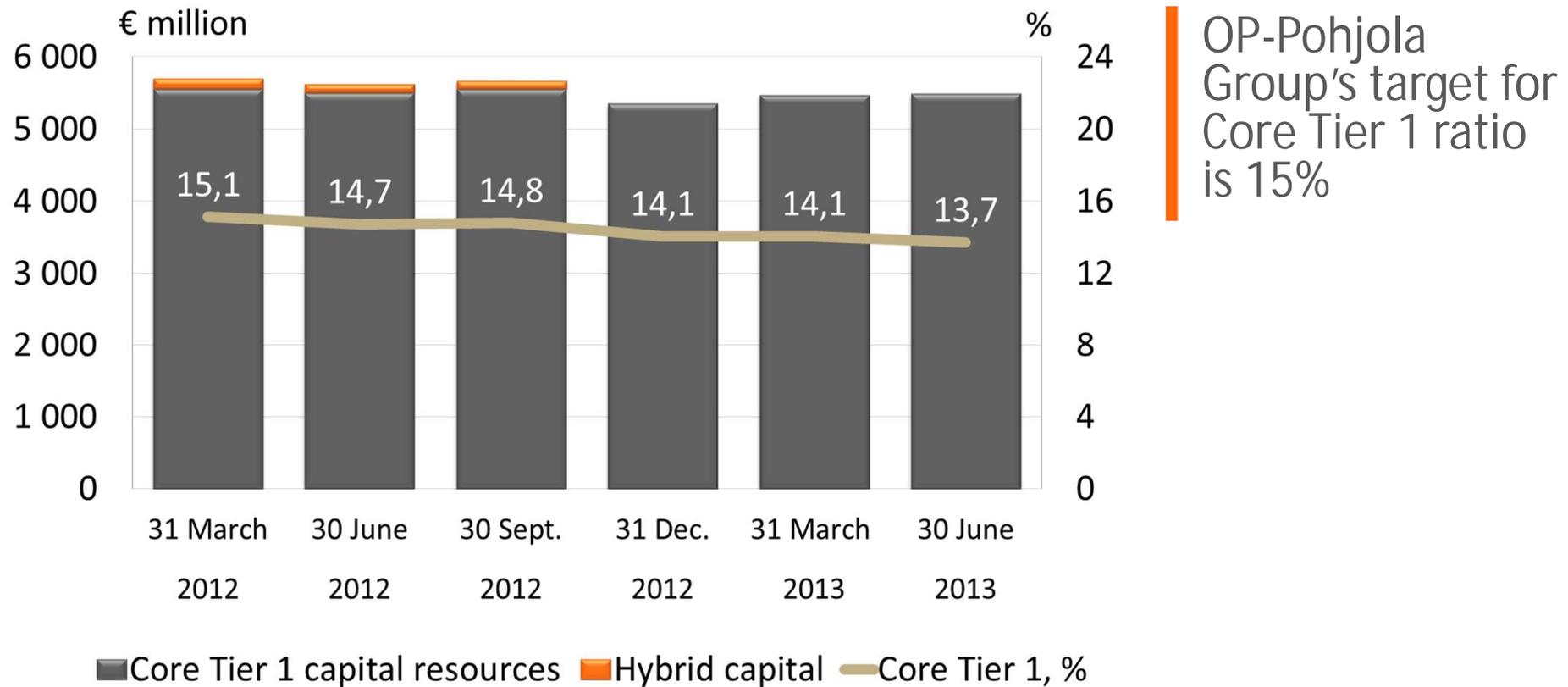


- Insurance premiums
- Banking services
- Encashed (no longer possible after 31 Oct. 2011)

Insurance premiums paid using bonuses totalled €43 million in H1/2013. In H1/2013, OP bonuses were used to pay 878,000 insurance premiums, with 122,000 paid in full using bonuses only.

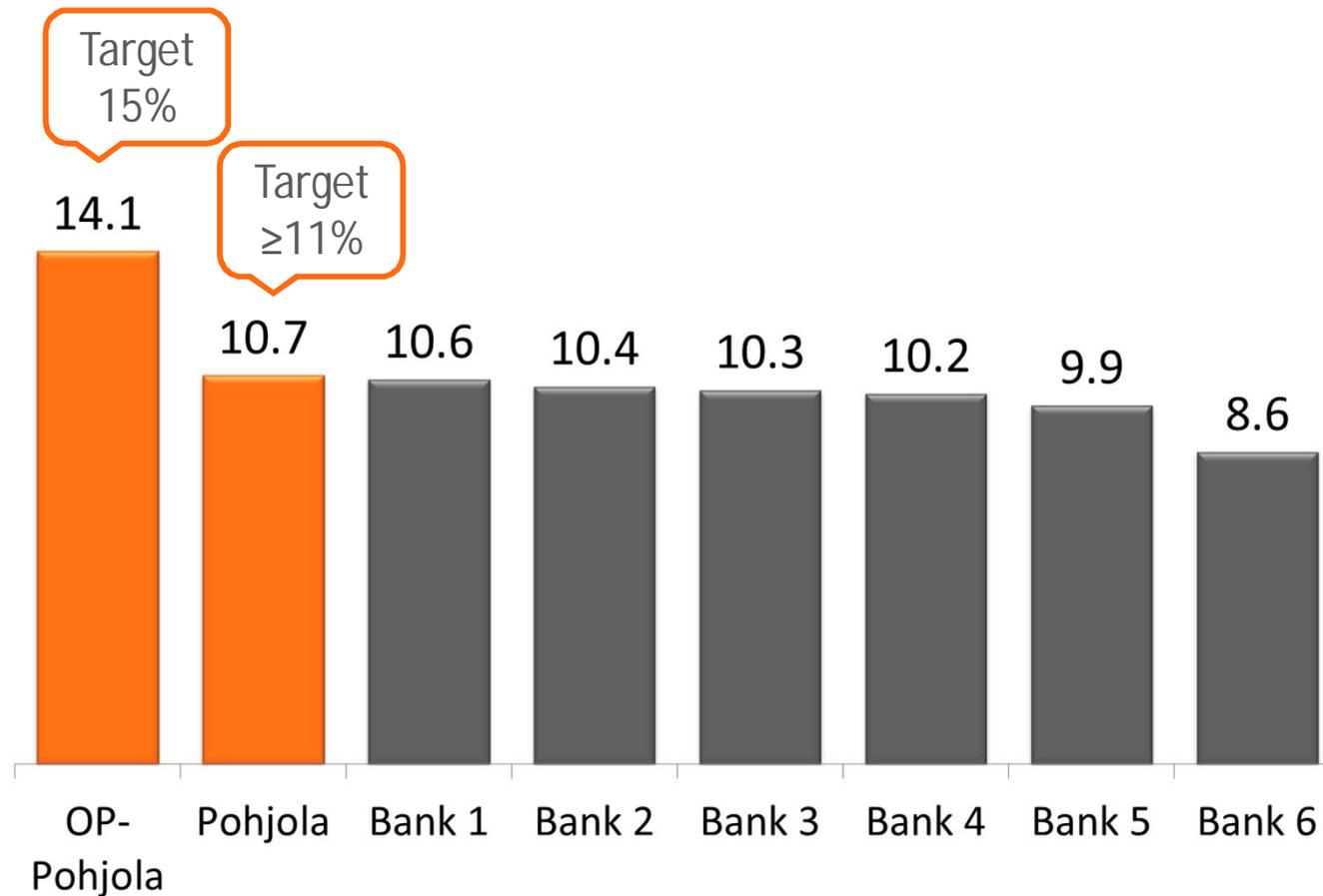
# Capital Resources and Core Tier 1 ratio

(incl. Basel II transitional rules)



# Core Tier 1 Ratio Including Basel II Transitional Rules Compared with Nordic Peer Banks\*

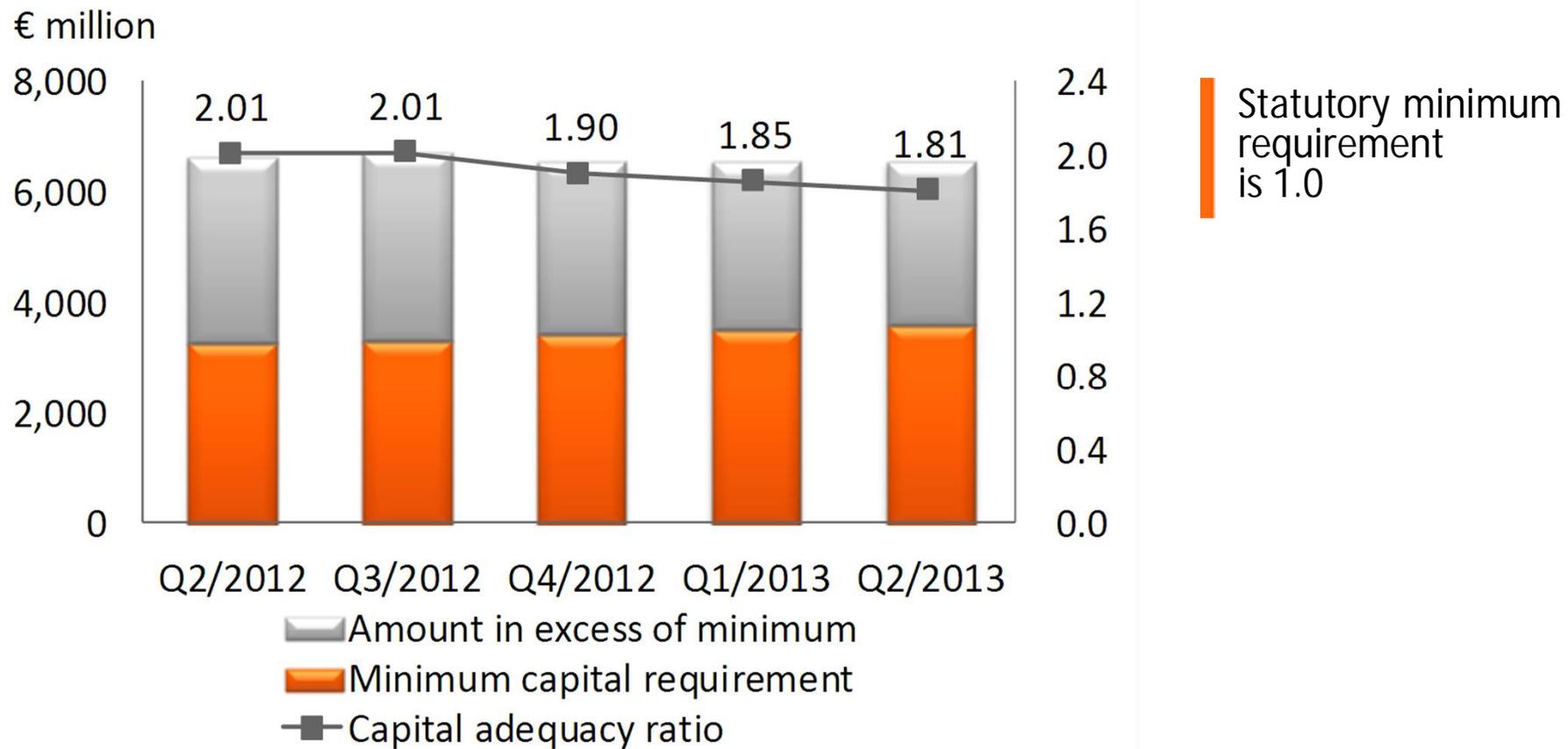
31 March 2013



Sources: Banks' interim reports Q1/2013 and OP-Pohjola Group

\* Nordic peer banks: Danske Bank, DNB, Handelsbanken, Nordea, SEB and Swedbank

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



# 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- <sup>**</sup>	AA-
Nordea	Aa3	AA- <sup>*</sup>	AA-
Pohjola Bank plc	Aa3	AA- <sup>*</sup>	A+
DNB	A1	A+	A+
SEB	A1	A+ <sup>*</sup>	A+
Swedbank	A1	A+	A+
Danske Bank	Baa1	A-	A
OP Mortgage Bank <sup>***</sup>	Aaa	AAA	-
Pohjola Insurance Ltd	A3	AA- <sup>*</sup>	-
If	A2	A	-
Finnish government	Aaa	AAA	AAA

- S&P affirmed AA- rating and negative outlook for Pohjola Insurance Ltd on 5 July 2013
- Fitch affirmed A+ rating and stable outlook for Pohjola Bank plc on 4 April 2013
- Moody's affirmed Aa3 rating and stable outlook for Pohjola Bank plc during Q2/2012

\* Rating outlook is negative

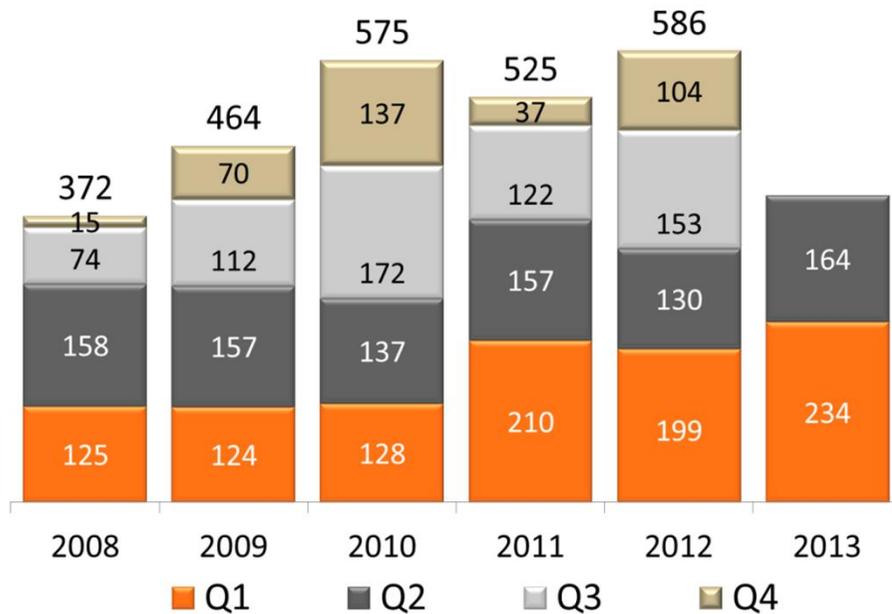
\*\* Credit Watch Negative

\*\*\* Covered bond rating

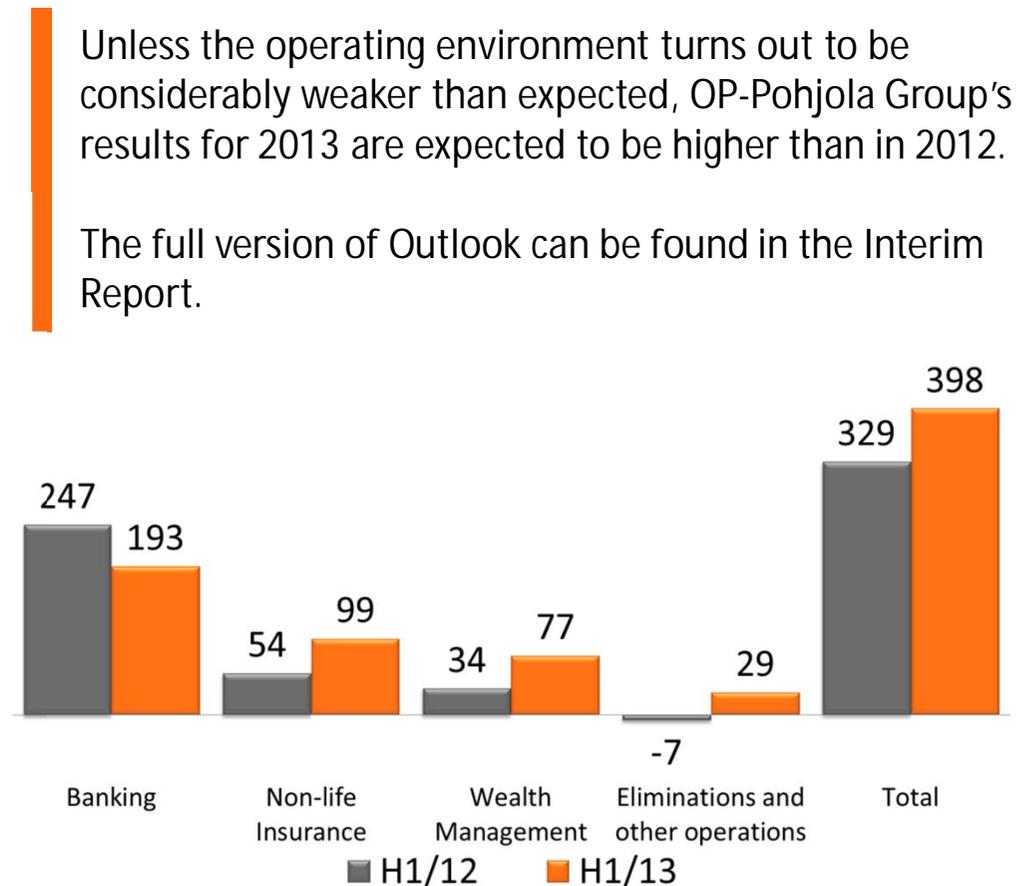
Updated: 22 July 2013

# Earnings Before Tax for H1/13 Amounted to €398 Million (329)

Earnings before tax by quarter, between 2008 and Q2/2013, € mn



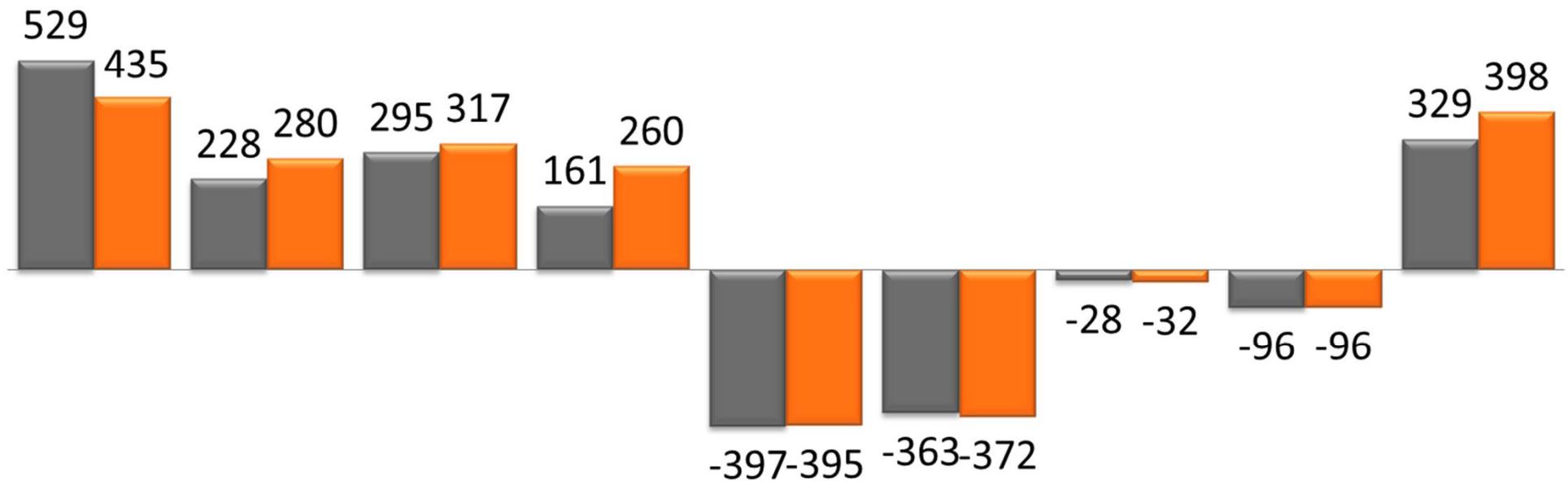
Earnings before tax by business segment, year-on-year H1/13 vs. H1/12, € mn



Unless the operating environment turns out to be considerably weaker than expected, OP-Pohjola Group's results for 2013 are expected to be higher than in 2012.

The full version of Outlook can be found in the Interim Report.

# Income Statement Items, Year-on-year H1/13 vs. H1/12, € mn



Net interest income

Net income from Non-life Insurance

Net commissions and fees

Other income

Personnel costs

Other expenses

Impairments of receivables

Returns to owner-members and OP bonus customers

Earnings before tax

■ H1/2012

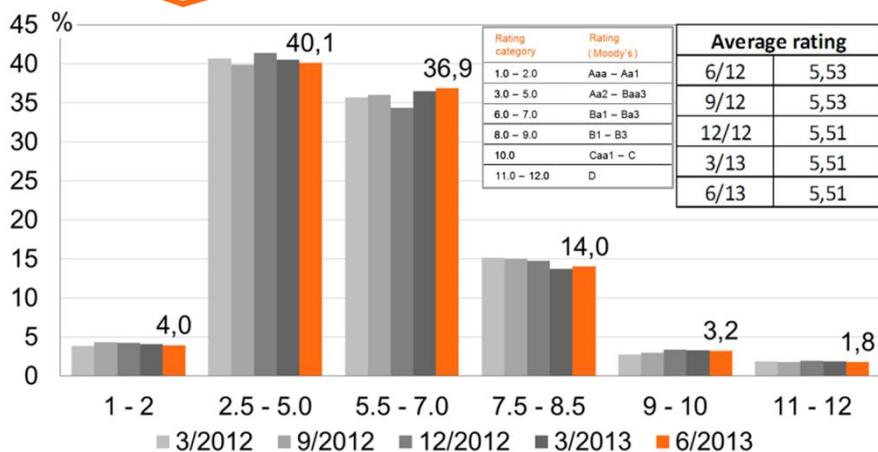
■ H1/2013



# Asset Quality

Exposures from the Non-financial Corporations and Housing Corporations Sector by credit rating category, %

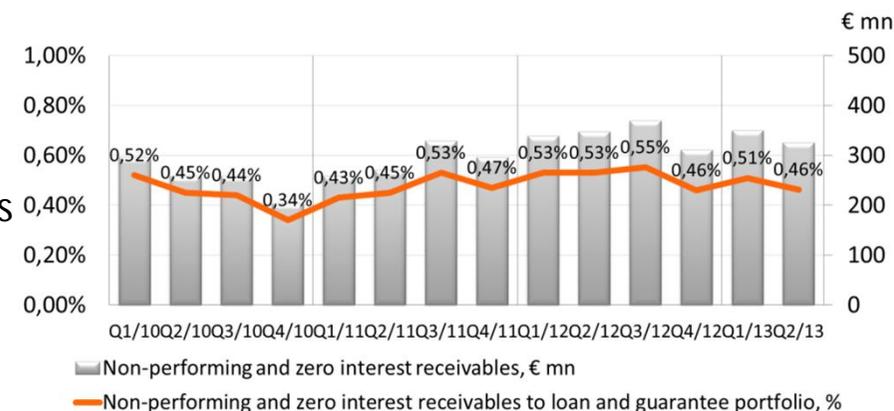
Investment-grade (1-5) exposures 44%



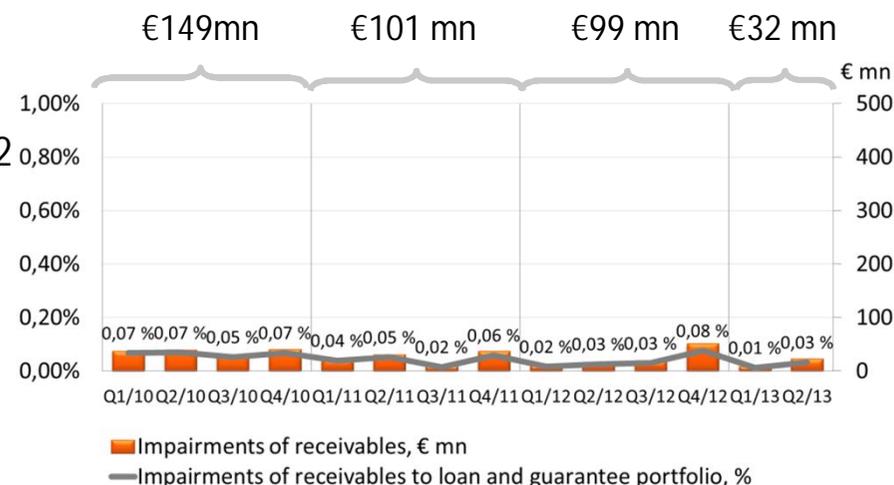
At year-end 2012, ratio of current impairment loss to doubtful receivables

45.8% (45.2)

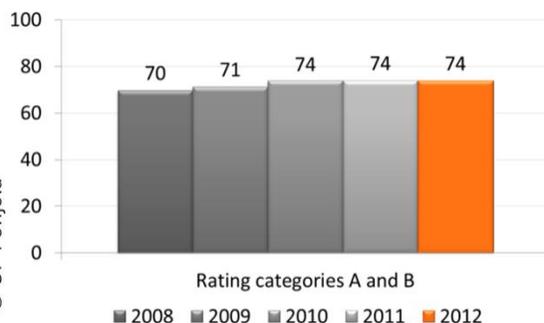
Ratio of non-performing and zero-interest receivables to loan and guarantee portfolio (%) and € mn



Ratio of impairment loss on receivables to loan and guarantee portfolio (%) and € mn



Private Customer exposures of credit rating categories A and B, %



Largest single counterparty-related customer risk to Group's capital resources at year-end 2012

6.9% (7.2)

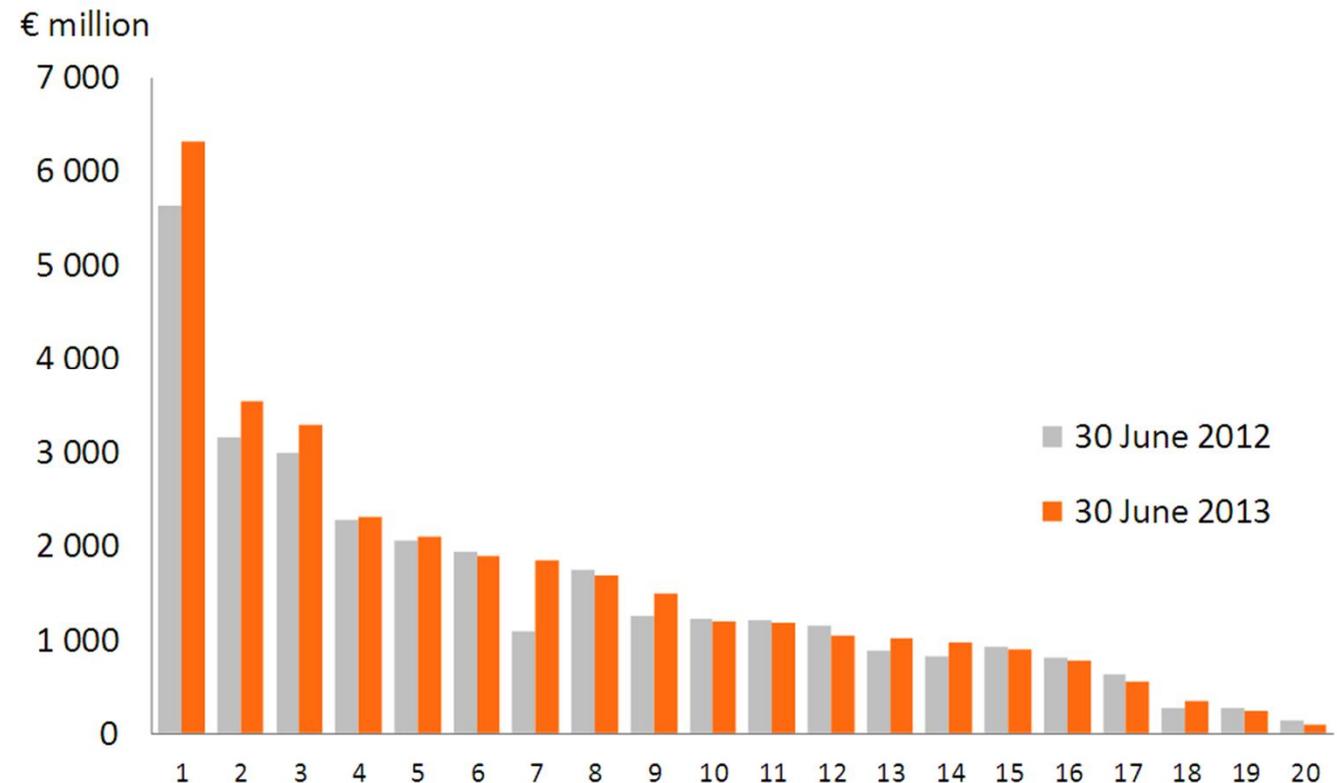
At year-end 2012, PD of private customer exposures with a credit rating of A and B a maximum of

0.01% (0.01)

# Exposures from the Non-financial Corporations and Housing Corporations Sector by Industry

€32.7 billion as of 30 June 2013

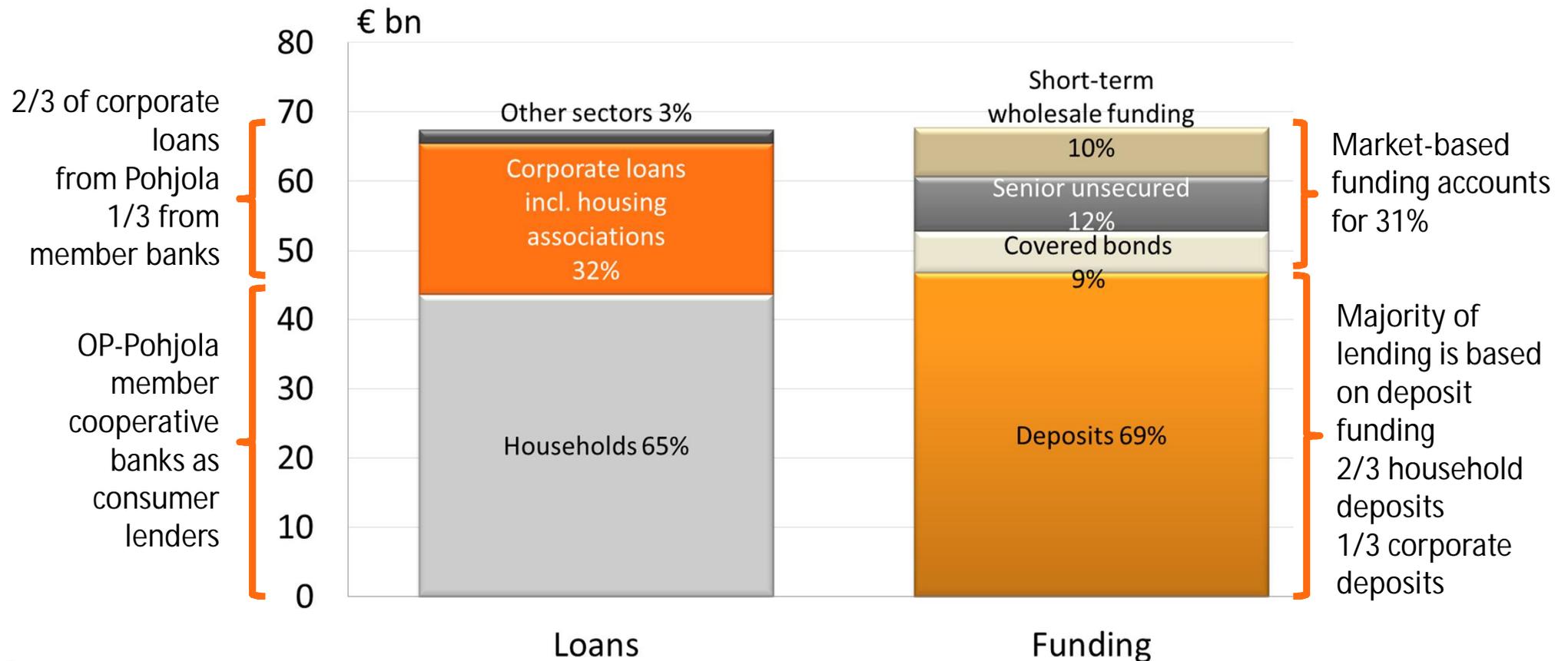
	30 June 2012	30 June 2013
1 Renting and operating of residential real estate	18,6%	19,3%
2 Renting and operating of other real estate	10,4%	10,8%
3 Wholesale and retail trade	9,8%	10,1%
4 Construction	7,5%	7,0%
5 Services	6,7%	6,4%
6 Manufacture of machinery and equipment (incl. services)	6,3%	5,8%
7 Energy	3,6%	5,6%
8 Transportation and storage	5,7%	5,2%
9 Financial and insurance services	4,1%	4,5%
10 Forest Industry	4,0%	3,6%
11 Real estate investments	4,0%	3,6%
12 Metal Industry	3,8%	3,2%
13 Agriculture, forestry and fishing	2,9%	3,1%
14 Information and communication	2,7%	2,9%
15 Food Industry	3,1%	2,7%
16 Chemical Industry	2,6%	2,4%
17 Other manufacturing	2,0%	1,7%
18 Water supply, sewerage and waste management	0,9%	1,1%
19 Mining and quarrying	0,9%	0,7%
20 Other industries	0,4%	0,3%



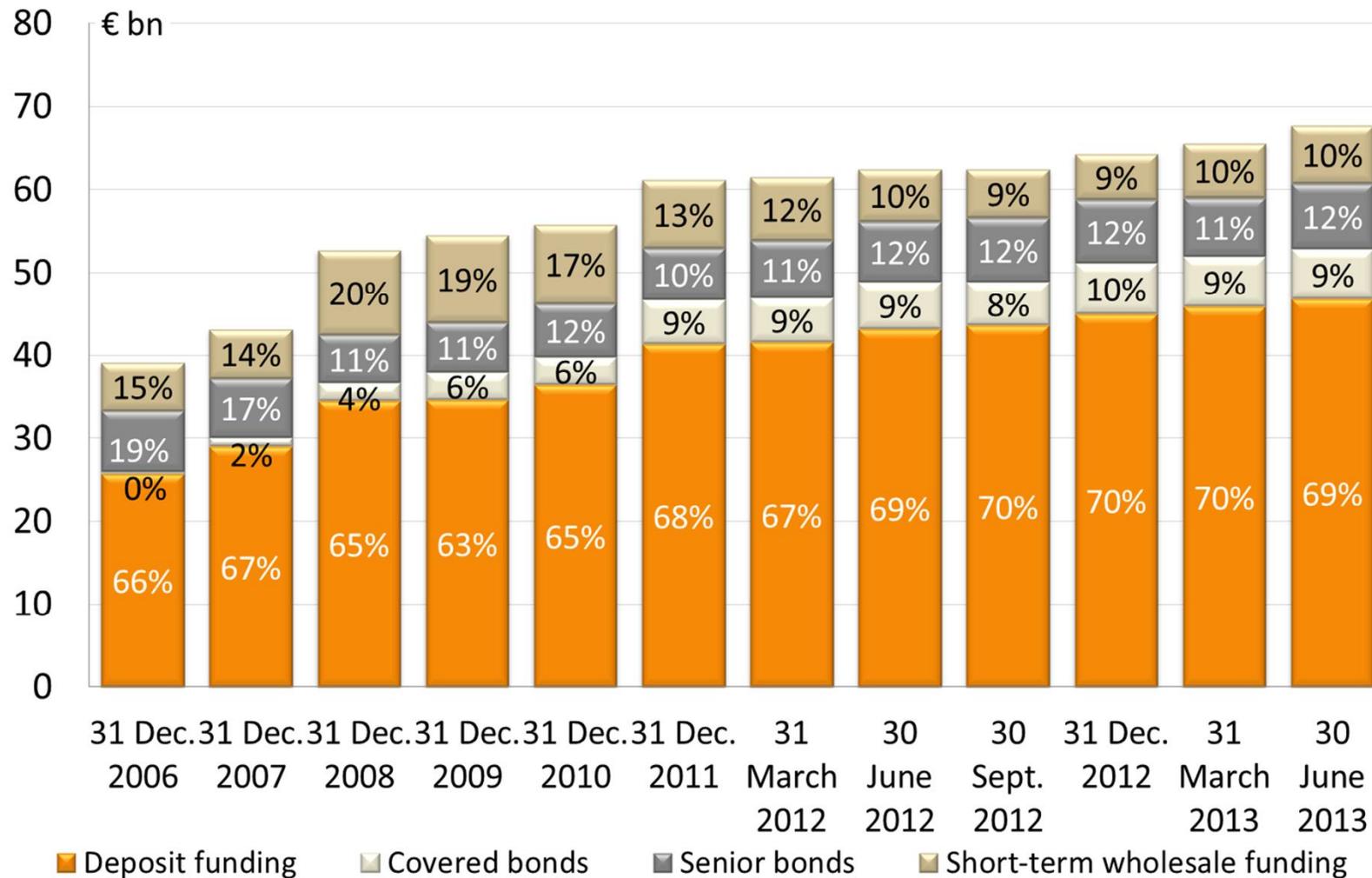
19% of the exposure in the renting and operating of residential real estate sector is guaranteed by government, cities or municipalities (30 June 2013)

# Loans and Funding Structure

30 June 2013



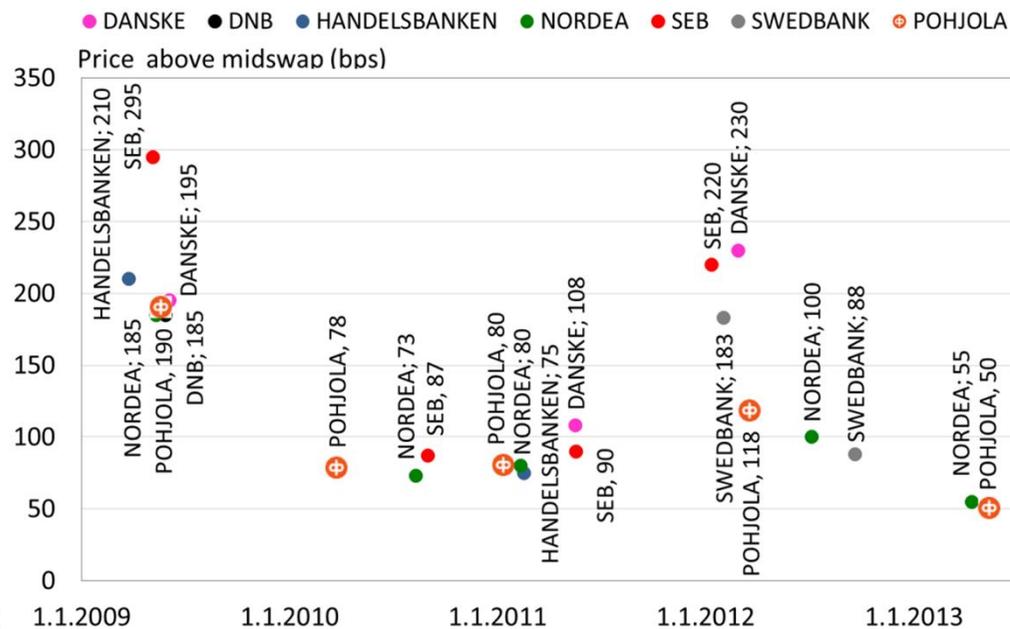
# Funding Structure Development 2006–30 June 2013



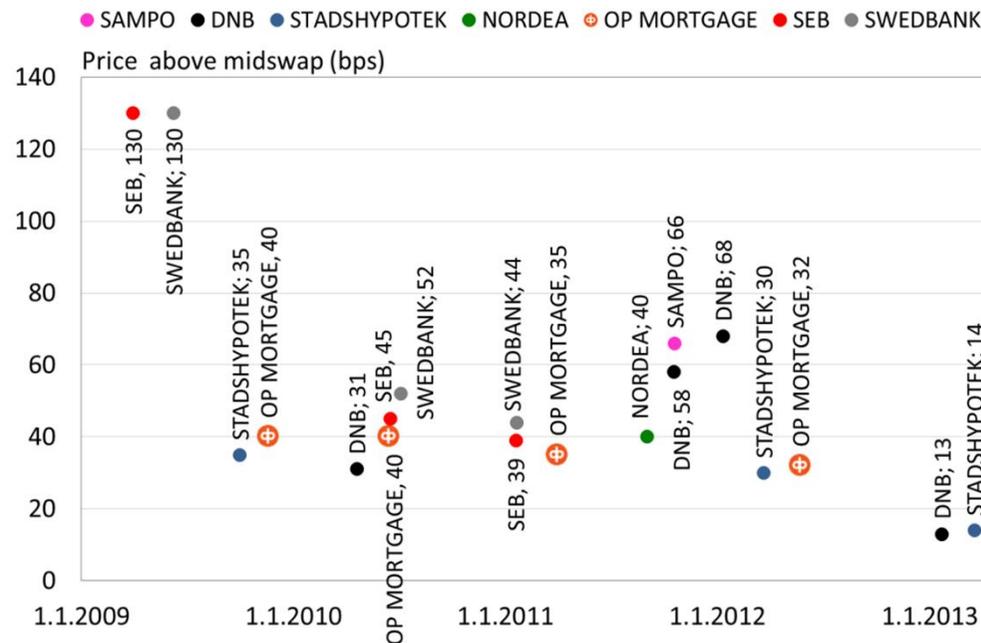
# Cost of Funding at the Same Favourable Level with Nordic Peers

Pohjola Bank plc's 5-year benchmark issuance compared to Nordic peers

OP Mortgage Bank's 5-year benchmark issuance compared to Nordic peers



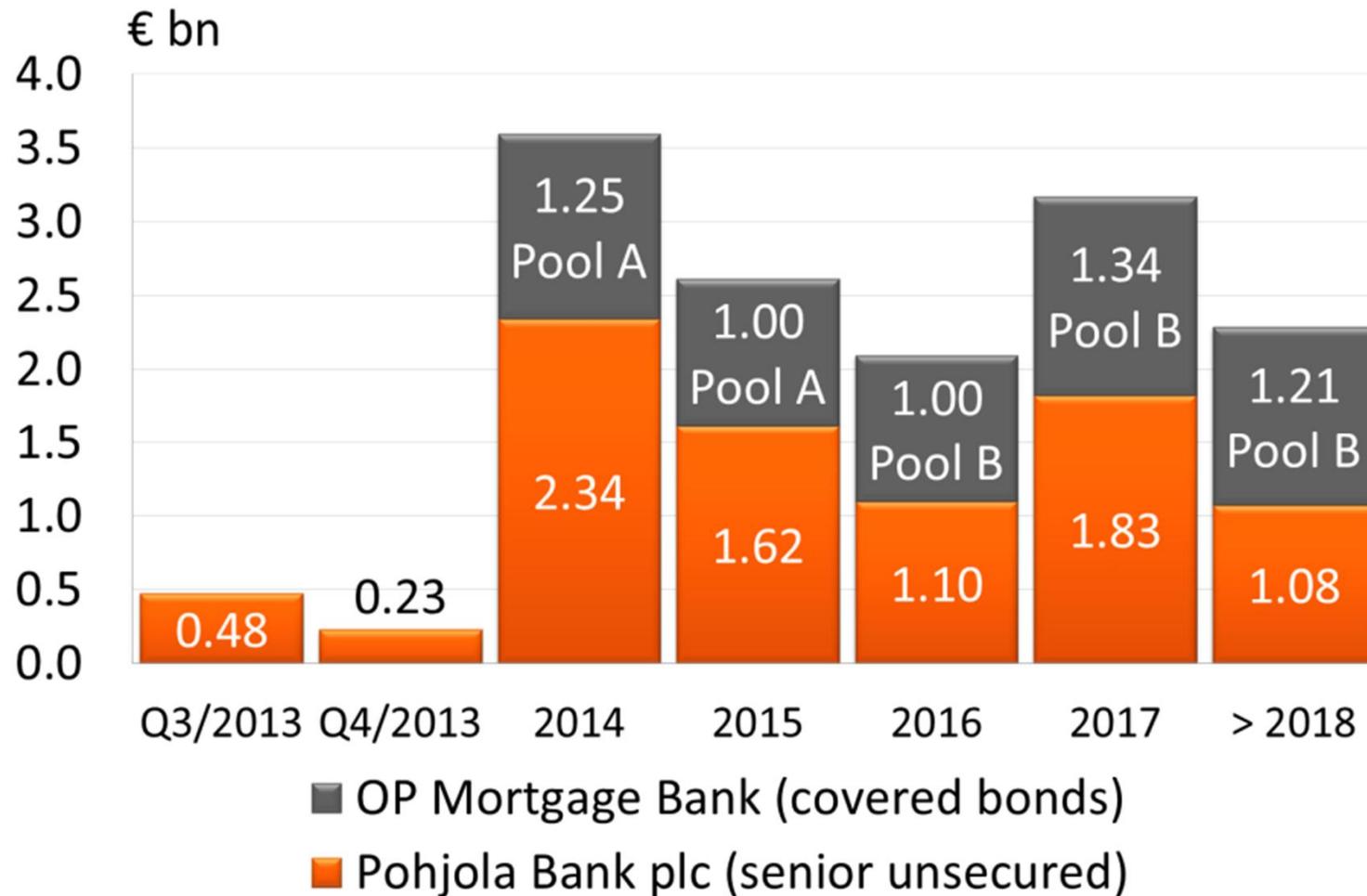
Source: Bloomberg, Pohjola Treasury



Source: Bloomberg, Pohjola Treasury

# Issued Senior Debt and Covered Bonds by Maturity

30 June 2013



# Issued Senior Debt and Covered Bonds in 2010–13

## Pohjola Bank plc, Senior issues

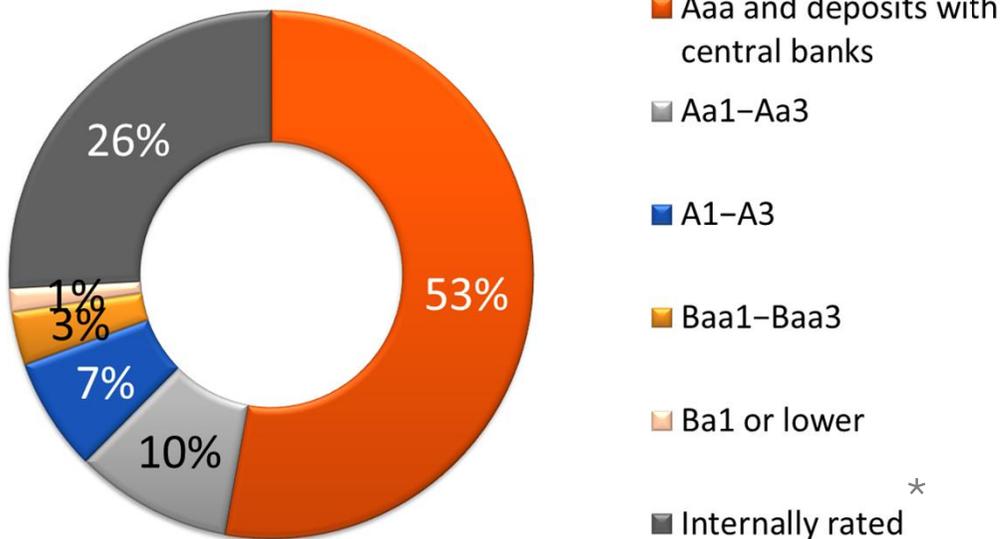
Year	Month	Amount	Maturity	Interest rate
2013	June	¥30 bn (€237 mn)	3-5 years	m/s+50-73 bps, Eb3+90bps
2013	May	€500 mn	5 yrs	m/s+50bps
2012	March	€750 mn	5 yrs	m/s+118bps
2011	January	€500 mn	5 yrs	m/s+80bps
2010	September	€750 mn	7 yrs	m/s+88bps
2010	March	€750 mn	5 yrs	m/s+78bps
2010	February	€750 mn	3 yrs	3mEuribor +53bps

## OP Mortgage Bank, Covered bond issues

Year	Month	Amount	Maturity	Interest rate
2012	May	€1.25 bn	5 yrs	m/s+32bps
2011	July	€1 bn	7 yrs	m/s+48bps
2011	April	€1 bn	5 yrs	m/s+35bps
2010	June	€1 bn	5 yrs	m/s+40bps

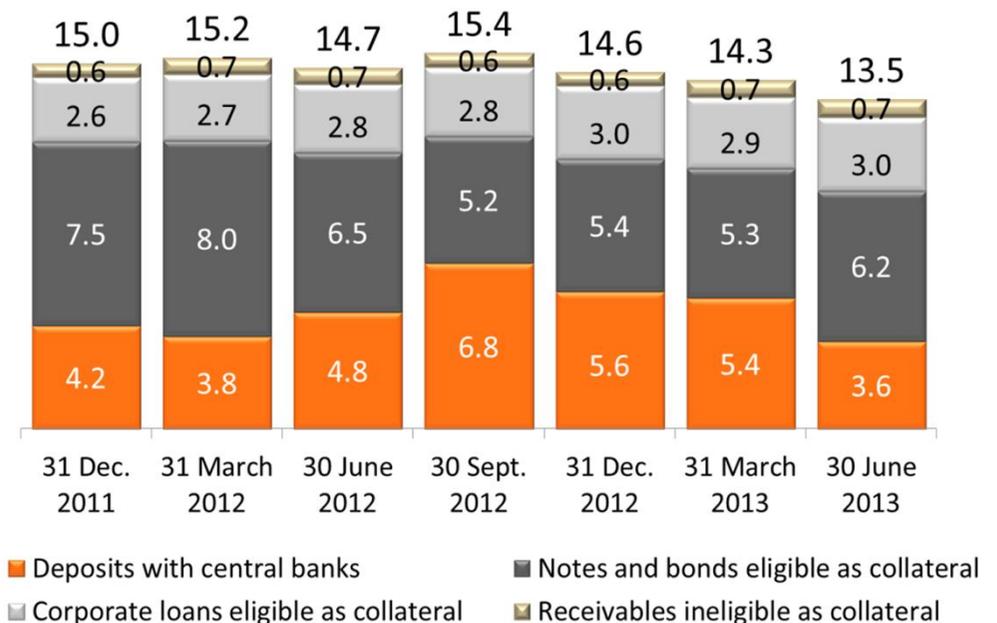
# No Major Changes in the Allocation of the Liquidity Buffer in Q2/2013

Liquidity buffer (€13.5 bn) by credit rating as of 30 June 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.



# OP Mortgage Bank

# Overview: Finnish Housing Market

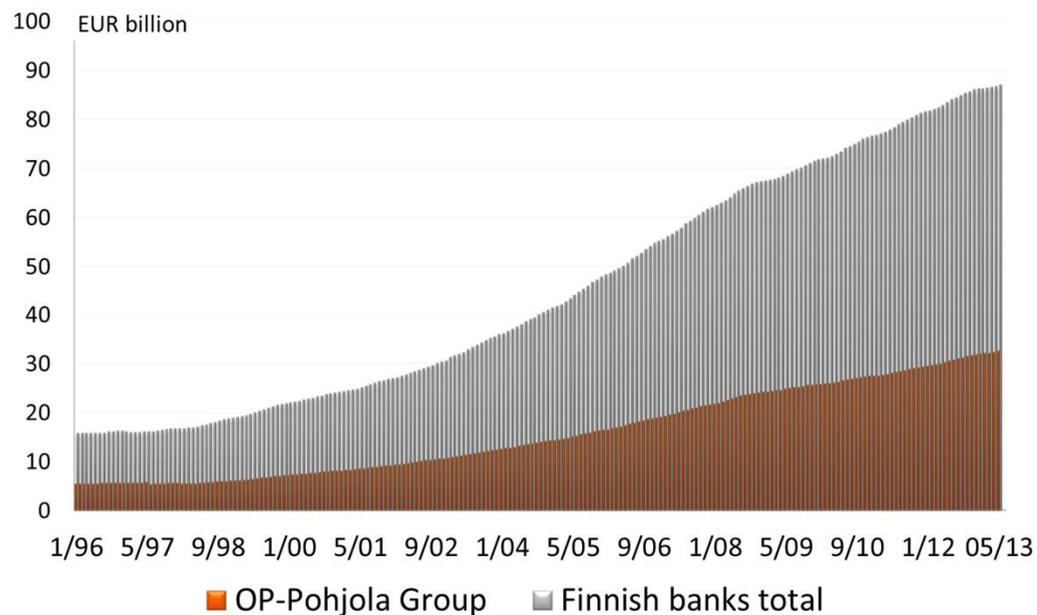
- Ownership ratio of households around 70%
- Average size of homes 79.9 m<sup>2</sup>
- Floor space per occupant 39.6 m<sup>2</sup>
- Typical maturity of new loans 20 years
- Variable interest rates: over 90% of all loans
- Average annual housing starts around 29,500
- Interest relief in taxation (max. €3,600 / household)
- Capital gains tax-exempt after 2 years

As of June 2013

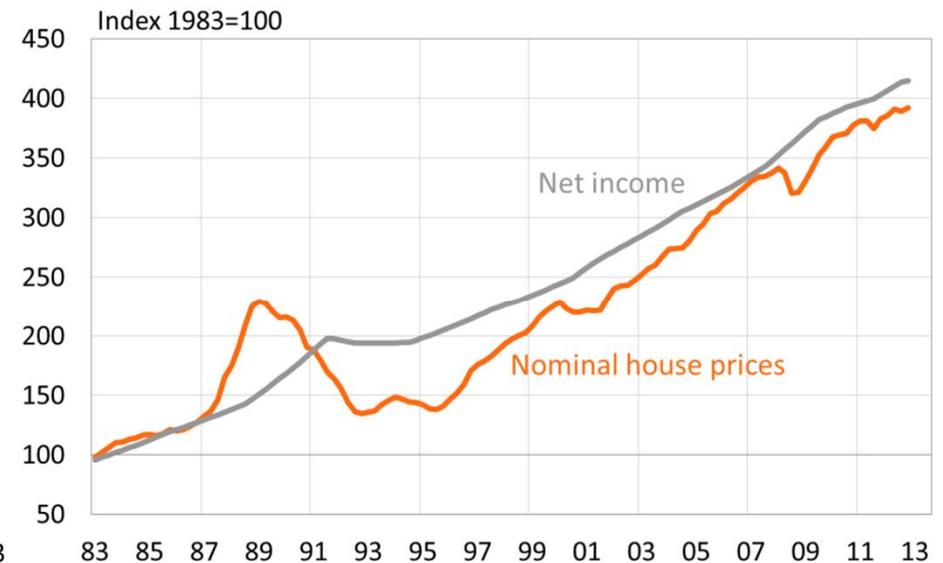
# Mortgage Market and House Price Growth

- The lending volume in the Finnish mortgage market has increased over the past few years, which has driven up nominal house prices.
- In real terms, house prices have risen more gently and as per the average net income the increase in house prices has been very stable over a long period of time.

## Mortgage lending volume



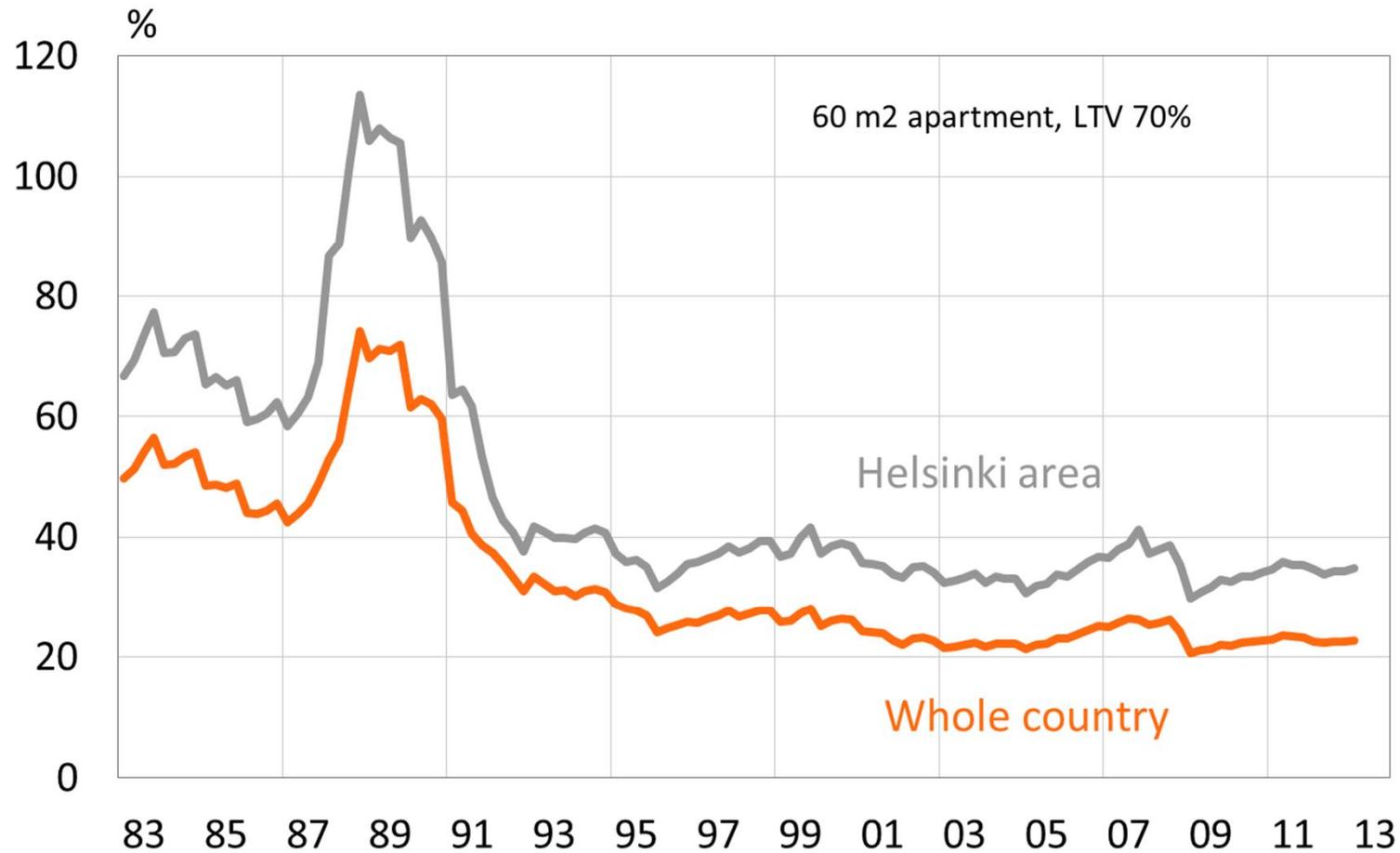
## Changes in house prices and net income



Source: Statistics Finland

# Loan Servicing Costs in Relation to Net Income

## Annuity payment during the first year



Sources: Statistics Finland, Taxpayers' Association of Finland

# Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA

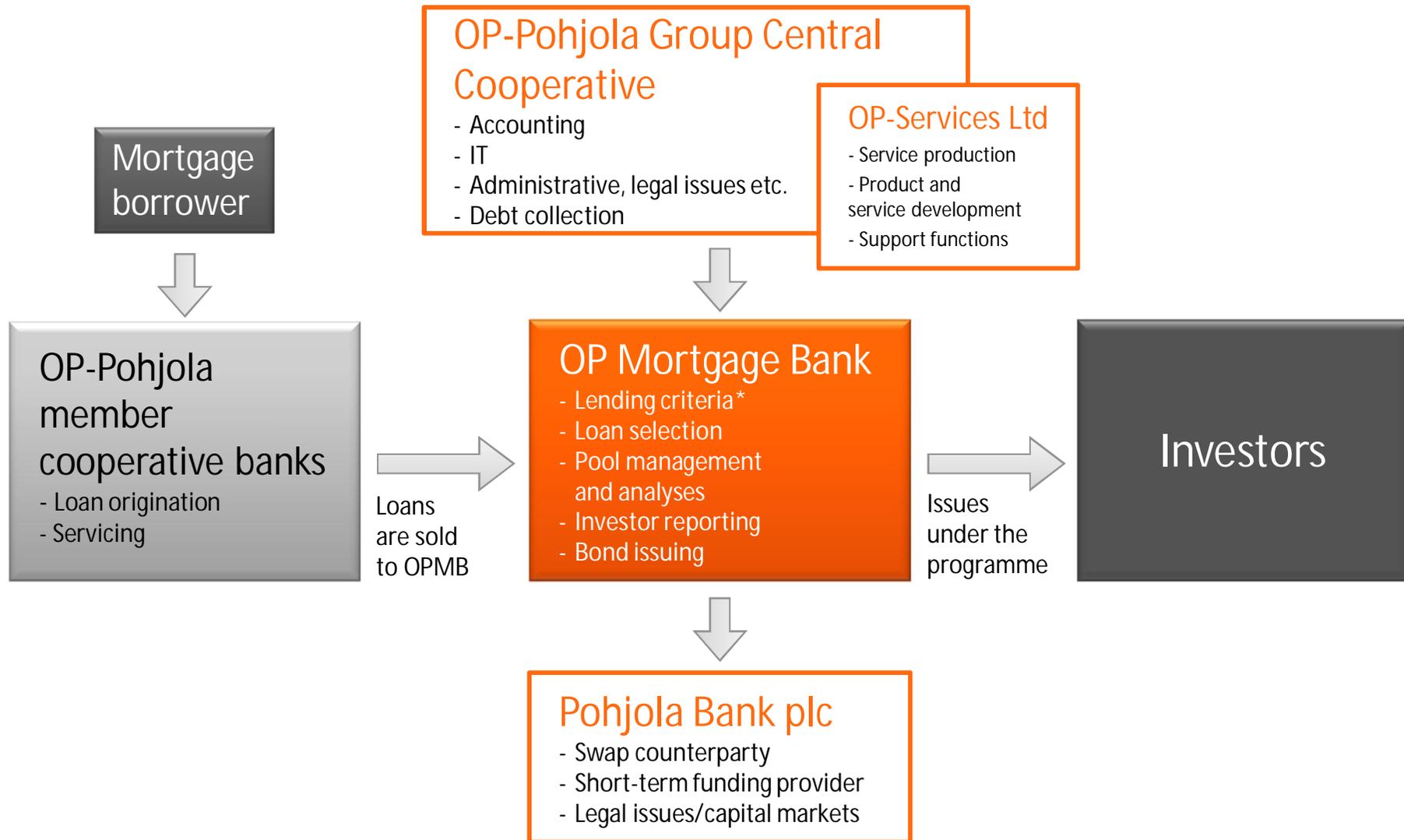
# OP Mortgage Bank (OPMB) in Brief

- OP Mortgage Bank is a special-purpose bank operating under the Act on Mortgage Credit Bank Operations.
- Its sole purpose is to raise funds for OP-Pohjola Group member banks by issuing covered bonds with mortgage collateral.
- The outstanding covered bonds of OP Mortgage Bank are rated AAA by S&P and Aaa by Moody's.
- OP Mortgage Bank is a wholly-owned subsidiary of OP-Pohjola Group Central Cooperative.
- OP Mortgage Bank fully benefits from the joint liability based on the Act on the Amalgamation of Deposit Banks. However, since assets in its Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors.

# OPMB Operating Model

- OPMB is a funding vehicle for the member banks:
  - Subject to strict eligibility criteria:
    - Existing loans may be transferred from member banks to OPMB.
    - Origination can be performed directly into OPMB where the member cooperative bank will act as a broker agent.
- OPMB utilises the current structure of the cooperative and outsource, for example:
  - origination and servicing of assets to member cooperative banks
  - risk management, IT services, accounting etc. to the Central Cooperative
  - interest rate risk management in cooperation with Pohjola Bank plc

# Operating Model and Roles



\*Basic lending criteria for the Group are set by the Central Cooperative. OP Mortgage Bank can set additional limits.



## OPMB Asset Pool Characteristics; Pool B

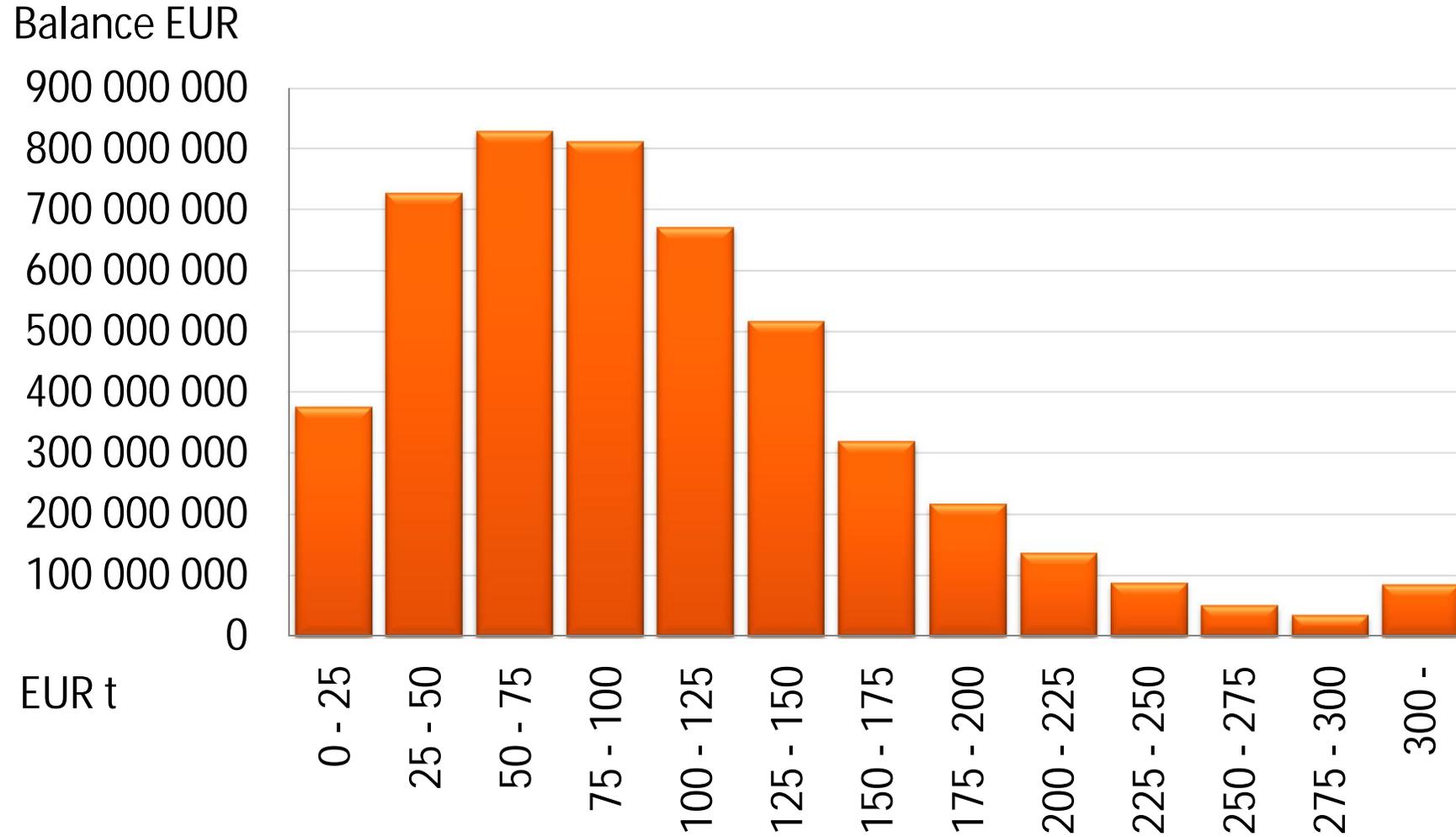
Covered bonds issued after 1 Aug. 2010,  
under the Finnish Act on Mortgage Credit Banks 680/2010

# Main Features of OP Mortgage Bank Cover Asset Pool B as of 30 June 2013

- Collateralised by Finnish mortgages
- Current balance EUR 4.9 billion
- Weighted Average indexed LTV of 52%
- Average loan size of approximately EUR 58,000
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 95% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of covered bonds issued EUR 3.565 billion

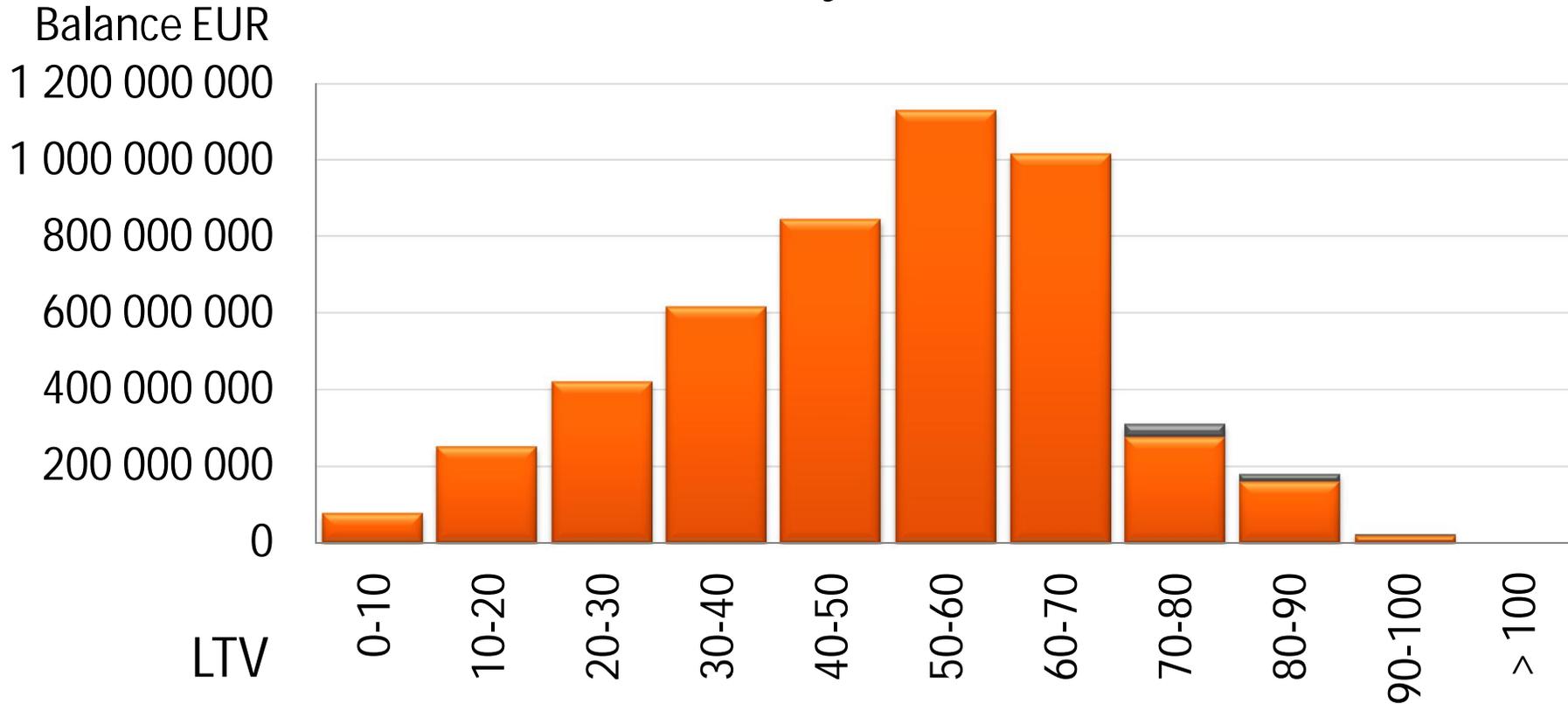
# OPMB Asset Pool B Characteristics

Loans by size



# OPMB Asset Pool B Characteristics

Loans by LTV

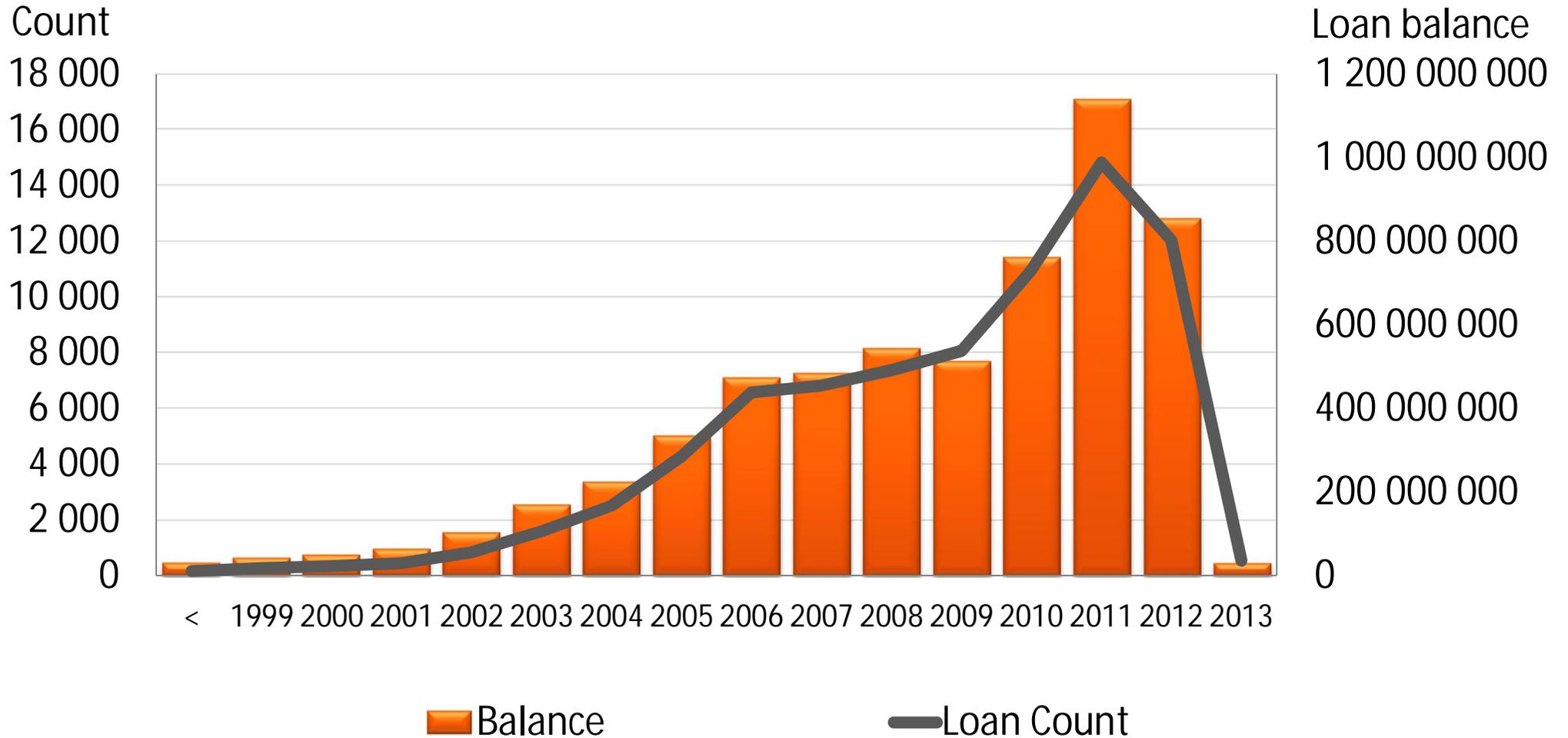


■ Eligible    
 ■ Non eligible (part of the loan that exceeds LTV 70 %)

- Total assets EUR 4.9 billion
- Eligible Cover Pool assets EUR 4.8 billion
- Weighted Average indexed LTV of 52%
- Over-collateralisation 36.8%

# OPMB Asset Pool B Characteristics

## Loans by origination year

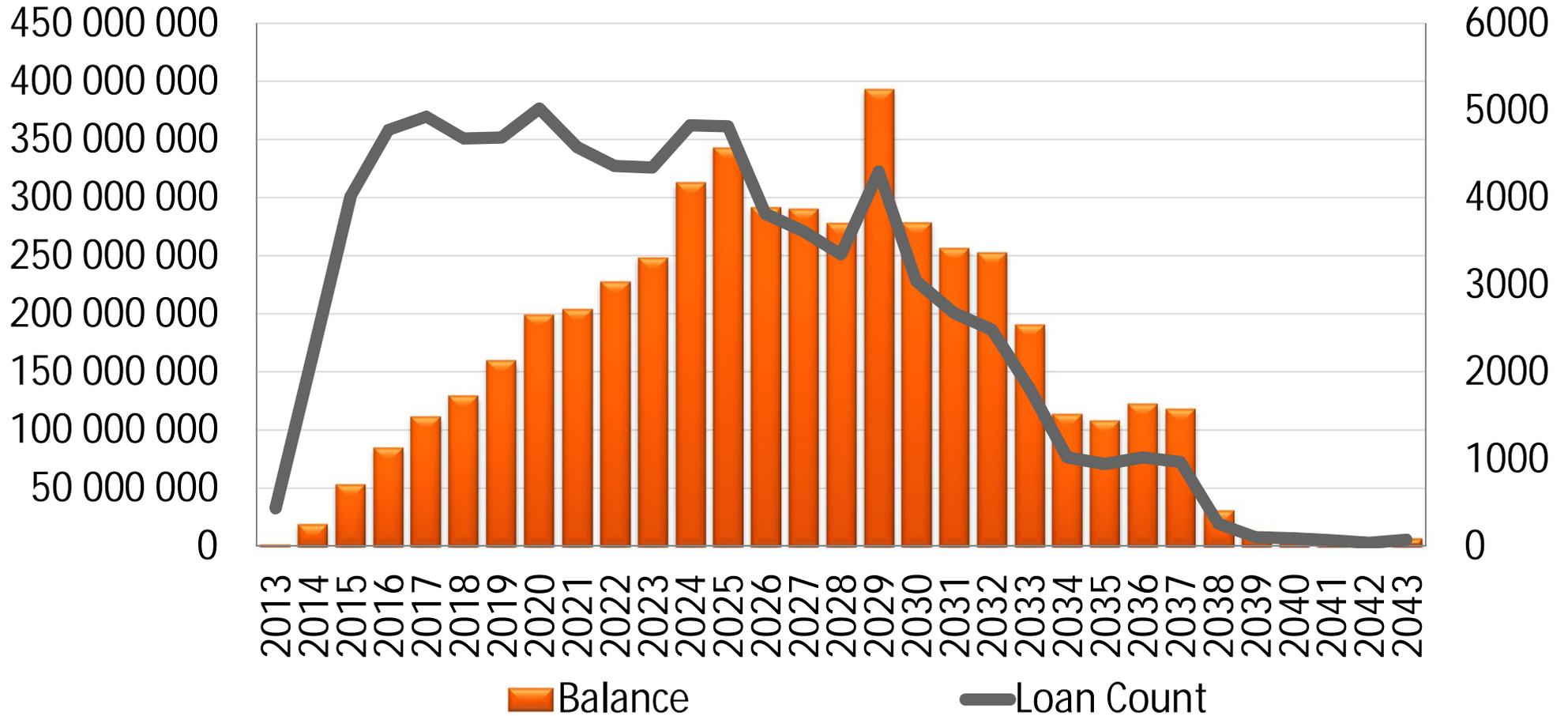


# OPMB Asset Pool B Characteristics

Loans by maturity

Balance EUR

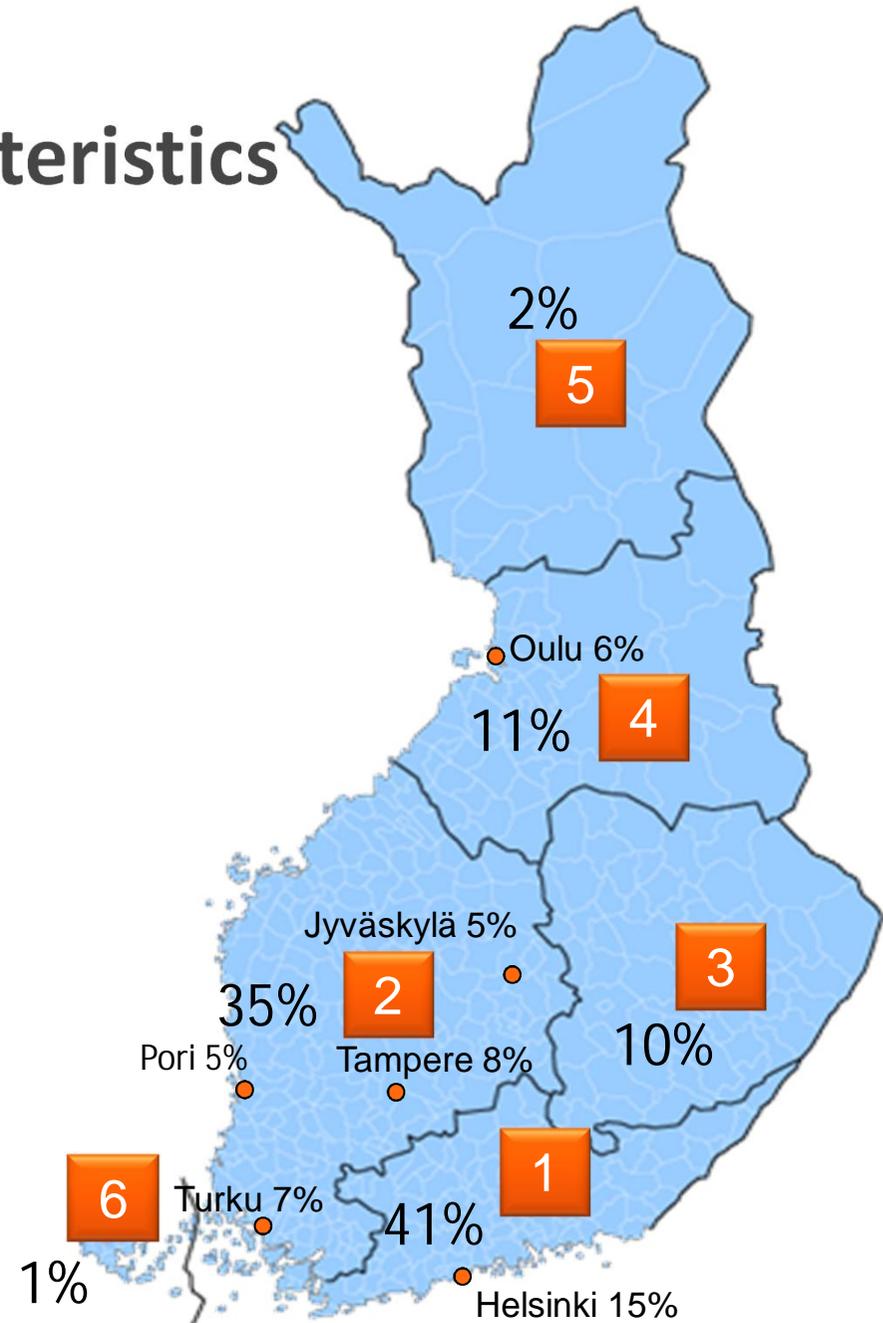
Count



# OPMB Asset Pool B Characteristics

## Geographical distribution

- 1 Southern Finland
- 2 Western Finland
- 3 Eastern Finland
- 4 Oulu region
- 5 Lapland
- 6 Åland



# OP Mortgage Bank Cover Asset Pool B as of 30 June 2013

## Issuer and rating

Issuer:	OP Mortgage Bank
Owner:	[Name] OP Mortgage Bank,
Pool ID:	Pool B
Supervisory authority:	<u>FFSA</u>
Reporting date:	30 June 2013

CRD-compliant
Yes

Long-term rating	S&P	Moody's	Fitch
Covered bond	AAA	Aaa	
Issuer			
Owner	AA-	Aa3	

## Outstanding covered bonds

Outstanding benchmark covered bonds							
ISIN	MEUR	Currency	Issue date	Maturity	Coupon	Fix/FRN	
XS0611353086	1 000	EUR	1 April 2011	1 April 2016	3.25%	Fix	
XS0646202407	1 000	EUR	11 July 2011	11 July 2018	3.50%	Fix	
XS0785351213	1 250	EUR	23 May 2012	23 May 2017	1.63%	Fix	

	MEUR
Non-benchmark bonds	315
Total of outstanding bonds	3 250
of which repos	0

Bond redemptions (MEUR)	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-	Sum
Total					1 000	2 450	115		3 565

Source: OP Mortgage Bank, Pool B, Finnish National Template as of 30 June 2013

# OP Mortgage Bank Cover Asset Pool B as of 30 June 2013

## Cover Pool

Cover pool assets (MEUR)	Volume	%	Cover pool items	Type of loan collateral (MEUR)	Volume	%
Loans (up to LTV limit)	4 878	100%	Number of loans	Single-family housing	2 604	54%
Substitute assets			Number of clients	Flats	2 274	46%
Other			Number of properties	Multi-family housing		
Eligible assets (*)	4 827	1%	Average loan size (EUR)	Commercial		
Other eligible assets				Forest & agricultural		
Total assets	4 878	100%		Public sector		
				Sum	4 878	100%

\* calculated according to section 16 in MCBA

Interest rate type of loans, MEUR	Volume	%
Floating	4 826	99%
Fixed	52	1%
Sum	4 878	100%

Repayments, MEUR	Volume	%
Amortisation	4 858	99.6%
Interest only (*)	20	0.4%
Sum	4 878	100.0%

\*) Contract level information, grace period > 2 years is reported as interest only

LTV distribution	<=10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	>70% up to 100%	Total loans
Loan volume, MEUR	1 213	1 049	882	708	523	323	129	52	4 878
Percentage	25%	22%	18%	15%	11%	7%	3%	1%	100%

Seasoning	0-12 M	12-24 M	24-36 M	36-60 M	> 60 M	Sum
Loan volume, MEUR	459	950	836	999	1 635	4 878
Percentage	9%	19%	17%	20%	34%	100%

Credit quality	31-60 d	60-90 d	>90 d	Sum
Past due				
Loan volume, MEUR	14	1	0	15
Percentage	0.28%	0.02%	0.00%	0.30%
Impaired loans, %	0.00%			

Source: OP Mortgage Bank, Pool B, Finnish National Template as of 30 June 2013

# OP Mortgage Bank Cover Asset Pool B as of 30 June 2013

## Key ratios

Key ratios	
OC, nominal	37%
OC, NPV	36%
WALTV total	52%
FX-risk	0

*Calculated according to:*

*Total assets, including loan balances up to 100% LTV limit*

*Eligible assets, section 16 of Mortgage Credit Bank Act*

*Total assets, including loan balances up to 100% LTV limit*

Remaining average maturity (MCBA)	Years
Assets	7.6
Liabilities	4.2

*Calculated according to:*

*Section 17 of Mortgage Credit Bank Act*

*Section 5.4.3 Finnish FSA regulation and guidelines 6/2012 Mortgage bank authorisation procedure and risk management*

Accrued interest cash flows, MEUR	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y
Interest income	54	60	72	79	84	78	77	76	73	70
Interest expense	23	25	40	58	52	1	5	3	4	4
Net	31	35	33	22	31	77	72	72	69	66

<i>Calculation method used:</i>	Contractual maturities / going concern
---------------------------------	---

*Calculated according to:*

*Section 17 of Mortgage Credit Bank Act*

*Section 5.4.4 Finnish FSA regulation and guidelines 6/2012 Mortgage bank authorisation procedure and risk management*

Source: OP Mortgage Bank, Pool B, Finnish National Template as of 30 June 2013



## OPMB Asset Pool Characteristics; Pool A

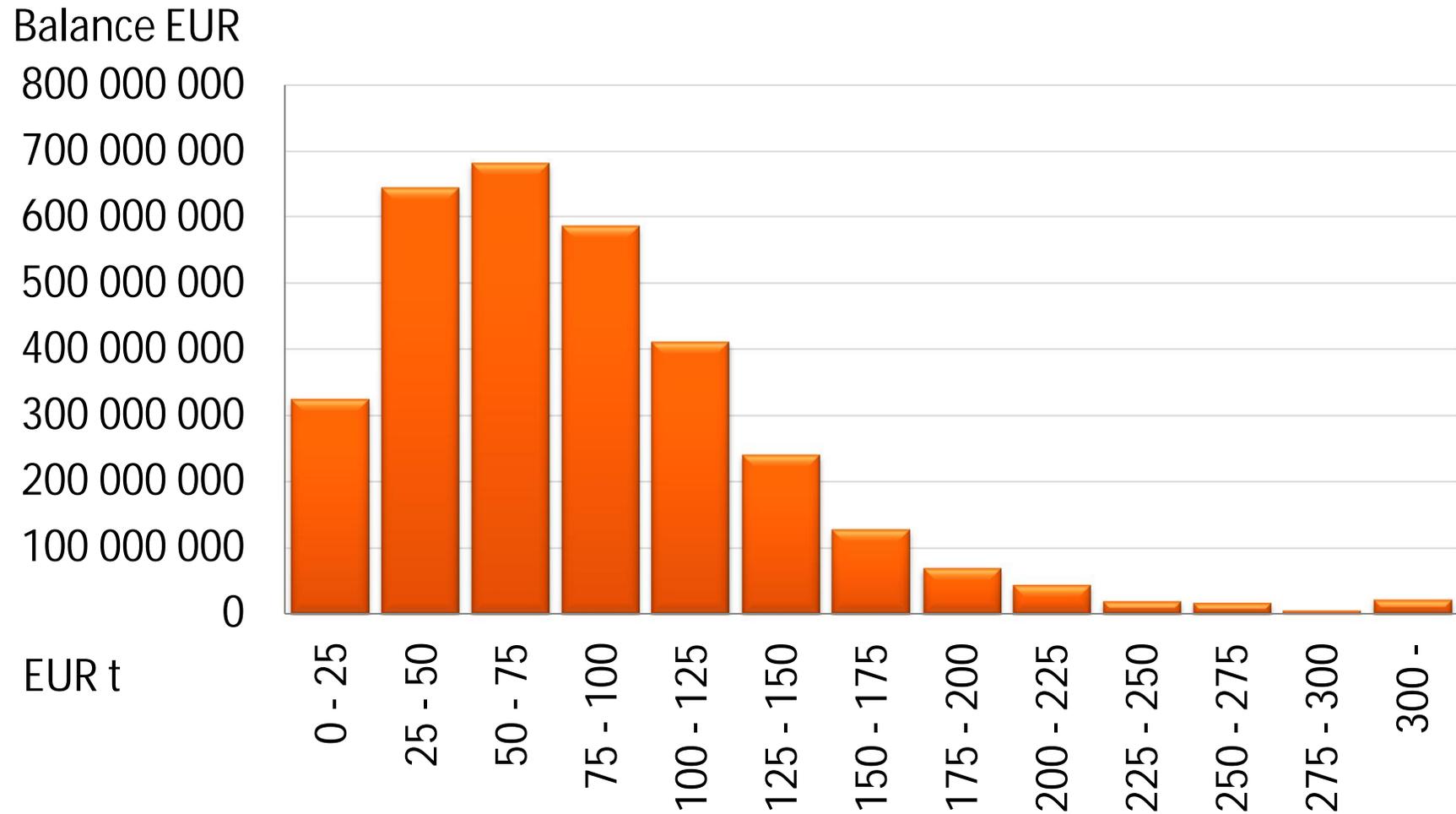
Covered bonds issued before 1 Aug. 2010,  
under the Finnish Act on Mortgage Credit Banks 1240/1999

# Main Features of OP Mortgage Bank Cover Asset Pool A as of 30 June 2013

- Collateralised by Finnish mortgages.
- Current balance EUR 3.2 billion.
- Weighted Average indexed LTV of 43%
- Average loan size of approximately EUR 45,000
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 95% of all loans
- Hedging agreements in place in order to mitigate interest rate risk.
- Total amount of covered bonds issued EUR 2.25 billion.

# OPMB Asset Pool A Characteristics

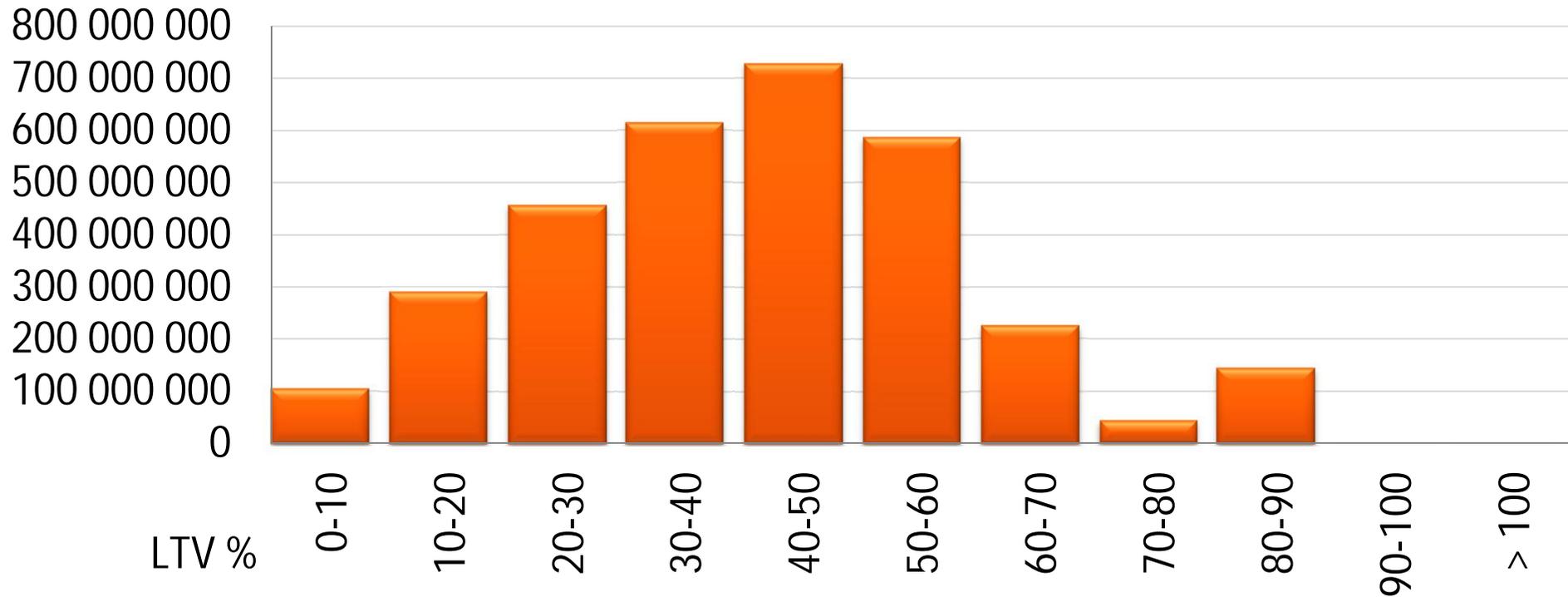
## Loans by size



# OPMB Asset Pool A Characteristics

Loans by LTV

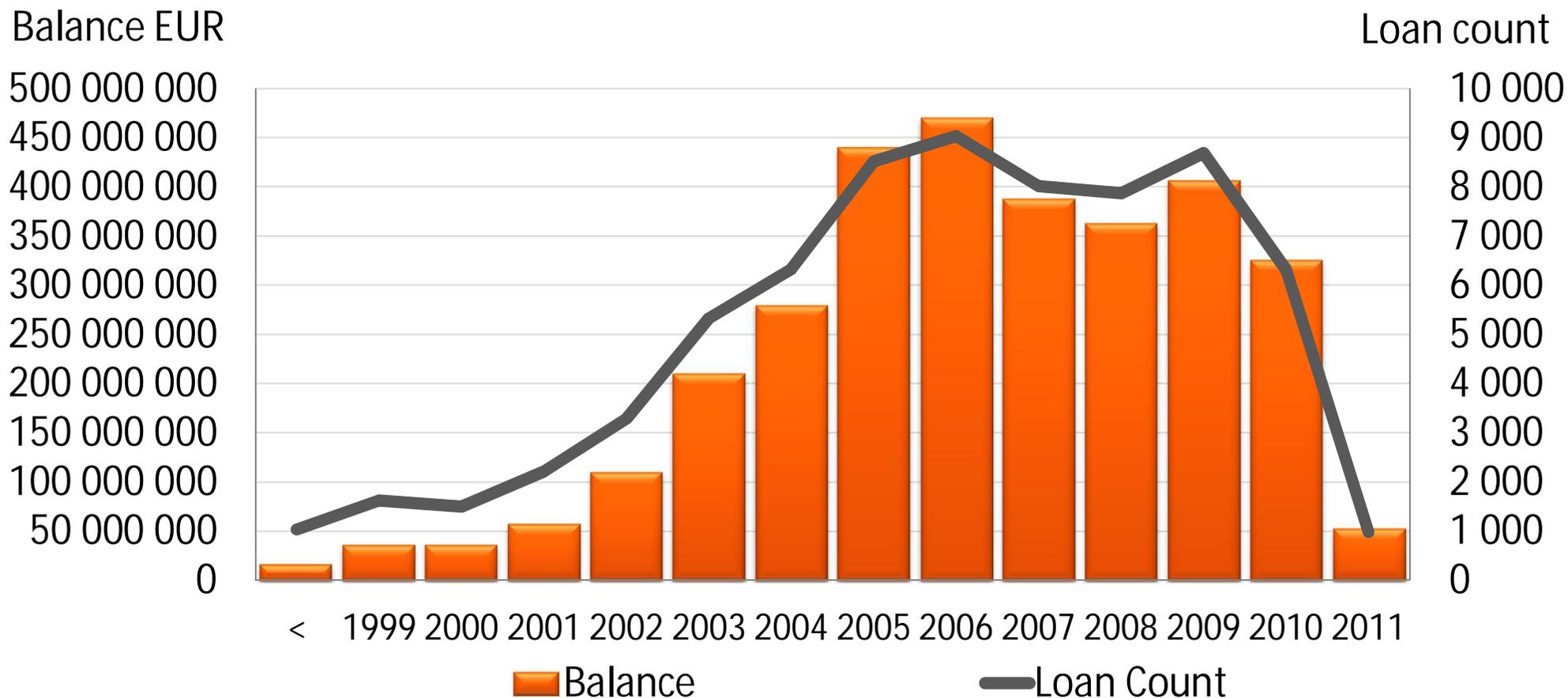
Balance EUR



- Total assets EUR 3.2 billion
- Eligible Cover Pool assets EUR 3.2 billion
- Weighted Average indexed LTV of 43.0%
- Over-collateralisation 42.2%

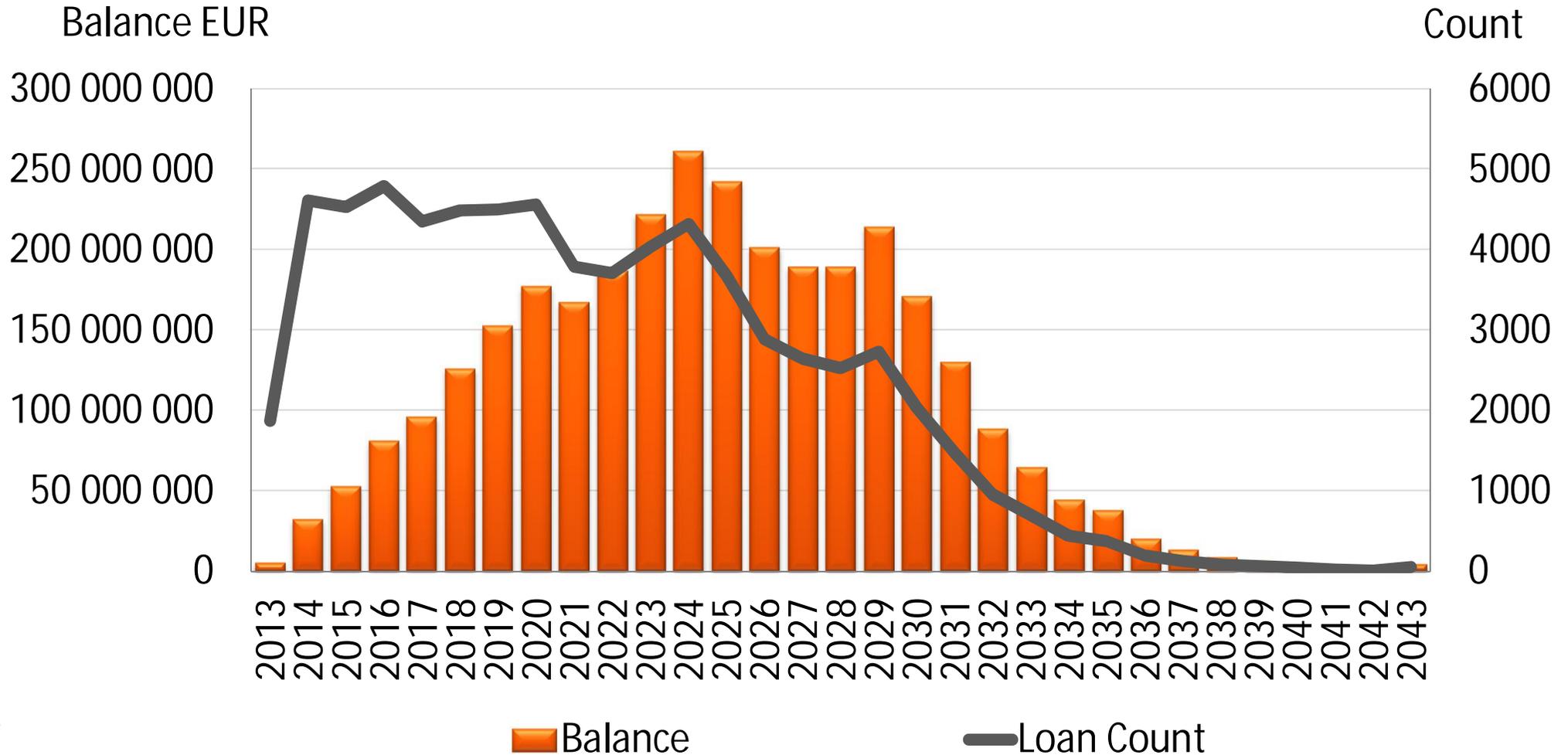
# OPMB Asset Pool A Characteristics

## Loans by origination year



# OPMB Asset Pool A Characteristics

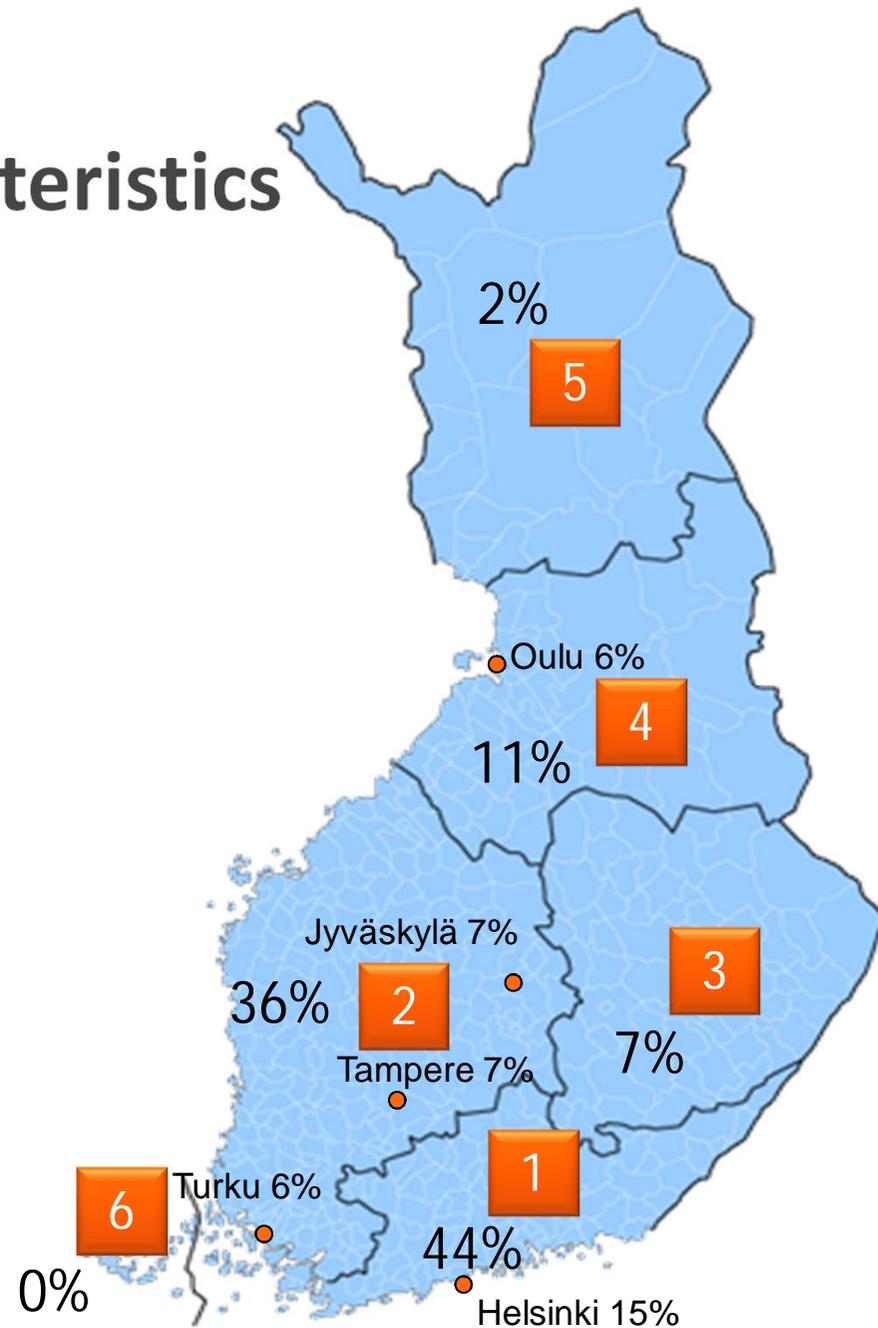
Loans by maturity



# OPMB Asset Pool A Characteristics

## Geographical distribution

- 1 Southern Finland
- 2 Western Finland
- 3 Eastern Finland
- 4 Oulu region
- 5 Lapland
- 6 Åland





## Debt Investor Relations Contacts

# Debt Investor Relations Contacts



Head of Group Treasury  
**Mr Hanno Hirvinen**  
Tel. +358 10 252 2221  
hanno.hirvinen@pohjola.com



Head of Group Funding  
**Mr Lauri Iloniemi**  
Tel. +358 10 252 3541  
lauri.iloniemi@pohjola.com



Head of Asset and Liability  
Management  
**Ms Elina Ronkanen-Minogue**  
Tel. +358 10 252 8767  
elina.ronkanen-  
minogue@op.fi



IR Specialist  
**Ms Jaana Mauro**  
Tel. +358 10 252 8426  
jaana.mauro@op.fi



# Appendix

# OP-Pohjola Group and Pohjola Bank plc

## Earnings analysis, € million

	OP-Pohjola Group H1/2013	Pohjola Bank plc H1/2013	OP-Pohjola Group 2012	Pohjola Bank plc 2012
Net interest income	435	110	1 003	263
Net income from Non-Life insurance	280	282	433	438
Net income from Life Insurance	107		108	
Net commissions and fees	317	78	584	169
Other income	153	91	243	129
Total income	1 292	562	2 371	998
Total expenses	767	291	1 494	569
Returns to owner-members and OP-bonus customers	96		192	
Earnings before impairment loss on receivables	430	271	684	429
Impairment loss on receivables	32	20	99	57
Earnings before tax	398	252	586	372
Change in fair value reserve	-160	-74	698	418
Earnings before tax at fair value	238	177	1 283	790

# OP-Pohjola Group and Pohjola Bank plc

## Key figures and ratios

	OP-Pohjola Group 30 June 2013	Pohjola Bank plc 30 June 2013	OP-Pohjola Group 31 Dec. 2012	Pohjola Bank plc 31 Dec. 2012
Total assets, € million	100 461	44 156	99 769	44 623
Receivables from customers, € million	67 551	14 599	65 161	13 839
Liabilities to customers, € million	49 745	10 060	49 650	10 775
Equity capital, € million	7 244	2 760	7 134	2 769
Tier 1 ratio, %	13.7	12.0	14.1	12.4
Core Tier 1 ratio, %	13.7	10.6	14.1	10.6
Doubtful receivables, € million	326 <sup>a</sup>	32 <sup>b</sup>	311 <sup>a</sup>	34 <sup>b</sup>
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.46	0.19	0.46	0.21
Loan and guarantee portfolio, € billion	70.4	17.3	67.7	16.4
Impairment loss on receivables, € million	32 <sup>c</sup>	20 <sup>c</sup>	99 <sup>d</sup>	57 <sup>d</sup>
Impairment loss on receivables / loan and guarantee portfolio, %	0.09 <sup>c</sup>	0.12 <sup>c</sup>	0.15 <sup>d</sup>	0.35 <sup>d</sup>
Personnel	12 724	2 581	13 290	3 404

a) Non-performing and zero-interest receivables

b) Non-performing, zero-interest and under-priced receivables

c) H1

d) Full year

# OP-Pohjola Group and Pohjola Bank plc

## Key ratios

	OP-Pohjola Group H1/2013	Pohjola Bank plc H1/2013	OP-Pohjola Group 2012	Pohjola Bank plc 2012
Net interest margin, %	0.9 <sup>a</sup>	1.53 <sup>b</sup>	1.0 <sup>a</sup>	1.52 <sup>b</sup>
Cost/Income ratio, %	59	38 <sup>c</sup>	63	34 <sup>c</sup>
Return on equity (ROE), %	5.0 <sup>d</sup>	14.1	14.1 <sup>d</sup>	11.2
Return on assets, (ROA) at fair value, %	0.4		1.0	
Non-Life Insurance, solvency ratio, %		75		81
Life Insurance, solvency ratio, %	14.2 <sup>e</sup>		16.8 <sup>e</sup>	
Operating combined ratio, %		89.2		90.5

a) Net interest income as a percentage of average total assets

b) Average margin for corporate lending

c) Cost / Income ratio in Banking

d) At fair value

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