

Debt Investor Presentation



OP-Pohjola Group and issuing entities
Pohjola Bank plc and OP Mortgage Bank

www.pohjola.com

OP-Pohjola Group

Issuing entities are Pohjola Bank plc and OP Mortgage Bank

- Leading financial services provider in Finland
- Pohjola Bank is rated double A by all three Rating Agencies
- Strong capital position and deposit funding base
- Liquidity buffer to cover 24 months of maturing wholesale funding
- Finnish risk exposure

OP-Pohjola Group's, Pohjola Bank plc's and OP Mortgage Bank's Interim Reports

OP-Pohjola Group <https://www.op.fi/op?cid=161248887&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?cid=161249030&kielikoodi=en>

Finnish Economy



Forecasts for the Finnish economy

Published on 1 February, 2011

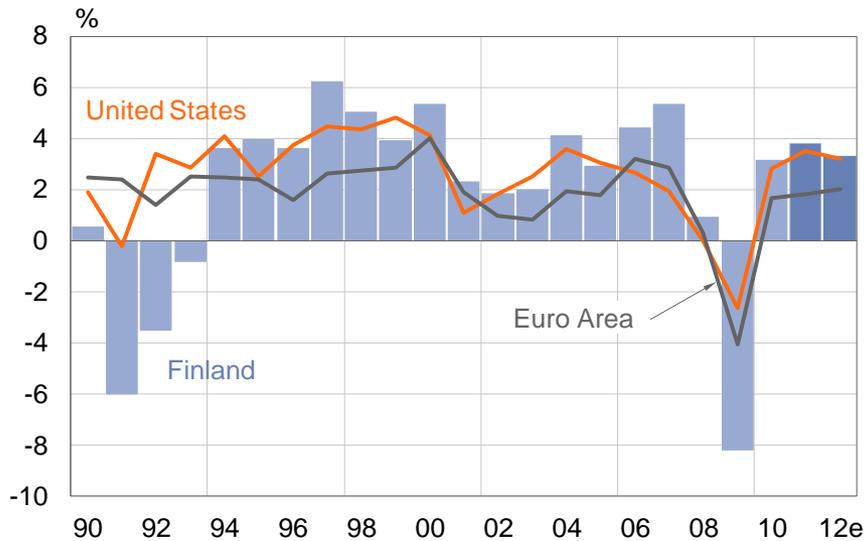
	2010 EUR bn	2009 Volume, % change on previous year	2010 Volume, % change on previous year	2011f	2012f
GDP	180.3	-8.2	3.1	3.8	3.3
Imports	65.2	-17.6	2.6	8.9	5.9
Exports	70.2	-20.1	5.1	10.7	7.1
Consumption	141.5	-1.2	1.9	2.0	1.9
Private consumption	97.3	-2.1	2.6	2.7	2.5
Public consumption	44.2	1.0	0.4	0.5	0.5
Fixed investment	33.4	-14.6	0.8	7.1	5.9

Other key indicators

	2009	2010	2011f	2012f
Consumer price index, % change y/y	0.0	1.2	3.0	2.8
Unemployment rate, %	8.2	8.4	7.3	6.8
Current account balance, % of GDP	2.7	2.9	2.7	2.9
General government debt, % of GDP	43.8	48.4	49.7	50.0
General government net lending, % of GDP	-2.6	-2.5	-1.0	0.0

GDP and demand components

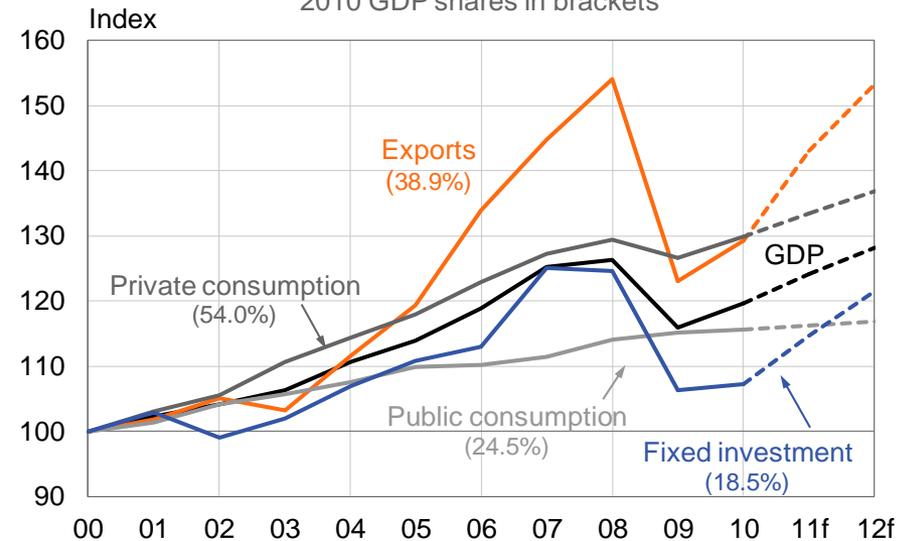
Change in GDP volume



Sources: Reuters EcoWin, forecasts OP-Pohjola Group (February 2011)

GDP and demand components

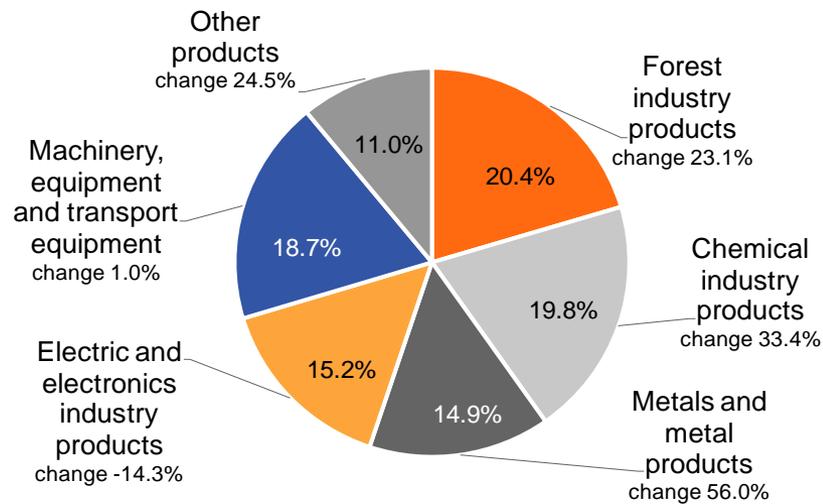
2010 GDP shares in brackets



Sources: Statistics Finland, forecasts OP-Pohjola Group, February 2011

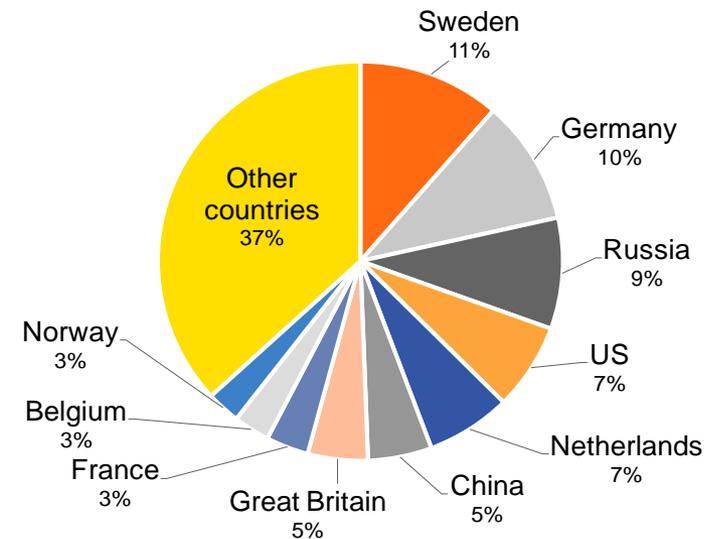
Exports by product group and country

Goods exports by product group
Share of total exports and annual change
2010



Source: National Board of Customs Total exports 52.4 EUR Billion (change, 16.2%)

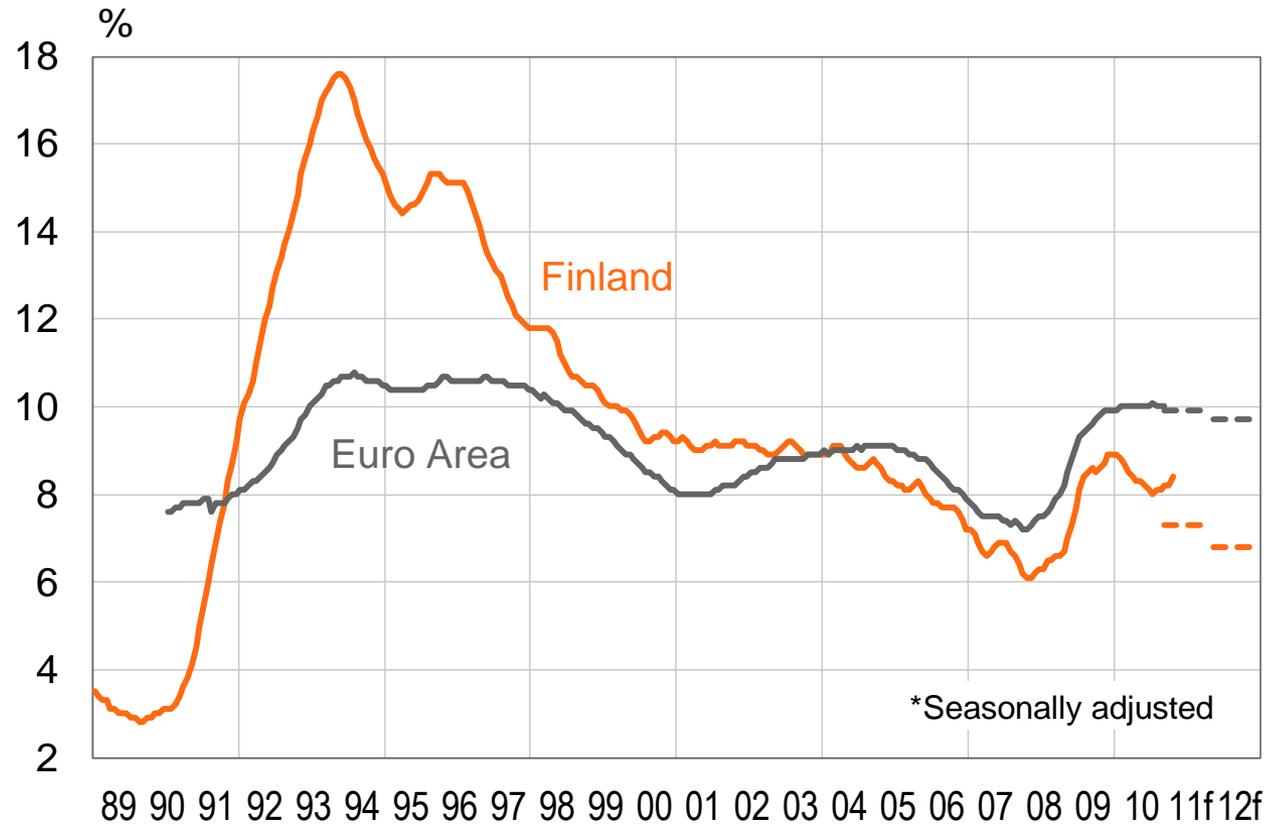
Goods exports by countries
2010



Source: National Board of Customs

Unemployment rate

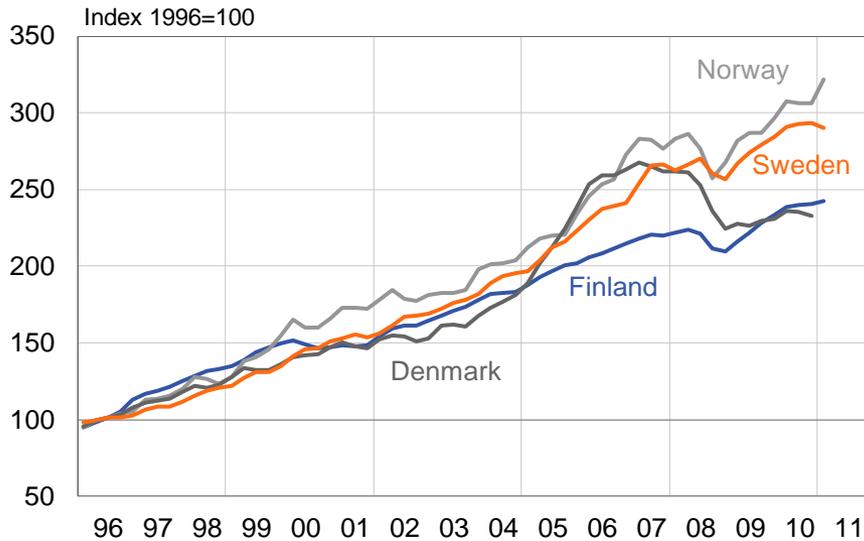
Unemployment rate* in Finland and Euro Area



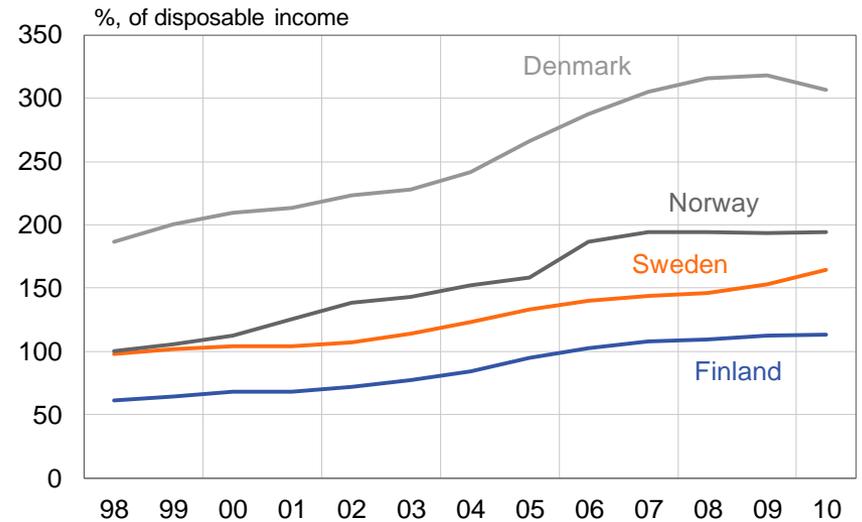
Sources: Statistics Finland, Eurostat, forecasts OP-Pohjola Group, February 2011

House prices and households' debt ratio

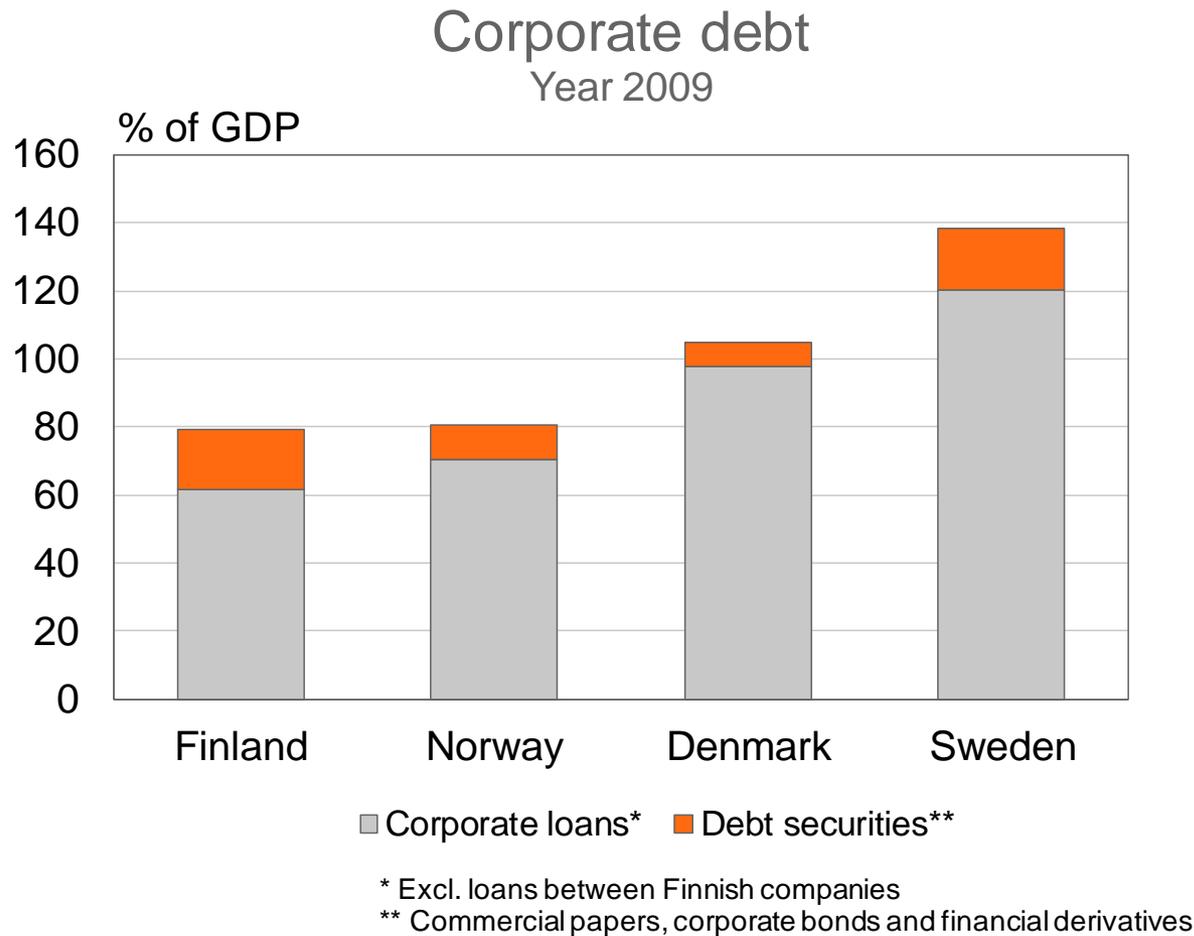
Average house prices



Households' debt ratio

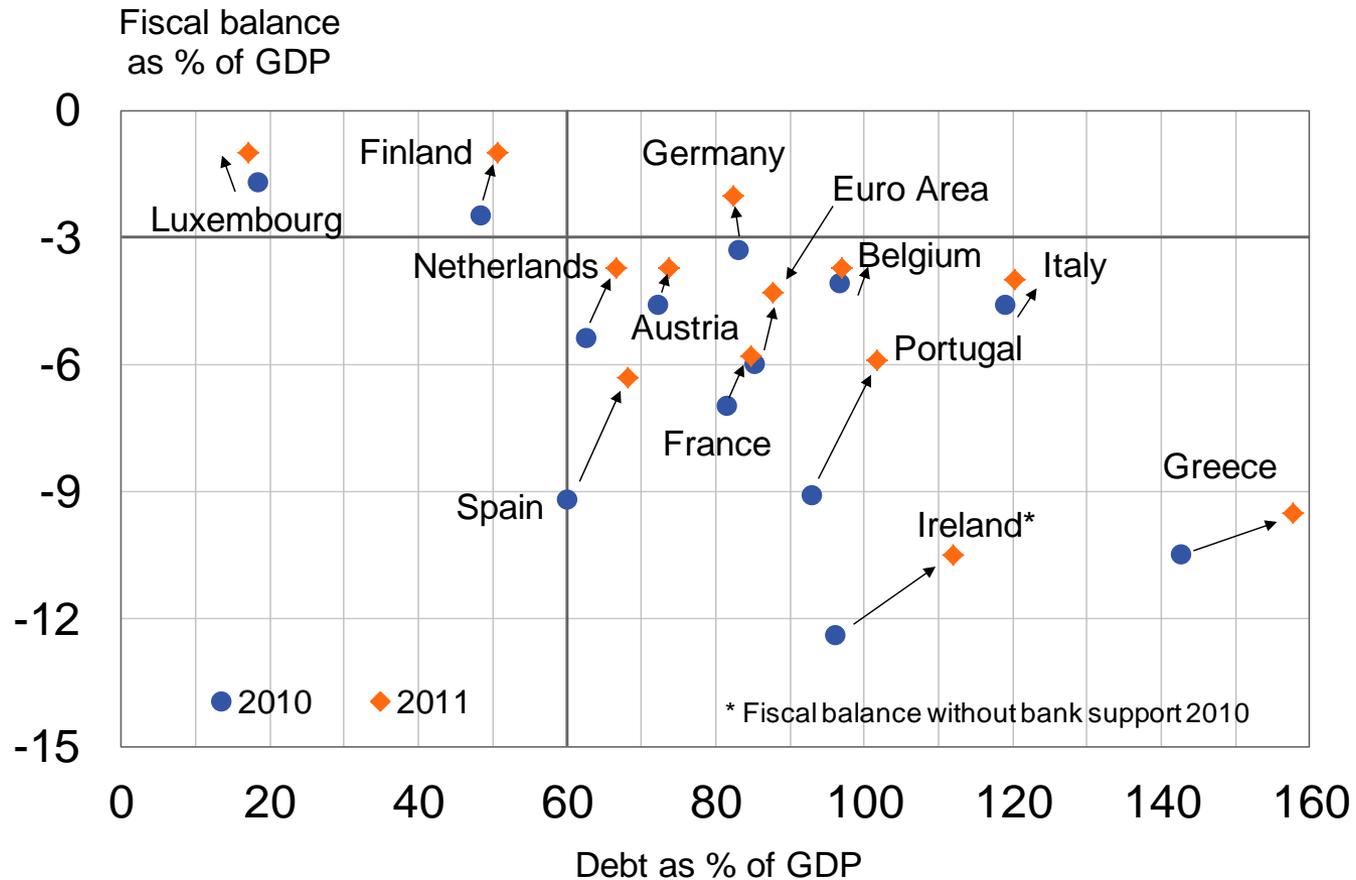


Corporate debt



Source: Eurostat, Consolidated Financial Accounts, Norway year 2008

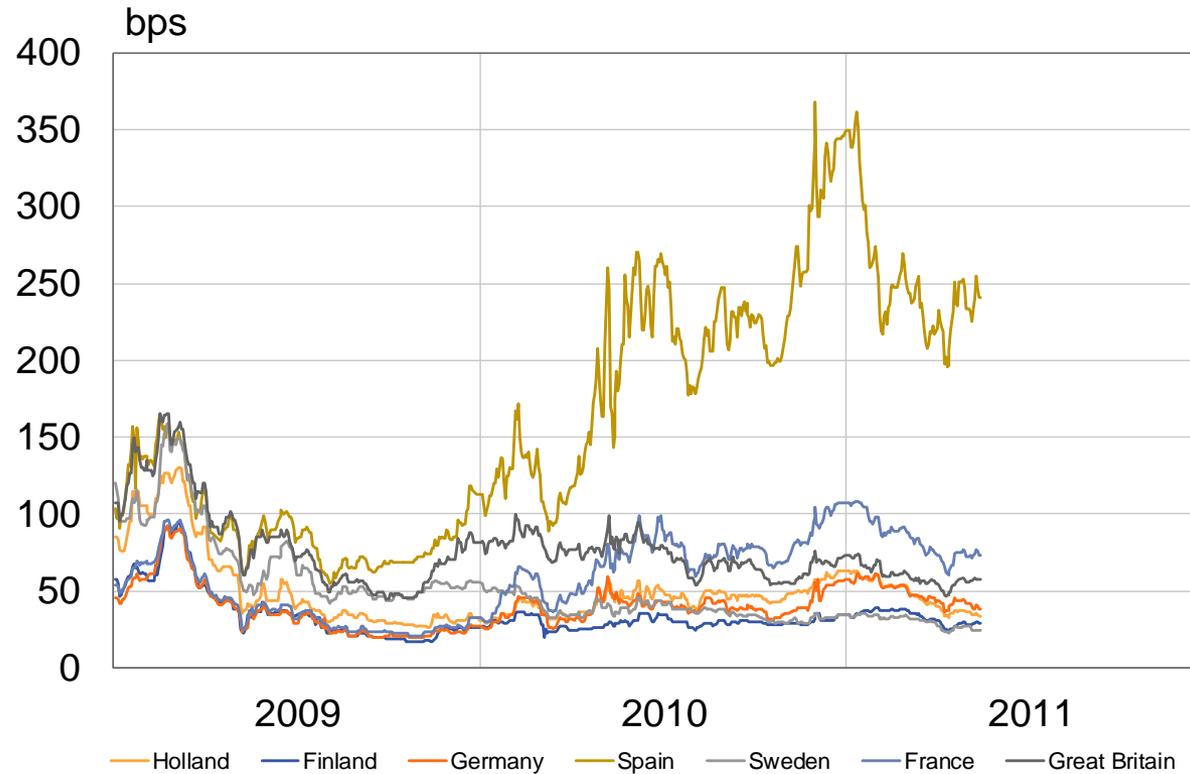
Fiscal balance and government debt



Source: European Commission, May 2011

5yr CDS 02/09-04/11 by country

5yr CDS 2009-2011 by country

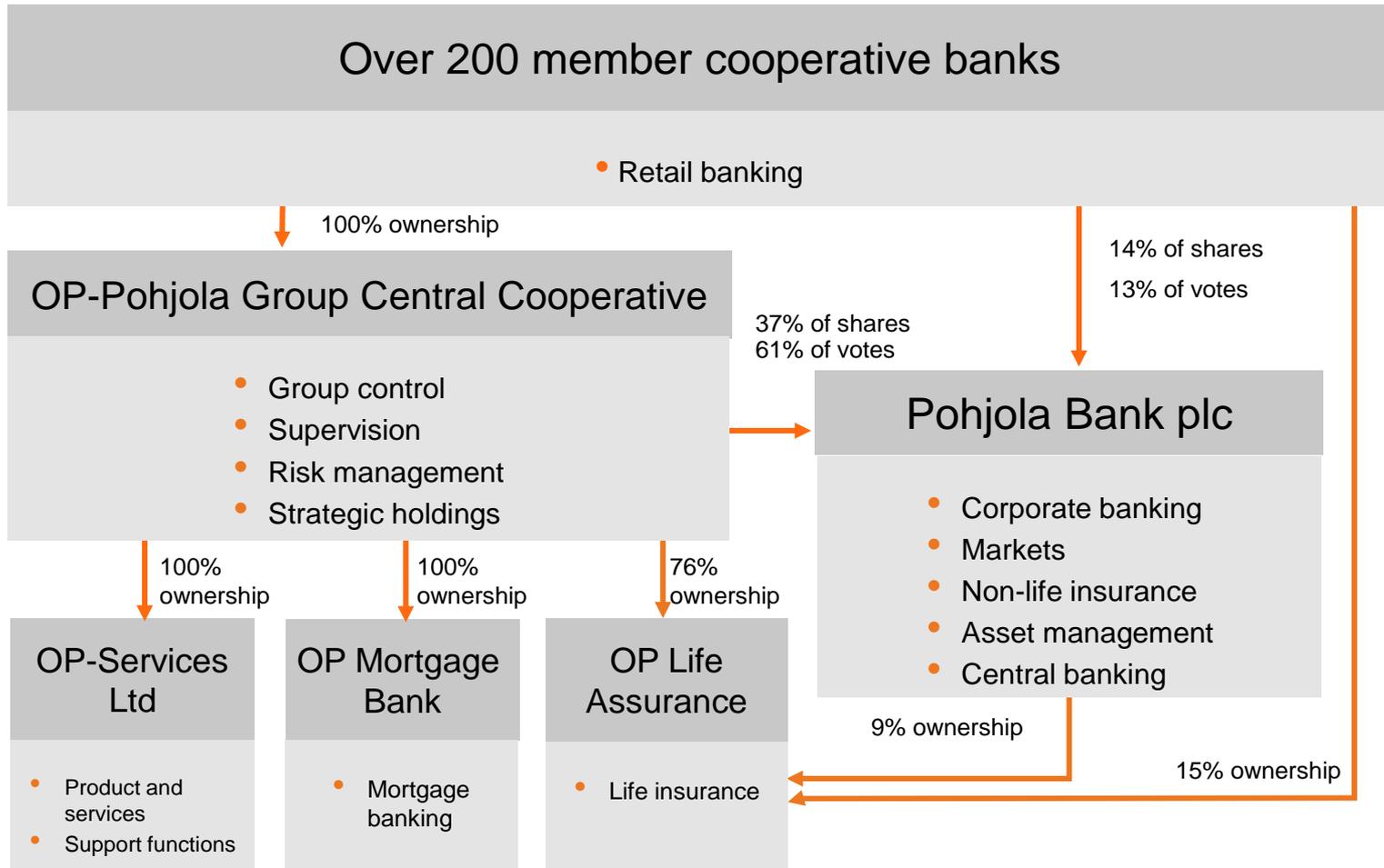


Source: Reuters EcoWin

OP-Pohjola Group



OP-Pohjola Group's ownership structure and the roles of group entities



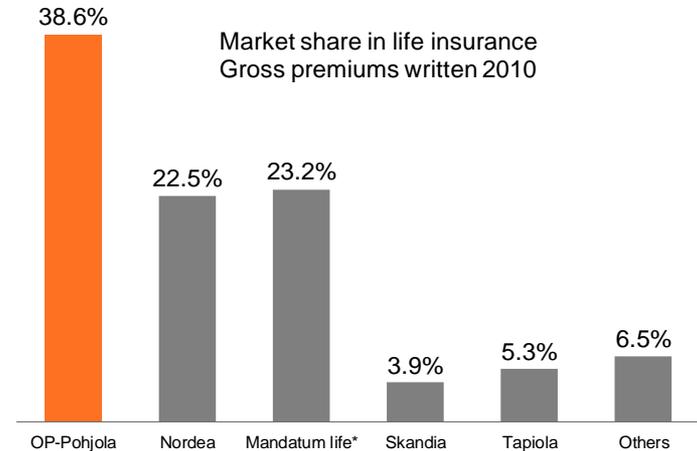
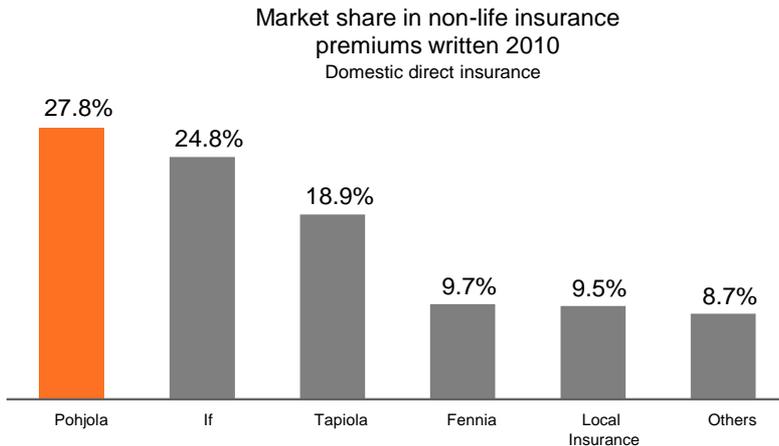
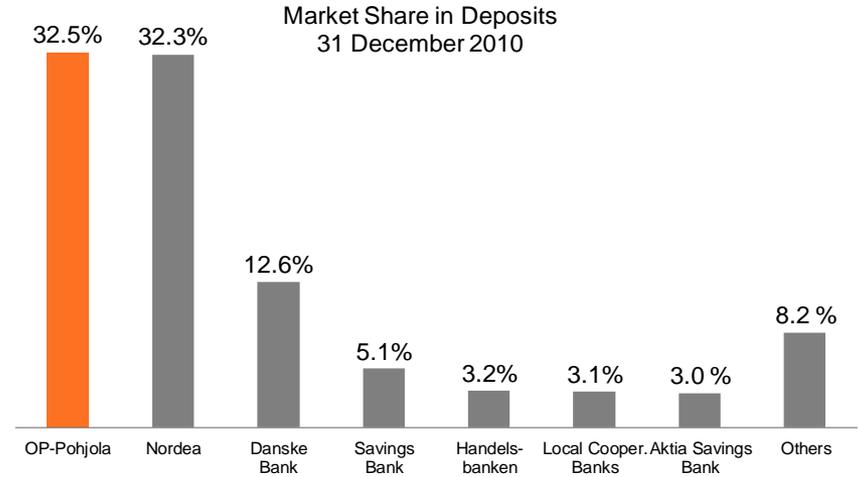
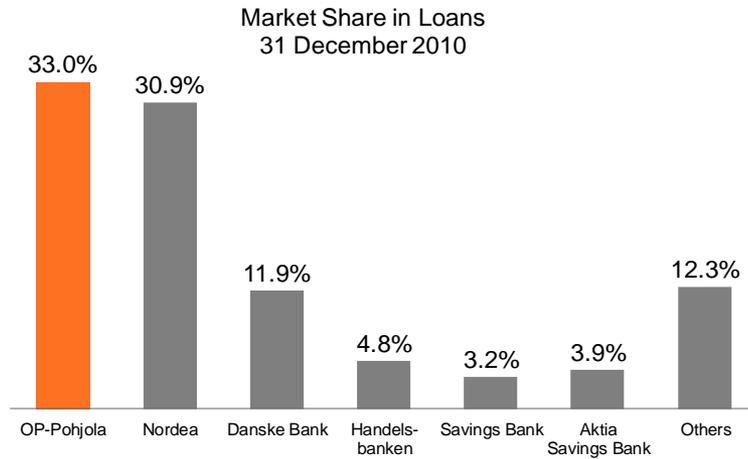
The Central Cooperative and the member banks are liable for each other's debts and commitments. OP-Pohjola Group is monitored on a consolidated basis by FSA. Issuing entities are OP Mortgage Bank and Pohjola Bank plc

Joint liability

- Under the Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä 599/2010*) the 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 have an unlimited liability to pay the debts of the Central Cooperative
 - The Central Cooperative and the member credit institutions have an obligation to support actions to prevent a member credit institution's liquidation
 - The member credit institutions include Pohjola Bank, 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.

OP-Pohjola-Group market position

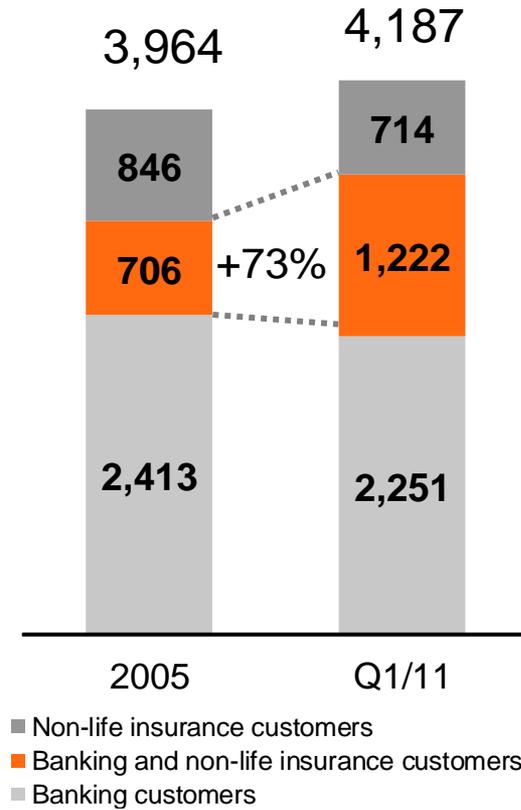
Leading market position in Finland



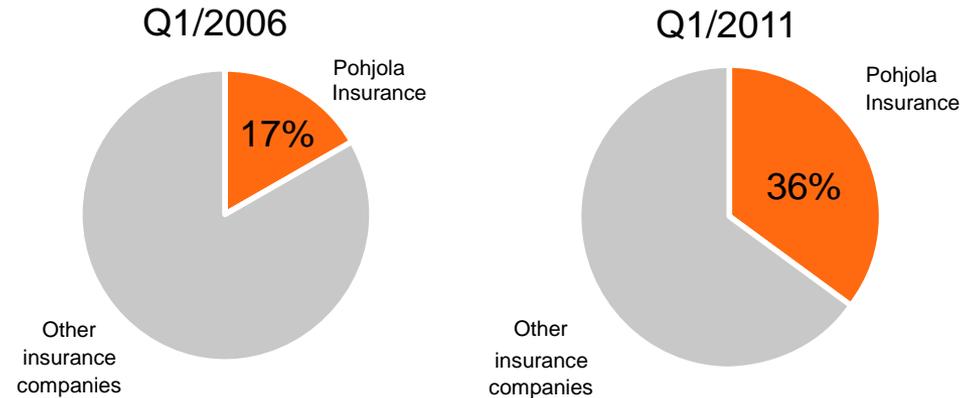
OP-Pohjola Group's huge customer potential

Cross-selling works well

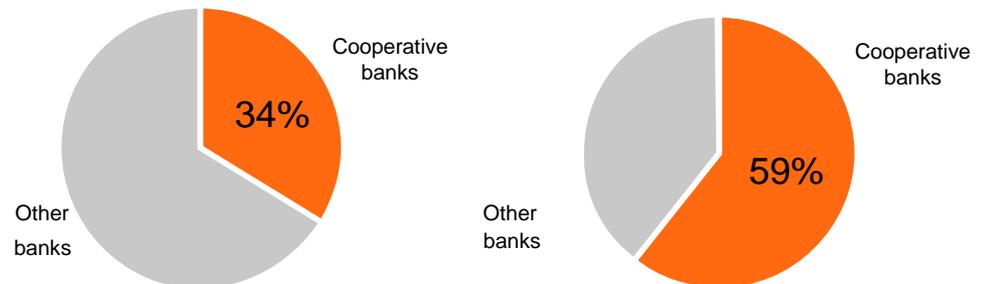
1,000 customers



OP-Pohjola Group member bank customers and their main insurer



Pohjola Insurance customers and their main bank



Source: Consumer survey on bank and insurance company switch by TNS Gallup; main customer relationship

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group Q1/11	Pohjola Bank plc Q1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Total assets, € million	82 520	38 126	83 969	36 184
Receivables from customers, € million	57 131	12 102	56 834	12 433
Deposits, € million	36 546	3 805	36 443	4 231
Equity capital, € million	6 725	2 309	6 726	2 377
Tier 1 ratio, %	12.7	12.2	12.8	12.5
Doubtful receivables, € million	258	42	204	31
Doubtful receivables and zero-interest bearing receivables of loans and guarantees, %	0.4	0.29	0.3	0.22
Loan and guarantee portfolio, € billion	59.6	14.2	59.4	14.0
Impairments of receivables, € million	23	15	149	104
Impairments of receivables / loan and guarantee portfolio, %	0.04	0.11	0.25	0.73
Personnel	12 626	3 023	12 504	3 005

OP-Pohjola Group and Pohjola Bank plc

Income statement, € million

	OP-Pohjola Group Q1/11	Pohjola Bank plc Q1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Net interest income	238	68	917	258
Net income from Non-Life insurance	92	94	382	388
Net income from Life Insurance	50		100	
Net commissions and fees	156	41	563	164
Other income	73	11	210	116
Total income	609	239	2 172	926
Total expenses	336	129	1 286	514
Earnings before impairments of receivables	273	110	723	412
Impairments of receivables	23	15	149	104
Returns to owner-members and OP-bonus customers	42		163	
Earnings before tax	208	94	575	308
Change in fair value reserve	-82	-21	225	-17
Earnings/loss before tax at fair value	126	74	800	291

OP-Pohjola Group and Pohjola Bank plc

Key ratios

	OP-Pohjola Group Q1/11	Pohjola Bank plc Q1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Net interest margin, %	1.1*	1.32**	1.1*	1.36**
Cost / Income ratio, %	55	34***	59	35***
Return on equity (ROE) at fair value, %	5.6	10.0	9.4	9.3
Return on assets, (ROA) at fair value, %	0.4		0.7	
Non-Life Insurance, Solvency ratio, %		84		86
Life Insurance, Solvency ratio, %	15.8****		15.9****	
Operating Combined ratio, %		100.5		89.7

* Net interest income as a percentage of average total assets

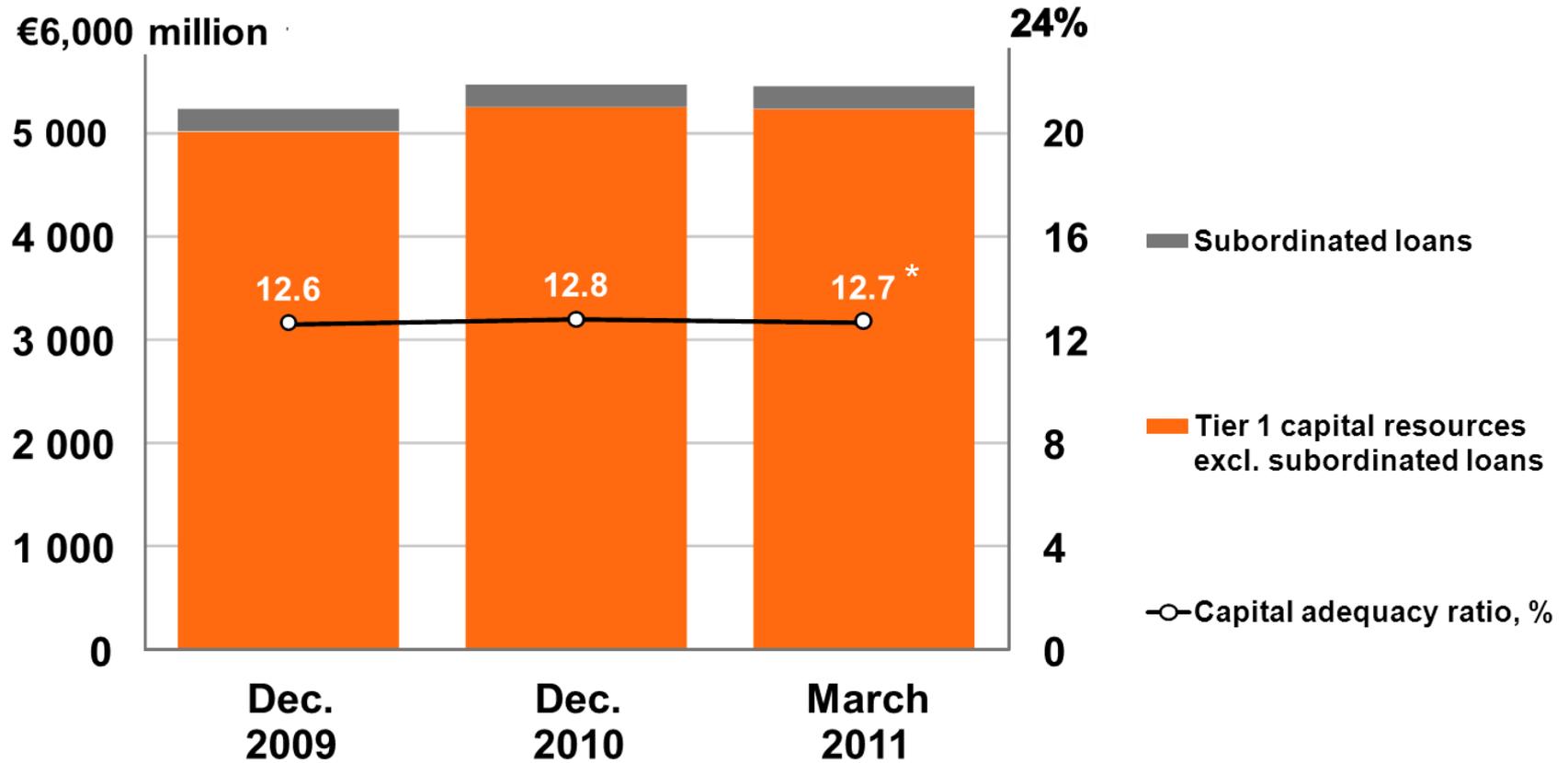
** Average margin for corporate lending

*** Cost / Income ratio in Banking

**** Solvency capital / (net technical provisions at own liability - equalization provision - 0.75 * technical provisions on unit-linked insurances) * 100

OP-Pohjola Group

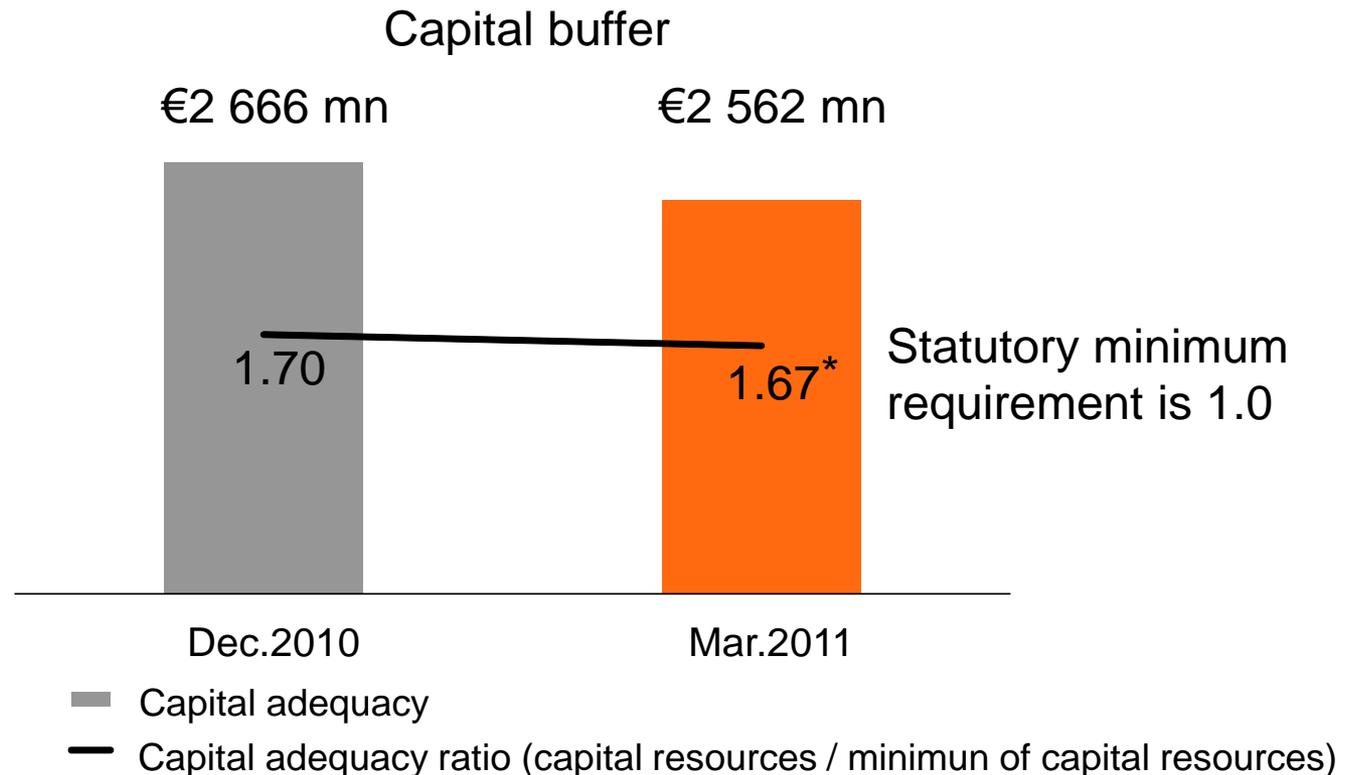
Capital resources and capital adequacy



*OP-Pohjola Group Central Cooperative acquired on 5 May 2011 all shares in Pohjola Bank held by Suomi Mutual. The transaction led to a small reduction of Tier 1 ratio (by around 0.5% points).

OP-Pohjola Group

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

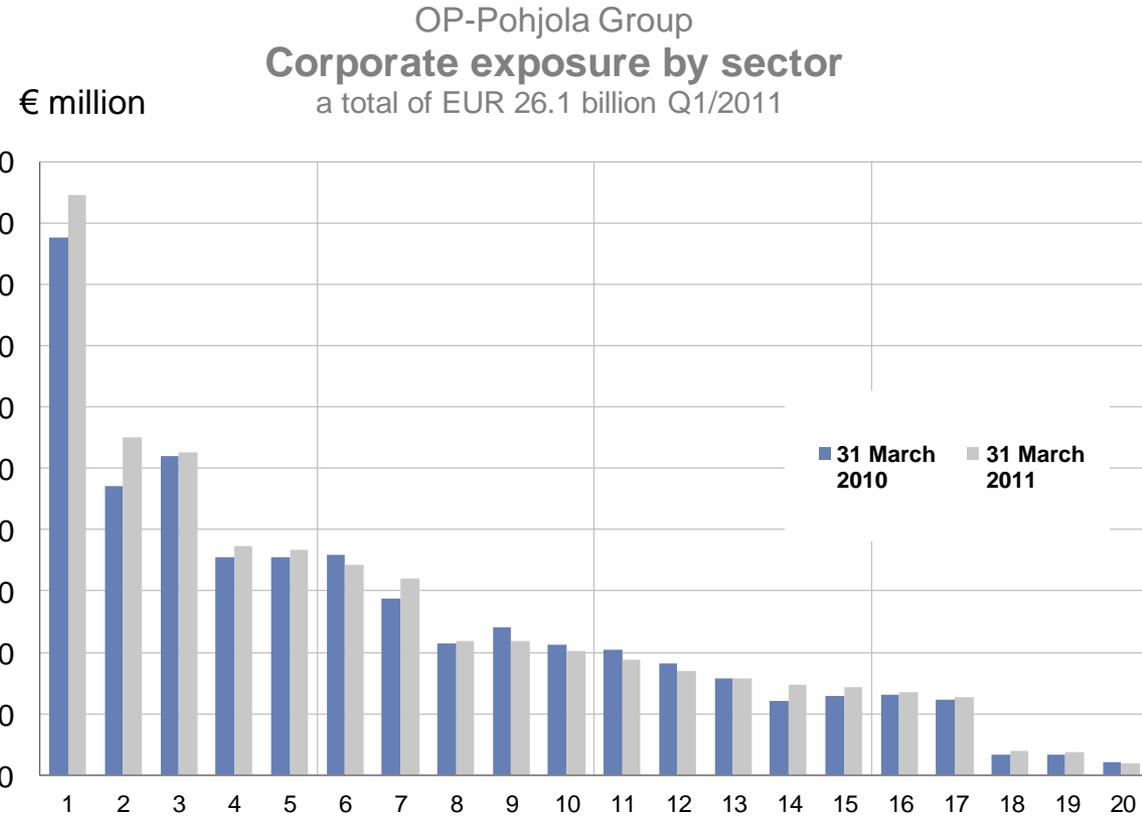


*OP-Pohjola Group Central Cooperative acquired on 5 May 2011 all shares in Pohjola Bank held by Suomi Mutual. The transaction led to a small reduction of Capital adequacy ratio (by around 0.05).

OP-Pohjola Group

Corporate exposure by sector Q1/11

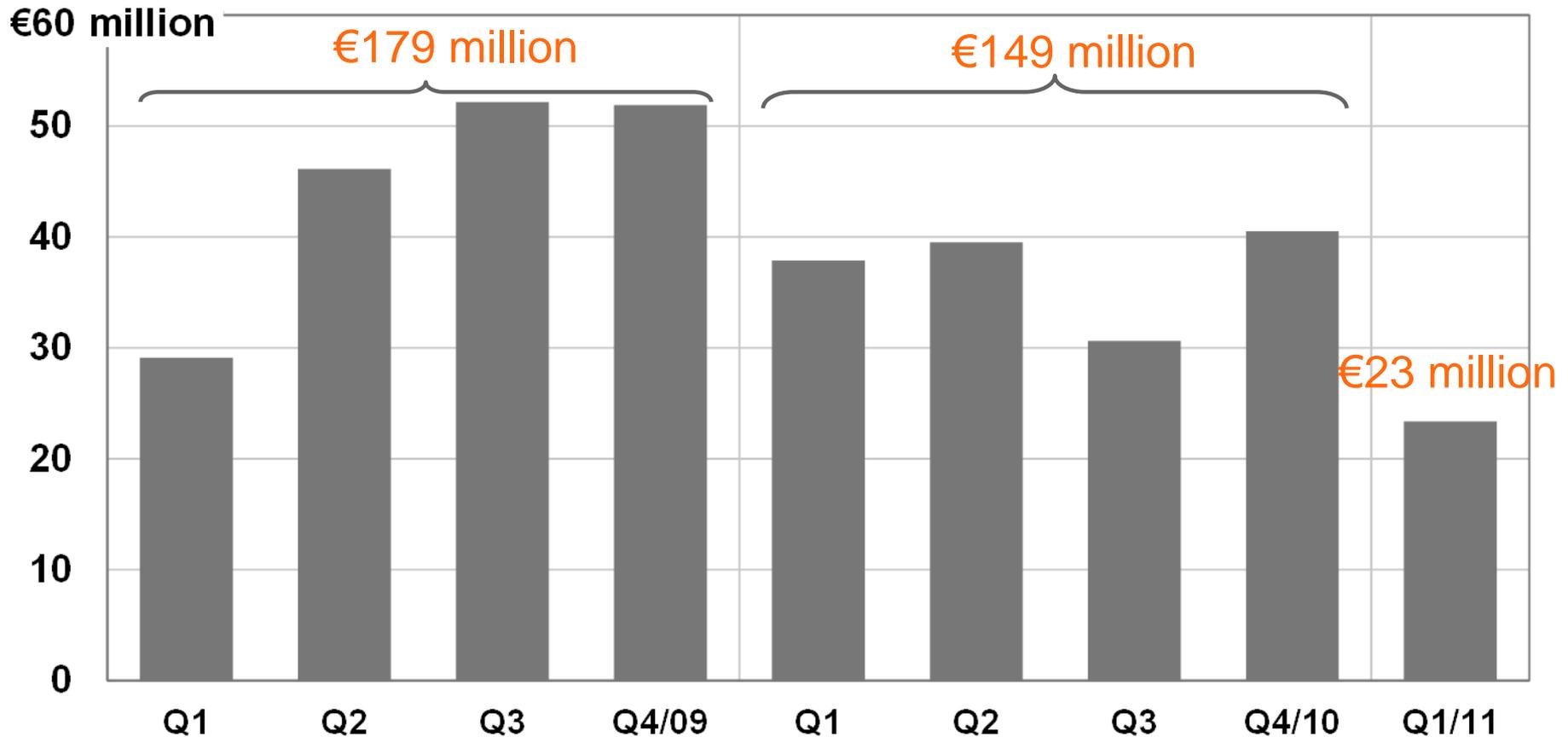
1 Renting and operating of residential real estate	18.1 %
2 Renting and operating of other real estate	10.6 %
3 Wholesale and retail trade	10.1 %
4 Construction	7.1 %
5 Services	7.0 %
6 Manufacture of machinery and equipment (incl. services)	6.6 %
7 Transportation and storage	6.1 %
8 Metal Industry	4.2 %
9 Forest Industry	4.2 %
10 Buying and selling of own real estate	3.9 %
11 Chemical Industry	3.6 %
12 Energy	3.2 %
13 Food Industry	3.0 %
14 Financial and insurance activities	2.8 %
15 Agriculture, forestry and fishing	2.7 %
16 Other manufacturing	2.6 %
17 Information and communication	2.4 %
18 Water supply, sewerage and waste management	0.8 %
19 Mining and quarrying	0.7 %
20 Other industries	0.3 %



23% of the exposure in the renting and operating of residential real estate sector is guaranteed by government, cities or municipalities (12/2010)

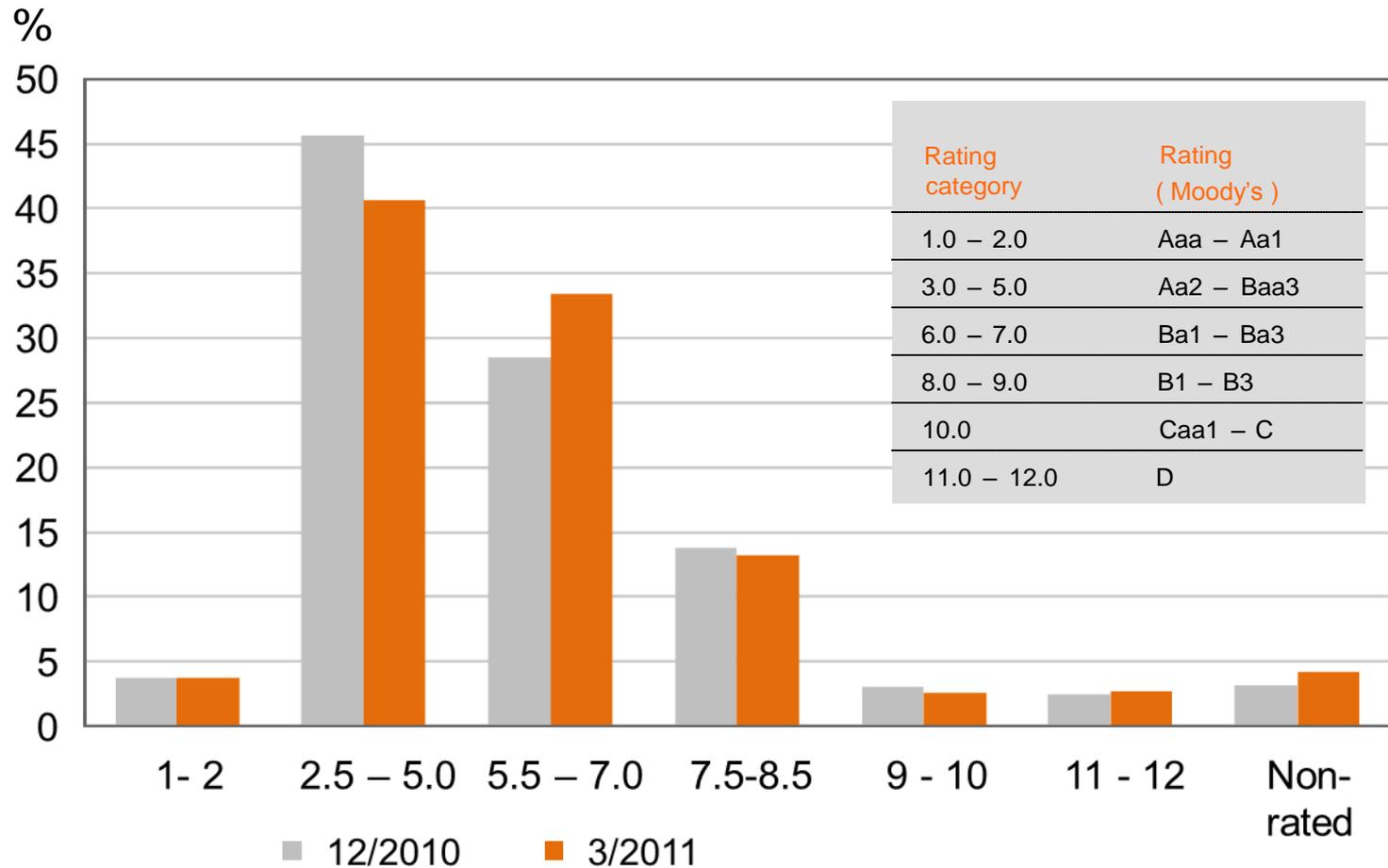
OP-Pohjola Group

Quarterly impairments of receivables



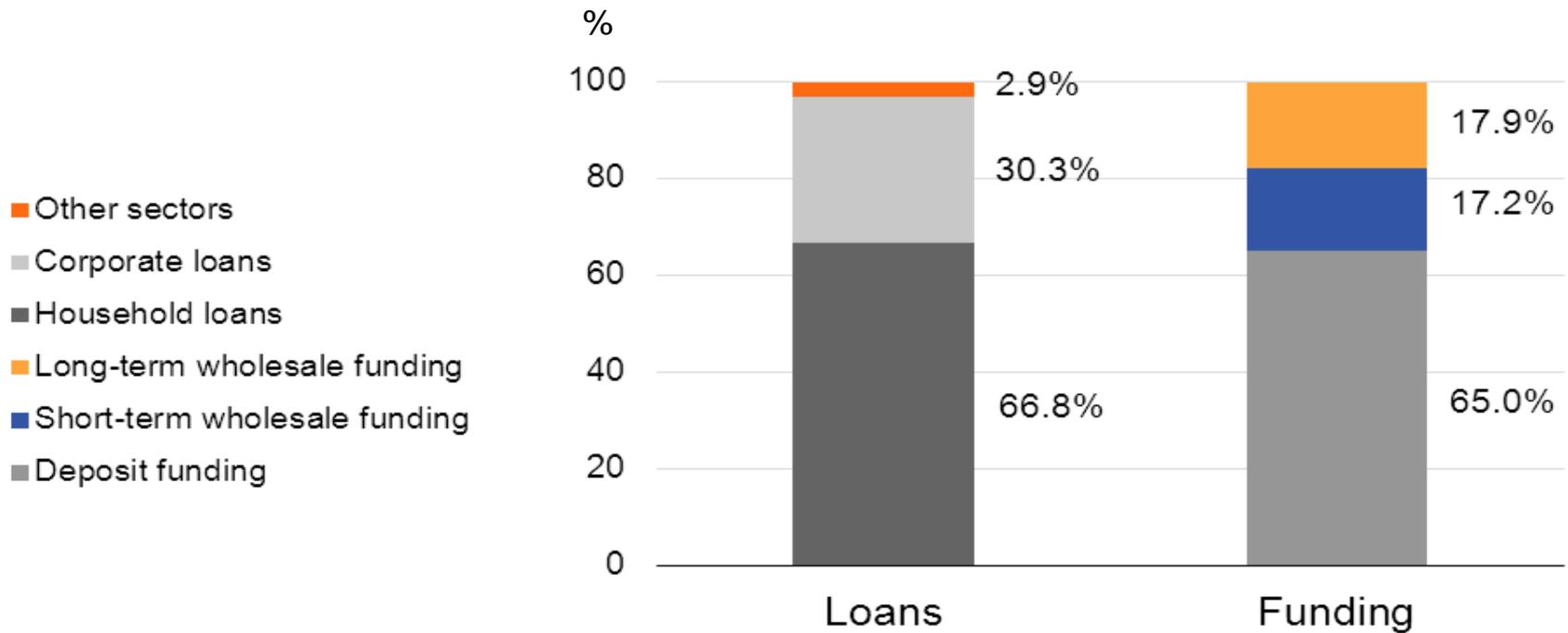
OP-Pohjola Group

Corporate exposure by credit rating category



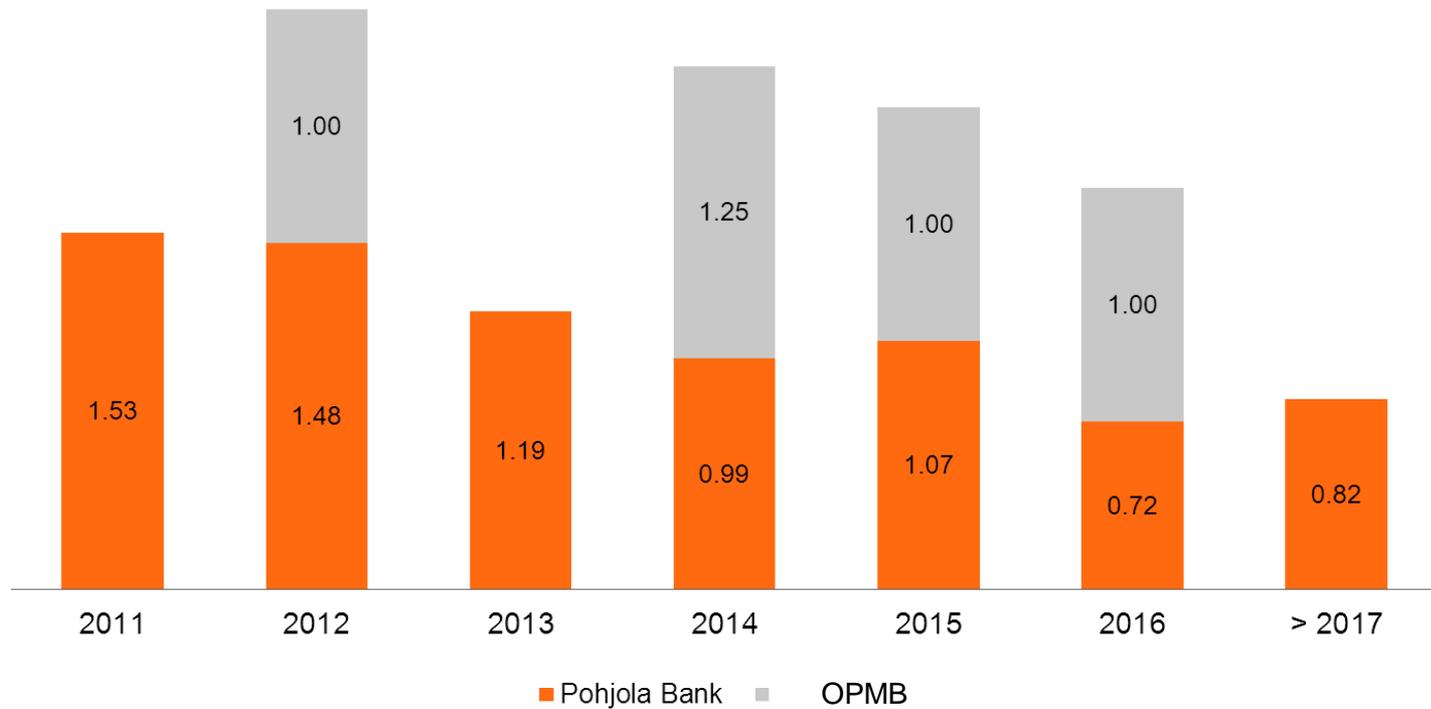
OP-Pohjola Group

Loans and funding structure (31 March 2011)



OP-Pohjola Group

Issued Senior Debt and Covered Bonds by Maturity, € billion



OP-Pohjola Group

Issued Senior Debt and Covered Bonds in 2011

Pohjola Bank Senior Bond Issues

2011

Jan/11 €500m 5 yr m/s +80 bps

OP-Mortgage Bank Covered Bond Issues

2011

Apr/11 €1bn 5 yr m/s +35 bps

Credit Ratings

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

	Moody's	S & P	Fitch
Pohjola Bank	Aa2*	AA-	AA-*
Handelsbanken	Aa2	AA-	AA-
Nordea	Aa2	AA-	AA-
DnB NOR	Aa3	A+	A+
Danske Bank	A1***	A*	A+
SEB	A1	A	A+
Swedbank	A2***	A	A
OP-Mortgage Bank**	Aaa	AAA	-
Pohjola Insurance Ltd	A2*	A+	-
If	A2	A	-
Finnish government	Aaa	AAA	AAA

* The credit rating outlook is negative

** Covered bond rating

*** Outlook: rating under review

OP Mortgage Bank in Brief



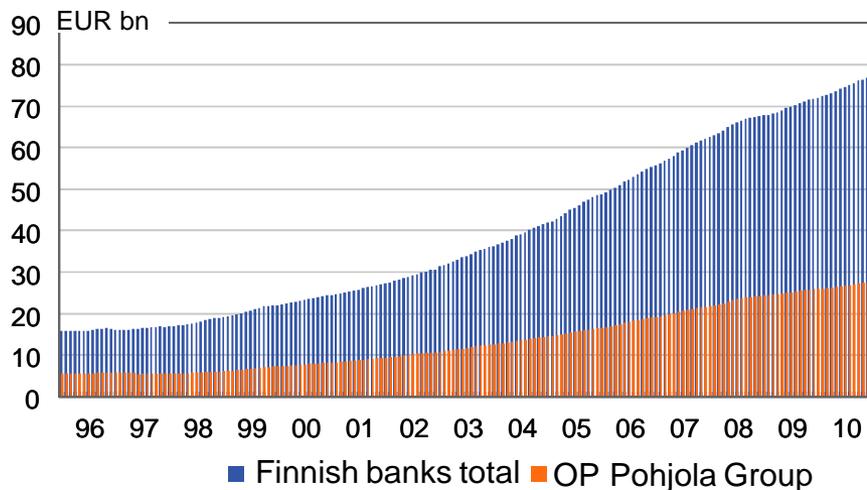
The Finnish Housing Market – an overview

- Ownership ratio of households around 66%
- Average size of dwellings 79 m²
- Floor space per occupant 38.6 m²
- Typical maturity in new loans 20 years
- Variable interest rates: over 95% of all loans
- Average annual housing starts around 30,000
- 28% interest relief in taxation (limited)
- Capital gains exempt after 2 years

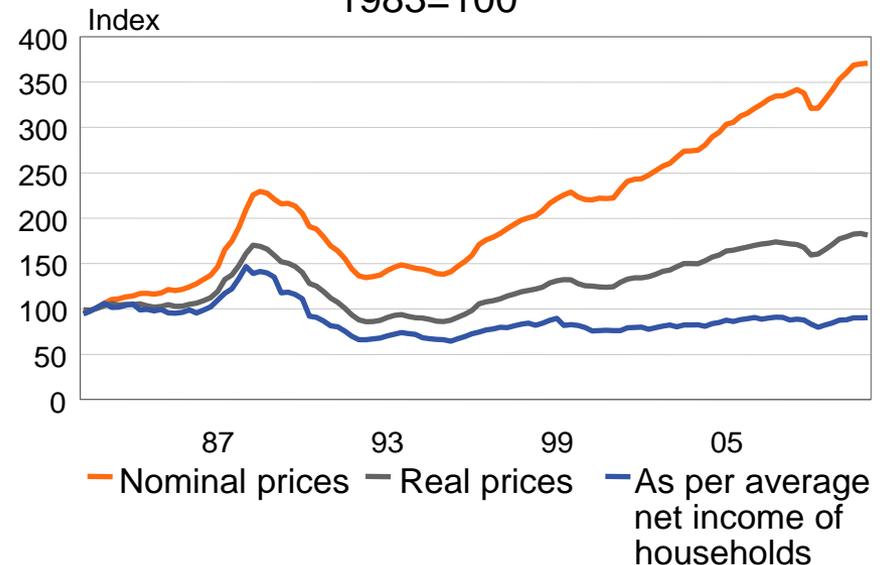
Mortgage Market and House Price Growth

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

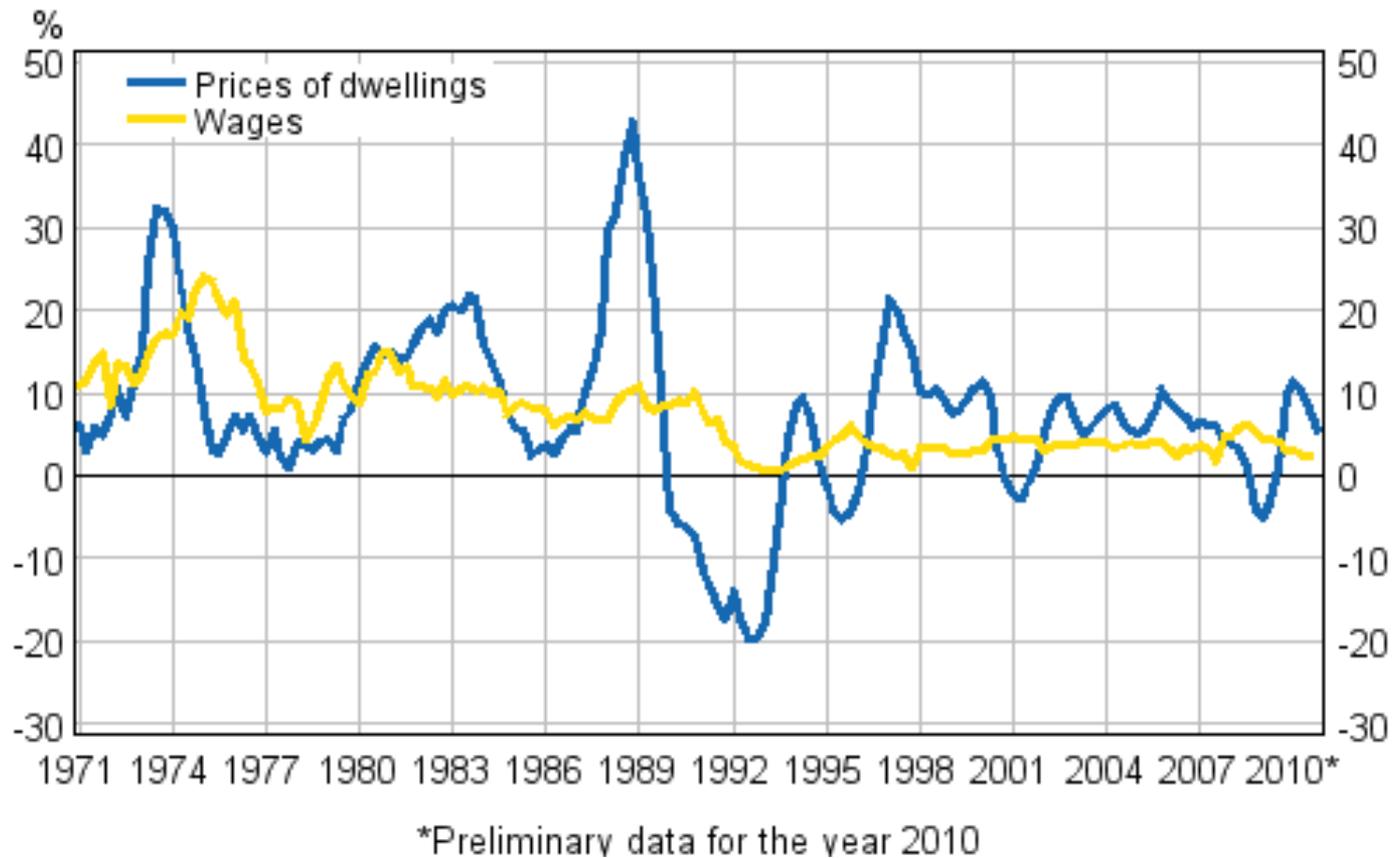
Mortgage lending volume



Housing price development
1983=100



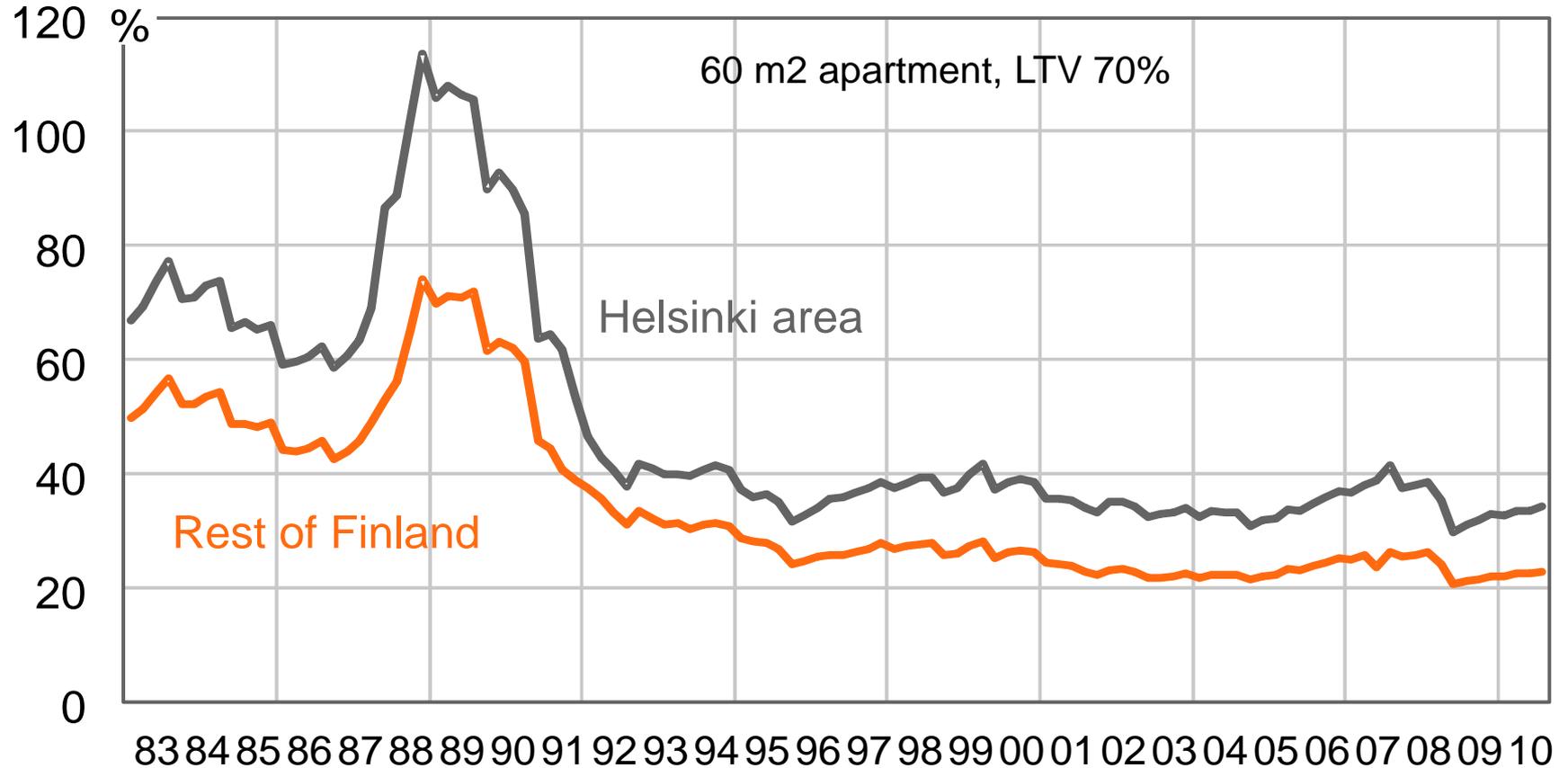
Year-on-year changes in prices of dwellings and in wages and salaries



Source: Prices of Dwellings, Statistics Finland

Servicing cost of a loan in relation to net income

Annuity payment during the first year



Sources: Statistics Finland and 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

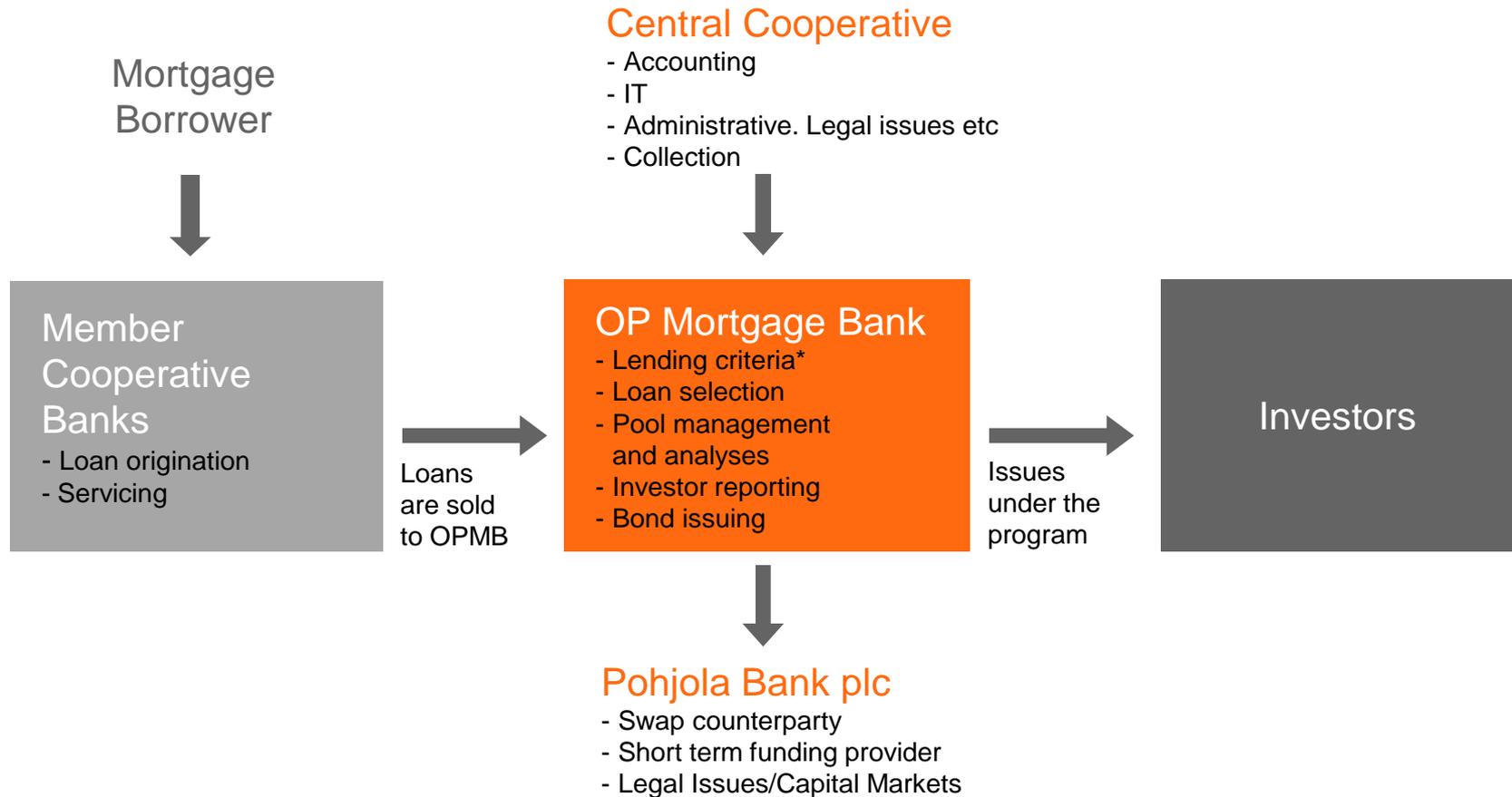
OP Mortgage Bank (OPMB) in Brief

- OP Mortgage Bank is a special purpose bank operating under the Act on Mortgage Credit Bank Operations.
- The sole purpose of the bank is to raise funds for the member banks of the OP-Pohjola Group 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 100% owned subsidiary of the OP-Pohjola Group Central Cooperative.
- OP Mortgage Bank fully benefits from the joint responsibility based on the Act on Amalgamations of Deposit Banks. However since assets in its Cover Asset Pool are ring-fenced the noteholders have a right to receive what is due to them before all other debtors.

OPMB Operational 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 done directly into OPMB where the Member Cooperative Bank will act as a broker agent.
- OPMB utilises the current structure of the cooperative and outsource inter alias:
 - Origination and servicing of assets to the Member Cooperative Banks
 - Risk management, IT-services, accounting etc. to Central Cooperative
 - Interest rate risk management in cooperation with Pohjola Bank

Operational Model and Roles



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

OPMB Asset Pool Characteristics

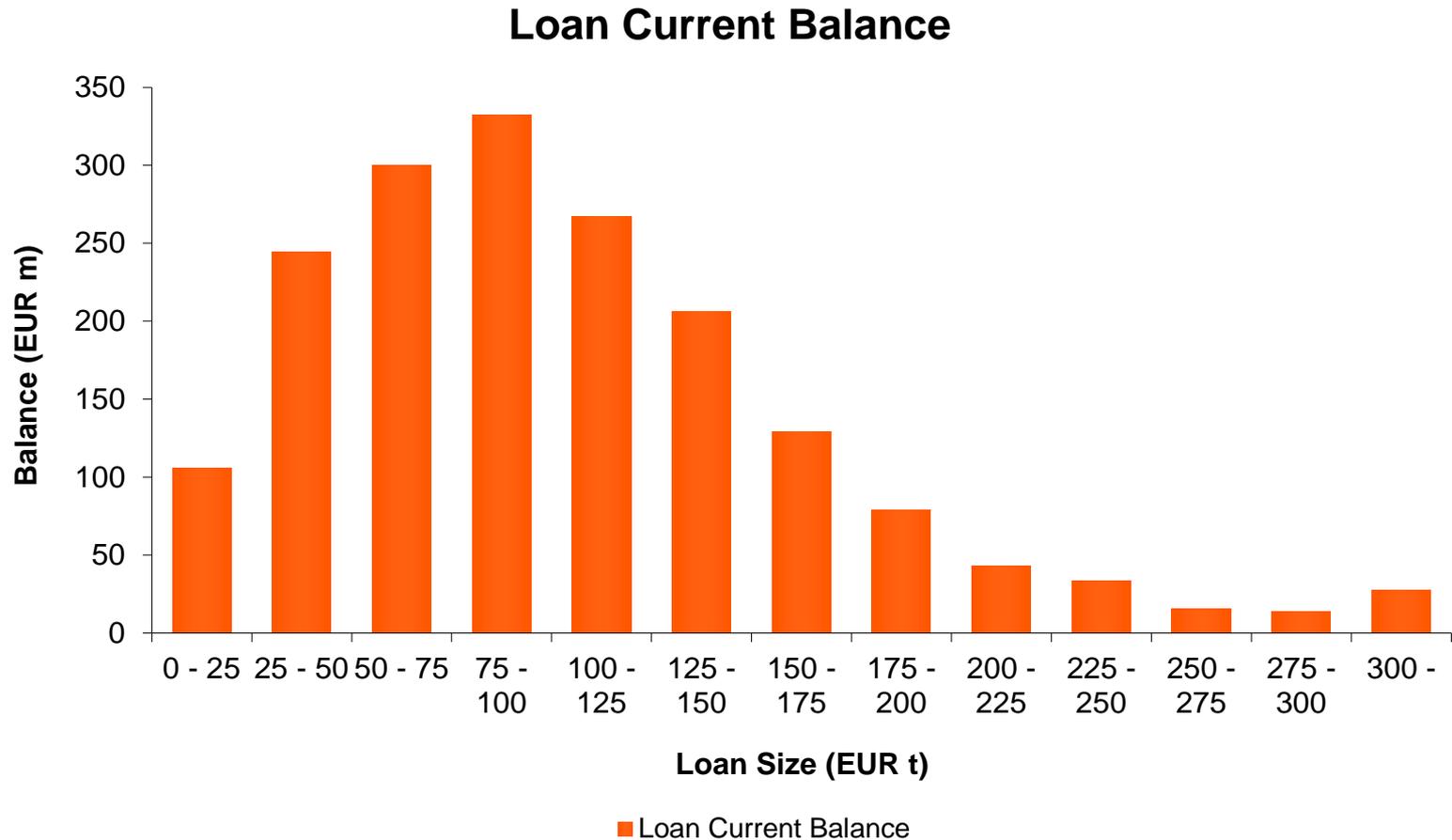


Main Features of OP Mortgage Bank cover asset pool as of March 2011

- Collateralized by first ranking Finnish mortgages
- Current balance EUR 4.6 billion
- Weighted Average unindexed LTV of 46%
- Average loan size of approximately EUR 48,000
- 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 3.25 billion

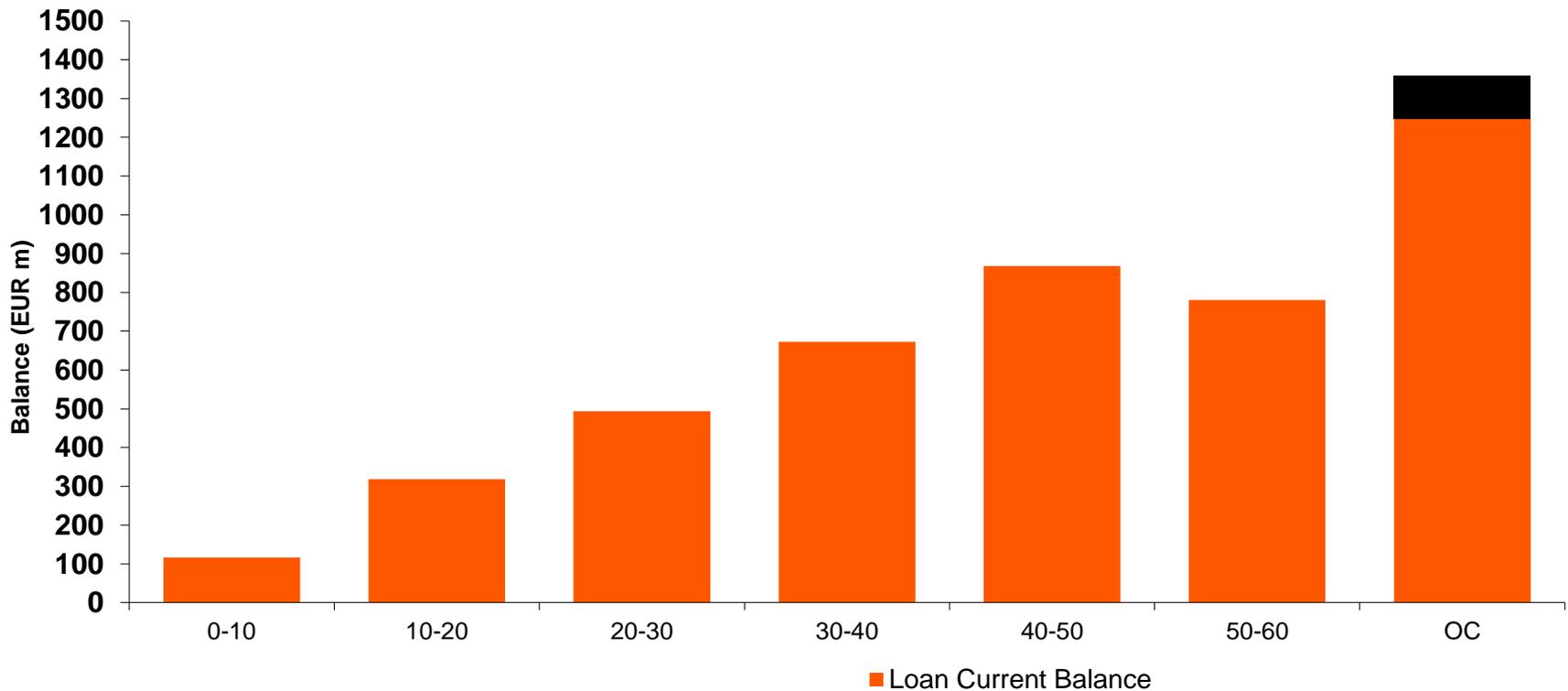
OPMB Asset pool characteristics

Loans by size



OPMB Asset pool characteristics

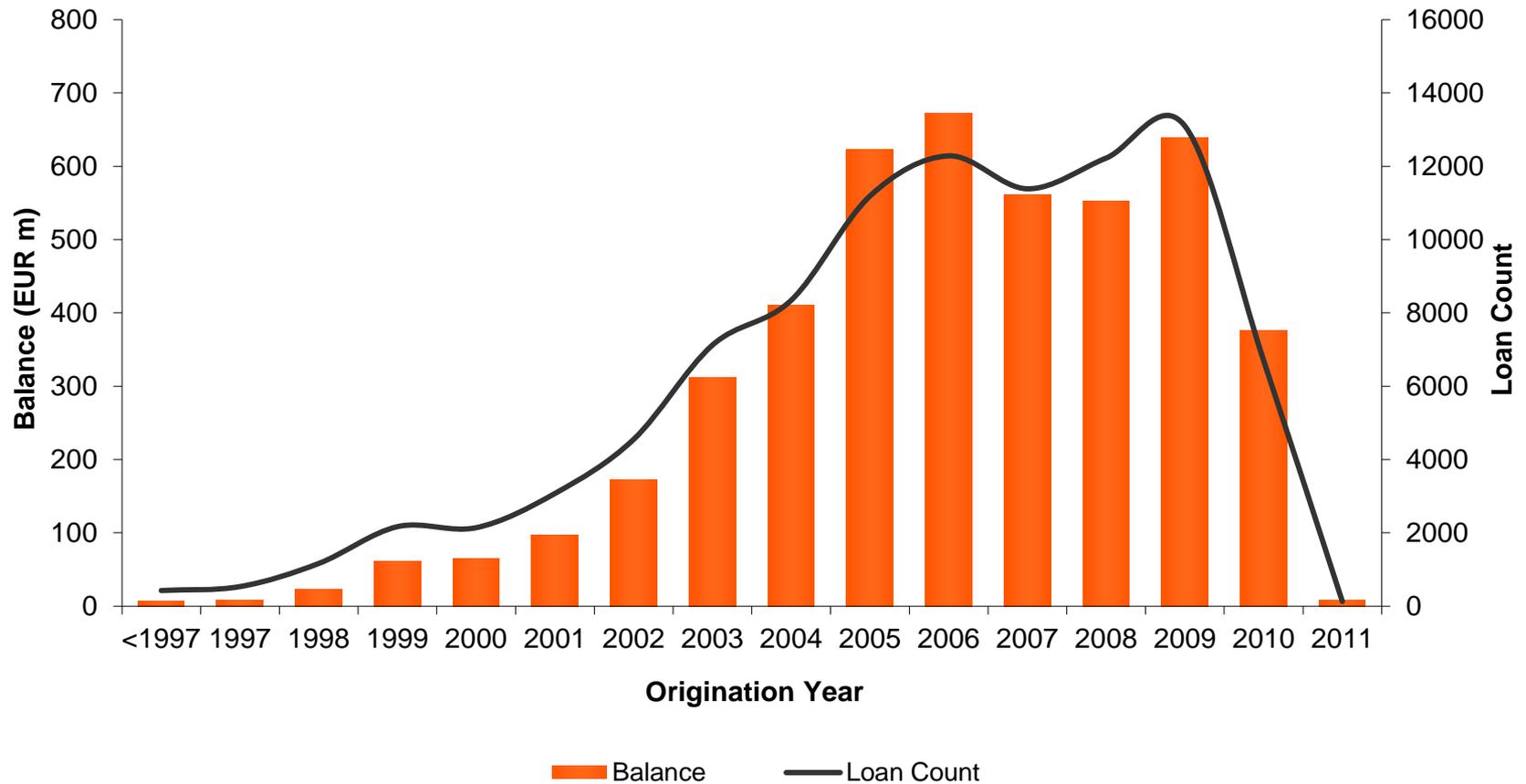
Loans by LTV



*) the black portion of the OC presents the parts of loans in the LTV range of 60-85

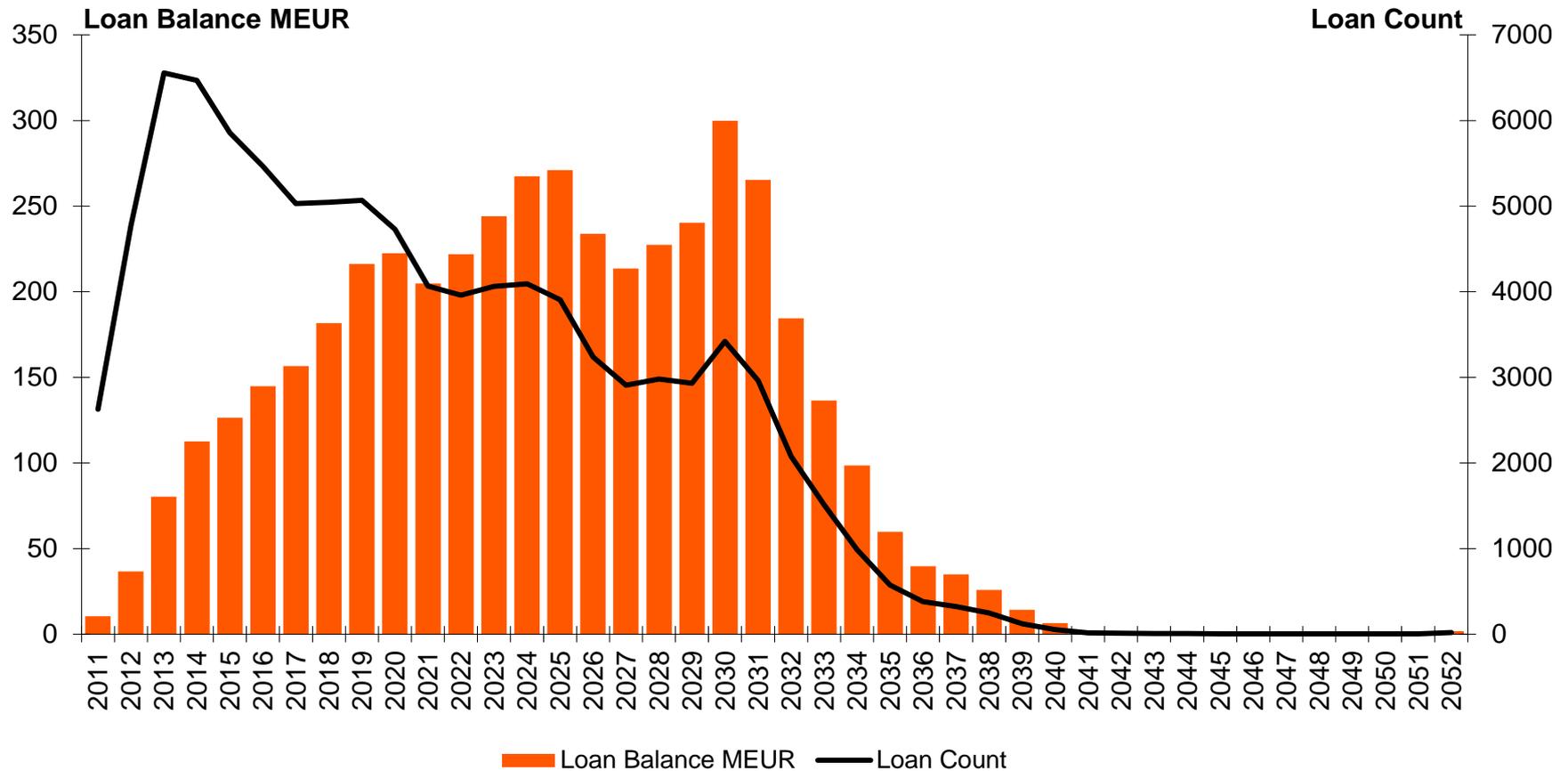
OPMB Asset pool characteristics

Loans by origination year



OPMB Asset pool characteristics

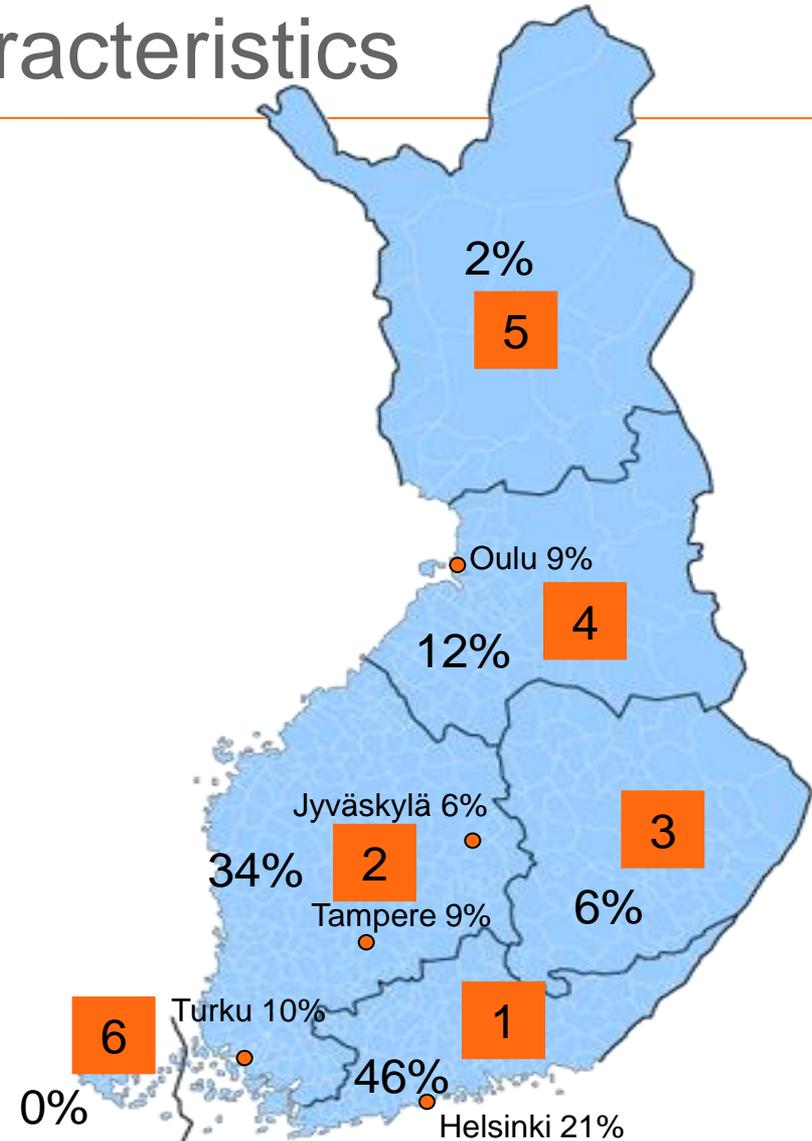
Loans by maturity



OPMB Asset Pool Characteristics

Geographical distributions

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



Investor Relations Contacts



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Thank you
for your attention

