



Pohjola Bank plc's Annual General Meeting

Helsinki Exhibition &
Convention Centre
20 March 2014, 2.00 pm

Pohjola 

1. Opening of the Meeting

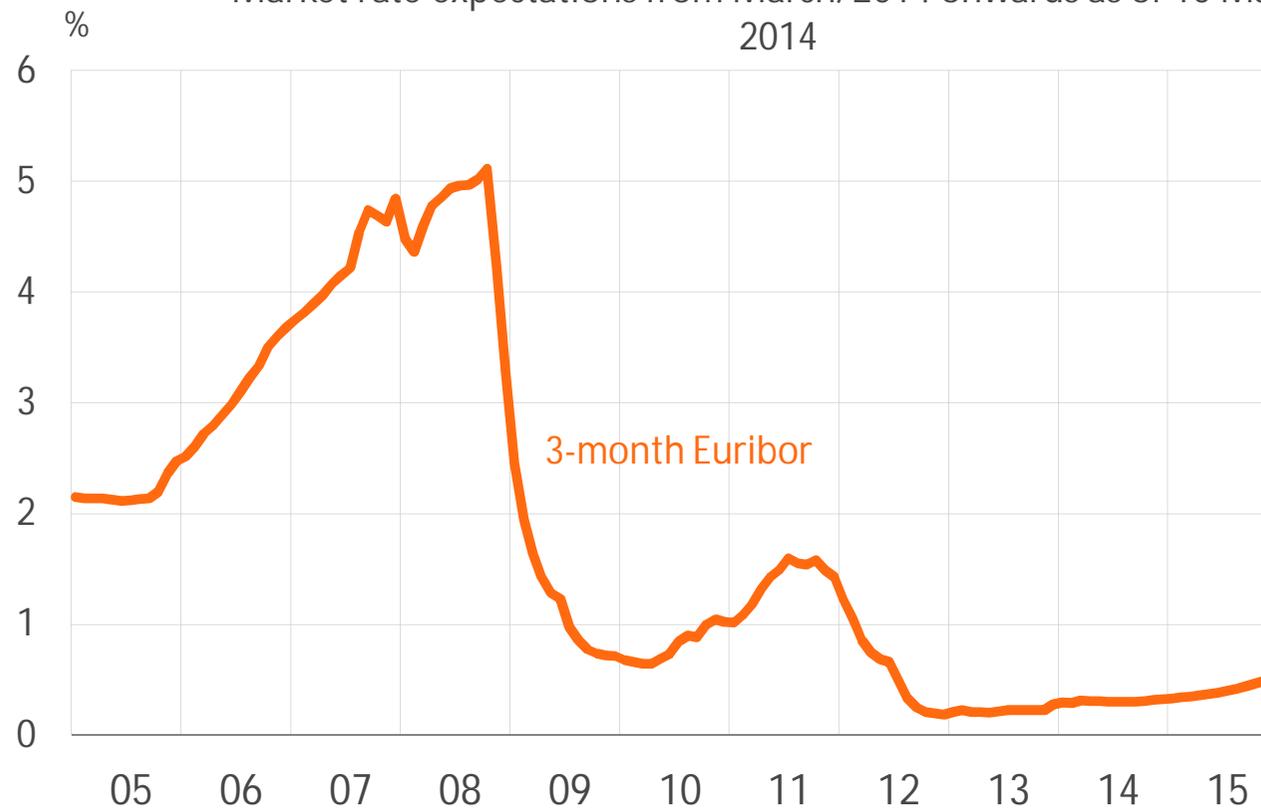
Chairman of the Board of
Directors
Reijo Karhinen



Exceptional circumstances still prevailing

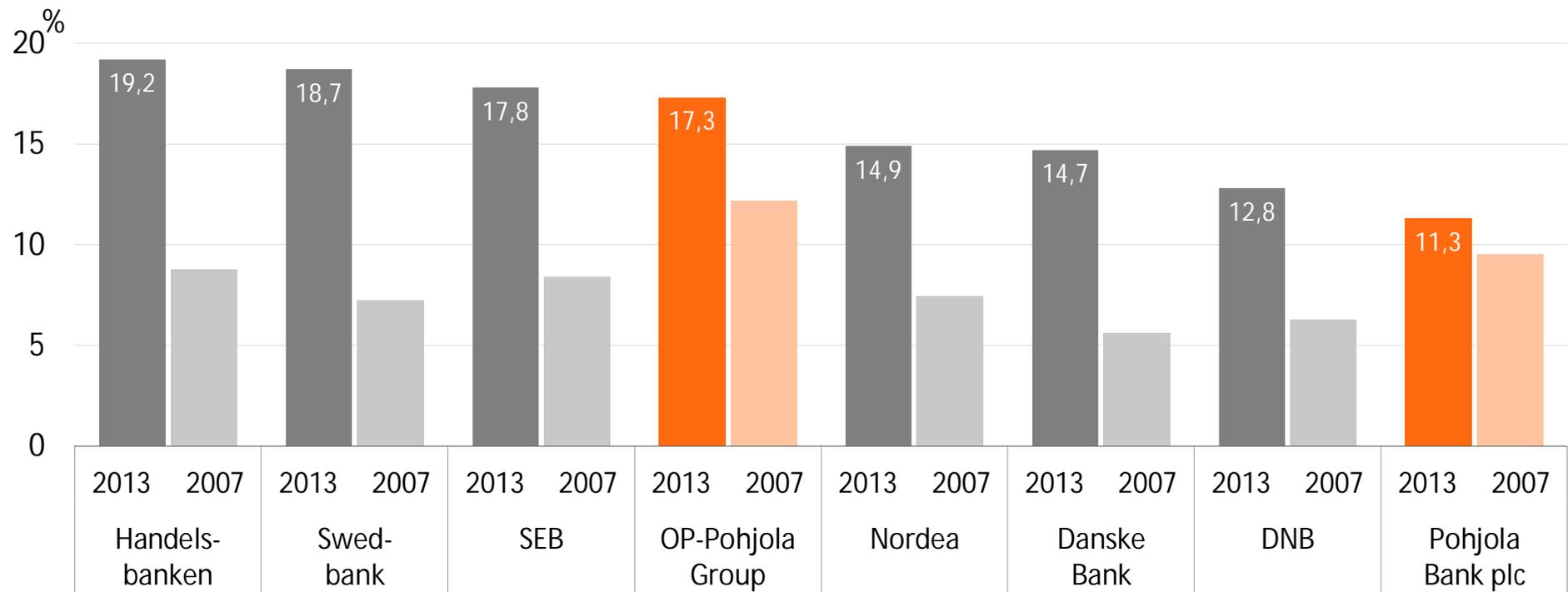
Market interest rates

Market rate expectations from March/2014 onwards as of 10 March 2014

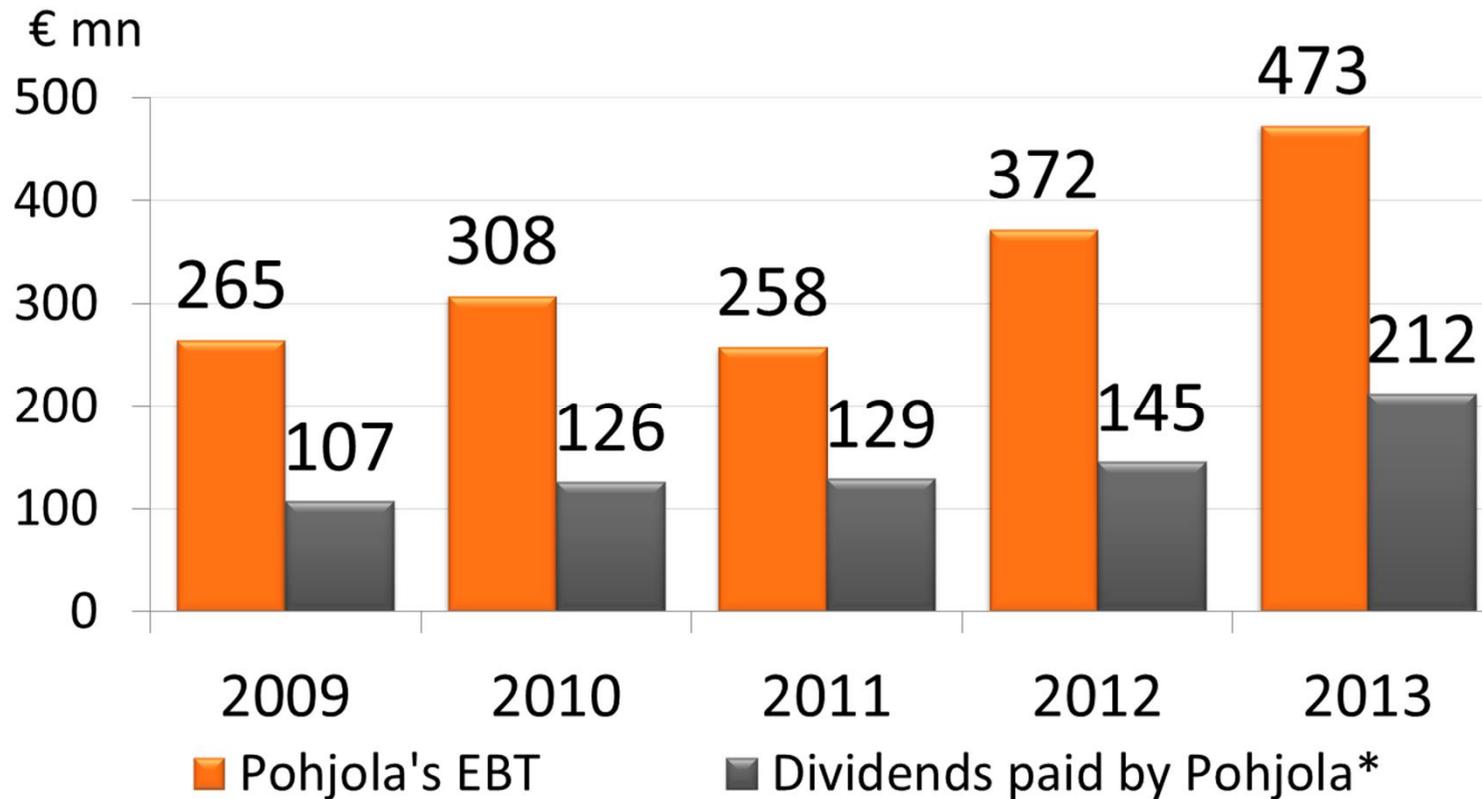


Source: Reuters EcoWin

Core Tier 1 ratio excluding transitional provisions



All-time high EBT in 2013

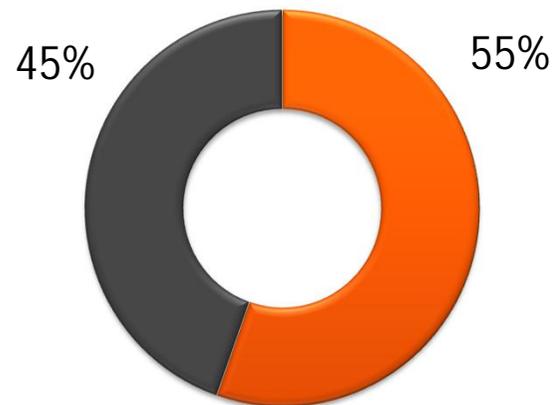


* Dividend proposed by the Board of Directors for 2013

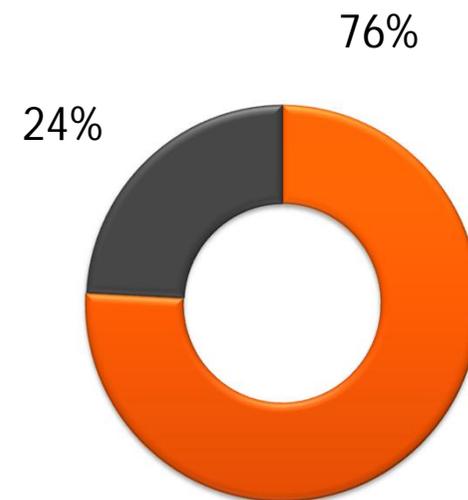
Is Pohjola a proper listed
company?

Pohjola's very concentrated ownership

Shareholdings, %, 31 Dec. 2013



Votes, %, 31 Dec. 2013



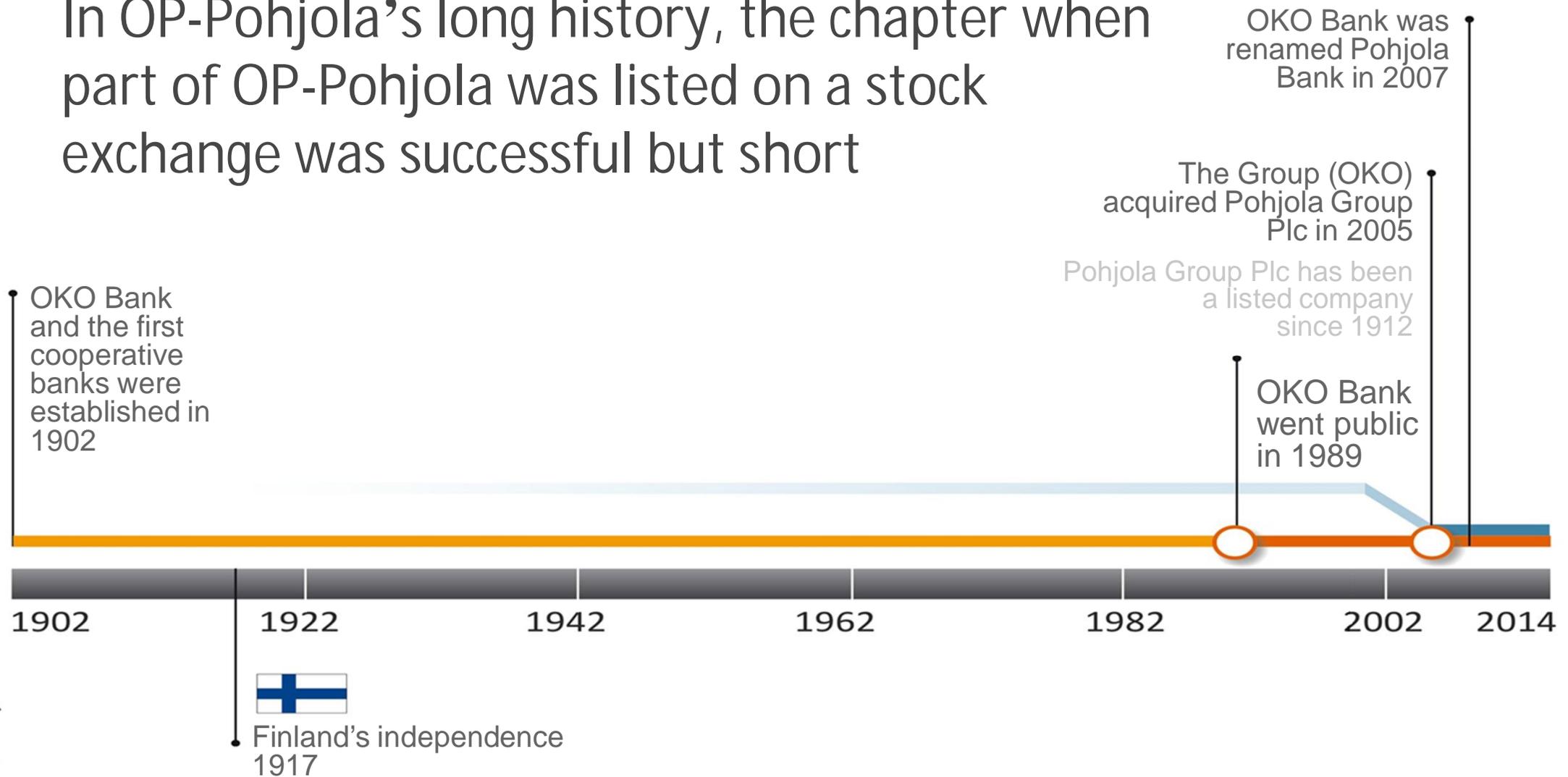
■ Other shareholders

■ Parent and other OP-Pohjola Group institutions

Act on the Amalgamation of Deposit Banks:
"The central institution is under an obligation to control its
member banks
in a consistent manner "



In OP-Pohjola's long history, the chapter when part of OP-Pohjola was listed on a stock exchange was successful but short





2. Calling the Meeting to Order



3. Election of Persons Checking the Minutes and Supervising Vote Counting



4. Legality of Meeting



5. Recording of Those Present and Confirmation of Voters List



6. Presenting the Financial Statements, Report by the Board of Directors and Auditor's Report for 2013

Review by President and CEO
Jouko Pölönen



President and CEO's Review

- Business performance
- Financial performance
- Balance sheet and capital adequacy
- Proposed dividend distribution
- Events after the reporting period
- Outlook for 2014



Pohjola's Executive Committee



Tarja Ollilainen
Senior Executive Vice
President,
Human Resources,
Pohjola Bank plc



Vesa Aho
CFO,
Pohjola Bank plc

Pohjola's Executive Committee



Petri Viertiö
CRO,
Pohjola Bank plc



Hannu Jaatinen
Acting Executive
Vice President,
Banking,
Pohjola Bank plc

Pohjola's Executive Committee



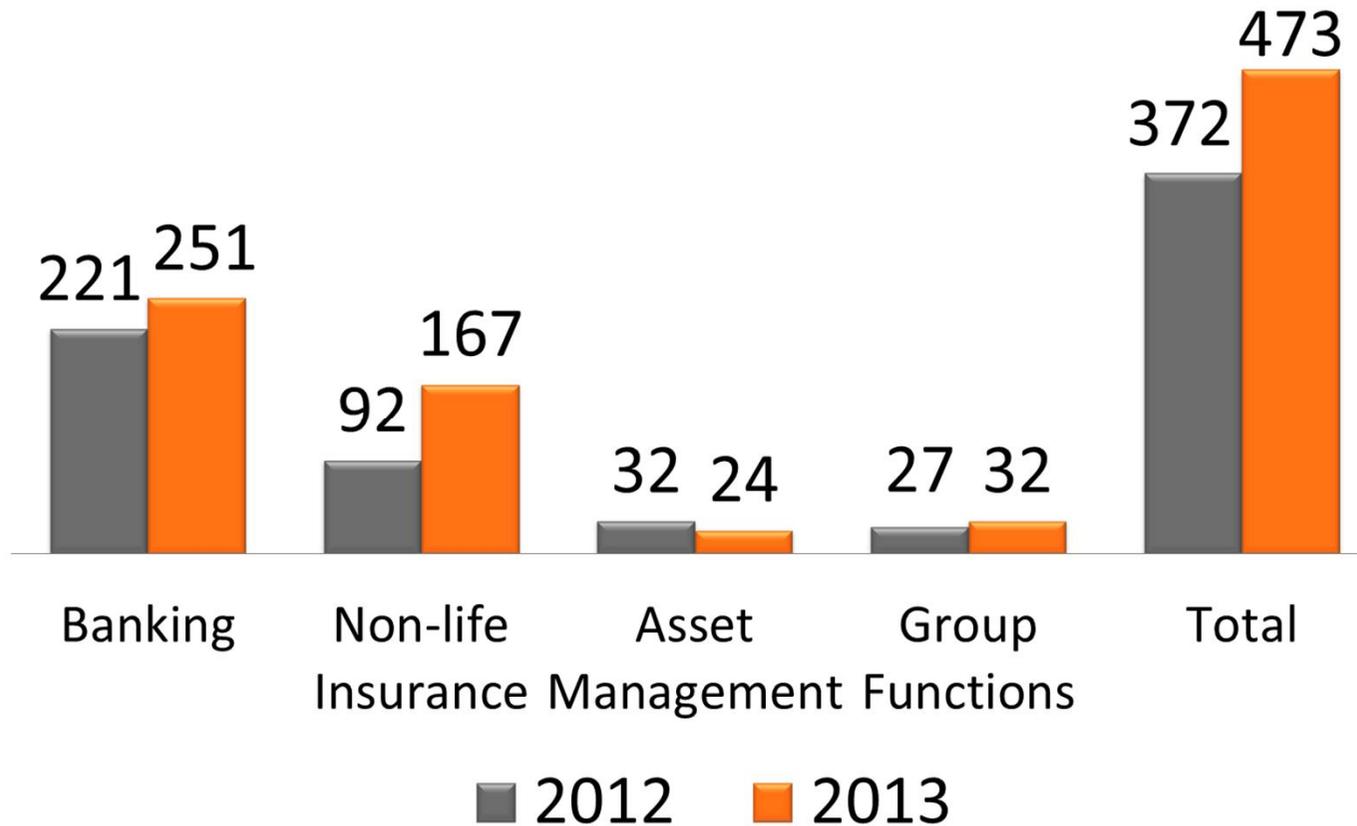
Karri Alameri
President,
Pohjola Asset
Management Ltd

Business Performance



Group Earnings Before Tax €473 million

Earnings before tax by business line, € mn



Banking



Hannu Jaatinen

Acting Executive Vice
President, Banking

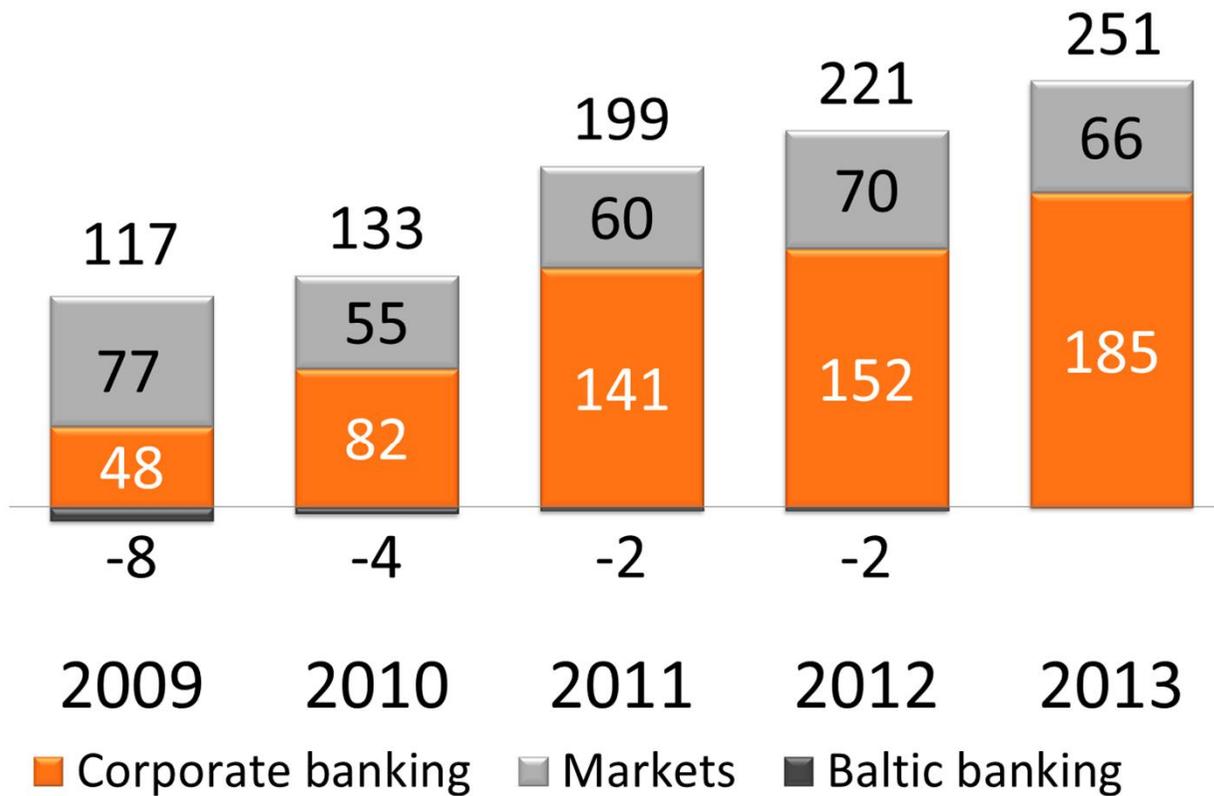
b. 1957

M.Sc. (Econ. & Bus.
Adm.), eMBA



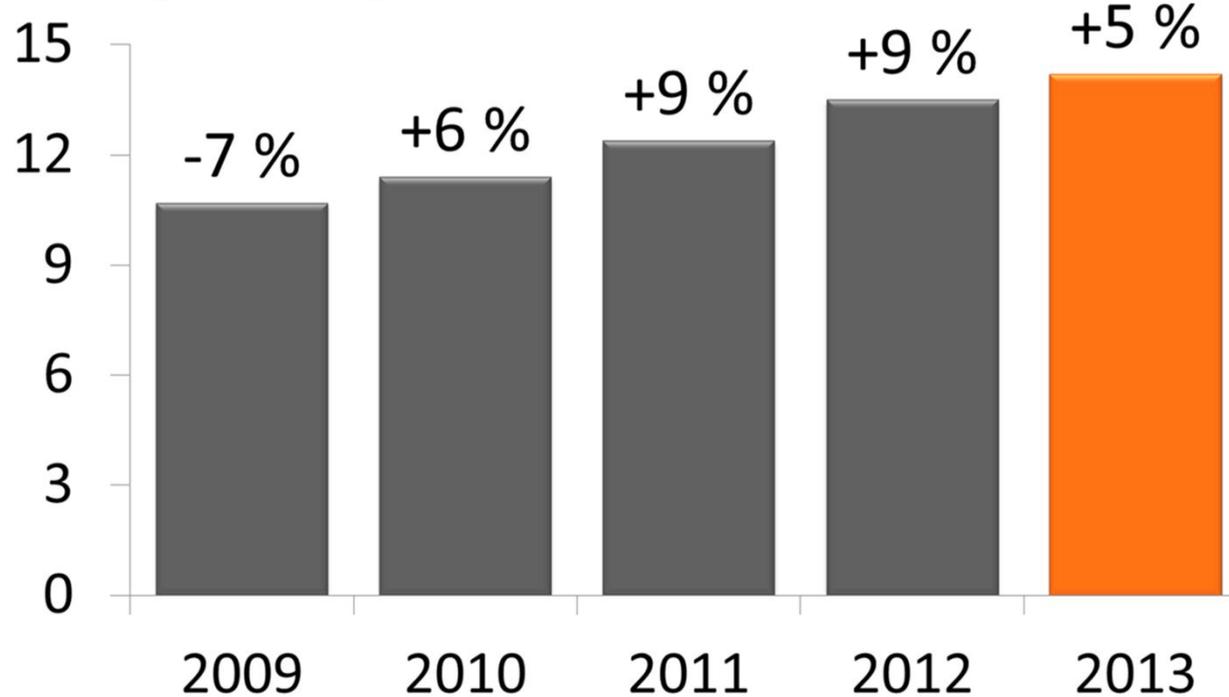
Strong 2013 especially for Corporate Banking

Banking's earnings before tax by division, € mn



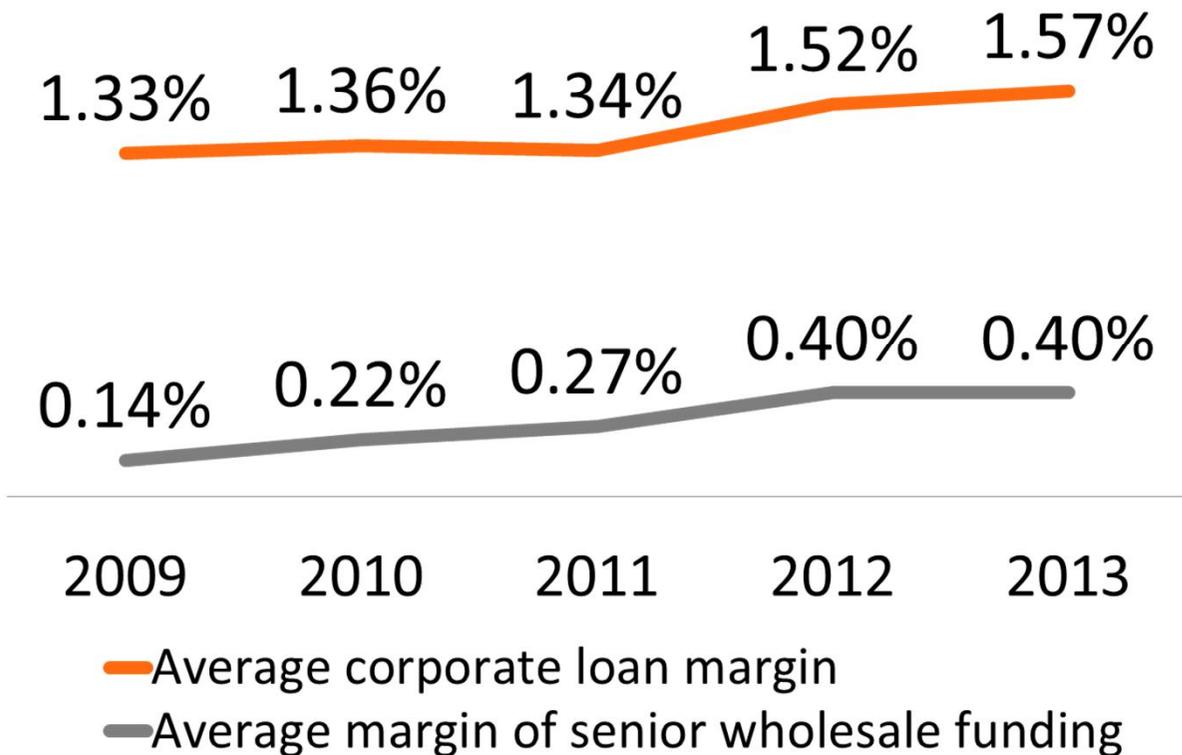
Pohjola's 5% Growth in Loan Portfolio above Industry Average Growth of 4%

Loan portfolio, € bn



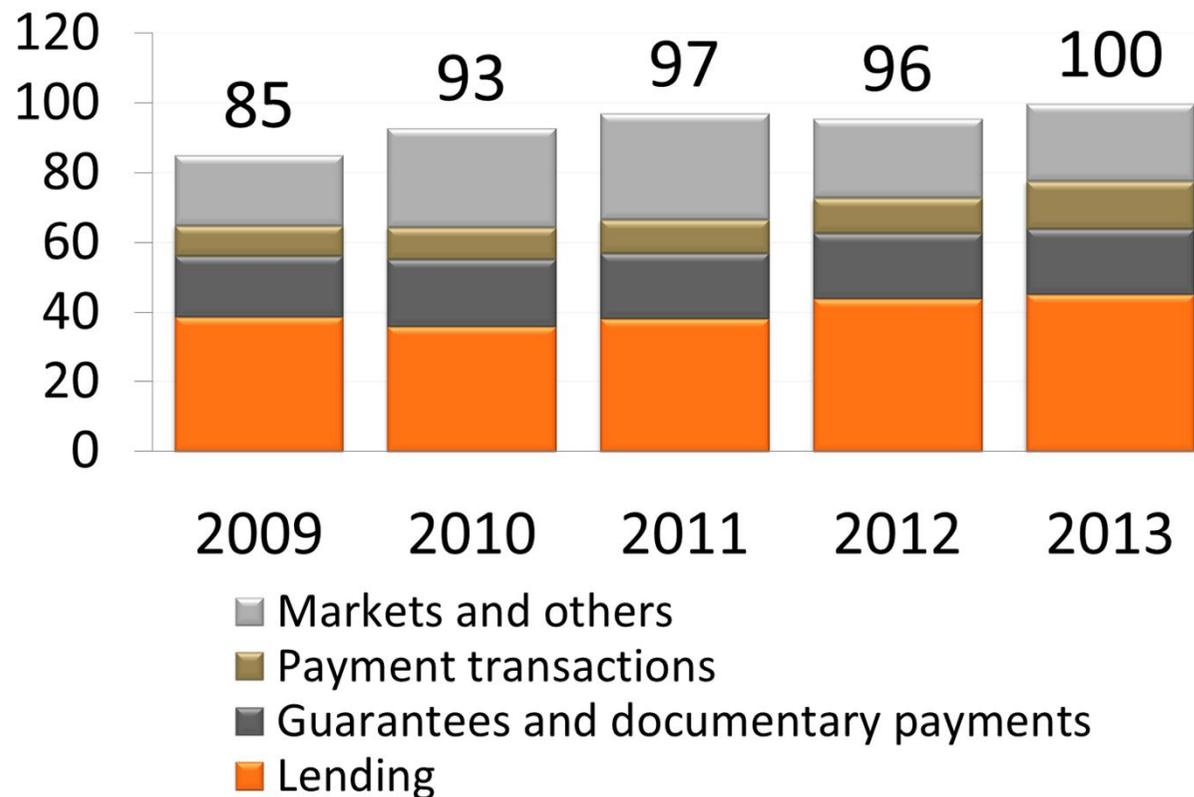
Market share improved by 0.6 pps to 22.1% (Dec./2013)

Average Corporate Loan Margin Up by 5 bps and Average Margin of Senior Wholesale Funding at Previous Year's Level

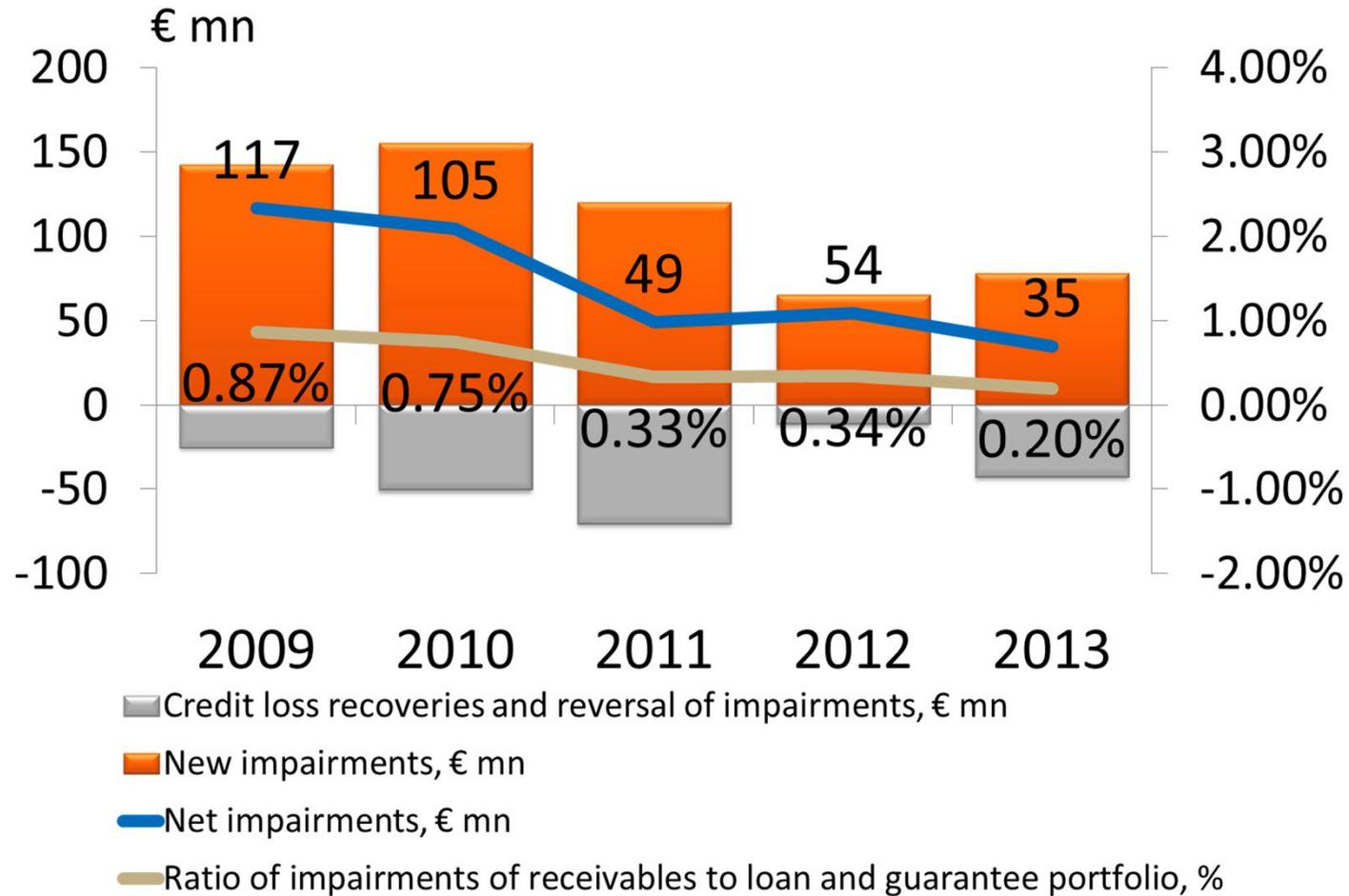


Net commissions and fees rose in lending and payment transactions in particular

Net commissions and fees, € mn



Good Quality Loan Portfolio and Lower Impairment Losses



Pohjola Leading Manager in Finnish EUR-denominated Corporate Bond Issues

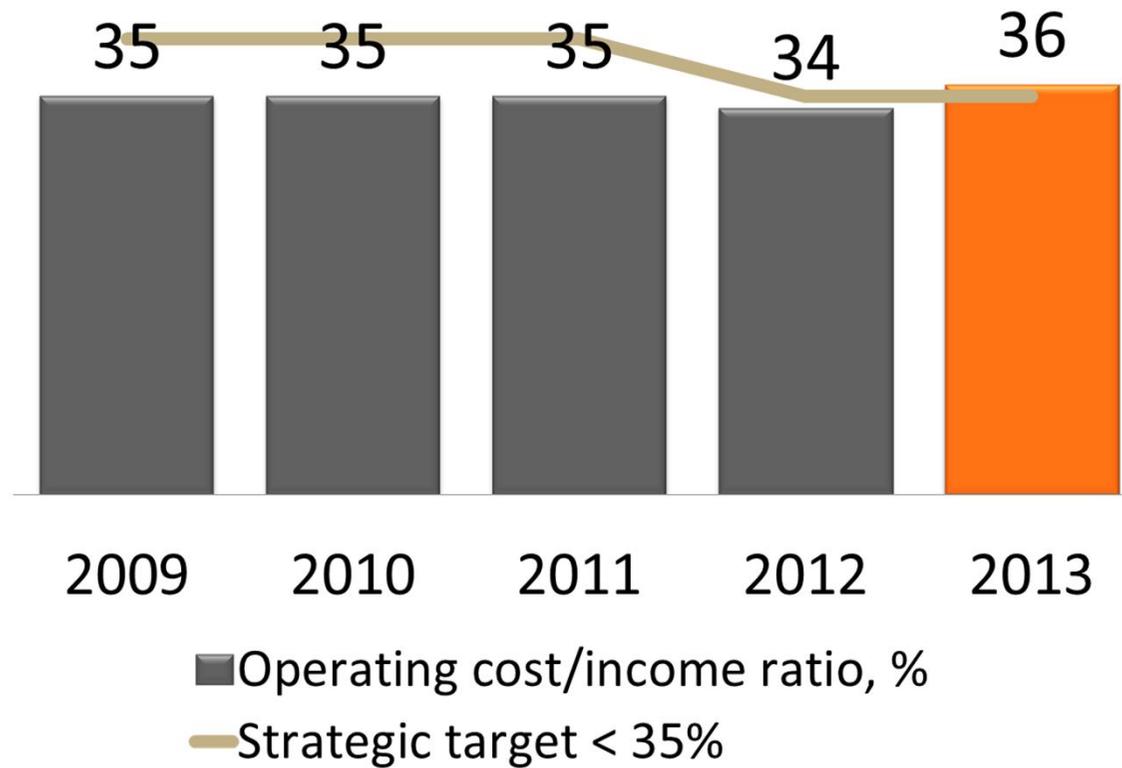
Lead manager performance in Finnish
EUR-denominated corporate bond issues, € mn and volume, 2013

	€ mn		number of issues
1 Pohjola	984	1 Pohjola	16
2 Nordea	538	2 Nordea	9
3 Danske	458	3 Danske	8
4 Deutsche	329	4 SEB	4
5 SEB	300	5 Deutsche	3
6 RBS	275	6 Alexander CF	2
7 UBS	229	7 Barclays	2
8 Credit Agricole	148	8 Credit Agricole	2
9 Credit Suisse	148	9 Credit Suisse	2
10 HSBC	125	10 RBS	2
Total	3 896	Total	35

Source:
Bloomberg,
Pohjola
Markets

Operating Cost/Income Ratio at Good Level Despite the Bank Levy

Operating cost/income ratio, %



Non-life Insurance

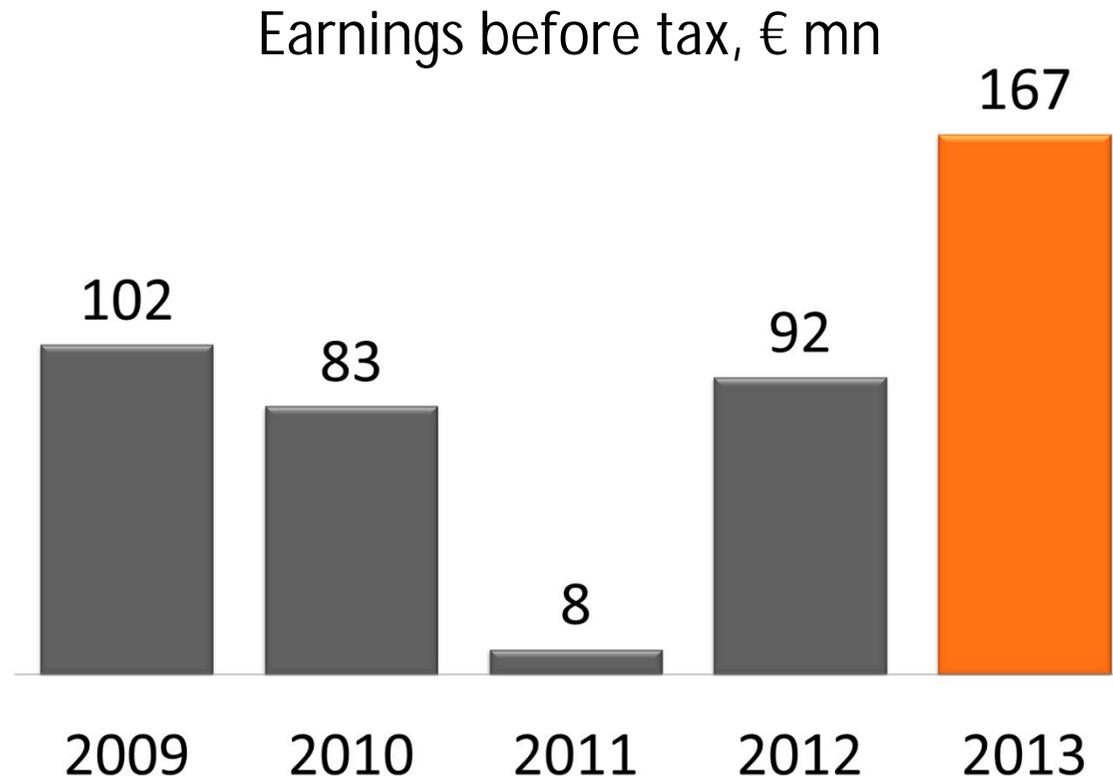


Jouko Pölönen

President,
Pohjola Insurance Ltd
b. 1970
M.Sc. (Econ. & Bus.
Adm.), eMBA

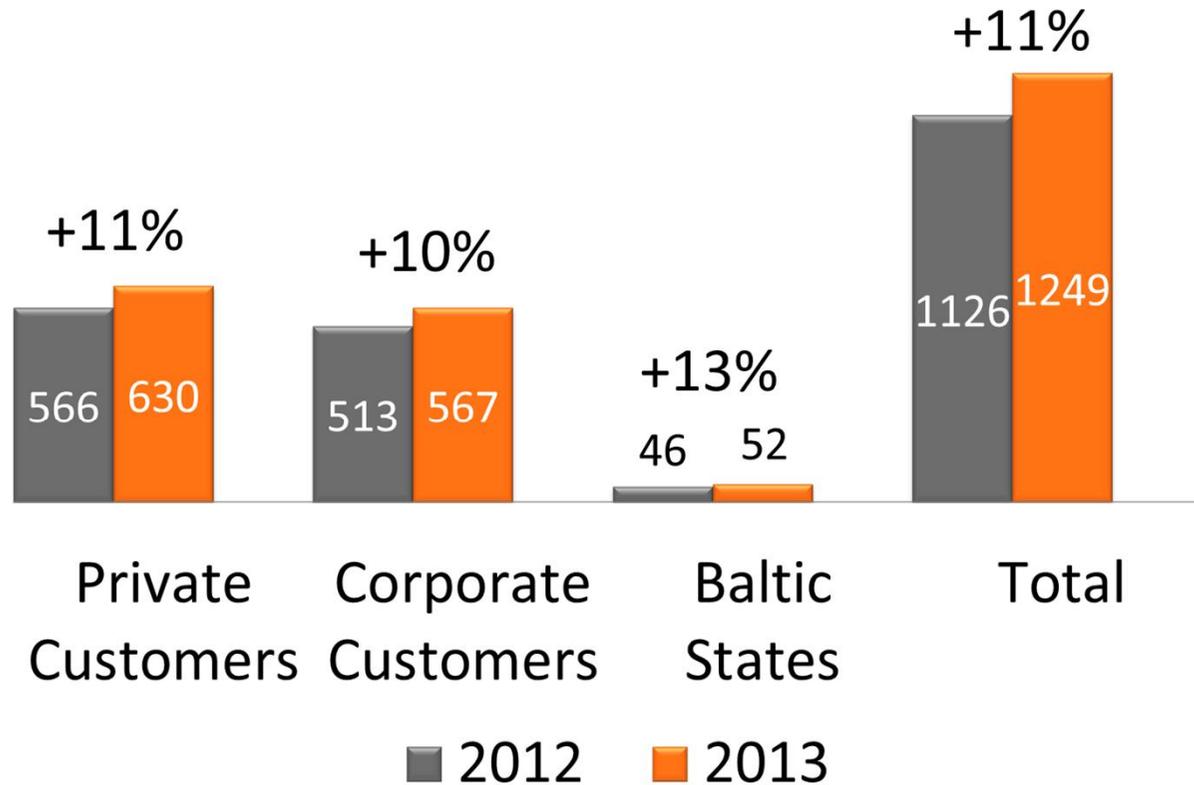


Marked improvement in Non-life Insurance EBT as a result of strong balance on technical account and investment income



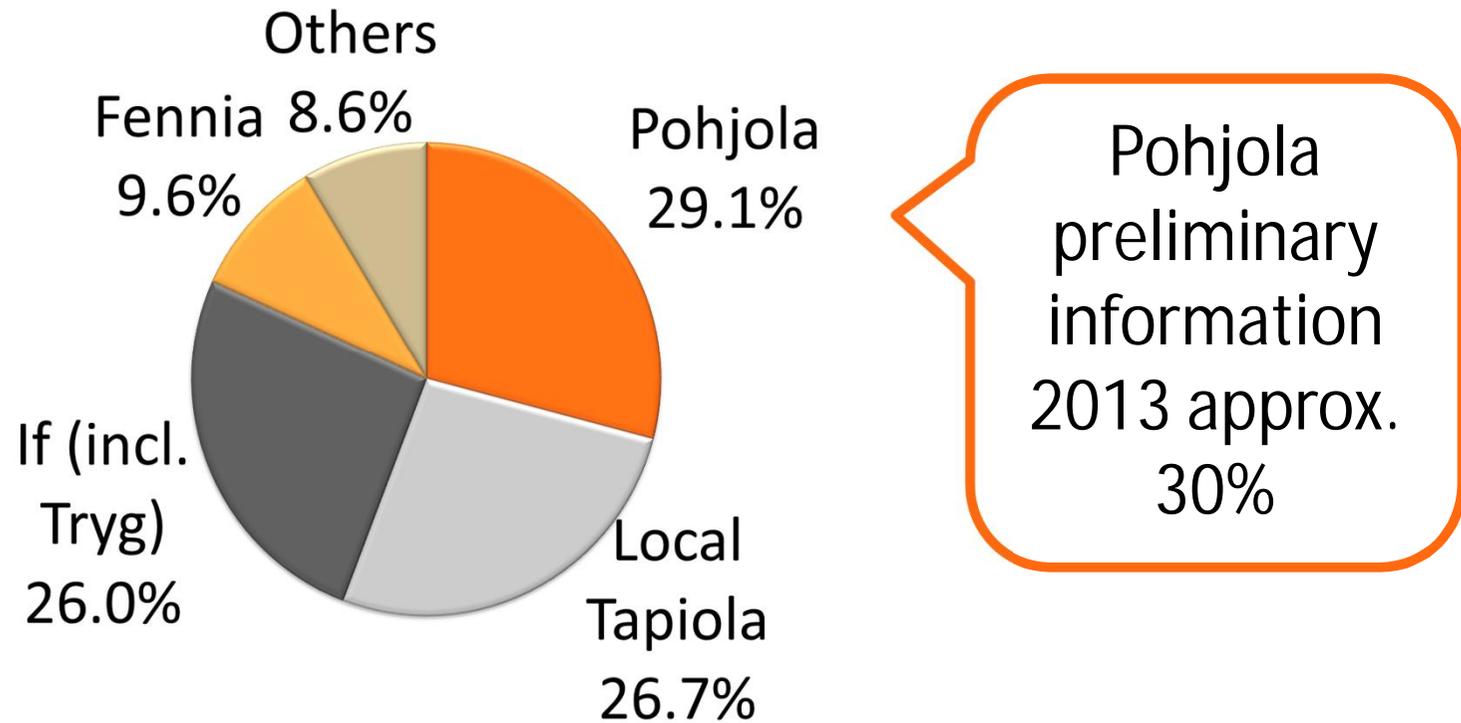
Insurance premium revenue up 11%; more than the 6% market growth rate (preliminary information)

Insurance premium revenue by division and change, € mn



Pohjola Strengthened Its Leading Market Position

Market share in 2012 by non-life insurer



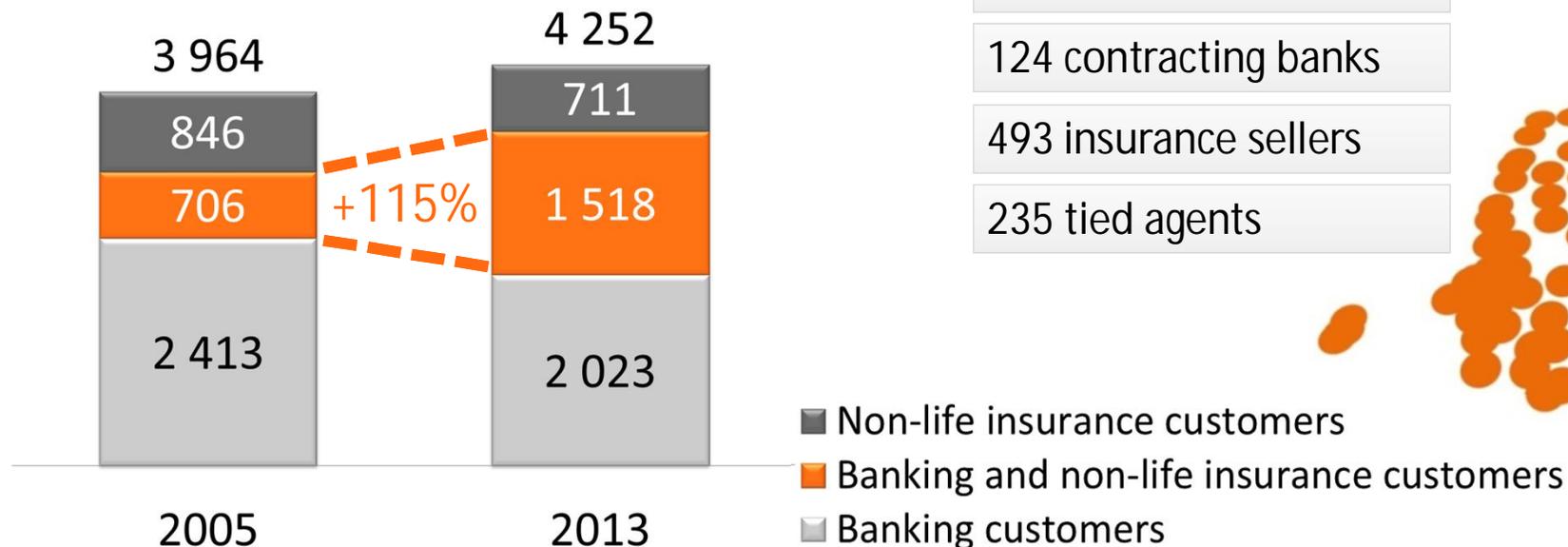
OP-Pohjola Group's Great Customer Potential as Source of Sustained Growth

The number of customers shared by Banking and Non-life Insurance increased by 94,000 in 2013

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

Pohjola Insurance sales resources
31 December 2013

1 000 customers

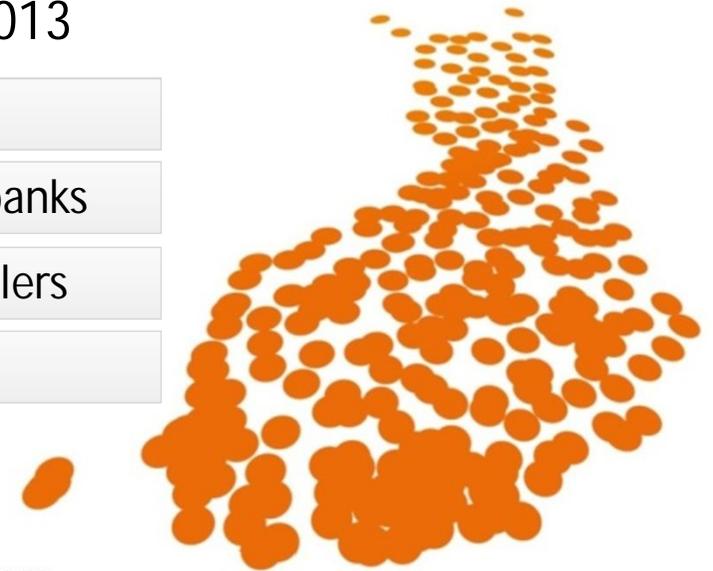


353 outlets

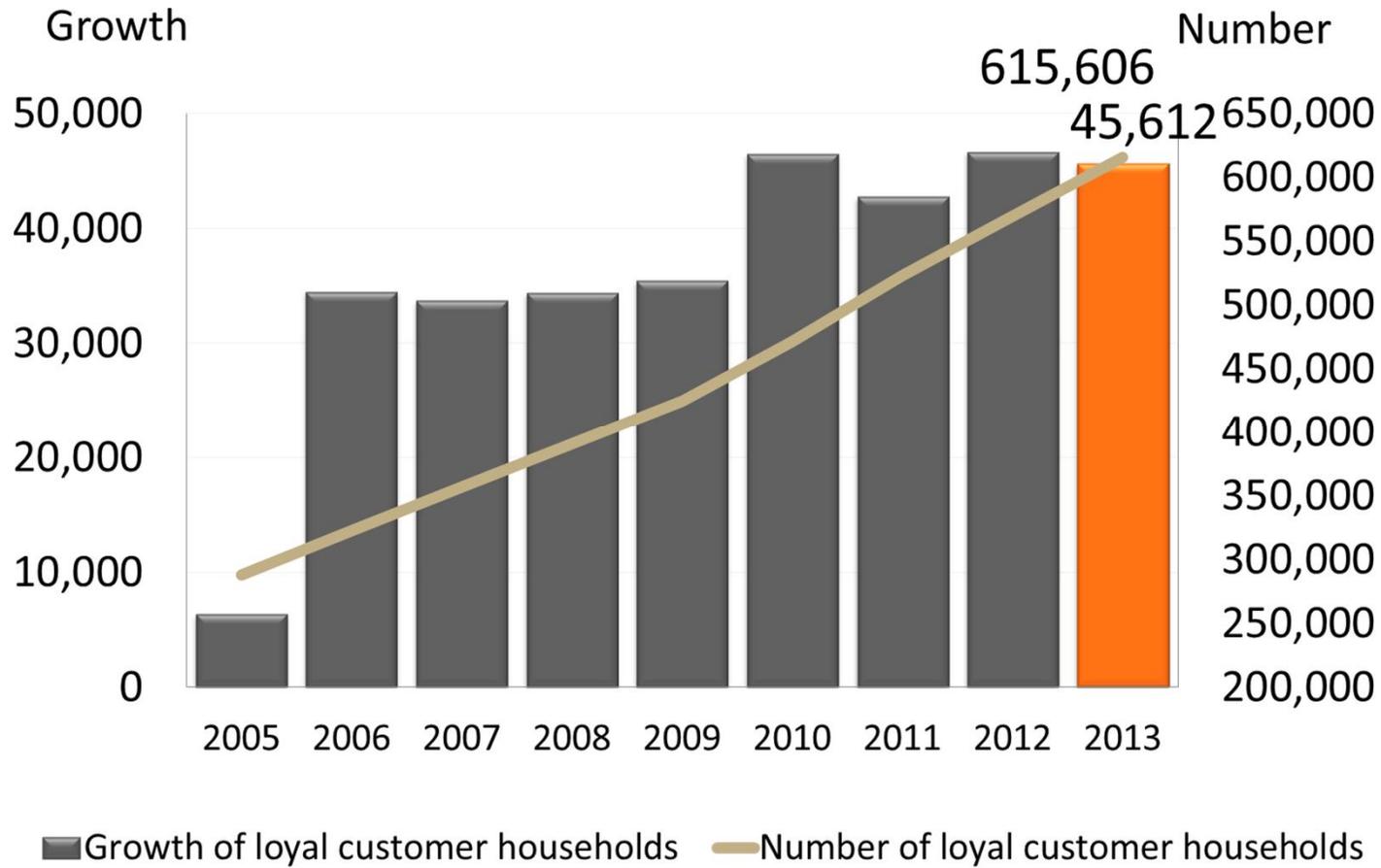
124 contracting banks

493 insurance sellers

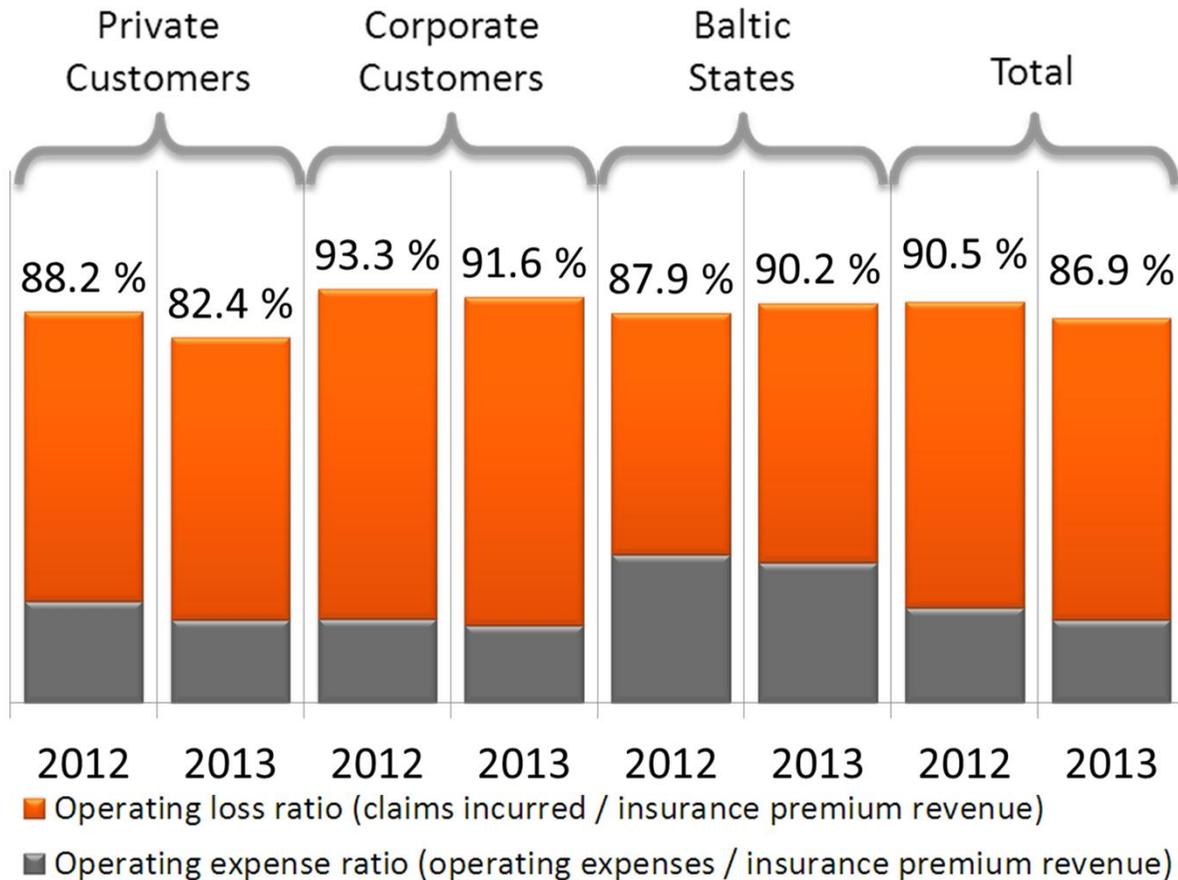
235 tied agents



Growth in Loyal Customer Households over 45,000



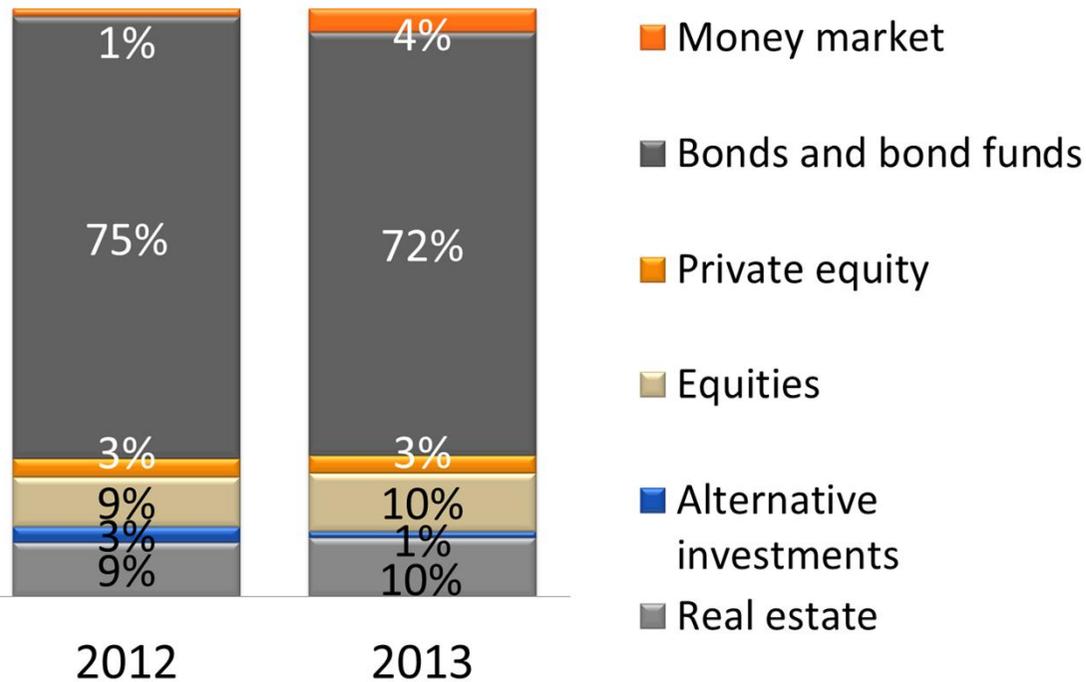
Excellent operating profitability* thanks to higher insurance premium revenue and the efficiency-enhancement programme



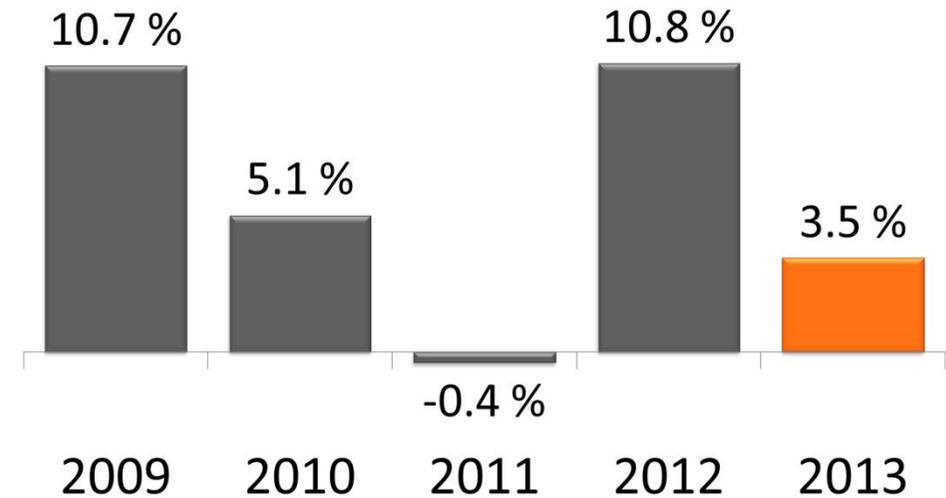
*) excl. changes in reserving bases and amortisation of intangible assets

Return on Investments at Fair Value Lower than Year Before Due to Higher Interest Rates

Allocation of investment portfolio, %



Return on investments at fair value, %





sairaala

First-year performance beyond expectations

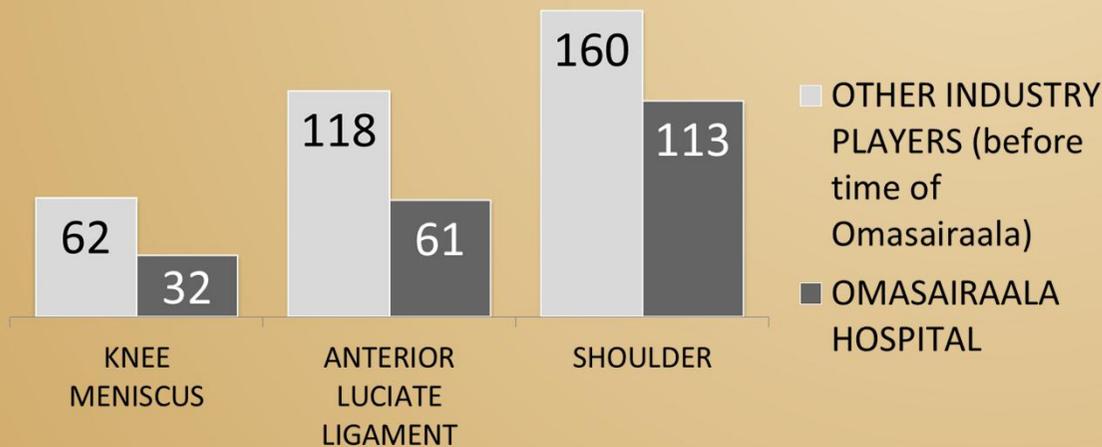
Customer contacts: approx. 30,000
No. of surgeries: 1,306

Praised by customers

Net Promoter Score (NPS): 90.2

Effective clinical pathway

Average number of working days missed due to injury



Pohjola Offers Insurance Cover Up to the Age of 100 Years



Asset Management



Karri Alameri

President,
Pohjola Asset
Management Ltd

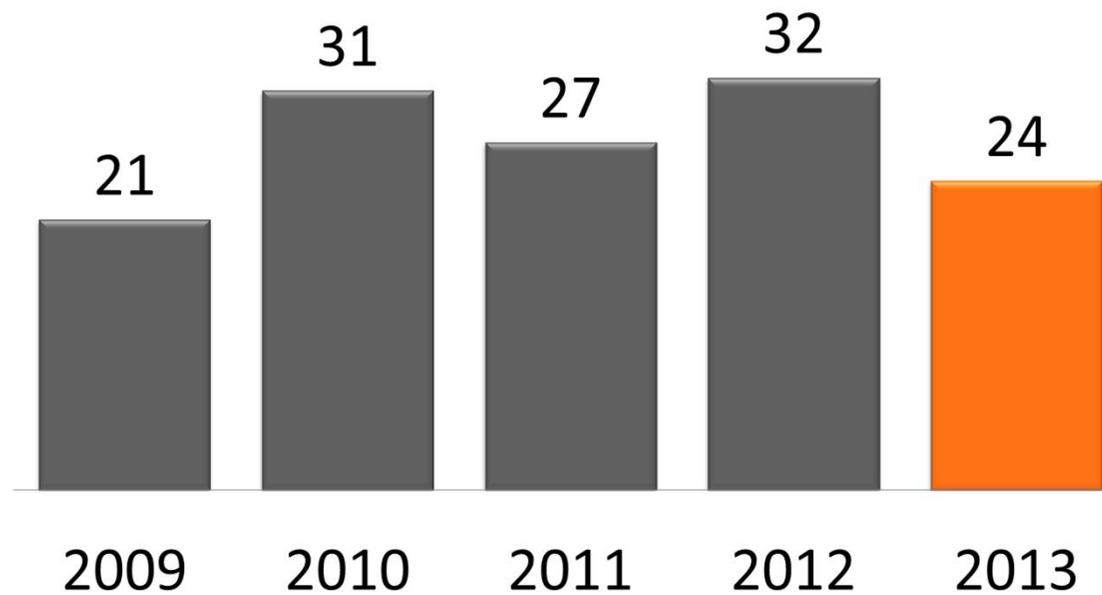
b. 1963

B.Sc. (Econ. & Bus.
Adm.), CEFA

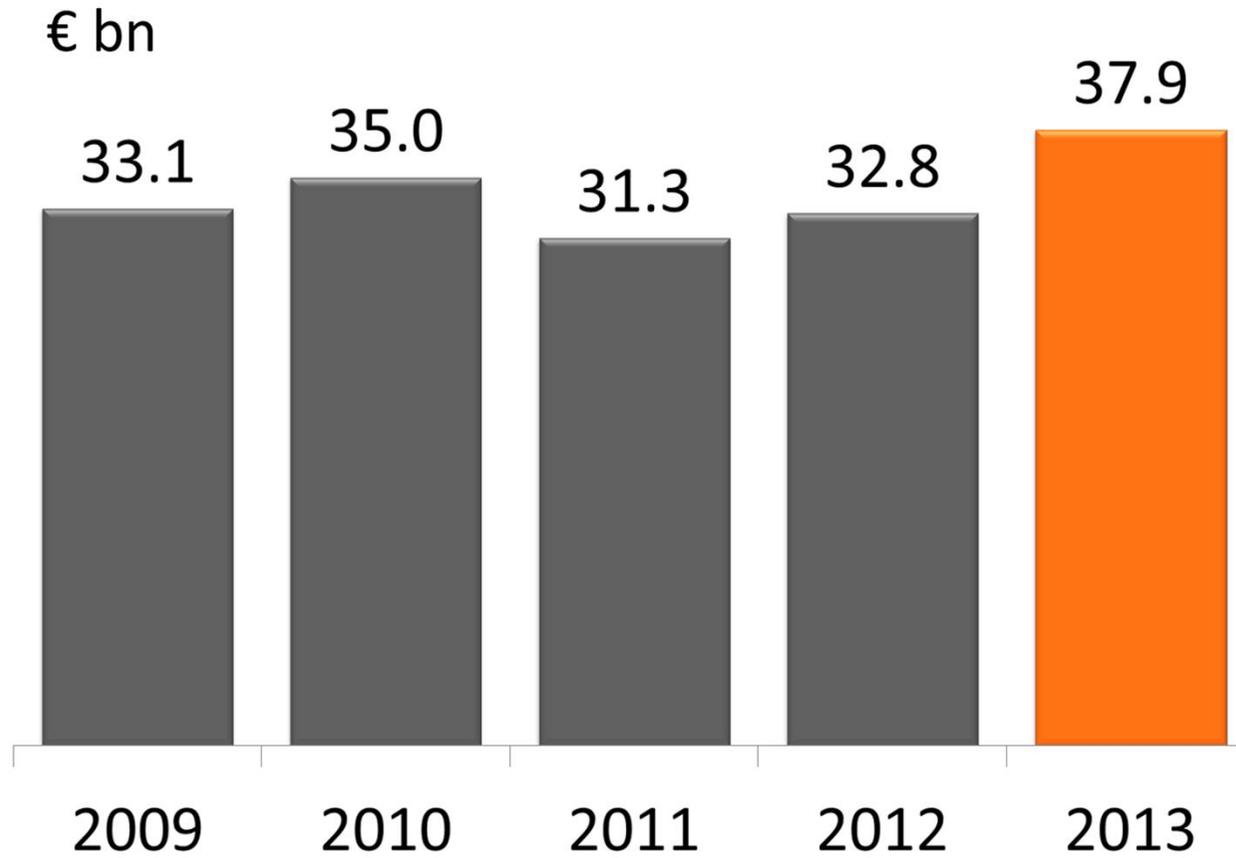


Asset Management EBT down due to lower performance-based management fees

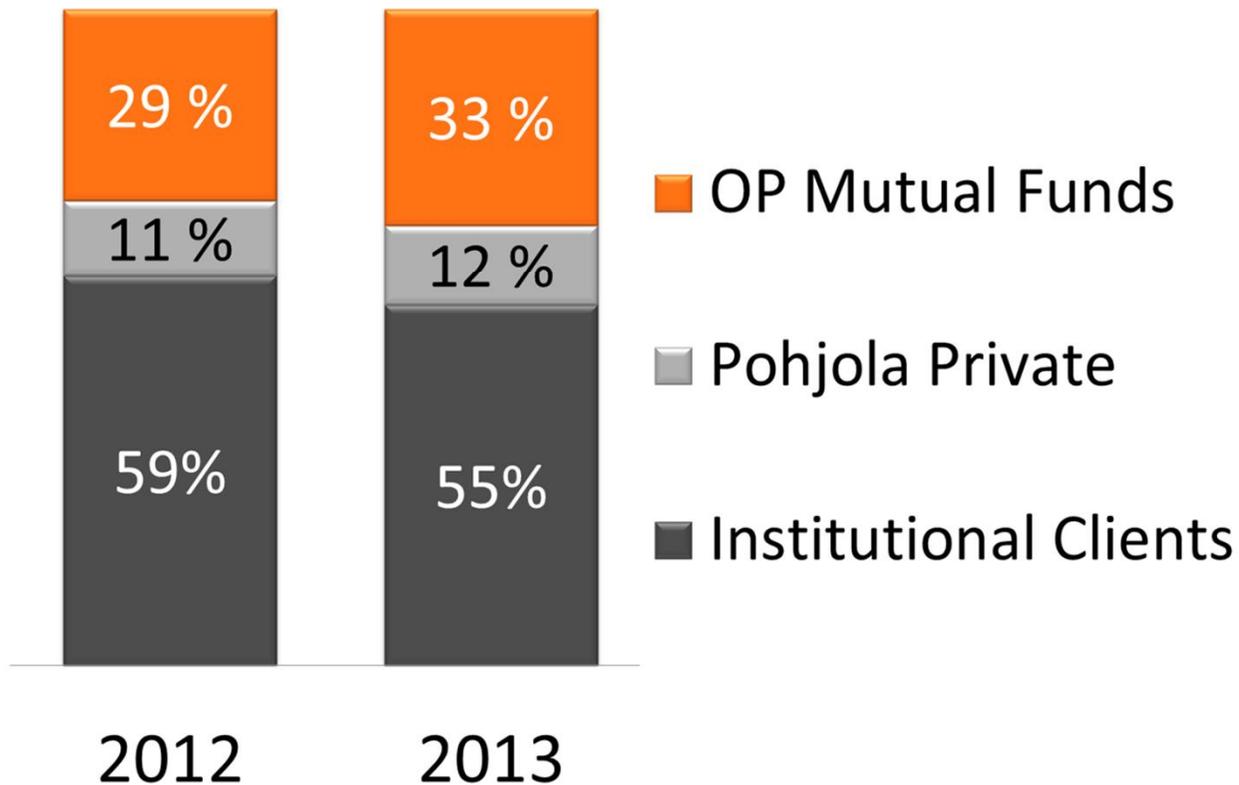
Earnings before tax, € mn



Assets under Management up by 16%



OP Mutual Funds increased its proportion of assets under management

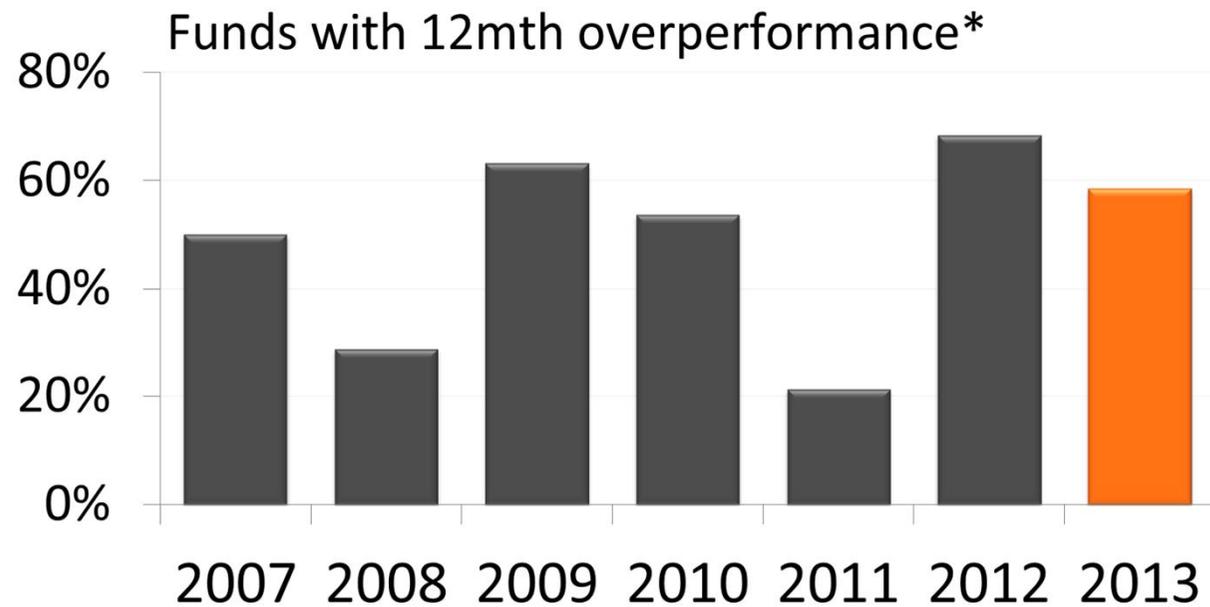


Market share of institutional asset management 21% in 2013*

*Source: SFR 2013

Successful 2013 in Investment

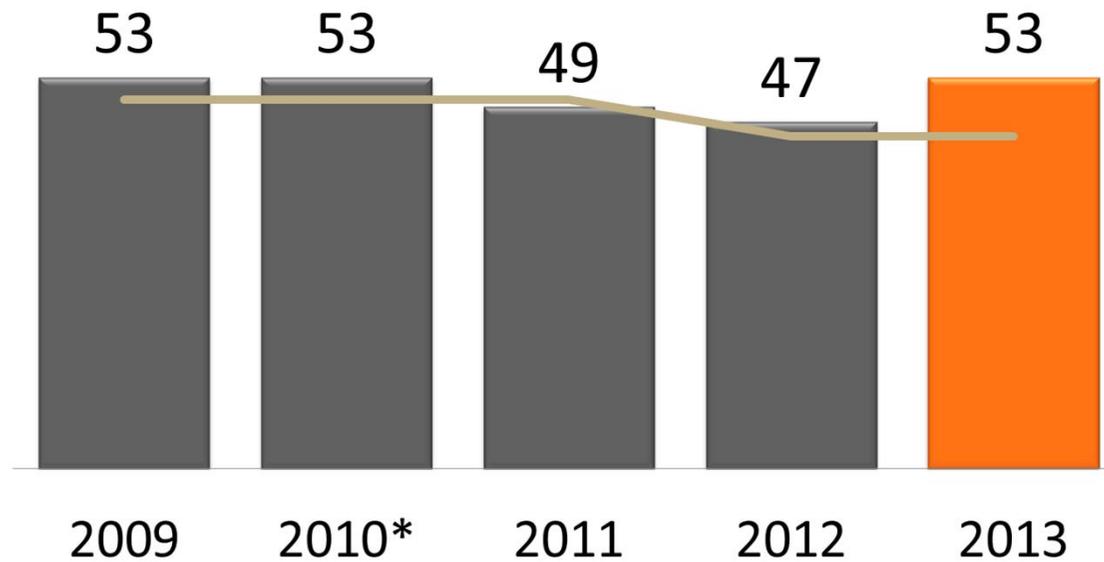
A total of 59% of OP Mutual Funds included in Asset Management portfolio management outperformed their benchmark index in 2013



* Funds managed by Pohjola Asset Management Ltd
Performance excl. management fee

Lower income depressed Asset Management efficiency

Operating cost/income ratio, %



■ Operating cost/income ratio, %

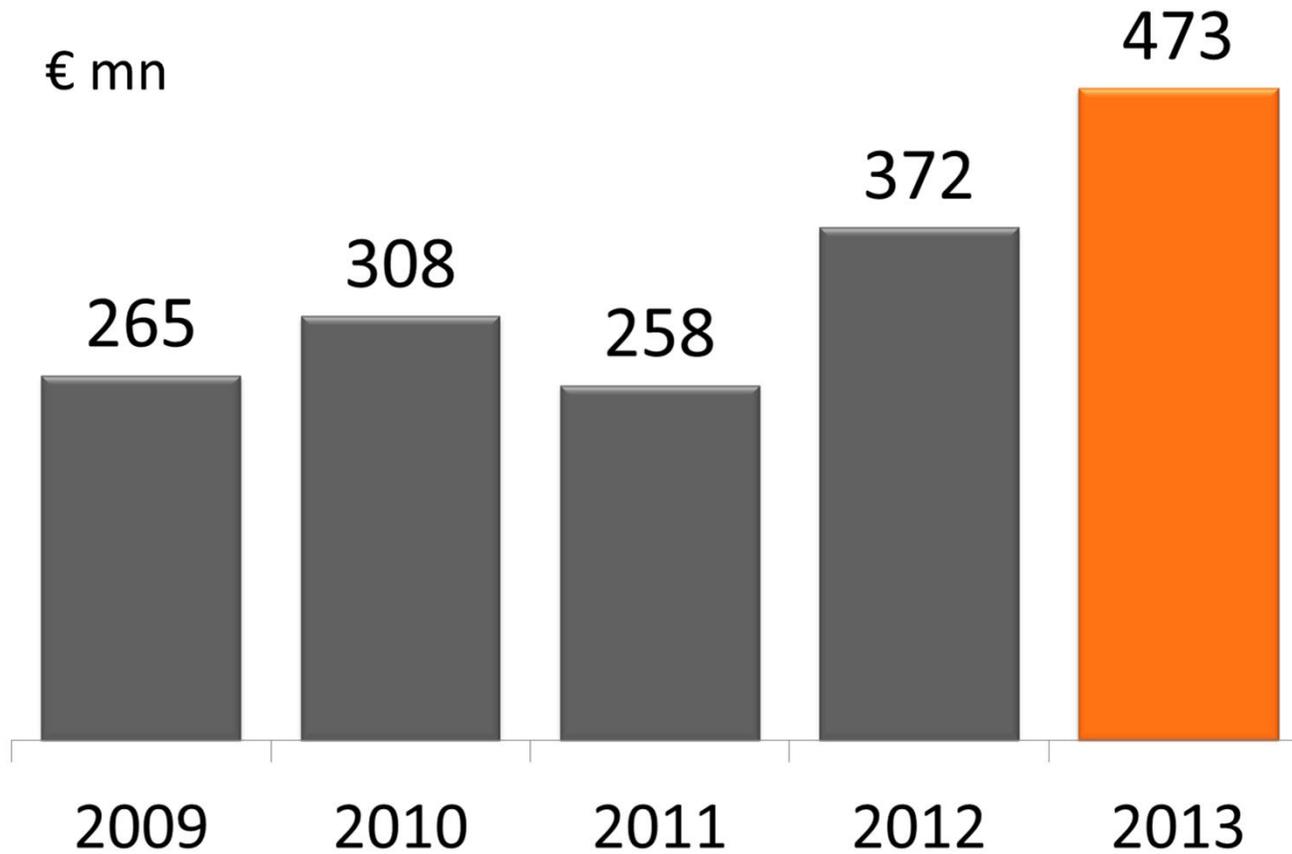
— Strategic target < 45 %

* excl. items related to corporate transaction

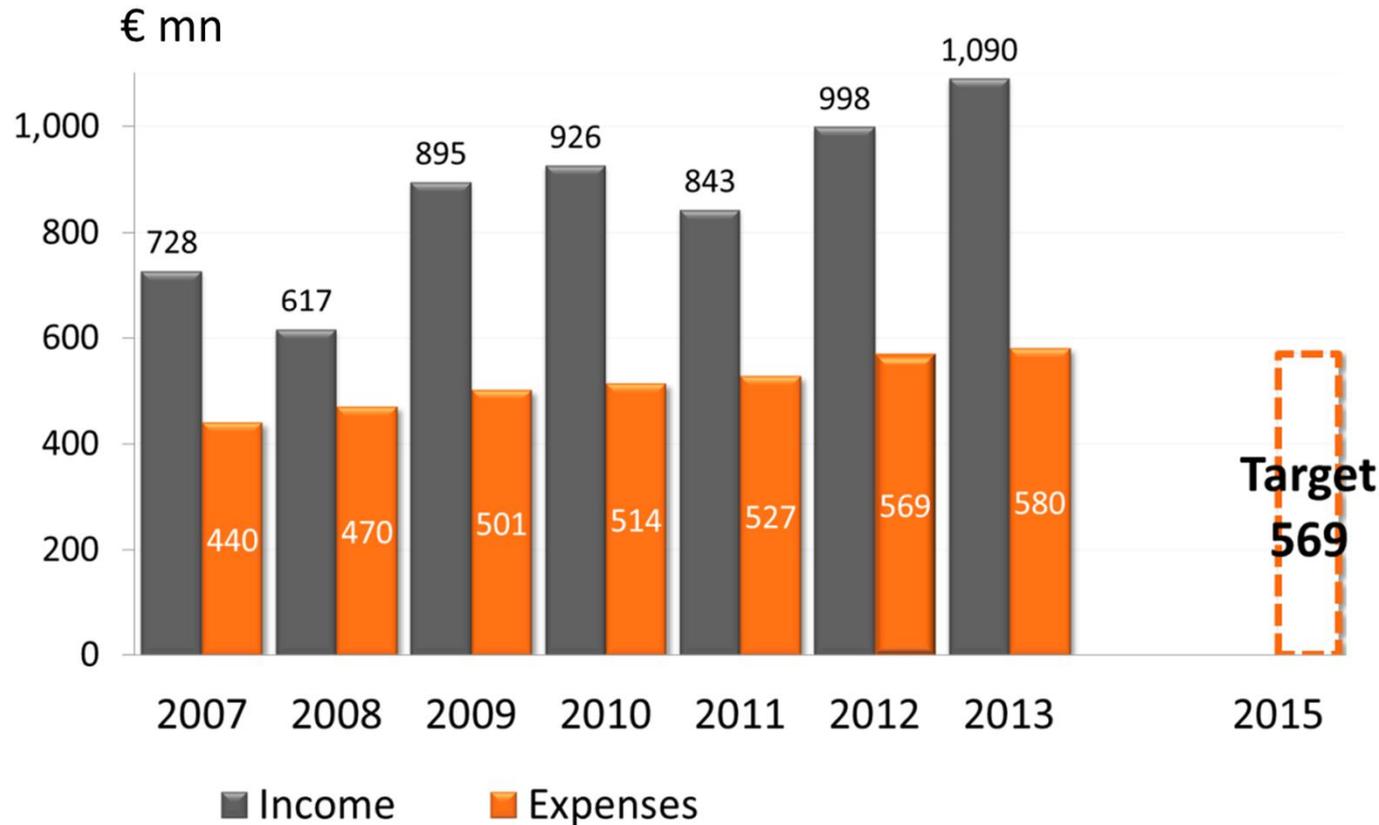
Financial Performance



Pohjola Group's EBT Improved by €101 million to €473 million



2013 Total Income Increased by 9% and Total Expenses by 2% (excl. bank levy expenses down by 1%)

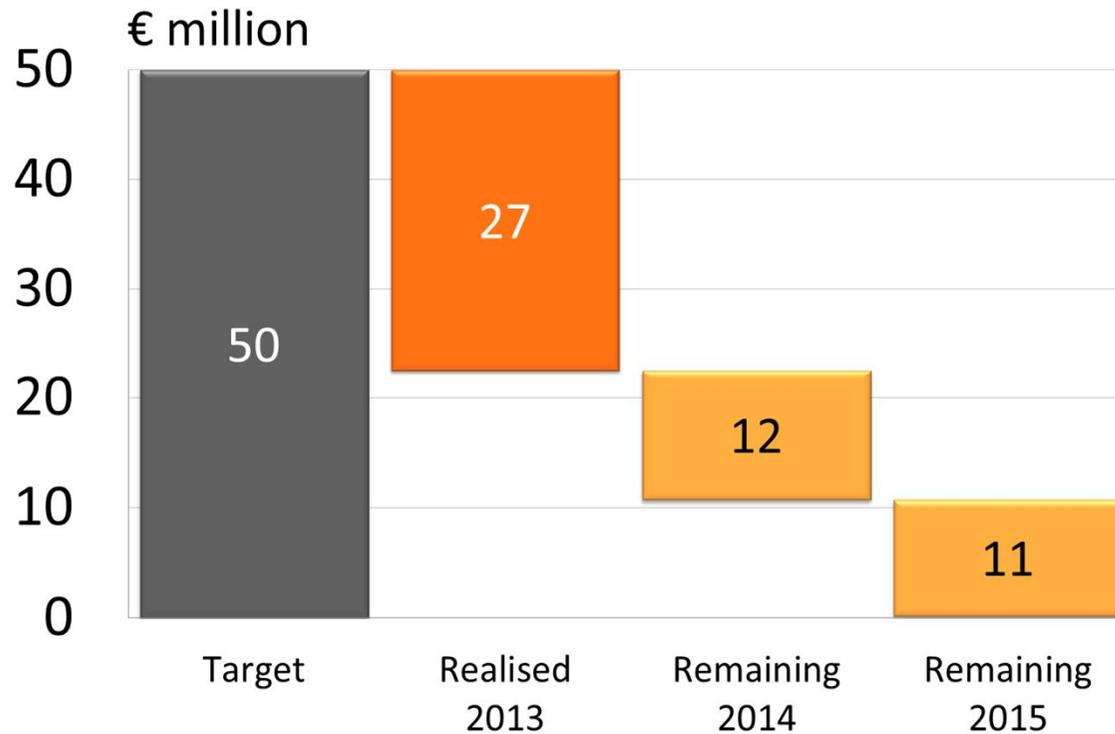


CAGR 2007-2013

Income 7%
Expenses 5%

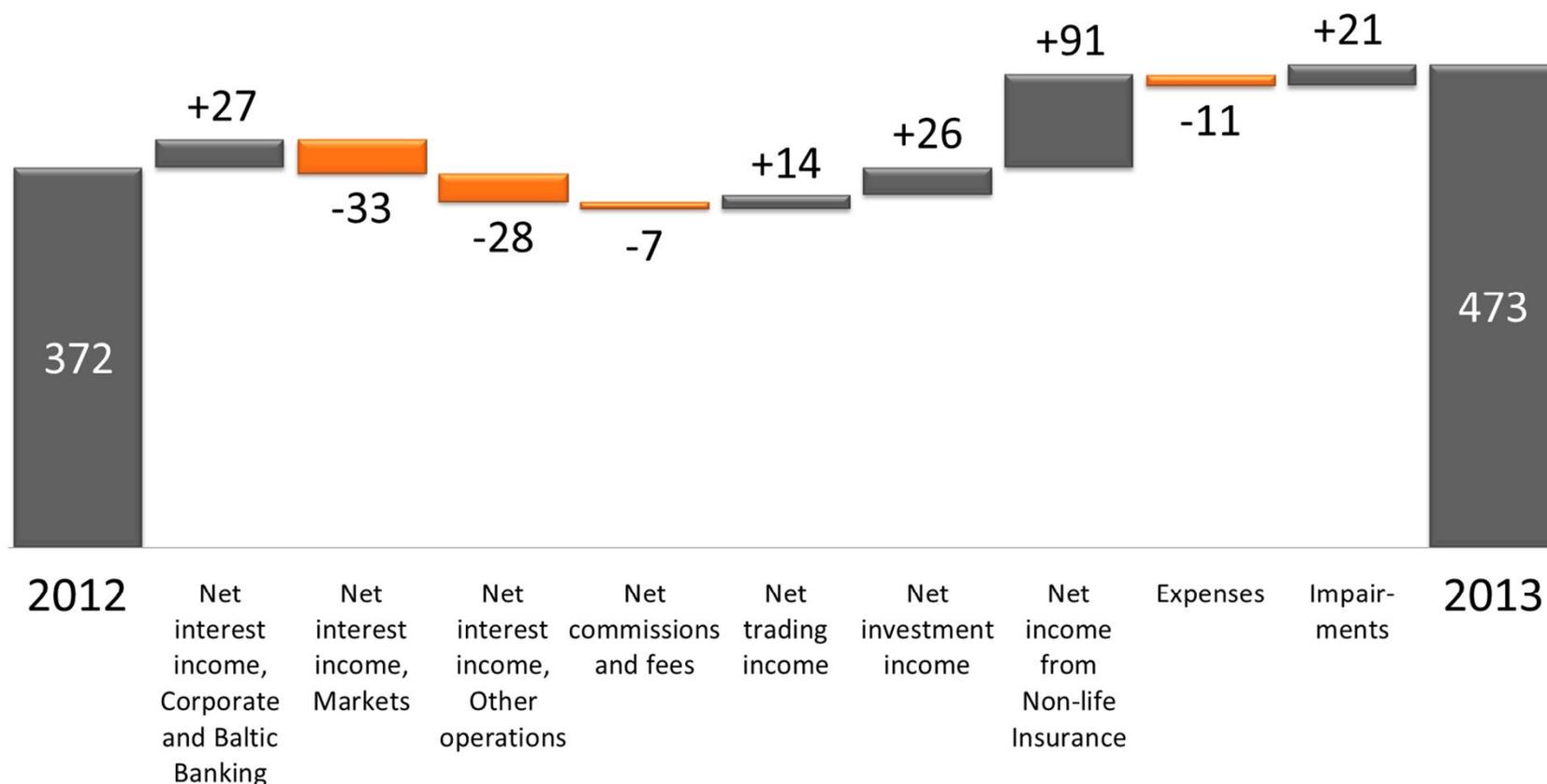
Reported Cost Savings of €27 million for 2013 under the Efficiency-enhancement Programme in Line with the Target

Realised and remaining cost savings 2013–2015, € mn



Record EBT was based on successful customer businesses and cost savings resulting from the efficiency-enhancement programme ⁵⁰

Pohjola Group's earnings before tax, € mn, year-on-year change 2013 vs. 2012

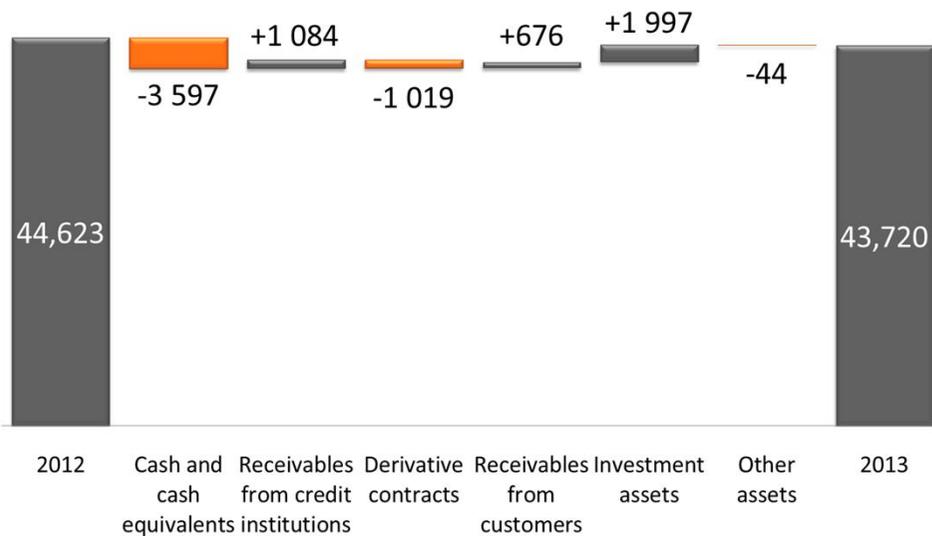


Balance Sheet and Capital Adequacy

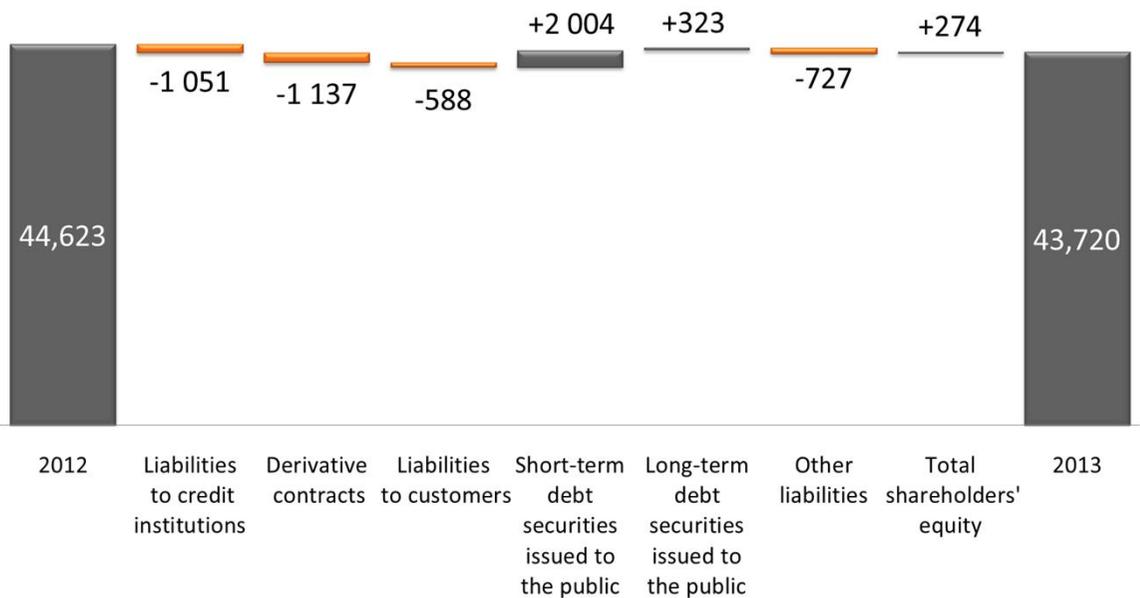


Balance sheet total decreased by €0.9 billion and increase in receivables was financed through debt securities issued to the public

Assets 2013 vs. 2012, € mn



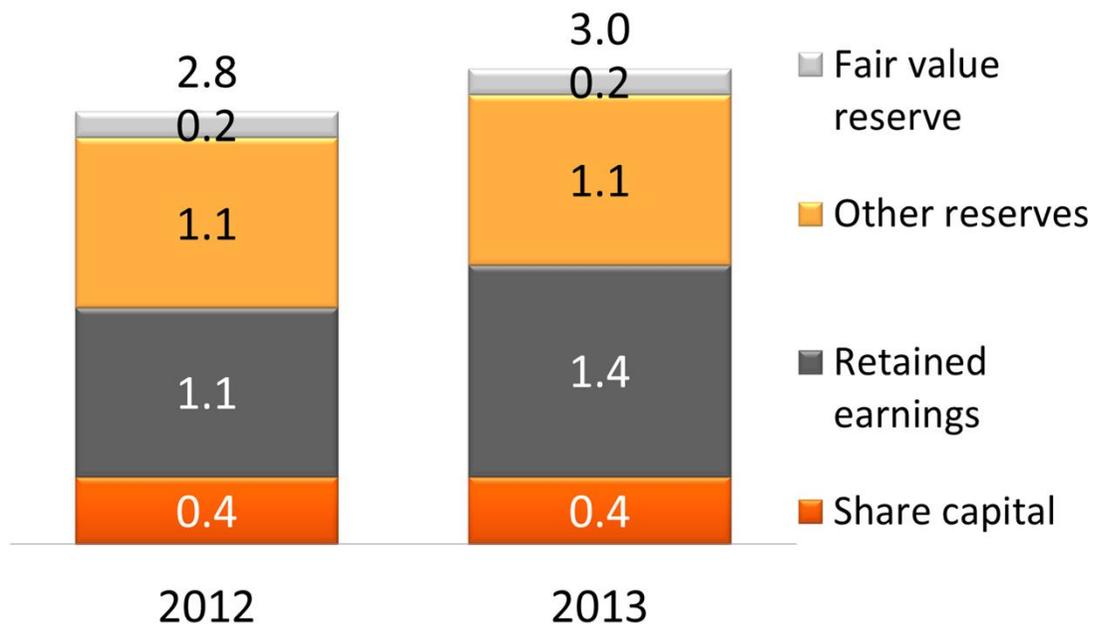
Liabilities and shareholders' equity 2013 vs. 2012, mn



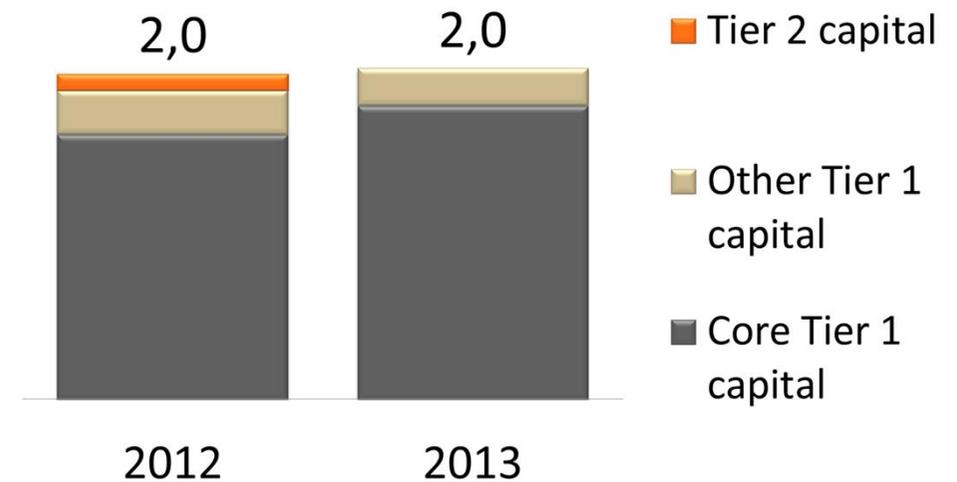
Earnings strengthened the capital base and Core Tier 1 capital

Redemption of debenture loans decreased Tier 2 capital

Shareholders' equity, € bn

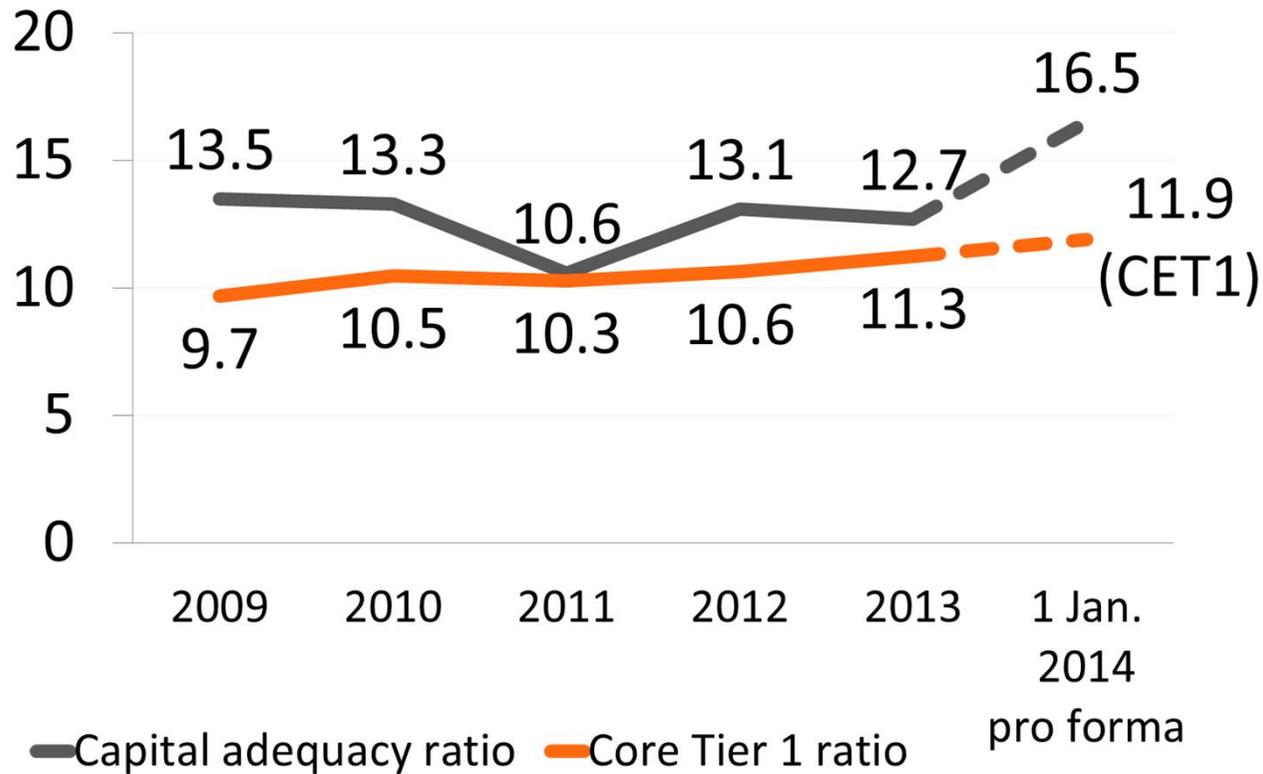


Capital base, € bn



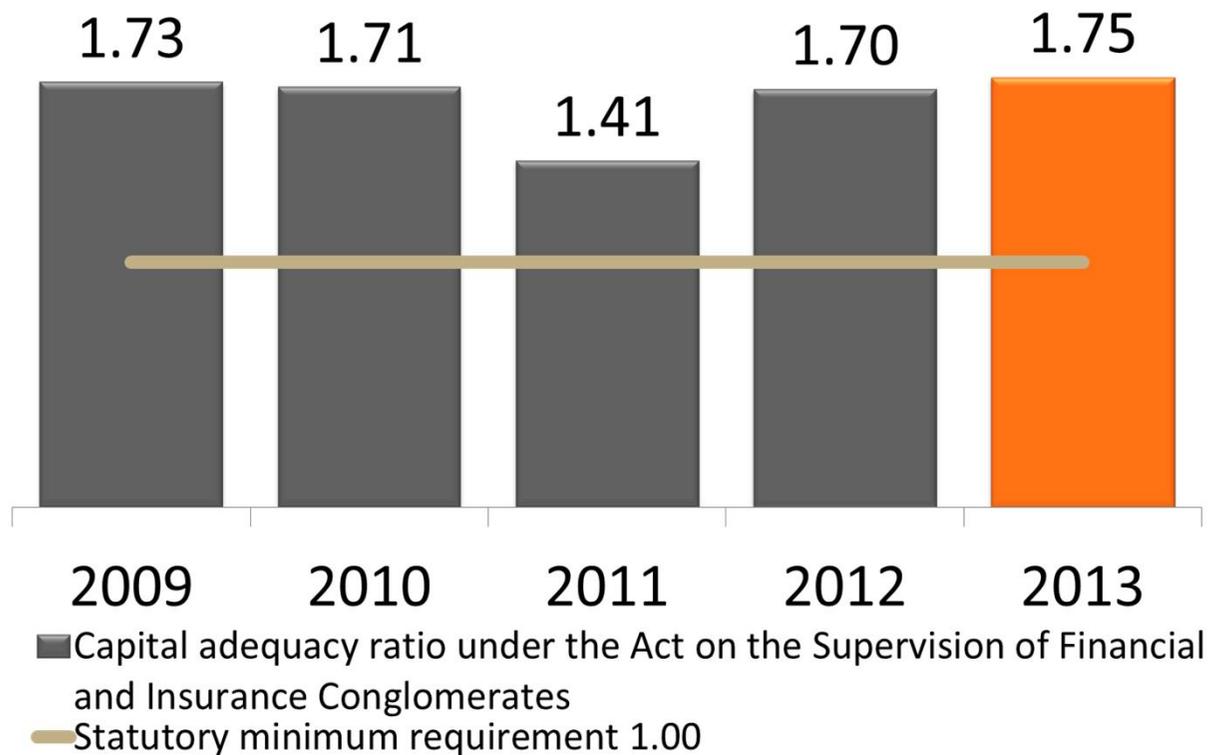
Core Tier 1 ratio improved by 0.7 pps in 2013

Capital adequacy ratio and Core Tier 1 ratio, %



Change in the treatment of insurance holdings on 1 January 2014 increased the Common Equity Tier 1 ratio (CET1) to 11.9 %.

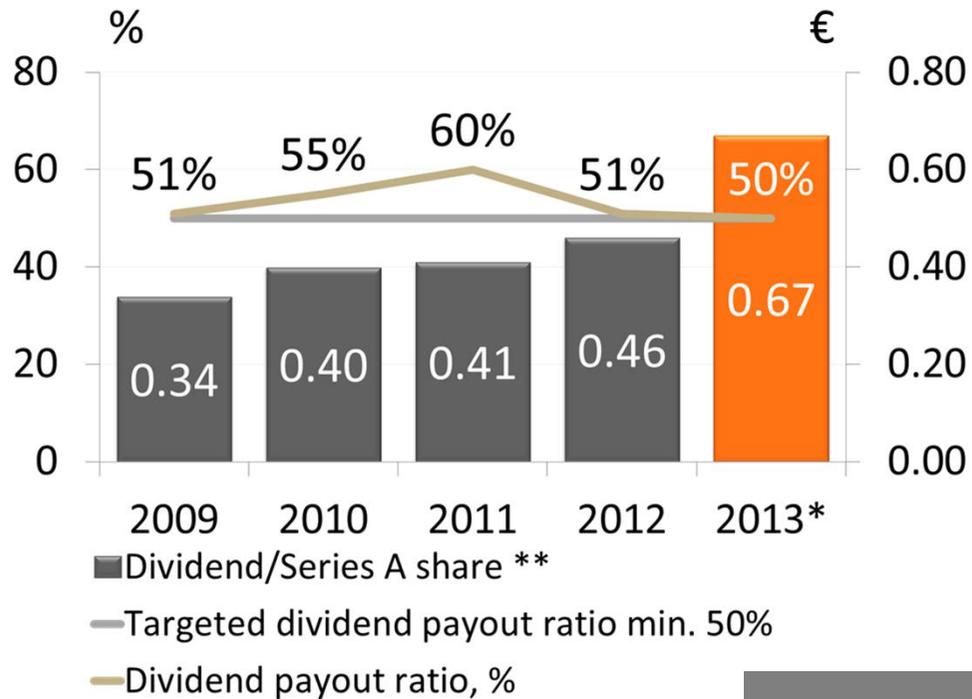
Capital Adequacy Ratio under the Act on the Supervision of Financial and Insurance Conglomerates



Proposed Dividend Distribution



Proposed Dividend Distribution for 2013



- In line with the dividend policy, the proposed dividend accounts for 50% of earnings for the financial year
 - €0.67 per one Series A share
 - €0.64 per one Series K share
- Dividend payout ratio during 2009–13 averaged 53%

* Proposal by the Board of Directors

** Share-issue adjusted dividend for 2009

	2009	2010	2011	2012	2013*
Dividends distributed, € mn	106.6	125.8	129.0	145.0	212.1
Effective dividend yield (Series A share), %	4.5	4.5	5.5	4.1	4.6

Events after the reporting period

- OP-Pohjola Group Central Cooperative's tender offer
- Pohjola Group's new financial targets



OP-Pohjola Group Central Cooperative's tender offer for all outstanding Pohjola Bank plc shares

- On 6 February 2014, OP-Pohjola Group Central Cooperative announced that it would make a tender offer for all outstanding Pohjola Bank plc shares
 - The offer price is €16.80 per Series A and K share. A premium of 18.1% compared to the closing price of the series A Share on 5 February 2014 and a premium of 23.3% compared to the volume-weighted average trading price during the 6-month period preceding the announcement of the tender offer (30.5% during 12-month-period)
 - Offer period: 24 February–1 April 2014
- On 13 February 2014, Pohjola's Board of Directors issued a statement pertaining to the offer as referred to the Securities Markets Act. In its statement, the Board of Directors considers that the offer provides a reasonable alternative for shareholders in prevailing circumstances and recommends acceptance of the offer to the shareholders.

Board of Directors increased the capital adequacy target and revised the dividend policy as a result of tighter regulation

Previous targets

Core Tier 1 ratio, %

11%

Dividend payout ratio

50%, provided that
Core Tier 1 at least 10%

Solvency ratio, %

70%

New targets

CET1, %

15%

Dividend payout ratio 50%,
provided that CET1 at least 15%.

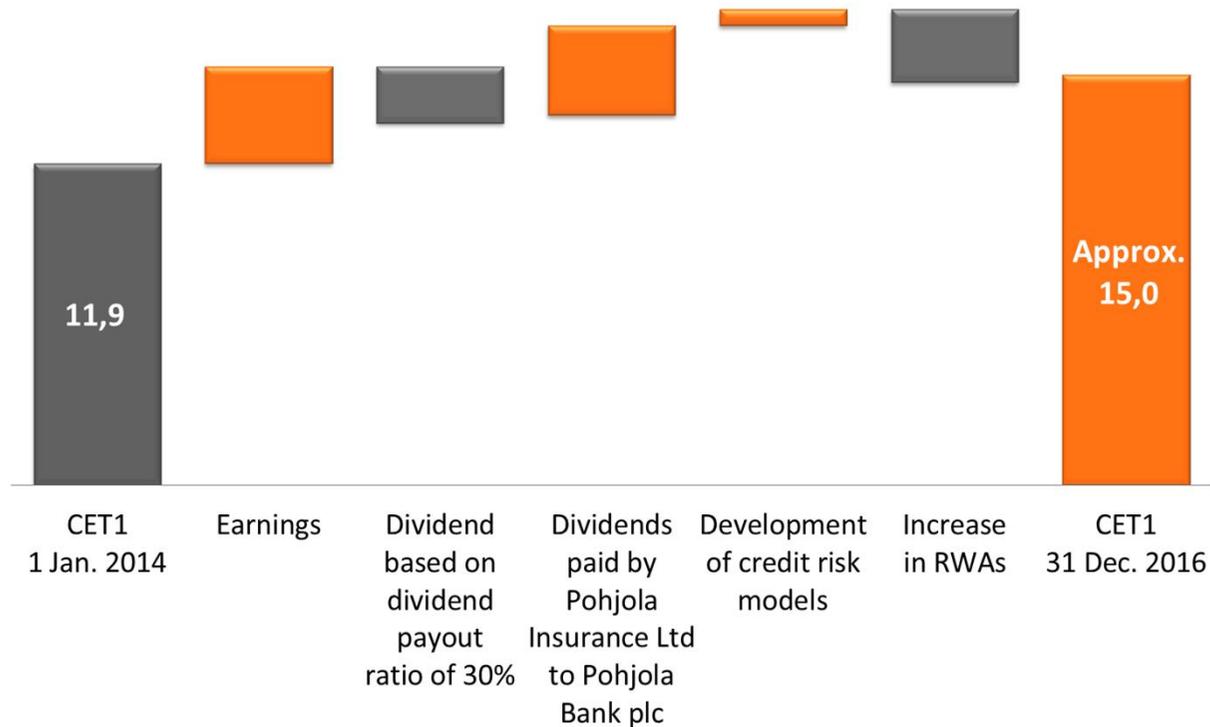
Dividend payout ratio
30% until the 15% CET1 achieved.

Solvency ratio, %

120%

Achieving the new capital adequacy ratio target enabled by a stronger capital base and the management of risk-weighted assets

Strengthening CET1 between 2014 and 2016, % (estimate)



Financial Targets

		Target	2013	2012
Financial targets	Group			
over the economic cycle	ROE, %	13	14.6	11.2
	Common Equity Tier 1, %	15	11.9	n/a
	Banking			
	Operating cost/income ratio, %	< 35	36	34
	Non-life Insurance			
	Operating combined ratio, %	< 92	86.9	90.5
	Operating expense ratio, %	18	18.7	21.5
	Solvency ratio (Solvency 2), %	120*	125*	n/a
	Asset Management			
	Operating cost/income ratio, %	< 45	53	47
Target for total expenses	Total expenses at end of 2015, € million	At 2012-end level	580	569
Rating target	AA rating affirmed by at least two credit rating agencies (or at least at the main competitors' level)	2	2	2
Dividend policy	Aim: distributing a minimum of 50% of earnings for the financial year in dividends, provided that Common Equity Tier 1 is 15%. Dividend payout ratio is 30 % of earnings for the financial year until CET1 of 15% has been achieved.	≥ 50 (30)	50**	51

* Pro forma, Solvency II regulations are still partly unfinished

** Board proposal to the Annual General Meeting of 20 March 2014

Outlook for 2014



Outlook for 2014: 1/2

Pohjola Group

- Consolidated EBT in 2014 are expected to be higher than in 2013.

Banking

- Loan portfolio is expected to grow at the same rate as in 2013. Banking earnings before tax in 2014 are expected to be at the same level as or higher than in 2013.

Non-life Insurance

- Operating COR for 2014 is estimated to vary between 87% and 91% if the number of large claims is not much higher than in 2013. Non-life Insurance earnings before tax in 2014 are expected to be higher than in 2013.

2014

Outlook for 2014: 2/2

Asset Management

- The greatest uncertainties related to financial performance are associated with the actual performance-based commissions and fees tied to the success of investments and the amount of assets under management. Asset Management earnings before tax in 2014 are expected to be at the same level as or higher than in 2013.

Group Functions

- The key determinants affecting the financial performance include net interest income arising from assets in the liquidity buffer, any capital gains or losses on notes and bonds and any impairment loss that may be recognised on notes and bonds in the income statement. Group Functions earnings before tax in 2014 are expected to be lower than in 2013 due to low interest rates and tighter liquidity regulation.

Still great uncertainty about the economic outlook and the operating environment.
The full version of "Outlook for 2014" can be found in the Financial Statements Bulletin.

Q&A

- Financial Statements
- OP-Pohjola Group Central Cooperative's tender offer



7. Adoption of the Financial Statements



8. Allocation of Profit Shown by the Balance Sheet and Decision on Dividend Distribution



8. Board Proposal for Profit Distribution 1/2

- On 31 December 2013, the shareholders' equity of Pohjola Bank plc totalled EUR 1 855,939,485.05, of which EUR 703,532,356.31 represented distributable equity.
- The Board of Directors proposes that EUR 212,073,201.58 out of the profit for 2013 be allocated to dividend distribution. Accordingly, EUR 491,459,154.73 remains in the Company's distributable equity.
- The Board of Directors proposes that the Company's distributable funds be distributed to shareholders as follows:

	Number of shares	Dividend/share, €	Dividend payout total, €
Series A share	252,009,866	0.67	168,846,610.22
Series K share	67,541,549	0.64	43,226,591.36
Total	319,551,415	0.66	212,073,201.58

- In addition, the Board of Directors proposes that a maximum of EUR 75,000 be available to the Board of Directors reserved from the distributable funds for donations and other charitable contributions.

8. Board Proposal for Profit Distribution 2/2

- The Company's financial position has not undergone any material changes since the end of the financial year 2013. The Company's liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors' view.
- The Board of Directors proposes that the dividend be paid to shareholders who have been entered in the Shareholder Register, maintained by Euroclear Finland Ltd, by the dividend record date on 25 March 2014 and that the dividend be paid on 3 April 2014.

8. Report on Donations and Other Charitable Contributions in 2013

- On 22 March 2013, the AGM reserved a maximum of €150,000 for use by the Board of Directors for donations and other charitable contributions.
- In 2013, the Board of Directors made such donations and contributions as follows:
 - to Pohjola Bank Art Foundation worth €50,000
 - as other donations worth €1,300

9. Decision on Discharge from Liability of the Members of the Board of Directors and the President and CEO



10. Decision on Emoluments Payable to the Board of Directors



10. Proposal by OP-Pohjola Group Central Cooperative for Board Emoluments

- Monthly Board emoluments
 - Chairman €8,000 (unchanged)
 - Vice Chairman €5,500 (unchanged)
 - Other members €4,500 (unchanged)
 - An additional monthly emolument of €1,000 will be paid to such Board committee chairs who are not the Chairman or Vice Chairman of the Board of Directors (unchanged)
 - In addition, the Board members will receive an attendance allowance of €550 for each meeting (unchanged). An attendance allowance also applies to the meetings of Board Committees.
 - Monthly emoluments are treated as pensionable salary.
 - Daily allowances and compensation for travel expenses are payable in accordance with the Group's Travel Expenses Regulations (unchanged).

11. Decision on the Number of Members of the Board of Directors



11. Decision on the Number of Board Members Proposal by OP-Pohjola Group Central Cooperative

- The Board of Directors comprises eight members, six of whom are elected by the AGM.

12. Election of Members of the Board of Directors



12. Election of Members of the Board of Directors Proposal by OP-Pohjola Group Central Cooperative 1/3



Jukka Hienonen

b. 1961

M.Sc. (Econ. & Bus.
Adm.)

President and CEO,
SRV Group Plc



Jukka Hulkkonen

b. 1955

M. Sc. (Forestry), eMBA,
kauppaneuvos (Finnish
honorary title)

Managing Director,
Lounaismaan
Osuuspankki

12. Election of Members of the Board of Directors Proposal by OP-Pohjola Group Central Cooperative 2/3



**Mirja-Leena
Kullberg**

b. 1962

Diploma in Business
and Administration,
IDBM

Managing Director,
Artek oy ab



Marjo Partio

b. 1956

M.Sc. (Econ. & Bus. Adm.),
DBA

Managing Director
Kymenlaakson
Osuuspankki

12. Election of Members of the Board of Directors Proposal by OP-Pohjola Group Central Cooperative 3/3



Harri Sailas

b. 1951

M.Sc. (Econ. & Bus.
Adm.)

President and CEO,
Ilmarinen Mutual
Pension Insurance
Company



Tom von Weymarn

b. 1944

M.Sc. (Eng.)

12. Chairman and Vice Chairman of the Board of Directors

By virtue of law and/or the Articles of Association and his position, the Board of Directors also comprises:



Reijo Karhinen

b. 1955

M.Sc. (Econ. & Bus. Adm.), vuorineuvos (Finnish honorary title)

Executive Chairman, OP-Pohjola Group, CEO and Chairman of the Executive Board, OP-Pohjola Group Central Cooperative, Chairman of Pohjola's Board of Directors



Tony Vepsäläinen

b. 1959

LL.M., eMBA

Chief Business Development Officer and Deputy to Executive Chairman and CEO, OP-Pohjola Group Central Cooperative, Vice Chairman of OP-Pohjola Group Central Cooperative's Executive Board, Vice Chairman of Pohjola's Board of Directors

13. Decision on Auditors' Remuneration



13. Decision on Auditors' Remuneration Proposal by OP-Pohjola Group Central Cooperative

- Auditors' remuneration is based on a reasonable invoiced amount approved by the Company
 - Remuneration (Group-level) €291,742 in 2013 (€333,779)
 - Fees for non-audit services paid to KPMG Oy Ab €693,000 in 2013 (€404,103)
 - Total of €984,741 in 2013 (€737,882)

14. Election of Auditors



14. Election of Auditors

Proposal by OP-Pohjola Group Central Cooperative

- Re-electing KPMG Oy Ab to act as the auditor
 - Oy KPMG Ab is also the auditor of OP-Pohjola Group Central Cooperative, the parent institution

15. Authorisation Given to the Board of Directors to Decide on a Share Issue



15. Authorisation Given to the Board of Directors to Decide on a Share Issue Board Proposal 1/2

- The Board of Directors proposes to the AGM that the AGM authorise the Board of Directors to decide on one or several rights issues.
- The total number of Series A and Series K shares offered for subscription in such a rights issue may not exceed 24,000,000 and 6,000,000, respectively, i.e. accounting for around 9% of the existing number of shares.



15. Authorisation Given to the Board of Directors to Decide on a Share Issue Board Proposal 2/2

- The Board of Directors is also authorised to waive the shareholders' pre-emptive right (private placement), should there be, from the Company's perspective, a financially cogent reason to do so, in accordance with the Limited Liability Companies Act. In such a case, this authorisation may be exercised for the purpose of financing and executing company acquisitions or other transactions relating to the Company's business.
- The authorisation contains the Board of Directors' right of stipulating the terms and conditions of a share issue and on other matters relating to these measures. Based on the proposal, the Board of Directors also has the right to decide on whether the subscription price will be entered in full or in part in the reserve for invested non-restricted equity or share capital.
- It is proposed that the Board authorisation be valid until 20 March 2015.



16. Closing of the Meeting



16. Closing of the Meeting

- The Minutes of the Meeting will be available for inspection by shareholders at the Company's head office and on the Company's website as of 3 April 2014.

Pohjola Bank plc's Annual General Meeting

Thank you!

