

OP-Pohjola Group's Interim Report 1 January–30 June 2012



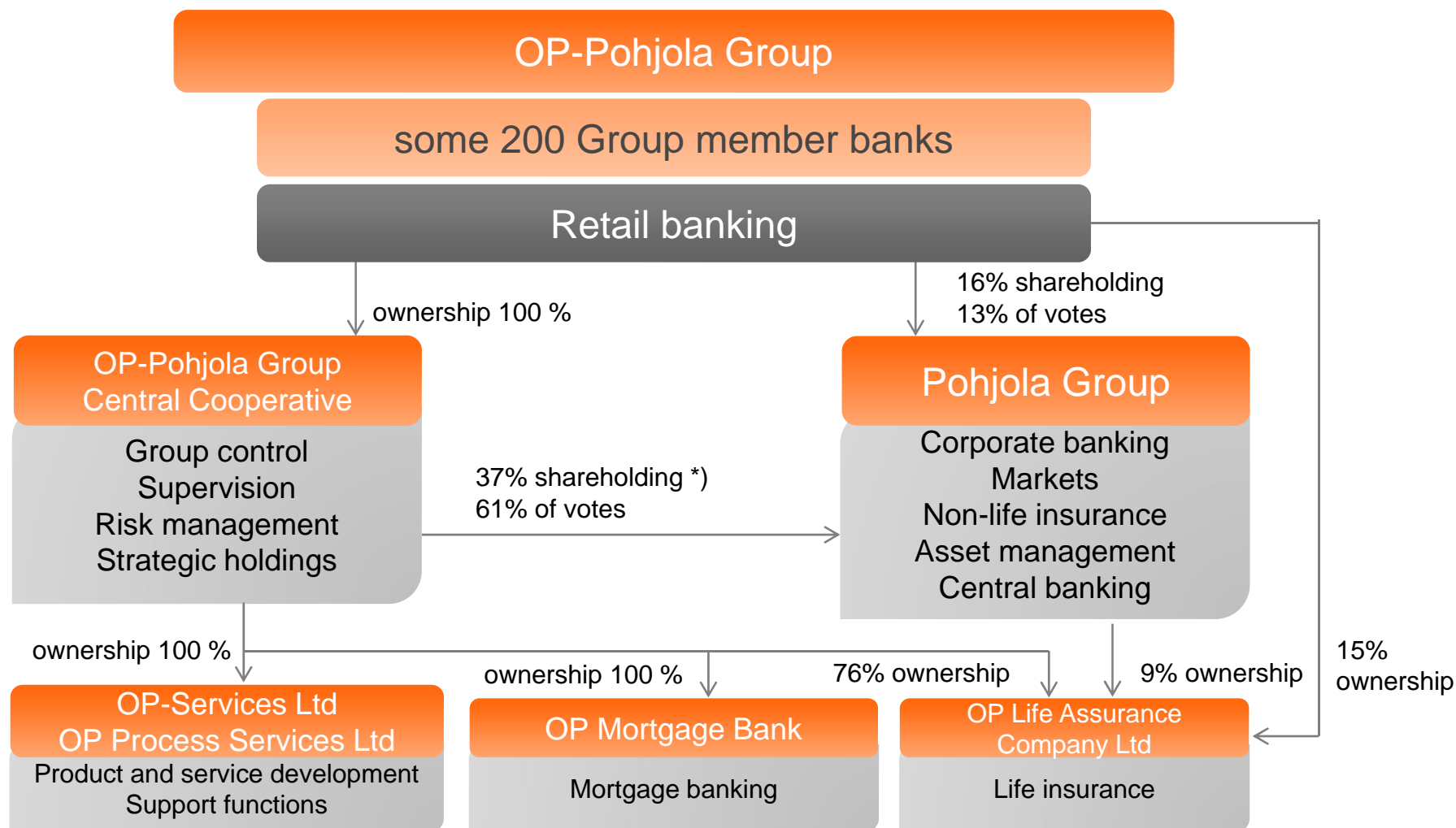
Contents

- OP-Pohjola Group
- Year-on-year results
- Quarterly figures
- Capital adequacy
- Balance sheet
- Loans and customer funds
- Customers, owner-members etc.
- 5-year trends



OP-Pohjola Group

OP-Pohjola Group Structure, Ownership Base and Division of Responsibilities



Credit institutions within OP-Pohjola Group are liable for each other's debts and commitments.

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

*) Includes shareholding of 0.26% by OP-Pohjola Group Central Cooperative's subsidiary, OP Life Assurance Company Ltd

OP-Pohjola Group Business Segments

Banking

- Cooperative banks, Helsinki OP Bank Plc, OP-Kotipankki Oyj, OP Mortgage Bank and OP Fund Management Company Ltd.
- Pohjola Group's Banking and Asset Management segments
- OP Bank Group Mutual Insurance Company

Non-life Insurance

- Pohjola Insurance Ltd, Eurooppalainen Insurance Company Ltd, A-Insurance Ltd and Seesam insurance companies in the Baltic countries

Life Insurance

- OP Life Assurance Company Limited

Other operations

- OP-Pohjola Group Central Cooperative, OP-Services Ltd, OP Process Services Ltd and Pohjola's Group management

OP-Pohjola Group Key Indicators

	H1/2012	H1/2011	Change, %	Q1-Q4/2011
Earnings before tax, €million	337	366	-8.0	525
Banking	268	228	17.3	483
Non-life Insurance	54	68	-20.1	8
Life Insurance	20	52	-62.1	10
Returns to owner-members and OP-bonus customers, €million	96	89	8.1	176
	30 June 2012	30 June 2011	Change, %	31 Dec. 2011
Ratio of capital base to minimum of capital base (FiCo)	2.01	1.61	0.40 *	1.80
Core Tier 1 ratio, %	14.7	12.0	2.8 *	14.0
Non-performing receivables/ loan and guarantee portfolio	0.53	0.45	0.08 *	0.47
Joint banking and insurance customers (1000)	1,348	1,242	8.5	1,299

*Change in ratio



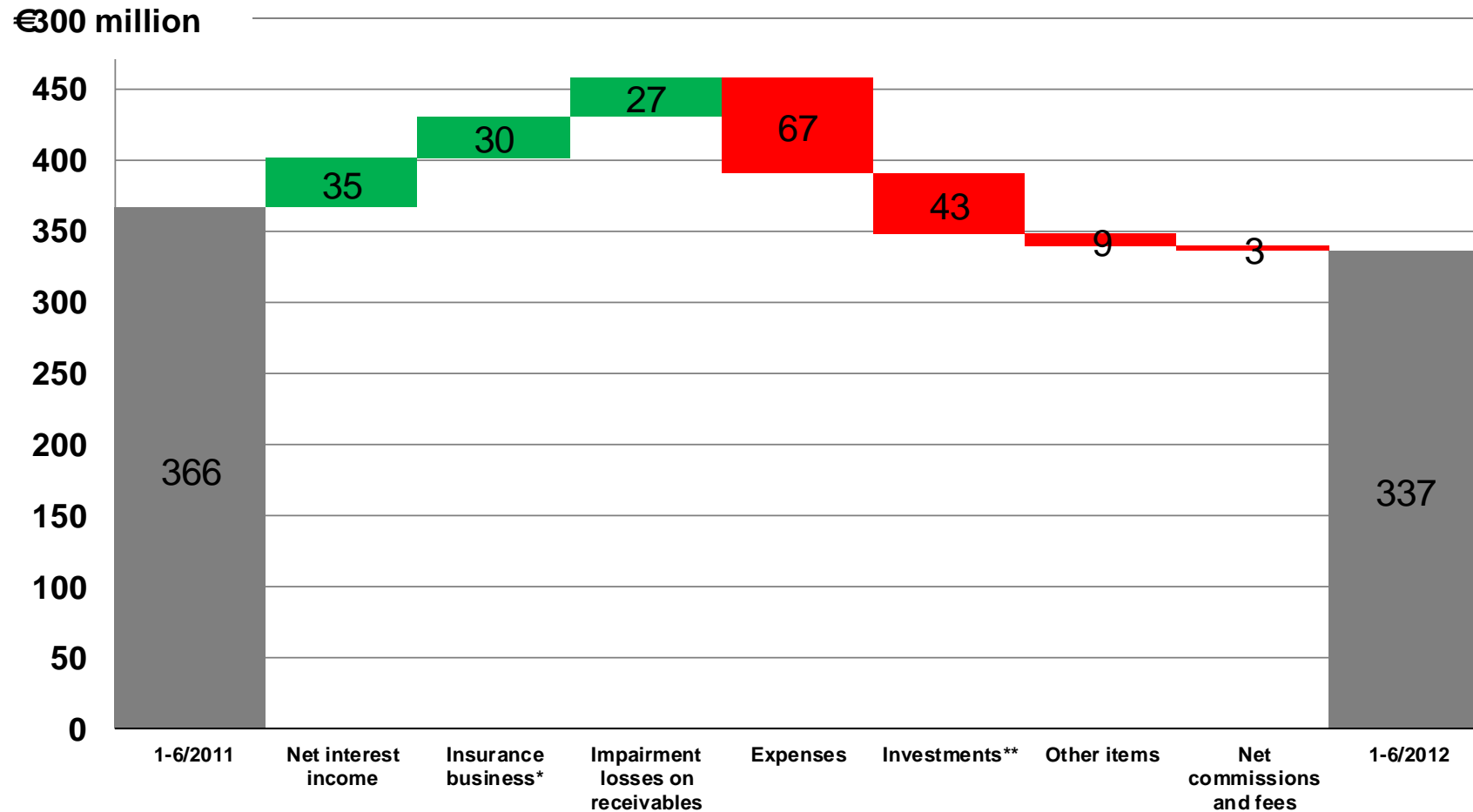
Joint Liability, Deposit Insurance and Investors' Compensation

- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their consolidation groups as well as credit and financial institutions and service companies in which the above-mentioned entities together hold more than half of the total votes.
- The central institution's members at the end of the report period comprised OP-Pohjola Group's member cooperative banks as well as Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank and OP-Kotipankki Oyj.
- By virtue of the Act on the Amalgamation of Deposit Banks, the central institution has both the right to control its credit institutions and the obligation to supervise their operations. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in applicable law, the member credit institutions and OP-Pohjola Group Central Cooperative are ultimately jointly and severally liable for each other's debts and commitments. OP-Pohjola Group's insurance companies, for example, do not therefore fall within the scope of joint liability.
- Deposit banks belonging to OP-Pohjola Group, i.e. its member cooperative banks, Pohjola Bank plc, Helsinki OP Bank Plc and OP-Kotipankki Oyj, are regarded as a single bank with respect to deposit insurance. Under legislation governing the Investors' Compensation Fund, OP-Pohjola Group is also considered a single entity in respect of investors' compensation.

A background photograph of a person sitting at an outdoor cafe table. The person is holding a smartphone. On the table is a white coffee cup, a glass of water, and a vase with blue flowers. The background shows a harbor with many sailboats and a cloudy sky.

Year-on-year Results

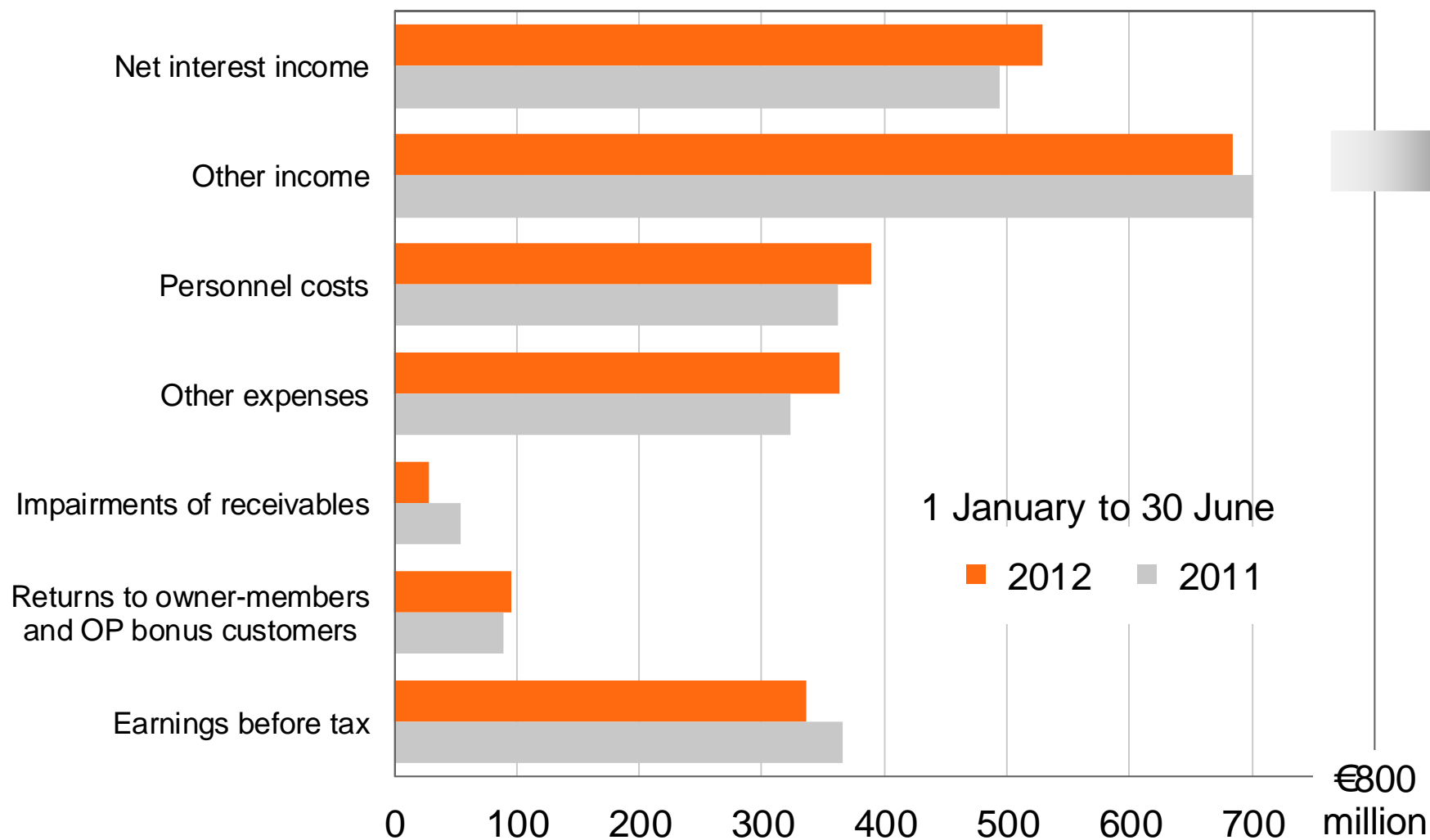
OP-Pohjola Group Earnings before Tax

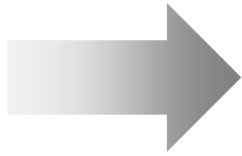


*) Life and Non-life Insurance **) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

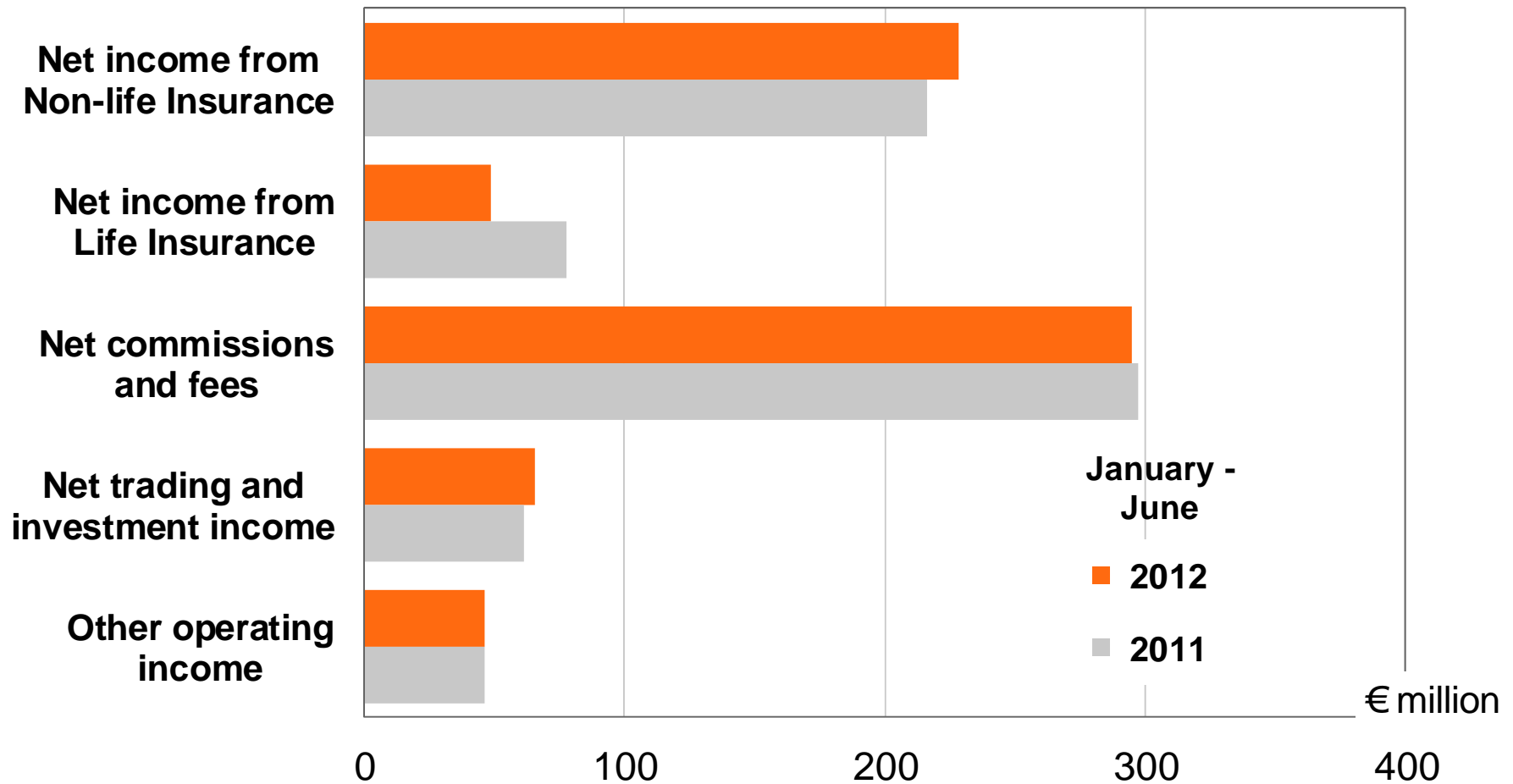


OP-Pohjola Group Income Statement





OP-Pohjola Group Other Income



OP-Pohjola Group

Income Statement

€ million			Change	
1 January to 30 June	2012	2011	€ million	%
Interest income	1,735	1,475	260	17.6
Interest expenses	1,206	982	225	22.9
Net interest income	529	494	35	7.1
Impairments of receivables	28	55	-27	-49.0
Net interest income after impairment losses	501	439	62	14.1
Net income from Non-life Insurance operations	228	216	12	5.5
Net income from Life Insurance operations	48	78	-29	-37.6
Net commissions and fees	295	297	-3	-0.9
Net trading income	41	22	19	88.3
Net investment income	25	40	-15	-36.9
Other operating income	46	46	0	-0.6
Personnel costs	389	362	27	7.5
Other administrative expenses	192	168	24	14.1
Other operating expenses	171	155	16	10.6
Returns to owner-members and OP bonus customers	96	89	7	8.1
Share of associates' profits/losses	1	2	-1	-49.3
Earnings before tax	337	366	-29	-8.0

OP-Pohjola Group

Income Statement by Business Segment

1 January to 30 June 2012

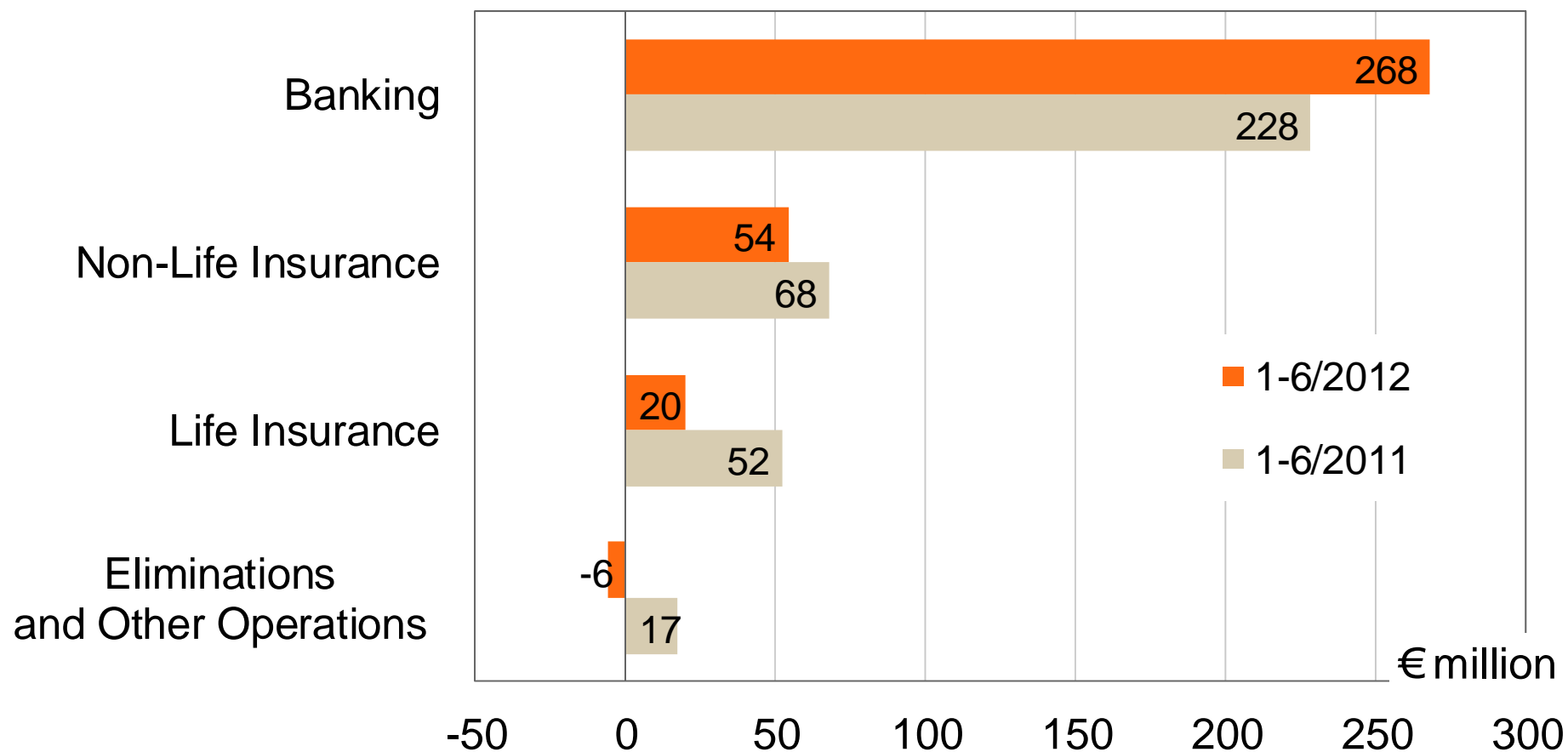
	Banking	Non-Life Insurance	Life Insurance	Eliminations and Other Operations	Total
Net interest income	507	-3	0	25	529
Net income from non-life insurance	0	234	0	-6	228
Net income from life insurance	0	0	55	-7	48
Other income	397	9	13	-15	405
Total income	904	243	68	-2	1,213
Personnel costs	236	72	6	76	389
Other expenses	277	117	43	-74	363
Total expenses	513	189	48	2	752
Impairment losses on receivables	26	0	0	2	28
Returns to owner-members	96	0	0	0	96
Earnings before tax	268	54	20	-6	337

Cost /income ratio, %

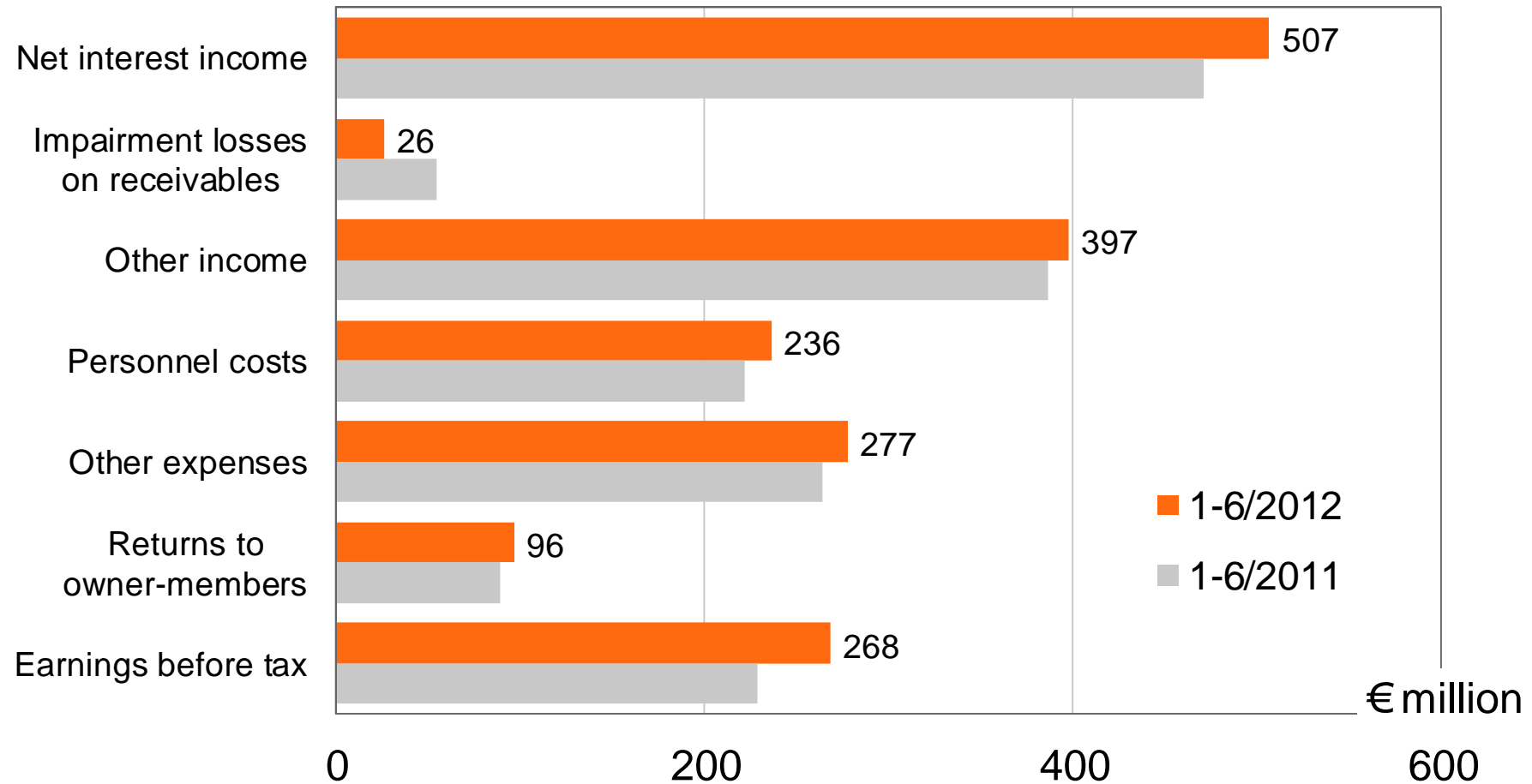
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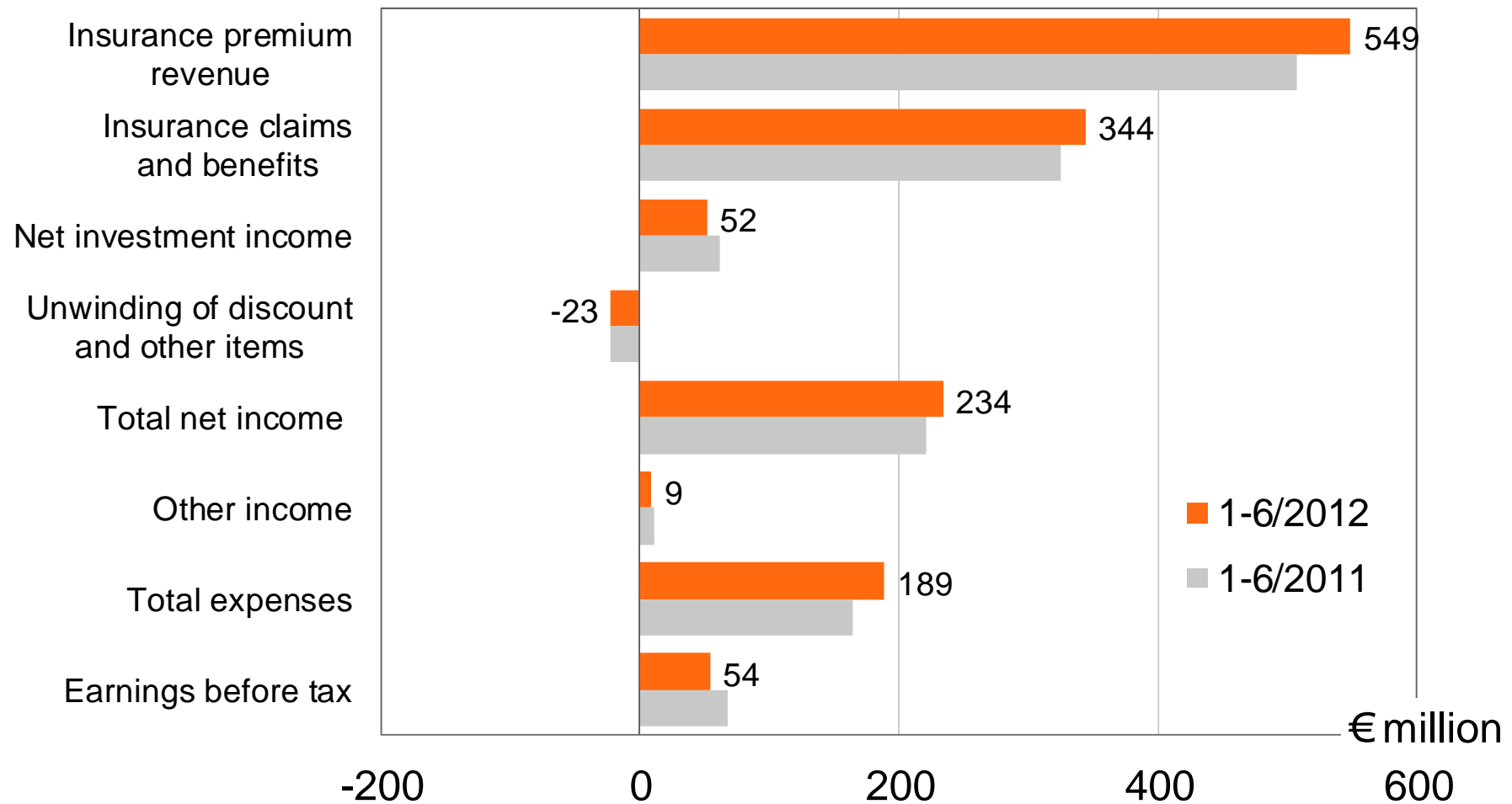
OP-Pohjola Group
Earnings before tax by Business Segment



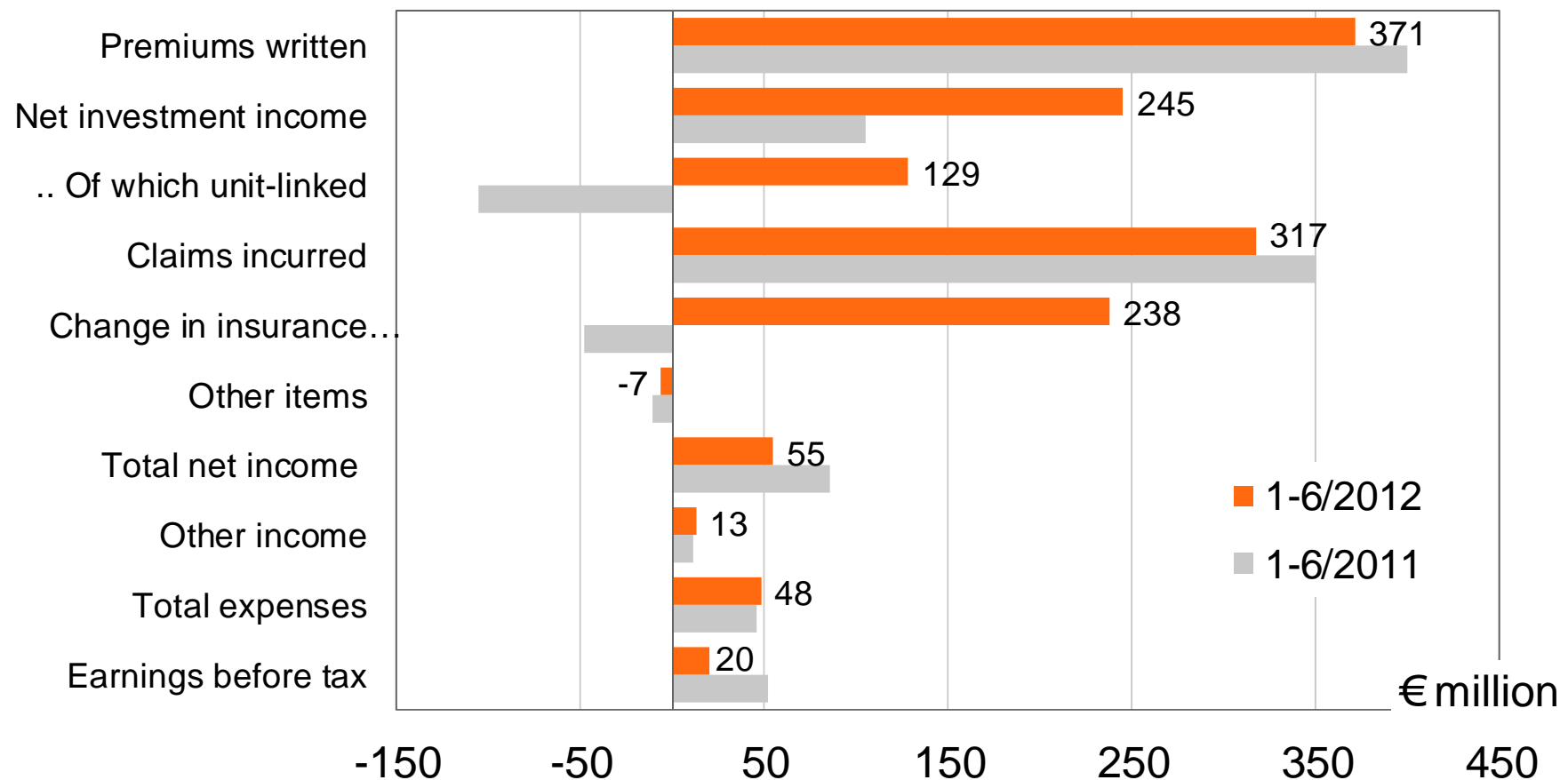
OP-Pohjola Group Banking



OP-Pohjola Group Non-Life Insurance



OP-Pohjola Group Life Insurance



A close-up photograph of a hand pointing at architectural blueprints. The blueprints show various building plans, including a large rectangular structure with internal divisions and a smaller structure labeled 'KÄLYKÖN'. The background is slightly blurred, showing some outdoor elements like trees and a fence. A semi-transparent dark grey horizontal bar is overlaid across the middle of the image, containing the text 'Quarterly Figures' in white.

Quarterly Figures

OP-Pohjola Group

Quarterly Performance

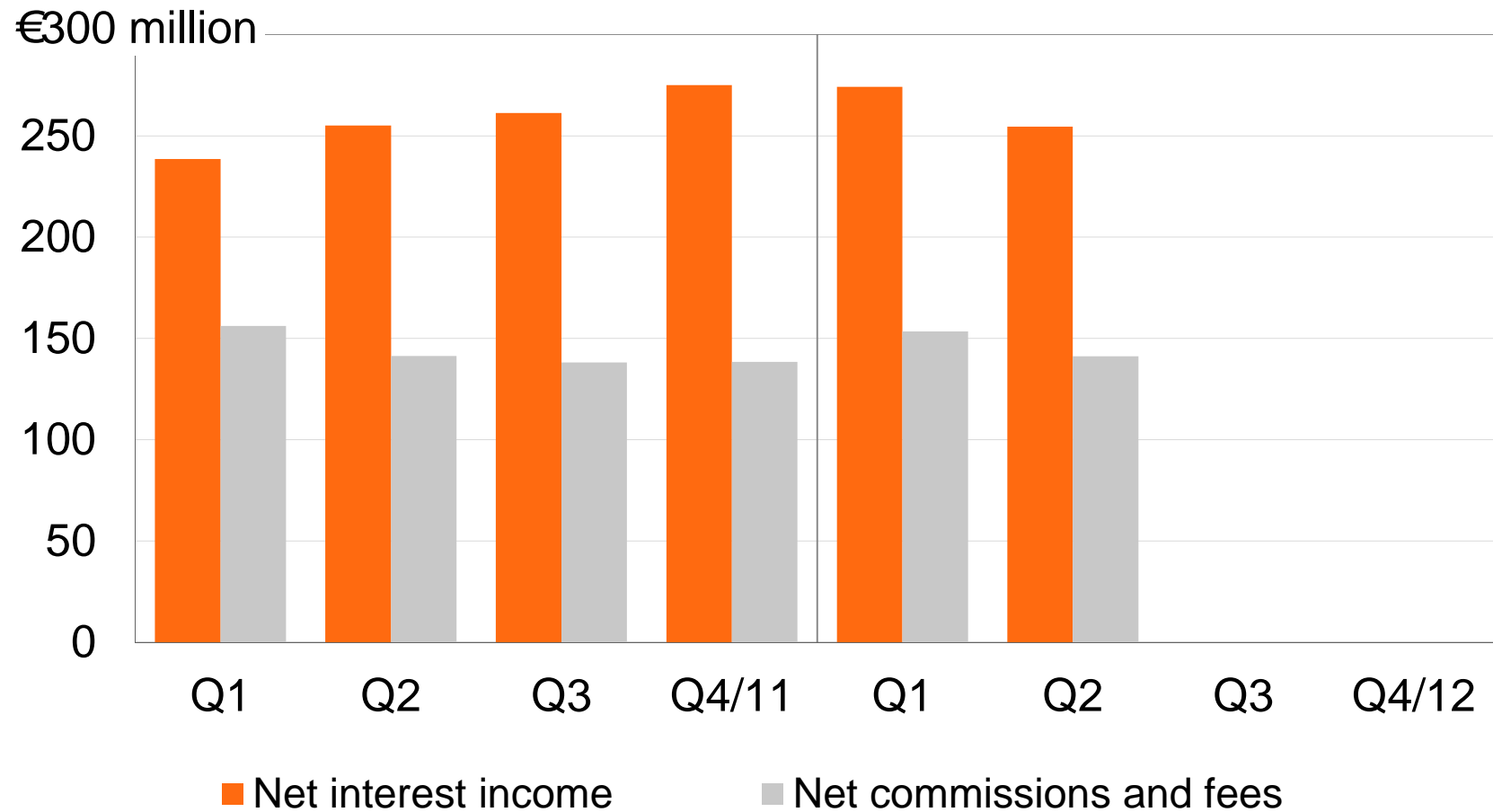
€million	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	238	255	261	275	274	255		
Other income	371	330	214	215	363	321		
Total income	609	585	476	490	637	576		
Personnel costs	176	186	147	180	199	190		
Other expenses	158	165	154	192	180	183		
Total expenses	334	350	301	372	379	373		
Impairments of receivables	23	31	10	37	11	17		
Returns to owner-members and OP bonus customers	42	47	43	44	44	52		
Earnings before tax	210	157	122	37	203	134		

OP-Pohjola Group

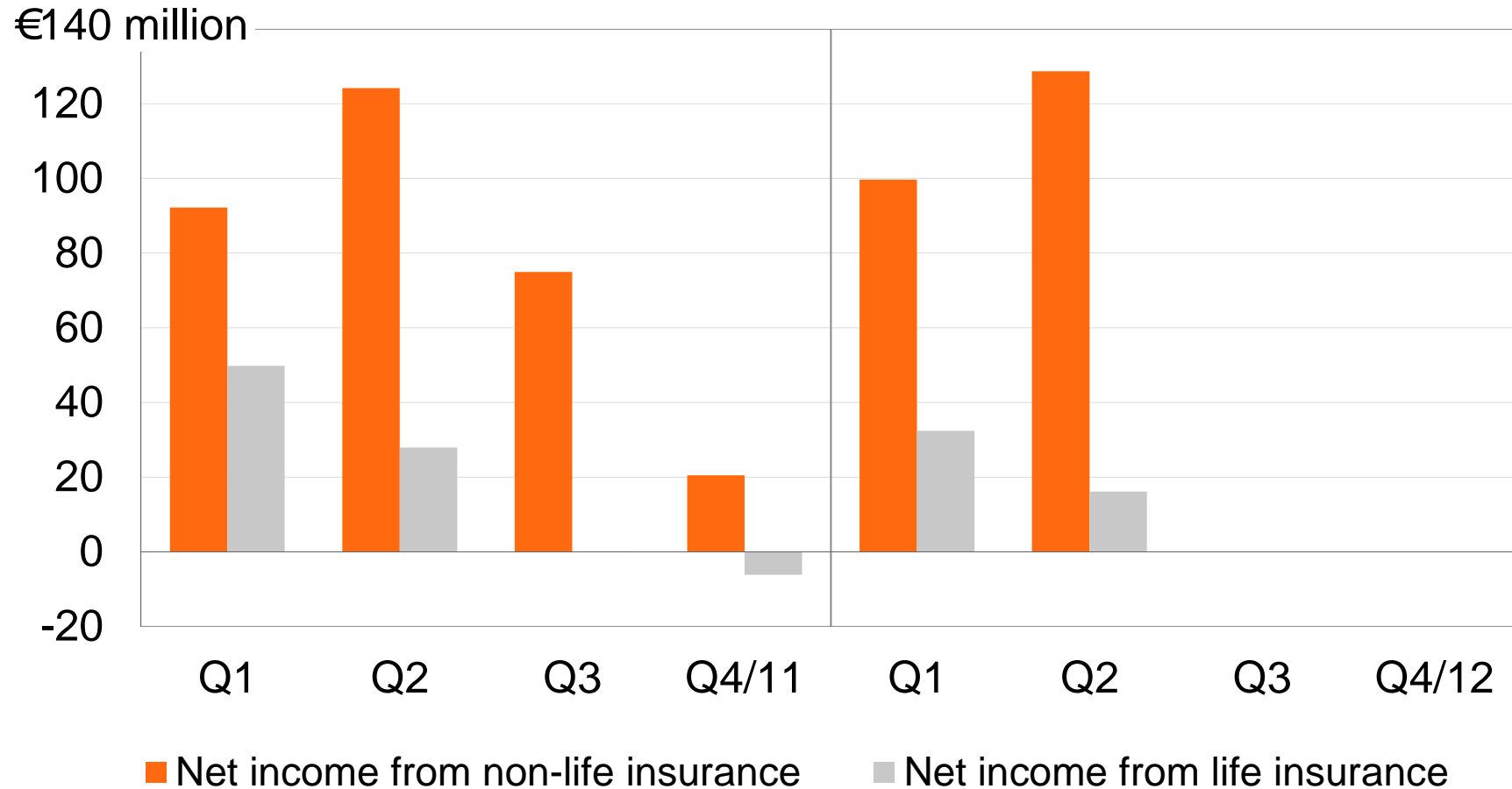
Other Income by Quarter

€million	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	92	124	75	20	100	129		
Net income from life insurance	50	28	0	-6	32	16		
Net commissions and fees	156	141	138	138	153	141		
Net income from trading and investments	46	15	-19	38	52	13		
Other income	27	22	20	25	25	22		
Total	371	330	214	215	363	321		

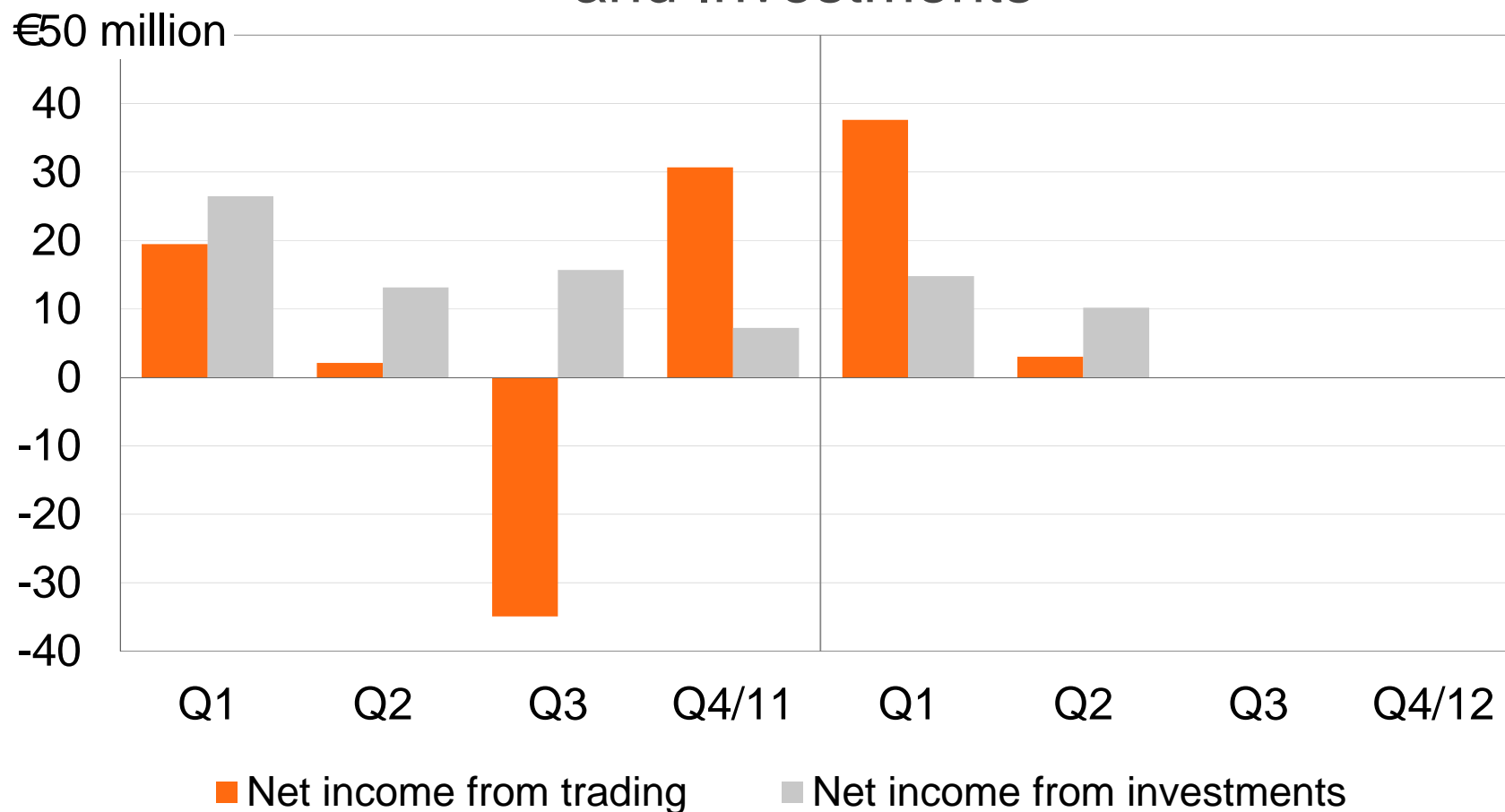
OP-Pohjola Group Net Interest Income and Net Commissions and Fees



OP-Pohjola Group Net Income from Non-life and Life Insurance

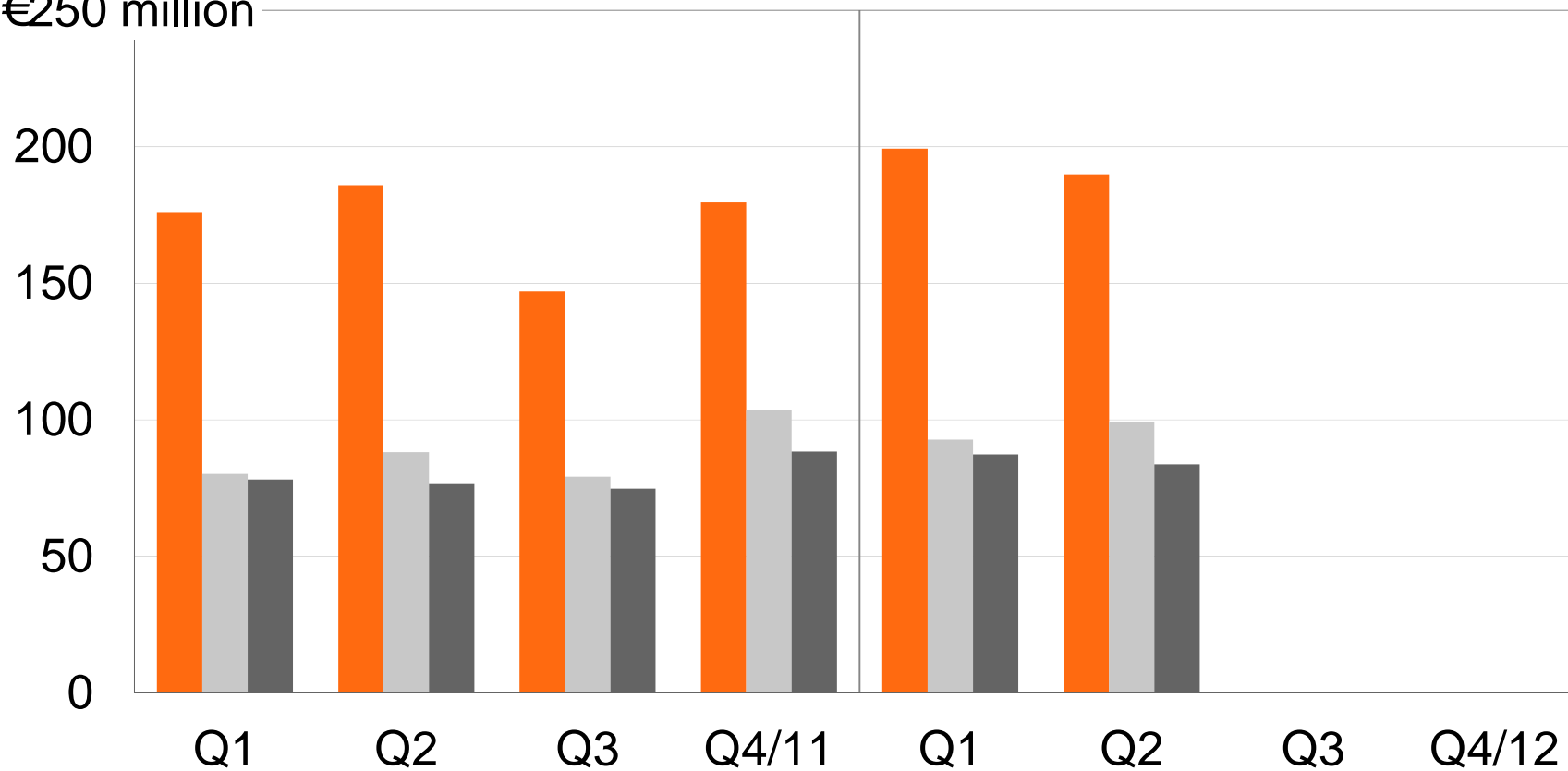


OP-Pohjola Group Net Income from Trading and Investments



OP-Pohjola Group Expenses

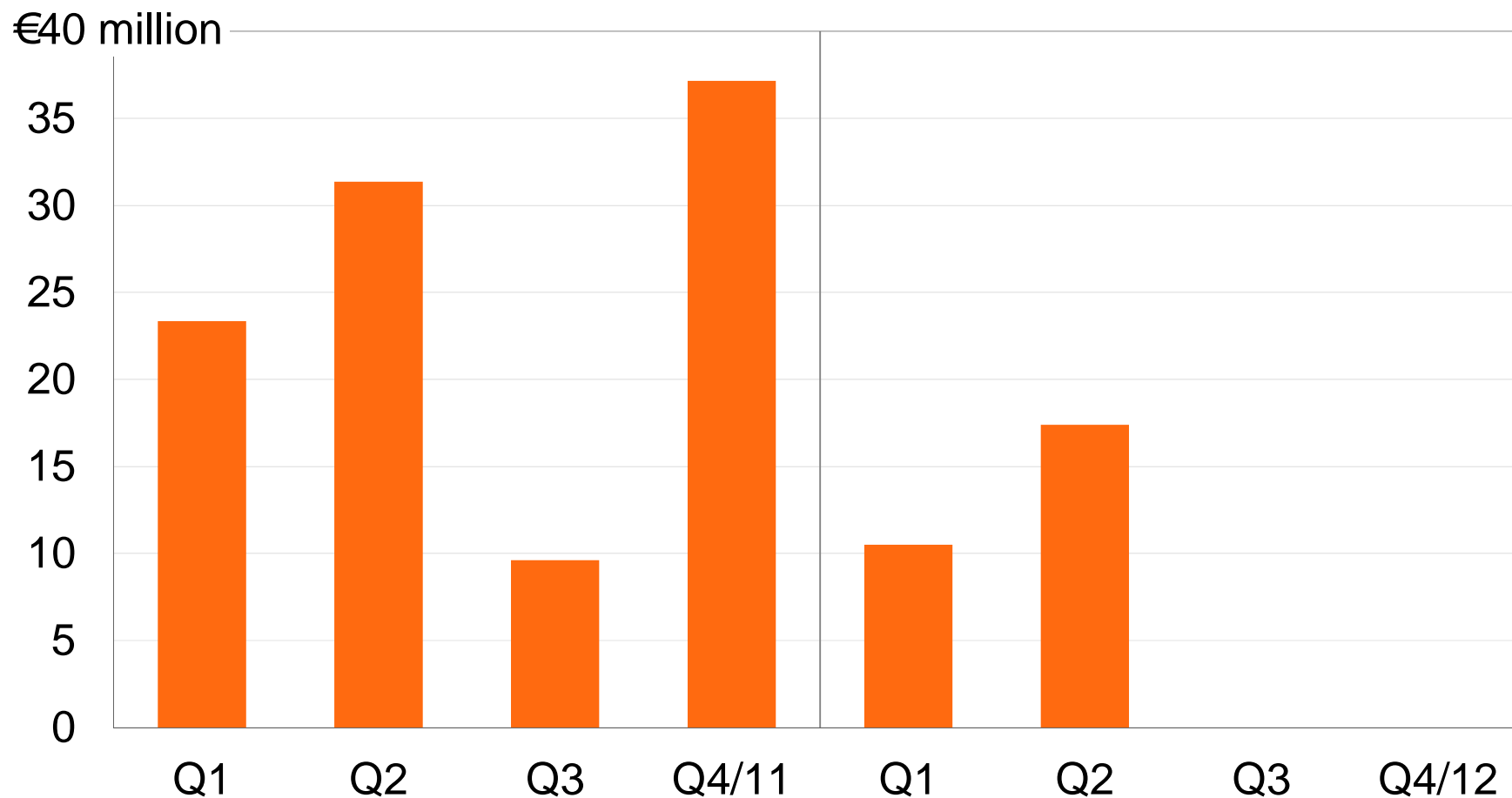
€250 million



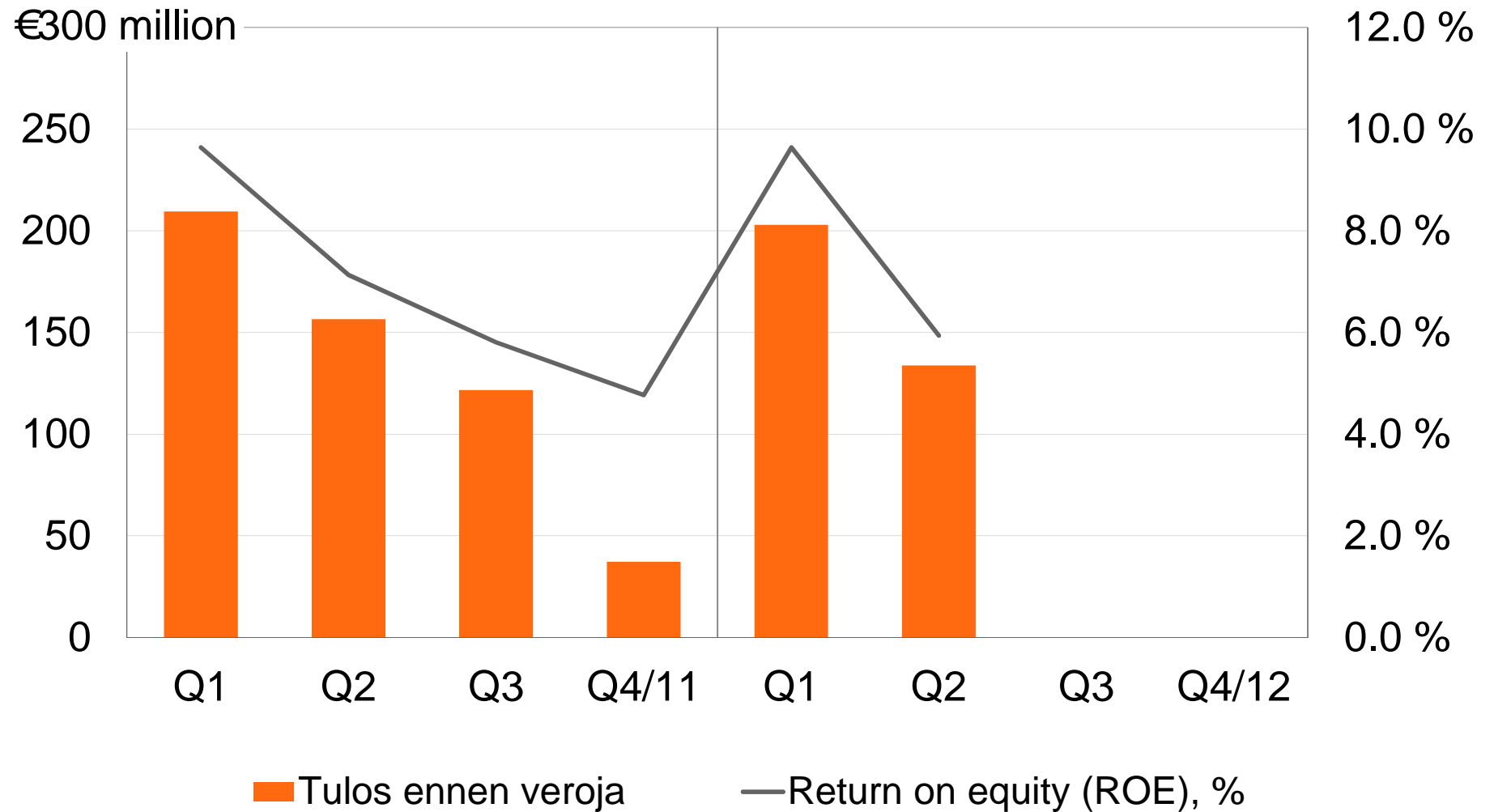
■ Personnel costs ■ Other administrative expenses ■ Other operating expenses



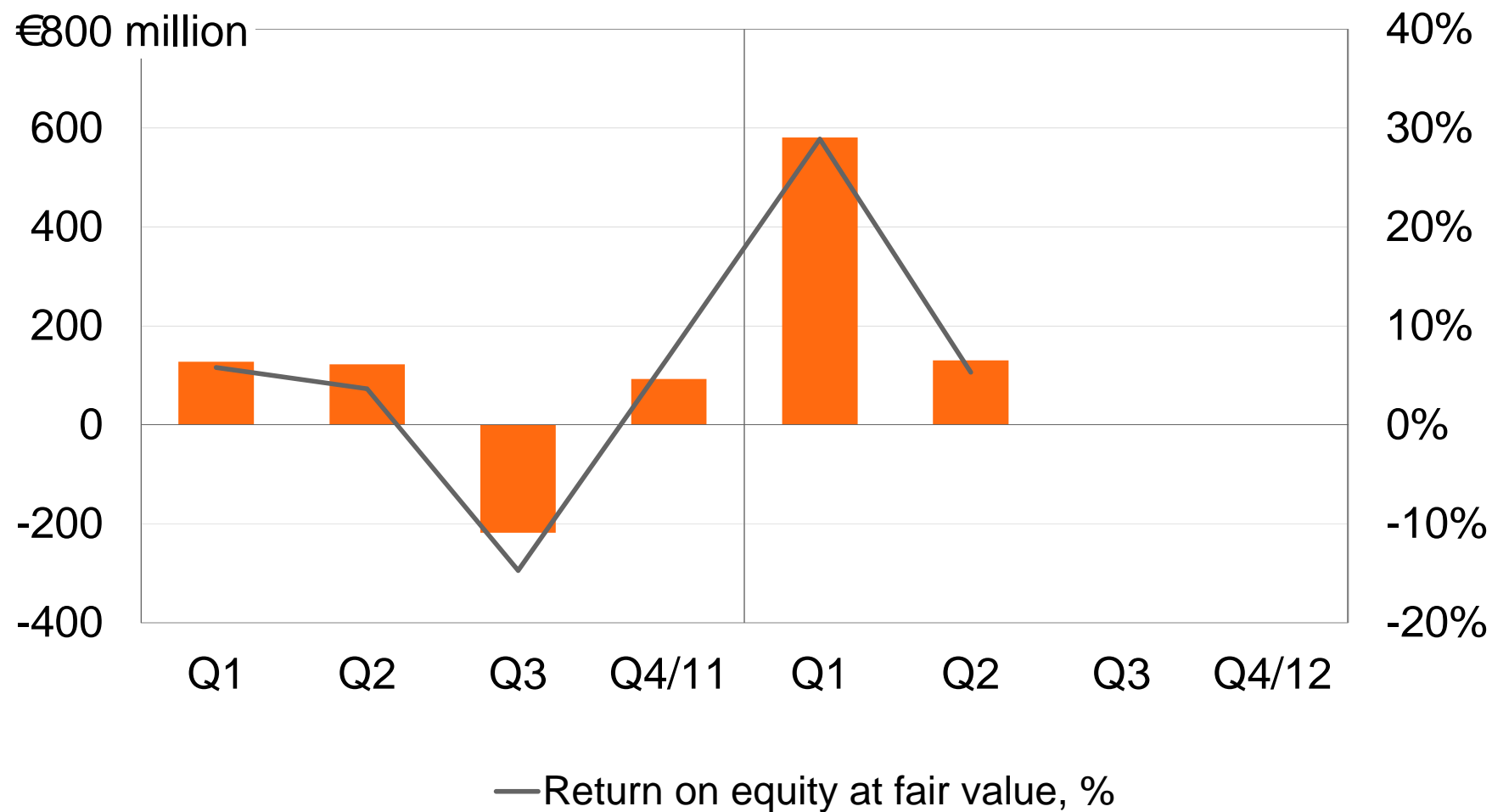
OP-Pohjola Group Quarterly Impairments of Receivables



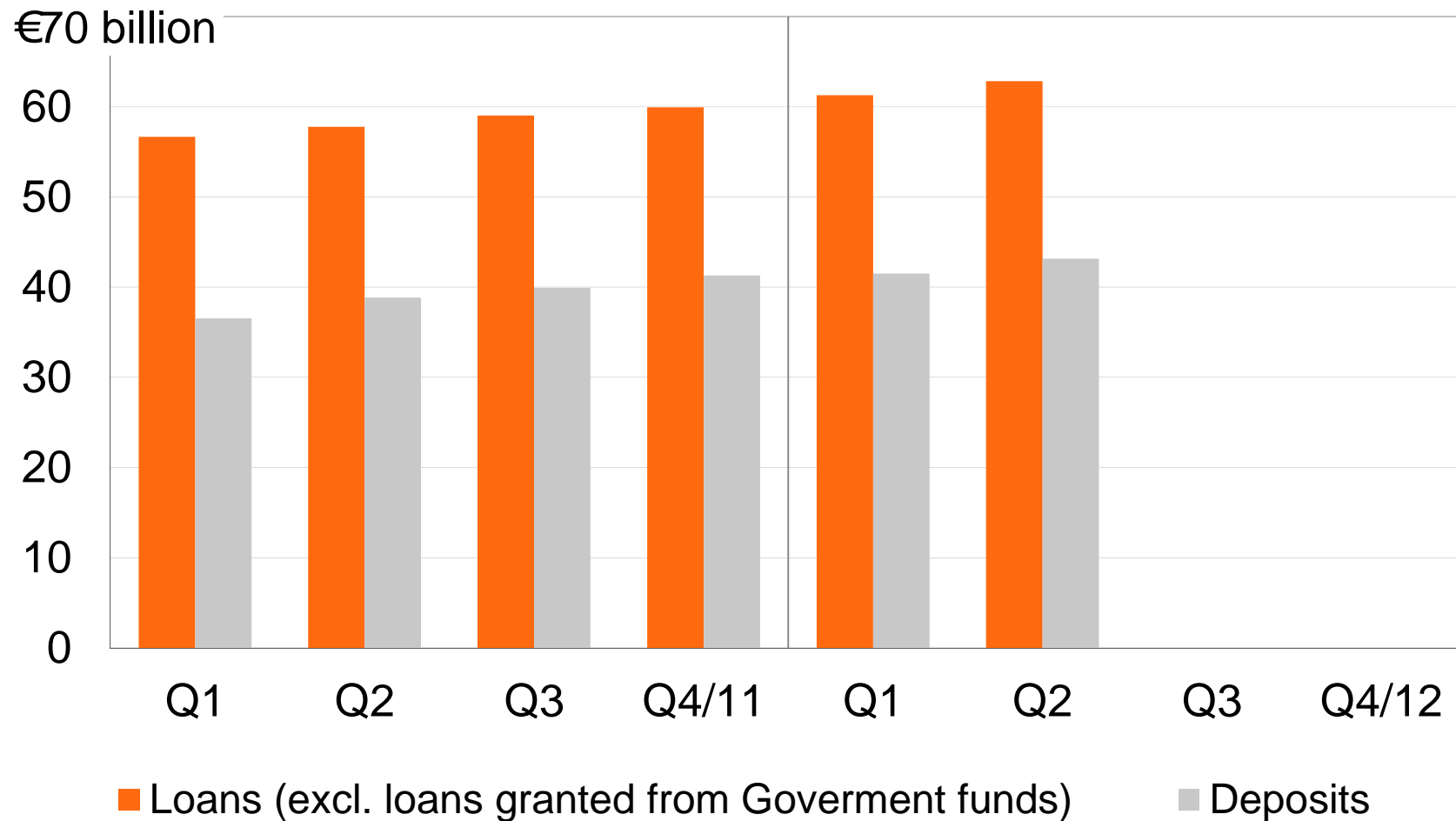
OP-Pohjola Group Earnings before Tax



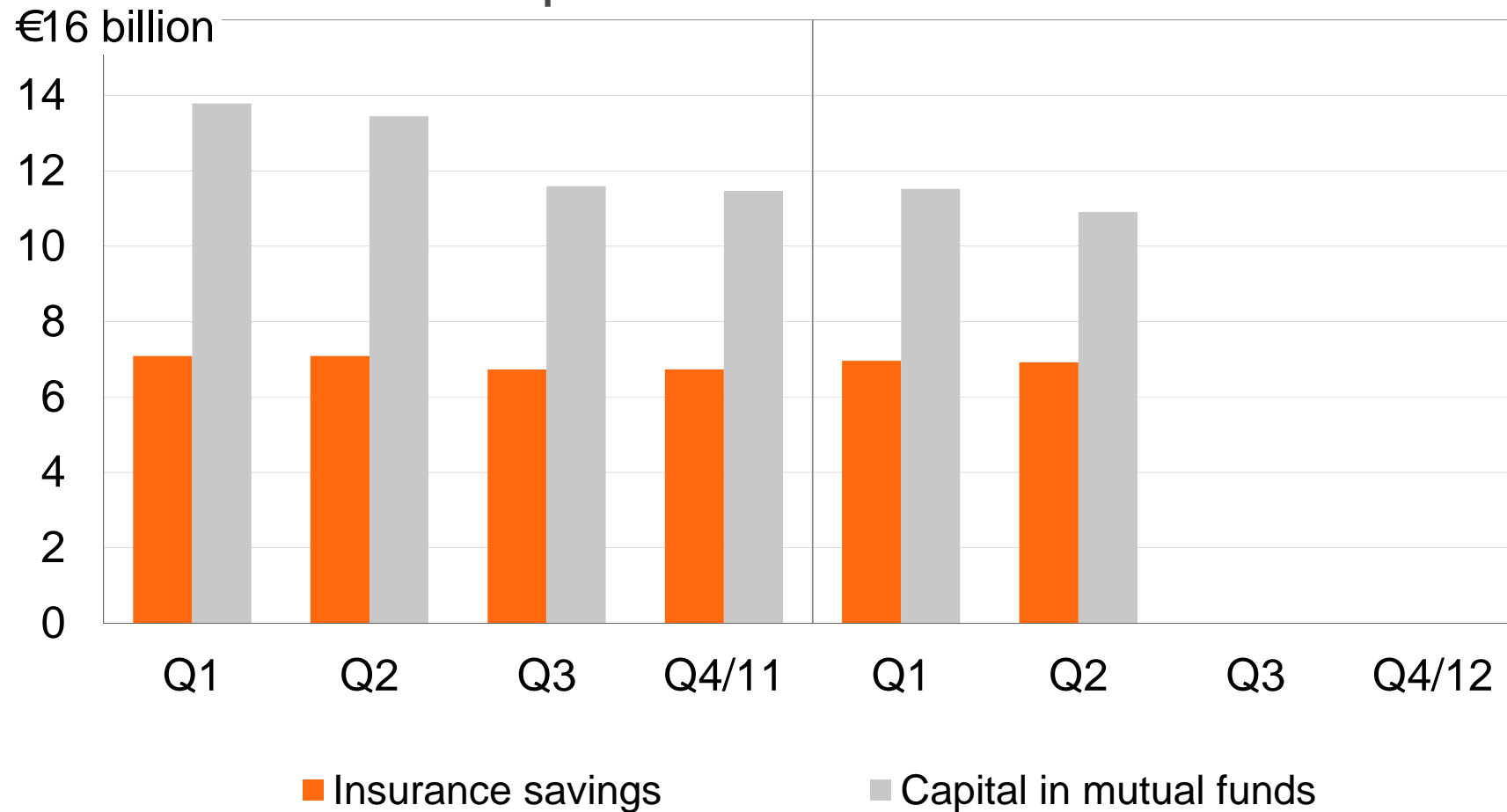
OP-Pohjola Group Earnings before Tax at Fair Value



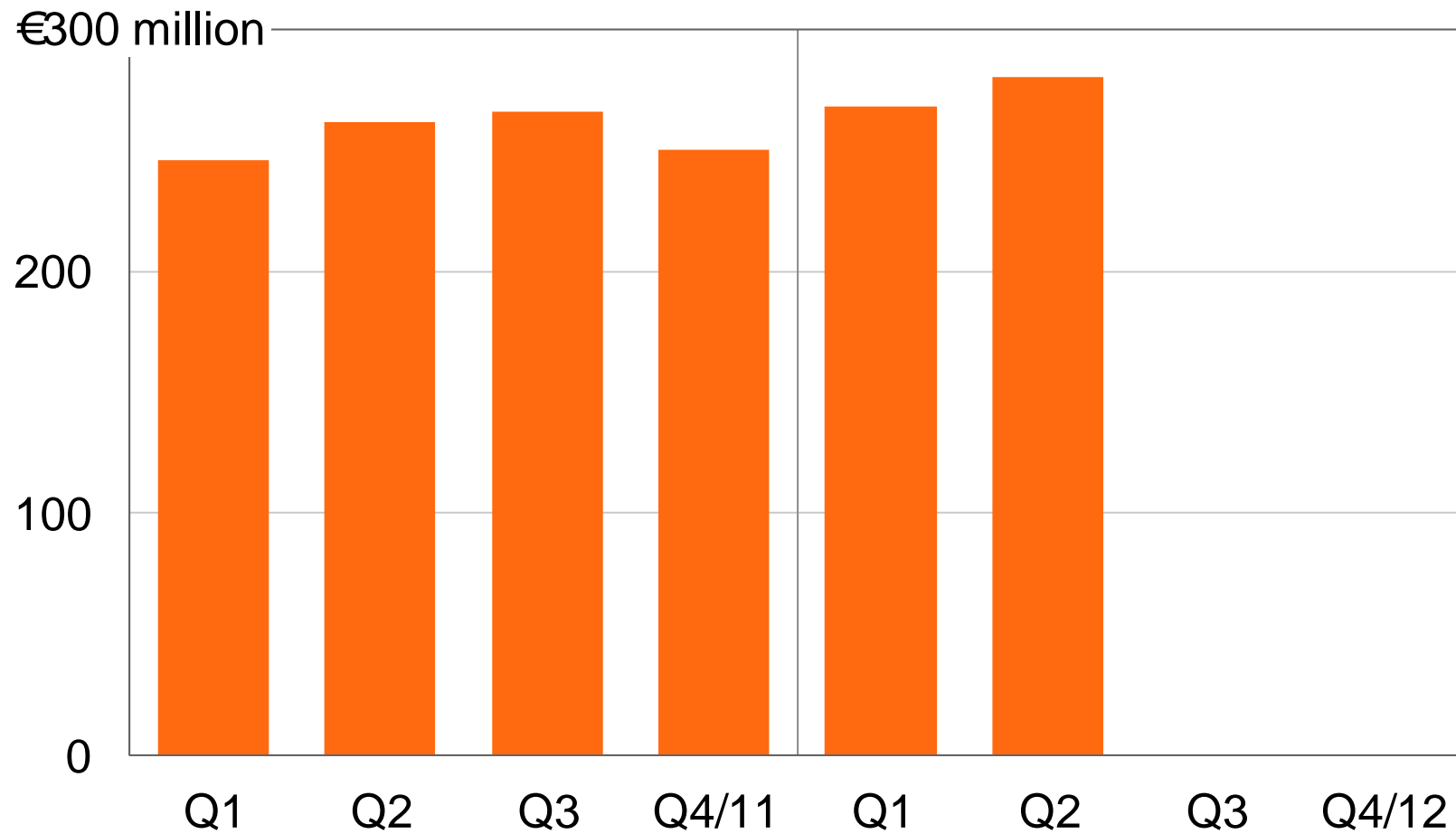
OP-Pohjola Group Loans and Deposits



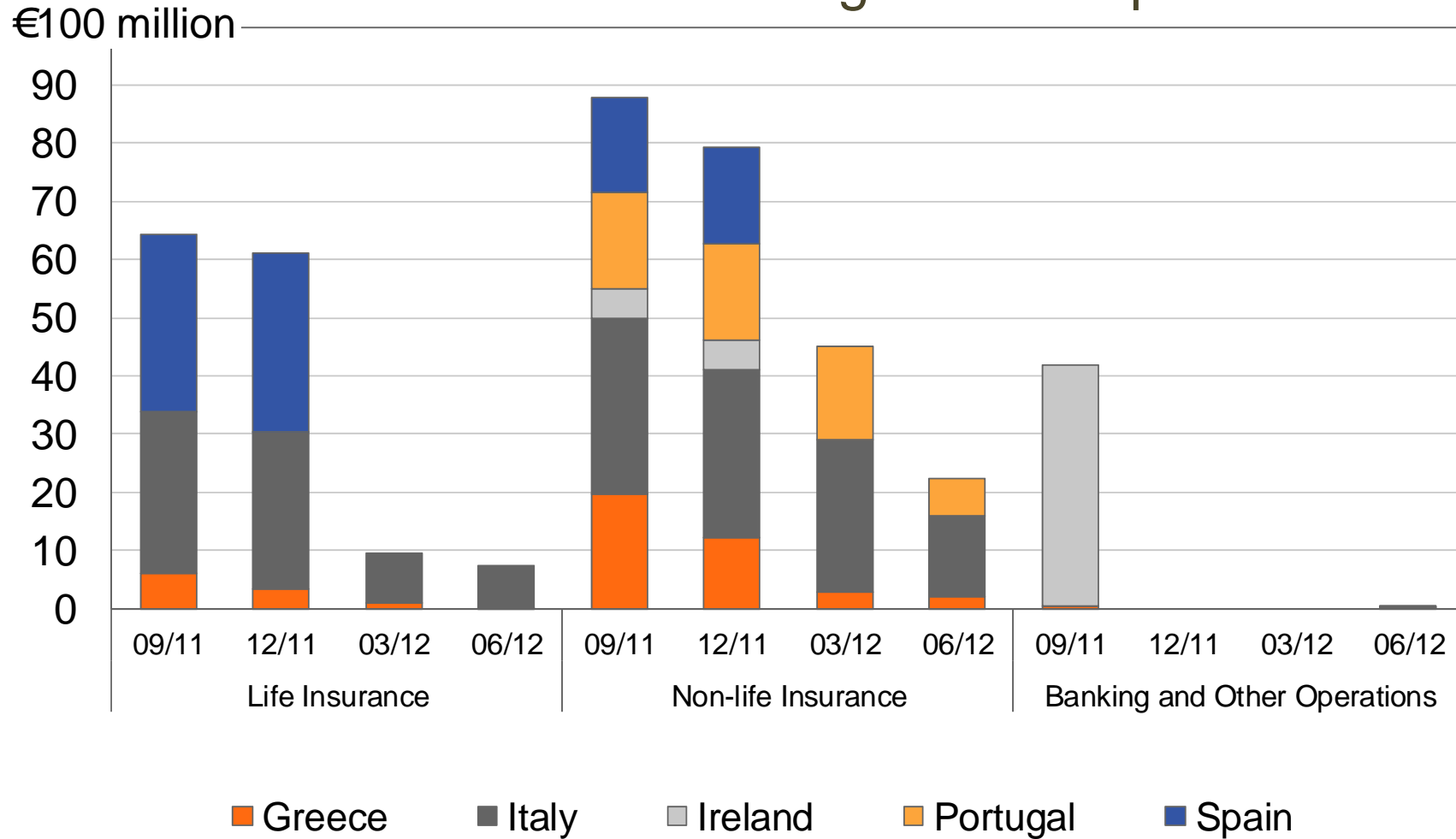
OP-Pohjola Group Life Insurance Savings and Capital in Mutual Funds



OP-Pohjola Group Non-life Insurance Premium Revenue (IFRS)



OP-Pohjola Group Direct GIIPS Sovereign Debt Exposure





Capital Adequacy

Two Capital Adequacy Ratios

Consolidated capital adequacy =
capital adequacy of the
amalgamation of cooperative banks

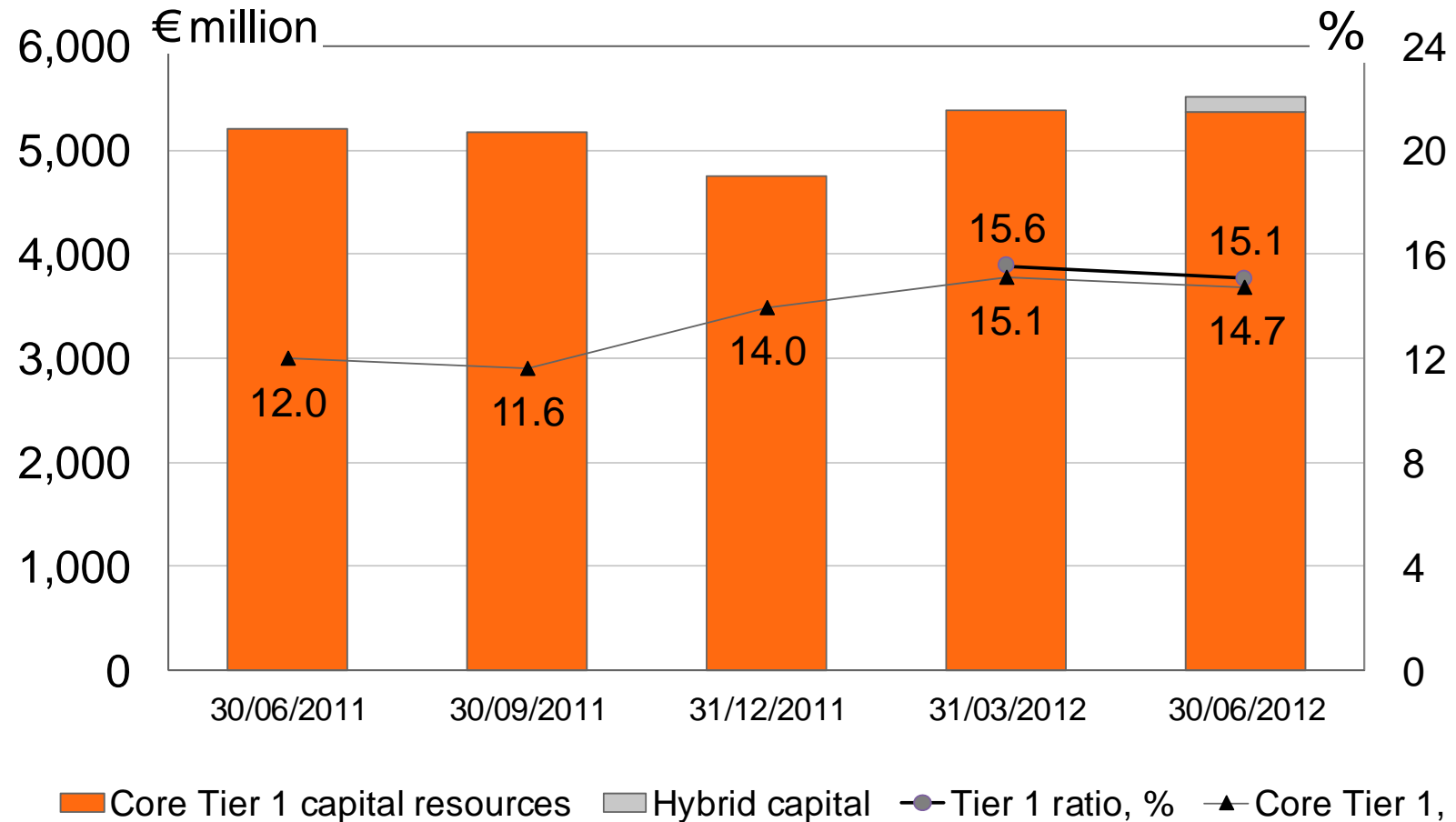
- The Group's operations are based on the Act on the Amalgamation of Deposit Banks
- The Act on the Amalgamation of Deposit Banks prescribes a minimum capital requirement for an amalgamation of cooperative banks. This is calculated using the provisions in the Act on Credit Institutions.
- The amalgamation of cooperative banks consists of the amalgamation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their consolidation groups. Although OP-Pohjola Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions.

Capital adequacy ratio (under the Act on the Supervision of Financial and Insurance Conglomerates) = OP-Pohjola Group's capital adequacy

- OP-Pohjola Group is a financial conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.
- OP-Pohjola Group's capital adequacy pursuant to the Act on the Supervision of Financial and Insurance Conglomerates is calculated using the consolidation method, whereby assets included in capital resources but not included in equity capital, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet.
 - Capital resources may not include items not available for covering the losses of other companies belonging to the conglomerate.
- The financial conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement and the insurance companies' joint minimum operating capital.

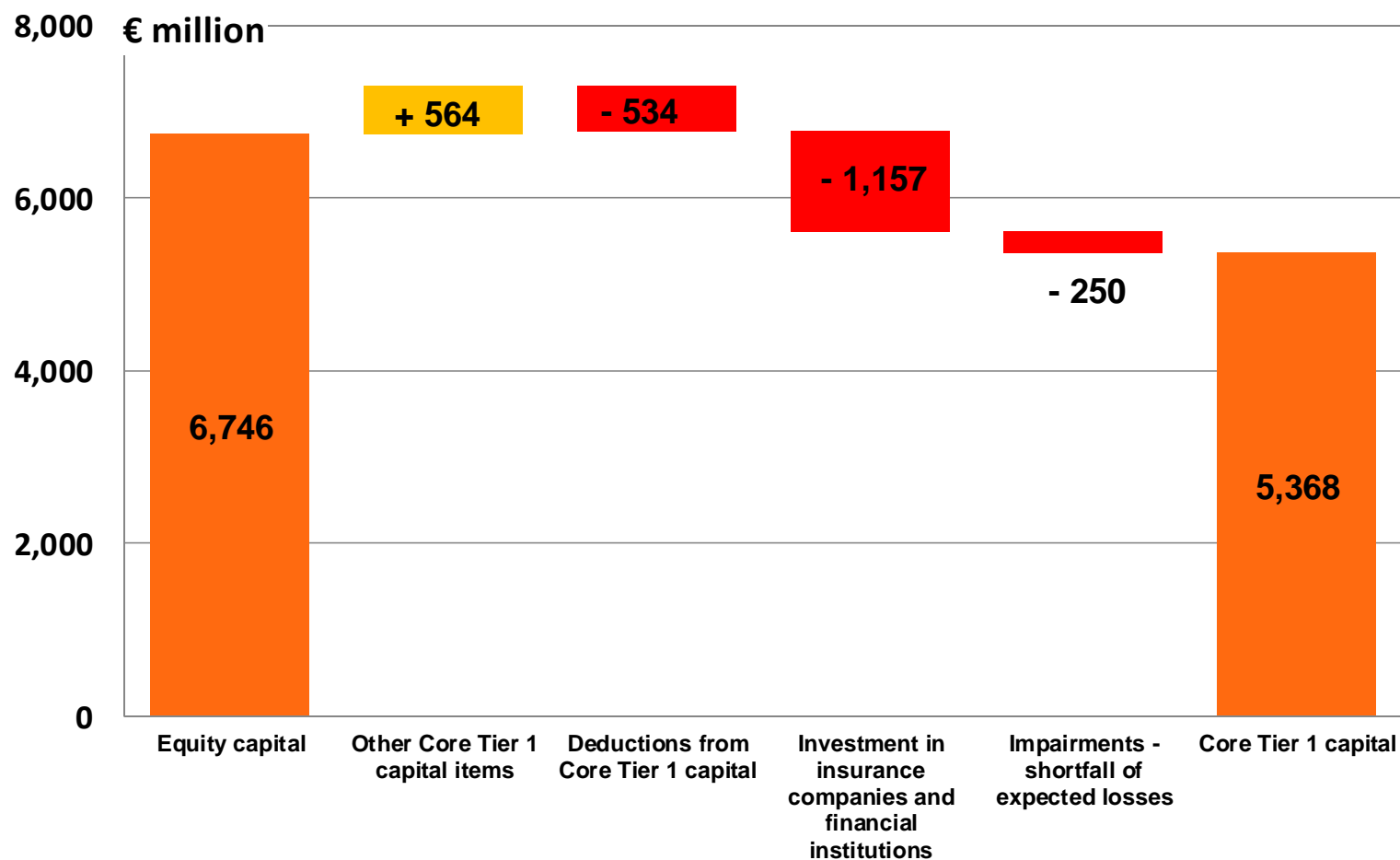
In view of both capital adequacy requirements,
OP-Pohjola Group's risk-bearing capacity is strong.

The amalgamation of the cooperative banks Capital Resources and Capital Adequacy



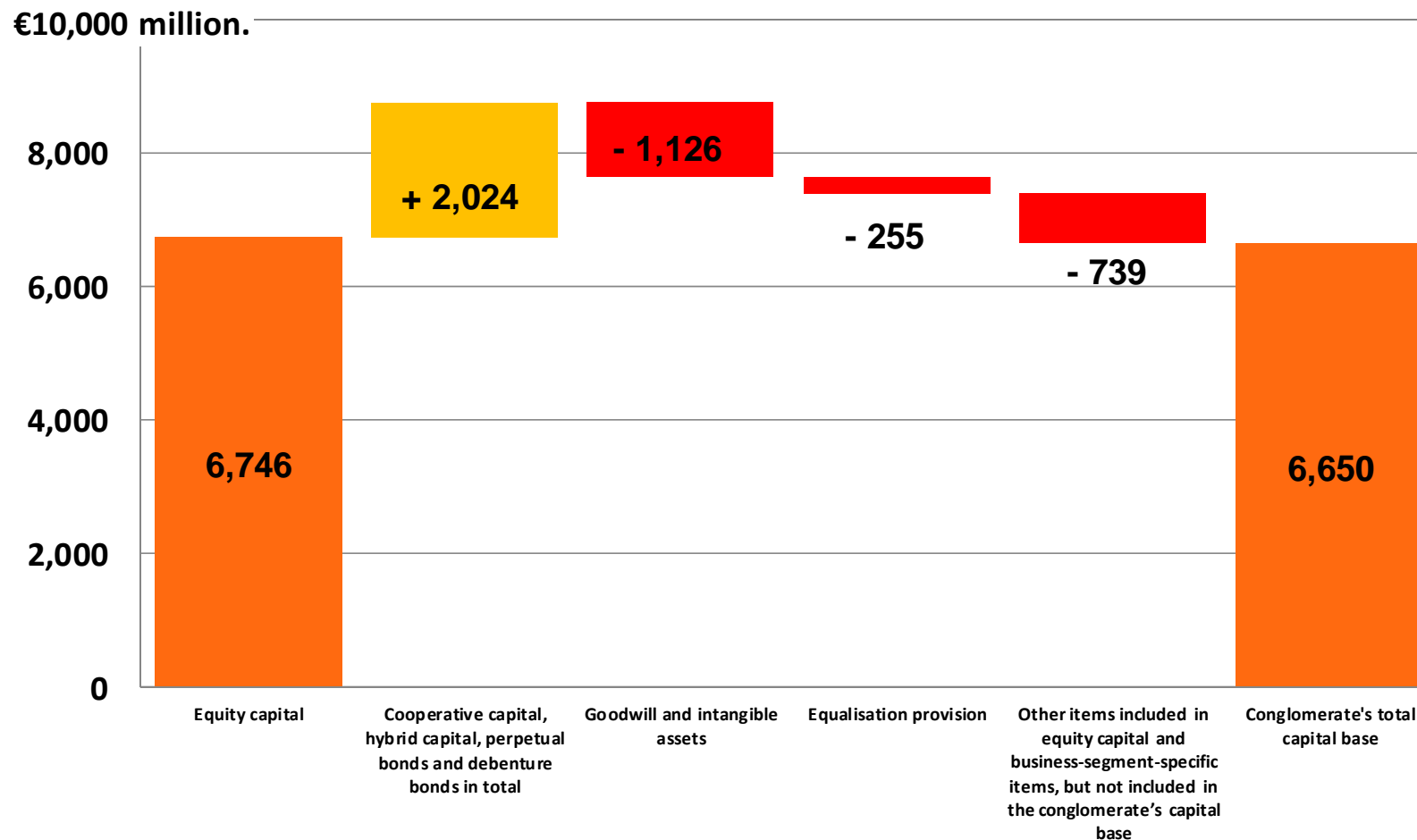
Dec. 2011: Effect of IRBA adoption around 2.6 percentage points

Tier 1 Capital under the Act on Credit Institutions 30 June 2012



Total Capital Base under the Act on the Supervision of Financial and Insurance Conglomerates

30 June 2012



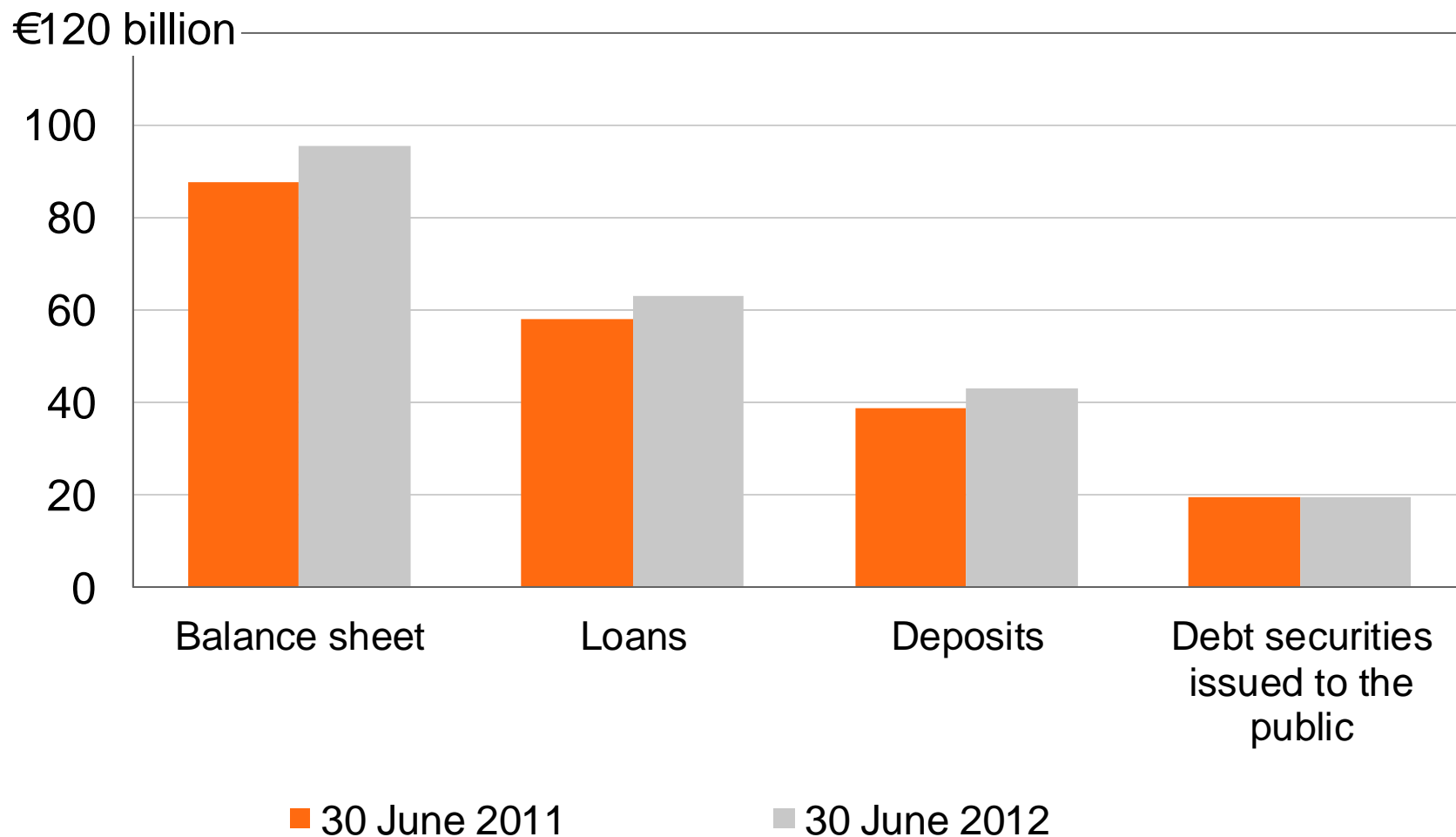
Adopting the Internal Ratings Based Approach

- In its calculation of capital requirement for credit risk, OP-Pohjola Group phased in the Internal Ratings Based Approach (IRBA).
 - Pohjola Bank plc has used IRBA in its capital adequacy measurement for corporate and institutional customers' credit risks since 30 September 2008.
 - OP-Pohjola adopted IRBA to credit risk for other exposures in December 2011.
- The capital requirement for credit risk concerning state and central banks will continue to be calculated using the Standardised Approach.
- The same will apply to market risks.
- The use of the Internal Ratings Based Approach reduces the Group's capital requirement, but makes it more susceptible to market fluctuations.
- Adoption of IRBA improved capital adequacy under the Act on Credit Institutions by 2.6 percentage points.

A close-up photograph of a man in a dark suit, white shirt, and blue striped tie. He is holding a black folder or portfolio with both hands, looking down at it. The background is blurred.

Balance Sheet

OP-Pohjola Group Key Balance Sheet Items



OP-Pohjola Group

Balance sheet

€million	30 June 2012	30 June 2011	Change €million	%
Receivables from credit institutions	1,090	1,167	-77	-6.6
Financial assets at fair value through profit or loss	347	419	-72	-17.1
Receivables from customers	63,128	58,155	4,973	8.6
Non-life Insurance assets	3,593	3,327	265	8.0
Life Insurance assets	6,931	7,471	-541	-7.2
Investment assets	7,383	8,236	-853	-10.4
Other items	13,011	8,801	4,210	47.8
Total assets	95,483	87,576	7,907	9.0
Liabilities to credit institutions	1,707	2,325	-618	-26.6
Liabilities to customers	47,593	42,166	5,427	12.9
Non-life Insurance liabilities	2,810	2,606	204	7.8
Life Insurance liabilities	7,229	7,239	-10	-0.1
Debt securities issued to the public	19,437	19,737	-300	-1.5
Other liabilities	9,960	7,133	2,826	39.6
Equity capital	6,746	6,369	377	5.9
Total liabilities and equity capital	95,483	87,576	7,907	9.0



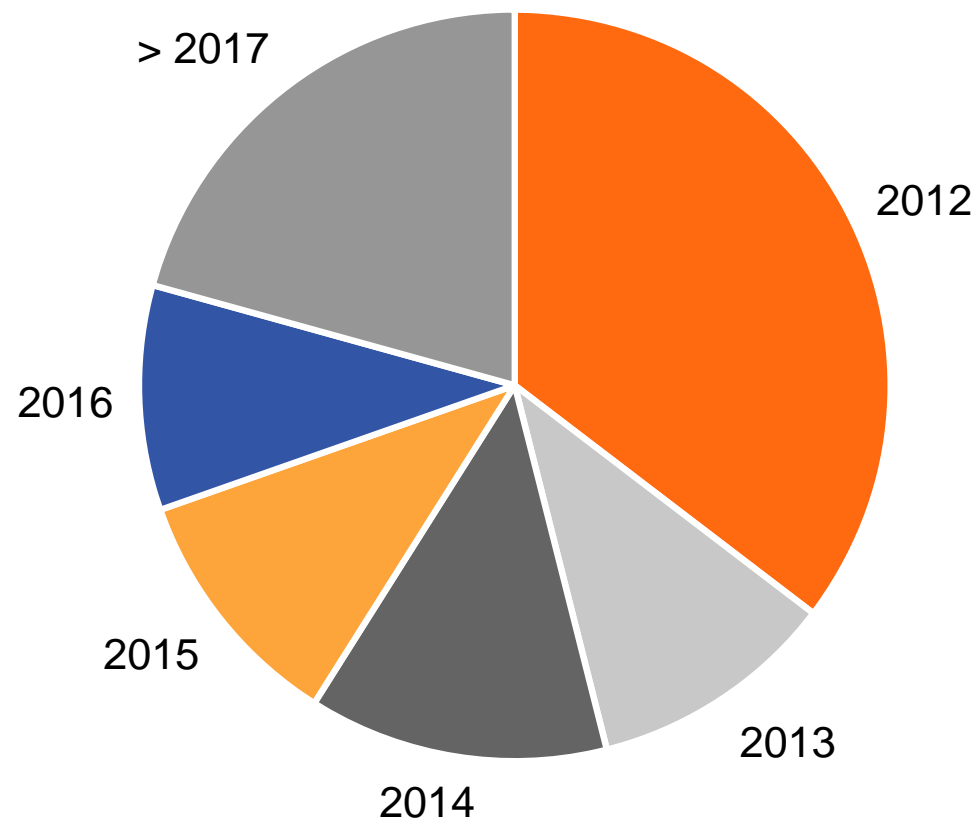
OP-Pohjola Group

Equity Capital and Cooperative Capital

€ million	30 June 2012	30 June 2011	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	200	203	-2	-1.1
Cooperative capital	134	130	3	2.6
Fair value reserve	95	26	69	260.2
Other reserves	2,682	2,619	63	2.4
Retained earnings	3,613	3,390	222	6.6
Minority interest	22	0	22	
Total equity capital	6,746	6,369	377	5.9
Cooperative capital not included in equity capital				
	644	666	-22	-3.3



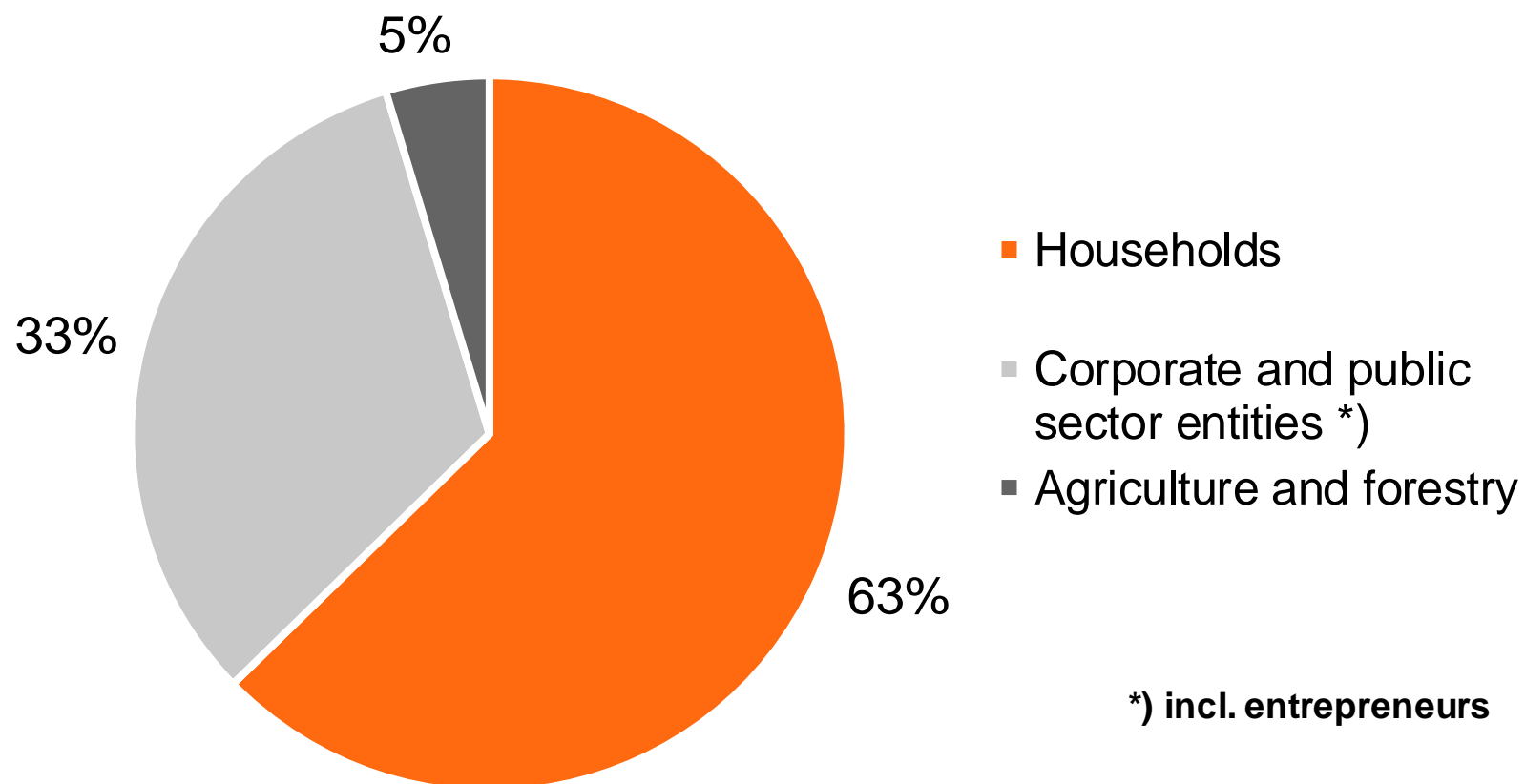
OP-Pohjola Group
Debt Securities Issued to the Public
Maturity 30 June 2012
total of €19.4 billion



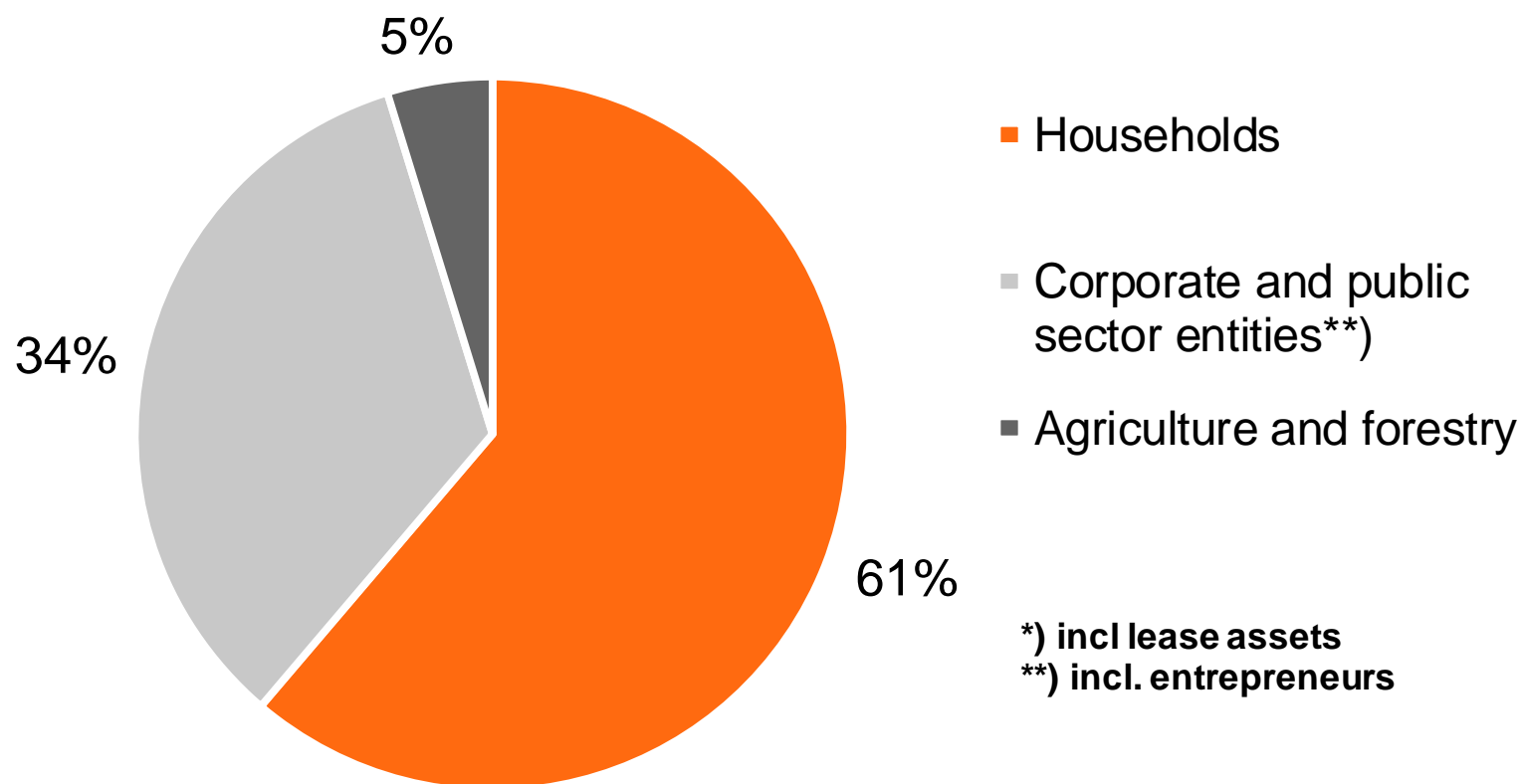


Loans and Customer Funds

OP-Pohjola Group Deposits by Customer Sector 30 June 2012



OP-Pohjola Group Loans* by Customer Sector 30 June 2012

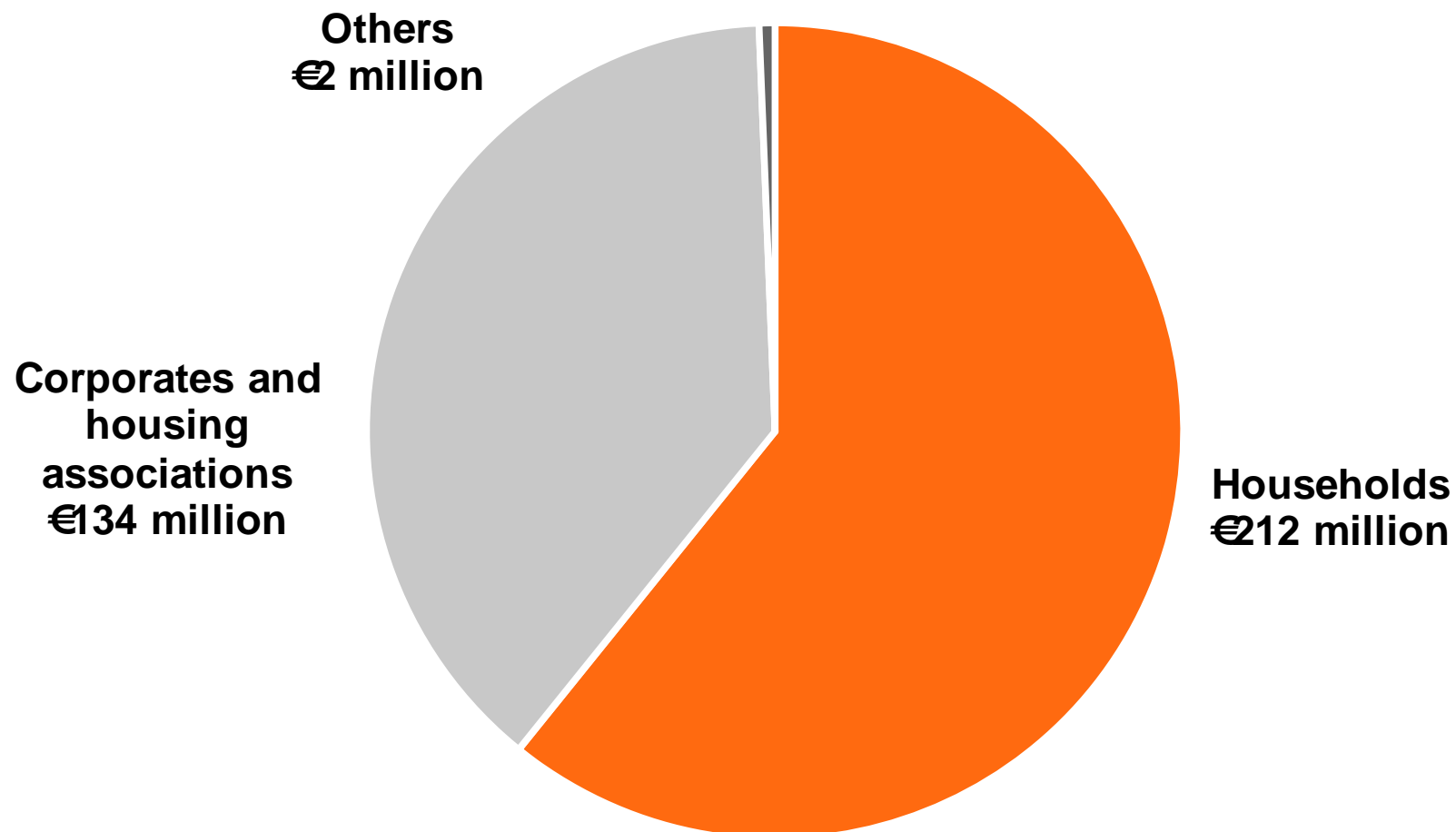


OP-Pohjola Group

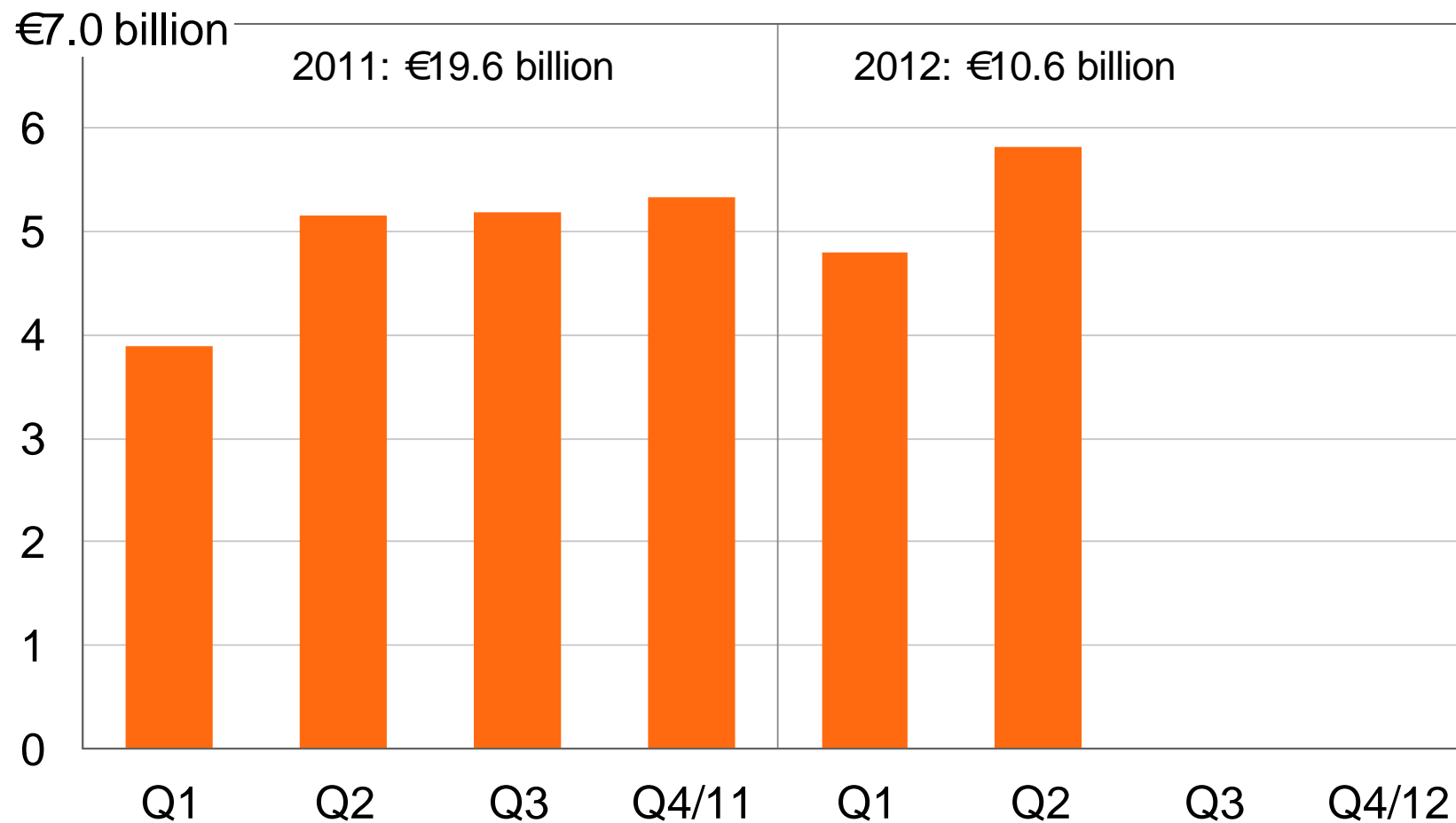
Loan and Guarantee Portfolio by Sector

€million	30 June 2012	30 June 2011	€million	Change, %	Non-performing and zero-interest loans	
					€million	% of loan and guarantee portfolio
Enterprises and housing associations	23,319	20,940	2,379	11.4	134	0.6 %
Renting and operation of residential real estate						
incl. housing associations	4,572	3,960	612	15.5	2	0.1 %
Other renting and operating of real estate	2,910	2,585	326	12.6	11	0.4 %
Wholesale and retail trade	2,380	2,161	220	10.2	13	0.5 %
Construction	1,750	1,588	163	10.2	14	0.8 %
Services	1,672	1,516	155	10.2	18	1.1 %
Transportation and storage	1,473	1,475	-2	-0.2	9	0.6 %
Manufacture of machinery and equipment (incl. services)	1,346	1,153	194	16.8	12	0.9 %
Buying and selling of own real estate	1,051	941	110	11.7	1	0.1 %
Financial and insurance services	890	740	150	20.3	11	1.3 %
Agriculture, forestry and fishing	812	659	152	23.1	7	0.9 %
Forest Industry	765	749	16	2.2	22	2.8 %
Metal Industry	667	673	-6	-0.9	3	0.4 %
Energy	690	471	218	46.3	0	0.0 %
Food Industry	652	643	9	1.5	1	0.2 %
Chemical Industry	404	500	-97	-19.3	1	0.1 %
Other manufacturing	436	456	-20	-4.3	7	1.7 %
Other industries	848	670	178	26.5	3	0.4 %
Public corporations and non-profit organisations	1,197	1,067	130	12.2	2	0.2 %
Households	41,324	38,692	2,632	6.8	212	0.5 %
Adjustments	285	3	281	0.0	0	
Total	66,125	60,703	5,422	8.9	348	0.53%

OP-Pohjola Group
Non-performing and Zero-interest Receivables
30 June 2012
€348 million

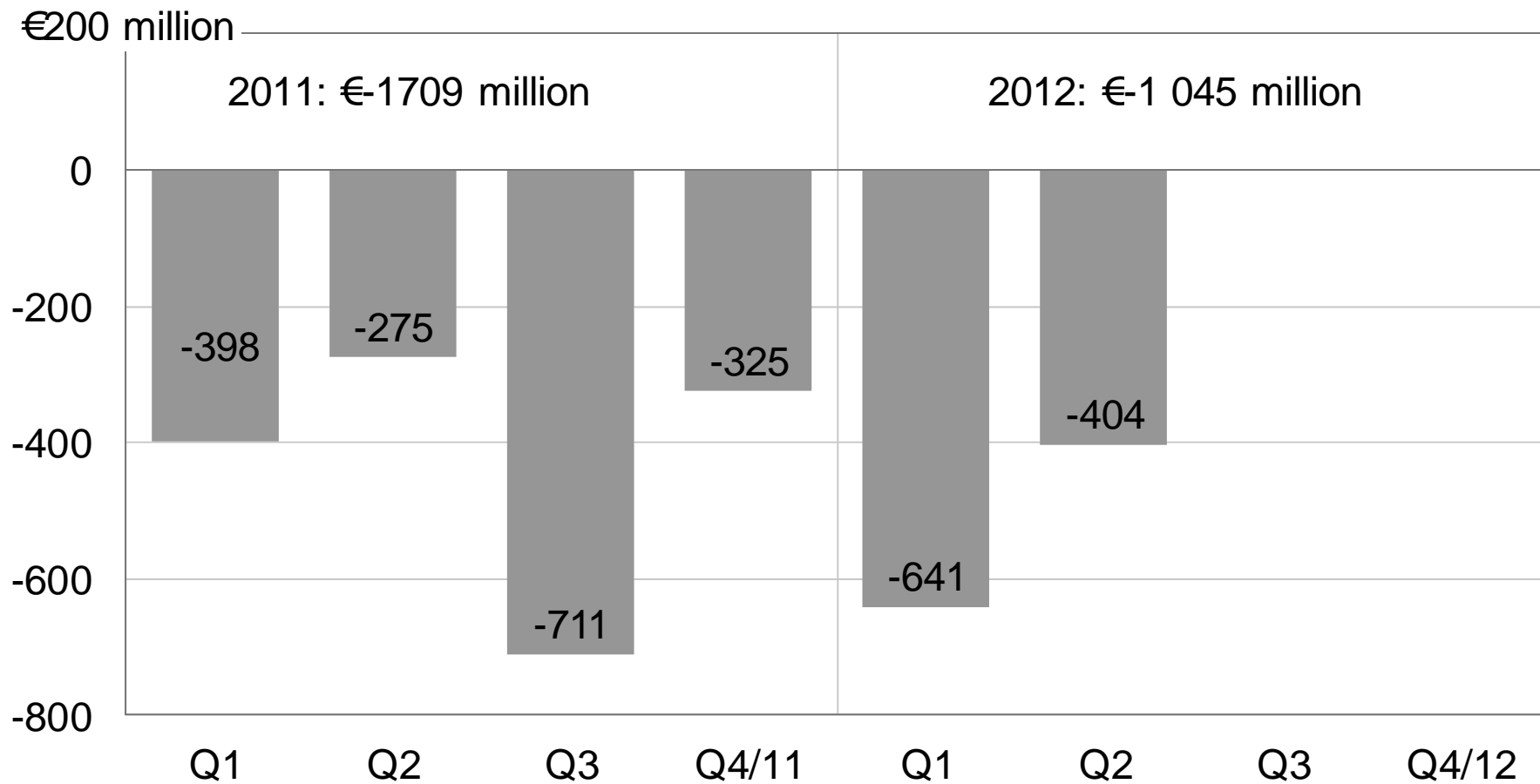


OP-Pohjola Group New Loans by Quarter



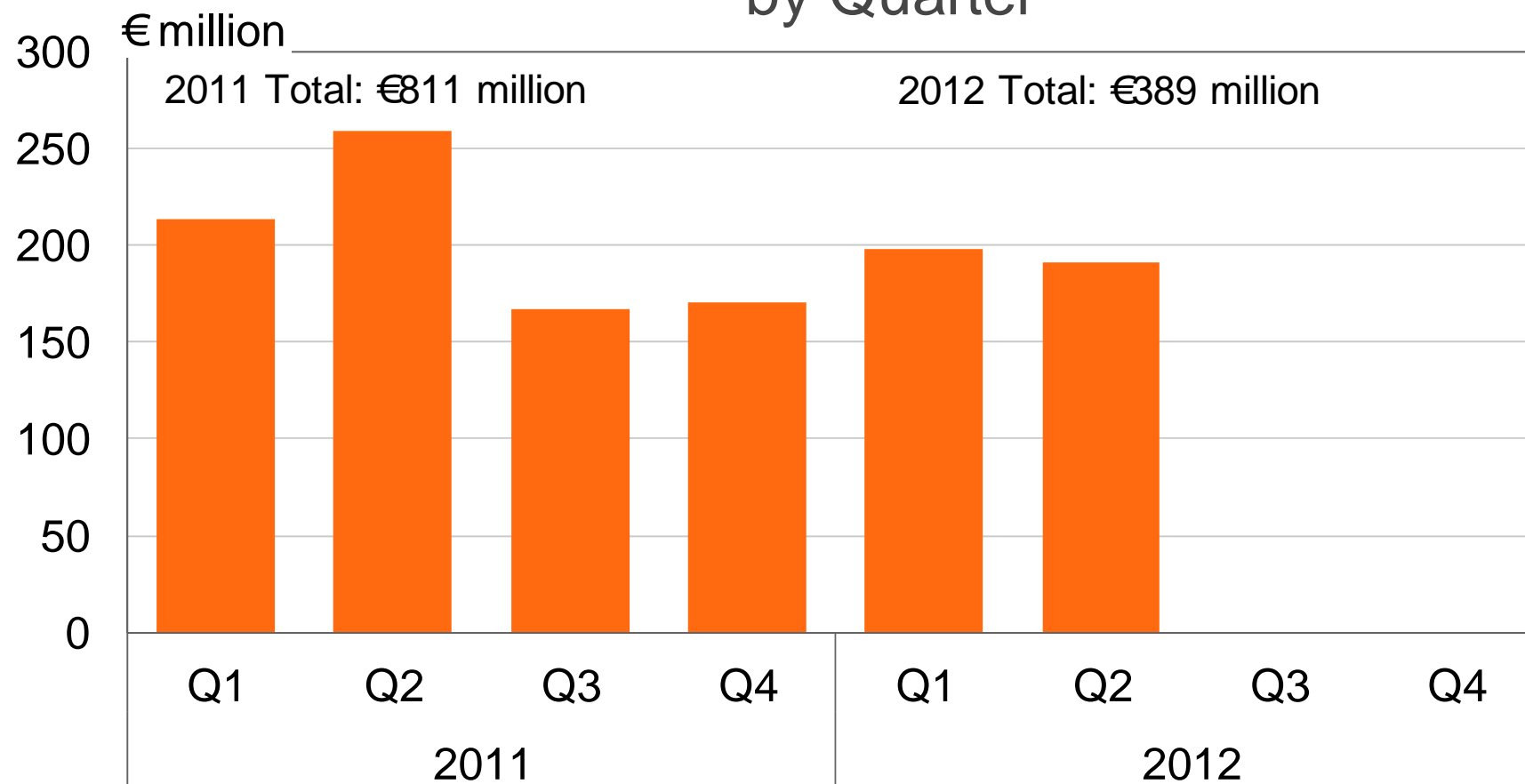
OP-Pohjola Group

Net Sales Inflow of Mutual Funds by Quarter



OP-Pohjola Group

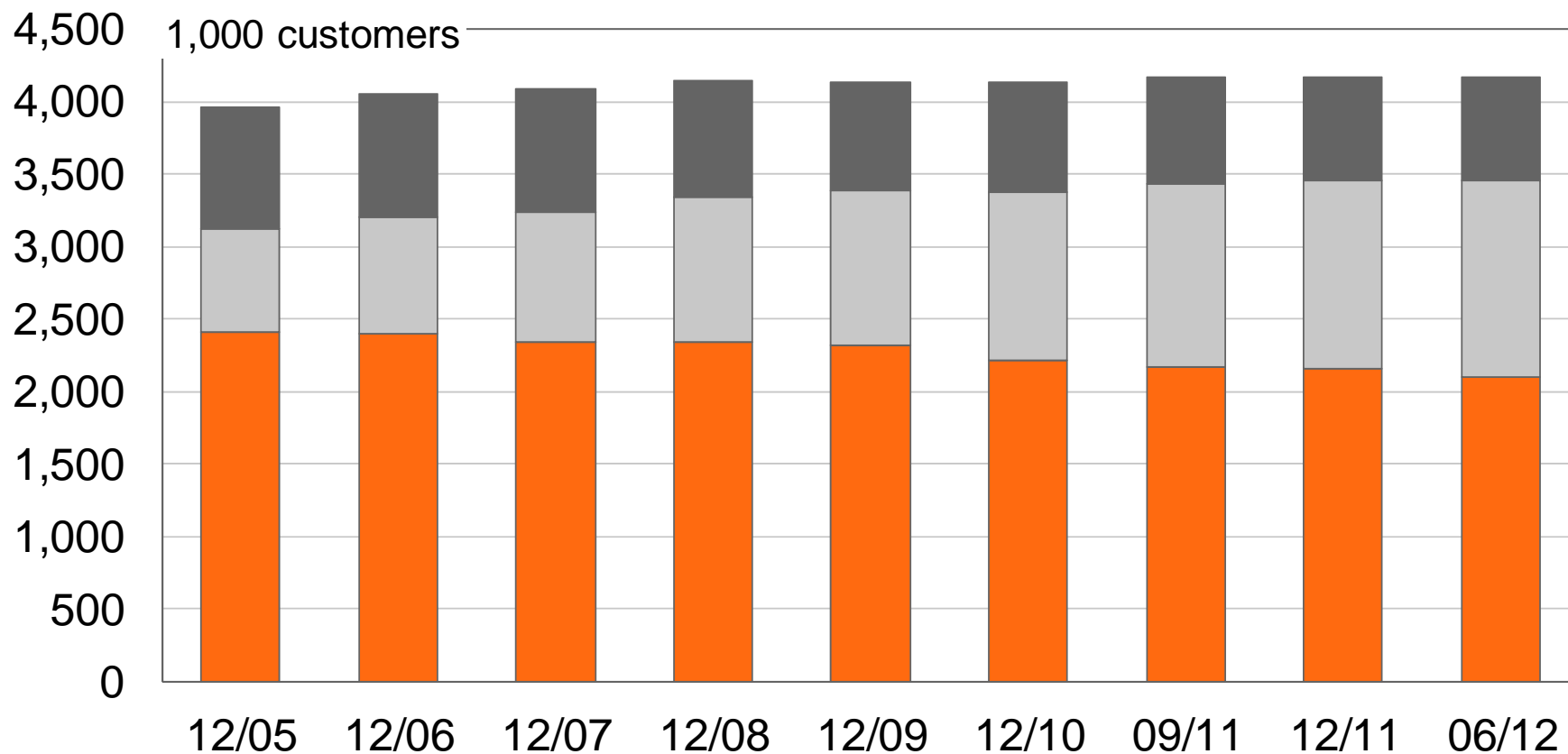
Life and Pension Insurance Premiums Written by Quarter





Customers, Owner-members etc.

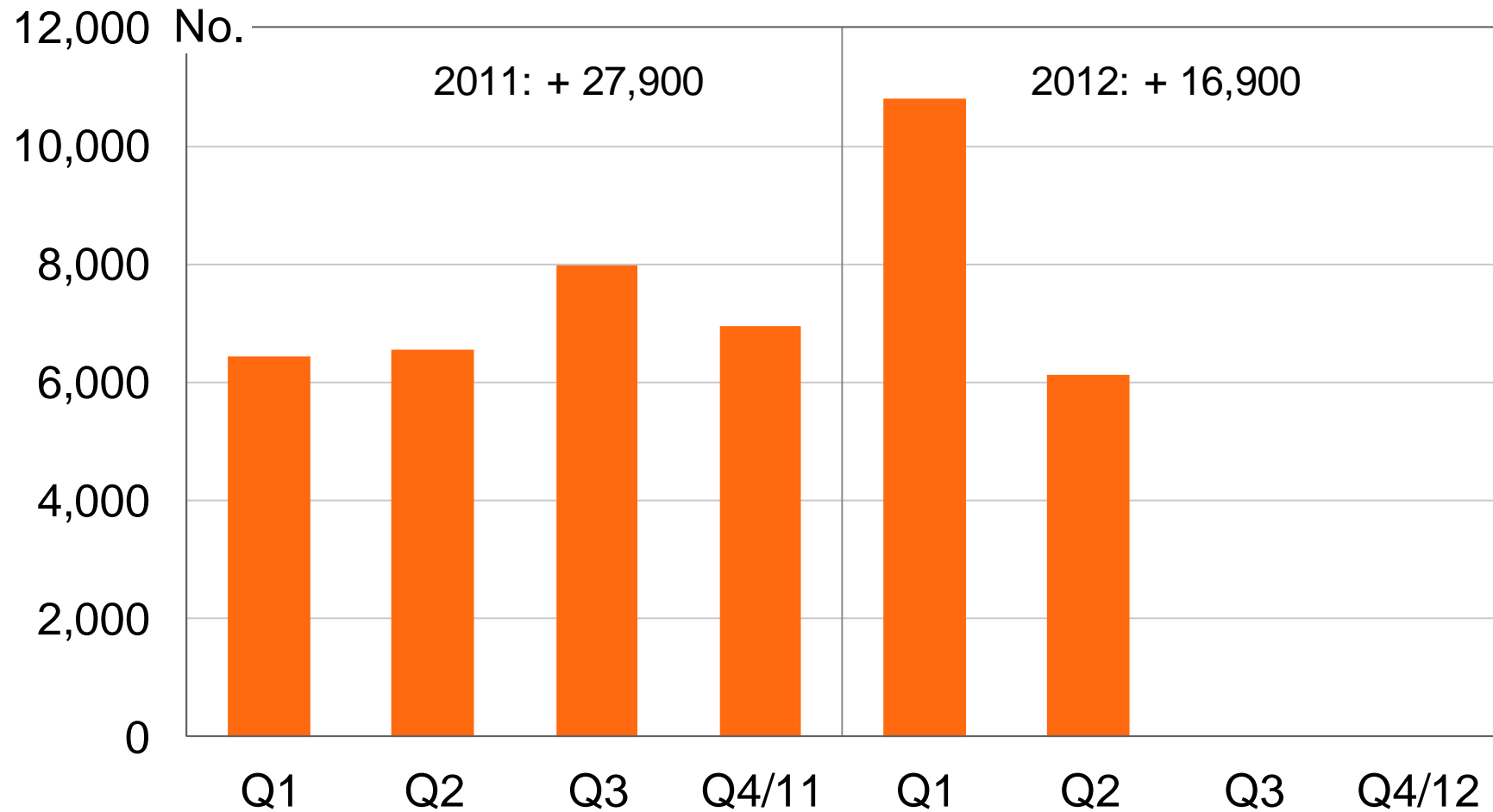
OP-Pohjola Group Breakdown of Customer Base



■ Bank customers ■ Bank and non-life insurance cust. ■ Non-life insurance customers



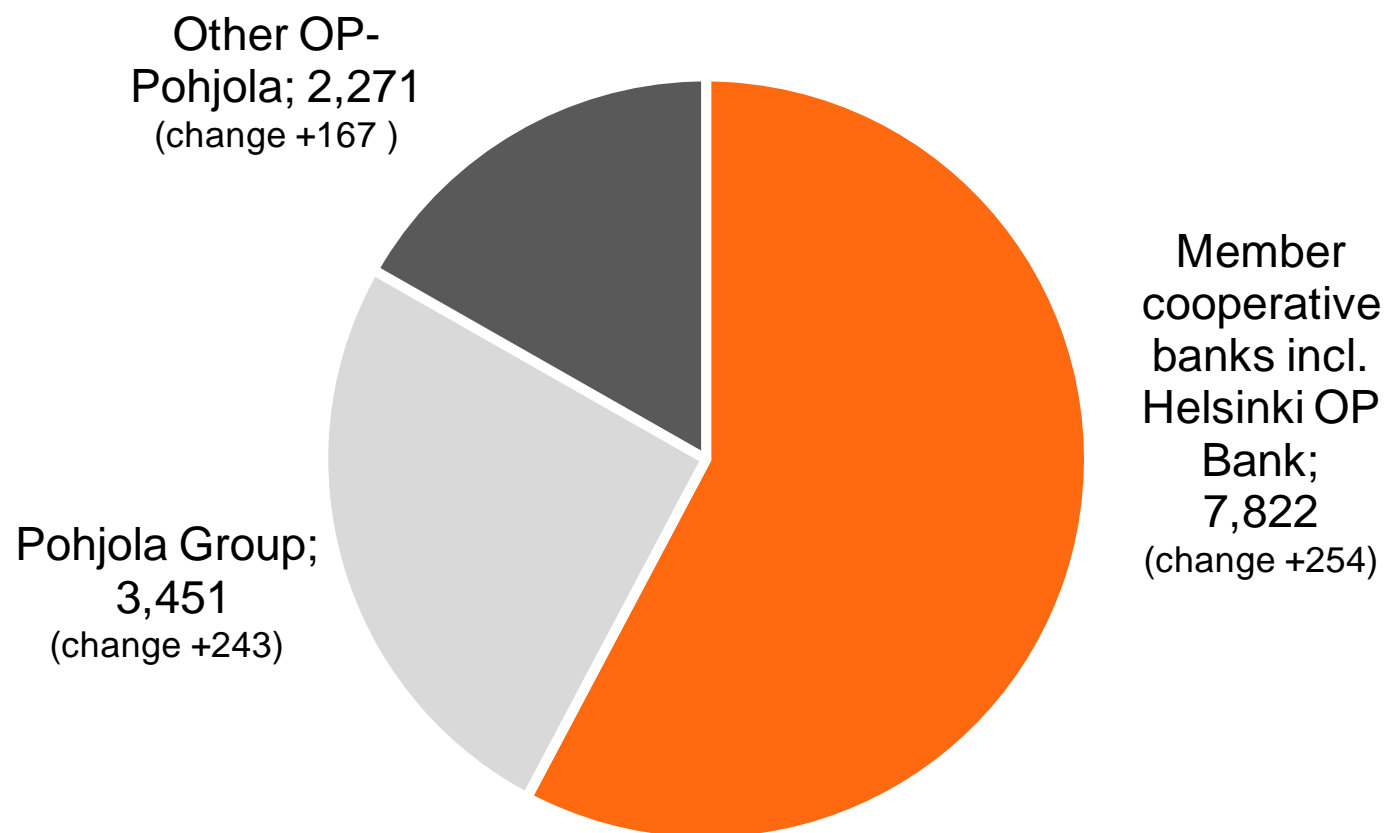
OP-Pohjola Group Net Increase in Owner-members by Quarter



OP-Pohjola Group's Personnel

30 June 2012

13,544 (+ 664 within 12 months)



OP-Pohjola Group Service Network

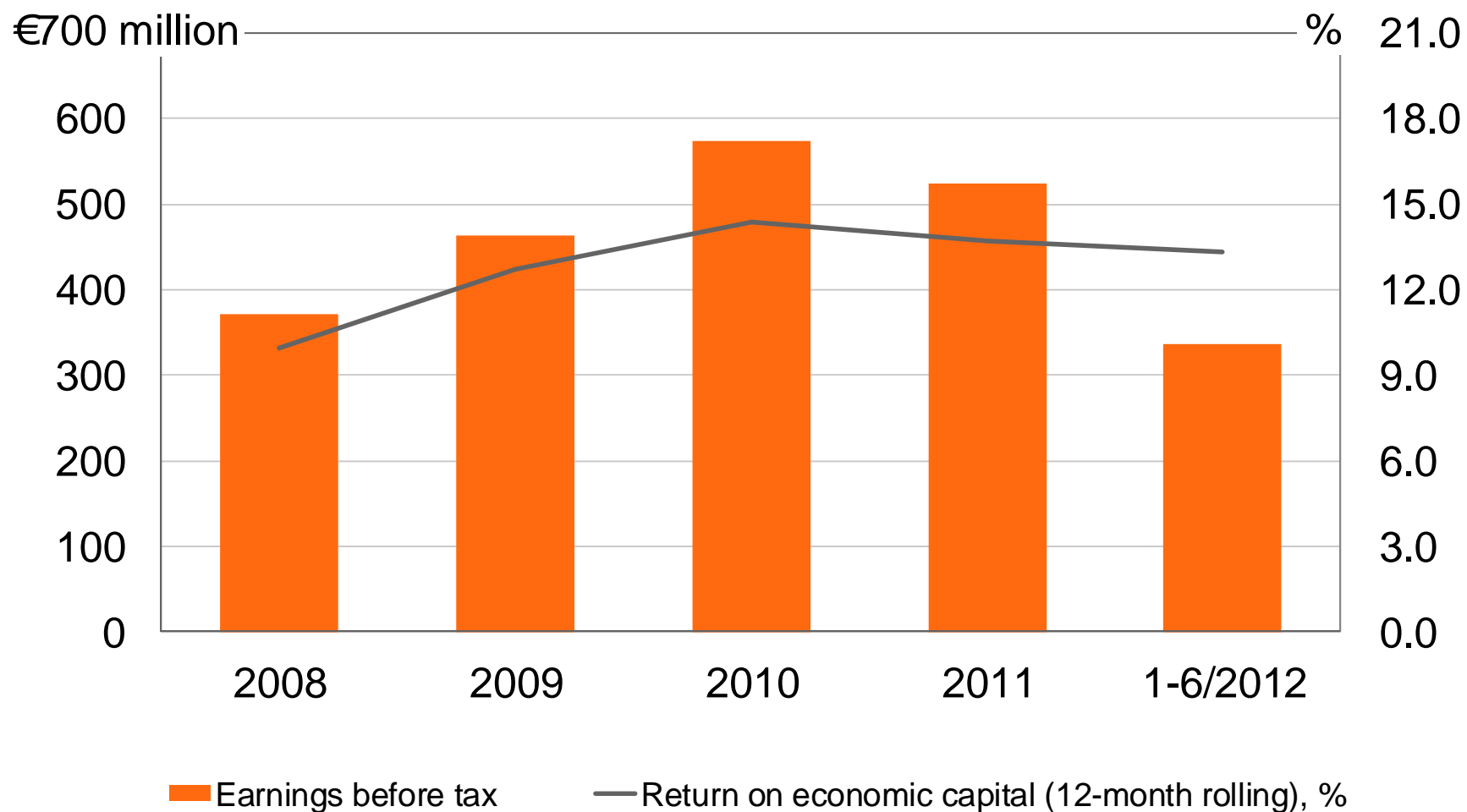
	30 June 2012	Change from year- end	12-month change
eServices Agreements	1,581,265	22,569	51,146
Locations	530	-5	-8
providing both banking and insurance services	345	0	14
Private banking locations	36	0	2
OP-Kiinteistökeskus estate agents	175	1	7
Online customer terminals	547	0	-9



5-year Trends

OP-Pohjola Group

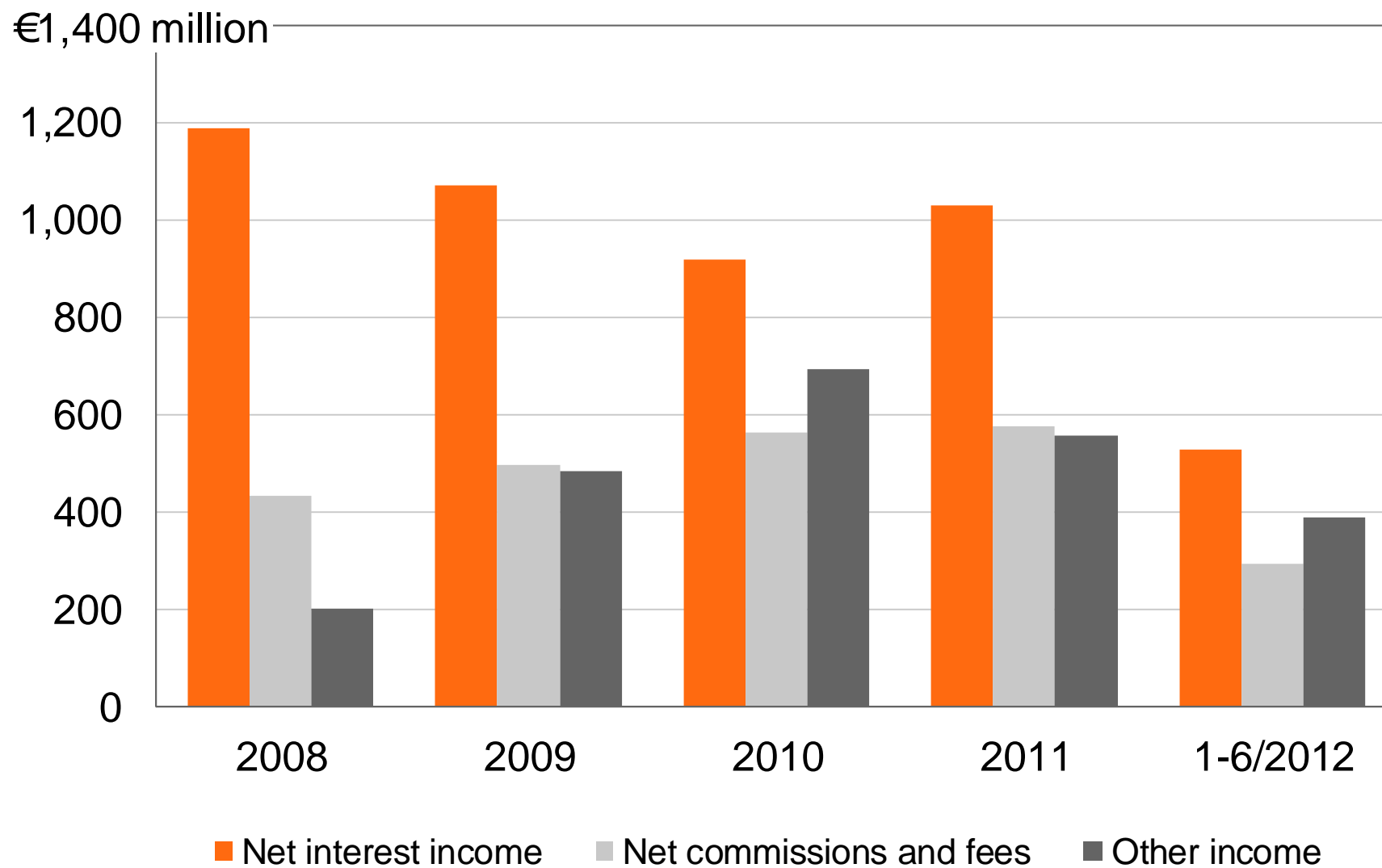
Earnings before Tax and Return on Economic Capital



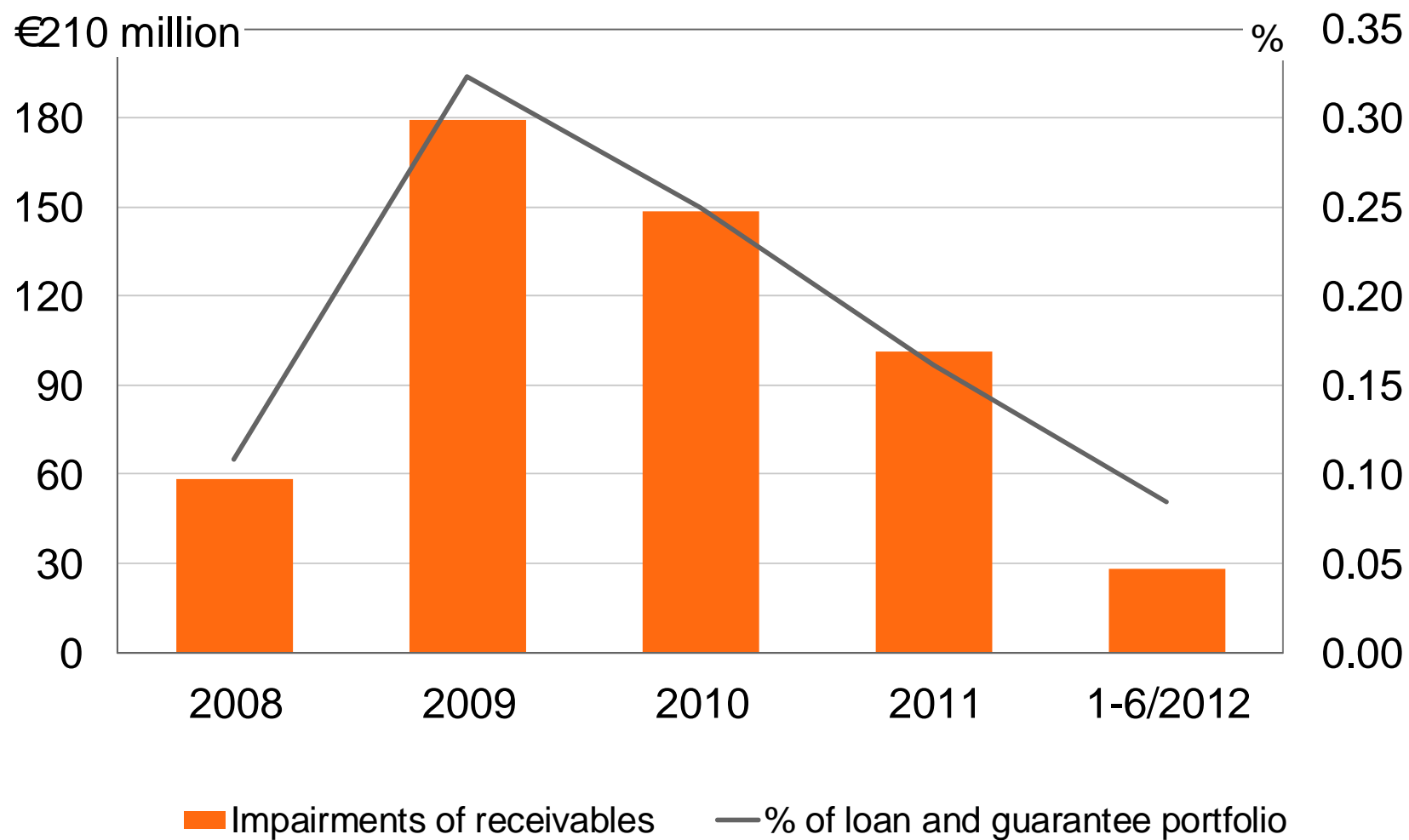
OP-Pohjola Group Earnings before Tax



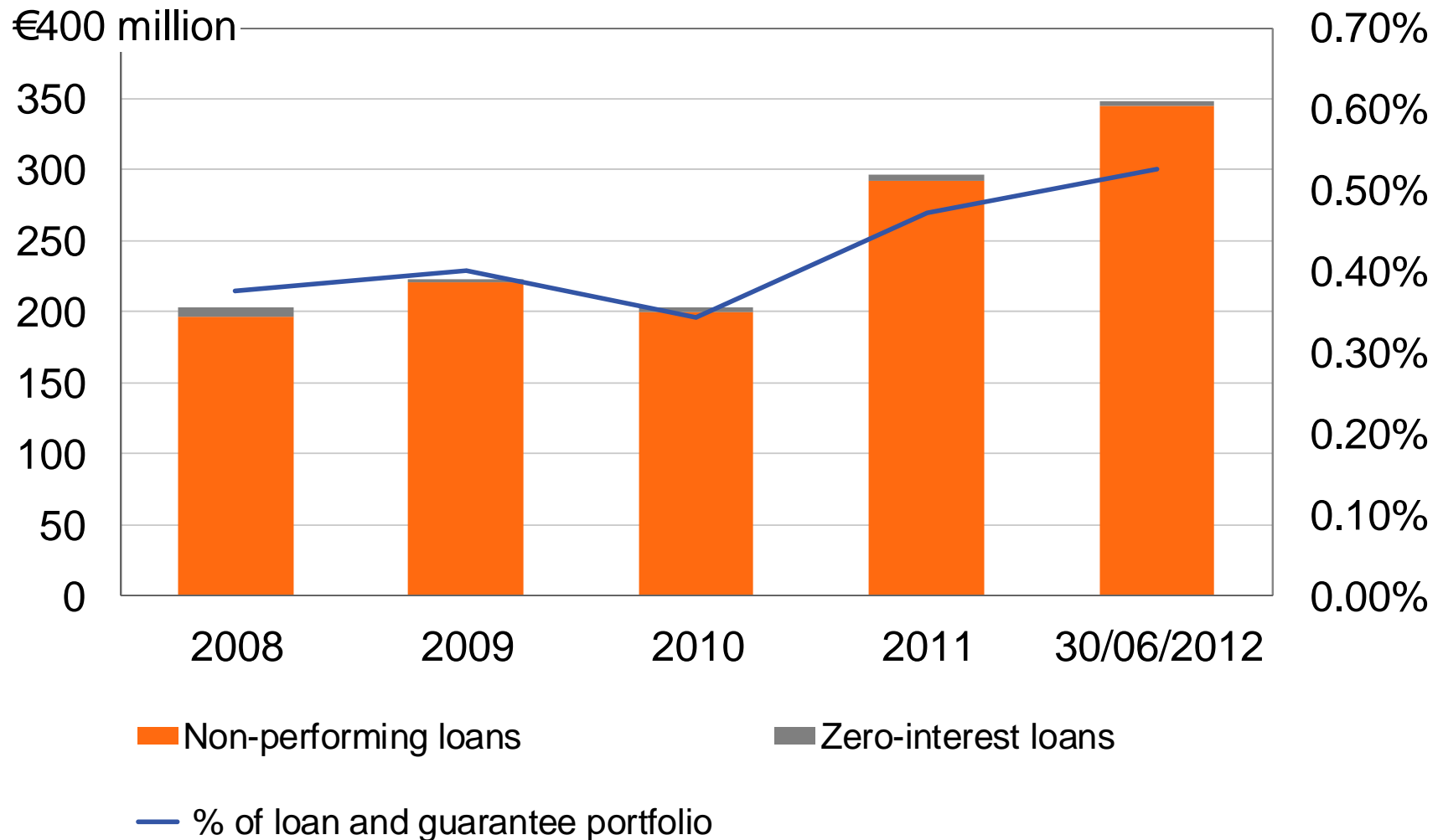
OP-Pohjola Group Income



OP-Pohjola Group Impairments of Receivables

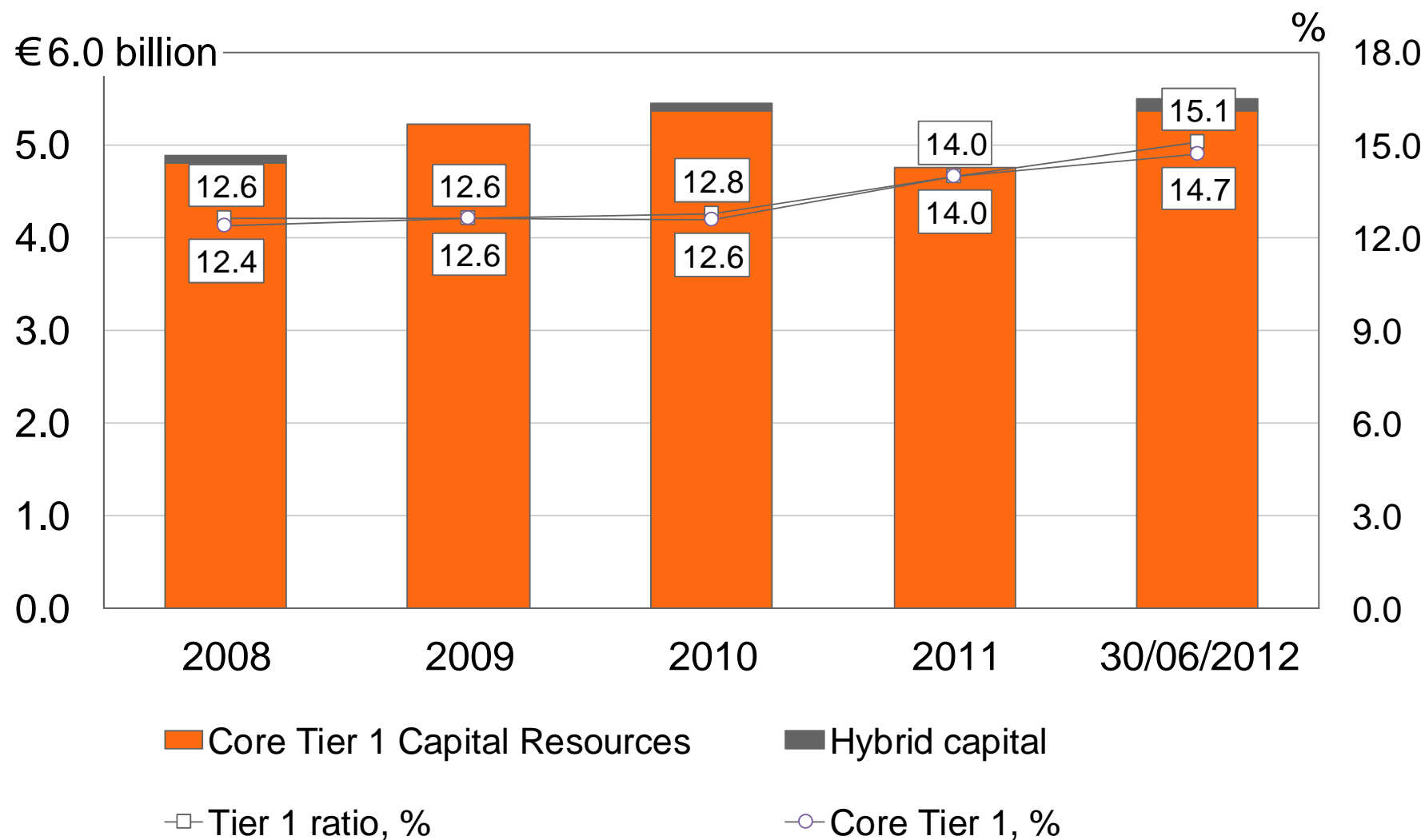


OP-Pohjola Group Non-performing loans

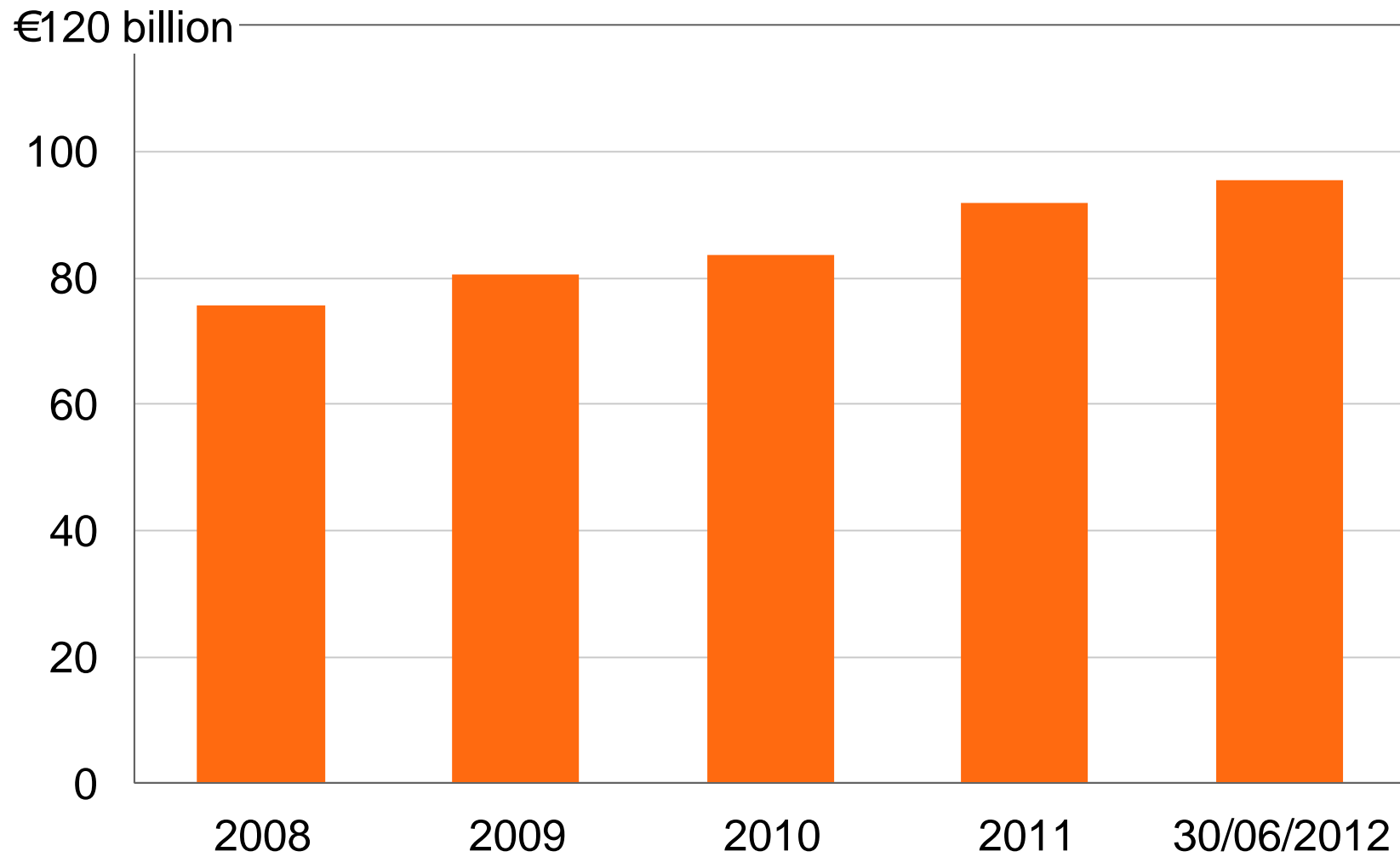


The amalgamation of the cooperative banks

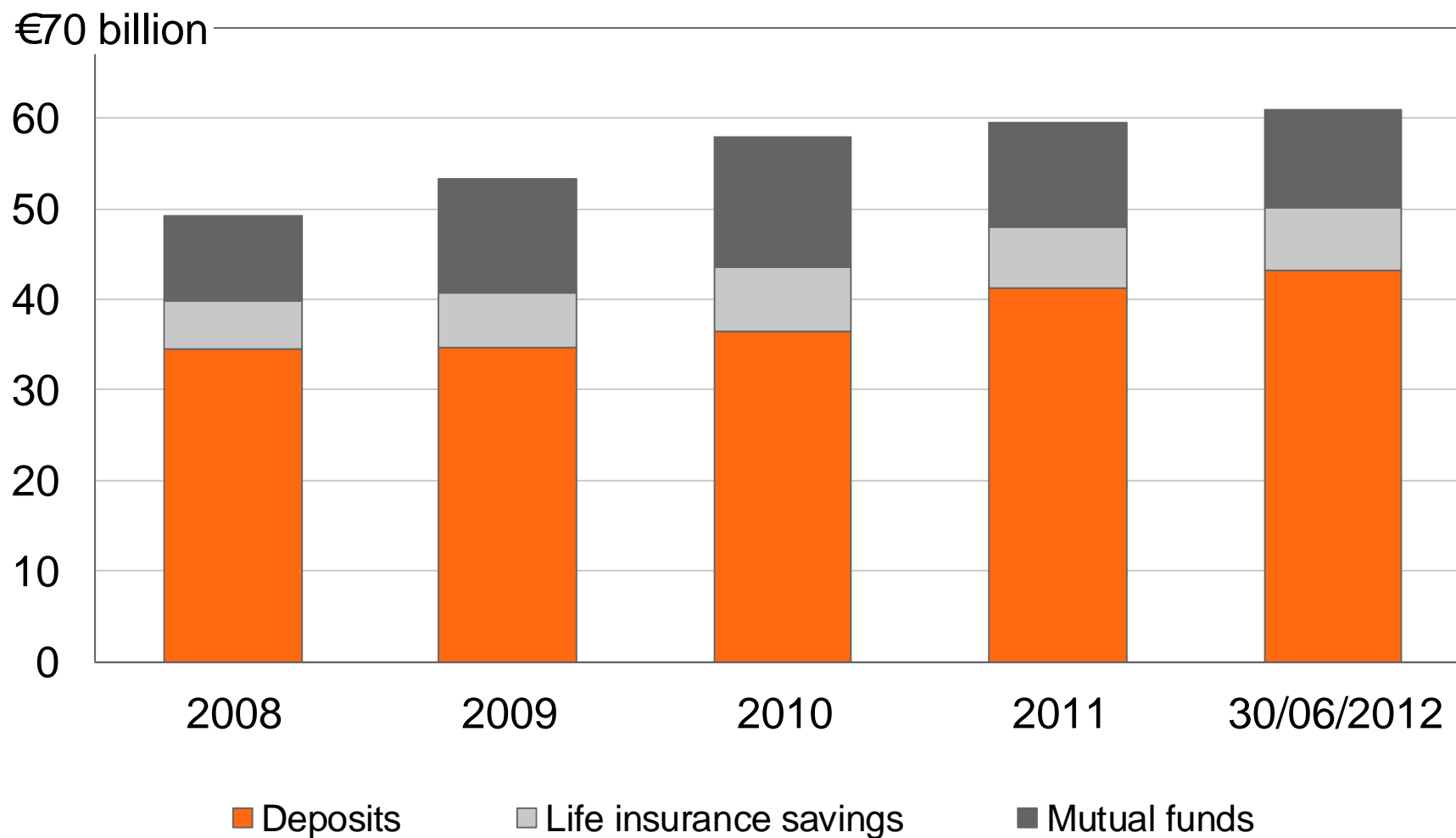
Capital Base and Capital Adequacy Ratio



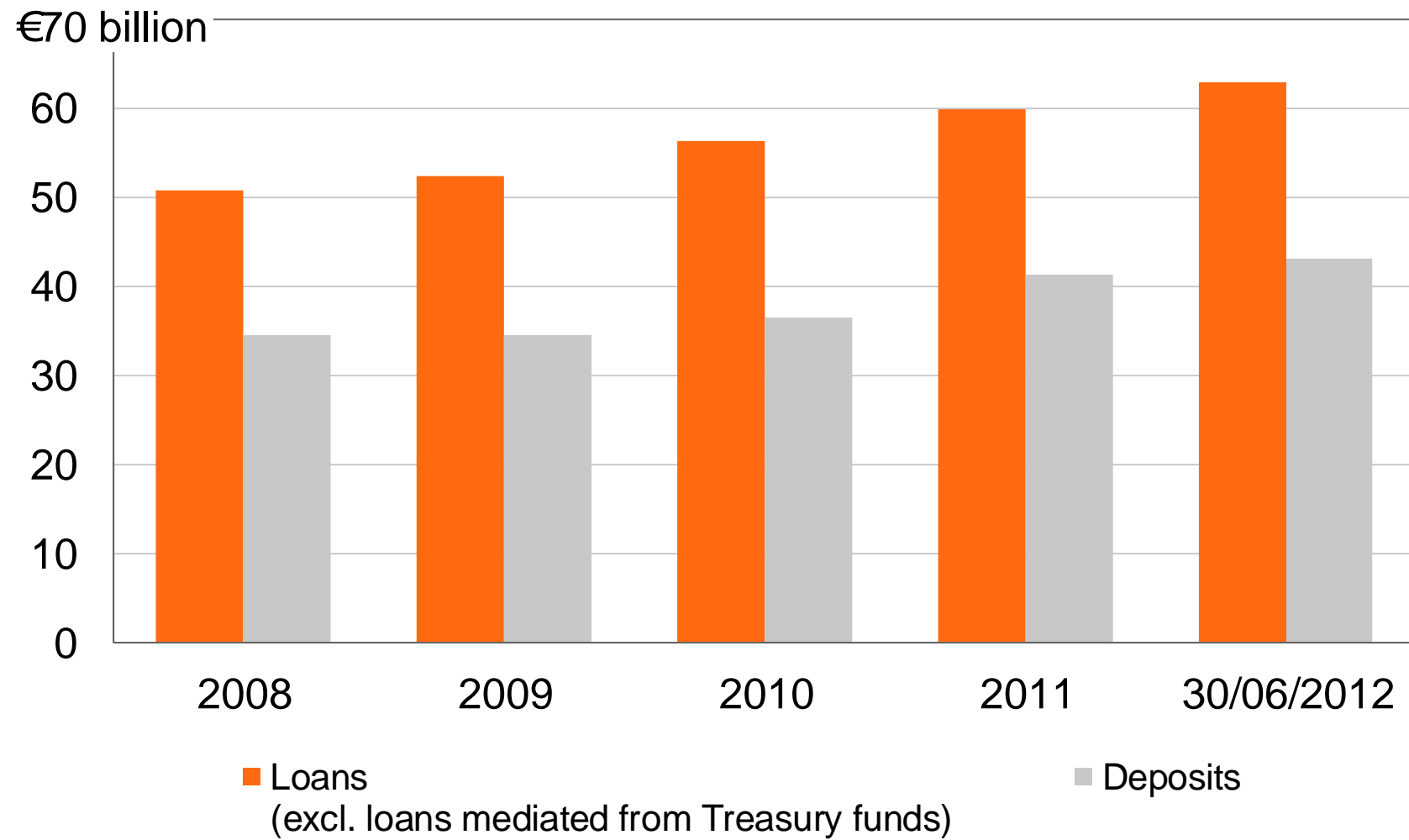
OP-Pohjola Group Balance Sheet



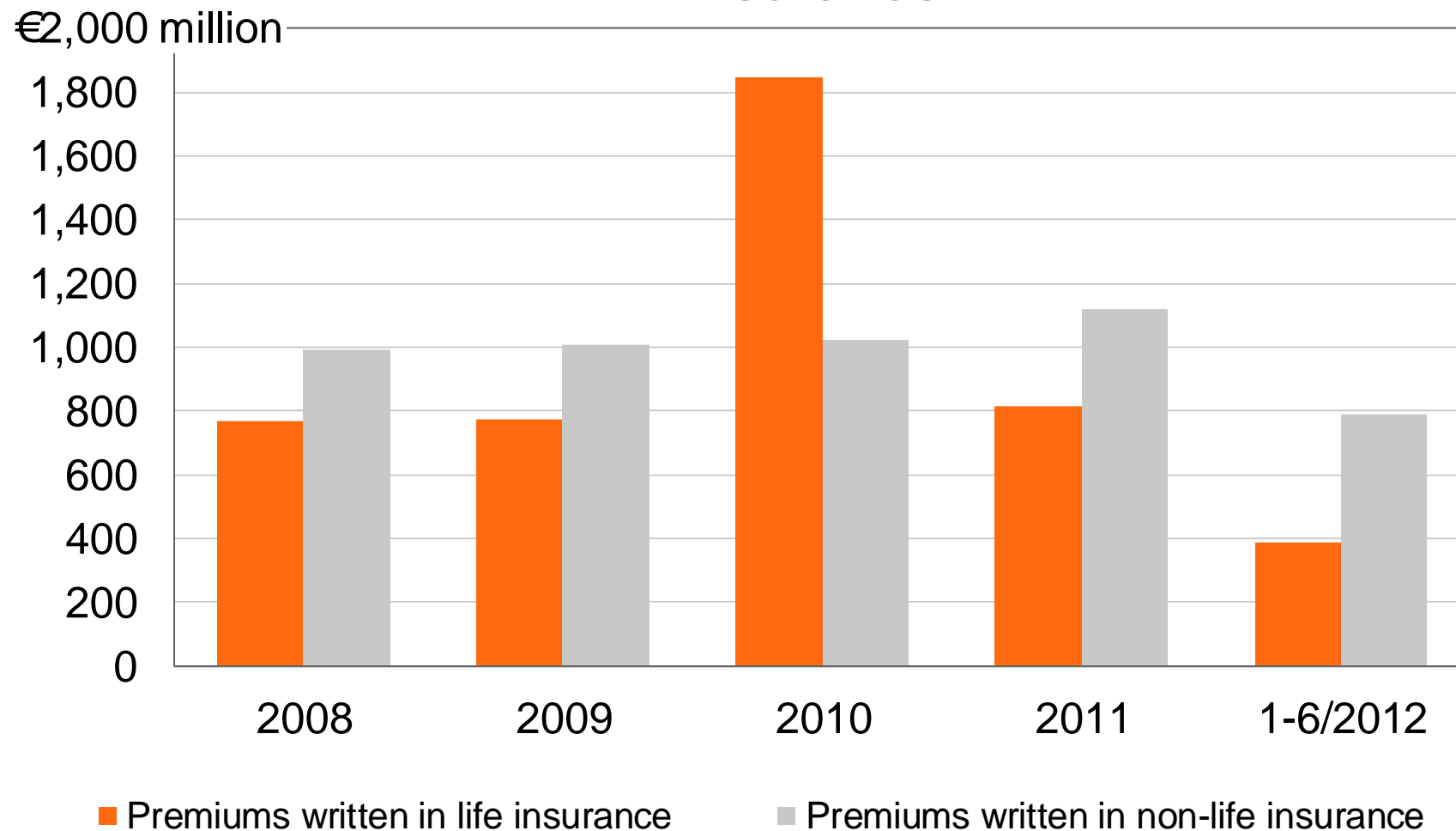
OP-Pohjola Group Customer Funds



OP-Pohjola Group Loans and Deposits



OP-Pohjola Group Premiums Written in Life and Non-life Insurance



A close-up photograph of a person's hands holding a small, light-colored wooden model of a chair. The person is wearing a dark, patterned top and a ring on their left hand. In the background, there are architectural drawings on a table, including a floor plan and a perspective drawing of a chair. The scene is indoors, with a warm, natural light.

Thank you