

OP-Pohjola Group's Interim Report 1 January – 30 June 2011



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- Year-on-year results
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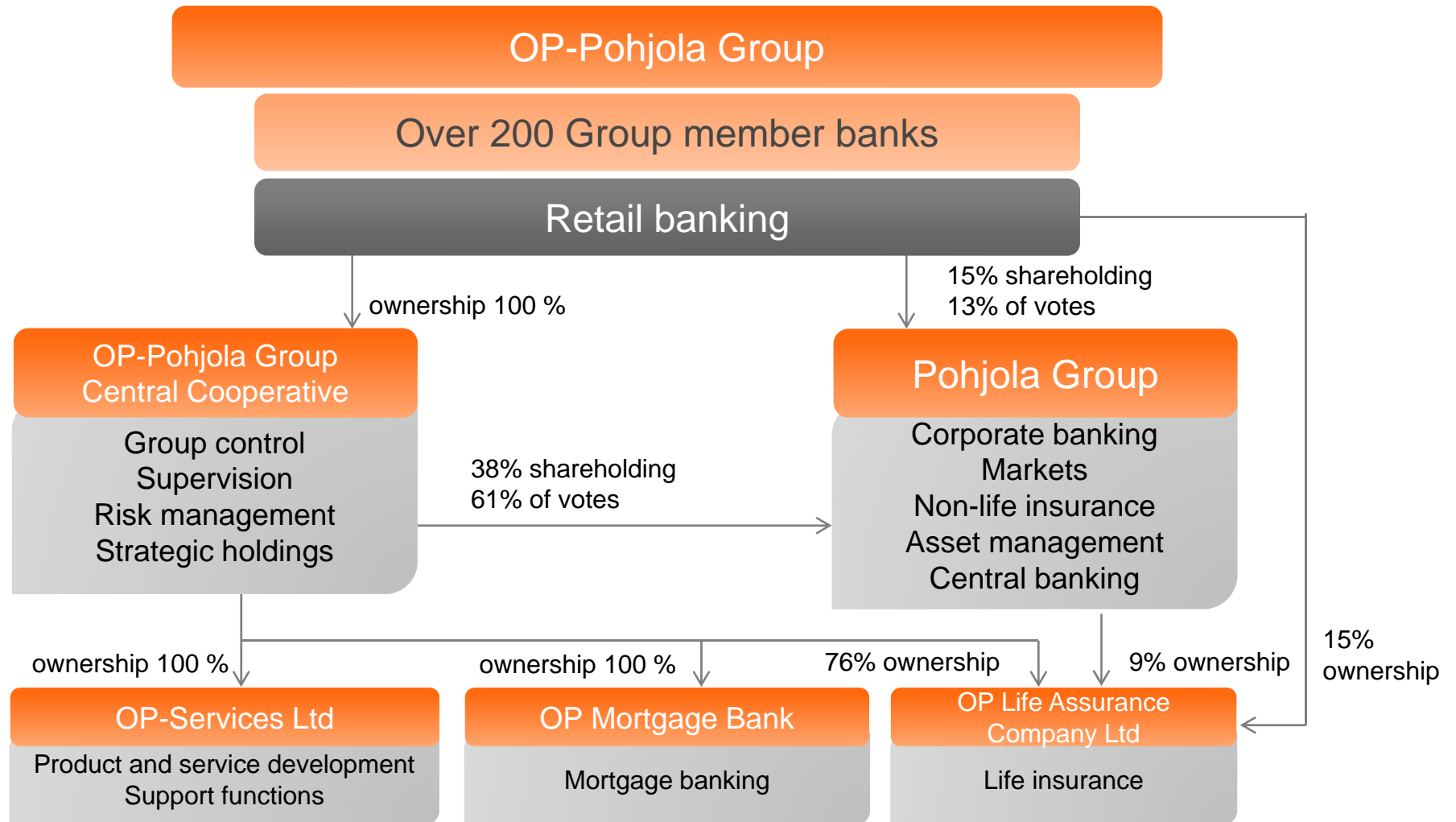


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OP-Pohjola Group



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.

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 and Pohjola's Group management



OP-Pohjola Group Key Indicators

	1-6/2011	1-6/2010	Change, %	1-12/2010
Earnings before tax, €million	362	266	36.4	575
Banking	226	163	38.5	367
Non-life Insurance	68	42	61.1	83
Life Insurance	52	20		43
Returns to owner-members and OP-bonus customers, €million	89	81	9.7	163
	30/06/2011	30/06/2010	Change, %	31/12/2010
Ratio of capital base to minimum of capital base	1.61	1.60	0.01 *	1.70
Tier 1 ratio, %	12.0	12.4	-0.42 *	12.8
Non-performing receivables/ loan and guarantee portfolio	0.45	0.45	0.00 *	0.34
Joint banking and insurance customers (1000)	1,242	1,147	8.3	1,197

*Change in ratio



Joint Liability, Deposit Insurance and Investors' Compensation

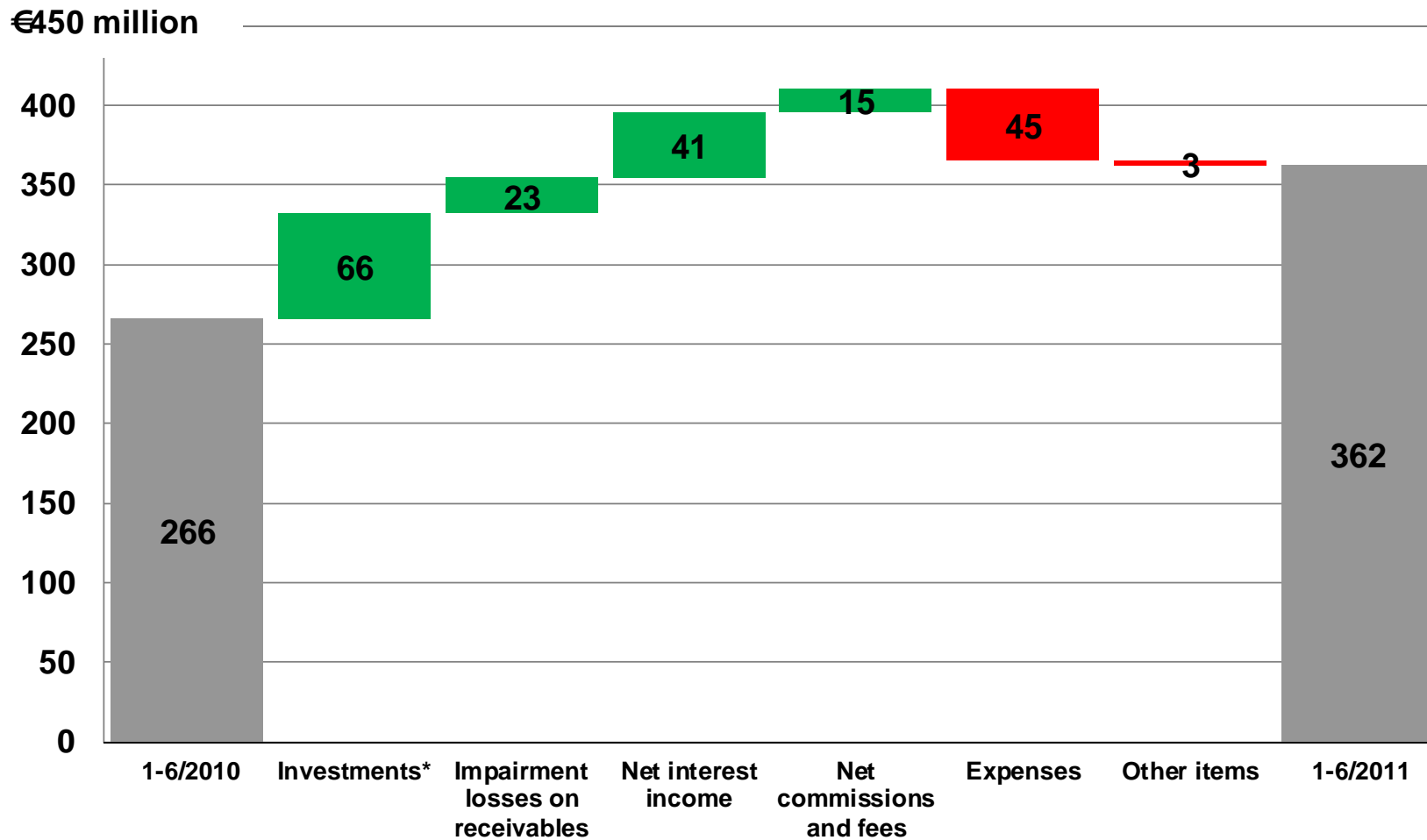
- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their 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. OP-Pohjola Group's insurance companies and OP-Services Ltd do not fall within the scope of joint liability.
- 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
- 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.

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Year-on-year Results



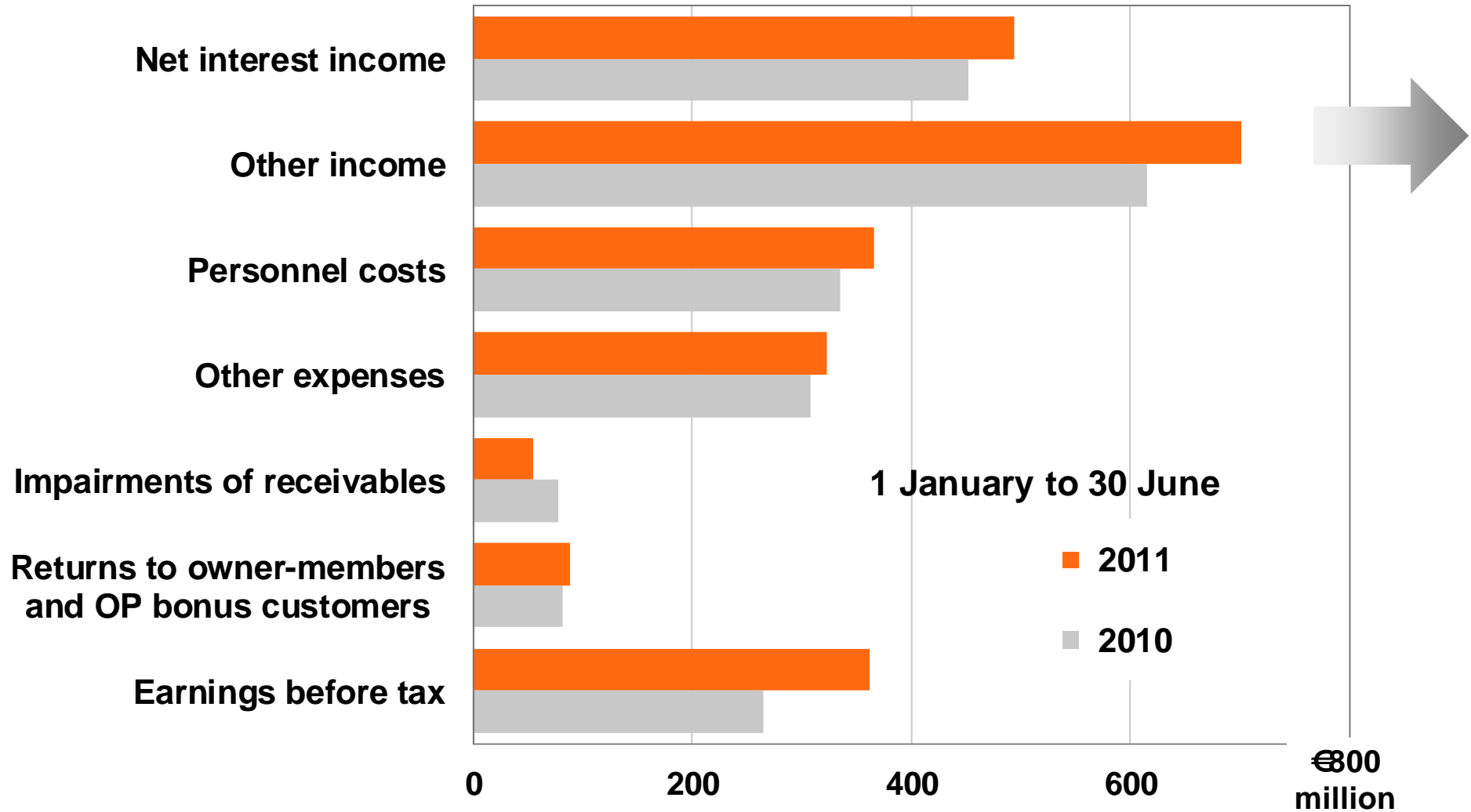
OP-Pohjola Group Earnings before Tax

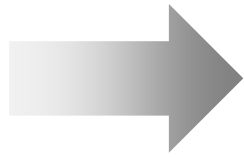


*) Investments = Life and Non-life insurance investment income + Net trading and investment income

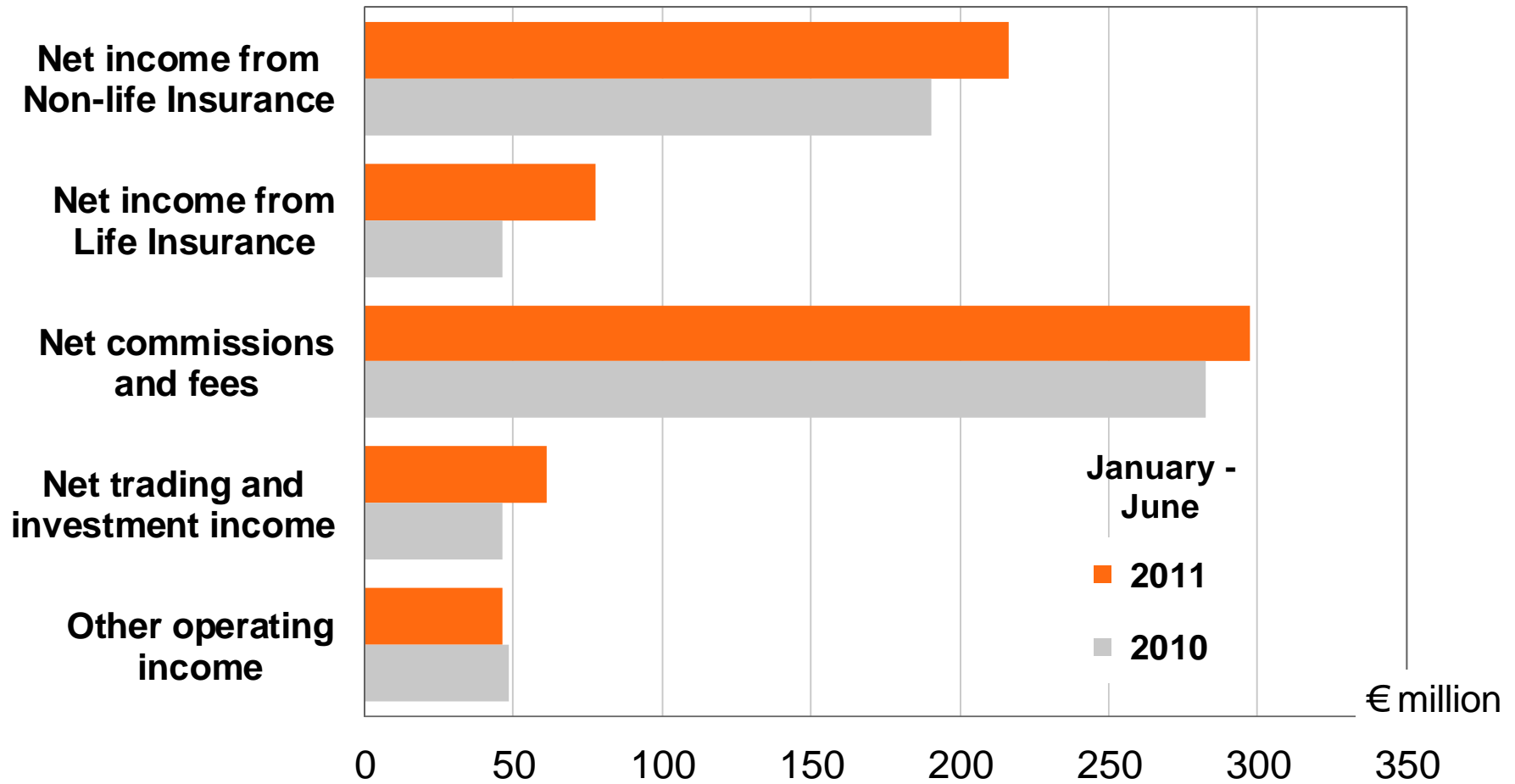


OP-Pohjola Group Income Statement





OP-Pohjola Group Other Income



OP-Pohjola Group Income Statement

€million			Change	
1 January to 30 June	2011	2010	€million	%
Interest income	1,475	1,165	310	26.6
Interest expenses	982	713	269	37.7
Net interest income	494	452	41	9.1
Impairments of receivables	55	77	-23	-29.3
Net interest income after impairment losses	439	375	64	17.0
Net income from Non-life Insurance operations	216	190	26	13.6
Net income from Life Insurance operations	78	46	32	68.2
Net commissions and fees	297	283	15	5.2
Net trading income	22	13	9	71.4
Net investment income	40	34	6	17.2
Other operating income	46	48	-2	-3.9
Personnel costs	366	335	30	9.1
Other administrative expenses	168	154	14	9.1
Other operating expenses	155	153	1	0.7
Returns to owner-members and OP bonus customers	89	81	8	9.7
Share of associates' profits/losses	2	1	1	132.4
Earnings before tax	362	266	97	36.4



OP-Pohjola Group

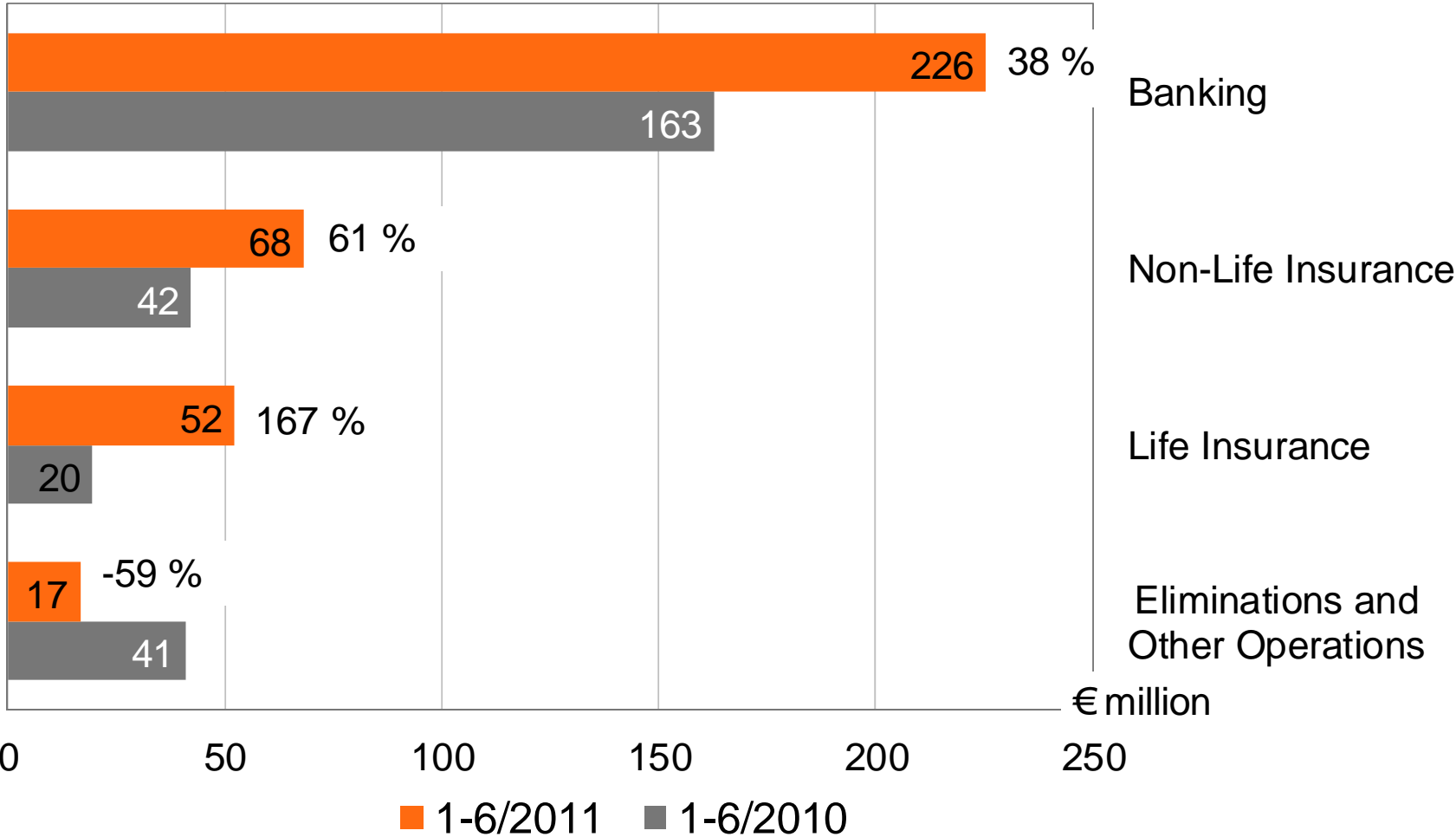
Income Statement by Business Segment

1 January to 30 June 2011

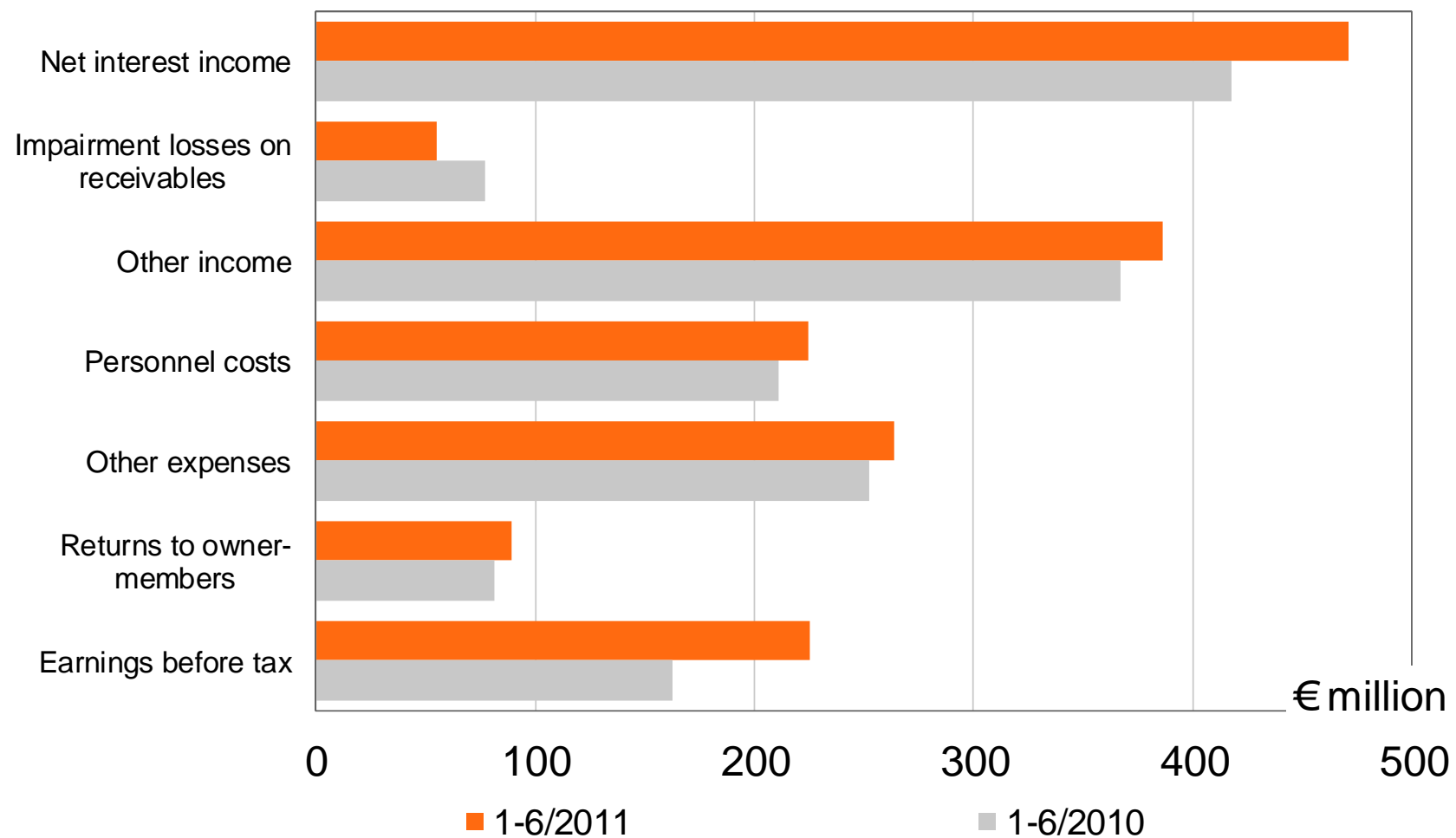
€million	Banking	Non-Life Insurance	Life Insurance	Eliminations and Other Operations	Total
Net interest income	471	0	0	24	495
Net income from non-life insurance	0	221	0	-5	216
Net income from life insurance	0	0	86	-8	78
Other income	386	12	12	-3	407
Total income	857	233	98	7	1,196
Personnel costs	224	65	6	71	366
Other expenses	264	101	40	-80	324
Total expenses	488	165	46	-9	690
Impairment losses on receivables	55	0	0	0	55
Returns to owner-members	89	0	0	0	89
Earnings before tax	226	68	52	17	362
Cost /income ratio, %	57				



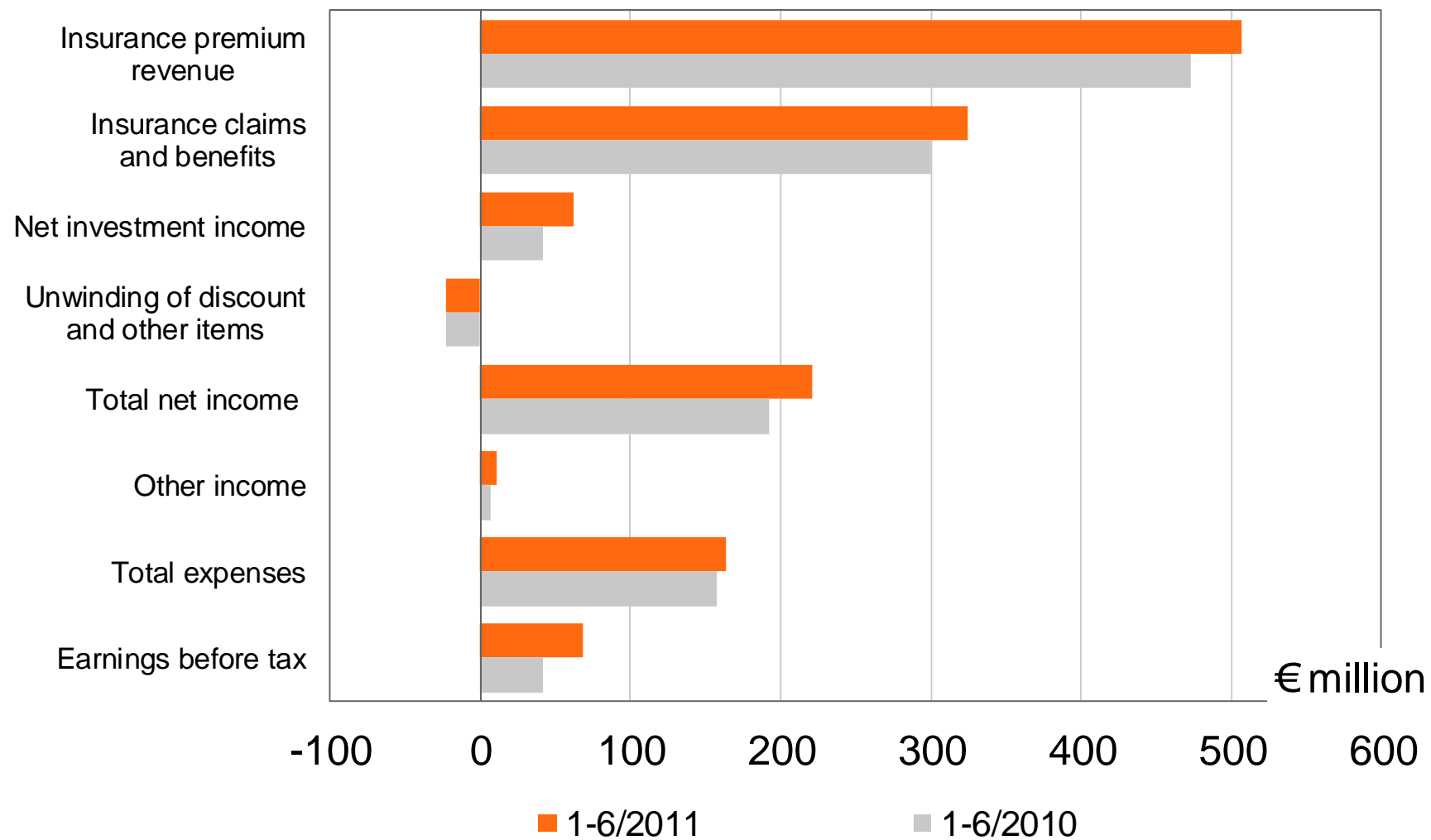
OP-Pohjola Group Income Statement by Business Segment



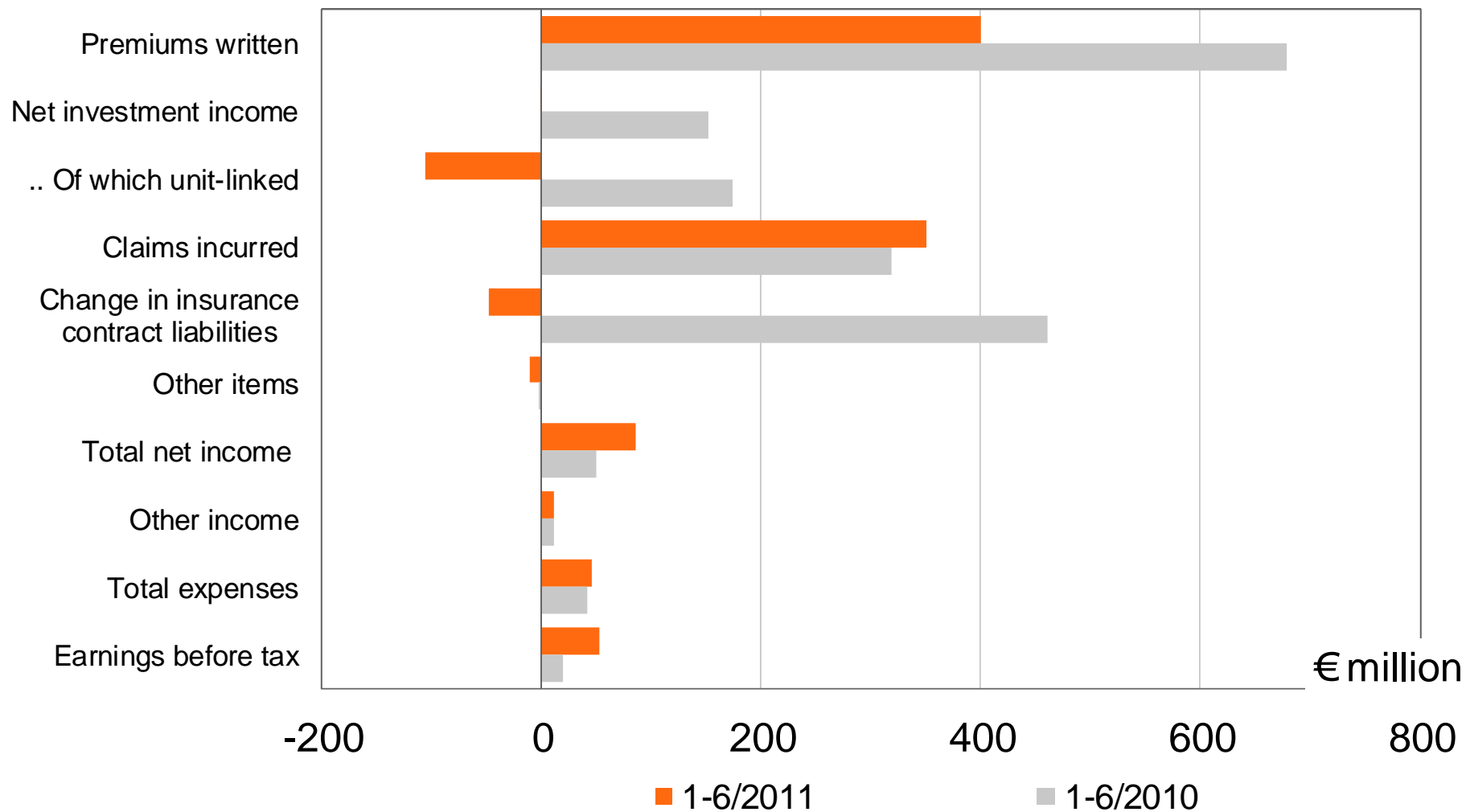
OP-Pohjola Group Banking



OP-Pohjola Group Non-life Insurance



OP-Pohjola Group Life Insurance



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Quarterly Figures



OP-Pohjola Group Quarterly Performance

€million	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	224	228	226	238	238	255		
Other income	298	316	315	326	371	330		
Total income	523	545	541	564	609	585		
Personnel costs	164	171	142	166	178	188		
Other expenses	153	155	156	179	158	165		
Total expenses	317	326	298	345	336	352		
Impairments of receivables	38	40	31	41	23	31		
Returns to owner-members and OP bonus customers	39	42	41	42	42	47		
Earnings before tax	128	137	172	137	208	155		

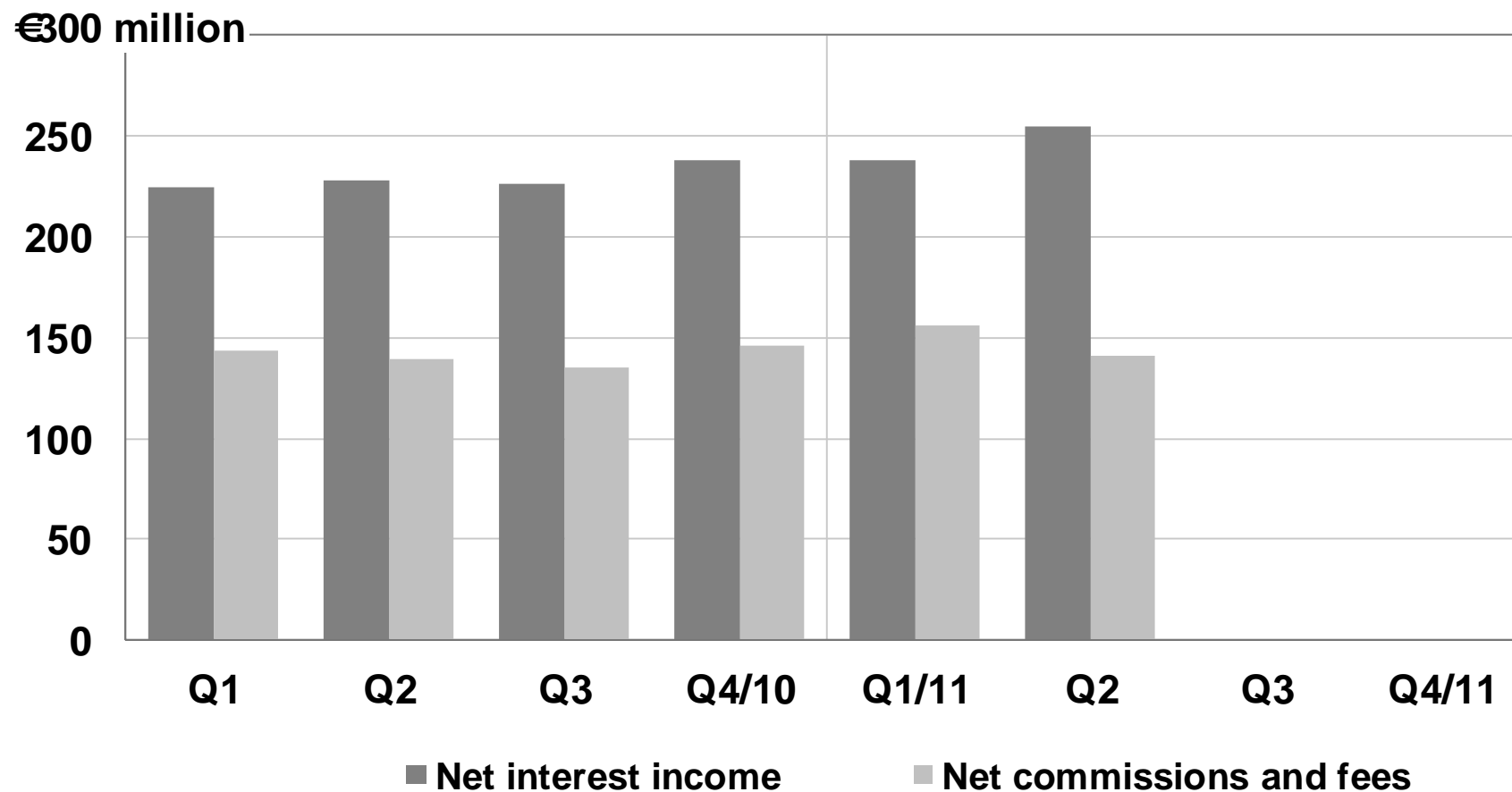


OP-Pohjola Group Other Income by Quarter

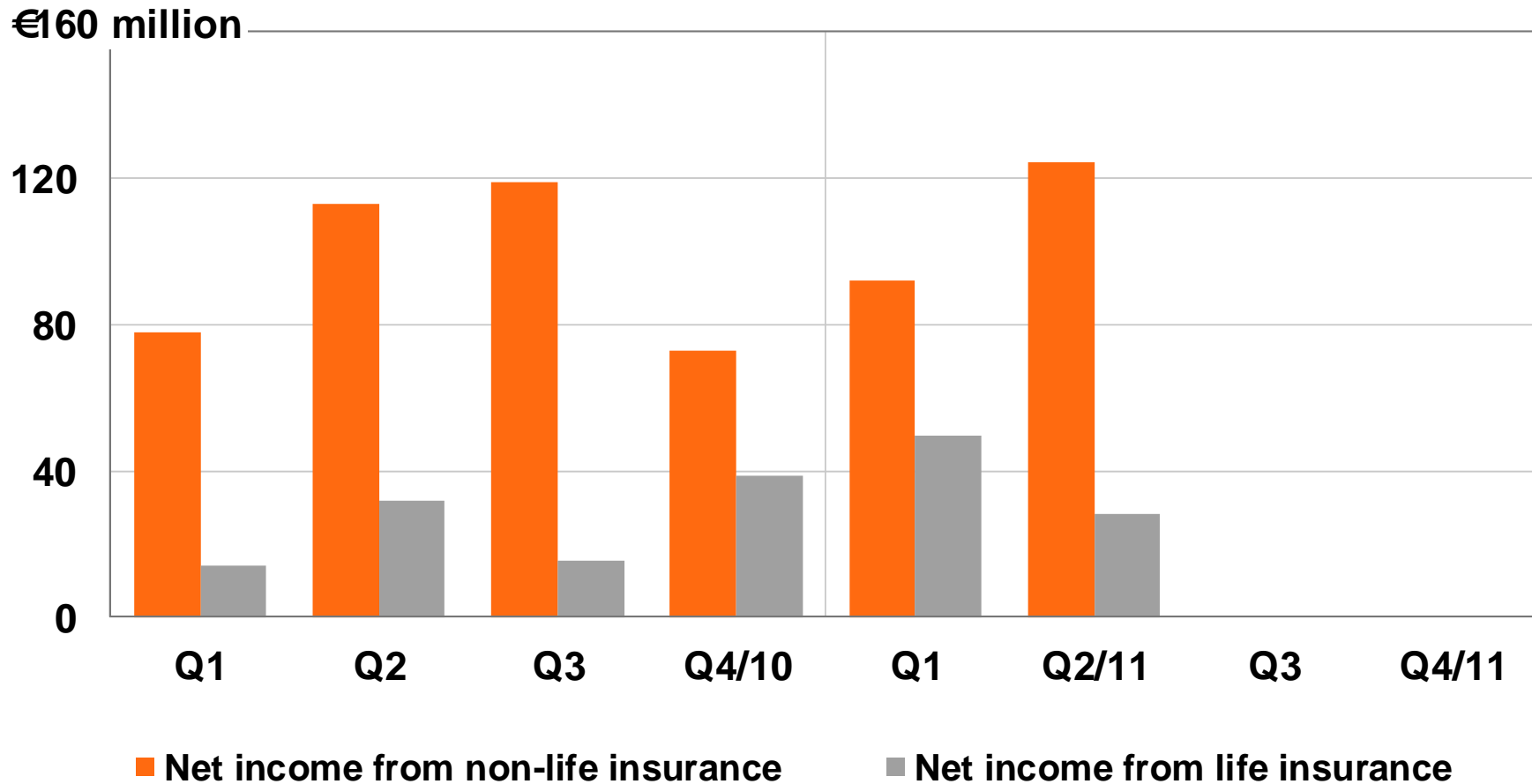
€million	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	78	113	119	73	92	124		
Net income from life insurance	14	32	15	39	50	28		
Net commissions and fees	143	139	135	146	156	141		
Net income from trading and investments	37	10	26	37	46	15		
Other income	26	23	20	32	27	22		
Total	298	316	315	326	371	330		



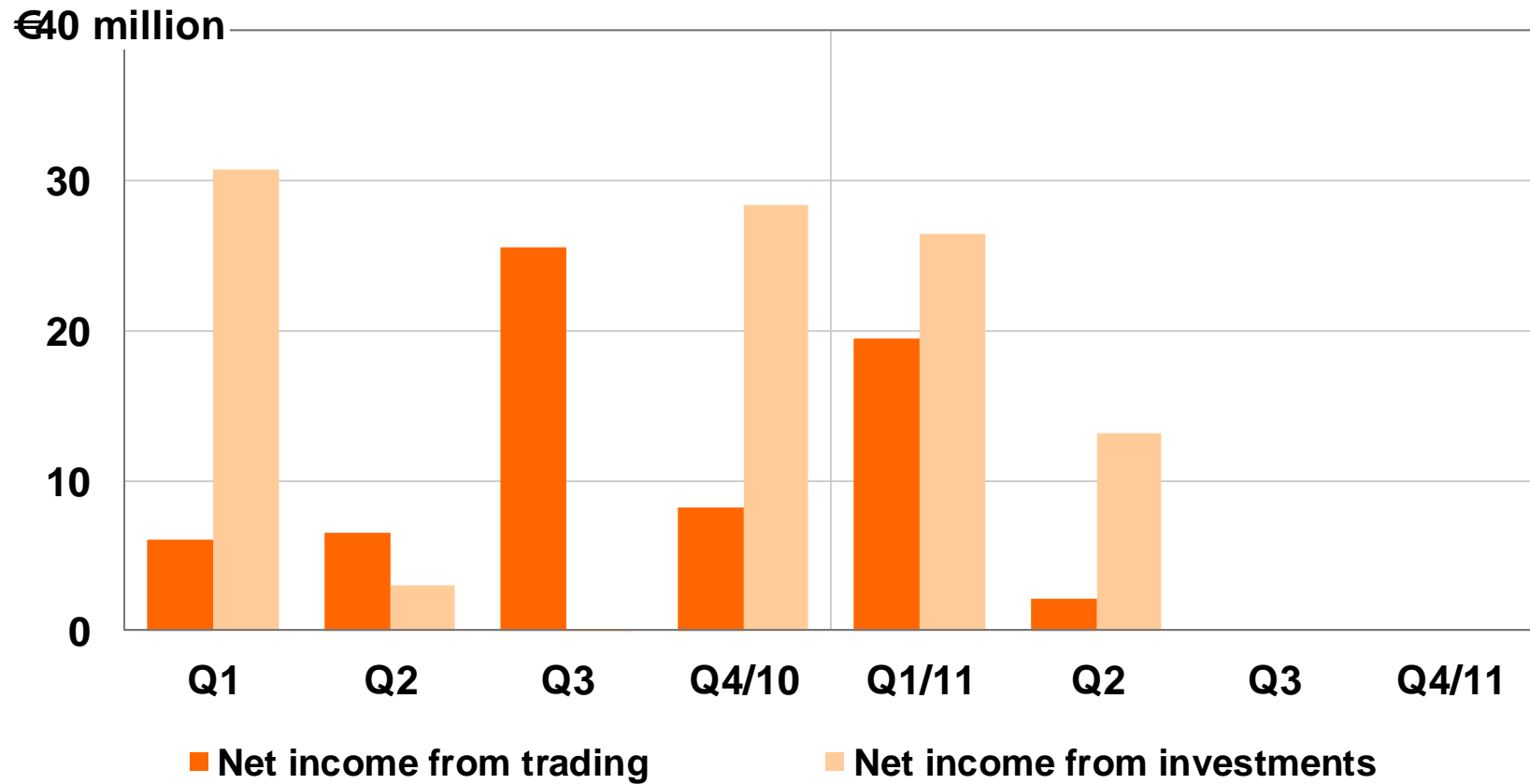
OP-Pohjola Group Net Interest Income and Net Commissions and Fees



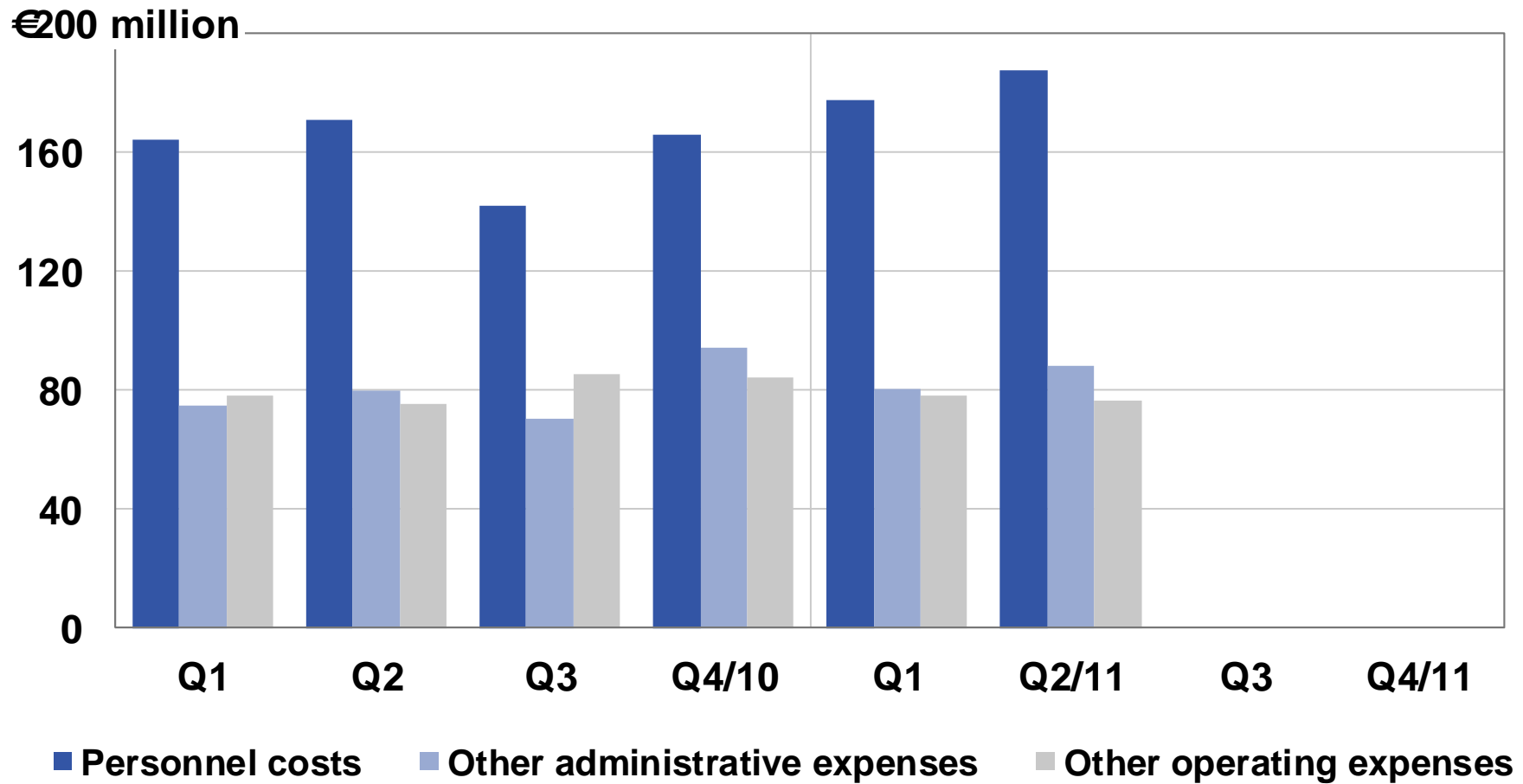
OP-Pohjola Group Net Income from Non-life and Life Insurance



OP-Pohjola Group Net Income from Trading and Investments

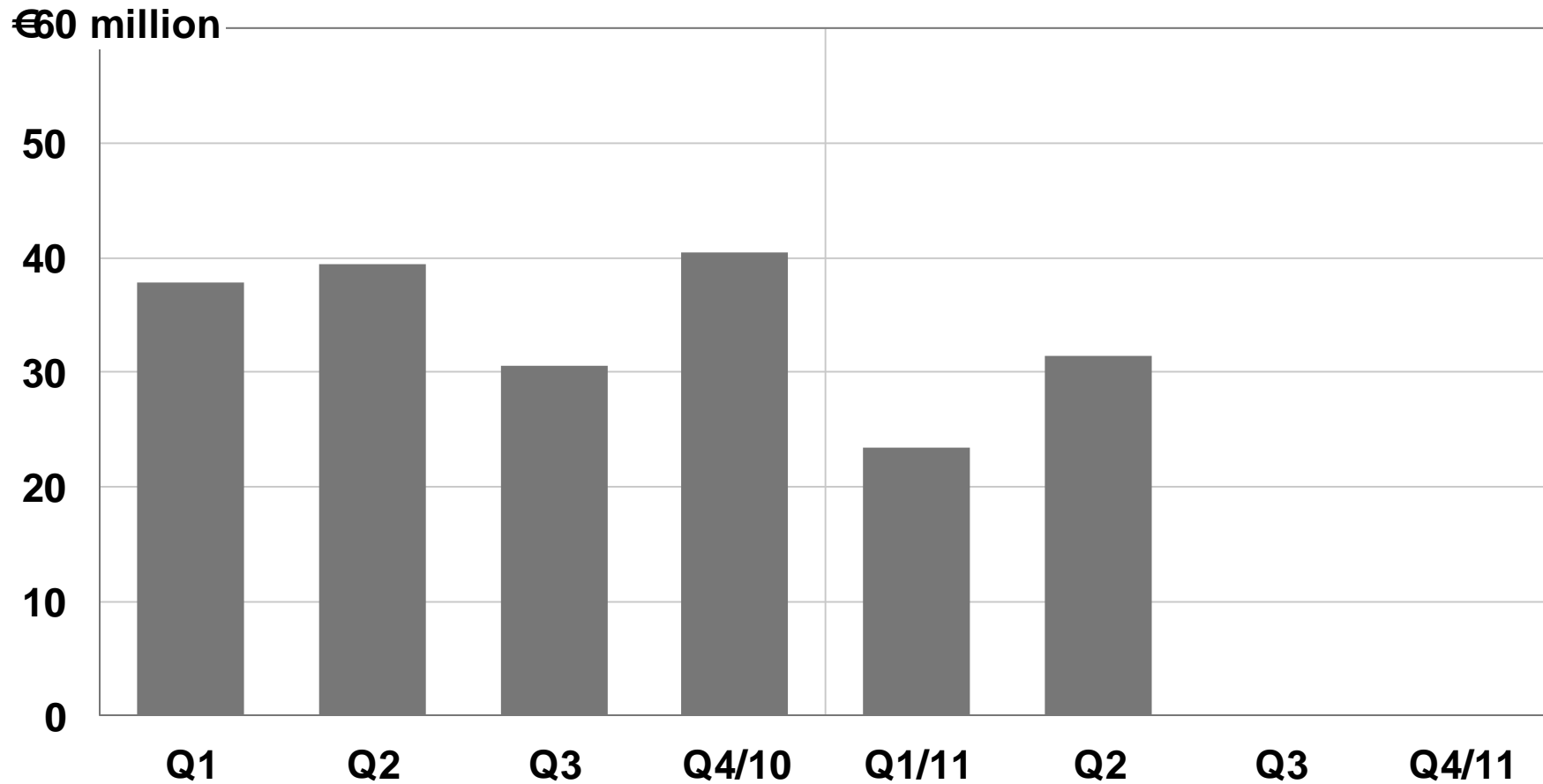


OP-Pohjola Group Expenses

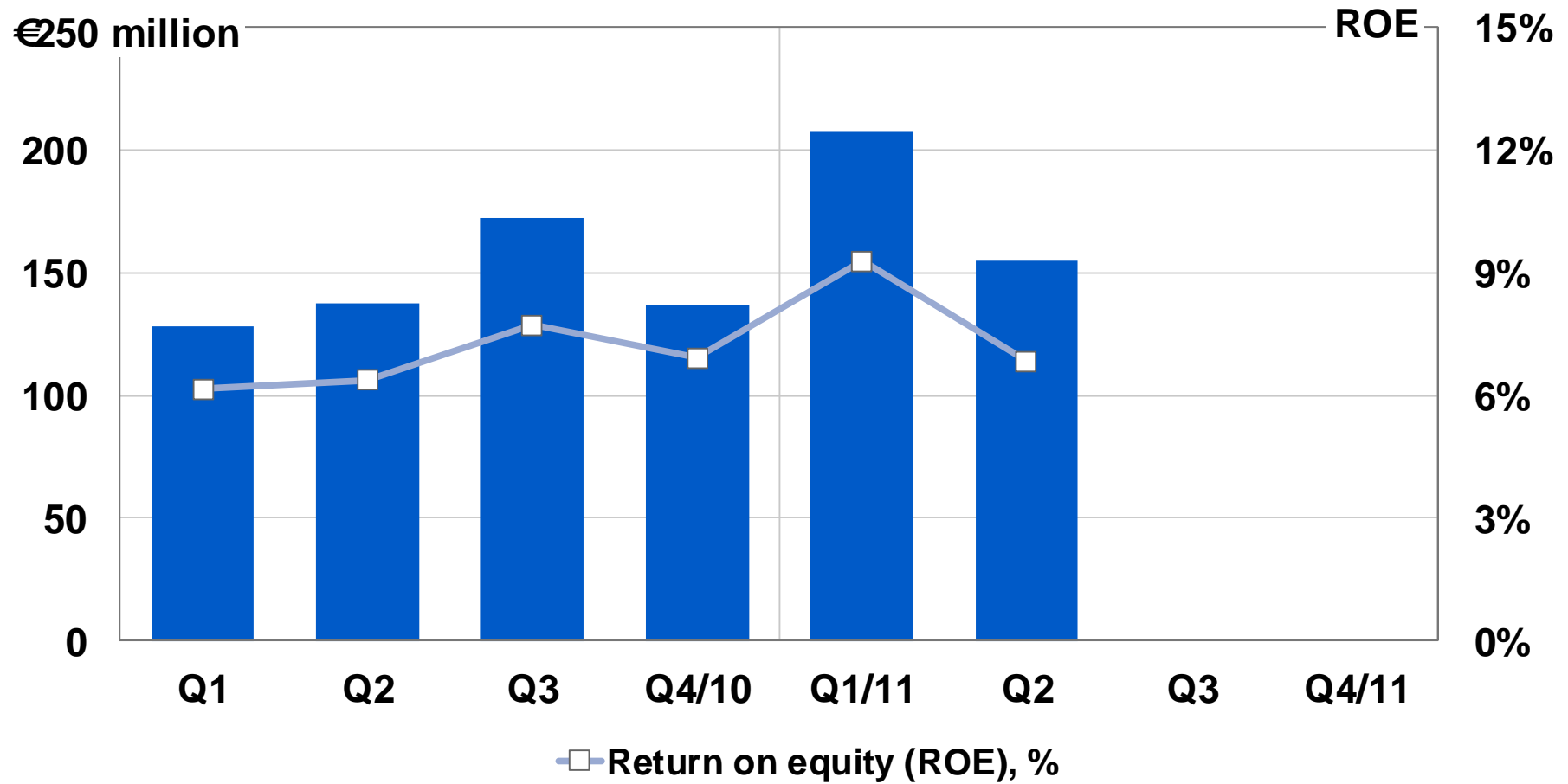


OP-Pohjola Group

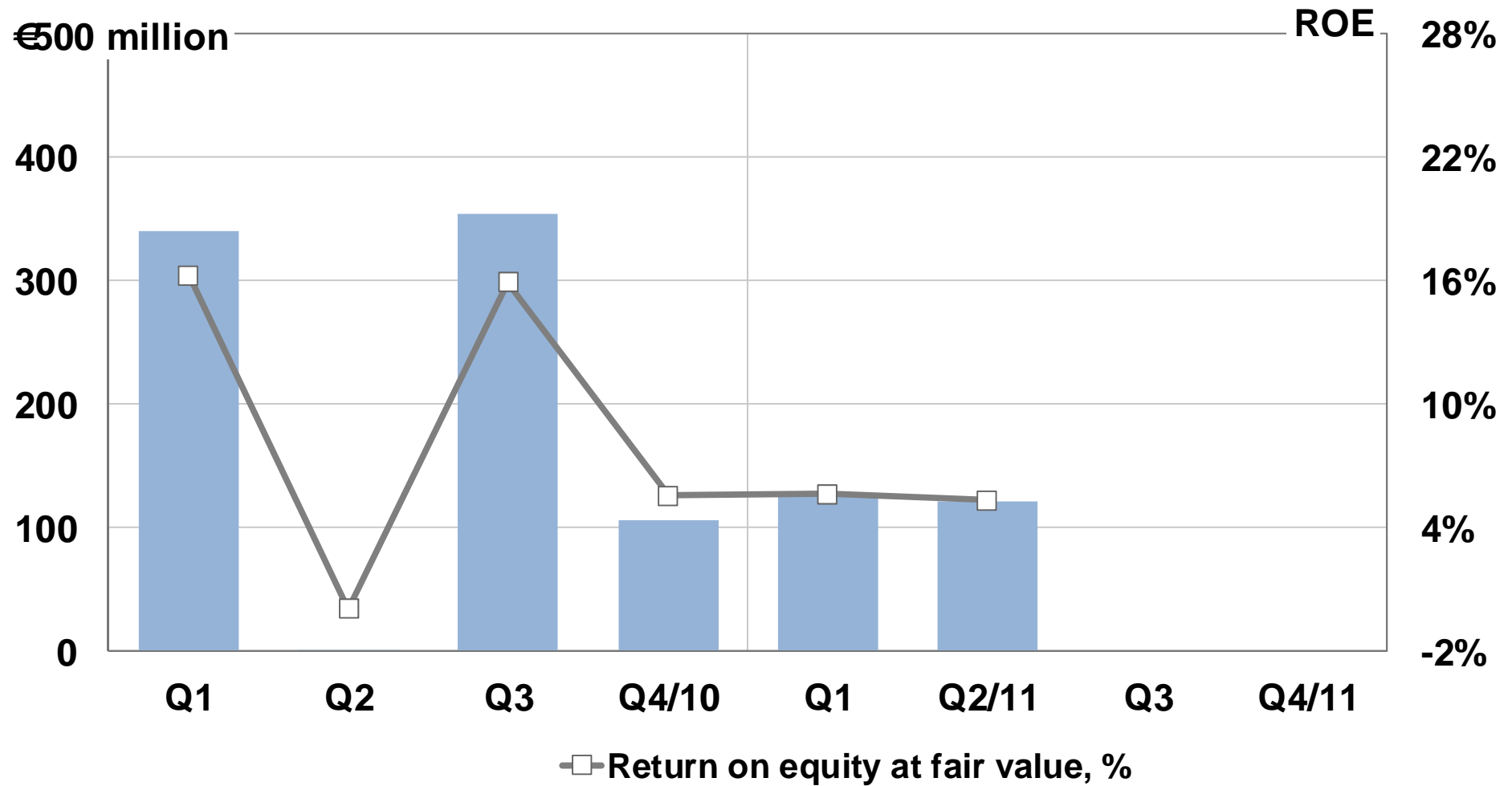
Quarterly Impairments of Receivables



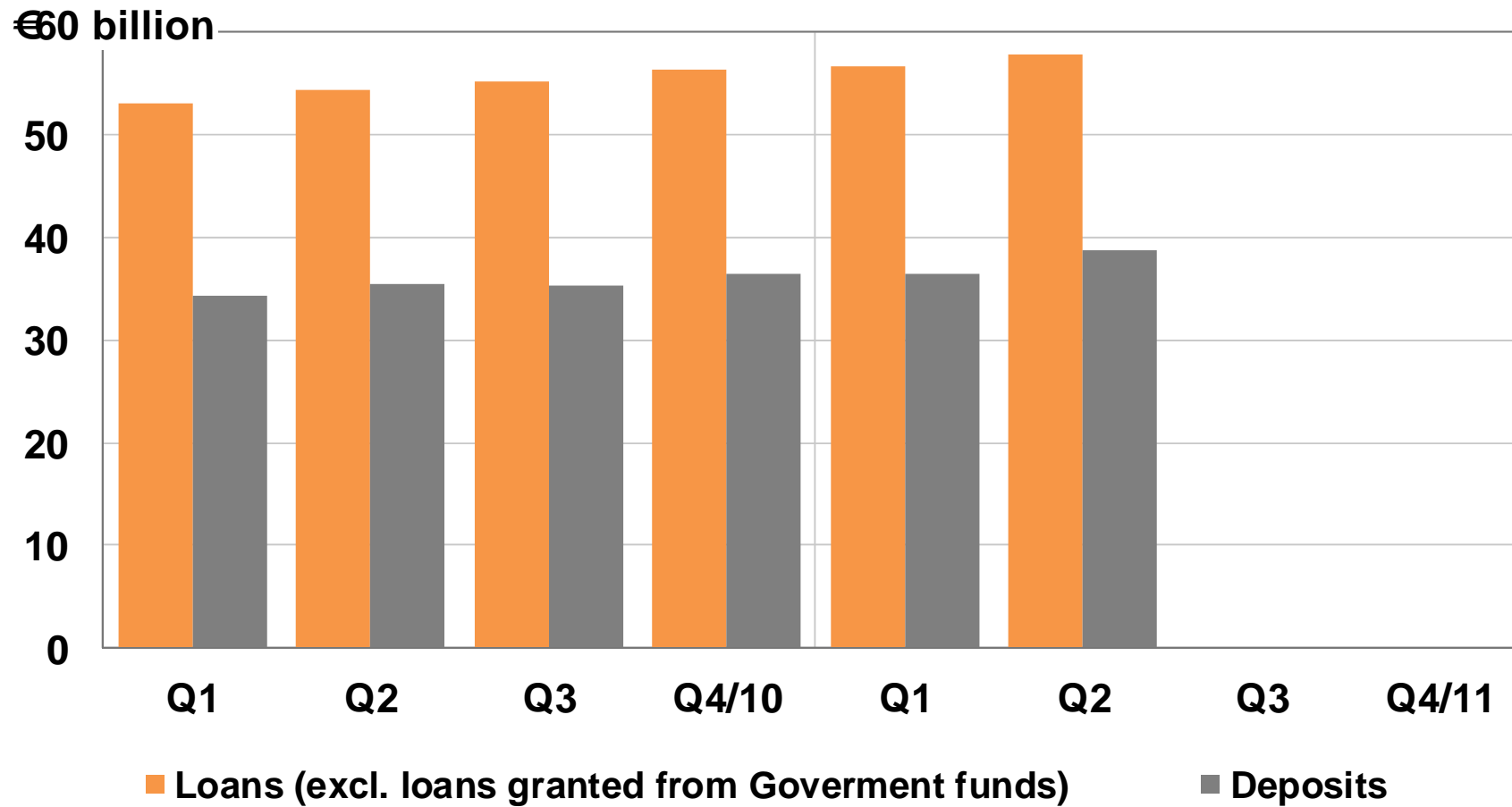
OP-Pohjola Group Earnings before Tax



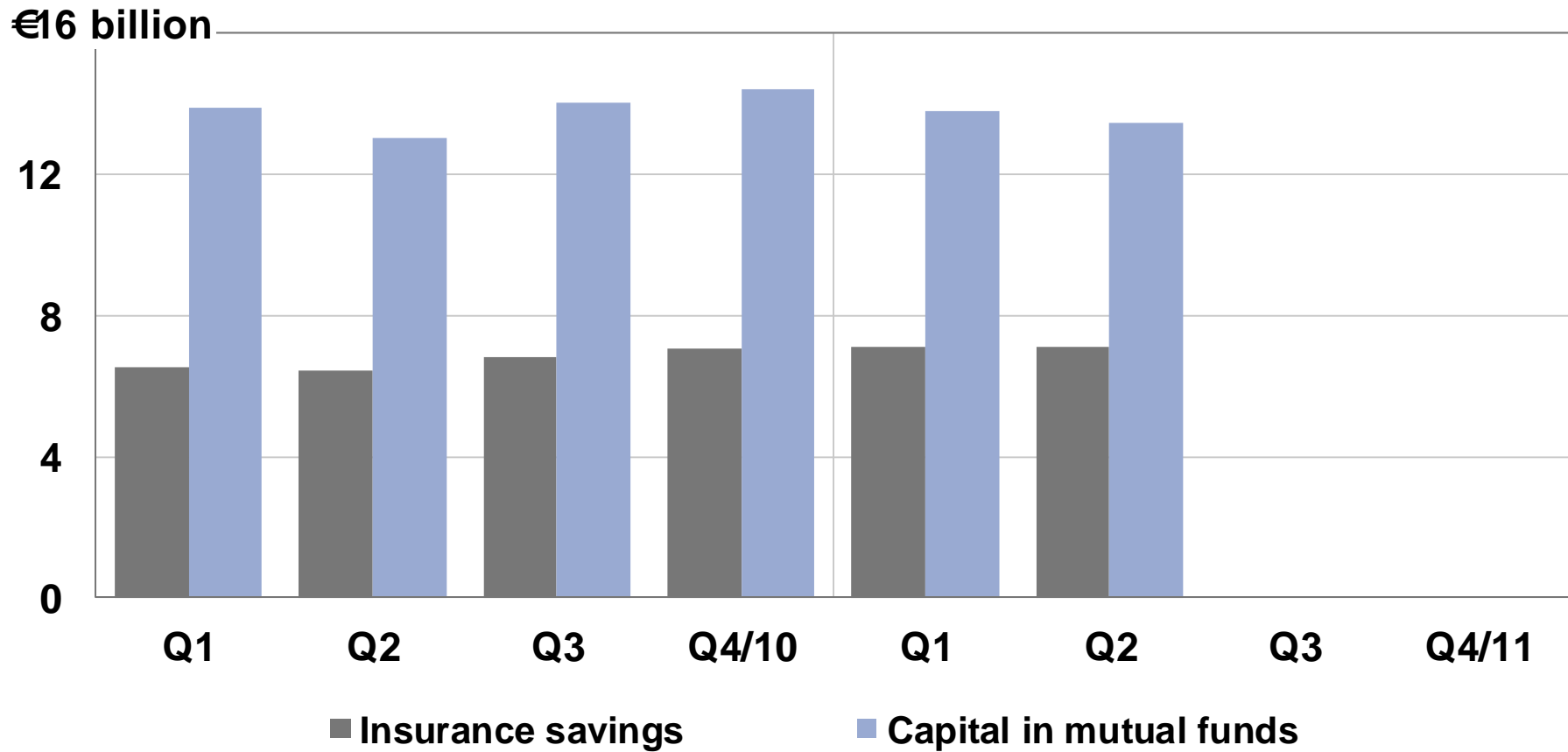
OP-Pohjola Group Earnings before Tax at Fair Value



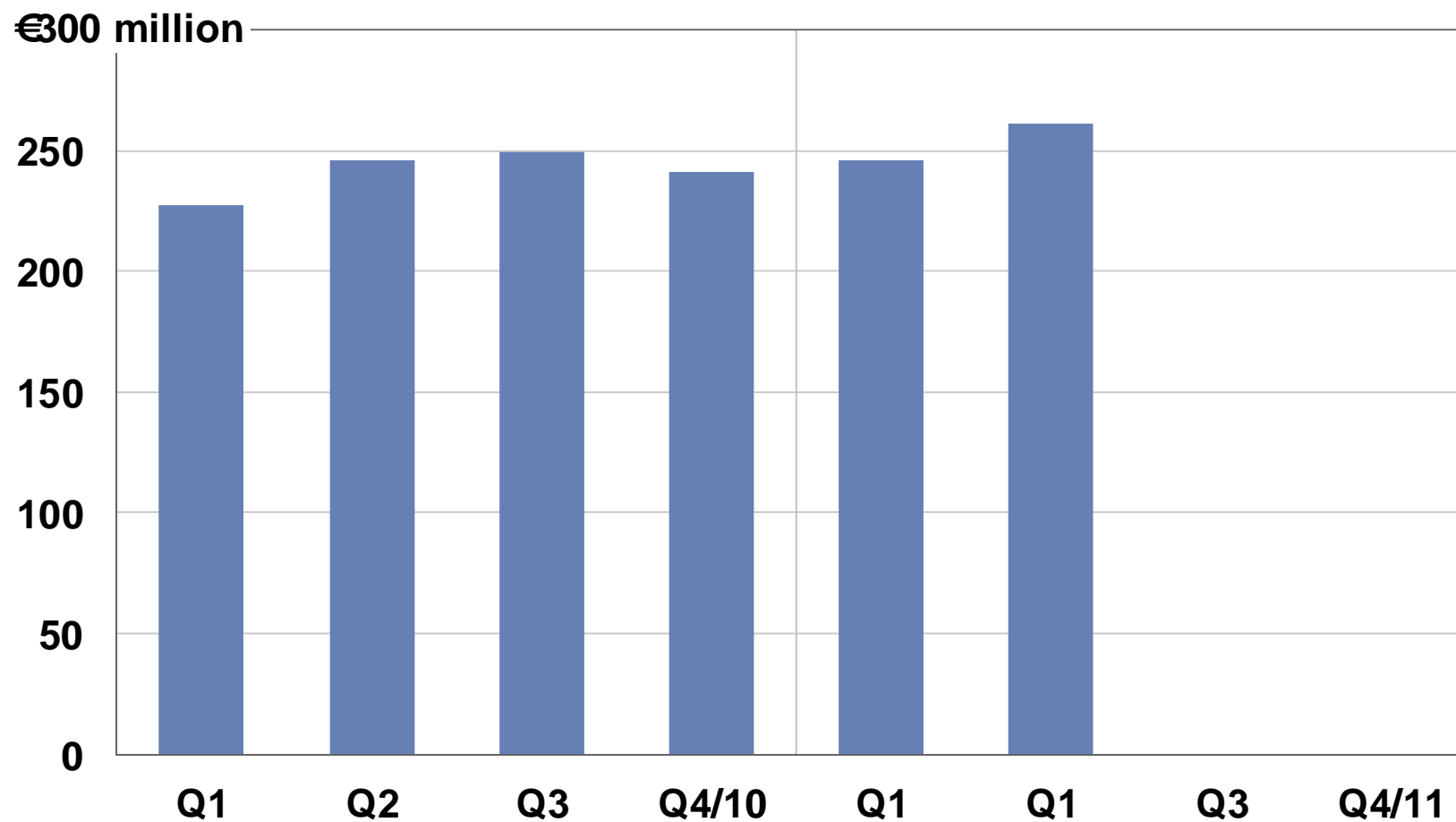
OP-Pohjola Group Loans and Deposits



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



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



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Capital Adequacy



Two Capital Adequacy Ratios

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

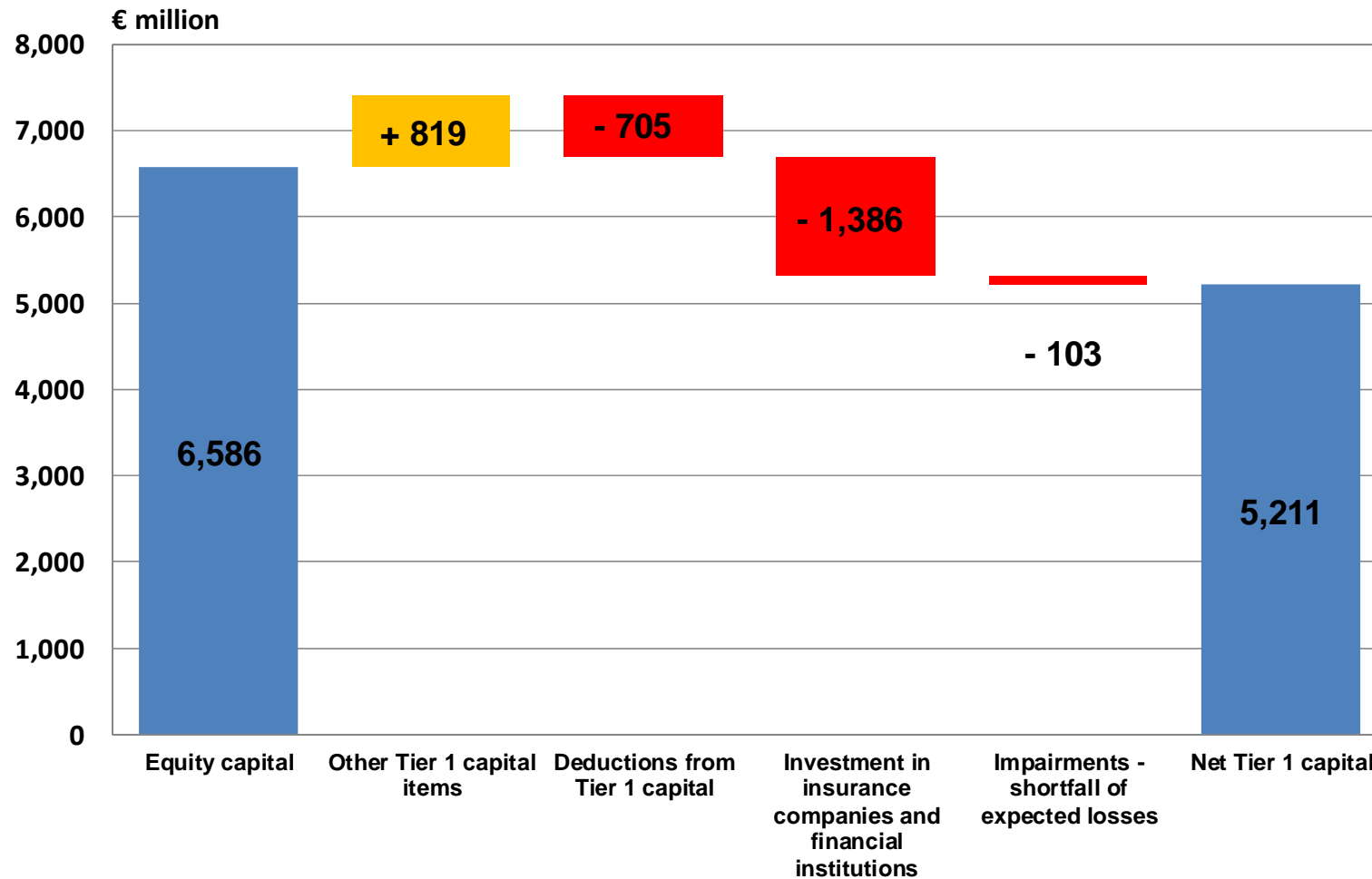
- The Group's operations are based on the Act on the Amalgamation of Deposit Banks that came into effect on 1 July 2010. In the first half of 2010, the Group's operations were still regulated by provisions in the Act on Cooperative Banks and Other Cooperative Institutions.
- The Act on the Amalgamation 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

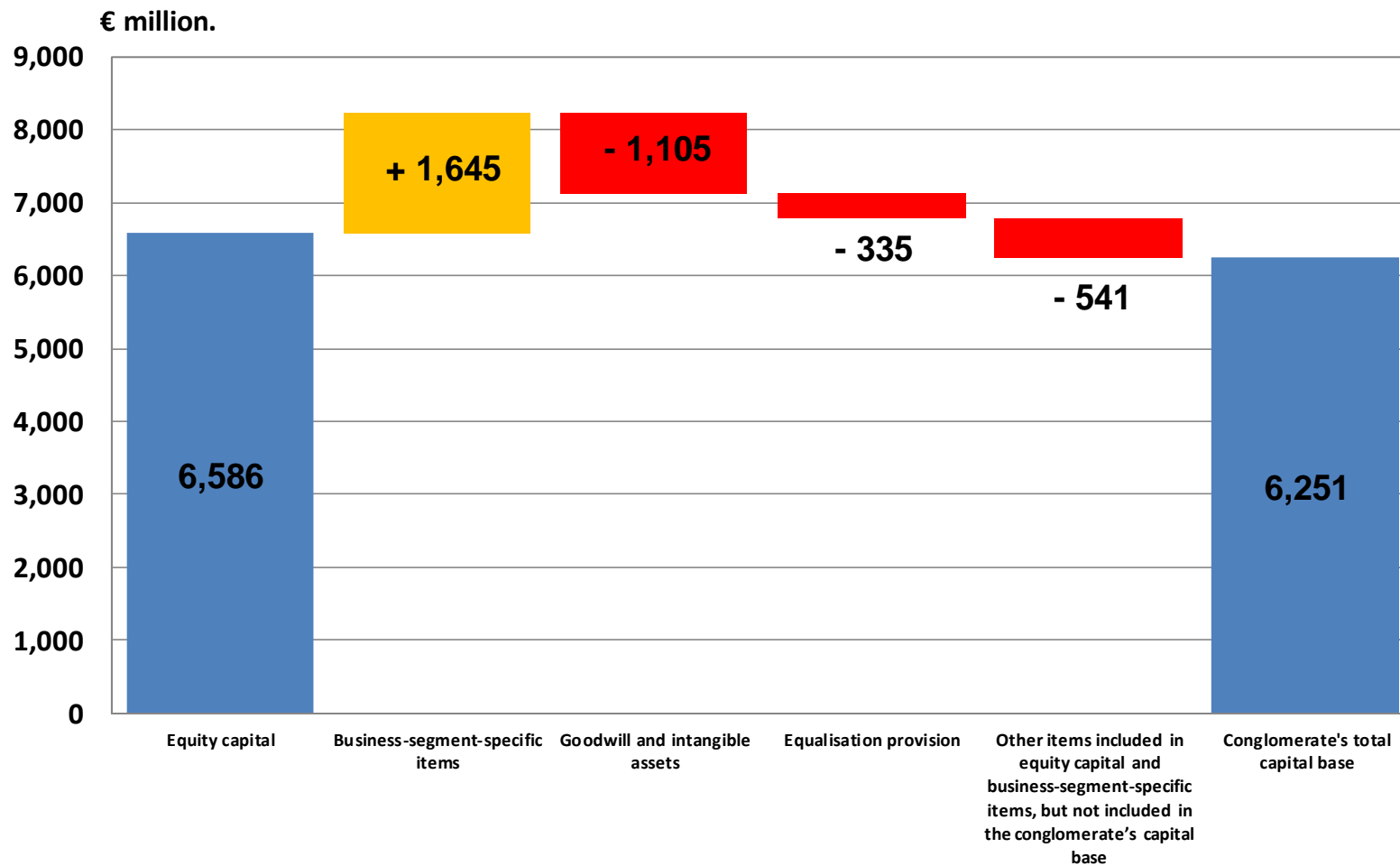
- OP-Pohjola Group is a financial and insurance conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.
- OP-Pohjola Group's capital adequacy pursuant to the Act on the Supervision 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 and insurance 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.

Tier 1 Capital under the Act on Credit Institutions 30 June 2011

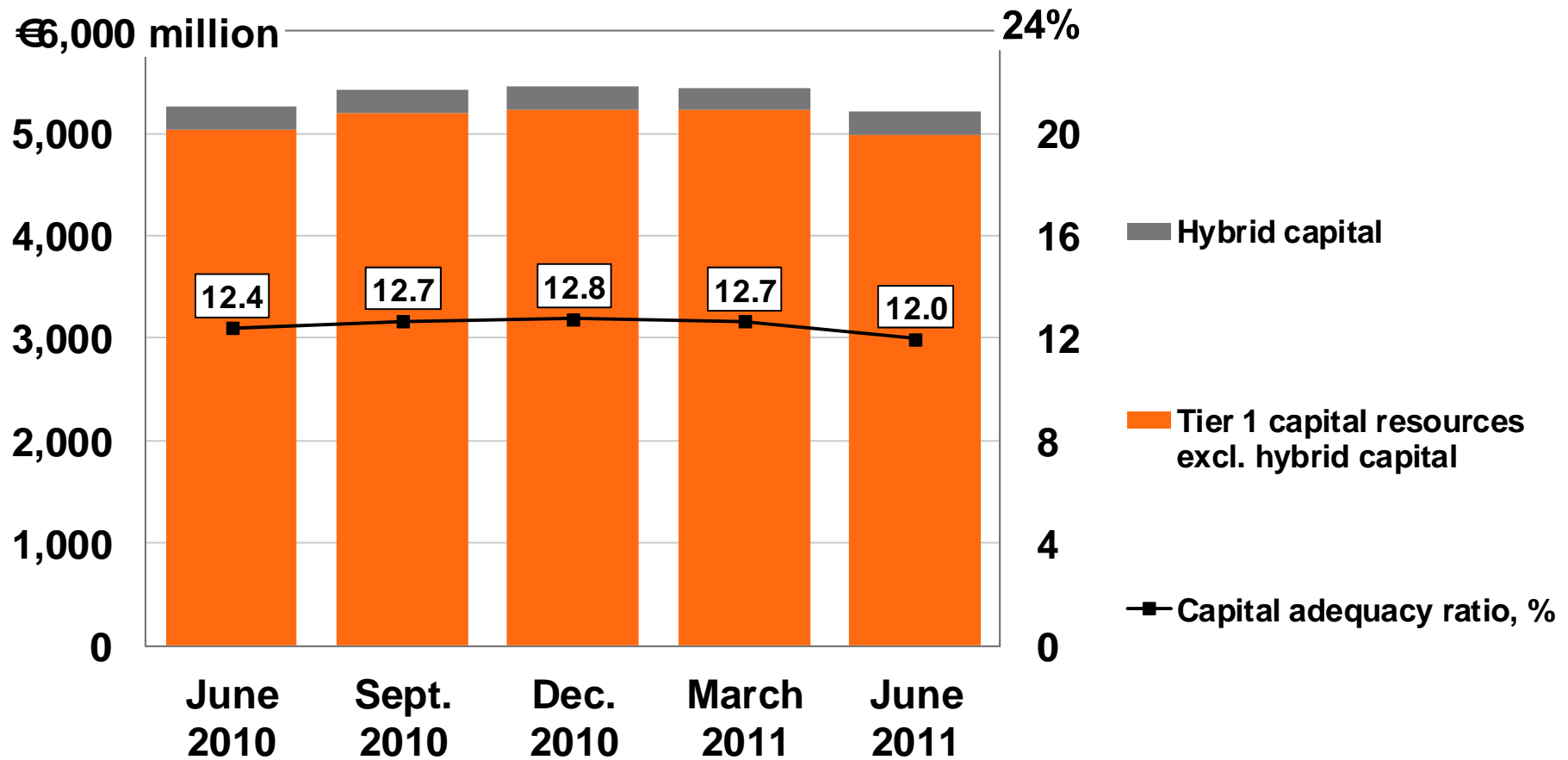


Total Capital Base under the Act on the Supervision of Financial and Insurance Conglomerates 30 June 2011



The amalgamation of the cooperative banks

Capital Resources and Capital Adequacy



Adopting the Internal Ratings Based Approach

- In its calculation of capital requirement for credit risk, OP-Pohjola Group will phase in the Internal Ratings Based Approach (IRBA).
 - The Internal Ratings Based Approach (IRBA) as already used in the capital adequacy measurement of Pohjola Bank plc's corporate and institutional customers' credit risks.
 - The target for adopting IRBA for all other liabilities is September 2011, but until then the capital requirement for credit risk of such items is calculated using the Standardised Approach.
- 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 internal ratings is estimated to improve capital adequacy by 2.5–3.0 percentage points.

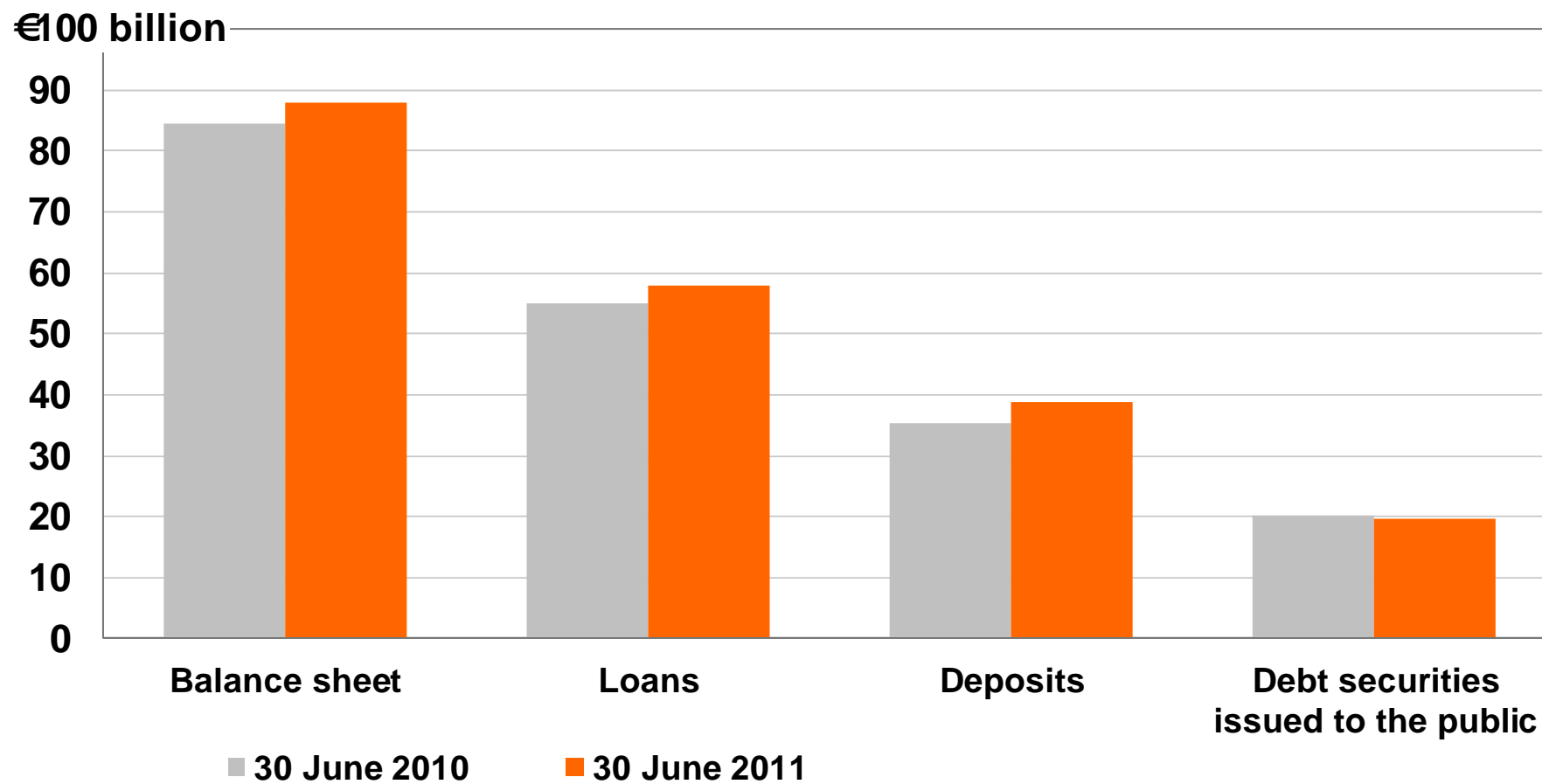


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Balance Sheet



OP-Pohjola Group Key Balance Sheet Items



OP-Pohjola Group Balance Sheet

€million			Change	
	30 June 2011	30 June 2010	€million	%
Receivables from credit institutions	1,167	1,304	-138	-10.6
Financial assets at fair value through profit or loss	419	1,136	-717	-63.1
Receivables from customers	58,155	54,882	3,273	6.0
Non-life Insurance assets	3,327	3,259	68	2.1
Life Insurance assets	7,471	6,489	982	15.1
Investment assets	8,236	7,741	495	6.4
Other items	9,094	9,712	-617	-6.4
Total assets	87,870	84,524	3,346	4.0
Liabilities to credit institutions	2,325	3,408	-1,083	-31.8
Liabilities to customers	42,166	38,438	3,728	9.7
Non-life Insurance liabilities	2,606	2,484	122	4.9
Life Insurance liabilities	7,239	6,545	694	10.6
Debt securities issued to the public	19,737	20,128	-391	-1.9
Other liabilities	7,210	7,151	59	0.8
Equity capital	6,586	6,370	216	3.4
Total liabilities and equity capital	87,870	84,524	3,346	4.0



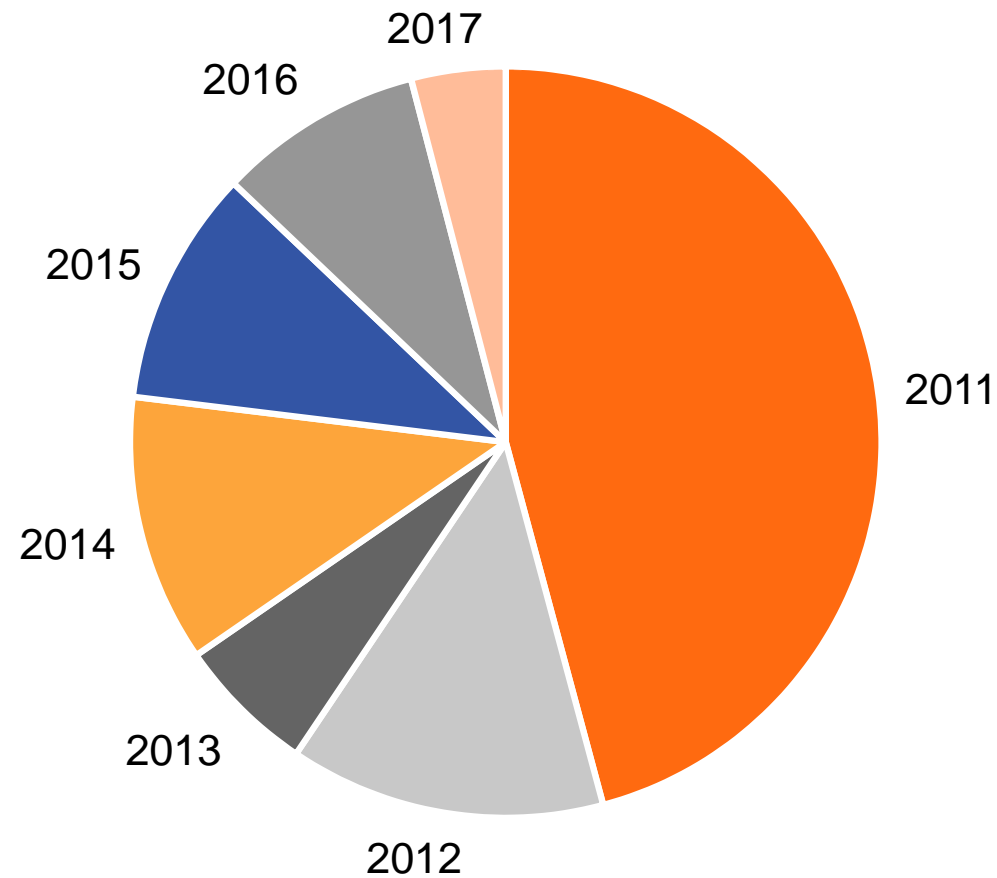
OP-Pohjola Group

Equity Capital and Cooperative Capital

€ million	30 June 2011	30 June 2010	Change € million	%
Share of OP-Pohjola Group's owners				
Share capital	203	227	-25	-10.9
Cooperative capital	130	130	1	0.6
Fair value reserve	26	1	25	
Other reserves	2,619	2,663	-44	-1.6
Retained earnings	3,607	3,349	258	7.7
Minority interest	0	0	0	-7.1
Total equity capital	6,586	6,370	216	3.4
Cooperative capital not included in equity capital				
	666	664	2	0.3



OP-Pohjola Group
Debt Securities Issued to the Public
Maturity 30 June 2011
total of €19.7 billion

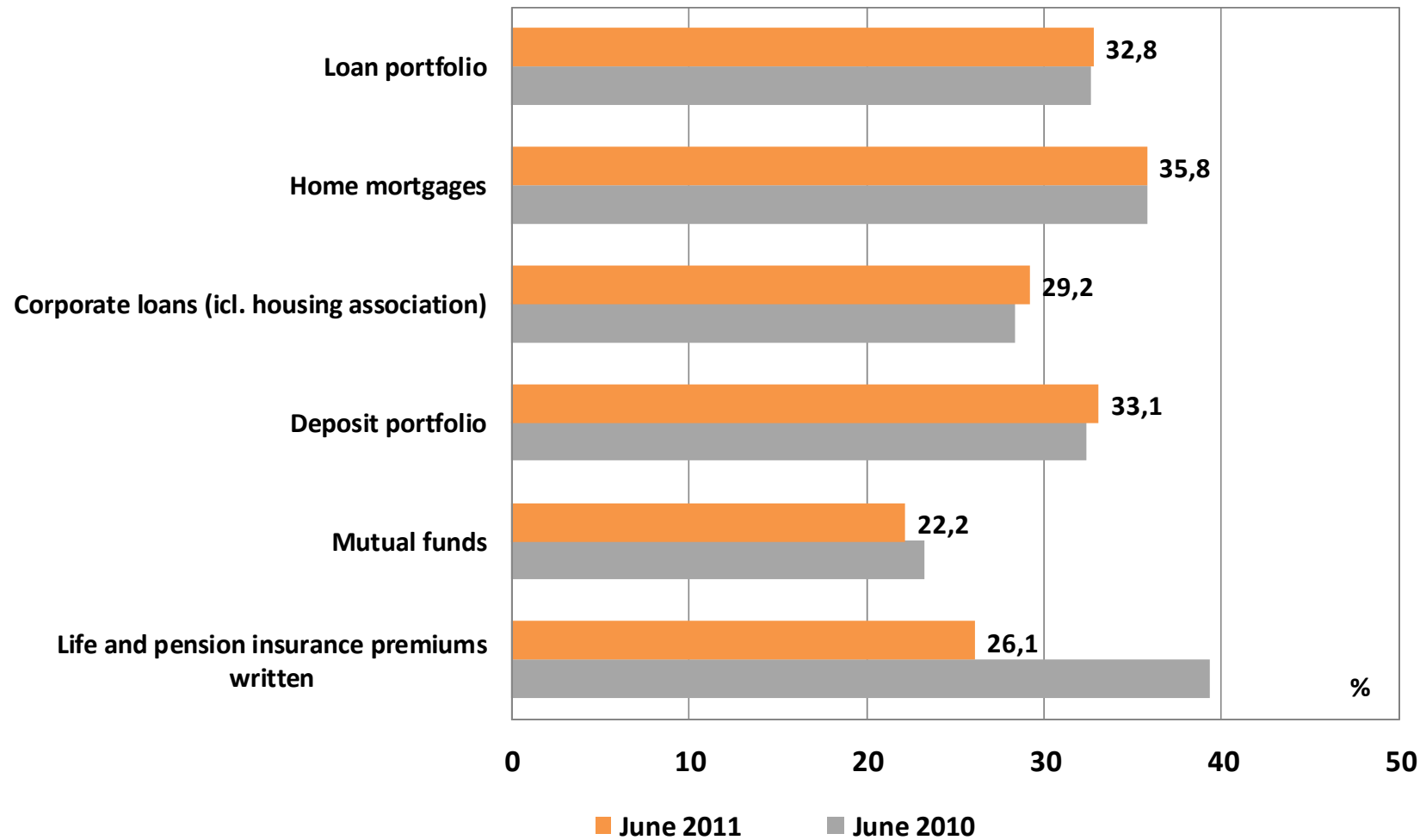


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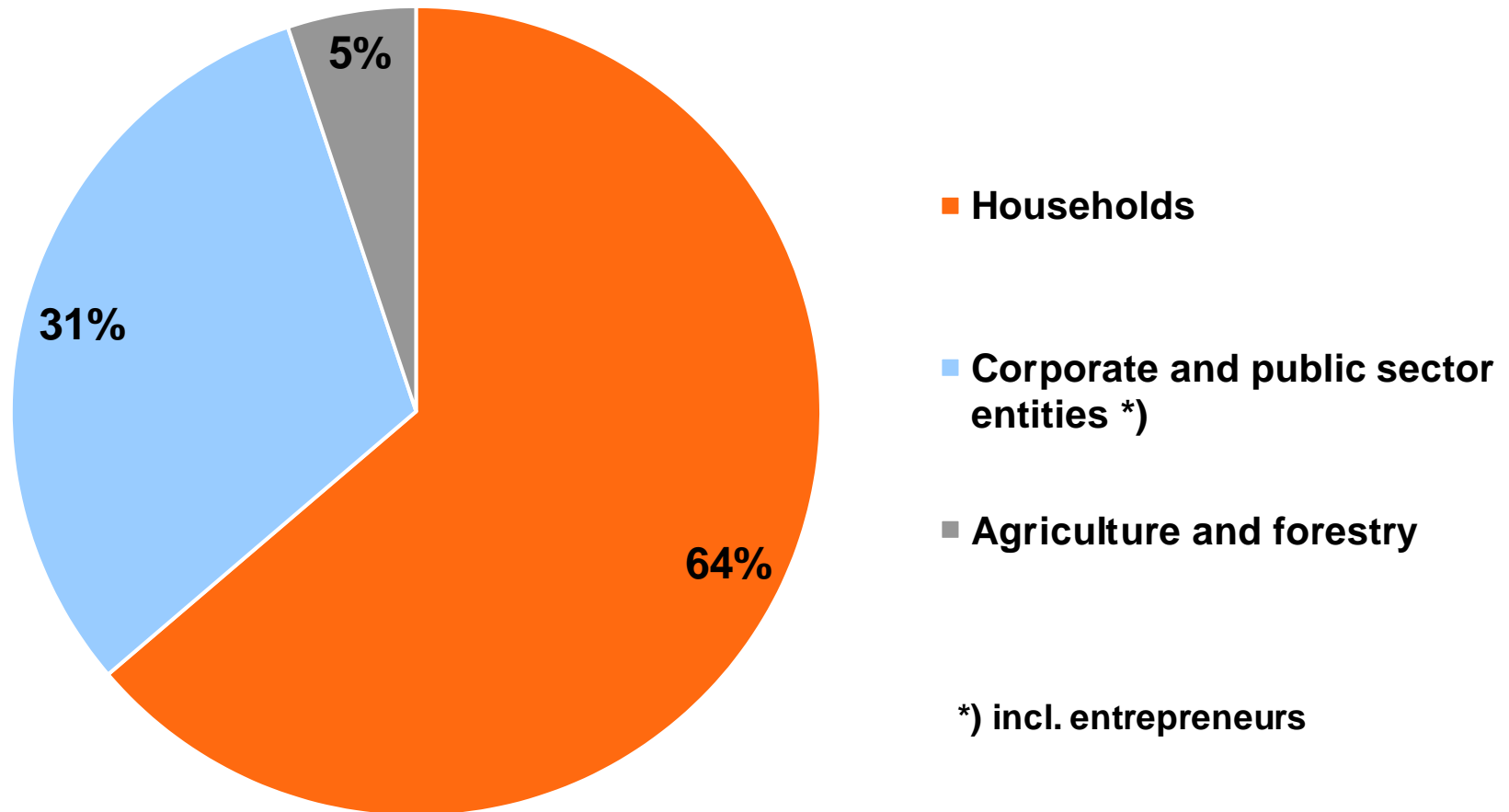
Loans and Customer Funds



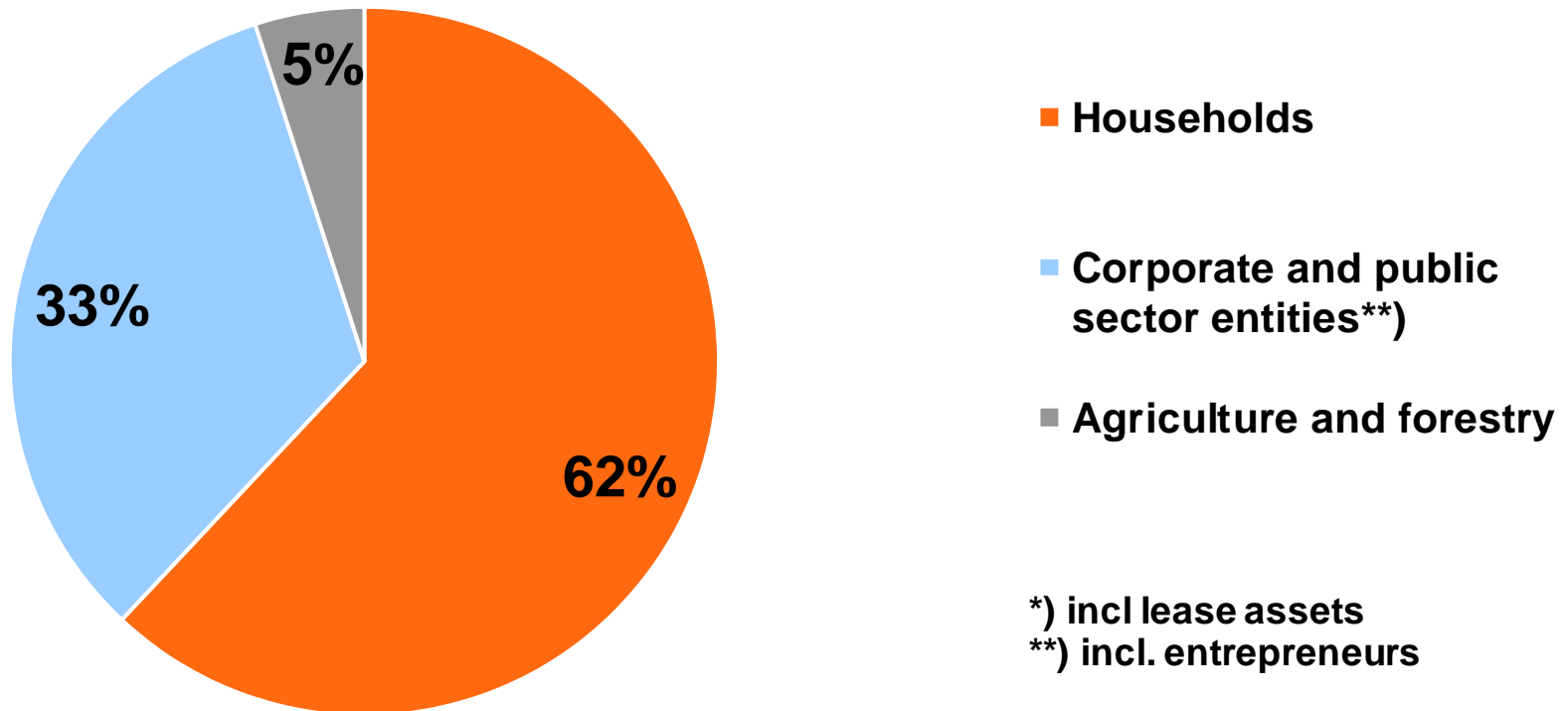
OP-Pohjola Group Market share



OP-Pohjola Group
Deposits by Customer Sector
30 June 2011



OP-Pohjola Group
Loans* by Customer Sector
30 June 2011



OP-Pohjola Group

Loan and Guarantee Portfolio by Sector

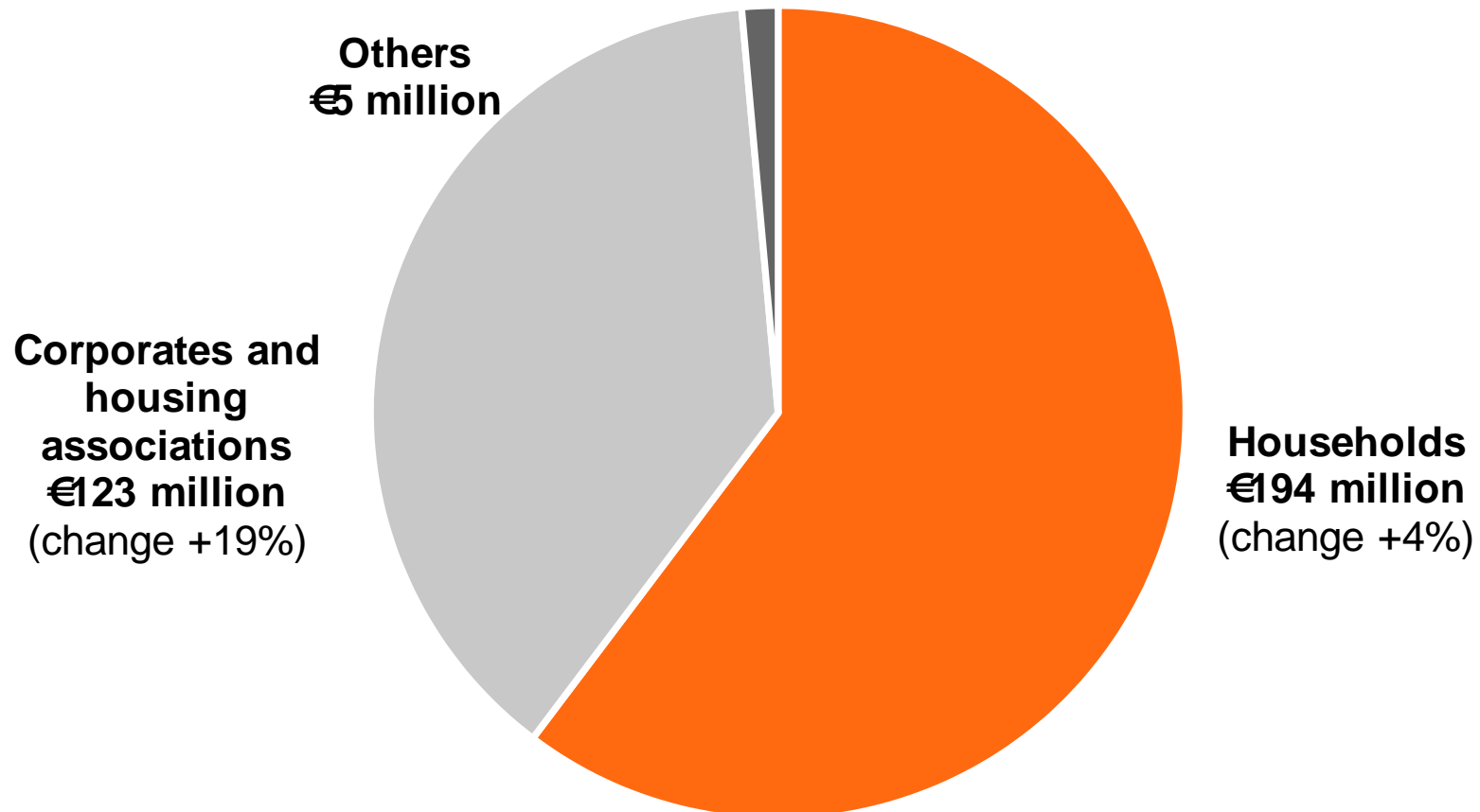
€million	30 June 2011	30 June 2010	€million	Change, %	Non-performing and zero-interest loans	
					€million	% of loan and guarantee portfolio
Enterprises and housing associations	20,940	19,733	1,207	6.1	123	0.6 %
Renting and operation of residential real estate						
incl. housing associations	3,960	3,631	329	9.0	3	0.1 %
Other renting and operating of real estate	2,585	2,275	310	13.6	7	0.3 %
Wholesale and retail trade	2,161	1,970	191	9.7	13	0.6 %
Construction	1,588	1,563	25	1.6	17	1.1 %
Services	1,516	1,536	-20	-1.3	16	1.0 %
Transportation and storage	1,475	1,332	143	10.7	8	0.5 %
Manufacture of machinery and and equipment (incl. services)	1,153	1,114	38	3.4	14	1.3 %
Buying and selling of own real estate	941	943	-2	-0.2	1	0.1 %
Forest Industry	749	788	-39	-4.9	18	2.4 %
Financial and insurance services	740	500	240	48.1	3	0.4 %
Metal Industry	673	664	9	1.3	7	1.0 %
Agriculture, forestry and fishing	659	587	73	12.4	5	0.7 %
Food Industry	643	576	67	11.6	4	0.6 %
Chemical Industry	500	569	-68	-12.0	1	0.1 %
Energy	471	539	-68	-12.6	0	0.0 %
Other manufacturing	456	475	-19	-4.0	3	0.7 %
Other industries	670	672	-2	-0.2	3	0.4 %
Public corporations and non-profit organisations	1,067	980	87	8.8	4	0.4 %
Households	38,692	36,785	1,907	5.2	194	0.5 %
Adjustments	3	112	-109	-97.2	-51	
Total	60,703	57,610	3,092	5.4	271	0.4 %



OP-Pohjola Group
Non-performing and Zero-interest Receivables

June 30 2011

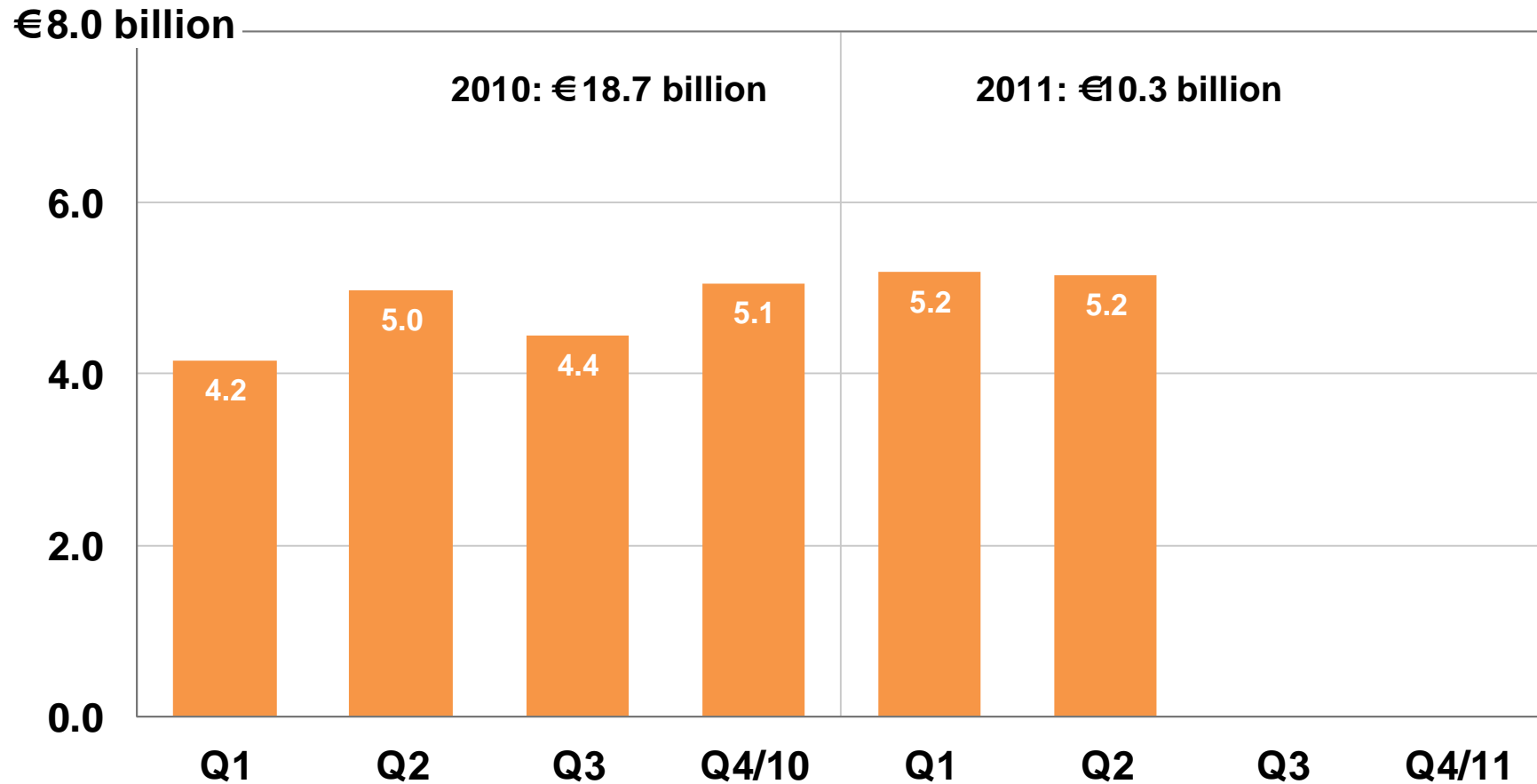
€271 million (12-month change +4.8%)



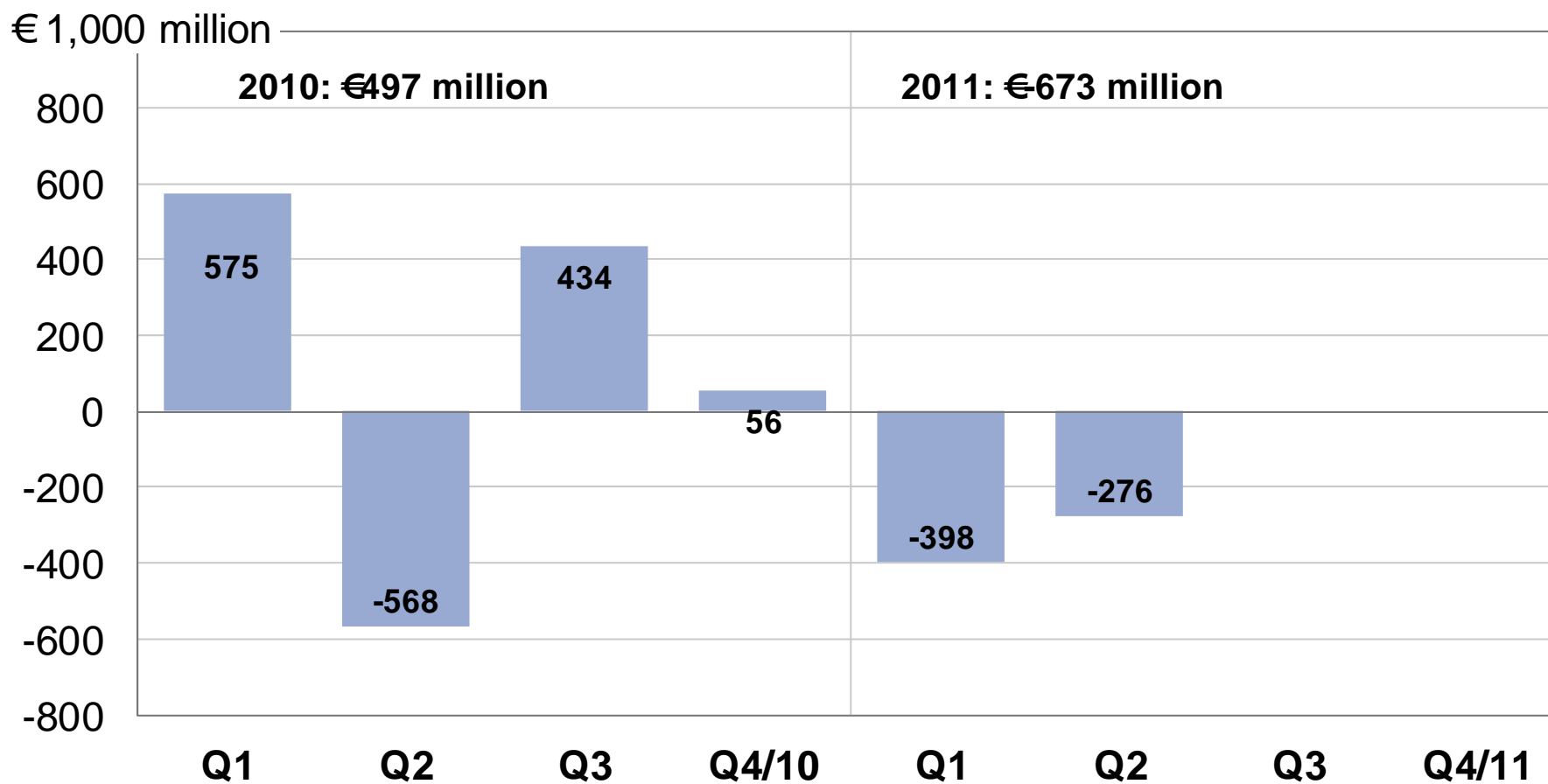
Collectively assessed impairments are not included in the graph



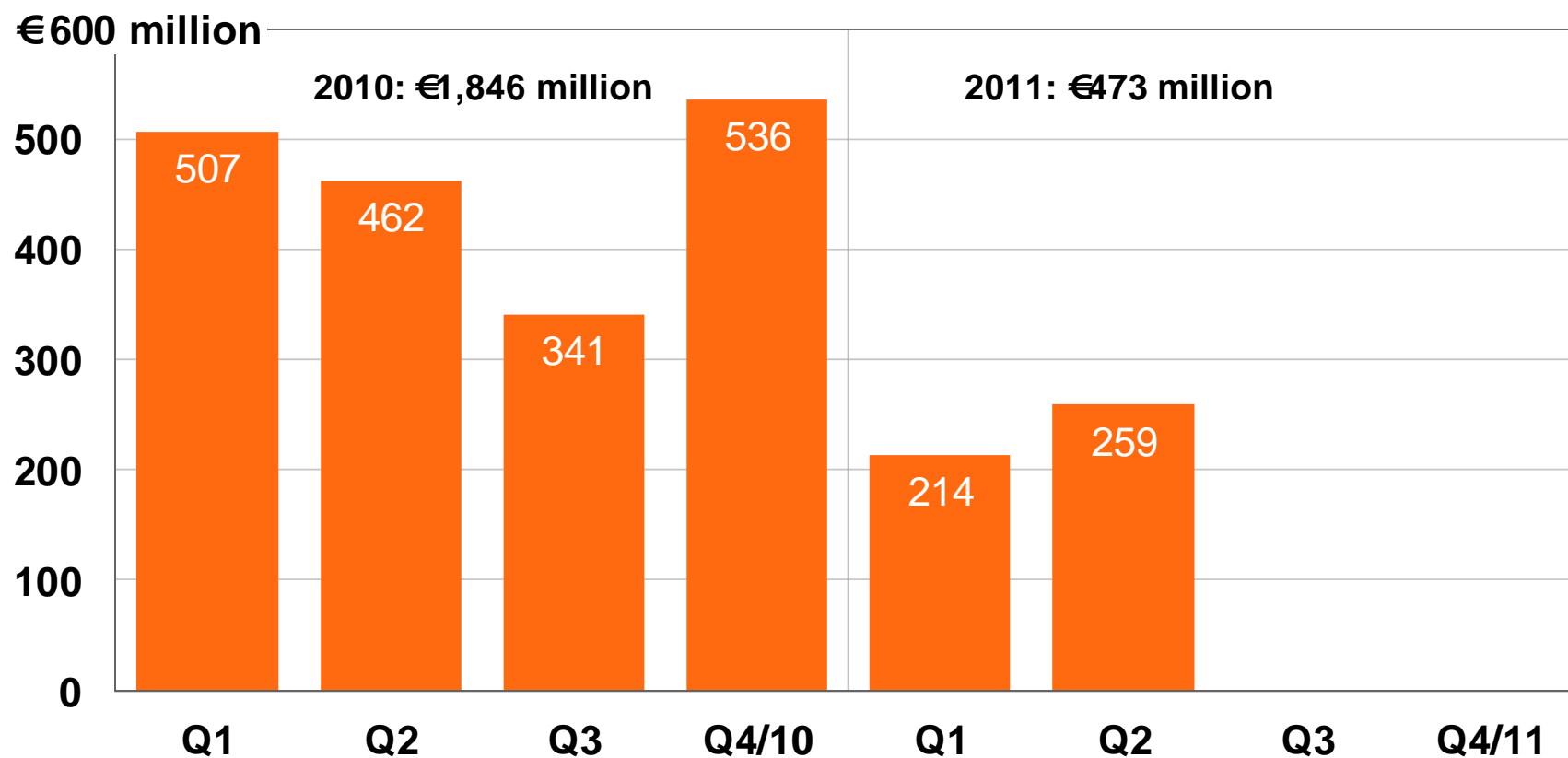
OP-Pohjola Group New Loans by Quarter



OP-Pohjola Group Net Sales Inflow of Mutual Funds by Quarter



OP-Pohjola Group Life and Pension Insurance Premiums Written by Quarter



Employees group life insurance
included only at 31 Dec.

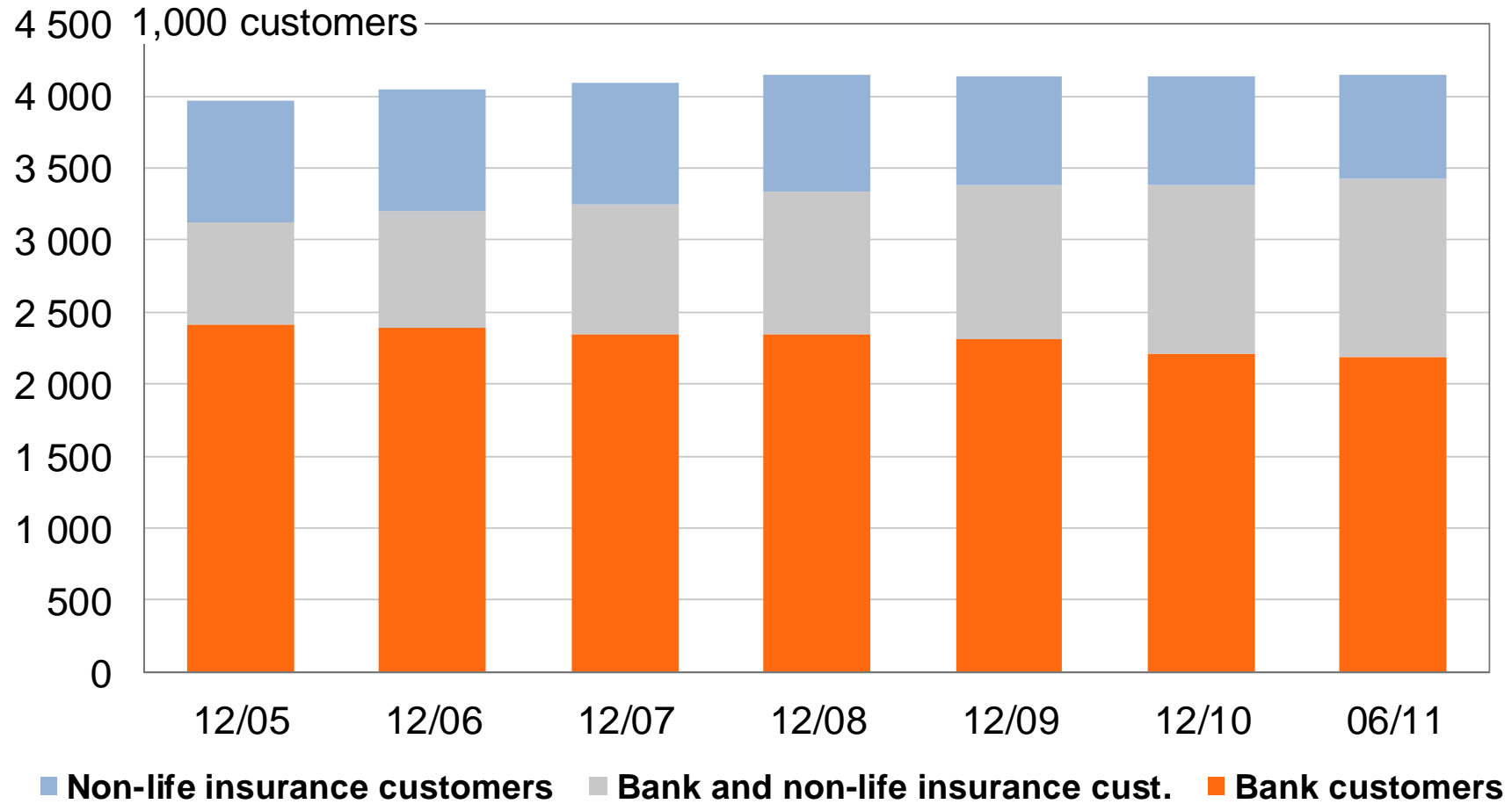


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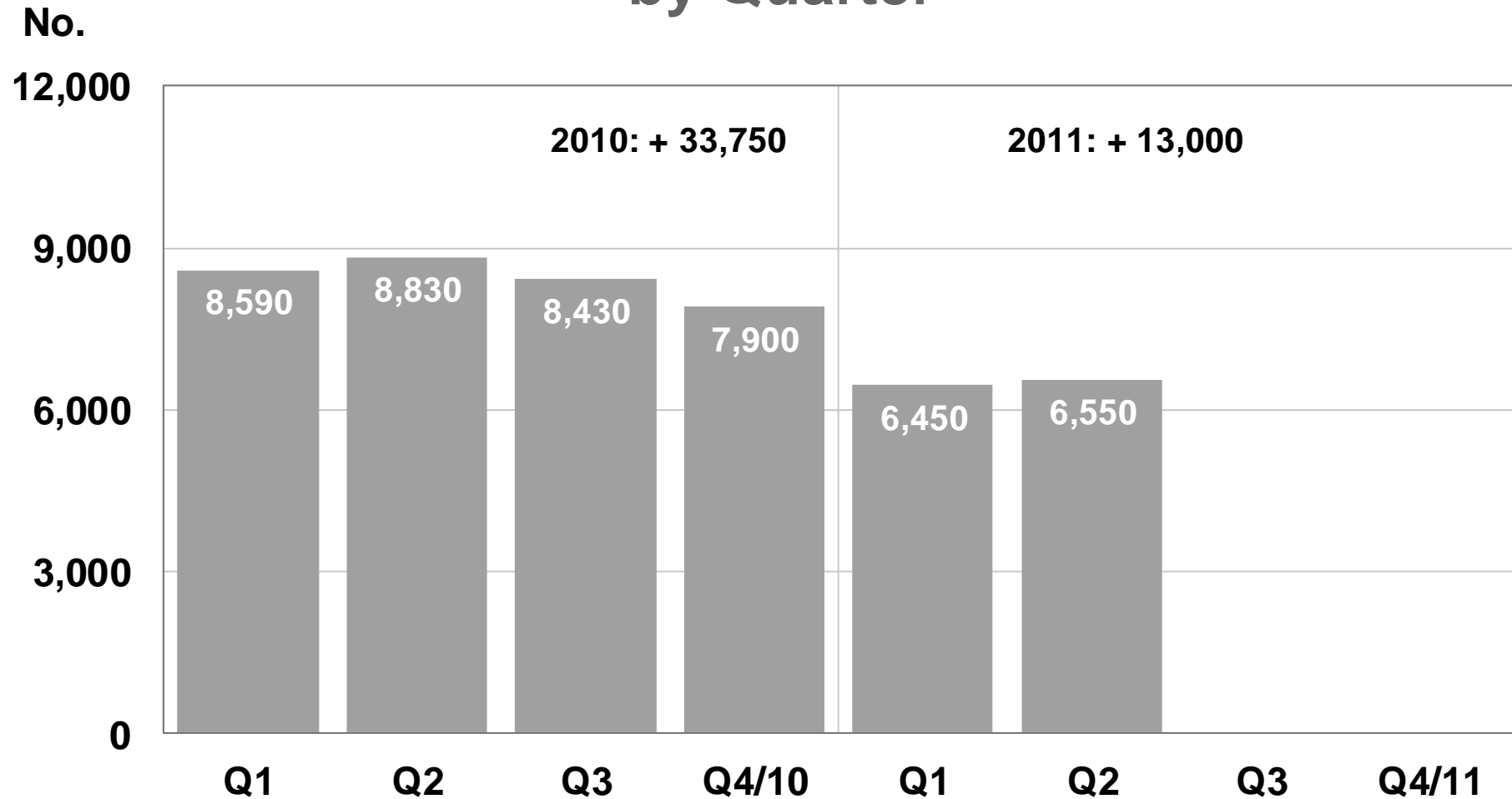
Customers, Owner-members etc.



OP-Pohjola Group Breakdown of Customer Base



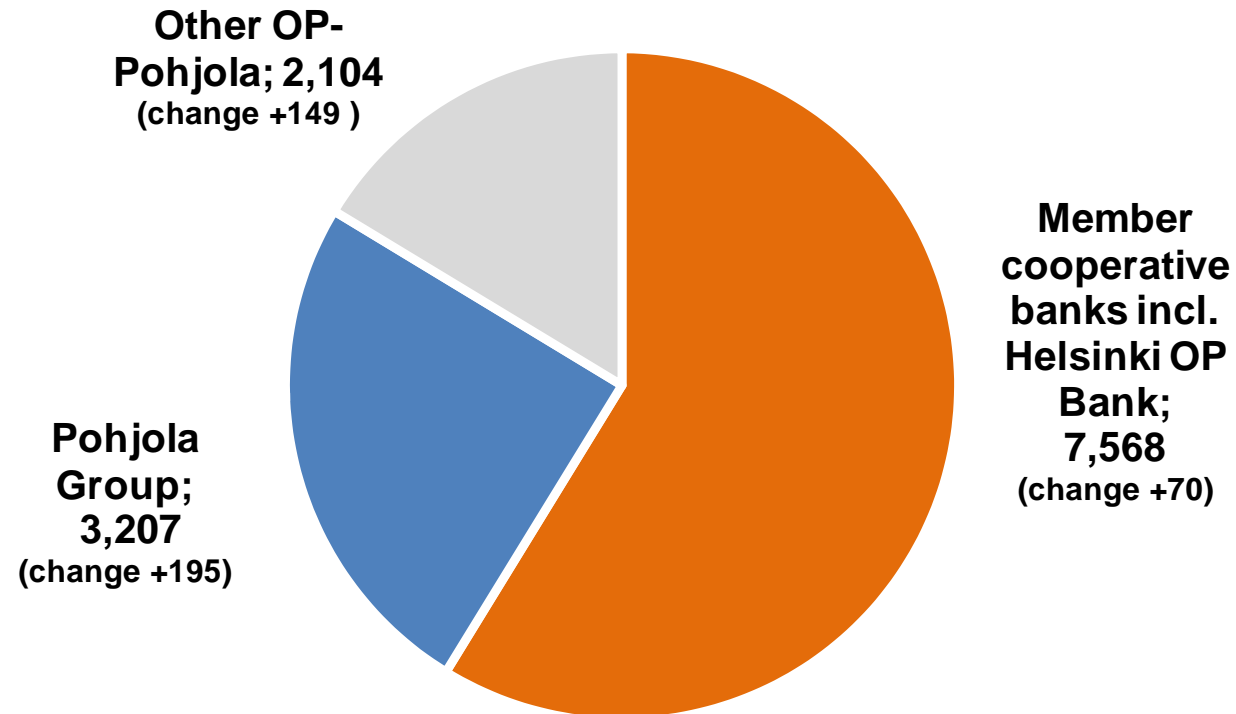
OP-Pohjola Group Net Increase in Owner-members by Quarter



OP-Pohjola Group's Personnel

30 June 2011

12,879 (+ 414 within 12 months)



OP-Pohjola Group Service Network

	30 June 2011	12-month change
eServices Agreements	1,530,000	100,000
Locations	538	-24
providing both banking and insurance services	331	15
Private banking locations	34	3
OP-Kiinteistökeskus estate agents	168	-3
Online customer terminals	556	16

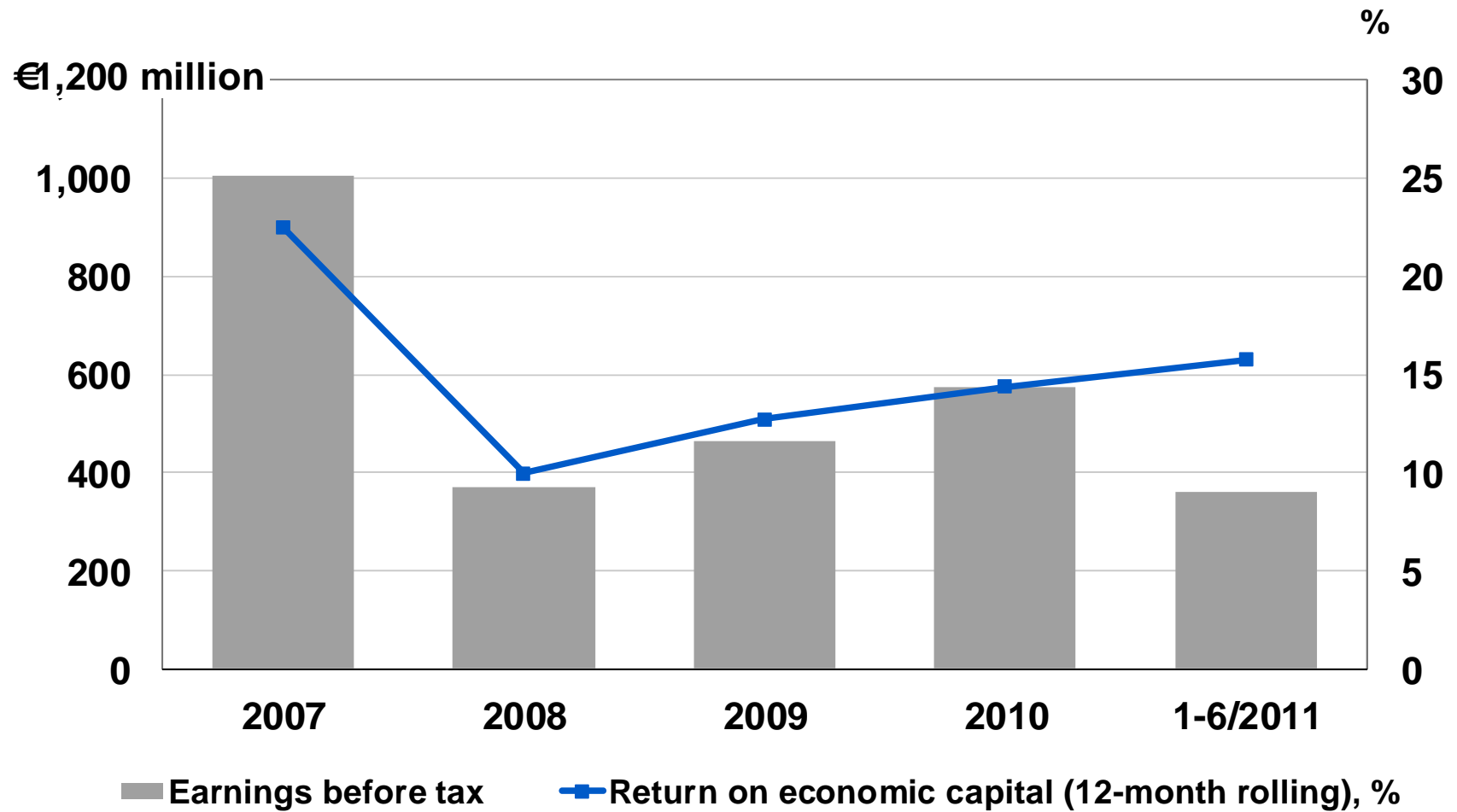


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5-year Trends



OP-Pohjola Group Earnings before Tax and Return on Economic Capital



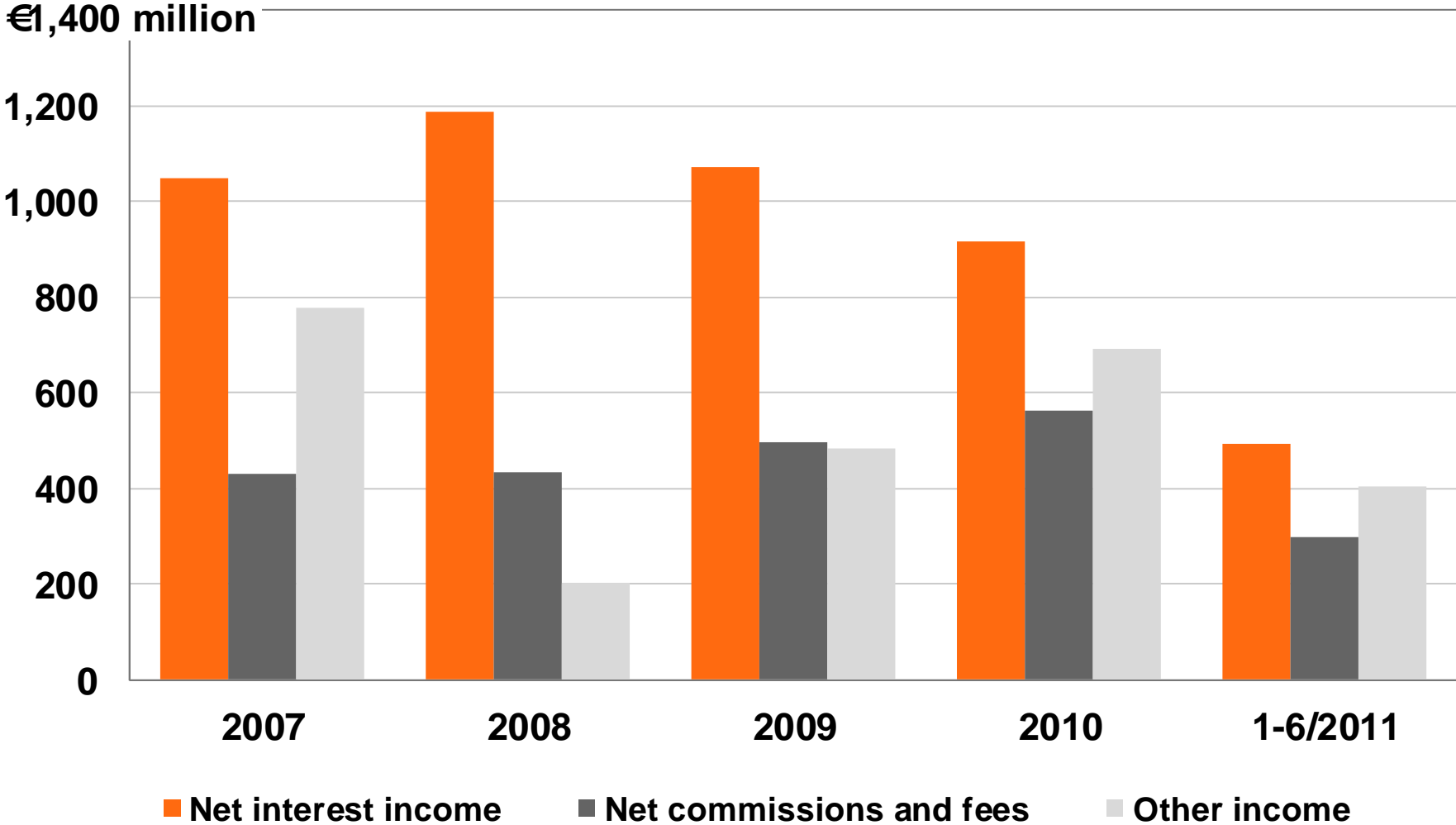
Calculation principles of economic capital have been changed between 2007 and 2008



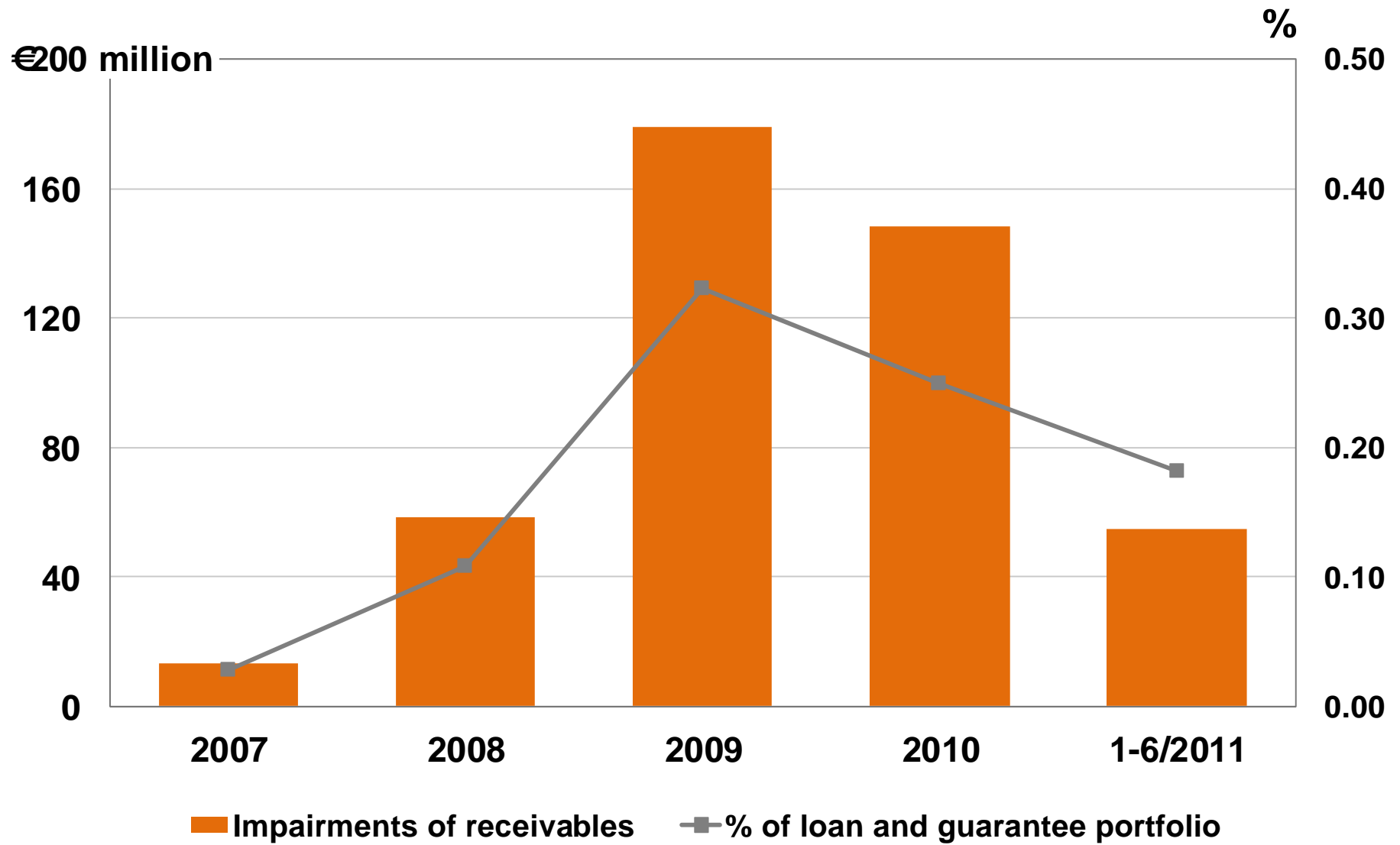
OP-Pohjola Group Earnings before Tax



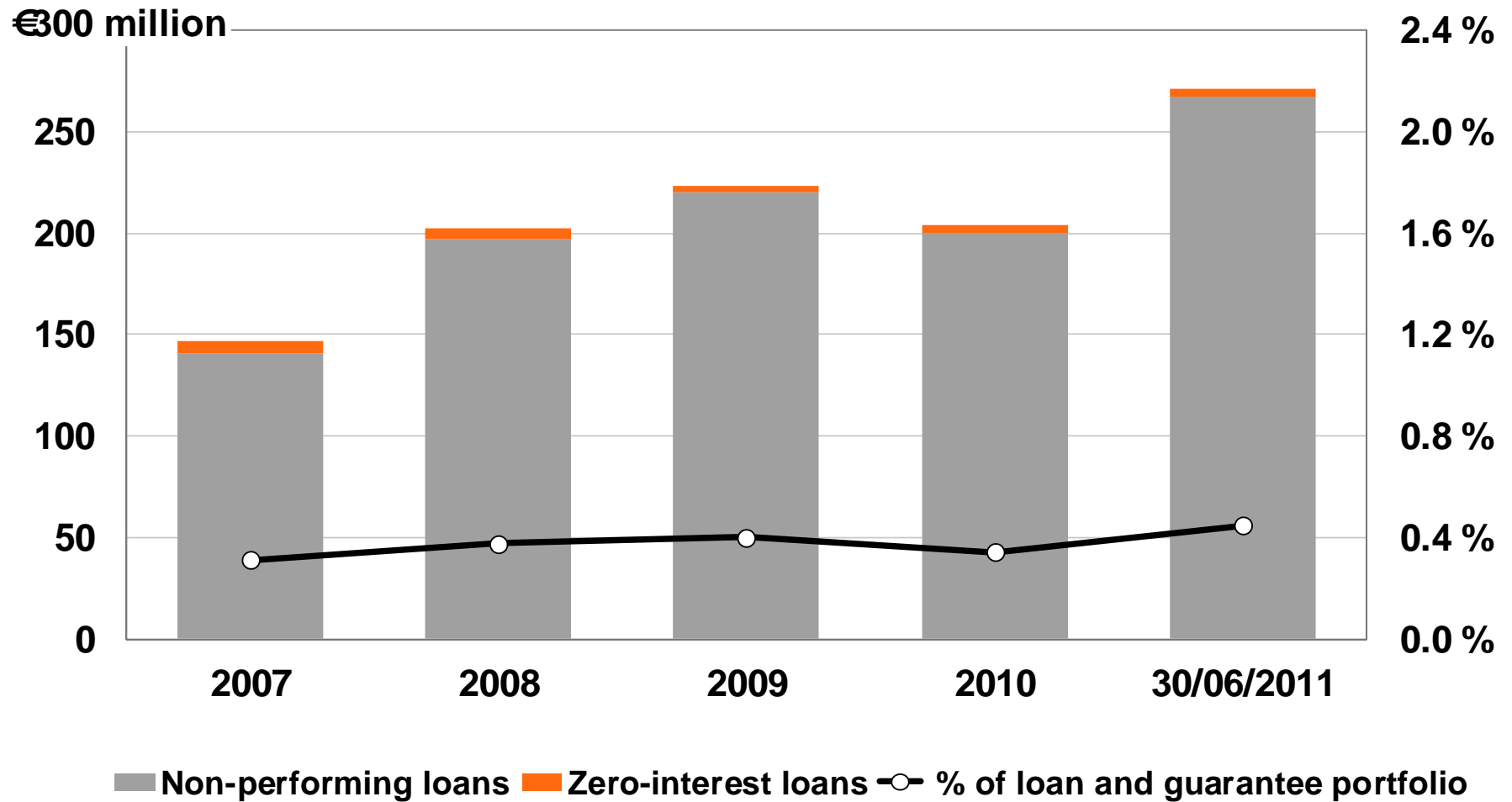
OP-Pohjola Group Income



OP-Pohjola Group Impairments of Receivables

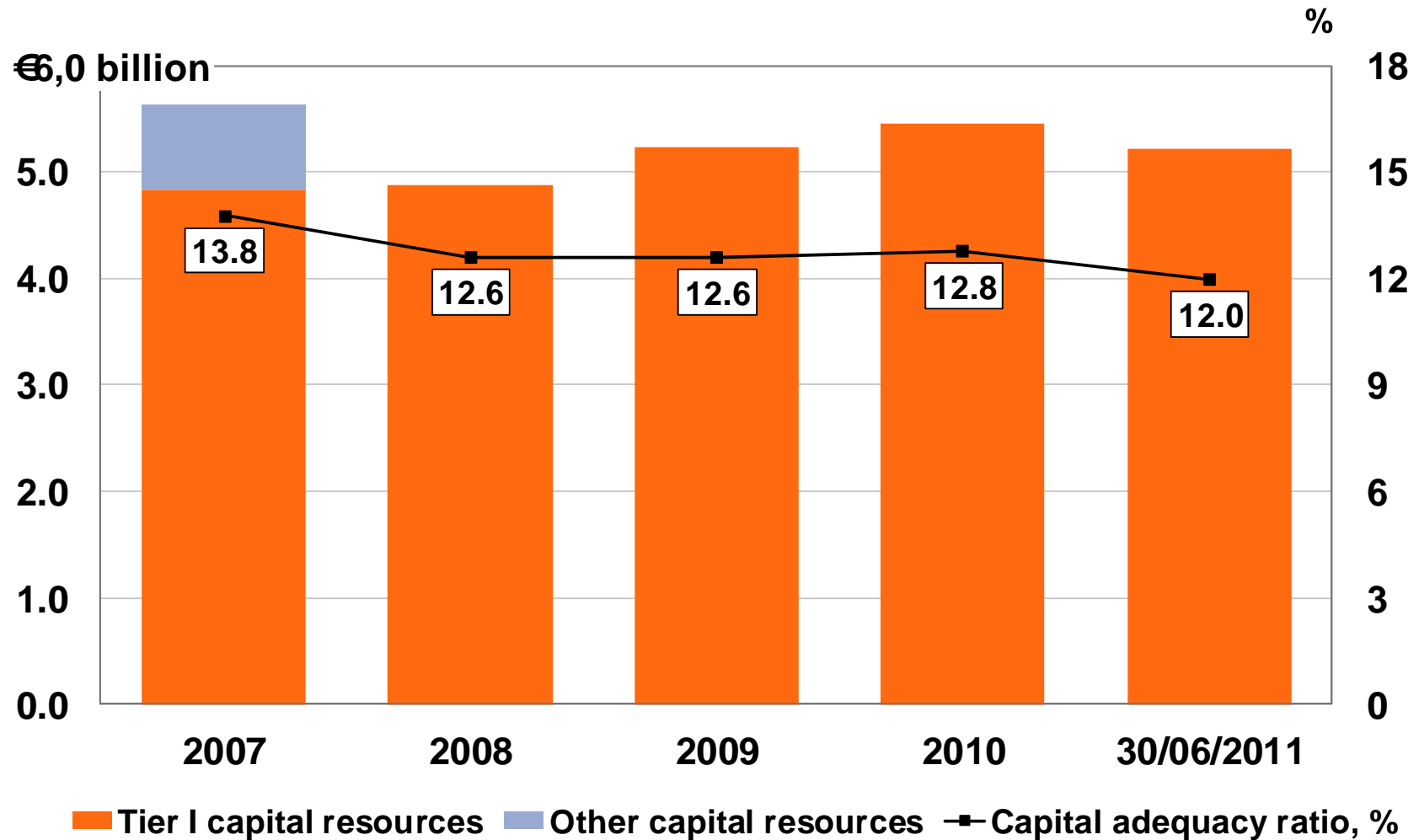


OP-Pohjola Group Non-performing Loans

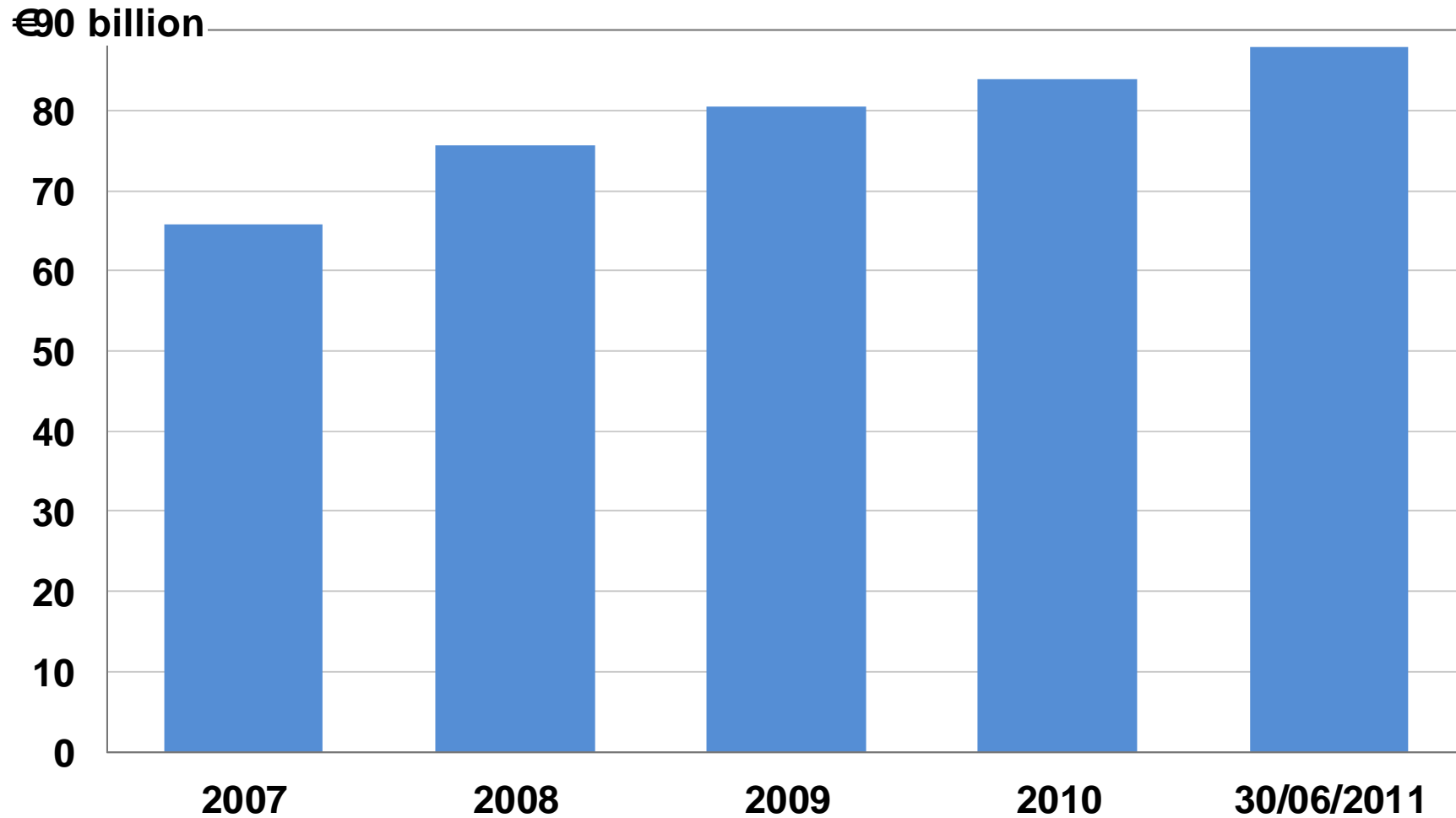


The amalgamation of the cooperative banks

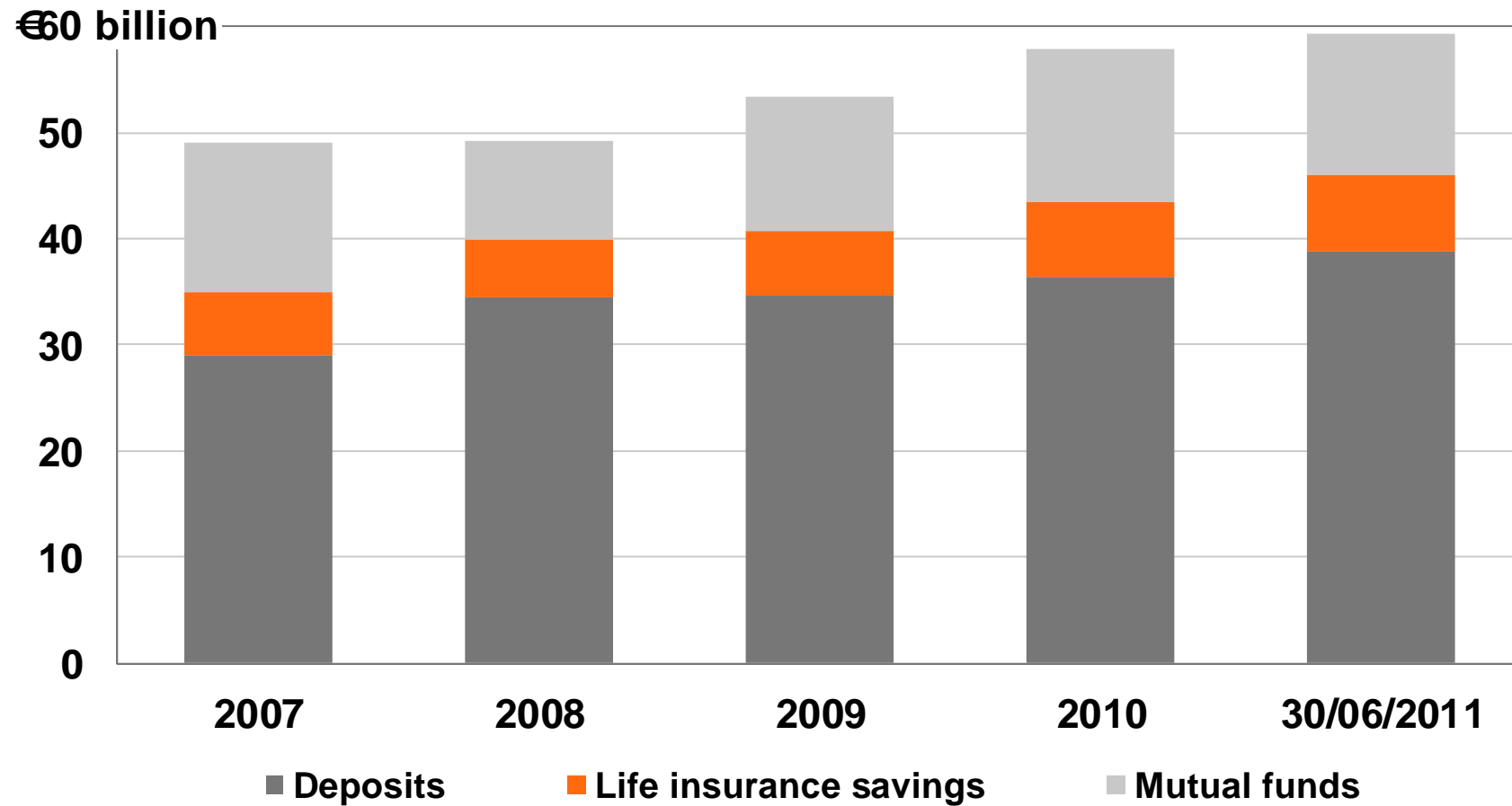
Capital Base and Capital Adequacy Ratio



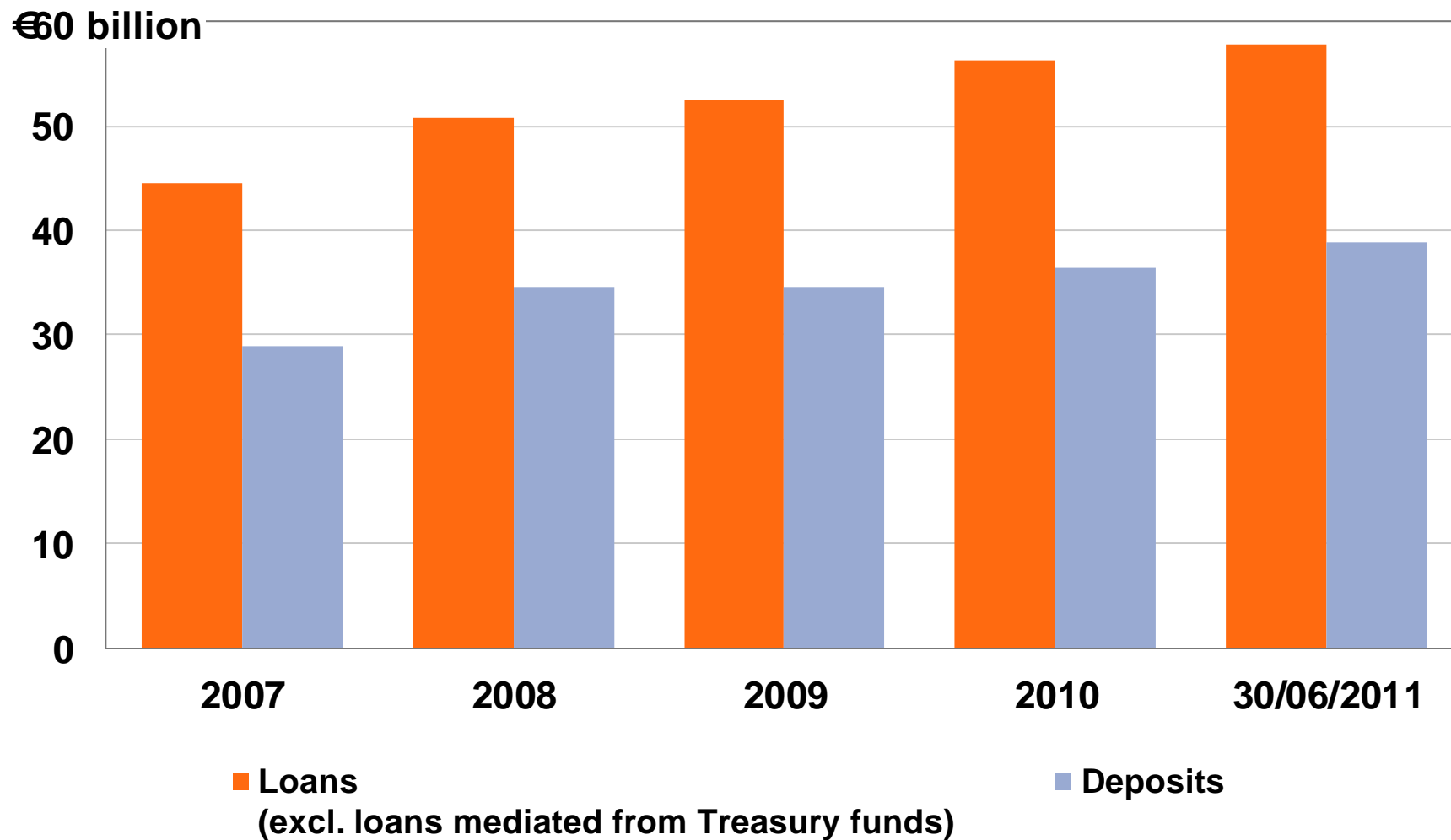
OP-Pohjola Group Balance Sheet



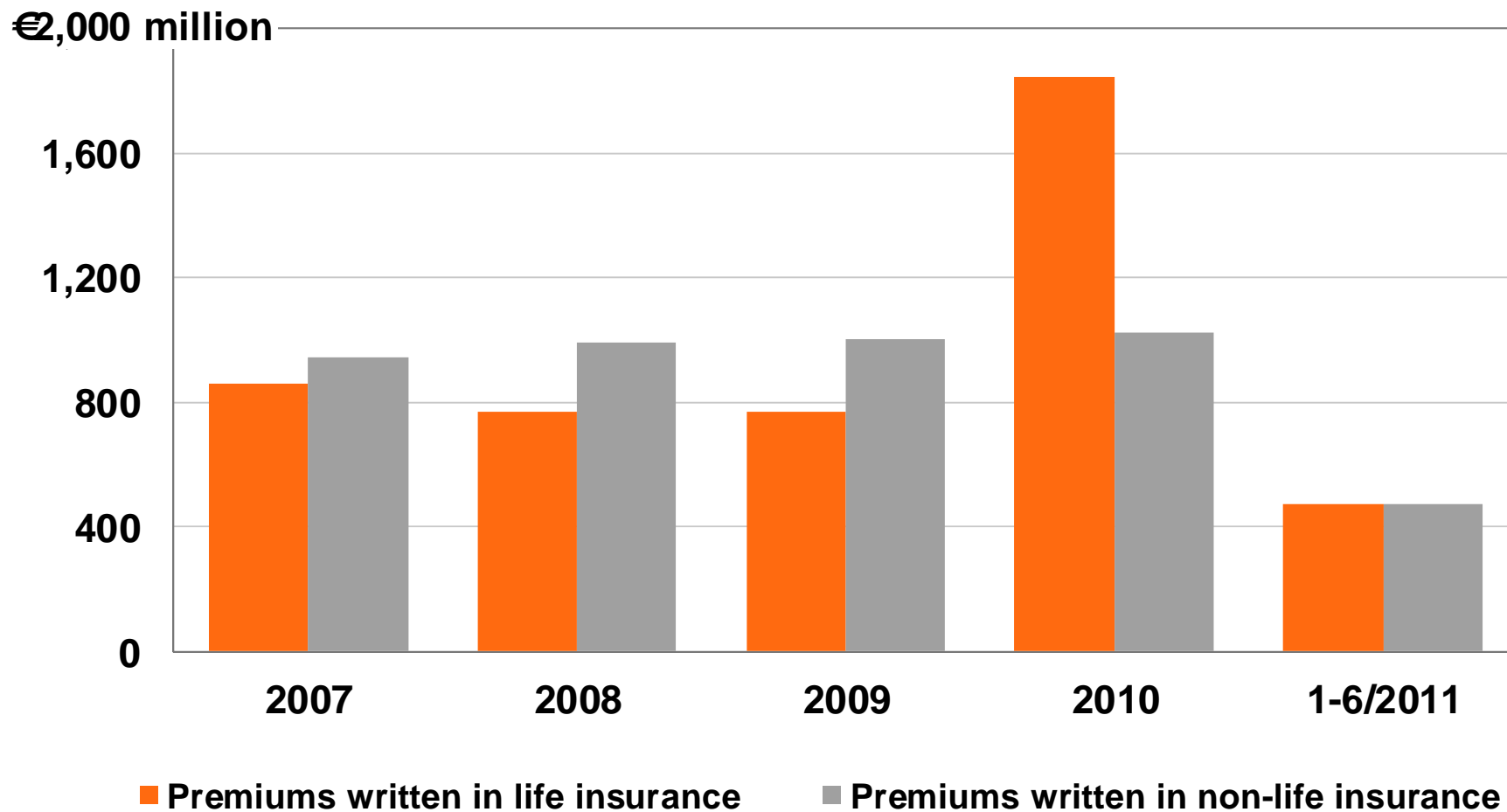
OP-Pohjola Group Customer Funds



OP-Pohjola Group Loans and Deposits



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



Thank you

