

Pohjola Group



Q2



Interim Report for Q2/11 and H1/11

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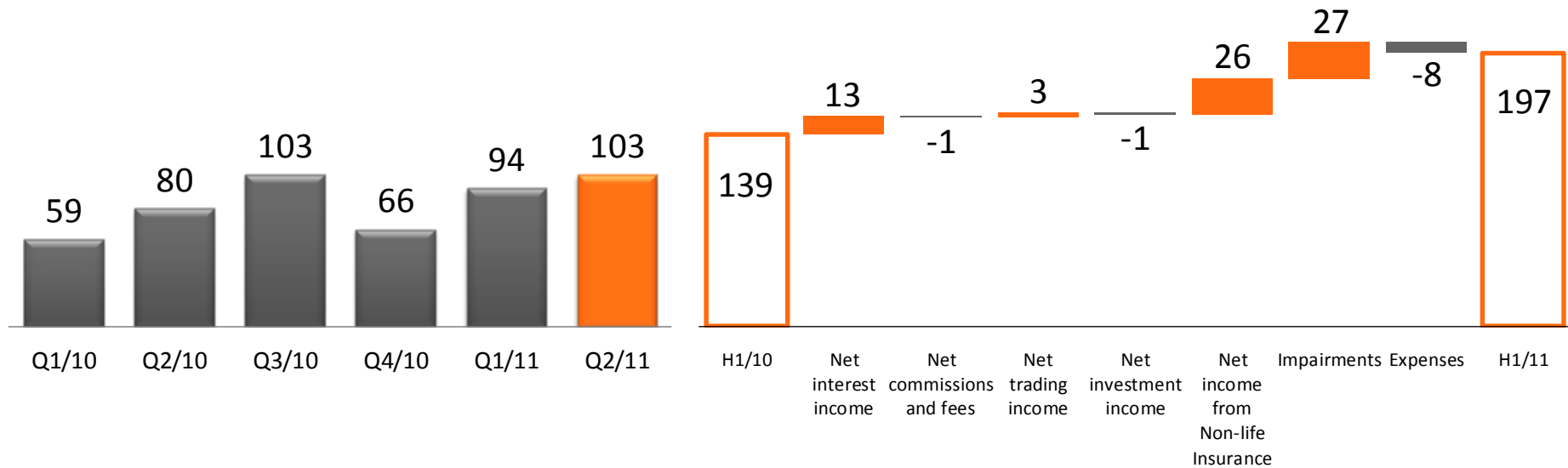
Pohjola Group

Interim Report Q2/11



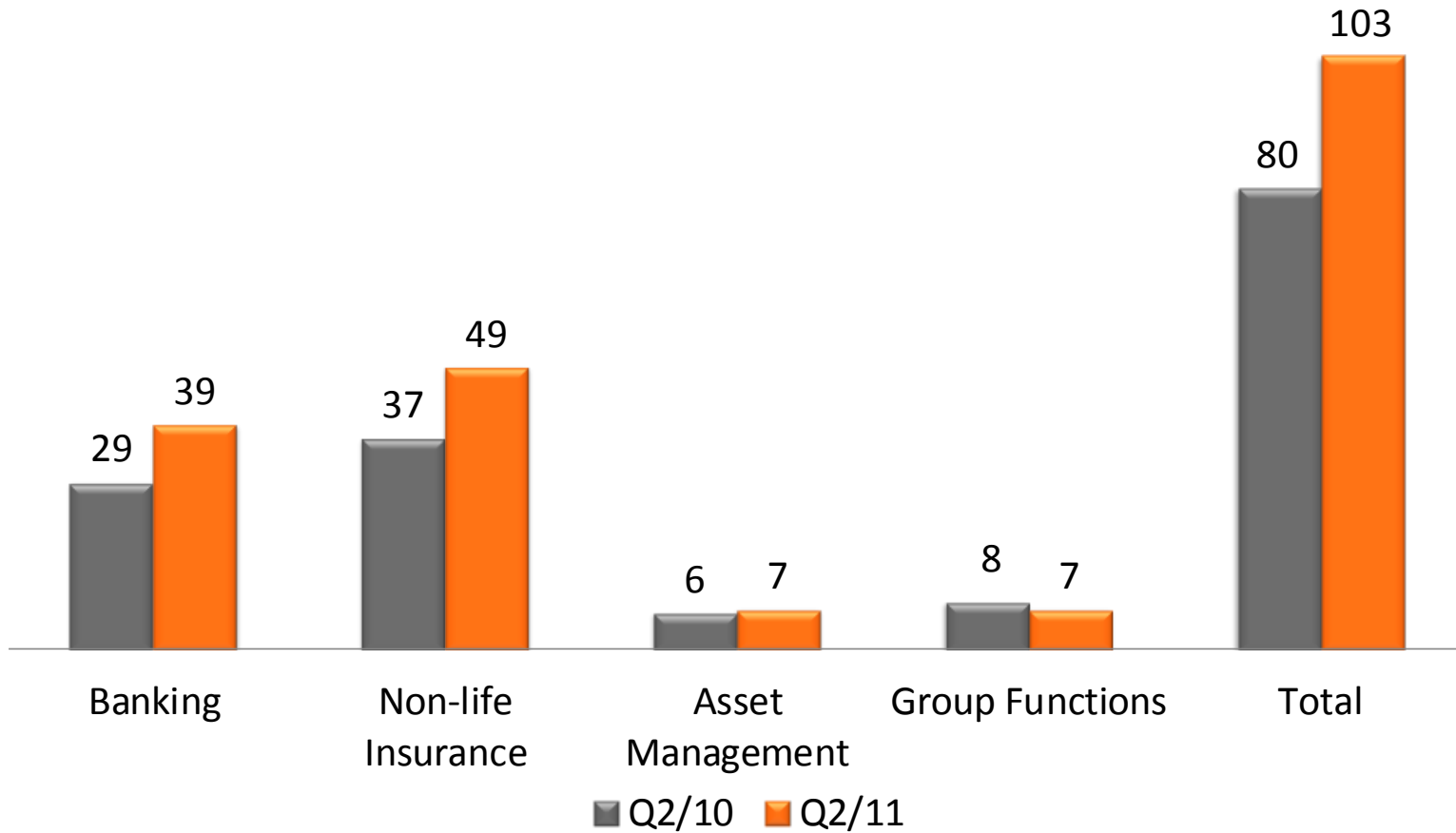
Pohjola Group

Earnings before tax, € million



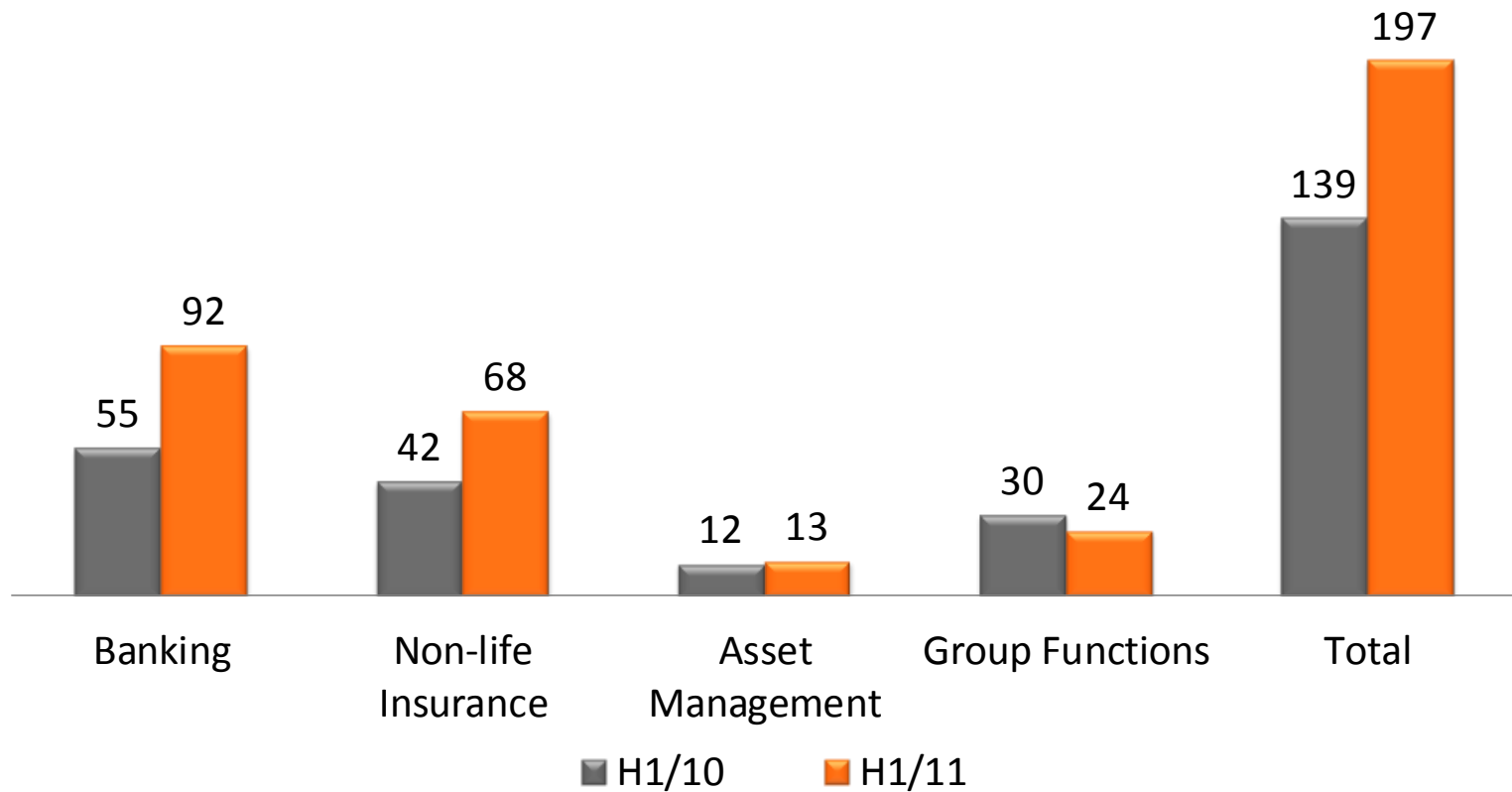
Pohjola Group Q2/11

Earnings before tax, € million



Pohjola Group H1/11

Earnings before tax, € million



Pohjola Group

Financial Targets over the Economic Cycle

	Target	Q2/11	H1/11	2010
Group				
Return on equity at fair value, %	13	11.4	10.5	9.3
Tier 1 ratio, %	> 9.5	12.2	12.2	12.5
Banking				
Operating cost/income ratio, %	< 40	38	36	35
Non-life Insurance				
Operating combined ratio, %	92.0	83.3	91.6	89.7
Operating expense ratio, %	< 20	21.1	21.5	21.3
Solvency ratio, %	70	86	86	86
Asset Management				
Operating cost/income ratio, %	< 50	48	49	53

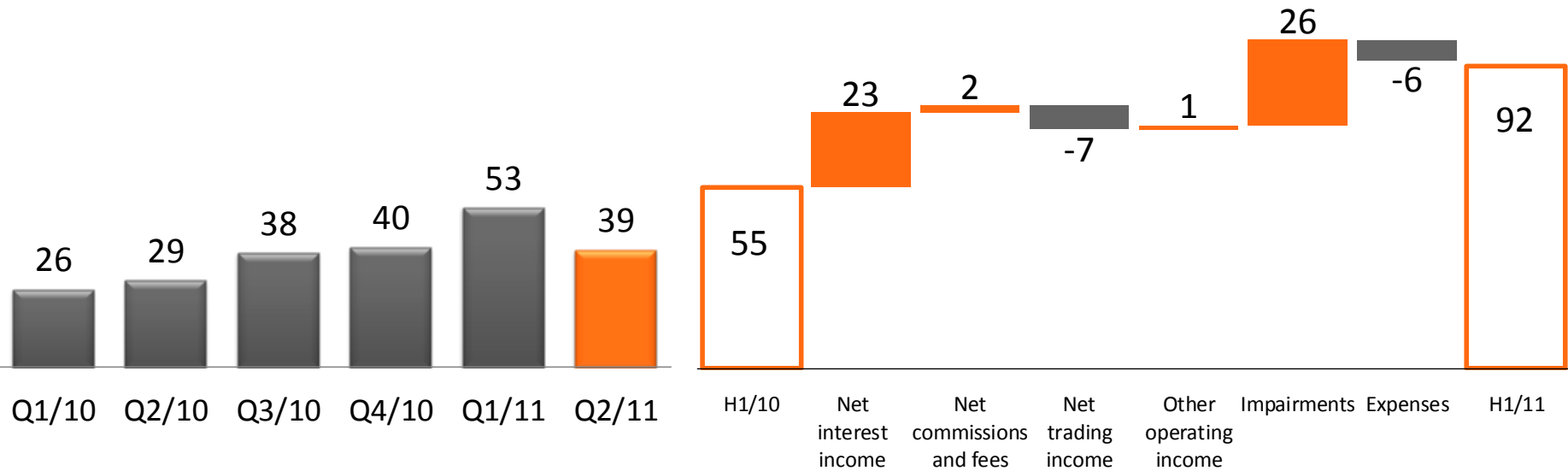
Banking

Interim Report Q2/11



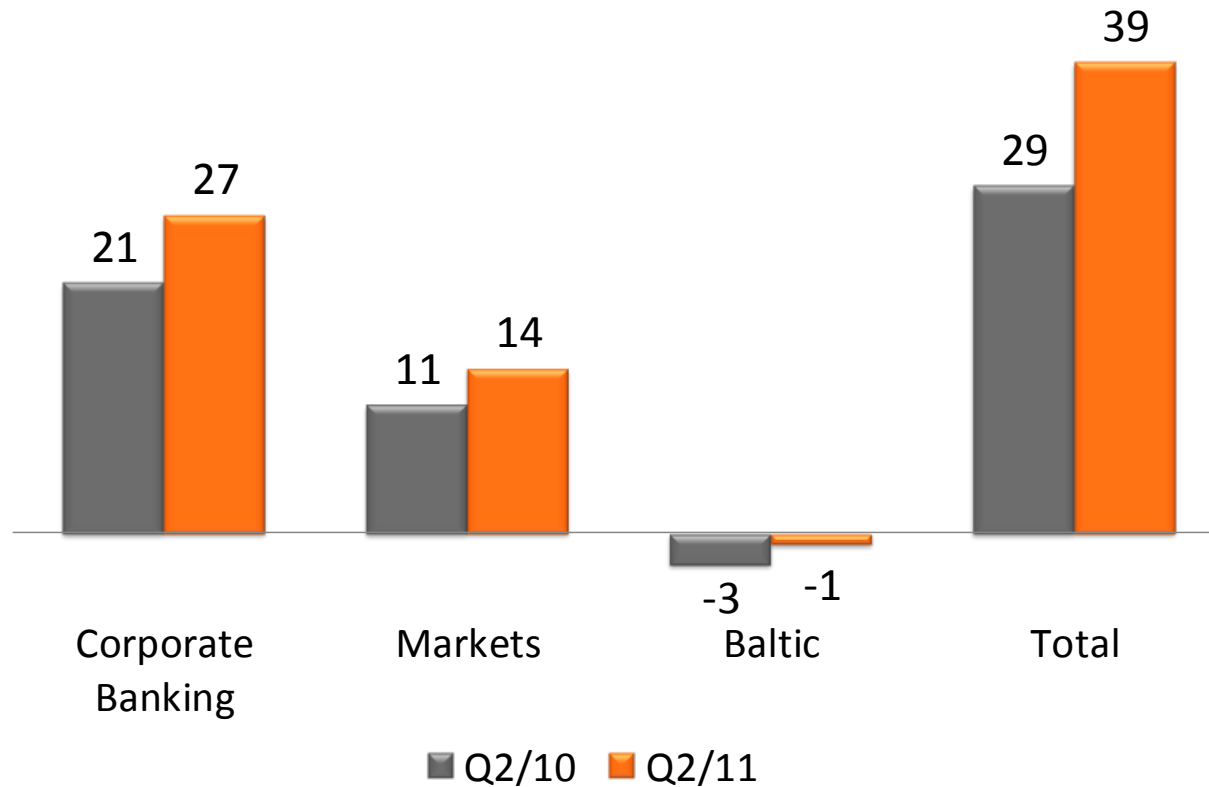
Banking

Earnings before tax, € million



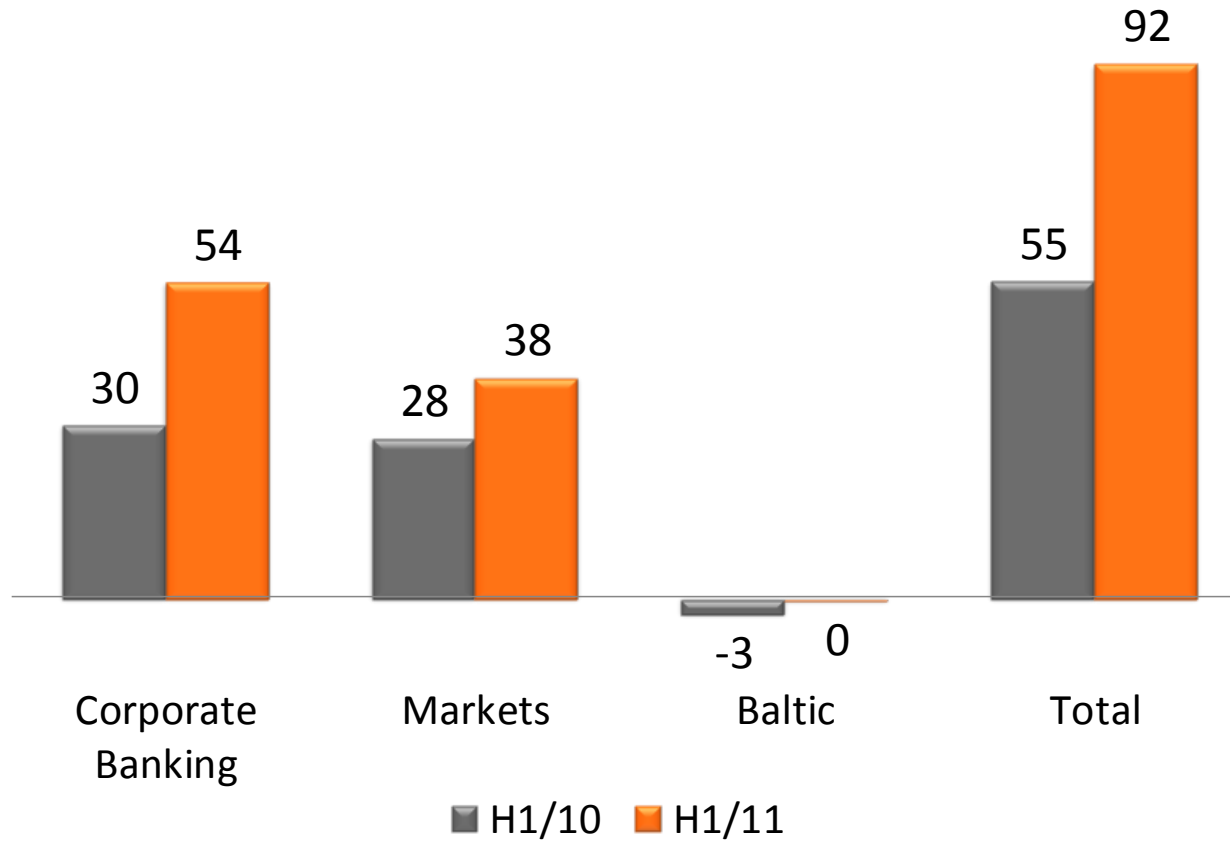
Banking Q2/11

Earnings before tax by business division, € million



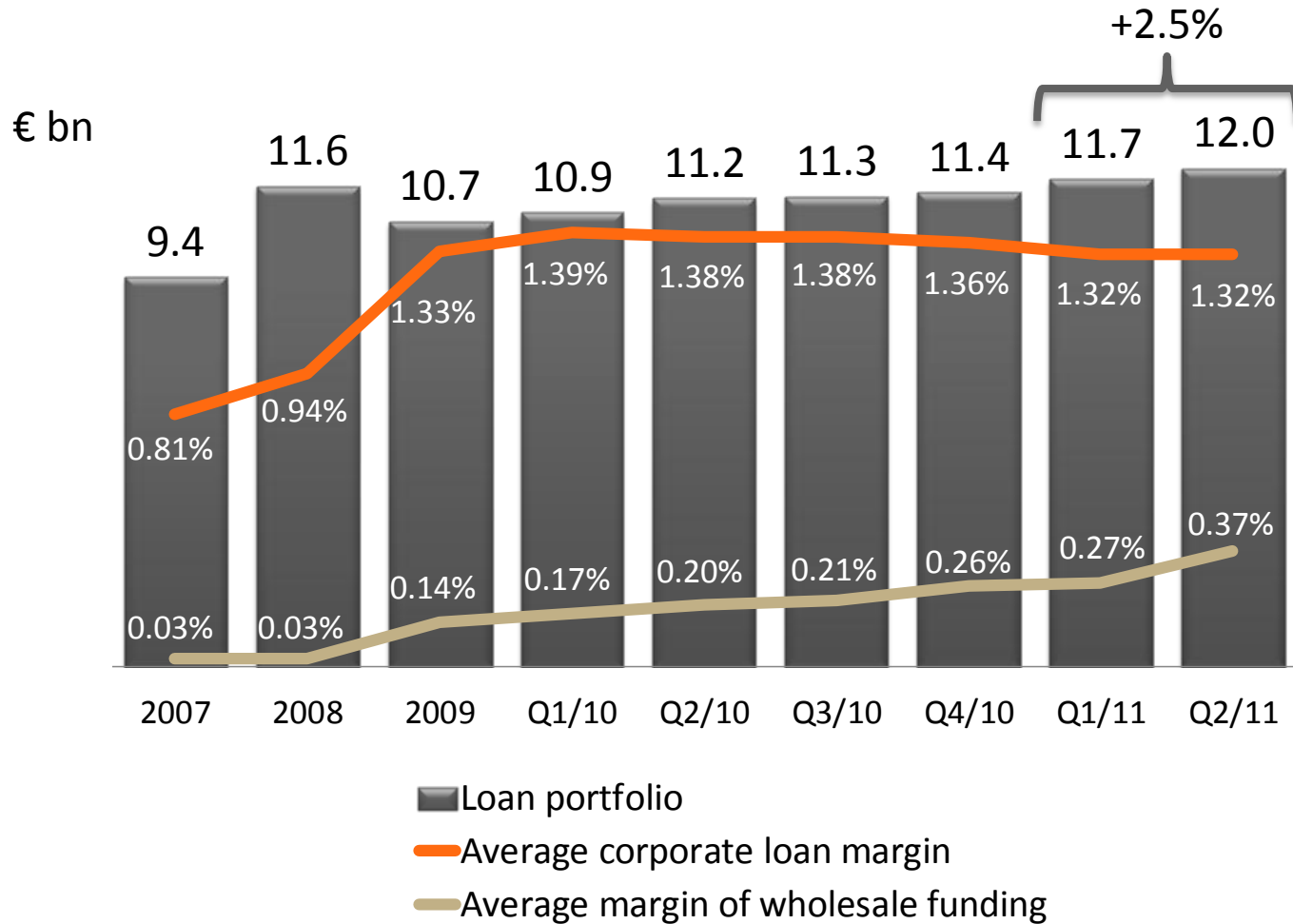
Banking H1/11

Earnings before tax by business division, € million



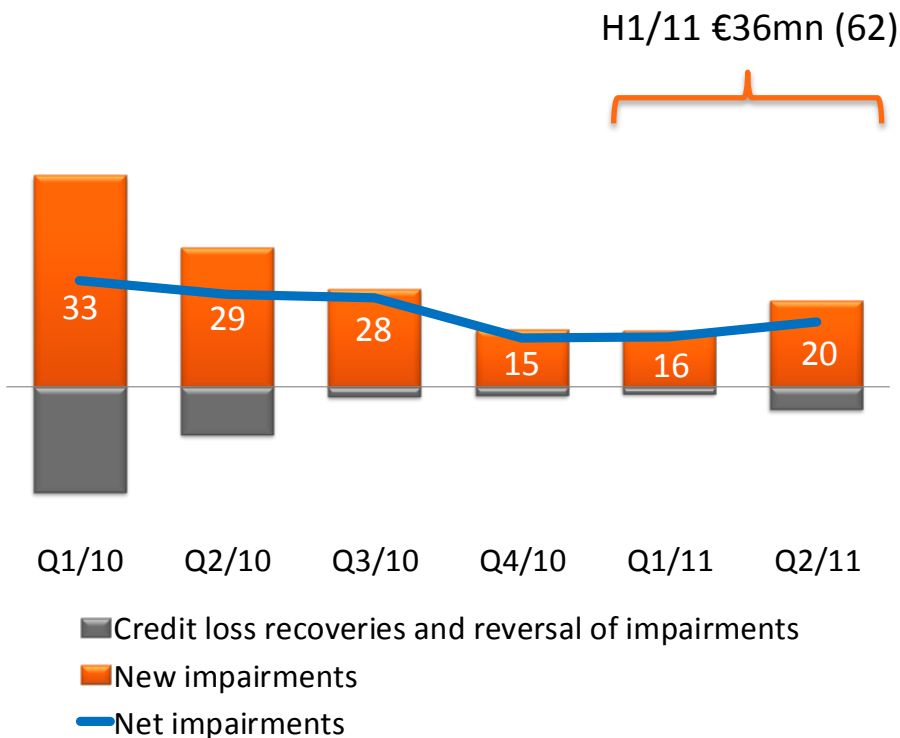
Banking

Loan portfolio grew by 5% from the 2010-end level and by 6% in the year to June

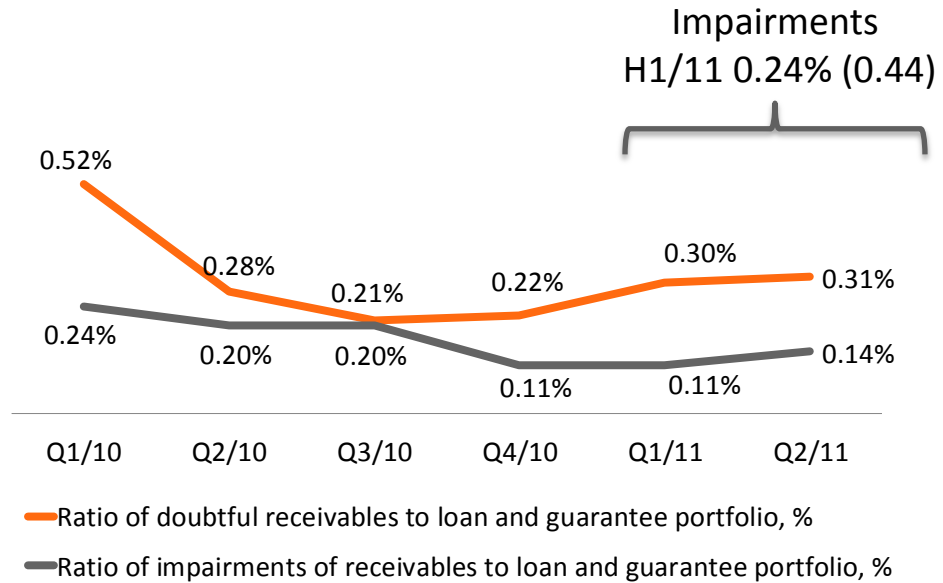


Banking

Net impairments, € million



Ratio of impairments and doubtful receivables to loan and guarantee portfolio, %



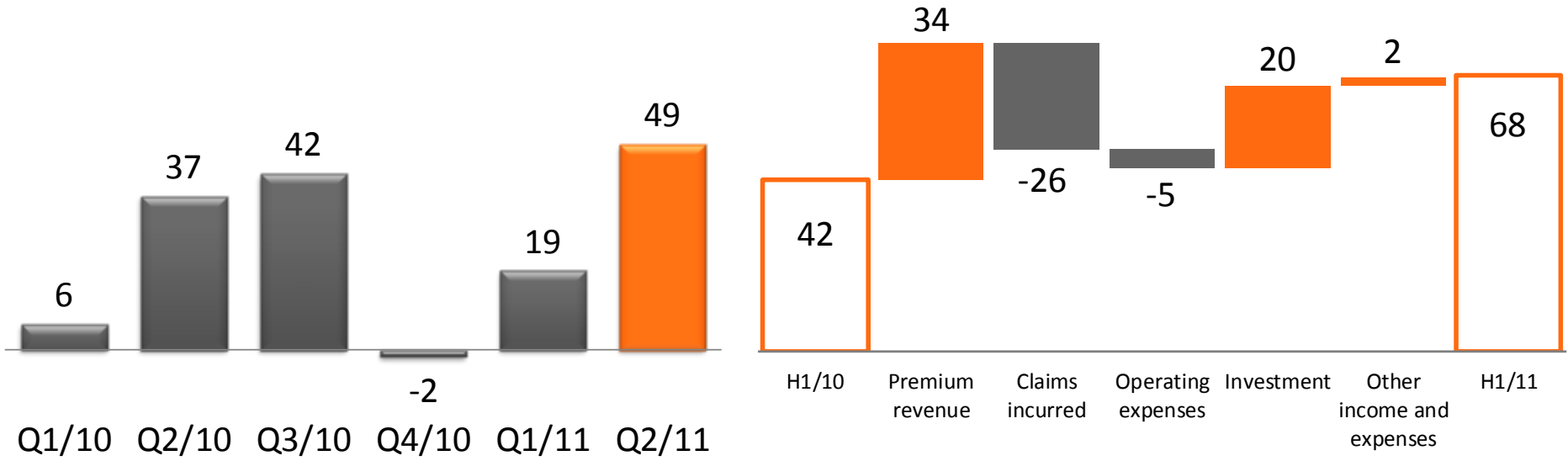
Non-life Insurance

Interim Report Q2/11



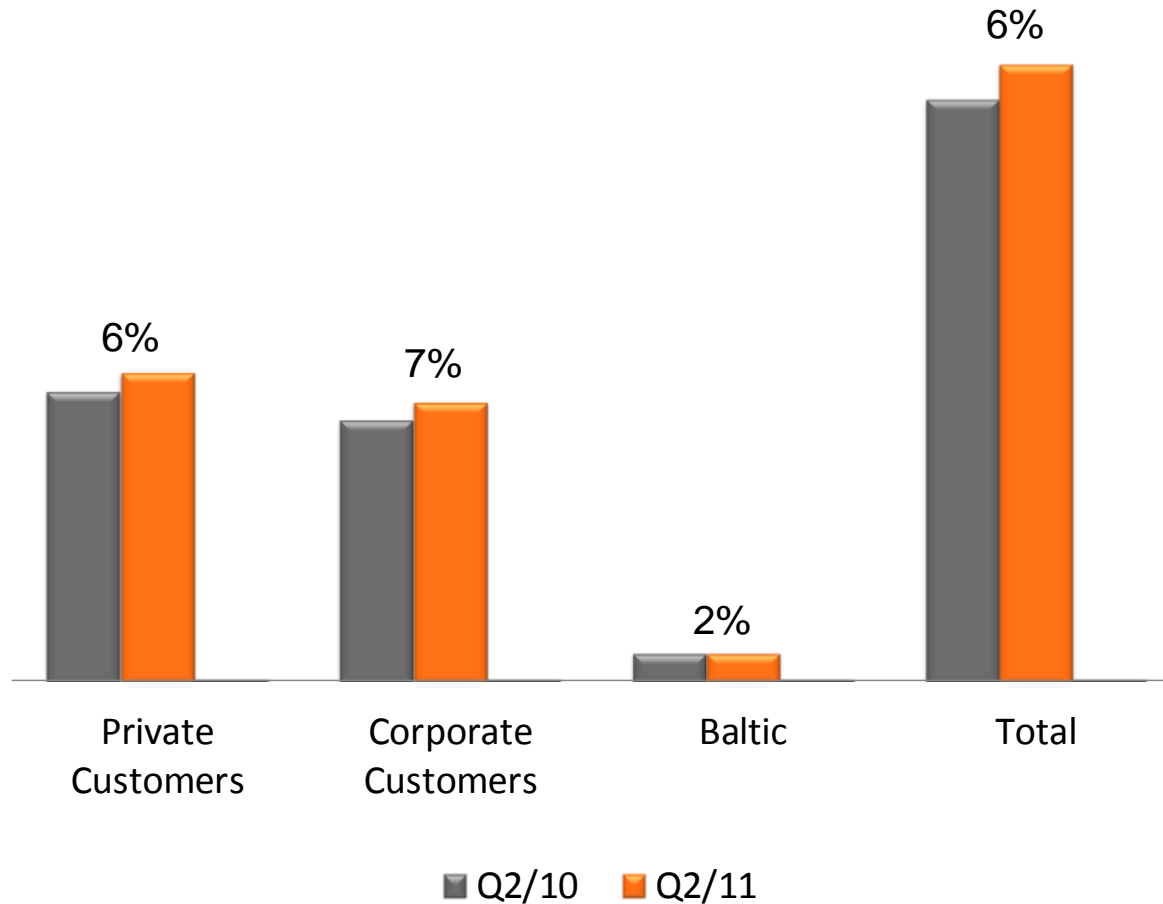
Non-life Insurance

Earnings before tax, € million



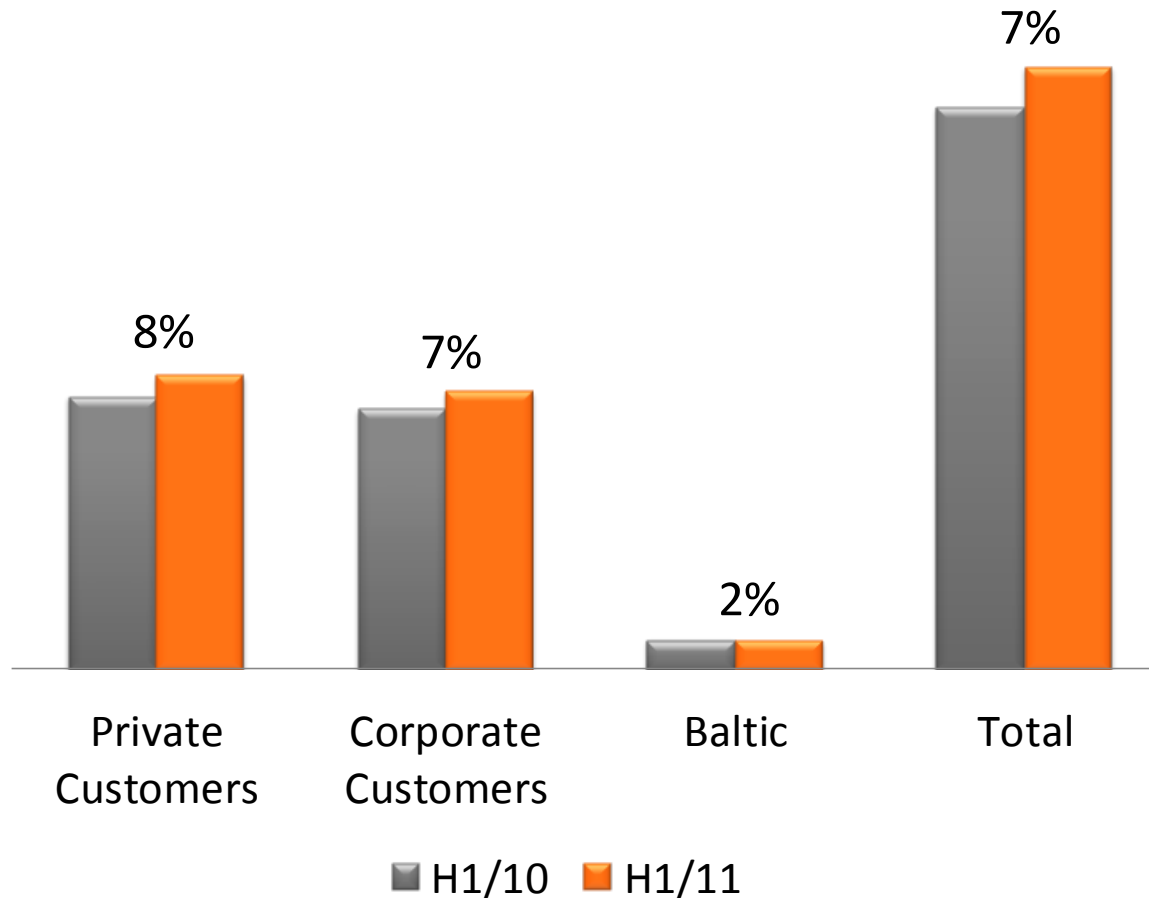
Non-life Insurance Q2/11

Insurance premium revenue €261mn (246) and growth, %



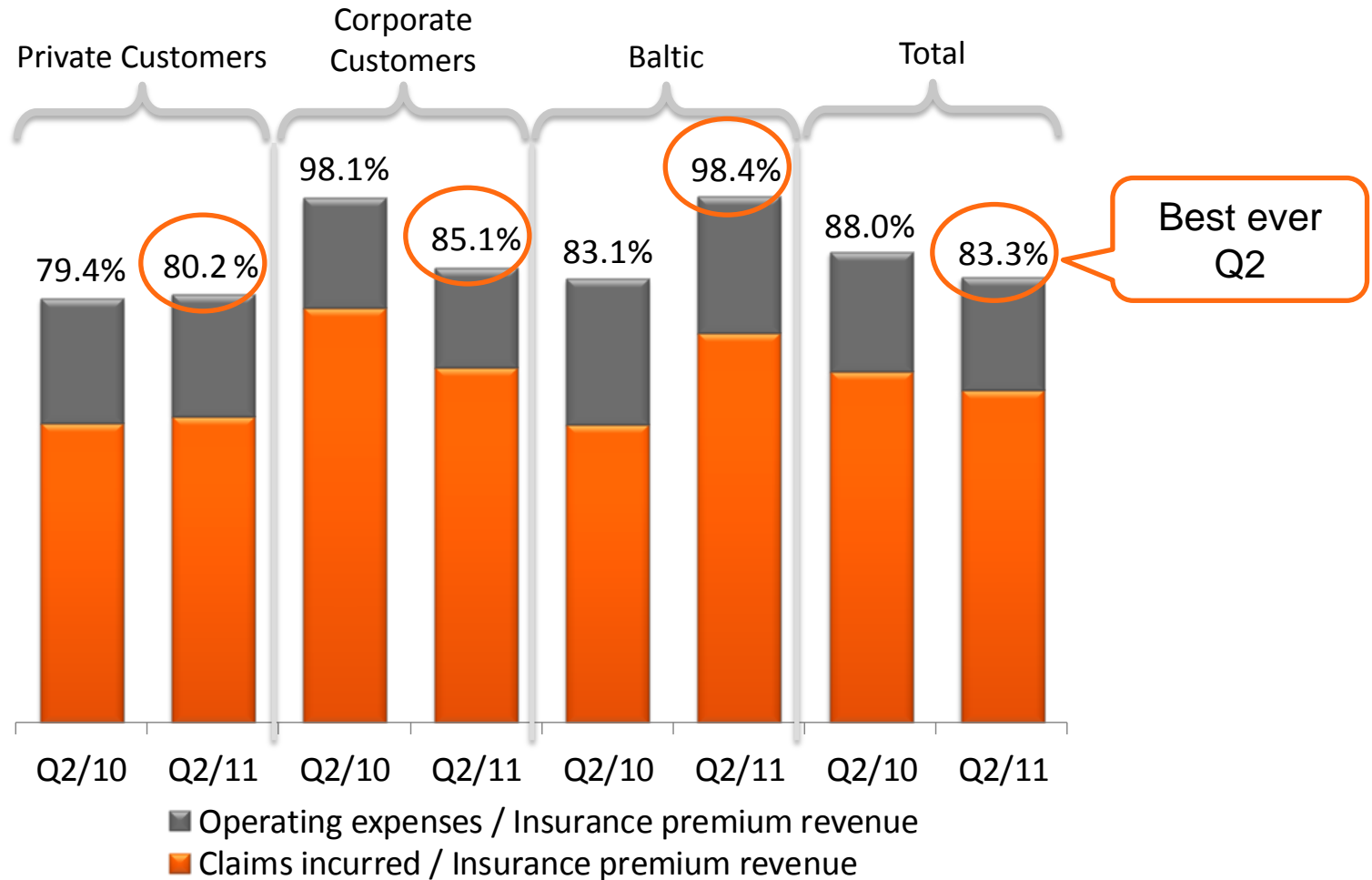
Non-life Insurance H1/11

Insurance premium revenue €507mn (473) and growth, %



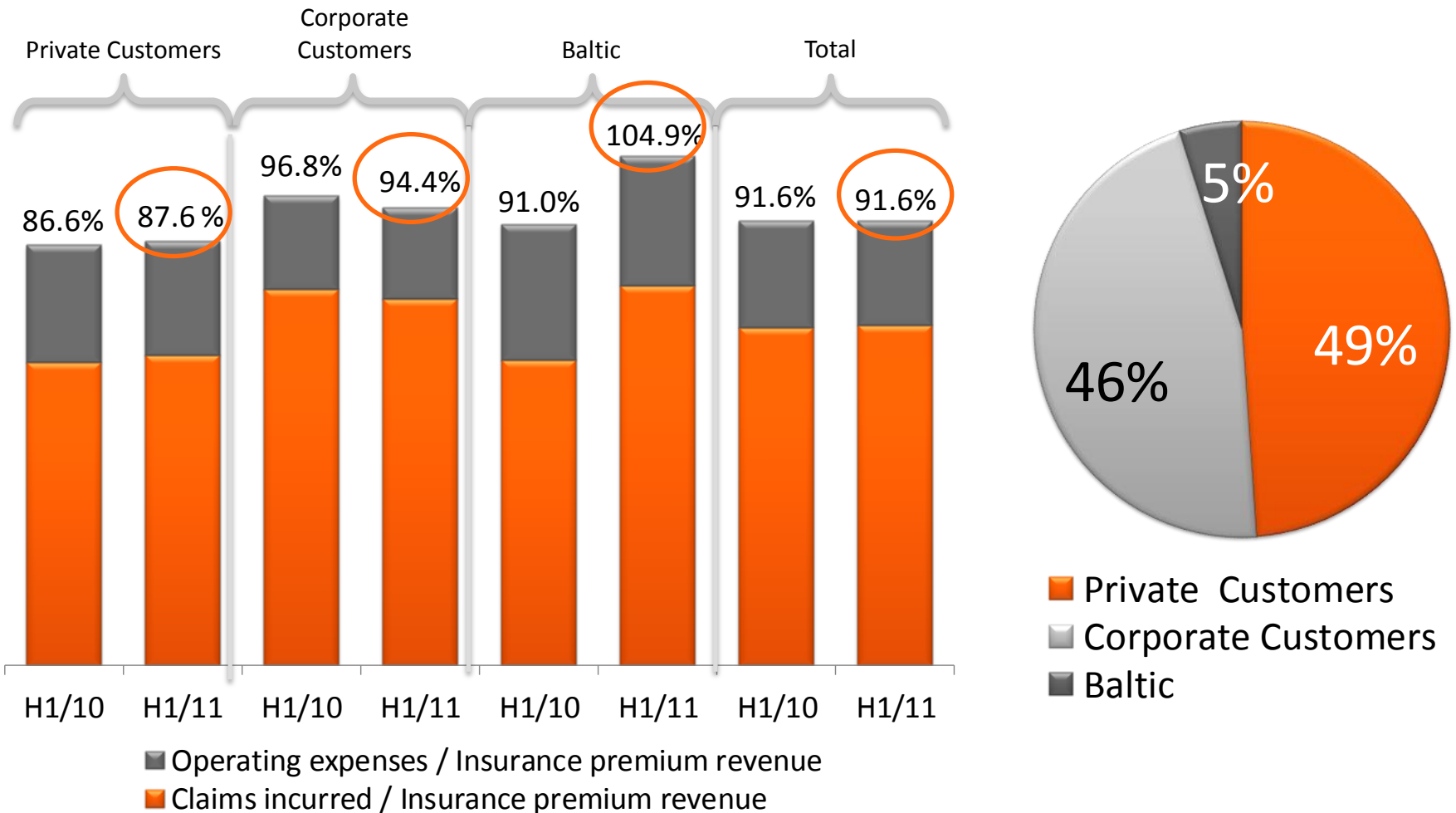
Non-life Insurance Q2/11

Operating combined ratio



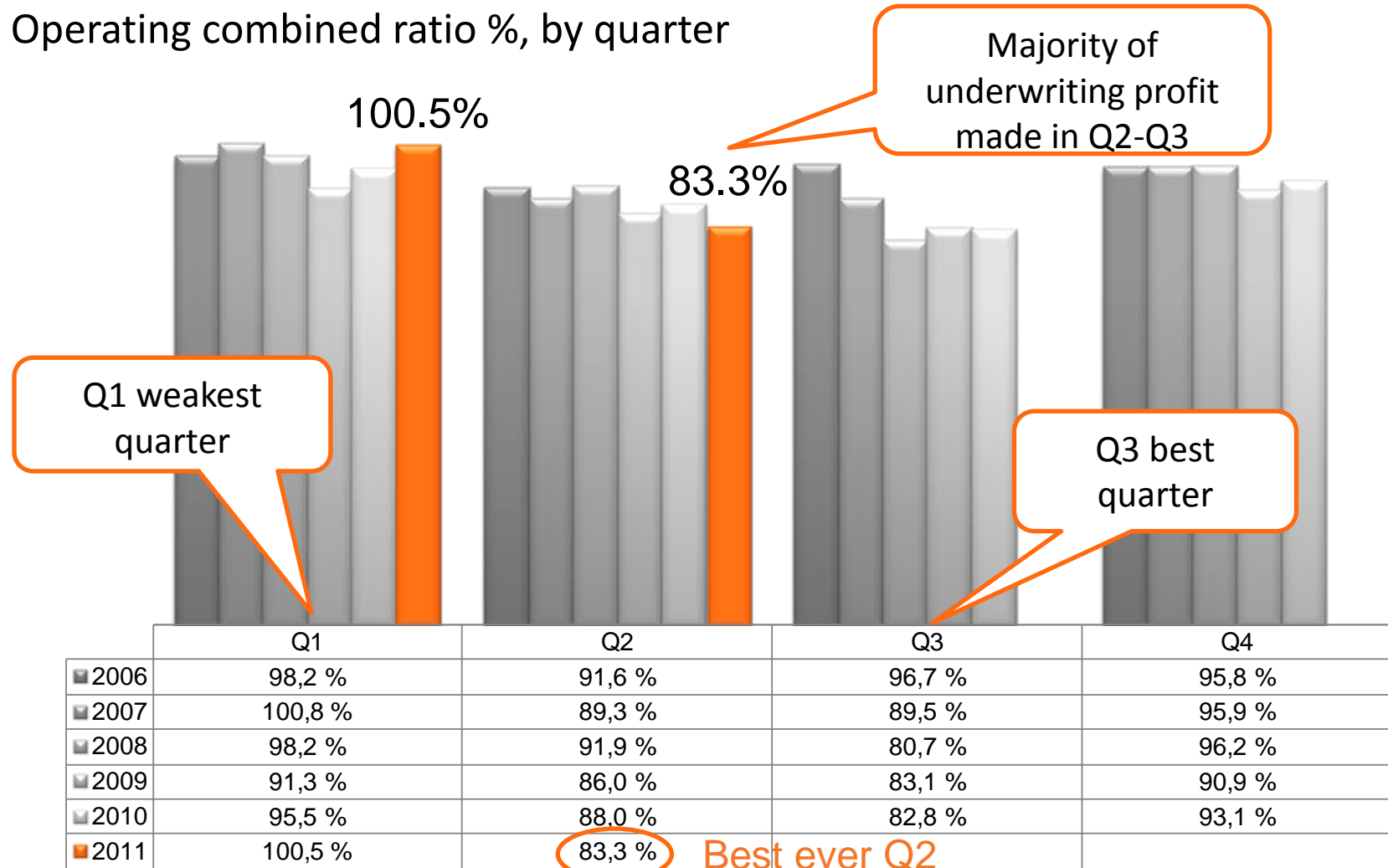
Non-life Insurance H1/11

Operating combined ratio and shares of insurance premium revenue total



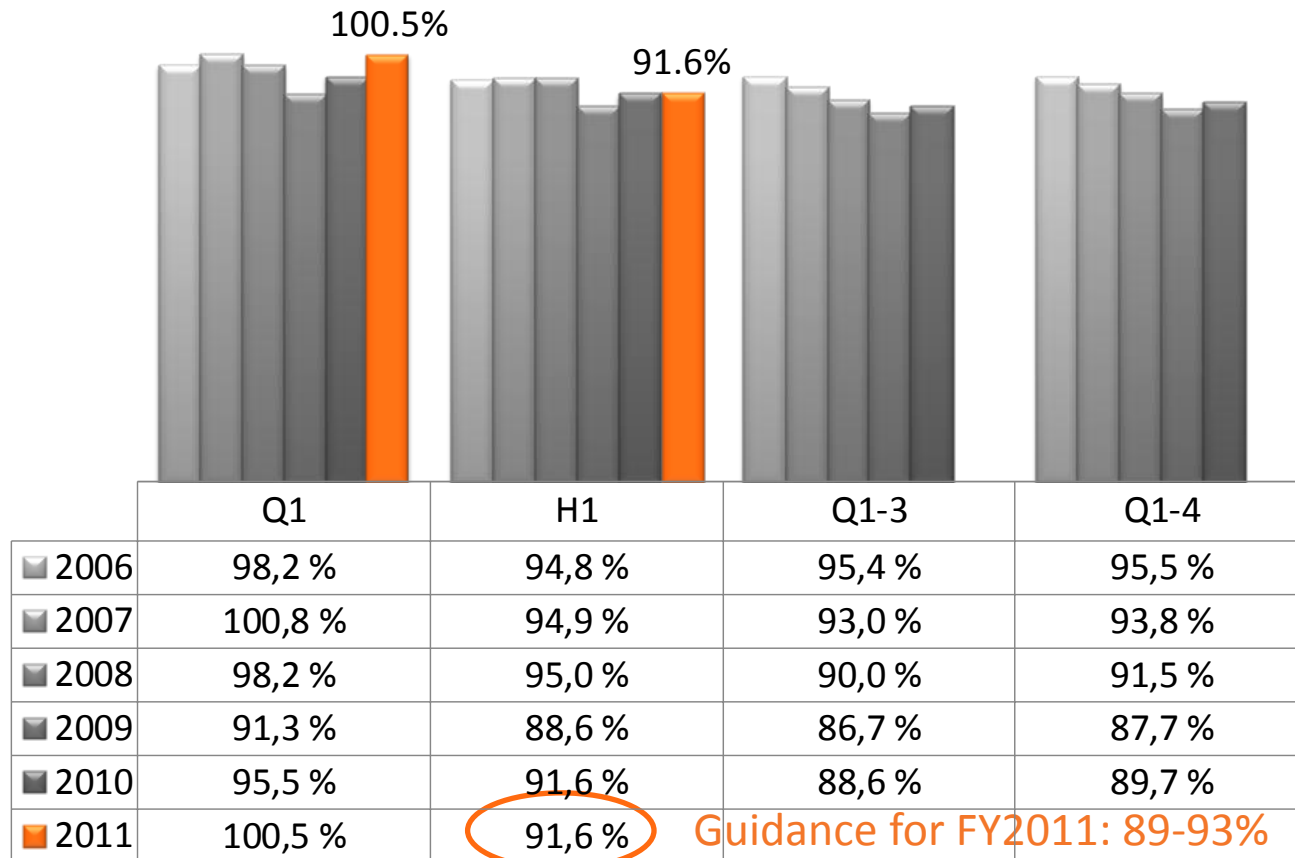
Non-life Insurance Q2/11

Operating combined ratio %, by quarter



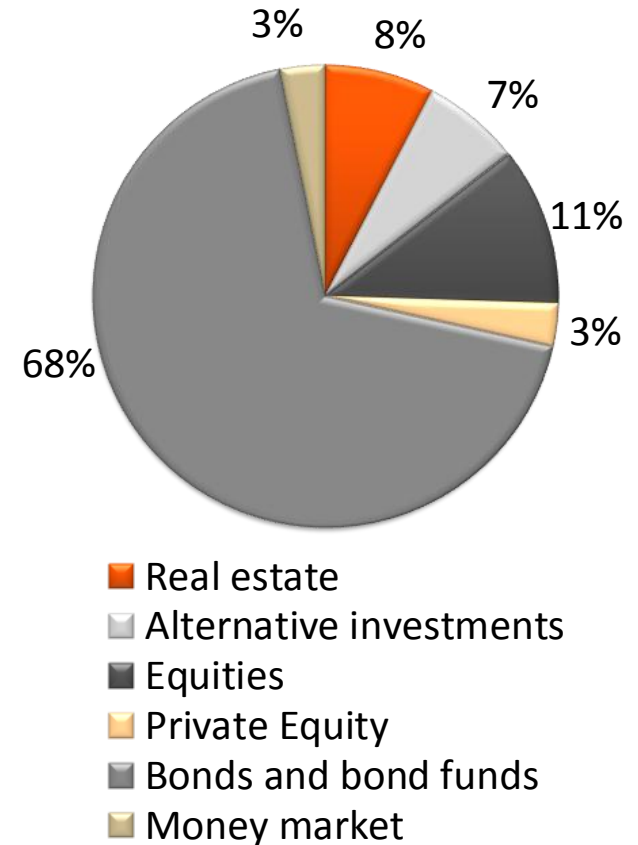
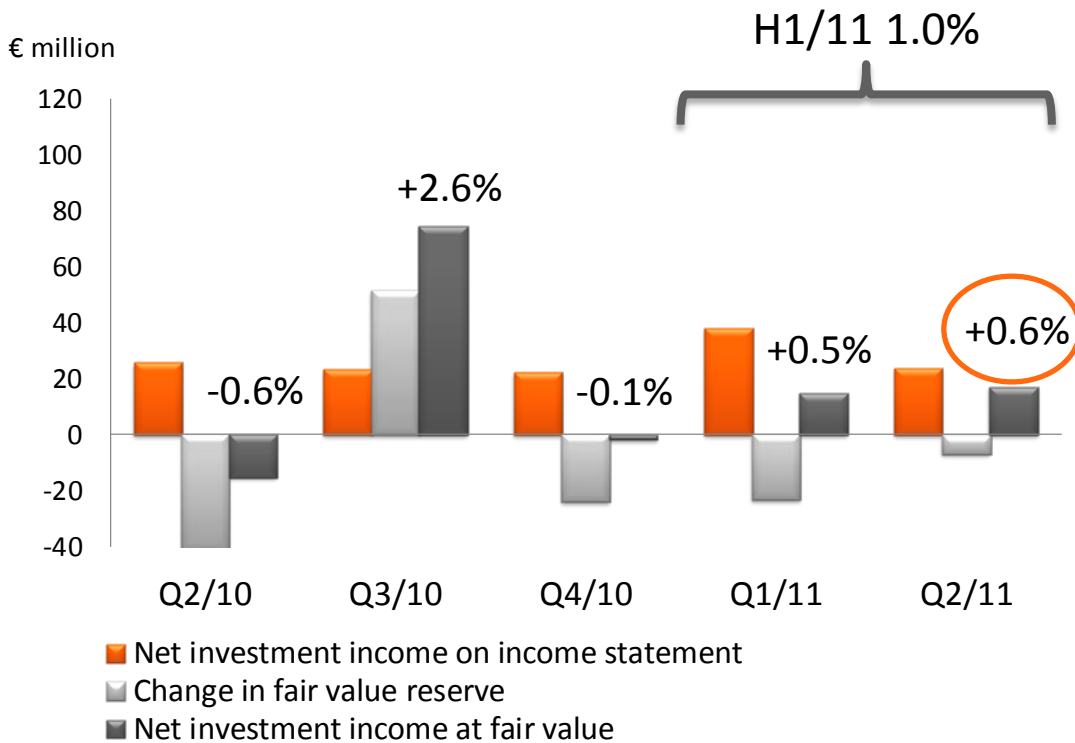
Non-life Insurance H1/11

Operating combined ratio %, cumulative



Non-life Insurance

Return on investments at fair value and investment portfolio (€2,9bn) by asset class



Asset Management

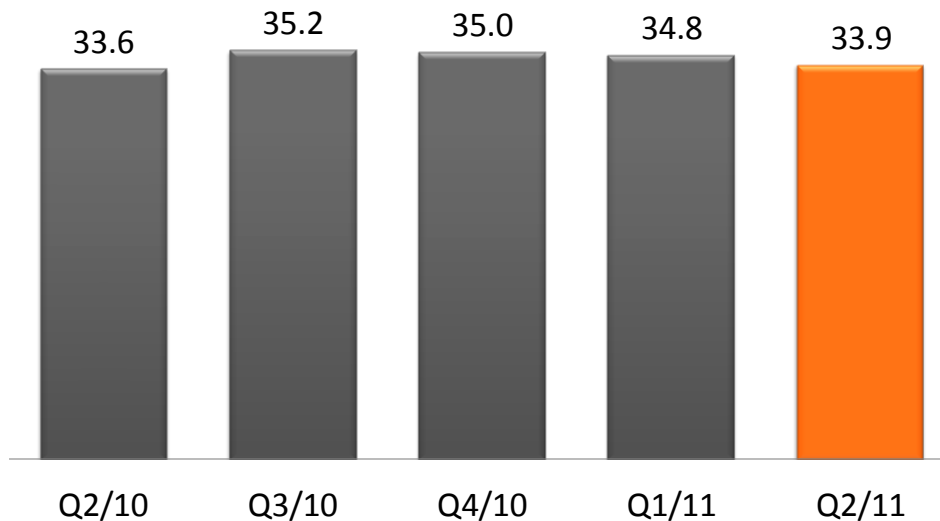
Interim Report Q2/11



Asset Management

Earnings before tax H1/11 improved by 13% to €13.5 million (11.9)

Assets under management, € billion

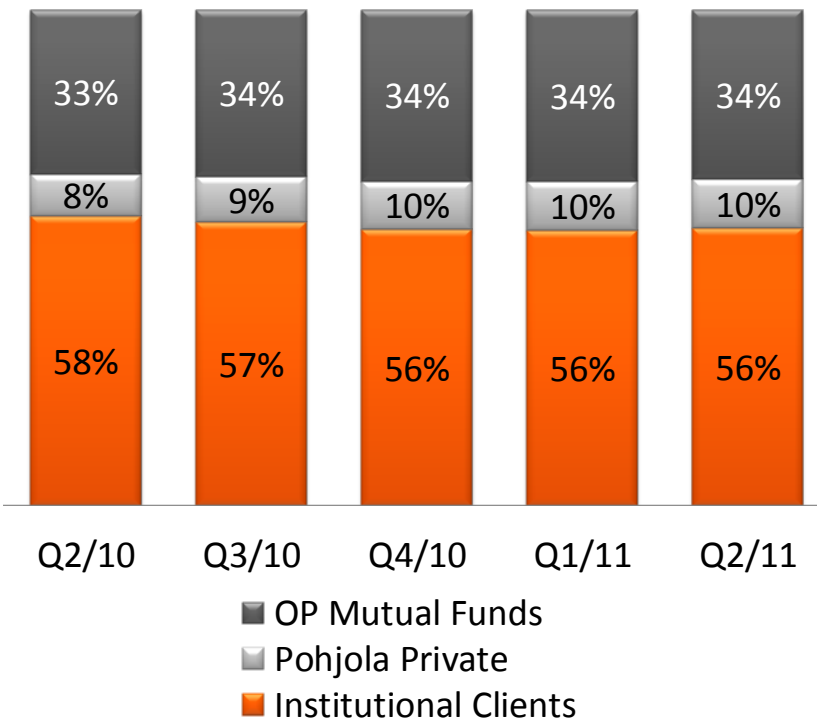


Operating cost/income ratio better than targeted (<50%)

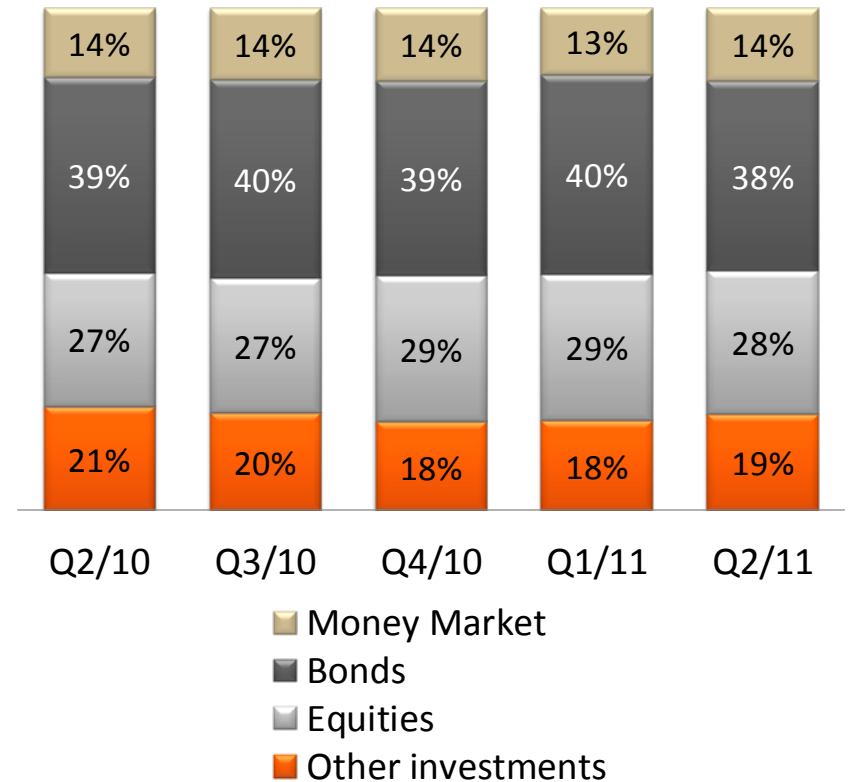
Operating cost/income ratio	2011	2010
Q2	48%	52%
H1	49%	53%

Asset Management

Assets under management by client group



Assets under management by asset class



Group Functions

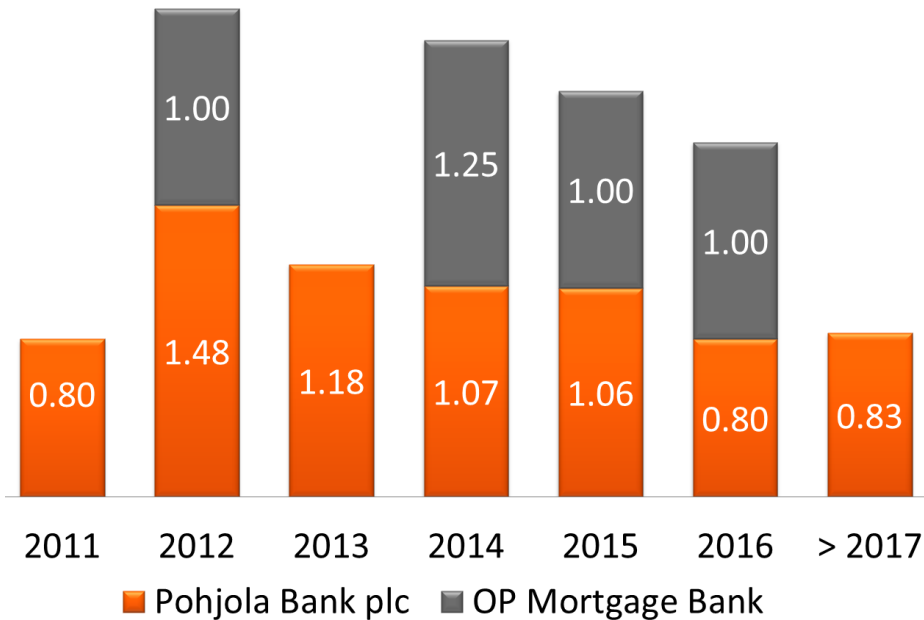
Interim Report Q2/11



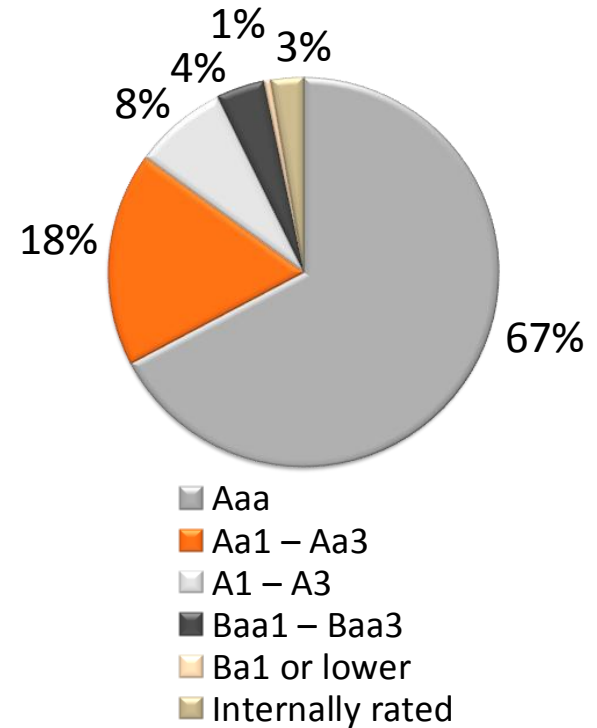
Group Functions

Earnings before tax for H1/11 were €24 million (30)

Maturing long-term funding,
€ billion



Liquidity portfolio (€11.9 bn) by credit rating



Outlook towards
the year end



Pohjola Group's Outlook towards the Year End

- Consolidated earnings before tax in 2011 are expected to be higher than in 2010.
 - With continued economic growth, impairment charges for 2011 are expected to be lower than the year before.
 - In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 93% (previous estimate: 89–94%) if the number of large claims is not much higher than in 2010.
- The full version of "Outlook" can be found in the Interim Report.

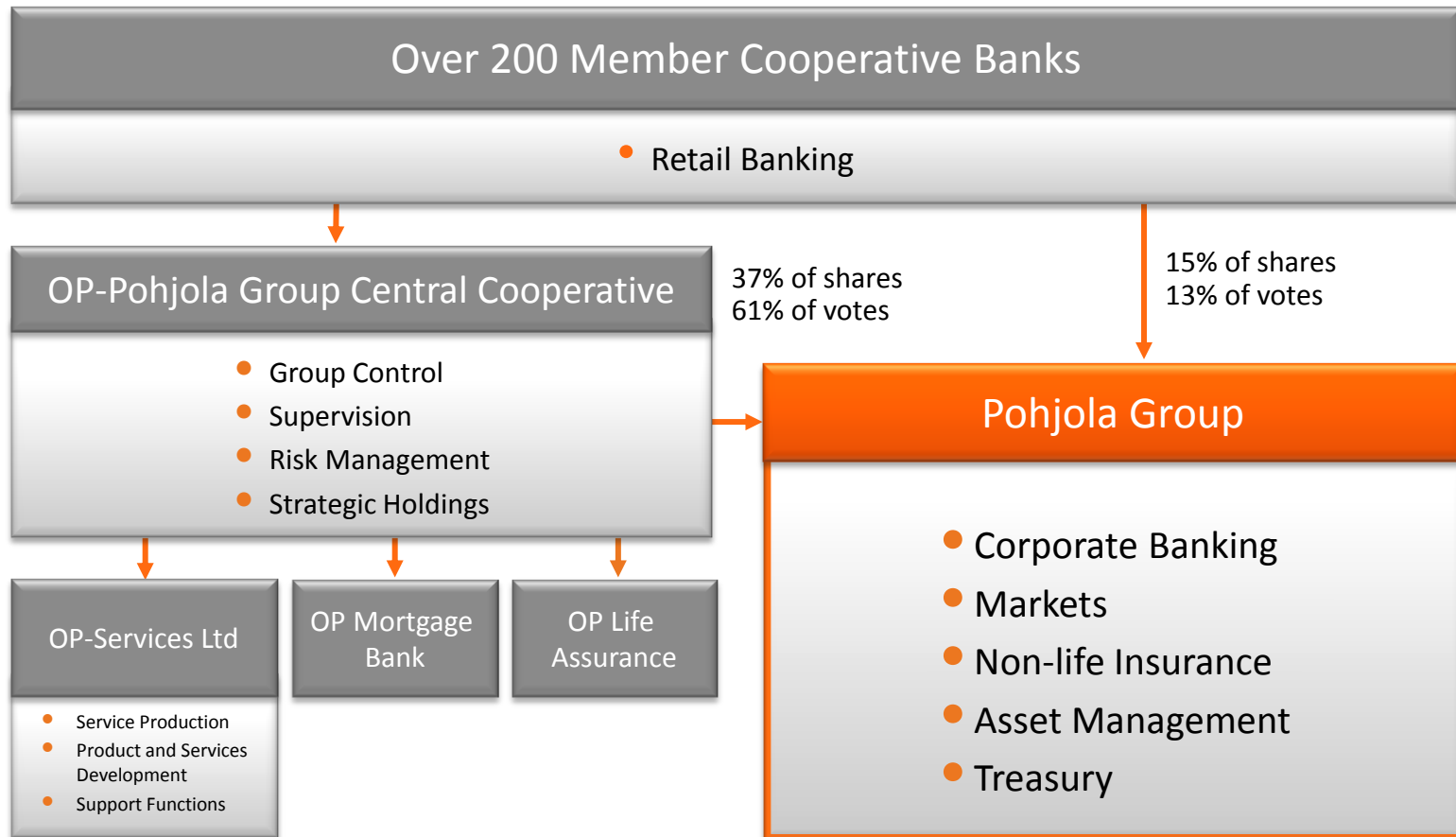
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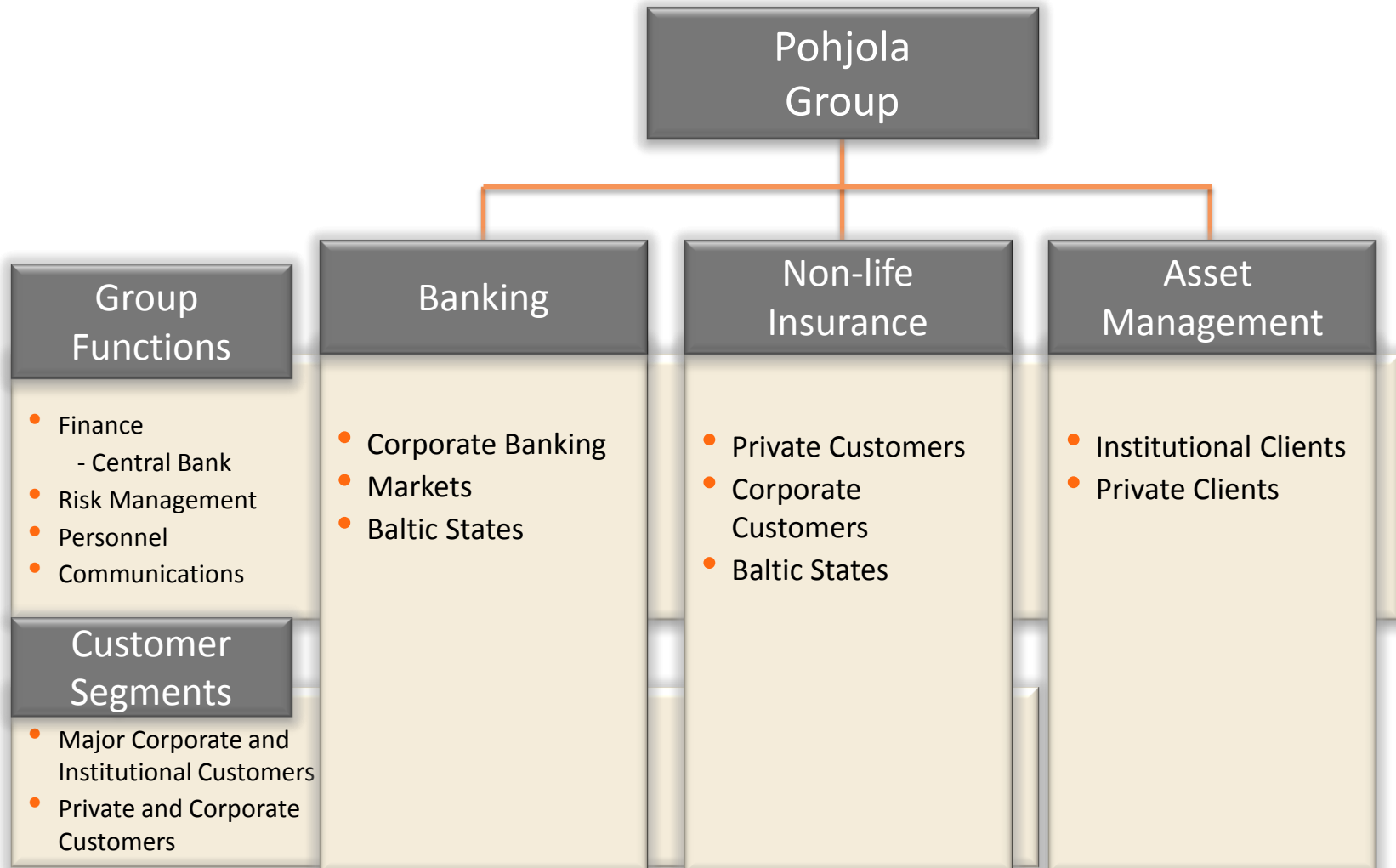


OP-Pohjola Group's Structure, Ownership Base and Division of Responsibilities

The Central Cooperative and the member banks are liable for each other's debts and commitments. Insurance companies do not fall within the scope of joint liability. OP-Pohjola Group is monitored on a consolidated basis by FSA.



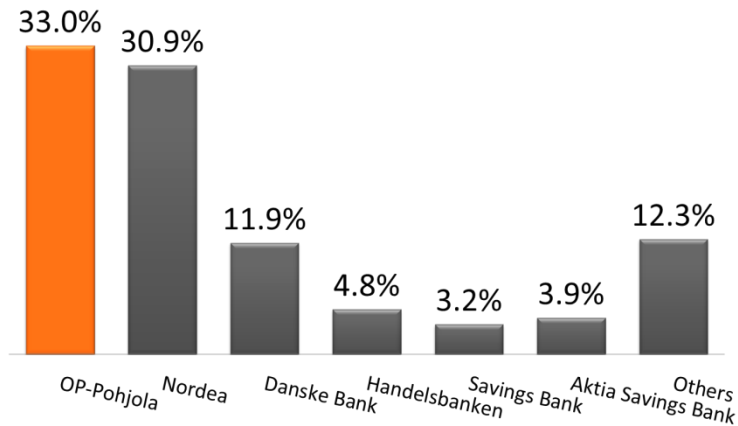
Pohjola Group's Business Structure



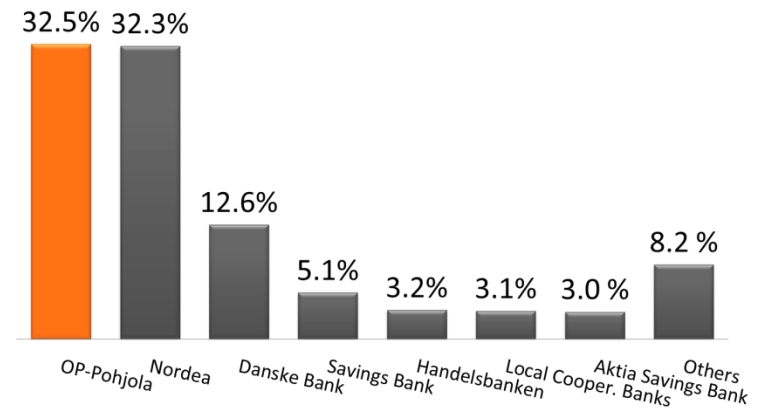
OP-Pohjola-Group – the Market Leader in Finland

Market shares in 2010

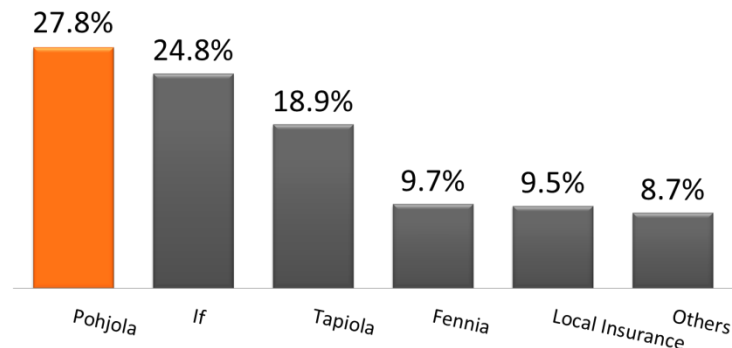
Lending



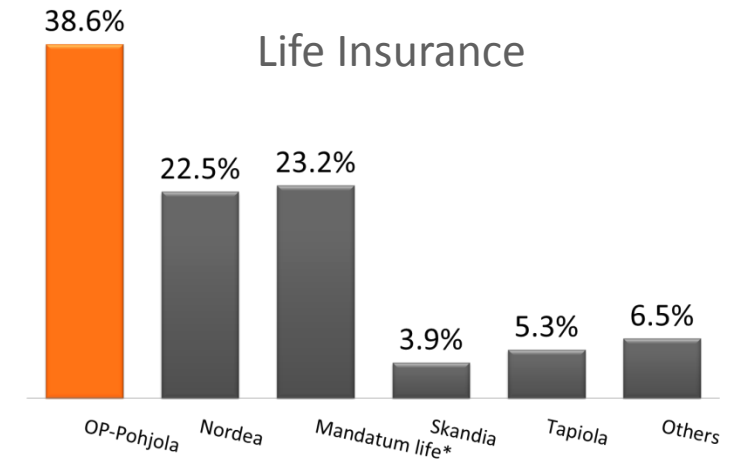
Deposits



Non-life Insurance

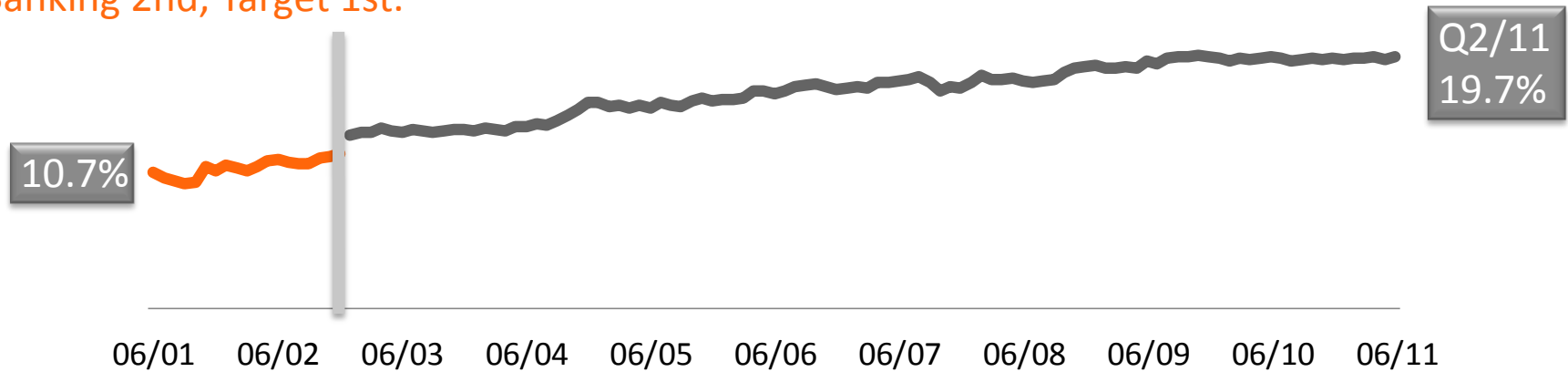


Life Insurance

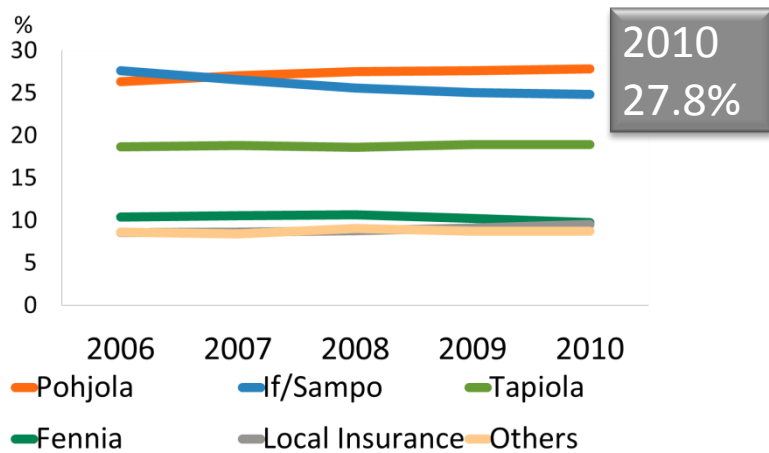


Pohjola's Market Position and Targets

Banking 2nd, Target 1st.

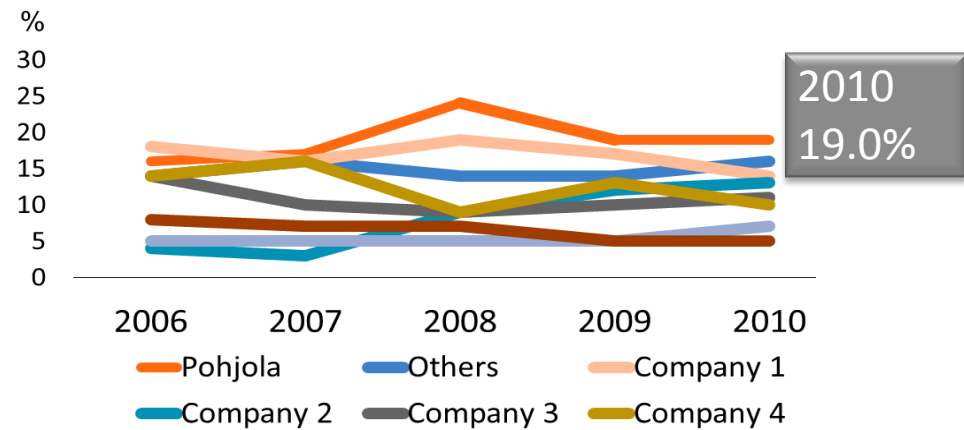


Non-life Insurance 1st, Target 1st.



Source: Federation of Finnish Insurance Companies

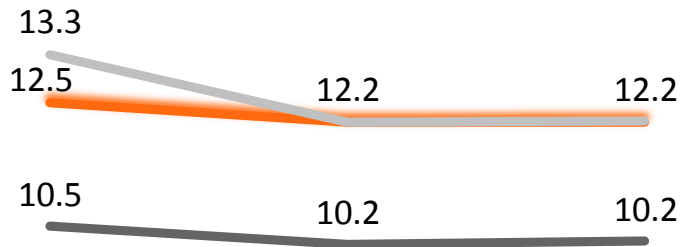
Asset Management 1st, Target 1st.



Source: SFR, Based on interviews and answers by institutional investors with disclosed investment size.

Pohjola Group's Strong Capital Base

Capital adequacy ratio under the Act on Credit Institutions, %



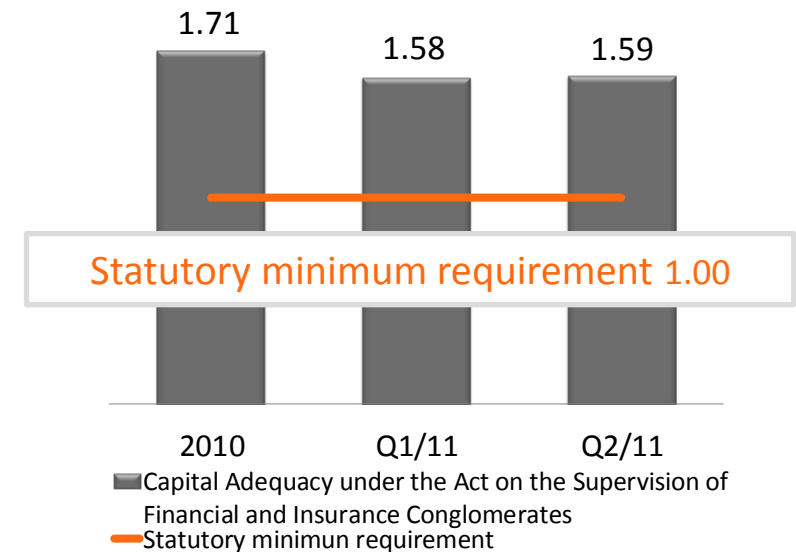
2010 Q1/11 Q2/11

— Tier 1 ratio, %

— Capital adequacy ratio, %

— Core Tier 1, % = the ratio of core equity capital, excluding hybrid capital, to total risk-weighted assets.

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



2010 Q1/11 Q2/11

■ Capital Adequacy under the Act on the Supervision of Financial and Insurance Conglomerates
— Statutory minimum requirement

Stress Test

- OP-Pohjola Group operating under the principle of joint liability was included in the EBA stress test. Pohjola's figures are included in OP-Pohjola Group's results.

STRESS TEST RESULTS 2011		CORE TIER1 (31 December 2012)	Ranking 2010
1. Banca March	Spain	23.5%	1.
2. Irish Life and Permanent	Ireland	20.4%	(-)
3. OTP Bank	Hungary	13.6%	2.
4. Sydbank	Denmark	13.6%	6.
5. BCEE	Luxembourg	13.3%	10.
6. Danske Bank	Denmark	13.0%	22.
7. Jyske Bank	Denmark	12.8%	7.
8. PKO BP	Poland	12.2%	3.
9. OP-Pohjola Group	Finland	11.6%	9.
10. Rabobank	Holland	10.8%	8.

Source: Goldman Sachs

According to the results, OP-Pohjola ranked 9th among the 90 banks included in the exercise.

- According to the stress scenario, OP-Pohjola Group's Core Tier 1 ratio stands at 11.6% at the end of 2012. Lower capital adequacy is due mainly to an increase in risk-weighted assets as a result of the weakening loan portfolio. OP-Pohjola's risks associated with sovereign holdings are moderate, with the resultant losses remaining very small in the test.

Direct Exposures to Sovereign Debt in GIIPS Countries

Pohjola Group's exposures to sovereign debt in GIIPS countries as of 31 July 2011

€ mn	Banking	Non-life Insurance	Group Functions	Total
Greece	0	28	0	28
Italy	0	30	0	30
Ireland	0	4	40	44
Portugal	0	16	0	16
Spain	0	15	0	15
Total	0	93	40	133

Joint Liability within OP-Pohjola Group

- Joint liability within OP-Pohjola Group is based on the Act of Amalgamations of Deposit Banks (the Amalgamations Act).
- OP-Pohjola Group Central Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with the Act.
 - The Central Cooperative is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.
 - A Member Credit Institution must pay to the Central Cooperative a proportionate share of the amount which the Central Cooperative has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor.
 - Each Member Credit Institution's liability, for the amount which the Central Cooperative has paid on behalf of one Member Credit Institution to its creditors, is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals.
- OP-Pohjola Group's insurance companies do not fall within the scope of joint liability.

Pohjola's Credit Ratings

Rating target: Rating AA issued by at least 2 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	A2**	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 under review

** The credit rating outlook is negative

*** Covered bond rating

12 August 2011

Strategy and Competitive Advantages

Value through integration

PROFITABLE GROWTH Most preferred financial service partner INCREASE IN COMPANY VALUE		
Close to customers		
Local decision-making <ul style="list-style-type: none"> • Promptness • Flexibility • Consistency 	We know our customers <ul style="list-style-type: none"> • Needs • Solutions • Risks 	Most extensive network <ul style="list-style-type: none"> • Branch network • Electronic services • Partners
Part of OP-Pohjola Group		
Joint responsibility <ul style="list-style-type: none"> • High credit rating • Stability • Continuity 	Broadest customer base <ul style="list-style-type: none"> • Growth potential • Information advantage • Cost-efficiency 	Strong corporate image <ul style="list-style-type: none"> • Brand • Focus on the Finnish market • Employer image
Comprehensive financial services offering		
Best loyal customer benefits for private customers <ul style="list-style-type: none"> • OP bonuses • Partner benefits • Employer image 	Total customer relationship <ul style="list-style-type: none"> • Long-termism • Full range of financial services • Customer equity 	Most skilled employees <ul style="list-style-type: none"> • Best expertise • Best service • Consistent policies and practices

Implementation of Strategic Initiatives

Upgrading business for corporate and institutional customers

BANKING AND NON-LIFE INSURANCE

- Mid-size corporate customers
- Roles, responsibilities, practices

Intensifying integration between Banking and Non-life Insurance

BANKING AND NON-LIFE INSURANCE

- New CRM organisations
- Exploiting shared customer data

Improving international service capabilities

BANKING AND NON-LIFE INSURANCE

- Branch network in the Baltic countries
- International partner network

ASSET MANAGEMENT

- Enhancing international sales
- Private equity fund business focus
- International partner network

Enhancing the Group's intellectual capital

PERSONNEL

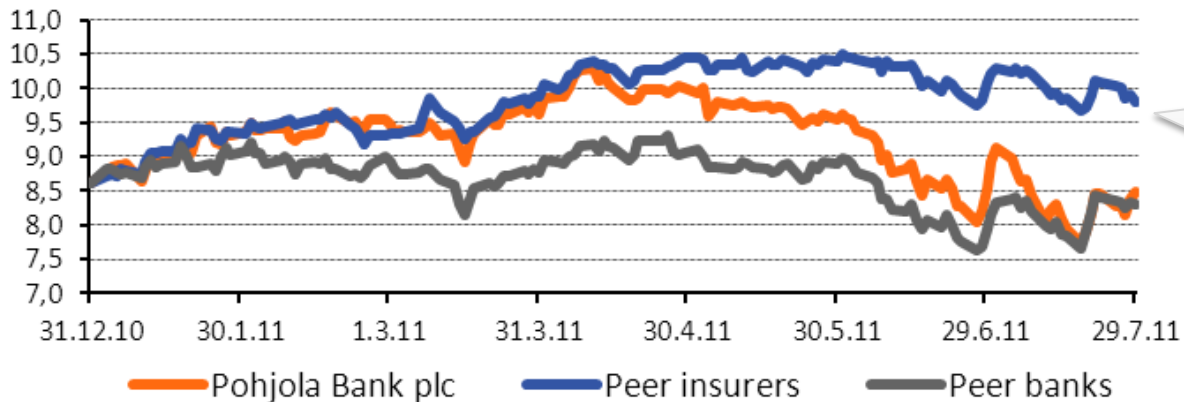
- Competence surveys and strategy-based job requirements
- Personal development plans
- Group key employee program
- Job motivation, employee wellbeing and incentive schemes

Strategy Implementation in 2011 and the Next Few Years

- ✓ Developing sales channels
- ✓ Economic Profit/Economic Capital
- ✓ Exploiting the information advantage
- ✓ Expanding our Baltic business, and further developing international cash management services and international partnerships
- ✓ Talent Programme and the competence survey process
- ✓ Further developing the Markets division business
- ✓ Further developing claims services
- ✓ Enhancing electronic transactions

Pohjola Share and Total Shareholder Return

TSR 1.1.-29.7.2011

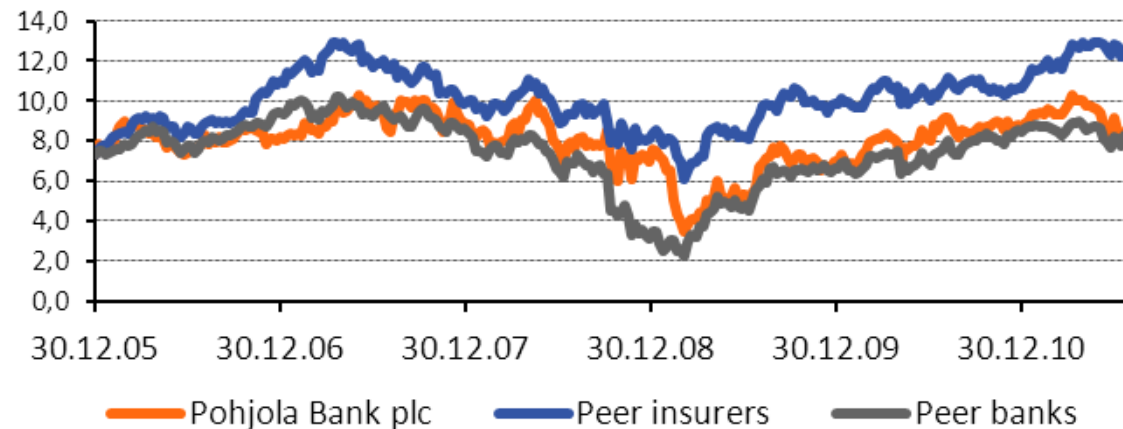


Peer insurers +14%

Pohjola -1%

Peer banks -4%

TSR 2006-2011



MCAP of Pohjola Series A
and K shares totalled
€2.7 bn as of 29 July 2011

Peer insurers +65%

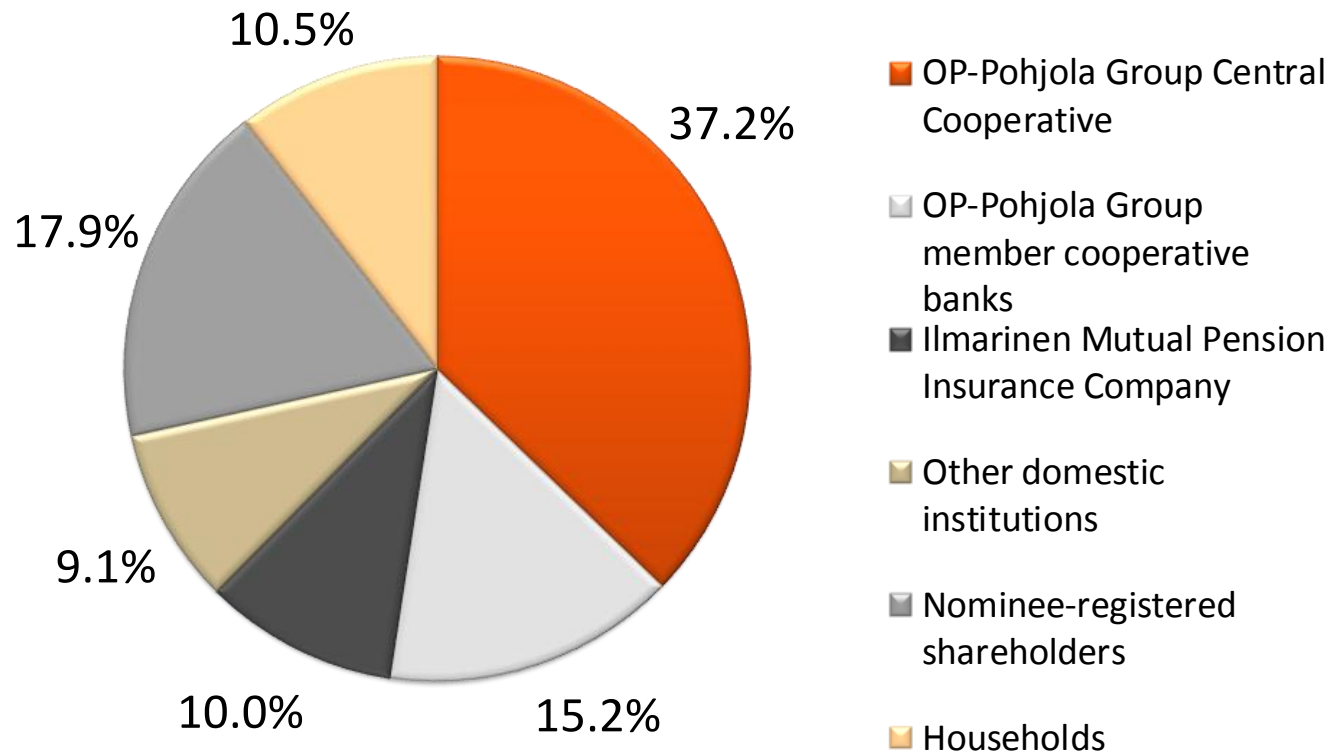
Pohjola +16%

Peer banks +11%

Peer banks: Danske, DnB NOR, Nordea, SEB, SHB, Swedbank Peer insurers: AlmBrand, Sampo/If, TopDanmark, Tryg

Ownership Structure

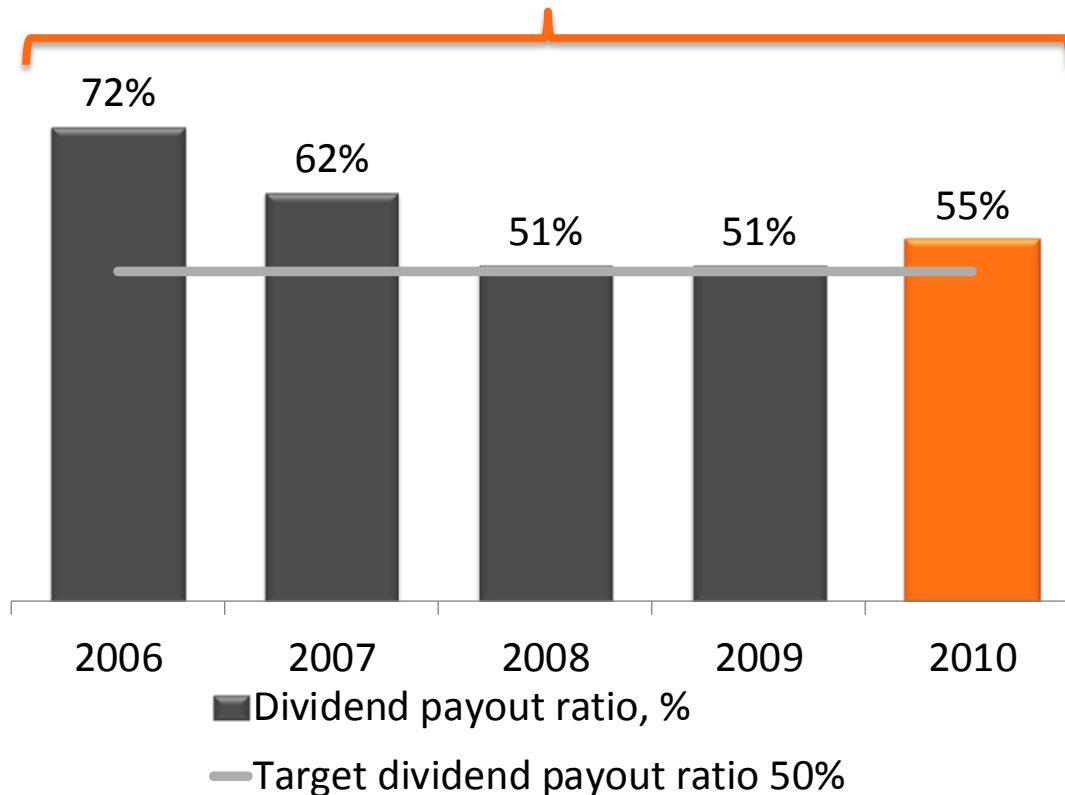
Shareholdings of Series A and K Shares as of 30 June 2011



Dividend and Dividend Policy

We aim to distribute a minimum of 50% of earnings per share in dividends, provided that Tier 1 stands at a minimum of 9.5%

Dividend payout ratio during 2006–10 averaged 58%

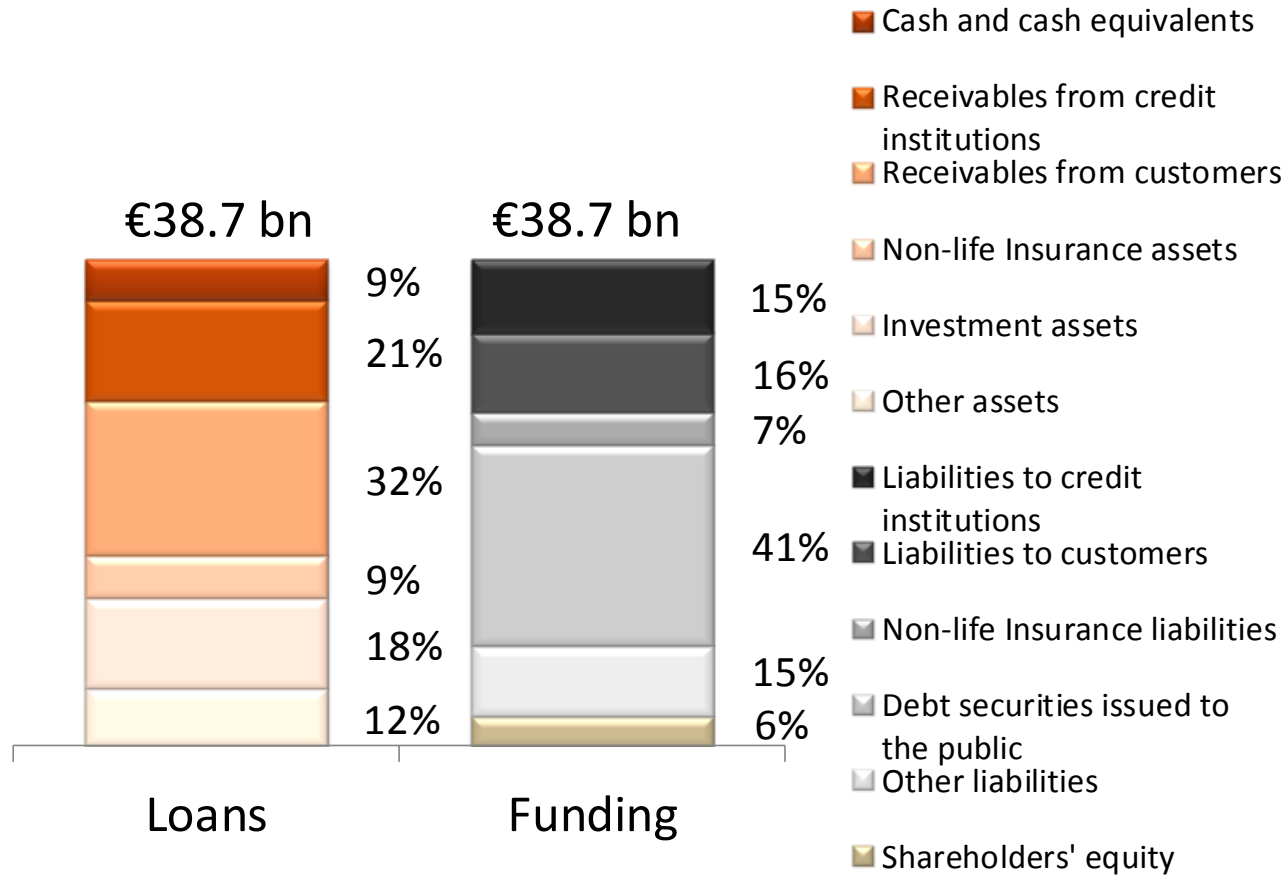


Dividends for 2010 represents 55% of earnings

- on one Series A share €0.40
- on one Series K share €0.37

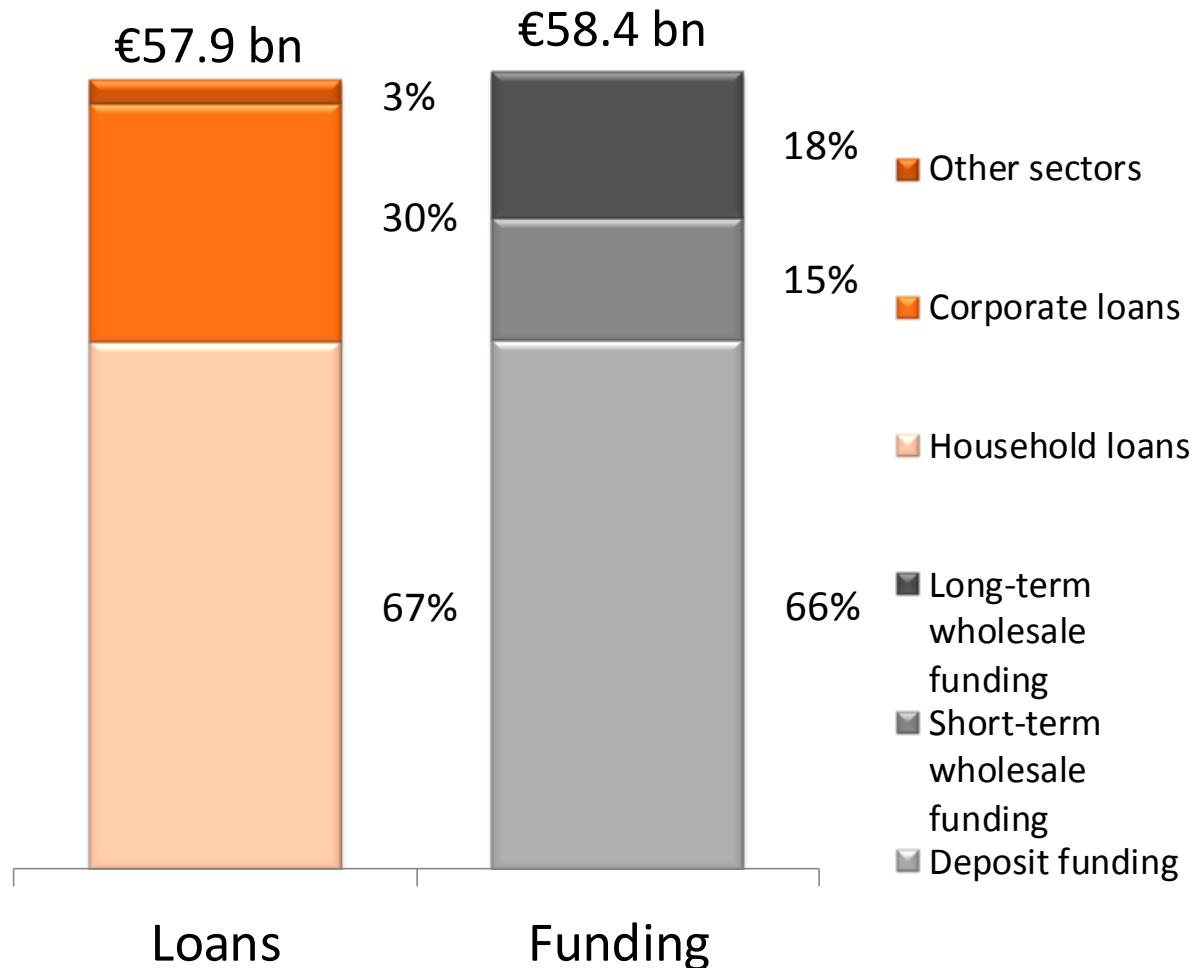
Loans and Funding

Pohjola 30 June 2011



Loans and Funding

OP-Pohjola Group 30 June 2011



Key Value Drivers

Pohjola Group

Banking

- Growth in the loan and guarantee portfolio
- Quality of the portfolio and impairment charges
- Level of margins and commissions/fees
- Capital market activity and trading volumes
- Cost-efficiency

Non-life Insurance

- Premium growth
- Risk selection and pricing
- Promptness, quality and efficiency of claims settlement
- Net investment income
- Cost-efficiency

Asset Management

- Assets under management
- Asset allocation
- The level of commissions and fees
- Investment performance
- Cost-efficiency

Group Functions

- Return on the liquidity portfolio
- Credit spread development
- The amount of loans/deposits to/from OP-Pohjola member banks
- Pohjola's credit rating and funding costs
- Cost-efficiency

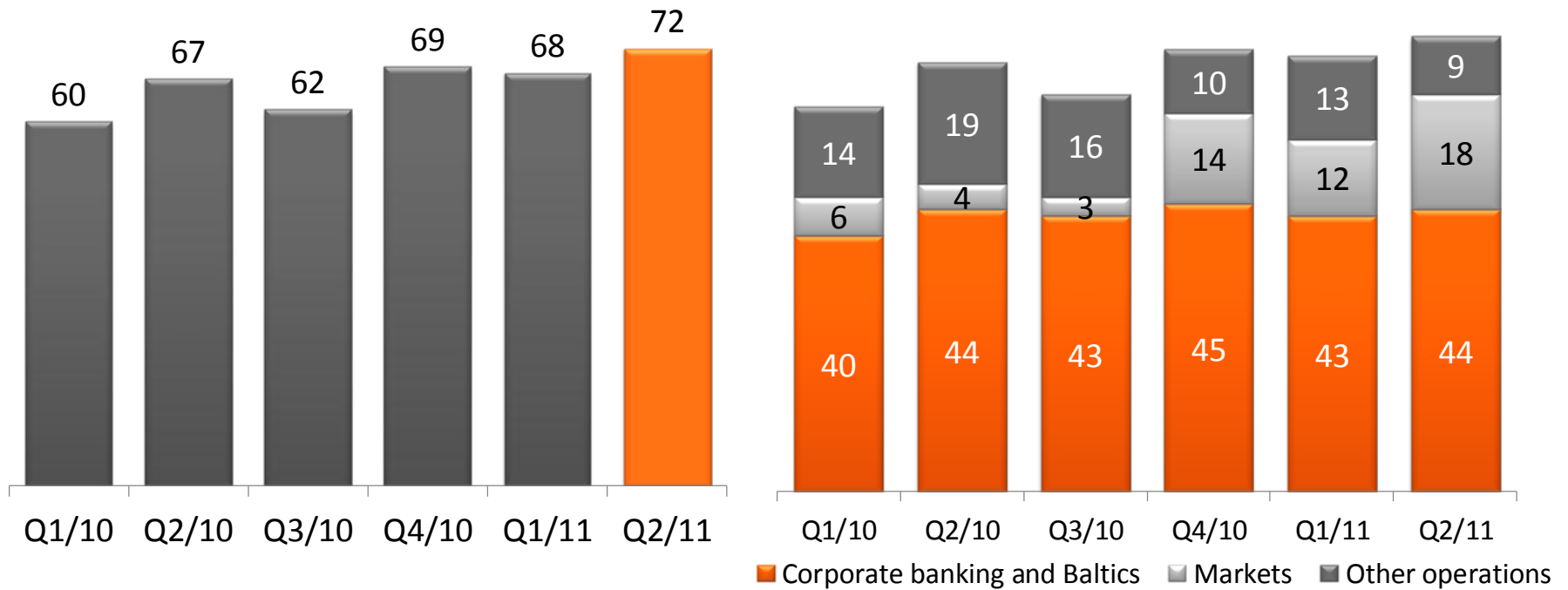
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Pohjola Group

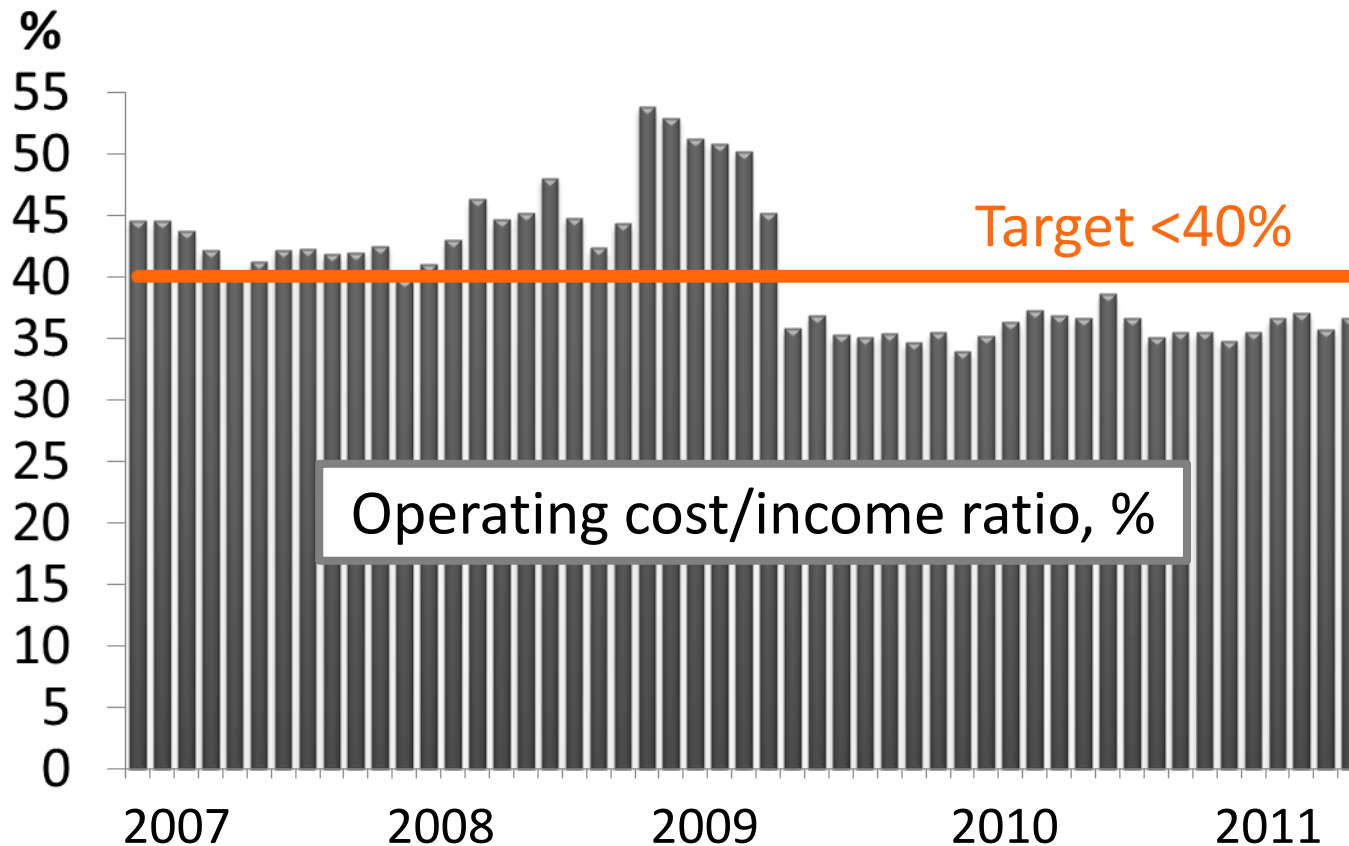
Net interest income 2009-2011, € million



Banking

H1/11 earnings before impairments of receivables €128 million (116)

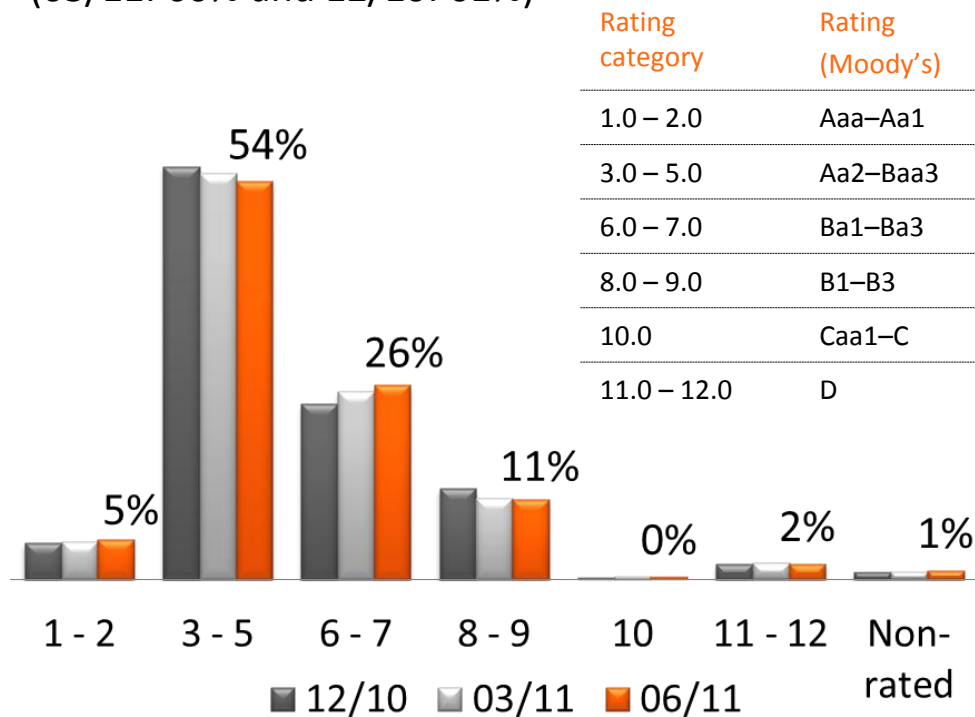
Operating cost/income ratio markedly better than targeted, H1/11 36%



Banking

Banking exposures from the Non-financial Corporations and Housing Corporations Sector (total €16.9 bn in 06/11)

Investment-grade (ratings 1–5) Exposure Accounts for 59% of total exposure (03/11: 60% and 12/10: 61%)

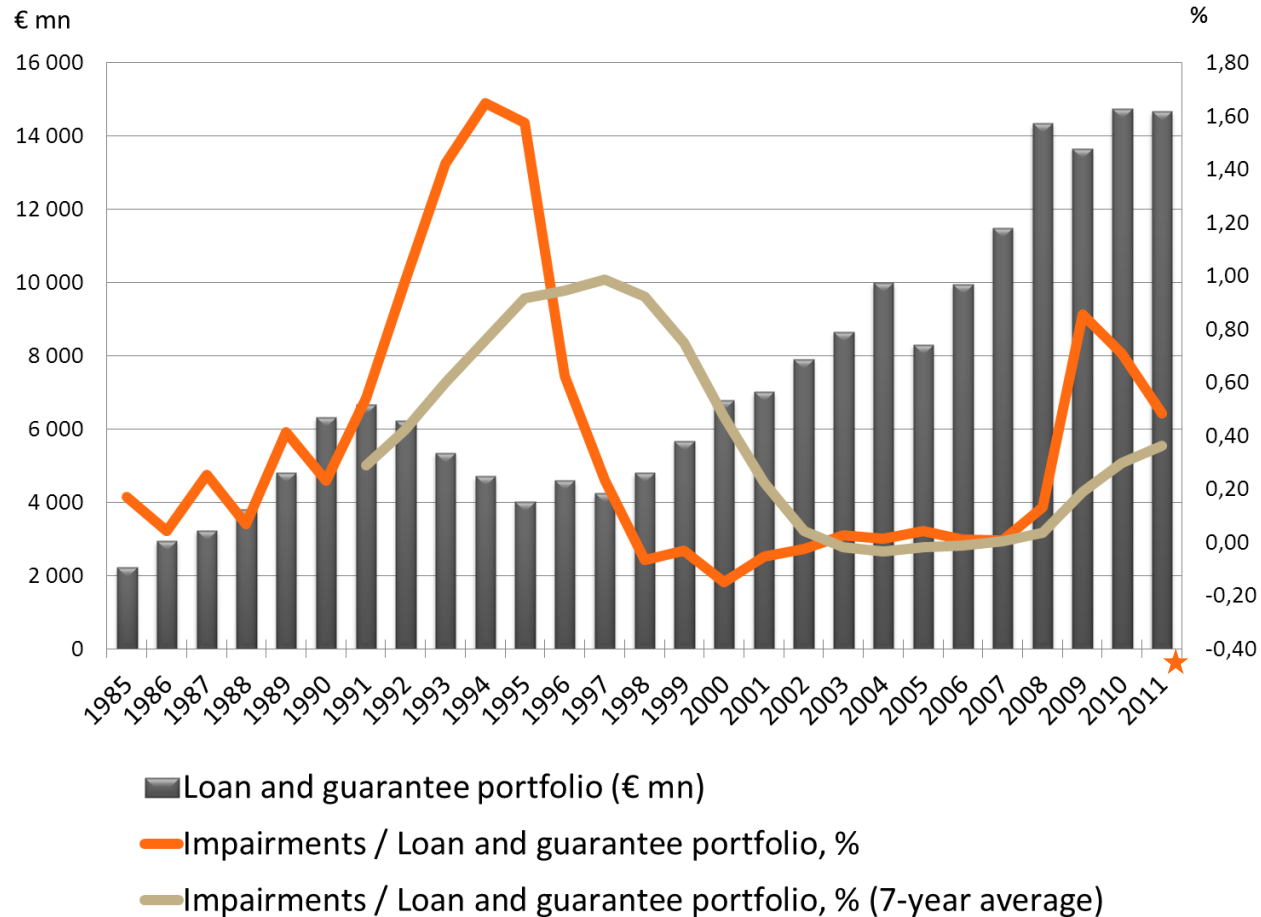


Industry	Percentage
Renting and operating of residential real estate*	11.1%
Wholesale and retail trade	9.1%
Manufacture of machinery and equipment (incl. services)	8.9%
Renting and operating of other real estate*	8.8%
Transportation and storage	7.7%
Construction	7.5%
Buying and selling of own real estate	6.4%
Forest industry	5.6%
Metal industry	5.1%
Chemical industry	4.6%
Services	4.6%
Food industry	4.2%
Energy	3.9%
Information and communication	3.5%
Financial and insurance activities	2.6%
Other manufacturing	2.4%
Agriculture, forestry and fishing	1.9%
Mining and quarrying	1.2%
Water supply, sewerage and waste management	0.7%
Other industries	0.3%
Total	100.0%

*) 06/2011: 51% (951 M€) of the exposures in the "Renting and operating of residential real estate" -industry and 21% (316 M€) of the exposures in "Renting and operating of other real estate" -industry are guaranteed by government, cities or municipalities.

Banking

Ratio of impairments of receivables to loan and guarantee portfolio

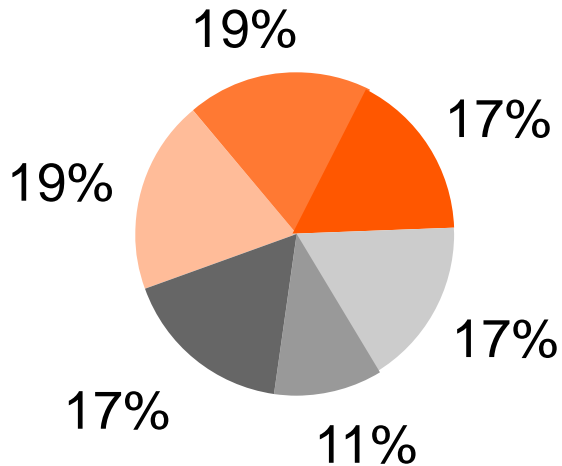


★ 2011 figures have been annualised by multiplying H1/11 by two

Non-life Insurance

Insurance lines

Insurance premium revenue in 2010
(€964 million)

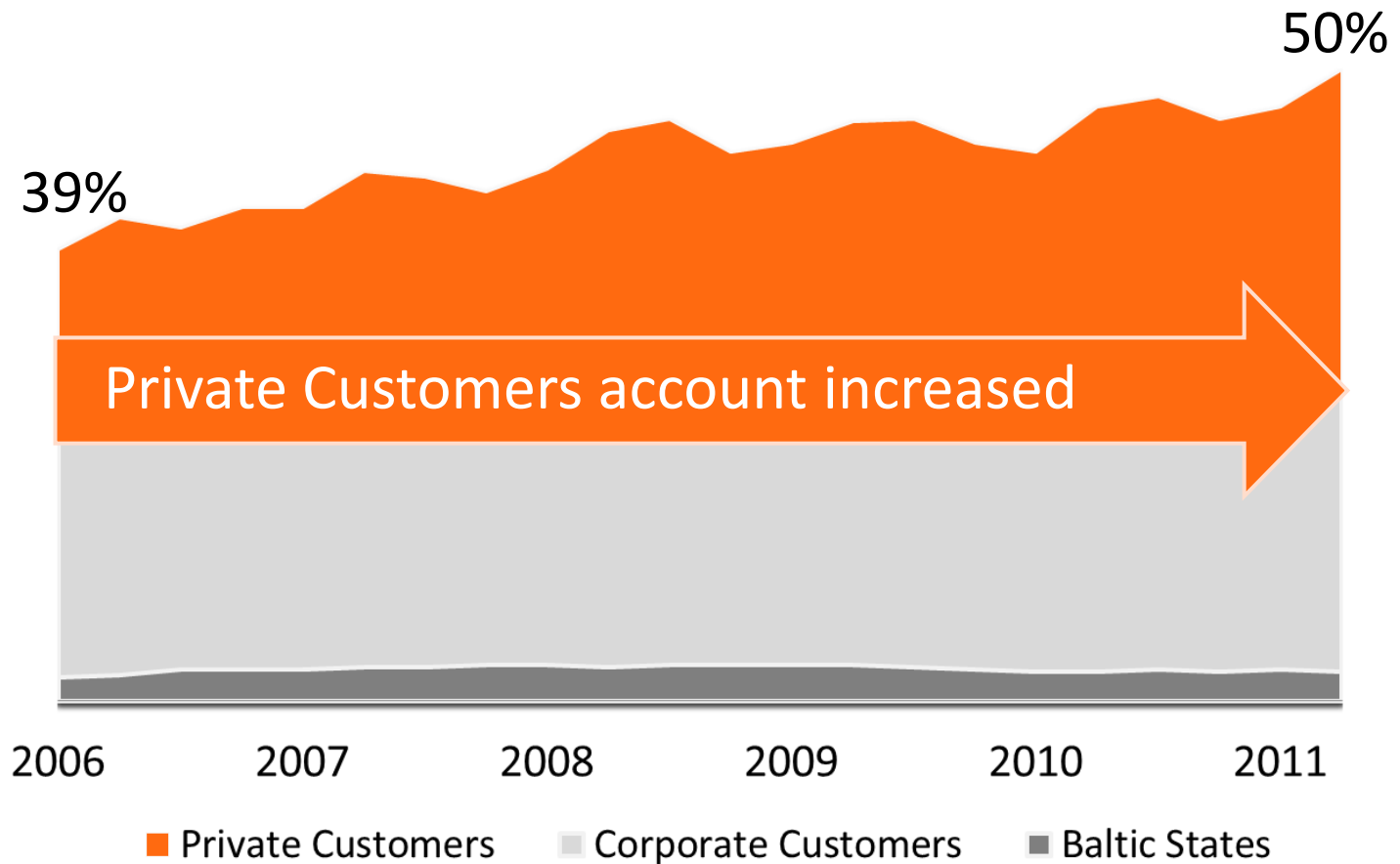


Operating combined ratio in 2010, %

Motor, third party liability	84.3
Fire and other damage to property	96.1
Statutory workers' compensation insurance	93.4
Motor, other	93.4
Other accident and health	87.5
Other	83.0

Non-life Insurance

Insurance premium revenue from Private Customers on the rise



Non-life Insurance

Fixed-income portfolio by maturity and credit rating* 30 June 2011

- Investments under the “investment grade” accounted for 90% of the portfolio.
- 77% of investments rated at least A-

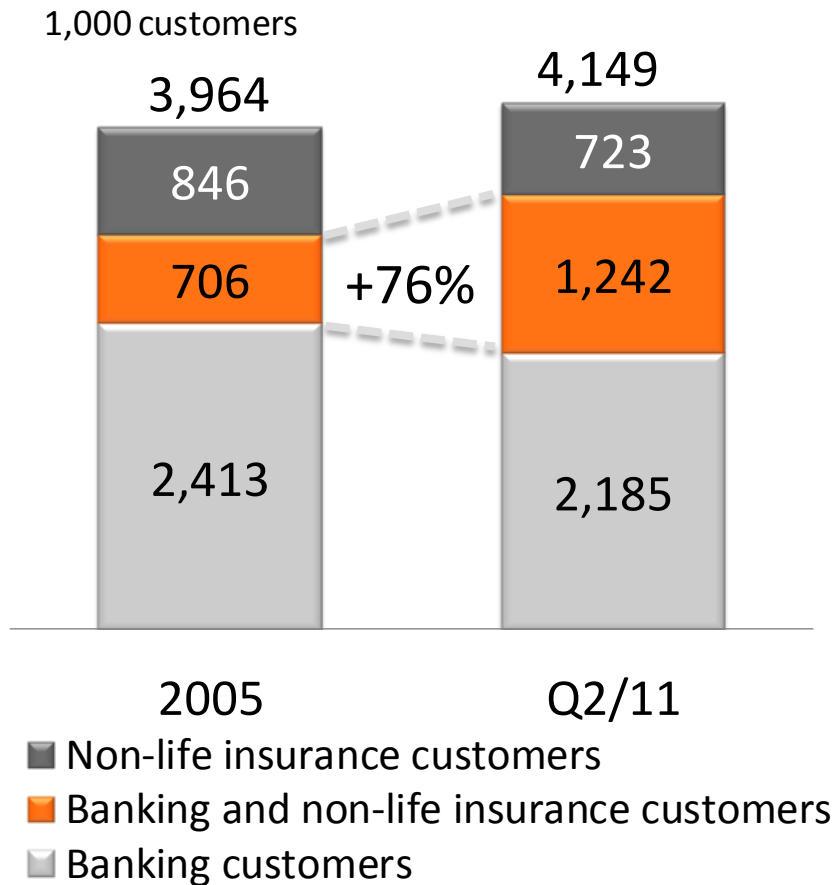
Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	11	214	193	77	112	73	679	32%
Aa1-Aa3	116	92	72	46	28	81	434	20%
A1-A3	89	164	165	34	29	32	514	24%
Baa1-Baa3	50	115	48	41	17	5	276	13%
Ba1 or lower	35	87	30	33	8	8	201	10%
Internally rated	1	2	0	9	0	3	15	1%
Total	302	675	508	239	194	201	2 120	100%

* Excludes credit derivatives.

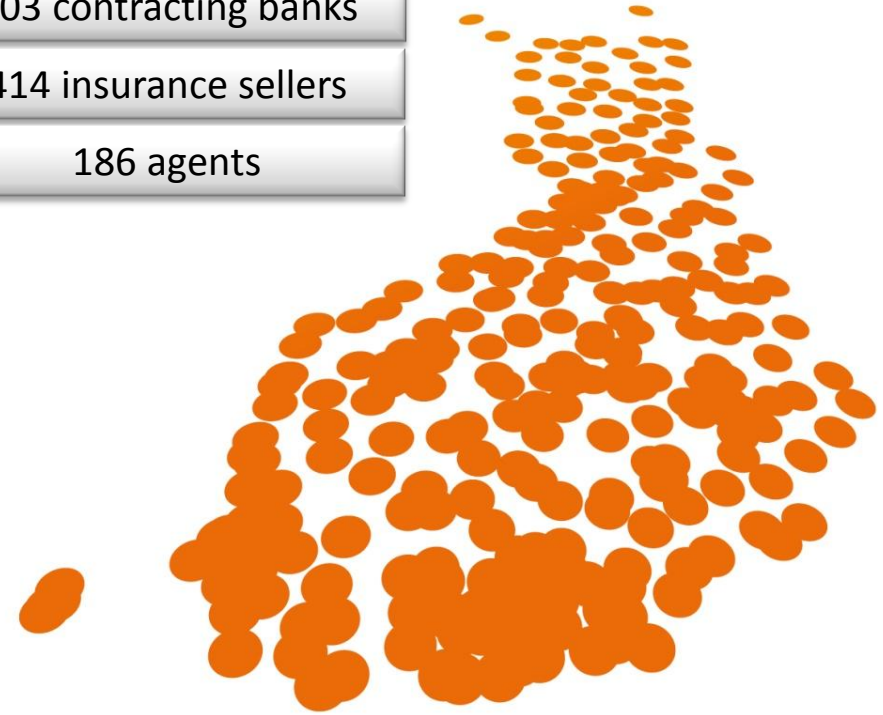
Average residual term to maturity 4.8 years (5.3) and duration 3.9 years (4.1)

The Broadest Customer Base in Finland

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



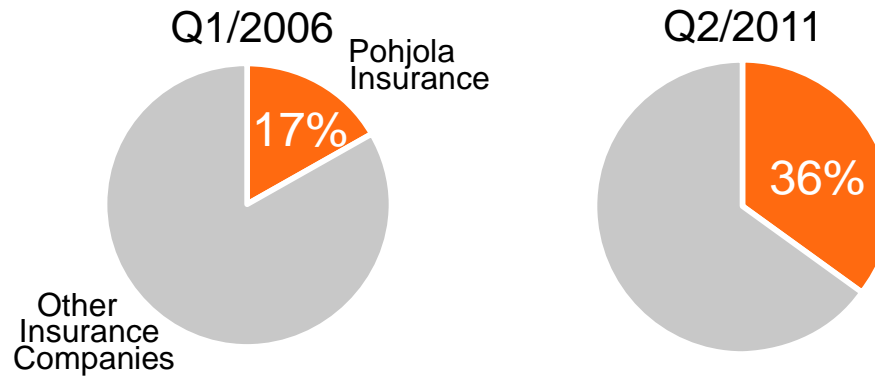
over 300 outlets
103 contracting banks
414 insurance sellers
186 agents



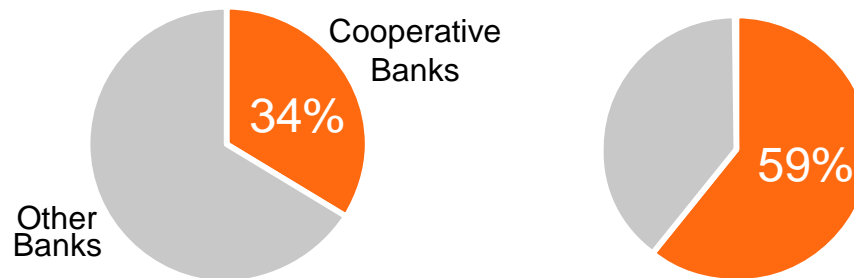
Comprehensive Financial Offering

The Bank Insurance Model has proved effective and efficient cross-selling pays dividends

OP-Pohjola Group member bank customers and their main insurer



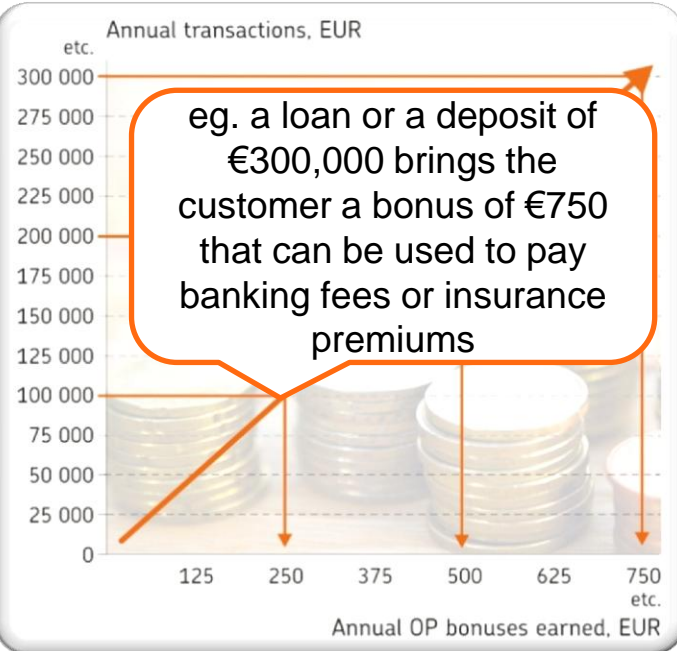
Pohjola Insurance customers and their main bank



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

The Best Loyal Customer Benefits for Private Customers

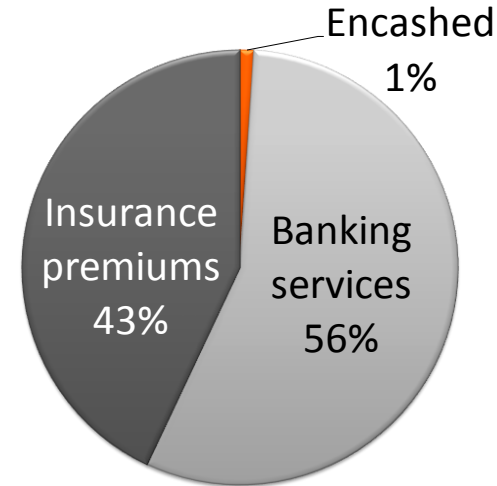
Bonuses accrue from banking and insurance services



OP bonuses to customers reached a new high in 2010



Use of bonuses Q2/11



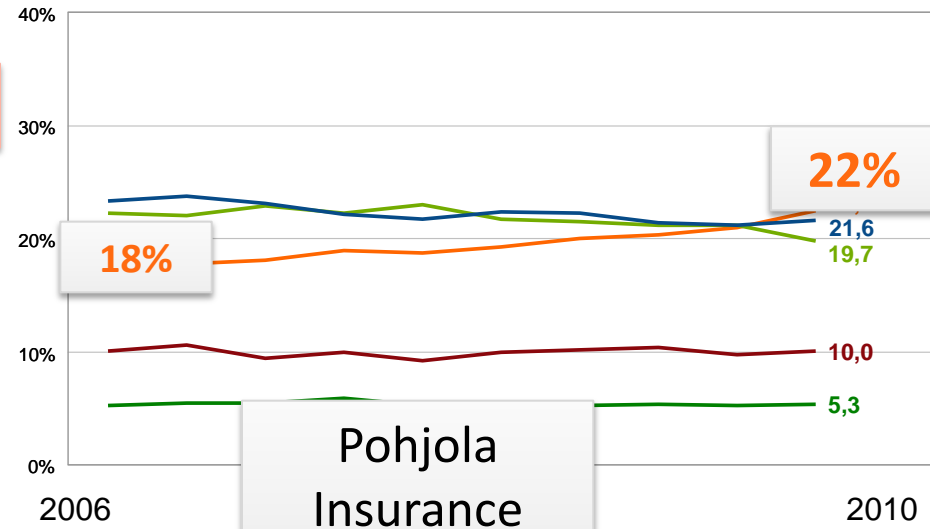
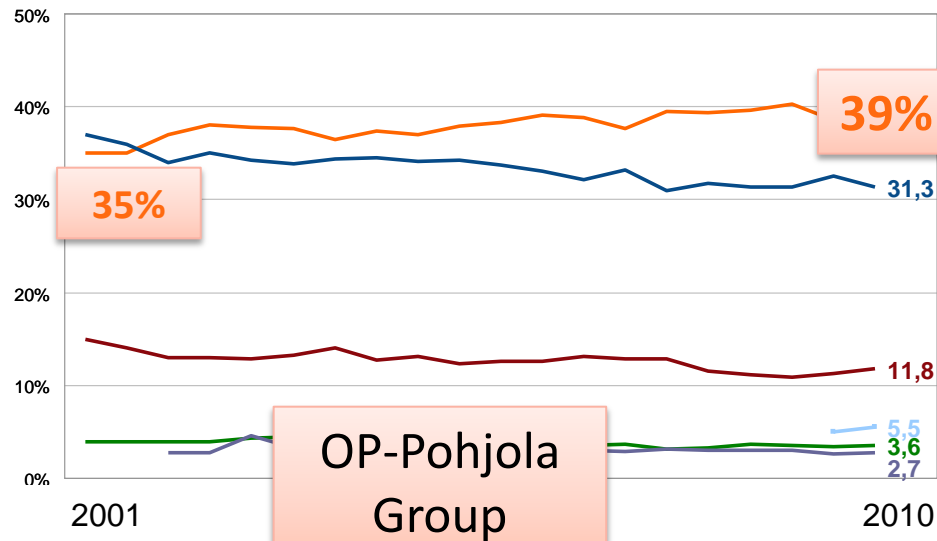
Loyal customer's average annual insurance premium €1,000

Growth Potential in Total Customer Relationships

Pohjola has great growth potential as non-life insurer for private customers

Market share by bank
Main bank

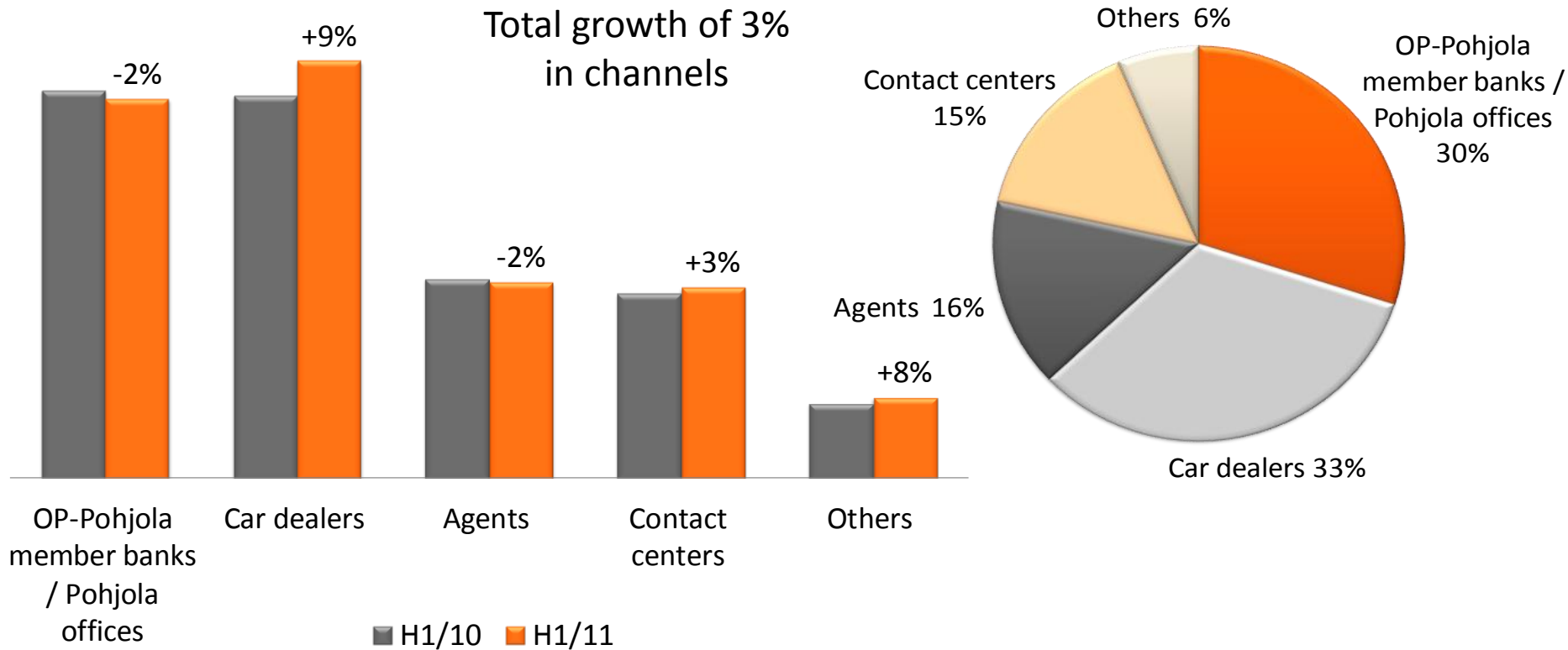
Market share by insurer
Main insurer



Source: Survey on bank and insurance company switch 2010 by TNS Gallup Oy

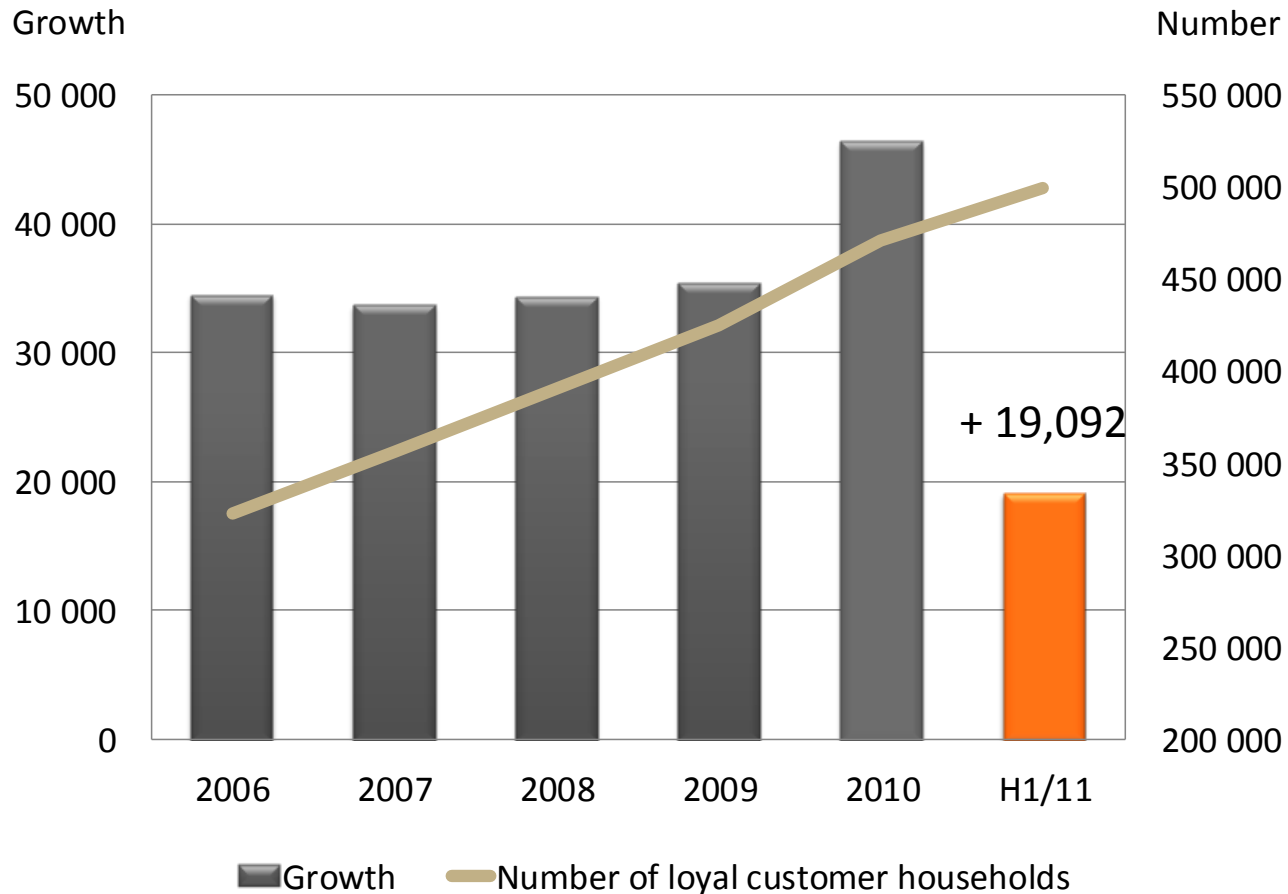
Non-life Insurance H1/11

Sales to private customers by channel



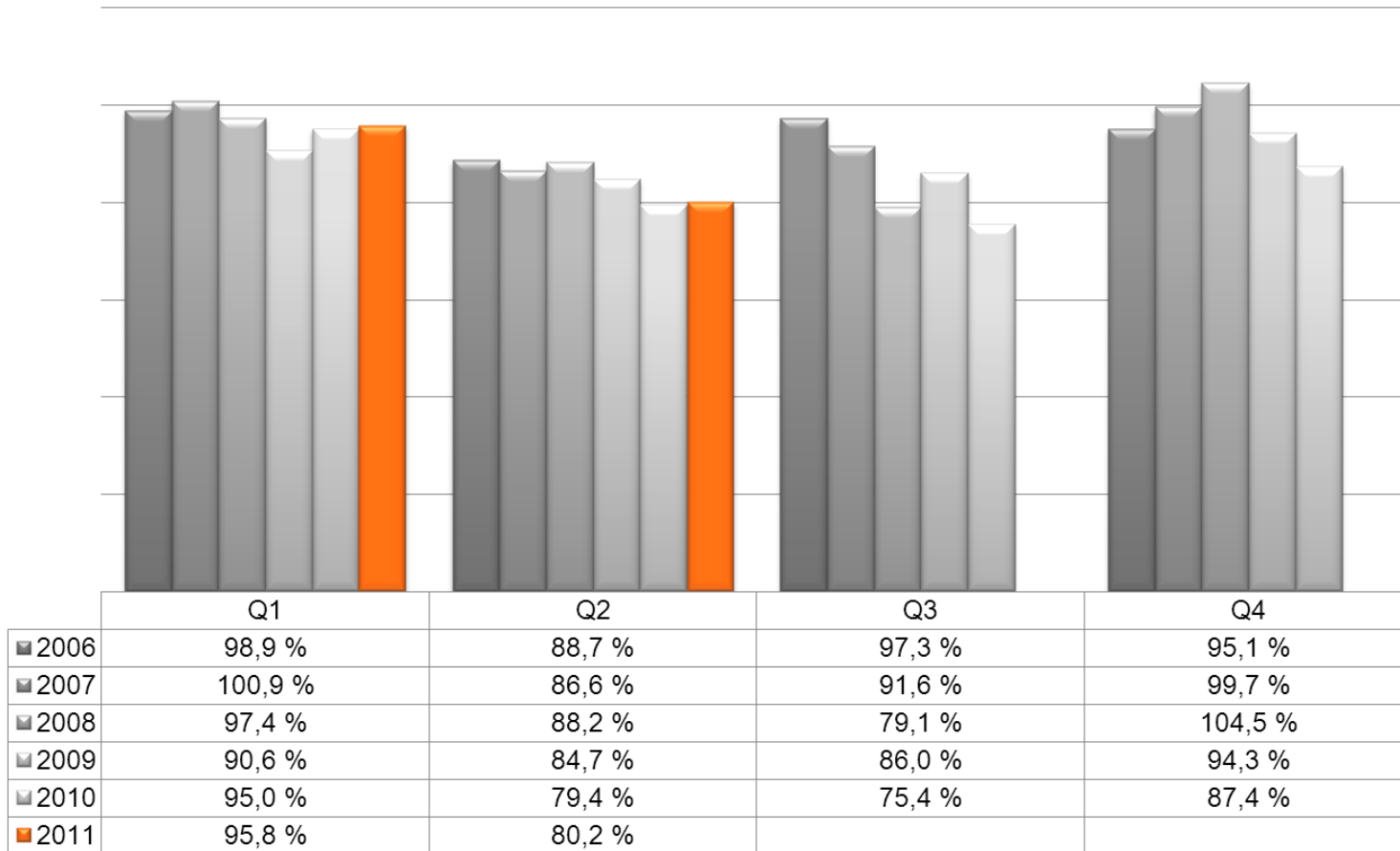
Non-life Insurance

The number of loyal customer households totals 499,697, of which up to 64% also use OP-Pohjola Group member cooperative banks as their main bank



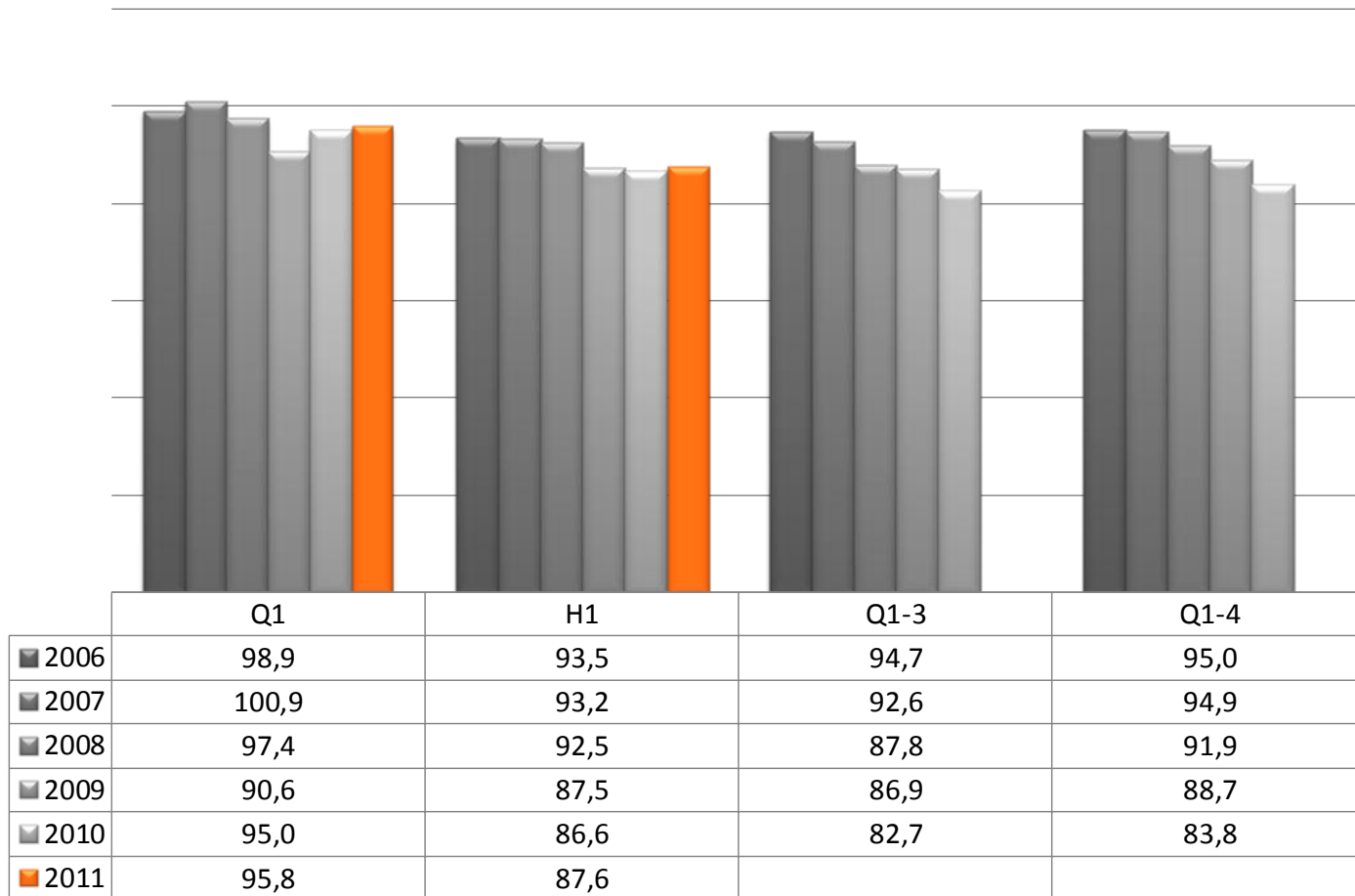
Non-life Insurance Q2/11

Private Customers: operating combined ratio by quarter



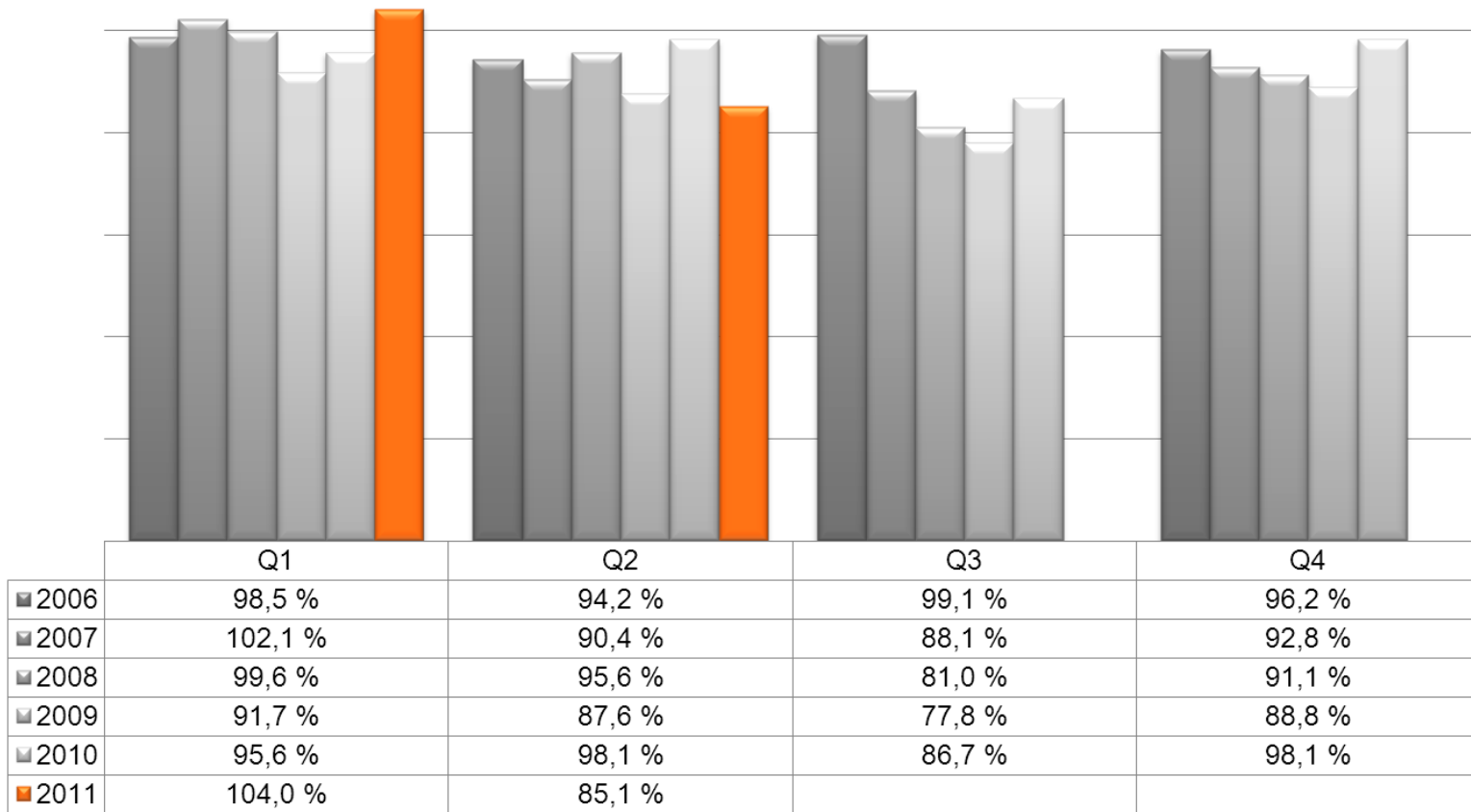
Non-life Insurance H1/11

Private Customers: operating combined ratio %, cumulative



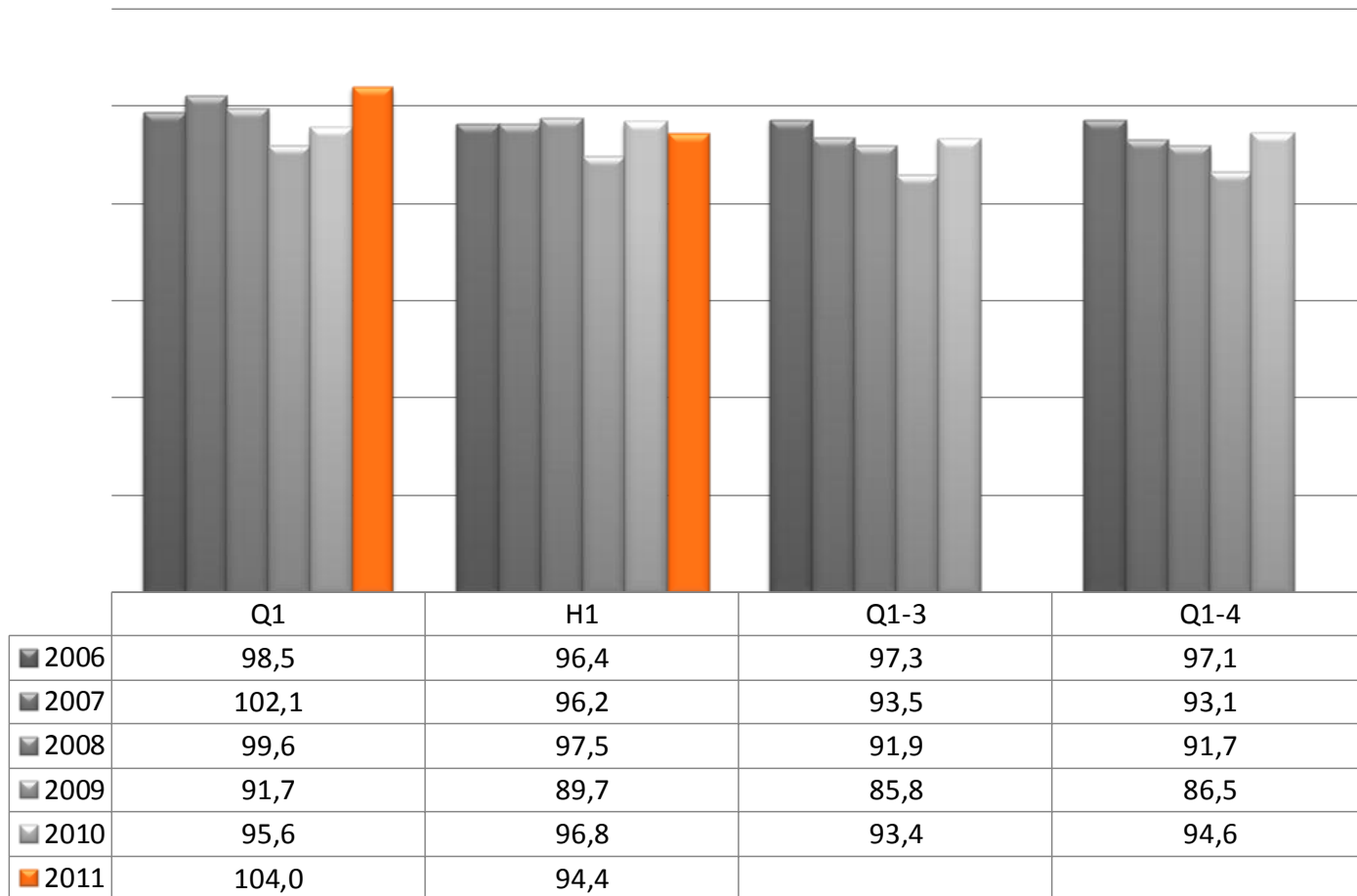
Non-life Insurance Q2/11

Corporate Customers: operating combined ratio by quarter



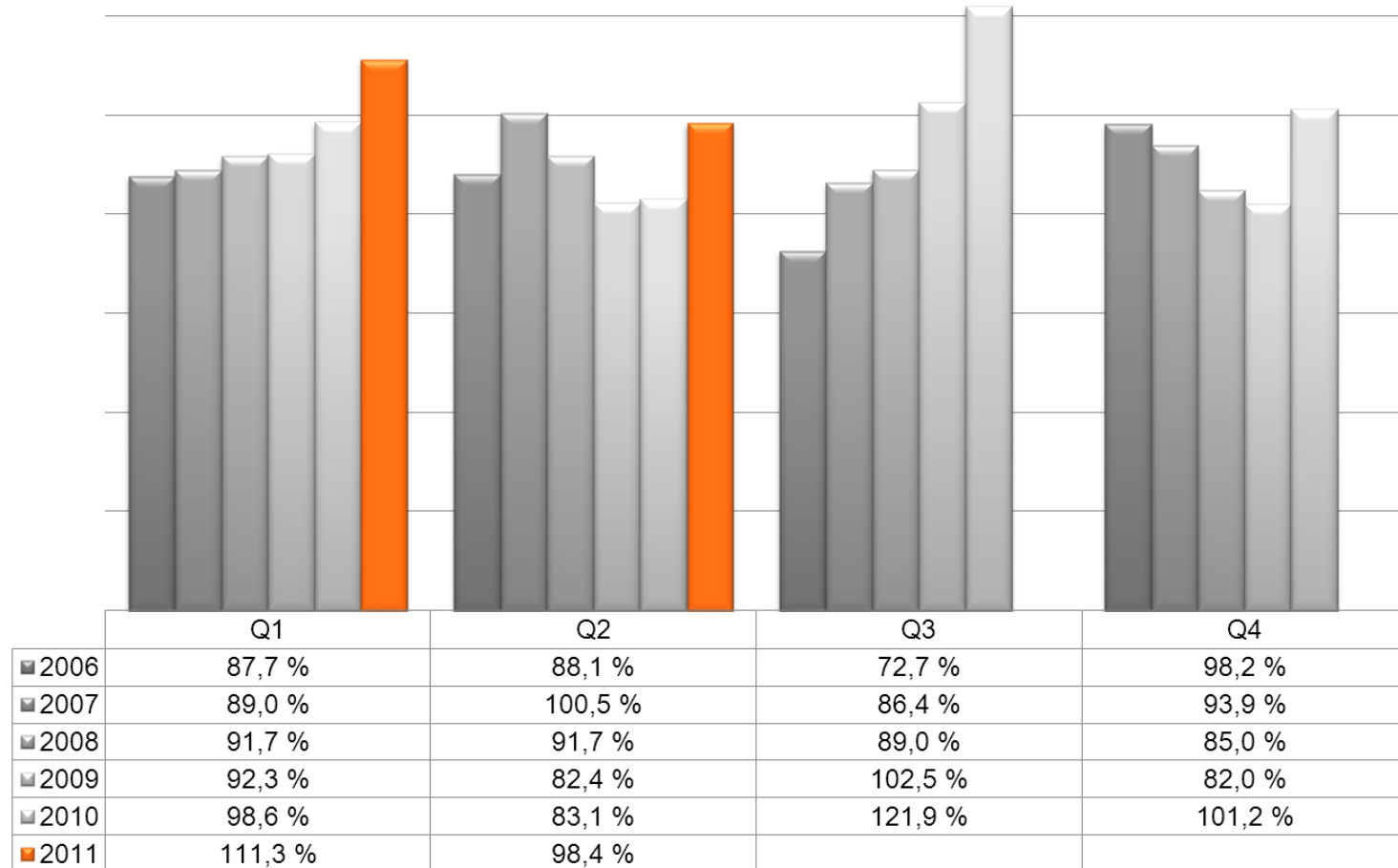
Non-life Insurance H1/11

Corporate Customers: operating combined ratio %, cumulative



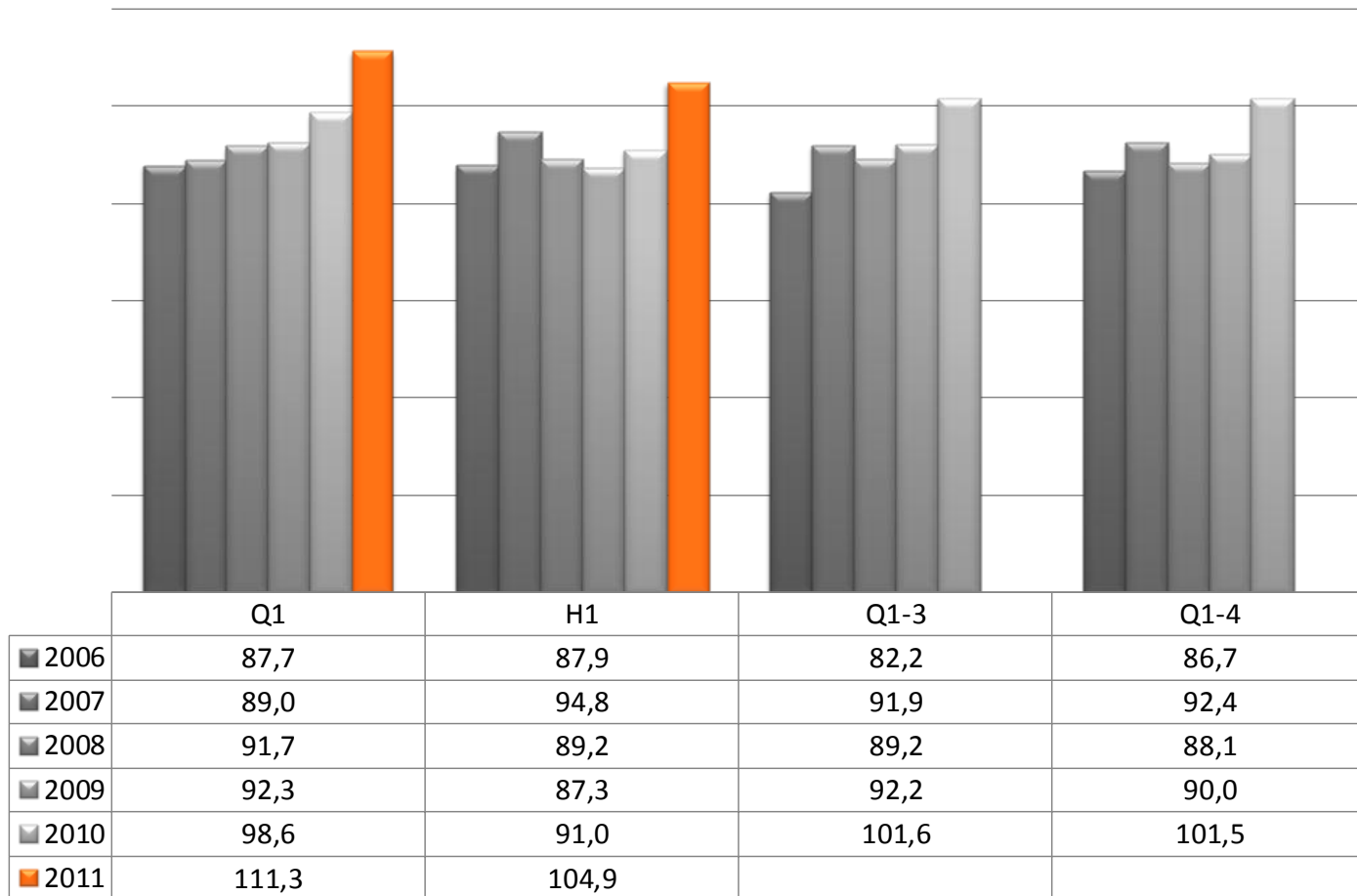
Non-life Insurance Q2/11

Baltic States: operating combined ratio by quarter



Non-life Insurance H1/11

Baltic States: operating combined ratio by quarter %, cumulative



Group Functions

Financial assets included in the liquidity portfolio by maturity and credit rating on 30 June 2011, € million

Year	0-1	1-3	3-5	5-7	7-10	10-	Total	%
Aaa	3,502	769	1,877	1,033	812	11	8,004	67%
Aa1-Aa3	97	1,255	467	76	214		2,109	18%
A1-A3	211	481	209	22	0	1	925	8%
Baa1-Baa3	218	118	131	5	0	0	471	4%
Ba1 or lower		34	17	20			70	1%
Internally rated	61	52	103	102			318	3%
Total	4,089	2,708	2,804	1,258	1,027	12	11,898	100%

The liquidity portfolio's residual term to maturity averages 4.0 years.

Group Functions

Issued senior debt and covered bonds in 2010–11

Pohjola Bank plc, senior issues

2011

- ✓ January, €500mn, 5 yrs, m/s +0.80%

2010

- ✓ February, €750mn, 3 yrs, 3mEuribor +0.53%
- ✓ March, €750mn, 5 yrs, m/s +0.78%
- ✓ September, €750mn, 7 yrs, m/s +0.88%

OP Mortgage Bank, covered bond issues

2011

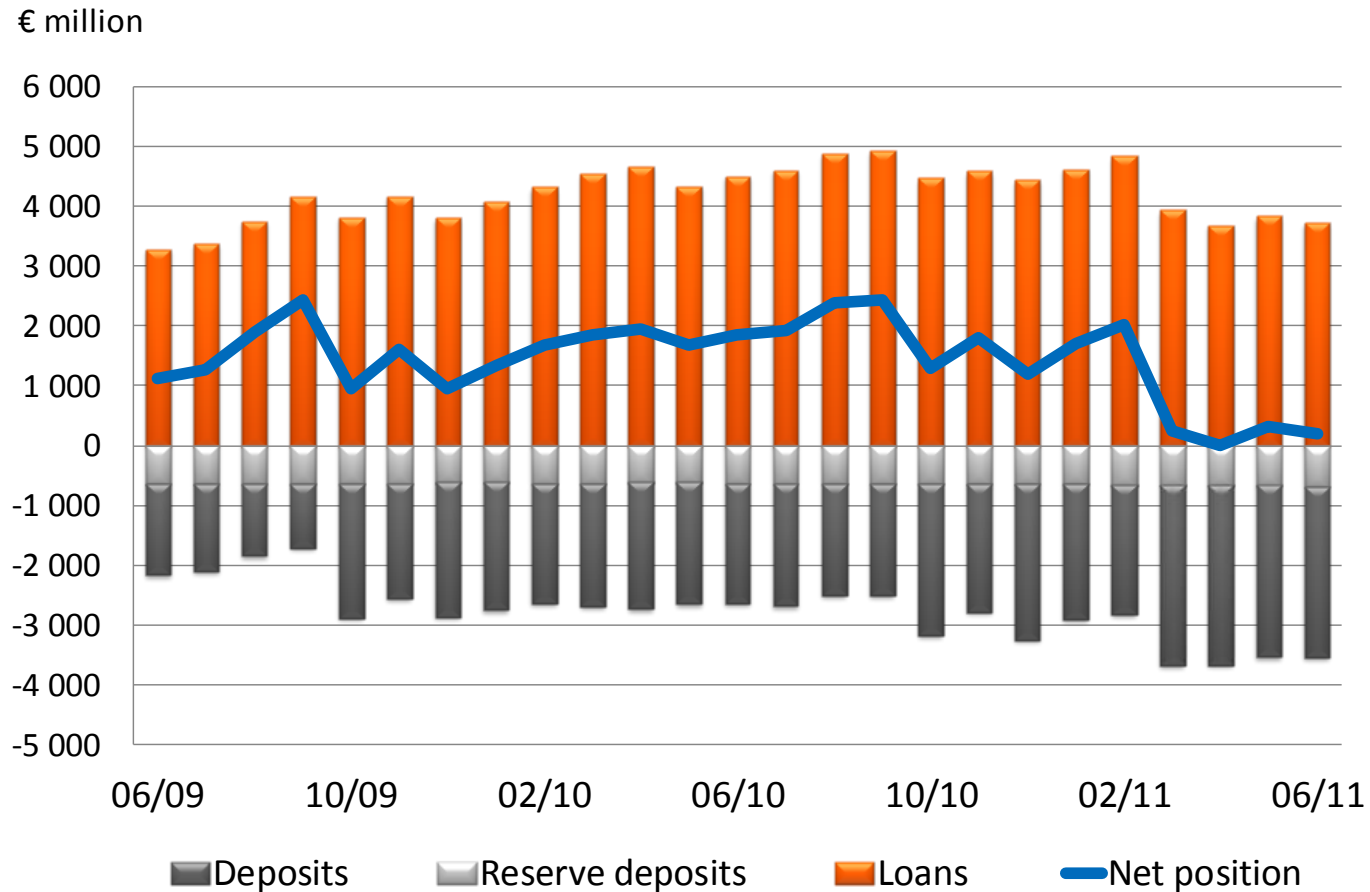
- ✓ April, €1bn, 5 yrs, m/s +0.35%
- ✓ July, €1bn, 7 yrs, m/s +0.48%

2010

- ✓ June, €1bn, 5 yrs, m/s +0.40%

Group Functions

Receivables and liabilities between Pohjola and OP-Pohjola Group member banks



Earnings Analyses



Pohjola Group

Earnings analysis

€ million	Q2/11	Q2/10	change %	1-6 2011	1-6 2010	rolling 12- month	2010
Net Interest Income	72	67	7	140	127	271	258
Corporate Banking incl. Baltics	44	44	0	87	84	175	172
Markets	18	4	327	31	10	47	27
Other operations	9	19	-50	23	32	49	59
Net Commissions and fees	40	41	-3	80	81	163	164
Net trading income	5	8	-44	19	15	39	35
Net investment income	2	-3		14	15	30	31
Net income from Non-life Insurance	126	114	10	219	193	414	388
Insurance operations	115	99	15	183	173	336	327
Investment operations	23	26	-13	60	43	109	92
Other items	-12	-11	2	-23	-23	-31	-30
Other operating income	10	10	-6	21	21	49	50
Net income	254	239	7	493	453	966	926
Total expenses	132	130	2	261	253	523	514
Earnings before impairments of receivables	122	109	12	232	200	443	412
Impairments of receivables	20	29	-30	35	62	78	104
Share of associates' profits/losses	1	0		1	0	1	0
Earnings before tax	103	80	28	197	139	366	308
Change in fair value reserve	-11	-92		-32	-31	-17	-17
Earnings/loss before tax at fair value	92	-11		166	108	349	291
Earnings per share, €	0.23	0.19		0.46	0.32		0.72

Pohjola Group

Earnings analysis by quarter

€ million	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
Net Interest Income	72	68	69	62	67
Corporate Banking incl. Baltics	44	43	45	43	44
Markets	18	12	14	3	4
Other operations	9	13	10	16	19
Net Commissions and fees	40	41	46	37	41
Net trading income	5	14	2	18	8
Net investment income	2	11	10	6	-3
Net income from Non-life Insurance	126	94	75	120	114
Insurance operations	115	68	47	106	99
Investment operations	23	37	24	26	26
Other items	-12	-12	4	-11	-11
Other operating income	10	11	18	11	10
Net income	254	239	218	255	239
Total expenses	132	129	137	125	130
Earnings before impairments of receivables	122	110	81	130	109
Impairments of receivables	20	15	16	27	29
Share of associates' profits/losses	1	0	0	0	0
Earnings before tax	103	94	66	103	80
Change in fair value reserve	-11	-21	-47	62	-92
Earnings/loss before tax at fair value	92	74	18	165	-11
Earnings per share, €	0.23	0.23	0.16	0.24	0.19

Banking

Earnings analysis

€ million	Q2/11	Q2/10	change %	H1/11	H1/10	rolling 12-month	2010
Net interest income	63	48	29	118	95	222	199
Corporate Banking incl. Baltics	44	44	0	87	84	175	172
Markets	18	4	327	31	10	47	27
Net Commissions and fees	24	23	2	49	47	95	93
Net trading income	2	12	-87	17	24	40	47
Other operating income	7	7	13	15	14	29	29
Total income	95	90	6	198	180	386	368
Operating expenses	36	32	11	70	64	137	130
Earnings before impairments of receivables	59	58	3	128	116	249	238
Impairments of receivables	20	29	-30	36	62	78	105
Earnings before tax	39	29	36	92	55	171	133
Operating cost/income ratio, %	38	36		36	35	35	35

Banking

Earnings analysis by quarter

€ million	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
Net interest income	63	55	58	46	48
Corporate Banking incl. Baltics	44	43	45	43	44
Markets	18	12	14	3	4
Net Commissions and fees	24	25	24	21	23
Net trading income	2	15	2	21	12
Other operating income	7	7	6	8	7
Total income	95	103	91	97	90
Operating expenses	36	34	35	31	32
Earnings before impairments of receivables	59	68	56	65	58
Impairments of receivables	20	16	15	28	29
Earnings before tax	39	53	40	38	29
Operating cost/income ratio, %	38	34	39	33	36

Non-life Insurance

Earnings analysis

€ million	Q2/11	Q2/10	change %	H1/11	H1/10	rolling 12- month	2010
Insurance premium revenue	261	246	6	507	473	998	964
Claims incurred	-163	-162	1	-356	-329	-721	-694
Operating expenses	-55	-55	1	-109	-104	-210	-205
Balance on technical account before amortisation	44	30	48	43	40	102	99
Amortisation/adjustment on intangible assets*	-5	-6	-13	-11	-12	-30	-31
Balance on technical account	38	23	64	32	27	38	33
Net investment income	24	26	-7	62	42	107	87
Other income and expenses	-13	-12	7	-26	-27	-36	-37
Earnings/loss before tax	49	37	35	68	42	108	83
Earnings/loss before tax at fair value	43	-4		38	71	106	139
Operating claims ratio, %	62.2	65.8		70.1	69.6	72.2	68.4
Operating expense ratio, %	21.1	22.2		21.5	22.0	21.1	21.3
Operating combined ratio, %	83.3	88.0		91.6	91.6	93.3	89.7
Return on investment, %	0.6	-0.6		1.0	2.6		5.1

* Due to amortisation on intangible assets arising from company acquisition

Non-life Insurance

Earnings analysis by quarter

€ million	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
Insurance premium revenue	261	246	241	250	246
Claims incurred	-163	-193	-208	-157	-162
Operating expenses	-55	-54	-51	-50	-55
Balance on technical account before amortisation	44	-1	17	43	30
Amortisation/adjustment on intangible assets*	-5	-5	-6	-12	-6
Balance on technical account	38	-6	-25	30	23
Net investment income	24	38	22	23	26
Other income and expenses	-13	-13	1	-11	-12
Earnings/loss before tax	49	19	-2	42	37
Earnings/loss before tax at fair value	43	-4	-26	94	-4
Operating claims ratio, %	62.2	78.5	71.8	62.8	65.8
Operating expense ratio, %	21.1	21.9	21.3	20.0	22.2
Operating combined ratio, %	83.3	100.5	93.1	82.8	88.0
Return on investment, %	0.6	0.5	-0.1	2.6	-0.6

* Due to amortisation on intangible assets arising from company acquisition

Asset Management

Earnings analysis

€ million	Q2/11	Q2/10	change %	H1/11	H1/10	rolling 12- month	2010
Net commissions and fees	13	14	-7	25	27	56	58
Other income	1	1	81	2	1	10	9
Total net income	14	15	-3	27	28	66	67
Total expenses	8	8	-6	15	16	34	35
Share of associates' profits/losses	1	0		1	0		0
Earnings before tax	7	6	15	13	12	33	31
Operating cost/income ratio, %	48	52		49	53	52	53

Asset Management

Earnings analysis by quarter

€ million	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
Net commissions and fees	13	12	18	12	14
Other income	1	1	7	1	1
Total net income	14	13	26	13	15
Total expenses	8	7	12	7	8
Share of associates' profits/losses	1	0	0	0	0
Earnings before tax	7	6	14	6	6
Operating cost/income ratio, %	48	50	55	51	52

Group Functions

Earnings analysis

€ million	Q2/11	Q2/10	change %	H1/11	H1/10	rolling 12-month	2010
Net interest income	9	20	-56	22	34	51	64
Net trading income	2	-3		-1	-9	0	-9
Net investment income	1	-3		13	15	28	31
Other income	3	4	-26	5	7	10	12
Total income	14	17	-17	39	47	90	98
Operating expenses	7	9	-20	15	17	36	38
Impairments of receivables	0			0		-1	-1
Earnings before tax	7	8	-14	24	30	55	61
Earnings/loss before tax at fair value	4	-43		22	-29	40	-12

Group Functions

Earnings analysis by quarter

€ million	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
Net interest income	9	13	12	17	20
Net trading income	2	-2	1	0	-3
Net investment income	1	11	10	6	-3
Other income	3	3	3	2	4
Total income	14	24	26	25	17
Operating expenses	7	8	13	8	9
Impairments of receivables	0	0	0	-1	0
Earnings before tax	7	17	13	18	8
Earnings/loss before tax at fair value	4	18	-11	28	-43

OP-Pohjola Group's and Pohjola's Results and Key Figures



OP-Pohjola Group and Pohjola Bank plc

Income statement, € million

	OP-Pohjola Group H1/11	Pohjola Bank plc H1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Net interest income	494	140	917	258
Net income from Non-Life insurance	216	219	382	388
Net income from Life Insurance	78		100	
Net commissions and fees	297	80	563	164
Other income	110	54	210	116
Total income	1,195	493	2,172	926
Total expenses	689	261	1,286	514
Earnings before impairments of receivables	417	232	723	412
Impairments of receivables	55	35	149	104
Returns to owner-members and OP-bonus customers	89		163	
Earnings before tax	362	197	575	308
Change in fair value reserve	-116	-32	225	-17
Earnings/loss before tax at fair value	247	166	800	291

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group H1/11	Pohjola Bank plc H1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Total assets, € million	87,870	38,691	83,969	36,184
Receivables from customers, € million	58,155	12,294	56,834	12,433
Deposits, € million	38,849	6,181	36,443	4,231
Equity capital, € million	6,586	2,375	6,726	2,377
Tier 1 ratio, %	12.0	12.2	12.8	12.5
Doubtful receivables, € million	271	46	204	31
Doubtful receivables and zero-interest bearing receivables of loans and guarantees, %	0.45	0.31	0.34	0.22
Loan and guarantee portfolio, € billion	60.7	14.6	59.4	14.0
Impairments of receivables, € million	55	35	149	104
Impairments of receivables / loan and guarantee portfolio, %	0.18	0.24	0.25	0.73
Personnel	12,879	3,083	12,504	3,005

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group H1/11	Pohjola Bank plc H1/11	OP-Pohjola Group 2010	Pohjola Bank plc 2010
Net interest margin, %	1.1*	1.32**	1.1*	1.36**
Cost / Income ratio, %	57	36***	59	35***
Return on equity (ROE) at fair value, %	5.5	10.5	9.4	9.3
Return on assets, (ROA) at fair value, %	0.4		0.7	
Non-Life Insurance, Solvency ratio, %		86		86
Life Insurance, Solvency ratio, %	15.8****		15.9****	
Operating Combined ratio, %		91.6		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

Finnish Economy



Forecasts for the Finnish Economy

Published on 1 February, 2011

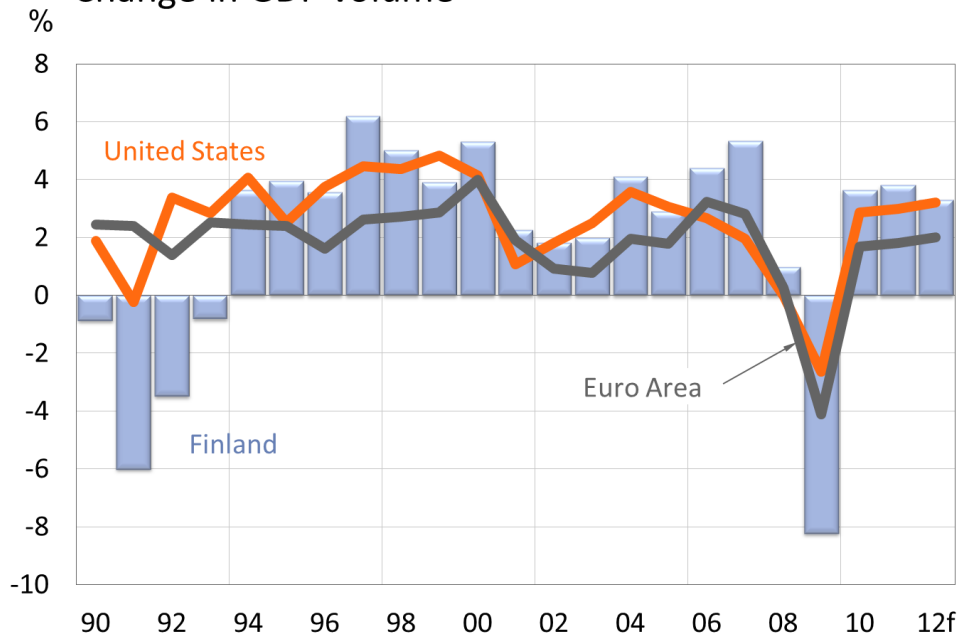
	2010 EUR bn	2009 Volume, % change on previous year	2010 Volume, % change on previous year	2011f Volume, % change on previous year	2012f Volume, % change on previous year
GDP	180.3	-8.2	3.6	3.8	3.3
Imports	70.3	-16.1	7.4	8.9	5.9
Exports	72.6	-21.5	8.6	10.7	7.1
Consumption	142.8	-1.9	2.1	2.0	1.9
Private consumption	98.5	-3.1	2.7	2.7	2.5
Public consumption	44.3	0.9	0.6	0.5	0.5
Fixed investment	33.9	-13.5	2.8	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	2.3	3.1	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

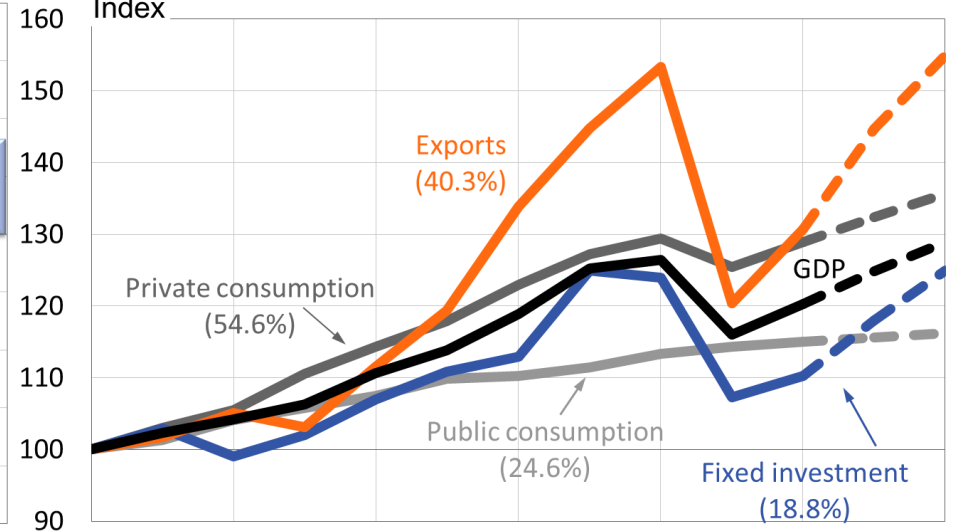


Sources: Reuters EcoWin, forecasts OP-Pohjola Group (February 2011)

GDP and demand components

2010 GDP shares in brackets

Index

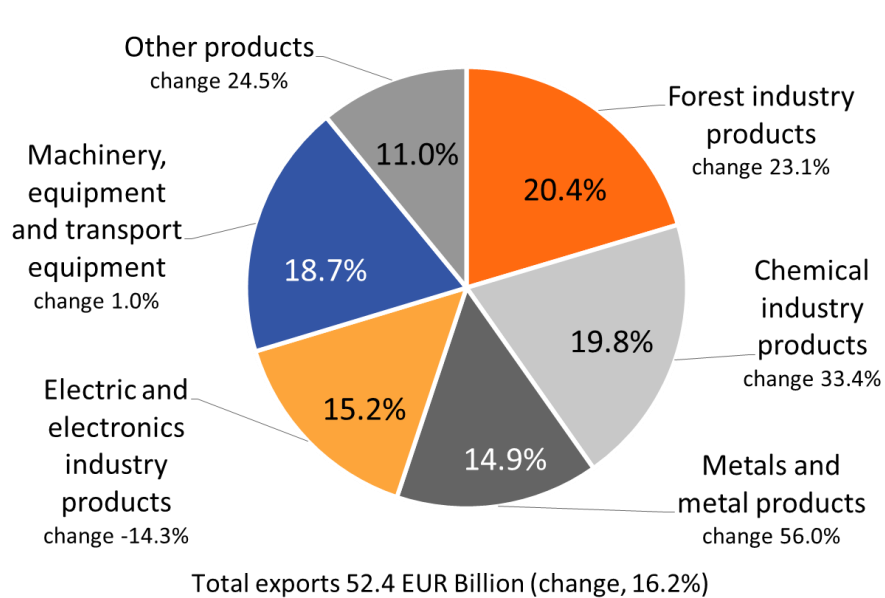


Sources: Statistics Finland, forecasts OP-Pohjola Group, February 2011

Goods Exports by Product Group and by Country

Goods exports by product group

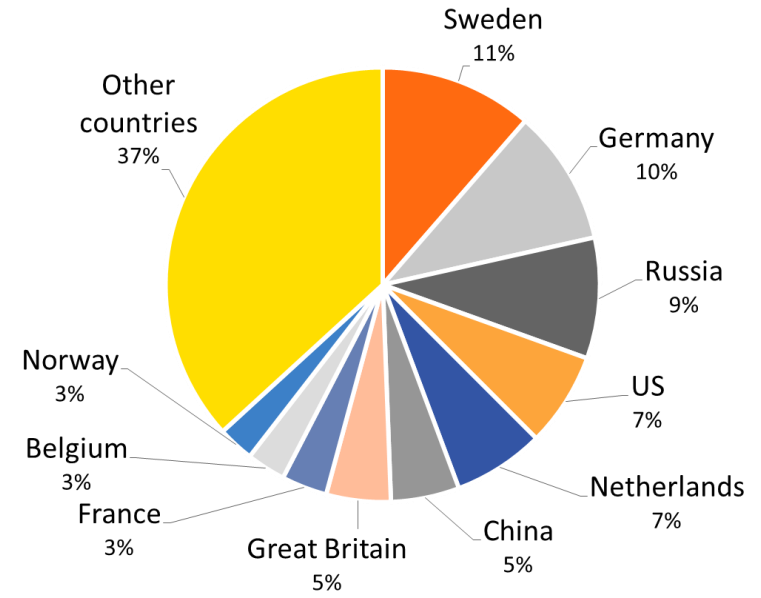
Share of total exports and annual change
2010



Source: National Board of Customs

Goods exports by countries

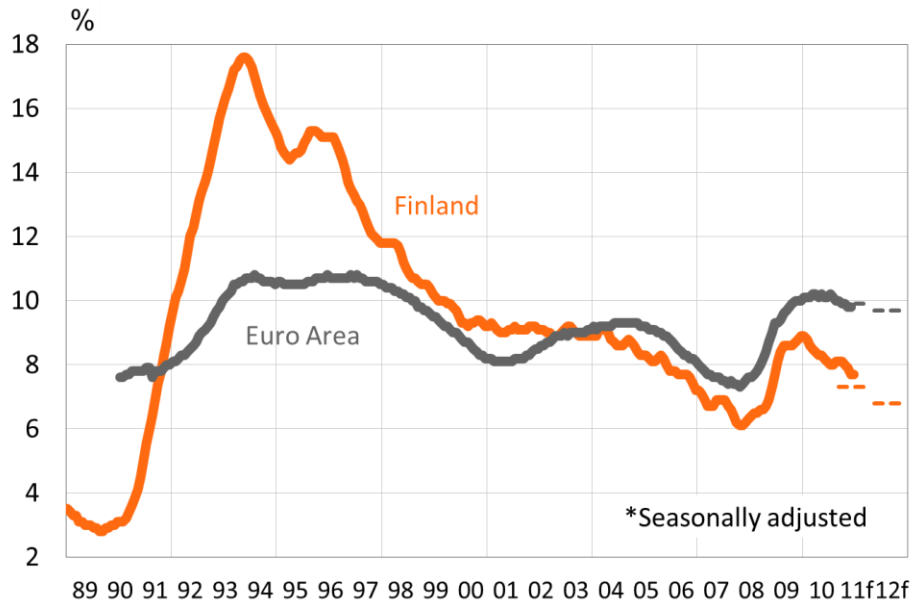
2010



Source: National Board of Customs

Unemployment Rate and Corporate Debt

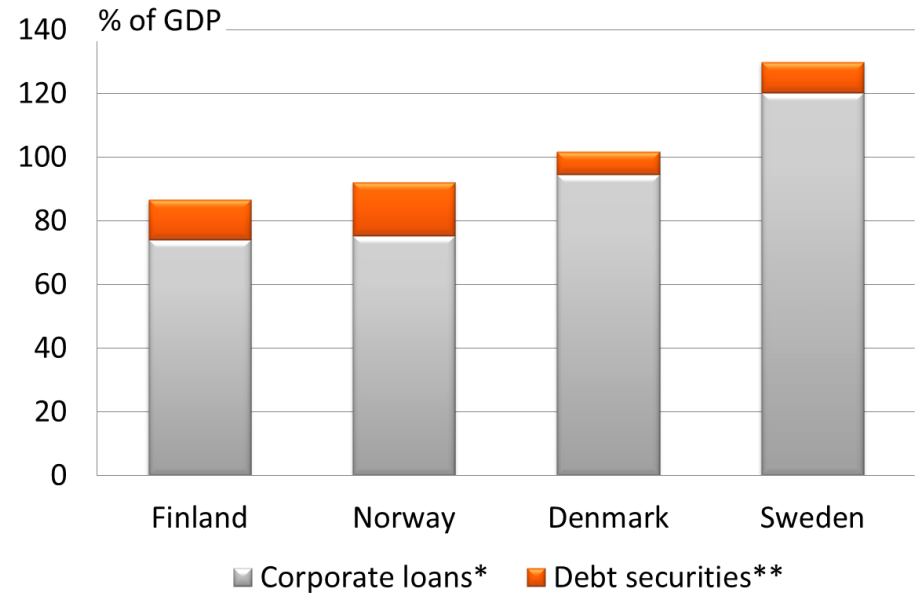
Unemployment rate* in Finland and Euro Area



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

Corporate debt

Year 2010



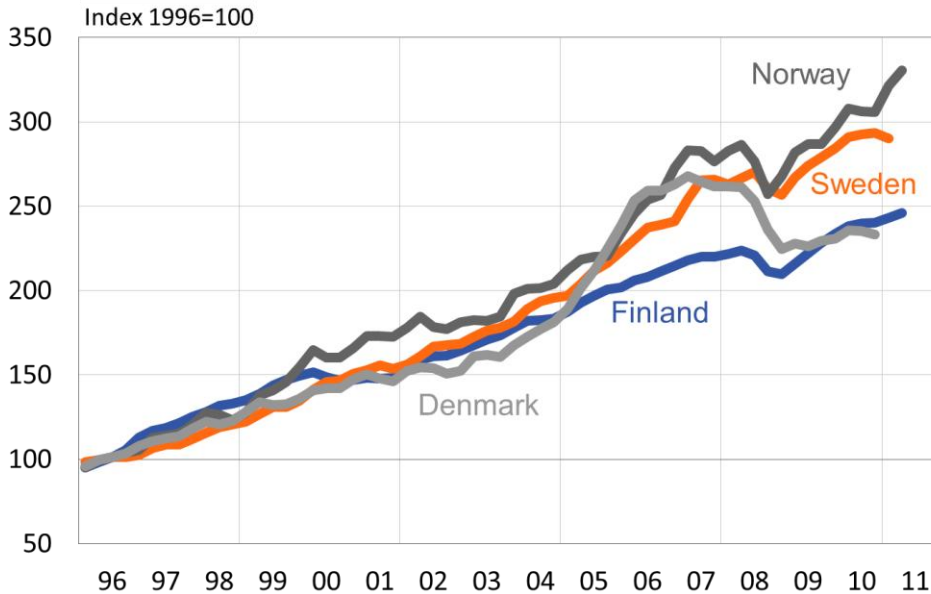
* Excl. loans between Finnish companies

** Commercial papers, corporate bonds and financial derivatives

Source: Eurostat, Consolidated Financial Accounts, Sweden year 2009

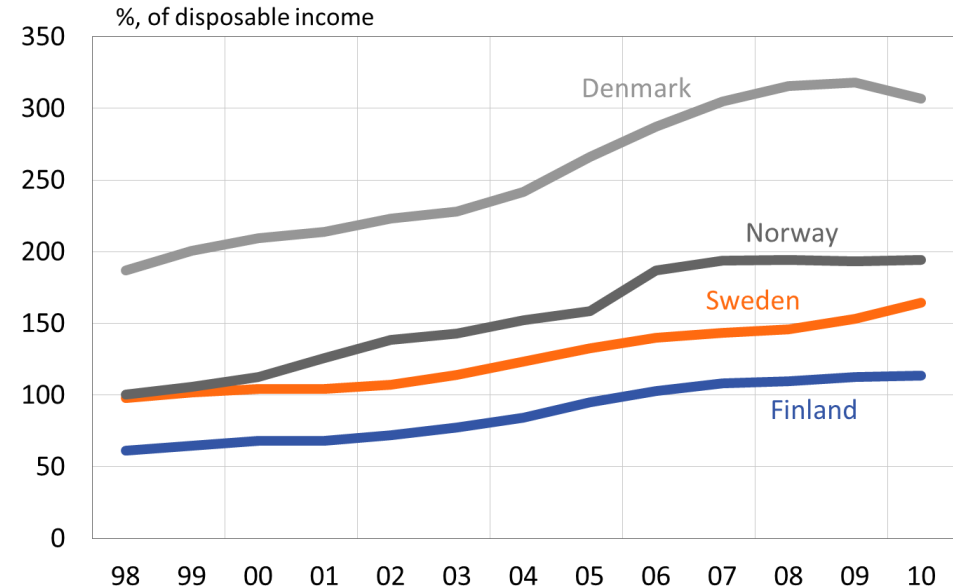
Average House Prices and Households' Debt

Average house prices



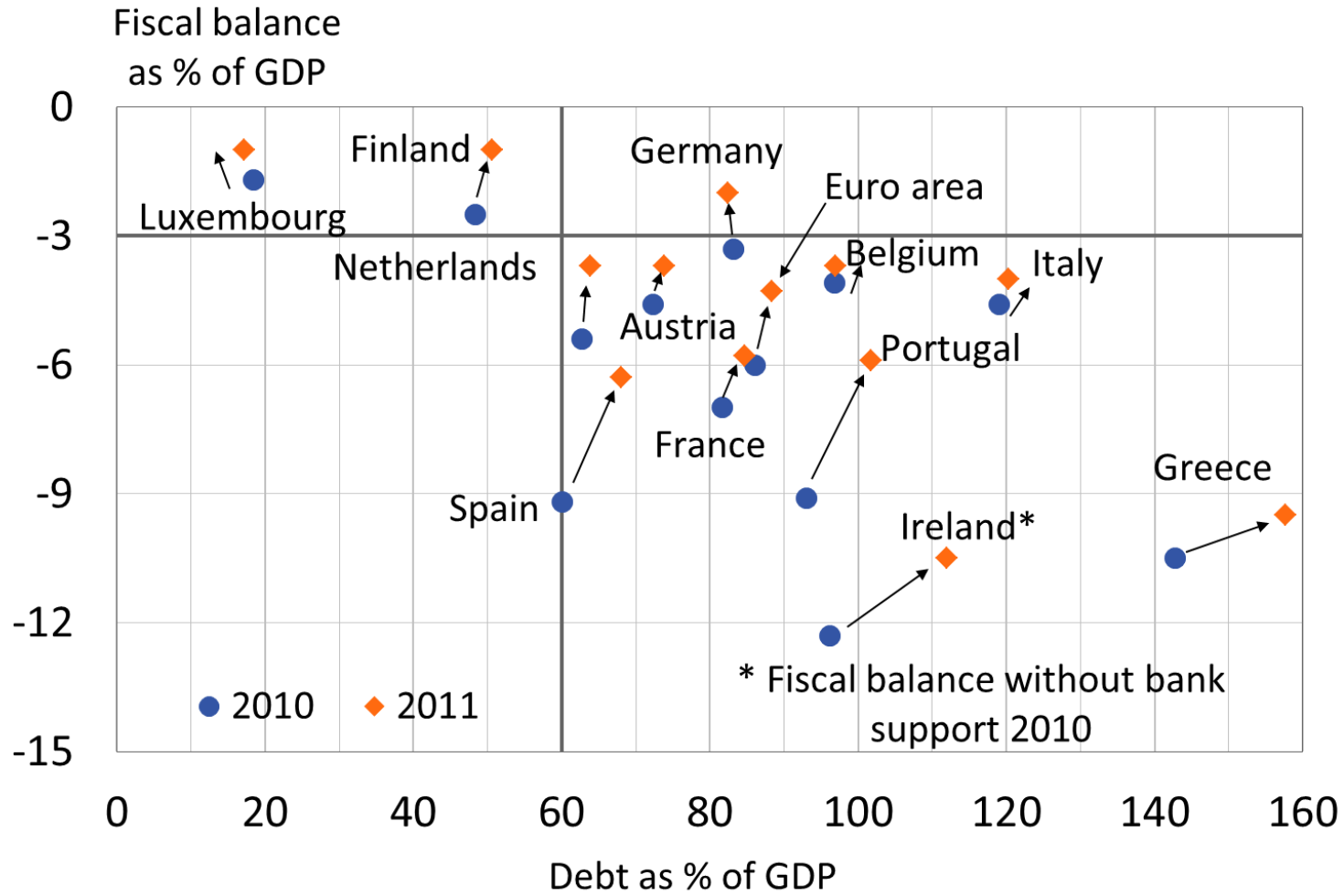
Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio



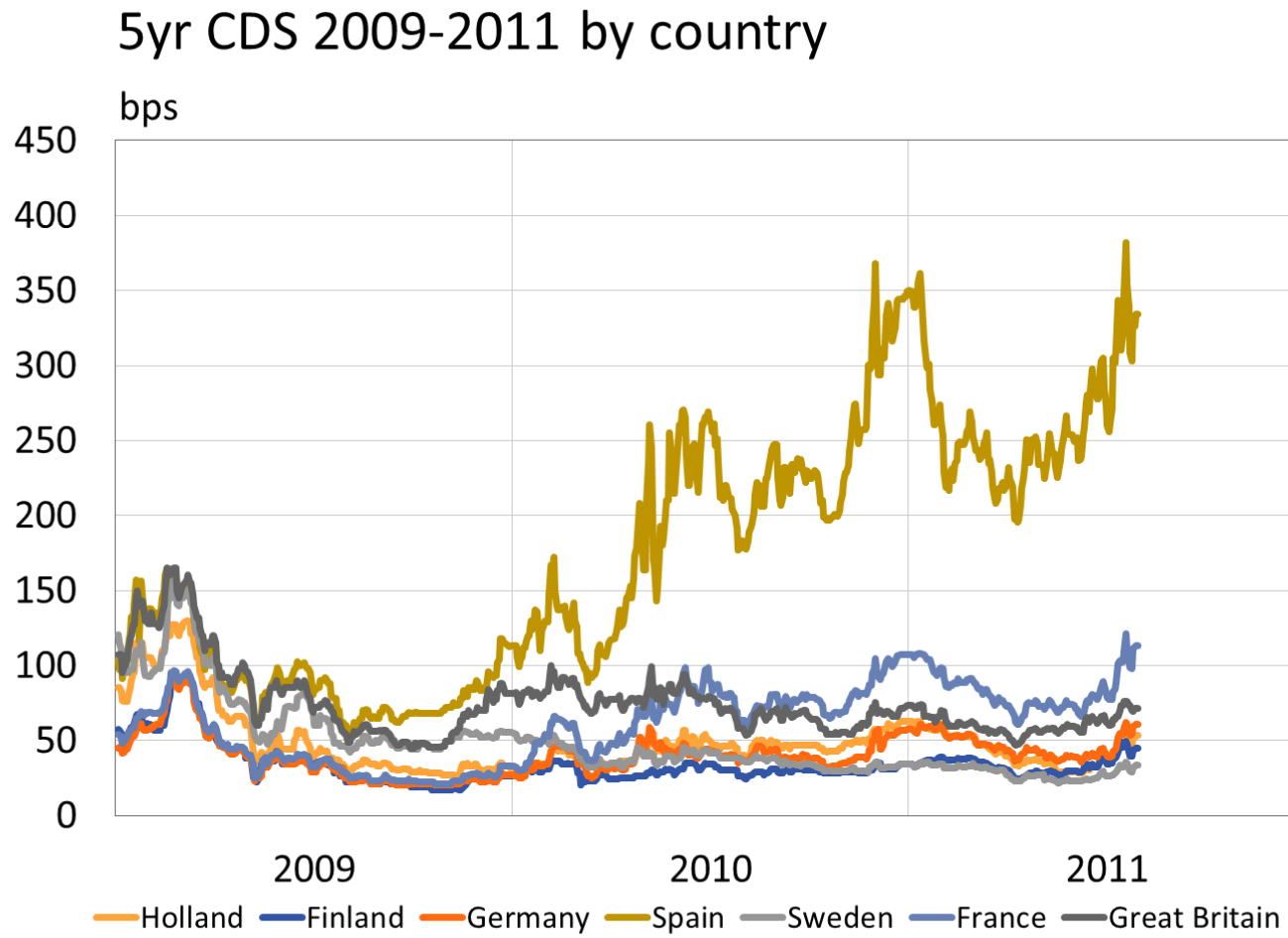
Sources: Central Banks, Statistics Finland

Fiscal Balance



Source: European Commission, May 2011

5-year CDS



Source: Reuters EcoWin

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Investor Relations

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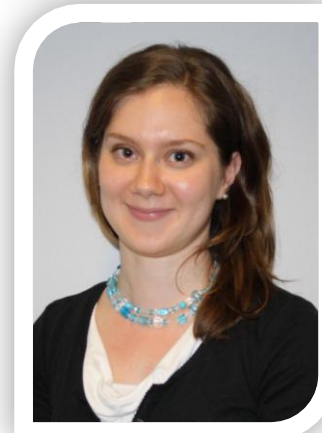


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