



**OP-Pohjola Group's  
Interim Report for 1 January–30 June 2014**

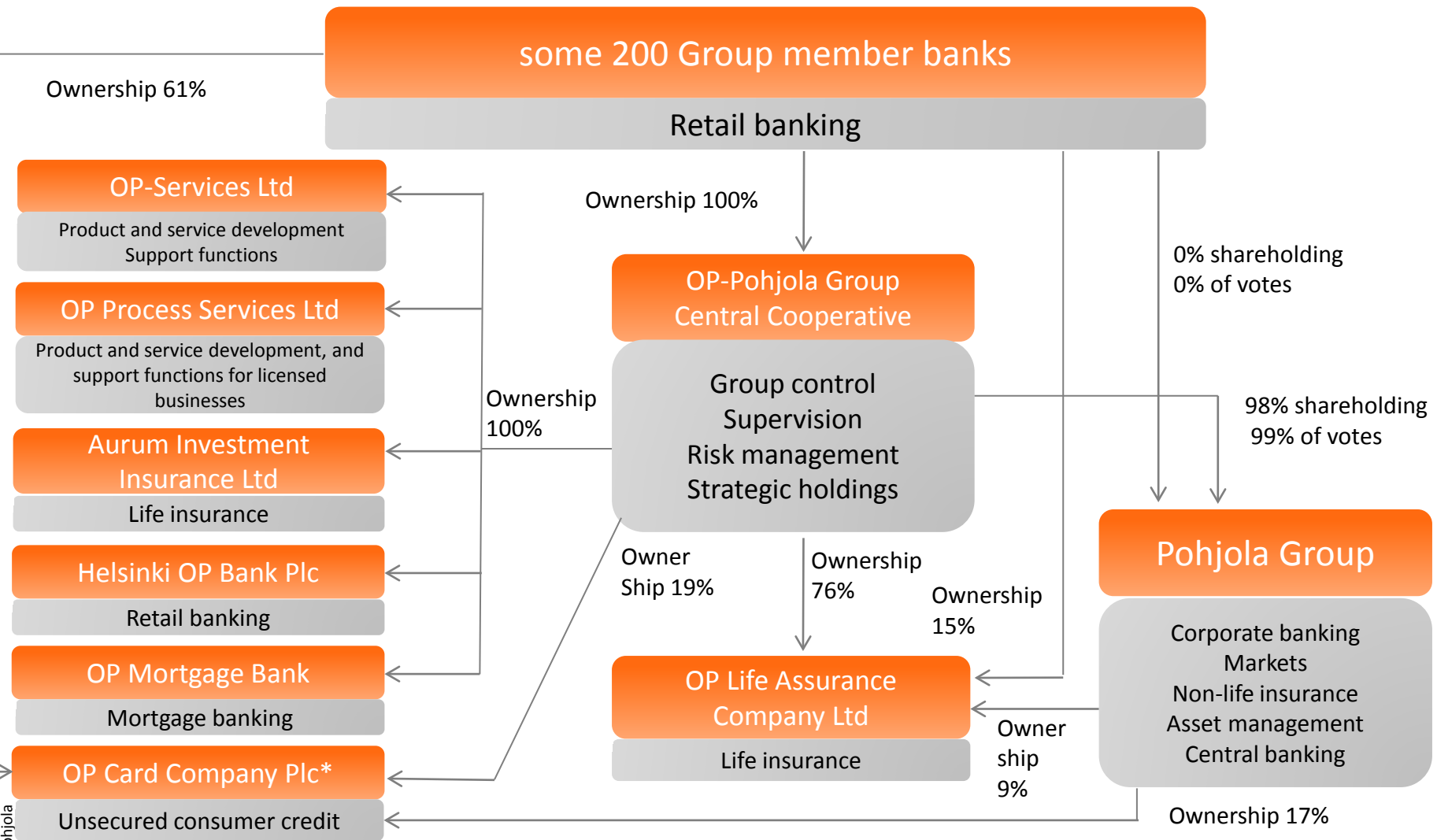
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- **5-year trends**



## OP-Pohjola Group

# OP-Pohjola Group



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's shareholding 100%, of which OP-Pohjola Group Central Cooperative Consolidated's shareholding 39%.

© OP-Pohjola

# OP-Pohjola Group Business Segments

## Banking

- Cooperative banks, Helsinki OP Bank Plc, OP Card Company Plc and OP Mortgage Bank.
- Pohjola Group's Banking segment
- OP Bank Group Mutual Insurance Company

## Non-life Insurance

- Pohjola Insurance Ltd, Eurooppalainen Insurance Company Ltd, A-Insurance Ltd, Seesam Insurance AS, Omasairaala Oy and Pohjola Health Ltd

## Wealth Management

- Pohjola Group's Asset Management segment
- OP Life Assurance Company Ltd, OP Fund Management Company Ltd and Aurum Investment Insurance Ltd

## Other operations

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



# OP-Pohjola Group Key Indicators

## OP-Pohjola Group's Key Figures

	H1/2014	H1/2013	Change, %	Q1-Q4/2013
Earnings before tax, EUR million	488	395	23.7	701
Banking	294	188	56.4	404
Non-life Insurance	133	99	34.2	166
Wealth Management	99	77	28.7	113
Returns to owner-members and OP bonus customers	98	96	2.0	193
	30 June 2014	31 Dec 2013	Change, %	
Common Equity Tier 1 (CET1) ratio, % / Core Tier 1**	12.8	17.1	-4.3 *	
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates) **	1.69	2.19	-0.50 *	
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.44	0.42	0.02 *	
Joint banking and insurance customers (1,000)	1,554	1,518	2.4	

\*\* Change in ratio

\*\* The comparatives are presented based on the regulatory framework that came into effect on 1 January 2014

# Joint Liability, Deposit Insurance and Investors' Compensation

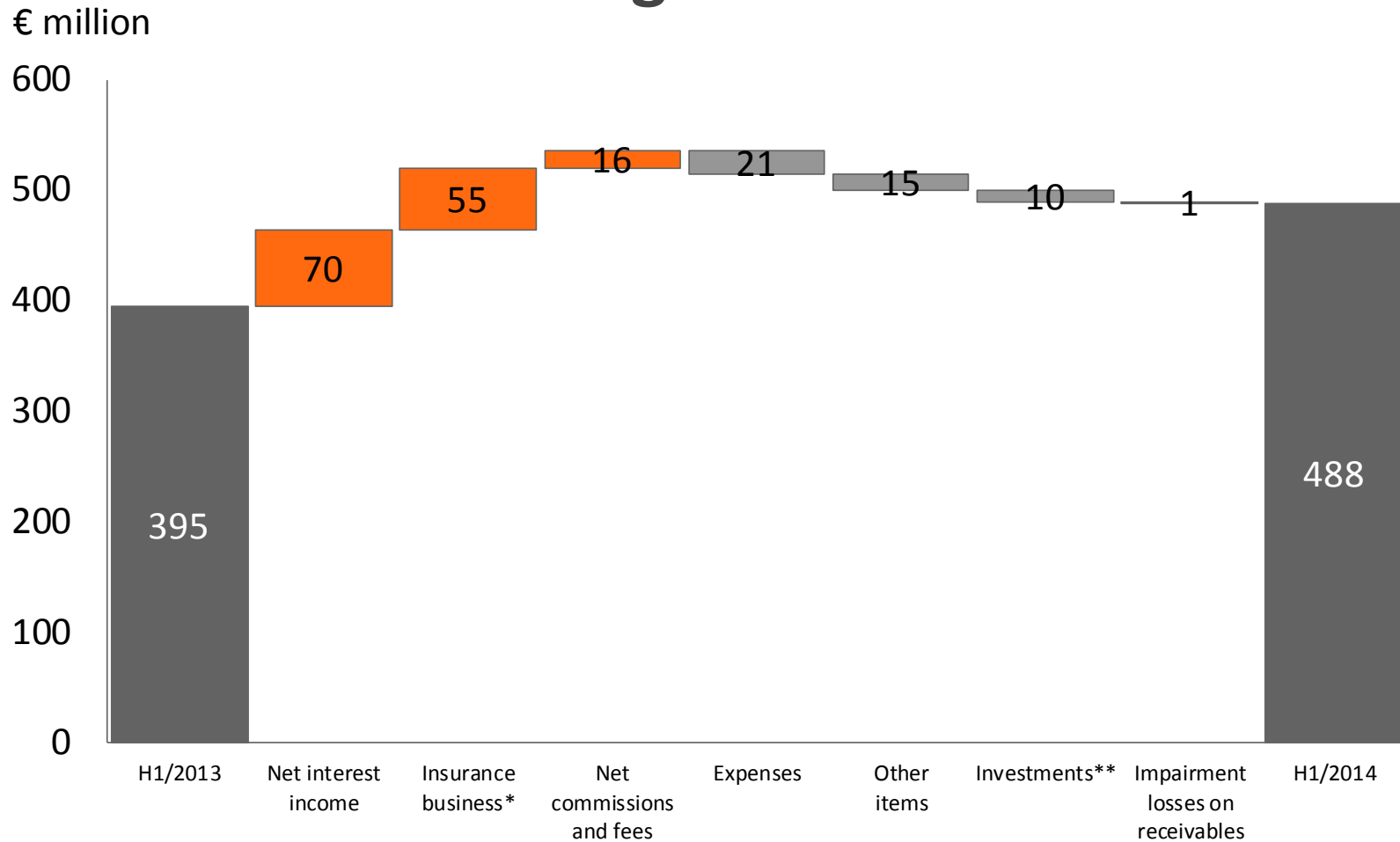
- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), its member credit institutions and the companies belonging to their 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 , OP Card Company Plc and OP Process Services Ltd.
- 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 and Helsinki OP Bank Plc , 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.



## Year-on-year Results



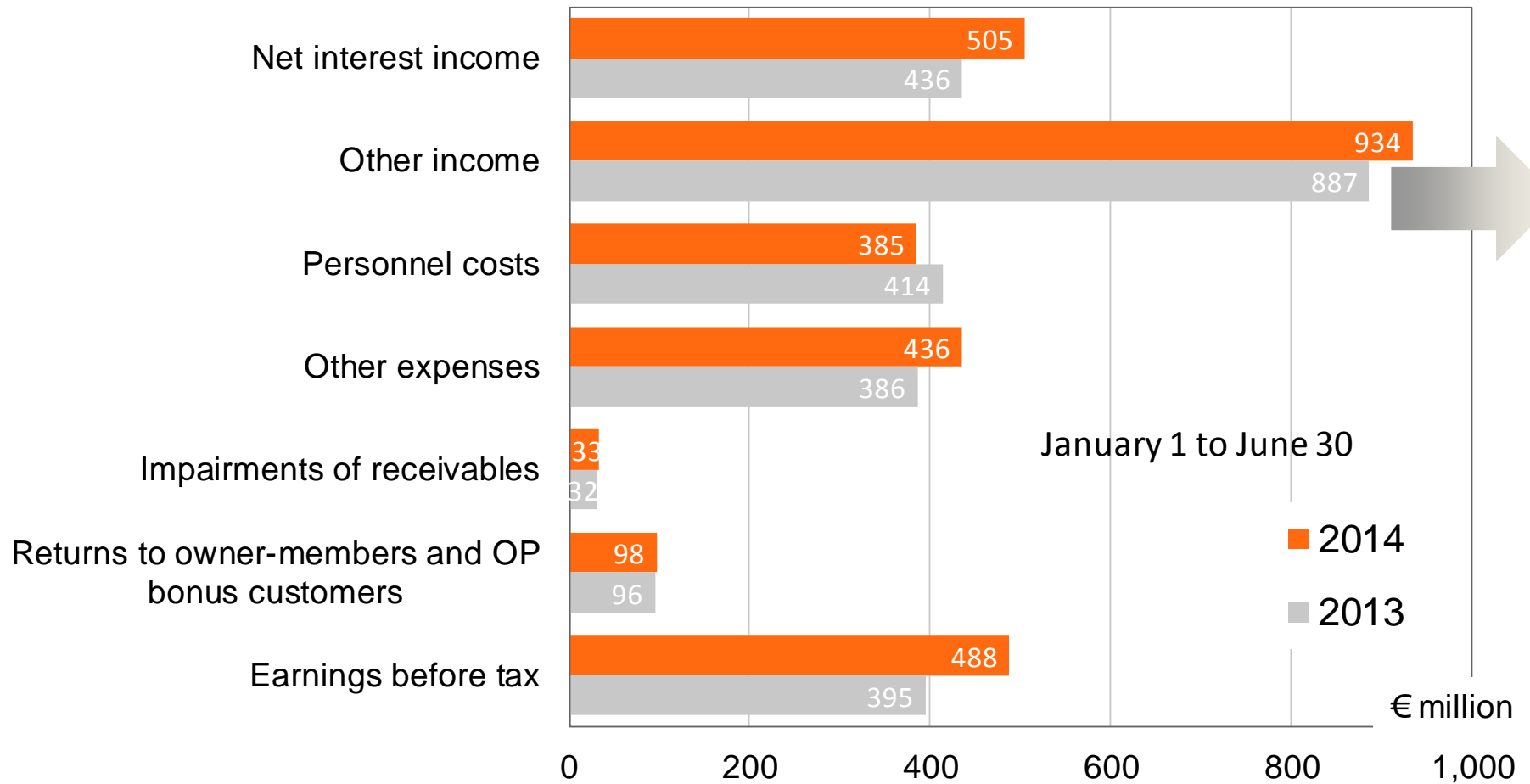
# OP-Pohjola Group Earnings before Tax



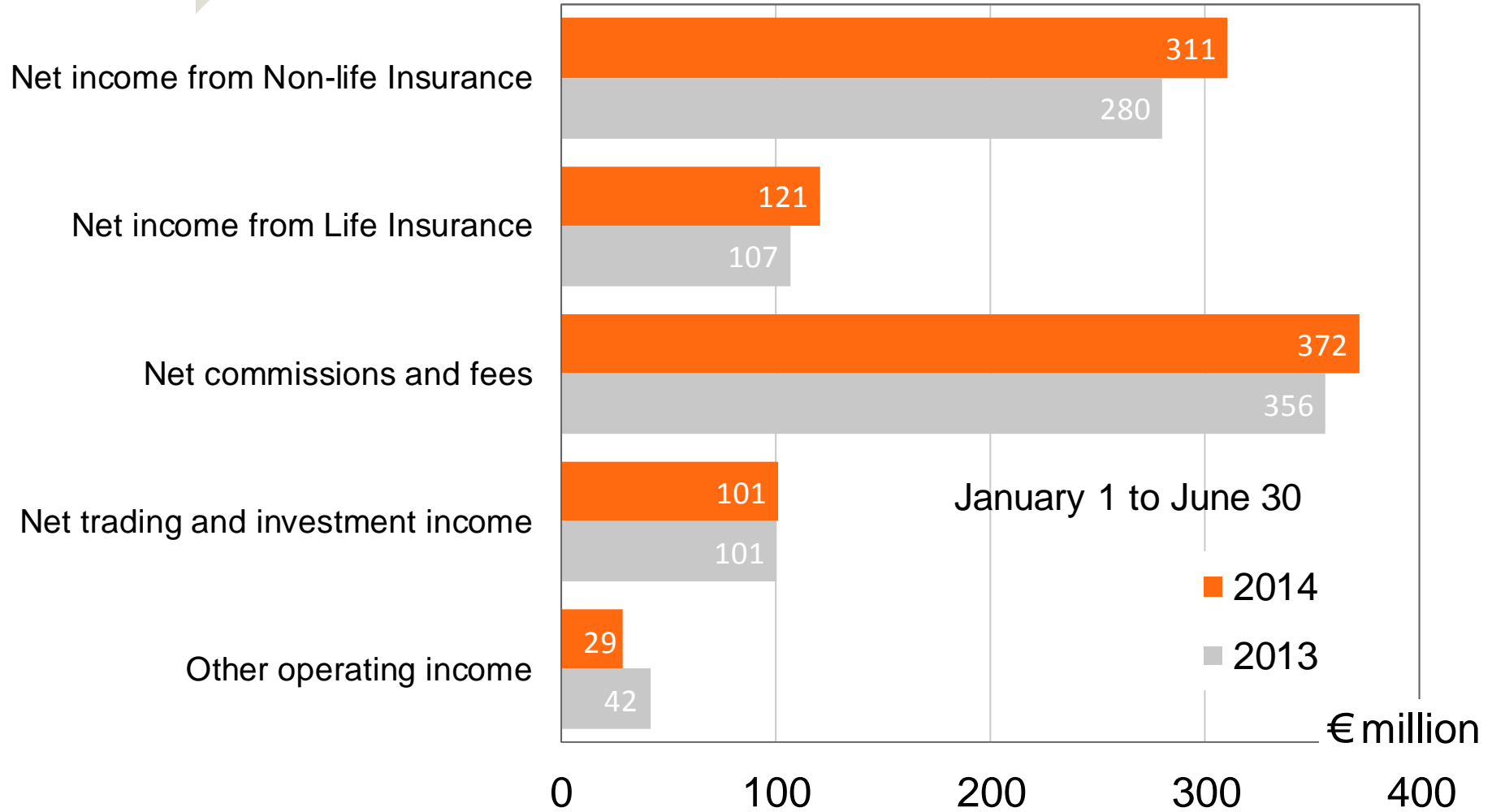
\*) Life and Non-life Insurance \*\*) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income



# OP-Pohjola Group Income statement



# OP-Pohjola Group Other Income



OP-Pohjola Group

Income statement

January 1 to June 30 € million			Change	
	2014	2013	€ million	%
Interest income	1,333	1,241	92	7.4
Interest expenses	828	806	22	2.8
Net interest income	505	436	70	16.0
Impairments of receivables	33	32	1	3.9
Net interest income after impairment losses	472	404	68	16.9
Net income from Non-life Insurance operations	311	280	31	10.9
Net income from Life Insurance operations	121	107	14	13.0
Net commissions and fees	372	356	16	4.4
Net trading income	55	52	4	7.5
Net investment income	46	49	-3	-6.1
Other operating income	29	42	-13	-31.0
Personnel costs	385	414	-29	-6.9
Other administrative expenses	215	182	33	18.1
Other operating expenses	221	204	17	8.1
Returns to owner-members and OP bonus customers	98	96	2	2.0
Share of associates' profits/losses	1	1	0	-12.0
Earnings before tax	488	395	93	23.7

# OP-Pohjola Group

## Income Statement by Business Segment

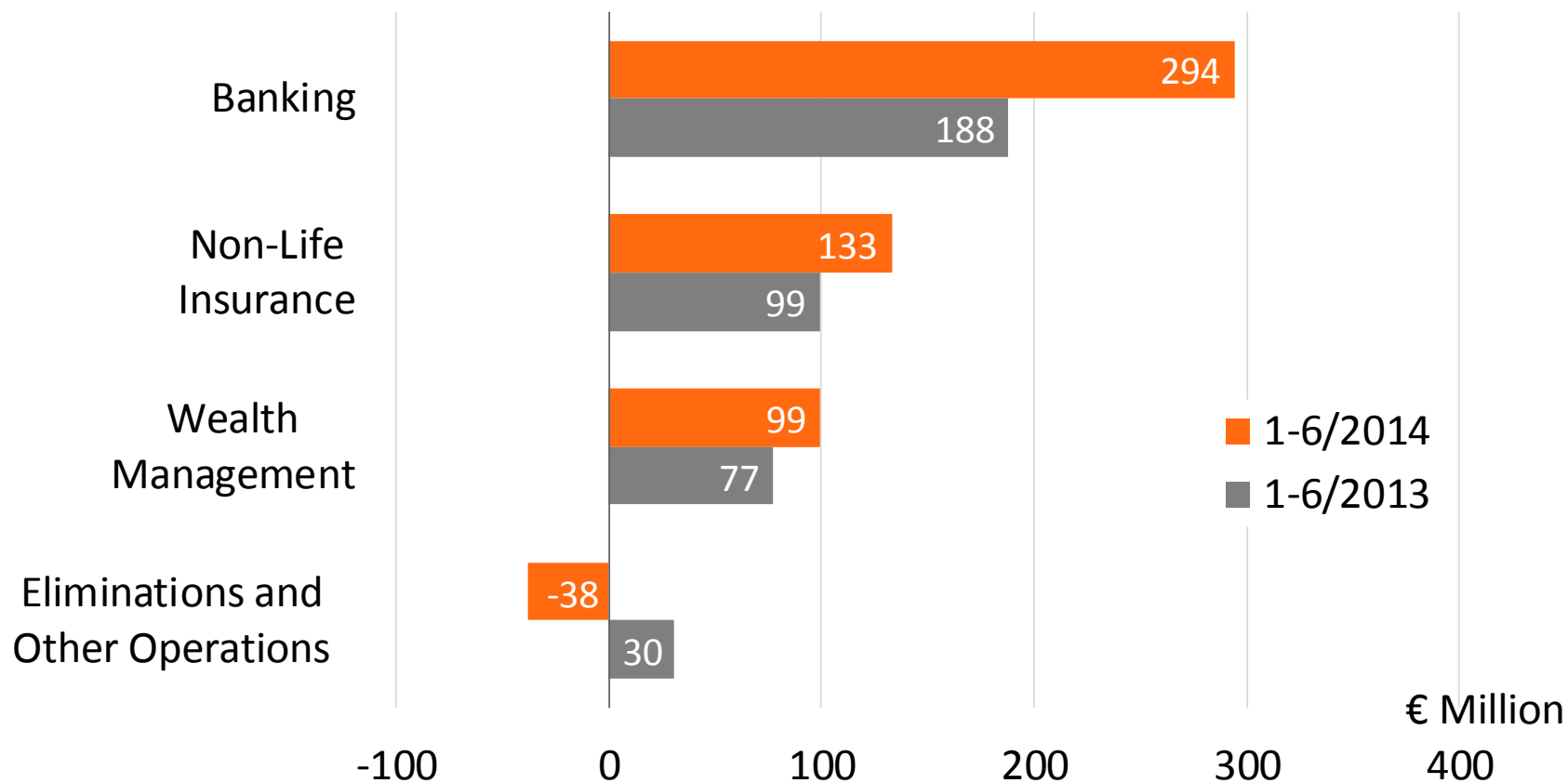
1 January to 30 June 2014

€ million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	524	-12	1	-8	505
Net income from non-life insurance	0	315	0	-4	311
Net income from life insurance	0	0	61	59	121
Other income	92	6	6	28	131
<b>Total income</b>	<b>957</b>	<b>317</b>	<b>149</b>	<b>16</b>	<b>1,440</b>
Personnel costs	237	54	12	82	385
Other expenses	304	130	38	-36	436
<b>Total expenses</b>	<b>541</b>	<b>184</b>	<b>50</b>	<b>46</b>	<b>821</b>
Impairment losses on receivables	33	0	0	0	33
Returns to owner-members	89	0	0	9	98
<b>Earnings before tax</b>	<b>294</b>	<b>133</b>	<b>99</b>	<b>-38</b>	<b>488</b>
Cost /income ratio, %	57				

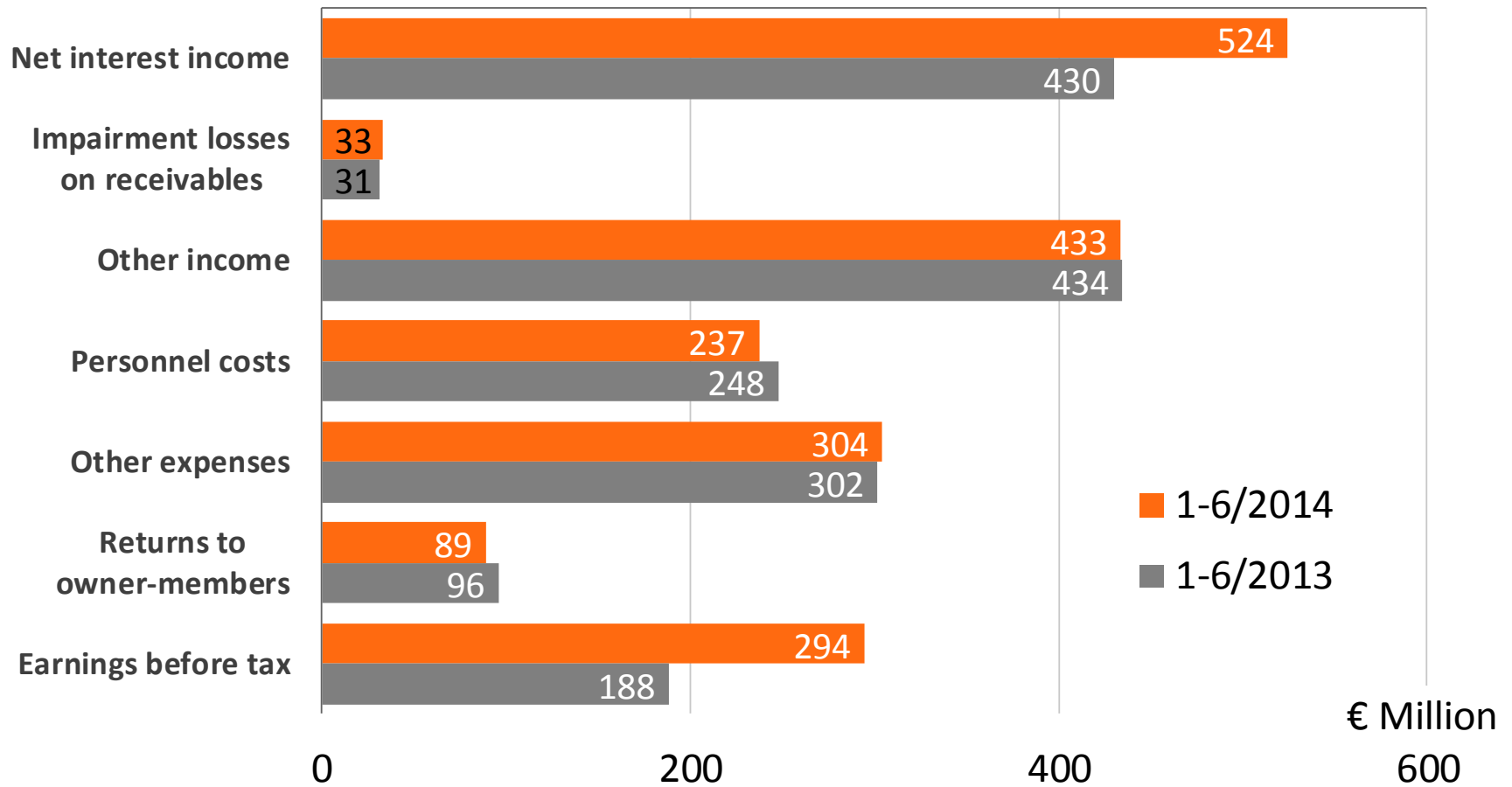


# OP-Pohjola Group

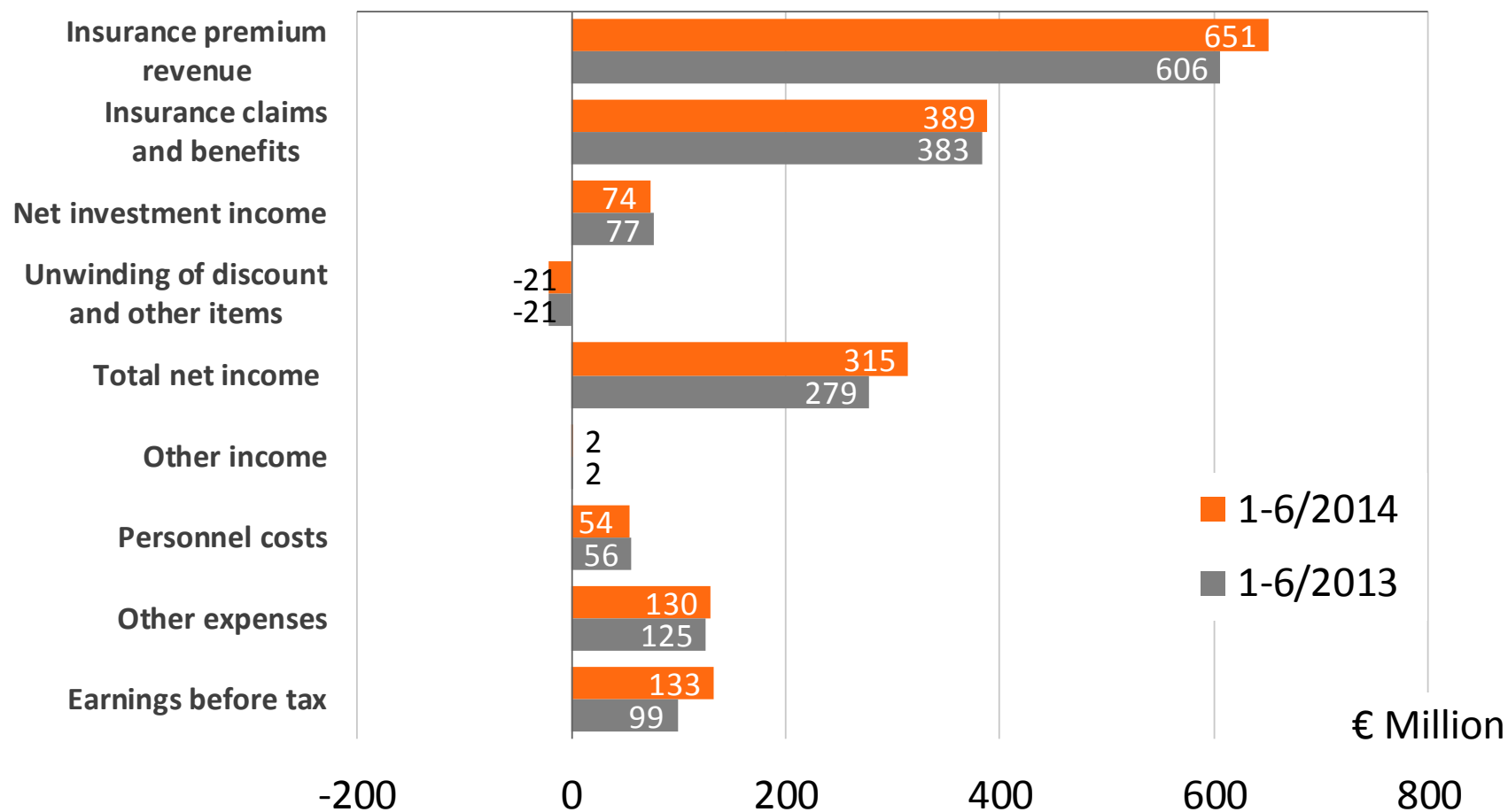
## Earnings before tax by Business Segment



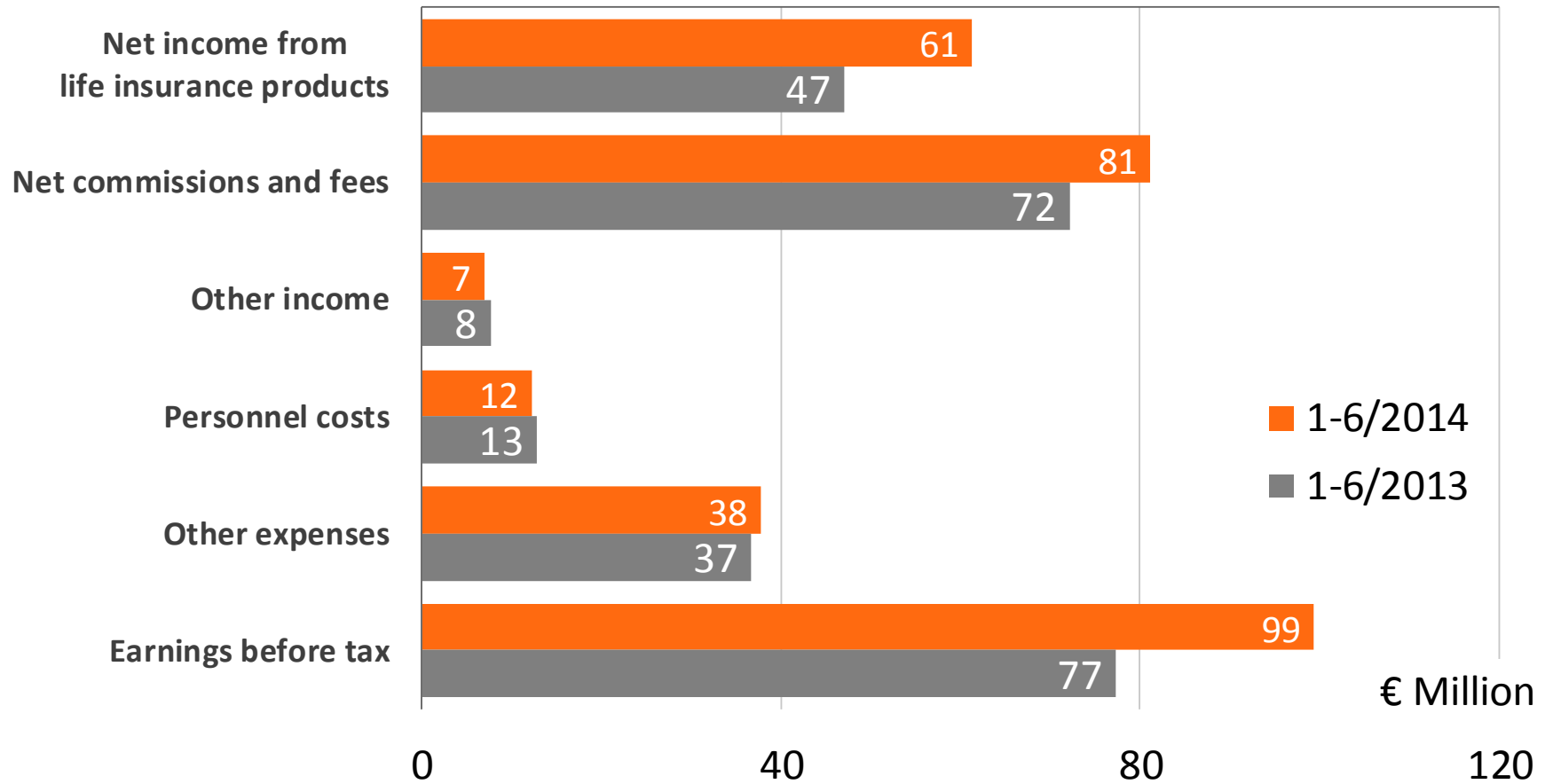
# OP-Pohjola Group Banking



# OP-Pohjola Group Non-Life Insurance



# OP-Pohjola Group Wealth Management



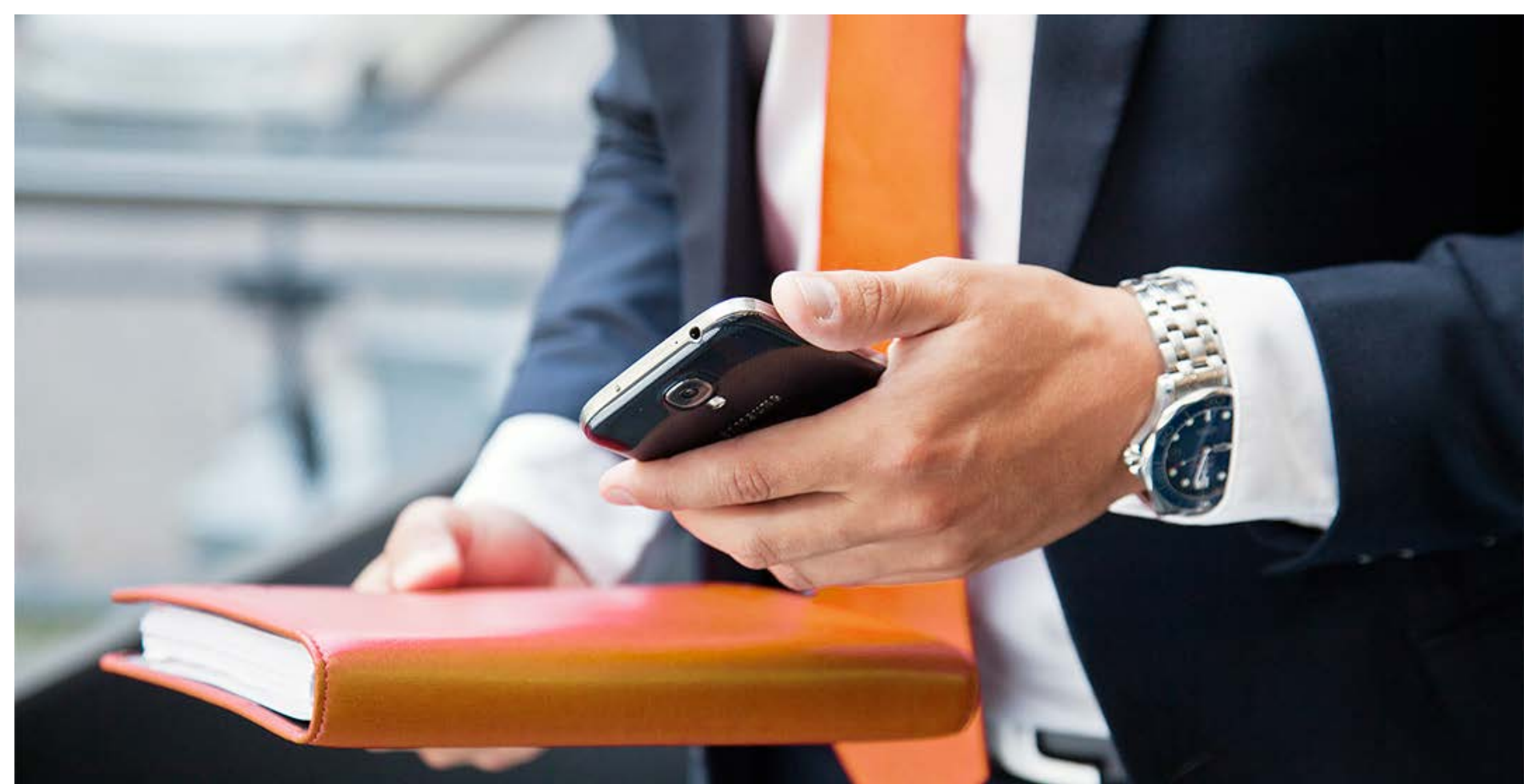
€ Million

0

40

80

120



## Quarterly Figures



## OP-Pohjola Group Quarterly Performance

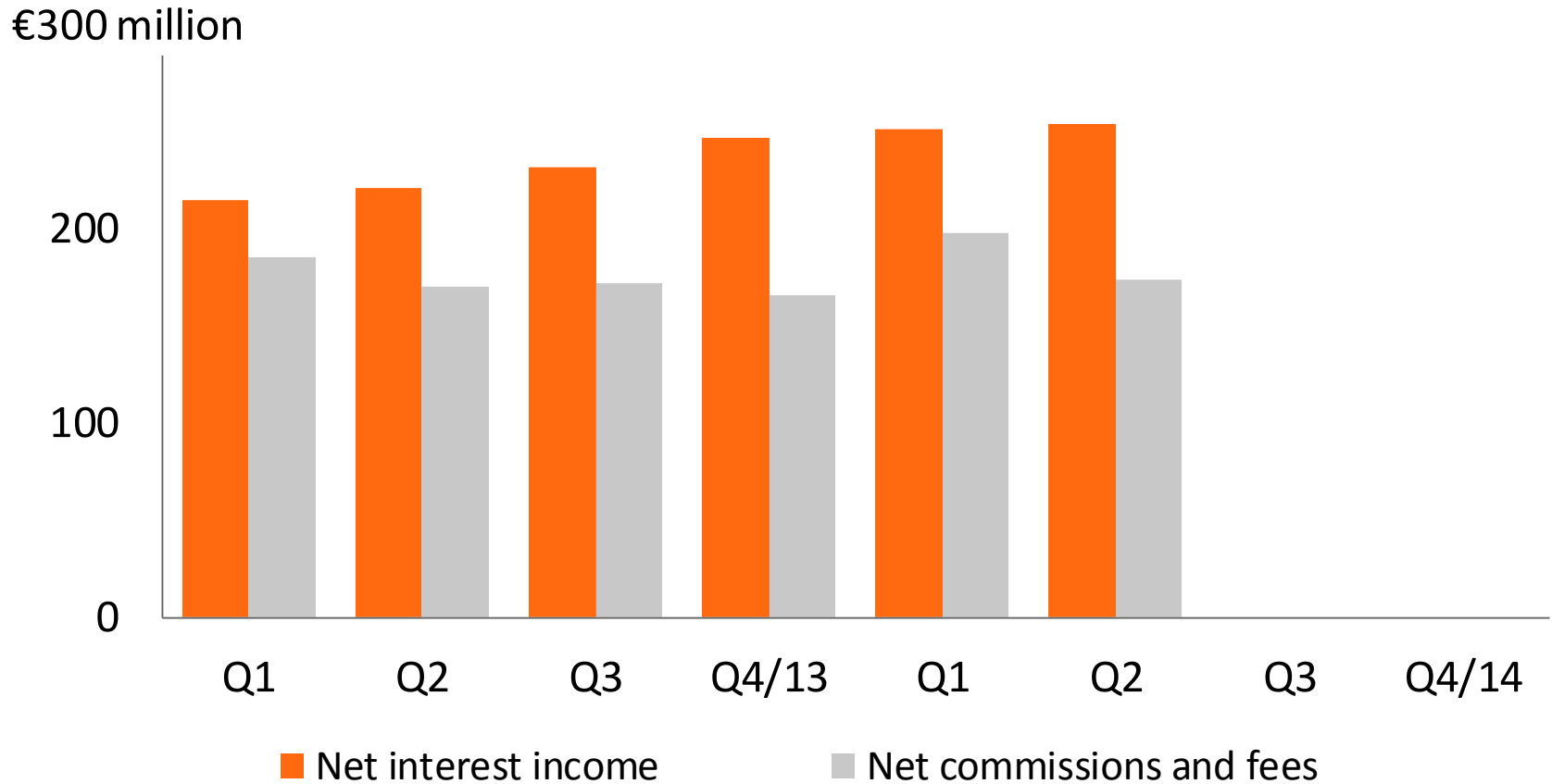
€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	215	221	232	247	251	254		
Other income	473	413	410	364	485	449		
Total income	688	634	642	611	737	703		
Personnel costs	211	203	176	202	195	190		
Other expenses	187	199	184	236	225	210		
Total expenses	398	402	360	438	420	401		
Impairments of receivables	9	23	17	34	10	23		
Returns to owner-members and OP bonus customers	48	48	49	49	49	49		
Earnings before tax	234	161	216	90	257	231		

OP-Pohjola Group  
Other Income by Quarter

€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	143	137	147	96	151	159		
Net income from life insurance	70	36	37	31	80	41		
Net commissions and fees	185	171	172	166	198	174		
Net income from trading and investments	55	46	35	46	43	58		
Other income	20	23	18	25	13	17		
Total	473	413	410	364	485	449		

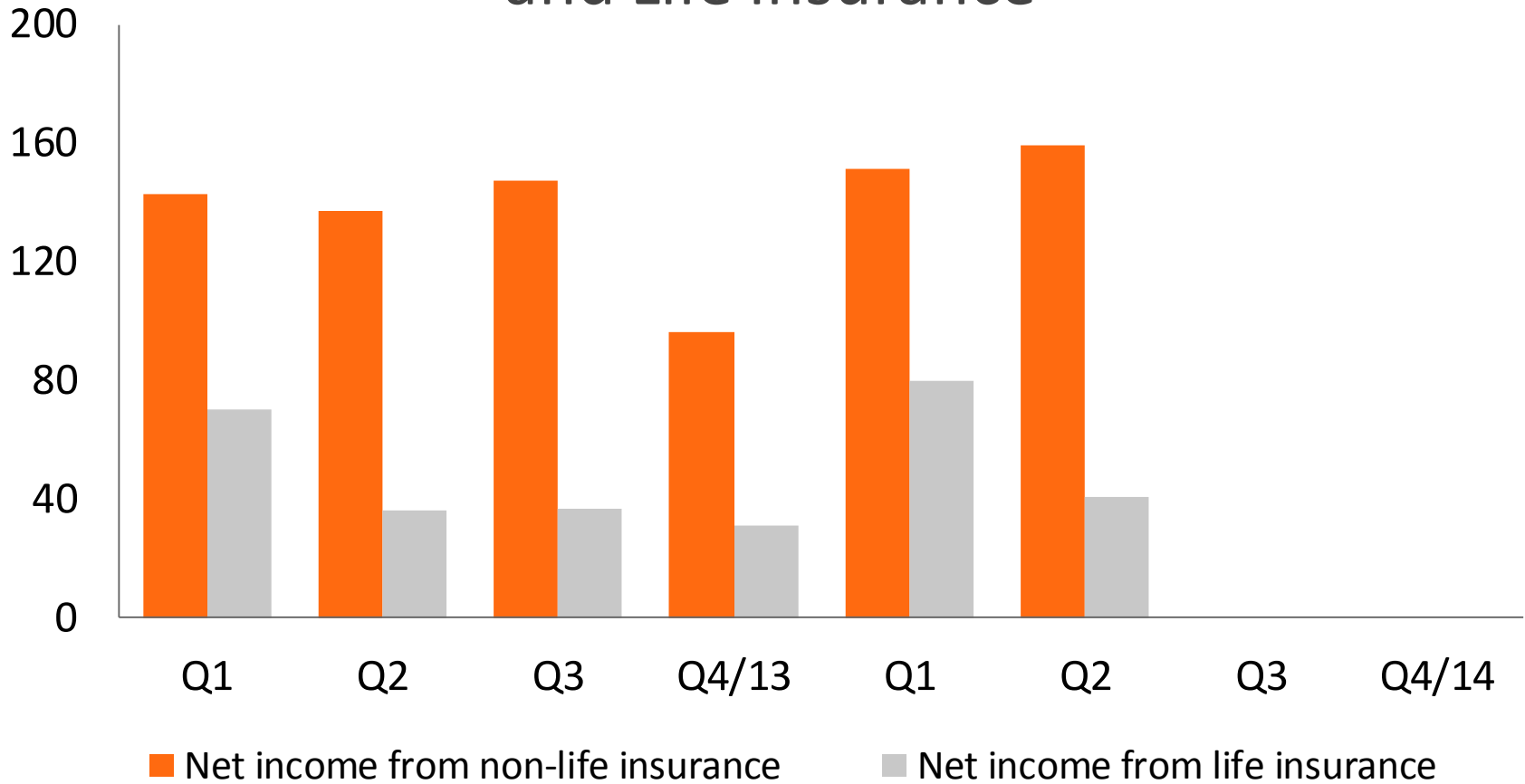
# OP-Pohjola Group

## Net Interest Income and Net Commissions and Fees



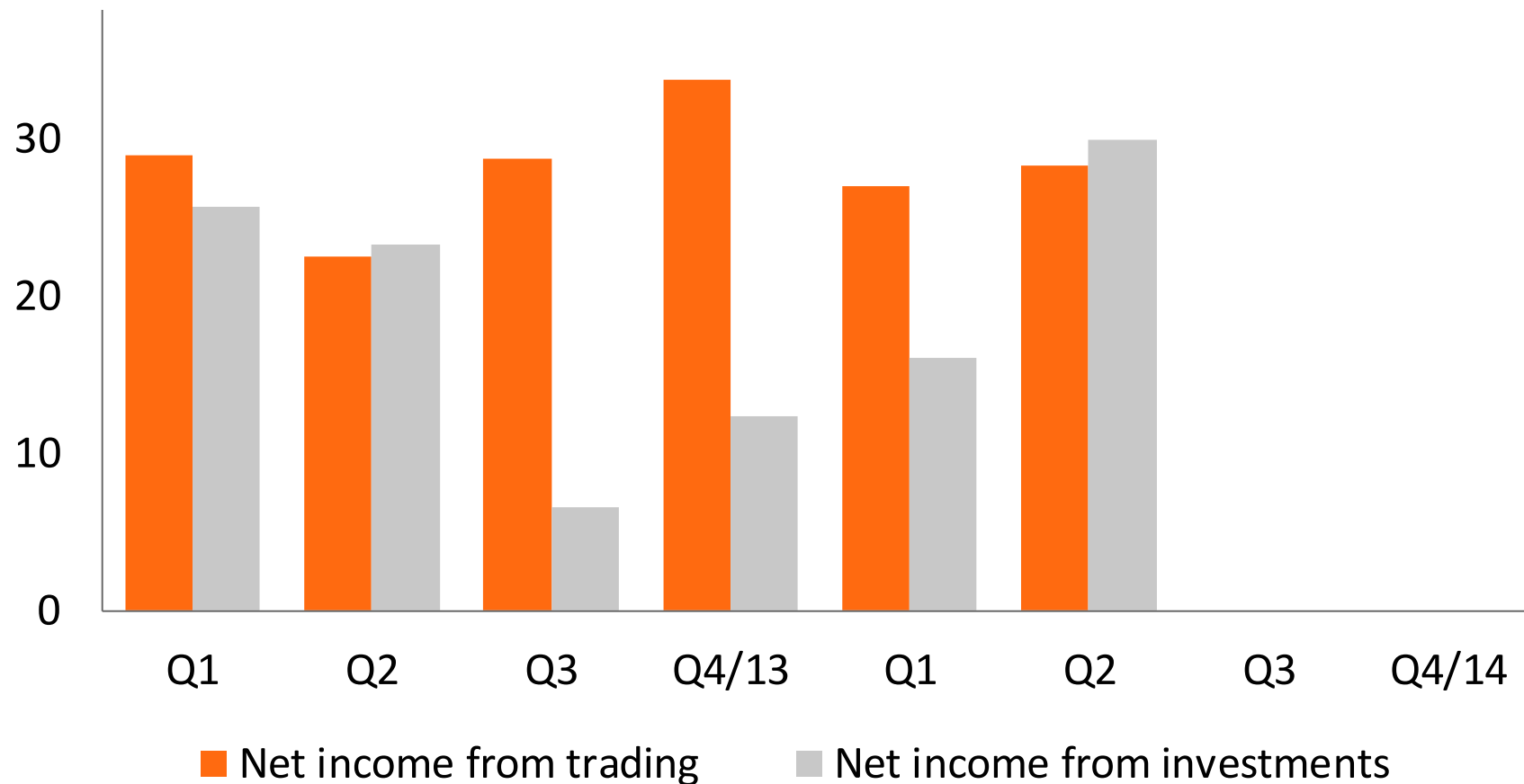
# OP-Pohjola Group Net Income from Non-life and Life Insurance

€ million



# OP-Pohjola Group Net Income from Trading and Investments

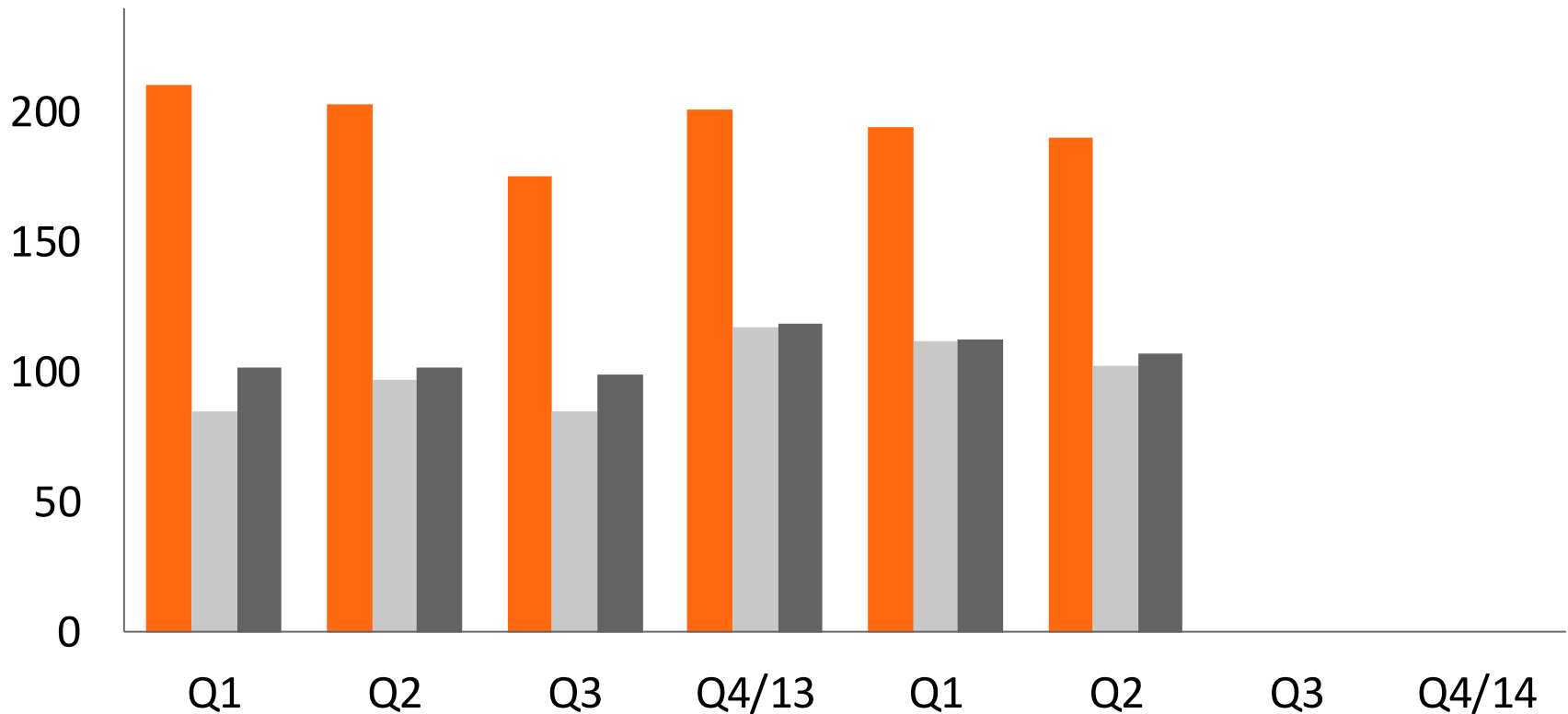
€40 million





# OP-Pohjola Group Expenses

€250 million



Personnel costs

Other administrative expenses

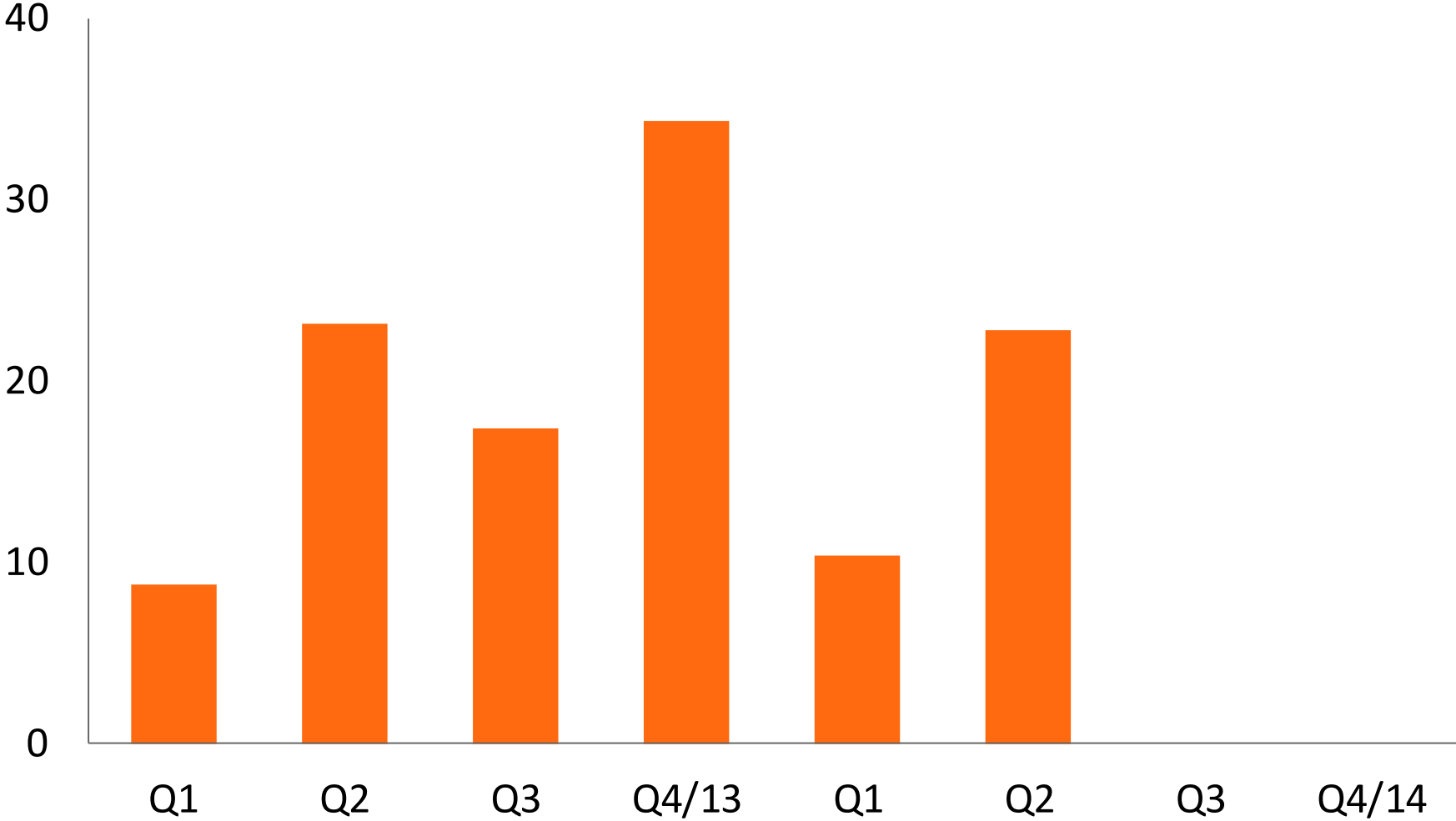
Other operating expenses



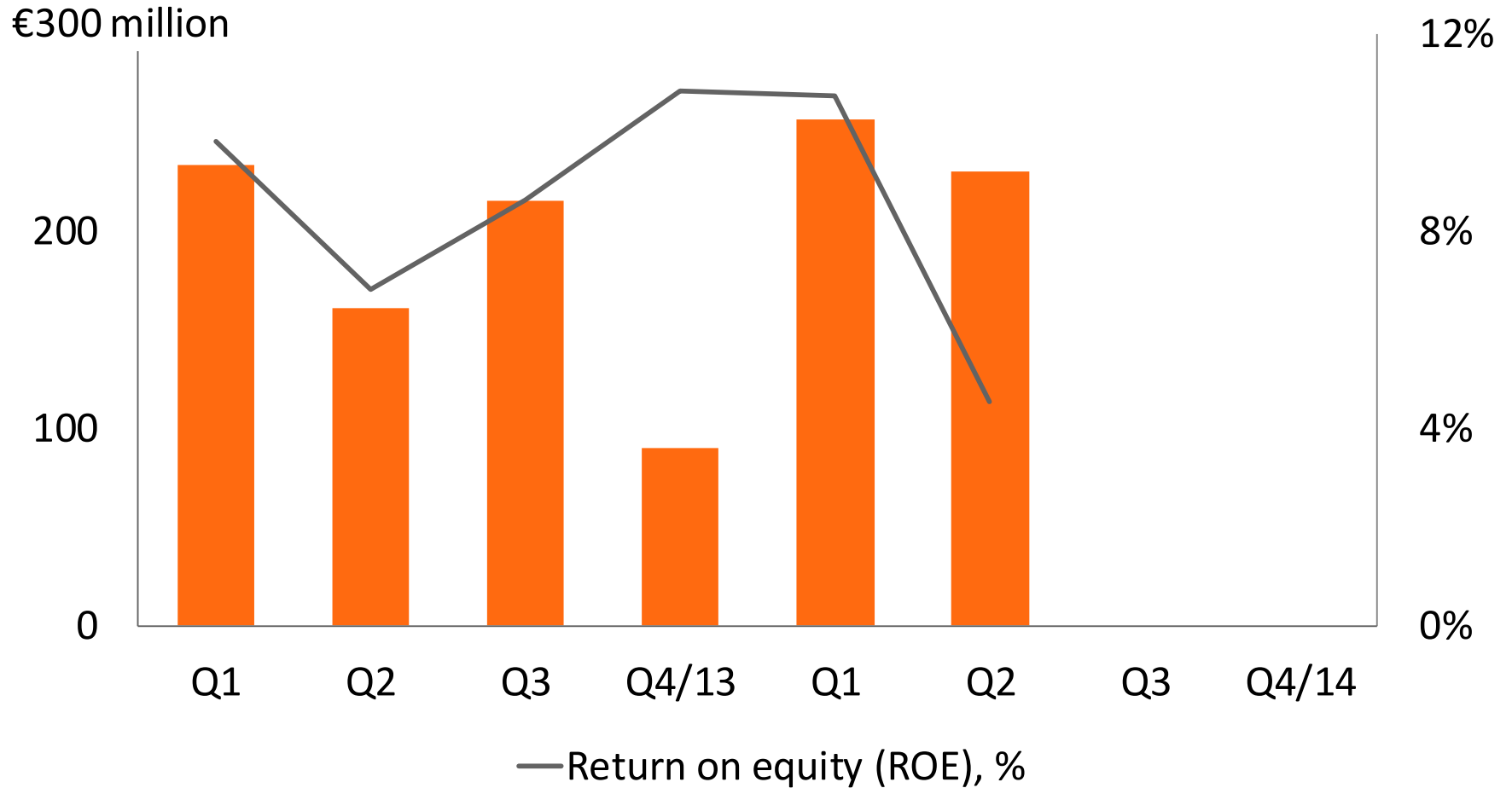
# OP-Pohjola Group

## Quarterly Impairments of Receivables

€ million



# OP-Pohjola Group Earnings before Tax



# OP-Pohjola Group

## Earnings before Tax at Fair Value

€ million

400

300

200

100

0

15%

10%

5%

0%

Q1

Q2

Q3

Q4/13

Q1

Q2

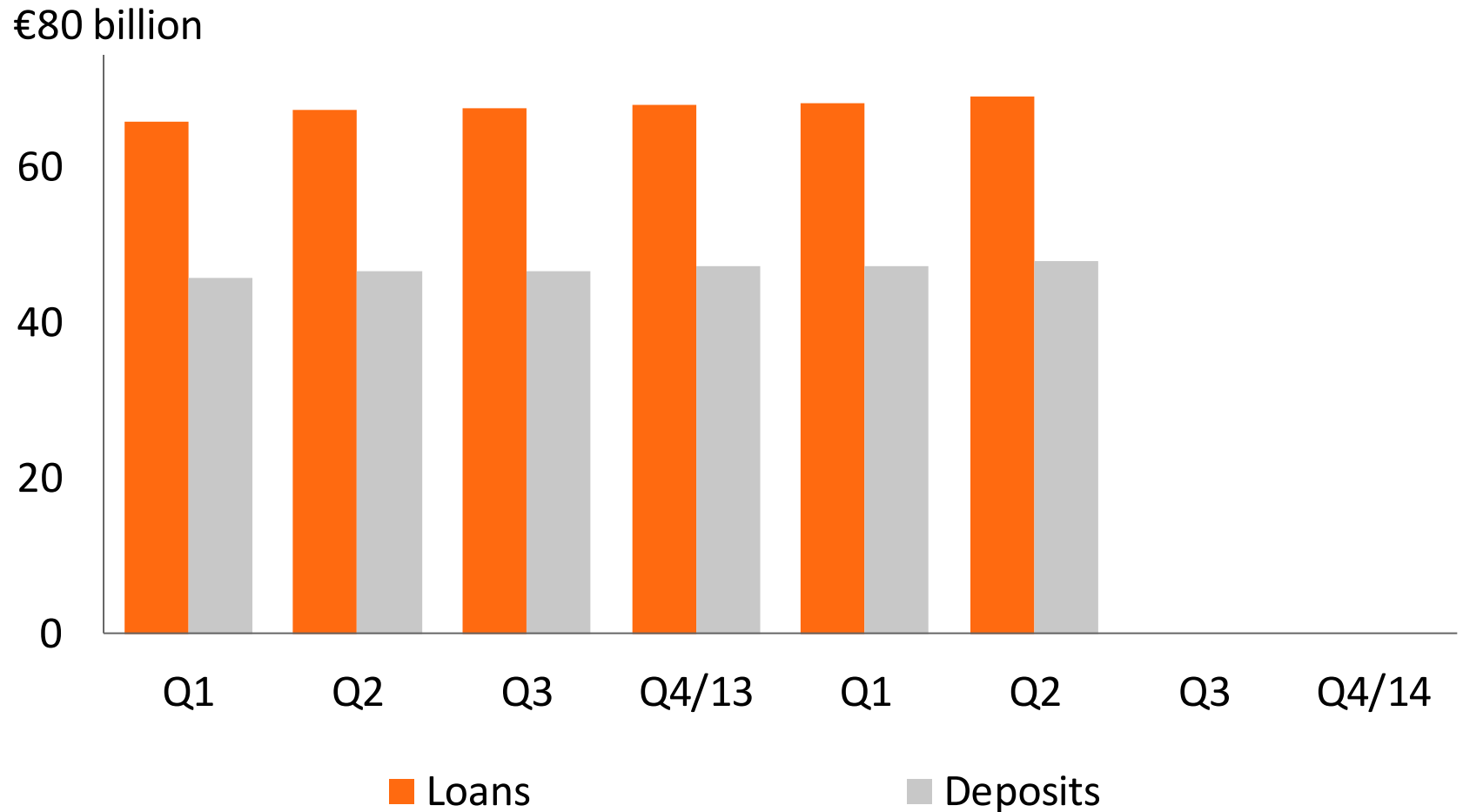
Q3

Q4/14

— Return on equity at fair value, %

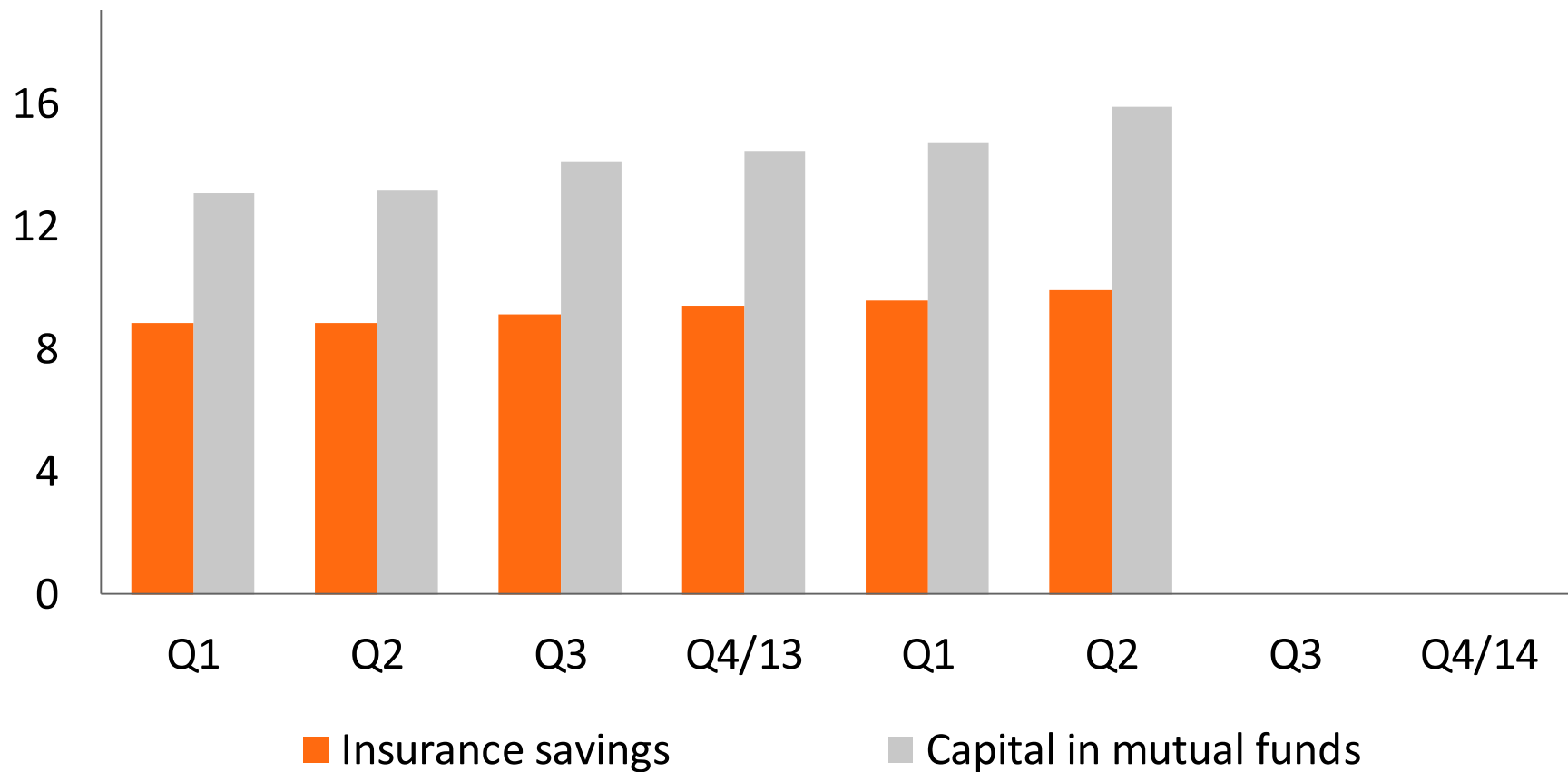


# OP-Pohjola Group Loans and Deposits



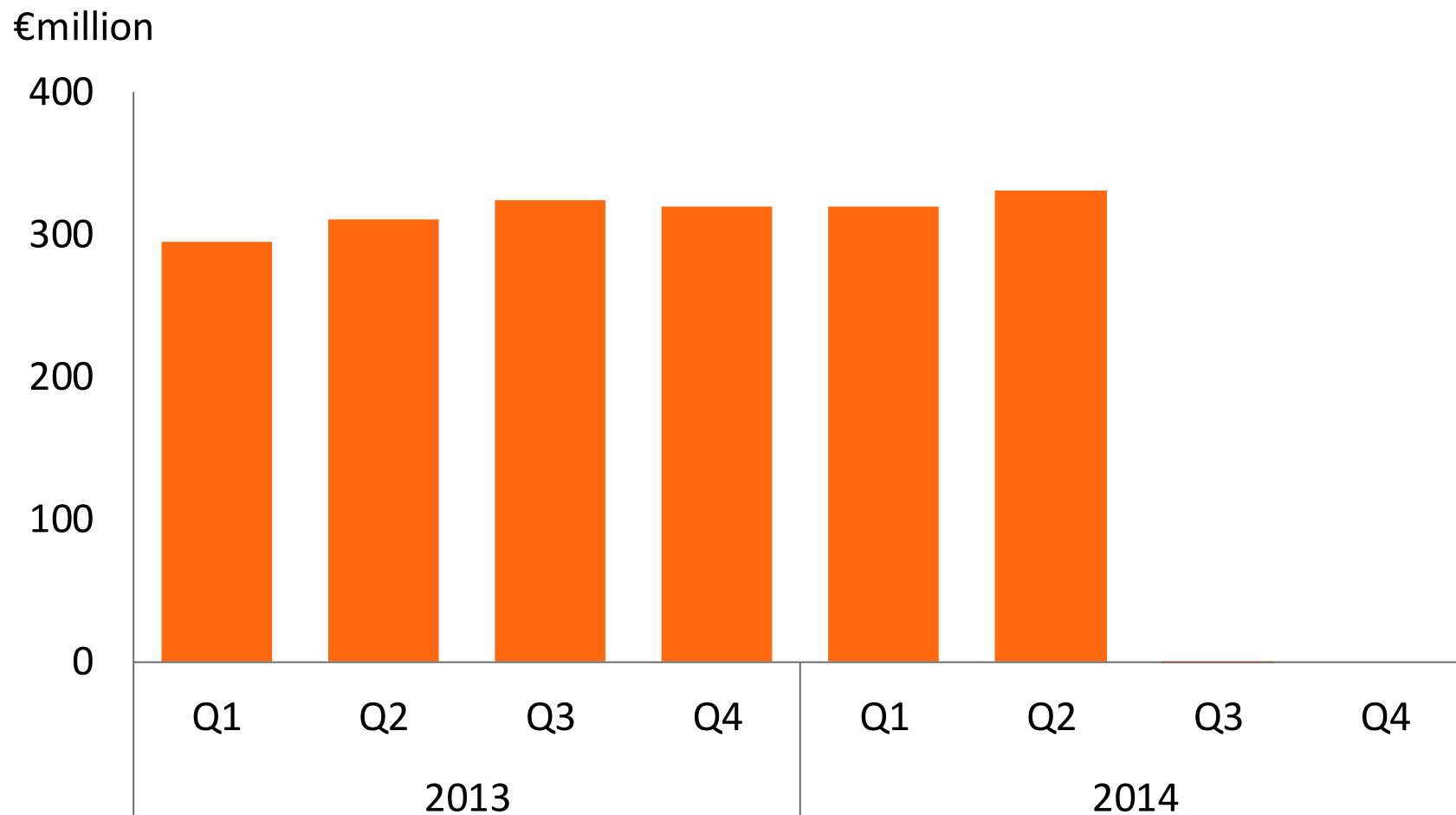
# OP-Pohjola Group Life Insurance Savings and Capital in Mutual Funds

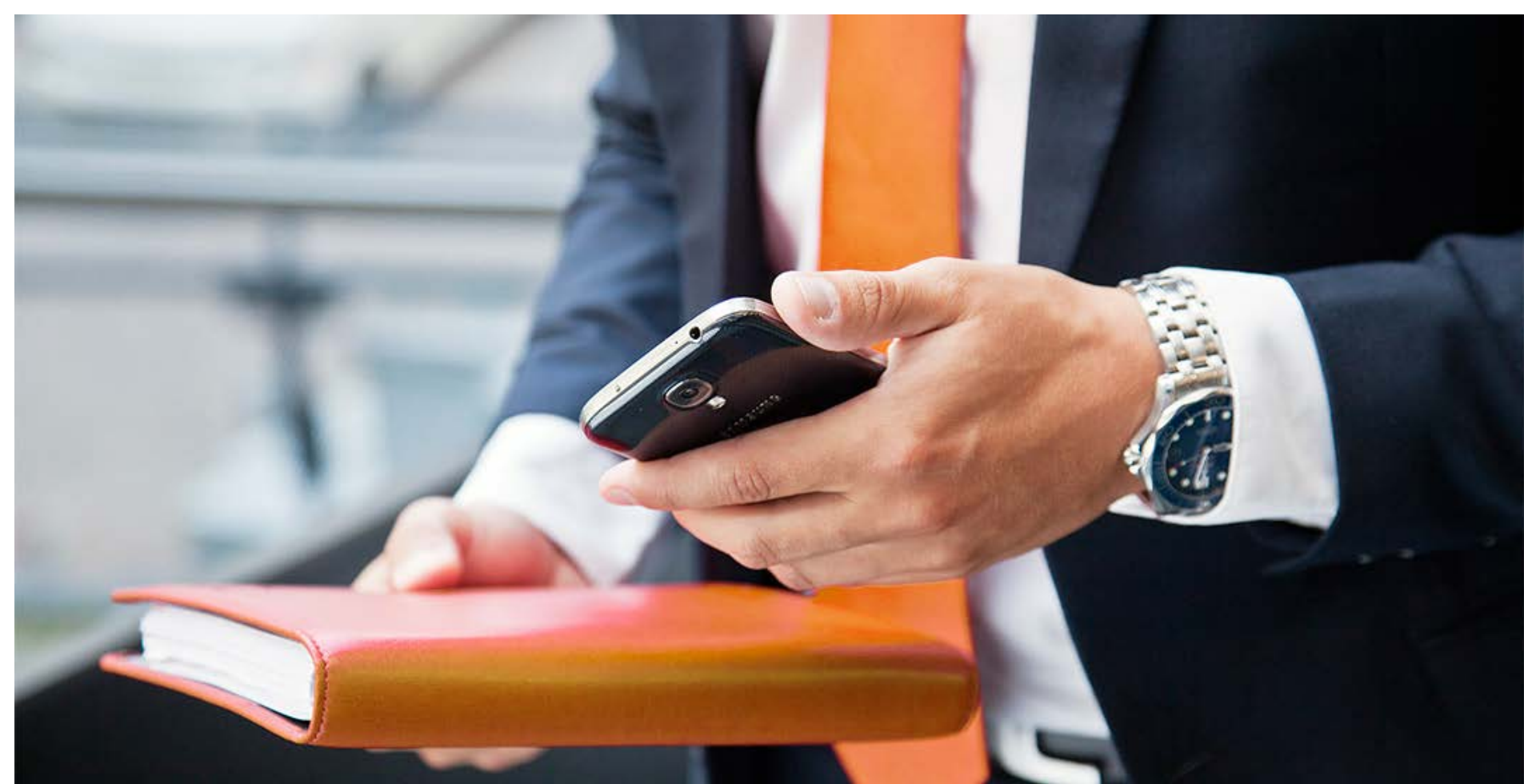
€16 billion



# OP-Pohjola Group

## Non-life Insurance Premium Revenue (IFRS)





## 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 sets the minimum capital for the amalgamation of cooperative banks, which is calculated according to the CRR rules.
- 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.

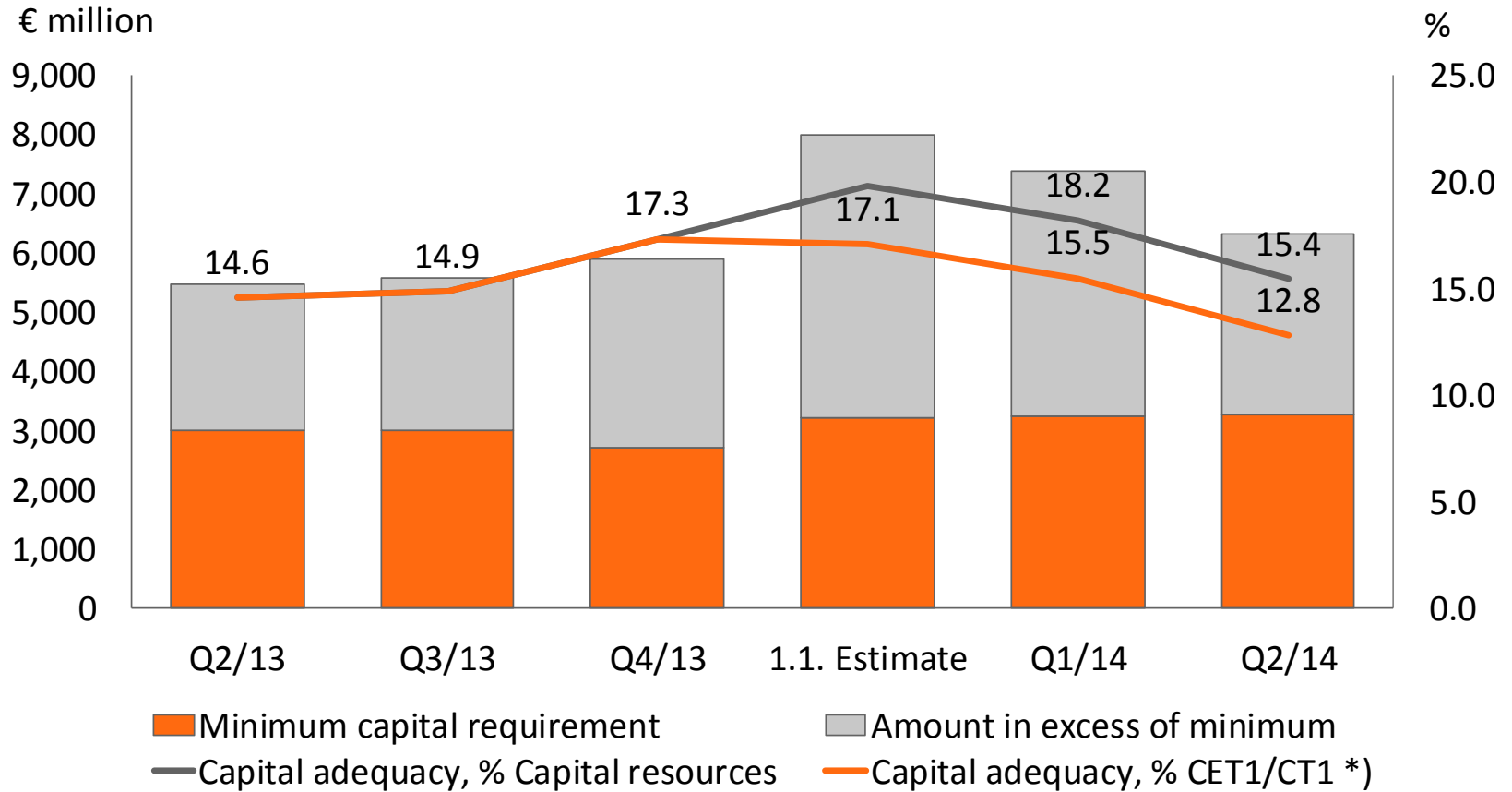
**In view of both capital adequacy requirements,  
OP-Pohjola Group's risk-bearing capacity is strong.**

# The credit risk of the capital adequacy of the Amalgamation of the Cooperative Banks is calculated using the Internal Ratings Based Approach (IRBA)

- The Internal Ratings Based Approach (IRBA) is applied to the following types of exposure
  - Retail exposure
  - Corporate exposure (FIRB)
  - Credit institution exposure (FIRB)
- The Standardised Approach (SA) is applied to government exposure
- A simple and PD/LGD method are applied to equity investments

# The amalgamation of the cooperative banks

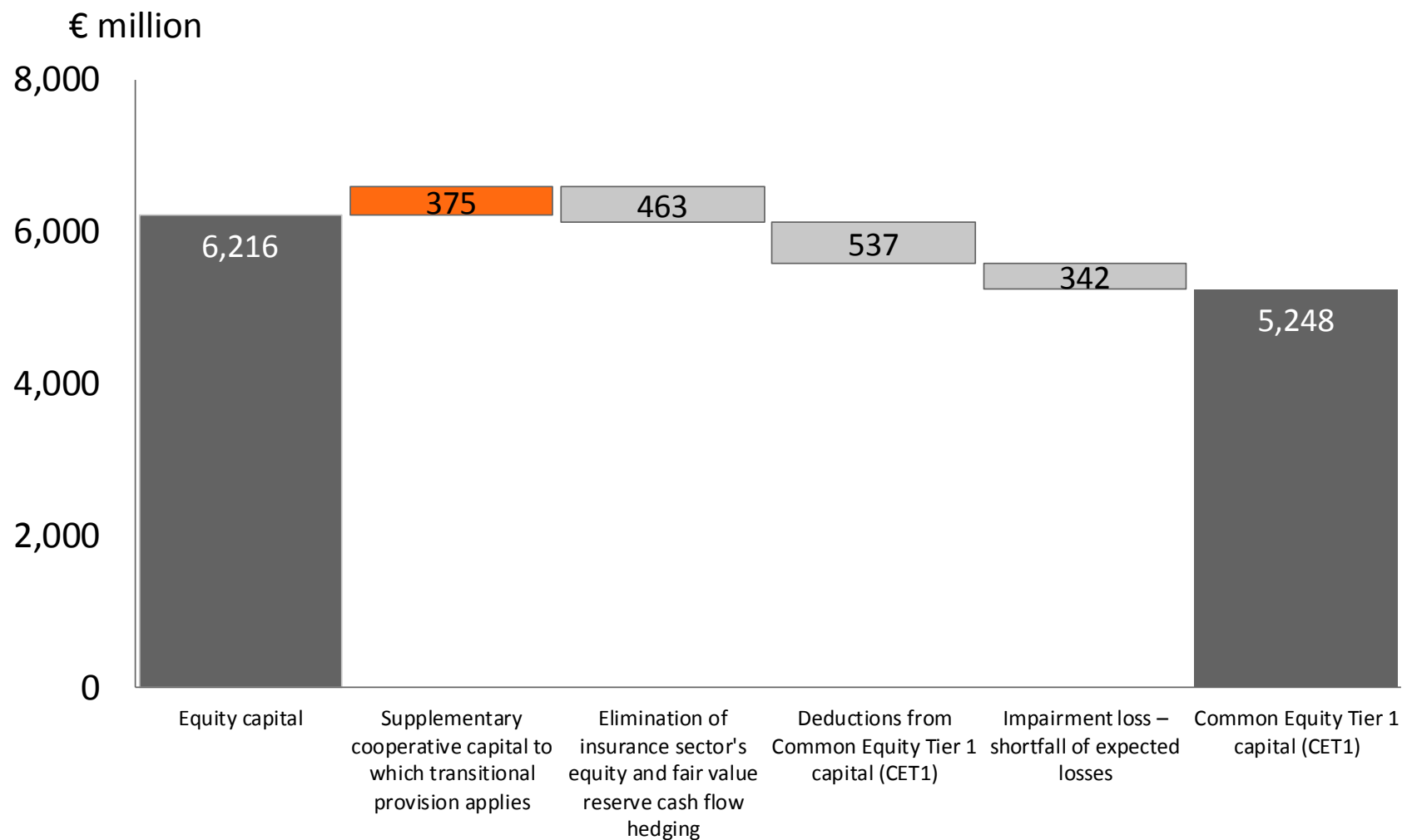
## Capital Resources and Capital Adequacy



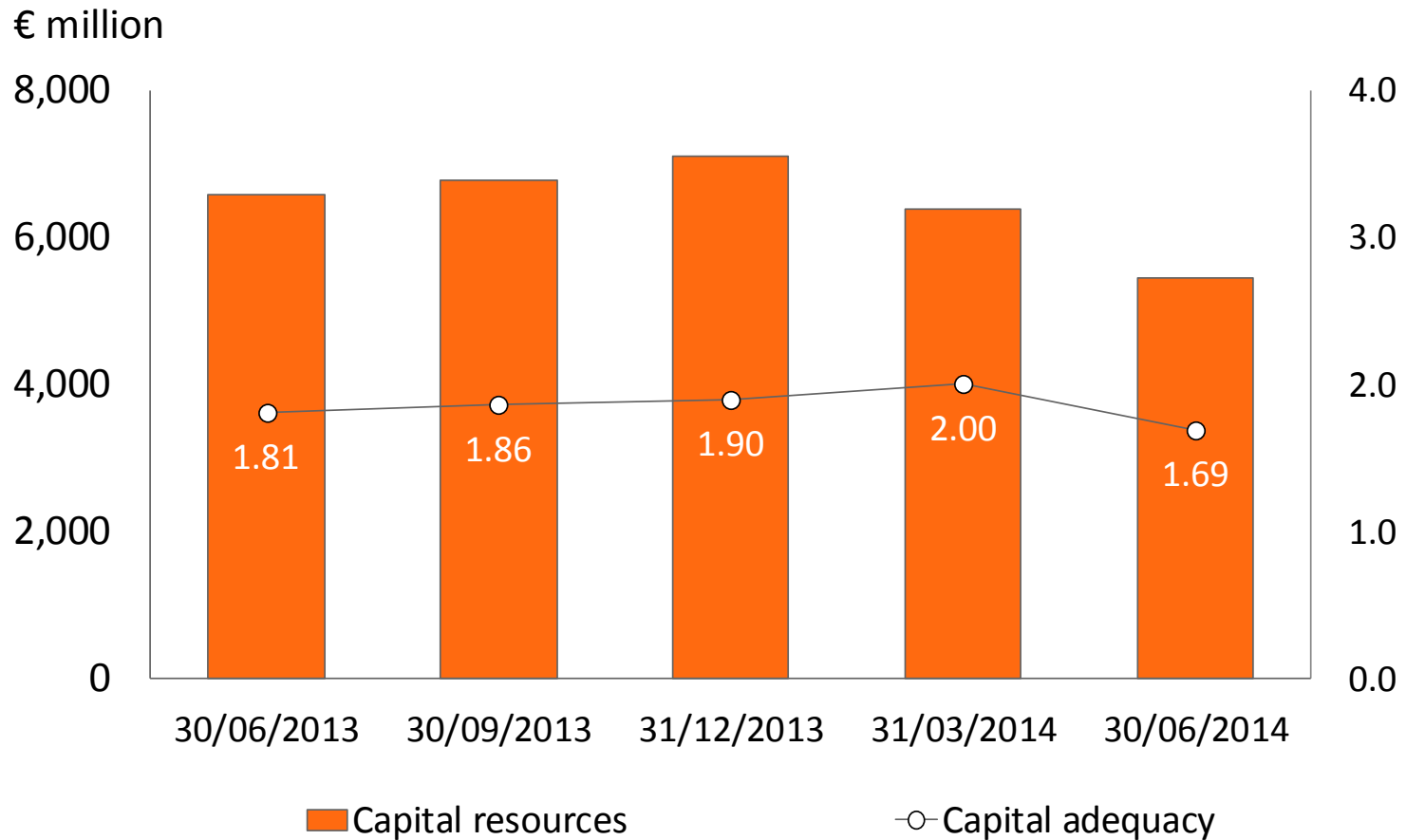
Until Q4/13 according to CRD3 before IRBA transitional provisions (Basel I floor)

# Common Equity Tier 1 (CET1)

## 30 June 2014

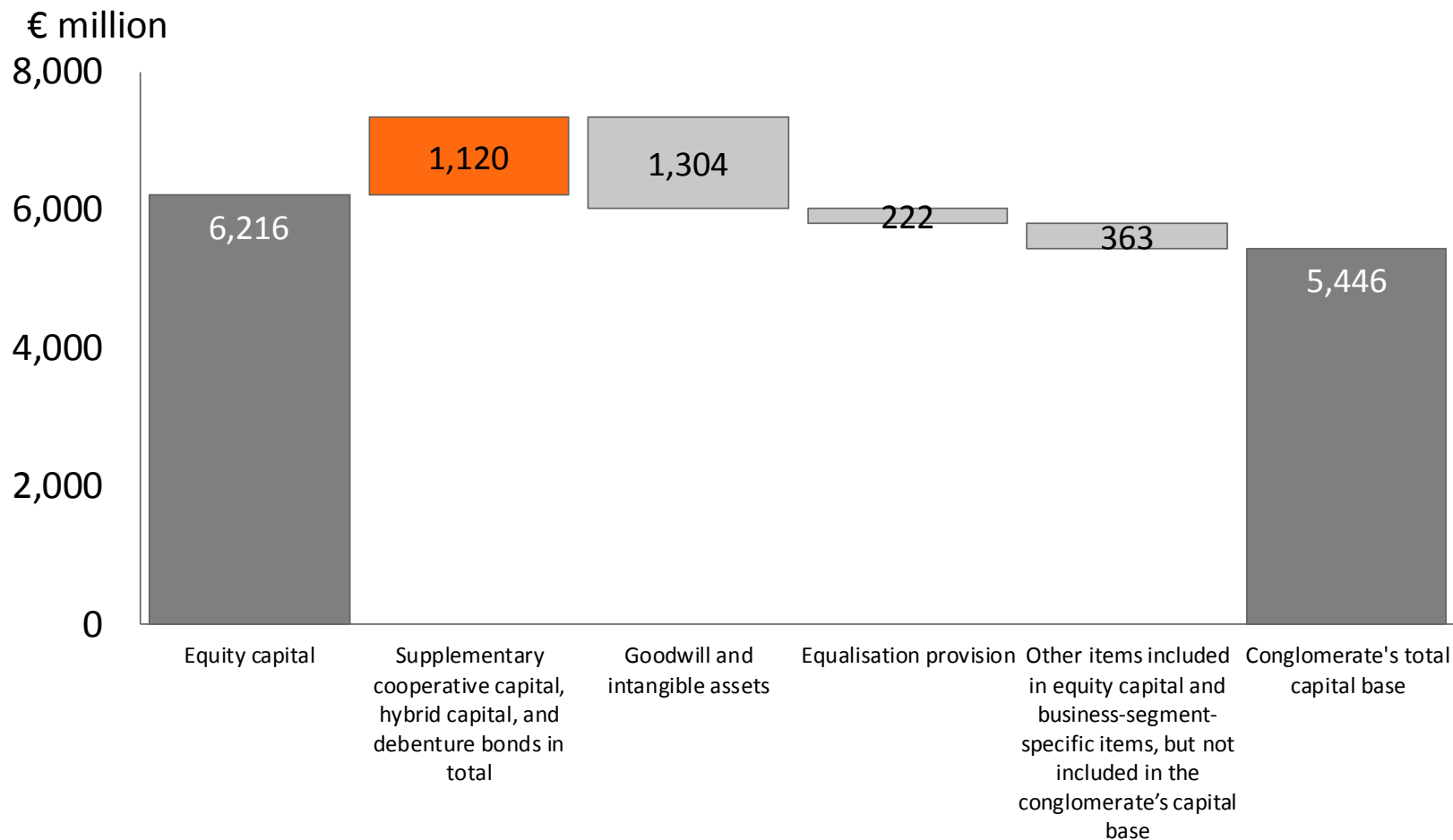


# OP-Pohjola Group Conglomerate's Capital Adequacy



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

## 30 June 2014

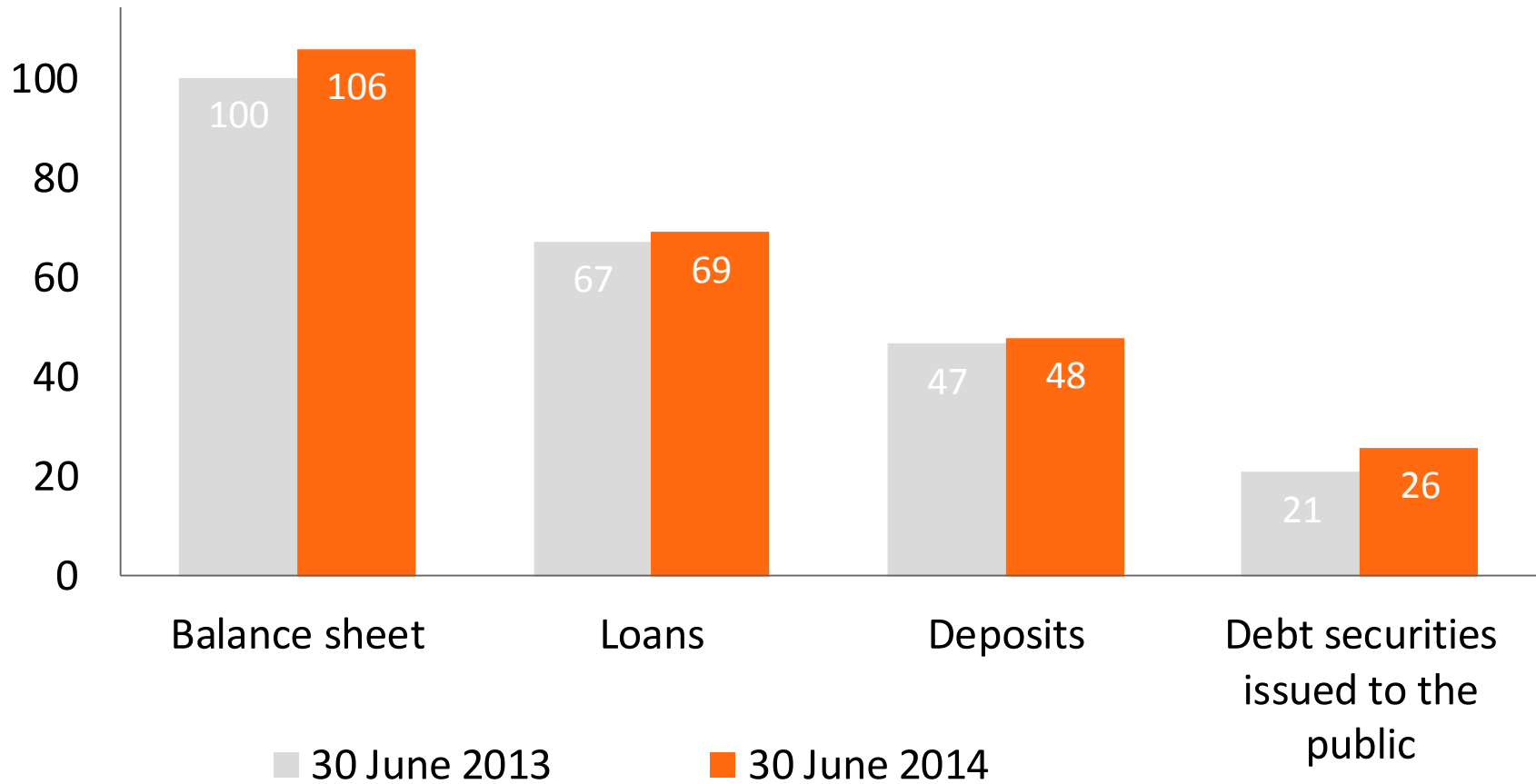




## Balance Sheet

# OP-Pohjola Group Key Balance Sheet Items

€120 billion





# OP-Pohjola Group

## Balance sheet

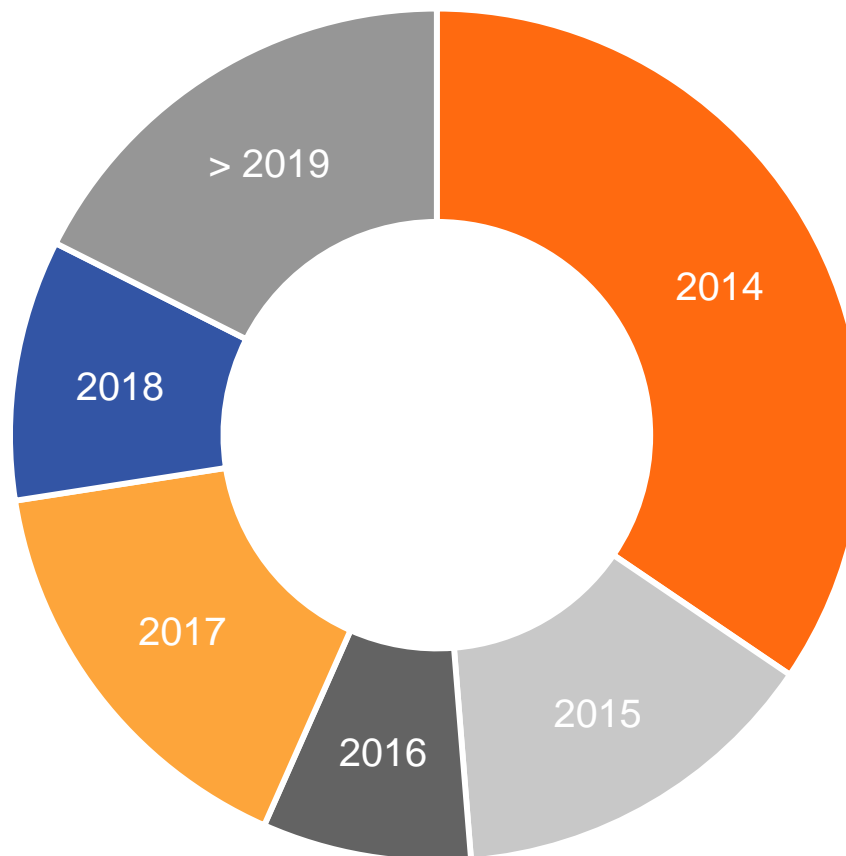
€ million	30 June	30 June	Change	
	2014	2013	€ million	%
Receivables from credit institutions	588	798	-210	-26.4
Financial assets at fair value through profit or loss	514	395	119	30.0
Receivables from customers	69,275	67,441	1,834	2.7
Non-life Insurance assets	3,807	3,605	202	5.6
Life Insurance assets	10,786	9,186	1,600	17.4
Investment assets	9,285	7,599	1,686	22.2
Other items	11,870	11,439	431	3.8
Total assets	106,124	100,463	5,661	5.6
Liabilities to credit institutions	1,194	1,424	-230	-16.1
Liabilities to customers	49,514	49,727	-213	-0.4
Non-life Insurance liabilities	3,067	2,935	133	4.5
Life Insurance liabilities	10,633	9,212	1,421	15.4
Debt securities issued to the public	25,871	20,976	4,895	23.3
Other liabilities	9,630	8,940	690	7.7
Equity capital	6,216	7,250	-1,034	-14.3
Total liabilities and equity capital	106,124	100,463	5,661	5.6

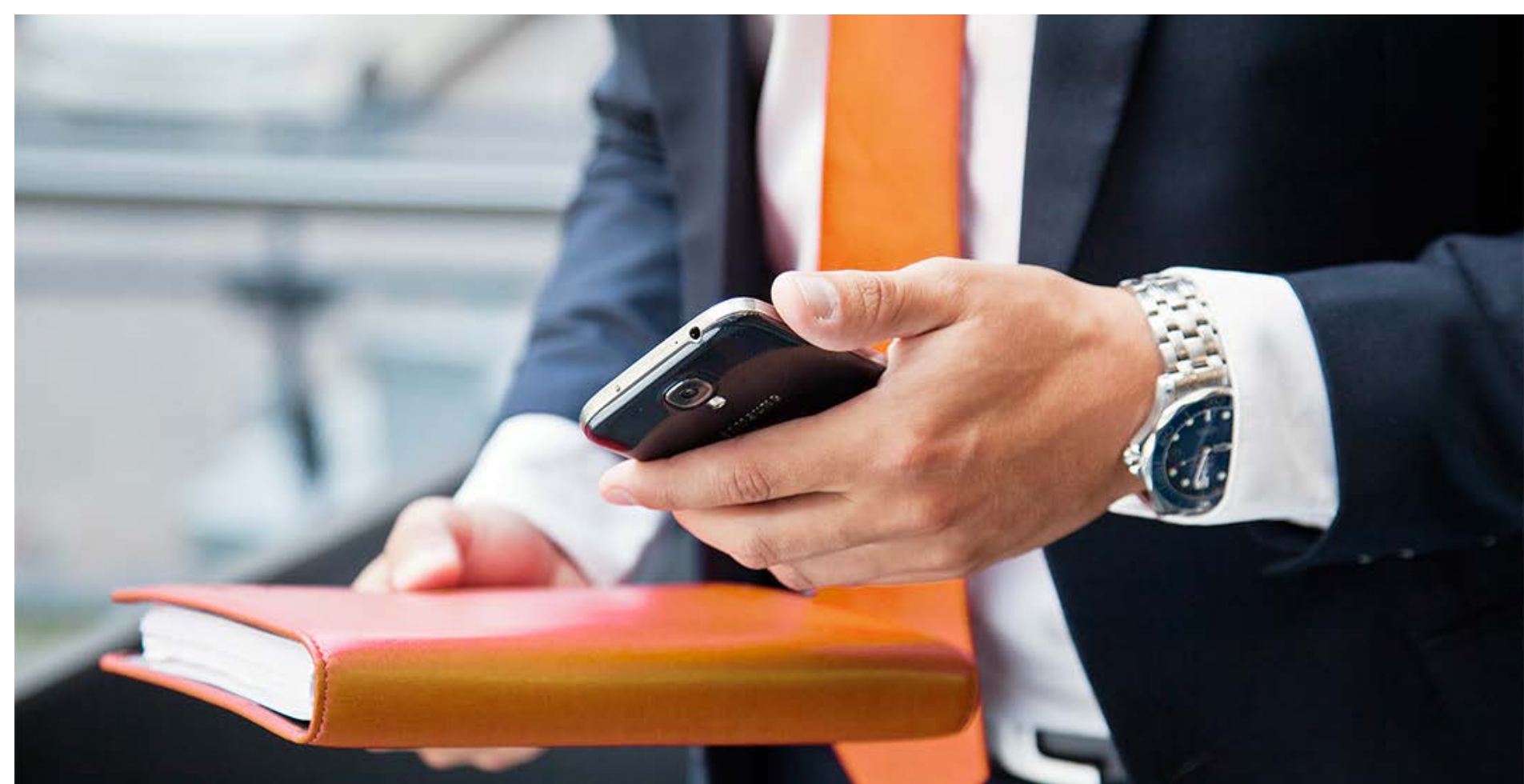
# OP-Pohjola Group

## Equity Capital and Cooperative Capital

€ million	30 June 2014	30 June 2013	Change € million	%
<b>Share of OP-Pohjola Group's owners</b>	<b>6,135</b>	<b>7,173</b>	<b>-1,038</b>	<b>-14.5</b>
Share and cooperative capital	841	338	503	148.6
Share capital	0	200	-200	
Membership capital contributions	145	138	7	5.0
Profit shares	696		696	
Fair value reserve	362	218	144	65.9
Other reserves	2,179	2,729	-550	-20.2
Retained earnings	2,753	3,887	-1,134	-29.2
<b>Non-controlling interests</b>	<b>81</b>	<b>77</b>	<b>4</b>	<b>4.7</b>
<b>Total equity capital</b>	<b>6,216</b>	<b>7,250</b>	<b>-1,569</b>	<b>-21.6</b>
Supplementary cooperative capital	375	643	-268	-41.7

OP-Pohjola Group  
Debt Securities Issued to the Public  
Maturity 30 June 2014  
total of €25.9 billion



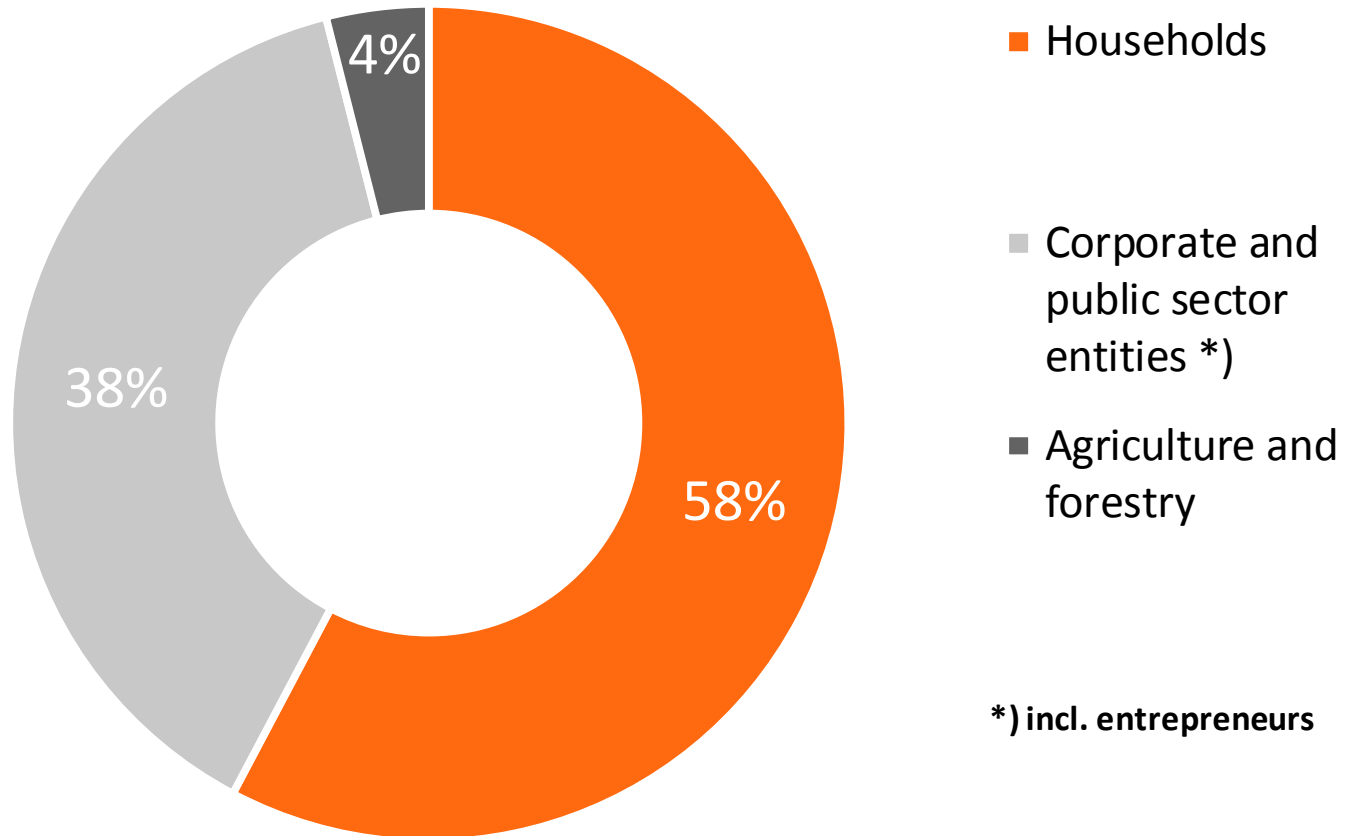


## Loans and Customer Funds

# OP-Pohjola Group

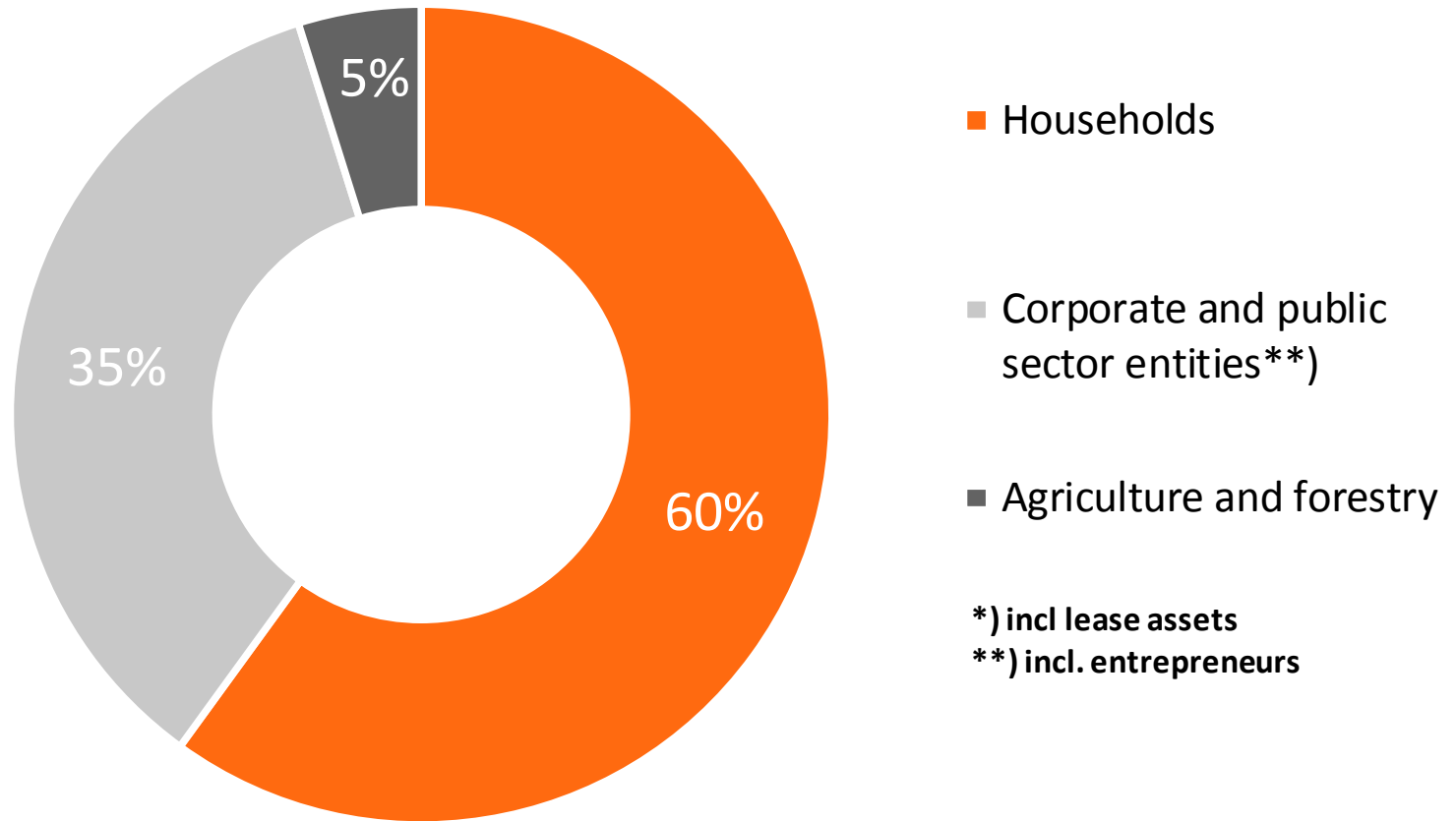
## Deposits by Customer Sector

30 June 2014



\*) incl. entrepreneurs

# OP-Pohjola Group Loans\* by Customer Sector 30 June 2014

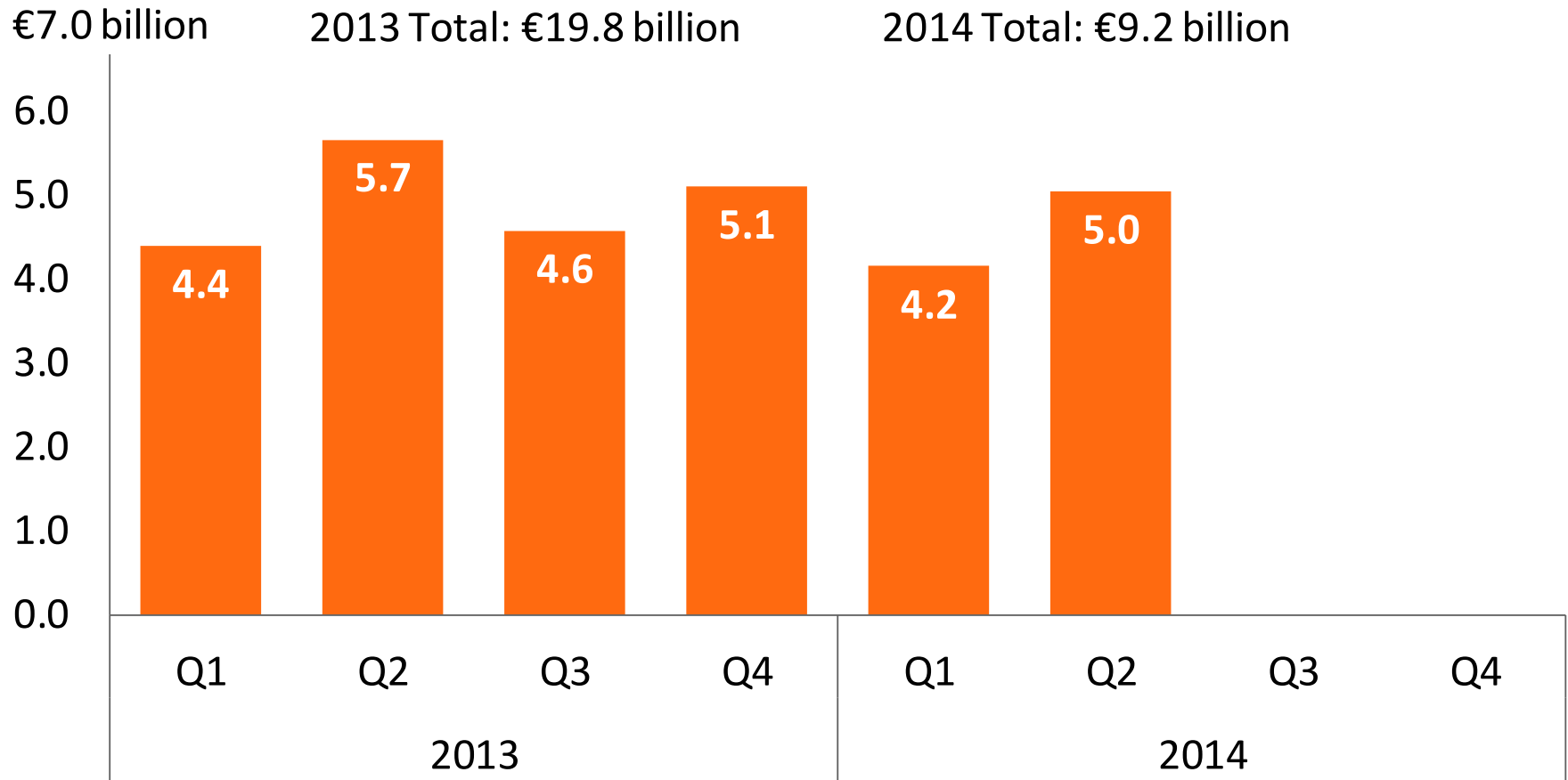


# OP-Pohjola Group

## Loan and Guarantee Portfolio by Sector

€ million	3 June 2014	30 June 2013	€ million	Change, %
<b>Enterprises and housing associations</b>	<b>25,626</b>	<b>25,279</b>	<b>347</b>	<b>1.4</b>
Renting and operating of residential real estate	5,862	5,210	651	12.5
Renting and operating of other real estate	3,256	3,166	90	2.8
Wholesale and retail trade	2,769	2,748	21	0.8
Services	1,935	1,739	196	11.3
Construction	1,758	1,794	-36	-2.0
Energy	1,600	1,263	337	26.7
Transportation and storage	1,509	1,543	-34	-2.2
Manufacture of machinery and equipment (incl. services)	1,380	1,326	54	4.1
Agriculture, forestry and fishing	818	859	-41	-4.7
Forest Industry	745	800	-56	-6.9
Real estate investments	640	937	-297	-31.7
Financial and insurance services	609	1,027	-418	-40.7
Metal Industry	546	646	-100	-15.5
Food Industry	499	568	-69	-12.2
Chemical Industry	335	340	-6	-1.7
Other manufacturing	277	319	-41	-13.0
Other industries	1,088	994	94	9.5
<b>Public corporations and non-profit organisations</b>	<b>1,259</b>	<b>1,290</b>	<b>-31</b>	<b>-2.4</b>
<b>Households</b>	<b>44,950</b>	<b>43,812</b>	<b>1,138</b>	<b>2.6</b>
<b>Adjustments</b>	<b>533</b>	<b>-96</b>	<b>629</b>	<b>0.0</b>
<b>Total</b>	<b>72,369</b>	<b>70,285</b>	<b>2,083</b>	<b>3.0</b>

# OP-Pohjola Group New Loans by Quarter

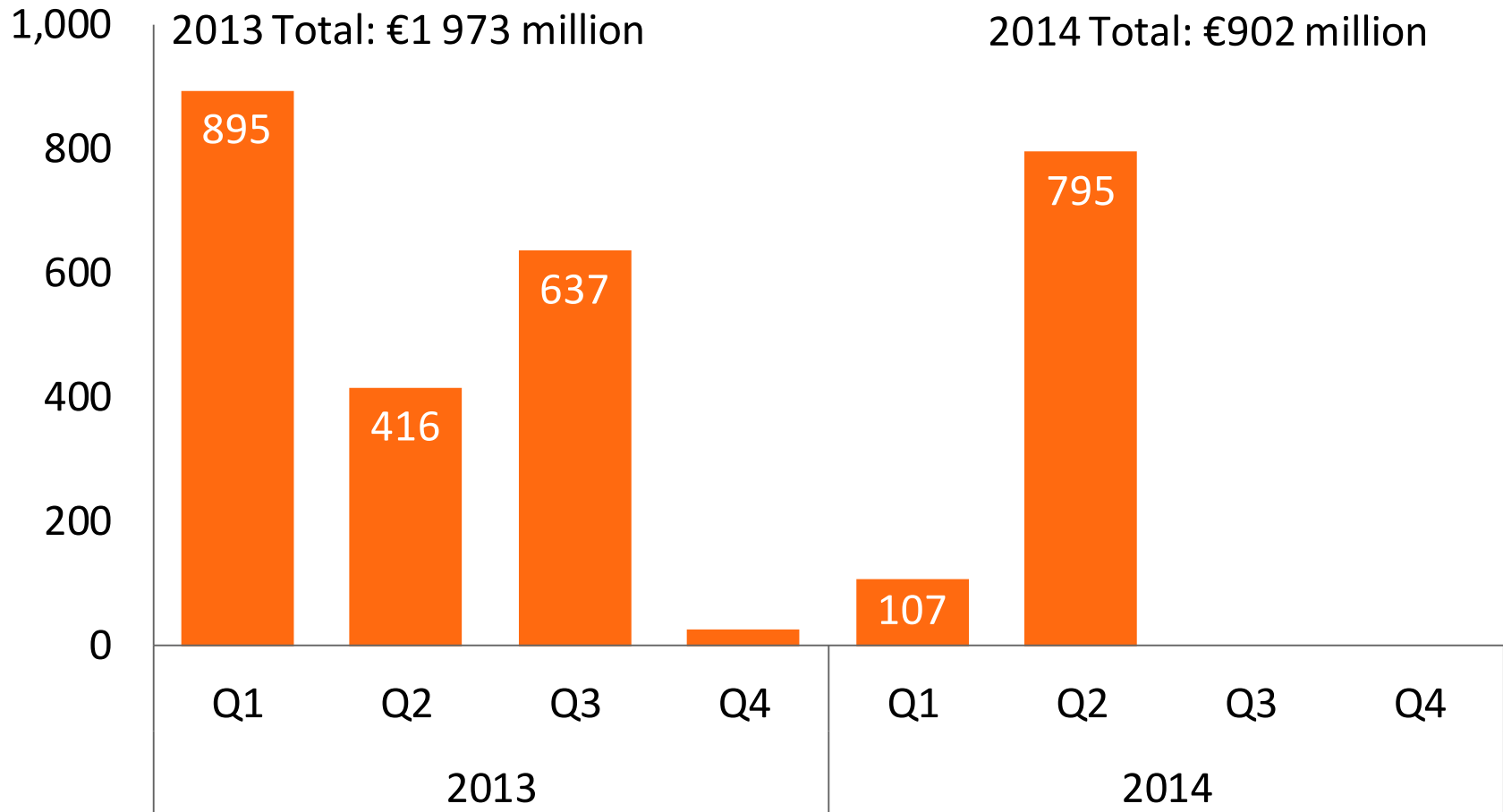




# OP-Pohjola Group

## Net Sales Inflow of Mutual Funds by Quarter

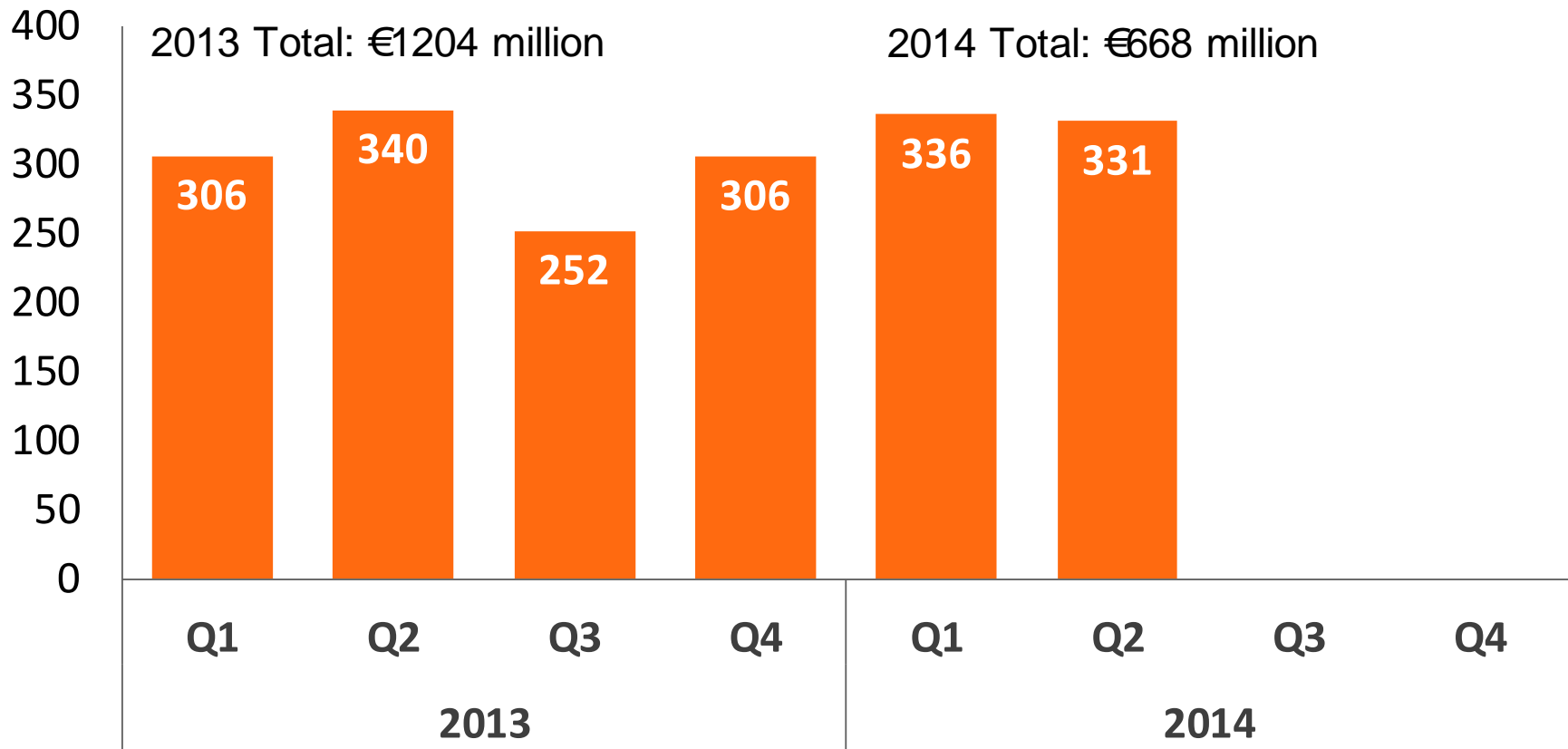
€million



# OP-Pohjola Group

## Life and Pension Insurance Premiums Written by Quarter

€million





**Customers, Owner-members, etc.**

# OP-Pohjola Group

## Breakdown of Customer Base

1,000 customers

5,000

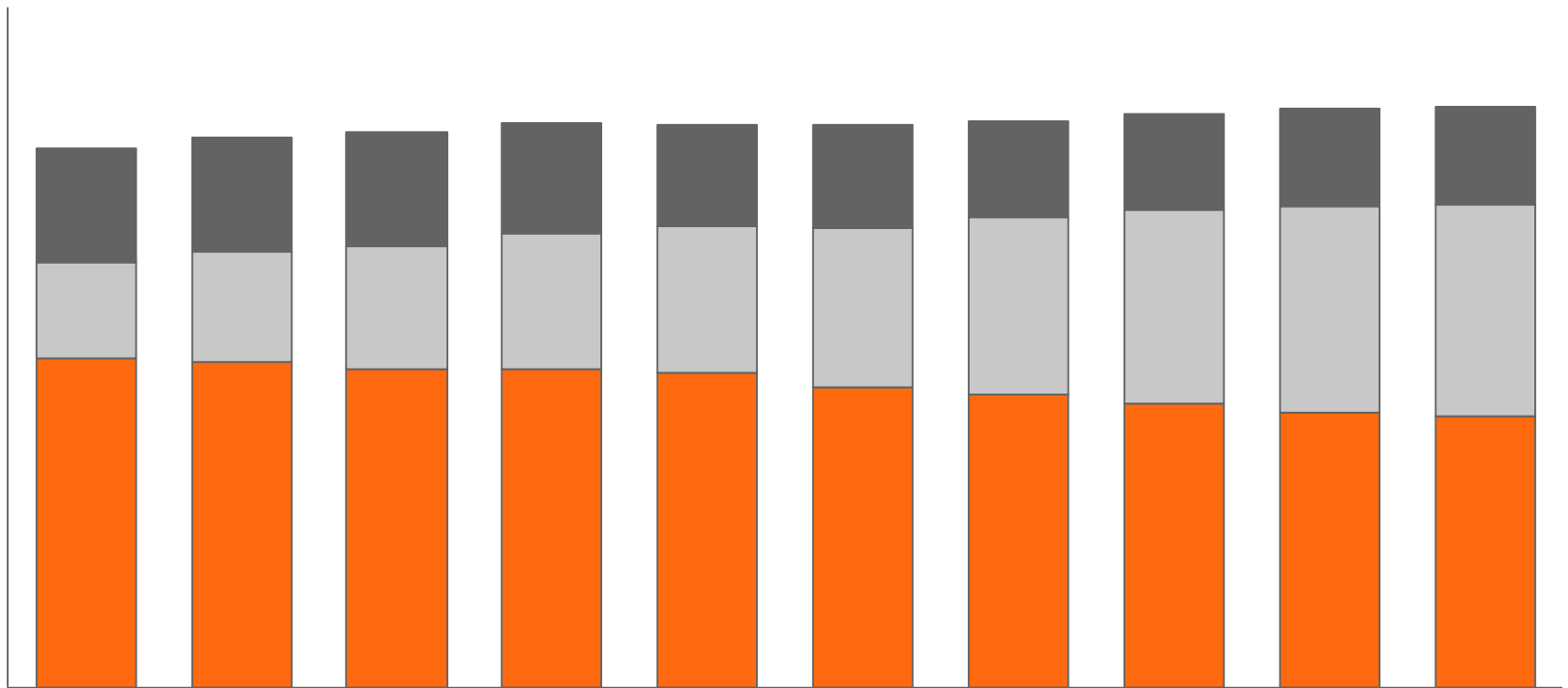
4,000

3,000

2,000

1,000

0



12/05

12/06

12/07

12/08

12/09

12/10

12/11

12/12

12/13

06/14

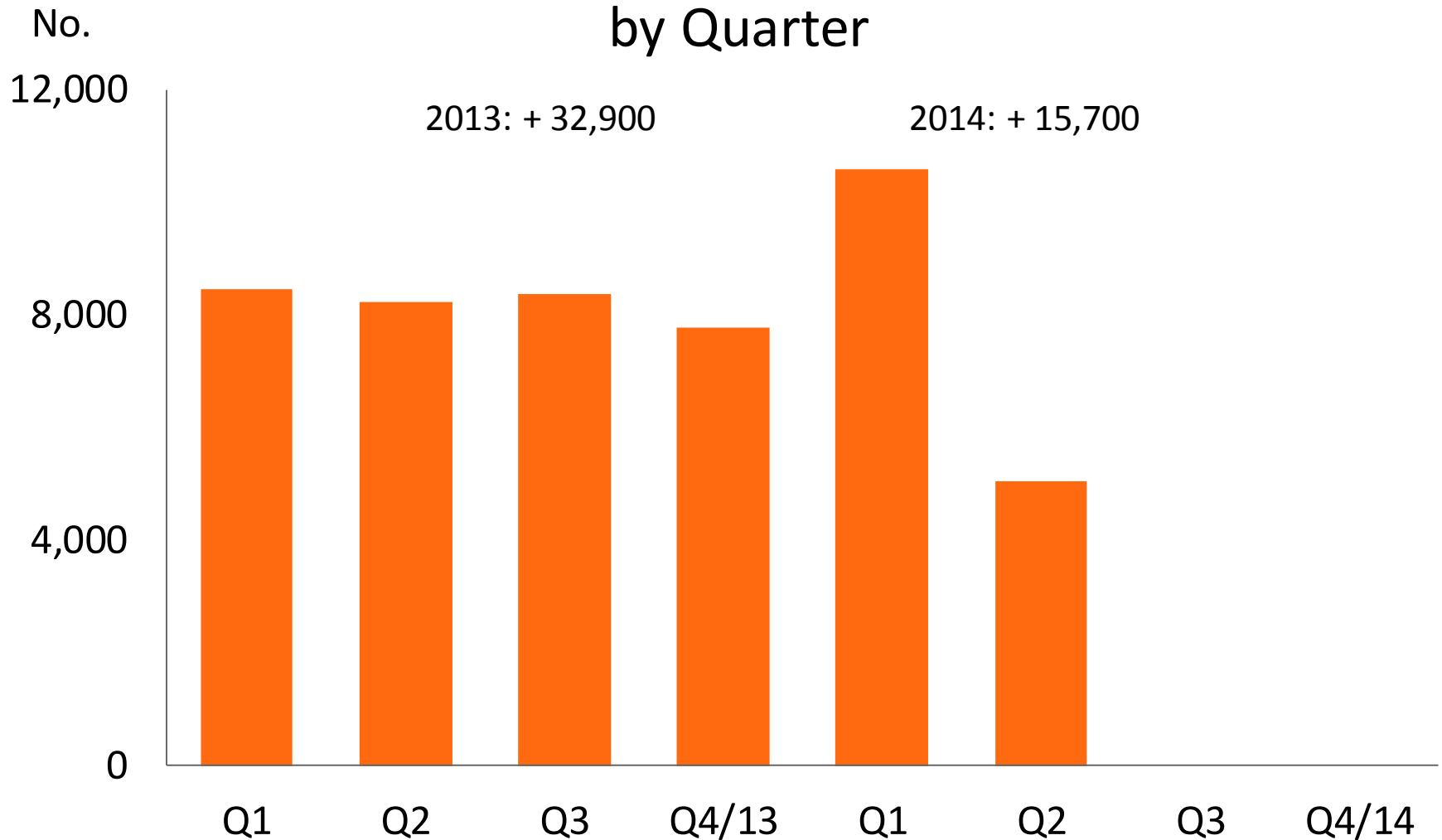
Bank customers

Bank and non-life insurance cust.

Non-life insurance customers



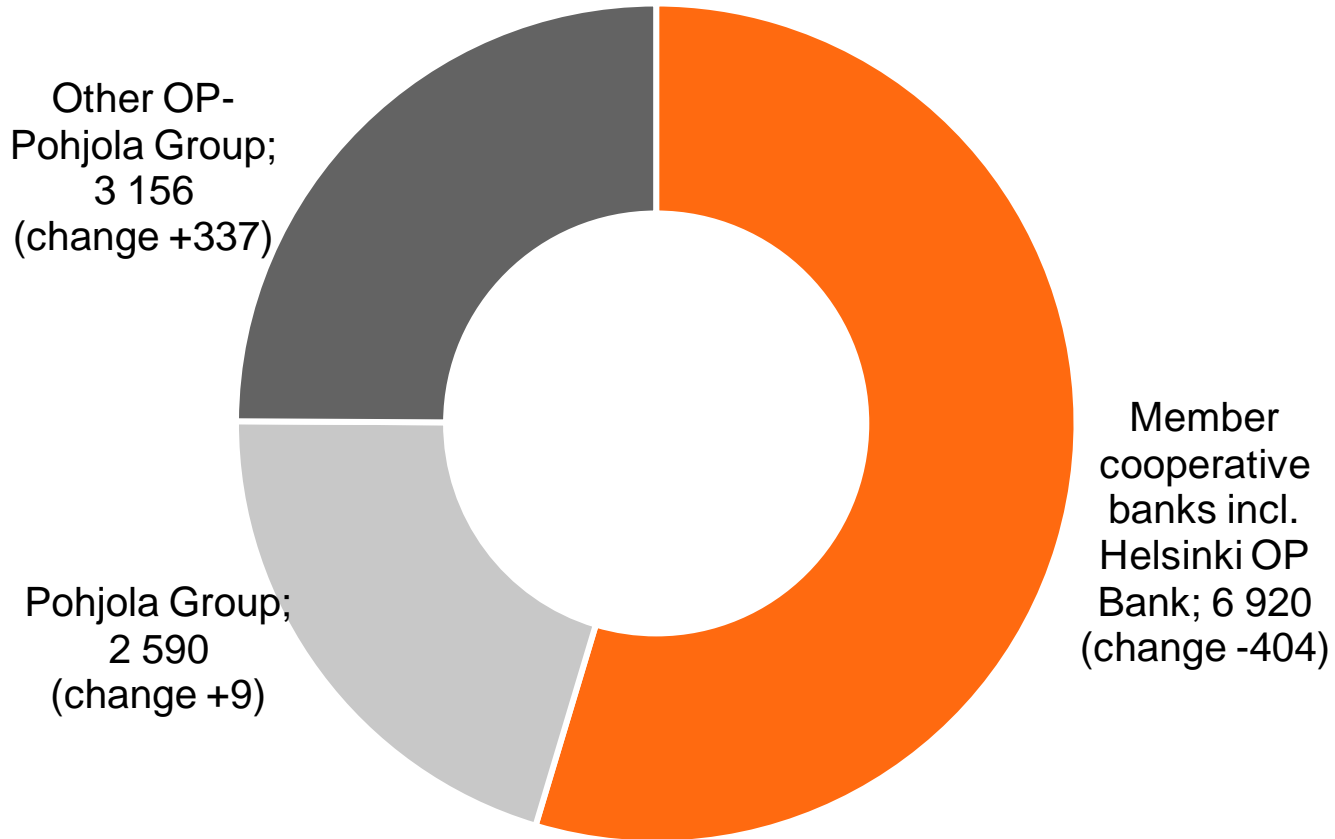
# OP-Pohjola Group Net Increase in Owner-members by Quarter



# OP-Pohjola Group's Personnel

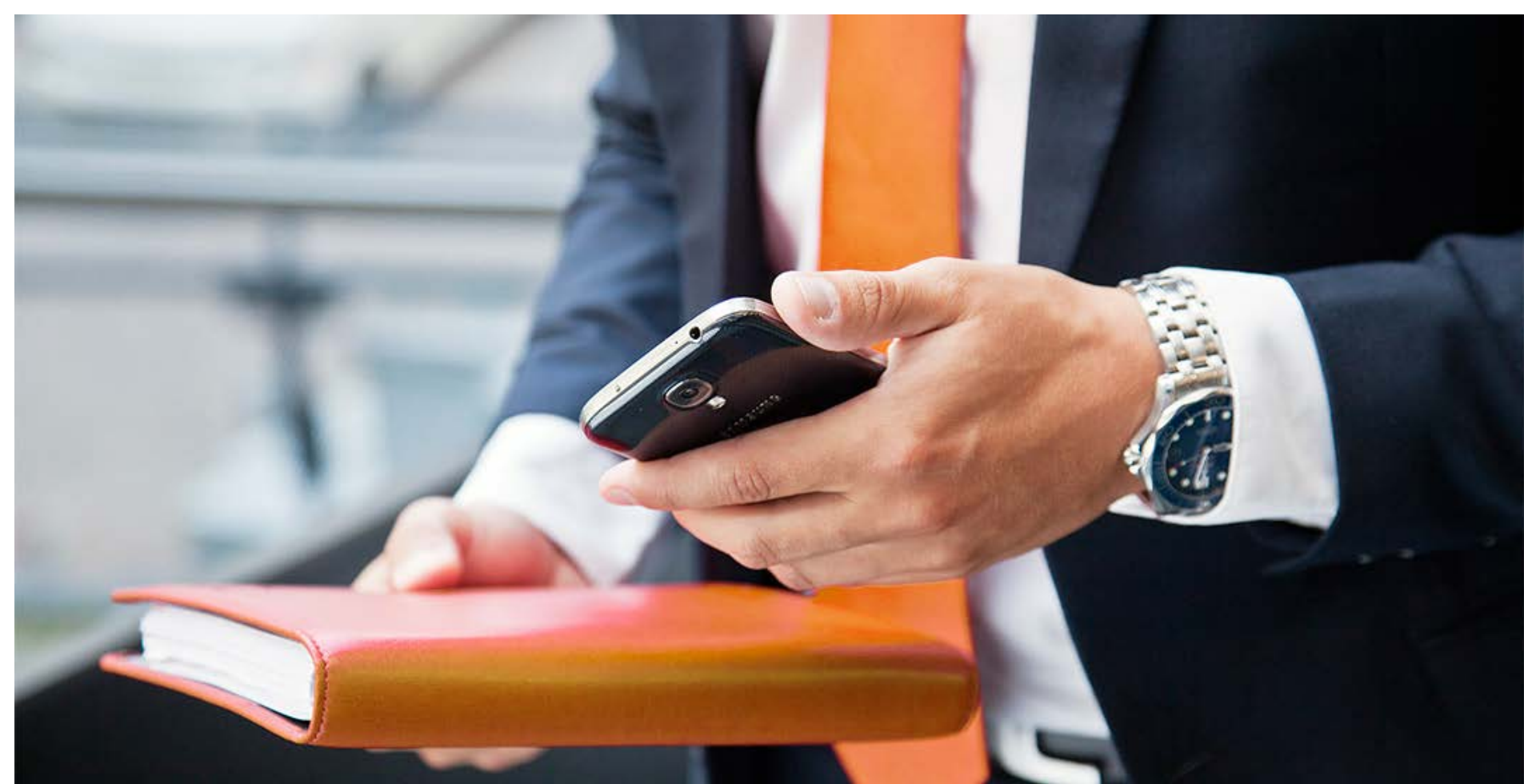
## 30 June 2014

12,666 (-58 within 12 months)



# OP-Pohjola Group's service network

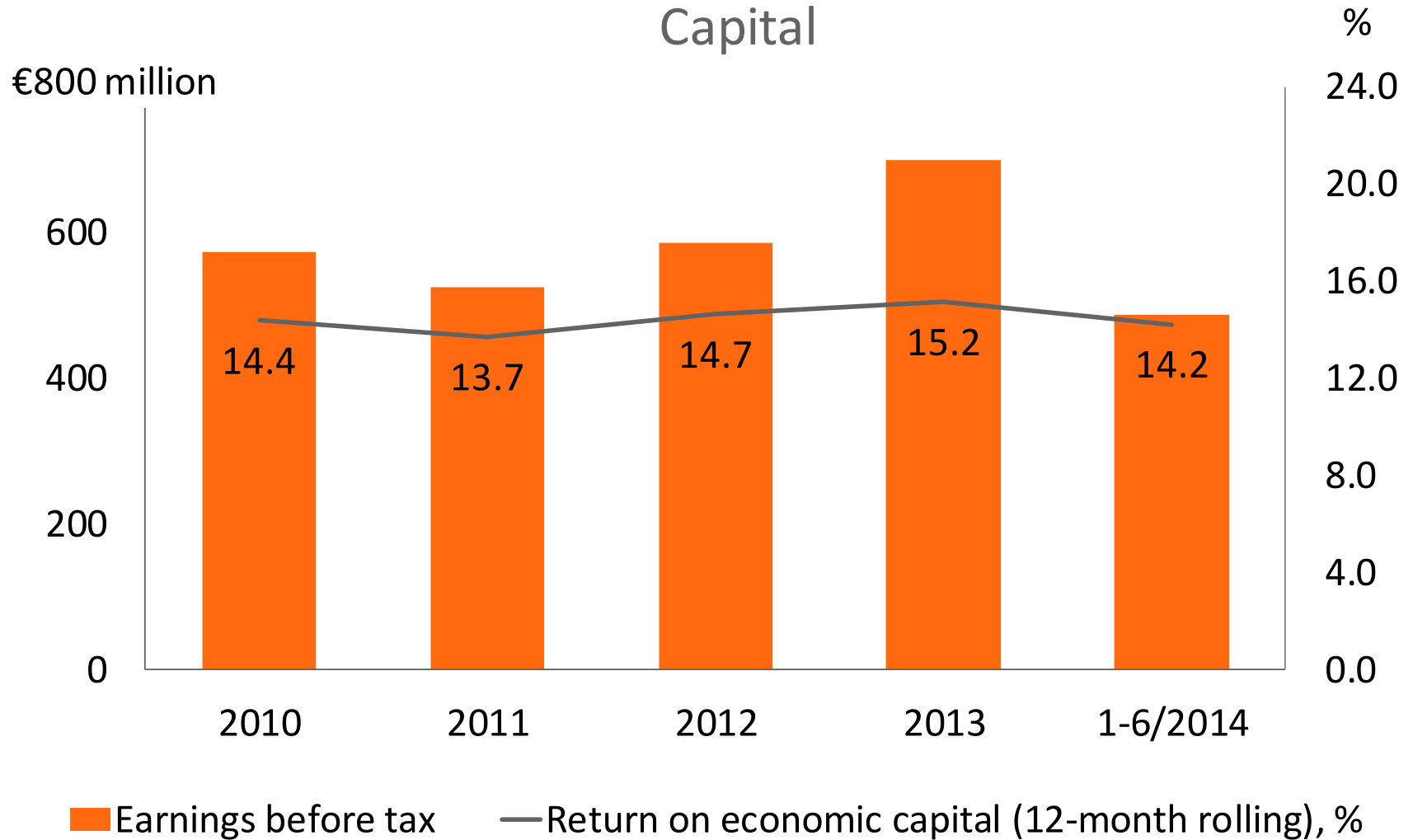
	June 2014	12-month change
Visits to op.fi	10,627,973	0,3 %
No. of OP-Mobile users	430,094	n/a
Pivo application uploads (Hi/2014)	300,000	n/a
eServices Agreements	1,612,420	+23,373
Bank branches	459	- 13
Providing both non-life insurance and banking services	350	+/- 0
Private Banking branches	40	+2
OP-Kiinteistökeskus real estate agencies	162	-8
Online customer terminals	456	-26
Followers of Facebook (OP-Pohjola Group and OP-Pohjola Group cooperative banks)	126,438	+78,098
Followers on Twitter	3,981	+3,221
Followers on LinkedIn (OP-Pohjola Group and Pohjola in total)	5,591	+ 2,405
Customer contacts in telephone service in June 2014	232,373	+3,385



## 5-year Trends



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

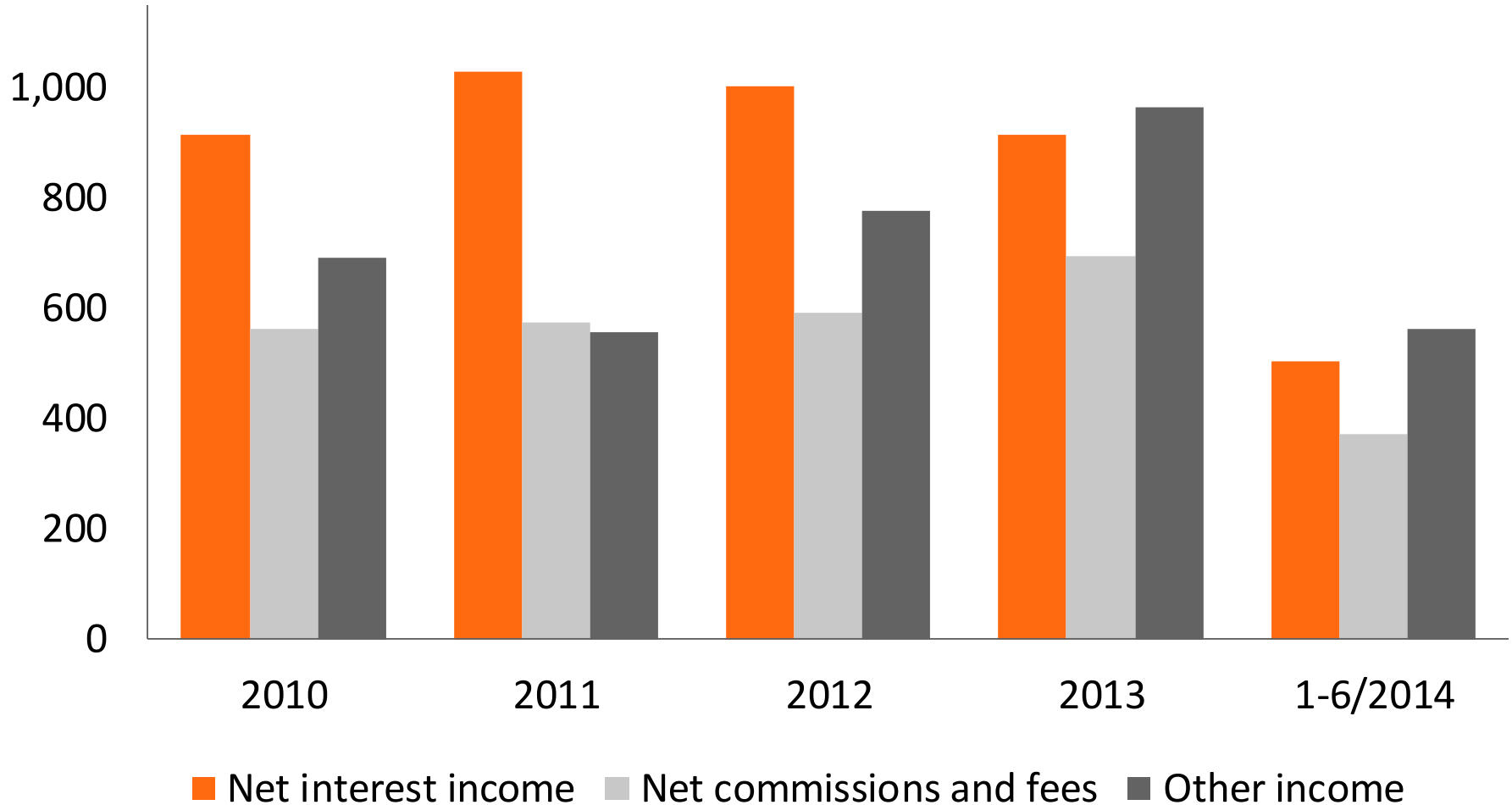


# OP-Pohjola Group Earnings before Tax

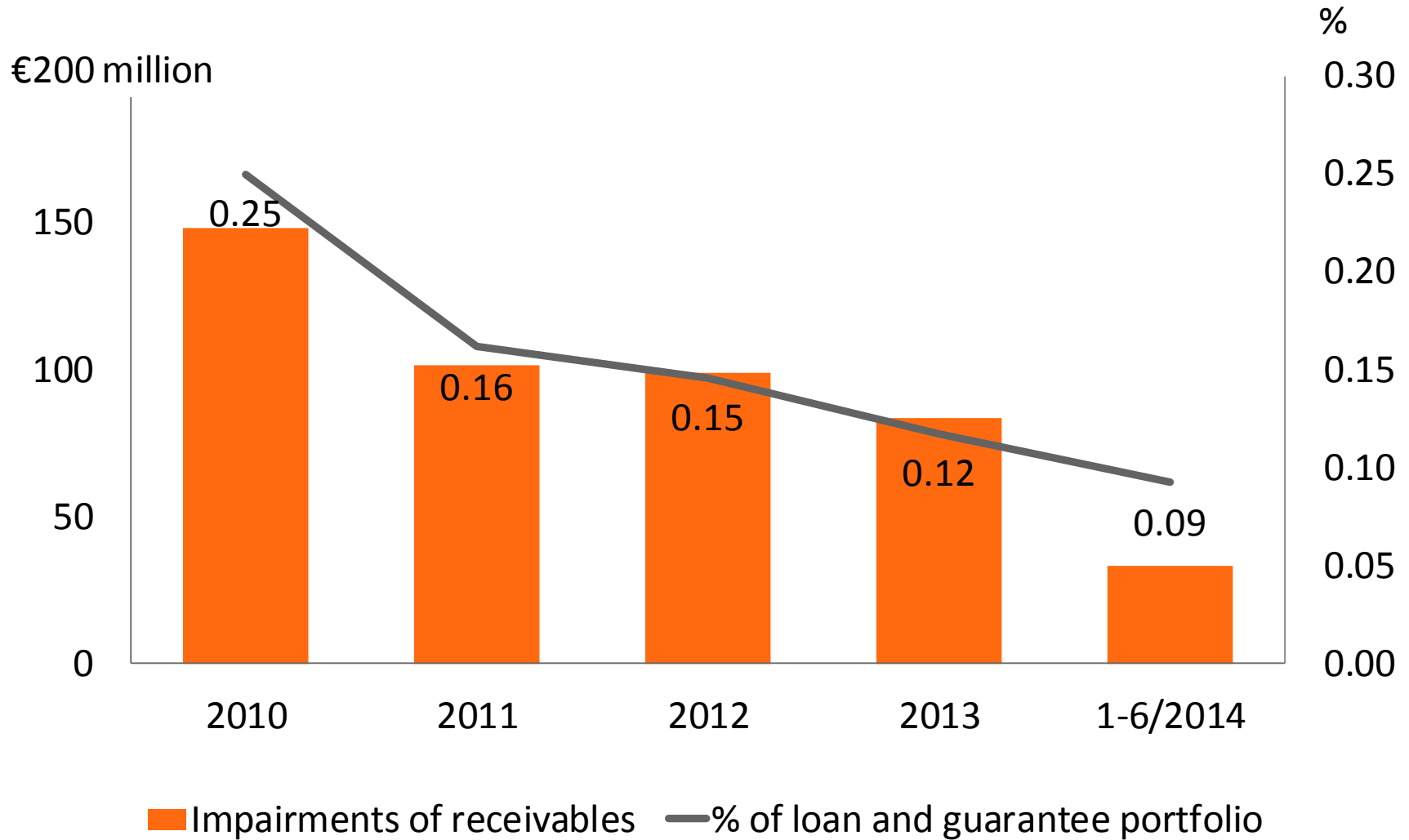


# OP-Pohjola Group Income

€1,200 million

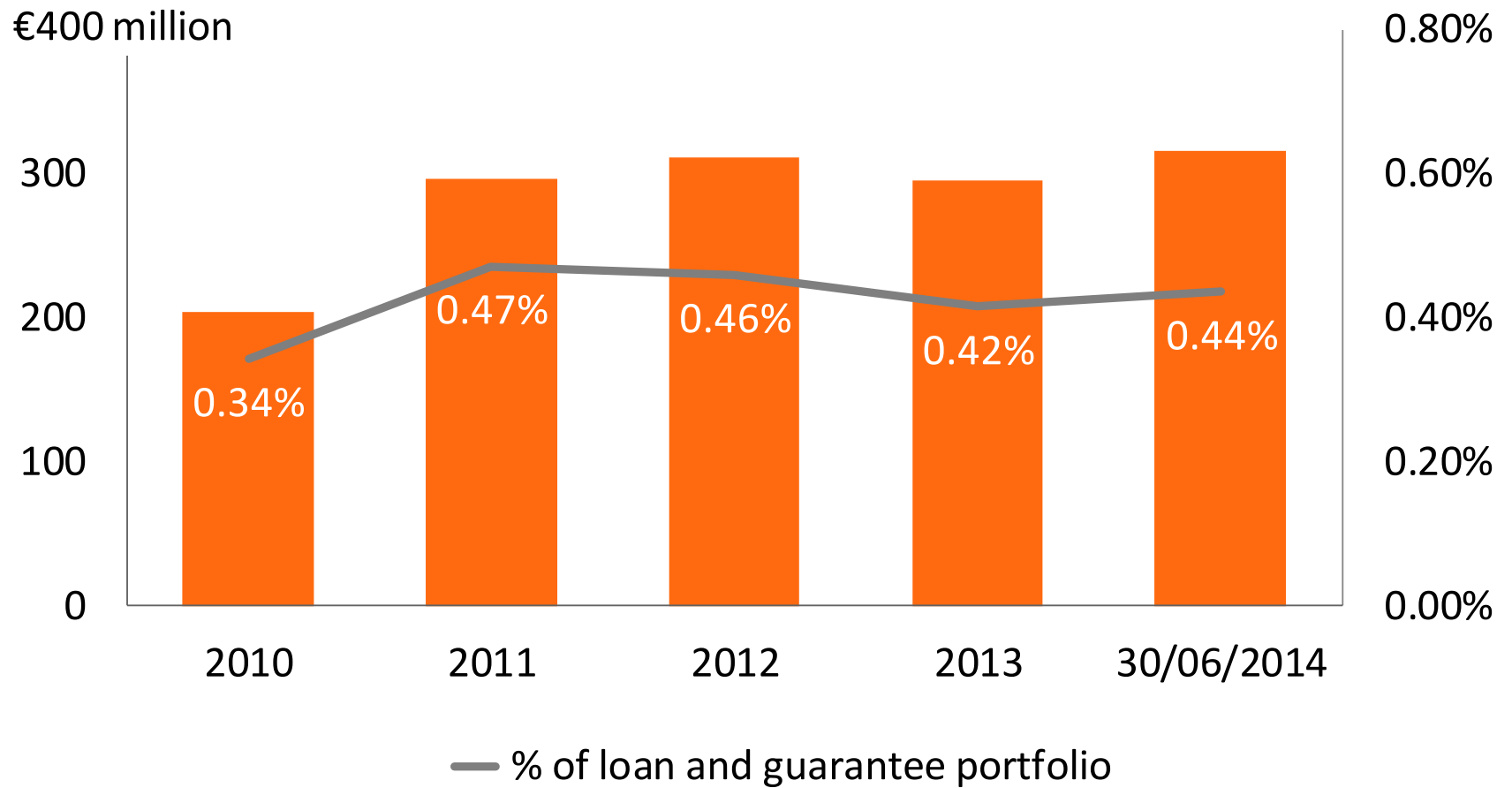


# OP-Pohjola Group Impairments of Receivables



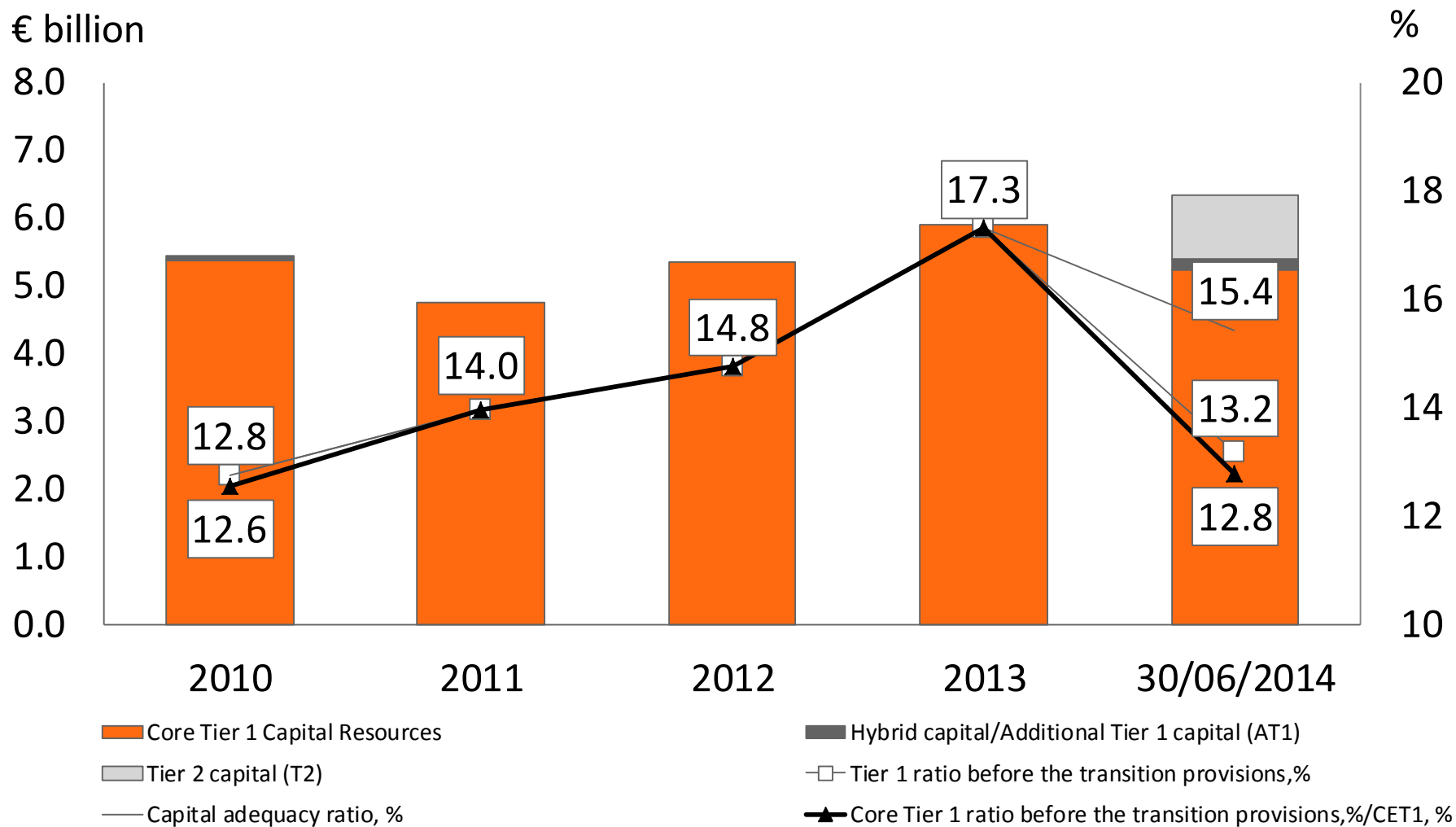
# OP-Pohjola Group

## Receivables over 90 days overdue



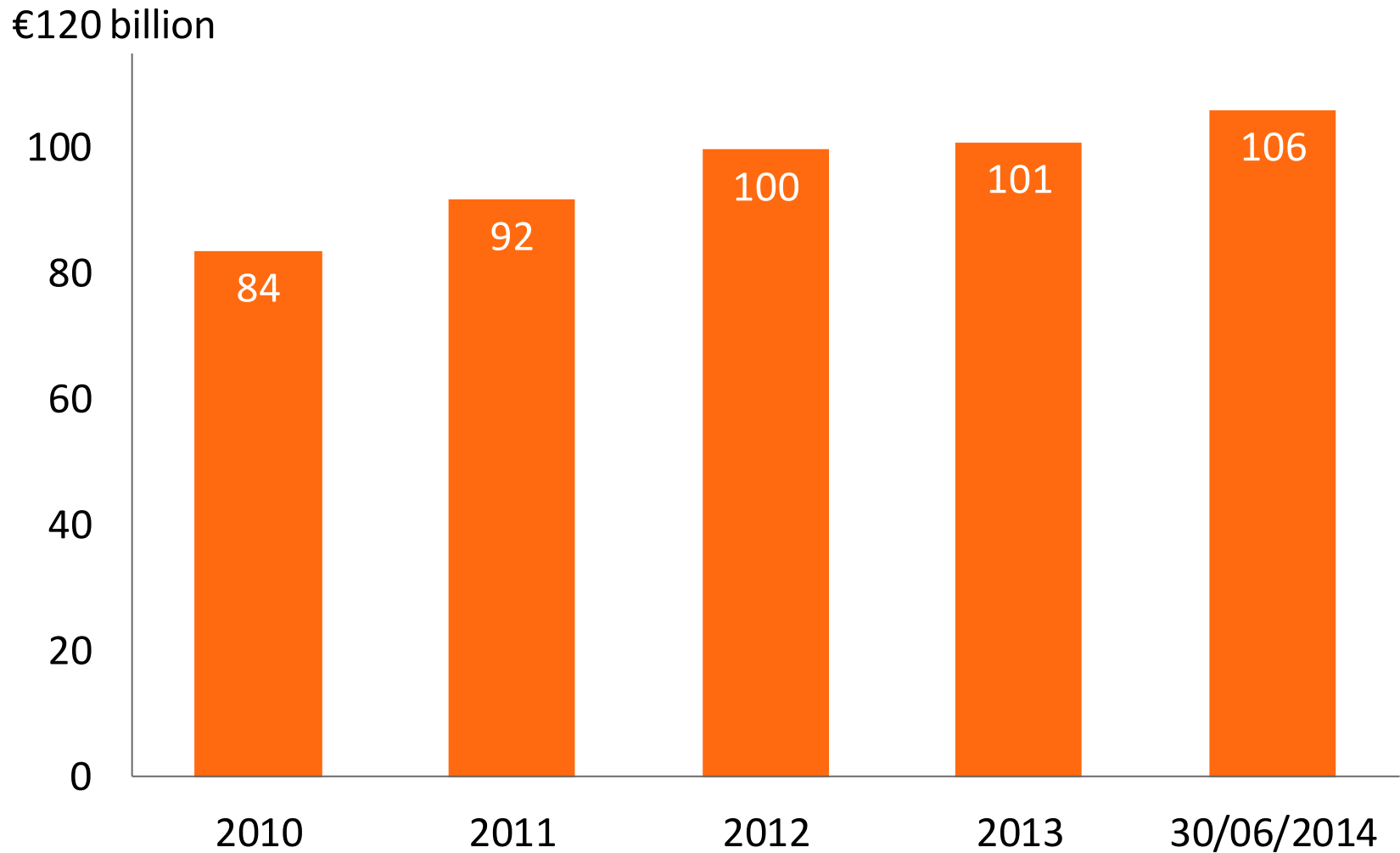
# The Amalgamation of the cooperative banks

## Capital base and Capital Adequacy Ratio



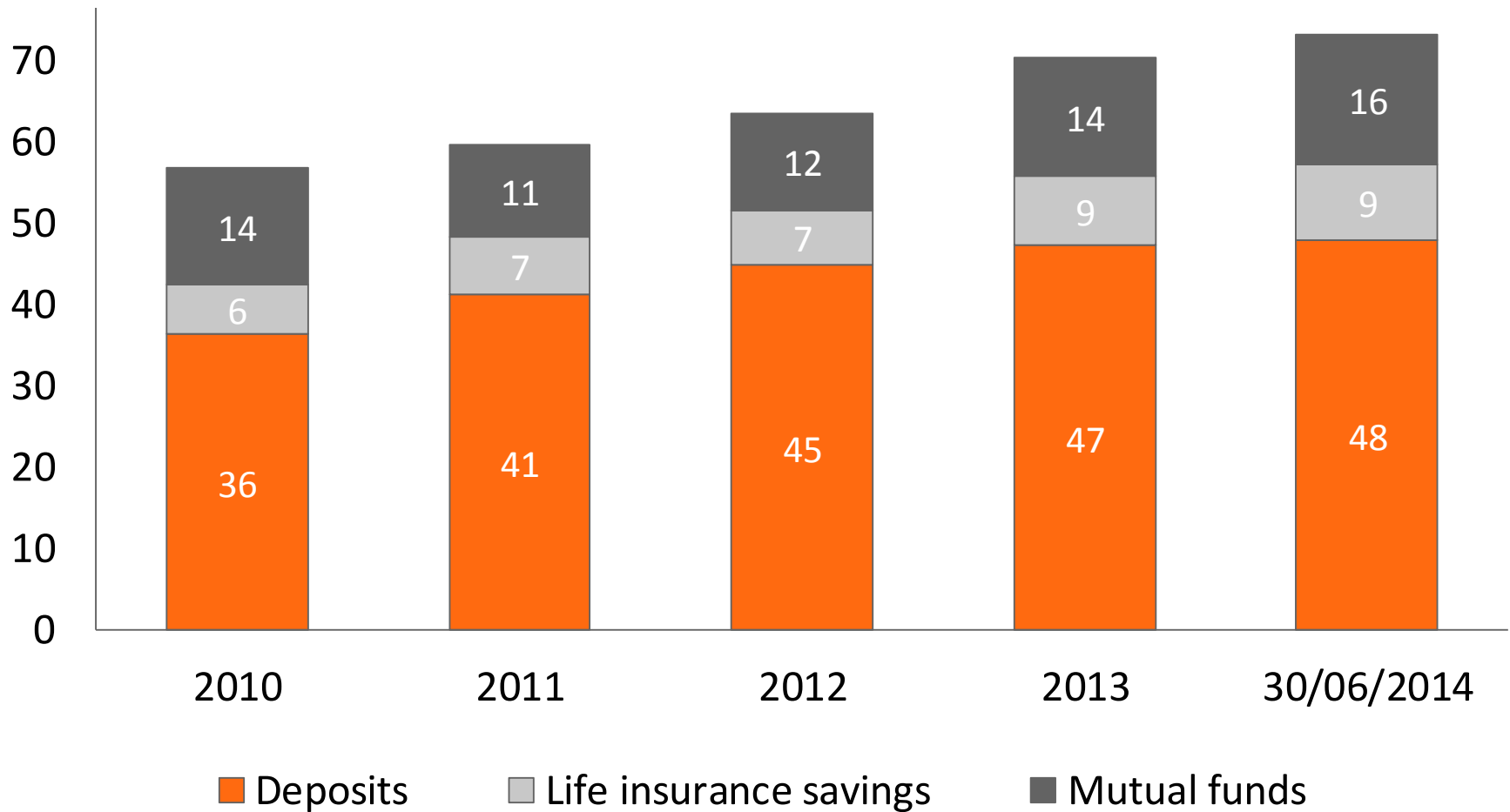
Until 2013 according to CRD3 before IRBA transitional provisions (Basel II floor)

# OP-Pohjola Group Balance Sheet



# OP-Pohjola Group Customer Funds

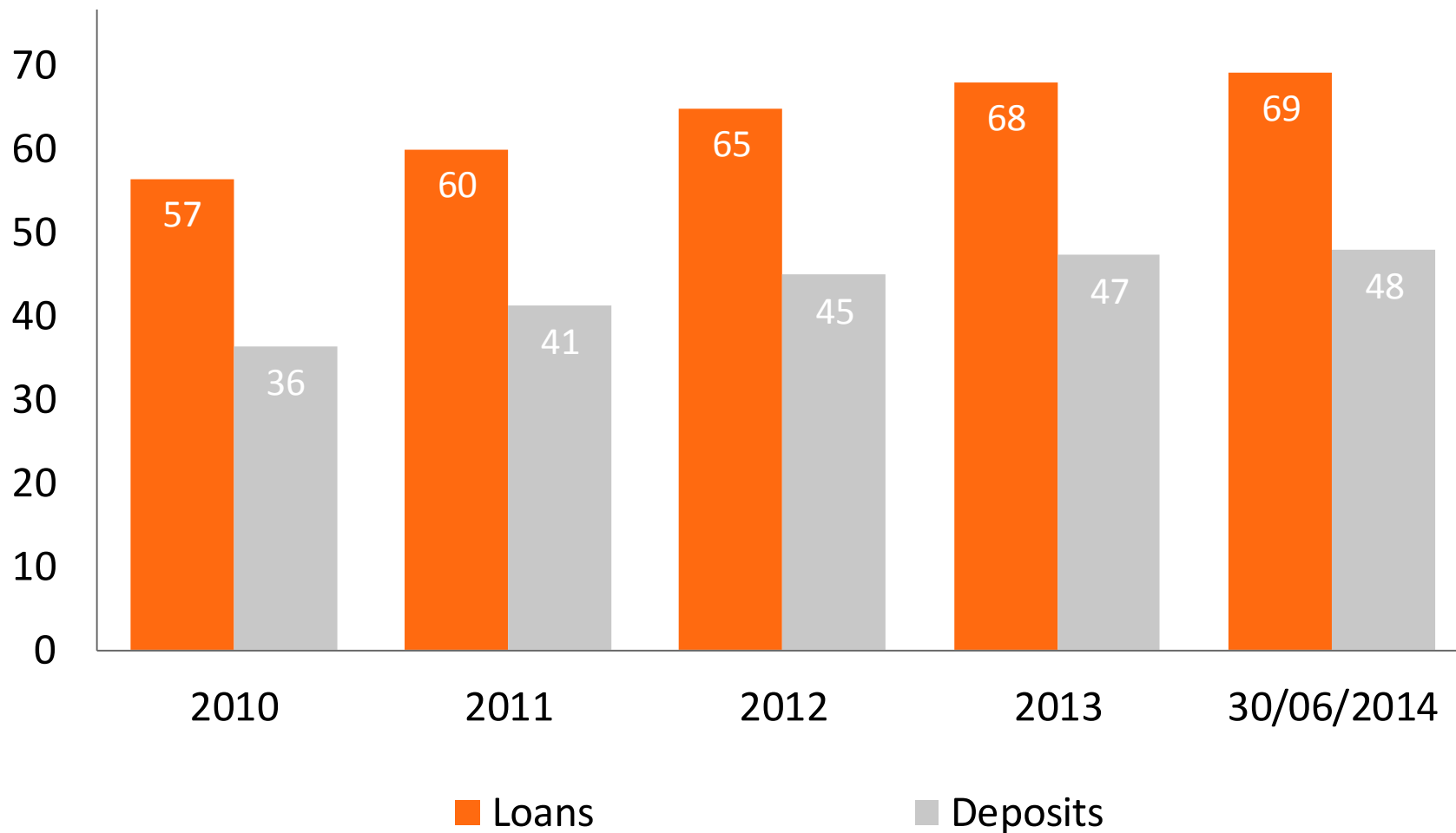
€80 billion





# OP-Pohjola Group Loans and Deposits

€80 billion

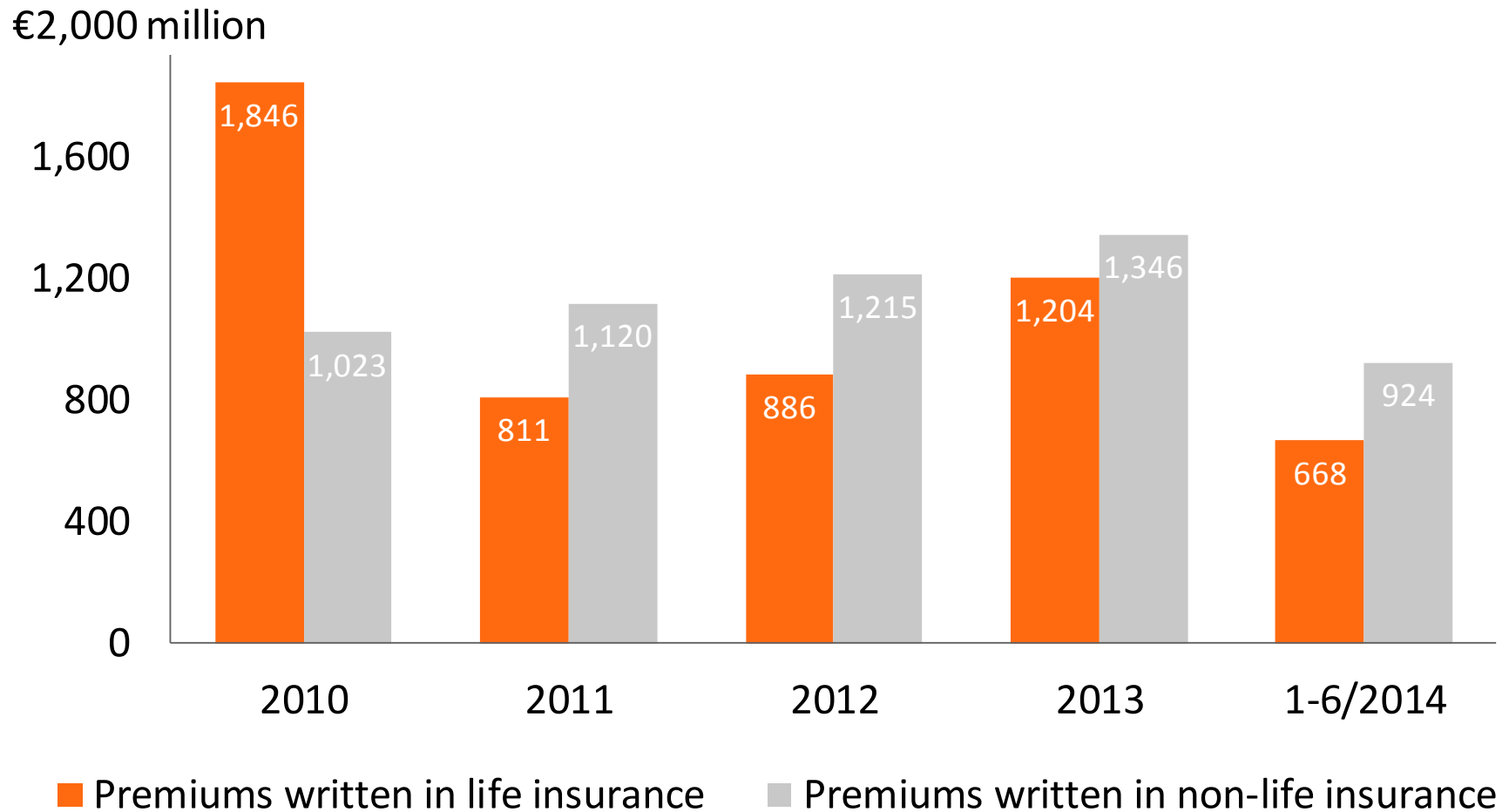


Loans

Deposits



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





**Thank you**