

Pohjola Bank plc Annual Review

2012



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Summary: Year 2012

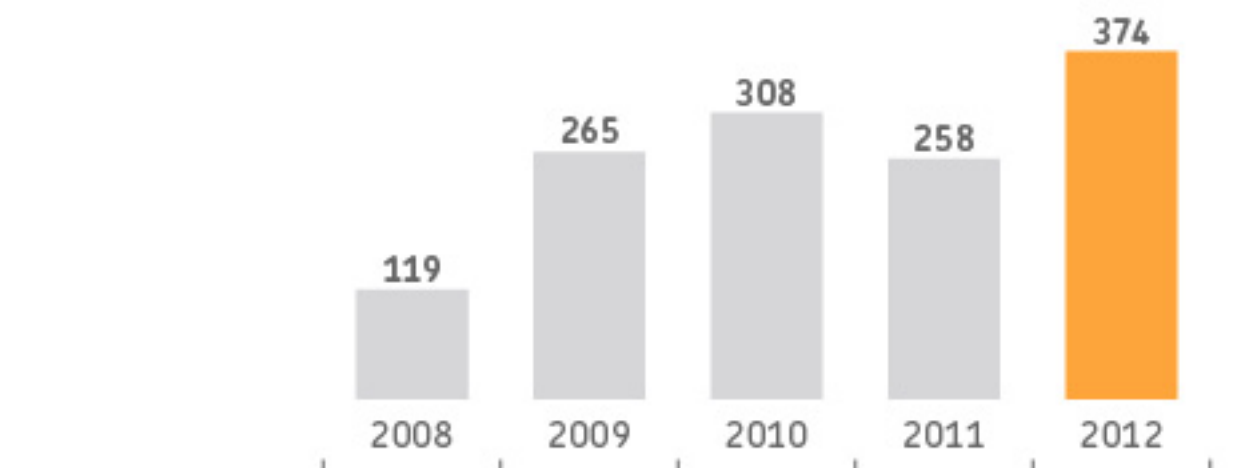
Pohjola reported record consolidated earnings in 2012 and its market position strengthened during the year. The Group had a strong liquidity and capital base at the end of the year.

	2012	2011
Total assets, € mn	44,623	41,111
Earnings before tax, € mn	374	258
Earnings before tax at fair value, € mn	792	78
Return on equity at fair value, %	23.3	3.1
Earnings per share, €	0.89	0.67
Dividend (Series A share), €	0.46*	0.41
Dividend (Series K share), €	0.43*	0.38
Personnel	3,404	3,380

* Board proposal

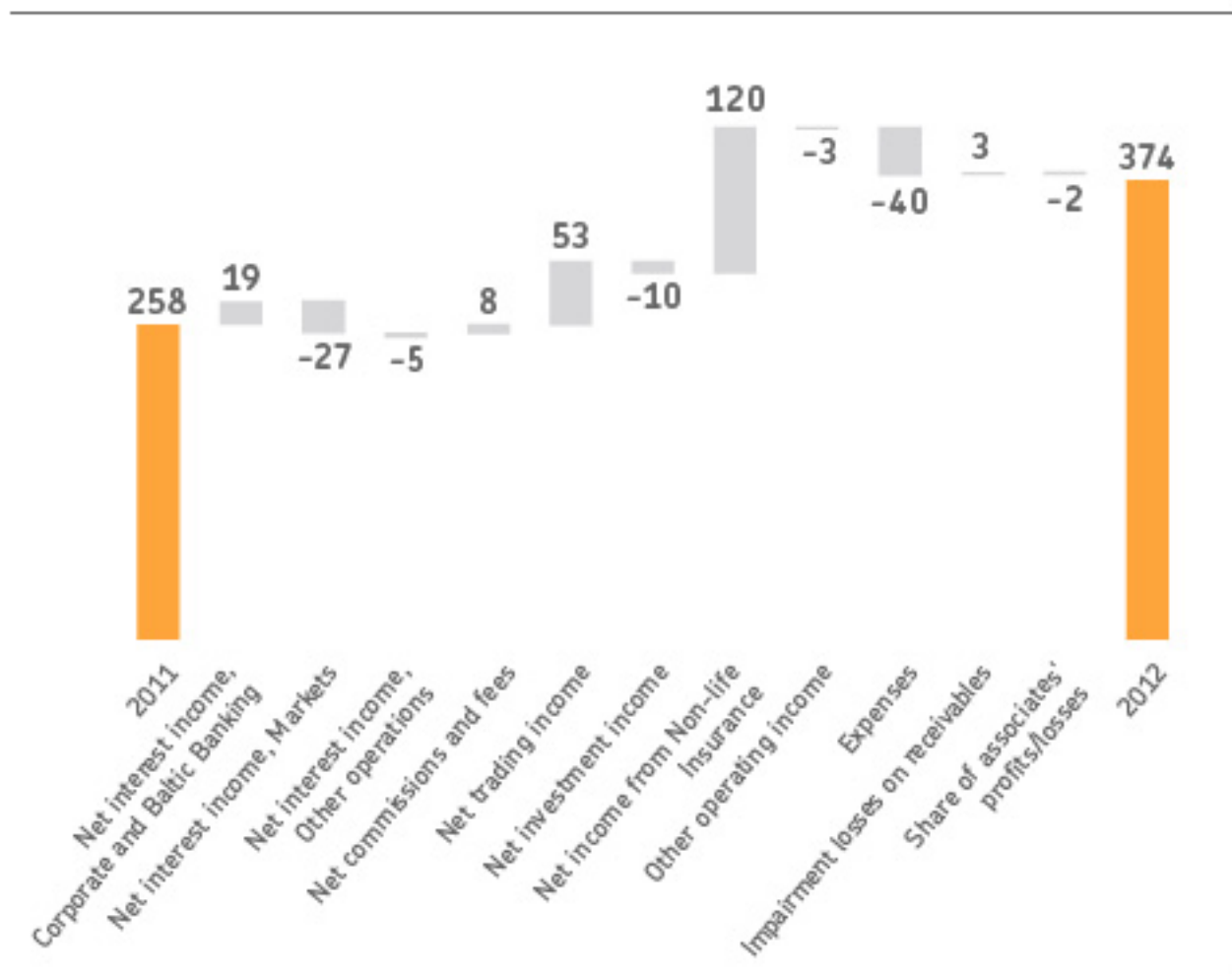
Earnings before tax

€ million



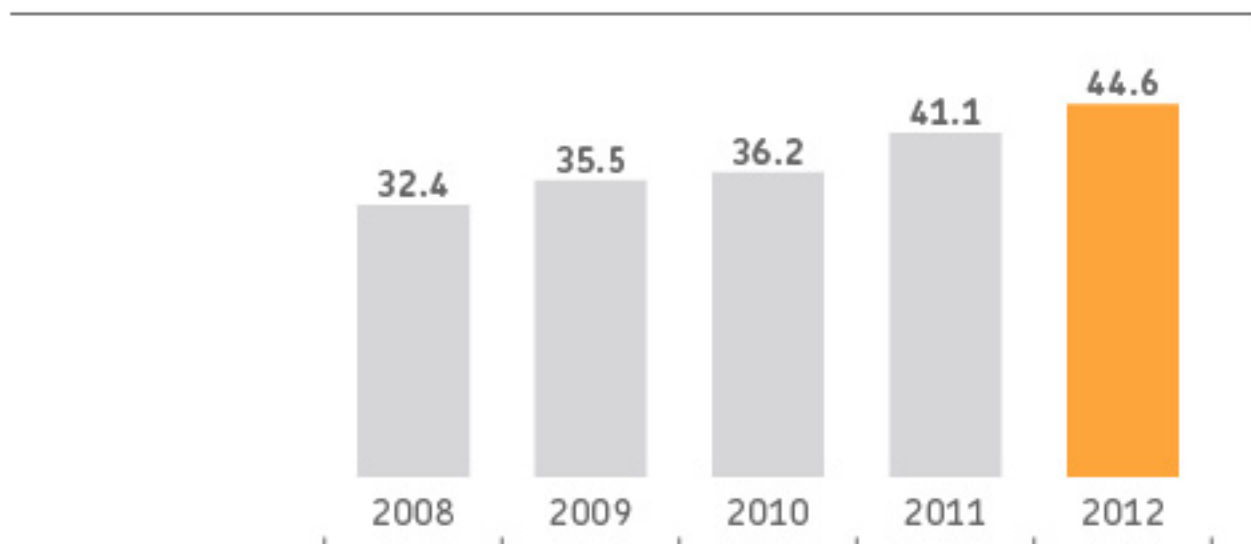
Earning/loss before tax, Change between 2011 and 2012

€ million

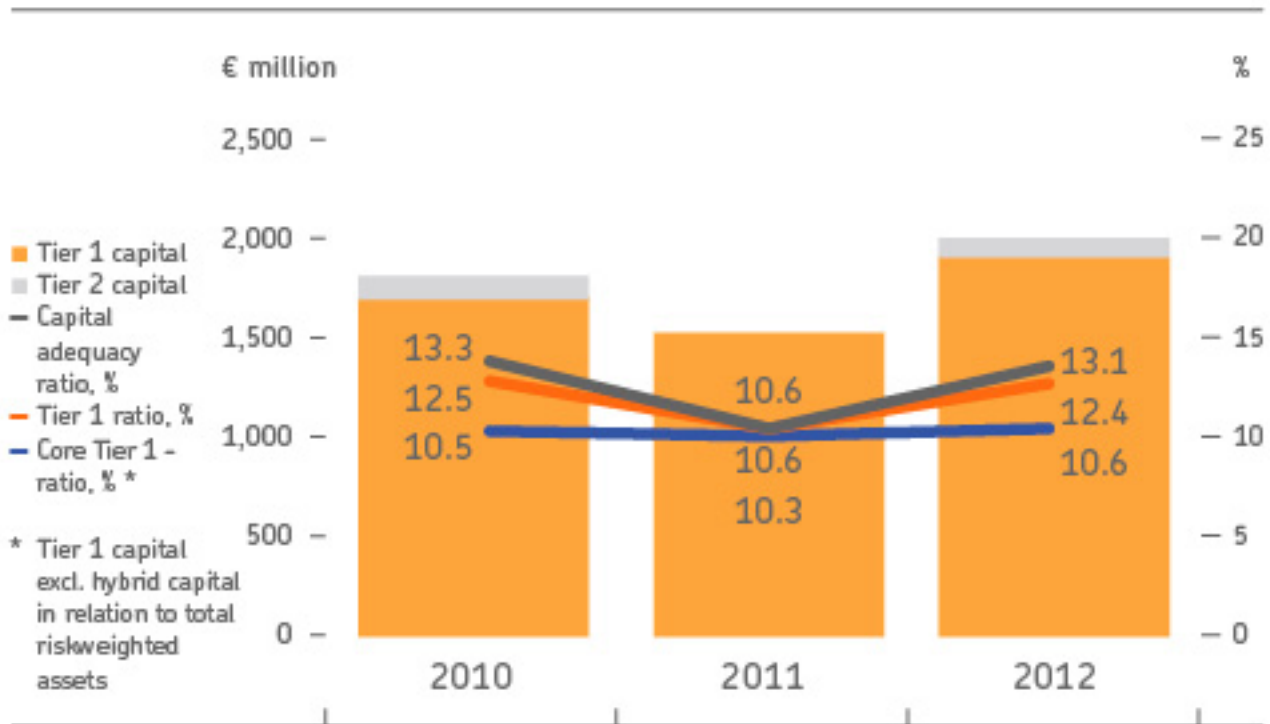


Balance sheet total

€ billion



Capital base and capital adequacy



Updated Strategy

Strategy guided by external factors

- Operating environment
- Competition
- Regulation

We will put a higher premium on efficiency, profitability and capital adequacy, and will grow in a controlled way.

What will change?

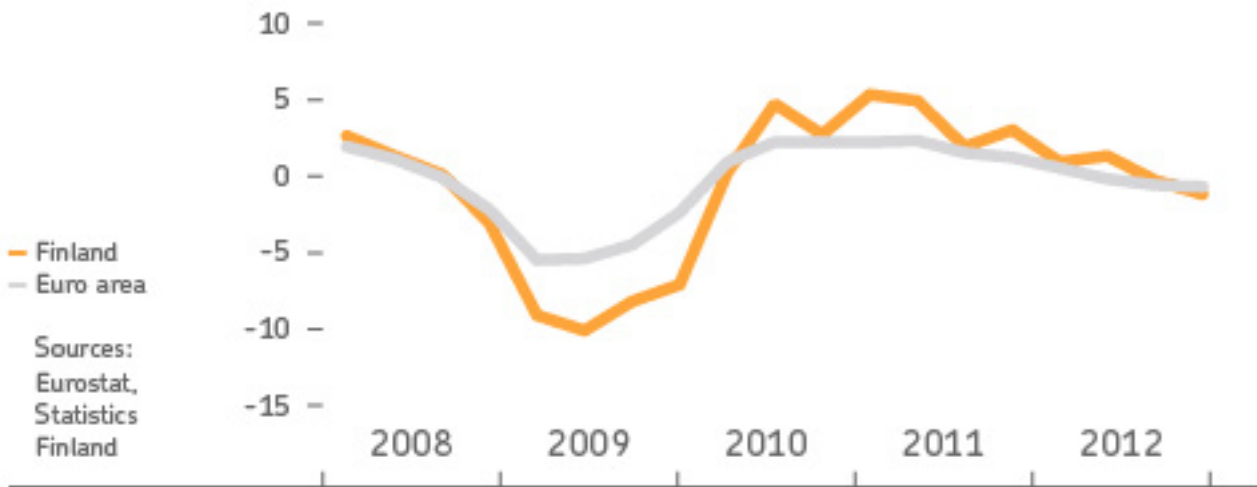
- We will make customer experience our competitive advantage.
- We will seek more targeted growth with the aim of improving the return on capita.
- We will use more efficiently OP-Pohjola Group's competitive advantages and strengths.
- We will raise efficiency and capital adequacy to a new level.

What will remain unchanged?

- Our mission, vision and core values will remain unchanged.
- We will ensure the best overall competencies in the sector.
- We aim at a top-level Total Shareholder Return among our peer group.

GDP

annual change in volume, %



“2012 was a good year in terms of financial performance, sales and customer relationships.”

2012 consolidated earnings before tax were € 374 million

The strategic theme is entitled “Value and efficiency through integration”.

Review by the Chairman of the Board of Directors

Dear Pohjola shareholders

2012 was a good year for the entire OP-Pohjola Group in terms of both growth and financial performance. Pohjola accounted for a significant share of OP-Pohjola Group's financial performance. Pohjola's Banking improved its earnings over the previous year despite the challenging operating environment and low interest rates. In the meanwhile, the favourable investment environment boosted the financial performance of Non-life Insurance and Asset Management. In addition, banking and non-life insurance businesses continued their integration success story.

Growth in corporate banking proved once again that we bear responsibility for economic growth in Finland in more difficult times too. Pohjola plays a major role in this respect.

The operating environment will remain unstable. In particular, the burden of the new regulatory environment and decisions on taxation will affect profit performance in the financial sector. Nevertheless, we at Pohjola are well prepared for these challenges. We have strong financial buffers. The reorganisation programme launched last year will substantially slow growth in expenses in 2013 and in the next few years.

One of the key points in our updated strategy is to continue to adhere to the stable dividend policy.

Reijo Karhinen

President and CEO's Review

For Pohjola, 2012 was a year of success and a record year in many respects. Although our operating environment was characterised by uncertainty, the European sovereign debt crisis still persists and the weaker-than-expected economic growth has dampened corporate capital spending, last year was a period of growth for Pohjola. We made progress in our business at operational level in line with our expectations and made headway according to our strategy.

With a favourable investment environment, we also did an excellent job in investment operations. Restored investor confidence in capital markets was supported by the ECB's announcement to buy the sovereign bonds of crisis-ridden countries in secondary markets.

Our consolidated earnings before tax amounted to EUR 374 million and at fair value to almost EUR 800 million.

We made progress in all of our business lines. Banking reported the best performance for the second year in a row. We continued to increase our market share of corporate loans. Our firm and calculated choice to stand by Finnish companies through thick and thin and support their growth and business development lie behind this increase in our market share. We still boast a good quality loan portfolio. Our good progress is also shown by the fact that deposits increased by up to 92%. We achieved number-one position as an arranger of syndicated loans and bonds in Finland. A smooth start of government payment transfers for which we act as the primary intermediary as a result of competitive tendering and a new corporate branch office opened in Latvia number among our successful accomplishments.

Non-life Insurance reported strong growth in insurance premium revenues. We have recruited heavily for policy sales and last year we broke sales records among both private and corporate customers. Successful cross-selling with OP-Pohjola Group cooperative banks increased the number of loyal customer households by a record of around 47,000 to almost 570,000. Despite the large volume growth, the quality of our claims service remained good. Non-life Insurance recorded a good operating combined ratio although it was saddled with larger claims than a year earlier. Opening Omasairaala Oy, a hospital for outpatient surgery specialising in orthopaedic diseases and injuries, in early 2013 will ensure comprehensive customer service all the way from personal injury until recovery.

Our Asset Management too reported record earnings and improved investment returns considerably. Intensified cooperation within OP-Pohjola Group was reflected, for example, in better customer satisfaction among major internal customers.

Last year was also characterised by the Information and Consultation of Employees process related to the reorganisation programme initiated within OP-Pohjola Group Central Cooperative Consolidated. As a result, the number of our employees will reduce considerably. Although this process was painful for our personnel, it was necessary because the reorganisation will enable significant improvements in the Group's cost-efficiency. This is how we will ensure our competitiveness and service capabilities in the future too.

Last autumn, we published our updated strategy, its theme being entitled "Value and efficiency through integration". The updated strategy highlights the following: seeking more targeted growth in order to improve the return on capital, especially in Banking, and increasing capital adequacy ratios. Enhancing Group efficiency and keeping costs at the 2012 level for the next three years also play an important part of our strategy. We have placed customer experience at the core of our operations, with the aim of exceeding customer expectations. Making more efficient use of OP-Pohjola Group's competitive advantages and strengths also play an important role in the strategy.

2012 was a good year in terms of financial performance, sales and customer relationships. The Group had a strong liquidity and capital base at the end of the year. Accordingly, the Board of Directors will propose to the Annual General Meeting that a dividend of 0.46 euros be paid per listed Series A share, and 0.43 euros per unlisted Series K share. This proposal corresponds to a 51% dividend payout ratio.

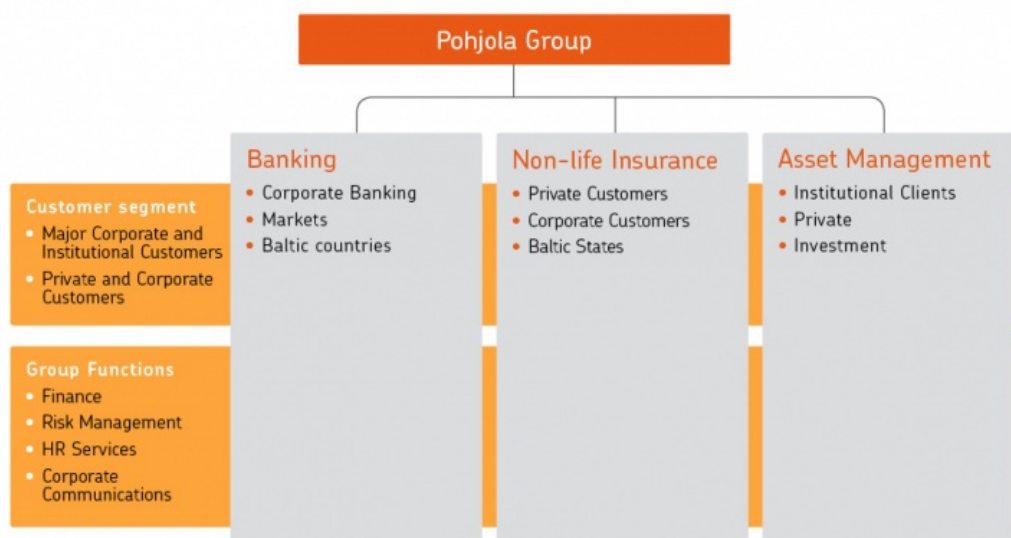
I look ahead to 2013 with confidence. We may see a gradual recovery of the euro-area economy from recession towards the year end. Confidence indicators are already suggesting such a revival. We expect our earnings before tax to be higher in 2013 than in 2012. We have a solid foundation for such an earnings improvement. We now have a stronger market position than ever before and have made decisions that have provided us with a basis for greater operational efficiency.

I should like to take this opportunity to express my warmest thanks to our shareholders and customers for their trust and OP-Pohjola Group cooperative banks and other partners for their constructive cooperation. I also wish to express my gratitude and thanks to our employees who did an excellent job last year during the sometimes tough moments.

Mikael Silvennoinen
President and CEO

Pohjola in Brief

Pohjola Group is a Finnish financial services company providing banking, non-life insurance and asset management services. Pohjola's mission is to promote the prosperity, security and wellbeing of our customers.



Pohjola aims to be the leading corporate bank, non-life insurer and institutional asset manager in terms of market share.

	2012	Target
Market position as a corporate bank	2.	1.
Market position as a non-life insurer	1.	1.
Market position as an institutional asset manager	1.	1.

The Group aims to be the most preferred financial services partner. Profitable growth and an increase in company value form our key objectives. Pohjola's strategic cornerstones lie in its three unique competitive advantages:

- Close to customers
- Comprehensive financial services offering
- Being part of OP-Pohjola Group

Pohjola's profitable growth enables a competitive Total Shareholder Return. Its Series A shares have been listed on the Large Cap List of the NASDAQ OMX Helsinki since 1989, with POH1S as the trading code and Financials as the industry class. Pohjola has approximately 32,000 shareholders.

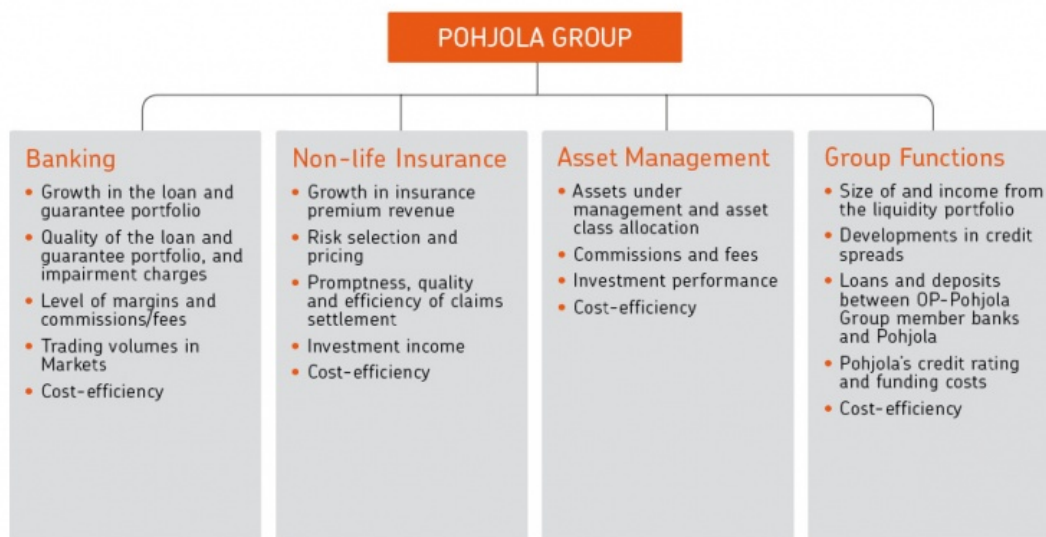
At the end of 2012, the number of Pohjola Group employees totalled 3,400.

Business structure

Pohjola Group consists of three business segments – Banking, Non-life insurance and Asset Management – and the Group functions in support of these segments.

	BUSINESS LINES	BUSINESS DIVISIONS / FUNCTIONS	MAIN MARKET AREA	STRATEGIC ROLE	SHARE OF CONSOLIDATED EARNINGS BEFORE TAX IN 2012
Banking	Financing and financial management solutions for corporate and institutional customers	Corporate Banking Markets Baltics	Finland and neighbouring regions	Good profitability and stronger market position	59%
Non-life Insurance	Insurance solutions for private, corporate and institutional customers	Private Customers Corporate Customers Baltics	Finland and neighbouring regions	Growing at a rate above the market average, strengthening market leadership and maintaining good profitability	25%
Asset Management	Managing assets of institutions, wealthy private individuals and families Managing assets of OP-Pohjola Group's mutual funds	Institutional Clients Private Investment	Finland and neighbouring regions	Good profitability and stronger market position	9%
Group Functions	Supporting the Group and its business lines Central banking and treasury Managing OP-Pohjola Group's liquidity and funding	Finance Risk Management HR Services Corporate Communications	-	Controlling, supporting and encouraging the business lines in their efforts to achieve Group goals	7%

Key Value Drivers



Strategy Implementation in 2012

Pohjola's strategy adopted in 2009 focused on intensifying business integration and upgrading businesses. Pohjola implemented its strategy through the strategic initiatives below.

1. When it comes to upgrading business for corporate and institutional customers, Pohjola had the aim of strengthening not only its own but also the entire OP-Pohjola Group's market position as a partner of mid-size companies in particular. Well-defined responsibilities between Pohjola and OP-Pohjola Group member banks played a key role in this respect.
2. Intensifying business integration involved measures to make more efficient use of Pohjola's shared customer potential. Pohjola exploits customer data in identifying customer potential, targeting efforts, selecting customers and determining prices.
3. When it comes to improving international service capabilities, Pohjola extended its international partner network in order to provide its customers with competitive services on a global scale. Pohjola is a full-blown financial services provider for its customers abroad too.
4. When it comes to enhancing the Group's intellectual capital, Pohjola invested in its ability to reinvent itself and develop its operations further in order to be able to provide its customers with the best solutions and services available in the sector. The Group will enhance its competencies on a long-term basis in view of future needs.

Implementation of strategic initiatives in 2012			
	Banking	Non-life Insurance	Asset Management
Upgrading business for corporate and institutional customers	<ul style="list-style-type: none"> The operating models shared by the CRM organisation of major corporate customers and OP-Pohjola Group cooperative banks have become established and sales have rebounded strongly. Cooperation with the network of foreign partner banks was reorganised with the aim of providing Pohjola's and Group cooperative banks' corporate customers with services more effectively and efficiently. 		
Intensifying integration of Banking and Non-life Insurance business	<ul style="list-style-type: none"> Pohjola has continued to systematically leverage shared customer information in identifying business opportunities and making decisions. Shared functions for Banking and Non-life Insurance, such as product and service development, marketing and sales support, and telephone service, were centralised within OP-Services Ltd. 		
Improving in international service capabilities	<ul style="list-style-type: none"> Pohjola opened a corporate bank branch in Latvia. Pohjola intensified cooperation with Bank of China when Bank of China established a China Desk in Helsinki and Pohjola did the same in Shanghai. 	<ul style="list-style-type: none"> Pohjola has further intensified cooperation with RSA. 	<ul style="list-style-type: none"> Pohjola has introduced new international investment products to its clients. Pohjola has expanded the network of international partners.
Enhancing the Group's intellectual capital	<ul style="list-style-type: none"> Pohjola has updated competence surveys, and personal development plans prepared during performance reviews cover all personnel. A two-year Talent programme aimed at ensuring potential successors was completed. The training programme had 60 participants. Pohjola expanded its employee wellbeing programme by introducing a monthly "wellbeing measurement" on the intranet. 		

Updated Strategy

In October 2012, Pohjola's Board of Directors adopted Pohjola Group's strategy and financial targets. The strategic theme is entitled "Value and efficiency through integration".

Strategy in a nutshell

Mission	<ul style="list-style-type: none"> • We promote the sustainable prosperity, security and wellbeing of our customers
Vision	<ul style="list-style-type: none"> • We are the most preferred financial services partner
Key objectives	<ul style="list-style-type: none"> • Increasing company value • Strengthening market position profitably
Critical success factors	<ul style="list-style-type: none"> • Exploiting customer potential • Risk anticipation, selection and pricing • Highly skilled personnel and high-profile partnerships • Competitive solutions • Cost-efficiency, flexibility and promptness • Strong capitalisation
Competitive advantages	<ul style="list-style-type: none"> • Comprehensive financial services • Part of OP-Pohjola Group – Strong brand and stability • Close to customers – Firmly rooted in Finland
Core values	<ul style="list-style-type: none"> • People-first approach • Responsibility • Prospering together

The updated strategy highlights the following: improving customer experience, seeking more targeted growth in order to improve return on capital, making more efficient use of OP-Pohjola Group's competitive advantages and strengths, improving efficiency and increasing capital adequacy ratios.

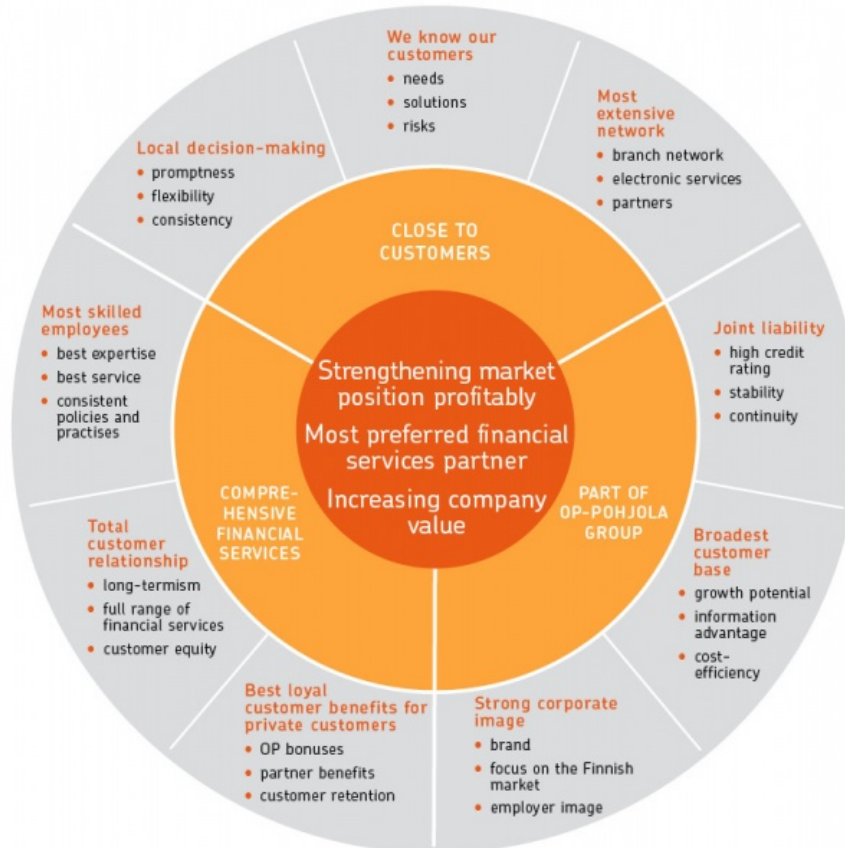
<p>Strategy guided by external factors</p> <ul style="list-style-type: none"> • Operating environment • Competition • Regulation 	<p>We will put a higher premium on efficiency, profitability and capital adequacy, and will grow in a controlled way.</p>
<p>What will change?</p> <ul style="list-style-type: none"> • We will make customer experience our competitive advantage. • We will seek more targeted growth with the aim of improving the return on capital. • We will use more efficiently OP-Pohjola Group's competitive advantages and strengths. • We will raise efficiency and capital adequacy to a new level. 	<p>What will remain unchanged?</p> <ul style="list-style-type: none"> • Our mission, vision and core values will remain unchanged. • We will ensure the best overall competencies in the sector. • We aim at a top-level Total Shareholder Return among our peer group.

Banking will concentrate on deepening customer relationships and focusing growth on business and products with high capital efficiency. Non-life Insurance aims to continue its successful cross-selling and improve efficiency. Within Asset Management, the key objective is to raise investment returns of OP Mutual Funds to a competitive level and to intensify OP-Pohjola Group's integration.

Highly skilled and motivated employees are a prerequisite for implementing the strategy. Pohjola enhances its intellectual capital systematically as part of business development.

Competitive Advantages

Pohjola implements its strategy by exploiting its three unique competitive advantages.



Close to customers

We make decisions at local level, genuinely close to our customers. We can offer quick, consistent, predictable and clear service and decision-making to our customers. As a Finnish service provider, we have made a long-term commitment to our home market.

We know our customers and their needs and will serve them through thick and thin.

We can make use of the most extensive service network serving customers throughout Finland. We provide our international services in cooperation with high-profile partners.

Comprehensive financial services

We boast Finland's largest group of banking, non-life insurance and asset management professionals providing customers with the most suitable solutions and best service.

Our comprehensive financial services offering enables us to establish comprehensive customer relationships. We manage customer relationships on a long-term basis.

Together with OP-Pohjola Group member banks we promise our private customers the best loyal customer benefits, with OP bonuses at the core. In this way, we will ensure high customer retention, which in turn improves profitability.

Part of OP-Pohjola Group

OP-Pohjola Group and its central bank Pohjola have operated for over a hundred years now. The financial services group's capital adequacy and credit rating are among the strongest in the sector and being part of OP-Pohjola Group strengthens Pohjola's creditworthiness.

OP-Pohjola Group has more than four million customers, of whom joint banking and non-life insurance customers total over one million. Being part of OP-Pohjola Group provides Pohjola with remarkable growth and cross-selling potential in both insurance and banking services while creating cost-efficiency and providing a huge amount of information used, for instance, for targeting services and pricing.

Pohjola's and the Group's shared logo numbers among the most recognisable ones in Finland and we have an appealing and revered corporate image associated with trustworthiness.

Financial Targets over the Economic Cycle

In October 2012 the Board of Directors adopted the Group's new financial targets aiming at higher profitability and efficiency and a stronger capital base.

Financial targets	Target	Reported 2012	Reported 2011
Group			
ROE, %	13	11.2	9.2
Core Tier 1, %	≥ 11.0	10.6	10.3
Banking			
Operating cost/income ratio, %	< 35	34	35
Non-life Insurance			
Operating combined ratio, %	< 92	90.5	89.8
Operating expense ratio, %	18	21.5	21.8
Solvency ratio, %	70	81	77
Asset Management			
Operating cost/income ratio, %	< 45	47	49
Target for total expenses			
Total expenses at end of 2015, €	At the 2012-end level	567	527
Rating target			
	Target		
AA rating	AA rating issued by at least two credit rating agencies (or at least at the main competitors' level)	2	2
Dividend policy			
	Target		
% of earnings per share	A minimum of 50% of earnings per share in dividends, provided that Core Tier 1 remains at least 10%	51*	60

* As proposed by the Board of Directors

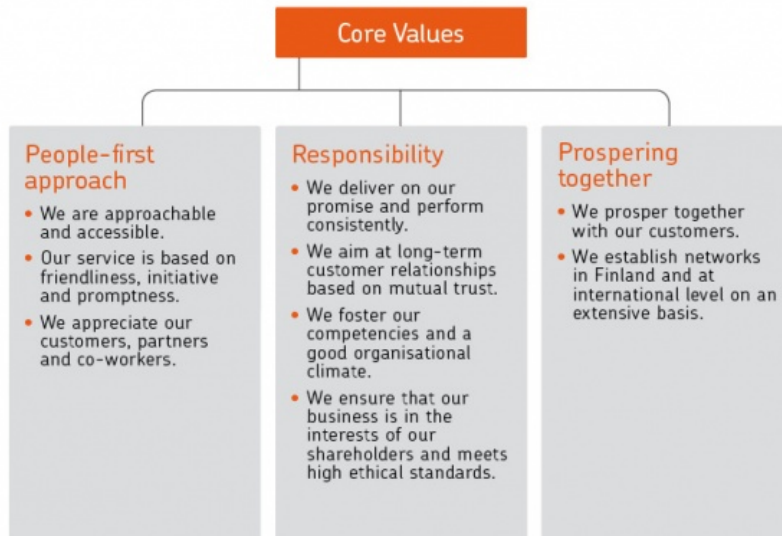
Pohjola abandoned its target for the return on equity (13.0%) calculated at fair value and set a new return-on-equity target at 13.0% calculated on earnings after tax. It raised its capital adequacy target by replacing the Tier 1 ratio target 9.5% with the Core Tier 1 ratio target of 11%. Pohjola also revised its dividend policy in such a way that it aims to distribute a minimum of 50% of its earnings for the financial year in dividends, provided that Core Tier 1 remains at least 10% (previously: Tier 1 ratio of at least 9.5%).

Pohjola set a target level for its total expenses: the Group's total expenses at the end of 2015 will be at the same level as at the end of 2012. It also revised down the operating cost/income ratio target for Banking from 40% to 35% and for Asset Management from 50% to 45%. Pohjola revised the Non-life Insurance target for the operating combined ratio from 92% to less than 92% and for the operating expense ratio from 20% to 18%. The financial targets are set over the economic cycle, with the exception of the target for total expenses.

In addition, Pohjola aims at an AA credit rating affirmed by at least two credit rating agencies or at credit rating that are at least at the level of its main competitors.

Core Values

Pohjola's success lines in its sustainable core values: People-first approach, Responsibility and Prospering together.



Promises to Stakeholders

Customers	<ul style="list-style-type: none"> • We provide the best comprehensive financial solutions and loyalty benefits
Personnel	<ul style="list-style-type: none"> • We foster a motivating organisational climate and create excellent opportunities for skill development
Shareholders	<ul style="list-style-type: none"> • Our Total Shareholder Return is at the top level among Nordic peer banks and insurers
Society	<ul style="list-style-type: none"> • We promote the sustainable prosperity and wellbeing of our operating regions

Pohjola will operate on a long-term basis and provide its customers with the best solutions. Pohjola's competencies, active approach and service quality makes Pohjola stand out. Pohjola will anticipate its customers' needs while actively developing new service packages.

Pohjola fosters a motivating organisational climate and creates excellent opportunities for skill development. Pohjola aims to be the most attractive employer in the financial sector. Pohjola will invest in leadership work and management development.

Pohjola aims at a Total Shareholder Return that is at the top level among Nordic peer banks and insurers. The Group will grow and strengthen its market position profitably. Strong capitalisation enables Pohjola to secure the continuity of its business.

Pohjola operates in a responsible way and promotes the sustainable prosperity and wellbeing of its operating regions. The profitable business will provide foundation for business continuity, employment and the fulfillment of social obligations.

Operating Environment

Global economic growth slowed down in 2012, showing a slower growth rate than the last decade's average. Economic development was characterised by great uncertainty and was uneven. The US economy grew at a moderate pace and employment improved, whereas the euro area headed for a mild recession.

The European sovereign debt crisis continued to weigh on financial markets. In the early summer, uncertainties mounted as a result of Greece's parliamentary elections. During the second half, the greatest worries about the crisis faded after the European Central Bank (ECB) announced its government bond-purchase programme.

The ECB cut its key interest rate to 0.75% and in the first half increased market liquidity significantly through its extraordinary long-term refinancing operations. Market interest rates fell to record low during 2012.

Economic growth in Finland remained weak in 2012. Following the favourable first quarter, economic growth faded towards the year end. Economic growth was supported by consumer spending, whereas exports and capital spending were subdued. The slower economic growth made unemployment increase during the second half of the year. Home prices rose by a few per cent but home sales and residential building decreased slightly.

The global economic growth outlook for 2013 is still weaker than on average. Economic growth in the euro area will remain weak. The Finnish economy will at its best grow slowly. The ECB will keep its key interest rate low and, if required, take extraordinary measures to support financial stability. Euribor rates will remain record low.

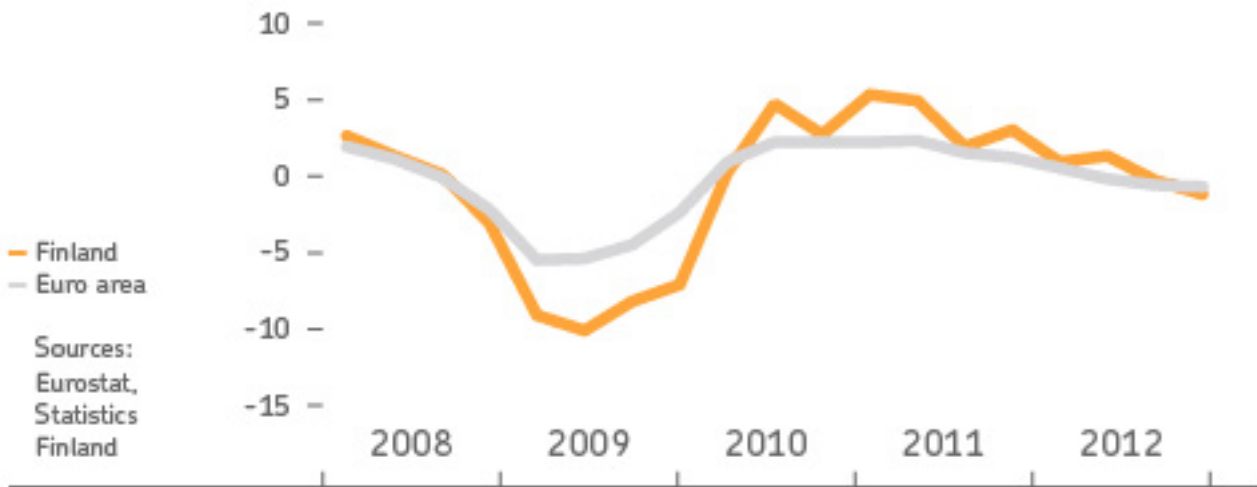
Last year, total loans in the Finnish banking sector increased by 7%, which was markedly above the average growth rate in the euro area. Loans to households continued their relatively steady growth, supported by lower market rates, whereas demand for corporate loans subsided in the second half as a result of the weaker economic outlook. Growth prospects on total loans for 2013 are dimmer than last year.

As a result of favourable developments in financial markets, mutual fund and insurance assets grew during the second half of 2012. Stock prices in Finland rose by an average of around 10% in 2012. Mutual funds' net asset inflows increased. The growth rate of deposits slowed down slightly towards the year end as a result of a decline in market interest rates and the restored risk appetite. The year-end total deposits were 6% higher than the year before.

The total premiums written by the non-life insurance sector still grew at a steady annual rate of around 6%. Claims paid increased by 4%, which is a slower rate than previously. This can be specifically attributed to the better weather conditions than the year before.

GDP

annual change in volume, %



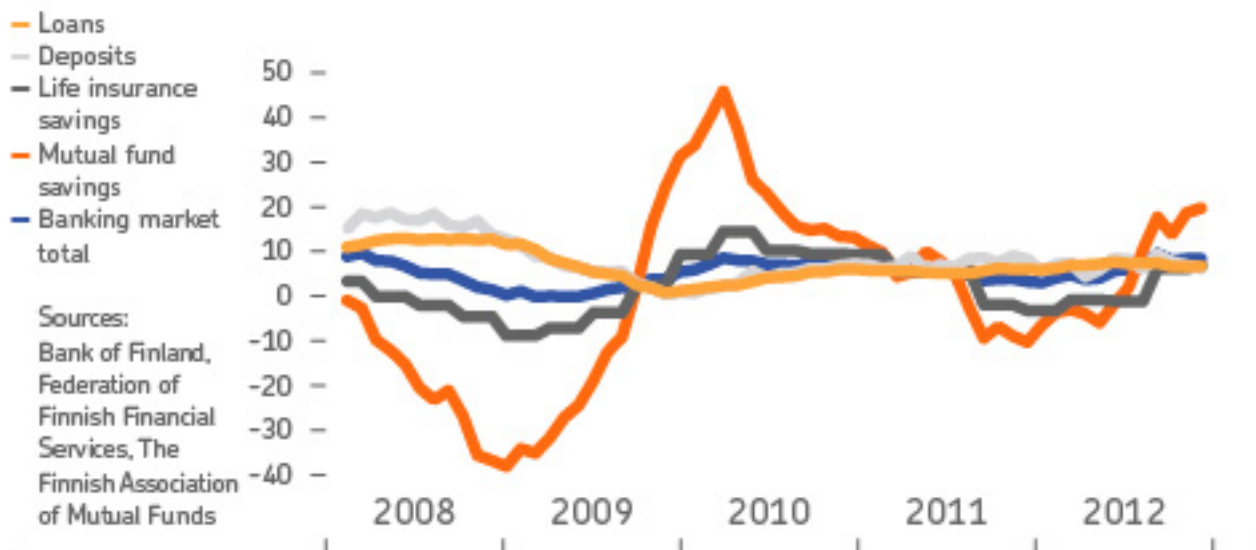
Fixed investments

annual change in volume, %



12-month change in banking

sector total, %

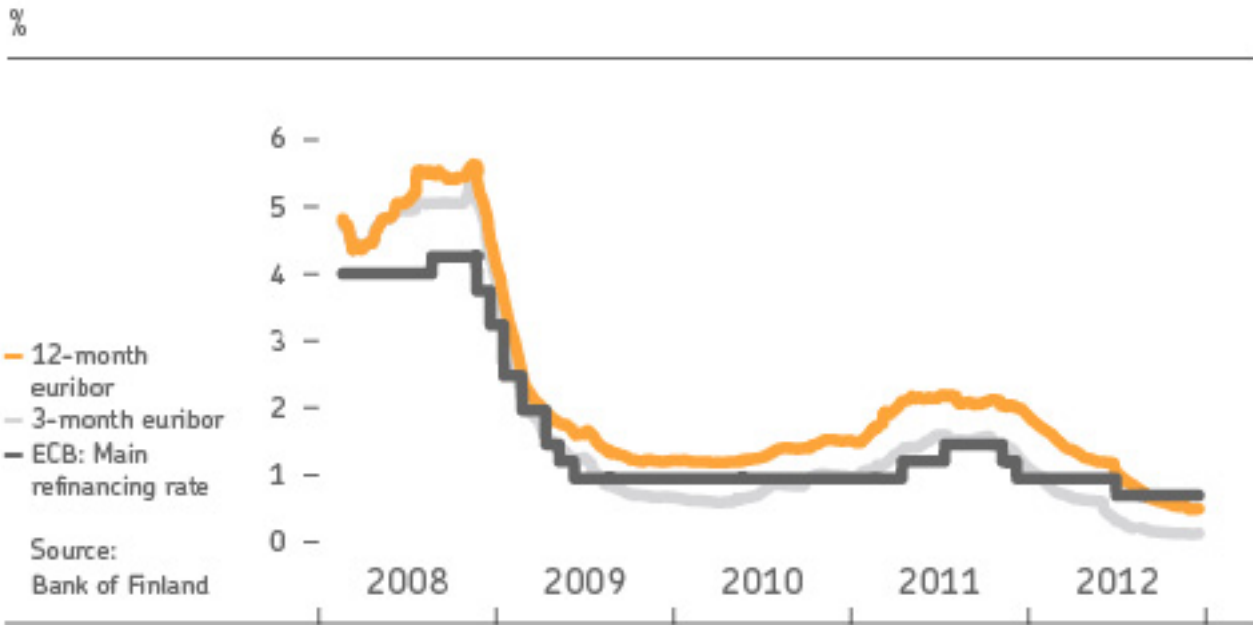


Confidence indicators

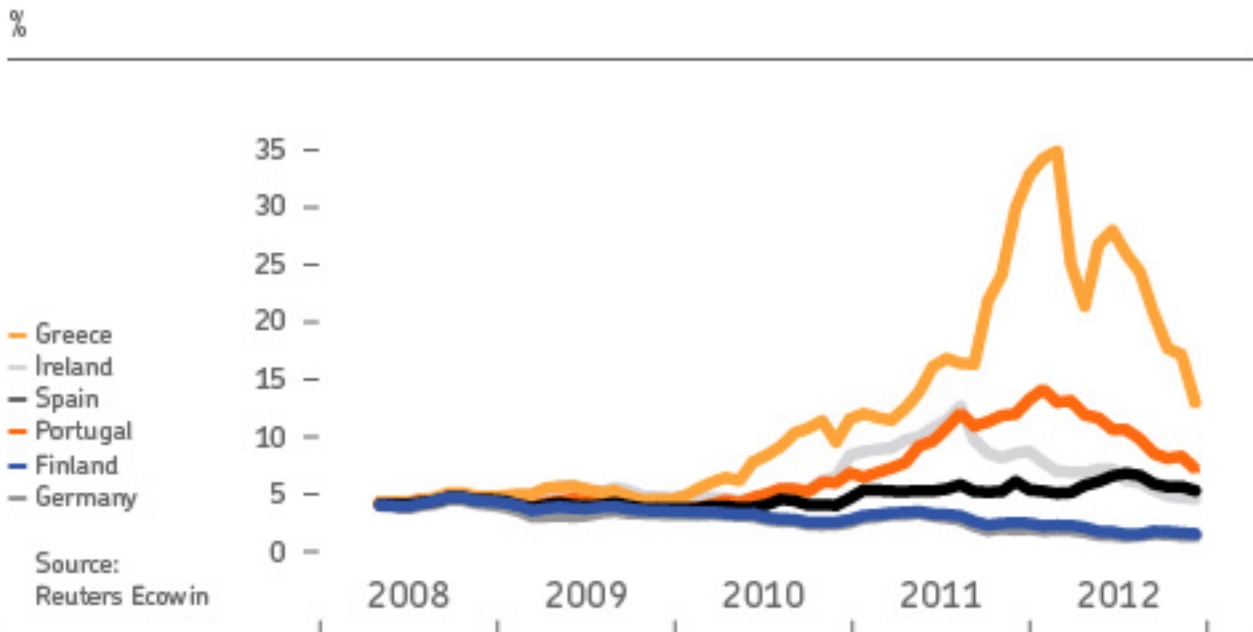
Balance figure



Euribor rates and ECB refi rate



Long-term interest rates Government bonds (10 years)



Financial Sector in the face of Major Transformation

The financial sector is undergoing major transformation in many respects. The authorities are considerably tightening regulations on banks' capital adequacy and liquidity. For example, the key regulatory changes of the Basel III reform for financial institutions will impose more stringent capital adequacy requirements, introduce new regulatory requirements on bank leverage and involve increased regulation in the field of financial risk exposure. Moreover, Finland has adopted a temporary bank tax since early 2013. The regulatory framework for insurance companies will also undergo changes through Solvency II. However, uncertainties are still associated with the content and implementation schedule of these international regulatory frameworks.

Today's low interest-rate environment coupled with tighter regulation and a higher tax burden will increase profitability pressures in the financial sector. The outlook for low growth and concerns about the euro-area economy are still reflected in prospects in the financial sector. The sector is also currently undergoing structural changes. It is developing electronic services and reshaping distribution channels.



Capital Adequacy and Risk Exposure

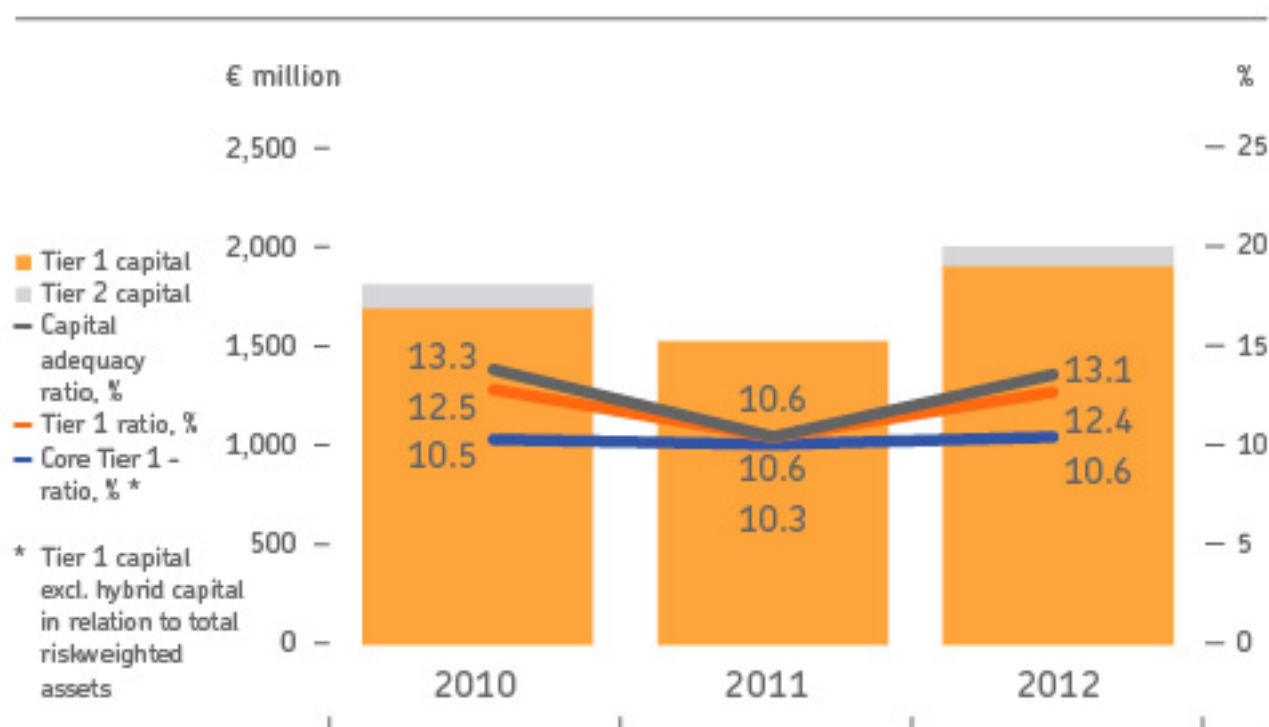
Pohjola Group's Core Tier 1 ratio improved to 10.6% (10.3) and Tier 1 ratio to 12.4% (10.6). Risk-weighted assets increased by 6% and the loan portfolio by 9% from their 2011-end level.

The capital adequacy ratio under the Act on Credit Institutions stood at 13.1% (10.6), as against the statutory minimum requirement of 8%, up by 2.5 percentage points from the level of 31 December 2011.

	2012	2011
Capital adequacy ratio, %	13.1	10.6
Tier 1 ratio, %	12.4	10.6
Core Tier 1 ratio, % *	10.6	10.3
Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates	1.7	1.41
Risk-weighted assets, € mn	15,320	14,409
Non-life Insurance solvency ratio, %	81	77

* Tier 1 capital excl. hybrid capital in relation to total risk-weighted assets

Capital base and capital adequacy



Tier 1 capital came to EUR 1,904 million (1,521) and the total capital base amounted to EUR 2,007 million (1,521). On 31 December 2011, risk-weighted assets (RWA) totalled EUR 15,320 million (14,409).

Pohjola Group belongs to OP-Pohjola Group whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. Pohjola Group's capital adequacy ratio under the Act, measured using the consolidation method, showed an improvement, standing at 1.70 (1.41) on 31 December.

Non-life Insurance solvency ratio stood at 81% (77).

Major Risks and Risk Exposure

Pohjola Group's major risks include credit risk, market risk, liquidity risk and underwriting risk. Strategic and operational risks, such as changes in the operating environment, competition or customer behaviour, are inherently related to all Group business lines.

A description of the risk management principles can be found in Note 2 [“Pohjola Group's Risk Management and Capital Adequacy Management Principles”](#).

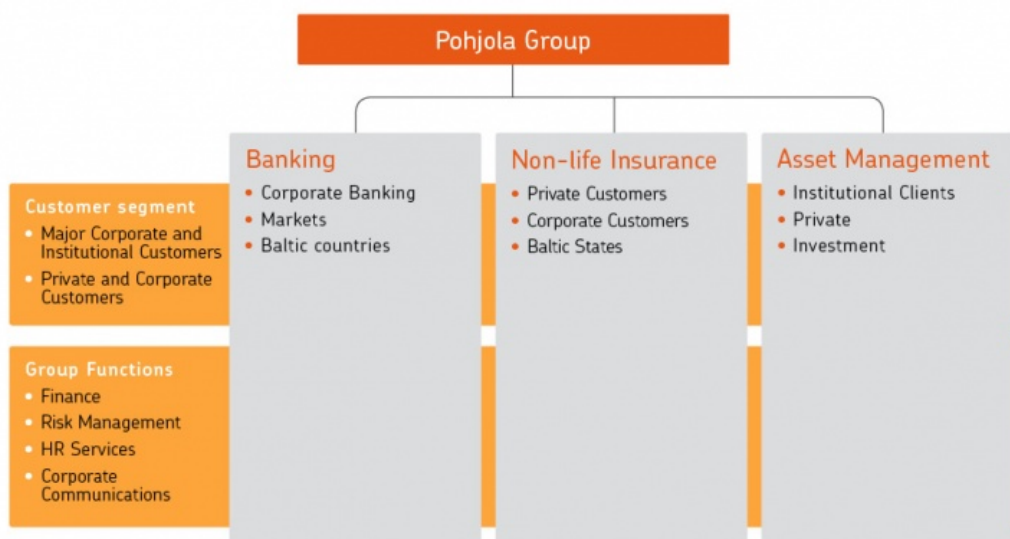
The Group's risk exposure has remained stable despite the weak economic development in the euro area. The Group has a good risk-bearing capacity sufficient to secure business continuity even if economic growth remained weak. Investment-grade exposures remained high while doubtful receivables and past due payments declined. Impairment loss and final loan losses decreased slightly year on year. The Group kept market risks moderate throughout the financial year.

The funding and liquidity position remained strong. The Group had good access to short-term funding. The year 2012 saw improved long-term wholesale funding markets. In particular, the ECBs long-term refinancing operations bolstered the market in the first half. Pohjola Bank plc was not involved in such operations.

As OP-Pohjola Group's central bank, Pohjola maintains a liquidity buffer which consists mainly of deposits with central banks and notes, bonds and loans eligible for central bank refinancing. The liquidity buffer maintained by Pohjola plus other items based on OP-Pohjola Group's contingency funding plan can be used to cover wholesale funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate. The liquidity buffer amounted to EUR 14.6 billion (15.0) on 31 December 2012.

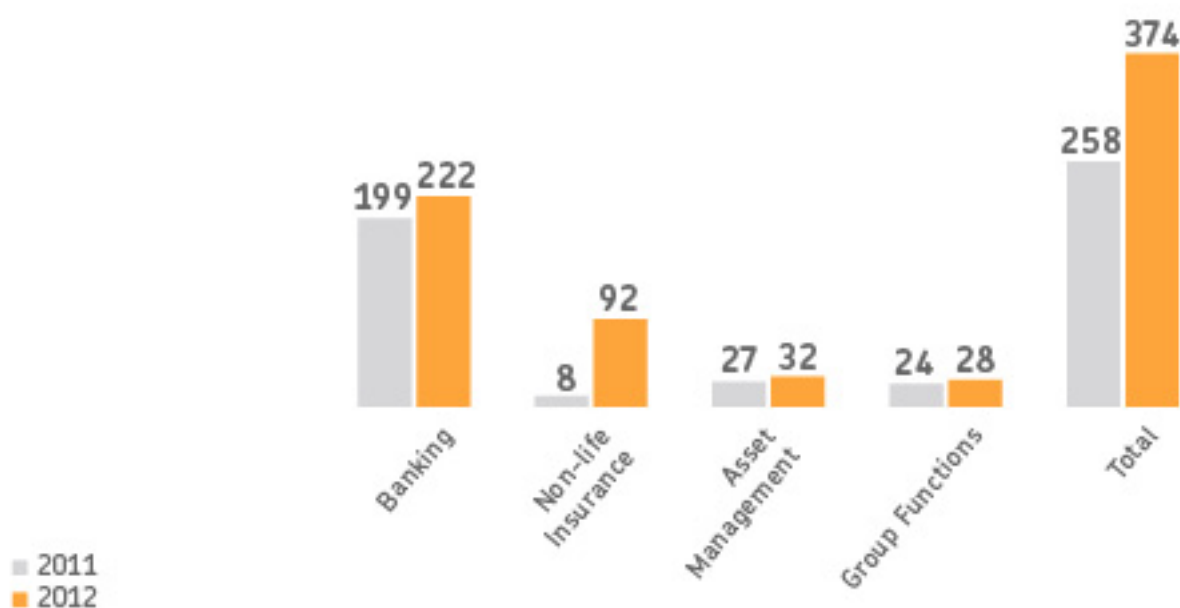
Summary: Business Lines

In 2012, Banking and Asset Management reported better financial results than a year ago, rising to record levels. Earnings grew most in Non-life Insurance due mainly to good investment performance.



Earnings before tax by division

€ million



Banking, key figures

	2012	2011
Earnings before tax, € mn	222	199
Loan and guarantee portfolio, € bn	16.2	15.0
Margin on corporate loan portfolio, %	1.52	1.34
Impairments of receivables as percentage of loan and guarantee portfolio, %	0.34	0.33
Operating cost/income ratio, %	34	35
Personnel	745	748

Non-life Insurance, key figures

	2012	2011
Earnings before tax, € mn	92	8
Combined ratio, %	97.1	97.7
Operating combined ratio, %	90.5	89.8
Operating expense ratio, %	21.5	21.8
Return on investments at fair value, %	10.8	-0.4
Solvency ratio, %	81	77
Personnel	2,384	2,355

Asset Management, key figures

	2012	2011
Earnings before tax, € mn	32	27
Assets under management, € bn	32.7	31.3
Operating cost/income ratio, %	47	49
Personnel	153	149

Group Functions, key figures

	2012	2011
Earnings before tax, € mn	28	24
Liquidity portfolio, € bn	14.6	15
Receivables and liabilities from/to Pohjola and OP-Pohjola Group member banks, net position, € bn	3.2	1.7
Personnel	123	129

Banking

We aim at long-term partnerships with our customers. Our local presence ensures that we know our customers and are able to provide them with solutions that add value to them. We are determined to deliver a superior customer experience.

Non-life Insurance

Providing our customers protection against risks to their property and business and securing people's health and wellbeing are close to our heart. For these needs, we are continuously developing our services, as evidenced by Omasairaala, a hospital for outpatient surgery specialising in orthopaedic diseases and injuries.

Asset Management

We provide our clients with the strongest organisation and the most extensive range of value-added services in the sector.

Banking



“We aim at long-term partnerships with our customers. Our local presence ensures that we know our customers and are able to provide them with solutions that add value to them. We are determined to deliver a superior customer experience.”
-Reima Rytsölä, Senior Executive President, Banking

Pohjola provides corporate and institutional customers with solutions for their financing and financial management needs. Pohjola ranks second in these services in Finland.

An in-depth understanding of the customer’s business and needs forms the basis of our Banking business. In order to be able to provide customers with comprehensive solutions flexibly and on a long-term basis, Pohjola must have the most competent and motivated employees.

Steady and profitable growth is our key objective.

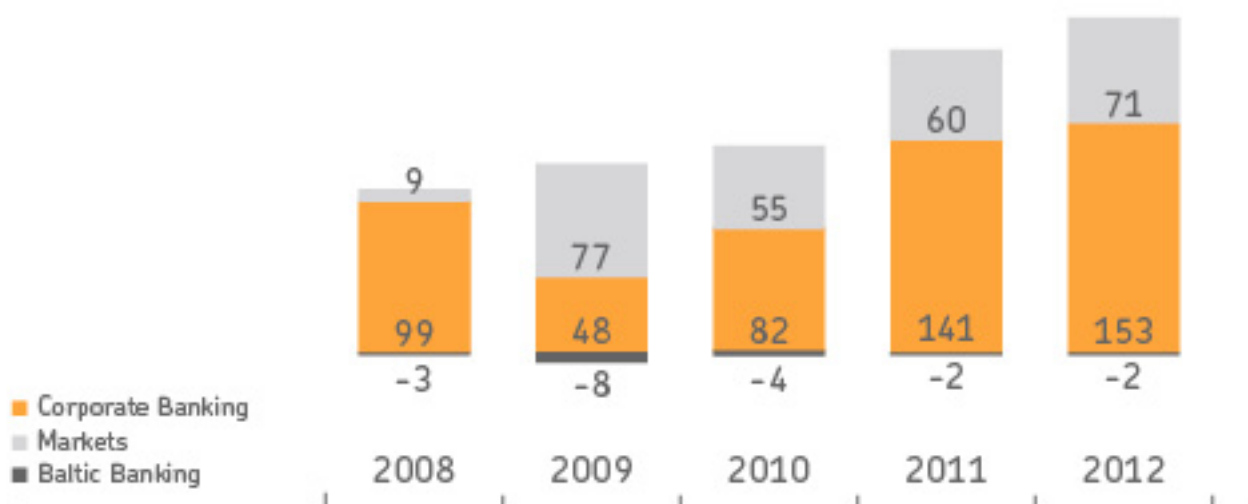


Year 2012

- A long-term, flexible and customer focused approach strengthened Pohjola's position as a source of finance for Finnish companies.
- Pohjola began to act as the primary intermediary of government payments on 1 December 2012. This serves as proof of Pohjola's service range meeting the needs of customers that rank among the biggest ones.
- Opening a branch office for corporate customers in Riga, Latvia, and intensifying cooperation with Bank of China enhanced Pohjola's international service capabilities by providing increasingly better opportunities to cater for the needs of Finnish corporate customers on an international scale.
- Pohjola is the leading mandated lead arranger of Finnish Investment Grade syndicated loans (Source: Bloomberg) and the leading player in bond issues (Source: SFR).

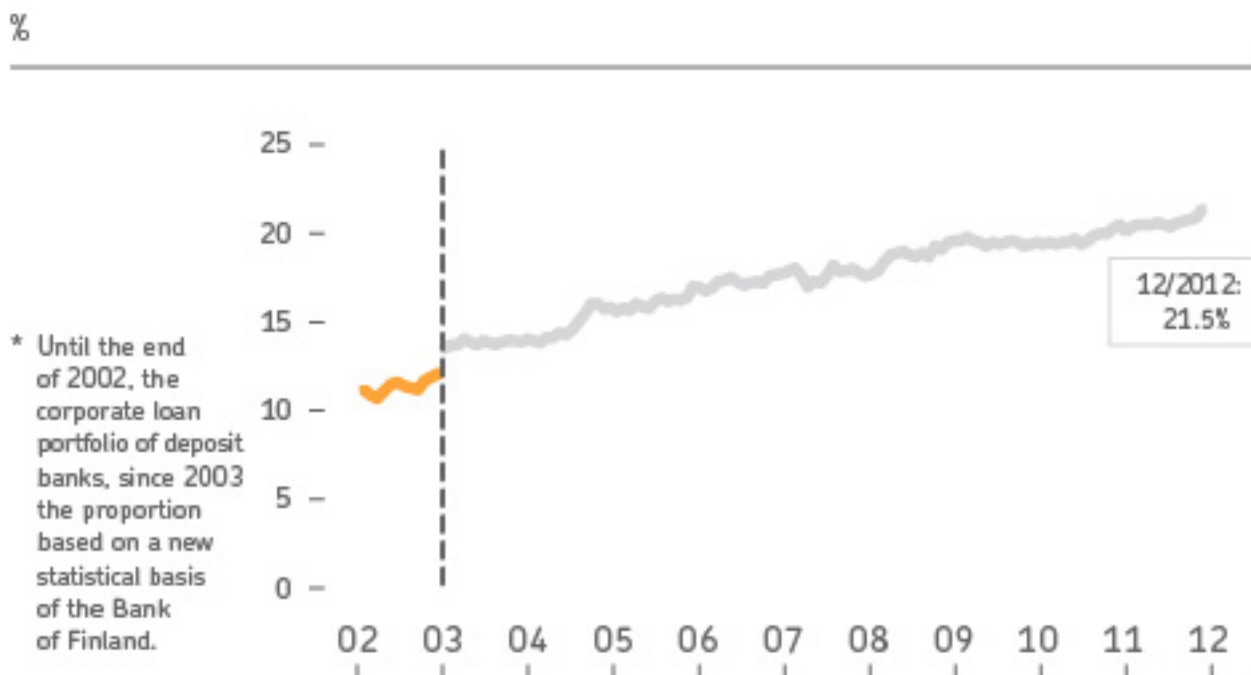
Banking's earnings before tax

€ million



In 2012, Banking earnings before tax increased by 12% year on year, to EUR 222 million. All business divisions reported successful performance. Corporate Banking showed the best ever earnings before impairment loss on receivables and Markets reported the second best earnings ever. This great financial performance had its root in business growth resulting from our active work with customers and in improved operational efficiency.

Market share of corporate loans *



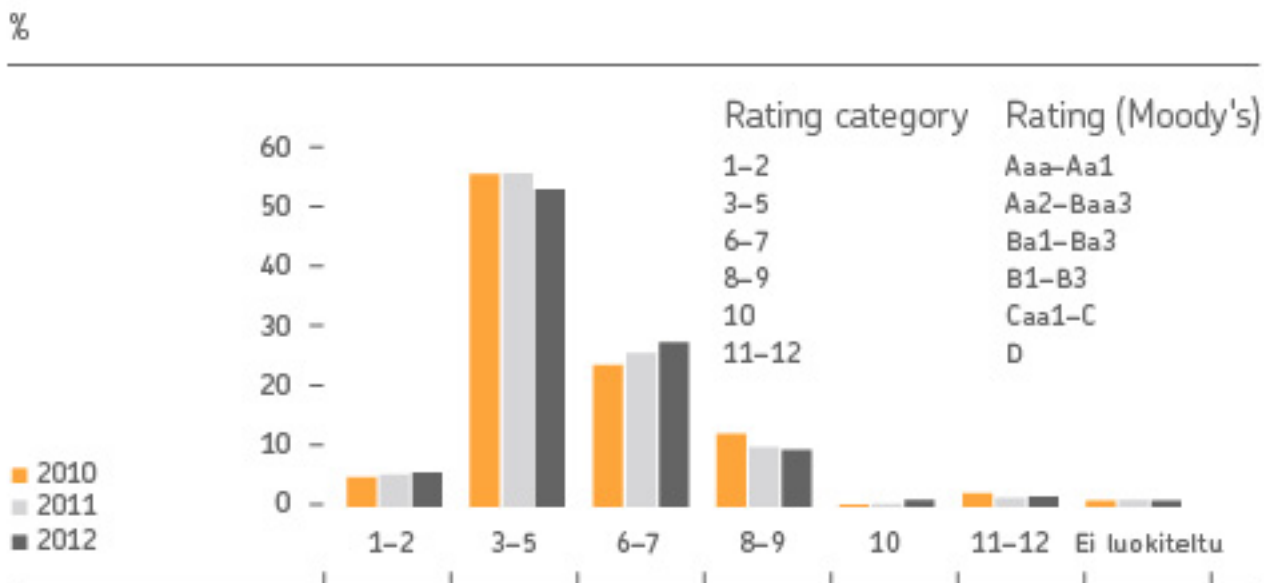
Demand for corporate loans was strong during the first half, in particular, until it became milder towards the end of the year. The loan portfolio increased by 9% to EUR 13.5 billion year on year, which was 5% above the average market growth rate. The average corporate loan margin rose by 0.18 percentage points from its 2011-end level to 1.52%. Pohjola strengthened its position not only as a provider of finance but also in deposits and finance company services.

Average margin on corporate loan portfolio

Percentage points

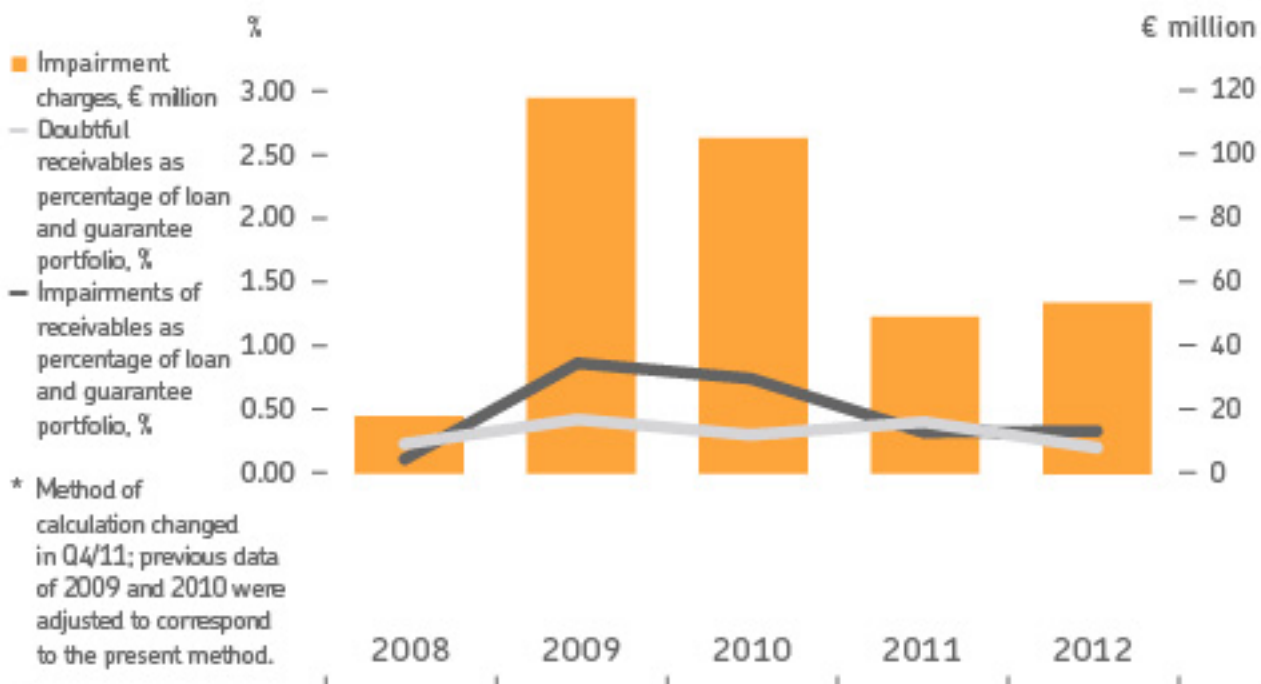


Corporate exposure by rating category



In 2012, the quality of the loan portfolio remained good despite the greater economic uncertainty. Investment-grade exposures – exposures with high credit rating – remained high, accounting for 63% of total exposures by Banking. Impairment losses increased by EUR 5 million over the previous year to EUR 54 million. However, impairment losses accounted for only 0.34% of the loan and guarantee portfolio.

Impairments of receivables and doubtful receivables as percentage of loan and guarantee portfolio by Banking



Clients are always at the core of the business of Pohjola Markets. In 2012 Pohjola arranged almost half (22) of bond issues launched by Finnish companies – a record figure. In addition, companies hedged their balance sheets against higher interest rates at a record pace. Pohjola Markets also invests heavily in the development of electronic services in order to provide its clients with an easy access to market information and trading services.

Strategy: Deepening long-term customer relationships

Pohjola adopted its updated strategy and revised financial targets in October 2012. Accordingly, the primary aim of Banking is to improve the return on capital by deepening long-term customer relationships, focusing growth on business and products with high capital efficiency and ensuring operational efficiency.

Our key growth areas are as follows:

- Strengthen our position as an arranger of bond issues launched by Finnish companies
- Stronger position in corporate payment transaction and cash management services, derivatives and foreign exchange trading
- Larger market share among mid-size companies and in the Baltic countries

According to the strategy based on long-term customer relationships, Pohjola aims to ensure that the entire Pohjola Group's product and service expertise is readily available to our customers.

Non-Life Insurance



“Providing our customers protection against risks to their property and business and securing people’s health and wellbeing are close to our heart. For these needs, we are continuously developing our services, as evidenced by Omasairaala which started to operate on 2 January 2013.”

-Jouko Pölönen, President, Pohjola Insurance Ltd

Pohjola is Finland’s leading non-life insurer, providing its private customers and corporate and institutional customers with a diverse range of comprehensive insurance solutions.

Our strength in the Finnish market lies in OP-Pohjola Group’s strong market position and extensive branch network and the extensive range of electronic services. Local presence and in-depth customer knowledge provide good foundations for the sales of non-life insurance policies.

Our goal is to continue to strengthen our position as a non-life insurer in all of our customer segments in Finland and in the non-life insurance market in the Baltic region.

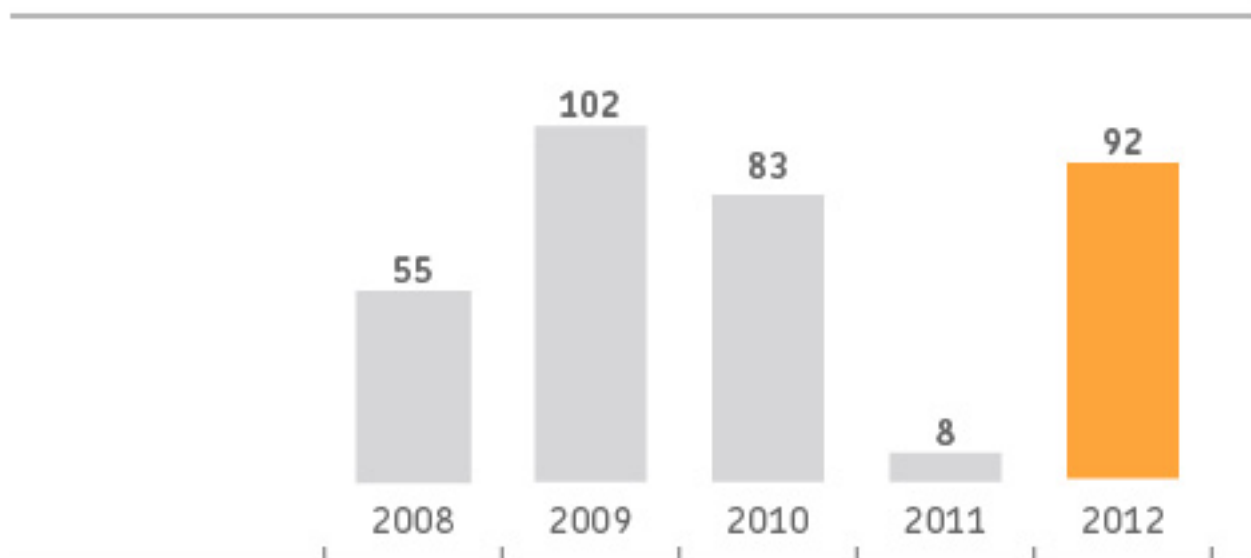


Year 2012

- Pohjola's Non-life Insurance continued its strong growth. Insurance premium revenue rose by 10% to over EUR 1.1 billion. The number of loyal customer households and corporate customers showed record growth figures.
- Claims services had a busy year, as evidenced by the over 450,000 loss reports received by Pohjola, which is some 30,000 more than during previous year. This higher number of losses and claims was attributable to the larger number of customers.
- Omasairaala Oy founded by Pohjola is a hospital for outpatient surgery, specialising in the examination and treatment of orthopaedic diseases and injuries, which began to operate in early 2013.

Non-life's earnings before tax

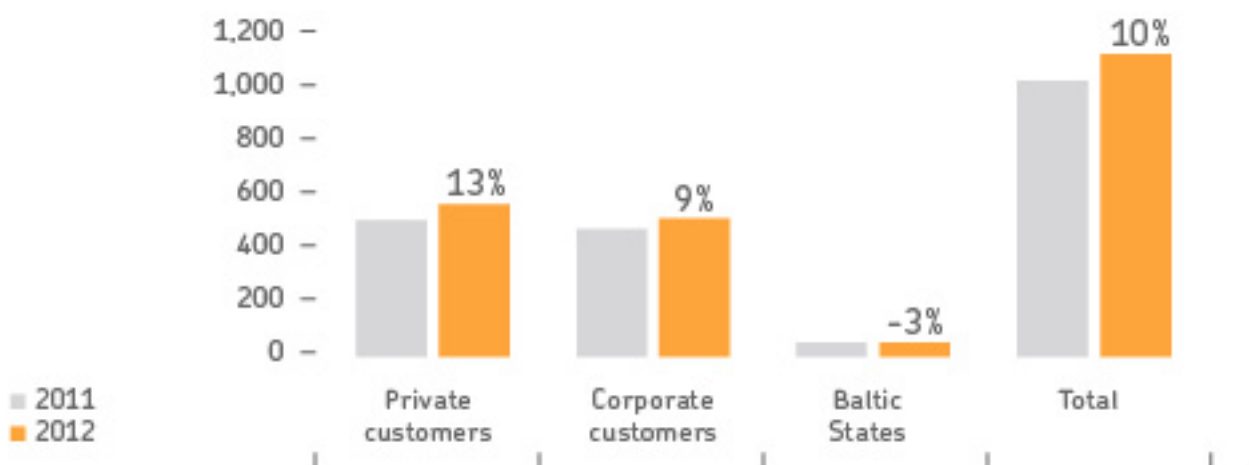
€ million



Earnings before tax for 2012 improved over the previous year to EUR 92 million. This improvement had its root in the increase of insurance premium revenue and the good performance of investment operations. A reduction from 3.3 percent to 3.0 percent in the discount rate for technical provisions related to pension liabilities eroded the balance on technical account by EUR 52 million.

Insurance premium revenue by division and its change

€ million

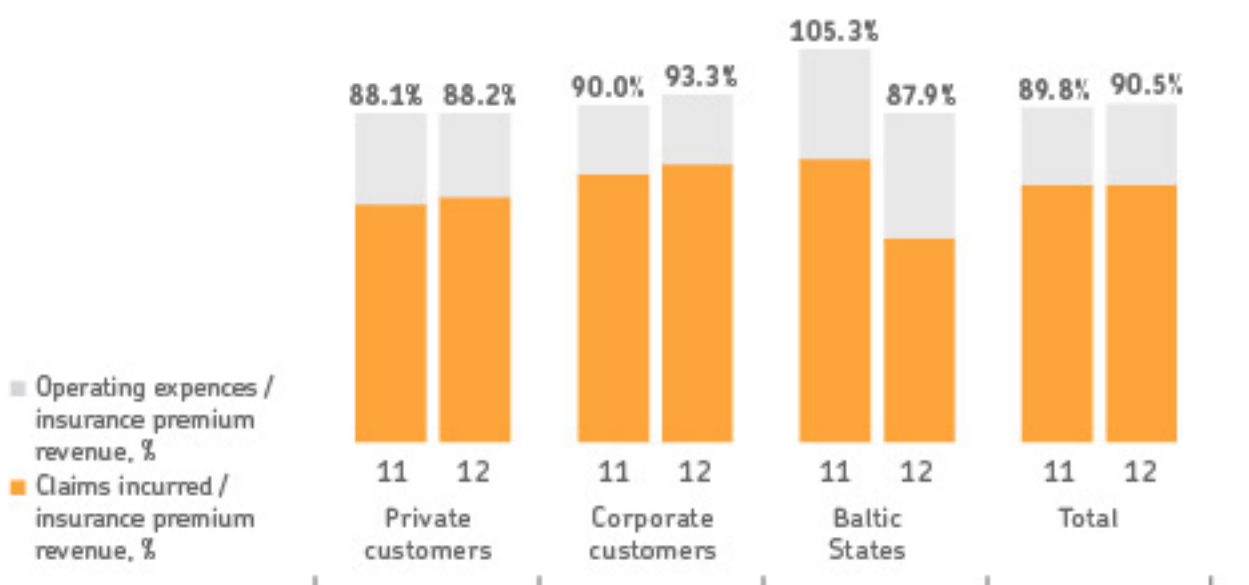


Insurance premium revenue continued to grow vigorously in 2012. The number of private customer increased by 5.5 percent and that of corporate customers by 5.6%. In the end of 2012, almost 915,000 households and almost 138,000 companies had insurance policies with Pohjola. Insurance premium revenue from private customers grew by 13% in 2012, which was above the market average growth rate of 6%.

Operating profitability remained good. Non-life insurance business is being integrated more closely with OP-Pohjola Group. Centralising operations is aimed at achieving annual cost savings of more than EUR 30 million which should be realised by the end of 2015.

Operating combined ratio

%

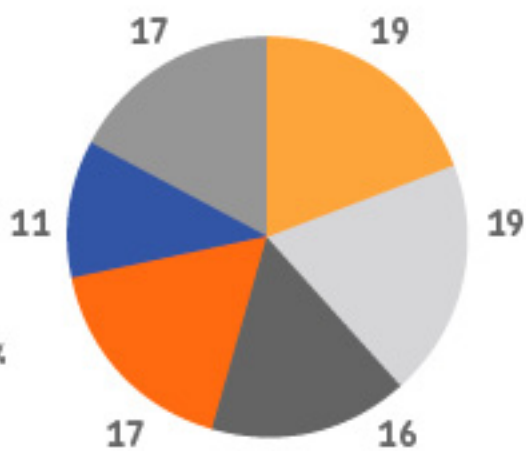


Insurance premium revenue and operating combined ratio by insurance line

%

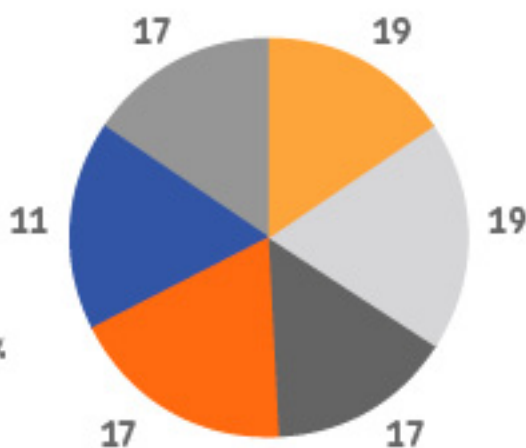
2012

- Motor, third party liability 86.1%
- Fire and other damage to property 97.1%
- Statutory workers' compensation insurance 78.5%
- Motor, other 98.2%
- Other accident and health 94.4%
- Other 89.6%



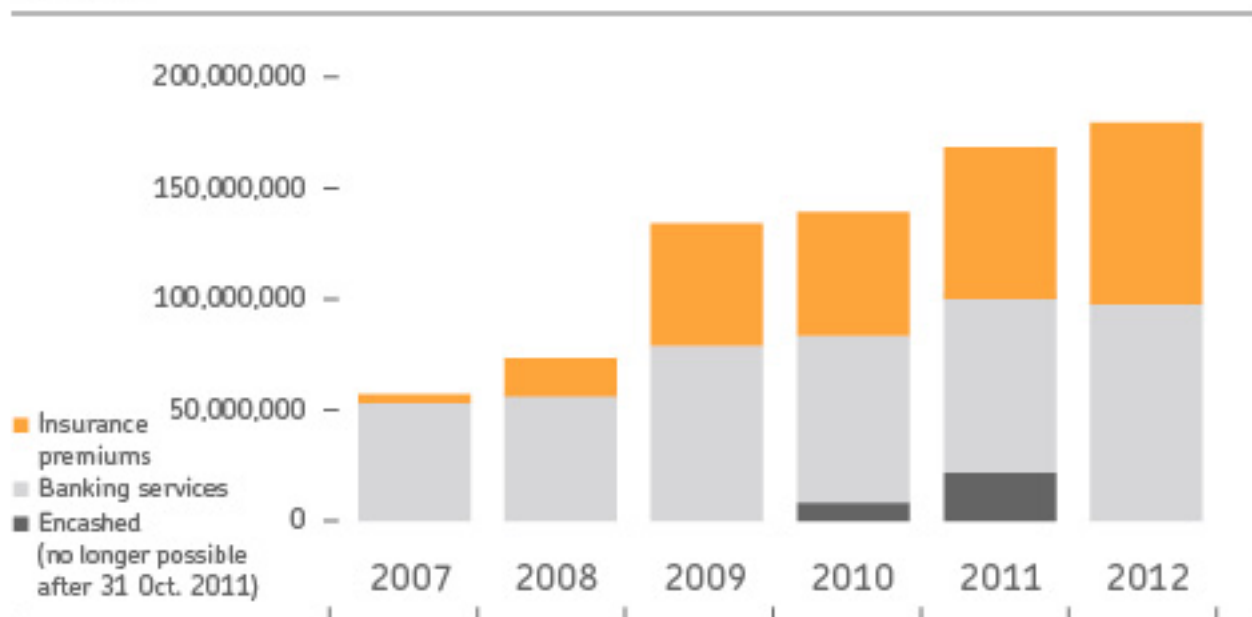
2011

- Motor, third party liability 83.4 %
- Fire and other damage to property 98.9 %
- Statutory workers' compensation insurance 79.8 %
- Motor, other 97.7 %
- Other accident and health 90.6 %
- Other 81.4 %



Use of bonuses

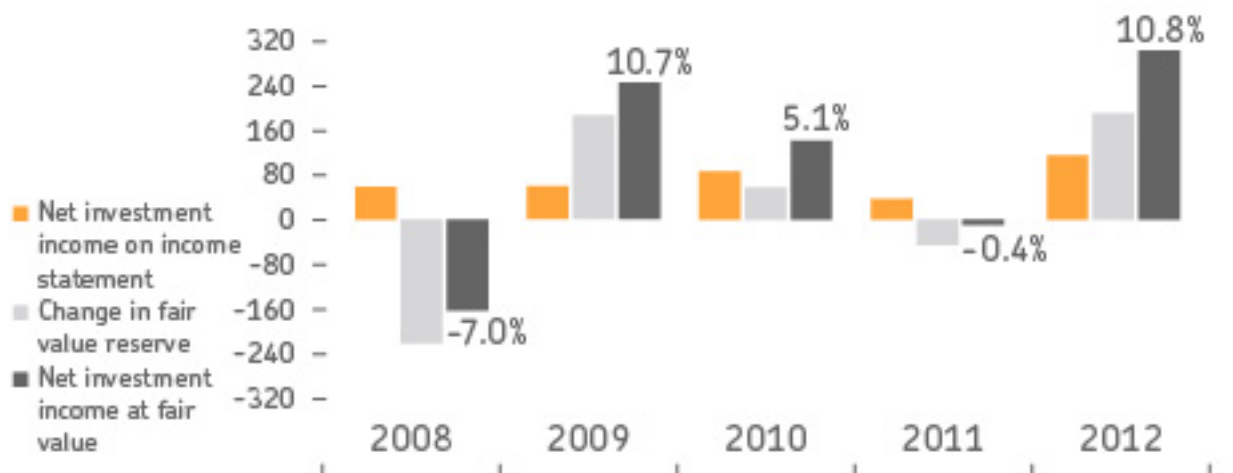
€ million



Using OP-Pohjola as the main insurer and bank brings the best benefits to private customers. Those using OP-Pohjola's banking and insurance services on a one-stop-shop basis earn OP bonuses which they can use for bank service charges and insurance premiums. In 2012, OP bonuses were used to pay 1.6 million insurance premiums, with 251,000 of them paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 82 million.

Net investment income and change in fair value

€ million



Return on investments at fair value was 10.8%. A sharp fall in interest rates and higher stock prices formed the key components behind the good investment performance.

Strategy: Growth above the market average and efficiency improvements

Pohjola adopted its updated strategy and financial targets in October 2012. When it comes to Non-life Insurance, Pohjola has the key aim of improving operational efficiency substantially and growing at an above-market-average rate among private, SME and corporate customers.

Key priorities are as follows:

- Stronger market position among private customers and SMEs
- Better efficiency
- Personal insurance and health and wellbeing/wellness services

Asset Management



“We provide our clients with the strongest organisation and the most extensive range of value added services in the sector”
-Karri Alameri, President, Pohjola Asset Management Ltd

Pohjola Asset Management is a trusted domestic asset manager and the leading player in Finland.

We provide institutional investors with a full range of asset management services, depending on client needs: discretionary investment management, advisory investment management or opportunities to invest in individual mutual funds available from OP Mutual funds and a wide range of international partners’ funds. Pohjola Private provides wealthy private individuals and families with asset management, banking and insurance services, as well as tax advisory services.

We provide our clients in Finland with a unique service concept combining a strong, local organisation and expertise, international competencies and partnerships and a product range covering all asset classes.

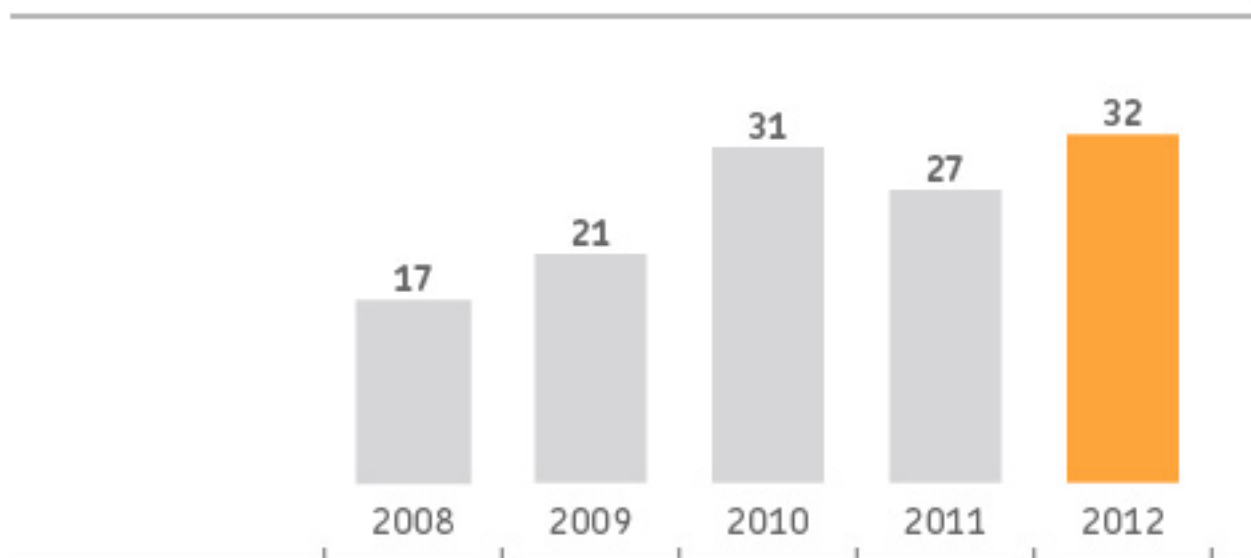


Year 2012

- Excellent returns in all asset classes: Of OP Mutual Funds managed by Asset Management, 68% yielded returns above the benchmark index
- Pohjola Asset Management maintained its market position as the leading institutional asset manager in Finland
- Pohjola Asset Management was among the five shortlisted nominees in the IT Department of the Year, Buyside, in the Financial News Awards for Excellence in Trading and Technology, Europe 2012.
- Based on the 2012 Thomson Reuters Extel Europe Survey results, seven Pohjola Asset Management portfolio managers ranked among the 24 best portfolio managers in Finland

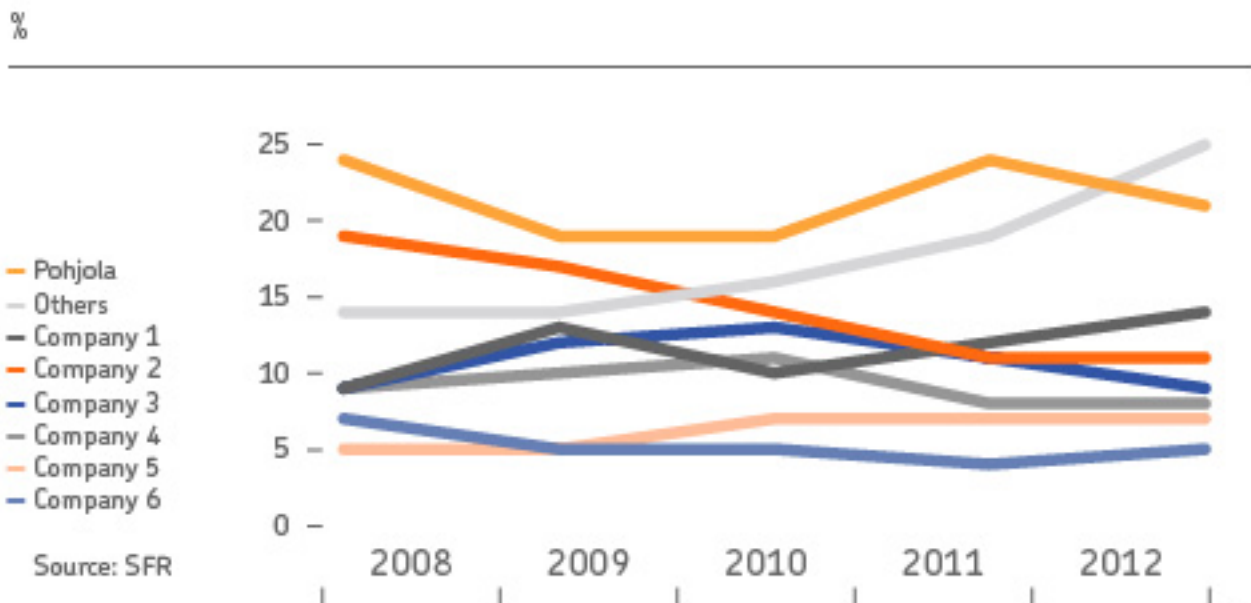
Asset Management's earnings before tax

€ million

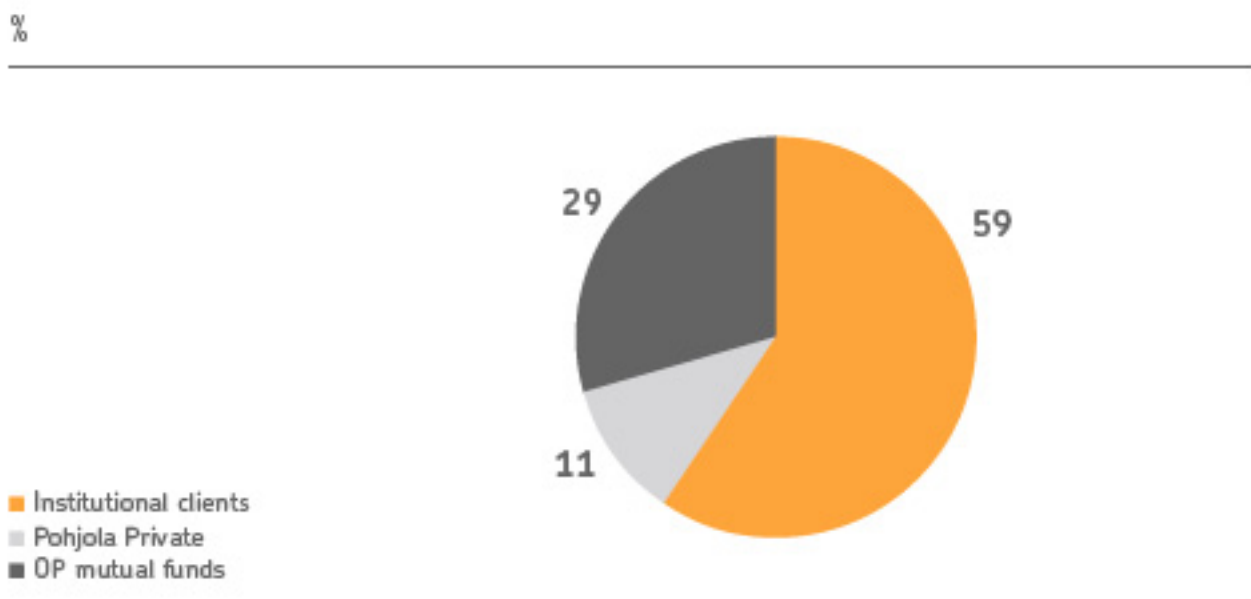


In 2012, earnings before tax increased by 19% year on year, to EUR 32 million. This earnings improvement had its root in increased performance-based fees thanks to successful investment. The operating cost/income ratio dropped two percentage points to 47%.

Market shares of Institutional Asset Management

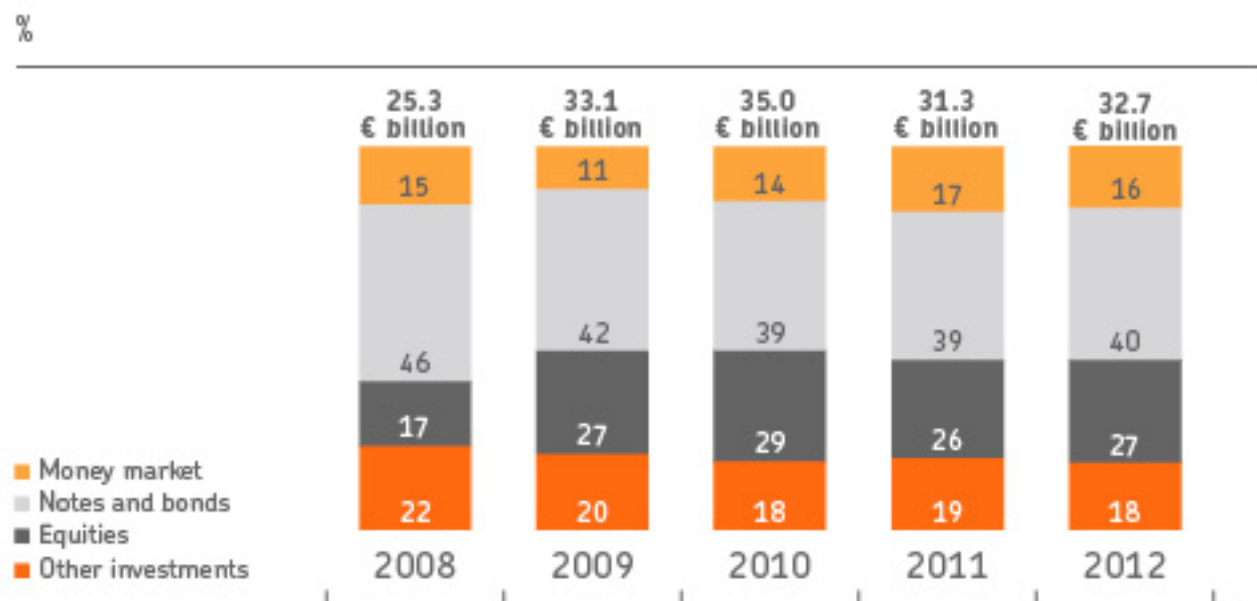


Assets under management by client



Assets under management increased by 5% year on year and amounted to EUR 32.7 billion.

Assets under management by asset class



Strategy: growth based on a good return on investments and intensified integration

Pohjola adopted its updated strategy and financial targets in October 2012. When it comes to asset management, Pohjola has the key aim of supporting OP-Pohjola Group's goal of becoming the leading provider of wealth management services in Finland by investing in the asset management of the Group's insurance institutions and mutual funds and in strengthening its position as an asset manager of mid-size institutions and wealthy families.

Group Functions

In support of the Group and its businesses, the Group Functions comprises Finance, Risk Management, Identity and Communications, and HR Services. The Group Functions is tasked with guiding, supporting and encouraging the business lines in their efforts to achieve Group goals.

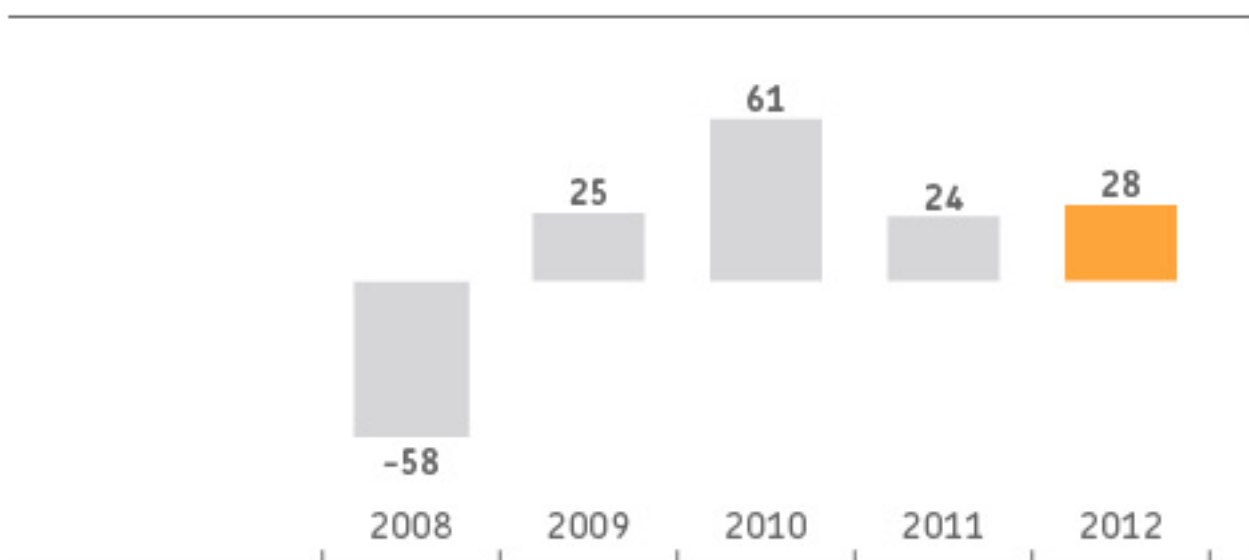
Proactive risk management, optimum capital management coupled with motivated and skilled employees play a key role in this respect. The main task of Central Banking and Group Treasury is to manage Pohjola's and the entire OP-Pohjola Group's liquidity and wholesale funding.

Year 2012

- The funding and liquidity position remained strong.
- The Group had good access to short-term funding and the year 2012 saw improved long-term wholesale funding markets. In particular, the ECB's long-term refinancing operations bolstered the market in the first half. Pohjola Bank plc was not involved in such operations.
- Being part of OP-Pohjola Group strengthens Pohjola's creditworthiness. Pohjola's credit ratings (AA- / Aa3 / A+) are among the strongest in the European financial sector.

Group Functions' earnings before tax

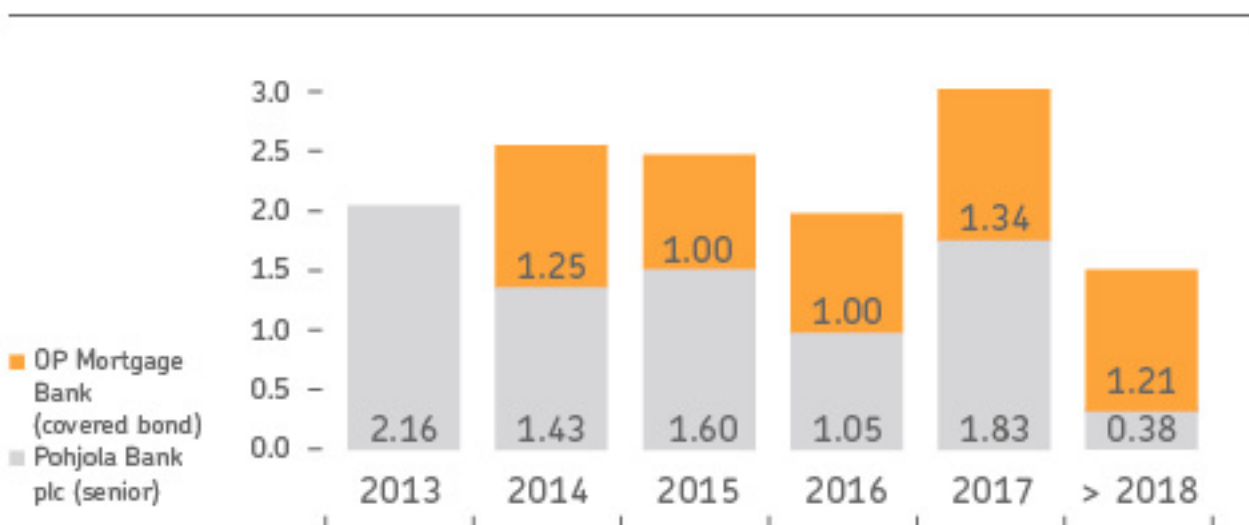
€ million



The Group Functions' earnings before tax increased by 15% year on year, to EUR 28 million.

Pohjola and OP Mortgage Bank long-term funding by maturity, 31 Dec 2012

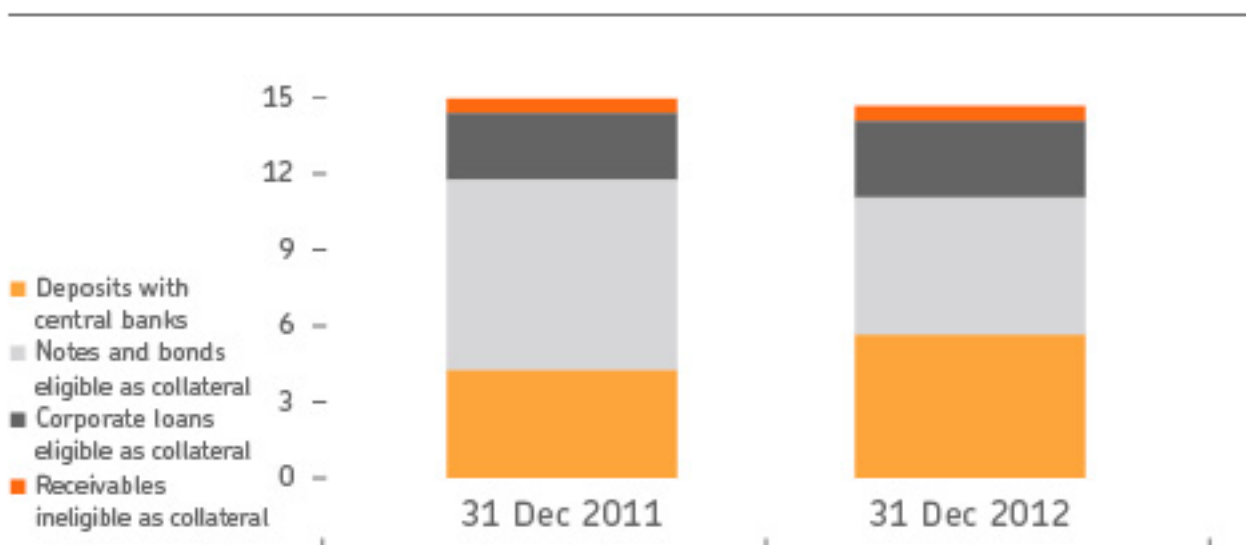
€ billion



In 2012, OP-Pohjola Group issued long-term bonds worth EUR 4.5 billion, with senior bonds issued by Pohjola accounting for EUR 2.4 billion, Lower Tier 2 Subordinated notes for EUR 0.5 billion and covered bonds issued by OP Mortgage Bank accounting for EUR 1.6 billion.

Liquidity buffer by product

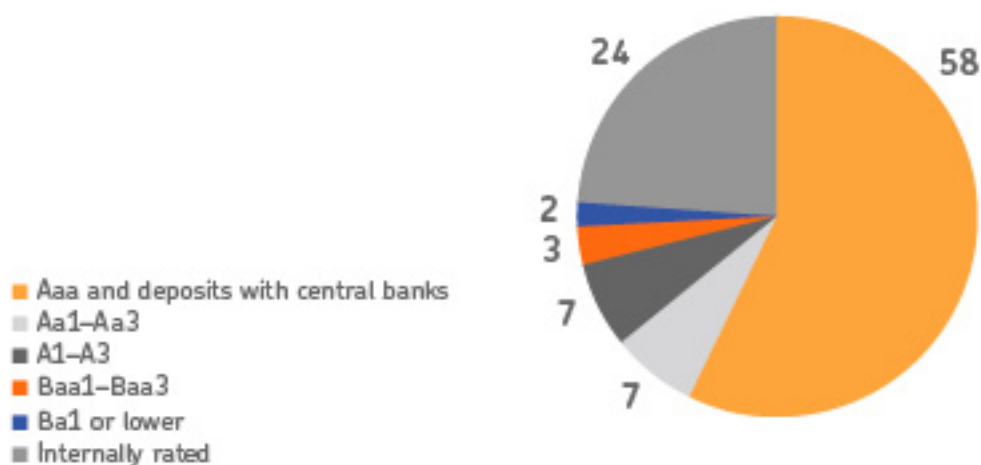
€ billion



As OP-Pohjola Group's central bank, Pohjola maintains a liquidity buffer which consists mainly of deposits with central banks and notes, bonds and loans eligible for central bank refinancing. The liquidity buffer maintained by Pohjola plus other items based on OP-Pohjola Group's contingency funding plan can be used to cover wholesale funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate.

Liquidity buffer by rating category 31 Dec 2012

%



Strategy: Securing OP-Pohjola Group's liquidity and access to funding

Pohjola adopted its updated strategy and revised financial targets in October 2012. The key task of the Group Functions is to secure OP-Pohjola Group's liquidity and access to funding in a cost-effective way in all circumstances. The Group Functions' key priorities include maintaining the credit rating at AA affirmed by at least two credit rating agencies, widening the sources of finance and broadening the investor base, as well as preparing for tighter liquidity regulation on an extensive basis.

Human Resources

Pohjola aims to be the most attractive employer in the financial sector and among the most recognised large employers in Finland. Through its internal operations, the Group makes heavy, long-term investments in employee wellbeing, competencies, leadership development and remuneration. Employees are encouraged to enhance their competencies throughout their careers.

Satisfied personnel – driving force behind success

Pohjola fosters a motivating organisational climate and creates excellent opportunities for skill development.

Pohjola continued its strategic initiative launched in 2010 aimed at enhancing intellectual capital, with the goals specified in the business strategy and customer needs forming the starting point. The aim is to support personal growth and development and the organisation's ability to reinvent itself and innovate. All employees are involved in annual performance reviews during which the employee and his supervisor analyse skills and competencies vis-à-vis business requirements and the employee's job requirements in his job description and the employee's own objectives and targets. All these form the basis of each employee's personal development plans.

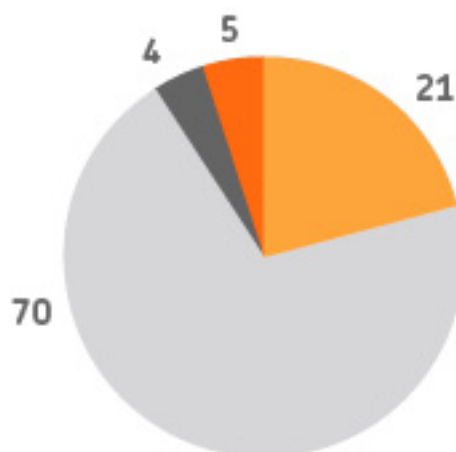
Every year, Pohjola assesses potential successors for senior management positions and the required development measures. In 2012, we completed our two-year Talent Programme with some 60 participants to create a long-term succession plan and secure potential successors.

Since the beginning of 2012, we have performed a monthly "wellbeing pulse measurement" to supplement our annual personnel survey, in order to ensure that immediate superiors can take quick measures to enhance employee wellbeing.

Effective interaction and cooperation with the employer and employees and their representatives forms the basis of a good HR policy. Employee and employer representation within OP-Pohjola Group Central Cooperative Consolidated and at OP-Pohjola Group level, by and large, is built to intensify integration within OP-Pohjola Group Central Cooperative Consolidated and to ensure consistency in aspects related to information and consultation of employees and in policies and practices applied by the employer.

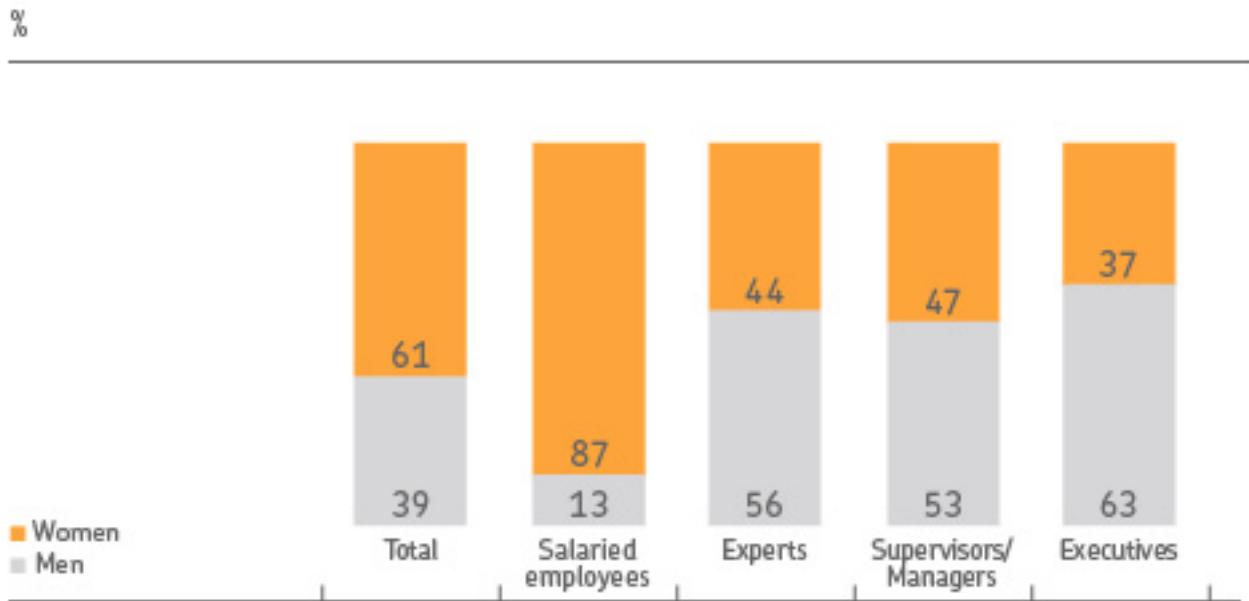
Personnel by business line

%

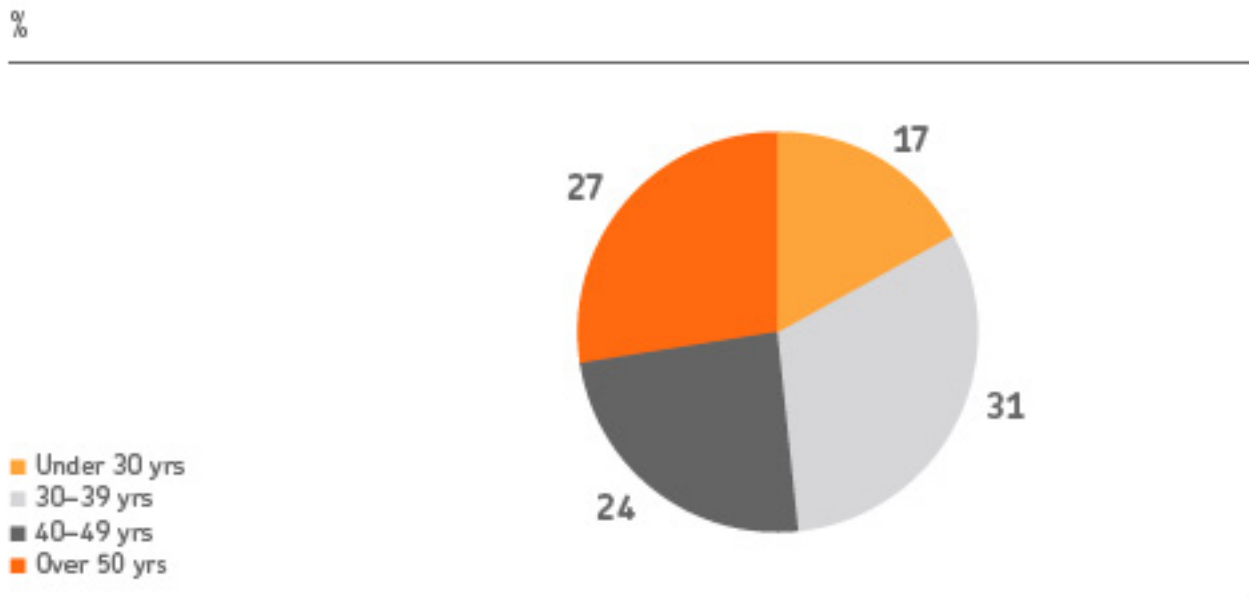


- Banking
- Non-life Insurance
- Asset Management
- Group Functions

Personnel by gender

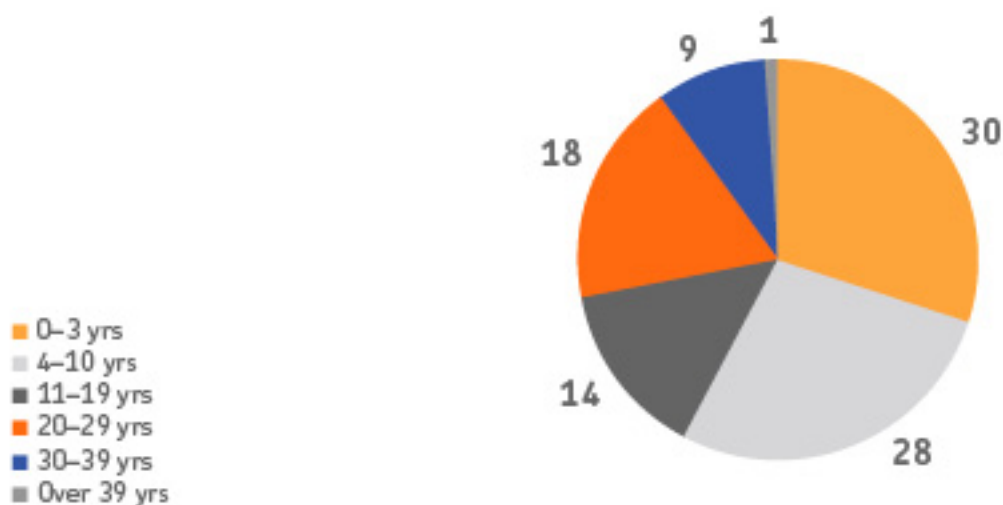


Personnel by age



Years of service

%



Reorganisation of OP-Pohjola Group Central Cooperative Consolidated to harmonise practices

On 24 September 2012, OP-Pohjola Group Central Cooperative initiated a reorganisation programme and the procedures for information and consultation of employees, as referred to in the Finnish Act on Co-operation within Undertakings, covering all personnel groups and some 6,500 employees. As a result of the termination of these procedures on 10 December, Pohjola Group cut a total of 281 jobs. Of these, redundancies amounted to 113 and 168 employees left Pohjola Group through other arrangements. In addition, 22 jobs will be outsourced. As part of the reorganisation programme, 618 employees transferred from Pohjola Group to other companies within OP-Pohjola Group Central Cooperative Consolidated.

The programme is aimed at achieving annual cost savings of around EUR 50 million by the end of 2015, job cuts accounting for 40% of the estimated cost savings. The remaining cost savings will arise from eliminating overlapping activities and standardising practices within the framework of OP-Pohjola Group Central Cooperative Consolidated's reorganisation programme.

Pohjola expects to achieve an estimated 50% of the total annual cost savings of EUR 50 million in 2013, 30% in 2014 and the rest by the end of 2015. Non-life Insurance is anticipated to account for over 60% of the source of the cost savings, Banking for slightly over 30% and Asset Management for the rest.

The reorganisation programme within OP-Pohjola Group Central Cooperative Consolidated forms part of the strategy and continues the integration of banking and non-life insurance businesses. The programme will eliminate overlapping activities and streamline the management structure of OP-Pohjola Group Central Cooperative Consolidated. Within the framework of the programme, the production of services for OP-Pohjola Group Central Cooperative Consolidated and OP-Pohjola Group member cooperative banks will be centralised in OP-Services Ltd that is undergoing a major transformation.

Incentives

The purpose of incentives is to motivate, guide and engage employees in such a way that their work supports the strategy and the achievement of the goals and targets based on the strategy. Challenging financial targets set for the Pohjola Group and its business lines and achieved results form the basis of employee incentivisation. Rules on remuneration issued by the authorities and their application notes set the framework for the creation of incentive schemes.

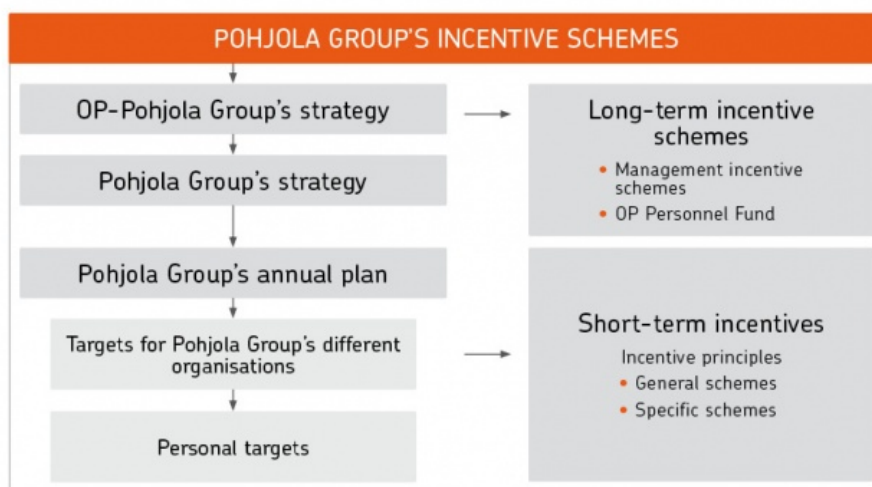
Incentive structure:

- Bonuses based on annual results (short-term scheme) and
- Long-term scheme based on the achievement of OP-Pohjola Group's shared strategic goals and targets (Personnel Fund and long-term management incentive scheme)

Members of the Personnel Fund comprise Pohjola Bank plc's, Pohjola Insurance Ltd's and Pohjola Health Ltd's employees (excl. the management) and as of the beginning of 2013 Pohjola Asset Management Ltd, Pohjola Property Management Ltd and Omasairaala Oy. A maximum of 75 Pohjola Group executives may be included in the long-term management incentive scheme.

Pohjola has dismantled a remuneration scheme in place in its subsidiaries Pohjola Asset Management Ltd and Pohjola Corporate Finance Ltd, under which their management held shares in the company concerned.

For more information of incentives, please read Pohjola's consolidated financial statements and Corporate Governance Statement.



Pohjola – part of OP-Pohjola Group

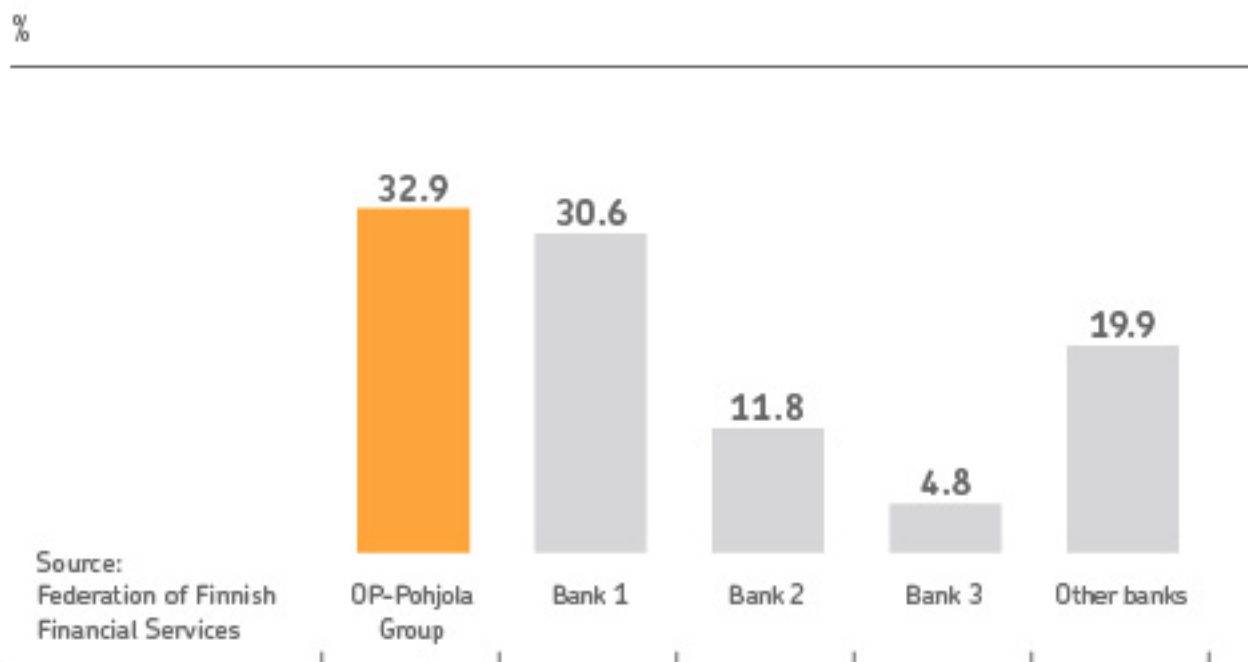
Pohjola is part of OP-Pohjola Group, the leading financial services group in Finland, which provides its customers with the most extensive and diversified range of banking, wealth management and insurance services.

Owner-members	1,4 million
Private customers	Over 4 million
Corporate customers	400,000
Personnel	13,290
Banking and non-life insurance locations	350

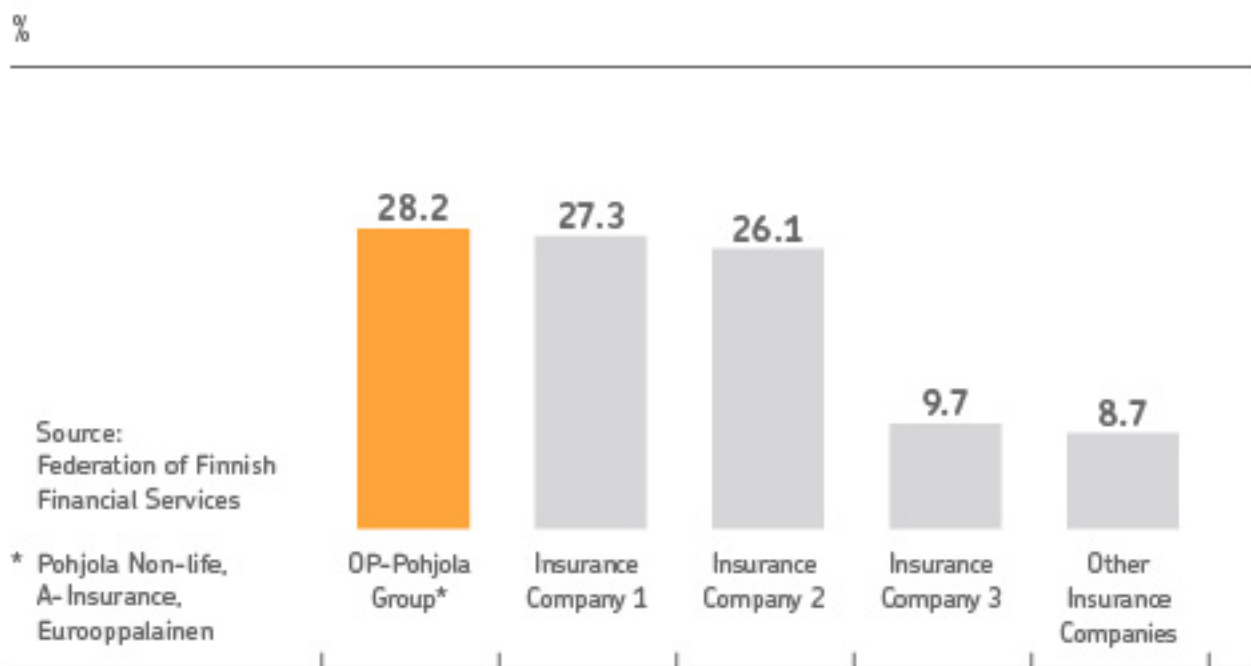
Market Leader

OP-Pohjola Group, the leading financial services group in Finland, leads the market in lending, deposits and non-life insurance. The Group is also the largest player in life insurance in terms of premiums written.

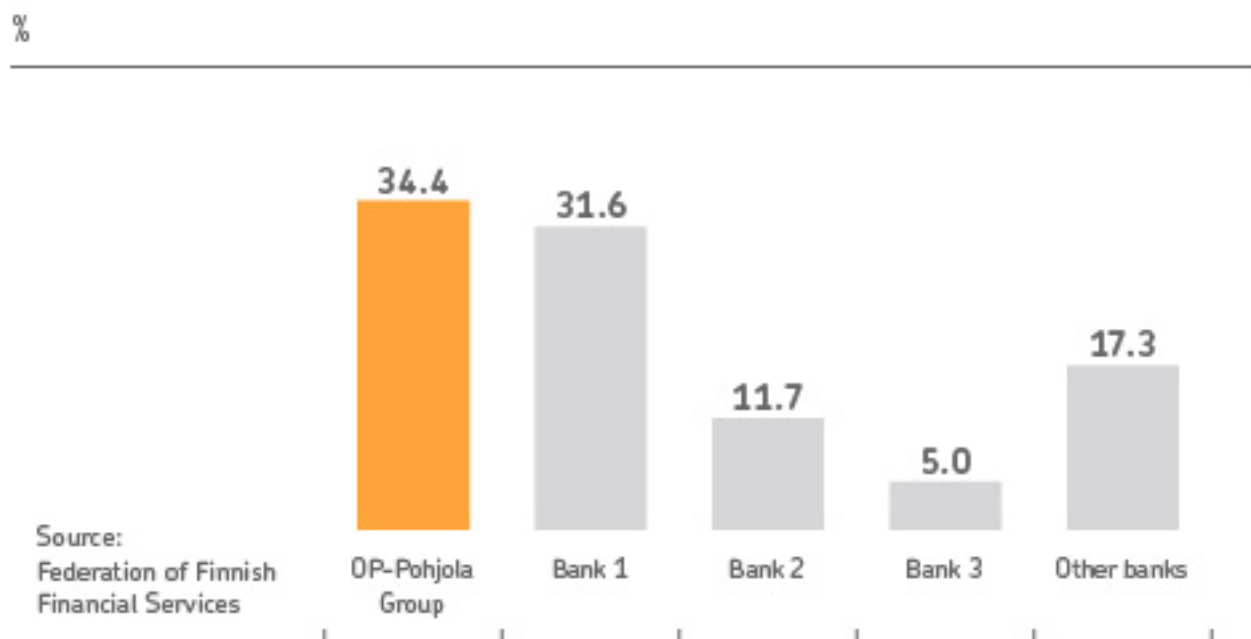
Market share in loans 2011



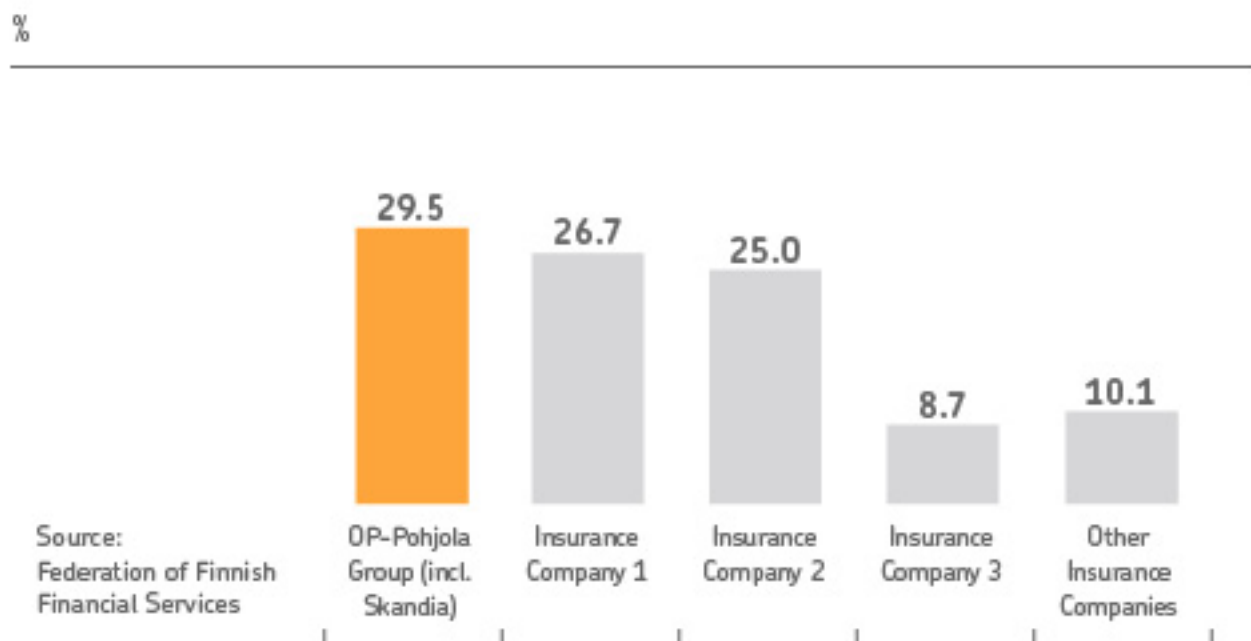
Market share in non-life insurance premiums 2011



Market share in deposits 2011



Market share in non-life insurance premiums 2011



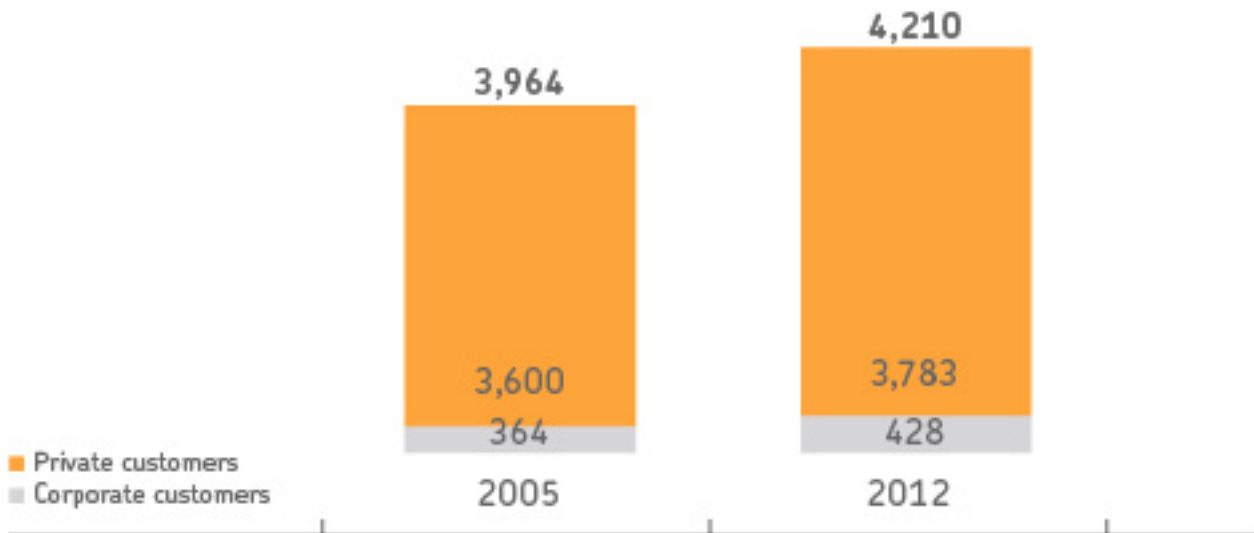
Broadest Customer Base and the Most Extensive Branch Network

Being part of OP-Pohjola Group provides Pohjola with competitive advantage, OP-Pohjola Group has more than four million customers, of whom joint banking and non-life insurance customers total around 1.4 million. With 350 branches providing banking and non-life insurance services, the Group boasts the broadest customer base and the most extensive branch network in Finland. About half of its branches provide both banking and non-life insurance services. This extensive branch network enables remarkable growth and cross-selling potential. As a result of integration, Pohjola can provide its customers with the best loyalty benefits.

Conducted by TNS Gallup, the annual survey on bank and insurance company switch revealed that 41% of respondents use OP-Pohjola Group member banks as their main bank and 25% use Pohjola Insurance as their main insurer.

OP-Pohjola Group's customers

1,000 customers

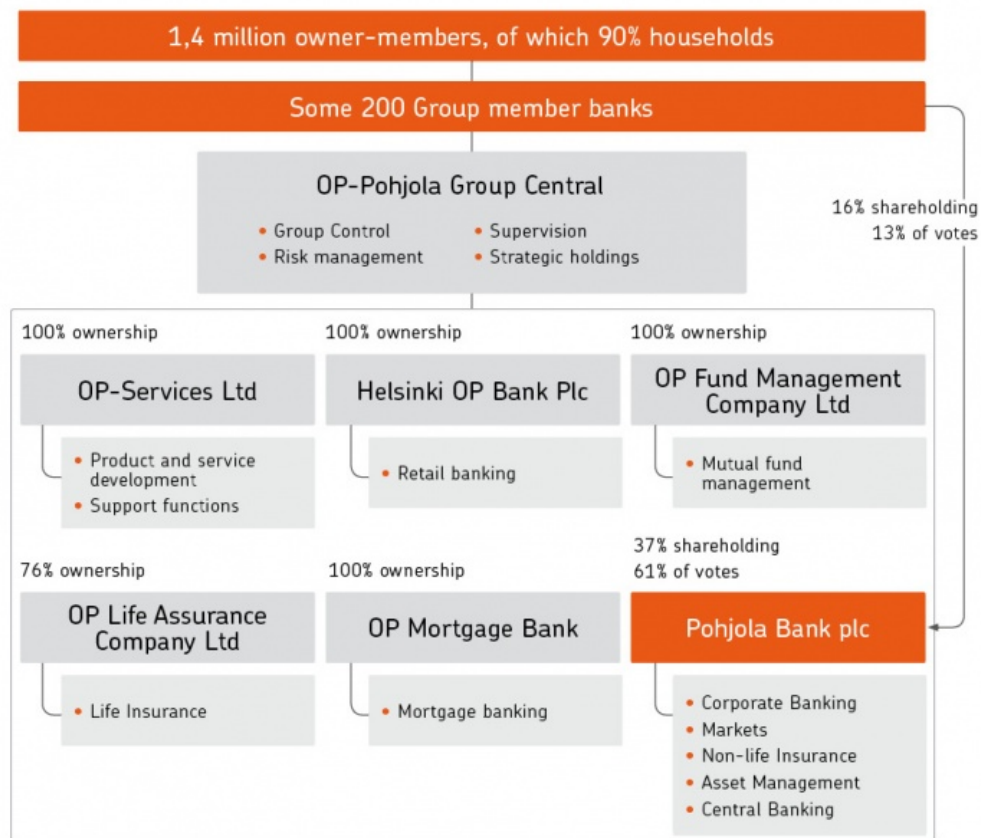


OP-Pohjola Group Structure and Division of Responsibilities

OP-Pohjola Group is made up of some 200 member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including its subsidiaries and closely related companies. Pohjola Bank plc is OP-Pohjola Group Central Cooperative's most significant subsidiary acting as OP-Pohjola Group's central bank responsible, for example, for the Group's liquidity and international business.

OP-Pohjola Group Central Cooperative's other major subsidiaries include Helsinki OP Bank Plc, OP Life Assurance Company Ltd, OP-Services Ltd and OP Mortgage Bank Plc.

OP-Pohjola Group's structure



[See OP-Pohjola Group ownership and division of responsibilities](#)

Key Figures and Ratios

	OP-Pohjola Group 2012	Pohjola 2012	OP-Pohjola Group 2011	Pohjola 2011
Balance sheet total, € million	99,769	44,623	91,905	41,111
Receivables from customers, € million	65,161	13,839	60,331	12,701
Deposits, € million	45,011	10,775	41,304	8,025
Equity capital, € million	7,134	2,769	6,242	2,306
Tier 1 ratio, %	14.1	12.4	14.0	10.6
Doubtful receivables, € million	311	34	296	62
Doubtful receivables as percentage of loan and guarantee portfolio, %	0.46	0.21	0.47	0.41
Loan and guarantee portfolio, € billion	65.1	16.4	62.8	15.0
Impairments of receivables, € million	99	57	101	60
Impairments of receivables as percentage of loan and guarantee portfolio, %	0.15	0.35	0.16	0.40
Personnel	13,290	3,404	13,229	3,380

Income Statement

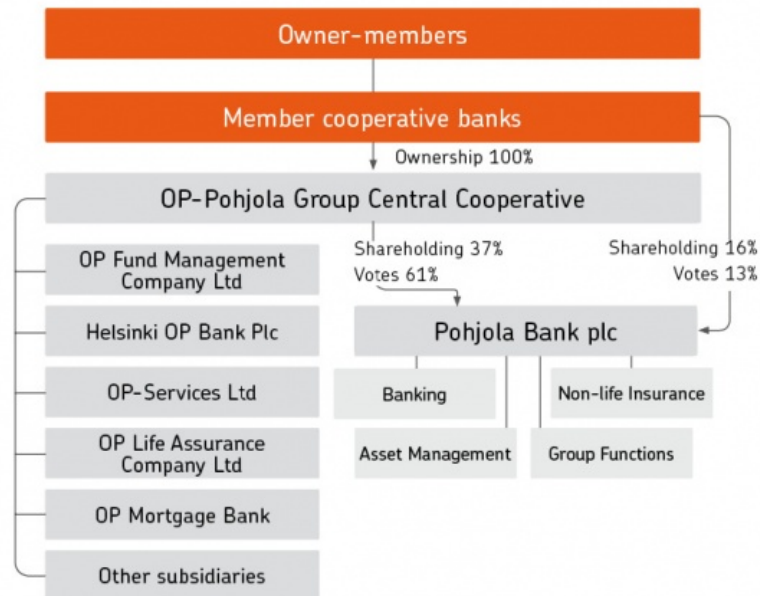
	OP-Pohjola Group 2012	Pohjola 2012	OP-Pohjola Group 2011	Pohjola 2011
Net interest income	1,003	263	1,030	276
Net income from Non-life Insurance	433	438	312	318
Net income from Life Insurance	108		72	
Net commissions and fees	584	169	574	161
Other income	243	129	173	89
Total income	2,371	998	2,160	843
Total expenses	1,479	567	1,358	527
Earnings before impairments of receivables	700	431	626	316
Impairments of receivables	99	57	101	60
Returns to owner-members and OP bonus customers	192		176	
Earnings before tax	601	374	525	258
Gross change in fair value reserve	698	418	-400	-180
Earnings before tax at fair value	1,299	792	125	78

Corporate Governance

As OP-Pohjola Group Central Cooperative's subsidiary, Pohjola Bank plc (Pohjola or the Company) belongs to OP-Pohjola Group providing banking, insurance and other financial services, in terms of operations and ownership.

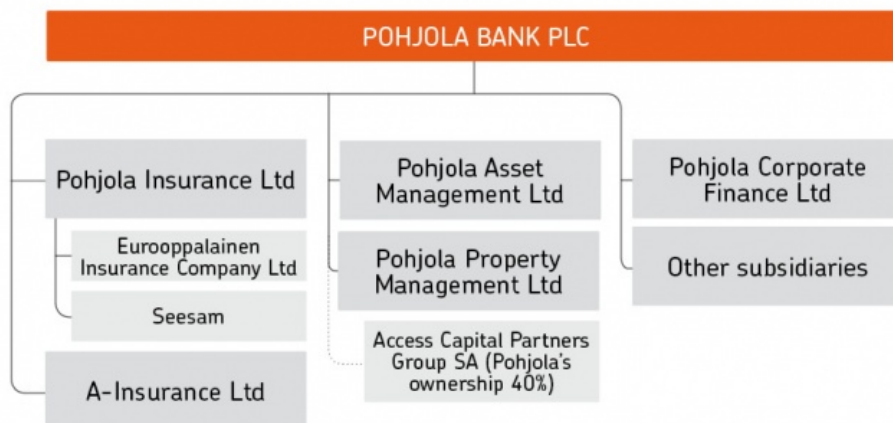
OP-Pohjola Group is made up of some 200 local member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including subsidiaries.

OP-Pohjola Group's structure



Group structure

Pohjola Group comprises Pohjola Bank plc, the parent company, and its subsidiaries.



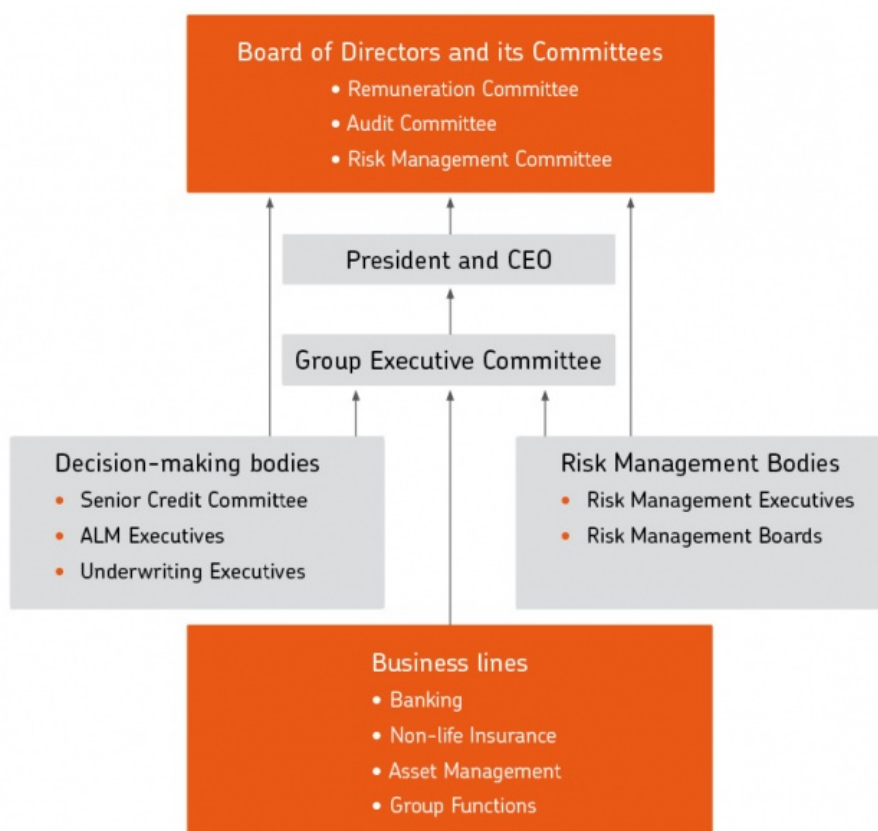
Corporate Governance Structure

Pohjola is a Finnish public limited company in which the duties and responsibilities of the executive bodies are laid down by the laws of Finland.

Pohjola's corporate governance is based on a so-called one-tier system. A General Meeting of Shareholders exercises the highest decision-making powers, and elects the Company's Board of Directors and auditor. Pohjola is managed by the Board of Directors, whose control and supervisory responsibility covers the entire Group, and the President and CEO appointed by the Board of Directors. The President and CEO is assisted by the Group Executive Committee in managing the Group.

In its decision-making, Pohjola complies with the Finnish Limited Liability Companies Act, regulations governing public limited companies, its Articles of Association and the rules and guidelines issued by NASDAQ OMX Helsinki Ltd. The Company complies with the Finnish Corporate Governance Core (2010) with certain, specifically stated exceptions.

The graph below depicts Pohjola Group's major decision-making bodies and reporting relationships in brief.



Corporate Governance Statement

Pohjola prepares annually a [Corporate Governance Statement](#) requested by the Finnish Corporate Governance Code and the Securities Markets Act. Pohjola will issue the Statement separate from the Report by the Board of Directors, which will be available on its website.

Corporate Governance Update

Pohjola keeps its Corporate Governance information up-to-date available under [Investor Relations](#) on its website. The most important updates appear when the Company publishes its Financial Statements and the Report by the Board of Directors, and decisions made by General Meeting of Shareholders.

Board of Directors

Reijo Karhinen

Chairman

- b. 1955
- Executive Chairman and CEO, OP-Pohjola Group, Vuorineuvos (Finnish honorary title)
- M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics
- Board member since 1994

Other relevant positions:

- Central Chamber of Commerce: Vice Chairman of the Board of Directors
- Savonlinna Opera Festival Ltd: Vice Chairman of the Board of Directors
- Luottokunta: Member of the Supervisory Board
- HelsinkiMissio: Chairman of the Delegation
- Unico Banking Group: Member of the Board

Relevant previous experience:

- OP Bank Group Central Cooperative: President 1997–2006, Executive Vice President 1994–96
- Kuopion Osuuspankki: Managing Director 1990–94
- Savonlinnan Osuuspankki: Managing Director 1988–90
- Varkauden Osuuspankki: Managing Director 1985–88
- Juvan Osuuspankki: Assistant Director 1979–84

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 52,802 on 1 January 2012 and 56,540 on 31 December 2012



Tony Vepsäläinen

Vice Chairman

- b. 1959
- Chief Business Development Officer and Deputy to Executive Chairman and CEO, OP-Pohjola Group Central Cooperative
- LL.M., eMBA
- Board member since 2007

Other relevant positions: -

Relevant previous experience:

- OP-Pohjola Group Central Cooperative: President 2007–10
- Tampereen Seudun Osuuspankki: Managing Director 1998–2006
- Turun Seudun Osuuspankki: Deputy Managing Director 1996–98
- Kuopion Osuuspankki: Bank Manager 1993–96
- Suomen Säästöpankki SSP Oy: Deputy to Area Manager 1992–93
- Pohjois-Savon Säästöpankki: Managerial duties 1985–92

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 8,665 on 1 January 2012 and 11,655 on 31 December 2012



Merja Auvinen

- b. 1960
- Deputy Managing Director, Suur-Savon Osuuspankki
- M.Sc. (Econ. & Bus. Adm.), eMBA
- Board member since 2006

Other relevant positions:

- Etelä-Savo Chamber of Commerce: Chairman of the Board of Directors since 2013

Relevant previous experience:

- Savonlinnan Osuuspankki: Managing Director 2001–11
- Kuopion Osuuspankki: Bank Manager 1992–2001
- Pohjois-Savon OP-Kiinteistökeskus Oy: Managing Director, in addition to her regular duties, 1992–93
- Savonlinnan Osuuspankki: Marketing Director 1989–92
- Nilsiä Osuuspankki: Bank Manager 1989, Marketing Manager 1987–89

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 3,049 on 1 January 2012 and 3,937 on 31 December 2012



Jukka Hienonen

- b. 1961
- President and CEO, SRV Group Plc
- M.Sc. (Econ. & Bus. Adm.)
- Board member since 2009

Other relevant positions:

- Helsinki Region Chamber of Commerce: Chairman of the Board of Directors since 2012
- Central Chamber of Commerce: Member of the Board of Directors since 2013

Relevant previous experience:

- Finnair Corporation: President and CEO 2005–10
- Stockmann Plc: Executive Vice President 2003–05, Director of Department Store Division 2001–05, and Director of Foreign Operations 1995–2000

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 15,712 on 1 January 2012 and 15,712 on 31 December 2012



Jukka Hulkkonen

- b. 1955
- Managing Director, Salon Osuuspankki, Kauppaneuvos (Finnish honorary title)
- M.Sc. (Forestry), eMBA
- Board member since 2012

Other relevant positions:

- SSP Yhtiöt Oy: Chairman of the Board of Directors
- Turku Chamber of Commerce, Salo unit: Vice Chairman of the Board of Directors

Relevant previous experience:

- Salon Seudun Osuuspankki: Managing Director 1997–2009
- Joensuun Osuuspankki: Bank Manager 1989–96
- Kainuun Osuuspankki: Area Manager 1984–89
- Oulun Osuuspankki: Business Liaison Officer 1984
- Suur-Helsingin Osuuspankki: Branch Manager 1983

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 6,098 on 1 January 2012 and 6,834 on 31 December 2012



Mirkku Kullberg

- b. 1962
- Managing Director, Artek oy ab
- Diploma in Business and Administration
- IDBM (International Design Business Management)
- Board member since 2012

Other relevant positions:

- KSF Media Ab: Member of the Board of Directors since 2010
- Loviisan Puhelinosuuskunta: Member of the Board of Directors since 2010
- Helsinki OP Bank Plc: Member of the Board of Directors since 2011
- Saga Furs Oyj: Member of the Board of Directors since 2012

Relevant previous experience:

- Nanso Oy: Brand Director 2002–05
- Grünstein Product Ab: Managing Director 1995–2002
- Turkistukku Oy: Export Manager, Product Manager 1992–95

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: - on 1 January 2012 and -on 31 December 2012



Harri Sailas

- b. 1951
- President and CEO, Ilmarinen Mutual Pension Insurance Company
- M.Sc. (Econ.)
- Board member since 2010

Other relevant positions:

- Finnair Corporation: Chairman of the Board of Directors (expires on 27 March 2013)
- Finnish Pension Alliance TELA: Chairman of the Board of Directors

Relevant previous experience:

- Nordea Bank Finland Plc: Head of Regional Bank 2004–06 and Deputy Managing Director, Head of Retail Banking Finland 2002–04
- MeritaNordbanken/Merita Bank Finland Plc: Deputy Managing Director, Head of Regional Bank 1998–2002
- Merita Bank Plc: District Director of Uusimaa 1995–98
- Kansallis-Osake-Pankki: Various duties 1975–95

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: - on 1 January 2012 and - on 31 December 2012



Tom von Weymarn

- b. 1944
- Member of the Directors' Institute of Finland
- M.Sc. (Eng.)
- Board member since 2006

Other relevant positions:

- Hartwall Capital Oy Ab: Chairman of the Board of Directors
- Sibelius Academy Foundation: Member of the Board of Directors
- IK Investment Partners Ltd: Senior Advisor
- Boardman Ltd: Partner
- Hydrios Biotechnology Oy: Member of the Board of Directors
- Oy Transmeri Ab: Chairman of the Board of Directors
- Helsinki Music Centre: Member of the Board of Directors
- Finnsweet Oy: Member of the Board of Directors

Relevant previous experience:

- Oy Rettig Ab: President and CEO 1997–2004
- Cultor Plc: Executive Vice President 1991–97
- Oy Karl Fazer Ab: Director 1983–91, the last two years of this period as President and CEO
- Telko Oy: Managing Director 1981–83
- Oy Huber Ab: Executive Vice President 1975–81

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 1,650 on 1 January 2012 and 1,650 on 31 December 2012



Executive Committee

Mikael Silvennoinen

Chairman

- b. 1956
- President and CEO, Pohjola Bank plc
- Employed by Pohjola Group since 1989. President and CEO of Pohjola Bank plc since 1997 and member of the Executive Board 1997–2006, Chairman of Pohjola Group's Executive Committee since 2006
- M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

- Pohjola Group: Managing Director of various Group companies 1989–97
- Wärtsilä Group: various managerial positions 1983–89

Other relevant positions:

- Unico Banking Group: Member of the Board
- Konecranes Plc: Member of the Board of Directors
- The Finnish Foundation for Share Promotion: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 37,494 on 1 January 2012 and 50,514 on 31 December 2012



Vesa Aho

- b. 1974
- CFO, Pohjola Bank plc
- Employed by Pohjola Group since 2001
- Member of Pohjola Group's Executive Committee since 2011
- M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

- Pohjola Bank plc: Various supervisory and managerial duties 2006–10

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 256 on 1 January 2012 and 660 on 31 December 2012



Karri Alameri

- b. 1963
- President, Pohjola Asset Management Ltd, OP-Pohjola Group-level responsibility for the development of wealth management business
- Employed by OP-Pohjola Group since 2009
- Member of Pohjola Group's Executive Committee since 2012 (10 Feb. 2012)
- M.Sc. (Econ. & Bus. Adm.), CEFA

Relevant previous experience:

- OP Life Assurance Company Ltd: Deputy CEO, Chief Investment Officer 2009–12
- Danske Capital, Sampo Bank plc: Deputy Managing Director 2007–08
- Manadatum Asset Management Ltd: Deputy Managing Director 2004–06
- Carnegie Asset Management Finland Ltd: Chief Investment Officer 1997–2003

Other relevant positions: –

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 0 on 1 January 2012 and 2,000 on 31 December 2012



Tarja Ollilainen

- b. 1960
- Senior Executive Vice President, Human Resources, Pohjola Bank plc
- Employed by Pohjola Group since 2003
- Member of Pohjola Group's Executive Committee since 2012 (1 Jan. 2012)
- M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

- Pohjola Bank plc: Senior Vice President, Investor Relations 2008–11
- Pohjola Bank plc: Securities Ltd, Senior Vice President 2003–08
- Danske Securities AB, Helsinki Branch: General Manager 2001–02
- Student Union of the Helsinki School of Economics: Finance Director 1995–2000
- Skandinaviska Enskilda Banken, Enskilda Securities: 1994–95
- Sp-Brokers Ltd: Managing Director 1991–94
- SKOP/Skopbank: Assistant Vice President, Section Chief, stock exchange dealer, Trainee for financial sector 1986–91

Other relevant positions: –

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 922 on 1 January 2012 and 2,288 on 31 December 2012



Jouko Pölönen

- b. 1970
- President, Pohjola Insurance Ltd; Group-level responsibility for private and corporate customers, Pohjola Bank plc; OP-Pohjola Group-level responsibility for the development of non-life insurance business
- Employed by Pohjola Group since 2001
- Member of Pohjola Group's Executive Committee since 2008
- M.Sc. (Econ. & Bus. Adm.), eMBA



Relevant previous experience:

- Pohjola Bank plc: CFO 2009–10
- Pohjola Bank plc: Chief Risk Officer 2001–08
- PricewaterhouseCoopers: Authorised Public Accountant 1999–2001 and auditor 1993–99

Other relevant positions:

- Non-life Insurance Executive Committee of the Federation of Finnish Financial Services: Member
- Federation of Accident Insurance Institutions: Chairman of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 4,963 on 1 January 2012 and 7,862 on 31 December 2012

Reima Rytsölä

- b. 1969
- Senior Executive Vice President, Banking, Pohjola Bank plc
- Employed by Pohjola Group since 1996
- Member of Pohjola Group's Executive Committee since 2008
- M.Soc.Sc., CEFA, AMP (Harvard)

Relevant previous experience:

- Pohjola Bank plc and its subsidiaries: Various managerial duties 1998–2007 and chief dealer, domestic money market, 1996–97
- Merita Plc: Foreign exchange dealer 1994–96

Other relevant positions:

- Unico Banking Group: Member of the Executive Committee

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 4,873 on 1 January 2012 and 5,000 on 31 December 2012



Petri Viertiö

- b. 1962
- CRO, Pohjola Bank plc
- Employed by Pohjola Group since 2009
- Member of Pohjola Group's Executive Committee since 2009
- M.Sc. (Tech.)

Relevant previous experience:

- Ernst & Young: Director 2007–09, Advisory Services
- Sampo plc: Chief Risk Officer 2002–07
- Sampo Bank plc: Chief Risk Officer 2000–01
- Varma-Sampo: Risk Manager 1999–2000
- Leonia Group: Various managerial positions 1997–99

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 1,572 on 1 January 2012 and 3,950 on 31 December 2012

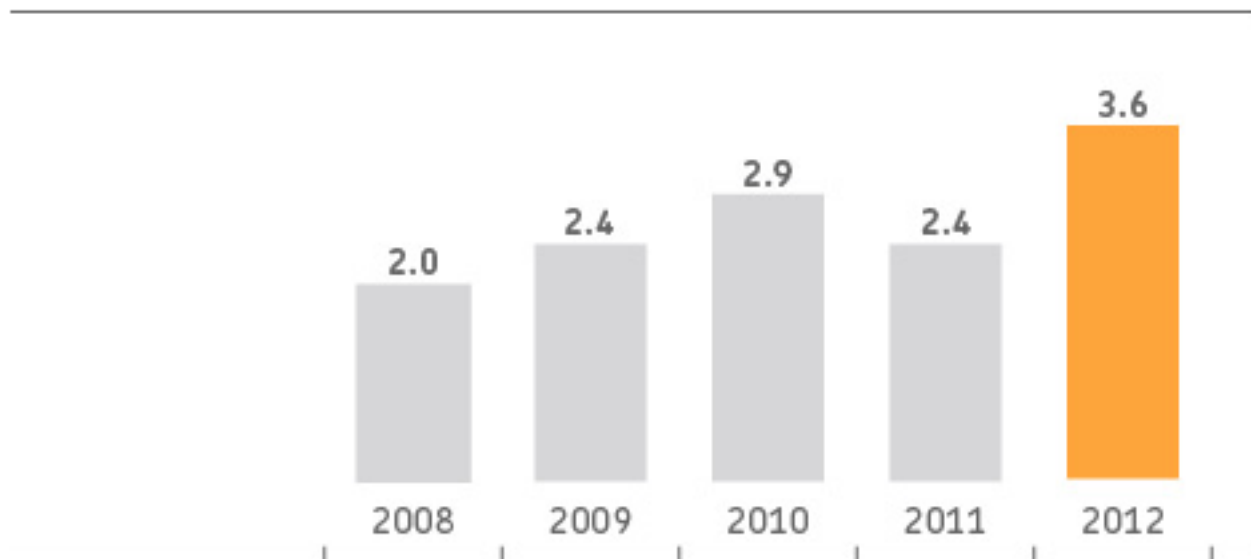


Summary: Investors

In 2012, Pohjola's total shareholder return (TSR) was above the average TSR of its Nordic peer banks and insurers. Pohjola has good credit ratings. Only two other Nordic banks have an AA credit rating for long-term debt affirmed by two credit rating agencies.

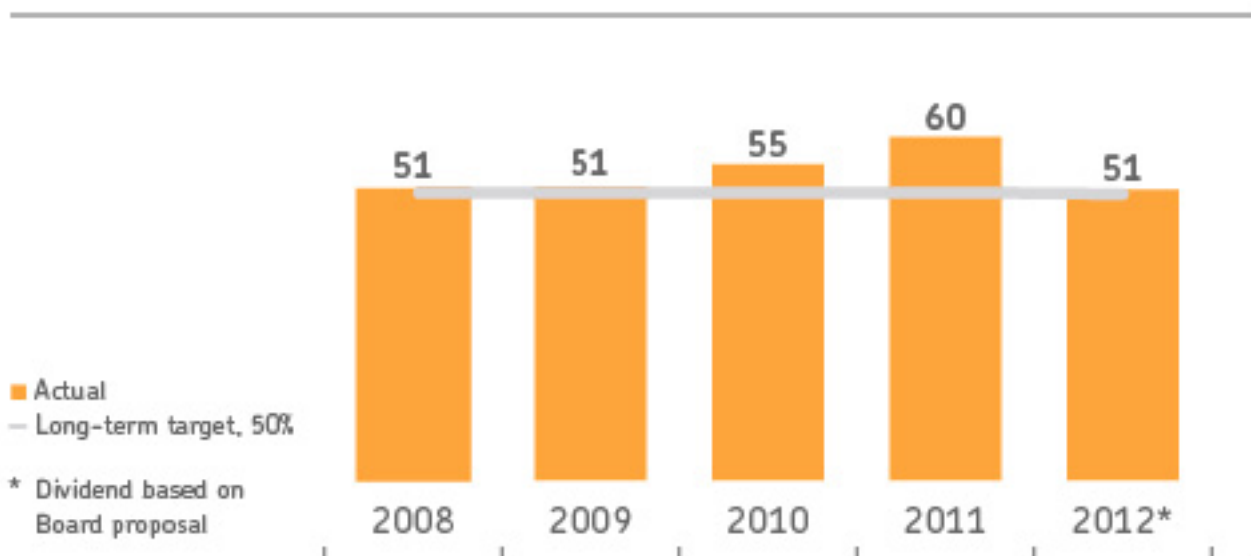
Market capitalisation (A- and K-shares total)

€ billion



Dividend payout ratio

%



Pohjola senior bond and OP-Mortgage Bank covered bond issues 2012

Issuer	Month of issue	Amount	Maturity	Interest rate
OP Mortgage Bank	May 2012	€ 1.25 bn	5 years	m/s +0.32%
Pohjola Bank plc	March 2012	€ 750 mn	5 years	m/s +1.18%

The Board of Directors proposes a dividend of €0.46 per Series A share

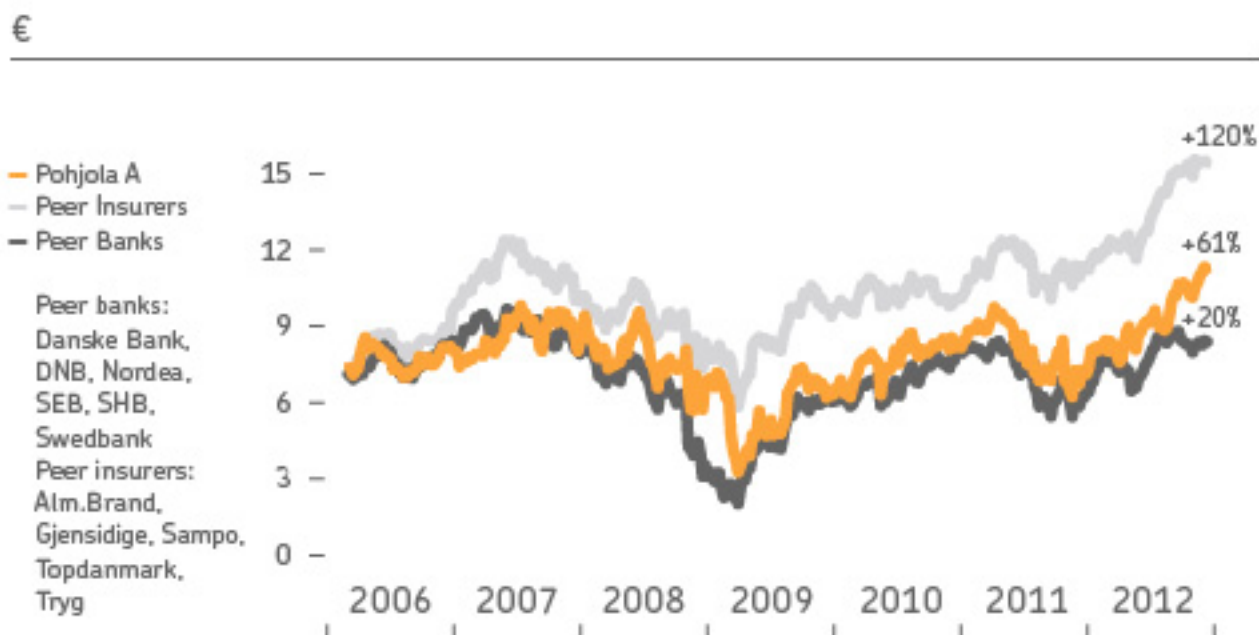
Pohjola has an AA credit rating affirmed by two credit rating agencies.

Shares and Shareholders

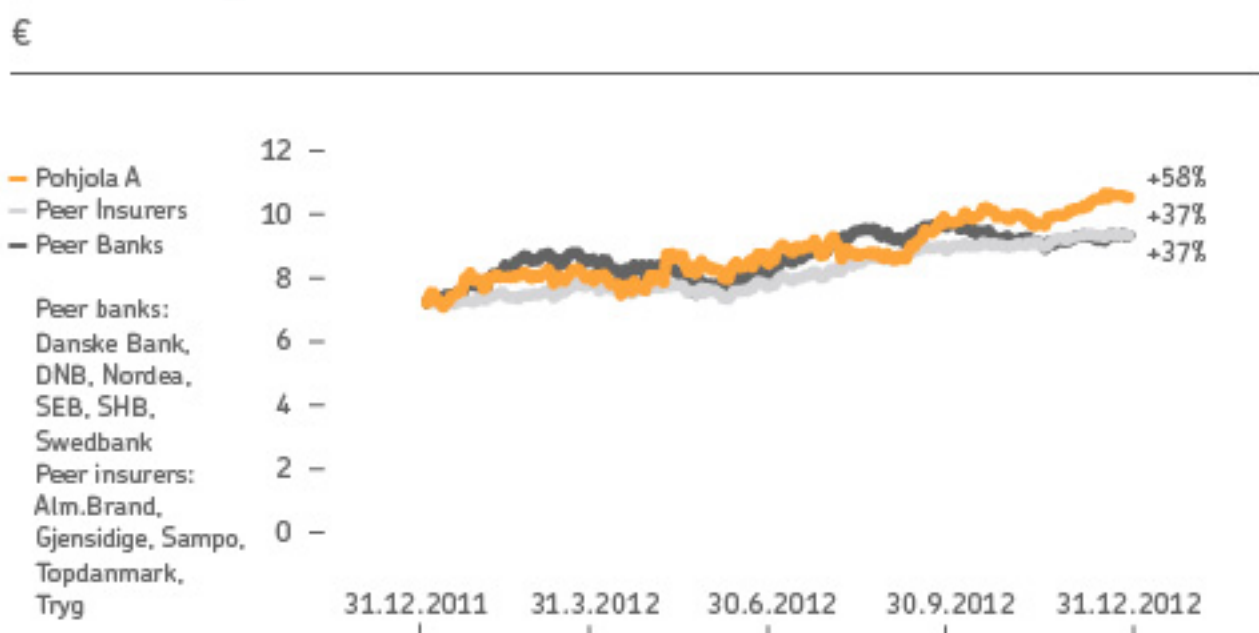
Pohjola's promise to its stakeholders, based on its strategy adopted in 2012, is to generate a Total Shareholder Return (TSR) which is at the top level among Nordic peer banks and insurers. In 2012 Pohjola's TSR was better than that of its peer banks and its peer insurers.

[Read more about Pohjola shares](#)

Pohjola Total Shareholder Return vis-à-vis peer banks and insurance companies 2006–2012



Pohjola Total Shareholder Return vis-à-vis peer banks and insurance companies 2012



Basic Information on Shares 31 Dec. 2012

Pohjola Bank plc shares are divided into Series A and K shares.

Series A shares

Series A shares available for subscription by the general public are quoted on NASDAQ OMX Helsinki. They have been quoted on the Main List of NASDAQ OMX Helsinki (Helsinki Stock Exchange) since 1989. In case of dividend payout, Series A shares entitle their holders to an annual per-share dividend which is at least three cents higher than the per-share dividend declared on Series K shares. Each Series A share entitles its holder to one vote at a General Meeting of Shareholders.

Series A shares

- Trading core: POH1S
- ISIN code: FI0009003222
- Round lot: 1 share
- Vote/share: 1 vote
- No. of shares: 251,942,798
- Total votes conferred: 251,942,798

Series K shares

Holding of unlisted Series K shares is restricted to member cooperative banks, cooperative bank companies and OP-Pohjola Group Central Cooperative and may be transferred only between these banks and entities but may be converted into Series A shares if so required by a holder of Series K shares. Each Series K share entitles its holder to five votes at a General Meeting of Shareholders.

Series K share (unlisted)

- Code: POHKS
- ISIN code: FI0009003925
- Votes/share: 5 votes
- No. of shares: 67,608,617
- Total votes conferred: 338,043,085

Share capital and total number of shares

	31 Dec. 2012	31 Dec. 2011
Total share capital, €	427,617,463	427,617,463
Total number of shares	319,551,415	319,551,415
Total votes conferred by shares	589,985,883	593,077,995

During 2012 a total of 773,028 Series K shares held by OP-Pohjoal Group member cooperative banks were converted into Series A shares. Trading in the converted Series A shares began on 11 April 2012. The number of Series K shares fell from 68,381,645 to 67,608,617, and the number of Series A shares listed on NASDAQ OMX Helsinki grew from 251,169,770 to 251,942,798. The conversions did not affect the total number of shares, which is 319,551,415. Following the conversion, the shares correspond to 589,985,883 votes.

Share series 31 Dec. 2012	No. of shares	% of all shares	% of votes
Pohjola A (POH1S)	251,942,798	78.84%	42.70%
Pohjola K (POHKS)	67,608,617	21.16%	57.30%
Total	319,551,415	100.00%	100.00%

Market capitalisation

On 31 December 2012, Pohjola's market capitalisation totalled EUR 3,601 million (31 Dec. 2011 EUR 2,400 million). In calculating the market capitalisation, Series K shares are valued at the price of Series A shares.

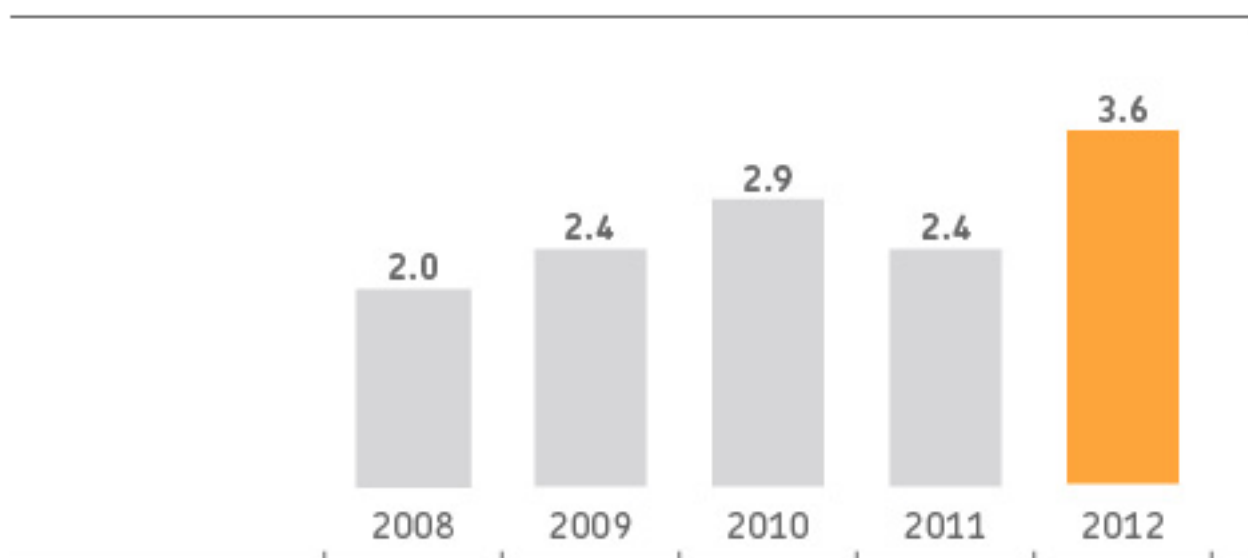
Share Performance, Market Value, Share Trading and Trading Venues

Series A share

	2012	2011	2010	2009	2008
Year-end closing price, €	11.27	7.51	8.97	7.55	7.88
Year high, €	11.42	10.28	9.79	9.31	11.43
Year low, €	7.34	6.47	6.97	3.80	6.28
Share trading volume, million	126	174	154	175	119
Share trading value, € million	1,133	1,514	1,311	1,160	1,344

Market capitalisation (A- and K-shares total)

€ billion



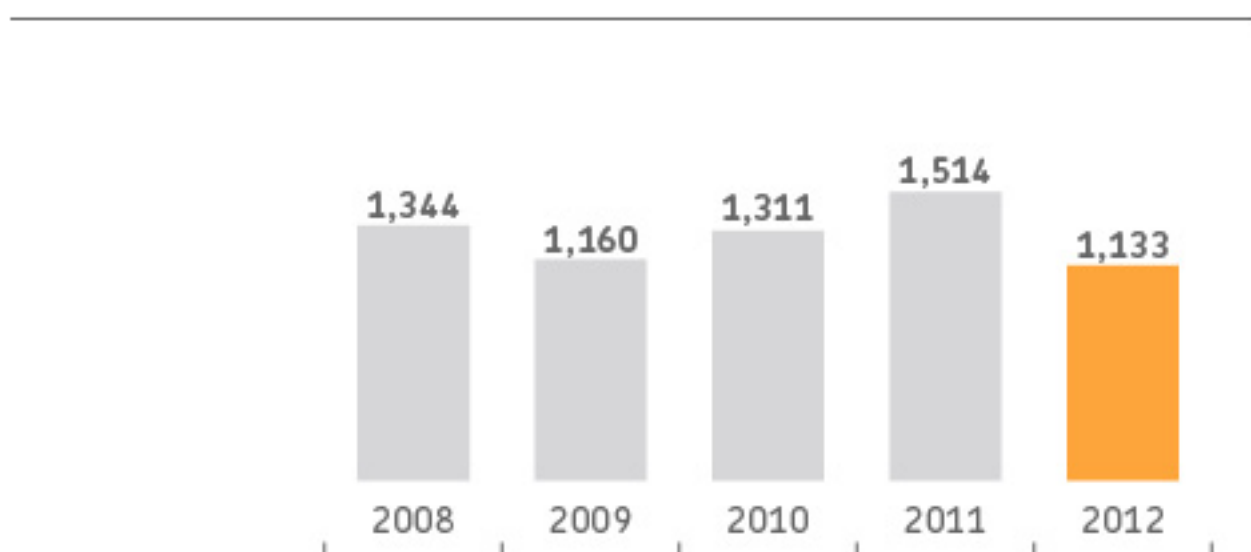
Trading volume of Series A share

million pcs



Trading volume of Series A share

€ million



Trading venues for Pohjola shares

In 2012, 72.2% of euro-denominated trading in Series A shares took place on NASDAQ OMX. During the reporting year over a fourth of trading transferred to multilateral trading facilities (MTF).

Trading venue	% of euro-denominated trading in 2012
Nasdaq OMX	72,20
BATS Chi-X CXE (Chi-X)	20,50
BATS Chi-X BXE (Bats)	4,50
Turquoise	2,70
Burgundy	0,10
EuroNext Arca	0,00

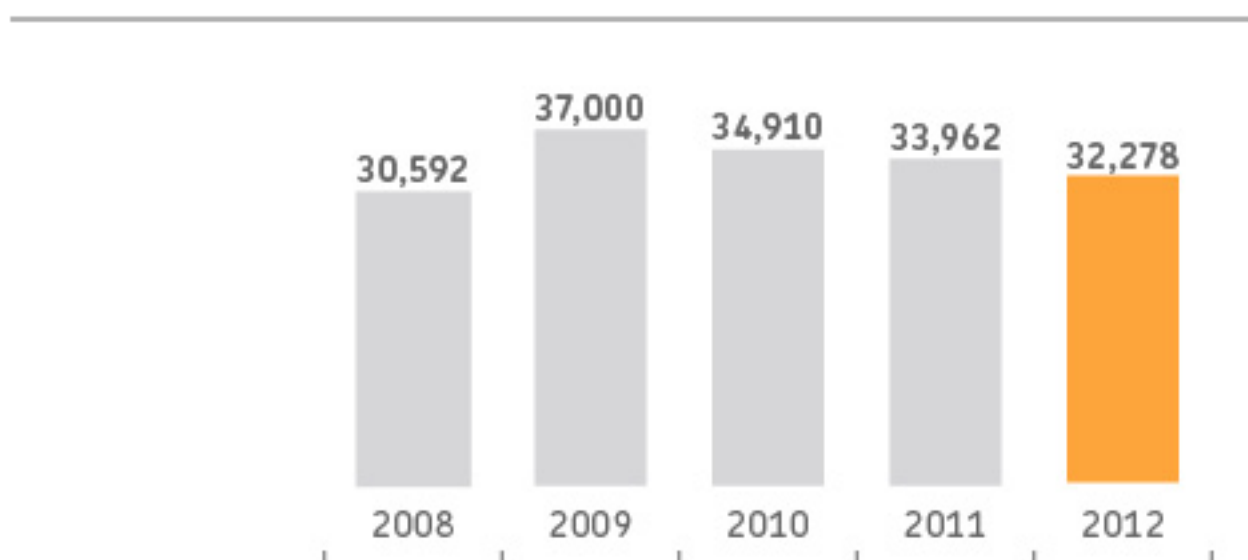
Source: Fidessa Fragmentation Index

Shareholders

Number of shareholders	31 Dec. 2012	31 Dec. 2011	Change	Change (%)
Series A shares	32,272	33,956	-1,684	-5
Series K shares	109	114	-5	-4
Total*	32,278	33,962	-1,684	-5

*The combined number of holders of Series A and K shares differs from the total number of shareholders since some of the holders of Series K shares also hold Series A shares.

Number of shareholders



Private individuals accounted for 95.3% of all shareholders on 31 December 2012.

In accordance with provisions under the Act on Cooperative Banks and Other Cooperative Credit Institutions, Pohjola Bank plc must be a subsidiary of OP-Pohjola Group Central Cooperative, the central institution. The largest shareholder was OP-Pohjola Group Central Cooperative representing 37.2% of all shares and 61.3% of votes.

On 31 December 2012, nominee-registered shares represented 20.4% of Series A shares and other foreign shareholding in Pohjola stood at 1.2%, totalling 21.7%.

On the same date, nominee-registered shares and foreign shareholding accounted for 17.1% of all shares.

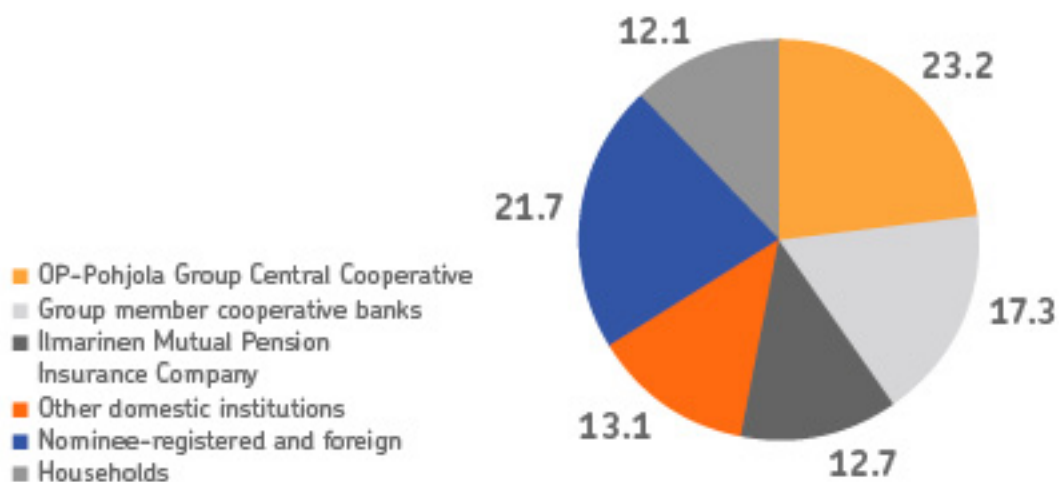
10 largest shareholders on 31 December 2012

	% of shares	% of Series A shares	% of votes
1. OP-Pohjola Group Central Cooperative	37.24	23.16	61.28
2. Ilmarinen Mutual Pension Insurance Company	10.00	12.68	5.42
3. Oulun Osuuspankki	1.37	1.10	1.82
4. OP Bank Group Pension Fund	1.08	1.37	0.59
5. Varma Mutual Pension Insurance Company	0.78	1.14	0.49
6. OP Bank Group Pension Foundation	0.73	0.92	0.39
7. State Pension fund	0.57	0.87	0.37
8. Turun Seudun Osuuspankki	0.55	0.71	0.33
9. Tampereen Seudun Osuuspankki	0.51	0.60	0.34
10. Sijoitusrahasto Nordea Suomi	0.47	0.61	0.26
Nominee-registered shares, total	15.89	20.40	8.71
Others	30.80	36.41	19.99
Total	100.00	100.00	100.00

Holdings by type of shareholders 31 Dec 2012 (Series A)

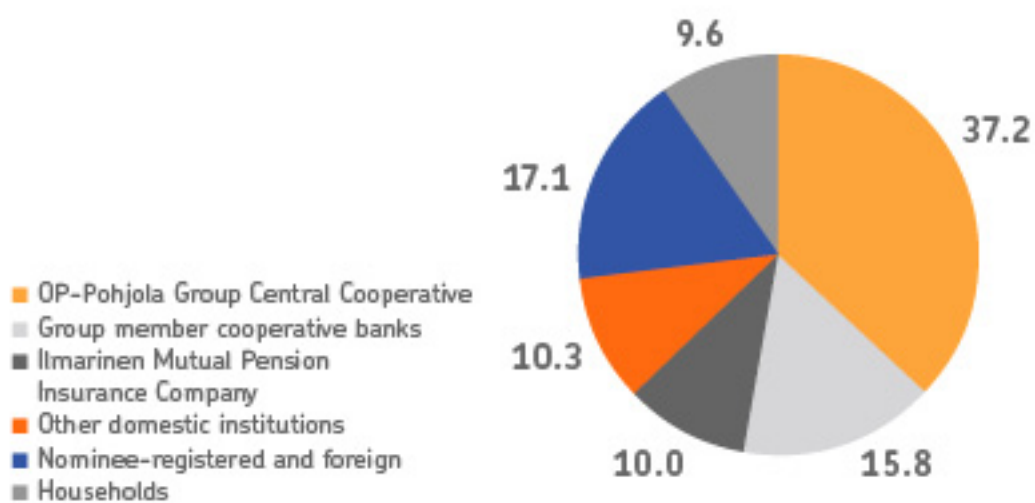
%

%



Holdings by type of shareholders 31 Dec 2012 (Series A and K total)

%



Shareholdings by sector

Management Shareholding

	31 Dec. 2012	31 Dec. 2011
Series A shares held by members of the Board of Directors and the Executive Committee	168,602	148,028
- Proportion of all share capital, %	0.05	0.05
- Proportion of all votes, %	0.03	0.02

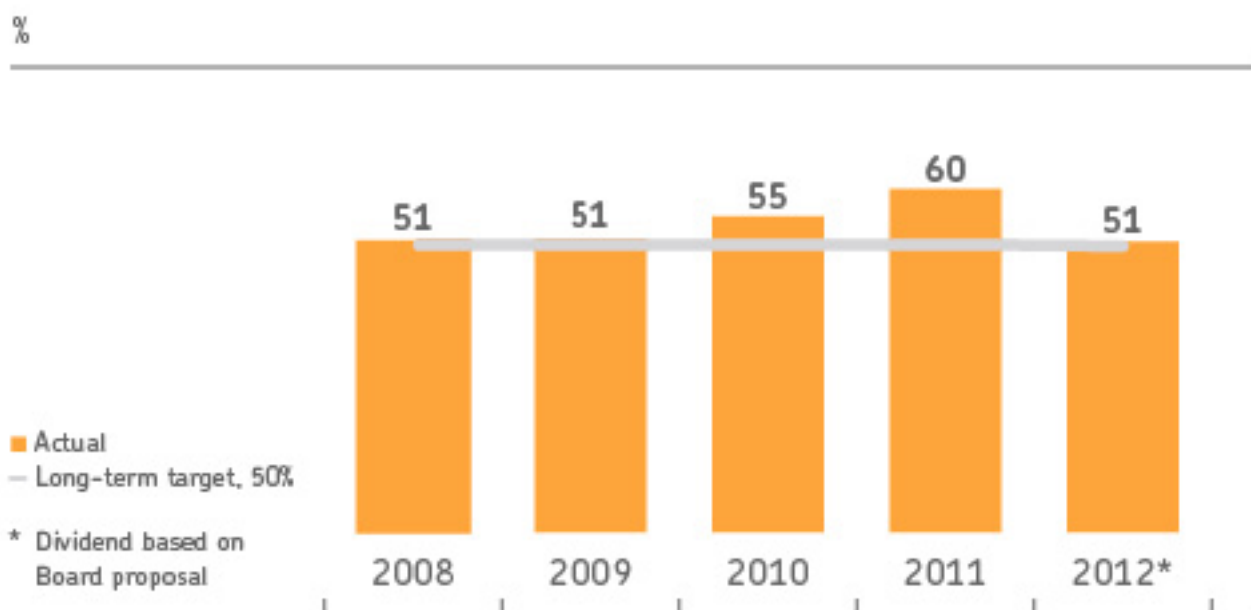
["Board of directors"](#) and ["Executive Committee"](#) under the section "Corporate Governance and Management" provide more detailed information on shareholdings by Board members and Executive Committee.

Dividend Policy

The target for the dividend payout ratio is a minimum of 50%, provided that Core Tier 1 remains at least 10%.

The dividend payout ratio during 2008–2012 averaged 54%*.

Dividend payout ratio



	2012*	2011	2010	2009	2008
Dividends paid out, € mn	145.0	129.0	125.8	106.6	45.5
Effective dividend yield (Series A share), %	4.1	5.5	4.5	4.5	2.4

* As proposed by the Board

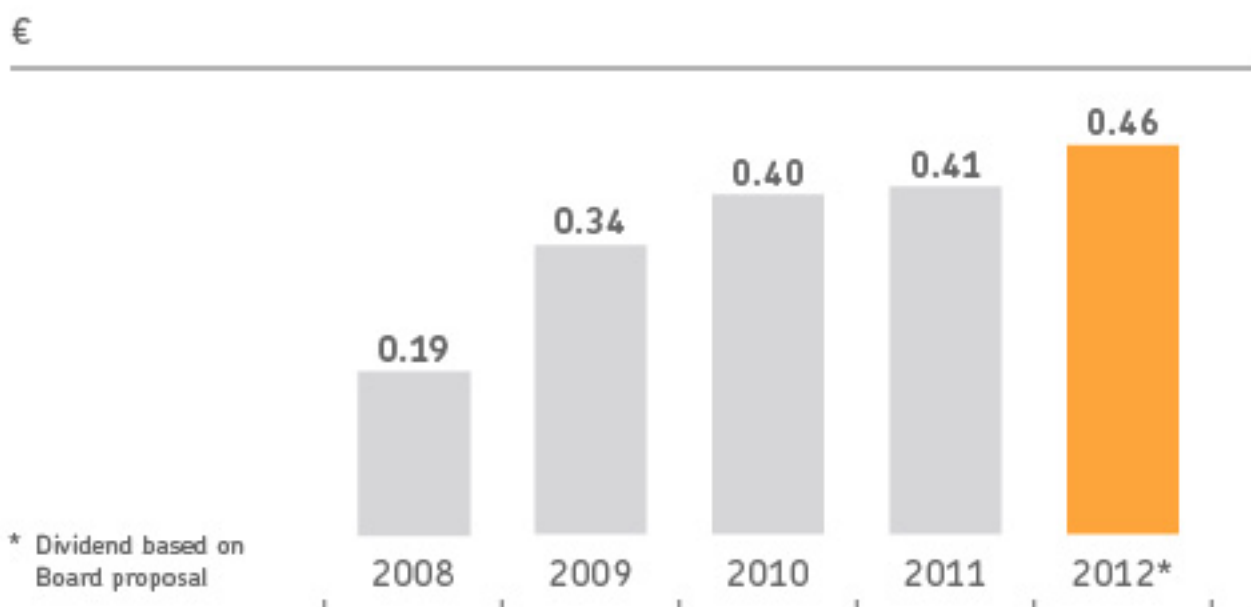
Dividend

The Board of Directors of Pohjola Bank plc proposes that a per-share dividend of EUR 0.46 (0.41) be paid on Series A shares and EUR 0.43 (0.38) on Series K shares for the financial year 2012.

	2012*	2011	2010	2009	2008
Series A share, €	0.46	0.41	0.40	0.34	0.19
Series K share, €	0.43	0.38	0.37	0.31	0.16

* As proposed by the Board

Dividend/Series A



Annual General Meeting and Dividend Payout

Pohjola Bank plc will hold its Annual General Meeting (AGM) in the Congress Wing of the Helsinki Exhibition & Convention Centre (Rautatieäisenkatu 3, Helsinki) on Friday 22 March 2013, starting at 2.00 pm.

Notice of the Meeting was published on the Company's website at pohjola.fi and as an announcement in Helsingin Sanomat and Hufvudstadsbladet on 19 February 2013. It was also published in the form of a stock exchange release on 18 February 2013. Registration for the AGM will terminate at 4.00 pm on 15 March 2013.

- 12 March Record date for the AGM
- 22 March AGM
- 27 March Dividend record date
- 5 April Dividend payout

Share Issue Authorisations and Other Special Rights Entitling to Shares

The AGM of 27 March 2012 authorised the Board of Directors to decide on one or several rights issues. The total number of Series A and Series K shares offered for subscription in such a rights issue may not exceed 24,000,000 and 6,000,000 respectively.

The Board of Directors is also authorised to waive the shareholders' pre-emptive right (private placement), should there be, from the Company's perspective, a financially cogent reason to do so, in accordance with the Limited Liability Companies Act. In such a case, this authorisation may be exercised for the purpose of financing and executing company acquisitions or other transactions relating to the Company's business.

The authorisation contains the Board of Directors' right of stipulating the terms and conditions of a share issue and on other matters relating to these measures. The Board of Directors also has the right to determine whether the subscription price is to be entered in full or in part in the Company's reserve for invested non-restricted equity or in share capital.

The authorisation is effective until 27 March 2013. On the basis of the authorisation, the Board of Directors has not made any decision on a share issue.

Share Buyback Authorisation

The AGM has not made any decision on buying back the Company's own shares nor authorised the Board of Directors to decide on such a buyback.

Disclosure of Shareholdings

No disclosure of shareholdings took place in 2012.

Stock-Option Schemes

Pohjola has no valid stock-option schemes in place.

Debt Investors

OP-Pohjola Group raises funds in the international markets with Pohjola Bank plc (Pohjola) and OP Mortgage Bank acting as the issuers of debt instruments. Both companies are subsidiaries of OP-Pohjola Group Central Cooperative, the central institution. More information on OP-Pohjola Group and information for debt investors can be found via the following links.

Read more

[Pohjola as a part of OP-Pohjola Group](#)

[Pohjola.fi > Debt Investors](#)

[OP-Pohjola Group Annual Report 2012](#)

[OP-Pohjola Group publications 2012](#)

Funding

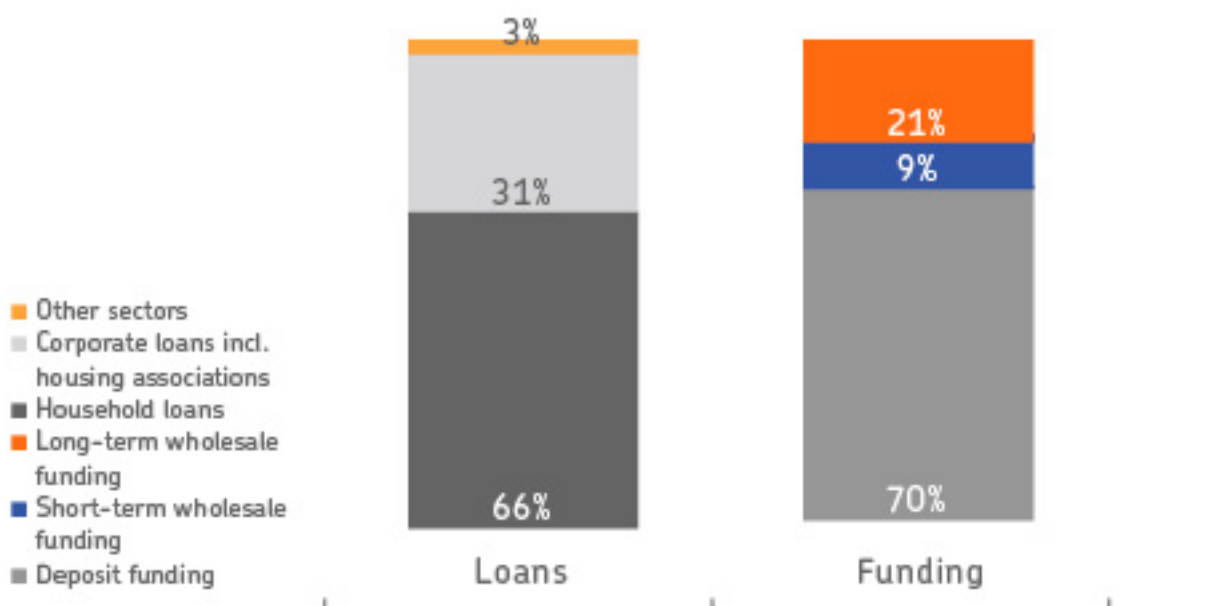
Acting as OP-Pohjola Group's central bank, Pohjola is responsible for planning all of the Group's wholesale funding in money and capital markets. Pohjola is in charge of the Group's unsecured wholesale funding while OP Mortgage Bank is in charge of mortgage-backed wholesale funding.

In its wholesale funding operations, Pohjola aims at broad diversification, according to which it diversifies risks by maturity category, counterparty, product and market area.

OP-Pohjola Group boasts a strong funding structure, given that around two-third of funding is based on deposits and the rest comes from money and capital markets.

Loans and funding by OP-Pohjola Group, 31 Dec 2012

€ billion



Debt Issuance Programmes

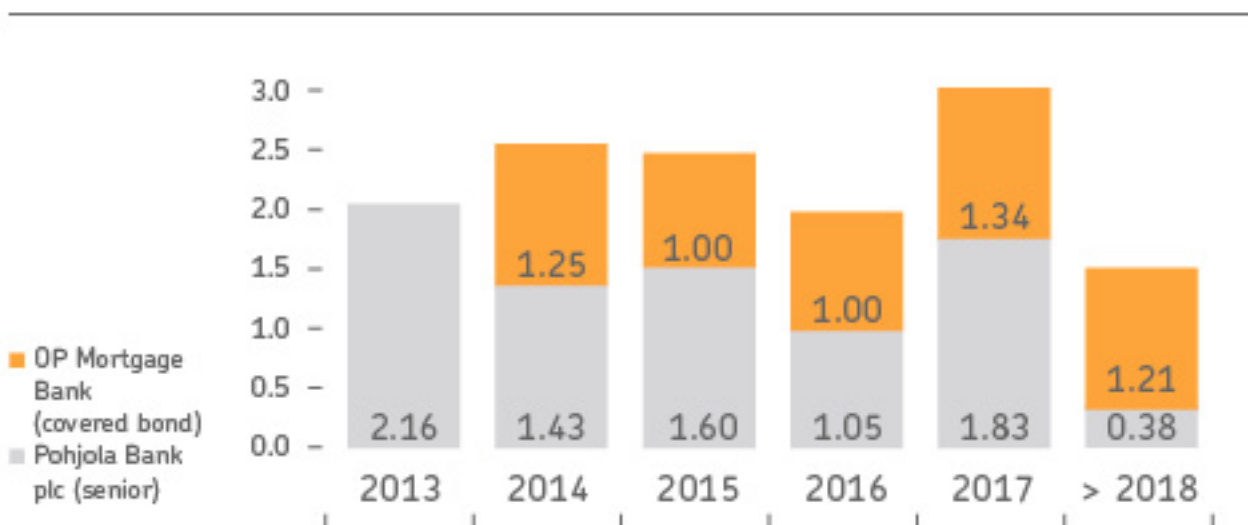
Pohjola has a EUR 15-billion Euro Medium Term Note (EMTN) programme and a EUR 12-billion Euro Commercial Paper (EPC) programme, with debt instruments with a maturity of over one year issued under the former programme and debt instruments with a maturity of less than one year issued under the latter. In addition, Pohjola issues certificates of deposits (CD) in the Finnish market.

OP Mortgage bank issues covered bonds under its 10-billion Euro Medium Term Covered Note (EMTCN) programme. Pohjola senior bond and OP-Mortgage Bank covered bond issues 2012

Issuer	Month of issue	Amount	Maturity	Interest rate
OP Mortgage Bank	May 2012	€ 1.25 bn	5 years	m/s +0.32%
Pohjola Bank plc	March 2012	€ 750 mn	5 years	m/s +1.18%

Pohjola and OP Mortgage Bank long-term funding by maturity, 31 Dec 2012

€ billion



Joint Liability within OP-Pohjola Group

Joint liability within OP-Pohjola Group is based on the Laki talletuspankkien yhteenliittymästä Act (Act on the amalgamation of deposit banks).

According to this Act, OP-Pohjoal Group Central Cooperative, the Group's central institution, and its member credit institutions are liable for each other's debts and commitments.

- OP-Pohjola Group Central Cooperative is liable for the debts of its member credit institution which cannot be paid using the member credit institution's capital.
- Each member credit institution is liable to pay a proportionate share of the amount which OP-Pohjola Group Central Cooperative has paid to either another member credit institution as part of support action or to a creditor of such member credit institution in payment of an amount overdue which the creditor has not received from its debtor.
- Each member credit institution's liability for the amount OP-Pohjola Group Central Cooperative has paid to the creditor on behalf of one of the member credit institutions is divided between the member credit institutions in proportion to their last adopted balance sheets.

This joint liability applies to OP-Pohjola Group Central Cooperative, OP-Pohjola Group member cooperative banks, Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank and OP-Kotipankki Oyj, Other OP-Pohjola Group companies, such as insurance companies, do not fall within the scope of joint liability.

The joint liability and solid financial position of the Group improve Pohjola's creditworthiness.

Credit Ratings

Based on its strategy, updated in 2012, Pohjola aims at an AA credit rating affirmed by at least two credit rating agencies or at least at the main competitors' level.

Only two other Nordic banks have an AA credit rating for long-term debt affirmed by two credit rating agencies. When assessing Pohjola's credit rating, credit rating agencies take account of the entire OP-Pohjola Group's financial standing, because they monitor the Group as a single entity and OP-Pohjola Group Central Cooperative and Group member banks (including Pohjola) are liable for each other's debts and commitments.

Pohjola's OP-Pohjola Group's and Pohjola Insurance Ltd's credit ratings underwent the following changes in 2012:

- **20 November 2012** S&P affirmed Pohjola Bank plc's long-term debt rating at AA- and short-term debt rating at A+ and Pohjola Insurance Ltd's financial strength rating at AA-. Outlook changed from stable to negative.
- **10 October 2012** Fitch affirmed OP-Pohjola Group's and Pohjola Bank plc's long-term IDR from AA- to A+ and short-term IDR at F1. Outlook stable.
- **31 May 2012** Moody's downgraded OP-Pohjola Group's standalone BFSR from B- to C, Pohjola Bank plc's debt and deposit ratings from Aa2 to Aa3, and the insurance financial strength rating of Pohjola Insurance Ltd from A2 to A3. Pohjola Bank plc's Prime-1 short-term debt and deposit ratings remained unchanged. Outlook stable.
- **16 May 2012** S&P affirmed Pohjola Bank plc's long-term debt rating at AA- and short-term debt rating at A-1+, and Pohjola insurance Ltd's financial strength rating at AA-.
- **15 February 2012** Moody's placed the standalone bank financial strength rating (BFSR) C- of Pohjola Bank plc under review for a possible downgrade.

Covered bonds issued by OP Mortgage Bank are rated AAA by Standard & Poor's and Moody's.

Credit ratings for long-term debt, 31 Dec. 2012

	Moody's	S&P	Fitch
Pohjola Bank plc	Aa3	AA- ^{**}	A+
Handelsbanken	Aa3	AA- ^{**}	AA-
Nordea	Aa3	AA- ^{**}	AA-
DnB NOR	A1	A+	A+
Danske Bank	Baa1	A- [*]	A ^{**}
SEB	A1	A+ ^{**}	A+
Swedbank	A2	A+ ^{**}	A+
OP Mortgage Bank ^{***}	Aaa	AAA	-
Pohjola Insurance Ltd	A3	AA- ^{**}	-
If	A2	A	-
Finnish government	Aaa	AAA ^{**}	AAA

* Credit rating outlook is positive

** Credit rating outlook is negative

*** Covered bond rating

