




# Pohjola Bank plc's Annual General Meeting

Helsinki Exhibition & Convention Centre  
29 March 2011, 2.00 pm

Pohjola IR / AGM 2011

Pohjola 

## 1. Opening of the Meeting

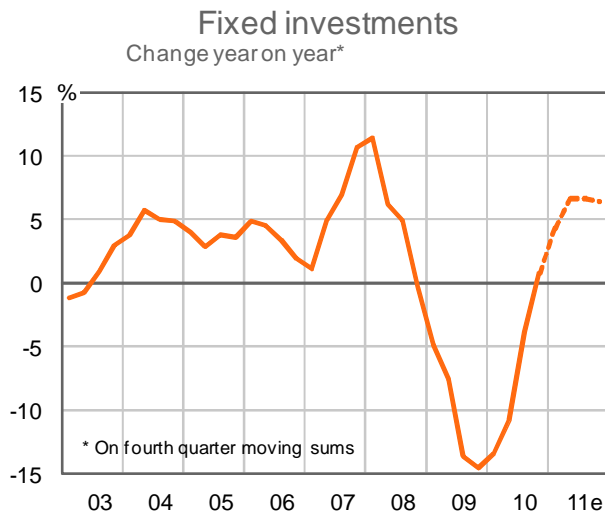
Chairman of the Board of Directors

Reijo Karhinen



Reijo Karhinen

# Fixed Investments Prompting Rebound in Demand for Credits

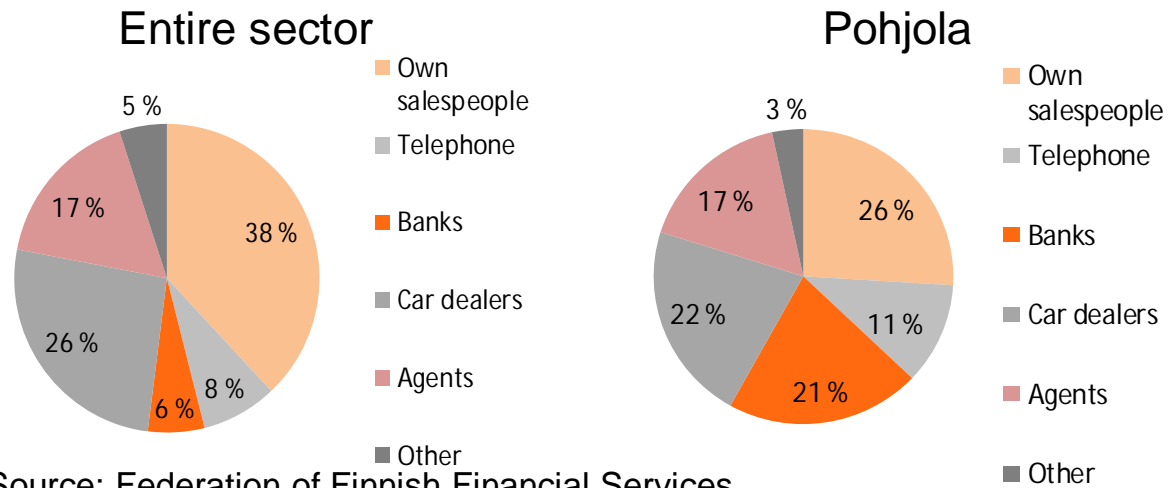


Sources: Statistics Finland, OP-Pohjola Group  
Pohjola IR / AGM 2011

Source: Bank of Finland

# Group Member Banks an Important Sales Channel for Pohjola

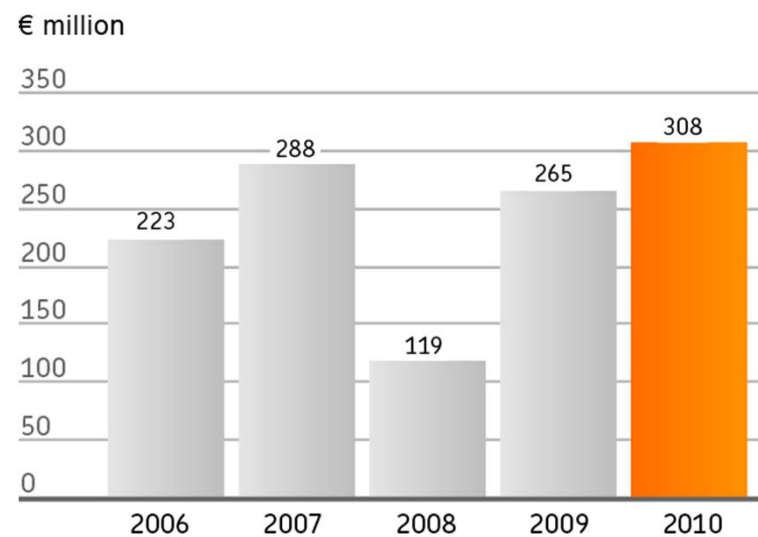
## Sales of non-life policies to private and corporate customers



Source: Federation of Finnish Financial Services

Pohjola IR / AGM 2011

## Pohjola Group Earnings before Tax Increased to EUR 308 million in 2010 – The Best Ever Figure



Pohjola IR / AGM 2011



The mark of a good group \*

## 2. Calling the Meeting to Order



### 3. Election of Persons Checking the Minutes and Supervising Vote Counting



POHJOLA

Pohjola IR / AGM 2011

Pohjola 



## 4. Legality of Meeting



## 5. Recording of Those Present and Confirmation of Voters List



## 6. Presenting the Financial Statements, Report by the Board of Directors and Auditor's Report for 2010

- Review by President and CEO Mikael Silvennoinen



Mikael Silvennoinen

- Review by President and CEO



Pohjola IR / AGM 2011

## Review by President and CEO

- Business Performance 2010
- Implementation of Strategic Initiatives in 2010
- Financial Performance for 2010 and Outlook for 2011
- Balance Sheet, Capital Adequacy and Credit Ratings
- Pohjola Share and Proposed Dividend Distribution

# Business Performance 2010





Pohjola IR / AGM 2011

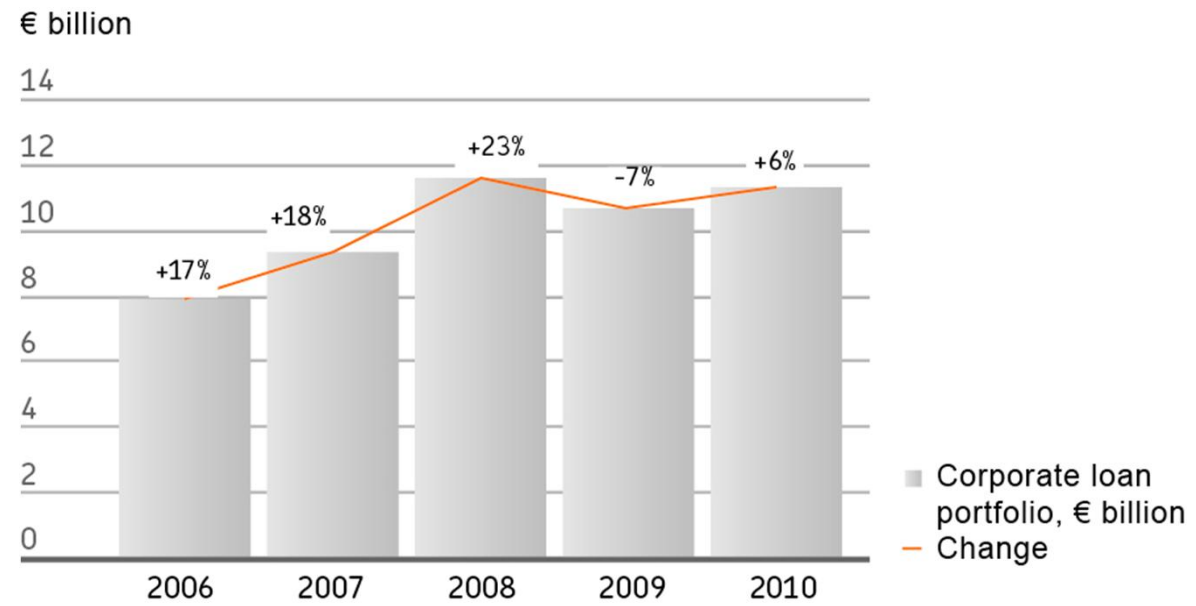
## Banking

**Reima Rytsölä, b. 1969**

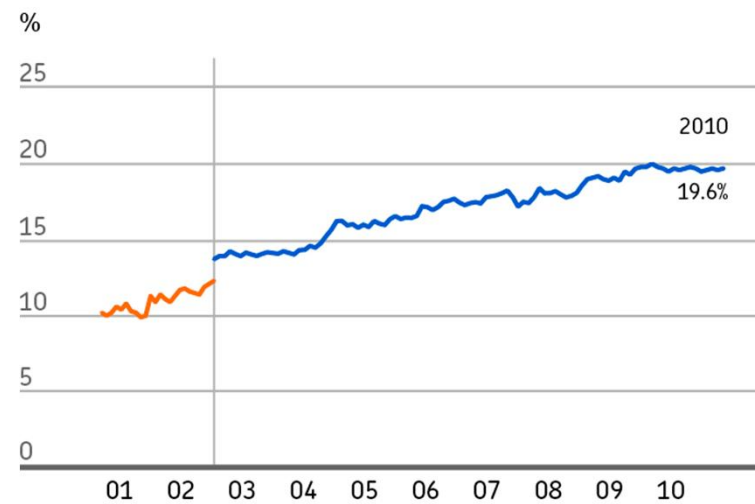
M.Soc.Sc.,

CEFA

## Loan Portfolio up 6%



## Market Share of Corporate Loans Almost Unchanged

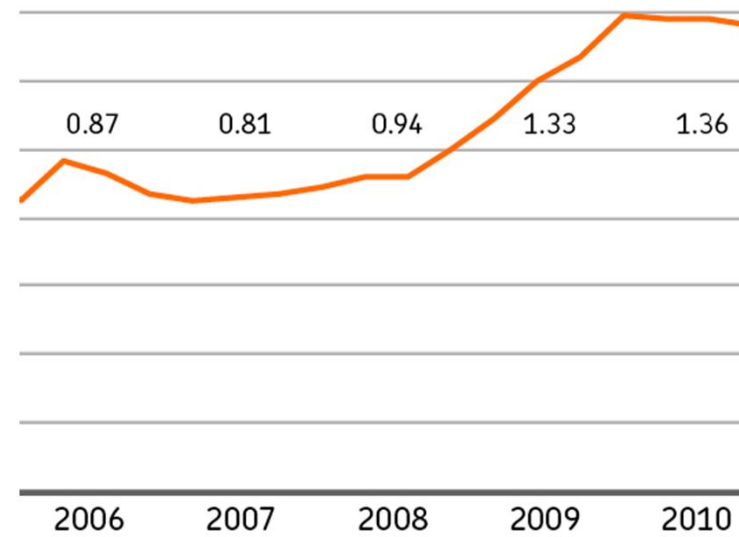


\* Until the end of 2002, the corporate loan portfolio of deposit banks, since 2003 the proportion based on a new statistical basis of the Bank of Finland.

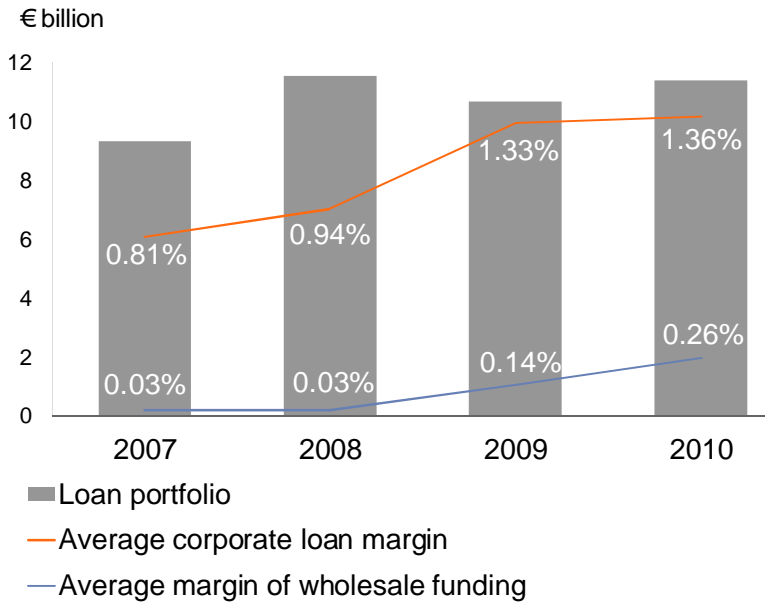


## Rise in Margin on Corporate Loan Portfolio Came to an End

Percentage points

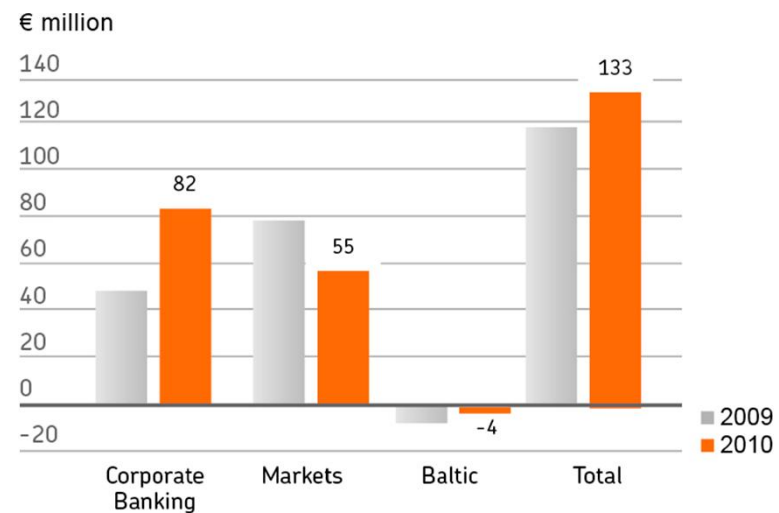


## Loan Portfolio and Average Margin on Corporate Loan Portfolio and Wholesale Funding



## Growth Potential among Corporate Banking Customers for Markets Division

Banking, Earnings before tax by business line, € mn



Pohjola IR / AGM 2011

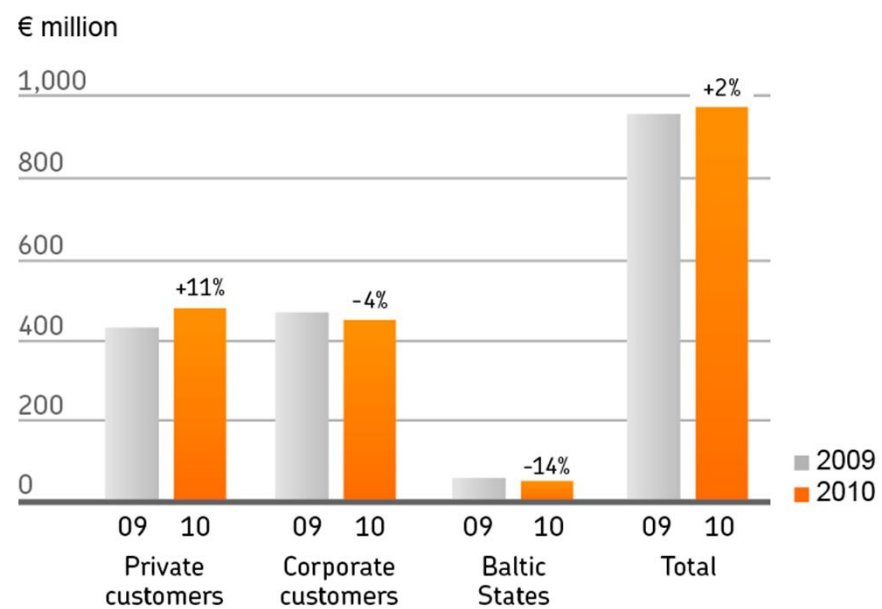


Pohjola IR / AGM 2011

## Non-life Insurance

**Jouko Pölönen**, b. 1970  
M.Sc. (Econ. & Bus. Adm.),  
eMBA

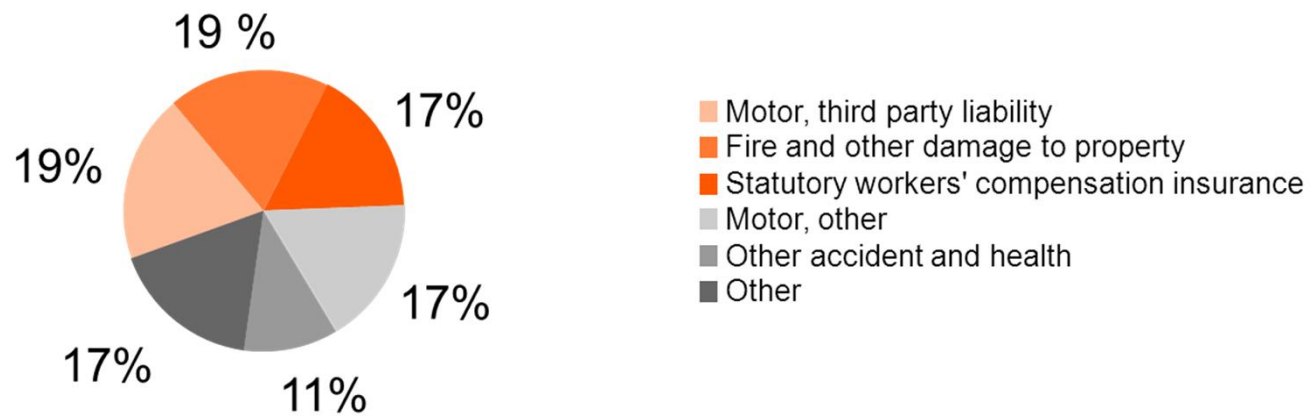
## Growth in Insurance Premium Revenue



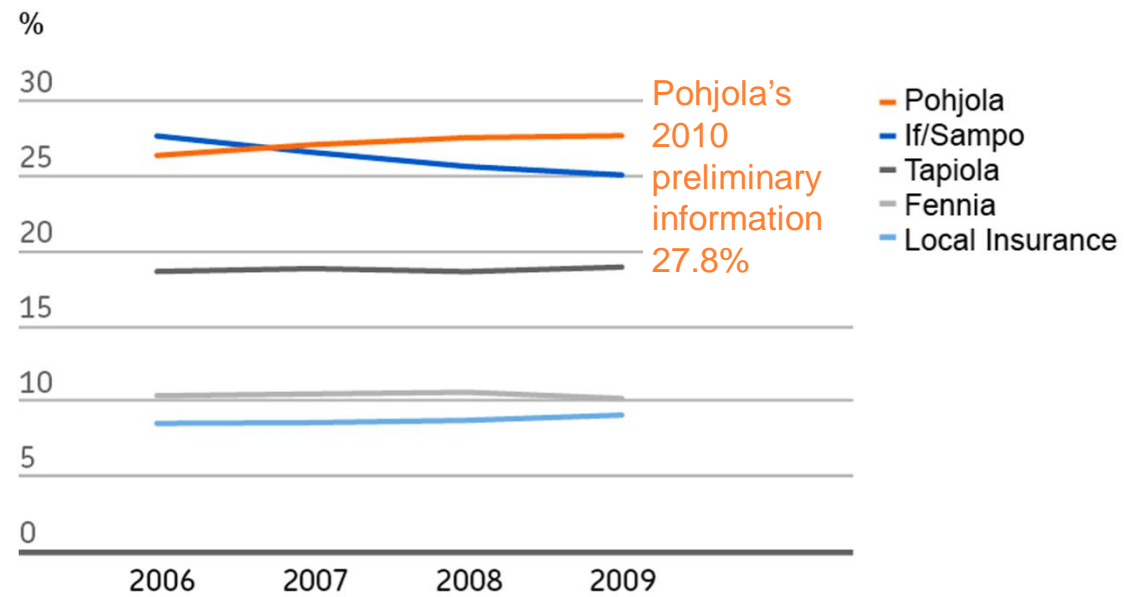
Pohjola IR / AGM 2011

## Even Premium Revenue Distribution by Insurance Line

2010 Premium Revenue €964 Million

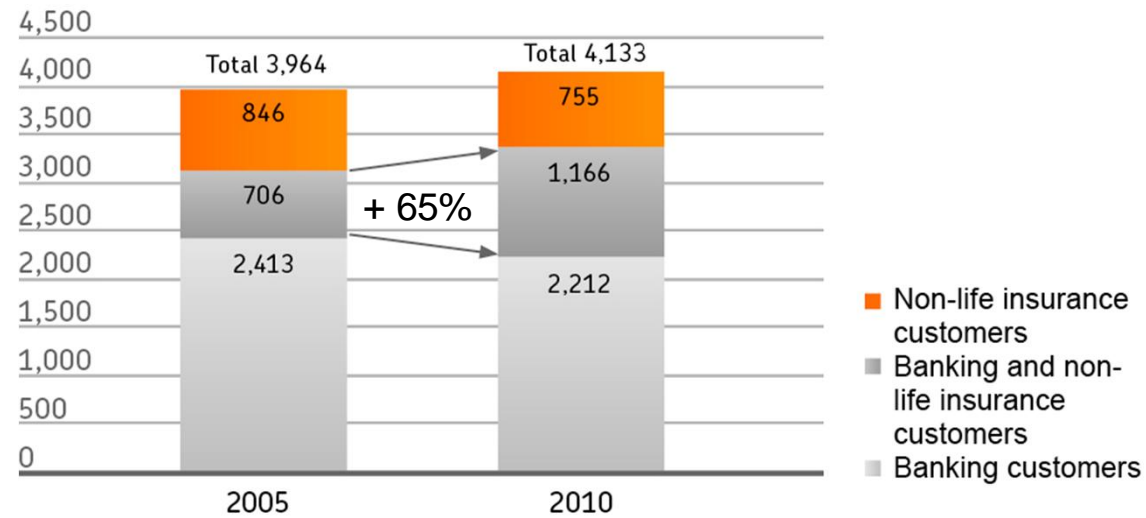


## Pohjola Strengthened Its Leading Market Position



## OP-Pohjola Group's Great Customer Potential as Source of Sustained Growth

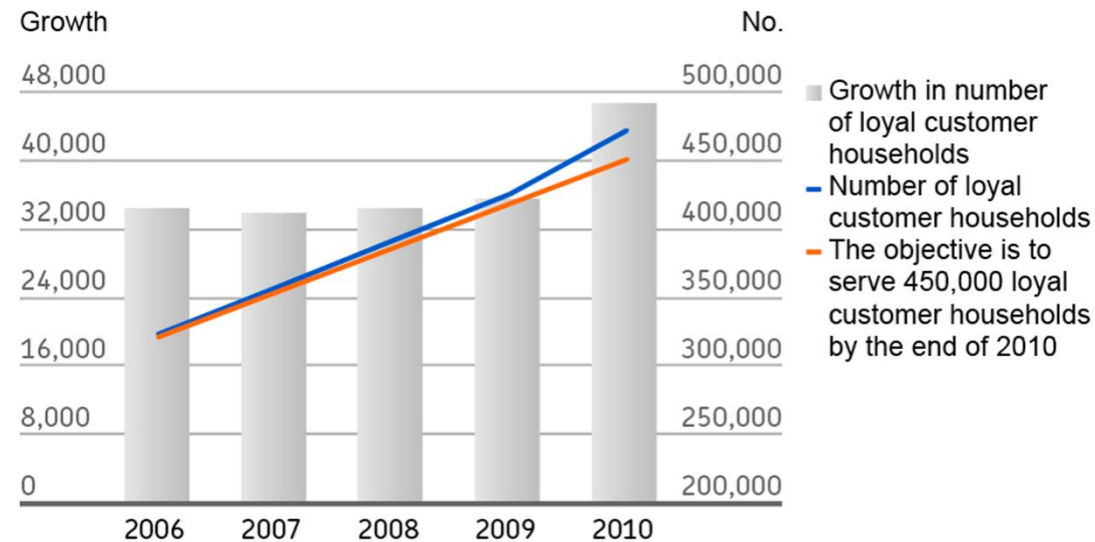
1,000 customers



Pohjola IR / AGM 2011



## Target of 450,000 Loyal Customer Households Set in Connection with Pohjola Insurance Acquisition. We Reached the Target.

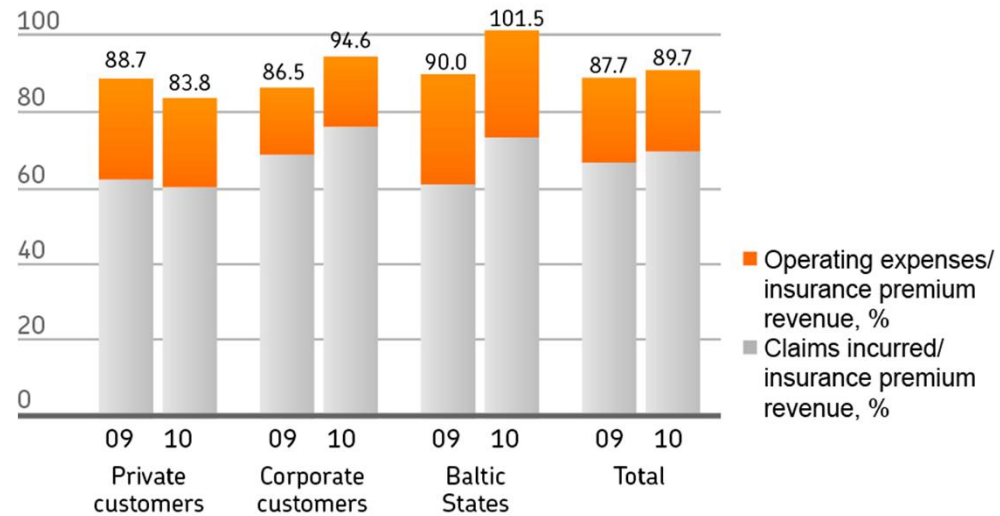


Pohjola IR / AGM 2011

## Balance on Technical Account the Second Best Ever

Operating combined ratios

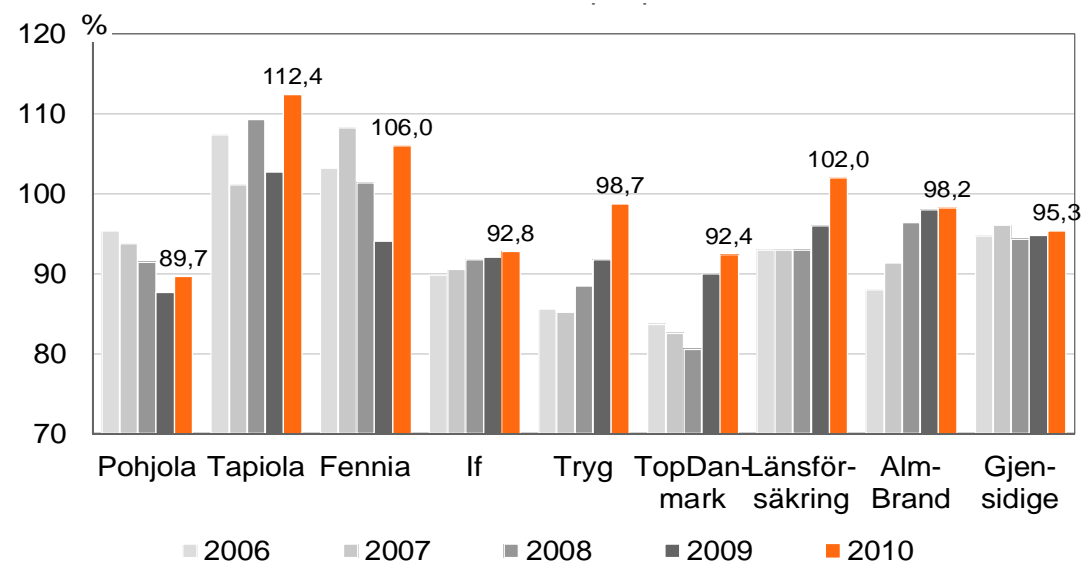
%



Pohjola IR / AGM 2011

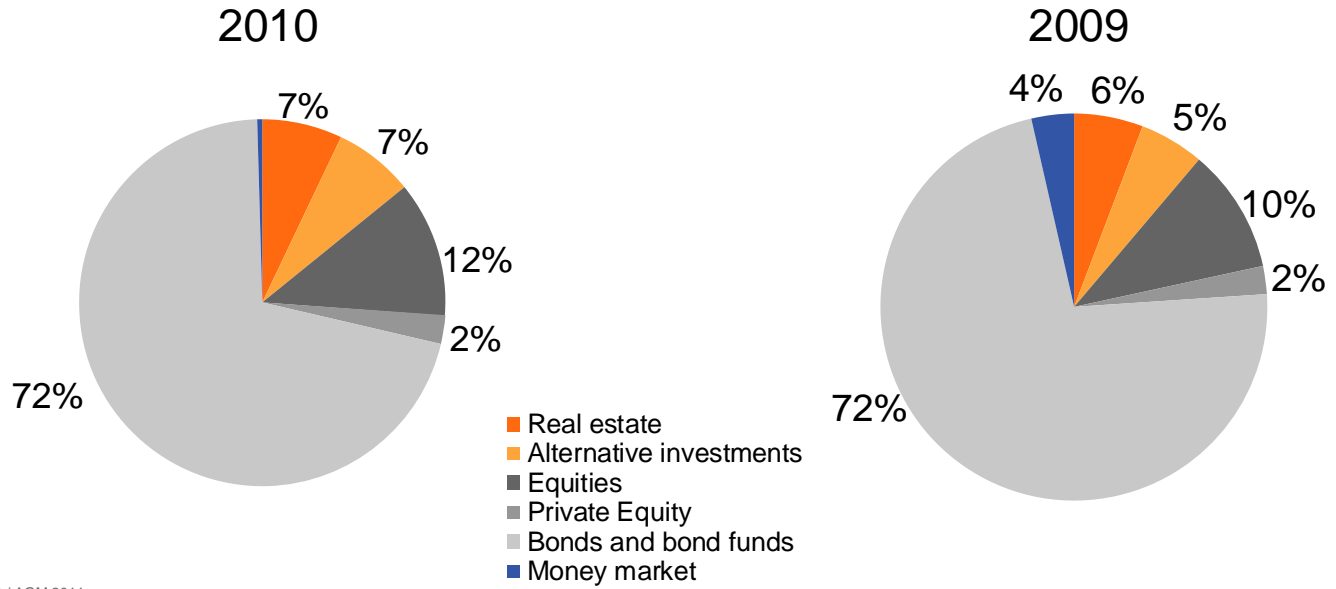
## Profitability of Insurers in the Nordic Countries

### Combined ratio 2006–10



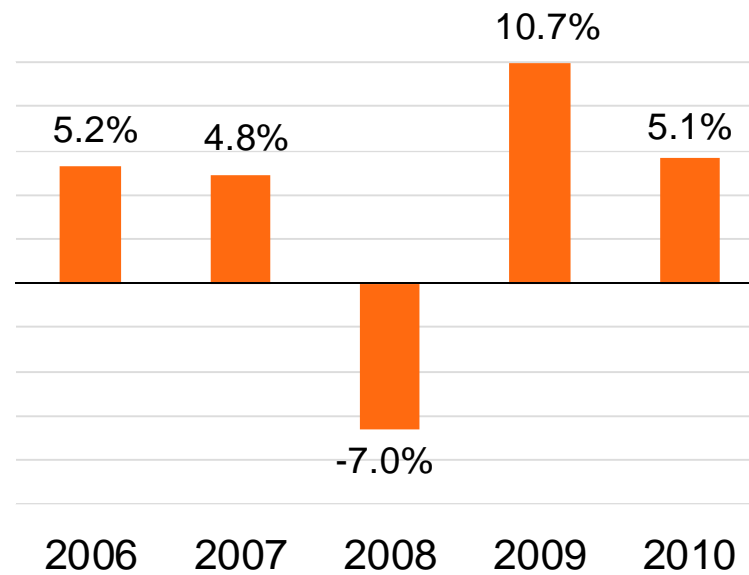
Pohjola IR / AGM 2011

## Greater Equity Weighting in Non-life Insurance Investment Portfolio Allocation



Pohjola IR / AGM 2011

## Return on Investment at Fair Value



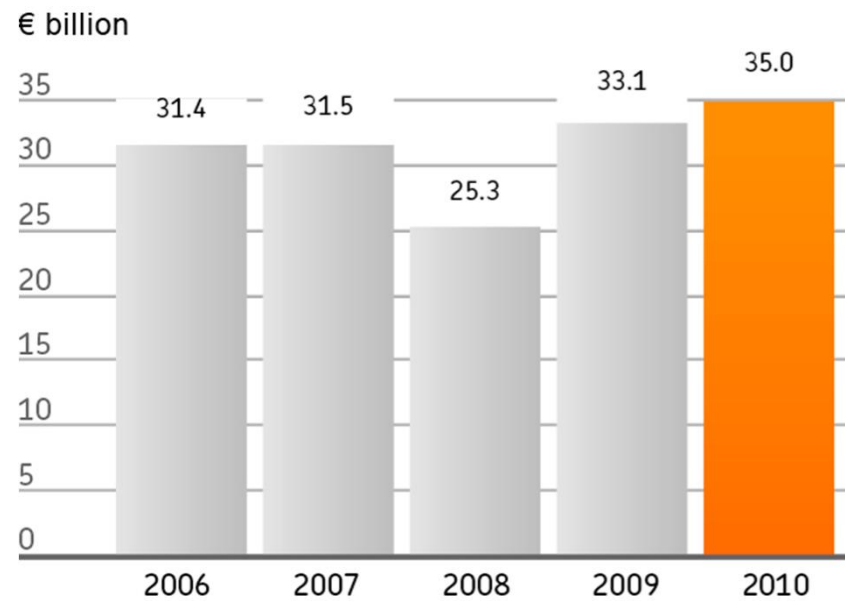


Pohjola IR / AGM 2011

## Asset Management

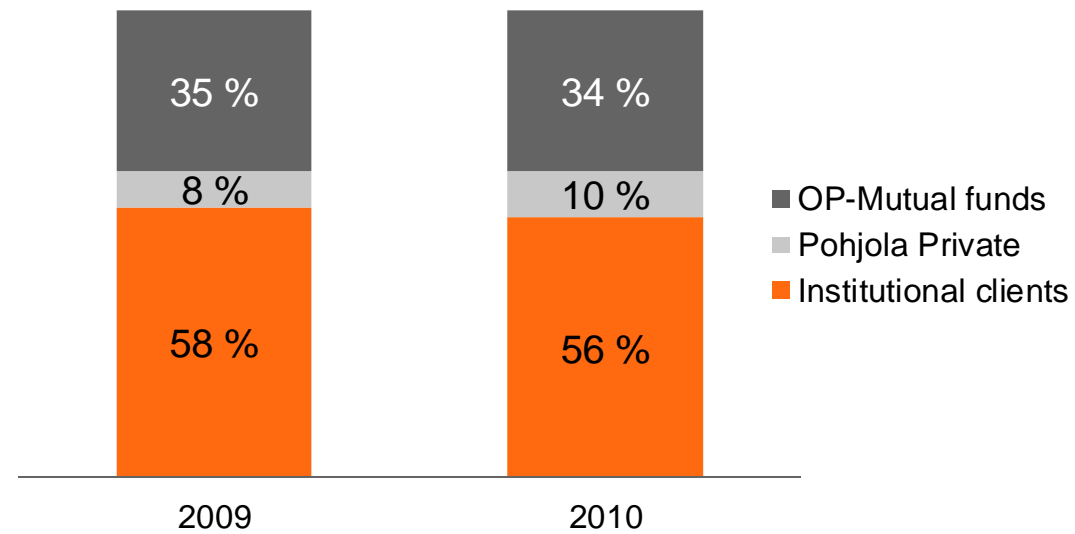
**Mikko Koskimies**, b. 1967  
M.Sc. (Econ. & Bus. Adm.)

## Assets under Management Reached a New High



Pohjola IR / AGM 2011

## Pohjola Private Assets under Management Grew Most in Relative Terms Assets under management by client group



Pohjola IR / AGM 2011



## Implementation of Strategic Initiatives in 2010





## HR Services

**Eva Valkama,**  
b. 1949  
M.Sc. (Econ. &  
Bus. Adm.)

### Enhancing the Group's intellectual capital

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

## Banking and Non-life Insurance

Upgrading business  
for corporate and  
institutional customers

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

Intensifying business  
integration between  
banking and  
non-life insurance

- New CRM organisations
- Exploiting shared customer data

Improving international  
service  
capabilities

- Branch network in the Baltic countries
- International partner network

## Asset Management

Improving  
international  
service  
capabilities

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



## Strategy Implementation in 2011 and the Next Few Years

- Further developing and securing sales channels' operations
- Adopting the Economic Profit/Economic Capital model in business control
- Exploiting the information advantage in segmentation, marketing, risk selection and pricing
- Expanding our Baltic business and further developing international cash management services and international partnerships
- Implementing the Talent programme and creating an effective competence survey process
- Further developing the Markets division business
- Further developing the claims operating model and creating an excellent claims settlement service concept
- Enhancing electronic transactions

## Financial Performance for 2010 and Outlook for 2011



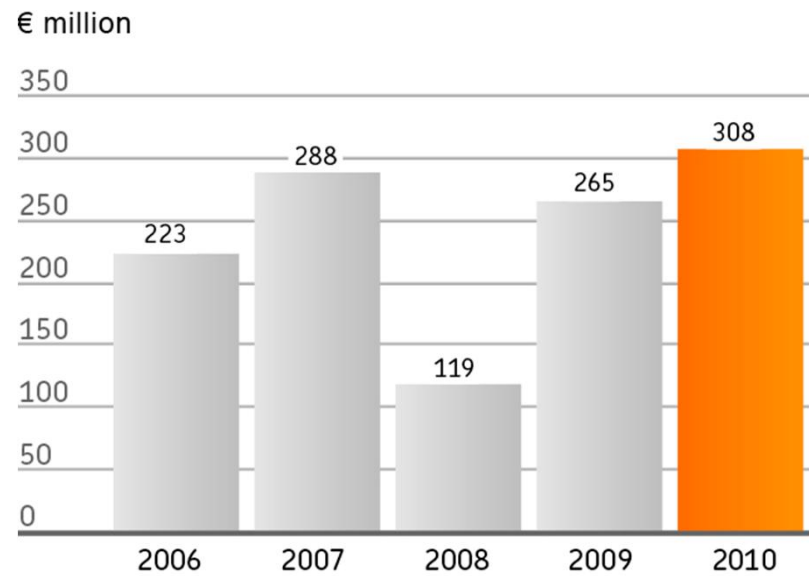


Pohjola IR / AGM 2011

## Finance

**Vesa Aho**, b. 1974  
M.Sc. (Econ. & Bus. Adm.)

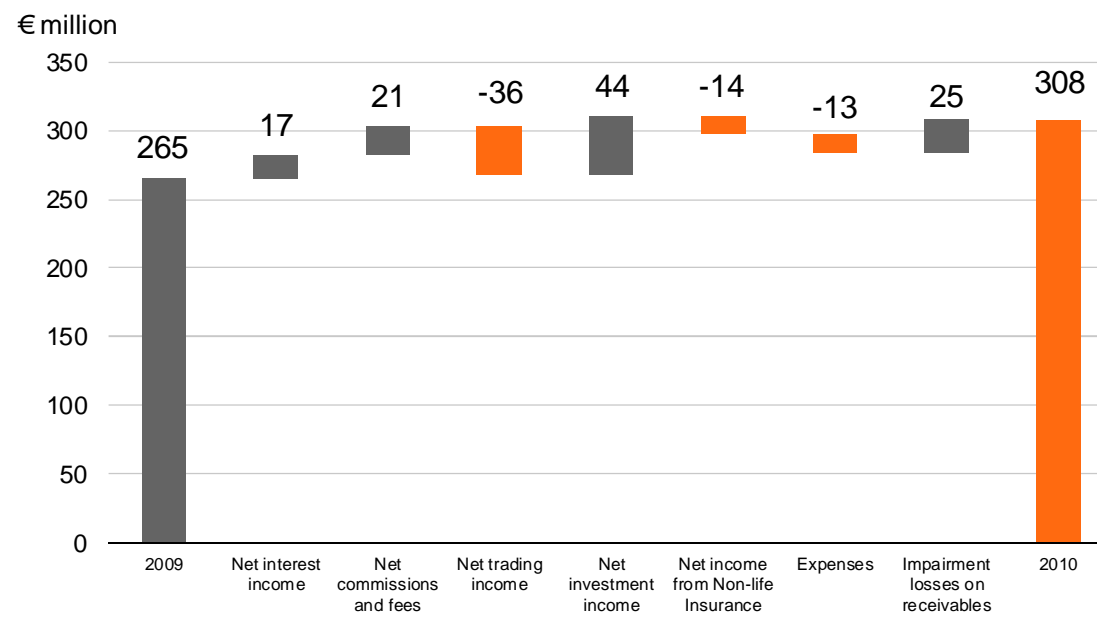
## Consolidated Earnings before Tax Increased to €308 Million



Pohjola IR / AGM 2011



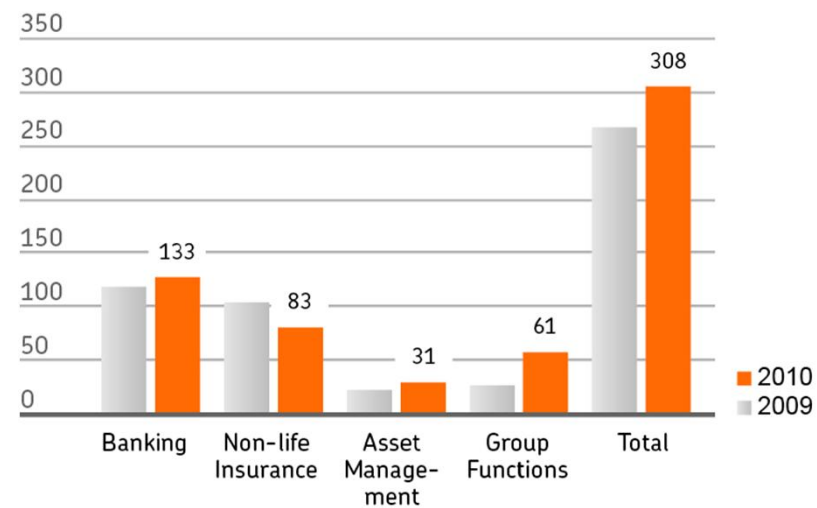
## Year-on-year Earnings Performance 2010



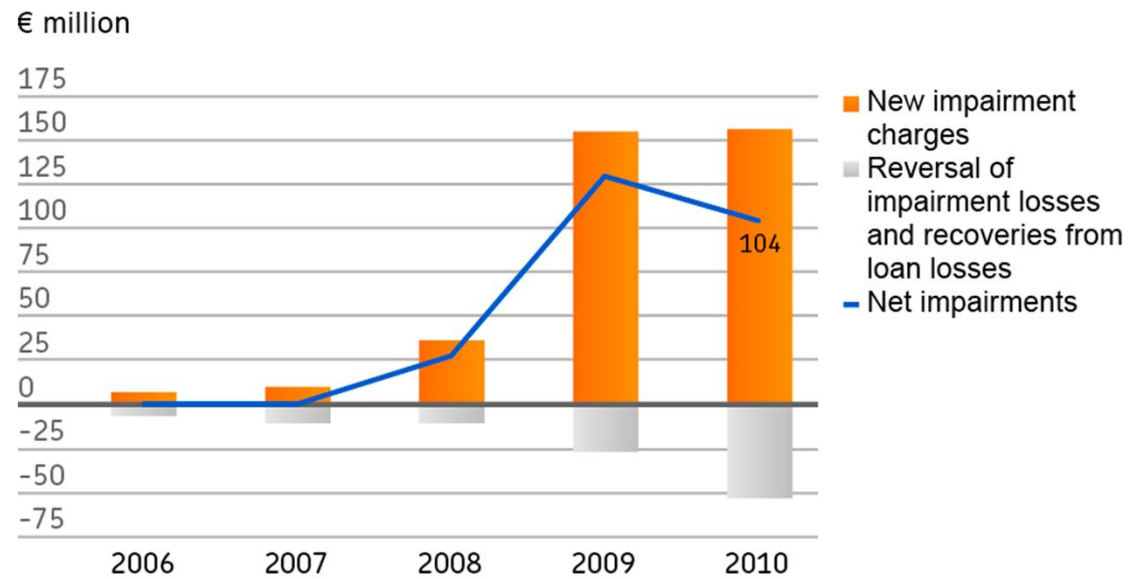
Pohjola IR / AGM 2011

## All Business Lines Improved Their Earnings before Tax, Excluding Non-recurring Items

Earnings before tax by division  
€ million



## Impairment Charges Remained Higher than Usual



## Financial Targets and Actuals

	Target	2010	2009
<b>Group</b>			
Return on equity at fair value, %	13	9.3	19.2
Tier 1 ratio, %	> 9.5	12.5	11.8
<b>Banking</b>			
Operating cost/income ratio, %	< 40	35	35
<b>Non-life Insurance</b>			
Operating combined ratio, %	92	89.7	87.7
Operating expense ratio, %	< 20	21.3	22.2
Solvency ratio, %	70	86	88
<b>Asset Management</b>			
Operating cost/income ratio, %	< 50	53*	53

\*Excl. items related to corporate transaction

## Outlook for 2011

- Consolidated earnings before tax in 2011 are expected to be higher than in 2010.
- Enabled by the economic recovery, the operating environment is expected to improve in the corporate sector and impairment charges to decrease.
- In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 94% if the number of major losses is not much larger than in 2010.
- Capital gains on notes and bonds are expected to decrease.
- The full version of outlook is available from the Financial Statements Bulletin.

## Balance Sheet, Capital Adequacy and Credit Ratings





Pohjola IR / AGM 2011

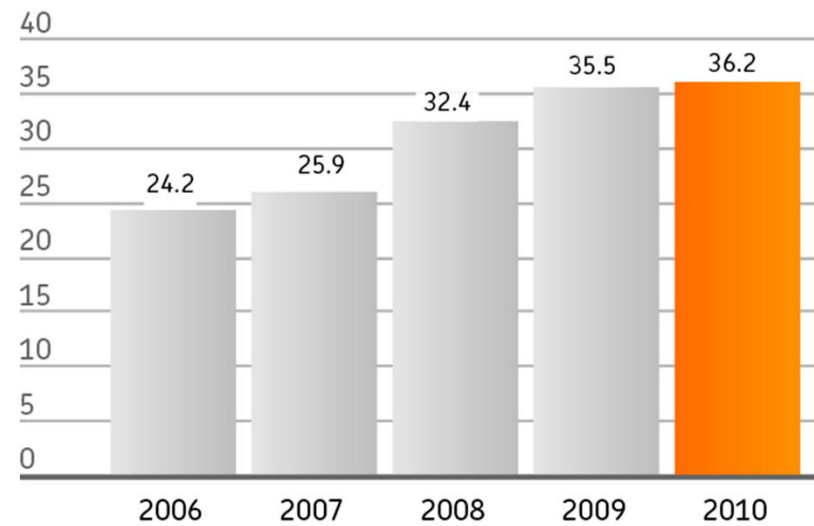
## Risk Management

**Petri Viertiö**, b. 1962  
M.Sc. (Tech.)

## Balance Sheet Total Increased to €36.2 Billion

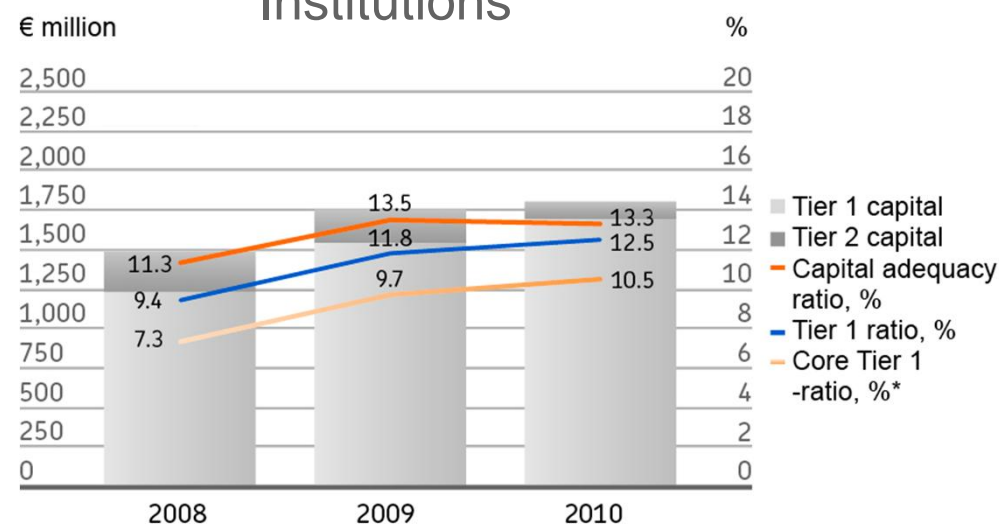
Balance sheet total

€ billion



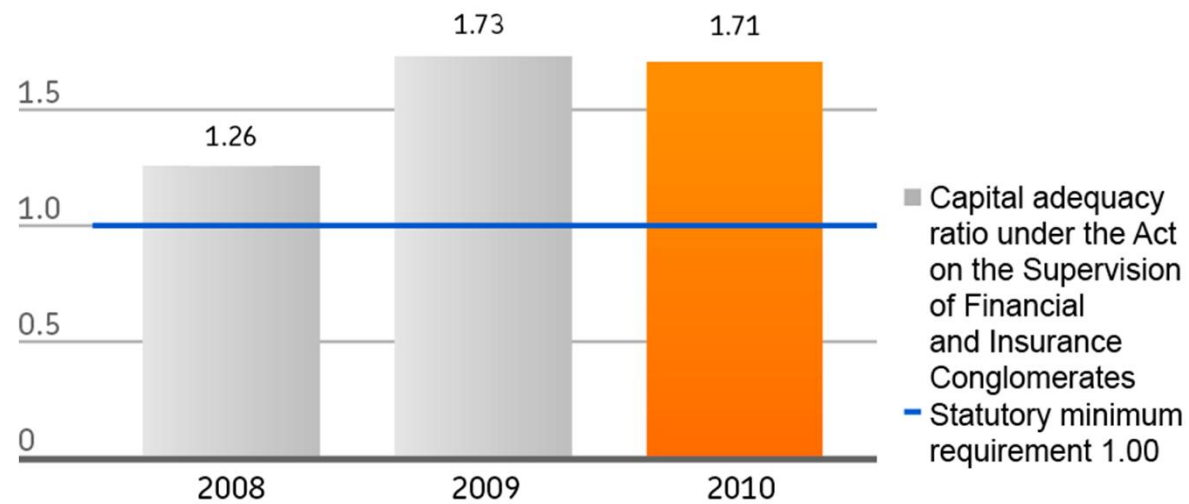


## Improved Capital Adequacy under the Act on Credit Institutions



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

## Capital Adequacy Ratio under the Act on the Supervision of Financial and Insurance Conglomerates Remained Strong



## Pohjola Credit Rating among the Best in the Nordic Countries

	Moody's	S & P	Fitch
Pohjola Bank plc	Aa2*	AA-	AA-*
Handelsbanken	Aa2	AA-	AA-
Nordea	Aa2	AA-	AA-
DnB NOR	Aa3	A+	A+
Danske Bank	Aa3	A*	A+
SEB	A1	A	A+
Swedbank	A2	A	A
OP Mortgage Bank**	Aaa	Aaa	-
Pohjola Insurance Ltd	A2*	A+	-
If	A2	A	-
Finnish State	Aaa	Aaa	Aaa

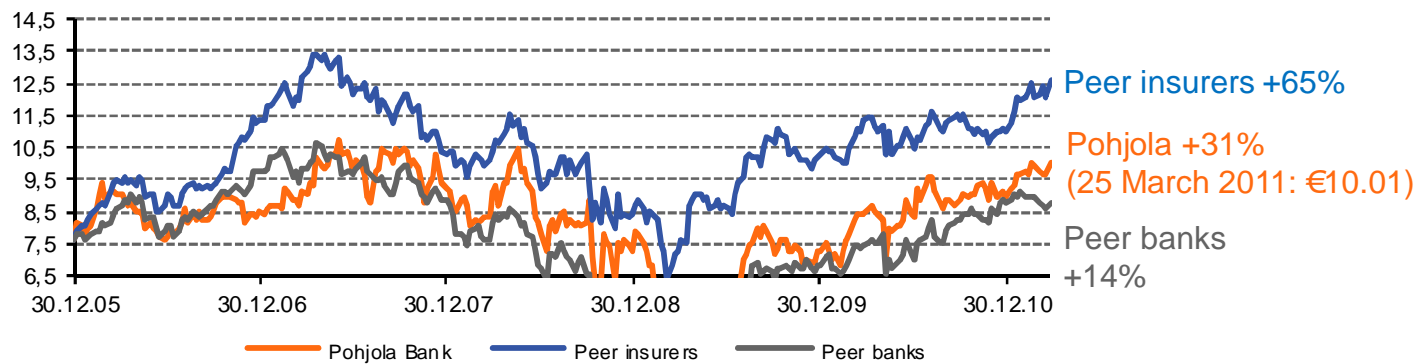
\*) The credit rating outlook is negative

\*\*\*) Rating for covered bonds

## Pohjola Share and Proposed Dividend Distribution



## Pohjola Share TSR 2006–10



Peer insurers: AlmBrand, Sampo, TopDanmark and Tryg

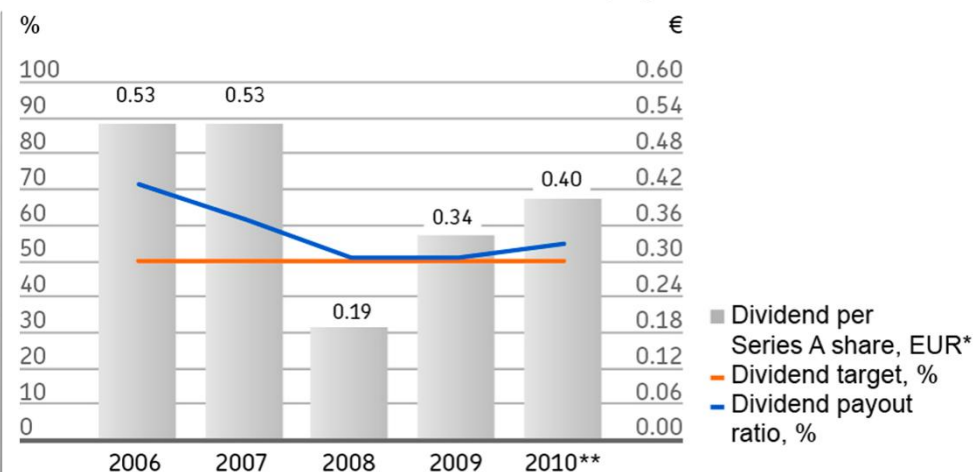
Peer banks: Danske, DnB Nor, Nordea, SEB, SHB and Swedbank

## Proposed Dividend for 2010

€0.40 per Series A share and €0.37 per Series K share

In line with the dividend policy, the proposed dividend accounts for 55% of earnings per share

Dividend payout ratio during 2006–10 averaged 58%



\* Share-issue adjusted dividend during 2006–2008

\*\* Board's proposal

## 7. Adoption of the Financial Statements




## 8. Allocation of Profit Shown by the Balance Sheet and Decision on Dividend Distribution



Distribution

Pohjola IR / AGM 2011

Pohjola 



## 8. Board Proposal for Profit Distribution 1/4

- On 31 December 2010, the shareholders' equity of Pohjola Bank plc totalled €1,605,505,584.07, € 490,106,196.36 of which represented distributable equity.
  
- The following funds are at the AGM's disposal for profit distribution:
  - Profit for 2010 €193,705,180.62
  - Retained earnings €1,899,747.73
  - Reserve for invested non-restricted equity €307,931,364.75
  - Other non-restricted reserves €23,449,472.31
  - less negative fair value reserve –€36,879,569.05
  - Total €490,106,196.36

## 8. Board Proposal for Profit Distribution 2/4

- The Company has €582 million in voluntary provisions in its balance sheet, and their reversal enables an increase of distributable funds by around €431 million.
- The Board of Directors proposes that the Company's distributable funds be distributed as follows:
  - €0.40 per share payable on 251,169,770 Series A shares, totalling €100,467,908.00, and
  - €0.37 per share payable on 68,381,645 Series K shares, totalling €25,301,208.65, i.e.the proposed total dividend distribution amounts to €125,769,116.65.

## 8. Board Proposal for Profit Distribution 3/4

- The Board of Directors proposes that €125,769,116.65 out of the profit be allocated for profit distribution.
- Accordingly, €364,337,079.71 remains in the Company's distributable equity..
- In addition, the Board of Directors proposes that a maximum of €200,000 be available to the Board of Directors reserved from the distributable funds for donations and other contributions to the public good.

## 8. Board Proposal for Profit Distribution 4/4

- The Company's financial position has not undergone any material changes since the end of the financial year 2010. The Company's liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors' view.
- The proposed dividend record date is 1 April 2011 and the payment date 12 April 2011.

## 8. Report on Donations and Other Contributions to the Public Good in 2010

- On 26 March 2010, the AGM reserved a maximum of €500,000 for use by the Board of Directors for donations and other contributions to the public good
- In 2010, the Board of Directors made such donations and contributions to
  - the Pohjola Bank Art Foundation worth €140,000
  - the Aalto University Foundation worth €300,000

9. Decision on Discharge  
from Liability of  
the Members of the Board of  
Directors and the President and  
CEO



CEO  
DILIGENTIA SUO QUA LEGERIT SUO

Pohjola IR / AGM 2011

## 10. Decision on Emoluments Payable to the Board of Directors



## 10. Proposal by OP-Pohjola Group Central Cooperative for Board Emoluments

- Monthly Board emoluments
  - Chairman, €7,000 (unchanged)
  - Vice Chairman, €5,000 (unchanged)
  - Other members, €4,000 (unchanged)
    - An additional monthly emolument of €1,000 will be paid to such Board committee chairs who are not the Chairman or Vice Chairman of the Board of Directors (new)
  - Monthly emoluments are treated as pensionable salary
- In addition, the Board members receive an attendance allowance of €500 for each meeting (unchanged). An attendance allowance also applies to the meetings of Board Committees. Daily allowances and compensation for travel expenses are payable in accordance with the Group's Travel Expenses Regulations (unchanged)



## 11. Decision on the Number of Members of the Board of Directors



## 11. Decision on the Number of Members of the Board of Directors

### Proposal by OP-Pohjola Group Central Cooperative

- The Board of Directors comprises eight members, six of whom are elected by the AGM.

## 12. Election of Members of the Board of Directors



## 12. Election of Members of the Board of Directors Proposal by OP-Pohjola Group Central Cooperative 1/3



**Merja Auvinen**  
b. 1960  
M.Sc. (Econ. & Bus.  
Adm.), eMBA

Managing Director,  
Savonlinnan  
Osuuspankki



**Jukka Hienonen**  
b. 1961  
M.Sc. (Econ. & Bus.  
Adm.)

President and CEO,  
SRV Group Plc

## 12. Election of Members of the Board of Directors

### Proposal by OP-Pohjola Group Central Cooperative 2/3



**Simo Kauppi**  
b. 1954  
M.Sc. (Econ. &  
Bus. Adm.),  
eMBA

Managing  
Director, Länsi-  
Suomen  
Osuuspankki



**Satu Lähteenmäki**  
b. 1956  
D.Sc. (Econ. & Bus.  
Adm.)

Director, Turku  
School of  
Economics

## 12. Election of Members of the Board of Directors Proposal by OP-Pohjola Group Central Cooperative 3/3



**Harri Sailas**

b. 1951  
M.Sc. (Econ. &  
Bus. Adm.)

President and CEO,  
Ilmarinen Mutual  
Pension Insurance  
Company



**Tom von Weymarn**

s. 1944  
M.Sc. (Eng.)

Board professional

## 12. Chairman and Vice Chairman of the Board of Directors

Pursuant to law and/or the Articles of Association, the Board of Directors also comprises:



**Reijo Karhinen**  
b. 1955  
M.Sc. (Econ. & Bus. Adm.), vuorineuvos (Finnish honorary title)

Executive Chairman, OP-Pohjola Group  
Executive Chairman and CEO, OP-Pohjola Group Central Cooperative  
Chairman, Pohjola Bank plc's Board of Directors



**Tony Vepsäläinen**  
b. 1959  
LL.M., eMBA

CBDO and Deputy Executive Chairman and CEO, OP-Pohjola Group Central Cooperative;  
Vice Chairman, OP-Pohjola Group Central Cooperative's Executive Board; Vice Chairman, Pohjola Bank plc's Board of Directors

### 13. Decision on Auditors' Remuneration





## 13. Decision on Auditors' Remuneration Proposal by OP-Pohjola Group Central Cooperative

- Auditors' remuneration is based on a reasonable invoiced amount (unchanged)
  - Remuneration (Group-level) in 2010 €370,948
  - Fees for non-audit services paid to KPMG Oy Ab in 2010 €533,611.

## 14. Election of Auditors



## 14. Election of Auditors

### Proposal by OP-Pohjola Group Central Cooperative

- Re-electing KPMG Oy Ab to act as the auditor
  - Oy KPMG Ab is (also) the auditor of OP-Pohjola Group Central Cooperative, the parent institution

15. Decision on Alteration of  
§3, 5, 10 and 12 of the  
the Articles of Association



the Articles of Association

Pohjola IR / AGM 2011

## 15. Decision on Alteration of §3, 5, 10 and 12 of the Articles of Association Proposal by the Board of Directors

- 3 §: altering this article to conform to the provision under §6 of the new Act on the Amalgamation of Deposit Banks effective since 1 July 2010
  - Pohjola is an OP-Pohjola Group Central Cooperative member credit institution
  - No factual change
- §5 and 12: formal change related to reference to applicable law
- §10: method of publication of notice of General Meeting
  - (official) notice of General Meeting to be published on the Company's website
  - at its discretion, the Board of Directors may publish notice of General Meeting in one or several newspapers

16. Authorisation Given to  
the Board of Directors  
to Decide on a Share Issue



## 16. Authorisation Given to the Board of Directors to Decide on a Share Issue 1/2

- The Board of Directors proposes to the AGM that the AGM authorise 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. This accounts for around 9% of the current number of shares.

## 16. Authorisation Given to the Board of Directors to Decide on a Share Issue 2/2

- 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. Based on the proposal, the Board of Directors also has the right to decide on whether the subscription price will be entered in full or in part in the reserve for invested non-restricted equity or share capital.
- It is proposed that the Board authorisation be valid until 29 March 2012.



## 17. Closing of the Meeting



## 17. Closing of the Meeting

- The Minutes of the Meeting will be available for inspection by shareholders at the Company's head office and on the Company's website as of 12 April 2011, at the latest



## Pohjola Bank plc's Annual General Meeting

Thank you for your presence