

Debt Investor Presentation



OP-Pohjola Group and Issuing entities
Pohjola Bank plc and OP Mortgage Bank

www.pohjola.com

OP-Pohjola Group



Issuing entities are Pohjola Bank plc and OP Mortgage Bank

- Leading financial services provider in Finland
- Pohjola Bank is rated double A by all three Rating Agencies
- Strong capital position and deposit funding base
- Liquidity buffer to cover 24 months of maturing wholesale funding
- Finnish risk exposure

OP-Pohjola Group's, Pohjola Bank plc's and OP Mortgage Bank's Interim Reports

OP-Pohjola Group <https://www.op.fi/op?cid=161248887&kielikoodi=en>

Pohjola Bank plc <https://www.pohjola.fi/pohjola/media/material-service?id=342000&kielikoodi=en>

OP Mortgage Bank <https://www.op.fi/op?cid=161249030&kielikoodi=en>

Finnish Economy



Forecasts for the Finnish economy

Published on 1 February, 2011

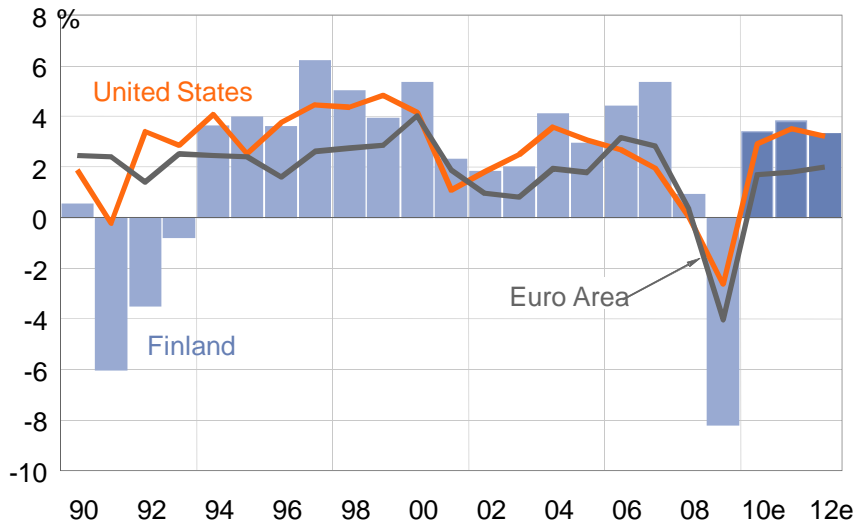
	2009 EUR bn	2009 Volume, % change on previous year	2010f	2011f	2012f
GDP	171.2	-8.2	3.4	3.8	3.3
Imports	60.2	-17.6	4.8	8.9	5.9
Exports	64.2	-20.1	6.2	10.7	7.1
Consumption	137.1	-1.2	2.1	2.0	1.9
Private consumption	93.9	-2.1	2.8	2.7	2.5
Public consumption	43.3	1.0	0.5	0.5	0.5
Fixed investment	33.5	-14.6	2.0	7.1	5.9

Other key indicators

	2009	2010f	2011f	2012f
Consumer price index, % change y/y	0.0	1.2	3.0	2.8
Unemployment rate, %	8.2	8.4	7.3	6.8
Current account balance, % of GDP	2.7	2.5	2.7	2.9
General government debt, % of GDP	43.8	49.0	49.7	50.0
General government net lending, % of GDP	-2.5	-2.7	-1.0	0.0

GDP and demand components

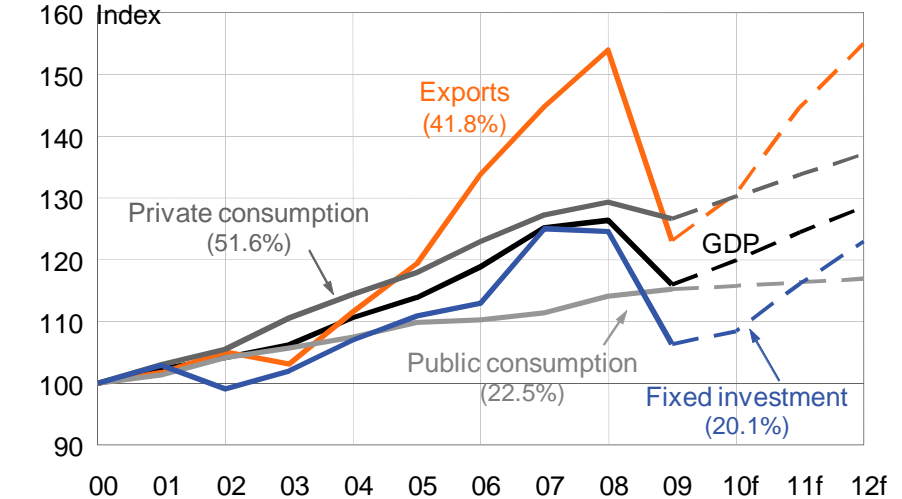
Change in GDP volume



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

GDP and demand components

GDP shares in 2009 in brackets

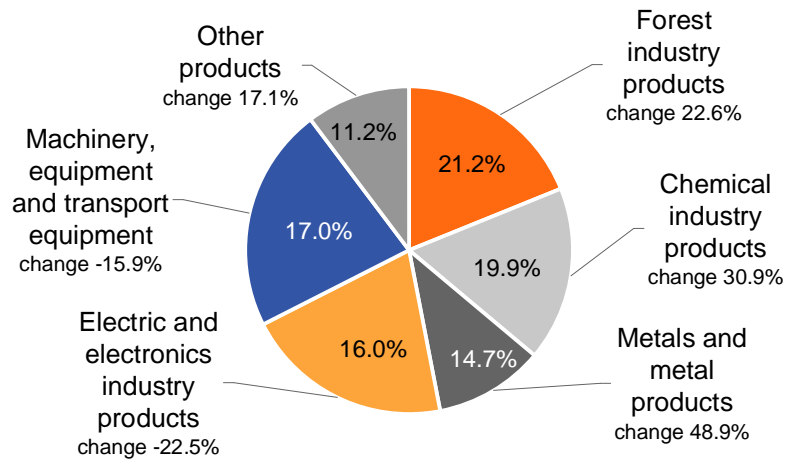


Sources: Statistics Finland, forecasts OP-Pohjola Group, February 2011

Exports by product group and country

Goods exports by product group

Share of total exports and annual change
January-June 2010

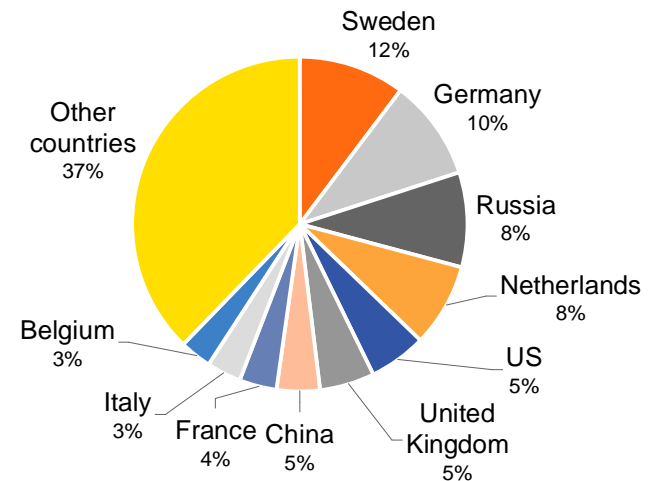


Total exports 23.9 EUR Billion (change, 7.8%)

Source: National Board of Customs

Goods exports by countries

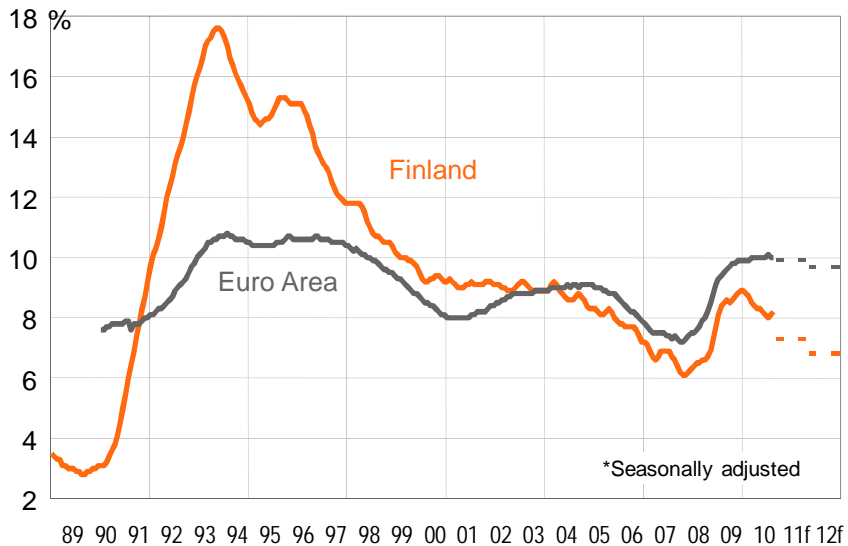
January-June 2010



Source: National Board of Customs

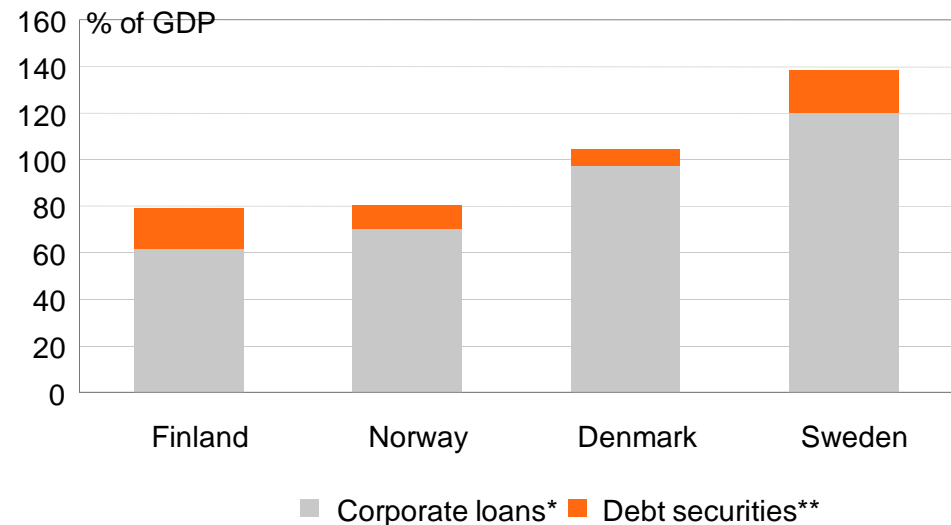
Unemployment rate and corporate debt

Unemployment rate* in Finland and Euro Area



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

Corporate debt
Year 2009



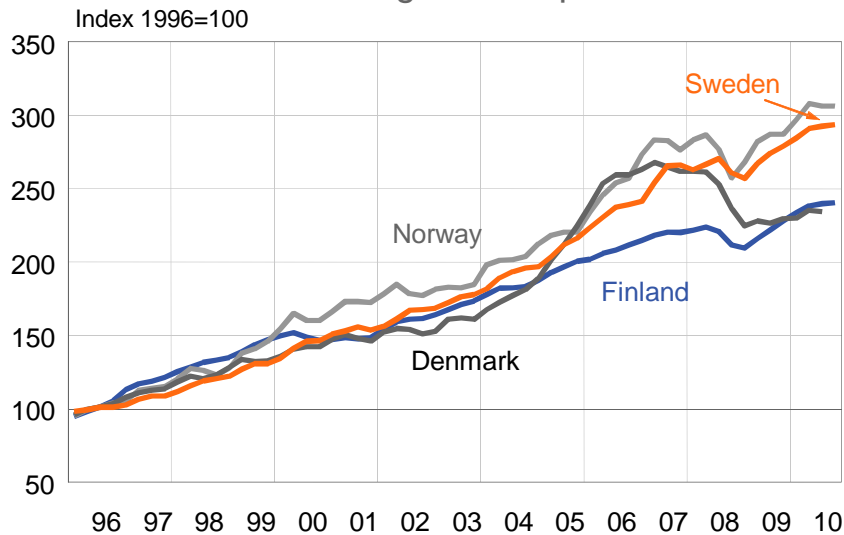
* Excl. loans between Finnish companies

** Commercial papers, corporate bonds and financial derivatives

Sources: Eurostat, Consolidated Financial Accounts, Norway year 2008

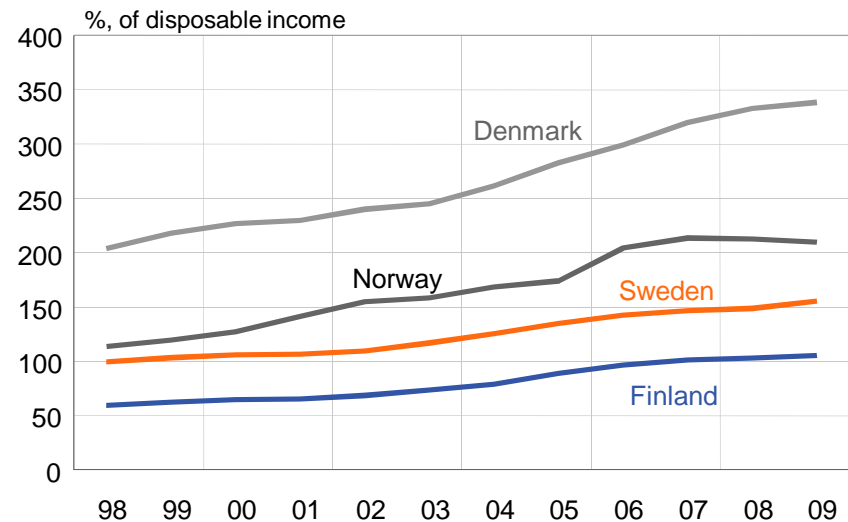
House prices and households' debt ratio

Average house prices



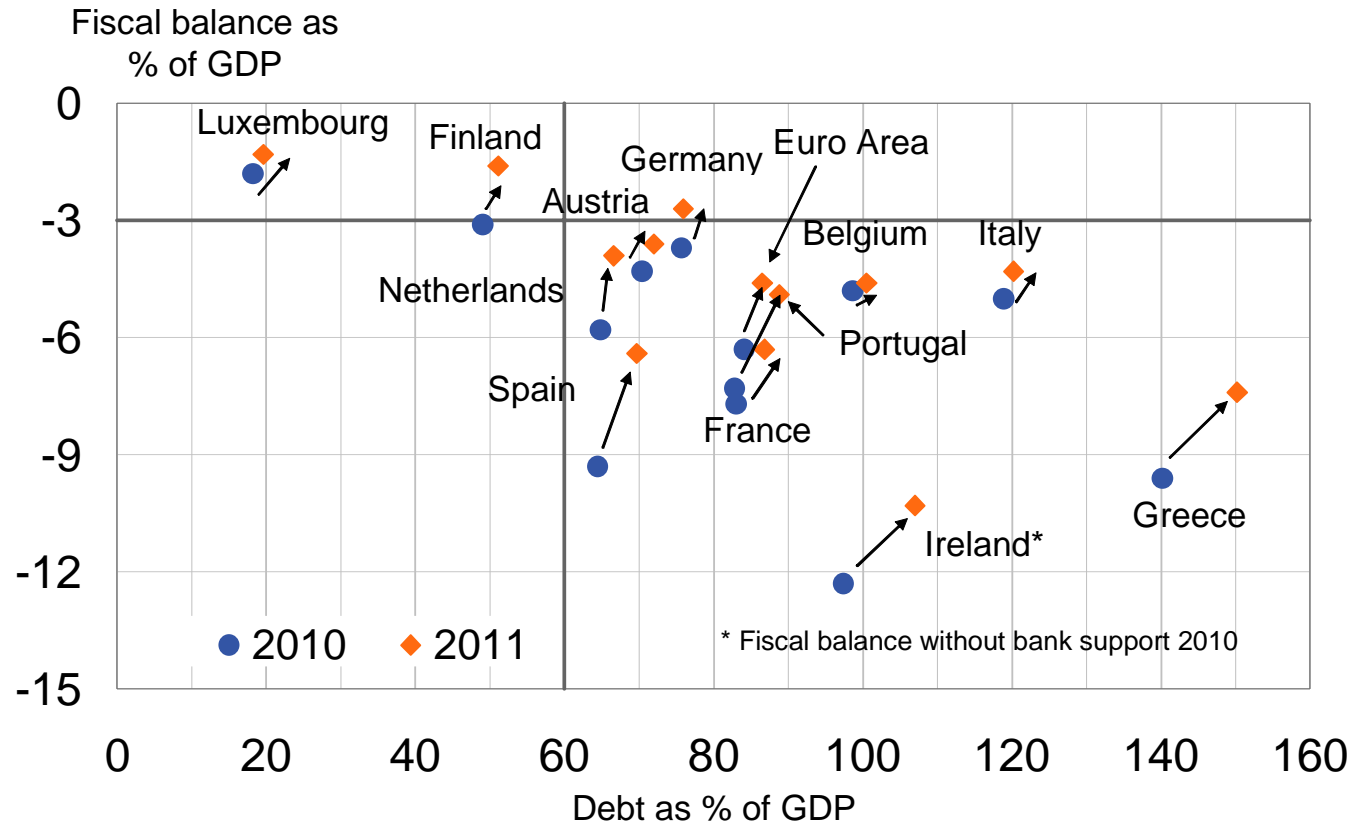
Sources: Reuters EcoWin, Statistics Sweden

Households' debt ratio



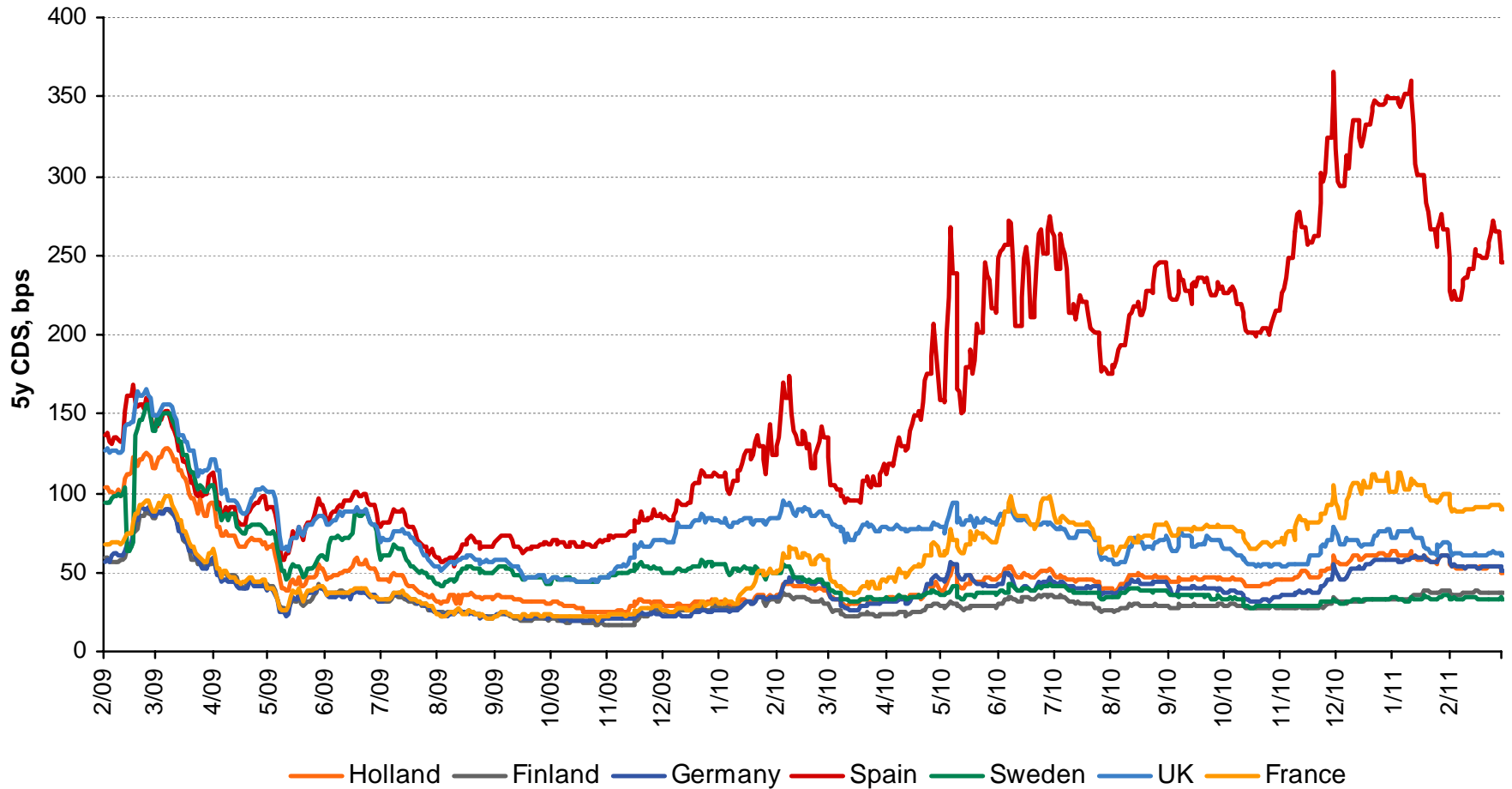
Sources: Central Banks, Statistics Finland

Fiscal balance and government debt



Source: European Commission, November 2010

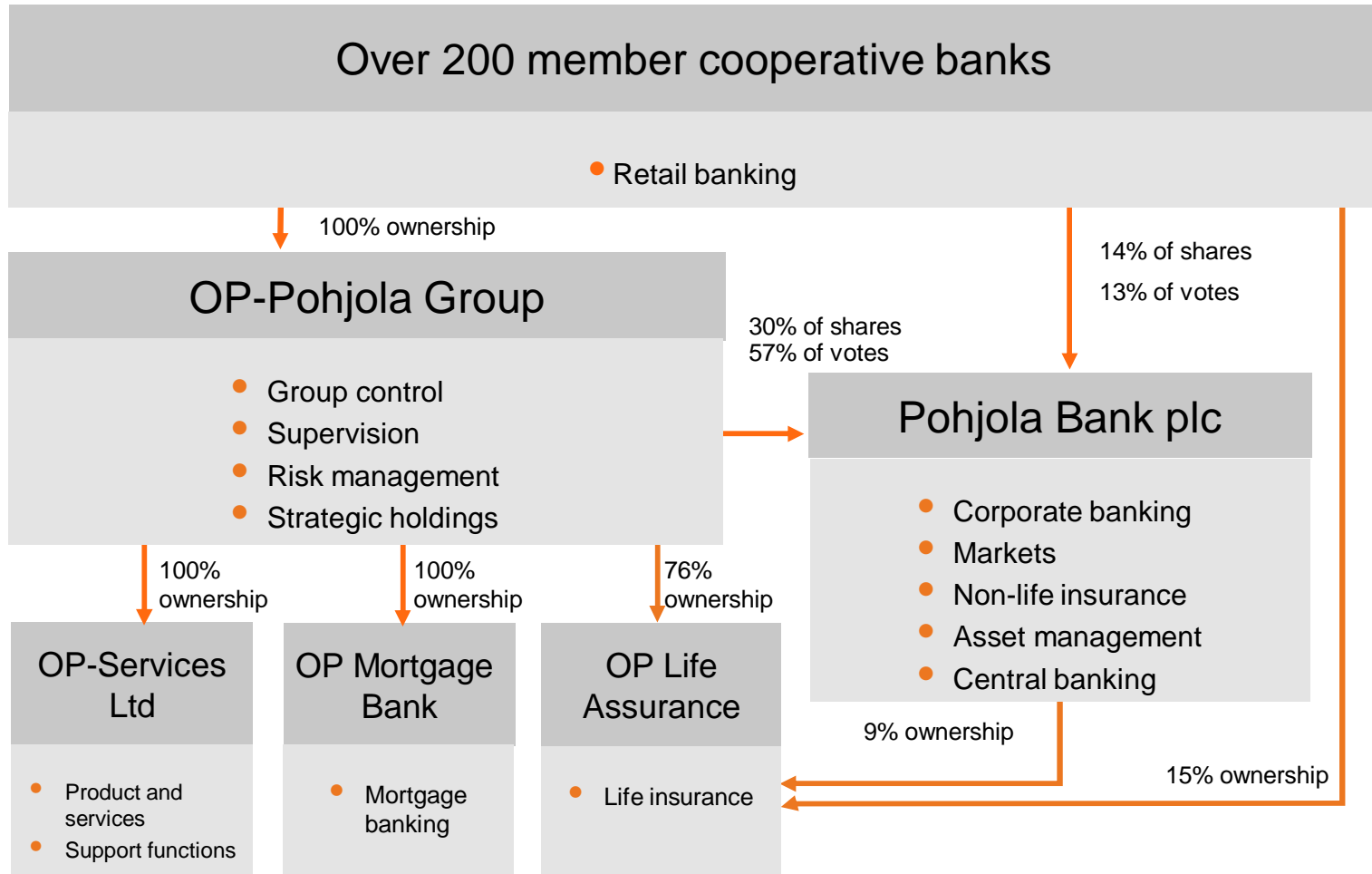
5yr CDS 02/09-2/11 by country



OP-Pohjola Group



OP-Pohjola Group's ownership structure and the roles of group entities



The Central Cooperative and the member banks are liable for each other's debts and commitments. OP-Pohjola Group is monitored on a consolidated basis by FSA. Issuing entities are OP Mortgage Bank and Pohjola Bank plc

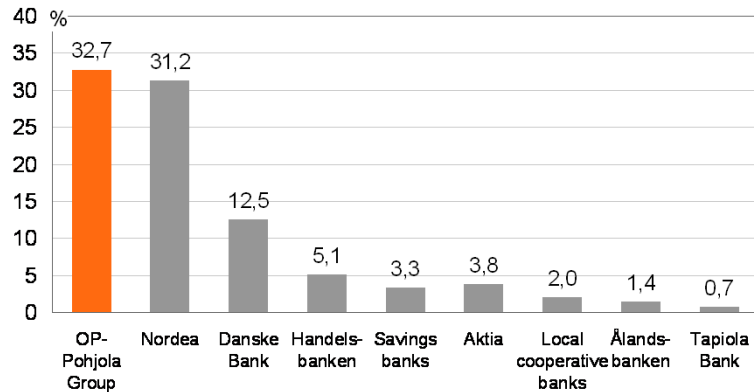
Joint liability

- Under the Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä 599/2010*) the Central Cooperative and the member credit institutions are jointly liable for each others' debts
 - If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from the Central Cooperative
 - The member credit institutions must pay proportionate shares of the amount the Central Cooperative has paid, and upon insolvency of the Central Cooperative have an unlimited liability to pay the debts of the Central Cooperative
 - The Central Cooperative and the member credit institutions have an obligation to support actions to prevent a member credit institution's liquidation
 - The member credit institutions include Pohjola Bank, Helsinki OP Bank plc, OP-Kotipankki Oyj, OP Mortgage Bank and the Member Cooperative Banks
- * Further information on the joint liability is available in the EMTN Base Prospectus.

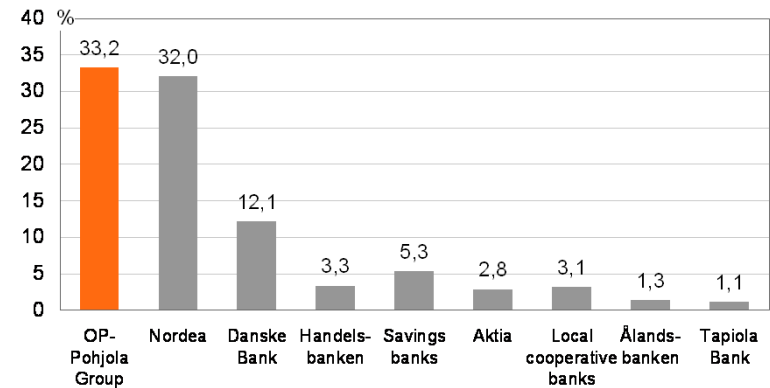
OP-Pohjola Group's market position

The leading financial services provider in Finland

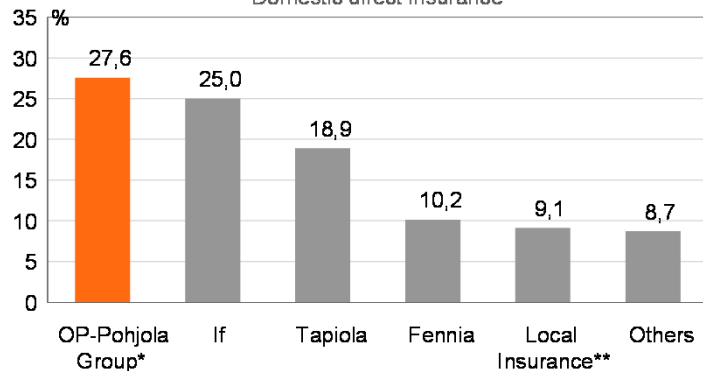
Market Share in Loans
31 December 2009



Market Share in Deposits
31 December 2009

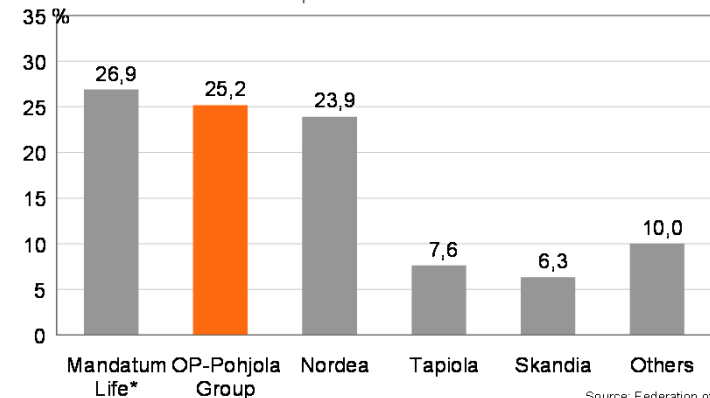


Market share in non-life insurance
premiums written 2009
Domestic direct insurance



Source: Federation of Finnish Financial Services
*Pohjola Non-Life, A-Insurance, Eurooppalainen
**incl. Palonvara

Market shares in life insurance
Gross premiums written 2009

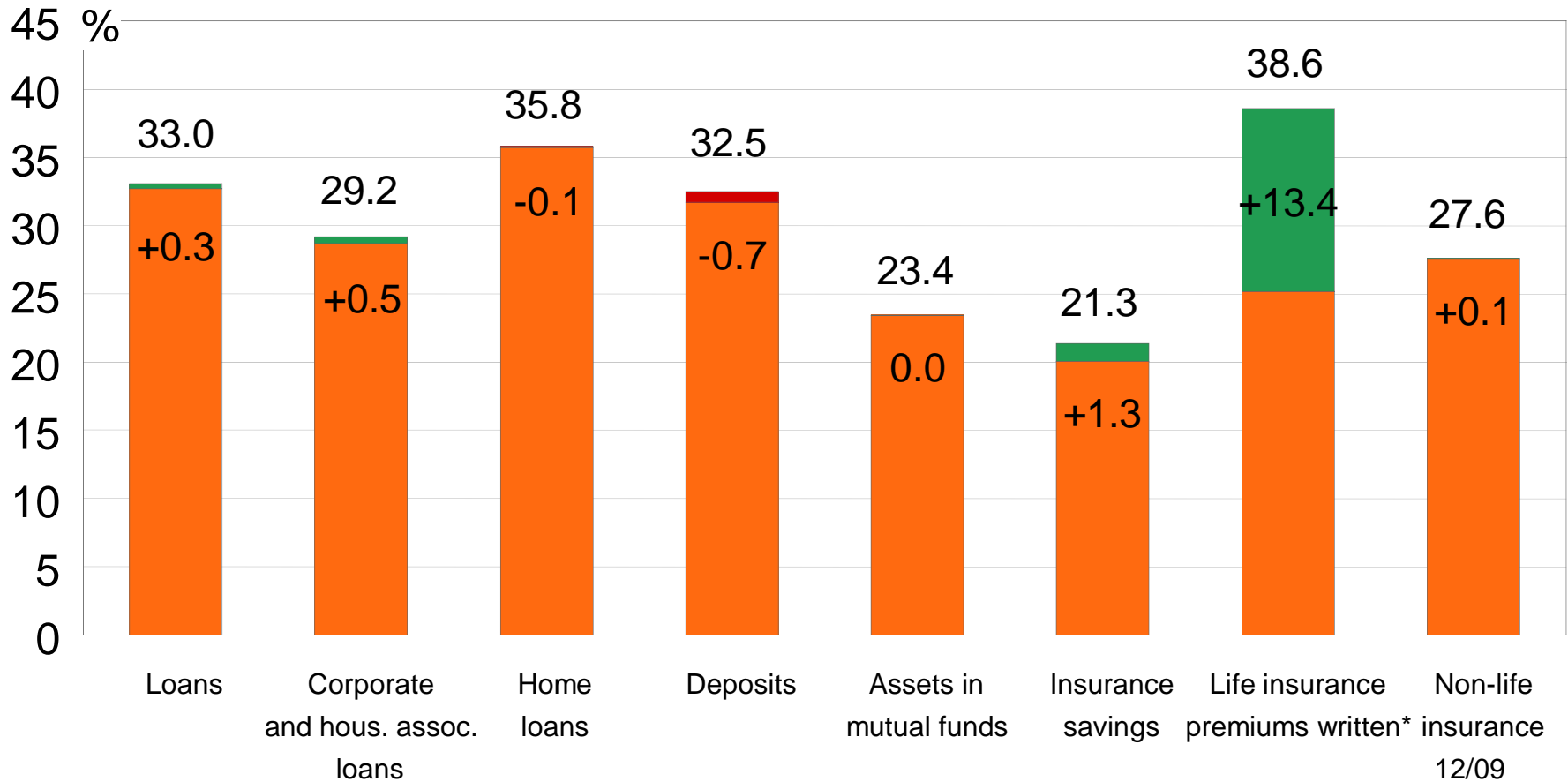


* Mandatum Life and Kaleva

Source: Federation of Finnish Financial Services

OP-Pohjola Group's market share

year-on-year changes, Dec. 2010

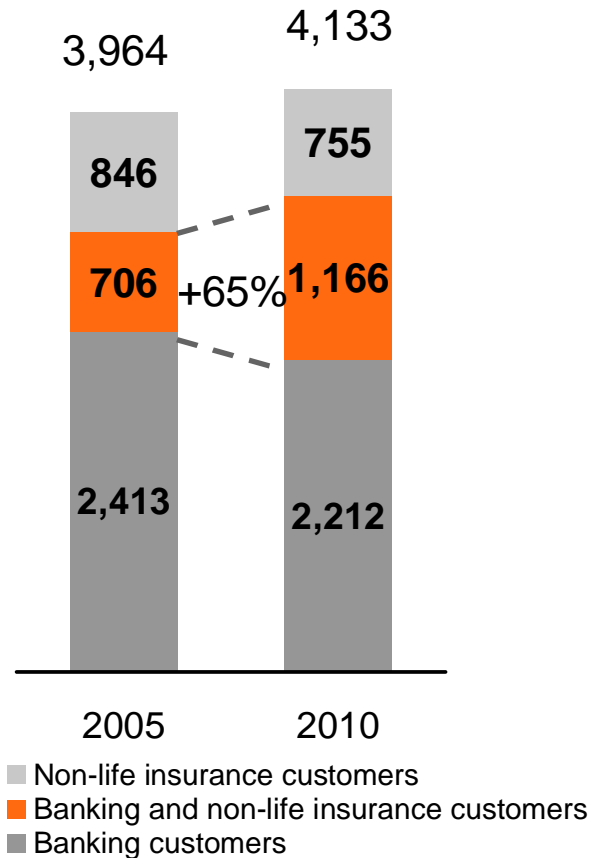


* Rolling 12-month

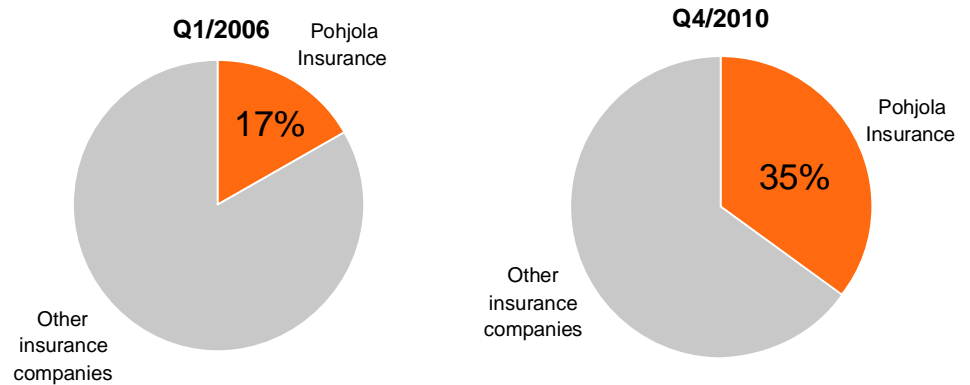
OP-Pohjola Group's huge customer potential

Cross-selling works well

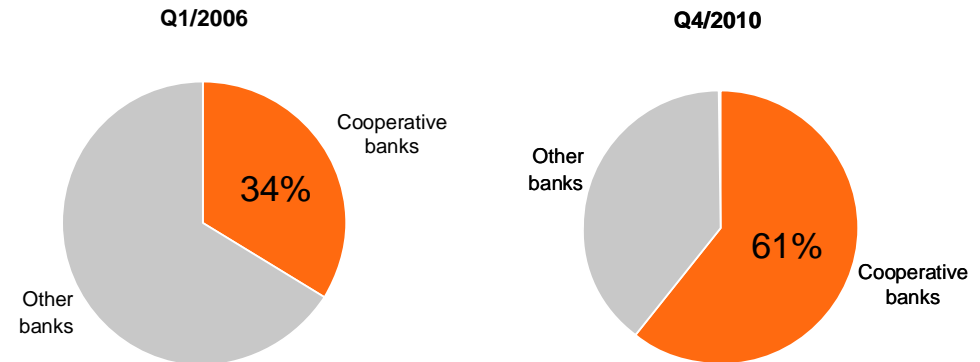
(1,000 customers)



OP-Pohjola Group member bank customers and their main insurer



Pohjola Insurance customers and their main bank



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

OP-Pohjola Group and Pohjola Bank plc

Key figures

	OP-Pohjola Group 2010	Pohjola Bank plc 2010	OP-Pohjola Group 2009	Pohjola Bank plc 2009
Total assets, € million	83 969	36 184	80 430	35 510
Receivables from customers, € million	56 834	12 433	52 992	11 323
Deposits, € million	36 443	4 231	34 617	4 133
Equity capital, € million	6 726	2 377	6 187	2 267
Tier 1, %	12.8	12.5	12.6	11.8
Doubtful receivables, € million	204	31	223	44
Doubtful receivables and zero-interest bearing receivables of loans and guarantees, %	0.3	0.22	0.4	0.32
Loan and guarantee portfolio, € bn	59.4	14.0	55.6	13.4
Impairments of receivables, € million	149	104	179	129
Impairments of receivables / loan and guarantee portfolio, %	0.25	0.73	0.32	0.94
Personnel	12 504	3 005	12 504	2 966

OP-Pohjola Group and Pohjola Bank plc

Income statement (€ million)

	OP-Pohjola Group 2010	Pohjola Bank plc 2010	OP-Pohjola Group 2009	Pohjola Bank plc 2009
Net interest income	917	258	1 070	241
Net income from Non-Life insurance	382	388	396	402
Net income from Life Insurance	100		-120	
Net commissions and fees	563	164	496	143
Other income	210	116	208	108
Total income	2 172	926	2 051	895
Total expenses	1 286	514	1 248	501
Earnings before impairments of receivables	723	412	643	394
Impairments of receivables	149	104	179	129
Returns to owner-members and OP-bonus customers	163		160	
Earnings before tax	575	308	464	265
Change in fair value reserve	225	-17	677	243
Earnings/loss before tax at fair value	800	291	1 140	508

OP-Pohjola Group and Pohjola Bank plc

Key ratios

	OP-Pohjola Group 2010	Pohjola Bank plc 2010	OP-Pohjola Group 2009	Pohjola Bank plc 2009
Net interest margin, %	1.1*	1.36**	1.4*	1.33**
Cost / Income ratio, %	59	35***	61	35***
Return on equity (ROE) at fair value, %	9.4	9.3	14.7	19.2
Return on assets, (ROA) at fair value, %	0.7		1.1	
Non-Life Insurance, Solvency ratio, %		86		88
Life Insurance, Solvency ratio, %****	15.9		13.3	
Operating Combined ratio, %		89.7		87.7

* Net interest income as a percentage of average total assets

** Average margin for corporate lending

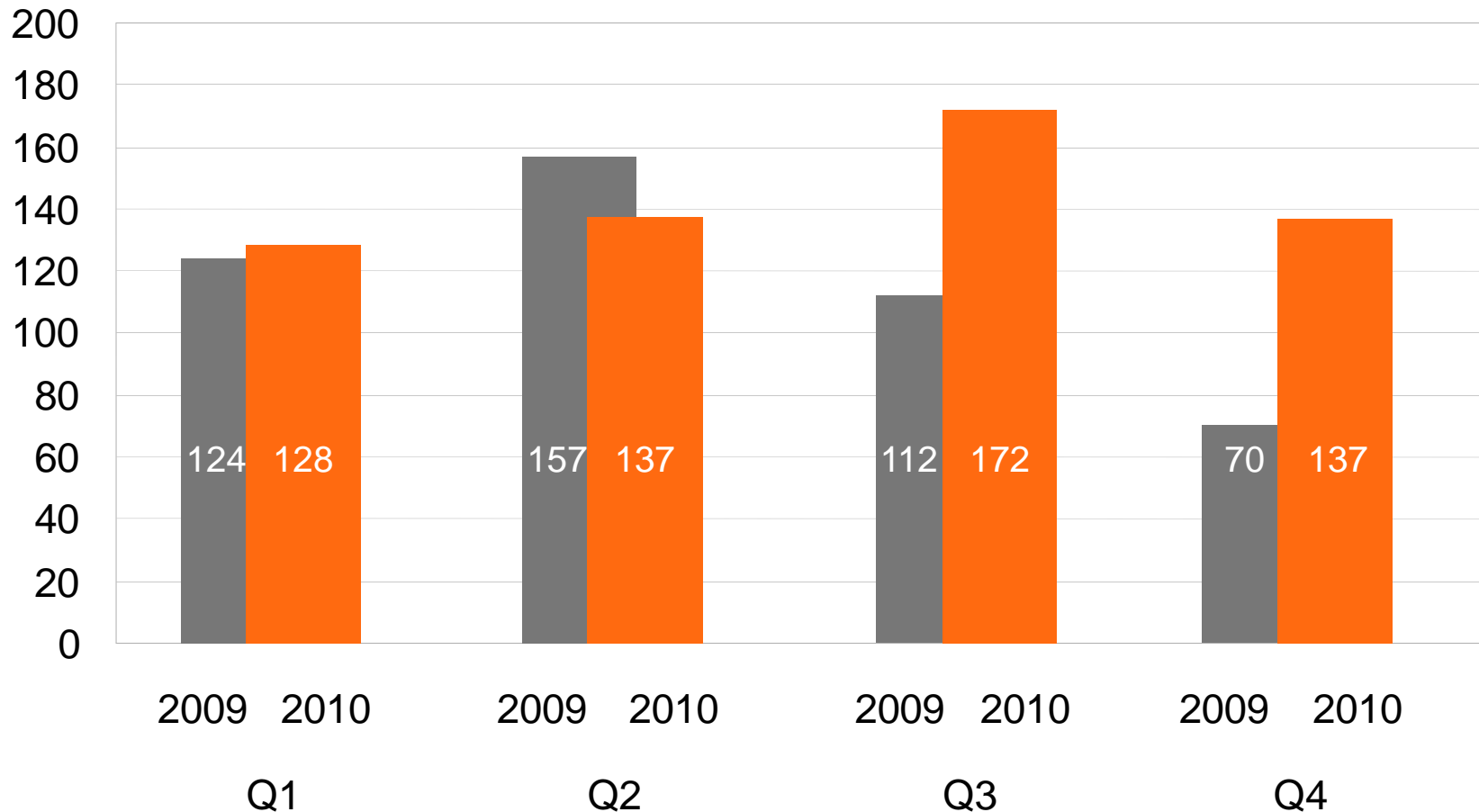
*** Cost / Income ratio in Banking

**** Solvency capital / (net technical provisions at own liability - equalization provision - 0,75 * technical provisions on unit-linked insurances) * 100

OP-Pohjola Group

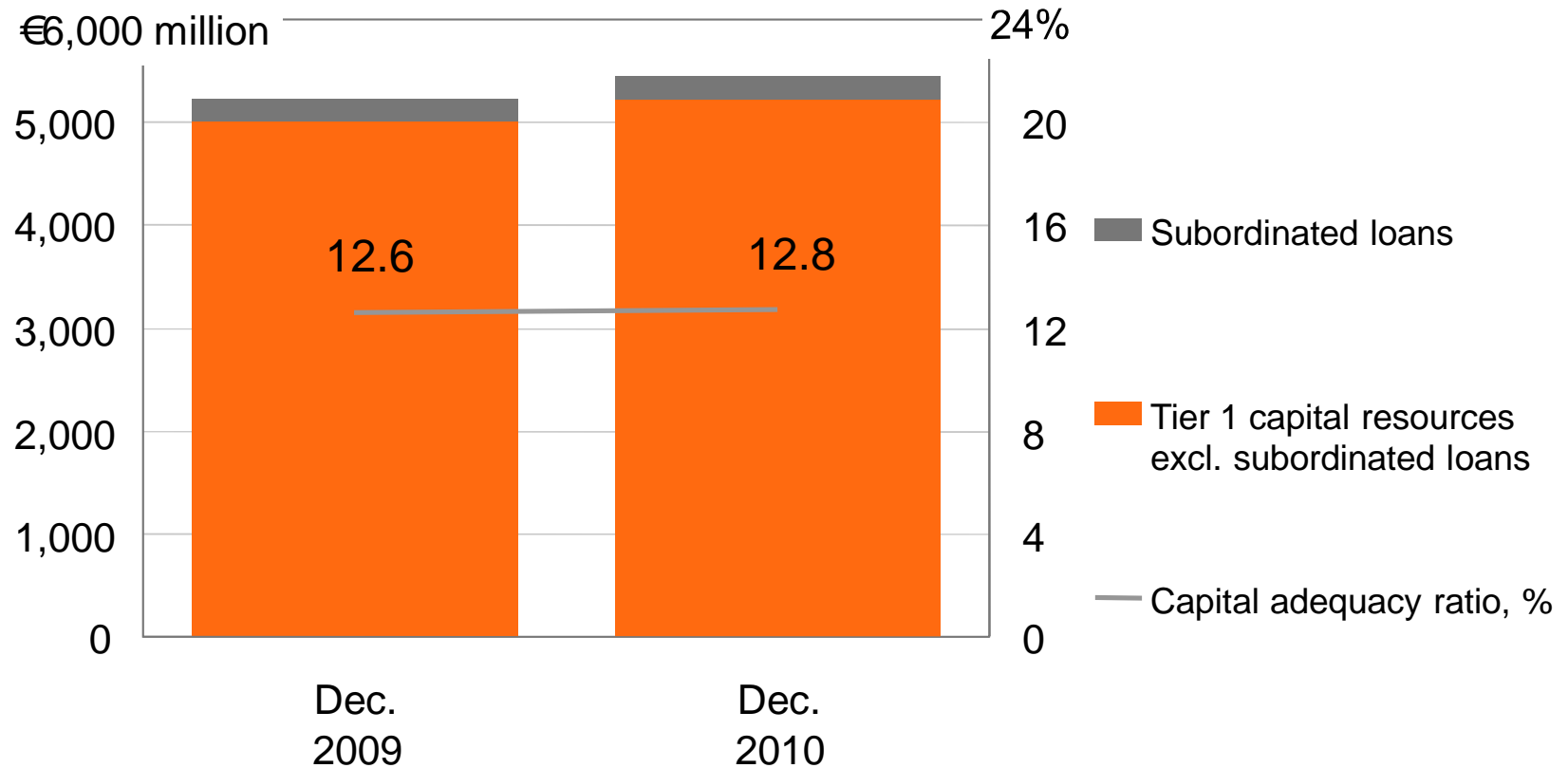
Earnings before tax by quarter

€ million



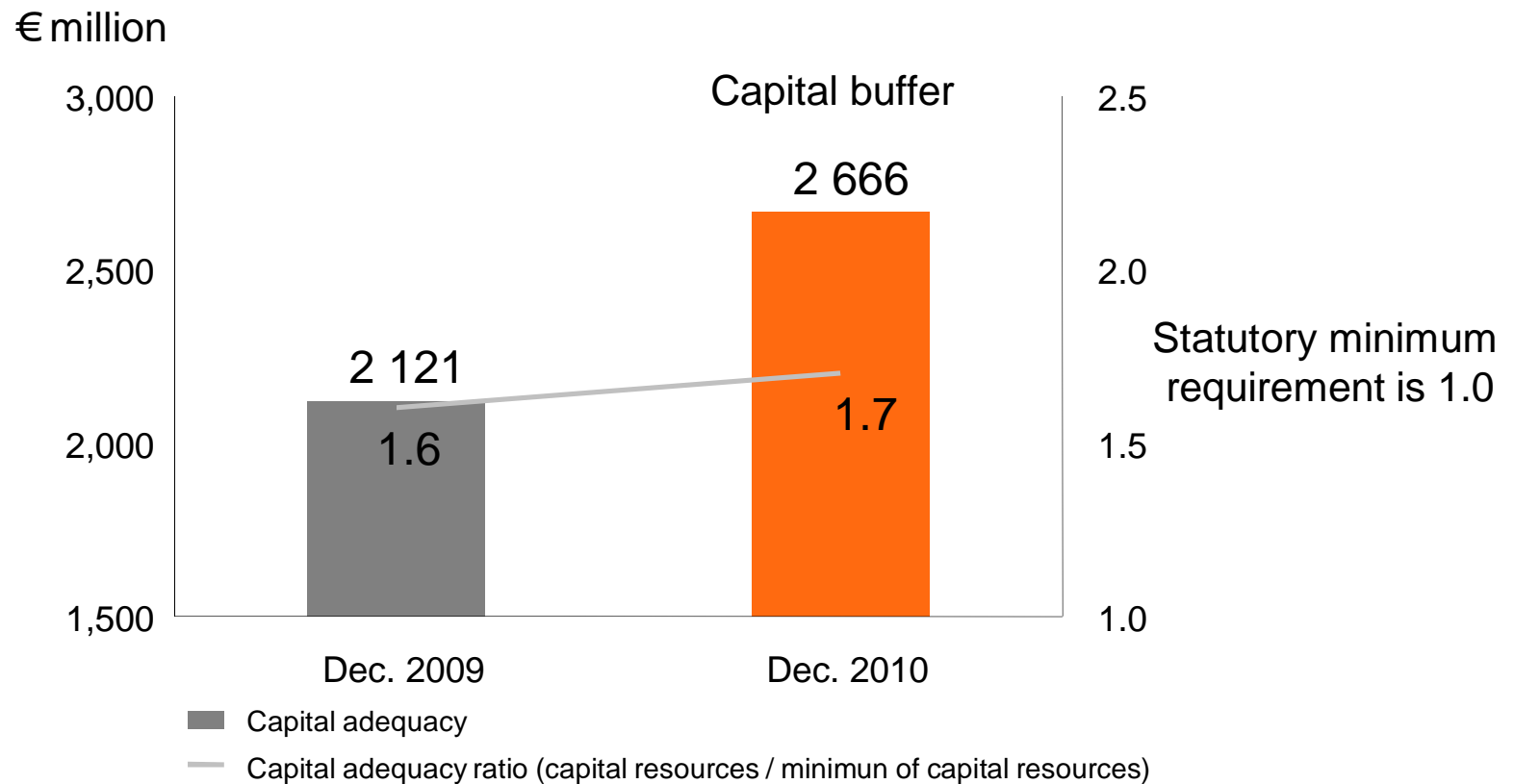
OP-Pohjola Group

Capital resources and capital adequacy



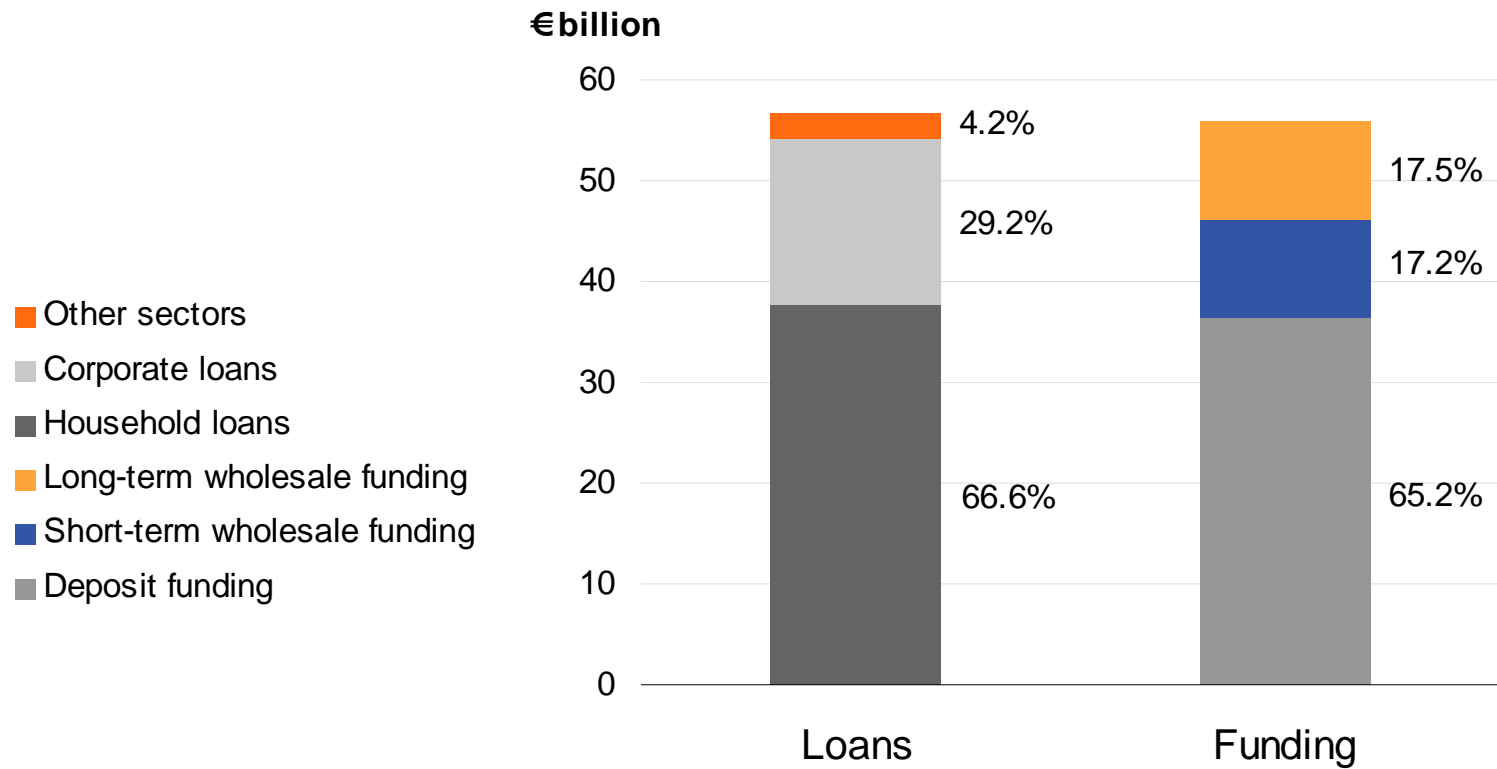
OP-Pohjola Group

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



OP-Pohjola Group

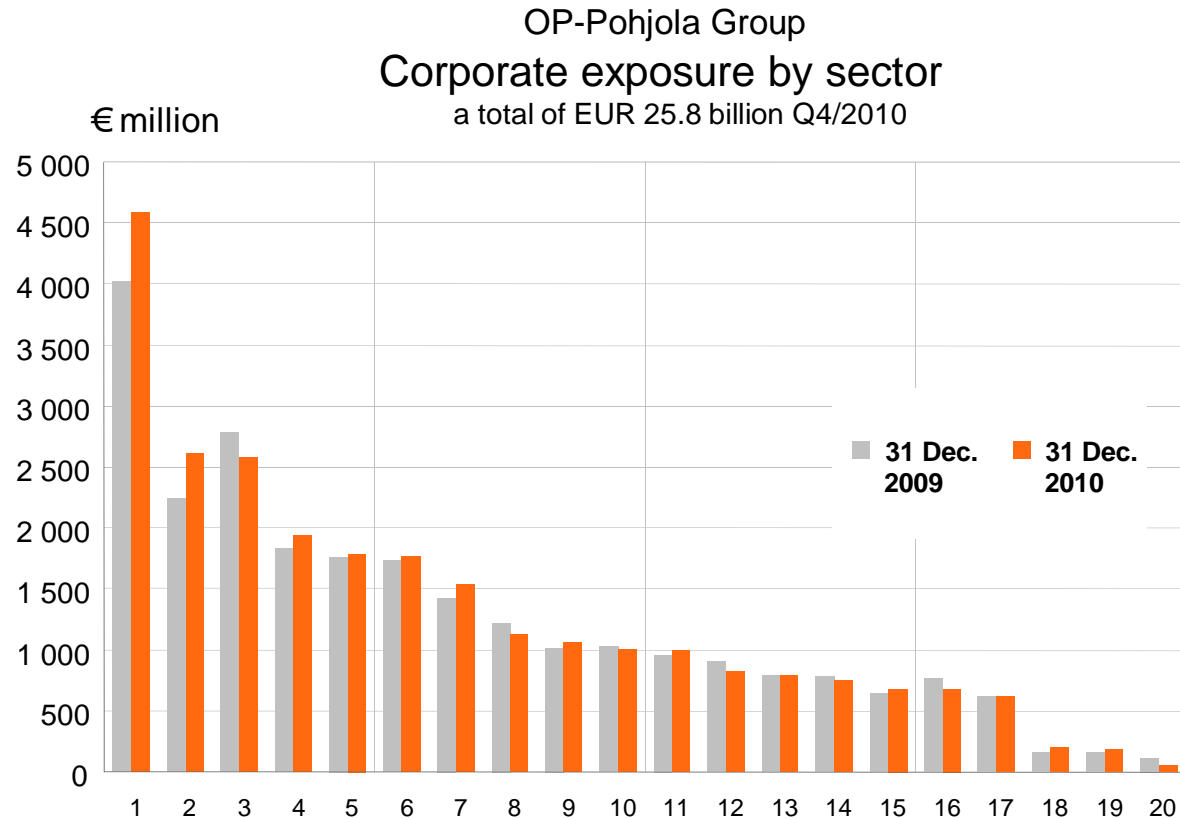
Loans and funding structure (31 December 2010)



OP-Pohjola Group

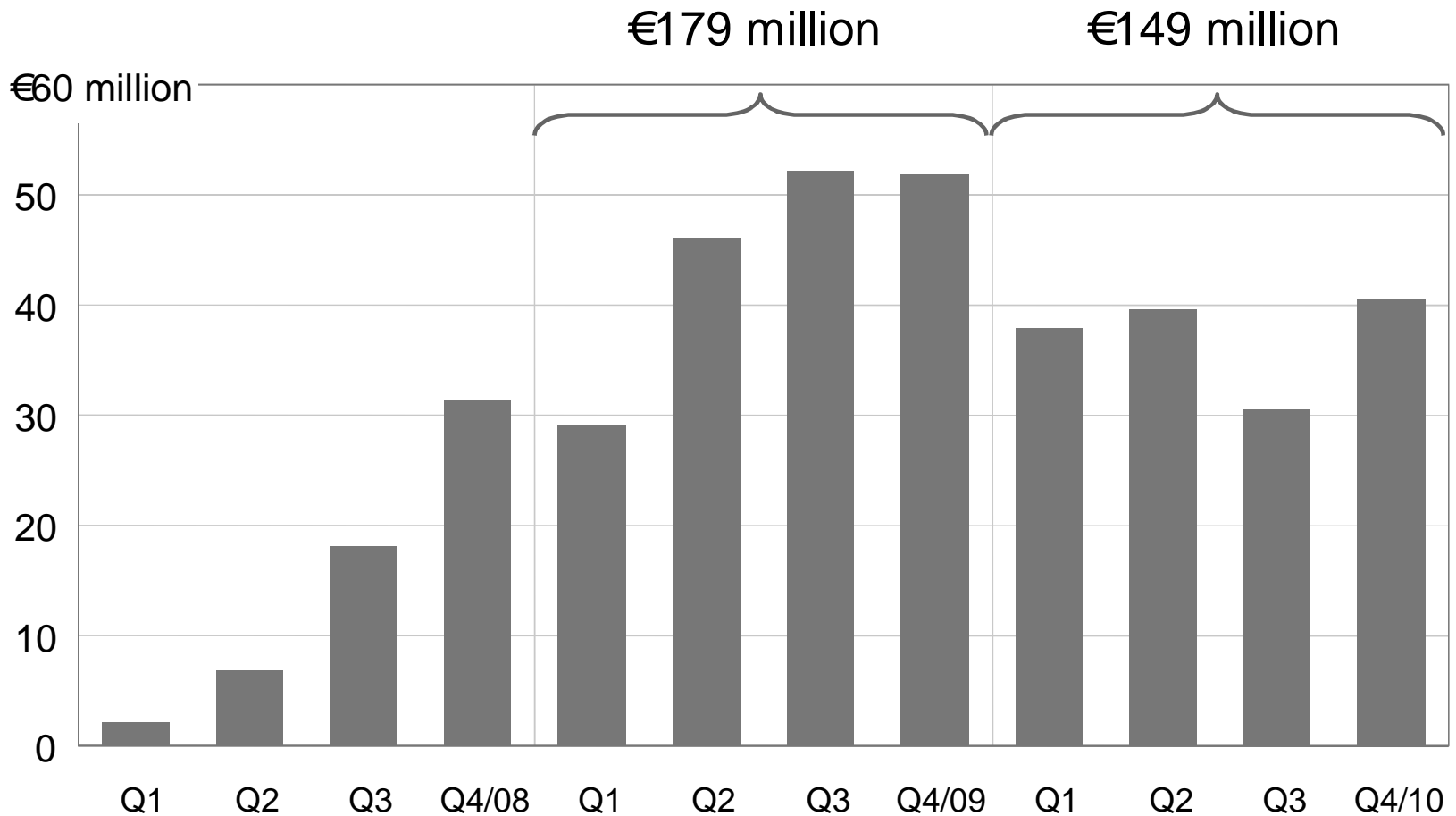
Corporate exposure by sector

1	Renting and operating of residential real estate	17.8 %
2	Renting and operating of other real estate	10.2 %
3	Wholesale and retail trade	10.0 %
4	Construction	7.5 %
5	Services	6.9 %
6	Manufacture of machinery and equipment (incl. services)	6.9 %
7	Transportation and storage	5.9 %
8	Forest Industry	4.4 %
9	Metal Industry	4.1 %
10	Buying and selling of own real estate	3.9 %
11	Chemical Industry	3.8 %
12	Energy	3.2 %
13	Financial and insurance activities	3.1 %
14	Food Industry	2.9 %
15	Agriculture, forestry and fishing	2.7 %
16	Other manufacturing	2.6 %
17	Information and communication	2.4 %
18	Water supply, sewerage and waste management	0.8 %
19	Mining and quarrying	0.7 %
20	Other industries	0.2 %



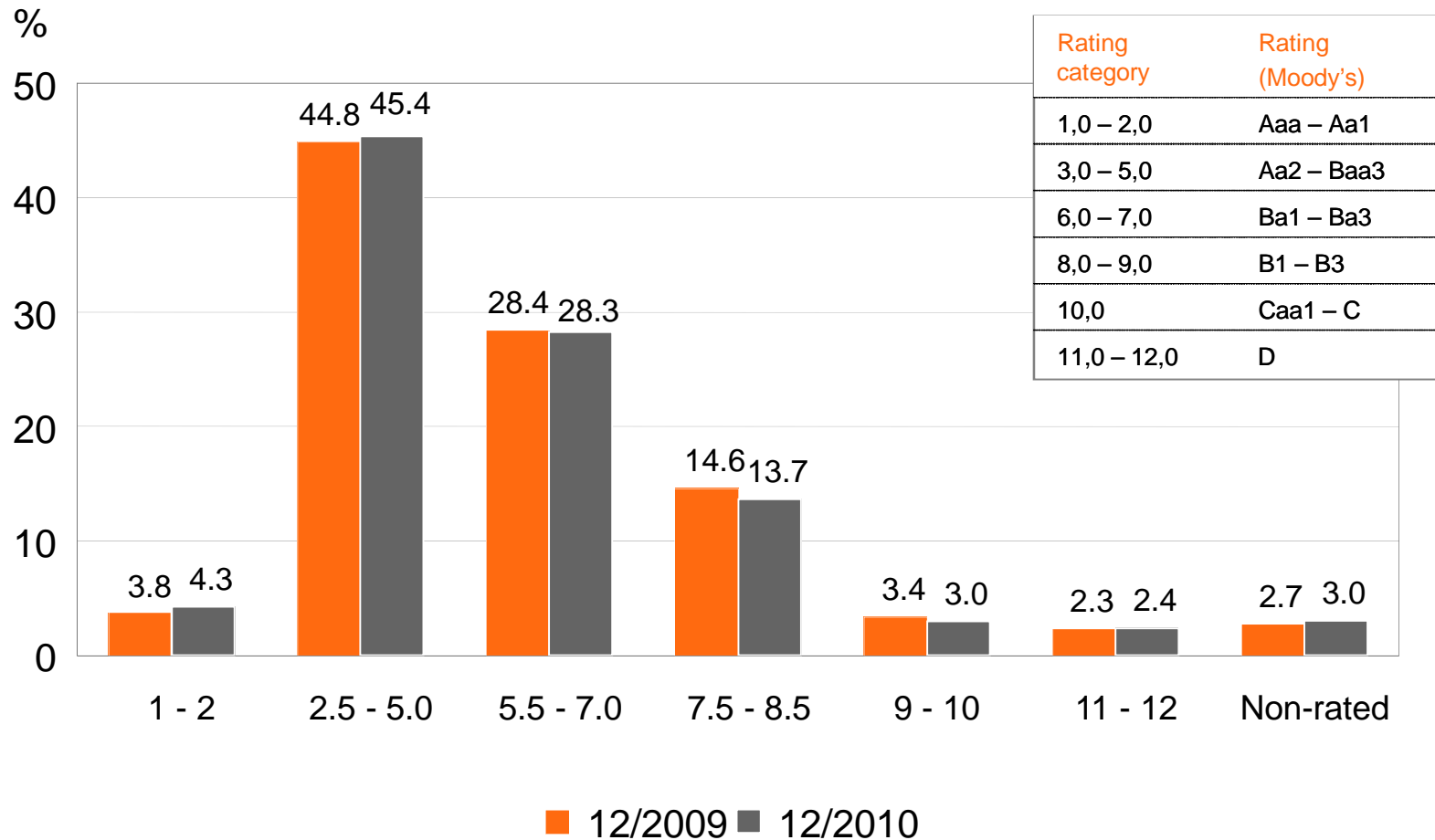
OP-Pohjola Group

Quarterly impairments of receivables



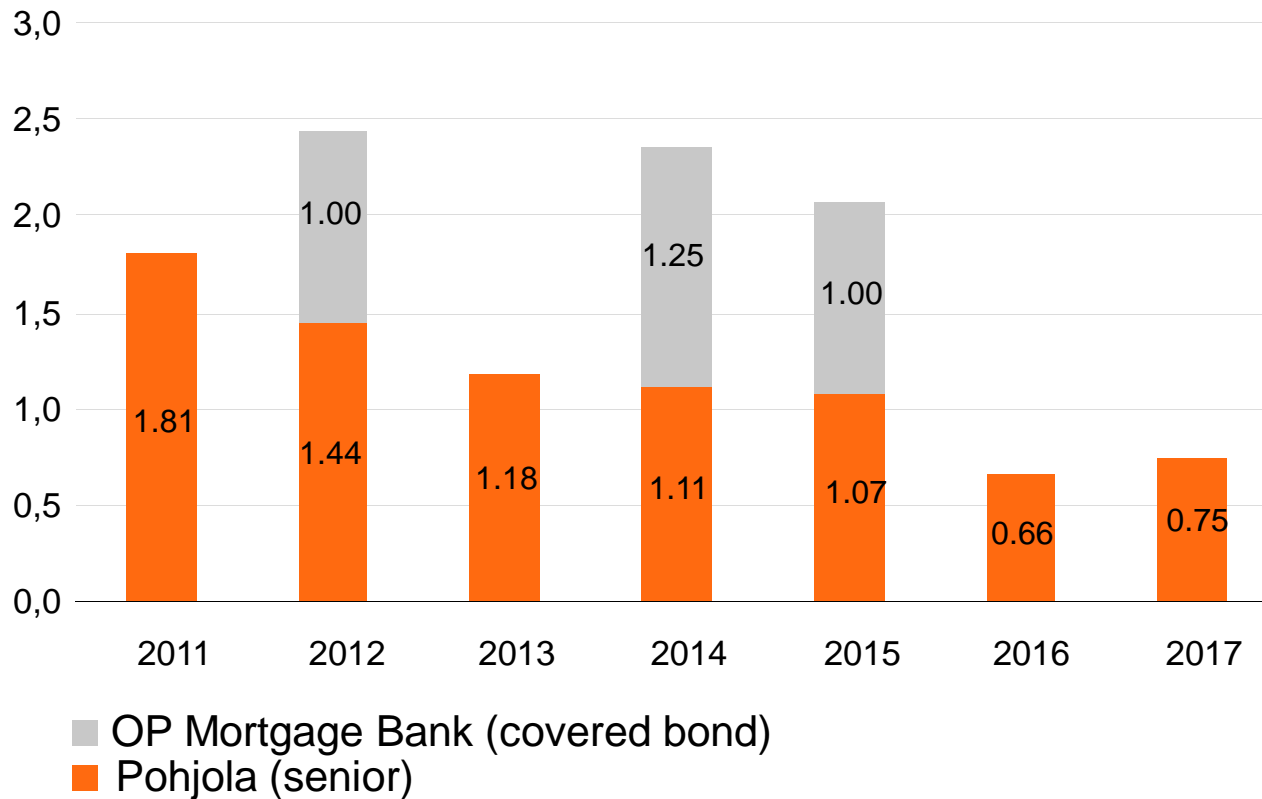
OP-Pohjola Group

Corporate exposure by credit rating category



OP-Pohjola Group

Issued Senior Debt and Covered Bonds by Maturity, € billion



Credit Ratings

Pohjola's Rating target: AA rating issued by at least two credit rating agencies

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

* The credit rating outlook is negative

** Covered bond rating

OP Mortgage Bank in Brief



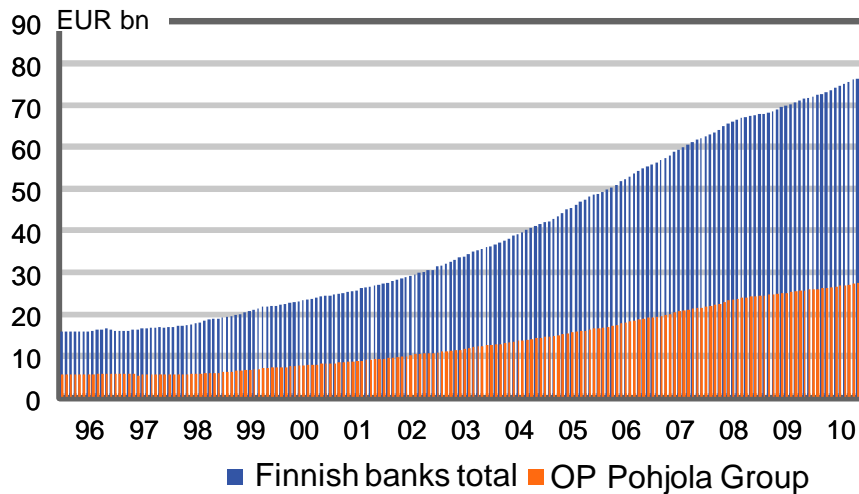
The Finnish Housing Market – an overview

- Ownership ratio of households around 66%
- Average size of dwellings 79 m²
- Floor space per occupant 38,6 m²
- Typical maturity in new loans 20 years
- Variable interest rates: over 95% of all loans
- Average annual housing starts around 30,000
- 28% interest relief in taxation (limited)
- Capital gains exempt after 2 years

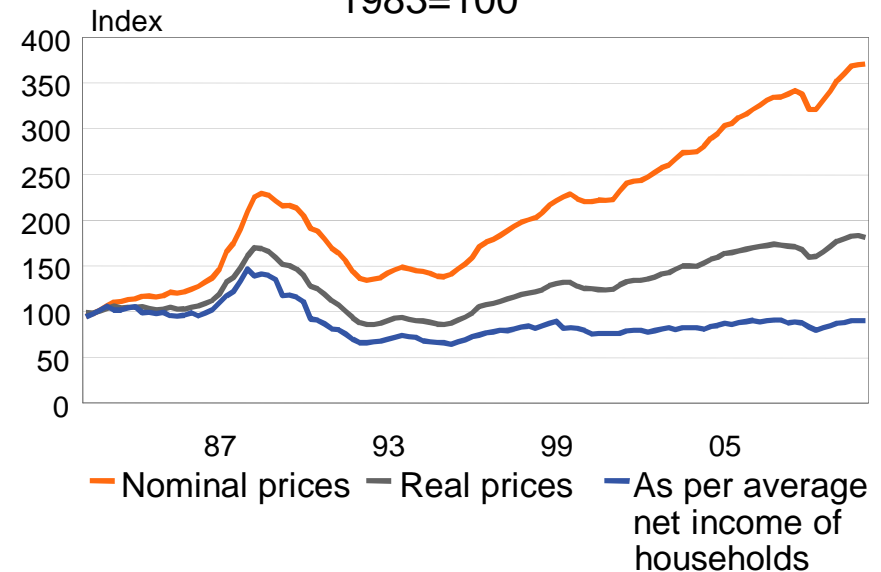
Mortgage Market and House Price Growth

- The lending volume in the Finnish mortgage market has increased a lot over the past years, which has driven up the nominal house prices.
- In real terms, house price development has been more muted and as per the average net income the increase in house prices have been very stable over a long period of time.

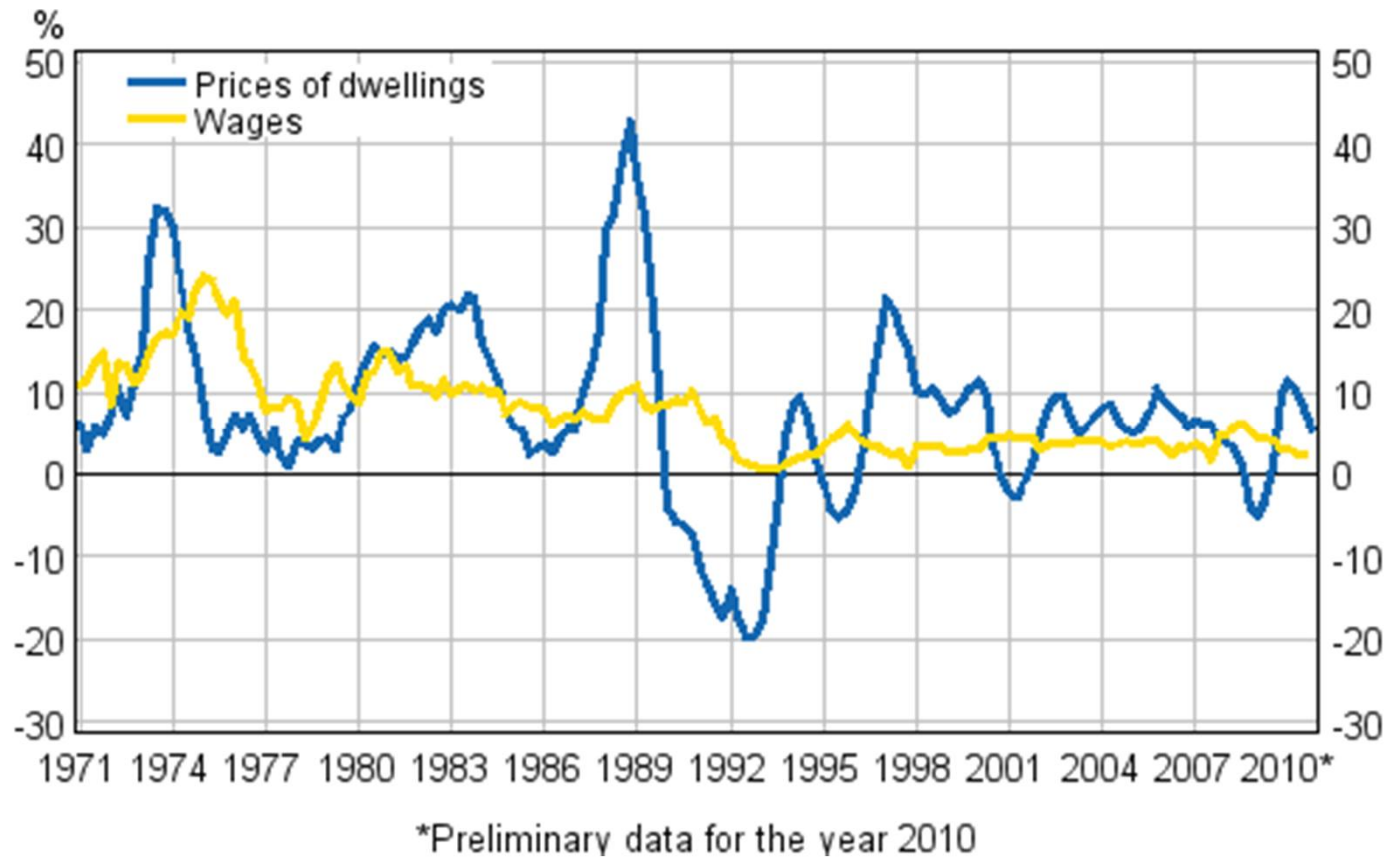
Mortgage lending volume



Housing price development
1983=100



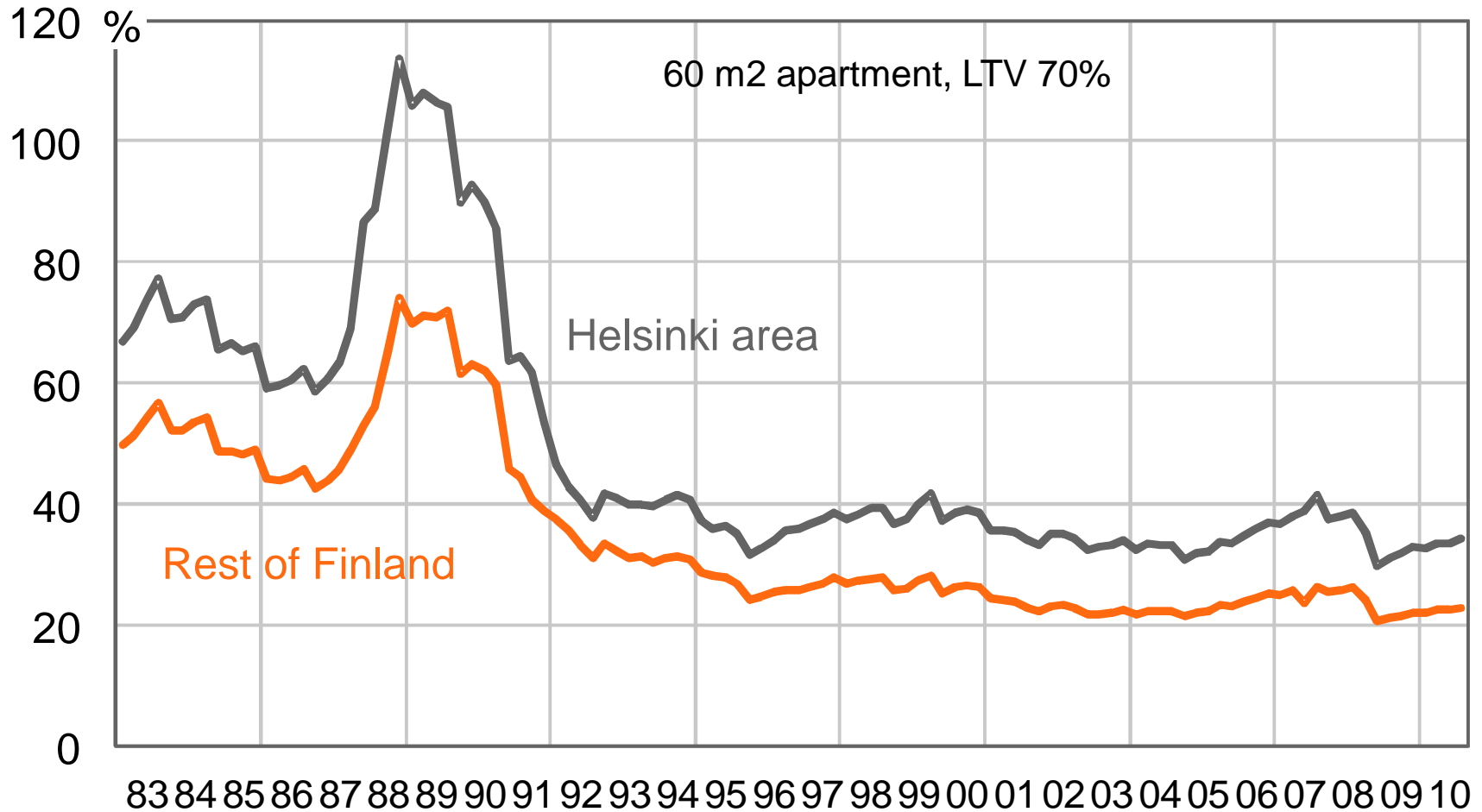
Year-on-year changes in prices of dwellings and in wages and salaries



Source: Prices of Dwellings, Statistics Finland

Servicing cost of a loan in relation to net income

Annuity payment during the first year



Sources: Statistics Finland and Taxpayers' Association of Finland

Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Overcollateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA

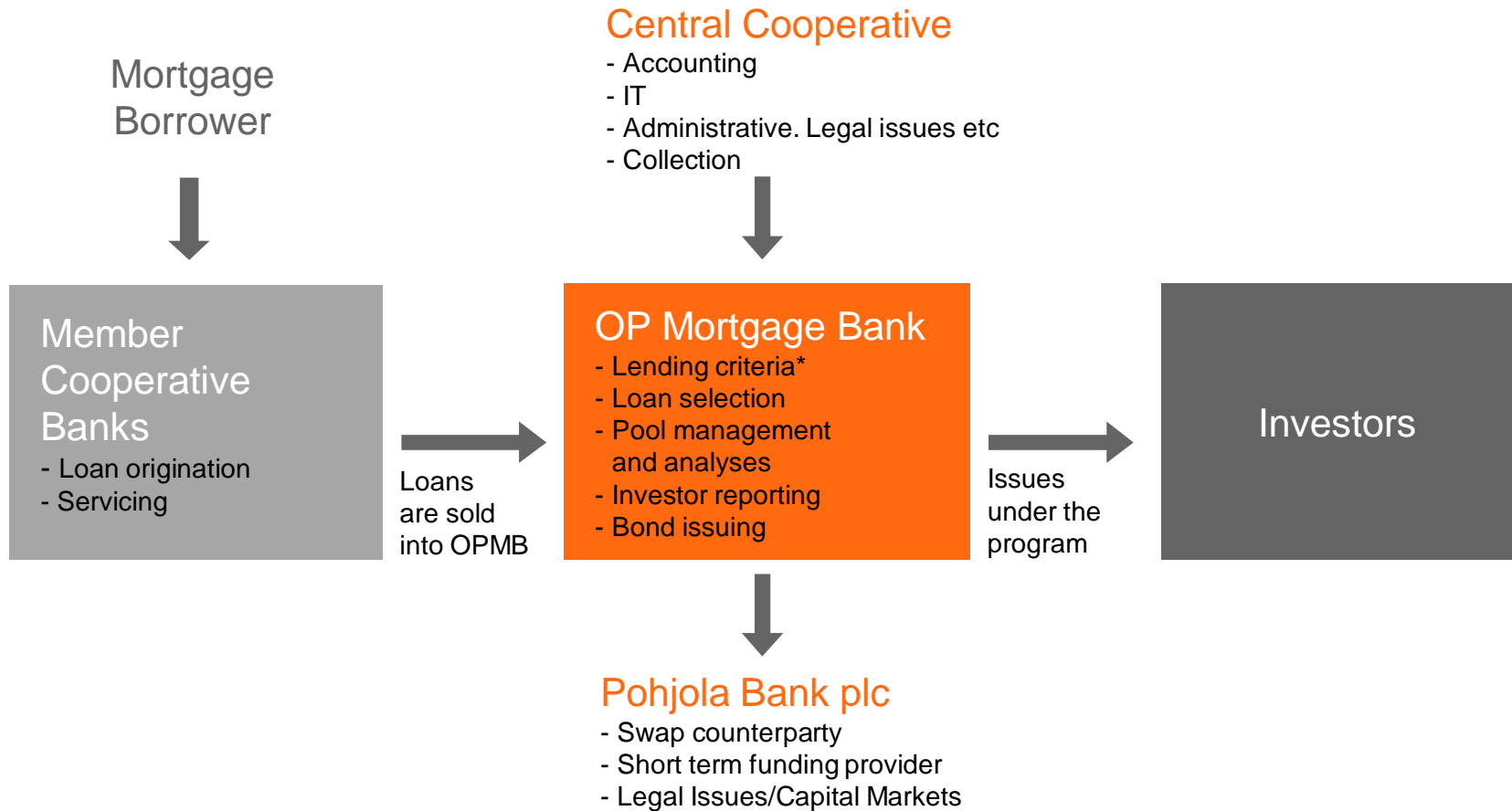
OP Mortgage Bank in Brief

- OP Mortgage Bank is a special purpose bank operating under the Act on Mortgage Credit Bank Operations.
- The sole purpose of the bank is to raise funds for the member banks of the OP-Pohjola Group by issuing covered bonds with mortgage collateral.
- The outstanding covered bonds of OP Mortgage Bank are rated AAA by S&P and Aaa by Moody's.
- OP Mortgage Bank is a 100% owned subsidiary of the OP-Pohjola Group Central Cooperative.
- OP Mortgage Bank fully benefits from the joint responsibility based on the Act on Amalgamations of Deposit Banks. However since assets in its Cover Asset Pool are ring-fenced the noteholders have a right to receive what is due to them before all other debtors.

OPMB Operational Model

- OPMB is a funding vehicle for the Member Banks:
 - Subject to strict eligibility criteria:
 - Existing loans may be transferred from member banks into OPMB.
 - Origination can be done directly into OPMB where the Member Cooperative Bank will act as a broker agent.
- OPMB utilises the current structure of the cooperative and outsource inter alias:
 - Origination and servicing of assets to the Member Cooperative Banks
 - Risk management, IT-services, accounting etc. to Central Cooperative
 - Interest rate risk management to Pohjola Bank

Operational Model and Roles



*Basic lending criteria for the group are set by Central Cooperative. OP Mortgage Bank can set additional limits

OPMB Asset Pool Characteristics



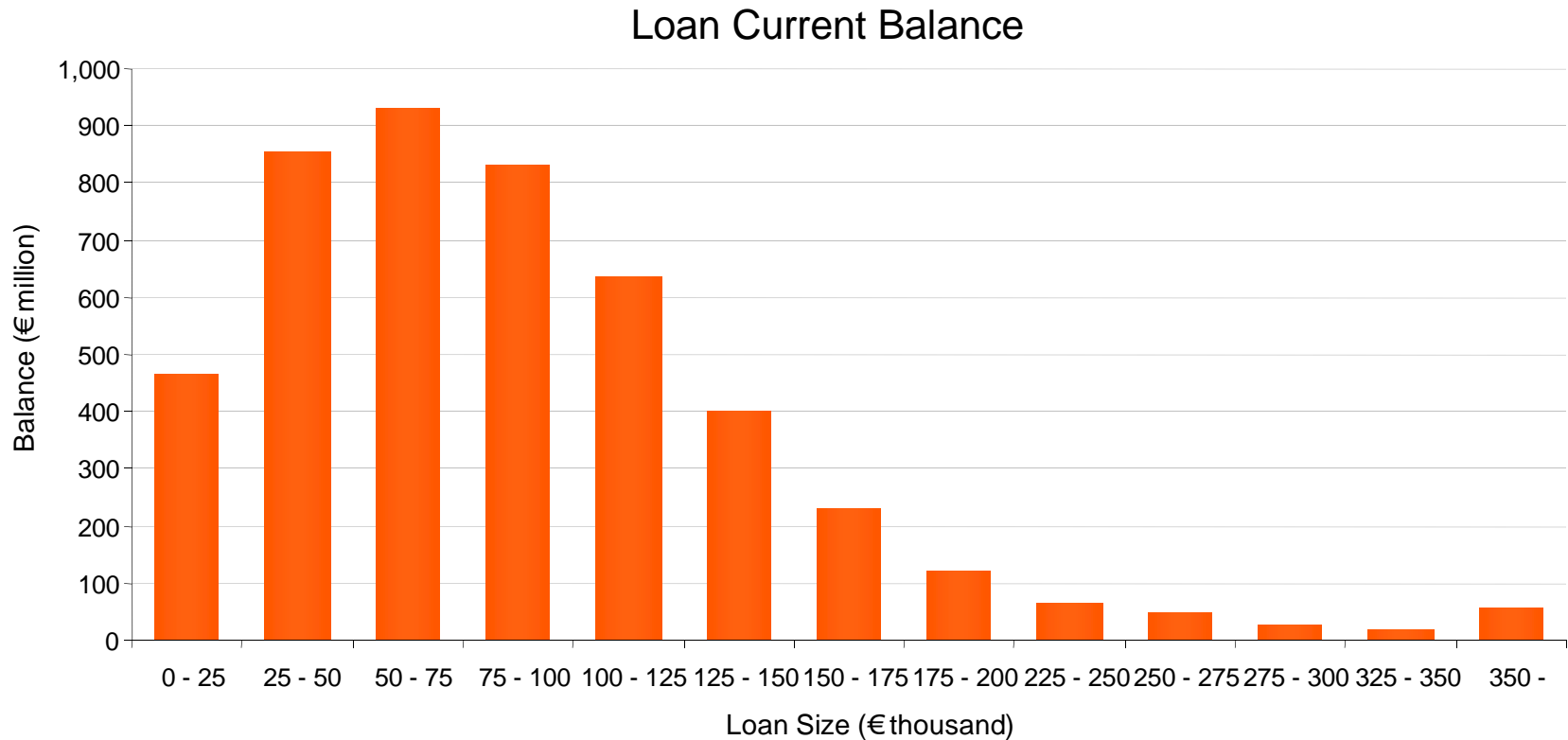
Main Features of OP Mortgage Bank Cover Asset Pool

as of December 2010

- Collateralized by first ranking Finnish mortgages
- Current balance €4.7 billion
- Weighted Average unindexed LTV of 46%
- Average loan size of approximately €48,000
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 95% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of Covered Bonds issued €3.25 billion

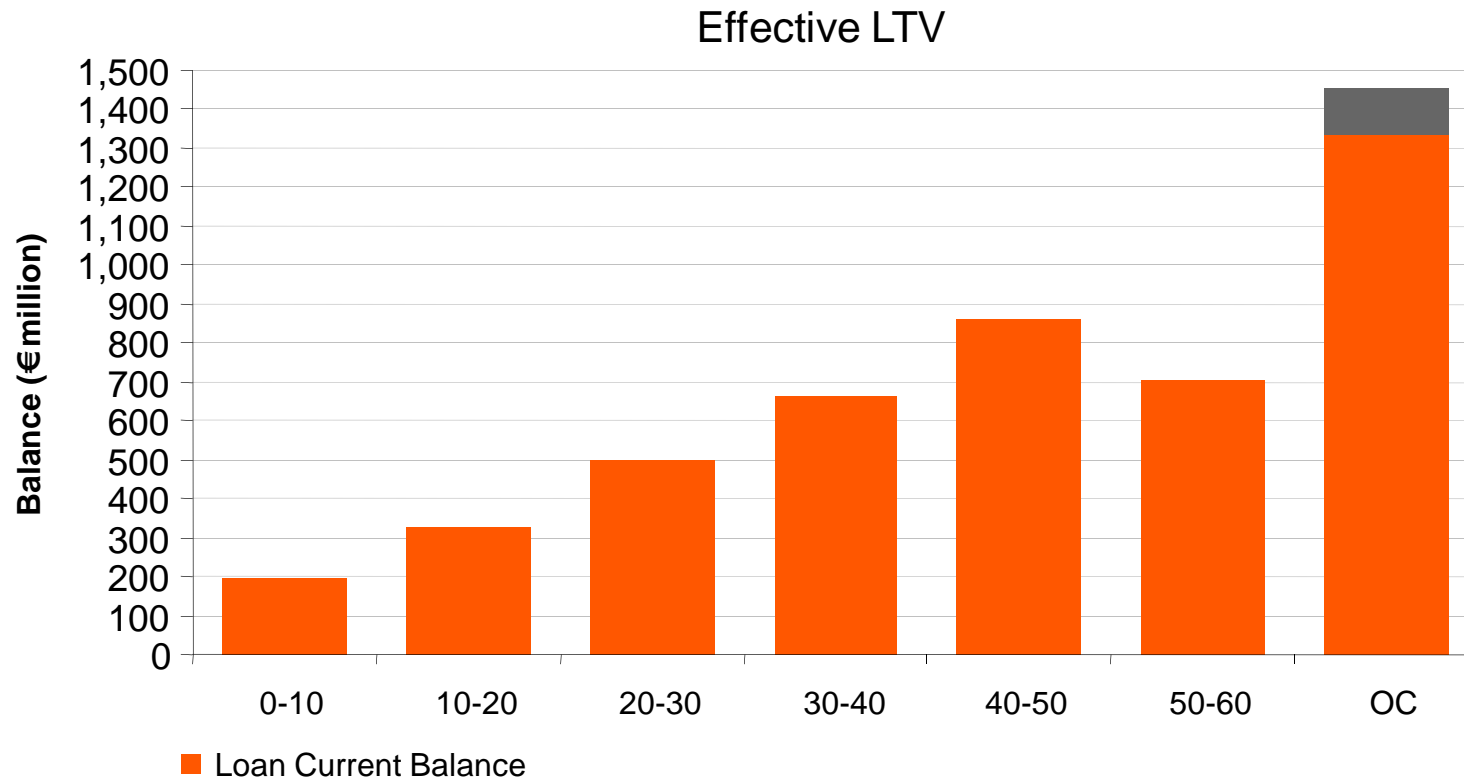
OPMB Asset Pool Characteristics

Loans by size



OPMB Asset Pool Characteristics

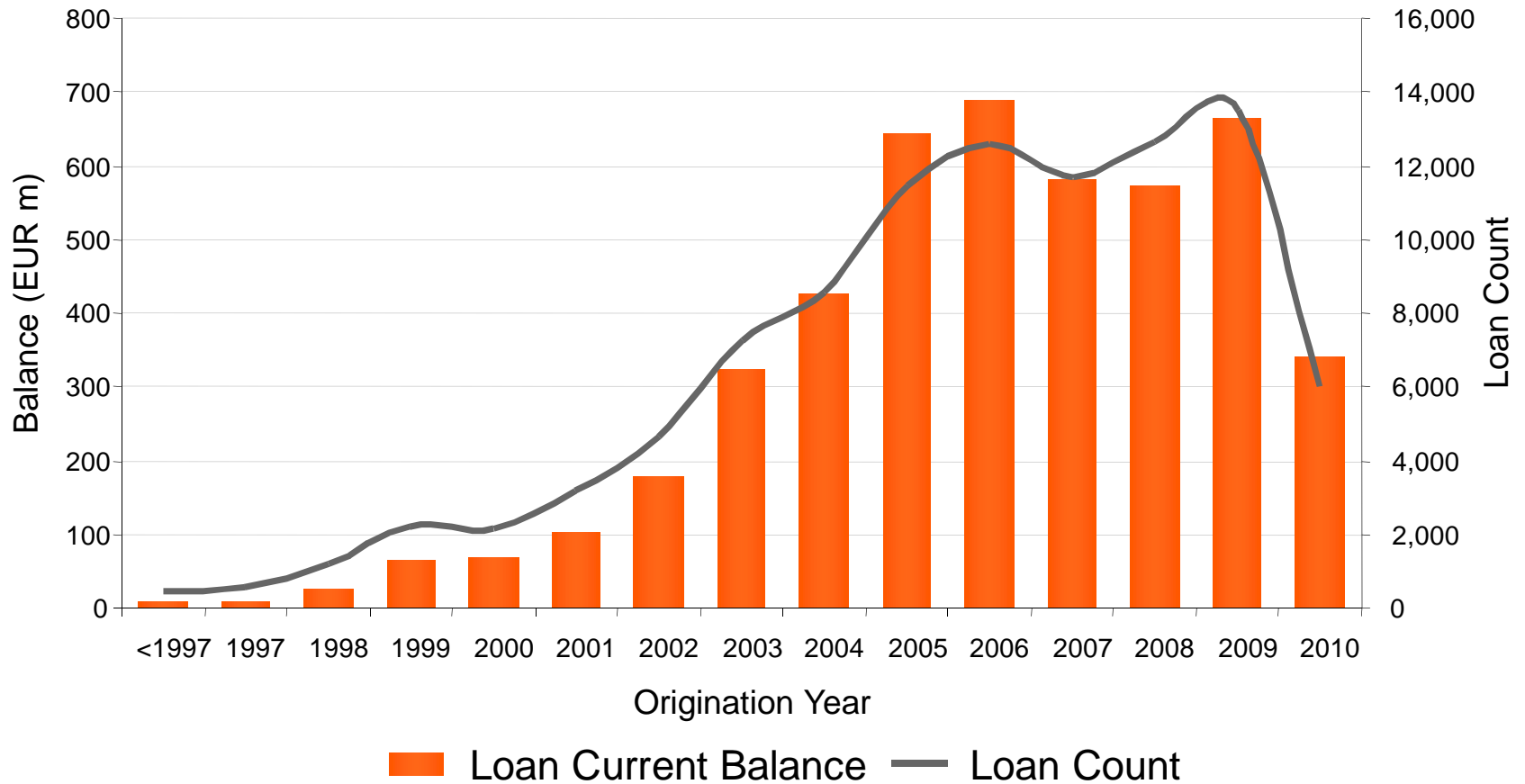
Loans by LTV



*) the grey portion of the OC presents the parts of loans in the LTV range of 60-85

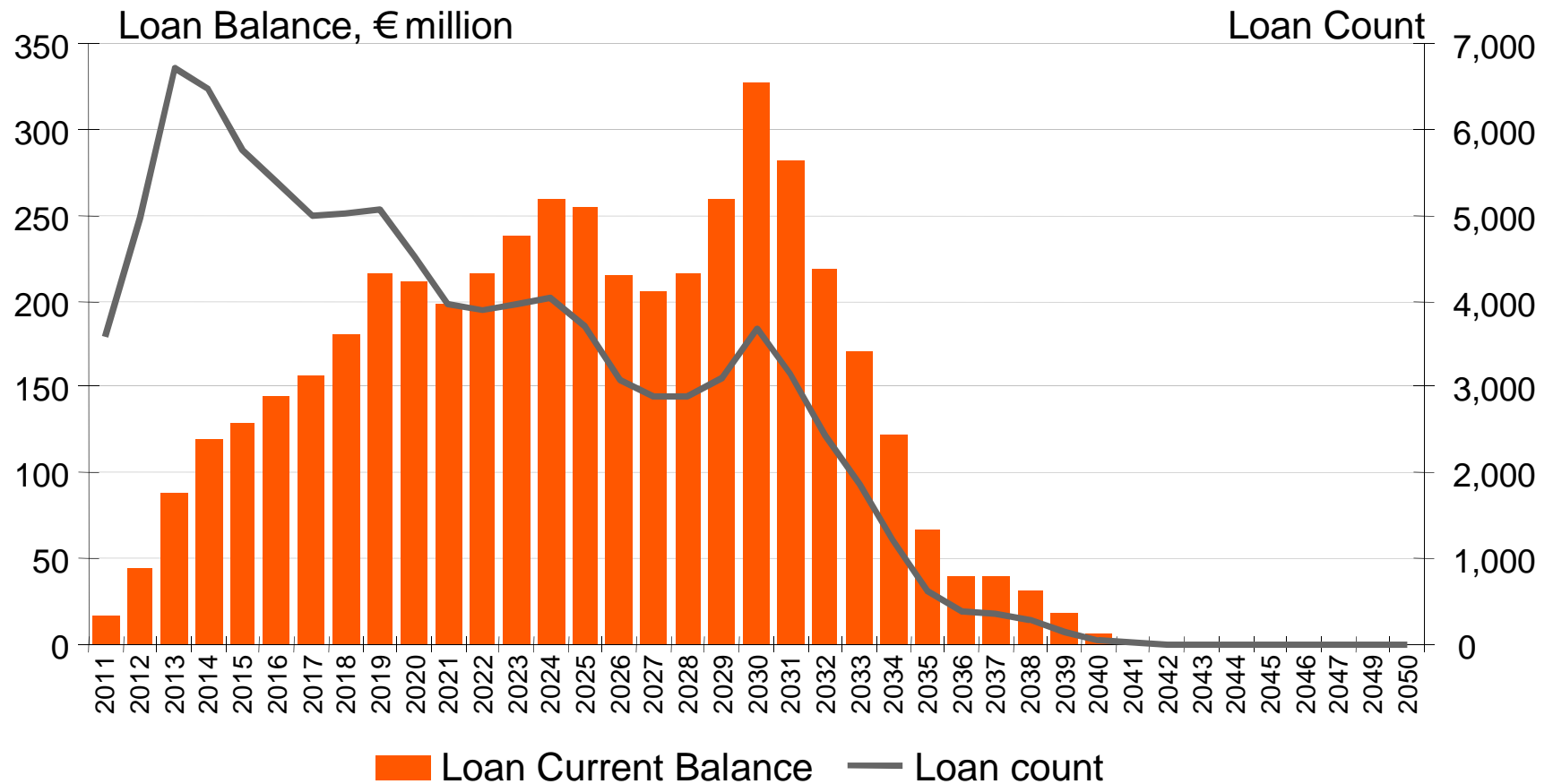
OPMB Asset Pool Characteristics

Loans by origination year



OPMB Asset Pool Characteristics

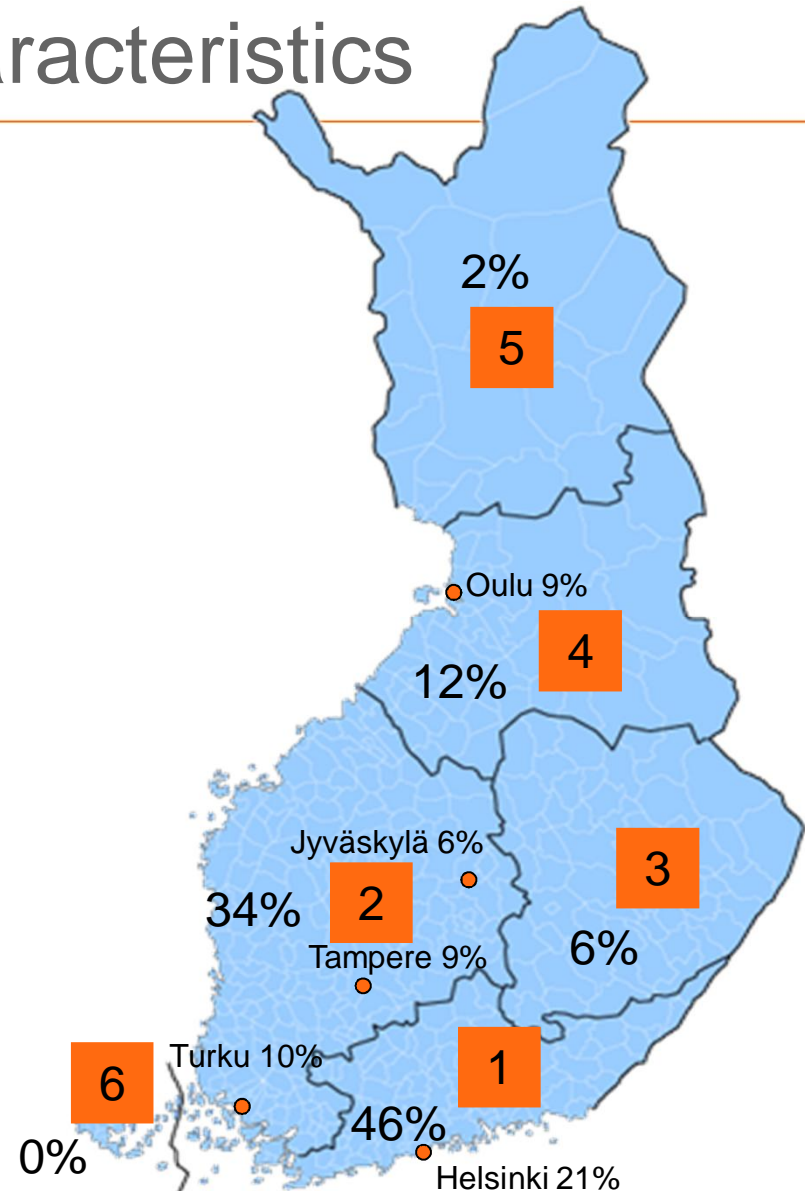
Loans by maturity



OPMB Asset Pool Characteristics

Geographical distributions

1	Southern Finland
2	Western Finland
3	Eastern Finland
4	Oulu region
5	Lapland
6	Åland



Investor Relations Contacts



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Thank you for your attention

