

MOODY'S

INVESTORS SERVICE

COMPANY PROFILE

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Pohjola Insurance Ltd.

Helsinki, Finland

Company Overview

Headquartered in Helsinki, Pohjola Insurance Ltd. (PIL) is a Finnish insurance company. Along with its subsidiaries and its sister company A-Insurance Ltd., PIL comprises the Pohjola Non-Life Insurance (PNLI) segment of Pohjola Bank plc (Pohjola Bank), currently the parent company of PIL and a flagship subsidiary of OP-Pohjola Group Central Cooperative, the central management body of OP-Pohjola Group. PNLI is the largest non-life insurer in Finland, with a market share of 30.3% in terms of gross direct written premiums in the fiscal year ended 31 December 2013.

Through its operating subsidiaries, PIL provides comprehensive insurance solutions to private and corporate customers in Finland and the Baltic states. The principal subsidiaries of PIL are Eurooppalainen Insurance Company Ltd., a Finnish travel insurance provider, Seesam Insurance AS, an insurance provider in Baltic countries, the health and wellbeing service providers Omasairaala Oy and Pohjola Health Ltd., and 17 housing and property companies. In November 2014, OP-Pohjola Group announced its intention to open four new private hospitals in Finland. It will also expand to new fields of specialised medicine and occupational health. The nationwide hospital network is built under the Pohjola brand. Omasairaala will change its name to Pohjola Health Ltd. in the autumn of 2015. PIL's sister company, A-Insurance Ltd., provides insurance for Finnish commercial transport (mainly trucks and taxis), earthwork and machinery contractors.

In 2013, PIL¹ reported gross premiums written of €1.3 billion, and net profit of €159.7 million. As of 31 December 2013, it reported total assets of €3.3 billion and shareholders' equity, excluding minority interests, of €417.8 million.

¹ Throughout this report, if not otherwise stated, financial figures refer to PIL consolidated financials.

Established in 1891 as the fire insurance company Palovakuutus-Osakeyhtiö Pohjola, PIL is the oldest non-life insurance company in Finland. In September 2005, OKO Bank Plc (OKO), now Pohjola Bank, acquired a 59% stake in Pohjola Group Plc, which it later increased to 100%. With the sale of its asset management business and its fund management/life insurance business to OKO and OP Bank Group, respectively, the Pohjola Group Plc became a non-life insurance private company dominated by PIL, which accounted for around 93% of PNLI's gross written premiums in 2013. In 2008, OKO was renamed Pohjola Bank, while the OP Bank Group became OP-Pohjola Group. As of 31 December 2013, PIL was a wholly owned subsidiary of Pohjola Bank. Following the public voluntary bid launched by OP-Pohjola Group Central Cooperative on 24 February 2014 to purchase all outstanding shares in Pohjola Bank, the ownership of the bank's non-life insurance and asset management operations will be transferred to OP-Pohjola Group Central Cooperative's ownership. As of 7 October 2014, Pohjola Bank was a wholly owned subsidiary of OP-Pohjola Group Central Cooperative. As part of the reorganization process, starting from 1 January 2015, the group, Pohjola Insurance Ltd. and the new bank formed by Pohjola Bank plc and Helsinki OP Bank plc for the Helsinki region will be renamed under the OP brand as OP Financial Group, OP Insurance and OP Bank Plc, respectively.

Source: Company Reports (PIL annual report Dec 2013, OP-Pohjola Group annual report Dec 2013, Pohjola Bank Plc annual report Dec 2013, Pohjola Bank Plc Financial Statement Bulletin presentation Dec 2013 and Pohjola Bank Plc Q3 interim report Oct 2014)

Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Pohjola Insurance Ltd., please see <[Pohjola Insurance Ltd. page on moodys.com](#)>.

EXHIBIT 1

Latest Full-Year Results Pohjola Insurance Ltd.

€ Million	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Gross Premiums Written	1,255	1,128	1,040	935	862
Net Premiums Written	1,199	1,079	985	896	812
Net Income	160	218	21	116	162
Loss Ratio (%)	74.3	78.0	78.4	76.4	71.8
Expense Ratio (%)	18.1	21.0	21.3	20.8	21.0
Combined Ratio (%)	92.4	99.0	99.7	97.2	92.8
Total Assets	3,317	3,155	2,934	2,898	2,711
Total Debt	50	50	50	50	50
Shareholders' Equity ¹	419	390	272	249	216
Total Liabilities	2,847	2,715	2,612	2,599	2,445

Note: Consolidated financials are considered

¹ Shareholders' Equity includes Minority Interests

Source: Company Reports (PIL annual report Dec 2013, Dec 2012, Dec 2011 and Dec 2010)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Business Activities

PIL provides a comprehensive range of insurance solutions to private and corporate customers in Finland and the Baltic states. The insurance products provided to private customers include medical treatment expense insurance, personal accident insurance, travel, household and motor insurance. The corporate and institutional customer products and services include statutory workers compensation insurance, liability insurance, business interruption insurance, legal expense insurance, cargo insurance, property insurance, motor insurance, and risk management services.

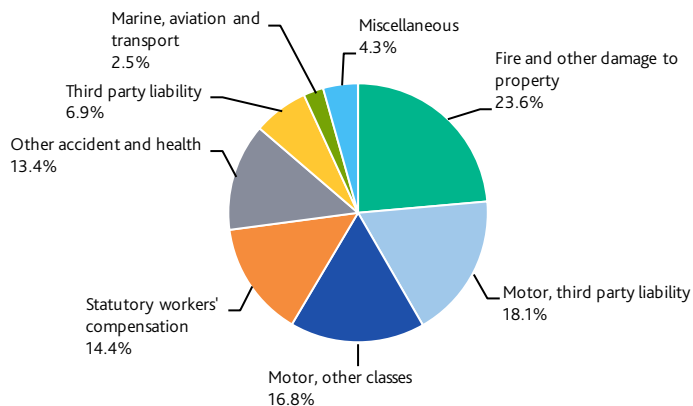
Through its subsidiary Seesam Insurance AS, the company provides insurance products and services in Baltic countries. PIL's wholly owned subsidiary Eurooppalainen Insurance Company Ltd., is involved in travel-related insurance products. PIL's sister company A-Insurance Ltd. provides insurance for commercial transport (truckers and taxi service branches), earthwork and machinery contractors in the Finnish market. In the health services segment, the company owns Pohjola Health Ltd., which provides wellbeing-at-work management solutions, and Omasairaala Oy, a hospital for outpatient surgery, which specialises in the examination and treatment of orthopaedic diseases and injuries. Omasairaala Oy began operations in early 2013 in Helsinki. In November 2014, OP-Pohjola Group announced that it has decided to open four new private hospitals in Finland. It will also expand to new fields of specialised medicine and occupational health. The nationwide hospital network is built under the Pohjola brand. Omasairaala will change its name to Pohjola Health Ltd. in the autumn of 2015.

Source: Company Reports (PIL annual report Dec 2013, Pohjola Bank Plc annual report Dec 2013)

EXHIBIT 2

Business Line

(% of Insurance Premium Revenue*, consolidated, for 2013)



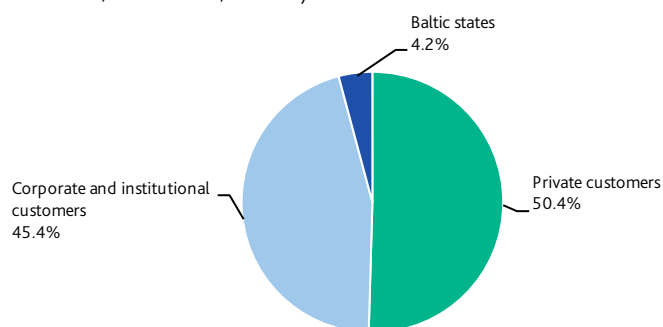
* Direct insurance before reinsurers' share

Source: Company Report (PIL annual report Dec 2013, Pg: 19)

EXHIBIT 3

Type of customers*

(% of Insurance Premium Revenue, consolidated, for 2013)



* PNLI data

Source: Company Report (Pohjola Bank Plc annual report Dec 2013, Pg: 25)

EXHIBIT 4

Pohjola Insurance Ltd.* – Insurance Class Details

Net Earned Premiums (€ Million)¹	2013	2012	2011
Statutory lines	458	420	384
Other accident and health	158	134	124
Hull and cargo	261	237	214
Property and business interruption	296	265	239
Liability and legal expenses	73	67	59
Long-term	4	4	3
Total Non-Life Insurance Operations	1,249	1,126	1,024
Combined Ratio (%)²	2013	2012	2011
Statutory lines	93	95	98
Other accident and health	88	97	91
Hull and cargo	90	96	95
Property and business interruption	89	95	97
Liability and legal expenses	82	99	88
Long-term	15	0	24
Total Non-Life Insurance Operations	90	95	96

* PNLI data

1) Net Insurance premium revenue as reported by the company

2) Net combined ratio as reported by the company

Source: Company Reports (Pohjola Bank Plc annual report Dec 2013, Pg: 230 and Dec 2012, Pg: 237)

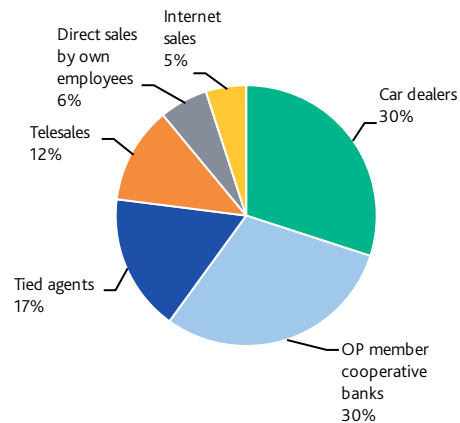
Distribution Channels

As of 31 December 2013, PNL's products were offered to private customers, mainly through 353 bank branches of the OP-Pohjola Group, 124 contracting banks, 493 own insurance sellers and 235 tied agents. Its corporate customers were served mainly through 315 own insurance sellers and 235 tied agents.

Source: Company Report (Pohjola Bank Plc Financial Statement Bulletin presentation Dec 2013)

EXHIBIT 5

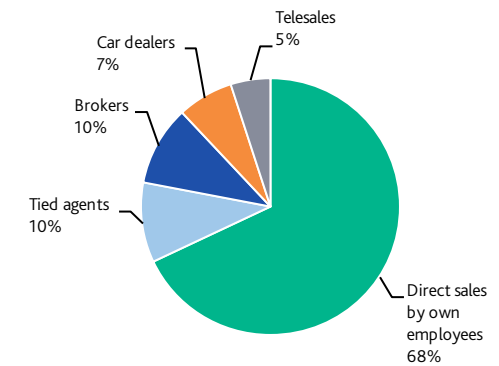
Sales Channels for Private Customers (as of 31 December 2013)



Source: Company Report (Pohjola Bank Plc Financial Statement Bulletin presentation Dec 2013, Pg: 71)

EXHIBIT 6

Sales Channels for Corporate Customers (as of 31 December 2013)

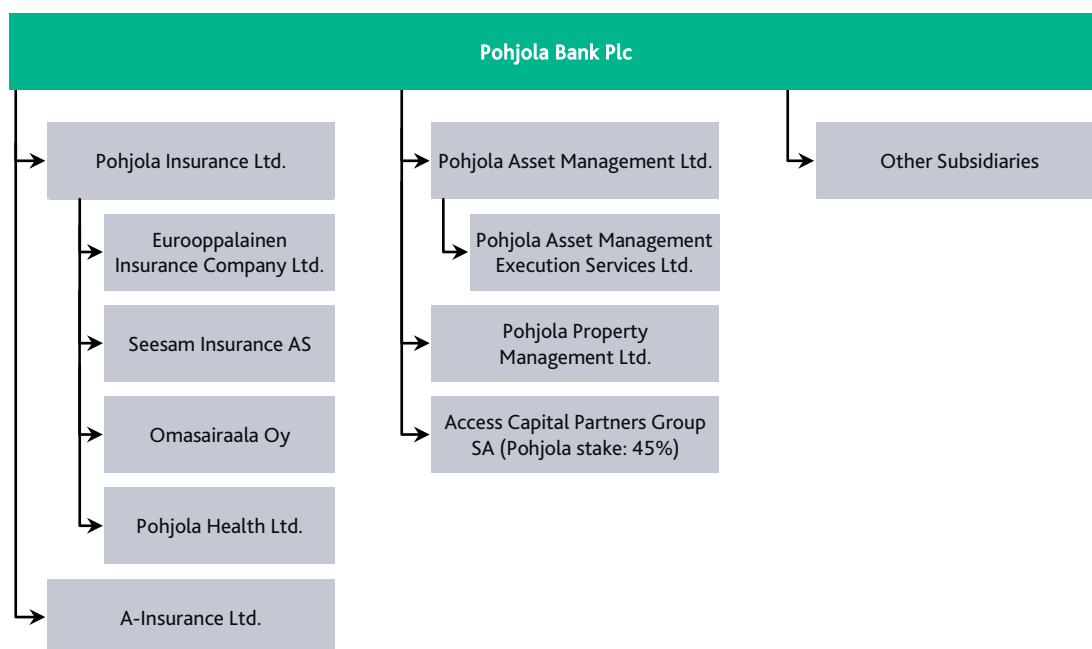


Source: Company Report (Pohjola Bank Plc Financial Statement Bulletin presentation Dec 2013, Pg: 71)

Organisational Structure and Ownership

EXHIBIT 7

Organisational Structure



Source: Company Report (Pohjola Bank Plc annual report Dec 2013, Pg: 4)

As of 31 December 2013, PIL reported 10,000,000 shares outstanding. As of that date, PIL was wholly owned by Pohjola Bank. Since 1989, Pohjola Bank's common stock has traded on the main list of NASDAQ OMX Helsinki, namely Helsinki Stock Exchange, which is regulated by the Finnish Financial Supervisory Authority (Ticker: POH1S). Following the completion of the tender offer launched by OP-Pohjola Group Central Cooperative in February 2014, Pohjola Bank's shares were delisted from the Helsinki Stock Exchange on 30 September 2014.

As of 31 December 2013, Pohjola Bank had 319.6 million shares outstanding. As of that date, the bank's major shareholders were as follows:

EXHIBIT 8

Pohjola Bank Plc

Shareholder	% of total shares
OP-Pohjola Group Central Cooperative	37.24
Ilmarinen Mutual Pension Insurance Company	10.00
Oulun Osuuspankki	1.36
OP Bank Group Pension Fund	1.08

As of 7 October 2014 OP-Pohjola Group Central Cooperative has been entered as the only shareholder in Pohjola Bank plc's Shareholder Register.

Source: Company Reports (Pohjola Bank Plc annual report Dec 2013 and OP-Pohjola Group Q3 interim report Oct 2014)

Company Management

EXHIBIT 9

Name	Current Title
Olli Lehtilä	President
Tony Vepsäläinen	Chairman
Harri Luhtala	Board member
Sami Jormalainen	Board member

As of 1 October 2014

Source: Company release, 24 April 2014

Company History

Established in 1891 as the fire insurance company Palovakuutus-Osakeyhtiö Pohjola, PIL is the oldest non-life insurance company in Finland. In 1912, Pohjola was listed on the Helsinki Stock Exchange. In 1961, Pohjola, Suomi Mutual, Salama and Sampo established Pension Insurance Company Ilmarinen Ltd., and they act as its service network. In 1975, Pohjola and Suomi-Salama began to operate as a group (Pohjola Group), thereby offering customers a wider range of insurance services.

In September 2005, OKO acquired a 59% stake in Pohjola Group Plc, a stake which was subsequently increased to 100%. With the sale of its asset management business to OKO and its fund management/life insurance businesses to OP Bank Group, the Pohjola Group Plc became a non-life organisation dominated by PIL, which accounted for around 93% of PNLI's gross written premiums in 2013.

In 2006, after delisting from the Helsinki Stock Exchange, Pohjola Group Plc became a private company, Pohjola Group Ltd., which merged with its parent company OKO on 31 December 2006. Subsequently, the non-life insurance companies have continued their non-life insurance business operations as subsidiaries of OKO. Effective 1 March 2008, OKO Bank plc was renamed Pohjola Bank plc, with the wider group now known as OP-Pohjola Group.

In 2013, the group opened Omasairaala Oy, a hospital for outpatient surgery specialising in orthopaedic diseases and injuries. The hospital is a wholly owned subsidiary of PIL. OP-Pohjola Group Central Cooperative launched a public voluntary bid to purchase all outstanding shares in Pohjola Bank on 24 February 2014. On 30 September 2014, OP-Pohjola Group Central Cooperative obtained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies Act. As a result, the trading of the series A shares of Pohjola Bank plc ceased on 30 September 2014. Following the completion of OP-Pohjola Group Central Cooperative's public voluntary bid, the ownership of the bank's non-life insurance operations and asset management operations will be transferred to OP-Pohjola Group Central Cooperative. As part of the reorganization process, starting from 1 January 2015, the group, Pohjola Insurance Ltd. and the new bank formed by Pohjola Bank plc and Helsinki OP Bank plc for the Helsinki region will be renamed under the OP brand as OP Financial Group, OP Insurance and OP Bank Plc, respectively. On 10 November 2014, OP-Pohjola Group announced its plan to open four new private hospitals in Finland. It will also expand to new fields of specialised medicine and occupational health. The nationwide hospital network is built under the Pohjola brand. Omasairaala will change its name to Pohjola Health Ltd. in the autumn of 2015.

Source: Company Reports (OP-Pohjola Group Q3 interim report Oct 2014, Pohjola Bank Plc Q3 interim report Oct 2014 and Pohjola Bank Plc Q2 interim report Aug 2014)

Peer Group

- » [If P&C Insurance Ltd.](#)
- » [Lansforsakringar Alliance](#)
- » [SpareBank 1 Gruppen AS](#)

Website

For additional information, please see:

- » The company's website: www.pohjola.fi

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Moody's Related Research

Rating Methodology:

- » [Global Property and Casualty Insurers, August 2014 \(173728\)](#)

Credit Opinions:

- » [Pohjola Insurance Ltd.](#)
- » [Pohjola Bank Plc](#)
- » [Op-Pohjola Group](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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