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## **OP Bank Group's Financial Statement Bulletin 2005**

The OP Bank Group's operations continued to grow strongly in 2005. The Group's market position strengthened, especially within asset management. Growth got a boost from the Pohjola transaction, but organic growth (excluding Pohjola) was also strong. Mutual fund capital (excluding Pohjola) increased by 50 per cent and insurance savings by 25 per cent. Premium income from life and pension insurance (excluding Pohjola) was up 34 per cent.

In 2005 the OP Bank Group's market share of mutual fund capital grew by 5.8 percentage points and its share of insurance savings increased by 6.8 percentage points. Stripping out Pohjola, the corresponding growth figures were 0.7 and 1.2 percentage points. The market share of premium income from life and pension insurance grew by 13.9 percentage points in aggregate amount, and by 3.5 percentage points excluding Pohjola.

The OP Bank Group's loan portfolio increased by 12 per cent and total deposits by 6 per cent. The market share of loans grew by 0.1 percentage point and was 30.5 per cent at the end of the year. The share of corporate loans was on a par with last year, but the share of home mortgages decreased. The market share of deposits declined by 0.4 percentage point from the end of 2004 and was 31.9 per cent.

The OP Bank Group's earnings also grew. Earnings before tax were € 579 million, an increase of 13 per cent on the year-ago figure (511). Net interest income increased by 3 per cent and comparable commission income by 7 per cent, with personnel costs up just over one per cent. The result of Pohjola Group has been included in the OP Bank Group's result for November-December 2005. Taking into account the arranging and other expenses, Pohjola had minor impact on earnings in 2005.

Despite the Pohjola transaction, the OP Bank Group's risk-bearing capacity remained strong. Capital adequacy as measured with Tier I own funds declined by one percentage point to 13.1 per cent. The risk position remained stable. The amount of non-performing loans decreased on the previous year.

In September, the OP Bank Group's central bank, OKO Bank, acquired a majority holding of the shares and votes in Pohjola Group. The transaction received the necessary regulatory approvals in October. The deal will expand the OP Bank Group's operations into non-life insurance and it will strengthen the Group's position within asset management, mutual funds and life insurance. After the Pohjola transaction, the OP Bank Group is the leading financial services group in Finland.

The OP Bank Group's market position has strengthened for a number of years now. The Group's target is to reinforce its market position further. Following its expansion into the non-life insurance business, the OP Bank Group's earnings before tax for 2006 is estimated to be markedly higher than in 2005.