



OP BANK GROUP

Interim Report January 1 to September 30, 2005

Not for release, publication or distribution in Australia, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, South Africa, Canada or the United States.

The OP Bank Group's operations continued to grow strongly. Insurance savings rose by 25 per cent from September of last year and capital invested in mutual funds by 78 per cent. The loan portfolio grew by 13 per cent and total deposits were up 7 per cent.

The Group's market share strengthened, particularly within mutual funds and insurance. The market share of investments in mutual funds grew by 2.7 percentage points from September of last year to this September. The market share of premiums written in life and pension policies in January-September was 4.6 percentage points greater than a year earlier. The share of deposits grew by 1.3 percentage points from August of last year to this August. The market share of loans remained unchanged, with corporate loans increasing in share but home mortgages decreasing.

The OP Bank Group's earnings grew. Earnings before tax were €452 million, an increase of 12 per cent on the year-ago figure (404). The improvement was attributable to the 5 per cent growth in net interest income and the 9 per cent growth in other income. Expenses were up just under 2 per cent.

The Group's risk-bearing capacity is strong. The capital adequacy ratio calculated on Tier I own funds was 13.5 per cent. The risk position remained stable. The amount of non-performing loans contracted further from the level a year ago.

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 approval 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 assurance. After the Pohjola transaction, the OP Bank Group is a leading financial services group in Finland.

The OP Bank Group's target is to continue strengthening its market position. Earnings before tax in the current year are estimated to be greater than in 2004.

OP Bank Group Key Indicators

	1-9/2005	1-9/2004	Change	Long term target
Earnings before tax, € million	452	404	11.8*	
Cost/income ratio, %	51	53	-2.4	Max 55 %
Impairment losses of loan and guarantee portfolio, %	0.01	0.00	0.01	Max 0.25 %
ROE, %	12.5	12.8	-0.3	Over 10 %

		Change from year-end	12 month change
Total assets, € billion (Sept. 30, 2005)	46.6	12.4*	15.2*
Market share, %			
Loans (August 31, 2005)	30.3	-0.1	0.0
Deposits (August 31, 2005)	33.3	1.0	1.3
Mutual funds (Sept. 30, 2005)	16.5	0.0	2.7
Insurance savings (June 30, 2005)	11.6	0.6	1.1
Tier I ratio, %	13.5	-0.6	-0.7

* Percentages. Other change figures percentage points.

Operating Environment

There has been sluggish growth in output in the western industrial countries this year. In the USA, the devastation spread by the hurricanes together with higher energy prices has temporarily exerted a drag on demand before reconstruction gets under way. The modest growth in the euro zone is propped up mainly by exports, the competitiveness of which has been improved somewhat by the slight weakening in the euro against the dollar.

The US Federal Reserve Bank has continued its gradual tightening of the federal funds rate. In the latter part of the year, the markets are expecting at least one further rate hike owing to a quickening rise in consumer prices. In the eurozone too, inflation exceeds the central bank's target level. Since, however, business cycle weakness seems to rule out a rate hike, the period of low interest rates in the eurozone will continue.

In Finland, the growth in output has returned to normal after the industrial dispute in the paper industry in the early summer. Full-year economic growth will nonetheless come in at only about 2 per cent, yet companies' outlook for the latter part of the year is favourable. Industry and construction are still confident of their prospects. Service companies are likewise expecting moderate growth.

The financial state of households has improved in step with the rise in employment. Concurrently, the growth in aggregate wages has continued, though at a slower pace than last year. Consumer confidence is holding up well. This has translated into brisk demand for loans and growth in long-term saving. The low level of interest rates and longer loan maturities have further fuelled the substantial growth in the home mortgage portfolio.

The positive sentiment in the equity markets coupled with income growth have fuelled demand for Finnish banks' asset management services. Despite low interest rates, the banks' net interest income has not weakened, thanks to the robust growth in loans and deposits.

Result of the OP Bank Group

The OP Bank Group's earnings before tax in the January-September period were €452 million, an increase of 12 per cent on the figure last year (404)¹. The growth was attributable to the increase in income. Net interest income and commission and fee income showed the biggest increase, €28 million and €21 million, respectively. Expenses were up €10 million on the figure a year earlier.

Pohjola Group plc's figures for January-September 2005 have not been consolidated to any extent in the OP Bank Group's income statement for January-September or the balance sheet at the end of September. The OP Bank Group's investments in Pohjola shares have been treated as a financial investment in both the accounts and in capital adequacy calculations because by the end of September, the terms and conditions for closing the transaction made on September 12 had not been met. The regulatory approvals for the transaction were obtained and the resolutions of OKO Bank's general meeting were passed in October. The Pohjola Group figures will not be consolidated as part of the OP Bank Group until the 2005 financial statements. Details of the acquisition of Pohjola shares and related arrangements are given on pages 8-10 of this interim report.

Net interest income up 5 per cent

Net interest income grew by 5.0 per cent to €589 million (561). Third-quarter net interest income was down 2.4 per cent on the second quarter, but up 3.9 per cent on the third quarter of 2004.

Net interest income grew thanks to the increase in the loan portfolio and total assets as well as equity capital, though the spread between investment and funding narrowed further. The nominal spread between the loan portfolio and total deposits narrowed by 0.1 percentage point in

¹ The comparison figure for 2004 is given in brackets. For income statement and other aggregated figures, the point of comparison is the figure for January-September 2004. For balance sheet and other cross-sectional figures, the point of comparison is the figure at the previous balance sheet date (December 31, 2004).

January-September. Net interest income during the report period amounted to 1.8 per cent as a ratio of average total assets, as against 1.9 per cent a year earlier.

OP Bank Group Earnings Analysis

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Earnings before tax	452	404	11.8	511
ROE, %	12.5	12.8	-0.3*	12.0
Income				
Net interest income	589	561	5.0	758
Net commissions and fees	251	230	9.3	314
Net trading and investment income	79	74	7.2	100
Net income from life assurance operations	45	40	10.9	51
Other operating income	43	37	16.0	46
Share of affiliate profits/losses	1	2	-73.1	5
Other income, total	420	384	9.2	516
Total income	1 009	946	6.7	1 273
Expenses				
Personnel costs	266	257	3.4	354
Other administrative expenses	143	141	1.3	197
Other operating expenses	106	107	-0.9	155
Total expenses	515	505	1.9	706
Cost/income ratio, %	51	53	-2.4*	55
Impairment losses				
Receivables	3	0		7
Consolidated goodwill				
Total	3	0		7
Returns to owner-members				
Bonuses	28	24	14.3	33
Interest on cooperative capital	11	11	0.3	15
Total	39	36	9.9	48

* Percentage points.

Commission and fee income rises

Other operating income grew by 9.2 per cent to € 420 million (384). Net commission and fee income increased by 9.3 per cent. Commissions earned on mutual funds, insurance operations and lending showed especially good growth. Net trading income increased by nearly 60 per cent from the figure a year earlier. Net income from life assurance operations and other operating income also rose.

Expenses rise less than 2 per cent

Total expenses were up 1.9 per cent on the comparison period to € 515 million (505). Personnel costs were up 3.4 per cent. They were increased by the rise in the level of salaries and wages as well as the new long-term incentive schemes for the personnel. Other administrative expenses increased by 1.3 per cent. Other operating expenses, however, contracted by 0.9 per cent, mainly owing to the decrease in property maintenance expenses. The expenses/income ratio fell to 51 per cent.

Impairment losses on receivables still minor in amount

Impairment losses on receivables rose by € 2.7 million on the figure a year earlier. The increase was attributable to the new group-specific impairment losses that were introduced on January 1, 2005. The corresponding entries in the income statement for January-September amounted to € 7.8 million.

Earnings Analysis for Q3

€ million	7–9/05	7–9/04	Change, %	4–6/05	Change, %
Earnings before tax	158	129	22.5	148	6.9
ROE, %	12.2	11.3	0.9*	11.5	0.7*
Income					
Net interest income	195	188	3.9	200	-2.4
Net commissions and fees	81	72	13.0	79	2.7
Net trading and investment income	26	19	34.0	26	-1.5
Net income from life assurance operations	14	10	43.7	16	-10.9
Other operating income	17	11	61.1	11	59.8
Share of affiliate profits/losses	0	1		0	
Other income	138	112	22.9	132	4.5
Total income	333	300	11.0	332	0.4
Expenses					
Personnel costs	82	82	-0.3	88	-7.0
Other administrative expenses	42	42	1.6	51	-17.2
Other expenses	35	34	3.5	33	5.5
Total expenses	159	158	1.0	172	-7.6
Cost/income ratio, %	48	52	-4.7*	52	-4.1*
Impairment losses					
Receivables	2	1		-1	
Consolidated goodwill					
Total	2	1		-1	
Returns to owner-members					
Bonuses	10	9	13.0	9	3.7
Interest on cooperative capital	4	4	3.6	4	9.3
Total	14	12	10.1	13	5.3

* Percentage points.

Third-quarter earnings of € 158 million

The OP Bank Group's earnings before tax in the third quarter were € 158 million, which is the largest quarterly result since the beginning of 2004, for which comparative figures calculated according to IFRS principles are available.

Third-quarter earnings before tax increased by € 29 million on the same period of last year. The growth was attributable to an increase in income of € 33 million, or 11 per cent. The aggregate growth in net interest income and commission and fee income accounted for about half of the total increase in income. Expenses rose by € 2 million from the same period of last year. Impairment losses booked on receivables in the third quarter increased by a million euros.

The third-quarter result was up € 10 million on the earnings figure for the second quarter of this year. The growth in earnings was attributable to a decrease in expenses of € 13 million and a small increase – a million euros – in income. The growth in earnings was reduced by impairment losses on receivables, which were booked to a net amount of € 3.4 million more than in the second quarter.

Total Assets and Off-balance Sheet Items

The OP Bank Group's total assets at the end of September stood at € 46.6 billion, an increase of € 5.1 billion since the end of 2004. In the report period, the loan portfolio grew by € 2.7 billion and life assurance assets by € 0.5 billion. Owing to the Pohjola transaction, investment assets grew by € 1.3 billion. During the report period, the amount of debt securities issued to the public increased by € 2.6 billion and liabilities to financial institutions by € 0.9 billion. Equity capital was increased by the € 333 million net profit as well as by the recording in the fair value reserve, in accordance with IFRS, of the difference between the historical cost and fair value of financial

assets available for sale. Equity capital at the end of September was €0.5 billion greater than at the end of 2004.

Important Balance Sheet and Liability Items

€ billion	Sept. 30, 2005	Change from year-end, %	12 month change, %
Total assets	46.6	12.4	15.2
Loan portfolio	33.7	8.7	12.5
Deposits	23.7	4.1	6.9
Equity capital	3.8	13.6	16.1
Off-balance sheet items	7.7	23.5	24.6
Derivative contracts	35.0	83.9	83.0

The cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks' owner members totalled € 702 million at the end of September (717). The member banks paid a total of €16 million in interest on the cooperative capital for the 2004 financial year. The dividend paid on OKO Bank shares for 2004 was a total of €52 million, of which €0.53 per share on Series A shares and €0.50 per share on Series K shares.

The OP Bank Group's financial statements include 238 member cooperative banks, the OP Bank Group Central Cooperative Consolidated and the OP Bank Group Mutual Insurance Company as well as 4 subsidiaries of the member cooperative banks.

Risk-bearing Capacity and Risk Management

Strong capital adequacy

At the end of September, the OP Bank Group's capital adequacy ratio was 14.6 per cent, or 0.9 percentage point smaller than at the end of 2004 (15.5). The ratio of Tier I own funds to risk-weighted receivables and commitments fell by 0.6 percentage point to 13.5 per cent (14.1). The Pohjola arrangement increased the amount of the OP Bank Group's risk-weighted commitments as well as the deduction to be made on the aggregate amount of Tier I and Tier II own funds. Owing to the effect of the arrangement, the OP Bank Group's capital adequacy declined by 1.1 percentage points, and capital adequacy measured with Tier I own funds by 0.6 percentage point. In spite of this, the OP Bank Group's capital adequacy is still strong.

Tier I own funds increased by 11.0 per cent to €4.0 billion. Own funds included €43 million of cooperative contributions terminated by the member banks' owner-members (90). Following the non-innovative Tier I loan launched by OKO Bank in February, the capital loans included in Tier I own funds increased to €124 million. The €333 million profit for the report period, less the estimated dividend payout, has been included in Tier I own funds. The Group has not included in own funds the increase in equity capital resulting from the measurement, in line with IFRS, of pension liabilities and the assets covering them as well as from the measurement at fair value of investment real estate.

Own Funds and Capital Adequacy

Milj. €	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Own funds				
Tier I	4 013	3 555	12.9	3 615
of which subordinated capital notes	124	74	67.9	74
Tier II	569	391	45.6	455
Mandatory adjustments	-235	-114		-92
Total	4 348	3 832	13.5	3 978
Risk-weighted receivables, investments and off-balance sheet items	29 794	25 110	18.7	25 718
Capital adequacy ratio, %	14.6	15.3	-0.7*	15.5
Tier I ratio, %	13.5	14.2	-0.7*	14.1

* Percentage points.

Stable risk position

The Group's risk position is stable. The key ratios for the risk position were substantially better than the risk limits set by the Group.

Non-performing and interest-free loans totalled € 183 million at the end of September, a decrease of 8.9 per cent on the figure a year ago. Non-performing and interest-free loans are stated net of impairment losses on receivables, which amounted to € 101 million at the end of September (91). The Group's risk exposure is stable according to other indicators of credit risk as well.

During the report period, the Group's key ratio for funding risk improved by 0.7 percentage point to 0.0 per cent. The risk limit set for funding risk is -3 per cent. The indicator for interest rate risk was 1.0 per cent. The risk limit set for interest rate risks is ± 2 per cent of own funds.

OP Bank Group Risk Indicators

<i>Milj. €</i>	<i>Sept. 30, 2005</i>	<i>Change from year-end, %</i>	<i>12 month change, %</i>
Non-performing loans			
Households	102	9.1	-21.0
Companies	77	38.7	10.9
Housing corporations and others	4		73.6
Total	183	21.9	-8.9
Non-performing loans of loan and guarantee portfolio, %	0.5	0.1*	-0.1*
	<i>1-9/2005</i>	<i>Change from a year earlier</i>	
Impairment losses of loan and guarantee portfolio, %	0.01	0.01*	

* Percentage points.

Credit ratings at a good level

Of the international credit rating institutions, Fitch Ratings provides a rating for both the OP Bank Group and its central bank, OKO Bank. The Group's financial position furthermore has a considerable impact on the credit ratings issued for OKO Bank alone.

In July, Standard & Poor's upgraded OKO Bank's credit ratings. The factors behind the improved rating were the stable trend in OKO Bank's income and earnings and the entire OP Bank Group's strengthened market position, plus the fact that the positive trend in profitability has been achieved without jeopardising OKO Bank's and the OP Bank Group's prudent risk exposure and strong capital adequacy.

The credit ratings are at present the following:

<i>Rating Agency</i>	<i>Short-term debt</i>	<i>Long-term debt</i>
Fitch Ratings (OP Bank Group and OKO Bank)	F1+	AA-
Standard & Poor's (OKO Bank)	A-1+	AA-
Moody's (OKO Bank)	P-1	Aa2

Owing to the Pohjola arrangements, in September Moody's and Standard & Poor's placed OKO Bank's credit rating on Credit Watch and changed the outlook from stable to negative.

Owner-Members and Customers

The number of the cooperative banks' owner-members grew by 28 000 from September 2004, reaching 1 125 000. In addition, metropolitan Helsinki-based Okopankki Oyj has 125 000 preferred customers.

The amount of the bonuses which owner-members and the preferred customers of Okopankki Oyj earned for their patronage of the Group's banking services was € 32 million (29), an increase of 12 per cent on the year-ago figure. In the Group's income statement, bonuses earned by the owner-members have been booked under the item "Returns to Owner-Members". Owner-members and preferred customers used the bonuses to pay for bank services to a total amount of € 26 million (20), and they received cash payments for bonuses earned in previous years to a total amount of € 8 million (7).

At the end of September, the OP Bank Group had 3.1 million customers, 23 000 more than a year earlier. Households accounted for 84 per cent, companies and institutions for 12 per cent and agricultural and forestry customers for 4 per cent.

Market Shares

The OP Bank Group's business volume showed a further strong increase. From September 2004 to September 2005, the growth in mutual fund assets clearly outpaced the industry as a whole. The growth in total deposits (from August 2004 to August 2005) outpaced the banking sector on average and the increase in the loan portfolio was on a par with it.

The OP Bank Group's market share of loans remained unchanged over the 12-month period, and the share of deposits grew by 1.3 percentage points. The market share of corporate loans increased, but the share of home mortgages fell. The decrease in the market share of home mortgages nonetheless came to a halt in the third quarter.

The market share of capital invested in mutual funds increased by 2.7 percentage points in 12 months. The market share of premiums written in life and pension policies in January-September was 4.6 percentage points greater than a year earlier.

Market Shares

	<i>Date</i>	<i>Market share, %</i>	<i>Change from year-end</i>	<i>12 month change</i>
Loan portfolio	August 31, 2005	30.3	-0.1	0.0
Housing loans	August 31, 2005	34.1	-0.4	-0.6
Corporate loans	August 31, 2005	24.6	-0.2	1.1
Deposit portfolio	August 31, 2005	33.3	1.0	1.3
Mutual funds	Sept. 30, 2005	16.5	0.0	2.7
Life assurance savings	June 30, 2005*	11.6	0.6	1.1
Life assurance and pension insurance premium income	1-9/2005	20.9		4.6**

* Latest available data.

Changes expressed in percentage points. **Change from a year earlier.

Service Network

The OP Bank Group's multichannel service network comprises outlets, online services and contact centre activities. The number of locations and payment ATMs fell during the report period. The number of online service contracts, however, increased, as did Internet customer terminals. Over 80 per cent of online service contract customers use the service actively each month.

During the report period, 17 per cent more bills were paid on the Internet than a year ago. Nearly 67 per cent of all the bills paid by the OP Bank Group's customers were handled via the Internet. Of the total number of bills paid by the OP Bank Group's customers, only about 5 per cent were still paid through direct customer service at the branch offices. A year earlier the share was 6 per cent.

The Contact Centre is the OP Bank Group's centralised service channel offering personal service for customers and sales support for the member cooperative banks. The number of customer contacts handled by the Contact Centre by phone or via electronic channels grew by a third from the figure a year ago to 555 000.

OP Bank Group Service Network

	Sept. 30, 2005	Change from year-end	12 month change
Branch offices	693	-17	-20
Payment ATMs	620	-12	-11
Internet client terminals	631	13	16
Cash dispensers	1 682	-53	23
Online service agreements	973 700	66 500	87 200

Personnel

At the end of September, the Group employed 9 207 staff (net of interns), or 89 more than at the end of 2004. The member cooperative banks had a total of 6 564 employees at the end of September (6 592). OKO Bank had a payroll of 1 336 employees (1 242) and the rest of the Central Cooperative Consolidated had 1 341 employees (1 317). The 34 employees of the OP Bank Group Pension Fund (33) are included in the "rest of the Central Cooperative Consolidated" but not in the OP Bank Group's total figures, because the Pension Fund is not included in the Group's financial statements.

At the end of September, the OP Bank Group's personnel fund, which went into operation from the beginning of 2005, covered 259 OP Bank Group companies and had 9 000 members, or nearly 95 per cent of the OP Bank Group's personnel. Likewise at the end of September, 132 OP Bank Group companies had adopted the reward system for management that was introduced at the same time.

Joint Responsibility and Joint Security

Under the Cooperative Bank Act, the OP Bank Group (the amalgamation of the cooperative banks) is monitored on a consolidated basis, and the OP Bank Group Central Cooperative – the Group's central institution – and its 242 member banks are ultimately responsible for each others' liabilities and commitments. The Central Cooperative's members at the end of September were the OP Bank Group's 238 member cooperative banks as well as OKO Bank, Okopankki Oyj, OP Bank Group Mortgage Bank plc and OP-Kotipankki Oyj.

Under the Credit Institution Act, the deposit banks must belong to the Deposit Protection Fund. In respect of deposit protection, the deposit banks belonging to the OP Bank Group are considered as a single bank. Depositors' claims on the member banks of the OP Bank Group are compensated from the Deposit Protection Fund up to a maximum amount of €25 000. The deposit banks within the OP Bank Group are the member cooperative banks, OKO Bank, Okopankki Oyj and OP-Kotipankki Oyj.

The Pohjola Transaction Turns the OP Bank Group into a Leading Financial Services Group in Finland

In September, the OP Bank Group's central bank, OKO Bank, acquired a majority holding in the shares of Pohjola Group plc. The transaction expands the OP Bank Group's operations into the non-life insurance market and will strengthen the Group's position within asset management, mutual funds and life and pension insurance. Pohjola is Finland's second-largest non-life insurer. It has increased its market share for several years running and it was one of the most profitable Nordic non-life insurers in 2004 as measured by the combined ratio. Pohjola's other business area is investment services, consisting of life assurance, mutual funds and asset management services.

The acquisition of Pohjola will extend the OP Bank Group's clientele. The Group will gain strength in the corporate sector in unison with Pohjola's corporate customer franchise. Retail banking will continue to be the largest business area in the overall OP Bank Group, followed by non-life insurance. The combined group will have a strong and diversified business portfolio.

After these arrangements, the OP Bank Group is a leading financial services group in Finland. It has a strong market position in all its core business areas, it is clearly the largest in number of employees, and it has a comprehensive nationwide service network.

The OP Bank Group, Suomi Mutual and Ilmarinen have furthermore agreed to deepen their mutual co-operation, which will lead to the formation of a major co-operation group in the Finnish financial markets.

Implementation of the transaction

The transaction was carried out such that on September 12, 2005, OKO Bank purchased from Suomi Mutual Life Assurance Company and Ilmarinen Mutual Pension Insurance Company all the shares they held in Pohjola Group plc for cash consideration of about €1.2 billion. After the transaction, OKO Bank owned about 58.5 per cent of Pohjola's shares and voting rights. Final closing of the transaction was conditional upon approval by an extraordinary general meeting of OKO Bank's shareholders of the terms and conditions of OKO Bank's share issue connected with the transaction and the necessary amendment to the Articles of Association as well as the necessary regulatory approvals for the transaction.

As part of the deal, OKO Bank announced that it was making a public tender offer to Pohjola's other shareholders for the remainder of the Pohjola shares. On the following day, September 13, 2005, OKO Bank raised its proportion of the shares and votes in Pohjola to 64.5 per cent by purchasing shares on the Helsinki Stock Exchange. The acquisition values 100 per cent of Pohjola at about €2 075 million on a fully diluted basis

The intention is for Pohjola to sell Pohjola Life Insurance Company Ltd, Pohjola Fund Management Company Limited, and Pohjola Systeemipalvelu Oy to the Central Cooperative. According to plans, these companies will be integrated into companies that are already engaged in these lines of business within the OP Bank Group. OKO Bank will retain ownership of Pohjola Non-Life Insurance Company Ltd, which will become a key business area of OKO Bank.

The arrangements for the OP Bank Group's businesses also include the transfer to the Central Cooperative's ownership of Okopankki Oyj, which is engaged in retail banking in the Greater Helsinki area. The intention is to combine the operations of Okopankki and the Central Cooperative's wholly-owned subsidiary Optum by the end of the year.

The entire OP Bank Group will participate in financing the Pohjola acquisition. OKO Bank announced it was financing the acquisition primarily by a rights issue as well as by asset sales, debt financing and internal liquid resources. According to plans, the Central Cooperative will finance its own share of the arrangement by raising its ordinary cooperative capital by about €300 million and by offering subscriptions for supplementary contributions to the cooperative capital, likewise about €300 million in amount. In addition, the Central Cooperative will launch two €70 million bond issues.

Events after the close of the report period

The Central Cooperative's extraordinary cooperative meeting held on October 14, 2005, approved the Executive Board's proposals on amendments to the Statutes, enabling the capital arrangements connected with the acquisition of the Pohjola shares.

OKO Bank's extraordinary general meeting held on October 14, 2005, approved the Executive Board's proposals on an increase in OKO Bank's share capital and amending of the Articles of Association in connection with the acquisition of the shares in Pohjola Group plc.

On the same day, OKO Bank's Executive Board decided on the subscription price of the issue and on the other detailed terms and conditions of the rights issue. The subscription price of the new shares is €7.20 per share. The subscription period commenced on October 24, 2005, and it will end on November 15, 2005.

On the same day, OKO Bank's Executive Board also decided on the content and terms of the public tender offer for Pohjola shares. The cash consideration offered by OKO Bank is €13.35 for each Pohjola share. The tender offer commenced on October 19, 2005, and it will end on November 18, 2005.

On October 14, 2005, the Central Cooperative sold to Suomi Mutual and Ilmarinen Mutual an amount of OKO Bank Series A shares that raised both purchasers' holding to 5.27 per cent of the shares and 2.81 per cent of the voting rights.

Regulatory approvals for the transaction were received on October 18, 2005, confirming that the transaction would close and that Pohjola would become an OKO Bank subsidiary.

OKO Bank's holding of Pohjola shares and voting rights rose to over two thirds on October 19, 2005.

Effects of the transaction on the OP Bank Group's financial position

Owing to the Pohjola arrangements, the OP Bank Group's capital adequacy ratio is estimated to fall slightly but to remain at a good level. The Pohjola acquisition will generate goodwill, which will reduce the OP Bank Group's Tier I own funds. In addition, the minimum amount of the solvency margin of the acquired non-life and life insurance operations as calculated according to the Insurance Company Act will be subtracted from the aggregate amount of the OP Bank Group's Tier I and Tier II own funds. These factors reducing own funds will be offset by OKO Bank's rights issue and Tier I capital loan as well as by an issue of upper Tier II bonds. In addition, risk-weighted commitments will increase as a result of the Pohjola arrangement. The OP Bank Group's capital adequacy as calculated according to the rules of the Act on the Supervision of Financial and Insurance Conglomerates will be reported for the first time according to the situation at the end of December 2005.

Pohjola Group's result for October-December is estimated to improve the OP Bank Group's earnings for 2005. Because of the Pohjola arrangement, the key ratios of profitability calculated on equity capital and total assets are nevertheless estimated to decline somewhat.

The Pohjola acquisition is expected to provide significant synergies to OKO Bank and OP Bank Group. The OP Bank Group's total cost and revenue synergies are estimated at about €91 million per annum (pre-tax), of which OKO Bank's share is estimated at about €52 million. The synergies are expected to take full effect within 5 years

Outlook for 2005

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.

The OP Bank Group's earnings before taxes in January-September 2005 improved on the figure a year earlier. Similarly, the full-year result for 2005 is estimated to be higher than the earnings reported in 2004.

All the forecasts and estimates presented in this interim report are based on the current view of the projected financial performance of the OP Bank Group and its various functions, and the actual results may differ significantly.

Divisions

At the end of September, the OP Bank Group's divisions were Retail Banking, Asset Management, Corporate Banking and Group Treasury. Retail Banking comprises the other customer business of the member banks and Okopankki Oyj (financing, payment transfers and cash management services) apart from asset management services. Retail Banking also includes the operations of OP-Kotipankki Oyj, OP Bank Group Mortgage Bank plc, the OP Bank Group Mutual Insurance Company in their entirety and Optum Oy's collection services.

Asset Management includes the overall operations of OP Life Assurance Company Ltd and OP Fund Management Company, Opstock Ltd's asset management services as well as the asset management services of the member cooperative banks and Okopankki Oyj.

Corporate Banking embraces OKO Bank Consolidated's corporate banking operations and Opstock Ltd's corporate finance services. In practice, Corporate Banking comprises the services offered to the OP Bank Group's largest corporate customers as well as leasing and hire-purchase financing.

Group Treasury encompasses the proprietary investment activities of the Central Cooperative, OKO Bank, the member banks and Optum Oy as well as operations in the capital and money markets. Of OKO Bank's divisions, Group Treasury covers central banking and treasury management.

Functions falling outside the divisions comprise the bulk of the Central Cooperative's operations, FD Finanssidata Oy in its entirety, OKO Bank Consolidated's Group Administration as well as the member cooperative banks' segment assets that are mainly attributable to the bank's administration and business support functions and which are not allocated to the divisions. The cost of the services which the Central Cooperative and FD Finanssidata Oy provide for the divisions is allocated to the divisions as internal service charges.

An amount of equity capital corresponding to 11 per cent of risk-weighted commitments according to the Credit Institution Act is allocated to the divisions. Unallocated equity capital is attributed to "Other operations" and is not included in the divisions.

Divisions Summary

€ million	Income	Expenses	Impairments	Other items
Retail Banking	660	271	1	-16
Asset Management	128	101	0	-12
of which life and pension insurance	40	20	0	0
Corporate Banking	109	41	2	0
Group Treasury	78	12	-1	0
Others, incl. eliminations	34	90	0	-11
Total	1 009	515	3	-39

Earnings before tax, € million	1-9/2005	1-9/2004	Change, %	1-12/2004
Retail Banking	371	339	9.5	442
Asset Management	15	22	-32.0	31
of which life and pension insurance	20	22	-8.0	26
Corporate Banking	66	55	19.3	70
Group Treasury	67	51	30.3	65
Others, incl. eliminations	-67	-63	6.3	-97
Total	452	404	11.8	511

Growth in Retail Banking

Households who are customers of the OP Bank Group drew down a record €4.8 billion in home mortgages during the report period, an increase of 24 per cent on the figure a year earlier. The amount of home mortgages drawn down in the third quarter was 6.9 per cent smaller than in the second quarter but nearly a third greater than at the same time a year ago. The average margin on new home mortgages dropped further and was, on average, just under 0.2 percentage point

lower during the report period than a year earlier. The portfolio of home mortgages grew by 11 per cent since the turn of the year and by 15 per cent from September last year. The number of purchases brokered by the OP-Kiinteistökeskus estate agents in January-September was 17 per cent greater than a year ago. Households' consumer loans grew by 12 per cent since the end of September of last year.

Households' current account and payment transfer account deposits rose by 2.7 per cent to €10.7 billion since the end of September 2004. At the end of September, customers held 2 million cards. Cards with a payment facility accounted for 91 per cent of all cards. The share of international cards was 57 per cent.

The corporate loan portfolio, which is part of the Retail Banking division, amounted to €3.5 billion at the end of September, an increase of 5.1 per cent year on year. Retail Banking's business customers drew down 14 per cent more new euro-denominated loans than a year ago. Companies' payment transfer deposits grew by 11 per cent in 12 months and stood at €2.3 billion at the end of September.

Earnings before tax in Retail Banking were €371 million in January-September, an increase of 9.5 per cent on the previous year. Income amounted to €660 million, rising 4.7 per cent on the previous year. Expenses were down 0.6 per cent.

The bulk of the member cooperative banks' earnings is derived from retail banking. All 238 member cooperative banks that are included in the OP Bank Group's financial statements reported an operating profit for the January-September period. Their aggregate operating profit calculated according to Finnish Accounting Standards (FAS) was €284 million (261). Net interest income amounted to €463 million (449) and other income to €234 million (222). Total expenses were €412 million (410). Impairment losses on loans and other commitments were €2.1 million. At the end of September, one member cooperative bank, Strömfors Andelsbank, merged with another, Elimäen Osuuspankki.

Retail Banking

<i>€ million</i>	<i>1-9/2005</i>	<i>Change from a year earlier, %</i>	<i>7-9/2005</i>
Earnings before tax	371	9.5	124
New housing loans	4 793	23.6	1 720
New corporate loans	1 102	14.1	333
Number of real estate transactions brokered	12 740	17.2	4 316
<i>€ billion</i>	<i>Sept. 30.,2005</i>	<i>Change from year-end, %</i>	<i>12 month change, %</i>
Loan portfolio			
Housing loans	15.9	11.5	14.9
Other household loans	7.0	7.0	8.5
Corporate loans	3.5	4.2	5.1
Other loans	1.0	17.8	26.9
Total	27.3	9.5	12.3
Guarantee portfolio	0.4	-0.9	-4.6
Current accounts and payment accounts			
Households	10.7	4.0	2.7
Businesses	2.3	4.9	11.4
Other	1.1	5.7	5.6
Total	14.1	4.3	4.2

Asset Management reaches a higher volume

Premium income from the OP Bank Group's life and pension policies during the report period amounted to €435 million, up 42 per cent on the previous year (306). The growth in the OP Bank Group's premium income clearly outpaced the average for the entire sector. In January-September, the OP Bank Group's market share of premium income from life and pension insurance was 4.6 percentage points greater than a year earlier. Premium income from unit-linked policies was up 89 per cent. Since August, its share of monthly total premium income has been

greater than 50 per cent. Over the entire report period, its share of total premium income was 44 per cent, or 11 percentage points greater than a year earlier. In unit sales terms, 10 700 new pension policies were sold across the OP Bank Group in January-September (5 500). The OP Bank Group's market share of all pension policies sold in Finland in January-August rose to 28 per cent. During the report period, insurance savings topped the 3 billion euro mark and amounted to €3.1 billion at the end of September. Insurance savings grew by 25 per cent from the end of September 2004.

Net subscriptions for mutual funds in January-September totalled €1 418 million, increasing nearly two and a half times year on year. Net subscriptions in the third quarter totalled €415 million, a decrease of 32 per cent on the second quarter but double the amount registered at the same time last year. Money market funds accounted for nearly 23 per cent of the net subscriptions and equity funds for 17 per cent in the report period. The capital invested in mutual funds increased by 41 per cent from the beginning of the year and by 78 per cent from September of last year. Thanks to strong growth, mutual fund capital went over the 7 billion euro mark in the third quarter. The OP Bank Group's share of mutual fund customers was 19.4 per cent. At the end of September, the OP Bank Group had 39 mutual funds under management, or 2 more than at the turn of the year.

Pre-tax earnings generated by Asset Management in January-September totalled €15 million, as against €22 million a year earlier. Income amounted to €128 million, or €10 million more than a year earlier. Expenses were up 13.7 per cent.

OP Life Assurance Company Ltd, which is part of the division, posted earnings before tax of €21 million that were included in the OP Bank Group's IFRS financial statements (21). Premium income increased by 42 per cent and net income from investments more than doubled on January-September of last year. Investment assets are classified nearly in their entirety as financial assets available for sale. The unrealised change in the value of financial assets available for sale has been entered in the fair value reserve under equity capital. During the report period there was an unrealised gain on financial assets available for sale to a net amount of €88 million. After taking deferred taxes into account, the increase in value of the fair value reserve was €65 million from the beginning of the year.

OP Life Assurance Company Ltd's total technical provisions at the end of September were €3.1 billion (2.7), or 18 per cent greater than at the end of 2004. Unit-linked policies accounted for 29 per cent of the technical provisions (23). The Company's investment assets, net of the assets covering unit-linked policies, totalled €2.6 billion (2.3), of which fixed-income investments accounted for 76 per cent at the end of the report period (78), shares and equity funds for 12 per cent (11), real-estate investments for 4 per cent (3) and alternative investments for 9 per cent (8). The Company's solvency margin at the end of September was nearly four times the minimum amount of the solvency margin under the Insurance Companies Act.

OP Life Assurance Company's Earnings Analysis

<i>€ million</i>	1-9/2005	1-9/2004	Change, %	1-12/2004
Premium income	435	306	42.1	478
Investment income	232	114		166
Compensation paid	156	118	31.7	161
Change in technical provisions before supplementary benefits	456	248	84.0	410
Supplementary benefits	15	18	-14.1	25
Operating expenses	20	16	25.9	22
Profit before tax	21	21	-2.0	27

Assets of private and corporate customers under management by the Group's investment bank, Opstock Ltd, grew by 42 per cent to €13.6 billion (9.4). Of these assets, €9.3 billion (5.9) consists of investment assets in the OP mutual funds, OP Life Assurance Company Ltd and OKO Bank. The volume of stockbroking grew by 35 per cent from the figure a year ago, reaching 279 000 trades. The euro-denominated trade volume grew substantially in September due to OKO Bank's Pohjola transactions. Stripping out them, the euro-denominated trade volume in-

creased by 8 per cent on the comparison period. Orders executed online accounted for 72 per cent of total stockbroking (68).

Asset Management

<i>€ million</i>	<i>1–9/2005</i>	<i>Change from a year earlier, %</i>	<i>7–9/2005</i>
Earnings before tax	15	-32.0	5
Insurance premium income	435	42.1	138
Net subscriptions in mutual funds	1 418		415
<i>€ billion</i>	<i>Sept. 30, 2005</i>	<i>Change from year-end, %</i>	<i>12 month change, %</i>
Investment deposits	9.1	5.4	10.1
Endowment insurance	2.6	17.1	23.6
Pension insurance	0.4	23.7	42.3
Capital redemption policies	0.1	4.0	7.1
Total insurance savings	3.1	17.5	25.1
of which unit-linked	0.9	50.1	71.7
Equity and hedge funds	2.5	42.3	92.6
Balanced funds	1.1	46.3	68.1
Bond funds	1.5	74.5	204.9
Money market funds	2.1	19.8	32.1
Total value of mutual funds	7.2	40.6	78.4
Customer funds under management (excluding investment assets of OP mutual funds, OP Life Assurance Company and OKO Bank)	4.3	14.6	25.5

Corporate Banking strengthens

The loan and guarantee portfolio of the Corporate Banking division grew by 13.8 per cent from the end of September of last year and totalled just under €7.5 billion at the end of the report period. Corporate loans and guarantees rose by 15 per cent and leasing and hire purchase financing by slightly over 12 per cent. During the report period, just under €1.9 billion of new long term financing and €0.85 billion of lease financing was arranged for companies and institutions. The OP Bank Group acted as the lead manager in four syndicated loans and took part in financing certain major M&A arrangements. OKO Bank has established a subsidiary in Russia providing corporate finance services.

Earnings before tax in Corporate Banking were €66 million in January-September, an increase of 19.3 per cent on the previous year. Income amounted to €109 million, rising 21.3 per cent on the previous year. Expenses were up 19.3 per cent.

Corporate Banking

<i>€ million</i>	<i>1–9/2005</i>	<i>Change from a year earlier, %</i>	<i>7–9/2005</i>
Earnings before tax	66	19.3	28
<i>Mrd. €</i>	<i>Sept. 30, 2005</i>	<i>Change from year-end, %</i>	<i>12 month change, %</i>
Loan portfolio	6.2	5.2	14.3
Guarantee portfolio	1.2	-1.2	12.3
Deposit portfolio	0.2	-14.6	34.9

Group Treasury posts higher earnings

In March, OKO Bank arranged a billion-euro debt issue targeted at the international capital markets. The notes have a maturity of three years. Debt securities issued to the public, which were

allocated to Group Treasury, came to €8.8 billion in total amount, an increase of 32 per cent on the figure a year ago. The acquisition of Pohjola shares increased the amount of debt securities issued to the public.

The value of investment properties at the end of September was €525 million, down 14 per cent on the same period of last year. The net yield on capital invested in investment properties was 7.4 per cent and the properties had an occupancy rate of 89 per cent.

Notes and bonds allocated to Group Treasury amounted to €2.4 billion at the end of September (2.3) and shareholdings to €0.06 billion (0.05).

Group Treasury's earnings before tax were €67 million in January-September, an increase of 30.3 per cent on the previous year. Income was up 5.3 per cent to €78 million. Expenses were down 48 per cent.

OP Bank Group Central Cooperative Consolidated

OP Bank Group Central Cooperative Consolidated's earnings before tax as reported according to IFRS principles were €168 million (205). A major factor that reduced earnings was the non-recurring items that were included in other operating income in the comparison period.

The growth in net interest income was driven by the higher net interest income from corporate banking. Within commission and fee income, the best growth came from commissions received on lending, mutual funds and securities brokerage. Net trading income showed a clear increase on the comparison period. Net income from investments, however, decreased by 42 per cent, largely because of the fall in net income from equities available for sale. Life assurance operations generated slightly greater net income than a year ago. Other operating income diminished by 23 per cent, which was due to the €49 million in earnings which the Central Cooperative received a year earlier on the dissolution of the OP Bank Group Security Fund.

Total expenses increased by 4.0 per cent to €249 million. The increase in personnel costs was attributable to increased personnel, the rise in the level of salaries and wages and to the new incentive schemes for the staff. Central Cooperative Consolidated had a payroll of 2 627 employees at the end of September, 4.8 per cent more than at the turn of the year. Other operating expenses increased by 8.8 per cent. Net impairment losses on receivables were €2.6 million.

From the turn of the year, total assets grew by 20 per cent to €23.7 billion. The loan portfolio totalled €9.7 billion (9.1). The amount of the Central Cooperative Consolidated's shares held as investment assets grew by €1.3 billion following the acquisition by OKO Bank, by the end of September, of a 65 per cent holding of Pohjola Group's shares outstanding. Total deposits were €2.3 billion (2.4) and debt securities issued to the public amounted to €8.8 billion (6.2). Equity capital increased to €1.3 billion (1.0). The Central Cooperative's cooperative capital is for the time being ranked as borrowed capital.

OP Bank Group Central Cooperative Consolidated Income Statement

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Interest income	557	317	75.4	436
Interest expenses	427	203		278
Net interest income	130	115	12.7	158
Impairment losses on receivables	3	0		2
Net interest income after impairment losses	127	114	10.9	156
Net commissions and fees	76	64	19.4	88
Net trading income	10	3		8
Net investment income	16	27	-42.1	34
Net income from life assurance operations	38	37	3.6	43
Other operating income	153	201	-23.5	252
Personnel costs	95	90	5.6	125
Other administrative expenses	88	89	-0.8	124
Other operating expenses	66	60	8.8	82
Returns to owner-members	4	4		5
Share of affiliate profits/losses	1	2	-73.1	5
Earnings before tax	168	205	-17.9	250

The capital adequacy ratio at the end of the report period was 10.3 per cent (11.5) and own funds totalled € 1.3 billion (1.2). The net profit generated during the report period, less the estimated dividend payout, is included in own funds. The Central Cooperative's cooperative capital and the consolidation group's own funds do not include terminated cooperative contributions. The amount of risk-weighted loans, investments and off-balance sheet items grew by 24 per cent to € 13.0 billion.

The consolidated financial statements of OP Bank Group Central Cooperative Consolidated include the financial statements of the parent institution, the OP Bank Group Central Cooperative, as well as the financial statements of OKO Bank, OP Life Assurance Company Ltd, OP-Kotipankki Oyj, OP Fund Management Company Ltd, FD-Finanssidata Oy, OP Bank Group Mortgage Bank plc and Optum Oy. In addition, the financial statements of the real-estate investment company Oy Realinvest Ab and Automatia Pankkiautomaatit Oy are consolidated according to the equity method within the Group's financial statements.

OP Bank Group Central Cooperative

OP Bank Group Central Cooperative Consolidated's parent institution, the OP Bank Group Central Cooperative, reported an operating profit of €58 million (97). The decrease in operating profit was attributable above all to the €49 million in earnings which the Central Cooperative received on the dissolution of the OP Bank Group Security Fund in the comparison period. By contrast, larger dividend income than a year ago improved operating profit in the report period. Personnel costs increased, notably due to the reorganisation of ICT functions, whereby 216 FD Finanssidata staff transferred to the employ of the Central Cooperative on March 1, 2005. As a consequence of the arrangement, the Central Cooperative's IT expenses decreased compared with January-September of last year.

The Annual Cooperative Meeting of the OP Bank Group Central Cooperative was held on March 31, 2005. Of the members due to resign, the meeting re-elected Jari Laaksonen, Erkki Laatikainen, Juhani Leminen, Jorma Pere, Esa Härmälä and Tuire Santamäki-Vuori to seats on the Supervisory Board. Tony Vepsäläinen was elected a new member. The Supervisory Board has a total of 36 members.

At its organisation meeting, the Supervisory Board re-elected Seppo Penttinen chairman. Re-elected as vice chairmen were Pertti Ruotsalainen and Simo Kauppi.

The firm of independent public accountants KPMG Oy Ab was elected auditor of the OP Bank Group Central Cooperative for the 2005 financial year.

OKO Bank

The Central Cooperative's most important subsidiary is OKO Osuuspankkien Keskuspankki Oyj (OKO Bank), which together with its subsidiaries comprises a consolidation group.

OKO Bank's consolidated earnings before tax as calculated according to IFRS principles increased by 14 per cent to €115 million (100). Earnings per share were €0.87 (0.81). Capital adequacy ratio calculated with Tier I own funds was 6.9 per cent at the end of September and the cost/income ratio was 49 per cent (51). OKO Bank has published its own Interim Report for the January-September period on November 2, 2005.

Transition to IFRS Financial Statements

The OP Bank Group adopted IFRS reporting standards from the beginning of 2005. In the financial information for 2005, the comparative data for 2004 have been adjusted in line with the information prepared in accordance with IFRS principles. On March 24, 2005, the OP Bank Group published a stock exchange release on the transition to IFRS. The bulletin discussed the main impacts of the transition to IFRS on the Group's financial information for 2004 and presented reconciliations between the financial statement information prepared according to Finnish Accounting Standards and IFRS. The tabular section of this Interim Report presents updated reconciliations relating to the comparative information for the report period. The stock exchange release published in the spring also discussed the main changes to accounting policies resulting from the transition to IFRS.

Under the exemption permitted in making the transition to IFRS on January 1, 2005, the comparative information for 2004 in respect of IAS 39, Financial Instruments, has not been converted in line with IFRS. The effects of introducing IAS 39 were taken into account in the equity capital items in the opening balance sheet at January 1, 2005.

Effects of IAS 39 on the OP Bank Group's equity capital

The overall euro-denominated effect of the transition on equity capital at January 1, 2005, was an increase of €77 million. The effect of category-specific impairment losses on receivables was €8 million negative. The measurement at fair value of financial assets available for sale was a gain of €80 million. In making the transition, certain financial assets were classified on a one-off basis as financial assets available for trading. This regrouping had only a minor effect on equity capital.

Category-specific impairment losses are booked on categories comprising receivables that are similar in terms of their credit risk and for which there are objective criteria for judging an impairment. The size of the impairment charged for categories of receivables is based on an empirical percentage share of the capital in each category. According to the main rule, impairment losses on receivables are still recorded for specific receivables, and category-specific impairments are booked on receivables that are either too small or which have otherwise not been subjected to an individual assessment. In connection with the transition to IAS 39, those category-specific impairment losses were charged to equity capital which, according to the principles now in use, would have been recorded as an expense prior to the commencement of the financial period.

Financial assets available for sale comprise financial assets other than those held for trading as well as loans and receivables or held-to-maturity investments. Under IFRS principles, they are measured at fair value. Shares, holdings and bonds and notes that were classified as financial assets available for sale were measured at the original or amortised cost less impairment charges in accordance with Finnish Accounting Standards. The positive difference at the time of transition between fair value and the values according to previous Finnish measurement practice was entered in the fair value reserve under equity capital.

This Interim Report has been prepared in accordance with IFRS recording and reporting standards. The figures in this Interim Report are unaudited.

OP Bank Group Income Statement

€ million	1–9/2005	1–9/2004	Change, %	1–12/2004
Interest income	1 141	875	30	1 185
Interest expenses	551	314	76	428
Net interest income (Note 1)	589	561	5	758
Impairment losses on receivables (Note 2)	3	0		7
Net interest income after impairment losses	586	561	5	750
Net commissions and fees (Note 3)	251	230	9	314
Net trading income (Note 4)	19	12	58	20
Net investment income (Note 5)	61	62	-3	79
Net income from life assurance operations (Note 6)	45	40	11	51
Other operating income (Note 7)	43	37	16	46
Personnel costs (Note 8)	266	257	3	354
Other administrative expenses (Note 9)	143	141	1	197
Other operating expenses (Note 10)	106	107	-1	155
Returns to owner-members (Note 11)	39	36	10	48
Share of affiliate profits/losses	1	2	-73	5
Earnings before tax	452	404	12	511
Income tax	119	104	14	131
Profit for the period	333	300	11	380
Share of OP Bank Group's owners in the period's earnings	332	299	11	379
Share of minority interest in the period's earnings	1	1	47	1
Total	333	300	11	380

Key Figures and Ratios

	1–9/2005	1–9/2004	1–12/2004
Return on equity, %	12.5	12.8	12.0
Return on assets, %	1.01	1.02	0.96
Cost/income ratio, %	51	53	55
Average personnel	9 401	9 381	9 327

Return on equity, % = Annualised profit for the period / Equity capital (average at the beginning and end of the period) x 100

Return on assets, % = Annualised profit for the period / Balance sheet total (average at the beginning and end of the period) x 100

Cost/income ratio, % = Personnel costs + other administrative expenses + other operating expenses / Net interest income + net commissions and fees + net trading income + net income from investments + net income from life assurance operations + other operating income + share of affiliate profits/losses x 100

OP Bank Group Quarterly Performance

€ million	7–9/04	10–12/04	1–3/05	4–6/05	7–9/05
Interest income	300	310	372	380	389
Interest expenses	112	114	178	180	193
Net interest income	188	196	194	200	195
Impairment losses on receivables	1	7	2	-1	2
Net interest income after impairment losses	187	189	191	201	193
Net commissions and fees	72	84	91	79	81
Net trading income	-1	9	6	2	11
Net investment income	20	17	22	24	15
Net income from life assurance operations	10	10	15	16	14
Other operating income	11	9	15	11	17
Personnel costs	82	97	97	88	82
Other administrative expenses	42	56	49	51	42
Other operating expenses	34	48	37	33	35
Returns to owner-members	12	13	13	13	14
Share of affiliate profits/ losses	1	2	0	0	0

Earnings before tax	129	107	145	148	158
Income tax	38	27	30	45	44
Profit for the period	91	80	115	103	115

Reconciliation of profit under FAS and IFRS for the comparative period

<i>€ million</i>	1–9/2004	7–9/2004
Profit for the period, FAS	297	83
Recognition of defined-benefit pension schemes according to IFRS	23	7
Fair value valuation of investment property	7	2
Recognition of income from repayment security insurance according to IFRS	-7	-2
Deferred taxes	-9	5
Other	-12	-3
Profit for the period, IFRS	299	91

OP Bank Group Balance Sheet

<i>€ million</i>	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Liquid assets	1 012	752	35	422
Receivables from financial institutions	132	676	-81	681
Financial assets for trading (Note 12)	3 432	2 819	22	3 170
Derivative contracts	122	55		93
Receivables from customers	33 657	29 905	13	30 952
Investment assets (Note 13)	2 909	1 665	75	1 660
Investments in affiliates	40	44	-10	46
Intangible assets	83	88	-6	86
Tangible assets	630	614	3	622
Other assets	987	997	-1	780
Life assurance assets (Note 14)	3 506	2 742	28	2 867
Tax receivables	77	77	-1	81
Total assets	46 587	40 435	15	41 460
Liabilities to financial institutions	2 034	1 287	58	1 184
Financial liabilities for trading	3	-		-
Derivative contracts	141	74	91	99
Liabilities to customers	25 500	23 624	8	25 107
Debt securities issued to the public (Note 15)	8 882	6 699	33	6 325
Provisions and other liabilities	1 266	1 351	-6	1 030
Life assurance liabilities (Note 16)	3 132	2 517	24	2 667
Tax liabilities	484	352	37	398
Cooperative capital	702	694	1	717
Subordinated liabilities (Note 17)	655	569	15	597
Total liabilities	42 798	37 170	15	38 124
Equity capital				
Share of OP Bank Group's owners				
Share capital	82	75	8	78
Share issue account	0	0	-77	3
Reserves	1 753	1 531	14	1 532
Retained earnings	1 948	1 653	18	1 718
Minority interest	6	6	6	6
Total equity capital	3 789	3 265	16	3 337
Total liabilities and equity capital	46 587	40 435	15	41 460

Changes in Equity Capital

<i>€ million</i>	Share capital	Reserves	Retained earnings	Minority interest	Total equity capital
Equity capital January 1, 2004	74	1 475	1 434	7	2 990
Change in share capital	1	-1	0	0	1
Fair value reserve	0	0	0	0	0
Transfer of reserves	0	55	-55	0	0

Distribution of profit	0	0	-30	-1	-31
Profit for the period	0	0	299	1	300
Other	0	2	3	0	5
Equity capital September 30, 2004	75	1 531	1 653	6	3 265
Equity capital January 1, 2005	78	1 535	1 718	6	3 337
Changes in accounting principles	0	85	-8	0	77
Change in share capital	5	-2	0	0	3
Fair value reserve	0	75	0	0	75
Transfer of reserves	0	60	-60	0	0
Distribution of profit	0	0	-23	-1	-24
Profit for the period	0	0	332	1	333
Other	-1	0	-10	0	-11
Equity capital September 30, 2005	82	1 753	1 948	6	3 789

Reconciliation of equity under FAS and IFRS at the end of the comparative period

€ million	Sept. 30, 2004
Equity, FAS	3 772
Recognition of defined-benefit pension schemes according to IFRS	346
Fair value valuation of investment property	54
Recognition of income from repayment security insurance according to IFRS	-92
Deferred taxes	-39
Transferral of capital loans from equity to loans	-73
Transferral of cooperative capital from equity to loans	-694
Other	-8
Equity, IFRS	3 265

Cash flow statement

€ million	1-9/2005	1-9/2004
Liquid assets January 1	450	1 076
Cash flows from operations	-588	-2 086
Cash flows from investments	-1 343	79
Cash flows from financing	2 520	1 699
Liquid assets September 30	1 039	768

The cash flow statement presents the cash flows of the period on the cash basis, divided into cash flows from operations, investments and financing. Cash flows from operations include cash flows originating from day-to-day operations. Cash flow from investments includes payments associated with tangible and intangible assets, investments held to maturity and shares that are not considered as belonging to cash flow from operations. Cash flow from financing includes cash flows originating in the financing of operations either on equity terms or liability terms from the money or capital market. Liquid assets include cash in hand and receivables from financial institutions payable on demand. Calculation has been prepared using the indirect method.

Notes

Note 1 Net interest income

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Interest income				
Receivables from financial institutions	17	14	23	19
Receivables from customers	873	795	10	1 077
Other	251	66		90
Total	1 141	875	30	1 185
Interest expenses				
Liabilities to financial institutions	26	18	51	25
Liabilities to customers	203	178	14	241
Other	322	119		162
Total	551	314	76	428
Net interest income	589	561	5	758

The break-downs of interest income and interest expenses for 2004 and 2005 are not comparable due to changes in booking and presentation practices.

Note 2 Impairment losses on receivables

€ million	1–9/2005	1–9/2004	Change, %	1–12/2004
Impairment losses on receivables	30	16	84	28
Reversals of impairment losses	-31	-10		-13
Payments on impaired receivables depreciated from balance sheet	-4	-6	32	-7
Net change in group-specific impairment losses	8	-		-
Total	3	0		7

Note 3 Commissions and fees

€ million	1–9/2005	1–9/2004	Change, %	1–12/2004
Commission income				
Lending	68	63	8	84
Deposits	6	6	-8	8
Payment transfers	77	81	-5	108
Securities brokerage	15	12	25	17
Securities issuance	5	4	17	6
Mutual funds brokerage	34	25	37	34
Asset management and legal services	22	21	9	29
Assurance brokerage	32	25	28	31
Guarantees	7	7	-1	10
Other	13	17	-23	28
Total	279	261	7	355
Commission expenses	28	31	-9	40
Net commissions and fees	251	230	9	314

Note 4 Net trading income

€ million	1–9/2005	1–9/2004	Change, %	1–12/2004
Capital gains and losses				
Notes and bonds	8	5	66	14
Shares and holdings	2	-2		-2
Derivatives	-6	-5	-18	-12
Changes in fair value				
Notes and bonds	3	-2		-1
Shares and holdings	4	2	161	3
Derivatives	1	5	-77	7
Net income from hedge accounting				
Net income from hedging contracts	-	-		-
Net income from hedged contracts	-	-		-
Dividend income	1	4	-78	4
Net income from foreign exchange operations	6	5	5	7
Total	19	12	58	20

Note 5 Net income from investments

€ million	1–9/2005	1–9/2004	Change, %	1–12/2004
Financial assets available for sale				
Capital gains and losses				
Notes and bonds	5	4	22	6
Shares and holdings	11	13	-17	15
Other	-	-		-
Net income from hedge accounting				
Net income from hedging contracts	0	-		-
Net income from hedged contracts	-	-		-
Dividend income	8	10	-21	12
Impairment losses	0	1		3
Total	24	28	-15	36
Investment properties				
Rental income				
Maintenance charges and expenses	47	57	-18	75
Changes in fair value, capital gains and losses	-28	-31	11	-43

Other	17	8		10
Total	1	1	88	1
Other	0	0		0
Net income from investments	61	62	-3	79

Note 6 Net income from life assurance operations

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Unit-linked policies				
Premium income	192	102	89	168
Claims incurred	-21	-18	-19	-21
Change in technical provisions	-308	-114		-191
Interest bearing policies				
Premium income	243	204	19	310
Claims incurred	-130	-101	-29	-144
Change in technical provisions	-163	-149	-10	-236
Investment income	232	115		164
of which from unit-linked policies	152	33		60
Net income from life assurance operations	45	40	11	51

Note 7 Other operating income

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Income from real estate holdings in own use	9	8	11	11
Other	34	29	18	36
Total	43	37	16	46

Note 8 Personnel costs

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Salaries and remuneration	237	225	5	310
Pension costs	15	19	-19	25
Other indirect personnel costs	14	13	6	20
Total	266	257	3	354

Note 9 Other administrative expenses

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Office expenses	28	23	22	31
IT expenses	39	41	-5	61
Telecommunications expenses	22	24	-7	32
Marketing expenses	30	31	-1	41
Other administrative expenses	22	22	3	32
Total	143	141	1	197

Note 10 Other operating expenses

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Expenses from real estate holdings in own use	38	39	-1	54
Depreciation	49	48	2	74
Other	19	21	-8	26
Total	106	107	-1	155

Note 11 Returns to owner-members

€ million	1-9/2005	1-9/2004	Change, %	1-12/2004
Bonuses	28	24	14	33
Interest on cooperative capital	11	11	0	15
Total	39	36	10	48

Note 12 Financial assets for trading

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Notes and bonds	3 368	2 769	22	3 120
Shares and holdings	64	50	29	51
Purchased loans and other receivables	-	-	-	-
Total	3 432	2 819	22	3 170

Note 13 Investment assets

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Financial assets available for sale				
Notes and bonds	579	637	-9	642
Shares and holdings	273	179	52	190
Other	-	-	-	-
Financial assets held to maturity	189	224	-16	220
Investment properties	525	611	-14	599
Subsidiaries and affiliates not consolidated	1 343	13		9
Total	2 909	1 665	75	1 660

Note 14 Life assurance assets

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Shares and participations	882	532	66	551
Investment properties	86	69	24	69
Financial market instruments	1 585	1 551	2	1 585
Other	36	53	-32	48
Assets covering unit-linked policies	918	537	71	614
Total	3 506	2 742	28	2 867

Note 15 Debt securities issued to the public

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Bonds	3 441	2 571	34	2 958
Certificates of deposit	5 324	3 579	49	2 876
Other	117	550	-79	490
Total	8 882	6 699	33	6 325

Note 16 Life assurance liabilities

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Technical provisions	2 204	1 951	13	2 038
Technical provisions for unit-linked policies	916	532	72	609
Other	11	34	-67	20
Total	3 132	2 517	24	2 667

Note 17 Subordinated liabilities

<i>€ million</i>	<i>Sept. 30, 2005</i>	<i>Sept. 30, 2004</i>	<i>Change, %</i>	<i>Dec. 31, 2004</i>
Capital loans	129	100	30	82
Other	525	470	12	514
Total	655	569	15	597

Assets given as collateral on own and others' behalf as well as liabilities and commitments for which they were pledged

€ million	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Collateral for own liabilities and commitments				
Pledges	1 318	1 255	5	1 288
Other	18	15	18	15
Collateralised liabilities				
Liabilities to financial institutions	1 201	978	23	961
Liabilities to customers	369	314	17	325
Collateral pledged on behalf of OP Bank Group companies				
Pledges	-	-		-
Mortgages	-	-		-
Collateral pledged on behalf of others				
Pledges	-	1		1
Mortgages	-	-		-

Off-balance sheet items

€ million	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Commitments given to a third party on behalf of customers				
Guarantees and pledges	310	336	-8	338
Other guarantees	1 255	1 117	12	1 244
On behalf of affiliates	2	2	3	2
Other commitments	149	87	71	104
Irrevocable commitments given on behalf of a customer				
Unused standby credit facilities	5 623	4 222	33	4 166
For affiliates	2	-		-
Other commitments	410	455	-10	418
Total commitments	7 747	6 218	25	6 271
of which to affiliates or on their behalf	2	2	3	2

Accounts receivable and payable from sale or purchase of assets on behalf of customers

€ million	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Accounts receivable	33	39	-14	52
Accounts payable	36	42	-15	57

Derivative contracts

€ million	Sept. 30, 2005	Sept. 30, 2004	Change, %	Dec. 31, 2004
Values of the underlying instruments				
Futures and forwards	5 223	6 451	-19	4 177
Options				
Purchased	4 065	472		903
Written	6 537	469		827
Interest rate swaps	15 666	9 613	63	10 337
Interest rate derivatives, total	31 490	17 004	85	16 244
Futures and forwards	2 393	1 643	46	1 914
Options				
Purchased	35	17		1
Written	33	17	97	1
Interest rate and currency swaps	800	269		679
Currency derivatives, total	3 261	1 945	68	2 595
Equity derivatives	97	74	31	71
Other derivatives	117	100	17	105
Total	34 965	19 123	83	19 014

Positive fair value of derivative contracts	182	89		133
Negative fair value of derivative contracts	193	134	43	200
Credit countervalues of contracts				
Interest rate derivatives	174	89	95	111
Currency derivatives	120	53		105
Equity derivatives	-	-		-
Other derivatives	26	19	36	18
Total	319	161	98	233

This Interim Report has been prepared according to IFRS principles. The figures in this Interim Report are unaudited.

The OP Bank Group's financial statement bulletin for 2005 will be published on February 17, 2006. The Interim Reports will be published on May 11, 2006, August 10, 2006 and November 2, 2006.

Helsinki, November 2, 2005

**OP Bank Group Central Cooperative
Executive Board**

DISCLAIMER

These materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The issuer of the shares has not registered, and does not intend to register, any portion of the offering in the United States and does not intend to conduct a public offering of shares in the United States.

This document is not a prospectus and as such does not constitute an offer to sell or the solicitation of an offer to purchase shares or rights to subscribe for shares. Investors should not subscribe for any shares or rights referred to in this document, or tender any shares, except on the basis of the information contained in a prospectus or tender offer document.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Offers will not be made directly or indirectly in any jurisdiction where prohibited by applicable law and any offer documents and related acceptance forms will not and may not be distributed, forwarded or transmitted into or from any jurisdiction where prohibited by applicable law. In particular, the rights offering and the tender offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means of instrumentality (including without limitations, mail, facsimile transmission, e-mail or telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of Australia, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, South Africa, Canada or the United States.

Not for release, publication or distribution in Australia, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, South Africa, Canada or the United States.