OKO BANK PLC

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OKO BANK PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER 2006 AND THE PRESIDENT AND CEO'S COMMENTS

The President and CEO's comments:

"OKO Bank's first full financial year with Pohjola was very successful. The Group reached all main business targets with the exception of the combined ratio in Non-life Insurance. The combined ratio was weaker than the targeted figure because of the unfavourable trend in major losses in 2006. In Non-life Insurance, return on investments was at the expected level.

Consolidated earnings before tax stood at EUR 223 million in 2006. The earnings for the fourth quarter were EUR 57 million, which is almost at the same level as in the previous quarters of the year.

In Banking and Investment Services, earnings for the last quarter and the entire year were excellent. In 2006, OKO Bank clearly strengthened its position as a corporate bank. At the same time, the credit risk exposure remained good. The integration of asset management operations was successful. At the turn of the year, the amount of assets under management exceeded the milestone of EUR 30 billion.

The integration of non-life insurance operations with OKO Bank and the entire OP Bank Group has proceeded in an excellent manner: both Pohjola and the member cooperative banks have obtained a large number of new customers. Cost synergies are materialising in accordance with the targets.

The personnel's work has been outstanding in the midst of the many changes. Throughout the year, customer service has continued to be commendable and business operations have reflected the personnel's desire to reach common goals and to learn new things.

The basis for improved performance in 2007 is promising. The Group is now clearly a larger bank and asset manager than a year earlier and has therefore a stronger position to strive for improvements in the coming year. In Non-life Insurance, the development is strongly supported by the increased number of household customers."

Helsinki, 15 February 2007

Mikael Silvennoinen

OKO BANK PLC FINANCIAL STATEMENTS BULLETIN 1 JANUARY – 31 DECEMBER 2006

October – December 2006

– Earnings before tax amounted to EUR 57 million (41) in October-December.[1]

– Earnings per share were EUR 0.20 (0.21) in October–December. Equity per share was EUR 8.99 (8.75).[2]

– Return on equity stood at 11.7% (62).[3]

– The loan and guarantee portfolio of Banking and Investment Services increased by 3% in October-December and 20% in a year.

– Assets under management totalled EUR 31.3 billion.

– The integration of OKO Bank's and Pohjola's operations proceeded as planned. The net number of Pohjola's loyal customers increased by 7 100 in October-December.

– Unfavourable trend in major and medium-size claims continued.

January – December 2006

– Earnings before tax amounted to EUR 223 million (120).[1]

– Earnings per share for continuing operations were EUR 0.89 (0.65). [2]

– Return on equity stood at 9.5% in January-December (22.3). [3]

– Earnings before tax of Banking and Investment Services totalled EUR 163 million (136).

– Earnings before tax of Non-life Insurance totalled EUR 78 million. The net number of Pohjola's loyal customer households increased by 34 500.

– The Board of Directors' proposal for dividend distribution is EUR 0.65 for Series A share (0.60) and EUR 0.62 for Series K share (0.57).

The figures in this bulletin are unaudited.

1) The comparative figures used are the figures for continuing operations for the corresponding periods in 2005, unless otherwise noted. The growth figures for October-December have been calculated on the situation at the end of September 2006, unless otherwise noted. For balance sheet and other cross-sectional items, the point of comparison is the figure at the end of the previous quarter, unless otherwise noted.
All figures in this bulletin are rounded figures. Therefore, the total of individual figures may deviate from the total presented.
2) The key figures per share are share issue adjusted.
3) Return on equity has been calculated at fair values. Earnings and change in fair value are annualised figures.
IFRS accounting entails strong fluctuations in quarter-specific figures.

Key figures	***10-12/2006***	***10-12/2005***	***1-12/2006 31 Dec. 2006***	***1-12/2005 31 Dec. 2005***
Earnings before tax, EUR million	57	41	223	120
Profit for the period, EUR million	41	37	180	93
Return on equity, %	11.7	62.0	9.5	22.3
Balance sheet total, EUR billion			24.2	22.3
Risk-weighted items, EUR billion			11.6	10.5
Loan portfolio, EUR billion			7.9	6.8
Guarantee portfolio, EUR billion			1.9	1.4
Assets under management, EUR billion			31.3	27.5
Capital adequacy, %			12.9	12.8
Tier 1 ratio, %			8.2	9.6
Proportion of problem receivables to loans and guarantees, %			0.2	0.3
Earnings per share, EUR	0.20	0.21	0.89	0.65
Earnings per share incl. change in fair value, EUR	0.26	0.42	0.89	0.85
Earnings per share, diluted, EUR	0.20	0.21	0.89	0.65
Equity per share, EUR			8.99	8.76
Dividend per Series A share (Board of Directors' proposal for 2006), EUR			0.65	0.60
Market capitalisation (A and K), EUR million			2 583	2 386
Average personnel			3 030	1 668

The comparative figures used are the year 2005 figures for continuing operations in the corresponding periods.

Earnings by quarter

OKO Bank's quarterly earnings are shown in the table below. The year 2005 comparative figures concern the OKO Bank Group's continuing operations.

	2005				2006			
EUR million	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Net investment income	20	22	21	23	26	25	22	23
Impairment losses on receivables	1	1	-	2	-1	-	2	-
Net interest income after impairment losses	**20**	**21**	**21**	**22**	**27**	**25**	**20**	**23**
Net income from Non-life Insurance	-	-	-	69	86	90	68	84
Net commissions and fees	16	17	17	21	26	23	25	29
Net trading income	3	-1	7	6	3	2	6	9
Net investment income	11	7	3	-2	20	9	2	7
Other operating income	2	3	2	14	12	13	11	13
Total net income	**52**	**48**	**50**	**130**	**173**	**163**	**131**	**165**
Personnel costs	10	9	9	36	42	45	36	42
IT expenses	4	5	4	8	11	11	10	10
Amortisation and depreciation	2	2	2	10	15	14	14	15
Other expenses	8	8	7	35	37	35	32	41
Total expenses	**24**	**25**	**21**	**89**	**104**	**105**	**92**	**108**
Share of associates' profits/losses	-	1	-	-	-	-	-	-
Earnings before tax	**28**	**24**	**29**	**41**	**69**	**57**	**40**	**57**
Income tax	7	7	9	3	16	15	-4	-15
Profit for the period	**20**	**17**	**19**	**37**	**53**	**42**	**44**	**41**
Change in fair value reserve	**0**	**-2**	**2**	**34**	**-15**	**-33**	**36**	**12**
Earnings for the period at fair values	**20**	**15**	**21**	**71**	**38**	**9**	**80**	**53**

EARNINGS

October–December

The OKO Bank Group's earnings before tax amounted to EUR 57 million (continuous operations 41) in the last quarter of 2006.

The capital adequacy ratio at the end of the review period was 12.9% (12.7) and the Tier 1 ratio was 8.2% (8.2).

In Banking and Investment Services, earnings before tax amounted to EUR 43 million (30). The loan portfolio of Corporate Banking increased by 3% and stood at EUR 7.9 billion at the end of 2006. The level of margins remained stable and the risk exposure good. In Asset Management, the amount of assets under management increased by 5% to EUR 31.3 billion.

In Non-life Insurance, earnings before tax stood at EUR 20 million. Insurance premium revenue increased more than expected, to EUR 204 million. Unfavourable trend in major and medium-size claims continued in the last quarter of the year. Return on investments was 1.5%.

Other operations showed a negative result of EUR 7 million (EUR 16 million negative), consisting of Group administrative expenses, cost of financing the acquisition of the Pohjola shares and of net income from investments and services sold by Pohjola Group to related party companies.

Integration expenses allocated to the review period amounted to approximately EUR 1 million.

Earnings per share were EUR 0.20 (0.21). Shareholders' equity per share was EUR 8.99 (8.75) after the distribution of EUR 0.59 dividend in March.

Annualised return on equity stood at 11.7% (62.0).

January–December

The OKO Bank Group's earnings before tax totalled EUR 223 million (continuing operations 120).

At the end of 2006, the capital adequacy ratio stood at 12.9% (12.8) and the Tier 1 ratio was 8.2% (9.6).

In Banking and Investment Services, earnings before tax amounted to EUR 163 million (136). The loan portfolio of Corporate Banking increased by 17.2% and stood at EUR 7.9 billion at the end of 2006. The level of margins remained stable and the risk exposure good. In Asset Management, the amount of assets under management increased by 13.7% to EUR 31.3 billion.

In Non-life Insurance, earnings before tax stood at EUR 78 million. Insurance premium revenue increased to EUR 788 million. Unfavourable trend in major and medium-size claims impaired the balance on technical account by EUR 17 million and the combined ratio by 2 percentage points compared to the year 2005. Return on investments at fair values was 5.2%.

Cooperation with the OP Bank Group's retail banks increased the number of household customers in non-life business. In the review period, the net number of new loyal customer households increased by 34 500 households of which 31 900 households were obtained through cooperation within the OP Bank Group.

Other operations showed a negative result of EUR 19 million (EUR 25 million negative), consisting of Group administrative expenses, cost of financing the acquisition of the Pohjola shares and of net income from investments and services sold by Pohjola Group to related party companies.

Earnings per share were EUR 0.89 (0.65). The Group's deferred tax assets not entered in the balance sheet totalled around EUR 14.5 million, which mainly resulted from the dissolution of a subsidiary. In the third quarter of the year, the tax receivable was entered in the profit and loss account after the Appeals Board of the Tax Office for Major Corporations had rejected the tax agent's claim for rectification regarding the allocation of the dissolution loss. The effect of this one-off item on earnings per share was EUR 0.07.

Equity per share was EUR 8.99 (8.76) after the distribution of EUR 0.59 dividend in March.

Return on equity stood at 9.5% (22.3).

PERSONNEL

At the end of 2006, the Group had 2 918 employees, which is 86 employees less than at the end of September. In Banking and Investment Services, the number of personnel was 718 employees (750) and in Non-life Insurance 2 154 employees (2 204). In Group Administration, the number of personnel was 46 employees (50). The reduction in the number of personnel is mainly due to the outsourcing of Group administrative functions to the OP Bank Group Central Cooperative.

EVENTS AFTER THE FINANCIAL PERIOD

Mr Reijo Karhinen, former President of the OP Bank Group Central Cooperative (Central Cooperative), who assumed the post of Executive Chairman of the OP Bank Group at the beginning of 2007, has acted as the Chairman of the Board of Directors of OKO Bank since 1 January 2007. Mr Tony Vepsäläinen, the new President of the Central Cooperative, assumed the duties of Vice Chairman of the Board of Directors of OKO Bank. These changes are based on the Articles of Association of OKO Bank, according to which the Chairman of the Executive Board of the parent, Central Cooperative, acts as the Chairman of the Board of Directors of OKO Bank, and the Vice Chairman of the Executive Board of the Central Cooperative acts as the Vice Chairman of the Board of Directors of OKO Bank. Chairman and CEO Antti Tanskanen, the former Chairman of the Executive Board of the Central Cooperative and the Board of Directors of OKO Bank, retired from his post on 31 December 2006. Following the changes in the composition of the Board of Directors, Mr Karhinen was appointed the Chairman and Mr Vepsäläinen the Vice Chairman of the Compensation Committee from the beginning of 2007. No changes were made in the composition of the other Committees.

OPERATING ENVIRONMENT

The Finnish economic cycle has continued to be favourable for both companies and private households. International outlook is also more positive than what was estimated in the autumn.

In December, companies' confidence indicators were above the long-term average in all business sectors. In the industrial sector, the economic outlook even strengthened slightly at the end of the year, and the production volumes are expected to grow further. Furthermore, consumer confidence in the economic growth strengthened in December.

The Finnish GNP grew by 5.2% in January-November from the corresponding period a year earlier. In 2007, the growth in GNP is expected to slow down to a long-term average of approximately 3%. Unemployment went down to 6.7% in November 2006.

In the banking and investment services sector, the most significant change in the operating environment occurred when the Sampo Group's banking business was sold to Danske Bank in November 2006. Competition will be tightened in certain product areas, but OKO Bank's possibilities to stand out from its own segment will remain good and thus, OKO Bank's role as the provider of corporate banking services is expected to strengthen further. This is supported by OKO Bank's operating methods based on long-standing and thorough knowledge of its customer base.

In 2006, one of the most significant changes in the operating environment of non-life business was the increased networking of Finnish insurance companies with other service providers. All the major non-life insurers had cooperation with the banking sector, which was based either on ownership or cooperation agreements. Other forms of cooperation have also been explored with business partners outside the financial sector. As an example of this, Pohjola together with the OP Bank Group signed a cooperation agreement on insurance benefits included in the K-plus programme of the Kesko Corporation.

FINANCIAL TARGETS FOR 2007

In its meeting of 15 February 2007, the company's Board of Directors set the year 2007 financial targets for the company's business lines and the whole Group, as follows:

– In Banking and Investment Services, earnings before tax at the same or higher level than in 2006.
– In Non-life Insurance, the combined ratio excluding changes in reserving bases and the amortisation of intangible assets arising from the acquisition below 94.0%.
– In Non-life Insurance, return on the investment portfolio in accordance with the investment plan where the long-term return expectation is 5.2%.
– Growth in the consolidated earnings before tax at fair values a minimum of 10%.

OUTLOOK

In Banking and Investment Services, growth in the corporate loan market is estimated to slow down in 2007. The interest rate level will probably increase slightly but remain low. The financial situation of companies is estimated to remain good. Lending margins are not expected to decrease significantly. OKO Bank's corporate loan portfolio is expected to grow faster than the market. The risk exposure is forecast to remain good and the amount of impairment losses on receivables at a lower level than normally.

Although changes in the competitive environment may lower the level of service fees, OKO Bank's commission income is expected to increase as a result of growing demand for structured product and service packages.

In Asset Management, the amount of assets under management is estimated to increase further. Consequently, the earnings of Asset Management are forecast to increase as a result of income growth and materialised cost synergies.

The development of the equity and fixed income markets will have an impact on the earnings of Banking and Investment Services.

Demand for insurance products and more comprehensive cover is estimated to increase along with natural catastrophes and the low level of premiums written per capita in Finland. In addition to the market growth, an increase in Pohjola's insurance premium revenue is impacted by cooperation with the retail banks within the OP Group, which is estimated to boost Pohjola's market position especially in the household customer base. In Non-life Insurance, price competition is expected to remain the same as in 2006, whereas premium rating is expected to move increasingly towards customer-specific and risk-based rating. Growth in Pohjola's insurance premium revenue is forecast to exceed the GNP growth this year. The incidence of major losses is expected to normalise from the unfavourable trend in 2006. Operating expenses will increase owing to an increased insurance portfolio but the growth is estimated to be more moderate than that of insurance premium revenue.

The trends in the equity and fixed income markets will have a significant impact on the return on investments at fair values in Non-life Insurance.

The earnings from other operations are expected to be at the same level as in 2006.

The management of the Group has no influence on the general operating environment of business. However, the management may influence the effects of interest rate changes and the equity market on investments and trading by investing assets securely, by diversifying risks, by ensuring the professional skill of its personnel, and by effective risk management. In addition, the management may influence the appropriate pricing of customer-specific risk and consequently the financial performance of the Group.

All of the forecasts and estimates presented in this bulletin are based on the current understanding of the financial development of the Group and its different operations; actual performance may vary significantly.

INTEGRATION

The combining of OKO Bank's and Pohjola's business operations proceeded according to plan in 2006. The results so far support earlier estimates of income and expense synergies, the annual amount of which is estimated to increase to a good EUR 50 million before tax by 2010.

Decisions made thus far result in annual savings of approximately EUR 25 million, of which EUR 13 million were gained in 2006. Proactive decisions on savings which can be carried out quickly have mainly been taken. The aggregate savings totalling EUR 25 million comprise EUR 5 million from Asset Management, EUR 5 million from Non-life Insurance and EUR 15 million from Pohjola Group plc and reorganisation of the corporate structure. Of the year 2006 savings, the majority arose from Pohjola Group plc and reorganisation of the corporate structure. The achieved savings do not yet include much of the synergies from ICT functions, which are estimated to materialise in three years.

The amount of revenue synergies in the review period was minor so far. In Non-life Insurance, the number of loyal customer households increased by 34 500 households, of which 31 900 households were obtained through cooperation within the OP Bank Group. At the end of December, the number of loyal customer households was over 367 000, while the target by 2010 is 500 000. The average annual premiums written per loyal customer household were over EUR 600 in 2006.

By the end of 2006, the operations of 77 Pohjola branch offices had been transferred to the branches of OP Bank Group retail banks, and the operations of one member bank service outlet had been transferred to a Pohjola branch office. In addition, Pohjola had built three new joint branch offices with cooperative banks and established 94 new insurance agent outlets at member bank branches.

Integration expenses allocated to the financial period amounted to approximately EUR 4 million.

The goodwill and the value of brand names generated by the acquisition of Pohjola's business operations have been tested for impairment. The testing did not result in impairment losses.

INVESTMENTS

Total investments amounted to EUR 21 million in 2006. Of the total investments, EUR 9 million was attributable to Banking and Investment Services and EUR 10 million to Non-life Insurance. Of the investments, EUR 15 million represented IT investments used for the development of network services and for increasing efficiency of internal processes.

ENVIRONMENTAL RESPONSIBILITY

The OKO Bank Group's environmental responsibility encompasses the taking into account of environmental aspects in its ways of working, in services offered and in selection of cooperation partners.

Environmental responsibility issues are largely related to indirect responsibility for the environmental considerations resulting from customers' actions and for the Group's possibilities to exercise influence over these actions. The investment projects of corporate customers are emphasised in OKO Bank's environmental responsibility issues related to the bank's financing decisions. In its insurance business, Pohjola takes account of the environmental considerations related to customers' actions – through preventive measures and ultimately through financial risk bearing when handling environmental losses sustained by customers.

In OKO Bank's operations, reduction in paper consumption and development of electronic services play an important role.

GROUP RESTRUCTURING

The merger of Pohjola Group Ltd with its parent company OKO Bank plc was entered in the Finnish Trade Register on 31 December 2006.

The merger aimed to streamline the corporate structure of the OKO Bank Group, to increase the efficiency of business and to decrease administrative costs. As an internal restructuring within the Group, the merger has no impact on the amount of OKO Bank's equity or distributable funds or on the Group's capital adequacy or earnings.

Following the merger, Pohjola Non-Life Insurance Company Ltd, A-Insurance Ltd, Eurooppalainen Insurance Company Ltd and the Seesam non-life insurance companies in the Baltic States continue operations as OKO Bank's subsidiaries and together form the Non-life Insurance business line of the OKO Bank Group.

OKO Bank's holding in OKO Asset Management Limited decreased to 86.5% and in OKO Corporate Finance Ltd to 76% after OKO Bank had, in December, sold shares of these companies to the key staff members of these companies.

CAPITAL ADEQUACY

The capital adequacy position remained almost unchanged. The capital adequacy ratio was 12.9% (12.7), whereas the statutory minimum requirement is 8%. The Tier 1 ratio on risk-weighted items was 8.2% (8.2).

The Arbitral Tribunal appointed by the Redemption Committee of the Central Chamber of Commerce will take a decision on the redemption price of Pohjola shares for those former minority shareholders of Pohjola who did not accept OKO Bank's redemption offer. The acquisition price of these shares in the accounts and capital adequacy calculations is the price as per OKO Bank's purchase offer (EUR 13.35 per share).

OKO BANK GROUP'S PREPARATION FOR CAPITAL ADEQUACY REFORM

The new capital adequacy framework entered into force in the EU at the beginning of 2007. The implementation of the capital adequacy reform in Finnish legislation takes place in three phases: in 2006, the Finnish Cabinet submitted a bill to the Parliament on the amendment of the Act on Credit Institutions, on the basis of which a decree by the Finnish Ministry of Finance and standards by the Finnish Financial Supervision Authority will be drawn up. The new Act on Credit Institutions was confirmed on 9 February 2007 and it will enter into force on 15 February 2007.

Deviating from the present rules, the new capital adequacy framework permits the calculation of minimum capital using several different methods. In the future, the capital adequacy requirement for covering credit risk can be calculated according to the credit rating assigned by a bank or an external party. Furthermore, the new framework sets a minimum own fund requirement for operational risks.

With regard to the methods to be applied, OKO Bank makes use of the transitional provisions for the capital adequacy reform. In 2007, OKO Bank's capital adequacy is calculated in accordance with the rules valid at the beginning of the year, i.e. in the same way as in 2006. OKO Bank aims to go over, stage by stage, to the internal ratings-based approach in the calculation of the capital adequacy requirement for credit risk such that the capital adequacy requirement for the first liability groups, such as corporate exposure, will be calculated using the internal ratings-based approach from the beginning of 2008. The capital adequacy requirement for operative risks will be calculated using the basic method as of the year 2008.

OKO Bank has actively participated in the capital adequacy project of the OP Bank Group. The purpose of the project is to ensure that the OP Bank Group and its member credit institutions fulfil the requirements of the new capital adequacy framework within the transition period. During 2006, preparations for the capital adequacy reform continued, with a focus on further development of information systems, credit risk models, and capital adequacy management processes required by the reform, as well as on drawing up of an application for a user permit of internal credit ratings to the Finnish Financial Supervision Authority. The application for a permission to use the internal credit ratings of the OP Bank Group, including OKO Bank as a member credit institution, was sent to the Financial Supervision Authority in December.

On the basis of the parallel calculations made, the capital adequacy requirement for OKO Bank's credit risks should, when using the internal ratings-based approach, decrease from the current level, provided that the Financial Supervision Authority approves the company's user permit application. The use of the internal ratings-based approach in capital adequacy calculations is increasingly more sensitive to changes in the risk profile and the economic trend, which will increase variation in the minimum requirement of own funds compared to the current situation.

RISK EXPOSURE

In the last quarter of the year, growth continued and the risk exposure remained favourable in Banking and Investment Services. The amount of problem receivables in relation to the loan and guarantee portfolio remained at a low level. The combined earnings effect of loan and guarantee losses and impairment losses was EUR 0.3 million.

The capitalisation of non-life business was brought closer to the 70% target level through the Group's internal dividend distribution decisions. In the last quarter of the year, there were 49 major or medium-size losses of over EUR 0.1 million. Retention in claims incurred of these losses totalled EUR 25 million. Following an increase in share prices, return on investments continued to be positive and the return on investments at fair values was 5.2% in 2006. The attachment entitled 'Risk exposure' contains a review of the development of risk exposure by business line.

INCREASE IN SHARE CAPITAL

In October, a total of 824 740 Series A shares were subscribed using the A/B stock options of the year 1999 stock option plan. These shares were entered in the Trade Register on 10 November 2006. Following the registration, OKO Bank's share capital increased by EUR 1.7 million to EUR 427.6 million. The share subscription price was EUR 4.0525 per share. The subscription period for the both stock option series ended on 30 October 2006, by which date a total of 9 352 430 Series A shares had been subscribed with these stock options.

BUSINESS OPERATIONS

The table below presents the actual earnings of the Group and its business lines before tax, as well as the strategic targets and their actuals. The calculation of operative key figures and ratios has been presented on page 32.

	1-3 2006	***4-6 2006***	***7-9 2006***	***10-12 2006***	***1-12/ 2006***	***Target 2009***
OKO Bank Group						
Earnings before tax, EUR million	69	57	40	57	223	
Return on equity, %	8.5	2.1	18.3	11.7	9.5	13.0
Tier 1 ratio, %	8.8	8.2	8.2	8.2	8.2	8.0
Banking and Investment Services						
Earnings before tax, EUR million	47	37	35	43	163	
Operative return on equity (ROE), %	18.9	14.0	16.1	19.2	18.2	> 18
Operative cost/income ratio, %	38.0	43.1	40.9	44.0	41.5	40
Non-life Insurance						
Earnings before tax, EUR million	23	24	11	20	78	
Operative return on equity (ROE), %	23.8	-14.4	44.1	27.6	20.9	> 20
Operative combined ratio, %	98.2	91.6	96.7	95.3	95.4	< 94
Other Operations						
Earnings before tax, EUR million	-1	-4	-7	-7	-19	

BANKING AND INVESTMENT SERVICES

Banking and Investment Services cover the following divisions:
Corporate Banking, Markets, Group Treasury and Asset Management.

	2006		2005	
	10-12	***1-12***	***10-12***	***1-12***
Income statement, EUR million				
Net interest income	29	112	29	113
Impairment losses on receivables	2	4	0	1
Net interest income after impairment losses	**27**	**108**	**28**	**112**
Net commissions and fees	28	77	29	99
Net trading income	6	16	9	19
Net investment income	-3	16	6	29
Other operating income	5	13	7	24
Total net income	**62**	**230**	**79**	**284**
Total operating expenses	**32**	**95**	**36**	**121**
Amortisation on intangible assets from acquisitions	0	0	1	4
Earnings before tax	**30**	**136**	**43**	**163**
Change in fair value reserve	2	2	2	-7
Earnings before tax at fair values	**32**	**138**	**45**	**155**
Key figures and ratios, %				
Operative return on equity (ROE) p.a.			19.2	18.2
Operative cost/income ratio			44.0	41.5
Proportion of problem receivables to receivables from customers and guarantees, %	0.2	0.2	0.2	0.2

	30 Sept.	***31 Dec.***	***30 Sept.***	***31 Dec.***
Information on volumes, EUR billion				
Receivables from customers	6.3	6.8	7.7	7.9
Unused standby credit facilities	2.8	2.6	3.1	3.6
Guarantees	1.2	1.4	1.9	1.9
Assets under management	13.6	27.5	29.7	31.3
Notes and bonds	3.3	3.7	5.2	4.9
Receivables from member cooperative banks	4.5	3.7	4.6	4.7
Liabilities to member cooperative banks	3.4	1.6	1.4	1.3
Risk-weighted items	9.3	9.5	11.1	11.1
Debt securities issued to the public	8.7	9.1	12.9	13.9
Average personnel	653	752	750	718
Average margins, %				
Margin on corporate loan stock	0.87	0.91	0.89	0.87
Margin on institutional loan stock	0.30	0.28	0.25	0.24
Margin on member cooperative banks' loan stock	0.14	0.15	0.14	0.12
Margin on member cooperative banks' deposits	0.36	0.19	0.13	0.11

October-December

Earnings

In Banking and Investment Services, earnings before tax stood at EUR 43 million (30). Earnings (excl. impairment losses) increased by EUR 15 million and expenses by EUR 3 million.

Net interest income before impairment losses was EUR 29 million (29). The allocation of interest expenses of capital loans to business lines, which corresponded to the strategy confirmed in the spring of 2006, and the change in entering subsidiaries' minority holdings impaired the net interest income by a total of around EUR 3 million. The net interest income, adjusted by these factors, increased mainly owing to the strong growth in the loan portfolio. The impairment losses on receivables amounted to EUR 0.3 million (2.2).

Of the net interest income of Banking and Investment Services, the net interest income of the Treasury division was EUR 8 million (4). In the Treasury division, net trading income was EUR 1.5 million negative (0.7 positive).

Net commission income increased to EUR 29 million (28). Net investment income amounted to EUR 6 million (–3). The net income for the comparison period in 2005 included impairment losses of EUR 3.2 million.

Operative return on equity was 19.2% and the cost/income ratio 44.0%.

Corporate Banking

OKO Bank's market position in Corporate Banking strengthened further.

In Corporate Banking, the aggregate amount of loans, binding standby credit facilities and guarantees increased by 3% to EUR 12.0 billion from the end of September. The annual growth was 20%.

The loan portfolio of Corporate Banking increased by 3% and stood at EUR 7.9 billion. The growth was slower than in the previous quarters. The annual growth was 17%. At the end of 2006, OKO Bank's market share in corporate loans was 17.2%, whereas a year earlier the respective figure was 16.3%. The amount of binding standby credit facilities increased by 3% to EUR 2.3 billion. In the review period, the guarantee portfolio increased by 2% to EUR 1.8 billion. New long-term funding totalling EUR 0.9 billion was arranged for customers. The level of margins in the corporate loan portfolio was the same as at the end of the third quarter of 2006.

Despite long-lasting and brisk growth in the loan portfolio, the risk exposure is still considered to be good.

OKO Bank's net receivables from retail banks within the OP Bank Group increased by 10% to EUR 3.3 billion from the end of September.

Trading and investments

Net income from trading and investments totalled EUR 15 million, which represented an increase of EUR 12 million from the corresponding period a year earlier. The earnings for the last quarter of the year improved as a result of the 24% growth in customer volumes and the profit of EUR 4.3 million obtained from investments in venture capital funds.

Funding

Growth in the loan portfolio was mainly funded from the markets. The amount of debt securities issued to the public grew to EUR 13.9 billion (12.9).

Asset Management

In Asset Management, net sales continued to be positive. Assets under management increased by 5% to EUR 31.3 billion in October-December. Of the amount, institutional customers accounted for EUR 17.6 billion, OP mutual funds for EUR 12.4 billion and OKO Private for EUR 0.7 billion.

January-December

Earnings

In Banking and Investment Services, earnings before tax stood at EUR 163 million (136). Income before impairment losses on receivables increased by EUR 51 million and expenses by EUR 26 million from the year 2005.

Net interest income before impairment losses on receivables was EUR 113 million (112). The abolishment of the cash reserve deposit system in November 2005 and the allocation of interest expenses of capital loans to business lines, which corresponded to the strategy confirmed in the spring of 2006, impaired the net interest income by a total of around EUR 13 million. The net interest income, adjusted by these factors, increased mainly owing to the strong growth in the loan portfolio. The impairment losses on receivables amounted to EUR 1 million (4).

Of the net interest income of Banking and Investment Services, the net interest income of the Treasury division was EUR 26 million (25). In the Treasury division, net trading income was EUR 20 million (17).

Net commission income increased to EUR 99 million (77). Growth in the commission income was mainly due to an increase in the earnings of OKO Asset Management.

Net investment income amounted to EUR 29 million (16).

Operative return on equity was 18.2% and the cost/income ratio 41.5%.

Corporate Banking

OKO Bank's market position in Corporate Banking strengthened further.

In Corporate Banking, the aggregate amount of loans, binding standby credit facilities and guarantees increased by 20% to EUR 12.0 billion from the end of 2005.

The loan portfolio of Corporate Banking increased by 17% and stood at EUR 7.9 billion. At the end of 2006, OKO Bank's market share in corporate loans was 17.2%, whereas a year earlier the respective figure was 16.3%. The amount of binding standby credit facilities increased by 10% to EUR 2.3 billion. In the review period, the guarantee portfolio increased by 50% to EUR 1.8 billion. New long-term funding totalling EUR 3.7 billion was arranged for customers. In addition, OKO Bank acted as the lead manager in Finnish companies' six bond issues, which generated funds for customers totalling almost EUR 450 million.

The level of margins in the corporate loan portfolio, on average, was the same as in 2005. The margins of institutional loans continued to decline slightly.

Despite long-lasting and brisk growth in the loan portfolio, the risk exposure is still considered to be good.

The growth in funding of retail banks within the OP Bank Group accelerated in the latter half of 2006. OKO Bank's net receivables from these banks increased by 65% to EUR 3.3 billion.

Markets

The turnover of trading in fixed income, derivative and currency products increased by 17% and stood at EUR 239 billion (205). Trading in derivatives increased, in particular, as a result of strong growth in the volumes of structured financing and investment products offered to customers.

Investment operations

Net investment income totalled EUR 29 million (16). OKO Bank sold OMX AB shares and recognised on them a capital gain totalling EUR 12 million in February-May.

Funding

Growth in the loan portfolio was mainly funded from the markets. The amount of debt securities issued to the public grew to EUR 13.9 billion (9.1). The amount of long-term notes and bonds increased by EUR 3.6 billion.

In March, OKO Bank prematurely paid back debenture loans under lower Tier 2 own funds totalling EUR 200 million and issued two new similar loans: a EUR 150 million debenture loan maturing in 2011 and a USD 325 million loan with a par value of EUR 257 million maturing in the same year.

Asset Management

In Asset Management, the amount of assets under management increased by 13.7% to EUR 31.3 billion. Of the amount, institutional customers accounted for EUR 17.6 billion, OP mutual funds for EUR 12.4 billion and OKO Private for EUR 0.7 billion. The earnings of Asset Management doubled after combination of the asset management functions of OKO Bank and Pohjola and as a result of business growth and materialised cost synergies. In addition, the portion of earnings in Banking and Investment Services increased markedly.

NON-LIFE INSURANCE

Non-life Insurance consists of the following divisions: Private Customers, Corporate Customers and Baltics. The year 2005 comparative figures for Non-life Insurance are data on Pohjola's non-life insurance segment before the company was acquired by OKO Bank.

			Non-life insurance at Pohjola group of companies before inclusion in OKO Bank Group consolidated figures	
	2006		***2005***	
	10-12	***1-12***	***10-12***	***1-12***
Income statement, EUR million				
Insurance premium revenue	204	788	194	744
Claims incurred	137	536	116	490
Loss adjustment expenses	12	44	11	42
Operating expenses	45	172	43	155
Amortisation/adjustment of intangible assets		0		
related to acquisition	6	25	0	0
Balance on technical account	**3**	**10**	**23**	**57**
Net investment income	28	115	52	151
Other income and expenses, net	0	-2	-4	14.4
Operating profit	**32**	**124**	**71**	**223**
Unwinding of discount	9	36	10	37
Finance costs	2	8	-1	0
Earnings before tax	**20**	**78**	**61**	**184**
Change in fair value reserve	14	17	-41	53
Earnings at fair values before tax	**34**	**96**	**20**	**236**
Key figures, %				
Operative return on equity	27.6	20.9		
Return on equity at fair values			10.6	24.0
Loss ratio	73.1	73.5	65.7	71.5
Expense ratio	22.1	21.9	22.4	20.8
Operative combined ratio	95.3	95.4		
Combined ratio	98.3	98.7	88.1	92.3
Return on investments	1.5	5.2	0.5	8.5
	30 Sept.	***31 Dec.***	***30 Sept.***	***31 Dec.***
Volume data, EUR million				
Insurance contract liabilities				
Discounted insurance contract liabilities	1207	1 223	1 137	1 172
Other insurance contract liabilities	818	746	840	711
Investment portfolio				
Bonds	1 802	1 752	1 774	1 697
Money market instruments	397	22	305	195
Equities	378	447	473	406
Investment property	53	56	57	55
Alternative investments	75	87	53	65
Average personnel	2 204	2 154	2 072	2 063

October-December

Earnings

In Non-life Insurance, earnings before tax amounted to EUR 20 million (61).

Insurance premium revenue

In October-December, the amount of insurance premium revenue was higher than expected and stood at EUR 204 million (194). Growth in the premium revenue was 5.3%. Changes in reserving bases and other one-off items decreased the amount of insurance premium revenue by EUR 2 million (increased by EUR 14 million).

In domestic non-life business, insurance premium revenue stood at EUR 188 million (182). Premium revenue of comprehensive motor vehicle and motor liability insurance grew the most, the growth clearly exceeding the market growth. Premium revenue in statutory workers' compensation insurance declined owing to premium rate adjustments carried out at the beginning of 2006. In addition, the favourable trend in statutory workers' compensation claims lowered the premium revenue of insurance contracts with deductibles. Premium revenue generated by the Baltic business increased by 48.6% to EUR 13.0 million (8.7). Premium revenue generated by other foreign insurance business amounted to EUR 3.2 million (3.7).

Claims incurred and operating expenses

The operative combined ratio was weaker than expected, 95.3% (88.1), of which claims incurred represented 66.3 percentage points (59.3) and operating expenses including loss adjustment expenses (cost ratio) 29.0 percentage points (28.8). The effect of reserving base changes and other one-off items excluded from the combined ratio on the balance on technical account was minor (EUR 1.0 million).

Claims incurred (excluding loss adjustment expenses) increased to EUR 137 million (116). In the last quarter of 2006, claims incurred of major losses retained for own account totalled EUR 23 million (20). An increase in the amount of reinsurance cover made in the last quarter of the year improved the balance on technical account slightly. The number of major losses of over EUR 2 million retained for own account was 3 (3).

Operating expenses and loss adjustment expenses increased by EUR 3 million and stood at EUR 57 million (54). Operating expenses were EUR 45 million (43) and loss adjustment expenses EUR 12 million (11). Sales and marketing measures, the introduction of new basic systems, and growth in the Baltic business increased expenses.

Investment operations

In Non-life Insurance, the fair value of investments at the end of December was EUR 2.4 billion (2.7), of which equities accounted for 18% (16). The investment portfolio decreased owing to the Group's internal dividend distributions in December, after which the portion of money market instruments was only 3% (9).

Return on investments at fair values was 1.5% in October-December. Net investment income entered in earnings was EUR 28 million. Net investment income at fair values was EUR 42 million.

January-December

Earnings

Earnings before tax amounted to EUR 78 million (184).

Insurance premium revenue

Insurance premium revenue increased by 5.9% to EUR 788 million (744). This was largely due to a strong growth in comprehensive motor vehicle and motor liability insurance portfolios especially in the last quarter of 2006. Growth in the operative premium revenue where one-off items and changes in reserving bases have been eliminated, was 8.2%.

In domestic non-life business, insurance premium revenue increased by 3.3% to EUR 721 million (698). Following the OP Bank Group cooperation and revised service provision, growth in premium revenue of comprehensive motor vehicle and motor liability insurance in the private customer segment clearly exceeded the market growth. In the corporate customer segment as well, the largest monetary and proportional growth was obtained in premium revenue of comprehensive motor vehicle and motor liability insurance. Premium revenue in statutory workers' compensation insurance declined owing to premium rate adjustments carried out at the beginning of 2006. In addition, the favourable trend in statutory workers' compensation claims lowered the premium revenue of insurance contracts with deductibles. Premium revenue generated by the Baltic business increased by 53.3% to EUR 46.9 million (30.6). Premium revenue generated by other foreign insurance business increased to EUR 20.7 million (16.0).

Claims incurred and operating expenses

The operative combined ratio was 95.4% (92.3), of which claims incurred represented 67.2 percentage points (65.1) and operating expenses including loss adjustment expenses (cost ratio) 28.2 percentage points (27.2). The effect of reserving base changes and other one-off items on the balance on technical account was minor (EUR 1.0 million).

Claims incurred (excluding loss adjustment expenses) increased to EUR 536 million (490). The claims trend in major and medium-size claims (losses of more than EUR 0.1 million) was divided in the review period. In the first half of 2006, claims incurred of these losses retained for own account (i.e. claims incurred after reinsurers' share) totalled EUR 28 million (36), which represented a normal incidence of major losses. In the latter half of 2006, claims trend in major losses was exceptionally unfavourable and the claims incurred from major losses retained for own account totalled EUR 52 million (27). The number of major losses of over EUR 2 million retained for own account was 8 (3). Claims incurred from small losses (losses of less than EUR 0.1 million) grew in the proportion of the increase in the insurance portfolio.

Operating expenses and loss adjustment expenses increased by EUR 19 million and stood at EUR 216 million (197). Operating expenses were EUR 172 million (155) and loss adjustment expenses EUR 44 million (42). Sales and marketing measures, the introduction of new basic systems, and growth in the Baltic business increased expenses. Operating expenses include integration expenses totalling EUR 2.5 million (2.9).

Investment operations

In Non-life Insurance, the fair value of investments at the end of December was EUR 2.4 billion (2.4), of which equities accounted for 18% (16). Owing to the Group's internal dividend distributions in December, the portion of money market instruments was only 3% (9).

Return on investments at fair values was 5.2%. Net investment income entered in earnings was EUR 115 million. Net investment income at fair values was EUR 133 million.

The discount rate for the EUR 1.2 billion annuities was 3.3% (3.3). The unwinding of discount is entered as a post-balance-on-technical-account item.

OTHER OPERATIONS

The earnings of other operations consist of Group administrative expenses, funding costs of Pohjola shares, and net income from the operations of Pohjola Group plc.

	2005		*2006*	
	10-12	***1-12***	***10-12***	***1-12***
Income statement, EUR million				
Net interest income	-6	-9	-4	-13
Other net income	16	18	6	48
Net income	10	9	2	35
Expenses	27	36	8	54
Earnings before tax	**-16**	**-25**	**-7**	**-19**

October-December

Earnings before tax showed a loss of EUR 7 million (EUR 16 million negative).

January-December

Earnings before tax showed a loss of EUR 19 million (EUR 25 million negative). Earnings were burdened by financial costs of just under EUR 27 million for the acquisition of Pohjola shares. On the other hand, earnings were improved by the net investment income of EUR 17 million from Pohjola Group plc.

OKO Bank Group income statement, 1 October to 31 December 2006

EUR million	1 October to 31 December 2006			1 October to 31 December 2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest income	387	-	387	214	5	219
Interest expenses	364	-	364	191	2	193
Net interest income (Note 1)	23	-	**23**	23	3	**26**
Impairment losses on receivables (Note 2)	-	-	-	2	-	2
Net interest income after impairment losses	23	-	**23**	22	3	**25**
Net income from Non-life Insurance (Note 3)	84	-	84	69	-	69
Net income from Life Insurance	-	-	-	-	-2	-2
Net commissions and fees (Note 4)	29	-	29	21	3	24
Net trading income (Note 5)	9	-	9	6	-	6
Net investment income (Note 6)	7	-	7	-2	-	-2
Other operating income (Note 7)	13	-	13	14	2	16
Total net income	165	-	**165**	130	5	**136**
Personnel costs (Note 8)	42	-	42	36	4	39
Other administrative expenses (Note 9)	38	-	38	29	3	33
Other operating expenses (Note 10)	28	-	28	24	4	28
Total expenses	108	-	**108**	89	11	**100**
Earnings before tax	57	-	**57**	41	-5	**35**
Income tax	15	-	15	3	2	5
Capital gains on discontinued operations after tax	-	-	-	-	153	153
Profit for the period	41	-	**41**	37	147	**184**
Basic earnings per share, EUR						
Series A	0.21	-	0.21	0.21	0.92	1.13
Series K	0.20	-	0.20	0.21	0.91	1.12
Diluted earnings per share, EUR						
Series A	0.21	-	0.21	0.21	0.91	1.12
Series K	0.20	-	0.20	0.21	0.90	1.11

OKO Bank Group income statement, 1 January to 31 December 2006

EUR million	1 January to 31 December 2006			1 January to 31 December 2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest income	1 270	-	1 270	686	74	761
Interest expenses	1 175	-	1 175	600	17	617
Net interest income (Note 1)	96	-	**96**	87	57	**144**
Impairment losses on receivables (Note 2)	1	-	1	4	-	4
Net interest income after impairment losses	94	-	**94**	83	57	**140**
Net income from Non-life Insurance (Note 3)	328	-	328	69	-	69
Net income from Life Insurance	-	-	-	-	-2	-2
Net commissions and fees (Note 4)	102	-	102	71	25	96
Net trading income (Note 5)	20	-	20	16	-	16
Net investment income (Note 6)	37	-	37	18	-	19
Other operating income (Note 7)	50	-	50	21	2	23
Total net income	632	-	**632**	278	83	**361**
Personnel costs (Note 8)	165	-	165	64	22	86
Other administrative expenses (Note 9)	133	-	133	54	18	72
Other operating expenses (Note 10)	111	-	111	41	12	54
Total expenses	409	-	**409**	159	53	**212**
Share of associates' profits/losses	-	-	-	1	-	1
Earnings before tax	223	-	**223**	120	30	**150**
Income tax	42	-	42	27	6	33
Capital gains on discontinued operations after tax	-	-	-	-	153	153
Profit for the period	180	-	**180**	93	178	**271**
Attributable to:						
Equity holders of the parent	181	-	181	89	178	267
Minority interest	-	-	-	4	-	4
Total	180	-	**180**	93	178	**271**
Basic earnings per share, EUR						
Series A	0.90	-	0.90	0.66	1.31	1.96
Series K	0.89	-	0.89	0.65	1.30	1.95
Diluted earnings per share, EUR						
Series A	0.90	-	0.90	0.65	1.30	1.95
Series K	0.89	-	0.89	0.64	1.29	1.93

OKO Bank Group balance sheet

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Liquid assets	907	1 412	1 173	956	479
Receivables from financial institutions	5 546	5 423	4 777	4 584	4 617
Financial assets for trading (Note 11)	4 801	5 128	5 234	4 943	3 692
Derivative contracts	320	257	281	176	163
Receivables from customers	7 864	7 647	7 407	7 039	6 759
Non-life Insurance assets (Note 12)	2 766	3 123	2 932	3 101	2 740
Investment assets (Note 13)	225	274	427	412	326
Investments in associates	8	8	8	8	8
Intangible assets (Note 14)	1 020	1 025	1 032	1 030	942
Tangible assets	95	92	94	92	89
Other assets	633	842	625	635	468
Deferred tax assets	12	33	40	33	33
Life Insurance assets classified as held for sale	-	-	-	-	1 873
Other asset items classified as held for sale (Note 15)	-	-	-	60	81
Total assets	**24 196**	**25 263**	**24 031**	**23 070**	**22 270**
Liabilities to financial institutions	2 390	3 941	4 417	3 364	3 563
Financial liabilities for trading	-	-	-	3	4
Derivative contracts	331	253	286	176	171
Liabilities to customers	1 994	2 304	1 779	1 830	2 058
Non-life Insurance liabilities (Note 16)	2 099	2 305	2 141	2 292	1 926
Debt securities issued to the public (Note 17)	13 263	12 278	11 740	11 275	9 033
Provisions and other liabilities	1 010	1 120	934	1 336	780
Deferred tax liabilities	355	350	361	375	371
Subordinated liabilities (Note 18)	924	939	683	694	749
Life insurance liabilities classified as held for sale	-	-	-	-	1 609
Liabilities related to other asset items classified as held for sale (Note 19)	-	-	-	46	48
Total liabilities	**22 368**	**23 491**	**22 342**	**21 391**	**20 310**
Shareholders' equity					
Share of parent company's owners					
Share capital	428	426	424	424	423
Share issue account	-	-	-	-	1
Reserves	793	780	743	776	791
Retained earnings	607	566	522	479	548
Minority interest	**-**	**-**	**-**	**-**	**199**
Total shareholders' equity	**1 828**	**1 772**	**1 689**	**1 679**	**1 961**
Total liabilities and shareholders' equity	**24 196**	**25 263**	**24 031**	**23 070**	**22 270**

Changes in shareholders' equity, 1 October to 31 December

EUR million	Attributable to equity holders of the parent							
	Share capital	Translation differences	Fair value reserve	Other reserves	Retained earnings	Total	Minority interest	Total shareholders' equity
Shareholders' equity, 1 October 2005	**211**	**-**	**13**	**235**	**368**	**828**	**2**	**830**
Transition to IAS 32/39 standards	-	-	-	-	-	-	-	-
Adjusted shareholders' equity on 1 October	211	-	13	235	368	828	2	830
Available-for-sale financial assets								
Valuation gains and losses	-	-	47	-	-	47	-	47
Share transferred to the income statement	-	-	-1	-	-	-1	-	-1
Translation differences from foreign units	-	-1	-	-	-	-1	-	-1
Deferred taxes	-	-	-12	-	-	-12	-	-12
Net income recognised under shareholders' equity	-	-1	35	-	-	34	-	34
Profit for the period	-	-	-	-	180	180	3	184
Total income and expenses for the period	-	-1	35	-	180	214	3	217
Share issue	212	-	-	513	-	724	-	724
Share issue expenses	-	-	-	-6	-	-6	-	-6
Share options exercised	-	-	-	3	-	3	-	3
Dividends paid	-	-	-	-	-	-	-	-
Reserve transfers	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	193	193
Shareholders' equity, 31 December 2005	**423**	**-1**	**48**	**744**	**549**	**1 762**	**199**	**1 961**

EUR million	Attributable to equity holders of the parent							
	Share capital	Translation differences	Fair value reserve	Other reserves	Retained earnings	Total	Minority interest	Total shareholders' equity
Shareholders' equity, 1 October 2006	**426**	**-**	**35**	**745**	**566**	**1 772**	**-**	**1 772**
Changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted shareholders' equity on 1 October	426	-	35	745	566	1 772	-	1 772
Available-for-sale financial assets								
Valuation gains and losses	-	-	17	-	-	17	-	17
Share transferred to the income statement	-	-	-1	-	-	-1	-	-1
Translation differences from foreign units	-	-	-	-	-	-	-	-
Deferred taxes	-	-	-4	-	-	-4	-	-4
Net income recognised under shareholders' equity	-	-	12	-	-	12	-	12
Profit for the period	-	-	-	-	41	41	-	41
Total income and expenses for the period	-	-	12	-	41	53	-	53
Share issue	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Share options exercised	2	-	-	2	-	3	-	3
Dividends paid	-	-	-	-	-	-	-	-
Reserve transfers	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-
Shareholders' equity, 31 December 2006	**428**	**-**	**47**	**747**	**607**	**1 828**	**-**	**1 828**

Changes in shareholders' equity, 1 January to 31 December

EUR million	Attributable to equity holders of the parent							
	Share capital	Translation differences	Fair value reserve	Other reserves	Retained earnings	Total	Minority interest	Total shareholders' equity
Shareholders' equity, 1 January 2005	**206**	**-**	**-**	**237**	**332**	**775**	**2**	**777**
Transition to IAS 32/39 standards	-	-	13	-	2	14	-	14
Adjusted shareholders' equity on 1 January	206	-	13	237	334	790	2	791
Available-for-sale financial assets								
Valuation gains and losses	-	-	54	-	-	54	-	54
Share transferred to the income statement	-	-	-7	-	-	-7	-	-7
Translation differences from foreign units	-	-1	-	-	-	-1	-	-1
Deferred taxes	-	-	-12	-	-	-12	-	-12
Net income recognised under shareholders' equity	-	-1	35	-	-	34	-	34
Profit for the period	-	-	-	-	267	267	4	271
Total income and expenses for the period	-	-1	35	-	267	301	4	305
Share issue	212	-	-	513	-	724	-	724
Share issue expenses	-	-	-	-6	-	-6	-	-6
Share options exercised	5	-	-	-	-	6	-	6
Dividends paid	-	-	-	-	-52	-52	-1	-53
Reserve transfers	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	193	193
Shareholders' equity, 31 December 2005	**423**	**-1**	**48**	**744**	**549**	**1 762**	**199**	**1 961**

EUR million	Attributable to equity holders of the parent							
	Share capital	Translation differences	Fair value reserve	Other reserves	Retained earnings	Total	Minority interest	Total share-holders' equity
Shareholders' equity, 1 January 2006	**423**	**-1**	**48**	**744**	**549**	**1 762**	**199**	**1 961**
Changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted shareholders' equity on 1 January	423	-1	48	744	549	1 762	199	1 961
Available-for-sale financial assets								
Valuation gains and losses	-	-	16	-	-	16	-	16
Share transferred to the income statement	-	-	-17	-	-	-17	-	-17
Translation differences from foreign units	-	1	-	-	-	1	-	1
Deferred taxes	-	-	-	-	-	-	-	-
Net income recognised under shareholders' equity	-	1	-1	-	-1	-	-	-
Profit for the period	-	-	-	-	181	181	-	181
Total income and expenses for the period	-	1	-1	-	180	180	-	180
Share issue	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-1	-	-1	-	-1
Share options exercised	5	-	-	4	-	8	-	8
Dividends paid	-	-	-	-	-121	-121	-	-121
Reserve transfers	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-198	-198
Shareholders' equity, 31 December 2006	**428**	**-**	**47**	**747**	**607**	**1 828**	**-**	**1 828**

Own funds and capital adequacy

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Own funds					
Shareholders' equity	1 828	1 772	1 689	1679	1961
Minority interest	1	-	-	-	-197
Capital loans *)	224	224	224	224	224
Intangible assets	-859	-859	-862	-857	-794
Fair value reserve, excess funding of pension liability, change in equalisation provisions and change in fair value of investment properties	-115	-99	-45	-58	-72
Profit distribution proposed by the Board of Directors	-131	-	-	-	-120
Planned dividend distribution	-	-70	-48	-26	-
Tier 1	**948**	**968**	**958**	**964**	**1 002**
Fair value reserve	47	35	-1	33	48
Subordinated liabilities considered upper Tier 2 funds	200	200	200	200	200
Subordinated liabilities considered lower Tier 2 funds	474	484	247	248	302
Tier 2, total	**721**	**719**	**446**	**481**	**550**
Investments in insurance institutions	-157	-171	-166	-166	-202
Other mandatory adjustments	-8	-8	-8	-1	-11
Mandatory adjustments, total	**-165**	**-179**	**-174**	**-167**	**-213**
Own funds, total **)	**1 504**	**1 508**	**1 231**	**1 278**	**1 339**
Risk-weighted receivables, investments and off-balance sheet items					
Loan and guarantee portfolios excl. inter-group items of OP Bank Group	7 635	7 276	7 066	6 458	6 233
Binding standby credit facilities	1 408	1 302	1 282	1 105	1 149
Inter-group items of OP Bank Group	1 169	1 264	1 149	1 088	1 105
Market risk	1 007	1 200	1 278	1 148	867
Other items (equities incl. Pohjola, properties, other assets etc.	407	830	978	1 106	1 135
Risk-weighted receivables, investments and off-balance sheet items, total	11 627	11 873	11 753	10 904	10 489
Capital adequacy ratio, % *)**	12.9	12.7	10.5	11.7	12.8
Tier 1 ratio, % *)**	8.2	8.2	8.2	8.8	9.6
Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates	1.13	1.14	1.10	1.18	1.23

The capital adequacy ratio of the OP Bank Group as per the Credit Institutions Act was 14.3% (14.6) and the Tier 1 ratio was 12.7% (13.1). The capital adequacy ratio of the OP Bank Group calculated by the consolidation method as per the Act on the Supervision of Financial and Insuance Conglomerates was 1.56 (1.69). The OP Bank Group released its Financial Statemets Bulletin on 15 February 2007

*) OKO Bank has four capital loans that can be considered Tier I funds:

Capital loan of 10 billion Japanese yen of which EUR 74 million has been regarded as Tier 1 funds. Interest on the loan is fixed at 4.23% until 2034 and thereafter variable 6-month Yen LIBOR + 1.58%. If interest cannot be paid for a given interest period, the obligation to pay interest will lapse. The loan may be called in at the earliest in 2014.

Capital loan of EUR 50 million, which is a perpetual loan without interest rate step-ups, but with an 8 per cent interest rate cap. The loan was issued on 31 March 2005, and the interest rate for the first year is 6.5%. Thereafter, the interest rate will be CMS 10 years + 0.1%. Interest payments are annual. The loan may be called in for the first time in 2010, subject to authorisation by the Financial Supervision Authority.

Capital loan of EUR 60 million, which is a perpetual loan. The loan was issued on 30 November 2005, and the interest rate is variable 3-month EURIBOR + 0.65% until 2015 and thereafter variable 3-month EURIBOR +1.65%.
Interest payments are quarterly. If interest cannot be paid for a given interest period, the obligation to pay interest will lapse.

The loan may be called in for the first time in 2015, subject to authorisation by the Financial Supervision Authority.
Capital loan of EUR 40 million, which is a perpetual loan. The loan was issued on 30 November 2005, and the interest rate is variable 3-month EURIBOR + 1.25%. Interest payments are quarterly. If interest cannot be paid for a given interest period, the obligation to pay interest will lapse. The loan may be called in for the first time in 2010, subject to authorisation by the Financial Supervision Authority. The capital loans have been hedged against the interest rate and currency risk by interest rate and currency swaps at the date of issue.

**) The following investments in venture capital funds, totalling EUR 8 million and managed by OKO Venture Capital Ltd, have not been deducted from own funds according to the exception provided by the Financial Supervision Authority in line with the order in §75, clause 5 of the Act on Credit Institutions: Promotion Equity I Ky, Promotion Capital I Ky, Promotion Rahasto II Ky and Promotion Bridge I Ky.

***) Percentage points

Cash flow statement

EUR million	1-12/ 2006	1-12/ 2005
Cash flows from operating activities		
Profit for the period	181	267
Adjustments to reconcile profit for the period to cash used in operating activities	155	-72
Increase (+) or decrease (-) in operating assets	**-3 203**	**-2 849**
Receivables from financial institutions	-810	-1 089
Financial assets for trading	-1 102	-585
Derivative contracts	-31	-
Receivables from customers	-1125	-1 007
Non-life Insurance assets	-68	28
Life Insurance assets	-	-100
Investment assets	102	106
Other assets	-169	-202
Increase (-) or decrease (+) in operating liabilities	**-899**	**288**
Liabilities to financial institutions	-1173	167
Financial liabilities for trading	-4	3
Derivative contracts	25	-
Liabilities to customers	-64	-167
Non-life Insurance liabilities	101	-1
Life Insurance liabilities	-	17
Provisions and other liabilities	215	269
Income taxes paid	-49	-31
Dividends received	37	10
A. Net cash provided by (used in) operating activities	**-3 780**	**-2 387**

Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	-303	-1 675
Disposal of subsidiaries net of cash disposed of	219	402
Acquisition of tangible and intangible assets	-21	-20
Disposal of tangible and intangible assets	5	11
B. Net cash provided by (used in) investing activities	**-101**	**-1 282**
Cash flows from financing activities		
Increase in subordinated loans	407	323
Decrease in subordinated loans	-177	-6
Increase in debt securities issued to the public	30 435	3 310
Decrease in debt securities issued to the public	-26 180	-365
Increase in share capital	4	214
Dividends paid	-120	-52
Other monetary increases in shareholders equity	5	509
C. Net cash provided by (used in) financing activities	**4 374**	**3 933**
Net increase/decrease in cash and cash equivalents (A+B+C)	**493**	**264**
Cash and cash equivalents at the beginning of the period	**614**	**350**
Cash and cash equivalents at the end of the period	**1 107**	**614**
Interest received	**1 117**	**697**
Interest paid	**-1 041**	**-560**
Adjustments to profits for the period		
Items not associated with payment and other adjustments		
Impairment losses on receivables	2	4
Unrealised net earnings in Non-life Insurance	107	-55
Unrealised net income from Life Insurance operations	-	147
Change in fair value for trading	22	1
Unrealised net gains on foreign exchange operations	-36	-23
Change in fair value of investment properties	-1	-2
Scheduled amortisation /depreciation	57	21
Share of associates' profits	-	-1
Other	7	-9

Items presented outside cash flow from operating activities		
Capital gains, share of cash flow from investing activities	-3	-155
Capital losses, share of cash flow from investing activities	1	-
Adjustments, total	**155**	**-72**

The share of cash flow from the discontinued retail banking operations in the comparison period 1 January to 31 December 2005

Cash flow statement EUR million	1-12/05
Cash flows from operating activities	61
Cash flows from investing activities	-3
Cash flows from financing activities	-95
Total cash flows	**-37**

Segment information

The business divisions were reorganised as of the beginning of 2006. The segment Banking and Investment Services includes the following divisions: Corporate Banking, Markets, Group Treasury (Central Banking and Treasury) and Asset Management. Areas reported separately for Non-life Insurance include Corporate Customers, Private Customers and the Baltic States, whose earnings are followed up to the balance on technical account. The comparison data have been adjusted to correspond to the new grouping.

The most important change from the viewpoint of Corporate Banking was the transfer of money market, debt capital market and foreign exchange services to the new Capital Markets division.

Investment Banking reported for 2005 has been divided into Capital Markets and Asset Management.

The Markets division comprises the securities brokerage, investment research and corporate finance operations of Opstock, which used to form the Investment Banking division, OKO Bank's money market, debt capital market and foreign exchange services, as well as OKO Capital East Ltd and its subsidiary ZAO OKO Capital Vostok. The latter offers services related to corporate arrangements and structured financing to Finnish companies in Russia.

There were no changes in Central Banking. A new company allocated to Treasury is Conventum Venture Finance Ltd, which engages in venture capital investing.

The Asset Management division is composed of OKO Asset Management Limited and Pohjola Property Management Ltd.

The name of Group Administration was changed to Other Operations. The income, expenses, investments and capital that have not been allocated to the divisions are presented under Other Operations. The most significant change in Other Operations was that Pohjola Group plc, Pohjola IT Procurement Ltd, which rents out machinery and equipment, and associated company Nooa Savings Bank Ltd were allocated to Other Operations. The earnings of Other Operations consist of the earnings of the above companies, capital gains and dividends from investment operations, Group administration expenses, and shares of associates' profits and losses.

Capital allocated to the Banking and Investment Services division amounts to 7 per cent of the risk-weighted commitments increased by the amount of intangible assets and goodwill related to the acquisition of Pohjola Asset Management Limited. Capital allocated to Non-life Insurance amounts to 70 per cent of insurance premiums revenue increased by the amount of intangible assets and goodwill related to business acquisition; however, at least the minimum capital required by the authorities.

When calculating the operative return on equity of business lines, amortisation on intangible assets related to the Pohjola transaction is not taken into account in earnings. In the calculation of operative shareholders' equity, the capital allocated to business lines is reduced by intangible assets and goodwill related to the Pohjola acquisition and by the parent's capital loans allocated to business lines in proportion to the capital tied by them.

Retail Banking sold in 2005 and Life Insurance sold in January 2006 have been presented under discontinued operations.

Changes in the calculation of key ratios

Return on equity at fair values (ROE), %

Group:

+ Profit for the period
+ Change in fair value reserve after tax *100

Shareholders' equity (average of the beginning and end of the period)

Operative return on equity, %

Banking and Investment Services:

+ Profit for the period
+ Amortisation and write-downs on intangible assets and goodwill related to acquisition of Pohjola Asset Management and their tax effect
+ Change in fair value reserve after tax *100

+ 7% of risk-weighted commitments
+ Shareholders' equity of OKO Asset Management and Pohjola Property Management
- Capital loans allocated to business lines (average of the beginning and end of the period)

Non-life Insurance:

+ Profit for the period
+ Amortisation and write-downs on intangible assets and goodwill related to acquisition of non-life business and their tax effects
+ Change in fair value reserve after tax *100

+ 70% solvency ratio
- Capital loans allocated to business lines (average of the beginning and end of the period)

or

minimum capital required by the authorities, whichever is larger

Operative cost/income ratio

+ Personnel costs
+ Other administrative expenses
+ Other operating expenses excl. amortisation and write-downs on intangible assets and goodwill related to Pohjola acquisition

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+ Net interest income
+ Net income from Non-life Insurance
+ Net commissions and fees
+ Net trading income
+ Net investment income
+ Other operating income

Operative combined ratio

Loss ratio + expense ratio excl. amortisation and write-downs on intangible assets and goodwill related to acquisition of non-life insurance operations

Financial performance from October to December EUR million	**Banking and Investment Services**											
	Corporate Banking		Markets		Group Treasury				Asset Management		**Total**	
					Central Banking		Treasury					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income	24	20	2	2	4	6	1	2	-2	0	29	29
Impairment losses on receivables	0	2				0					0	2
Net interest income after impairment losses	23	18	2	2	4	6	1	2	-2	0	28	27
Net income from Non-life Insurance												
Net income from Life Insurance												
Net commissions and fees	9	9	6	10	0	0	0	0	14	8	29	28
Net trading income	0	0	7	5	0	0	1	1	0		9	6
Net investment income	0	0		0			6	-3		0	6	-3
Other operating income	4	3	0	0	2	1	0	0	0	1	7	5
Total income	**37**	**30**	**16**	**17**	**6**	**7**	**8**	**-1**	**12**	**9**	**79**	**62**
of which inter-segment income			0	0	0	0		0	1	2	2	2
Personnel costs	-7	-5	-6	-4	-1	0	0	0	-5	-4	-18	-14
IT expenses	-2	-1	-1	-1	0	0	0	0	0	0	-4	-4
Amortisation on intangible assets from acquisition									-1	0	-1	0
Other amortisation and depreciation	-3	-3	0	0	0	0	0	0	0	0	-4	-3
Other expenses	-4	-4	-2	-1	0	0	0	0	-2	-5	-9	-11
Total expenses	**-16**	**-13**	**-9**	**-7**	**-1**	**-1**	**1**	**-1**	**-8**	**-10**	**-36**	**-32**
Share of associates' profits/losses												
Earnings before tax *)	**21**	**16**	**6**	**10**	**5**	**6**	**7**	**-2**	**4**	**-1**	**43**	**30**
Income tax												
Capital gains on discontinued operations after tax												
Profit for the period												

Key figures, %												
Operative cost/income ratio									58		44	
Operative return on equity											19.2	
Return on equity at fair values					15.9	19.1						

Financial performance from October to December EUR million	**Non-life Insurance**	11-12/	**Discontinued operations *)**		**Other Operations**		**Elimina-tions**		**OKO Bank Group**	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income	-2	-1		4	-4	-6	1	0	23	26
Impairment losses on receivables				0		-1			0	2
Net interest income after impairment losses	-2	-1		4	-4	-5	1	0	23	25
Net income from Non-life Insurance	85	69			0	0	-1	0	84	69
Net income from Life Insurance				-2		0		0	0	-2
Net commissions and fees	1	0		3	0	-1	0	-6	29	24
Net trading income	0			0	0	0	0	0	9	6
Net investment income	0	1		0	1	0		0	7	-2
Other operating income	5	6		3	6	16	-4	-14	13	**16**
Total income	**89**	**75**		**7**	**2**	**10**	**-5**	**-19**	**165**	**136**
of which inter-segment income		1		0	4	0	-5	-3		
Personnel costs	-23	-16		-4	-1	-6			-42	-39
IT expenses	-3	-1		*-1*	-3	-3	0	0	-10	-9
Amortisation on intangible assets from acquisition	-8	-6		-2					-9	-8
Other amortisation and depreciation	0	0		0	-1	-1	0	0	-6	-5
Other expenses	-34	-24		-6	-3	-17	5	19	-41	-39
Total expenses	**-69**	**-47**		**-13**	**-8**	**-27**	**5**	**19**	**-108**	**-100**
Share of associates' profits/losses	0	0		0	0	0			0	0
Earnings before tax *)	**20**	**27**		**-6**	**-7**	**-16**	**0**	**0**	**57**	**35**
Income tax									-15	-5
Capital gains on discontinued operations after tax										153
Profit for the period									**41**	**184**

*) Okopankki 10/2005 and Pohjola Life Insurance 11-12/2005

Key figures, %										
Return on equity at fair values									11.7	62.0

Non-life Insurance by division,	*Private Customers*		*Corporate Customers*		*Baltic States*		***Total***	
		11-12/		*11-12/*		*11-12/*		*11-12/*
October-December	*2006*	*2005*	*2006*	*2005*	*2006*	*2005*	*2006*	*2005*
Balance on technical account, EUR million								
Insurance premium revenue	**79**	**53**	**113**	**73**	**13**	**7**	**204**	**133**
Claims incurred	38	38	103	35	8	4	149	77
Amortisation on intangible assets from acquisition	3		3		0		6	
Operating expenses	23	15	17	14	5	2	45	30
Total expenses	**64**	**53**	**124**	**49**	**13**	**5**	**201**	**107**
Balance on technical account	**15**	**0**	**-11**	**24**	**0**	**1**	**3**	**26**
Changes in reserving bases	-14		13		0		-1	
Balance on technical account excl. changes in reserving bases	**1**		**1**		**0**		**2**	
Key figures, %								
Operative return on equity							27.6	
Loss ratio	48.4	72.9	91.7	47.9	62.1	56.0	73.1	57.7
Expense ratio	29.4	27.8	15.5	18.9	36.2	22.9	22.1	22.7
Operative combined ratio	77.8	100.7	107.2	66.7	98.2	79.0	95.3	80.3
Operative combined ratio excl. changes in reserving bases	95.1		96.2		98.2		95.8	
Combined ratio	81.2		110.1		100.5		98.3	

Financial performance from January to December	**Banking and Investment Services**											
EUR million	Corporate Banking		Markets		Group Treasury				Asset Management		**Total**	
					Central Banking		Treasury					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income	86	75	12	5	12	22	5	10	-2	0	113	112
Impairment losses on receivables	1	5						-1			1	4
Net interest income after impairment losses	85	71	12	5	12	22	5	11	-2	0	112	108
Income from Non-life Insurance												
Net income from Life Insurance												
Net commissions and fees	35	35	22	23	0	1	-1	0	43	19	99	77
Net trading income	2	0	13	13	1	1	3	1		0	19	16
Net investment income	0	0	0	0	0		29	16		0	29	16
Other operating income	14	7	0	0	9	2	1	2	1	1	24	13
Total income	**136**	**113**	**47**	**42**	**23**	**26**	**37**	**30**	**41**	**19**	**284**	**230**
of which inter-segment income			0	0	0	1	0	2	6	2	7	5
Personnel costs	-22	-19	-15	-11	-2	-2	-2	-2	-15	-7	-56	-40
IT expenses	-6	-6	-5	-5	-1	-1	-1	-1	-2	-1	-15	-15
Amortisation on intangible assets from acquisition									-3	0	-3	0
Other amortisation and depreciation	-13	-7	-1	-1			0	0	0	0	-15	-9
Other expenses	-15	-14	-7	-5	-3	-2	-2	-2	-7	-6	-33	-30
Total expenses	**-56**	**-46**	**-28**	**-23**	**-5**	**-5**	**-5**	**-5**	**-27**	**-16**	**-121**	**-95**
Share of associates' profits/losses												
Earnings before tax *)	**80**	**67**	**18**	**19**	**18**	**21**	**32**	**25**	**14**	**4**	**163**	**136**
Income tax												
Capital gains on discontinued operations after tax												
Profit for the period												

Key figures, %												
Operative cost/income ratio									59		41	
Operative return on equity											18.2	
Return on equity at fair values					15.0	17.5						

Financial performance from January to December EUR million	**Non-life Insurance**	11-12/	**Discontinued Operations *)**		**Other Operations**		**Eliminations**		**OKO Bank Group**	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income	-8	-1		41	-13	-9	3	1	96	144
Impairment losses on receivables				0		-1			1	4
Net interest income after impairment losses	-8	-1		41	-13	-8	3	1	94	140
Income from Non-life Insurance	332	69				0	-3	0	328	69
Net income from Life Insurance				-2				0	0	-2
Net commissions and fees	6	0		25	-1	-1	-2	-6	102	96
Net trading income					0	0	0	0	20	16
Net investment income	-1	1			9	2	0	0	37	19
Other operating income	18	6		3	40	17	-33	-16	50	23
Total income	**347**	**75**		**67**	**35**	**9**	**-34**	**-21**	**632**	**361**
of which inter-segment income	0	1		0	28	3	-35	-9	-	-
Personnel costs	-99	-16		-21	-11	-9		0	-165	-86
IT expenses	-13	-1		*-8*	-15	-5	0	0	-42	-29
Amortisation on intangible assets from acquisition	-33	-6		-2					-36	-8
Other amortisation and depreciation	-2	0		-2	-4	-1			-21	-13
Other expenses	-122	-24		-22	-24	-21	34	21	-144	-76
Total expenses	**-268**	**-47**		**-55**	**-54**	**-36**	**34**	**21**	**-409**	**-212**
Share of associates' profits/losses	0				0	1			0	1
Earnings before tax *)	**78**	**27**		**12**	**-19**	**-25**	**0**	**0**	**223**	**150**
Income tax									-42	-33
Capital gains on discontinued operations after tax										153
Profit for the period									**180**	**271**

*) Okopankki 1-10/2005 and Pohjola Life Insurance 11-12/2005

Key figures, %										
Return on equity at fair values									9.5	22.3

Non-life Insurance by division,	*Private Customers*		*Corporate Customers*		*Baltic States*		**Total**	
January-December		*11-12/*		*11-12/*		*11-12/*		*11-12/*
	2006	*2005*	*2006*	*2005*	*2006*	*2005*	*2006*	*2005*
Balance on technical account, EUR million								
Insurance premium revenue	**308**	**53**	**434**	**73**	**47**	**7**	**788**	**133**
Claims incurred	194	38	358	35	27	4	580	77
Amortisation on intangible assets from acquisition	11		14		1		26	
Operating expenses	84	15	75	14	13	2	172	30
Total expenses	**289**	**53**	**447**	**49**	**42**	**5**	**778**	**107**
Balance on technical account	**18**	**0**	**-13**	**24**	**5**	**1**	**10**	**26**
Changes in reserving bases	-14		13		0		-1	
Balance on technical account excl. changes in reserving bases	**5**		**0**		**5**		**9**	
Key figures, %								
Operative return on equity							20.9	
Loss ratio	63.1	72.9	82.6	47.9	58.2	56.0	73.5	57.7
Expense ratio	27.3	27.8	17.3	18.9	28.5	22.9	21.9	22.7
Operative combined ratio	90.4	100.7	99.9	66.7	86.7	79.0	95.4	80.3
Operative combined ratio excl. changes in reserving bases	**94.8**		**97.0**		**86.7**		**95.5**	
Combined ratio	94.0		103.0		89.2		98.7	

Balance sheet 31 December 2006 EUR million	**Banking and Investment Services**					**Banking and Investment Services, total**	**Non-life Insurance, total**	**Other Operations, total**	**Eliminations**	**OKO Bank Group**
	Corporate Banking	Markets	Group Treasury		Asset Management					
			Central Banking	Treasury						
Receivables from customers	7 788	12	58	9		7 868			-4	7 864
Receivables from financial institutions	300	58	5 785	463	1	6 607		66	-220	6 453
Non-life Insurance assets							2 824		-58	2 766
Financial assets for trading and investment assets	336	851	2 284	1 512	23	5 006	0	687	-666	5 026
Investments in associates							2	7		8
Other assets	177	563	51	75	128	994	901	298	-113	2 079
Total assets	**8 602**	**1 484**	**8 177**	**2 059**	**152**	**20 475**	**3 726**	**1 058**	**-1 061**	**24 196**
Liabilities to customers	358	5	981	839		2 184		140	-330	1 994
Liabilities to financial institutions		259	1 752	381		2 391		-1	0	2 390
Non-life Insurance liabilities							2 099			2 099
Debt securities issued to the public				13 898		13 898			-635	13 263
Subordinated liabilities				924		924	40		-40	924
Other liabilities	406	475	35	284	14	1 214	156	384	-57	1 697
Total liabilities	**764**	**740**	**2 767**	**16 327**	**14**	**20 611**	**2 295**	**523**	**-1 062**	**22 368**
Shareholders' equity										1 828
Total liabilities and shareholders' equity										**24 196**
Investments	5	1	0	2	1	9	10	3		21
Amortisation and depreciation in the period	-13	-1	0	0	-3	-18	-35	-4		-57
Expenses without payment other than amortisation and depreciation	1	4	0	0	3	8	0	0		8

Balance sheet 31 December 2005	Banking and Investment Services					Banking and Investment Services, total	Non-life Insurance, total	Other Operations, total	Eliminations	Discontinued Operations	OKO Bank Group
EUR million	Corporate Banking	Markets	Group Treasury		Asset Management						
			Central Banking	Treasury							
Receivables from customers	6 674	1	70	15		6 760			-1		6 759
Receivables from financial institutions	113	972	4 001	8	1	5 097		20	-20		5 096
Non-life Insurance assets							2 756		-16		2 740
Financial assets for trading and investment assets	268	2 738		885	9	3 901		234	-118		4 017
Investments in associates								8			8
Other assets	120	374	23	71	123	711	787	187	-9	20	1 695
Life Insurance assets classified as held for sale									-24	1 896	1 873
Other assets classified as held for sale							81				81
Total assets	**7 176**	**4 086**	**4 094**	**979**	**133**	**16 469**	**3 626**	**448**	**-188**	**1 916**	**22 270**
Liabilities to customers	288	1 103	206	484		2 081		14	-37		2 058
Liabilities to financial institutions		1 897	1 477	191		3 565			-2		3 563
Non-life Insurance liabilities							1 926		0		1 926
Debt securities issued to the public				9 070		9 070			-37		9 033
Subordinated liabilities				749		749	40		-85	45	749
Other liabilities	337	352	9	119	5	822	47	480	-27	2	1 325
Life Insurance liabilities classified as held for sale										1 609	1 609
Liabilities related to other assets classified as held for sale							48				48
Total liabilities	**624**	**3 352**	**1 691**	**10 615**	**5**	**16 288**	**2 060**	**494**	**-188**	**1 656**	**20 310**
Shareholders' equity											1 961
Total liabilities and shareholders' equity											**22 270**
Investments	4	2	0	6	120	133	826	1		115	1 074
Amortisation and depreciation in the period	-7	-1	0	0	-1	-10	-6	-1		-4	-21
Expenses without payment other than amortisation and depreciation	1	1	0	0	1	3	3	4		2	
*) Okopankki 1-10/2005 and Pohjola Life Insurance 11-12/2005											

Notes

1) Net interest income

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Interest income				
From receivables from financial institutions	59	34	181	114
From receivables from customers	78	50	272	210
From others	250	130	817	362
From continuing operations	387	214	1 270	686
From discontinued operations	-	5	-	74
Total	**387**	**219**	**1 270**	**761**
Interest expenses				
From liabilities to financial institutions	28	24	106	93
From liabilities to customers	17	10	53	34
From others	319	157	1 015	472
From continuing operations	364	191	1 175	600
From discontinued operations	-	2	-	17
Total	**364**	**193**	**1 175**	**617**
Net interest income from continuing operations	23	23	96	87
Net interest income from discontinued operations	-	3	-	57
Net interest income, total	**23**	**26**	**96**	**144**

2) Impairment losses on receivables

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Receivables amortised as loan and guarantee losses of the period	3	-	5	3
Recoveries from receivables amortised as loan or guarantee losses	-	-	-1	-1
Increase in impairment loss provision of the period	2	3	4	7
Decrease in impairment loss provisions recognised earlier	-5	-1	-8	-5
Impairment losses from continuing operations	-	2	1	4
Impairment losses from discontinued operations	-	-	-	-
Impairment losses on receivables, total	**-**	**2**	**1**	**4**

3) Net income from Non-life Insurance

EUR million	10-12/06	11-12/05	1-12/06	11-12/05
Net insurance premium revenue				
Premiums written	145	68	877	68
Insurance premiums ceded to reinsurers	-11	-2	-55	-2
Change in provision for unearned premiums	76	73	-35	73
Reinsurers' share	-5	-1	2	-1
Total	**204**	**138**	**788**	**138**
Net Non-life Insurance claims				
Claims paid	123	68	470	68
Insurance claims recovered from reinsurers	12	6	30	6
Change in provision for unpaid claims	9	-3	51	-3
Reinsurers' share	-7	-1	-15	-1
Total	**137**	**69**	**536**	**69**
Net investment income, Non-life Insurance				
Interest rates	17	11	72	11
Capital gains and losses and realised changes in value				
Notes and bonds	-15	-	-24	-
Shares and participations	25	5	36	5
Investment properties	-	-	1	-
Other	2	-	8	-
Unrealised fair value changes				
Notes and bonds	-	-2	-1	-2
Shares and participations		-2	-	-2
Investment properties	2	-	2	-
Other	-	-1	-1	-1
Dividend income	-	1	22	1
Total	**30**	**11**	**116**	**11**
Unwinding of discount	-9	-6	-37	-6
Other	-3	-5	-3	-5
Net income from Non-life Insurance	**84**	**69**	**328**	**69**

4) Net commissions and fees

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Commission income from				
Lending	4	5	16	19
Payment transfers	3	3	12	12
Securities brokerage	6	9	21	26
Securities issuance	-	1	5	6
Asset management and legal services	17	5	53	16
Insurance operations	-	-	4	-
Guarantees	2	1	6	5
Other	3	1	6	3
Commission income from continuing operations	35	25	123	87
Commission income from discontinued operations	-	3	-	28
Total	**35**	**29**	**123**	**114**
Commission expenses on				
Payment transfers	1	1	3	3
Securities brokerage	2	2	8	7
Securities issuance	-	-	1	2
Asset management and legal services	2	1	8	3
Other	-	-	2	1
Commission expenses from continuing operations	6	4	21	16
Commission expenses from discontinued operations	-	-	-	3
Total	**6**	**5**	**21**	**18**
Net commissions and fees from continuing operations	29	21	102	71
Net commissions and fees from discontinued operations	-	3	-	25
Net commissions and fees, total	**29**	**24**	**102**	**96**

5) Net trading income

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Financial assets and liabilities held for trading				
Capital gains, losses and realised changes in value				
Notes and bonds	-3	-5	-9	3
Shares and participations	-	-	1	-1
Derivatives	5	7	10	1
Unrealised changes in value	0	0	0	0
Notes and bonds	-8	-7	-27	-6
Shares and participations	-	1	-1	-
Derivatives	12	8	35	11
Net income from foreign exchange operations *)	3	3	12	8
Net trading income from continuing operations	9	6	20	16
Net trading income from discontinued operations	-	-	-	-
Net trading income, total	**9**	**6**	**20**	**16**

6) Net investment income

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	-	1	-	1
Shares and participations	-1	1	21	12
Dividend income	7	1	14	5
Impairment losses	-	-4	-1	-4
Total	**6**	**-2**	**35**	**14**
Investment properties	1	-1	2	4
Net investment income, continuing operations	7	-2	37	18
Net investment income, discontinued operations	-	-	-	-
Net investment income, total	**7**	**-2**	**37**	**19**

7) Other operating income

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Central bank service fee	2	-	9	-
Realisation of repossessed items	-	-	2	1
Rental income from assets rented under operating lease	3	2	12	5
Other	9	12	28	15
Other operating income, continuing operations	13	14	50	21
Other operating income, discontinued operations	-	2	-	2
Other operating income, total	**13**	**16**	**50**	**23**

8) Personnel costs

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Salaries and remunerations	36	29	135	55
Pension costs	3	5	19	5
Other indirect personnel costs	3	2	11	5
Personnel costs, continuing operations	42	36	165	64
Personnel costs, discontinued operations	-	4	-	22
Personnel costs, total	**42**	**39**	**165**	**86**

9) Other administrative expenses

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Office expenses	16	7	51	11
IT expenses	10	8	42	21
Telecommunications expenses	3	2	11	4
Marketing expenses	4	3	13	6
Other administrative expenses	5	8	15	12
Other administrative expenses, continuing operations	38	29	133	54
Other administrative expenses, discontinued operations	-	3	-	18
Other administrative expenses, total	**38**	**33**	**133**	**72**

10) Other operating expenses

EUR million	10-12/06	10-12/05	1-12/06	1-12/05
Expenses from properties and business premises in own use	5	8	22	12
Expenses from realisation of repossessed items	1	-	2	1
Scheduled amortisation and depreciation	0	0	0	0
Amortisation on intangible assets due to acquisition	9	6	36	6
Other	6	4	21	11
	0	0	0	0
Other	8	6	30	12
Other operating expenses, continuing operations	28	24	111	41
Other operating expenses, discontinued operations	-	4	-	12
Other operating expenses, total	**28**	**28**	**111**	**54**

11) Financial assets for trading

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Notes and bonds	4795	5122	5228	4940	3 686
Shares and participations	6	6	7	4	6
Total	**4801**	**5128**	**5234**	**4943**	**3 692**

12) Non-life Insurance assets

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Money market investments, money market funds and deposits	22	397	233	344	207
Bonds and bond funds	1 752	1 802	1 815	1 779	1 675
Shares and participations	447	378	392	427	406
Alternative investments	87	75	43	65	65
Investment properties	56	53	58	60	63
Other	400	418	392	426	324
Total	**2 766**	**3 123**	**2 932**	**3 101**	**2 740**

13) Investment assets

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Available-for-sale financial assets					
Notes and bonds	94	120	274	244	140
Shares and participations	101	125	125	140	150
Investment properties	29	29	28	28	35
Total	**225**	**274**	**427**	**412**	**326**

14) Intangible assets

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Goodwill	494	494	494	487	392
Brands	179	179	179	179	179
Customer relations pertaining to insurance contracts and policy acquisition costs	274	280	286	291	297
Other	73	72	73	72	73
Total	**1 020**	**1 025**	**1 032**	**1 030**	**942**

15) Other assets held for sale

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Run off companies *)					
Non-life Insurance assets	-	-	-	60	81
Deferred tax assets	-	-	-	-	1
Total	-	-	-	60	81
Total	**-**	**-**	**-**	**60**	**81**

*) Bothnia International Insurance Company Ltd and Moorgate Insurance Company Ltd

16) Non-life Insurance liabilities

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Insurance contract liabilities					
Provision for unearned premiums	285	361	427	456	249
Provision for unpaid claims	1 683	1 665	1 624	1 604	1 595
Total	**1 969**	**2 025**	**2 051**	**2 060**	**1 844**
Other	130	280	90	231	82
Total	**2 099**	**2 305**	**2 141**	**2 292**	**1 926**

17) Debt securities issued to the public

EUR million		30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Bonds	7 630	6 584	6 474	5 496	4 508
Certificates of deposit	5 519	5 574	5 142	6 053	4 400
Other	115	121	123	-274	125
Total	**13 263**	**12 278**	**11 740**	**11 275**	**9 033**

18) Subordinated liabilities

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Capital loans	198	202	203	211	215
Other	727	737	480	484	534
Total	**924**	**939**	**683**	**694**	**749**

19) Liabilities related to other assets held for sale

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Run-off companies *)					
Non-life Insurance liabilities	-	-	-	43	47
Provisions and other liabilities	-	-	-	2	1
Total	**-**	**-**	**-**	**46**	**48**

*) Bothnia International Insurance Company Ltd and Moorgate Insurance Company Ltd

Off-balance sheet items

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Guarantees	534	515	476	359	310
Guarantee liabilities	1 384	1 402	1 446	1 199	1 108
Loan commitments	3 563	3 129	3 113	2 651	2 643
Commitments related to short-term sale events	165	143	164	122	130
Other	421	411	424	421	475
Off-balance sheet items, total	**6 066**	**5 600**	**5 623**	**4 752**	**4 666**

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

EUR million	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005
Accounts receivable	71	73	85	156	98
Accounts payable	70	73	88	158	126

Derivatives

Derivatives held for trading on 31 December 2006

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives							
Interest rate swaps	13 499	11 054	2 771	27 324	140	-140	236
Forward rate agreements	-	-	-	-	-	-	-
Interest rate options	2 641	7 100	2 805	12 545	61	-57	99
Interest rate futures	4 682	-	-	4 682	2	-	-
Total	**20 822**	**18 154**	**5 575**	**44 551**	**203**	**-198**	**334**
Currency derivatives							
Forward exchange agreements	5 882	123	-	6 004	31	-42	95
Interest rate and currency swaps	-	24	454	478	3	-2	38
Currency options	361	1	-	363	2	-2	4
Currency futures	-	-	-	-	-	-	-
Total	**6 243**	**148**	**454**	**6 845**	**35**	**-46**	**136**
Equity and index derivatives	28	136	-	164	32	-	45
Credit derivatives	-	131	-	131	-	-1	1
Other derivatives	8	15	-	22	1	-	2
Derivatives held for trading, total	**27 100**	**18 584**	**6 029**	**51 713**	**271**	**-246**	**519**

Derivatives held for trading on 31 December 2005

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives							
Interest rate swaps	7 913	7 325	1 535	16 773	85	-102	145
Forward rate agreements	2 848	-	-	2 848	1	-1	1
Interest rate options	4 366	4 094	1 686	10 146	23	-23	45
Interest rate futures	3 535	-	-	3 535	-	-1	-
Total	**18 662**	**11 419**	**3 221**	**33 302**	**110**	**-126**	**191**
Currency derivatives							
Forward exchange agreements	2 560	99	-	2 659	16	-17	46
Interest rate and currency swaps	-	26	-	26	-	-	1
Currency options	22	-	-	22	-	-	-
Currency futures	-	-	-	-	-	-	-
Total	**2 582**	**124**	**-**	**2 707**	**16**	**-17**	**48**
Equity and index derivatives	16	94	-	110	17	-	25
Credit derivatives	-	160	-	160	-	-1	3
Other derivatives	72	24	-	95	6	-	11
Derivatives held for trading, total	**21 332**	**11 822**	**3 221**	**36 374**	**148**	**-145**	**278**

Derivatives held for hedging – fair value hedging on 31 December 2006

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives							
Interest rate swaps	1 065	798	272	2 134	11	-17	19
Forward rate agreements	-	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-	-
Total	**1 065**	**798**	**272**	**2 134**	**11**	**-17**	**19**
Currency derivatives							
Forward exchange agreements	-	-	-	-	-	-	-
Interest rate and currency swaps	42	1 512	348	1 902	2	-85	104
Currency options	-	-	-	-	-	-	-
Currency futures	-	-	-	-	-	-	-
Total	**42**	**1 512**	**348**	**1 902**	**2**	**-85**	**104**
Equity and index derivatives	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-
Derivatives held for hedging, total	**1 106**	**2 310**	**620**	**4 036**	**13**	**-102**	**123**

Derivatives held for hedging – fair value hedging on 31 December 2005

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives							
Interest rate swaps	699	903	248	1 849	6	-19	15
Forward rate agreements	-	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-	-
Total	**699**	**903**	**248**	**1 849**	**6**	**-19**	**15**
Currency derivatives							
Forward exchange agreements	-	-	-	-	-	-	-
Interest rate and currency swaps	-	582	252	834	39	-10	87
Currency options	-	-	-	-	-	-	-
Currency futures	-	-	-	-	-	-	-
Total	**-**	**582**	**252**	**834**	**39**	**-10**	**87**
Equity and index derivatives	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-
Derivatives held for hedging, total	**699**	**1 485**	**499**	**2 683**	**45**	**-29**	**102**

Total derivatives held for trading and hedging on 31 December 2006

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives	21 886	18 952	5 847	46 685	213	-215	353
Currency derivatives	6 284	1 660	802	8 746	37	-131	241
Equity and index-linked derivatives	28	136	-	164	32	-	45
Credit derivatives	-	131	-	131	-	-1	1
Other derivatives	8	15	-	22	1	-	2
Total derivatives	**28 206**	**20 894**	**6 649**	**55 749**	**284**	**-347**	**642**

Total derivatives held for trading and hedging on 31 December 2005

EUR million	Nominal values/remaining term to maturity			Total	Fair values		Potential future exposure
	<1 year	1-5 years	>5 years		Assets	Liabilities	
Interest rate derivatives	19 361	12 322	3 469	35 151	116	-146	205
Currency derivatives	2 582	706	252	3 540	55	-27	135
Equity and index-linked derivatives	15	94	-	110	17	-	25
Credit derivatives	-	160	-	160	-	-1	3
Other derivatives	72	24	-	95	6	-	11
Total derivatives	**22 030**	**13 306**	**3 720**	**39 057**	**193**	**-174**	**380**

Other contingent liabilities and commitments

On 31 December 2006, OKO Bank's commitments to venture capital funds amounted to EUR 8.8 million and Pohjola Non-Life's commitments to EUR 50.2 million. They are included in the section "Off-balance sheet commitments".

Related party transactions

The related parties of the OKO Bank Group comprise its parent, associates and administrative personnel, as well as other related party companies. The parent of the OKO Bank Group is Osuuspankkikeskus Osk (OP Bank Group Central Cooperative).

The OKO Bank Group had the following associates on 31 December 2006 and 31 December 2005: Nooa Savings Bank Ltd, Autovahinkokeskus Oy and Vahinkopalvelu Oy.

The administrative personnel of the OKO Bank Group includes the President and CEO of OKO Bank, the deputy to the President and CEO, the members of the Board of Directors and their close family members. The information on the members of the Supervisory Board and their close family members are included in the related party transactions until 30 March 2006, when the Supervisory Board was abolished. Normal credit terms apply to the loans granted to the management. The loans are tied to the generally applied benchmark interest rates and the loans are repaid in accordance with the agreed repayment schedule. The loans have normal collateral.

The other related party entities include OP Pension Fund, OP Pension Foundation and the sister companies in OP Bank Group Central Cooperative Consolidated.

Related party transactions on 31 December 2006

EUR million	Parent company	Consoli-dated associates	Admini-strative personnel	Others
Loans	27	-	-	1 741
Other receivables	8	-	-	70
Deposits	-	-	-	108
Other liabilities	4	-	-	135
Interest income	2	-	-	53
Interest expenses	4	-	-	11
Dividend income	-	-	-	3
Commission income	1	-	-	21
Commission expenses	2	-	-	2
Other operating income	1	-	-	13
Impairments on loans	-	-	-	-
Impairments on loans at the end of the period	-	-	-	-
Off-balance sheet commitments				
Guarantees	-	-	-	36
Irrevocable commitments	8	-	-	62
Other off-balance sheet commitments	-	-	-	-
Salaries and remuneration and performance-related pay				
Salaries and remuneration	-	-	3	-
Performance-related pay	-	-	-	-
Holdings of related parties				
Number of share options	-	-	-	-
Number of shares	60 825 897	-	55 728	4 205 946
Number of participations	-	-	-	-

Related party transactions on 31 December 2005

EUR million	Parent company	Consoli-dated associates	Admini-strative personnel	Others
Loans	50	-	-	1 291
Other receivables	2	-	-	62
Deposits	6	-	-	132
Other liabilities	362	-	-	15
Interest income	1	-	-	35
Interest expenses	3	-	-	7
Dividend income	-	-	-	3
Commission income	-	-	-	13
Commission expenses	2	-	-	-
Other operating income	1	-	-	2
Impairments on loans	-	-	-	-
Impairments on loans at the end of the period	-	-	-	-
Off-balance sheet commitments				
Guarantees	-	-	-	7
Irrevocable commitments	8	-	-	-
Other off-balance sheet commitments	-	-	-	-
Salaries and remuneration and performance-related pay				
Salaries and remuneration	-	-	2	-
Performance-related pay	-	-	-	-
Holdings of related parties				
Number of share options	-	-	31 000	-
Number of shares	60 825 897	-	85 464	4 205 946
Number of participations	-	-	-	-

RISK EXPOSURE

Risk exposure in Banking and Investment Services

Credit risk exposure

When reviewing credit risks, the focus is on the development of total exposure and the customers' creditworthiness. Total exposure means the total amount of off-balance sheet items and receivables vulnerable to credit risk. Total exposure includes both the interest and the principal, adjusted by receivable-specific impairments.

In spite of the 26% increase in total exposure, the credit risk exposure has remained stable. The share of risk-weighted items used in capital adequacy calculations of the total exposure was 45% (50).

The rating distribution of total exposure is based on the creditworthiness of the primary debtor or counterparty; no collateral or guarantees have been taken into account.

The relative share of investment-grade exposure – that is, ratings 1 to 4, excluding private customers – in total exposures was 75% (72), the share of ratings 11–12 was 0.3% (0.4) and that of non-rated exposure was 3% (3).

Total exposure by credit rating, EUR billion *)

Rating	31 Dec. 2006	31 Dec. 2005	Change, EUR billion
1 – 2	13.6	10.2	3.4
3 – 4	5.7	4.7	1.0
5 – 6	2.9	2.4	0.5
7 – 8	2.6	2.1	0.5
9 – 10	0.3	0.5	-0.2
11 – 12	0.1	0.1	0.0
Non-rated	0.8	0.7	0.1
Total	**25.9**	**20.5**	**5.4**

*) excl. private customers

Total exposure

The total exposure at the end of 2006 amounted to EUR 26.3 billion. Receivables from customers formed around one-third of the total exposure.

Total exposure, EUR billion

	31 Dec. 2006	31 Dec. 2005	Change, %
Claims on the public	7.6	6.9	10
Claims on credit institutions and central banks	6.9	5.1	36
Debt securities	4.8	3.8	28
Unused standby credit facilities	4.0	2.9	37
Guarantees and documentary credits	2.0	1.5	35
Derivative contracts	0.6	0.4	71
Other off-balance sheet items	0.3	0.3	0
Total	**26.3**	**20.9**	**26**

Total exposure by counterparty, EUR billion

	31 Dec. 2006	31 Dec. 2005	Change, %
Corporate customers	10.6	8.6	23
Finance and insurance institutions	6.7	5.0	35
Cooperative banks and Central Cooperative	6.0	4.6	31
Non-profit institutions	1.7	1.6	8
Public entities	0.8	0.7	14
Private customers	0.5	0.4	17
Total	**26.3**	**20.9**	**26**

In the review of counterparties, total exposure is divided into six customer groups, corporate customers being the largest group, representing over 40% (41) of the total exposure.

The year-on-year increase in corporate exposure was EUR 2.0 billion, or 23%. Loans and guarantees amounted to slightly less than 50% of corporate exposure, receivables and security-backed financing amounted to 18% and, and unused standby credit facilities to 28%. The rating and sector distribution of corporate exposure is analysed in more detail under Corporate exposure.

Financial and insurance institutions were the second largest group of customers and made up 26% (24) of the total exposure. The exposure in financial and insurance institutions mostly comprised notes, bonds and receivables from central banks. Investment-grade exposure – that is, exposure with ratings 1 to 4 – made up over 90% of the EUR 6.7 billion total financial and insurance institution exposure.

Group member banks and the Central Cooperative with its subsidiaries are a significant customer group for OKO Bank as the central financial institution of the OP Group. The year-on-year increase in the exposure of Group member banks and the Central Cooperative was EUR 1.4 billion, or 31%, which resulted from strong growth in lending operations by the member banks. The exposure of the member banks and the Central Cooperative is investment-grade.

Significant customer exposure

Significant customer exposure refers to corporate customers and non-profit customers whose direct exposure exceeds 10% of the Group's own funds. The Group's own funds increased from EUR 1 339 million to EUR 1 504 million, or by 12%.

The amount of significant customer exposure at the end of 2006 was EUR 3.0 billion, which is EUR 0.9 billion more than a year earlier. Significant customer exposure comprised 15 group customers (11), whose share of exposure from OKO Bank's own funds represented 197% (158). Of the significant customer exposure, 79% (81) was investment-grade.

Corporate exposure

The credit ratings of corporate customers and the rating distribution of corporate exposure improved clearly during the year. The relative share of investment-grade corporate exposure was 51%, or over 3 percentage points higher than a year earlier.

The distribution of ratings is shown according to counterparty ratings. The collateral or guarantees received have not been taken into account.

Corporate exposure by credit rating, EUR million

Rating	31 Dec. 2006	31 Dec. 2005	Change
1-2	511	373	138
3-4	4 929	3 770	1 159
5-6	2 320	2 135	185
7-8	2 213	1 718	494
9-10	221	328	-106
11-12	64	80	-16
Non-rated	364	228	136
Total	**10 622**	**8 632**	**1 990**

Growth in corporate exposure focused on investment-grade ratings 3-4 and 7-8.

The exposure of the four lowest ratings decreased by a total of EUR 122 million owing to an increase in credit ratings and to the payback of the exposure. The exposure of the two lowest ratings amounted to EUR 64 million, or 0.6% of the corporate exposure. The share of unclassified corporate exposure was EUR 0.4 billion, which is 3% of the corporate exposure.

The largest sector was the metal industry, the share of which increased by slightly over 2 percentage points to 17.5% during the year. Three other sectors where exposure exceeded 10% of corporate exposure were the trade sector, the forest industry and the construction industry. The largest euro increases were seen in the metal industry and the trade and real estate investment sectors. The increase in corporate exposure originated in several different sectors, which further improved the extensive diversification of corporate exposure by industry.

Country risk

The share of total exposure of foreign receivables was 15% (12). Secondary country risk, excluding Finland, amounted to EUR 4.1 billion at the end of 2006, an increase of EUR 1.5 billion from the previous year. The majority of the increased country risk consisted of notes and bonds. Investments in foreign notes and bonds increased for the purpose of maintaining the liquidity reserve of the OP Bank Group.

Viewed by region, the majority of country risk originated in the EU countries. Countries outside the EU accounted for 22% (21) of the country risk.

Past due payments and non-performing loans

Past due payments increased by EUR 13 million to EUR 23 million but their proportion of the total loan and guarantee portfolio continued to be low, 0.2% (0.1).

Problem receivables, or non-performing, interest-free and under-priced receivables decreased by EUR 1 million to EUR 20 million. The proportion of problem receivables of the loan and guarantee portfolio was still low, at 0.2% (0.3).

Impairment losses that reduce receivables amounted to EUR 21 million (25) at the end of the year. Of the impairment losses, EUR 4 million (3) was related to different receivable groups, and EUR 12 million (16) involved non-performing receivables.

A total of EUR 7 million (9) of new loan and guarantee losses and impairment losses were booked. The total amount of loan loss recoveries and adjustments of impairment losses was EUR 6 million (6). The net impact of loan and guarantee losses and impairment losses on earnings was EUR 1 million (3).

Estimates of the development of credit risk exposure

This year, the amount of loan losses and impairment losses is anticipated to remain minor in relation to the loan and guarantee portfolio, if no sudden changes take place in the operating environment or the financial situation of customers. This forecast is based on the small number of non-performing receivables, and the moderate credit risk level in terms of total exposure.

Market risk exposure

Market risks accounted for 9% (8) of the risk-weighted items at the end of 2006. The growth was attributable to the increase in the amount of debt securities and derivative contracts. Market risks remained at a moderate level the whole year.

Interest rate risk was kept moderate during 2006 both in trading and treasury. Of the interest rate risk, 96% was in euro at the end of 2006.

The market value of the equity and venture capital funds was EUR 52 million (80) at the end of the year, of which the equity portfolio formed EUR 15 million (27), OMX shares EUR 8 million (18) and venture capital funds with their investment commitments EUR 29 million (35). The three proportionally largest industries in the equity portfolio were: industrial products and services 33%, consumer products and services 25% and health care services 17%.

Investments in venture capital funds totalled EUR 19 million (19), and binding unexecuted investment commitments EUR 10 million (16).

OKO Bank's overnight currency exposure and the involved risks remained low throughout the year. At the turn of the year, net currency exposure amounted to EUR –12 million. The currency trading focused mainly on intraday trading.

Market risks arising from the issuance of structured bonds were covered by derivative contracts corresponding to the earnings structure of bonds. The volumes of option business increased further, but open option positions were kept minor.

Market risk, EUR million

	31 Dec. 2006	31 Dec. 2005
Interest rate risk*)	12.1	10.4
of which Treasury	8.7	10.7
Market value of the equity portfolio	15.5	26.6
OMX shares	7.7	18.5
Venture capital funds	28.4	34.8
Net currency exposure	-12.4	5.5

*) The effect of a 1 percentage point change on the current values of cash flows
(the aggregate absolute values of currencies)

Derivatives

The derivatives business went up significantly in 2006, which was mainly attributable to increased customer demand for interest rate swaps, interest options and currency forward contracts. In addition, the amount of interest rate swaps and the amounts of interest rate and currency swaps, made with the intention of providing protection, increased during 2006. Following the business growth, the credit counter values of derivative contracts increased from EUR 380 million to EUR 639 million.

The market risk exposure of the derivatives business was kept at a moderate level throughout the year. Credit Support Annex (CSA) agreements were signed with the most important counterparties in order to reduce the counterparty risk in OTC derivatives trading.

Funding risk and funding structure

The increase in the balance sheet total of Banking and Investment Services of EUR 4.0 billion to EUR 20.5 billion was mostly funded by debt securities. The portion of long-term funding was raised by issuing bonds to a total value of EUR 4.2 billion, most of these with 3 to 5-year maturities. As a result of increased long-term funding, the share of debt securities increased from 50% to 60%. The principal funding currency is euro. The exchange rate risk of loans denominated in foreign currencies has been hedged through interest rate and currency swaps.

The amount of subordinated Tier 2 loans issued in March 2006 totalled EUR 150 million, and the amount issued in September 2006 totalled USD 325 million. The amount of subordinated Tier 2 loans redeemed in March 2006 totalled EUR 200 million.

At the end of 2006, receivables in liquidity reserves amounted to EUR 5 684 million (4 115), of which EUR 400 million (1 400) was the guarantee for the liquidity credit from the Bank of Finland.

Real estate risk

At the end of 2006, capital invested in real estate holdings amounted to EUR 38 million (48), with properties in own use representing EUR 3 million (4). In addition, holdings in real estate investment companies totalled EUR 14 million (20).

The most significant real estate property sold in 2006 was Kiinteistö Oy Kalkkipellontie 6.

Net return on the real estate investment portfolio was 7.8% (6.6). In 2006, estimates for the current value of the real estate properties were acquired from an outside party, on the basis of which the aggregate amount represents the capital invested in the real estate properties. Real estate risks are expected to be low.

Operative risk

The focus of operative risk management was on reducing the most significant risks recognised in connection with risk mappings. The realisation of risks is followed by compiling statistics on the damage caused by operative risks. The resulting effect, which impaired earnings, was EUR 0.2 million (0.2) in 2006.

Risk exposure of insurance operations

The solvency capital of Non-life Insurance at the end of 2006 totalled EUR 592 million (836), or 75% (112) in relation to insurance premium revenue. In Non-life Insurance, capitalisation was brought closer to the 70% target level through the dividend distribution decisions taken at the end of the year. The Pohjola Board of Directors has set the credit rating class A as the target for Non-life Insurance. The insurance financial strength rating affirmed by Standard & Poor's for Pohjola Non-Life is A+ (7 September 2006).

Insurance risk exposure

The reinsurance of Non-life Insurance has been arranged on a centralised basis. Retention in risk-specific reinsurance is a maximum of EUR 5 million and retention in catastrophe reinsurance EUR 7.5 million. The capacity of catastrophe reinsurance providing cumulative cover totals EUR 80 million. In 2007, the retention limit of catastrophe reinsurance was reduced from EUR 7.5 million to EUR 5 million.

In Non-life Insurance, a large part of insurance contract liabilities consists of annuities. Estimated mortality has an impact on the insurance contract liabilities arising from annuities. At the end of 2006, the effect of a one-year increase in the average life expectancy on the aggregate amount of annuity-type insurance contract liabilities was EUR 28 million (27) and the one-off lowering effect on the combined ratio was 4 percentage points (3).

Normal variation in business entails variations in the level of profits and solvency capital. The table below describes the effect of different risk parameters on profit and solvency capital.

Risk parameter	Total amount 31 Dec. 2006 EUR mill.	Change in risk parameter	Effect EUR mill.1)	Effect on combined ratio
Insurance portfolio or premiums written	788	Increases by 1%	+ 8	Improves by 1%-point
1% increase in claims incurred	579	Increases by 1%	- 6	Deteriorates by 1%-point
Major loss		1 major loss	- 5	Deteriorates by 1%-point
Personnel expenses	100	Increases by 8%	- 8	Deteriorates by 1%-point
Expenses by function 2)	223	Increases by 4%	- 9	Deteriorates by 1%-point

1) Effect on solvency and the balance on technical account
2) Non-life insurance expenses by function, excluding investment expenses and expenses related to the provision of other services

The number and size of claims vary annually. Of the annual variation in earnings generated by the insurance business, a significant portion is explained by the claims incurred from major losses. In 2006, there were 11 (7) major losses in excess of EUR 2 million, whose net claims incurred totalled EUR 35 million (31). In 2006, claims incurred of major and medium-size losses retained for own account totalled EUR 80 million, which was EUR 18 million more than in 2005.

Investment risk exposure

The investment portfolio of Non-life Insurance totalled EUR 2 490 million at the end of 2006, which was slightly less than a year earlier. The investment portfolio includes investments covering both the insurance contract liabilities and the solvency capital. The largest asset class consisted of bonds, which accounted for 72% of the investment portfolio of Non-life Insurance. The proportion of equities was increased by 2 percentage points to 18%.

Allocation of investment portfolio in Non-life Insurance, EUR million

Allocation	Fair value 31 Dec 2006, EUR million	%	Fair value 31 Dec 2005, EUR million	%
Money market	69	3	220	8
Bonds and bond funds	1 798	72	1 782	70
Equities	448	18	407	16
Alternative investments	87	3	65	3
Real estate properties	88	4	88	3
Total	2 490	100	2 562	100

The average credit rating of the fixed-income portfolio of Non-life Insurance in accordance with Standard & Poor's was AA, which was the same as a year earlier.

The average duration of the fixed-income portfolio was 4.8 years (4.8) and the current interest rate at the turn of the year was 4.2% (3.4). The annuity-type insurance contract liabilities, EUR 1 205 million (1 172), with a duration of 12 years (11) were discounted using a 3.3% interest rate. The remainder of the insurance contract liabilities totalling EUR 682 million (639) is undiscounted with a duration of 2.0 years (1.7).

The open currency position in Non-life Insurance was EUR 31 million (54), or somewhat over 1% of the investment portfolio. The largest open currency position was in US dollars.

In 2006, increasing interest rates impaired the return on fixed-income investments. On the other hand, an upward trend in share prices generated a 5.2% return (8.5) on the investment portfolio, which corresponds to the long-term return expectations.

The table below describes the sensitivity of investment risks and their effect on solvency capital

Non-life Insurance	Portfolio at fair values, EUR million		Risk parameter	Change	Effect on solvency capital EUR million	
	31 Dec. 2006	31 Dec.2005			31 Dec. 2006	31 Dec. 2005
Bonds and bond funds[1)]	1 834	1 813	Interest	1%-point	90	96
Equities 2)	499	448	market value	10%-points	50	45
Business premises	55	55	market value	15%-points	8	8

1) Includes convertible bonds and derivatives
2) Includes absolute return funds and commodities investments

Credit ratings

OKO Bank has the following credit ratings:

Credit rating agency	*Short-term funding*	*Long-term funding*
Standard & Poor's	A-1+	AA-
Moody's	P-1	Aa2
Fitch	F1+	AA-

Standard & Poor's changed its evaluation of the outlook for OKO Bank plc from negative to stable on 7 September 2006. According to the rating agency, the change in outlook reflects the notable progress in the merger of Pohjola Group plc (A+, stable). The credit rating outlook of Moody's for OKO Bank continues to be negative.

Annual General Meeting and financial information in 2007

The Annual General Meeting of OKO Bank plc will be held on 27 March 2007.

The right to attend the Annual General meeting is held by shareholders

– who no later than on 17 March 2007 have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd, or by nominee registered shareholders who, on the said date, have temporarily been entered in the company's shareholder register, and
– who no later than on 22 March 2007 at 4.00 p.m. have registered for the Meeting.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.65 per Series A share and EUR 0.62 per Series K share be paid for the financial year 2006. The dividend will be paid to shareholders who no later than on the record date of dividend payment, 30 March 2007, have been entered in the shareholder register kept by the Finnish Central Securities Depository Ltd. The Board proposes to the Annual General Meeting that the dividend be paid on 10 April 2007.

The OKO Bank Group's Annual Report, Report by the Board of Directors and Financial Statements will be published in week 11. The OKO Bank Interim Report for January-March will be disclosed on 10 May 2007, for January-June on 9 August 2007 and for January-September on 8 November 2007.

Helsinki, 15 February 2007

OKO Bank plc
Board of Directors

This Financial Statements Bulletin is available on the Internet at www.oko.fi/english>Press. Background information on the bulletin is available at the same address.

Meeting for analysts

A Finnish-language meeting for analysts will be held on 15 February 2007 at 10.00 a.m. An English-language conference call will be arranged at 3.00 p.m. on +358 9 82485776 (participant's PIN code 119595).

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