OP-Pohjola Group´s

Interim Report for 1 January—31 March 2013

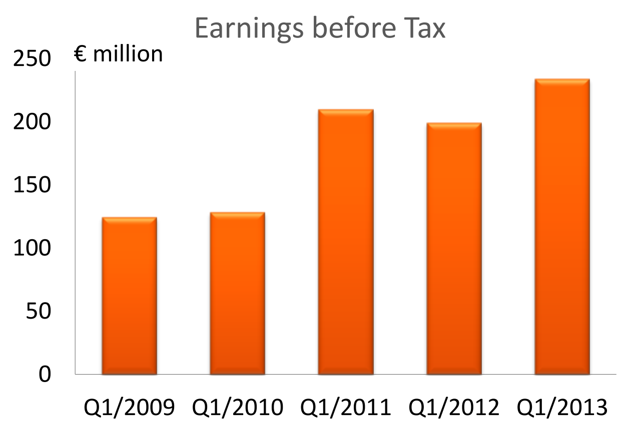
OP-Pohjola Group started 2013 well, an improvement from 2012. Business growth continued to be strong.

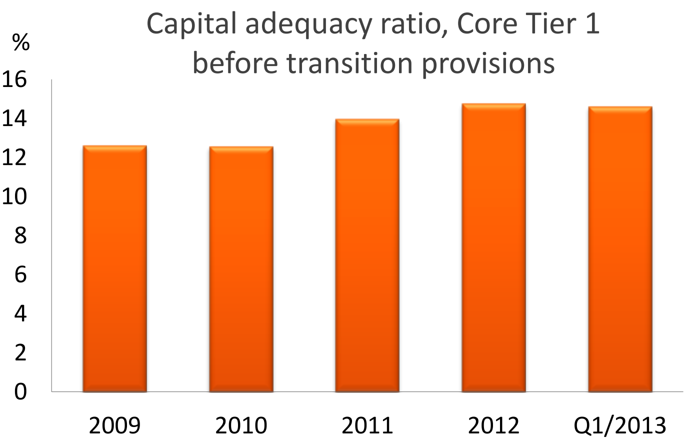
- Earnings before tax rose by 17% to EUR 234 million (199).
- Earnings by Non-life Insurance were record-high in the first quarter, and investment income rose significantly.
- Performance by Banking was lower than in the first quarter of 2012, but 25% higher than in the fourth quarter of 2012.
- A solid increase in Other Income compensated a major drop in net interest income.
- Expenses were lower than last year. Expenses without bank levy reduced by 3.1%.
- Core Tier 1 ratio before the transition provisions was 14.6% (14.8).
- The loan portfolio grew by 7.5% and deposits by 10% in the year to March. Non-life Insurance grew by 10%.
- 2013 earnings before tax are expected to be about the same or slightly lower than in 2012. For more details, see “Outlook for the rest of 2013".

OP-Pohjola Group's key indicators

	Q1/2013	Q1/2012	Change %	2012
Earnings before tax, € million	234	199	17,5	586
Banking	99	144	-31.4	424
Non-life Insurance	55	15		92
Wealth Management	57	26		101
Returns to owner-members and OP bonus customers	48	44	7.2	192
	31 March 2013	**31 March 2012**	**Change %**	**31 Dec 2012**
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)	1.85	2.02	-0.17*	1.90
Core Tier 1 ratio, %	14.1	15.1	-1.1*	14.1
Core Tier 1 ratio before the transition provisions	14.6	15.2	-0.6*	14.8
Ratio of non-performing receivables to loan and guarantee portfolio, %	0.51	0.53	-0.02*	0.46
Joint banking and insurance customers (1,000)	1,442	1,329	8.5	1,425

* Change in ratio





Comments by Reijo Karhinen, Executive Chairman and CEO

OP-Pohjola Group got off to a positive start in 2013. The operating model of our financial services group proved again its strength and its capacity to even out earnings volatility. Record-high earnings by Non-life Insurance, a considerable increase in investment income and the fact that we have been able to stop expenses from growing contributed to a better first-quarter result than expected. The positive earnings development in the Group was shadowed by lower earnings by Banking than a year ago caused by lower net interest income and the new bank levy. Nevertheless, compared with the last quarter of 2012, Banking's performance improved by 25 per cent.

What is descriptive of the change in our revenue model is that the amount of „Other income' more than doubled in the report period relative to the net interest income. The results of the efficiency-enhancement programme started last year can be seen as lower expenses at Group level, regardless of the bank levy. The downward trend of net interest income will even out substantially during the rest of the year. However, the revenue model of retail banking is changing permanently, and the requirement for higher efficiency is here to stay.

The volume of our business continued to grow strongly despite the market conditions and in comparison with the entire sector. Our balance sheet total exceeded the EUR 100 billion mark. We have been operating in accordance with our mission and values by responding to our customers' needs for loans. Our market shares are on a steep rise both in terms of corporate and home loans. To be successful in this challenging market situation, we have had to make some bold long-term decisions and to understand our customers well.

Following the acquisition of Pohjola, we have considerably strengthened our market position in our key business segments. Our latest achievement is to be the biggest provider of bank financing to businesses. We are at the forefront in developing a new type of financial services group model in Finland. We have been supported in this by our firm foundation in cooperative principles and the bonus system that rewards loyal customers financially. We will continue, in line with our strategy, to provide our customers with the best overall solutions and loyalty benefits in the sector.

Although the global economy is still frail and Europe's protracted debt crisis casts a nasty shadow on the economy, OP-Pohjola Group's outlook for the rest of 2013 is stable. Our capital base is strong, our risk exposure is good and our growth rate is in line with our strategy.

The financial sector will still experience years of uncertainty as major changes are taking place. We will come under considerable pressure, both in terms of political decisions and in the form of new regulations. Economic development, which continues to be poor, and the uncertainty caused by regulatory changes will increase risks, which in itself requires bigger financial buffers in our sector, thereby creating pressure to push prices up. The financial crisis, an imported one from Finland's point of view, is making itself felt with a delay in the form of tighter regulation and as an impediment to economic growth.

OP-Pohjola Group's Interim Report for 1 January–31 March 2013

Contents

Operating environment

World economic survey results have revealed improved sentiments but, based on statistics, there was not much to support optimism, especially in the euro area. Global economic development was uneven. Industrial production and consumer spending showed a reasonable growth rate in the USA whereas the euro area economies remained weak.

The euro area financial markets remained relatively stable. Nevertheless, Italy's post-election political gridlock and the Cypriot bailout package made markets somewhat nervous temporarily.

With improved confidence, banks repaid three-year ECB loans early. However, market liquidity remained ample. The ECB kept its main refinancing rate at 0.75% and market interest rates remained low.

Finland showed weak economic development during the first quarter, with retail trade sales falling, export remaining stagnant, industrial production shrinking and the unemployment rate rising slightly. On the positive side, inflation decelerated.

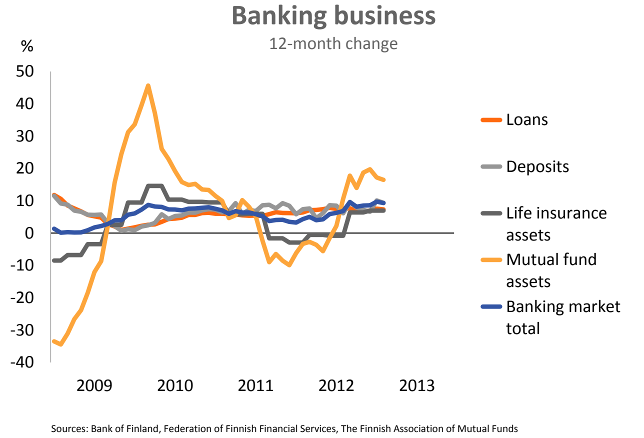
The world economic outlook for 2013 is weaker than the average. The euro area will see weak economic development. The Finnish economy is expected to grow only slightly at its best. The ECB will keep its key interest rate low and, if required, take extraordinary measures to support financial stability. Euribor rates will remain record low.

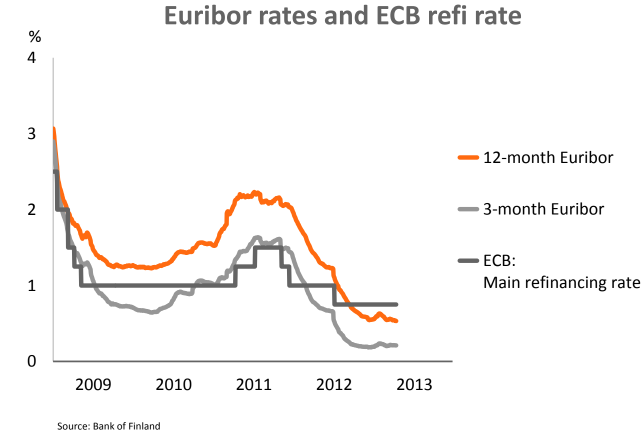
At the end of February, banking in Finland showed an annual growth rate of 9%. Mutual fund assets were the fastest-growing sector due to record-low interest rates and the improved situation in financial markets. In Finland, stock prices rose by around 6% during the first quarter.

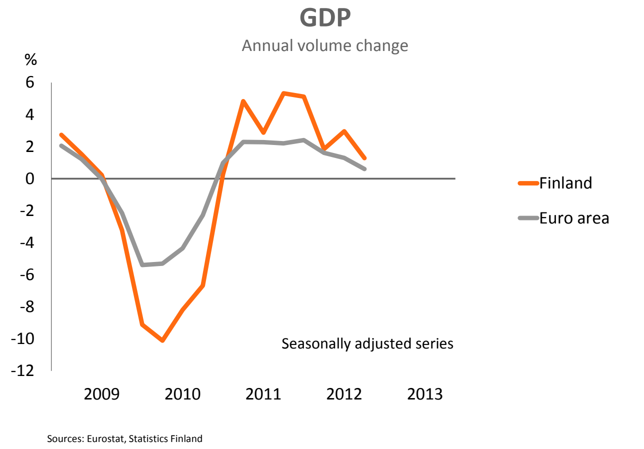
The first quarter saw a slight slowdown in the growth rate of the total loan volumes of banks. At the end of February, the annual growth rate of the total home loan volumes slowed to 5% and that of the total corporate loan volumes continued to slow, standing at 4%.

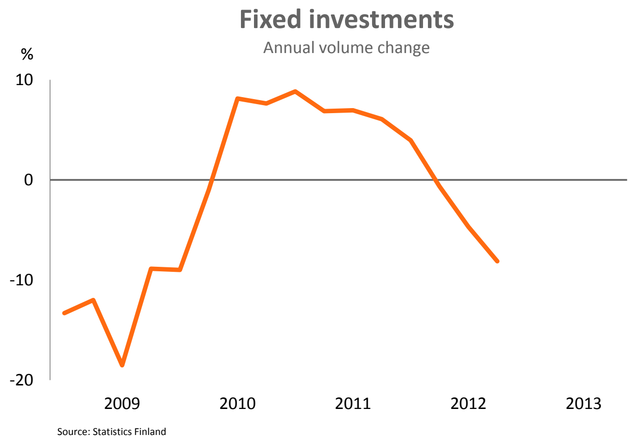
During the first quarter, the sector's total deposit volumes increased by almost ten per cent in annual terms. Corporate deposits increased by 5% in the year to March. Total private household deposits remained almost the same as a year ago.

In the non-life insurance sector, premiums written continued to increase at an annual steady rate of around 6%. Claims paid increased more slowly than premiums written. In capital markets, low interest rates and narrow credit risk margins kept investment income relatively low despite favourable developments in stock markets.









OP-Pohjola Group's earnings analysis and some balance sheet key indicators

Earnings analysis, € million	**Q1/2013**	**Q1/2012**	**Change %**	**Q4/2012**	**Change %**	**2012**
Banking	99	144	-31.4	79	25.3	424
Non-life Insurance	55	15		10		92
Wealth Management	57	26		26		101
Earnings before tax	**234**	**199**	**17.5**	**104**		**586**
Gross change in fair value reserve	-24	378		137		698
Earnings/loss before tax at fair value	**210**	**577**	**-63.6**	**242**	**-13.1**	**1 283**
Return on economic capital, % *)	15.2	13.5	1.7*			14.7
Return on economic capital at fair value, % *)	20.5	14.6	5.9*			27.5
Income						
Net interest income	214	274	-21.9	231	-7.1	1,003
Net income from Non-life Insurance	143	100	43.4	99	44.5	433
Net income from Life Insurance	70	32		33		108
Net commissions and fees	163	153	6.2	156	4.7	584
Net trading and investment income	54	52	2.4	47	13.6	132
Other operating income	27	25	8.9	23	18.8	111
Other income, total	**458**	**363**	**26.0**	**358**	**27.8**	**1,368**
Total income	**672**	**637**	**5.4**	**588**	**14.2**	**2,371**
Expenses						
Personnel costs	201	203	-1.1	180	11.8	764
Other administrative expenses	83	93	-10.5	104	-19.8	378
Other operating expenses	98	87	11,7	100	-2,3	352
Total expenses	**382**	**383**	**-0,5**	**383**	**-0,4**	**1 494**
Impairment loss on receivables	**9**	**11**	**-16,5**	**51**	**-83,0**	**99**
Returns to owner-members and OP bonus customers						
Bonuses	45	42	6,1	45	-0,3	173
Interest on ordinary and supplementary cooperative capital	3	2	25,2	5	-38,8	19
Total returns	**48**	**44**	**7,2**	**50**	**-4,2**	**192**

*) 12-month rolling, change in percentage

Other key indicators, € million	**31 Mar 2013**	**31 Mar 2012**	**Change %**	**31 Dec 2012**	**Change %**
Receivables from customers	66,089	61,646	7.2	65,161	1.4
Life Insurance assets	9,499	7,227	31.4	9,173	2.6
Non-life Insurance assets	3,719	3,628	2.5	3,492	6.5
Liabilities to customers	50,633	45,845	10.4	49,650	2.0
Debt securities issued to the public	19,737	20,125	-1.9	19,270	2.4
Equity capital	7,202	6,642	8.4	7,134	0.9
Balance sheet total	101,671	94,063	8.1	99,769	1.9
Tier 1 capital	5,469	5,546	-1.4	5,352	2.2

Comparatives deriving from the income statement are based on the corresponding figures in 2012. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2012 are used as comparatives. As a result of change in the recognition of defined benefit pension plans, the comparatives have been restated.

January–March

OP-Pohjola Group's earnings before tax came to EUR 234 million (199). Earnings were improved by record-level earnings by Non-life Insurance in January–March, the levelling off of expense growth and higher investment income.

The strong profit performance by Non-life Insurance was caused by prolonged growth of premiums written and exceptionally low claims expenditure during a traditionally challenging first quarter. The Group's expenses were slightly lower than a year ago despite the higher expenses caused by the bank levy. Efficiency was considerably improved thanks to the efficiency-enhancing programme that started in late 2012. Investment income was improved by front-load realisation of capital gains in the first quarter.

Low market interest rates were the main reason for the net interest income to contract by 22% year on year. However, the contraction of net interest income slowed down markedly, and by 7% compared to Q4/2012.

Expenses were below last year's level despite the bank levy that became effective on 1 January 2013. A total of EUR 12 million of bank levy was recognised in the first quarter. Without the bank levy, expenses would have contracted by over 3%.

Impairment losses recognised under various income statement items that eroded earnings amounted to EUR 31 million (19), of which EUR 9 million (11) concerned loans and receivables. Net impairment loss on loans and receivables accounted for 0.05% (0.07) of the loan and guarantee portfolio.

Earnings before tax amounted to EUR 99 million (144). Financial performance by Banking was eroded by low interest rates and the bank levy. Net commissions and fees totalled EUR 163 (153) as they were higher year on year with regard to lending, payment services and wealth management.

The operating combined ratio of Non-life Insurance was 92.4% (100.1). Pre-tax earnings by Non-life Insurance increased year on year mainly as a result of higher net investment income and solid growth of balance on technical account. Thanks to favourable claims developments, claims incurred increased much more slowly than premiums written.

Earnings before tax by the Wealth Management segment improved as net investment income by Life Insurance increased year on year. The improved year-on-year performance of Life Insurance was also supported by the earnings of Aurum Investment Insurance, as the accounts have been consolidated since September 2012.

OP-Pohjola Group's fair value reserve was EUR 425 million on 31 March, reducing in the first quarter by EUR 24 million. Earnings before tax at fair value came to EUR 210 million (577).

Equity capital stood at EUR 7.2 billion (7.1) on 31 March. Equity capital was increased by the report period's earnings, but reduced by profit distribution and a reduction in the fair value reserve.

On 31 March, the cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks' owner-members totalled EUR 772 million (759).

OP-Pohjola Group had 4,214,000 customers in Finland at the end of March. The number of private customers totalled 3,785,000 and that of corporate customers 429,000. The number of joint banking and non-life insurance customers increased by 17,300 from its 2012-end level to 1,442,000, as a result of cross-selling.The number of joint customers increased in the year to March by 113,000.

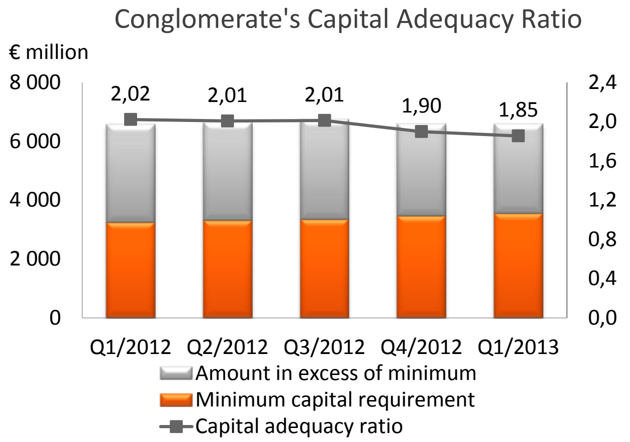
Bonuses to owner-members and OP bonus customers recognised in the income statement grew by 6.1% year on year to EUR 45 million.

OP-Pohjola Group's long-term financial targets	31 Mar 2013	31 Mar 2012	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.85	2.02	1.6
Return on economic capital, % (12-month rolling)	15.2	13.5	18%
Growth differential between income and expenses, percentage points (12-month rolling, growth differential within 3 years)	-3.2	4.9	> 0

Capital adequacy, risk exposure and credit ratings

Capital base

On 31 March, OP-Pohjola Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates, exceeded the minimum amount specified in the Act by EUR 3,033 million (3,112). The redemption of a Tier 2 subordinated note in March 2013 by Pohjola Bank plc reduced the capital adequacy ratio by 0.05 units.



As a result of the financial crisis, the regulatory framework for banks' capital requirements is becoming more rigorous in an effort to improve the quality of their capital base, to increase capital buffers, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes will take effect in 2014–2019. Changes to the capital adequacy specified in the Act on the Supervision of Financial and Insurance Conglomerates are estimated to be minor. The effect of the changes on capital adequacy specified in the Act on Credit Institutions is discussed in more detail below under Banking, Capital base.

The solvency regulations of the insurance sector are changing, too. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based solvency requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still being processed, and are estimated to come into effect at the beginning of 2016, at the earliest.

OP-Pohjola Group estimates that its non-life Insurance business already fulfils the solvency capital requirement under the proposed Solvency II. Life Insurance should fulfil the solvency requirements under the proposed Solvency II when the adjustments related to the risk levels of investment assets and insurance liabilities that have already been initiated are taken into consideration.

Risk exposure

OP-Pohjola Group's risk exposure remained stable in the report period. The Group has a strong risk-bearing capacity sufficient to secure business continuity.

No significant changes have taken place in the Group's credit risk exposure, since despite weak economic development and higher unemployment customers' financial status has remained relatively stable. See below in the section dealing with business segments for details on Banking's credit risk exposure.

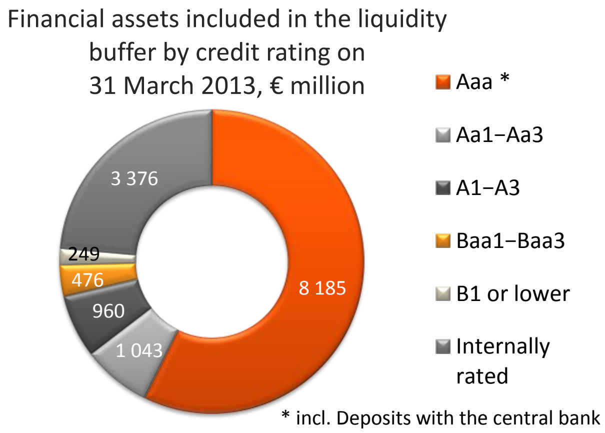
No major changes took place in the report period in Non-life Insurance's or Life Insurance's underwriting risks. See below in the section dealing with business segments for details on the risk exposure of Non-life and Life Insurance.

OP-Pohjola Group's funding and liquidity position is strong. The share of deposits in funding has remained stable. The availability of OP-Pohjola Group's short-term wholesale funding remained good during the report period.

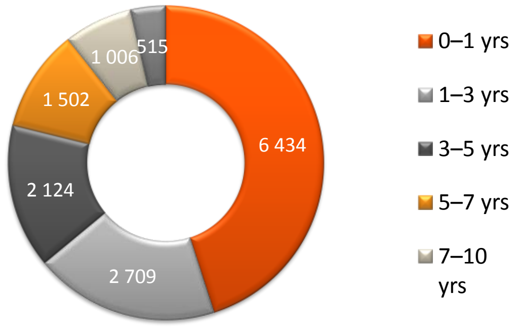
OP-Pohjola Group secures its liquidity with a liquidity buffer which mainly consists of deposits with the central bank and receivables eligible as collateral for central bank refinancing. The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loans eligible as collateral. The notes and bonds included in the liquidity buffer are marked to market.

Liquidity buffer, € billion	**31 Mar 2013**	**31 Dec 2012**	**Change, %**
Deposits with central banks	5.4	5.6	-4.6
Notes and bonds eligible as collateral	5.3	5.4	-2.3
Corporate loans eligible as collateral	2.9	3.0	-2.6
Total	**13.6**	**14.0**	**-3.3**
Receivables ineligible as collateral	0.7	0.6	24.2
Liquidity buffer at market value	**14.3**	**14.6**	**-2.2**
Collateral haircut	-0.9	-0.9	1.0
Liquidity buffer at collateral value	**13.4**	**13.7**	**-2.4**

The liquidity buffer and other sources of additional funding based on the Group's contingency funding plan are sufficient to cover funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate.



Financial assets included in the liquidity buffer by maturity on 31 March 2013, € million



OP-Pohjola Group's market risk exposure was within the set limits in the report period.

The interest rate risk by Banking measured as the effect of a 1-percentage point decrease on a 12-month net interest income and value of investments continued to fall somewhat in the first quarter. Within Banking, credit spread risk is highest in notes and bonds included in the liquidity buffer. The credit spread risk within Banking remained unchanged. Measures were continued to reduce the market risk of Life Insurance's investment portfolio. The equity weighting of Non-life Insurance's investment portfolio was increased slightly.

Investment assets, € million	**31 Mar 2013**	**31 Dec 2012**	**Change**
Pohjola Bank plc	11,312	11,866	-554
Non-life Insurance	3,090	3,078	12
Life insurance	3,660	3,624	35
Group member cooperative banks	942	901	41
OP-Pohjola Group Mutual Insurance Company	388	373	15
Total	19,391	19,842	-451

Credit ratings

OP-Pohjola Group's credit ratings on 31 March 2013

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Fitch Ratings Limited	F1	Stable	A+	Stable
Standard & Poor's Credit Market Services Europe Limited	A-1+	Negative	AA-	Negative
Moody's Investors Service Ltd	P-1	Stable	Aa3	Stable

Fitch Ratings affirms a rating for both OP-Pohjola Group and Pohjola Bank plc. OP-Pohjola Group's financial position also affects credit ratings affirmed for Pohjola Bank plc.

Credit ratings or outlooks on credit ratings for OP-Pohjola Group or Pohjola remained unchanged.

After the report period, Fitch Ratings affirmed on 4 April 2013 OP-Pohjola Group's and Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1 and the outlook remained stable.

Outlook for the rest of 2013

Growth prospects for the world economy are still dim, and economic growth in the euro area will be only modest at best. Finnish economic growth is also expected to remain weak. Although the situation in financial markets has remained relatively stable as a result of actions taken by the European Central Bank, the debt crisis within the euro area has not been solved yet. A deepening debt crisis could have significant implications for the entire financial sector.

The operating environment in the financial sector is projected to remain relatively difficult. Historically low market interest rates are eroding banks' net interest income and weakening insurance companies' investment income, while the weak market conditions will reduce demand for financial services and the bank levy confirmed in late 2012 will cause major costs to Finnish banks. As financial regulation is becoming tighter, measures that support profitability are becoming more and more important.

Unless the operating environment turns out to be considerably weaker than expected, OP-Pohjola Group's financial performance is expected to be at about the same level as in 2012, or somewhat lower. The primary uncertainties affecting the financial performance in 2013 relate to the rate of business growth, impairment loss on receivables and changes in the investment environment.

All forward-looking statements in this report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view on developments in the economy, and actual results may differ materially from those expressed in the forward-looking statements.

Operations and earnings by business segment

OP-Pohjola Group's business segments are Banking, Non-life Insurance and Wealth Management. Non-segment operations are presented under 'Other Operations'. OP-Pohjola Group's segment reporting is based on the Group's accounting policies.

Summary of earnings by business segment

Milj. e	Income	Expenses	Other items *)	Earnings before tax Q1/2013	Earnings before tax Q1/2012	Change, %
Banking	418	263	-56	99	144	-31.4
Non-life Insurance	145	90	0	55	15	
Wealth Management	101	45	0	57	26	
Other Operations	129	111	0	18	13	35.3
Eliminations	-122	-127	0	5	0	
Total	**672**	**382**	**-56**	**234**	**199**	**17.5**

*) Other items contain returns to owner-members and OP bonus customers, and impairment loss on receivables

Banking

- Growth in deposits exceeded loan portfolio growth – OP-Pohjola Group won market share in mortgages and corporate loans.
- Earnings before tax stood at EUR 99 million (144). Earnings by Banking fell, as expected, as a result of lower net interest income and the bank levy.
- The bank levy eroded earnings by EUR 12 million – otherwise expenses at the previous level.
- Net commissions and fees increased by 10% year on year.
- Stable credit risk exposure – impairment loss unchanged year on year.

Banking: key figures and ratios

€ million	Q1/2013	Q1/2012	Change, %	2012
Net interest income	211	257	-17.7	969
Impairment loss on receivables	9	9	-1.4	96
Other income	207	192	7.6	722
Personnel costs	118	120	-1.4	446
Other expenses	145	132	9.9	534
Returns to owner-members and OP bonus customers	48	44	7.2	192
Earnings before tax	**99**	**144**	**-31.4**	**424**
€ million				
Home loans drawn down	1,519	1,654	-8.2	7,601
Corporate loans drawn down	1,372	1,748	-21.6	7,375
Net asset inflows of mutual funds	895	-641		-698
No. of brokered property transactions	3,245	3,620	-10.4	16,291
€ billion	**31 Mar 2013**	**31 Mar 2012**	**Change, %**	**31 Dec 2012**
Loan portfolio				
Home loans	32.1	29.8	7.8	31.7
Corporate loans	17.4	16.3	6.7	17.0
Other loans	16.6	15.4	7.8	16.4
Total	**66.0**	**61.4**	**7.5**	**65.1**
Guarantee portfolio	2.7	2.7	-1.0	2.6
Deposits				
Current and payment transfer	24.8	21.1	17.6	23.7
Investment deposits	21.1	20.4	3.1	21.3
Total deposits	**45.8**	**41.5**	**10.4**	**45.0**
Market share, %				
Of loans	33.2 *)	33.1	0.1	33.4
Of deposits (Bank of Finland definition)	33.5 *)	34.1	-0.6	34.1

*) Status in February 2013

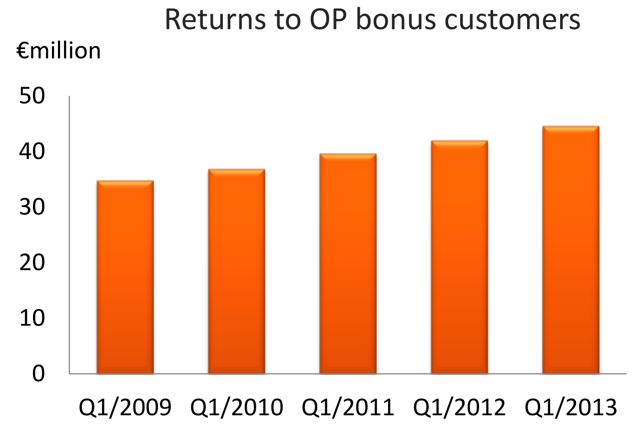
Banking business continued to rather grow vigorously in the first quarter considering the market situation. However, the volume of loans drawn down in the first quarter were lower than a year ago, which is indicative of a slower growth rate. The annual growth rate of deposits exceeded the growth of the the loan portfolio.

Low interest rates and the fact that term deposit margins have levelled off have made investment deposits somewhat less attractive, and the latter reduced in the year to March by 3.1%. The growth of deposits has shifted towards payment transaction accounts, and they increased in the year to March by 17.6%. The annual growth rate of deposits was a total of 10%.

The volume of corporate loans drawn down decreased by 22% and home loans by 8%. The margins of new corporate and home loans has risen considerably in the last 12 months. OP-Pohjola Group's market share in home loans rose slightly despite lower demand and a rise in margins in the year to March by 0.9 percentage points. The market share of corporate loans increased during the same period by 1.7 percentage points.

The number of homes bought and sold through OP-Kiinteistökeskus real estate agents totalled 3,245 (3,620).

The cooperative member banks had 1.4 million owner-members at the end of March, or 8,466 more than a year earlier. On the same date, Group member banks and Helsinki OP Bank Plc, which operates in the Helsinki Metropolitan Area, had a total of 1,294,000 OP bonus customers.



The combined amount of bonuses earned by OP bonus customers in the first quarter for using OP-Pohjola as their main bank was worth EUR 45 million. OP bonus customers used a total of EUR 23 million (22) of bonuses for banking services and EUR 21 million (20) for Pohjola non-life insurance premiums.

Earnings and risk exposure

Earnings by Banking were EUR 99 million (144). Net income decreased by a total of 7% to EUR 418 million (449). Expenses increased owing to bank levy by EUR 11 million to EUR 263 (252).

The prolonged and exceptionally low level of market interest rates resulted in lower net interest income, standing at EUR 211 million (257).

Net commissions and fees increased by 10% year on year as a result of higher commissions from lending, payment services and wealth management.

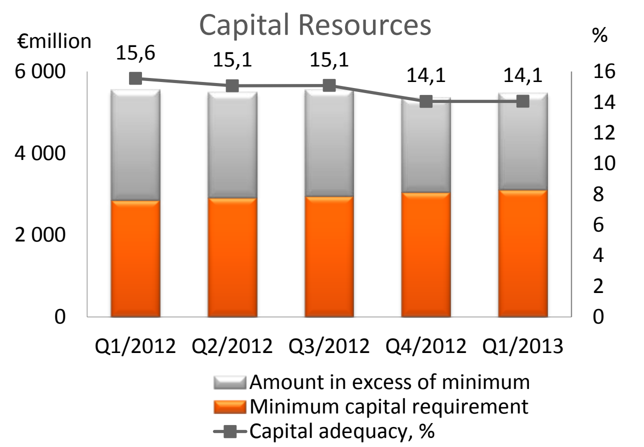
Net trading and investment income grew by a total of EUR 2 million year on year, or by 4%.

Banking's credit risk exposure remained stable with a moderate risk level. Impairment loss on receivables was on the same very low level as they were a year ago. Non-performing and zero-interest receivables remained low in relation to the loan and guarantee portfolio. Of OP-Pohjola Group's corporate exposures, 45% (46) fall into the top five credit categories (out of twelve categories), also known as investment grade.

OP-Pohjola Group's doubtful receivables as percentage of loan and guarantee portfolio	31 Mar 2013		31 Mar 2012		31 Dec 2012	
	€ million	%	€ million	%	€ million	%
Non-performing and zero-interest receivables, net	350	0.51	339	0.53	311	0.46
Impairment loss on receivables since 1 January, net	9	0.05	11	0.07	99	0.15

Capital base

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions and both Tier 1 ratio and Core Tier 1 ratio all stood at 14.1% (14.1) on 31 March. Without the Basel I floor capital requirement, the Core Tier 1 ratio, Tier 1 ratio and the capital adequacy ratio under the Act on Credit Institutions would have been 14.6% (14.8). The statutory minimum for capital adequacy ratio is 8%, and for Tier 1 ratio 4%. In the autumn of 2011, the European Banking Authority (EBA) set the minimum requirement for the Core Tier 1 ratio at 9% applying to major European banks.



The Group's Tier 1 capital amounted to EUR 5,470 million (5,352) on 31 March. The key factors affecting this capital were the redemption of a lower Tier 2 subordinated note worth EUR 170 million issued by Pohjola Bank plc, Q1 earnings by Banking and dividends and capital refunds from the Group's insurance companies.

Insurance company investments, deducted in equal proportions from Tier 1 and 2 capital, came to EUR 2,309 million (2,419). A total of EUR 483 million (498) have been deducted from equity capital as a shortfall of expected losses and impairment losses. Deductions from Tier 2 capital exceeded Tier 2 capital by EUR 463 million (364), which were deducted from Tier 1 capital. The effect of the deduction on the Core Tier 1 ratio is 0.7 percentage points.

The minimum capital requirement was EUR 3,113 million (3,047) on 31 March 2013, or 2.1% higher year on year. Growth in the loan portfolio increased the minimum capital requirement, while the loan portfolio quality remained at its previous level. The minimum capital requirement grew in corporate exposure by EUR 52 million and in retail exposure by EUR 18 million. Credit and counterparty risk accounted for 86.3% (85.5) of the capital requirement. Operational risk accounted for 8.1% (7.8), Basel I floor capital requirement 3.7% (4.8) and market risk 1.9 (1.9).

On 16 April 2013, the European Parliament adopted the Capital Requirements Directive and Regulation (CRD IV/CRR) that will implement Basel III within the EU. Following this adoption, it is probable that the new regulations will come into force on 1 January or 1 July 2014.

From OP-Pohjola Group's perspective, the most important individual change in the regulations relates to the special treatment of insurance holdings within a banking-led financial and insurance conglomerate. Accordingly, insurance holdings within such a financial and insurance conglomerate can also be counted as risk-weighted assets in capital adequacy measurement. Currently, such holdings are deducted from the capital base. The new, alternative approach and the details of its application require permission from the regulator. If such permission is granted, OP-Pohjola Group estimates that its Core Tier 1 ratio may increase by more than 2 percentage points.

Other changes caused by CRD IV are expected to have a marginal effect on a net basis.

Non-life Insurance

- Earnings before tax amounted to EUR 55 million (15). Earnings before tax at fair value were EUR 35 million (123).
- Insurance premium revenue increased by 10% (9) and claims incurred by 5% (6).
- Non-life Insurance recorded good profitability. The operating combined ratio stood at 92.4% (100.1) and the operating ratio 19.9% (23.9).
- Return on investments at fair value was 1.1% (4.8).
- The number of loyal customer households grew by 4,700 (14,400).

Non-life Insurance: key figures and ratios

€ million	Q1/2013	Q1/2012	Change, %	2012
Insurance premium revenue	295	268	10,0	1 126
Insurance claims and benefits	196	186	5,2	759
Net investment income	55	34	61,2	115
Unwinding of discount and other items included in net income	-11	-12	9,4	-45
Net income from Non-life Insurance	**143**	**104**	**37,6**	**438**
Other net income	2	7	-69,0	20
Personnel costs	28	37	-23,7	135
Other expenses	62	59	4,7	231
Earnings before tax	**55**	**15**	**265,9**	**92**
Gross change in fair value reserve	-21	108	-119,4	191
Earnings/loss before tax at fair value	**35**	**123**	**-71,9**	**283**
Insurance premium revenue				
Private Customers	145	131	10,9	566
Corporate and institutional customers	137	126	9,4	513
Baltic States	12	12	6,1	46
Total insurance premium revenue	**295**	**268**	**10,0**	**1126**
Key ratios				
Return on investments at fair value*, %	1.1	4.8	-77.1	10.8
Operating combined ratio*, %	92.4	100.1		90.5
Operating expense ratio*, %	19.9	23.9		21.5
Operating loss ratio*, %	72.5	76.2		69.0

* These operating figures exclude changes in reserving bases and amortisation on intangible assets arising from corporate acquisition.

Growth in premium revenue from Private and Corporate Customers remained strong. In the Baltic States, insurance premium revenue rebounded markedly.

According to preliminary figures, OP-Pohjola Group's market share of non-life insurance premiums written in 2012 was 29.1% (28.2). Measured in terms of the market share of premiums written, OP-Pohjola Group is still Finland's largest non-life insurer.

The March-end number of loyal customer households totalled 574,690, of which up to 69% also use OP-Pohjola Group member banks as their main bank. OP-Pohjola Group member cooperative banks' and Helsinki OP Bank's customers used OP bonuses that they had earned through the use of banking and insurance services to pay 431,000 insurance premiums (394,000) with 60,000 (62,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 21 million (20). The number of loyal customer households increased by 4,696 (14,418) from the 2012-end level.

Earnings and risk exposure

The balance on technical account was better than a year ago. The operating combined ratio improved year on year, being 92.4% (100.1). Positive development took place in all areas: insurance premium revenue continued to grow strongly, claims expenditure developed favourably and operating expenses were lower than a year ago.

Claims expenditure increased less than insurance premium revenue, or up by a total of 5%. Claims expenditure among Corporate Customers as a whole was lower than a year ago as a result of favourable claims developments. Claims incurred arising from new large claims were slightly lower than a year ago. The reported number of large or medium-sized claims (in excess of EUR 0.3 million) came to 49 (50) in January–March, with their claims incurred retained for own account totalling EUR 32 million (35). The risk ratio excluding indirect loss adjustment expenses stood at 66.4% (69.4).

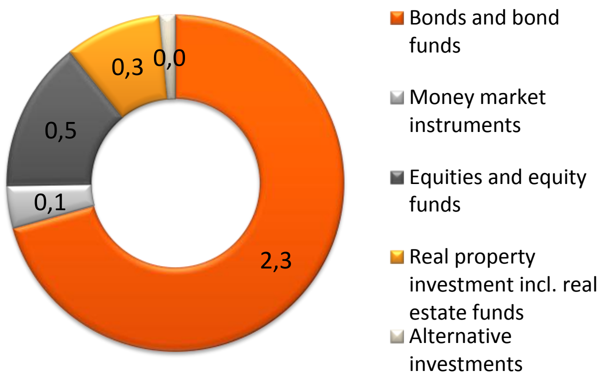
Operating expenses decreased by 8% and the operating expense ratio improved to 19.9% (23.9). The efficiency-enhancing programme launched last year decreased costs. The operating cost ratio (incl. indirect loss adjustment expenses) stood at 26.0% (30.6).

Profitability improved the most among corporate customers with favourable claims developments. Profitability among private customers and the Baltic States remained good.

Because of low interest rates, investment income at fair value was lower than a year ago despite positive developments in stock markets. Return on investments at fair value was 1.1% (4.8). Capital gains of EUR 32 million (–3) added to investment income. Impairment losses recognised in the income statement totalled EUR 4 million (3). Net investment income at fair value was EUR 34 million (141).

Non-life Insurance's investment portfolio totalled EUR 3,197 million (3,149) on 31 March, The credit rating of the fixed-income portfolio remained healthy as investments under the “investment-grade” accounted for 91% (92), and 77% of the investments were rated at least A–. The average remaining term to maturity of the fixed-income portfolio was 3.8 years (4.2) and the duration 3.6 years (4.2).

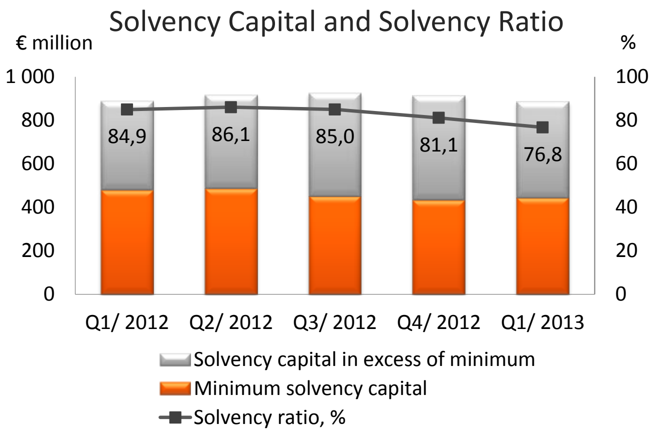
Investment assets €3.2 billion, 31 Mar 2013



Major risks within Non-life Insurance include underwriting risks associated with claims developments, market risks associated with investment portfolios covering insurance liabilities and the discount rate applied to insurance liabilities.

On 31 March, Non-life Insurance solvency capital came to EUR 885 million (914) and the ratio of solvency capital to insurance premium revenue (solvency ratio) stood at 77% (81). The equalisation provision fell to EUR 267 million (273).

OP-Pohjola has increased slightly the risk exposure of the Non-life Insurance investment portfolio by increasing equity risk. There were no other changes in the risk exposure.



Wealth Management

- Earnings before tax doubled to EUR 57 million (26); earnings before tax at fair value were EUR 49 million (149).
- Return on investments by Life Insurance at fair value was 1.3% (4.3).
- OP-Pohjola Group's Asset Management had a total of EUR 43.2 billion (41.1) worth assets under management on 31 March.
- The market share of OP-Pohjola Group's mutual funds improved from 1 January to 31 March by 0.9 percentage points to 18.9%.
- Unit-linked insurance savings increased in the year to March by 57%, rising to represent 64% of savings.

Wealth Management: key figures and ratios

€ million	**Q1/2013**	**Q1/2012**	**Change, %**	**2012**
Life Insurance's net interest and risk result	41	14		19
Net commissions and fees				
Fund and asset management	23	23	-0.5	99
Life insurance	33	22	50.3	98
Expenses	-8	-6	-21.5	-25
Total net commissions and fees	48	39	24.4	172
Other income	13	11	9.6	45
Personnel costs	7	8	-17.7	32
Other expenses	38	30	27.9	104
Earnings before tax	**57**	**26**	**115.0**	**101**
Gross change in fair value reserve	-8	123		214
Earnings/loss before tax at fair value	**49**	**149**	**-67.2**	**315**
€ billion				
Insurance savings	8.6	7.0	27.1	8.6
Unit-linked	5.4	3.6	57.2	5.3
Mutual funds	13.1	11.5	13.5	11.9
Client assets under management	43.2	38.1	13.4	41.1
Market share, %	**31 Mar 2013**	**31 Mar 2012**	**Change, %**	**31 Dec 2012**
Insurance savings	24.9	21.1	3.8	25.0
Unit-linked insurance savings	30.9	24.6	6.3	31.8
Mutual fund assets	18.9	19.2	-0.3	18.0

Assets managed by OP-Pohjola Group's Asset Management totalled EUR 43.2 billion (41.1) on 31 March, of which assets in OP-Pohjola Group's mutual funds accounted for EUR 10.3 billion (9.5) and OP-Pohjola Group's Private Banking for EUR 9.0 billion (8.3). OP-Pohjola Group companies accounted for EUR 10.9 billion of the managed assets.

Life Insurance has the strategic goal of increasing unit-linked insurance savings and indeed increased them between 1 January and 31 March by 2% to EUR 5.4 billion. The increase in the last 12 months was 57%. Annual growth was supported by the higher value of investments related to unit-linked assets, solid increase in premiums written and the purchase of Aurum Investment Insurance. The share of unit-linked insurance savings of all insurance savings increased to 63.8% (61.9) from 1 January.

Assets of the mutual funds managed by OP-Pohjola Group totalled EUR 13.1 billion (11.9), increasing by 9.5% in the report period. Net asset inflows to OP-Pohjola Group's mutual funds totalled EUR 895 million (-641).

Earnings and risk exposure

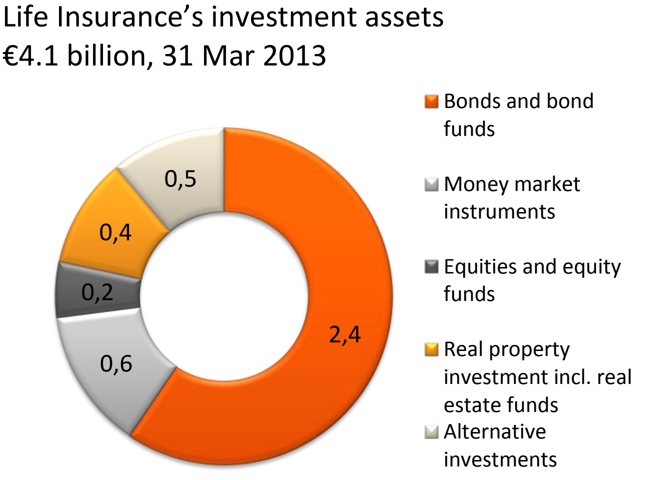
Earnings before tax rose to EUR 57 million year on year (26). Earnings after a change in the fair value reserve came to EUR 49 million (149). Earnings were increased particularly by investment income and the performance of Aurum Investment Insurance.

Net commission and fees increased by 24% to EUR 48 million (39). Aurum Investment Insurance Ltd accounts for 18% of this increase. Investment income increased from EUR 41 million to EUR 47 million.

Reported expenses grew by EUR 7 million year on year. This growth can be partly attributed by the depreciation related to the acquisition of Aurum Investment Insurance Ltd. Personnel costs contracted by EUR 1 million. Life Insurance's cost ratio, which includes all income to cover operating expenses and in which sales channel fees are excluded, was 37.5% (39.7).

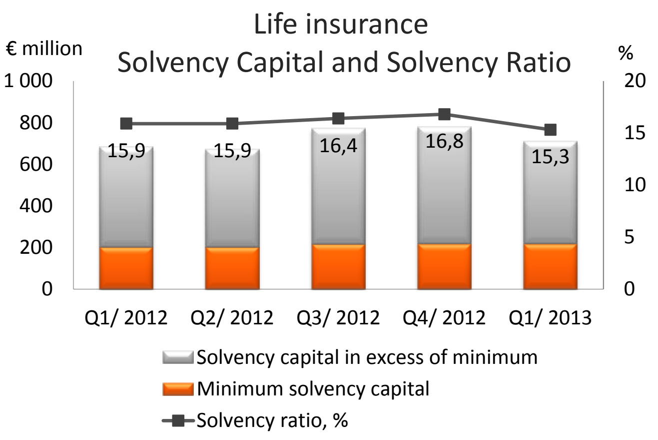
Life Insurance's return on investments at fair value, excluding that from derivatives designated as hedging instruments for interest rate risk related to insurance liabilities, was 1.3% (4.3).

Life insurance investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.1 billion (4.2), and were divided as follows:



Investments under the 'investment-grade' accounted for 93% (90) of the fixed-income portfolio. The portfolio's modified duration was 3.4 (3.2) on 31 March.

Life Insurance's solvency margin was EUR 710 million, which was 3.3-fold the required minimum. Its reduction was partly caused by capital refunds to the parent institution. The solvency ratio, or the ratio of solvency capital to weighted insurance liabilities, was 15.3% (16.8).



Other Operations

Other Operations: key figures and ratios

€ million	Q1/2013	Q1/2012	Change, %	2012
Net interest income	4	14	-69.8	24
Net trading income	-5	6	-172.9	1
Net investment income	18	6	185.2	7
Other income	112	99	13.1	409
Expenses	111	110	0.8	451
Impairment loss on receivables	0	2	-88.5	3
Earnings before tax	**18**	**13**	**35.3**	**-13**
€ billion	**31 Mar 2013**	**31 Mar 2012**	**Change, %**	**31 Dec 2012**
Receivables from credit institutions	8.8	7.6	16.5	8.5
Financial assets held for trading	-0.1	-0.1	37.5	-0.1
Investment assets	6.4	8.8	-26.5	6.5
Liabilities to credit institutions	4.9	5.2	-4.7	4.9
Debt securities issued to the public	14.8	16.0	-7.5	14.4

Earnings before tax from Other Operations were EUR 18 million (13) in the report period.

Net interest income decreased by 69.8%. Net investment income increased to EUR 18 million (6) owing to capital gains of EUR 12 million recognised in the report period. Other Income consists to a large extent of intra-Group service charges, which are recorded as business segment expenses. Of the Other Operations expenses, EUR 48 million (38) were personnel costs and EUR 29 million (29) ICT costs.

Changes in OP-Pohjola Group's structure

OP-Pohjola Group's consolidated financial statements include the accounts of 196 member cooperative banks (205), OP-Pohjola Group Central Cooperative Consolidated and OP Bank Group Mutual Insurance Company.

Forssan Seudun Osuunpankki, Somerniemen Osuuspankki and Someron Osuuspankki have decided to merge into Salon Osuuspankki. The planned date for the merger is 31 August 2013.

Ähtärin Osuuspankki has decided to merge into Etelä-Pohjamaan Osuuspankki. The planned date for the merger is 30 September 2013.

Uukuniemen Osuuspankki has decided to merge into Kesälahden Osuuspankki. The planned date for the merger is 30 September 2013.

Keikyän Osuuspankki has decided to merge into Satakunnan Osuuspankki. The planned date for the merger is 30 September 2013.

Personnel and remuneration

On 31 March, OP-Pohjola Group had 12,760 employees (13,290). The staff averaged 12,923 employees (13,411). This reduction in staff was related to the efficiency-enhancing programme in OP-Pohjola Group Central Cooperative Consolidated. During the report period, 84 employees (76) retired at an average age of 61.5 years (61.6).

OP-Pohjola Group's scheme for variable remuneration comprises short-term company-specific incentives and long-term Group-wide incentives.

The long-term incentive scheme for the entire OP-Pohjola Group consists of a management incentive scheme, and a personnel fund for other staff.

The scheme consists of consecutive three-year performance periods, the first of which is 2011–13. Those persons included in the scheme will be entitled to receive a certain number of Pohjola Bank plc Series A shares, if OP-Pohjola Group reaches the strategy-based targets set for the respective performance period. The bonus based on the scheme will be paid out to the beneficiary as a combination of shares and cash in three instalments in 2015–2017 after the vesting period, provided that the Group's capital adequacy is higher than the internal minimum requirements on the payout date. Bonus payout includes conditions relating to the duration of employment or executive contracts.

Governance of OP-Pohjola Group Central Cooperative

OP-Pohjola Group Central Cooperative's Annual Cooperative Meeting was held on 22 March 2013. Of the members who were due to resign from the Supervisory Board for the term ending 2016, Product Group Director Ola Eklund, Planner Hannu Simi and Senior Lecturer Mervi Väisänen were re-elected. The new members elected were Chairman of the Board of Directors Leif Enberg, Chairman of the Board of Directors Kalevi Korhonen and Export Coordinator Kaija Tölli. Jari Himanen, Managing Director, was elected for the remaining term of 2013–15 to replace Professor Jarmo Partanen who had requested resignation from the Supervisory Board. Moreover, Senior Lecturer Ulla Järvi was elected a new member for the term 2013–2015.

The Supervisory Board comprises 33 members.

At its first meeting following election, the Supervisory Board elected Professor Jaakko Pehkonen Chairman and Senior Lecturer Mervi Väisänen and Managing Director Vesa Lehikoinen Vice Chairmen.

OP-Pohjola Group’s efficiency-enhancing programme

OP-Pohjola Group completed in late 2012 an Information and Consultation of Employees process related to the efficiency-enhancing programme of OP-Pohjola Group Central Cooperative Consolidated, resulting in 561 jobs being cut and the work of 150 people being outsourced.

The efficiency-enhancing programme’s objective has been to achieve annual savings of EUR 150 million until the end of 2015. Within the framework of the programme, the production of services for OP-Pohjola Group Central Cooperative Consolidated and OP-Pohjola Group member cooperative banks was centralised in OP-Services Ltd that is undergoing a major transformation. Job cuts account for a third of the total cost savings targets.

Based on the actions completed by 31 March 2013, annual savings should be about EUR 72 million, of which personnel-related costs account for EUR 55 million.

Capital expenditure and service development

The Central Cooperative and its subsidiaries are responsible for developing OP-Pohjola Group's services. ICT investments and related specifications make up a significant portion of costs of developing these services.

The Central Cooperatives development expenditure totalled EUR 34 million (27) in the first quarter. These include licence fees, purchased services and the payroll costs of its staff. Development expenditure defined in this way in 2012 totalled EUR 130 million.

ICT procurement capitalised in the balance sheet totalled EUR 25 million (19) in the report period. Of this capital expenditure in the report period, EUR 17 million concerned Banking, EUR 5 (5) Non-life Insurance and EUR 2 million (2) Wealth Management.

OP-Pohjola Group income statement

EUR million	Note	Q1/ 2013	Q1/ 2012	Change, %	2012
Interest income		615	899	-32	3,174
Interest expenses		401	625	-36	2,171
Net interest income before impairment losses	4	**214**	**274**	**-22**	**1,003**
Impairments of receivables	5	9	11	-17	99
Net interest income after impairments		**205**	**264**	**-22**	**904**
Net income from Non-life Insurance operation	6	143	100	43	433
Net income from Life Insurance operations	7	70	32		108
Net commissions and fees	8	163	153	6	584
Net trading income	9	29	38	-22	81
Net investment income	10	25	15	66	52
Other operating income	11	27	25	7	109
Personnel costs		201	203	-1	764
Other administrative expenses		83	93	-11	378
Other operating expenses		98	87	12	352
Returns to owner-members		48	44	7	192
Share of associates' profits/losses		0	0		2
Earnings before tax for the period		**234**	**199**	**17**	**586**
Income tax expense		60	48	26	115
Profit for the period		**174**	**151**	**15**	**471**
Attributable to, EUR million					
Profit for the period attributable to owners		173	151	14	470
Profit for the period attributable to non-controlling interest		0	0		1
Total		**174**	**151**	**15**	**471**

OP-Pohjola Group statement of comprehensive income

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Profit for the period	**174**	**151**	**15**	**471**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	0	34	-100	-75
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-13	373		648
Cash flow hedge	-11	5		50
Translation differences	0	0		0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-	8		-18
Items that may be reclassified to profit or loss				
Measurement at fair value	-3	91		158
Cash flow hedge	-3	1		12
Total comprehensive income for the period	**155**	**463**	**-67**	**942**
Attributable to, EUR million				
Profit for the period attributable to owners	155	463	-67	941
Profit for the period attributable to non-controlling interest	0	0		1
Total	**155**	**463**	**-67**	**942**

OP-Pohjola Group balance sheet

EUR million	Liite	31 March 2013	31 March 2012	Change, %	2012
Cash and cash equivalents		5,488	3,934	40	5,784
Receivables from credit institutions		1,031	971	6	840
Financial assets at fair value through profit or loss		429	585	-27	358
Derivative contracts		4,146	3,208	29	4,436
Receivables from customers		66,089	61,646	7	65,161
Non-life Insurance assets	14	3,719	3,628	3	3,492
Life Insurance assets	15	9,499	7,227	31	9,173
Investment assets		6,597	8,688	-24	6,596
Investments in associates		38	38	0	39
Intangible assets		1,327	1,171	13	1,320
Property, plant and equipment (PPE)		728	686	6	710
Other assets		2,571	2,159	19	1,745
Tax assets		96	120	-20	115
Total assets		**101,760**	**94,063**	**8**	**99,769**
Liabilities to credit institutions		2,129	2,039	4	1,965
Financial liabilities at fair value through profit or loss		14	7		3
Derivative contracts		3,795	3,238	17	4,162
Liabilities to customers		50,633	45,845	10	49,650
Non-life Insurance liabilities	16	3,047	2,940	4	2,592
Life Insurance liabilities	17	9,352	7,243	29	8,970
Debt securities issued to the public	18	19,737	20,125	-2	19,270
Provisions and other liabilities		3,240	2,992	8	3,297
Tax liabilities		1,003	919	9	990
Cooperative capital		634	632	0	622
Subordinated liabilities		972	1,443	-33	1,114
Total liabilities		**94,558**	**87,421**	**8**	**92,635**
Equity capital					
Share of OP-Pohjola Group's owners					
Share and cooperative capital		336	333	1	336
Fair value reserve	19	321	98		339
Other reserves		2,704	2,652	2	2,683
Retained earnings		3,816	3,557	7	3,752
Non-controlling interests		25	2		24
Total equity capital		**7,202**	**6,642**	**8**	**7,134**
Total liabilities and equity capital		**101,760**	**94,063**	**8**	**99,769**

Changes in OP-Pohjola Group's equity capital

EUR million	Share and cooperative capital	Fair value reserve: Fair value measure-ment	Fair value reserve: Cash flow hedging	Other reserves	Retained earnings	Non-control-ling interests	Total equity capital
Balance at 1 January 2012	**333**	**-198**	**10**	**2,621**	**3,474**	**3**	**6,242**
Increase of share capital	-	-	-	-	-	-	-
Transfer of cooperative capital to equity capital	1	-	-	-	-	-	**1**
Transfer of reserves	-	-	-	32	-32	-	-
Profit distribution	-	-	-	-	-65	-	**-65**
Total comprehensive income for the period	-	282	4	-	177	-	**463**
Share-based payments	-	-	-	-	0		**0**
Other	-1	-	-	0	2	-1	**1**
Balance at 31 March 2012	**333**	**84**	**14**	**2,652**	**3,557**	**2**	**6,642**

EUR million	Share and cooperative capital	Fair value reserve: Fair value measure-ment	Fair value reserve: Cash flow hedging	Other reserves	Retained earnings	Non-control-ling interests	Total equity capital
Balance at 1 January 2013	**336**	**291**	**48**	**2,682**	**3,752**	**24**	**7,134**
Increase of share capital	-	-	-	-	-	-	-
Transfer of cooperative capital to equity capita	1	-	-	-	-	-	**1**
Transfer of reserves	-	-	-	18	-18	-	-
Profit distribution	-	-	-	-	-71	-	**-71**
Total comprehensive income for the period	-	-10	-8	-	173	0	**155**
Share-based payments	-	-	-	-	0	-	**0**
Other	-1	-	-	4	-21	0	**-18**
Balance at 31 March 2013	**336**	**281**	**40**	**2,704**	**3,816**	**25**	**7,202**

Cash flow statement

EUR million	Q1/ 2013	Q1/ 2012
Cash flow from operating activities		
Profit for the period	174	151
Adjustments to profit for the period	424	387
Increase (-) or decrease (+) in operating assets	**-2,526**	**-2,180**
Receivables from credit institutions	27	112
Financial assets at fair value through profit or loss	-276	-186
Derivative contracts	17	8
Receivables from customers	-948	-1,315
Non-life Insurance assets	-267	-349
Life Insurance assets	-170	41
Investment assets	-88	-252
Other assets	-822	-239
Increase (+) or decrease (-) in operating liabilities	**1,353**	**457**
Liabilities to credit institutions	170	252
Financial liabilities at fair value through profit or loss	11	6
Derivative contracts	11	-3
Liabilities to customers	983	-130
Non-life Insurance liabilities	186	235
Life Insurance liabilities	173	76
Provisions and other liabilities	-182	22
Income tax paid	-22	-22
Dividends received	46	57
A. Net cash from operating activities	**-551**	**-1,149**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-4	-91
Decreases in held-to-maturity financial assets	27	174
Acquisition of subsidiaries, net of cash acquired	-1	0
Disposal of subsidiaries, net of cash disposed	0	0
Purchase of PPE and intangible assets	-38	-26
Proceeds from sale of PPE and intangible assets	2	0
B. Net cash used in investing activities	**-14**	**57**
Cash flow from financing activities		
Increases in subordinated liabilities	-	555
Decreases in subordinated liabilities	-135	-35
Increases in debt securities issued to the public	6,567	8,855
Decreases in debt securities issued to the public	-5,959	-8,749
Increases in cooperative and share capital	44	30
Decreases in cooperative and share capital	-30	-21
Dividends paid and interest on cooperative capital	-2	-4
Returns to owner-members	-	-
Holdings in Pohjola Bank plc purchased from non-controlling interests	-	-
Other	-	-
C. Net cash from financing activities	**484**	**631**
Net change in cash and cash equivalents (A+B+C)	**-81**	**-461**
Cash and cash equivalents at period-start	**5,872**	**4,457**
Cash and cash equivalents at period-end	**5,791**	**3,996**
Interest received	**616**	**807**
Interest paid	**-522**	**-609**
Cash and cash equivalents		
Liquid assets	5,499	3,942
Receivables from credit institutions payable on demand	292	55
Total	**5,791**	**3,996**

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2013 has been prepared in accordance with IAS 34 (Interim Financial Reporting).

In the preparation of its Interim Report, OP-Pohjola Group has applied substantially the same accounting policies as in the preparation of its Financial Statements 2012, with the exception of the changes stated below.

The Interim Report is based on unaudited information. Since all figures in this Interim Report have been rounded off, the sum of single figures may differ from the presented sum total.

Change in accounting policies

IAS 19 Employee Benefits

Since 1 January 2013, OP-Pohjola Group has applied the amendments to IAS 19 Employee Benefits. The revised standard removes the option for entities to apply the so-called corridor method in the recognition of actual gains and losses and changes the calculation of net interest income on the net defined benefit liability. Under the revised standard, the expected return on plan assets used in the calculation of net interest income is calculated based on the discount rate of the plan liability.

The table below shows the effect of the change in the accounting policy on personnel costs for Q1/2012 and financial year 2012 and on other items in comprehensive income. OP-Pohjola Group voluntarily stopped using the corridor method from the beginning of 2012.

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Income statement 2012			
Personnel costs	749	764	16
Income tax expense	119	115	-4
Statement of comprehensive income 2012			
Gains/(losses) arising from remeasurement of defined benefit plans	-90	-75	16
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	-22	-18	4

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Income statement Q1/ 2012			
Personnel costs	199	203	4
Income tax expense	49	48	-1
Statement of comprehensive income Q1/2012			
Gains/(losses) arising from remeasurement of defined benefit plans	30	34	4
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	7	8	1

Other changes

Since the beginning of 2013, Pohjola Group has applied the following changed accounting policies presented in its Financial Statements for 2012:

1.5 Financial instruments

1.5.4 Classification and recognition

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Pohjola exercises the right of set-off to central counterparty clearing for OTC interest rate derivatives. London Clearing House is the central counterparty.

1.5.7 Derivative contracts

The fair value of OTC interest rate derivatives for central counterparty clearing is cleared in cash on a daily basis. In the balance sheet, these cleared derivatives are shown as a net change in cash. Other derivatives are presented on a gross basis, in which case positive value changes are presented as Derivative contracts under assets and negative value changes as Derivative contracts under liabilities.

Note 2. OP-Pohjola Group's formulas for key figures and ratios

	Q1/ 2013	Q1/ 2012	2012
Return on equity, %	9.8	9.5	7.0
Return on equity at fair value, %	8.8	28.9	14.1
Return on assets, %	0.70	0.66	0.49
Cost/income ratio, %	57	60	63
Average personnel	12,923	13,366	13,411
Full-time	11,905	12,242	12,393
Part-time	1,018	1,124	1,018

Return on equity (ROE), %

$$\frac{\text{Total comprehensive income for the period}}{\text{Shareholders' equity (average of the beginning and end of the period)}} \times 100$$

Return on equity at fair value, %

$$\frac{\text{Profit for the period + change in fair value reserve less deferred tax liability}}{\text{Shareholders' equity (average of the beginning and end of the period)}} \times 100$$

Return on assets (ROA), %

$$\frac{\text{Profit for the period}}{\text{Balance sheet total (average of the beginning and end of the period)}} \times 100$$

Cost/income ratio, %

$$\frac{\text{(Personnel costs + other administrative expenses + other operating expenses)}}{\text{(Net interest income + net income from Non-life Insurance operations + net income from Life Insurance operations + net commissions and fees + net trading income + net investment income + other operating income + share of associates' profits/losses)}} \times 100$$

Return on economic capital, %

$$\frac{\text{Earnings + customer bonuses after tax (value rolling 12 month)}}{\text{Average economic capital}} \times 100$$

Operating loss ratio

$$\frac{\text{Claims incurred excl. Change in technical interest}}{\text{Insurance premium revenue excl. Change in technical interest (net)}} \times 100$$

Operating expense ratio

$$\frac{\text{Operating expenses}}{\text{Insurance premium revenue excl. Change in technical interest (net)}} \times 100$$

Operating combined ratio, %

Operating loss ratio + operating expense ratio

Risk ratio (excl. unwinding of discount), %

$$\frac{\text{Claims excl. loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$$

Cost ratio, %

$$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$$

Operating cost ratio, %

$$\frac{\text{Operating expenses before change in deferred acquisitions costs + loss adjustment expenses}}{\text{Expense loading x 100}} \times 100$$

Solvency ratio, %

$$\frac{\text{Solvency capital}}{\text{Insurance premium revenue}} \times 100$$

Note 3. OP-Pohjola Group quarterly performance

EUR million	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1
Interest income	899	836	764	674	615
Interest expenses	625	582	521	444	401
Net interest income	**274**	**255**	**243**	**231**	**214**
Impairments of receivables	11	17	19	51	9
Net interest income after impairments	**264**	**237**	**224**	**179**	**205**
Net income from Non-life Insurance operation	100	129	105	99	143
Net income from Life Insurance operations	32	16	27	33	70
Net commissions and fees	153	141	134	156	163
Net trading income	38	3	18	22	29
Net investment income	15	10	1	26	25
Other operating income	25	21	39	23	27
Personnel costs	203	194	188	180	201
Other administrative expenses	93	99	82	104	83
Other operating expenses	87	84	81	100	98
Returns to owner-members	44	52	46	50	48
Share of associates' profits/losses	0	1	1	0	0
Earnings before tax for the period	**199**	**130**	**153**	**104**	**234**
Income tax expense	48	34	32	1	60
Profit for the period	**151**	**96**	**120**	**103**	**174**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	34	-6	14	-116	0
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value	373	-23	166	132	-13
Cash flow hedge	5	20	20	5	-11
Translation differences	0	0	0	0	0
Income tax on other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	8	-1	3	-29	-
Items that may be reclassified to profit or loss					
Measurement at fair value	91	-6	40	32	-3
Cash flow hedge	1	5	5	1	-3
Total comprehensive income for the period	**463**	**89**	**271**	**119**	**155**

Note 4. Net interest income

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Loans and other receivables	311	421	-26	1,524
Receivables from credit institutions and central banks	3	6	-44	20
Notes and bonds	46	70	-34	232
Derivatives (net)				
Derivatives held for trading	12	20	-39	70
Derivatives under hedge accounting	17	8		49
Liabilities to credit institutions	-2	-3	-44	-9
Liabilities to customers	-76	-112	-32	-406
Debt securities issued to the public	-86	-121	-29	-415
Subordinated debt	-10	-13	-24	-58
Hybrid capital	-2	-2	-27	-8
Financial liabilities held for trading	0	0		0
Other (net)	0	0	-30	3
Net interest income before fair value adjustment under hedge accounting	**214**	**274**	**-22**	**1,002**
Hedging derivatives	-97	33		270
Value change of hedged items	97	-33		-269
Total net interest income	**214**	**274**	**-22**	**1,003**

Note 5. Impairments of receivables

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Receivables eliminated as loan or guarantee losses	10	11	-8	67
Receoveries of eliminated receivables	-3	-3	-19	-14
Increase in impairment losses	21	18	19	108
Decrease in impairment losses	-19	-15	-25	-62
Total	**9**	**11**	**-17**	**99**

Note 6. Net income from Non-life Insurance

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Net insurance premium revenue				
Premiums written	594	516	15	1,215
Insurance premiums ceded to reinsurers	-41	-22	-92	-49
Change in provision for unearned premiums	-280	-236	-19	-32
Reinsurers' share	22	10		-7
Total	**295**	**268**	**10**	**1,126**
Net Non-life Insurance claims				
Claims paid	190	218	-13	786
Insurance claims recovered from reinsurers	-4	-4	13	-61
Change in provision for unpaid claims	18	-11		6
Reinsurers' share	-9	-16	46	28
Total	**196**	**186**	**5**	**759**
Net investment income, Non-life Insurance				
Interest income	15	16	-7	60
Dividend income	15	17	-16	29
Property	1	1	2	1
Capital gains and losses				
Notes and bonds	14	2		27
Shares and participations	21	-4		13
Loans and receivables	-	-2		-2
Property	0	0		0
Derivatives	-2	1		-11
Fair value gains and losses				
Notes and bonds	-1	-1	38	0
Shares and participations	-5	-2	-88	-11
Loans and receivables	0	0		0
Property	0	1		3
Derivatives	-3	1		-2
Other	0	0	8	2
Total	**55**	**30**	**84**	**110**
Unwinding of discount	-11	-12	10	-44
Other	0	0		0
Net income from Non-life Insurance	**143**	**100**	**43**	**433**

Note 7. Net income from Life Insurance

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Premiums written	280	197	42	848
Reinsurers' share	-6	-6	5	-27
Total	**274**	**190**	**44**	**821**
Claims incurred				
Benefits paid	-254	-173	-47	-644
Change in provision for unpaid claims	-4	-3	-34	-42
Reinsurers' share	3	3	-15	11
Change in insurance contract liabilities				
Change in life insurance provision	-206	-233	11	-619
Reinsurers' share	1	0		6
Total	**-461**	**-405**	**-14**	**-1,289**
Other	11	-4		-58
Total	**-176**	**-219**	**-20**	**-527**
Net investment income, Life Insurance				
Interest income	13	12	8	52
Dividend income	24	32	-27	61
Property	2	2	30	-3
Capital gains and losses				
Notes and bonds	6	0		3
Shares and participations	22	7		36
Loans and receivables	6	-		0
Property	-	0		-1
Derivatives	0	-12		-17
Fair value gains and losses				
Notes and bonds	-4	1		4
Shares and participations	-13	-7	-70	-31
Loans and receivables	0	1		-1
Property	-1	0		2
Derivatives	-11	2		129
Other	0	0		3
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	33	19	79	70
Fair value gains and losses	160	190	-16	303
Other	8	5	53	24
Total	**246**	**251**	**-2**	**635**
Net income from Non-life Insurance	**70**	**32**		**108**

Note 8. Net commissions and fees

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Commission income				
Lending	48	45	6	176
Deposits	1	1	13	5
Payment transfers	47	40	18	175
Securities brokerage	6	7	-14	21
Securities issuance	3	4	-28	15
Mutual funds brokerage	21	17	22	74
Asset management and legal services	19	17	12	70
Insurance brokerage	24	23	5	54
Guarantees	5	6	-10	22
Other	10	9	8	44
Total	**185**	**169**	**9**	**656**
Commission expenses	22	16	35	72
Net commissions and fees	**163**	**153**	**6**	**584**

Note 9. Net trading income

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Capital gains and losses				
Notes and bonds	2	5	-60	13
Shares and participations	2	0		1
Derivatives	33	3		-20
Changes in fair value				
Notes and bonds	1	2	-72	2
Shares and participations	1	5	-88	6
Derivatives	-12	20		63
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	-	-		-
Dividend income	0	0	26	1
Net income from foreign exchange operations	3	2	37	14
Total	**29**	**38**	**-22**	**81**

Note 10. Net investment income

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	13	1		17
Shares and participations	2	2	-4	8
Dividend income	6	6	0	24
Impairment losses	0	-2	-78	-11
Carried at amortised cost				
Capital gains and losses	0	1	-49	-12
Total	**21**	**8**		**26**
Investment property				
Rental income	10	10	4	38
Maintenance charges and expenses	-7	-6	-13	-28
Changes in fair value, capital gains and losses	0	3	-91	15
Other	0	0	-71	1
Total	**4**	**7**	**-46**	**26**
Other	-	-		-
Net investment income	**25**	**15**	**66**	**52**

Note 11. Other operating income

EUR million	Q1/ 2013	Q1/ 2012	Change, %	2012
Income from property and business premises in own use	4	4	9	16
Rental income from assets rented under operating lease	2	3	-21	10
Other	20	18	11	82
Total	**27**	**25**	**7**	**109**

Note 12. Classification of financial instruments

EUR million	Loans and other receivables	Invest-ments held to maturity	Financial assets at fair value through profit or loss*	Available-for-sale financial assets	Hedging derivatives	Total
Assets						
Cash and balances with central banks	5,488	-	-	-	-	5,488
Receivables from credit institutions and central banks	1,031	-	-	-	-	1,031
Derivative contracts	-	-	3,478	-	668	4,146
Receivables from customers	66,089	-	-	-	-	66,089
Non-life Insurance assets**	838	-	116	2,765	-	3,719
Life Insurance assets***	385	-	6,083	3,031	-	9,499
Notes and bonds	-	378	333	5,454	-	6,165
Shares and participations	-	-	96	339	-	435
Other receivables	4,761	-	426	-	-	5,186
Total 31 March 2013	**78,593**	**378**	**10,533**	**11,589**	**668**	**101,760**
Total 31 March 2012	**71,858**	**663**	**7,696**	**13,388**	**457**	**94,063**
Total 31 December 2012	**76,577**	**401**	**10,392**	**11,696**	**703**	**99,769**

EUR million			Financial liabilities at fair value through profit or loss******	Other liabilities	Hedging derivatives	Total
Liabilities						
Liabilities to credit institutions	-	-	-	2,129	-	2,129
Financial liabilities held for trading (excl. derivatives)	-	-	14	-	-	14
Derivative contracts	-	-	3,372	-	423	3,795
Liabilities to customers	-	-	-	50,633	-	50,633
Non-life Insurance liabilities****	-	-	4	3,043	-	3,047
Life Insurance liabilities*****	-	-	5,663	3,689	-	9,352
Debt securities issued to the public	-	-	-	19,737	-	19,737
Subordinated loans	-	-	-	972	-	972
Other liabilities	-	-	-	4,877	-	4,877
Total 31 March 2013	-	-	**9,054**	**85,081**	**423**	**94,558**
Total 31 March 2012	-	-	**6,354**	**80,627**	**440**	**87,421**
Total 31 December 2012	-	-	**9,119**	**83,097**	**419**	**92,635**

*Assets at fair value through profit or loss include financial assets for trading, financial assets at fair value through profit or loss at inception, and investments and investment property covering unit-linked insurance policies and investment contracts.
**Non-life Insurance assets are specified in Note 14.
***Life Insurance assets are specified in Note 15.
****Non-life Insurance liabilities are specified in Note 16.
*****Life Insurance liabilities are specified in Note 17.
******Includes the balance sheet value of insurance liabiliteis related to unit-linked contracts.

Debt securities issued to the public are carried at amortised cost.

On 31 March, the fair value of these debt instruments was approximately EUR 583 million higher than their carrying amount, based on information available in markets and employing commonly used valuation techniques.

Subordinated liabilities are carried at amortised cost.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2013, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	87	335	7	429
Non-life Insurance	-	12	7	18
Life Insurance	-	7	72	79
Derivative financial instruments				
Banking	14	4,095	36	4,146
Non-life Insurance	0	0	-	0
Life Insurance	-	120	-	120
Available-for-sale				
Banking	4,329	1,420	44	5,793
Non-life Insurance	1,763	772	230	2,765
Life Insurance	1,613	876	542	3,031
Total	**7,806**	**7,638**	**937**	**16,381**

Fair value of assets on 31 Dec 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	125	209	23	358
Non-life Insurance	-	13	6	19
Life Insurance	-	7	80	87
Derivative financial instruments				
Banking	7	4,403	25	4,436
Non-life Insurance	1	0	-	1
Life Insurance	-	130	-	130
Available-for-sale				
Banking	4,514	1,209	49	5,772
Non-life Insurance	1,799	759	244	2,802
Life Insurance	1,626	789	707	3,122
Total	**8,072**	**7,520**	**1,135**	**16,727**

Fair value of liabilities on 31 March 2013, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	-	14	-	14
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	17	3,701	78	3,795
Non-life Insurance	0	4	-	4
Life Insurance	-	-	-	-
Total	**17**	**3,719**	**78**	**3,814**

Fair value of liabilities on 31 Dec 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	-	3	-	3
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	21	4,056	85	4,162
Non-life Insurance	3	0	-	3
Life Insurance	-	-	-	-
Total	**23**	**4,059**	**85**	**4,168**

* This level includes equities listed on major stock exchanges, quoted corporate debt instruments, bonds issued by governments and financial institutions with credit rating of at least A-, and exchange-traded derivatives. The fair value of these instruments is determined on the basis of market quotes.

** Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. The fair value hierarchy level at Pohjola Group includes OTC derivatives, treasury bills/notes, debt instruments issued by companies and financial institutions, repo agreements, and securities lent or borrowed.

*** Valuation techniques whose input parameters involve special uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). This level includes the most complex OTC derivatives, certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds.

Transfers between levels of the fair value hierarchy

During 2013, EUR 17 million in bonds were transferred from level 1 to level 2, due to changes in credit ratings. Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change.

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Available-for-sale financial assets		
	Banking	Insurance	Banking	Insurance	Banking	Insurance	Total assets
Opening balance 1.1.2013	23	87	25	-	49	951	1,135
Total gains/losses in profit or loss	-16	-14	10	-	-3	-10	-32
Total gains/losses in other comprehensive income	-	0	-	-	1	10	11
Purchases	-	0	-	-	0	18	18
Sales	0	-4	-	-	-3	-133	-141
Issues	-	0	-	-	-	0	0
Settlements	-	0	-	-	0	0	0
Transfers into Level 3	-	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-65	-65
Closing balance 31 March 2013	**7**	**69**	**36**	**-**	**44**	**771**	**927**

Financial liabilities, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		
	Banking	Insurance	Banking	Insurance	Total assets
Opening balance 1.1.2013	-	-	85	-	85
Total gains/losses in profit or loss	-	-	-7	-	-7
Total gains/losses in other comprehensive income	-	-	-	-	-
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Issues	-	-	-	-	-
Settlements	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Closing balance 31 March 2013	-	-	78	-	78

Total gains/losses included in profit or loss by item for the financial year on 31 March 2013

EUR Million	Net interest income or net trading income	Net investment income	Net income from Non-life Insurance	Net income from Life Insurance	Statement of compre-hensive income	Total gains/ losses for the financial year included in profit or loss for assets/ liabilities held at year-end
Total gains/losses in profit or loss	**-13**	**-3**	**-4**	**-10**	**11**	**-18**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. Level 3 derivatives relate to structured bonds issued by Pohjola, whose return is determined by the value performance of an embedded derivative instrument. The value change of embedded derivatives are also presented in the itemised income statement.

Changes in the levels of hierarchy

The Group did not change classification between the levels of hierarchy in 2013.

Note 14. Non-life Insurance assets

EUR million	31 March 2013	31 March 2012	Change, %	2012
Investments				
Loan and other receivables	183	124	47	104
Shares and participations	490	472	4	409
Property	98	99	-1	112
Notes and bonds	1,894	1,778	7	1,960
Derivatives	0	1	-79	1
Other participations	399	531	-25	452
Total	**3,065**	**3,005**	**2**	**3,038**
Other assets				
Prepayments and accrued income	37	32	13	41
Other				
Arising from direct insurance operations	434	384	13	290
Arising from reinsurance operations	133	154	-14	91
Cash in hand and at bank	5	7	-36	10
Other receivables	46	45	2	20
Total	**655**	**623**	**5**	454
Non-life Insurance assets	**3,719**	**3,628**	**3**	**3,492**

Note 15. Life Insurance assets

EUR million	31 March 2013	31 March 2012	Change, %	2012
Investments				
Loan and other receivables	251	274	-8	168
Shares and participations	1,422	2,241	-37	1,702
Property	157	118	33	156
Notes and bonds	1,688	853	98	1,506
Derivatives	120	49		130
Total	**3,638**	**3,534**	**3**	**3,663**
Assets covering unit-linked insurance contracts				
Shares, participations and other investments	5,727	3,582	60	5,373
Other assets				
Prepayments and accrued income	46	34	36	44
Other				
Arising from direct insurance operations	5	5	-7	12
Arising from reinsurance operations	78	72	8	77
Cash in hand and at bank	6	0		3
Total	**135**	**111**	**21**	**137**
Life Insurance assets	**9,499**	**7,227**	**31**	**9,173**

Note 16. Non-life Insurance liabilities

EUR million	31 March 2013	31 March 2012	Change, %	2012
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,221	1,160	5	1,205
Other provision for unpaid claims	801	785	2	788
Total	2,022	1,944	4	1,993
Provisions for unearned premiums	735	658	12	455
Other liabilities	290	338	-14	144
Total	**3,047**	**2,940**	**4**	**2,592**

Note 17. Life Insurance liabilities

EUR million	31 March 2013	31 March 2012	Change, %	2012
Liabilities for unit-linked insurance	4,576	3,548	29	4,288
Investment contracts	1,086	60		1,082
Insurance contract liabilities	3,496	3,542	-1	3,578
Other liabilities	194	93		21
Total	**9,352**	**7,243**	**29**	**8,970**

Insurance liabilities include EUR 152 (163) million in a change in the fair value of secured interest rate swaps.

Note 18. Debt securities issued to the public

EUR million	31 March 2013	31 March 2012	Change, %	2012
Bonds	13,103	12,158	8	13,612
Certificates of deposit, commercial papers and ECPs	6,492	7,684	-16	5,514
Other	142	283	-50	144
Total	**19,737**	**20,125**	**-2**	**19,270**

Note 19. Fair value reserve after income tax

EUR million	31 March 2013	31 March 2012	Change, %	2012
Notes and bonds	-154	-31		85
Shares and participations	436	115		207
Other	40	14		48
Total	**321**	**98**		**339**

A negative fair value reserve may recover by means of asset appreciation and recognised impairments.

The fair value reserve before tax amounted to EUR 425 million (449) and the related deferred tax liability amounted to EUR 104 million (110). On 31 March, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 258 million (260) million and negative mark-to-market valuations EUR 19 million (21).

Note 20. Capital structure and capital adequacy

Capital structure and capital adequacy, EUR million	31 March 2013	31 March 2012	Change, %	2012
Tier 1 capital				
OP-Pohjola Group's equity capital	7,202	6,642	8	7,134
The effect of insurance companies on the Group's shareholders' equity is excluded (incl. OVY's technical provisions)	-120	-4		-160
Fair value reserve, transfer to Tier 2	-85	32		-82
Supplementary cooperative capital not included in equity capital	634	632	0	620
Core Tier 1 capital before deductions and hybrid capital	7,632	7,301	5	7,513
Intangible assets	-382	-346	10	-372
Excess funding of pension liability and fair value measurement of investment property and deferred tax assets on previous losses	-99	-143	-31	-100
Planned profit distribution / profit distribution as proposed by the Board	-23	-19	24	-68
Investments in insurance companies and financial institutions	-1,154	-1,157	0	-1,210
Shortfall of impairments – expected losses	-242	-243	0	-249
Shortfall of other Tier 1 capital	-262	0		-163
Core Tier 1 capital	**5,470**	**5,393**	**1**	**5,352**
Hybrid capital	201	223	-10	201
Shortfall of Tier 2 capital	-463	-69		-364
Transfer to Core Tier 1 capital	262	0		163
Tier 1 capital	**5,470**	**5,546**	**-1**	**5,352**
Tier 2 capital				
Fair value reserve (excl. cash flow hedge valuation)	45	-45		34
Perpetual bonds	0	289	-100	0
OVY's equalisation provision	220	217	1	218
Debenture loans	668	869	-23	842
Investments in insurance companies and financial institutions	-1,154	-1,157	0	-1,210
Shortfall of impairments – expected losses	-242	-243	-1	-249
Transfer to Tier 1 capital	463	69		364
Tier 2 capital	**0**	**0**		**0**
Total capital base	**5,470**	**5,546**	**-1**	**5,352**

Risk-weighted assets				
Credit and counterparty risk	33,568	31,853	5	32,575
Central government and central banks exposure	42	101	-59	46
Credit institution exposure	1,188	1,276	-7	1,208
Corporate exposure	20,526	19,151	7	19,870
Retail exposure	8,523	8,044	6	8,298
Other	3,289	3,280	0	3,153
Market risk	726	690	5	723
Operational risk	3,165	2,954	7	2,954
Other	1,450	168		1,841
Total	**38,909**	**35,665**	**9**	**38,093**
Risk-weighted assets, excl. transition provisions	**37,459**	**35,497**	**6**	**36,252**
Minimum capital requirement				
Credit and counterparty risk	2,685	2,548	5	2,606
Market risk	58	55	5	58
Operational risk	253	236	7	236
Other	116	13		147
Total	**3,113**	**2,853**	**9**	**3,047**
Minimum capital requirement, excl. transition provisions	**2,997**	**2,840**	**6**	**2,900**

Ratios, %	**31 March 2013**	**31 March 2012**	**Change, percentage point**	**2012**
Ratios under transition provisions				
Capital adequacy ratio	14.1	15.6	-1.5	14.1
Tier 1 capital ratio	14.1	15.6	-1.5	14.1
Core Tier 1 capital ratio	14.1	15.1	-1.1	14.1
Ratios excl. transition provisions				
Capital adequacy ratio	14.6	15.6	-1.0	14.8
Tier 1 capital ratio	14.6	15.6	-1.0	14.8
Core Tier 1 capital ratio	14.6	15.2	-0.6	14.8

Capital base*, EUR million	**31 March 2013**	**31 March 2012**	**Change, %**	**2012**
Capital base under transition provisions	2,357	2,693	-12	2,305
Capital base excl. transition provisions	2,473	2,706	-9	2,452

*Capital base above minimum capital requirement

Note 21. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	31 March 2013	31 March 2012	Change, %	2012
OP-Pohjola Group's equity capital	7,202	6,642	8	7,134
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds	1,514	2,024	-25	1,676
Other sector-specific items excluded from capital base	-2	2		-1
Goodwill and intangible assets	-1,280	-1,118	14	-1,272
Equalisation provisions	-207	-249	-17	-212
Proposed profit distribution	-23	-19	24	-68
Items under IFRS deducted from capital base*	-138	-222	-38	-179
Shortfall of impairments – expected losses	-483	-486	-1	-498
Conglomerate's capital base, total	**6,582**	**6,574**	**0**	**6,581**
Regulatory capital requirement for credit institutions**	3,113	2,853	9	3,047
Regulatory capital requirement for insurance operations***	437	399	9	421
Conglomerate's total minimum capital requirement	**3,550**	**3,253**	**9**	**3,468**
Conglomerate's capital adequacy	**3,033**	**3,321**	**-9**	**3,112**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**1.85**	**2.02**	**-8**	**1.90**

* Excess funding of pension liability, Fair value measurement of investment property, Portion of cash flow hedge of fair value reserve

** Risk-weighted assets x 8%

*** Minimum solvency margin

Note 22. Collateral given

EUR million	31 March 2013	31 March 2012	Change, %	2012
Given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	4,176	7,064	-41	4,633
Other	530	517	3	583
Total	**4,707**	**7,582**	**-38**	**5,218**

Note 23. Off-balance-sheet items

EUR million	31 March 2013	31 March 2012	Change, %	2012
Guarantees	957	1,162	-18	948
Other guarantee liabilities	1,750	1,571	11	1,688
Pledges	3	2	75	3
Loan commitments	11,290	10,738	5	10,855
Commitments related to short-term trade transactions	370	298	25	455
Other	476	593	-20	479
Total off-balance-sheet items	**14,848**	**14,365**	**3**	**14,428**

Note 24. Derivative contracts

	Nominal values / remaining term to maturity				Fair values*	
31 March 2013, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	44,288	81,482	35,907	161,677	3,763	3,258
cleared by the central counterparty	-	316	126	442	0	1
Currency derivatives	19,142	2,742	488	22,371	406	379
Equity and index-linked derivatives	261	803	-	1,064	53	0
Credit derivatives	29	89	14	132	9	1
Other derivatives	285	541	112	939	42	38
Total derivatives	**64,004**	**85,657**	**36,522**	**185,740**	**4,274**	**3,675**

	Nominal values / remaining term to maturity				Fair values*	
31 December 2012, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	44,687	78,829	38,926	162,441	4,407	3,755
Currency derivatives	19,859	2,746	517	23,122	294	340
Equity and index-linked derivatives	303	819	6	1,127	50	0
Credit derivatives	122	92	-	214	10	2
Other derivatives	288	584	78	950	37	37
Total derivatives	**65,259**	**83,069**	**39,527**	**187,855**	**4,798**	**4,134**

*Fair values include accrued interest which is shown under other assets or provisions and other liabilities in the balance sheet.

Central counterparty clearing for OTC derivatives

In anticipation of entry into force of central counterparty clearing required by the European Market Infrastructure Regulation (Regulation (EU) No. 648/2012), Pohjola Bank plc started in February 2013 central counterparty clearing in London Clearing House for new interest rate derivatives covering standardised OTC derivative transactions entered into with financial counterparties. Since Pohjola Bank plc is not a direct member of London Clearing House, it will manage central counterparty clearing for OTC derivative transactions with a few, separately selected clearing brokers with which it has concluded clearing agreements. The central counterparty will become the derivatives counterparty at the end of the daily clearing process. Based on this operating model, daily payments for derivatives are netted. In addition, collateral is paid or received daily, which corresponds to the change in the fair value of open positions (variation margin). As a result of the change in the operating model, interest rate derivatives cleared by the central counterparty are presented on a net basis in the balance sheet. This change has not yet had any substantial effect on the consolidated balance sheet.

Other bilaterally cleared OTC derivative contracts

The ISDA Master Agreement or the Master Agreement of the Federation of Finnish Financial Services or Pohjola Bank plc will apply to derivative transactions between Pohjola Bank plc and other clients and to derivative transactions to which central counterparty clearing in accordance with the Regulation does not pertain. On the basis of these agreements, derivative payments may be netted per transaction on each payment date and in the event of counterparty default and bankruptcy. It is also possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. Such derivatives are presented on a gross basis in the balance sheet.

Note 25. Related-party transactions

The related parties of OP-Pohjola Group include associates, administrative personnel and other related party companies. The administrative personnel comprise OP-Pohjola Group's Executive Chairman (Chairman of the Executive Board of OP-Pohjola Group Central Cooperative), President of OP-Pohjola Group Central Cooperative, members and deputy members of the Executive and Supervisory Boards and their close relatives. Related parties also include companies over which a person among administrative personnel or his close family member exercises significant influence. Other communities considered as related parties include OP Bank Group Pension Fund and OP Bank Group Pension Foundation.

Standard terms and conditions for credit are applied to loans granted to the related parties. Loans are tied to generally used reference rates.

Related-party transactions have not undergone any substantial changes since 31 December 2012.

OP-Pohjola Group's financial performance will be presented to the media by Executive Chairman and CEO Reijo Karhinen in a press conference on 29 April 2013, starting at noon at Vääksyntie 4, Vallila, Helsinki.

Pohjola Bank plc will publish its own interim report.

Financial reporting in 2013

Schedule for Interim Reports in 2013:

Interim Report H1/2013	31 July 2013
Interim Report Q1−3/2013	30 October 2013

OP-Pohjola Group Central Cooperative
Executive Board

ADDITIONAL INFORMATION
Executive Chairman and CEO Reijo Karhinen, tel. +358 (0)10 252 4500
Harri Luhtala, CFO, tel. +358 (0)10 252 2433
Carina Geber-Teir, Chief Communications Officer, tel. +358 (0)10 252 8394

DISTRIBUTION
NASDAQ OMX Helsinki Ltd
London Stock Exchange
SIX Swiss Exchange
Major media
op.fi and pohjola.fi