OP-Pohjola Group´s

Interim Report for 1 January—30 June 2013

OP-Pohjola

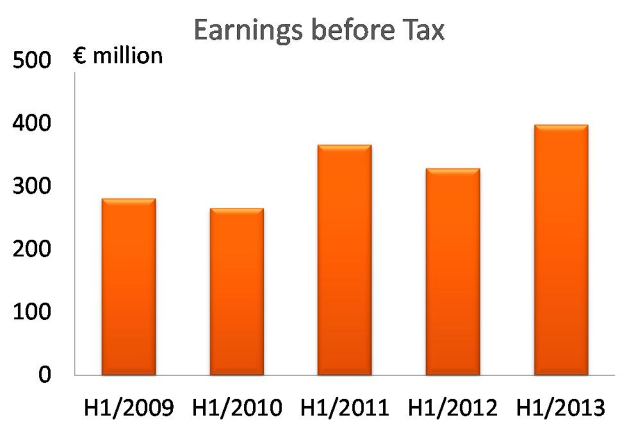
OP-Pohjola Group stays on track: considerable earnings improvement, and customer business grows faster than the market average.

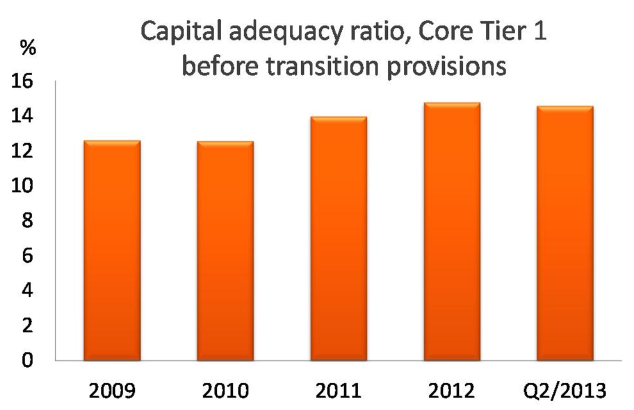
- Earnings before tax increased by 21% to EUR 398 million (329).
- Total income increased by 6.5%. The decrease in net interest income levelled off in the report period.
- Expenses without the bank levy decreased by over 2%.
- Core Tier 1 ratio before transitional provisions was 14.6% (14.8).
- Customer business grew at a rate that was much higher than the market average. The loan portfolio increased in the year to June by 7.2% and deposits by 8.4%. Non-life Insurance premium revenue increased by 10%.
- The number of joint banking and non-life insurance customers increased by 109,000.
- Change in outlook: Earnings before tax for the full 2013 are expected to be better than a year ago. For more information, see "Outlook towards the year end".

OP-Pohjola Group's key indicators

	Q1-Q2/2013	Q1-Q2/2012	Change %	2012
Earnings before tax, € million	398	329	21.0	586
Banking	193	247	-21.9	424
Non-life Insurance	99	54	81.7	92
Wealth Management	77	34	124.9	101
Returns to owner-members and OP bonus customers	96	96	-0.6	192
	30 Jun 2013	**30 Jun 2012**	**Change %**	**31 Dec 2012**
Core Tier 1 ratio before the transition provisions, %	14.6	14.7	-0.2*	14.8
Core Tier 1 ratio, %	13.7	14.7	-1.0*	14.1
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)	1.81	2.01	-0.20*	1,90
Ratio of non-performing receivables to loan and guarantee portfolio, %	0.46	0.53	-0.06*	0.46
Joint banking and insurance customers (1,000)	1,468	1,358	8.1	1,425

* Change in ratio





Comments by Reijo Karhinen, Executive Chairman and CEO

OP-Pohjola's first half of 2013 strikes a fine balance between growth and financial performance. We did excellently again despite the demanding conditions. Our higher-than-expected earnings already give us cause to change our performance guidance. We now expect our full-year earnings to be better than last year.

The new regulations for the financial sector stress capital adequacy, just as they should, which in turn means that earnings performance plays a key role. We expect our second-half net interest income to be better than the first half's, with other income continuing to grow steadily. A positive development in our total income is supported by our steadily growing volumes. The fact that growth in total expenses came to a halt played a key role in our improved first-half earnings. In order to stay on track to meet our profit target, derived from our capital adequacy target, in an environment where interest rates will remain low and regulation will involve a new burden on earnings, we will need to pay special attention to our cost-efficiency.

OP-Pohjola Group is a forerunner and trendsetter in the development of Finnish financial services. From one year to the next, we have taken systematic and determined steps in terms of development and bold innovation. In the first half of 2013, we again launched innovative products and services that make our customers' lives easier, especially in the field of mobile service which is quickly becoming the most significant channel for using daily services. Omasairaala hospital is an example of a new service, in which traditional practices are changed boldly on the basis of customer needs.

And innovation does not end here. We are obliged to carry on by our position as the country's leading financial services group. Our loyalty benefits and increased investments in Finland's most comprehensive, versatile and dynamic service network ensure a superior customer experience in a changing competitive situation. I am convinced that a deep understanding of our customers' needs, our long traditions and top financial expertise enable us to be successful in the future, too.

We have been successful in adhering to our mission and in our strategy-based business that truly focuses on customer needs, also during times of crisis. In the midst of major changes affecting our operating and competitive environment, our market position has continued to strengthen, sometimes even at a historically high rate. Our position in corporate financing has improved since 2007 by as much as 8 percentage points. Our sense of responsibility, consistent with our values, has guided us to go against the currents that drive the markets in both Finland and the rest of Europe.

There is a clear correlation between banks' ability and willingness for financing on the one hand and economic growth on the other. This has again been proven by recent figures concerning Southern and Central Europe. Both Finland and the rest of Europe urgently need to get on a path of economic growth. Banks play a key role in securing economic growth. The future of the economy is largely dependent on how well banks are able to operate. In order that economic growth can be given a boost, banks should now be offered a "peaceful work environment". Quick decisions should now be made on the content of the regulatory initiatives currently under preparation. Decision-makers should refrain from imposing any new burden on banks. A public, calming promise would rebuild an atmosphere of trust and contribute to economic growth.

The next few months will be a crucial period for Finnish economic policy decisions. The labour market and the Government must find the means and willingness to make the necessary decisions. We can no longer just pick the easy way out. Many of the crisis-ridden countries in Southern Europe that have been criticised have already taken the corrective measures that still remain unresolved in Finland.

OP-Pohjola Group's interim report for 1 January–30 June 2013

Contents

Operating environment

World economic growth remained subdued and uneven during the second quarter. The US economy continued to recover gradually. The Federal Reserve announced that it would reduce extraordinary actions this year if economic development in the USA is in line with expectations.

Market expectations of a tighter monetary policy in the USA were reflected in a financial market adjustment, which also increased euro-area government bond interest rates. In June, weaker-than-expected economic growth in China and a temporary money squeeze in the country added to market nervousness.

The ECB cut its main refinancing rate to 0.50% in May. The ECB deposit rate remained zero. The Euribor rates saw only minor changes.

Economic development in Finland remained weak, with the unemployment rate increasing and consumer confidence remaining weak. In some respects, the situation improved during the reporting period. Expectations were higher with respect to industrial output and retail sales increased. The inflation rate continued to decelerate.

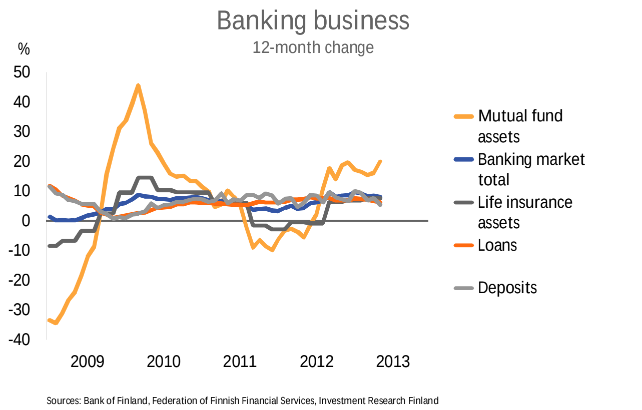
The world economy is expected to pick up slightly in the second half of the year, but the growth will remain below average. The euro-area economy is expected to contract this year, but economic indicators suggest a slight turn for the better towards the year end. The Finnish economy too is expected to recover somewhat during the second half but the general economic picture is still poor. There is still great uncertainty over the economic outlook. The ECB has announced that it will keep its key interest rates at their current levels or lower for an extended period. In addition, it is preparing measures to ensure access to finance for the corporate sector. The Euribor rates are expected to remain record low.

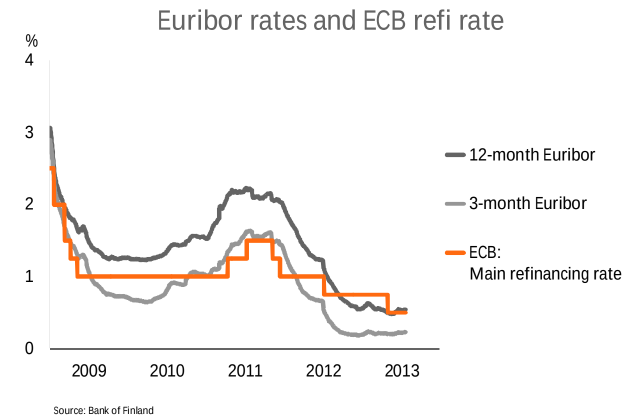
The growth rate of the total loan volumes of banks continued to slow down in the second quarter. In May, the annual growth rate of the total home loan volumes decreased to 4.4%, due to economic recession, declining home sales and tighter loan terms and conditions set by banks. Likewise, the annual growth rate of the total corporate loan volumes continued to wane to 3.5% in May.

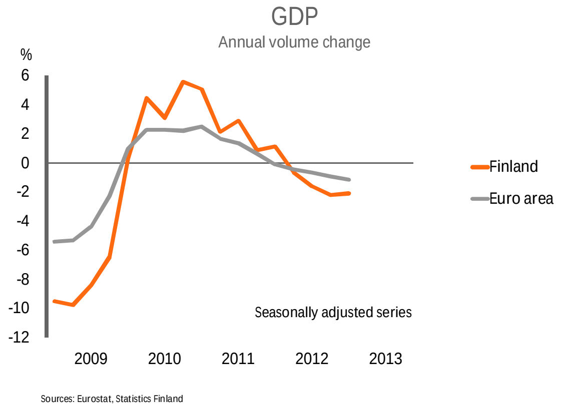
The annual growth rate of the total bank deposit volumes decreased to 5.5%, the growth depending largely on deposits made by financial institutions and insurance companies. The total volumes of private and corporate customer deposits remained at the previous year's level.

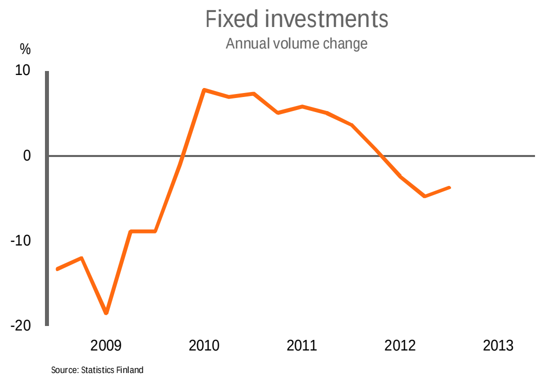
The second quarter saw a continued brisk growth in mutual fund assets and insurance savings, despite more volatile financial markets. Equity funds and long-term bond funds showed the fastest growth. In January–May, premiums written based on the unit-linked life insurance policies taken out by private customers almost doubled over the previous year. In capital markets, fears of a reduction in the ECB's stimulus measures made interest rates increase and share prices decrease at the end of the reporting period.

In the non-life insurance sector, premiums written continued to increase at an annual steady rate of around 5%. Growth in claims paid has slowed down, thanks to favourable claims developments.









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

Earnings analysis, € million	Q1-Q2/2013	Q1-Q2/2012	Change %	Q2/2013	Q2/2012	Change %	Q1/2013
Banking	193	247	-21.9	94	103	-8.6	99
Non-life Insurance	99	54	81.7	43	39	10.6	55
Wealth Management	77	34	124.9	20	8	157.7	57
Earnings before tax	**398**	**329**	**21.0**	**164**	**130**	**26.5**	**234**
Gross change in fair value reserve	-160	375		-136	-4		-24
Earnings/loss before tax at fair value	**238**	**703**	**-66.2**	**28**	**126**	**-77.9**	**210**
Return on economic capital, % *)	15.6	13.2	2.4*				
Return on economic capital at fair value, % *)	18.5	14.9	3.6*				
Income							
Net interest income	435	529	-17.8	221	255	-13.4	214
Net income from Non-life Insurance	280	228	22.6	137	129	6.5	143
Net income from Life Insurance	107	48		37	16		70
Net commissions and fees	317	295	7.8	154	141	9.4	163
Net trading and investment income	102	66	54.8	48	13		54
Other operating income	52	47	9.3	24	22	9.9	27
Other income, total	**858**	**684**	**25.3**	**400**	**321**	**24.6**	**458**
Total income	**1,292**	**1,213**	**6.5**	**621**	**576**	**7.8**	**672**
Expenses							
Personnel costs	395	397	-0.6	194	194	0.0	201
Other administrative expenses	177	192	-7.9	94	99	-5.5	83
Other operating expenses	195	171	14.1	98	84	16.7	98
Total expenses	**767**	**760**	**0.9**	**385**	**377**	**2.3**	**382**
Impairment loss on receivables	**32**	**28**	**14.3**	**23**	**17**	**33.0**	**9**
Returns to owner-members and OP bonus customers							
Bonuses	89	85	5.4	45	43	4.6	45
Interest on ordinary and supplementary cooperative capital	6	11	-45.3	3	9	-64.5	3
Total returns	**96**	**96**	**-0.6**	**48**	**52**	**-7.3**	**48**

*) 12-month rolling, change in percentage

Other key indicators, € million	30 Jun 2013	30 Jun 2012	Change %	31 Dec 2012	Change %
Receivables from customers	67,551	63,128	7.0	65,161	3.7
Life Insurance assets	9,201	6,931	32.8	9,173	0.3
Non-life Insurance assets	3,623	3,593	0.8	3,492	3.7
Liabilities to customers	49,745	47,593	4.5	49,650	0.2
Debt securities issued to the public	20,969	19,437	7.9	19,270	8.8
Equity capital	7,244	6,746	7.4	7,134	1.5
Balance sheet total	100,461	95,483	5.2	99,769	0.7
Tier 1 capital	5,487	5,493	-0.1	5,352	2.5

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–June

OP-Pohjola Group's earnings before tax were EUR 398 million (329). Earnings were improved especially because of a solid increase in investment income of all segments and the good financial performance of Non-life Insurance. Investment income was improved by capital gains on securities. The good performance by Non-life Insurance was the result of premiums written that have been increasing for a long time and of lower operating expenses. Net commissions and fees, too, were higher than a year ago.

Due to low interest rates, net interest income decreased by 18% year on year. The fall in net interest income slowed down in the second quarter.

The Group's expenses were at the same level as last year despite the EUR 23 million bank levy and the growth and expansion of business. Without the effect of the bank levy, total expenses would have decreased by more than 2%. Thanks to measures taken in the efficiency enhancement program, the wages and salaries decreased by more than 2%. Because other social expenses increased, personnel costs as a whole decreased only by 0.6%. Other administrative expenses were almost 8% lower than a year ago.

Impairment losses recognised under various income statement items that eroded earnings amounted to EUR 56 million (49), of which EUR 32 million (28) concerned loans and receivables. Annualised net impairment loss on loans and receivables accounted for 0.09% (0.08) of the loan and guarantee portfolio.

Earnings before tax by Banking amounted to EUR 193 million (247). Financial performance by Banking was weakened by low interest rates and the bank levy. Net commissions and fees totalled EUR 307 (274) 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 89.2% (92.6). Pre-tax earnings by Non-life Insurance increased year on year mainly as a result of higher net investment income and growth of the balance on technical account.

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 its accounts were not consolidated until September 2012.

OP-Pohjola Group’s fair value reserve before tax was EUR 288 million on 30 June, reducing in the report period by EUR 160 million. Earnings before tax at fair value amounted to EUR 238 million (703).

Equity capital was EUR 7.2 billion (7.1) on 30 June. Equity capital was increased by the report period's earnings, but reduced by profit distribution and by a reduction in the fair value reserve.

On 30 June, the cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks’ owner-members totalled EUR 781 million (759).

OP-Pohjola Group had 4,224,000 customers in Finland at the end of June. The number of private customers totalled 3,794,000 and that of corporate customers 430,000. The number of joint banking and non-life insurance customers increased by 43,000 from its 2012-end level to 1,468,000, as a result of cross-selling. The number of joint customers increased in the year to June by 109,000.

Bonuses to owner-members and OP bonus customers recognised in the income statement increased by 5.4% year on year to EUR 89 million.

April–June

Earnings before tax was EUR 164 million (130). The earnings were improved by higher investment income and commissions and fees. As a result of low interest rates, net interest income decreased by 13% year on year. Total expenses were 2.3% higher than a year ago.

Net interest income increased in the second quarter by 3% to EUR 221 million (214) compared to the first quarter; this was because loan margins increased, the loan portfolio grew and interest rate decline levelled off. The second quarter's earnings were lower than the first one's as a result of lower earnings reported by Non-life Insurance and Wealth Management. Total expenses in the second quarter were at the same level as in the first quarter. Personnel costs decreased by more than 3%.

OP-Pohjola Group's long-term financial targets	30 Jun 2013	30 Jun 2012	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.81	2.01	1.6
Return on economic capital, % (12-month rolling)	15.6	13.2	18%
Growth differential between income and expenses, percentage points (12-month rolling, growth differential within 3 years)	0.2	-0.2	> 0

Capital adequacy, risk exposure and credit ratings

Capital base

On 30 June, 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 2,935 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 adequacy requirements have become 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 OP-Pohjola Group's 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 adequacy.

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 capital adequacy 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 terms of credit risk exposure despite the poor economic development in Finland and the rest of the euro area. See below in the section dealing with business segments for details on Banking's credit risk exposure.

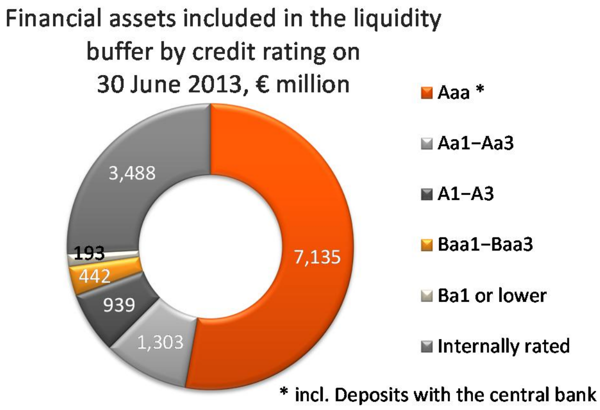
No major changes took place in the report period in Non-life Insurance's or Life Insurance's underwriting risks. See below in the section dealing with business segments for details on the risk exposure of Non-life and Life Insurance.

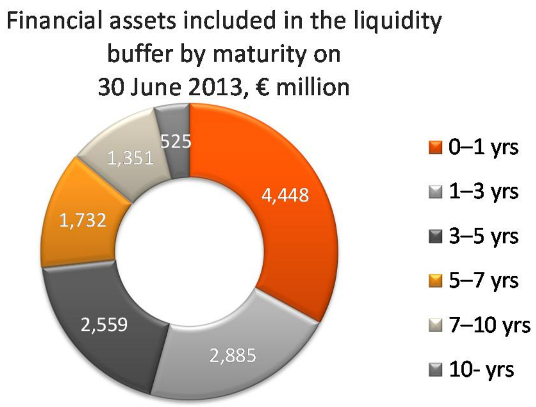
OP-Pohjola Group's funding and liquidity position is strong. The share of deposits in funding has remained stable. Pohjola Bank plc, which acts as the Group's central bank, issued long-term bonds worth EUR 1.0 billion during the report period. In order to increase the geographic diversification of wholesale funding, some of the above bonds were issued in Japan. 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. Although the liquidity buffer reduced, the Group's liquidity position improved in the report period. 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.

Liquidity buffer, € billion	**30 Jun 2013**	**31 Dec 2012**	**Change, %**
Deposits with central banks	3.6	5.6	-35.9
Notes and bonds eligible as collateral	6.2	5.4	14.1
Corporate loans eligible as collateral	3.0	3.0	0.5
Total	**12.8**	**14.0**	**-8.8**
Receivables ineligible as collateral	0.7	0.6	22.3
Liquidity buffer at market value	**13.5**	**14.6**	**-7.5**
Collateral haircut	-1.0	-0.9	8.6
Liquidity buffer at collateral value	**12.5**	**13.7**	**-8.6**

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 based on mark-to-market valuations.





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 the value of investments fell somewhat during the report period. Within Banking, credit spread risk is highest in notes and bonds included in the liquidity buffer. The credit spread risk within Banking increased as the volume of notes and bonds included in the liquidity buffer went up. Measures were taken to continue to reduce the market risk of Life Insurance's investment portfolio especially through the sale of alternative investments. The allocation of Non-life Insurance's investment portfolio was not changed in any significant way.

Investment assets, € million	**30 Jun 2013**	**31 Dec 2012**	**Change**
Pohjola Bank plc	10,491	11,866	-1,375
Non-life Insurance	3,064	3,078	-14
Life insurance	3,541	3,624	-83
Group member cooperative banks	934	901	33
OP-Pohjola Group Mutual Insurance Company	391	373	19
Total	18,421	19,842	-1,421

Credit ratings

OP-Pohjola Group's credit ratings on 30 June 2013

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Fitch	F1	Stable	A+	Stable
Standard & Poor's	A-1+	Negative	AA-	Negative
Moody's	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 in the first half of 2013.

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 towards the year end

The world economy will this year grow at a rate below the average. The recession in the euro area should recede within the next 12 months, but a turn for the better is not yet in the horizon. The Finnish economy too contracted during the first half and its full-year growth is expected to remain weak. As a result of the actions taken by the ECB, financial markets have remained relatively stable. However, the euro area has not yet overcome its debt crisis and there is still potential for major financial market disruptions.

The operating environment in the financial sector is projected to continue to remain challenging. Historic-low market interest rates have eroded banks' net interest income and will weaken insurance institutions' investment income. The weak economic situation may lower demand for financial services, and the bank levy confirmed late last year saddled Finnish banks with major new costs. Changes in the operating environment make measures that support profitability in the financial sector even more urgent.

Unless the operating environment turns out to be considerably weaker than expected, OP-Pohjola Group's earnings before tax (previous estimate: at about the same level or somewhat lower) is expected to be better than in 2012. The most significant factors that may affect earnings in the second half of 2013 concern changes in capital markets and impairment losses on receivables.

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

€ million	Income	Expenses	Other items *)	Earnings before tax Q1-Q2/2013	Earnings before tax Q1-Q2/2012	Change, %
Banking	833	514	-127	193	247	-21.9
Non-life Insurance	280	182	0	99	54	81.7
Wealth Management	159	82	0	77	34	124.9
Other Operations	258	235	-1	22	5	
Eliminations	-239	-246	0	7	-12	
Total	**1,292**	**767**	**-128**	**398**	**329**	**21.0**

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

Banking

- Earnings before tax decreased by 22% to EUR 193 million (247). Earnings decreased, as expected, as a result of lower net interest income and the bank levy. In the second quarter, earnings decreased only by 8%.
- The bank levy reduced the segment's earnings by EUR 22 million – total expenses, excluding the bank levy, were slightly lower than a year ago.
- Banking showed on the whole growth that was higher than the sector average.
- Credit risk exposure was stable – impairment losses remained low.

Banking: key figures and ratios

€ million	Q1-Q2/2013	Q1-Q2/2012	Change, %	2012
Net interest income	430	505	-15.0	969
Impairment loss on receivables	31	26	18.7	96
Other income	404	364	10.9	722
Personnel costs	228	233	-1.8	446
Other expenses	286	267	6.8	534
Returns to owner-members and OP bonus customers	96	96	-0.6	192
Earnings before tax	**193**	**247**	**-21.9**	**424**
Cost/income ratio, %	**61.7**	**57.5**	**4.1**	**57.9**
€ million				
Home loans drawn down	3,298	3,780	-12.7	7,601
Corporate loans drawn down	3,622	3,819	-5.1	7,375
Net asset inflows of mutual funds	1,311	-1,045		-698
No. of brokered property transactions	6,780	7,850	-13.6	16,291
€ billion	**30 Jun 2013**	**30 Jun 2012**	**Change, %**	**31 Dec 2012**
Loan portfolio				
Home loans	32.6	30.5	6.8	31.7
Corporate loans	18.0	16.6	8.1	17.0
Other loans	16.9	15.8	6.9	16.4
Total	**67.5**	**63.0**	**7.2**	**65.1**
Guarantee portfolio	2.9	3.1	-7.4	2.6
Deposits				
Current and payment transfer	25.9	21.8	18.6	23.7
Investment deposits	20.9	21.3	-1.9	21.3
Total deposits	**46.8**	**43.2**	**8.4**	**45.0**
Market share, %				
Of loans	33.4 *)	33.0	0.4	33.4
Of deposits (Bank of Finland definition)	34.1 *)	34.2	-0.1	34.1

*) Status in May 2013

Banking has continued to grow at a relatively steady rate considering the economic situation. However, uncertainty over near-term economic development has reduced the number of new loans drawn down over the same period a year ago. The annual growth rate of deposits has remained faster than that of loans.

OP-Pohjola Group's deposits increased by 8.4% in the year to June and by 4.0% during the report period. The growth of deposits shifted towards payment transaction accounts, which increased by 19% in the year to June. Because of record-low interest rates and lower term deposit margins, investment deposits decreased by 1.9% in the year to June.

The loan portfolio grew by 7.2% in the year to June and by 3.7% during the report period. Year on year, the volume of new corporate loans drawn down decreased by 5.1% and that of home loans by 13%. The volume of new home and corporate loans drawn down in the second quarter rebounded compared with the first quarter. The margins of new corporate and home loans have risen considerably in the last 12 months.

OP-Pohjola Group has strengthened its market share further, especially in home loans and corporate loans. The market share in home loans increased by 1.0 percentage points in the year to June 2012, amounting to 37.5% (36.5) at the end of May. During the same period, the market share in corporate euro loans increased by 2.0 percentage points to 36.2% (34.2).

The housing market was quiet during the first half. During the report period, the volume of homes sold and bought through the Group's real estate agents fell by almost 14% over the previous year.

On 30 June, the Group member cooperative banks had 1.4 million owner-members, up by 43,000 year on year. The Group member cooperative banks and Helsinki OP Bank Plc, which operates in the Helsinki Metropolitan Area, had a total of 1,303,000 OP bonus customers on 30 June.

The combined amount of bonuses earned by OP bonus customers in the first half for using OP-Pohjola as their main bank was worth EUR 89 million. OP bonus customers used a total of EUR 109 million (43) of bonuses for banking services and EUR 43 million (39) for Pohjola non-life insurance premiums.

Earnings and risk exposure

Banking earnings before tax amounted to EUR 193 million (247). Net income decreased to EUR 833 (869) due to lower net interest income. Total expenses increased to EUR 514 million (500) because of the bank levy, without which they would have decreased by 1.6%.

The prolonged and exceptionally low level of market interest rates resulted in lower net interest income. Net interest income decreased by 15% to EUR 430 million (505).

Net commissions and fees increased by 12% 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 7 million year on year, or by 11%.

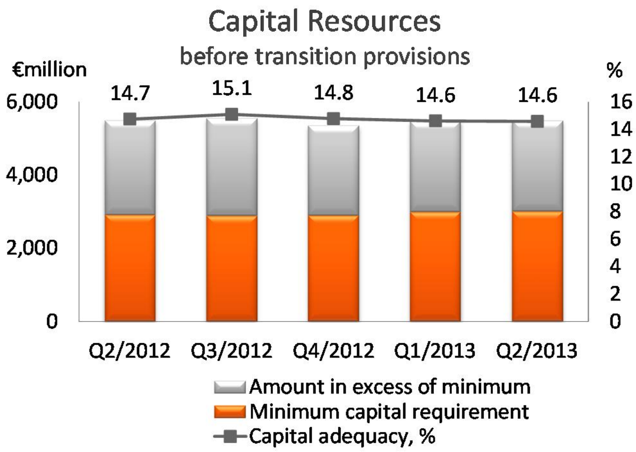
Banking's credit risk exposure remained stable with a moderate risk level. Impairment loss on receivables remained low. The ratio of non-performing and zero-interest loans to the loan and guarantee portfolio was slightly lower than a year ago.

Of OP-Pohjola Group's corporate exposures, 44% (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	**30 Jun 2013**		**30 Jun 2012**		**31 Dec 2012**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**
Non-performing and zero-interest receivables, net	326	0.46	348	0.53	311	0.46
Impairment loss on receivables since 1 January, net	32	0.09	28	0.08	99	0.15

Capital adequacy

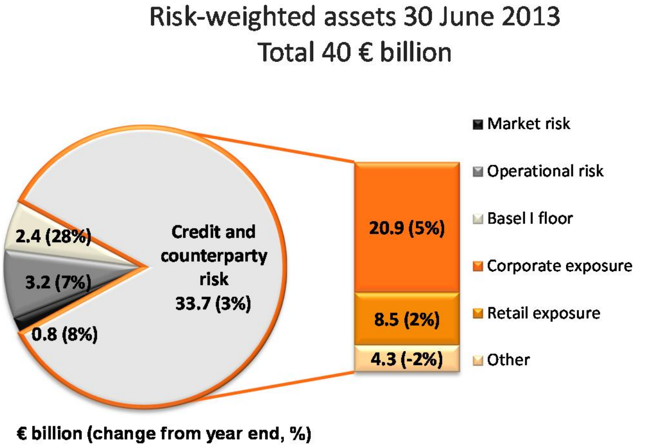
OP-Pohjola Group's Core Tier 1, Tier 1 ratio and the capital adequacy ratio under the Act on Credit Institutions were 14.6% (14.8) at the end of the report period excluding the effect of the transitional provisions. OP-Pohjola Group's capital adequacy ratio, under the Act on Credit Institutions, which takes account of transitional rules, and both Tier 1 ratio and Core Tier 1 ratio all were 13.7% (14.1) on 30 June. The statutory minimum requirement for the 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% applied to major European banks.



The Group's Tier 1 capital amounted to EUR 5,487 million (5,352) on 30 June. 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, H1 earnings by Banking and dividends and capital refunds from the Group's insurance companies. The intra-year fluctuation related to supplementary cooperative capital included in Group cooperative banks' capital base reduced the amount of supplementary cooperative capital included in the capital base by EUR 58 million, decreasing the Core Tier 1 ratio by 0.2 percentage points.

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 469 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 467 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 3,201 million (3,047) on 30 June 2013, or 5.0% higher than at the turn of the year. The average risk weight of the total exposure portfolio increased slightly as the risk weight of home loans decreased and that of corporate loans increased. The Group is updating its rating models for retail and corporate exposures. The Group expects to adopt the updated rating models for retail exposures during the current year and those for corporate exposures next year pending approval by the Financial Supervisory Authority. These updates are estimated to have a positive effect on capital adequacy ratios.



The Capital Requirements Directive and Regulation (CRD IV/CRR) was published in the EU Official Journal on 27 June 2013. These new rules and regulations will be phased in from 1 January 2014 onwards and will implement the Basel III standards within the EU during 2014–19.

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. OP-Pohjola Group currently estimates that its Core Tier 1 ratio may increase by a maximum of over 2 percentage points.

Other changes caused by CRD IV/CRR are expected to have a marginal one-off effect on a net basis. Considering that the upcoming rules and regulations will, however, result in higher capital requirements and increase liquidity management costs, profitability will play a key role when preparing for regulatory changes.

Non-life Insurance

- Earnings before tax improved to EUR 99 million (54). Earnings before tax at fair value were EUR 35 million (161).
- Insurance premium revenue increased by 10% (8) and claims incurred by 11% (7).
- The balance on technical account was good. Operating combined ratio was 89.2% (92.6) and operating expense ratio 19.5% (23.1).
- Return on investments at fair value was 0.4% (5,5).
- The number of loyal customer households grew in the report period by 13,900 (23,800).

Non-life Insurance: key figures and ratios

€ million	Q1-Q2/2013	Q1-Q2/2012	Change, %	2012
Insurance premium revenue	606	549	10.4	1,126
Insurance claims and benefits	383	344	11.3	759
Net investment income	77	52	47.9	115
Unwinding of discount and other items included in net income	-21	-23	6.6	-45
Net income from Non-life Insurance	**279**	**234**	**19.0**	**438**
Other net income	2	9	-79.4	20
Personnel costs	56	72	-21.6	135
Other expenses	126	117	6.9	231
Earnings before tax	**99**	**54**	**81.7**	**92**
Gross change in fair value reserve	-63	106		191
Earnings/loss before tax at fair value	**35**	**161**	**-78.0**	**283**
Insurance premium revenue				
Private Customers	304	273	11.4	566
Corporate and institutional customers	277	253	9.2	513
Baltic States	25	22	11.9	46
Total insurance premium revenue	**606**	**549**	**10.4**	**1,126**
Key ratios				
Return on investments at fair value*, %	0.4	5.5		10.8
Operating combined ratio*, %	89.2	92.6	-3.4	90.5
Operating expense ratio*, %	19.5	23.1	-3.6	21.5
Operating loss ratio*, %	69.7	69.5	0.2	69.0

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

Insurance premiums continued to increase strongly in all customer segments. Sales of policies to private and corporate customers increased by 4% over the previous year.

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 Finland's largest non-life insurer. This figure is expected to have risen further during the reporting period.

The June-end number of loyal customer households totalled 583,900 (547,200), of which already 70% (67) also use OP-Pohjola Group cooperative banks as their main bank. OP-Pohjola Group 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 878,000 insurance bills (799,000) with 122,000 (122,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 43 million (39). The number of loyal customer households increased by 13,900 (23,800) from its 2012-end level.

Earnings and risk exposure

The balance on technical account was better than a year ago. The operating combined ratio was 89.2%, an improvement on 92.6% a year ago. The balance on technical account improved as a result of a strong increase in insurance premium revenue and a decrease in operating expenses. Profitability improved the most in the private customer segment.

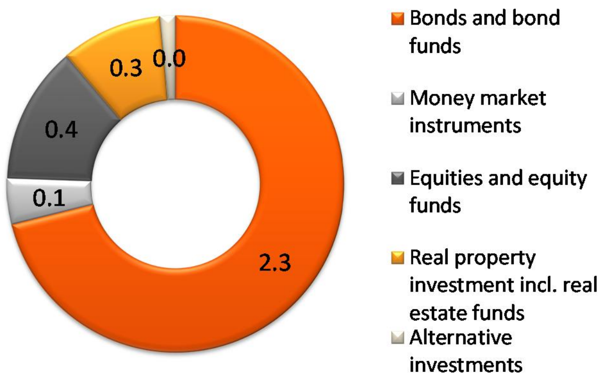
Claims incurred at a slightly higher rate than insurance premium revenue. Excluding changes in reservations for claims for prior years, claims incurred increased by 7%, i.e. they increased at a lower rate than premium revenue. Claims incurred arising from new large claims were higher than a year ago. The reported number of large or medium-sized claims (in excess of EUR 0.3 million) came to 75 (54) in January–June, with their claims incurred retained for own account totalling EUR 50 million (42). The risk ratio excluding indirect loss adjustment expenses was 63.6% (62.7).

Operating expenses decreased by 7% and the operating expense ratio improved to 19.5% (23.1). The efficiency-enhancing programme launched last year decreased costs, which along with strong growth in income increased efficiency. The operating cost ratio (incl. indirect loss adjustment expenses) was 25.6% (29.8).

Because of the unfavourable interest rate environment, investment income was lower than the year before. Return on investments at fair value was 0.4% (5.5). Net investment income entered under earnings was EUR 77 million (52). Capital gains of EUR 32 million (5) added to investment income. Impairment losses recognised in the income statement totalled EUR 5 million (7). Net investment income at fair value was EUR 14 million (158).

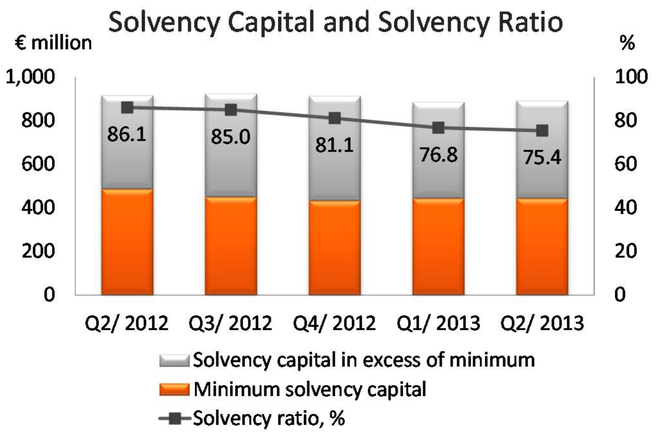
On 30 June, the investment portfolio totalled EUR 3,182 million (3,149). The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category represented 91% (92) and 73% of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 3.9 years (4.2) and the duration 3.4 years (4.2).

Investment assets €3.2 billion, 30 June 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. No significant changes took place in the risk exposure of Non-life Insurance.

Non-life Insurance’s solvency capital totalled EUR 893 million (914) on 30 June. The ratio between solvency capital and insurance premium revenue (solvency ratio) was 75% (81). The equalisation provision fell to EUR 269 million (273).



Wealth Management

- Earnings before tax in the report period increased to EUR 77 million (34); earnings before tax at fair value were EUR 12 million (151).
- Return on investments by Life Insurance at fair value was 1.2% (4.7).
- The amount of wealth managed by OP-Pohjola Group was EUR 47.9 billion (45.1) on 30 June.
- The market share of OP-Pohjola Group's mutual funds improved from 1 January to 30 June by 1.3 percentage points to 19.3%.
- Unit-linked insurance savings increased in the year to June by 58%, and the share of unit-linked insurance savings increased to 64% of savings.

Wealth Management: key figures and ratios

€ million	Q1-Q2/2013	Q1-Q2/2012	Change, %	2012
Life Insurance's net interest and risk result	47	11		19
Net commissions and fees				
Fund and asset management	51	46	11.3	99
Life insurance	64	42	53.2	98
Expenses	-19	-12	-58.2	-25
Total net commissions and fees	96	76	26.8	172
Other income	16	15	5.8	45
Personnel costs	13	16	-17.8	32
Other expenses	69	52	32.3	104
Earnings before tax	**77**	**34**	**124.9**	**101**
Gross change in fair value reserve	-65	116		214
Earnings/loss before tax at fair value	**12**	**151**	**-92.4**	**315**
€ billion	**30 Jun 2013**	**30 Jun 2012**	**Change, %**	**31 Dec 2012**
Insurance savings	8.9	6.9	28.1	8.6
Assets under management (gross)				
Mutual funds	13.2	10.9	20.6	11.9
Institutional customers	20.0	18.8	6.3	19.5
Private Banking	9.1	7.1	28.2	8.3
Unit-linked insurance savings	5.7	3.6	58.3	5.3
Total assets under management (gross)	**47.9**	**40.4**	**18.6**	**45.1**
Market share, %				
Insurance savings	24.9 *)	21.0	3.8	25.0
Unit-linked insurance savings	30.9 *)	24.3	6.6	31.8
Mutual fund assets	19.3	18.3	1.0	18.0

*) Status in March 2013

The amount of wealth managed by OP-Pohjola Group was EUR 47.9 billion (45.1). Of this amount, assets managed by Private Banking was EUR 9.1 billion (8.3). OP-Pohjola Group companies accounted for EUR 11.4 billion of the managed wealth.

Life Insurance has the strategic goal of increasing unit-linked insurance savings and indeed increased them between 1 January and 30 June by 6% to EUR 5.7 billion and by 58% in the year to June. The share of unit-linked insurance savings of all insurance savings increased to 64.0% (61.9).

Assets of the mutual funds managed by OP-Pohjola Group totalled EUR 13.2 billion (11.9), increasing by 10.1% in the report period. Net asset inflows to OP-Pohjola Group's mutual funds totalled EUR 1.3 billion (-1.0).

Earnings and risk exposure

Earnings before tax rose to EUR 77 million year on year (34). Earnings after a change in the fair value reserve was EUR 12 million (151).

Net commissions and fees increased by 27% to EUR 96 million (76). Aurum Investment Insurance Ltd accounted for 19 percentage points of this increase. Investment income without the valuation of derivatives that hedge the interest rate risk of insurance liabilities totalled EUR 114 million (94).

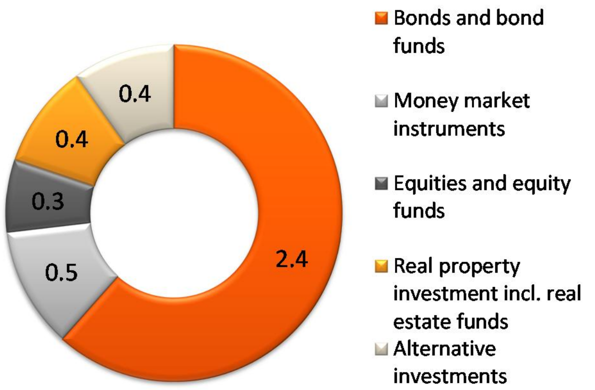
In order to prepare for a situation in which interest rates remain low, supplementary technical interest rate provisions worth EUR 20 million (0) were made to insurance liabilities through profit and loss as a result of which the discount rate for the following 12 months will be less than 2.5%.

Reported expenses increased by EUR 14 million year on year. Almost half of this growth can be attributed to information systems and to amortisation related to the acquisition of Aurum Investment Insurance Ltd. Personnel costs decreased by EUR 3 million. Life Insurance's cost ratio, which includes all income to cover operating expenses and in which sales channel fees are excluded, was 33.3% (37.7).

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 1.2% (4.7).

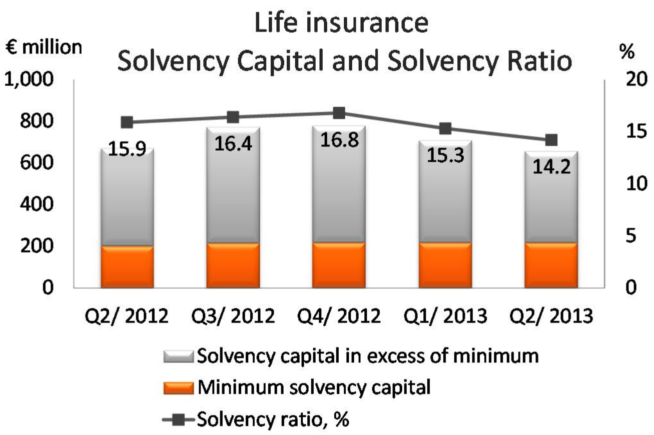
Life insurance investment assets, excluding assets covering unit-linked insurance, amounted to EUR 3.9 billion (4.2), and were divided as follows:

Life Insurance's investment assets
€3.9 billion, 30 June 2013



Investments under the 'investment-grade' accounted for 90% (90) of the fixed-income portfolio. The portfolio's modified duration was 3.1 (3.2) on 30 June.

Life Insurance's solvency margin was EUR 658 million, which was three times the required minimum. The solvency ratio, or the ratio of solvency capital to weighted insurance liabilities, was 14.2% (16.8).



Other Operations

Other Operations: key figures and ratios

€ million	Q1-Q2/2013	Q1-Q2/2012	Change, %	2012
Net interest income	9	19	-53.2	24
Net trading income	-6	6		1
Net investment income	32	-1		7
Other income	224	204	9.5	409
Expenses	235	221	6.2	451
Impairment loss on receivables	1	2	-45.0	3
Earnings before tax	**22**	**5**		**-13**
€ billion	**30 Jun 2013**	**30 Jun 2012**	**Change, %**	**31 Dec 2012**
Receivables from credit institutions	9.1	8.0	13.0	8.5
Financial assets held for trading	-0.1	-0.1	50.0	-0.1
Investment assets	7.4	7.5	-1.9	6.5
Liabilities to credit institutions	4.6	5.6	-18.4	4.9
Debt securities issued to the public	16.2	15.2	6.4	14.4

Earnings before tax were EUR 22 million (5) in the report period.

Net interest income decreased to EUR 9 million (19) because of structural changes made to the liquidity buffer within the last 12 months. Net investment income increased to EUR 32 million (-1). Capital gains in the report period improved net investment income by EUR 13 million. Return on investment was eroded a year ago by capital losses of EUR 9 million related to notes and bonds. Dividend income totalled EUR 17 million (5) 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 97 million (77) were personnel costs and EUR 63 million (61) ICT costs.

Changes in OP-Pohjola Group's structure

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

Keikyän Osuuspankki has decided to merge into Satakunnan Osuuspankki, planned to be realised on 30 September 2013.

Uukuniemen Osuuspankki has decided to merge into Kesälahden Osuuspankki, planned to be realised on 30 September 2013.

Forssan Seudun Osuuspankki, Somerniemen Osuuspankki and Someron Osuuspankki have decided to merge into Salon Osuuspankki, which will change its name to Lounaismaan Osuuspankki. This merger is planned to be realised on 31 August 2013.

Ähtärin Osuuspankki has decided to merge into Etelä-Pohjanmaan Osuuspankki planned to be realised on 30 September 2013.

Ikaalisten Osuuspankki and Karvian Osuuspankki have decided to merge into Parkanon Osuuspankki, which will change its name to Satapirkan Osuuspankki, planned to be realised on 31 December 2013.

OP-Pohjola Group's fully owned hospital, Omasairaala Oy began operations at the beginning of 2013.

Personnel and remuneration

On 30 June, OP-Pohjola Group had 12,724 employees (13,290). The staff averaged 12,819 employees (13,411). This reduction in staff was primarily related to the efficiency-enhancing programme in OP-Pohjola Group Central Cooperative Consolidated. During the report period, 178 employees (168) retired at an average age of 61.7 years (61.5).

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 designed 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 in terms of shares and cash and 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 at the end of 2012 an Information and Consultation of Employees process related to the efficiency-enhancement programme of OP-Pohjola Group Central Cooperative Consolidated, resulting in personnel reductions of 561 employees 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 30 June 2013, annualised savings reach about EUR 77 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 Cooperative's development expenditure totalled EUR 62 million (54) in January–June. This includes licence fees, purchased services and the payroll costs of its staff. Development expenditure defined in this way in 2012 totalled EUR 121 million.

ICT procurement capitalised in the balance sheet totalled EUR 51 million (43) in the report period. Of the capital expenditure in the report period, EUR 39 million (29) was related to Banking, EUR 9 million (10) to Non-life Insurance and EUR 4 million (4) to Wealth Management.

OP-Pohjola Group income statement

EUR million	Note	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Interest income		1,240	1,735	-29	3,174
Interest expenses		805	1,206	-33	2,171
Net interest income before impairment losses	4	**435**	**529**	**-18**	**1,003**
Impairments of receivables	5	32	28	14	99
Net interest income after impairments		**403**	**501**	**-20**	**904**
Net income from Non-life Insurance operations	6	280	228	23	433
Net income from Life Insurance operations	7	107	48		108
Net commissions and fees	8	317	295	8	584
Net trading income	9	52	41	27	81
Net investment income	10	50	25	100	52
Other operating income	11	50	46	9	109
Personnel costs		395	397	-1	764
Other administrative expenses		177	192	-8	378
Other operating expenses		195	171	14	352
Returns to owner-members		96	96	-1	192
Share of associates' profits/losses		1	1	17	2
Earnings before tax for the period		**398**	**329**	**21**	**586**
Income tax expense		98	81	21	115
Profit for the period		**300**	**247**	**21**	**471**

Attributable to, EUR million				
Profit for the period attributable to owners	299	247	21	470
Profit for the period attributable to non-controlling interest	1	0		1
Total	**300**	**247**	**21**	**471**

OP-Pohjola Group statement of comprehensive income

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Profit for the period	**300**	**247**	**21**	**471**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-	28		-75
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-130	350		648
Cash flow hedge	-31	25		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	-	7		-18
Items that may be reclassified to profit or loss				
Measurement at fair value	-32	86		158
Cash flow hedge	-7	6		12
Total comprehensive income for the period	**178**	**552**	**-68**	**942**

Attributable to, EUR million				
Profit for the period attributable to owners	178	551	-68	941
Profit for the period attributable to non-controlling interest	1	0		1
Total	**178**	**552**	**-68**	**942**

OP-Pohjola Group balance sheet

EUR million	Liite	30 June 2013	30 June 2012	Change, %	2012
Cash and cash equivalents		3,767	4,914	-23	5,784
Receivables from credit institutions		794	1,090	-27	840
Financial assets at fair value through profit or loss		395	347	14	358
Derivative contracts		3,646	4,004	-9	4,436
Receivables from customers		67,551	63,128	7	65,161
Non-life Insurance assets	14	3,623	3,593	1	3,492
Life Insurance assets	15	9,201	6,931	33	9,173
Investment assets		7,468	7,383	1	6,596
Investments in associates		42	39	9	39
Intangible assets		1,336	1,177	13	1,320
Property, plant and equipment (PPE)		714	728	-2	710
Other assets		1,822	2,048	-11	1,745
Tax assets		103	101	2	115
Total assets		**100,461**	**95,483**	**5**	**99,769**
Liabilities to credit institutions		1,423	1,707	-17	1,965
Financial liabilities at fair value through profit or loss		4	13	-66	3
Derivative contracts		3,385	3,889	-13	4,162
Liabilities to customers		49,745	47,593	5	49,650
Non-life Insurance liabilities	16	2,935	2,810	4	2,592
Life Insurance liabilities	17	9,212	7,229	27	8,970
Debt securities issued to the public	18	20,969	19,437	8	19,270
Provisions and other liabilities		3,013	3,105	-3	3,297
Tax liabilities		945	907	4	990
Cooperative capital		643	644	0	622
Subordinated liabilities		943	1,402	-33	1,114
Total liabilities		**93,216**	**88,737**	**5**	**92,635**
Equity capital					
Share of OP-Pohjola Group's owners					
Share and cooperative capital		338	334	1	336
Fair value reserve	19	218	95		339
Other reserves		2,729	2,682	2	2,683
Retained earnings		3,934	3,613	9	3,752
Non-controlling interests		25	22		24
Total equity capital		**7,244**	**6,746**	**7**	**7,134**
Total liabilities and equity capital		**100,461**	**95,483**	**5**	**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	2	-	-	-	-	-	**2**
Transfer of reserves	-	-	-	61	-61	-	-
Profit distribution	-	-	-	-	-61	-	**-61**
Total comprehensive income for the period	-	264	19	-	268	-	**552**
Share-based payments	-	-	-	-	0		**0**
Other	0	-	-	1	-7	19	**12**
Balance at 30 June 2012	**334**	**66**	**29**	**2,682**	**3,613**	**22**	**6,746**

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 capital	2	-	-	-	-	-	**2**
Transfer of reserves	-	-	-	37	-37	-	-
Profit distribution	-	-	-	-	-69	-	**-69**
Total comprehensive income for the period	-	-98	-23	-	299	1	**178**
Share-based payments	-	-	-	-	-1	-	**-1**
Other	0	-	-	10	-10	-1	**-1**
Balance at 30 June 2013	**338**	**193**	**25**	**2,729**	**3,934**	**25**	**7,244**

Cash flow statement

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012
Cash flow from operating activities		
Profit for the period	300	247
Adjustments to profit for the period	528	551
Increase (-) or decrease (+) in operating assets	**-4,092**	**-1,807**
Receivables from credit institutions	93	90
Financial assets at fair value through profit or loss	-152	160
Derivative contracts	10	4
Receivables from customers	-2,459	-2,806
Non-life Insurance assets	-218	-574
Life Insurance assets	-10	248
Investment assets	-1,249	1,213
Other assets	-108	-143
Increase (+) or decrease (-) in operating liabilities	**-527**	**1,903**
Liabilities to credit institutions	-525	-91
Financial liabilities at fair value through profit or loss	1	12
Derivative contracts	1	-2
Liabilities to customers	95	1,619
Non-life Insurance liabilities	122	136
Life Insurance liabilities	165	59
Provisions and other liabilities	-386	169
Income tax paid	-96	-48
Dividends received	71	76
A. Net cash from operating activities	**-3,816**	**922**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-1	-50
Decreases in held-to-maturity financial assets	84	241
Acquisition of subsidiaries, net of cash acquired	-5	-1
Disposal of subsidiaries, net of cash disposed	0	0
Purchase of PPE and intangible assets	-63	-120
Proceeds from sale of PPE and intangible assets	3	1
B. Net cash used in investing activities	**18**	**71**
Cash flow from financing activities		
Increases in subordinated liabilities	-	489
Decreases in subordinated liabilities	-158	-29
Increases in debt securities issued to the public	13,111	14,604
Decreases in debt securities issued to the public	-11,067	-15,393
Increases in cooperative and share capital	85	109
Decreases in cooperative and share capital	-63	-88
Dividends paid and interest on cooperative capital	-81	-78
Returns to owner-members	-	-
Holdings in Pohjola Bank plc purchased from non-controlling interests	-	-
Other	-	-
C. Net cash from financing activities	**1,827**	**-385**
Net change in cash and cash equivalents (A+B+C)	**-1,971**	**608**
Cash and cash equivalents at period-start	**5,872**	**4,465**
Cash and cash equivalents at period-end	**3,901**	**5,073**
Interest received	**1,258**	**1,735**
Interest paid	**-904**	**-1,206**
Cash and cash equivalents		
Liquid assets	3,780	4,921
Receivables from credit institutions payable on demand	121	152
Total	**3,901**	**5,073**

Note 1. Accounting policies

The Interim Report for 1 January–30 June 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-Q2/ 2012			
Personnel costs	389	397	8
Income tax expense	83	81	-2
Statement of comprehensive income Q1-Q2/2012			
Gains/(losses) arising from remeasurement of defined benefit plans	20	28	8
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	5	7	2

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-Q2/ 2013	Q1-Q2/ 2012	2012
Return on equity, %	8.4	7.7	7.0
Return on equity at fair value, %	5.0	17.1	14.1
Return on assets, %	0.60	0.53	0.49
Cost/income ratio, %	59	63	63
Average personnel	12,819	13,422	13,411
Full-time	11,859	12,703	12,393
Part-time	960	739	1,018

Return on equity (ROE), %	Total comprehensive income for the period	Shareholders' equity (average of the beginning and end of the period)	x 100
Return on equity at fair value, %	Profit for the period + change in fair value reserve less deferred tax liability	Shareholders' equity (average of the beginning and end of the period)	x 100
Return on assets (ROA), %	Profit for the period	Balance sheet total (average of the beginning and end of the period)	x 100
Cost/income ratio, %	(Personnel costs + other administrative expenses + other operating expenses)	(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)	x 100
Return on economic capital, %	Earnings + customer bonuses after tax (value rolling 12 month)	Average economic capital	x 100
Exposures individually assessed for impairment, % of doubtful receivables	Impairment loss on receivables assessed individually in balance sheet	Doubtful receivables	x 100
Operating loss ratio	Claims incurred excl. Change in technical interest	Insurance premium revenue excl. Change in technical interest (net)	x 100
Operating expense ratio	Operating expenses	Insurance premium revenue excl. Change in technical interest (net)	x 100
Operating combined ratio, %	Operating loss ratio + operating expense ratio		
Risk ratio (excl. unwinding of discount), %	Claims excl. loss adjustment expenses	Net insurance premium revenue	x 100
Cost ratio, %	Operating expenses and loss adjustment expenses	Net insurance premium revenue	x 100
Operating cost ratio, %	Operating expenses before change in deferred acquisitions costs + loss adjustment expenses	Expense loading x 100	x 100
Solvency ratio, %	Solvency capital	Insurance premium revenue	x 100

Note 3. OP-Pohjola Group quarterly performance

EUR million	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Interest income	836	764	674	615	625
Interest expenses	582	521	444	401	405
Net interest income	**255**	**243**	**231**	**214**	**221**
Impairments of receivables	17	19	51	9	23
Net interest income after impairments	**237**	**224**	**179**	**205**	**197**
Net income from Non-life Insurance operation	129	105	99	143	137
Net income from Life Insurance operations	16	27	33	70	37
Net commissions and fees	141	134	156	163	154
Net trading income	3	18	22	29	23
Net investment income	10	1	26	25	25
Other operating income	21	39	23	27	23
Personnel costs	194	188	180	201	194
Other administrative expenses	99	82	104	83	94
Other operating expenses	84	81	100	98	98
Returns to owner-members	52	46	50	48	48
Share of associates' profits/losses	1	1	0	0	1
Earnings before tax for the period	**130**	**153**	**104**	**234**	**164**
Income tax expense	34	32	1	60	38
Profit for the period	**96**	**120**	**103**	**174**	**126**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	-6	14	-116	-	-
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value	-23	166	132	-13	-116
Cash flow hedge	20	20	5	-11	-20
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	-1	3	-29	-	-
Items that may be reclassified to profit or loss					
Measurement at fair value	-6	40	32	-3	-28
Cash flow hedge	5	5	1	-3	-5
Total comprehensive income for the period	**89**	**271**	**119**	**155**	**23**

Note 4. Net interest income

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Loans and other receivables	621	819	-24	1,524
Receivables from credit institutions and central banks	6	12	-50	20
Notes and bonds	89	130	-32	232
Derivatives (net)				
Derivatives held for trading	19	42	-55	70
Derivatives under hedge accounting	38	16		49
Liabilities to credit institutions	-3	-5	-42	-9
Liabilities to customers	-146	-221	-34	-406
Debt securities issued to the public	-167	-233	-28	-415
Subordinated debt	-20	-28	-29	-58
Hybrid capital	-3	-4	-23	-8
Financial liabilities held for trading	0	0	70	0
Other (net)	0	1	-87	3
Net interest income before fair value adjustment under hedge accounting	**435**	**529**	**-18**	**1,002**
Hedging derivatives	-221	127		270
Value change of hedged items	221	-127		-269
Total net interest income	**435**	**529**	**-18**	**1,003**

Note 5. Impairments of receivables

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Receivables eliminated as loan or guarantee losses	22	48	-54	67
Receeoveries of eliminated receivables	-6	-7	8	-14
Increase in impairment losses on individually assessed receivables	49	38	29	108
Decrease in impairment losses on individually assessed receivables	-33	-48	31	-60
Collectively assessed impairment losses	0	-3		-2
Total	**32**	**28**	**14**	**99**

Note 6. Net income from Non-life Insurance

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Net insurance premium revenue				
Premiums written	867	786	10	1,215
Insurance premiums ceded to reinsurers	-48	-42	-15	-49
Change in provision for unearned premiums	-234	-210	-12	-32
Reinsurers' share	21	14	44	-7
Total	**606**	**549**	**10**	**1,126**
Net Non-life Insurance claims				
Claims paid	391	406	-4	786
Insurance claims recovered from reinsurers	-17	-31	45	-61
Change in provision for unpaid claims	14	-46		6
Reinsurers' share	-5	16		28
Total	**383**	**344**	**11**	**759**
Net investment income, Non-life Insurance				
Interest income	29	31	-7	60
Dividend income	17	21	-20	29
Property	3	3	0	1
Capital gains and losses				
Notes and bonds	16	14	12	27
Shares and participations	17	-9		14
Loans and receivables	-	-2		-2
Property	0	0		0
Derivatives	2	-4		-11
Fair value gains and losses				
Notes and bonds	0	-2	93	0
Shares and participations	-5	-4	-2	-11
Loans and receivables	0	0		0
Property	0	0	-18	3
Derivatives	0	-1	87	-2
Other	1	1	12	2
Total	**79**	**46**	**69**	**110**
Unwinding of discount	-22	-23	5	-44
Other	0	0		0
Net income from Non-life Insurance	**280**	**228**	**23**	**433**

Note 7. Net income from Life Insurance

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Premiums written	578	385	50	848
Reinsurers' share	-13	-13	5	-27
Total	**565**	**371**	**52**	**821**
Claims incurred				
Benefits paid	-424	-323	-31	-644
Change in provision for unpaid claims	2	-1		-42
Reinsurers' share	5	6	-24	11
Change in insurance contract liabilities				
Change in life insurance provision	-80	-243	67	-619
Reinsurers' share	0	5		6
Total	**-497**	**-556**	**11**	**-1,289**
Other	-55	-6		-58
Total	**13**	**-190**		**-527**
Net investment income, Life Insurance				
Interest income	25	22	16	52
Dividend income	30	43	-29	61
Property	3	3	0	-3
Capital gains and losses				
Notes and bonds	6	0		3
Shares and participations	49	12		36
Loans and receivables	6	0		0
Property	2	0		-1
Derivatives	1	-17		-17
Fair value gains and losses				
Notes and bonds	0	2	-85	4
Shares and participations	-16	-6		-31
Loans and receivables	-1	0		-1
Property	5	0		2
Derivatives	-68	50		129
Other	0	2		3
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	57	31	82	70
Fair value gains and losses	-23	87		303
Other	17	11	60	24
Total	**94**	**239**	**-61**	**635**
Net income from Non-life Insurance	**107**	**48**		**108**

Note 8. Net commissions and fees

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Commission income				
Lending	99	90	11	176
Deposits	3	3	12	5
Payment transfers	99	84	18	175
Securities brokerage	11	12	-8	21
Securities issuance	7	7	-4	15
Mutual funds brokerage	44	35	26	74
Asset management and legal services	36	34	7	70
Insurance brokerage	34	34	-2	54
Guarantees	11	11	-7	22
Other	22	20	12	44
Total	**366**	**329**	**11**	**656**
Commission expenses	49	35	41	72
Net commissions and fees	**317**	**295**	**8**	**584**

Note 9. Net trading income

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Capital gains and losses				
Notes and bonds	4	9	-56	13
Shares and participations	3	0		1
Derivatives	31	11		-20
Changes in fair value				
Notes and bonds	-3	1		2
Shares and participations	-3	1		6
Derivatives	7	13	-48	63
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	-	-		-
Dividend income	1	1	3	1
Net income from foreign exchange operations	12	4		14
Total	**52**	**41**	**27**	**81**

Note 10. Net investment income

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	14	-5		17
Shares and participations	1	4	-67	8
Dividend income	22	10		24
Impairment losses	-1	-4	-85	-11
Carried at amortised cost				
Capital gains and losses	1	4	-86	-12
Total	**38**	**10**		**26**
Investment property				
Rental income	20	20	2	38
Maintenance charges and expenses	-15	-15	-2	-28
Changes in fair value, capital gains and losses	7	10	-32	15
Other	0	0	4	1
Total	**12**	**15**	**-21**	**26**
Other	-	-		-
Net investment income	**50**	**25**	**100**	**52**

Note 11. Other operating income

EUR million	Q1-Q2/ 2013	Q1-Q2/ 2012	Change, %	2012
Income from property and business premises in own use	8	8	5	16
Rental income from assets rented under operating lease	4	5	-17	10
Other	38	33	14	82
Total	**50**	**46**	**9**	**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	3,767	-	-	-	-	3,767
Receivables from credit institutions and central banks	794	-	-	-	-	794
Derivative contracts	-	-	3,107	-	539	3,646
Receivables from customers	67,551	-	-	-	-	67,551
Non-life Insurance assets**	738	-	122	2,763	-	3,623
Life Insurance assets***	222	-	5,956	3,023	-	9,201
Notes and bonds	-	319	304	6,401	-	7,023
Shares and participations	-	-	91	320	-	411
Other receivables	4,017	-	428	-	-	4,445
Total 30 June 2013	**77,088**	**319**	**10,009**	**12,507**	**539**	**100,461**
Total 30 June 2012	**74,227**	**560**	**8,207**	**11,933**	**556**	**95,483**
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	-	-	-	1,423	-	1,423
Financial liabilities held for trading (excl. derivatives)	-	-	4	-	-	4
Derivative contracts	-	-	3,073	-	312	3,385
Liabilities to customers	-	-	-	49,745	-	49,745
Non-life Insurance liabilities****	-	-	1	2,934	-	2,935
Life Insurance liabilities*****	-	-	5,689	3,523	-	9,212
Debt securities issued to the public	-	-	-	20,969	-	20,969
Subordinated loans	-	-	-	943	-	943
Other liabilities	-	-	-	4,601	-	4,601
Total 30 June 2013	-	-	**8,768**	**84,137**	**312**	**93,216**
Total 30 June 2012	-	-	**6,994**	**81,289**	**454**	**88,737**
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 30 June, the fair value of these debt instruments was approximately EUR 471 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 30 June 2013, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	126	266	3	395
Non-life Insurance	-	13	7	19
Life Insurance	-	7	31	38
Derivative financial instruments				
Banking	20	3,598	28	3,646
Non-life Insurance	0	0	-	1
Life Insurance	-	76	-	76
Available-for-sale				
Banking	5,166	1,511	44	6,721
Non-life Insurance	1,709	826	229	2,763
Life Insurance	1,681	851	490	3,023
Total	**8,703**	**7,147**	**831**	**16,682**

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	4,400	28	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**	**7,517**	**1,139**	**16,727**

Fair value of liabilities on 30 June 2013, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	-	4	-	4
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	30	3,270	85	3,385
Non-life Insurance	0	0	-	1
Life Insurance	-	3	-	3
Total	**30**	**3,278**	**85**	**3,394**

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 72 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	28	-	49	951	1,139
Total gains/losses in profit or loss	-16	0	-	-	-3	-11	-29
Total gains/losses in other comprehensive income	-	0	-	-	2	21	22
Purchases	-	1	-	-	0	31	32
Sales	-5	-50	-	-	-4	-208	-267
Issues	-	0	-	-	-	0	0
Settlements	-	0	-	-	0	0	0
Transfers into Level 3	-	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-65	-65
Closing balance 30 June 2013	**3**	**38**	**28**	**-**	**44**	**719**	**832**

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	-	-	0	-	0
Total gains/losses in other comprehensive income	-	-	-	-	-
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Issues	-	-	-	-	-
Settlements	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Closing balance 30 June 2013	-	-	85	-	85

Total gains/losses included in profit or loss by item for the financial year on 30 June 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	**-15**	**-3**	**-4**	**-7**	**22**	**-7**

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	30 June 2013	30 June 2012	Change, %	2012
Investments				
Loan and other receivables	129	124	4	104
Shares and participations	470	388	21	409
Property	103	100	2	112
Notes and bonds	1,965	1,904	3	1,960
Derivatives	1	1	-49	1
Other participations	347	487	-29	452
Total	**3,014**	**3,004**	**0**	**3,038**
Other assets				
Prepayments and accrued income	31	33	-6	41
Other				
Arising from direct insurance operations	397	355	12	290
Arising from reinsurance operations	137	145	-5	91
Cash in hand and at bank	12	7	66	10
Other receivables	33	49	-33	20
Total	**609**	**589**	**3**	**454**
Non-life Insurance assets	**3,623**	**3,593**	**1**	**3,492**

Note 15. Life Insurance assets

EUR million	30 June 2013	30 June 2012	Change, %	2012
Investments				
Loan and other receivables	95	179	-47	168
Shares and participations	1,409	1,939	-27	1,702
Property	147	158	-7	156
Notes and bonds	1,652	876	88	1,506
Derivatives	76	66	14	130
Total	**3,378**	**3,218**	**5**	**3,663**
Assets covering unit-linked insurance contracts				
Shares, participations and other investments	5,695	3,601	58	5,373
Other assets				
Prepayments and accrued income	42	30	40	44
Other				
Arising from direct insurance operations	6	4	42	12
Arising from reinsurance operations	77	76	1	77
Cash in hand and at bank	2	0		3
Total	**128**	**111**	**15**	**137**
Life Insurance assets	**9,201**	**6,931**	**33**	**9,173**

Note 16. Non-life Insurance liabilities

EUR million	30 June 2013	30 June 2012	Change, %	2012
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,223	1,157	6	1,205
Other provision for unpaid claims	805	763	6	788
Total	2,028	1,920	6	1,993
Provisions for unearned premiums	689	632	9	455
Other liabilities	217	259	-16	144
Total	**2,935**	**2,810**	**4**	**2,592**

Note 17. Life Insurance liabilities

EUR million	30 June 2013	30 June 2012	Change, %	2012
Liabilities for unit-linked insurance	4,554	3,539	29	4,288
Investment contracts	1,131	60		1,082
Insurance contract liabilities	3,436	3,559	-3	3,578
Other liabilities	90	71	27	21
Total	**9,212**	**7,229**	**27**	**8,970**

Insurance liabilities include EUR 94 (163) million in a change in the fair value of secured interest rate swaps.

Note 18. Debt securities issued to the public

EUR million	30 June 2013	30 June 2012	Change, %	2012
Bonds	13,827	12,833	8	13,612
Certificates of deposit, commercial papers and ECPs	7,001	6,305	11	5,514
Other	141	300	-53	144
Total	**20,969**	**19,437**	**8**	**19,270**

Note 19. Fair value reserve after income tax

EUR million	30 June 2013	30 June 2012	Change, %	2012
Notes and bonds	38	-38		85
Shares and participations	155	104	49	207
Other	25	29	-14	48
Total	**218**	**95**		**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 288 million (449) and the related deferred tax liability amounted to EUR 70 million (110). On 30 June, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 225 million (260) million and negative mark-to-market valuations EUR 38 million (21).

Note 20. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	30 June 2013	2012
Receivables from credit institutions and customers (gross)	68,774	66,416
Total impairment loss, of which	430	413
Individually assessed	370	355
Collectively assessed	59	58
Receivables from credit institutions and customers (net)	**68,345**	**66,003**

Doubtful receivables 30 June 2013, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Non-performing	476	154	323
Zero-interest	11	8	3
Underpriced	148	1	147
Other	315	208	107
Total	**951**	**370**	**581**

Doubtful receivables 31 Dec 2012, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Non-performing	456	149	307
Zero-interest	12	8	4
Underpriced	130	1	129
Other	305	197	108
Total	**903**	**355**	**549**

Key ratio, %	30 June 2013	2012
Exposures individually assessed for impairment, % of doubtful receivables	39.0 %	39.3 %

Doubtful receivables include non-performing, zero-interest and under-priced receivables as well as other doubtful receivables. Interest on or principal of non-performing receivables has been due for payment and outstanding for three months. Zero-interest receivables have been agreed to carry zero interest for the purpose of securing customer payment capacity. Under-priced receivables have been priced below market prices to secure customer payment capacity. Other doubtful receivables include those that are subject to impairment but cannot be classified under any of the above categories, and overdrafts.

Note 21. Capital structure and capital adequacy

Capital structure and capital adequacy, EUR million	30 June 2013	30 June 2012	Change, %	2012
Tier 1 capital				
OP-Pohjola Group's equity capital	7,244	6,746	7	7,134
The effect of insurance companies on the Group's shareholders' equity is excluded (incl. OVY's technical provisions)	-92	-43		-160
Fair value reserve, transfer to Tier 2	-57	27		-82
Supplementary cooperative capital not included in equity capital	585	580	1	620
Core Tier 1 capital before deductions and hybrid capital	7,681	7,310	5	7,513
Intangible assets	-400	-356	13	-372
Excess funding of pension liability and fair value measurement of investment property and deferred tax assets on previous losses	-95	-142	-33	-100
Planned profit distribution / profit distribution as proposed by the Board	-45	-36	25	-68
Investments in insurance companies and financial institutions	-1,154	-1,157	0	-1,210
Shortfall of impairments – expected losses	-235	-250	-6	-249
Shortfall of other Tier 1 capital	-265	-		-163
Core Tier 1 capital	**5,487**	**5,368**	**2**	**5,352**
Hybrid capital	202	221	-9	201
Shortfall of Tier 2 capital	-467	-96		-364
Transfer to Core Tier 1 capital	265	-		163
Tier 1 capital	**5,487**	**5,493**	**0**	**5,352**
Tier 2 capital				
Fair value reserve (excl. cash flow hedge valuation)	32	-55		34
Perpetual bonds	0	282	-100	0
OVY's equalisation provision	221	218	1	218
Debenture loans	669	867	-23	842
Investments in insurance companies and financial institutions	-1,154	-1,157	0	-1,210
Shortfall of impairments – expected losses	-235	-250	-6	-249
Transfer to Tier 1 capital	467	96		364
Tier 2 capital	**0**	**0**		**0**
Total capital base	**5,487**	**5,493**	**0**	**5,352**

Risk-weighted assets				
Credit and counterparty risk	33,713	32,733	3	32,575
Central government and central banks exposure	39	31	25	46
Credit institution exposure	1,060	1,282	-17	1,208
Corporate exposure	20,944	19,930	5	19,870
Retail exposure	8,468	8,201	3	8,298
Other	3,202	3,290	-3	3,153
Market risk	785	767	2	723
Operational risk	3,165	2,954	7	2,954
Other	2,352	-		1,841
Total	**40,015**	**36,454**	**10**	**38,093**
Risk-weighted assets, excl. transition provisions	**37,663**	**36,454**	**3**	**36,252**
Minimum capital requirement				
Credit and counterparty risk	2,697	2,619	3	2,606
Market risk	63	61	2	58
Operational risk	253	236	7	236
Other	188	-		147
Total	**3,201**	**2,916**	**10**	**3,047**
Minimum capital requirement, excl. transition provisions	**3,013**	**2,916**	**3**	**2,900**

Ratios, %	**30 June 2013**	**30 June 2012**	**Change, percentage point**	**2012**
Ratios under transition provisions				
Capital adequacy ratio	13.7	15.1	-1.4	14.1
Tier 1 capital ratio	13.7	15.1	-1.4	14.1
Core Tier 1 capital ratio	13.7	14.7	-1.0	14.1
Ratios excl. transition provisions				
Capital adequacy ratio	14.6	15.1	-0.5	14.8
Tier 1 capital ratio	14.6	15.1	-0.5	14.8
Core Tier 1 capital ratio	14.6	14.7	-0.2	14.8

Capital base*, EUR million	**30 June 2013**	**30 June 2012**	**Change, %**	**2012**
Capital base under transition provisions	2,286	2,577	-11	2,305
Capital base excl. transition provisions	2,474	2,577	-4	2,452

*Capital base above minimum capital requirement

Note 22. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	30 June 2013	30 June 2012	Change, %	2012
OP-Pohjola Group's equity capital	7,244	6,746	7	7,134
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds	1,467	2,024	-28	1,676
Other sector-specific items excluded from capital base	-2	-3	-28	-1
Goodwill and intangible assets	-1,294	-1,126	15	-1,272
Equalisation provisions	-209	-255	-18	-212
Proposed profit distribution	-45	-36	25	-68
Items under IFRS deducted from capital base*	-120	-199	-40	-179
Shortfall of impairments – expected losses	-469	-501	-6	-498
Conglomerate's capital base, total	**6,572**	**6,650**	**-1**	**6,581**
Regulatory capital requirement for credit institutions**	3,201	2,916	10	3,047
Regulatory capital requirement for insurance operations***	436	398	9	421
Conglomerate's total minimum capital requirement	**3,637**	**3,315**	**10**	**3,468**
Conglomerate's capital adequacy	**2,935**	**3,335**	**-12**	**3,112**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**1.81**	**2.01**	**-10**	**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 23. Collateral given

EUR million	30 June 2013	30 June 2012	Change, %	2012
Given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	4,428	5,656	-22	4,633
Other	401	531	-24	583
Total	**4,830**	**6,188**	**-22**	**5,218**

Note 24. Off-balance-sheet items

EUR million	30 June 2013	30 June 2012	Change, %	2012
Guarantees	1,067	1,122	-5	948
Other guarantee liabilities	1,843	2,022	-9	1,688
Pledges	4	3	26	3
Loan commitments	10,860	10,953	-1	10,855
Commitments related to short-term trade transactions	337	21		455
Other	449	576	-22	479
Total off-balance-sheet items	**14,560**	**14,697**	**-1**	**14,428**

Note 25. Derivative contracts

	Nominal values / remaining term to maturity				Fair values*	
30 June 2013, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	47,053	90,802	40,690	178,545	3,386	2,818
cleared by the central counterparty	50	2,944	2,441	5,435	46	31
Currency derivatives	19,338	2,463	1,141	22,942	324	414
Equity and index-linked derivatives	277	722	-	998	44	-
Credit derivatives	29	130	-	159	8	1
Other derivatives	286	576	156	1,018	57	56
Total derivatives	**67,033**	**94,693**	**41,987**	**198,277**	**3,818**	**3,289**

	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	42,348	77,038	37,815	157,202	4,356	3,715
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	244	561	78	883	36	37
Total derivatives	**62,876**	**81,256**	**38,416**	**182,548**	**4,746**	**4,093**

*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 26. 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 31 July 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 Q1−3/2013	30 October 2013

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Executive Board

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