OP-Pohjola Group's Interim Report 1 January–30 June 2011

Q2

OP-Pohjola

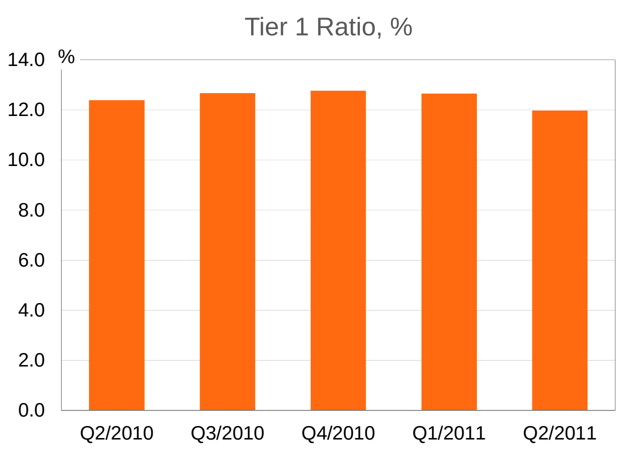
Good Progress for OP-Pohjola Group: earnings before tax grew by 36%

- The Group's pre-tax earnings improved by 36% to EUR 362 million (266) – each business segment improved its performance.
- Income improved by 12% year on year. Net interest income came to 9% and Other income to 14%. Expenses increased by 7%.
- Impairment losses on receivables shrank by 29% year on year, amounting to 0.18% of the loan and guarantee portfolio.
- Business continued to increase at a good rate. Growth was particularly brisk in deposits, corporate loans and Non-life Insurance premium revenue.
- Good progress was made in the strategic focus areas, that is, integration of banking and non-life insurance operations, and the corporate business. OP-Pohjola Group's joint banking and insurance customers increased in the report period by 45,000 and the corporate loan portfolio by 6%.
- OP-Pohjola Group's capital adequacy is very strong. According to the forward-looking stress tests conducted by the European Banking Authority, the Group's banking capital adequacy is one of the best in Europe.
- The Group's performance for 2011 is expected to be better than in 2010. For the outlook in full, see 'Outlook towards the year end' below.

OP-Pohjola Group's key indicators

	Q1–Q2/2011	Q1–Q2/2010	Change, %	2010
Earnings before tax, € million	362	266	36.4	575
Banking	226	163	38,5	367
Non-life Insurance	68	42	61.1	83
Life Insurance	52	20		43
Returns to owner-members and OP bonus customers	89	81	9.7	163
	30 Jun 2011	**30 Jun 2010**	**Change, %**	**31 Dec 2010**
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)	1.61	1.60	0.01*	1.70
Tier I ratio, %	12.0	12.4	-0.4*	12.8
Non-performing loan losses within loan and guarantee portfolio, %	0.45	0.45	0.00*	0.34
Joint banking and insurance customers, 1,000	1,242	1,147	8.3	1,197

* Change in ratio



1) Pohjola Bank plc's share purchase and redemption of debenture loan reduced the capital adequacy ratio by a total of 0.9 percentage points.

Comments by Reijo Karhinen, Executive Chairman

OP-Pohjola Group's trademarks, long-termism and good earnings power, were the factors that helped us achieve high key figures in the first half in terms of earnings, capital adequacy and growth. Under the current conditions, our performance can be considered excellent.

Our earnings improved significantly and this was indeed the best six-month period since the record year in 2007 before the financial crisis. Our earnings improvement of over a third was boosted by solid income growth. I am particularly pleased with the higher rate of net interest income. Credit losses became smaller and smaller, which supports our prediction that the whole of 2011 will be better than 2010.

As a result of a major earnings increase, the growth rate of expenses intensified, too. We increased our development expenditure as soon as our earnings capacity normalised after the financial crisis. The establishing of a development unit in Oulu, which has been extremely positively received, serves as a good practical example. Our long-term strategic goal is to ensure that our expense growth does not exceed our income growth.

The forward-looking stress test results published in July again showed that our finances rest on a solid foundation. Being ranked for the second time running among the top ten banks in Europe means we have good reason to be pleased with ourselves. This achievement is even more significant at a time when the global financial market is overshadowed by a number of uncertainties and we are faced with major regulatory changes. We are a reliable player in the international funding market, which is reflected in the availability and price of our long-term funding. Ultimately it is our customers that benefit from this.

The growth of our business – in some areas quite dramatically – under the current market conditions is proof that our customers want to show their trust to a nationally strong, long-term player that is owned by the customers themselves. The significant increase in deposits and the steady growth of joint banking and non-life insurance customers rank as the obvious strategic high points of the report period.

In the summer of 2011, we have seen both in Europe and the US that politicians have a lot of power and that they at the same time shoulder the responsibility for creating stability in the financial sector. Poorly managed public finances combined with lack of discipline within the euro area and poor joint decision-making have knocked the euro area alarmingly off balance, and the road out of the debt crisis will be long and bumpy. We have to be prepared for new, difficult decisions and continued market instability.

However, OP-Pohjola Group's future looks positive. The recent stress test results show that we operate on a firm foundation even if the conditions are far from ideal.

OP-Pohjola Group's Interim Report for 1 January–30 June 2011

Contents

Operating environment

World economic growth slowed down somewhat in the second quarter of 2011 but was still relatively brisk on average. The growth was impeded by expensive oil, the repercussions of the natural catastrophe in Japan and the fast growth of emerging economies losing some of its momentum. The exacerbating debt problems in the US and the euro area have also weakened Finland's economic outlook considerably.

Growth in the US remained subdued in the first half, but the US economy is expected to recover in the second half. Growth in the euro area remained moderate. Emerging economies are still growing at a rapid rate, but some of the sharpness is gone owing to accelerating inflation, which has led many countries to tighten their economic policy.

The Finnish economy grew at a brisk rate in the first half of 2011, but the economic growth spurt seems to be over. Nevertheless, Finland is experiencing broad-based growth. Capital spending has gradually expanded from housing investment to other areas. Retail sales increased well in the spring and the consumer growth outlook is stable, although spending power is being eroded by higher inflation.

Short-term market rates increased in the first six month of 2011 after the European Central Bank began to raise the main refinancing rate. The rates are expected to go up further towards the end of the year.

Sovereign debt jitters have continued in the euro area. The ECB has continued its exceptional measures to secure market liquidity, as banks in the troubled countries are largely dependent on ECB funding.

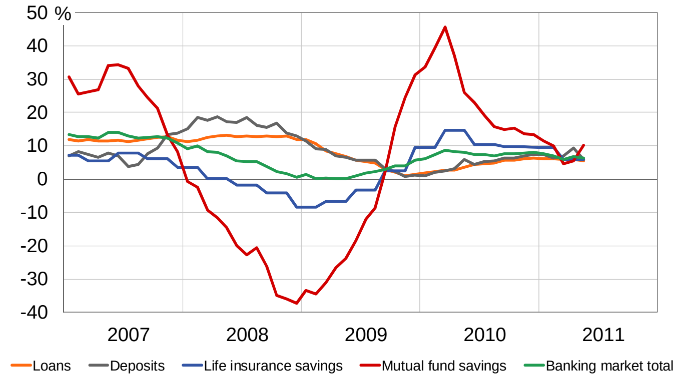
Slower growth of the world economy and the more critical situation in Greece affected money and capital market developments towards the end of the report period. During Q2, key share prices fell globally by almost 10% and in Finland by a bit more, about 13%.

In the first half, the loan portfolio in the financial sector continued to grow steadily at an annual average rate of around 6%. Consumer lending increased steadily despite rising short-term market rates, and the housing market was lively. A pickup in investments has not yet converted into growth in corporate loans, which has remained slightly slower than that in consumer loans.

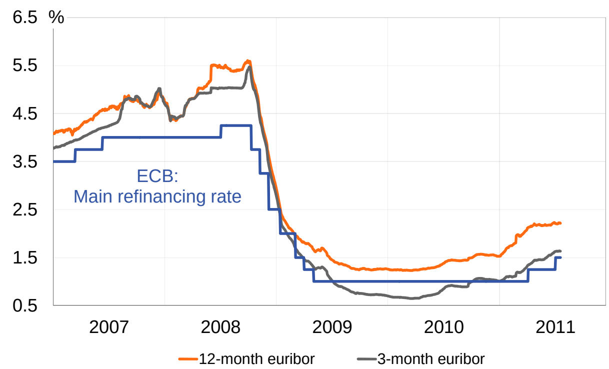
Growth in mutual fund and insurance savings levelled off in the industry as a result of weak capital market performance. Net asset inflows turned negative in the second quarter, and the sale of new life insurance policies in the first half of 2011 was lower than last year, whereas total deposits continued to grow at a relatively steady rate. An increase in money market rates sped up growth in term deposits, resulting in more moderate growth in current and payment transfer accounts.

Premiums written in Non-life Insurance increased in the industry at an annual rate of 5% in the first half of 2011. This growth is expected to remain above average in the second half of the year, supported by favourable economic development. Growth in claims incurred flattened out in the second quarter, but was nevertheless faster in the first half of 2011 than premiums written owing to the previous winter's difficult weather conditions.

Growth in business volumes
Growth year-on-year

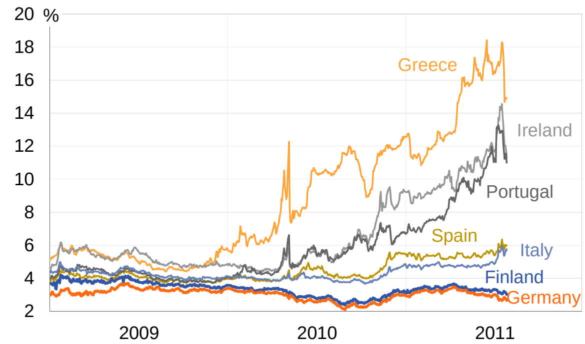


Euribor rates and ECB refi rate



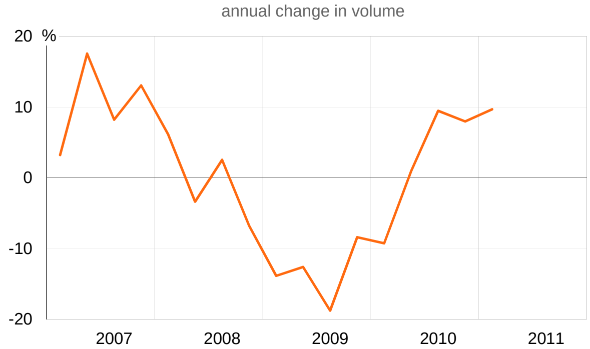
Source: Bank of Finland

Long-term interest rates
Government bonds (10 y)



Source: Reuters EcoWin

Investments
annual change in volume



Source: Statistics Finland

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

Earnings analysis, € mill.	Q1–Q2/2011	Q1–Q2/2010	Change, %	Q2/2011	Q2/2010	Change, %	Q1/2011
Banking	226	163	38.5	93	70	32.2	133
Non-life Insurance	68	42	61.1	49	37	34.6	19
Life Insurance	52	20		16	19	-17.5	37
Earnings before tax	**362**	**266**	**36.4**	**155**	**137**	**12.6**	**208**
Gross change in fair value reserve	-116	75		-34	-137		-82
Earnings/loss before tax at fair value	**247**	**341**	**-27.6**	**121**	**0**		**126**
Return on economic capital, % *)	15.8	11.8	4.0				15.5
Return on economic capital at fair value, % *)	16.4	23.1	-6.7				14.2
Income							
Net interest income	494	452	9,1	255	228	11,8	238
Net income from Non-life Insurance	216	190	13,6	124	113	10,1	92
Net income from Life Insurance	78	46	68,2	28	32	-12,6	50
Net commissions and fees	297	283	5.2	141	139	1.6	156
Net trading and investment income	61	46	31.9	15	10	59.6	46
Other operating income	49	49	-1.4	22	23	-6.1	27
Other income, total	**701**	**615**	**14.0**	**330**	**316**	**4.4**	**371**
Total income	**1,195**	**1,067**	**11.9**	**585**	**545**	**7.5**	**609**
Expenses							
Personnel costs	366	335	9.1	188	171	9.9	178
Other administrative expenses	168	154	9.1	88	80	10.6	80
Other operating expenses	155	153	0.7	76	75	1.4	78
Total expenses	**689**	**643**	**7.1**	**352**	**326**	**8.1**	**336**
Impairment losses on receivables	**55**	**77**	**-29.3**	**31**	**40**	**-20.6**	**23**
Returns to owner-members and OP bonus customers							
Bonuses	80	74	7.6	40	37	7.5	40
Interest on ordinary and supplementary cooperative capital	9	7	31.9	7	4	51.3	3
Total returns	**89**	**81**	**9.7**	**47**	**42**	**12.2**	**42**

*) 12-month rolling, change in percentage

Other key indicators, € mill.	30 Jun 2011	30 Jun 2010	Change, %	31 Dec 2010	Change, %
Receivables from customers	58,155	54,882	6.0	56,834	2.3
Life Insurance assets	7,471	6,489	15.1	7,544	-1.0
Non-life Insurance assets	3,327	3,259	2.1	3,164	5.2
Liabilities to customers	42,166	38,438	9.7	39,205	7.6
Debt securities issued to the public	19,737	20,128	-1.9	19,577	0.8
Equity capital	6,586	6,370	3.4	6,726	-2.1
Balance sheet total	87,870	84,524	4.0	83,969	4.6
Tier 1 capital	5,211	5,264	-1.0	5,454	-4.5

January–June

The Group's earnings before tax grew by 36% to EUR 362 million (266). This was the best performance since the second half of 2007, and can be attributed to lower impairment charges, higher investment income and, as a consequence of higher market rates, growing net interest income. Bonuses to owner-members and OP bonus customers that were recognised in the profit and loss grew by 7.6% year on year to EUR 80 million. All three business segments improved their performance. Following the recession, the financial services group's profitability is reaching it long-term average target level.

Earnings before tax at fair value shrank owing to jittery capital markets and, as a consequence of higher interest rates, falling market prices. The Group's fair value reserve shrank by EUR 86 million, while a year ago it increased by EUR 55 million.

Pre-tax earnings by Banking shot up by almost 40% and income by almost 10%. Net commissions and fees increased especially owing to higher commissions and fees related to lending, payment transfer services and asset management. Net trading income almost doubled and net investment income also improved year on year.

The non-life insurance combined ratio was 91.6%, at the same level as last year. Non-life Insurance's pre-tax earnings improved year on year mainly thanks to higher net investment income recognised in the profit and loss. This increase in net investment income also boosted pre-tax earnings by Life Insurance.

Net commissions and fees increased especially owing to higher commissions and fees related to lending, payment transfer services and asset management. Net trading income almost doubled and net investment income also improved year on year.

Expenses increased year on year by 7.1% mainly because of higher personnel costs. About a third of personnel cost increase resulted from non-recurring items.

Impairment losses recognised under various income statement items that eroded the report period's performance amounted to EUR 63 million (175), of which EUR 55 million (77) concerned loans and other receivables. Net impairment losses on loans and other receivables were 0.18% (0.27) of the loan and guarantee portfolio.

Equity capital stood at EUR 6,586 million on 30 June. Equity capital was on the one hand boosted by the report period's performance but on the other hand eroded by a shrunken fair value reserve, a higher percentage of ownership by the central institution in Pohjola Bank plc, and dividend payments.

On 30 June, the cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks' owner-members totalled EUR 797 million (778).

OP-Pohjola Group had 4,149,000 customers in Finland at the end of June. The number of private customers totalled 3,724,000 and that of corporate customers 426,000. Since 1 January, the number of joint banking and non-life insurance customers in Finland increased by 45,000 to 1,242,000 as a result of cross-selling.

April–June

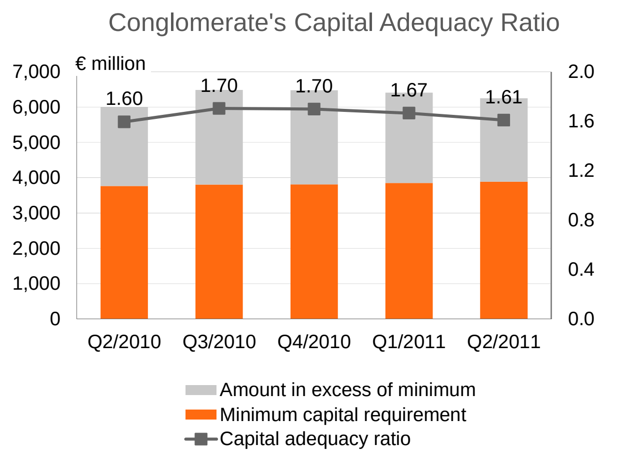
Earnings before tax for the second quarter increased by 13% year on year. Net interest income continued to increase, being 7.0% higher than in the previous quarter. Net income from Non-life Insurance increased on the previous quarter thanks to a better loss ratio. The second quarter's operating combined ratio reached a record level of 83.3%. Higher expenses in the second quarter compared with the first quarter and year on year was to a large extent the result of non-recurring items in the report period.

OP-Pohjola Group's long-term financial targets	**30 Jun 2011**	**30 Jun 2010**	**Target**
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.61	1.60	1.5
Return on economic capital, % (12-month rolling)	15.8	11.8	17
Growth differential between income and expenses, percentage points (12-month rolling)	6.4	7.0	> 0

Capital adequacy, risk exposure and credit ratings

Capital adequacy

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 2,364 million (2,666). The decline in capital buffers was the result of a higher shareholding in Pohjola Bank plc shares and by the redemption in March of a EUR 150 million debenture loan included under Tier 2 capital. These actions taken by the Group itself reduced the capital adequacy ratio by 0.10 points.



As a result of the financial crisis, banks' capital adequacy requirements will become tighter, in an effort to improve the quality of their capital base, to increase capital conservation buffers, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes have been planned to be implemented in 2013–2019. According to OP-Pohjola Group's analysis based on the current interpretations, the Group can fulfil the capital adequacy requirements in any eventuality. From OP-Pohjola Group's viewpoint, the major changes in the new regulations are related to how insurance company investments and supplementary cooperative capital are treated in terms of capital base calculation concerning capital adequacy, to the leverage ratio and to liquidity risk requirements.

Risk exposure

OP-Pohjola Group's risk-bearing capacity is solid and the risk-bearing capacity high.

The economic upswing has improved the financial position of both corporate and private customers. OP-Pohjola Group's credit risk exposure has remained stable. See below in the part 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 and investment portfolio risk exposure. See below in the part dealing with business segments for details on the risk exposure.

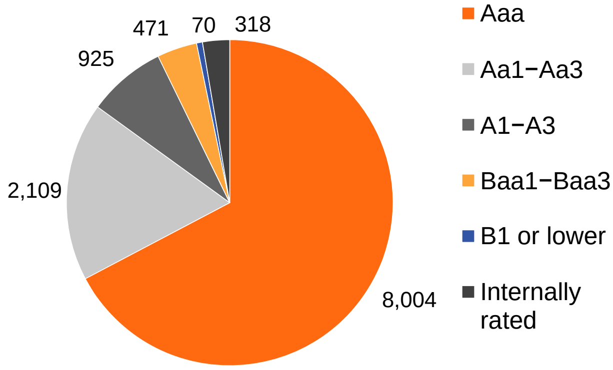
OP-Pohjola Group's market risk exposure was stable in the report period, and the financial and liquidity position was good. OP Mortgage Bank issued a covered bond worth one billion euros, and in July, after the report period, another covered bond worth one billion euros, too. The Group's central bank, Pohjola Bank plc, increased its long-term funding by issuing a bond worth EUR 0.5 billion. Pohjola's short-term funding performed well in the report period.

OP-Pohjola Group ensures its liquidity with liquidity reserves and other sources of finance referred to in the contingency plan. These are invested primarily in notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, and in securitised assets. The liquidity reserve portfolio's interest rate and currency risks have been hedged.

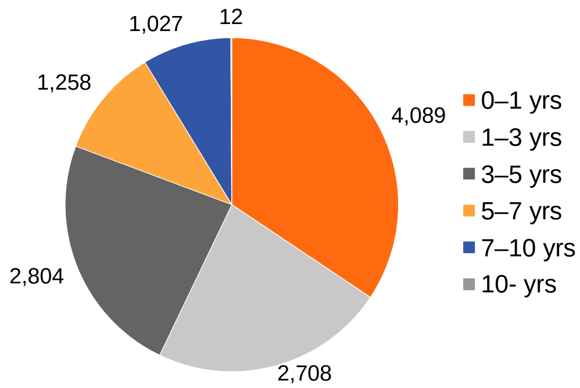
Liquidity reserve, € mill.	30 Jun 2011	31 Dec 2010	Change
Nominal value/	11,061	11,274	-213
Collateral value	10,314	10,324	-10

The liquidity reserve and other sources of finance included in OP-Pohjola Group's liquidity management strategy ensure the Group's liquidity for at least 24 months if wholesale funding became unavailable and deposits fell moderately.

Financial assets included in the liquidity portfolio by credit rating on 30 June 2011, € million



Financial assets included in the liquidity portfolio by maturity on 30 June 2011, € million



Investment assets, € mill.	30 Jun 2011	31 Dec 2010	Change
Pohjola Bank plc	9,526	9,487	39
Non-life Insurance	2,938	2,893	45
Life Insurance	4,318	4,500	-182
Group member banks	997	991	6
OP-Pohjola Group Mutual Insurance Company	390	379	11
Total	18,169	18,251	-81

Stress tests

OP-Pohjola Group carries out regular stress tests of various types to ensure its business operations are on a sound basis. Regulators also conduct their own stress tests both at national and European level to find out whether both banking and insurance sectors or individual actors can cope in weaker economic conditions than have been forecast.

In the EU-wide stress tests conducted by the European Banking Authority (EBA), OP-Pohjola Group's Banking capital adequacy was very strong, as expected. OP-Pohjola Group did equally well in the stress tests conducted by the European Insurance and Occupational Pensions Authority (EIOPA) concerning the solvency of the Group's non-life insurance operations, fulfilling the Solvency II requirements that will come into effect on 1 January 2013.

Credit Ratings

Rating agency	Short-term debt	Long-term debt
Fitch Ratings (OP-Pohjola Group and Pohjola Bank plc)	F1+	AA-
Standard & Poor's (Pohjola Bank plc)	A-1+	AA-
Moody's (Pohjola Bank plc)	P-1	Aa2

Fitch Ratings issues a rating for both OP-Pohjola Group and Pohjola Bank plc. OP-Pohjola Group's financial position also has a considerable impact on credit ratings issued for Pohjola Bank plc alone.

Pohjola's credit rating outlook issued by Standard & Poor's is stable. Fitch Rating has issued a negative outlook for the long-term debt ratings of Pohjola and Moody's Investor Service has affirmed negative outlook on Pohjola's credit rating.

The credit ratings have remained unchanged in 2011.

Operations and earnings by business segment

OP-Pohjola Group's business segments are Banking, Non-life Insurance and Life Insurance. Non-segment operations are presented under 'Other Operations'. OP-Pohjola Group's segment reporting is based on accounting policies applied in its financial statements.

Summary of performance by business segment

€ million	Income	Expenses	Other items *)	Earnings before tax Q1–Q2/2011	Earnings before tax Q1–Q2/2010	Change, %
Banking	857	488	-144	226	163	38.5
Non-life Insurance	232	164	0	68	42	61.1
Life Insurance	98	46	0	52	20	167.2
Other Operations	210	190	0	20	45	-55.7
Eliminations	-203	-200	0	-3	-4	-14.0
Total	**1,195**	**689**	**-144**	**362**	**266**	**36.4**

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

Banking

- Earnings before tax grew by 39% to EUR 226 million.
- Income increased by a total of 9%. Net interest income increase by 13% and net commissions and fees by 4%.
- Impairment losses on receivables reduced even more, by 29% in the report period.
- Banking's performance continued to grow at a good rate. Growth was particularly brisk in deposits and corporate loans.

Banking, key figures

€ million	Q1–Q2/2011	Q1–Q2/2010	Change, %	2010
Net interest income	471	418	12,8	852
Impairment losses on receivables	55	77	-29,1	149
Other income	386	367	5,2	745
Personnel costs	224	211	6,2	405
Other expenses	264	252	4,6	513
Returns to owner-members and OP bonus customers	89	81	9,7	163
Earnings/loss before tax	**226**	**163**	**38,5**	**367**
€ million				
Home mortgages drawn down	3,473	3,146	10,4	6,651
Corporate loans drawn down	3,029	3,406	-11,1	6,554
Net subscriptions to mutual funds	-673	7		497
No. of brokered property transactions	8,425	8,321	1,2	17,009
€ billion	**30 Jun 2011**	**30 Jun 2010**	**Change, %**	**31 Dec 2010**
Loan portfolio				
Home mortgages	28.2	26.4	6.5	27.3
Corporate loans	14.8	13.8	7.2	14.0
Other loans	14.9	14.3	4.5	14.4
Total	**57.9**	**54.6**	**6.2**	**55.7**
Guarantee portfolio	2.8	3.1	-9	2.8
Deposits				
Current and payment transfer	20.1	18.6	7.7	19.2
Investment deposits	18.8	16.8	12.0	17.2
Total deposits	**38.8**	**35.4**	**9.7**	**36.4**
Market share, %				
Of loan portfolio	32.8	32.6	0.2	33.0
Of deposits	33.1	32.4	0.7	32.5
Of capital invested in mutual funds	22.2	23.3	-1.1	23.4

Banking's operating environment was on the whole favourable throughout the report period despite the protracted sovereign debt crisis in the euro area. Competition continued to be tough especially in the deposits market. The key factors heating up competition for deposits are the general capital market jitters on the one hand and tightening of banks' liquidity regulations on the other.

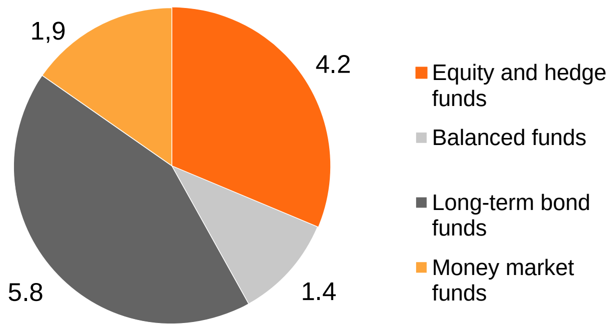
OP-Pohjola Group's deposits increased in the year to June by 9.7% and by 6.6% during the report period. Payment transfer accounts increased by 4.5% and investment deposits by 8.9% in the report period. The growth of deposits in euro terms exceeded credit growth, thereby reducing the Group's need to acquire funding from the wholesale market.

The fact that short-term market interest rates increased at a slow rate did not affect home sales in the report period, and home sales were lively. The number of housing deals brokered by OP-Kiinteistökeskus real estate agents in the report period was somewhat higher year on year.

The volume of new home mortgages increased by 11% year on year. The margin for new home mortgages decreased a fraction in the report period. On 30 June, the Group held 35.8% (35.8) of the home mortgage portfolio. The consumer loan portfolio grew at a high rate.

Companies' payment transfer volumes have increased considerably as the economy has picked up, with the payment transactions handled by OP-Pohjola Group increasing by 9%. The corporate loan portfolio grew in the year to June by 7.2% and by 5.9% in the report period. The Group's market share of the loan portfolio by businesses and housing corporations increased in the year to June from 28.7% to 29.2%.

Capital invested in mutual funds managed by OP-Pohjola Group totalled EUR 13.4 billion (14.4), showing an increase of 3.1% in the year to June. Capital decreased in the report period by 6.7% along with the general market trend.



Net subscriptions to OP-Pohjola Group's mutual funds were EUR 673 million in the negative (+7).

On 30 June, assets managed by OP-Pohjola Group were worth EUR 33.9 billion (35.0), of which EUR 11.6 billion (12.0) was invested in OP-Pohjola Group's mutual funds. OP-Pohjola Group companies accounted for EUR 8.5 billion of assets managed by Pohjola Bank.

On 30 June, the cooperative member banks had 1.3 million owner-members, up by 29,300 year on year. Helsinki OP Bank Plc, which operates in the Helsinki Metropolitan Area, had a total of 1,225,000 OP bonus customers.

Loyal customer bonuses earned by OP bonus customers totalled EUR 80 million, up by 7.6% year on year. In the first half, OP bonus customers used a total of EUR 41 million (39) of bonuses to pay for banking services and EUR 31 million (27) for Pohjola non-life insurance premiums. Bonuses were used for the payment of 679,000 insurance premium bills, and 14% of these were paid using solely OP bonuses.

The Finnish Tax Administration will be changing its guidelines concerning corporate bonus practices later this year. OP-Pohjola Group has studied how these may affect the Group's bonus scheme.

Performance and risk exposure

Earnings before tax by Banking increased by 39% to EUR 226 million thanks to good income performance and lower impairment charges.

Banking income increased by 9.3% to EUR 857 million. Net interest income increase by 13%. The rise in short-term market interest rates supported the growth of net interest income. Net commissions and fees continued to grow, by 3.6%, boosted particularly by higher volumes of asset management and stock broking volumes. Lending commissions and fees also grew year on year. Net trading and investment income increased in total by EUR 10 million, or almost 25% year on year.

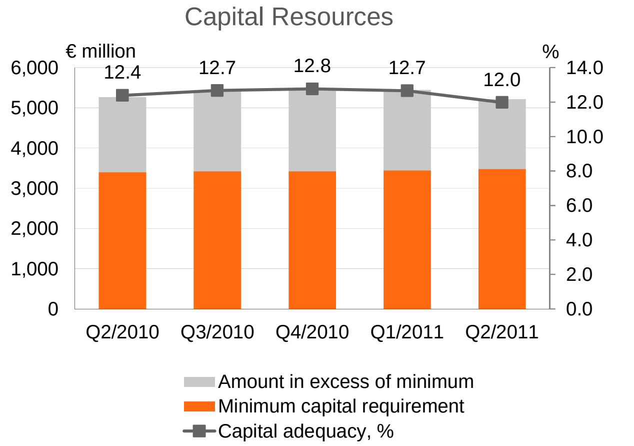
Impairment losses on receivables decreased year on year by EUR 23 million.The ratio of impairment losses to the loan and guarantee portfolio in the report period was, converted into annual figures, 0.18%, having been 0.32% at its highest after the financial crisis.

Banking's credit risk exposure was stable. Impairment losses on receivables decreased by almost a third year on year, as steady economic growth and the better employment situation improved the loan repayment capacity of both businesses and households. Of OP-Pohjola Group's exposures, 44% fall into the top five credit categories (out of twelve categories), also known as investment grade.

Doubtful receivables as percentage of loan and guarantee portfolio		**30 Jun 2011**		**30 Jun 2010**		**31 Dec 2010**
	€ mill.	**%**	**€ mill.**	**%**	**€ mill.**	**%**
Non-performing and zero-interest receivables, net	271	0,45	259	0.45	204	0.34
Impairments on receivables since 1 January, net	55	0.18	77	0.27	149	0.25

Capital adequacy

On 30 June, OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions and the Tier 1 capital adequacy ratio both stood at 12.0% (12.8). The statutory minimum for capital adequacy ratio is 8%, and for Tier 1 ratio 4%.



The Group's Tier 1 capital amounted to EUR 5,211 million (5,454) on 30 June. The fall in this capital was primarily caused by the fact that OP-Pohjola Group Central Cooperative bought Pohjola Bank plc shares from Suomi Mutual. The purchase of these shares weakened the Group's capital adequacy ratio by 0.5%. The early redemption of a EUR 150 million debenture loan under Tier 2 capital in March depleted the capital adequacy ratio by 0.3 percentage points. Without these, capital adequacy would have remained at the same level as on 31 December 2010.

Insurance company investments, deducted in equal proportions from Tier 1 and 2 capital, came to EUR 2,314 million (2,330). EUR 103 million have been deducted from equity capital as a shortfall of expected losses and impairments. Deductions on Tier 2 capital exceeded Tier 2 capital by EUR 280 million (135), which were deducted from Tier 1 capital.

The minimum capital requirement was EUR 3,481 million on 30 June (3,418), increasing by 1.8% in the report period. The most significant factor that contributed to this growth was the higher capital requirement concerning the loan and guarantee portfolio. Credit and counterparty risk accounted for 91.6% (92.2) of the capital requirement. Operational risk accounts for 6.7% (6.7) of the capital requirement, and market risk for 1.7% (1.1).

OP-Pohjola Group's banking operations (the conglomeration) uses the Internal Ratings Based Approach (IRBA) in its capital adequacy measurement for Pohjola Bank plc's corporate and institutional customers' credit risks. IRBA will probably be adopted for all other liabilities in September 2011, but until then the capital requirement for credit risk such items will be calculated using the Standardised Approach. The use of internal ratings to a larger extent than currently reduces the Group's capital requirement, but makes it more susceptible to market fluctuations. If official approval is obtained as applied, adoption of internal models is estimated to improve the Group's capital adequacy under the Act on Credit Institutions by about 2.5–3.0 percentage points and the ratio under the Act on the Supervision of Financial and Insurance Conglomerates (RAVA) by some 0.3 points. As to market risks, OP-Pohjola Group will continue to use the Standardised Approach. With respect to the capital adequacy requirement for operational risks, the Standardised Approach was adopted in the last quarter of 2010.

Non-life Insurance

- Earnings before tax amounted to EUR 68 million (42).
- Insurance premium revenue increased by 7% (0).
- Balance on technical account developed favourably during the second quarter. The report period's operational combined ratio was 91.6% (91.6).
- The number of loyal customer households increased by 19,100 (17,900).
- Return on investments at fair value was 1.0% (2.6).

Key figures and ratios

€ million	Q1–Q2/2011	Q1–Q2/2010	Change, %	2010
Insurance premium revenue	507	473	7.2	964
Insurance claims and benefits	325	300	8.2	637
Net investment income	62	42	48.7	87
Unwinding of discount and other items included in net income	-23	-23	-1.9	-30
Net income from Non-life Insurance	**221**	**192**	**15.2**	383
Other net income	11	7	44.0	16
Personnel costs	65	57	14.1	109
Other expenses	100	101	-1.3	208
Earnings before tax	**68**	**42**	**61.1**	**83**
Gross change in fair value reserve	-30	28		56
Earnings/loss before tax at fair value	**38**	**71**	**-45.9**	**139**
Insurance premium revenue				
Private customers	248	229	8.1	470
Corporate customers	234	219	6.8	445
Baltic States	25	24	2.1	49
Total insurance premium revenue	**507**	**473**	**7.2**	**964**
Key ratios for Non-life Insurance				
Return on investments at fair value*, %	1.0	2.6		5.1
Operating combined ratio*, %	91.6	91.6		89.7
Operating expense ratio*, %	21.5	22.0		21.3
Operating loss ratio*, %	70.1	69.6		68.4

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

Non-Life Insurance continued to perform favourable in the report period. We enjoyed growth in terms of private customers, and premium revenue from corporate customers rebounded as well. The strongest growth came from SMEs whose number increased within Corporate Customers, too.

There were 499,700 loyal customer households on 30 June, increasing by 19,100 (17,900) in the report period.
Up to 64% of these loyal customer households also use OP-Pohjola Group member cooperative banks as their main bank. OP-Pohjola Group member banks' owner-members and Helsinki OP Bank's bonus customers can use their OP bonuses earned through banking transactions to pay Pohjola non-life insurance premiums. Bonuses were used in the report period to pay 679,000 insurance bills, with almost 99,000 of them paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 31 million.

In terms of premiums written, OP-Pohjola Group is the non-life insurance market leader in Finland with a 27.8% market share of premiums written on 31 December 2010. Its market position improved among private customers during the report period.

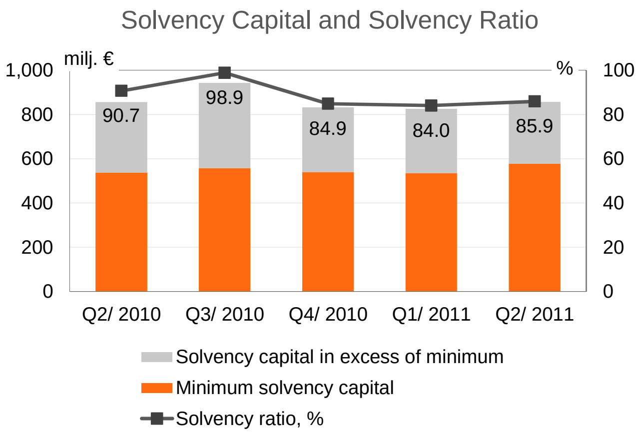
Earnings and risk exposure

Growth continued in insurance premium revenue, and balance on technical account improved as growth in claims expenditure levelled off. The profitability of private customers remained, as expected, at the comparison period's level. The operating combined ratio of corporate customers improved year on year, being 91.6% (91.6).

Growth of the insurance portfolio, greater economic activity and two difficult winters in a row added to the number of losses reported, which increased by 7%. The risk ratio excluding loss adjustment expenses stood at 64.0% (63.4). The higher amount of claims incurred that followed the major losses levelled off in the second quarter of 2011. The reported number of major or medium-sized losses (in excess of EUR 0.1 million and over EUR 0.5 million in pension liabilities) came to 113 (102) in January–June, with their claims incurred retained for own account totalling EUR 52 million (50).

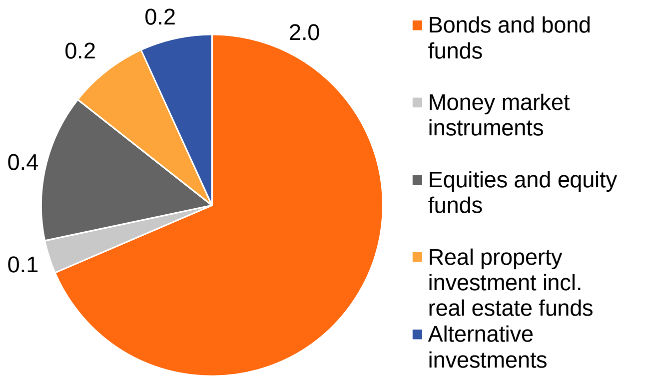
Return on investments at fair value stood at 1.0% (2.6). Net investment income recognised in the income statement amounted to EUR 32 million (70). Impairment charges recognised from the fair value reserve in the income statement totalled EUR 2 million (25).

Non-life Insurance's risk-bearing capacity was still good. Non-life Insurance's solvency capital stood at EUR 857 million (832) on 30 June. The equalisation provision that is included under capital adequacy increased to EUR 429 million (424).



On 30 June, the Non-life Insurance investment portfolio totalled EUR 2.9 billion (2.9), being divided as follows (billions of euros):

Investment assets EUR 2.9 billion 30 June 2011



The fixed-income portfolio by credit rating was healthy, with investment-grade exposure accounting for 90% (91), and 77% of the exposure being receivables in at least category A–. The average remaining maturity of the fixed-income portfolio was 4.8 years (5.3) and the duration 3.9 years (4.1).

Life Insurance

- Earnings before tax increased significantly to EUR 52 million (20).
- The market share in unit-linked insurance savings was 0.4 percentage points higher than it was on 31 December 2010.
- The share of unit-linked insurance of insurance savings increased to 47% (41).
- Return on investments at fair value was 0.9% (4.3).

Life Insurance, key figures

€ million	Q1–Q2/2011	Q1–Q2/2010	Change, %	2010
Premiums written	400	679	-41.1	1,287
Unit-linked	299	249	19.7	508
Net investment income	-1	152		539
Unit-linked	-106	87		374
Change in insurance contract liabilities	-48	460		1119
Unit-linked	122	293	-58.4	755
Claims incurred	350	318	10.1	588
Other items	-11	-3		-11
Net income from Life Insurance	**86**	**50**	**72.4**	**109**
Other income	12	11	11.2	16
Personnel costs	6	5	9.8	9
Other expenses	40	36	11.6	72
Earnings before tax	**52**	**20**	**167.2**	**43**
Gross change in fair value reserve	-63	104		220
Earnings/loss before tax at fair value	**-11**	**123**		**263**
	30 Jun 2011	**30 Jun 2010**	**Change, %**	**31 Dec 2010**
Market share of insurance savings, %	21.4	20.6	0.8	21.3
Market share of unit-linked insurance savings, %	24.9	24.6	0.3	24.5
€ billion				
Insurance savings	7.1	6.5	9.8	7.1
Unit-linked	3.3	2.7	23.7	3.1

In accordance with the strategy, the focus in Life Insurance was turned increasingly to unit-linked insurance, this accounting for 46.7% of the insurance portfolio, down by 5.3 percentage points year on year.

Unit-linked premiums written increased by 19.7% and unit-linked insurance savings by 23.7%.

Earnings and risk exposure

Earnings before tax increased by over 2.5-fold and came to EUR 52 million (20). At fair value, pre-tax earnings contracted clearly as a result of investment market jitters.

Net investment income without the income from unit-linked insurance came to EUR 105 million (66). Investment income was improved particularly by smaller impairments on investments (by EUR 52 million), and higher capital gains and dividends.

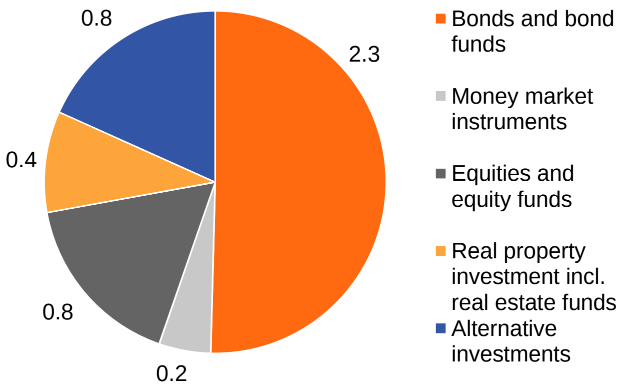
The company's balance sheet management was intensified during the report period by hedging interest rate risk associated with technical provisions by means of interest rate swaps.

Operating efficiency improved somewhat as income increased. The cost ratio, which includes all income to cover business expenses and in which sales channel fees are excluded, was to 29.9% (30.9).

However, jittery investment markets and the fact that long-term interest rates turned up created a marginally negative result at fair value. Return on investments at fair value was 0.9% (4.3).

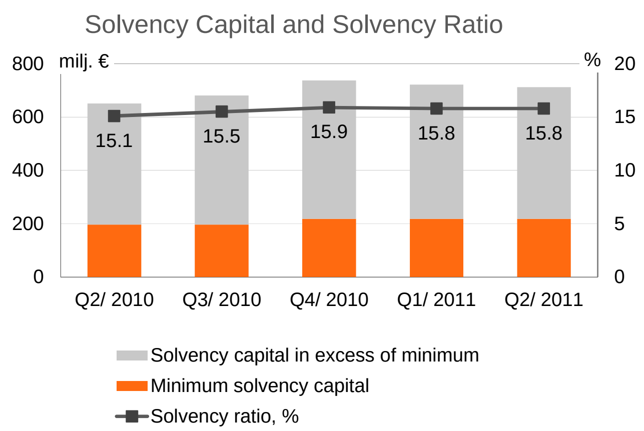
Life insurance investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.5 billion (4.7), divided as follows (billions of euros):

Investment assets EUR 4.5 billion 30 June 2011



Investments under the 'investment grade' accounted for 75% (72) of the fixed-income portfolio. The portfolio's modified duration was 3.2 years (3.8) on 30 June.

Life Insurance's capital adequacy was solid: its solvency margin was EUR 712 million, which was 3.3-fold the required minimum. The solvency ratio, meaning the ratio of solvency capital to weighted technical provisions, was 15.8% (15.9).



Other Operations

Other Operations, key figures

€ million	Q1–Q2/2011	Q1–Q2/2010	Change, %	2010
Net interest income	18	33	-43.9	61
Net trading income	-1	-9	90.9	-8
Net investment income	13	20	-35.0	40
Other income	179	170	5.6	342
Expenses	190	169	12.4	349
Impairment losses on receivables	0	0		-1
Earnings before tax	**20**	**45**	**-55,7**	**86**
€ billion	**30 Jun 2011**	**30 Jun 2010**	**Change, %**	**31 Dec 2010**
Receivables from financial institutions	7.8	7.5	3.1	7.8
Financial assets held for trading	-0.1	0.4	-117.4	-0.1
Investment assets	8.3	7.7	7.5	7.3
Liabilities to credit institutions	5.4	5.1	4.7	4.0
Debt securities issued to the public	16.4	17.6	-6.7	17.0

Other Operations' pre-tax result for January–June was EUR 20 million (45).

Investment income included EUR 6.2 million (16.4) in capital gains on notes and bonds. EUR 0.6 (4) million in impairment charges were recognised on shares and participations included in available-for-sale financial assets in the report period.

Most of the other income in Other Operations came from within the Group as internal service charges, which are recorded as business segment expenses. Of the Other Operations expenses, EUR 71 million (62) were personnel costs and EUR 53 million (43) ICT costs.

Outlook towards the year end

Both the global and Finnish economies are on the whole positive. A major risk that may undermine this outlook is the exacerbation of the fiscal crisis in certain euro countries and any repercussions on the entire financial sector may be rapid and significant.

OP-Pohjola Group's 2011 earnings before taxes are expected to be better than in 2010, primarily as a result of climbing net interest income and net commissions and fees, but also lower impairment charges related to receivables and investments. The greatest uncertainty is related to the sovereign debt problems described above.

All forward-looking statements in this Interim Report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future financial performance of OP-Pohjola Group, and actual results may differ materially from those expressed in the forward-looking statements.

Events after the balance sheet date

The European Banking Authority (EBA) published its EU-wide stress tests in July. Just like last year, OP-Pohjola Group's capital adequacy clearly exceeded the stress test's threshold level. In the adverse scenario, the Group's capital adequacy remained on a solid basis and clearly above the test's minimum requirement. The Group's Core Tier 1 capital ratio would fall no lower than 11.5%, while the minimum level in the test is 5%. At the end of 2012, the Group's Core Tier-1 ratio was 11.6% in the stress scenario.

Pohjola Bank plc issued in July Lower Tier 2 subordinated notes worth 100 million Swiss franc. Its euro equivalent is EUR 83 million and its effect on the Group's capital adequacy ratio is about +0.2 percentage points.

In July, OP Mortgage Bank issued a covered bond worth EUR 1 billion and with a maturity of seven years.

On 21 July 2011, the heads of state or government of the euro area and EU institutions made a statement concerning the stability of the euro area and the Greek sovereign debt crisis, which contains views on the voluntary contribution of the private sector to help Greece. OP-Pohjola Group is awaiting more detailed information about the arrangements, and has not yet decided if it will participate.

On 31 July, OP-Pohjola Group's direct exposure to GIIPS sovereign bonds had a market value of EUR 197 million, or 0.2% of the Group's balance sheet. They were divided as follows:

€ million	Life Insur-ance	Non-life Insurance	Banking and Other opera-tions
Greece	9	28	2
Ireland	0	4	40
Portugal	0	16	0
Italy	29	30	0
Spain	24	15	0
Total	62	93	42

Changes in OP-Pohjola Group's structure

OP-Pohjola Group's consolidated financial statements include the accounts of 209 member cooperative banks (213), OP-Pohjola Group Central Cooperative Consolidated and OP Bank Group Mutual Insurance Company. OP-Pohjola Group Central Cooperative (OP-Pohjola) bought in May all Pohjola Bank plc (Pohjola) Series A shares held by Suomi Mutual Life Assurance Company, these shares accounting for 7.26 per cent of all Pohjola shares and 3.91 per cent of all votes conferred by the shares. This affected OP-Pohjola Group's capital adequacy and the agreement concerning Pohjola Board membership. As a result of this transaction, holding by OP-Pohjola, the central institution of OP-Pohjola Group, in Pohjola shares increased from 29.98% to 37.24% and votes conferred by the shares from 57.05 per cent to 60.96 per cent.

In May, Pohjola Insurance Ltd acquired Excenta, a strategic corporate wellness services provider, from its management and Elisa Corporation. This acquisition will strengthen Pohjola's new wellbeing business and diversify Pohjola Health Ltd's services for corporate customers. Excenta employs 30 professionals, and its net sales for 2010 were about EUR 2 million.

Kestilän Osuuspankki and Rantsilan Osuuspankki merged on 31 March 2011 to create Siikalatvan Osuuspankki.

Pieksämäen Osuuspankki, Etelä-Savon Osuuspankki, Juvan Osuuspankki and Savonlinnan Osuuspankki merged and became Suur-Savon Osuuspankki on 31 May 2011.

Varpaisjärven Osuuspankki has decided to merge with Koillis-Savon Osuuspankki on 31 August 2011. Kokemäen Osuuspankki and Harjavallan Osuuspankki have decided to merge with Huittisten Osuuspankki on 31 December 2011. Haapajärven Osuuspankki decided to merge with Pyhäjärven Osuuspankki on 31 December 2011.

Personnel and remuneration

At the end of June, OP-Pohjola Group had 12,879 employees (12,504). The staff averaged 12,661 employees (12,468). 202 employees (149) retired from the Group in the second quarter at an average age of 61.6 years (61.25).

OP-Pohjola Group's long-term management incentive scheme for 2008–2010 ended on 31 December 2010.

A new long-term incentive system for the entire Group consists of a management incentive scheme, and a personnel fund for other staff.

The management incentive scheme has a three-year vesting period, the first one of which is 2011–13. The share-based scheme covers roughly 400 people within OP-Pohjola Group. Those covered by the scheme will be entitled to receiving a certain number of Pohjola Bank plc Series A shares, if OP-Pohjola Group attains its strategy-based targets set for the vesting period. The bonus based on the scheme will be paid out to the beneficiary in terms of shares and cash and in three equal numbers/instalments in 2015, 2016 and 2017 after the vesting period, provided that the Group's capital adequacy is higher than the minimum requirements on the payout date. Conditions related to employment or executive contracts have been attached to the bonus payout.

Senior management of OP-Pohjola Group Central Cooperative

OP-Pohjola Group Central Cooperative's Annual Cooperative Meeting was held on 29 March 2011. Of the members who were due to resign, Senior Nursing Officer Marita Marttila, Professor Jaakko Pehkonen and Chairman of the Board of Directors Timo Parmasuo, were re-appointed for the term ending 2014 as new Supervisory Board members. New members appointed for the Board were Managing Director Ari Kakkori, Principal Seppo Laaninen and Managing Director Vesa Lehikoinen. In addition, the Meeting elected Managing Director Juha Pullinen for the term ending 2012. The Supervisory Board comprises 33 members.

At is first meeting after the Annual Cooperative Meeting, the Supervisory Board re-elected Paavo Haapakoski Chairman. Professor Jaakko Pehkonen was re-elected Vice Chairman, and Managing Director Vesa Lehikoinen was elected as a new Vice Chairman.

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. EUR 28.1 million (17.9) of these expenses consisted of ICT procurement capitalised in the balance sheet in the accounting period. Of these investments, EUR 15,6 million (13,2) was allocated to banking operations, EUR 10,0 million (3,2) to non-life insurance operations and EUR 2,5 million (1,6) to life insurance operations.

OP-Pohjola Group income statement

EUR million	Note	Q2/ 2011	Q2/ 2010	Change, %	2010
Interest income		1,475	1,165	27	2,412
Interest expenses		982	713	38	1,495
Net interest income before impairment losses	4	**494**	**452**	**9**	**917**
Impairments of receivables	5	55	77	-29	149
Net interest income after impairments		**439**	**375**	**17**	**768**
Net income from Non-life Insurance operations	6	216	190	14	382
Net income from Life Insurance operations	7	78	46	68	100
Net commissions and fees	8	297	283	5	563
Net trading income	9	22	13	71	46
Net investment income	10	40	34	17	62
Other operating income	11	46	48	-4	99
Personnel costs		366	335	9	643
Other administrative expenses		168	154	9	319
Other operating expenses		155	153	1	324
Returns to owner-members		89	81	10	163
Share of associates' profits/losses		2	1		2
Earnings before tax for the period		**362**	**266**	**36**	**575**
Income tax expense		95	69	38	135
Profit for the period		**267**	**197**	**36**	**440**

OP-Pohjola Group statement of comprehensive income

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Profit for the period	**267**	**197**	**36**	**440**
Change in fair value reserve				
Measurement at fair value	-101	75		234
Cash flow hedge	-15	-		-8
Translation differences	0	0	17	0
Income tax on other comprehensive income				
Measurement at fair value	-26	20		61
Cash flow hedge	-4	-		-2
Total comprehensive income for the period	**182**	**252**	**-28**	**606**

OP-Pohjola Group balance sheet

EUR million	Note	30 June 2011	30 June 2010	Change, %	2010
Cash and cash equivalents		3,453	3,907	-12	1,628
Receivables from credit institutions		1,167	1,304	-11	1,121
Financial assets at fair value through profit or loss		419	1,136	-63	519
Derivative contracts		1,705	2,168	-21	1,933
Receivables from customers		58,155	54,882	6	56,834
Non-life Insurance assets	14	3,327	3,259	2	3,164
Life Insurance assets	15	7,471	6,489	15	7,544
Investment assets		8,236	7,741	6	7,438
Investments in associates		39	16		38
Intangible assets		1,167	1,165	0	1,159
Property, plant and equipment (PPE)		698	754	-7	716
Other assets		1,927	1,611	20	1,749
Tax assets		105	91	16	125
Total assets		**87,870**	**84,524**	**4**	**83,969**
Liabilities to credit institutions		2,325	3,408	-32	1,696
Financial liabilities at fair value through profit or loss		24	34	-30	0
Derivative contracts		1,895	1,991	-5	1,951
Liabilities to customers		42,166	38,438	10	39,205
Non-life Insurance liabilities	16	2,606	2,484	5	2,350
Life Insurance liabilities	17	7,239	6,545	11	7,290
Debt securities issued to the public	18	19,737	20,128	-2	19,577
Provisions and other liabilities		2,643	2,214	19	2,333
Tax liabilities		997	948	5	1,014
Cooperative capital		666	664	0	647
Subordinated liabilities		985	1,300	-24	1,178
Total liabilities		**81,284**	**78,154**	**4**	**77,243**
Equity capital					
Share of OP-Pohjola Group's owners					
Share and cooperative capital		333	357	-7	368
Fair value reserve	19	26	1		112
Other reserves		2,619	2,663	-2	2,656
Retained earnings		3,607	3,349	8	3,590
Total equity capital		**6,586**	**6,370**	**3**	**6,726**
Total liabilities and equity capital		**87,870**	**84,524**	**4**	**83,969**

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	Total equity capital
Balance at 1 January 2010	**358**	**-54**	**-**	**2,604**	**3,280**	**6,187**
Rights issue	-	-	-	-	-	-
Transfer of cooperative capital to equity capital	2	-	-	-	-	2
Issue expenses	-	-	-	-	-	-
Transfer of reserves	-	-	-	59	-60	-1
Profit distribution	-	-	-	-	-62	-62
Total comprehensive income for the period	-	55	-	-	197	252
Share-based payments	-	-	-	-	-	-
Other	-3	-	-	-	-6	-9
Balance at 30 June 2010	**357**	**1**	**-**	**2,663**	**3,349**	**6,370**

EUR million	Share and cooperative capital	Fair value reserve: Fair value measure-ment	Fair value reserve: Cash flow hedging	Other reserves	Retained earnings	Total equity capital
Balance at 1 January 2011	**368**	**118**	**-6**	**2,656**	**3,590**	**6,726**
Increase of share capital	-	-	-	-	-	-
Transfer of cooperative capital to equity capital	-1	-	-	-	-	-1
Holdings in Pohjola Bank plc purchased from non-controlling interests [1)]	-31	-	-	-79	-117	-227
Transfer of reserves	-	-	-	43	-43	-
Profit distribution	-	-	-	-	-74	-74
Total comprehensive income for the period	-	-81	-5	-	267	182
Share-based payments	-	-	-	-	0	0
Other	-3	-	-	0	-17	-20
Balance at 30 June 2011	**333**	**37**	**-11**	**2,619**	**3,607**	**6,586**

[1)] OP-Pohjola Group Central Cooperative bought all Pohjola Bank plc Series A shares held by Suomi Mutual Life Assurance Company on 6 May 2011. These shares accounted for 7.26% of all Pohjola shares and 3.91% of all votes conferred by the shares.

Cash flow statement

EUR million	Q2/ 2011	Q2/ 2010
Cash flow from operating activities		
Profit for the period	267	197
Adjustments to profit for the period	202	847
Increase (-) or decrease (+) in operating assets	**-2,889**	**-2,809**
Receivables from credit institutions	55	732
Financial assets at fair value through profit or loss	-154	25
Derivative contracts	-15	-36
Receivables from customers	-1,399	-1,988
Non-life Insurance assets	-216	-175
Life Insurance assets	-54	-24
Investment assets	-917	-1,303
Other assets	-188	-40
Increase (+) or decrease (-) in operating liabilities	**3,950**	**2,310**
Liabilities to credit institutions	631	1,224
Financial liabilities at fair value through profit or loss	24	-37
Derivative contracts	31	34
Liabilities to customers	2,961	833
Non-life Insurance liabilities	90	53
Life Insurance liabilities	-3	-93
Provisions and other liabilities	217	297
Income tax paid	-63	-48
Dividends received	282	74
A. Net cash from operating activities	**1,751**	**570**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-20	-14
Decreases in held-to-maturity financial assets	98	100
Acquisition of subsidiaries, net of cash acquired	-3	0
Disposal of subsidiaries, net of cash disposed	0	0
Purchase of PPE and intangible assets	-50	-47
Proceeds from sale of PPE and intangible assets	3	0
B. Net cash used in investing activities	**29**	**39**
Cash flow from financing activities		
Increases in subordinated liabilities	31	68
Decreases in subordinated liabilities	-196	-18
Increases in debt securities issued to the public	21,368	24,139
Decreases in debt securities issued to the public	-20,762	-24,041
Increases in cooperative and share capital	103	123
Decreases in cooperative and share capital	-85	-79
Dividends paid and interest on cooperative capital	-84	-75
Returns to owner-members	-1	-1
Holdings in Pohjola Bank plc purchased from non-controlling interests	-227	-
Other	0	0
C. Net cash from financing activities	**147**	**117**
Net change in cash and cash equivalents (A+B+C)	**1,927**	**727**
Cash and cash equivalents at period-start	**1,689**	**3,282**
Cash and cash equivalents at period-end	**3,616**	**4,009**
Interest received	**561**	**1,194**
Interest paid	**-345**	**-753**
Cash and cash equivalents		
Liquid assets	133	134
Receivables from credit institutions payable on demand	3,483	3,875
Total	**3,616**	**4,009**

Note 1. Accounting policies

The Interim Report for 1 January–30 June 2011 has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The Financial Statements 2010 contain a description of the accounting policies, which have been applied for this interim report.

Information in the Financial Statements Bulletin is based on unaudited information. Since all figures in the Bulletin have been rounded off, the sum of single figures may differ from the presented sum total.

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

	Q2/ 2011	Q2/ 2010	2010
Return on equity, %	8.1	6.3	6.8
Return on equity at fair value, %	5.5	8.1	9.4
Return on assets, %	0.63	0.48	0.53
Cost/income ratio, %	58	60	59
Average personnel	12,661	12,482	12,468
Full-time	11,610	11,404	11,394
Part-time	1,051	1,078	1,074

Return on equity (ROE), %

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

Return on equity at fair value, %

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

Return on assets (ROA), %

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

Cost/income ratio, %

$$\frac{\text{(Personnel costs + other administrative expenses + other operating expenses)}}{\text{(Net interest income + net income from Non-life Insurance}} \times 100$$

Return on economic capital, %

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

Operating loss ratio

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

Operating expense ratio

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

Operating combined ratio, %

Operating loss ratio + operating expense ratio

Risk ratio (excl. unwinding of discount), %

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

Cost ratio, %

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

Operating cost ratio, %

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

Solvency ratio, %

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

Note 3. OP-Pohjola Group quarterly performance

	2010			2011	
EUR million	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Interest income	592	606	641	697	779
Interest expenses	364	380	403	458	524
Net interest income	**228**	**226**	**238**	**238**	**255**
Impairments of receivables	40	31	41	23	31
Net interest income after impairments	**189**	**196**	**198**	**215**	**224**
Net income from Non-life Insurance operations	113	119	73	92	124
Net income from Life Insurance operations	32	15	39	50	28
Net commissions and fees	139	135	146	156	141
Net trading income	6	26	8	19	2
Net investment income	3	0	28	26	13
Other operating income	23	19	31	26	20
Personnel costs	171	142	166	178	188
Other administrative expenses	80	70	94	80	88
Other operating expenses	75	86	85	78	76
Returns to owner-members	42	41	42	42	47
Share of associates' profits/losses	0	1	0	1	1
Earnings before tax for the period	**137**	**172**	**137**	**208**	**155**
Income tax expense	36	46	20	54	41
Profit for the period	**101**	**126**	**117**	**154**	**113**
Other comprehensive income					
Change in fair value reserve					
Measurement at fair value	-137	182	-24	-60	-42
Cash flow hedge	0	-1	-7	-22	8
Translation differences	0	0	0	0	0
Income tax on other comprehensive income					
Measurement at fair value	-36	47	-10	15	-42
Cash flow hedge	0	0	2	6	-10
Total comprehensive income for the period	**0**	**260**	**94**	**51**	**131**

Note 4. Net interest income

EUR million	**Q2/ 2011**	**Q2/ 2010**	**Change, %**	**2010**
Loans and other receivables	735	625	18	1,285
Receivables from credit institutions and central banks	15	12	25	23
Notes and bonds	129	122	6	243
Derivatives (net)				
Derivatives held for trading	44	46	-5	86
Derivatives under hedge accounting	-8	-25	-66	-35
Liabilities to credit institutions	-7	-8	-13	-16
Liabilities to customers	-172	-127	36	-270
Debt securities issued to the public	-218	-168	30	-350
Subordinated debt	-15	-16	-9	-32
Hybrid capital	-4	-4	6	-8
Financial liabilities held for trading	0	-1	-80	-1
Other (net)	0	-1	-95	-3
Net interest income before fair value adjustment under hedge accounting	**496**	**455**	**9**	**921**
Hedging derivatives	-37	-56	-34	-75
Value change of hedged items	34	54	-36	70
Total net interest income	**494**	**452**	**9**	**917**

Note 5. Impairments of receivables

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Receivables eliminated as loan or guarantee losses	23	65	-64	89
Receoveries of eliminated receivables	-4	-4	-11	-10
Increase in impairment losses	55	79	-31	141
Decrease in impairment losses	-19	-63	70	-72
Total	**55**	**77**	**-29**	**149**

Note 6. Net income from Non-life Insurance

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Net insurance premium revenue				
Premiums written	734	665	10	1,023
Insurance premiums ceded to reinsurers	-48	-34	-41	-40
Change in provision for unearned premiums	-204	-169	-20	-13
Reinsurers' share	25	12		-6
Total	**507**	**473**	**7**	**964**
Net Non-life Insurance claims				
Claims paid	353	324	9	655
Insurance claims recovered from reinsurers	-15	-17	8	-29
Change in provision for unpaid claims	-25	-28	12	19
Reinsurers' share	12	21	-44	-8
Total	**325**	**300**	**8**	**637**
Net investment income, Non-life Insurance				
Interest income	31	32	0	64
Dividend income	25	18	38	21
Property	2	2	12	1
Capital gains and losses				
Notes and bonds	-8	35		53
Shares and participations	10	-5		-2
Loans and receivables	-1	-1	40	1
Property	0	2		3
Derivatives	6	-25		-20
Fair value gains and losses				
Notes and bonds	0	1		0
Shares and participations	-7	-16	54	-33
Loans and receivables	-1	-2	58	-4
Property	0	0		1
Derivatives	0	0		0
Other	1	0		1
Total	**57**	**40**	**43**	**86**
Unwinding of discount	-23	-22	-4	-45
Other	0	0		14
Net income from Non-life Insurance	**216**	**190**	**14**	**382**

Note 7. Net income from Life Insurance

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Premiums written	413	692	-40	1,315
Reinsurers' share	-13	-14	1	-28
Total	**400**	**679**	**-41**	**1,287**
Claims incurred				
Benefits paid	-354	-321	-10	-595
Change in provision for unpaid claims	6	-22		-414
Reinsurers' share	3	3	25	7
Change in insurance contract liabilities				
Change in life insurance provision	37	-450		-698
Reinsurers' share	4	6	-40	10
Total	**-303**	**-785**	61	**-1,689**
Other	-10	3		-29
Total	**87**	**-102**		**-431**
Net investment income, Llife Insurance				
Interest income	27	23	19	47
Dividend income	51	41	26	49
Property	3	2	24	2
Capital gains and losses				
Notes and bonds	5	2		6
Shares and participations	21	44	-53	128
Loans and receivables	3	1		1
Property	0	0	27	0
Derivatives	-12	-47	75	-43
Fair value gains and losses				
Notes and bonds	6	3	86	17
Shares and participations	-11	-15	26	-58
Loans and receivables	-4	1		-3
Property	1	-1		-1
Derivatives	1	3	-54	2
Other	5	5		11
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	-25	28		53
Fair value gains and losses	-94	48		297
Other	13	11	23	23
Total	**-9**	**149**		**531**
Net income from Non-life Insurance	**78**	**46**	**68**	**100**

Note 8. Net commissions and fees

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Commission income				
Lending	81	78	4	153
Deposits	2	2	3	5
Payment transfers	79	72	10	150
Securities brokerage	18	16	14	30
Securities issuance	7	9	-29	13
Mutual funds brokerage	50	43	15	89
Asset management and legal services	33	31	6	65
Insurance brokerage	30	33	-9	57
Guarantees	11	11	4	23
Other	20	20	2	39
Total	**331**	**314**	**5**	**624**
Commission expenses	33	31	6	61
Net commissions and fees	**297**	**283**	**5**	**563**

Note 9. Net trading income

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Capital gains and losses				
Notes and bonds	-3	14		20
Shares and participations	3	1		2
Derivatives	18	-24		-13
Changes in fair value				
Notes and bonds	3	6	-50	3
Shares and participations	-4	0		5
Derivatives	4	5	-18	12
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	-	-		-
Dividend income	1	1	-4	1
Net income from foreign exchange operations	0	11		17
Total	**22**	**13**	**71**	**46**

Note 10. Net investment income

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	9	19	-51	32
Shares and participations	11	5		13
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	1	0		1
Other	-	-		-
Dividend income	13	13	4	15
Impairment losses	-1	-7	-89	-17
Total	**34**	**30**	**14**	**44**
Investment property				
Rental income	20	23	-12	45
Maintenance charges and expenses	-14	-15	7	-29
losses	-1	-5	-74	1
Other	0	0	-11	0
Total	**6**	**4**	**45**	**18**
Other	-	-		-
Net investment income	**40**	**34**	**17**	**62**

Note 11. Other operating income

EUR million	Q2/ 2011	Q2/ 2010	Change, %	2010
Income from property and business premises in own use	8	8	5	15
Rental income from assets rented under operating lease	9	11	-22	22
Other	30	29	1	63
Total	**46**	**48**	**-4**	**99**

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	3,453	-	-	-	-	3,453
Receivables from credit institutions and central banks	1,167	-	-	-	-	1,167
Derivative contracts	-	-	1,543	-	163	1,705
Receivables from customers	58,155	-	-	-	-	58,155
Non-life Insurance assets**	650	-	101	2,576	-	3,327
Life Insurance assets***	326	-	3,573	3,572	-	7,471
Notes and bonds	-	902	350	6,646	-	7,897
Shares and participations	-	-	69	283	-	352
Other receivables	3,937	-	405	-	-	4,342
Total 30 June 2011	**67,688**	**902**	**6,041**	**13,076**	**163**	**87,870**
Total 30 June 2010	**64,824**	**1,080**	**6,512**	**11,862**	**246**	**84,524**
Total 31 December 2010	**64,512**	**978**	**6,177**	**12,104**	**199**	**83,969**

EUR million			Financial liabilities at fair value through profit or loss******	Other liabilities	Hedging derivatives	Total
Liabilities						
Liabilities to credit institutions	-	-	-	2,325	-	2,325
Financial liabilities held for trading (excl. derivatives)	-	-	24	-	-	24
Derivative contracts	-	-	1,664	-	231	1,895
Liabilities to customers	-	-	-	42,166	-	42,166
Non-life Insurance liabilities***	-	-	2	2,604	-	2,606
Life Insurance liabilities****	-	-	3,215	4,025	-	7,239
Debt securities issued to the public	-	-	-	19,737	-	19,737
Subordinated loans	-	-	-	985	-	985
Other liabilities	-	-	-	4,307	-	4,307
Total 30 June 2011	-	-	**4,904**	**76,149**	**231**	**81,284**
Total 30 June 2010	-	-	**4,379**	**73,500**	**275**	**78,154**
Total 31 December 2010	-	-	**4,815**	**72,200**	**228**	**77,243**

*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.
**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 technical provisions related to unit-linked insurance policies.

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

On 30 June, the fair value of these debt instruments was approximately EUR 16 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. Financial instruments recognised at fair value, grouped by valuation technique

Fair value of assets on 30 June 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	294	110	15	419
Non-life Insurance	-	-	6	6
Life Insurance	-	-	114	114
Derivative financial instruments				
Banking	10	1,592	104	1,705
Non-life Insurance	1	1	-	2
Life Insurance	-	2	-	2
Available-for-sale				
Banking	6,621	200	107	6,928
Non-life Insurance	1,723	610	242	2,576
Life Insurance	2,430	415	727	3,572
Total	11,079	2,929	1,315	15,323

Fair value of assets on 31 Dec 2010, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	307	199	14	519
Non-life Insurance	-	-	8	8
Life Insurance	-	-	116	116
Derivative financial instruments				
Banking	32	1,764	137	1,933
Non-life Insurance	-	1	-	1
Life Insurance	-	0	-	0
Available-for-sale				
Banking	5,379	592	61	6,032
Non-life Insurance	1,563	648	231	2,442
Life Insurance	2,428	496	705	3,629
Total	9,709	3,700	1,272	14,681

Fair value of liabilities on 30 June 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	24	0	-	24
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	3	1,875	18	1,895
Non-life Insurance	1	0	-	2
Life Insurance	-	3	-	3
Total	**28**	**1,878**	**18**	**1,924**

Fair value of liabilities on 31 Dec 2010, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	0	-	-	0
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	22	1,917	12	1,951
Non-life Insurance	1	0	-	2
Life Insurance	-	0	-	0
Total	**24**	**1,917**	**12**	**1,953**

* 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 2011, EUR 47 million in bonds were transferred from level 1 to level 2, due to changes in credit ratings.

Note 14. Non-life Insurance assets

EUR million	30 June 2011	30 June 2010	Change, %	2010
Investments				
Loan and other receivables	133	255	-48	229
Shares and participations	437	414	6	400
Property	93	77	22	87
Notes and bonds	1,512	1,490	1	1,490
Derivatives	2	2	15	1
Other participations	633	567	12	561
Total	**2,810**	**2,805**	**0**	**2,768**
Other assets				
Prepayments and accrued income	31	31	-1	38
Other				
Arising from direct insurance operations	318	281	13	228
Arising from reinsurance operations	116	84	38	87
Cash in hand and at bank	10	5		4
Other receivables	42	54	-22	39
Total	**518**	**455**	**14**	**396**
Non-life Insurance assets	**3,327**	**3,259**	**2**	**3,164**

Note 15. Life Insurance assets

EUR million	30 June 2011	30 June 2010	Change, %	30 June 2010
Investments				
Loan and other receivables	229	296	-23	418
Shares and participations	2,703	2,629	3	2,818
Property	138	119	16	135
Notes and bonds	983	680	44	927
Other	2	0		0
Total	**4,055**	**3,725**	**9**	**4,298**
contracts				
Shares and participations	3,319	2,677	24	3,147
Other assets				
Prepayments and accrued income	30	25	20	32
Other				
Arising from direct insurance operations	4	6	-43	7
Arising from reinsurance operations	64	56	14	61
Cash in hand and at bank	0	0	-100	0
Total	**97**	**88**	**11**	**99**
Life Insurance assets	**7,471**	**6,489**	**15**	**7,544**

Note 16. Non-life Insurance liabilities

EUR million	30 June 2011	30 June 2010	Change, %	2010
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,105	1,071	3	1,108
Other provision for unpaid claims	740	707	5	739
Total	1,845	1,778	4	1,847
Provisions for unearned premiums	581	531	9	377
Other liabilities	181	175	3	127
Total	**2,606**	**2,484**	**5**	**2,350**

Note 17. Life Insurance liabilities

EUR million	30 June 2011	30 June 2010	Change, %	2010
Technical provisions	3,858	3,822	1	4,024
Insurance contract liabilities for unit-linked insurance policies	3,212	2,628	22	3,090
Other liabilities	170	95	79	176
Total	**7,239**	**6,545**	11	**7,290**

Note 18. Debt securities issued to the public

EUR million	30 June 2011	30 June 2010	Change, %	2010
Bonds	10,575	10,031	5	9,693
Certificates of deposit, commercial papers and ECPs	8,892	9,838	-10	9,623
Other	270	258	5	262
Total	**19,737**	**20,128**	**-2**	**19,577**

Note 19. Fair value reserve after income tax

EUR million	30 June 2011	30 June 2010	Change, %	2010
Notes and bonds	-81	-40		-75
Shares and participations	118	41		194
Other	-11	0		-6
Total	**26**	**1**		**112**

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

The fair value reserve before tax amounted to EUR 35 million (151) and the related deferred tax asset came to EUR 9 million (39). On 30 June, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 236 million (286) million and negative mark-to-market valuations EUR 67 million (19).

Note 20. Capital structure and capital adequacy

Capital structure and capital adequacy, € m	30 June 2011	30 June 2010	Change, %	2010
Tier 1 capital				
OP-Pohjola Group's equity capital	6,586	6,370	3	6,726
The effect of insurance companies on the Group's shareholders' equity is excluded (incl. OVY's technical provisions)	2	255	-99	-28
Fair value reserve, transfer to Tier 2	37	26	44	21
Supplementary cooperative capital not included in equity capital	596	601	-1	644
Tier 1 capital before deductions and hybrid capital	7,222	7,252	0	7,363
Hybrid capital	223	222		222
Intangible assets	-333	-290	15	-323
Excess funding of pension liability and fair value measurement of investment property	-377	-366	3	-373
Planned profit distribution / profit distribution as proposed by the Board	-35	-28	24	-69
Investment in insurance companies and financial institutions	-1,386	-1,351	3	-1,234
Impairments – shortfall of expected losses	-103	-175	-41	-131
Net Tier 1 capital	**5,211**	**5,264**	**-1**	**5,454**
Tier 2 capital				
Fair value reserve (excl. cash flow hedge valuation)	-27	-26	4	-15
Perpetual bonds	293	295	-1	295
OVY's equalisation provision	210	-	0	207
Debenture loans	453	700	-35	609
Investment in insurance companies and financial institutions	-929	-970	-4	-1,095
Net Tier 2 capital	0	0		-
Total capital base	**5,211**	**5,264**	**-1**	**5,454**
Minimum capital requirement				
Credit and counterparty risk	3,189	3,079	4	3,153
Market risk	60	38	58	37
Operational risk	232	282	-18	228
Total	**3,481**	**3,399**	**2**	**3,418**
Capital adequacy ratio, %	12.0	12.4		12.8
Tier 1 ratio, %	12.0	12.4		12.8

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

€ million	30 June 2011	30 June 2010	Change, %	2010
OP-Pohjola Group's equity capital	6,586	6,370	3	6,726
Business-segment-specific items	1,645	1,867	-12	1,783
Goodwill and intangible assets	-1,105	-1,075	3	-1,094
Equalisation provisions	-335	-534	-37	-331
Other items included in equity capital and business-segment-specific items, but not included in the conglomerate's capital base	-541	-622	-13	-604
Conglomerate's total capital base	**6,251**	**6,005**	**4**	**6,480**
Regulatory capital requirement for credit institutions	3,481	3,381	3	3,418
Regulatory capital requirement for insurance operations	405	384	5	396
Total minimum amount of conglomerate's capital base	**3,886**	**3,765**	**3**	**3,814**
Conglomerate's capital adequacy	**2,364**	**2,241**	**6**	**2,666**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**1.61**	**1.60**		**1.70**

Note 22. Collateral given

EUR million	30 June 2011	30 June 2010	Change, %	2010
Given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	6,383	5,978	7	6,027
Other	413	256	61	349
Total	**6,797**	**6,234**	**9**	**6,377**

Note 23. Off-balance-sheet items

EUR million	30 June 2011	30 June 2010	Change, %	2010
Guarantees	1,205	1,362	-12	1,223
Other guarantee liabilities	1,571	1,690	-7	1,621
Pledges	2	1		1
Loan commitments	9,277	9,089	2	8,805
Commitments related to short-term trade transactions	216	144	50	164
Other	739	875	-15	783
Total off-balance-sheet items	**13,010**	**13,161**	**-1**	**12,595**

Note 24. Derivative contracts

30 June 2011, EUR million	Nominal values / remaining term to maturity				Fair values*	
	<1 year	1-5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	59,997	78,206	31,510	169,713	1,289	1,242
Currency derivatives	15,657	2,245	652	18,554	215	466
Equity and index-linked derivatives	77	1,086	6	1,168	84	0
Credit derivatives	23	152	-	175	4	0
Other derivatives	3,229	317	1	3,546	16	42
Total derivatives	**78,983**	**82,006**	**32,168**	**193,157**	**1,608**	**1,751**

30 June 2010, EUR million	Nominal values / remaining term to maturity				Fair values*	
	<1 year	1-5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	47,342	50,756	18,660	116,758	1,646	1,631
Currency derivatives	13,856	2,139	517	16,512	558	390
Equity and index-linked derivatives	112	932	24	1,068	88	0
Credit derivatives	30	157	-	187	4	0
Other derivatives	3,864	264	-	4,128	7	20
Total derivatives	**65,205**	**54,247**	**19,202**	**138,653**	**2,302**	**2,041**

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

Derivatives netting is applied at OP-Pohjola Group, but in this document derivative transactions are presented in gross amounts.

Note 25. Related-party transactions

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

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

Related-party transactions have not undergone any substantial changes since 31 December 2010.

OP-Pohjola Group's financial performance will be presented to the media by Executive Chairman Reijo Karhinen in a press conference on 3 August 2011 at 12 noon at Teollisuuskatu 1 b, Vallila, Helsinki.

Pohjola Bank plc will publish its own interim report.

Interim report for nine months will be published on 2 November 2011, respectively.

Helsinki, 3 August 2011.

OP-Pohjola Group Central Cooperative
Executive Board

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