OP-Pohjola Group's Interim Report 1 January–31 March 2011

Q1

OP-Pohjola

OP-Pohjola Group
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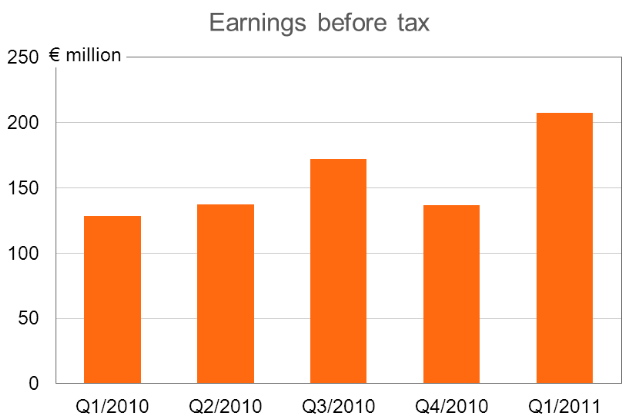
Strong start to 2011 by OP-Pohjola Group: best quarter in over three years

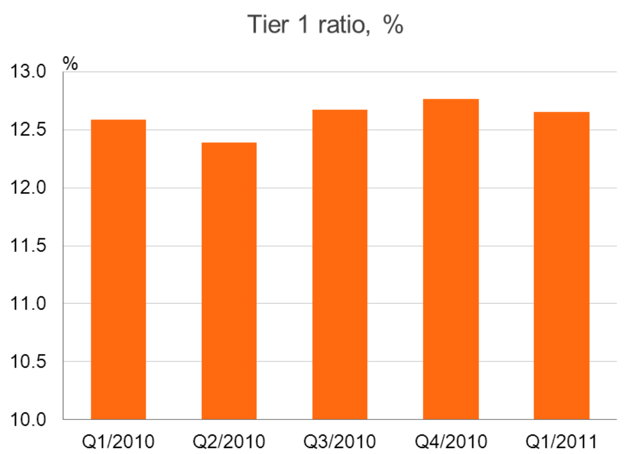
– The Group's pre-tax earnings shot up by 62% to EUR 208 million (128) – each business segment improved its performance.
– Growth in income was 11 percentage points higher than that in expenses. Net interest income increase by 6% and Other income by 24%, while expenses increased by 6%.
– Impairment losses on receivables shrank by 38% year on year, amounting to 0.16% of the loan and guarantee portfolio.
– OP-Pohjola Group's joint banking and insurance customers increased in the report period by 25,000 (19,000).
– Growth was stable, and in our strategic focus area, that is, integration and corporate financing, we proceeded well.
– The Group's risk exposure is stable and the capital adequacy is solid, Tier 1 ratio being 12.7%.
– The Group's performance for 2011 is expected to be better than in 2010. The greatest risks are related to changes in international capital and financial markets.

OP-Pohjola Group's key indicators

	Q1/2011	Q1/2010	Change, %	2010
Earnings before tax, € million	208	128	61.9	575
Banking	133	93	43.2	367
Non-life Insurance	19	6		83
Life Insurance	37	1		43
Returns to owner-members and OP bonus customers	42	39	7.0	163
	31 Mar 2011	**31 Mar 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)	1.67	1.62	0.05*	1.70
Tier I ratio, %	12.7	12.6	0.1*	12.8
Non-performing loan losses within loan and guarantee portfolio, %	0.4	0.5	-0.1*	0.3
Joint banking and insurance customers (1,000)	1,222	1,117	9,4	1,197

***** Change in ratio





Comments by Reijo Karhinen, Executive Chairman

Our first quarter saw improved earnings and a bold investment in developing improved services to our customers. Despite a number of uncertainties, we have been able to continue our success story, and I expect this to continue during the rest of the year.

The quarter that just ended boasted the best earnings in over three years. This was the result of several factors that manifested our Group's strengths: All divisions improved their financial performance. Net interest income improved well and growth of Other income continued to be strong. The growth in income was triple that of the rise in expenses. Credit losses kept on contracting, reaching their lowest level in over two years.

Although competition has been tough, our volume increase has been steady. Thanks to our solid capital adequacy, we can continue to implement our growth strategy with determination.

Our decision to establish a development unit in Oulu that will focus on eBusiness and mobile applications for financial services in particular is a concrete example of OP-Pohjola Group's desire and ability to take on a new course and to lay new foundations for growth. Nokia's strategy change provided us with a window of opportunity to tap into a fresh pool of resources and to create new eBusiness.

We are now moving boldly forward to create what we believe will be solutions that provide a better customer experience. I believe this move will turn out to be one of the Group's major turning points, a similar one being 1996 when we were the first in Europe to introduce online banking.

Our good earnings performance is a reflection of the growth base of the Finnish economy, as indeed Finland is our primary market area. Our solid performance is good news to our customers. Banks are there for their customers and owners, and in our case the owners and the customers are the same people. Our cooperative base not only gives us the opportunity but also obligates us to channel our profits to long-term development projects.

Finnish prosperity is only ensured by having sufficient growth. This country needs companies that have the courage to invest into the future even during difficult periods. OP-Pohjola Group is not only providing the framework for investments by our customers but also setting an example on how to build for the future. By boldly investing into new things, by emphasising growth and by increasing our personnel we are in the forefront of Finnish growth companies.

OP-Pohjola Group's Interim Report for 1 January–31 March 2011

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Operating environment

The world economy continued its strong growth in the first quarter of 2011. However, this favourable development was tinged with uncertainty caused by Japan's natural disaster and the restlessness in the Arab world. A reduction in unemployment has supported broad-based economic growth in the USA. Europe's economies, too, have shown some growth although inflation has climbed faster than expected. Accelerating inflation has also cast a shadow over emerging economies. All in all, however, the world economy will continue to grow this year at a rate above the long-term average.

The Finnish economy grew rapidly and the unemployment rate continued to decline in the first quarter. Finland too showed an accelerating inflation rate but consumer confidence remained strong. Consumer spending will this year be buttressed by improving employment. Export prospects are favourable and the pace of capital spending is expected to quicken. The economic outlook for the current year is optimistic.

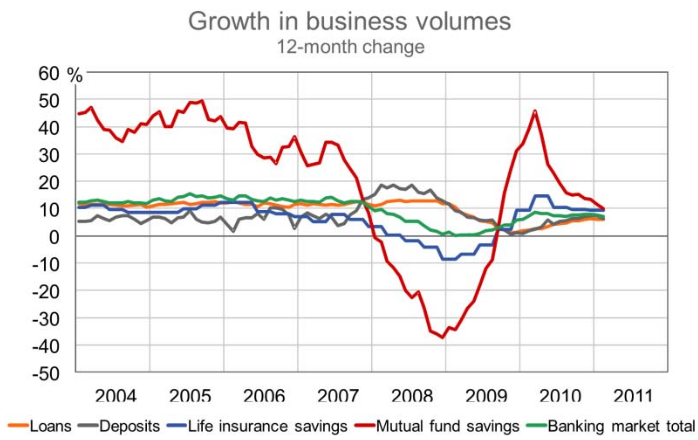
The first quarter saw a quickening rise in short-term market rates because the European Central Bank (ECB) was anticipated to raise its main refinancing rate sooner than expected. Indeed, the ECB raised the rate to 1.25% in early April. Higher inflation and economic growth in the euro zone were reflected in the ECB's monetary policy decisions. The ECB is expected to continue to raise the main refinancing rate this year.

The year-start was favourable in money and capital markets but Japan's natural disaster and rising oil prices made the markets nervous, which was reflected in equity markets in particular. Portugal faced increasing problems in government bond markets, which ultimately forced it to request a financial rescue from its euro-zone partners. However, Portugal's predicament was not reflected in the market on any wider scale. In order to survive their debt crisis, Portugal and the other debt-ridden euro-zone countries must solve their own competitiveness-related and structural problems because the financial aid is only temporary relief.

In the first quarter, the loan portfolio in the financial sector continued to grow at an annual average rate of around 6%. Higher short-term market rates have not slowed down growth in consumer lending, and the housing market has remained lively. The corporate loan portfolio has continued to grow at a slightly slower rate than the consumer loan portfolio although there are signs of a pickup.

Although global equity markets enjoyed a strong recovery towards the end of March, the NASDAQ OMX Helsinki stock indices were below their year-end level. Jittery financial markets and higher interest rates made the net assets inflow into mutual funds remain relatively low during the first quarter. Total deposits continued to grow at an annual rate of around 6%. Life Insurance's premiums written for the first quarter remained unchanged compared to the comparable figure year on year.

In the first quarter, the growth rate of Non-life Insurance premiums written improved to over 5%. This growth is expected to remain at an above-average rate, underpinned by brighter prospects in the corporate sector and the accelerating inflation rate. Although Japan's natural disaster will have only minor direct effects on the Finnish insurance sector, natural disasters that have recently become more common are expected to put pressure on insurance premiums in the longer term. Greater economic activity increased claims incurred, which grew in the first quarter more rapidly than insurance premiums, as expected.



OP-Pohjola Group's earnings and total assets

Earnings analysis, € mill.	Q1/2011	Q1/2010	Change, %	Q4/2010	Change, %	2010
Banking	133	93	43.2	100	31.9	367
Non-life Insurance	19	6		-2		83
Life Insurance	37	1		20	80.2	43
Earnings before tax	**208**	**128**	**61.9**	**137**	**51.7**	**575**
Gross change in fair value reserve	-82	212		-31		225
Earnings/loss before tax at fair value	**126**	**340**	**-63.0**	**106**	**18.9**	**800**
Return on economic capital, % *)	15.5	13.1	2.4			14.4
Return on economic capital at fair value, % *)	14.2	31.9	-17.7			18.7
Income						
Net interest income	238	224	6.3	238	0.2	917
Net income from Non-life Insurance	92	78	18.7	73	26.3	382
Net income from Life Insurance	50	14		39	28.6	100
Net commissions and fees	156	143	8.8	146	7.0	563
Net trading and investment income	46	37	24.7	37	25.5	109
Other operating income	27	26	2.7	32	-15.2	101
Other income, total	**371**	**298**	**24.3**	**326**	**13.8**	**1,256**
Total income	**609**	**523**	**16.6**	**564**	**8.1**	**2,172**
Expenses						
Personnel costs	178	164	8.2	166	7.2	643
Other administrative expenses	80	75	7.4	94	-15.0	319
Other operating expenses	78	78	0.0	85	-7.6	324
Total expenses	**336**	**317**	**6.0**	**345**	**-2.5**	**1,286**
Impairment losses on receivables	**23**	**38**	**-38.3**	**41**	**-42.4**	**149**
Returns to owner-members and OP bonus customers						
Bonuses	40	37	7.6	39	1.5	151
Interest on ordinary and supplementary cooperative capital	3	3	-1.7	3	0.0	12
Total returns	**42**	**39**	**7.0**	**42**	**1.4**	**163**

*) 12-month rolling, change in percentage

Other key indicators, € mill.	31 Mar 2011	31 Mar 2010	Change, %	31 Dec 2010	Change, %
Receivables from customers	57,131	53,679	6.4	56,834	0.5
Life Insurance assets	7,594	6,889	10.2	7,544	0.7
Non-life Insurance assets	3,415	3,412	0.1	3,164	7.9
Liabilities to customers	38,743	38,425	0.8	39,205	-1.2
Debt securities issued to the public	19,844	19,708	0.7	19,577	1.4
Equity capital	6,725	6,376	5.5	6,726	0.0
Balance sheet total	85,250	83,211	2.4	83,969	1.5
Tier 1 capital	5,446	5,298	2.8	5,454	-0.1

January–March

The Group's earnings before tax grew by 62% to EUR 208 million (128). This was the result of lower impairment charges, higher net commissions and fees 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 40 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 investment markets and, as a consequence of higher long-term interest rates, falling market prices. The Group's fair value reserve shrank by EUR 61 million, while a year ago it increased by EUR 156 million.

Non-life Insurance's operating combined ratio declined to 100.5% as a result of a higher amount of claims incurred. However, Non-life Insurance's pre-tax earnings improved year on year thanks to higher net investment income recognised in the profit and loss. This increase in net investment income also explains higher pre-tax earnings by Life Insurance.

Net commissions and fees continued to increase especially owing to higher commissions and fees related to lending, payment transfer services and asset management. Net trading income tripled and net investment income fell somewhat short of the comparison period. Investment income shrank as a result of a fall in capital gains.

Expenses increased year-on-year by 6.0% mainly because of higher personnel costs.

Impairment losses recognised under various income statement items that eroded the report period's performance amounted to EUR 28 million (103), of which EUR 23 million (38) concerned loans and other receivables. Net impairment losses were 0.16% of the loan and guarantee portfolio (0.27).

Equity capital stood at EUR 6,725 million on 31 March, being at the same level as on 31 December 2010. Equity capital was boosted by the report period's performance, while being eroded by a shrunken fair value reserve and dividend payments. The Annual General Meeting of Pohjola Bank plc decided on 29 March 2011 that the company will pay a dividend of EUR 0.40 (0.34) for each Series A and EUR 0.37 (0.31) for each Series K share for 2010, resulting in total dividends of EUR 126 million (107), of which the Group's internal divided accounted for 44%.

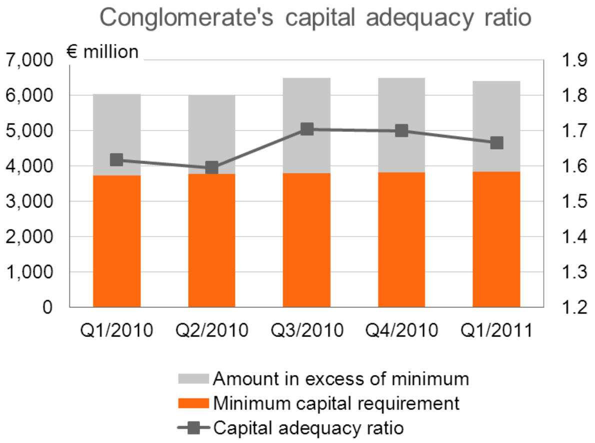
On 31 March, the cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks’ owner-members totalled EUR 784 million (778).

OP-Pohjola Group's long-term financial targets	31 Mar 2011	31 Mar 2010	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.67	1.62	1.5
Return on economic capital, % (12-month rolling)	15.5	13.1	17
Growth differential between income and expenses, percentage points (12-month rolling)	4.8	11.0	> 0

Capital adequacy, risk exposure and credit ratings

Capital adequacy

On 31 March, OP-Pohjola Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates, exceeded the minimum amount specified in the Act by EUR 2,562 million (2,666). The 3.9% fall in the capital buffers is the result the redemption of a EUR 150 million debenture loan under Pohjola Bank plc's Tier 2 capital, of which more information is provided in the capital adequacy section dealing with Banking.



As a result of the financial crisis, the regulatory framework for banks' capital requirements is becoming more rigorous in an effort to improve the quality of their capital base, to increase capital 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 retained its strong risk-bearing capacity, with stable risk exposure.

The Group's credit risk exposure is stable and still improving. The fact that the economy has stabilised has improved customers' repayment capacity, which has further resulted in lower impairments charges on receivables. See below in the part dealing with business segments for details on Banking's credit risk exposure.

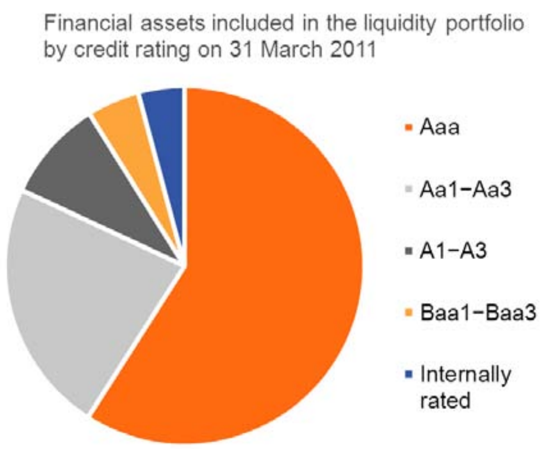
No major changes took place in the report period in Non-life Insurance's or Life Insurance's underwriting risks and investment portfolio risk exposure. See below in the part dealing with business segments for details on the risk exposure.

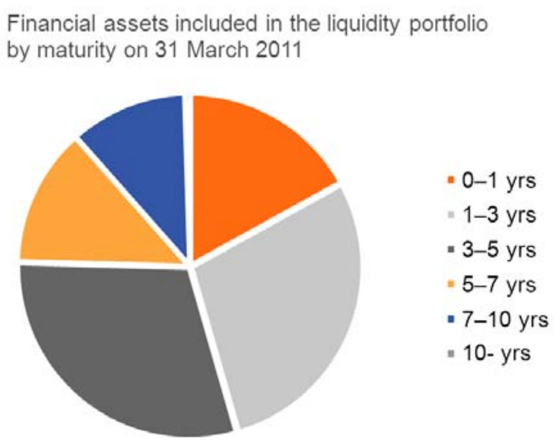
OP-Pohjola Group's market risk exposure was stable in the report period, and the financial and liquidity position was good. Pohjola Bank plc issued a bond worth EUR 0.5 billion in the report period, and on 1 April 2011, OP Mortgage Bank issued a covered bond worth one billion euros. Pohjola Bank plc's 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.	31 Mar 2011	31 Dec 2010	Change
Nominal value/	11,393	11,274	119
Collateral value	10,360	10,324	36

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.





Investment assets, € mill.	31 Mar 2011	31 Dec 2010	Change
Pohjola Bank plc	9,565	9,487	78
Non-life Insurance	2,979	2,924	55
Life Insurance	4,573	4,716	-143
Group member banks	1,785	1,663	121
OP-Pohjola Group Mutual Insurance Company	379	379	0
Total	19,280	19,169	110

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 an entire sector or individual actors can cope in weaker economic conditions than have been forecast.

The Financial Supervisory Authority (FSA) published in April the results of an extensive stress test covering the Finnish financial sector. These tests were conducted in cooperation with OP-Pohjola Group and other banks operating in Finland. According to the FSA, the Finnish financial sector's capital adequacy on the whole is sufficient to withstand an economic downswing as specified in the stress tests, and falling asset values. However, the stress tests give reason for certain players to assess together with the regulators whether they should increase their capital or reduce their risk exposure. OP-Pohjola Group's capital adequacy passed the stress tests without problem, giving no reason to increase the level of capital or change the risk exposure.

The European Banking Authority (EBA) is currently carrying out EU-wide stress tests with the aim of having tested 65% of Europe's banking systems by the summer. The EBA will be publishing its results during the summer.

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 main reason for the negative outlook was the rapid deterioration of the Finnish economy in 2009 and its potential effects on Pohjola and OP-Pohjola Group that mainly operate in Finland.

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 Q1/2011	Earnings/loss before tax Q1/2010	Change, %
Banking	439	240	-66	133	93	43.2
Non-life Insurance	100	81	0	19	6	232.5
Life Insurance	63	26	0	37	1	
Other Operations	109	90	0	19	31	-39.3
Eliminations	-101	-101	0	1	-2	-126.0
Total	**609**	**336**	**-65**	**208**	**128**	**61.9**

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

Banking

- Earnings before tax increased by 43% to EUR 133 million as a result of higher income and lower impairment charges.
- Net interest income was up 7.9% and commissions and fees by 6.9%. Impairment losses on receivables reduced even more, by 38% in the report period.
- The Group's loan portfolio grew at a rate above the market average. Capital invested in mutual funds and the growth in deposits were slower than the sector average.

Banking, key figures

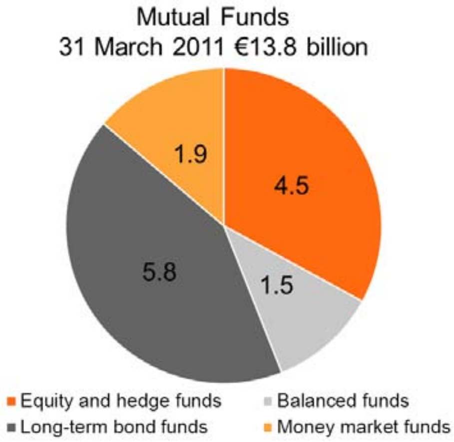
€ million	Q1/2011	Q1/2010	Change, %	2010
Net interest income	225	208	7.9	852
Impairment losses on receivables	23	38	-38.0	149
Other income	214	192	11.5	745
Personnel costs	109	105	4.1	405
Other expenses	131	125	4.6	513
Returns to owner-members and OP bonus customers	42	39	7.0	163
Earnings/loss before tax	**133**	**93**	**43.2**	**367**
€ million				
Home mortgages drawn down	1,498	1,313	14.1	6,651
Corporate loans drawn down	1,355	1,636	-17.2	6,554
Net subscriptions to mutual funds	-398	575	-169.2	497
No. of brokered property transactions	3,777	3,757	0.5	17,009
€ billion	**31 Mar 2011**	**31 Mar 2010**	**Change, %**	**31 Dec 2010**
Loan portfolio				
Home loans	28	26	6.5	27
Corporate loans	15	14	8.4	14
Other loans	15	14	5.1	15
Total	**57**	**53**	**6.6**	**57**
Guarantee portfolio	3	3	-7	3
Deposits				
Total current and payment transfer	19	18	7.8	19
Investment deposits	17	17	4.9	17
Total deposits	**37**	**34**	**6.4**	**36**
Market share, %				
Of loan portfolio	32.9	32.6		33.0
Of deposits	31.7	32.8		32.5
Of capital invested in mutual funds	22.6	23.6		23.4

Banking's operating environment was favourable throughout the report period, while the competition continued to be hard.

The fact that short-term market interest rates took an upward swing 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 first quarter was somewhat up year on year. The volume of new home mortgages increased clearly, by 14%, year on year. The margin of new home loans is almost at the same level as in late 2010. On 31 March, the Group held 35.8% (35.9) 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 8%. The corporate loan portfolio grew in the year to March by 8.4%. The lack of investments by companies is still reflected in the demand for corporate financing. The Group's market share of the loan portfolio by businesses and housing corporations increased in the year to March from 28.7% to 29.5%.

Capital invested in OP-Pohjola Group's mutual funds stood at EUR 13.8 billion (14.4). The amount of capital decreased along with the market trends by 0.9%.



Net subscriptions to OP-Pohjola Group's mutual funds were EUR 398 million in the negative (+575).

OP-Pohjola Group's Asset Management managed a total of EUR 34.8 billion (35.0) on 31 March, of which assets in OP-Pohjola Group's mutual funds accounted for EUR 12.0 billion (12.0) and OP-Pohjola Group companies for EUR 8.8 billion.

Earnings and risk exposure

Earnings before tax by Banking increased by 43% to EUR 133 million thanks to good return performance and lower impairment charges.

Banking income increased by 9.6% to EUR 439 million. Net interest income rose by 7.9%. The rise in short-term market interest rates supported the growth of net interest income. Net commissions and fees continued to grow steadily, by 6.9%, boosted particularly by higher volumes of asset management and stock broking volumes. Lending commissions and fees also grew considerably year on year. Net trading and investment income increased year on year by EUR 12 million, or 51%.

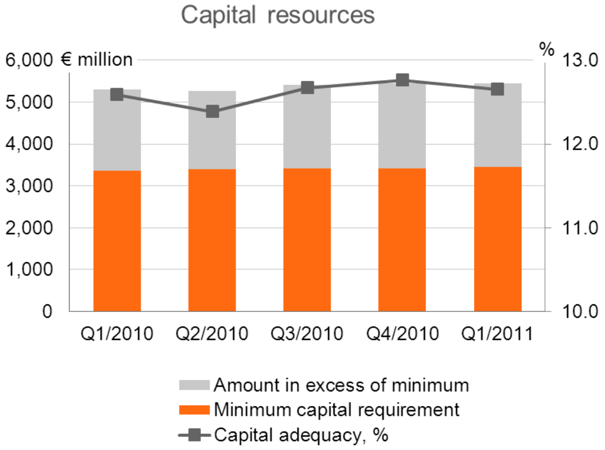
Impairments of receivables contracted year on year by EUR 14 million. The ratio of impairment losses to the loan and guarantee portfolio in the report period was 0.16%, having been 0.32% at its highest after the financial crisis.

Banking's credit risk exposure was stable. Thanks to the economy picking up, both impairment losses on receivables and non-performing and zero-interest receivables reduced. Households' repayment capacity remained high. The average loan capitals of new home mortgages drawn down fell somewhat, and the loan periods shortened. The economic upswing improved the financial position of more and more corporate customers. Of OP-Pohjola Group's corporate 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	**31 Mar 2011**		**31 Mar 2010**		**31 Dec 2010**	
	€ mill.	**%**	**€ mill.**	**%**	**€ mill.**	**%**
Non-performing and zero-interest receivables, net	258	0,4	296	0,5	204	0,3
Impairments on receivables since 1 January, net	23	0,16	38	0,27	149	0,25

Capital adequacy

On 31 March, OP-Pohjola Group's capital adequacy ratio under the Credit Institutions Act and the Tier 1 capital adequacy ratio both stood at 12.7% (12.8). The statutory minimum for capital adequacy ratio is 8%, and for Tier 1 ratio 4%.



The Group's Tier 1 capital on 31 March amounted to EUR 5,446 million (5,454). The decline is Tier 1 capital was the result of the premature redemption of a EUR 150 million debenture loan under Tier 2 capital during the report period. This redemption reduced the capital adequacy ratio by -0.3 percentage points.

Insurance company investments, deducted in equal proportions from Tier 1 and 2 capital, came to EUR 2,314 million (2,330). EUR 124 million have been deducted from equity capital as a shortfall of expected losses and impairments.

The minimum capital requirement was EUR 3,443 million on 31 March (3,418), increasing by 0.7% 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 91.9% (92.2) of the capital requirement. Operational risk accounted for 6.7% (6.7) of the capital requirement, and market risk for 1.4% (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 reduces the Group's capital requirement, but makes it more susceptible to market fluctuations. 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

- The growth rate of insurance premium revenue improved to 8% (–1). The number of loyal customer households increased by 11,500 (8,700).
- The balance on technical account was eroded by higher claims expenditure. The operating combined ratio stood at 100.5% (95.5).
- Pre-tax earnings increased to EUR 19 million (6) thanks to an increase in net investment income.
- Return on investments at fair value was 0.5% (3.2).

Non-life Insurance, key figures

€ million	**Q1/2011**	**Q1/2010**	**Change, %**	**2010**
Insurance premium revenue	246	227	8.1	964
Insurance claims and benefits	178	154	15.7	637
Net investment income	38	16	138.1	87
Unwinding of discount and other items included in net income	-12	-11	-1.7	-30
Net income from Non-life Insurance	**95**	**78**	**20.5**	383
Other net income	5	3	51.0	16
Personnel costs	32	27	19.3	109
Other expenses	49	49	-1.0	208
Earnings before tax	**19**	**6**	**232.5**	**83**
Gross change in fair value reserve	-23	69	-133.3	56
Earnings/loss before tax at fair value	**-4**	**75**	**-105.7**	**139**

€ million	Q1/2011	Q1/2010	Change, %	2010
Insurance premium revenue				
Private Customers	117	107	10.1	470
Corporate customers	116	109	6.8	445
Baltic States	13	12	1.9	49
Total insurance premium revenue	**246**	**227**	**8.1**	**964**
Key ratios for Non-life Insurance				
Operating loss ratio*, %	78.5	73.7	4.8	68.4
Return on investments at fair value*, %	0.5	3.2	-2.7	5.1
Operating combined ratio*, %	100.5	95.5	5.0	89.7
Operating expense ratio*, %	21.9	21.8	0.1	21.3

* These operating figures exclude changes in reserving bases and amortisation of intangible assets arising from the corporate acquisition. The changes have been calculated as changes in the ratio.

Non-life Insurance's business improved well in the report period. We had good growth in terms of private customers, and premium revenue from corporate customers rebounded. The strongest growth came from SMEs whose number also increased within Corporate Customers. Insurance sales to private customers increased most at car dealerships and in Group member banks.

There were 492,000 loyal customer households on 31 March, increasing by 11,500 in the report period (8,700). Up to 63% 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 334,000 insurance bills, with over 49,000 of them paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 15 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.

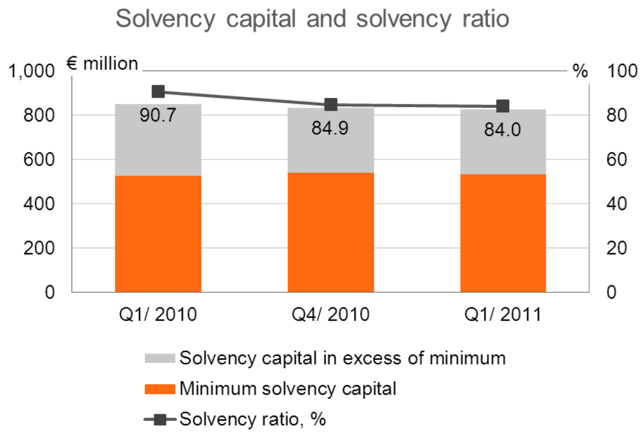
Earnings and risk exposure

Growth in insurance premium revenue intensified, yet profitability declined mainly as a result of higher claims incurred from corporate customers. The profitability of private customers remained at the comparison period's level. The number of losses increased owing to the difficult winter conditions and as a result of greater economic activity. The number of losses reported increased by 6%. The operating combined ratio stood at 100.5% (95.5).

The risk ratio excluding loss adjustment expenses stood at 72.3% (67.5). 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 52 (50) in January–March, with their claims incurred retained for own account totalling EUR 33 million (26).

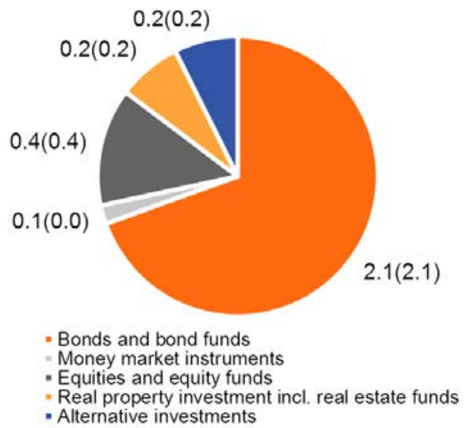
Return on investments at fair value was 0.5% (3.2). Net investment income at fair value came to EUR 15 million (85). In the reporting period a year ago, impairment charges recognised from the fair value reserve in the income statement totalled EUR 16 million.

Non-life Insurance's risk-bearing capacity of still good. Non-life Insurance's solvency capital stood at EUR 826 million (832) on 31 March. The equalisation provision that is included under capital adequacy fell to EUR 407 million (424).



On 31 March, the Non-life Insurance investment portfolio totalled EUR 3.0 billion (2.9), being divided as follows (billions of euros):

Investment assets EUR 3.0 billion on 31 March 2011



The fixed-income portfolio by credit rating was healthy, with investment-grade exposure accounting for 89% (91), and 75% of the exposure being receivables in at least category A–. The average residual term to maturity of the fixed-income portfolio was 4.9 years (5.3) and the duration 3.6 years (4.1).

Life Insurance

- The market share of insurance savings was unchanged.
- The share of unit-linked insurance of insurance savings increased to 45.3% (41.4).
- Earnings before tax increased significantly to EUR 37 million (1).
- Return on investments at fair value was 0.4% (4.1).

Life Insurance, key figures

€ million	**Q1/2011**	**Q1/2010**	**Change, %**	**2010**
Premiums written	201	229	-12.2	1,287
Unit-linked	143	132	8.4	508
Net investment income	43	200	-78.3	539
Unit-linked	-21	177	-111.8	374
Change in insurance contract liabilities	10	249	-95.9	1,119
Unit-linked	73	315	-76.9	755
Claims incurred	178	160	11.8	588
Other items	-2	-4	63.1	-11
Net income from Life Insurance	**54**	**16**	**236.6**	**109**
Other income	9	8	16.4	16
Personnel costs	3	2	15.7	9
Other expenses	23	21	13.6	72
Earnings before tax	**37**	**1**		**43**
Gross change in fair value reserve	-44	138	-132.2	220
Earnings/loss before tax at fair value	**-8**	**138**	**-105.5**	**263**

	31 Mar 2011	**31 Mar 2010**	**Change, %**	**31 Dec 2010**
Market share of insurance savings, %	21.3	20.7		21.3
Market share of unit-linked insurance savings, %	24.4	24.9		24.5

	31 Mar 2011	**31 Mar 2010**	**Change, %**	**31 Dec 2010**
€ billion				
Insurance savings	7.1	6.5	8.7	7.1
Unit-linked	3.2	2.7	19.0	3.1

In accordance with the strategy, the focus in Life Insurance was turned increasingly to unit-linked insurance, this accounting for 45.3% of the insurance portfolio, down by 4 percentage points year on year.

Unit-linked premiums written increased by 8.4% and insurance savings by 3.9%.

Earnings and risk exposure

Net investment income without the income from unit-linked insurance came to EUR 64 million (23). Investment income was improved particularly by smaller impairments on investments (by EUR 39 million), and higher capital gains and dividends.

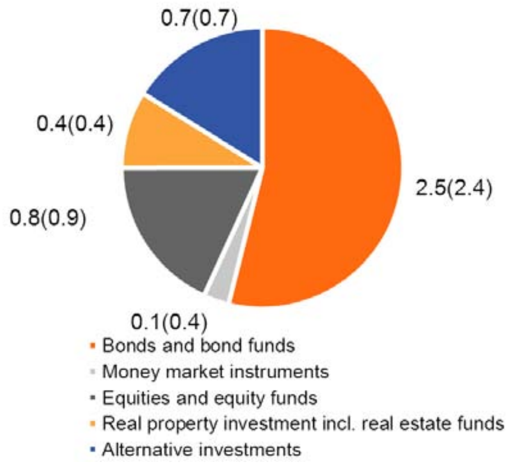
The company's balance sheet management was intensified during the report period by hedging interest rate risk associated with technical provisions by means of interest rate swaps.

Operating efficiency improved somewhat as income increased. The cost ratio, in which sales channel fees are excluded and in which all income to cover business expenses are included as income, came to 31.7% (32.4).

However, jittery investment markets and the fact that long-term interest rates turned up created a negative result at fair value. Return on investments at fair value was 0.4% (4.1).

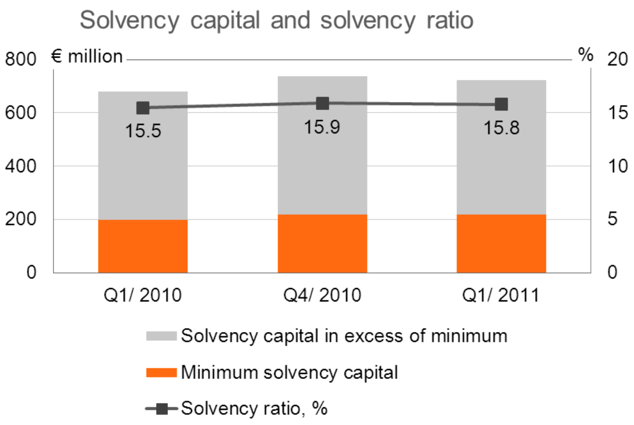
Life insurance investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.6 billion (4.7), divided as follows (billions of euros):

Investment assets EUR 4.6 billion on 31 March 2011



Investments under the 'investment grade' accounted for 72% (71) of the fixed-income portfolio. The portfolio's modified duration was 3.6 years (3.7) on 31 March.

Life Insurance's capital adequacy was solid: its solvency margin was EUR 722 million, which was 3.2-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	Q1/2011	Q1/2010	Change, %	2010
Net interest income	12	15	-17.7	61
Net trading income	-2	-6	56.4	-8
Net investment income	10	21	-52.8	40
Other income	89	84	6.2	342
Expenses	90	83	8.5	349
Impairment losses on receivables	0	0		-1
Earnings/loss before tax	**19**	**31**	**-39.3**	**86**
€ billion	**31 Mar 2011**	**31 Mar 2010**	**Change, %**	**31 Dec 2010**
Receivables from financial institutions	9.6	7.5	27.5	7.8
Financial assets held for trading	-0.1	0.3	-118.7	-0.1
Investment assets	7.8	7.1	11.2	7.3
Liabilities to credit institutions	4.6	4.4	4.7	4.0
Debt securities issued to the public	17.8	17.3	3.1	17.0

Other Operations' pre-tax result for January–March was EUR 19 million (31).

Investment income included EUR 4.6 million (14) in capital gains on notes and bonds. No impairment charges were recognised on shares and participations included in available-for-sale financial assets (3).

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 33 million (30) were personnel costs and EUR 25 million (20) ICT costs.

Outlook

World economic growth is forecast to remain strong in 2011, although slowing down somewhat compared to last year, and the Finnish economy is expected to develop favourably, too. As the economy is recovering, short-term interest rates are again expected to rise towards the end of the year. The greatest risks that may overshadow the economic outlook are caused by public finance crises in certain euro countries and the consequent financial market jitters.

OP-Pohjola Group's 2011 earnings before taxes are expected to be better than in 2010, the expected increase being attributed to climbing net interest income and net commissions and fees, and lower impairment charges related to banking and insurance operations. The greatest uncertainty is related to developments in international investment and financial markets.

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

OP-Pohjola Group announced on 28 April that it will establish a development unit in Oulu that will focus on eBusiness, and mobile applications in particular. Moreover, a competence centre will be built in Oulu related to the Group's other ICT services. Operations will be started in stages, but eventually a total of some 150 jobs will be created.

Changes in OP-Pohjola Group's structure

OP-Pohjola Group's consolidated financial statements include the accounts of 212 member cooperative banks (213), OP-Pohjola Group Central Cooperative Consolidated and OP Bank Group Mutual Insurance Company.

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

Pieksämäen Osuuspankki, Etelä-Savon Osuuspankki, Juvan Osuuspankki and Savonlinnan Osuuspankki will merge to become 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.

Owner-members and customers

On 31 March, the cooperative member banks had 1.3 million owner-members, up by 31,600 year on year. On the same date, Group member banks and Helsinki OP Bank Plc, which operates in the Greater Helsinki Metropolitan Area, had a total of 1,219,000 OP bonus customers.

Loyal customer bonuses earned by OP bonus customers totalled EUR 40 million, up by 7.6% year on year. In January–March, OP bonus customers used a total of EUR 22 million (21) of bonuses on banking services and EUR 15 million (13) on Pohjola non-life insurance premiums. Bonuses were used for the payment of 334,000 insurance premium bills, with almost 15% of these being paid using solely OP bonuses.

OP-Pohjola Group had 4,140,000 customers in Finland at the end of March. The number of private customers totalled 3,717,000 and that of corporate customers 423,000. Since 1 January, the number of joint banking and non-life insurance customers in Finland increased by 25,000 to 1,222,000 as a result of cross-selling.

Personnel and incentive system

At the end of March, the Group had 12,626 employees (12,504). The staff averaged 12,543 employees (12,468). 96 employees (83) retired from OP-Pohjola Group in the first quarter at an average age of 61.5 years (60.0).

OP-Pohjola Group's long-term management incentive scheme for 2008–10 ended on 31 December 2010. A new incentive scheme for the entire Group is under preparation.

Senior management of OP-Pohjola Group Central Cooperative

OP-Pohjola Group Central Cooperative's Annual Cooperative Meeting was held of 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 and Managing Director Vesa Lehikoinen were elected Vice Chairmen.

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 9.1 million (7.4) of these expenses consisted of ICT procurement capitalised in the balance sheet in the accounting period. Of these investments, EUR 3,7 million (4,8) was allocated to banking operations, EUR 4,5 million (1,6) to non-life insurance operations and EUR 1,0 million (0,9) to life insurance operations.

OP-Pohjola Group income statement

EUR million	Note	Q1/ 2011	Q1/ 2010	Change, %	2010
Interest income		697	573	22	2 412
Interest expenses		458	349	31	1 495
Net interest income before impairment losses	4	**238**	**224**	**6**	**917**
Impairments of receivables	5	23	38	-38	149
Net interest income after impairments		**215**	**186**	**15**	**768**
Net income from Non-life Insurance operations	6	92	78	19	382
Net income from Life Insurance operations	7	50	14		100
Net commissions and fees	8	156	143	9	563
Net trading income	9	19	6		46
Net investment income	10	26	31	-14	62
Other operating income	11	26	26	2	99
Personnel costs		178	164	8	643
Other administrative expenses		80	75	7	319
Other operating expenses		78	78	0	324
Returns to owner-members		42	39	7	163
Share of associates' profits/losses		1	1	12	2
Earnings before tax for the period		**208**	**128**	**62**	**575**
Income tax expense		54	33	63	135
Profit for the period		**154**	**95**	**62**	**440**

OP-Pohjola Group statement of comprehensive income

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Profit for the period	**154**	**95**	**62**	**440**
Change in fair value reserve				
Measurement at fair value	-60	212	10	234
Cash flow hedge	-22	-		-8
Translation differences	0	0		0
Income tax on other comprehensive income				
Measurement at fair value	-15	56		61
Cash flow hedge	-6	-		-2
Total comprehensive income for the period	**94**	**252**	**-63**	**606**

OP-Pohjola Group balance sheet

EUR million	Liite	31 March 2011	31 March 2010	Change, %	2010
Cash and cash equivalents		588	3 446	-83	1 628
Receivables from credit institutions		1 639	1 483	11	1 121
Financial assets at fair value through profit or loss		438	1 306	-66	519
Derivative contracts		1 882	1 743	8	1 933
Receivables from customers		57 131	53 679	6	56 834
Non-life Insurance assets	14	3 415	3 412		3 164
Life Insurance assets	15	7 594	6 889	10	7 544
Investment assets		7 990	7 089	13	7 438
Investments in associates		37	16		38
Intangible assets		1 158	1 170	-1	1 159
Property, plant and equipment (PPE)		710	759	-6	716
Other assets		2 552	2 130	20	1 749
Tax assets		115	90	28	125
Total assets		**85 250**	**83 211**	**2**	**83 969**
Liabilities to credit institutions		1 879	2 261	-17	1 696
Financial liabilities at fair value through profit or loss		0	90		0
Derivative contracts		2 157	1 637	32	1 951
Liabilities to customers		38 743	38 425	1	39 205
Non-life Insurance liabilities	16	2 782	2 656	5	2 350
Life Insurance liabilities	17	7 275	6 683	9	7 290
Debt securities issued to the public	18	19 844	19 708	1	19 577
Provisions and other liabilities		3 184	2 507	27	2 333
Tax liabilities		1 011	966	5	1 014
Cooperative capital		655	644	2	647
Subordinated liabilities		996	1 257	-21	1 178
Total liabilities		**78 525**	**76 835**	**2**	**77 243**
Equity capital					
Share of OP-Pohjola Group's owners					
Share and cooperative capital		364	357	2	368
Fair value reserve	19	52	102	-49	112
Other reserves		2 684	2 640	2	2 656
Retained earnings		3 625	3 278	11	3 590
Total equity capital		**6 725**	**6 376**	**5**	**6 726**
Total liabilities and equity capital		**85 250**	**83 211**	**2**	**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	1	-	-	-	-	1
Issue expenses	-	-	-	-	-	-
Transfer of reserves	-	-	-	33	-33	-
Profit distribution	-	-	-	-	-64	-64
Total comprehensive income for the period	-	156	-	-	95	252
Share-based payments	-	-	-	-	-	-
Other	-2	-	-	3	0	1
Balance at 31 March 2010	**357**	**102**	**-**	**2 640**	**3 278**	**6 376**

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	-2	-	-	-	-	-2
Transfer of reserves	-	-	-	28	-28	-
Profit distribution	-	-	-	-	-73	-73
Total comprehensive income for the period	-	-50	-10	-	154	93
Share-based payments	-	-	-	-	1	1
Other	-2	-	-	-	-19	-21
Balance at 31 March 2011	**364**	**68**	**-16**	**2 684**	**3 625**	**6 725**

Cash flow statement

EUR million	Q1/ 2011	Q1/ 2010
Cash flow from operating activities		
Profit for the period	154	95
Adjustments to profit for the period	322	462
Increase (-) or decrease (+) in operating assets	**-2 692**	**-2 098**
Receivables from credit institutions	-469	503
Financial assets at fair value through profit or loss	54	-57
Derivative contracts	2	-17
Receivables from customers	-353	-733
Non-life Insurance assets	-291	-277
Life Insurance assets	-97	-332
Investment assets	-605	-647
Other assets	-933	-539
Increase (+) or decrease (-) in operating liabilities	**713**	**1 989**
Liabilities to credit institutions	190	87
Financial liabilities at fair value through profit or loss	0	19
Derivative contracts	2	15
Liabilities to customers	-462	819
Non-life Insurance liabilities	228	190
Life Insurance liabilities	-26	255
Provisions and other liabilities	780	603
Income tax paid	-26	-19
Dividends received	74	63
A. Net cash from operating activities	**-1 455**	**492**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-12	-3
Decreases in held-to-maturity financial assets	65	69
Acquisition of subsidiaries, net of cash acquired	-1	0
Disposal of subsidiaries, net of cash disposed	0	0
Purchase of PPE and intangible assets	-18	-22
Proceeds from sale of PPE and intangible assets	1	1
B. Net cash used in investing activities	**36**	**46**
Cash flow from financing activities		
Increases in subordinated liabilities	6	25
Decreases in subordinated liabilities	-165	-18
Increases in debt securities issued to the public	10 129	12 408
Decreases in debt securities issued to the public	-9 475	-12 699
Increases in cooperative and share capital	35	41
Decreases in cooperative and share capital	-29	-18
Dividends paid and interest on cooperative capital	-73	-64
Returns to owner-members	0	0
Increases in invested unrestricted equity	0	0
Other	0	0
C. Net cash from financing activities	**429**	**-325**
Net change in cash and cash equivalents (A+B+C)	**-990**	**213**
Cash and cash equivalents at period-start	**1 689**	**3 282**
Cash and cash equivalents at period-end	**699**	**3 495**
Interest received	**549**	**574**
Interest paid	**-403**	**-282**
Cash and cash equivalents		
Liquid assets	126	122
Receivables from credit institutions payable on demand	573	3 373
Total	**699**	**3 495**

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 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

	Q1/ 2011	Q1/ 2010	2010
Return on equity, %	9,3	6,2	6,8
Return on equity at fair value, %	5,6	16,2	9,4
Return on assets, %	0,74	0,47	0,53
Cost/income ratio, %	55	61	59
Average personnel	12 543	12 474	12 468
Full-time	11 414	11 339	11 394
Part-time	1 129	1 135	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, %

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

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, %

(Personnel costs + other administrative expenses + other operating expenses) x 100

divided by

(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)

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, %

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

Solvency ratio, %

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

Note 3. OP-Pohjola Group quarterly performance

EUR million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Interest income	573	592	606	641	697
Interest expenses	349	364	380	403	458
Net interest income	**224**	**228**	**226**	**238**	**238**
Impairments of receivables	38	40	31	41	23
Net interest income after impairments	**186**	**189**	**196**	**198**	**215**
Net income from Non-life Insurance operation	78	113	119	73	92
Net income from Life Insurance operations	14	32	15	39	50
Net commissions and fees	143	139	135	146	156
Net trading income	6	6	26	8	19
Net investment income	31	3	0	28	26
Other operating income	26	23	19	31	26
Personnel costs	164	171	142	166	178
Other administrative expenses	75	80	70	94	80
Other operating expenses	78	75	86	85	78
Returns to owner-members	39	42	41	42	42
Share of associates' profits/losses	1	0	1	0	1
Earnings before tax for the period	**128**	**137**	**172**	**137**	**208**
Income tax expense	33	36	46	20	54
Profit for the period	**95**	**101**	**126**	**117**	**154**
Other comprehensive income					
Change in fair value reserve					
Measurement at fair value	212	-137	182	-24	-60
Cash flow hedge	-	0	-1	-7	-22
Translation differences					
Income tax on other comprehensive income					
Measurement at fair value	56	-36	47	-6	15
Cash flow hedge	-	0	0	-2	6
Total comprehensive income for the period	**252**	**0**	**260**	**94**	**51**

Note 4. Net interest income

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Loans and other receivables	323	318	1	1 277
Receivables from credit institutions and central banks	7	6	19	23
Notes and bonds	-51	127		299
Derivatives held for trading (net)	18	-10		36
Liabilities to credit institutions	3	-4		-20
Liabilities to customers	-79	-64	24	-269
Debt securities issued to the public	66	-136		-326
Subordinated debt	-7	-8	-9	-32
Hybrid capital	-2	-1	31	-7
Financial liabilities held for trading	0	-1	-96	-1
Other (net)	0	0	-56	-3
Net interest income before items under hedge accounting	**278**	**227**	**22**	**977**
Derivatives under hedge accounting (net)	-40	-3		-60
Total net interest income	**238**	**224**	**6**	**917**

Note 5. Impairments of receivables

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Impairments of receivables	32	80	-60	231
Reversals of impairments	-9	-39	77	-79
amortised from statement of financial position	-2	-2	-1	-10
Net change in group-specific impairments	3	-1		7
Total	**23**	**38**	**-38**	**149**

Note 6. Net income from Non-life Insurance

EUR million	**Q1/ 2011**	**Q1/ 2010**	**Change, %**	**2010**
Net insurance premium revenue				
Premiums written	474	446	6	1 023
Insurance premiums ceded to reinsurers	-30	-28	-6	-40
Change in provision for unearned premiums	-218	-208	-4	-13
Reinsurers' share	19	18	9	-6
Total	**246**	**227**	**8**	**964**
Net Non-life Insurance claims				
Claims paid	176	177	0	655
Insurance claims recovered from reinsurers	-4	-15	70	-29
Change in provision for unpaid claims	5	-30		19
Reinsurers' share	1	22	-96	-8
Total	**178**	**154**	**16**	**637**
Net investment income, Non-life Insurance				
Interest income	16	16	0	64
Dividend income	21	17	30	21
Property	1	1	2	1
Capital gains and losses				
Notes and bonds	-9	31		53
Shares and participations	5	-20		-2
Loans and receivables	-1	-1	5	1
Property	0	0		3
Derivatives	7	-8		-20
Fair value gains and losses				
Notes and bonds	0	0		0
Shares and participations	-5	-16	65	-33
Loans and receivables	-1	-1	43	-4
Property	0	0		1
Derivatives	1	-4		0
Other	0	0		1
Total	**36**	**15**		**86**
Unwinding of discount	-12	-11	-4	-45
Other	0	0		14
Net income from Non-life Insurance	**92**	**78**	**19**	**382**

Note 7. Net income from Life Insurance

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Premiums written	207	234	-12	1 315
Reinsurers' share	-6	-6	-6	-28
Total	**201**	**229**	**-12**	**1 287**
Claims incurred				
Benefits paid	-179	-161	-11	-595
Change in provision for unpaid claims	7	-21		-414
Reinsurers' share	1	1	-2	7
Change in insurance contract liabilities				
Change in life insurance provision	-14	-232	94	-698
Reinsurers' share	1	2	-29	10
Total	**-184**	**-412**	55	**-1 689**
Other	-6	-1		-29
Total	**11**	**-184**		**-431**
Net investment income, Llife Insurance				
Interest income	13	11	18	47
Dividend income	43	35	23	49
Property	1	1	11	2
Capital gains and losses				
Notes and bonds	1	2	-27	6
Shares and participations	11	18	-40	128
Loans and receivables	0	1	-98	1
Property	0	0	-100	0
Derivatives	-9	-24	62	-43
Fair value gains and losses				
Notes and bonds	7	3		17
Shares and participations	-9	-29	69	-58
Loans and receivables	-3	-2		-3
Property	1	-		-1
Derivatives	2	0		2
Other	3	6		11
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	-12	5		53
Fair value gains and losses	-16	167		297
Other	7	5	31	23
Total	**39**	**199**	**-80**	**531**
Net income from Non-life Insurance	**50**	**14**		**100**

Note 8. Net commissions and fees

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Commission income				
Lending	40	37	10	153
Deposits	1	1	3	5
Payment transfers	39	35	12	150
Securities brokerage	10	7	37	30
Securities issuance	2	5	-61	13
Mutual funds brokerage	26	21	24	89
Asset management and legal services	17	15	12	65
Insurance brokerage	19	22	-11	57
Guarantees	6	5	9	23
Other	10	9	5	39
Total	**170**	**157**	**8**	**624**
Commission expenses	14	13	4	61
Net commissions and fees	**156**	**143**	**9**	**563**

Note 9. Net trading income

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Capital gains and losses				
Notes and bonds	-3	5		20
Shares and participations	2	0		2
Derivatives	17	-13		-13
Changes in fair value				
Notes and bonds	1	5	-88	3
Shares and participations	-1	3		5
Derivatives	3	1		12
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	-	-		-
Dividend income	0	0	-36	1
operations	2	4	-47	17
Total	**19**	**6**		**46**

Note 10. Net investment income

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	6	16	-65	32
Shares and participations	7	3		13
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	1	4		1
Other	-	-		-
Dividend income	8	10	-18	15
Impairment losses	0	-5	-97	-17
Total	**21**	**28**	**-24**	**44**
Investment property				
Rental income	10	12	-11	45
Maintenance charges and expenses	-7	-7	4	-29
losses	2	-2		1
Other	0	0	-63	0
Total	**5**	**3**	**91**	**18**
Other	-	-		-
Net investment income	**26**	**31**	**-14**	**62**

Note 11. Other operating income

EUR million	Q1/ 2011	Q1/ 2010	Change, %	2010
Income from property and business premises in own use	4	4	-7	15
Other	22	21	4	84
Total	**26**	**26**	**2**	**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	588	-	-	-	-	588
Receivables from credit institutions and central banks	1 639	-	-	-	-	1 639
Derivative contracts	-	-	1 686	-	196	1 882
Receivables from customers	57 131	-	-	-	-	57 131
Non-life Insurance assets**	725	-	105	2 585	-	3 415
Life Insurance assets***	414	-	3 471	3 709	-	7 594
Notes and bonds	-	926	372	6 355	-	7 653
Shares and participations	-	-	66	297	-	363
Other receivables	4 572	-	413	-	-	4 985
Total 31 March 2011	**65 069**	**926**	**6 113**	**12 946**	**196**	**85 250**
Total 31 March 2010	**64 134**	**1 098**	**6 371**	**11 410**	**198**	**83 211**
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	-	-	-	1 879	-	1 879
Financial liabilities held for trading (excl. derivatives)	-	-	0	-	-	0
Derivative contracts	-	-	1 892	-	265	2 157
Liabilities to customers	-	-	-	38 743	-	38 743
Non-life Insurance liabilities***	-	-	0	2 782	-	2 782
Life Insurance liabilities****	-	-	3 169	4 106	-	7 275
Debt securities issued to the public	-	-	-	19 844	-	19 844
Subordinated loans	-	-	-	996	-	996
Other liabilities	-	-	-	4 849	-	4 849
Total 31 March 2011	-	-	**5 061**	**73 199**	**265**	**78 525**
Total 31 March 2010	-	-	**4 165**	**72 453**	**217**	**76 835**
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 31 March 2011, the fair value of these debt instruments was EUR 57 million lower 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 31 March 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	339	84	15	438
Non-life Insurance	-	-	8	8
Life Insurance	-	-	122	122
Derivative financial instruments				
Banking	19	1 715	148	1 882
Non-life Insurance	1	2	0	3
Life Insurance	-	-	-	-
Available-for-sale				
Banking	5 626	972	54	6 652
Non-life Insurance	1 742	612	231	2 585
Life Insurance	2 686	310	713	3 709
Total	10 413	3 695	1 292	15 400

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
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 31 March 2011, 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	6	2 124	26	2 157
Non-life Insurance	0	0	-	0
Life Insurance	-	6	-	6
Total	**7**	**2 130**	**26**	**2 163**

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	-	-	-	-
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

Within Non-life Inurance, in the first quarter of 2011 EUR 18.4 million in Portuguese and Irish government bonds were transferred from level 1 to level 2, due to changes in credit ratings.

Note 14. Non-life Insurance assets

EUR million	31 March 2011	31 March 2010	Change, %	2010
Investments				
Loan and other receivables	178	400	-56	229
Shares and participations	556	434	28	400
Property	94	78	21	87
Notes and bonds	1 476	1 349	9	1 490
Derivatives	3	0		1
Other participations	561	712	-21	561
Total	**2 868**	**2 973**	**-4**	**2 768**
Other assets				
Prepayments and accrued income	33	33	1	38
Other				
Arising from direct insurance operations	336	310	9	228
Arising from reinsurance operations	112	92	22	87
Cash in hand and at bank	10	3	0	4
Other receivables	55	-		39
Total	**547**	**439**	**25**	**396**
Non-life Insurance assets	**3 415**	**3 412**	**0**	**3 164**

Note 15. Life Insurance assets

EUR million	31 March 2011	31 March 2010	Change, %	31 March 2010
Investments				
Loan and other receivables	312	440	-29	418
Shares and participations	2 770	3 038	-9	2 818
Property	134	119	12	135
Notes and bonds	1 061	511		927
Other	1	0		0
Total	**4 278**	**4 108**	**4**	**4 298**
contracts				
Shares and participations	3 213	2 699	19	3 147
Other assets				
Prepayments and accrued income	38	26	45	32
Other				
Arising from direct insurance operations	3	5	-49	7
Arising from reinsurance operations	62	51	22	61
Cash in hand and at bank	0	0	-100	0
Total	**103**	**82**	**24**	**99**
Life Insurance assets	**7 594**	**6 889**	**10**	**7 544**

Note 16. Non-life Insurance liabilities

EUR million	31 March 2011	31 March 2010	Change, %	2010
Provision for unpaid claims				
Provision for unpaid claims for annuities	1 108	1 057	5	1 108
Other provision for unpaid claims	756	708	7	739
Total	1 864	1 765	6	1 847
Provisions for unearned premiums	595	570	4	377
Other liabilities	323	320	1	127
Total	**2 782**	**2 656**	**5**	**2 350**

Note 17. Life Insurance liabilities

EUR million	31 March 2011	31 March 2010	Change, %	2010
Technical provisions	3 963	3 584	11	4 024
Insurance contract liabilities for unit-linked insurance policies	3 163	2 651	19	3 090
Other liabilities	149	448	-67	176
Total	**7 275**	**6 683**	9	**7 290**

Note 18. Debt securities issued to the public

EUR million	31 March 2011	31 March 2010	Change, %	2010
Bonds	9 925	9 627	3	9 693
Certificates of deposit, commercial papers and ECPs	9 669	9 845	-2	9 623
Other	250	237	6	262
Total	**19 844**	**19 708**	**1**	**19 577**

Note 19. Fair value reserve after income tax

EUR million	31 March 2011	31 March 2010	Change, %	2010
Notes and bonds	-79	11		-75
Shares and participations	147	91	62	194
Other	-16	-		-6
Total	**52**	**102**	**-49**	**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 70 million (151) and the related deferred tax liability to EUR 18 million (deferred tax asset EUR 39 million). On 31 March, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 269 million (286) million and negative mark-to-market valuations EUR 64 million (19).

Note 20. Capital structure and capital adequacy

Capital structure and capital adequacy, € n	31 March 2011	31 March 2010	Change, %	2010
Tier 1 capital				
OP-Pohjola Group's equity capital	6 725	6 376	5	6 726
The effect of insurance companies on the Group's shareholders' equity is excluded (incl. OVY's technical provisions)	29	239	-88	-28
Fair value reserve, transfer to Tier 2	31	-22		21
Supplementary cooperative capital not included in equity capital	655	644	2	644
Tier 1 capital before deductions and hybrid capital	7 440	7 237	3	7 363
Hybrid capital	222	222		222
Intangible assets	-325	-286	14	-323
Excess funding of pension liability and fair value measurement of investment property	-376	-368	2	-373
Planned profit distribution / profit distribution as proposed by the Board	-20	-12	68	-69
Investment in insurance companies and financial institutions	-1 371	-1 312	4	-1 234
Impairments – shortfall of expected losses	-124	-183	-32	-131
Net Tier 1 capital	**5 446**	**5 298**	**3**	**5 454**
Tier 2 capital				
Fair value reserve (excl. cash flow hedge valuation)	-15	22		-15
Perpetual bonds	293	298	-2	295
OVY's equalisation provision	208	0		207
Debenture loans	457	689	-34	609
Investment in insurance companies and financial institutions	-944	-1 009	-7	-1 095
Net Tier 2 capital				
Total capital base	**5 446**	**5 298**	**3**	**5 454**
Minimum capital requirement				
Credit and counterparty risk	3 164	3 039	4	3 153
Market risk	47	46	1	37
Operational risk	232	282	-18	228
Total	**3 443**	**3 367**	**2**	**3 418**
Capital adequacy ratio, %	12,7	12,6		12,8
Tier 1 ratio, %	12,7	12,6		12,8

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

€ million	31 March 2011	31 March 2010	Change, %	2010
OP-Pohjola Group's equity capital	6 725	6 376	5	6 726
Business-segment-specific items	1 640	1 864	-12	1 783
Goodwill and intangible assets	-1 094	-1 077	2	-1 094
Equalisation provisions	-319	-525	-39	-331
Other items included in equity capital and business-segment-specific items, but not included in the conglomerate's capital base	-541	-599	-10	-604
Conglomerate's total capital base	6 411	6 040	6	6 480
Regulatory capital requirement for credit institutions	3 443	3 348	3	3 418
Regulatory capital requirement for insurance operations	405	386	5	396
Total minimum amount of conglomerate's capital base	**3 848**	**3 734**	**3**	**3 814**
Conglomerate's capital adequacy	**2 562**	**2 306**	**11**	**2 666**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**1,67**	**1,62**		**1,70**

Note 22. Collateral given

EUR million	31 March 2011	31 March 2010	Change, %	2010
Given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	6 254	5 960	5	6 027
Other	404	592	-32	349
Total	**6 659**	**6 553**	**2**	**6 377**

Note 23. Off-balance-sheet items

EUR million	31 March 2011	31 March 2010	Change, %	2010
Guarantees	1 213	1 401	-13	1 223
Other guarantee liabilities	1 547	1 583	-2	1 621
Pledges	1	1	81	1
Loan commitments	9 316	9 156	2	8 805
Commitments related to short-term trade transactions	147	121	21	164
Other	747	850	-12	783
Total off-balance-sheet items	**12 971**	**13 111**	**-1**	**12 595**

Note 24. Derivative contracts

31 March 2011, EUR million	Nominal values / remaining term to maturity <1 year	1-5 years	>5 years	Total	Fair values* Assets	s
Interest rate derivatives	48 292	70 922	31 756	150 970	1 379	1 297
Currency derivatives	16 856	2 317	530	19 703	266	633
Equity and index-linked derivatives	175	994	29	1 198	119	0
Credit derivatives	23	252	-	275	5	-1
Other derivatives	3 315	246	-	3 562	21	52
Total derivatives	**68 662**	**74 732**	**32 314**	**175 708**	**1 790**	**1 982**

31 March 2010, EUR million	Nominal values / remaining term to maturity <1 year	1-5 years	>5 years	Total	Fair values* Assets	s
Interest rate derivatives	50 516	46 869	15 958	113 344	1 464	1 371
Currency derivatives	12 591	2 083	497	15 171	290	326
Equity and index-linked derivatives	125	835	23	983	105	-
Credit derivatives	30	178	-	208	4	2
Other derivatives	3 826	284	-	4 111	4	18
Total derivatives	**67 089**	**50 249**	**16 479**	**133 816**	**1 868**	**1 718**

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

Note 25. Related-party transactions

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

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

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

OP-Pohjola Group's financial performance will be presented to the media by Executive Chairman Reijo Karhinen in a press conference on 4 May 2011 at 12 noon at Teollisuuskatu 1 b, Vallila, Helsinki.

Pohjola Bank plc will publish its own interim report.

Interim reports for six and nine months will be published on 3 August and 2 November 2011, respectively.

Helsinki, 4 May 2011.

OP-Pohjola Group Central Cooperative
Executive Board

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