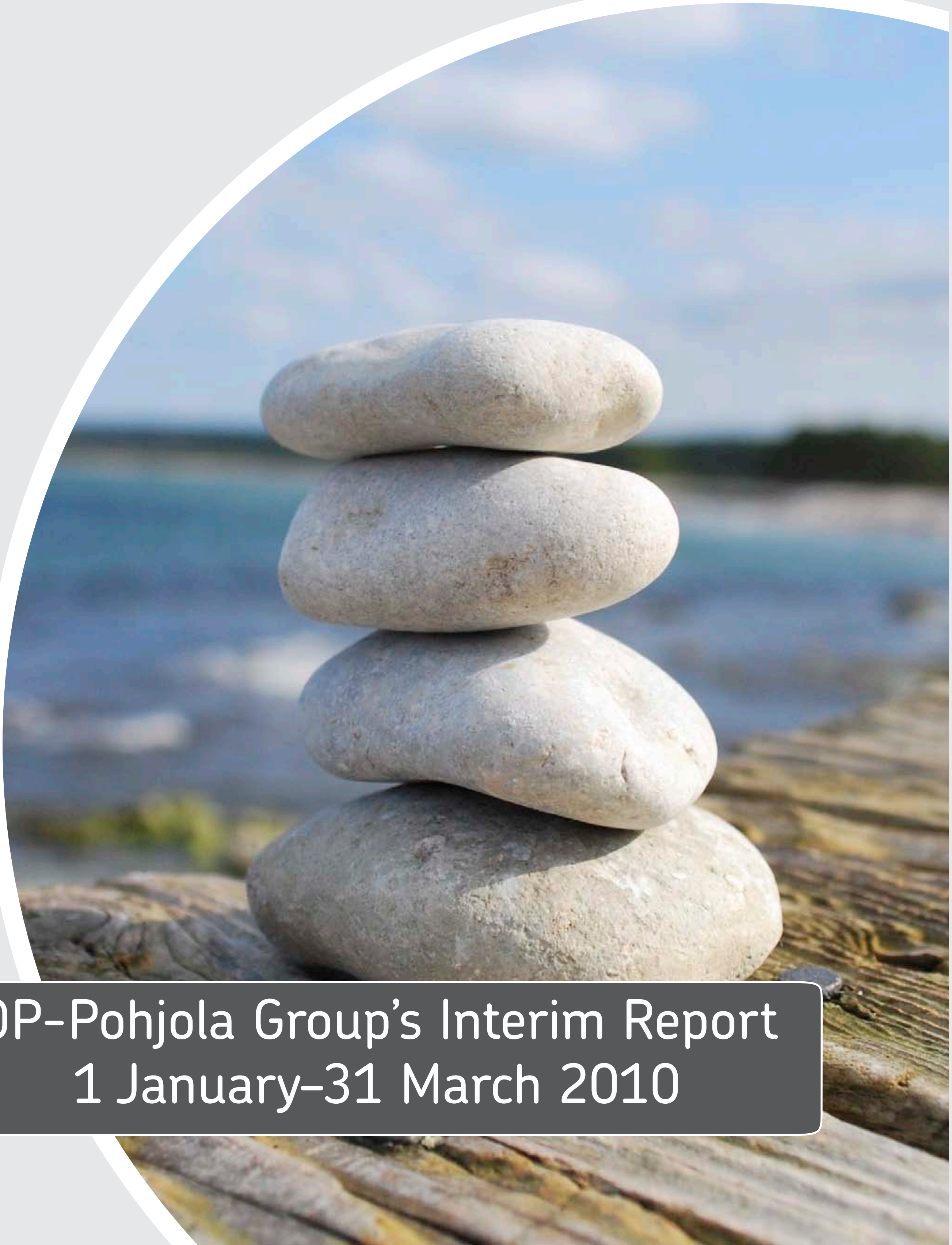
OP-Pohjola Group



OP-Pohjola Group's Interim Report 1 January–31 March 2010

OP-Pohjola Group Central Cooperative
Company Release 5 May 2010 at 8.00 am 1 (42)
Release category: Interim Report

OP-Pohjola Group's January–March 2010

- Earnings before tax, EUR 128 million, were higher than in Q1/2009 (124) and much higher than in Q4/2009 (70). Year on year, earnings before tax at fair value soared to quadruple figures at EUR 340 million (85).
- Income increased by 2% despite 22% lower net interest income. Expenses were lower year on year.
- Credit losses, standing at EUR 38 million, increased as expected from last year, but shrank clearly compared with the level on 31 December 2009.
- According to the sector's official statistics published in April, OP-Pohjola Group solidified its position further as Finland's leading bank and non-life insurer in 2009.
- Compared with 31 March 2009, the Group's market share in loans, mutual funds and life insurance improved, but contracted in deposits.
- The Group's risk-bearing capacity is very strong. Tier 1 ratio stood at 12.6%. The financial and insurance conglomerate's capital buffers rose to EUR 2.3 billion.
- The Group's full-year earnings for 2010 are expected to be about the same as in 2009. The greatest uncertainty is related to changes in interest rates, the investment environment and credit losses.

Comments by Reijo Karhinen, Executive Chairman

"We got off to a good start to the year again: our year-on-year earnings improved and were much higher than in the last quarter of 2009. Considering the turbulent markets, we can be extremely pleased with our performance.

The exceptionally low interest rates put a pressure on net interest income, but this was fully compensated by high investment income. Other things we can be pleased about are excellent earnings before tax at fair value, Life Insurance's volume and income performance and the fact that we have managed to reduce expenses and credit losses. We seem to be experiencing a turning point in credit loss increase.

In the wake of the world's financial and economic crisis, public finances are plummeting and the financial sector is facing a regulatory crisis. If regulation is made much tighter, this poses a risk to Finland where banks form the core of the economy, and the wrong parties may now have to pay the brunt for the financial crisis. Excessive regulation threatens to erode banks' financing capacity and therefore the Finnish economy, which is beginning to show signs of growth. Now Finland has to put in a solid contribution as to what shape regulation will take.

Competition on margins and tighter regulation are raising dark clouds especially over retail banking. A situation in which the interest rate for term deposits is higher than for new home mortgages can only be described as unhealthy. It seems that the sector is in this respect repeating the mistakes it made before the financial crisis.

Now that competition is becoming increasingly tougher, OP-Pohjola Group's solid finances, excellent competitive advantages and customer promise are more than valuable. We will continue to offer our customers the best loyalty benefits. Thanks to our strategy focusing on long-termism, our financial services group is faring even better in terms of capital adequacy and market position than before the financial crisis. We have what it takes to pull through."

OP-Pohjola Group's Interim Report for 1 January–31 March 2010

OP-Pohjola Group's key indicators

	Q1/2010	*Q1/2009*	*Change**	*2009*
Earnings before tax, € million	128	124	3.2	464
Banking and Investment Services	93	160	-41.9	471
Non-life insurance	6	-1		102
Life Insurance	1	-26		-159
Bonuses paid to customers, € million	37	35	5.9	142
Return on equity (ROE), %	6.2	4.9	1.2	5.9
Return on equity at fair value, %	16.2	2.7	13.6	14.7
Cost/income, % (Banking and Investment Services)	58	52	5	53
Average personnel	12,474	12,693	-1.7	12,632

	31 Mar 2010	*31 Mar 2009*	*Change**	*31 Dec 2009*
Total assets, € million	83.2	75.8	9.8	80.4
Capital adequacy, %**	12.6	12.1	0.5	12.6
Tier 1 ratio, %**	12.6	12.1	0.5	12.6
Ratio of capital base to minimum amount of capital base***	1.62	1.38	0.24	1.58
Non-performing loan losses within loan and guarantee portfolio, %	0.5	0.5	0.0	0.4
Market share, %				
Total loans	32.6	32.2	0.4	32.7
Total deposits	32.8	33.8	-1.0	33.2
Capital invested in mutual funds	23.6	22.1	1.5	23.4
Of insurance savings through life and pension insurance	20.7	19.3	1.4	20.0
	Q1/2010	*Q1/2009*	*Change**	*2009*
Of premiums written in life and pension insurance, %	38.5	24.4	14.1	25.2

* Percentage point change, except for earnings before tax, customer bonuses, total assets and average number of personnel, for which the change is stated in percentages, as well as the ratio of capital resources to the minimum amount of capital resources, for which the change is stated as a change in the ratio.
** Pursuant to the Act on Credit Institutions.
*** Pursuant to the Act on the Supervision of Financial and Insurance Conglomerates.

Operating environment

The world economy continued its gradual but uneven recovery in the first quarter of 2010. In the US, the labour market is already stabilising and economic growth has been brisk. In Europe, on the other hand, recovery has been slower, with the upswing largely hinging on exports, while the emerging markets especially in Asia, spearheaded by China, are recovering at a high rate.

The Finnish economy is recovering, too, and both businesses and consumers are showing improved confidence. Strong consumer confidence was witnessed by higher consumer spending and the lively housing market. Capital spending was still low, because there was still much idle production capacity. Although the world economy has turned around, this has not yet reflected in higher export volumes. Housing construction, on the other hand, has a brighter outlook.

Central banks' benchmark interest rates were exceptionally low. The European Central Bank is not expected to raise its interest rates until the end of 2010 at the earliest, gradually reducing stimulus packages to support the banking system's liquidity, which will raise the euro area's short-term interest rates that had sunk record-low during the recession.

Growth in the sector's loan portfolio increased at a somewhat higher rate in the first quarter of 2010, and corporate loans, which had contracted throughout all of 2009, levelled off in the first months of 2010. Loans to households grew at an annual growth rate of over 5% thanks to low interest rates and the livelier housing market. The higher number of deals made has also kept housing prices on the rise.

The investment market remained favourable with the equity market continuing to grow steadily. The increase in value coupled with continuously high net subscriptions increased mutual fund capital especially with regard to equity funds. Deposits grew at a slow rate. Current account growth slowed down in the review period, whereas term deposits, which had experienced strong growth throughout 2009, slowed down. Life Insurance's premiums written rose steeply, while Non-life Insurance's premiums written were still low in the first quarter. The volume of indemnities paid out grew somewhat, because the winter's exceptional snow load caused a lot of damage.

OP-Pohjola Group's earnings and total assets

January–March

Pre-tax earnings were clearly up year on year thanks to continued robust growth of Other operating income, coming to EUR 128 million (124)*. Earnings before tax compared with the previous quarter grew by over 80%. Income increased by 2% despite 22% lower net interest income. Other income increased by a third year on year, and expenses were lower. Thanks to recovering capital markets, earnings before tax at fair value were very good at EUR 340 million (85).

The Banking pre-tax earnings was at the same level with Q4/2009, but contracted year on year by 42% as a result of lower net interest income and higher credit losses. Non-life Insurance earnings, thanks to higher investment income, were greater than in the comparison period, although the operating combined ratio** weakened to 95.5% (91.3). Life Insurance earnings made it into the black thanks to improved investment performance, coming to EUR 1 million (minus 26). Life Insurance's investment income at fair value was 4.1% (loss of 1.8).

The Group's revenues increased by 2.5% to EUR 523 million (510). Net interest income was EUR 224 million (287), or down by 22% year on year. Other income continued to increase substantially, reaching EUR 298 million (223), up by 34% year on year. Banking's investment and net trading income increased by EUR 16 million, mainly as a result of higher sales profits and lower recognised impairments. Net commissions, totalling EUR 143 million (130), were higher than last year primarily owing to asset management fees.

Expenses stood at EUR 317 million (319), down by 0.5% year on year. Expenses fell in several individual categories. The Group's wages and salaries were lower than in the comparison period as staff numbers reduced, but personnel costs as a whole increased by 0.8% because of higher pension expenses.

Bonuses paid to owner-members and OP bonus customers rose by 5.9% and totalled EUR 37 million (35).

Impairments and fair value changes reducing the earnings were recognised to an amount of EUR 103 million in the report period (122). EUR 17 million of these were recorded under Non-life Insurance net income, EUR 41 million under Life Insurance net income and EUR 8 million under other income. Net impairment losses on loans and receivables increased to EUR 38 million (29). The final credit losses were recognised to an amount of EUR 30 million EUR (5) and impairment losses to EUR 44 million (37).
The majority of credit losses derived from corporate exposure. Value readjustments and cancellations of impairment losses totalled EUR 35 million (13). Impairment losses on receivables remained very low, at 0.27% of the loan and guarantee portfolio (0.21%).

Pre-tax earnings for January–March were 83% than in the previous quarter. The Q1/2010 net interest income contracted by EUR 21 million from Q4/2009. Impairment charges contracted by EUR 14 million from Q4/2009. Compared with Q4/2009, Life Insurance net income was up by EUR 45 million and net commissions by EUR 18 million. Pre-tax earnings at fair value were EUR 340 million, up by EUR 139 million on Q4/2009.

* Comparatives for 2009 are given in brackets. For income-statement and other aggregated figures, January–March 2009 figures serve as comparatives. For balance-sheet and other cross-sectional figures, figures at the end of the previous report period (31 December 2009) serve as comparatives.
**The combined cost ratio excluding amortisation on intangible assets arising from the Pohjola acquisition and allocated to the business segment without the effect of changes in calculation bases.

Earnings analysis

€ million	*Q1/2010*	*Q1/2009*	*Change, € million*	*Change, %*	*2009*
Earnings before tax	**128**	**124**	**4**	**3.2**	**464**
Gross change in fair value reserve	212	-40	252		677
Earnings/loss before tax at fair value	**340**	**85**	**256**		**1,140**
Return on equity (ROE), %	**6.2**	**4.9**		**1.2***	**5.9**
Return on equity at fair value, %	**16.2**	**2.7**		**13.6**	**14.7**
Income					
Net interest income	224	287	-63	-21.8	1,070
Net income from Non-life Insurance	78	69	9	13.3	396
Net income from Life Insurance	14	-21	35		-120
Net commissions and fees	143	130	14	10.6	496
Net trading and investment income	37	21	16	80.1	103
Other operating income	26	25	1	2.0	104
Share of associates' profits/losses	1	0	1		1
Other income, total	298	223	75	33.7	981
Total income	**523**	**510**	**13**	**2.5**	**2,051**
Expenses					
Personnel costs	164	163	1	0.8	622
Other administrative expenses	75	80	-5	-6.5	310
Other operating expenses	78	76	2	3.2	316
Total expenses	**317**	**319**	**-2**	**-0.5**	**1,248**
Impairment losses on receivables	**38**	**29**	**9**	30.1	**179**
Returns to owner-members and OP bonus customers					
Bonuses	37	35	2	5.9	142
Interest on ordinary and supplementary cooperative capital	3	3	-1	-21.4	18
Total returns	**39**	**38**	**1**	**3.6**	**160**

* Percentage points

OP-Pohjola Group's total assets amounted to EUR 83.2 billion (80.4) on 31 March 2010. Receivables from customers stood at EUR 53.7 billion (53.0) and deposits at EUR 34.4 billion (34.6). Debt securities issued to the public fell by 1.2% to EUR 19.7 billion (19.9). Pohjola Bank plc issued two senior bonds during the report period, with maturities of three and five years, worth a total of EUR 1.5 billion.

The Group's capital base increased by 3.1% to EUR 6.4 billion (6.2) mainly owing to the report period's performance and capital appreciation.

The fair value reserve, adjusted for deferred tax, was EUR 102 million (minus EUR 54 million). The reserve's growth has been significantly affected by capital appreciation and recognised impairments. Only the value changes in the fair value reserve have been recognised which the management have deemed to fulfil the relevant requirements. Impairments of EUR 62 million (87) were recognised in the report period.

On 31 March, the cooperative capital investments and supplementary cooperative capital investments of the member cooperative banks' owner-members totalled EUR 773 million (750).

The Annual General Meeting of Pohjola Bank plc decided on 26 March 2010 that the company will pay a dividend of EUR 0.34 for each Series A and EUR 0.31 for each Series K share for 2009, totalling EUR 107 million (45).

Capital adequacy

Two sets of capital adequacy ratios are calculated for OP-Pohjola Group. OP-Pohjola Group is founded on the principles of the Act on Cooperative Banks and other Cooperative Institutions. Owing to the regulations on joint responsibility and security conditions prescribed in the Act, a minimum amount of capital resources has been set for the amalgamation of the cooperative banks calculated according to the regulations for capital adequacy specified in the Act on Credit Institutions. The amalgamation of the cooperative banks comprises its central institution (OP-Pohjola Group Central Cooperative), the central institution's member credit institutions and companies belonging to their consolidation groups. Although OP-Pohjola Group’s insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions. This capital adequacy figure is called the amalgamation of cooperative banks' capital adequacy.

OP-Pohjola Group is also a financial and insurance conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.

In view of both capital adequacy requirements, OP-Pohjola Group's risk-bearing capacity is strong.

In its calculation of capital requirement for credit risk, OP-Pohjola Group will phase in the Internal Rating-based Approach (IRBA). OP-Pohjola Group uses the Internal Ratings Based Approach (IRBA) in its capital adequacy measurement for corporate and institutional customers' credit risks. Otherwise the capital requirement is 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, whereas the introduction of the Standardised Approach is scheduled for 2010 in terms of operational risks.

As a result of the financial crisis, banks' capital adequacy requirements will become tighter, in a effort to improve the quality of their capital base and to reduce the cyclic nature of capital requirements and to set quantitative limits to liquidity risk. These changes are only in their preparation stage, planned to be effective in 2012, and it is too early to predict precisely what their effects will be.

The European Commission submitted a working paper in February for comments concerning proposed changes to the Capital Requirements Directive. These are mostly in line with proposals issued by the Basel Committee on Banking Supervision in December 2009. The Committee of European Banking Supervisors carried out an effect analysis in all the member countries concerning the overall effects of the proposed changes. The changes, if implemented, may cause major challenges to the sector and slow down economic growth. OP-Pohjola Group participated in both commenting the draft and the effect analysis. However, OP-Pohjola Group's high capital adequacy provides a solid protection against even major legislation changes.

Capital adequacy of the amalgamation of cooperative banks

On 31 March, OP-Pohjola Group's capital adequacy ratio under the Credit Institutions Act and the Tier 1 ratio stood at 12.6%, that is, at the same level as on 31 December 2009. The minimum capital adequacy ratio prescribed by law is 8%.

Capital structure and capital adequacy					
€ million	*31 Mar 2010*	*31 Dec 2009*	*Change, € million*	*Change, %*	*31 Mar 2009*
Capital base					
Tier 1 capital	5,298	5,227	72	1.4	4,804
Tier 2 capital	-	-			-
Total capital base	**5,298**	**5,227**	**72**	**1.4**	**4,804**
Risk-weighted assets, total	**42,090**	**41,480**	**611**	**1.5**	**39,858**
Minimum capital requirement					
Credit and counterparty risk	3,039	3,005	33	1.1	2,877
Market risk	46	36	10	29.1	34
Operational risk	282	277	5	1.8	277
Total	**3,367**	**3,318**	**49**	**1.5**	**3,189**
Capital adequacy ratio, %	**12.6**	**12.6**		**0.0***	**12.1**
Tier 1 ratio, %	**12.6**	**12.6**		**0.0***	**12.1**

* Percentage points

Tier 1 capital at the end of March amounted to EUR 5,298 million (5,227). The result for the report period less the estimated dividend payout is included in Tier 1 capital. OP-Pohjola Group's Tier 1 capital increased by 1.4% during the report period. On 31 March, the ratio of hybrid capital to Tier 1 capital before adjustments was 3.1% (3.2). Tier 1 capital does not include equity capital growth resulting from the IFRS-compliant measurement of pension liabilities and the assets covering them, and from the measurement at fair value of investment property.

Tier 2 capital came to zero following deductions from the item at the end of the report period. Any deductions in excess of Tier 2 capital were made from Tier 1 capital. At the end of the report period, capital resources included the consolidation group's fair value reserve that was EUR 19 million (14).

At the end of the report period, insurance company investments, deducted in equal proportions from Tier 1 and 2 capital, came to EUR 2,316 million (2,341). EUR 183 million have been deducted from equity capital as a shortfall of expected losses and impairments. On the basis of the exemptions granted by the Financial Supervisory Authority, investments by OP-Pohjola Group entities in venture capital funds, managed by Pohjola Capital Partners, are treated in the capital adequacy calculation in the same way as investments in shares in business or industrial corporations.

The minimum capital requirement was EUR 3,367 million on 31 March (3,318), increasing by 1.5% in the report period. The most significant factor that contributed to this growth was the higher capital requirement concerning the loan and guarantee portfolio.

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

OP-Pohjola Group's capital adequacy pursuant to the Act on the Supervision of Financial and Insurance Conglomerates is calculated using the consolidation method, whereby assets included in capital resources but not included in equity capital, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet. Capital resources may not include items not available for covering the losses of other companies belonging to the conglomerate.

The financial and insurance conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement and the insurance companies' joint minimum operating capital.

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 2,306 million (2,121).

The insurance companies' equalisation provision is not included in the financial and insurance conglomerate's capital resources. On 31 March 2010, the combined equalisation provision less the non-life and life insurance tax liabilities stood at EUR 525 million. The equalisation provision acts as a buffer for insurance companies in case of years with heavy losses and is therefore part of the financial services group's actual buffer against losses.

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates:

€ million	*31 Mar 2010*	*31 Dec 2009*	*Change, € million*	*Change, %*	*31 Mar 2009*
OP-Pohjola Group's equity capital	6,376	6,187	189	3.1	5,208
Business-segment-specific items	1,864	1,843	21	1.2	1,928
Goodwill and intangible assets	-1,077	-1,084	7	-0.7	-1,101
Equalisation provision	-525	-527	3	-0.6	-486
Other items included in equity capital and business-segment-specific items, but not included in the conglomerate's capital resources	-599	-627	27	-4.4	-673
Conglomerate's capital base, total	**6,040**	**5,792**	**248**	**4.3**	**4,875**
Regulatory capital requirement for credit institutions	3,348	3,300	48	1.5	3,175
Regulatory capital requirement for insurance operations	386	371	15	3.9	366
Total minimum amount of conglomerate's capital base	3,734	3,671	63	1.7	3,541
Conglomerate’s capital adequacy	**2,306**	**2,121**	**185**	**8.7**	**1,335**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.62**	**1.58**		**0.04***	**1.38**

* Change in ratio

Risk exposure

OP-Pohjola Group retained its strong risk-bearing capacity. Credit risks rose somewhat as the recession hit customers' liquidity. The Group's liquidity, however, is strong. Favourable developments in the capital market increased investment income.

OP-Pohjola Group’s credit risk status remained relatively stable. Credit losses increased, but they were still rather low in relation to the loan and guarantee portfolio. Net impairment losses were 0.27% of the loan and guarantee portfolio (0.21). The gross ratio of impairment losses to the loan and guarantee portfolio was 0.35% in the report period. The ratio of non-performing and zero-interest loans to the loan and guarantee portfolio was about the same as a year ago. OP-Pohjola Group's non-performing and zero-interest receivables came to EUR 296 million (223) on 31 March, which was 0.5% (0.4) of the loan and guarantee portfolio. 49% (49) of OP-Pohjola Group's exposures fell into the top five credit portfolio categories (out of 12 categories), also known as investment grade.

OP-Pohjola Group's financial and liquidity position remained solid throughout the report period with both short-term and long-term funding performing well. Pohjola strengthened its financial position by issuing two senior bonds with a maturity of three and five years in the first quarter, worth a total of EUR 1.5 billion. OP-Pohjola Group's assets included in the liquidity reserve amounted to EUR 13.0 billion (13.9) on 31 March 2010. The liquidity reserve and the means included in OP-Pohjola Group's liquidity management strategy ensure the Group's liquidity for at least 24 months.

Market risk within non-life and life insurance is composed of the price, interest rate and currency risk. When market risks are assessed, we focus on those related to investments and technical provisions, primarily interest rate risk. On 31 March, Non-life Insurance's investment assets totalled EUR 3.0 billion (2.9) and that of Life Insurance EUR 4.5 billion EUR (4.1). Insurance operations' technical provisions and the distribution of and profits from investment assets are covered in more detail in the sections dealing with individual business segments.

OP-Pohjola Group's fixed-income portfolio contained notes and bonds issued by the Greek government to a total of EUR 137 million, of which EUR 57 million is in non-life insurance, EUR 59 million in life insurance and EUR 21 million in the Group's liquidity portfolio under Other operations.

The credit ratings are as follows:

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

Fitch Ratings provides 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 is the rapid deterioration of the Finnish economy and its potential effects on Pohjola and OP-Pohjola Group mainly operating in Finland.

OP-Pohjola Group's long-term financial targets

At Group level, objectives have been set for long-term risk-bearing capacity, profitability and efficiency. OP-Pohjola Group's long-term financial targets have been defined so as to ensure the Group's operational capacity. These have not been adapted to the existing financial operating environment.

OP-Pohjola Group's success indicators:

	3/2010	*3/2009*	*Target*
Capital adequacy (under the Act on the Supervision of Financial and Insurance Conglomerates)	1.62	1.38	1.5
Return on economic capital (12-month rolling)	13.1%	9.0%	17%
Growth differential between income and expenses, percentage points (12-month rolling)	11.0	-22.6	> 0

Changes in OP-Pohjola Group's structure

OP-Pohjola Group's consolidated financial statements include 220 member cooperative banks (220), OP-Pohjola Group Central Cooperative Consolidated and OP Bank Group Mutual Insurance Company.

Kiukaisten Osuuspankki and Hinnerjoen Osuuspankki have decided to merge with Euran Osuuspankki. The planned date for the merger is 30 May 2010.

Kuopion Osuuspankki, Iisalmen Osuuspankki and Varkauden Osuuspankki have decided to create Pohjois-Savon Osuuspankki through a combination merger. The merger will be entered in the Trade Register on 31 December 2010. In another combination merger, Nilsiän Osuuspankki and Koillis-Savon Osuuspankki will become Koillis-Savon Osuuspankki, to be entered in the Trade Register no later than 30 November 2010.

Owner-members and customers

On 31 March, the cooperative member banks had 1,275,000 owner-members, up by 35,800 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 1,103,000 OP bonus customers.

Loyal customer bonuses earned by OP bonus customers totalled EUR 37 million, up by 5.9% on the previous year. Bonuses earned by owner-members are stated in OP-Pohjola Group's income statement under 'Returns to owner-members'. In January-March, OP bonus customers used a total of EUR 21 million (20) of bonuses on banking services and

EUR 13 million (16) on Pohjola non-life insurance premiums. Bonuses were used for the payment of over 264,000 insurance premium bills, and 18% of these were paid using solely OP bonuses.

OP-Pohjola Group had 4,133,000 customers in Finland at the end of March. The number of private customers totalled 3,717,000 and that of corporate customers 416,000. In addition, OP-Pohjola Group has approximately 200,000 non-life insurance customers in the Baltic countries. In the year from March 2009, the number of joint banking and non-life insurance customers increased by 73,300 to 1,087,000 as a result of cross-selling.

At the end of March, Pohjola's loyal customer households numbered 433,000, increasing in the past twelve months by 38,200. More than half of Pohjola's loyal customer households have also concentrated their banking transactions in OP-Pohjola Group member cooperative banks.

Personnel and incentive system

At the end of March, the Group had 12,502 employees (12,504). About 94% of OP-Pohjola Group's personnel are members in the Group's Personnel Fund. A long-term management incentive scheme is also in place within the Group.

Central Cooperative's corporate governance

OP-Pohjola Group Central Cooperative is the central institution of the amalgamation of the cooperative banks, the parent company of OP-Pohjola Group Central Cooperative Consolidated and the company heading the financial and insurance conglomerate formed by OP-Pohjola Group. Acting as OP-Pohjola Group's development and service centre and strategic owner institution, the Central Cooperative is also the central institution in charge of Group control and monitoring.

The Annual Cooperative Meeting of OP-Pohjola Group Central Cooperative was held on 26 March 2010. The Meeting re-elected the following Supervisory Boar members, who were due to resign, for the term ending in 2013: Pekka Ahvenjärvi, Attorney; Ola Eklund, Product Director; Paavo Haapakoski, liikuntaneuvos (Finnish honorary title); and Bo Storsjö, farmer. The new members elected to the Supervisory Board were as follows: Hannu Simi, planner; and Mervi Väisänen, Senior Lecturer. In addition, the Meeting elected Matti Pulkkinen, Director of the Northern Savo Hospital District, for the term ending in 2012. The Supervisory Board comprises 33 members.

At is first meeting after the Annual Cooperative Meeting, Supervisory Board re-elected Paavo Haapakoski Chairman. Professor Jaakko Pehkonen and President Jukka Hulkkonen were elected as Vice Chairmen.

The Annual Cooperative Meeting re-elected KPMG Oy Ab, a firm of authorised public accountants, the auditor of OP-Pohjola Group Central Cooperative and OP-Pohjola Group for the financial year 2010.

Capital expenditure and service development

The Central Cooperative, together with its subsidiaries, is 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 7 million (14) of these expenses consisted of ICT procurement capitalised in the balance sheet in the report period. Of these investments, EUR 5 million (9) was allocated to banking and investment operations, EUR 2 million (3) to non-life insurance operations and EUR 1 million (2) to life insurance operations.

Joint responsibility and joint security

Under the Act on Cooperative Banks and Other Cooperative Credit Institutions, the amalgamation of the cooperative banks comprises the organisation's central institution (OP-Pohjola Group Central Cooperative), the Central Cooperative's member credit institutions and the companies belonging to their consolidation groups. This amalgamation is supervised on a consolidated basis. The Central Cooperative and its member banks are ultimately responsible for each other's liabilities and commitments. The Central Cooperative's members at the end of the report period comprised OP-Pohjola Group's 220 member banks as well as Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank and OP-Kotipankki Oyj. OP-Pohjola Group's insurance companies do not fall within the scope of joint responsibility.

Deposit banks belonging to OP-Pohjola Group, i.e. its member cooperative banks, Pohjola Bank plc, Helsinki OP Bank Plc and OP-Kotipankki Oyj, are regarded as a single bank with respect to deposit protection. Under legislation governing the Investors' Compensation Fund, OP-Pohjola Group is also considered a single entity for purposes of compensation protection.

Outlook towards the year end

The Finnish economy took a moderate upswing in late 2009 along with the rest of the world. Although estimates of growth in the coming years have been confirmed in the first quarter, economic growth is expected to be more moderate than the period prior to the financial crisis. Growth still rests on fragile foundations. Bank regulation, especially proposed changes relating to capital adequacy, creates a significant uncertainty to banks' operating capacity and economic growth at large. The economy may have turned for the better and the financial markets stabilised, but predicting financial development is still difficult.

Profit performance in the financial sector in 2010 will be weakened by exceptionally low interest rates, persistently high credit losses and slower growth. OP-Pohjola Group's 2010 result before taxes is expected to be at about the same level as in 2009. The greatest uncertainty in these estimates is related to changes in interest rates, the investment environment and credit losses.

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 its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Operations and earnings by business segment

OP-Pohjola Group's business segments are Banking and Investment Services, Non-life Insurance and Life Insurance. Non-segment operations are presented in 'Other Operations'. OP-Pohjola Group's segment reporting is based on accounting policies applied in its financial statements. Amortisation on intangible assets arising from the Pohjola acquisition in 2005 is allocated to the business segments.

Companies within the Banking and Investment Services segment are the member banks, Helsinki OP Bank Plc, OP-Kotipankki Oyj, OP Mortgage Bank, OP Fund Management Company Ltd, Pohjola Asset Management Limited, Pohjola Corporate Finance Ltd, Pohjola Capital Partners Ltd, as well as certain smaller companies supporting banking and investment services in their entirety. Pohjola Group's banking and asset management segments are also included in the Banking and Investment Services segment as are the operations of OP-Pohjola Group Mutual Insurance Company, because most of the company's business consists of credit insurance granted to the Group’s retail banks.

The Non-life Insurance segment encompasses the operations of OP-Pohjola Group's non-life insurance companies, i.e. Pohjola Insurance Ltd, Eurooppalainen Insurance Company Ltd, A-Insurance Ltd, the Seesam companies operating in the Baltic countries, as well as the operations of service companies supporting non-life insurance.

The Life Insurance segment comprises OP Life Assurance Company Ltd engaged in the Group's life and pension insurance business.

Other Operations includes operations that support all business segments, particularly the operations of OP-Pohjola Group Central Cooperative and Pohjola's Group management. Costs of the services for the business segments are allocated to the segments in the form of internal service charges. The allocation of own capital to the business segments is carried out through an internal bank under Other Operations, which means that any positive results in excess of the target level will be shown under Other Operations.

Summary of performance by business segment

€ million	*Income*	*Expenses*	*Others items*	*Earnings/loss before tax Q1/2010*	*Earnings/loss before tax Q1/2009*
Banking and Investment Services	400	230	-77	93	160
Non-life Insurance	82	76	0	6	-1
Life Insurance	24	23	0	1	-26
Other Operations	114	83	0	31	-9
Eliminations	-97	-95	0	-2	1
Total	**523**	**317**	**-77**	**128**	**124**

Banking and Investment Services

- Mutual fund assets increased by 55%. The Group's market share of the value of the mutual funds rose by 1.5 percentage points to 23.6%.
- The Group's market share of loans increased by 0.4 percentage points to 32.6% but as to deposits fell by 1.0 percentage points to 32.8%.
- Earnings before tax equalled those in Q4/2009, but compared with Q1/2009 shrank by 42% to EUR 93 million as a result of lower net interest income and higher credit losses.
- Impairment losses on receivables fell by 27% from the previous quarter.

Within Banking and Investment Services, the report period was divided: on the one hand, the economic recession had caused impairment losses on credit to be higher year on year; credit and deposit growth were also sluggish as a result of the recession. On the other hand, the quick and strong recovery of the investment market continued and increased investment volumes and demand for asset management services; and the extremely low interest rates sent the net interest income on a steep downward trend vis-à-vis the comparison period.

According to the sector's official statistics published in April, OP-Pohjola Group solidified its position further as Finland's leading bank in 2009. Compared with March 2009, the Group's market share in credits and fund capital improved further, but contracted in deposits.

OP-Pohjola Group's March-end loan portfolio stood at EUR 53.3 billion (52.6), and the guarantee portfolio totalled EUR 2.9 billion (3.0). The loan portfolio expanded by 4.0% (9.4) in the year to March and by 1.3% in the report period. The market share of the loan portfolio increased year on year by 0.4 percentage points to 32.6%.

The portfolio of home mortgages at the end of March amounted to EUR 25.9 billion (25.7). In the year to March, home mortgages increased by 6.1% (10.4). OP-Pohjola Group held 35.9% of the home mortgage portfolio on 31 March, down by 0.1 percentage points year on year.

The housing market improved clearly year on year. The number of housing deals brokered by OP-Kiinteistökeskus real estate agents was a quarter higher than in the comparison period.

The average margin on new home mortgages in January–March was 0.2 percentage points higher than a year ago. Compared with the last quarter of 2009, the margin of new home mortgages fell by 0.1 percentage points.

The consumer credit portfolio totalled EUR 3.7 billion (3.7) at the end of the report period, increasing in the year to March by 1.4% (8.5).

The corporate loan portfolio at the end of March stood at EUR 13.5 billion (13.4), and the guarantee portfolio totalled EUR 2.7 billion (2.7). The corporate loan portfolio shrank by 0.9% during the year (increase of 11%) but increased in the report period by 0.8%. The market share of corporate loans stood at 28.7% on 31 March, up by 2.0 percentage points year on year.

On 31 March, deposits totalled EUR 34.4 billion (34.6), down by 1.1% year on year and by 0.7% in the report period. Competition was tough for customers' deposit assets in the report period. The pricing of term deposits, in particular, showed some unhealthy signs. The fact that assets were channelled to emerging capital markets reduced deposits. Investment deposits shrank by 12.0% in the year to March (20.2), while current accounts increased by 11.9% (5.7). The Group's market share of corporate loans stood at 32.8% on 31 March, down by 1.0 percentage points year on year.

Capital invested in OP-Pohjola Group's mutual funds stood at EUR 13.9 billion (12.7). The amount of capital rose with the market trends by 55% year on year and by 9.4% in the report period. On 31 March, OP-Pohjola Group held a 23.6% market share of the capital of mutual funds registered in Finland, or 1.5 percentage points higher year on year. Net subscriptions to OP-Pohjola Group's mutual funds totalled EUR 575 billion (8).

On 31 March, assets managed by Pohjola Bank's Asset Management were worth EUR 34.9 billion (33.1), of which EUR 12.0 billion (11.4) was invested in OP-Pohjola Group's mutual funds. OP-Pohjola Group companies accounted for EUR 8.6 billion of assets managed by Pohjola Bank.

Assets managed in accordance with the OP-Private operating model totalled EUR 4 billion (3.6). Stockbroking for households totalled 276,000 trades during the report period, or 30.8% more than a year earlier.

Earnings and risk exposure

Banking and Investment Services reported earnings of EUR 93 million before tax, that is, same is in the previous quarter. This was, however, down by 42% year on year (160). Bonuses given out in the report period rose by 5.9% to EUR 37 million (35).

Net interest income decreased by 23% to EUR 208 million (270). Net commissions and fees increased by 12% to EUR 155 million (139) especially owing to higher commissions from mutual funds. The fall in net interest income was caused by exceptionally low interest rates. Net trading and investment income totalled EUR 24 million (26). The growth of investment income was boosted by lower impairments on available-for-sale investments and by higher sales profits. Net trading income had been exceptionally high in the comparison period (Q1/2009) but was now lower. Personnel costs decreased by 0.8% other expenses by 3.8%. The cost/income ratio stood at 58% (52).

Impairments on receivables came to EUR 38 million (20), Impairments losses increased from the comparison period by EUR 18 million, but compared with Q4/2009, impairment losses on receivables shrank by EUR 14 million, or 27%. Impairment losses on receivables come with a delay of general economic development, and lower impairment losses is one sign that the trends are changing. The amount of impairment losses was still fairly moderate considering the business volumes and current trends.

The Group's non-performing and zero-interest receivables increased but remained low, totalling EUR 296 million on 31 March, up by 4.7% year on year. Businesses' non-performing loan losses increased in the most. Non-performing and zero-interest receivables are stated net of impairment losses on specific receivables and groups of receivables, which amounted to EUR 155 million (131). The ratio of non-performing and zero-interest receivables to the loan and guarantee portfolio was about the same as last year at 0.5%.

Banking and Investment Services, key figures

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Net interest income	208	270	-22.8	981
Impairment losses on receivables	38	20	93.1	167
Other income	192	183	4.5	720
Personnel costs	105	106	-0.8	396
Other expenses	125	130	-3.8	507
Returns to owner-members and OP bonus customers	39	38	3.6	160
Earnings/loss before tax	**93**	**160**	**-41.9**	**471**

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Home mortgages drawn down	1,313	1,308	0.4	5,723
Corporate loans drawn down	1,636	1,591	2.8	6,325
Net subscriptions to mutual funds	575	8		1,618
No. of brokered property transactions	3,757	2,988	25.7	15,303

€ billion	*31 Dec 2009*	*31 Dec 2009*	*Change, %*	*31 Dec 2009*
Outstanding credit				
Home loans	26	24	6.1	26
Other loans to households	10	10	2.2	10
Corporate loans	14	14	-0.9	13
Other loans	4	3	14.7	4
Total	**53**	**51**	**4.0**	**53**
Guarantee portfolio	3	3	-4.8	3
Deposits				
Total current and payment transfer				
Households	12	10	15.1	12
Companies	4	4	0.1	4
Others	2	2	17.6	2
Total current and payment transfer	18	16	11.9	18
Investment deposits	17	19	-12.0	17
Total deposits	**34**	**35**	**-1.1**	**35**

Mutual funds				
Equity and hedge funds	4.5	2.0	127.5	3.9
Balanced funds	1.6	1.2	25.5	1.5
Long-term bond funds	5.6	4.3	30.0	5.0
Money market funds	2.2	1.4	58.0	2.3
Total value of mutual funds	**13.9**	**8.9**	**55.5**	**12.7**

Market share, %	*31 Mar 2010*	*31 Mar 2009*	Change, % points	*31 Dec 2009*
Total loans	32.6	32.2	0.4	32.7
Home mortgages	35.9	36.0	-0.1	35.9
Corporate loans	28.7	26.7	2.0	28.7
Total deposits	32.8	33.8	-1.0	33.2
Capital invested in mutual funds	23.6	22.1	1.5	23.4

€ million				
Non-performing and zero-interest receivables			Change, %	
Households	201	205	-2.0	175
Companies and housing associations	132	105	25.5	92
Others	8	13	-33.3	3
Collectively assessed impairments	-46	-41	,	-47
Total non-performing and zero-interest receivables	**296**	**282**	**4.7**	**223**
Non-performing and zero-interest receivables within loan and guarantee portfolio, %	0.5	0.5	0.0	0.4

* Percentage points

Non-life Insurance

- Total insurance premium revenue was down by 1.3%. Insurance premium revenue from private customers increased by 9.3%, but the recession cut revenues from corporate customers.
- The number of loyal customer households increased by 2%, reaching 433,000 at the end of March.
- Non-life Insurance's earnings before tax improved to EUR 6 million (-1). The operating combined ratio stood at 95.5% (91.3).
- Return on investments at fair value was 3.2% (-0.4).

The non-life insurance business improved well in the report period, as expected. On 31 March, the number of loyal customer households within the Non-life Insurance segment totalled 433,000, showing a year-on-year increase of 2%. Insurance premium revenue fell by 1.3% to EUR 227 million (230) as the recession reduced corporate customers' premiums written. The particularly harsh winter increased the number of reported losses within motor liability and motor vehicle insurance.

Insurance premium revenue from private customers increased by 9% to EUR 107 million (98). Group member banks further solidified their position as the primary sales channel of insurance to private customers as evidenced by an increase of 11% in their insurance policy sales. OP-Pohjola Group member banks already account for more than one-third of policies sold to private customers and the majority of new loyal customer households come through them.

The recession continued to affect the corporate sector, reducing insurance premiums paid by corporate customers. Insurance premium revenue from corporate customers fell by 8% to EUR 109 million (118). The most drastic fall was seen in statutory workers' compensation insurance, considering that payroll bills which determine insurance premiums were on the decrease. The change from the comparison period was even more pronounced because the effects of the recession on premium revenue were felt only in the following quarters.

In the Baltic States, insurance premium revenue decreased by 17% to EUR 12 million (15). The economic recession has strongly affected the insurance market in the Baltic region with the result that the total market in the region shrank by over one quarter during the report period.

Pohjola Insurance is the non-life insurance market leader in Finland in terms of premiums written.

More than half of Pohjola's loyal customer households have also concentrated their banking transactions in OP-Pohjola Group member cooperative banks. OP bonuses obtained through bank transactions were used for the payment of insurance premiums to a total of EUR 13 million in the report period (16). Bonuses were used for the payment of 264,000 bills, with over 47,000 bills paid with bonuses alone.

Earnings and risk exposure

Pre-tax earnings from Non-life Insurance amounted to EUR 6 million (-1). Balance on technical account fell as expected from last year's record-high level. The operating combined ratio stood at 95.5% (91.3). Insurance premium revenue totalled EUR 227 million (230) and indemnities EUR 154 million (147). Earnings before tax at fair value came to EUR 75 million (1). Net investment income recognised under earnings came to EUR 16 million (-2), or EUR 18 million higher year on year. Investment income included EUR 17 million writedowns of available-for-sale securities (16).

Claims incurred rose due to growth in the private customer insurance portfolio and losses reported within motor liability and motor vehicle insurance. The number of reported losses within motor liability and motor vehicle insurance increased by 35%. The loss ratio deteriorated to 73.7% (69.5) and the risk ratio (excl. loss adjustment expenses) stood at 66.4% (62.7). 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 51 (50) in January–March, with their claims incurred retained for own account totalling EUR 26 million (22).

Non-life Insurance's expenses were EUR 76 million, at the same level as in the comparison period.-Personnel costs rose by EUR 4.1%.

Operating expenses as specified in the insurance company's profit and loss account remained at the same level as in the comparison period, standing at EUR 50 million (50). The expense ratio was 21.8 (21.8). The cost ratio (incl. loss adjustment expenses) stood at 29.1% (28.7).

Non-life Insurance solvency capital increased as a result of good investment performance, standing at EUR 852 million (827) on 31 March. The ratio of solvency capital to insurance premium revenue (solvency ratio) was 91% (88). As a result of the weaker balance on technical account, equalisation provisions decreased to EUR 411 million (417).

Non-life Insurance's investment portfolio totalled EUR 3.0 billion (2.9) on 31 March, while return on investments at fair value was 3.2% (-0.4). Of the investment portfolio, fixed-income investment accounted for 73.4% (81.5) and listed equities for 13.6% (7.8). The fixed-income portfolio by credit rating was healthy, with investment-grade exposure accounting for x%, and x% of the exposure being receivables in at least the A- category. The average remaining maturity of the fixed-income portfolio was 5.1 years and the duration 3.6 years (3.4).

Non-life Insurance: key figures

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Insurance premium revenue	227	230	-1.3	943
Insurance claims and benefits	154	147	4.4	560
Net investment income	16	-2	-	61
Unwinding of discount and other items included in net income	-11	-11	2.8	-44
Net income from Non-life Insurance	**78**	**70**	**11.3**	**400**
Other net income	3	4	-9.2	20
Personnel costs	27	26	4.1	110
Other expenses	49	50	-1.1	207
Earnings/loss before tax	**6**	**-1**	**492.0**	**102**
Gross change in fair value reserve	69	2		188
Earnings before tax at fair value	**75**	**1**		**291**

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Insurance premium revenue				
Private Customers	107	98	9.3	424
Corporate Customers	109	118	-8.1	461
Baltic States	12	15	-16.9	57
Total insurance premium revenue	**227**	**230**	**-1.3**	**943**
€ billion	*31 Mar 2010*	*31 Mar 2009*	*Change, %*	*31 Dec 2009*
Insurance contract liabilities			,	
Discounted insurance contract liabilities	1.3	1.3	5.1	1.3
Other insurance contract liabilities	1.0	1.1	-7.1	0.8
Total	**2.3**	**2.3**	**-0.5**	**2.1**
Investments portfolio				
Bonds and bond funds	2.1	1.7	22.1	2.1
Money market instruments	0.1	0.4	-76.5	0.1
Equities and equity funds	0.4	0.2	122.9	0.4
Real property investment *)	0.2	0.1	17.7	0.2
Alternative investments	0.2	0.1	93.2	0.2
Total investments	**3.0**	**2.5**	**17.9**	**2.9**

*) Includes real estate funds

Life insurance

- Market share of premiums written in life and pension insurance rose to 38.5%.
- The growth in premiums written focused on unit-linked products, in accordance with our strategy.
- The segment's earnings turned positive, and earnings before tax improved to EUR 138 million (-66).
- The solvency margin was 3.5-fold the required minimum.

The Life Insurance business developed favourably in the report period. Premiums written increased particularly well within corporate group pension insurance schemes. Insurance contract premiums written increased by 51.7% and came to EUR 229 million (151). Investment contracts were made in the report period worth EUR 272 million, most of the having to do with an individual group pension insurance arrangement. When calculating market share, investment contracts are considered equivalent to premiums written. Unit-linked premiums written increased by 104% to EUR 134 million (66).

OP-Pohjola Group boosted its market position in terms of life and pension insurance. In terms of premiums written, OP-Pohjola Group is the clear market leader. Our market share was 38.5% (25.2) of premiums written and 20.7% (20) of insurance savings. Our market share of unit-linked premiums written was 19.4% (20.5) and 24.9% (24.6) of unit-linked insurance savings.

Earnings and risk exposure

Thanks to the favourable investment environment, Life Insurance's earnings at fair value were EUR 204 million better than in the comparison period. Earnings before tax at fair value came to EUR 138 million (-66). Net investment income without the income from unit-linked insurance came to EUR 23 million (-4). The fair value reserve change before tax stood at EUR 138 million (-40).

Earnings before tax from Life Insurance were EUR 1 million (-26). These were improved by a contraction of EUR 20 million of impairment losses on available-for-sale investments in the profit and loss, and by higher investment performance.

Life insurance investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.5 billion (4.1). Fixed-income investments accounted for 56.3% (57.5), equity investments for 18.7% (17.2), real property investments 7.5% (8.1) and alternative investments for 17.5% (17.3). Investments under the 'investment grade' accounted for approximately 72% (77) of the fixed-income portfolio. The portfolio's modified duration was 3.9 years (3.6) on 31 March. Return on investments at fair value was 4.1% (-1.8).

Sales commissions included under Other expenses increased thanks to higher premiums written and value performance to EUR 13 million (8). As a consequence, Life Insurance's expense ratio deteriorated to 114.8% (95.6). The expense ratio in which sales channel fees are excluded and in which all income to cover business expenses are included as income actually improved to 32.4% (39.7).

Life Insurance's solvency improved significantly in the report period. The solvency ratio, meaning the ratio of solvency capital to weighted technical provisions, was 15.5% (13.3). Technical provisions increased by 4.2% and came to EUR 6.2 billion (6.0). Unit-linked technical provisions accounted for 42.5% (39).

Life Insurance: key figures

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Premiums written	229	151	52	678
Unit-linked	132	65	102	368
Net investment income	200	-62	423	371
Unit-linked	177	-58	405	433
Change in insurance contract liabilities	249	-37	765	653
Unit-linked	315	-50	733	761
Claims incurred	160	142	13	499
Other items	-4	1	-685	-7
Net income from Life Insurance	**16**	**-15**	**208**	**-110**
Other income	8	2	212	16
Personnel expenses	2	2	12	9
Other expenses	21	11	88	57
Earnings/loss before tax	**1**	**-26**	**103**	**-159**
Gross change in fair value reserve	138	-40	443	354
Earnings/loss before tax at fair value	**138**	**-66**	**310**	**194**

€ billion	*31 Mar 2010*	*31 Mar 2009*	*Change %*	*31 Dec 2009*
Assets (excluding assets covering unit-linked insurance)				
Bonds and bond funds	2.3	2.0	18	2.2
Money market instruments	0.1	0.7	-89	0.2
Equities and equity funds	0.8	0.2	429	0.7
Real property investment **)	0.3	0.3	-1	0.3
Alternative investments	0.8	0.7	11	0.7
Total investment portfolio	**4.5**	**3.9**	**11.5**	**4.1**

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Premiums written, FAS				
Endowment insurance, unit-linked	110	44	152	270
Endowment insurance, interest-bearing	21	46	-55	116
Pension insurance	77	39	97	235
Term life insurance	27	27	1	83
Others	272	1		69
Total premiums written, FAS	**507**	**156**	**225**	**771**
Unit-linked	134	66	104	377
Market share of premiums written in life and pension insurance, %	38.5	24.4	14.1	25.2
€ billion	*31 Mar 2010*	*31 Mar 2009*	*Change, %*	*31 Dec 2009*
Insurance savings				
Endowment insurance, unit-linked	1.9	1.1	69	1.7
Endowment insurance, interest-bearing	2.2	2.5	-12	2.3
Pension insurance	2.0	1.5	30	1.9
Others	0.4	0.1	323	0.2
Total insurance savings	**6.5**	**5.3**	**24**	**6.1**
Unit-linked	2.7	1.6	73	2.4
Market share of insurance savings in life and pension insurance, %	20.7	19.3	1.4	20.0

* Percentage points
** Includes real estate funds

Other Operations

Other Operations' pre-tax earnings for January-March were EUR 31 million, that is, EUR 40 million better than in the comparison period (EUR 9 million in the red).

Net investment income was EUR 15 million (8), net trading loss EUR 6 million (income of EUR 1 million) and the net investment income EUR 21 million (loss of EUR 6 million). The growth in investment income was mainly due to higher profits from the sale of notes and bonds. 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 30 million (29) were personnel costs and EUR 53 million (59) other costs.

The Group's liquidity and availability of funding are continue to be good. During the report period, Pohjola Bank plc issued two senior bonds in international capital markets with a maturity of three and five years and each worth EUR 750 million. The cost of new emissions is higher than that of matured long-term debt.

Other Operations: key figures

€ million	*Q1/2010*	*Q1/2009*	*Change, %*	*2009*
Net interest income	15	8	86.6	72
Net trading income	-6	1	-785.8	-7
Net investment income	21	-6	-429.7	-5
Other income	84	86	-1.7	336
Expenses	83	88	-5.2	333
Impairment losses on receivables	0	9	-100.0	12
Earnings/loss before tax	**31**	**-9**	**-439.9**	**51**
€ billion	*31 Mar 2010*	*31 Mar 2009*	*Change, %*	*31 Dec 2009*
Receivables from financial institutions	7.5	6.4	17.4	7.4
Financial assets held for trading	0.3	1.2	-70.2	0.4
Investment assets	7.1	3.9	81.9	6.5
Liabilities to credit institutions	4.4	2.9	53.6	4.6
Debt securities issued to the public	17.5	16.0	9.3	17.5

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OP-Pohjola Group income statement

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Interest income	573	1,003	-43	3,072
Interest expenses	349	716	-51	2,002
Net interest income (Note 2)	**224**	**287**	**-22**	1,070
Impairments of receivables (Note 3)	38	29	30	179
Net interest income after impairments	**186**	**258**	**-28**	891
Net income from Non-life Insurance operations (Note 4)	78	69	13	396
Net income from Life Insurance operations (Note 5)	14	-21		-120
Net commissions and fees (Note 6)	143	130	11	496
Net trading income (Note 7)	6	28	-78	112
Net investment income (Note 8)	31	-8		-9
Other operating income (Note 9)	26	25	2	104
Personnel costs (Note 10)	164	163	1	622
Other administrative expenses (Note 11)	75	80	-7	310
Other operating expenses (Note 12)	78	76	3	316
Returns to owner-members (Note 13)	39	38	4	160
Share of associates' profits/losses	1	0		1
Earnings before tax for the period	**128**	**124**	**3**	463
Income tax expense	33	61	-46	126
Profit for the period	**95**	**63**	**50**	338

OP-Pohjola Group statement of comprehensive income

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Profit for the period	**95**	**63**	**50**	**338**
Change in fair value reserve	212	-40		677
Translation differences	0	0	-61	0
Income tax on other comprehensive income	56	-10		175
Total comprehensive income for the period	**252**	**34**		**839**

Key figures and ratios

	Q1/ 2010	Q1/ 2009	Change, %	2009
Return on equity, %	6.2	4.9		5.9
Return on equity at fair value, %	16.2	2.7		14.7
Return on assets, %	0.47	0.34		0.4
Cost/income ratio, %	61	62		60.8
Average personnel	12,474	12,693		12,632.0
Full-time	11,339	11,490		11,520.0
Part-time	1,135	1,203		1,112.0

Definition of key figures and ratios

Return on equity, %
Profit for the period /
Equity capital (average of the beginning and end of the period) x 100

Return on equity at fair value, %
Profit for the period + change in fair value reserve less deferred tax liability /
equity capital (average of the beginning and end of the period) x 100

Return on assets, %
Profit for the period /
Statement of financial position total (average of the beginning and end of the period) x 100

Cost/income ratio, %
(Personnel costs + other administrative expenses + other operating expenses) /
(Net interest income + net income from Non-life Insurance operations + net income from Life Insurance operations + net commissions and fees + net trading income + net investment income + other operating income + share of associates' profits/losses) x 100

Combined ratio (excl. unwinding of discount), %
Loss ratio+expense ratio
Risk ratio+cost ratio

Loss ratio (exc. unwinding of discount), %
Claims and loss adjustment expenses /
Net insurance premium revenue x 100

Expense ratio, %
Operating expenses + Amortisation/adjustment of intangible assets related to company acquisition /
Net insurance premium revenue x 100

Risk ratio (excl. unwinding of discount), %
Claims excl. loss adjustment expenses /
Net insurance premium revenue x 100

Cost ratio, %
Operating expenses and loss adjustment expenses /
Net insurance premium revenue x 100

Operating cost ratio, %
Operating expenses before change in deferred acquisitions costs + loss adjustment expenses/
Expense loading x 100

OP-Pohjola Group quarterly performance

	2009				2010
EUR million	Q1	Q2	Q3	Q4	Q1
Interest income	1,003	794	670	605	573
Interest expenses	716	512	414	359	349
Net interest income	**287**	**282**	**256**	**245**	**224**
Impairments of receivables	29	46	52	52	38
Net interest income after impairments	**258**	**235**	**204**	**194**	**186**
Net income from Non-life Insurance operations	69	120	113	94	78
Net income from Life Insurance operations	-21	-8	-60	-31	14
Net commissions and fees	130	121	120	125	143
Net trading income	28	26	33	25	6
Net investment income	-8	0	-3	2	31
Other operating income	25	27	23	28	26
Personnel costs	163	163	142	154	164
Other administrative expenses	80	76	67	87	75
Other operating expenses	76	81	71	88	78
Returns to owner-members	38	44	39	39	39
Share of associates' profits/losses	0	0	1	0	1
Earnings before tax for the period	**124**	**157**	**112**	**70**	**128**
Income tax expense	61	20	27	18	33
Profit for the period	**63**	**137**	**85**	**52**	**95**
Other comprehensive income					
Change in fair value reserve	-40	217	368	131	212
Translation differences	0	0	0	0	0
Income tax on other comprehensive income	-10	56	95	34	56
Total comprehensive income for the period	**34**	**298**	**358**	**149**	**252**

OP-Pohjola Group balance sheet

EUR million	31 March 2010	31 March 2009	Change, %	2009
Cash and cash equivalents	3,446	1,028		3,235
Receivables from credit institutions	1,483	2,332	-36	1,982
Financial assets at fair value through profit or loss	1,306	2,153	-39	1,263
Derivative contracts	1,743	1,594	9	1,423
Receivables from customers	53,679	51,943	3	52,992
Non-life Insurance assets (Note 17)	3,412	3,070	11	3,101
Life Insurance assets (Note 18)	6,889	5,075	36	6,331
Investment assets	7,089	4,182	70	6,468
Investments in associates	16	16	0	17
Intangible assets	1,170	1,206	-3	1,179
Property, plant and equipment (PPE)	759	765	-1	761
Other assets	2,130	2,027	5	1,572
Tax assets	90	425	-79	108
Total assets	**83,211**	**75,816**	**10**	**80,430**
Liabilities to credit institutions	2,261	760		2,174
Financial liabilities at fair value through profit or loss	90	198	-55	71
Derivative contracts	1,637	1,690	-3	1,360
Liabilities to customers	38,425	37,155	3	37,606
Non-life Insurance liabilities	2,656	2,676	-1	2,279
Life Insurance liabilities	6,683	5,370	24	6,179
Debt securities issued to the public (Note 21)	19,708	17,515	13	19,945
Provisions and other liabilities	2,507	2,327	8	1,832
Tax liabilities	966	1,013	-5	925
Cooperative capital	644	590	9	622
Subordinated liabilities	1,257	1,315	-4	1,250
Total liabilities	**76,835**	**70,608**	**9**	**74,243**
Equity capital				
Share of OP-Pohjola Group's owners				
Share and cooperative capital	357	361	-1	358
Fair value reserve (Note 22)	102	-585		-54
Other reserves	2,640	2,381	11	2,604
Retained earnings	3,278	3,050	7	3,280
Total equity capital	**6,376**	**5,208**	**22**	**6,187**
Total liabilities and equity capital	**83,211**	**75,816**	**10**	**80,430**

Statement of changes in equity capital

EUR million	Share and cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance at 1 January 2009	**362**	**-556**	**2,375**	**3,034**	**5,215**
Increase of share capital	-	-	-	-	-
Transfer of cooperative capital to equity capital	1	-	-	-	1
Transfer of reserves	-	-	6	-6	0
Profit distribution	-	-	-	-29	-29
Total comprehensive income for the period	-	-29	-	63	34
Equity-settled share-based transactions					
Other	-1	-	0	-12	-13
Balance at 31 March 2009	**361**	**-585**	**2,381**	**3,050**	**5,208**
Balance at 1 January 2010	**358**	**-54**	**2,604**	**3,280**	**6,187**
Increase of share capital	-	-	-	-	-
Transfer of cooperative capital to equity capital	1	-	-	-	1
Transfer of reserves	-	-	33	-33	0
Profit distribution	-	-	-	-64	-64
Total comprehensive income for the period	-	156	-	95	252
Equity-settled share-based transactions	-	-	-	-	-
Other	-2	-	3	-	1
Balance at 31 March 2010	**357**	**102**	**2,640**	**3,278**	**6,376**

Cash flow statement

EUR million	Q1/ 2010	Q1/ 2009
Cash flow from operating activities		
Profit for the period	95	63
Adjustments to profit for the period	462	584
Increase (-) or decrease (+) in operating assets	**-2,098**	**-1,671**
Receivables from credit institutions	503	64
Financial assets at fair value through profit or loss	-57	1,118
Derivative contracts	-17	-7
Receivables from customers	-733	-225
Non-life Insurance assets	-277	-432
Life Insurance assets	-332	-138
Investment assets	-647	-1,814
Other assets	-539	-235
Increase (+) or decrease (-) in operating liabilities	**1,989**	**306**
Liabilities to credit institutions	87	67
Financial liabilities at fair value through profit or loss	19	59
Derivative contracts	15	14
Liabilities to customers	819	72
Non-life Insurance liabilities	190	244
Life Insurance liabilities	255	-5
Provisions and other liabilities	603	-146
Income tax paid	-19	-95
Dividends received	63	43
A. Net cash from operating activities	**492**	**-770**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-3	-6
Decreases in held-to-maturity financial assets	69	27
Acquisition of subsidiaries, net of cash acquired	0	0
Disposal of subsidiaries, net of cash disposed	-	-
Purchase of PPE and intangible assets	-22	-22

Proceeds from sale of PPE and intangible assets	1	1
B. Net cash used in investing activities	**46**	**0**
Cash flow from financing activities		
Increases in subordinated liabilities	25	148
Decreases in subordinated liabilities	-18	-138
Increases in debt securities issued to the public	12,408	12,597
Decreases in debt securities issued to the public	-12,699	-13,286
Increases in cooperative and share capital	41	37
Decreases in cooperative and share capital	-18	-17
Dividends paid and interest on cooperative capital	-64	-29
Returns to owner-members	-	-3
Increases in invested unrestricted equity	-	-
Other	-	-
C. Net cash from financing activities	**-325**	**-690**
Net change in cash and cash equivalents (A+B+C)	**213**	**-1,460**
Cash and cash equivalents at period-start	**3,282**	**2,538**
Cash and cash equivalents at period-end	**3,495**	**1,078**
Interest received	**574**	**1,021**
Interest paid	**-282**	**-962**
Adjustments to profit for the period		
Non-cash transactions and other adjustments		
Impairments of receivables	40	31
Unrealised net earnings in Non-life Insurance	220	230
Unrealised net earnings in Life Insurance	128	77
Change in fair value for trading	13	40
Unrealised net gains on foreign exchange operations	-4	-7
Change in fair value of investment property	2	3
Depreciation and amortisation	33	32
Share of associates' profits/losses	1	1
Other	26	171
Items presented outside cash flow from operating activities		
Capital gains, share of cash flow from investing activities	-1	0
Interest on cooperative capital	3	3
Other returns to owner-members	0	3
Total adjustments	**462**	**584**
Cash and cash equivalents		
Liquid assets	122	129
Receivables from credit institutions payable on demand	3,373	949
Total	**3,495**	**1,078**

Notes

Note 1. Accounting policies

Summary of presentation of income statement:

Net interest income	Received and paid interest on fixed-income instruments, the recognised difference between the nominal value and acquisition value, interest on interest-rate derivatives and fair value change in fair value hedging
Net income from Non-life Insurance operations	Premiums written, claims paid, change in provision for unearned premiums and for unpaid claims, investment income, expenses (interest, dividends, realised capital gains and losses) and impairments
Net income from Life Insurance operations	Premiums written, claims paid, change in provision for unearned premiums and for unpaid claims, investment income, expenses (interest, dividends, realised capital gains and losses) and impairments
Net commissions and fees	Commission income and expenses, and the recognition of Day 1 profit related to illiquid derivatives
Net trading income	Fair value changes in financial instruments at fair value through profit or loss, excluding accrued interest, and capital gains and losses, as well as dividends
Net investment income	Realised capital gains and losses on available-for-sale financial assets, impairments, dividends as well as fair value changes in investment property, capital gains and losses, rents and other property-related expenses
Other operating income	Other operating income
Personnel costs	Wages and salaries, pension costs, social expenses
Other administrative expenses	Office expenses, IT costs, other administrative expenses
Other operating expenses	Depreciation/amortisation, rents and other operating expenses

Notes to the income statement and balance sheet

Note 2 Net interest income

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Loans and other receivables	318	598	-47	1,718
Receivables from credit institutions and central banks	15	31	-53	93
Notes and bonds	118	80	47	238
Derivatives held for trading (net)	35	1		79
Liabilities to credit institutions	-4	-3	8	-13
Liabilities to customers	-64	-185	-65	-472
Debt securities issued to the public	-136	-200	-32	-430
Subordinated debt	-8	-10	-24	-36
Hybrid capital	-1	-3	-58	-11
Financial liabilities held for trading	-1	-2	-74	-5
Other (net)	-1	4		4
Net interest income before items under hedge accounting	**271**	**309**	**-12**	**1,165**
Derivatives under hedge accounting (net)	-47	-22		-95
Total net interest income	**224**	**287**	**-22**	**1,070**

Note 3 Impairments of receivables

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Impairments of receivables	74	34		199
Reversals of impairments	-33	-11		-22
Payments on impaired receivables amortised from statement of financial position	-2	-2	-49	-11
Net change in group-specific impairments	-1	8		12
Total	**38**	**29**	**30**	**179**

Note 4 Net income from Non-life Insurance

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Net insurance premium revenue				
Premiums written	446	473	-6	1,005
Insurance premiums ceded to reinsurers	-28	-41	30	-51
Change in provision for unearned premiums	-208	-228	9	-15
Reinsurers' share	18	27	-34	4
Total	**227**	**230**	**-1**	**943**
Net Non-life Insurance claims				
Claims paid	177	157	13	595
Insurance claims recovered from reinsurers	-15	-1		-20
Change in provision for unpaid claims	-30	-4		-30
Reinsurers' share	22	-4		15
Total	**154**	**147**	**4**	**560**
Net investment income, Non-life Insurance				
Interest income	16	18	-11	68
Dividend income	17	3		7
Property	1	1	46	4
Realised changes in fair value				
Notes and bonds	31	-11		7
Shares and participations	-20	-8		15
Loans and receivables	-1	-	0	-
Property	0	0		1
Derivatives	-8	10		-21
Unrealised changes in fair value				0
Notes and bonds	0	-1		1
Shares and participations	-16	-17	7	-20
Loans and receivables	-1	-	0	-3
Property	0	1	-100	1
Derivatives	-4	0		-2
Other				-
Total	**15**	**-4**		**58**
Unwinding of discount	-11	-11	-5	-43
Other	0	0	**45**	-1
Net income from Non-life Insurance	**78**	**69**	**13**	**396**

Note 5 Net income from Life Insurance

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Premiums written	234	155	51	703
Reinsurers' share	-6	-4	-35	-25
Total	**229**	**151**	**0**	**678**
Claims incurred				
Benefits paid	-161	-143	-13	-504
Change in provision for unpaid claims	-21	-9		-13
Reinsurers' share	1	2	-41	5
Change in insurance contract liabilities				
Change in life insurance provision	-232	41		-640
Reinsurers' share	2	4	-54	11
Total	**-412**	**-104**		**-1,140**
Other	-1	1		-19
Total	**-184**	**47**		**-481**
Net investment income, Llife Insurance				
Interest income	11	11		53
Dividend income	35	34		40
Property	1	0		0
Realised changes in fair value				
Notes and bonds	2	-9		-8
Shares and participations	18	0		28
Loans and receivables	1	-		-8
Property	0	0		0
Derivatives	-24	12		-12
Unrealised changes in fair value				
Notes and bonds	3	-4		-3
Shares and participations	-29	-61		-150
Loans and receivables	-2	-		-
Property	-	-		-1
Other	0	5	-95	-15
Other	6	1		6
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	5	-9		65
Fair value gains and losses	167	-52		353
Other	5	3	60	15
Total	**199**	**-68**		**362**
Net income from Non-life Insurance	**14**	**-21**		**-120**

Note 6 Commissions and fees

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Commission income				
Lending	37	35	6	139
Deposits	1	1	-12	5
Payment transfers	35	30	15	132
Securities brokerage	7	4	62	22
Securities issuance	5	2		13
Mutual funds brokerage	21	12	71	60
Asset management and legal services	15	11	32	54
Insurance brokerage	22	33	-34	73
Guarantees	5	4	28	21
Other	9	10	-6	48
Total	**157**	**143**	**10**	**567**
Commission expenses				
Total	**13**	**13**	**1**	**71**
Net commissions and fees	**143**	**130**	**11**	**496**

Note 7 Net trading income

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Capital gains and losses				
Notes and bonds	5	23	-77	37
Shares and participations	0	-1		-3
Derivatives	-13	26		123
Changes in fair value				
Notes and bonds	5	-18		-9
Shares and participations	3	1		17
Derivatives	1	-6		-66
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	-	-		0
Dividend income	0	0		0
Net income from foreign exchange operations	4	3	54	12
Total	**6**	**28**	**-78**	**112**

Note 8 Net investment income

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	16	0		2
Shares and participations	3	-6		0
Financial assets and liabilities amortised at cost				
Capital gains and losses				
Loans and other receivables	4	-	0	-
Other	-	-		-
Dividend income	10	6	66	9
Impairment losses	-5	-10	-48	-28
Total	**28**	**-10**		**-16**
Investment property				
Rental income	12	12	-4	48
Maintenance charges and expenses	-7	-7	-2	-30
Changes in fair value, capital gains and losses	-2	-3	-40	-11
Other	0	0	-65	1
Total	**3**	**2**	**17**	**8**
Other	-	-		0
Net investment income	**31**	**-8**		**-9**

Note 9 Other operating income

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Income from property and business premises in own use	4	4	14	14
Other	21	21	0	90
Total	**26**	**25**	**2**	**104**

Note 10 Personnel costs

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Wages and salaries	136	137	-1	534
Pension costs	21	14	50	58
Other social expenses	7	12	-42	31
Total	**164**	**163**	**1**	**622**

Note 11 Other administrative expenses

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Office expenses	17	17	-2	66
IT expenses	25	26	-3	101
Telecommunications expenses	9	9	-7	37
Marketing expenses	11	13	-10	53
Other administrative expenses	13	15	-15	54
Total	**75**	**80**	**-7**	**310**

Note 12 Other operating expenses

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Expenses for property and business premises in own use	18	19	-1	73
Depreciation	33	32	2	135
Other	27	25	8	107
Total	**78**	**76**	**3**	**316**

Note 13 Returns to owner-members

EUR million	Q1/ 2010	Q1/ 2009	Change, %	2009
Bonuses	37	35	6	142
Interest on cooperative capital	3	3	-21	18
Total	**39**	**38**	**4**	**160**

Note 14. Classification of financial instruments

EUR million	Loans and other re-ceivables	Investments 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	3,446	-	-	-	-	3,446
Receivables from credit institutions and central banks	1,483	-	-	-	-	1,483
Derivative contracts	-	-	1,544	-	198	1,743
Receivables from customers	53,679	-	-	-	-	53,679
Non-life Insurance assets**	839	-	86	2,487	-	3,412
Life Insurance assets***	523	-	2,991	3,376	-	6,889
Notes and bonds	-	1,098	1,235	5,116	-	7,450
Shares and participations	-	-	71	431	-	502
Other receivables	4,164	-	443	-	-	4,608
Total 31 March 2010	**64,134**	**1,098**	**6,371**	**11,410**	**198**	**83,211**
Total 31 March 2009	**61,151**	**1,179**	**5,990**	**7,331**	**163**	**75,816**
Total 31 December 2009	**63,125**	**1,163**	**5,757**	**10,229**	**156**	**80,430**

EUR million			Financial liabilities at fair value through profit or loss******	Other liabilities	Hedging derivatives	Total
Liabilities						
Liabilities to credit institutions	-	-	-	2,261	-	2,261
Financial liabilities held for trading (excl. derivatives)	-	-	90	-	-	90
Derivative contracts	-	-	1,420	-	217	1,637
Liabilities to customers	-	-	-	38,425	-	38,425
Non-life Insurance liabilities***	-	-	4	2,652	-	2,656
Life Insurance liabilities****	-	-	2,651	4,032	-	6,683
Debt securities issued to the public	-	-	-	19,708	-	19,708
Subordinated loans	-	-	-	1,257	-	1,257

Other liabilities	-	-	-	4,117	-	4,117
Total 31 March 2010	**-**	**-**	**4,165**	**72,453**	**217**	**76,835**
Total 31 March 2009	**-**	**-**	**3,247**	**67,192**	**168**	**70,608**
Total 31 December 2009	**-**	**-**	**3,601**	**70,476**	**166**	**74,243**

*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 17.
***Life Insurance assets are specified in Note 18.
****Non-life Insurance liabilities are specified in Note 19.
*****Life Insurance liabilities are specified in Note 20.
******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 2010, the fair value of these debt instruments was approximately EUR 148 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. Their fair value are substantially lower than their carrying amount, but determining fair values reliably is difficult in the current market situation.

Note 15. Balance sheet classification according to valuation technique

Fair value of assets in EUR million on 31March 2010	**Level 1***	**Level 2***	**Level 3***	**Total**
Recognised at fair value through profit or loss				
Banking	693	593	20	1,306
Non-life Insurance	-	-	8	8
Life Insurance	-	-	173	173
Derivative financial instruments				
Banking	0	1,646	97	1,743
Non-life Insurance	-	0	-	0
Life Insurance	-	0	-	0
Available-for-sale				
Banking	4,992	491	65	5,547
Non-life Insurance	1,749	540	198	2,487
Life Insurance	2,410	237	729	3,376
Total	9,844	3,506	1,290	14,640

Fair value of assets in EUR million on 31December 2009	**Level 1***	**Level 2***	**Level 3***	**Total**
Recognised at fair value through profit or loss				
Banking	536	706	21	1,263
Non-life Insurance	-	-	8	8
Life Insurance	-	-	182	182
Derivative financial instruments				
Banking	6	1,336	81	1,423
Non-life Insurance	0	0	-	0
Life Insurance	-	-	-	-
Available-for-sale				
Banking	4,447	337	65	4,849
Non-life Insurance	1,544	552	193	2,290
Life Insurance	2,209	251	631	3,091
Total	**8,742**	**3,182**	**1,181**	**13,106**

Fair value of liabilities in EUR million on 31March 2010	**Level 1***	**Level 2***	**Level 3***	**Total**
Recognised at fair value through profit or loss				
Banking	90	-	-	90
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	2	1,628	7	1,637

Non-life Insurance	1	3	-	4
Life Insurance	0	-	-	0
Total	**92**	**1,631**	**7**	**1,731**

Fair value of liabilities in EUR million on 31December 2009	**Level 1***	**Level 2***	**Level 3***	**Total**
Recognised at fair value through profit or loss				
Banking	71	-	-	71
Non-life Insurance	-	-	-	-
Life Insurance	-	-	-	-
Derivative financial instruments				
Banking	1	1,327	33	1,360
Non-life Insurance	-	0	-	0
Life Insurance	-	0	-	0
Total	72	1,327	33	1,431

* 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.

Note 16. Reclassified notes and bonds

The table below shows the carrying amounts and fair values of the reclassified notes and bonds:

31 March 2010, EUR million	Carrying amount	Fair value	Effective interest rate	Impairments arising from credit risk
Loans and other receivables	2,335	2,371	5	94
Investments held to maturity	737	2,371	5	-
Available-for-sale financial assets	-	2,371	5	-
Total	**3,072**	**3,081**	**0**	**94**

31 December 2009, EUR million	Carrying amount	Fair value	Effective interest rate	Impairments arising from credit risk
Loans and other receivables	2,838	2,856	5	71
Investments held to maturity	798	761	4	-
Available-for-sale financial assets	-	-	-	-
Total	**0**	**0**	**0**	**0**

Note 17 Non-life Insurance assets

EUR million	31 March 2010	31 March 2009	Change, %	2009
Investments				
Loan and other receivables	400	408	-2	379
Shares and participations	434	287	51	391
Property	78	82	-5	78
Notes and bonds	1,348	1,327	2	1,381
Derivatives				
Other	712	455	57	526
Total	**2,973**	**2,559**	**16**	**2,755**
Other assets				
Prepayments and accrued income	33	34	-4	38
Other				
Arising from direct insurance operations	310	326	-5	214
Arising from reinsurance operations	92	145	-37	89
Cash in hand and at bank	3	5	-33	4
Total	**439**	**511**	**-14**	**346**
Non-life Insurance assets	**3,412**	**3,070**	**11**	**3,101**

Note 18 Life Insurance assets

EUR million	31 March 2010	31 March 2009	Change, %	2009
Investments				
Loan and other receivables	440	414	6	446
Shares and participations	3,038	2,216	37	2,777
Property	119	123	-3	122
Notes and bonds	511	684	-25	496
Other	0	0		0
Total	**4,108**	**3,437**	**20**	**3,841**
Assets covering unit-linked insurance contracts				
Shares and participations	2,699	1,564	73	2,381
Other assets				
Prepayments and accrued income	26	26	1	25
Other				
Arising from direct insurance operations	5	4	18	33
Arising from reinsurance operations	51	43	20	50
Cash in hand and at bank	0	2	-87	1
Total	**82**	**74**	**11**	**108**
Life Insurance assets	**6,889**	**5,075**	**36**	**6,331**

Note 19 Non-life Insurance liabilities

EUR million	31 March 2010	31 March 2009	Change, %	2009
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,057	1,038	2	1,057
Other provision for unpaid claims	708	745	-5	726
Total	1,765	1,783	-1	1,783
Provisions for unearned premiums	570	573		362
Other liabilities	320	319		133
Total	**2,656**	**2,676**	**-1**	**2,279**

Note 20. Life Insurance liabilities

EUR million	31 March 2010	31 March 2009	Change, %	2009
Technical provisions	3,584	3,762	-5	3,649
Insurance contract liabilities for unit-linked insurance policies	2,651	1,525	74	2,335
Other liabilities	448	84		194
Total	**6,683**	**5,370**	24	**6,179**

Note 21 Debt securities issued to the public

EUR million	31 March 2010	31 March 2009	Change, %	2009
Bonds	9,627	7,023	37	9,168
Certificates of deposit, commercial papers and ECPs	9,845	10,286	-4	10,549
Other	237	206	15	227
Total	**19,708**	**17,515**	**13**	**19,945**

Note 22 Fair value reserve after income tax

EUR million	31 March 2010	31 March 2009	Change, %	2009
Notes and bonds	11	-81		24
Shares and participations	91	-504		-79
Total	**102**	**-585**		**-54**

The negative fair value reserve may recover by means of asset appreciation and recognised impairments. Only the value changes in the fair value reserve are recognised which the management deem to fulfil the relevant requirements.

The fair value reserve before tax amounted to EUR 138 million (-74) and the related deferred tax liability to EUR 36 million (deferred tax asset 19). At the end of the report period, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 270 million (180) million and negative mark-to-market valuations EUR 146 million (265). During 2007–2010, impairments recognised from the fair value reserve in the income statement totalled EUR 429 million, of which EUR 62 million were recognised in 2010.

Other notes

Note 24 Collateral given

EUR million	31 March 2010	31 March 2009	Change, %	2009
Given on behalf of own liabilities and commitments				
Mortgages	1	1	0	1
Pledges	5,960	4,381	36	5,839
Other	592	424	40	600
Total	**6,553**	**4,806**	**36**	**6,440**

Note 25 Off-balance-sheet items

EUR million	31 March 2010	31 March 2009	Change, %	2009
Guarantees	1,401	1,494	-6	1,391
Other guarantee liabilities	1,583	1,641	-4	1,548
Pledges	1	1	-43	1
Loan commitments	9,156	7,710	19	8,789
Commitments related to short-term trade transactions	121	157	-23	131
Other	850	535	59	785
Total off-balance-sheet items	**13,111**	**11,539**	**14**	**12,644**

Note 26 Derivative contracts

	31 March 2010					
EUR million	Nominal values / remaining term to maturity				Fair values	
	<1 year	1-5 years	>5 years	Total	Assets	Liabilities
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**

	31 March 2009					
EUR million	Nominal values / remaining term to maturity				Fair values	
	<1 year	1-5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	26,929	45,670	10,952	83,551	1,390	1,299
Currency derivatives	12,079	1,340	876	14,295	249	510
Equity and index-linked derivatives	122	606	20	749	23	6
Credit derivatives	149	167	-	316	4	19
Other derivatives	393	72	-	465	1	2
Total derivatives	**39,672**	**47,855**	**11,849**	**99,376**	**1,667**	**1,836**

Note 26 Related-party transactions

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

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

Related-party transactions have not undergone any substantial changes since 31 December 2009.

The Financial Statements for 1 January–31 March 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting) as approved by the EU.

The Financial Statements 2009 contain a description of the accounting policies applied. This Interim Report is based on unaudited figures. Given that all figures have been rounded off, the sum total of individual figures may deviate from the presented sums.

Pohjola Bank plc will publish its own interim report.

Interim reports for six and nine months will be published on 4 August and 3 November 2010, respectively.

OP-Pohjola Group's financial performance will be presented by to the media by Executive Chairman Reijo Karhinen in a press conference on 5 May 2010 at 12 noon at Teollisuuskatu 1 b, Vallila, Helsinki.

Helsinki, 5 May 2010.

OP-Pohjola Group Central Cooperative
Executive Board

FURTHER INFORMATION
Reijo Karhinen, Executive Chairman, tel. +358 (0)10 252 4500
Tony Vepsäläinen, President, tel. +358 (0)10 252 4020
Harri Luhtala, CFO, tel. +358 (0)10 252 2433
Carina Geber-Teir, Senior Vice President (Corporate Communications), tel. +358 (0)10 252 8394

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