Pohjola

Pohjola Bank plc's Interim Report for 1 January–31 March 2010

Pohjola Bank plc
Company Release, 5 May 2010, 8.00 am
Release category: Interim Report

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January–March

– Year on year, consolidated earnings before tax improved markedly to EUR 59 million (36). Earnings include EUR 33 million (21) in impairment charges on receivables.
– Earnings before tax at fair value amounted to EUR 119 million (41) and return on equity at fair value stood at 15.9% (7.2).
– Banking posted earnings before tax of EUR 26 million (50), with impairment charges on receivables affecting its earnings by EUR 33 million (12).
– Non-life Insurance's operating combined ratio stood at 95.5% (91.3). Within Non-life Insurance, return on investments at fair value rose to 3.2% (–0.4).
– Asset Management more than doubled its earnings before tax to EUR 6 million (2). Assets under management grew by 6% from the end of 2009 to EUR 34.9 billion (33.1).
– Capital gains on notes and bonds improved earnings before tax posted by the Group Functions.
– Outlook: Enabled by the economic recovery, impairment charges are expected to remain lower than a year ago. Consolidated earnings before tax in 2010 are expected to be at the same level as in 2009.

Group financial performance and key indicators [1)]

Earnings before tax, € million	**Q1/2010**	**Q1/2009**	**Change**	**2009**
Banking	26	50	–24	117
Non-life Insurance	6	–1	7	102
Asset Management	6	2	3	21
Group Functions	22	–14	36	25
Total	**59**	**36**	**22**	**265**
Change in fair value reserve	61	4	56	243
Earnings before tax at fair value	**119**	**41**	**78**	**508**

Key indicators	**Q1/2010**	**Q1/2009**	**2009**	**Target**
Earnings before tax, € million	59	36	265	
Profit for the period, € million	43	25	194	
Return on equity, %	15.9	7.2	19.2	13.0
Balance sheet total, € billion	37.6	32.2	35.5	
Shareholders' equity, € billion	2.2	1.6	2.3	
Tier 1 ratio, %	12.1	9.4	11.8	>9.5
Earnings per share, €	0.14	0.10	0.66	
Earnings per share, incl. change in fair value, €	0.28	0.12	1.27	
Equity per share, €	7.04	7.98	7.09	
Average personnel	2,992	2,949	2,966	

1) Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago.

Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2009 are used as comparatives.

President and CEO Mikael Silvennoinen:

"Pohjola Group's financial performance in the first quarter was better than a year ago. Net interest income, net commissions and fees and net investment income developed favourably, with the result that earnings before impairments on receivables improved by almost 60%. Our impairment charges on receivables were higher than a year ago but it would seem that their growth has come to a halt as a result of the economic recovery underway. Developments in capital markets remained favourable, which contributed to markedly better earnings before tax at fair value than the year before.

During the first quarter, the loan and guarantee portfolio began to increase slightly although capital spending and demand for corporate loans are still low. In line with our expectations, the average corporate loan margin rose further although the margin on new loans took a turn downwards. Higher impairment charges year on year and the normalisation of the Markets division's financial performance weakened Banking earnings from their previous year's level.

Non-life Insurance recorded a good balance on technical account although the extraordinarily bad winter weather conditions increased the number of losses reported by policyholders by 35% within motor liability and motor vehicle insurance. Growth in insurance premium revenue remained strong among private customers, whereas insurance premium revenue from corporate customers decreased, especially when it comes to statutory workers' compensation insurance. Non-life Insurance return on investments at fair value developed favourably.

Asset Management reported growth in assets under management and more than doubled its year-on-year earnings before tax.

Recovery in the operating environment is underway but uncertainties still linger. The Basel Committee on Banking Supervision and the European Commission are currently working on amendments to the financial regulatory framework. The proposed changes in regulations are significant and, if implemented as such, may have a detrimental effect on our customers and the economic recover underway. A lot of comments have been issued on the proposed regulations and the effects of these changes are currently being reviewed.
Thanks to our solid capital base and strong market position, we will have excellent opportunities to continue to implement our strategy systematically."

Operating environment

The world economy continued its gradual but uneven recovery in the first quarter of 2010. According to US economic indicators, growth has continued apace and the labour market is already stabilising. 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 economic recovery proceeded in the first quarter, with both businesses and consumers showing improved confidence. Strong consumer confidence is witnessed by higher consumer spending and the lively housing market. Revival of the world economy and the Finnish export markets has not yet been reflected in higher export volumes. Capital spending was still low, because there was still much idle production capacity. However, housing construction has a brighter outlook.

Central banks' benchmark interest rates remained exceptionally low during the first quarter. The ECB is not probably expected to raise its key interest rates until the end of 2010 at the earliest. Euribor rates were record low. The ECB has gradually begun its exit from extraordinary measures supporting the banking system's liquidity, which will be reflected in higher short-term market rates in the euro area.

In Finland, the growth rate of the loan portfolio accelerated slightly in the first quarter of 2010, and the downward trend in the corporate loan portfolio prevailing throughout 2009 came to an end in the first view months of the current year.

Yield performance in corporate bond markets remained favourable, as risk premiums continued to fall further. The number of issues launched remained low, with the exception of the banking sector. Concerns about widening budget deficits and mounting national debt raised country risks and widened credit spreads, especially for some small peripheral economies of the EU. Greece's fiscal problems were also reflected in the rest of the euro area and weakened the euro in the currency market. The emergency loan package provided to Greece by the EU and the IMF is aimed at restoring confidence to the market.

Equity markets remained buoyant in the first quarter, with the equity market in Finland showing a markedly stronger performance on average than in the rest of Europe. This improvement has been supported by higher profit expectations, stronger leading economic indicators and views that interest rates will continue to remain low for a long time.

Growth in Non-life Insurance premiums written remained tepid in Q1 and claims incurred increased at a slightly faster rate. Challenging winter conditions were reflected in an unusually large number of claims.

Consolidated earnings

Consolidated earnings analysis € million	**2010 Q1**	**2009 Q1**	**Change**	**Change %**	**Rolling 12-month**	**2009**
Net interest income						
Corporate Banking	40	32	8	26	146	138
Markets	6	10	–4	–42	23	27
Other operations	14	10	4	43	79	75
Total	60	52	8	16	249	241
Net commissions and fees	40	30	10	32	153	143
Net trading income	7	25	–18	–71	54	71
Net investment income	18	–9	27		14	–13
Net income from Non-life Insurance						
Insurance operations	74	83	–10	–11	373	382
Investment operations	17	–2	19		82	64
Other items	–11	–11	0	3	–44	–44
Total	79	70	9	13	411	402
Other operating income	11	11	–1	–5	49	50
Total income	**215**	**179**	**35**	**20**	**930**	**895**
Personnel costs	47	45	2	5	192	190
IT expenses	19	19	0	2	76	75
Depreciation and amortisation	18	17	1	6	73	72
Other expenses	39	41	–2	–5	161	164
Total expenses	**123**	**122**	**1**	**1**	**502**	**501**
Earnings before impairments of receivables	**92**	**57**	**34**	**59**	**428**	**394**
Impairments of receivables	33	21	12	57	141	129
Earnings before tax	**59**	**36**	**22**	**61**	**288**	**265**
Change in fair value reserve	61	4	56		299	243
Earnings before tax at fair value	**119**	**41**	**78**	**190**	**586**	**508**

Financial performance by quarter € million	2009 Q1	 Q2	 Q3	 Q4	2010 Q1
Net interest income					
Corporate Banking	32	33	36	37	40
Markets	10	12	2	4	6
Other operations	10	22	21	23	14
Total	52	67	58	63	60
Net commissions and fees	30	36	36	41	40
Net trading income	25	8	27	11	7
Net investment income	–9	0	1	–5	18
Net income from Non-life Insurance					
Insurance operations	83	101	107	92	74
Investment operations	–2	32	19	15	17
Other items	–11	–11	–11	–11	–11
Total	70	122	114	96	79
Other operating income	11	11	11	17	11
Total income	**179**	**245**	**247**	**224**	**215**
Personnel costs	45	50	47	48	47
IT expenses	19	18	19	20	19
Depreciation and amortisation	17	17	17	21	18
Other expenses	41	40	36	45	39
Total expenses	**122**	**125**	**119**	**135**	**123**
Earnings before impairments of receivables	**57**	**119**	**128**	**89**	**92**
Impairments of receivables	21	33	41	34	33
Earnings before tax	**36**	**87**	**87**	**55**	**59**
Change in fair value reserve	4	100	109	30	61
Earnings before tax at fair value	**41**	**186**	**196**	**84**	**119**

January–March earnings

Earnings before tax came to EUR 59 million (36), showing a year-on-year improvement of EUR 22 million.

Earnings before impairment charges on receivables totalled EUR 92 million (57), or EUR 34 million higher than a year ago. Impairments of receivables rose by EUR 12 million year on year to EUR 33 million (21).

Earnings before tax at fair value amounted to EUR 119 million (41).

Total income increased by 20% to EUR 215 million (179) and expenses by 1% to EUR 123 million (122).

Net interest income came to EUR 60 million (52), up by 16% year on year. A rise in the average margin on corporate loans contributed to higher net interest income from Corporate Banking.

Net commissions and fees amounted to EUR 40 million, or EUR 10 million and 32% higher than a year ago, asset management, securities issuance and brokerage showing a considerable increase in commissions and fees.

Net trading income fell to EUR 7 million (25). With markets getting back to normal, income from trading decreased from the exceptionally high level a year ago.

Net investment income totalled EUR 18 million (–9), the figure including capital gains of EUR 19 million recognised on the notes and bonds within the liquidity portfolio. Impairment charges on equities and adjustments for real property acquisition costs reduced net investment income a year ago.

Net income from Non-life Insurance rose by EUR 9 million to EUR 79 million (70), as a result of growth in net investment income.

Expenses rose by 1% to EUR 123 million (122). Personnel costs increased by EUR 2 million. The number of Group employees increased by 33 from 31 December 2009.

The fair value reserve before tax grew by EUR 61 million (4) and impairments recognised from the fair value reserve in the income statement totalled EUR 20 million. On 31 March, the fair value reserve after tax stood at EUR 45 million, as against EUR 0 million on 31 December 2009.

Group risk exposure

The Group's risk exposure remained favourable. Impairment charges in the first quarter were at the same level as in the previous quarter. Investment-grade exposures remained high. Creditworthiness among corporate customers did not undergo any major changes and, despite their slight growth, doubtful receivables remained low relative to the loan and guarantee portfolio.

The financial and liquidity position remained strong. Both short-term and long-term funding performed well. Pohjola strengthened its financial position by issuing two senior bonds with a maturity of three and five years and each worth EUR 750 million.

Pohjola Bank plc maintains OP-Pohjola Group's liquidity portfolio which mainly consists of notes and bonds eligible as collateral for central bank refinancing. The liquidity portfolio totalled EUR 12.0 billion (11.7) on 31 March 2010. This liquidity portfolio plus other items included in OP-Pohjola Group's balance sheet and eligible for central bank refinancing constitute the total liquidity buffer, which can be used to cover OP-Pohjola Group's wholesale funding maturities for some 24 months.

Determining the value of the available-for-sale financial assets at fair value through profit or loss and included in the liquidity portfolio is based on mark-to-market valuations. Pohjola did not recognise any impairment charges on the liquidity portfolio during the first quarter. Pohjola kept market risks moderate during the period.

Net loan losses and impairment losses recognised for the reporting period reduced earnings by EUR 33 million (21), accounting for 0.24% (0.15) of the loan and guarantee portfolio. Final loan losses recognised for the period totalled EUR 25 million (1) and impairment charges EUR 41 million (22). Loan loss recoveries and allowances for impairments totalled EUR 32 million (2). The majority of the impairments were those recognised on an individual basis.

Doubtful receivables increased by EUR 27 million to EUR 71 million in the first quarter, accounting for 0.51% (0.32) of the loan and guarantee portfolio. Past due payments came to EUR 15 million (70), representing 0.11% (0.51) of the loan and guarantee portfolio.

Despite the slight economic recovery, some of our corporate customers still face a challenging operating environment. The greatest uncertainty related to the Group's risk exposure is associated with future impairment charges on the loan portfolio.

Capital adequacy

The capital adequacy ratio improved, standing at 13.6% (13.5) as against the statutory minimum requirement of 8%. Tier 1 ratio was 12.1% (11.8). Pohjola Group's Tier 1 target ratio stands at a minimum 9.5% over the economic cycle.

Tier 1 capital came to EUR 1,575 million (1,541) and the total capital base amounted to EUR 1,780 million (1,753). Hybrid capital accounted for EUR 274 million of Tier 1 capital. The minimum regulatory capital requirement to cover credit risk amounted to EUR 938 million (957), that to cover market risk EUR 46 million (36) and that to cover operational risks EUR 61 million (49).

On 31 March 2010, risk-weighted assets totalled EUR 13,059 million, as against EUR 13,024 million on 31 December 2009.

Pohjola Group belongs to OP-Pohjola Group whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. Pohjola Group's capital adequacy ratio under the Act, measured using the consolidation method, stood at 1.77 (1.73). Accordingly, the capital base totalled EUR 2,158 million (2,103) and the minimum capital requirement EUR 1,221 million (1,213), i.e. the total capital base exceeded the minimum regulatory requirement by EUR 937 million (890).

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 and reduce the cyclic nature of capital requirements and 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 Committee of European Banking Supervisors carried out an impact analysis in all the member states concerning the overall effects of the proposed changes. The changes, if implemented, may present major challenges to the sector and slow down economic growth. As part of OP-Pohjola Group, Pohjola Group was involved in presenting comments on the draft directive and the impact analysis. However, Pohjola Group's and OP-Pohjola Group's strong capital base and liquidity position provide a solid protection against even major legislative amendments.

Credit ratings

Pohjola Bank plc's credit ratings remained unchanged, as follows:

Rating agency	Short-term debt	Long-term debt
Standard & Poor's	A-1+	AA-
Moody's	P-1	Aa2
Fitch	F1+	AA-

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.

Financial targets and actuals

Financial targets	Q1/2010	Q1/2009	2009	Target
Group				
Return on equity, %	15.9	7.2	19.2	13
Tier 1 ratio, %	12.1	9.4	11.8	>9.5
Banking				
Operating cost/income ratio, %	35	34	35	<40
Non-life Insurance				
Operating combined ratio, %	95.5	91.3	87.7	92
Operating expense ratio, %	21.8	21.8	22.2	<20
Solvency ratio, %	91	67	88	70
Asset Management				
Operating cost/income ratio, %	54	68	53	<50
Rating				
AA rating affirmed by at least two credit rating agencies	3	3	3	≥ 2
Dividend policy				
Dividend payout ratio a minimum of 50%, provided that Tier 1 a minimum of 9.5%.			51	>50

The financial targets are set over the economic cycle.

Performance by business line

Banking

– Earnings before tax amounted to EUR 26 million (50), affected by EUR 33 million (12) in impairment charges on receivables.
– Earnings before impairments of receivables came to EUR 59 million (61).
– Net interest income from Corporate Banking was up by 26% year on year. The loan and guarantee portfolio increased by 2% from the level on 31 December 2009 and the average margin on corporate loans rose by 0.06 percentage points to 1.39% from the level on the same date.
– The Markets division's financial performance remained good although it weakened from the exceptionally good level posted a year ago.
– Operating cost/income ratio stood at 35% (34).

Banking: financial results and key figures and ratios

Financial results, € million	Q1/2010	Q1/2009	Change	Change, %	2009
Net interest income					
Corporate Banking	40	32	8	26	138
Markets	6	10	–4	–42	27
Total	46	42	4	10	165
Net commissions and fees	24	19	5	26	85
Net trading income	13	24	–11	–47	78
Other income	7	8	0	–6	30
Total income	**90**	**93**	**–2**	**–3**	**358**
Expenses					
Personnel costs	12	12	0	–1	50
IT expenses	6	5	0	5	21
Depreciation and amortisation	7	7	0	4	28
Other expenses	6	7	0	–4	25
Total expenses	**31**	**31**	**0**	**1**	**125**
Earnings before impairments of receivables	**59**	**61**	**–3**	**–4**	**234**
Impairments of receivables	33	12	21	185	117
Earnings before tax	**26**	**50**	**–24**	**–48**	**117**
Earnings before tax at fair value	26	50	–24	–49	120
Loan and guarantee portfolio, € billion	13.5	14.0	–0.4	–3	13.3
Margin on corporate loan portfolio, %	1.39	1.03	0.36	35	1.33
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.52	0.34	0.18	53	0.32
Ratio of impairments of receivables to loan and guarantee portfolio, %	0.24	0.08	0.16	200	0.88
Operating cost/income ratio, %	35	34	1	3	35
Personnel	630	626	4	1	607

January–March earnings

Banking posted earnings before tax of EUR 26 million (50), with impairment charges on receivables burdening earnings by EUR 33 million. As a result of the economic recession, capital spending among corporate customers was tepid, which slowed down demand for loans. The loan portfolio grew by EUR 0.2 billion from its year-end level, or by 2%, to EUR 10.9 billion. Committed standby credit facilities increased by EUR 0.9 billion to EUR 3 billion. The guarantee portfolio remained at the year-end level, EUR 2.6 billion, but shrank by EUR 0.2 billion year on year.

Despite fiercer competition in the market, the average corporate loan portfolio margin rose by 6 basis points from the year-start level. Net interest income from Corporate Banking rose by 26%, thanks to a rise in the average margin, although the loan portfolio saw a slight decrease year on year.

Net commissions and fees were one quarter higher than a year ago. Commission income from loans dropped by one million euros while that from guarantees increased by the same amount. Net commissions from securities issuance rose by EUR 3 million and those from securities brokerage by almost EUR 2 million.

The Markets division's earnings performance normalised from its exceptionally high level a year ago. The division's combined net interest income and net trading income fell by 44% to EUR 19 million year on year.

The cost/income ratio remained good, standing at 35%. Total expenses were on a par with those in the previous year.

Risk exposure by Banking

Within Banking, key risks are associated with credit risk arising from customer business, and market risks.

During January–March, total exposure increased by EUR 0.4 billion to EUR 21.4 billion. The ratio of investment-grade exposure – that is, ratings 1–5 – to total exposure, excluding households, remained at a healthy level, standing at 66% (64). The share of ratings 11–12 was 2.0% (1.6) and that of non-rated exposure 0.8% (0.8).

Corporate exposure (including housing corporations) accounted for 76% (78) of total exposure within Banking. Of corporate exposure, the share of investment-grade exposure stood at 59% (57) and the exposure of the lowest two rating categories amounted to EUR 418 million (321), accounting for 2.6% (2.0) of the total corporate exposure.

Significant customer exposure totalled EUR 3.2 billion (2.9). The distribution of corporate exposure by industry remained highly diversified and none of the industries represented over 12% of corporate exposure on 31 March 2010. The most significant industries included Letting and Operation of Dwellings representing 12.0% (11.2), Manufacture of Machinery and Equipment 9.8% (9.7) and Trade 9.5% (10.9).

Net loan losses and impairment charges within Banking came to EUR 33 million (12), accounting for 0.24% (0.15) of the loan and guarantee portfolio.

On 31 March 2010, Baltic Banking exposures totalled EUR 82 million, accounting for less than 1% of the loan and guarantee portfolio. The Baltic Banking net loan losses and impairment charges for the reporting period amounted to EUR 0.6 million, comprising mainly impairments on receivables assessed on a collective basis.

Interest rate risk exposure averaged EUR 1.3 million (6.7), based on the 1-percentage-point change in the interest rate.

Non-life Insurance

– Earnings before tax amounted to EUR 6 million (–1). Earnings before tax at fair value improved to EUR 75 million (1).
– The balance on technical account remained on a sound basis although the bad winter weather conditions increased the number of losses reported by policyholders. The operating combined ratio stood at 95.5% (91.3).
– Insurance premium revenue declined by 1% as a result of lower premium revenue shown by statutory workers' compensation insurance. Growth in insurance premium revenue remained vigorous within Private Customers.
– The number of losses reported by policyholders within motor liability and motor vehicle insurance increased by 35% due to bad winter conditions.
– Return on investments at fair value was 3.2% (–0.4).

Non-life Insurance: financial results and key figures and ratios

Financial results, € million	Q1/2010	Q1/2009	Change	Change, %	2009
Insurance premium revenue	227	231	–3	–1	943
Claims incurred	–168	–160	–7	5	–617
Operating expenses	–50	–50	1	–1	–210
Amortisation adjustment of intangible assets	–6	–6	0	–2	–28
Balance on technical account	**4**	**14**	**–10**	**–70**	**88**
Net investment income	16	–2	18		61
Other income and expenses	–14	–14	–1	**6**	–46
Earnings/loss before tax	**6**	**–1**	**7**		**102**
Earnings before tax at fair value	75	1	74		291
Operating combined ratio, %	95.5	91.3			87.7
Operating expense ratio, %	21.8	21.8			22.2
Return on investments at fair value, %	3.2	–0.4			10.7
Solvency ratio , %	91	67			88
Personnel	2,087	2,057	30		2,070

January–March earnings

Earnings before tax amounted to EUR 6 million (–1). Earnings before tax at fair value improved by EUR 75 million.

Profitability remained good. The recession continued to affect the corporate sector considerably, reducing insurance premiums paid by corporate customers. The past winter's weather led to bad road conditions, which significantly increased the number of losses reported by policyholder within motor liability and motor vehicle insurance.

The balance on technical account before amortisation on intangible assets stood at EUR 10 million (20). Favourable developments in the capital market were reflected in investment performance. Net investment income amounted to EUR 16 million (–2) and net investment income at fair value reached EUR 85 million (–1).

The number of loyal customer non-life insurance households totalled 433,394 on 31 March, 55% of whom also use OP-Pohjola Group member banks as their main bank. OP-Pohjola Group member banks' and Helsinki OP Bank's customers can use their OP bonuses earned through banking transactions to pay Pohjola non-life insurance premiums. During January–March, OP bonuses were used to pay over 264,000 insurance premiums, with 47,000 paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 13 million. In 2005, Pohjola set a target of achieving annual revenue synergies of EUR 17 million by the end of 2010, resulting from growth in the number of loyal customer households, which Pohjola already achieved in March.

Insurance business

First-quarter profitability was in line with expectations. The operating combined ratio, excluding amortisation on intangible assets arising from the corporate acquisition, stood at 95.5% (91.3%). Profitability a year ago was exceptionally good, considering that it tends to be weaker in the first quarter than in the other quarters.

The recession continued to affect the corporate sector considerably, reducing insurance premiums based on companies' payroll bills, net sales and operating profit, with the result that insurance premiums were down within Corporate Customers and the Baltic States. However, growth remained vigorous within Private Customers. Insurance premium revenue totalled EUR 227 million (231).

Within Private Customers, insurance premium revenue rose by 9% to EUR 107 million (98). The number of loyal customer households grew by 8,680 (5,925) during the reporting period. OP-Pohjola Group member banks continued to strengthen their role as the largest sales channel for policies among 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.

Within Corporate Customers, insurance premium revenue decreased by 8% to EUR 109 million (118), due mainly to statutory workers' compensation insurance premiums which dropped by EUR 7 million, or by 16%. Pohjola reduced the level of premiums for 2010 within statutory workers' compensation insurance. As a result of the recession, payroll bills which determine insurance premiums continued their downward trend. This fall was intensified by the fact that the impact of the recession on premium revenue was not felt until 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 reporting period.

Claims incurred rose due to growth in the private customer insurance portfolio and losses reported by policyholders within motor liability and motor vehicle insurance. The number of such reported losses increased by 35% due to unusually bad winter weather conditions in Southern Finland. Claims incurred increased to EUR 168 million (160), or by 5%. 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).

Operating expenses remained at the previous year's level, coming to 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).

The operating balance on technical account within Private Customers decreased to EUR 5 million (9) due to higher claims incurred resulting from motor liability and motor vehicle insurance claims. Similarly, the operating balance on technical account within Corporate Customers fell to EUR 5 million (10) due mainly to lower insurance premium revenue from statutory workers' compensation insurance. The balance on technical account recorded by the Baltic States stood at EUR 0.2 million (1).

Investment

Return on investments at fair value stood at 3.2% (–0.4). Net investment income recognised in the income statement amounted to EUR 16 million (–2) and net investment income at fair value reached EUR 85 million. Impairment charges recognised from the fair value reserve in the income statement totalled EUR 16 million.

On 31 March 2010, the investment portfolio totalled EUR 3,002 million (2,851), bonds and bond funds accounting for 73% (76) and listed equities for 11% (10). Unlisted equity investments plus the aforementioned equities represented a total of 16% (13). The fixed-income portfolio by credit rating remained healthy, considering that investments under the "investment-grade" represented 91% (94) and 74% of the investments were rated at least A–. The average residual maturity of the fixed-income portfolio was 5.1 years and the duration 3.6 years (3.4). The Non-life Insurance fixed-income portfolio had a total of EUR 57 million in Greek government notes and bonds.

Risk exposure by Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments and market risks associated with investment portfolios covering technical provisions.

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). Equalisation provisions decreased to EUR 411 million (417).

Pohjola Insurance Ltd's credit rating has remained unchanged: A2 by Moody's and A+ by Standard & Poor's.

Equity risks rose due to changes in allocation and favourable market developments in equity investments. Pohjola maintained its interest-rate exposure lower than the long-term target.

Asset Management

– Earnings before tax improved to EUR 6 million (2) as a result of growth in assets under management.
– Assets under management increased by 6% to EUR 34.9 billion (33.1) from their end-2009 level.
– Operating cost/income ratio improved to 54% (68).

Financial results, € million	Q1/2010	Q1/2009	Change	Change, %	2009
Net commissions and fees	13	9	5	53	50
Other income	1	1	0	–23	2
Total income	**14**	**9**	**4**	**46**	**52**
Personnel costs	5	4	1	20	17
Other expenses	3	3	0	7	13
Total expenses	**8**	**7**	**1**	**15**	**30**
Earnings before tax	**6**	**2**	**3**	**145**	**21**
Earnings before tax at fair value	6	2	3	145	21
Assets under management, € billion	34.9	24.9	10.0	40	33.1
Operating cost/income ratio, %	54	68	–14	–21	53
Personnel	170	156	14	9	162

January–March earnings before tax increased by 145% to EUR 6 million (2) year on year and the operating cost/income ratio stood at 54% (68).

Year on year, assets under management increased by 40%, standing at EUR 34.9 billion (33.1) at the end of the reporting period. A good net assets inflow and favourable market developments during the first quarter contributed to this increase, with clients showing particular interest in emerging market bonds. Of the assets under management, institutional clients accounted for EUR 20.2 billion (19.2), OP mutual funds for EUR 12.0 billion (11.4) and Pohjola Private for EUR 2.8 billion (2.5).

Of the assets under management, money-market investments represented 10% (11), bonds 40% (42), equities 29% (27) and other investments 21% (20).

Group Functions

– Earnings before tax amounted to EUR 22 million (–14). Capital gains on notes and bonds contributed to this improvement.
– Impairment charges on receivables and investments decreased.
– Liquidity and the availability of funding remained good.
– Long-term funding increased by EUR 1.5 billion.

Group Functions: financial results and key figures and ratios

Financial results, € million	Q1/2010	Q1/2009	Change	Change, %	2009
Net interest income	14	9	5	60	75
Net trading income	–6	1	–6		–7
Net investment income	18	–9	27		–13
Other income	4	3	0	10	17
Total income	**30**	**4**	**26**		**72**
Personnel costs	3	3	0	15	13
Other expenses	5	6	–1		23
Total expenses	**8**	**9**	**–1**	**–8**	**36**
Earnings/loss before impairments of receivables	**22**	**–5**	**27**		**36**
Impairments of receivables		9	–9	–100	12
Earnings/loss before tax	**22**	**–14**	**36**		**25**
Earnings/loss before tax at fair value	14	–12	26		76
Liquidity portfolio, € billion	12.0	8.8	3.1	36	11.7
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	0.6	–0.1	0.8		–0.2
Personnel	121	131	–10	–8	136

January–March earnings

Earnings before tax were EUR 22 million, as against a loss of EUR 14 million reported a year ago.

Successful investment operations within the liquidity portfolio contributed to improved net interest income.

Net investment income includes EUR 19 million in capital gains on notes and bonds. Impairments recognised on shares and participations included in available-for-sale financial assets totalled EUR 3 million (4), while a year ago impairments recognised on bonds totalled EUR 9 million.

Liquidity and the availability of funding remained good. Debt instruments issued to the public remained at the previous year's level.

During the reporting period, Pohjola issued two senior bonds in international capital markets with a maturity of three and five years and each worth EUR 750 million Costs of new funding are higher than those of matured long-term debt.

Pohjola Bank plc's net receivables from OP-Pohjola Group retails banks and entities increased to EUR 607 million. The Q1/2009 showed a negative net position of EUR 176 million.

Risk exposure by Group Functions

Major risks within the Group Functions include those associated with the fair value change of assets included in the liquidity portfolio, and liquidity risks.

The Group Functions exposure totalled EUR 19.5 billion (18.3), consisting of assets in the liquidity portfolio and receivables from OP-Pohjola Group member banks. Almost all of the exposure was based on investment-grade counterparties.

The Group Functions maintains the liquidity portfolio in order to secure OP-Pohjola Group's liquidity. The liquidity portfolio amounted to EUR 12.0 billion (11.7), comprising primarily investments in notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, and in securitised assets. The liquidity portfolio had a total of EUR 21 million in Greek government notes and bonds.

Interest rate risk exposure averaged EUR 9.6 million (12.8) in the first quarter, based on the 1-percentage-point change in the interest rate.

Decisions by the Annual General Meeting

Pohjola Bank plc's Annual General Meeting (AGM) of 26 March 2010 adopted the Financial Statements for 2009, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.34 per Series A share and EUR 0.31 per Series K share. The AGM confirmed the number of members of the Board of Directors at eight and approved the proposal by the Board of Directors for the alteration of the Articles of Association and for a Board share issue authorisation.

Board of Directors

The AGM elected the following members to the Board of Directors until the closing of the next AGM: Merja Auvinen, Managing Director; Jukka Hienonen, President and CEO; Simo Kauppi, Managing Director; Satu Lähteenmäki, Director of the Turku School of Economics; Harri Sailas, President and CEO; and Tom von Weymarn. Mr Sailas is a new Board member.

In addition to the abovementioned Board members, Reijo Karhinen, Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, the parent institution, acts as the Chairman of the Board of Directors and Tony Vepsäläinen, President of OP-Pohjola Group Central Cooperative and Vice Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, as Vice Chairman, in accordance with the Articles of Association.

At its organising meeting on 26 March 2010 held after the AGM, the Board of Directors of Pohjola Bank plc elected members to the Board's committees and assessed the status of its members' independence of the Company and its major shareholders.

Members of the Remuneration Committee: Reijo Karhinen, Executive Chairman (Chairman); Tony Vepsäläinen, President (Vice Chairman); and Satu Lähteenmäki, Director of the Turku School of Economics.

Members of the Risk Management Committee: Tony Vepsäläinen, President (Chairman); Simo Kauppi, Managing Director (Vice Chairman); and Harri Sailas, President and CEO.

Members of the Audit Committee: Tom von Weymarn (Chairman); Merja Auvinen, Managing Director (Vice Chairman); and Jukka Hienonen, President and CEO.

In accordance with the Articles of Association, Reijo Karhinen, Executive Chairman of OP-Pohjola Group and Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, acts as the Chairman of Pohjola's Board of Directors and Tony Vepsäläinen, President of OP-Pohjola Group Central Cooperative and Vice Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, acts as the Vice Chairman.

The Board of Directors assessed the independence of its members and concluded that Jukka Hienonen, Satu Lähteenmäki and Tom von Weymarn are non-executive members independent of the Company and its major shareholders.

Shares and shareholders

On 31 March 2010, the number of Pohjola Bank plc shares totalled 319,551,415 and votes conferred by the shares 593,178,315. On the same date, the number of Series A shares listed on NASDAQ OMX Helsinki Ltd totalled 251,144,690, representing 78.6% of all Pohjola shares and 42.3% of all votes. The number of unlisted Series K shares totalled 68,406,725.

On 31 March 2010, one Series A share closed at EUR 8.32, as against EUR 7.55 at the end of 2009. Pohjola paid a dividend of EUR 0.34 for each Series A share and EUR 0.31 for each Series K share for 2009. In January–March, the share price reached a high of EUR 8.94 (17 March 2010) and a low of EUR 7.14 (5 February 2010).

During the reporting period, share trading increased in terms of both value and volume. The share trading value amounted to EUR 336,793,725, as against EUR 291,098,003 the year before, and volume to 42.3 shares (40.7).

On 31 March, Pohjola Bank plc had 36,609 shareholders, down by 391 from the beginning of the year, private individuals accounting for 95% of all shareholders. The largest shareholder was OP-Pohjola Group Central Cooperative, representing 29.98% of all shares and 57.04% of all votes. The proportion of nominee registered shares of Series A shares rose slightly from 31 December 2009 (15.6%), accounting for 16.5% on 31 March 2010.

Group restructuring

On 1 March 2010, Pohjola Bank plc sold its Seesam non-life insurers to its subsidiary Pohjola Insurance Ltd in order to streamline the corporate structure. This had no effect on the Group's financial results.

Outlook towards the year end

The economic recovery underway should gradually be reflected in demand for corporate loans and enable subtle growth in the corporate loan portfolio, with demand for corporate financing focusing on working capital and the refinancing of existing loans. It is estimated that the rise in the average margin on the corporate loan portfolio will slow down and the margin on new loans will take a turn downwards. Given that the business environment is still challenging for companies, it is estimated that impairment charges will remain higher than usual. Enabled by the economic recovery, impairment charges are, however, expected to remain lower than a year ago. The greatest uncertainties related to Banking's financial performance in 2010 are associated with impairment charges on the loan portfolio.

Insurance premium revenue is expected to continue to increase at an above-the-market-average rate among private customers.

The downward trend in insurance premium revenue from corporate customers is expected to slow down during the rest of the year. In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 94% in 2010 if the number of large claims is not much higher than in 2009. Expected long-term returns on investment within Non-life Insurance stand at 5.4%. Returns will largely depend on developments in the investment environment. The most significant uncertainties related to Non-life Insurance's financial performance in 2010 pertain to the investment environment and the effect of large claims on claims expenditure.

Within Asset Management, the upward trend in assets under management is expected to continue, their amounts being affected by market developments and the net inflow of assets. The greatest uncertainties related to Asset Management's financial performance in 2010 are associated with the actual performance-based fees tied to the success of investments and the amount of assets under management.

The key determinants affecting the Group Functions' result include net interest income arising from assets in the liquidity portfolio and any impairment charges recognised on notes and bonds in the income statement.

Consolidated earnings before tax in 2010 are expected to be at the same level as in 2009.

When it comes to the outlook for 2010, the greatest uncertainty is related to developments in impairment charges, large claims and the investment environment. There is still great uncertainty about future economic development and the overall operating environment, and these factors are beyond the Group management's control.

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

FINANCIAL STATEMENTS AND NOTES

Notes:

Notes to the income statement and balance sheet:

Notes to risk management:

Other notes:

Consolidated income statement

EUR million	Q1/ 2010	Q1/ 2009
Net interest income (Note 2)	60	52
Impairments of receivables (Note 3)	33	21
Net interest income after impairments	**27**	**31**
Net income from Non-life Insurance (Note 4)	79	70
Net commissions and fees (Note 5)	40	30
Net trading income (Note 6)	7	25
Net investment income (Note 7)	18	-9
Other operating income (Note 8)	11	11
Total income	**182**	**158**
Personnel costs	47	45
IT expenses	19	19
Depreciation/amortisation	18	17
Other expenses	39	41
Total expenses	**123**	**122**
Share of associates' profits/losses	0	0
Earnings before tax	**59**	**36**
Income tax expense	15	11
Profit for the period	**43**	**25**
Attributable to owners of the Parent	43	25
Attributable to minority interest		0
Total	**43**	**25**
Earnings per share (EPS), basic, EUR		
Series A	0.14	0.11
Series K	0.11	0.08

Due to Pohjola Bank plc's rights issue and new shares entered in the Trade Register on 4 May 2009, the per-share ratios have been adjusted retroactively using the share issue ratio.

Consolidated statement of comprehensive income

EUR million		
Profit for the period	**43**	**25**
Change in fair value reserve	61	4
Translation differences	0	0
Income tax on other comprehensive income	16	1
Total comprehensive income for the period	**88**	**29**
Total comprehensive income attributable to owners of the Parent	88	29
Total comprehensive income attributable to minority interest		0
Total	**88**	**29**

Consolidated balance sheet

EUR million	**31 March 2010**	**31 Dec 2009**
Cash and cash equivalents	3,329	3,102
Receivables from credit institutions	7,686	7,630
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,199	1,224
Financial assets at fair value through profit or loss at inception	20	55
Derivative contracts	1,757	1,443
Receivables from customers	11,530	11,323
Non-life Insurance assets (Note 10)	3,467	3,156
Investment assets	6,020	5,415
Investment in associates	2	2
Intangible assets (Note 11)	951	960
Property, plant and equipment (PPE)	111	117
Other assets	1,543	1,068
Tax assets	18	15
Total assets	**37,634**	**35,510**
Liabilities to credit institutions	4,873	4,984
Financial liabilities at fair value through profit or loss		
Financial assets held for trading	90	71
Derivative contracts	1,745	1,456
Liabilities to customers	5,243	4,133
Non-life Insurance liabilities (Note 12)	2,656	2,279
Debt securities issued to the public (Note 13)	17,005	17,295
Provisions and other liabilities	2,007	1,291
Tax liabilities	454	434
Subordinated liabilities	1,313	1,300
Total liabilities	**35,385**	**33,244**
Shareholders' equity		
Capital and reserves attributable to owners of the Parent		
Share capital	428	428
Fair value reserve (Note 14)	45	0
Other reserves	1,093	1,093
Retained earnings	683	746
Minority interest		
Total shareholders' equity	**2,249**	**2,267**
Total liabilities and shareholders' equity	**37,634**	**35,510**

Consolidated statement of changes in equity

EUR million

	Attributable to owners of Pohjola Group				
	Share capital	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total equity**
Balance at 1 January 2009	**428**	**-180**	**795**	**597**	**1,640**
Profit distribution				-45	-45
EUR 0.23 per Series A share*				-37	-37
EUR 0.20 per Series K share*				-9	-9
Total comprehensive income for the period		3		25	29
Equity-settled share-based transactions				0	0
Other				0	0
Balance at 31 March 2009	**428**	**-177**	**795**	**577**	**1,624**

	Attributable to owners of Pohjola Group				
	Share capital	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total equity**
Balance at 1 January 2010	**428**	**0**	**1,093**	**746**	**2,267**
Profit distribution				-107	-107
EUR 0.34 per Series A share				-85	-85
EUR 0.31 per Series K share				-21	-21
Total comprehensive income for the period		45		43	88
Equity-settled share-based transactions				0	0
Other				0	0
Balance at 31 March 2010	**428**	**45**	**1,093**	**683**	**2,249**

*Due to Pohjola Bank plc's rights issue and new shares entered in the Trade Register on 4 May 2009, the number of shares has been adjusted in such a way that the adjusted dividend per share is as follows:
2009: EUR 0.19 per Series A share and EUR 0.16 per Series K share.

Capital base and capital adequacy

EUR million	**31 March 2010**	**31 Dec 2009**
Capital base		
Equity capital	2,249	2,267
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	53	92
Minority interest		0
Hybrid capital	274	274
Intangible assets	-145	-145
Fair value reserve, excess funding of pension liability and change in fair value of investment property	-43	-49
Dividend distribution proposed by Board of Directors		-107
Planned dividend distribution	-22	
Insurance company investments 50%	-703	-715
Impairments – expected losses 50%	-87	-76
Tier 1 capital	**1,575**	**1,541**
Fair value reserve	12	18
Subordinated liabilities included in upper Tier 2	299	299
Subordinated liabilities included in lower Tier 2	685	687
Insurance company investments 50%	-703	-715
Impairments – expected losses 50%	-87	-76
Tier 2 capital	**206**	**212**
Total capital base	**1,780**	**1,753**
Risk-weighted assets, excl. transitional rules	13,059	13,024
Risk-weighted assets according to transitional rules	**13,059**	**13,024**
Ratios, excl. transitional rules:		
Capital adequacy ratio, %	13.6	13.5
Tier 1 ratio, %	12.1	11.8
Ratios according to transitional rules:		
Capital adequacy ratio, %	**13.6**	**13.5**
Tier 1 ratio, %	**12.1**	**11.8**

Capital base and capital adequacy measurement is based on approaches under Basel II. Pohjola has used the Internal Ratings Based Approach for corporate exposures.

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

EUR million	**31 March 2010**	**31 Dec 2009**
Pohjola Group's equity capital	2,249	2,267
Business-segment-specific items	1,307	1,309
Goodwill and intangible assets	-861	-869
Equalisation provision	-304	-309
Other items included in equity capital and business-segment-specific items, but not included in the conglomerate's capital resources	-232	-296
Conglomerate's capital base, total	**2,158**	**2,103**
Regulatory capital requirement for credit institutions	1,045	1,042
Regulatory capital requirement for insurance operations	177	171
Total minimum amount of conglomerate's capital base	1,221	1,213
Conglomerate's capital adequacy	**937**	**890**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.77**	**1.73**

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions stood at 12.6% and Tier 1 ratio at 12.6%. OP-Pohjola Group's capital adequacy ratio calculated using the consolidation method, under the Act on the Supervision of Financial and Insurance Conglomerates, was 1.62.

Consolidated cash flow statement

EUR million	**Q1/ 2010**	**Q1/ 2009**
Cash flow from operating activities		
Profit for the period	43	25
Adjustments to profit for the period	281	323
Increase (-) or decrease (+) in operating assets	**-1,603**	**-1,044**
Receivables from credit institutions	23	-48
Financial assets at fair value through profit or loss	44	1,119
Derivative contracts	-17	-7
Receivables from customers	-253	206
Non-life Insurance assets	-277	-394
Investment assets	-673	-1,760
Other assets	-449	-160
Increase (+) or decrease (-) in operating liabilities	**1,921**	**139**
Liabilities to credit institutions	-111	-514
Financial liabilities at fair value through profit or loss	19	59
Derivative contracts	15	10
Liabilities to customers	1,109	43
Non-life Insurance liabilities	190	244
Provisions and other liabilities	699	297
Income tax paid	-3	-13
Dividends received	19	5
A. Net cash from operating activities	**659**	**-565**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	64	22
Acquisition of subsidiaries and associates, net of cash acquired	0	0
Purchase of PPE and intangible assets	-3	-6
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	**60**	**16**
Cash flow from financing activities		
Increases in subordinated liabilities	23	132
Decreases in subordinated liabilities	-10	-122

Increases in debt securities issued to the public	12,173	11,756
Decreases in debt securities issued to the public	-12,494	-12,523
Dividends paid	-107	-45
C. Net cash used in financing activities	**-414**	**-803**
Net increase/decrease in cash and cash equivalents (A+B+C)	**305**	**-1,352**
Cash and cash equivalents at period-start	**3,250**	**2,435**
Cash and cash equivalents at period-end	**3,555**	**1,084**
Interest received	**391**	**674**
Interest paid	**-256**	**-597**
Adjustments to profit for the period		
Non-cash transactions		
Impairments of receivables	34	21
Unrealised net earnings in Non-life Insurance	220	230
Change in fair value for trading	-13	16
Unrealised net gains on foreign exchange operations	21	17
Change in fair value of investment property		2
Planned amortisation /depreciation	18	17
Share of associates' profits	0	0
Other	1	20
Total adjustments	**281**	**323**
Cash and cash equivalents		
Liquid assets *	3,332	912
Receivables from credit institutions payable on demand	223	171
Total	**3,555**	**1,084**

*Of which EUR 3 million (5) consists of Non-life Insurance cash and cash equivalents.

Segment information

Q1 earnings	Banking		Non-life Insurance		Asset Management	
EUR million	2010	2009	2010	2009	2010	2009
Net interest income						
From Corporate Banking	40	32				
From Markets	6	10				
From other operations			-1	-1	0	0
Total	46	42	-1	-1	0	0
Net commissions and fees	24	19	4	4	13	9
Net trading income	13	24		0	0	0
Net investment income	0			0	0	0
Net income from Non-life Insurance						
From insurance operations			74	83		
From investment operations			16	-2		
From other items			-11	-11		
Total			78	70		
Other operating income	7	8	1	1	0	0
Total income	**90**	**93**	**82**	**74**	**14**	**9**
Personnel costs	12	12	27	26	5	4
IT expenses	6	5	11	10	1	0
Amortisation on intangible assets related to company acquisitions			8	8	1	1
Other depreciation/amortisation and impairments	7	7	2	1	0	0
Other expenses	6	7	29	31	2	2
Total expenses	**31**	**31**	**76**	**76**	**8**	**7**
Earnings/loss before impairment of receivables	**59**	**61**	**6**	**-1**	**6**	**2**
Impairments of receivables	33	12	0			
Earnings before tax	**26**	**50**	**6**	**-1**	**6**	**2**
Change in fair value reserve	0	0	69	2	0	0
Earnings/loss before tax at fair value	**26**	**50**	**75**	**1**	**6**	**2**

Q1 earnings	Group Functions		Eliminations		Group total	
EUR million	2010	2009	2010	2009	2010	2009
Net interest income						
From Corporate Banking					40	32
From Markets					6	10
From other operations	14	9	0	1	14	10
Total	14	9	0	1	60	52
Net commissions and fees	0	0	-1	-1	40	30
Net trading income	-6	1		0	7	25
Net investment income	18	-9			18	-9
Net income from Non-life Insurance						
From insurance operations				0	74	83
From investment operations		0	1	0	17	-2
From other items					-11	-11
Total		0	1	0	79	70
Other operating income	4	4	-1	-1	11	11
Total income	**30**	**4**	**-1**	**-1**	**215**	**179**
Personnel costs	3	3	0		47	45
IT expenses	2	3		0	19	19
Amortisation on intangible assets related to company acquisitions					8	8
Other depreciation/amortisation and impairments	0	0			9	8
Other expenses	3	3	-1	-1	39	41
Total expenses	**8**	**9**	**-1**	**-1**	**123**	**122**
Earnings/loss before impairment of receivables	**22**	**-5**	**0**	**0**	**92**	**57**

Impairments of receivables		9			33	21
Earnings before tax	**22**	**-14**	**0**	**0**	**59**	**36**
Change in fair value reserve	-8	2	-1		61	4
Earnings/loss before tax at fair value	**14**	**-12**	**-1**		**119**	**41**

Balance sheet	Banking		Non-life Insurance		Asset Management	
EUR million	31 March 2010	31 Dec 2009	31 March 2010	31 Dec 2009	31 March 2010	31 Dec 2009
Receivables from customers	11,114	10,880			0	
Receivables from credit institutions	195	278			5	5
Financial assets at fair value through profit or loss	871	932				
Non-life Insurance assets			3,629	3,202		
Investment assets	33	18	16	0	14	17
Investments in associates			2	2		
Other assets	2,726	2,012	818	829	122	131
Total assets	**14,938**	**14,119**	**4,466**	**4,033**	**140**	**153**
Liabilities to customers	1,385	1,263				
Liabilities to credit institutions	791	747				
Non-life Insurance liabilities			2,656	2,279		
Debt securities issued to the public						
Subordinated liabilities			50	50		
Other liabilities	2,830	1,872	137	108	14	15
Total liabilities	**5,007**	**3,882**	**2,843**	**2,437**	**14**	**15**
Shareholders' equity						
Average personnel	630	626	2,087	2,057	170	156
Capital expenditure, EUR million	2	7	2	9	0	1

Balance sheet	Group Functions		Eliminations		Group total	
EUR million	31 March 2010	31 Dec 2009	31 March 2010	31 Dec 2009	31 March 2010	31 Dec 2009
Receivables from customers	492	527	-76	-84	11,530	11,323
Receivables from credit institutions	10,834	10,468	-19	-20	11,015	10,732
Financial assets at fair value through profit or loss	348	347			1,219	1,279
Non-life Insurance assets			-162	-47	3,467	3,156
Investment assets	5,961	5,387	-4	-6	6,020	5,415
Investments in associates					2	2
Other assets	747	691	-32	-58	4,381	3,604
Total assets	**18,382**	**17,421**	**-292**	**-215**	**37,634**	**35,510**
Liabilities to customers	3,899	2,915	-41	-45	5,243	4,133
Liabilities to credit institutions	4,157	4,320	-76	-84	4,873	4,984
Non-life Insurance liabilities					2,656	2,279
Debt securities issued to the public	17,125	17,323	-121	-28	17,005	17,295
Subordinated liabilities	1,263	1,250			1,313	1,300
Other liabilities	1,369	1,318	-55	-59	4,296	3,253
Total liabilities	**27,813**	**27,126**	**-292**	**-216**	**35,385**	**33,244**
Shareholders' equity					2,249	2,267
Average personnel	121	131			3,007	2,968
Capital expenditure, EUR million	0	1			4	18

Banking	Income		Earnings/loss before tax	
	Q1/ 2010	Q1/ 2009	Q1/ 2010	Q1/ 2009
Corporate Banking	63	52	9	23
Markets	26	40	17	30
Baltic Banking	1	1	0	-3
Total	**90**	**93**	**26**	**50**

Non-life Insurance	Insurance premium revenue		Balance on technical account	
	Q1/ 2010	Q1/ 2009	Q1/ 2010	Q1/ 2009
Private Customers	107	98	5	9
Corporate Customers	109	118	5	10
Baltic States	12	15	0	1
Amortisation adjustment of intangible assets			-6	-6
Total	**227**	**231**	**4**	**14**

Group Functions	Q1/ 2010	Q1/ 2009
Central Banking earnings before tax, EUR million	3	5
	31 March 2010	**31 Dec 2009**
Receivables from OP-Pohjola Group entities, EUR million	6,764	6,314
Liabilities to OP-Pohjola Group entities, EUR million	3,300	3,412

FORMULAS FOR KEY FIGURES AND RATIOS

Return on equity (ROE) at fair value, %
Profit for the period + Change in fair value reserve after tax /
Shareholders' equity (average of the beginning and end of period) x 100

Earnings/share (EPS)
Profit for the period attributable to owners of the Parent / Average share-issue adjusted number of shares during the period

Earnings/share (EPS) at fair value
(Profit for the period attributable to owners of the Parent + Change in fair value reserve) /
Average share-issue adjusted number of shares during the period

Equity/share
Shareholders' equity / Share-issue adjusted number of shares on the balance sheet date

Dividend per share (DPS)
Dividends paid for the financial year/ Share-issue adjusted number of shares on the balance sheet date

Market capitalisation
Number of shares x closing price on the balance sheet date

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

Conglomerate's total capital / Conglomerate's total minimum capital requirement

Capital adequacy ratio, %
Total capital / Total minimum capital requirement x 8

Tier 1 ratio, %
Total Tier 1 capital / Total minimum capital requirement x 8

KEY RATIOS FOR NON-LIFE INSURANCE

The key ratio formulas for Non-life Insurance are based on regulations issued by the Finnish Financial Supervisory Authority, using the corresponding IFRS sections to the extent applicable. The ratios are calculated using expenses by function applied by non-life insurance companies, which are not presented on the same principle as in the Consolidated Income Statement.

Loss ratio
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
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

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

Solvency ratio
(+ Non-life Insurance net assets
+ Subordinated loans
+ Net tax liability for the period
- Deferred tax to be realised in the near future and other items deducted from the solvency margin
- Intangible assets)/
Insurance premium revenue x 100

OPERATING KEY RATIOS

Operating cost/income ratio
(+ Personnel costs
+ Other administrative expenses
+ Other operating expenses excl. amortisation on intangible assets and goodwill
related to Pohjola acquisition) /
(+ Net interest income
+ Net income from Non-life Insurance
+ Net commissions and fees
+ Net trading income
+ Net investment income
+ Other operating income) x 100

Operating loss ratio, %
Claims incurred, excl. changes in reserving bases/
Insurance premium revenue, excl. net changes in reserving bases x 100

Operating expense ratio
Operating expenses / Net insurance premium revenue x 100

Operating combined ratio, %
Loss ratio + Operating expense ratio

Values used in calculating the ratios

(€ million)	2010 Q1	2009
Non-life Insurance		
Net tax liabilities for the period	–25	–14
Own subordinated loans	50	50
Deferred tax to be realised in the near future and other items deducted from the solvency margin of the companies	3	6
Intangible assets	792	800

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2010 has 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 by Pohjola Group.

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

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	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, central banking service fee
Personnel costs	Wages and salaries, pension costs, social expenses
Other administrative expenses	Office expenses, IT costs, other administrative expenses
Other operating expenses	Depreciation/amortisation, other Non-life Insurance expenses, rents

Notes to the income statement and balance sheet

Note 2. Net interest income

EUR million	**Q1/ 2010**	**Q1/ 2009**
Loans and other receivables	71	173
Receivables from credit institutions and central banks	32	70
Notes and bonds	114	71
Derivatives held for trading (net)	18	-5
Liabilities to credit institutions	-13	-22
Liabilities to customers	-2	-16
Debt securities issued to the public	-83	-151
Subordinated debt	-8	-10
Hybrid capital	-2	-5
Financial liabilities held for trading	-1	-2
Other (net)	0	0
Net interest income before items under hedge accounting	**127**	**103**
Derivatives under hedge accounting (net)	-67	-52
Items under hedge accounting (net)	**-67**	**-52**
Total net interest income	**60**	**52**

Note 3. Impairments of receivables

EUR million	**Q1/ 2010**	**Q1/ 2009**

Receivables eliminated as loan or guarantee losses	25	1
Recoveries from receivables eliminated as loan or guarantee losses	0	-1
Increase in impairment provisions	41	22
Decrease in impairment provisions	-32	-2
Total impairments of receivables	**33**	**21**

Note 4. Net income from Non-life Insurance

EUR million	**Q1/ 2010**	**Q1/ 2009**
Net insurance premium revenue		
Premiums written	446	473
Insurance premiums ceded to reinsurers	-28	-41
Change in provision for unearned premiums	-208	-228
Reinsurers' share	18	27
Total	**227**	**230**
Net Non-life Insurance claims		
Claims paid	177	157
Insurance claims recovered from reinsurers	-15	-1
Change in provision for unpaid claims	-30	-4
Reinsurers' share	22	-4
Total	**154**	**147**
Net investment income, Non-life Insurance		
Interest income	16	19
Dividend income	17	3
Investment property	1	1
Realised fair value gains and losses		
Notes and bonds	31	-11
Shares and participations	-20	-1
Loans and receivables	-1	
Investment property	0	0
Derivatives	-8	10
Unrealised fair value gains and losses		
Notes and bonds	0	-1
Shares and participations	-16	-23
Loans and receivables	-1	
Investment property	0	1
Derivatives	-4	0
Other	1	0
Total	**17**	**-2**
Unwinding of discount	-11	-11
Other	0	0
Total net income from Non-life Insurance	**79**	**70**

Note 5. Net commissions and fees

EUR million	Q1/ 2010	Q1/ 2009
Commission income		
Lending	8	10
Payment transfers	3	3
Securities brokerage	7	4
Securities issuance	4	1
Asset management and legal services	14	9
Insurance operations	4	4
Guarantees	4	3
Other	2	1
Total commission income	**46**	**36**
Commission expenses		
Payment transfers	1	1
Securities brokerage	2	2
Securities issuance	1	1
Asset management and legal services	2	2
Other	1	1
Total commission expenses	**6**	**6**
Total net commissions and fees	**40**	**30**

Note 6. Net trading income

EUR million	Q1/ 2010	Q1/ 2009
Financial assets and liabilities held for trading		
Realised changes in fair value		
Notes and bonds	4	23
Shares and participations	0	0
Derivatives	-12	23
Unrealised changes in fair value		
Notes and bonds	4	-18
Shares and participations	0	0
Derivatives	6	-7
Financial assets and liabilities at fair value through profit or loss		
Realised changes in fair value		
Notes and bonds	0	
Unrealised changes in fair value		
Notes and bonds	1	0
Net income from foreign exchange operations	3	4
Total net trading income	**7**	**25**

Note 7. Net investment income

EUR million	Q1/ 2010	Q1/ 2009
Available-for-sale financial assets		
Capital gains and losses		
Notes and bonds	14	0
Shares and participations	0	-1
Dividend income	3	2
Impairments	-3	-3
Carried at amortised cost		
Capital gains and losses		
Loans and other receivables	4	
Total	**18**	**-2**
Investment property	0	-7
Total net investment income	**18**	**-9**

Note 8. Other operating income

EUR million	Q1/ 2010	Q1/ 2009
Central banking service fees	2	2
Realisation of repossessed items	0	0
Rental income from assets rented under operating lease	6	6
Other	2	2
Total	**11**	**11**

Note 9. Classification of financial instruments

EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Assets						
Cash and balances with central banks	3,329					3,329
Receivables from credit institutions and central banks	7,686					7,686
Derivative contracts			1,668		89	1,757
Receivables from customers	11,530					11,530
Non-life Insurance assets**	883		86	2,497		3,467
Notes and bonds***		1,024	1,219	4,889		7,132
Shares and participations				87		87
Other receivables	2,626		20			2,645
Total 31 March 2010	**26,054**	**1,024**	**2,993**	**7,474**	**89**	**37,634**
Total 31 December 2009	**24,986**	**1,086**	**2,767**	**6,613**	**59**	**35,510**

EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities				
Liabilities to credit institutions		4,873		4,873
Financial liabilities held for trading (excl. derivatives)	90			90
Derivative contracts	1,539		207	1,745
Liabilities to customers		5,243		5,243
Non-life Insurance liabilities	4	2,652		2,656
Debt instruments issued to the public		17,005		17,005
Subordinated liabilities		1,313		1,313
Other liabilities		2,461		2,461
Total 31 March 2010	**1,633**	**33,545**	**207**	**35,385**
Total 31 December 2009	**1,377**	**31,716**	**150**	**33,244**

*Assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss at inception and investment property.
** Non-life Insurance assets are specified in Note 10.
*** On 31 March 2010, notes and bonds included EUR 20 million (55) in notes and bonds recognised using the fair value option.

Debt securities issued to the public are carried at amortised cost. On 31 March 2010, the fair value of these debt instruments was EUR 60 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 was EUR 39 million lower than their carrying amount.

Note 10. Non-life Insurance assets

EUR million	31 March 2010	31 Dec 2009
Investments		
Loans and other receivables	445	424
Equities	434	387
Property	78	78
Notes and bonds	1,360	1,392
Derivatives	0	1
Other	712	530
Total	**3,028**	**2,811**
Other assets		
Prepayments and accrued income	33	37
Other		
From direct insurance	310	214
From reinsurance	92	89
Cash in hand and at bank	3	4
Total	**439**	**345**
Total Non-life insurance assets	**3,467**	**3,156**

Note 11. Intangible assets

EUR million	31 March 2010	31 Dec 2009
Goodwill	516	516
Brands	173	173
Customer relationships	197	203
Other	65	68
Total	**951**	**960**

Note 12. Non-life Insurance liabilities

EUR million	31 March 2010	31 Dec 2009
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,057	1,058
Other provision for unpaid claims	708	726
Total	1,765	1,784
Provision for unearned premiums	570	361
Other liabilities	320	134
Total	**2,656**	**2,279**

Note 13. Debt securities issued to the public

EUR million	31 March 2010	31 Dec 2009
Bonds	6,999	6,549
Certificates of deposit, commercial papers and ECPs	9,769	10,519
Other	237	227
Total	**17,005**	**17,295**

Note 14. Fair value reserve after income tax

EUR million	31 March 2010	31 Dec 2009
Loans and other receivables		
Reclassified notes and bonds	-14	-17
Available-for-sale financial assets		
Notes and bonds	35	53
Equities and mutual funds with equity risk	23	-35
Other funds	1	0
Total	**45**	**0**

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 totalled EUR 60 million (-0) and the related deferred tax liability amounted to EUR 15 million (deferred tax asset of 0). On 31 March 2010, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 71 million and negative mark-to-market valuations EUR 39 million. In Q1/2010, impairments recognised from the fair value reserve in the income statement totalled EUR 20 million.

Notes to risk management

Note 15. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	31 March 2010	31 Dec 2009	Change
1–2	2.5	2.2	0.3
3–5	11.2	10.9	0.3
6–7	4.1	4.2	-0.1
8–9	2.2	2.4	-0.2
10	0.1	0.1	0.0
11–12	0.4	0.3	0.1
Non-rated	0.2	0.2	0.0
Total	**20.7**	**20.3**	**0.4**

*) excl. private customers

Sensitivity analysis of market risk

			31 March 2010		31 Dec 2009	
Banking, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on shareholders' equity**	**Effect on results**	**Effect on shareholders' equity**
Interest-rate risk	Interest	1 percentage point	8		5	
Currency risk	Market value	20 percentage points	1		1	
Volatility risk						
Interest-rate volatility	Volatility	20 percentage points	3		4	
Currency volatility	Volatility	10 percentage points	0		0	
Credit risk premium *)	Credit spread	0.5 percentage points	14		12	

Sensitivity figures have been calculated as the sum of the currencies' intrinsic value.
*) The credit risk premium has been calculated on notes and bonds at fair value through profit or loss and available for sale, included in liquidity reserves.

Note 16. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 March 2010, EUR million	Change in risk parameter	Effect on combined ratio	Effect on shareholders' equity, EUR million
Insurance portfolio or insurance premium revenue*)	940	Up 1%	Up 0.9 percentage point	9
Claims incurred*)	625	Up 1%	Down 0.7 percentage points	-6
Major loss of over EUR 5 million		1 loss	Down 0.5 percentage points	-5
Personnel costs*)	110	Up 8%	Down 0.9 percentage point	-9
Expenses by function*) **)	266	Up 4%	Down 1.1 percentage point	-11
Inflation for collective liability	495	Up 0.25 percentage points	Down 0.4 percentage points	-3
Life expectancy for discounted insurance contract liability	1 333	Up 1 year	Down 3.3 percentage points	-30
Discount rate for discounted insurance contract liability	1 333	Down 0.1 percentage point	Down 1.7 percentage points	-16

*) Moving 12-month.
**) Expenses by function in Non-life Insurance excluding expenses for investment management and expenses for other services rendered.

Non-life Insurance investment portfolio by allocation

EUR million Portfolio allocation	Fair value 31 March 2010 2009	%	Fair value 31 Dec 2009	%
Money market instruments	87	3 %	101	4 %
Bonds and bond funds	2,117	71 %	2,067	72 %
Equities	409	14 %	364	13 %
Alternative investments	219	7 %	155	5 %
Real property	169	6 %	164	6 %
Total	**3,002**	**100 %**	**2,851**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2010*

EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	22	142	86	124	20	111	504	23 %
Aa1−Aa3	50	154	118	23	11	44	400	18 %
A1−A3	71	214	221	83	108	42	738	33 %
Baa1−Baa3	34	155	101	30	49	13	382	17 %
Ba1 or lower	54	21	69	7	20	0	171	8 %
Internally rated	7	3	7	2	2	1	21	1 %
Total	**237**	**689**	**602**	**268**	**209**	**212**	**2 217**	**100 %**

* Excludes credit derivatives.
The Non-life Insurance fixed-income portfolio had a total of EUR 57 million in Greek government notes and bonds.

The table below shows the sensitivity of investment risks and their effect on shareholders' equity:

Non-life Insurance	Risk parameter	Change	Effect on shareholders' equity, EUR million 31 March 2010	31 Dec 2009
Bonds and bond funds[1)]	Interest rate	1 percentage point	84	73
Equities [2)]	Market value	20 percentage points	81	73
Venture capital funds and unquoted equities	Market value	20 percentage points	15	14
Commodities	Market value	20 percentage points	5	5
Real property	Market value	10 percentage points	17	16
Currency	Value of currency	20 percentage points	57	21
Credit risk premium [3)]	Credit spread	0.5 percentage points	43	39
Derivatives [4)]	Volatility	20 percentage points	0	0

[1)] Include money-market investments, convertible bonds and interest-rate derivatives
[2)] Include hedge funds and equity derivatives
[3)] Includes bonds and money-market investments, including government bonds and interest-rate derivatives issued by developed countries
[4)] 20 percentage points for equity derivatives, 10 percentage points for interest-rate derivatives and 5 percentage points for currency derivatives.

Note 17. Risk exposure by Group Function

Total exposure by rating category*, EUR billion

Rating category	31 March 2010	31 Dec 2009	Change
1–2	15.1	13.6	1.5
3–5	4.3	4.6	-0.3
6–7	0.0	0.0	0.0
8–9	0.0	0.0	0.0
10	0.0	0.0	0.0
11–12			
Non-rated	0.0	0.0	0.0
Total	**19.5**	**18.3**	**1.2**

Sensitivity analysis of market risk

			31 March 2010		31 Dec 2009	
Group Functions, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on share-holders' equity**	**Effect on results**	**Effect on share-holders' equity**
Interest-rate risk	Interest rate	1 percentage point	8	0	2	3
Interest-rate volatility	Volatility	20 percentage points	0		1	
Credit risk premium *)	Credit spread	0.5 percentage points	0	100	0	68
Price risk						
Equity portfolio	Market value	20 percentage points		2		2
Private equity funds	Market value	20 percentage points		6		6
Property risk	Market value	10 percentage points	3		3	

Sensitivity figures have been calculated as the sum of the currencies' intrinsic value.
*) The credit risk premium has been calculated on notes and bonds at fair value through profit or loss and available for sale, included in liquidity reserves.

Financial assets included in liquidity reserve by maturity and credit rating on 31 March 2010

EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	3,556	968	1,862	742	509	140	7,777	65 %
Aa1−Aa3	719	1,021	703	106	108	105	2,763	23 %
A1−A3	166	526	132	23	8	5	859	7 %
Baa1−Baa3	2	62	45	10			120	1 %
Ba1 or lower	34	53	44	25	11		166	1 %
Internally rated	122	110	36	26			293	2 %
Total	**4,598**	**2,740**	**2,820**	**931**	**636**	**251**	**11,977**	**100 %**

The residual maturity of liquidity reserves averages 3.6 years.
The liquidity portfolio had a total of EUR 21 million in Greek government notes and bonds.

Other notes

Note 18. Collateral given

EUR million	31 March 2010	31 Dec 2009
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	5,959	5,839
Other	592	600
Total collateral given	**6,552**	**6,439**
Total collateralised liabilities	**1,076**	**1,023**

Note 19. Off-balance-sheet commitments

EUR million	31 March 2010	31 Dec 2009
Guarantees	1,305	1,296
Other guarantee liabilities	1,314	1,283
Loan commitments	4,427	4,140
Commitments related to short-term trade transactions	91	98
Other	484	447
Total off-balance-sheet commitments	**7,621**	**7,264**

Note 20. Derivative contracts

31 March 2010	Nominal values/residual term to maturity			Total	Fair values	
EUR million	**<1 year**	**1–5 years**	**>5 years**		**Assets**	**Liabilities**
Interest rate derivatives	52,550	52,527	15,976	121,054	1,478	1,555
Currency derivatives	12,823	2,083	497	15,403	294	326
Equity and index derivatives	125	835	23	983	105	
Credit derivatives	30	178		208	4	2
Other derivatives	3,826	284		4,111	4	18
Total derivatives	**69,355**	**55,907**	**16,496**	**141,759**	**1,885**	**1,901**

31 March 2009	Nominal values/residual term to maturity			Total	Fair values	
EUR million	**<1 year**	**1–5 years**	**>5 years**		**Assets**	**Liabilities**
Interest rate derivatives	26,934	50,599	10,972	88,504	1,404	1,466
Currency derivatives	12,333	1,340	876	14,549	249	519
Equity and index derivatives	122	606	20	749	23	6
Credit derivatives	149	167		316	4	19
Other derivatives	393	72		465	1	2
Total derivatives	**39,931**	**52,783**	**11,868**	**104,583**	**1,682**	**2,012**

Note 21. Other contingent liabilities and commitments

On 31 March 2010, Banking commitments to venture capital funds amounted to EUR 15 million and Non-Life Insurance commitments to EUR 112 million. They are included in the section 'Off-balance-sheet commitments'.

Note 22. Related-party transactions

Pohjola Group's related parties comprise its parent company OP-Pohjola Group Central Cooperative, subsidiaries consolidated into the Group, associates and administrative personnel and other related-party entities. Pohjola Group's administrative personnel comprises Pohjola Bank plc's President and CEO, members of the Board of Directors and their close family members. Related parties also include companies over which a person among administrative personnel or his close family member exercises significant influence. Other related-party entities include OP Pension Fund, OP Pension Foundation and sister companies within OP-Pohjola Group Central Cooperative Consolidated.

Normal loan terms and conditions apply to loans granted to related parties. These loans are tied to generally used reference rates.

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

Helsinki, 5 May 2010

Pohjola Bank plc
Board of Directors

This Interim Report is available at www.pohjola.fi/english > Media. Background information on the Report can also be found at the same address.

Meeting for analysts and the media

A meeting for analysts will be held in Finnish on 5 May 2010, starting at 10.30 am. A conference call for analysts and investors will be held in English on the same day starting at 3.30 pm (Finnish time) (1.30 pm UK time), tel. +358 (0)20 699121, PIN code 845143#.

Mikael Silvennoinen, Pohjola Bank plc's President and CEO, will present the financial results at a press conference in OP-Pohjola Group Central Cooperative (Teollisuuskatu 1 b, Vallila, Helsinki), on 5 May, starting at noon.

Financial reporting in 2010

Schedule for Interim Reports in 2010:

Interim Report H1	4 August
Interim Report Q1–3	3 November

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