Pohjola Bank plc´s Interim Report for 1 January - 31 March 2012

Pohjola

Pohjola Group Performance for January–March [1)]

- Consolidated earnings before tax came to EUR 104 million (95) and earnings before tax at fair value were EUR 337 million (74). Return on equity at fair value stood at 43.9% (10.0).
- Earnings before tax recorded by Banking improved to EUR 66 million (53). These included EUR 8 million (16) in impairment charges for receivables. The loan portfolio increased by 3% from its level on 31 December 2011 and by 9% in the year to March. The average corporate loan portfolio margin stood at 1.38% (1.34).
- Within Non-life Insurance, insurance premium revenue rose by 9%. The combined ratio was 102.1% (102.6). Excluding the changes in reserving bases and amortisation on intangible assets arising from company acquisition, the operating combined ratio stood at 100.1% (100.5). Return on investments at fair value was 4.8% (0.5).
- Earnings before tax posted by Asset Management amounted to EUR 6 million (6) and assets under management were EUR 32.0 billion (31.3) at the end of the reporting period.
- Earnings before tax recorded by the Group Functions amounted to EUR 17 million (17).
- Unchanged outlook: Consolidated earnings before tax for 2012 are expected to be markedly higher than in 2011. For more detailed information on outlook, see “Outlook for the rest of 2012” below.

Earnings before tax, € million	**Q1/ 2012**	**Q1/ 2011**	**Change, %**	**2011**
Banking	66	53	24	198
Non-life Insurance	15	19	-19	8
Asset Management	6	6	-10	27
Group Functions	17	17	3	24
Total	**104**	**95**	**10**	**258**
Change in fair value reserve	233	-21		-180
Earnings before tax at fair value	**337**	**74**	**357**	**78**
Earnings per share, €	0.25	0.23		0.67
Equity per share, €	7.62	7.17		7.22
Average personnel	3,403	3,023		3,189

Financial targets	**Q1/ 2012**	**Q1/ 2011**	**2011**	**Target**
Return on equity at fair value, %	43.9	10.0	3.1	13.0
Tier 1 ratio, %	11.9	12.2	10.6	>9.5
Core Tier 1 ratio, %	10.1	10.4	10.3	
Operating cost/income ratio by Banking, %	34	34	35	<40
Operating combined ratio, %	100.1	100.5	89.8	92.0
Operating expense ratio, %	23.9	21.9	21.8	<20
Solvency ratio, %	85	84	77	70
Operating cost/income ratio by Asset Management. %	53	50	49	<50
AA rating affirmed by at least two credit rating agencies	2	3	2	≥ 2
Dividend payout ratio a minimum of 50%, provided that Tier 1 > 9.5%			60	>50

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 2011 are used as comparatives. As a result of change in the recognition of defined benefit pension plans, the comparatives have been restated.

President and CEO Mikael Silvennoinen:

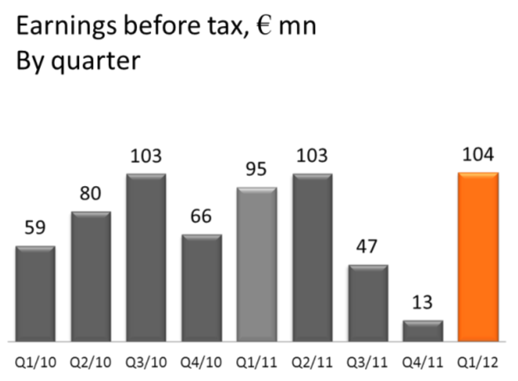
The year 2012 started on a good note. The ECB's support measures enhanced confidence in the euro-area economy. As a result of the ECB's decisions, banks' market-based funding showed recovery and market rates came down.

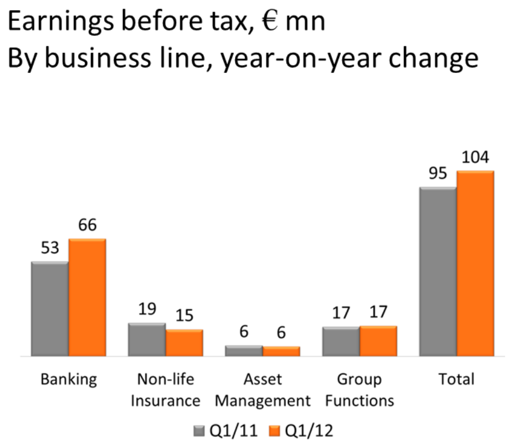
Thanks to an improved operating environment and strong growth in our customer business, our first-quarter earnings before tax reached a record level of EUR 104 million. Lower interest rates, higher stock prices and narrower credit spreads improved the fair value reserve by over EUR 200 million.

Banking reported excellent financial results. The loan portfolio grew by 3% from its level at the turn of the year. The performance improvement was due to a strong increase in net interest income and a reduction of 50% in impairment charges.

Within Non-life Insurance, insurance premium revenue increased by 9%, showing a growth rate that was still above the market average. Claims expenditure increased less than insurance premium revenue. However, claims expenditure was high among corporate customers. Enhancing resources in sales and customer service in 2011 and an increase in sales commissions due to favourable developments in sales increased operating expenses. As a result, the operating combined ratio was at the same level as a year ago.

Because more personnel were hired and ICT investments made last year, the Group's expenses increased vigorously during the first quarter. Investments in sales and customer service will make it possible to increase income in future too. The growth of expenses will flatten out during the rest of 2012.





Pohjola Group Interim Report for 1 January–31 March 2012

Contents

Operating environment

Confidence in the global economy improved slightly in the first quarter of 2012. The US economy continued to recover at a moderate pace and the unemployment rate fell. Growth in industrial output in emerging economies slowed down but remained positive. The euro-area economic outlook improved slightly in the first quarter but economic development remained weak.

The European Central Bank's (ECB) support measures enhanced confidence in the euro-area economy. In December and February, the ECB carried out three-year, long-term refinancing operations for European banks. As a result of the ECB's decisions, banks' market-based funding showed recovery and market rates came down.

The economic environment was also stabilised by the fact that EU leaders sealed a second bailout package for Greece and signed a new treaty aimed at ensuring budget and fiscal discipline.

The Finnish economy remained on the growth path in the first quarter of 2012, with retail sales showing brisk growth and employment figures improving. However, industrial production and exports were subdued.

The Finnish economy will grow at a sluggish rate during the current year, but export revival will slightly buoy up GDP growth.

The ECB expects a gradual economic recovery in the euro zone. Based on its recent statements, the ECB does not expect to change its key rate of 1.0% for a long time. Due to ample liquidity, short-term market rates are expected to remain unusually low during the rest of the year.

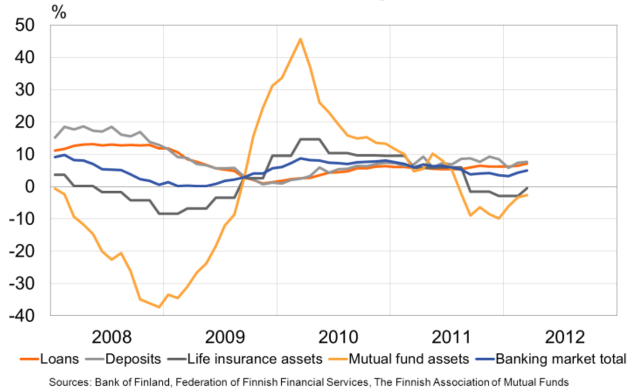
Great uncertainty is still associated with the global economic outlook. The euro-area sovereign debt crisis will continue to pose the greatest risk for an economic recovery.

In the Finnish banking sector, the loan portfolio grew at an annual steady rate of around 7% during the first quarter. Despite a slight decrease in sales volumes in the housing market, loans to households continued their steady growth. The corporate loan portfolio grew at a somewhat higher rate but growth prospects are uncertain.

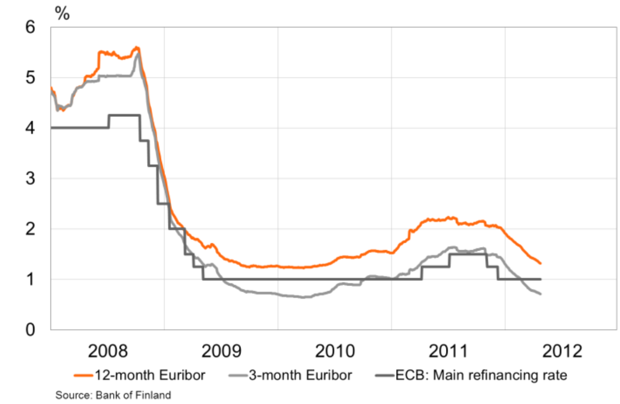
The decline in mutual fund assets and insurance assets that had begun last summer came to an end in the first quarter of 2012 when financial markets perked up. Globally, stock prices improved by an average of 12% during the first quarter and by slightly more in Finland. Mutual funds' net asset inflows turned positive. The relatively rapid growth in total deposits slowed a bit during the first quarter.

During the same period, non-life insurance premiums written grew at a slightly higher rate than the rate of 6% seen a year earlier. Growth in claims paid out remained vigorous.

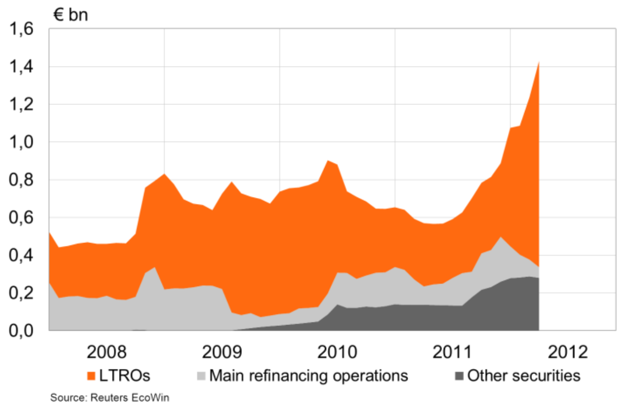
Banking business
12-month change



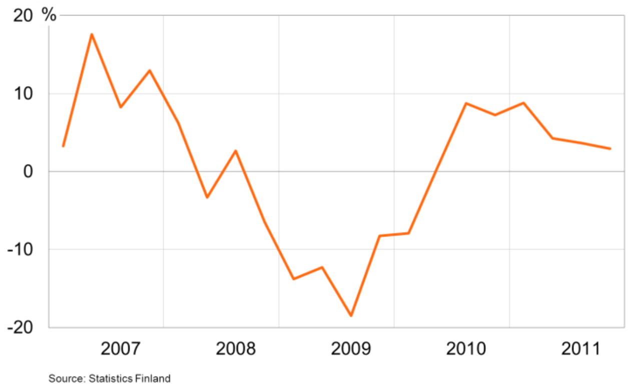
Euribor rates and ECB refi rate



ECB liquidity-providing operations



Fixed investments
Annual volume change



Consolidated earnings

Earnings analysis

€ million	Q1/2012	Q1/2011	Change, %	Rolling 12-month	2011
Net interest income					
Corporate and Baltic Banking	50	43	17	187	180
Markets	10	12	-19	55	58
Other operations	14	13	7	39	38
Total	74	68	9	281	276
Net commissions and fees	42	41	2	162	161
Net trading income	30	14	111	41	26
Net investment income	5	11	-53	17	23
Net income from Non-life Insurance					
Insurance operations	82	68	21	346	332
Investment operations	31	37	-17	26	32
Other items	-12	-12	4	-47	-46
Total	101	94	8	325	318
Other operating income	9	11	-18	39	41
Total income	**261**	**239**	**9**	**865**	**843**
Personnel costs	62	55	13	219	212
IT expenses	22	19	17	84	81
Depreciation and amortisation	13	15	-11	55	57
Other expenses	51	41	24	187	177
Total expenses	**147**	**129**	**14**	**546**	**527**
Earnings before impairment loss on receivables	**113**	**110**	**3**	**320**	**316**
Impairment loss on receivables	10	15	-37	55	60
Share of associates' profit/loss	0	0		2	2
Earnings before tax	**104**	**95**	**10**	**267**	**258**
Change in fair value reserve	233	-21		74	-180
Earnings before tax at fair value	**337**	**74**	**357**	**341**	**78**

January–March earnings

Consolidated earnings before tax amounted to EUR 104 million (95). Total income and total expenses rose by 9% and 14%, respectively. Impairment charges for receivables fell to EUR 10 million (15).

The fair value reserve grew by EUR 233 million during the reporting period, reaching EUR 36 million on 31 March. Earnings before tax at fair value amounted to EUR 337 million (74).

Net interest income was up by 9%. Corporate Banking increased its net interest income, thanks to growth in the loan portfolio and a rise in the average margin of the portfolio. The loan portfolio grew by 3% from the 2011-end level and by 9% in the year to March. The corporate loan portfolio's average margin rose by 4 basis points to 1.38% (1.34) during the reporting period and by 6 basis points within the last 12 months.

The Markets division's net interest income decreased but then again net trading income increased.

Net commissions and fees were at around the same level as the year before. Commission income from lending and securities issuance increased, whereas that from securities brokerage decreased.

Net investment income was lower than a year ago. Recognised dividend income and capital gains were EUR 3 million and EUR 4 million lower than the year before, respectively.

Net income from Non-life Insurance improved by 8% year on year. Insurance premium revenue increased by 9% and claims incurred by 5%. Operating profitability was at the previous year's level. Investment income recognised in the income statement was EUR 6 million lower than the year before. Return on investments at fair value was 4.8% (0.5).

Other operating income fell by almost 20% as a result of lower lease income.

Personnel costs rose by 13% year on year. On 31 March 2012, the Group had a staff of 3,410, showing an increase of 30 from 31 December 2011 and 350 from the number a year ago. The Group hired additional employees for Non-life

Insurance sales and customer service in order to improve services among a growing number of customers.

IT expenses rose as a result of capital expenditure on IT systems. Growth in insurance sales commissions and higher personnel-related expenses increased other expenses.

Earnings analysis by quarter

€ million	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
Net interest income					
Corporate and Baltic Banking	43	44	43	50	50
Markets	12	18	16	11	10
Other operations	13	9	6	9	14
Total	68	72	65	71	74
Net commissions and fees	41	40	39	41	42
Net trading income	14	5	-24	30	30
Net investment income	11	2	3	6	5
Net income from Non-life Insurance					
Insurance operations	68	115	105	45	82
Investment operations	37	23	-17	-11	31
Other items	-12	-12	-12	-12	-12
Total	94	126	76	22	101
Other operating income	11	10	10	10	9
Total income	**239**	**254**	**170**	**181**	**261**
Personnel costs	55	55	46	57	62
IT expenses	19	20	19	23	22
Depreciation and amortisation	15	14	14	15	13
Other expenses	41	43	40	54	51
Total expenses	**129**	**132**	**118**	**148**	**147**
Earnings before impairment loss on receivables	**110**	**122**	**51**	**33**	**113**
Impairment loss on receivables	15	20	4	21	10
Share of associates' profit/loss	0	1	1	0	0
Earnings before tax	**95**	**103**	**47**	**13**	**104**
Change in fair value reserve	-21	-11	-148	0	233
Earnings before tax at fair value	**74**	**92**	**-101**	**13**	**337**

Group risk exposure

The Group's risk exposure has remained stable despite the weak economic development in the euro area. The Group has a strong risk-bearing capacity sufficient to secure business continuity regardless of any weaker-than-expected economic growth.

No major changes took place in credit risk exposure. Investment-grade exposure remained high while impairment charges, doubtful receivables and past due payments declined.

	Q1/2012	Q1/2011	2011
Net loan losses and impairment losses, € million	10	15	60
% of the loan and guarantee portfolio	0.06	0.11	0.40
Doubtful receivables, € million	50	42	62
% of the loan and guarantee portfolio	0.32	0.38	0.41
Past due payments, € million	18	15	23
% of the loan and guarantee portfolio	0.11	0.10	0.15

Final loan losses recognised totalled EUR 3 million (1) and impairment charges EUR 14 million (16). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 7 million (2).

No major changes took place in Non-life Insurance's underwriting risks and investment risks.

The financial and liquidity position remained strong. Short-term funding performed well during the reporting period. Long-term funding markets saw a considerable improvement as a result of the ECB's long-term refinancing operations.

OP-Pohjola Group did not use the opportunity for the funding injection based on the ECB's three-year, long-term refinancing operations launched in December 2011 and February 2012.

Liquidity buffer *)

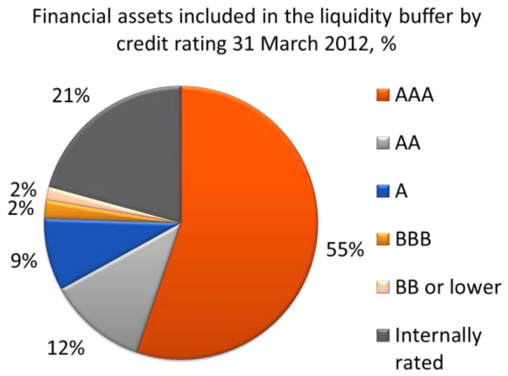
€ billion	31 March 2012	31 Dec 2011
Deposits with central banks	3.8	4.2
Notes and bonds eligible as collateral	8.0	7.5
Corporate loans eligible as collateral	2.7	2.6
Total	**14.5**	**14.4**
Receivables ineligible as collateral	0.7	0.6
Liquidity buffer at market value	**15.2**	**15.0**
Collateral haircut	-1.0	-1.0
Liquidity buffer at collateral value	**14.2**	**14.0**

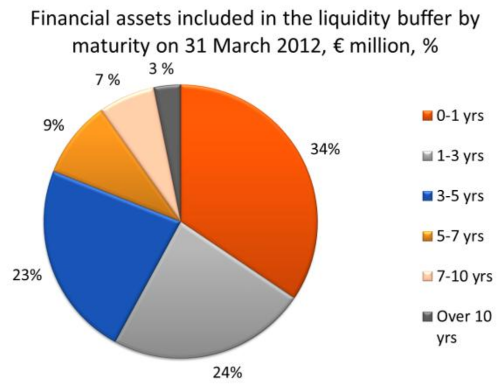
* The content of the liquidity buffer has been specified further in such a way that the buffer includes corporate loans eligible as ECB collateral.

As OP-Pohjola Group's central bank, Pohjola maintains a liquidity buffer which consists mainly of deposits with central banks and notes, bonds and loans eligible for central bank refinancing. The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies with all showing good credit ratings, securitised assets and corporate loans eligible as collateral.

Measurement of the notes and bonds included in the liquidity buffer table above is based on mark-to-market valuations.

The liquidity buffer maintained by Pohjola plus other items based on OP-Pohjola Group's contingency funding plan can be used to cover wholesale funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate.





The market value of the Group's direct GIIPS sovereign debt exposures totalled EUR 45 million on 31 March. All of them were based on investments made to cover Non-life Insurance technical provisions.

Major risks related to the Group's business are associated with developments in the overall economic environment and capital markets, the discount rate applied to Non-life Insurance technical provisions as well as upcoming regulatory changes in the financial sector.

Capital adequacy

€ million	31 March 2012	31 Dec 2011
Core Tier 1 capital	1,516	1,486
Tier 1 capital	1,790	1,521
Tier 2 capital	362	0
Total capital	2,152	1,521
Risk-weighted assets		
Credit and counterparty risk	13,296	12,890
Market risk	690	606
Operational risk	1,020	913
Total	15,007	14,409
Core Tier 1 ratio, %	10.1	10.3
Tier 1 ratio, %	11.9	10.6
Capital adequacy ratio, %	14.3	10.6

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

€ million	31 March 2012	31 Dec 2011
Conglomerate's capital base	2,486	1,891
Conglomerate's minimum capital base	1,399	1,339
Conglomerate's capital adequacy	1,087	552
Conglomerate's capital adequacy ratio	1.78	1.41

The capital adequacy ratio under the Act on Credit Institutions improved to 14.3% (10.6) as against the statutory minimum requirement of 8%. Tier 1 ratio rose to 11.9% (10.6). Pohjola Group's Tier 1 target ratio stands at a minimum of 9.5% over the economic cycle. Core Tier 1 ratio was 10.1% (10.3).

Tier 1 capital amounted to EUR 1,790 million (1,521) and the total capital base amounted to EUR 2,152 million (1,521). Hybrid capital accounted for EUR 274 million of Tier 1 capital (274).

Pohjola Bank plc's issue in late February of Lower Tier 2 subordinated notes of EUR 500 million contributed to the growth in the capital base. The notes have a maturity of 10 years and Pohjola applied for the notes to be admitted to trading on the London Stock Exchange.
Under the terms and conditions of the note, the issuer will have the opportunity for early redemption in case the principal cannot be counted as part of the bank's Tier 2 capital.

On 31 March, risk-weighted assets totalled EUR 15,007 million (14,409), up by 4%, or approximately EUR 600 million, from their level on 31 December 2011.

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, improved to 1.78 (1.41).

As a result of the financial crisis, the regulatory framework for banks' capital requirements is becoming more rigorous in an effort, for example, to improve the quality of their capital base, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes are still under preparation, due to be effective between 2013 and 2019, and it is too early to predict precisely what their effects will be. From Pohjola Group's viewpoint, the most significant changes in the new regulations are related to allowances for insurance company holdings and liquidity risk requirements whose treatment will most likely to be finalised only in national legislation.

The solvency regulations of the insurance sector are changing, too. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital adequacy requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still being processed, and are estimated to come into effect at the beginning of 2014, at the earliest. According to current interpretations, Solvency II will tighten capital requirements but also increase the capital base.

Credit ratings

Pohjola Bank plc's credit ratings on 31 March 2012

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Standard & Poor's Credit Market Services Europe Limited	A-1+	Stable	AA-	Stable
Fitch Ratings Limited	F1	Stable	A+	Stable
Moody's Investors Service Ltd	P-1	Negative	Aa2*	Negative

* Credit rating put on review for a possible downgrade

Pohjola Insurance Ltd's financial strength ratings on 31 March 2012

Rating agency	Rating	Outlook
Standard & Poor's Credit Market Services Europe Limited	AA-	Stable
Moody's Investors Service Ltd	A2*	Negative

* Rating put on review for a possible downgrade

Pohjola Bank Plc's and Pohjola Insurance Ltd's ratings remained unchanged in January–March 2012.

On 15 February 2012, Moody's placed the stand-alone bank financial strength rating (BFSR) (C–) of Pohjola Bank plc under review for a possible downgrade.
This reassessment by Moody's applied to over 100 European banks. Reasons stated by Moody's for the reviews for rating downgrade include the weakened operating environment in Europe, countries' weaker creditworthiness and challenges caused by capital markets to banks. At the same time, Moody's updated its assessment of any possible downgrade. Accordingly, a possible downgrade of the ratings put under review is expected to be limited to one or two notches, as against one notch based on Moody's previous assessment in August.

Financial performance and risk exposure by business segment

Banking

- Earnings before tax amounted to EUR 66 million (53).
- The loan portfolio grew by 3% to EUR 12.8 billion (12.4), showing an increase of 9% in the year to March.
- The average corporate loan portfolio margin continued to increase, standing at 1.38% (1.34).
- Impairment charges for receivables fell to EUR 8 million (16).
- Operating cost/income ratio remained unchanged at 34%.

Banking: financial results and key figures and ratios

€ million	Q1/2012	Q1/2011	Change, %	2011
Net interest income				
Corporate and Baltic Banking	50	43	17	180
Markets	10	12	-19	58
Total	60	55	9	238
Net commissions and fees	25	25	0	97
Net trading income	21	15	34	18
Other income	5	7	-29	31
Total income	**111**	**103**	**8**	**384**
Expenses				
Personnel costs	17	15	16	56
IT expenses	7	6	11	26
Depreciation and amortisation	4	6	-33	21
Other expenses	9	7	27	32
Total expenses	**37**	**34**	**9**	**135**
Earnings before impairment loss on receivables	**74**	**69**	**7**	**248**
Impairment loss on receivables	8	16	-49	49
Earnings before tax	**66**	**53**	**24**	**199**
Earnings before tax at fair value	68	54	27	189
Loan portfolio, € billion	12.8	11.7	9	12.4
Guarantee portfolio, € billion	2.6	2.5	5	2.6
Margin on corporate loan portfolio, %	1.38	1.32	5	1.34
Ratio of doubtful receivables to guarantee portfolio, %	0.33	0.38		0.41
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.05	0.11		0.33
Operating cost/income ratio, %	34	34		35
Personnel	747	684	9	748

January–March earnings

Earnings before tax amounted to EUR 66 million (53). Impairment charges for receivables fell to EUR 8 million (16).

The loan portfolio increased by EUR 0.4 billion, or 3%, from its 2011-end level, amounting to EUR 12.8 billion on 31 March. The average margin on the corporate loan portfolio rose by 4 basis points to 1.38% in the first quarter and by 6 basis points in the year to March. The market share of euro-denominated corporate loans stood at over 20%.

The guarantee portfolio grew by EUR 0.1 billion to EUR 2.6 billion, year on year. Committed standby credit facilities increased by 14%, standing at EUR 3.3 billion on 31 March.

The combined net interest income from Corporate Banking and Baltic Banking improved by 17% over the previous year, as a result of the larger loan portfolio and improved average margins.

Net commissions and fees were at the level reported a year ago.

A decrease in other income and depreciation was due mainly to a reduction in the maintenance lease portfolio.

Higher expenses were due mainly to year-on-year growth in the number of employees.

Earnings before tax by division

€ million	Q1/2012	Q1/2011	Change, %
Corporate Banking	43	28	53
Markets	22	24	-9
Baltic Banking	1	1	-5
Total	**66**	**53**	**24**

Corporate Banking improved its earnings before tax because its net interest income and net commissions and fees rose and its impairment charges halved. Corporate Banking net commissions and fees improved by 10%.

The good first-quarter financial performance reported by Markets was based on the successful management of risk exposures arising from client trading. Income from client trading was lower than a year ago.

Baltic Banking showed favourable development in its financial performance and made a profit. In January–March, its loan portfolio increased further to EUR 0.2 billion.

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 0.6 billion to EUR 23.0 billion. The ratio of investment-grade exposure – i.e. rating categories 1–5 – to total exposure, excluding households, remained at a healthy level, standing at 62% (65). The share of rating categories 11–12 was 1.2% (1.3).

Corporate exposure (including housing corporations) accounted for 82% (82) of total exposure within Banking. Of corporate exposure, the share of investment-grade exposure stood at 58% (61) and the exposure of the lowest two rating categories amounted to EUR 257 million (274), accounting for 1.4% (1.5) of the total corporate exposure.

Large corporate customer exposures fell to EUR 2.7 billion (4.5) during the first quarter. The Group's capital base for the purpose of calculating major customer exposure increased to EUR 2,255 million (1,634) mainly because of the Lower Tier 2 subordinated notes issued during the reporting period.

Corporate exposure by industry remained highly diversified. The most significant industries included Letting and Operation of Dwellings representing 10.5% (10.5), Manufacture of Machinery and Equipment 9.9% (9.9) and Trade 8.9% (9.1). A total of 50% of exposures within Letting and Operation of Dwellings and 17% of exposures within Operation of Other Real Estates were guaranteed by general government.

Net loan losses and impairment losses within Banking came to EUR 8 million (16), accounting for 0.05% (0.11) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 3 million (1) and impairment losses EUR 12 million (16). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 7 million (2).

On 31 March 2012, Baltic Banking exposures totalled EUR 0.3 billion (0.3), accounting for 1.5% (1.5) of total Banking exposures.

The Baltic Banking net loan losses and impairment losses for January–March amounted to EUR –1 million (–1).

January–March interest rate risk exposure averaged EUR 6.2 million (7.9), based on the 1-percentage-point change in the interest rate.

Non-life Insurance

- Earnings before tax amounted to EUR 15 million (19). Earnings before tax at fair value were EUR 123 million (–4).
- Insurance premium revenue increased by 9% (8) and claims incurred by 6% (15).
- The number of loyal customer households grew by 14,418 (11,455).
- The balance on technical account was at the previous year's level. The operating combined ratio stood at 100.1% (100.5).
- Return on investments at fair value was 4.8% (0.5).

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

€ million	Q1/2012	Q1/2011	Change, %	2011
Insurance premium revenue	268	246	9	1024
Claims incurred	-204	-193	6	-754
Operating expenses	-64	-54	19	-223
Amortisation adjustment of intangible assets	-5	-5	0	-22
Balance on technical account	**-6**	**-6**	**-15**	**24**
Net investment income	34	38	-12	36
Other income and expenses	-13	-13	2	-52
Earnings before tax	**15**	**19**	**-19**	**8**
Earnings before tax at fair value	123	-4		-39
Combined ratio, %	102.1	102.6		97.7
Operating combined ratio, %	100.1	100.5		89.8
Operating expense ratio, %	23.9	21.9		21.8
Return on investments at fair value, %	4.8	0.5		-0.4
Solvency ratio , %	85	84		77
Personnel	2,381	2,101	13	2,355

January–March earnings

Insurance premium revenue growth strengthened and the balance on technical account was at the level recorded a year ago. Total insurance premium revenue was up by 9% (8). The operating balance on technical account totalled EUR –0.1 million (–1) and the operating combined ratio stood at 100.1% (100.5). These operating figures exclude amortisation on intangible assets arising from the corporate acquisition. The combined ratio, including the abovementioned items, reached 102.1% (102.6).

Insurance premium revenue

€ million	Q1/2012	Q1/2011	Change, %
Private Customers	131	117	12
Corporate Customers	126	116	8
Baltic States	12	13	-8
Total	**268**	**246**	**9**

The strongest growth in insurance premium revenue came from Private Customers among whom the increase in the number loyal customer households hit a first-quarter record. Their number increased by 14,418 (11,455).

The March-end number of loyal customer households totalled 537,754, of which up to 67% also use OP-Pohjola Group member banks as their main bank. OP-Pohjola Group member banks' and Helsinki OP Bank's customers used OP bonuses that they had earned through the use of banking and insurance services to pay 394,000 insurance premiums (334,000) with 62,000 (49,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 20 million (15).

The growth rate of insurance premium revenue from Corporate Customers improved to 8%, the strongest growth coming from SMEs. Insurance premium revenue decreased in the Baltic States.

Sales of policies to Private and Corporate Customers made good progress in all sales channels, showing a 28% increase over the first quarter a year ago. This strengthened the growth in the number of customers and partly in insurance premium revenue during the reporting period and will positively be reflected in premium revenue during the rest of the year.

Claims incurred increased less than insurance premium revenue, and they increased by 6%. Claims incurred due to major losses were lower than a year ago. 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 70 (52) in January–March, with their claims incurred retained for own account totalling EUR 29 million (33). Provision for claims reserved for loss events occurred in prior financial years was EUR 3 million (13) higher than claims paid out. The operating loss ratio was 76.2% (78.5) and the risk ratio (excl. loss adjustment expenses) stood at 69.4 % (72.3).

Higher commissions arising from sales growth and the larger number of employees added to operating expenses. Last year, Pohjola recruited more personnel for sales and claims services with a view to improving services for its growing customer base. The operating expense ratio was 23.9% (21.9). The growth rate of operating expenses will flatten out during the rest of 2012. The operating cost ratio (incl. indirect loss adjustment expenses) stood at 30.6% (28.1).

Operating balance on technical account and combined ratio (CR)

	Q1/2012 Balance, € million	CR, %	Q1/2011 Balance, € million	CR, %
Private Customers	13.1	90.0	4.9	95.8
Corporate Customers	-15.1	112.0	-4.6	104.0
Baltic States	1.8	84.0	-1.4	111.3
Total	**-0.1**	**100.1**	**-1.1**	**100.5**

Within Private Customers and in the Baltic States, profitability was better as a result of more favourable claims developments than a year ago, whereas Corporate Customers recorded weaker profitability as a result of unfavourable claims developments.

Investment

Favourable developments in capital markets were reflected in investment income. Return on investments at fair value stood at 4.8% (0.5). Net investment income recognised in the income statement amounted to EUR 34 million (38). Impairment charges recognised from the fair value reserve in the income statement totalled EUR 1 million (1). Net investment income at fair value was EUR 141 million (15).

Investment portfolio by asset class

%	31 March 2012	31 Dec 2011
Bonds and bond funds	70	72
Alternative investments	4	5
Equities	11	10
Private equity	3	3
Real property	8	9
Money market instruments	3	2
Total	**100**	**100**

On 31 March 2012, the investment portfolio totalled EUR 3,114 million (2,863). The fixed-income portfolio by credit rating remained healthy, considering that investments under the “investment-grade” represented 92% (91) and 73% of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.7 years (4.8) and the duration 4.3 years (3.9).

Risk exposure by Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments, market risks associated with investment portfolios covering technical provisions and the discount rate applied to technical provisions.

On 31 March, Non-life Insurance solvency capital totalled EUR 889 million (787) and the ratio of solvency capital to insurance premium revenue (solvency ratio) stood at 85% (77). Equalisation provisions decreased to EUR 323 million (353).

Asset Management

- Earnings before tax totalled EUR 6 million (6)
- Assets under management increased by 2% to EUR 32.0 billion (31.3) from their 2011-end level.
- Operating cost/income ratio declined to 53% (50)

Asset Management: financial results and key figures and ratios

€ million	Q1/2012	Q1/2011	Change, %	2011
Net commissions and fees	12	12	-3	50
Other income	1	1	20	6
Total income	**13**	**13**	**-1**	**56**
Personnel costs	4	4	0	18
Other expenses	3	3	8	13
Total expenses	**8**	**7**	**3**	**31**
Share of associate's profit/loss	0	0	-58	2
Earnings before tax	**6**	**6**	**-10**	**27**
Earnings before tax at fair value	6	6	-10	27
Assets under management, € billion	32.0	34.8	-8	31.3
Operating cost/income ratio, %	53	50		49
Personnel	155	148	5	149

January–March earnings

Earnings before tax of EUR 6 million (6) did not include any performance-based management fees (0). Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company, in proportion to Pohjola's shareholding.

Operating cost/income ratio was 53% (50).

Assets under management increased by 2% during the period, amounting to EUR 32 billion (31.3) on 31 March, due to positive market developments.

Assets under management

€ billion	31 March 2012	31 Dec 2011
Institutional clients	19.2	18.5
OP mutual funds	9.7	9.9
Private	3.1	2.8
Total	**32.0**	**31.3**

Assets under management by asset class

%	31 March 2012	31 Dec 2011
Money market investments	17	17
Bonds	39	39
Equities	25	26
Other	18	19
Total	**100**	**100**

Group Functions

- Earnings before tax amounted to EUR 17 million (17).
- Earnings before tax at fair value improved by EUR 122 million year on year to EUR 140 million (18).
- Liquidity and the availability of funding remained good.

Group Functions: financial results and key figures and ratios

€ million	Q1/2012	Q1/2011	Change, %	2011
Net interest income	13	13	2	35
Net trading income	6	-2		3
Net investment income	5	11	-54	18
Other income	3	3	17	11
Total income	**28**	**24**	**14**	**67**
Personnel costs	4	4	1	13
Other expenses	5	4	20	18
Total expenses	**9**	**8**	**11**	**31**
Earnings before impairment loss on receivables	**19**	**17**	**15**	**36**
Impairment loss on receivables	2	0		11
Earnings before tax	**17**	**17**	**3**	**24**
Earnings before tax at fair value	**140**	**18**		**-98**
Liquidity buffer, € billion	15.2			15.0
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	2.2	4.3	-48	1.7
Central Banking earnings, € million	2	3	-41	13
Personnel	128	126	1	129

January–March earnings

Earnings before tax were at the same level as a year ago. Net investment income included EUR 1 million in capital gains on notes and bonds (5) and EUR 3 million (6) in dividend income. No impairment loss was recognised on shares and participations included in available-for-sale financial assets. Impairment loss recognised on bonds totalled EUR 2 million (0).

The availability of funding remained good. Pohjola increased its long-term funding by issuing in international capital markets one senior bond with a maturity of five years and worth EUR 750 million.

On 31 March, the average wholesale funding margin of senior bonds was 21 basis points (27). Lower short-term wholesale funding costs in particular have cut funding costs. Average long-term senior funding costs rose slightly during the first quarter.

Earnings before tax at fair value came to EUR 140 million, or EUR 122 million higher than the year before. In the wake of the ECB's liquidity-providing long-term refinancing operations, markets have calmed down and credit spreads have narrowed.

Risk exposure by Group Functions

Major risks within the Group Functions include market risks associated with the liquidity buffer and liquidity risks.

The Group Functions exposure totalled EUR 20.1 billion (20.1), consisting of notes and bonds to secure OP-Pohjola Group's liquidity, deposits with the central bank and receivables from OP-Pohjola Group member banks.

Interest rate risk exposure averaged EUR 9.6 million (14) in January–March, based on the 1-percentage-point change in the interest rate.

As a result of changes based on Basel III, the new regulatory framework for liquidity risks will require banks to establish more stable, long-term sources of funding with the result that funding costs will rise.

Personnel and remuneration

On 31 March 2012, the Group had a staff of 3,410, up by 30 from 31 December 2011 and by 350 than a year earlier.

Personnel by segment

	31 March 2012	31 Dec 2011
Banking	747	748
Non-life Insurance	2,381	2,355
Asset Management	155	149
Group Functions	128	129
Total	**3,410**	**3,380**

A total of 344 (338) of the Group's employees worked abroad.

The scheme for variable remuneration within OP-Pohjola Group and Pohjola consists of short-term, company-specific incentives and OP-Pohjola Group-wide long-term incentives. More detailed information on remuneration can be found in the Notes to the Financial Statements 2011.

Pohjola Group subsidiaries – Pohjola Asset Management Ltd and Pohjola Corporate Finance Ltd – has had a shareholding scheme in place, under which each company's key employees have held some shares in the company. The Board of Directors decided on 9 February 2012 that these ownership-based incentive schemes would be cancelled.

Decisions by the Annual General Meeting

Pohjola Bank plc's Annual General Meeting (AGM) of 27 March 2012 adopted the Financial Statements for 2011, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.41 per Series A share and EUR 0.38 per Series K share.

The AGM elected the following members to the Board of Directors until the closing of the next AGM: Merja Auvinen, Deputy Managing Director; Jukka Hienonen, President and CEO; Jukka Hulkkonen, Managing Director; Mirja-Leena (Mirkku) Kullberg, Managing Director; Harri Sailas, President and CEO; and Tom von Weymarn. Jukka Hulkkonen and Mirkku Kullberg are new Board members.

In addition to the abovementioned Board members, Reijo Karhinen, Chairman of the Executive Board of the parent institution OP-Pohjola Group Central Cooperative and Executive Chairman and CEO, acts as the Chairman of the Board of Directors, by virtue of the "Laki talletuspankkien yhteenliittymästä" Act (Act on the Amalgamation of Deposit Banks), and Tony Vepsäläinen, Vice Chairman of the Executive Board of OP-Pohjola Group Central Cooperative and Chief Business Development Officer, as Vice Chairman, in accordance with the Articles of Association.

The AGM re-elected KPMG Oy Ab, a firm of authorised public accountants, to act as the auditor with Sixten Nyman, APA, acting as the chief auditor, appointed by KPMG Oy Ab.

Management

At its regrouping meeting held after the AGM of Pohjola Bank plc on 27 March 2012, the Board of Directors elected members to the Board committees.

The Audit Committee comprises Tom von Weymarn (Chairman); Merja Auvinen (Vice Chairman), Deputy Managing Director; and Mirkku Kullberg, Managing Director.

The Risk Management Committee comprises Tony Vepsäläinen (Chairman), Chief Business Development Officer; Jukka Hulkkonen (Vice Chairman), Managing Director; and Harri Sailas, President and CEO.

The Remuneration Committee comprises Reijo Karhinen, Executive Chairman and CEO (Chairman); Tony Vepsäläinen (Vice Chairman), Chief Business Development Officer; and Jukka Hienonen, President and CEO.

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

Karri Alameri was appointed a new President of Pohjola Asset Management Ltd and member of Pohjola Group's Executive Committee as of 10 February 2012. At the same time, the Board of Directors relieved the previous President, Mikko Koskimies, of his duties.

Shares and shareholders

The total number of Pohjola Series A shares, quoted on the NASDAQ OMX Helsinki, and unquoted Series K shares did not change during the reporting period.

Number of shares

Share series 31 March 2012	Number of shares	% of all shares	% of votes
Pohjola A (POH1S)	251,169,770	78.60	42.35
Pohjola K (POHKS)	68,381,645	21.40	57.65
Total	**319,551,415**	**100.00**	**100.00**

On the last trading day of the first quarter of 2012, 30 March, one Series A share closed at EUR 8.31 (7.51 on 30 December 2011). In January–March, the share price reached a high of EUR 8.92 (19 March 2012) and a low of EUR 7.34 (9 January 2012).

Pohjola's market capitalisation totalled EUR 2,654 million (2,400 on 31 December 2011) on 31 March 2012. In calculating the market capitalisation, Series K shares are valued at the price of Series A shares.

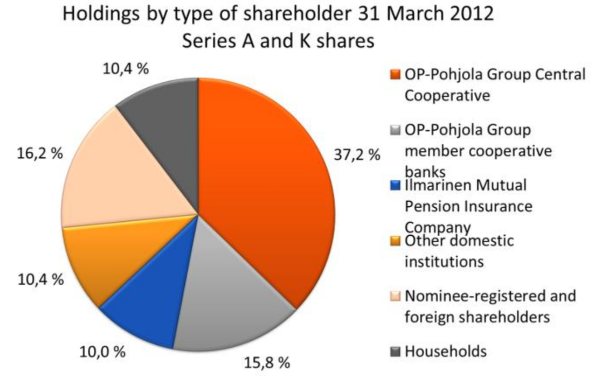
Trading in Series A shares in euro terms amounted to EUR 312 million in the first quarter of 2012 as against EUR 329 million a year earlier, whereas in volume terms it came to 37 million shares (34).

Number of shareholders

	31 March 2012	31 Dec 2011	Change
Holders of Series A shares	33,903	33,956	-53
Holders of Series K shares	114	114	-
Total*	**33,909**	**33,962**	**-53**

*The combined number of the holders of Series A and K shares differs from the total number of the holders of Series A and K shares, because some holders of Series K shares also hold Series A shares.

On 31 March 2012, Pohjola had 33,909 shareholders, private individuals accounting for 95.2%. The number of nominee-registered shares totalled 48.2 million on 31 March 2012, falling by 2.6 million shares from their level on 31 December 2011. On 31 March 2012, these shares accounted for 19.2% (20.2 on 31 December 2011) of all Series A shares.



Major shareholders

31 March 2012	% of all shares	% of Series A shares	% of votes
1. OP-Pohjola Group Central Cooperative	37.24	23.23	60.96
2. Ilmarinen Mutual Pension Insurance Company	10.00	12.72	5.39
3. Oulun Osuuspankki	1.37	1.11	1.81
4. OP Bank Group Pension Fund	1.08	1.38	0.58
5. State Pension Fund	0.81	1.04	0.44
6. OP Bank Group Pension Foundation	0.73	0.93	0.39
7. Turun Seudun Osuuspankki	0.57	0.72	0.33
8. Varma Mutual Pension Insurance Company	0.55	0.71	0.30
9. Tampereen Seudun Osuuspankki	0.51	0.61	0.34
10. Suur-Savon Osuuspankki	0.47	0.53	0.36
Nominee-registered shares, total	15.07	19.17	8.12
Other	31.59	37.87	20.97
Total	100.00	100.00	100.00

In January–March 2012, 75.2% of euro-denominated trading in Series A shares took place on NASDAQ OMX and around a quarter of trading took place on multilateral trading facilities (MTF).

Trading venues for Pohjola shares

Trading venue	% of euro-denominated trading in Q1/2012
NASDAQ OMX	75.20
Chi-X	16.50
BATS	3.86
Turquoise	3.19
Burgundy	1.23
EuroNext Arca	0.01

Source: NASDAQ OMX Helsinki

Group restructuring

Pohjola Insurance Ltd decided to found a hospital in Helsinki for outpatient surgery, specialising in the examination and treatment of orthopaedic diseases and injuries. The hospital will begin to operate in early 2013.

Events after the balance sheet date

Conversion of Pohjola Series K Shares into Series A Shares

A total of 773,028 Series K shares held by OP-Pohjola Group member cooperative banks were converted into Series A shares, with the resulting changes being registered in the Trade Register on 10 April 2012. Trading in the converted Series A shares began on 11 April 2012. As a result of the conversion, the number of Series K shares decreased from 68,381,645 to 67,608,617 while that of Series A shares quoted on the NASDAQ OMX Helsinki increased from 251,169,770 to 251,942,798. The conversions have not changed the total number of shares outstanding, amounting to 319,551,415 shares.The post-conversion number of votes conferred by the shares totals 589,985,883.

Outlook for the rest of 2012

Within Banking, the loan portfolio is expected to continue to grow during the rest of 2012, albeit not as strongly as in 2011. The average corporate loan margin is expected to remain at least at its current level. The operating environment for the corporate sector will remain challenging. The greatest uncertainties related to Banking's financial performance in 2012 are associated with future impairment loss on the loan portfolio.

Insurance premium revenue is expected to increase at an above-the-market-average rate. The operating combined ratio is estimated to vary between 89% and 94% in 2012, if the number of large claims is not much higher than in 2011. Expected investment returns are largely dependent on developments in the investment environment. The most significant uncertainties related to Pohjola Insurance's financial performance in 2012 pertain to the investment environment, the discount rate applied to technical provisions and the effect of large claims on claims expenditure.

The greatest uncertainties related to Asset Management's financial performance in 2012 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' financial performance include net interest income arising from assets in the liquidity buffer, any capital gains or losses on notes and bonds and any impairment charges that may be recognised on notes and bonds in the income statement.

Consolidated earnings before tax in 2012 are expected to be markedly higher than in 2011.

The treatment of insurance company investments in capital adequacy measurement has a major effect on Pohjola Group's capital adequacy. The related regulatory framework, based on the CRD IV, which is currently being revised, is expected to be specified during 2012.

There is still great uncertainty about the economic outlook and the operating environment. A major risk that may undermine the economic outlook is the exacerbation of the fiscal crisis in certain euro countries. The crisis with its repercussions may have a significant impact on the entire financial sector's operating environment.

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.

Consolidated income statement

EUR million	Note	Q1/ 2012	Q1/ 2011
Net interest income	3	74	68
Impairments of receivables	4	10	15
Net interest income after impairments		**64**	**53**
Net income from Non-life Insurance	5	101	94
Net commissions and fees	6	42	41
Net trading income	7	30	14
Net investment income	8	5	11
Other operating income	9	9	11
Total income		**251**	**223**
Personnel costs		62	55
IT expenses		22	19
Depreciation/amortisation		13	15
Other expenses		51	41
Total expenses		**147**	**129**
Share of associates' profits/losses		0	0
Earnings before tax		**104**	**95**
Income tax expense		24	21
Profit for the period		**80**	**73**
Attributable to owners of the Parent		80	73
Total		**80**	**73**
Earnings per share (EPS), EUR			
Series A		0.26	0.24
Series K		0.23	0.21

Consolidated statement of comprehensive income

EUR million	Q1/ 2012	Q1/ 2011
Profit for the period	**80**	**73**
Change in fair value reserve		
Measurement at fair value	228	-7
Cash flow hedge	5	-14
Actuarial gains/losses on post-employment benefit obligations	3	0
Translation differences	0	0
Income tax on other comprehensive income		
Measurement at fair value	56	-2
Cash flow hedge	1	-4
Actuarial gains/losses on post-employment benefit obligations	1	0
Total comprehensive income for the period	**258**	**58**
Total comprehensive income attributable to owners of the Parent	258	58
Total	**258**	**58**

Consolidated balance sheet

EUR million	Note	31 March 2012	31 Dec 2011
Cash and cash equivalents		3,820	4,247
Receivables from credit institutions		7,840	7,367
Financial assets at fair value through profit or loss			
Financial assets held for trading		462	170
Financial assets at fair value through profit or loss at inception		14	13
Derivative contracts		3,231	3,326
Receivables from customers		13,210	12,701
Non-life Insurance assets	12	3,650	3,256
Investment assets		7,595	7,341
Investment in associates		27	27
Intangible assets	13	921	920
Property, plant and equipment (PPE)		72	82
Other assets		1,735	1,572
Tax assets		61	87
Total assets		**42,638**	**41,111**
Liabilities to credit institutions		6,004	5,935
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		7	1
Derivative contracts		3,488	3,460
Liabilities to customers		7,822	8,025
Non-life Insurance liabilities	14	2,940	2,508
Debt securities issued to the public	15	15,481	15,179
Provisions and other liabilities		2,464	2,235
Tax liabilities		451	411
Subordinated liabilities		1,546	1,050
Total liabilities		**40,203**	**38,804**
Shareholders' equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	16	28	-149
Other reserves		1,093	1,093
Retained earnings		887	934
Total shareholders' equity		**2,436**	**2,306**
Total liabilities and shareholders' equity		**42,638**	**41,111**

Consolidated statement of changes in equity

EUR million	Share capital	Fair value reserve Measure-ment at fair value	Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2011	**428**	**-6**	**-6**	**1,093**	**851**	**2,359**
Total comprehensive income for the period		-5	-10	0	73	58
Profit distribution					-126	-126
EUR 0.40 per Series A share					-100	-100
EUR 0.37 per Series K share					-25	-25
Equity-settled share-based payment					0	0
Other					0	0
Balance at 31 March 2011	**428**	**-12**	**-16**	**1,093**	**799**	**2,291**

EUR million	Share capital	Fair value reserve Measure-ment at fair value	Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2012	**428**	**-159**	**10**	**1,093**	**934**	**2,306**
Total comprehensive income for the period		172	4	0	82	258
Profit distribution					-129	-129
EUR 0.41 per Series A share					-103	-103
EUR 0.38 per Series K share					-26	-26
Equity-settled share-based payment					0	0
Other					0	0
Balance at 31 March 2012	**428**	**14**	**14**	**1,093**	**887**	**2,436**

Consolidated cash flow statement

EUR million	Q1/ 2012	Q1/ 2011
Cash flow from operating activities		
Profit for the period	80	73
Adjustments to profit for the period	226	253
Increase (-) or decrease (+) in operating assets	**-1,873**	**-3,095**
Receivables from credit institutions	-493	-1,554
Financial assets at fair value through profit or loss	-174	-134
Derivative contracts	7	2
Receivables from customers	-508	293
Non-life Insurance assets	-321	-298
Investment assets	-228	-673
Other assets	-156	-732
Increase (+) or decrease (-) in operating liabilities	**319**	**1,322**
Liabilities to credit institutions	65	653
Financial liabilities at fair value through profit or loss	6	0
Derivative contracts	-4	1
Liabilities to customers	-203	-426
Non-life Insurance liabilities	235	228
Provisions and other liabilities	221	865
Income tax paid	-15	-16
Dividends received	21	28
A. Net cash from operating activities	**-1,243**	**-1,436**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	128	52
Acquisition of subsidiaries and associates, net of cash acquired		-1
Purchase of PPE and intangible assets	-10	-7
Proceeds from sale of PPE and intangible assets	1	0
B. Net cash used in investing activities	**118**	**44**
Cash flow from financing activities		
Increases in subordinated liabilities	507	0
Decreases in subordinated liabilities	-3	-156
Increases in debt securities issued to the public	8,896	9,838
Decreases in debt securities issued to the public	-8,592	-9,038
Dividends paid	-129	-126
Other decreases in equity items		0
C. Net cash used in financing activities	**679**	**518**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-445**	**-874**
Cash and cash equivalents at period-start	**4,612**	**1,758**
Cash and cash equivalents at period-end	**4,167**	**884**
Cash and cash equivalents		
Liquid assets*	3,827	483
Receivables from credit institutions payable on demand	339	401
Total	**4,167**	**884**

* Of which EUR 7 million (10) consists of Non-life Insurance cash and cash equivalents.

Segment information

Q1 earnings 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	50					50
Markets	10					10
Other operations		0	1	13	1	14
Total	60	0	1	13	1	74
Net commissions and fees	25	6	12	-1	-1	42
Net trading income	21	0	0	6	3	30
Net investment income	0	0	0	5		5
Net income from Non-life Insurance						
From insurance operations		82				82
From investment operations		34			-3	31
From other items		-12				-12
Total		104			-3	101
Other operating income	5	1	0	4	-2	9
Total income	**111**	**111**	**13**	**28**	**-2**	**261**
Personnel costs	17	37	4	4		62
IT expenses	7	13	1	1	0	22
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	2	0	0		7
Other expenses	9	38	2	3	-2	51
Total expenses	**37**	**95**	**8**	**9**	**-2**	**147**
Earnings/loss before impairment of receivables	**74**	**15**	**5**	**19**	**0**	**113**
Impairments of receivables	8			2		10
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**66**	**15**	**6**	**17**	**0**	**104**
Change in fair value reserve	2	108	0	123	0	233
Actuarial gains/losses on post-employment benefit obligations	3			1		3
Total comprehensive income for the period, before tax	**71**	**123**	**6**	**141**	**0**	**340**

Q1 earnings 2011, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	43					43
Markets	12					12
Other operations		-1	0	13	1	13
Total	55	-1	0	13	1	68
Net commissions and fees	25	5	12	-1	-1	41
Net trading income	15		0	-2	1	14
Net investment income	0		0	11		11
Net income from Non-life Insurance						
From insurance operations		68				68
From investment operations		38			-1	37
From other items		-12				-12
Total		95			-1	94
Other operating income	7	1	1	3	-1	11
Total income	**103**	**100**	**13**	**24**	**-2**	**239**
Personnel costs	15	32	4	4		55
IT expenses	6	11	0	1	0	19
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	6	2	0	0		9
Other expenses	7	31	2	3	-1	41
Total expenses	**34**	**81**	**7**	**8**	**-2**	**129**
Earnings/loss before impairment of receivables	**69**	**19**	**6**	**17**	**0**	**110**
Impairments of receivables	16	0		0		15
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**53**	**19**	**6**	**17**	**0**	**95**
Change in fair value reserve	1	-23	0	2	0	-21
Actuarial gains/losses on post-employment benefit obligations	0			0		0
Total comprehensive income for the period, before tax	**54**	**-4**	**6**	**18**	**0**	**74**

Balance sheet 31 March 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	13,038			306	-134	13,210
Receivables from credit institutions	310	0	1	11,359	-10	11,660
Financial assets at fair value through profit or loss	592			-116		475
Non-life Insurance assets		3,942			-291	3,650
Investment assets	327	16	15	7,243	-6	7,595
Investments in associates		2	25			27
Other assets	3,899	781	114	1,295	-69	6,020
Total assets	**18,165**	**4,741**	**156**	**20,087**	**-511**	**42,638**
Liabilities to customers	3,107			4,814	-99	7,822
Liabilities to credit institutions	1,055			5,083	-134	6,004
Non-life Insurance liabilities		2,987			-47	2,940
Debt securities issued to the public				15,635	-154	15,481
Subordinated liabilities		50		1,496		1,546
Other liabilities	4,441	99	13	1,932	-76	6,409
Total liabilities	**8,604**	**3,136**	**13**	**28,960**	**-510**	**40,203**
Shareholders' equity						**2,436**
Average personnel	747	2,381	155	128		3,410
Capital expenditure, EUR million	4	6	0	0		10

Balance sheet 31 Dec 2011, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	12,627			207	-132	12,701
Receivables from credit institutions	363	0	3	11,261	-13	11,614
Financial assets at fair value through profit or loss	250			-67		183
Non-life Insurance assets		3,352			-97	3,256
Investment assets	281	16	28	7,026	-11	7,341
Investments in associates		2	25			27
Other assets	3,850	780	115	1,297	-53	5,988
Total assets	**17,371**	**4,150**	**171**	**19,723**	**-306**	**41,111**
Liabilities to customers	3,084			4,989	-48	8,025
Liabilities to credit institutions	924			5,143	-132	5,935
Non-life Insurance liabilities		2,543			-36	2,508
Debt securities issued to the public				15,202	-23	15,179
Subordinated liabilities		50		1,005	-5	1,050
Other liabilities	4,252	69	14	1,834	-61	6,107
Total liabilities	**8,261**	**2,662**	**14**	**28,173**	**-305**	**38,804**
Shareholders' equity						**2,306**
Average personnel	748	2,355	149	129		3,380
Capital expenditure, EUR million	12	20	1	1		33

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2012 has been prepared in accordance with IAS 34 (Interim Financial Reporting).

In the preparation of this Interim Report, Pohjola substantially applied the same accounting policies as in the financial statements 2011, except a change in the recognition of actuarial gains and losses on defined benefit pension plan.

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

Change in accounting policies

Pohjola Group has decided to voluntarily abandon as of the beginning of 2012 the so-called corridor method in the recognition of actuarial gains and losses on defined benefit pension plans. On transition to IFRS in 2005, Pohjola Group elected to recognise actuarial gains and losses in the income statement over the expected average remaining working lives of the active employees in the plan to the extent that they exceed 10% of the present value of the defined benefit obligation or the fair value of the plan assets. In accordance with the revised recognition method under IAS 19, actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. When recognising actuarial gains and losses in other comprehensive income, these gains and losses cannot be reclassified through profit or loss in subsequent periods.

This change in the accounting policies results in faster recognition of actuarial gains and losses than in the previously applied corridor method. By adopting this method, Pohjola is also preparing for the requirements of the revised IAS 19 effective for financial years starting on or after 1 January 2013. The actuarial gains of EUR 3 million recognised in other comprehensive income in the Q1/2012 Interim Report arise from a change in the fair value of plan assets. Pohjola has applied the change in the accounting policy retrospectively. The change has no effect on the earnings per share (EPS) ratio. The effects of the changed accounting policy on the comparatives of the consolidated balance sheet, income statement and statement of comprehensive income shown in this Interim Report are as follows:

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Balance sheet 1 Jan 2011			
Assets			
Other assets	1,208	1,185	-24
Tax assets	40	40	0
Liabilities			
Provisions and other liabilities	1,816	1,815	0
Tax liabilities	455	449	-6
Shareholders' equity			
Retained earnings	868	851	-17

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Balance sheet 31 Dec 2011			
Assets			
Other assets	1,604	1,572	-32
Tax assets	87	87	0
Liabilities			
Provisions and other liabilities	2,234	2,235	1
Tax liabilities	418	411	-8
Shareholders' equity			
Retained earnings	959	934	-25
Income statement 2011			
Personnel costs	213	212	-1
Income tax expense	42	43	0

Statement of comprehensive income 2011			
Actuarial gains/losses on post-employment benefit obligations		-10	-10
Income tax on actuarial gains/losses on post-employment benefit obligations		-2	-2

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Balance sheet 31 March 2011			
Assets			
Other assets	1,939	1,915	-24
Tax assets	43	43	0
Liabilities			
Provisions and other liabilities	2,687	2,686	0
Tax liabilities	458	452	-6
Shareholders' equity			
Retained earnings	816	799	-17
Income statment Q1/2011			
Personnel costs	55	55	0
Income tax expense	21	21	0
Statement of comprehensive income Q1/2011			
Actuarial gains/losses on post-employment benefit obligations		0	0
Income tax on actuarial gains/losses on post-employment benefit obligations		0	0

Note 2. Formulas for key figures and ratios

Return on equity (ROE) at fair value, %
Total comprehensive income for the period /
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

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

Core Tier 1, %
Total Tier 1 capital, excl. hybrid capital and shortfall of Tier 2 capital covered by hybrid 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 (excl. 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

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 / Insurance premium revenue, excl. net changes in reserving bases x 100

Operating combined ratio, %
Operating loss ratio + Operating expense ratio

Values used in calculating the ratios

EUR million	31 March 2012	31 Dec 2011
Non-life Insurance		
Non-life Insurance net assets	1,605	1,490
Net tax liabilities for the period	-22	4
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	-11	-5
Intangible assets	754	756

EUR million	31 March 2012	31 March 2011	31 Dec 2011
Changes in reserving bases and non-recurring items			
Increase in technical provisions related to higher life expectancy			-27
Change in discount rate			-32

Note 3. Net interest income

EUR million	Q1/ 2012	Q1/ 2011
Loans and other receivables	96	84
Receivables from credit institutions and central banks	30	30
Notes and bonds	63	56
Derivatives (net)		
Derivatives held for trading	9	6
Derivatives under hedge accounting	9	-3
Liabilities to credit institutions	-23	-17
Liabilities to customers	-14	-6
Debt securities issued to the public	-80	-72
Subordinated debt	-14	-7
Hybrid capital	-3	-3
Financial liabilities held for trading	0	0
Other (net)	0	0
Net interest income before fair value adjustment under hedge accounting	**74**	**68**
Hedging derivatives	19	30
Value change of hedged items	-19	-30
Total net interest income	**74**	**68**

Note 4. Impairments of receivables

EUR million	Q1/ 2012	Q1/ 2011
Receivables eliminated as loan or guarantee losses	3	1
Receeoveries of eliminated receivables	0	0
Increase in impairment losses	14	16
Decrease in impairment losses	-7	-2
Total impairments of receivables	**10**	**15**

Note 5. Net income from Non-life Insurance

EUR million	Q1/ 2012	Q1/ 2011
Net insurance premium revenue		
Premiums written	516	474
Insurance premiums ceded to reinsurers	-22	-30
Change in provision for unearned premiums	-236	-218
Reinsurers' share	10	19
Total	**268**	**246**
Net Non-life Insurance claims		
Claims paid	218	176
Insurance claims recovered from reinsurers	-4	-4
Change in provision for unpaid claims	-11	5
Reinsurers' share	-16	1
Total	**186**	**178**
Net investment income, Non-life Insurance		
Interest income	16	16
Dividend income	17	21
Investment property	2	1
Capital gains and losses		
Notes and bonds	2	-9
Shares and participations	-4	5
Loans and receivables	-2	-1
Investment property	0	0
Derivatives	1	7
Fair value gains and losses		
Notes and bonds	-1	0
Shares and participations	-2	-5
Loans and receivables	0	-1
Investment property	1	0
Derivatives	1	1
Other	1	1
Total	**31**	**37**
Unwinding of discount	-12	-12
Other	0	0
Total net income from Non-life Insurance	**101**	**94**

Note 6. Net commissions and fees

EUR million	Q1/ 2012	Q1/ 2011
Commission income		
Lending	10	9
Payment transfers	4	3
Securities brokerage	7	10
Securities issuance	3	2
Asset management and legal services	13	14
Insurance operations	6	5
Guarantees	4	4
Other	1	1
Total commission income	**49**	**47**
Commission expenses		
Payment transfers	1	0
Securities brokerage	2	3
Securities issuance	2	1
Asset management and legal services	2	2
Other	1	1
Total commission expenses	**7**	**7**
Total net commissions and fees	**42**	**41**

Note 7. Net trading income

EUR million	Q1/ 2012	Q1/ 2011
Financial assets and liabilities held for trading		
Capital gains and losses		
Notes and bonds	4	-3
Shares and participations	0	0
Derivatives	-8	6
Fair value gains and losses		
Notes and bonds	1	-1
Shares and participations	0	0
Derivatives	30	10
Financial assets and liabilities at fair value through profit or loss		
Fair value gains and losses		
Notes and bonds	1	1
Net income from foreign exchange operations	2	2
Total net trading income	**30**	**14**

Note 8. Net investment income

EUR million	Q1/ 2012	Q1/ 2011
Available-for-sale financial assets		
Capital gains and losses		
Notes and bonds	1	5
Shares and participations		0
Dividend income	3	6
Impairments	0	0
Carried at amortised cost		
Capital gains and losses		
Loans and other receivables	0	1
Total	**5**	**12**
Investment property	1	0
Total net investment income	**5**	**11**

Note 9. Other operating income

EUR million	Q1/ 2012	Q1/ 2011
Central banking service fees	2	2
Realisation of repossessed items		0
Rental income from assets rented under operating lease	3	5
Other	3	4
Total	**9**	**11**

Note 10. Classification of financial instruments

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Cash and balances with central banks	3,820					3,820
Receivables from credit institutions and central banks	7,840					7,840
Derivative contracts			2,998		233	3,231
Receivables from customers	13,210					13,210
Non-life Insurance assets**	749		106	2,796		3,650
Notes and bonds***		582	475	6,907		7,965
Shares and participations			0	80		80
Other receivables	2,816		26			2,842
Total 31 March 2012	**28,435**	**582**	**3,605**	**9,783**	**233**	**42,638**
Total 31 December 2011	**27,597**	**716**	**3,439**	**9,159**	**200**	**41,111**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		6,004		6,004
Financial liabilities held for trading (excl. derivatives)	7			7
Derivative conctracts	3,069		419	3,488
Liabilities to customers		7,822		7,822
Non-life Insurance liabilities	0	2,941		2,940
Debt instruments issued to the public		15,481		15,481
Subordinated liabilities		1,546		1,546
Other liabilities		2,914		2,914
Total 31 March 2012	**3,076**	**36,708**	**419**	**40,203**
Total 31 December 2011	**3,084**	**35,342**	**378**	**38,804**

* 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 12.
*** On 31 March 2012, notes and bonds included EUR 14 million (13) in notes and bonds recognised using the fair value option.

Debt securities issued to the public are carried at amortised cost. On 31 March 2012, the fair value of these debt instruments was EUR 127 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 lower than their carrying amount, but determining reliable fair values involves uncertainty.

Note 11. Financial instruments recognised at fair value, grouped by valuation technique

Fair value of assets on 31 March 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	338	133	4	475
Non-life Insurance			6	6
Derivative financial instruments				
Banking	15	3,171	45	3,231
Non-life Insurance		1		1
Available-for-sale				
Banking	5,831	1,141	15	6,987
Non-life Insurance	1,888	635	272	2,796
Total	**8,072**	**5,081**	**343**	**13,496**

Fair value of assets on 31 December 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	105	74	4	183
Non-life Insurance			6	6
Derivative financial instruments				
Banking	15	3,287	25	3,326
Non-life Insurance	0	0		0
Available-for-sale				
Banking	5,516	1,070	14	6,600
Non-life Insurance	1,743	557	259	2,559
Total	**7,379**	**4,988**	**308**	**12,675**

Fair value of liabilities on 31 March 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking		7		7
Derivative financial instruments				
Banking	26	3,274	187	3,488
Non-life Insurance	0	0		0
Total	**26**	**3,281**	**187**	**3,495**

Fair value of liabilities on 31 December 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	1			1
Derivative financial instruments				
Banking	23	3,342	96	3,460
Non-life Insurance	0	0		1
Total	**24**	**3,342**	**96**	**3,462**

* This level includes equities listed on major stock exchanges, quoted corporate debt instruments, bonds issued by governments and financial institutions with credit rating of at least A-, and exchange-traded derivatives. The fair value of these instruments is determined on the basis of market quotes.

** Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. The fair value hierarchy level at Pohjola Group includes OTC derivatives, treasury bills/notes, debt instruments issued by companies and financial institutions, repo agreements, and securities lent or borrowed.

*** Valuation techniques whose input parameters involve special uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). This level includes the most complex OTC derivatives, certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds.

Transfers between levels of the fair value hierarchy

During 2012, EUR 9 million in bonds were transferred from level 1 to level 2, due to changes in credit ratings.

Note 12. Non-life Insurance assets

EUR million	31 March 2012	31 Dec 2011
Investments		
Loans and other receivables	124	141
Shares and participations	475	435
Property	99	98
Notes and bonds	1,796	1,562
Derivatives	1	0
Other participations	531	568
Total	**3,026**	**2,805**
Other assets		
Prepayments and accrued income	33	36
Other		
From direct insurance	384	262
From reinsurance	154	121
Cash in hand and at bank	7	6
Other receivables	46	26
Total	**624**	**451**
Total Non-life insurance assets	**3,650**	**3,256**

Note 13. Intangible assets

EUR million	31 March 2012	31 Dec 2011
Goodwill	519	519
Brands	172	172
Customer relationships	149	155
Other	80	74
Total	**921**	**920**

Note 14. Non-life Insurance liabilities

EUR million	31 March 2012	31 Dec 2011
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,160	1,155
Other provision for unpaid claims	785	789
Total	1,944	1,944
Provision for unearned premiums	658	422
Derivatives	0	1
Other liabilities	338	141
Total	**2,940**	**2,508**

Note 15. Debt securities issued to the public

EUR million	31 March 2012	31 Dec 2011
Bonds	7,577	6,769
Certificates of deposit, commercial papers and ECPs	7,621	8,113
Other	283	297
Total	**15,481**	**15,179**

Note 16. Fair value reserve after income tax

EUR million	31 March 2012	31 Dec 2011
Loans and other receivables		
Reclassified notes and bonds	-2	-4
Available-for-sale financial assets		
Notes and bonds	-36	-162
Equities and mutual funds with equity risk	40	7
Other funds	12	0
Derivatives		
Cash flow hedge	14	10
Total	**28**	**-149**

The negative fair value reserve may recover by means of asset appreciation, capital losses and recognised impairments.

The fair value reserve before tax totalled EUR 36 million (–197) and the related deferred tax liability amounted to EUR 9 million (deferred tax asset of 48). On 31 March, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 89 million (66) and negative mark-to-market valuations EUR 20 million (58). In January–March, impairment charges recognised from the fair value reserve in the income statement totalled one million euros (1).

Note 17. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	31 March 2012	31 Dec 2011	Change
1–2	2.4	2.3	0.1
3–5	11.4	11.6	-0.2
6–7	5.8	5.1	0.6
8–9	1.9	1.9	0.0
10	0.1	0.1	0.0
11–12	0.3	0.3	0.0
Non-rated	0.3	0.2	0.0
Total	**22.1**	**21.6**	**0.6**

* excl. private customers

Sensitivity analysis of market risk

			31 March 2012		31 Dec 2011	
Banking, 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	1 percen-tage point	6		4	
Currency risk	Market value	20 percen-tage points	6		7	
Volatility risk						
Interest-rate volatility	Volatility	20 percen-tage points	1		1	
Currency volatility	Volatility	10 percen-tage points	1		0	
Credit risk premium*	Credit spread	0.5 percen-tage points	5		7	

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 buffer.

Note 18. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 March 2012, EUR million	Change in risk parameter	Effect on combined ratio	Effect on share-holders' equity, EUR million
Insurance portfolio or insurance premium revenue*	1,046	Up 1%	Up 0.9 percentage points	10
Claims incurred*	766	Up 1%	Down 0.7 percentage points	-8
Major loss of over EUR 5 million		1 loss	Down 0.5 percentage points	-5
Personnel costs*	124	Up 8%	Down 0.9 percentage points	-10
Expenses by function*/**	299	Up 4%	Down 1.1 percentage points	-12
Inflation for collective liability	543	Up 0.25 percentage points	Down 0.4 percentage points	-4
Life expectancy for discounted insurance contract liability	1,430	Up 1 year	Down 3.2 percentage points	-33
Discount rate for discounted insurance contract liability	1,430	Down 0.1 percentage point	Down 1.6 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

Portfolio allocation, EUR million	Fair value 31 March 2012	%	Fair value 31 Dec 2011	%
Money market instruments	108	3 %	99	3 %
Bonds and bond funds	2,174	70 %	1,999	70 %
Public sector	614	20 %	675	24 %
Financial institutions	708	23 %	502	18 %
Corporate	510	16 %	434	15 %
Bond funds	336	11 %	383	13 %
Other	7	0 %	6	0 %
Equities	333	11 %	287	10 %
Private equity investments	97	3 %	91	3 %
Alternative investments	139	4 %	132	5 %
Real property	262	8 %	254	9 %
Total	**3,114**	**100 %**	**2,863**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2012*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	24	100	204	162	128	97	715	31 %
Aa1−Aa3	120	97	141	22	29	41	450	20 %
A1−A3	29	177	169	64	19	33	492	22 %
Baa1−Baa3	51	131	158	46	34	9	428	19 %
Ba1 or lower	25	55	37	52	8	5	181	8 %
Internally rated	0	1	4	2	0		8	0 %
Total	**249**	**561**	**713**	**349**	**218**	**185**	**2,274**	**100 %**

* Excludes credit derivatives.

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 2012	31 Dec 2011
Bonds and bond funds1)	Interest rate	1 percentage point	97	84
Equities 2)	Market value	20 percentage points	79	70
Venture capital funds and unquoted equities	Market value	20 percentage points	21	19
Commodities	Market value	20 percentage points	1	0
Real property	Market value	10 percentage points	26	25
Currency	Value of currency	20 percentage points	52	39
Credit risk premium 3)	Credit spread	0.5 percentage points	38	42
Derivatives 4)	Volatility	10 percentage points	2	4

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 19. Risk exposure by Group Functions

Total exposure by rating category, EUR billion

Rating category	31 March 2012	31 Dec 2011	Change
1–2	15.4	14.9	0.4
3–5	4.3	4.7	-0.4
6–7	0.3	0.3	0.0
8–9	0.1	0.1	0.0
10	0.1	0.1	0.0
11–12	0.0	0.0	0.0
Non-rated	0.0	0.0	0.0
Total	**20.1**	**20.1**	**0.1**

Sensitivity analysis of market risk

Group Functions, EUR million	Risk parameter	Change	31 March 2012 Effect on results	31 March 2012 Effect on shareholders' equity	31 Dec 2011 Effect on results	31 Dec 2011 Effect on shareholders' equity
Interest-rate risk	Interest rate	1 percentage point	7		25	0
Interest-rate volatility	Volatility	20 percentage points	0		0	
Credit risk premium*	Credit spread	0.5 percentage points		127	0	116
Price risk						
Equity portfolio	Market value	20 percentage points		1		1
Private equity funds	Market value	20 percentage points		5		5
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 buffer.

Note 20. Liquidity buffer*

Liquidity buffer by maturity and credit rating on 31 March 2012, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	3,986	1,079	1,881	867	547	20	8,379	55 %
Aa1−Aa3	249	752	518	104	153	1	1,778	12 %
A1−A3	324	791	116	47	16	1	1,295	9 %
Baa1−Baa3	30	136	151	6	7		330	2 %
Ba1 or lower	111	100	6	3	21	0	242	2 %
Internally rated**	523	709	823	360	271	460	3,146	21 %
Total	**5,224**	**3,568**	**3,495**	**1,386**	**1,015**	**482**	**15,170**	**100 %**

* The content of the liquidity buffer has been specified further in such a way that the portfolio includes corporate loans eligible as ECB collateral.
** PD </= 0.40%
The liquidity buffer's (excl. deposits with the central bank) residual term to maturity averages 4.2 years.

Note 21. Capital base and capital adequacy

EUR million	31 March 2012	31 Dec 2011
Tier 1 capital		
Equity capital	2,436	2,306
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	19	112
Fair value reserve, transfer to Tier 2	41	136
Core Tier 1 capital before deductions and hybrid capital	**2,496**	**2,554**
Intangible assets	-173	-171
Excess funding of pension liability and fair value measurement of investment property	-10	-8
Dividend distribution proposed by Board of Directors		-129
Planned dividend distribution	-40	
Investments in insurance companies and financial institutions	-704	-704
Impairments – shortfall of expected losses	-52	-56
Core Tier 1 capital	**1,516**	**1,486**
Hybrid capital	274	274
Shortfall of Tier 2 capital		-238
Total Tier 1 capital for calculating capital adequacy	**1,790**	**1,521**
Tier 2 capital		
Fair value reserve	-55	-146
Perpetual bonds	299	294
Debenture loans	874	375
Investments in insurance companies and financial institutions	-704	-704
Impairments – shortfall of expected losses	-52	-56
Transfer to Tier 1 capital		238
Total Tier 2 capital for calculating capital adqeuacy	362	
Total capital base	**2,152**	**1,521**
Deductions from Tier 1 and 2 capital		
Investments in insurance companies and financial institutions	-1,408	-1,408
Impairments – shortfall of expected losses	-103	-112
Total	-1,512	-1,521
Risk-weighted assets	**15,007**	**14,409**

Core Tier 1 ratio, %	**10.1**	**10.3**
Tier 1 ratio, %	**11.9**	**10.6**
Capital adequacy ratio, %	**14.3**	**10.6**

Capital base and capital adequacy measurement is based on approaches under Basel II. Pohjola has used the Internal Ratings Based Approach (IRBA) for corporate, credit institution and retail exposures since 31 December 2011.

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions stood at 15.6% and Tier 1 ratio at 15.6%.

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

EUR million	**31 March 2012**	**31 Dec 2011**
Pohjola Group's equity capital	2,436	2,306
Hybrid instruments, perpetual bonds and debenture bonds	1,496	992
Other sector-specific items excluded from capital base	-153	-2
Goodwill and intangible assets	-870	-869
Equalisation provision	-244	-266
Proposed profit distribution	-40	-129
Items under IFRS deducted from capital base*	-36	-28
Impairments – shortfall of expected losses	-103	-112
Conglomerate's capital base, total	**2,486**	**1,891**
Regulatory capital requirement for credit institutions**	1,201	1,153
Regulatory capital requirement for insurance operations	198	186
Total minimum amount of conglomerate's capital ba	**1,399**	**1,339**
Conglomerate's capital adequacy	**1,087**	**552**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.78**	**1.41**

* Excess funding of pension liability, Fair value measurement of investment property, Portion of cash flow hedge of fair value reserve
** Risk-weighted assets x 8%
*** Minimum solvency margin

OP-Pohjola Group's capital adequacy ratio was 2.02.

Note 23. Collateral given

EUR million	**31 March 2012**	**31 Dec 2011**
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	7,062	6,832
Other	517	492
Total collateral given	**7,580**	**7,325**
Total collateralised liabilities	**638**	**765**

Note 24. Off-balance-sheet commitments

EUR million	**31 March 2012**	**31 Dec 2011**
Guarantees	1,091	1,004
Other guarantee liabilities	1,259	1,303
Loan commitments	4,910	4,952
Commitments related to short-term trade transactions	276	225
Other	366	359
Total off-balance-sheet commitments	**7,903**	**7,844**

Note 25. Derivative contracts

31 March 2012, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	57,211	85,715	40,718	183,645	3,039	3,157
Currency derivatives	18,100	2,321	516	20,937	315	279
Equity and index derivatives	132	1,073	6	1,210	66	0
Credit derivatives	124	56	15	195	5	1
Other derivatives	3,444	446	17	3,907	37	48
Total derivatives	**79,011**	**89,611**	**41,272**	**209,895**	**3,461**	**3,485**

31 Dec 2011, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	46,381	94,395	39,747	180,523	2,777	2,926
Currency derivatives	18,104	2,339	732	21,174	626	419
Equity and index derivatives	161	1,110	6	1,277	55	1
Credit derivatives	45	191		236	2	2
Other derivatives	3,561	360	22	3,943	27	39
Total derivatives	**68,252**	**98,394**	**40,507**	**207,153**	**3,487**	**3,388**

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

In derivatives business, Pohjola Group applies netting of derivatives. However, derivative contracts are presented in gross amounts in this note.

Note 26. Other contingent liabilities and commitments

On 31 March 2012, Banking commitments to venture capital funds amounted to EUR 11 million and Non-Life Insurance commitments to EUR 136 million. They are included in the section 'Off-balance-sheet commitments'.

Note 27. 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 2011.

Helsinki, 3 May 2012

Pohjola Bank plc
Board of Directors

This Interim Report is available at www.pohjola.com > Media > Releases, where background information on the Bulletin can also be found.

Analyst meeting, conference call and live webcast

Pohjola will hold a briefing in English for analysts and investors on 3 May starting at 3.00 pm Finnish time, EET (2.00 pm CET, 1.00 pm UK time, 8am US EST). The briefing is a combined analyst meeting, conference call and live webcast.

Analysts and investors may attend the briefing in one of the following two ways:
1) By viewing the briefing as live webcast via the internet. The link will be available on the IR website before the briefing begins. Questions on the internet are welcome via a question button available in the webcast window. An on-demand webcast of the briefing can be viewed via the IR website afterwards.

2) By dialling one of the regional conference call numbers shown below. Questions are welcome by telephone in the Q&A session according to instructions. To participate via a conference call, please dial in 5−10 minutes before the beginning of the event:

UK, International +44 203 043 24 36
US +1 866 458 40 87
FIN +358 923 101 527
Password: Pohjola

Press conference

Mikael Silvennoinen, Pohjola Bank plc's President and CEO, will present the financial results in a press conference on OP-Pohjola Group's premises (Teollisuuskatu 1b, Vallila, Helsinki), on 3 May, starting at noon.

Financial reporting in 2012

Schedule for Interim Reports in 2012:

Interim Report H1/2012	1 August
Interim Report Q1−3/2012	31 October

DISTRIBUTION
NASDAQ OMX Helsinki Ltd
London Stock Exchange
SIX Swiss Exchange
Major media
www.pohjola.com, www.op.fi

For additional information, please contact
Mikael Silvennoinen, President and CEO, tel. +358 (0)10 252 2549
Vesa Aho, CFO, tel. +358 (0)10 252 2336
Niina Pullinen, Senior Vice President, Investor Relations, tel. +358 (0)10 252 4494