Pohjola Bank plc´s
Interim Report for 1 January - 30 September 2012

Pohjola

Pohjola Group Performance for January–September[1)]

- Consolidated earnings before tax came to EUR 282 million (245) and consolidated earnings before tax at fair value amounted to EUR 606 million (65). Return on equity at fair value stood at 25.0% (2.5). Core Tier 1 ratio improved to 10.7%.
- Earnings before tax recorded by Banking improved to EUR 163 million (135). These included EUR 34 million (36) in impairment charges for receivables. The loan portfolio increased by 7% from its level on 31 December 2011. The average corporate loan portfolio margin stood at 1.48% (1.34).
- Within Non-life Insurance, insurance premium revenue rose by 9%. The combined ratio was 97.1% (91.5). Excluding the changes in reserving bases and amortisation on intangible assets arising from company acquisition, the operating combined ratio stood at 89.0% (89.4). Return on investments at fair value was 8.6% (–1.8).
- Earnings before tax posted by Asset Management amounted to EUR 17 million (19) and assets under management were EUR 32.0 billion (31.3) at the end of the reporting period.
- Pohjola initiated a reorganisation programme with the aim of achieving annual cost savings of around EUR 50 million by the end of 2015.
- Pohjola revised its financial targets when it adopted its updated strategy. More detailed information on the financial targets can be found in “Events after the balance sheet date” below.
- Outlook towards the year end: Consolidated earnings before tax for 2012 are expected to be markedly higher than in 2011. It is estimated that the Non-life Insurance combined ratio will vary between 89% and 92% (previous estimate: 89–94%). For more detailed information on outlook, see “Outlook towards the year end” below.

July–September

- Consolidated earnings before tax were EUR 79 million (47). A reduction in the discount rate for technical provisions related to pension liabilities eroded earnings by EUR 52 million while higher-than-usual realised investment income improved earnings. Consolidated earnings before tax at fair value came to EUR 173 million (–101) and return on equity at fair value stood at 20.4% (–13.6).
- Earnings before tax recorded by Banking totalled EUR 42 million (43). These included EUR 15 million (1) in impairment charges on receivables. The loan portfolio increased by 1% and the average margin of the corporate loan portfolio rose by 5 basis points.
- Within Non-life Insurance, insurance premium revenue rose by 11%. The combined ratio stood at 101.8% (87.2) while the operating combined ratio was 82.3% (85.2). Return on investments at fair value was 3.0% (–2.8).
- Earnings before tax posted by Asset Management amounted to EUR 5 million (6).

Earnings before tax, € million	**Q1–3/ 2012**	**Q1–3/ 2011**	**Change %**	**Q3/ 2012**	**Q3/ 2011**	**Change %**	**2011**
Banking	163	135	20	42	43	-2	198
Non-life Insurance	82	71	16	27	3	925	8
Asset Management	17	19	-14	5	6	-13	27
Group Functions	20	20	4	4	-4		24
Total	**282**	**245**	**15**	**79**	**47**	**67**	**258**
Change in fair value reserve	324	-180		94	-148		-180
Earnings before tax at fair value	**606**	**65**	**831**	**173**	**-101**		**78**
Earnings per share, €	0.68	0.57		0.19	0.11		0.67
Equity per share, €	8.26	7.12					7.22
Average personnel	3,424	3,135		3,439	3,247		3,189

Financial targets	**Q1–3/ 2012**	**Q1–3/ 2011**	**Q3/ 2012**	**Q3/ 2011**	**2011**	**Target**
Return on equity at fair value, %	25.0	2.5	20.4	-13.6	3.1	13.0
Tier 1 ratio, %	12.5	11.0			10.6	>9.5
Core Tier 1 ratio, %	10.7	10.2			10.3	
Operating cost/income ratio by Banking, %	35	37	38	41	35	<40
Operating combined ratio, %	89.0	89.4	82.3	85.2	89.8	92.0
Operating expense ratio, %	21.8	20.6	19.4	18.9	21.8	<20
Solvency ratio, %	85	81			77	70
Operating cost/income ratio by Asset Management, %	54	49	54	49	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.

President and CEO Mikael Silvennoinen:

Our business at operational level made good progress during the third quarter. We continued to strengthen our position among customers. Non-life Insurance experienced a record growth in the number of loyal customer households in January–September.

Consolidated earnings before tax for both July–September and January–September were higher than a year ago.

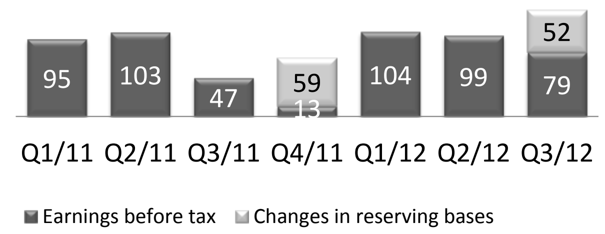
Within Banking, the loan portfolio continued to grow but not as fast as in the previous two quarters. The average corporate loan margin rose to 1.48% at the end of September. Insurance premium revenue continued to increase strongly and Non-life Insurance showed good operating profitability. Within Asset Management, assets under management rebounded during the third quarter in the wake of favourable market developments.

Although the Group has this year made progress as planned, we still have reason and scope for streamlining our operations. Low interest rates will restrict income growth and a more rigorous financial regulatory framework and new bank taxes will increase our costs as early as next year. In order to ensure our competitiveness and service capabilities during the time of slow economic growth, low interest rates and increasing costs, Pohjola initiated an Information and Consultation process and a reorganisation programme in the third quarter, with the aim of achieving annual cost savings of roughly EUR 50 million by the end of 2015.

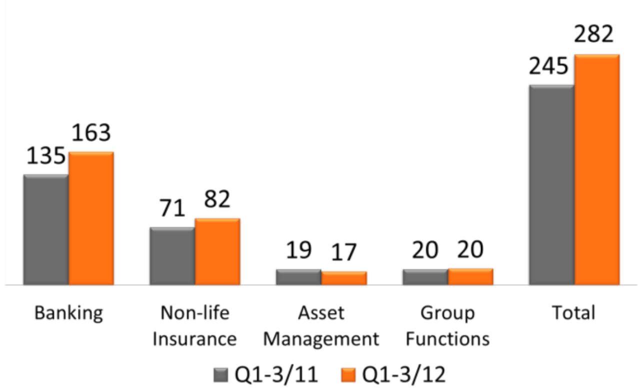
In late October, Pohjola's Board of Directors approved Pohjola's updated strategy. The updated strategy highlights the following: improving customer experience, seeking more targeted growth in order to improve return on capital, making more efficient use of OP-Pohjola Group's competitive advantages and strengths, improving efficiency and increasing capital adequacy ratios. The Board of Directors also adopted the Group's new financial targets aiming at higher profitability and efficiency and a stronger capital base. The revised financial targets can be found on page 20 in this interim report.

Pohjola will hold its Capital Markets Day on 21 November 2012, where it will present its updated strategy and revised financial targets in greater detail.

Consolidated earnings before tax by quarter, € million



Earnings by business line Q1–3/2012 vs. Q1–3/2011, € million



Pohjola Group Interim Report for 1 January–30 September 2012

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Operating environment

The world economy continued its subdued growth with an uncertain outlook in the third quarter. Confidence indicators were showing some signs of perking up, but the world economy does not seem, however, to show any significant recovery in the near future, and economic development continues to be burdened by the uncertainty caused by the euro area sovereign debt crisis, among other things.

The US economy continued to grow moderately but at a much lower rate than the average. The Federal Reserve announced that it would keep its federal funds rate at its current level until 2015. The Fed also started a third round of quantitative easing.

The euro-area economy showed sluggishness, although the ECB's new measures eased the biggest fears of a deeper debt crisis. In July, the ECB lowered its main refinancing rate to 0.75%, and short-term market rates continued their downward trend. Its monetary policy will remain expansionary and the market interest rates will remain exceptionally low.

The ECB announced in August that it was prepared to start an unlimited, albeit conditional, bond-buying programme if necessary. This calmed the government bond markets where peripheral interest rates had been rising sharply in July.

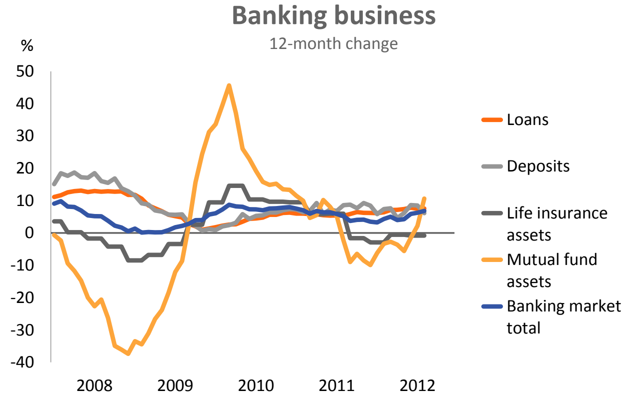
The Finnish economy was sluggish, and according to preliminary figures, it grew slightly. Following a dip in the first half of the year, exports and industrial output took a slight upswing. Retailing remained stable, while construction declined further. The unemployment rate stopped to come down.

Finland's economy will continue to grow at a slow rate, but the risks of the euro area are casting a shadow over the outlook. The inflation rate is expected to decelerate only a little.

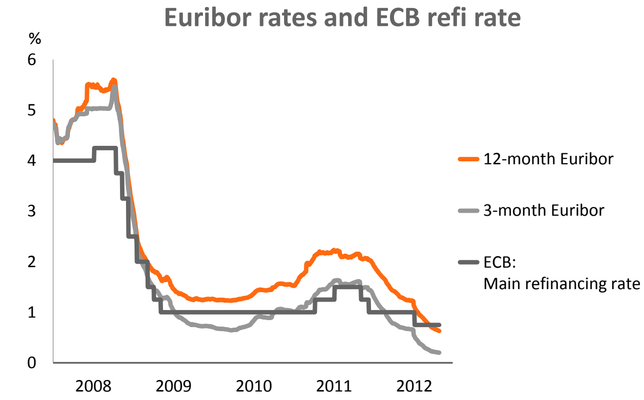
In the Finnish banking sector, the loan portfolio grew at a steady annual rate of around 7% during the third quarter. Loans to households continued their steady growth, supported by lower market rates. Corporate loans grew too at a slightly faster rate despite uncertain investment prospects.

Mutual fund and insurance assets increased, boosted by the good performance of the financial markets. In Finland, stock prices increased by an average of 8% during the third quarter. Sales of new life insurance policies continued to decrease. Growth in deposits levelled off as a result of lower interest rates and higher risk sentiment, but still showed a year-on-year growth of 6%.

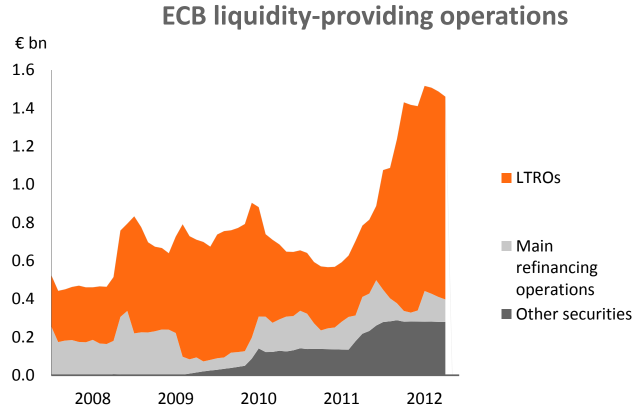
The total premiums written by the non-life insurance sector still grew at a steady annual rate of around 6%. The annual growth of claims paid out levelled off to 6%. The exceptionally low claims expenditure can be particularly attributed to the good weather conditions during the reporting period. Uncertainty will remain considerable in the investment environment.



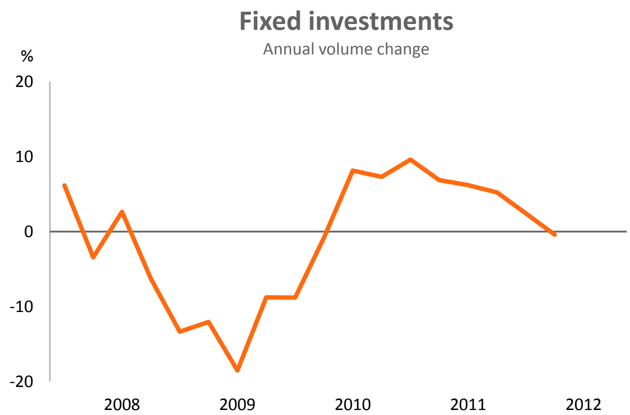
Sources: Bank of Finland, Federation of Finnish Financial Services, The Finnish Association of Mutual Funds



Source: Bank of Finland



Source: Reuters EcoWin



Source: Statistics Finland

Consolidated earnings

Earnings analysis

€ million	2012 Q1–3	2011 Q1–3	Change %	2012 Q3	2011 Q3	Change %	Rolling 12-month	2011
Net interest income								
Corporate and Baltic Banking	148	130	14	50	43	16	198	180
Markets	24	46	-48	5	16	-68	35	58
Other operations	29	28	3	8	6	28	39	38
Total	201	205	-2	63	65	-3	272	276
Net commissions and fees	116	119	-3	34	39	-13	157	161
Net trading income	60	-5		15	-24		90	26
Net investment income	-1	17		1	3		5	23
Net income from Non-life Insurance								
Insurance operations	278	287	-3	73	105	-30	322	332
Investment operations	94	43	117	45	-17		83	32
Other items	-34	-35	-1	-11	-12	-1	-46	-46
Total	338	296	14	107	76	39	359	318
Other operating income	29	30	-5	10	10	5	39	41
Total income	**743**	**663**	**12**	**229**	**170**	**35**	**924**	**843**
Personnel costs	176	155	13	56	46	24	233	212
ICT costs	64	58	9	21	19	7	86	81
Depreciation and amortisation	38	42	-10	12	14	-11	53	57
Other expenses	148	124	20	46	40	16	201	177
Total expenses	**425**	**380**	**12**	**135**	**118**	**14**	**573**	**527**
Earnings before impairment loss on receivables	**317**	**283**	**12**	**94**	**51**	**84**	**351**	**316**
Impairment loss on receivables	36	40	-8	15	4		57	60
Share of associates' profit/loss	1	2		0	1		1	2
Earnings before tax	**282**	**245**	**15**	**79**	**47**	**67**	**295**	**258**
Change in fair value reserve	324	-180		94	-148		325	-180
Earnings before tax at fair value	**606**	**65**	**831**	**173**	**-101**	**-271**	**619**	**78**

January–September earnings

Consolidated earnings before tax amounted to EUR 282 million (245). Total income and total expenses rose by 12% and 12%, respectively. A reduction in the discount rate for technical provisions related to pension liabilities from 3.3% to 3.0% decreased income by EUR 52 million. Non-recurring expenses of EUR 6.0 million resulting from the reorganisation programme added to expenses. Impairment charges of EUR 36 million (40) were at somewhat the same level as a year ago.

The fair value reserve before tax grew by EUR 324 million during the reporting period, reaching EUR 127 million on 30 September. Earnings before tax at fair value amounted to EUR 606 million (65).

Corporate Banking continued to increase its net interest income considerably, thanks to growth in the loan portfolio and a rise in the average margin of the portfolio. The loan portfolio grew by 7% from the 2011-end level and by 8% in the year to September. The corporate loan portfolio's average margin rose by 14 basis points to 1.48% (1.34) during the reporting period and by 16 basis points within the last 12 months. The Markets division's net interest income decreased but then again net trading income increased considerably.
The Group's combined net interest income decreased by 2%.

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

Net investment income was lower than a year ago. Recognised dividend income and net capital gains were EUR 7 million and EUR 12 million lower than the year before, respectively.

Net income from Non-life Insurance improved by 14% year on year. A reduction in the discount rate for technical provisions related to pension liabilities from 3.3% to 3.0% decreased income by EUR 52 million. Insurance premium revenue increased by 9% and claims paid by 7%, excluding the change in the discount rate. Operating profitability was at the previous year's level. Investment income recognised in the income statement was EUR 51 million higher than the year before. Impairment charges recognised on investments totalled EUR 8 million (21). Return on investments at fair value was 8.6% (–1.8).

Other operating income fell by 5%, mainly as a result of lower lease income.

Personnel costs rose by 13% year on year. These include non-recurring expenses of EUR 6 million related to the reorganisation programme. On 30 September 2012, the Group had a staff of 3,425, showing an increase of 45 from 31 December 2011 and 115 from the number a year ago.

ICT costs rose as a result of capital expenditure on system development. Growth in insurance sales commissions and higher personnel-related expenses increased other expenses. Depreciation and amortisation were lower as a result of lower depreciation on leases.

July–September earnings

Earnings before tax amounted to EUR 79 million (47). Year on year, total income grew by 35% and total expenses by 14%. A reduction in the discount rate for technical provisions related to pension liabilities from 3.3% to 3.0% decreased income by EUR 52 million. Non-recurring expenses of EUR 6.0 million resulting from the reorganisation programme added to expenses. Impairments charges on receivables came to EUR 15 million (4). Impairment charges a year ago included a significant amount of recovery of impairment loss.

The fair value reserve grew by EUR 94 million. Earnings before tax at fair value amounted to EUR 173 million (–101). Net interest income from Corporate Banking was up by 16%. The loan portfolio increased by 1% and the average corporate loan portfolio marking rose by 5 basis points. The Markets division's net interest income decreased by 68% but then again net trading income increased vigorously. The Group's combined net interest income decreased by 3%.

Net commissions and fees were slightly lower than a year earlier. In particular, commission income from securities brokerage and issuance fell year on year.

Net income from Non-life Insurance improved by 39% year on year. Insurance premium revenue increased by 10% and claims incurred by 5% excluding changes in reserving bases. Operating profitability was at the previous year's level. The reduced discount rate for technical provisions related to pension liabilities decreased net income by EUR 52 million. Higher-than-usual investment income realised from the investment portfolio improved earnings. Return on investments at fair value was 3.0% (–2.8).

Personnel costs rose by 24%. Excluding EUR 6 million in non-recurring expenses related to the reorganisation programme, personnel costs increased by 10%. Growth in ICT cost and other expenses slowed down slightly.

Earnings analysis by quarter

	2011				2012		
€ million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Net interest income							
Corporate and Baltic Banking	43	44	43	50	50	48	50
Markets	12	18	16	11	10	9	5
Other operations	13	9	6	9	14	8	8
Total	68	72	65	71	74	65	63
Net commissions and fees	41	40	39	41	42	40	34
Net trading income	14	5	-24	30	30	15	15
Net investment income	11	2	3	6	5	-7	1
Net income from Non-life Insurance							
Insurance operations	68	115	105	45	82	123	73
Investment operations	37	23	-17	-11	31	18	45
Other items	-12	-12	-12	-12	-12	-11	-11
Total	94	126	76	22	101	130	107
Other operating income	11	10	10	10	9	10	10
Total income	**239**	**254**	**170**	**181**	**261**	**253**	**229**
Personnel costs	55	55	46	57	62	58	56
ICT costs	19	20	19	23	22	21	21
Depreciation and amortisation	15	14	14	15	13	13	12
Other expenses	41	43	40	54	51	51	46
Total expenses	**129**	**132**	**118**	**148**	**147**	**143**	**135**
Earnings before impairment loss on receivables	**110**	**122**	**51**	**33**	**113**	**110**	**94**
Impairment loss on receivables	15	20	4	21	10	12	15
Share of associates' profit/loss	0	1	1	0	0	0	0
Earnings before tax	**95**	**103**	**47**	**13**	**104**	**99**	**79**
Change in fair value reserve	-21	-11	-148	0	233	-2	94
Earnings before tax at fair value	**74**	**92**	**-101**	**13**	**337**	**97**	**173**

Group risk exposure

The Group's risk exposure remained stable despite the weak economic development in the euro area. The Group has a good risk-bearing capacity sufficient to secure business continuity even if economic growth remained weak. No major changes occurred in credit risk exposure. Investment-grade exposure remained high while doubtful receivables and past due payments declined from their level on 31 December 2011. Impairment loss and final loan losses fell year on year.

January–September final loan losses recognised totalled EUR 33 million (46) and impairment losses EUR 40 million (60). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 37 million (67).

	Q1–3/2012	Q1–3/2011	2011
Net loan losses and impairment losses, € million	36	40	60
% of the loan and guarantee portfolio	0.22	0.27	0.40
Doubtful receivables, € million	43	46	62
% of the loan and guarantee portfolio	0.26	0.40	0.41
Past due payments, € million	18	22	23
% of the loan and guarantee portfolio	0.11	0.15	0.15

Non-life Insurance showed an improvement in its solvency ratio. No major changes took place in underwriting risks. The Group increased slightly its investment risk level during the third quarter.

The funding and liquidity position remained strong. The Group had good access to short-term funding during the third quarter. The position of Nordic banks as a safe haven for long-term funding remained unchanged.

Liquidity buffer

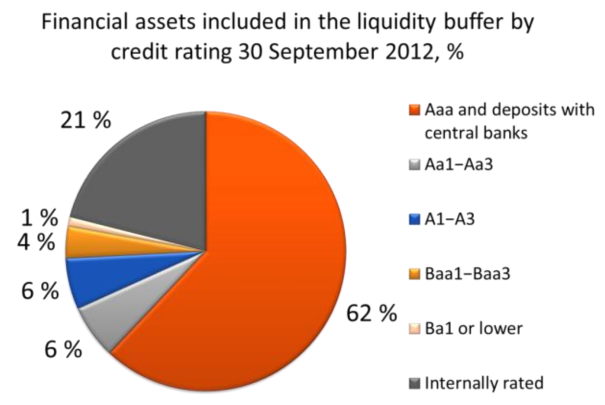
€ billion, based on market values	30 Sept. 2012	31 Dec. 2011	Change, %
Deposits with central banks	6.8	4.2	59.8
Notes and bonds eligible as collateral	5.2	7.5	-30.9
Corporate loans eligible as collateral	2.8	2.6	8.2
Total	**14.8**	**14.4**	**3.0**
Receivables ineligible as collateral	0.6	0.6	-2.8
Liquidity buffer at market value	**15.4**	**15.0**	**2.7**
Collateral haircut	-0.9	-1.0	-11.8
Liquidity portfolio at collateral value	**14.5**	**14.0**	**3.8**

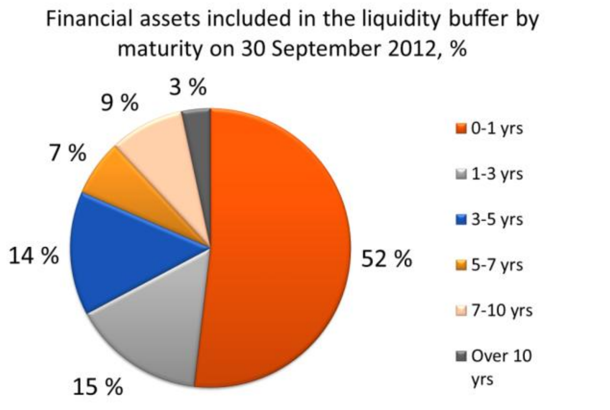
As OP-Pohjola Group's central bank, Pohjola maintains a liquidity buffer which consists mainly of deposits with central banks and notes, bonds and loans eligible for central bank refinancing. The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions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

The third-quarter saw an increase in cash within the liquidity buffer.

Measurement of the notes and bonds included in the liquidity buffer table on this page 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.





Major risks related to the Group's business are associated with developments in the overall economic environment and capital markets, as well as upcoming regulatory changes in the financial sector.

Capital adequacy

Capital base and capital adequacy

€ million	30 Sept. 2012	31 Dec. 2011
Core Tier 1 capital	1,573	1,486
Tier 1 capital	1,847	1,521
Tier 2 capital	384	0
Total capital	2,231	1,521
Risk-weighted assets		
Credit and counterparty risk	13,049	12,890
Market risk	654	606
Operational risk	1,020	913
Total	14,724	14,409
Core Tier 1 ratio, %	10.7	10.3
Tier 1 ratio, %	12.5	10.6
Capital adequacy ratio, %	15.2	10.6

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

€ million	30 Sept. 2012	31 Dec. 2011
Conglomerate's capital base	2,619	1,891
Conglomerate's minimum capital base	1,379	1,339
Conglomerate’s capital adequacy	1,240	552
Conglomerate’s capital adequacy ratio	1.90	1.41

Pohjola Group’s Core Tier 1 ratio improved to 10.7% (10.3) and Tier 1 ratio to 12.5% (10.6). The Core Tier 1 ratio rose by 0.9 percentage points in the third quarter.

Risk-weighted assets increased by 2% and the loan portfolio by 7% from their 2011-end level. The third quarter saw an increase in cash in the liquidity buffer and a well over 4% reduction in risk-weighted assets.

During the third quarter, not only earnings but also a dividend of EUR 50 million paid by Pohjola Insurance Ltd to Pohjola Bank plc added to Tier 1 capital.

The capital adequacy ratio under the Act on Credit Institutions stood at 15.2% (10.6) as against the statutory minimum requirement of 8%.

Pohjola Bank plc’s issue in late February of Lower Tier 2 subordinated notes of EUR 500 million increased Tier 2 capital.

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, showed an improvement, standing at 1.90 (1.41) on 30 September.

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 is 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 2015, 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 30 September 2012

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Standard & Poor's Credit Market Services Europe Limited	A-1+	Stable	AA-	Stable
Moody's Investors Service Ltd	P-1	Stable	Aa3	Stable
Fitch Ratings Limited	F1	Stable	A+	Stable

Pohjola Insurance Ltd's financial strength ratings on 30 September 2012

Rating agency	Rating	Outlook
Standard & Poor's Credit Market Services Europe Limited	AA-	Stable
Moody's Investors Service Ltd	A3	Stable

The third quarter saw no changes in Pohjola Bank plc's credit ratings or outlook and Pohjola Insurance Ltd's financial strength ratings or outlook.

After the reporting period on 10 October 2012, Fitch Ratings affirmed Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1 while keeping the outlook stable.

Pohjola's reorganisation programme

Pohjola has initiated an Information and Consultation of Employees process and a reorganisation programme with the aim of achieving annual cost-savings of around EUR 50 million by the end of 2015. This programme is based on OP-Pohjola Group Central Cooperative Consolidated's reorganisation programme aiming at an annual cost-savings of EUR 150 million by the end of 2015.

Reasons for initiating the reorganisation include a more rigorous regulatory framework in the financial sector, tightening capital adequacy requirements set for banks, higher costs, and the preparation for new fiscal charges, such as a bank tax. In addition, the prolongation of the European sovereign debt crisis and the low interest rate environment will be strongly reflected in banks' and insurers' revenues.

Based on the current estimates, the programme may lead to a maximum of 310 layoffs within Pohjola Group. The process also involves discussing plans to outsource a maximum of 90 employees. In addition, the reorganisation programme includes a plan to perform transfers of a maximum of 580 Pohjola Group employees to other companies within OP-Pohjola Group Central Cooperative Consolidated.

Pohjola Group's non-recurring personnel-related expenses associated with the reorganisation programme are estimated at around EUR 6 million recognised for the third quarter of 2012.

Financial performance and risk exposure by business segment

Banking

January–September in brief

- Earnings before tax improved to EUR 163 million (135).
- The loan portfolio grew by around 7% to EUR 13.3 billion (12.4), showing an increase of 8% in the year to September.
- The average corporate loan portfolio margin stood at 1.48% (1.34) at the end of September. Corporate Banking net interest income rose by 14%.
- Impairments charges on receivables came to EUR 34 million (36).
- The Markets division's client income was at the previous year's level.
- Operating cost/income ratio was 35%.

Banking: financial results and key figures and ratios

€ million	Q1–3/2012	Q1–3/2011	Change, %	Q3/2012	Q3/2011	Change, %	2011
Net interest income							
Corporate and Baltic Banking	148	130	14	50	43	16	180
Markets	24	46	-47	5	16	-68	58
Total	172	176	-2	55	59	-6	238
Net commissions and fees	68	74	-8	19	24	-23	97
Net trading income	51	1		14	-16		18
Other income	14	21	-31	5	6	-27	31
Total income	**305**	**272**	**12**	**93**	**74**	**26**	**384**
Expenses							
Personnel costs	49	42	18	17	12	45	56
ICT costs	20	20	2	6	6	5	26
Depreciation and amortisation	11	16	-29	4	5	-28	21
Other expenses	27	23	17	8	7	16	32
Total expenses	**107**	**100**	**7**	**35**	**30**	17	**135**
Earnings before impairment loss on receivables	**198**	**172**	**15**	**57**	**44**	**32**	**248**
Impairment loss on receivables	34	36	-5	15	1		49
Earnings before tax	**163**	**135**	**20**	**42**	**43**	**-2**	**199**
Earnings before tax at fair value	167	126	32	46	34	36	189
Loan portfolio, € billion	13.3	12.3	8				12.4
Guarantee portfolio, € billion	2.8	2.5	13				2.6
Risk-weighted assets, € billion	13.1	11.9					12.0
Margin on corporate loan portfolio, %	1.48	1.32	12.1				1.34
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.27	0.41					0.41
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.21	0.24					0.33
Operating cost/income ratio, %	35.2	37.0		38.2	40.9		35
Personnel	758	734	3				748

January–September earnings

Earnings before tax amounted to EUR 163 million (135). This figure includes EUR 34 million (36) in impairment loss on receivables.

The loan portfolio increased by EUR 0.8 billion, or around 7%, from its 2011-end level, amounting to EUR 13.3 billion on 30 September. The average margin of the corporate loan portfolio rose by 16 basis points in the year to September and by 14 basis points during the reporting period. The market share of euro-denominated corporate loans increased further.

The guarantee portfolio grew by EUR 0.3 billion to EUR 2.8 billion, year on year. Committed standby credit facilities stood at EUR 3.3 billion on 30 September, up by 19% compared with the September-end figure a year ago.

The combined net interest income from Corporate Banking and Baltic Banking improved by 14% over the previous year, as a result growth in the loan portfolio and a rise in the average margin.

Net commissions and fees decreased by EUR 6 million, or 8%, year on year. Commission income related to lending rose by EUR 4 million whereas commission income from securities brokerage fell by EUR 5 million as a result of lower equity trading volumes. Commission income from securities issuance decreased by over EUR 3 million.

A decrease in other income and depreciation/amortisation 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	Q1–3/2012	Q1–3/2011	Change, %
Corporate Banking	116	97	20
Markets	48	39	23
Baltic Banking	-1	0	
Total	**163**	**135**	**20**

Corporate Banking improved its earnings before tax because its net interest income and lending commissions rose and its impairment charges decreased. Corporate Banking net commissions and fees improved by 9% year on year.

The Markets division was successful in managing risk exposures and its client income was at the same level as a year ago.

July–September earnings

Earnings before tax were EUR 42 million, or one million euros lower than the year before. Earnings a year ago included a significantly higher amount of recovery of impairment loss.

Net interest income from Corporate Banking was up by 16%. The loan portfolio increased by EUR 0.1 billion and the average margin of the corporate loan portfolio by 5 basis points. Net commissions and fees were lower as a result of lower income from securities brokerage and issuance.

Earnings before tax

€ million	Q3/2012	Q3/2011	Change, %
Corporate Banking	35	42	-18
Markets	8	0	
Baltic Banking	-1	0	
Total	**42**	**43**	**-2**

Risk exposure by Banking

Within Banking, key risks are associated with credit risk arising from customer business, and market risks. During January–September, total exposure grew by EUR 1.5 billion to EUR 23.9 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 1.3% (1.3).

Corporate exposure (including housing corporations) accounted for 81% (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 295 million (274), accounting for 1.5% (1.5) of the total corporate exposure.

Major corporate customer exposures amounted to EUR 2.8 billion (4.5) on 30 September. The Group's capital base for the purpose of calculating major customer exposure totalled EUR 2.3 billion (1.6).

Corporate exposure by industry remained highly diversified. The most significant industries included Renting and Operating of Residential Real Estate representing 11.1% (10.5), Wholesale and Retail Trade 9.2% (9.1) and Manufacture of Machinery and Equipment 9.0% (9.9). A total of 51% of exposures within Renting and Operating of Residential Real Estate and 17% of exposures within Renting and Operating of Other Real Estate were guaranteed by general government.

January–September net loan losses and impairment losses within Banking came to EUR 34 million (36), accounting for 0.21% (0.24) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 5 million (46) and impairment losses EUR 38 million (57). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 8 million (67).

On 30 September, Baltic Banking exposures totalled EUR 0.4 billion (0.3), accounting for 1.8% (1.5) of total Banking exposures. The Baltic Banking net loan losses and impairment losses for January–September amounted to EUR –1 million (–1).

January–September interest rate risk exposure averaged EUR 7.2 million (8.2), based on the 1-percentage-point change in the interest rate.

Non-life Insurance

January–September in brief

- Earnings before tax amounted to EUR 82 million (71). Earnings before tax at fair value were EUR 234 million (–21). A reduction in the discount rate for technical provision related to pension liabilities from 3.3% to 3.0% eroded earnings by EUR 52 million.
- Insurance premium revenue increased by 9% (7).
- The number of loyal customer households grew by 35,144 (27,143).
- The operating combined ratio stood at 89.0% (89.4).
- Return on investments at fair value was 8.6% (–1.8).

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

€ million	Q1–3/2012	Q1–3/2011	Change, %	Q3/2012	Q3/2011	Change, %	2011
Insurance premium revenue	843	773	9	294	266	11	1,024
Claims incurred	-619	-532	16	-237	-176	35	-754
Operating expenses	-184	-159	15	-57	-50	13	-223
Amortisation adjustment of intangible assets	-16	-16	0	-5	-5	0	-22
Balance on technical account	**25**	**66**	**-62**	**-5**	**34**	**-116**	**24**
Net investment income	98	42	134	46	-20		36
Other income and expenses	-42	-37	11	-14	-12	17	-52
Earnings before tax	**82**	**71**	**16**	**27**	**3**		**8**
Earnings before tax at fair value	234	-21		74	-59		-39
Combined ratio, %	97.1	91.5		101.8	87.2		97.7
Operating combined ratio, %	89.0	89.4		82.3	85.2		89.8
Operating expense ratio, %	21.8	20.6		19.4	18.9		21.8
Return on investments at fair value, %	8.6	-1.8		3.0	-2.8		-0.4
Solvency ratio , %	85	81					77
Personnel	2,378	2,297	4				2,355

January–September earnings

Insurance premium revenue grew vigorously. The balance on technical account was weaker than a year ago because of the reduced discount rate for technical provisions related to pension liabilities. This reduction from 3.3% to 3.0% due to low interest rates increased claims incurred by EUR 52 million. Net investment income was better than the year before.

Insurance premium revenue rose by a total of 9% (7) and the balance on technical account, excluding changes in reserving bases, was good. The operating balance on technical account totalled EUR 93 million (82) and the operating combined ratio stood at 89.0% (89.4). These operating figures exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition. The combined ratio, including the abovementioned items, was 97.1% (91.5).

Insurance premium revenue

€ million	Q1–3/2012	Q1–3/2011	Change, %
Private Customers	422	383	10
Corporate Customers	387	353	10
Baltic States	34	37	-7
Total	**843**	**773**	**9**

Insurance premium revenue from both Private and Corporate Customers grew strongly. In the Baltic States, insurance premium revenue remained lower than a year ago although it stopped to decline towards the end of the reporting period.

Growth in the number loyal customer households was at the record level of 35,144, (27,143). On 30 September, their number totalled 558,480, of which up to 68% also use OP-Pohjola Group member cooperative banks as their main bank. OP-Pohjola Group member cooperative banks' and Helsinki OP Bank's customers used OP bonuses that they had earned through the use of banking and insurance services to pay 1,210,000 insurance premiums (1,030,000) with 185,000 (148,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 60 million (47).

Sales of policies increased by a total of 15%, with sales of policies to Private Customers improving by 19% and to Corporate Customers by 10% year on year.

The reduced discount rate for technical provisions related to pension liabilities increased claims incurred by EUR 52 million. Excluding the reduction, claims incurred increased less than insurance premium revenue, and they increased by 7%. Claims incurred due to new major losses were higher 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 208 (174) in January–September, with their claims incurred retained for own account totalling EUR 82 million (76). A total of EUR 36 million (21) was released from technical provisions relating to prior year gains, excluding the effect of changes in reserving bases. The operating loss ratio was 67.2% (68.8) and the risk ratio (excl. loss adjustment expenses) stood at 60.9 % (62.8).

Higher commissions arising from sales growth and the larger number of employees added to operating expenses. In 2011, Pohjola recruited more people for sales and claims services with a view to improving services for its growing customer base. The operating expense ratio was 21.8% (20.6). Growth in operating expenses continued to level off. The operating cost ratio (incl. indirect loss adjustment expenses) stood at 28.0% (26.0).

Operating balance on technical account and combined ratio (CR)

	Q1–3/2012 Balance, € million	CR, %	Q1–3/2011 Balance, € million	CR, %
Private Customers	60.4	85.7	57.8	84.9
Corporate Customers	25.5	93.4	26.9	92.4
Baltic States	7.1	79.1	-2.8	107.6
Total	**93.0**	**89.0**	**82.0**	**89.4**

Within Private and Corporate Customers, profitability was slightly weaker than a year ago whereas favourable claims developments improved profitability considerably in the Baltic States.

Investment

Return on investments at fair value was 8.6% (–1.8). Net investment income recognised in the income statement amounted to EUR 98 million (42). Impairment charges recognised in the income statement totalled EUR 8 million (21. Net investment income at fair value was EUR 251 million (–50).

Investment portfolio by asset class

%	30 Sept. 2012	30 June 2012	31 Dec. 2011
Bonds and bond funds	75	74	70
Alternative investments	3	4	5
Equities	8	6	10
Private equity	3	3	3
Real property	9	9	9
Money market instruments	3	4	3
Total	**100**	**100**	**100**

On 30 September 2012, the investment portfolio totalled EUR 3,226 million (2,863). The fixed-income portfolio by credit rating remained healthy, considering that investments under the “investment-grade” represented 92% (91) and 76% of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.5 years (4,8) and the duration 3.9 years (3.9).

July–September earnings

The reduced discount rate for technical provisions related to pension liabilities increased claims incurred by EUR 52 million. Excluding the changes in reserving bases, the balance on technical account developed favourably. The operating balance on technical account totalled EUR 52 million (39) and the operating combined ratio stood at 82.3% (85.2). The combined ratio, which includes the reduced discount rate and amortisation on intangible assets arising from the corporate acquisition, was 101.8% (87.2).

Total insurance premium revenue was up by 11% (7). Insurance premium revenue from Private Customers continued to grow strongly while growth in the revenue from Corporate Customers intensified further. In the Baltic States, insurance premium revenue stopped to decrease, being at the previous year’s level. The number of loyal customer households increased by 11,296 (8,052).

Sales of policies increased by a total of 16%, with sales of policies to Private Customers rising by 16% and to Corporate Customers by 15% year on year.

Insurance premium revenue

€ million	Q3/2012	Q3/2011	Change, %
Private Customers	149	135	10
Corporate Customers	133	119	12
Baltic States	12	12	0
Total	**294**	**266**	**11**

Claims incurred, excluding changes in reserving bases, increased by 5%. The reporting period saw more major losses than a year ago. July–September saw 72 (60) major or medium-sized losses, with their claims incurred retained for own account totalling EUR 29 million (23). A total of EUR 20 million (4) was released from technical provisions relating to prior year gains, excluding the effect of changes in reserving bases. The operating loss ratio was 62.9% (66.3) and the operating risk ratio (excl. loss adjustment expenses) stood at 57.6 % (60.7).

The operating expense ratio stood at 19.4% (18.9). The operating cost ratio (incl. loss adjustment expenses) stood at 24.7% (24.5).

Operating balance on technical account and combined ratio (CR)

	Q3/2012 Balance, € million	CR, %	Q3/2011 Balance, € million	CR, %
Private Customers	28.8	80.7	27.0	80.0
Corporate Customers	21.2	84.1	13.9	88.3
Baltic States	2.1	82.0	-1.6	113.2
Total	**52.1**	**82.3**	**39.4**	**85.2**

Within Private Customers, profitability was at somewhat the same level as a year ago, as growth in claims incurred levelled off. Within Corporate Customers, claims developments were favourable and profitability was good.

The Baltic States reported good profitability, as claims developments remained favourable.

Investment

Return on investments at fair value stood at 3.0% (–2.8). Net investment income recognised in the income statement amounted to EUR 46 million (–20). In the third quarter, higher-than-usual investment income was realised from the investment portfolio. Impairment charges recognised in the income statement totalled EUR 2 million (19). Net investment income at fair value was EUR 93 million (–82).

Risk exposure by Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments and market risks associated with technical provisions and with investment portfolios covering technical provisions. On 30 September, Non-life Insurance solvency capital totalled EUR 925 million (787) and the ratio of solvency capital to insurance premium revenue (solvency ratio) stood at 85% (77). Equalisation provisions decreased to EUR 291 million (353). Non-life Insurance increased slightly its investment risk level during the third quarter.

Asset Management

January–September in brief

- Earnings before tax amounted to EUR 17 million (19).
- Assets under management increased by 2% from their 2011-end level to EUR 32.0 billion.
- Investment performance has remained good.

Asset Management: financial results and key figures and ratios

€ million	Q1–3/2012	Q1–3/2011	Change, %	Q3/2012	Q3/2011	Change, %	2011
Net commissions and fees	35	37	-3	11	11	-1	50
Other income	4	3	8	1	1	-1	6
Total income	**39**	**40**	**-2**	**12**	**12**	**-1**	**56**
Personnel costs	13	13	5	4	4	11	18
Other expenses	10	10	4	3	3	2	13
Total expenses	**23**	**22**	**4**	**7**	**7**	**7**	**31**
Share of associate's profit/loss	1	2	-56	0	1	-38	2
Earnings before tax	**17**	**19**	**-14**	**5**	**6**	**-13**	**27**
Earnings before tax at fair value	17	19	-14	5	6	-13	27
Assets under management, € billion	32.0	31.5	2	32.0	31.5	2	31.3
Operating cost/income ratio, %	54	49		54	49		49
Personnel	160	153	7				149

January–September earnings

Earnings before tax were EUR 17 million (19) and the operating cost/income ratio stood at 54% (49). As a result of the continued good performance of investment operations, performance-based management fees included in earnings climbed to EUR 1.9 million (0.8). Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company, in proportion to Pohjola's shareholding.

Assets under management made positive progress from their 2011-end level, totalling EUR 32.0 billion. Institutional client and Private client assets grew from their 2011-end level, whereas OP Mutual Funds' assets under management were down.

July–September earnings

Earnings before tax were EUR 5 million (6) and the operating cost/income ratio stood at 54% (51). Earnings included EUR 0.7 million (0.0) in performance-based management fees.

Assets under management increased by EUR 0.9 billion to EUR 32.0 billion.

Assets under management

€ billion	30 Sept. 2012	30 June 2012	31 Dec. 2011
Institutional clients	19.2	18.8	18.5
OP mutual funds	9.3	9.0	9.9
Private	3.5	3.2	2.8
Total	**32.0**	**31.1**	**31.3**

Assets under management by asset class

%	30 Sept. 2012	30 June 2012	31 Dec. 2011
Money market investments	17	18	17
Bonds and notes	39	39	39
Equities	26	23	26
Other	19	20	19
Total	**100**	**100**	**100**

Group Functions

January–September in brief

- Earnings before tax, EUR 20 million, were at the same level as a year ago.
- Net investment income was substantially lower than a year ago.
- Earnings before tax at fair value improved by EUR 249 million year on year to EUR 189 million (–59).
- Liquidity and the availability of funding remained good.

Group Functions: financial results and key figures and ratios

€ million	Q1–3/2012	Q1–3/2011	Change, %	Q3/2012	Q3/2011	Change, %	2011
Net interest income	31	27	16	9	5	77	35
Net trading income	5	-5		-1	-5		3
Net investment income	-1	16		1	3	-78	18
Other income	13	8	71	3	2	52	11
Total income	**47**	**45**	**5**	**12**	**6**	**100**	**67**
Personnel costs	11	9	19	4	2	54	13
Other expenses	14	13	11	4	4	2	18
Total expenses	**25**	**22**	**15**	**8**	**7**	**21**	**31**
Earnings before impairment loss on receivables	**22**	**23**	**-4**	**4**	**-1**		**36**
Impairment loss on receivables	2	3	-45	0	4	-100	11
Earnings before tax	**20**	**20**	**4**	**4**	**-4**		**24**
Earnings before tax at fair value	**189**	**-59**		**48**	**-82**		**-98**
Liquidity buffer, € billion	15.4						15.0
Risk-weighted assets, € billion	1.5	2.5					2.3
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	2.7	1.6	69				1.7
Central Banking earnings, € million	6	10	-36	2	3	-40	13
Personnel	129	126	2				129

January–September earnings

Earnings before tax, EUR 20 million, were at the same level as a year ago. Earnings before tax at fair value came to EUR 189 million, or EUR 249 million higher than the year before. In the wake of the ECB's liquidity-providing long-term refinancing operations, markets calmed down and credit spreads narrowed.

Net investment income includes EUR 5 million in capital losses on notes and bonds. Capital gains a year ago totalled EUR 7 million. Dividend income was EUR 4 million (10). Impairment charges recognised on bonds totalled EUR 2 million (0).

The availability of funding remained good. Funding was performed in a pre-emptive fashion in Q1–3. During that period, OP-Pohjola Group issued long-term bonds worth EUR 3.1 billion used to cover long-term bonds maturing during this year, with senior bonds issued by Pohjola accounting for EUR 1.8 billion and covered bonds issued by OP Mortgage Bank accounting for EUR 1.3. No new benchmark-size senior bonds or covered bonds were issued in the third quarter. Long-term funding was based on issuing private placement bonds.

On 30 September, the average wholesale funding margin of senior bonds was 35 basis points (27). Average funding costs will rise when maturing long-term debt is renewed with higher margins.

July–September earnings

Earnings before tax came to EUR 4 million, showing a year-on-year improvement of EUR 8 million. Earnings before tax at fair value totalled EUR 48 million, which were EUR 130 million higher than a year ago.

Risk exposure by Group Functions

Major risks exposed by the Group Functions include credit and market risks associated with the liquidity buffer and liquidity risks.

The Group Functions exposure totalled EUR 21.3 billion (20.1), consisting of notes and bonds to secure OP-Pohjola Group's liquidity, deposits with central banks and receivables from OP-Pohjola Group member cooperative banks.

Interest rate risk exposure averaged EUR 13.7 million (12.7) in January–September, 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 in the future.

Personnel and remuneration

On 30 September 2012, the Group had a staff of 3,425, up by 45 from 31 December 2011 and by 115 over the previous year.

Personnel by segment

	30 Sept. 2012	31 Dec. 2011
Banking	758	748
Non-life Insurance	2,378	2,355
Asset Management	160	149
Group Functions	129	129
Total	**3,425**	**3,380**

A total of 373 (360) 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 – have had a shareholding scheme in place, under which each company's key employees have held some shares in the company. Based on the Board of Directors' decision on 9 February 2012, these ownership-based incentive schemes have been cancelled altogether.

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 30 Sept. 2012	Number of shares	% of all shares %	% of votes %
Pohjola A (POH1S)	251,942,798	78.84	42.70
Pohjola K (POHKS)	67,608,617	21.16	57.30
Total	**319,551,415**	**100.00**	**100.00**

On the last trading day of the reporting period, 28 September 2012, one Series A share closed at EUR 10.24 (7.51). In January–September 2012, the share price reached a high of EUR 10.51 (25 September) and a low of EUR 7.34 (9 January).

Pohjola's market capitalisation amounted to EUR 3,272 million (2,400) on 30 September. In calculating the market capitalisation, Series K shares were valued at the price of Series A shares.

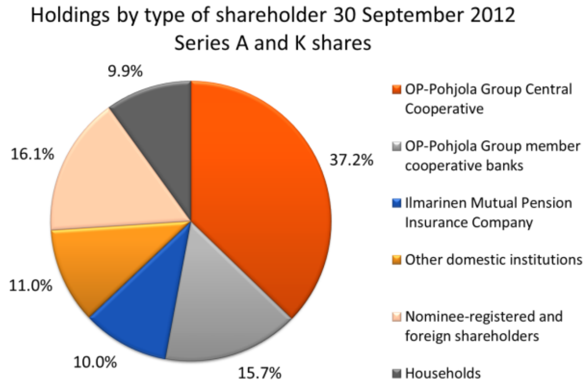
Trading in Series A shares in euro terms amounted to EUR 937 million in January–September 2012 as against EUR 1,216 million a year earlier, while in volume terms it came to 108 million shares (135).

Number of shareholders

	30 Sept 2012	31 Dec 2011	Change
Holders of Series A shares	33,282	33,956	-674
Holders of Series K shares	110	114	-4
Total*	**33,288**	**33,962**	**-674**

*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 30 September 2012, Pohjola had 33,288 shareholders, private individuals accounting for 95%. The number of nominee registered shares fell by 2.4 million from that on 31 December 2011, totalling 48.4 million shares on 30 September. On 30 September 2012, these shares accounted for 19.2% (20.2) of all Series A shares.



Major shareholders

30 Sept. 2012	% of all shares	% of Series A shares	% of votes
1. OP-Pohjola Group Central Cooperative	37.24	23.16	61.28
2. Ilmarinen Mutual Pension Insurance Company	10.00	12.68	5.42
3. Oulun Osuuspankki	1.37	1.10	1.82
4. OP Bank Group Pension Fund	1.08	1.37	0.59
5. Varma Mutual Pension Insurance Company	0.90	1.14	0.49
6. State Pension Fund	0.78	0.99	0.42
7. OP Bank Group Pension Foundation	0.73	0.92	0.39
8. Turun Seudun Osuuspankki	0.57	0.71	0.33
9. Tampereen Seudun Osuuspankki	0.51	0.60	0.34
10. Suur-Savon Osuuspankki	0.47	0.54	0.37
Nominee-registered shares, total	15.16	19.22	8.21
Other	31.19	37.55	20.34
Total	**100.00**	**100.00**	**100.00**

In January–September 2012, 73.6% of euro-denominated trading in Series A shares took place on NASDAQ OMX and over a quarter on multilateral trading facilities (MTF).

Trading venues for Pohjola shares

Trading venue	% of euro-denominated trading in Q1–3/2012
NASDAQ OMX	73.62
BATS Chi-X CXE (Chi-X)	19.15
BATS Chi-X BXE (Bats)	4.46
Turquoise	2.70
Burgundy	0.04
EuroNext Arca	0.01

Source: NASDAQ OMX Helsinki, Fidessa

Events after the balance sheet date

OP-Pohjola Group capital adequacy on a solid basis indicated by EBA exercise

As announced in early October, OP-Pohjola Group continues to show markedly larger capital buffers (Core Tier 1 ratio of over 9%) than those required by the European Banking Authority (EBA). Accordingly, no measures to enhance the capital base are required of OP-Pohjola Group. OP-Pohjola Group has both a high Core Tier 1 ratio and low exposure to sovereign debt.

Given that Pohjola Bank plc is part of OP-Pohjola Group operating under the principle of joint liability, its data are included in the test results.

Pohjola to redeem Upper Tier 2 perpetual subordinated notes

With permission issued by the Finnish Financial Supervisory Authority on 19 October, Pohjola Bank plc will redeem Upper Tier 2 perpetual subordinated notes of €150 million and £100 million.

The redemptions will reduce Pohjola Group's September-end capital adequacy ratio (pro forma) under the Act on Credit Institutions by 2.0 percentage points and that under the Act on the Supervision of Financial and Insurance Conglomerates by 0.22. The redemptions will have no effect on the Core Tier 1 and Tier 1 ratios.

Pohjola updates its strategy

On 31 October 2012, Pohjola's Board of Directors adopted Pohjola Group's updated strategy and revised financial targets.

The strategic theme is entitled "Value and efficiency through integration". The updated strategy highlights the following: improving customer experience, seeking more targeted growth in order to improve return on capital, making more efficient use of OP-Pohjola Group's competitive advantages and strengths, improving efficiency and increasing capital adequacy ratios.

Banking will concentrate on deepening customer relationships by focusing growth on business and products with high capital efficiency. Non-life Insurance aims to continue its successful cross-selling and improve efficiency. Within Asset Management, the key objective is to raise investment returns of OP Mutual Funds to a competitive level and to intensify OP-Pohjola Group's integration.

Pohjola's mission, vision and core values have remained unchanged. Pohjola's mission is to promote the sustainable prosperity, security and wellbeing of its customers. Pohjola's vision is to be the most preferred financial services partner and the key objectives include increasing company value and strengthening the market position profitably. Pohjola's core values are a People-first Approach, Responsibility and Prospering Together.

Pohjola provides its corporate and institutional customers with a diverse range of top-quality banking, asset management and non-life insurance services, and private individuals with an extensive range of non-life insurance and private banking services.

Pohjola is in close interaction with its customers, knowing customer needs and risks and creating solutions ideal for customers. It builds customer relationships on a long-term basis with the aim of establishing total customer relationships.

Finland and its neighbouring regions constitute Pohjola's key market area where Pohjola invests in the development of its service network. In other market areas, Pohjola's service capabilities are based on cooperation with high-profile local or international partners.

As part of OP-Pohjola Group, Pohjola has the most extensive and diversified service network within the sector and the largest clientele in Finland. OP-Pohjola Group's logo is the most recognisable one in the Finnish financial sector. Pohjola secures business continuity by maintaining a strong capital base. Joint liability with OP-Pohjola Group's member credit institutions strengthens Pohjola's creditworthiness.

Highly skilled and motivated employees are a prerequisite for providing comprehensive solutions and the best service within the sector. Pohjola enhances its intellectual capital systematically as part of business development.

Revised financial targets

The Board of Directors also adopted the Group's new financial targets aiming at higher profitability and efficiency and a stronger capital base.

Pohjola abandoned its target for the return on equity (13.0%) calculated at fair value and set a new return-on-equity target at 13.0% calculated on earnings after tax. It raised its capital adequacy target by replacing the Tier 1 ratio target of 9.5% with the Core Tier 1 ratio target of 11%. Pohjola also revised its dividend policy in such a way that it aims to distribute a minimum of 50% of its earnings for the financial year in dividends, provided that Core Tier 1 remains at least 10% (previously: Tier 1 ratio of at least 9.5%).

Pohjola set a target level for its total expenses: the Group's total expenses at the end of 2015 will be at the same level as at the end of 2012. It also revised down the operating cost/income ratio target for Banking from 40% to 35% and for Asset Management from 50% to 45%. Pohjola revised the Non-life Insurance target for the operating combined ratio from 92% to less than 92% and for the operating expense ratio from 20% to 18%. The financial targets are set over the economic cycle, with the exception of the target for total expenses.

Financial targets over the economic cycle

	Target	Q1–3/12	2011
Group			
Return on equity, %	13.0	11.7	9.2
Core Tier 1 ratio, %	>= 11	10.7	10.3
Banking			
Operating cost/income ratio, %	< 35	35.0	35.0
Non-life Insurance			
Operating combined ratio, %	<92.0	89.0	89.8
Operating expense ratio, %	18	21.8	21.8
Solvency ratio, %	70	85.0	77.0
Asset Management			
Operating cost/income ratio, %	< 45	54.0	49.0

In addition, Pohjola still aims at an AA credit rating affirmed by at least two credit rating agencies or at credit ratings that are at least at the level of its main competitors.

Outlook towards the year end

Within Banking, the loan portfolio is expected to continue to grow during the rest of 2012. For the year as a whole, the loan portfolio is expected to grow at the same rate as in 2011 when the rate was 9%. The average corporate loan portfolio 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 for the full year 2012 is estimated to vary between 89% and 92% (previously 89–94) 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 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	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Net interest income	3	63	65	201	205
Impairments of receivables	4	15	4	36	40
Net interest income after impairments		**48**	**60**	**165**	**165**
Net income from Non-life Insurance	5	107	76	338	296
Net commissions and fees	6	34	39	116	119
Net trading income	7	15	-24	60	-5
Net investment income	8	1	3	-1	17
Other operating income	9	10	10	29	30
Total income		**214**	**165**	**706**	**623**
Personnel costs		56	46	176	155
ICT costs		21	19	64	58
Depreciation/amortisation		12	14	38	42
Other expenses		46	40	148	124
Total expenses		**135**	**118**	**425**	**380**
Share of associates' profits/losses		0	1	1	2
Earnings before tax		**79**	**47**	**282**	**245**
Income tax expense		19	12	66	62
Profit for the period		**60**	**35**	**216**	**183**
Attributable to owners of the Parent		60	35	216	183
Total		**60**	**35**	**216**	**183**
Earnings per share (EPS), EUR					
Series A		0.20	0.12	0.68	0.58
Series K		0.17	0.09	0.65	0.55

Consolidated statement of comprehensive income

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Profit for the period	**60**	**35**	**216**	**183**
Change in fair value reserve				
Measurement at fair value	87	-170	307	-196
Cash flow hedge	6	22	17	16
Actuarial gains/losses on post-employment benefit obligations	1	-7	3	-10
Translation differences	0	0	0	0
Income tax on other comprehensive income				
Measurement at fair value	21	-44	75	-51
Cash flow hedge	2	6	4	4
Actuarial gains/losses on post-employment benefit obligations	0	-2	1	-3
Total comprehensive income for the period	**132**	**-80**	**464**	**42**
Total comprehensive income attributable to owners of the Parent	132	-80	464	42
Total	**132**	**-80**	**464**	**42**

Consolidated balance sheet

EUR million	Note	30 Sept 2012	31 Dec 2011
Cash and cash equivalents		6,784	4,247
Receivables from credit institutions		8,759	7,367
Financial assets at fair value through profit or loss			
Financial assets held for trading		251	170
Financial assets at fair value through profit or loss at inception		9	13
Derivative contracts		4,332	3,326
Receivables from customers		13,702	12,701
Non-life Insurance assets	12	3,631	3,256
Investment assets		5,039	7,341
Investment in associates		27	27
Intangible assets	13	919	920
Property, plant and equipment (PPE)		75	82
Other assets		1,833	1,572
Tax assets		46	87
Total assets		**45,408**	**41,111**
Liabilities to credit institutions		7,219	5,935
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		9	1
Derivative contracts		4,472	3,460
Liabilities to customers		10,049	8,025
Non-life Insurance liabilities	14	2,843	2,508
Debt securities issued to the public	15	13,775	15,179
Provisions and other liabilities		2,372	2,235
Tax liabilities		467	411
Subordinated liabilities		1,561	1,050
Total liabilities		**42,767**	**38,804**
Shareholders' equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	16	97	-149
Other reserves		1,093	1,093
Retained earnings		1,023	934
Total shareholders' equity		**2,641**	**2,306**
Total liabilities and shareholders' equity		**45,408**	**41,111**

Consolidated statement of changes in equity

EUR million	Share capital	Fair value reserve: Measure-ment at fair value	Fair value reserve: 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		-145	12	0	176	42
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 30 September 2011	**428**	**-151**	**5**	**1,093**	**901**	**2,276**

EUR million	Share capital	Fair value reserve: Measure-ment at fair value	Fair value reserve: 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		232	13	0	218	464
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 30 September 2012	**428**	**74**	**23**	**1,093**	**1,023**	**2,641**

Consolidated cash flow statement

EUR million	Q3/ 2012	Q3/ 2011
Cash flow from operating activities		
Profit for the period	216	183
Adjustments to profit for the period	278	225
Increase (-) or decrease (+) in operating assets	**-567**	**-3,841**
Receivables from credit institutions	-1,329	-1,594
Financial assets at fair value through profit or loss	226	-32
Derivative contracts	7	-12
Receivables from customers	-1,029	-224
Non-life Insurance assets	-667	-159
Investment assets	2,490	-972
Other assets	-265	-848
Increase (+) or decrease (-) in operating liabilities	**3,626**	**4,903**
Liabilities to credit institutions	1,258	1,033
Financial liabilities at fair value through profit or loss	8	52
Derivative contracts	5	30
Liabilities to customers	2,023	2,737
Non-life Insurance liabilities	198	180
Provisions and other liabilities	133	871
Income tax paid	-51	-79
Dividends received	29	39
A. Net cash from operating activities	**3,531**	**1,430**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	306	81
Acquisition of subsidiaries and associates, net of cash acquired	-2	-3
Proceeds from sale of investment securities		0
Purchase of PPE and intangible assets	-31	-22
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	**273**	**56**
Cash flow from financing activities		
Increases in subordinated liabilities	502	186
Decreases in subordinated liabilities	-1	-387
Increases in debt securities issued to the public	19,099	28,312
Decreases in debt securities issued to the public	-20,673	-28,941
Dividends paid	-129	-126
Other decreases in equity items	0	
C. Net cash used in financing activities	**-1,202**	**-955**
Net increase/decrease in cash and cash equivalents (A+B+C)	**2,602**	**530**
Cash and cash equivalents at period-start	**4,612**	**1,758**
Cash and cash equivalents at period-end	**7,213**	**2,288**
Cash and cash equivalents		
Liquid assets*	6,791	1,794
Receivables from credit institutions payable on demand	422	495
Total	**7,213**	**2,288**

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

Segment information

Q3 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	5					5
Other operations		-3	1	9	0	8
Total	55	-3	1	9	0	63
Net commissions and fees	19	6	11	0	-1	34
Net trading income	14		0	-1	2	15
Net investment income	0		0	1		1
Net income from Non-life Insurance						
From insurance operations		73				73
From investment operations		46			-1	45
From other items		-11				-11
Total		108			-1	107
Other operating income	5	3	0	4	-2	10
Total income	**93**	**113**	**12**	**12**	**-2**	**229**
Personnel costs	17	31	4	4		56
ICT costs	6	12	1	1	0	21
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	2	0	0		6
Other expenses	8	35	2	3	-2	46
Total expenses	**35**	**86**	**7**	**8**	**-2**	**135**
Earnings/loss before impairment of receivables	**57**	**27**	**5**	**4**	**0**	**94**
Impairments of receivables	15			0		15
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**42**	**27**	**5**	**4**	**0**	**79**
Change in fair value reserve	4	46	0	44	0	94
Actuarial gains/losses on post-employment benefit obligations	1			0		1
Total comprehensive income for the period, before tax	**47**	**74**	**5**	**48**	**0**	**174**

Q3 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	16					16
Other operations		-1	1	5	1	6
Total	59	-1	1	5	1	65
Net commissions and fees	24	5	11	-1	-1	39
Net trading income	-16		0	-5	-3	-24
Net investment income	0		0	3		3
Net income from Non-life Insurance						
From insurance operations		105				105
From investment operations		-20			3	-17
From other items		-12				-12
Total		73			3	76
Other operating income	6	1	1	3	-2	10
Total income	**74**	**79**	**12**	**6**	**-2**	**170**
Personnel costs	12	28	4	2		46
ICT costs	6	11	1	2	0	19
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	5	2	0	0		8
Other expenses	7	30	2	2	-2	40
Total expenses	**30**	**77**	**7**	**7**	**-2**	**118**
Earnings/loss before impairment of receivables	**44**	**3**	**5**	**-1**	**0**	**51**
Impairments of receivables	1			4		4
Share of associates' profits/losses		0	1		0	1
Earnings before tax	**43**	**3**	**6**	**-4**	**0**	**47**
Change in fair value reserve	-9	-62	0	-78	0	-148
Actuarial gains/losses on post-employment benefit obligations	-4			-2		-7
Total comprehensive income for the period, before tax	**30**	**-59**	**6**	**-84**	**0**	**-108**

Q1–3 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	148					148
Markets	24					24
Other operations		-6	2	31	2	29
Total	172	-6	2	31	2	201
Net commissions and fees	68	17	35	-2	-3	116
Net trading income	51	0	0	5	5	60
Net investment income	0		0	-1		-1
Net income from Non-life Insurance						
From insurance operations		278				278
From investment operations		98			-4	94
From other items		-34				-34
Total		342			-4	338
Other operating income	14	3	1	15	-5	29
Total income	**305**	**357**	**39**	**47**	**-5**	**743**
Personnel costs	49	103	13	11		176
ICT costs	20	37	2	4	0	64
Amortisation on intangible assets related to company acquisitions		16	2			18
Other depreciation/amortisation and impairments	11	7	1	1		20
Other expenses	27	112	6	9	-6	148
Total expenses	**107**	**275**	**23**	**25**	**-5**	**425**
Earnings/loss before impairment of receivables	**198**	**82**	**16**	**22**	**0**	**317**
Impairments of receivables	34			2		36
Share of associates' profits/losses		0	1		0	1
Earnings before tax	**163**	**82**	**17**	**20**	**0**	**282**
Change in fair value reserve	4	152	0	169	-1	324
Actuarial gains/losses on post-employment benefit obligations	3			1		3
Total comprehensive income for the period, before tax	**169**	**234**	**17**	**190**	**-1**	**609**

Q1–3 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	130					130
Markets	46					46
Other operations		-2	2	27	2	28
Total	176	-2	2	27	2	205
Net commissions and fees	74	15	37	-2	-3	119
Net trading income	1		0	-5	-1	-5
Net investment income	1		0	16		17
Net income from Non-life Insurance						
From insurance operations		287				287
From investment operations		42			1	43
From other items		-35				-35
Total		295			1	296
Other operating income	20	4	2	10	-4	30
Total income	**272**	**311**	**40**	**45**	**-6**	**663**
Personnel costs	42	92	13	9		155
ICT costs	20	33	2	5	-1	58
Amortisation on intangible assets related to company acquisitions		16	2			18
Other depreciation/amortisation and impairments	16	6	1	1		24
Other expenses	23	93	5	7	-5	124
Total expenses	**100**	**241**	**22**	**22**	**-5**	**380**
Earnings/loss before impairment of receivables	**172**	**71**	**18**	**23**	**0**	**283**
Impairments of receivables	36	0		3		40
Share of associates' profits/losses		0	2		0	2
Earnings before tax	**135**	**71**	**19**	**20**	**0**	**245**
Change in fair value reserve	-9	-92	0	-79	-1	-180
benefit obligations	-7			-3		-10
Total comprehensive income for the period, before tax	**120**	**-21**	**19**	**-62**	**-1**	**55**

Balance sheet 30 Sept 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	13,486			382	-166	13,702
Receivables from credit institutions	405	5	2	15,146	-16	15,543
Financial assets at fair value through profit or loss	362			-102		260
Non-life Insurance assets		3,838			-207	3,631
Investment assets	383	16	20	4,629	-9	5,039
Investments in associates		2	25			27
Other assets	4,929	780	115	1,418	-36	7,205
Total assets	**19,565**	**4,641**	**162**	**21,474**	**-434**	**45,408**
Liabilities to customers	5,600			4,588	-139	10,049
Liabilities to credit institutions	1,199			6,186	-166	7,219
Non-life Insurance liabilities		2,859			-16	2,843
Debt securities issued to the public				13,843	-68	13,775
Subordinated liabilities		50		1,511		1,561
Other liabilities	5,287	71	13	1,992	-43	7,320
Total liabilities	**12,087**	**2,981**	**13**	**28,120**	**-433**	**42,767**
Shareholders' equity						**2,641**
Average personnel	758	2,378	160	129		3,425
Capital expenditure, EUR million	12	17	0	1		30

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

Notes

Note 1. Accounting policies

The Interim Report for 1 January–30 September 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 Q1−3/2012 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 30 Sept 2011			
Assets			
Other assets	2,064	2,033	-32
Tax assets	103	103	0
Liabilities			
Provisions and other liabilities	2,686	2,687	1
Tax liabilities	454	446	-8
Shareholders' equity			
Retained earnings	926	901	-24
Income statment Q1–3/2011			
Personnel costs	156	155	0
Income tax expense	62	62	0
Statement of comprehensive income Q1–3/2011			
Actuarial gains/losses on post-employment benefit obligations		-10	-10
Income tax on actuarial gains/losses on post-employment benefit obligations		-3	-3

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	30 Sept 2012	31 Dec 2011
Non-life Insurance		
Non-life Insurance net assets	1,660	1,490
Net tax liabilities for the period	-39	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	-3	-5
Intangible assets	749	756

EUR million	30 Sept 2012	30 Sept 2011	31 Dec 2011
Changes in reserving bases and other non-recurring items			
Increase in technical provisions related to higher life expectancy			-27
Change in discount rate	-52		-32

Note 3. Net interest income

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Loans and other receivables	83	97	268	273
Receivables from credit institutions and central banks	21	40	77	106
Notes and bonds	48	62	162	178
Derivatives (net)				
Derivatives held for trading	15	2	41	22
Derivatives under hedge accounting	12	-6	27	-14
Liabilities to credit institutions	-23	-25	-70	-64
Liabilities to customers	-10	-16	-35	-35
Debt securities issued to the public	-65	-76	-215	-225
Subordinated debt	-16	-8	-46	-23
Hybrid capital	-2	-3	-8	-8
Financial liabilities held for trading	0	0	0	0
Other (net)	0	0	0	-1
Net interest income before fair value adjustment under hedge accounting	**63**	**66**	**202**	**209**
Hedging derivatives	58	-93	141	-93
Value change of hedged items	-58	92	-141	88
Total net interest income	**63**	**65**	**201**	**205**

Note 4. Impairments of receivables

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Receivables eliminated as loan or guarantee losses	0	43	33	46
Receoveries of eliminated receivables	0	0	-2	-1
Increase in impairment losses	16	20	40	60
Decrease in impairment losses	-1	-58	-35	-66
Total impairments of receivables	**15**	**4**	**36**	**40**

Note 5. Net income from Non-life Insurance

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Net insurance premium revenue				
Premiums written	218	196	1,004	930
Insurance premiums ceded to reinsurers	-3	-4	-44	-52
Change in provision for unearned premiums	90	83	-120	-121
Reinsurers' share	-11	-9	4	15
Total	**294**	**266**	**843**	**773**
Net Non-life Insurance claims				
Claims paid	173	173	579	526
Insurance claims recovered from reinsurers	-3	-13	-34	-28
Change in provision for unpaid claims	58	-10	12	-35
Reinsurers' share	-7	11	9	23
Total	**222**	**161**	**566**	**486**
Net investment income, Non-life Insurance				
Interest income	15	15	46	47
Dividend income	3	3	24	29
Investment property	0	2	4	4
Capital gains and losses				
Notes and bonds	8	3	22	-5
Shares and participations	21	-9	11	1
Loans and receivables		0	-2	0
Investment property	0	0	0	0
Derivatives	-6	-16	-10	-10
Fair value gains and losses				
Notes and bonds	1	-15	-2	-16
Shares and participations	-2	-1	-6	-9
Loans and receivables	0	0	0	-1
Investment property	2	1	2	1
Derivatives	2	-1	1	-1
Other	1	1	3	4
Total	**45**	**-17**	**94**	**43**
Unwinding of discount	-11	-12	-34	-35
Other	0	0	0	0
Total net income from Non-life Insurance	**107**	**76**	**338**	**296**

Note 6. Net commissions and fees

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Commission income				
Lending	8	8	30	26
Payment transfers	4	4	11	10
Securities brokerage	4	7	15	24
Securities issuance	0	2	6	6
Asset management and legal services	13	13	40	41
Insurance operations	6	5	17	15
Guarantees	4	4	13	12
Other	1	2	4	4
Total commission income	**40**	**45**	**136**	**139**
Commission expenses				
Payment transfers	1	0	2	1
Securities brokerage	2	2	5	8
Securities issuance	2	0	6	4
Asset management and legal services	2	2	5	5
Other	1	1	2	2
Total commission expenses	**6**	**5**	**20**	**20**
Total net commissions and fees	**34**	**39**	**116**	**119**

Note 7. Net trading income

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	2	5	10	1
Shares and participations	0	0	0	0
Derivatives	10	-24	12	-17
Fair value gains and losses				
Notes and bonds	0	2	-1	4
Shares and participations	0	0	0	0
Derivatives	-2	-3	31	11
Financial assets and liabilities at fair value through profit or loss				
Capital gains and losses				
Notes and bonds			-1	
Fair value gains and losses				
Notes and bonds	0	-1	1	0
Net income from foreign exchange operations	4	-3	7	-4
Total net trading income	**15**	**-24**	**60**	**-5**

Note 8. Net investment income

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	20	2	14	10
Shares and participations				0
Dividend income	0	4	4	10
Impairments		-1	0	-1
Carried at amortised cost				
Capital gains and losses	-19	-2	-19	-1
Total	**1**	**3**	**-1**	**18**
Investment property	0	0	0	0
Total net investment income	**1**	**3**	**-1**	**17**

Note 9. Other operating income

EUR million	Q3/ 2012	Q3/ 2011	Q1–3/ 2012	Q1–3/ 2011
Central banking service fees	2	2	6	6
Realisation of repossessed items		0		0
Rental income from assets rented under operating lease	3	5	9	14
Other	5	3	13	10
Total	**10**	**10**	**29**	**30**

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	6,784					6,784
Receivables from credit institutions and central banks	8,759					8,759
Derivative contracts			3,965		367	4,332
Receivables from customers	13,702					13,702
Non-life Insurance assets**	626		120	2,886		3,631
Notes and bonds***		344	260	4,588		5,191
Shares and participations			0	82		82
Other receivables	2,900		26			2,925
Total 30 September 2012	**32,771**	**344**	**4,370**	**7,556**	**367**	**45,408**
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		7,219		7,219
Financial liabilities held for trading (excl. derivatives)	9			9
Derivative conctracts	4,088		384	4,472
Liabilities to customers		10,049		10,049
Non-life Insurance liabilities	1	2,842		2,843
Debt instruments issued to the public		13,775		13,775
Subordinated liabilities		1,561		1,561
Other liabilities		2,839		2,839
Total 30 September 2012	**4,098**	**38,285**	**384**	**42,767**
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 30 September 2012, notes and bonds included EUR 9 million (13) in notes and bonds recognised using the fair value option.

Debt securities issued to the public are carried at amortised cost. On 30 September 2012, the fair value of these debt instruments was EUR 225 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 values are higher 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 30 September 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	115	145		260
Non-life Insurance		5	6	11
Derivative financial instruments				
Banking	10	4,298	24	4,332
Non-life Insurance	2	1		3
Available-for-sale				
Banking	3,762	892	16	4,670
Non-life Insurance	1,868	756	263	2,886
Total	**5,757**	**6,096**	**309**	**12,162**

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 30 September 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	3	6		9
Derivative financial instruments				
Banking	24	4,348	100	4,472
Non-life Insurance	1	0		1
Total	**28**	**4,355**	**100**	**4,482**

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 108 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	30 Sept 2012	31 Dec 2011
Investments		
Loans and other receivables	107	141
Shares and participations	397	435
Property	106	98
Notes and bonds	2,037	1,562
Derivatives	3	0
Other participations	463	568
Total	**3,112**	**2,805**
Other assets		
Prepayments and accrued income	37	36
Other		
From direct insurance	313	262
From reinsurance	123	121
Cash in hand and at bank	7	6
Other receivables	38	26
Total	**519**	**451**
Total Non-life insurance assets	**3,631**	**3,256**

Note 13. Intangible assets

EUR million	30 Sept 2012	31 Dec 2011
Goodwill	519	519
Brands	172	172
Customer relationships	137	155
Other	91	74
Total	**919**	**920**

Note 14. Non-life Insurance liabilities

EUR million	30 Sept 2012	31 Dec 2011
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,203	1,155
Other provision for unpaid claims	785	789
Total	1,989	1,944
Provision for unearned premiums	542	422
Derivatives	1	1
Other liabilities	311	141
Total	**2,843**	**2,508**

Note 15. Debt securities issued to the public

EUR million	30 Sept 2012	31 Dec 2011
Bonds	7,771	6,769
Certificates of deposit, commercial papers and ECPs	5,834	8,113
Other	171	297
Total	**13,775**	**15,179**

Note 16. Fair value reserve after income tax

EUR million	30 Sept 2012	31 Dec 2011
Loans and other receivables		
Reclassified notes and bonds	-2	-4
Available-for-sale financial assets		
Notes and bonds	15	-162
Equities and mutual funds with equity risk	42	7
Other funds	19	0
Derivatives		
Cash flow hedge	23	10
Total	**97**	**-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 127 million (–197) and the related deferred tax liability amounted to EUR 31 million (deferred tax asset of 48). On 30 September, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 92 million (66) and negative mark-to-market valuations EUR 12 million (58). In January–September, impairment charges recognised from the fair value reserve in the income statement totalled EUR 4 million (19), of which equity instruments accounted for EUR 3 million (2).

Note 17. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	30 Sept 2012	31 Dec 2011	Change
1–2	2.4	2.3	0.1
3–5	11.9	11.6	0.3
6–7	5.9	5.1	0.8
8–9	1.9	1.9	0.0
10	0.2	0.1	0.1
11–12	0.3	0.3	0.0
Non-rated	0.2	0.2	0.0
Total	**22.9**	**21.6**	**1.4**

* excl. private customers

Sensitivity analysis of market risk

			30 Sept 2012		31 Dec 2011	
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	6		4	
Currency risk	Market value	20 percentage points	3		8	
Volatility risk						
Interest-rate volatility	Volatility	20 percentage points	2		1	
Currency volatility	Volatility	10 percentage points	0		0	
Credit risk premium*	Credit spread	0.5 percentage points	2	6	1	5

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 30 Sept 2012, EUR million	Change in risk parameter	Effect on combined ratio	Effect on share-holders' equity, EUR million
Insurance portfolio or insurance premium revenue*	1,094	Up 1%	Up 1 percentage points	11
Claims incurred*	841	Up 1%	Down 0.8 percentage points	-8
Major loss of over EUR 5 million		1 loss	Down 0.5 percentage points	-5
Personnel costs*	130	Up 8%	Down 1 percentage points	-10
Expenses by function*/**	317	Up 4%	Down 1.2 percentage points	-13
Inflation for collective liability	542	Up 0.25 percentage points	Down 0.3 percentage points	-4
Life expectancy for discounted insurance contract liability	1,483	Up 1 year	Down 3.1 percentage points	-34
Discount rate for discounted insurance contract liability	1,483	Down 0.1 percentage point	Down 1.6 percentage points	-17

* 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 30 Sept 2012	%	Fair value 31 Dec 2011	%
Money market instruments	93	3 %	99	3 %
Bonds and bond funds	2,416	75 %	1,999	70 %
Public sector	533	17 %	675	24 %
Financial institutions	947	29 %	502	18 %
Corporate	613	19 %	434	15 %
Bond funds	316	10 %	383	13 %
Other	7	0 %	6	0 %
Equities	247	8 %	287	10 %
Private equity investments	99	3 %	91	3 %
Alternative investments	90	3 %	132	5 %
Real property	281	9 %	254	9 %
Total	**3,226**	**100 %**	**2,863**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 30 September 2012*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	31	169	320	204	111	72	907	38 %
Aa1−Aa3	105	52	117	26	11	25	337	14 %
A1−A3	34	206	235	74	32	1	582	24 %
Baa1−Baa3	22	117	85	95	41	24	383	16 %
Ba1 or lower	22	103	33	22	8	10	199	8 %
Internally rated	0	0	1		0		1	0 %
Total	**214**	**646**	**792**	**421**	**203**	**133**	**2,410**	**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 30 Sept 2012	31 Dec 2011
Bonds and bond funds1)	Interest rate	1 percentage point	84	84
Equities 2)	Market value	20 percentage points	59	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	28	25
Currency	Value of currency	20 percentage points	51	39
Credit risk premium 3)	Credit spread	0.5 percentage points	43	42
Derivatives 4)	Volatility	10 percentage points	4	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	30 Sept 2012	31 Dec 2011	Change
1–2	18.2	14.9	3.3
3–5	2.9	4.7	-1.8
6–7	0.1	0.3	-0.2
8–9	0.1	0.1	0.1
10	0.0	0.1	-0.1
11–12		0.0	0.0
Non-rated	0.0	0.0	0.0
Total	**21.3**	**20.1**	**1.3**

Sensitivity analysis of market risk

Group Functions, EUR million	Risk parameter	Change	30 Sept 2012 Effect on results	30 Sept 2012 Effect on share-holders' equity	31 Dec 2011 Effect on results	31 Dec 2011 Effect on share-holders' equity
Interest-rate risk	Interest rate	1 percen-tage point	21		25	0
Interest-rate volatility	Volatility	20 percen-tage points	0		0	
Credit risk premium*	Credit spread	0.5 percen-tage points		78	0	116
Price risk						
Equity portfolio	Market value	20 percen-tage points		1		1
Private equity funds	Market value	20 percen-tage points		4		5
Property risk	Market value	10 percen-tage 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 30 September 2012, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	6,876	725	731	412	773	22	9,539	62 %
Aa1−Aa3	87	213	177	232	248		956	6 %
A1−A3	187	443	244	6	28	1	909	6 %
Baa1−Baa3	164	249	143	2	8		566	4 %
Ba1 or lower	53	31	34	19	28	0	165	1 %
Internally rated**	606	698	873	331	239	491	3,238	21 %
Total	**7,973**	**2,359**	**2,202**	**1,002**	**1,324**	**513**	**15,373**	**100 %**

* incl. deposits with the central bank
** PD </= 0.40%
The liquidity buffer's (excl. deposits with the central bank) residual term to maturity averages 4.6 years.

Note 21. Capital base and capital adequacy

EUR million	30 Sept 2012	31 Dec 2011
Tier 1 capital		
Equity capital	2,641	2,306
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-19	112
Fair value reserve, transfer to Tier 2	6	136
Core Tier 1 capital before deductions and hybrid capital	**2,628**	**2,554**
Intangible assets	-177	-171
Excess funding of pension liability and fair value measurement of investment property and deferred tax assets on previous losses	-11	-8
Dividend distribution proposed by Board of Directors		-129
Planned dividend distribution	-108	
Investments in insurance companies and financial institutions	-704	-704
Shortfall of impairments – expected losses	-55	-56
Core Tier 1 capital	**1,573**	**1,486**
Hybrid capital	274	274
Shortfall of Tier 2 capital		-238
Tier 1 capital	**1,847**	**1,521**
Tier 2 capital		
Fair value reserve	-29	-146
Perpetual bonds	299	294
Debenture loans	873	375
Investments in insurance companies and financial institutions	-704	-704
Shortfall of impairments – expected losses	-55	-56
Transfer to Tier 1 capital		238
Tier 2 capital	**384**	
Total capital base	**2,231**	**1,521**
Deductions from Tier 1 and 2 capital		
Investments in insurance companies and financial institutions	-1,407	-1,408
Impairments – shortfall of expected losses	-110	-112
Total	**-1,518**	**-1,521**

Risk-weighted assets		
Credit and counterparty risk		
Central government and central banks exposure	28	170
Credit institution exposure	1,135	1,434
Corporate exposure	10,607	9,804
Retail exposure	592	468
Other	688	1,014
Market risk	654	606
Operational risk	1,020	913
Total	**14,724**	**14,409**
Core Tier 1 ratio, %	**10.7**	**10.3**
Tier 1 ratio, %	**12.5**	**10.6**
Capital adequacy ratio, %	**15.2**	**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 as well as equity investments. Pohjola has used the Standardised Approach (SA) to measure credit risk for government exposures.

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions stood at 15.1% and Tier 1 ratio at 15.1%.

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

EUR million	30 Sept 2012	31 Dec 2011
Pohjola Group's equity capital	2,641	2,306
Hybrid instruments, perpetual bonds and debenture bonds	1,496	992
Other sector-specific items excluded from capital base	-161	-2
Goodwill and intangible assets	-872	-869
Equalisation provision	-219	-266
Proposed profit distribution	-108	-129
Items under IFRS deducted from capital base*	-47	-28
Shortfall of impairments – expected losses	-110	-112
Conglomerate's capital base, total	**2,619**	**1,891**
Regulatory capital requirement for credit institutions**	1,178	1,153
Regulatory capital requirement for insurance operations*	201	186
Conglomerate's total minimum capital requirement	**1,379**	**1,339**
Conglomerate's capital adequacy	**1,240**	**552**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.90**	**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 2.01.

Note 23. Collateral given

EUR million	30 Sept 2012	31 Dec 2011
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	4,468	6,832
Other	551	492
Total collateral given	**5,019**	**7,325**
Total collateralised liabilities	**672**	**765**

Note 24. Off-balance-sheet commitments

EUR million	30 Sept 2012	31 Dec 2011
Guarantees	1,041	1,004
Other guarantee liabilities	1,312	1,303
Loan commitments	5,042	4,952
Commitments related to short-term trade transactions	474	225
Other	304	359
Total off-balance-sheet commitments	**8,173**	**7,844**

Note 25. Derivative contracts

30 Sept 2012, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	46,305	91,128	38,200	175,634	4,147	4,104
Currency derivatives	19,085	2,594	530	22,209	389	359
Equity and index derivatives	252	964	6	1,222	48	0
Credit derivatives	119	94	15	228	6	1
Other derivatives	186	634	45	865	37	46
Total derivatives	**65,947**	**95,414**	**38,796**	**200,157**	**4,628**	**4,511**

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	49,703	94,395	39,747	183,845	2,777	2,939
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	239	360	22	621	27	26
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 30 September 2012, the Group Functions commitments to venture capital funds amounted to EUR 7 million and Non-Life Insurance commitments to EUR 115 million. They are included in the section 'Off-balance-sheet

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, 31 October 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 31 October 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:
FI: 09 23 11 328
US: 1 86 6682 8490
UK: 08 445 718 957
International: +44 (0) 1452 555131
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 31 October, starting at noon.

Capital Markets Day 2012

Pohjola will hold its Capital Markets Day for analysts and investors in London on Wednesday, 21 November 2012. The event will cover Pohjola's updated strategy and financial targets. It can also be viewed as live webcast via the internet. More information on the CMD can be found at www.pohjola.com > Investor Relations.

Financial reporting in 2013

Schedule for Financial Statements Bulletin for 2012 and Interim Reports in 2013:

Financial Statements Bulletin 2012	6 February 2013
Interim Report Q1/2013	2 May 2013
Interim Report H1/2013	31 July 2013
Interim Report Q1−3/2013	30 October 2013

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NASDAQ OMX Helsinki Ltd
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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