OP-Pohjola Group´s

Interim Report for

1 January–31 March 2014

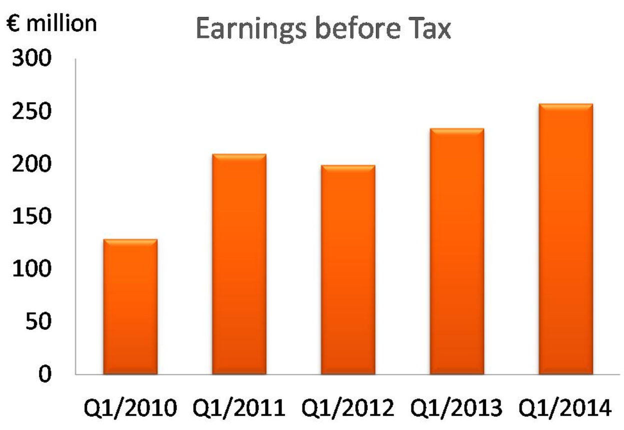
OP-Pohjola Group with a strong start to 2014

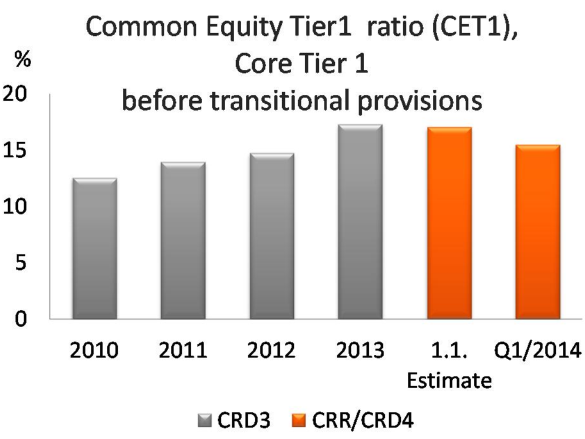
- OP-Pohjola Group's earnings before tax for the first quarter of 2014 were EUR 257 million (234). This was the second-best result reported ever for any quarter.
- All three business segments improved their year-on-year earnings. Banking's earnings before tax increased by 64%, those of Wealth Management by 18% and those of Non-life Insurance by 12%.
- Net interest income continued growing, being 17% higher than a year ago. Total income increased by 7%.
- Expenses excluding direct expenses caused by the purchase of Pohjola Bank plc shares increased by 3.7%.
- Common Equity Tier 1 (CET1) ratio was 15.5 %. Capital adequacy decreased as a result of the purchase of Pohjola Bank plc shares.
- The Group's loan portfolio increased by 3.7% in the year to March, deposits by 3.5%, mutual fund assets by 12% and Non-life Insurance premium revenue by 8%.
- The number of joint banking and non-life insurance customers increased by 93,000 in the year to March.
- The number of OP-mobile users increased during the first quarter by 21% to 368,000.
- Earnings before tax 2014 are expected to be higher than in 2013. For more details, see " Outlook towards the year end" below.
- OP-Pohjola Group Central Cooperative published a plan on 6 February 2014 to increase its ownership of Pohjola Bank plc shares to 98%, and reached this figure in late April. For more details about the purchase of Pohjola Bank plc shares and its effects, see "OP-Pohjola Group's tender offer for Pohjola Bank shares" below.

OP-Pohjola Group's key indicators

	Q1/2014	Q1/2013	Change %	Q1–Q4/2013
Earnings before tax, EUR million	257	234	10,0	701
Banking	160	98	63,5	404
Non-life Insurance	62	56	12,3	166
Wealth Management	67	57	18,2	113
Returns to owner-members and OP bonus customers	49	48	2,8	193
	31 Mar 2014	**31 Mar 2013**	**Change %**	**31 Dec 2013**
Common Equity Tier 1 (CET1) ratio, % / Core Tier 1**	15.5	14.6		17.3
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)	2.00	1.85		1.90
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio , %	0.41	0.51	-0.10*	0.42
Joint banking and insurance customers (1,000)	1,535	1,442	6.5	1,518

* Change in ratio
** The comparatives are presented based on the regulatory framework effective before 1 January 2014.





Comments on Q1/2014 by Reijo Karhinen, Executive Chairman and CEO

OP-Pohjola Group had a very strong start to 2014. The first quarter was historically good and eventful quarter both in terms of our earnings and the development of our structure. Banking improved its earnings significantly and Non-life Insurance and Wealth Management improved their earnings too. At the same time, delisting Pohjola shares has fully proceeded as planned.

Exceptionally strong growth in our volumes reported in recent years lies behind our good first-quarter earnings. During the last three years, growth of our Banking has annually accounted for half of the growth in the entire sector. The strongly increased deposit and loan portfolios are now generating better net interest income and earnings. At the same time, however, it must be noted that the growth rate of total loans has rapidly slowed down in the financial sector in recent months. The caution of companies in fixed investments that has continued for quite a long time now also spread to households during the reporting period. The early 1990s were the last time when the home loan market was as quiet as it is now.

Growth in expenses eroded our good earnings performance. In addition to volume growth, the growth in expenses were affected by our active efforts in product and service development and several structural reforms that were underway and the resulting, mostly non-recurring expenses recognised. We will continue to make dedicated efforts to achieve our target at Group level that requires zero-growth in expenses. In addition, the predictable, slowing income generation as a result of weaker demand for loans will require tight cost control.

In addition to our good earnings performance, I am extremely satisfied with our progress in Non-life Insurance on a long-term basis. The most recent market share figures for this spring prove that we have managed to truly increase our market share in relation to our competitors. We have become a clear market leader, leaving the number two player behind with five percentage points. This is an excellent proof of the fact that rewarding our customers according to our customer promise bears fruit, and the number of joint banking and insurance customers is increasing.

We are now undergoing a major transformation within OP-Pohjola. Our strong belief in the future and customer ownership lies behind our major principled decisions made in February. Identifying our customers' changing needs and wishes is at the core of everything. We need to have the courage to challenge the past, structures while improving the awareness of digital technology and invest in the availability of services. OP-Pohjola has put smooth customer service on a daily basis and customer satisfaction at the core of all operations.

We will continue to simplify our structures, streamline our management system and improve our operational dynamics and efficiency through several development initiatives according to the statements that we published in early February. OP-Pohjola's new beginning aims at a transforming financial services group where customers have a stronger position and our competitiveness is better.

Economic and geopolitical uncertainty keeps the euro area and especially Finland in the grip. There is no reason to downplay challenges and the ongoing nervousness. The Finnish economy has, however, all conditions for a growth path. Finland should turn its deep crisis awareness into trust.
The persistent gloomy mood has made consumers and companies overly cautious.

Instead of the crisis awareness justifiably created during the autumn and winter, we now need trust and the inspiring spirit in Finland which will bring the economy back to its growth path. Finland only has a lot of untapped resources. The Finnish economic policy has moved in the right direction recently. This is the course that we must stay. Together with a slight recovery and new business initiatives, Finland can be taken on a growth path. All constructive initiatives for growth creation are welcome. Through our efforts at OP-Pohjola, we have proved that Finnish economic growth is not dependent on the availability of financing.

OP-Pohjola Group's Interim Report for 1 January–31 March 2014

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Operating environment

Confidence in the gradual world economic recovery remained positive during the first quarter although the Ukraine crisis, for example, added uncertainty. Cold temperatures in the US slowed economic growth temporarily. Based on preliminary information, the euro area continued to recover slowly.

The European Central Bank (ECB) kept its main refinancing rate at 0.25%. Based on its forward guidance, the ECB aims to keep market interest rates low. Tighter liquidity increased Euribor rates slightly. Euro-area government bond yield spreads continued to narrow.

The Finnish economy remained sluggish during the first quarter of 2014. Retail sales remained stagnant, industrial output decreased and unemployment increased. On the positive side, inflation decelerated. Home prices were stable but housing markets were slow.

World economic growth will strengthen in 2014. The Finnish economy will see a slight recovery led by exports but the crisis in Ukraine will pose a risk and make the outlook dimmer.

The ECB will continue to conduct its expansionary monetary policy and, if required, take extraordinary measures. The Euribor rates will remain low.

In the light of economic development, the combined volumes in the banking sector have shown a relatively steady growth. Insurance savings and mutual fund assets continued to increase strongly during the first quarter, whereas growth in total loans and deposits was much slower than the long-term average growth rate.

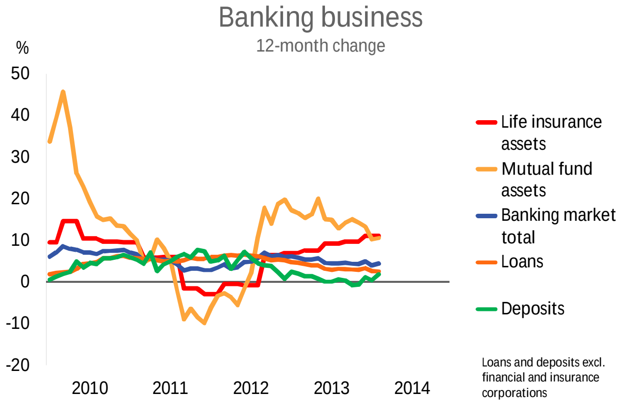
The monthly growth of total home loans came to a halt for the first time in over 15 years towards the end of 2013. The annual growth rate of the total home loans had slowed down to 2% at the end of February.

There are subtle signs of recovery in total corporate loans. The total corporate loans in the sector increased at an annual rate of 3% during the first quarter.

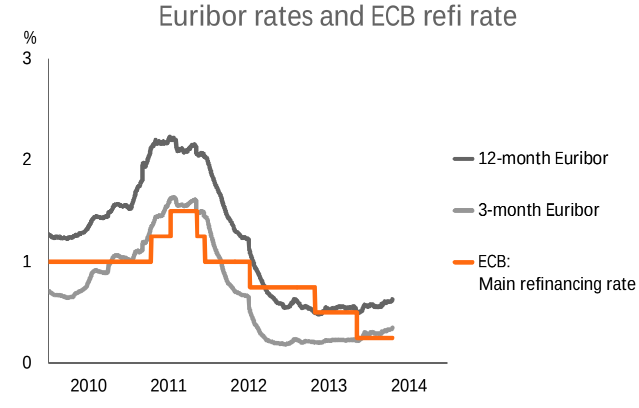
The total deposits in the sector did not increase in the first quarter from their 2013-end level. In particular, demand for term deposits remained very low. However, deposits in current accounts continued to grow at a swift rate of over 8%.

Net asset inflows to mutual funds continued to remain high during the first quarter although the Ukraine crisis was reflected in some funds. Long-term bond funds in particular made good progress but net asset inflows to equity funds were negative in the first quarter. Insurance savings continued to increase strongly thanks to unit-linked products.

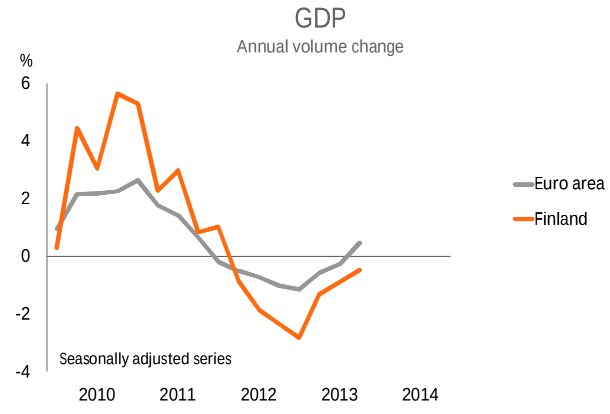
Non-life insurance premiums written increased at a steady annual rate of 5%. Claims paid out were higher in the first quarter than a year ago. Investment income was slightly lower than a year earlier.



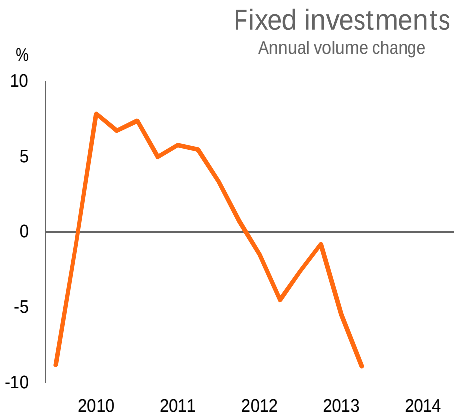
Sources: Bank of Finland, Federation of Finnish Financial Services, Investment Research Finland



Source: Bank of Finland



Sources: Eurostat, Statistics Finland



Source: Statistics Finland

OP-Pohjola Group's earnings analysis and some key balance sheet indicators

Earnings analysis, € million	Q1/2014	Q1/2013	Change %	Q4/2013	Change %	Q1–Q4/2013
Banking	160	98	63.5	87	83.4	404
Non-life Insurance	62	56	12.3	4		166
Wealth Management	67	57	18.2	15		113
Earnings before tax	**257**	**234**	**10.0**	**90**		**701**
Gross change in fair value reserve	-7	-25	-73.1	35		-39
Earnings before tax at fair value	**251**	**209**	**19.8**	**125**		**662**
Return on economic capital, % *)	15.5	14.9	0.6*			15.2
Return on economic capital at fair value, % *)	15.5	20.3	–4.7*			14.9
Income						
Net interest income	251	215	17.1	247	1.7	915
Net income from Non-life Insurance	151	143	5.9	96	57.0	524
Net income from Life Insurance	80	70	13.3	31		175
Net commissions and fees	198	185	6.7	166	19.4	694
Net trading and investment income	43	55	-21.2	46	-6.5	182
Other operating income	13	20	-33.0	25	-46.4	85
Other income, total	**485**	**473**	**2.6**	**364**	**33.3**	**1 660**
Total income	**737**	**688**	**7.1**	**611**	**20.5**	**2 575**
Expenses						
Personnel costs	195	211	-7.5	202	-3.3	791
Other administrative expenses	112	85	32.6	118	-4.3	384
Other operating expenses	113	102	10.5	119	-4.9	422
Total expenses	**420**	**398**	**5.7**	**438**	**-4.0**	**1 598**
Impairment loss on receivables	**10**	**9**	**18.3**	**34**	**-69.8**	**84**
Returns to owner-members and OP bonus customers						
Bonuses	46	45	3.2	47	-1.7	182
Interest on ordinary and supplementary cooperative capital	3	3	-2.4	2	47.7	11
Total returns	**49**	**48**	**2.8**	**49**	**0.4**	**193**

*) 12-month rolling, change in percentage

Other key indicators, € million	31 Mar 2014	31 Mar 2013	Change %	31 Dec 2013
Receivables from customers	68,392	65,979	3.7	68,142
Life Insurance assets	10,114	9,499	6.5	9,872
Non-life Insurance assets	3,771	3,706	1.8	3,479
Liabilities to customers	49,581	50,611	-2.0	50,157
Debt securities issued to the public	24,595	19,737	24.6	21,428
Equity capital	7,078	7,209	-1.8	7,724
Total assets	104,584	101,757	2.8	100,991
Tier 1 capital *)	6,461	5,470		5,902

Comparatives deriving from the income statement are based on figures reported for the corresponding period in 2013. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2013 are used as comparatives. Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.
* The comparatives are presented based on the regulatory framework effective before 1 January 2014.

January–March

OP-Pohjola Group's earnings before tax were EUR 257 million (234). This was the second-best quarterly result of all time in the Group's history. Earnings were improved especially because of higher net interest income and net commissions and fees and the fact that Non-life Insurance's premiums written grew at a higher rate than the claims expenditure. Wealth Management earnings before tax improved as a result of an increase in net investment income and net commissions and fees. However, the Group's performance was eroded by higher expenses.

Net interest income increased by 17% year on year as interest rates stabilised, the average level of loan portfolio margins increased and the loan portfolio grew. Compared with the previous quarter, the net interest income was almost 2% higher.

The Group's expenses increased by 5.7%. A non-recurring EUR 8 million expense related to the tender offer for Pohjola Bank plc shares was recognised under 'Other operating expenses' during the report period. Excluding these tender offer expenses, the Group's expenses would have risen by 3.7%.

Thanks to efficiency-enhancement measures and outsourcing of ICT services, the Group's personnel costs decreased by 7.5%. Outsourcing and the reform of related operating models, on the other hand, increased ICT costs.

Impairment losses recognised under various income statement items that reduced earnings amounted to EUR 22 million (30), of which EUR 10 million (9) concerned loans and receivables. Annualised net impairment loss on loans and receivables accounted for 0.06% (0.05) of the loan and guarantee portfolio.

Earnings before tax by Banking amounted to EUR 160 million (98). Banking's performance was supported by an increase in net interest income. Total expenses were EUR 6 million lower than a year ago owing to lower personnel costs.

The operating combined ratio of Non-life Insurance was 89.3% (92.4). Pre-tax earnings by Non-life Insurance increased year on year mainly as a result of growth of the balance on technical account. As a result of favourable claims developments, claims incurred increased more slowly than premiums written.

Earnings before tax by the Wealth Management segment improved as net commissions and fees and net investment income by Life Insurance increased year on year.

OP-Pohjola Group's fair value reserve before tax totalled EUR 403 million (409) at the end of the report period. Earnings before tax at fair value amounted to EUR 251 million (209).

Equity capital amounted to EUR 7.1 billion (7.7) on 31 March. Equity capital was increased by the reporting period's earnings, but reduced by profit distribution and the purchase of Pohjola Bank plc shares. The purchase of Pohjola Bank plc shares reduced the Group's equity capital by the end of March by EUR 765 million.

On 31 March, the ordinary cooperative capital contributions and supplementary cooperative capital contributions of the cooperative banks' owner-members totalled EUR 759 million (746).

OP-Pohjola Group had 4,256,000 customers in Finland at the end of March. The number of private customers totalled 3,822,000 and that of corporate customers 434,000. The number of joint banking and non-life insurance customers increased by 17,000 from its 2013-end level to 1,535,000, as a result of cross-selling.

Bonuses to owner-members and OP bonus customers recognised in the income statement increased by 3.2% year on year to EUR 46 million (45).

OP-Pohjola Group's long-term financial targets	31 Mar 2014	31 Mar 2013	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	2.00	1.85	1.6
Return on economic capital, % (12-month rolling)	15.5	14.9	20%
Growth differential between income and expenses, pps (within 3 years)	-8.2	-3.7	> 0

OP-Pohjola Group's tender offer for Pohjola Bank plc shares

The offer period of a public voluntary tender offer by OP-Pohjola Group Central Cooperative for Pohjola shares expired on 1 April 2014. The shares offered represent approximately 42.22% of all Pohjola shares and approximately 27.56% of the votes conferred by all Pohjola shares. The shares previously held by OP-Pohjola Group Central Cooperative – together with those acquired by OP-Pohjola Group on the market in February and March – has increased the Central Cooperative's ownership to approximately 94.05% of all Pohjola shares and approximately 96.78% of all votes conferred by the shares.

OP-Pohjola announced on 2 April 2014 that it had decided to complete the offer in accordance with its terms and conditions. The final result of the offer is that OP-Pohjola Group Central Cooperative owns more than 90% of all Pohjola shares and votes. All the other conditions for completing the offer had also been fulfilled.

In its stock exchange release on 2 April 2014, OP-Pohjola Group announced that it would extend the offer period by an extra offer period. According to the final results of the extra offer period, the shares tendered in the extra offer period represent approximately 4.36%of all Pohjola Bank shares and approximately 2.36% of all the votes conferred by the shares. The shares tendered during the extra offer period has increased OP-Pohjola's ownership to approximately

98.41%of all Pohjola Bank shares and approximately 99.14%of all votes conferred by the shares.

Since OP-Pohjola's ownership of Pohjola Bank will exceed nine-tenths (9/10) of all the shares and votes already after the execution of the trades of the shares tendered in the offer, OP-Pohjola intends to initiate compulsory redemption proceedings (squeeze-out) for the remaining shares in Pohjola under the Finnish Limited Liability Companies Act.

Pohjola Bank shares acquired after the reporting period is expected to reduce OP-Pohjola Group's CET1 by a further 4.2 percentage points. The purchase of Pohjola shares will affect capital adequacy as a whole at the end of June 2014.

Sale of profit shares in Group cooperative banks

OP-Pohjola Group raised its Common Equity Tier 1 (CET1) target to 18% in February 2014. Profit shares in the form of equity investments will play an important role in achieving this target. A profit share is, as stated in the OP-Pohjola Group Bylaws, an owner-member's voluntary capital contribution to the Group cooperative bank's equity.

The first Group cooperative banks began to sell profit shares towards the end of the report period, with a total of EUR 190 having been sold by 25 April 2014. New sales accounted for EUR 120 million of the total, while exchanging the old supplementary cooperative capital contributions to profit shares represented EUR 69 million. The sale of profit shares had been started by 111 Group cooperative banks by 25 April 2014.

Capital adequacy, risk exposure and credit ratings

Capital base and capital adequacy

On 31 March, OP-Pohjola Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates, exceeded the minimum amount specified in the Act by EUR 3,191 million (3,764). The buffer under the Act was reduced by the purchase of Pohjola Bank plc shares for EUR 765 million as part of the tender offer. On the other hand, the buffer was increased by the Group's earnings.

As a result of the financial crisis, the regulatory framework for banks' capital adequacy requirements became more rigorous in an effort to improve the quality of their capital base, to increase capital buffers, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes will take effect between 2014 and 2019. The most significant effects of the changes on OP-Pohjola Group's capital adequacy under the abovementioned Act will depend on the level of credit institutions' capital buffer requirements and the calculation method. The effect of the changes on capital adequacy specified in the Act on Credit Institutions is discussed in more detail below under Banking, Capital base and capital adequacy.

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 requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still in progress and will come into effect at the beginning of 2016. The rules and regulations will on the one hand increase capital requirements, and increase the capital base on the other, which will decrease on a net basis the capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates. According to the current estimate, capital adequacy under the Act will, however, remain on a solid basis.

OP-Pohjola Group estimates that its Non-life and Life Insurance businesses already completely fulfil the solvency capital requirement (SCR) under the proposed Solvency II framework.

Moving under ECB supervision

OP-Pohjola Group's credit institution will be subject to direct supervision by the ECB in November 2014 under the current plan. Owing to the transfer of responsibility concerning supervision, the ECB will conduct an extensive asset quality review (AQR) and stress test of OP-Pohjola Group as credit institution during 2014.

The AQRs and stress tests are in place to make European banks more transparent and to ensure that they have enough capital. A total of some 130 European banks take part in the new type of review carried out using uniform principles and a tight schedule. OP-Pohjola Group is the only Finnish bank taking part in the review.

Risk exposure

OP-Pohjola Group's risk exposure has remained stable. The Group has a strong risk-bearing capacity sufficient to secure business continuity.

No major changes occurred in credit risk exposure despite the poor economic development in Finland and the rest of the euro area. See below in the section dealing with business segments for details on the Banking risk exposure.

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

OP-Pohjola Group's funding and liquidity position is strong. The proportion of deposits of the loan portfolio remained stable in the report period. OP-Pohjola Group had good access to funding. For more information about the liquidity buffer, see the 'Other operations' segment.

OP-Pohjola Group's market risk exposure was within the set limits in the report period.

The interest rate risk by Banking measured as the effect of a 1-percentage point decrease on a 12-month net interest income decreased slightly. No significant changes occurred in the investment portfolio of Life Insurance. As a whole, the market risk of Life Insurance decreased from its level at the beginning of 2014. The risk exposure of Non-life Insurance's investment portfolio was reduced by reducing the equity risk.

No significant changes took place in the market risks related to the liquidity reserve presented under 'Other operations'.

Investment assets, € million	31 Mar 2014	31 Dec 2013	Change
Pohjola Bank plc	7,809	8,117	-308
Non-life Insurance	3,381	3,168	213
Life Insurance	3,671	3,545	126
Group member cooperative banks	902	950	-48
OP-Pohjola Group Mutual Insurance Company	399	396	3
Total	**16,162**	**16,174**	**-13**

Key risks associated with the Group's defined benefit pension plans relate to the discount rate for pension obligation and return on investment assets covering the pension obligation. An increase of EUR 56 million, resulting from net liabilities under the defined benefit pension plan, was recognised in other comprehensive income in the report period.

Credit ratings

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Fitch	F1	Stable	A+	Stable
Standard & Poor's	A-1+	Credit Watch Negative*	AA-	Credit Watch Negative*
Moody's	P-1	Stable	Aa3	Stable

* Rating put on review for a possible downgrade

The credit ratings of neither OP-Pohjola Group or Pohjola have not changed in the first quarter of 2014.

Fitch Ratings affirms a rating for both OP-Pohjola Group and Pohjola Bank plc. OP-Pohjola Group's financial position also affects credit ratings affirmed for Pohjola Bank plc.

Standard & Poor's put Pohjola Bank plc's long-term debt rating of AA- and short-term debt rating of A-1+ and Pohjola Insurance Ltd's financial strength rating of AA- under review for a possible downgrade (CreditWatch Negative).

On 6 February 2014, Fitch Ratings affirmed OP-Pohjola Group's and Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1 and the outlook remained stable.

On 7 February 2014, Moody's affirmed Pohjola Bank plc's long-term debt rating at Aa3 and short-term debt rating at P-1 while keeping the outlook stable.

Outlook towards the year end

The world economy is expected to grow during 2014 but at a slower rate than average. The euro area and Finnish economies are also expected to recover slowly. The crisis in Ukraine has nevertheless made predictions less and less reliable and increased the risk of less favourable developments. A deepening of the crisis in Ukraine may have significant repercussions for the Finnish economy.

As a result of the slowly recovering economy, the operating environment in the financial sector is gradually becoming more stable although historically low interest rates will continue to erode banks' net interest income and weaken insurance institutions' investment income. Uncertainty about economic development also reduces growth expectations in the financial sector. Changes in the operating environment and the more rigorous regulatory framework will highlight even more the role of measures to strengthen the capital base and improve profitability.

Unless the operating environment turns out to be considerably weaker than expected, OP-Pohjola Group's earnings before tax are expected to be higher than in 2013. The most significant uncertainties affecting earnings in 2014 relate to the rate of business growth, impairment loss on receivables and changes in the investment 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 developments in the economy, and actual results may differ materially from those expressed in the forward-looking statements.

Events after the balance sheet date

As the Group's shareholding in Pohjola Bank has increased to over 90%, OP-Pohjola Group has continued its change process towards a truly customer-owned financial services provider that implements its mission. At its meeting on 24 April 2014, the Supervisory Board of OP-Pohjola Group Central Cooperative decided to make major changes to the management and organisational structures of OP-Pohjola Group Central Cooperative Consolidated, with the aim of transforming the management of the entire Group and OP-Pohjola Group Central Cooperative Consolidated, in particular, with a more business-driven approach and creating a more integrated structure of the Group. In future, three business lines – Banking, Wealth Management and Non-life Insurance – will form the management basis throughout the Group.

As part of this management reorganisation, the Supervisory Board appointed the following Executive Board members, as of 1 October 2014:

Karhinen Reijo, Executive Chairman and CEO, Chairman
Vepsäläinen Tony, Group Services, Vice Chairman

Geber-Teir Carina, Identity and Communications
Himanen Jari, Group Control
Lehtilä Olli, Non-life Insurance
Luhtala Harri, Finance and ALM
Nummela Harri, Wealth Management
Palmén Erik, Risk Management
Pölönen Jouko, Banking
Sarajärvi Teija, HR

Markku Koponen will continue to act as Executive Board secretary and deputy member in charge of legal affairs. The Supervisory Board also decided to raise the retirement age of Reijo Karhinen from 62 to 63 years. Karhinen will reach the age of 63 years in 2018.

OP-Pohjola Group Central Cooperative's Supervisory Board decided on new Group-level targets within OP-Pohjola Group's long-term remuneration schemes. The Group-level targets are congruent both in the management incentive scheme and OP-Pohjola Group's Personnel Fund.

OP-Pohjola has decided to extend the performance period for the long-term management incentive scheme launched in 2011 by another three-year period covering 2014–16. In addition, the remuneration scheme for employees based on OP-Pohjola Group's Personnel Fund will continue with performance periods of one year.

When creating the incentive schemes, OP-Pohjola Group has taken account of amended regulation governing remuneration policies and practices in the financial services industry. The incentive scheme for 2014–16 follows the main principles applied in the previous three-year performance period. The performance indicators, maximum bonuses and the remuneration tool will change and OP-Pohjola has specified the terms and conditions to be in line with upcoming changes in regulation.

OP-Pohjola Group Central Cooperative's Supervisory Board has set OP-Pohjola Group's earnings before tax, the Group's Common Equity Tier 1 (CET1) capital ratio and growth in the number of customers using OP-Pohjola as their main bank and insurer as the new long-term performance indicators.

OP-Pohjola Group's long-term management incentive scheme includes some 350 people and their maximum bonus is determined by the management position. Provided that the targets are achieved at the maximum level set for them, those included in the scheme have the opportunity to receive an annual bonus equalling their 2–8-month regular salary subject to PAYE tax.

Operations and earnings by business segment

OP-Pohjola Group's business segments are Banking, Non-life Insurance and Wealth Management. Non-segment operations are presented under “Other Operations”. OP-Pohjola Group's segment reporting is based on the Group’s accounting policies.

Summary of earnings by business segment

€ million	Income	Expenses	Other items *)	Earnings before tax Q1/2014	Earnings before tax Q1/2013	Change, %
Banking	490	275	-55	160	98	63.5
Non-life Insurance	154	92	0	62	56	12.3
Wealth Management	93	26	0	67	57	18.2
Other Operations	107	136	0	-30	19	
Eliminations	-107	-109	-4	-3	5	
Total	**737**	**420**	**-59**	**257**	**234**	**10.0**

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

Banking

- Earnings before tax were EUR 160 million (98).
- Banking's performance improved due to an increase in net interest income and a reduction in personnel costs – net interest income increased by 27%.
- OP-Pohjola Group retained a strong position in terms of loans and deposits, although the rate of growth was slower than a year ago.
- Stable credit risk exposure – impairment loss unchanged year on year.

Banking: key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	Q1–Q4/2013
Net interest income	267	211	26.5	915
Impairment loss on receivables	10	9	21.1	81
Other income	222	224	-0.5	855
Personnel costs	121	128	-5.3	483
Other expenses	154	153	0.4	608
Returns to owner-members and OP bonus customers	45	48	-6.2	193
Earnings before tax	**160**	**98**	**63.5**	**404**
Cost/income ratio, %	**56.1**	**64.6**	**-8.5**	**61.6**
€ million				
Home loans drawn down	1,222	1,519	-19.6	6,340
Corporate loans drawn down	1,421	1,372	3.6	7,235
No. of brokered property transactions	2,834	3,245	-12.7	13,540
€ billion	**31 Mar 2014**	**31 Mar 2013**	**Change, %**	**31 Dec 2013**
Loan portfolio				
Home loans	33.2	32.1	3.5	33.1
Corporate loans*)	16.3	17.4		17.9
Other loans*)	18.9	16.5		17.1
Total	**68.4**	**65.9**	**3.7**	**68.1**
Guarantee portfolio	2.9	2.7	7.2	2.9
Deposits				
Current and payment transfer	26.6	24.8	7.5	26.6
Investment deposits	20.8	21.1	-1.2	20.7
Total deposits	**47.4**	**45.8**	3.5	**47.3**
Market share, %)**				
Of loans	34.4***)	34.3	0.1	34.6
Of deposits	37.6***)	36.9	0.7	36.8

*) The comparatives are not comparable owing to a change by Statistics Finland in January 2014 on how it classifies sectors. Because of the sector change, some EUR 1.7 billion of the corporate loan portfolio was transferred under 'Other loans'.
**) Excluding financial and insurance institutions' credits and deposits
***) Status in February 2014

The general economic situation combined with the crisis in Ukraine has slowed down the growth of the loan portfolio. The number of new home loans drawn down reduced year on year, whereas that of corporate loans increased. Considering the economic situation, profit performance has remained good.

OP-Pohjola Group's deposits increased by 3.5% in the year to March. At the end of the report period, deposits were at the same level as at the turn of the year. Because of a record-long period of low interest rates and lower term deposit margins, investment deposits decreased by 1.2% year on year. The focus of growth in deposits is still on payment transaction accounts, which increased by 7.5% in the year to March.

The loan portfolio grew by 3.7% in the year to March and by 0.4% during the report period. Year on year, the volume of new home loans drawn down decreased by 19.6%, whereas that of corporate loans increased by 3.6%. The margins of new corporate and home loans have been rising considerably in the last 12 months.

OP-Pohjola Group's market share of home loans and corporate financing and deposits has remained stable. OP-Pohjola Group's share of home loans increased between the end of March 2013 and the end of February 2014 by 0.5 percentage points to 37.7% (37.2).

The housing market continued to be sluggish in the first quarter of 2014, with the volume of homes sold and bought through the Group's real estate agents decreasing by 13% during the reporting period.

The cooperative member banks had 1.4 million owner-members at the end of March, or 35,000 more than a year earlier. The Group member cooperative banks and Helsinki OP Bank Plc, which operates in the Helsinki Metropolitan Area, had a total of 1.4 million OP bonus customers at the end of March, 114,000 more than a year ago.

In banking services, customers are increasingly going mobile. The number of users of OP-mobile increased in the first quarter by 21% to 368,000. OP-Pohjola Group's mobile bank has been rated the most reliable of its kind in Finland. Growth in web banking has levelled off.

OP-Pohjola Group's Pivo mobile wallet application was awarded the best prize ("kultahuippu") in Grafia's Digital Design category and was second ("hopeahuippu") in Design Productisation. The number of Pivo uploads totalled 200,000 during the reporting period.

The combined amount of bonuses earned by OP bonus customers in the first quarter for using OP-Pohjola as their main bank was worth EUR 46 million (45). A total of EUR 27 million (24) of bonuses were used to pay for banking services and EUR 22 million (21) to pay non-life insurance premiums.

Earnings

Earnings before tax by Banking increased significantly year on year to EUR 160 million (98). Earnings were improved as a result of an increase in net interest income and a decrease in personnel costs. Net interest income increased by 27%, or it was EUR 56 million higher than the year before, owing to an increase in the level of margins and an increase in the loan portfolio.

Expenses decreased by 2% to EUR 275 million (281). Thanks to efficiency-enhancement measures, the Group's personnel costs decreased by 5.3%.

Net commissions and fees were EUR 5 million higher than a year ago because of higher commissions from lending, payment transactions and wealth management. Net trading and investment income decreased by a total of EUR 5 million year on year, or by 14%.

Risk exposure

Major risks within Banking include credit risk, market risks and liquidity risk.

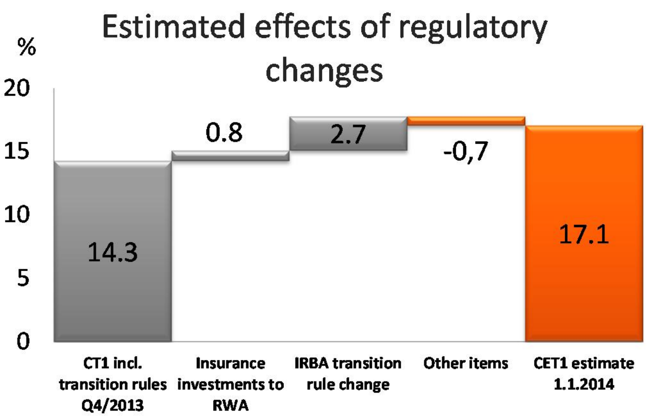
Banking's credit risk exposure remained stable with a moderate risk level. The loan and guarantee portfolio increased in January–March by EUR 0.3 billion to EUR 71.3 billion. Impairment loss on receivables remained low. The ratio of receivables over 90 days overdue and zero-interest receivables to the loan and guarantee portfolio was slightly lower than a year ago.

Percentage of receivables over 90 days overdue and zero-interest receivables of the loan and guarantee portfolio, %	**31 Mar 2014**		**31 Mar 2013**		**31 Dec 2013**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**
Receivables over 90 days overdue and zero-interest receivables, net	294	0.41	350	0.51	295	0.42
Impairment loss on receivables since 1 January, net	10	0.06	9	0.05	84	0.12

Capital base and capital adequacy

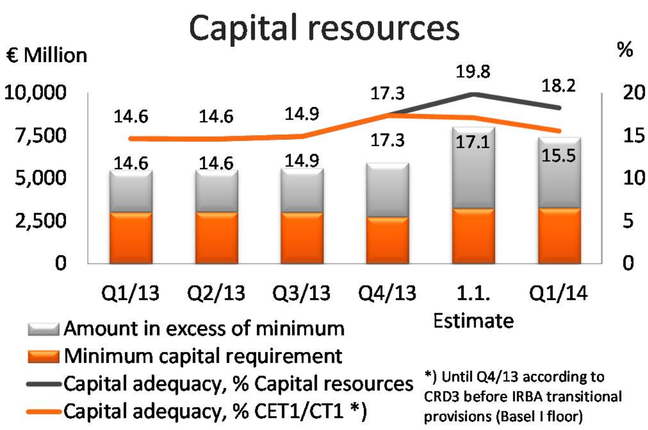
OP-Pohjola Group's credit institution has a strong capital base compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the Common Equity Tier 1 (CET1) 4.5%. Moreover, the European Banking Authority (EBA) has set the minimum requirement for the Core Tier 1 ratio at 9% applying to major European banks.

The new Capital Requirement Directive and Regulation (CRD IV/CRR was published in the EU Official Journal on 27 June 2013. These new rules and regulations will be phased in from 1 January 2014 and will implement the Basel III standards within the EU during 2014–19. Changes to national legislation relating to the new regulations are still in their draft stages.



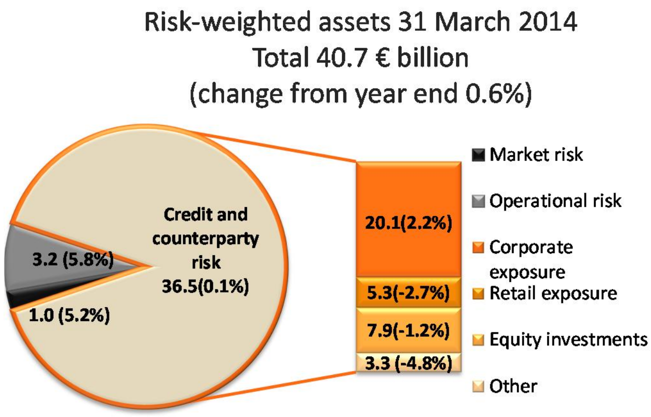
On 27 November 2013, OP-Pohjola Group received permission from the Finnish Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The permission will be valid from 1 January to 31 December 2014. The method applied to insurance holdings leads to a risk-weight of approximately 280%.

The comparative capital adequacy ratios are presented as an estimate of the 2013-end status, in accordance with the CRR.



The Common Equity Tier 1 (CET1) capital was EUR 6,300 million on 31 March (6,874), reduced by the purchase of Pohjola Bank plc shares for EUR 765 million as part of the tender offer. CET1 was increased by Banking's earnings in the report period and dividends from the Group's insurance institutions. Profit shares were issued worth EUR 27 million by the end of March by seven Group cooperative banks. A total of EUR 378 million (384) were deducted from CET1 as a shortfall of expected losses and impairment losses.

Risk-weighted assets totalled EUR 40,656 million (40,405) at the end of the report period, being 0.6% higher than a year ago. The average risk weight of the total exposure portfolio decreased as a result of a slight decrease of average risk weights of corporate and retail exposures. The updated categorisation models for corporate exposure are expected to be adopted in 2014 following approval by the Financial Supervisory Authority. These updates are estimated to have a positive effect on capital adequacy ratios.



Equity investments include EUR 6,446 million in risk-weighted assets of the Group's internal insurance holdings.

The requirements for capital buffers implemented through national legislation will add to capital requirements and the schedule for the implementation of the buffers will be known once national legislation has been completed. The upcoming liquidity regulation will add liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

The new regulations include an indicator on the degree of indebtedness, leverage ratio. The leverage ratio of OP-Pohjola Group's Banking is estimated at about 6.0% according to the current interpretations, which is double the 3% minimum.

Non-life Insurance

- Earnings before tax amounted to EUR 62 million (56). Earnings before tax at fair value were EUR 61 million (35).
- Insurance premium revenue increased by 8% (10).
- The balance on technical account improved. The operating combined ratio was 89.3% (92.4) and operating expense ratio 18.5% (19.9).
- Return on investments at fair value was 1.4% (1.1).
- The number of loyal customer households grew in the report period by 9,900 (4,700).

Non-life Insurance: key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	Q1–Q4/2013
Insurance premium revenue	320	295	8.5	1,249
Insurance claims and benefits**	205	196	4.6	809
Net investment income	49	55	-10.1	132
Unwinding of discount and other items included in net income	-11	-11	-3.5	-43
Net income from Non-life Insurance	**154**	**143**	**7.5**	**529**
Other net income	1	3	-77.6	3
Personnel costs	27	28	-2.9	107
Other expenses	65	62	4.1	260
Earnings before tax	**62**	**56**	**12.3**	**167**
Gross change in fair value reserve	-1	-21	-94.2	-17
Earnings before tax at fair value	**61**	**35**	**76.6**	**150**
Insurance premium revenue				
Private Customers	162	145	11.4	630
Corporate and institutional customers	145	137	5.2	567
Baltic States	13	12	9.5	52
Total insurance premium revenue	**320**	**295**	**8.5**	**1,249**
Key ratios, %				
Return on investments at fair value*, %	1.4	1.1	0.3	3.5
Operating combined ratio*, %	89.3	92.4	-3.1	86.9
Operating expense ratio*, %	18.5	19.9	-1.4	18.7
Operating loss ratio*, %	70.8	72.5	-1.7	68.2

* These operating figures exclude changes in reserving bases and amortisation on intangible assets arising from corporate acquisition.
** Insurance claims and benefits do not include loss adjustment expenses.

Growth in insurance premium revenue remained brisk in both private customers and the Baltic States. Growth was slower in corporate customers. Sales of policies fell 2% short of last year's figure.

OP-Pohjola Group's market share in terms of non-life insurance premiums written was 30.3% (29.1) in 2013. Measured by this market share, OP-Pohjola Group is Finland's largest non-life insurer. The market share difference between OP-Pohjola and the second largest non-life insurer increased to almost five percentage points.

On 31 March 2014, the number of loyal customer households totalled 625,500 (574,700), of which 73% (69) also use OP-Pohjola Group cooperative banks as their main bank. 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 pay451,000 insurance bills (431,000) with 59,000 (60,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 22 million (21). The number of loyal customer households increased by 9,900 (4,700) from its 2013-end level.

Earnings

Earnings before tax improved to EUR 62 million (56) year on year as a result of the better balance on technical account.

Insurance premium revenue increased at a higher rate than claims incurred, and operating expenses were almost at the same level as a year ago. Profitability was improved by favourable claims developments among private and corporate customers. Profitability weakened somewhat in the Baltic states. The operating combined ratio improved to 89.3% from 92.4% the year before. This was the first time that the combined ratio of the first quarter was below 90%.

Claims incurred increased by 6% and was lower than the increase in insurance premium revenue owing to the mild winter. The reported number of large or medium-sized claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 19 (11), with their claims incurred retained for own account totalling EUR 17 million (13). Changes in claims for previous years improved the balance on technical account by EUR 5 million (1). The risk ratio excluding indirect loss adjustment expenses was 64.4% (66.4).

Operating expenses increased by 1% but the operating expense ratio improved to 18.5% (19.9). Efficiency improved as a result of strong growth in income and moderate growth of operating expenses. The operating cost ratio (incl. indirect loss adjustment expenses) was 24.9% (26.0).

Return on investments at fair value was better than a year ago owing to the more favourable interest rate environment. Return on investments at fair value totalled EUR 48 million (34), or 1.4% (1.1). Net investment income recognised in the income statement amounted to EUR 49 million (55). Impairment losses recognised in the income statement totalled EUR 1 million (4).

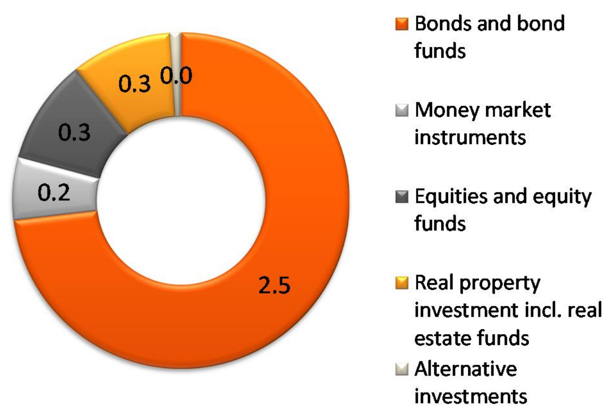
Risks exposure and capital adequacy

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

No significant changes took place in underwriting risks. The risk exposure of Non-life Insurance's investment portfolio was reduced by diminishing the equity risk.

On 31 March, the investment portfolio of Non-life Insurance totalled EUR 3,410 million (3,219). The fixed-income portfolio by credit rating remained healthy, as investments in the “investment-grade” category accounted for 93% (91) and 74% (74) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.3 years (4.4) and the duration 3.5 years (3.7).

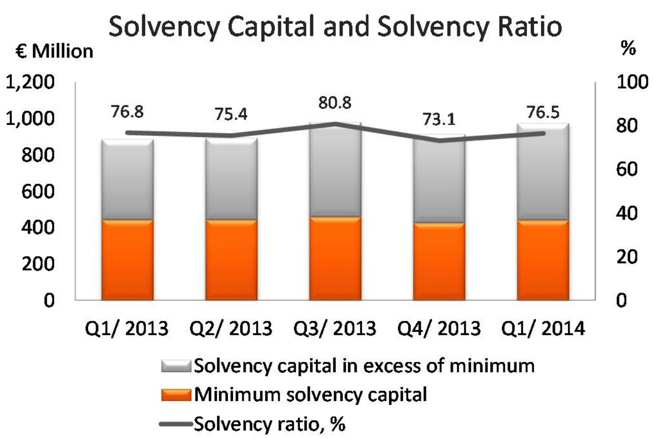
Investment assets €3.4 billion , 31 Mar 2014



The solvency capital of Non-life Insurance amounted to EUR 974 million (913) at the end of March. The ratio of solvency capital to insurance premium revenue (solvency ratio) was 76% (73). Equalisation provisions were EUR 245 million (248).

Non-life Insurance's capital base under Solvency II at the end of March amounted to EUR 939 million (894) and the solvency capital requirement was EUR 698 million (713).

The solvency ratio conforming to Solvency II was 134% (125).



Wealth Management

- Earnings before tax increased to EUR 67 million (57); earnings before tax at fair value were EUR 52 million (49).
- Assets under management amounted to EUR 53.9 billion (52.0) on 31 March.
- The market share of mutual funds decreased from 1 January to 31 March by 0.2 percentage points to 19.0%.
- Unit-linked insurance savings increased from 1 January 2014 by 3.4%, and their proportion of all insurance savings increased to 67%.
- Return on investments by Life Insurance at fair value was 1.4% (1.3).

Wealth Management: key figures and ratios

€ million	**Q1/2014**	**Q1/2013**	**Change, %**	**Q1–Q4/2013**
Life Insurance's net interest and risk result	49	41	20.3	50
Net commissions and fees				
Funds and asset management	30	27	9.2	116
Life insurance	44	41	6.7	139
Expenses	-33	-32	4.5	-108
Total net commissions and fees	41	37	10.5	147
Other income	4	4	-12.7	13
Personnel costs	6	7	-5.8	24
Other expenses	20	18	9.2	74
Earnings before tax	**67**	**57**	**18.2**	**113**
Gross change in fair value reserve	-15	-8	96.5	-17
Earnings before tax at fair value	**52**	**49**	**5.7**	**96**
€ billion	**31 Mar 2014**	**31 Mar 2013**	**Change. %**	**31 Dec 2013**
Insurance savings	9.6	8.8	11.1	9.4
Assets under management (gross)				
Mutual funds	14.7	13.1	12.5	14.4
Institutional customers	22.3	19.8	12.6	20.9
Private Banking	10.4	9.0	15.3	10.5
Unit-linked insurance savings	6.5	5.6	14.6	6.3
Total assets under management (gross)	53.9	47.6	13.4	52.0
Market share, %				
Insurance savings	24.6*	24.9		24.6
Unit-linked insurance savings	29.1*	30.9		29.1
Mutual fund assets	19.0	18.9	0.1	19.2

* Status on Dec./2013

Assets under management amounted to EUR 53.9 billion (52.0). This amount includes EUR 12.5 billion in assets of the companies belonging to OP-Pohjola Group.

Assets invested in mutual funds increased in the report period by 2.1% to EUR 14.7 billion (14.4). Net asset inflows to OP-Pohjola Group's mutual funds totalled about EUR 107 million (895).

Investing through insurance has the goal of increasing unit-linked insurance savings. Unit-linked insurance savings increased between 1 January and 31 March by 3.4% to EUR 6.5 billion. Their proportion of all insurance savings increased to 67.4% (66.5).

Earnings

Earnings before tax increased to EUR 67 million year on year (57). Earnings after a change in the fair value reserve amounted to EUR 52 million (49).

Net commissions and fees increased by 10%, owing to growth in assets under management compared to last year, to EUR 41million (37).

Return on investments by Life Insurance at fair value was 1.4% (1.3). Investment income included in Life Insurance's net interest and risk result but excluding the valuation of derivatives that hedge the interest rate risk of insurance liabilities, totalled EUR 64 million (59). Net investment income increased due to higher capital gains on securities than a year ago.

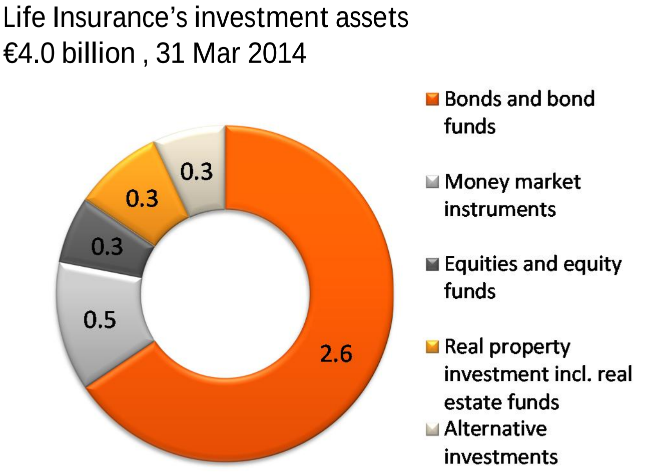
Supplementary interest rate provisions related to insurance liabilities totalled EUR 205 million (128) at the end of the report period.

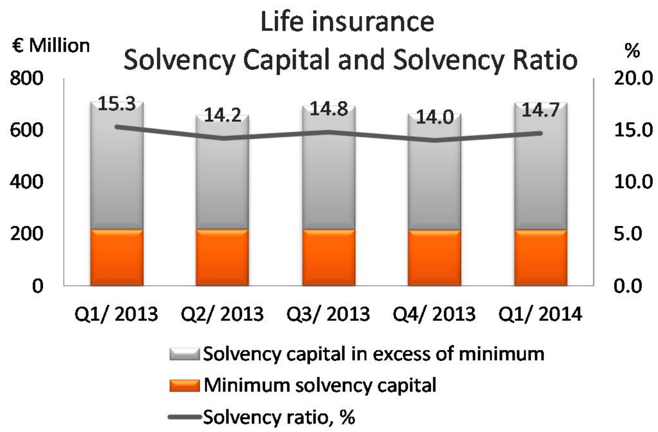
Expenses were slightly higher than a year ago. Expenses were increased in the report period by a EUR 2 million non-recurring ICT system amortisation. Wealth Management's operating cost/income ratio decreased to 48.9% (52.8).

Risks exposure and capital adequacy

The key risks associated with Wealth Management are the market risks of Life Insurance investment assets, the interest rate used for the discounting of insurance liabilities and the faster life expectancy increase than expected.

Life Insurance's investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.0 billion (3.9), and were divided as follows:





Investments within the “investment-grade” category accounted for 93% (93) of the fixed-income portfolio. The portfolio’s modified duration was 3.0 (2.4) on 31 March 2014.

No significant changes occurred in the investment portfolio and underwriting risks of Life Insurance. As a whole, the market risk of Life Insurance decreased from its level at the beginning of 2014.

OP-Pohjola has prepared for any change in the interest rate used for the discounting of insurance liabilities by hedging a considerable part of the exposure using interest rate derivatives.

Life Insurance’s solvency margin was EUR 706 million, which was three times the required minimum. The solvency ratio, or the ratio of solvency capital to weighted insurance liabilities, was 14.7% (14.0).

The Solvency II Directive regulating the solvency requirements of insurance companies will come into force at the beginning of 2016. Life Insurance's preliminary Solvency II capital at the end of March amounted to EUR 861 million (789) and the preliminary solvency capital requirement was EUR 776 million (793). The solvency ratio conforming to Solvency II was 111% (99). These figures are presented without taking into account any transitional provisions or solvency calculation options enabled by the latest legislation.

Other Operations

Other Operations: key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	Q1–Q4/2013
Net interest income	-13	4		11
Net trading income	-3	-5	-37.2	-11
Net investment income	13	19	-31.9	45
Other income	110	112	-1.9	443
Expenses	136	111	22.5	472
Impairment loss on receivables	0	0		2
Earnings/losses before tax	**-30**	**19**		**13**
€ billion	**31 Mar 2014**	**31 Mar 2013**	**Change. %**	31 Dec 2013
Receivables from credit institutions	17	9	96.5	9
Investment assets	9	7	40.1	9
Liabilities to credit institutions	5	5	-8.2	4
Debt securities issued to the public	19	15	26.3	17

Earnings

Other Operations' earnings before tax were EUR –30 million (19). The result was eroded by lower net interest income and higher expenses.

Preparation for tighter liquidity regulations reduced the net interest income from the liquidity buffer, as a result of which the net interest income of Other Operations decreased to EUR –13 million (4). Net investment income decreased to EUR 13 million (19) as a result of lower capital gains. Other Income consists to a large extent of intra-Group service charges, which are presented as business segment expenses.

Other Operations income grew by 23%, or EUR 25 million higher than a year ago. Of the Other Operations expenses, personnel costs accounted for EUR 40 million (48) and ICT costs for EUR 47 million (29). The outsourcing of ICT services in late 2013 reduced personnel costs but increased ICT costs. A non-recurring EUR 8 million expense related to the tender offer for Pohjola Bank plc shares was recognised in 'Other operating expenses' during the report period.

Risk exposure and liquidity reserve

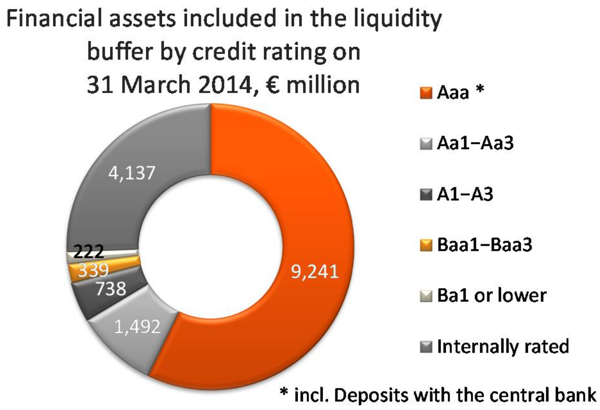
Major risks exposed by Other Operations include credit and market risks associated with the liquidity buffer, and liquidity risks. The market risk is highest in notes and bonds included in the liquidity buffer.

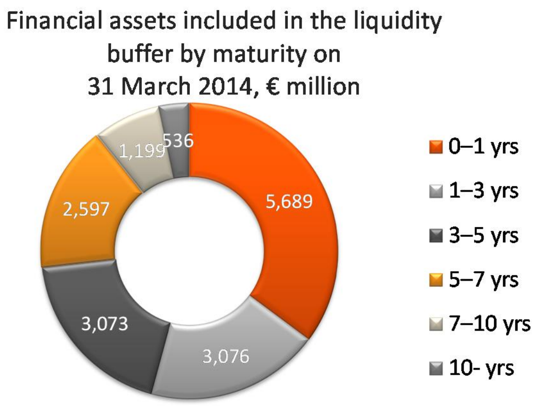
No major changes took place in the risk exposure of Other Operations in the report period.

OP-Pohjola Group secures its liquidity with a liquidity buffer which consists mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer and other sources of additional funding based on the contingency funding plan are sufficient to cover funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate.

Liquidity buffer, € billion	31 Mar 2014	31 Dec 2013	Change, %
Deposits with central banks	4.7	2.0	136.6
Notes and bonds eligible as collateral	7.0	7.4	-4.7
Corporate loans eligible as collateral	3.7	3.3	12.5
Total	**15.4**	**12.7**	**21.9**
Receivables ineligible as collateral	0.7	0.7	13.3
Liquidity buffer at market value	**16.2**	**13.3**	**21.5**
Collateral haircut	-1.0	-1.0	3.8
Liquidity buffer at collateral value	**15.1**	**12.3**	**22.9**

The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loans eligible as collateral. The notes and bonds included in the liquidity buffer are based on mark-to-market valuations.





Changes in OP-Pohjola Group's structure

OP-Pohjola Group's consolidated financial statements include the accounts of 181 member cooperative banks (183) including Group companies, OP-Pohjola Group Central Cooperative Consolidated and OP Bank Group Mutual Insurance Company.

Koillis-Savon Seudun Osuuspankki merged into Pohjois-Savon Osuuspankki on 28 February 2014.

Juuan Osuuspankki merge into Joensuun Seudun Osuuspankki on 31 March 2014, changing its name to Pohjois-Karjalan Osuuspankki.

Personnel and remuneration

On 31 March, OP-Pohjola Group had 12,647 employees (12,856). The staff averaged 12,685 employees (13,461). The reorganisation and efficiency-enhancement measures taken at Group cooperative banks have resulted in job cuts in the report period.

During the report period, 84 employees (88) retired at an average age of 61.4 years (61.5).

OP-Pohjola Group's scheme for variable remuneration comprises short-term company-specific incentives and long-term Group-wide incentives.

The long-term scheme for the entire OP-Pohjola Group consists of a management incentive scheme and a personnel fund for other staff.

Governance of OP-Pohjola Group Central Cooperative

OP-Pohjola Group Central Cooperative's Annual Cooperative Meeting was held on 20 March 2014. Of the members who were due to resign, Managing Director Vesa Lehikoinen, Professor Jaakko Pehkonen, Managing Director Ari Kakkori, Principal Seppo Laaninen, Senior Nursing Officer Marita Marttila and Chairman of the Board of Directors Timo Parmasuo were re-appointed for the term ending 2017 as Supervisory Board members. Development Secretary Raita Joutsensaari was elected to the Supervisory Board for the remaining term of 2014–15 to replace Professor Paavo Pelkonen who will resign due to the upper age limit set for Supervisory Board members, while Managing Director Ari Väänänen was elected for the remaining term of 2014–15 to replace Managing Director Seppo Pääkkö who had requested resignation from the Supervisory Board. The Supervisory Board comprises 33 members.

At its first meeting following election, the Supervisory Board elected Professor Jaakko Pehkonen Chairman and Senior Lecturer Mervi Väisänen and Managing Director Vesa Lehikoinen Vice Chairmen.

OP-Pohjola Group's efficiency-enhancement programme

OP-Pohjola Group completed in late 2012 an Information and Consultation of Employees process related to the efficiency-enhancement programme of OP-Pohjola Group Central Cooperative Consolidated, resulting in personnel reductions of 561 employees and 150 jobs being outsourced.

The efficiency-enhancement programme's objective has been to achieve annual savings of EUR 150 million until the end of 2015. Within the framework of the programme, the production of services for OP-Pohjola Group Central Cooperative Consolidated and OP-Pohjola Group member cooperative banks was centralised in OP-Services Ltd that is undergoing a major transformation. Job cuts account for a third of the total cost savings targets.

Based on the actions completed by 31 March 2014, annual savings that have been achieved are about EUR 123 million, of which personnel-related costs accounted for EUR 55 million.

Capital expenditure and service development

OP-Pohjola Group Central Cooperative and its subsidiaries are responsible for developing OP-Pohjola Group's services. ICT capital expenditure and related specifications make up a significant portion of costs of developing these services.

OP-Pohjola Group Central Cooperative Consolidated's development expenditure totalled EUR 28 million (33) in the first quarter. These include licence fees, purchased services and the payroll costs of its staff.

ICT capital expenditure capitalised in the balance sheet totalled EUR 14 million (25) in the report period. Capital expenditure in the report period was divided as follows: Banking EUR 12 million (17), Non-life Insurance EUR 1 million (5) and Wealth Management EUR 1 million (2).

OP-Pohjola Group began to rebuild its premises in the Vallila campus in 2012, due to be completed by the summer of 2015. The total costs will be almost EUR 250 million. By the end of the report period, realised costs totalled some EUR 90 million.

OP-Pohjola Group income statement

EUR million	Note	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Interest income		651	616	6	2,514
Interest expenses		399	401	0	1,599
Net interest income before impairment	4	**251**	**215**	**17**	**915**
Impairments of receivables	5	10	9	18	84
Net interest income after impairments		**241**	**206**	**17**	**831**
Net income from Non-life Insurance operations	6	151	143	6	524
Net income from Life Insurance operations	7	80	70	13	175
Net commissions and fees	8	198	185	7	694
Net trading income	9	27	29	-7	114
Net investment income	10	16	26	-37	68
Other operating income	11	13	19	-33	86
Total net income		**726**	**679**	**7**	**2,493**
Personnel costs		195	211	-8	791
Other administrative expenses		112	85	33	384
Other operating expenses		113	102	11	422
Total expenses		**420**	**398**	**6**	**1,598**
Returns to owner-members		49	48	3	193
Share of associates' profits/losses		0	0	-22	-1
Earnings before tax for the period		**257**	**234**	**10**	**701**
Income tax expense		61	60	2	36
Profit for the period		**196**	**174**	**13**	**665**
Attributable to, EUR million					
Profit for the period attributable to owners		195	173	13	661
Profit for the period attributable to non-controlling interest		1	1		4
Total		**196**	**174**	**13**	**665**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

OP-Pohjola Group statement of comprehensive income

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Profit for the period	**196**	**174**	**13**	**665**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-50	-		19
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-27	-14	93	-9
Cash flow hedge	20	-11		-30
Translation differences	0	0	-73	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-10	-		26
Items that may be reclassified to profit or loss				
Measurement at fair value	-5	-3	54	-19
Cash flow hedge	4	-3		-9
Total comprehensive income for the period	**151**	**155**	**-3**	**647**
Attributable to, EUR million				
Profit for the period attributable to owners	150	154	-3	643
Profit for the period attributable to non-controlling interest	1	1		4
Total	**151**	**155**	**-3**	**647**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

OP-Pohjola Group balance sheet

EUR million	Liite	31 March 2014	31 March 2013 Restated*	Change, %	31 Dec 2013 Restated*	01 Jan 2013 Restated*
Cash and cash equivalents		820	5,488	-85	2,172	5,784
Receivables from credit institutions		4,807	1,028		849	841
Financial assets at fair value through profit or loss		508	429	18	537	358
Derivative contracts		3,703	4,146	-11	3,423	4,436
Receivables from customers		68,392	65,979	4	68,142	65,051
Non-life Insurance assets	14	3,771	3,706	2	3,479	3,476
Life Insurance assets	15	10,114	9,499	6	9,872	9,173
Investment assets		8,480	6,724	26	8,753	6,719
Investments in associates		54	53	3	54	53
Intangible assets		1,332	1,327	0	1,339	1,321
Property, plant and equipment (PPE)		740	682	9	726	664
Other assets		1,755	2,579	-32	1,554	1,752
Tax assets		108	118	-8	91	137
Total assets		**104,584**	**101,757**	**3**	**100,991**	**99,766**
Liabilities to credit institutions		1,250	2,130	-41	1,039	1,966
Financial liabilities at fair value through profit or loss		3	14	-81	4	3
Derivative contracts		3,390	3,795	-11	3,157	4,162
Liabilities to customers		49,581	50,611	-2	50,157	49,627
Non-life Insurance liabilities	16	3,104	3,056	2	2,746	2,598
Life Insurance liabilities	17	10,117	9,352	8	9,771	8,970
Debt securities issued to the public	18	24,595	19,737	25	21,428	19,270
Provisions and other liabilities		3,168	3,243	-2	2,691	3,303
Tax liabilities		850	1,003	-15	808	990
Cooperative capital		588	634	-7	606	622
Subordinated liabilities		862	973	-11	861	1,115
Total liabilities		**97,506**	**94,548**	**3**	**93,267**	**92,627**
Equity capital						
Share of OP-Pohjola Group's owners						
Share and cooperative capital		309	336	-8	339	336
Fair value reserve	19	323	320	1	328	339
Other reserves		2,600	2,704	-4	2,739	2,683
Retained earnings		3,747	3,773	-1	4,218	3,709
Non-controlling interests		99	76		100	73
Total equity capital		**7,078**	**7,209**	**-2**	**7,724**	**7,139**
Total liabilities and equity capital		**104,584**	**101,757**	**3**	**100,991**	**99,766**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Changes in OP-Pohjola Group's equity capital

EUR million	Share and cooperative capital	Fair value reserve***	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2013	**336**	**339**	**2,682**	**3,752**	**7,110**	**24**	**7,134**
Effect of the adoption of IFRS 10 Consolidated Financial Statements, less taxes	-	0	0	-43	**-43**	48	**5**
Restated* equity capital 1 Jan. 2013	**336**	**339**	**2,682**	**3,709**	**7,067**	**73**	**7,139**
Total comprehensive income for the period	-	-19	-	173	**154**	1	**155**
Profit for the period	-	-	-	173	**173**	1	**174**
Other comprehensive income	-	-19	-	0	**-19**	0	**-19**
Increase in cooperative capital	1	-	**-**	-	**1**	-	**1**
Transfer of reserves	-	-	18	-18	**-**	-	**0**
Profit distribution	-	-	**-**	-71	**-71**	-	**-71**
Share-based payments	-	-	**-**	0	**0**		**0**
Other	-1	-	**4**	-21	**-18**	2	**-16**
Balance at 31 March 2013	**336**	**320**	**2,704**	**3,773**	**7,133**	**75**	**7,209**

EUR million	Share and cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2014	**339**	**328**	**2,739**	**4,218**	**7,625**	**100**	**7,724**
Total comprehensive income for the period	-	18	-	150	**168**	1	**169**
Profit for the period				195	**195**	1	**196**
Other comprehensive income	-	18	-	-45	**-27**	-2	**-28**
Holdings in Pohjola Bank plc purchased from non-controlling interests**	-61	-23	-157	-524	**-765**	-	**-765**
Increase in cooperative capital	31	-	**-**	-	**31**	**-**	**31**
Transfer of reserves	-	-	16	-16	**-**	**-**	**0**
Profit distribution	-	-	-	-75	**-75**	**-**	**-75**
Share-based payments	-	-	-	0	**0**	-	**0**
Other	0	-	2	-6	**-4**	0	**-4**
Balance at 31 March 2014	**309**	**323**	**2,600**	**3,897**	**6,979**	**101**	**7,079**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

** Based on its announcement of the tender offer issued on 6 February 2014, OP-Pohjola Group Central Cooperative has bought 46.7 million Pohjola Bank plc Series A shares in trading on the NASDAQ OMX Helsinki outside of the tender offer. The purchase price has been deducted from equity capital. The purchased shares account for 14.6% of Pohjola Bank's share capital and for7.9% of the votes. On 31 March, OP-Pohjola Group Central Cooperative held 51.84& of all Pohjola Bank shares and 69.22% of the votes conferred by the shares.

*** Note 19

OP-Pohjola Group Central Cooperative made a decision on 2 April 2014 to execute the original tender offer. The final purchase price will be deducted in Q2/2014.

Cash flow statement

EUR million	Q1/2014	Q1/2013 Restated*
Cash flow from operating activities		
Profit for the period	196	174
Adjustments to profit for the period	361	426
Increase (-) or decrease (+) in operating assets	**-4,452**	**-2,528**
Receivables from credit institutions	-3,936	27
Financial assets at fair value through profit or loss	62	-276
Derivative contracts	8	17
Receivables from customers	-257	-948
Non-life Insurance assets	-248	-266
Life Insurance assets	-58	-169
Investment assets	300	-90
Other assets	-322	-823
Increase (+) or decrease (-) in operating liabilities	**217**	**1,352**
Liabilities to credit institutions	208	170
Financial liabilities at fair value through profit or loss	-1	11
Derivative contracts	11	11
Liabilities to customers	-576	984
Non-life Insurance liabilities	90	188
Life Insurance liabilities	145	173
Provisions and other liabilities	340	-185
Income tax paid	-31	-22
Dividends received	35	47
A. Net cash from operating activities	**-3,673**	**-551**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	0	-4
Decreases in held-to-maturity financial assets	55	27
Acquisition of subsidiaries, net of cash acquired	-	-1
Disposal of subsidiaries, net of cash disposed	-	-
Purchase of PPE and intangible assets	-44	-39
Proceeds from sale of PPE and intangible assets	1	3
B. Net cash used in investing activities	**12**	**-15**
Cash flow from financing activities		
Increases in subordinated liabilities	-	-
Decreases in subordinated liabilities	-	-135
Increases in debt securities issued to the public	17,074	6,567
Decreases in debt securities issued to the public	-13,987	-5,959
Increases in cooperative and share capital	104	44
Decreases in cooperative and share capital	-91	-30
Dividends paid and interest on cooperative capital	-	-2
Holdings in Pohjola Bank plc purchased from non-controlling interests	-765	-
C. Net cash from financing activities	**2,335**	**484**
Net change in cash and cash equivalents (A+B+C)	**-1,326**	**-82**
Cash and cash equivalents at period-start	**2,476**	**5,873**
Cash and cash equivalents at period-end	**1,150**	**5,790**
Interest received	**668**	**616**
Interest paid	**-489**	**-522**
Cash and cash equivalents		
Liquid assets**	830	5,502
Receivables from credit institutions payable on demand	320	288
Total	**1,150**	**5,790**

**Of which Non-life Insurance liquid assets amount to 8 million euros (4) and Life Insurance liquid assets 3 million euros (3).

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2014 has been prepared in accordance with the accounting policies of IAS 34 (Interim Financial Reporting) and with those presented in the Consolidated Financial Statements 2013, with the exception of changes in the accounting policies described below.

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

Change in accounting policies

OP-Pohjola Group has applied the following standards since 1 January 2014: IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint arrangements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 ”Investments in Associates and Joint Ventures" revised as a result of the standards. According to IFRS 10, control determines whether the parent company consolidates an entity. The Group has control over an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As a result of the adoption of the standards, the accounts of 65 OP-Kiinteistökeskus real estate agencies, seven real estate investment trusts and private equity funds and three property investment companies have been included in OP-Pohjola Group’s financial statements as new subsidiaries. In addition, four private equity funds are consolidated as associates using the equity method. Around 1,200 property companies have been reported as joint operations to which proportionate consolidation applies. New subsidiaries and associates are reported in the operating segments of Banking, Wealth Management, Non-life Insurance and Other Operations. The proportion of non-controlling interests has increased in OP-Pohjola Group.

Effect on consolidated income statement for 1 Jan.−31 March 2013 and 1 Jan.−31 Dec. 2013

EUR million	March 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 March 2013 (restated)	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Interest income	615	1	616	2,512	1	2,514
Interest expenses	401	0	401	1,599	0	1,599
Net interest income before impairment losses	**214**	**1**	**215**	**913**	**1**	**915**
Impairments of receivables	9		9	84		84
Net interest income after impairments	**205**	**1**	**206**	**830**	**1**	**831**
Net income from Non-life Insurance operations	143		143	524	0	524
Net income from Life Insurance operations	70		70	175	0	175
Net commissions and fees	163	22	185	625	69	694
Net trading income	29	0	29	114	0	114
Net investment income	25	1	26	66	2	68
Other operating income	27	-8	19	95	-9	86
Total net income	**663**	**16**	**679**	**2,429**	**64**	**2,493**
Personnel costs	201	10	211	753	38	791
Other administrative expenses	83	2	85	373	11	384
Other operating expenses	98	5	102	404	18	422
Total expenses	**382**	**16**	**398**	**1,530**	**67**	**1,598**
Returns to owner-members	48		48	193	0	193
Share of associates' profits/losses	0		0	0	-1	-1
Earnings before tax for the period	**234**	**0**	**234**	**705**	**-4**	**701**
Income tax expense	60	0	60	32	3	36
Profit for the period	**174**	**0**	**174**	**673**	**-8**	**665**
Attributable to, EUR million						
Owners	173	0	173	672	-11	661
Non-controlling interests	0	0	1	0	4	4
Total	**174**	**0**	**174**	**673**	**-8**	**665**

Effect on the consolidated statement of comprehensive income for 1 Jan.−31 March 2013 and 1 Jan.−31 Dec. 2013

EUR million	March 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 March 2013 (restated)	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Profit for the period	**174**	**0**	**174**	**673**	**-8**	**665**
Items that will not be reclassified to profit or loss						
Gains/(losses) arising from remeasurement of defined benefit plans	-		-	19		19
Items that may be reclassified to profit or loss						
Change in fair value reserve						
Measurement at fair value	-13	-1	-14	-13	4	-9
Cash flow hedge	-11		-11	-30		-30
Translation differences	0	0	0	0	0	0
Income tax on other comprehensive income						
Items that will not be reclassified to profit or loss						
Gains/(losses) arising from remeasurement of defined benefit plans	-	-	-	26		26
Items that may be reclassified to profit or loss						
Measurement at fair value	-3	0	-3	-20	1	-19
Cash flow hedge	-3		-3	-9		-9
Total comprehensive income for the period	**155**	**0**	**155**	**651**	**-5**	**647**

Attributable to, EUR million						
Owners	155	0	154	651	-8	643
Non-controlling interests	0	0	1	0	4	4
Total	**155**	**0**	**155**	**651**	**-5**	**647**

Effect on the consolidated balance sheet on 1 Jan. 2013 and 31 Dec. 2013

EUR million	1 Jan. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan. 2013 (restated)	31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	31 Dec. 2013 (restated)
Cash and cash equivalents	5,784		5,784	2,172		2,172
Receivables from credit institutions	840	1	841	848	0	849
Financial assets at fair value through profit or loss	358		358	537		537
Derivative contracts	4,436	0	4,436	3,423		3,423
Receivables from customers	65,161	-110	65,051	68,255	-112	68,142
Non-life Insurance assets	3,492	-16	3,476	3,497	-18	3,479
Life Insurance assets	9,173	1	9,173	9,880	-7	9,872
Investment assets	6,596	123	6,719	8,613	141	8,753
Investments in associates	39	14	53	40	15	54
Intangible assets	1,320	1	1,321	1,338	1	1,339
Property, plant and equipment (PPE)	710	-45	664	760	-34	726
Other assets	1,745	7	1,752	1,548	7	1,554
Tax assets	115	21	137	72	19	91
Total assets	**99,769**	**-4**	**99,766**	**100,981**	**9**	**100,991**
Liabilities to credit institutions	1,965	1	1,966	1,032	7	1,039
Financial liabilities at fair value through profit or loss	3		3	4		4
Derivative contracts	4,162	0	4,162	3,157		3,157
Liabilities to customers	49,650	-23	49,627	50,175	-18	50,157
Non-life Insurance liabilities	2,592	6	2,598	2,746		2,746
Life Insurance liabilities	8,970		8,970	9,771		9,771
Debt securities issued to the public	19,270		19,270	21,428		21,428
Provisions and other liabilities	3,297	6	3,303	2,680	11	2,691
Tax liabilities	990	0	990	807	1	808
Cooperative capital	622		622	606		606
Subordinated liabilities	1,114	1	1,115	860	1	861
Total liabilities	**92,635**	**-9**	**92,627**	**93,265**	**2**	**93,267**
Equity capital						
Share of OP-Pohjola Group's owners						
Share and cooperative capital	336	0	336	339	0	339
Fair value reserve	339	0	339	325	3	328
Other reserves	2,683	0	2,683	2,739	0	2,739
Retained earnings	3,752	-43	3,709	4,277	-59	4,218
Non-controlling interests	24	48	73	36	64	100
Total equity capital	**7,134**	**5**	**7,139**	**7,717**	**8**	**7,724**
Total liabilities and equity capital	**99,769**	**-4**	**99,766**	**100,981**	**9**	**100,991**

Effect on the consolidated cash flow statement 1 Jan.−31 March 013

EUR million	March 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 March 2013 (restated)
Cash flow from operating activities			
Profit for the period	174	0	174
Adjustments to profit for the period	424	2	426
Increase (-) or decrease (+) in operating assets	**-2,526**	**-3**	**-2,528**
Receivables from credit institutions	27		27
Financial assets at fair value through profit or loss	-276		-276
Derivative contracts	17		17
Receivables from customers	-948		-948
Non-life Insurance assets	-267	1	-266
Life Insurance assets	-170	1	-169
Investment assets	-88	-3	-90
Other assets	-822	-2	-823
Increase (+) or decrease (-) in operating liabilities	**1,353**	**-1**	**1,352**
Liabilities to credit institutions	170	0	170
Financial liabilities at fair value through profit or loss	11		11
Derivative contracts	11		11
Liabilities to customers	983	0	984
Non-life Insurance liabilities	186	2	188
Life Insurance liabilities	173		173
Provisions and other liabilities	-182	-3	-185
Income tax paid	-22		-22
Dividends received	46	1	47
A. Net cash from operating activities	**-551**	**0**	**-551**
Cash flow from investing activities			
Increases in held-to-maturity financial assets	-4		-4
Decreases in held-to-maturity financial assets	27	0	27
Acquisition of subsidiaries, net of cash acquired	-1		-1
Disposal of subsidiaries, net of cash disposed	-		-
Purchase of PPE and intangible assets	-38	-1	-39
Proceeds from sale of PPE and intangible assets	2	0	3
B. Net cash used in investing activities	**-14**	**-1**	**-15**
Cash flow from financing activities			
Increases in subordinated liabilities	-		-
Decreases in subordinated liabilities	-135	0	-135
Increases in debt securities issued to the public	6,567		6,567
Decreases in debt securities issued to the public	-5,959		-5,959
Increases in cooperative and share capital	44		44
Decreases in cooperative and share capital	-30		-30
Dividends paid and interest on cooperative capital	-2		-2
Returns to owner-members	-		-
C. Net cash from financing activities	**484**	**0**	**484**
Net change in cash and cash equivalents (A+B+C)	**-81**	**-1**	**-82**
Cash and cash equivalents at period-start	**5,872**	**1**	**5,873**
Cash and cash equivalents at period-end	**5,791**	**0**	**5,790**
Interest received	**616**		**616**
Interest paid	**-522**		**-522**
Cash and cash equivalents			
Liquid assets	5,499	4	5,502
Receivables from credit institutions payable on demand	292	-4	288
Total	**5,791**	**0**	**5,790**

Levies

In addition, the Group has used IFRIC interpretation 21: Levies since the beginning of 2014 before its entry into force and EU approval. According to the interpretation, the bank levy liability and the liability arising from contributions to the Deposit Guarantee Fund are recognised in full in accrued income and prepaid expenses and accrued expenses and deferred income in the balance sheet when the levy is imposed under said legislation, or on 1 January 2014. The change in the accounting policy does not change the recognition principle applied to these expenses through profit or loss.

Note 2. OP-Pohjola Group's formulas for key figures and ratios

	Q1/ 2014	Q1/ 2013	Q1-Q4/ 2013
Return on equity, %	10.8	9.8	9.0
Return on equity at fair value, %	9.9	8.4	8.4
Return on assets, %	0.77	0.70	0.66
Cost/income ratio, %	57	58	62
Average personnel	12,685	12,923	12,587
Full-time	11,757	11,905	11,662
Part-time	928	1,018	925

Return on equity (ROE), %

$$\frac{\text{Profit for the period}}{\text{Equity capital (average of the beginning and end of the period)}} \times 100$$

Return on equity at fair value, %

$$\frac{\text{Total comprehensive income for the period}}{\text{Equity capital (average of the beginning and end of the period)}} \times 100$$

Return on assets (ROA), %

$$\frac{\text{Profit for the period}}{\text{Average balance sheet total (average of the beginning and end of the period)}} \times 100$$

Equity ratio, %

$$\frac{\text{Equity capital}}{\text{Total assets}} \times 100$$

Cost/income ratio, %

$$\frac{\text{Personnel costs + other administrative expenses + other operating expenses}}{\text{Net interest income + net income from Non-life Insurance operations + net income from Life Insurance operations + net commissions and fees + net trading income + net investment income + other operating income + share of associates' profits/losses}} \times 100$$

Core Tier 1, %

$$\frac{\text{Total Tier 1 capital, excl. hybrid capital and shortfall of Tier 2 capital covered by hybrid capital}}{\text{Total minimum capital requirement}} \times 8$$

Common Equity Tier 1 ratio,% (CET1)*

$$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Total risk exposure amount}} \times 100$$

*Common Equity Tier 1 capital (CET1) as defined in Article 26 of EU Regulation 575/2013 and total risk exposure amount as defined in Article 92.

Tier 1 ratio, %

$$\frac{\text{Total Tier 1 capital}}{\text{Total minimum capital requirement}} \times 8$$

Capital adequacy ratio, %

$$\frac{\text{Total capital}}{\text{Total minimum capital requirement}} \times 8$$

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

$$\frac{\text{Conglomerate's total capital}}{\text{Conglomerate's total minimum capital requirement}}$$

Return on economic capital, %

$$\frac{\text{Earnings + customer bonuses after tax (value rolling 12 month)}}{\text{Average economic capital}} \times 100$$

Non-life Insurance:

Combined ratio (excl. unwinding of discount), %	Loss ratio + expense ratio Risk ratio + cost ratio	
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
Operating combined ratio, %	Operating loss ratio + Operating expense ratio Operating risk ratio + operating cost ratio	
Operating risk ratio (excl. unwinding of discount)	Claims excl. loss adjustment expenses and changes in reserving bases / Net insurance premium revenue excl. changes in reserving bases	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
Cost ratio, %	Operating expenses and loss adjustment expenses / Net insurance premium revenue	x 100
Operating cost ratio	Operating expenses and loss adjustment expenses / Net insurance premium revenue excl. changes in reserving bases	x 100
Solvency ratio, %	Solvency capital / Insurance premium revenue	x 100
Solvency ratio, %*)	Capital base / Capital requirement (SCR)	

*) According to the proposed Solvency II framework

Life Insurance:

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

Note 3. OP-Pohjola Group quarterly performance

EUR million	2013* Q1	2013* Q2	2013* Q3	2013* Q4	2014 Q1
Interest income	616	626	629	643	651
Interest expenses	401	405	397	396	399
Net interest income	**215**	**221**	**232**	**247**	**251**
Impairments of receivables	9	23	17	34	10
Net interest income after impairments	**206**	**198**	**215**	**213**	**241**
Net income from Non-life Insurance operations	143	137	147	96	151
Net income from Life Insurance operations	70	36	37	31	80
Net commissions and fees	185	171	172	166	198
Net trading income	29	23	29	34	27
Net investment income	26	23	7	12	16
Other operating income	19	23	17	28	13
Personnel costs	211	203	176	202	195
Other administrative expenses	85	97	85	118	112
Other operating expenses	102	102	99	119	113
Returns to owner-members	48	48	49	49	49
Share of associates' profits/losses	0	1	1	-3	0
Earnings before tax for the period	**234**	**161**	**216**	**90**	**257**
Income tax expense	60	38	55	-118	61
Profit for the period	**174**	**123**	**160**	**208**	**196**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	-	-	-	19	-50
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value	-14	-115	82	38	-27
Cash flow hedge	-11	-20	4	-3	20
Translation differences	0	0	0	0	0
Income tax on other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	-	-	-	26	-10
Items that may be reclassified to profit or loss					
Measurement at fair value	-3	-28	20	-7	-5
Cash flow hedge	-3	-5	1	-2	4
Total comprehensive income for the period	**155**	**21**	**225**	**246**	**151**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 4. Net interest income

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Loans and other receivables	326	311	5	1,257
Receivables from credit institutions and central banks	2	3	-38	11
Notes and bonds	50	46	8	184
Derivatives (net)				
Derivatives held for trading	30	12		37
Derivatives under hedge accounting	22	17	25	75
Ineffective portion of cash flow hedge	0	0	-8	3
Liabilities to credit institutions	-1	-2	-42	-5
Liabilities to customers	-59	-76	-22	-268
Debt securities issued to the public	-107	-86	25	-339
Subordinated debt	-9	-10	-15	-39
Hybrid capital	-2	-2	-5	-6
Financial liabilities held for trading	0	0	51	0
Other (net)	0	1	-76	4
Net interest income before fair value adjustment under hedge accounting	**252**	**215**	**17**	**914**
Hedging derivatives	-75	-97	-23	-257
Value change of hedged items	75	97	-23	257
Total net interest income	**251**	**215**	**17**	**915**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 5. Impairments of receivables

EUR million	Q1/2014	Q1/ 2013	Change, %	Q1-Q4/ 2013
Receivables eliminated as loan or guarantee losses	8	10	-13	61
Receeoveries of eliminated receivables	-3	-3	-5	-15
Increase in impairment losses on individually assessed receivables	14	21	-32	110
Decrease in impairment losses on individually assessed receivables	-7	-19	62	-72
Collectively assessed impairment losses	-2	0		-1
Total	**10**	**9**	**18**	**84**

Note 6. Net income from Non-life Insurance

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Net insurance premium revenue				
Premiums written	618	594	4	1,346
Insurance premiums ceded to reinsurers	-25	-41	41	-57
Change in provision for unearned premiums	-285	-280	-2	-37
Reinsurers' share	12	22	-47	-3
Total	**320**	**295**	**8**	**1,249**
Net Non-life Insurance claims				
Claims paid	215	190	13	786
Insurance claims recovered from reinsurers	-4	-4	-26	-39
Change in provision for unpaid claims	-3	18		65
Reinsurers' share	-3	-9	71	-3
Total	**205**	**196**	**5**	**809**
Net investment income, Non-life Insurance				
Interest income	15	15	4	57
Dividend income	11	15	-24	25
Property	1	1	-37	2
Capital gains and losses				
Notes and bonds	3	14	-81	21
Shares and participations	30	20	52	22
Loans and receivables	-	-		-
Property	0	0	96	-1
Derivatives	-12	-2		-1
Fair value gains and losses				
Notes and bonds	0	-1	20	2
Shares and participations	0	0		0
Loans and receivables	0	0		-1
Property	1	0		4
Derivatives	0	-3	88	4
Impairments	-1	-4	68	-10
Other	0	0	-38	2
Total	**47**	**55**	**-14**	**126**
Unwinding of discount	-11	-11	2	-43
Other	0	0	**96**	0
Net income from Non-life Insurance	**151**	**143**	**6**	**524**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 7. Net income from Life Insurance

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Premiums written	302	280	8	1,074
Reinsurers' share	-5	-6	16	-25
Total	**297**	**274**	**9**	**1,049**
Claims incurred				
Benefits paid	-200	-254	21	-750
Change in provision for unpaid claims	-3	-4	22	-16
Reinsurers' share	2	3	-30	11
Change in insurance liabilities				
Change in life insurance provision	-197	-206	4	-597
Reinsurers' share	0	1		-1
Total	**-399**	**-461**	**13**	**-1,353**
Other	-54	11		-42
Total	**-156**	**-176**	**-11**	**-346**
Net investment income, Life Insurance				
Interest income	12	13	-8	55
Dividend income	17	24	-29	46
Property	0	2		0
Capital gains and losses				
Notes and bonds	3	7	-51	3
Shares and participations	38	22	70	58
Loans and receivables	0	6	-96	6
Property	0	-		4
Derivatives	-8	0		1
Fair value gains and losses				
Notes and bonds	0	-4		-3
Shares and participations	0	-6		-1
Loans and receivables	0	-1	93	-2
Property	0	-1		5
Derivatives	81	-11		-81
Impairments	-6	-6	9	-26
Other	7	0		1
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	16	33	-53	86
Fair value gains and losses	63	160	-60	328
Other	12	8	51	41
Total	**236**	**246**	**-4**	**521**
Net income from Life Insurance	**80**	**70**	**13**	**175**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 8. Net commissions and fees

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Commission income				
Lending	55	48	15	199
Deposits	1	1	1	6
Payment transfers	56	47	20	212
Securities brokerage	6	6	7	22
Securities issuance	3	3	1	11
Mutual funds brokerage	23	21	11	90
Asset management and legal services	24	19	26	74
Insurance brokerage	28	33	-16	61
Guarantees	5	5	6	23
Other	23	26	-12	95
Total	**225**	**209**	**8**	**794**
Commission expenses	28	24	15	100
Net commissions and fees	**198**	**185**	**7**	**694**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 9. Net trading income

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Capital gains and losses				
Notes and bonds	4	2	70	4
Shares and participations	2	2	-21	5
Derivatives	-2	32		70
Changes in fair value				
Notes and bonds	1	1	57	-2
Shares and participations	0	1		3
Derivatives	16	-12		12
Dividend income	0	0	-42	1
Net income from foreign exchange operations	7	3		22
Total	**27**	**29**	**-7**	**114**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 10. Net investment income

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	10	13	-24	16
Shares and participations	1	2	-36	3
Dividend income	7	7	2	32
Impairment losses	-3	0		-3
Carried at amortised cost				
Capital gains and losses	0	0	-61	0
Total	**15**	**22**	**-30**	**49**
Investment property				
Rental income	11	11	-1	42
Maintenance charges and expenses	-8	-7	-18	-36
Changes in fair value, capital gains and losses	-1	0		12
Other	0	0	-34	1
Total	**1**	**4**	**-67**	**19**
Other	0	0		0
Net investment income	**16**	**26**	**-37**	**68**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 11. Other operating income

EUR million	Q1/2014	Q1/2013 Restated*	Change, %	Q1–Q4/2013 Restated*
Income from property and business premises in own use	5	4	6	17
Rental income from assets rented under operating lease	1	2	-58	8
Other	7	13	-42	61
Total	**13**	**19**	**-33**	**86**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 12. Classification of financial assets and liabilities

EUR million	Loans and other receivables	Invest-ments held to maturity	Financial assets at fair value through profit or loss**	Available-for-sale financial assets	Hedging derivatives	Total
Assets						
Cash and cash equivalents	820	-	-	-	-	820
Receivables from credit institutions ***	4,807	-	-	-	-	4,807
Derivative contracts	-	-	3,206	-	497	3,703
Receivables from customers	68,392	-	-	-	-	68,392
Non-life Insurance assets****	742	-	158	2,871	-	3,771
Life Insurance assets*****	198	-	6,774	3,142	-	10,114
Notes and bonds	-	216	433	7,388	-	8,037
Shares and participations	-	-	76	351	-	427
Other financial assets	1,755	-	-	-	-	1,755
Financial assets	**76,713**	**216**	**10,647**	**13,752**	**497**	**101,826**
Other than financial instruments						2,759
Total 31 March 2014	**76,713**	**216**	**10,647**	**13,752**	**497**	**104,584**
Total 31 March 2013 restated*	**78,435**	**378**	**10,682**	**11,619**	**642**	**101,757**
Total 31 Dec. 2013 restated*	**75,675**	**271**	**10,658**	**13,908**	**479**	**100,991**

EUR million	Financial liabilities at fair value through profit or loss********	Other liabilities	Hedging derivatives	Total
Liabilities				
Liabilities to credit institutions	-	1,250	-	1,250
Financial liabilities held for trading (excl. derivatives)	3	-	-	3
Derivative contracts	3,138	-	252	3,390
Liabilities to customers	-	49,581	-	49,581
Non-life Insurance liabilities******	0	3,104	-	3,104
Life Insurance liabilities*******	6,516	3,601	-	10,117
Debt securities issued to the public	-	24,595	-	24,595
Subordinated loans	-	862	-	862
Other financial liabilities	-	2,950	-	2,950
Financial liabilities	**9,656**	**85,943**	**252**	**95,851**
Other than financial liabilities				1,655
Total 31 March 2014	**9,656**	**85,943**	**252**	**97,506**
Total 31 March 2013 restated*	**9,054**	**85,071**	**423**	**94,548**
Total 31 Dec. 2013 restated*	**9,219**	**83,798**	**250**	**93,267**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

**Assets at fair value through profit or loss include financial assets for trading, financial assets at fair value through profit or loss at inception, and investments and investment property covering unit-linked insurance policies and investment contracts.

*** Include EUR 4,000 million in a one-week deposit facility with the central bank.

****Non-life Insurance assets are specified in Note 14.

*****Life Insurance assets are specified in Note 15.

******Non-life Insurance liabilities are specified in Note 16.

*******Life Insurance liabilities are specified in Note 17.

********Includes the balance sheet value of insurance liabilities related to unit-linked policies.

Debt securities issued to the public are carried at amortised cost.

On 31 March, the fair value of these debt instruments was approximately EUR 438 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.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	190	318	1	508
Non-life Insurance	-	6	-	6
Life Insurance**	6,282	238	9	6,530
Derivative financial instruments				
Banking	13	3,502	188	3,703
Non-life Insurance	-	0	-	0
Life Insurance	-	136	-	136
Available-for-sale				
Banking	5,528	2,164	47	7,739
Non-life Insurance	1,622	1,027	222	2,871
Life Insurance	1,684	1,062	395	3,142
Total	**15,320**	**8,454**	**861**	**24,635**

**Includes 6,521 million euros in the fair value of assets covering unit-linked policies, with Level 1 accounting for 6,282 million and Level 2 for 238 million euros.

Fair value of assets on 31 Dec 2013, EUR million*	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	152	383	1	537
Non-life Insurance	-	6	-	6
Life Insurance**	6,061	239	16	6,316
Derivative financial instruments				
Banking	10	3,201	212	3,423
Non-life Insurance	4	0	-	4
Life Insurance	1	70	-	71
Available-for-sale				
Banking	6,168	1,752	41	7,961
Non-life Insurance	1,648	917	214	2,779
Life Insurance	1,800	947	420	3,168
Total	**15,844**	**7,516**	**904**	**24,264**

**Includes 6,300 million euros in the fair value of assets covering unit-linked policies, with Level 1 accounting for 6,061 million and Level 2 for 239 million euros.

Fair value of liabilities on 31 March 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	-	3	-	3
Non-life Insurance	-	-	-	-
Life Insurance**	6,277	238	-	6,514
Derivative financial instruments				
Banking	49	3,232	109	3,390
Non-life Insurance	-	-	-	-
Life Insurance	-	0	-	1
Total	**6,325**	**3,474**	**109**	**9,908**

Fair value of liabilities on 31 Dec 2013, EUR million*	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	-	4	-	4
Non-life Insurance	-	-	-	-
Life Insurance**	6,060	239	-	6,299
Derivative financial instruments				
Banking	35	2,992	131	3,157
Non-life Insurance	-	-	-	-
Life Insurance	-	9	-	9
Total	**6,095**	**3,243**	**131**	**9,469**

**Includes the fair value of liabilities of unit-linked policies and unit-linked investment contracts.

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Level 1: Quoted prices in active markets

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 quotes in active markets.

Level 2: Valuation techniques using observable inputs

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.

Level 3: Valuation techniques using unobservable inputs

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. In many cases, the Level 3 fair value is based on pricing information from a third party.

Transfers between levels of the fair value hierarchy

Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change.

During 2014, EUR 52 million in bonds were transferred from level 2 to level 1, due to changes in credit ratings.

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Available-for-sale financial assets		Total assets
	Banking	Insurance	Banking	Insurance	Banking	Insurance	
Opening balance 1 Jan 2014*	1	16	212	-	41	634	904
Total gains/losses in profit or loss	-	0	-24	-	9	-12	-27
Total gains/losses in other comprehensive income	-	-	-	-	1	21	22
Purchases	-	-	-	-	0	13	13
Sales	0	-7	-	-	-4	-39	-50
Closing balance 31 March 2014	**1**	**9**	**188**	**-**	**47**	**617**	**861**

Financial liabilities, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Total assets
	Banking	Insurance	Banking	Insurance	
Opening balance 1 Jan 2014*	-	-	131	-	131
Total gains/losses in profit or loss	-	-	-22	-	-22
Closing balance 31 March 2014	**-**	**-**	**109**	**-**	**109**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Total gains/losses included in profit or loss by item on 31 March 2014

EUR Million	Net interest income or net trading income	Net investment income	Net income from Non-life Insurance	Net income from Life Insurance	Statement of comprehensi ve income/ Change in fair value reserve	Net gains/losses on assets and liabilities held on 31 March
Realised net gains (losses)	-	-	1	-13	-	**-12**
Unrealised net gains (losses)	-2	9	-	-	22	**29**
Total net gains (losses)	**-2**	**9**	**1**	**-13**	**22**	**17**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. Level 3 derivatives relate to structured bonds issued by Pohjola, whose return is determined by the value performance of an embedded derivative instrument. The fair value change of these embedded derivatives is not presented in the above table.

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2014.

Note 14. Non-life Insurance assets

EUR million	31 March 2014	31 March 2013 Restated*	Change, %	31 Dec 2013 Restated*
Investments				
Loan and other receivables	19	138	-86	15
Shares and participations	389	420	-7	471
Property	152	145	5	152
Notes and bonds	2,194	1,894	16	2,014
Derivatives	0	0	-100	4
Other participations	294	452	-35	300
Total	**3,049**	**3,050**	**0**	**2,956**
Other assets				
Prepayments and accrued income	38	37	3	40
Other				
Arising from direct insurance operations	483	434	11	324
Arising from reinsurance operations	111	133	-16	90
Cash in hand and at bank	8	8	-4	4
Other receivables	83	44	89	64
Total	**722**	**656**	**10**	**523**
Non-life Insurance assets	**3,771**	**3,706**	**2**	**3,479**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 15. Life Insurance assets

EUR million	31 March 2014	31 March 2013 Restated*	Change, %	31 Dec 2013 Restated*
Investments				
Loan and other receivables	67	253	-73	77
Shares and participations	1,161	1,407	-18	1,369
Property	108	169	-36	108
Notes and bonds	1,990	1,688	18	1,815
Derivatives	136	120	13	71
Total	**3,463**	**3,638**	**-5**	**3,440**
Assets covering unit-linked insurance contracts				
Shares, participations and other investments	6,521	5,727	14	6,300
Other assets				
Prepayments and accrued income	47	46	1	47
Other				
Arising from direct insurance operations	5	5	1	5
Arising from reinsurance operations	76	78		77
Cash in hand and at bank	3	6	-55	3
Total	**130**	**135**	**-3**	**132**
Life Insurance assets	**10,114**	**9,499**	**6**	**9,872**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 16. Non-life Insurance liabilities

EUR million	31 March 2014	31 March 2013	Change, %	31 Dec 2013
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,261	1,234	2	1,312
Other provision for unpaid claims	847	788	8	788
Total	2,108	2,022	4	2,100
Provisions for unearned premiums	778	735	6	493
Other liabilities	218	298	-27	152
Total	**3,104**	**3,056**	**2**	**2,746**

Note 17. Life Insurance liabilities

EUR million	31 March 2014	31 March 2013	Change, %	31 Dec 2013
Liabilities for unit-linked insurance	5,227	4,576	14	5,039
Investment contracts	1,287	1,086	19	1,260
Insurance liabilities	3,445	3,496	-1	3,389
Other liabilities	158	194	-19	82
Total	**10,117**	**9,352**	**8**	**9,771**

Insurance liabilities include EUR 146 million (484) in value dependent on valuation tied to market interest rates. A one percentage-point increase in interest rates reduces insurance liabilities by EUR 165 million.

Note 18. Debt securities issued to the public

EUR million	31 March 2014	31 March 2013	Change, %	31 Dec 2013
Bonds	10,123	7,409	37	8,828
Covered bonds	6,694	5,694	18	5,698
Certificates of deposit, commercial papers and ECPs	7,742	6,492	19	6,801
Other	35	142	-75	101
Total	**24,595**	**19,737**	**25**	**21,428**

Note 19. Fair value reserve after income tax

EUR million	Available-for-sale financial assets: Notes and bonds	Available-for-sale financial assets: Shares, participations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2013 * restated	**85**	**206**	**48**	**339**
Fair value changes	16	16	-5	26
Transfers to net interest income	-29	-17	-5	-51
Deferred tax	3	0	3	6
Closing balance 31 March 2013	**75**	**206**	**40**	**320**

EUR million	Available-for-sale financial assets: Notes and bonds	Available-for-sale financial assets: Shares, participations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	**63**	**238**	**27**	**328**
Fair value changes	46	7	27	80
Transfers to net interest income	-7	-73	-7	-86
Deferred tax	-8	13	-4	1
Closing balance 31 March 2014	**95**	**185**	**43**	**323**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

The fair value reserve before tax amounted to EUR 403 million (409) and the related deferred tax liability amounted to EUR 80 million (82). On 31 March, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 240 million (293) million and negative mark-to-market valuations EUR 26 million (20).

A negative fair value reserve may recover by means of asset appreciation and recognised impairments.

Note 20. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	31 March 2014	31 Dec 2013 Restated*
Receivables from credit institutions and customers (gross)	73,652	69,440
Total impairment loss, of which	454	449
Individually assessed	398	391
Collectively assessed	56	58
Receivables from credit institutions and customers (net)	**73,199**	**68,991**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Doubtful receivables 31 March 2014, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Receivables more than 90 days past due	490	199	291
Zero-interest	9	7	3
Underpriced	176	1	175
Renegotiated	533	-	533
Other	291	191	100
Total	**1,499**	**398**	**1,102**

Doubtful receivables 31 Dec 2013, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Receivables more than 90 days past due	456	164	292
Zero-interest	10	7	3
Underpriced	175	1	174
Renegotiated	405	-	405
Other	318	220	99
Total	**1,364**	**391**	**973**

Key ratio, %	31 March 2014	31 Dec 2013
Exposures individually assessed for impairment, % of doubtful receivables	26.5 %	28.6 %

Doubtful receivables include receivables more than 90 days past due, zero-interest and under-priced receivables as well as receivables that are subject to individually assessed impairment or receivables that have been renegotiated due to customer's financial difficulties. The Group reports as the amount of a receivable that is more than 90 days past due, whose interest or principal amount has been past due and outstanding for over three months. Zero-interest receivables have been agreed to carry zero interest for the purpose of securing customer payment capacity. Under-priced receivables have been priced below market prices to secure customer payment capacity. Impaired receivables include those that are subject to impairment but cannot be classified under any of the above categories. In addition, receivables which have not been classified under any of the above categories but the terms and conditions of the contract have been renegotiated to allow the borrower sufficient ability to service the debt are reported as renegotiated receivables. Renegotiated receivables were added to the definition of doubtful receivables in 2013 to also cover forborne receivables.

Note 21. Capital structure and capital adequacy

The Group has presented its capital base and capital adequacy of 31 March 2014 in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR) entered into force on 1 January 2014. Comparatives for 2013 are presented according to CRD III in force on 31 December 2013. In addition, an estimate of the figures a year ago under CRR is presented in column CRR 1 Jan. 2014.

Capital structure and capital adequacy, EUR million	CRR 31 March 2014	CRR 1 Jan 2014	Change, %	CRD3 31 Dec 2013
OP-Pohjola Group's equity capital	7,078	7,724	-8	7,724
The effect of insurance companies on the Group's shareholders' equity is excluded	-262	-212	23	-212
Fair value reserve, cash flow hedging	-43	-27	60	-27
Supplementary cooperative capital to which transitonal provision applies	494	494		603
Common Equity Tier 1 (CET1) before deductions	**7,267**	**7,979**	**-9**	**8,088**
Intangible assets	-426	-424	0	-424
Excess funding of pension liability, indirect holdings and deferred tax assets for losses	-54	-66	-18	-96
Planned profit distribution / profit distribution as proposed by the Board	-12	-99	-87	-99
Unrealised gains under transitional provisions	-96	-110	-13	-57
Investments in insurance companies and financial institutions	-	-		-1,154
Shortfall of impairments – expected losses	-378	-384	-2	-179
Shortfall of Additional Tier 1 (AT1)	-	-		-177
Common Equity Tier 1 (CET1)*)	**6,300**	**6,896**	**-9**	**5,902**
Instruments included in other Tier 1 capital				
Subordinated loans to which transitional provision applies	161	161		202
Shortfall of Tier 2 capital	-	-		-378
Reclassification into CET1	-	-		177
Additional Tier 1 capital (AT1)	**161**	**161**		**0**
Tier 1 capital (T1)	**6,461**	**7,057**	**-8**	**5,902**
Debenture loans	669	670	0	670
OVY's equalisation provision	230	228	1	228
Unrealised gains under transitional provisions	40	57	-29	57
Investments in insurance companies and financial institutions	-	-		-1,154
Shortfall of impairments – expected losses	-	-		-179
Reclassification into AT1	-	-		378
Tier 2 Capital (T2)	**940**	**955**	**-2**	**0**
Total capital base	**7,401**	**8,012**	**-8**	**5,902**

Risk-weighted assets				
Credit and counterparty risk	36,518	36,489	0	30,175
Central government and central banks exposure ***)	130	169	-23	86
Credit institution exposure	1,258	1,379	-9	1,118
Corporate exposure	20,088	19,650	2	20,450
Retail exposure	5,255	5,404	-3	5,404
Equity investments**)	7,881	7,976	-1	1,511
Other	1,906	1,912	0	1,607
Market risk	957	909	5	909
Operational risk	3,182	3,007	6	3,007
Basel I floor	-	-		7,247
Total	**40,656**	**40,405**	**1**	**41,339**

Ratios, %	**31 March 2014**	**1 Jan 2014**	**Change, percentage point**	**31 Dec 2013**
CET1 capital ratio	15.5	17.1	1.6	14.3
Tier 1 ratio	15.9	17.5	1.6	14.3
Capital adequacy ratio	18.2	19.8	1.6	14.3

Basel I floor, EUR million		
Capital base	7,401	8,012
Basel I capital requirements floor	3,528	3,281
Capital buffer for Basel I floor	3,873	4,731

*) The row of CET1 based on CRD III figures shows Core Tier as defined by the EBA

**) The risk weight of equity investments includes EUR 6.4 billion in insurance holdings within OP-Pohjola Group. Based on permission from the Financial Supervisory Authority, OP-Pohjola treats insurance holdings as risk-weighted assets according to the PD/LGD method.

***) Of the risk weight of "Central government and central banks' exposure", EUR 107 million represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

OP-Pohjola has applied transitional provisions regarding old capital instruments to supplementary cooperative capital and subordinated loans A total of 80% of the amounts outstanding on 31 December 2012 are included in the capital base.

Negative unrealised valuations are included in common equity tier 1 capital. Positive unrealised valuations are included in tier 2 capital according to a statement issued by the Financial Supervisory Authority.

Under CRR, the Basel I floor does not apply to RWAs and becomes a minimum capital requirement. The table above shows capital resources that exceed the Basel I floor.

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

EUR million	31 March 2014	1 Jan 2014	Change, %	31 Dec 2013
OP-Pohjola Group's equity capital	7,078	7,724	-8	7,724
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds	1,335	1,335	0	1,488
Other sector-specific items excluded from capital base	-3	-5	-31	-5
Goodwill and intangible assets	-1,300	-1,308	-1	-1,308
Equalisation provisions	-202	-205	-1	-205
Proposed profit distribution	-12	-99	-87	-99
Items under IFRS deducted from capital base*	-160	-168	-5	-135
Shortfall of impairments – expected losses	-352	-358	-2	-358
Conglomerate's capital base, total	**6,383**	**6,918**	**-8**	**7,104**
Regulatory capital requirement for credit institutions**	2,737	2,717	1	3,307
Regulatory capital requirement for insurance operations***	455	437	4	437
Conglomerate's total minimum capital requirement	**3,191**	**3,154**	**1**	**3,744**
Conglomerate's capital adequacy	**3,191**	**3,764**	**-15**	**3,359**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**2.00**	**2.19**		**1.90**

* 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

Note 23. Collateral given

EUR million	31 March 2014	31 March 2013	Change, %	31 Dec 2013
Collateral given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	7	4,176	-100	12
Loans (as collateral for covered bonds)	8,697	8,360	4	7,542
Other	518	530	-2	485
Other collateral given				
Pledges*	5,973	4,165	43	5,705
Total	**15,196**	**17,232**	**-12**	**13,744**
Other secured liabilities	468	577	-19	490
Covered bonds	6,694	5,694	18	5,698
Total secured liabilities	**7,162**	**6,270**	**14**	**6,188**

*) of which EUR 2,000 million in intraday settlement collateral and the rest pledged but unencumbered

Note 24. Off-balance-sheet items

EUR million	31 March 2014	31 March 2013	Change, %	31 Dec 2013
Guarantees	928	93		931
Other guarantee liabilities	1,974	388		1,967
Pledges	3	-		3
Loan commitments	8,665	6,218	39	9,772
Commitments related to short-term trade transactions	206	13		265
Other	472	24		490
Total off-balance-sheet items	**12,249**	**6,737**	**82**	**13,428**

Note 25. Derivative contracts

	Nominal values / remaining term to maturity				Fair values*	
31 March 2014, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	61,812	100,030	43,081	204,924	3,223	2,769
Cleared by the central counterparty	2,291	13,765	8,293	24,348	118	157
Currency derivatives	14,810	3,522	3,916	22,248	289	345
Equity and index derivatives	255	493	-	749	67	0
Credit derivatives	4	149	35	188	14	0
Other derivatives	316	636	136	1,088	78	68
Total derivatives	**77,197**	**104,830**	**47,169**	**229,196**	**3,670**	**3,182**

	Nominal values / remaining term to maturity				Fair values*	
31 December 2013, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	38,534	98,847	42,708	180,089	3,025	2,498
Cleared by the central counterparty	2,390	10,634	5,020	18,044	76	69
Currency derivatives	16,180	2,522	1,524	20,226	342	411
Equity and index-linked derivatives	194	582	-	776	77	-
Credit derivatives	4	99	15	118	13	0
Other derivatives	367	627	172	1,167	64	64
Total derivatives	**55,278**	**102,678**	**44,419**	**202,375**	**3,520**	**2,974**

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

Note 26. Financial assets and liabilities offset in the balance sheet or subject to enforceable master netting arrangements or similar agreements

Financial assets

31 March 2014, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet	Financial assets not set off in the balance sheet		
				Financial assets**	Collateral received	Net amount
Banking derivatives	3,802	-99	3,703	-2,545	-373	785
Life Insurance derivatives	136	-	136	-1	-	135
Non-life Insurance derivatives	0	-	0	-	-	0
Total derivatives	**3,938**	**-99**	**3,839**	**-2,547**	**-373**	**920**

Financial liabilities

31 March 2014, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet		
				Financial liabilities***	Collateral given	Net amount
Banking derivatives	3,531	-141	3,390	-2,545	-396	449
Life Insurance derivatives	1	-	1	-1	-	-
Non-life Insurance derivatives	0	-	0	-	-	0
Total derivatives	**3,533**	**-141**	**3,391**	**-2,547**	**-396**	**449**

Financial assets

31 Dec 2013, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet	Financial assets not set off in the balance sheet		
				Financial assets**	Collateral received	Net amount
Banking derivatives	3,498	-71	3,423	-2,362	-359	702
Life Insurance derivatives	71	-	71	-9	-	62
Non-life Insurance derivatives	4	-	4	-	-	4
Total derivatives	**3,573**	**-71**	**3,498**	**-2,371**	**-359**	**768**

Financial liabilities

31 Dec 2013, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet		
				Financial liabilities***	Collateral given	Net amount
Banking derivatives	3,221	-64	3,157	-2,362	-377	418
Life Insurance derivatives	9	-	9	-9	-	-
Non-life Insurance derivatives	-	-	-	-	-	-
Total derivatives	**3,230**	**-64**	**3,166**	**-2,371**	**-377**	**418**

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling -39 (+8) million euros.

**Fair values excluding accrued interest

***It is OP-Pohjola Group's practice to enter into master agreements for derivative transactions with all derivative counterparties.

Central counterparty clearing for OTC derivatives

In anticipation of entry into force of central counterparty clearing required by the European Market Infrastructure Regulation (Regulation (EU) No. 648/2012), Pohjola Bank plc adopted in February 2013 central counterparty clearing in London Clearing House for new interest rate derivatives covering standardised OTC derivative transactions entered into with financial counterparties. Based on this model, the central counterparty will become the derivatives counterparty at the end of the daily clearing process, with whom daily payments for derivatives are netted. In addition, collateral is paid or received daily, which corresponds to the change in the fair value of open positions (variation margin). Interest rate derivatives cleared by the central counterparty are presented on a net basis in the balance sheet.

Other bilaterally cleared OTC derivative contracts

The ISDA Master Agreement or the Master Agreement of the Federation of Finnish Financial Services or OP-Pohjola Group will apply to derivative transactions between OP-Pohjola Group and other clients and to derivative transactions to which central counterparty clearing in accordance with the Regulation does not pertain. On the basis of these agreements, derivative payments may be netted per transaction on each payment date and in the event of counterparty default and bankruptcy. It is also possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. Such derivatives are presented on a gross basis in the balance sheet.

Note 27. Related-party transactions

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

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

Related-party transactions have not undergone any substantial changes since 31 December 2013.

OP-Pohjola Group's financial performance will be presented to the media by Executive Chairman and CEO Reijo Karhinen in a press conference on 29 April 2014 at 12 noon at Vääksyntie 4, Vallila, Helsinki.

Pohjola Bank plc will publish its own Interim Report.

Financial reporting in 2014

Schedule for Interim Reports in 2014:

Interim Report H1/2014	6 August 2014
Interim Report Q1−3/2014	29 October 2014

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