Pohjola Bank plc´s

Interim Report for

1 January—31 March 2014

Pohjola

Pohjola Group Performance for January–March1)

- Consolidated earnings before tax amounted to EUR 159 million (132) and consolidated earnings before tax at fair value to EUR 163 million (114). The return on equity was 16.5% (14.5).
- The Common Equity Tier 1 (CET1) ratio was 12.0% (11.9*).
- Strong growth in income improved Banking earnings. The loan portfolio remained at the year-end level and increased by 3% in the year to March. The average margin on the corporate loan portfolio was 1.54% (1.57). Earnings included EUR 4 million (6) in impairment loss on receivables.
- Within Non-life Insurance, insurance premium revenue increased by 8% (10). The combined ratio improved to 91.0% (94.2). Excluding changes in reserving bases and amortisation on intangible assets arising from company acquisition, the operating combined ratio was 89.3% (92.4). Return on investments at fair value was 1.4% (1.1).
- Within Asset Management, assets under management increased by 3% from their year-end level, amounting to EUR 39.2 billion (37.9).
- Total income increased by 11% and expenses by 4%. Cost savings out of the EUR 12 million estimated for 2014 based on the efficiency-enhancement programme amounted to EUR 1 million.
- Pohjola's Board of Directors confirmed Pohjola Group's updated financial targets on 17 March 2014. It increased the capital adequacy target from 11% (Core Tier 1) to 15% (Common Equity Tier 1) as a result of tightening regulation and decreased the dividend payout ratio from 50% to 30% until Pohjola has achieved its new CET1 target.
- OP-Pohjola Group Central Cooperative Consolidated executed a public voluntary bid for Pohjola Bank plc shares. After the end of the extra offer period, OP-Pohjola Group Central Cooperative's ownership increased to approximately 98.41% of the shares and to approximately 99.14% of the votes conferred by the shares. On 11 April 2014, OP-Pohjola Group Central Cooperative initiated a squeeze-out procedure under the Limited Liability Companies Act for the remaining shares in Pohjola.
- Unchanged outlook: Consolidated earnings before tax for 2014 are expected to be higher than in 2013. For more detailed information on the outlook, see “Outlook towards the year end” below.

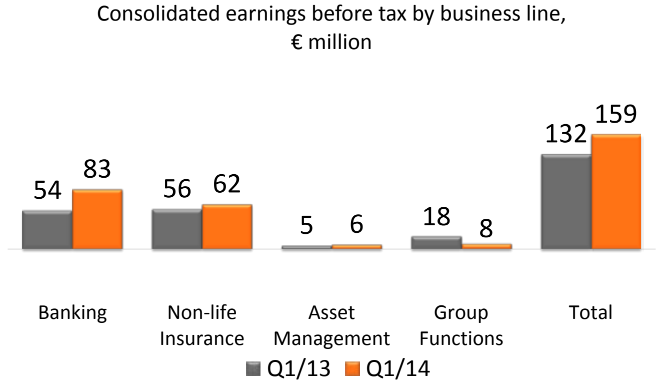
Earnings before tax, € million	**Q1/2014**	**Q1/2013**	**Change, %**	**2013**
Banking	83	54	55	251
Non-life Insurance	62	56	12	166
Asset Management	6	5	31	24
Group Functions	8	18	-58	39
Total	**159**	**132**	**21**	**479**
Change in fair value reserve	4	-18		-16
Earnings before tax at fair value	**163**	**114**	**41**	**463**
Earnings per share, €	0.39	0.31		1.33
Equity per share, €	9.25	8.48		9.54
Average personnel	2 593	2 688		2 632

Financial targets	**Q1/2014**	**Q1/2013**	**2013**	**Target**
Return on equity, %	16.5	14.5	14.4	13
Common Equity Tier 1 ratio (CET1), % *)	12.0		11.9	15
Operating cost/income ratio by Banking, %	33	40	36	< 35
Operating combined ratio by Non-life Insurance, %	89.3	92.4	86.9	< 92
Operating expense ratio by Non-life Insurance, %	18.5	19.9	18.7	18
Non-life Insurance solvency ratio (under Solvency II framework), % **)	134	115	125	120
Operating cost/income ratio by Asset Management, %	51	58	53	< 45
Total expenses in 2015 at the same level as at the end of 2012	151	145	581	569
AA rating affirmed by at least two credit rating agencies or credit ratings at least at the main competitors' level	2	2	2	2
Dividend payout ratio at least 50%, provided that CET 1 ratio is at least 15%. Dividend payout ratio is 30% until CET1 ratio of 15% has been achieved.			50	≥ 50 (30)

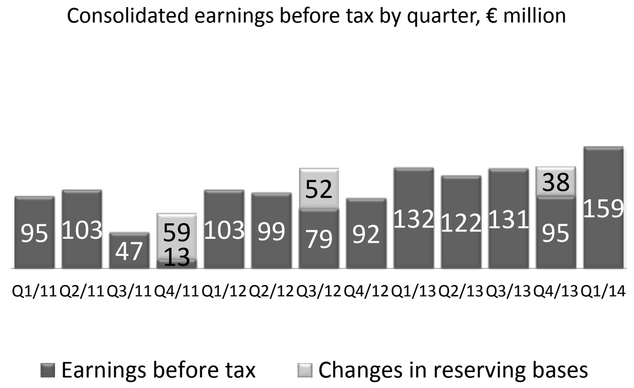
1) Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2013 are used as comparatives. Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.
*) In accordance with the EU capital requirements regulation (EU 575/2013) (CRR) that entered into force on 1 January 2014.
**) Estimate; Solvency II regulations are still in progress

President and CEO Jouko Pölönen:

Consolidated earnings before tax improved by EUR 27 million to EUR 159 million and the return on equity was 16.5%. Banking and Non-life Insurance, in particular, improved their earnings.



The Banking loan portfolio increased year on year. During the reporting period, demand for loans was weak and the loan portfolio remained at the 2013-end level. Income from Banking increased as a result of higher net interest income, net commissions and fees as well as net trading income. The quality of the loan portfolio remained good and impairment loss on receivables was lower than a year ago.



Within Non-life Insurance, insurance premium revenue continued to grow strongly. As a result of the unusually mild winter, claims incurred increased more slowly than insurance premium revenue, and the balance on technical account improved. Return on investments at fair value was better than a year ago due to lower interest rates.

Within Asset Management, assets under management increased from their 2013-end level. Asset Management earnings improved as a result of higher net commissions and fees.

Total income increased by 11% and expenses by 4%. Our expenses were above the target and we will have to improve our operational efficiency further.

Pohjola Bank plc's Board of Directors confirmed updated financial targets for Pohjola Group. It increased the Common Equity Tier 1 (CET1) ratio target to 15% as a result of tightening regulation and decreased the dividend payout ratio to 30% until Pohjola has achieved its new CET1 target.

OP-Pohjola Group Central Cooperative, Pohjola's parent company, executed the bid for Pohjola shares announced on 6 February 2014. As a result, its holding in Pohjola shares has increased to approximately 98.41%. OP-Pohjola Group Central Cooperative has initiated a squeeze-out procedure under the Limited Liability Companies Act for the remaining shares in Pohjola.

The planned reorganisation following the bid will make Pohjola's business lines integrate more closely with the more efficient and more competitive OP-Pohjola Group wholly owned by its customers. This will create excellent opportunities for us to provide the entire OP-Pohjola Group's resources for our customers and to continue to promote their sustainable prosperity, security and wellbeing more effectively.

Pohjola Group 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.

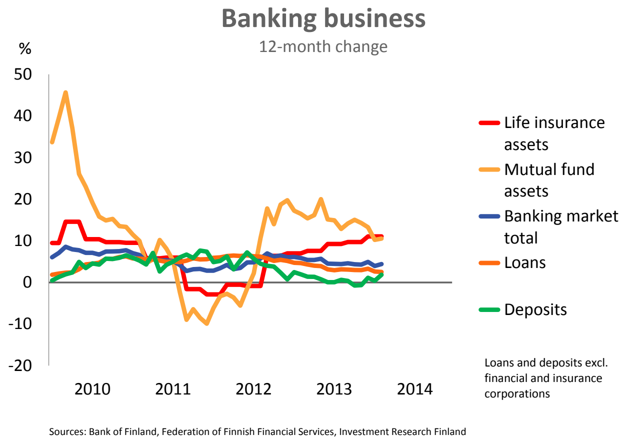
The monthly growth of total home loans came to a halt for the first time in over 15 years towards the end of 2013. The annual growth rate of the total home loans had slowed down to 2% at the end of February.

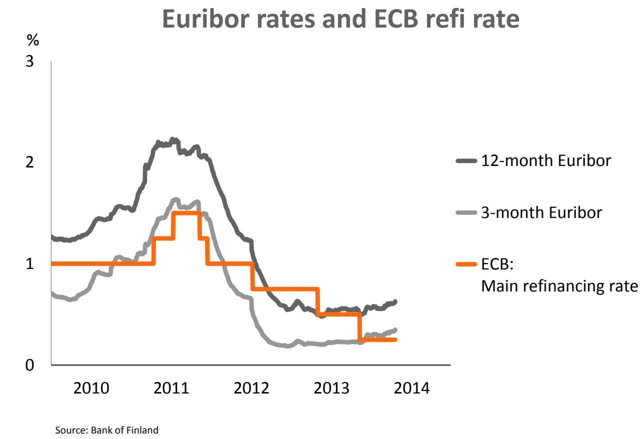
There are subtle signs of recovery in total corporate loans. The total corporate loans in the sector increased at an annual rate of 3% during the first quarter.

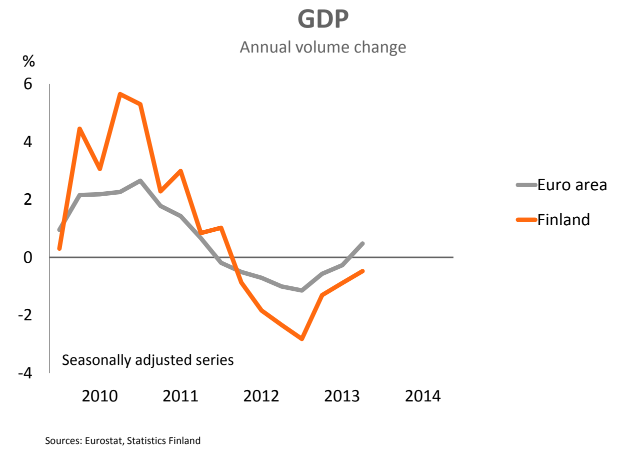
The total deposits in the sector did not increase in the first quarter from their 2013-end level. In particular, demand for term deposits remained very low. However, deposits in current accounts continued to grow at a swift rate of over 8%.

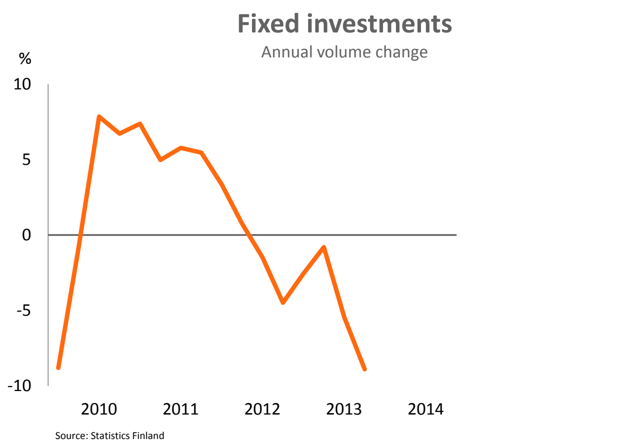
Net asset inflows to mutual funds continued to remain high during the first quarter although the Ukraine crisis was reflected in some funds. Long-term bond funds in particular made good progress but net asset inflows to equity funds were negative in the first quarter. Insurance savings continued to increase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









Consolidated earnings analysis

€ million	2014 Q1	2013 Q1	Change %	Rolling 12-month	2013
Net interest income					
Corporate and Baltic Banking	61	52	17	236	227
Markets	7	0		4	-3
Other operations	-5	3		-2	6
Total	64	55	15	238	230
Net commissions and fees	49	36	38	176	162
Net trading income	24	16	48	101	93
Net investment income	16	21	-23	42	46
Net income from Non-life Insurance					
Insurance operations	115	99	16	456	440
Investment operations	48	56	-15	122	131
Other items	-11	-11	4	-42	-43
Total	153	145	5	536	528
Other operating income	8	11	-26	35	38
Total income	**314**	**284**	**11**	**1,127**	**1,097**
Personnel costs	47	48	-3	183	184
ICT costs	24	22	8	92	90
Depreciation and amortisation	14	12	13	57	55
Other expenses	66	62	5	255	252
Total expenses	**151**	**145**	**4**	**587**	**581**
Earnings before impairment loss on receivables	**163**	**138**	**18**	**541**	**516**
Impairment loss on receivables	4	7	-35	35	37
Share of associates' profit/loss	0	0	168	1	0
Earnings before tax	**159**	**132**	**21**	**507**	**479**
Change in fair value reserve	4	-18		4	-16
Earnings before tax at fair value	**163**	**114**	**41**	**511**	**463**

January–March earnings

Consolidated earnings before tax improved by EUR 27 million to EUR 159 million (132). Total income and total expenses increased by 11% and 4%, respectively. Impairment loss on receivables decreased to EUR 4 million (7).

The fair value reserve before tax increased by EUR 4 million, amounting to EUR 211 million on 31 March. Earnings before tax at fair value were EUR 163 million (114).

Net interest income increased by 15%.

Combined net interest income from Corporate Banking and Baltic Banking grew by 17% year on year. The loan portfolio remained at the year-end level and increased by 3% in the year to March. The average margin on the corporate loan portfolio decreased by 3 basis points during the reporting period to 1.54% (1.57). It increased by 5 basis points in the year to March.

Net interest income from Markets and net trading income improved as a result of growth in client trading and income from trading.

The Group Functions showed a year-on-year decrease in net interest income from the liquidity buffer as the Group was preparing for tighter liquidity regulation.

Net commissions and fees increased by EUR 13 million over the previous year, or by 38%. This increase came from commissions and fees related to securities issuance and asset management.

Net investment income decreased by EUR 5 million from its level a year ago. Capital gains on notes and bonds amounted to EUR 9 million (12) and dividend income to EUR 7 million (7).

Net income from Non-life Insurance improved by 5%. Insurance premium revenue increased by 8% and claims incurred by 6%. Investment income recognised in the income statement was EUR 8 million lower than the year before. Investment income included EUR 21 million (32) in capital gains and EUR 1 million (4) in impairment loss on investments. Return on investments at fair value was 1.4% (1.1).

Other operating income declined by EUR 3 million due mainly to lower income related to maintenance lease.

Total expenses grew by 4%, or EUR 6 million. ICT costs, depreciation and amortisation increased total expenses by EUR 4 million. In addition, advisory fees related to the bid for Pohjola shares added to other expenses. Personnel costs decreased by 3%.

Earnings analysis by quarter

€ million	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
Net interest income					
Corporate and Baltic Banking	52	56	58	61	61
Markets	0	-3	-1	2	7
Other operations	3	2	1	0	-5
Total	55	55	57	62	64
Net commissions and fees	36	42	42	42	49
Net trading income	16	24	21	32	24
Net investment income	21	13	2	10	16
Net income from Non-life Insurance					
Insurance operations	99	123	133	85	115
Investment operations	56	25	26	24	48
Other items	-11	-10	-11	-11	-11
Total	145	138	148	98	153
Other operating income	11	8	7	12	8
Total income	**284**	**281**	**277**	**256**	**314**
Personnel costs	48	49	41	47	47
ICT costs	22	22	21	25	24
Depreciation and amortisation	12	13	15	15	14
Other expenses	62	63	58	68	66
Total expenses	**145**	**146**	**135**	**155**	**151**
Earnings before impairment loss on receivables	**138**	**135**	**142**	**101**	**163**
Impairment loss on receivables	7	13	12	5	4
Share of associates' profit/loss	0	0	1	-1	0
Earnings before tax	**132**	**122**	**131**	**95**	**159**
Change in fair value reserve	-18	-58	41	17	4
Earnings before tax at fair value	**114**	**64**	**172**	**112**	**163**

Group risk exposure

Economic development in Finland remained weak but there were more signs of a gradual recovery. The Group's risk-bearing capacity and risk exposure remained stable.

No major changes occurred in credit risk exposure. Investment-grade exposures remained high. Doubtful receivables and past due payments remained low and impairment losses decreased.

	Q1/2014	Q1/2013	2013
Net loan losses and impairment losses, € million	4	7	37
% of the loan and guarantee portfolio	0.02	0.04	0.21
Doubtful receivables*), € million	38	38	40
% of the loan and guarantee portfolio	0.22	0.23	0.23
Past due payments, € million	14	22	27
% of the loan and guarantee portfolio	0.08	0.13	0.16

*) Receivables more than 90 days past due, zero-interest and under-priced receivables

The final loan losses recognised amounted to EUR 1 million (3) and impairment losses to EUR 5 million (18). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 2 million (14).

No major changes took place in the Non-life Insurance underwriting risk exposure. Pohjola reduced equity risk associated with the investment portfolio.

The Group's funding and liquidity position remained strong and the Group had good access to funding during the reporting period.

Liquidity buffer

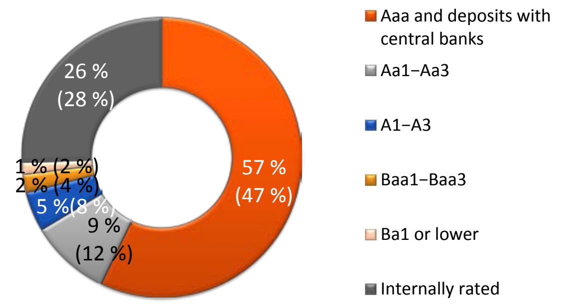
€ billion	31 March 2014	31 Dec. 2013	Change, %
Deposits with central banks	4.7	2.0	136.6
Notes and bonds eligible as collateral	7.0	7.4	-4.7
Corporate loans eligible as collateral	3.7	3.3	12.5
Total	**15.4**	**12.7**	**21.9**
Receivables ineligible as collateral	0.7	0.7	13.3
Liquidity buffer at market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

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

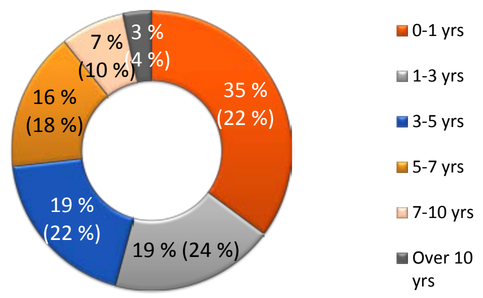
Measurement of the notes and bonds included in the liquidity buffer is based on mark-to-market valuations.

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

Financial assets included in the liquidity buffer by credit rating 31 March 2014, % (31 Dec. 2013, %)



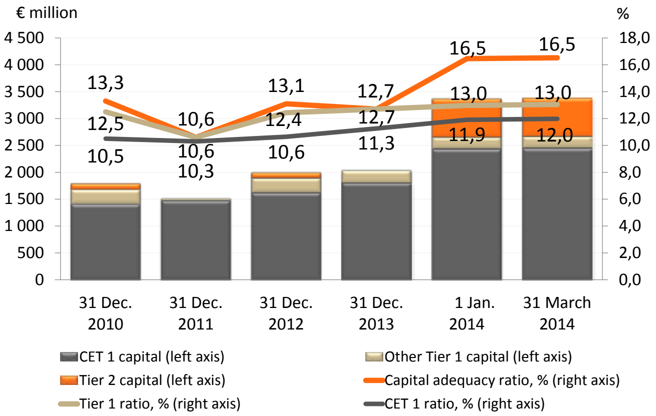
Financial assets included in the liquidity buffer by maturity on 31 March 2014, % (31 Dec. 2013, %)



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

Capital adequacy

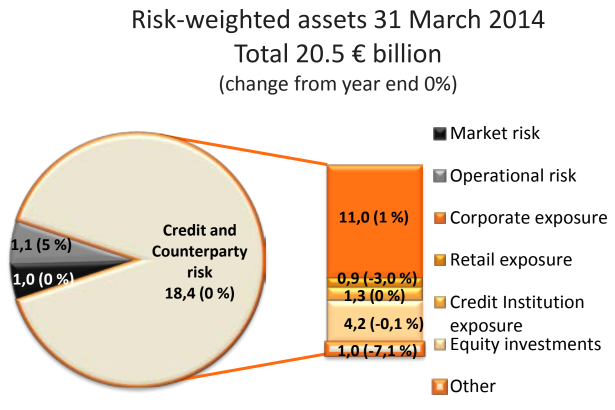
Capital base and capital adequacy



Pohjola Group's Common Equity Tier 1 (CET1) ratio was 12.0% (11.9) on 31 March. Pohjola Group's minimum CET1 target is 15%. The comparative capital adequacy ratios are presented in accordance with the Capital Requirements Regulation (CRR) that entered into force on 1 January 2014.

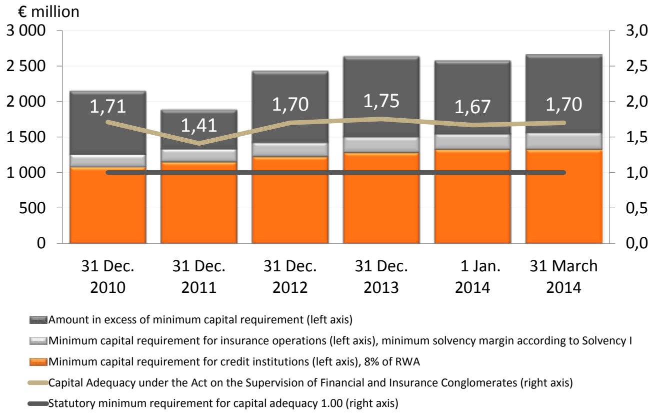
The capital adequacy ratio was 16.5% (16.5), as against the minimum regulatory requirement of 8%

Risk-weighted assets on 31 March were unchanged, totalling EUR 20.5 billion. Risk-weighted assets included EUR 3.9 billion in intra-Group insurance holdings. Pohjola has applied the risk-weight of approximately 280% to insurance holdings.



Pohjola Group belongs to OP-Pohjola Group whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. The Group's capital adequacy ratio under the Act was 1.70 (1.67) on 31 March.

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



Regulatory changes under Basel III and Solvency II

As a result of the financial crisis, the regulatory framework for banks' capital adequacy requirements became more rigorous. 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 entered into force on 1 January 2014 and will implement the Basel III standards within the EU during 2014–19. These regulatory changes are aimed, for example, at improving the quality of banks' capital base, reducing the cyclic nature of capital requirements, decreasing banks' indebtedness and setting quantitative limits to liquidity risk.

From Pohjola's perspective, the most important individual change in the regulations relates to the treatment of insurance holdings within a banking-led financial and insurance conglomerate. On 27 November 2013, Pohjola and OP-Pohjola Group received permission from the Finnish Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The method applied to insurance holdings leads to a risk-weight of approximately 280%. The permission will be valid from 1 January 2014 until 31 December 2014 at the latest. As a result of the European Central Bank taking over supervisory responsibilities for OP-Pohjola Group as credit institution, the ECB will decide on whether any further special permission is given to OP-Pohjola Group.

The requirements for capital buffers implemented through national legislation will add to capital requirements but the schedule for their implementation is not yet known. The upcoming liquidity regulation will add liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

As part of OP-Pohjola Group, Pohjola as credit institution will be subject to direct supervision by the ECB in November 2014 under the current plan. The ECB will conduct an asset quality review (AQR) and stress test of OP-Pohjola Group as credit institution during 2014, in which Pohjola will participate.

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 being processed, and are scheduled to come into effect at the beginning of 2016.

The Non-life Insurance solvency ratio under the Solvency II framework was 134% (125) on 31 March. The buffer in relation to the solvency capital requirement under Solvency II amounted to EUR 241 million (181).

Non-life Insurance capital base and solvency ratio*) under Solvency II

€ million	31 March 2014	31 Dec. 2013	Target
Tier 1	889	844	
Tier 2	50	50	
Solvency capital requirement (SCR)	698	713	
Solvency ratio (Solvency II), %	134	125	120
Capital based (Solvency II)	939	894	

*) According to proposed Solvency II

Credit ratings

Pohjola Bank plc's credit ratings on 31 March 2014

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

* Rating put on review for a possible downgrade

Pohjola Insurance Ltd's financial strength ratings on 31 March 2014

Rating agency	Rating	Outlook
Standard & Poor's	AA-	Credit Watch Negative*
Moody's	A3	Stable

* Rating put on review for a possible downgrade

In January–March 2014, no changes occurred in the credit rating of Pohjola Bank plc and the financial strength rating of Pohjola Insurance Ltd affirmed by Fitch Ratings Limited, Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Services Ltd.

On 6 February 2014, 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.

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.

Pohjola's efficiency-enhancement programme

The efficiency-enhancement programme launched within Pohjola in late 2012 is aimed at achieving annual cost savings of around EUR 50 million by the end of 2015, job cuts accounting for around 40% of the estimated cost savings. The remaining cost savings will arise from eliminating overlapping activities and standardising practices within the framework of OP-Pohjola Group Central Cooperative Consolidated's efficiency-enhancement programme. The programme aims at annual cost savings of EUR 150 million within OP-Pohjola Group Central Cooperative Consolidated by the end of 2015.

Pohjola achieved 55% of the total annual cost savings of EUR 50 million in 2013, and expects to achieve cost savings of 24% this year and the rest by the end of 2015. Non-life Insurance is anticipated to account for over 60% of the cost savings, Banking for slightly over 30% and Asset Management for the rest.

As its financial target, Pohjola Group aims to keep its total expenses at the end of 2015 at the 2012-end level. Cost savings out of EUR 12 million estimated for 2014 based on the efficiency-enhancement programme amounted to EUR 1 million in the first quarter. Non-life Insurance accounted for 58% of the cost savings, Banking for 36% and Asset Management for 6%.

Financial performance and risk exposure by business segment

Banking

- Earnings before tax amounted to EUR 83 million (54). All business divisions reported a marked earnings improvement thanks to strong growth in income.
- On 31 March, the loan portfolio amounted to EUR 14.2 billion, being at the same level as at the end of 2013.
- The average corporate portfolio margin increased by 5 basis points to 1.54% in the year to March and decreased by 3 basis points between January and March.
- Impairment loss on receivables decreased to EUR 4 million (6), accounting for 0.03% of the loan and guarantee portfolio (0.04).
- The operating cost/income ratio was 33% (40).

Banking: financial results and key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	2013
Net interest income				
Corporate and Baltic Banking	61	52	17	227
Markets	7	0		-3
Total	68	52	30	224
Net commissions and fees	28	21	37	100
Net trading income	27	23	20	101
Other income	5	4	24	17
Total income	**129**	**100**	**29**	**443**
Expenses				
Personnel costs	14	15	-2	57
ICT costs	10	8	16	31
Depreciation and amortisation	4	4	2	15
Other expenses	15	14	6	54
Total expenses	**42**	**40**	**4**	**157**
Earnings before impairment loss on receivables	**87**	**60**	**45**	**285**
Impairment loss on receivables	4	6	-33	35
Earnings before tax	**83**	**54**	**55**	**251**
Earnings before tax at fair value	81	57	40	260
Loan portfolio, € billion	14.2	13.7	3	14.2
Guarantee portfolio, € billion	2.7	2.7	0	2.7
Risk-weighted assets, € billion	14.6			14.3
Margin on corporate loan portfolio, %	1.54	1.49	3	1.57
Ratio of doubtful receivables*) to loan and guarantee portfolio, %	0.22	0.23		0.23
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.03	0.04		0.20
Operating cost/income ratio, %	33	40		36
Personnel	619	638	-2	634

*) In accordance with the EU capital requirements regulation (EU 575/2013) (CRR) that entered into force on 1 January 2014
*) Receivables more than 90 days past due, zero-interest and under-priced receivables

January–March earnings

Earnings before tax amounted to EUR 83 million (54). Income and expenses increased by 29% and 4%, respectively. Impairment loss on receivables decreased by EUR 2 million (6) year on year.

Combined net interest income from Corporate Banking and Baltic Banking grew by 17%. Demand for loans was sluggish and the loan portfolio remained at the 2013-end level, EUR 14.2 billion. The average corporate portfolio margin increased by 5 basis points to 1.54% in the year to March and decreased by 3 basis points between January and March.

Net interest income from Markets and net trading income improved as a result of growth in client trading and income from trading.

The guarantee portfolio remained at the 2013-end level, amounting to EUR 2.7 billion. Committed standby credit facilities totalled EUR 3.1 billion (3.1).

Net commissions and fees increased by EUR 8 million year on year. Commissions and fees from lending increased by EUR 4 million and those from securities issuance by EUR 3 million.

A decrease in other income and in depreciation and amortisation resulted mainly from a reduction in the maintenance lease portfolio.

Total expenses increased by 4%, due mainly to higher ICT costs.

Earnings before tax by division

€ million	Q1/2014	Q1/2013	Change, %
Corporate Banking	56	41	36
Markets	26	12	115
Baltic Banking	0	0	
Total	**83**	**54**	**55**

Risk exposure by Banking

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

Total exposure increased by EUR 0.2 billion to EUR 25.2 billion. The ratio of investment-grade exposure – i.e. rating categories 1–5 – to total exposure, excluding households, remained at a healthy level, standing at 62% (62). The proportion of rating categories 11–12 was 1.3% (1.3).

Corporate customer (incl. housing corporations) exposures represented 81% (81) of total Banking exposures. Of corporate customer exposure, the investment-grade exposure accounted for 57% (56) and the exposure of the lowest two rating categories amounted to EUR 306 million (310), representing 1.5% (1.5) of the total corporate exposure.

Pohjola's own funds covering the Group's large customer exposure increased to EUR 3.4 billion (2.1). No single customer's exposure exceeded 10% of the Group's own funds and thus there were no large customer exposures at the end of 31 March

Corporate exposure by industry remained highly diversified. The most significant industries included Wholesale and Retail Trade 10.2% (10.2), Renting and Operating of Residential Real Estate representing 9.7% (9.9), and Manufacture of Machinery and Equipment 9.1% (9.1). A total of 50% of the exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Net loan losses and impairment losses within Banking amounted to EUR 4 million (6), accounting for 0.03% (0.04) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 1 million (2) and impairment losses EUR 5 million (18). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 2 million (14).

On 31 March 2014, Baltic Banking exposures totalled EUR 0.9 billion (0.8), accounting for 3.5% (3.2) of total Banking exposures.

The Baltic Banking net loan losses and impairment losses amounted to EUR –0.2 million (–0.8), improving the result.

The interest rate risk by Banking in the event of a one-percentage-point change in the interest rate averaged EUR 13.6 million (13.5) during the reporting period.

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 number of loyal customer households increased by 9,887 (4,696).
- 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).

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

€ million	Q1/2014	Q1/2013	Change, %	2013
Insurance premium revenue	320	295	8	1 249
Claims incurred	-227	-214	6	-889
Operating expenses	-59	-59	1	-234
Amortisation adjustment of intangible assets	-5	-5	0	-21
Balance on technical account	**29**	**17**		**104**
Net investment income	49	55	-10	131
Other income and expenses	-16	-16	-4	-70
Earnings before tax	**62**	**56**	**12**	**166**
Earnings before tax at fair value	61	35	77	150
Combined ratio, %	91.0	94.2		91.6
Operating combined ratio, %	89.3	92.4		86.9
Operating loss ratio, %	70.8	72.5		68.2
Operating expense ratio, %	18.5	19.9		18.7
Operating risk ratio, %	64.4	66.4		61.7
Operating cost ratio, %	24.9	26.0		25.2
Return on investments at fair value, %	1.4	1.1		3.5
Solvency ratio , %	76	77		73
Solvency ratio (Solvency II), %*)	134	115		125
Personnel	1,856	1,879	-1	1,872

*) Estimate; Solvency II regulations are still in progress

January–March earnings

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

Insurance premium revenue increased at a faster rate than claims incurred and operating expenses grew only slightly from their level a year ago. Insurance premium revenue increased by 8% (10). The operating balance on technical account totalled EUR 34 million (22) and the operating combined ratio was 89.3% (92.4). These key operating figures exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition. The combined ratio, including the abovementioned items, was 91.0% (94.2).

Insurance premium revenue

€ million	Q1/2014	Q1/2013	Change, %
Private Customers	162	145	11
Corporate Customers	145	137	5
Baltic States	13	12	10
Total	**320**	**295**	**8**

Growth in insurance premium revenue remained strong in private customers and the Baltic States. Corporate customers showed a slower growth.

In 2013, Pohjola had a market share of 30.3% (29.1) in terms of non-life insurance premiums written. Measured in terms of the market share in premiums written, Pohjola is Finland's largest non-life insurer.

The number of loyal customer households increased by 9,887 (4,696) from its 2013-end level. The March-end number of loyal customer households totalled 625,493 (574,690), of which up to 73% (69) also use OP-Pohjola Group cooperative banks as their main bank. OP-Pohjola Group cooperative banks' and Helsinki OP Bank's customers used OP bonuses that they had earned through the use of banking and insurance services to pay 451,000 insurance bills (431,000) with 59,000 (60,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 22 million (21).

Sales of policies to private and corporate customers declined, being 2% lower than a year ago.

Claims expenditure increased by 6%, growing less than insurance premium revenue as a result of the mild winter. Claims incurred arising from new large claims were higher than a year ago. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 19 (11) during January–March, with their claims incurred retained for own account totalling EUR 16.8 million (12.5). Change in provisions for unpaid claims under statutory pension was EUR 17.7 million (23.6). Changes in claims for previous years improved the balance on technical account by EUR 5 million (1). The operating loss ratio was 70.8% (72.5) and the risk ratio (excluding indirect loss adjustment expenses) 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 of a moderate increase in operating expenses. The operating cost ratio (incl. indirect loss adjustment expenses) was 24.9% (26.0).

Other income and expenses decreased by EUR 1 million, which improved the financial results.

Operating balance on technical account and combined ratio (CR)

	Q1/2014		Q1/2013	
	Balance € million	CR, %	Balance € million	CR, %
Private Customers	26	83.8	18	87.4
Corporate Customers	6	95.7	2	98.3
Baltic States	2	86.3	2	84.3
Total	**34**	**89.3**	**22**	**92.4**

Favourable developments in claims among private and corporate customers improved profitability. The Baltic States showed a slight decline in profitability.

Investment

Investment income at fair value was better than a year ago because of lower interest rates. Investment income at fair value amounted to EUR 48 million (34), or 1.4% (1.1). Net investment income recognised in the income statement was EUR 49 million (55).

Investment portfolio by asset class

%	31 March 2014	31 Dec. 2013
Bonds and bond funds	73	72
Alternative investments	1	1
Equities	7	10
Private equity	3	3
Real property	10	10
Money market instruments	6	4
Total	**100**	**100**

On 31 March, the investment portfolio totalled EUR 3,410 million (3,219). The fixed-income portfolio by credit rating remained healthy, considering that investments within the "investment-grade" category represented 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).

The running yield for direct bond investments averaged 2.6% (2.6) at the end of March.

Risk exposure by Non-life Insurance

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

On 31 March, Non-life Insurance solvency capital under Solvency II totalled EUR 939 million (894) and capital requirement EUR 698 million (713). The solvency ratio under Solvency II was 134% (125%).

On 31 March, Non-life Insurance solvency capital amounted to EUR 974 million (913) and the ratio of solvency capital to insurance premium revenue (solvency ratio) was 76% (73). Equalisation provisions were EUR 245 million (248).

The investment portfolio risk exposure was reduced by decreasing equity risk exposure.

Asset Management

- Earnings before tax amounted to EUR 6 million (5). Performance-based management fees amounted to EUR 0 million (1).
- Assets under management increased by 3% to EUR 39.2 billion (37.9).
- The operating cost/income ratio was 51% (58).

Asset Management: financial results and key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	2013
Net commissions and fees	13	12	10	51
Other income	1	1	-24	4
Total income	**14**	**13**	**8**	**55**
Personnel costs	4	4	-6	14
Other expenses	4	4	-1	17
Total expenses	**8**	**8**	**-3**	**32**
Share of associate's profit/loss	0	0	169	0
Earnings before tax	**6**	**5**	**31**	**24**
Earnings before tax at fair value	6	5	31	24
Assets under management, € billion	39.2	34.2	14	37.9
Operating cost/income ratio, %	51	58		53
Personnel	87	88	-1	88

January–March earnings

Earnings before tax were EUR 6 million (5). Performance-based management fees of EUR 0 million (1) were included in earnings. Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company, in proportion to Pohjola's shareholding.

The operating cost/income ratio was 51% (58).

Assets under management increased by 3% during the period, amounting to EUR 39.2 billion (37.9) on 31 March.

Assets under management

€ billion	31 March 2014	31 Dec. 2013
Institutional Clients	22	21
OP Mutual Funds	12	12
Private	4	5
Total	39	38

Assets under management by asset class

%	31 March 2014	31 Dec. 2013
Money market investments	16	15
Notes and bonds	38	37
Equities	32	32
Other	14	15
Total	**100**	**100**

The increase in assets under management was based on brisk growth in institutional assets under management and improved market values. A total of 71% of mutual funds managed by Asset Management outperformed their benchmark index during the first quarter.

Group Functions

- Earnings before tax amounted to EUR 8 million (18). These included EUR 7 million (12) in capital gains on notes and bonds.
- Earnings before tax at fair value were EUR 14 million (18).
- Liquidity and access to funding remained good.

Group Functions: financial results and key figures and ratios

€ million	Q1/2014	Q1/2013	Change, %	2013
Net interest income	0	8	-95	27
Net commissions and fees	5	0		-1
Net trading income	-3	-5	-46	-12
Net investment income	13	21	-39	46
Other income	2	2	-11	9
Total income	**17**	**25**	**-33**	**69**
Personnel costs	1	1	8	6
Other expenses	8	6	38	21
Total expenses	**9**	**7**	**33**	**27**
Earnings before impairment loss on receivables	**8**	**18**	**-58**	**41**
Impairment loss on receivables	0	0		2
Earnings before tax	**8**	**18**	**-58**	**39**
Earnings before tax at fair value	14	18	-21	31
Liquidity buffer, € billion	16.2	14.3	13	13.3
Risk-weighted assets, € billion	5.8			6.0
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	3.8	3.4	9	4.7
Central Banking earnings, € million	8	2	292	9
Personnel	25	38	-35	26

***)** In accordance with the EU capital requirements regulation (EU 575/2013) (CRR) that entered into force on 1 January 2014

January–March earnings

Earnings before tax amounted to EUR 8 million, or EUR 10 million lower than the year before. Earnings before tax at fair value were EUR 14 million, or EUR 4 million lower than the year before.

Net interest income was reduced by persistently low interest rates and a reduction in investment risk associated with the liquidity buffer as the Group was preparing for tighter liquidity regulation.

A credit limit granted to OP-Pohjola Group Central Cooperative relating to financing for the bid for Pohjola shares added to net commissions and fees.

Net investment income included EUR 7 million in capital gains on notes and bonds (12) and EUR 7 million (7) in dividend income.

Advisory fees related to the bid for Pohjola shares added to other expenses.

Pohjola's access to funding remained good. During the reporting period, Pohjola issued long-term bonds worth EUR 1.7 billion. In March, Pohjola issued in the international capital market two senior bonds each worth EUR 750 million with a maturity of three and seven years. In addition, OP Mortgage Bank, which is part of OP-Pohjola Group, issued in March a covered bond of EUR 1.0 billion with a maturity of seven years.

On 31 March, the average margin of senior wholesale funding was 41 basis points (40).

Risk exposure by Group Functions

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

The Group Functions exposure totalled EUR 20.4 billion (19.8), consisting of notes and bonds to secure OP-Pohjola Group's liquidity, deposits with central banks and receivables from OP-Pohjola Group cooperative banks.

The interest rate risk by the Group Functions in the event of a one-percentage-point change in the interest rate averaged EUR 15.2 million (18.3).

Personnel and remuneration

On 31 March 2014, the Group had a staff of 2,587, or 33 less than on 31 December 2013.

Personnel by segment*

	31 March 2014	31 Dec. 2013
Banking	619	634
Non-life Insurance	1,856	1,872
Asset Management	87	88
Group Functions	25	26
Total	**2,587**	**2,620**

*) Personnel includes 70 (70) agents based in the Baltic countries.

A total of 449 Group employees (406) worked abroad.

The scheme for variable remuneration within OP-Pohjola Group and Pohjola consists of short-term, company-specific incentives and OP-Pohjola Group-wide long-term incentives.

Pohjola updated its financial targets

Pohjola Bank plc's Board of Directors confirmed Pohjola Group's updated financial targets on 17 March 2014.

The Core Tier 1 ratio of 11% (CT1) was replaced by the Common Equity Tier 1 ratio of 15% (CET1). Pohjola also revised its dividend policy in such a way that the dividend payout ratio is at least 50%, provided that the CET1 is at least 15%. The dividend payout ratio will be 30% for the financial year 2014 and onwards until Pohjola has achieved the new CET1 target ratio. The solvency ratio target of 70% set for Non-life Insurance was replaced by the 120% solvency ratio target under Solvency II. Other financial targets remained unchanged.

The new capital adequacy target must be achieved on a front-loaded basis by the end of 2016 and other financial targets by the end of 2015.

The higher capital adequacy target results from the tighter regulatory framework, uncertainty related to the treatment of insurance holdings after 2014 and the decision made on 5 February 2014 by OP-Pohjola Group Central Cooperative's Supervisory Board to increase the capital adequacy target for OP-Pohjola Group's Banking from 15% (CT1) to 18% (CET1). OP-Pohjola Group must meet the CET1 target, based on the highest-quality form of capital, by the end of 2016. The aim is to maintain a solid capital base that creates competitive edge and stability.

Strengthening the capital base and managing risk-weighted assets form the key to the achievement of the new CET1 target. When it comes to strengthening the capital base, an increase in earnings and dividends paid by Pohjola Insurance Ltd to Pohjola Bank plc and the lower dividend payout ratio will play a key role. Developing credit-risk models will play a key role in the management of risk-weighted assets.

Pohjola Group's financial targets

	Target
Group	
Return on equity, %	13
CET1, %	15
Banking	
Operating cost/income ratio, %	< 35
Non-life Insurance	
Operating combined ratio, %	< 92
Operating expense ratio, %	18
Solvency ratio (Solvency II), %	120
Asset Management	
Operating cost/income ratio, %	< 45
Total expenses	
2015-end total expenses at the same level as at the end of 2012	569

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

Decisions by the Annual General Meeting

Pohjola Bank plc's Annual General Meeting (AGM) of 20 March 2014 adopted the Financial Statements for 2013, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.67 per Series A share and EUR 0.64 per Series K share.

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

In addition to the abovementioned Board members, Reijo Karhinen, Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, the parent institution, acts as the Chairman of the Board of Directors by virtue of law and Tony Vepsäläinen, Vice Chairman of the Executive Board of OP-Pohjola Group Central Cooperative and Chief Business Development Officer, as Vice Chairman according to the Articles of Association.

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

Decisions by the regrouping meeting of the Board of Directors

At its regrouping meeting held after the AGM of Pohjola Bank plc on 20 March 2014, the Board of Directors elected members to the Board committees.

The Audit Committee comprises Tom von Weymarn (Chairman); Marjo Partio, Managing Director (Vice Chairman); and Mirja-Leena (Mirkku) Kullberg, Managing Director.

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

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

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

OP-Pohjola Group Central Cooperative's public voluntary bid for Pohjola Bank plc shares

On 6 February 2014, OP-Pohjola Group Central Cooperative announced that it would make a public voluntary bid for all Series A and K shares issued by Pohjola Bank plc and not held by OP-Pohjola Group Central Cooperative. The offer price was EUR 16.80 per Series A and K share. The premium was 18.1% compared to the closing price of the series A Share on 5 February 2014 and 23.3% compared to the volume-weighted average trading price during the 6-month period (30.5% during the preceding 12-month period) preceding the announcement of the bid. The amount of distributed dividends for each share was deducted from the offer price.

On 13 February 2014, the independent members of Pohjola's Board of Directors issued a statement pertaining to the bid as referred to in the Securities Markets Act. In its statement, the Board of Directors considered that the bid provides a reasonable alternative for shareholders in prevailing circumstances and recommended acceptance of the bid to the shareholders.

The offer period began on 24 February 2014 and expired on 1 April 2014.

In connection with the announcement of the preliminary result of the bid, OP-Pohjola Group Central Cooperative announced on 2 April 2014 that all the conditions for the bid had been fulfilled and it will be completed in accordance with its terms and conditions.

According to the stock exchange release issued on 4 April 2014 by OP-Pohjola Group Central Cooperative regarding the final result of the bid, the shares under the bid represent approximately 42.22% of all Pohjola shares and approximately 27.56% of the votes conferred by the shares. The execution of the trades on 8 April 2014 based on the bid increased the total shareholding of OP-Pohjola Group Central Cooperative in Pohjola Bank plc to 94.05% of all Pohjola shares and the votes conferred by the shares to 96.78% of all the votes. On 11 April 2014, the offer consideration was paid to the shareholders who had accepted the bid.

OP-Pohjola Group Central Cooperative also announced that it would extend the offer period by an extra offer period in accordance with the terms and conditions of the bid. The offered consideration was EUR 16.13 in cash for each Series A share and thus corresponded to the consideration offered during the ordinary offer period.

The extra offer period commenced on 7 April 2014 and expired on 22 April 2014.

OP-Pohjola Group Central Cooperative announced on 25 April 2014 the final results of the extra offer period, according to which the shares tendered in the extra offer period represent approximately 4.36%of all Pohjola 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 Group Central Cooperative Consolidated's ownership to approximately 98.41%of all Pohjola shares and approximately 99.14%of all votes conferred by the shares. Sales of the shares tendered during the extra offer period will be performed on or about 29 April 2014 and the offer price will be paid on or about 5 May 2014.

Since OP-Pohjola Group Central Cooperative has more than nine tenths (9/10) of all shares and votes in Pohjola, it has the right to redeem (right of squeeze-out) all of the Series A shares held by Pohjola's remaining shareholders at the current market price. OP-Pohjola Group Central Cooperative has filed an application with the Redemption Committee of the Central Chamber of Commerce for instituting arbitration proceedings related to the redemption of minority shares. In its application, OP-Pohjola has announced that in arbitration it will demand that the redemption price of the Shares be EUR 16.13 euros per share. The redemption price equals the consideration paid based on the bid made public by OP-Pohjola Group Central Cooperative on 6 February 2014, which OP-Pohjola Group Central Cooperative considers to be a current market price in the squeeze-out procedure of the Limited Liability Companies Act.

Shares and shareholders

The number of Pohjola Series A shares, quoted on the NASDAQ OMX Helsinki, and unquoted Series K shares underwent no changes in the first quarter of 2014.

Number of shares

Share series 31 March 2014	Number of shares	% of all shares	% of votes
Pohjola A (POH1S)	252,009,866	78.86	42.73
Pohjola K (POHKS)	67,541,549	21.14	57.27
Total	**319,551,415**	**100.00**	**100.00**

On the last trading date of the reporting period, 31 March 2014, one Series A share closed at EUR 16.13 (30 Dec. 2013: 14.62). During the reporting period, the share price reached a high of EUR 16.86 (13 February) and a low of EUR 14.17 (3 February).

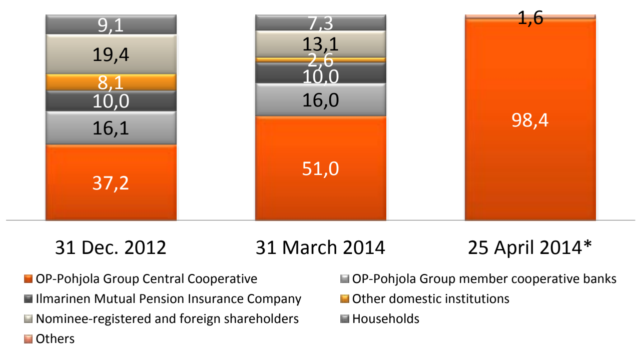
Pohjola's market capitalisation amounted to EUR 5,154 million (4,672) at the end of March. In calculating the market capitalisation, Series K shares were valued at the price of Series A shares.

Number of shareholders

	25 April 2014	31 March 2014	31 Dec. 2013
Holders of Series A shares	3,127	28,318	3, 260
Holders of Series K shares	1	102	104
Total*	**3,127**	28,325	32,267

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

On 31 March 2014, Pohjola had 28,325 shareholders (32,267) and on 25 April 2014 the number was 3,127 shareholders. As a result of the shares tendered during the extra offer period, OP-Pohjola Group Central Cooperative's ownership of Pohjola shares has increased to approximately 98.41% and to approximately 99.14% of the votes.



*) Final result of the extra offer period, as of 25 April 2014

Events after the balance sheet date

Changes in Pohjola's management responsibilities as of 1 October 2014

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.
Based on the decision by the Supervisory Board of OP-Pohjola Group Central Cooperative on 24 April 2014, Jouko Pölönen, President and CEO of Pohjola, has been appointed a member of the Executive Board of OP-Pohjola Group Central Cooperative and Senior Executive Vice President of OP-Pohjola Group's Banking as of 1 October 2014.

According to the plan, Jouko Pölönen will also act as Managing Director of the major bank in the Helsinki Metropolitan Area consisting of Pohjola Banking and Helsinki OP Bank Plc. According to the plan, Olli Lehtilä, Managing Director of Helsinki OP Bank Plc, will take up his duties as President of Pohjola Insurance Ltd on 1 October 2014.

As long as Pohjola Bank plc Series A shares are listed on NASDAQ OMX Helsinki, the existing responsibilities and reporting relationships of Pohjola's Executive Committee will remain unchanged.

New Group-level targets confirmed within Pohjola's and OP-Pohjola's long-term incentive schemes

The Board of Directors of Pohjola Bank plc decided on Pohjola's involvement in OP-Pohjola Group's long-term management incentive scheme for which OP-Pohjola Group Central Cooperative's Supervisory Board has confirmed new Group-level targets for OP-Pohjola Group.

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.

Pohjola Group's long-term management incentive scheme includes some 46 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 a bonus equalling their 4–7-month regular salary subject to PAYE tax.

Outlook towards the year end

Within Banking, the loan portfolio is expected to grow at the same rate as in 2013. Due to the operating environment, corporate investments are expected to remain below their normal level. The greatest uncertainties related to Banking's financial performance are associated with volume developments and future impairment loss on the loan portfolio. Banking earnings before tax in 2014 are expected to be at the same level as or higher than in 2013.

Insurance premium revenue is expected to increase at a rate above the market average. The operating combined ratio is estimated to vary between 87% and 91% if the number of large claims is not much higher than in 2013. Expected investment returns are largely dependent on developments in the investment environment. The most significant uncertainties related to Non-life Insurance's financial performance pertain to developments in bond and capital markets and to the effect of large claims on claims expenditure. Non-life Insurance earnings before tax in 2014 are expected to be higher than in 2013.

The greatest uncertainties related to Asset Management's financial performance are associated with the actual performance-based commissions and fees tied to the success of investments and the amount of assets under management. Asset Management earnings before tax in 2014 are expected to be at the same level as or higher than in 2013.

The key determinants affecting the Group Functions' financial performance include net interest income arising from assets in the liquidity buffer, any capital gains or losses on notes and bonds and any impairment loss that may be recognised on notes and bonds in the income statement. Group Functions earnings before tax in 2014 are expected to be lower than in 2013 due to low interest rates and tighter liquidity regulation.

Consolidated earnings before tax in 2014 are expected to be higher than in 2013.

There is still great uncertainty about the economic outlook and the operating environment.

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

Consolidated income statement

EUR million	Note	Q1/ 2014	Q1/ 2013 Restated*	Q1–4/ 2013 Restated*
Net interest income	3	64	55	230
Impairments of receivables	4	4	7	37
Net interest income after impairments		**59**	**49**	**193**
Net income from Non-life Insurance	5	153	145	528
Net commissions and fees	6	49	36	162
Net trading income	7	24	16	93
Net investment income	8	16	21	46
Other operating income	9	8	11	38
Total income		**309**	**277**	**1,060**
Personnel costs		47	48	184
ICT costs		24	22	90
Depreciation/amortisation		14	12	55
Other expenses		66	62	252
Total expenses		**151**	**145**	**581**
Share of associates' profits/losses		0	0	0
Earnings before tax		**159**	**132**	**479**
Income tax expense		33	31	49
Profit for the period		**126**	**101**	**430**
Attributable to:				
Owners of the parent		125	100	426
Non-controlling interests		1	1	4
Total		**126**	**101**	**430**
EPS calculated for profit attributable to owners of the parent, €				
Series A		0.40	0.32	1.34
Series K		0.37	0.29	1.31

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

Consolidated statement of comprehensive income

EUR million	Q1/ 2014	Q1/ 2013 Restated*	Q1–4/ 2013 Restated*
Profit for the period	**126**	**101**	**430**
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans	-7		0
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value	1	-12	1
Cash flow hedge	3	-5	-16
Translation differences	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	1		-2
Items that may be reclassified to profit or loss			
Measurement at fair value	0	3	9
Cash flow hedge	-1	1	5
Total comprehensive income for the period	**124**	**87**	**426**
Attributable to:			
Owners of the parent	120	87	421
Non-controlling interests	3	0	6
Total	**124**	**87**	**426**

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

Consolidated balance sheet

EUR million	Note	31 March 2014	31 Dec 2013 Restated*	1 Jan 2013 Restated*
Cash and cash equivalents		711	2,046	5,643
Receivables from credit institutions		15,857	9,899	8,816
Financial assets at fair value through profit or loss				
Financial assets held for trading		456	435	246
Financial assets at fair value through profit or loss at inception		5	9	9
Derivative contracts		3,720	3,444	4,462
Receivables from customers		14,520	14,510	13,834
Non-life Insurance assets	12	3,794	3,502	3,500
Investment assets		7,336	7,574	5,548
Investment in associates		30	29	26
Intangible assets	13	903	910	922
Property, plant and equipment (PPE)		84	82	67
Other assets		1,508	1,369	1,598
Tax assets		16	15	37
Total assets		**48,941**	**43,824**	**44,710**
Liabilities to credit institutions		5,170	4,789	5,840
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading		3	4	3
Derivative contracts		3,671	3,420	4,557
Liabilities to customers		11,794	10,183	10,767
Non-life Insurance liabilities	14	3,104	2,746	2,599
Debt securities issued to the public	15	18,227	16,097	13,769
Provisions and other liabilities		2,541	2,076	2,572
Tax liabilities		390	378	487
Subordinated liabilities		985	984	1,275
Total liabilities		**45,885**	**40,675**	**41,869**
Shareholders' equity				
Capital and reserves attributable to owners of the Parent				
Share capital		428	428	428
Fair value reserve	16	169	168	171
Other reserves		1,093	1,093	1,093
Retained earnings		1,265	1,358	1,080
Non-controlling interest		101	103	69
Total shareholders' equity		**3,056**	**3,150**	**2,841**
Total liabilities and shareholders' equity		**48,941**	**43,824**	**44,710**

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

Consolidated statement of changes in equity

	Attributable to owners of Pohjola Group						
EUR million	**Share capital**	**Fair value reserve***	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	**428**	**167**	**1,093**	**1,081**	**2,769**		**2,769**
Effect of the adoption of IFRS 10 Cosolidated Financial Statements, less taxes		4	0	-1	2	69	72
Restated shareholders' equity 1 Jan. 2013	**428**	**171**	**1,093**	**1,080**	**2,771**	**69**	**2,841**
Total comprehensive income for the period		-13		100	87	0	87
Profit for the period				100	100	1	101
Other comprehensive income		-13			-13	0	-13
Profit distribution				-145	-145		-145
EUR 0.46 per Series A share				-116	-116		-116
EUR 0.43 per Series K share				-29	-29		-29
Equity-settled share-based				0	0		0
Other			0	-4	-4	3	-1
Balance at 31 March 2013	**428**	**158**	**1,093**	**1,031**	**2,709**	**73**	**2,782**

* Note 16.

	Attributable to owners of Pohjola Group						
EUR million	**Share capital**	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**428**	**168**	**1,093**	**1,358**	**3,047**	**103**	**3,150**
Total comprehensive income for the period		1		119	120	3	124
Profit for the period				125	125	1	126
Other comprehensive income		1		-5	-4	2	-2
Profit distribution				-212	-212		-212
EUR 0.67 per Series A share				-169	-169		-169
EUR 0.64 per Series K share				-43	-43		-43
Equity-settled share-based				0	0		0
Other				0	0	-5	-5
Balance at 31 March 2014	**428**	**169**	**1,093**	**1,265**	**2,955**	**101**	**3,056**

Consolidated cash flow statement

EUR million	Q1/ 2014	Q1/ 2013 Restated*
Cash flow from operating activities		
Profit for the period	125	100
Adjustments to profit for the period	240	293
Increase (-) or decrease (+) in operating assets	**-6,064**	**-2,002**
Receivables from credit institutions	-5,895	-535
Financial assets at fair value through profit or loss	17	-254
Derivative contracts	9	22
Receivables from customers	-12	-215
Non-life Insurance assets	-249	-252
Investment assets	280	-79
Other assets	-216	-690
Increase (+) or decrease (-) in operating liabilities	**2,339**	**862**
Liabilities to credit institutions	378	268
Financial liabilities at fair value through profit or loss	-1	11
Derivative contracts	12	11
Liabilities to customers	1,612	431
Non-life Insurance liabilities	90	188
Provisions and other liabilities	248	-47
Income tax paid	-21	-13
Dividends received	18	21
A. Net cash from operating activities	**-3,364**	**-739**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	52	23
Acquisition of subsidiaries and associates, net of cash acquired	0	
Purchase of PPE and intangible assets	-9	-11
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	**42**	**13**
Cash flow from financing activities		
Decreases in subordinated liabilities		-171
Increases in debt securities issued to the public	14,822	6,470
Decreases in debt securities issued to the public	-12,770	-5,908
C. Net cash used in financing activities	**2,053**	**392**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-1,269**	**-335**
Cash and cash equivalents at period-start	**2,672**	**6,177**
Cash and cash equivalents at period-end	**1,403**	**5,842**
Cash and cash equivalents		
Liquid assets**	719	5,385
Receivables from credit institutions payable on demand	684	457
Total	**1,403**	**5,842**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.
** Of which EUR 8 million (8) consist of Non-life Insurance cash and cash equivalents.

Segment information

Q1 earnings 2014, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	61					61
Markets	7					7
Other operations		-6	0	0	0	-5
Total	68	-6	0	0	0	64
Net commissions and fees	28	4	13	5	-1	49
Net trading income	27	0	0	-3	0	24
Net investment income	2		0	13	1	16
Net income from Non-life Insurance						
From insurance operations		115			0	115
From investment operations		49			-1	48
From other items		-11				-11
Total		154			-1	153
Other operating income	3	3	0	2	0	8
Total income	**129**	**154**	**14**	**17**	**0**	**314**
Personnel costs	14	27	4	1		47
ICT costs	10	12	1	1	0	24
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	4	0	0		8
Other expenses	15	43	3	6	-1	66
Total expenses	**42**	**92**	**8**	**9**	**0**	**151**
Earnings/loss before impairment of receivables	**87**	**62**	**6**	**8**	**0**	**163**
Impairments of receivables	4					4
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**83**	**62**	**6**	**8**	**0**	**159**
Change in fair value reserve	-2	-1	0	6	1	4
Gains/(losses) arising from remeasurement of defined benefit plans	-6			-1		-7
Total comprehensive income for the period, before tax	**75**	**61**	**6**	**13**	**1**	**156**

Q1 earnings 2013, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	52					52
Markets	0					0
Other operations		-5	1	8	0	3
Total	52	-5	1	8	0	55
Net commissions and fees	21	4	12	0	-1	36
Net trading income	23		0	-5	-1	16
Net investment income	0		0	21		21
Net income from Non-life Insurance						
From insurance operations		99				99
From investment operations		55			2	56
From other items		-11				-11
Total		143			2	145
Other operating income	4	4	0	2	0	11
Total income	**100**	**146**	**13**	**25**	**0**	**284**
Personnel costs	15	28	4	1		48
ICT costs	8	12	1	2	0	22
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	3	0	0		6
Other expenses	14	42	3	4	0	62
Total expenses	**40**	**90**	**8**	**7**	**0**	**145**
Earnings/loss before impairment of receivables	**60**	**56**	**5**	**18**	**0**	**138**
Impairments of receivables	6			0		7
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**54**	**56**	**5**	**18**	**0**	**132**
Change in fair value reserve	4	-21	0	0	0	-18
Gains/(losses) arising from remeasurement of defined benefit plans						
Total comprehensive income for the period, before tax	**57**	**35**	**5**	**18**	**0**	**114**

Balance sheet 31 March 2014, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	14,400			354	-234	14,520
Receivables from credit institutions	584	5	4	15,992	-16	16,568
Financial assets at fair value through profit or loss	490			-29		461
Non-life Insurance assets		4,076			-281	3,794
Investment assets	458	16	11	6,857	-6	7,336
Investments in associates		2	27			30
Other assets	4,325	782	113	1,031	-20	6,231
Total assets	**20,257**	**4,880**	**155**	**24,206**	**-558**	**48,941**
Liabilities to customers	7,464			4,545	-214	11,794
Liabilities to credit institutions	854			4,550	-234	5,170
Non-life Insurance liabilities		3,114			-10	3,104
Debt securities issued to the public	1,293			16,968	-34	18,227
Subordinated liabilities	-20	50		955		985
Other liabilities	5,169	61	9	1,393	-28	6,604
Total liabilities	**14,761**	**3,225**	**9**	**28,411**	**-521**	**45,885**
Shareholders' equity						**3,056**
Average personnel	619	1,856	87	25		2,587
Capital expenditure, EUR million	3	6	1	0		9

Balance sheet 31 Dec 2013, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	14,432			291	-213	14,510
Receivables from credit institutions	659	4	3	11,300	-21	11,945
Financial assets at fair value through profit or loss	487			-42		444
Non-life Insurance assets		3,750			-248	3,502
Investment assets	524	16	22	7,025	-14	7,574
Investments in associates		2	27			29
Other assets	3,792	780	114	1,242	-109	5,819
Total assets	**19,894**	**4,552**	**166**	**19,816**	**-604**	**43,824**
Liabilities to customers	7,035			3,309	-160	10,183
Liabilities to credit institutions	614			4,387	-213	4,789
Non-life Insurance liabilities		2,844			-98	2,746
Debt securities issued to the public				16,159	-62	16,097
Subordinated liabilities		50		934		984
Other liabilities	4,381	56	9	1,463	-33	5,877
Total liabilities	**12,029**	**2,950**	**9**	**26,252**	**-566**	**40,675**
Shareholders' equity						**3,150**
Average personnel	634	1,872	88	26		2,620
Capital expenditure, EUR million	15	27	2	1		45

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

Consolidated financial statements

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 two property investment funds have been included in Pohjola Group's financial statements as new subsidiaries. In addition, 42 property companies are now reported as joint operations to which proportionate consolidation applies. The new companies are reported under the Group Functions and Non-life Insurance operating segments. In addition, the proportion of the owners of non-controlling interests has increased.

The table below shows the effect of the change in the accounting policy on the income statement for the reporting period a year ago and for the financial year 2013, statement of comprehensive income, balance sheet and the EPS figures calculated for profit attributable to owners of the parent.

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

EUR million	1 Jan.–31 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)
Net interest income	55	0	55	229	1	230
Impairment of receivables	7		7	37		37
Net interest income after impairments	**49**	**0**	**49**	**193**	**1**	**193**
Net income from Non-life Insurance	145		145	529	0	528
Net commissions and fees	36	0	36	162	0	162
Net trading income	16	0	16	93	0	93
Net investment income	20	1	21	39	7	46
Other operating income	11	0	11	38	0	38
Total income	**276**	**1**	**277**	**1,053**	**7**	**1,060**
Personnel costs	48		48	184		184
ICT costs	22		22	90		90
Depreciation/amortisation	12	0	12	55	0	55
Other expenses	62	0	62	251	1	252
Total expenses	**145**	**0**	**145**	**580**	**1**	**581**
Share of associates' profits/losses	0		0	0		0
Earnings before tax	**131**	**1**	**132**	**473**	**6**	**479**
Income tax expense	31	0	31	49	1	49
Profit for the period	**100**	**1**	**101**	**424**	**6**	**430**
Attributable to:						
Owners of the parent	100	0	100	424	1	426
Non-controlling interests		1	1		4	4
Total	**100**	**1**	**101**	**424**	**6**	**430**
EPS calculated for profit attributable to owners of the parent, €						
Series A	0.32		0.32	1.33	0.01	1.34
Series K	0.29		0.29	1.30	0.01	1.31

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

EUR million	1 Jan.–31 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	100	1	101	424	6	430
Items that will not be reclassified to profit or loss						
Gains/(losses) arising from remeasurement of defined benefit plans				0		0
Items that may be reclassified to profit or loss						
Change in fair value reserve						
Measurement at fair value	-11	-1	-12	-1	2	1
Cash flow hedge	-5		-5	-16		-16
Translation differences	0	0	0	0	0	0
Income tax on other comprehensive incon						
Items that will not be reclassified to profit or loss						
Gains/(losses) arising from remeasurement of defined benefit plans				-2		-2
Items that may be reclassified to profit or loss						
Measurement at fair value	3	0	3	9	0	9
Cash flow hedge	1		1	5		5
Total comprehensive income for the period	**87**	**0**	**87**	**419**	**7**	**426**
Attributable to:						
Owners of the parent	87	0	87	419	2	421
Non-controlling interests		0	0		6	6
Total	**87**	**0**	**87**	**419**	**7**	**426**

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	5,643		5,643	2,046		2,046
Receivables from credit institutions	8,815	1	8,816	9,899	0	9,899
Financial assets at fair value through profit or loss						
Financial assets held for trading	246		246	435		435
Financial assets at fair value through profit or loss at inception	9		9	9		9
Derivative contracts	4,462		4,462	3,444		3,444
Receivables from customers	13,839	-5	13,834	14,515	-5	14,510
Non-life Insurance assets	3,523	-23	3,500	3,539	-37	3,502
Investment assets	5,431	117	5,548	7,427	147	7,574
Investment in associates	26		26	29		29
Intangible assets	922		922	910		910
Property, plant and equipment (PPE)	69	-2	67	84	-2	82
Other assets	1,600	-1	1,598	1,367	2	1,369
Tax assets	36	1	37	15	0	15
Total assets	**44,623**	**87**	**44,710**	**43,720**	**105**	**43,824**
Liabilities to credit institutions	5,840		5,840	4,789		4,789
Financial liabilities at fair value through profit or loss						
Financial liabilities held for trading	3		3	4		4
Derivative contracts	4,557		4,557	3,420		3,420
Liabilities to customers	10,775	-8	10,767	10,188	-5	10,183
Non-life Insurance liabilities	2,599		2,599	2,746		2,746
Debt securities issued to the public	13,769		13,769	16,097		16,097
Provisions and other liabilities	2,550	22	2,572	2,075	0	2,076
Tax liabilities	485	2	487	375	3	378
Subordinated liabilities	1,275		1,275	984		984
Total liabilities	**41,854**	**16**	**41,869**	**40,677**	**-2**	**40,675**
Shareholders' equity						
Capital and reserves attributable to						
Share capital	428		428	428		428
Fair value reserve	167	4	171	164	4	168
Other reserves	1,093	0	1,093	1,093	0	1,093
Retained earnings	1,081	-1	1,080	1,358	0	1,358
Non-controlling interest		**69**	**69**		**103**	**103**
Total shareholders' equity	**2,769**	**72**	**2,841**	**3,043**	**107**	**3,150**
Total liabilities and shareholders' equity	**44,623**	**87**	**44,710**	**43,720**	**105**	**43,824**

Effect on the consolidated cash flow statement 1 Jan.–31 March 2013

EUR million	1 Jan.–31 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	100	0	100
Adjustments to profit for the period	293	0	293
Increase (-) or decrease (+) in operating assets	**-1,999**	**-3**	**-2,002**
Receivables from credit institutions	-535		-535
Financial assets at fair value through profit or loss	-254		-254
Derivative contracts	22		22
Receivables from customers	-215		-215
Non-life Insurance assets	-253	1	-252
Investment assets	-76	-3	-79
Other assets	-688	-2	-690
Increase (+) or decrease (-) in operating liabilities	**859**	**3**	**862**
Liabilities to credit institutions	268		268
Financial liabilities at fair value through profit or loss	11		11
Derivative contracts	11		11
Liabilities to customers	427	4	431
Non-life Insurance liabilities	186	2	188
Provisions and other liabilities	-45	-2	-47
Income tax paid	-13		-13
Dividends received	21	0	21
A. Net cash from operating activities	**-739**	**0**	**-739**
Cash flow from investing activities			
Decreases in held-to-maturity financial assets	23		23
Purchase of PPE and intangible assets	-11		-11
Proceeds from sale of PPE and intangible assets	0	0	0
B. Net cash used in investing activities	**13**	**0**	**13**
Cash flow from financing activities			
Decreases in subordinated liabilities	-171		-171
Increases in debt securities issued to the public	6,470		6,470
Decreases in debt securities issued to the public	-5,908		-5,908
C. Net cash used in financing activities	**392**		**392**
Net increase/decrease in cash and cash	**-335**	**0**	**-335**
Cash and cash equivalents at period-start	**6,177**	**1**	**6,177**
Cash and cash equivalents at period-end	**5,842**	**1**	**5,842**
Cash and cash equivalents			
Liquid assets**	5,381	4	5,385
Receivables from credit institutions payable on demand	460	-3	457
Total	**5,842**	**1**	**5,842**

Other changes

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. Formulas for key figures and ratios

Return on equity (ROE), %
Profit for the period /
Shareholders' equity (average of the beginning and end of period) x 100

Return on equity (ROE) at fair value, %
Total comprehensive income for the period /
Shareholders' equity (average of the beginning and end of period) x 100

Return on assets (ROA), %
Profit for the period /
Average balance sheet total (average of the beginning and end of period) x 100

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

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

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

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

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates
Conglomerate's total capital / Conglomerate's total minimum capital requirement

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

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

Core Tier 1, %
Total Tier 1 capital, excl. hybrid capital and shortfall of Tier 2 capital covered by hybrid capital /
Total minimum capital requirement x 8

Common Equity Tier 1 ratio, % (CET1)*
Common Equity Tier 1 (CET1)/Total risk exposure amount x 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.

KEY RATIOS FOR NON-LIFE INSURANCE

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

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

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

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

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

Solvency ratio, %*)
Capital base/Solvency capital requirement (SCR)

*) According to the proposed Solvency II framework

OPERATING KEY RATIOS

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

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

Operating expense ratio
Operating expenses / Insurance premium revenue, excl. net changes in reserving bases x 100

Operating combined ratio, %
Operating loss ratio + Operating expense ratio
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 cost ratio
Operating expenses and loss adjustment expenses / Net insurance premium revenue excl. changes in reserving bases x 100

Values used in calculating the ratios

EUR million	31 March 2014	31 Dec 2013
Non-life Insurance		
Non-life Insurance net assets	1,655	1,603
Net tax liabilities for the period	-12	-8
Own subordinated loans	50	50
Deferred tax to be realised in the near future and other items deducted from the solvency margin of the companies	-1	4
Intangible assets	-720	-728

EUR million	31 March 2014	31 March 2013	31 Dec 2013
Changes in reserving bases and other non-recurring items			
Change in discount rate			-38

Note 3. Net interest income

EUR million	Q1/ 2014	Q1/ 2013*
Loans and other receivables	80	72
Receivables from credit institutions and central banks	19	15
Notes and bonds	42	38
Derivatives (net)		
Derivatives held for trading	9	3
Derivatives under hedge accounting	17	14
Ineffective portion of cash flow hedge	0	
Liabilities to credit institutions	-16	-19
Liabilities to customers	-8	-7
Debt securities issued to the public	-67	-48
Subordinated debt	-9	-12
Hybrid capital	-2	-2
Financial liabilities held for trading	0	0
Other (net)	0	0
Net interest income before fair value adjustment under hedge accounting	**65**	**55**
Hedging derivatives	-75	-57
Value change of hedged items	74	57
Total net interest income	**64**	**55**

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

Note 4. Impairments of receivables

EUR million	Q1/ 2014	Q1/ 2013
Receivables eliminated as loan or guarantee losses	1	3
Receoveries of eliminated receivables	-1	-1
Increase in impairment losses on individually assessed receivables	5	18
Decrease in impairment losses on individually assessed receivables	-1	-14
Collectively assessed impairment losses	-1	0
Total impairments of receivables	**4**	**7**

Note 5. Net income from Non-life Insurance

EUR million	Q1/ 2014	Q1/ 2013
Net insurance premium revenue		
Premiums written	618	594
Insurance premiums ceded to reinsurers	-25	-41
Change in provision for unearned premiums	-285	-280
Reinsurers' share	12	22
Total	**320**	**295**
Net Non-life Insurance claims		
Claims paid	215	190
Insurance claims recovered from reinsurers	-4	-4
Change in provision for unpaid claims	-3	18
Reinsurers' share	-3	-9
Total	**205**	**196**
Net investment income, Non-life Insurance		
Interest income	15	15
Dividend income	11	15
Investment property	1	2
Capital gains and losses		
Notes and bonds	3	14
Shares and participations	30	20
Loans and receivables		
Investment property	0	0
Derivatives	-12	-2
Fair value gains and losses		
Notes and bonds	0	-1
Shares and participations		
Loans and receivables	0	0
Investment property	1	0
Derivatives	0	-3
Impairments	-1	-4
Other	1	1
Total	**48**	**56**
Unwinding of discount	-11	-11
Other	0	0
Total net income from Non-life Insurance	**153**	**145**

Note 6. Net commissions and fees

EUR million	Q1/ 2014	Q1/ 2013*
Commission income		
Lending	18	9
Payment transfers	9	6
Securities brokerage	6	6
Securities issuance	3	2
Asset management and legal services	15	14
Insurance operations	4	4
Guarantees	4	4
Other	1	1
Total commission income	**60**	**46**
Commission expenses		
Payment transfers	5	3
Securities brokerage	2	2
Securities issuance	1	2
Asset management and legal services	1	2
Other	1	3
Total commission expenses	**11**	**10**
Total net commissions and fees	**49**	**36**

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

Note 7. Net trading income

EUR million	Q1/ 2014	Q1/ 2013*
Financial assets and liabilities held for trading		
Capital gains and losses		
Notes and bonds	2	2
Shares and participations	0	0
Derivatives	-15	33
Fair value gains and losses		
Notes and bonds	1	1
Shares and participations		0
Derivatives	29	-22
Financial assets and liabilities at fair value through profit or loss		
Capital gains and losses		
Notes and bonds	1	
Fair value gains and losses		
Notes and bonds	-1	0
Net income from foreign exchange operations	7	3
Total net trading income	**24**	**16**

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

Note 8. Net investment income

EUR million	Q1/ 2014	Q1/ 2013*
Available-for-sale financial assets		
Capital gains and losses		
Notes and bonds	9	12
Shares and participations	0	1
Dividend income	7	7
Impairments	-1	
Carried at amortised cost		
Capital gains and losses	0	0
Total	**16**	**21**
Investment property	0	0
Total net investment income	**16**	**21**

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

Note 9. Other operating income

EUR million	Q1/ 2014	Q1/ 2013*
Central banking service fees	2	2
Rental income from assets rented under operating lease	2	3
Other	4	6
Total	**8**	**11**

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

Note 10. Classification of financial assets and liabilities

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Cash and cash equivalents	711					711
Receivables from credit institutions**	15,857					15,857
Derivative contracts			3,462		258	3,720
Receivables from customers	14,520					14,520
Non-life Insurance assets***	743		158	2,893		3,794
Notes and bonds****		151	460	6,922		7,533
Shares and participations			1	176		177
Other financial assets	1,483					1,483
Financial assets	**33,314**	**151**	**4,081**	**9,991**	**258**	**47,795**
Other than financial instruments						1,146
Total 31 March 2014	**33,314**	**151**	**4,081**	**9,991**	**258**	**48,941**
Total 31 Dec. 2013 restated******	**29,400**	**202**	**3,777**	**10,084**	**273**	**43,824**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,170		5,170
Financial liabilities held for trading (excl. derivatives)	3			3
Derivative contracts	3,430		241	3,671
Liabilities to customers		11,794		11,794
Non-life Insurance liabilities*****	0	3,104		3,104
Debt instruments issued to the public		18,227		18,227
Subordinated liabilities		985		985
Other financial liabilities		2,164		2,164
Financial liabilities	**3,433**	**41,444**	**241**	**45,119**
Other than financial liabilities				766
Total 31 March 2014	**3,433**	**41,444**	**241**	**45,885**
Total 31 Dec. 2013 restated******	**3,190**	**37,251**	**234**	**40,675**

* Assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss at inception and investment property.
** Include EUR 4,000 million in a one-week deposit facility with the central bank.
*** Non-life Insurance assets are specified in Note 12.
**** On 31 March 2014, notes and bonds included EUR 5 million (9) in notes and bonds recognised using the fair value option.
***** Non-life Insurance liabilities are specified in Note 14.
****** Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Debt securities issued to the public are carried at amortised cost. On 31 March 2014, the fair value of these debt instruments was EUR 184 million (147) higher than their carrying amount, based on information available in markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their carrying amount, but determining reliable fair values involves uncertainty.

Note 11. 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	271		461
Non-life Insurance		6		6
Derivative financial instruments				
Banking	13	3,519	188	3,720
Non-life Insurance		0		0
Available-for-sale				
Banking	5,405	1,671	22	7,098
Non-life Insurance	1,644	1,027	222	2,893
Total	**7,252**	**6,494**	**432**	**14,177**

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	292		444
Non-life Insurance		6		6
Derivative financial instruments				
Banking	10	3,222	212	3,444
Non-life Insurance	4	0		4
Available-for-sale				
Banking	5,632	1,631	21	7,283
Non-life Insurance	1,670	917	214	2,800
Total	**7,468**	**6,067**	**446**	**13,981**

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

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
Derivative financial instruments				
Banking	49	3,514	109	3,671
Non-life Insurance	0	0		0
Total	**49**	**3,517**	**109**	**3,675**

Fair value of liabilities 31 Dec 2013, EUR million*	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		4		4
Derivative financial instruments				
Banking	35	3,254	131	3,420
Non-life Insurance				
Total	**35**	**3,258**	**131**	**3,423**

* 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.

Valuation techniques whose input parameters involve uncertainty

Specification of financial assets and liabilities

	Recognised at fair value through profit or loss		Derivative financial instruments		Available-for-sale		
Financial assets, EUR million	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Total assets**
Opening balance 1 Jan. 2014*			212		14	214	440
Total gains/losses in profit or loss			-24		1	1	-22
Total gains/losses in other comprehensive income						4	4
Purchases						9	9
Sales						-6	-6
Closing balance 31 March 2014			**188**		**16**	**222**	**425**

	Recognised at fair value through profit or loss		Derivative financial instruments		
Financial liabilities, EUR million	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Total liabilities**
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 for the financial year on 31 March 2014

EUR million	**Net interest income or net trading income**	**Net investment income**	**Net income from Non-life Insurance**	**Statement of comprehen sive income/ Change in fair value reserve**	**Net gains/ losses on assets and liabilities held at year-end**
Realised net gains (losses)			1		1
Unrealised net gains (losses)	-2	1		4	4
Total net gains (losses)	**-2**	**1**	**1**	**4**	**4**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. 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 12. Non-life Insurance assets

EUR million	31 March 2014	31 Dec 2013*
Investments		
Loans and other receivables	20	16
Shares and participations	389	471
Property	152	152
Notes and bonds	2,216	2,035
Derivatives	0	4
Other participations	294	300
Total	**3,071**	**2,979**
Other assets		
Prepayments and accrued income	38	40
Other		
From direct insurance	483	324
From reinsurance	111	90
Cash in hand and at bank	8	4
Other receivables	83	64
Total	**723**	**523**
Total Non-life insurance assets	**3,794**	**3,502**

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

Note 13. Intangible assets

EUR million	31 March 2014	31 Dec 2013
Goodwill	519	519
Brands	172	172
Customer relationships	102	108
Other	110	111
Total	**903**	**910**

Note 14. Non-life Insurance liabilities

EUR million	31 March 2014	31 Dec 2013
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,264	1,253
Other provision for unpaid claims	844	847
Total	2,108	2,100
Provision for unearned premiums	778	493
Derivatives	0	
Other liabilities	218	153
Total	**3,104**	**2,746**

Note 15. Debt securities issued to the public

EUR million	31 March 2014	31 Dec 2013
Bonds	10,476	9,226
Certificates of deposit, commercial papers and ECPs	7,716	6,769
Other	35	101
Total	**18,227**	**16,097**

Note 16. Fair value reserve after income tax

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2013 restated*	50	97	23	171
Fair value changes	-8	23	-2	13
Transfers to net interest income		-27	-3	-31
Deferred tax	2	1	1	4
Closing balance 31 March 2013	**44**	**95**	**19**	**158**

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	44	113	11	168
Fair value changes	23	9	6	37
Transfers to net interest income		-33	-3	-35
Deferred tax	-5	5	-1	0
Closing balance 31 March 2014	**62**	**94**	**14**	**169**

The fair value reserve before tax totalled EUR 211 million (210) and the related deferred tax liability EUR 42 million (42). On 31 March, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 130 million (152) and negative mark-to-market valuations EUR 16 million (13). In January–March, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 0 million (1), of which equity instruments accounted for EUR 0 million (1).

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

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

Note 17. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	31 March 2014	31 Dec 2013	Change
1–2	2.3	2.4	-0.1
3–5	12.7	12.3	0.3
6–7	6.5	6.5	0.0
8–9	2.2	2.2	0.0
10	0.1	0.2	-0.1
11–12	0.3	0.3	0.0
Total	**24.1**	**24.0**	**0.1**

* excl. private customers

Sensitivity analysis of market risk

			31 March 2014		31 Dec 2013	
Banking, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on shareholders' equity**	**Effect on results**	**Effect on shareholders' equity**
Interest-rate risk	Interest	1 percentage point	5		12	
Currency risk	Market value	10%	5		3	
Volatility risk						
Interest-rate volatility	Volatility	10 percentage points	9		5	
Currency volatility	Volatility	10 percentage points	1		1	
Credit risk premium*	Credit spread	0.1 percentage points	1	1	1	1

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

Note 18. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 March 2014, EUR million	Change in risk parameter	Effect on combined ratio	Effect on share-holders' equity, EUR million
Insurance portfolio or insurance premium revenue*	1,274	Up 1%	Up 0.9 percentage points	13
Claims incurred*	892	Up 1%	Down 0.7 percentage points	-9
Major loss of over EUR 5 million		1 loss	Down 0.4 percentage points	-5
Personnel costs*	106	Up 8%	Down 0.7 percentage points	-8
Expenses by function*/**	313	Up 4%	Down 1.0 percentage points	-13
Inflation for collective liability	592	Up 0.25 percentage points	Down 0.3 percentage points	-4
Life expectancy for discounted insurance liability	1,569	Up 1 year	Down 3.0 percentage points	-38
Discount rate for discounted insurance liability	1,569	Down 0.1 percentage point	Down 1.6 percentage points	-20

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

Non-life Insurance investment portfolio by allocation

Portfolio allocation, EUR million	Fair value 31 March 2014	%	Fair value 31 Dec 2013	%
Money market instruments	206	6 %	113	4 %
Bonds and bond funds	2,494	73 %	2,309	72 %
Public sector	562	16 %	573	18 %
Financial institutions	1,233	36 %	1,130	35 %
Corporate	625	18 %	533	17 %
Bond funds	46	1 %	46	1 %
Other	28	1 %	27	1 %
Equities	242	7 %	330	10 %
Private equity investments	103	3 %	95	3 %
Alternative investments	34	1 %	41	1 %
Real property	331	10 %	329	10 %
Total	**3,410**	**100 %**	**3,219**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2014*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	28	249	249	89	154	76	845	32 %
Aa1−Aa3	237	71	68	16	22	33	448	17 %
A1−A3	80	225	234	115	23	0	677	25 %
Baa1−Baa3	28	60	151	163	63	38	504	19 %
Ba1 or lower	47	66	47	10	11	3	185	7 %
Internally rated	7		0	0			8	0 %
Total	**427**	**671**	**750**	**394**	**273**	**151**	**2,666**	**100 %**

* Excludes credit derivatives.

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

Non-life Insurance	Risk parameter	Change	Effect on shareholders' equity, EUR million 31 March 2014	31 Dec 2013
Bonds and bond funds1)	Interest rate	1 percentage point	99	72
Equities 2)	Market value	10%	26	35
Venture capital funds and unquoted equities	Market value	10%	11	10
Commodities	Market value	10%	1	1
Real property	Market value	10%	33	33
Currency	Value of currency	10%	10	14
Credit risk premium 3)	Credit spread	0.1 percentage points	9	8
Derivatives	Volatility	10 percentage points	1	2

1) Include money-market investments, convertible bonds and interest-rate derivatives
2) Include hedge funds and equity derivatives
3) Includes bonds and money-market investments, including government bonds and interest-rate derivatives issued by developed countries

Note 19. Risk exposure by Group Functions

Total exposure by rating category, EUR billion

Rating category	31 March 2014	31 Dec 2013	Change
1–2	21.1	16.8	4.3
3–5	3.0	2.7	0.3
6–7	0.2	0.1	0.0
8–9	0.1	0.1	0.0
10	0.0		0.0
Total	**24.4**	**19.8**	**4.6**

Sensitivity analysis of market risk

Group Functions, EUR million	Risk parameter	Change	31 March 2014 Effect on results	31 March 2014 Effect on shareholders' equity	31 Dec 2013 Effect on results	31 Dec 2013 Effect on shareholders' equity
Interest-rate risk	Interest rate	1 percentage point	17		27	
Interest-rate volatility	Volatility	10 percentage points	0		0	
Credit risk premium*	Credit spread	0.1 percentage points		31		30
Price risk						
Equity portfolio	Market value	10%		0		0
Private equity funds	Market value	10%		2		2
Property risk	Market value	10%	3		3	

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

Note 20. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	31 March 2014	31 Dec 2013*
Receivables from credit institutions and customers (gross)	30,639	24,668
Total impairment loss, of which	263	259
Individually assessed	246	241
Collectively assessed	17	17
Receivables from credit institutions and customers (net)	**30,377**	**24,409**

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	127	90	37
Zero-interest	6	6	0
Underpriced	0	0	
Renegotiated	20		20
Impaired	190	149	41
Total	**345**	**246**	**99**

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	99	59	40
Zero-interest	6	6	0
Underpriced	0	0	
Renegotiated	18		18
Impaired	209	175	34
Total	**333**	**241**	**92**

Key ratio, %	31 March 2014	31 Dec 2013
Exposures individually assessed for impairment, % of doubtful receivables	71.3 %	72.4 %

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.

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

Note 21. Liquidity buffer

Liquidity buffer by maturity and credit rating on 31 March 2014, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	4,908	672	1,338	1,618	624	82	9,241	57 %
Aa1−Aa3	54	90	404	562	381	1	1,492	9 %
A1−A3	165	443	113	14	1	2	738	5 %
Baa1−Baa3	105	143	35	44	11	1	339	2 %
Ba1 or lower	22	132	23	1	44	0	222	1 %
Internally rated**	435	1,596	1,158	358	139	451	4,137	26 %
Total	**5,689**	**3,076**	**3,073**	**2,597**	**1,199**	**536**	**16,169**	**100 %**

* incl. deposits with the central bank
** PD </= 0.40%
The liquidity buffer’s (excl. deposits with the central bank) residual term to maturity averages 4.8 years.

Note 22. Capital base 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.

EUR million	CRR 31 March 2014	CRR 1 Jan 2014	CRD3 31 Dec 2013
Shareholders' equity	3,056	3,150	3,150
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-195	-137	-137
Fair value reserve, cash flow hedging	-14	-11	-11
Common Equity Tier 1 (CET1) before deductions	**2,847**	**3,001**	**3,001**
Intangible assets	-193	-193	-193
Excess funding of pension liability, indirect holdings and deferred tax assets for losses	-6	-8	-4
Planned profit distribution / profit distribution as proposed by the Board	-38	-212	-212
Unrealised gains under transitional provisions	-29	-31	-31
Investments in insurance companies and financial institutions			-703
Shortfall of impairments – expected losses	-124	-115	-50
Common Equity Tier 1 (CET1)*)	**2,456**	**2,441**	**1,808**
Subordinated loans to which transitional provision applies	219	219	274
Shortfall of Tier 2 capital			-38
Additional Tier 1 capital (AT1)	**219**	**219**	**235**
Tier 1 capital (T1)	**2,675**	**2,660**	**2,043**
Debenture loans	683	683	683
Unrealised gains under transitional provisions	29	31	31
Investments in insurance companies and financial institutions			-703
Shortfall of impairments – expected losses			-50
Reclassification into AT1			38
Tier 2 Capital (T2)	**713**	**714**	
Total capital base	**3,387**	**3,375**	**2,043**
Risk-weighted assets			
Credit and counterparty risk			
Central government and central banks exposure***)	42	106	82
Credit institution exposure	1,290	1,368	1,140
Corporate exposure	10,987	10,848	10,965
Retail exposure	913	941	941
Equity investments**)	4,200	4,205	195
Other	975	989	684
Market risk	956	958	958
Operational risk	1,137	1,083	1,083
Total	**20,501**	**20,499**	**16,048**
Ratios, %			
CET1 capital ratio	12.0	11.9	11.3
Tier 1 ratio	13.0	13.0	12.7
Capital adequacy ratio	16.5	16.5	12.7
Basel I floor, EUR million			
Capital base	3,387	3,375	
Basel I capital requirements floor	1,329	1,239	
Capital buffer for Basel I floor	2,059	2,136	

*) 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 4,1 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 24 million represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

Pohjola has applied transitional provisions regarding old capital instruments to 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 23. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	31 March 2014	1 Jan 2014	31 Dec 2013
Pohjola Group's equity capital	3,056	3,150	3,150
Hybrid instruments, perpetual bonds and debenture bonds	952	952	1,007
Other sector-specific items excluded from capital base	-1	-5	-5
Goodwill and intangible assets	-875	-880	-880
Equalisation provision	-196	-198	-198
Proposed profit distribution	-38	-212	-212
Items under IFRS deducted from capital base*	-127	-126	-122
Shortfall of impairments – expected losses	-108	-99	-99
Conglomerate's capital base, total	**2,664**	**2,581**	**2,639**
Regulatory capital requirement for credit institutions**	1,326	1,326	1,284
Regulatory capital requirement for insurance operations	239	222	222
Conglomerate's total minimum capital requirement	**1,565**	**1,548**	**1,506**
Conglomerate's capital adequacy	**1,098**	**1,033**	**1,134**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.70**	**1.67**	**1.75**

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

OP-Pohjola Group's capital adequacy ratio was 2.00 (1.90).

Note 24. Collateral given

EUR million	31 March 2014	31 Dec 2013
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	4	5
Other	518	485
Other collateral given		
Pledges*	5,973	5,705
Total collateral given	**6,496**	**6,196**
Total collateralised liabilities	**468**	**490**

* Of which EUR 2,000 million in intraday settlement collateral.

Note 25. Off-balance-sheet commitments

EUR million	31 March 2014	31 Dec 2013
Guarantees	921	914
Other guarantee liabilities	1,559	1,568
Loan commitments	4,019	4,728
Commitments related to short-term trade transactions	185	247
Other	351	359
Total off-balance-sheet commitments	**7,035**	**7,816**

Note 26. Derivative contracts

31 March 2014, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	67,410	115,556	47,283	230,249	3,270	3,160
Cleared by the central counterparty	2,291	13,765	8,293	24,348	118	157
Currency derivatives	14,904	3,522	3,916	22,342	290	345
Equity and index derivatives	255	493		749	67	0
Credit derivatives	4	149	35	188	14	0
Other derivatives	329	670	136	1,136	79	68
Total derivatives	**82,903**	**120,389**	**51,371**	**254,663**	**3,719**	**3,573**

31 Dec 2013, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	43,525	112,782	43,071	199,378	2,997	2,821
Cleared by the central counterparty	2,390	10,634	5,020	18,044	76	69
Currency derivatives	16,270	2,522	1,524	20,317	342	412
Equity and index derivatives	194	582		776	77	
Credit derivatives	4	99	15	118	13	0
Other derivatives	390	652	172	1,214	65	64
Total derivatives	**60,383**	**116,637**	**44,783**	**221,803**	**3,494**	**3,297**

* Fair values include accrued interest which is shown under other assets or provisions and other liabilities. In addition, the fair value of derivatives for central counterparty clearing is offset in the balance sheet.

Note 27. 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	3,819	-99	3,720	-2,581	-373	766
Non-life Insurance derivatives	0		0			0
Total derivatives	**3,819**	**-99**	**3,720**	**-2,581**	**-373**	**766**

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	3,515	-71	3,444	-2,393	-359	691
Non-life Insurance derivatives	4		4			4
Total derivatives	**3,518**	**-71**	**3,447**	**-2,393**	**-359**	**695**

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	3,813	-141	3,671	-2,581	-396	695
Non-life Insurance derivatives	0		0			0
Total derivatives	**3,813**	**-141**	**3,672**	**-2,581**	**-396**	**695**

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	3,484	-64	3,420	-2,393	-408	619
Non-life Insurance derivatives						
Total derivatives	**3,484**	**-64**	**3,420**	**-2,393**	**-408**	**619**

* 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 Pohjola Bank plc'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 Pohjola Bank plc will apply to derivative transactions between Pohjola Bank plc 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 28. Other contingent liabilities and commitments

On 31 March 2014, the Group Functions commitments to venture capital funds amounted to EUR 10 million (9) and Non-Life Insurance commitments to EUR 89 million (98). They are included in the section 'Off-balance-sheet commitments'.

Note 29. Related-party transactions

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

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

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

Helsinki, 29 April 2014

Pohjola Bank plc
Board of Directors

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

Analyst meeting, conference call and live webcast

Pohjola will hold a briefing in English for analysts and investors on 29 April starting at 3.00 pm Finnish time, EET (2.00 pm CET, 1.00 pm UK time, 8 am US EST). The briefing is a combined analyst meeting, conference call and live webcast. Because of OP-Pohjola Group Central Cooperative's execution of the bid for Pohjola shares, this will be the last briefing for analysts and investors on the issue date of Pohjola's financial report.

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

2) By dialling one of the regional conference call numbers shown below. Questions are welcome by telephone in the Q&A session according to instructions. To participate via a conference call, please dial in 5−10 minutes before the beginning of the event:
FI: +358 981 710 460
UK: +44 203 364 5374
US: +1 855 753 2230
Password: Pohjola

Press conference

Jouko Pölönen, Pohjola Bank plc's President and CEO, will present the financial results in a press conference on OP-Pohjola Group's premises (Vääksyntie 4, Vallila, Helsinki), on 29 April, starting at noon.

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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