Pohjola Bank plc´s

Interim Report for 1 January—30 June 2013

Pohjola Group Performance for January–June[1)]

- Consolidated earnings before tax amounted to EUR 252 million (202) and consolidated earnings before tax at fair value to EUR 177 million (433). Return on equity was 14.1% (12.9). Core Tier 1 ratio was 10.6% (10.6).
- The loan portfolio held by Banking grew by 6% from its level at the turn of the year and by 9% in the year to June. The average corporate loan portfolio margin was 1.53% (1.52). Impairment loss on receivables totalled EUR 19 million (19) and the bank levy reduced earnings by EUR 8 million (–).
- Within Non-life Insurance, insurance premium revenue increased by 10%. The combined ratio improved to 91.0% (94.6). Excluding changes in reserving bases and amortisation on intangible assets arising from company acquisition, the operating combined ratio was 89.2% (92.6). Return on investments at fair value was 0.4% (5.5).
- Within Asset Management, assets under management increased by 6% to EUR 34.9 billion (32.8).
- Group's total expenses remained at the previous year's level despite the bank levy of EUR 10 million. Cost savings out of the EUR 25 million estimated for 2013 based on the efficiency-enhancement programme amounted to EUR 15 million.
- Outlook towards the year end: Consolidated earnings before tax in 2013 are expected to be higher than in 2012. Within Banking, the loan portfolio is expected to grow in 2013 at the same rate as in 2012, when the growth rate was 9% (previous estimate: growth prospects on the loan portfolio are dimmer than last year). It is estimated that the Non-life Insurance operating combined ratio will vary between 88% and 92% (previous estimate: 89–93%). For more detailed information on outlook, see "Outlook towards the year end" below.

April–June

- Consolidated earnings before tax amounted to EUR 121 million (99) and consolidated earnings before tax at fair value to EUR 63 million (96). Return on equity was 13.8% (12.2).
- Banking corporate customers showed a higher level of activity. Combined net interest income from Corporate Banking and Baltic Banking was up by 18% year on year. The loan portfolio increased by 4% and the average corporate loan portfolio margin by 4 basis points.
- Within Non-life Insurance, insurance premium revenue increased by 11%. Combined ratio was 87.9% (87.4) while operating combined ratio was 86.2% (85.5). Return on investments at fair value was –0.6% (0.6).
- Earnings posted by the Group Functions were improved by the EUR 12-million interest on cooperative capital from Suomen Luotto-osuuskunta.

Earnings before tax, € million	**H1/ 2013**	**H1/ 2012**	**Change, %**	**Q2/ 2013**	**Q2/ 2012**	**Change, %**	**2012**
Banking	112	120	-7	58	55	6	221
Non-life Insurance	99	54	82	43	39	11	92
Asset Management	11	12	-1	7	6	10	32
Group Functions	30	16	87	13	-1		27
Total	**252**	**202**	**25**	**121**	**99**	**22**	**372**
Change in fair value reserve	-74	231		-58	-2		418
Earnings before tax at fair value	**177**	**433**	**-59**	**63**	**96**	**-35**	**790**
Earnings per share, €	0.61	0.48		0.29	0.24		0.89
Equity per share, €	8.64	7.85					8.67
Average personnel	2,612	3,419		2,569	3,432		3,421

Financial targets	**H1/ 2013**	**H1/ 2012**	**Q2/ 2013**	**Q2/ 2012**	**2012**	**Target**
Return on equity, %	14.1	12.9	13.8	12.2	11.2	13
Core Tier 1 ratio, %	10.6	9.8			10.6	≥ 11
Operating cost/income ratio by Banking, %	38	34	36	34	34	< 35
Operating combined ratio by Non-life Insurance, %	89.2	92.6	86.2	85.5	90.5	< 92
Operating expense ratio by Non-life Insurance, %	19.5	23.1	19.1	22.4	21.5	18
Solvency ratio by Non-life Insurance, %	75	86			81	70
Operating cost/income ratio by Asset Management, %	54	53	51	53	47	< 45
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 Core Tier 1 ratio remains at least 10%					51	≥ 50

1) Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2012 are used as comparatives. As a result of change in the recognition of defined benefit pension plans, the comparatives have been restated.

President and CEO Mikael Silvennoinen:

Pohjola's second-quarter business performance was in line with our expectations. Consolidated earnings before tax were good, amounting to slightly over EUR 120 million. Our first-half consolidated earnings before tax exceeded EUR 250 million and the return on equity was 14%.

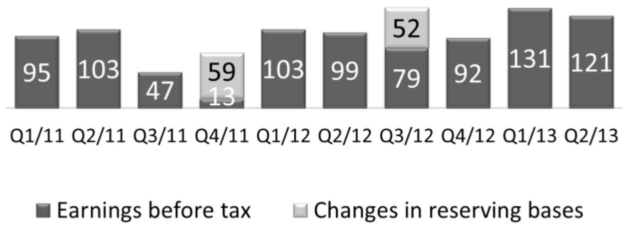
Banking showed lower first-half earnings than the year before due to a decrease in trading income generated by Markets and to the bank levy. Demand for corporate loans and the corporate bond markets perked up during the second quarter. During the first half, the loan portfolio increased by 6% and the Corporate Banking net interest income by 11%. Net loan losses and impairment losses remained low, being at the level reported a year ago.

Insurance premium revenue continued to grow vigorously within Non-life Insurance. The second-quarter operating combined ratio was 86.2%. Greater operating efficiency manifested itself in the substantially improved expense ratio. Q2 return on investments at fair value was lower than a year ago, due mainly to an increase in market interest rates.

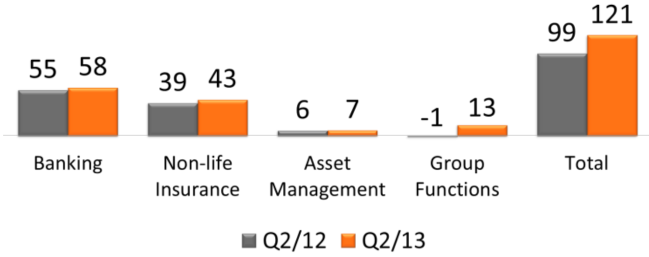
Within Asset Management, assets under management increased as a result of growth in OP mutual fund assets and positive developments in market values.

Thanks to the efficiency-enhancement programme, total expenses, excluding the bank levy, were 3% lower than a year ago. Cost savings out of the EUR 25 million estimated for 2013 amounted to EUR 15 million during the first half, resulting mainly from a reduction in personnel. The programme is proceeding as planned.

Consolidated earnings before tax by quarter, € million



Consolidated earnings before tax by business line, € million



Pohjola Group Interim Report for 1 January–30 June 2013

Contents

Operating environment

World economic growth remained subdued and uneven during the second quarter. The US economy continued to recover gradually. The Federal Reserve announced that it would reduce extraordinary actions this year if economic development in the USA is in line with expectations.

Market expectations of a tighter monetary policy in the USA were reflected in a financial market adjustment, which also increased euro-area government bond interest rates. In June, weaker-than-expected economic growth in China and a temporary money squeeze in the country added to market nervousness.

The ECB cut its main refinancing rate to 0.50% in May. The ECB deposit rate remained zero. The Euribor rates saw only minor changes.

Economic development in Finland remained weak, with the unemployment rate increasing and consumer confidence remaining weak. In some respects, the situation improved during the reporting period. Expectations were higher with respect to industrial output and retail sales increased. The inflation rate continued to decelerate.

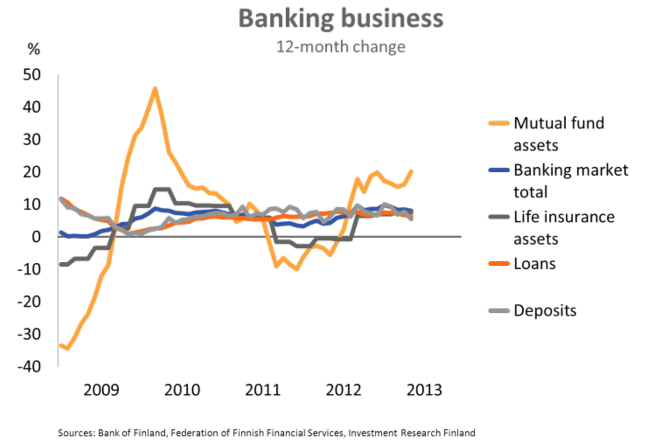
The world economy is expected to pick up slightly in the second half of the year, but the growth will remain below average. The euro-area economy is expected to contract this year, but economic indicators suggest a slight turn for the better towards the year end. The Finnish economy too is expected to recover somewhat during the second half but the general economic picture is still poor. There is still great uncertainty over the economic outlook. The ECB has announced that it will keep its key interest rates at their current levels or lower for an extended period. In addition, it is preparing measures to ensure access to finance for the corporate sector. The Euribor rates are expected to remain record low.

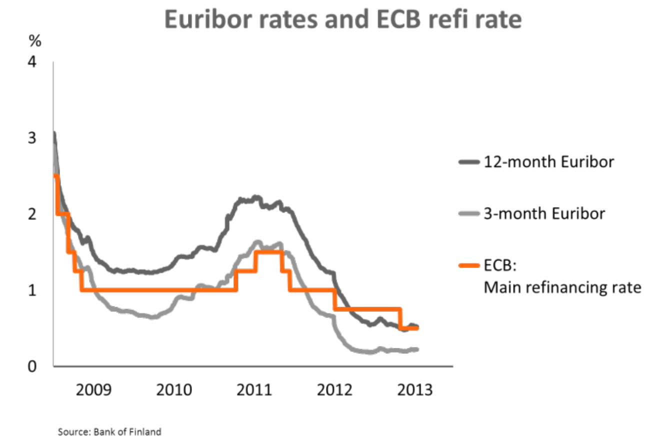
The growth rate of the total loan volumes of banks continued to slow down in the second quarter. In May, the annual growth rate of the total home loan volumes decreased to 4.4%, due to economic recession, declining home sales and tighter loan terms and conditions set by banks. Likewise, the annual growth rate of the total corporate loan volumes continued to wane to 3.5% in May.

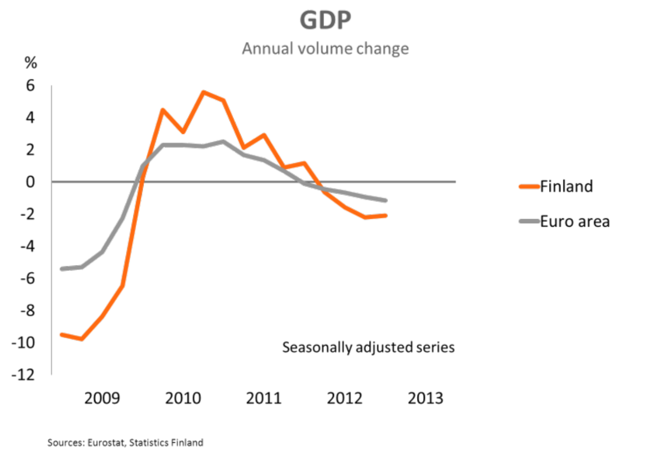
The annual growth rate of the total bank deposit volumes decreased to 5.5%, the growth depending largely on deposits made by financial institutions and insurance companies. The total volumes of private and corporate customer deposits remained at the previous year's level.

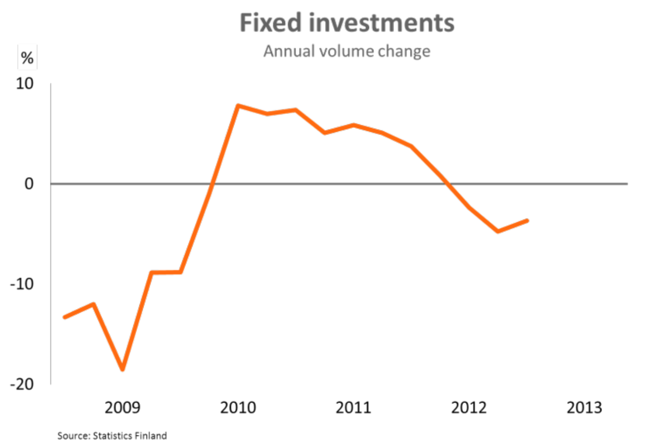
The second quarter saw a continued brisk growth in mutual fund assets and insurance savings, despite more volatile financial markets. Equity funds and long-term bond funds showed the fastest growth. In January–May, premiums written based on the unit-linked life insurance policies taken out by private customers almost doubled over the previous year. In capital markets, fears of a reduction in the ECB's stimulus measures made interest rates increase and share prices decrease at the end of the reporting period.

In the non-life insurance sector, premiums written continued to increase at an annual steady rate of around 5%. Growth in claims paid has slowed down, thanks to favourable claims developments.









Consolidated earnings analysis

€ million	2013 H1	2012 H1	Change, %	2013 Q2	2012 Q2	Change, %	Rolling 12-month	2012
Net interest income								
Corporate and Baltic Banking	109	98	11	56	48	18	210	199
Markets	-3	19		-3	9		8	31
Other operations	5	22	-77	2	8	-71	16	33
Total	110	139	-20	55	65	-15	235	263
Net commissions and fees	78	82	-4	42	40	6	165	169
Net trading income	40	45	-12	24	15	53	73	79
Net investment income	32	-2		12	-7		47	13
Net income from Non-life Insurance								
Insurance operations	223	205	9	123	123	1	385	367
Investment operations	81	49	65	25	18	37	147	115
Other items	-21	-23	-7	-10	-11	-3	-43	-45
Total	282	231	22	138	130	6	489	438
Other operating income	19	19	1	9	10	-10	37	37
Total income	**562**	**513**	**9**	**280**	**253**	**11**	**1,047**	**998**
Personnel costs	97	121	-20	49	59	-17	208	232
ICT costs	44	43	3	22	21	3	89	87
Depreciation and amortisation	25	25	-1	13	13	3	50	50
Other expenses	125	102	22	63	51	25	223	200
Total expenses	**291**	**291**	**0**	**147**	**143**	**3**	**569**	**569**
Earnings before impairment loss on receivables	**271**	**223**	**22**	**134**	**110**	**22**	**477**	**429**
Impairment loss on receivables	20	21	-6	13	12	16	56	57
Share of associates' profit/loss	1	0	5	0	0	-3	1	1
Earnings before tax	**252**	**202**	**25**	**121**	**99**	**22**	**422**	**372**
Change in fair value reserve	-74	231		-58	-2		113	418
Earnings before tax at fair value	**177**	**433**	**-59**	**63**	**96**	**-35**	**535**	**790**

January–June earnings

Consolidated earnings before tax improved to EUR 252 million (202). Total income increased by 9% and total expenses remained at the previous year's level. Without the bank levy of EUR 10 million, expenses would have dropped by 3%. Impairment loss on receivables amounted to EUR 20 million (21).

The fair value reserve without taxes shrank by EUR 74 million from its level at the beginning of 2013 because of a rise in market interest rates in late June, reaching EUR 147 million on 30 June. Earnings before tax at fair value amounted to EUR 177 million (433).

Combined net interest income from Corporate Banking and Baltic Banking was up by 11% year on year. The loan portfolio grew by 6% from the 2012-end level and by 9% in the year to June. The corporate loan portfolio's average margin increased by 1 basis point to 1.53% (1.52) during the reporting period. The average margin increased by 10 basis points in the year to June.

However, the Group's combined net interest income decreased by 20%. Changes made in the liquidity buffer in the last 12 months and net interest income reported by the Markets division decreased net interest income.

Net trading income decreased by 12% year on year. The Markets division reported an increase in net trading income whereas the Group Functions showed a decrease in net trading income due to fair value changes in derivatives.

Net commissions and fees were down by 4% because of lower fees from guarantees and insurance operations. Non-life Insurance posted lower fees because responsibility for the collection of unemployment insurance contributions transferred to the Unemployment Insurance Fund. Fees increased in payment services.

Net investment income increased to EUR 32 million (–2). Recognised dividend income was EUR 15 million higher than the year before, including the EUR 12-million interest on cooperative capital from Suomen Luotto-osuuskunta. Capital gains on notes and bonds were EUR 19 million higher than the year before.

Net income from Non-life Insurance improved year on year. Insurance premium revenue increased by 10% and claims incurred by 11%. Excluding changes in provisions for claims for prior years, claims incurred increased by 7%. Investment income was EUR 32 million higher than the year before. Investment income includes EUR 32 million (5) in capital gains. Impairment loss recognised on investments totalled EUR 5 million (7). Return on investments at fair value was 0.4% (5.5).

Personnel costs decreased by 20% year on year. This fall resulted from personnel reductions as part of the efficiency-enhancement programme and the transfer of employment contracts to other companies within OP-Pohjola Group Central Cooperative Consolidated.

Other expenses were up by 22%. Centralising staff and services within OP-Pohjola Group Central Cooperative Consolidated added to service charges. In addition, other expenses include EUR 10 million in bank levy (–).

April–June earnings

Consolidated earnings before tax improved to EUR 121 million (99). Total income and total expenses increased by 11% and 3%, respectively. Impairment loss on receivables amounted to EUR 13 million (12).

The fair value reserve shrank by EUR 58 million (2) because of a rise in market interest rates in late June. Earnings before tax at fair value amounted to EUR 63 million (96).

Combined net interest income from Corporate Banking and Baltic Banking was up by 18% year on year. The loan portfolio increased by 4% and the average corporate loan portfolio margin by 4 basis points. Trading income from Markets was EUR 10 million lower than a year ago. Client income increased by EUR 7 million year on year.

Net commissions and fees were up by EUR 2 million over the previous year, resulting mainly from lending and payment services.

Net investment income included the EUR 12-million interest on cooperative capital from Suomen Luotto-osuuskunta.

Net income from Non-life Insurance improved by 6% year on year. Insurance premium revenue increased by 11% and claims incurred by 18%. Excluding changes in provisions for claims for prior years, claims incurred increased by 11%. Operating profitability was at the previous year's level. Investment income was EUR 7 million higher than the year before. Return on investments at fair value was –0.6% (0.6).

Total expenses increased by 3% year on year, but would have been at the previous year's level without the bank levy. A 17% fall in personnel costs resulted from personnel reductions as part of the efficiency-enhancement programme and the transfer of employment contracts to other companies within OP-Pohjola Group Central Cooperative Consolidated.

Earnings analysis by quarter

		2012			2013	
€ million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Net interest income						
Corporate and Baltic Banking	50	48	50	51	52	56
Markets	10	9	5	6	0	-3
Other operations	14	8	8	4	3	2
Total	74	65	63	62	55	55
Net commissions and fees	42	40	34	53	36	42
Net trading income	30	15	15	19	16	24
Net investment income	5	-7	1	14	20	12
Net income from Non-life Insurance						
Insurance operations	82	123	73	90	99	123
Investment operations	31	18	45	21	56	25
Other items	-12	-11	-11	-11	-11	-10
Total	101	130	107	100	145	138
Other operating income	9	10	10	8	10	9
Total income	**261**	**253**	**229**	**256**	**282**	**280**
Personnel costs	62	59	57	54	48	49
ICT costs	22	21	21	24	22	22
Depreciation and amortisation	13	13	12	13	12	13
Other expenses	51	51	46	52	62	63
Total expenses	**148**	**143**	**136**	**142**	**144**	**147**
Earnings before impairment loss on receivables	**113**	**110**	**93**	**113**	**137**	**134**
Impairment loss on receivables	10	12	15	21	7	13
Share of associates' profit/loss	0	0	0	0	0	0
Earnings before tax	**103**	**99**	**79**	**92**	**131**	**121**
Change in fair value reserve	233	-2	94	94	-17	-58
Earnings before tax at fair value	**336**	**96**	**172**	**185**	**114**	**63**

Group risk exposure

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

No major changes occurred in credit risk exposure. Investment-grade exposures remained high and impairment losses were at the previous year's level. Doubtful receivables and past due payments were lower.

	H1/2013	H1/2012	2012
Net loan losses and impairment losses, € million	20	21	57
% of the loan and guarantee portfolio	0.12	0.13	0.35
Doubtful receivables*), € million	32	42	34
% of the loan and guarantee portfolio	0.19	0.26	0.21
Past due payments, € million	16	22	21
% of the loan and guarantee portfolio	0.09	0.14	0.13

*) Includes non-performing, zero-interest and under-priced receivables

Final loan losses recognised in January–June totalled EUR 8 million (33) and impairment losses EUR 34 million (25). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 22 million (37).

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

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

Liquidity buffer

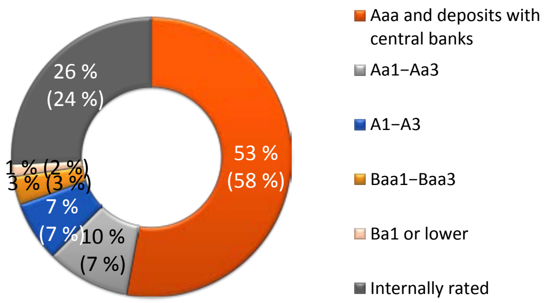
€ billion	30 June 2013	31 Dec 2012	Change, %
Deposits with central banks	3.6	5.6	-35.9
Notes and bonds eligible as collateral	6.2	5.4	14.1
Corporate loans eligible as collateral	3.0	3.0	0.5
Total	**12.8**	**14.0**	**-8.8**
Receivables ineligible as collateral	0.7	0.6	22.3
Liquidity buffer at market value	**13.5**	**14.6**	**-7.5**
Collateral haircut	-1.0	-0.9	8.6
Liquidity portfolio at collateral value	**12.5**	**13.7**	**-8.6**

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

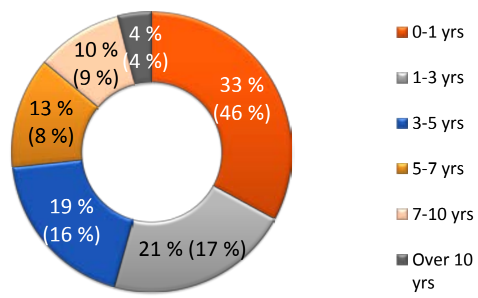
Measurement of the notes and bonds included in the liquidity buffer table above is based on mark-to-market valuations.

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

Financial assets included in the liquidity buffer by credit rating 30 June 2013, % (31 Dec. 2012, %)



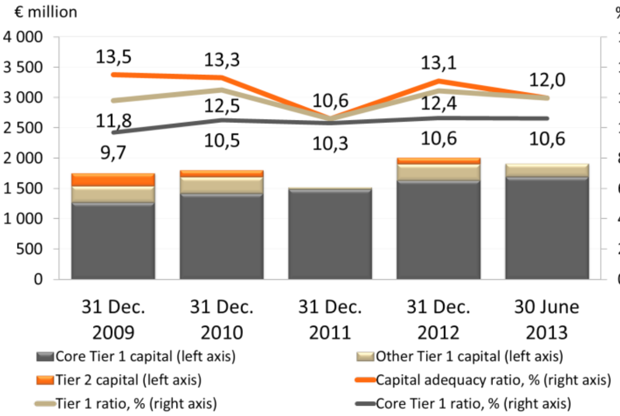
Financial assets included in the liquidity buffer by maturity on 30 June 2013, % (31 Dec. 2012, %)



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

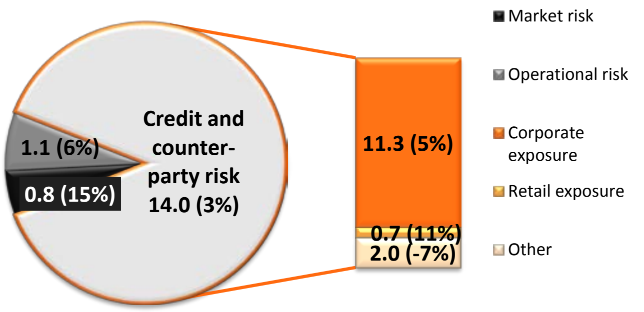


Pohjola Group's Core Tier 1 ratio remained unchanged during the first half, standing at 10.6%. In March, Pohjola Insurance Ltd paid an extra dividend of EUR 50 million to Pohjola Bank plc, which increased the Core Tier 1 ratio by 0.3 percentage points. The Group's target for its Core Tier 1 ratio is at least 11%.

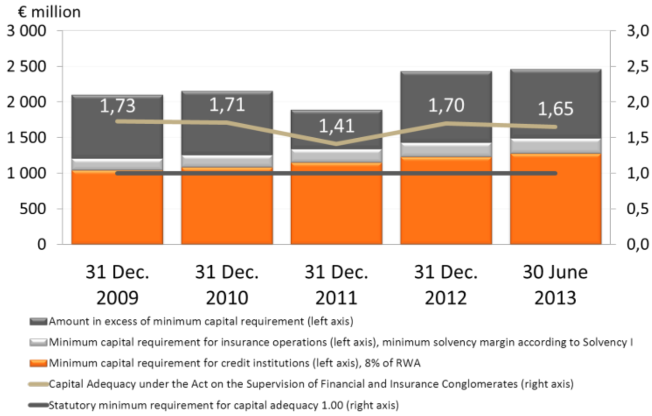
The capital adequacy ratio under the Act on Credit Institutions decreased to 12.0% (13.1), as against the statutory minimum requirement of 8%. In March, Pohjola Bank plc redeemed a Lower Tier 2 subordinated note of EUR 170 million, thereby decreasing the Group's capital adequacy under the Act on Credit Institutions by 1.1 percentage points and the Tier 1 ratio by 0.4 percentage points. The Tier 1 ratio decreased due to the EUR 58 million shortfall of Tier 2 capital resulting from the redemption.

During the first half, risk-weighted assets increased by 4% due mainly to higher credit and counterparty risks. Risk-weighted assets totalled EUR 15.9 billion (15.3) on 30 June.

Risk-weighted assets 30 June 2013
Total 15.9 € billion (change from year end, %)



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



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 abovementioned EUR 170-million redemption of the Lower Tier 2 subordinated note reduced the capital adequacy ratio under this Act by 0.11 percentage points.

Regulatory changes under Basel II and Solvency II

As a result of the financial crisis, the regulatory framework for banks' capital adequacy requirements is becoming more rigorous. The Capital Requirements Directive and Regulation (CRD IV/CRR) was published in the EU Official Journal on 27 June 2013. These new rules and regulations will be phased in from 1 January 2014 and will implement the Basel III standards within the EU during 2014–19. These regulatory changes are aimed at, for example, 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. Accordingly, insurance holdings within such a financial and insurance conglomerate can also be counted as risk-weighted assets in capital adequacy measurement. Currently, such holdings are deducted from the capital base. The new, alternative approach and the details of its application require permission from the regulator. If such permission is granted, Pohjola estimates that its Core Tier 1 ratio will increase by a maximum of around 3 percentage points. Other changes caused by CRD IV/CRR are expected to have a minor one-off negative effect on capital adequacy.

The solvency regulations of the insurance sector are changing, too. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still being processed, and are scheduled to come into effect at the beginning of 2016, at the earliest. The solvency capital requirement (SCR) for Non-life Insurance under Solvency II would have amounted to EUR 673 million (pro forma) based on underwriting and investment risks on

30 June 2013. Pohjola estimates that its Non-life Insurance business already fulfils the solvency capital requirement under the proposed Solvency II.

Credit ratings

Pohjola Bank plc's credit ratings on 30 June 2013

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

Pohjola Insurance Ltd's financial strength ratings on 30 June 2013

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

During the first half of 2013, 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 Service Ltd, including their rating outlook.

On 4 April 2013, Fitch Ratings affirmed Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1 while keeping the outlook stable.

Standard & Poor's affirmed on 5 July 2013 Pohjola Insurance Ltd's financial strength rating at AA- while keeping the outlook negative.

Pohjola's efficiency-enhancement programme

As a result of Pohjola Group's efficiency-enhancement programme, total expenses were at the previous year's level. A fall in personnel costs resulted from personnel reductions as part of the programme and the transfer of employment contracts to other companies within OP-Pohjola Group Central Cooperative Consolidated.

The efficiency-enhancement programme 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 expects to achieve an estimated 50% of the total annual cost savings of EUR 50 million in 2013, 30% in 2014 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.

Cost savings out of the EUR 25 million estimated for 2013 based on the efficiency-enhancement programme amounted to EUR 15 million in the first half, mostly coming from cuts in personnel costs. Non-life Insurance accounted for 54% of the cost savings, Banking for 36% and Asset Management for 10%.

Financial performance and risk exposure by business segment

Banking

January–June in brief

- Earnings before tax amounted to EUR 112 million (120). This lower figure resulted from lower trading income reported by Markets and from the bank levy. Combined net interest income from Corporate Banking and Baltic Banking was up by 11%.
- Following the quiet first quarter, the second quarter saw an increased level of activity among customers.
- The loan portfolio grew by 6% to EUR 14.3 billion (13.5), up by 9% in the year to June.
- The average corporate loan portfolio margin was 1.53% (1.52).
- Impairment loss on receivables amounted to EUR 19 million (19).
- Total expenses, excluding the bank levy of EUR 8 million (–), were at the previous year's level. The operating cost/income ratio was 38% (34).

Banking: financial results and key figures and ratios

€ million	H1/2013	H1/2012	Change %	Q2/2013	Q2/2012	Change %	2012
Net interest income							
Corporate and Baltic Banking	109	98	11	56	48	18	199
Markets	-3	19		-3	9		31
Total	106	117	-10	53	57	-7	230
Net commissions and fees	47	49	-4	26	24	12	96
Net trading income	49	36	35	26	16	68	72
Other income	9	10	-10	5	5	0	21
Total income	**211**	**212**	**-1**	**111**	**101**	**9**	**418**
Expenses							
Personnel costs	30	33	-9	15	16	-2	64
ICT costs	15	13	14	7	6	7	27
Depreciation and amortisation	7	8	-4	4	4	6	15
Other expenses	28	19	50	14	9	54	37
Total expenses	**80**	**73**	**11**	**40**	**35**	**15**	**143**
Earnings before impairment loss on receivables	**130**	**139**	**-7**	**70**	**66**	**6**	**275**
Impairment loss on receivables	19	19	-3	13	11	9	54
Earnings before tax	**112**	**120**	**-7**	**58**	**55**	**6**	**221**
Earnings before tax at fair value	115	120	-4	58	52	11	226
Loan portfolio, € billion	14.3	13.2	9				13.5
Guarantee portfolio, € billion	2.8	2.7	2				2.7
Risk-weighted assets, € billion	13.9	13.2	5				13.3
Margin on corporate loan portfolio, %	1.53	1.43	7				1.52
Ratio of doubtful receivables*) to loan and guarantee portfolio, %	0.19	0.27					0.21
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.11	0.12					0.34
Operating cost/income ratio, %	38	34		36	34		34
Personnel	605	761	-20				745

*) Includes non-performing, zero-interest and under-priced receivables

January–June earnings

Earnings before tax amounted to EUR 112 million (120). Impairment loss on receivables, EUR 19 million, was at the same level as a year ago.

The loan portfolio increased by EUR 0.8 billion, or 6%, from its 2012-end level, amounting to EUR 14.3 billion on 30 June. The average margin on the corporate loan portfolio increased by one basis point to 1.53% during the reporting period and by 10 basis points over the same period a year ago. The market share of euro-denominated corporate loans was 22.2% at the end of May.

The guarantee portfolio increased to EUR 2.8 billion (2.7). Committed standby credit facilities decreased by EUR 0.1 billion from their 2012-end level to EUR 3.3 billion.

Combined net interest income from Corporate Banking and Baltic Banking was up by 11% year on year.

Net commissions and fees decreased by EUR 2 million year on year. Payment service fees were up but guarantee fees decreased because the finance guarantee portfolio shrank year on year.

Net interest income and net trading income from Markets were EUR 8 million lower than a year ago because of a decrease in trading income from foreign exchange and fixed income instruments measured at fair value. Trading income decreased by EUR 20 million whereas client income increased by EUR 7 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 11%. Total expenses, excluding the bank levy of EUR 8 million, were at the previous year's level.

Earnings before tax by division

€ million	H1/2013	H1/2012	Change %
Corporate Banking	85	81	5
Markets	27	39	-30
Baltic Banking	-1	0	
Total	**112**	**120**	**-7**

April–June earnings

Earnings before tax were EUR 58 million, or EUR 3 million higher than the year before. Impairment losses on receivables were at the same level as a year ago.

Demand for corporate loans perked up in April–June. The loan portfolio increased by 4% and the average corporate loan portfolio margin by 4 basis points. Net commissions and fees were up by EUR 2 million from their level a year ago, resulting from lending and securities issuance.

Trading income from Markets decreased by EUR 10 million, year on year, whereas client income increased by EUR 7 million.

Total expenses would have been at the previous year's level without the bank levy of EUR 4 million.

Earnings before tax by division

€ million	Q2/2013	Q2/2012	Change %
Corporate Banking	43	38	14
Markets	15	17	-12
Baltic Banking	-1	-1	25
Total	**58**	**55**	**6**

Risk exposure by Banking

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

During January–June, total exposure increased by EUR 0.8 billion to EUR 25.3 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 63% (63). The share of rating categories 11–12 was 1.3% (1.4).

Corporate customer (incl. housing corporations) exposures represented 82% (81) of total Banking exposures. Of corporate customer exposure, the share of investment-grade exposure was 58% (59) and the exposure of the lowest two rating categories amounted to EUR 319 million (331), accounting for 1.5% (1.7) of the total corporate exposure.

The amount of large corporate customer exposures totalled EUR 3.5 billion (3.4) at the end of the second quarter. Pohjola's own funds covering the Group's large customer exposure amounted to EUR 2.0 billion (2.1).

Corporate exposure by industry remained highly diversified. The most significant industries included Renting and Operating of Residential Real Estate representing 10.0% (10.3), Wholesale and Retail Trade 10.0% (9.6) and Manufacture of Machinery and Equipment 8.8% (8.9). A total of 49% of the exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

January–June net loan losses and impairment losses within Banking amounted to EUR 19 million (19), accounting for 0.11% (0.12) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 2 million (5) and impairment losses EUR 34 million (23). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 17 million (8).

On 30 June 2013, Baltic Banking exposures totalled EUR 0.6 billion (0.5), accounting for 2.4% (2.2) of total Banking exposures.

The Baltic Banking net loan losses and impairment losses for the first half amounted to EUR –1 million, improving the result (–1).

The interest rate risk by Banking in the event of a one-percentage-point change in the interest rate averaged EUR 13.2 million (7.3).

Non-life Insurance

January–June in brief

- Earnings before tax improved to EUR 99 million (54). Earnings before tax at fair value were EUR 35 million (161).
- Insurance premium revenue increased by 10% (8) and claims incurred by 11% (7).
- The number of loyal customer households increased by 13,886 (23,848).
- The balance on technical account was good. Operating combined ratio was 89.2% (92.6) and operating expense ratio 19.5% (23.1).
- Return on investments at fair value was 0.4% (5.5).

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

€ million	H1/2013	H1/2012	Change %	Q2/2013	Q2/2012	Change %	2012
Insurance premium revenue	606	549	10	311	281	11	1,126
Claims incurred	-422	-381	11	-208	-177	18	-830
Operating expenses	-118	-127	-7	-60	-63	-6	-242
Amortisation on intangible assets arising from company acquisition	-11	-11	0	-5	-5	0	-21
Balance on technical account	**55**	**30**	**83**	**38**	**35**	**6**	**33**
Net investment income	77	52	48	23	18	23	115
Other income and expenses	-33	-28	20	-17	-15	13	-56
Earnings before tax	**99**	**54**	**82**	**43**	**39**	**11**	**92**
Earnings before tax at fair value	35	161	-78	1	38	-98	283
Combined ratio, %	91.0	94.6		87.9	87.4		97.1
Operating combined ratio, %	89.2	92.6		86.2	85.5		90.5
Operating loss ratio, %	69.7	69.5		67.0	63.1		69.1
Operating expense ratio, %	19.5	23.1		19.1	22.4		21.5
Operating risk ratio, %	63.6	62.7		60.9	56.3		62.8
Operating cost ratio,%	25.6	29.9		25.3	29.2		27.8
Return on investments at fair value, %	0.4	5.5		-0.6	0.6		10.8
Solvency ratio , %	75	86					81
Personnel	1,854	2,402	-23				2,384

January–June earnings

The balance on technical account was better than a year ago. Insurance premium revenue continued to grow vigorously. Claims incurred increased at a slightly faster rate than premium revenue, and operating expenses were lower than a year ago. Total insurance premium revenue was up by 10% (8). The operating balance on technical account totalled EUR 65 million (41) and the operating combined ratio was 89.2% (92.6). 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% (94.6).

Insurance premium revenue

€ million	H1/2013	H1/2012	Change %
Private Customers	304	273	11
Corporate Customers	277	253	9
Baltic States	25	22	12
Total	**606**	**549**	**10**

Premium revenue from Private and Corporate Customers and the Baltic States grew strongly.

In 2012, Pohjola's market share in terms of non-life insurance premiums written was 29.1% (28.2). Measured by this market share, Pohjola is Finland's largest non-life insurer. The market share is expected to have risen further during the reporting period.

The June-end number of loyal customer households totalled 583,880 (547,184), of which up to 70% (67) 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 878,000 insurance bills (799,000) with 122,000 (122,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 43 million (39). The number of loyal customer households increased by 13,886 (23,848) from its 2012-end level.

Sales of policies to private and corporate customers increased by 4% over the previous year.

Claims incurred increased at a slightly faster rate than insurance premium revenue. Excluding changes in provisions for claims for prior years, claims incurred increased by 7%, i.e. they increased at a lower rate than premium revenue. Claims incurred arising from new large claims were higher than a year ago. The reported number of large claims (in excess of EUR 0.3 million) amounted to 75 (54) in January–June, with their claims incurred retained for own account totalling EUR 50 million (42). Changes in claims for previous years improved the balance on technical account by EUR 3 million (16). The operating loss ratio was 69.7% (69.5) and the risk ratio (excl. loss adjustment expenses) 63.6% (62.7).

Operating expenses decreased by 7% and the operating expense ratio improved to 19.5% (23.1). The efficiency-enhancement programme launched last year decreased costs, which together with strong growth in income improved efficiency. The operating cost ratio (incl. indirect loss adjustment expenses) was 25.6% (29.9).

A 20% increase in other income and expenses weakened the financial results. Change in the principle of capital allocation to businesses increased financing costs by EUR 9 million within Non-life Insurance.

Operating balance on technical account and combined ratio (CR)

	H1/2013		H1/2012	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	49.4	83.8	31.6	88.4
Corporate Customers	12.5	95.5	3.9	98.4
Baltic States	3.4	86.2	5.0	77.6
Total	**65.4**	**89.2**	**40.5**	**92.6**

Investment

Because of the unfavourable interest rate environment, investment income at fair value was lower than the year before. Return on investments at fair value was 0.4% (5.5). Net investment income amounted to EUR 77 million (52). Capital gains of EUR 32 million (5) added to investment income. Net investment income at fair value was EUR 14 million (158).

Investment portfolio by asset class

%	30 June 2013	31 March 2013	31 Dec 2012
Bonds and bond funds	71	71	75
Alternative investments	1	2	3
Equities	10	11	9
Private equity	3	3	3
Real property	10	9	9
Money market instruments	4	4	1
Total	**100**	**100**	**100**

On 30 June 2013, the investment portfolio totalled EUR 3,182 million (3,149). The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category represented 91% (92) and 73% of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 3.9 years (4.2) and the duration 3.4 years (4.2).

April–June earnings

Insurance premium revenue continued to grow vigorously and the balance on technical account was good. The operating balance on technical account totalled EUR 43 million (41) and the operating combined ratio was 86.2% (85.5). The combined ratio that includes amortisation on intangible assets arising from the corporate acquisition was 87.9% (87.4).

Insurance premium revenue

€ million	Q2/2013	Q2/2012	Change %
Private Customers	159	142	12
Corporate Customers	139	128	9
Baltic States	13	11	18
Total	**311**	**281**	**11**

Total insurance premium revenue was up by 11% (7), with all customer segments showing strong growth. The number of loyal customer households increased by 9,190 (9,430). Sales of policies to private and corporate customers increased by 7% over the previous year.

Claims incurred increased by 18%. Excluding changes in provisions for claims for prior years, claims incurred increased by 11%, i.e. they increased at the same rate as premium revenue. Growth in large claims was slightly reflected in claims incurred. The reporting period saw more large claims than a year ago, especially among corporate customers. The reported number of large claims (in excess of EUR 0.3 million) amounted to 39 (27) in April–June, with their claims incurred retained for own account totalling EUR 21 million (20). Changes in claims for previous years improved the balance on technical account by EUR 2 million (13). The operating loss ratio was 67.0% (63.1) and the risk ratio (excl. loss adjustment expenses) was 60.9% (56.3).

The operating expense ratio was 19.1% (22.4). The operating cost ratio (incl. loss adjustment expenses) was 25.3% (29.2).

Operating balance on technical account and combined ratio (CR)

	Q2/2013		Q2/2012	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	31.2	80.4	18.5	87.0
Corporate Customers	10.2	92.7	19.1	85.1
Baltic States	1.5	87.9	3.1	70.6
Total	**42.9**	**86.2**	**40.7**	**85.5**

Profitability improved as a result of a strong increase in insurance premium revenue and a decrease in operating expenses, improving the most among private customers.

Higher claims incurred weakened corporate customer profitability. Profitability in the Baltic States remained good.

Investment

Return on investments at fair value was –0.6% (0.6). Net investment income amounted to EUR 23 million (18). Net investment income at fair value was EUR –20 million (17).

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 30 June, Non-life Insurance solvency capital amounted to EUR 893 million (914) and the ratio of solvency capital to insurance premium revenue (solvency ratio) was 75% (81). Equalisation provisions decreased to EUR 269 million (273).

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

Asset Management

January–June in brief

- Earnings before tax amounted to EUR 11 million (12).
- Assets under management increased by 6% to EUR 34.9 billion (32.8) from their 2012-end level.
- Operating cost/income ratio was 54% (53).

Asset Management: financial results and key figures and ratios

€ million	H1/2013	H1/2012	Change %	Q2/2013	Q2/2012	Change %	2012
Net commissions and fees	25	24	3	13	12	6	60
Other income	2	2	-18	1	1	-18	5
Total income	**27**	**27**	**1**	**14**	**14**	**4**	**65**
Personnel costs	7	9	-18	3	5	-29	19
Other expenses	9	7	30	5	3	38	14
Total expenses	**16**	**16**	**3**	**8**	**8**	**0**	**33**
Share of associate's profit/loss	1	0	23	0	0	27	1
Earnings before tax	**11**	**12**	**-1**	**7**	**6**	**10**	**32**
Earnings before tax at fair value	11	12	-1	7	6	10	32
Assets under management, € billion	34.9	31.1	12	34.9	31.1	12	32.8
Operating cost/income ratio, %	54	53		51	53		47
Personnel	87	158	-45				153

January–June earnings

Earnings before tax were EUR 11 million (12). Performance-based management fees worth EUR 1.9 million (1.2) 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. In June, Pohjola Bank plc raised its shareholding in Access Capital Partners Group SA from 40% to 45%, in accordance with the original purchase agreement.

The operating cost/income ratio was 54% (53).

Assets under management increased by 6% from their 2013-start level, amounting to EUR 34.9 billion (32.8) on 30 June.

Assets under management

€ billion	30 June 2013	31 March 2013	31 Dec 2012
Institutional Clients	20	20	19
OP Mutual Funds	11	10	10
Private	4	4	4
Total	35	34	33

Assets under management by asset class

%	30 June 2013	31 March 2013	31 Dec 2012
Money market investments	16	17	16
Notes and bonds	39	38	40
Equities	30	28	27
Other	16	17	18
Total	**100**	**100**	**100**

The increase in assets under management was based on growth in OP Mutual Fund assets and the higher market values of client portfolios. A total of 57% of mutual funds managed by Asset Management outperformed their benchmark index during the first half.

April–June earnings

Earnings before tax amounted to EUR 7 million (6). The operating cost/income ratio was 51% (53). Earnings included EUR 0.9 million (1.2) in performance-based management fees.

Assets under management increased by EUR 0.7 billion to EUR 34.9 billion.

Group Functions

January–June in brief

- Earnings before tax amounted to EUR 30 million (16). These include EUR 13 million in capital gains on notes and bonds (–5) and EUR 18 million (3) in dividend income.
- Earnings before tax at fair value were EUR 15 million (141).
- Liquidity and access to funding remained good.

Group Functions: financial results and key figures and ratios

€ million	H1/2013	H1/2012	Change %	Q2/2013	Q2/2012	Change %	2012
Net interest income	15	22	-30	8	9	-13	36
Net trading income	-7	6		-1	-1	81	1
Net investment income	32	-2		12	-7		11
Other income	4	9	-60	2	6	-70	16
Total income	**44**	**35**	**26**	**20**	**7**		**65**
Personnel costs	3	7	-53	2	4	-41	14
Other expenses	10	10	0	4	5	-7	20
Total expenses	**13**	**17**	**-23**	**6**	**8**	**-22**	**34**
Earnings before impairment loss on receivables	**31**	**18**	**73**	**14**	**-1**		**30**
Impairment loss on receivables	1	2	-45	1	0		3
Earnings before tax	**30**	**16**	**87**	**13**	**-1**		**27**
Earnings before tax at fair value	**15**	**141**	**-90**	**-3**	**0**		**250**
Liquidity buffer, € billion	13.5	14.7	-8				14.6
Risk-weighted assets, € billion	1.9	2.1	-10				1.9
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	4.0	2.0					3.2
Central Banking earnings, € million	4	4	-13	2	2	-30	8
Personnel	35	131	-73				123

January–June earnings

Earnings before tax amounted to EUR 30 million, or EUR 14 million higher than the year before. Earnings before tax at fair value amounted to EUR 15 million, or EUR 126 million lower than a year ago when higher liquidity resulting from the ECB's long-term refinancing operations calmed down markets and reduced credit risk margins.

Changes made in the liquidity buffer in the last 12 months decreased net interest income. Net trading income was lower year on year, as income from trading decreased year on year.

Net investment income included EUR 13 million in capital gains on notes and bonds (–5). Dividend income amounted to EUR 18 million (3), including the EUR 12-million euro interest on cooperative capital from Suomen Luotto-osuuskunta. Impairment loss recognised on bonds totalled EUR 1 million (2).

The bank levy increased other expenses by EUR 1 million.

Pohjola's access to funding remained good. During the first half, Pohjola Bank plc issued long-term bonds worth EUR 1.0 billion. During the second quarter, Pohjola issued in the international capital market a senior bond of EUR 500 million with a maturity of five years. It also issued its first Samurai bonds in the Japanese market, totalling 30 billion yen (EUR 237 million).

On 30 June, the average margin of senior wholesale funding was 39 basis points (40). Growth in short-term wholesale funding from its 2012-end level contributed to lower funding costs.

April–June earnings

Earnings before tax amounted to EUR 13 million, or EUR 14 million higher than a year ago. Earnings before tax at fair value were EUR 3 million lower than a year earlier. Dividend income improved earnings during the period. Earnings a year ago were eroded by capital losses on notes and bonds.

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 20.1 billion (20.4), 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 22.9 million (10.9).

Personnel and remuneration

On 30 June, the Group had a staff of 2,581, or 823 less than on 31 December 2012 and 870 less than a year ago. The majority of the personnel reductions are related to the transfer of employment contracts within OP-Pohjola Group Central Cooperative Consolidated.

Personnel by segment

	30 June 2013	31 Dec 2012
Banking	605	745
Non-life Insurance	1,854	2,384
Asset Management	87	153
Group Functions	35	123
Total	**2,581**	**3,404**

A total of 370 Group employees (392) worked abroad.

The scheme for variable remuneration within OP-Pohjola Group and Pohjola consists of short-term, company-specific incentives and OP-Pohjola Group-wide long-term incentives. More detailed information on remuneration can be found in the Notes to the Financial Statements 2012.

Management

On 17 June 2013, Mikael Silvennoinen announced that he would resign as Pohjola Bank plc's President and CEO by the end of 2013. Acting as President and CEO since 1997, Mr Silvennoinen resigned at his own request.

Shares and shareholders

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

Number of shares

Share series 30 June 2013	Number of shares	% of all shares	% of votes
Pohjola A (POH1S)	251,942,798	78.84	42.70
Pohjola K (POHKS)	67,608,617	21.16	57.30
Total	**319,551,415**	**100.00**	**100.00**

On the last trading date of the reporting period, 28 June 2013, one Series A share closed at EUR 11.29 (28 Dec. 2012: 11.27). In January–June 2013, the share price reached a high of EUR 13.65 (17 May) and a low of EUR 11.14 (24 June). On 5 April 2013, a per-share dividend of EUR 0.46 and EUR 0.43 was paid on Series A shares and Series K Shares for the financial year 2012, respectively.

Pohjola's market capitalisation amounted to EUR 3,608 million (3,601) at the end of June. In calculating the market capitalisation, Series K shares were valued at the price of Series A shares.

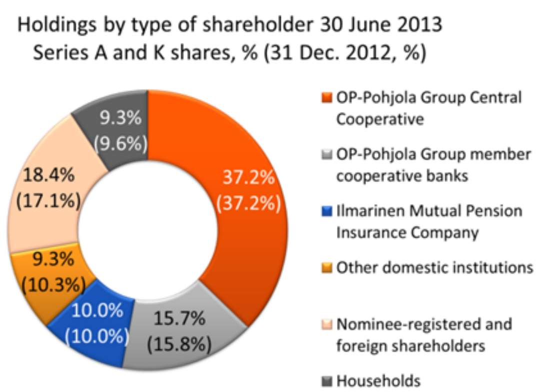
Trading in Series A shares in euro terms amounted to EUR 645 million in the first half of 2013 as against EUR 649 million a year earlier, while in volume terms it came to 53 million shares (77).

Number of shareholders

	30 June 2013	31 Dec 2012	Change
Holders of Series A shares	32,021	32,272	-251
Holders of Series K shares	109	109	0
Total*	**32,027**	**32,278**	**-251**

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

On 30 June 2013, Pohjola had 32,027 shareholders, private individuals accounting for 95.3%. The number of nominee-registered shares on 30 June 2013 totalled 57.0 million, increasing by 5.6 million from their number on 31 December 2012. On 30 June 2013, these shares accounted for 22.6% (31 December 2012: 20.4%) of all Series A shares.



Major shareholders

	30 June 2013	% of all shares	% of Series A shares	% of votes
1	OP-Pohjola Group Central Cooperative	37.24	23.16	61.28
2	Ilmarinen Mutual Pension Insurance Company	10.00	12.68	5.42
3	Oulun Osuuspankki	1.36	1.10	1.82
4	OP Bank Group Pension Fund	1.08	1.37	0.59
5	Nordea Fennia Fund	0.74	0.93	0.40
6	OP Bank Group Pension Foundation	0.73	0.92	0.39
7	State Pension Fund	0.59	0.75	0.32
8	Tampereen Seudun Osuuspankki	0.52	0.62	0.35
9	Suur-Savon Osuuspankki	0.47	0.53	0.37
10	Länsi-Suomen Osuuspankki	0.45	0.41	0.51
	Nominee registered shares, total	17.85	22.64	9.67
	Other	28.98	34.88	18.89
	Total	**100.00**	**100.00**	**100.00**

In January–June 2013, 63.8% of euro-denominated trading in Series A shares took place on NASDAQ OMX (72.2% in 2012) and 36.1% on multilateral trading facilities (MTF).

Trading venues for Pohjola shares

Trading venue	% of euro-denominated trading in H1/2013
NASDAQ OMX	63.8
BATS Chi-X CXE (Chi-X)	20.5
Turquoise	10.0
BATS Chi-X BXE (Bats)	5.3
Burgundy	0.4
NYSE Arca	0.1
Frankfurt	0.0
Düsseldorf	0.0

Source: Fidessa Fragmentation Index

Outlook towards the year end

Within Banking, the loan portfolio is expected to grow in 2013 at the same rate as in 2012, when the growth rate was 9% (previous estimate: growth prospects on the loan portfolio are dimmer than last year). The operating environment for the corporate sector will remain challenging. The greatest uncertainties related to Banking's financial performance in 2013 are associated with future impairment loss on the loan portfolio.

Insurance premium revenue is expected to increase at a rate above the market average. The operating combined ratio for the full year 2013 is estimated to vary between 88% and 92% (previous estimate: 89–93) if the number of large claims is not much higher than in 2012. Expected investment returns are largely dependent on developments in the investment environment. The most significant uncertainties related to Non-life Insurance's financial performance in 2013 pertain to the investment environment and the effect of large claims on claims expenditure.

The greatest uncertainties related to Asset Management's financial performance in 2013 are associated with the actual performance-based fee income tied to the success of investments and the amount of assets under management.

The key determinants affecting the Group Functions' financial performance include net interest income arising from assets in the liquidity buffer, any capital gains or losses on notes and bonds and any impairment loss that may be recognised on notes and bonds in the income statement. It is estimated that the Group Functions' net interest income will be lower than in 2012.

Consolidated earnings before tax in 2013 are expected to be higher than in 2012.

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	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Net interest income	3	55	65	110	139
Impairments of receivables	4	13	12	20	21
Net interest income after impairments		**42**	**53**	**91**	**117**
Net income from Non-life Insurance	5	138	130	282	231
Net commissions and fees	6	42	40	78	82
Net trading income	7	24	15	40	45
Net investment income	8	12	-7	32	-2
Other operating income	9	9	10	19	19
Total income		**267**	**241**	**542**	**492**
Personnel costs		49	59	97	121
ICT costs		22	21	44	43
Depreciation/amortisation		13	13	25	25
Other expenses		63	51	125	102
Total expenses		**147**	**143**	**291**	**291**
Share of associates' profits/losses		0	0	1	0
Earnings before tax		**121**	**99**	**252**	**202**
Income tax expense		27	23	58	47
Profit for the period		**94**	**75**	**194**	**155**
Attributable to owners of the Parent		94	75	194	155
Total		**94**	**75**	**194**	**155**
Earnings per share (EPS), EUR					
Series A		0.30	0.24	0.61	0.49
Series K		0.27	0.21	0.58	0.46

Consolidated statement of comprehensive income

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Profit for the period	**94**	**75**	**194**	**155**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans		-1		3
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-50	-8	-61	220
Cash flow hedge	-8	6	-13	11
Translation differences	0	0	0	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans		0		1
Items that may be reclassified to profit or loss				
Measurement at fair value	-12	-2	-15	54
Cash flow hedge	-2	1	-3	3
Total comprehensive income for the period	**50**	**73**	**137**	**332**
Total comprehensive income attributable to owners of the Parent	50	73	137	332
Total	**50**	**73**	**137**	**332**

Consolidated balance sheet

EUR million	Note	30 June 2013	31 Dec 2012
Cash and cash equivalents		3,646	5,643
Receivables from credit institutions		9,357	8,815
Financial assets at fair value through profit or loss			
Financial assets held for trading		283	246
Financial assets at fair value through profit or loss at inception		9	9
Derivative contracts		3,669	4,462
Receivables from customers		14,599	13,839
Non-life Insurance assets	12	3,653	3,523
Investment assets		6,318	5,431
Investment in associates		30	26
Intangible assets	13	921	922
Property, plant and equipment (PPE)		87	69
Other assets		1,549	1,600
Tax assets		34	36
Total assets		**44,156**	**44,623**
Liabilities to credit institutions		5,210	5,840
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		4	3
Derivative contracts		3,666	4,557
Liabilities to customers		10,060	10,775
Non-life Insurance liabilities	14	2,935	2,592
Debt securities issued to the public	15	15,580	13,769
Provisions and other liabilities		2,400	2,556
Tax liabilities		449	485
Subordinated liabilities		1,091	1,275
Total liabilities		**41,396**	**41,854**
Shareholders' equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	16	111	167
Other reserves		1,093	1,093
Retained earnings		1,128	1,081
Total shareholders' equity		**2,760**	**2,769**
Total liabilities and shareholders' equity		**44,156**	**44,623**

Consolidated statement of changes in equity

	Attributable to owners of Pohjola Group					
		Fair value reserve				
EUR million	Share capital	Measure-ment at fair value	Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2012	**428**	**-159**	**10**	**1,093**	**934**	**2,306**
Total comprehensive income for the period		166	8	0	157	332
Profit distribution					-129	-129
EUR 0.41 per Series A share					-103	-103
EUR 0.38 per Series K share					-26	-26
Equity-settled share-based payment					0	0
Other					0	0
Balance at 30 June 2012	**428**	**8**	**18**	**1,093**	**962**	**2,508**

	Attributable to owners of Pohjola Group					
		Fair value reserve				
EUR million	Share capital	Measure-ment at fair value	Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2013	**428**	**144**	**23**	**1,093**	**1,081**	**2,769**
Total comprehensive income for the period		-46	-10	0	193	137
Profit distribution					-145	-145
EUR 0.46 per Series A share					-116	-116
EUR 0.43 per Series K share					-29	-29
Equity-settled share-based payment					-1	-1
Other					0	0
Balance at 30 June 2013	**428**	**98**	**13**	**1,093**	**1,128**	**2,760**

Consolidated cash flow statement

EUR million	Q2/ 2013	Q2/ 2012
Cash flow from operating activities		
Profit for the period	194	155
Adjustments to profit for the period	268	251
Increase (-) or decrease (+) in operating assets	**-2,984**	**-1,273**
Receivables from credit institutions	-655	-1,065
Financial assets at fair value through profit or loss	-148	184
Derivative contracts	15	3
Receivables from customers	-798	-815
Non-life Insurance assets	-217	-547
Investment assets	-1,131	1,098
Other assets	-50	-131
Increase (+) or decrease (-) in operating liabilities	**-1,346**	**1,487**
Liabilities to credit institutions	-612	256
Financial liabilities at fair value through profit or loss	1	12
Derivative contracts	1	-2
Liabilities to customers	-715	888
Non-life Insurance liabilities	122	136
Provisions and other liabilities	-143	199
Income tax paid	-72	-36
Dividends received	35	25
A. Net cash from operating activities	**-3,906**	**609**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	82	227
Acquisition of subsidiaries and associates, net of cash acquired	-4	-1
Purchase of PPE and intangible assets	-20	-23
Proceeds from sale of PPE and intangible assets	0	
B. Net cash used in investing activities	**59**	**202**
Cash flow from financing activities		
Increases in subordinated liabilities		502
Decreases in subordinated liabilities	-171	-3
Increases in debt securities issued to the public	13,007	13,543
Decreases in debt securities issued to the public	-10,954	-14,162
Dividends paid	-145	-129
Other decreases in equity items		0
C. Net cash used in financing activities	**1,738**	**-249**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-2,109**	**562**
Cash and cash equivalents at period-start	**6,177**	**4,612**
Cash and cash equivalents at period-end	**4,068**	**5,174**
Cash and cash equivalents		
Liquid assets*	3,658	4,799
Receivables from credit institutions payable on demand	410	374
Total	**4,068**	**5,174**

* Of which EUR 12 million (7) consists of Non-life Insurance cash and cash equivalents.

Segment information

Q2 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	56					56
Markets	-3					-3
Other operations		-6	0	8	1	2
Total	53	-6	0	8	1	55
Net commissions and fees	26	5	13	0	-1	42
Net trading income	26	0	0	-1	-1	24
Net investment income	0		0	12		12
Net income from Non-life Insurance						
From insurance operations		123				123
From investment operations		23			2	25
From other items		-10				-10
Total		136			2	138
Other operating income	5	1	1	2	0	9
Total income	**111**	**136**	**14**	**20**	**0**	**280**
Personnel costs	15	28	3	2		49
ICT costs	7	13	1	1	0	22
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	3	0	0		7
Other expenses	14	43	3	3	-1	63
Total expenses	**40**	**92**	**8**	**6**	**0**	**147**
Earnings/loss before impairment of receivables	**70**	**43**	**6**	**14**	**0**	**134**
Impairments of receivables	13			1		13
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**58**	**43**	**7**	**13**	**0**	**121**
Change in fair value reserve	0	-43	0	-15	0	-58
Total comprehensive income for the period, before tax	**58**	**1**	**7**	**-3**	**0**	**63**

Q2 earnings 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	48					48
Markets	9					9
Other operations		-3	1	9	1	8
Total	57	-3	1	9	1	65
Net commissions and fees	24	6	12	-1	-1	40
Net trading income	16	0	0	-1	0	15
Net investment income		0		-7		-7
Net income from Non-life Insurance						
From insurance operations		123				123
From investment operations		18			0	18
From other items		-11				-11
Total		130			0	130
Other operating income	5	-1	0	7	-2	10
Total income	**101**	**133**	**14**	**7**	**-2**	**253**
Personnel costs	16	35	5	4		59
ICT costs	6	12	1	1	0	21
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	4	2	0	0		7
Other expenses	9	39	2	3	-2	51
Total expenses	**35**	**94**	**8**	**8**	**-2**	**143**
Earnings/loss before impairment of receivables	**66**	**39**	**6**	**-1**	**0**	**110**
Impairments of receivables	11			0		12
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**55**	**39**	**6**	**-1**	**0**	**99**
Change in fair value reserve	-3	-2	0	2	0	-2
Gains/(losses) arising from remeasurement of defined benefit plans	-1	0	0	0		-1
Total comprehensive income for the period, before tax	**52**	**38**	**6**	**0**	**0**	**96**

Q1–2 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	109					109
Markets	-3					-3
Other operations		-12	1	15	0	5
Total	106	-12	1	15	0	110
Net commissions and fees	47	9	25	-1	-2	78
Net trading income	49	0	0	-7	-3	40
Net investment income	0		0	32		32
Net income from Non-life Insurance						
From insurance operations		223				223
From investment operations		77			4	81
From other items		-21				-21
Total		279			4	282
Other operating income	9	5	1	5	0	19
Total income	**211**	**281**	**27**	**44**	**-1**	**562**
Personnel costs	30	56	7	3		97
ICT costs	15	24	1	2	1	44
Amortisation on intangible assets related to company acquisitions		11	1			12
Other depreciation/amortisation and impairments	7	5	0	0		13
Other expenses	28	85	6	7	-1	125
Total expenses	**80**	**182**	**16**	**13**	**-1**	**291**
Earnings/loss before impairment of receivables	**130**	**99**	**11**	**31**	**0**	**271**
Impairments of receivables	19			1		20
Share of associates' profits/losses		0	1		0	1
Earnings before tax	**112**	**99**	**11**	**30**	**0**	**252**
Change in fair value reserve	4	-63	0	-15	0	-74
Total comprehensive income for the period, before tax	**115**	**35**	**11**	**15**	**0**	**177**

Q1–2 earnings 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	98					98
Markets	19					19
Other operations		-3	1	22	1	22
Total	117	-3	1	22	1	139
Net commissions and fees	49	11	24	-1	-2	82
Net trading income	36		0	6	3	45
Net investment income	0		0	-2		-2
Net income from Non-life Insurance						
From insurance operations		205				205
From investment operations		52			-3	49
From other items		-23				-23
Total		234			-3	231
Other operating income	10	1	1	11	-3	19
Total income	**212**	**243**	**27**	**35**	**-4**	**513**
Personnel costs	33	72	9	7		121
ICT costs	13	25	1	3	0	43
Amortisation on intangible assets related to company acquisitions		11	1			12
Other depreciation/amortisation and impairments	8	5	1	1		14
Other expenses	19	77	4	6	-4	102
Total expenses	**73**	**189**	**16**	**17**	**-4**	**291**
Earnings/loss before impairment of receivables	**139**	**54**	**11**	**18**	**0**	**223**
Impairments of receivables	19			2		21
Share of associates' profits/losses		0	0		0	0
Earnings before tax	**120**	**54**	**12**	**16**	**0**	**202**
Change in fair value reserve	0	106	0	125	0	231
Gains/(losses) arising from remeasurement of defined benefit plans	2	0	0	1		3
Total comprehensive income for the period, before tax	**122**	**161**	**12**	**141**	**0**	**436**

Balance sheet 30 June 2013, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	14,544			248	-193	14,599
Receivables from credit institutions	465	5	2	12,548	-17	13,003
Financial assets at fair value through profit or loss	363			-71		293
Non-life Insurance assets		3,832			-179	3,653
Investment assets	503	16	15	5,787	-3	6,318
Investments in associates		2	28			30
Other assets	4,262	795	113	1,115	-24	6,261
Total assets	**20,137**	**4,650**	**158**	**19,628**	**-417**	**44,156**
Liabilities to customers	6,577			3,611	-127	10,060
Liabilities to credit institutions	903			4,501	-193	5,210
Non-life Insurance liabilities		2,951			-16	2,935
Debt securities issued to the public				15,624	-43	15,580
Subordinated liabilities		50		1,041		1,091
Other liabilities	4,905	53	8	1,589	-35	6,520
Total liabilities	**12,384**	**3,054**	**8**	**26,366**	**-416**	**41,396**
Shareholders' equity						**2,760**
Average personnel	605	1,854	87	35		2,581
Capital expenditure, EUR million	9	9	0	1		19

Balance sheet 31 Dec 2012, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	13,723			286	-169	13,839
Receivables from credit institutions	433	5	3	14,037	-19	14,458
Financial assets at fair value through profit or loss	360			-104		256
Non-life Insurance assets		3,627			-104	3,523
Investment assets	457	16	23	4,943	-9	5,431
Investments in associates		2	24			26
Other assets	4,681	773	127	1,585	-77	7,090
Total assets	**19,653**	**4,423**	**178**	**20,748**	**-378**	**44,623**
Liabilities to customers	6,786			4,055	-66	10,775
Liabilities to credit institutions	1,225			4,784	-169	5,840
Non-life Insurance liabilities		2,595			-3	2,592
Debt securities issued to the public				13,817	-48	13,769
Subordinated liabilities		50		1,225		1,275
Other liabilities	5,573	124	12	1,985	-91	7,602
Total liabilities	**13,583**	**2,769**	**12**	**25,867**	**-377**	**41,854**
Shareholders' equity						**2,769**
Average personnel	745	2,384	153	123		3,404
Capital expenditure, EUR million	19	22	1	2		43

Note 1. Accounting policies

The Interim Report for 1 January–30 June 2013 has been prepared in accordance with IAS 34 (Interim Financial Reporting).

In the preparation of its Interim Report, Pohjola has applied substantially the same accounting policies as in the preparation of its Financial Statements 2012, with the exception of the changes stated 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

IAS 19 Employee Benefits

Since 1 January 2013, Pohjola Group has applied the amendments to IAS 19 Employee Benefits. The revised standard removes the option for entities to apply the so-called corridor method in the recognition of actual gains and losses and changes the calculation of net interest income on the net defined benefit liability. Under the revised standard, the expected return on plan assets used in the calculation of net interest income is calculated based on the discount rate of the plan liability.

The table below shows the effect of the change in the accounting policy on personnel costs for H1/2012 and financial year 2012 and on other items in comprehensive income. Pohjola voluntarily stopped using the corridor method from the beginning of 2012. The change has no effect on the earnings per share (EPS) ratio.

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Income statement 2012			
Personnel costs	230	232	2
Income tax expense	89	89	0
Statement of comprehensive income 2012			
Gains/(losses) arising from remeasurement of defined benefit plans	-12	-10	2
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	-3	-2	0

EUR million	Previous accounting policy	New accounting policy	Effect of change in accounting policy
Income statment Q1–2/2012			
Personnel costs	120	121	1
Income tax expense	47	47	0
Statement of comprehensive income Q1–2/2012			
Gains/(losses) arising from remeasurement of defined benefit plans	2	3	1
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	1	1	0

Other changes

Since the beginning of 2013, Pohjola Group has applied the following changed accounting policies presented in its Financial Statements for 2012:

1.5 Financial instruments

1.5.4 Classification and recognition

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Pohjola exercises the right of set-off to central counterparty clearing for OTC interest rate derivatives. London Clearing House is the central counterparty.

1.5.7 Derivative contracts

The fair value of OTC interest rate derivatives for central counterparty clearing is cleared in cash on a daily basis. In the balance sheet, these cleared derivatives are shown as a net change in cash. Other derivatives are presented on a gross basis, in which case positive value changes are presented as Derivative contracts under assets and negative value changes as Derivative contracts under liabilities.

Segment accounting policies

Capitalisation of Banking, Asset Management and the Group Functions is based on Pohjola Group's capital adequacy measurement under the Act on Credit Institutions. Capital requirements according to this measurement are allocated among the operating segments. The Group has allocated capital to its operating segments in such a way that the Core Tier 1 ratio stands at 11%.

Non-life Insurance capitalisation is based on the solvency capital requirement (SCR) within the proposed Solvency II framework plus intangible assets and goodwill arising from company acquisition. The SCR for Non-life Insurance has been covered by Core Tier 1 capital and the solvency requirement for intangible assets and goodwill by Tier notes/bonds.

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

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

Exposures individually assessed for impairment, % of doubtful receivables

Impairment loss on receivables assessed individually in balance sheet / Doubtful receivables x 100

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

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

Capital adequacy ratio, %

Total capital / Total minimum capital requirement x 8

Tier 1 ratio, %

Total Tier 1 capital / Total minimum capital requirement x 8

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

KEY RATIOS FOR NON-LIFE INSURANCE

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

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

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

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

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

OPERATING KEY RATIOS

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

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

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

Operating combined ratio, %
Operating loss ratio + Operating expense ratio
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	30 June 2013	31 Dec 2012
Non-life Insurance		
Non-life Insurance net assets	1,596	1,654
Net tax liabilities for the period	-16	-49
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	-4	-6
Intangible assets	741	747

EUR million	30 June 2013	30 June 2012	31 Dec 2012
Changes in reserving bases and other non-recurring items			
Change in discount rate			-52

Note 3. Net interest income

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Loans and other receivables	75	88	148	185
Receivables from credit institutions and central banks	15	26	30	56
Notes and bonds	36	52	74	114
Derivatives (net)				
Derivatives held for trading	-11	16	-9	26
Derivatives under hedge accounting	17	7	32	15
Liabilities to credit institutions	-17	-24	-36	-47
Liabilities to customers	-7	-12	-13	-25
Debt securities issued to the public	-42	-70	-90	-150
Subordinated debt	-10	-16	-22	-30
Hybrid capital	-2	-3	-4	-5
Financial liabilities held for trading	0	0	0	0
Other (net)	0	0	0	0
Net interest income before fair value adjustment under hedge accounting	**55**	**65**	**110**	**139**
Hedging derivatives	-69	64	-126	83
Value change of hedged items	69	-64	126	-83
Total net interest income	**55**	**65**	**110**	**139**

Note 4. Impairments of receivables

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Receivables eliminated as loan or guarantee losses	5	30	8	33
Receoveries of eliminated receivables	-1	-1	-1	-2
Increase in impairment losses on individually assessed receivables	15	11	34	27
Decrease in impairment losses on individually assessed receivables	-7	-29	-21	-35
Collectively assessed impairment losses	0	1	0	-1
Total impairments of receivables	**13**	**12**	**20**	**21**

Note 5. Net income from Non-life Insurance

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Net insurance premium revenue				
Premiums written	273	270	867	786
Insurance premiums ceded to reinsurers	-6	-20	-48	-42
Change in provision for unearned premiums	46	26	-234	-210
Reinsurers' share	-1	5	21	14
Total	**311**	**281**	**606**	**549**
Net Non-life Insurance claims				
Claims paid	201	188	391	406
Insurance claims recovered from reinsurers	-14	-27	-17	-31
Change in provision for unpaid claims	-4	-35	14	-46
Reinsurers' share	4	32	-5	16
Total	**187**	**158**	**383**	**344**
Net investment income, Non-life Insurance				
Interest income	14	15	29	31
Dividend income	2	4	17	21
Investment property	2	2	4	4
Capital gains and losses				
Notes and bonds	2	12	16	14
Shares and participations	-3	-5	16	-9
Loans and receivables				-2
Investment property	0		0	0
Derivatives	4	-5	2	-4
Fair value gains and losses				
Notes and bonds	0	-1	0	-2
Shares and participations	-1	-2	-4	-5
Loans and receivables	0	1	0	0
Investment property	1	0	0	0
Derivatives	3	-2	0	-1
Other	1	1	2	2
Total	**25**	**18**	**81**	**49**
Unwinding of discount	-11	-11	-22	-23
Other	0	0	0	0
Total net income from Non-life Insurance	**138**	**130**	**282**	**231**

Note 6. Net commissions and fees

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Commission income				
Lending	13	12	22	22
Payment transfers	7	3	14	7
Securities brokerage	5	5	10	11
Securities issuance	3	3	5	6
Asset management and legal services	14	14	28	28
Insurance operations	5	6	9	12
Guarantees	4	4	7	8
Other	2	1	3	3
Total commission income	**52**	**47**	**98**	**96**
Commission expenses				
Payment transfers	3	1	6	1
Securities brokerage	2	2	4	4
Securities issuance	0	2	2	4
Asset management and legal services	1	2	3	3
Other	2	1	5	2
Total commission expenses	**9**	**7**	**20**	**14**
Total net commissions and fees	**42**	**40**	**78**	**82**

Note 7. Net trading income

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	1	3	3	8
Shares and participations	0	0	0	0
Derivatives	18	10	45	2
Fair value gains and losses				
Notes and bonds	-3	-1	-3	-1
Shares and participations		0	0	0
Derivatives	-1	2	-17	32
Financial assets and liabilities at fair value through profit or loss				
Capital gains and losses				
Notes and bonds		-1		-1
Fair value gains and losses				
Notes and bonds	0	1	0	1
Net income from foreign exchange operations	9	2	12	4
Total net trading income	**24**	**15**	**40**	**45**

Note 8. Net investment income

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	1	-7	13	-6
Shares and participations	0		1	
Dividend income	12	0	18	3
Impairments		0		0
Carried at amortised cost				
Capital gains and losses	0	0	0	1
Total	**13**	**-7**	**33**	**-2**
Investment property	-1	0	-1	0
Total net investment income	**12**	**-7**	**32**	**-2**

Note 9. Other operating income

EUR million	Q2/ 2013	Q2/ 2012	Q1–2/ 2013	Q1–2/ 2012
Central banking service fees	2	2	4	4
Rental income from assets rented under operating lease	2	3	5	6
Other	4	5	10	8
Total	**9**	**10**	**19**	**19**

Note 10. Classification of financial instruments

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Cash and balances with central banks	3,646					3,646
Receivables from credit institutions and central banks	9,357					9,357
Derivative contracts			3,363		306	3,669
Receivables from customers	14,599					14,599
Non-life Insurance assets**	739		122	2,791		3,653
Notes and bonds***		248	292	5,954		6,493
Shares and participations			1	90		91
Other receivables	2,622		26			2,648
Total 30 June 2013	**30,963**	**248**	**3,805**	**8,835**	**306**	**44,156**
Total 31 December 2012	**31,509**	**330**	**4,496**	**7,909**	**379**	**44,623**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,210		5,210
Financial liabilities held for trading (excl. derivatives)	4			4
Derivative conctracts	3,374		293	3,666
Liabilities to customers		10,060		10,060
Non-life Insurance liabilities	1	2,934		2,935
Debt instruments issued to the public		15,580		15,580
Subordinated liabilities		1,091		1,091
Other liabilities		2,849		2,849
Total 30 June 2013	**3,379**	**37,724**	**293**	**41,396**
Total 31 December 2012	**4,167**	**37,291**	**396**	**41,854**

* Assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss at inception and investment property.
** Non-life Insurance assets are specified in Note 12.
*** On 30 June 2013, notes and bonds included EUR 9 million (9) in notes and bonds recognised using the fair value option.

Debt securities issued to the public are carried at amortised cost. On 30 June 2013, the fair value of these debt instruments was EUR 179 million (243) 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 30 June 2013, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	126	167		293
Non-life Insurance		13	7	19
Derivative financial instruments				
Banking	20	3,621	28	3,669
Non-life Insurance	0	0		1
Available-for-sale				
Banking	4,713	1,316	15	6,044
Non-life Insurance	1,730	826	236	2,791
Total	**6,589**	**5,942**	**286**	**12,817**

Fair value of assets on 31 December 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	125	115	16	256
Non-life Insurance		13	6	19
Derivative financial instruments				
Banking	7	4,427	28	4,462
Non-life Insurance	1	0		1
Available-for-sale				
Banking	4,060	1,001	16	5,076
Non-life Insurance	1,822	759	251	2,832
Total	**6,015**	**6,315**	**317**	**12,647**

Fair value of liabilities on 30 June 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	30	3,551	85	3,666
Non-life Insurance	0	0		1
Total	**30**	**3,556**	**85**	**3,672**

Fair value of liabilities on 31 December 2012, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking		3		3
Derivative financial instruments				
Banking	21	4,452	85	4,557
Non-life Insurance	3	0		3
Total	**23**	**4,455**	**85**	**4,563**

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

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

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

Transfers between levels of the fair value hierarchy

During 2013, EUR 72 million in bonds were transferred from level 1 to level 2, due to changes in credit ratings. 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.

Valuation techniques whose input parameters involve uncertainty

Specification of financial assets and liabilities

Financial assets, EUR million	Recognised at fair value through profit or loss: Banking	Recognised at fair value through profit or loss: Non-life Insurance	Derivative financial instruments: Banking	Derivative financial instruments: Non-life Insurance	Available-for-sale: Banking	Available-for-sale: Non-life Insurance	Total assets
Opening balance 1 Jan. 2013	16	6	28		16	251	317
Total gains/losses in profit or loss	-16	0	0		0	-4	-20
Total gains/losses in other comprehensive income		0				6	6
Purchases						11	11
Sales						-28	-28
Closing balance 30 June 2013		**7**	**28**		**15**	**236**	**286**

Financial liabilities, EUR million	Recognised at fair value through profit or loss: Banking	Recognised at fair value through profit or loss: Non-life Insurance	Derivative financial instruments: Banking	Derivative financial instruments: Non-life Insurance	Total liabilities
Opening balance 1 Jan. 2013			85		85
Total gains/losses in profit or loss			0		0
Closing balance 30 June 2013			**85**		**85**

Total gains/losses included in profit or loss by item for the financial year on 30 June 2013

EUR million	Net investment income	Net income from Non-life Insurance	Statement of compre-hensive income	Net interest income or net trading income	Total gains/ losses for the financial year included in profit or loss for assets/ liabilities held at year-end
Total gains/losses in profit or loss	-15	0	-4	6	-14

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. Level 3 derivatives relate to structured bonds issued by Pohjola, whose return is determined by the value performance of an embedded derivative instrument. The value change of embedded derivatives are also presented in the itemised income statement.

Changes in the levels of hierarchy
The Group did not change classification between the levels of hierarchy in 2013.

Note 12. Non-life Insurance assets

EUR million	30 June 2013	31 Dec 2012
Investments		
Loans and other receivables	129	104
Shares and participations	477	409
Property	103	112
Notes and bonds	1,986	1,983
Derivatives	1	1
Other participations	347	459
Total	**3,043**	**3,069**
Other assets		
Prepayments and accrued income	31	42
Other		
From direct insurance	397	290
From reinsurance	137	91
Cash in hand and at bank	12	10
Other receivables	33	20
Total	**610**	**454**
Total Non-life insurance assets	**3,653**	**3,523**

Note 13. Intangible assets

EUR million	30 June 2013	31 Dec 2012
Goodwill	519	519
Brands	172	172
Customer relationships	119	131
Other	111	99
Total	**921**	**922**

Note 14. Non-life Insurance liabilities

EUR million	30 June 2013	31 Dec 2012
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,223	1,205
Other provision for unpaid claims	805	788
Total	2,028	1,993
Provision for unearned premiums	689	455
Derivatives	1	3
Other liabilities	216	141
Total	**2,935**	**2,592**

Note 15. Debt securities issued to the public

EUR million	30 June 2013	31 Dec 2012
Bonds	8,476	8,130
Certificates of deposit, commercial papers and ECPs	6,964	5,495
Other	141	144
Total	**15,580**	**13,769**

Note 16. Fair value reserve after income tax

EUR million	30 June 2013	31 Dec 2012
Loans and other receivables		
Reclassified notes and bonds	-1	-2
Available-for-sale financial assets		
Notes and bonds	28	52
Equities and mutual funds with equity risk	63	72
Other funds	8	22
Derivatives		
Cash flow hedge	13	23
Total	**111**	**167**

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

The fair value reserve before tax totalled EUR 147 million (221) and the related deferred tax liability EUR 36 million (54). On 30 June, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 115 million (132) and negative mark-to-market valuations EUR 21 million (8). In January–June, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 1 million (4), of which equity instruments accounted for EUR 1 million (2).

Note 17. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	30 June 2013	31 Dec 2012	Change
1–2	2.5	2.5	0.0
3–5	12.6	12.3	0.3
6–7	6.3	5.8	0.5
8–9	2.2	2.2	0.0
10	0.2	0.2	0.0
11–12	0.3	0.3	0.0
Total	**24.2**	**23.4**	**0.8**

* excl. private customers

Sensitivity analysis of market risk

			30 June 2013		31 Dec 2012	
Banking, EUR million	Risk parameter	Change	Effect on results	Effect on share-holders' equity	Effect on results	Effect on share-holders' equity
Interest-rate risk	Interest	1 percen-tage point	12		8	
Currency risk	Market value	10%	6		2	
Volatility risk						
Interest-rate volatility	Volatility	10 percen-tage points	2		1	
Currency volatility	Volatility	10 percen-tage points	1		0	
Credit risk premium*	Credit spread	0.1 percen-tage points	1	2	1	2

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

Note 18. Risk exposure by Non-life Insurance

Risk parameter	Total amount 30 June 2013, EUR million	Change in risk parameter	Effect on combined ratio	Effect on shareholders' equity, EUR million
Insurance portfolio or insurance premium revenue*	1,183	Up 1%	Up 0.9 percentage points	12
Claims incurred*	871	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*	119	Up 8%	Down 0.8 percentage points	-10
Expenses by function*/**	304	Up 4%	Down 1.0 percentage points	-12
Inflation for collective liability	563	Up 0.25 percentage points	Down 0.3 percentage points	-4
Life expectancy for discounted insurance liability	1,509	Up 1 year	Down 2.9 percentage points	-35
Discount rate for discounted insurance liability	1,509	Down 0.1 percentage point	Down 1.5 percentage points	-18

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

Non-life Insurance investment portfolio by allocation

Portfolio allocation, EUR million	Fair value 30 June 2013	%	Fair value 31 Dec 2012	%
Money market instruments	140	4 %	42	1 %
Bonds and bond funds	2,263	71 %	2,369	75 %
Public sector	597	19 %	615	20 %
Financial institutions	962	30 %	989	31 %
Corporate	627	20 %	628	20 %
Bond funds	61	2 %	120	4 %
Other	16	1 %	17	1 %
Equities	323	10 %	268	9 %
Private equity investments	98	3 %	99	3 %
Alternative investments	47	1 %	82	3 %
Real property	309	10 %	290	9 %
Total	**3,182**	**100 %**	**3,149**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 30 June 2013*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	260	90	266	90	66	85	857	36 %
Aa1−Aa3	185	44	46	1	11	27	314	13 %
A1−A3	92	205	158	85	26	0	566	24 %
Baa1−Baa3	55	59	135	125	25	20	417	18 %
Ba1 or lower	53	57	47	16	4	4	181	8 %
Internally rated	30	0	0	0			31	1 %
Total	**675**	**455**	**652**	**316**	**133**	**136**	**2,367**	**100 %**

* Excludes credit derivatives.

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

Non-life Insurance	Risk parameter	Change	Effect on shareholders' equity, EUR million 30 June 2013	31 Dec 2012
Bonds and bond funds1)	Interest rate	1 percentage point	88	72
Equities 2)	Market value	10%	34	30
Venture capital funds and unquoted equities	Market value	10%	10	10
Commodities	Market value	10%	1	1
Real property	Market value	10%	31	29
Currency	Value of currency	10%	19	25
Credit risk premium 3)	Credit spread	0.1 percentage points	8	9
Derivatives	Volatility	10 percentage points	0	0

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

Note 19. Risk exposure by Group Functions

Total exposure by rating category, EUR billion

Rating category	30 June 2013	31 Dec 2012	Change
1–2	17.1	17.1	0.0
3–5	2.7	3.0	-0.3
6–7	0.1	0.2	0.0
8–9	0.1	0.1	0.0
10	0.0	0.0	0.0
Total	**20.1**	**20.4**	**-0.4**

Sensitivity analysis of market risk

Group Functions, EUR million	Risk parameter	Change	30 June 2013 Effect on results	30 June 2013 Effect on shareholders' equity	31 Dec 2012 Effect on results	31 Dec 2012 Effect on shareholders' equity
Interest-rate risk	Interest rate	1 percentage point	23		22	
Interest-rate volatility	Volatility	10 percentage points	0		0	
Credit risk premium*	Credit spread	0.1 percentage points		26		19
Price risk						
Equity portfolio	Market value	10%		0		0
Private equity funds	Market value	10%		2		3
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	30 June 2013	31 Dec 2012
Receivables from credit institutions and customers (gross)	24,215	22,900
Total impairment loss, of which	259	246
Individually assessed	244	230
Collectively assessed	15	15
Receivables from credit institutions and customers (net)	**23,956**	**22,654**

Doubtful receivables 30 June 2013, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Non-performing	94	63	32
Zero-interest	7	6	1
Underpriced	0	0	
Other	226	174	52
Total	**328**	**244**	**84**

Doubtful receivables 31 Dec 2012, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
Non-performing	96	63	33
Zero-interest	8	7	1
Underpriced	0	0	
Other	218	160	58
Total	**322**	**230**	**92**

Key ratio, %	30 June 2013	31 Dec 2012
Exposures individually assessed for impairment, % of doubtful receivables	74.3 %	71.5 %

Doubtful receivables include non-performing, zero-interest and under-priced receivables as well as other doubtful receivables. Interest on or principal of non-performing receivables has been due for payment and outstanding for 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. Other doubtful receivables include those that are subject to impairment but cannot be classified under any of the above categories, and overdrafts.

Note 21. Liquidity buffer

Liquidity buffer by maturity and credit rating on 30 June 2013, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	3,681	834	874	877	847	21	7,135	53 %
Aa1−Aa3	21	315	272	403	292	0	1,303	10 %
A1−A3	158	574	162	27	19	0	939	7 %
Baa1−Baa3	109	253	63	6	10	1	442	3 %
Ba1 or lower	8	77	58	7	42	0	193	1 %
Internally rated**	470	831	1,130	412	142	502	3,488	26 %
Total	**4,448**	**2,885**	**2,559**	**1,732**	**1,351**	**525**	**13,500**	**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 5.0 years.

Note 22. Capital base and capital adequacy

EUR million	30 June 2013	31 Dec 2012
Tier 1 capital		
Equity capital	2,760	2,769
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	8	-6
Fair value reserve, transfer to Tier 2	-27	-36
Core Tier 1 capital before deductions and hybrid capital	**2,741**	**2,728**
Intangible assets	-191	-182
Excess funding of pension liability and fair value measurement of investment property and deferred tax assets on previous losses	-7	-7
Dividend distribution proposed by Board of Directors		-145
Planned dividend distribution	-97	
Investments in insurance companies and financial institutions	-703	-703
Shortfall of impairments – expected losses	-52	-60
Core Tier 1 capital	**1,692**	**1,631**
Hybrid capital	274	274
Shortfall of Tier 2 capital	-58	
Tier 1 capital	**1,908**	**1,904**
Tier 2 capital		
Fair value reserve	14	13
Debenture loans	683	853
Investments in insurance companies and financial institutions	-703	-703
Shortfall of impairments – expected losses	-52	-60
Transfer to Tier 1 capital	58	
Tier 2 capital		**103**
Total capital base	**1,908**	**2,007**
Deductions from Tier 1 and 2 capital		
Investments in insurance companies and financial institutions	-1,406	-1,406
Impairments – shortfall of expected losses	-104	-121
Total	**-1,510**	**-1,527**

EUR million	30 June 2013 Risk-weighted assets	30 June 2013 Minimum capital requiremen	31 Dec 2012 Risk-weighted assets	31 Dec 2012 Minimum capital requiremen
Credit and counterparty risk				
Central government and central banks exposure	34	3	41	3
Credit institution exposure	1,081	86	1,193	95
Corporate exposure	11,333	907	10,814	865
Retail exposure	705	56	636	51
Other	871	70	893	71
Market risk	830	66	723	58
Operational risk	1,083	87	1,020	82
Total	**15,937**	**1,275**	**15,320**	**1,226**

	30 June 2013	31 Dec 2012
Ratios, %		
Capital adequacy ratio	12.0	13.1
Tier 1 ratio	12.0	12.4
Core Tier 1 ratio	10.6	10.6
Capital base*, EUR million	633	781

* Capital base above the minimum capital requirement

The IRBA transitional provision (Basel 1 floor) has no effect on capital adequacy ratios.

Capital base and capital adequacy measurement is based on approaches under Basel II. Pohjola has used the Internal Ratings Based Approach (IRBA) for corporate, credit institution and retail exposures as well as equity investments. Pohjola has used the Standardised Approach (SA) to measure credit risk for government exposures.

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions, Tier 1 ratio and Core Tier 1 ratio all stood at 13.7% (14.1).

Note 23. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	30 June 2013	31 Dec 2012
Pohjola Group's equity capital	2,760	2,769
Hybrid instruments, perpetual bonds and debenture bonds	1,007	1,177
Other sector-specific items excluded from capital base	1	-121
Goodwill and intangible assets	-881	-876
Equalisation provision	-203	-206
Proposed profit distribution	-97	-145
Items under IFRS deducted from capital base*	-20	-45
Shortfall of impairments – expected losses	-104	-121
Conglomerate's capital base, total	**2,464**	**2,432**
Regulatory capital requirement for credit institutions**	1,275	1,226
Regulatory capital requirement for insurance operations	218	203
Conglomerate's total minimum capital requirement	**1,493**	**1,429**
Conglomerate's capital adequacy	**971**	**1,004**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.65**	**1.70**

* 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 1.81 (1.90).

Note 24. Collateral given

EUR million	30 June 2013	31 Dec 2012
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	4,422	4,630
Other	401	583
Total collateral given	**4,824**	**5,214**
Total collateralised liabilities	**260**	**592**

Note 25. Off-balance-sheet commitments

EUR million	30 June 2013	31 Dec 2012
Guarantees	996	882
Other guarantee liabilities	1,492	1,359
Loan commitments	5,221	5,342
Commitments related to short-term trade transactions	321	435
Other	296	301
Total off-balance-sheet commitments	**8,326**	**8,319**

Note 26. Derivative contracts

30 June 2013, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	49,872	105,570	42,958	198,400	3,311	3,162
Cleared by the central counterparty	50	2,944	2,441	5,435	46	31
Currency derivatives	19,428	2,463	1,141	23,031	325	414
Equity and index derivatives	277	722		998	44	
Credit derivatives	29	130		159	8	1
Other derivatives	334	577	156	1,067	57	56
Total derivatives	**69,939**	**109,462**	**44,255**	**223,656**	**3,746**	**3,633**

31 Dec 2012, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	45,199	91,926	39,553	176,678	4,293	4,168
Currency derivatives	19,844	2,747	517	23,107	294	340
Equity and index derivatives	303	819	6	1,127	50	0
Credit derivatives	122	92		214	10	2
Other derivatives	288	585	78	952	37	37
Total derivatives	**65,757**	**96,168**	**40,154**	**202,079**	**4,684**	**4,547**

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

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 started 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. Since Pohjola Bank plc is not a direct member of London Clearing House, it will manage central counterparty clearing for OTC derivative transactions with a few, separately selected clearing brokers with which it has concluded clearing agreements. The central counterparty will become the derivatives counterparty at the end of the daily clearing process. Based on this operating model, 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). As a result of the change in the operating model, interest rate derivatives cleared by the central counterparty are presented on a net basis in the balance sheet. This change has not yet had any substantial effect on the consolidated 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

Note 27. Other contingent liabilities and commitments

On 30 June 2013, the Group Functions commitments to venture capital funds amounted to EUR 10 million (12) and Non-Life Insurance commitments to EUR 107 million (107). They are included in the section 'Off-balance-sheet commitments'.

Note 28. 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 2012.

Helsinki, 31 July 2013

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 31 July starting at 3.00 pm Finnish time, EET (2.00 pm CET, 1.00 pm UK time, 8am US EST). The briefing is a combined analyst meeting, conference call and live webcast.

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

2) By dialling one of the regional conference call numbers shown below. Questions are welcome by telephone in the Q&A session according to instructions. To participate via a conference call, please dial in 5−10 minutes before the beginning of the event:
UK: +44 1452 555 131
FI: +358 9 23 113 289
SE: + 46 8 506 307 79
US: +1 866 682 8490
Password: Pohjola

Press conference
Mikael Silvennoinen, Pohjola Bank plc's President and CEO, will present the financial results in a press conference on OP-Pohjola Group's premises (Vääksyntie 4, Vallila, Helsinki), on 31 July, starting at noon.

Financial reporting in 2013
Schedule for Interim Reports in 2013:

Interim Report Q1−3/2013	30 October 2013

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

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