OP Financial Group´s

Financial Statements Bulletin for 1 January–31 December 2014

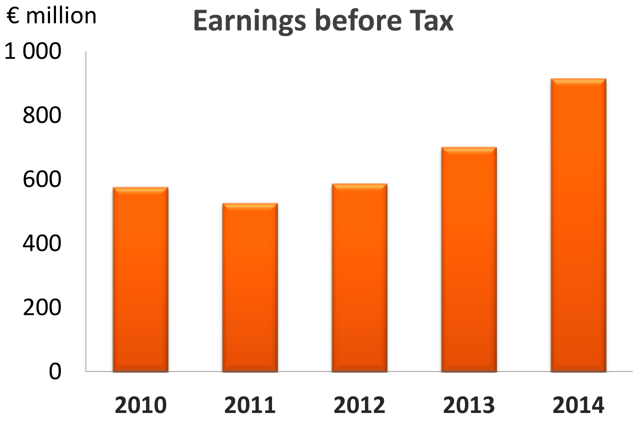
OP: solid earnings to build tomorrow's Finland

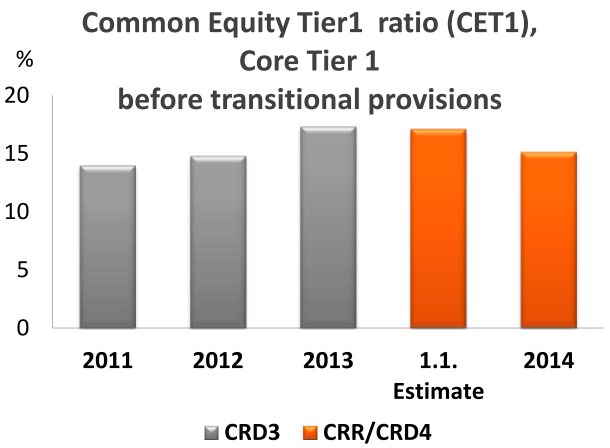
- Earnings before tax for 2014 were EUR 915 million (701), year-on-year improvement 31%.
- Group total income increased by 8%, while expenses decreased.
- Impairment loss on receivables totalled EUR 88 million (84), that is, at a low level of 0.12% of the loan and guarantee portfolio.
- The Group's owner-members and OP bonus customers received bonuses and income from equity investments in 2014 to an estimated total of EUR 216 million (193).
- The Group's taxes for the financial year were EUR 337 million (120).
- Each of the three business segments improved its performance markedly.
    - Banking earnings before tax increased by 45% to EUR 587million (404). The cost/income ratio improved by 6 percentage points to 56%. The loan portfolio grew by 3.8% and deposits by 3.0% during the year.
    - Earnings before tax by Non-life Insurance increased by 34% to EUR 223 million (166). The operating combined ratio reached a record level of 84.7%. Premiums written increased in the financial year by 5%.
    - Wealth Management earnings before tax increased by 43% to EUR 161 million (113). Mutual fund assets increased during the year by 21% and unit-linked insurance savings by 21%.
    - The number of joint banking and non-life insurance customers increased by 72,000 to 1,590,000.
- During 2014, OP Financial Group redeemed Pohjola Bank plc shares held by shareholders outside the Group by EUR 2.4 billion, and Pohjola Bank plc's shares were delisted from Helsinki Stock Exchange on 30 September 2014.
- Despite the purchase of Pohjola Bank plc shares, the Group's capital adequacy is strong. On 31 December, Common Equity Tier 1 (CET1) was 15.1% (17.1). Profit shares that support CET1 were issued by the end of the year for EUR 1,561 million.
- Earnings before tax in 2015 are expected to be equal or higher than in 2014. For more information, see “Outlook for 2015”.

OP Financial Group's key indicators

	Q1–Q4/2014	Q1–Q4/2013	Change, %
Earnings before tax, € million	915	701	30.6
Banking	587	404	45.1
Non-Life Insurance	223	166	34.4
Wealth Management	161	113	42.5
Returns to owner- members and OP bonus customers	195	193	0.7
	31 Dec 2014	**31 Dec 2013**	**Change, %**
Common Equity Tier 1 (CET1) ratio, %**	15.1	17.1	-2.0*
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)**	1.89	2.19	-0.3*
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.38	0.42	-0.04*
Joint banking and insurance customers (1,000)	1,590	1,518	4.7

* Change in ratio ** The comparatives are presented based on the regulatory framework that came into effect on 1 January 2014.





Comments by Reijo Karhinen, Executive Chairman and CEO

Within OP Financial Group 2014 involved big decisions, new initiatives and many successes. Our transformation into a genuine financial group owned by its customers has proceeded according to plan not only in terms of our values and but also from legal and operational perspectives. Our transforming group structure will more clearly support our mission. We exist to serve our customers. In addition to reporting good financial results, how we use our annual earnings is also essential.

In our business role, we continued to manage to improve our earnings significantly. Total income showed a strong increase and total expenses were lower than a year ago. Our profit target will be demanding in the future too. The new regulatory framework requires a sound business basis and a strong capital base of a financial services provider. As a financial group owned by customers, we will continue to fulfil the tightening capital adequacy requirements to a significant extent just by showing good results.

Supported by our strong capital base, we continued to implement our mission successfully to fulfil our customers' financing needs. Not only our corporate financing business but also home loans increased at a higher rate than the market average. Our good performance figures in Wealth Management and Non-life Insurance give an indication of our improved market positions and of the competitiveness of our products and services.

A strong financial performance enables us to also build Finland of tomorrow. In our business role we create prosperity that we utilise in our social role associated with our business owned by customers. We allocated half of our last year's total earnings to improve our capital adequacy, a fifth for customer bonuses and interest amounts of our customer-owners' capital contributions. The rest of the earnings, or around 30%, was paid in taxes. Last year our income taxes were record high. Our tax footprint is one of the largest one in Finnish society.

The operating environment in the financial sector has been undergoing drastic changes for several years now. This trend is going on and deepening. Economic growth is slow, interest rates will remain record low, regulation will become tighter and customer behaviour will change. Digitisation will, however, act as the most significant change driver that will shake up our business in the next few years. Particularly mobile services in the financial sector have great potential and demand for them is on the increase. Amid this revolution, successful actors will be those which have a solid capital base, are price competitive and are able to transform themselves and create value in new ways. We must prepare ourselves for changes and requirements that the digital revolution will entail. The way of granting loans, for example, will be very different in a few years' time.

Putting Finland on a new growth path – OP is ready. As the clear market leader in Finland, we are a remarkable service provider on a nation-wide basis. Our corporate form not only allows but also obliges us to bear responsibility for Finland. We are willing and able to support Finnish economic development. The time is ripe to put an end to the current stagnation and do something new and different. We will offer our private customers loan repayment grace periods on an extensive basis during 2015. The planned grace periods have the potential of giving a stimulus worth about one billion euros in the Finnish economy.

OP Financial Group's Financial Statements Bulletin for 1 January–31 December 2014

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Operating environment

The world economy continued to grow in 2014 at a below-average rate, with considerable differences from country to country. In the euro area, the economy first began to recover after a two-year recession, but confidence in the recovery suffered setbacks during the year owing to the crisis in Ukraine, for example.

Inflation in the euro area slowed down during the year, ending up being negative when oil prices suddenly plummeted. The European Central Bank (ECB) reduced its main refinancing rate to as low as 0.05 per cent in September, bringing down Euribor rates. The ECB went to unusual lengths towards the end of the year to boost the economy, such as by buying covered bonds on the market.

The Finnish economy was sluggish, with GDP failing to grow, investments decreasing and employment increasing. Home prices fell by almost one per cent, and home sales decreased. Later in the year, the economy improved a fraction as industrial orders increased and exports were up by a little towards the end of the year. The fall of oil prices slowed down inflation to 0.5% in December.

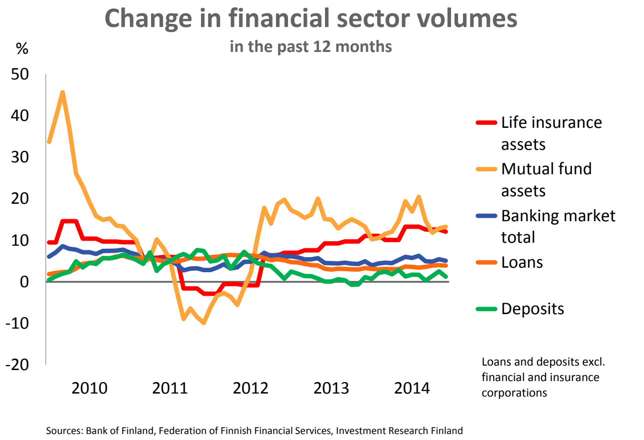
Banks' total consumer loan volumes grew last year at a slow annual rate of 2%. The number of new home mortgages levelled off closer to the year-end. Corporate loans increased slightly more than household loans owing to a greater volume of working capital financing. Demand for credit is expected to be below average in 2015.

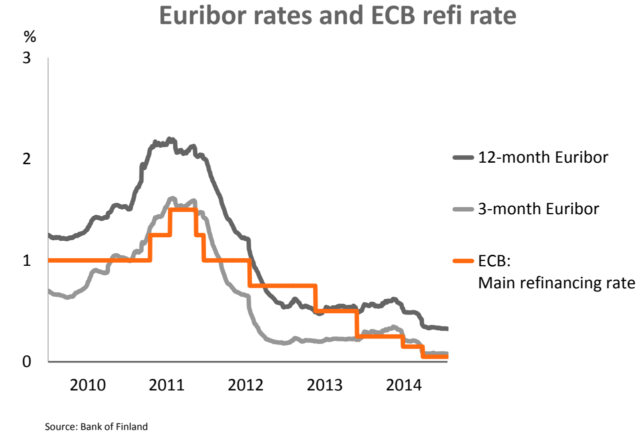
Deposits made by private and corporate customers increased in the low-interest-rate environment by only a fraction year on year. Term deposits continued to decrease vigorously, as assets were allocated to current accounts and riskier savings and investments.

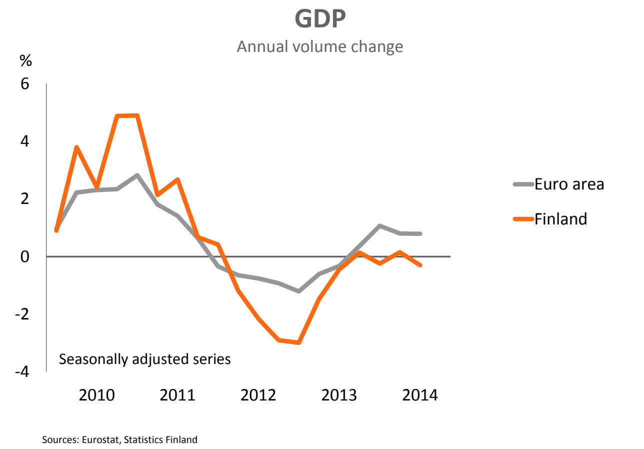
Capital markets developed favourably, although the markets' risk indicators increased a little in the second half of the year. Mutual fund assets and insurance savings in Finland increased by 13%. Net asset inflows continued to develop favourably throughout the year, with the highest demand being for corporate bond funds. Life Insurance's premiums written increased by 10% year on year. The trend in insurance savings continued as people shifted away from products with guaranteed technical interest in favour of unit-linked products.

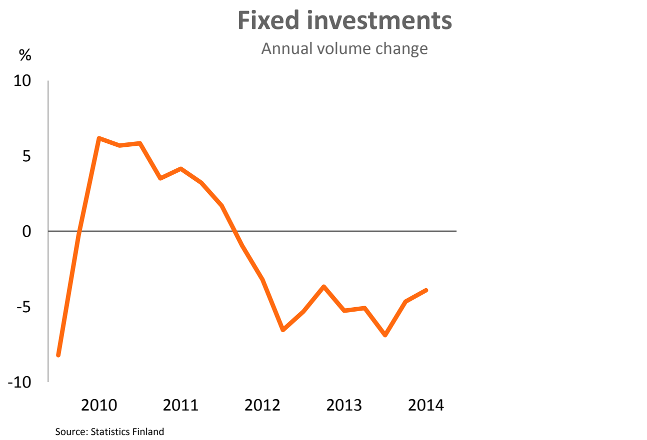
Non-life Insurance's premiums written increased according to preliminary figures by 5% in 2014. The growth of claims expenditure was still slower than the growth of premiums written.

World economy prospects have improved thanks to the lower price of oil, but there are still a number of exceptional risks that cast a shadow on economic development. The euro area economy is still growing slowly and is susceptible to disturbances. The ECB will commence an asset purchase programme in March, set to continue until at least September 2016. Euribor rates will probably remain near zero throughout the year. An increase in exports will give a boost to the Finnish economy, but economic development will on the whole remain weak.









OP Financial Group’s earnings analysis and some key balance sheet indicators

Earnings analysis, € million	**Q1–Q4/2014**	**Q1–Q4/2013**	**Change, %**	**Q4/2014**	**Q4/2013**	**Change, %**	**Q3/2014**
Banking	587	404	45.1	119	87	36.7	174
Non-Life Insurance	223	166	34.4	33	4		57
Wealth Management	161	113	42.5	20	15	39.1	41
Earnings before tax	915	701	30.6	176	90	94.7	**251**
Gross change in fair value reserve	152	-39		48	35	38.2	32
Earnings before tax at fair value	1,067	662	61.2	224	125	78.9	**283**
Return on economic capital, % *)	16.5	15.2	1.3*				
Return on economic capital at fair value, % *)	19.1	15.0	4.2*				
Income							
Net interest income	1,043	915	14.0	269	247	8.8	269
Net income from Non-life Insurance	593	524	13.2	139	96	44.2	143
Net income from Life Insurance	197	175	12.5	29	31	-7.0	47
Net commissions and fees	727	694	4.8	179	166	8.1	177
Net trading and investment income	162	182	-10.8	27	46	-42.4	34
Other operating income	67	85	-21.6	20	25	-19.0	17
Other income, total	**1,746**	**1 660**	**5.2**	**394**	**364**	**8.2**	**419**
Total income	**2,789**	**2 575**	**8.3**	**663**	**611**	**8.4**	**688**
Expenses							
Personnel costs	741	791	-6.4	190	202	-5.9	166
Other administrative expenses	414	384	7.6	101	118	-13.9	98
Other operating expenses	437	422	3.6	110	119	-7.4	107
Total expenses	1,592	1,598	-0.4	401	438	-8.4	**371**
Impairment loss on receivables	88	84	5.4	38	34	11.6	**17**
Returns to owner- members and OP bonus customers							
Bonuses	189	182	3.6	48	47	2.3	48
Interest on ordinary and supplementary cooperative capital	6	11	-48.1	0	2	-99.4	1
Total returns	195	193	0.7	48	49	-1.9	**49**

*) 12-month rolling, change in percentage

Key balance sheet items, € million	**31 Dec 2014**	**31 Dec 2013**	**Change, %**
Receivables from customers	70,683	68,142	3.7
Life Insurance assets	11,238	9,872	13.8
Non-life Insurance assets	3,797	3,479	9.1
Liabilities to customers	51,163	50,157	2.0
Debt securities issued to the public	24,956	21,428	16.5
Equity capital	7,213	7,724	-6.6
Total assets	110,427	100,991	9.3

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

January–December

OP Financial Group's earnings before tax grew by 31% to EUR 915 million (701). Earnings were boosted especially by an increase in net interest income and Non-life Insurance's net income. Net commissions and fees and net income from Life Insurance increased, too. Expenses no longer increased, which improved results of the entire Group.

Net interest income increased by 14%. The increase in net interest income was the result of an increase in the average margin and the growth of the balance sheet. The favourable development of net interest income from capital market products and the decrease in deposit funding costs also promoted the growth of net interest income.

The Group's total expenses decreased by 0.4%, being EUR 6 million lower than a year ago. Other operating expenses were increased in the financial year by non-recurring expenses incurred by the purchase of Pohjola Bank plc shares, amounting to a total of EUR 12 million. Without these non-recurring items' effect on comparability, the decrease in expenses was 1.1%.

Because of efficiency-enhancement measures and the outsourcing of ICT services, the Group's personnel costs decreased by 6.4%, being EUR 50 million lower than a year ago. Outsourcing and the reform of related operating models, on the other hand, increased ICT and other costs.

Impairment losses recognised under various income statement items that reduced earnings amounted to EUR 113 million (131), of which EUR 88 million (84) concerned loans and receivables. Net impairment loss on loans and other receivables were low, at 0.12% (0.12) of the loan and guarantee portfolio. A cumulative EUR 65 million of collective provisions, that is, incurred but not reported losses was recorded, representing a growth of EUR 7 million from the beginning of the year.

OP Financial Group's taxes for the financial year 2014 increased by EUR 217 million to EUR 337 million. The Group's income taxes, following a change in the deferred taxes, were EUR 308 million (36). The effective tax rate is 33.6% (5.1). The effective tax rate was increased during the financial year by the capital gains tax on the purchase of Pohjola Bank plc shares within the Group, and the income tax resulting from the liquidation of equalisation provisions related to OP Bank Group Mutual Insurance Company. The effective tax rate decreased considerably in the comparison period as a result of tax rate changes.

Earnings before tax recorded by Banking amounted to EUR 587 million (404). Banking's performance was particularly supported by an increase in net interest income. Net commissions and fees were also higher than a year ago. Expenses decreased by 0.8% to EUR 1,082 million (1,090). Personnel costs decreased by 5.6% to EUR 456 million (483). ICT costs were EUR 12 million higher than in the previous year.

Non-life Insurance's operating combined ratio for the whole year was historically low at 84.7% (86.9). Excluding the effect of changes in reserving bases, profitability improved due to an increased in insurance premiums and favourable claims development. Changes in reserving bases of insurance liability recorded during the financial year reduced earnings by EUR 62 million (38). The expense ratio also developed favourably. Net investment income increased by EUR 40 million year on year.

Earnings before tax posted by the Wealth Management segment improved as net commissions and fees and net investment income by Life Insurance increased year on year. The segment's net commissions and fees were 19% higher than a year ago owing to a higher volume of wealth under management.

OP Financial Group's fair value reserve before tax totalled EUR 531 million (409) on 31 December. Earnings before tax at fair value were EUR 1,067 million (662).

Equity capital amounted to EUR 7.2 billion (7.7) on 31 December. The purchase of Pohjola Bank plc shares in the financial year reduced the Group's equity capital by EUR 2.4 billion. On the other hand, equity capital was increased by the Group's earnings and the issuance of Profit shares. On 31 December, EUR 1.6 billion (0) of Profit shares were included in the equity.

October–December

Earnings before tax for the fourth quarter were EUR 176 million against EUR 90 million reported a year ago. Performance was improved especially by an increase in net interest income and Non-life Insurance net income and by lower expenses. Net interest income increased by EUR 22 million and Non-life Insurance's net income by EUR 43 million. Non-life Insurance's earnings decreased by EUR 38 million a year ago as a result of recognised changes in reserving bases. Expenses decreased by EUR 36 million to EUR 401 million (438). ICT expenses decreased the most, being EUR 14 million lower than a year ago. Personnel costs decreased by 5.9% to EUR 190 million (202).

The result of the fourth quarter was EUR 76 million lower than in the third quarter because the expenses increased and Life Insurance net income fell. Life Insurance net income was EUR 18 million lower than in the previous quarter owing to decreased investments income. Non-life Insurance's performance in the fourth quarter was eroded by decreased investment income and higher operating expenses. Non-life Insurances's earnings in the third quarter decreased by EUR 62 million as a result of recognised changes to reserving bases. Expenses grew by 8.2%, reaching EUR 401 million (371). Personnel costs increased the most, being EUR 24 million higher than in the previous quarter. The increase in personnel expenses on the previous quarter was caused particularly by the seasonal nature of the expenses. Impairment losses on loans and other receivables amounted to EUR 38 million (17).

OP Financial Group's long-term financial targets	31 Dec 2014	31 Dec 2013	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.89	2.19	1.6
Return on economic capital, % (12-month rolling)	16.5	15.2	20%
Growth differential between income and expenses, pps (within 3 years)	13.8	-2.8	> 0

Return on economic capital decreased as a result of capital gains tax of EUR 109 million related to the purchase of Pohjola Bank plc shares within the Group and the EUR 50 million income tax resulting from the liquidation of equalisation provisions related to OP Bank Group Mutual Insurance Company. Excluding the tax effect of these internal measures, return on economic capital would have increased to 19.9%.

Customer relationships

On 31 December, the Group member cooperative banks had 1.4 million owner-members, up by 30,000 year on year.

Following the buy-out of Pohjola Bank plc's minority shareholders, OP Financial Group is fully owned by Group member bank members. Cooperative bank members may invest in OP Financial Group member cooperative banks' equity instruments called Profit shares.

Contributions made by Group member banks' owner-members to Group member banks' Profit shares, membership capital and supplementary cooperative capital totalled EUR 1.9 billion (0.8) on 31 December.

Cooperative banks are expected to pay dividend on Profit shares and supplementary cooperative capital worth EUR 27 million (11) in 2014. The profit target of Profit shares is 3.25%, calculated from the date the investment was made.

The Group member cooperative banks and Helsinki OP Bank plc, which operates in the Helsinki Metropolitan Area, had a total of 1,4 million OP bonus customers at the end of December.

The combined amount of bonuses earned by OP bonus customers for the whole year for using OP as their main bank and insurer was worth EUR 189 million (182). Bonuses were used for banking services for a total of EUR 86 million (88), and EUR 12 million for Wealth Management Services (11) and EUR 95 million (89) for non-life insurance products' insurance premiums. Bonuses were used to pay 1,912,000 insurance bills (1,783,000), with 255,000 (253,000) of them paid in full using bonuses.

OP Financial Group had 4,284,000 customers in Finland at the end of December. The number of private customers totalled 3,848,000 and that of corporate customers 436,000. The number of joint banking and non-life insurance customers increased in the financial year by 72,000 to 1,590,000, as a result of cross-selling.

The number of non-life insurance loyal customer households increased by 40,000 (46,000) during the financial year. Loyal customer households numbered 655,000 on 31 December. Loyal customer households were provided with EUR 72 million in loyalty discounts during the financial year.

Service channels

OP Financial Group's service network consists of multichannel online and mobile services, telephone services and the country's most extensive branch network. The operation of our own service network is also supported by a comprehensive agency and partnership network, which is particularly important in terms of the sale of non-life insurance policies.

A change in customer behaviour and the general trend of digitalisation of a number of aspects in people's daily lives will change how financial services providers meet their customers considerably. OP Financial Group is prepared for this change in a many ways. Investments in the development of mobile and online services has increased considerably.

There is a clear shift in the use of financial services being accessed more and more through mobile devices. In response to a radical shift in customer behaviour, OP Financial Group established a Digital Solutions unit to develop mobile services and the saleability and usability of Internet Services. At the end of December, the unit had a staff of almost 100.

Payment and retail services are an area where digitalisation is probably making the greatest advances. OP Financial Group enhanced its pioneering position in digital payment services by acquiring the entire share capital of Checkout Finland Ltd, which offers payment services to Finnish online shops. Online shops can use the service to offer their customers a wide range of payment options. The range of services includes, for example, banks' payment buttons, card payments and credit payment methods.

At the end of the financial year, Checkout Finland Ltd served almost 10,000 online retailers in Finland and is the largest broker of online payments in terms of the number of customers. Through this acquisition, OP Financial Group wants to promote Finnish online trade and payments transmission. Together with the Pivo mobile application, OP Financial Group can now offer retailers and entrepreneurs competitive payment and purchasing services that bring together online services, mobile applications and the physical shop.

The number of users of OP-mobile increased in the financial year by 77% to 540,000. OP Financial Group's Pivo mobile wallet application had been downloaded more than 450,000 times by 31 December. Pivo mobile wallet has quickly become users' most popular service channel, with over 30% of them opening it every day. The rise in the number of active web bank users has slowed down, with almost 80% using online banking.

OP Financial Group has telephone service centres in Helsinki, Joensuu, Kuopio, Tampere and Vaasa. At the end of the financial year, the telephone service centre had a permanent staff of 425. They received a total of 1.9 million phone calls during the financial year, and contacted clients either by phone or online message 715,000 times.

The Group has Finland's most extensive branch network, the figure at the end of December being 456 (485).

Acquisition of Pohjola Bank plc shares

OP Cooperative (formerly OP-Pohjola Group Central Cooperative) completed its public voluntary bid announced in February 2014 and gained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies Act. As a result of the decision of the Arbitration Court, trading in the series A shares of Pohjola Bank plc ceased on 29 September 2014, and the shares were removed from the Helsinki Stock Exchange on 30 September 2014. On 7 October 2014, OP Cooperative was entered as the only shareholder in Pohjola Bank plc's shareholder register. Pohjola Bank plc shares were removed from the book-entry system on 28 November 2014.

According to the Redemption Committee, the squeeze-out procedure instituted by the Arbitration Court will last an average of approximately six months. On this basis, the overall redemption proceedings pertaining to Pohjola's minority shares are expected to last until the first half of 2015. OP Cooperative paid the undisputed part of the redemption price to Pohjola's minority shareholders on 29 October 2014.

Capital adequacy and risk exposure

Capital base and capital adequacy

On 31 December, OP Financial Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates, exceeded the minimum amount specified in the Act by EUR 2,984 million (3,764). The reference figures for capital adequacy presented here have been estimated in accordance with the regulations that entered into force on 1 January 2014. The buffer specified in the said Act was decreased by the purchase of Pohjola Bank plc shares and increased by the Group's earnings and the issue of Profit shares. The ratio of the total amount of capital resources to the minimum amount of capital resources was, even after the purchase of Pohjola Bank plc's shares, at a high level of 1.89 (2.19).

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

The solvency regulations of the insurance sector are changing, too. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still being prepared and will come into effect at the beginning of 2016. The rules and regulations will on the one hand increase capital requirements, and on the other increase the capital base, which will decrease the capital adequacy ratio on a net basis under the Act on the Supervision of Financial and Insurance Conglomerates. According to the current estimate, capital adequacy under the Act will, however, remain on a solid basis.

The Group's Non-life and Life Insurance businesses already completely fulfil the solvency capital requirement (SCR) under the proposed Solvency II framework.

Moving under European Central Bank (ECB) supervision

OP Financial Group's credit institution was transferred to the direct supervision by the ECB in November 2014. This involved a supervisory risk assessment by the ECB, a comprehensive asset quality review and a stress test on OP Financial Group as a credit institution during 2014.
The purpose of the AQRs and stress tests was to make European banks more transparent and to ensure that they have enough capital. A total of 130 European banks took part in the new type of review carried out using uniform principles and a tight schedule.

The results of the comprehensive assessment were published on 26 October 2014, stating that OP Financial Group's risk-bearing capacity was high. The results were used to update the credit and counterparty risk models used for the valuation of derivatives, and the collective provision model. The changes did not have any material effect on the financial statement or its accounting policies.

Risk exposure

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

The credit risk exposure remained stable despite the weak economic situation. The poor development of the economy nevertheless overshadows the Group's future prospects. See below in the section dealing with business segments for details on the Banking risk exposure.

No significant changes took place to the underwriting risks of Non-life Insurance or Life Insurance. The low market rates increased the risk level of Non-life Insurance's liability's discount rate. See the section below dealing with business segments for details on the risk exposure of Non-life and Life Insurance.

OP Financial Group's funding and liquidity position is strong. OP Financial Group's access to funding has remained excellent. During the financial year, the Group issued three covered bonds worth EUR 3.0 billion, and other long-term bonds worth a total of EUR 3.5 billion. The loan-to-deposit ratio remained stable throughout the financial year. For more information about the liquidity buffer, see the 'Other operations' segment.

OP Financial Group's market risk exposure was within the set limits in 2014. The interest rate risk by Banking measured as the effect of a 1-percentage point decrease in interest rates on a 12-month net interest income decreased during the financial year, due to lower market interest rates. No significant changes occurred in the investment risk level of Non-Life and Life Insurance, and the risk exposure has remained stable. The market risk of the liquidity buffer presented under Other Operations grew.

At the turn of the year, OP Financial Group was the target of denial-of-services attack. As a result of the attacks, the Group's services, especially Internet Services, were unavailable. The direct financial consequences of the attacks were moderate considering the entire Group. OP has filed a report of an offence to the police, and the National Bureau of Investigation is investigating the matter. The Group took immediate measures to prevent the effects of similar attacks on service availability.

Investment assets, € million	**31 Dec 2014**	**31 Dec 2013**	**Change**
Pohjola Bank plc	8,545	8,117	428
Non-Life Insurance	3,483	3,168	315
Life Insurance	3,996	3,545	452
OP-Pohjola Group member cooperative banks	796	950	-154
OP Bank Group Mutual Insurance Company	412	396	16
Total	**17,232**	**16,174**	1,058

Key risks associated with the Group's defined benefit pension plans relate to the discount rate for pension obligation and return on investment assets covering the pension obligation. The increase of net liabilities related to defined benefit pension plans entered in the comprehensive income during the financial year weakened the comprehensive income before taxes by EUR 380 million.

Credit ratings

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

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

The credit ratings of OP Financial Group and Pohjola did not change in 2014.

Standard & Poor's affirmed on 22 October 2014 Pohjola Bank plc's credit ratings while keeping the outlook negative.

Moody's affirmed on 29 May 2014 Pohjola Bank plc's long-term debt rating and changed the outlook from stable to negative as part of its extensive review of the European banking sector.

On 24 June 2014, Fitch Ratings affirmed OP Financial Group's and Pohjola Bank plc's long- and short-term debt ratings and kept the outlook stable.

Outlook for 2015

The euro area's economy is still growing at a slow rate and is susceptible to disruptions despite the European Central Bank's easy monetary policy and other measures taken to support economic growth. Economic growth is also expected to be weak in Finland, although exports are slowly increasing. Tension in international politics is still a significant factor of uncertainty for the Finnish economy, slowing Finland's recovery from recession.

Modest economic development combined with the tensions of international politics are weakening growth prospects in the financial sector. Historically low interest rates will erode banks' net interest income and weaken insurance institutions' investment income. The significance of measures that support capital adequacy and profitability is heightened by changes in the operating environment and the tightening of regulation.

Despite the challenging operating environment, OP Financial Group's earnings before taxes are expected to be equal or higher than in 2014. The greatest sources of uncertainty relate to the earnings estimate concern the effects of low interest rates, impairment losses on receivables and unfavourable changes in the investment environment.

All forward-looking statements in this Financial Statements Bulletin expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view on developments in the economy, and actual results may differ materially from those expressed in the forward-looking statements.

Operations and earnings by business segment

OP Financial Group's business segments are Banking, Non-life Insurance and Wealth Management. Non-segment operations are presented under “Other Operations”. OP Financial Group's segment reporting is based on accounting policies applied in its financial statements.

Summary of earnings by business segment

€ million	Income	Expenses	Other items *)	Earnings/loss before tax Q1–Q4/2014	Earnings before tax Q1–Q4/2013	Change, %
Banking	1,933	1 082	-264	587	404	45.1
Non-Life Insurance	595	372	0	223	166	34.4
Wealth Management	256	95	0	161	113	42.5
Other Operations	473	516	0	-43	13	-429.5
Eliminations	-468	-474	-19	-13	4	-395.6
Total	**2,789**	**1,592**	**-283**	**915**	**701**	**30.6**

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

Banking

- Earnings before tax increased by 45% to EUR 587 million (404).
- Banking earnings improved significantly due to an increase in net interest income and a reduction in personnel costs. Net interest income increased by 19%.
- Loan portfolio growth slowed down to 3.8% but showed signs of improvement in the second half of the year.
- Deposits grew in terms of payment transaction accounts, increasing by 12% year on year.
- Credit risk exposure has remained stable – impairment losses in the loan and guarantee portfolios were at the low level of 0.12%.

Banking: key figures and ratios

€ million	Q1–Q4/2014	Q1–Q4/2013	Change, %
Net interest income	1,093	915	19,4
Impairment loss on receivables	88	81	8,4
Other income	840	853	-1,7
Personnel costs	456	483	-5,6
Other expenses	626	608	2,9
Returns to owner- members and OP bonus customers	176	193	-8,8
Earnings before tax	**587**	**404**	**45,3**
Cost/income ratio, %	**56.0**	**61.6**	**-5,6**
€ million			
Home loans drawn down	5,977	6,340	-5,7
Corporate loans drawn down	6,468	7,235	-10,6
No. of brokered property transactions	12,341	13,540	-8,9
€ billion	**31 Dec 2014**	**31 Dec 2013**	**Change, %**
Loan portfolio			
Home loans	34.0	33.1	2.5
Corporate loans*)	16.9	16.2	4.3
Other loans*)	19.8	18.8	5.7
Total	**70.7**	**68.1**	**3.8**
Guarantee portfolio	2.9	2.9	-0.2
Deposits			
Current and payment transfer	29.8	26.6	11.9
Investment deposits	19.0	20.7	-8.2
Total deposits	**48.8**	**47.3**	**3.0**
Market share, %**			
Of loans	34.4	34.6	-0.2***)
Of deposits	37.6	36.8	0.8***)

*) Figures for 2013 have been restated owing to a change by Statistics Finland in January 2014 on how it classifies sectors. Because of the sector change, some EUR 1.7 billion of the corporate loan portfolio a year ago was transferred to 'Other loans'.
**) Excluding financial and insurance institutions' loans and deposits
***) Change in ratio

Weak economic growth and waning demand have also slowed down the growth of the loan portfolio. The number of new loans taken out has decreased by 1.0% during the year. However, in the second half of the year, demand for credit showed signs of improvement.

OP Financial Group's deposits increased by 3.0%. Because of an exceptionally long period of low interest rates and lower term deposit margins, investment deposits decreased by 8.2% during the year. The focus of growth in deposits is still on payment transaction accounts, which increased by 12%, or EUR 3.2 billion during the year. During the financial year, cooperative banks' combined amount of supplementary shares and Profit shares increased by EUR 1.2 billion.

The loan portfolio grew by 3.8%. Year on year, the volume of new home loans drawn down decreased by 5.7% and that of corporate loans by 11%. Demand for consumer credit was high, with the volume of consumer credit increasing by 27%. The average margin of new home and corporate loans was somewhat lower than a year ago.

OP Financial Group's market share of home loans and corporate financing and deposits has remained stable. OP Financial Group's share of the home loan market increased during the financial year by 0.3 percentage points and was 38.0% (37.7) at the end of December.

The housing market is still sluggish during 2014, with the volume of homes sold and bought through the Group’s real estate agents decreasing by 9% over the previous year.

Earnings

Earnings before tax by Banking increased significantly year on year to EUR 587 million (404). This improvement can be attributed to an increase in net interest income and a decrease in personnel costs. Impairment losses increased by EUR 7 million to EUR 88 million, being still at a low 0.12% (0.12) level in relation to the loan and guarantee portfolio.

Net interest income increased by EUR 178 million, being 19% higher than a year ago due to a growth in credit portfolio and a higher level of margins. The favourable development of net interest income from capital market products and the decrease in deposit funding costs also promoted the growth of net interest income.

Other income decreased by EUR 14 million from its level a year ago.

Net commissions and fees were EUR 12 million higher than a year ago because of higher commissions from payment transactions.

Net trading and investment income decreased by a total of EUR 22 million year on year. Net trading income was reduced by a change in the credit and counterparty risk model used for the valuation of derivatives. Other operating income decreased by EUR 6 million.

Expenses decreased by 0.8% to EUR 1,082 million (1,090). Owing to the efficiency-enhancement measures, personnel costs decreased by 5.6% to EUR 456 million (483). ICT costs increased by EUR 12 million year on year.

OP bonuses related to Banking were EUR 170 million (182). Since the beginning of the financial year, part of the bonuses are related to the Non-life Insurance and Wealth Management segments. At Group level, bonuses increased by 3.6%.

Risk exposure

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

Banking's credit risk exposure remained stable, at a moderate risk level. The loan and guarantee portfolio increased in the financial year by EUR 2.6 billion to EUR 73.6 billion. The amount of receivables over 90 days overdue was EUR 279 million (295), that is, less than a year ago in proportion to the loan and guarantee portfolio. At the end of the year, there was a total of EUR 1.8 billion of over 90 days past due receivables, other doubtful receivables, and receivables that have been subject to forbearance measures in accordance with the guidelines by the European Banking Authority (EBA) that will enter into force in 2015. This amount was at the same level as last year. Forebearance measures consist of concessions to contractual payment terms towards customers to make it easier for them to manage through temporary payment difficulties. Cooperative banks make every effort to find solutions to overcome customers' temporary financial difficulties.

Corporate customers' (including housing corporations) exposures represent 36% (36) of the loan and guarantee portfolio. Of corporate exposure, investment-grade exposure represented 49% (46) and the exposure of the lowest two rating categories amounted to EUR 501 million (634), accounting for 1.5% (1.9) of the total corporate exposure.

Of the six main categories for private customer exposure, 81% (77) of the exposures belonged to the top two categories, and 4% (4) in the two poorest.

The Banking capital base covering major customer exposure amounted to EUR 7.3 billion (6.3). No single customer's exposure exceeded 10% of the capital base.

Banking's interest rate risk measured as a one-percentage point decrease on 12-month net interest income was EUR 54 million (99) at the end of December.

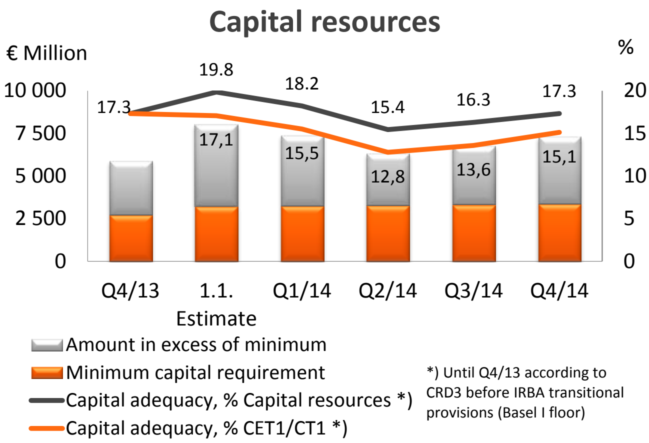
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio	31 Dec 2014		31 Dec 2013	
	€ million	%	€ million	%
Receivables over 90 days overdue, net	279	0.38	295	0.42
Impairment loss on receivables since 1 January, net	88	0.12	84	0.12

Capital base and capital adequacy

The Group's Common Equity Tier 1 (CET1) was 15.1% (17.1) at the end of the financial year. The reference figures for capital adequacy presented here have been estimated in accordance with the regulations that entered into force on 1 January 2014. The purchase of Pohjola Bank plc shares reduced the CET1 ratio by about six percentage points, while on the other hand it was increased by the issue of Profit shares by about 3.7 percentage points. The Group's CET1 target is 18% by the end of 2016.

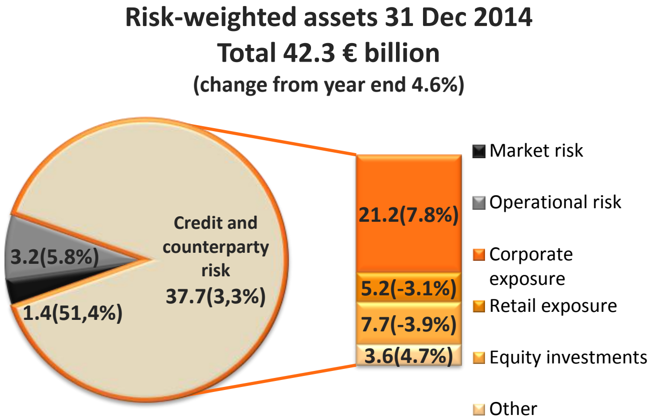
OP Financial Group's credit institution has a strong capital base compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the Common Equity Tier 1 it is 4.5%.

The new 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 2014–2019. Changes to national legislation related to the new regulations came into force in August.



The Common Equity Tier 1 (CET1) capital was EUR 6,384 million (6,896) on 31 December, with CET1 being reduced by the purchase of Pohjola Bank plc shares. CET1 capital was increased by the issue of Profit shares, Banking's earnings for the financial year and dividends from the Group's insurance institutions. The insurance companies paid dividends worth EUR 280 million during the financial year. Profit shares accounted for EUR 1,561 million of CET1 capital at the end of December. A total of EUR 339 million (384) were deducted from CET1 capital as a shortfall of expected losses and impairment losses.

Risk-weighted assets totalled EUR 42,252 million (40,405) at the end of the financial year, being 4.6% higher than a year ago. The average risk weight of the total exposure portfolio decreased as a result of a slight decrease of average risk weight of retail exposures. The updated categorisation models for corporate exposure are expected to be adopted in early 2015 following approval by the Financial Supervisory Authority. These updates are expected to have a positive effect on capital adequacy ratios.



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

On 27 November 2013, OP Financial Group received permission from the Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The permission was valid from 1 January 2014 to 31 December 2014, because the ECB took up single supervisory responsibility. The method applied to insurance holdings leads to a risk-weight of approximately 280%. A request for an extension is being processed by the ECB.

The requirements for capital buffers implemented through national legislation will add to capital requirements. As of the beginning of 2015, the fixed capital add-on is 2.5% of all risk-weighted assets. No capital add-on concerning other significant credit institutions to a financing system that will enter into force at the beginning of 2016 has yet been confirmed for OP Financial Group. The Financial Supervisory Authority has the right to enforce a capital add-on that will reduce the cyclic nature of capital requirements. The upcoming liquidity regulation will add to liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

The new regulations include a ratio on the degree of indebtedness, the leverage ratio. The leverage ratio of OP Financial Group's Banking is estimated at about 6.4% according to the current interpretations, with the minimum level in the draft legislation being 3%.

Non-Life Insurance

- Earnings before tax amounted to EUR 223 million (166). Earnings before tax at fair value were EUR 272 million (149). A reduction in the discount rate for pension liabilities reduced earnings by EUR 62 million (38).
- Insurance premium revenue increased by 5% (11).
- Operating profitability improved from the previous year. The operating combined ratio was 84.7% (86.9) and operating expense ratio 18.4% (18.7).
- Return on investments at fair value was 6.7% (3.5).
- The number of loyal customer households grew during the financial year by 40,000 (46,000).

Non-life Insurance: key figures and ratios

€ million	**Q1–Q4/2014**	**Q1–Q4/2013**	**Change, %**
Insurance premium revenue	1,310	1,249	4.9
Insurance claims and benefits*	845	809	4.4
Net investment income	171	131	30.3
Unwinding of discount and other items included in net income	-42	-43	-2.8
Net income from Non-life Insurance	**595**	**529**	**12.6**
Other net income	0	3	-97.1
Personnel costs	102	107	-3.8
Other expenses	270	260	3.9
Earnings before tax	**223**	**166**	**34.4**
Gross change in fair value reserve	49	-17	-388.5
Earnings before tax at fair value	**272**	**149**	**82.3**
Insurance premium revenue			
Private Customers	687	630	9.1
Corporate and institutional customers	568	567	0.1
Baltic States	55	52	6.1
Total insurance premium revenue	**1,310**	**1,249**	**4.9**
Key ratios, %			
Return on investments at fair value**, %	6.7	3.5	3.2
Operating combined ratio**, %	84.7	86.9	-2.2
Operating expense ratio**, %	18.4	18.7	-0.3
Operating loss ratio**, %	66.3	68.2	-1.9

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

Growth in insurance premium revenue remained strong among private customers and in the Baltic States. In terms of corporate customers, the general economic situation was reflected in insurance premium revenue, which remained at the previous year's level. Insurance sales grew slightly year on year.

OP Financial Group’s market share of non-life insurance premiums written in 2013 was 30.3%. Measured by this market share, OP Financial Group is Finland’s largest non-life insurer. The market share is expected to have increased further during the financial year.

The year-end number of loyal customer households totalled 655,000 (616,000), of which as many as 75% (73) also use OP Financial Group cooperative banks as their main bank.

OP Financial Group has decided to expand its hospital business: the first hospital was Omasairaala Oy in Helsinki, and now there are plans to have another four private hospitals in Finland. It will also expand to new fields of specialised medicine and occupational health. The nationwide hospital network is built under the Pohjola brand. Omasairaala will change its name to Pohjola Health Ltd in the autumn of 2015.

Earnings

Earnings before tax improved to EUR 223 million (166) as a result of solid investment activities and an improved operating balance on technical account.

The discount rate for pension liabilities was reduced in the financial year from 2.8% to 2.5%, which increased claims incurred by EUR 62 million (38).

Insurance premium revenue increased by 5% (11). Operating expenses were 3% higher than a year ago. The operating combined ratio improved year on year, achieving a historically low level of 84.7% (86.6). The combined ratio was 91.0% (91.6). The balance on technical account, excluding the effect of a decrease in the discount rate, improved as a result of favourable development of loss numbers and the solid growth of private customers and of premium income in the Baltic countries.

Claims incurred increased by 2%, excluding the effect of the reduction in the discount rate for pension liabilities, i.e. more slowly than insurance premium revenue. Claims development was favourable apart from major losses. Claims incurred arising from new large claims regarding operations and assets were higher than a year ago. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 82 (77) in the financial year, with their claims incurred retained for own account totalling EUR 79 million (72). The change in provisions for unpaid claims under statutory pension increased year on year, being EUR 62 million (59) in January–December. Changes to claims incurred in previous years, without considering the change in discount rate, increased the balance on technical account by EUR 27 million (10). The operating risk ratio excluding indirect loss adjustment expenses was 60.2% (61.7).

The operating expense ratio improved thanks to higher earnings to 18.4% (18.7). The operating cost ratio (including indirect loss adjustment expenses) was 24.4% (25.4).

Investment income at fair value was better than the previous year because of a significant decline in interest rates. Return on investments at fair value totalled EUR 220 million (115), or 6.7% (3.5). Net investment income recognised in the income statement amounted to EUR 171 million (131). Impairment charges on receivables amounted to EUR 2 million (10).

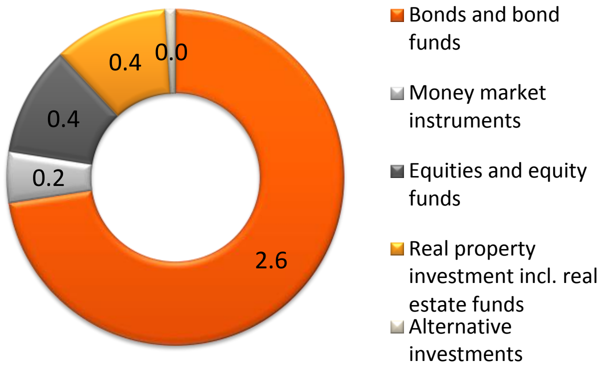
Risks exposure and capital adequacy

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

No significant changes took place in Non-life Insurance's underwriting risks. The low market rates increased the risk level of its liability's discount rate. On the whole, no major changes took place to investment risk levels. The equity risk associated with the investment portfolio was reduced slightly. The risk level of bonds and illiquid investments was raised moderately.

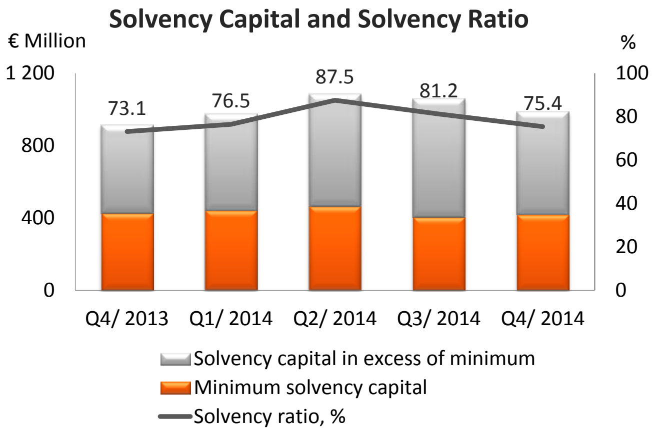
At the end of the financial year, the investment portfolio totalled EUR 3,522 million (3,219). The fixed-income portfolio by credit rating remained healthy, with investments within the “investment-grade” category accounted for 94% (91), and 71% (74) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.5 years (4.4) and the duration 4.3 years (3.7).

Non-life Insurance's assets
€3.5 billion, 31 December 2014



On 31 December, Non-life Insurance solvency capital amounted to EUR 988 million (913) and the ratio of solvency capital to insurance premium revenue (solvency ratio) was 75% (73). Equalisation provisions were EUR 215 million (248).

The Solvency II Directive regulating the solvency requirements of insurance companies will come into force at the beginning of 2016. On 31 December, the Non-life Insurance capital base under Solvency II totalled EUR 804 million (894) and capital requirement EUR 685 million (713). The solvency ratio conforming to Solvency II was 117% (125). These figures do not include the effects of transitional provisions. The transitional provisions increase the capital buffer.



Wealth Management

- Earnings before tax increased to EUR 161 million (113); earnings before tax at fair value were EUR 211 million (96).
- The gross amount of assets managed by the Group was EUR 61.3 billion (52.0) on 31 December.
- Unit-linked insurance savings increased from 1 January 2014 by 20.8%, and their proportion of all insurance savings increased to 71.2%.
- Return on investments by Life Insurance at fair value was 6.0% (3.5).

Wealth Management: key figures and ratios

€ million	**Q1–Q4/2014**	**Q1–Q4/2013**	**Change, %**
Life Insurance's net interest and risk result	66	50	31.7
Net commissions and fees			
Funds and asset management	140	116	20.6
Life insurance	156	139	11.7
Expenses	-121	-108	11.3
of which returns to OP bonus customers	18		
Total net commissions and fees	175	147	19.1
Other income	14	13	6.1
Personnel costs	24	24	-2.8
Other expenses	72	74	-3.2
Earnings before tax	**161**	**113**	**42.5**
Gross change in fair value reserve	51	-17	-395.7
Earnings before tax at fair value	**211**	**96**	**120.9**
€ billion	**31 Dec 2014**	**31 Dec 2013**	
Insurance savings	10.6	9.4	12.8
Assets under management (gross)			
Mutual funds	17.5	14.4	20.9
Institutional customers	23.5	20.9	12.6
Private Banking	12.8	10.5	21.6
Unit-linked insurance savings	7.6	6.3	20.8
Total assets under management (gross)	61.3	52.0	17.7
Market share, %			
Insurance savings	24.7	24.6	0.1
Unit-linked insurance savings	28.0	29.1	-1.1
Mutual fund assets	20.5	19.2	1.3

The gross amount of assets managed by the Group was EUR 61.3 billion (52.0). This amount includes EUR 14.0 billion in assets of the companies belonging to OP Financial Group.

Net asset inflows to OP Financial Group's mutual funds and unit-linked insurance totalled EUR 2,490 million (2,530). Assets invested in mutual funds increased in the financial year by 20.9% to EUR 17.5 billion (14.4). Unit-linked insurance savings increased by 20.8% to EUR 7.6 billion (6.3).

The number of saver and investor customers was 755,000 at the end of the financial year, that is, 19,000 more than a year ago. OP Financial Group's customer market share of mutual fund shareholders registered in Finland increased to 22.8% (19.9).

Earnings

Earnings before tax increased to EUR 161 million year on year (113). Earnings after a change in the fair value reserve amounted to EUR 211 million (96).

Net commissions and fees increased by 19%, owing to growth of wealth under management compared to last year, to EUR 175 million (147).

Life Insurance's return on investments at fair value was 6.0% (3.5). Investment income included in Life Insurance's net interest and risk result but excluding the performance of derivatives that hedge the interest rate risk of insurance liabilities totalled EUR 169 million (147).

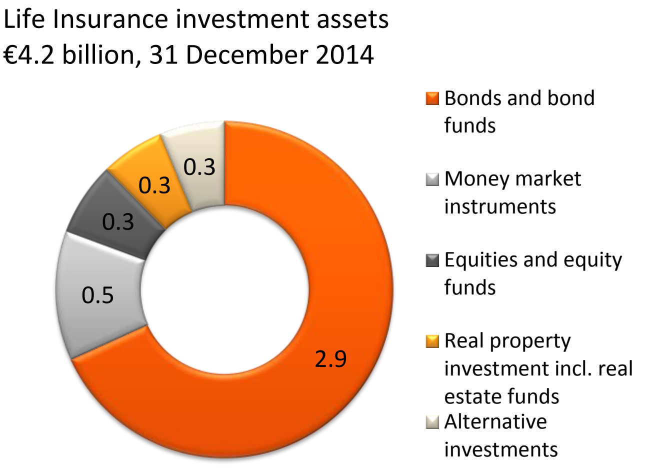
Preparations for the persistence of low interest rate levels were made through supplementary technical interest rate provisions worth EUR 38 million (12) to insurance liabilities through profit and loss.

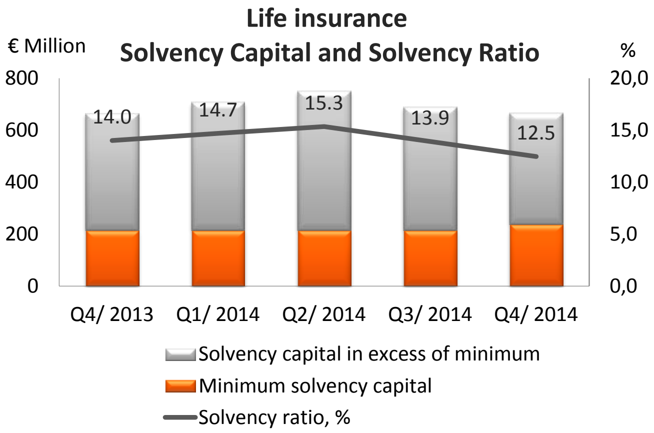
Expenses were EUR 3 million lower than a year ago. Personnel costs decreased by EUR 1 million and other costs by EUR 2 million. Expenses were increased during the financial year by a EUR 2 million non-recurring system amortisation.Wealth Management's operating cost/income ratio improved to 40.8% (49.4).

Risks exposure and capital adequacy

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

Life Insurance's investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4.2 billion (3.9), and were divided as follows:





Investments within the "investment-grade" category accounted for 94% (90) of the fixed-income portfolio. The portfolio's modified duration was 3.1 (2.4) on 31 December.

No major changes took place in Life Insurance's underwriting risks or its investment risk level. On the whole, Life Insurance's risk exposure has remained stable.

OP Financial Group is prepared for any change in the interest rate used for the discounting of insurance liabilities by hedging a considerable part of the exposure using interest rate derivatives. Supplementary interest rate provisions related to insurance liabilities totalled EUR 475 million (128) at the end of the financial year.

Life Insurance's solvency margin was EUR 666 million (664). The solvency ratio, or the ratio of solvency capital to weighted insurance liabilities, was 12.5% (14.0).

The Solvency II Directive regulating the solvency requirements of insurance companies will come into force at the beginning of 2016. Life Insurance's preliminary Solvency II capital at the end of December amounted to EUR 804 million (789) and the preliminary economic capital was EUR 806 million (793). The solvency ratio conforming to Solvency II was 100% (99). These figures do not include the effects of transitional provisions. The transitional provisions increase the capital buffer.

Other Operations

Other Operations: key figures and ratios

€ million	Q1–Q4/2014	Q1–Q4/2013	Change, %
Net interest income	-34	11	-398.9
Net trading income	-8	-11	-31.6
Net investment income	49	45	8.5
Other income	465	443	5.1
Expenses	516	472	9.3
Impairment loss on receivables	0	2	-100.0
Earnings/loss before tax	**-43**	**13**	**-429.5**
€ billion	**31 Dec 2014**	**31 Dec 2013**	**Change, %**
Receivables from credit institutions	10	9	6.9
Investment assets	12	9	43.7
Liabilities to credit institutions	5	4	8.1
Debt securities issued to the public	17	17	1.8

Earnings

Other Operations' earnings before tax amounted to EUR -43 million (13). The result was eroded by lower net interest income and higher expenses.

Preparation for tighter liquidity regulations reduced the net interest income from the liquidity buffer, as a result of which the net interest income of Other Operations decreased to EUR -34 million (11). Other Income consists to a large extent of intra-Group service charges, which are presented as business segment expenses. Net commissions and fees outside the Group were EUR 6 million higher than a year ago because of higher commissions from payment transactions.

Expenses from Other Operations grew by 9%, being EUR 44 million higher than a year ago. Of the Other Operations expenses, personnel costs accounted for EUR 158 million (178) and ICT costs for EUR 174 million (136). The outsourcing of ICT services in late 2013 reduced personnel costs but increased ICT costs. During the financial year, expenses incurred from Other Operations were increased by EUR 20 million of non-recurring fees related to the public voluntary bid for Pohjola Bank shares. Approximately a third of this amount represents internal expenses.

Risk exposure and liquidity reserve

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

The market risks of liquidity buffer investments increased in the financial year as a result of an increase in the liquidity buffer and allocation changes.

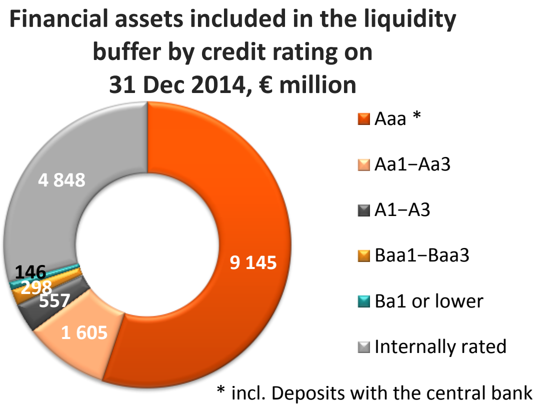
OP Financial Group secures its liquidity with a liquidity buffer which consists mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer and other sources of additional funding based on the contingency funding plan are sufficient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

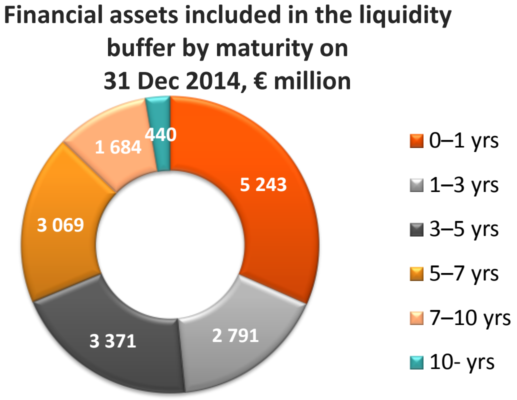
Liquidity buffer, € billion	31 Dec 2014	31 Dec 2013	Change, %
Deposits with central banks	3.8	2.0	90
Notes and bonds eligible as collateral	7.8	7.4	6
Corporate loans eligible as collateral	4.3	3.3	31
Total	**15.9**	**12.7**	**26**
Receivables ineligible as collateral	0.7	0.7	6
Liquidity buffer at market value	**16.6**	**13.3**	**25**
Collateral haircut	-1.1	-1.0	12
Liquidity buffer at collateral value	**15.5**	**12.3**	**26**

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

OP Mortgage Bank, which is part of OP Financial Group, issued three covered bonds each worth EUR 1 billion. The maturity of the bond issued in March is 7 years, that of the bond issued in June 5 years and that in November 10 years.

Pohjola Bank plc issued long-term bonds worth EUR 3.5 billion in the financial year. In March, Pohjola issued two senior bonds in the international capital market, each worth EUR 750 million with a maturity of three and seven years. In June, it issued a EUR 750 million senior bond with a maturity of five years, and two Samurai bonds worth a total of 60 billion yen (EUR 432 million).





Changes in OP Financial Group's structure

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

OP-Pohjola renewed its brand and became simply OP. In the future, the banking, non-life insurance and asset management businesses will all come under the OP brand. The new name of the OP-Pohjola Group, OP Financial Group, was adopted on 1 January 2015. On the same date, the name of the central institution, OP-Pohjola Group Central Cooperative, was changed to OP Cooperative.

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

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

Itä-Uudenmaan Osuuspankki and Porvoon Osuuspankki accepted a merger plan on 9 December 2014, according to which Itä-Uudenmaan Osuuspankki will be merged into Porvoon Osuuspankki, taking the name Itä-Uudenmaan Osuuspankki. The planned date for the merger is 31 July 2015.

The structural organisation of OP Financial Group's central cooperative and the planning and background work for the organisation's legal structure implementation is ongoing. During further planning of structural changes, it will be assessed whether OP Financial Group's central bank functions, which are currently part of Pohjola Bank plc, can be moved into a subsidiary fully owned by OP Cooperative. OP Financial Group's banking operations will continue to be governed in full by joint responsibility as prescribed by law. As to the detailed implementation or timetable, no decisions have been made yet.

Pohjola Group is planning to carry out structural changes in accordance with the tender offer made by OP Financial Group's central institution, in practice, for example, by transferring the Non-life Insurance and Wealth Management segments from Pohjola Group to direct ownership of the Central Cooperative.As to asset management, the transfer has been scheduled to take place during 2015. In addition, some business operations of Helsinki OP Bank Plc and Pohjola Bank plc will be combined under joint management. These structural changes will have no immediate effect on OP Financial Group's business segment reporting.

OP Financial Group has acquired Checkout Finland Oy, a company providing payment transaction services for Finnish online shops.

OP Financial Group is prepared to support POP banks in finding solutions concerning their future and in implementing them. Any move by a bank in POP Group to OP Financial Group must be initiated by the former, and before any decision is made, it must be ascertained that it is in the interest of both OP Financial Group and its member cooperative banks.

Osuuspankki Poppia, Laihian Osuuspankki and Multian Osuuspankki, which are part of POP Group, have decided to join OP Financial Group as independent cooperative banks. Osuuspankki Poppia's Cooperative Meeting decided on the matter on 18 November 2014, Laihian Osuuspankki's Cooperative Meeting on 15 January 2015 and Multian Osuuspankki's Extraordinary Cooperative Meeting on 29 January 2015.

Keiteleen Osuuspankki, which is part of POP Group, and Pielaveden Osuuspankki of OP Financial Group accepted on 15 October 2014 a merger plan, according to which Keiteleen Osuuspankki will merge into Pielaveden Osuuspankki, changing its name of Nilakan Seudun Osuuspankki. The planned date for the merger is 31 May 2015.

Personnel and remuneration

At the end of the financial year, OP Financial Group had 12,356 employees (12,856). The annual average number of personnel was 12,548 employees (13,461). The reorganisations and enhancement measures carried out in cooperative banks and OP Cooperative Consolidated had an effect on the reduction of the number of personnel during the review period.

A total of 323 people (343) retired from OP Financial Group during the financial year at an average age of 61.7 years (61.7).

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

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

The long-term incentive scheme for management was extended by a new three-year performance period for the years 2014–2016. OP Financial Group's personnel fund remuneration system will also be extended by one-year performance periods.

OP Cooperative's Supervisory Board decided in spring 2014 on new Group-level targets within OP Financial Group's long-term remuneration schemes. The Group-level targets are congruent both in the management incentive scheme and OP Financial Group’s Personnel Fund.

The regulations regarding the financial industry's incentive systems have been taken into account in drawing up the Group's incentive systems. As a rule, the incentive system for 2014–2016 follows the principles observed during the previous three-year earning period.

As new long-term performance indicators, the Supervisory Board of OP Cooperative Consolidated set the earnings of OP Financial Group before taxes, the Group's CET1 and the growth rate of loyal customers.

Governance of OP Cooperative

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

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

The core of the new management system of OP Cooperative Consolidated consists of three business segments: Banking, Non-life Insurance and Wealth Management.

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

Karhinen Reijo, Executive Chairman and CEO, Chairman
Vepsäläinen Tony, Group Services, Vice Chairman
Geber-Teir Carina, Identity and Communications
Himanen Jari, Group Control
Lehtilä Olli, Non-life Insurance
Luhtala Harri, Finance and ALM
Nummela Harri, Wealth Management
Palmén Erik, Risk Management
Pölönen Jouko, Banking
Sarajärvi Teija, HR

Markku Koponen will continue to act as Executive Board secretary and deputy Executive Board member in charge of legal affairs.

OP Cooperative's Executive Board and Pohjola Bank plc's ("Pohjola") Board of Directors approved on 16 December 2014 OP Financial Group's Group-level Communications and Disclosure Policy. This replaces the Disclosure Policy issued by Pohjola on 17 December 2013. The Communications and Disclosure Policy has been published on OP Financial Group web site op.fi > OP Financial Group > OP Financial Group > Corporate Governance.

OP Financial Group’s efficiency-enhancement programme

OP Financial Group decided towards the end of 2012 on an efficiency-enhancement programme, the objective of which was to achieve cost savings of EUR 150 million until the end of 2015.

Based on the actions completed by 31 December 2014, annualised savings reached about EUR 139 million, of which personnel-related costs account for EUR 55 million.

Capital expenditure and service development

OP Cooperative and its cooperatives is responsible for OP Financial Group's service development. ICT capital expenditure and related specifications make up a significant portion of costs of developing these services.

OP Cooperative Consolidated's development expenditure totalled EUR 111 million (109) in January–December. These include licence fees, purchased services and capitalised expenses for development work within OP Cooperative Consolidated.

ICT capital expenditure capitalised in the balance sheet totalled EUR 83 million (103) in the financial year. Of the investments in the financial year, EUR 72 (85) million concerned Banking, EUR 9 million (12) Non-life Insurance and EUR 2 million (6) Wealth Management.

OP Financial Group began to rebuild its premises in the Vallila campus in 2012, which is due to be completed by the summer of 2015. The total costs will be almost EUR 250 million. By the end of the financial year, realised costs totalled some EUR 165 million.

OP Financial Group income statement

EUR million	Note	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Interest income		2,685	2,514	7
Interest expenses		1,642	1,599	3
Net interest income before impairment	4	**1,043**	**915**	**14**
Impairments of receivables	5	88	84	5
Net interest income after impairments		**955**	**831**	**15**
Net income from Non-life Insurance operations	6	593	524	13
Net income from Life Insurance operations	7	197	175	13
Net commissions and fees	8	727	694	5
Net trading income	9	88	114	-22
Net investment income	10	74	68	9
Other operating income	11	64	86	-26
Total net income		**2,698**	**2,493**	**8**
Personnel costs		741	791	-6
Other administrative expenses		414	384	8
Other operating expenses		437	422	4
Total expenses		**1,592**	**1,598**	**0**
Returns to owner-members		195	193	1
Share of associates' profits/losses accounted for using the equity method		3	-1	
Earnings before tax for the period		**915**	**701**	**31**
Income tax expense		308	36	
Profit for the period		**607**	**665**	**-9**
Attributable to, EUR million				
Profit for the period attributable to owners		599	661	-9
Profit for the period attributable to non-controlling interest		8	4	
Total		**607**	**665**	**-9**

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

OP Financial Group statement of comprehensive income

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Profit for the period	**607**	**665**	**-9**
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans	-380	19	
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value	85	-9	
Cash flow hedge	67	-30	
Translation differences	0	0	-67
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	-76	26	
Items that may be reclassified to profit or loss			
Measurement at fair value	17	-19	
Cash flow hedge	13	-9	
Total comprehensive income for the period	**424**	**647**	**-34**
Attributable to, EUR million			
Profit for the period attributable to owners	393	643	-39
Profit for the period attributable to non-controlling interest	32	4	
Total	**424**	**647**	**-34**

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

OP Financial Group balance sheet

EUR million	Note	31 Dec 2014	31 Dec 2013 Restated*	Change, %	1 Jan 2013 Restated*
Cash and cash equivalents		3,888	2,172	79	5,784
Receivables from credit institutions		686	849	-19	841
Financial assets at fair value through profit or loss		427	537	-20	358
Derivative contracts		5,920	3,423	73	4,436
Receivables from customers		70,683	68,142	4	65,051
Non-life Insurance assets	14	3,797	3,479	9	3,476
Life Insurance assets	15	11,238	9,872	14	9,173
Investment assets		9,500	8,753	9	6,719
Investment accounted for using the equity method		56	54	3	53
Intangible assets		1,332	1,339	0	1,321
Property, plant and equipment (PPE)		781	726	8	664
Other assets		1,951	1,554	26	1,752
Tax assets		168	91	85	137
Total assets		**110,427**	**100,991**	**9**	**99,766**
Liabilities to credit institutions		1,776	1,039	71	1,966
Financial liabilities at fair value through profit or loss		4	4	10	3
Derivative contracts		5,489	3,157	74	4,162
Liabilities to customers		51,163	50,157	2	49,627
Non-life Insurance liabilities	16	2,972	2,746	8	2,598
Life Insurance liabilities	17	11,230	9,771	15	8,970
Debt securities issued to the public	18	24,956	21,428	16	19,270
Provisions and other liabilities		3,447	2,691	28	3,303
Tax liabilities		964	808	19	990
Supplementary cooperative capital		192	606	-68	622
Subordinated liabilities		1,020	861	19	1,115
Total liabilities		**103,214**	**93,267**	**11**	**92,627**
Equity capital					
Share of OP Financial Group's owners					
Share and cooperative capital		1,709	339		336
Share capital		0	199		200
Membership capital contributions		148	140	5	136
Profit shares		1,561	-		-
Fair value reserve	19	425	328	30	339
Other reserves		1,996	2,739	-27	2,683
Retained earnings		3,014	4,218	-29	3,709
Non-controlling interests		69	100	-31	73
Total equity capital		**7,213**	**7,724**	**-7**	**7,139**
Total liabilities and equity capital		**110,427**	**100,991**	**9**	**99,766**

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

Changes in OP Financial Group's equity capital

EUR million	Share and cooperative capital	Fair value reserve***	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2013	**336**	**339**	**2,682**	**3,752**	**7,110**	**24**	**7,134**
Effect of the adoption of IFRS 10 Consolidated Financial Statements, less taxes	-	0	0	-43	**-43**	48	**5**
Restated* equity capital 1 Jan. 2013	**336**	**339**	**2,682**	**3,709**	**7,067**	**73**	**7,139**
Total comprehensive income for the period	-	-11	-	654	**643**	5	**648**
Profit for the period	-	-	-	661	**661**	4	**665**
Other comprehensive income	-	-11	-	-7	**-18**	1	**-17**
Increase in cooperative capital	4	-	-	-	**4**	-	**4**
Transfer of reserves	-	-	40	-40	**-**	-	**-**
Profit distribution	-	-	-	-71	**-71**	-	**-71**
Share-based payments	-	-	-	-1	**-1**	-	**-1**
Other	-1	-	**17**	-33	**-17**	22	**4**
Balance at 31 Dec 2013	**339**	**328**	**2,739**	**4,218**	**7,625**	**100**	**7,724**

EUR million	Share and cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2014	**339**	**328**	**2,739**	**4,218**	**7,625**	**100**	**7,724**
Total comprehensive income for the period	-	175	-	279	**454**	32	**486**
Profit for the period				599	**599**	8	**607**
Other comprehensive income	-	175	-	-321	**-145**	24	**-121**
Holdings in Pohjola Bank plc purchased from non-controlling interests**	-199	-78	-512	-1,633	**-2,422**	-	**-2,422**
Increase in cooperative capital	1,568	-	0	-	**1,568**	-	**1,568**
Transfer of reserves	-	-	26	-26	**-**	-	**-**
Profit distribution	-	-	-	-76	**-76**	-	**-76**
Share-based payments	-	-	0	-2	**-2**	-	**-2**
Other	0	-	-257	254	**-3**	-62	**-65**
Balance at 31 Dec 2014	**1,709**	**425**	**1,996**	**3,014**	**7,144**	**69**	**7,213**

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

** The total purchase price paid by OP Cooperative for Pohjola Bank plc shares based on the tender offer has been subtracted from equity capital

*** Note 19

Cash flow statement

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*
Cash flow from operating activities		
Profit for the period	607	665
Adjustments to profit for the period	168	724
Increase (-) or decrease (+) in operating assets	**-4,230**	**-5,828**
Receivables from credit institutions	99	215
Financial assets at fair value through profit or loss	433	-326
Derivative contracts	65	26
Receivables from customers	-2,617	-3,215
Non-life Insurance assets	-199	-63
Life Insurance assets	-698	-421
Investment assets	-393	-2,297
Other assets	-920	253
Increase (+) or decrease (-) in operating liabilities	**3,799**	**-934**
Liabilities to credit institutions	732	-907
Financial liabilities at fair value through profit or loss	0	1
Derivative contracts	60	-18
Liabilities to customers	1,006	530
Non-life Insurance liabilities	149	48
Life Insurance liabilities	1,284	189
Provisions and other liabilities	566	-777
Income tax paid	-201	-173
Dividends received	102	106
A. Net cash from operating activities	**244**	**-5,440**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-	-4
Decreases in held-to-maturity financial assets	80	135
Acquisition of subsidiaries, net of cash acquired	-3	-5
Disposal of subsidiaries, net of cash disposed	3	0
Purchase of PPE and intangible assets	-214	-228
Proceeds from sale of PPE and intangible assets	6	17
B. Net cash used in investing activities	**-128**	**-85**
Cash flow from financing activities		
Increases in subordinated liabilities	60	-
Decreases in subordinated liabilities	-	-234
Increases in debt securities issued to the public	38,820	24,466
Decreases in debt securities issued to the public	-35,953	-22,003
Increases in cooperative and share capital	2,432	183
Decreases in cooperative and share capital	-1,278	-195
Dividends paid and interest on cooperative capital	-76	-81
Returns to owner-members	-	-7
Holdings in Pohjola Bank plc purchased from non-controlling interests	-2,422	-
C. Net cash from financing activities	**1,583**	**2,129**
Net change in cash and cash equivalents (A+B+C)	**1,699**	**-3,396**
Cash and cash equivalents at period-start	**2,476**	**5,873**
Cash and cash equivalents at period-end	**4,175**	**2,476**
Interest received	**2,765**	**2,533**
Interest paid	**-1,697**	**-1,694**
Cash and cash equivalents		
Liquid assets**	3,942	2,179
Receivables from credit institutions payable on demand	233	298
Total	**4,175**	**2,476**

******Of which Non-life Insurance liquid assets amount to 40 million euros (4) and Life Insurance liquid assets 13 million euros (3).

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

Note 1. Accounting policies

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

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

Change in accounting policies

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

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

EUR million	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Interest income	2,512	1	2,514
Interest expenses	1,599	0	1,599
Net interest income before impairment losses	**913**	**1**	**915**
Impairments of receivables	84		84
Net interest income after impairments	**830**	**1**	**831**
Net income from Non-life Insurance operations	524		524
Net income from Life Insurance operations	175		175
Net commissions and fees	625	69	694
Net trading income	114	0	114
Net investment income	66	2	68
Other operating income	95	-9	86
Total net income	**2,429**	**64**	**2,493**
Personnel costs	753	38	791
Other administrative expenses	373	11	384
Other operating expenses	404	18	422
Total expenses	**1,530**	**67**	**1,598**
Returns to owner-members	193		193
Share of associates' profits/losses	0	-1	-1
Earnings before tax for the period	**705**	**-4**	**701**
Income tax expense	32	3	36
Profit for the period	**673**	**-8**	**665**

Attributable to, EUR million			
Owners	672	-11	661
Non-controlling interests	0	4	4
Total	**673**	**-8**	**665**

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

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

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

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

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

Effect on the consolidated cash flow statement 1 Jan.−31 Dec 2013

EUR million	1 Jan.−31 Dec 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec 2013 (restated)
Cash flow from operating activities			
Profit for the period	673	-8	665
Adjustments to profit for the period	710	15	724
Increase (-) or decrease (+) in operating assets	**-5,833**	**5**	**-5,828**
Receivables from credit institutions	215		215
Financial assets at fair value through profit or loss	-326		-326
Derivative contracts	26		26
Receivables from customers	-3,217		-3,215
Non-life Insurance assets	-65	2	-63
Life Insurance assets	-412	-9	-421
Investment assets	-2,310	14	-2,297
Other assets	257	-4	253
Increase (+) or decrease (-) in operating liabilities	**-944**	**10**	**-934**
Liabilities to credit institutions	-913	6	-907
Financial liabilities at fair value through profit or loss	1		1
Derivative contracts	-18		-18
Liabilities to customers	525	5	530
Non-life Insurance liabilities	48	0	48
Life Insurance liabilities	189		189
Provisions and other liabilities	-776	-1	-777
Income tax paid	-172		-173
Dividends received	105	0	106
A. Net cash from operating activities	**-5,461**	**21**	**-5,440**
Cash flow from investing activities			
Increases in held-to-maturity financial assets	-4		-4
Decreases in held-to-maturity financial assets	135	0	135
Acquisition of subsidiaries, net of cash acquired	-5		-5
Disposal of subsidiaries, net of cash disposed	0		0
Purchase of PPE and intangible assets	-206	-22	-228
Proceeds from sale of PPE and intangible assets	17	0	17
B. Net cash used in investing activities	**-63**	**-22**	**-85**
Cash flow from financing activities			
Decreases in subordinated liabilities	-234		-234
Increases in debt securities issued to the public	24,466		24,466
Decreases in debt securities issued to the public	-22,003		-22,003
Increases in cooperative and share capital	183		183
Decreases in cooperative and share capital	-195		-195
Dividends paid and interest on cooperative capital	-81		-81
C. Net cash from financing activities	**2,129**		**2,129**
Net change in cash and cash equivalents (A+B+C)	**-3,396**	**0**	**-3,396**
Cash and cash equivalents at period-start	**5,872**	**1**	**5,873**
Cash and cash equivalents at period-end	**2,476**	**0**	**2,476**
Interest received	**2,533**		**2,533**
Interest paid	**-1,694**		**-1,694**
Cash and cash equivalents			
Liquid assets	2,179		2,179
Receivables from credit institutions payable on demand	297	0	298
Total	**2,476**	**0**	**2,476**

Levies

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

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

	Q1–Q4/ 2014	Q1–Q4/ 2013
Return on equity, %	8.1	8.9
Return on equity at fair value, %	5.7	8.7
Return on assets, %	0.57	0.66
Cost/income ratio, %	57	62
Average personnel	12,548	13,461
Full-time	11,663	12,536
Part-time	885	925

Return on equity (ROE), %

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

Return on equity at fair value, %

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

Return on assets (ROA), %

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

Equity ratio, %

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

Cost/income ratio, %

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

Core Tier 1, %

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

Common Equity Tier 1 ratio,% (CET1)*

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

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

Tier 1 ratio, %

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

Capital adequacy ratio, %

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

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

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

Return on economic capital, %

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

Non-life Insurance:

Combined ratio (excl. unwinding of discount), %	Loss ratio + expense ratio Risk ratio + cost ratio
Loss ratio (excl. unwinding of discount)	$\frac{\text{Claims and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$
Expense ratio	$\frac{\text{Operating expenses + Amortisation/adjustment of intangible assets related to company acquisition}}{\text{Net insurance premium revenue}} \times 100$
Risk ratio (excl. unwinding of discount), %	$\frac{\text{Claims excl. loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$
Operating combined ratio, %	Operating loss ratio + Operating expense ratio Operating risk ratio + operating cost ratio
Operating risk ratio (excl. unwinding of discount)	$\frac{\text{Claims excl. loss adjustment expenses and changes in reserving bases}}{\text{Net insurance premium revenue excl. changes in reserving bases}} \times 100$
Operating loss ratio, %	$\frac{\text{Claims incurred, excl. changes in reserving bases}}{\text{Insurance premium revenue, excl. net changes in reserving bases}} \times 100$
Operating expense ratio	$\frac{\text{Operating expenses}}{\text{Insurance premium revenue, excl. net changes in reserving bases}} \times 100$
Cost ratio, %	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$
Operating cost ratio	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue excl. changes in reserving bases}} \times 100$
Solvency ratio, %	$\frac{\text{Solvency capital}}{\text{Insurance premium revenue}} \times 100$
Solvency ratio, %*)	$\frac{\text{Capital base}}{\text{Capital requirement (SCR)}}$

*) According to the proposed Solvency II framework

Life Insurance:

Operating cost ratio, %	$\frac{\text{Operating expenses before change in deferred acquisitions costs + loss adjustment expenses}}{\text{Expense loading x 100}} \times 100$

Note 3. OP Financial Group quarterly performance

	2013*		2014		
EUR million	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Interest income	643	651	682	692	660
Interest expenses	396	399	428	424	391
Net interest income	**247**	**251**	**254**	**269**	**269**
Impairments of receivables	34	10	23	17	38
Net interest income after impairments	**213**	**241**	**231**	**252**	**231**
Net income from Non-life Insurance operations	96	151	159	143	139
Net income from Life Insurance operations	31	80	41	47	29
Net commissions and fees	166	197	173	177	179
Net trading income	34	27	28	28	5
Net investment income	12	16	30	7	21
Other operating income	28	13	16	18	17
Personnel costs	202	195	190	166	190
Other administrative expenses	118	112	102	98	101
Other operating expenses	119	113	107	107	110
Returns to owner-members	49	49	49	49	48
Share of associates' profits/losses	-3	0	1	0	2
Earnings before tax for the period	**90**	**257**	**231**	**251**	**176**
Income tax expense	-118	61	155	56	36
Profit for the period	**208**	**196**	**76**	**196**	**140**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	19	-50	-15	-162	-153
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value	38	-25	54	14	41
Cash flow hedge	-3	20	22	17	7
Translation differences	0	0	0	0	0
Income tax on other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	26	-10	-3	-32	-31
Items that may be reclassified to profit or loss					
Measurement at fair value	-7	-5	11	3	8
Cash flow hedge	-2	4	4	3	1
Total comprehensive income for the period	**246**	**153**	**125**	**91**	**56**

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

Note 4. Net interest income

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Loans and other receivables	1,328	1,257	6
Receivables from credit institutions and central banks	4	11	-60
Notes and bonds	198	184	8
Derivatives (net)			
Derivatives held for trading	133	37	
Derivatives under hedge accounting	64	75	-15
Ineffective portion of cash flow hedge	2	3	-28
Liabilities to credit institutions	-3	-5	-27
Liabilities to customers	-210	-268	-21
Debt securities issued to the public	-424	-339	25
Subordinated debt	-36	-39	-8
Hybrid capital	-6	-6	-1
Financial liabilities held for trading	0	0	-17
Other (net)	-4	4	
Net interest income before fair value adjustment under hedge accounting	**1,045**	**914**	**14**
Hedging derivatives	-121	-257	-53
Value change of hedged items	119	257	-54
Total net interest income	**1,043**	**915**	**14**

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

Note 5. Impairments of receivables

EUR million	Q1–Q4/ 2014	Q1–Q4/ 2013	Change, %
Receivables eliminated as loan or guarantee losses	71	61	15
Receoveries of eliminated receivables	-13	-15	13
Increase in impairment losses on individually assessed receivables	110	110	1
Decrease in impairment losses on individually assessed receivables	-87	-72	-21
Collectively assessed impairment losses	7	-1	
Total	**88**	**84**	**5**

Note 6. Net income from Non-life Insurance

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Net insurance premium revenue			
Premiums written	1,393	1,346	4
Insurance premiums ceded to reinsurers	-54	-57	5
Change in provision for unearned premiums	-29	-37	21
Reinsurers' share	1	-3	
Total	**1,310**	**1,249**	**5**
Net Non-life Insurance claims			
Claims paid	828	786	5
Insurance claims recovered from reinsurers	-29	-39	24
Change in provision for unpaid claims	61	65	-7
Reinsurers' share	-15	-3	
Total	**845**	**809**	**4**
Net investment income, Non-life Insurance			
Interest income	55	57	-4
Dividend income	18	25	-28
Property	5	2	
Capital gains and losses			
Notes and bonds	60	21	
Shares and participations	53	22	
Loans and receivables	0	-	
Property	0	-1	
Derivatives	-22	-1	
Fair value gains and losses			
Notes and bonds	2	2	-27
Shares and participations	-1	-	
Loans and receivables	1	-1	
Property	2	4	-55
Derivatives	-2	4	
Impairments	-2	-10	78
Other	1	2	-64
Total	**169**	**126**	**34**
Unwinding of discount	-41	-43	5
Other	0	0	
Net income from Non-life Insurance	**593**	**524**	**13**

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

Note 7. Net income from Life Insurance

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Premiums written	1,230	1,074	15
Reinsurers' share	-23	-25	8
Total	**1,207**	**1,049**	**15**
Claims incurred			
Benefits paid	-738	-750	2
Change in provision for unpaid claims	-9	-16	42
Reinsurers' share	9	11	-20
Change in insurance liabilities			
Change in life insurance provision	-168	-597	72
Reinsurers' share	1	-1	
Total	**-905**	**-1,353**	**33**
Other	-1,215	-42	
Total	**-914**	**-346**	
Net investment income, Life Insurance			
Interest income	50	55	-9
Dividend income	42	46	-9
Property	0	0	
Capital gains and losses			
Notes and bonds	33	3	
Shares and participations	63	58	10
Loans and receivables	1	6	-86
Property	0	4	
Derivatives	249	1	
Fair value gains and losses			
Notes and bonds	1	1	
Shares and participations	-1	-1	-65
Loans and receivables	1	-2	
Property	1	5	-77
Derivatives	40	-81	
Impairments	-13	-30	56
Other	1	1	99
Assets serving as cover for unit-linked policies			
Shares and participations			
Capital gains and losses	81	86	-6
Fair value gains and losses	511	328	56
Other	51	41	24
Total	**1,111**	**521**	
Net income from Life Insurance	**197**	**175**	**13**

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

Note 8. Net commissions and fees

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Commission income			
Lending	207	199	4
Deposits	5	6	-3
Payment transfers	238	212	12
Securities brokerage	23	22	1
Securities issuance	11	11	-6
Mutual funds brokerage	109	90	20
Asset management and legal services	82	74	11
Insurance brokerage	55	61	-10
Guarantees	22	23	-2
Other	95	95	0
Total	**847**	**794**	**7**
Commission expenses	120	100	19
Net commissions and fees	**727**	**694**	**5**

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

Note 9. Net trading income

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Capital gains and losses			
Notes and bonds	7	4	94
Shares and participations	4	5	-16
Derivatives	25	70	-64
Changes in fair value			
Notes and bonds	2	-2	
Shares and participations	1	3	-51
Derivatives	21	12	67
Dividend income	1	1	-18
Net income from foreign exchange operations	28	22	26
Total	**88**	**114**	**-22**

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

Note 10. Net investment income

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Available-for-sale financial assets			
Capital gains and losses			
Notes and bonds	15	16	-7
Shares and participations	23	3	
Dividend income	39	32	22
Impairment losses	-4	-3	40
Carried at amortised cost			
Capital gains and losses	0	0	-59
Total	**73**	**49**	**49**
Investment property			
Rental income	43	42	2
Maintenance charges and expenses	-36	-36	0
Changes in fair value, capital gains and losses	-6	12	
Other	0	1	-49
Total	**1**	**19**	**-93**
Other	0	0	
Net investment income	**74**	**68**	**9**

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

Note 11. Other operating income

EUR million	Q1–Q4/ 2014	Q1–Q4/2013 Restated*	Change, %
Income from property and business premises in own use	15	17	-11
Rental income from assets rented under operating lease	3	8	-64
Other	46	61	-26
Total	**64**	**86**	**-26**

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

Note 12. Classification of financial assets and liabilities

EUR million	Loans and other receivables	Invest-ments held to maturity	Financial assets at fair value through profit or loss**	Available-for-sale financial assets	Hedging derivatives	Total
Assets						
Cash and cash equivalents	3,888	-	-	-	-	3,888
Receivables from credit institutions	686	-	-	-	-	686
Derivative contracts	-	-	5,348	-	572	5,920
Receivables from customers	70,683	-	-	-	-	70,683
Non-life Insurance assets***	657	-	180	2,960	-	3,797
Life Insurance assets****	212	-	7,665	3,362	-	11,238
Notes and bonds	-	191	354	8,282	-	8,827
Shares and participations	-	-	73	525	-	598
Other financial assets	1,951	-	-	-	-	1,951
Financial assets	**78,077**	**191**	**13,620**	**15,129**	**572**	**107,589**
Other than financial instruments						2,838
Total 31 Dec 2014	**78,077**	**191**	**13,620**	**15,129**	**572**	**110,427**
Total 31 Dec. 2013 restated*	**75,675**	**271**	**10,658**	**13,908**	**479**	**100,991**

EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities				
Liabilities to credit institutions	-	1,776	-	1,776
Financial liabilities held for trading (excl. derivatives)	4	-	-	4
Derivative contracts	5,103	-	386	5,489
Liabilities to customers	-	51,163	-	51,163
Non-life Insurance liabilities*****	2	2,970	-	2,972
Life Insurance liabilities******	7,520	3,710	-	11,230
Debt securities issued to the public	-	24,956	-	24,956
Subordinated loans	-	1,020	-	1,020
Other financial liabilities	-	2,585	-	2,585
Financial liabilities	**12,630**	**88,181**	**386**	**101,197**
Other than financial liabilities				2,017
Total 31 Dec 2014	**12,630**	**88,181**	**386**	**103,214**
Total 31 Dec. 2013 restated*	**9,219**	**83,798**	**250**	**93,267**

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

**Assets at fair value through profit or loss include financial assets for trading, financial assets at fair value through profit or loss at inception, and investments and investment property covering unit-linked insurance policies and investment contracts.
***Non-life Insurance assets are specified in Note 14.
****Life Insurance assets are specified in Note 15.
*****Non-life Insurance liabilities are specified in Note 16.
******Life Insurance liabilities are specified in Note 17.

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

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 December, the fair value of these debt instruments was approximately EUR 559 million higher than their carrying amount, based on information available in markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their amortised costs, but determining reliable fair values involves uncertainty.

Subordinated liabilities are carried at amortised cost.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 Dec 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	183	244	0	427
Non-life Insurance	-	7	-	7
Life Insurance**	7,202	289	7	7,499
Derivative financial instruments				
Banking	7	5,711	202	5,920
Non-life Insurance	1	11	-	12
Life Insurance	-	66	-	66
Available-for-sale				
Banking	6,631	2,150	27	8,807
Non-life Insurance	1,546	1,156	258	2,960
Life Insurance	1,944	1,076	341	3,362
Total	**17,514**	**10,710**	**835**	**29,060**

**Includes 7,492 million euros in the fair value of assets covering unit-linked policies, with Level 1 accounting for 7,202 million and Level 2 for 289 million euros.

Fair value of assets on 31 Dec 2013, EUR million*	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	152	383	1	537
Non-life Insurance	-	6	-	6
Life Insurance**	6,061	239	16	6,316
Derivative financial instruments				
Banking	10	3,201	212	3,423
Non-life Insurance	4	0	-	4
Life Insurance	1	70	-	71
Available-for-sale				
Banking	6,168	1,756	36	7,961
Non-life Insurance	1,648	940	191	2,779
Life Insurance	1,800	999	369	3,168
Total	**15,844**	**7,595**	**825**	**24,264**

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

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

Fair value of liabilities on 31 Dec 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	-	4	-	4
Non-life Insurance	-	-	-	-
Life Insurance**	7,223	290	-	7,513
Derivative financial instruments				
Banking	57	5,303	130	5,489
Non-life Insurance	2	0	-	2
Life Insurance	-	8	-	8
Total	**7,282**	**5,604**	**130**	**13,016**

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

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

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

Level 1: Quoted prices in active markets

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

Level 2: Valuation techniques using observable inputs

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

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve special uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). This level includes the most complex OTC derivatives, certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. In many cases, the Level 3 fair value is based on pricing information from a third party.

Transfers between levels of the fair value hierarchy

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

During 2014, EUR 56.3 million were transferred from level 1 to 2 and EUR 55.0 million in bonds were transferred from level 2 to level 1, due to changes in credit ratings.

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Available-for-sale financial assets		
	Banking	**Insurance**	**Banking**	**Insurance**	**Banking**	**Insurance**	**Total assets**
Opening balance 1 Jan 2014*	1	16	212	-	36	560	825
Total gains/losses in profit or loss	0	-	-10	-	-1	-2	-13
Total gains/losses in other comprehensive income	-	-	-	-	-2	75	73
Purchases	-	-	-	-	0	83	83
Sales	0	-9	-	-	-7	-116	-133
Issues	-	-	-	-	-	-	-
Settlements	-	-	-	-	0	-	-
Closing balance 31 Dec 2014	**0**	**7**	**202**	**-**	**27**	**599**	**835**

Financial liabilities, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		
	Banking	**Insurance**	**Banking**	**Insurance**	**Total assets**
Opening balance 1 Jan 2014*	-	-	131	-	131
Total gains/losses in profit or loss	-	-	-1	-	-1
Closing balance 31 Dec 2014	**-**	**-**	**130**	**-**	**130**

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

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

EUR Million	Net interest income or net trading income	Net investment income	Net income from Non-life Insurance	Net income from Life Insurance	Statement of comprehensive income/ Change in fair value reserve	Net gains/losses on assets and liabilities held on 30 Sep
Realised net gains (losses)	0	1	6	-8	-	**-1**
Unrealised net gains (losses)	-8	-2	37	39	73	**138**
Total net gains (losses)	**-8**	**-1**	**43**	**30**	**73**	**137**

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

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2014.

Note 14. Non-life Insurance assets

EUR million	31 Dec 2014	31 Dec 2013 Restated*	Change, %
Investments			
Loan and other receivables	14	15	-7
Shares and participations	463	471	-2
Property	161	152	6
Notes and bonds	2,297	2,014	14
Derivatives	12	4	
Other participations	207	300	-31
Total	**3,154**	**2,956**	**7**
Other assets			
Prepayments and accrued income	33	40	-18
Other			
Arising from direct insurance operations	404	324	24
Arising from reinsurance operations	100	90	10
Cash in hand and at bank	41	4	
Other receivables	66	64	4
Total	**643**	**523**	**23**
Non-life Insurance assets	**3,797**	**3,479**	**9**

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

Note 15. Life Insurance assets

EUR million	31 Dec 2014	31 Dec 2013 Restated*	Change, %
Investments			
Loan and other receivables	59	77	-24
Shares and participations	1,160	1,369	-15
Property	101	108	-7
Notes and bonds	2,209	1,815	22
Derivatives	66	71	-7
Total	**3,594**	**3,440**	**4**
Assets covering unit-linked insurance contracts			
Shares, participations and other investments	7,492	6,300	19
Other assets			
Prepayments and accrued income	49	47	5
Other			
Arising from direct insurance operations	11	5	
Arising from reinsurance operations	79	77	
Cash in hand and at bank	13	3	
Total	**153**	**132**	**15**
Life Insurance assets	**11,238**	**9,872**	**14**

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

Note 16. Non-life Insurance liabilities

EUR million	31 Dec 2014	30 Dec 2013	Change, %
Provision for unpaid claims			
Provision for unpaid claims for annuities	1,316	1,253	5
Other provision for unpaid claims	886	847	5
Reserve for decreased discount rate*	12		
Total	2,213	2,100	5
Provisions for unearned premiums	523	493	6
Other liabilities	235	152	54
Total	**2,972**	**2,746**	**8**

*Value of hedges of insurance liability

Note 17. Life Insurance liabilities

EUR million	31 Dec 2014	30 Dec 2013	Change, %
Liabilities for unit-linked insurance	6,164	5,039	22
Investment contracts	1,349	1,260	7
Insurance liabilities	3,649	3,389	8
Other liabilities	68	82	-17
Total	**11,230**	**9,771**	**15**

Insurance liabilities include EUR 47 million (84) in value dependent on valuation tied to market interest rates. A one percentage-point increase in interest rates reduces insurance liabilities by EUR 194 million.

Note 18. Debt securities issued to the public

EUR million	31 Dec 2014	30 Dec 2013	Change, %
Bonds	10,100	8,634	17
Covered bonds	7,811	5,892	33
Certificates of deposit, commercial papers and ECPs	7,031	6,801	3
Other	14	101	-86
Total	**24,956**	**21,428**	**16**

Note 19. Fair value reserve after income tax

EUR million	Available-for-sale financial assets Notes and bonds	Shares, participations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2013 * restated	**85**	**206**	**48**	**339**
Fair value changes	2	84	-3	83
Capital gains transferred to income statement	-40	-76	-	-116
Impairment loss transferred to income statemer	5	16	-	21
Transfers to net interest income	-	-	-27	-27
Deferred tax	12	8	9	28
Closing balance 31 Dec 2013	**63**	**238**	**27**	**328**

EUR million	Available-for-sale financial assets Notes and bonds	Shares, participations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	**63**	**238**	**27**	**328**
Fair value changes	156	122	105	383
Capital gains transferred to income statement	-35	-98	-	-133
Impairment loss transferred to income statemer	0	1	-	1
Transfers to net interest income	-	-	-32	-32
Holdings in Pohjola Bank plc purchased from non-controlling interests	-25	-65	-7	-97
Deferred tax	-19	8	-13	-24
Closing balance 31 Dec 2014	**139**	**206**	**80**	**425**

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

The fair value reserve before tax amounted to EUR 531 million (409) and the related deferred tax liability amounted to EUR 106 million (82). On 31 Dec, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 315 million (293) million and negative mark-to-market valuations EUR 15 million (20).

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

Note 20. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	31 Dec 2014	1 Jan 2013 Restated*
Receivables from credit institutions and customers (gross)	71,851	69,440
Total impairment loss, of which	483	449
Individually assessed	417	391
Collectively assessed	65	58
Receivables from credit institutions and customers (net)	**71,369**	**68,991**

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

Doubtful receivables 31 Dec 2014, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due	511	241	270
Classified as defaulted	505	148	357
Forborne receivables			
Zero-interest	8	1	8
Underpriced	148	1	148
Renegotiated	1,037	27	1,010
Total	**2,210**	**417**	**1,793**

Doubtful receivables 31 Dec 2013, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due	456	164	292
Classified as defaulted	1,130	201	930
Forborne receivables			
Zero-interest	10	7	3
Underpriced	175	1	174
Renegotiated	534	19	516
Total	**2,305**	**391**	**1,915**

Key ratio, %	31 Dec 2014	31 Dec 2013
Exposures individually assessed for impairment, % of doubtful receivables	18.9 %	16.9 %

The Group reports as the amount of a receivable that is more than 90 days past due whose interest or principal amount has been past due and outstanding for more than three months. Contracts with the lowest two credit ratings (11–12) are reported as defaulted. Forborne receivables include zero-interest and under-priced receivables as well as receivables that have been renegotiated due to the customer's financial difficulties. 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. The loan terms and conditions of renegotiated receivables have been eased due to the customer's financial difficulties for example by trasferring to interest only terms for a period of 6–12 months. The definitions of non-performing and renegotiated receivables in the 2014 financial statements have been changed to correspond with the European Banking Authority's guidelines on forborne and non-performing receivables. According to the new definition, for example, the probation period of forborne receivables has been extended considerably, increasing the level of doubtful receivables compared to the previous definition. Comparative information has been restated accordingly.

Note 21. Capital structure and capital adequacy

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

Capital structure and capital adequacy, EUR million	**CRR 31 Dec 2014**	**CRR 1 Jan 2014**	**Change, %**	**CRD3 31 Dec 2013**
OP Financial Group's equity capital	7,213	7,724	-7	7,724
The effect of insurance companies on the Group's shareholders' equity is excluded	-40	-212	-81	-212
Fair value reserve, cash flow hedging	-80	-27		-27
Supplementary cooperative capital to which transitonal provision applies	192	494		603
Common Equity Tier 1 (CET1) before deductions	**7,285**	**7,979**	**-9**	**8,088**
Intangible assets	-450	-424	6	-424
Excess funding of pension liability, valuation adjustments, indirect holdings and deferred tax assets for losses	-1	-66	-99	-96
Planned profit distribution	-22	-99	-78	-99
Unrealised gains under transitional provisions	-90	-110	-18	-57
Investments in insurance companies and financial institutions		-		-1,154
Shortfall of impairments – expected losses	-339	-384	-12	-179
Shortfall of Additional Tier 1 (AT1)	-	-		-177
Common Equity Tier 1 (CET1)*)	**6,384**	**6,896**	**-7**	**5,902**
Instruments included in other Tier 1 capital				
Subordinated loans to which transitional provision applies	161	161		202
Shortfall of Tier 2 capital	-	-		-378
Reclassification into CET1	-	-		177
Additional Tier 1 capital (AT1)	**161**	**161**		**0**
Tier 1 capital (T1)	**6,544**	**7,057**	**-7**	**5,902**
Debenture loans	708	670	6	670
OVY's equalisation provision	35	228	-85	228
Unrealised gains under transitional provisions	29	57	-50	57
Investments in insurance companies and financial institutions	-	-		-1,154
Shortfall of impairments – expected losses	-	-		-179
Reclassification into AT1	-	-		378
Tier 2 Capital (T2)	**772**	**955**	**-19**	**0**
Total capital base	**7,316**	**8,012**	**-9**	**5,902**

Risk-weighted assets				
Credit and counterparty risk	37,693	36,489	3	30,175
Central government and central banks exposure	30	86	-65	86
Credit institution exposure	1,275	1,379	-8	1,118
Corporate exposure	21,173	19,650	8	20,450
Retail exposure	5,234	5,404	-3	5,404
Equity investments**)	7,663	7,976	-4	1,511
Other***)	2,318	1,995	16	1,607
Market risk	1,377	909	51	909
Operational risk	3,182	3,007	6	3,007
Basel I floor	-	-		7,247
Total	**42,252**	**40,405**	**5**	**41,339**

Ratios, %	31 Dec 2014	1 Jan 2014	Change, percentage point	31 Dec 2013
CET1 capital ratio	15.1	17.1	2.0	14.3
Tier 1 ratio	15.5	17.5	2.0	14.3
Capital adequacy ratio	17.3	19.8	2.5	14.3

Basel I floor, EUR million		
Capital base	7,316	8,012
Basel I capital requirements floor	3,642	3,281
Capital buffer for Basel I floor	3,674	4,731

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

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

***) EUR 273 million of Other exposures represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

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

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

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

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

EUR million	31 Dec 2014	1 Jan 2014	Change, %	31 Dec 2013
OP Financial Group's equity capital	7,213	7,724	-7	7,724
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds	1,072	1,335	-20	1,488
Other sector-specific items excluded from capital base	-72	-82	-12	-5
Goodwill and intangible assets	-1,286	-1,308	-2	-1,308
Equalisation provisions	-179	-205	-13	-205
Proposed profit distribution	-22	-99	-78	-99
Items under IFRS deducted from capital base*	-79	-90	-12	-135
Shortfall of impairments – expected losses	-313	-358	-13	-358
Conglomerate's capital base, total	**6,334**	**6,918**	**-8**	**7,104**
Regulatory capital requirement for credit institutions**	2,864	2,717	5	3,307
Regulatory capital requirement for insurance operations***	485	437	11	437
Conglomerate's total minimum capital requirement	**3,350**	**3,154**	**6**	**3,744**
Conglomerate's capital adequacy	**2,984**	**3,764**	**-21**	**3,359**
Conglomerate's capital adequacy ratio (capital base/minimum of capital base)	**1.89**	**2.19**		**1.90**

* Excess funding of pension liability, Fair value measurement of investment property, Portion of cash flow hedge of fair value reserve

** Risk-weighted assets x 8%

*** Minimum solvency margin

Note 23. Collateral given

EUR million	31 Dec 2014	30 Dec 2013	Change, %
Collateral given on behalf of own liabilities and commitments			
Mortgages	1	1	
Pledges	6	12	-45
Loans (as collateral for covered bonds)	8,937	7,542	18
Other	999	485	
Other collateral given			
Pledges*	6,273	5,705	10
Total	**16,216**	**13,744**	**18**
Other secured liabilities	474	490	-3
Covered bonds	7,811	5,892	33
Total secured liabilities	**8,285**	**6,382**	**30**

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

Note 24. Off-balance-sheet items

EUR million	31 Dec 2014	30 Dec 2013	Change, %
Guarantees	878	931	-6
Other guarantee liabilities	2,014	1,967	2
Pledges	3	3	
Loan commitments	9,004	9,772	-8
Commitments related to short-term trade transactions	319	265	20
Other	522	490	7
Total off-balance-sheet items	**12,739**	**13,428**	**-5**

Note 25. Derivative contracts

	Nominal values / remaining term to maturity				Fair values*	
31 Dec 2014, EUR million	**<1 year**	**1-5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	52,318	94,284	48,599	195,201	5,144	4,719
Cleared by the central counterparty	4,370	24,526	15,008	43,904	876	867
Currency derivatives	16,170	9,028	5,639	30,837	1,034	975
Equity and index derivatives	266	285	-	551	37	1
Credit derivatives	9	73	102	184	12	5
Other derivatives	232	840	56	1,129	73	67
Total derivatives	**68,995**	**104,510**	**54,396**	**227,901**	**6,301**	**5,766**

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

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

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

Financial assets

31 Dec 2014, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet**	Financial assets not set off in the balance sheet: Financial assets***	Collateral received	Net amount
Banking derivatives	6,791	-871	5,920	-3,956	-722	1,242
Life Insurance derivatives	66	-	66	-8	-	58
Non-life Insurance derivatives	12	-	12	-1	-	11
Total derivatives	**6,869**	**-871**	**5,998**	**-3,965**	**-722**	**1,311**

Financial liabilities

31 Dec 2014, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet: Financial liabilities***	Collateral given	Net amount
Banking derivatives	6,351	-862	5,489	-3,956	-862	671
Life Insurance derivatives	8	-	8	-8	-	0
Non-life Insurance derivatives	2	-	2	-1	-	2
Total derivatives	**6,361**	**-862**	**5,499**	**-3,965**	**-862**	**672**

Financial assets

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

Financial liabilities

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

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling 9 (8) million euros.

**Fair values excluding accrued interest

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

Central counterparty clearing for OTC derivatives

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

Other bilaterally cleared OTC derivative contracts

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

Note 27. Related-party transactions

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

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

OP Cooperative has purchased, on the basis of the tender offer published on 6 February 2014, 46.1 million series A shares in Pohjola Bank plc and 6.9 million series K shares from related party companies. The purchased shares account for 16.6% of Pohjola Bank's share capital and for 13.7% of the votes.

The price paid in accordance with the tender offer was EUR 16.80 for each share, representing a premium of approximately 18.1% to the closing price of the series A share of EUR 14.23 on NASDAQ OMX Helsinki Ltd on 5 February 2014, the last trading day before the announcement of the tender offer. The price paid by OP Cooperative for the shares is based on an estimate made by an external financial advisor. Relating to the tender offer, Pohjola Bank plc has received a fairness opinion from its financial advisor, Deutsche Bank AG (London Branch), on the fairness of the price offered for the shares from a financial perspective with respect to shareholders that are not OP Cooperative's associated companies or similar parties.

Otherwise, related-party transactions have not undergone any substantial changes since 31 December 2013.

OP Financial Group's financial performance will be presented to the media by Executive Chairman and CEO Reijo Karhinen in a press conference on 5 February 2015 at 12 noon at Vääksyntie 4, Vallila, Helsinki.

Pohjola Bank plc will publish its own Financial Statements Bulletin.

Financial reporting in 2015

Schedule for Interim Reports in 2015:

Interim Report Q1/2015	29 April 2015
Interim Report H1/2015	5 August 2015
Interim Report Q1−3/2015	28 October 2015

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