

OP YEAR 2014



Intelligently reforming, customer-owned OP



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Dear reader

OP has updated its reporting related to the package of its annual report, with the aim of reporting on our operations more transparently and highlighting the fact how OP creates value to its major stakeholders and operating environment through its unique identity and dual role.

The mission of OP that has guided its business for over a century is still the same but, as a result of reforms in 2014, we are now wholly owned by our customers. Cooperatives as we have a special role in the economy. Member cooperative banks and thereby the entire OP Financial Group have not only their business role but also a significant social role. Our business that emphasises this social role and community spirit has always been and will continue to be a cornerstone of OP's success.

Our new annual report package comprises the following sections:

INTERACTIVE PDF PUBLICATION

The publication in PDF format deals with the most essential subjects and events in OP's business and CSR in 2014.

OP YEAR 2014 ON THE WEBSITE

As a spin-off of the PDF report, we published a web page where you can find the key subjects in the report. The web version enables you to read a summary of OP's year 2014.

GRI CORPORATE SOCIAL RESPONSIBILITY DATA

You can read a more detailed report on OP's CSR in the GRI Corporate Social Responsibility Data document. There you can find the GRI content index, GRI indicators and information on OP's CSR reporting principles, among other things.

OP FINANCIAL GROUP'S REPORT BY THE EXECUTIVE BOARD AND FINANCIAL STATEMENTS

OP Financial Group's Report by the Executive Board and Financial Statements will come out as web publication. You can also download and read the Report by the Board of Directors and Financial Statements of Pohjola Bank plc and those of OP Mortgage Bank as PDF files.



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We are building Finland of tomorrow

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Within OP Financial Group, 2014 involved big decisions, new initiatives and many successes. Our transformation into a genuine financial group owned by its customers proceeded according to plan not only in terms of our values but also from legal and operational perspectives. Our transforming corporate structure will more clearly support our mission. We exist to serve our customers. Respecting the customer lies at the core of our customer-focused approach.

The year was very good in terms of business performance, with all our business segments showing improved earnings. Total income showed a strong increase and total expenses were lower than a year ago. Our capital adequacy ratio changed according to plan as a result of the purchase of Pohjola shares. No doubt there is still scope for improvement in our targets; we did not yet reach our long-term targets for expenses and capital adequacy.

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. Last year also saw a

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major opening as Omasairaala services, or the services of Pohjola Health later in 2015, branched out into new sectors and expanded into new towns and cities.

As a company owned by its customers, we also have another, social role. In addition to reporting good financial results, how we use our annual earnings is also essential. 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. Our tax footprint is one of the largest ones in Finnish society.

Last year we also introduced Profit Shares into the market. They serve as an example of a product that our competitors cannot offer. Profit Shares enable us to distribute to our customers some "bonus" accrued by member cooperative banks as a result of their sale of Pohjola shares. Sustained growth in OP bonuses paid to customers is another testimony to our customer-focused approach.

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. We will prepare

for requirements and competence needs provided by the digital revolution. 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.

As the clear market leader in Finland, we are a remarkable service provider on a nation-wide basis. We are determined to be involved in developing services in the financial sector and express openly about our own operations. Our corporate form not only allows but also obliges us to bear responsibility for the whole of Finland. We are willing and able to support Finnish economic development.

I should like to take this opportunity to express my warmest thanks to our customer-owners and other customers and stakeholders for their trust in us. I also would like to give big thanks to the administration and personnel of OP Financial Group for their good performance and great commitment in an effort to reform the Group.

Reijo Karhinen

“Within OP Financial Group, 2014 involved big decisions, new initiatives and many successes. Our transforming corporate structure will more clearly support our mission. We exist to serve our customers.”

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OP Financial Group

As Finland's largest financial services group, OP provides its customers with the best loyalty benefits and the most extensive and diversified range of banking, wealth management and insurance services. The Group has three business segments: Banking, Non-life Insurance, and Wealth Management.

OP Financial Group is made up of some 180 independent member cooperative banks and OP Cooperative which they own, including its subsidiaries and closely related companies. The Group's operations are based on the cooperative principle: cooperation and a fair distribution of success among the stakeholders. Our mission is to promote the prosperity, well-being and security of our owner-members, customers and operating regions through our local presence. Our long-term customer-centred approach also enables continuous renewal. The Group develops its services and products to meet customer needs.

1.4 MILLION OWNER-MEMBERS

SOME 180 GROUP MEMBER BANKS



BANKING

NON-LIFE INSURANCE

WEALTH MANAGEMENT



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Member cooperative banks

A member cooperative bank is an independent, local deposit bank engaged in retail banking within its region. Its operations rest on customer focus. In terms of the type of business organisation, they are cooperatives where each owner-member has one, equal vote. A Group member cooperative bank is owned by its customers. Thanks to this, member banks cannot be purchased and decision-making powers remain with the owner-members.

Member cooperative bank operations are based on profitability. They provide high quality and competitive banking, insurance and wealth management services to their customers. Rather than focusing on short-term profits, member banks aim at continuous success together with their customers. Operating income shown by member cooperative banks is used for the benefit of owner-members: for the development of products, services and benefits.

DECISION-MAKING AT A GROUP MEMBER BANK

REPRESENTATIVE ASSEMBLY

- Representatives chosen by the members exercise their decision-making powers
- The Representative Assembly elects the members to the Supervisory Board

OR

COOPERATIVE MEETING

- Members exercise their decision-making powers at the meeting
- The Cooperative Meeting elects members to the Supervisory Board

SUPERVISORY BOARD

- Elects Board members and Managing Director
- Supervises the Group member bank's Board and Managing Director

BOARD OF DIRECTORS

- Guides and leads the bank's operations
- Determines the direction and decides on strategy and business targets

MANAGING DIRECTOR

- Manages day-to-day operations responsibly and in line with the strategy

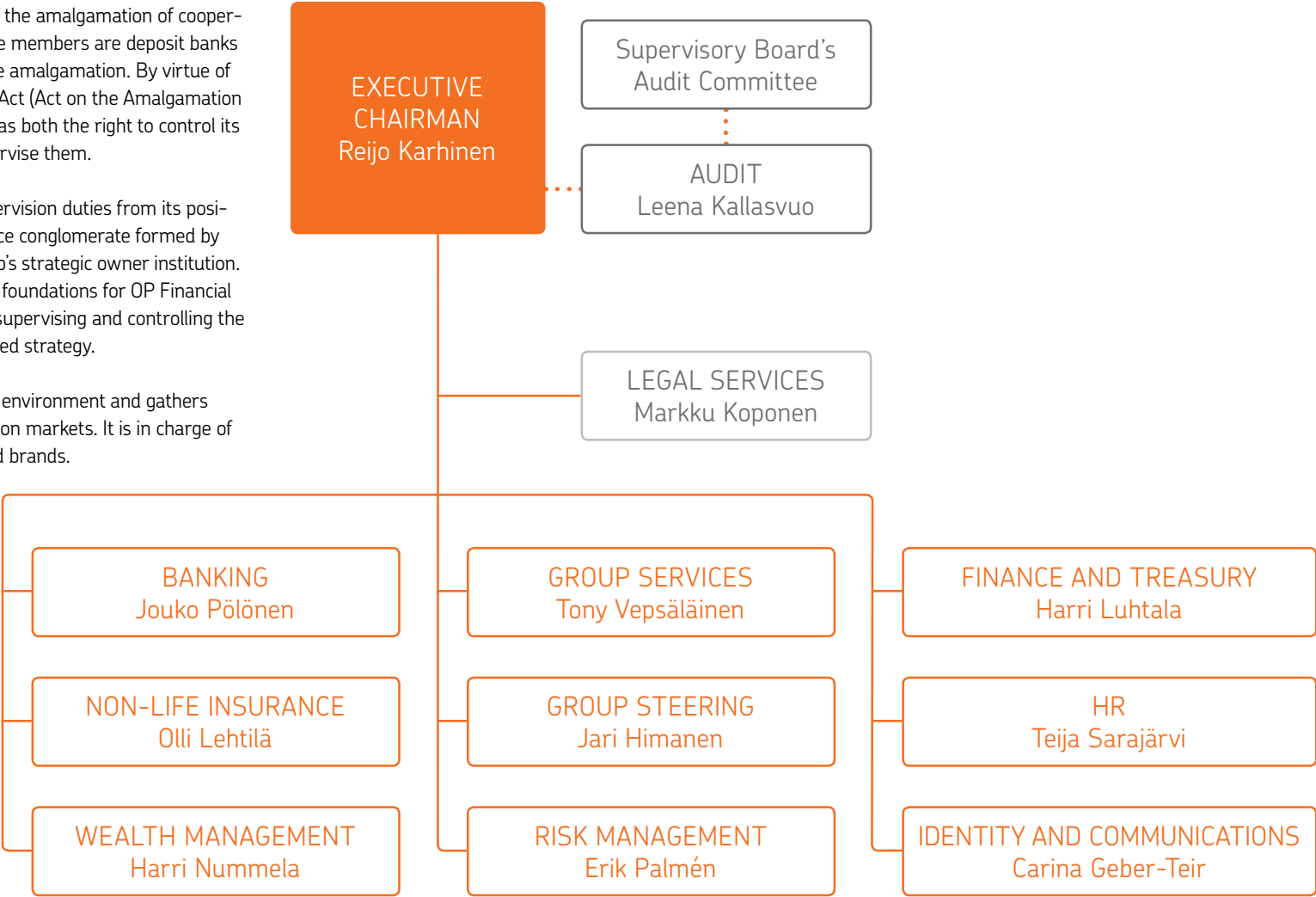
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OP Cooperative

OP Cooperative is the central cooperative of the amalgamation of cooperative banks. It is a cooperative society whose members are deposit banks and other credit institutions belonging to the amalgamation. By virtue of the Laki talletuspankkien yhteenliittymästä Act (Act on the Amalgamation of Deposit Banks), the central cooperative has both the right to control its credit institutions and the obligation to supervise them.

OP Cooperative carries out control and supervision duties from its position at the head of the financial and insurance conglomerate formed by OP Financial Group. It also acts as the Group's strategic owner institution. The mission of OP Cooperative is to provide foundations for OP Financial Group's unity and success. It is tasked with supervising and controlling the Group's business in line with the jointly agreed strategy.

OP Cooperative also analyses the operating environment and gathers information on changes in the industry and on markets. It is in charge of the Group's corporate image, reputation and brands.



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Joint and several liability within OP

Joint and several liability within OP Financial Group is based on the Laki talletuspankkien yhteenliittymästä Act (Act on the Amalgamation of Deposit Banks). Under the Act, the amalgamation of the cooperative banks comprises the organisation's central cooperative (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups as well as credit and financial institutions and service companies in which the abovementioned entities together hold more than half of the total votes.

By virtue of the Laki talletuspankkien yhteenliittymästä Act (Act on the Amalgamation of Deposit Banks), the central cooperative has both the right to control its credit institutions and the obligation to supervise them. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in the applicable law, the member credit institutions and OP Cooperative are ultimately jointly and severally liable for each other's debts and commitments. This means that, for example, OP Financial Group's insurance companies do not fall within the scope of joint liability. Joint and several liability improves the financial standing and creditworthiness of the Group's member credit institutions.

In addition, deposit banks belonging to OP Financial Group, i.e. its member cooperative banks, Pohjola Bank plc and Helsinki OP Bank Plc are regarded as a single bank with respect to deposit protection. Under legislation governing the Investor Compensation Fund, OP Financial Group is also considered a single entity for purposes of compensation protection.

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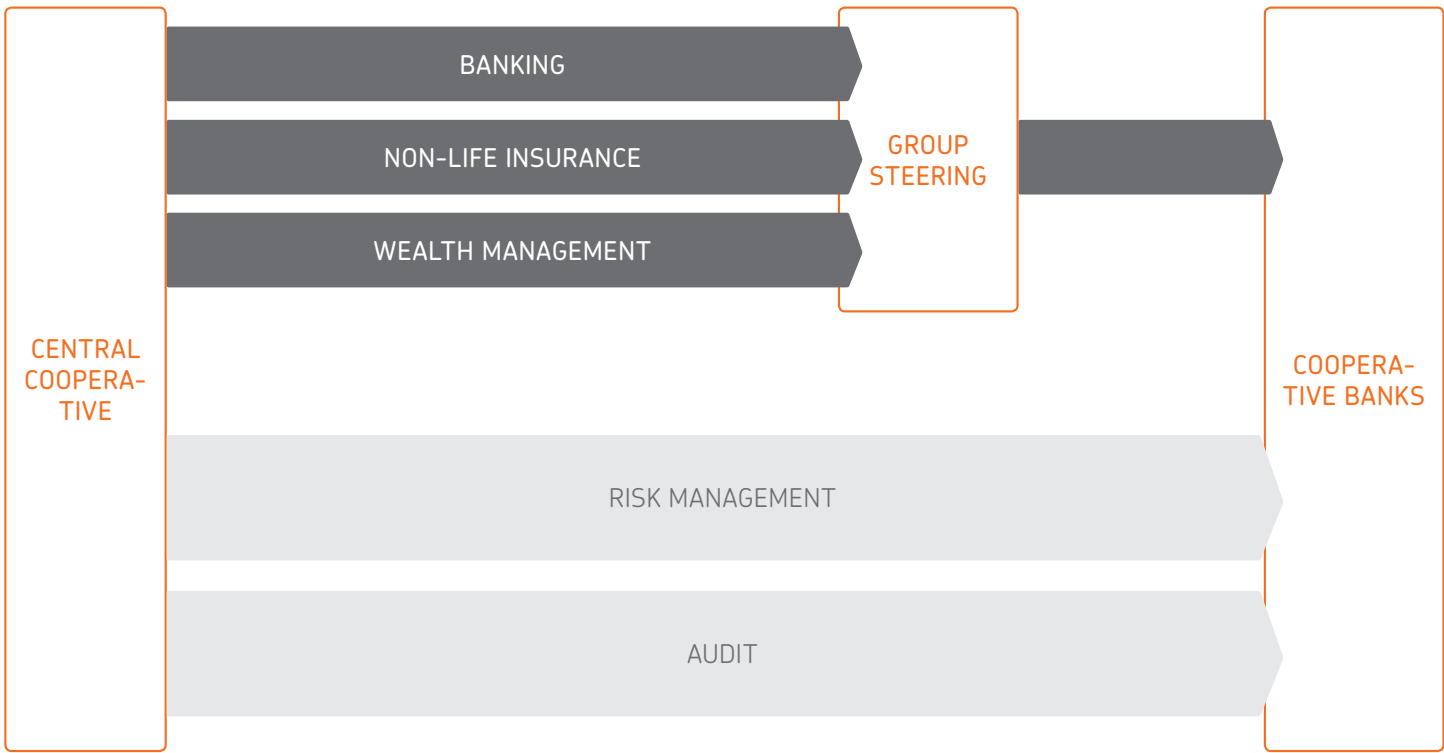
We began to build a new OP in 2014

In 2014, the Supervisory Board of OP Cooperative decided to make major changes to the management and organisational structures of the central cooperative consolidated of OP Financial Group, with the aim of transforming the management of the entire Group and the central cooperative consolidated, in particular, with a more business-driven approach and creating a more integrated structure of the Group. In addition, the objective of this reorganisation is to

ensure sufficient customer understanding and to involve customers more and more in the Group's operations and product and service development.

The three business lines – Banking, Wealth Management and Non-life Insurance – form the management basis throughout the Group. In addition, the central cooperative has the following six functions: Group Steering, Group Services, Finance and ALM, Risk Management, Identity and Communications, and HR. These changes

represented a continuation of the decision made last winter to buy back Pohjola Bank shares from shareholders resulting in delisting. The new organisation based on the new management system took effect in October 2014.



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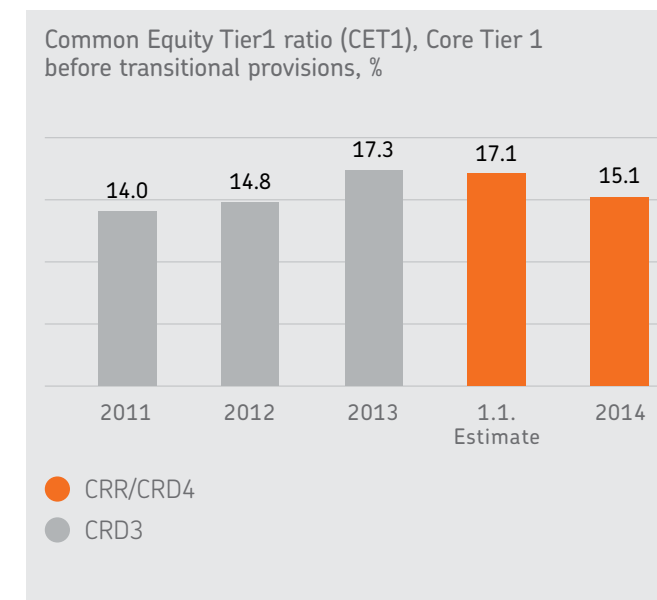
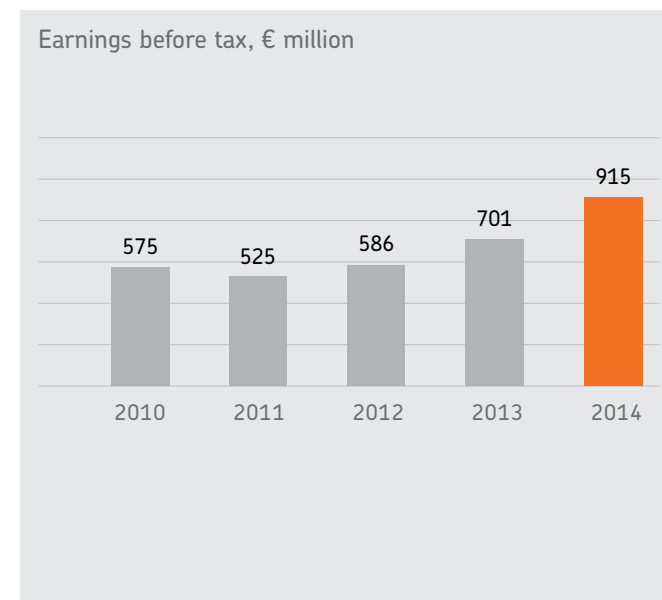
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	Q1-Q4/2014	Q1-Q4/2013	Change, %
Earnings before tax, € million	915	701	30.6
Banking	587	404	45.1
Non-Life Insurance	223	166	34.4
Wealth Management	161	113	42.5
Returns to owner-members and OP bonus customers	195	193	0.7

	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.



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Year 2014 in brief



OP Financial Group restored to be owned by customers

OP announced in February that it planned to buy the shares of Pohjola Bank plc and to make its business operations a more integral part of OP Financial Group. Implementing the tender offer was one of the biggest structural arrangements in the financial sector in post-financial crisis Europe.



ECB's comprehensive assessment estimated that OP Financial Group's financial position is strong

The Group's capital adequacy remained strong both in the ECB's comprehensive assessment, which reviewed European banks' assets using uniform valuation principles, and in a stress test carried out by the Committee of European Banking Supervisors, which measures capital adequacy developments in a variety of stress scenarios. The stress test assumptions were more rigorous than earlier ones.

In the spring, OP Financial Group member cooperative banks introduced Profit Shares

Profit Shares provide customer-owners with a way of investing in their own cooperative bank. Cooperative banks pay an annual interest on Profit Shares based on the bank's performance, thereby channelling a fair amount of the success to their owner-members. The return target set for 2014 is 3.25%. Profit Shares turned out to be extremely popular: Profit Shares issued by the end of the year totalled EUR 1.56 billion.

OP will build a new hospital network in Finland under the Pohjola Health brand

OP decided to open four new private hospitals in Finland, while expanding its health and wellbeing services into new fields of specialisation and occupational healthcare.

OP Financial Group's new office block is being built in Vallila, Helsinki

New floor area will total some 63,000m² and the renovated old premises 27,000m². The purpose of the construction project is to create modifiable, flexible and unified premises that support new ways of working in the financial sector. The new building will be completed by summer 2015 and will accommodate around 3,000 employees. The construction project is extensive and demanding in terms of both architecture and logistics. The new Vallila office block was given a Global Tekla BIM Award for the diverse use of data modelling opportunities in different stages of the project. In addition, OP has been involved in the Validate in Vallila innovation competition together with the City of Helsinki, JA Finland and other companies in the Vallila area. The companies together with the City of Helsinki aim to develop the Vallila area and the Validate in Vallila competition was aimed at coming up with ideas that help revitalise the area.



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OP Financial Group received many accolades during the year

The Bloomberg Markets magazine ranked Pohjola Bank plc number eight in the world and number two in Europe in terms of strength. The Banker chose OP as Bank of the Year in Finland for the eighth time. Similarly, the World Finance magazine chose OP as both non-life insurer and life insurer of the year in Finland. OP was chosen in a survey by TNS Gallup as the best financial service provider in Finland in terms of reputation and responsibility.

In order to strengthen its pioneership in payment services

OP acquired Checkout Finland, a provider of payment transaction services for Finnish online shops. Checkout serves some 10,000 online retailers in Finland and is the largest broker of online payments in terms of the number of customers.



In addition, OP products and services received many commendations in 2014

OP-mobile received the highest grade in MB magazine's survey on mobile banking service usability and reliability. OP's Pivo mobile wallet won first prize in the Digital Design category of the Best of Finnish Advertising and Design Competition. OP's Taloudessa.fi was chosen as Finland's best company blog in 2014. Prospera's survey found OP's equity capital market advisory services the second-best in Finland. Furthermore, the fund selection team in OP's Wealth Management was found to be the second-best in Finland in a survey conducted by Nordic Fund Selection Journal.

According to the customer experience index 2014, OP has the most loyal customers

Three banks are in the five top companies in the index. The survey was carried out by ASML, an association dealing with customer marketing, and Avaus Marketing Innovations, a consultancy.

The first open innovation event in OP's history

OpenFin Hack & Ideathon, gathered together students to AddCampus of the Aalto University School of Business to generate ideas for smoother banking and insurance services for consumers and companies.

Osuuspankki Poppia and Laihia Osuuspankki

have decided to leave the POP Group and join OP Financial Group. In the autumn, Keitele Osuuspankki decided to join Pielaveden Osuuspankki, an OP Financial Group member cooperative bank.

The New Children's Hospital 2017 project entered the construction stage

OP is a founding donor of the project and after its initial donation of one million euros it has increased this amount to over 1,440,000 euros together with customers, partners, staff and members of governing bodies. In addition, OP, Nordea and Handelsbanken are committed to arrange a loan for the new children's hospital. The total financing of 160 million euros needed by the New Children's Hospital consists of funds based on national fundraising, government funding, HUS (Helsinki and Uusimaa Hospital District) and loans. OP is committed to be involved in the project until the end of the construction.

A woman with blonde hair is seen from the side, looking out over a body of water. She is wearing a floral patterned scarf and a denim vest. The background shows a city skyline across the water under a clear blue sky.

STRATEGY AND BUSINESS

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Megatrends in the operating environment

The financial sector is shaped by diverse megatrends and drivers of change coming from outside the industry. They influence the priorities of OP's strategy, businesses and the CSR Programme, and are therefore regularly re-evaluated.

OP updated its views on megatrends in 2014. Recognised megatrends include globalisation, demographic changes, urbanisation, digitisation, economic rebalancing, increased regulation and supervision as well as sustainable development.

Globalisation brings societies, economies and actors closer and closer to each other. The financial sector is expected to display higher responsiveness, adaptability and international service capabilities. Globalisation also intensifies competition within the financial sector with the entry of new competitors and increasing economies of scale. Furthermore, globalisation in capital markets makes banks more dependent on each other and thereby increases global systemic risk in the banking sector.

The demographic changes and urbanisation that are taking place, especially in the Western world, arise from rising life expectancy and ageing population. Meanwhile, population growth is accelerating and urbanisation continues around the world. In consequence, the financial sector will play a bigger role in safeguarding prosperity and providing healthcare services as well as services for senior citizens.

Digitisation is generating a diversity of information at an accelerating pace. The value and business importance of data will increase. Several industries are undergoing a transformation as a result of digitisation and technological progress. Technological advancement will also spur product and service development in the financial sector as well as changes in customer behaviour. Following the launch of new kinds of digital services, especially the use of mobile services is rapidly increasing. Financial services are now available to customers irrespective of time and place.

The rebalancing of the economy requires structural reforms. Efforts to reduce sovereign debt and the need for fiscal adjustment are slowing down economic growth in many Western countries. The political operating environment is increasingly characterised by uncertainty and geopolitical tensions. At the same time, global regulation and supervision of the financial sector are increasing, and the sector will continue to adjust to the new regulatory and operating environment. Capital adequacy, funding structures and liquidity are being reinforced. Increasing attention is being paid to consumer protection, and requirements concerning responsibility and transparency will play a highly visible role.

Sustainable development, resource efficiency and low-carbon operations mean that scant natural resources, their efficient use and climate change must be considered more in all business since global economic growth puts unbearable pressure on natural resources. All actors are expected to act more transparently and responsibly. The financial sector also plays an important role in meeting this global challenge, and at the same time the emphasis on sustainable development is creating opportunities for responsible financial products and services.

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Effects of megatrends in OP Financial Group

OP Financial Group monitors changes in the operating environment proactively. The Group sees changes as both opportunities and threats. Megatrends are usually closely connected, and OP therefore examines the operating environment as a whole, using methods such as scenario analyses.

The key megatrends affecting the financial sector are globalisation and digitisation, expected to alter the products, processes and sales in the sector. Nearly all customers are already using e-services and online banking services, and mobile services are also becoming more and more popular. OP aims to develop modern products and services standing international comparison, and to ensure its ability to serve its customers by enhancing its partnership network.

Population ageing and the change in regional development are reflected in OP Financial Group's business and group structure. OP aims to take different customer groups as well as the regional coverage and availability of financial services effectively into consideration. Technological progress is changing human behaviour in all age groups. Our goal is to be digital but human. Our multi-channel approach, meaning a seamless connection between branches, telephone, online and mobile services, will extend the availability of our services regardless of time and place.

Several Western countries need to keep rebalancing their economies. The need for structural economic changes is apparent in Finland, too, showing widely in the ability of the public sector to produce and finance services. OP is reacting proactively to the increasing demand by improving its wellbeing and health services. OP maintains its capital adequacy markedly above the regulated level to ensure the continuity of business even during a prolonged recession.

Responsible and sustainable operations require resource and energy efficiency in the bank's own operations as well as in the services offered to customers. They also emphasise OP's responsibility and influence in the supply chain and international investment decisions. On the new Vallila campus, total use of space will become 30 per cent more efficient and the new adjustable work places will support future ways of working. Our goal is to create an efficient and responsible work environment.

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The financial sector is undergoing major transformation

The operating environment in the financial sector is undergoing major transformation in many respects. Customer behaviour is changing rapidly as a result of the development of digital services and their greater supply. Likewise, customer expectations will increase in terms of service availability, real-time services and easy use of services. Technological progress will speed up service development and for its part increase reform requirements related to information system performance and capacity. For example, it is necessary to foresee the requirements in ICT architecture solutions that financial services will require in the future.

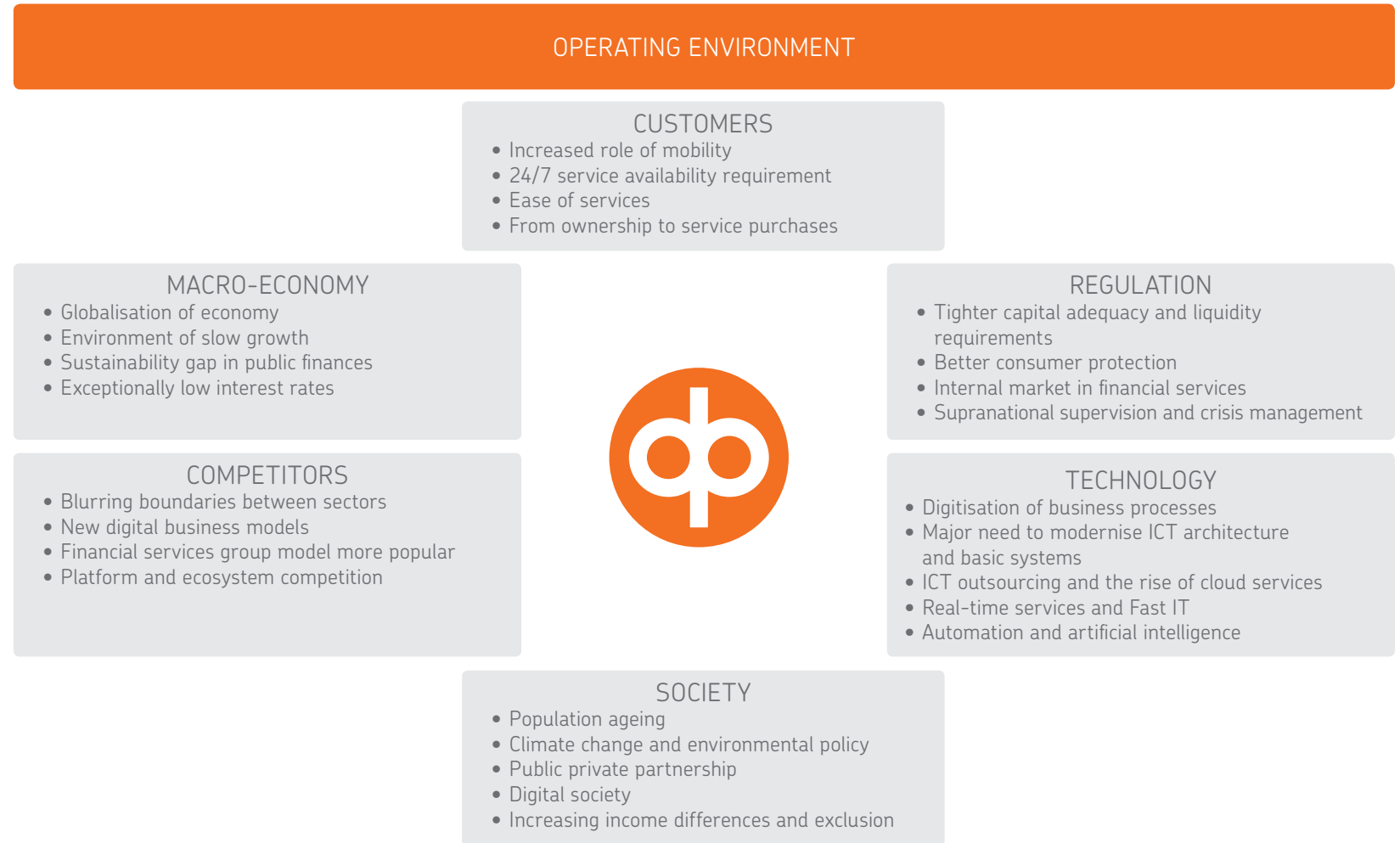
The next few years are expected to see an expanding competitive environment in the financial sector. In general, boundaries between industries are blurring, especially as a result of new digital business models that are increasingly emerging outside the conventional industry. In Finland, the bancassurance business model is currently a common model in the financial sector. However, service providers within the financial sector aim to stand out from competition and improve competitiveness through new kinds of products and services.

The tightening banking regulatory framework will gradually become concrete in terms of the new Capital Requirements Directive and Regulation. New regulation governing insurance companies will also gradually take effect in the next few years. The Banking Union will harmonise banking supervision and crisis management in Europe. Consumer protection rules too will become stronger and internal financial market will see further development. Uncertainty is still associated with the content and schedule of regulatory initiatives although the largest initiatives have already entered the implementation stage.

The economic environment is still vulnerable to disruption. Worries related to the euro-area economy and the fiscal sustainability gap are still in focus, which is why the ECB is expected to keep its monetary policy exceptionally accommodative. The financial sector business environment is still characterised by low interest rates. Social trends too, such as population ageing, will be reflected in banking business. Like other industries, the financial sector aims to adjust to the changed operating environment and modernise its business to safeguard its competitiveness.

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Major transformation in the financial sector



Strategy

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OP's strategy is based on a long-term business development in the best interest of our customers. The cooperative system is the basis of our operations and the driving force of our strategy. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-members, customers and operating regions through our local presence.

Promoting the Group's mission and continuing OP's story as part of Finnish society form the key in strategy implementation. It is important to invest in the future and thereby further strengthen the Group's foundations for long-term success.

In addition to our mission that guides our operations, long-term customer service work is also reflected in continuous renewal. OP has an agile service and product development that can quickly respond to changing customer needs. We engage our customers in the development of products and services on an extensive basis. Moreover, we make use of innovation and cooperate with our network of diverse range of partners.

In our strategy work, we have improved reaction speed and flexibility while adhering to the traditional strengths of our strategy work. We are continuously analysing changes in our operating environment and have identified needs for updating our strategy. We will update the priorities of our strategy through strategy programmes. Such programmes enable us to anticipate and make optimum use of the potential in the operating environment and to prepare for risks.

Community spirit, people-first approach, corporate responsibility and progressiveness are highlighted in the identity of the Finnish, cooperative OP. These attributes guide each and everyone within the Group.

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Strategy in a nutshell



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Key elements of strategy

MISSION	<ul style="list-style-type: none"> • We promote the sustainable prosperity, wellbeing and security of our owner-members, customers and operating regions.
VISION	<ul style="list-style-type: none"> • We are the leading and most successful financial services group in Finland.
CUSTOMER PROMISE	<ul style="list-style-type: none"> • We provide the best package of solutions and loyalty benefits.
CORE VALUES	<ul style="list-style-type: none"> • People-first approach. Responsibility. Prospering together.
COMPETITIVE ADVANTAGES	<ul style="list-style-type: none"> • Comprehensive financial services offering The most extensive range of financial services on the market for both private and corporate and institutional customers. • Best loyalty benefits The most diversified and rewarding package of loyalty benefits in the sector. • Close to customers The most extensive network of branches and service outlets in Finland, plus an extensive range of electronic services. A people-first approach and local decision-making. • Cooperative basis Strong cooperative values, the combination of being an owner and a customer, and a long-term and responsible approach for the benefit of our owners, customers and operating region. • Finnish roots A financial services group in Finnish hands, which develops services for the needs of Finns. OP Financial Group wants to promote prosperity and wellbeing in Finland and the success of Finnish business. • Stability Long-termism, reliability and security.

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OP Financial Group's key strategic targets

LONG-TERM FINANCIAL TARGETS

	TARGET
Group-level Capital Adequacy ratio	1.6
CET1 ratio, Banking*	18%
Return on economic capital, Group level	20%
Operating combined ratio, Non-life insurance	< 92%
Growth differential between income and expenses, Group level / Banking / Wealth Management	> 0% -pps.

* As of 2016

LONG-TERM GROWTH AND MARKET POSITION TARGETS

- Growth rate above the market average in the long term.
- Market leadership in banking, wealth management and non-life insurance.
- Market leadership in private customers and small, mid-size and large companies.

LONG-TERM QUALITATIVE TARGETS

- Efficiency at a level that secures competitiveness.
- Best comprehensive solutions and loyalty benefits.
- Superior customer experience.
- Industry forerunner of corporate social responsibility in Finland.
- The most attractive employer in the financial sector.
- The most active and innovative industry player in Finland.

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Born to be owned by customers

OP went back to its roots in 2014 when it became wholly owned by customers. Going back to its roots is a historically big change project that will be seen in OP Financial Group's operations and the development practices for many years. The Born to Be Owned by Customers theme got started with our decision to delist Pohjola shares, to abandon the hybrid model of a cooperative member institution and a public limited company and to restore OP Financial Group to be wholly owned by customers. Building a new financial services group owned by customers also involved renewing the brand and renaming the Group OP from early 2015. Adopting 'OP' sets the seal on our achievement in merging banking and non-life insurance, and on the success of our integrated financial services group model.

The Born to Be Owned by Customers project emphasises OP's unique identity and dual role. Cooperatives have a special role in the economy that differs from that of, say, public limited companies. Member cooperative banks and thereby the entire OP Financial Group have not only their business role but also a significant social role. In business, OP must perform successfully such as any other company. Our business that emphasises this social role and community spirit has always been and will continue to be a cornerstone of OP's success.

OP's business is primarily guided by the interests of customers. The return to a genuine cooperative business will improve OP's opportunities to provide customers using OP as their main bank and insurer with the best loyalty benefits in Finland. As Finland's leading financial services group, we can offer customers a full range of banking, insurance and wealth management services. We aim at creating total customer relationships on a long-term basis.



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OUR COOPERATIVE COMPANY FORM GIVES US A DUAL ROLE, WHICH IS ALSO THE FOUNDATION FOR OUR UNIQUE IDENTITY



Business role



Social role

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Long-term approach to business

OP aims to develop its business on a long-term basis. In addition to growth on a long-term basis, we will focus even more on profitability and capital adequacy. We have utilised our solid capital base for the benefit of our customers. We will maintain our capital adequacy at a level on a long-term basis that safeguards the maintenance of growth based on our mission. We will secure our risk-bearing capacity in all circumstances and keep risk-taking moderate in relation to risk-bearing capacity. The CET1 target for OP's Banking stands at 18% as of 2016. The Group must meet the CET1 target, based on the highest quality form of capital, by the end of 2016. In addition, our target for the Group-level return on economic capital is 20%. Our aim is to maintain a solid capital base that creates competitive edge and stability.

The objective of the efficiency-enhancement programme launched in 2012 has been to achieve annual cost savings of EUR 150 million until the end of 2015. Only a strong capital base and profitability will make the achievement of these cost savings possible. We must also produce the services our customers need at a competitive price.

Our strategic long-term goal is to grow at a rate above the market average. Year 2014 was successful for OP in many respects. Our growth rate in both corporate and home loans was above the market average and we held a 38.0% (37.7) market share of home loans in 2014. We have accounted for 74% of growth in the market of total corporate loans after 2007. The integration of banking and non-life insurance services will continue to provide a huge growth potential.

We can truly carry out our mission by providing our owner-members and customers with added value through health and wellbeing services too. OP Financial Group expanded to the health and wellbeing market from the beginning of 2013 when it opened Omasairaala, its wholly owned hospital in Helsinki specialising in orthopaedics. In 2014, we decided to expand the business of Omasairaala to become a nation-wide service provider. The nation-wide hospital network is being built under the Pohjola brand. We will open four new private hospitals while branching out into new special fields and occupational healthcare services. The cooperative principles have a good fit with building health and wellbeing services.

Digitisation will be the most significant change driver in the next few years that will revolutionise our business. Particularly mobile services in the financial sector have great potential and demand for them is on the increase. We want to be at the forefront of meeting the related demand. As a result of digitisation, financial services will take completely new forms, as exemplified by mobile wallet Pivo which has quickly become the most frequently used mobile financial services application. Customers and the way they use our services is at the core of all of our operations. We are present in all digital channels and networks in our customers' daily lives. Digitality also involves new opportunities for operating locally.

Our goal is superior and consistent customer experience in all our channels and business lines. We will build our service channels to be an absolute number one in the sector – versatility, accessibility, performance, interactivity and pioneership in the lead. Creating a superior customer experience will also be strongly reflected in our business development. We aim to offer best possible customer experience through convenience and flexibility. The key to good customer service is the seamless combination of services from the web and mobile to personal services provided by branches.

OP's business lines

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Banking

OP is Finland's leading provider of home and corporate loans. OP's Banking is the Group's largest business segment providing customers with an extensive and comprehensive range of products and services. Banking is divided into the Private Customers, Corporate Customers, Markets and Baltics.

OP's Banking services and products for **private customers** include daily banking, loans, savings and investments, and housing-related services. We aim to secure our customers' prosperity. We want to use our expertise to help our customers manage their personal finances and their success.

Housing needs and forms change during a person's different stages of life, and moving a house is always a big event. The OP home loan can be adapted to the customer's different life situations. OP wants to be reliable partner for home loan borrowers, lenders and other parties. The core of residential building and brokerage services is cooperation between member cooperative banks and OP-Kiinteistökeskus real estate agencies supplemented with Group insurance policies. In addition to home loans needed to buy a home, the related products provided by the Group include interest-rate cap, payment protection insurance and insurance cover.

To make daily banking services easy, OP provides private customers with daily services for easy, flexible and secure banking transactions – irrespective of time and place. The daily services include a current account and electronic statement, OP-Visa cards and OP eServices. Customers can make secure payments at both online shops and brick-and-mortar shops. You can flexibly pay bills

via OP eServices, irrespective of time and place. You can also use OP eServices with OP-mobile and tablets. Pivo, our mobile wallet application, helps you manage your daily financial affairs. OP is present in all digital channels in the customer's everyday life.

Customers can also pay small purchases of less than 25 euros easily and securely using cards enabling contactless payment without using a PIN.

Consumer loans provide OP customers with flexibility for the management of personal finances in case they need money for unexpected outlays. The OP consumer finance covers secured and unsecured consumer loans, which can be either for continuous use or one-time purchases. OP also has convenient financing solutions to be offered through retailers to customers. In addition, major car dealers offer OP car finance services.

OP provides prime quality and expert banking services for agriculture and forestry. Legal services provided by many member cooperative banks are also available to OP customers. The lawyer in the legal services provides expert advice in legal issues related to customers' various life situations and prepares the required documents with expertise.

To corporate customers, OP provides services to SMEs, major corporations, and organisations and associations. We provide our customers with a wide range of services for financing, payment transactions and cash management, investment, risk management and the development of business. We always tailor our solutions to the needs of our corporate customers.

We know our customers well and are in close interaction with them. OP builds customer relationships on a long-term basis with the aim of establishing total customer relationships. Our operations are based on customer focus, quick decision-making at local level and a comprehensive range of financial services. OP prospers alongside its customers. As a corporate partner, we wish to promote the success and internationalisation of Finnish business.

We are investing in international service capabilities according to our customer needs, which means that we will partner up with carefully selected, strong local players in markets important to our customers while expanding our operations in the Baltic countries.

We support corporate business growth and investments by arranging customised financing solutions that diversify the capital and financing structure of your corporate customers. We help our customers manage risks by analysing various capital solutions and market and ALM risks. Our financing solutions include loans, guarantees and leasing and factoring solutions.

In addition, we aim to find the most suitable customer solutions for efficient and productive cash management, which forms an important part of a company's financial management. We provide our customers with solutions for cash flow and currency exposure management, short-term needs for working capital and surplus management.

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OP has acted as the primary intermediary of government pay-
ments since 2012. The agreement is effective for seven years.

We also act as a partner with our customers when they execute
changes in the ownership structure through, for example, listing.
Our services include arranging debt and equity capital financing
from Finnish and global capital markets.

Total risk management associated with business is highly important
for companies. We provide solutions for the identification, preven-
tion and hedging against risks. In addition to conventional risks of
loss/damage, OP analyses strategic, operational and financial risks.

Business always means operating in networks with customers,
suppliers and subcontractors at home and abroad. Our aim is that
the entire network of our customers functions efficiently, which
supports the business of our corporate customers. We support
companies' buying and selling through, for example, factoring
and by arranging financing for a buyer, managing our customer's
counterparty, foreign exchange, interest rate and commodity risks.
Improving working capital efficiency and the availability and the
price of financing also brings competitive edge.

Read more about Banking in 2014 in OP Financial Group's Report
by the Executive Board and Financial Statements.



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Non-life Insurance

OP is Finland's leading non-life insurer, providing its private customers and corporate and institutional customers with a diverse range of comprehensive insurance solutions. OP's Non-life Insurance divisions consist of Private Customers, Corporate Customers, Baltics and Health and Wellbeing.

A household, its family members, home and other property related to it as well as motor vehicles are at the core of insurance for private customers. The most common policies for family members include accident, health and travel policies. When it comes to property insurance, home contents, residential buildings, forests and domestic animals are the most common objects of insurance. The most common insured motor vehicles owned by households include cars, motorcycles and trailers.

We also provide personal insurance policies under group insurance through, for example, trade unions.

Extensive and diversified risk management services, which enable a company to better ensure trouble-free and secure business operations in the case of problems, form the key corporate customer services. Together with our customer we map out business-related risks and draw up an overall plan to prevent and manage them. On the basis of this analysis, we provide the company with appropriate or customised, if desired, insurance solutions and ensure in the annual review that the customer has sufficient insurance coverage in order to safeguard the continuity of business operations in the case of disruption.



The entrepreneur himself, company staff, the company's fixed and current assets, vehicles and the business itself are the key insured objects or persons in the field of business insurance. Employees are covered by insurance against accidents at work through statutory workers' compensation insurance. Voluntary medical treatment expenses insurance can be taken out to extend insurance cover. The combination of fire, storm, burglary and housebreaking and water damage insurance policies are the most common property insurance against loss or damage. Business interruption, commercial liability and cargo insurance in particular are typical coverage in business.

Ilmarinen Mutual Pension Insurance Company is our long-standing partner which manages mandatory pension insurance for businesses and their personnel. Services related to Ilmarinen's pension policies form part of our corporate insurance service concept.

When it comes to international insurance for customers, OP's international service network offers insurance and risk management services all around the world, based on in-depth knowledge of local conditions.

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In order to mitigate risks, we reinsure the most significant individual risks and the risk accumulation that may arise from catastrophes. For risk diversification purposes, OP has entered into partnership with almost 50 reinsurers.

The strengths of our claims settlement service lie in its promptness and efficiency. OP's extensive partner network enables efficient claims settlement services. OP has entered into partnership with firms representing over 20 industries, such as healthcare services providers, car repair shops, building renovation firms and household appliance retailers, with the aim of ensuring cost-efficient and even-quality claims settlement services and their easy availability.

Employee wellbeing is a company's key success factor and a prerequisite for renewal. OP helps its customers to manage risks associated with work ability and enhance its customers' productivity and competitiveness. Employee wellbeing has the potential of becoming one of the company's success factors.

OP will develop health and wellbeing services into a major new business alongside its traditional business areas. In this respect, we specifically focus on new types of solutions related to employee wellbeing, OP's combination products and new opportunities for insurance in the public and private sector interface. OP is the owner of the Helsinki-based Omasairaala hospital, which specialises in musculoskeletal disorders and trauma and aims at optimal efficiency in the clinical pathway and maximum customer satisfaction. In the coming years, OP's healthcare business will expand to Oulu, Tampere, Turku and Kuopio, and will branch out into new special lines and occupational healthcare.

Read more about Non-life Insurance in 2014 in OP Financial Group's Report by the Executive Board and Financial Statements.

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Wealth Management

OP's goal is to find an ideal solution to each customer's savings and investment needs. Wealth Management business divisions consist of Private Customers, Corporate Customers, Investment and Wealth Management Products.

OP provides private customers with an extensive range of savings and investment solutions. Our range of mutual funds covers a large spectrum of funds that invest in various asset classes and market areas. Responsibility for the portfolio management of these funds rests partly with OP Financial Group's own investment organisation and partly with our international partners. Based on our operating model for international cooperation, we select a well-defined and thoroughly examined group of partners with whom we seek to engage in cooperation deeper than that covering only the selection of funds. Our strong market share and good reputation in Finland provide OP with great opportunities to choose the best international partners. The product range of our life policies consists of pension policies, savings and single-premium savings policies and pure risk policies.

OP-Private units and Pohjola Private within OP Financial Group provide personal investment management services, or Private Banking services, to private customers. Private Banking service provides customers with comprehensive and personal services through product and service offerings provided by both OP Financial Group and its partners. The service models include discretionary investment management and advisory investment management. The strong development of Private Banking services has earned increasingly high ratings among customers on overall satisfaction with services, customer loyalty, and personal investment managers. OP boasts Finland's most extensive Private Banking network.

The range of services for corporate customers consists of various investment solutions for not only cash management but also

longer-term investment. We provide our institutional clients with a full range of asset management services from investment decisions to modern risk reporting and portfolio analysis. Our clients have access to the best-resourced investment risk management department in the market and the state-of-the-art tools. Services based on client needs can be discretionary investment management, advisory investment management or individual funds from the range of OP or its partners. We have one of the most extensive ranges of international investment vehicles, covering private equity, hedge fund and property investments, in addition to conventional asset classes. The diverse range of Pohjola Property Management services also includes direct real estate investments in Finland, international mutual fund investments, and debt real estate investments. The investors can be institutions or private individuals.

In addition, OP provides both private and corporate/institutional clients with an extensive range of securities brokerage, custody and analysis services. Our award-winning equity analyst team tracks some 90 listed companies, prepares forecasts and recommendations on a company and sector-specific basis and produces diverse analysis reports on macroeconomics, stock markets and industries.

Read more about Wealth Management in 2014 in OP Financial Group's Report by the Executive Board and Financial Statements.



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International business

OP is investing in international service capabilities according to its customer needs, which means that OP will partner up with carefully selected, strong local players in markets important to its customers while expanding its operations in the Baltic countries.

OP provides corporate customers with services in all of the Baltic countries. These services include payment and liquidity management and working capital, leasing and investment financing. Furthermore, the OP Financial Group-owned Seesam company provides its private customers with services on a local basis and comprehensive insurance coverage in Estonia, Latvia and Lithuania. Seesam also sells its insurance products through other distribution channels, such as banks, brokers and its agents.

The provision of international services is mainly based on OP's partnership strategy. OP aims to cooperate with foreign banks which have established a firm foothold in their markets, boast the best expertise in local business and banking and have the best opportunities to provide corporate customers in these markets with services that meet their needs. This cooperation ranges from payment transfers to strategic partnerships.

OP is a member of the Unico Banking Group, a group of European banks with a cooperative background and origin. The Unico cooperation focuses on the development of payment transfer and cash management services, and international capital market, financing and leasing services for corporates. All Unico member banks are leaders in their respective markets and the branches

of these member banks form an extensive international service network which also serves as a service channel for our corporate and institutional customers. Unico banks include Crédit Agricole in France, DZ BANK in Germany, Rabobank in the Netherlands, RZB in Austria, ICCREA in Italy and Banco Cooperativo Español S.A. (BCE) in Spain.

When it comes to international non-life insurance for customers, OP's international service network offers insurance and risk management services all around the world, based on in-depth knowledge of local conditions. Royal & SunAlliance, which is a world leading non-life insurer operating through its network in over 135 countries, has already been our partner for over 30 years.



OP's core values

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CORE VALUES

PEOPLE-FIRST APPROACH

OP Financial Group is for people. A genuine concern for people – both customers and co-workers – is the basis of our operations. We are easy and agreeable to approach. Each person is treated as a dignified and equal individual. Human respect is visible in all of our operations.

RESPONSIBILITY

We operate locally, regionally and nationally as an exemplary and ethically responsible company. We build long-term customer relationships based on mutual trust. Bolstered by our strong professional skills, we bear responsibility for the high quality, expertise and reliability of our services.

PROSPERING TOGETHER

Prospering together with our customers: this idea both points the way and sets the pace for the development of our operations and services. Operating as a unified group gives our customers greater security and improves our service capabilities. The winning spirit, shared by our administration and employees, creates continuous success – the basis of our strong reputation.

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OP's value chain

OP's value chain describes how OP takes the responsibility aspect into consideration in the various stages of its operations. The value chain is built around the Group's mission and ranges from product and service development and design to the use. OP pays attention to the responsibility aspect in all stages of its value chain.





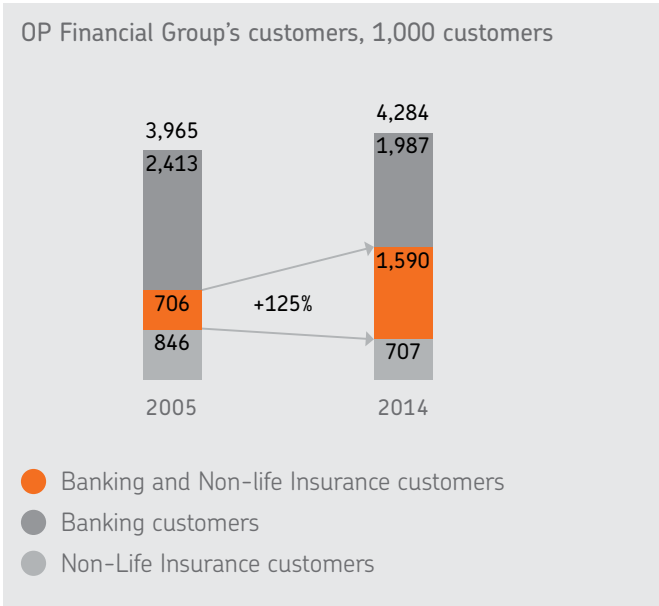
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Customers

As Finland's leading financial services group, OP Financial Group offers its customers the full spectrum of banking and insurance services. The Group also has a unique opportunity to combine banking and insurance products into packages that bring customers added value. This is also reflected in our product and service development. According to our customer promise, we aim to provide customers using us as their main bank and insurer with the best loyalty benefits in the sector.

OP Financial Group has 4.3 million customers of whom 1.4 million are customer-owners. The number of customer-owners increased by 30,000 in 2014.



In 2014, the number of non-life customers soared by over 70,000 to 2.3 million and that of banking customers by almost 30,000 to over 3.6 million. Since the acquisition of Pohjola Group Plc in 2005, the number of non-life customers has risen by 750,000 and that of banking customers by almost half a million. The number of non-life loyal customer households rose by almost 40,000 in 2014 to over 650,000. In 2014, the number of shared banking and non-life insurance customers rose by over 70,000. Following the Pohjola Group Plc acquisition, the number of shared banking and non-life customers has increased by almost 900,000 to 1.6 million in the last nine years.

The number one theme of OP Financial Group's strategy involves enhancing customer experience with the aim of offering increasingly better customer service.

Customer feedback is vital for business development

OP monitors customer satisfaction and experience by regularly conducting customer surveys, surveys related to customer contact points and through spontaneous customer feedback. Customer feedback is valuable and plays a key role in OP's business development. The following three success factors comprise the Group's customer experience: customer benefits, customer service with the right attitude, and smoothly running customer service. OP has identified challenges of building a great customer experience, especially problems that have an effect on daily customer service and

how smoothly it runs. These include telephone service reachability and opportunities to negotiate online.

OP continuously monitors how many customers would be prepared to recommend the Group as a service provider. Net Promoter Score (NPS) measures recommendations among private and corporate customers. The indicator is based on "how likely is it that you would recommend..." using a scale of 0 to 10. In 2014, OP's NPS results were as follows:

Private customers		Corporate customers	
Banking	17	Banking	42
Non-life insurance	-6	Non-life insurance	18

For example, Omasairaala collects feedback using the NPS during patient visits. The NPS index that gauges likelihood of recommendation averaged 94 in 2014.

Similarly, the customer satisfaction EPSI Rating survey revealed that satisfaction of OP's banking customers stood at 76.6 on a scale of 0 to 100 (sector average was 74.7 in Finland) and that of insurance customer at 74.5 (sector average was 76.0).



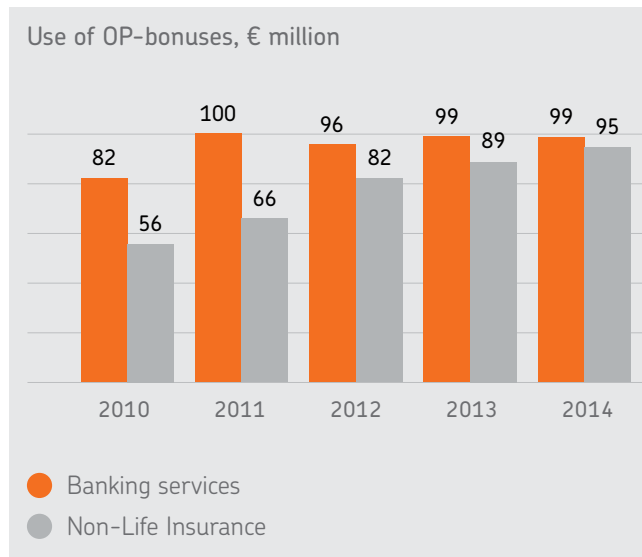
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Loyalty benefits

The more a customer-owner uses banking and insurance services provided by OP Financial Group, the more he earns in terms of loyalty benefits. OP rewards its customers with discounts on insurance premiums and with OP bonuses that customers earn, based on the amount of transactions, covering almost all banking and insurance services. OP bonuses can be used for many purposes such as for the payment of banking charges and fees and insurance premiums as well as OP Kiinteistökeskus realty commissions. Customers have had the opportunity to earn OP bonuses since 1999, totalling 1.5 billion euros. In 2014, customers earned a record amount of roughly 200 million euros in OP bonuses. In addition, OP offered benefits and discounts worth 73 million to its loyal customers and customers using OP as their main bank and insurer.

In addition to financial benefits, customer-owners have a genuine opportunity to contribute to their own cooperative bank's decisions and, thus, influence developments in their neighbourhood. Many member cooperative banks also provide their customers with benefits offered by local businesses.

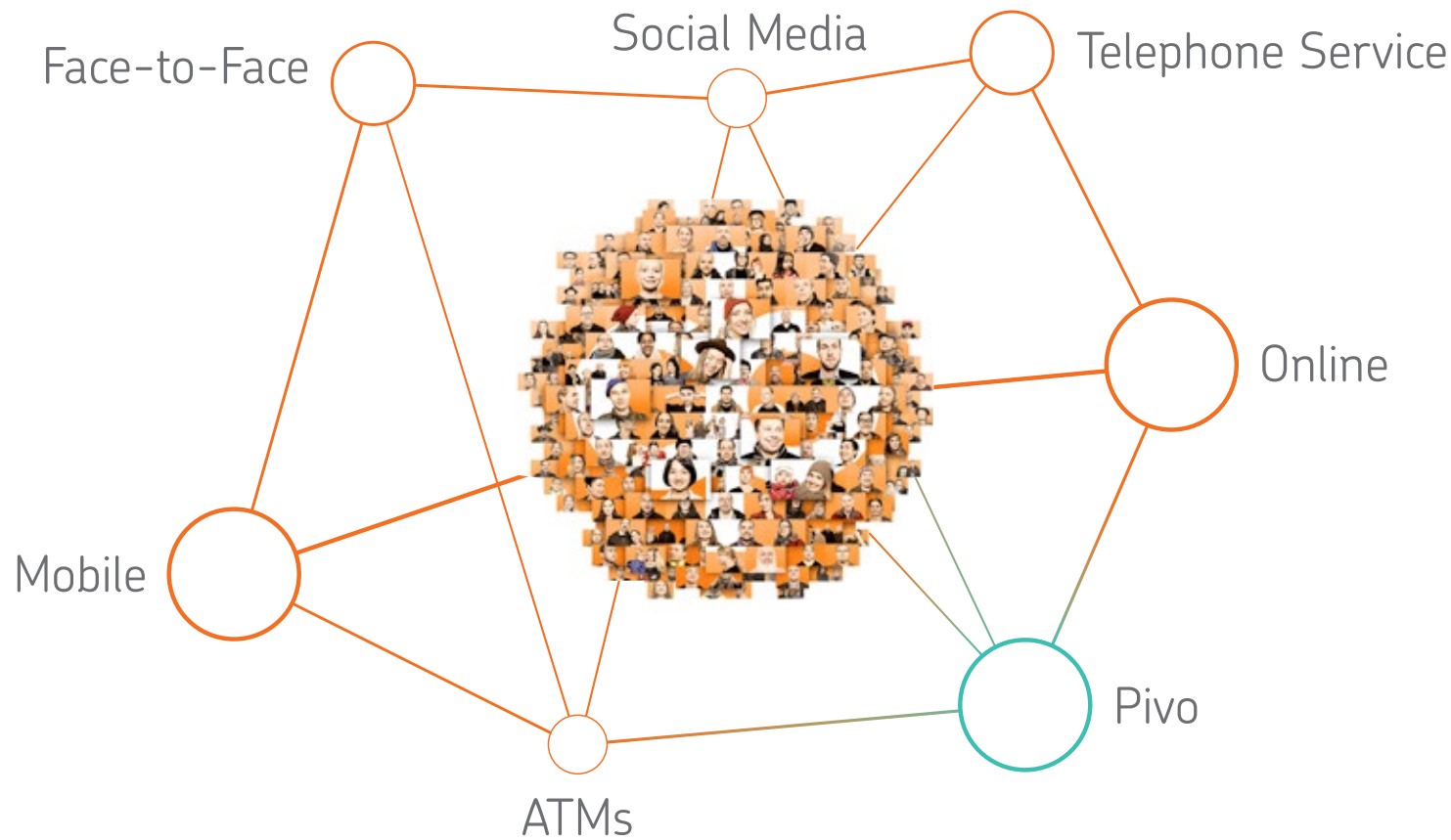
OP Financial Group further develops its loyalty scheme on an ongoing basis. In 2014, OP added new ways to use OP bonuses, such as paying for new services related to wealth management.



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Service network

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. OP also provides information on its products and services via its social media channels.



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Electronic services are the main channels for customers' daily transactions in banking, insurance and wealth management services. OP eServices is the most popular channel but OP mobile is rapidly gaining popularity in daily transactions among private customers. OP mobile has almost 540,000 users across all platforms.

In recent years, OP has launched numerous innovative products and solutions in response to the changing ways that customers use banking services. OP's free mobile application Pivo shows how much money the user has available and on what he spends it. By the end of 2014, the Pivo application had been downloaded more than 450,000 times, and the application has become OP's most popular daily electronic service. Pivo will be a platform for many daily spending services.

Digitisation in the financial sector is perhaps increasing at the fastest rate in payment and retail services. In order to promote e-commerce in Finland and its payment transfers and to enhance its pioneership in digital payment services, OP acquired in 2014 Checkout Finland, a provider of payment transaction services for Finnish online shops. Online shops can use the payment 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. Checkout Finland serves some 10,000 online retailers in Finland and is the largest broker of online payments in terms of the number of customers. Together with the Pivo mobile application, OP offers retailers and entrepreneurs competitive payment and purchasing services that bring together online services, mobile applications and the physical shop.

OP card customers can withdraw cash from several thousands of retail outlets.

Through our telephone service, OP's customers can receive personal advice from experts. Customers can also discuss their loans, insurance and investments with us over our video conferencing service. Everything takes place in the online bank, which ensures the best possible data security.

OP still boasts an extensive network of approximately 450 branches across Finland for personal payment and cash services. Our customers do especially complex or difficult transactions at our branch offices where expert assistance is available. Service convenience, personal service and cosy premises are the key focus in our new branch concept and service model. Branch premises are divided into meeting facilities for expert services and a novel, shop-like place.



CSR THEMES

OP's corporate social responsibility and material aspects

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Corporate social responsibility (CSR) is an essential part of OP Financial Group's operations and strategy. It is founded on cooperative ideals, our values, our solid capital adequacy and our capable risk management. Our CSR measures encompass economic, social and environmental responsibility. Our aim is to be a pioneer in CSR within our sector in Finland.

The purpose of the CSR materiality analysis is to identify the aspects of CSR that are the most central to OP and its stakeholders. In order to chart its stakeholders' CSR expectations, OP carried out its latest materiality assessment in the autumn of 2014. In this telephone and web survey, the respondents were asked to evaluate the importance of responsibility-related factors

in OP's operations, as well as how successful OP has been in its CSR work.

Based on the responses, the most important aspects of CSR at OP are its economic performance and stability, customer privacy, the prevention of financial crime, ethical business operations, the management of CSR-related risks and the

“Ensuring corporate social responsibility is important, alongside the actual business development.”
(A corporate customer of OP)



- Responsibility for business**
Financial results and stability, availability of services, corporate responsibility management, human rights, cooperative approach
- OP's role in society**
Prevention of financial crimes, effects on society, employment
- Responsible products and services**
Protecting customer privacy, ethical business, developing electronic services, equitable and fair planning and sales of products
- Responsibility for personnel**
Employee health and safety, training and development, diversity and equal opportunities
- Stakeholder engagement**
Collaboration and interaction with stakeholders, local organisations and customers

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availability of financial and other services. Other key aspects included the development of e-services in banking and insurance, occupational health and safety of employees, training and development and impacts on society. These results were consistent with OP's previous materiality assessment and Corporate Social Responsibility Programme. Further information is available in the GRI Corporate Social Responsibility Data section, under the Materiality assessment section.

The results of OP's own materiality assessment are supported by the survey *Yritysten maine ja vastuullisuus 2014* ("Corporate Reputation and Responsibility 2014") conducted by TNS Gallup in November 2014, where the greater public cited honesty and integrity, customer focus, reliability of services and skilled personnel as the most critical aspects of reputation and responsibility for OP. According to the survey, OP's reputation and corporate social responsibility image were the best in the Finnish financial sector. A strong CSR image and brand form an integral part of OP's value creation for its stakeholders and one of the Group's key competitive advantages.

Based on the materiality assessment updated in autumn 2014, we have grouped OP's most important CSR aspects as follows:

- **Theme 1: A strong capital base and efficiency form the basis of our operations**
We must operate efficiently and competitively while being profitable and having a strong capital base. We must provide the services needed by our customers in a competitive manner.
- **Theme 2: We care for our customers and our operating environment**
Our unique corporate identity and operations that emphasise community spirit have always played a key role in our success. As a capital and insurance provider and partner, we take responsibility for the sustainable development of our operating environment.

- **Theme 3: Our services create value to our customers**
We invest in innovative and responsible product and service development. Our practices are based on a people-first approach and local decision-making. Our solutions are user-friendly and we have the most extensive service network in Finland and comprehensive electronic services.
- **Theme 4: Skilled and satisfied employees are key to our success**
The Group wants to turn staff competence and continuous renewal throughout the career path into a success factor enabling us to meet the challenges of the changing operating environment while ensuring the required competencies now and in the years to come.
- **Theme 5: We work in close cooperation with our customers and other stakeholders**
A strong interaction with various stakeholders forms part of our cooperative heritage and mission.

A strong capital base and efficiency form the basis of our operations

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“Risk management, profitability, a strong capital base and, above all, local presence!” (Owner-member)

Cooperative ideology forms the basis of OP Financial Group's operations. We are fully owned by our customers and have shared values and mission. In the financial sector, economic responsibility is of key importance, since responsibility for customers and the role of companies as capital and insurance providers are emphasised during difficult economic times.

As a cooperative group, OP has a dual role. The main goal of a company with a cooperative foundation is not to maximise profits for the owners but to provide, as efficiently as possible, the services which the cooperative's members and customers need. In our business role, we must provide the services needed by our customers in a competitive manner. Our business role also involves safeguarding our profitability and a strong capital base that generates a competitive advantage. Meanwhile, OP also has a social role. Our guiding principle is the Group's mission: we promote the prosperity, well-being and security of our owner-members, customers and operating regions through our local presence. We use our operating profit for the benefit of our customers and to further strengthen our balance sheet. Our strong capital base enables us to successfully lead our dual role.

The strong growth in our volumes lies behind our strong earnings performance in recent years. During the last years, the growth of our Banking has annually accounted for half of the growth in the entire sector. In our business role, we have managed to maintain good results in a way that translates to better capital adequacy, which will contribute to continued success and especially to carrying our responsibility for providing financing to our customers.

In 2014, our growth rate in both corporate financing and residential lending outperformed the market average. In home mortgages, we held 38.0 per cent of the market in 2014 (37.7). Correspondingly, our share of the growth in corporate loans has been 74 per cent since 2007. This is a testimony of our ambition to support Finnish business and its operating environment.

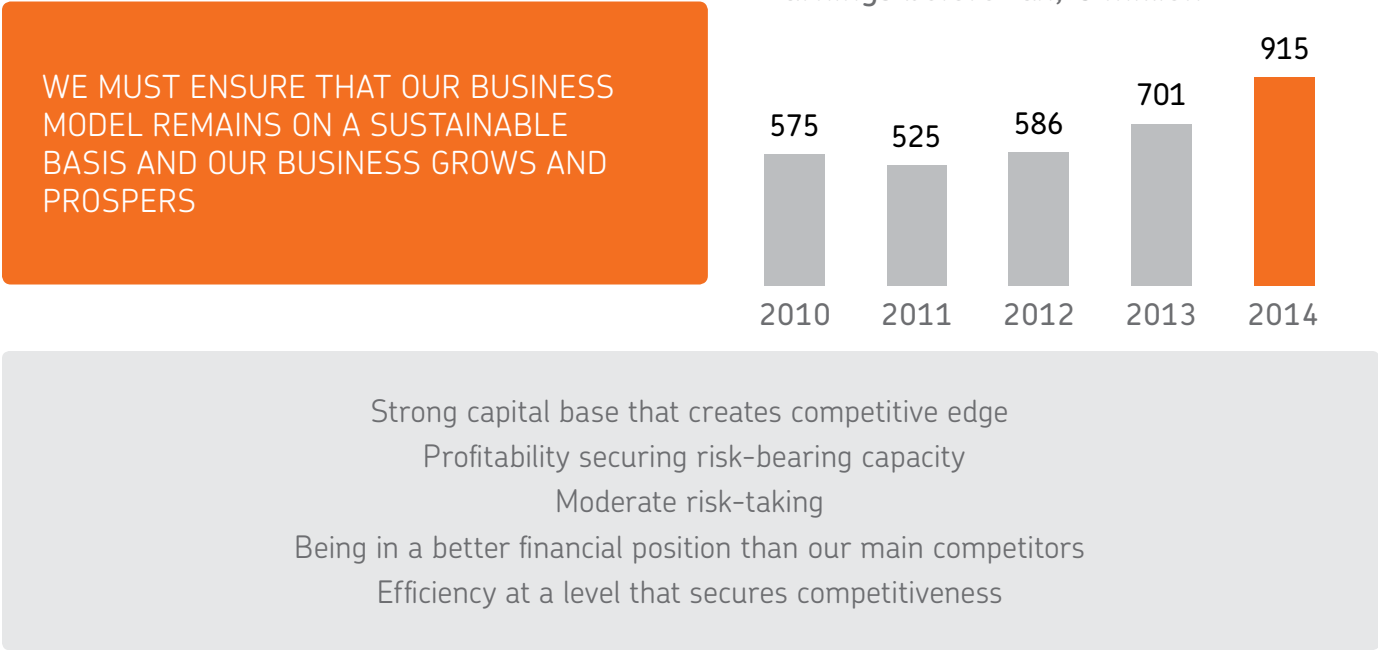
As a capital and insurance provider and partner, we take responsibility for the enterprises, development and jobs in our operating environment.

Meanwhile, according to the Group strategy, we will secure our risk-bearing capacity in all circumstances and keep risk-taking moderate vis-à-vis the risk-bearing capacity. The Group's basic lending principles remained unchanged in 2014. The weaker economic climate did not affect the number of non-performing loans and credit losses, which remained low. This shows our customers' financial strength and better preparedness compared to previous recessions.



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IN OUR BUSINESS ROLE WE CREATE SOMETHING GOOD...



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We care for our customers and our operating environment

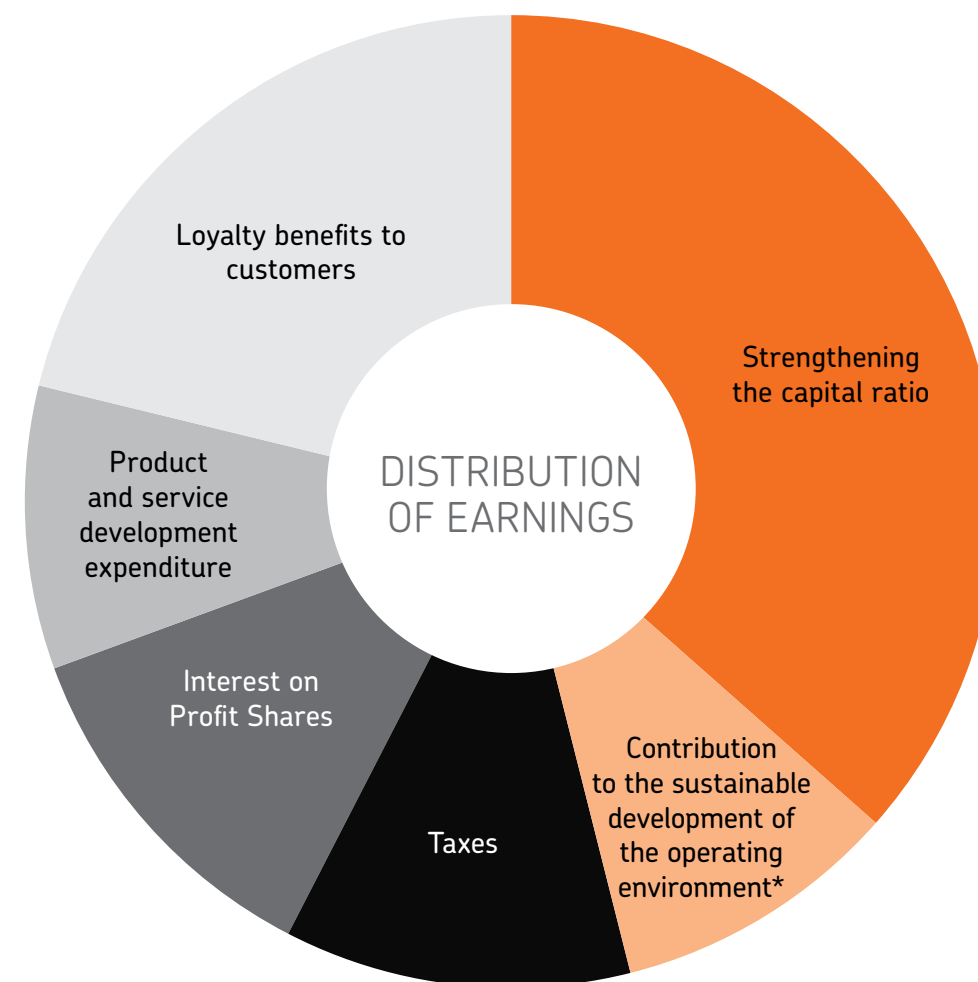
“Cooperative ideology and local presence will continue to be key competitive advantages and differentiation factors for OP” (Owner-member)

OP sees the financial sector playing a key role in the growth and prosperity of the national economy, as well as in creating and providing fundamental services and opportunities for citizens, companies and organisations, even in economically challenging times.

OP Financial Group has firm roots in Finnish society, and prospering together is a key value for OP. In line with this, the Group takes active part in developing local and regional vitality. The cooperative ideology and company form creates continuity and community spirit in OP's operating environment.

The member banks are often some of the largest taxpayers in their local municipalities, and OP as a whole is one of the biggest taxpayers in Finland. The taxes paid by OP Financial Group for 2014 increased by EUR 217 million to EUR 337 million. The Group's income tax after changes in deferred taxes totalled EUR 308 million (36). The effective tax rate was 33.6 per cent (5.1). During the financial year, the effective tax rate was increased by capital gains tax related to the purchase of Pohjola Bank plc shares within the Group, as well as income tax related to counting OP-Pohjola Group Mutual Insurance Company's equalisation provision towards equity capital. In the previous year, the effective tax rate was significantly decreased by the change in the tax rate. In addition to income tax, OP Financial Group paid EUR 29.1 million in the bank levy, EUR 43.3 million in contribution to the Deposit Guarantee Fund and over EUR 300,000 in public broadcasting tax.

...WHICH WE UTILISE IN OUR SOCIAL ROLE



* For example philanthropy, donations or sponsoring (universities, children's hospital, valuable musical instruments, sports clubs)

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It follows naturally from OP Financial Group's cooperative foundation and the related joining together of ownership and patronage that the benefit and added value of the business operations are channelled, via the customer relationship, to members and customers. Member cooperative banks use their profits for the benefit of their customers by providing loyalty benefits and other financial benefits and by maintaining and developing their service capabilities. In 2014, we paid our loyal customers a record-high total of EUR 200 million in bonuses. Furthermore, we offered discounts and benefits worth EUR 73 million to loyal customers using OP as their main bank and insurer.

A significant part of OP's economic impacts also involves indirect impacts to local and regional economic vitality. Examples of indirect economic impacts are:

- Employment (creation of new jobs, work placements, summer jobs)
- Procurement (purchases from local suppliers and service providers)
- Investments (properties, maintenance, local infrastructure and building projects)
- Financing (financing for start-ups, local financing, ethical lending criteria by sector)

Direct economic impacts on shareholders are illustrated in Table "Direct economic value generated and distributed to stakeholders".

In 2014, cooperative banks launched Profit Shares which provide customer-owners with a way of investing in their own cooperative banks. A cooperative bank will pay annual interest on Profit Shares on the basis of its financial performance, thus channelling part of its success for the benefit of its customer-owners. The return target for 2014 was 3.25 per cent. Profit Shares turned out to be very popular: a total of EUR 1.56 billion in Profit Shares was issued by the end of the year. Interest on Profit Shares will be annually paid out of the bank's distributable surplus. Thus, the interest is affected by the bank's profit performance and financial position. The Representative Assembly or Annual Cooperative Meeting of each bank selling Profit Shares will annually confirm interest payment and its amount. Member banks are estimated to pay a total of EUR 27 million (11) in interest on Profit and supplementary shares for 2014.

EC1 Direct economic value generated and distributed to stakeholders

Direct economic added value created, € million		2012	2013	2014
a) Income		2,271	2,491	2,701
Breakdown of economic value added				
b) Purchases	Suppliers	575	657	698
c) Personnel costs	Personnel	764	791	741
d) Returns to owner-members	Owners	192	193	195
e) Income tax*	Government	115	36	308
f) Donations and other community investments	Non-profit organisations	3	3	4
Business development		621	811	756

* Income tax for the period includes income tax for the financial year. Income tax in the income statement also includes changes in deferred tax liabilities and assets recognised in future financial years.

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Responsibility for Finnish infrastructure

OP has Finland's largest network of banking and non-life insurance services. This network seeks to ensure that customers have equal opportunities to carry out transactions. The service network covers both digital service channels (op.fi, OP-mobile and Pivo), telephone service and the network of branch offices. Responsibility at OP involves the development of transaction channels so that they meet customers' evolving needs. Read more from the section Responsible Products and Services and from the publication GRI Corporate Social Responsibility Data.

OP pays particular attention to the operational reliability of electronic banking and insurance services. The Group predictively and actively evaluates and develops security solutions for electronic customer services, and systematically works to improve data security.

In 2014, OP also further increased its collaboration with the authorities and other operators in the financial sector to prevent abuse related to electronic services, and to speed up the handling of abuse cases. In 2014, OP further improved its ability to detect misuse of the OP online service, and its preparedness to report on these cases to the authorities and to customers.

Cybercrime and attempted fraud have become increasingly common. Phishing attempts by email and SMS messages, and denial-of-service attacks causing service congestion have raised customer concerns and caused extra work for the bank and authorities.

OP has increased its customer communications regarding potential cases of threat and fraud/misuse and exceptional situations. The purpose of this is to increase customers' knowledge and awareness of potential threats. Thanks to OP's own security solutions, observational ability and close cooperation with authorities, online banking and insurance services are safe to use.

In 2014, cybercriminals' actions mainly involved phishing attempts directed to banking service customers via email or SMS messages. The aim of these attempts was to obtain customers' online bank user identifiers for fraud or misuse purposes. At the turn of the year, OP and its customers suffered from interruptions in OP eServices caused by a Distributed Denial of Service (DDoS). We actively informed our customers about the situation through the media, the op.fi website and social media services, Facebook and Twitter. In early 2015, the Group improved its ability to prevent the adverse effects of similar attacks on the usability of services in the future.

Employment, local and regional projects

OP is a major employer in many municipalities. At year-end, the Group employed 12,356 persons (2013: 12,856). Of these, 95 (94) per cent were permanently employed and 5 (6) per cent were fixed-term employees. Of Group employees, 11,915 were based in Finland, 192 in Estonia, 122 in Latvia, 125 in Lithuania and two in Russia. Furthermore, the Group employed a total of 415 summer employees and trainees during the year.

OP is also a significant purchaser of Finnish goods and services. In 2014, the combined purchase volume of products, services, rights and the claims service partner network was approximately EUR 900 million, provided by over 20,000 suppliers. Apart from this, the Group's functions look after their own fundraising and investment-related procurement.

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In OP, purchase contracts and orders must be based on Group-level framework agreements made by the Group's procurement functions wherever applicable. These agreements require that suppliers comply with OP's Code of Business Ethics and with the Global Compact, as well as with all the applicable laws and regulations. OP continuously develops its purchasing policy by, for example, applying more detailed guidelines to the assessment of supplier and service provider responsibility.

In 2014, Finnish suppliers accounted for approximately 99 per cent of the purchases made by the Group's centralised procurement. OP's procurement chain is focused around Finland and Finnish services in particular, which keeps the CSR risk level low in procurement.

Finland's largest office premises project, and construction projects around the country

The construction project of OP Financial Group's Vallila campus in Helsinki in 2011–2015 is one of Finland's largest construction sites and the largest office premises project at the moment. In these economically challenging times, we have offered a significant amount of work: the Vallila project requires about 2,000 man-years to complete.

OP has cooperated with the local residents' associations throughout the construction project. Furthermore, businesses operating in Vallila, such as OP, SOK, GE, Nordea and Sonera, cooperate with the City of Helsinki to find ways to enliven the Vallila area. The aim is to develop Vallila into an attractive district for both businesses and residents.

To reduce the carbon footprint of its own operations, OP has taken into use the LEED environmental classification system granted by the U.S. Green Building Council as proof of the environmental ef-

iciency of buildings. Two buildings in the Vallila campus have been granted a LEED certification; applications for the other five buildings will be made in the next few years.

In addition to the Vallila construction project, OP Financial Group has OP-Rental Yield, a non-UCITS fund which invests directly in real estate. OP-Rental Yield invests approximately half of its assets in apartments, 30 per cent in commercial premises and up to 20 per cent in construction contracting. In 2014, OP-Rental Yield launched 20 construction projects in Finland to construct approximately 900 apartments. These projects meet the demand for housing created by employment-based migration and, for example, the need of elderly people to move closer to services. OP-Rental Yield offers ordinary households the opportunity to invest in residential and property markets, thereby supporting construction investments needed by the economy.

Support to children's hospital, science, art and physical exercise, and financial counselling to young people

OP directs economic benefits towards non-profit organisations through support, donations and sponsorship. The member banks organise local events and projects across the country. Decisions on these activities are made locally.

OP has made a partnership agreement with a charity that is running the campaign to build a new children's hospital in Helsinki. In 2013–2014, OP donated over EUR 1.4 million for the hospital. The amount of this contribution will be increased through various actions together with personnel, customers and other stakeholder groups, as well as the support charity until the completion of the hospital in 2017. Furthermore, OP, Nordea and Handelsbanken have committed themselves to arranging the necessary debt financing for the new children's hospital. The total financing needed

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for the hospital, EUR 160 million, consists of fundraising from citizens, subsidies from the state and Helsinki University Central Hospital, and debt financing.

In 2014, the scholarship foundations established by OP Financial Group to support scientific research distributed over EUR 1.1 million in research grants. The research foundation established in 1972 supports economic and financing research and that related to cooperative banking. It ranks among the largest foundations in Finland supporting economic research. The Kyösti Haataja Foundation established in 1951 supports research into financial, social and judicial conditions in rural areas, especially among farmers.

Cooperative banks participate extensively in pro bono work in their localities. 15 OP member banks participated in the Finnish banking sector's joint Taloustaito project, launched by the President of the Republic in 2013, to promote the financial skills of children and young people and prevent their social exclusion. In 2014, the estimated number of hours spent in this work was 245. Furthermore, banks have visited schools for years to teach financial skills. For example, experts from Kokkolan Osuuspankki visited Kokkola Upper Secondary School to inform final-year students about matters related to banking, insurance and renting an apartment.

Several cooperative banks have donated funds to provide employment opportunities for young people. For example, in 2014, Oulun Osuuspankki celebrated its 100th anniversary by donating funds to provide employment for 50 persons aged 15–17. The employer was a non-profit organisation based in the bank's area of operation. The bank provided the organisation with the pays (EUR 800/young person) and the organisation handled the actual salary payment and statutory contributions. Similarly, the Keski-Uusimaan Osuuspankki celebrated its 110th anniversary by donating funds for young people's summer jobs. This funding enabled local companies and associations to hire young summer employees for

two weeks. The bank's support to employers was EUR 300 per summer employee. Jämsän Seudun Osuuspankki celebrated its 100th anniversary by donating EUR 20,000 to provide local young people with summer jobs. Furthermore, OP collaborates with the Finnish 4H Federation in the Licence to Working Life project that reaches hundreds of young people on an annual basis.

OP also wants to promote children and young people's knowledge in forestry. Thousands of secondary school students participate in the Forest Quiz organised by the Finnish Forest Association and the Association of Biology and Geography Teachers. Local cooperative banks provide prizes for the best participants at provincial level.

OP supports Finnish performing music through the Pohjola Bank Art Foundation. The Foundation supports music performance by lending its highly valued musical instruments to young, talented musicians. These instruments have been used in several recordings and their players have won international contests, but first of all they have provided many young musicians with the opportunity to build up a career enabled by a unique instrument. The Foundation currently owns nine historical, highly valued instruments. Part of the OP Financial Group, the Art Foundation's another key task is to promote Finnish modern visual arts by acquiring works of art directly from the artists.

OP's corporate social responsibility work also involves the promotion of the physical activities and wellbeing of Finnish children, adolescents and families with children. One of OP's main partners in this work is Valo, the Finnish Sports Confederation. An umbrella organisation founded in 2012 by the Finnish Sports Federation, the Young Finland Association, the Finnish Sport for All Association and the Finnish Olympic Committee, Valo is tasked with promoting a physically active way of life, sports and civic activities. Together with Valo, OP encourages the physical activities of families with pre-school children by organising the Keväthippa campaign. Moreover,

cooperative banks and local sports clubs together arrange Hippo family sports events. Furthermore, secondary school students are challenged to get moving and improve their muscular strength through the Taisto – Your Move campaign developed by the Young Finland Association.

OP also supports the wellbeing and physical activities of Finns through cooperation with its selected partners, including the Finnish Golf Union, the Finnish Ice Hockey Association, the Finnish Gymnastics Federation, the Finnish Floorball Association and the Finnish Orienteering Federation. In our collaboration with sport-specific federations, we emphasise the development of physical activities among children and young people, as well as the role of sports clubs, coaches and volunteers in holistic education. Furthermore, cooperative banks can make independent decisions to support the physical education of children and young people provided by local sports clubs.

Our responsible services create value to our customers

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OP invests in innovative and responsible product and service development. Our practices are based on a people-first approach and local decision-making. OP's solutions are user-friendly and we have the most extensive service network in Finland and comprehensive electronic services. In 2014, OP Cooperative's development expenditure totalled EUR 111 million (109).

One of OP's product development objectives is that its products are easy to use and understand. Products must take account of the individual needs of customers of all ages living in different areas. OP's particular area of development is the provision of comprehensive services electronically; today, most of the daily business done with customers takes place electronically. E-services make life easier and increase efficiency for both the customer and OP and may reduce environmental impact. They are also equally accessible to customers in the whole of Finland. Moreover, OP pays attention to the operational reliability of electronic banking and insurance services. The Group predictively and actively evaluates and develops security solutions for electronic customer services, and systematically works to improve data security.

OP engages its customers in the development of services and products. In the Helsinki-based OP-Pankkilabra, a "test laboratory" for financial products, customers test and examine existing and future banking and insurance products in different ways: touch screens, videos, animation and demos. It is possible to develop products faster on the basis of the immediate feedback from customers. Likewise, OP customers can sign up for Paja, an OP customer community, and participate in the development of future services on the web and in various events by invitation. In 2014, OP arranged

the first open 24-hour innovation event in its history. This generated several new ideas for streamlining the banking and insurance services of both consumers and corporate customers. This OpenFin Hack & Ideathon event attracted dozens of Master's-level students at the Aalto University AppCampus in Otaniemi, Espoo, to brainstorm new solutions for managing daily finances.

Responsibility an integral part of products and services

OP continuously improves its responsible financing, investing and non-life insurance practices. Our extensive selection of products and services forms a solid basis for comprehensive solutions that take into account the customer's best financial interests and safety. Financing is guided by ethical principles and guidelines for lending. In corporate financing in particular, recognising and analysing the environmental impacts of financed projects is also important from the perspective of risk management. It is crucial for the evaluation to recognise potential risks in major projects and risky sectors. At OP, evaluating recognised environmental risks is a part of the ordinary creditworthiness analysis. Regulations related to good lending practices and the recommendations of the Financial Supervisory Authority are observed in lending and in related instructions. Responsible lending is based on a thorough analysis of the customer's debt repayment ability, as well as explaining the risks to the customer in an intelligible manner. The OP-Kiinteistökeskus real estate chain, in turn, is committed to good agency practices and to developing these with others in the sector. Good agency practice focuses around taking into account the overall interests of customers, whether they are selling or buying.

**"I wish that OP remains competitive – this might involve a good combination of digital and personal services."
(A corporate customer of OP)**

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OP Financial Group's asset management units have signed the UN Principles for Responsible Investment. At OP, responsible investment forms an integral part of investment operations. This involves encouraging the investment targets to develop more sustainable business, which ensures the best possible end results from the viewpoint of various stakeholders. In 2014, OP Financial Group's Executive Board confirmed Group-level responsible investment policy. Accordingly, OP does not actively invest in companies that produce controversial weapons or that continuously violate international standards. Furthermore, OP primarily uses other investment solutions than those registered in offshore countries, which may be used to avoid multiple taxation in the context of international business. Any investments in offshore countries always require a separate risk management procedure in which particular attention is paid to responsible investment principles, the Global Compact and the OECD Guidelines. OP also decided to discontinue the intermediation of food derivatives to private customers.

The duty of an insurance company is to ensure that customers are sufficiently aware of their risks and that no loss will result in insurmountable financial difficulties to the party involved. A non-life insurance company covers risks which are too large for the customer to bear. It is also responsible for promoting the customer's risk management and safety and the prevention of damages.

OP maps potential risks and security issues together with the customer, optimising insurance solutions individually for each customer.

Customer privacy and good business practices

OP builds long-term customer relationships based on mutual trust. Bolstered by strong professional skills, the Group bears responsibility for the high quality, expertise and reliability of its services, as well as for the security of its services and products.

OP's salaried employees and members of governance bodies are bound to confidentiality by law; bank and insurance secrecy guarantee confidential processing of all customer data. Employees may process customer information only to the extent required by their duties. All customer-related information is processed with due care.

OP complies with industry regulations, good banking and insurance practices, and good securities market practices. In addition, OP adheres to several acts, as well as regulations and guidelines issued by supervisory authorities. The Code of Business Ethics provides an ethical foundation for all those employed by OP, whatever their role, position or location.

Read more on the Code of Business Ethics from the publication GRI Corporate Social Responsibility Data.

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New business operations emphasise the Group's responsible role

OP develops new ways of ensuring the wellbeing of its private customers and the personnel of its corporate customers. In 2014, OP decided to open four new private hospitals in Tampere, Oulu, Kuopio and Turku. It will also expand to new fields of specialised medicine and occupational health. The decision to expand the health and wellbeing business fits OP's mission, as our focus is on promoting the prosperity and wellbeing of our customers.

In 2014, the Omasairaala hospital performed some 2,400 operations and over 7,100 MRI examinations. There were around 31,400 visits to doctors and physiotherapists and nearly 13,400 imaging examinations (MRI, CT and US scans).

Omasairaala's philosophy emphasises customer satisfaction, promptness and a holistic approach. At Omasairaala, treatment begins without delay and effective rehabilitation ensures rapid return to daily activities. During its first two years in operation, Omasairaala has managed to significantly shorten the treatment chain. This is good not only for the person involved, but also their employers, insurance companies and the entire society in the form of better productivity and longer work careers.

At Omasairaala, the customer is at the core of all operations and customer feedback is the most important measure of success. In 2014, Omasairaala's annual average Net Promoter Score (NPS), which assesses to what extent customers would recommend the service to others, was 94. An up-to-date NPS is available on Omasairaala's website at www.omasairaala.fi.

Omasairaala participates in a research on the application of treatment chain and total cost thinking in the care of trauma patients, lead by the HEMA Institute, part of Aalto University's Department of Industrial Engineering and Management.

Omasairaala hospital operates in the Pikku Huopalahti area of Helsinki. The building was renovated into a hospital in compliance with the LEED standards. Omasairaala also handles its surgery and other hospital waste in line with the LEED standard. Omasairaala is a no-smoking property.

Skilled and satisfied employees are key to our success

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OP aims to be the most attractive employer in the financial sector and among the most highly regarded large employers in Finland. The Group wants to turn staff competence and continuous renewal throughout the career path into a success factor enabling us to meet the challenges of the changing operating environment while ensuring the required competencies now and in the years to come.

In accordance with the Group strategy, the focus of development in 2013–2015 will be on competence management, developing management skills, supervisory work, the governance of the cooperative banks, and occupational well-being. One of the key methods of employee competence development is the provision of versatile career opportunities through job rotation within the Group. OP also invests in performance management and enhancing its remuneration systems.

In 2014, OP's occupational wellbeing work focused on ensuring the implementation of operating models supporting work ability in daily management. Furthermore, supervisors have been trained to identify risks related to work ability. Employees' renewal ability has been supported by, for example, developing their self-management skills. Employee wellbeing and job satisfaction has been monitored several times a year through the Pulssi surveys.

Competence development is one of the strategic areas of focus for OP and personnel have ample opportunities to develop their skills. Future competence needs are explored during annual planning. Competence management is supported through development plans drawn up during performance reviews.

The Group supports the implementation of the strategy by offering a comprehensive selection of training events for people in various positions. As a major employer in the financial sector, OP offers its employees opportunities to develop their skills through job rotation. Other development techniques, such as mentoring and coaching, are also used in competence development, and attention is paid to target-oriented on-the-job learning.

Employees are encouraged to make use of the diverse competence development methods available in the Group. Employee performance reviews also play an important role in training and education. The entire OP personnel in Finland and abroad have performance and career development reviews at least once a year.

In 2014, OP introduced Hallinnon Luotsi, an online learning environment intended for enhancing the skills of administrative personnel operating in cooperative banks' Boards of Directors and Supervisory Boards. The purpose of this is to support their competence development and provide them opportunities to successfully perform their administrative duties, thereby supporting the renewal of the whole Group.

In 2014, OP Financial Group was rated as the 5th most preferred employer among business and commerce students and the 7th most preferred employer among professionals with a university degree in business and commerce. These results were based on surveys carried out by Universum, a consultation and research company focusing on employer image.

“Doing good and important things supports good reputation and a positive company image, which benefits the company and its employees.” (OP employee)

We work in close cooperation with our customers and other stakeholders

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“In line with the cooperative ideology, I hope OP's corporate social responsibility is reflected the most at local level.” (OP administrative staff member)

A strong interaction with various stakeholders forms part of our cooperative heritage and mission. Stakeholder engagement is deeply embedded into OP's cooperative business model, since co-operative banks' administrative bodies consist of owner-members who can influence their banks' operations and, for example, the composition of the Central Cooperative's governance bodies.

In its operations, OP also takes account of other stakeholder groups – those parties who have the greatest impact on OP's operations and whose actions OP in turn influences. OP is seeking to conduct continuous, open dialogue with its stakeholders. One of the main principles of stakeholder engagement is to interact with stakeholders in order to identify aspects in OP's CSR which require development.

This involves the assessment of stakeholder views and engagement through various surveys and feedback requests. Since OP's local presence, cooperative ideology and Finnish tradition are commonly linked with corporate social responsibility, stakeholders have high expectations of OP. They wish to see not only representatives of OP management but also OP as an active local player. An important element of stakeholder engagement lies in various projects and events throughout Finland. In addition to major nationwide projects, OP organises numerous local projects and events. The following table lists OP's major shareholders and examples of their expectations and our cooperation models:

Personnel

- OP employees expect their employer to provide training and development opportunities and equal treatment.
- The whole OP personnel in Finland and abroad is covered by performance and career development reviews.
- The Group wants to provide equal working opportunities for women and men. Regular personnel surveys are conducted on how personnel experience equality.

Non-governmental Organisations

- Organisations expect OP to demonstrate transparency and an active approach in corporate social responsibility matters.
- OP is seeking to maintain active CSR communications and to respond to information and discussion requests. If necessary, the Group's Identity and Communications function reports stakeholder concerns to the senior management.
- In 2013, OP Financial Group initiated cooperation with the Finnish Association for Nature Conservation. Those investing in the OP Clean Water Fund have the opportunity to select a share class whose subscription fees are donated to the restoration of small rivers and lakes. In 2014, these subscription fees were used for the restoration of rivers and fish planting in Western Finland.

Local and Regional Communities

- Finnish local and regional communities expect OP to demonstrate a strong local approach and community spirit, manifesting first and foremost through the cooperative banks.
- The banks organise a variety of events for different stakeholder groups, including school visits to promote financial literacy, lectures, customer events and traditional Hippos sports competitions for children. Many cooperative banks also support entrepreneurship, local sports clubs, cultural events and charity causes.
- In the Baltic countries, Seesam non-life insurance company, which is part of OP Financial Group, promotes traffic safety by supporting campaigns against drink-driving and by donating safety helmets and reflectors.

Industry Associations

- OP Financial Group is an active member in the various working groups of the European Association of Co-operative Banks (EACB), the global Institute of International Finance (IIF) and the Federation of Finnish Financial Services (FFI), through which the financial sector expresses its views on pending legislative changes and proposals for authority rules and regulations.
- In 2014, OP Financial Group's CEO Reijo Karhinen was elected as Chairman of the Board of Directors of FFI for a two-year term. A representative of OP also chairs FFI's Wellbeing for the Financial Sector project aimed at increasing occupational wellbeing among financial sector personnel while improving productivity and competitiveness in the sector.

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Authorities and Decision-Makers

- OP Financial Group annually receives numerous requests for statement and expert invitations to hearings, enabling the Group to express its views on proposed amendments affecting its operations by issuing statements and giving presentations.
- Furthermore, OP Financial Group takes initiative to engage in intense dialogue with Finnish authorities, ministries and government officials regarding topical legislative projects. The Group also meets and informs members of the European and Finnish Parliaments concerning the effect of legislative projects on the Finnish financial sector.

Customers, Owner-Members and Investors

- After the delisting of Pohjola shares, OP Financial Group's investors include holders of Profit Shares issued by cooperative banks and debt instruments issued by Group companies. Above all, investors expect OP Financial Group to demonstrate strong creditworthiness, a stable financial position and reliable repayment capacity. The Group continues its financial reporting to the same extent as listed companies, while the IR function is responsible for maintaining relations with debt investors.
- The Group continuously collects its customers' views through a feedback system, and owner-members are invited to take part in the banks' administrations. Furthermore, customers can influence product and service development by responding surveys via the new online customer community, Paja. Customer community members are also informed of survey results and effects on each project. Anyone over 18 years of age can register in Paja. At the end of 2014, the community had slightly over 300 active members.

Media

- Extensive discussion with stakeholders emphasises the importance of media relations management. OP executives and experts meet media representatives, answer questions and initiate discussions in various channels.
- According to Aalund's PR Barometer 2014, media representatives ranked OP's media relations activities as the third best among Finnish companies. As for the willingness of experts to explain complicated matters, OP ranked first in the Barometer.
- Furthermore, OP CEO Reijo Karhinen got the most mentions when the respondents were asked to name the best corporate executive from the viewpoint of the media.

Representative Assembly and Administration

- Cooperative banks' administrative personnel wants up-to-date information and training in financial issues and matters affecting the bank's operations. In-depth knowledge of the Group and the financial sector is increasingly important.
- An extensive skills enhancement project is underway in the OP Financial Group with the aim of creating a systematic competence development whole for various administrative positions. The objective is to provide those holding a position in OP's governing bodies a real window and opportunity to increase their competencies and build a career path within the Group.
- Hallinnon Luotsi, an online learning environment intended for members of the Boards of Directors and Supervisory Boards, was launched in the summer of 2014. During the first six months, almost half of the cooperative banks' administrative staff had registered for the service. The service provides various courses in different themes and levels, and a discussion forum.

Schools and Universities

- Educational institutions expect OP Financial Group to share its professional knowhow and provide opportunities for practical training and thesis work, among other things.
- In 2014, OP increased cooperation with educational institutions. In connection with our expert visits, we challenged students to open discussions and had genuine contacts with young customers.
- We also participated in several cooperation and recruitment events of universities and universities of applied sciences throughout Finland. We provided thesis opportunities for approximately 100 students, as well as numerous practical training and summer job positions.

OP is engaged in active dialogue in the social media, with Facebook and Twitter as its main channels. OP also utilises other social media services, such as LinkedIn and blogs. OP's Taloudessa.fi blog won Finland's Best Corporate Blog Award 2014. According to the award jury, Taloudessa.fi stood out by extensively covering the daily life of Finnish people while writing about OP's core business in a human and easily approachable way that interests the target group.



RISK MANAGEMENT

Risk management

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Risk management has a role to play in ensuring the implementation of OP Financial Group's strategy. According to the strategy, the Group will secure its risk-bearing capacity in all circumstances and keep risk-taking moderate vis-à-vis the risk-bearing capacity. This moderate risk-taking approach is manifested in our daily business and is taken into consideration in the management of all of OP Financial Group's most significant risks.

Numbering among OP Financial Group's most significant risks, credit risk is primarily associated with banking. Within banking, credit risk management pays particular attention to maintaining the good quality of the loan portfolio and supervising the risk level associated with growth. Risk management also ensures that growth can be financed as specified in the Group's funding plan. Creating a strong structural funding risk position and liquidity ensures funding at a reasonable price.

The greatest market risk associated with banking arises when a change in interest rates affects net interest income. Within non-life and life insurance operations too, interest rate risk is the most significant risk among market risks included in insurance liabilities. Market risks associated with investments also play a key role in non-life and life insurance business. The moderate risk-taking approach obliges us to identify these risks and to limit them to an acceptable level. Within insurance business, this approach requires well-performing risk selection and pricing processes as well as well-defined reinsurance principles.

Part of our daily operations and corporate culture

Risk management is part and parcel of daily business and its management. Long-termism and responsibility provide the framework for customer relationship management. An example of the role of risk management in banking is that a borrower's repayment capacity is a key prerequisite for loan approval. Risk awareness is involved in every business decision and forms an integral part of our corporate culture.

In particular, operational risk management pays much attention to an organisation's risk awareness. Operational risk management identifies and assesses risks while ensuring the effectiveness and sufficiency of risk controls and management tools. The Compliance function puts the moderate risk-taking approach into practice by also ensuring compliance with the instructions issued by the authorities and with the Group's internal principles.

In-depth customer knowledge in our core

OP Financial Group's risk management consists of three lines of defence. The first involves daily risk decisions and the monitoring of risk exposure. In-depth customer knowledge acquired through active customer relationship management forms the prerequisite for successful risk management and ensures moderate risk-taking. Robust risk management is in the interests of both customers and OP Financial Group.

The second component involves the Group's centralised risk management function in charge of general risk management conditions within OP Financial Group. This function independent of business lines and divisions controls and supervises risk management in the Group and its institutions, and analyses their risk exposure. The third risk management component involves internal audit, which assesses risk management performed by both the central cooperative and member institutions.

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THREE DEFENCE LINES OF RISK MANAGEMENT



A large financial services group faces a variety of risks

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The financial services conglomerate providing banking, investment and insurance services is faced with a great variety of risks in the ever more rapidly changing operating environment. The most significant business risks affecting OP Financial Group and their most common management tools are detailed in the table below.

OP Financial Group's most significant risks

1. Strategic risk

Risk caused by changes in the operating environment, slow reaction to changes, poor choice of strategy or poor strategy implementation.

2. Credit risk

Credit risk in banking refers to the risk that customers default on their debt by failing to make the payments they are obligated to do and the collateral lodged is inadequate to secure outstanding amounts. Credit risk associated with investment refers to the risk that an issuer of an investment instrument (such as a bond) defaults on payments.

3. Liquidity risk

Liquidity risk arises from the difference between maturities of assets and liabilities. For example, banking is characterised by the fact that long-term lending is financed through funding with a shorter maturity. Liquidity risk also arises if liabilities or assets, or both, are concentrated with respect to counterparties, instruments or market segments. Such concentrations may jeopardise a company's liquidity.

Their most common management tools

Strategic risks are managed by analysing the risks when drawing up the strategy and by continuously monitoring and analysing changes in the operating environment and the realisation of the strategy. Strategic risk is reduced by continuous planning, based on analyses and forecasts of customer future needs, developments in different sectors and market areas, and of competition. The Group's strategic risks are reported on a regular basis. The strategic guidelines are processed extensively within the Group before being confirmed.

Credit risk management tools in banking include customer selection, use of collateral securities and special lending terms and conditions, and avoidance of risk concentrations. Credit risk management tools in investment include careful selection of instruments, and investment plans.

Liquidity management tools include proactive funding structure planning, risk limits and control limits as well as other monitoring indicators. Close monitoring of the liquidity status, allocation of appropriate liquidity buffers, and planning and management of the daily liquidity status also play an important role in liquidity management.

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OP Financial Group's most significant risks

4. Market risks, most importantly interest rate risk

Market risk refers to risk regarding losses when the market price or market price volatility changes unfavourably. The greatest market risk associated with banking arises when a change in interest rates affects net interest income. Market risk associated with investment refers, for example, to a loss that arises when the market price changes unfavourably for the investor. In insurance business, interest rate risk associated with technical provisions arises when changes in interest rates affect the present value of technical provisions.

5. Underwriting risks

Underwriting risks in non-life insurance comprise risk of loss or damage, and provision risk. In life insurance, underwriting risks comprise biometric risk, customer behaviour risk and cost risk.

6. Operational and compliance risks

Operational risk refers to the risk of financial loss or other harmful consequences resulting from inadequate or failed processes, or incomplete or faulty procedures, systems or external events. It also involves compliance risk, which refers to a risk arising from non-compliance with external regulations, internal procedures and code of ethics.

Their most common management tools

Interest rate risk management tools in retail banking mainly include the choice of borrowing and lending products and the terms and conditions offered. Moreover, derivatives may be used for hedging purposes. The management tools related to market risks associated with investments made by insurance companies and pension institutions include sufficiently diversifying the investment portfolio over investment assets with varying risk levels. Diversification is based on purchases and sales as well as derivatives. Interest rate risk associated with insurance liabilities can be managed by using derivatives or providing customers with the opportunity to switch to unit-linked contracts.

Underwriting risk management tools include careful selection of exposure, prudent pricing, reinsurance and assessment of insurance liabilities.

Operational risk management tools include identifying and analysing them and by ensuring that controls and management tools are appropriate and sufficient. Operational risk management does not always aim to remove the risk altogether but to bring it down to an acceptable level. Compliance risk is managed by monitoring legislative amendments and by providing the organisation with guidelines, training and consultation.



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OP Financial Group's Corporate Governance

Corporate Governance principles

In their decision-making and corporate governance, OP Financial Group and its central cooperative, OP Cooperative, Financial Group, comply with the laws of Finland and standards issued by virtue of them. OP Financial Group's operations are specifically governed by the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä), the Act on Cooperative Banks and Other Cooperative Institutions, the Act on Credit Institutions, the Insurance Companies Act, the Co-operatives Act and the Limited Liability Act.

Taking into account the specific characteristics of the cooperative system, Corporate Governance conforms, whenever applicable, with the Finnish Corporate Governance Code approved by the Securities Market Association in June 2010.

In addition, OP Financial Group follows the Code of Business Ethics in its operations.

The Corporate Governance principles describe the structure and tasks of OP Financial Group and its key functions and units, the duties and responsibilities of key administrative bodies, Group and corporate steering principles, as well as internal control and financial reporting. Corporate Governance enables OP Financial Group to ensure that its operations are open and transparent.

Corporate Governance principles are available on OP's website.

Read also OP Financial Group's Corporate Governance Statement 2014.



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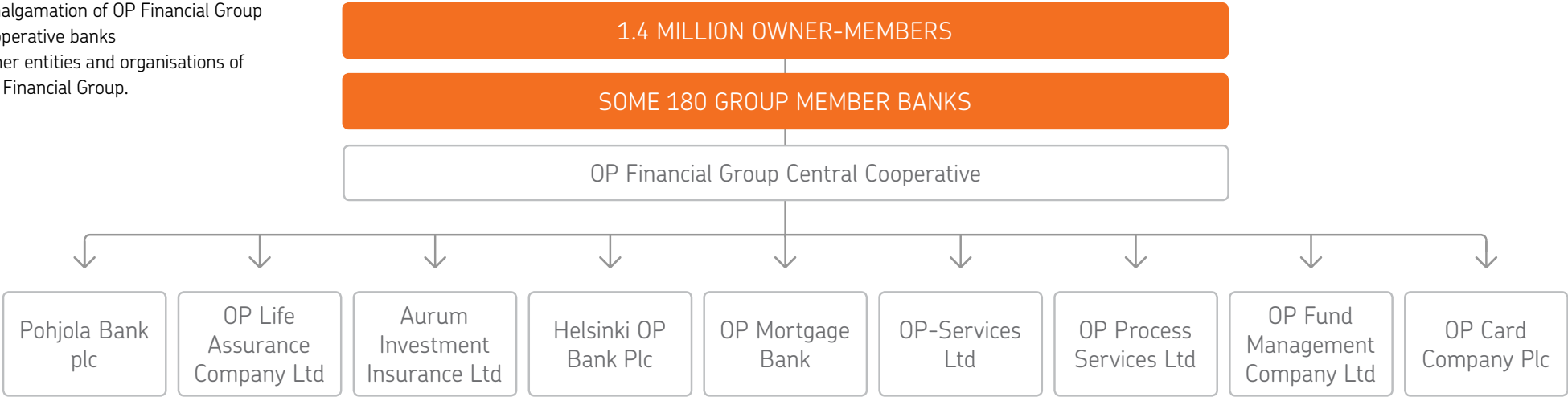
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OP Financial Group structure

OP Financial Group consists of the following two parts:

- 1. Amalgamation of OP Financial Group cooperative banks
- 2. Other entities and organisations of OP Financial Group.

Legal structure of OP Financial Group:



The amalgamation of OP Financial Group member cooperative banks is formed by OP Cooperative (central cooperative), companies belonging to its consolidation group, the central cooperative's member credit institutions and companies belonging to their consolidation groups, and credit institutions, financial institutions and service companies in which the abovementioned institutions jointly hold more than half of the voting rights form the amalgamation.

OP Financial Group is comprised of the amalgamation of member cooperative banks and those companies outside the amalgamation of which entities belonging to the amalgamation hold more than half of the total votes. The extent of OP Financial Group differs

from that of the amalgamation of the member cooperative banks in that OP Financial Group subsumes companies other than credit and financial institutions or service companies. The most important of these are the insurance companies with which the amalgamation forms a financial and insurance conglomerate.

More detailed information on the legal structure of OP Financial Group and the amalgamation of the member cooperative banks can be found in the financial statements of OP Financial Group. The amalgamation of the member cooperative banks does not form a corporate group, as referred to in the Accounting Act, or a consolidation group, as referred to in the Act on Credit Institutions.

The central cooperative of the amalgamation prepares consolidated financial statements as referred to in Section 9 of the Act on the Amalgamation of Deposit Banks.

The minimum consolidated capital requirement for and liquidity of the companies within the amalgamation of the member cooperative banks is controlled on a consolidated basis. The central cooperative is liable for its member credit institutions' debts, and the member credit institutions are jointly and severally liable for each other's debts.



Executive Board members

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Reijo Karhinen

b. 1955
President, Group Executive Chairman
Member of the Executive Board since 1994, Chairman since 2007
Vuorineuvos (Finnish honorary title), M.Sc. (Econ. & Bus. Adm.), Honorary
Doctor of Turku School of Economics and University of Eastern Finland

Relevant previous experience:

OP Bank Group Central Cooperative: President 1997–2006, Executive Vice
President 1994–1996
Kuopion Osuuspankki: Managing Director 1990–1994
Savonlinnan Osuuspankki: Managing Director 1988–1990
Varkauden Osuuspankki: Managing Director 1985–1988
Juvan Osuuspankki: Assistant Director 1979–1984

Other relevant positions:

Federation of Finnish Financial Services: Chairman of the Board
Finland Chamber of Commerce: Vice Chairman of the Board
International Chamber of Commerce Finland: Vice Chairman of the Board
Confederation of Finnish Industries (EK): Member of the Board of Directors
and Working Committee
Savonlinna Opera Festival Patrons' Association: Chairman of the Board of
Trustees
HelsinkiMissio: Chairman of the Delegation
New Children's Hospital Foundation: Vice Chairman of the Board
The Mannerheim Foundation: Member of the Board
Maanpuolustuksen tukiryhmä: Chairman of the Board
Unico Banking Group: Member of the Board



Carina Geber-Teir

b. 1972
Executive Vice President of Corporate Communications
Member of the Executive Board since 2009
M.Soc.Sc.

Relevant previous experience:

Varma Mutual Pension Insurance Company: Communications Director
2002–2009

Other relevant positions:

Federation of Finnish Financial Services: Member of the Communications
Committee
Yle, Finnish Broadcasting Company: Member of the Board
Unico Banking Group: Member of the Communications Committee



Tony Vepsäläinen

b. 1959
Chief of Group Services and Deputy to President and Executive Chairman
Vice Chairman
Member of the Executive Board since 2006
LL.M., eMBA

Relevant previous experience:

OP-Pohjola Group Central Cooperative: CEO 2007–2010
Tampereen Seudun Osuuspankki: Managing Director 1998–2006
Turun Seudun Osuuspankki: Deputy Managing Director 1996–1998
Kuopion Osuuspankki: Bank Manager 1993–1996
Suomen Säästöpankki SSP Oy: Deputy to Area Manager 1992–1993
Pohjois-Savon Säästöpankki: managerial duties 1985–1992

Other relevant positions:

Housing Fair Finland Co-op: Chairman of the Supervisory Board since
2013



Jari Himanen

b. 1962
Executive Vice President, Group Steering
Member of the Executive Board since 2014
Diploma in Business and Administration, eMBA

Relevant previous experience:

Etelä-Karjalan Osuuspankki: Managing Director 2009–2014
OP Bank Group Central Cooperative: Bank Manager, Sales channels and
sales support 2007–2009
OP Bank Group Central Cooperative: Bank Manager, Member bank control
2002–2006
Kuusamon Osuuspankki: Managing Director 1997–2001
Pohjolan Osuuspankki: Bank Manager 1994–1997
Iisalmen Osuuspankki: Bank Manager 1989–1994
Etelä-Savon Osuuspankki: Bank Manager 1986–1989
Koillis-Savon Osuuspankki: Credit Manager 1985–1986

Other relevant positions: -

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**Olli Lehtelä**

b. 1962
Executive Vice President, Non-Life insurance
Member of the Executive Board since 2014
M.Sc (Agr. For.), eMBA

Relevant previous experience:

Helsinki OP Bank Plc: Managing Director 2011–2014
Tampereen Seudun Osuuspankki: Managing Director 2006–2010, Deputy
Managing Director 1999–2006
Päijät-Hämeen Osuuspankki: Bank Manager, Corporate Banking 1997–1998
Postipankki Oy: various managerial and expert duties 1993–1997
Suomen Säästöpankki SSP Oy: various managerial duties 1992–1993
Sp-Palvelu Oy: Management Trainee 1990–1992

Other relevant positions:

Federation of Finnish Financial Services: Member of Non-life Insurance
Executive Committee
Helsinki Region Chamber of Commerce: Member of the Delegation
Ilmarinen Mutual Pension Insurance Company: Member of the Board
Insurance Europe Strategic Board: Member
Federation of Accident Insurance Institutions: Member of the Board
Unico Banking Group, Bancassurance Committee: Member

**Harri Nummela**

b. 1968
Executive Vice President, Wealth Management
Member of the Executive Board since 2014, and previously from 2007
until 2010
LL.M, eMBA

Relevant previous experience:

OP-Services Ltd: Managing Director 2011–2014
OP-Pohjola Group Central Cooperative: Member of the Executive Board;
Executive Vice President, Banking and Investment Business 2007–2010;
Department Manager 1998–2006
OP Fund Management Company Ltd: Managing Director 1997–2006
Tampereen Seudun Osuuspankki: Department Manager 1992–1997

Other relevant positions:

Federation of Finnish Financial Services: Chairman of the Executive Board
for investment funds
Automatia Pankkiautomaatit Oy: Member of the Board

**Harri Luhtala**

b. 1965
Chief Financial Officer
Member of the Executive Board since 2007
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

OP-Pohjola Group: various expert and managerial duties 1989–2007

Other relevant positions:

Deposit Guarantee Fund: Chairman of the Board
Confederation of Finnish Industries (EK): Member of the Finance and Tax
Commission

**Erik Palmén**

b. 1959
Chief Risk Officer
Member of the Executive Board since 2010
M.Sc. (Econ. & Bus. Adm.), M.Sc. (Eng.)

Relevant previous experience:

Nordea Bank Finland Plc: various expert and managerial duties 1987–2009

Other relevant positions:

Deposit Guarantee Fund: Chairman of the Delegation
Unico Banking Group: Member of the Country Risk Managers Committee

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Jouko Pölönen

b. 1970
Executive Vice President, Banking
Member of the Executive Board since 2014
M.Sc. (Econ. & Bus. Adm.), eMBA

Relevant previous experience:

Pohjola Bank plc: President and CEO since 2013
Pohjola Insurance Ltd's President 2010–2014
Pohjola Bank plc: CFO 2009–2010 and CRO 2001–2008
PricewaterhouseCoopers: Authorised Public Accountant 1999–2001 and
auditor 1993–1999

Other relevant positions:

Federation of Finnish Financial Services: Chairman of the Banking Execu-
tive Committee
Unico Banking Group: Member of the Board
OP-Pohjola Group Research Foundation: Member of the Board
Kyösti Haataja Foundation: Member of the Board



Markku Koponen

b. 1957
Chief Legal Officer
Deputy member
Secretary of the Executive Board and the Supervisory Board since 1996
Member of the Executive Board since 2009
Master of Laws trained on the bench, eMBA

Relevant previous experience:

OP Bank Group Central Cooperative: Senior Vice President in charge
of Corporate Communications 1998–2009; OP-Pohjola Group Central
Cooperative (and its predecessor), Secretary of the Executive Board and
Supervisory Board since 1996
OKO Bank plc: Secretary of the Executive Committee 1996–2006
Pohjola Bank plc (OKO Bank plc): Secretary of the Board of Directors
2006–2014
OKO Bank and Opstock Ltd: Issue Financing Chief and Issue Chief
1989–1996
OP-Pohjola Group: various expert and managerial duties 1985–1989

Other relevant positions:

European Association of Cooperative Banks (EACB): Executive Committee
Confederation of Finnish Industries: Member of the Assembly of Delegates
since 2015
Finland Chamber of Commerce: Member of the Legislation Committee
HSO-säätiö: Chairman of the Board
Helia Foundation: Vice Chairman of the Board



Teija Sarajärvi

b. 1969
Executive Vice President, Human Resources
Member of the Executive Board since 2012
M.A.

Relevant previous experience:

Metso Corporation: SVP, Human Resources, Energy and Environmental
Technology, from 2009; and SVP Human Resources, Paper and Fiber
Technology, from 2011
Nokia Corporation: HR director in various duties in both Finland and China
1998–2009
ABB: various expert and managerial duties 1994–1998

Other relevant positions:

Federation of Finnish Financial Services: Chairman of the Labour Market
Committee
Confederation of Finnish Industries (EK): Member of the Labour Market
Committee
Unico Banking Group: Member of the HR Committee



Leena Kallasvuo

b. 1956
Chief Audit Executive
Attending Executive Board meetings since 2010
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Financial Supervisory Authority (Finnish Financial Supervision Authority):
various expert and managerial duties 2005–2010
Trema Finland Oy 2000–2005
Aktia Savings Bank 1997–2000
Säästöpankkien Keskus-Osake-Pankki 1983–1996

Other relevant positions:

The Institute of Internal Auditors Finland: Member of the Board of Direc-
tors since 2011

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OP Financial Group Supervisory Board members by the federation of cooperative banks on March 2014*

*Members elected on the basis of capital adequacy of the member banks, whose term of office is a maximum of three years. The term of office may end earlier if the allotment between the Federation of Cooperative Banks changes.

Name, year of birth and place of residence	Federation and member's term of office	Position on OP Cooperative's Supervisory Board	Full-time position, job title	Position of the person with an administrative staff background at a cooperative bank
Aronen Ilmo, 1958, Eura	Satakunta, 2012–(2015)*	Member	R&D Director, Raisioagro Ltd	Chairman of the Board of Directors, Euran Osuuspankki
Eklund Ola, 1952, Raasepori	Sydusten, 2013–2016	Member	Product Group Director, Kuusakoski Group Ltd	Chairman of the Board of Directors, Andelsbanken Raseborg
Enberg Leif, 1954, Korsnäs	Österbotten, 2013–2016	Member	Entrepreneur, Oy Mapromec Ab	Chairman of the Board of Directors, Korsnäs Andelsbank
Eskola Tapani, 1953, Kotka	Kaakkois-Suomi, 2012–(2015)*	Member	Managing Director, Kymen Vesi Oy	Chairman of the Board of Directors, Kymenlaakson Osuuspankki
Heinonen Jarna, 1965, Kaarina	Varsinais-Suomi, 2012–(2015)*	Member	Professor in Entrepreneurship, Turku School of Economics, University of Turku	Chairman of the Board of Directors, Turun Seudun Osuuspankki
(Himanen Jari)	Kaakkois-Suomi, 2012–2015	Resigned from Supervisory Board membership after appointed OP Cooperative's Executive Board member as of 1 October 2014*		
Joutsensaari Raita, 1963, Rääkkylä	Pohjois-Karjala, 2014–(2015)*	Member	Development Secretary, Municipality of Rääkkylä	Chairman of the Board of Directors, Rääkkylän Osuuspankki
Järvi Ulla, 1952, Kokkola	Keski-Pohjanmaa, 2013–(2015)*	Member	Senior lecturer, Centria University of Applied Sciences	Supervisory Board Chairman, Kokkolan Osuuspankki
Kakkori Ari, 1955, Virrat	Pirkanmaa, 2014–2017	Member	Managing Director, Virtain Osuuspankki	
Kauppi Simo, 1954, Pori	Satakunta, 2012–(2015)*	Member	Managing Director, Länsi-Suomen Osuuspankki	
Kiiskinen Juha, 1956, Sulkava	Suur-Savo, 2012–(2015)*	Member	Headmaster, Sulkava comprehensive school	Chairman of the Board of Directors, Sulkavan Osuuspankki

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Name, year of birth and place of residence	Federation and member's term of office	Position on OP Cooperative's Supervisory Board	Full-time position, job title	Position of the person with an administrative staff background at a cooperative bank
Korhonen Kalevi, 1958, Salla	Lappi, 2013–2016	Member		Chairman of the Board of Directors, Sallan Osuuspankki
Kupsala Tuomas, 1967, Korpilahti	Keski-Suomi, 2012–(2015)*	Member	Managing Director, Korpilahden Osuuspankki	
Kääriäinen Jukka, 1953, Iisalmi	Pohjois-Savo, 2012–2015	Member	Assistant Director, Social Insurance Institution of Finland	Supervisory Board Chairman, Pohjois-Savon Osuuspankki
Laaninen Seppo, 1950, Nurmes	Pohjois-Karjala, 2014–2017	Member	Principal, North Karelia College Nurmes (retired on 1 Jan. 2015)	Supervisory Board Chairman, Pielisen Osuuspankki
Lehikoinen Vesa, 1954, Janakkala	Etelä-Suomi, 2014–2017	Second Vice Chairman of the Supervisory Board	Managing Director, Janakkalan Osuuspankki	
Levo Timo, 1956, Oulu	Pohjois-Pohjanmaa, 2012–(2015)*	Member	Managing Director, kauppaneuvos (Finnish honorary title), Oulun Osuuspankki	
Manninen Kari, 1956, Mikkeli	Suur-Savo, 2012–2015	Member	Managing Director, kauppaneuvos (Finnish honorary title), Suur-Savon Osuuspankki	
Marttila Marita, 1954, Vampula	Satakunta, 2014–2017	Member (requested resignation as Supervisory Board member)	Senior Nursing Officer, City of Loimaa/ Social and Healthcare Service Centre	Chairman of the Board of Directors, Vampulan Osuuspankki (resigned on 17 Dec. 2014)
Mikkola Ari, 1955, Tammela	Varsinais-Suomi, 2012–(2015)*	Member	Director, Häme University of Applied Sciences	Vice Chairman of the Board of Directors, Lounaismaan Osuuspankki
Nikola Annukka, 1960, Kirkkonummi	Etelä-Suomi, 2012–(2015)*	Member	Director, Administration, Descom Group Oy	Chairman of the Supervisory Board, Länsi-Uudenmaan Osuuspankki
Parmasuo Timo, 1950, Espoo	Other member (elected without following the regional principle), 2014–2017	Member	Teollisuusneuvos (Finnish honorary title), Board Chairman, Meconet Oy	
Pehkonen Jaakko, 1960, Jyväskylä	Keski-Suomi, 2014–2017	Chairman of the Supervisory Board	Professor of Economics, University of Jyväskylä	Chairman of the Board of Directors, Keski-Suomen Osuuspankki

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Name, year of birth and place of residence	Federation and member's term of office	Position on OP Cooperative's Supervisory Board	Full-time position, job title	Position of the person with an administrative staff background at a cooperative bank
Pitkälä Jorma , 1952, Hämeenkoski	Etelä-Suomi, 2012–(2015)*	Member	Maakuntaneuvos (Finnish honorary title)	Chairman of the Board of Directors, Päijät-Hämeen Osuuspankki
Pullinen Juha , 1963, Pöytyä	Varsinais-Suomi, 2012–2015	Member	Managing Director, Loimaan Seudun Osuuspankki	
Ruuhela Jussi , 1959, Alavus	Etelä-Pohjanmaa, 2012–(2015)*	Member	Managing Director, Alavuden Seudun Osuuspankki	
Salomaa Markku , 1952, Rovaniemi	Lappi, 2012–(2015)*	Member	Managing Director, Pohjolan Osuuspankki	
Simi Hannu , 1960, Alavieska	Keski-Pohjanmaa, 2013–2016	Member	Planner, Federation of Education in Jokilaaksot	Supervisory Board Chairman, Alavieskan Osuuspankki
Tölli Kaija , 1956, Tyrnävä	Pohjois-Pohjanmaa, 2013–2016	Member	Export Coordinator, Ouman Ltd	Supervisory Board Chairman, Tyrnävän Osuuspankki
Vierula Jorma , 1953, Seinäjoki	Etelä-Pohjanmaa, 2012–2015	Member	Regional Director of Finnish Forestry Centre, Regional unit for South and Central Ostrobothnia	Chairman of the Board of Directors, Etelä-Pohjanmaan Osuuspankki
Viitanen Timo , 1951, Pälkäne	Pirkanmaa, 2012–(2015)*	Member		Supervisory Board Chairman, Kangasalan Seudun Osuuspankki
Väisänen Mervi , 1963, Sotkamo	Kainuu, 2013–2016	First Vice Chairman of the Supervisory Board	Senior lecturer in marketing, Kajaani University of Applied Sciences	Chairman of the Board of Directors, Sotkamon Osuuspankki
Väänänen Ari , 1973, Maaninka	Pohjois-Savo, 2014–(2015*)	Member	Managing Director, Maanigan Osuuspankki	

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In 2014, the Supervisory Board of OP Cooperative decided to make major changes to the management and organisational structures of the central cooperative consolidated of OP Financial Group, with the aim of transforming the management of the entire Group and the central cooperative consolidated, in particular, with a more business-driven approach and creating a more integrated structure of the Group. In addition, the objective of this reorganisation is to ensure sufficient customer understanding and to involve customers more and more in the Group's operations and product and service development.

The three business lines – Banking, Wealth Management and Non-life Insurance – form the management basis throughout the Group.

Cooperative Meeting

The Cooperative Meeting is OP Cooperative's highest decision-making body. The Annual Cooperative Meeting deals with issues mentioned in Section 7 of the central cooperative's Bylaws, such as the adoption of the parent and consolidated income statement and balance sheet for the previous financial year, and the election of members of the Supervisory Board and an auditor.



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Supervisory Board and its committees

OP Financial Group Central Cooperative Consolidated comprises OP Cooperative, which acts as the central cooperative owned by the member banks of the amalgamation, and entities majority-owned or wholly-owned by the parent institution or any of its subsidiaries. Credit institutions within OP Financial Group Central Cooperative Consolidated are the member credit institutions of the amalgamation described in greater detail in the Laki talletuspankkien yhteenliittymästä Act (Act on the Amalgamation of Deposit Banks).

Management at the central cooperative consolidated stems from the central cooperative's Supervisory Board and its control and supervision. The central cooperative's Supervisory Board has a minimum of 32 and a maximum of 36 members elected by the Cooperative Meeting. Supervisory Board members are elected from among the representatives of the federations of cooperative banks.

The general task of the Supervisory Board is to oversee the corporate governance of OP Cooperative and its consolidation group as managed by the Executive Board and the President, Group Executive Chairman, and to ensure that the central cooperative's and its consolidation group's operations are managed in an expert and prudent manner in accordance with the Co-operatives Act and in the best interests of the central cooperative and OP Financial Group. The Supervisory Board also oversees compliance with OP Financial Group level policy guidelines and principles, which it has confirmed, within the central cooperative consolidated.

The special task of the Supervisory Board is to confirm the general principles referred to in the Act on the Amalgamation of Deposit Banks. It is also tasked with deciding on issuing key OP Financial Group level guidelines, confirming the internal control principles of the central cooperative consolidated and assessing and overseeing

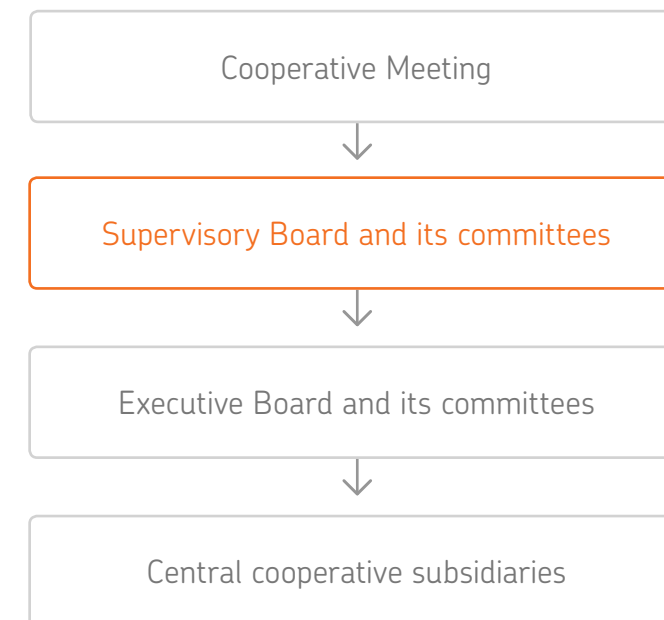
internal control effectiveness and adequacy within OP Cooperative Consolidated and its companies as well as confirming internal audit principles and annual action plan.

The Supervisory Board appoints members and deputy members of the Executive Board acting as the directorate of the central cooperative and its consolidation group, and the Chief Audit Executive.

The presiding officers of the Supervisory Board comprise the Chairman and both Vice Chairmen of the Supervisory Board. The presiding officers of the Supervisory Board prepare proposals to the Supervisory Board of the central cooperative on, for instance, the structural changes in the central cooperative's senior management or the central cooperative's organisation as well as on the appointment of the central cooperative's Executive Board members, deputy members and the Chief Audit Executive, the check of their job descriptions and the cancellation of their tasks, and decide on annual reviews of pay and emoluments of the members, deputy members and the Chief Audit Executive of the central cooperative's Executive Board and on remuneration. The presiding officers inform the Supervisory Board of its decisions.

The Supervisory Board has a Working Committee, Remuneration Committee, Audit Committee and Risk Management Committee whose rules of procedure the Supervisory Board confirms. The Committees have no independent decision-making powers but they prepare matters for the Supervisory Board.

Read more about the Supervisory Board and its committees in OP Financial Group's Corporate Governance Statement 2014.



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Executive Board and its committees

The central cooperative has an Executive Board, acting as a directorate. The Executive Board comprises, according to the central cooperative's Bylaws, a Chairman acting as CEO and known as President, Group Executive Chairman; his deputy who acts as Vice Chairman of the Executive Board; and a minimum of four and a maximum of eight other members and a maximum of four deputy members, depending on the Supervisory Board's decision. The term of office of a member and deputy member of the Executive Board is for the time being, but for a maximum period of up to the person's retirement age in accordance with the member's executive contract.

The Supervisory Board decides on the division of responsibilities between Executive Board members. An Executive Board member and deputy member must have adequate knowledge of the financial sector, financial matters and general knowledge of the business of the central cooperative and consolidation group and OP Financial Group and other qualifications required for the position.

The Executive Board has operational responsibility for the management of the entire central cooperative consolidated. The basis for management within OP Cooperative Consolidated consists of three business lines: Banking, Non-life Insurance, and Wealth Management. Executive Board members' duties and areas of responsibility follow this division.

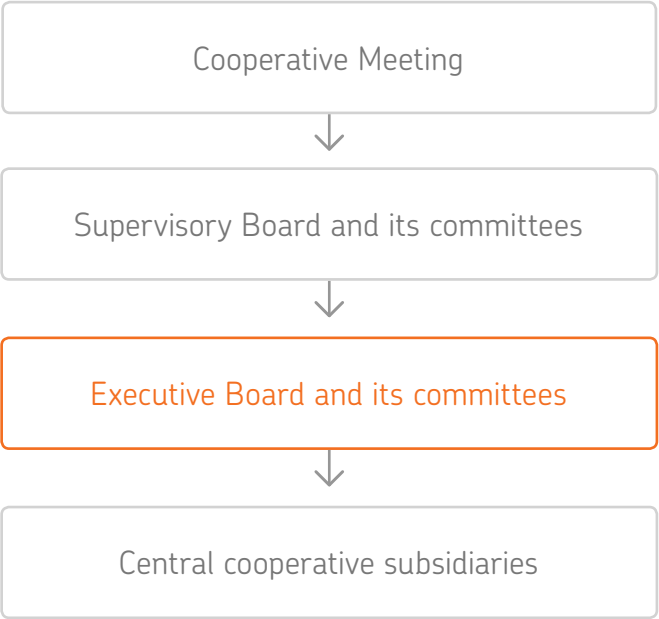
The Executive Board is responsible for managing the central cooperative's and its consolidation group's operations in accordance with applicable laws, official regulations and the central cooperative Bylaws. The Executive Board takes charge of the governance and appropriate organisation of the parent institution and its consolidation group, as well for managing the Group's operations. Furthermore,

the Executive Board confirms the central cooperative consolidated's operational and legal decision-making processes.

The central cooperative consolidated has no separate Group management team but the central cooperative's Executive Board attends to its tasks.

The Executive Board has set up four committees whose rules of procedure it has confirmed. These committees are HR Committee, Development Committee, Cooperative Bank Steering Committee and ALM and Risk Management Committee. The Committees have no independent decision-making powers but the Executive Board makes decisions based on preparations by the committees.

Read more about the Executive Board and its committees in OP Financial Group's Corporate Governance Statement 2014.



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Central cooperative subsidiaries

In the entire central cooperative consolidated, decisions are made as extensively as possible at Group level by the central cooperative's Executive Board. The board of directors of each subsidiary discusses issues related to them primarily on the basis of the policy guidelines issued by the central cooperative's Executive Board or after having heard the Executive Board.

The central cooperative's Executive Board decides on candidates for the subsidiaries' boards of directors, after which the board of directors is elected in a manner specified in the Articles of Association and laws in force from time to time. Basically, the subsidiaries' boards of directors comprise members of the central cooperative's Executive Board. Board members must demonstrate adequate knowledge of financial issues and the company's business or other qualifications required in the position as well as to have the opportunity to allow sufficient time to perform his duties.

The rules of procedures of the subsidiaries' boards of directors describe the tasks that each board carries out. They also describe the key decision-making levels. The boards of directors also annually draw up an action plan showing a meeting schedule and the most important items on each meeting's agenda. The boards of directors assess their performance and working methods on a regular basis.

The operations manager of the subsidiary's Managing Director chairs the subsidiary's board of directors.

Read more in OP Financial Group's Corporate Governance Statement 2014.

Management at member cooperative banks

The central cooperative's Supervisory Board has approved recommendations for good corporate governance for the member banks, covering eg. a bank's administrative bodies and executive management, internal control and remuneration. OP Financial Group member cooperative banks publish their own corporate governance statements.

