



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

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2. Year-on-year results
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## OP Financial Group

# OP Financial Group

1.4 MILLION OWNER-MEMBERS

SOME 180 GROUP MEMBER BANKS



BANKING

NON-LIFE INSURANCE

WEALTH MANAGEMENT

# OP Financial Group Key Indicators

	Q1-4/2014	Q1-4/2013	Change, %
<b>Earnings before tax, EUR million</b>	<b>915</b>	<b>701</b>	<b>30.6</b>
<b>Banking</b>	<b>587</b>	<b>404</b>	<b>45.1</b>
<b>Non-life Insurance</b>	<b>223</b>	<b>166</b>	<b>34.4</b>
<b>Wealth Management</b>	<b>161</b>	<b>113</b>	<b>42.5</b>
<b>Returns to owner-members and OP bonus customers</b>	<b>195</b>	<b>193</b>	<b>0.7</b>
	31 Dec 2014	31 Dec 2013	Change, %
<b>Common Equity Tier 1 (CET1) ratio, % **</b>	<b>15.1</b>	<b>17.1</b>	<b>-2.0 *</b>
<b>Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates) **</b>	<b>1.89</b>	<b>2.19</b>	<b>-0.30 *</b>
<b>Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %</b>	<b>0.38</b>	<b>0.42</b>	<b>-0.04 *</b>
<b>Joint banking and insurance customers (1,000)</b>	<b>1,590</b>	<b>1,518</b>	<b>4.7</b>

\*\* Change in ratio

\*\* The comparatives are presented based on the regulatory framework that came into effect on 1 January 2014. The figures for financial year 2014 are unaudited at the time of publication.

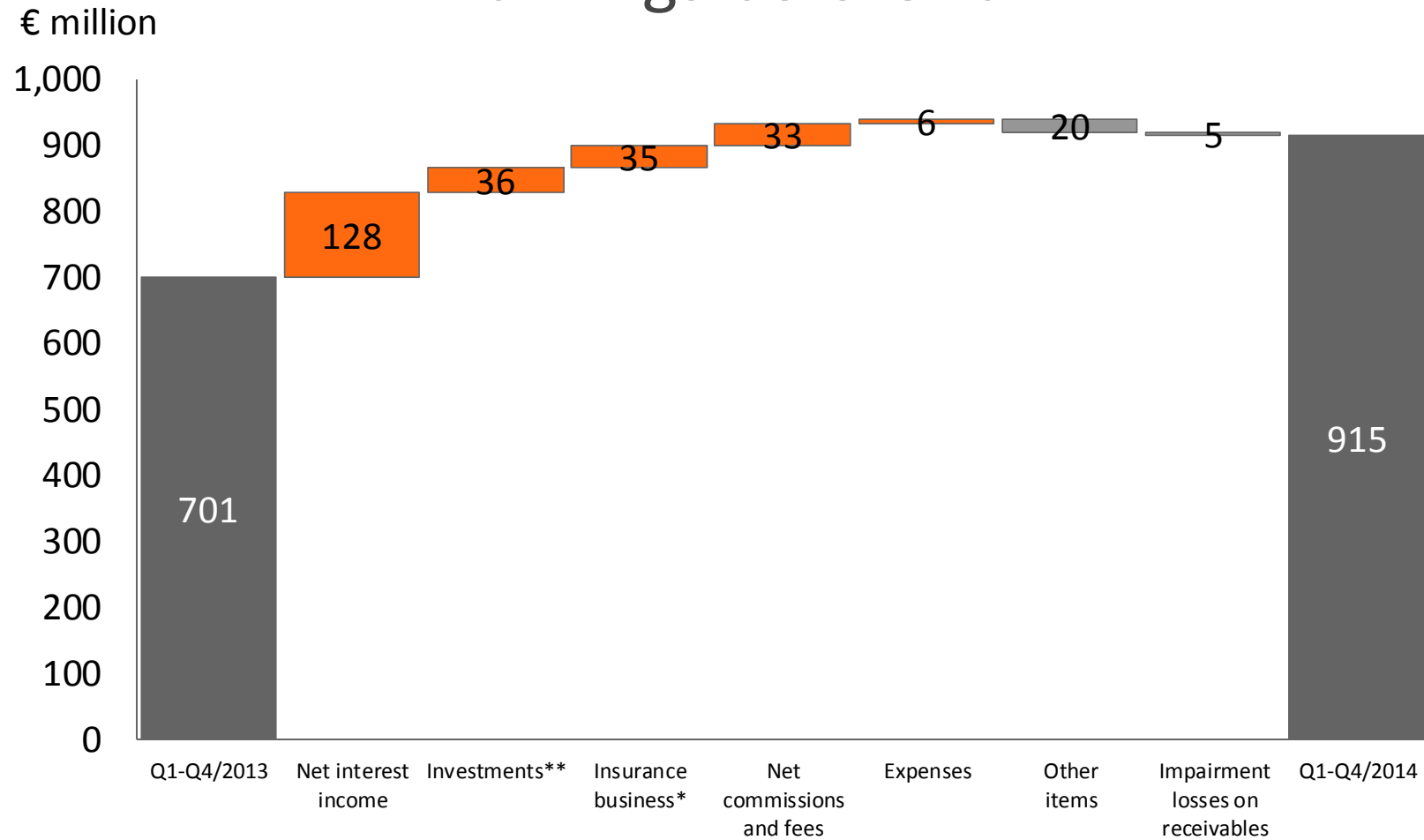
# Joint Liability, Deposit Insurance and Investors' Compensation

- Under the Laki talletuspankkien yhteenliittymästä Act (the Act on the Amalgamation of Deposit Banks), the amalgamation of the cooperative banks comprises the organisation's central institution (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 above-mentioned entities together hold more than half of the total votes.
- The central institution's members at the end of the report period comprised OP Financial Group's member cooperative banks as well as Pohjola Bank plc, Helsinki OP Bank Plc, OP Mortgage Bank , OP Card Company Plc and OP Process Services Ltd.
- By virtue of the Act on the Amalgamation of Deposit Banks, the central institution has both the right to control its credit institutions and the obligation to supervise their operations. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in applicable law, the member credit institutions and OP Cooperative are ultimately jointly and severally liable for each other's debts and commitments. OP Financial Group's insurance companies, for example, do not therefore fall within the scope of joint liability.
- 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 insurance. Under legislation governing the Investors' Compensation Fund, OP Financial Group is also considered a single entity in respect of investors' compensation.



## Year-on-year Results

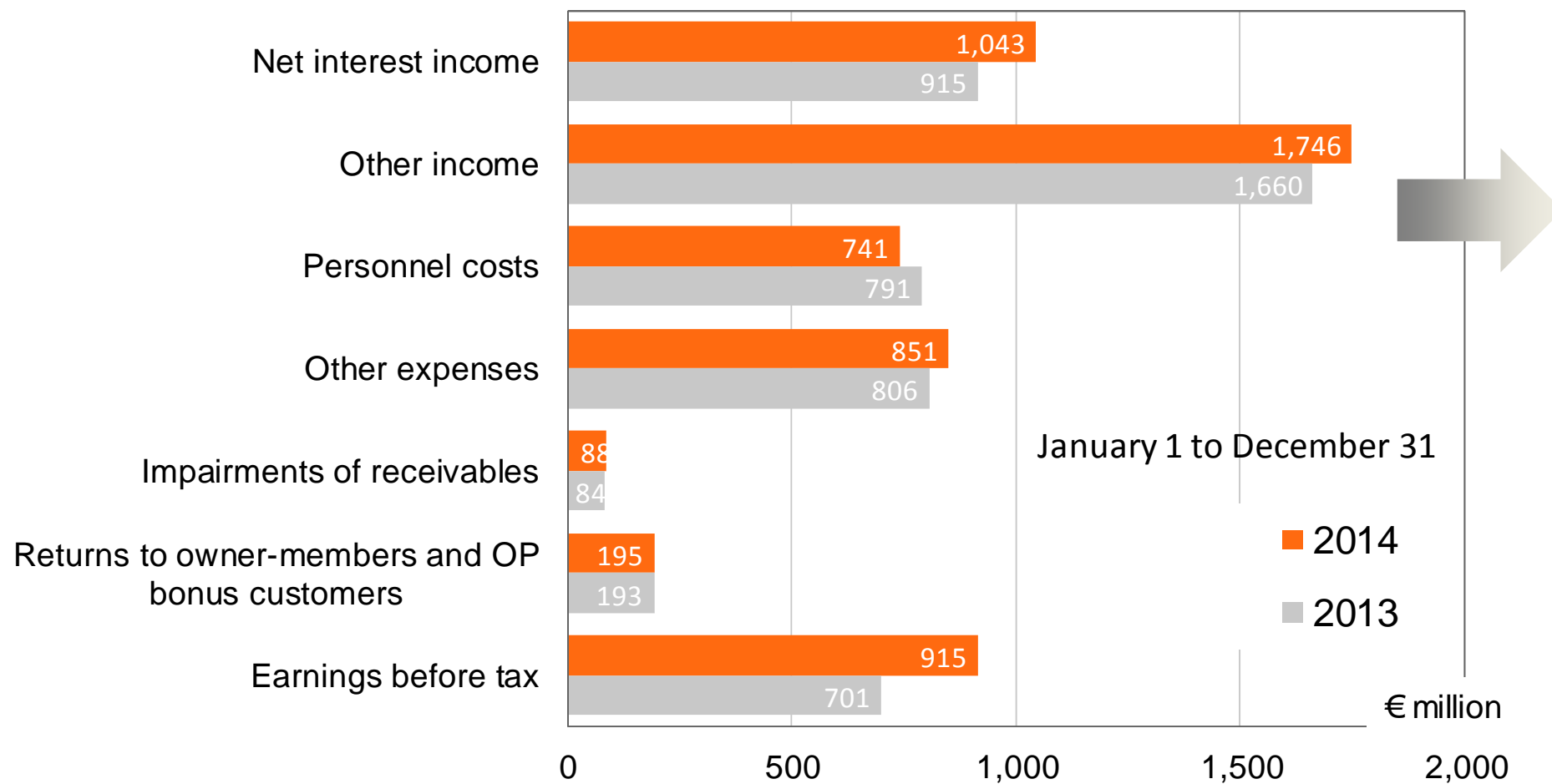
# OP Financial Group Earnings before Tax



\*) Life and Non-life Insurance \*\*) Investments = Life insurance's investment income ((excl. derivatives hedging technical provisions) and Non-life insurance investment income + Net trading and investment income

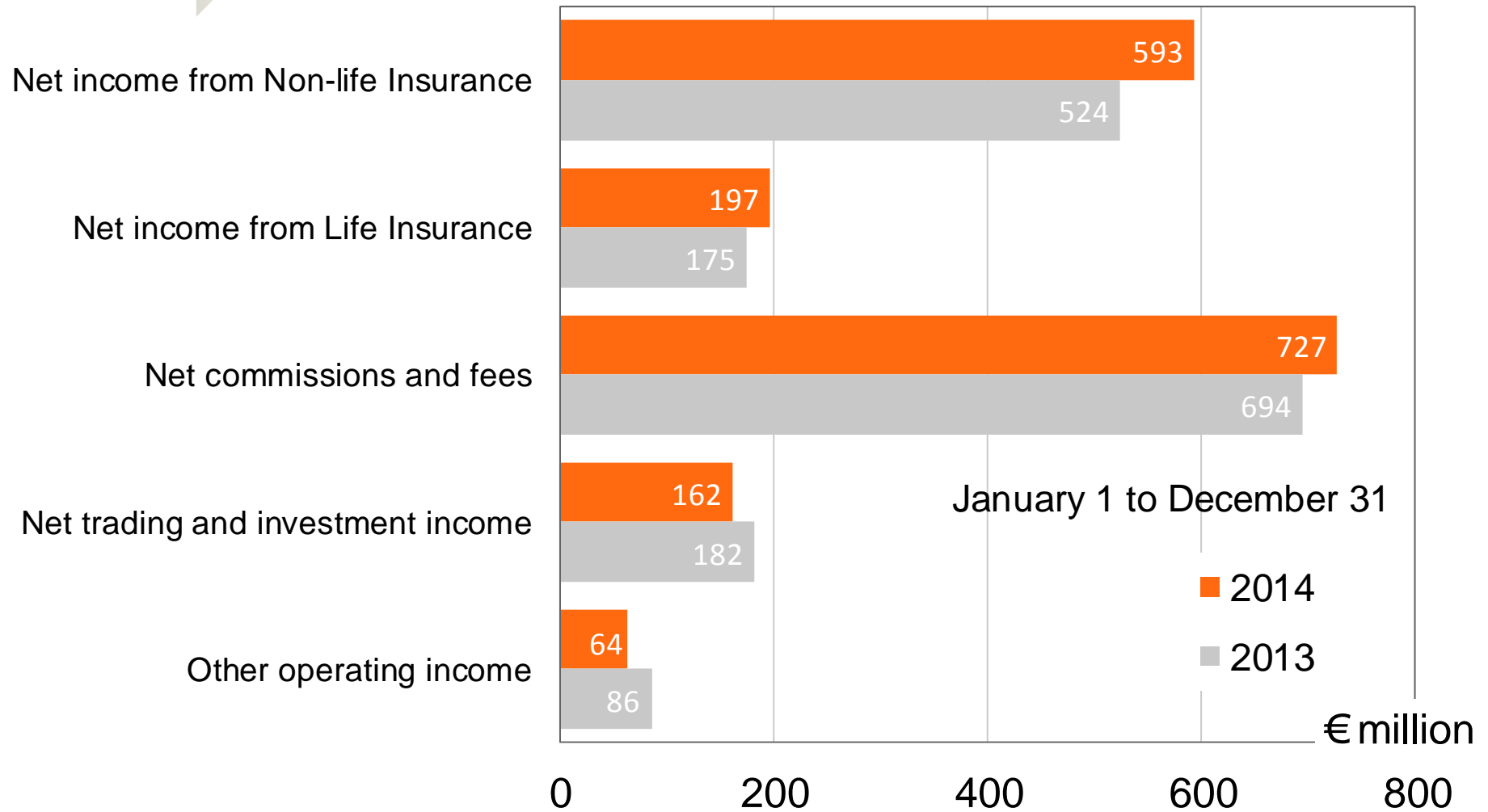


# OP Financial Group's Income Statement





## OP Financial Group Other Income



## OP Financial Group's Income Statement

January 1 to December 31			Change	
€ million	2014	2013	€ million	%
Interest income	2,685	2,514	172	6.8
Interest expenses	1,642	1,599	44	2.7
Net interest income	1,043	915	128	14.0
Impairments of receivables	88	84	5	5.4
Net interest income after impairment losses	955	831	124	14.9
Net income from Non-life Insurance operations	593	524	69	13.2
Net income from Life Insurance operations	197	175	22	12.5
Net commissions and fees	727	694	33	4.8
Net trading income	88	114	-26	-22.4
Net investment income	74	68	6	8.6
Other operating income	64	86	-23	-26.1
Personnel costs	741	791	-50	-6.4
Other administrative expenses	414	384	29	7.6
Other operating expenses	437	422	15	3.6
Returns to owner-members and OP bonus customers	195	193	1	0.7
Share of associates' profits/losses	3	-1	4	
<b>Earnings before tax</b>	<b>915</b>	<b>701</b>	<b>214</b>	<b>30.6</b>

# OP Financial Group

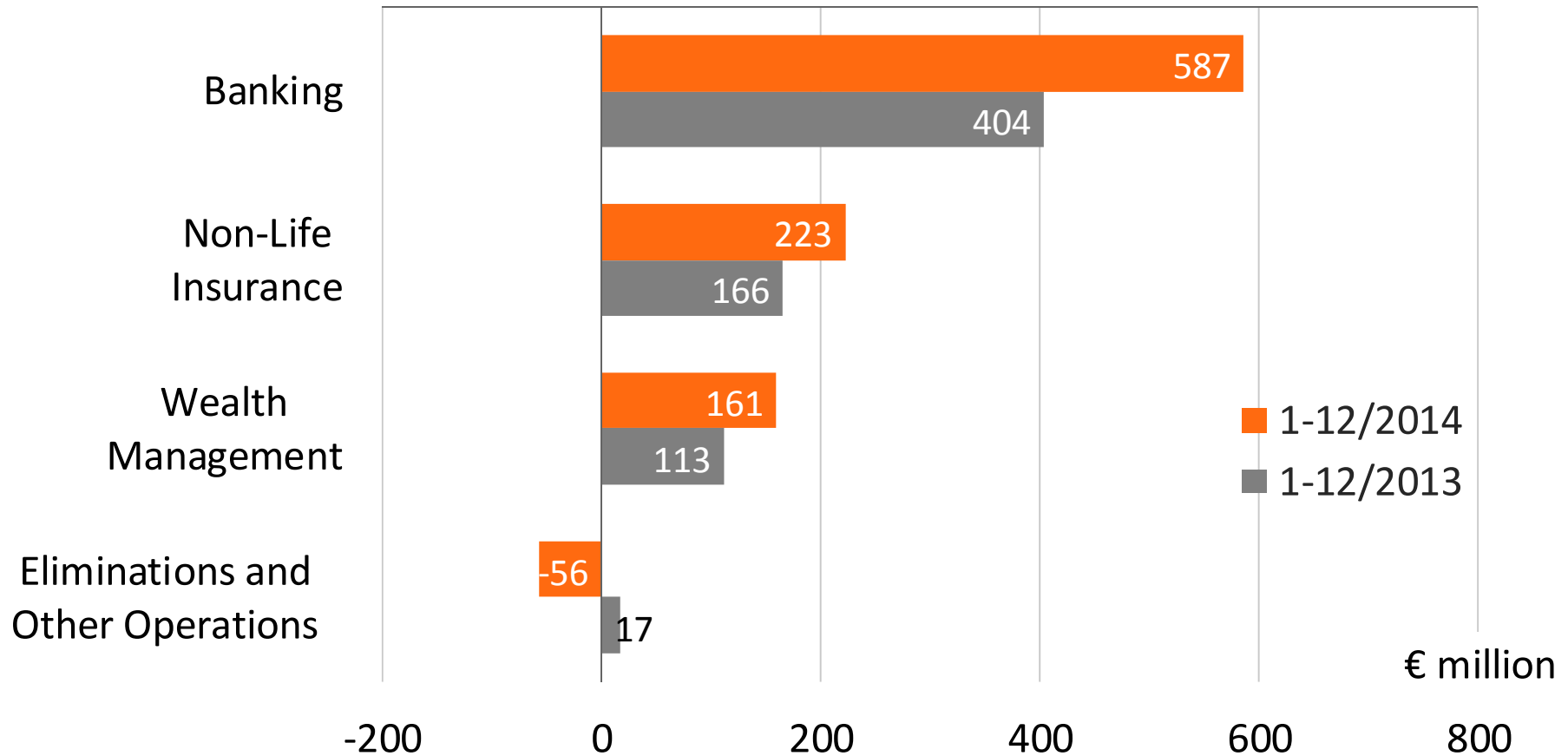
## Income Statement by Business Segment

1 January to 31 December 2014

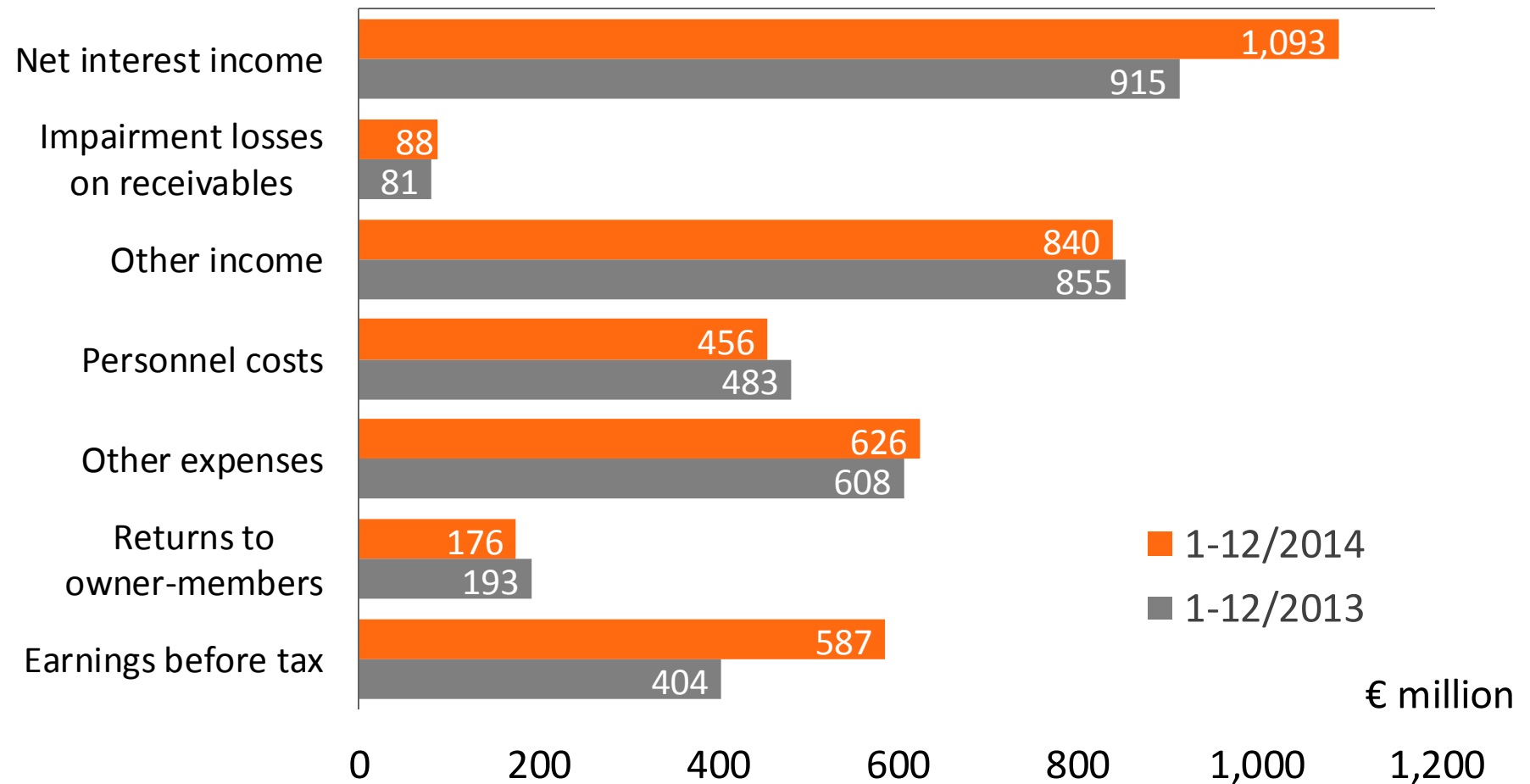
€ million	Banking	Non-Life Insurance	Wealth Management	Eliminations and Other Operations	Total
Net interest income	1,093	-26	2	-26	1,043
Net income from non-life insurance	0	595	0	-2	593
Net income from life insurance	0	0	66	131	197
Other income	163	11	13	43	229
<b>Total income</b>	<b>1,933</b>	<b>595</b>	<b>256</b>	<b>5</b>	<b>2,789</b>
Personnel costs	456	102	24	158	740
Other expenses	626	270	72	-117	851
<b>Total expenses</b>	<b>1,082</b>	<b>372</b>	<b>95</b>	<b>42</b>	<b>1,592</b>
Impairment losses on receivables	88	0	0	0	88
Returns to owner-members	176	0	0	19	195
<b>Earnings before tax</b>	<b>587</b>	<b>223</b>	<b>161</b>	<b>-56</b>	<b>915</b>
Cost /income ratio, %	56				

# OP Financial Group

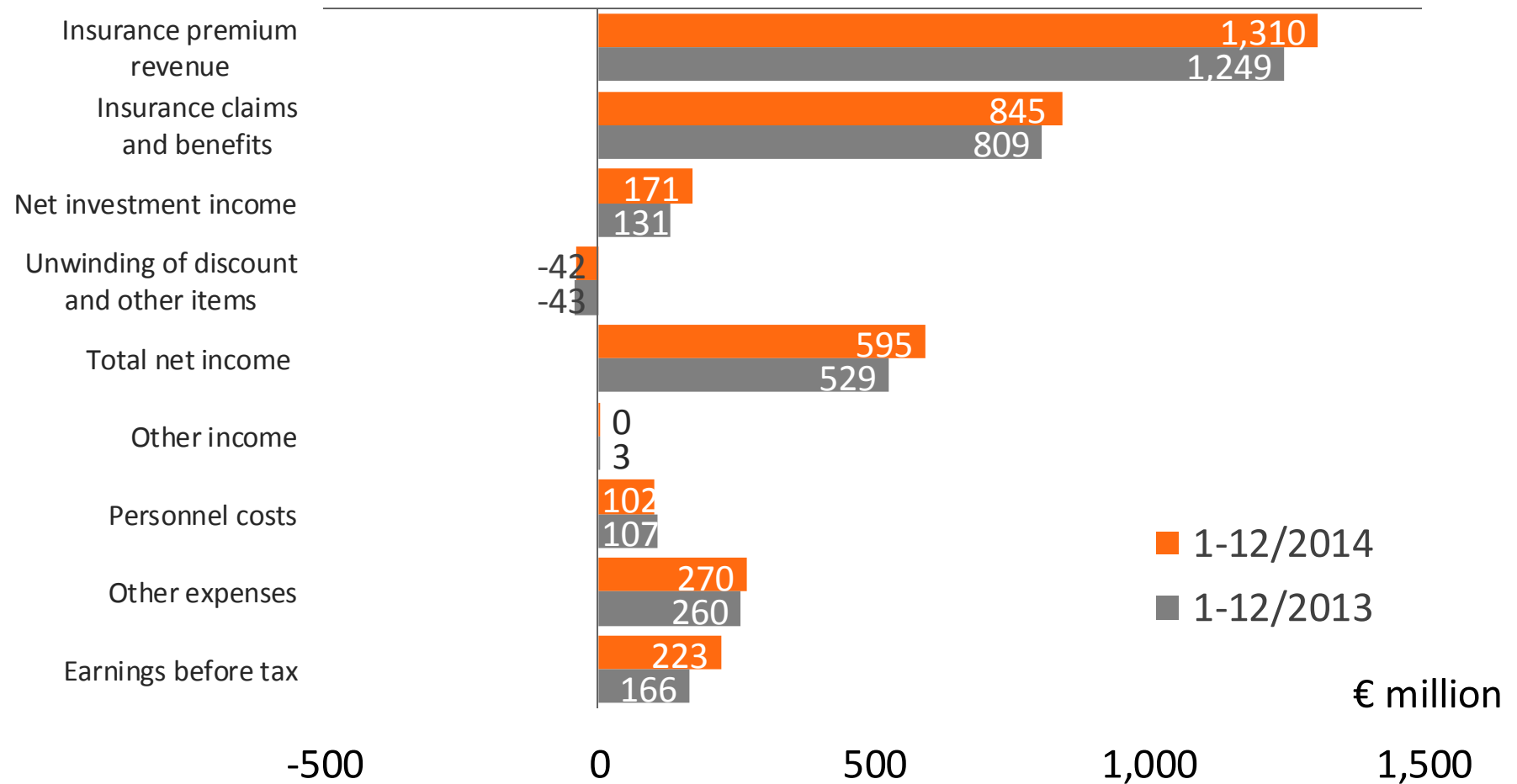
## Earnings before tax by Business Segment



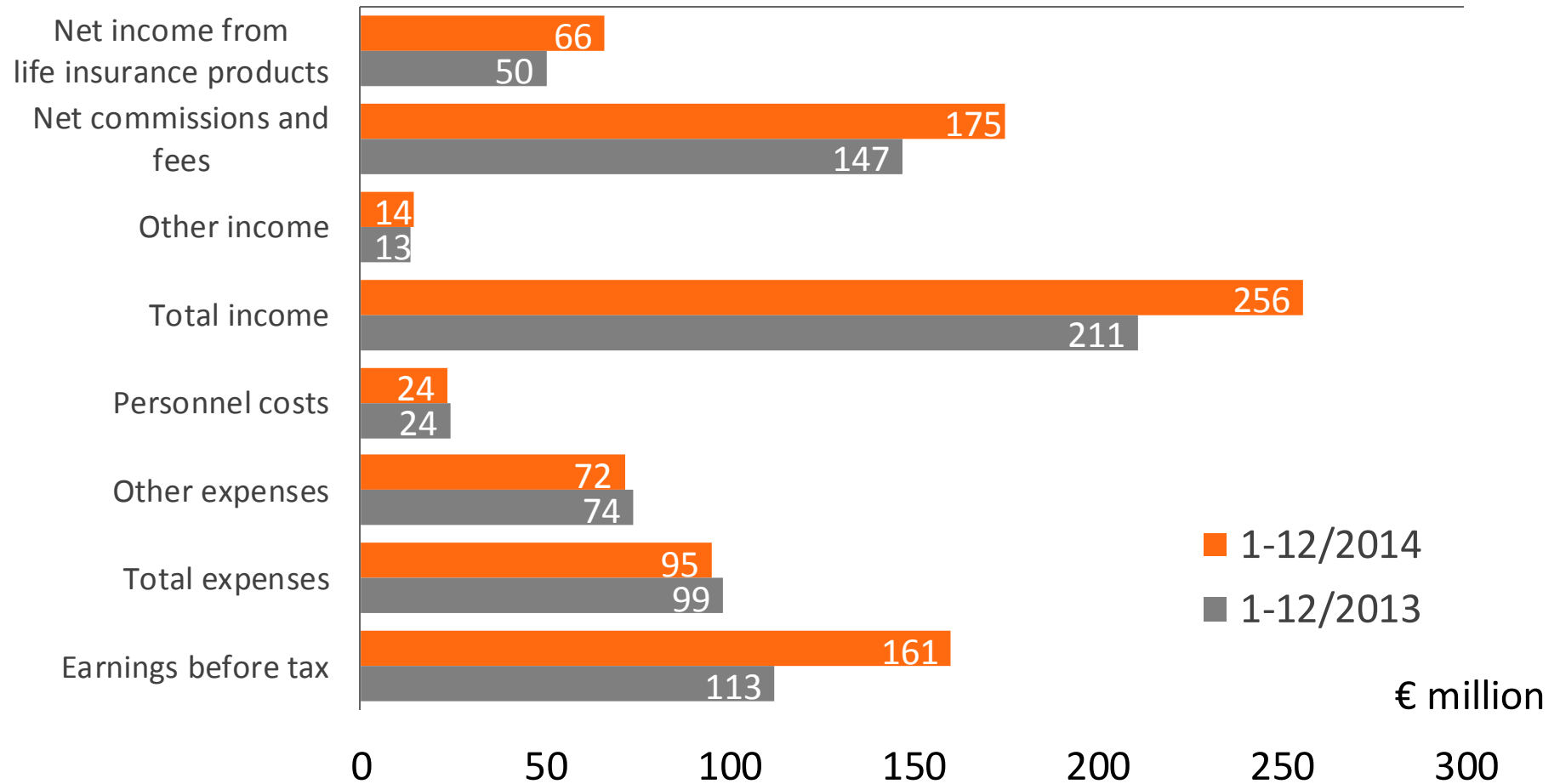
# OP Financial Group Banking



# OP Financial Group Non-Life Insurance



# OP Financial Group Wealth Management







## Quarterly Figures

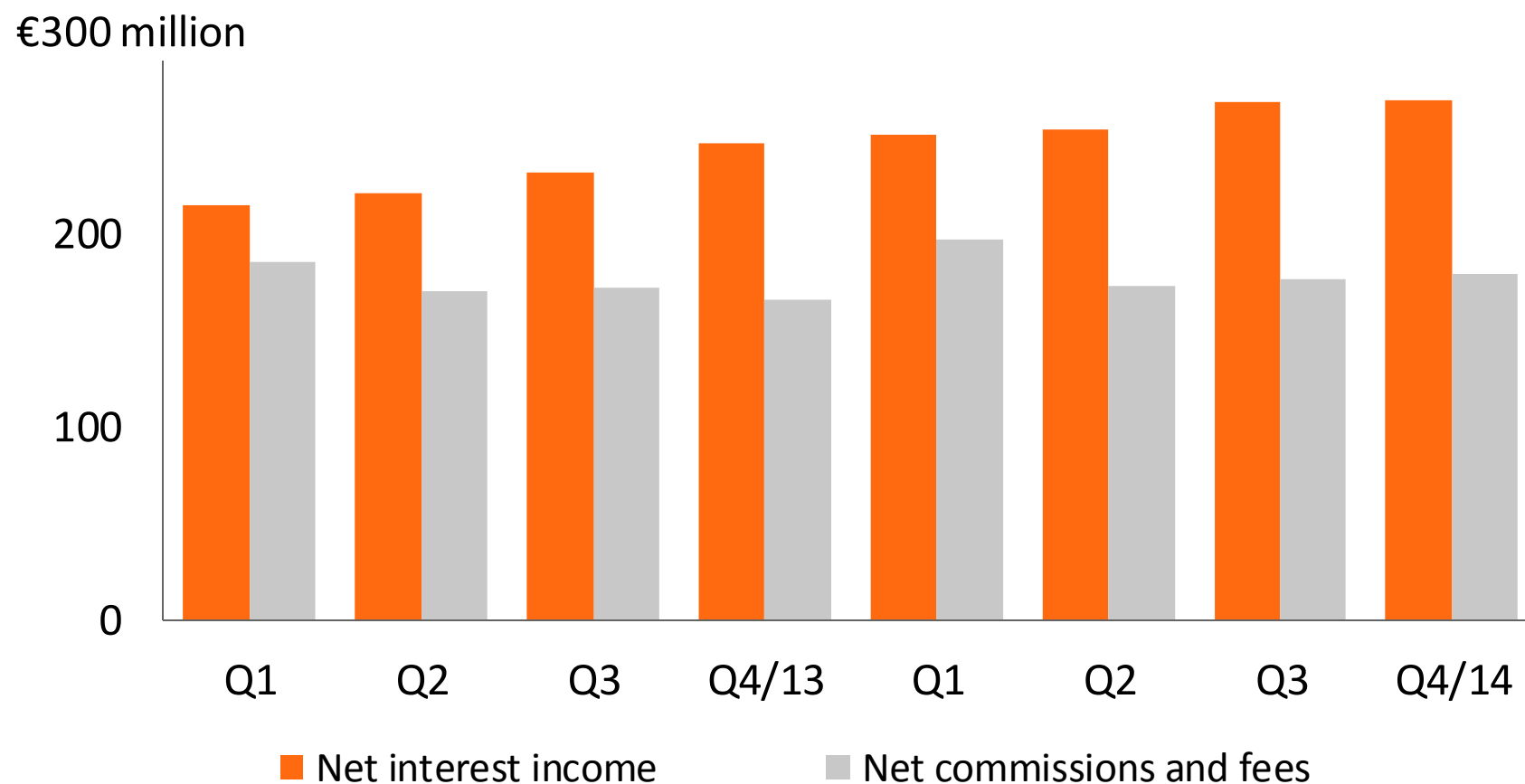
# OP Financial Group's Quarterly Performance

€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income	215	221	232	247	251	254	269	269
Other income	473	413	410	364	485	449	419	394
Total income	688	634	642	611	736	703	688	663
Personnel costs	211	203	176	202	195	190	166	190
Other expenses	187	199	184	236	225	210	205	211
Total expenses	398	402	360	438	420	400	371	401
Impairments of receivables	9	23	17	34	10	23	17	38
Returns to owner-members and OP bonus customers	48	48	49	49	49	49	49	48
Earnings before tax	234	161	216	90	257	231	251	176

## OP Financial Group's Other Income by Quarter

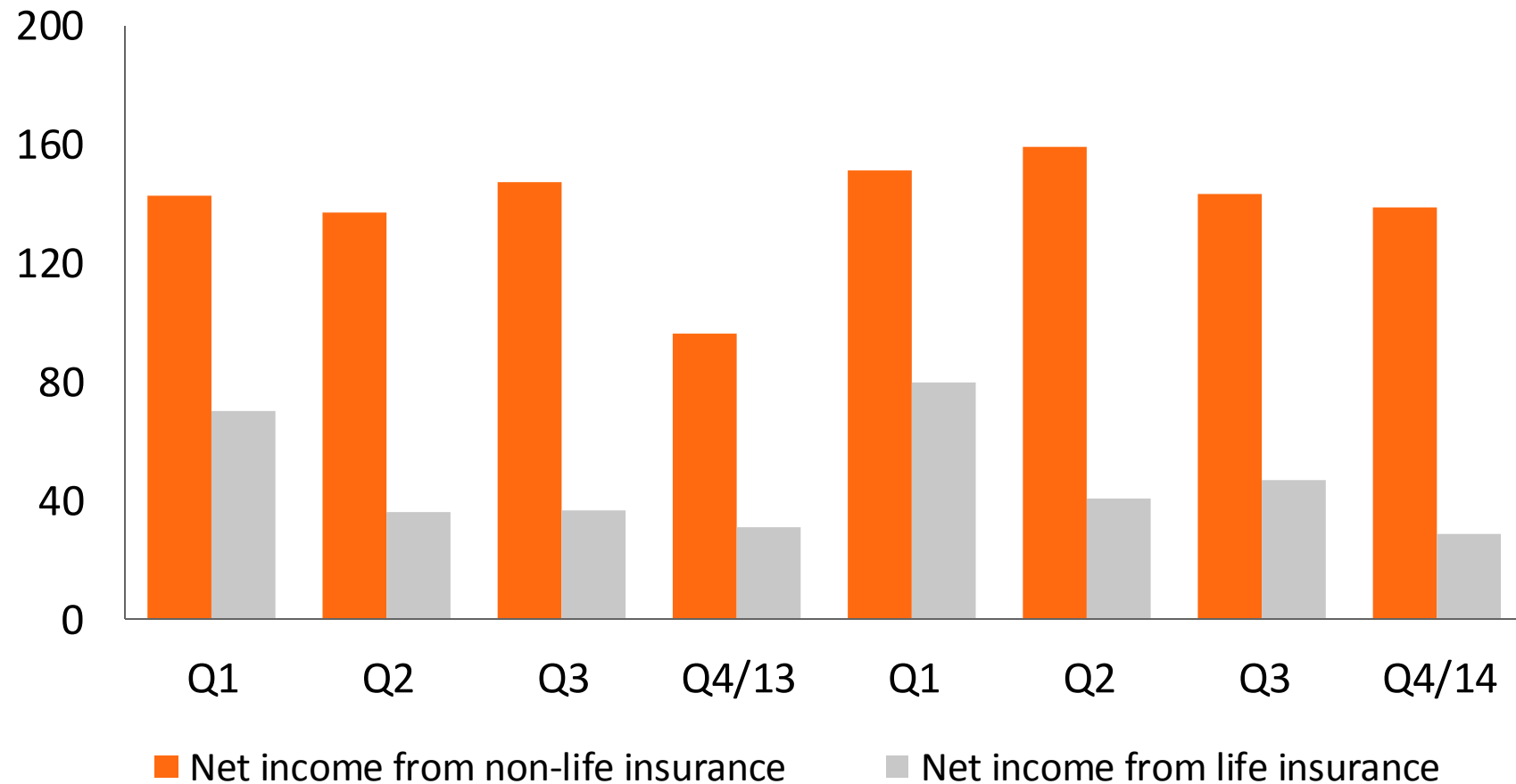
€ million	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income from non-life insurance	143	137	147	96	151	159	143	139
Net income from life insurance	70	36	37	31	80	41	47	29
Net commissions and fees	185	171	172	166	197	173	177	179
Net income from trading and investments	55	46	35	46	43	58	34	27
Other income	20	23	18	25	13	17	17	20
<b>Total</b>	<b>473</b>	<b>413</b>	<b>410</b>	<b>364</b>	<b>485</b>	<b>449</b>	<b>419</b>	<b>394</b>

# OP Financial Group's Net Interest Income and Net Commissions and Fees

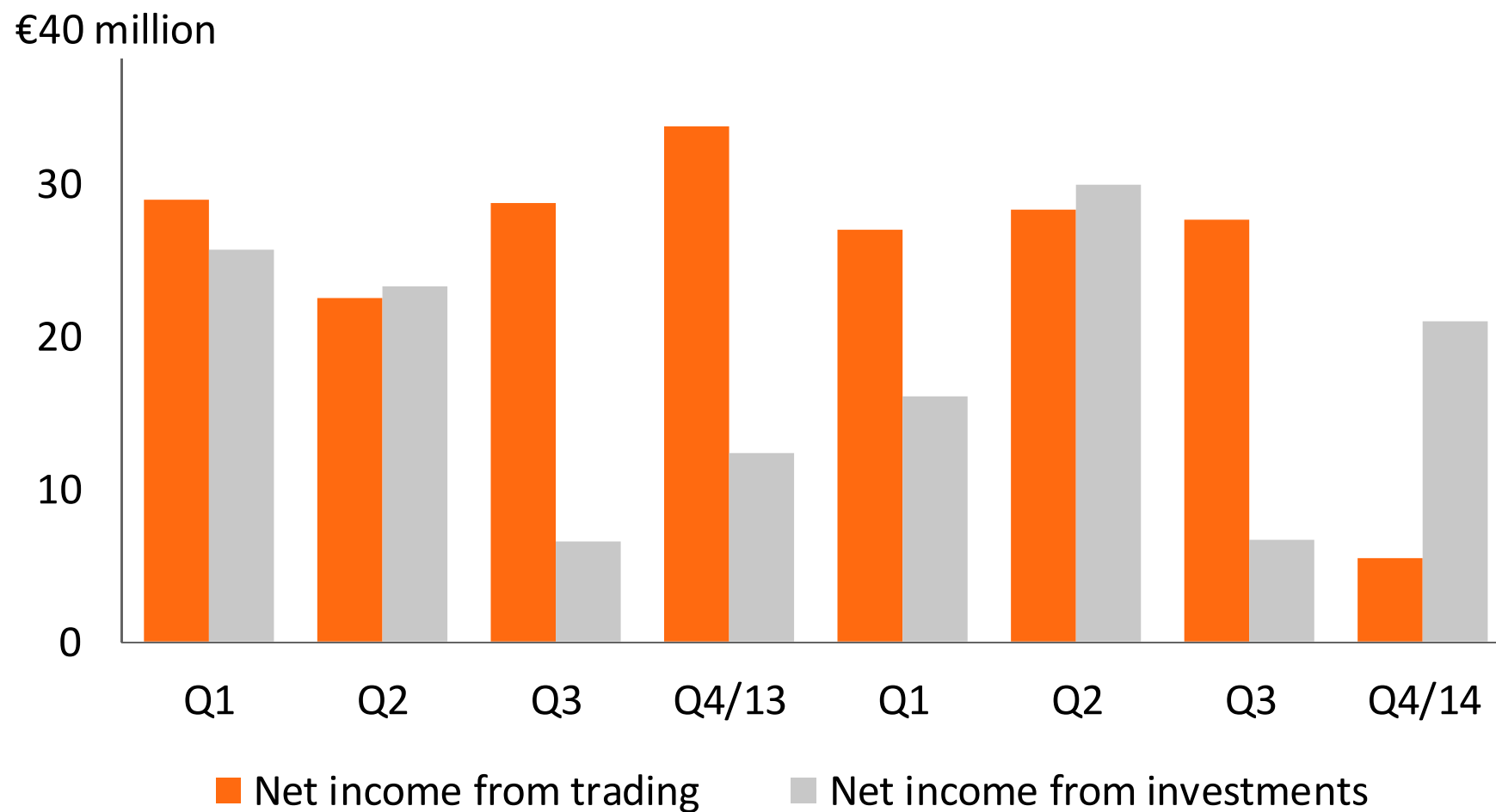


# OP Financial Group's Net Income from Non-life and Life Insurance

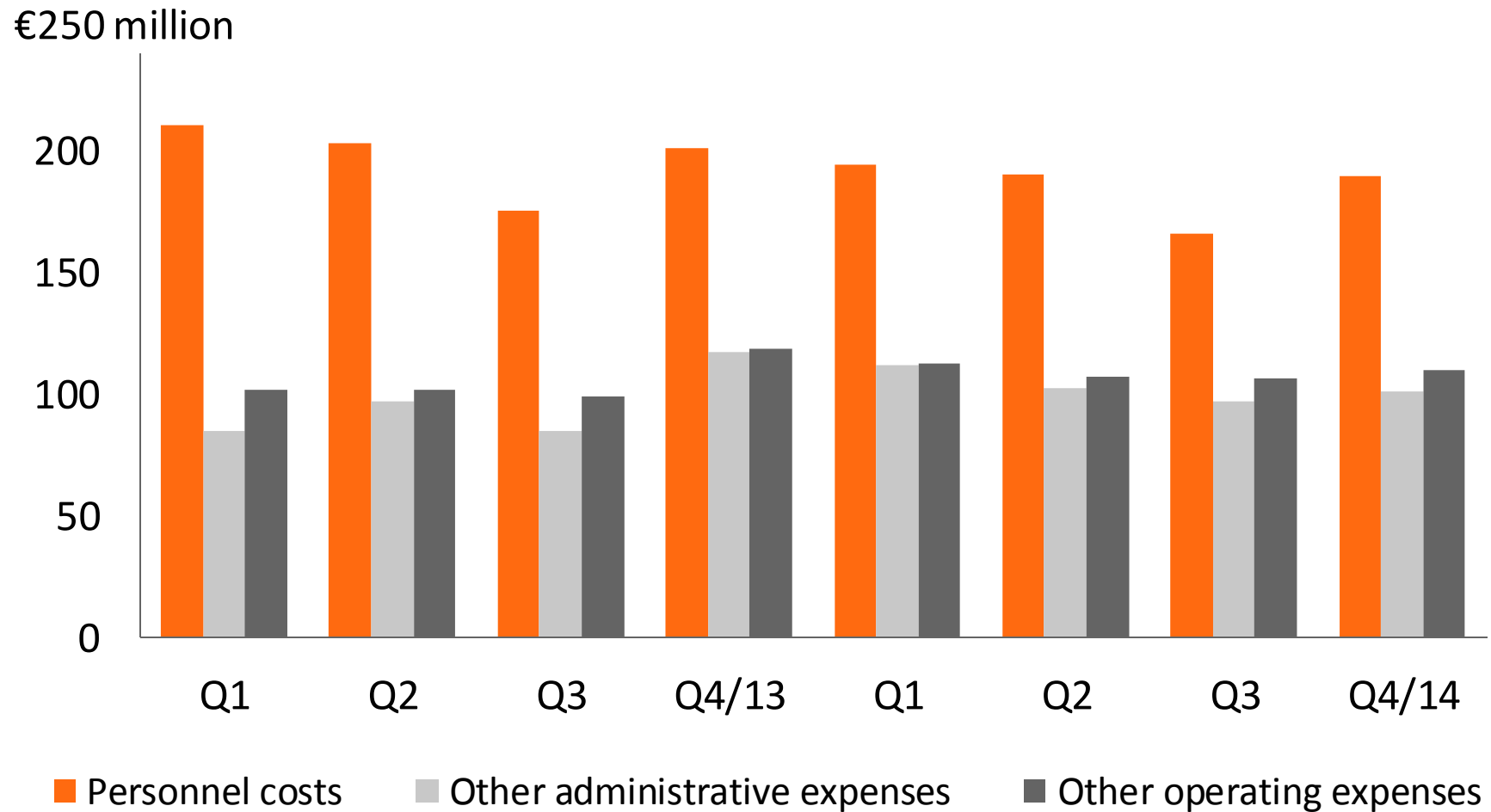
€ million



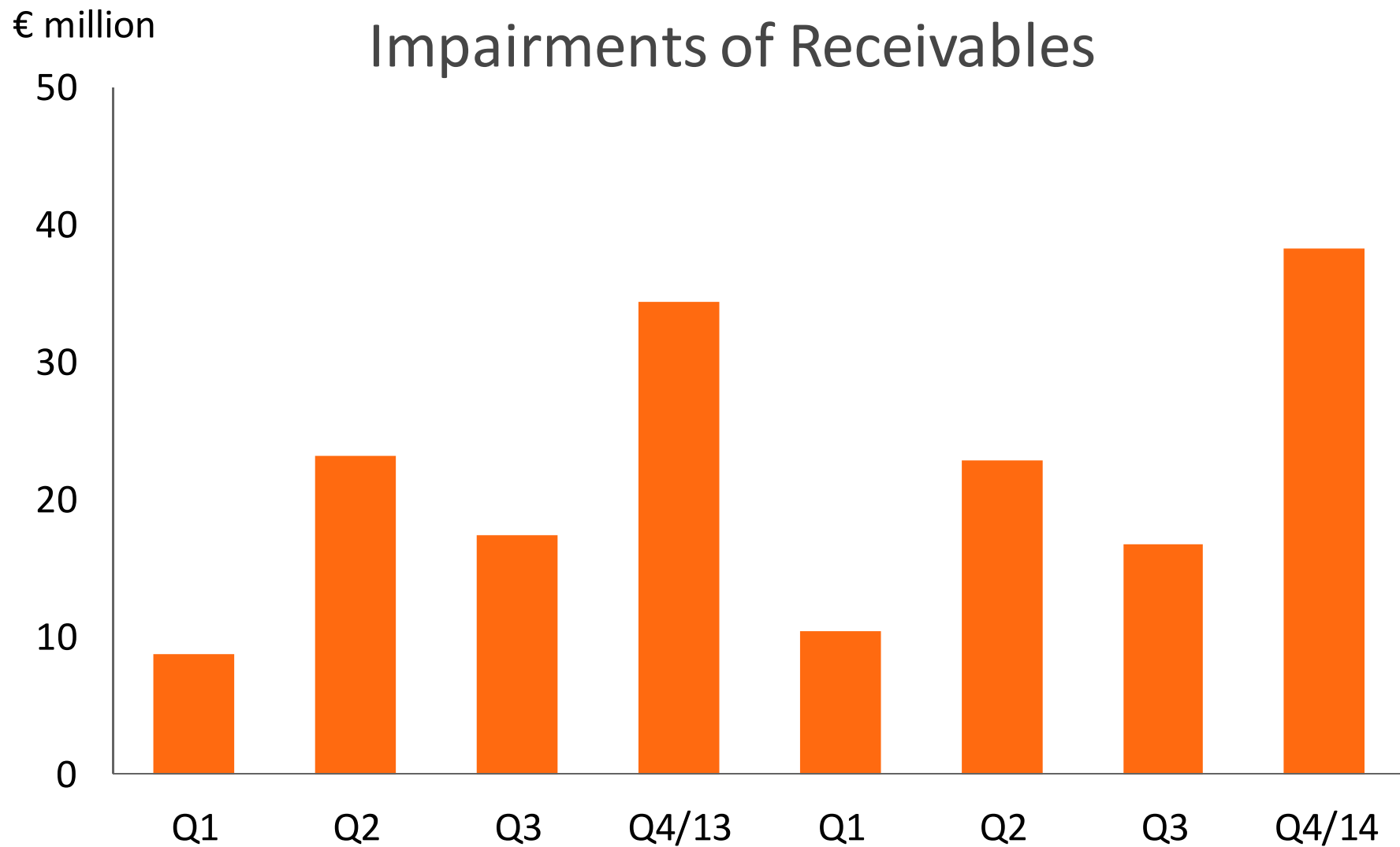
# OP Financial Group's Net Income from Trading and Investments



# OP Financial Group's expenses

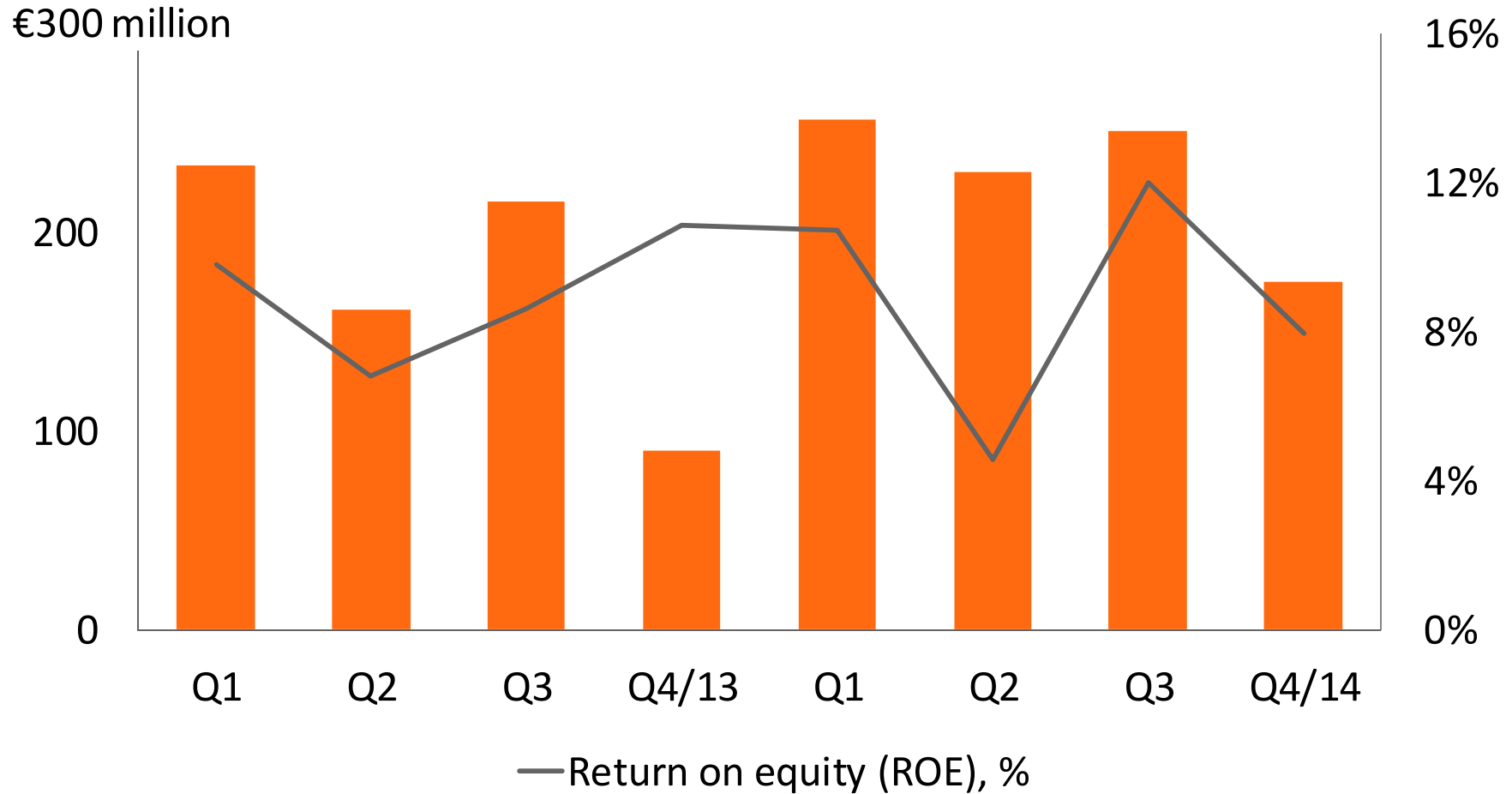


# OP Financial Group's Quarterly Impairments of Receivables

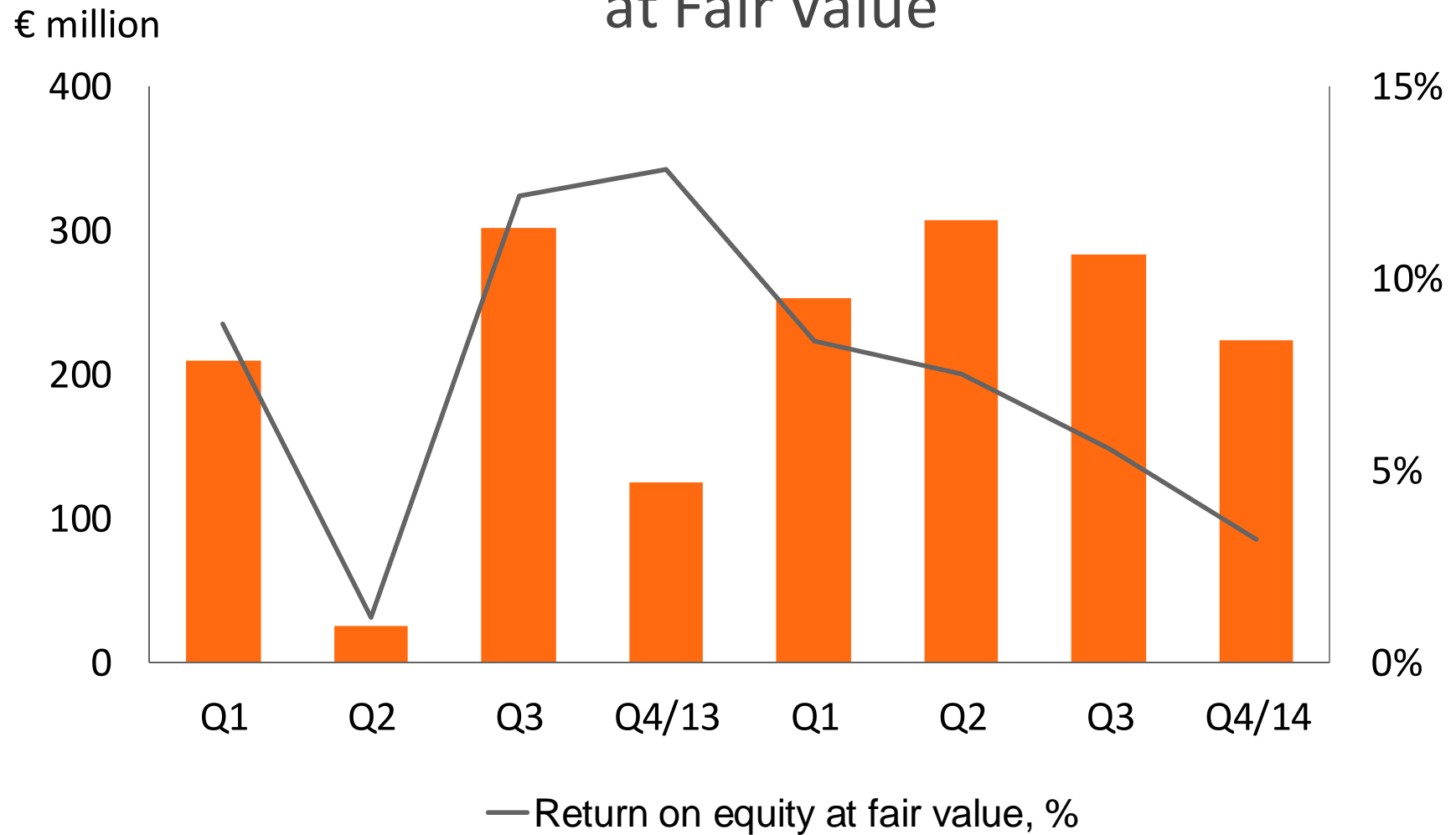




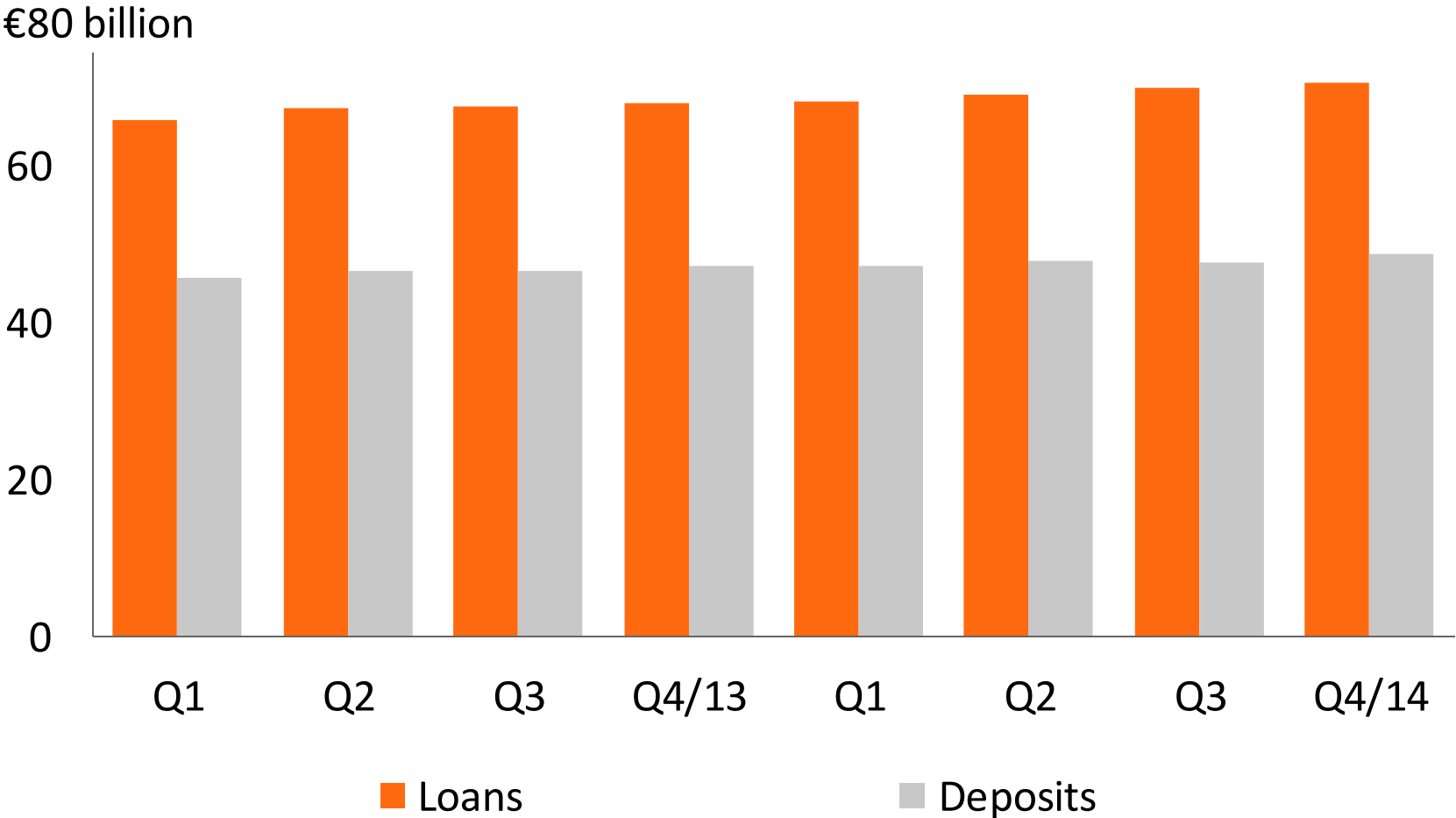
# OP Financial Group's Earnings before Tax



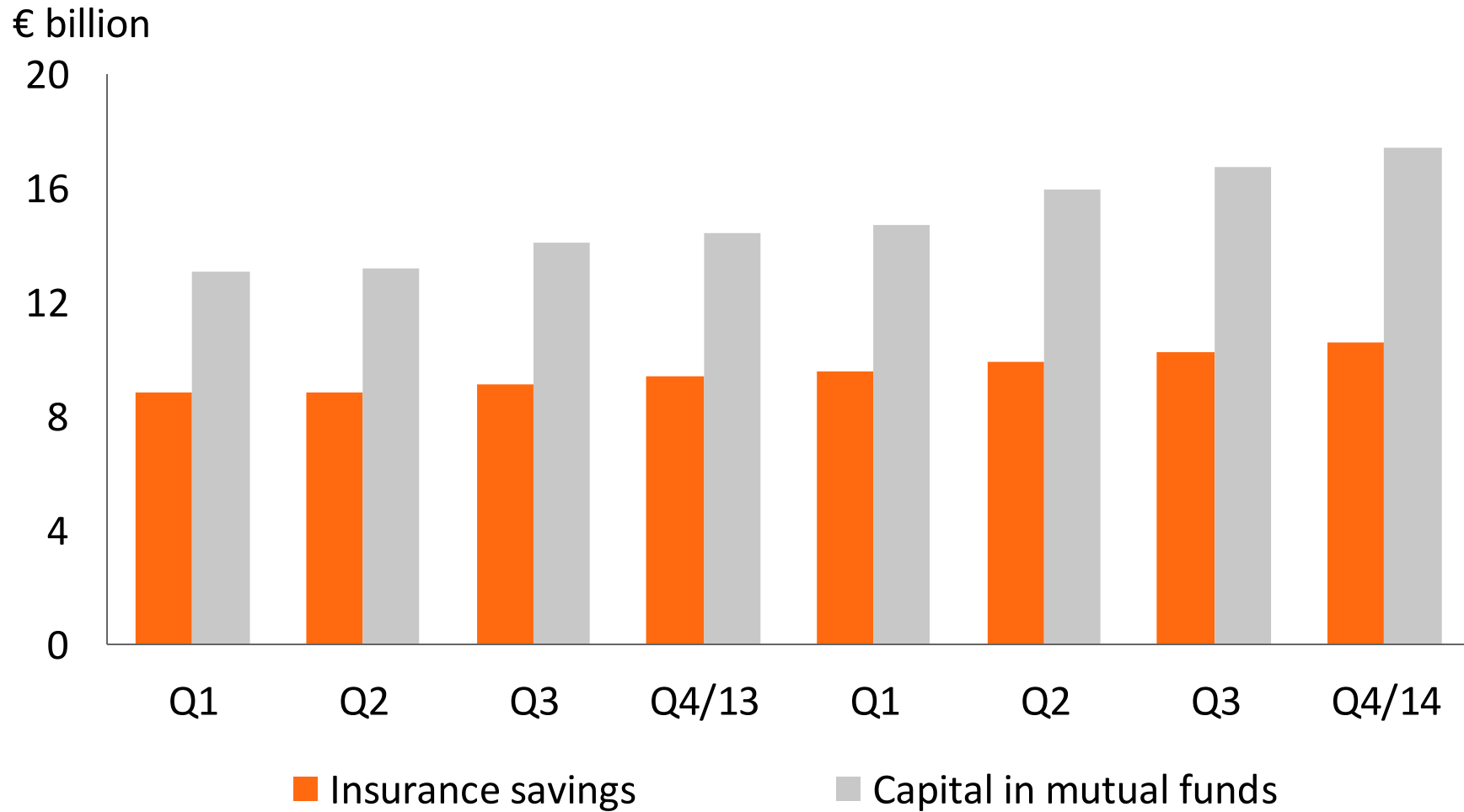
# OP Financial Group's Earnings before Tax at Fair Value



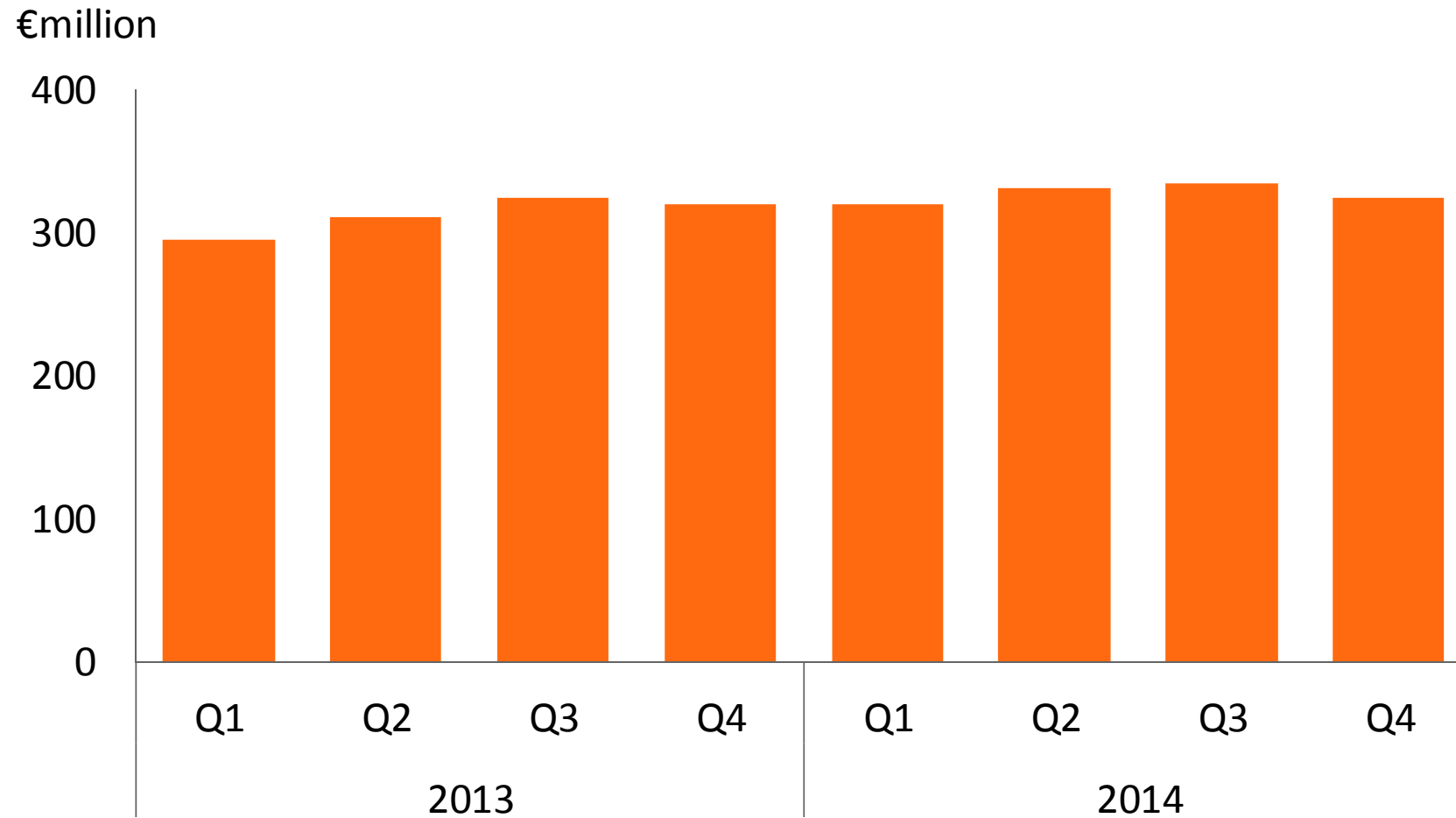
# OP Financial Group's Loans and Deposits



# OP Financial Group's Life Insurance Savings and Capital in Mutual Funds



## OP Financial Group's Non-life Insurance Premium Revenue (IFRS)





## Capital Adequacy

# Two Capital Adequacy Ratios

Consolidated capital adequacy = capital adequacy of the amalgamation of cooperative banks

- The Group's operations are based on the Act on the Amalgamation of Deposit Banks
- The Act on the Amalgamation of Deposit Banks sets the minimum capital for the amalgamation of cooperative banks, which is calculated according to the CRR rules and the Act on Credit Institutions.
- The amalgamation of cooperative banks consists of the amalgamation's central institution (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups. Although OP Financial Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions.

Capital adequacy ratio (under the Act on the Supervision of Financial and Insurance Conglomerates) = OP Financial Group's capital adequacy

- OP Financial Group is a financial conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.
- OP Financial Group's capital adequacy pursuant to the Act on the Supervision of Financial and Insurance Conglomerates is calculated using the consolidation method, whereby assets included in capital resources but not included in equity capital, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet.
  - Capital resources may not include items not available for covering the losses of other companies belonging to the conglomerate.
- The financial conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement and the insurance companies' joint minimum operating capital.

In view of both capital adequacy requirements,  
OP Financial Group's risk-bearing capacity is strong.

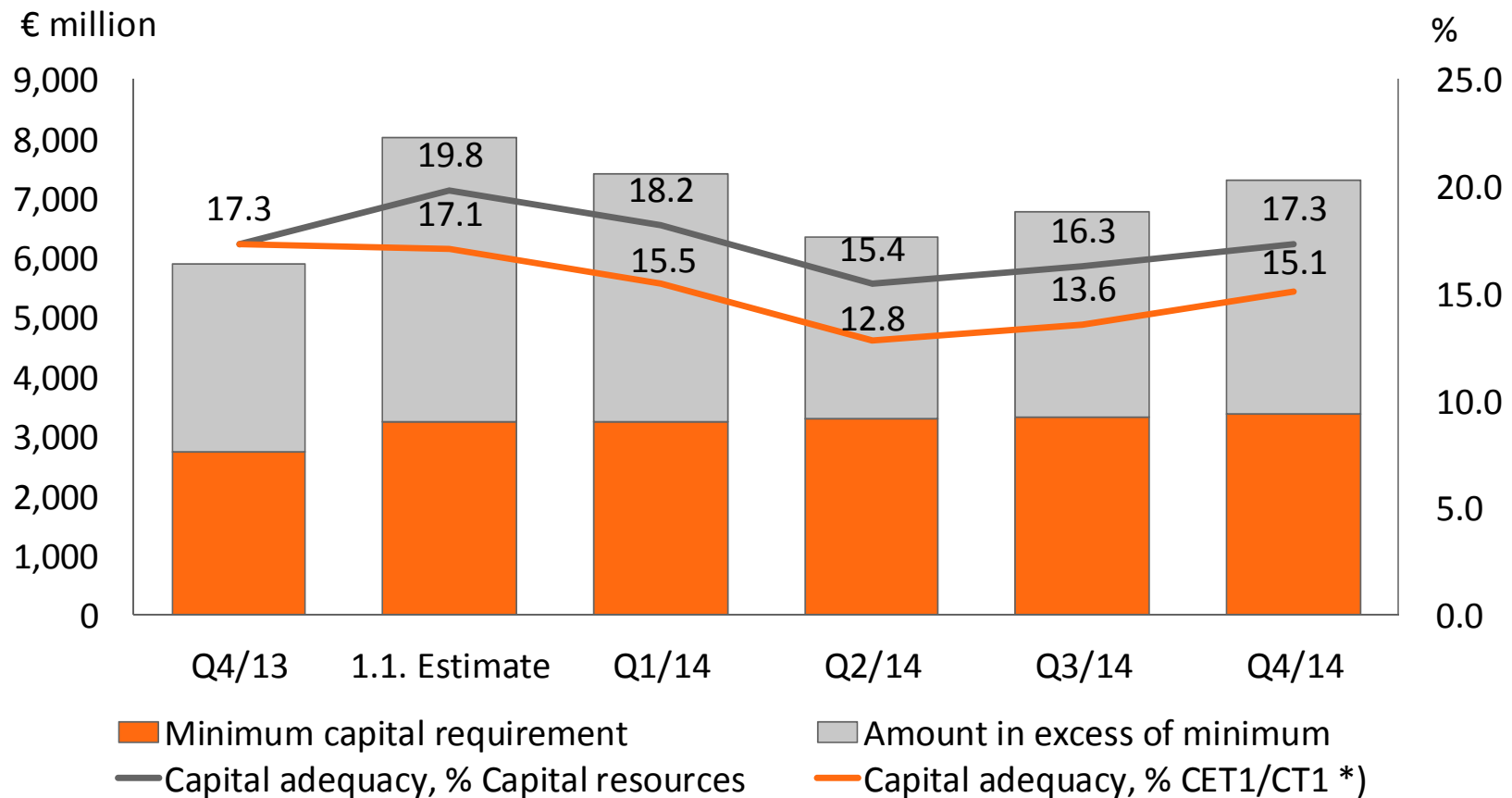
## The credit risk of the capital adequacy of the Amalgamation of the Cooperative Banks is calculated using the Internal Ratings Based Approach (IRBA)

- The Internal Ratings Based Approach (IRBA) is applied to the following types of exposure
  - Retail exposure
  - Corporate exposure (FIRB)
  - Credit institution exposure (FIRB)
- The Standardised Approach (SA) is applied to government exposure
- A simple and PD/LGD method are applied to equity investments



# The amalgamation of the cooperative banks

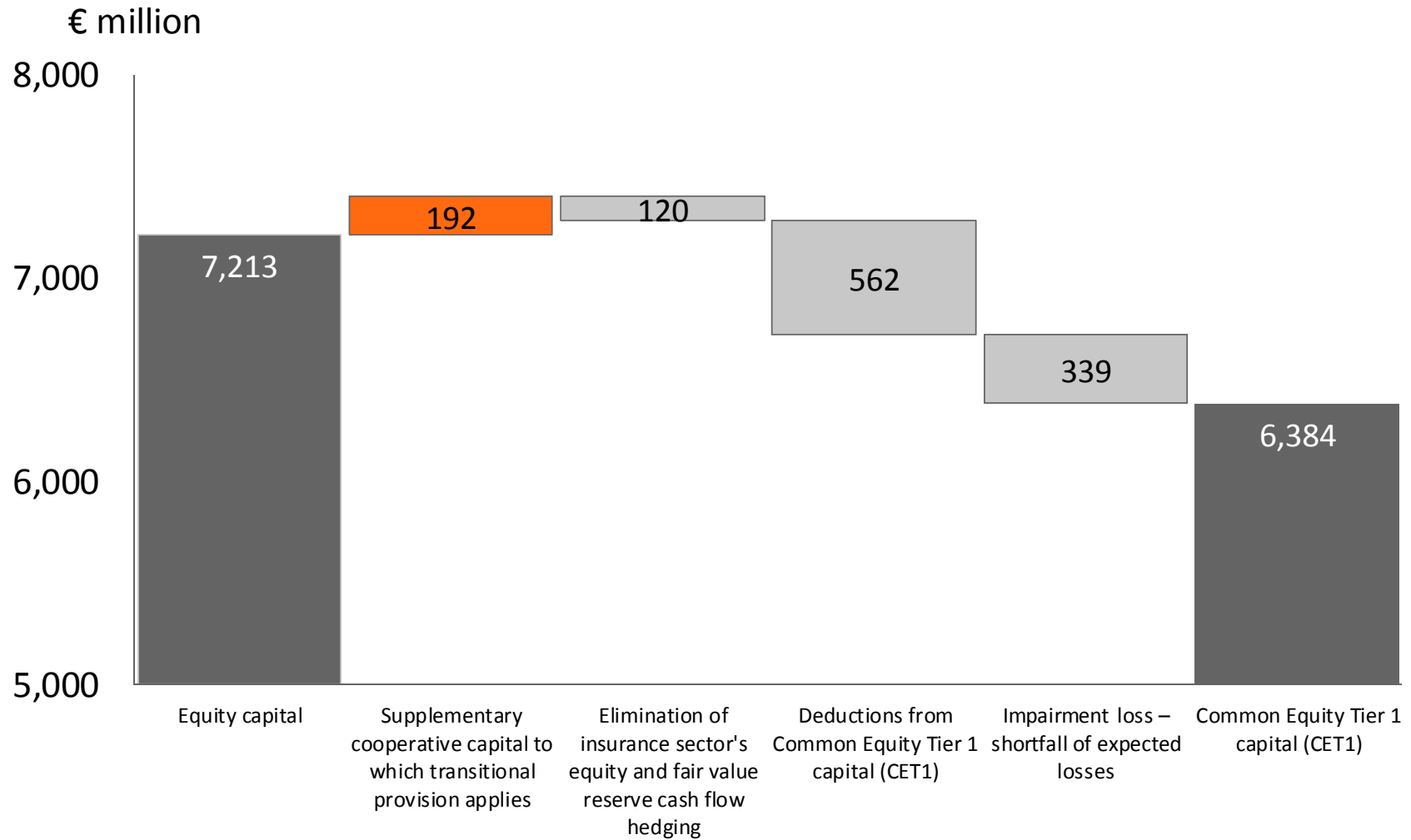
## Capital Resources and Capital Adequacy



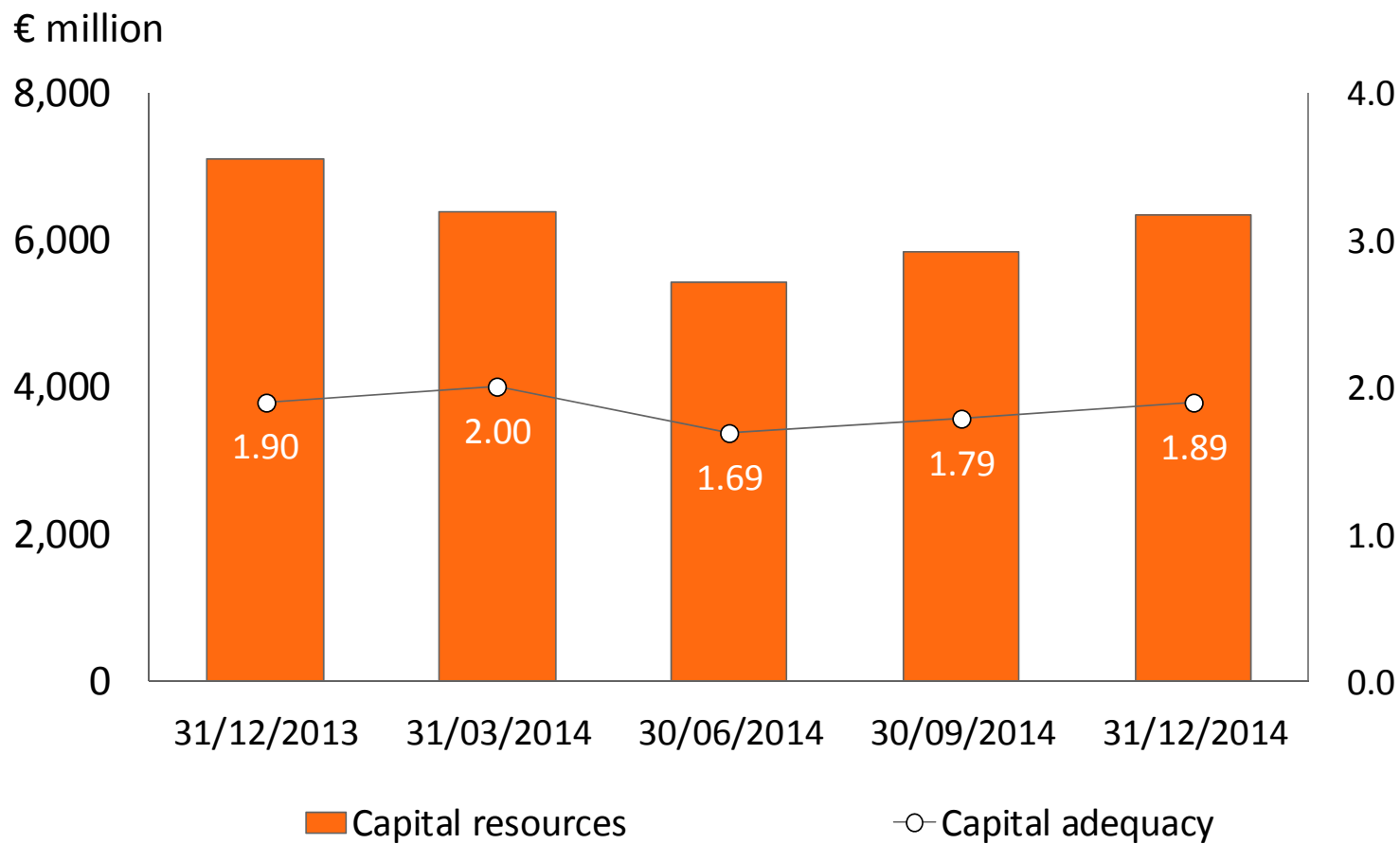
Until Q4/13 according to CRD3 before IRBA transitional provisions (Basel I floor)

# Common Equity Tier 1 (CET1)

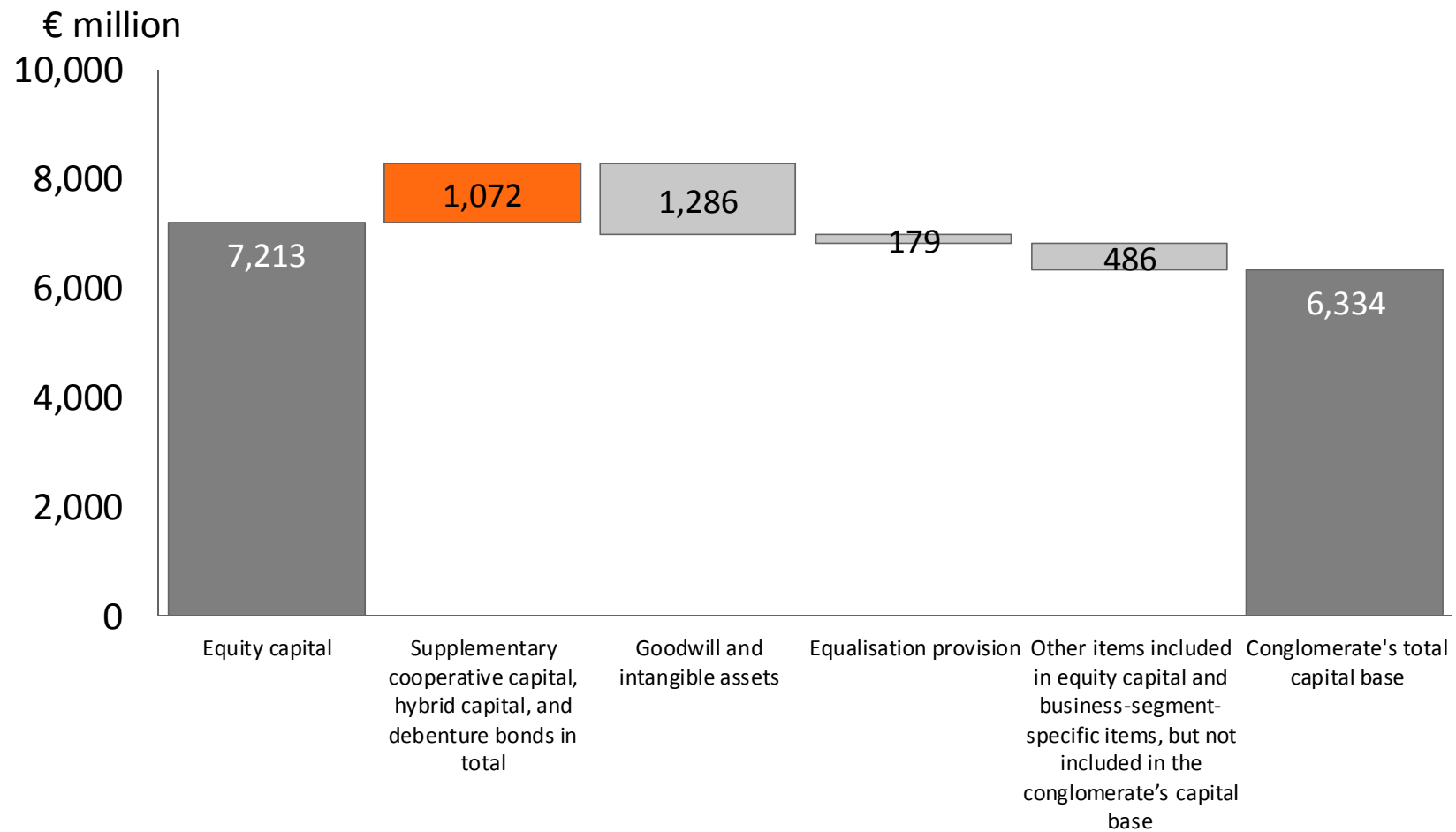
31 December 2014



# OP Financial Group Conglomerate's Capital Adequacy



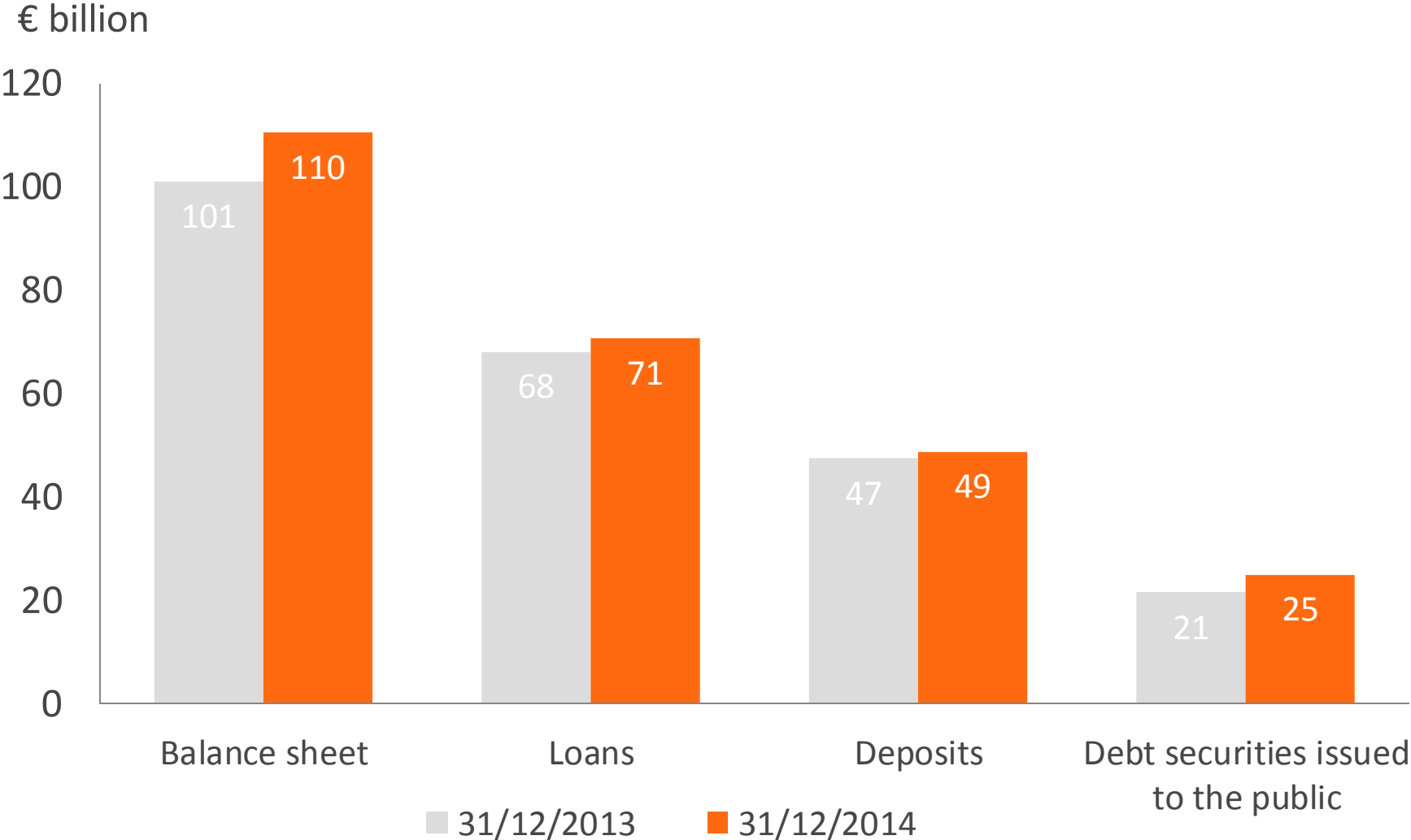
# Total Capital Base under the Act on the Supervision of Financial and Insurance Conglomerates 31 December 2014





## Balance Sheet

# OP Financial Group's Key Balance Sheet Items



# OP Financial Group's Balance Sheet

€ million	31/12/2014	31/12/2013	Change	
			€ mill.	%
Receivables from credit institutions	686	849	-163	-19.2
Financial assets at fair value through profit or loss	427	537	-110	-20.5
Receivables from customers	70,683	68,142	2,540	3.7
Non-life Insurance assets	3,797	3,479	318	9.1
Life Insurance assets	11,238	9,872	1,366	13.8
Investment assets	9,500	8,753	747	8.5
Other items	14,096	9,359	4,737	50.6
<b>Total assets</b>	<b>110,427</b>	<b>100,991</b>	<b>9,436</b>	<b>9.3</b>
Liabilities to credit institutions	1,776	1,039	738	71.0
Liabilities to customers	51,163	50,157	1,006	2.0
Non-life Insurance liabilities	2,972	2,746	226	8.2
Life Insurance liabilities	11,230	9,771	1,460	14.9
Debt securities issued to the public	24,956	21,428	3,527	16.5
Other liabilities	11,116	8,126	2,990	36.8
Equity capital	7,213	7,724	-511	-6.6
<b>Total liabilities and equity capital</b>	<b>110,427</b>	<b>100,991</b>	<b>9,436</b>	<b>9.3</b>

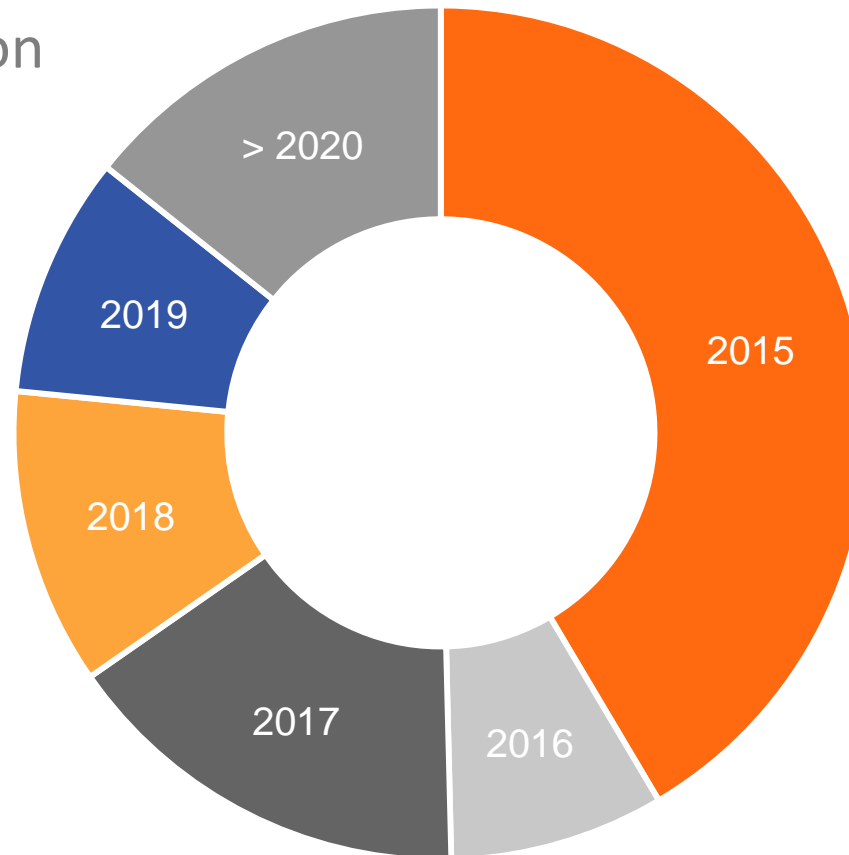
# OP Financial Group's Equity Capital and Cooperative Capital

€ million	31 December 2014	31 December 2013	Change € million	%
<b>Share of OP Financial Group's owners</b>	<b>7,144</b>	<b>7,625</b>	<b>-481</b>	<b>-6.3</b>
Share and cooperative capital	1,709	339	1,369	403.3
Share capital	0	199	-199	
Membership capital contributions	148	140	7	5.3
Profit shares	1,561	0	1,561	0.0
Fair value reserve	425	328	97	29.7
Other reserves	1,996	2,739	-743	-27.1
Retained earnings	3,014	4,218	-1,204	-28.5
<b>Non-controlling interests</b>	<b>69</b>	<b>100</b>	<b>-30</b>	<b>-30.5</b>
<b>Total equity capital</b>	<b>7,213</b>	<b>7,724</b>	<b>-511</b>	<b>-6.6</b>
<b>Supplementary cooperative capital</b>	<b>192</b>	<b>606</b>	<b>-414</b>	<b>-68.3</b>



# OP Financial Group's Debt Securities Issued to the Public Maturity 31 December 2014

Total of €25.0 billion

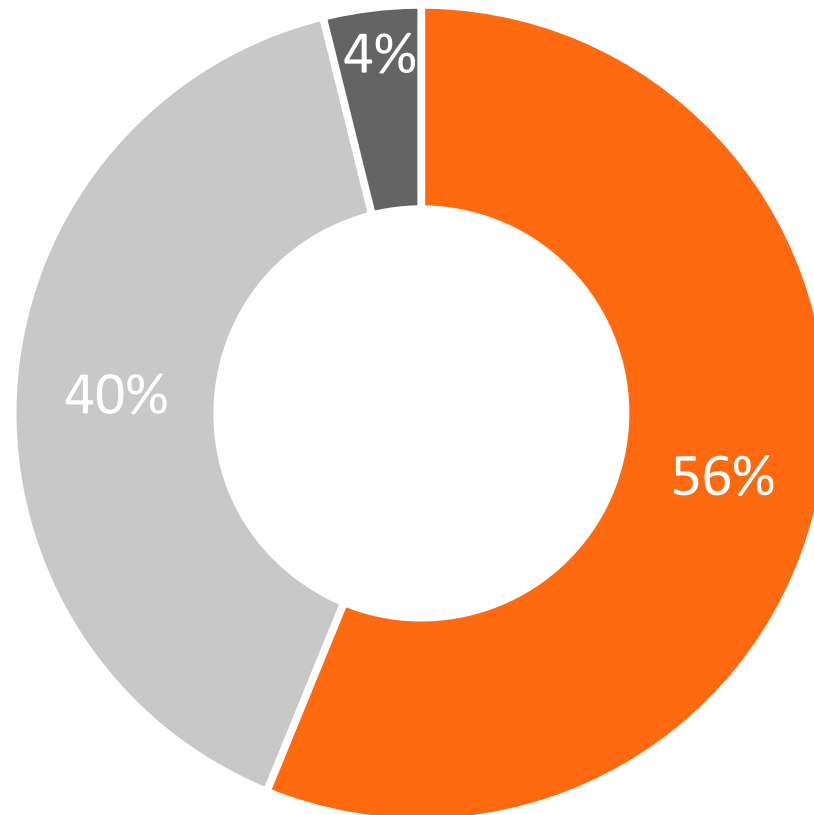




## Loans and Customer Funds

# OP Financial Group's Deposits by Customer Sector

31 December 2014

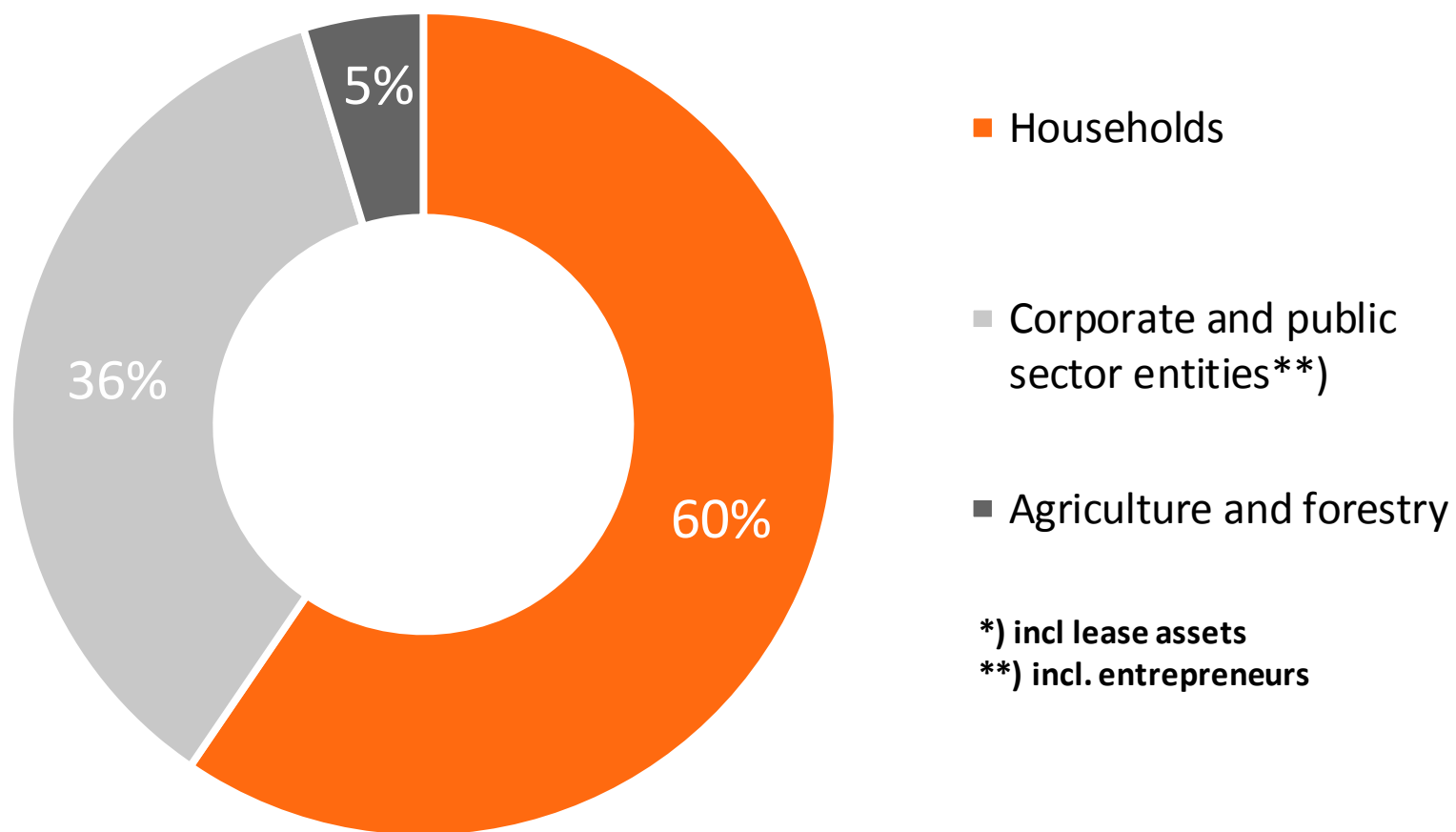


- Households
- Corporate and public sector entities \*)
- Agriculture and forestry

\*) incl. entrepreneurs

# OP Financial Group's loans\*

31 December 2014

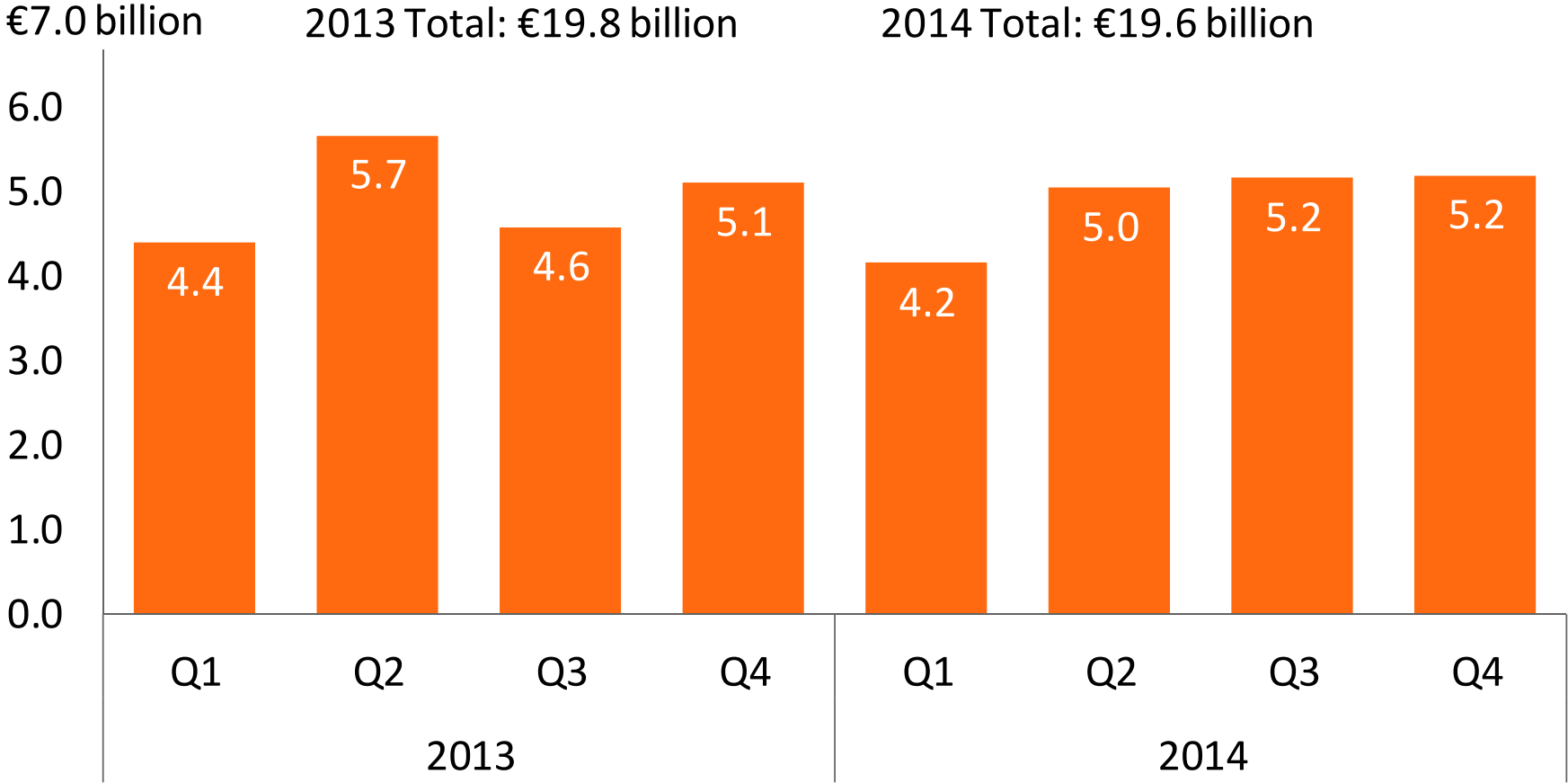


# OP Financial Group

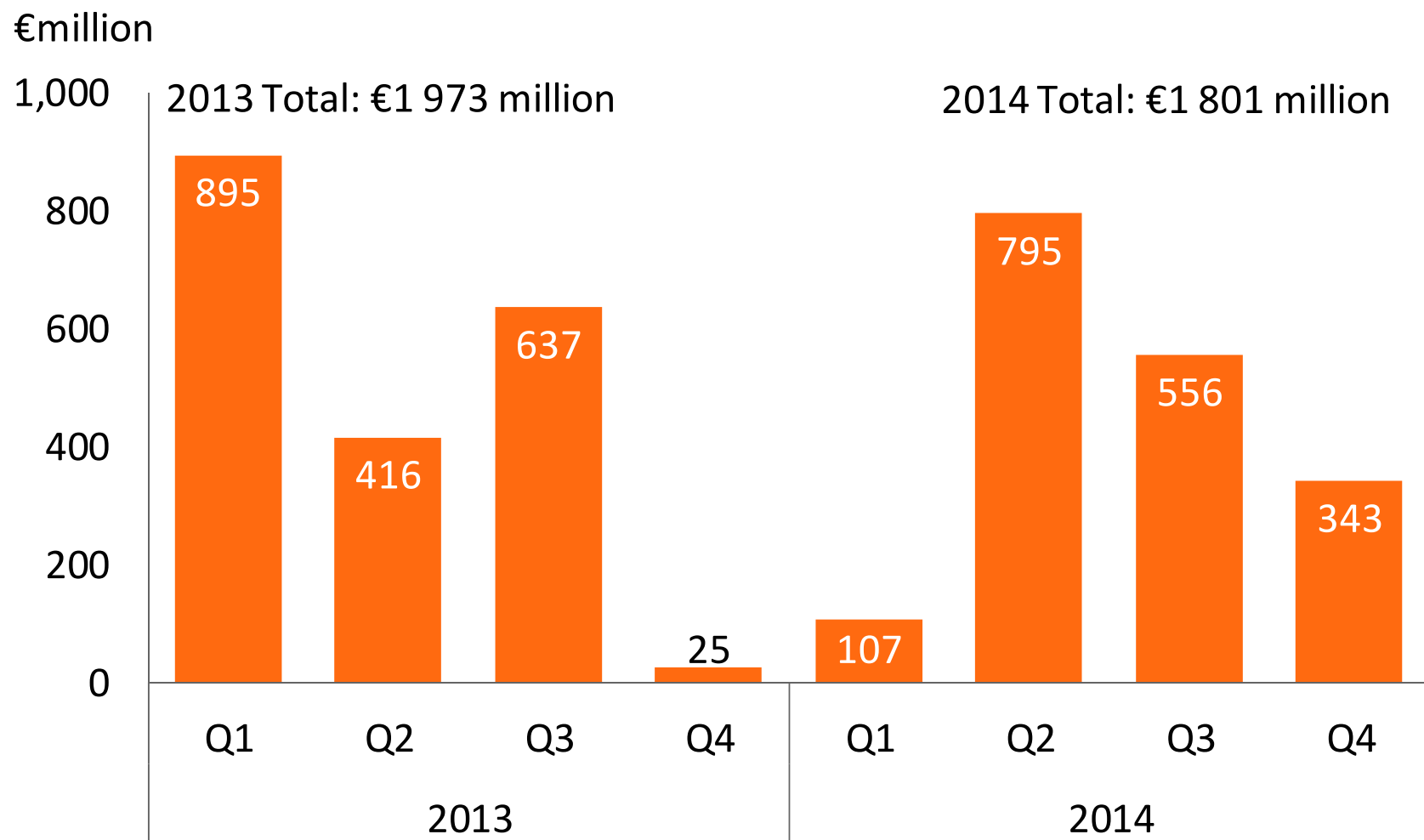
## Loan and Guarantee Portfolio by Sector

€ million	31 Dec 2014	31 Dec 2013	€ million	Change, %
<b>Enterprises and housing associations</b>	<b>26,171</b>	<b>25,448</b>	<b>723</b>	<b>2.8</b>
Renting and operating of residential real estate	6,158	5,535	623	11.3
Renting and operating of other real estate	3,221	3,262	-41	-1.3
Wholesale and retail trade	2,820	2,669	152	5.7
Services	1,818	1,689	129	7.7
Energy	1,761	1,174	588	50.1
Construction	1,686	1,752	-66	-3.7
Transportation and storage	1,445	1,488	-43	-2.9
Manufacture of machinery and equipment (incl. services)	1,368	1,428	-60	-4.2
Agriculture, forestry and fishing	993	806	187	23.2
Forest Industry	805	696	108	15.5
Financial and insurance services	690	1,086	-396	-36.4
Food Industry	628	578	49	8.5
Real estate investments	576	909	-333	-36.6
Metal Industry	556	615	-59	-9.6
Chemical Industry	341	333	8	2.5
Other manufacturing	242	265	-23	-8.7
Other industries	1,062	1,164	-102	-8.7
<b>Public corporations and non-profit organisations</b>	<b>1,335</b>	<b>1,294</b>	<b>41</b>	<b>3.2</b>
<b>Households</b>	<b>45,353</b>	<b>44,385</b>	<b>968</b>	<b>2.2</b>
<b>Adjustments</b>	<b>696</b>	<b>-138</b>	<b>835</b>	<b>0.0</b>
<b>Total</b>	<b>73,555</b>	<b>70,989</b>	<b>2,566</b>	<b>3.6</b>

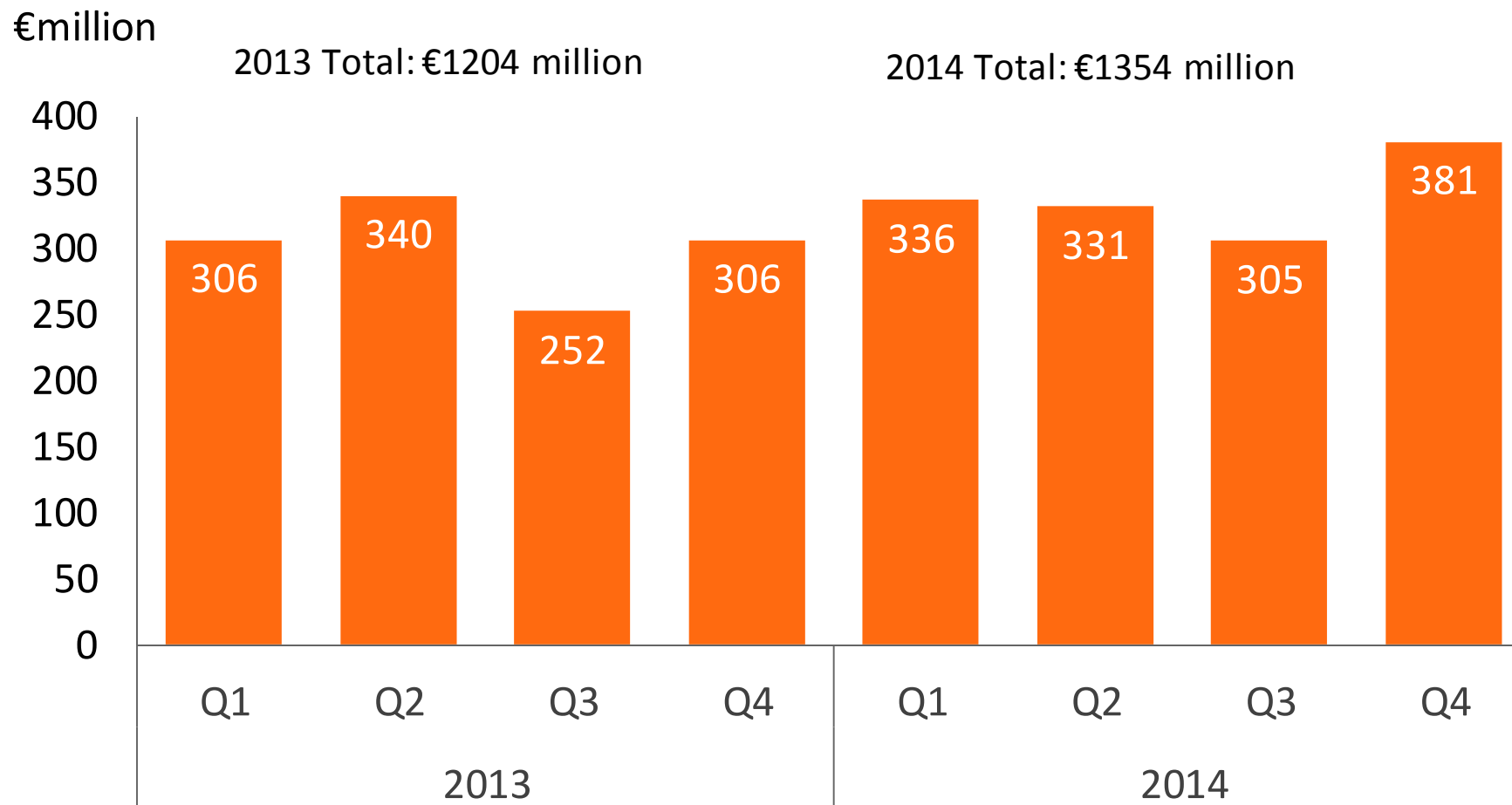
# OP Financial Group's New Loans by Quarter



# OP Financial Group's Net Sales Inflow of Mutual Funds by Quarter



# OP Financial Group's Life and Pension Insurance Premiums Written by Quarter







**Customers, Owner-members, etc.**

# OP Financial Group's Breakdown of Customer Base

1,000 customers

5,000

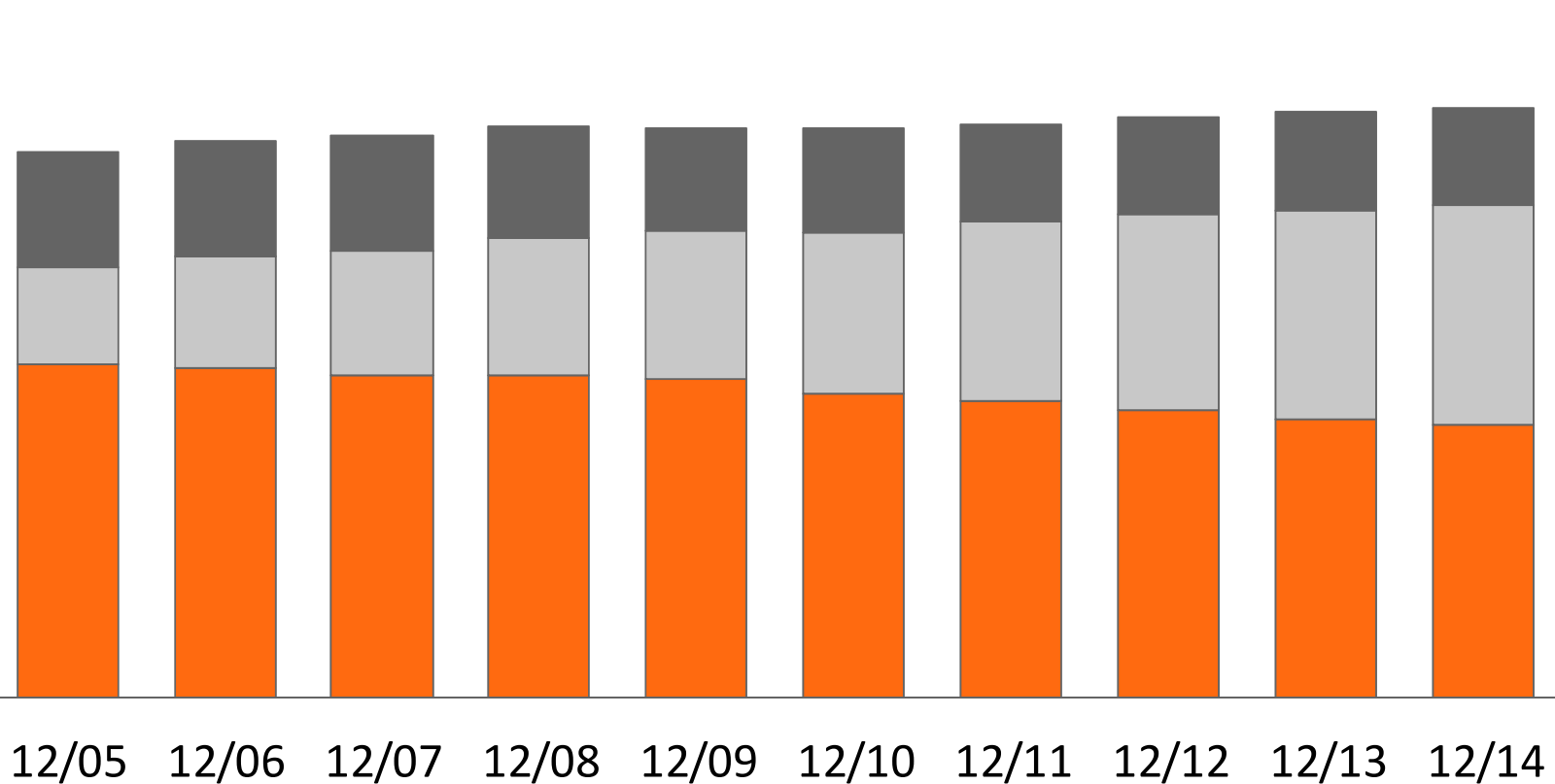
4,000

3,000

2,000

1,000

0

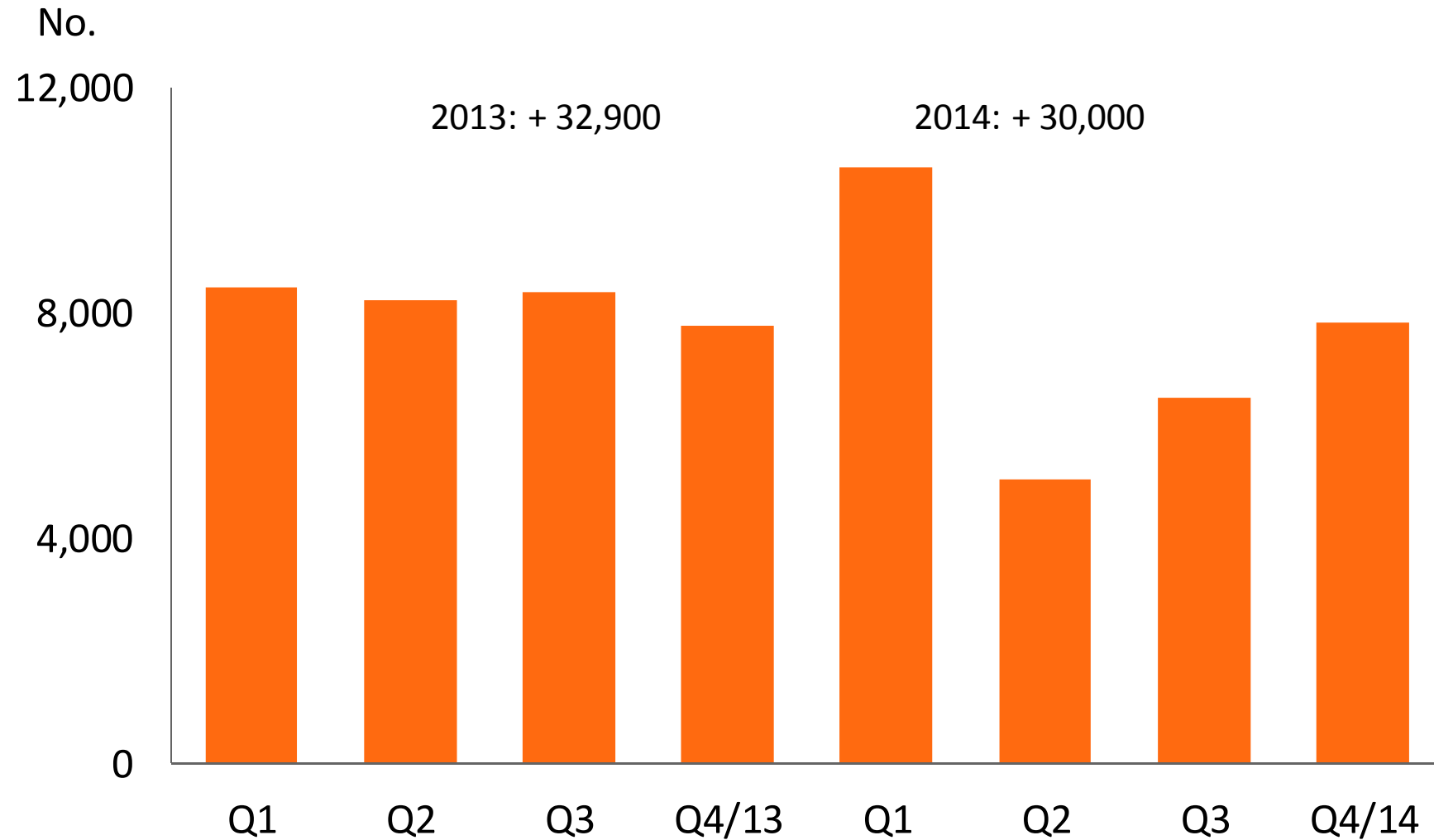


Bank customers

Bank and non-life insurance cust.

Non-life insurance customers

## OP Financial Group's Net Increase in Owner-members by Quarter



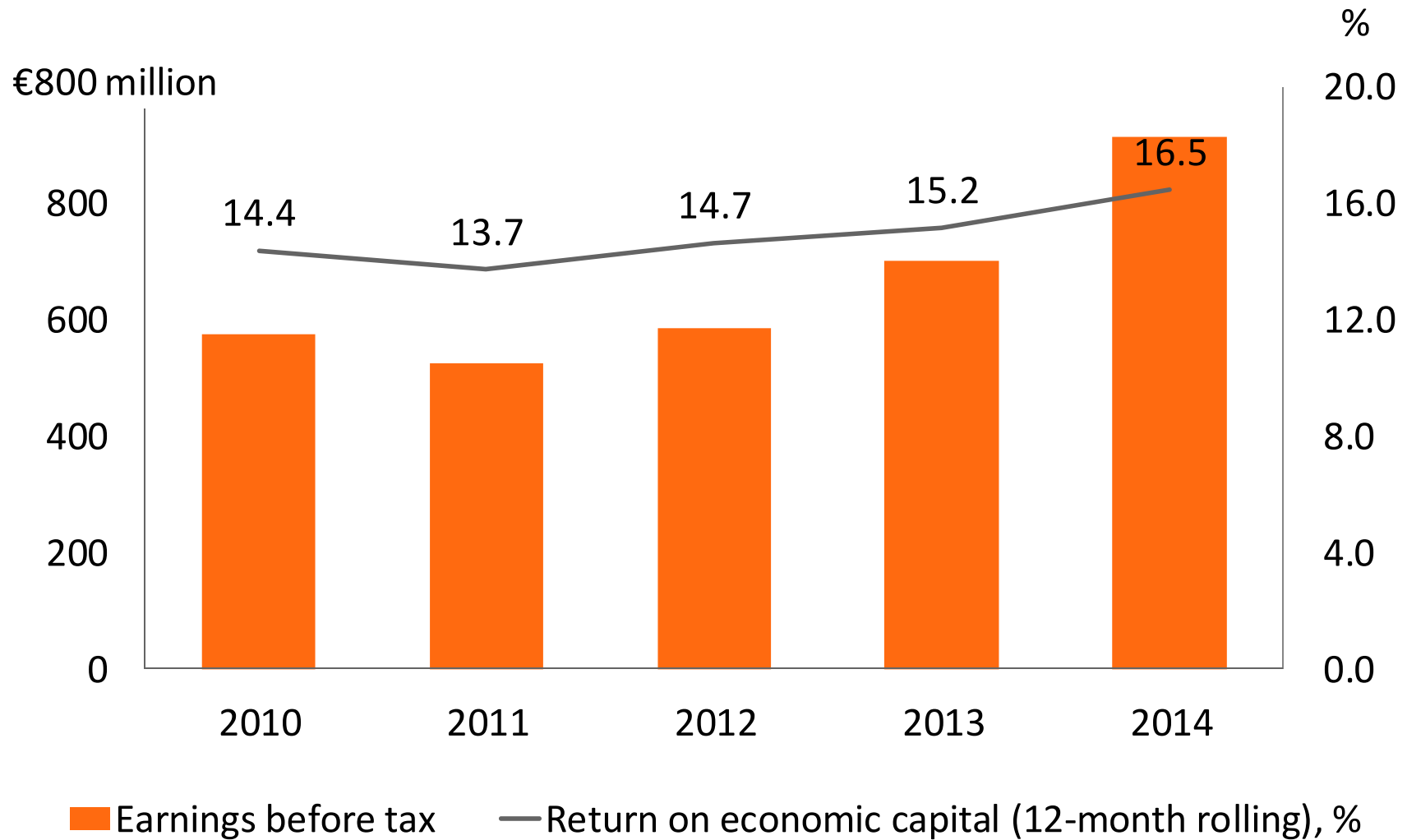
# OP Financial Group's Service Network

	December 2014	12-month change
Visits to op.fi	12,374,768	-2%
Visits to OP-mobile	5,718,287	+97%
Pivo application uploads (1–12/2014)	over 450,000	+50%
eServices Agreements	1,615,255	+18,107
Bank branches	455	-29
Providing both non-life insurance and banking services	348	- 5
Private Banking branches	40	+1
OP-Kiinteistökeskus real estate agencies	162	-8
Followers of Facebook (OP Financial Group and OP Financial Group member cooperative bank)	163,656	+58,289
Followers on Twitter	14,363	+ 12,559
Followers on LinkedIn (OP Financial Group and Pohjola in total)	6,847	+ 2,675
Customer contacts in telephone service in December 2014	223,617	+24,611



## 5-year Trends

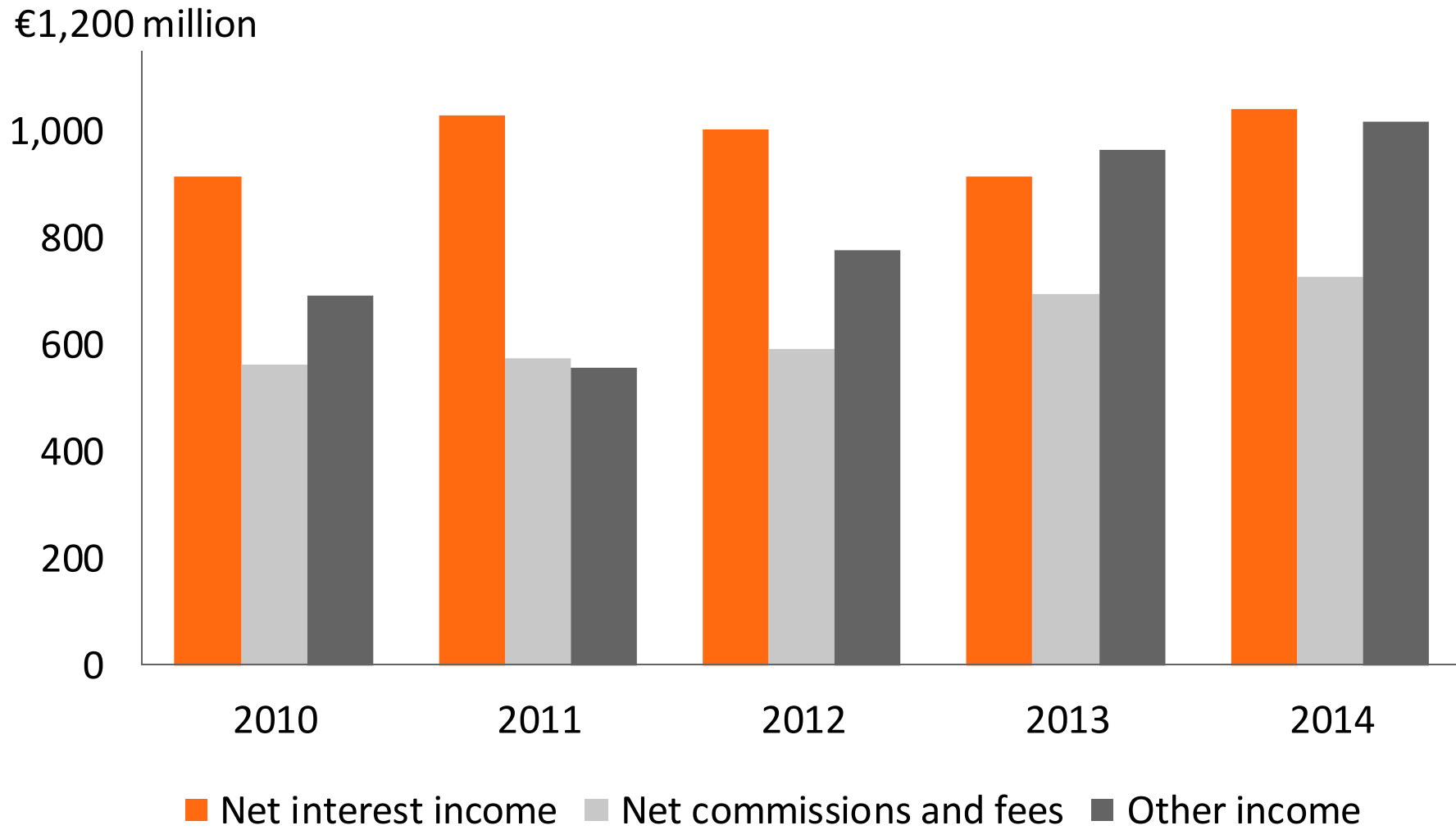
## OP Financial Group's Earnings before Tax and Return on Economic Capital



# OP Financial Group's Earnings before Tax

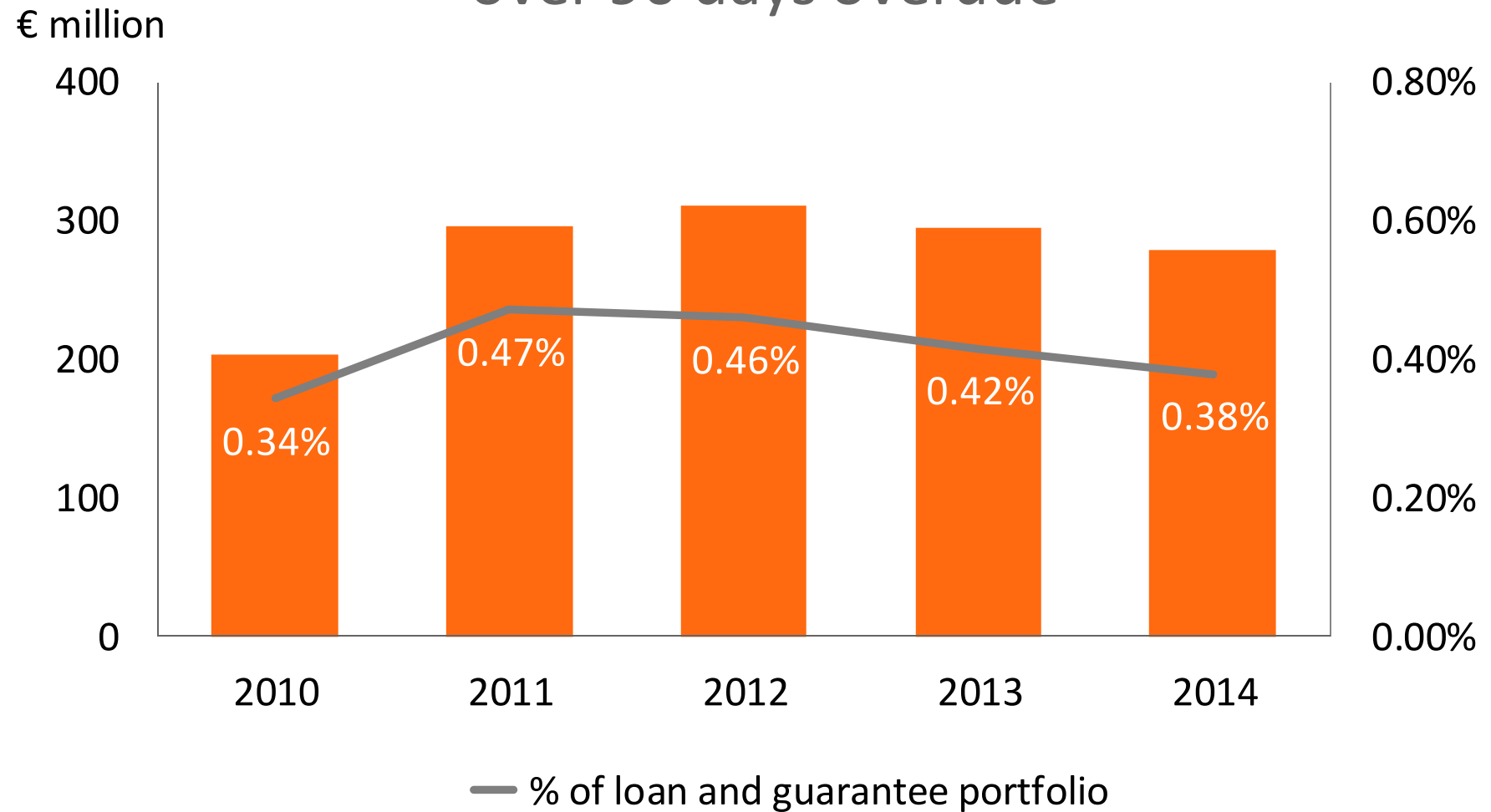


# OP Financial Group's Income

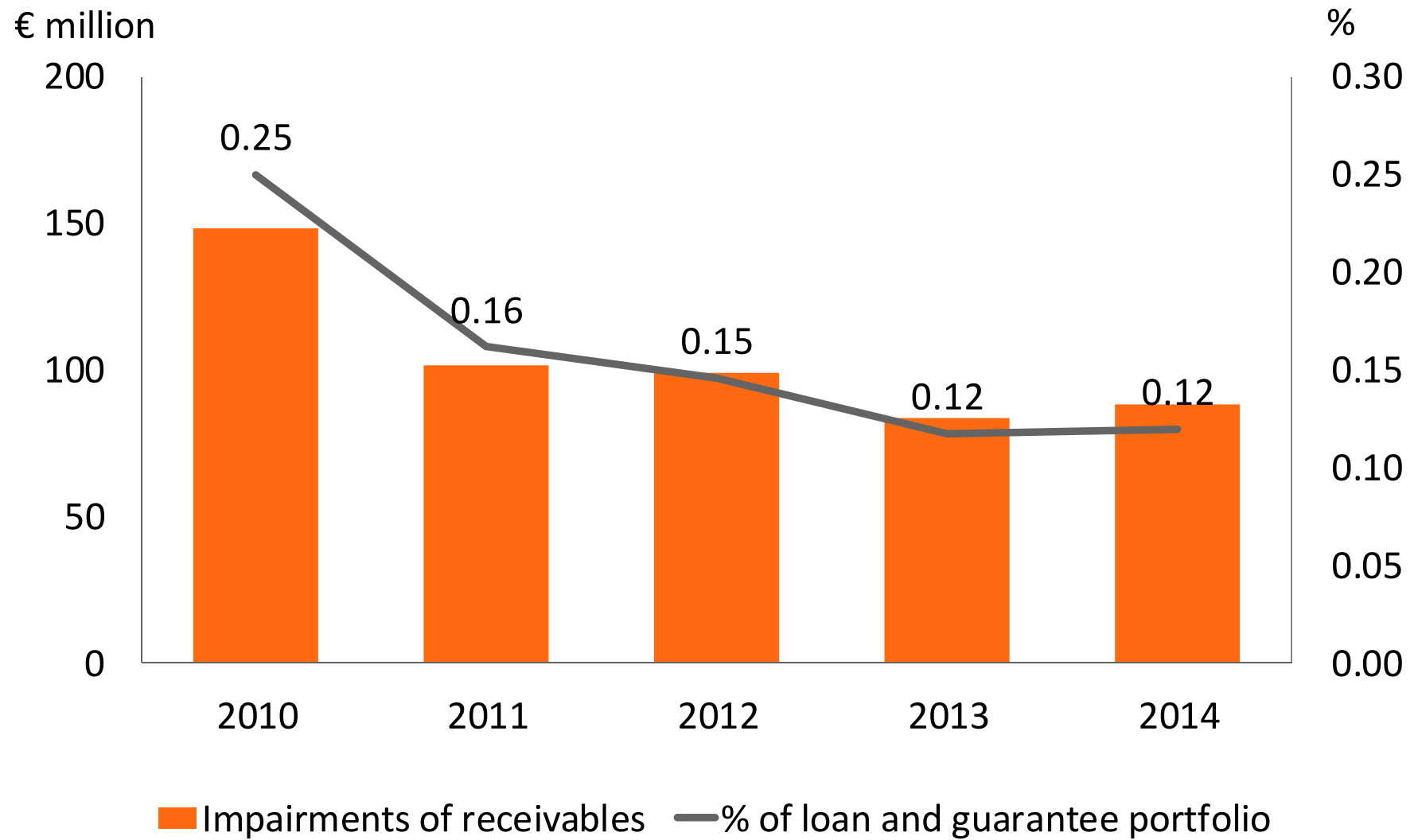




## OP Financial Group's receivables over 90 days overdue

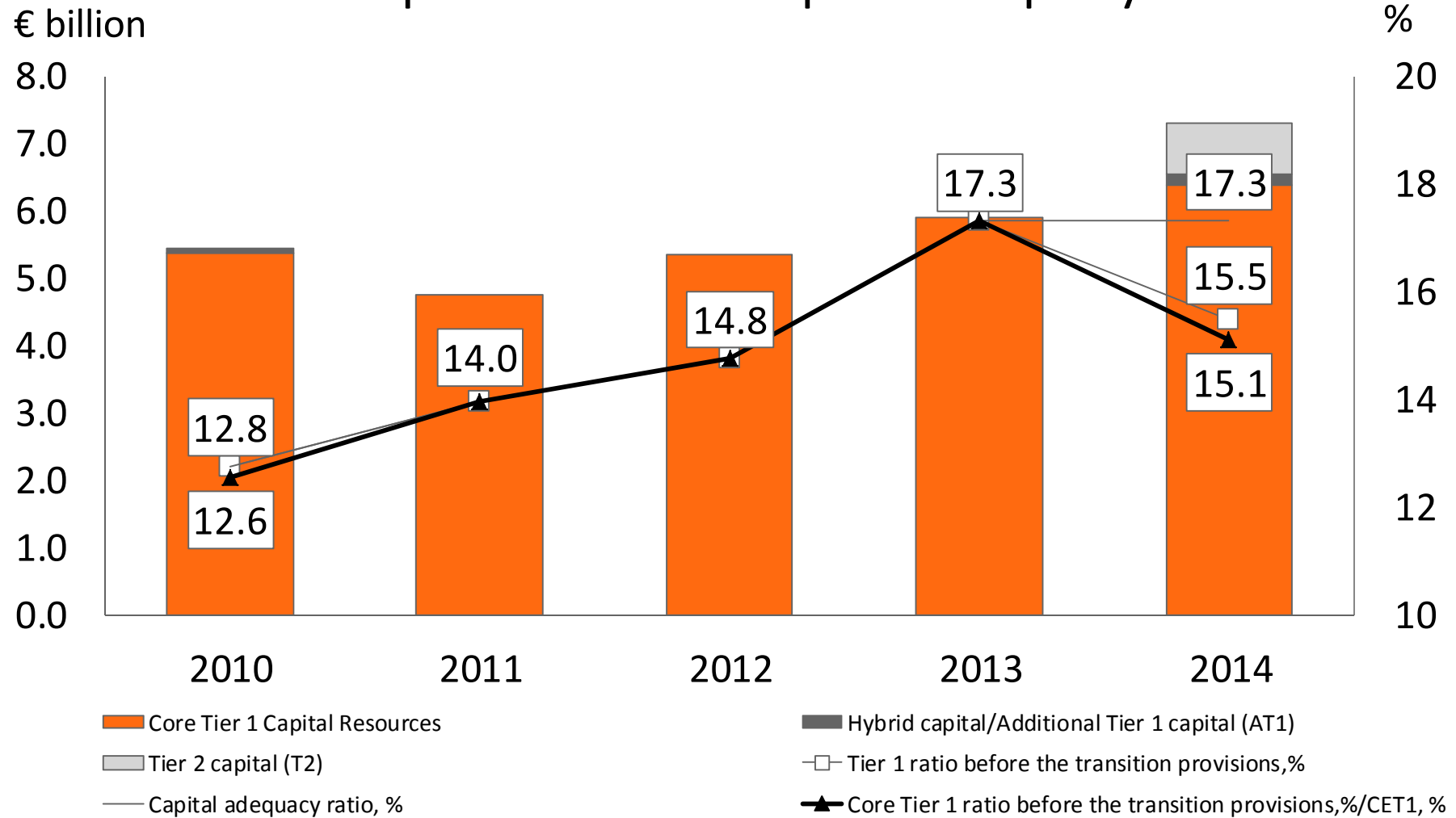


# OP Financial Group's Impairments of Receivables



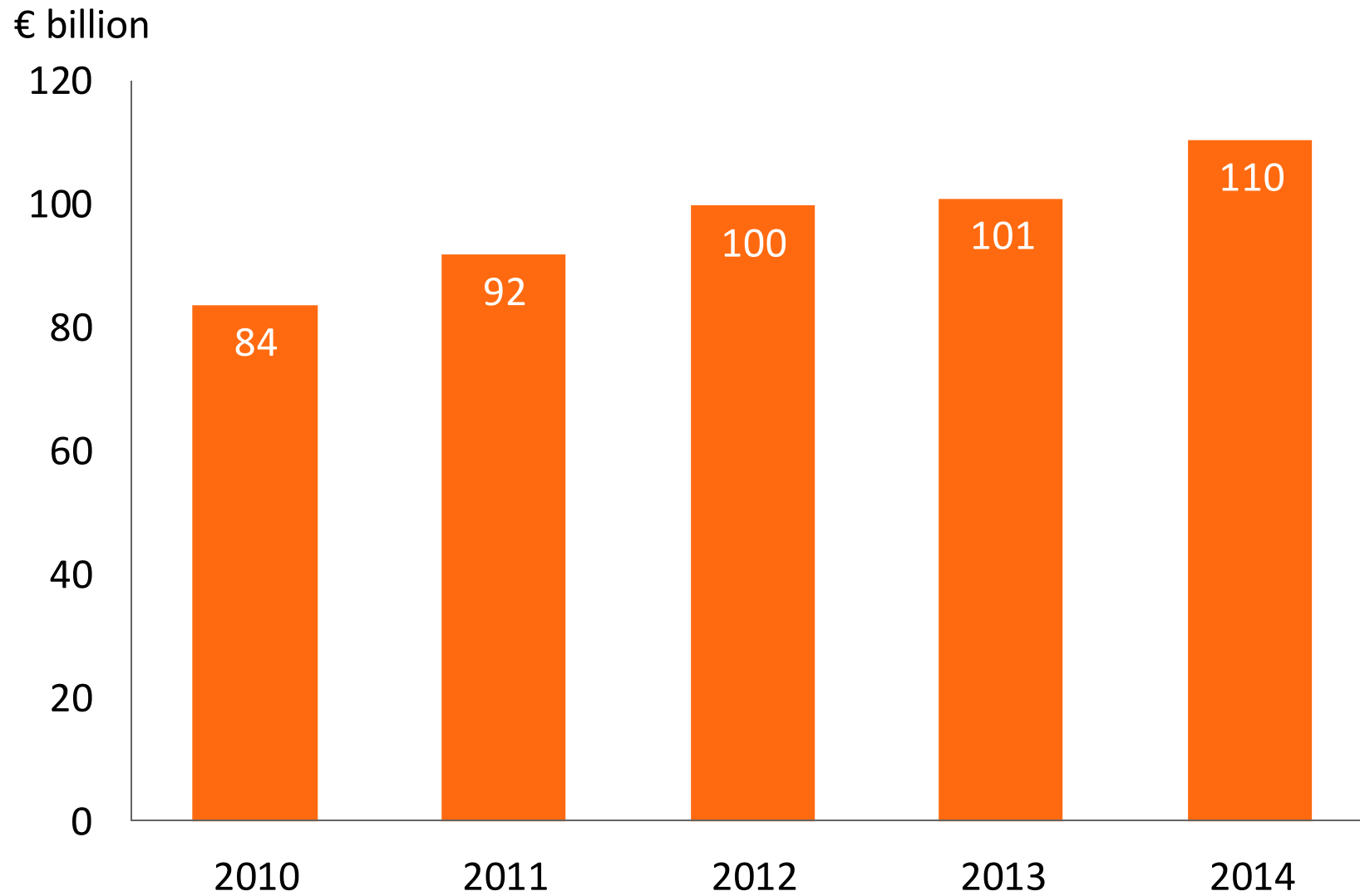
# The Amalgamation of the cooperative banks

## Capital base and Capital Adequacy Ratio



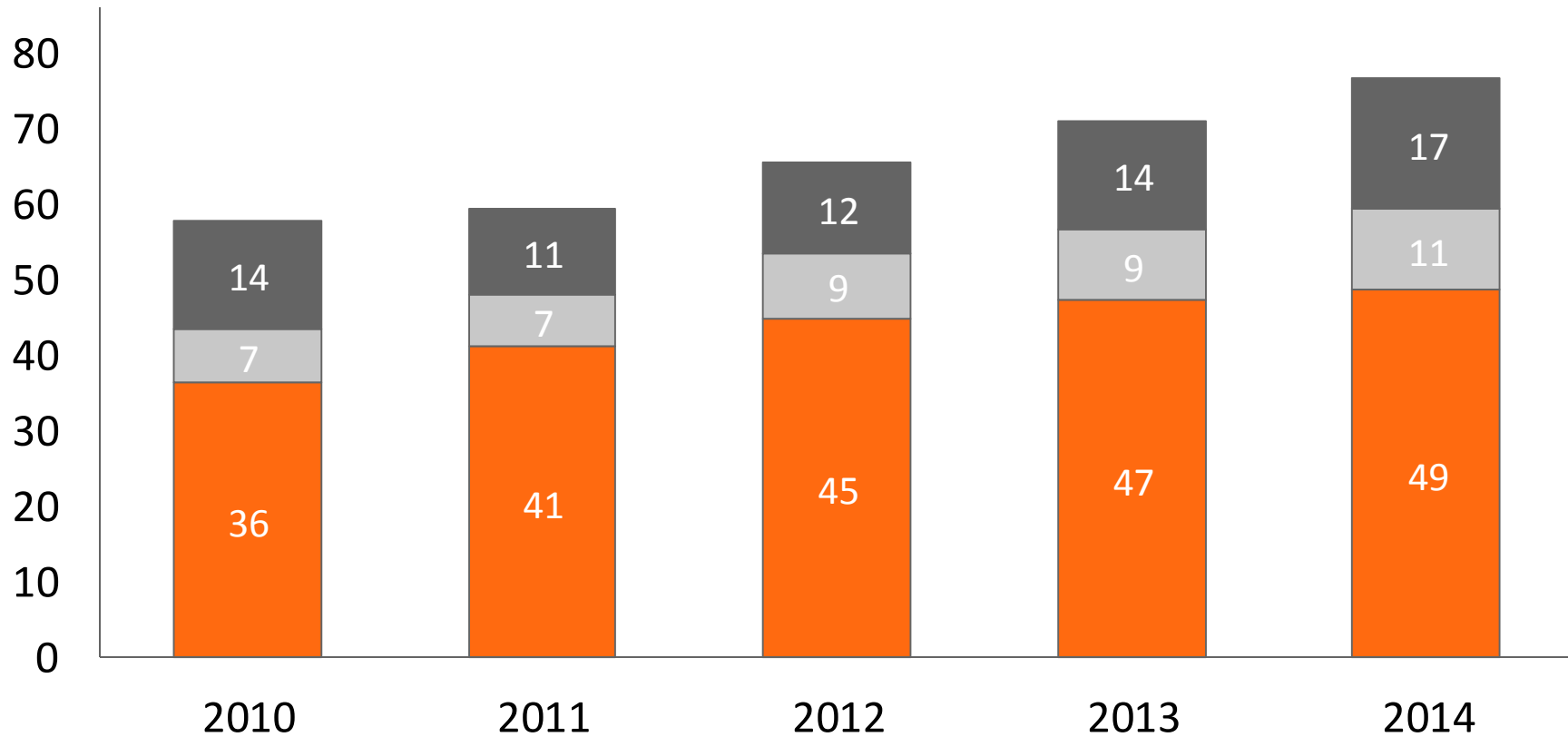
Until 2013 according to CRD3 before IRBA transitional provisions (Basel I floor)

# OP Financial Group's Balance Sheet



# OP Financial Group's Customer Funds

€80 billion



■ Deposits

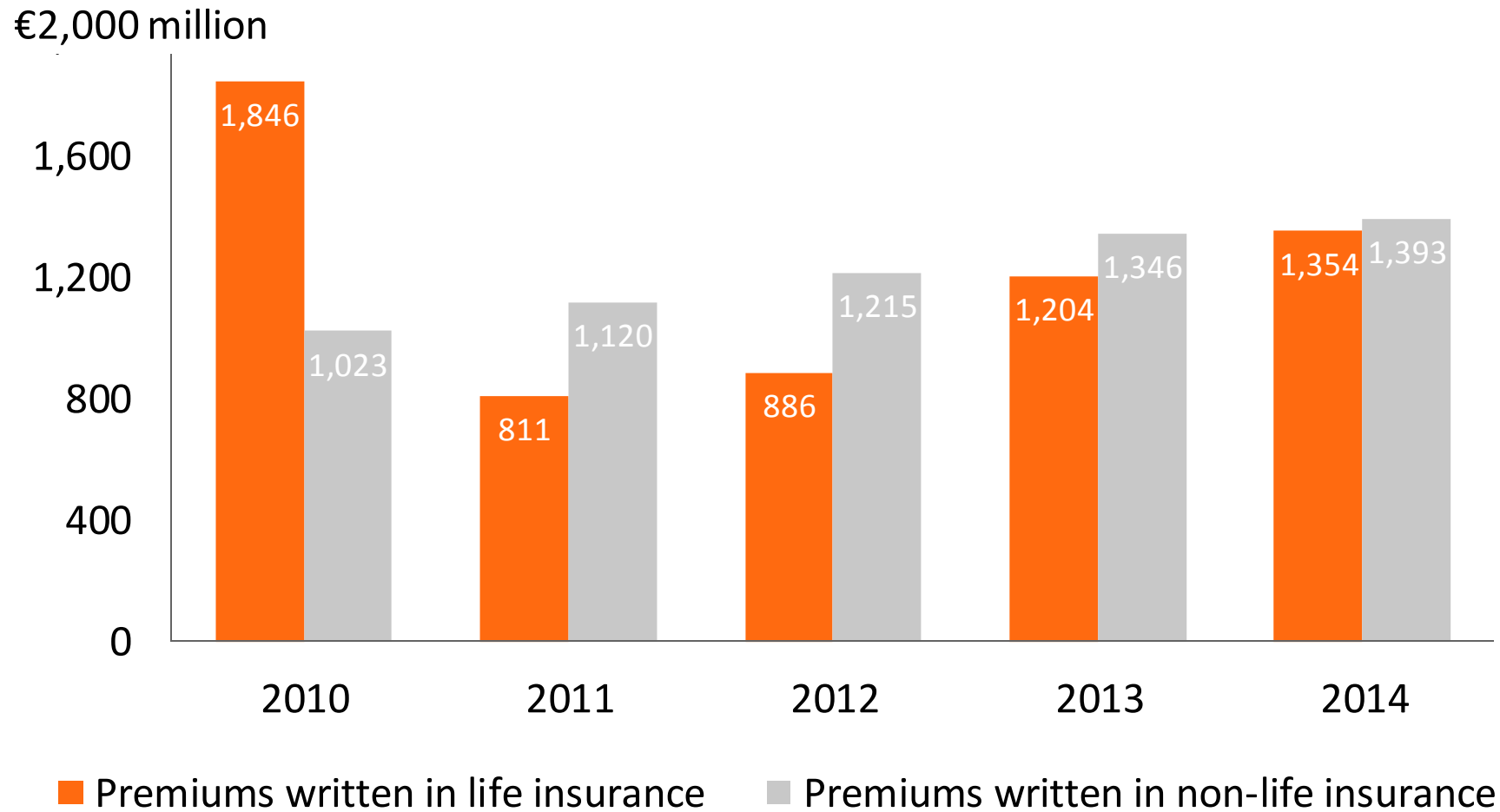
■ Life insurance savings

■ Mutual funds

# OP Financial Group's Loans and Deposits



# OP Financial Group's Premiums Written in Life and Non-life Insurance





**Thank you**