



OP Financial Group's Interim Report for
1 January–31 March 2015

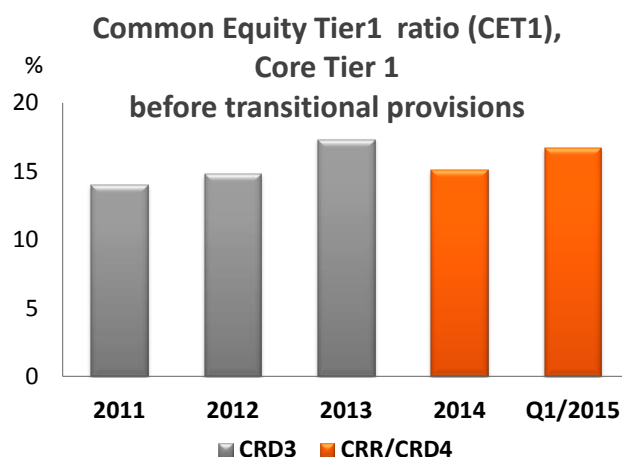
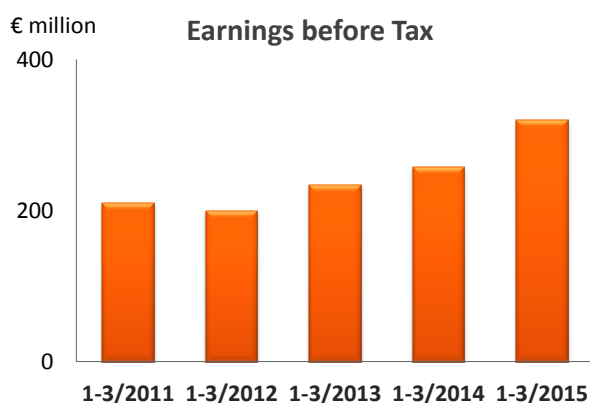
OP: Strong Q1 performance, new "Putting Finland on a new growth path" openings

- Earnings before tax for the first quarter were EUR 320 million (257), year-on-year improvement 24%. Total income increased by 8% while expenses decreased by almost 3% year on year.
- Supported by the strong financial performance, the Group's CET1 ratio improved to 16.7% (15.1).
- The strong capital base, therefore, made it possible for its part to increase lending at a rate above the market average:
 - The home loan portfolio grew by 2.7% year on year
 - The corporate loan portfolio increased by 6.1%
 - The total loan portfolio increased by 4.4% and the number of loans drawn down by 7.5%
- The home loan repayment grace period offered by the Group was used for over 62,000 loans by the release date of this report.
- New customer bonuses for January–March totalled EUR 48 million
- Each of the three business segments improved its performance:
 - Banking earnings before tax increased by 21% to EUR 192 million (158). The cost/income ratio improved by 5 percentage points to 51%. The deposit portfolio grew 2.5%. Impairment loss on receivables was at a low level of 0.12% of the loan and guarantee portfolio.
 - Earnings before tax by Non-life Insurance increased by 6.5% to EUR 66 million (62). The operating combined ratio was 87.2%. Insurance premium revenue rose by 5%.
 - Wealth Management earnings before tax increased by 34% to EUR 93 million (69). Assets under management grew by 24% to EUR 67 billion.
- Full-year earnings for 2015 are expected to equal or exceed those of 2014. For more information, see "Outlook towards the year end".

OP Financial Group's key indicators

	Q1/2015	Q1/2014	Change, %	2014
Earnings before tax, € million	320	257	24.3	915
Banking	192	158	21.3	570
Non-Life Insurance	66	62	6.5	223
Wealth Management	93	69	34.0	167
New accrued customer bonuses	48	46	5.1	189
	31 March 2015	31 March 2014	Change, %	31 Dec. 2014
Common Equity Tier 1 (CET1) ratio, %	16.7	15.5	1.2*	15.1
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates), %	167	200	-33*	189
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.42	0.42	0.00*	0.37
Joint banking and insurance customers (1,000)	1,604	1,535	4.5	1,590

* Change in ratio



Comments by Reijo Karhinen, President and Group Executive Chairman

OP Financial Group's performance for the first quarter of 2015 made good progress according to our plans and targets. We have taken determined steps to implement our reform programme that has extended to the core of our business. At the same time, we showed excellent business performance. Our earnings that increased to a record level strengthened our capital base. Our solid capital base enabled us to again increase the volume of home and corporate loans faster than our competitors. Wealth Management showed the strongest growth, where assets under management increased by as much as a quarter.

It was gratifying to see the significant improvement in our first-quarter financial performance and how it was built on a steady, positive development shown on almost every line in our income statement. Income increased and expenses decreased in line with our strategy. Income grew at a brisk rate although growth in net interest income slowed down as expected. The prolonged low and an almost zero interest rate environment will present challenging conditions for all our business segments. Slow economic growth combined with low interest rates and the fast-spreading digitisation with new investments will require very strict cost control in the future too.

Our return to a financial services group wholly owned by customers culminated in our plan announced in the reporting period to change Helsinki OP Bank Plc to a cooperative bank at the beginning of 2016 that allows customer ownership. Our unified ownership base will create clarity, consistency and new efficiency for our operations. The bases for our management and goal-setting will also sharpen. In our business role we create prosperity that we utilise in our social role for the benefit of our customer-owners and operating environment.

Customer ownership combined with our core values obliges us to use our results to strengthen our capital base, develop our services further and, for example, for new "#PuttingFinland on new growth path" openings. In our social role, we launched in the first quarter two large "#PuttingFinland on new growth path" projects related to our businesses. Our launch of the home loan repayment grace period and a single financing process model for SMEs is aimed at increasing economic activity nationwide by providing solutions and creating a more positive mood for economic debate. Great interest has been shown in our new openings.

OP Financial Group's success and ability to be a strong partner with its customers depend substantially in the long run on Finnish economic development. In this respect, the outlook is still weak. A large number of economic problems are, however, self-inflicted ones and, thus, Finland also has to solve them itself.

Finland must return its economy to a sustainable growth path and rebalance its public finances. A solution-seeking and confidence-enhancing atmosphere must be created in the entire society. While the economy of the rest of the euro area shows signs of slight recovery thanks to the robust

monetary policy measures taken by the ECB, our threat is a divergence from the euro area core with potentially fatal consequences and leaving without support from the others. Finland needs to focus the most important corrective measures on improving its external competitiveness. This is the only way the Finnish economy can return to the growth path. Near future will see whether our key policymakers can show genuine responsibility and the appropriate crisis awareness. Confidence in the future is created only through acts.

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Operating environment

The world economy grew at quite a slow rate during the first quarter of 2015. The harsh winter in the USA slowed down economic growth temporarily, while the eurozone economic recovery was stronger than expected. In many developed economies, consumer prices decreased due to a reduction in crude oil prices.

In March, the European Central Bank (ECB) extended its purchase programme to cover public sector assets. Within the framework of the extended asset purchase programme, the ECB will buy bonds worth EUR 60 billion per month until September 2016. Market interest rates continued to decrease as a result of the ECB's policy. The one-month and three month Euribor became negative.

The Finnish economy remained weak in the first half of 2015. Exports shrank with the exception of the euro area. Manufacturing production decreased and unemployment increased. On the positive side, consumer confidence improved and the inflation rate decelerated.

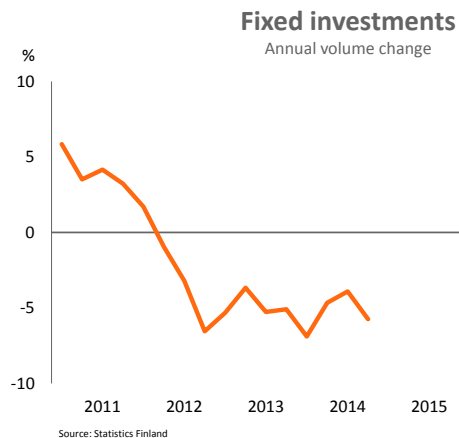
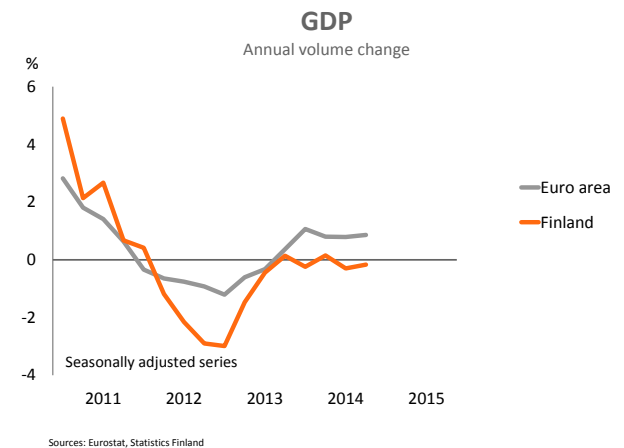
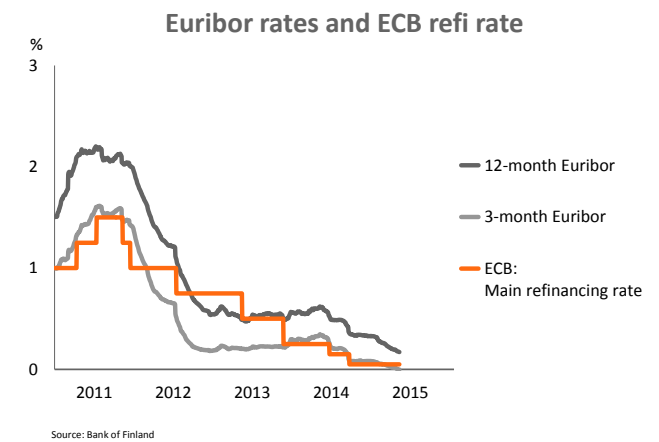
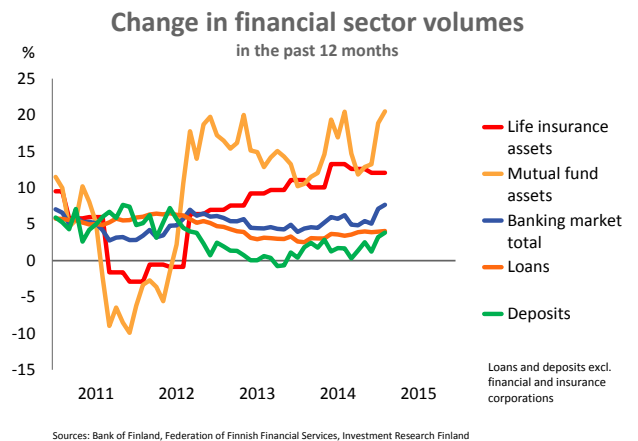
The euro area's moderate economic recovery is expected to continue this year, supported by the ECB's expansionary monetary policy and the weakened euro. Euribor rates will hover around zero this year. Greece will remain an uncertain factor. The Finnish economy should see a slight recovery but, on the whole, the economy is expected to remain weak.

Banks' total consumer loan volumes increased during the first quarter at an annual rate of 2%. The volume of new home loans drawn down remained low but the repayment grace period used by borrowers multiplied. Growth in the total corporate loans remained faster than that in the total consumer loans, led by working capital finance. Demand for loans is expected to pick up slightly but to remain below average.

Bank deposits increased at a rate of 4% in the first quarter as deposits made by public-sector entities increased faster than earlier. Household deposits remained at the level reported a year ago. Term deposits continued to decrease vigorously, as assets were allocated to current accounts and riskier savings and investments.

Capital market performance continued strongly during the first quarter of 2015. In particular, the European equities markets have been buoyant. Mutual fund assets and insurance savings in Finland increased by around 20% on a year earlier. Net asset inflows rose sharply, with demand for corporate financing focusing mostly on bond and balanced funds. Premiums written reported by Life Insurance increased by almost 37% over the period a year ago.

Premiums written reported in the first quarter by Non-life Insurance continued to increase at a brisk annual rate of well over 6%. However, claims paid out were, according to preliminary estimates, at the same level as in the first quarter a year ago.



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

Earnings analysis, € million	Q1/2015	Q1/2014	Change, %	Q4/2014	Change, %	2014
Banking	192	158	21.3	112	71.7	570
Non-life Insurance	66	62	6.5	33		223
Wealth Management	93	69	34.0	22		167
Earnings before tax	320	257	24.3	176	82.1	915
Gross change in fair value reserve	159	-4		48		152
Earnings before tax at fair value	479	253	89.4	224		1,067
Return on economic capital, % *)	17.1	15.5	1.7*			16.5
Return on economic capital at fair value, % *)	22.4	15.6	6.8*			19.1
Income						
Net interest income	255	251	1.6	269	-5.0	1,043
Net income from Non-life Insurance	169	150	12.4	138	21.9	589
Net income from Life Insurance	104	80	30.0	29		197
Net commissions and fees	199	192	4.1	175	14.2	707
Net trading and investment income	42	43	-1.4	27	60.0	162
Other operating income	15	10	51.7	17	-9.4	55
Other income, total	530	475	11.6	385	37.4	1,710
Total income	785	726	8.1	654	20.0	2,753
Expenses						
Personnel costs	214	195	10.1	190	13.1	741
Other administrative expenses	102	112	-9.5	101	0.5	414
Other operating expenses	82	102	-19.4	102	-19.1	401
Total expenses	399	410	-2.7	393	1.5	1,555
Impairment loss on receivables	21	10		38	-44.2	88
Accrued customer bonuses	44	46	-4.1	48	-7.8	189

*) 12-month rolling, change in percentage

Other key indicators, € million	31 March 2015	31 March 2014	Change, %	31 Dec. 2014
Receivables from customers	71,357	68,392	4.3	70,683
Life Insurance assets	12,502	10,114	23.6	11,238
Non-life Insurance assets	4,129	3,771	9.5	3,797
Liabilities to customers	51,429	49,581	3.7	51,163
Debt securities issued to the public	26,054	24,595	5.9	24,956
Equity capital	7,711	7,078	9.0	7,213
Total assets	116,389	104,584	11.3	110,427

Comparatives deriving from the income statement are based on figures reported for the corresponding period in 2014. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2014 are used as comparatives.

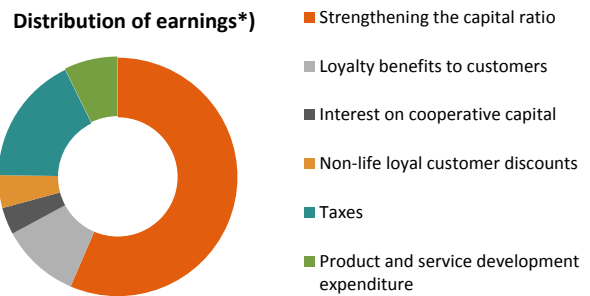
OP Financial Group and its cooperative bases

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its customer-owners, customers and operating regions through its local presence. OP's operations are based on cooperative ideals, a strong capital base and capable risk management. OP's cooperative values emphasis People-first approach, Responsibility and Prospering together. As a financial services provider owned by its customers, the Group has not only its business role but also a significant social role.

The Group with a cooperative foundation aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which the cooperative's customer-owners need. In its business role, OP must provide the services needed by its customers in a competitive manner. Its business role also involves safeguarding operational efficiency and a strong capital base that generates a competitive advantage. The Group uses its earnings for the benefit of its customers and to further strengthen its balance sheet. The strong capital base enables OP Financial Group to successfully lead its double role. OP maintains its capital adequacy markedly above the regulated level to secure its role as a finance and insurance provider for businesses and even during a prolonged recession. Meanwhile, according to the Group strategy, OP will keep risk-taking moderate vis-à-vis the risk-bearing capacity.

OP's business is primarily guided by the interests of customers. A long-term customer-driven approach is reflected in OP Financial Group's continuous renewal. The Group develops its services and products to meet customer needs OP takes different customer groups as well as the regional coverage and availability of financial services effectively into consideration. Group member cooperative banks and their offices across Finland, together with user-friendly electronic services, enable effective interaction with customers and the local community. 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.

It follows naturally from OP Financial Group's cooperative basis that the benefit and added value of the business operations are channelled, via customer relationships, to customer-owners and customers. Member cooperative banks use their profits for the benefit of their customers by providing loyalty benefits and other financial benefits and by developing their service capabilities. Furthermore, a cooperative as a type of business organisation and the cooperative ideology create continuity and community spirit in OP's operating region. Cooperative banks are often among the largest taxpayers in their localities. After expenses required for business, OP Financial Group allocated its earnings during the reporting period, as follows:



*) Estimate of the allocation of period earnings, which is confirmed after the end of the reporting period

A significant part of OP's economic impacts also involves indirect impacts on local and regional economic vitality.

January–March

Earnings before tax for the first quarter were the highest ever recorded for a quarter. Earnings before tax increased by 24% to EUR 320 million (257), this improvement being due especially to strong growth in income. Net income from Life Insurance and Non-life Insurance increased the most, due to better insurance profitability and higher investment income. Net commissions and fees also increased during the reporting period.

Total expenses decreased by 2.7%, being EUR 11 million lower than a year ago. A non-recurring provision recognised for personnel costs of EUR 9 million related to the reorganisation of the central cooperative consolidated announced in February. Higher personnel costs are also explained by social expenses rising by EUR 8 million. Statutory contributions to the Deposit Guarantee Fund and the bank levy (EUR 18 million) plus the non-recurring expenses incurred due to the purchase of Pohjola Bank plc shares (EUR 8 million) increased other operating expenses in the first quarter a year ago.

Impairment losses recognised under various income statement items that reduced earnings amounted to EUR 23 million (22), of which EUR 21 million (10) concerned loans and receivables. Net impairment loss on loans and other receivables were low, at 0.12% (0.06) of the loan and guarantee portfolio.

Earnings before tax recorded by Banking amounted to EUR 192 million (158). The earnings performance by Banking was especially supported by higher net trading income and investment income. Expenses decreased by 3.5% to EUR 263 million (272). Statutory government charges, totalling EUR 18 million, increased expenses a year ago.

Non-life Insurance showed a low operating combined ratio of 87.2% (89.3). Profitability improved due to an increase in insurance premiums and favourable claims development. The expense ratio also developed favourably.

Earnings before tax posted by the Wealth Management segment improved as net commissions and fees and net investment income by Life Insurance increased year on year. The segment's net commissions and fees were 12% higher

than a year ago owing to a higher volume of wealth under management.

OP Financial Group's fair value reserve before tax totalled EUR 683 million (531) on 31 March. Earnings before tax at fair value amounted to EUR 479 million (253).

Equity capital amounted to EUR 7.7 billion (7.2) on 31 March. The Group's earnings and the issuance of Profit Shares added to equity capital. On 31 March, EUR 1.8 billion (1.6) in Profit Shares were included in equity.

OP Financial Group's financial targets

OP Financial Group's financial targets	31 March 2015	31 March 2014	Target
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates, %	167	200	160%
CET1 ratio, %*	16.7	15.5	18%*
Return on economic capital, % (12-month rolling)	17.1	15.5	20%
Growth differential between income and expenses, Group level, pps (for 3 years)	19.6	-5.1	> 0
Growth differential between income and expenses, Banking, pps (12-month rolling)	8.4	1.3	> 0
Growth differential between income and expenses, Wealth Management, pps (12-month rolling)	26.0	6.0	> 0
Operating combined ratio by Non-life Insurance, %	87.2	89.3	< 92%

* By 2016

Customer relationships and customer benefits

On 31 March, Group member cooperative banks had 1.4 million customer-owners, or 10,000 more than at the turn of 2014 and 2015. Contributions made by member cooperative banks' customer-owners to the banks' Profit Shares, ordinary cooperative capital and supplementary cooperative capital totalled EUR 2.2 billion (1.9) on 31 March.

OP Financial Group had 4,289,000 customers in Finland on 31 March. The number of private customers totalled 3,852,000 and that of corporate customers 437,000. The number of joint banking and non-life insurance customers increased in the year to March by 69,000 to 1,604,000 as a result of cross-selling.

Member cooperative banks' customer-owners and Helsinki OP Bank customers earn OP bonuses if their personal or family's banking and/or insurance transactions come to at least 5,000 euros.

Loans, savings and purchases paid using OP Visa as a credit card, as well as insurance premiums for home, family and motor vehicle policies are included in such transactions. OP bonuses can be used to pay bank service charges and fees, insurance premiums and OP-Kiinteistökeskus real estate commissions.

The combined amount of new bonuses earned by OP bonus customers for January–March for using OP as their main bank and insurer was worth EUR 48 million (46). Bonuses used to pay for banking services totalled EUR 23 million (24) for wealth management services EUR 4 million (4) and for non-life insurance premiums EUR 25 (22). Bonuses were used to pay 500,000 insurance bills (451,000), with 64,000 (59,000) of them paid in full using bonuses.

New accrued customer bonuses



Non-life Insurance loyal customer households were provided with EUR 18 million (17) in loyalty discounts during the reporting period.

Member cooperative banks are anticipated to pay interest on Profit Shares and supplementary cooperative capital contributions for 2014 totalling EUR 27 million (11). Interest payable on the Profit Shares and supplementary cooperative capital contributions accrued during the reporting period is estimated to total EUR 15 million (3). The return target for Profit shares is 3.25%, calculated from the date the investment was made.

Service channels

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

A change in customer behaviour and the general trend of digitisation of a number of aspects in people's daily lives will considerably change the way how financial services providers meet their customers. OP Financial Group is prepared for this change in a many ways. There is a clear shift in the use of financial services being accessed more and more through digital channels. Digital channels accounted for around 95% of customer touchpoints during the reporting period.

OP Financial Group has made significant investments in the development of mobile and online services. In particular, mobile services are playing an increasing role in services used by both private and corporate customers. OP is at the cutting edge of development by introducing new and innovative digital services to customers, as evidenced by the launch of an easy contactless payment function for the Pivo mobile application in the Mobile World Congress in Barcelona.

Customers were highly satisfied with OP-mobile. Measured by the Net Promoter Score (NPS), it is one of the most recommended mobile applications in Finland. During the reporting period, the number of users of OP-mobile increased by 8%, to 584,000. The number of the Group's Pivo mobile wallet users grew by 10% during the period. The number of visitors at op.fi remained at a steady high level, or more than 10 million visitors per month.

The Group has Finland's most extensive branch network, the figure at the end of March being 454 (456). This branch network is supplemented with an extensive network of agents.

Acquisition of Pohjola Bank plc shares

OP Cooperative has completed its public voluntary bid announced in February 2014 and obtained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal. Pohjola's series A shares were delisted from NASDAQ OMX Helsinki on 30 September 2014, and OP Cooperative was entered as the only shareholder in Pohjola's Shareholder Register on 7 October 2014.

OP Cooperative paid the undisputed portion of the redemption price to Pohjola's minority shareholders on 29 October 2014.

The Arbitral Tribunal appointed by the Redemption Committee of the Finland Chamber of Commerce issued its award on 20 February 2015 regarding the squeeze-out of Pohjola's minority shareholders. Based on the award, the squeeze-out price is EUR 16.13 which equals the price offered by OP Cooperative for Pohjola shares in the public voluntary bid.

Capital base and capital adequacy

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

On 31 March, OP Financial Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates, exceeded the minimum amount specified in the Act by EUR 2,768 million (2,984). The buffer under the Act was increased by the Group's earnings, Profit Share issues and a decrease in the risk-weighted assets under consolidated capital adequacy and, on the other hand, the buffer was decreased by the capital conservation buffer of 2.5% adopted in the consolidated capital adequacy of credit institutions in Finland at the beginning of 2015. The capital conservation buffer increased the consolidated capital adequacy requirement from 8% to 10.5%, calculated as percentage of risk-weighted assets. The ratio of the Group capital base to the minimum capital requirement was

167% (189), with the requirement for the capital conservation buffer reducing the ratio by 44 percentage points. As a result of the buffer requirements, the capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates does no longer reflect the minimum level of capital base of the conglomerate under the Act but the level within which the conglomerate can operate without regulatory obligations resulting from buffers below the required level.

The entry into force of the Capital Requirements Directive and Regulation (CRD IV/CRR) on 1 January 2014 tightened the capital adequacy regime for banks. The changes that implement the standards under Basel III will be phased in by 2019. The most significant effects of the changes on OP Financial Group's capital adequacy under the abovementioned Act will depend on the level of credit institutions' capital buffer requirements and the calculation method.

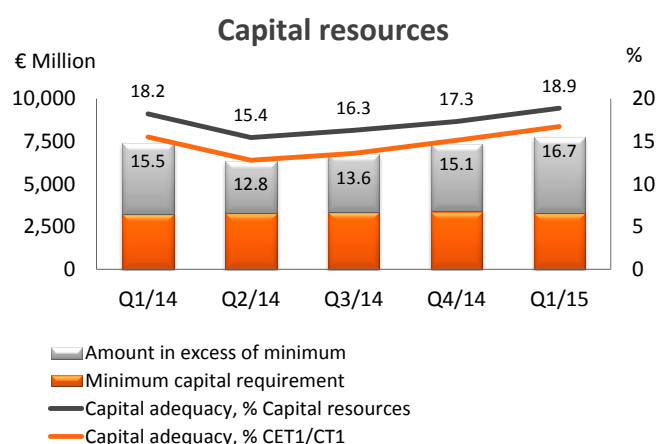
The solvency regulations of the insurance sector are changing, too. Taking effect at the beginning of 2016, the regulations will on the one hand increase capital requirements, and on the other increase the capital base, which will decrease the capital adequacy ratio on a net basis under the Act on the Supervision of Financial and Insurance Conglomerates.

According to the current estimate, capital adequacy under the Act will, however, remain on a solid basis.

Consolidated capital adequacy for credit institutions

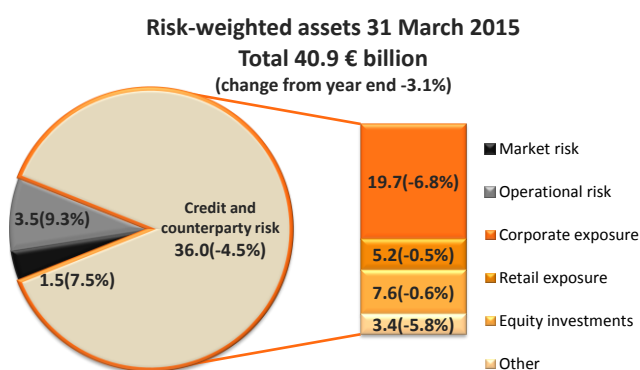
The Group's CET1 ratio was 16.7% (15.1) on 31 March. The issues of Profit Shares increased the CET1 ratio by about 0.7 percentage points. In the first quarter, OP adopted updated probabilities of default (PD) according to permission from the supervisor. This adoption improved CET1 ratio by about 0.8 percentage points. The Group's CET1 target is 18% by the end of 2016. In March 2015, the central cooperative's Executive Board decided to continue the issue of Profit Shares up to the EUR 2.3 billion target.

OP Financial Group's consolidated capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 4.5%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions increases in practice the minimum capital adequacy ratio to 10.5% and the CET1 ratio to 7%.



The Group's consolidated CET1 capital was EUR 6,843 million on 31 March (6,384). CET1 capital was increased by the issue of Profit Shares, Banking performance for the period and dividends from the Group's insurance institutions. Profit Shares accounted for EUR 1,846 million of CET1 capital at the end of March. A total of EUR 289 million (339) were deducted from CET1 capital as a shortfall of expected losses and impairment losses.

On 31 March, risk-weighted assets totalled EUR 40,937 million (42,252), or 3.1% lower than on 31 December 2015. The updated PD values for corporate exposure reduced risk-weighted assets by around 4.2%. Average risk weights of other major exposure classes went down slightly.



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

On 27 November 2013, OP Financial Group received permission from the Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The permission was valid from 1 January to 31 December 2014, because the ECB took up single supervisory responsibility. The method applied to insurance holdings leads to a risk weight of approximately 280%. A request for an extension is being processed by the ECB. Meanwhile, OP Financial Group applies the treatment of insurance holdings based on the previous permission from the Financial Supervisory Authority. Any potential change in the treatment of insurance holdings would neither jeopardise OP Financial Group's capital adequacy position nor affect the Group's CET1 target.

The requirements for capital buffers implemented through national legislation will add to capital requirements further.

Since the beginning of 2015, the capital conservation buffer requirement has been 2.5% of risk-weighted assets. The Financial Supervisory Authority has not yet confirmed the requirement for the O-SII buffer for the Group, effective as of the beginning of 2016, relevant to the financing system. In March 2015, the Financial Supervisory Authority decided not to impose a countercyclical capital buffer requirement on banks, nor has it otherwise tightened macroprudential policy. The upcoming liquidity regulation will add to liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

The upcoming regulations include a ratio of the degree of indebtedness, the leverage ratio. The leverage ratio of OP Financial Group's Banking is estimated at about 6.6% based on the existing interpretations, calculated using the March-end figures, with the minimum level in the draft regulations being 3%.

Non-life and Life Insurance

The solvency regulations of the insurance sector are changing. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital requirements and harmonise insurance sector solvency requirements in Europe.

On 31 March, the preliminary Non-life Insurance capital base under Solvency II were EUR 809 million (804) and the solvency capital requirement EUR 744 million (685). The solvency ratio conforming to Solvency II was 109% (117). These figures do not include the effects of transitional provisions. The transitional provisions will improve the capital adequacy position and the solvency ratio is over 130% when taking the provisions into account. The use of the transitional provisions is subject to permission from the Financial Supervisory Authority.

On March 31, the preliminary Life Insurance capital base under Solvency II amounted to EUR 852 million (804) and the preliminary solvency capital requirement to EUR 940 million (806). The solvency ratio conforming to Solvency II was 91% (100). These figures do not include the effects of transitional provisions. The transitional provisions will improve the capital adequacy position and the solvency ratio is over 120% when taking the provisions into account. The use of the transitional provisions is subject to permission from the Financial Supervisory Authority.

ECB banking supervision

OP Financial Group is supervised by the ECB. Owing to the transfer of supervisory responsibility, the ECB conducted a comprehensive assessment, which consisted of risk assessment, asset quality review (AQR) and a stress test on OP Financial Group as a credit institution during 2014.

On the basis of the comprehensive risk assessment, the ECB has imposed on OP Financial Group a discretionary capital requirement buffer as part of the supervisory review and evaluation process (SREP). When taking account of this discretionary buffer, the requirement for CET1 capital is 8.3%. In view of OP Financial Group's strong capital base and national capital buffer requirements, the discretionary buffer requirement has no practical implications for the Group's capital adequacy position or business. To OP

Financial Group's knowledge, the ECB has imposed on banks under its supervision a discretionary buffer requirement based on the results of the comprehensive assessment.

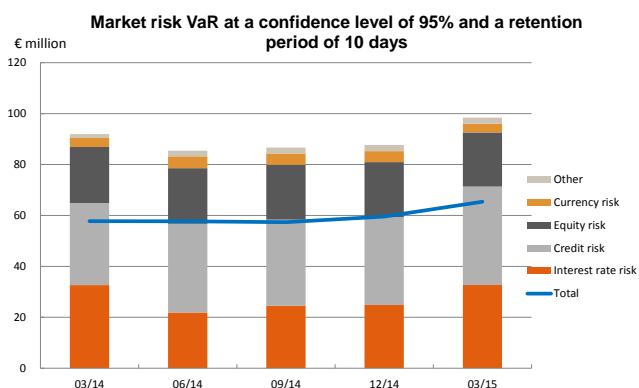
Risk exposure

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

The credit risk exposure remained stable despite the weak economic situation. The poor development of the economy nevertheless overshadows the Group's future prospects.

OP Financial Group's funding and liquidity position is strong. OP Financial Group's access to funding has remained excellent. During the reporting period, the Group issued long-term bonds worth EUR 1.6 billion. The loan-to-deposit ratio remained stable during the report period.

OP Financial Group's market risk exposure was stable during the reporting period. The Group's VaR, a measure of market risk, was EUR 65 million (60) on 31 March. The Group's VaR includes the balance sheet total of the insurance institutions, trading liquidity buffer and the internal bank's interest rate risk exposure.



OP Financial Group's level of operative risks has remained moderate. After the denial-of-service attacks on op.fi at the turn of 2014 and 2015, the Group has enhanced its preparedness to prevent such attacks.

Key risks associated with the Group's defined benefit pension plans relate to the discount rate for pension obligation and return on investment assets covering the pension obligation. The increase in net liabilities related to defined benefit pension plans recognised in other comprehensive income during the reporting period weakened comprehensive income before tax by EUR 175 million.

Banking

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

Banking's credit risk exposure remained stable, at a moderate risk level. During the reporting period, the loan and guarantee portfolio increased by EUR 0.6 billion to EUR 74.2

billion. Doubtful receivables totalled EUR 1.9 billion (1.7). Doubtful receivables refer to receivables that are more than 90 days overdue, other receivables classified as risky and forbore receivables. Forbearance measures consist of concessions to contractual payment terms towards customers to make it easier for them to manage through temporary payment difficulties. Member cooperative banks make every effort to find solutions to overcome customers' temporary financial difficulties.

Corporate customers' (including housing corporations) exposures represented 36% (36) of the loan and guarantee portfolio. Of corporate exposure, investment-grade exposure represented 49% (49) and the exposure of the lowest two rating categories amounted to EUR 577 million (501), accounting for 1.7% (1.5) of the total corporate exposure.

Of the six main categories for private customer exposure, 82% (81) of the exposures belonged to the top two categories, and 3% (4) in the two poorest.

The Banking capital base covering major customer exposure amounted to EUR 7.7 billion (7.3). No single customer's exposure exceeded 10% of the capital base.

On 31 March, Banking's interest rate risk measured as a one-percentage point decrease on 12-month net interest income was EUR 16 million (30). This reduction resulted from a decrease in market interest rates during the first quarter.

Non-life Insurance

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

No significant changes took place in Non-life Insurance's underwriting risks. Low market interest rates increased the risk level of the discount rate associated with Non-life Insurance's insurance liability. The Group has reduced credit risk associated with the investment portfolio and at the same time increased duration to a moderate extent. As a whole, no major changes took place in investment risk levels.

Wealth Management

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

No major changes took place in Life Insurance's underwriting risks or its investment risk level. OP Financial Group is prepared for any change in the interest rate used for the discounting of insurance liabilities by hedging the exposure using interest rate derivatives. The Group continues to further develop comprehensive ALM in 2015.

Other Operations

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

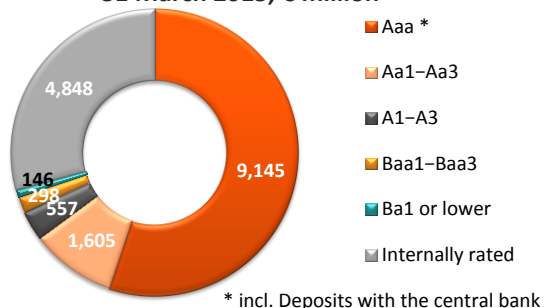
The market risks of investments in the liquidity buffer increased during the reporting period as a result of an increase in the liquidity buffer and allocation changes.

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

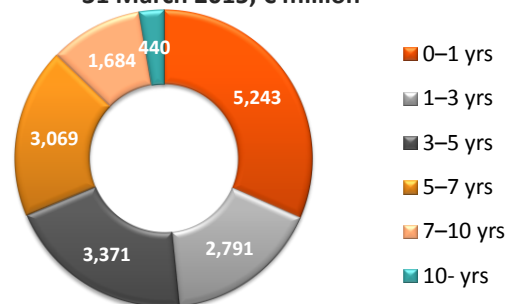
Liquidity buffer, € billion	31 March 2015	31 Dec. 2014	Change, %
Deposits with central banks	4.3	3.8	12
Notes and bonds eligible as collateral	8.7	7.8	12
Corporate loans eligible as collateral	4.1	4.3	-4
Total	17.1	15.9	8
Receivables ineligible as collateral	0.7	0.7	-2
Liquidity buffer at market value	17.8	16.6	7
Collateral haircut	-1.1	-1.1	-1
Liquidity buffer at collateral value	16.7	15.5	8

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

Financial assets included in the liquidity buffer by credit rating on 31 March 2015, € million



Financial assets included in the liquidity buffer by maturity on 31 March 2015, € million



Credit ratings

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

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

The credit ratings of OP Financial Group and Pohjola did not change during the first quarter.

On 17 March 2015, Moody's affirmed Pohjola Bank plc's long-term debt rating at Aa3 and short-term debt rating at P-1 while changing the outlook from negative to stable as part of its more extensive review in connection of change of the credit rating methodology.

Outlook towards the year end

There are first signs of economic recovery in Europe. Despite the ECB's expansionary monetary policy measures, the economic growth rate is, however, expected to remain modest this year. The Finnish economy is also expected to remain sluggish. International political tensions will continue to cause uncertainty to the Finnish economic development.

Weak economic growth will undermine growth expectations in the financial sector. The continued reduction in interest rates places a further burden on the net interest income of banks and erode the investment income of insurance institutions. Then again, low interest rates support customers' loan repayment capacity that has remained stable despite the prolonged period of slow growth. Capital adequacy and profitability have come to play an ever-increasing role because of the unstable operating environment and the tighter regulatory framework.

In spite of the challenging operating environment, OP Financial Group expects its earnings before tax to equal or exceed those in 2014. The most significant uncertainties associated with the earnings estimate are related to the effects of low interest rates, impairment loss on receivables and unfavourable changes in the investment environment.

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

Operations and earnings by business segment

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

Summary of earnings by business segment

€ million	Income	Expenses	Other items *)	Earnings before tax Q1/2015	Earnings before tax Q1/2014	Change, %
Banking	513	263	-61	192	158	21.3
Non-life Insurance	145	78	0	66	62	6.5
Wealth Management	121	28	0	93	69	34.0
Other Operations	119	147	0	-28	-30	6.8
Eliminations	-116	-118	-6	-3	-3	31.7
Total	785	399	-67	320	257	24.3

*) Other items contain returns to customer-owners and OP bonus customers, and impairment loss on receivables

Banking

- Earnings before tax increased by 21% to EUR 192 million (158).
- The earnings improvement resulted from strong growth in income and a reduction in expenses.
- OP Financial Group's market position remained stable. The loan portfolio grew by 4.4% in the year to March.
- Growth in deposits came mainly from payment transaction accounts, increasing by 14% in the year to March.
- Impairment losses increased to EUR 21 million (10), being at a low level of 0.12% of the loan and guarantee portfolio.

Banking: key figures and ratios

€ million	Q1/2015	Q1/2014	Change, %	2014
Income				
Net interest income	272	267	1.8	1,092
Net commissions and fees	184	177	3.7	655
Net trading and investment income	51	33	52.9	114
Other operating income	10	8	22.6	41
Total income	513	485	6.3	1,903
Expenses				
Personnel costs	123	119	3.9	446
Other administrative expenses	90	86	5.1	345
Other operating expenses	50	68	-27.0	276
Total expenses	263	272	-3.5	1,068
Impairment loss on receivables	21	10	106.0	88
Returns to customer-owners and accrued customer bonuses	40	45	-10.2	176
Earnings before tax	192	158	21.3	570
Cost/income ratio, %	51.0	56.1	-5.2	56.2
€ million				
Home loans drawn down	1 385	1 222	13.4	5,977
Corporate loans drawn down	1 308	1 421	-7.9	6,468
No. of brokered property transactions	2 646	2 834	-6.6	12,341
€ billion	31 March 2015	31 March 2014		31 Dec. 2014
Loan portfolio				
Home loans	34.1	33.2	2.7	34.0
Corporate loans	17.3	16.3	6.1	16.9
Other loans	20.0	18.9	5.3	19.8
Total	71.3	68.4	4.4	70.7
Guarantee portfolio	2.8	2.9	-2.6	2.9
Deposits				
Current and payment transfer	30.3	26.6	13.7	29.8
Investment deposits	18.3	20.8	-11.9	19.0

Total deposits	48.6	47.4	2.5	48.8
Market share, %*	31 March	31 March	Change, %	31 Dec.
	2015	2014		2014
Loans	34.4	34.4	0.0**	34.4
Deposits	37.2	36.8	0.4**	37.6

*) Excluding financial and insurance institutions' loans and deposits on 28 February 2015.

**) Change in ratio

Weak economic growth kept demand for loans low during the first quarter too. The loan portfolio grew by 4.4% in the year to March. The volume of new loans drawn down increased year on year by 7.5% to almost EUR 5 billion. In particular, the volume of new loans raised by households increased and the volume of consumer loans was markedly higher than a year ago. In the first quarter, the loan portfolio grew by 1.0%, especially as a result of growth in corporate and housing corporation loans.

The deposit portfolio increased by 2.5% in the year to March, whereas it decreased by 0.3 percentage points in the first quarter. The volume of investment deposits continued to decline in the first quarter too, due to low interest rates and lower term deposit margins. However, the volume of deposits in payment transaction accounts grew in the year to March by 13.7% and by 1.7% in the first quarter led mainly by corporate and institutional deposits.

The Group's market share of home loans increased between the end of March 2014 and the end of February 2015 by 0.4 percentage points to 38.1%. The market share of corporate loans increased during the same period by 0.9 percentage points. The market share of total euro deposits grew by 0.4 percentage points to 37.2%.

The combined amount of Profit Shares and supplementary cooperative contributions of the member cooperative banks increased by EUR 0.3 billion in the first quarter, amounting to EUR 2.0 billion on 31 March.

The housing market remained sluggish during the first quarter too, with the volume of homes sold and bought through the OP Kiinteistökeskus real estate agents decreasing by 6.6% over the previous year.

The home loan repayment grace period offered by the Group as part of the "Finland on a new growth path" –project was used for over 62,000 loans by the release date of this Interim Report. The deferred repayment of these loans totals an estimated over EUR 290 million.

In April, OP announced a new single financing process model for companies that need both bank loan and risk financing but are not ready to abandon their current ownership. This financing package is targeted at companies with net sales of EUR 10–50 million. In the initial stage, OP Financial Group's own insurance and pension institutions will reserve 50 million euros in investments mainly made in the form of subordinated loans.

Earnings

Earnings before tax increased to EUR 192 million (158). Income increased by 6.3% and expenses decreased by 3.5%. Impairment losses increased to EUR 21 (10) million,

being still at a low 0.12% (0.06) level in relation to the loan and guarantee portfolio.

Net interest income rose by EUR 5 million to EUR 272 million (267) as a result of an increase in the loan portfolio and a higher average loan portfolio margin and lower deposit funding costs. As a result of a decrease in the Markets division's net interest income, net interest income increased, however, by 1.8%.

Net commissions and fees increased by EUR 7 million year on year. Commissions and fees related to wealth management increased by EUR 7 million and those to non-life insurance by EUR 3 million, but financing fees decreased.

Net trading and investment income increased markedly as a result of higher customer income generated by the Markets division. Trading income fell by EUR 11 million.

Expenses decreased by 3.5% to EUR 263 million (272). The reorganisation of the central cooperative consolidated had no major impact on Banking in terms of expenses. Statutory contributions to the Deposit Guarantee Fund and the bank levy, totalling EUR 18 million, increased other operating expenses in the first quarter a year ago.

Personnel costs increased by EUR 5 million to EUR 123 million due mainly to higher social expenses.

Non-life Insurance

- Earnings before tax amounted to EUR 66 million (62). Earnings before tax at fair value were EUR 108 million (61).
- Insurance premium revenue increased by 5% (8).
- Operating profitability showed an improvement. The operating combined ratio was 87.2% (89.3) and operating expense ratio 17.9% (18.5). The combined ratio was 88.8% (91.0).
- Return on investments at fair value was 2.6% (1.4).
- The number of loyal customer households increased by 31,000 in the year to March and by 1,000 (10,000) during the reporting period.

Non-life Insurance: key figures and ratios

€ million	Q1/2015	Q1/2014	Change, %	2014
Insurance premium revenue	336	320	5.1	1,310
Claims incurred	233	227	2.9	930
Operating expenses	60	59	1.8	242
Amortisation adjustment of intangible assets	5	5	0.0	21
Balance on technical account	38	29	30.0	117
Net investment income	49	49	-0.3	171
Other income and expenses	-20	-16	28.7	-66
Earnings before tax	66	62	6.5	223
Earnings before tax at fair value	108	61	76.9	272
Combined ratio, %	88.8	91.0		91.0
Operating combined ratio, %	87.2	89.3		84.7
Operating loss ratio, %	69.3	70.8		66.3
Operating expense ratio, %	17.9	18.5		18.4
Operating risk ratio, %	63.8	64.4		60.2
Operating cost ratio, %	23.4	24.9		24.4
Return on investments at fair value, %	2.6	1.4		6.7
Solvency ratio, %	82	76		75
Solvency ratio (Solvency II), % *)	109	134		117
Large claims incurred retained for own account	-9	-17		-79
Changes in claims for provisions of previous years (run-off result)	18	5		27
Personnel	1,735	1,856		1,766

* The figure is shown without the effect of transitional provision.

Growth in premium revenue from Private Customers remained strong. Insurance premium revenue from Corporate Customers also rebounded. Insurance sales increased slightly year on year. Claims developments were favourable due to the mild winter and lower large claims.

According to preliminary figures, OP Financial Group's market share of non-life insurance premiums written in 2014 was 31.5% (30.3). Measured by this market share, OP Financial Group is still Finland's largest non-life insurer.

The number of loyal customer households increased in the year to March by 31,000 to 656,000 (625,000), of which up to 75% (73) also use OP Financial Group member cooperative banks as their main bank

Developing claims services further has been one of the Non-life Insurance priorities. In particular, Non-life Insurance has developed its electronic services in both online and mobile services. The reporting period saw the launch of a new loss report service on OP-mobile. Over up to 50% of loss reports are filed online and over up to 75% of loss reports on personal injuries are filed online.

Using electronic services in managing non-life policies and claims has increased considerably. During the last 12 months, the number of customers receiving their insurance-related mail electronically has almost doubled to 479,000 (243,000).

Earnings

Earnings before tax improved to EUR 66 million (62) as a result of an increase in the balance on technical account.

OP Financial Group changed the valuation model for non-life insurance liability in such a way that it takes account of a change in the discount rate as one continuously updated variable of an accounting estimate. On 31 March, the average discount rate was 2.4%. The reduced discount rate increased claims incurred by EUR 17 million. According to the new valuation model, a change in the discount rate also affects the calculation of operating ratios.

The balance on technical accounts improved due to an increase in insurance premiums and favourable claims development. The operating combined ratio was 87.2%

(89.3). These operating ratios exclude amortisation on intangible assets arising from the corporate acquisition.

Insurance premium revenue

€ million	Q1/2015	Q1/2014	Change, %
Private Customers	174	162	7.2
Corporate Customers	149	145	3.0
Baltic States	14	13	1.6
Total	336	320	5.1

Growth in premium revenue from Private Customers remained strong. Insurance premium revenue from Corporate Customers rebounded. A year ago, the economic recession affected premium revenue from Corporate Customers, especially in the second half of the year.

Claims incurred, excluding the reduction in the discount rate, were lower than a year ago. Developments in large claims were favourable. Claims incurred arising from new large claims were lower than a year ago. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 17 (18), with their claims incurred retained for own account totalling EUR 9 million (17). The change in provisions for unpaid claims under statutory pension also decreased year on year. Change in provisions for unpaid claims under statutory pension was EUR 6 million (7) in January–March.

Changes in claims for previous years, excluding the effect of changes on the discount rate, improved the balance on technical account by EUR 18 million (5). The operating loss ratio was 69.3% (70.8) The operating risk ratio excluding indirect loss adjustment expenses was 63.8% (64.4).

Operating expenses grew by 2%, being EUR 1 million higher than a year ago, due to higher sales commissions and portfolio management fees. A non-recurring provision recognised in the first quarter for personnel costs totalled EUR 3 million, related to the reorganisation of the central cooperative consolidated. The operating expense ratio improved thanks to higher income to 17.9% (18.5). The operating cost ratio (including indirect loss adjustment expenses) was 23.4% (24.9).

Operating balance on technical account and combined ratio (CR)

	Q1/2015		Q1/2014	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	29	83.3	26	83.8
Corporate Customers	14	90.5	6	95.7
Baltic States	0	101.7	2	86.3
Total	43	87.2	34	89.3

Profitability improved both among Private and Corporate Customers despite the reduced discount rate. This improvement was supported by strong growth in income from Private Customers and favourable large claims

developments among Corporate Customers. In Baltics, profitability weakened because of individual large claims.

Investment

Return on investments at fair value was better than a year ago, due to the exceptionally high returns in equity markets, amounting to EUR 91 million (48), or 2.6% (1.4). Net investment income recognised in the income statement amounted to EUR 49 million (49).

Investment portfolio by asset class

%	31 March 2015	31 Dec. 2014
Bonds and bond funds	73	73
Alternative investments	1	1
Equities	7	7
Private equity	3	3
Real property	11	11
Money markets	5	5
Total	100	100

Non-life Insurance's investment portfolio totalled EUR 3,675 million (3,522) on 31 March. The fixed-income portfolio by credit rating remained healthy, considering that investments within the "investment-grade" category accounted for 94% (94), and 72% (71) of the investments were rated at least A-. The average residual term to maturity of the fixed-income portfolio was 4.9 years (4.5) and the duration 4.8 years (4.3).

The running yield for direct bond investments averaged 1.8% (1.9) at the end of March.

Wealth Management

- Earnings before tax increased to EUR 93 million (69); earnings before tax at fair value were EUR 136 million (54).
- The gross amount of assets managed by the Group increased by 24% in the year to March, totalling EUR 67 billion on 31 March.
- The number of investor and saver customers grew by 11,000 in the reporting period.
- Electronic channels accounted for 39% (23) of OP Mutual Fund sales.

Wealth Management: key figures and ratios

€ million	Q1/2015	Q1/2014	Change, %	2014
Net commissions and fees				
Funds and asset management	50	39	28.5	175
Life insurance	48	47	3.5	166
Expenses	43	36	19.0	133
of which accrued customer bonuses	5	4	27.3	18
Total net commissions and fees	55	49	11.8	208
Life Insurance's net risk results	6	3	90.6	20
Net investment income from Life Insurance	59	45	29.1	47
Other income	0	1	-68.1	1
Personnel costs	9	8	9.8	32
Other expenses	19	22	-13.0	80
Earnings before tax	93	69	34.0	167
Gross change in fair value reserve	44	-15		51
Earnings before tax at fair value	136	54	153.6	218

€ billion	31 March 2015	31 March 2014		31 Dec. 2014
Assets under management (gross)				
Mutual funds	19.4	14.7	31.5	17.5
Institutional clients	24.7	22.3	10.5	23.5
Private Banking	14.4	10.4	38.1	12.8
Unit-linked insurance savings	8.6	6.5	32.2	7.6
Total assets under management (gross)	67.0	53.9	24.1	61.3

€ million	Q1/2015	Q1/2014		2014
Net inflows				
Investor and saver customers	289	167	73.1	674
Private Banking clients	121	21	476.2	1 411
Institutional clients	-150	-155	3.2	454
Total net inflows	260	33	687.9	2,539

Market share, %	31 March 2015	31 March 2014	Change, %	31 Dec. 2014
Mutual funds	20.2	19.0	1.2*	20.5

*As change in ratio.

Low interest rates and favourable value performance in the equity market supported Wealth Management business growth during the reporting period. The gross amount of assets managed by the Group increased by 9% during the period, being EUR 67,0 billion (61.3). This amount includes EUR 14.9 billion in assets of the companies belonging to OP Financial Group.

Customers' interest remained strong in investment products with higher return expectations. Net inflows were EUR 260 million (33), with particularly strong net inflows from investor and saver customer as well as Private Banking clients. Net inflows were negative among institutional clients.

The number of investor and saver customers grew by 11,000 in the reporting period, totalling 766,000 on 31 March. In

particular, the number of customers of savings funds made good progress, with the number of unitholders increasing by 18,000 from the end of 2014.

OP Financial Group extended the range of mutual funds investing in alternative asset classes with OP-Forest Owner non-UCITS fund which invests its assets in forest holdings in Finland. The fund's assets amounted to EUR 11 million on 31 March.

The risk-adjusted return of OP Mutual Funds remained good in the reporting period. The Morningstar rating for OP Mutual Funds was 3.24 (3.28).

During the reporting period, the Group continued to further develop electronic sales and transactions for Wealth

Management. Electronic channels accounted for 39% (23) of OP Mutual Fund sales.

Earnings

Earnings before tax rose to EUR 93 million (69). Earnings after a change in the fair value reserve amounted to EUR 136 million (54).

Net commissions and fees increased by 12%, owing to growth in wealth under management year on year, to EUR 55 million (49). Net commissions and fees accounted for 0.36% (0.32) of the gross amount of the assets under management.

Life Insurance's return on investments at fair value was 2.4% (1.4). Life Insurance's investment income excluding the performance of derivatives that hedge the interest rate risk of insurance liabilities and the technical rate of interest totalled EUR 58 million (64).

Expenses were EUR 2 million lower than a year ago. Personnel costs increased due to a provision related to the staff reorganisation in the central cooperative consolidated. Other expenses declined by EUR 3 million. Wealth Management's operating cost/income ratio improved to 42.5% (51.1). Expenses accounted for 0.15% (0.17) of the gross amount of the assets under management.

Life Insurance is prepared for any change in the interest rate used for the discounting of insurance liabilities by hedging the exposure using interest rate derivatives. Supplementary interest rate provisions related to insurance liabilities totalled EUR 533 million (475) on 31 March. Short-term supplementary interest rate provisions made for 12 months accounted for EUR 42 million (54) of these provisions.

Life Insurance's investment assets, excluding assets covering unit-linked insurance, amounted to EUR 4,307 million (4,216). Investments within the "investment-grade" category accounted for 95% (94) of the fixed-income portfolio. On 31 March, the portfolio's modified duration was 3.9 (3.1).

Investment portfolio by asset class

%	31 March 2015	31 Dec. 2014
Bonds and bond funds	72	68
Alternative investments	6	6
Equities and equity funds	6	7
Real property	6	6
Money markets	10	12
Total	100	100

Other Operations

Other Operations: key figures and ratios

€ million	Q1/2015	Q1/2014	Change, %	2014
Net interest income	-9	-13	-27.8	-33
Net trading income	-4	-4	8.5	-9
Net investment income	9	14	-36.9	60
Other income	124	112	10.7	473
Expenses	147	139	5.9	524
Earnings before tax	-28	-30	-6.8	-33

€ billion	31 March 2015	31 March 2014	Change, %	31 Dec. 2014
Receivables from credit institutions	10	17	-40.4	10
Investment assets	14	10	44.3	13
Liabilities to credit institutions	5	5	3.8	5
Debt securities issued to the public	17	19	-8.7	17

Earnings

Earnings before tax reported by Other Operations amounted to EUR -28 million (-30). Growth in other income improved earnings whereas growth in expenses eroded earnings.

Net interest income was EUR -9 million (-13). On 31 March, the average margin of OP Financial Group's senior wholesale funding was 43 basis points (41).

Net investment income decreased to EUR 9 million (14) as a result of lower capital gains and dividend income.

Other income increased to EUR 124 million (112), being EUR 12 million larger than a year ago. Other income consists to a large extent of intra-Group service charges, which are presented as business segment expenses.

Expenses rose by 5.9% to EUR 147 million (139). Non-recurring expense items, totalling EUR 5 million, related to the reorganisation of the central cooperative consolidated, added to the expenses for the reporting period. A non-recurring EUR 8 million expense item related to the tender offer for Pohjola Bank plc shares was recognised in 'Other operating expenses' a year ago.

Changes in OP Financial Group's structure

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

The Supervisory Board of OP Financial Group's central cooperative has made a decision in principle whereby Helsinki OP Bank Plc will be converted from a limited liability company to a cooperative bank during 2016. The new bank will be renamed OP Helsinki. This decision has made customer ownership within OP Financial Group possible across Finland.

OP Helsinki as subsidiary will be part of OP Financial Group central cooperative consolidated according to plan. Since the

central cooperative will continue to play a major role in capitalising the new bank, the bank's bylaws are meant to be formulated in such a way that OP Financial Group has a controlling interest of 2/3 in the bank.

The abovementioned planned changes require regulatory approval from the relevant authorities.

At the beginning of 2016, Pohjola Bank plc will be renamed OP Corporate Bank plc.

Itä-Uudenmaan Osuuspankki and Porvoon Osuuspankki have accepted a merger plan, according to which Itä-Uudenmaan Osuuspankki will merge into Porvoon Osuuspankki, taking the name Itä-Uudenmaan Osuuspankki. The planned date for the merger is 31 July 2015.

Sotkamon Osuuspankki and Kainuun Osuuspankki have accepted a merger plan, according to which Sotkamon Osuuspankki will merge into Kainuun Osuuspankki. The planned date for the merger is 31 May 2015.

Mynämäen Osuuspankki and Nousiaisten Osuuspankki have accepted a merger plan, according to which Mynämäen Osuuspankki will merge into Nousiaisten Osuuspankki that is to be renamed Mynämäen-Nousiaisten Osuuspankki. The planned date for the merger is 31 August 2015.

Hartolan Osuuspankki, Sysmän Osuuspankki and Etelä-Päijänteen Osuuspankki have accepted a merger plan, according to which Hartolan Osuuspankki and Sysmän Osuuspankki will merge into Etelä-Päijänteen Osuuspankki that is to be renamed Järvi-Hämeen Osuuspankki. The planned date for the merger is 31 August 2015.

Myrskylän Osuuspankki and Orimattilan Osuuspankki have accepted a merger plan, according to which Myrskylän Osuuspankki will merge into Orimattilan Osuuspankki. The planned date for the merger is 30 September 2015.

Pyhälaakson Osuuspankki and Suomenselän Osuuspankki have accepted a merger plan, according to which Pyhälaakson Osuuspankki will merge into Suomenselän

Osuuspankki. The planned date for the merger is 31 December 2015.

The process of planning and examination of different options regarding the restructuring of OP Financial Group central cooperative consolidated and the implementation of legal structures of the organisation is still underway. There is a plan to transfer, for example, the Non-life Insurance and Wealth Management segments from Pohjola Group direct ownership of the central cooperative. The transfer of Wealth Management is scheduled during 2015. At the same time, the transfer of OP Financial Group's central banking operations, being presently part of Pohjola Bank plc, to a another subsidiary wholly owned by OP Cooperative, is also under consideration. OP has not yet made decisions on the implementation method of the separation of central banking and the transfer of Non-life Insurance and the related schedule.

Osuuspankki Poppia, Laihia Osuuspankki, Multian Osuuspankki, Petäjäveden Osuuspankki and Tuusniemen Osuuspankki, which are part of POP Group, have decided to join OP Financial Group as independent cooperative banks. According to the current plan, these banks will officially become Group member cooperative banks in mid-May. This also means that these banks' customers will fall within the scope of deposit insurance and the banks within the scope of OP Financial Group's joint liability.

Keiteleen Osuuspankki, which is part of POP Group, and Pielaveden Osuuspankki of OP Financial Group have accepted a merger plan, according to which Keiteleen Osuuspankki will merge into Pielaveden Osuuspankki, to be renamed Nilakan Seudun Osuuspankki. The planned date for the merger is 30 April 2016.

Personnel and remuneration

On 31 March, OP Financial Group had 12,185 employees (12,356). The number of employees averaged 12,220 (12,548). The reorganisation and streamlining measures carried out in member cooperative banks, their subsidiaries and OP Cooperative reduced the number of employees during the reporting period.

OP has completed the information and consultation of employees process initiated in February 2015 and applying to the restructuring of the central cooperative consolidated personnel. As a result, a maximum of 278 jobs will be cut. The process covered some 4,300 employees.

During the reporting period, 54 OP Financial Group employees (84) retired, at an average age of 61.4 years (61.4).

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

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

The long-term management incentive scheme was extended by a new three-year performance period for 2014–2016. OP

Financial Group's personnel fund remuneration scheme will also be extended by one-year performance periods.

In drawing up the Group's incentive schemes, OP has taken account of the regulation regarding the financial sector's remuneration schemes.

As a rule, the remuneration scheme for 2014–2016 follows the principles observed during the previous three-year performance period.

OP Cooperative's Supervisory Board has set the following long-term target performance indicators: OP Financial Group's EBT, the Group's CET1 and the growth rate of customers using OP as their main bank and insurer. The Group-level targets are congruent both in the management incentive scheme and OP Financial Group's Personnel Fund.

Governance of OP Cooperative

OP Financial Group's central cooperative (OP Cooperative) held its Annual Cooperative Meeting 19 March 2015. The Meeting elected for the term of 2015–2018 the following members to the Supervisory Board to replace those who were due to resign: Managing Director Jari Anttila, R&D Director Ilmo Aronen, Managing Director Kalle Arvio, Managing Director Tapani Eskola, Professor Jarna Heinonen, BSc(Econ) Jorma Hyrskyluoto, Senior Lecturer Ulla Järvi, Executive Director Jukka-Pekka Kataja, Managing Director Simo Kauppi, Director Jaakko Kiander, farmer Seppo Kietäväinen, Headmaster Juha Kiiskinen, Lecturer Jaakko Korkonen, Managing Director Tuomas Kupsala, Managing Director Petri Krohns, Assistant Director Jukka Käärjäinen, Director Ari Mikkola, Managing Director Esko Mononen, Director, Administration Annukka Nikola, Managing Director Juha Pullinen, Managing Director Olli Tarkkanen, and Managing Director Ari Väänänen. In addition, Lecturer Sirkka Keuru was elected for the remaining term of 2015–2017 to replace Marita Marttila, Senior Nursing Officer, who had requested resignation from the Supervisory Board. The Supervisory Board comprises 34 members.

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

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

OP Financial Group forms a single group in terms of competition laws

On 26 February 2015, the Finnish Competition and Consumer Authority issued a decision in which it approved OP Financial Group's application for OP Financial Group being considered as forming a single conglomerate in terms of competition laws. The application was technically filed as a merger control report. The application was based on the Act on the Amalgamation of Deposit Banks, member cooperative banks' bylaws and agreements between OP Cooperative and member cooperative banks. As a result of the decision, OP Financial Group is now considered a single group in terms of competition laws from the perspective of the competition authorities.

OP Financial Group's efficiency-enhancement programme

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

Based on the actions completed by 31 March, annualised savings reached about EUR 141 million, of which personnel-related costs account for EUR 55 million.

Capital expenditure and service development

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

OP Cooperative Consolidated's development expenditure for January–March totalled EUR 30 million (28). These include licence fees, purchased services and capitalised expenses for development work within OP Cooperative Consolidated.

ICT capital expenditure for the reporting period capitalised in the balance sheet totalled EUR 21 million (14). Banking accounted for EUR 16 million (12), Non-life Insurance for EUR 5 million (1) and Wealth Management for EUR 0 million (1) of the capital expenditure for the reporting period.

OP Financial Group began to rebuild its premises in the Vallila campus in 2012, which is due to be completed by the summer of 2015. The total costs will be almost EUR 250 million. By the end of the reporting period, realised costs totalled some EUR 184 million.

OP Financial Group income statement

EUR million	Note	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Interest income		644	651	-1	2,685
Interest expenses		388	399	-3	1,642
Net interest income before impairment losses		255	251	2	1,043
Impairments of receivables	4	21	10		88
Net interest income after impairments	5	234	241	-3	955
Net income from Non-life Insurance operations	6	169	150	12	589
Net income from Life Insurance operations	7	104	80	30	197
Net commissions and fees	8	199	192	4	707
Net trading income	9	24	27	-12	88
Net investment income	10	19	16	16	74
Other operating income	11	12	10	19	52
Total net income		760	715	6	2,662
Personnel costs		214	195	10	741
Other administrative expenses		102	112	-10	414
Other operating expenses		82	102	-19	401
Total expenses		399	410	-3	1,555
Returns to customer-owners and accrued customer bonuses		46	49	-7	195
Share of associates' profits/losses accounted for using the equity method		4	0		3
Earnings before tax for the period		320	257	24	915
Income tax expense		63	61	3	308
Profit for the period		257	196	31	607
Attributable to, EUR million					
Profit for the period attributable to owners		256	195	31	599
Profit for the period attributable to non-controlling interest		1	1		8
Total		257	196	31	607

OP Financial Group statement of comprehensive income

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Profit for the period	257	196	31	607
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-175	-50		-380
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	152	-25		85
Cash flow hedge	7	20	-65	67
Translation differences	0	0	-91	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-35	-10		-76
Items that may be reclassified to profit or loss				
Measurement at fair value	30	-5		17
Cash flow hedge	1	4	-65	13
Total comprehensive income for the period	245	153	60	424
Attributable to, EUR million				
Profit for the period attributable to owners	237	150	59	393
Profit for the period attributable to non-controlling interest	7	3		32
Total	245	153	60	424

OP Financial Group balance sheet

EUR million	Note	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Cash and cash equivalents		4,355	820		3,888
Receivables from credit institutions		480	4,807	-90	686
Financial assets at fair value through profit or loss		403	508	-21	427
Derivative contracts		7,731	3,703		5,920
Receivables from customers		71,357	68,392	4	70,683
Non-life Insurance assets	14	4,129	3,771	10	3,797
Life Insurance assets	15	12,502	10,114	24	11,238
Investment assets		10,516	8,480	24	9,500
Investment accounted for using the equity method		68	54	26	56
Intangible assets		1,331	1,332	0	1,332
Property, plant and equipment (PPE)		795	740	7	781
Other assets		2,523	1,755	44	1,951
Tax assets		198	108	83	168
Total assets		116,389	104,584	11	110,427
Liabilities to credit institutions		2,106	1,250	69	1,776
Financial liabilities at fair value through profit or loss		1	3	-68	4
Derivative contracts		6,685	3,390	97	5,489
Liabilities to customers		51,429	49,581	4	51,163
Non-life Insurance liabilities	16	3,360	3,104	8	2,972
Life Insurance liabilities	17	12,338	10,117	22	11,230
Debt securities issued to the public	18	26,054	24,595	6	24,956
Provisions and other liabilities		4,474	3,168	41	3,447
Tax liabilities		1,016	850	20	964
Supplementary cooperative capital		169	588	-71	192
Subordinated liabilities		1,046	862	21	1,020
Total liabilities		108,678	97,506	11	103,214
Equity capital					
Share of OP Financial Group's owners					
Share and cooperative capital		1,993	309		1,709
Share capital		0	138		0
Membership capital contributions		147	144	2	148
Profit shares		1,846	27		1,561
Fair value reserve	19	546	323	69	425
Other reserves		2,216	2,600	-15	1,996
Retained earnings		2,889	3,747	-23	3,014
Non-controlling interests		66	99	-33	69
Total equity capital		7,711	7,078	9	7,213
Total liabilities and equity capital		116,389	104,584	11	110,427

Changes in OP Financial Group's equity capital

EUR million	Share and cooperative capital	Fair value reserve**	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2014	339	328	2,739	4,218	7,625	100	7,724
Total comprehensive income for the period	-	18	-	150	168	3	171
Profit for the period	-	-	-	195	195	1	196
Other comprehensive income	-	18	-	-45	-27	2	-25
Holdings in Pohjola Bank plc purchased from non-controlling interests*	-61	-23	-157	-524	-765	-	-765
Increase in cooperative capital	31	-	-	-	31	-	31
Transfer of reserves	-	-	16	-16	-	-	-
Profit distribution	-	-	-	-75	-75	-	-75
Share-based payments	-	-	-	0	0	-	0
Other	0	-	2	-6	-4	-3	-8
Balance at 31 March 2014	309	323	2,600	3,747	6,979	99	7,078

EUR million	Share and cooperative capital	Fair value reserve**	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2015	1,709	425	1,996	3,014	7,144	69	7,213
Total comprehensive income for the period	-	121	-	116	237	7	245
Profit for the period	-	-	-	256	256	1	257
Other comprehensive income	-	121	-	-140	-18	6	-12
Increase in cooperative capital	285	-	-	-	285	-	285
Transfer of reserves	-	-	220	-220	-	-	-
Profit distribution	-	-	-	-19	-19	-	-19
Other	-	-	-	-2	-2	-10	-12
Balance at 31 March 2015	1,993	546	2,216	2,889	7,645	66	7,711

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

** Note 19

Cash flow statement

EUR million	Q1/2015	Q1/2014
Cash flow from operating activities		
Profit for the period	257	196
Adjustments to profit for the period	298	361
Increase (-) or decrease (+) in operating assets	-2,762	-4,452
Receivables from credit institutions	83	-3,936
Financial assets at fair value through profit or loss	166	62
Derivative contracts	-35	8
Receivables from customers	-710	-257
Non-life Insurance assets	-319	-248
Life Insurance assets	-382	-73
Investment assets	-1,078	315
Other assets	-487	-322
Increase (+) or decrease (-) in operating liabilities	1,817	217
Liabilities to credit institutions	331	208
Financial liabilities at fair value through profit or loss	-3	-1
Derivative contracts	46	11
Liabilities to customers	265	-576
Non-life Insurance liabilities	104	90
Life Insurance liabilities	303	145
Provisions and other liabilities	770	340
Income tax paid	-36	-31
Dividends received	33	35
A. Net cash from operating activities	-392	-3,673
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-	0
Decreases in held-to-maturity financial assets	52	55
Purchase of PPE and intangible assets	-55	-44
Proceeds from sale of PPE and intangible assets	1	1
B. Net cash used in investing activities	-3	12
Cash flow from financing activities		
Decreases in subordinated liabilities	0	-
Increases in debt securities issued to the public	9,284	17,074
Decreases in debt securities issued to the public	-8,840	-13,987
Increases in cooperative and share capital	2,278	104
Decreases in cooperative and share capital	-2,016	-91
Dividends paid and interest on cooperative capital	-2	-
Holdings in Pohjola Bank plc purchased from non-controlling interests	-	-765
C. Net cash from financing activities	704	2,335
Net change in cash and cash equivalents (A+B+C)	309	-1,326
Cash and cash equivalents at period-start	4,176	2,476
Cash and cash equivalents at period-end	4,485	1,150
Interest received	638	668
Interest paid	-498	-489
Cash and cash equivalents		
Liquid assets*	4,373	830
Receivables from credit institutions payable on demand	111	320
Total	4,485	1,150

*Of which Non-life Insurance liquid assets amount to 6 million euros (8) and Life Insurance liquid assets 12 million euros (3).

OP Financial Group segment reporting

The new organisation of OP Cooperative Consolidated entered into force on 1 October 2014. The management system of the new OP Financial Group is founded on the following three business segments: Banking, Non-life Insurance, and Wealth Management. As a result of the new organisations, OP Financial Group has made the following changes in its segment reporting, effective as of 1 January 2015: Pohjola Markets Equities has been transferred from Banking to be reported in the Wealth Management segment. In addition, Pivo Wallet Oy, Checkout Finland Oy and OP Bank Group Mutual Insurance Company have been transferred from Banking to be reported in the Other operations segment. Other operations support the business segments. The segment information has been restated for the previous periods to correspond to the new segments. These transfers had no substantial impact on segment reporting.

OP Financial Group's segment reporting is based on accounting policies applied in its financial statements. Income, expenses, assets and liabilities which have been considered to relate directly to and be reasonably attributable to the segments are allocated to the segments. Income, expenses, investments and capital which have not been allocated to segments and inter-segment Group eliminations are reported under 'Group eliminations'. The segments' earnings and profitability are assessed in terms of EBT.

Segment capitalisation is based on OP Financial Group's capital adequacy measurement in accordance with the Act on Credit Institutions. Capital requirements according to this measurement are allocated among the operating segments. Capital has been allocated to retail banking in such a way that the CET1 ratio is 18% (11%). Capital has been allocated to Insurance operations in such a way that the Solvency ratio (SII) is 120%. Capital allocation has an effect on the Group's internal interest amounts paid by the segment concerned.

Income statement and balance sheet by segment 1 Jan.-31 March 2015

Income statement, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Eliminations	OP Financial Group
Interest income	700	0	0	99	-156	644
Interest expenses	428	6	1	108	-154	388
Net interest income before impairment losses	272	-6	0	-9	-1	255
- of which internal net income before tax	-6	-5	0	10	0	0
Impairment losses on receivables	21	-	-	0	0	21
Net interest income after impairment losses	251	-6	0	-9	-1	234
Net income from Non-life Insurance	-	162	-	-1	8	169
Net income from Life Insurance	-	-	-	-	104	104
Life Insurance's net interest and risk result	-	-	65	-	-65	0
Net commissions and fees	184	-12	-	4	24	199
Commissions and fees from fund and asset management	-	-	43	-	-43	0
Commissions and fees from life insurance	-	-	48	-	-48	0
Commission expenses	-	-	-43	-	43	0
Net trading income	39	-	0	-4	-12	24
Net investment income	11	-	0	9	-1	19
Other operating income	7	1	0	120	-116	12
Personnel costs	123	30	9	52	0	214
Other administrative expenses	90	30	11	63	-93	102
Other operating expenses	50	18	9	31	-25	82
Returns to customer-owners and accrued customer bonuses	40	-	-	-	5	46
Share of associates' profits/losses	3	0	0	-	0	4
Earning before tax	192	66	93	-28	-3	320
Income tax expense						63
Profit for the period						257

Balance sheet 31 March 2015, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Eliminations	OP Financial Group
Liquid assets	121	0	-	4,234	-	4,355
Receivables from credit institutions	4,478	5	30	10,366	-14,399	480
Financial assets at fair value through profit or loss	546	-	-	-132	-11	403
Derivative contracts	7,905	-	-	320	-495	7,731
Receivables from customers	71,984	-	0	533	-1,160	71,357
Non-life Insurance assets	-	4,493	-	0	-364	4,129
Life Insurance assets	-	-	13,146	-	-644	12,502
Investment assets	5,223	16	0	13,731	-8,454	10,516
Investment in associates	38	2	28	0	0	68
Intangible assets	64	702	366	203	-3	1,331
Property, plant and equipment	486	50	9	263	-13	795
Other assets	1,225	8	45	1,532	-287	2,523
Tax assets	114	7	7	41	29	198
Total assets	92,184	5,283	13,631	31,093	-25,802	116,389

Balance sheet 31 March 2015, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Eliminations	OP Financial Group
Liabilities to credit institutions	11,210	-	-	5,080	-14,184	2,106
Financial liabilities at fair value through profit or loss	1	-	-	-	-	1
Derivative contracts	6,866	-	-	337	-517	6,685
Liabilities to customers	49,439	-	8	2,954	-972	51,429
Non-life Insurance liabilities	-	3,381	-	-	-21	3,360
Life Insurance liabilities	-	-	12,375	-	-37	12,338
Debt securities issued to the public	9,954	-	-	17,088	-987	26,054
Provisions and other liabilities	2,562	82	51	2,081	-302	4,474
Tax liabilities	449	120	95	346	6	1,016
Cooperative capital	313	-	-	4,606	-4,750	169
Subordinated liabilities	69	50	91	1,058	-222	1,046
Total liabilities	80,862	3,633	12,619	33,551	-21,987	108,678
Equity capital						7,711

Income statement and balance sheet by segment 1 Jan.-31 March 2014

Income statement, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Elimi- nations	OP Financial Group
Interest income	694	0	1	142	-185	651
Interest expenses	427	6	0	155	-188	399
Net interest income before impairment losses	267	-6	0	-13	3	251
- of which internal net income before tax	1	-5	0	4	0	0
Impairment losses on receivables	10	-	-	-	0	10
Net interest income after impairment losses	257	-6	0	-13	3	241
Net income from Non-life Insurance	-	152	-	-	-2	150
Net income from Life Insurance	-	-	-	-	80	80
Life Insurance's net interest and risk result	-	-	49	-	-49	-
Net commissions and fees	177	-10	-	4	21	192
Commissions and fees from fund and asset management	-	-	33	-	-33	-
Commissions and fees from life insurance	-	-	47	-	-47	-
Commission expenses	-	-	-36	-	36	-
Net trading income	29	0	0	-4	1	27
Net investment income	4	-	0	14	-2	16
Other operating income	8	2	0	108	-109	10
Personnel costs	119	27	8	41	0	195
Other administrative expenses	86	30	12	67	-82	112
Other operating expenses	68	19	11	30	-26	102
Returns to customer-owners and accrued customer bonuses	45	-	-	-	4	49
Share of associates' profits/losses	0	0	0	0	0	0
Earning before tax	158	62	69	-30	-3	257
Income tax expense						61
Profit for the period						196

Balance sheet 31 March 2014, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Elimi- nations	OP Financial Group
Liquid assets	130	0	-	690	-	820
Receivables from credit institutions	4,821	5	17	17,395	-17,430	4,807
Financial assets at fair value through profit or loss	595	-	-	-27	-60	508
Derivative contracts	3,756	-	-	259	-312	3,703
Receivables from customers	69,035	-	-	357	-999	68,392
Non-life Insurance assets	-	4,076	-	0	-304	3,771
Life Insurance assets	-	-	10,845	-	-731	10,114
Investment assets	4,670	16	16	9,514	-5,736	8,480
Investment in associates	23	2	27	1	1	54
Intangible assets	64	720	383	169	-5	1,332
Property, plant and equipment	514	54	9	177	-13	740
Other assets	1,245	8	31	910	-439	1,755
Tax assets	58	3	6	20	22	108
Total assets	84,909	4,884	11,335	29,464	-26,008	104,584

Balance sheet 31 March 2014, EUR million	Banking	Non-life Insurance	Wealth Management	Other operations	Elimi- nations	OP Financial Group
Liabilities to credit institutions	11,990	-	-	4,675	-15,415	1,250
Financial liabilities at fair value through profit or loss	3	-	-	-	-	3
Derivative contracts	3,507	-	-	226	-343	3,390
Liabilities to customers	47,842	-	-	4,590	-2,852	49,581
Non-life Insurance liabilities	-	3,114	-	-	-10	3,104
Life Insurance liabilities	-	-	10,155	-	-38	10,117
Debt securities issued to the public	7,184	-	-	18,717	-1,306	24,595
Provisions and other liabilities	2,467	61	26	1,116	-503	3,168
Tax liabilities	332	101	65	354	-2	850
Cooperative capital	729	-	-	2,893	-3,035	588
Subordinated liabilities	179	50	91	955	-413	862
Total liabilities	74,234	3,326	10,337	33,526	-23,917	97,506
Equity capital						7,078

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2015 has been prepared in accordance with the accounting policies of IAS 34 (Interim Financial Reporting) and with those presented in the Consolidated Financial Statements 2014, with the exception of changes in the accounting policies described below.

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

Change in accounting policies

Amortisation of the effect of a reduction in the discount rate

OP Financial Group has changed the valuation model for non-life insurance liability in such a way that it takes account of a change in the discount rate as one continuously updated variable of an accounting estimate. Previously, the discount rate was subject to quarterly assessment in which case the effect of the change deteriorated the comparability between reporting periods. As a result of the change, OP has since 1 January 2015 assessed changes in the discount rate on a monthly basis and their effects on financial results are spread evenly over the financial year thereby providing more reliable and relevant information on the Group's financial results in accordance with IFRS 4.22. Because this concerns a change in the accounting estimate, no comparatives have been restated. Since the beginning of 2015, a change in the discount rate has also affected the calculation of the operating combined ratio (CR).

Presentation of Non-life Insurance commission income and expenses

The presentation of the consolidated financial statements has changed with respect to certain sales and reinsurance commissions related to Non-life Insurance. Items previously presented under "Other operating income" have been, according to its nature, transferred to be presented under "Net commission income". In addition, impairment loss related to non-life insurance has been transferred to "Net income from Non-life Insurance". Likewise, Life Insurance management fees previously presented under "Other operating income" have been transferred to be presented under "Net commissions and fees". These changes will harmonise accounting for commissions and fees related to non-life insurance operations in OP Financial Group and give a more accurate picture of the nature of the items. The changes will have no impact on earnings and segment reporting. OP has applied the changes retrospectively, providing more reliable and relevant information on the Group's financial results.

Effect on consolidated income statement for 1 Jan.–31 Dec. 2014

EUR million	1 Jan.–31 March 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.–31 March 2014 (restated)	1 Jan.–31 Dec. 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.–31 Dec. 2014 (restated)
Interest income	651		651	2,685		2,685
Interest expenses	399		399	1,642		1,642
Net interest income before impairment losses	251		251	1,043		1,043
Impairments of receivables	10		10	88		88
Net interest income after impairments	241		241	955		955
Net income from Non-life Insurance operations	151	-1	150	593	-4	589
Net income from Life Insurance operations	80		80	197		197
Net commissions and fees	198	-6	192	727	-20	707
Net trading income	27		27	88		88
Net investment income	16		16	74		74
Other operating income	13	-3	10	64	-12	52
Total net income	726	-11	715	2,698	-37	2,662
Personnel costs	195		195	741		741
Other administrative expenses	112		112	414		414
Other operating expenses	113	-11	102	437	-37	401
Total expenses	420	-11	410	1,592	-37	1,555
Returns to customer-owners and accrued customer bonuses	49		49	195		195
Share of associates' profits/losses	0		0	3		3
Earnings before tax for the period	257		257	915		915
Income tax expense	61		61	308		308
Profit for the period	196		196	607		607
Attributable to, EUR million						
Owners	195		195	599		599
Non-controlling interests	1		1	8		8
Total	196		196	607		607

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

	Q1/ 2015	Q1/ 2014	Q1-Q4/ 2014
Return on equity, %	14.0	10.8	8.1
Return on equity at fair value, %	13.3	8.4	5.7
Return on assets, %	0.92	0.77	0.57
Cost/income ratio, %	51	56	56
Average personnel	12,220	12,685	12,548
Full-time	11,318	11,757	11,663
Part-time	902	928	885
Return on equity (ROE), %	$\frac{\text{Profit for the period}}{\text{Equity capital (average of the beginning and end of the period)}} \times 100$		
Return on equity at fair value, %	$\frac{\text{Total comprehensive income for the period}}{\text{Equity capital (average of the beginning and end of the period)}} \times 100$		
Return on assets (ROA), %	$\frac{\text{Profit for the period}}{\text{Average balance sheet total (average of the beginning and end of the period)}} \times 100$		
Equity ratio, %	$\frac{\text{Equity capital}}{\text{Total assets}} \times 100$		
Cost/income ratio, %	$\frac{\text{Personnel costs + other administrative expenses + other operating expenses}}{\text{Net interest income + net income from Non-life Insurance operations + net income from Life Insurance operations + net commissions and fees + net trading income + net investment income + other operating income + share of associates' profits/losses}} \times 100$		
Common Equity Tier 1 ratio, % (CET1)*	$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Total risk-weighted assets}} \times 100$		
*Common Equity Tier 1 capital (CET1) as defined in Article 26 of EU Regulation 575/2013 and total risk exposure amount as defined in Article 92.			
Tier 1 ratio, %	$\frac{\text{Total Tier 1 capital}}{\text{Total risk-weighted assets}} \times 100$		
Capital adequacy ratio, %	$\frac{\text{Total capital}}{\text{Total risk-weighted assets}} \times 100$		
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates	$\frac{\text{Conglomerate's total capital}}{\text{Conglomerate's total minimum capital requirement}} \times 100$		
Return on economic capital, %	$\frac{\text{Earnings + customer bonuses after tax (value rolling 12 month)}}{\text{Average economic capital}} \times 100$		

Non-life Insurance:

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

*) According to the proposed Solvency II framework

Life Insurance:

Operating cost ratio, %	$\frac{\text{Operating expenses before change in deferred acquisitions costs + loss adjustment expenses}}{\text{Expense loading x 100}}$	x 100
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Note 3. OP Financial Group quarterly performance

EUR million	2014			2015	
	Q1	Q2	Q3	Q4	Q1
Interest income	651	682	692	660	644
Interest expenses	399	428	424	391	388
Net interest income	251	254	269	269	255
Impairments of receivables	10	23	17	38	21
Net interest income after impairments	241	231	252	231	234
Net income from Non-life Insurance operations	150	158	142	138	169
Net income from Life Insurance operations	80	41	47	29	104
Net commissions and fees	192	169	172	175	199
Net trading income	27	28	28	5	24
Net investment income	16	30	7	21	19
Other operating income	10	13	14	14	12
Personnel costs	195	190	166	190	214
Other administrative expenses	112	102	98	101	102
Other operating expenses	102	98	98	102	82
Returns to customer-owners and accrued customer bonuses	49	49	49	48	46
Share of associates' profits/losses	0	1	0	2	4
Earnings before tax for the period	257	231	251	176	320
Income tax expense	61	155	56	36	63
Profit for the period	196	76	196	140	257
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	-50	-15	-162	-153	-175
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value	-25	54	14	41	152
Cash flow hedge	20	22	17	7	7
Translation differences	0	0	0	0	0
Income tax on other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans	-10	-3	-32	-31	-35
Items that may be reclassified to profit or loss					
Measurement at fair value	-5	11	3	8	30
Cash flow hedge	4	4	3	1	1
Total comprehensive income for the period	153	125	91	56	245

Note 4. Net interest income

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Loans and other receivables	322	326	-1	1,328
Receivables from credit institutions and central banks	-1	2		4
Notes and bonds	44	50	-12	198
Derivatives (net)				
Derivatives held for trading	21	30	-29	133
Derivatives under hedge accounting	15	22	-32	64
Ineffective portion of cash flow hedge	1	0		2
Liabilities to credit institutions	-1	-1	-16	-3
Liabilities to customers	-40	-59	-32	-210
Debt securities issued to the public	-90	-107	-16	-424
Subordinated debt	-9	-9	7	-36
Hybrid capital	-2	-2	14	-6
Financial liabilities held for trading	0	0	-51	0
Other (net)	-3	0		-4
Net interest income before fair value adjustment under hedge accounting	256	252	2	1,045
Hedging derivatives	-4	-75	-94	-121
Value change of hedged items	3	75	-95	119
Total net interest income	255	251	2	1,043

Note 5. Impairments of receivables

EUR million	Q1/2015	Q1/ 2014	Change, %	Q1-Q4/ 2014
Receivables eliminated as loan or guarantee losses	17	8		71
Recoveries of receivables written off	-3	-3	-2	-13
Increase in impairment losses on individually assessed receivables	24	14	65	110
Decrease in impairment losses on individually assessed receivables	-17	-7		-87
Collectively assessed impairment losses	1	-2		7
Total	21	10		88

Note 6. Net income from Non-life Insurance

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Net insurance premium revenue				
Premiums written	629	618	2	1,393
Insurance premiums ceded to reinsurers	-22	-25	10	-54
Change in provision for unearned premiums	-281	-285	1	-29
Reinsurers' share	10	12	-17	1
Total	336	320	5	1,310
Net Non-life Insurance claims				
Claims paid	209	215	-3	828
Insurance claims recovered from reinsurers	-9	-4		-29
Change in provision for unpaid claims	-3	-3	-3	61
Reinsurers' share	15	-3		-15
Total	212	205	3	845
Net investment income, Non-life Insurance				
Interest income	11	15	-27	55
Dividend income	10	11	-10	18
Property	1	1	65	5
Capital gains and losses				
Notes and bonds	8	3		60
Shares and participations	31	30	4	53
Loans and receivables	-	-		0
Property	0	0	100	0
Derivatives	-1	-12	90	-22
Fair value gains and losses				
Notes and bonds	2	0		2
Shares and participations	0	0		-1
Loans and receivables	1	0		1
Property	-1	1		2
Derivatives	-6	0		-2
Impairments	-1	-1	30	-2
Other	0	0		1
Total	56	47	19	169
Unwinding of discount	-10	-11	5	-41
Other	-2	-1	-5	-5
Net income from Non-life Insurance	169	150	12	589

Note 7. Net income from Life Insurance

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Premiums written	376	302	24	1,230
Reinsurers' share	-5	-5	-3	-23
Total	371	297	25	1,207
Claims incurred				
Benefits paid	-207	-200	-3	-738
Change in provision for unpaid claims	-1	-3	52	-9
Reinsurers' share	3	2	48	9
Change in insurance liabilities				
Change in life insurance provision	-806	-197		-168
Reinsurers' share	4	0		1
Total	-1,009	-399		-905
Other	-168	-54		-1,215
Total	-805	-156		-914
Net investment income, Life Insurance				
Interest income	11	12	-6	50
Dividend income	16	17	-6	42
Property	1	0		0
Capital gains and losses				
Notes and bonds	10	3		33
Shares and participations	45	38	19	63
Loans and receivables	1	0		1
Property	0	0		0
Derivatives	-25	-8		249
Fair value gains and losses				
Notes and bonds	2	0		1
Shares and participations	0	0		-1
Loans and receivables	0	0		1
Property	0	0	34	1
Derivatives	85	81	4	40
Impairments	-4	-6	38	-13
Other	0	7	-98	1
Assets serving as cover for unit-linked policies				
Shares and participations				
Capital gains and losses	31	16	99	81
Fair value gains and losses	721	63		511
Other	14	12	17	51
Total	909	236		1,111
Net income from Life Insurance	104	80	30	197

Note 8. Net commissions and fees

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Commission income				
Lending	52	55	-7	207
Deposits	1	1	-4	5
Payment transfers	60	56	8	238
Securities brokerage	7	6	2	23
Securities issuance	3	3	19	11
Mutual funds brokerage	34	23	47	109
Asset management and legal services	24	24	-2	82
Insurance brokerage	31	31	0	67
Guarantees	5	5	0	22
Other	22	23	-7	95
Total	239	228	5	859
Commission expenses	39	37	7	152
Net commissions and fees	199	192	4	707

Note 9. Net trading income

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Capital gains and losses				
Notes and bonds	1	4	-68	7
Shares and participations	2	2	18	4
Derivatives	44	-2		25
Changes in fair value				
Notes and bonds	0	1	-80	2
Shares and participations	4	0		1
Derivatives	-25	16		21
Dividend income	0	0	34	1
Net income from foreign exchange operations	-3	7		28
Total	24	27	-12	88

Note 10. Net investment income

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	4	10	-54	15
Shares and participations	7	1		23
Dividend income	7	7	2	39
Impairment losses	0	-3	-92	-4
Carried at amortised cost				
Capital gains and losses	-2	0		0
Total	16	15	4	73
Investment property				
Rental income	11	11	0	43
Maintenance charges and expenses	-7	-8	11	-36
Changes in fair value, capital gains and losses	0	-1	-69	-6
Other	0	0	-10	0
Total	3	1		1
Other	-	0	-100	0
Net investment income	19	16	16	74

Note 11. Other operating income

EUR million	Q1/2015	Q1/2014	Change, %	Q1-Q4/ 2014
Income from property and business premises in own use	4	5	-10	15
Rental income from assets rented under operating lease	1	1	43	3
Other	6	4	45	33
Total	12	10	19	52

Note 12. Classification of financial assets and liabilities

EUR million	Loans and other receivables	Investments held to maturity	Financial assets at fair value through profit or loss*	Available-for-sale financial assets	Hedging derivatives	Total
Assets						
Cash and cash equivalents	4,355	-	-	-	-	4,355
Receivables from credit institutions	480	-	-	-	-	480
Derivative contracts	-	-	7,125	-	605	7,731
Receivables from customers	71,357	-	-	-	-	71,357
Non-life Insurance assets**	824	-	191	3,114	-	4,129
Life Insurance assets***	225	-	8,725	3,551	-	12,502
Notes and bonds	-	139	326	9,364	-	9,830
Shares and participations	-	-	76	514	-	591
Other financial assets	2,523	-	-	-	-	2,523
Financial assets	79,765	139	16,444	16,544	605	113,498
Other than financial instruments						2,892
Total 31 March 2015	79,765	139	16,444	16,544	605	116,389
Total 31 March 2014	79,472	216	10,647	13,752	497	104,584
Total 31 Dec. 2014	80,915	191	13,620	15,129	572	110,427

EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities				
Liabilities to credit institutions	-	2,106	-	2,106
Financial liabilities held for trading (excl. derivatives)	1	-	-	1
Derivative contracts	6,321	-	364	6,685
Liabilities to customers	-	51,429	-	51,429
Non-life Insurance liabilities****	2	3,357	-	3,360
Life Insurance liabilities*****	8,507	3,831	-	12,338
Debt securities issued to the public	-	26,054	-	26,054
Subordinated loans	-	1,046	-	1,046
Other financial liabilities	-	3,377	-	3,377
Financial liabilities	14,831	91,201	364	106,396
Other than financial liabilities				2,282
Total 31 March 2015	14,831	91,201	364	108,678
Total 31 March 2014	9,656	87,598	252	97,506
Total 31 Dec. 2014	12,630	90,198	386	103,214

*Assets at fair value through profit or loss include financial assets for trading, financial assets at fair value through profit or loss at inception, and investments and investment property covering unit-linked insurance policies and investment contracts.

**Non-life Insurance assets are specified in Note 14.

***Life Insurance assets are specified in Note 15.

****Non-life Insurance liabilities are specified in Note 16.

*****Life Insurance liabilities are specified in Note 17.

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

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March, the fair value of these debt instruments was approximately EUR 540 million higher than their carrying amount, based on information available in markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their amortised costs, but determining reliable fair values involves uncertainty.

Subordinated liabilities are carried at amortised cost.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2015, EUR

million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	154	248	-	403
Non-life Insurance	-	10	-	10
Life Insurance*	8,128	346	7	8,481
Derivative financial instruments				
Banking	6	7,501	224	7,731
Non-life Insurance	1	19	-	20
Life Insurance	-	143	-	143
Available-for-sale				
Banking	7,361	2,497	20	9,878
Non-life Insurance	1,631	1,219	264	3,114
Life Insurance	1,960	1,234	357	3,551
Total	19,242	13,218	873	33,332

*Includes 8,472 million euros in the fair value of assets covering unit-linked policies, with Level 1 accounting for 8,128 million and Level 2 for 344 million euros.

Fair value of assets on 31 Dec 2014, EUR

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

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

Fair value of liabilities on 31 March 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	-	1	-	1
Life Insurance*	8,155	347	-	8,502
Derivative financial instruments				
Banking	39	6,542	104	6,685
Non-life Insurance	2	0	-	2
Life Insurance	-	5	-	5
Total	8,197	6,894	104	15,195

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

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

Level 1: Quoted prices in active markets

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

Level 2: Valuation techniques using observable inputs

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

Level 3: Valuation techniques using unobservable inputs

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

Transfers between levels of the fair value hierarchy

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

During 2015, EUR 56.3 million were transferred from level 1 to 2 and EUR 16.7 million in bonds were transferred from level 2 to level 1, due to changes in credit ratings.

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Available-for-sale financial assets		Total assets
	Banking	Insurance	Banking	Insurance	Banking	Insurance	
Opening balance 1 Jan 2015	0	7	202	-	27	599	835
Total gains/losses in profit or loss	0	0	22	-	1	-13	10
Total gains/losses in other comprehensive income	-	-	-	-	1	44	45
Purchases	-	-	-	-	1	13	13
Sales	-	-	-	-	-10	-22	-32
Closing balance 31 March 2015	-	7	224	-	20	621	873

Financial liabilities, EUR million	Financial assets at fair value through profit or loss		Derivative contracts		Total assets
	Banking	Insurance	Banking	Insurance	
Opening balance 1 Jan 2015	-	-	130	-	130
Total gains/losses in profit or loss	-	-	-25	-	-25
Closing balance 31 March 2015	-	-	104	-	104

Total gains/losses included in profit or loss by item on 31 March 2015

EUR Million	Net interest income or net trading income	Net investment income	Net income from Non-life Insurance	Net income from Life Insurance	Statement of comprehensive income/ Change in fair value reserve	Net gains/losses on assets and liabilities held on 31 March
Realised net gains (losses)	0	-	-1	-12	-	-13
Unrealised net gains (losses)	47	1	11	33	45	138
Total net gains (losses)	47	1	10	22	45	125

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

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2015.

Note 14. Non-life Insurance assets

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Investments				
Loan and other receivables	48	19		14
Shares and participations	477	389	23	463
Property	161	152	5	161
Notes and bonds	2,467	2,194	12	2,297
Derivatives	20	0		12
Other participations	180	294	-39	207
Total	3,353	3,049	10	3,154
Other assets				
Prepayments and accrued income	31	38	-17	33
Other				
Arising from direct insurance operations	546	483	13	404
Arising from reinsurance operations	102	111	-8	100
Cash in hand and at bank	6	8	-25	41
Other receivables	90	83	9	66
Total	776	722	7	643
Non-life Insurance assets	4,129	3,771	10	3,797

Note 15. Life Insurance assets

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Investments				
Loan and other receivables	76	67	13	59
Shares and participations	962	1,161	-17	1,160
Property	101	108	-7	101
Notes and bonds	2,599	1,990	31	2,209
Derivatives	143	136	5	66
Total	3,881	3,463	12	3,594
Assets covering unit-linked insurance contracts				
Shares, participations and other investments	8,472	6,521	30	7,492
Other assets				
Prepayments and accrued income	52	47	12	49
Other				
Arising from direct insurance operations	3	5	-42	11
Arising from reinsurance operations	82	76		79
Cash in hand and at bank	12	3		13
Total	149	130	14	153
Life Insurance assets	12,502	10,114	24	11,238

Note 16. Non-life Insurance liabilities

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Provision for unpaid claims				
Provision for unpaid claims for annuities	1,335	1,261	6	1,316
Other provision for unpaid claims	886	847	5	886
Reserve for decreased discount rate*	12			12
Total	2,233	2,108	6	2,213
Provisions for unearned premiums	804	778	3	523
Other liabilities	322	218	48	235
Total	3,360	3,104	8	2,972

*Value of hedges of insurance liability

Note 17. Life Insurance liabilities

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Liabilities for unit-linked insurance	6,954	5,227	33	6,164
Investment contracts	1,548	1,287	20	1,349
Insurance liabilities	3,678	3,445	7	3,649
Other liabilities	157	158	0	68
Total	12,338	10,117	22	11,230

Insurance liabilities include EUR 114 million (47) in value dependent on valuation tied to market interest rates. A one percentage-point increase in interest rates reduces insurance liabilities by EUR 209 million.

Note 18. Debt securities issued to the public

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Bonds	11,046	9,928	11	10,100
Covered bonds	7,837	6,889	14	7,811
Certificates of deposit, commercial papers and ECPs	7,156	7,742	-8	7,031
Other	16	35	-56	14
Total	26,054	24,595	6	24,956

Note 19. Fair value reserve after income tax

EUR million	Available-for-sale financial assets			Total
	Notes and bonds	Shares, participations and mutual funds	Cash flow hedging	
Opening balance 1 Jan. 2014	63	238	27	328
Fair value changes	54	26	29	109
Capital gains transferred to income statement	-7	-73	-	-79
Impairment loss transferred to income statement	-	0	-	0
Transfers to net interest income	-	-	-7	-7
Holdings in Pohjola Bank plc purchased from non-controlling interests	-8	-19	-2	-29
Deferred tax	-8	13	-4	1
Closing balance 31 March 2014	95	185	43	323

EUR million	Available-for-sale financial assets			Total
	Notes and bonds	Shares, participations and mutual funds	Cash flow hedging	
Opening balance 1 Jan. 2015	139	206	80	425
Fair value changes	98	109	16	223
Capital gains transferred to income statement	-10	-55	-	-64
Impairment loss transferred to income statement	-	2	-	2
Transfers to net interest income	-	-	-9	-9
Deferred tax	-18	-11	-1	-30
Closing balance 31 March 2015	210	251	86	546

The fair value reserve before tax amounted to EUR 683 million (531) and the related deferred tax liability amounted to EUR 136 million (106). On 31 March, positive mark-to-market valuations of equity instruments in the fair value reserve totalled EUR 360 million (315) million and negative mark-to-market valuations EUR 7 million (15).

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

Note 20. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	31 March	
	2015	31 Dec 2014
Receivables from credit institutions and customers (gross)	72,327	71,851
Total impairment loss, of which	490	483
Individually assessed	424	417
Collectively assessed	66	65
Receivables from credit institutions and customers (net)	71,837	71,369

Doubtful receivables 31 March 2015, EUR million	Performing receivables from credit institutions and customers (gross)	Non-performing receivables from credit institutions and customers (gross)	Receivables from credit institutions and customers, total (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due		514	514	236	278
Classified as defaulted		625	625	154	471
Forborne receivables					
Zero-interest	4	2	6	1	6
Renegotiated	1,006	163	1,168	33	1,136
Total	1,010	1,304	2,314	424	1,890

Doubtful receivables 31 Dec 2014, EUR million	Performing receivables from credit institutions and customers (gross)	Non-performing receivables from credit institutions and customers (gross)	Receivables from credit institutions and customers, total (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due		511	511	241	270
Classified as defaulted		507	507	149	359
Forborne receivables					
Zero-interest	7	1	8	1	8
Renegotiated	836	205	1,041	27	1,014
Total	985	1,225	2,067	417	1,650

Key ratio, %	31 March	31 Dec
	2015	2014
Exposures individually assessed for impairment, % of doubtful receivables	18.3 %	20.2 %

The Group reports as the amount of a receivable that is more than 90 days past due whose interest or principal amount has been past due and outstanding for more than three months. Contracts with the lowest two credit ratings (11-12) are reported as defaulted. Forborne receivables include zero-interest and receivables that have been renegotiated due to the customer's financial difficulties. Zero-interest receivables have been agreed to carry zero interest for the purpose of securing customer payment capacity. The loan terms and conditions of renegotiated receivables have been eased due to the customer's financial difficulties for example by transferring to interest only terms for a period of 6-12 months. Underpriced receivables previously reported under doubtful receivables have been removed from the definition of forborne loans.

Note 21. Capital structure and capital adequacy

The Group has presented its capital base and capital adequacy in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR).

Capital structure and capital adequacy, EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
OP Financial Group's equity capital	7,711	7,078	9	7,213
The effect of insurance companies on the Group's shareholders' equity is excluded	-170	-262	-35	-40
Fair value reserve, cash flow hedging	-86	-43	99	-80
Supplementary cooperative capital to which transitional provision applies	169	494		192
Common Equity Tier 1 (CET1) before deductions	7,625	7,267	5	7,285
Intangible assets	-457	-426	7	-450
Excess funding of pension liability and valuation adjustments	-1	-54	-98	-1
Planned profit distribution and profit distribution unpaid for the previous period	-35	-12		-22
Unrealised gains under transitional provisions	-	-96	-100	-90
Shortfall of impairments – expected losses	-289	-378	-24	-339
Common Equity Tier 1 (CET1)	6,843	6,300	9	6,384
Instruments included in other Tier 1 capital				
Subordinated loans to which transitional provision applies	141	161		161
Additional Tier 1 capital (AT1)	141	161		161
Tier 1 capital (T1)	6,983	6,461	8	6,544
Debenture loans	708	669	6	708
OY's equalisation provision	36	230	-84	35
Unrealised gains under transitional provisions	-	40	-100	29
Tier 2 Capital (T2)	744	940	-21	772
Total capital base	7,727	7,401	4	7,316
Risk-weighted assets				
Credit and counterparty risk	35,979	36,518	-1	37,693
Central government and central banks exposure	23	22	1	30
Credit institution exposure	1,302	1,258	4	1,275
Corporate exposure	19,743	20,088	-2	21,173
Retail exposure	5,208	5,255	-1	5,234
Equity investments*)	7,614	7,881	-3	7,663
Other**)	2,089	2,014	4	2,318
Market risk	1,480	957	55	1,377
Operational risk	3,477	3,182	9	3,182
Total	40,937	40,656	1	42,252

Ratios, %	31 March 2015	31 March 2014	Change, percentage point	31 Dec 2014
CET1 capital ratio	16.7	15.5	1.2	15.1
Tier 1 ratio	17.1	15.9	1.2	15.5
Capital adequacy ratio	18.9	18.2	0.7	17.3

Basel I floor, EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Capital base	7,727	7,401	4	7,316
Basel I capital requirements floor	3,730	3,528	6	3,642
Capital buffer for Basel I floor	3,997	3,873	3	3,674

Leverage ratio

EUR million	31 March 2015	31 Dec 2014
Tier 1 capital (T1)	6,983	6,544
Total exposure	105,576	102,050
Leverage ratio, %	6.6	6.4

*) The risk weight of equity investments includes EUR 6.4 billion in insurance holdings within OP Financial Group.

**) EUR 354 million of Other exposures represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

OP Financial Group has applied transitional provisions regarding old capital instruments to supplementary cooperative capital and subordinated loans A total of 70% of the amounts outstanding on 31 December 2012 are included in the capital base.

Unrealised valuations are included in CET1 capital. Negative unrealised valuations a year ago were included in CET1 capital and positive unrealised valuations in tier 2 capital according to a statement issued by the Financial Supervisory Authority.

The leverage ratio that describes a company's debt levels is presented in accordance with the new draft rules. According to these rules, the minimum leverage ratio is three per cent. The calculated leverage ratio is based on March-end figures.

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

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
OP Financial Group's equity capital	7,711	7,078	9	7,213
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds	1,029	1,335	-23	1,072
Other sector-specific items excluded from capital base	-70	-81	-13	-72
Goodwill and intangible assets	-1,287	-1,300	-1	-1,286
Equalisation provisions	-182	-202	-10	-179
Proposed profit distribution	-35	-12		-22
Items under IFRS deducted from capital base*	-18	-83	-78	-79
Shortfall of impairments – expected losses	-263	-352	-25	-313
Conglomerate's capital base, total	6,884	6,383	8	6,334
Regulatory capital requirement for credit institutions**	3,621	2,737	32	2,864
Regulatory capital requirement for insurance operations***	495	455	9	485
Conglomerate's total minimum capital requirement	4,116	3,191	29	3,350
Conglomerate's capital adequacy	2,768	3,191	-13	2,984
Conglomerate's capital adequacy ratio (capital base/minimum of capital base) (%)	167	200		189

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

** Risk-weighted assets x 10.5%

*** Minimum solvency margin

Note 23. Collateral given

EUR million	31 March 2015	31 March 2014	Change, %	31 Dec 2014
Collateral given on behalf of own liabilities and commitments				
Mortgages	1	1		1
Pledges	5	7	-22	6
Loans (as collateral for covered bonds)	9,258	8,697	6	8,937
Other	1,469	518		999
Other collateral given				
Pledges*	5,109	5,973	-14	6,273
Total	15,843	15,196	4	16,216
Other secured liabilities	513	468	10	474
Covered bonds	7,837	6,889	14	7,811
Total secured liabilities	8,350	7,357	14	8,285

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

Note 24. Off-balance-sheet items

EUR million	31 March	31 March	Change, %	31 Dec 2014
	2015	2014		
Guarantees	836	928	-10	878
Other guarantee liabilities	1,990	1,974	1	2,007
Pledges	3	3		3
Loan commitments	9,446	8,665	9	8,839
Commitments related to short-term trade transactions	262	206	27	319
Other	578	472	22	522
Total off-balance-sheet items	13,114	12,249	7	12,567

Note 25. Derivative contracts

31 March 2015, EUR million	Nominal values / remaining term to maturity				Fair values*	
	<1 year	1-5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	53,214	99,993	56,750	209,957	6,170	5,566
Cleared by the central counterparty	4,408	29,881	20,180	54,469	1,130	1,258
Currency derivatives	20,197	9,325	5,917	35,438	2,131	1,639
Equity and index derivatives	264	202	-	465	52	0
Credit derivatives	9	72	104	186	15	3
Other derivatives	527	582	46	1,155	97	62
Total derivatives	74,211	110,174	62,817	247,202	8,466	7,269

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

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

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

Financial assets

31 March 2015, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet**	Financial assets not set off in the balance sheet		
				Financial assets***	Collateral received	Net amount
Banking derivatives	8,823	-1,092	7,731	-4,734	-1,554	1,443
Life Insurance derivatives	143	-	143	-5	-	139
Non-life Insurance derivatives	20	-	20	-1	-	19
Total derivatives	8,986	-1,092	7,894	-4,740	-1,554	1,601

Financial liabilities

31 March 2015, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet		
				Financial liabilities***	Collateral given	Net amount
Banking derivatives	7,899	-1,214	6,685	-4,734	-1,261	690
Life Insurance derivatives	5	-	5	-5	-	0
Non-life Insurance derivatives	2	-	2	-1	-	1
Total derivatives	7,906	-1,214	6,692	-4,740	-1,261	691

Financial assets

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

Financial liabilities

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

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling -122 (9) million euros.

**Fair values excluding accrued interest

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

Central counterparty clearing for OTC derivatives

In February 2013, OP Financial Group adopted central counterparty clearing in accordance with EMIR (Regulation (EU) No 648/2012). Standardised OTC derivative transactions entered into with financial counterparties are cleared in London Clearing House. Based on this model, the central counterparty will become the derivatives counterparty at the end of the daily clearing process, with whom daily payments for derivatives are netted. In addition, collateral is paid or received daily, which corresponds to the change in the fair value of open positions (variation margin). Interest rate derivatives cleared by the central counterparty are presented on a net basis in the balance sheet.

Other bilaterally cleared OTC derivative contracts

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

Note 27. Related-party transactions

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

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

Related-party transactions have not undergone any substantial changes since 31 December 2014.

OP Financial Group's financial performance will be presented to the media by Executive Chairman and CEO Reijo Karhinen in a press conference on 29 April 2015 at 12 noon at Vääksyntie 4, Vallila, Helsinki.

Pohjola Bank plc will publish its own Interim Report.

Financial reporting in 2015

Schedule for Interim Reports in 2015:

Interim Report H1/2015	5 August 2015
Interim Report Q1–3/2015	28 October 2015

OP Cooperative Executive Board

ADDITIONAL INFORMATION

Reijo Karhinen, President and Group Executive Chairman, tel. +358 (0)10 252 4500

Harri Luhtala, CFO, tel. +358 (0)10 252 2433

Carina Geber-Teir, Executive Vice President, Corporate Communications, tel. +358 (0)10 252 8394

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