Pohjola Bank plc's Interim Report for 1 January–30 June 2015

Pohjola Group performance for January–June 2015[1)]

- Consolidated earnings before tax were EUR 361 million (336) and consolidated earnings before tax at fair value amounted to EUR 306 million (393). The return on equity was 17.0% (17.2).
- The Common Equity Tier 1 (CET1) ratio was 13.8% (12.4) as against the target of 15%.
- Earnings reported by Banking improved by 4% year on year. The loan portfolio grew by 7% to EUR 15.9 billion (14.9). Earnings included EUR 18 million (8) in impairment loss on receivables.
- Non-life Insurance earnings improved by 9% year on year as a result of an increase in investment income. Insurance premium revenue rose by 5% (7). Combined ratio was 89.4 (86.1). Operating combined ratio*) was 87.8% (84.5). Return on investments at fair value was 1.3% (3.4).
- Earnings before tax reported by Other Operations improved by 25% year on year thanks to higher net investment income and lower expenses in Other Operations.
- Within Wealth Management, earnings remained at the previous year's level. Assets under management increased by 7% to EUR 46.3 billion (43.3).
- Change in the outlook: Consolidated earnings from continuing operations before tax in 2015 are expected to be at the same level as or higher than in 2014 (previous estimate: "at the same level as in 2014"). For more detailed information on the outlook, see "Outlook towards the year end" below.

Earnings before tax, € million	H1/2015	H1/2014	Change, %	2014
Banking	175	167	4	303
Non-life Insurance	145	133	9	223
Other Operations	28	22	25	20
Wealth Management	14	14	2	38
Group total	**361**	**336**	**7**	**584**
Change in fair value reserve	-55	57		79
Earnings before tax at fair value	**306**	**393**	**-22**	**663**
Equity per share, €	10.80	9.81		10.38
Average personnel	2,485	2,592		2,563

The above figures describe Pohjola Group as a whole without the division into continuing and discontinued operations.

Financial targets	H1/2015	H1/2014	Target	2014
Return on equity, %	17.0	17.2	13	14.3
Common Equity Tier 1 ratio (CET1), % *)	13.8	11.9	15	12.4
Operating cost/income ratio by Banking, %	26	32	< 35	33
Operating combined ratio by Non-life Insurance, %	87.8	84.5	< 92	84.7
Operating expense ratio by Non-life Insurance, %	18.2	18.1	18	18.4
Non-life Insurance solvency ratio (under Solvency II framework), %**)	137	137	120	117
Operating cost/income ratio by Wealth Management, %	49	49	< 45	42
Total expenses in 2015 at the same level as at the end of 2012	249	267	514***)	531
AA rating affirmed by at least two credit rating agencies or credit ratings at least at the main competitors' level	2	2	2	2
Dividend payout ratio at least 50%, provided that CET1 ratio is at least 15%. Dividend payout ratio is 30% until CET1 ratio of 15% has been achieved.			≥ 50 (30)	30

1) Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2014 are used as comparatives.
*) Operating ratios exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition.
**) Excluding the effect of transitional provisions.
***) The expense target for 2012 has been adjusted to correspond to the change in the accounting policies applied as of 1 January 2015 (see Note 1. Accounting policies).

Pohjola Group Interim Report for 1 January–30 June 2015

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Operating environment

During the second quarter, the world economy in essence continued to grow at a slightly slower rate than a long-term average. The euro-area economic growth remained moderate.

The ECB continued its bond purchase programme launched in March in line with expectations.
Within the framework of the extended asset purchase programme, the ECB will buy bonds worth EUR 60 billion per month at least until September 2016.

The Euribor rates continued to decline in the spring as a result of the ECB's policy. The three-month Euribor rate became negative in April. At the same time, required bond yields fell to a record low.

In May–June, bond markets saw a clear adjustment, as a result of which long-term market interest rates rose and the Euribor rates stabilised.

Negotiations over settling the Greek government-debt crisis raised required yields on Greek government bonds. The Greek debt crisis escalated at the end of the second quarter. In July, the eurozone leaders agreed with Greece to launch negotiations on a new bailout package for Greece. The crisis had only a minor effect on other countries' government bonds.

The Finnish economy remained weak in the second quarter, with the unemployment rate increasing markedly. Consumer confidence that improved in the spring weakened to the average level felt a couple years ago, as the crisis escalated in Greece. An increase in investment plans maintained expectations of a gradual recovery.

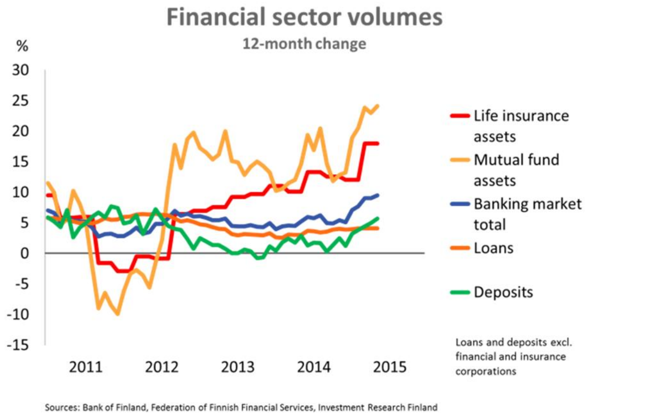
The euro-area economy should grow at faster rate than last year. Nevertheless, the world economy as a whole is not expected to recover because the emerging markets are anticipated to experience slower growth. In Finland, there are still more signs of a slight rebound but the recovery will remain minor. Not only the inflation rate but also interest rates should remain very low.

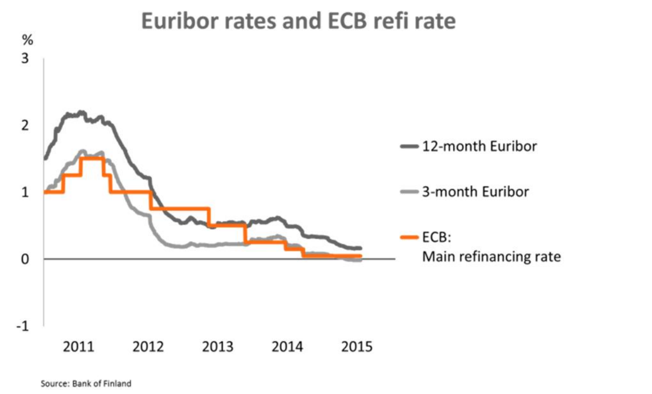
Banks' total consumer loan volumes increased at an annual rate of two per cent in the second quarter. The volume of new home loans drawn down grew during the spring and the use of the loan repayment grace periods remained popular. Growth in the total corporate loan volumes was higher than that in consumer loan volumes. Demand for loans is expected to pick up moderately during the second half.

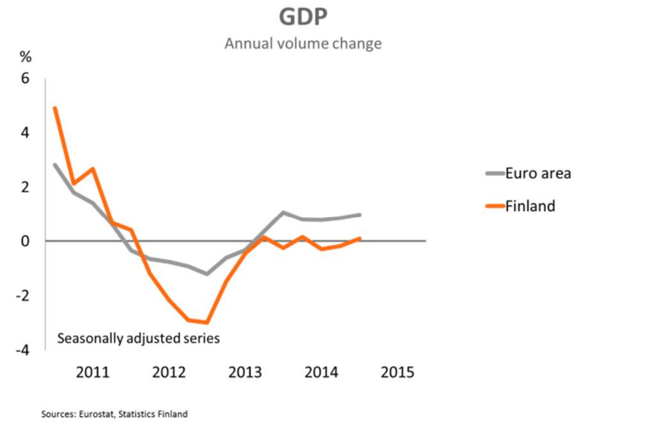
In the second quarter, total bank deposits grew at an annual rate of almost 10% due to strong growth in deposits made by public-sector entities and corporates. Household deposits remained at the level reported a year ago. Term deposits continued to decrease, as assets were allocated to current accounts and riskier savings and investments.

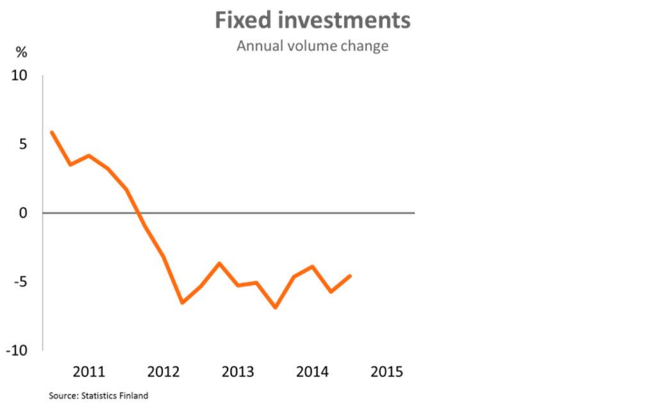
Instability in capital markets increased during the spring as a result of the prolonged debt crisis negotiations with Greece and a weaker outlook for emerging economies. Mutual fund assets and insurance savings continued, however, to grow at a rate of 17 per cent over the previous year. Net asset inflows remain high, especially with respect to bond and balanced funds. Life insurance premiums written reported in the first half increased by 21% year on year.

Non-life insurance premiums written in the first half increased at an annual rate of two per cent. Claims paid out were two per cent lower than in the first half a year ago.









Consolidated earnings analysis

€ million	H1/2015	H1/2014**)	Change, %	Q2/2015	Q2/2014**)	Change, %	2014**)
Continuing operations *)							
Net interest income							
Corporate and Baltic Banking	135	122	10	66	61	8	255
Markets	-4	15		-2	8		28
Other	-23	-6		-13	-1		-26
Total	109	131	-17	51	67	-24	257
Net commissions and fees	20	38	-47	9	16	-43	52
Net trading income	62	52	19	37	28	32	77
Net investment income	49	37	33	33	21	60	64
Net income from Non-life Insurance							
Insurance operations	249	262	-5	125	147	-15	466
Investment operations	117	72	64	60	24		173
Other items	-22	-24	-5	-11	-12	-7	-46
Total	344	310	11	175	159	10	593
Other operating income	14	14	0	7	7	-4	30
Total income	**598**	**583**	**3**	**311**	**298**	**5**	**1,073**
Personnel costs	82	86	-4	36	43	-16	163
ICT costs	44	46	-4	22	22	0	94
Depreciation and amortisation	24	26	-7	12	12	0	52
Other expenses	82	94	-12	42	46	-9	191
Total expenses	**233**	**251**	**-7**	**113**	**124**	**-9**	**500**
Earnings before impairment loss on receivables	**366**	**331**	**10**	**198**	**174**	**14**	**574**
Impairment loss on receivables	18	8		3	4	-6	25
Earnings of continuing operations before tax	**348**	**324**	**8**	**195**	**170**	**14**	**548**
Discontinued operations *)							
Wealth Management net income							
Net commissions and fees	27	27	3	14	14	0	64
Share of associates' profit/loss	1	1	31	1	0		1
Wealth Management other income and expenses, net	-15	-15	3	-8	-7	10	-30
Earnings of discontinued operations before tax	**13**	**13**	**4**	**7**	**7**	-2	**36**
Total earnings before tax	**361**	**336**	**7**	**202**	**177**	**14**	**584**
Change in fair value reserve	-55	57		-154	53		79
Earnings before tax at fair value	**306**	**393**	**-22**	**47**	**230**	**-79**	**663**

*) Following the realisation of OP Cooperative's public voluntary bid, Pohjola Group is planning structural changes, meaning, for example, that the Non-life Insurance segment and the Wealth Management segment would be transferred from Pohjola Group to be directly owned by OP Cooperative. As a result, the Wealth Management segment has been reported, according to IFRS 5, as discontinued operations in the income statement and as assets and liabilities classified as held for distribution to owners in the balance sheet. Since a more specific schedule for the structural change of the Non-life Insurance segment has not yet been decided, it has been reported in the income statement under continuing operations together with Banking and Other Operations.
**) Comparatives have been restated to correspond to the change in the accounting policies applied as of 1 January 2015 (see Note 1. Accounting policies).

January–June earnings

Consolidated earnings before tax grew by EUR 25 million to EUR 361 million (336). Including discontinued operations, total income was slightly up, by 1%, while total expenses fell by 7%. Impairment losses on receivables increased to EUR 18 million (8).

The fair value reserve before tax declined by EUR 55 million, amounting to EUR 234 million on 30 June. Earnings before tax at fair value were EUR 306 million (393).

Continuing operations

Earnings of continuing operations before tax were EUR 348 million (324).

Net interest income from continuing operations decreased by 17%. Combined net interest income from Corporate Banking and Baltic Banking grew by 10% year on year. The loan portfolio increased by 7% from its 2014-end level to EUR 15.9 billion. The average margin on the corporate loan portfolio decreased by two basis points to 1.42% (1.44).

Net trading income increased by EUR 12 million as a result of higher customer income generated by the Markets division. In total, income from trading operations fell by EUR 23 million.

In Other Operations, net interest income from the liquidity buffer was reduced by persistently low interest rates, narrowing credit spreads on purchased bonds and the Group's preparation for tighter liquidity regulation.

Net commissions and fees decreased by EUR 18 million, due to lower commission income from lending. A year ago, a credit limit granted to OP Cooperative relating to financing for the bid for Pohjola shares added to net commissions and fees.

Net investment income amounted to EUR 49 million (37). Capital gains on notes and bonds amounted to EUR 18 million (9) and capital gains on shares to EUR 11 million (2). Dividend income totalling EUR 20 million (24) mainly came from OP Financial Group entities.

Net income from Non-life Insurance improved by 11%. Insurance premium revenue increased by 5% and claims incurred by 10%. The reduction in the discount rate for pension liabilities increased claims incurred by EUR 32 million (-). Investment income recognised in the income statement was EUR 46 million higher than the year before. Investment income included EUR 66 million (24) in capital gains and EUR 4 million (1) in impairment loss on investments. Return on investment at fair value was 1.3% (3.4).

Other operating income was at the previous year's level.

Expenses decreased by EUR 19 million, or 7%. Personnel costs decreased by EUR 4 million year on year. A year ago, expenses were increased by EUR 10 million in the bank levy and EUR 2 million in advisory fees related to the public voluntary bid for Pohjola shares.

Discontinued operations

Earnings of discontinued operations before tax were at the same level as the previous year, at EUR 13 million.

Wealth Management net commissions and fees remained, too, at the previous year's level at EUR 27 million.

April–June earnings

Consolidated earnings before tax improved to EUR 202 million (177). Total income rose by 4%, while total expenses fell by 8%. Impairment loss on receivables remained at the previous year's level, EUR 3 million (4).

The fair value reserve declined by EUR 154 million (increased 53). Earnings before tax at fair value were EUR 47 million (230).

Continuing operations

Earnings of continuing operations before tax improved by EUR 25 million to EUR 195 million (170).

Combined net interest income from Corporate Banking and Baltic Banking grew by 8% year on year. The loan portfolio grew by 5% to EUR 15.9 billion and the average margin on the corporate loan portfolio decreased by one basis point.

Net commissions and fees decreased by EUR 7 million year on year, owing to an increase in Non-life Insurance commission expenses. Commission income mainly came from lending, securities brokerage and payment transfers.

Net investment income increased by EUR 12 million, mainly consisting of higher capital gains on notes and bonds.

Expenses decreased by EUR 11 million year on year. Personnel costs decreased by EUR 7 million. A year ago, expenses were increased by the 5 million euro bank levy.

Discontinued operations

Earnings of discontinued operations before tax were at the same level as in the previous year, at EUR 7 million.

Wealth Management net commissions and fees were at the same level as the year before, EUR 14 million.

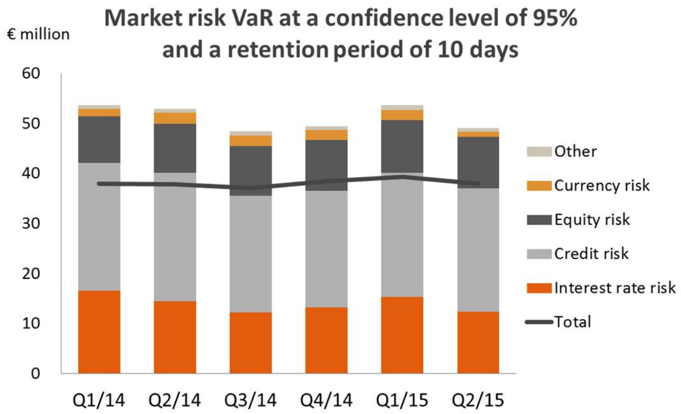
Group risk exposure

Major risks related to the Group's business are associated with developments in the overall economic environment and capital markets.

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

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

The Group's market risk exposure was stable during the report period. The Value-at-Risk (VaR) indicator measuring market risks was EUR 38 million (39) on 30 June. VaR includes the non-life insurance company's total assets, the trading operations of Banking, the liquidity buffer of Other Operations and the interest rate exposure of Group Treasury.



Risk exposure by Banking

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

No major changes occurred in credit risk exposure. Doubtful receivables stood at EUR 259 million (257). Doubtful receivables refer to receivables that are more than 90 days past due, other receivables classified as risky and forborne receivables due to the customer's financial difficulties. Impairment losses remained low at 0.10% of the loan and guarantee portfolio.

Total exposure increased by EUR 3.1 billion to EUR 30.0 billion. The ratio of investment-grade exposure – i.e. rating categories 1–5 – to total exposure, excluding households, was 66% (64). The proportion of rating categories 11–12 was 0.9% (0.9).

Corporate customer (including housing corporations) exposures represented 76% (79) of total Banking exposures. Of corporate customer exposure, the investment-grade exposure accounted for 61% (58) and the exposure of the lowest two rating categories amounted to EUR 243 million (234), accounting for 1.1% (1.1) of the total corporate exposure.

The amount of large corporate customer exposures totalled EUR 0.9 billion (0.4) at the end of June. Pohjola's capital base covering the Group's large customer exposure increased to EUR 3.7 billion (3.6).

Corporate exposure by industry remained highly diversified. The most significant industries included Energy 10.8% (11.0), Wholesale and Retail Trade 9.8% (10.7) and Renting and Operating of Residential Real Estate representing 9.7% (9.9). A total of 43% of exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Baltic Banking exposures totalled EUR 1.1 billion (1.2), accounting for 3.7% (4.3) of total Banking exposures.

The interest rate risk by Banking in the event of a one-percentage-point change in the interest rate averaged EUR 11.8 million (11.8) in January-June.

Risk exposure by Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments, market risks associated with investments covering insurance liabilities, interest rates used in insurance liability valuation and the difference between the discount rate applied to insurance liabilities and market interest rates.

No significant changes took place in Non-life Insurance's underwriting risks. An increase in market interest rates narrowed the spread between the discount rate related to Non-life Insurance's insurance liability and market interest rates, lowering the profit risk associated with a reduction in the discount rate. Higher long-term market interest rates decreased the value of insurance liability under Solvency II with the result that the solvency capital requirement under Solvency II lowered significantly compared with that at the turn of the year. Non-life Insurance's most significant market risk is associated with higher insurance liability value and capital requirement resulting from lower market interest rates. The investment risk level (VaR with 95% confidence) increased slightly during the first half. Pohjola has reduced equity risk associated with the investment portfolio and has moderately increased credit risk. Pohjola has moderately increased the portfolio duration with respect to hedging insurance liability against interest rate risks.

Risk exposure by Other Operations

Major risks exposed by Other Operations include credit and market risks associated with the liquidity buffer, and liquidity risks.

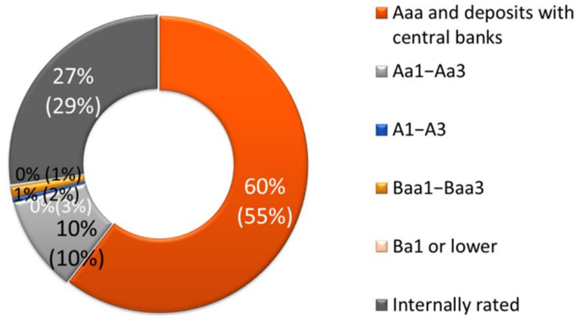
Other Operations' exposure totalled EUR 26.2 billion (22.7), consisting of notes and bonds to secure OP Financial Group's liquidity, deposits with central banks and receivables from OP Financial Group cooperative banks.

In January–June, the interest rate risk by Other Operations in the event of a one percentage-point change in the interest rate averaged EUR 14.2 million (15.9).

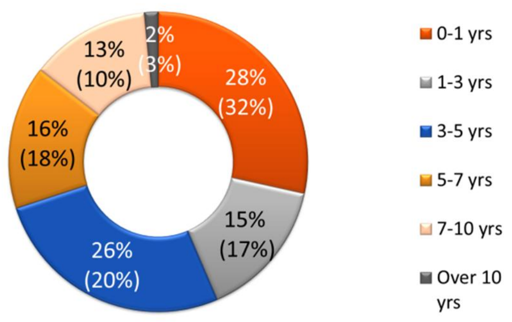
Liquidity buffer

€ billion	**30 June 2015**	**31 Dec. 2014**	**Change, %**
Deposits with central banks	4.1	3.8	9
Notes and bonds eligible as collateral	8.9	7.8	13
Corporate loans eligible as collateral	4.4	4.3	2
Total	**17.4**	**15.9**	**9**
Receivables ineligible as collateral	0,8	0.7	21
Liquidity buffer at market value	**18.2**	**16.6**	**10**
Collateral haircut	-1.2	-1.1	6
Liquidity buffer at collateral value	**17.0**	**15.5**	**10**

Financial assets included in the liquidity buffer by credit rating 30 Jun. 2015, % (31 Dec. 2014, %)



Financial assets included in the liquidity buffer by maturity on 30 Jun. 2015, % (31 Dec. 2014, %)



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

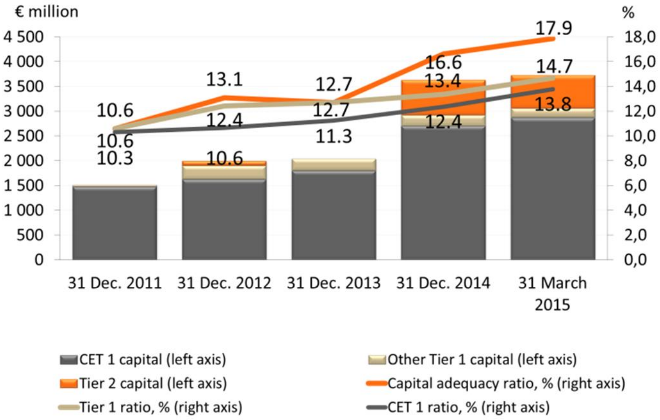
Measurement of the notes and bonds included in the liquidity buffer is based on mark-to-market valuations.

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

OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio). According to the transitional provisions, the LCR ratio must be at least 60% during the fourth quarter of 2015 and at least 100% as of 2018. In accordance with the European Commission Liquidity Delegated Act, the calculated estimate of OP Financial Group's LCR ratio is at the level required as of 2018.

Group's capital adequacy

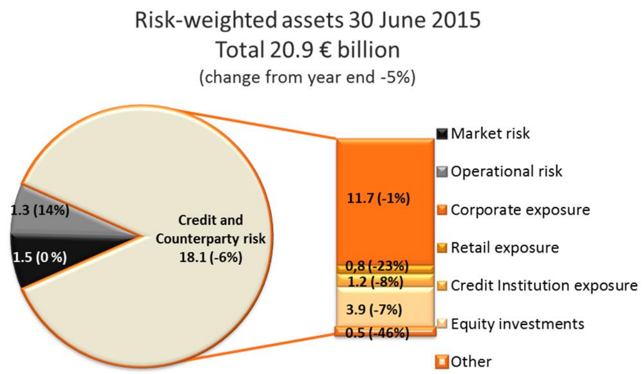
Capital base and capital adequacy



Pohjola Group's Common Equity Tier 1 (CET1) ratio was 13.8% (12.4) on 30 June. In the first quarter, Pohjola Group adopted updated probabilities of default (PD) according to permission from the supervisor. This adoption improved the CET1 ratio by about 0.7 percentage points. Pohjola Group's minimum CET1 target is 15% by the end of 2016, as against the minimum regulatory requirement of 4.5%. The capital adequacy ratio was 17.9% (16.6), as against the minimum regulatory requirement of 8%. 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% as of the beginning of 2015. The capital adequacy ratios have been presented in accordance with the new Capital Requirements Regulation (CRR) since 1 January 2014, and the previous years have not been restated.

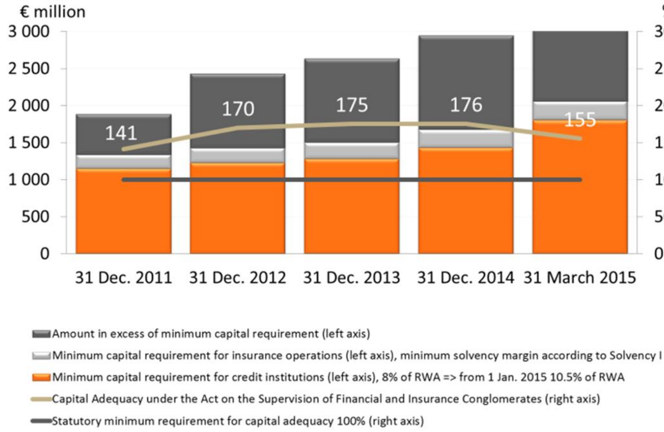
The CET1 capital increased by EUR 173 million to EUR 2,873 million because of strong earnings performance in Banking.

Risk-weighted assets decreased by EUR 988 million, being EUR 21 billion at the end of June. The quality of the corporate loan portfolio weakened slightly towards the end of the reporting period. Corporate exposures' updated PD levels, however, decreased risk-weighted assets by approximately 5%. The average risk weights of other major exposure classes decreased slightly. Of the risk-weighted assets, EUR 3.7 billion included intra-Group insurance holdings.



Pohjola Group belongs to OP Financial Group, whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. Pohjola Group's capital adequacy ratio under the Act was 155% (176) on 30 June. The requirement for the capital conservation buffer (2.5%) under the Act on Credit Institutions decreased the ratio by 40 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.

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



Regulatory changes under Basel III and Solvency II

The Capital Requirements Directive and Regulation (CRD IV/CRR), effective since 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.

On 27 November 2013, Pohjola and OP Financial Group received permission from the Finnish Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The method applied to insurance holdings leads to a risk weight of approximately 280%. The permission was valid from 1 January 2014 to 31 December 2014, because the ECB took up single supervisory responsibility. A request for an extension is being processed by the ECB. Meanwhile, OP Financial Group and Pohjola apply the treatment of insurance holdings based on the previous permission from the Finnish Financial Supervisory Authority. Pohjola's CET1 ratio would decrease by a maximum of 3.4 percentage points if the special permission were not extended and Pohjola transferred to the deduction treatment of insurance holdings. Such a change in treatment would not, however, have any effect on Pohjola's real risk-bearing capacity.

The requirements for capital buffers implemented through national legislation will add to capital requirements further. As of the beginning of 2016, OP Financial Group as an Other Systemically Important Institution will need to comply with the O-SII buffer of 2%, but it does not apply to Pohjola. In June 2015, the Financial Supervisory Authority decided not for the time being to impose a countercyclical capital buffer requirement on banks, nor has it otherwise tightened macroprudential policy. The Financial Supervisory Authority makes a macroprudential policy decision on a quarterly basis. The upcoming liquidity regulation will add to liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

OP Financial Group, including Pohjola, is supervised by the ECB. In 2014, the ECB carried out a supervisory risk assessment, comprehensive asset quality review and stress test on OP Financial Group as a banking institution, including Pohjola as a credit institution.

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). Taking into account of the discretionary buffer, the requirement for OP Financial Group's CET1 ratio is 8.3%. In view of OP Financial Group's strong capital base and national capital buffer requirements, the discretionary capital buffer requirement has no practical implications for OP Financial Group's or Pohjola's capital adequacy position or business. To OP Financial Group's knowledge, the ECB has imposed on all banks under its supervision a comparable discretionary capital buffer requirement based on the results of the comprehensive assessment.

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

The Solvency II Directive regulating the solvency requirements of insurance companies will come into force at the beginning of 2016. On 30 June, the preliminary Non-life Insurance capital base under Solvency II was EUR 999 million (804) and the solvency capital requirement EUR 732 million (685). The solvency ratio conforming to Solvency II was 137% (117). These figures do not include the effects of transitional provisions. The use of the transitional provisions is subject to permission from the Financial Supervisory Authority.

Non-life Insurance capital base and solvency ratio *) under Solvency II

€ million	30 June 2015	31 Dec. 2014	Target
Tier 1	864	754	
Tier 2	135	50	
Capital base (Solvency II)	999	804	
Solvency capital requirement (SCR)	732	685	
Solvency ratio (Solvency II), % *)	137	117	120

*) Excluding the effects of transitional provisions.

Credit ratings

Pohjola Bank plc's credit ratings on 30 June 2015

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

Pohjola Insurance Ltd's financial strength ratings on 30 June 2015

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

The credit ratings of Pohjola Bank plc did not change during the first half of 2015.

In the second quarter, no changes occurred in the credit rating of Pohjola Bank plc and the financial strength rating of Pohjola Insurance Ltd affirmed by Fitch Ratings Limited, Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Services Ltd.

Standard & Poor's affirmed in July 2015 Pohjola Bank plc's long-term debt rating at AA- and short-term debt rating at A-1+ while keeping the outlook negative. At the same time, S&P also affirmed Pohjola Insurance Ltd's financial strength rating at AA- and kept the outlook negative.

On 29 June 2015, Moody's affirmed Pohjola Bank plc's long-term debt rating at Aa3 and short-term debt rating at P-1 while keeping the outlook stable.

Fitch Ratings affirmed on 19 May 2015 and 9 June 2015 OP Financial Group's and Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1 and the outlook remained stable. The 19 May 2015 affirmation of credit ratings was related to a more extensive review regarding a reduced probability of sovereign support in the credit rating methodology.

Moody's affirmed Pohjola Insurance Ltd's financial strength rating at A3 on 15 May 2015 while keeping the outlook stable.

Pohjola's efficiency-enhancement programme

The efficiency-enhancement programme launched within Pohjola Group in late 2012 is aimed at achieving annual cost savings of around EUR 50 million by the end of 2015. The programme aims at annual cost savings of EUR 150 million within the entire OP Cooperative Consolidated by the end of 2015.

A total of 55% of the annual savings target of EUR 50 million was achieved in 2013 and a total of 20% in 2014. The Group expects to achieve the rest of the target in 2015.

As its financial target, Pohjola Group aims to keep its total expenses at the end of 2015 at the level recorded at the end of 2012. Cost savings out of the EUR 12 million estimated for 2015 based on the efficiency-enhancement programme amounted to EUR 5 million in the first half of the year.

Financial performance by business segment

Pohjola Group's business segments are Banking, Non-life Insurance and Wealth Management (formerly Asset Management). Wealth Management is reported as so-called discontinuing operations. Non-segment operations are presented under "Other Operations" (formerly Group Functions).

Continuing operations

Banking

- Earnings before tax increased by 4% to EUR 175 million (167) year on year.
- The loan portfolio increased by 7% from its 2014-end level to EUR 15.9 billion (14.9).
- The average margin on the corporate loan portfolio decreased in January–June by two basis points to 1.42%.
- Impairment loss on receivables increased to EUR 18 million (8), accounting for 0.10% (0.05) of the loan and guarantee portfolio.
- The operating cost/income ratio improved to 26% (32).

Banking: financial results and key figures and ratios

€ million	H1/2015	H1/2014	Change, %	2014
Net interest income				
Corporate and Baltic Banking	135	122	10	255
Markets	-4	15		28
Total	131	137	-4	283
Net commissions and fees	50	54	-7	103
Net trading income	68	55	22	84
Other income	12	11	10	18
Total income	**262**	**258**	**2**	**488**
Expenses				
Personnel costs	28	29	-3	55
ICT costs	17	18	-5	34
Depreciation and amortisation	6	7	-23	14
Other expenses	19	29	-34	57
Total expenses	**69**	**82**	**-16**	**160**
Earnings before impairment loss on receivables	**192**	**175**	**10**	**328**
Impairment loss on receivables	18	8	123	25
Earnings before tax	**175**	**167**	**4**	**303**
Earnings before tax at fair value	175	168	4	301
Loan portfolio, € billion	15.9	14.6	9	14.9
Guarantee portfolio, € billion	2.5	2.9	-13	2.7
Risk-weighted assets, € billion	15.7	15.1	4	16.0
Margin on corporate loan portfolio, %	1.42	1.51	-6	1.44
Ratio of doubtful receivables to loan and guarantee portfolio, %	1.40			1.45
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.10	0.05		0.14
Operating cost/income ratio, %	26	32		33
Personnel	610	643		616

January–June earnings

Banking earnings before tax rose by 4% to EUR 175 million (167). Total income increased by 2% while total expenses decreased by 16%. Impairment loss on receivables increased to EUR 18 million (8).

Demand for corporate loans picked up in the spring. The loan portfolio increased by 7% from its 2014-end level to EUR 15.9 billion, and by 9% in the year to June. As a result of toughening competition, the average margin on the corporate loan portfolio decreased by 2 basis points in January–June, and by 9 basis points in the year to June, being 1.42% on 30 June.

Net loan losses and impairment losses within Banking amounted to EUR 18 million (8), accounting for 0.10% (0.05) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 8 million (5) and impairment losses EUR 16 million (15). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 9 million (11).

The guarantee portfolio decreased from its 2014-end level to EUR 2.5 billion. Committed standby credit facilities amounted to EUR 3.5 billion (3.0).

Net trading income increased by EUR 12 million as a result of higher customer income generated by the Markets division. In total, income from trading operations fell by EUR 23 million.

Net commissions and fees reported by Banking decreased by 7% to EUR 50 million (54) as a result of lower commission and fees from lending.

Total expenses decreased by 16% to EUR 69 million. In the previous year, other operating expenses were increased by a bank levy of EUR 9 million.

Personnel costs decreased by 3% to EUR 28 million after a reduction in headcount.

ICT costs, depreciation and amortisation decreased by a total of EUR 1 million.

Earnings before tax by division

€ million	H1/2015	H1/2014	Change, %
Corporate Banking	119	110	9
Markets	53	57	-7
Baltic Banking	2	1	
Total	**175**	**167**	**4**

In April, OP announced a new single financing process model to 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.

Non-life Insurance

- Earnings before tax amounted to EUR 145 million (133) due to higher capital gains. Earnings before tax at fair value were EUR 78 million (172).
- Insurance premium revenue increased by 5% (7).
- The balance on technical account was good. The operating combined ratio was 87.8% (84.5) and the operating expense ratio was 18.2% (18.1). The combined ratio was 89.4% (86.1).
- Return on investments at fair value was 1.3% (3.4).
- The number of loyal customer households increased in the year to June by 22,000 and by 1,000 (19,000) during the reporting period.

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

€ million	**H1/2015**	**H1/2014**	**Change, %**	**2014**
Insurance premium revenue	681	651	5	1,310
Claims incurred	-475	-432	10	-930
Operating expenses	-124	-118	5	-242
Amortisation adjustment of intangible assets	-11	-11	0	-21
Balance on technical account	**72**	**90**	**-20**	**117**
Net investment income	107	74	46	171
Other income and expenses	-35	-31	12	-66
Earnings before tax	**145**	**133**	**9**	**223**
Change in fair value reserve	-67	39		49
Earnings before tax at fair value	**78**	**172**	**-55**	**272**
Combined ratio, %	89.4	86.1		91.0
Operating combined ratio, %	87.8	84.5		84.7
Operating loss ratio, %	69.7	66.4		66.3
Operating expense ratio, %	18.2	18.1		18.4
Operating risk ratio, %	64.2	60.2		60.2
Operating cost ratio, %	23.7	24.3		24.4
Return on investments at fair value, %	1.3	3.4		6.7
Solvency ratio, %	77	88		75
Solvency ratio (Solvency II), %*)	137	137		117
Large claims incurred retained for own account (excl. Personal insurance claims)	-26	-39		-79
Changes in claims for previous years (run off result)	13	18		27
Personnel	1,731	1,835		1,766

*) Excluding the effects of transitional provisions.

Growth in insurance premium revenue from Private Customers remained strong. Insurance premium revenue from Corporate Customers increased slightly in spite of the economic recession. Insurance sales increased slightly year on year. Claims expenditure developed favourably as a result of the mild winter and a smaller number of large claims year on year.

OP Financial Group's market share in terms of non-life insurance premiums written in 2014 was 31.5% (30.3). Measured in terms of the market share in premiums written, OP Financial Group is clearly Finland's largest non-life insurer.

In the year to June, the number of loyal customer households increased by 22,000 totalling 657,000 (635,000), of which up to 75% (73) also use OP Financial Group cooperative banks as their main bank. Customers of OP Financial Group member cooperative banks and Helsinki OP Bank used OP bonuses that they had earned through the use of banking and insurance services to pay 994,000 insurance bills (925,000), with 129,000 (121,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 49 million (44).

Developing claims services further has been one of the Non-life Insurance priorities. In particular, this involves the development of electronic services, including 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 under voluntary insurance 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 increased to over 500,000 (317,000).

January–June earnings

Earnings before tax improved to EUR 145 million (133). The balance on technical account was good. Capital gains increased investment earnings.

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 for insurance liability as one continuously updated variable of an accounting estimate. On 30 June, the average discount rate was 2.35%. The reduced discount rate increased claims incurred by EUR 32 million. In line with the new valuation model, a change in the discount rate also has an effect on the calculation of operating ratios. The change in the discount rate weakened the operating combined ratio by 4.7 percentage points.

The operating combined ratio was 87.8% (84.5). These operating figures exclude amortisation on intangible assets arising from the corporate acquisition and changes in reserving bases.

Insurance premium revenue

€ million	H1/2015	H1/2014	Change, %
Private Customers	358	333	7.4
Corporate Customers	295	291	1.6
Baltics	28	27	2.6
Total	**681**	**651**	**4.6**

Growth in insurance premium revenue from Private Customers remained strong. Insurance premium revenue from Corporate Customers increased slightly in spite of the economic recession. A year earlier, the economic recession affected insurance premium revenue from corporate customers particularly during the latter half.

Claims incurred, excluding the reduction in the discount rate, grew by 2.4% year on year. 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 36 (48) in January–June, with their claims incurred retained for own account totalling EUR 26 million (39). The change in provisions for unpaid claims under statutory pension, however, increased year on year. In January–June, the change in provisions for unpaid claims under statutory pension was EUR 5 million (3).

Changes in claims for previous years, excluding the effect of changes to the discount rate, improved the balance on technical account by EUR 13 million (18). The operating loss ratio was 69.7% (66.4) and the operating risk ratio (excluding indirect loss adjustment expenses) 64.2% (60.2).

Operating expenses grew by 5%, being EUR 6 million higher than a year ago, due to higher sales commissions and portfolio management fees. In the reporting period, a non-recurring provision for expenses of EUR 3 million related to the reorganisation of the central cooperative consolidated added to personnel costs. In spite of higher income, the operating expense ratio weakened to 18.2% (18.1). The operating cost ratio (incl. indirect loss adjustment expenses) was 23.7% (24.3).

Operating balance on technical account and combined ratio (CR)

	H1/2015		H1/2014	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	72	79.8	72	78.4
Corporate Customers	9	96.8	24	91.8
Baltics	1	96.6	5	80.3
Total	**83**	**87.8**	**101**	**84.5**

Private Customer profitability remained good as a result of continued growth in premium revenue and favourable claims development. In Corporate Customers, the reduced discount rate affected profitability. In Baltics, profitability weakened because of individual large claims.

Investment

Investment income at fair value amounted to EUR 41 million (113), or 1.3% (3.4). The second quarter return on investment was negative due to higher long-term interest rates and lower equity prices. Net investment income recognised in the income statement increased to EUR 107 million (74) as a result of higher capital gains.

Investment portfolio by asset class

%	30 June 2015	31 Dec. 2014
Bonds and bond funds	76	73
Alternative investments	1	1
Equities	7	7
Private equity	3	3
Real property	11	11
Money markets	2	5
Total	**100**	**100**

On 30 June 2015, the Non-life Insurance's investment portfolio totalled EUR 3,648 million (3,522). The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category represented 94% (94), and 69% (71) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 5.6 years (4.5) and the duration 5.2 years (4.3).

The running yield for direct bond investments averaged 1.7% (2.6) at the end of June.

Other Operations

- Earnings before tax amounted to EUR 28 million (22). These included EUR 15 million (7) in capital gains on notes and bonds and EUR 20 million (24) in dividend income.
- Earnings before tax at fair value were EUR 38 million (39).
- Liquidity and access to funding remained good.

Other Operations: financial results and key figures and ratios

€ million	H1/2015	H1/2014	Change, %	2014
Net interest income	-11	4		-3
Net commissions and fees	-1	5		4
Net trading income	3	-5		-8
Net investment income	42	30	39	55
Other income	5	4	27	9
Total income	**38**	**38**	**0**	**56**
Personnel costs	2	3	-46	6
Other expenses	9	13	-34	30
Total expenses	**10**	**16**	**-36**	**36**
Earnings before impairment loss on receivables	**28**	**22**	**25**	**20**
Impairment loss on receivables	0			
Earnings before tax	**28**	**22**	**25**	**20**
Change in fair value reserve	10	17	-39	33
Earnings before tax at fair value	**38**	**39**	**-3**	**53**
Liquidity buffer, € billion	18.2	15.5	18	16.6
Risk-weighted assets, € billion	5.0	5.7	-13	5.7
Receivables and liabilities from/to OP Financial Group member banks, net position, € billion	3.1	2.9	5	3.8
Personnel	31	25	22	33

January–June earnings

Other Operations' earnings before tax amounted to EUR 28 million, or EUR 6 million higher than a year ago. Earnings before tax totalled EUR 38 million, or EUR 1 million lower than the year before.

Net interest income was reduced by persistently low interest rates, narrowing credit spreads on purchased bonds and the Group's preparation for tighter liquidity regulation.

A year ago, a credit limit granted to OP Cooperative relating to financing for the bid for Pohjola shares added to net commissions and fees.

Net investment income included EUR 15 million in capital gains on notes and bonds (7), EUR 20 million (24) in dividend income and EUR 4 million (0) in income recognised from mutual fund investments

A year ago, advisory fees of EUR 2 million related to the bid for Pohjola shares added to other expenses.

Pohjola's access to funding remained good. In January–June, Pohjola issued long-term bonds worth EUR 3.0 billion. In March, Pohjola issued a senior bond of EUR 1 billion in the international capital market, with a maturity of seven years. In May, Pohjola issued two GBP-denominated bonds: The first bond issued was worth GBP 300 million (EUR 419 million), with a maturity of three years, while the second bond was worth GBP 400 million (EUR 558 million), with a maturity of seven years.

On 30 June, the average margin of senior wholesale funding was 41 basis points (39). Pohjola specified the calculation principle for the average wholesale funding margin. This increased the June-end margin by two basis points as against the former calculation method. The comparative data has not been restated.

Financial performance by business segment – Discontinued operations

Wealth Management

- Earnings before tax amounted to EUR 14 million (14). Performance-based management fees amounted to EUR 1 million (0).
- Assets under management increased by 7% from their 2014-end level, to EUR 46.3 billion (43.3).
- The operating cost/income ratio was 49% (49).

Wealth Management: financial results and key figures and ratios

€ million	H1/2015	H1/2014	Change, %	2014
Net commissions and fees	27	27	3	64
Other income	2	2	62	4
Total income	**29**	**28**	**2**	**67**
Personnel costs	8	7	9	14
Other expenses	8	8	1	17
Total expenses	**16**	**15**	**5**	**31**
Share of associate's profit/loss	1	1	35	1
Earnings before tax	**14**	**14**	**2**	**38**
Earnings before tax at fair value	14	14	2	38
Assets under management, € billion	46.3	40.6	14	43.3
Operating cost/income ratio, %	49	49		42
Personnel	105	87	21	88

January–June earnings

Earnings before tax amounted to EUR 14 million (14). Earnings included EUR 1 million (1) in performance-based management fees. Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company, in proportion to Pohjola's shareholding.

The operating cost/income ratio was 49% (49).

Assets under management

€ billion	30 June 2015	31 Dec. 2014
Institutional clients	23	24
OP Mutual Funds	17	14
Private	6	6
Total	46	43

Assets under management by asset class

%	30 June 2015	31 Dec. 2014
Money market investments	11	14
Notes and bonds	36	36
Equities	33	36
Other	20	14
Total	**100**	**100**

Assets under management increased by 7% during the first half, amounting to EUR 46.3 billion (43.3) on 30 June. The increase in assets under management was based on strong net asset inflows and improved market values. A total of 67% of mutual funds managed by Wealth Management outperformed their benchmark index during the first half.

Personnel and remuneration

On 30 June 2015, the Group had a staff of 2,477, or 26 less than on 31 December 2014.

Personnel by segment

	30 June 2015	31 Dec. 2014
Banking	610	616
Non-life Insurance	1,731	1,766
Wealth Management	105	88
Other Operations	31	33
Total	**2,477**	**2,503**

The scheme for variable remuneration within OP Financial Group and Pohjola consists of short-term, company-specific remuneration and OP Financial Group-wide long-term remuneration.

During the first quarter of 2015, OP carried out an information and consultation of employees regarding staff reorganisation in the central cooperative consolidated. The process involved approximately 4,300 employees.

The process affected Pohjola and its subsidiaries, excluding the employees of Omasairaala hospital and Baltic operations.

Group restructuring

Pohjola Group is planning to carry out structural changes in accordance with the public voluntary bid made by OP Cooperative, in practice, for example, by transferring the Non-life Insurance and Wealth Management segments from Pohjola Group to direct ownership of OP Cooperative.
In the partial demerger, wealth management, card business and property management functions will be transferred to a new company to be established within OP Financial Group during 2015. The demerger plan was registered in the Trade Register on 2 July 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. In the context of further planning of the restructuring, the separation of OP Financial Group's central banking operations, being presently part of Pohjola Bank plc, as a detached subsidiary wholly owned by OP Cooperative, is also under consideration.

The specific manner or schedule to implement the separation of the central banking operations and the transfer of the Non-life Insurance segment have not yet been decided.

In connection with the public voluntary bid for Pohjola shares in February 2014, OP Financial Group announced a plan to combine Pohjola Bank plc and Helsinki OP Bank Plc. However, the Group abandoned this plan. According to the new plan, Helsinki OP Bank Plc will be converted from a limited liability company to a cooperative bank during 2016.

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

Businesses in the Helsinki Metropolitan Area will continue to operate under the shared management. From the customer's perspective, the Group aims to provide a uniform OP financial services offering encompassing all banking, non-life insurance and wealth management products and services.

Arbitral award in the squeeze-out procedure regarding minority shareholders

On 20 February 2015, the Arbitral Tribunal appointed by the Redemption Committee of the Finland Chamber of Commerce issued its award regarding the squeeze-out of Pohjola's minority shareholders. Based on the award, the squeeze-out price was EUR 16.13 per share which equals the price offered by OP Cooperative for Pohjola shares in the public voluntary bid. The arbitration award was not appealed, i.e. the squeeze-out price based on the award was final.

Outlook towards the year end

The euro-area economy has continued to grow at a moderate rate supported by the ECB's expansionary monetary policy measures. The fragile economic growth is expected to continue during the second half too. Economic development in Finland is expected to remain weak. Structural problems in the Finnish economy, international political tensions, the Greek debt crisis that has escalated again and poorer prospects for the emerging economies will cause major uncertainty to the economic rebound in Finland.

Growth expectations are still moderate in the financial sector. Low interest rates will erode banks' net interest income and weaken insurance institutions' investment income. 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 in the financial sector have come to play an ever-increasing role because of the unstable operating environment and the tighter regulatory framework.

Despite the uncertainty involved in the operating environment, Pohjola Group's consolidated earnings from continuing operations before tax in 2015 are expected to be at the same level as or higher than in 2014 (previous estimate: at the same level as in 2014). The most significant uncertainties affecting earnings in 2015 relate to the rate of business growth, impairment loss on receivables, developments in bond and capital markets, the effect of large claims on claims expenditure and to the discount rate applied to insurance liabilities.

All forward-looking statements in this report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of Pohjola Group and its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Consolidated income statement

EUR million	Note	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Continuing operations					
Net interest income	3	51	67	109	131
Impairments of receivables	4	3	4	18	8
Net interest income after impairments		**47**	**64**	**91**	**123**
Net income from Non-life insurance	5	175	159	344	310
Net commissions and fees	6	9	16	20	38
Net trading income	7	37	28	62	52
Net investment income	8	33	21	49	37
Other operating income	9	7	7	14	14
Total income		**308**	**294**	**581**	**575**
Personnel costs		36	43	82	86
ICT costs		22	22	44	46
Depreciation/amortisation		12	12	24	26
Other expenses		42	46	82	94
Total expenses		**113**	**124**	**233**	**251**
Share of associates' profits/losses accounted for using the equity method		0	0	0	0
Earnings before tax		**195**	**170**	**348**	**324**
Income tax expense		36	30	65	62
Results of continuing operations		**159**	**140**	**283**	**262**
Discontinued operations					
Results of discontinued operations	10	6	6	11	10
Profit for the period		**164**	**146**	**294**	**272**
Attributable to:					
Owners of the parent		163	143	291	268
Non-controlling interests		1	2	3	4
Profit for the period		**164**	**146**	**294**	**272**

Consolidated statement of comprehensive income

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Profit for the period	**164**	**146**	**294**	**272**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	53	-4	32	-10
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-150	49	-50	50
Cash flow hedge	-4	4	-5	7
Translation differences	0	0	0	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-11	1	-6	2
Items that may be reclassified to profit or loss				
Measurement at fair value	30	-10	10	-10
Cash flow hedge	1	-1	1	-1
Total comprehensive income for the period	**83**	**185**	**275**	**309**
Attributable to:				
Owners of the parent	82	183	273	303
Non-controlling interests	1	2	2	6
Total comprehensive income for the period	**83**	**185**	**275**	**309**
Comprehensive income attributable to owners of the parent is divided as follows:				
Continuing operations	77	178	262	293
Discontinued operations	6	6	11	10
Total	**82**	**183**	**273**	**303**

Consolidated balance sheet

EUR million	Note	30 June 2015	31 Dec 2014
Cash and cash equivalents		4,096	3,774
Receivables from credit institutions		10,786	10,257
Financial assets at fair value through profit or loss			
Financial assets held for trading		903	360
Financial assets at fair value through profit or loss at inception		0	0
Derivative contracts		5,681	5,946
Receivables from customers		16,475	15,513
Non-life Insurance assets	13	4,183	3,854
Investment assets		9,760	8,112
Investment accounted for using the equity method		2	2
Intangible assets	14	781	786
Property, plant and equipment (PPE)		65	72
Other assets		1,317	1,789
Tax assets		16	34
Total		**54,065**	**50,498**
Assets classified as held for distribution to owners	10	192	205
Total assets		**54,257**	**50,703**
Liabilities to credit institutions		5,646	5,241
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		1	4
Derivative contracts		5,478	5,889
Liabilities to customers		12,513	11,442
Non-life Insurance liabilities	15	3,305	2,972
Debt securities issued to the public	16	19,055	17,587
Provisions and other liabilities		2,969	2,479
Tax liabilities		364	391
Subordinated liabilities		1,175	1,084
Total		**50,505**	**47,090**
Liabilities associated with assets classified held as distribution to owners	10	192	205
Total liabilities		**50,697**	**47,295**
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	17	188	231
Other reserves		1,093	1,093
Retained earnings		1,744	1,564
Non-controlling interest		107	92
Total equity		**3,559**	**3,408**
Total liabilities and equity		**54,257**	**50,703**

Consolidated statement of changes in equity

	Attributable to owners of Pohjola Group						
EUR million	**Share capital**	**Fair value reserve***	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**428**	**168**	**1,093**	**1,358**	**3,047**	**103**	**3,150**
Total comprehensive income for the period		44		260	304	6	309
Profit for the period				268	268	4	272
Other comprehensive income		44		-8	36	2	37
Profit distribution				-212	-212		-212
EUR 0.67 per Series A share				-169	-169		-169
EUR 0.64 per Series K share				-43	-43		-43
Other			0	-2	-3	-8	-11
Balance at 30 June 2014	**428**	**212**	**1,093**	**1,403**	**3,136**	**100**	**3,236**

* Note 17.

	Attributable to owners of Pohjola Group						
EUR million	**Share capital**	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2015	**428**	**231**	**1,093**	**1,564**	**3,316**	**92**	**3,408**
Total comprehensive income for the period		-44		317	273	2	275
Profit for the period				291	291	3	294
Other comprehensive income		-44		25	-18	-1	-19
Profit distribution				-137	-137		-137
Other			0		0	14	14
Balance at 30 June 2015	**428**	**188**	**1,093**	**1,744**	**3,452**	**107**	**3,559**

Consolidated cash flow statement incl. discontinued operations

EUR million	Q1–2/ 2015	Q1–2/ 2014
Cash flow from operating activities		
Profit for the period	291	268
Adjustments to profit for the period	322	178
Increase (-) or decrease (+) in operating assets	**-3,386**	**-1,851**
Receivables from credit institutions	-674	-772
Financial assets at fair value through profit or loss	30	82
Derivative contracts	-20	23
Receivables from customers	-1,007	-450
Non-life Insurance assets	-395	-283
Investment assets	-1,824	-224
Other assets	504	-226
Increase (+) or decrease (-) in operating liabilities	**2,087**	**615**
Liabilities to credit institutions	412	693
Financial liabilities at fair value through profit or loss	-3	-1
Derivative contracts	14	41
Liabilities to customers	1,071	-677
Non-life Insurance liabilities	72	107
Provisions and other liabilities	521	452
Income tax paid	-73	-55
Dividends received	38	39
A. Net cash from operating activities	**-720**	**-806**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-20	
Decreases in held-to-maturity financial assets	53	53
Acquisition of subsidiaries and associates, net of cash acquired	0	0
Disposal of subsidiaries and associates, net of cash disposed	11	
Purchase of PPE and intangible assets	-16	-16
Proceeds from sale of PPE and intangible assets	0	1
B. Net cash used in investing activities	**28**	**39**
Cash flow from financing activities		
Increases in subordinated liabilities	85	12
Decreases in subordinated liabilities		-12
Increases in debt securities issued to the public	15,673	24,745
Decreases in debt securities issued to the public	-14,784	-22,689
Dividends paid	-137	-212
C. Net cash used in financing activities	**837**	**1,844**
Net increase/decrease in cash and cash equivalents (A+B+C)	**145**	**1,077**
Cash and cash equivalents at period-start	**4,306**	**2,672**
Cash and cash equivalents at period-end	**4,451**	**3,748**
Cash and cash equivalents		
Liquid assets**	4,101	3,309
Receivables from credit institutions payable on demand	350	439
Total	**4,451**	**3,748**

** Of which EUR 5 million (9) consist of Non-life Insurance cash and cash equivalents.

Segment information

Segment capitalisation is based on OP Financial Group's capital adequancy 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 Banking in such a way that the CET 1 ratio is 18% (11%). Capital has been allocated to Insurance operations in such a way that Solvency ratio (SII) is 120%. Capital allocation has an effect on the Group's internal interest amounts paid by the segment concerned.

		Continuing operations		Discon-tinued operations		
Q1-2 earnings 2015, EUR million	**Banking**	**Other operations**	**Non-life Insurance**	**Wealth Manage-ment**	**Elimi-nations**	**Group total**
Net interest income						
Corporate Banking and Baltic Banking	135					135
Markets	-4					-4
Other operations		-11	-11	1	-1	-23
Total	131	-11	-11	1	-1	109
- of which internal net income before tax	-12	22	-10	1		
Net commissions and fees	50	-1	-27	27	-2	48
Net trading income	68	3	0	0	-9	62
Net investment income	6	42		0	1	49
Net income from Non-life Insurance						
From insurance operations			249			249
From investment operations			107		10	117
From other items			-22			-22
Total			334		10	344
Other operating income	6	5	2	1	0	15
Total income	**262**	**38**	**298**	**29**	**-1**	**627**
Personnel costs	28	2	53	8		90
ICT costs	17	3	24	2	1	46
Amortisation on intangible assets related to company acquisitions			11	1		12
Other depreciation/amortisation and impairments	6	0	7	0		14
Other expenses	19	5	59	5	-1	87
Total expenses	**69**	**10**	**154**	**16**	**-1**	**249**
Earnings/loss before impairment of receivables	**192**	**28**	**145**	**13**	**0**	**378**
Impairments of receivables	18	0	0			18
Share of associates' profits/losses			0	1	0	1
Earnings before tax	**175**	**28**	**145**	**14**	**0**	**361**
Change in fair value reserve	0	10	-67	0	1	-55
Gains/(losses) arising from remeasurement of defined benefit plans	28	3				32
Total comprehensive income for the period, before tax	**203**	**41**	**78**	**14**	**1**	**338**

Q1-2 earnings 2014, EUR million	Banking	Other operations	Non-life Insurance	Wealth Manage-ment	Elimi-nations	Group total
		Continuing operations		Discon-tinued operations		
Net interest income						
Corporate Banking and Baltic Banking	122					122
Markets	15					15
Other operations		4	-12	1	1	-6
Total	137	4	-12	1	1	131
- of which internal net income before tax	-14	24	-11	1		
Net commissions and fees	54	5	-19	27	-2	65
Net trading income	55	-5	0	0	1	52
Net investment income	5	30		0	2	37
Net income from Non-life Insurance						
From insurance operations			262		0	262
From investment operations			74		-2	72
From other items			-24			-24
Total			312		-2	310
Other operating income	6	4	5	1	0	15
Total income	**258**	**38**	**286**	**28**	**-1**	**610**
Personnel costs	29	3	54	7		93
ICT costs	18	3	25	1	0	47
Amortisation on intangible assets related to company acquisitions			11	1		12
Other depreciation/amortisation and impairments	7	0	7	0		15
Other expenses	29	10	57	5	-1	99
Total expenses	**82**	**16**	**154**	**15**	**-1**	**267**
Earnings/loss before impairment of receivables	**175**	**22**	**133**	**13**	**0**	**344**
Impairments of receivables	8					8
Share of associates' profits/losses			0	1	0	1
Earnings before tax	**167**	**22**	**133**	**14**	**0**	**336**
Change in fair value reserve	1	17	40	0	-1	57
Gains/(losses) arising from remeasurement of defined benefit plans	-9	-1				-10
Total comprehensive income for the period, before tax	**159**	**39**	**172**	**14**	**-1**	**383**

Balance sheet 30 June 2015, EUR million	Banking	Other operations	Non-life Insurance	For distri-bution to owners **Wealth Manage-ment**	Elimi-nations	Group total
Receivables from customers	16,186	558			-270	16,475
Receivables from credit institutions	406	14,506	5	10	-35	14,891
Financial assets at fair value through profit or loss	988	-85				903
Non-life Insurance assets			4,391		-208	4,183
Investment assets	562	9,210	16	0		9,788
Investments in associates			2	28		30
Other assets	6,339	809	756	125	-44	7,986
Total assets	**24,481**	**24,998**	**5,171**	**164**	**-557**	**54,257**
Liabilities to customers	9,774	2,858			-119	12,513
Liabilities to credit institutions	1,001	4,915			-270	5,646
Non-life Insurance liabilities			3,331		-27	3,305
Debt securities issued to the public	2,250	17,026			-37	19,239
Subordinated liabilities	-3	1,042	135			1,175
Other liabilities	6,794	1,998	79	8	-60	8,820
Total liabilities	**19,817**	**27,840**	**3,546**	**8**	**-513**	**50,697**
Equity						**3,559**
Average personnel	610	31	1,731	105		2477
Capital expenditure, EUR million	5	0	10	0		16

Balance sheet 31 December 2014, EUR million	Banking	Other operations	Non-life Insurance	For distri-bution to owners **Wealth Manage-ment**	Elimi-nations	Group total
Receivables from customers	15,222	537			-246	15,513
Receivables from credit institutions	483	13,566	5	7	-24	14,037
Financial assets at fair value through profit or loss	373	-13				360
Non-life Insurance assets			4,150		-297	3,854
Investment assets	553	7,581	16	9	-9	8,151
Investments in associates			2	27		29
Other assets	6,335	1,721	732	136	-165	8,759
Total assets	**22,968**	**23,392**	**4,905**	**180**	**-741**	**50,703**
Liabilities to customers	8,434	3,233			-226	11,442
Liabilities to credit institutions	609	4,878			-246	5,241
Non-life Insurance liabilities			3,116		-144	2,972
Debt securities issued to the public	1,672	16,157			-46	17,782
Subordinated liabilities	-20	1,054	50			1,084
Other liabilities	7,043	1,685	79	10	-44	8,773
Total liabilities	**17,738**	**27,007**	**3,245**	**10**	**-705**	**47,295**
Equity						**3,408**
Average personnel	616	33	1,766	88		2,503
Capital expenditure, EUR million	10	2	14	2		28

Note 1. Accounting policies

The Interim Report for 1 January–30 June 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 will also affect 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 as of the beginning of 2015 with respect to certain sales and reinsurance commissions related to Non-life Insurance. Previously, items 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". 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. In addition Pohjola Group has restated its target for expenses to correspond to the changed accounting policy.

Effect on the consolidated income statement for 1 Jan.−30 June 2014 and 1 Jan.−31 Dec. 2014

EUR million	1 Jan.–30 June 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.−30 June 2014 (restated)	1 Jan.–31 Dec. 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2014 (restated)
Net interest income	131		131	257		257
Impairment of receivables	8		8	25		25
Net interest income after impairments	**123**		**123**	**231**		**231**
Net income from Non-life Insurance	313	-3	310	597	-4	593
Net commissions and fees	65	-27	38	114	-62	52
Net trading income	52		52	77		77
Net investment income	37		37	64		64
Other operating income	15	-1	14	32	-2	30
Total income	**605**	**-30**	**575**	**1,116**	**-68**	**1,048**
Personnel costs	86		86	163		163
ICT costs	46		46	94		94
Depreciation/amortisation	26		26	52		52
Other expenses	124	-30	94	258	-68	191
Total expenses	**281**	**-30**	**251**	**567**	**-68**	**500**
Share of associates' profits/losses	0		0	0		0
Earnings before tax	**324**		**324**	**548**		**548**
Income tax expense	62		62	107		107
Results of continuing operations	**262**		**262**	**441**		**441**
Results of discontinued operations	10		10	29		29
Profit for the period	**272**		**272**	**470**		**470**
Attributable to:						
Owners of the parent	268		268	461		461
Non-controlling interests	4		4	9		9
Total	**272**		**272**	**470**		**470**

Critical accounting estimates and judgements

Collective assessment for impairment
OP Finacial Group has used an updated model for collective assessment for impairment since May 2015. The model is still based on the statistical model used in the measurement of the economic capital requirement. Trough- the-cycle component has been eliminated from the PD and LGD estimates used in the economic capital requirement model to better reflect the point in time approach and current economic cycle. The model has changed measurement method for the identification of loss event that is calculated by means of the so-called emergence period in the new model (the calculation was previously based on past loss experience). In addition, the receivables have been grouped more accurately on the basis of shared similar credit risk characteristics in the new model. This model update did not cause any substantial change to the collective impairment loss amount.

Impairment loss on equity instruments
Pohjola Group has revised the previous determination of impairment loss on equity instruments as of 1 May 2015. Impairment loss will be recognised at the latest when the maximum limits specified for each instrument are exceeded with respect to the prolonged criteria (an average of 12 months) or the significant criteria of 30% (previously: an average of 18 months and 40%, respectively). This change increased slightly impairment loss on equity instruments in the first half.

Note 2. Formulas for key figures and ratios

Return on equity (ROE), %
Profit for the period /
Equity (average of the beginning and end of period) x 100

Return on equity (ROE) at fair value, %
Total comprehensive income for the period /
Equity (average of the beginning and end of period) x 100

Return on assets (ROA), %
Profit for the period /
Average balance sheet total (average of the beginning and end of period) x 100

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates
Conglomerate's total capital / Conglomerate's total minimum capital requirement x 100

Capital adequacy ratio, %
Total capital / Total risk-weighted assets x 100

Tier 1 ratio, %
Total Tier 1 capital / Total risk-weighted assets x 100

Common Equity Tier 1 ratio, % (CET1)*
Common Equity Tier 1 (CET1) / Total risk-weighted assets x 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.

KEY RATIOS FOR NON-LIFE INSURANCE

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

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

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

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

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

Solvency ratio, %*)
Capital base/Solvency capital requirement (SCR) x 100

*) According to the proposed Solvency II framework

OPERATING KEY RATIOS

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

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

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

Operating combined ratio, %
Operating loss ratio + Operating expense ratio
Operating risk ratio + operating cost ratio

Operating risk ratio (excl. unwinding of discount)
Claims excl. loss adjustment expenses and changes in reserving bases / Net insurance premium revenue excl. changes in reserving bases x 100

Operating cost ratio
Operating expenses and loss adjustment expenses / Net insurance premium revenue excl. changes in reserving bases x 100

Values used in calculating the ratios

EUR million	30 June 2015	31 Dec 2014
Non-life Insurance		
Non-life Insurance net assets	1,625	1,661
Net tax liabilities for the period	-6	-18
Own subordinated loans	135	50
Deferred tax to be realised in the near future and other items deducted from the solvency margin of the companies	-22	0
Intangible assets	-699	-704

Note 3. Net interest income

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Loans and other receivables	74	81	153	161
Receivables from credit institutions and central banks	10	20	21	39
Notes and bonds	40	41	79	82
Derivatives (net)				
Derivatives held for trading	-1	11	-1	21
Derivatives under hedge accounting	12	13	20	30
Ineffective portion of cash flow hedge	0	0	0	0
Liabilities to credit institutions	-12	-16	-24	-31
Liabilities to customers	-3	-8	-8	-16
Debt securities issued to the public	-57	-67	-110	-134
Subordinated debt	-9	-9	-18	-18
Hybrid capital	-2	-2	-4	-4
Financial liabilities held for trading	0	0	0	0
Other (net)	0	3	2	2
Net interest income before fair value adjustment under hedge accounting	**51**	**67**	**110**	**131**
Hedging derivatives	80	-38	50	-113
Value change of hedged items	-80	39	-51	113
Total net interest income	**51**	**67**	**109**	**131**

Note 4. Impairments of receivables

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Receivables written off as loan or guarantee losses	7	3	8	5
Recoveries of receivables written off	0	0	-1	-1
Increase in impairment losses on individually assessed receivables	1	10	16	15
Decrease in impairment losses on individually assessed receivables	-7	-9	-8	-10
Collectively assessed impairment losses	3		2	-1
Total impairments of receivables	**3**	**4**	**18**	**8**

Note 5. Net income from Non-life insurance

Non-life Insurance EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Net insurance premium revenue				
Premiums written	310	306	940	924
Insurance premiums ceded to reinsurers	-20	-22	-42	-47
Change in provision for unearned premiums	47	40	-234	-246
Reinsurers' share	8	8	18	20
Total	**345**	**331**	**681**	**651**
Net Non-life Insurance claims				
Claims paid	191	204	399	419
Insurance claims recovered from reinsurers	-3	-12	-12	-16
Change in provision for unpaid claims	42	-11	40	-13
Reinsurers' share	-10	2	5	0
Total	**220**	**184**	**432**	**389**
Net investment income, Non-life Insurance				
Interest income	11	15	23	30
Dividend income	8	4	18	15
Investment property	2	0	4	2
Capital gains and losses				
Notes and bonds	4	7	12	9
Shares and participations	24	0	56	30
Loans and receivables				
Investment property		0		0
Derivatives	0	-3	-1	-15
Fair value gains and losses				
Notes and bonds	-2	1	0	0
Shares and participations	0		-1	0
Loans and receivables	0	0	1	0
Investment property	0	1	-1	2
Derivatives	15	-1	9	-2
Impairments	-3	0	-4	-1
Other	1	1	1	1
Total	**60**	**24**	**117**	**72**
Unwinding of discount	-10	-11	-20	-21
Other	-1	-1	-3	-3
Total net income from Non-life Insurance	**175**	**159**	**344**	**310**

Note 6. Net commissions and fees

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Commission income				
Lending	12	11	22	29
Payment transfers	8	9	15	17
Securities brokerage	5	5	12	12
Securities issuance	2	3	5	6
Asset management and legal services	2	1	3	3
Insurance operations	4	5	9	9
Guarantees	3	4	7	7
Other	1	1	2	2
Total commission income	**37**	**40**	**75**	**87**
Commission expenses				
Payment transfers	4	5	7	10
Securities brokerage	2	2	4	4
Securities issuance	1	0	1	2
Asset management and legal services	1	1	1	2
Insurance operations	19	13	35	27
Other	2	2	5	4
Total commission expenses	**28**	**24**	**55**	**48**
Total net commissions and fees	**9**	**16**	**20**	**38**

Note 7. Net trading income

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	-1	2	0	4
Shares and participations	0	0	0	0
Derivatives	137	6	95	-9
Fair value gains and losses				
Notes and bonds	-9	2	-9	3
Shares and participations	0	0	0	0
Derivatives	-99	15	-39	44
Financial assets and liabilities at fair value through profit or loss				
Capital gains and losses				
Notes and bonds		0		0
Fair value gains and losses				
Notes and bonds		-1		-1
Net income from foreign exchange operations	8	4	15	10
Total net trading income	**37**	**28**	**62**	**52**

Note 8. Net investment income

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	14	0	18	9
Shares and participations	5	3	11	3
Dividend income	13	16	20	24
Impairments	0		0	-1
Carried at amortised cost				
Capital gains and losses	0	0	-2	0
Total	**32**	**19**	**47**	**35**
Investment property	1	1	2	2
Total net investment income	**33**	**21**	**49**	**37**

Note 9. Other operating income

EUR million	Q2/ 2015	Q2/ 2014	Q1–2/ 2015	Q1–2/ 2014
Central banking service fees	2	2	4	4
Rental income from assets rented under operating lease	1	2	2	3
Other	4	4	8	7
Total	**7**	**7**	**14**	**14**

Note 10. Assets and liabilities classified as held for distribution to owners and discontinued operations

As a result of OP Cooperative's execution of the public voluntary bid for Pohjola Bank plc shares, Pohjola Group is planning to make structural changes. In the plan, OP Cooperative will become the owner of the Wealth Management segment and the transfer will be implemented as a partial demerger at carrying amounts. The partial demerger is estimated to take place during 2015. As a result, the assets and liabilities of the Wealth Management segment have been presented as of 30 June 2014 separately in the balance sheet as assets and liabilities classified as held for distribution to owners and in the income statement as discontinued operations, in accordance with IFRS 5.

a) Results of discontinued operations

Wealth Management **EUR million**	**Q2/ 2015**	**Q2/ 2014**	**Q1–2/ 2015**	**Q1–2/ 2014**
Net commissions and fees	14	14	27	27
Share of associates' profit/loss	1	0	1	1
Other income and expenses	-8	-7	-15	-15
Earnings before tax	**7**	**7**	**13**	**13**
Taxes	1	1	2	2
Results of discontinued operations for the period	**6**	**6**	**11**	**10**
Share of parent company owners of discontinued operations	**6**	**6**	**11**	**10**
Total	**6**	**6**	**11**	**10**

b) Assets classified as held for distribution to owners and associated liabilities

Wealth Management segment assets

EUR million	**30 June 2015**	**31 Dec 2014**
Receivables from credit institutions	10	7
Investment assets	0	0
Investment in associates	28	27
Intangible assets	101	102
Property, plant and equipment (PPE)	0	0
Other assets	24	30
Total Wealth Management segment assets	**164**	**167**
Other holdings		
Other assets classified as held for distribution to owners	**28**	**39**
Total assets classified as held for distribution to owners	**192**	**205**

Wealth Management Segment liabilities

EUR million	**30 June 2015**	**31 Dec 2014**
Provisions and other liabilities	8	10
Total Wealth Management segment liabilities	**8**	**10**
Other liabilities for transfer		
Liabilities allocated in demerger	184	195
Total liabilities associated with assets classified as held for distribution to owners	**192**	**205**

Shareholder's equity associated with assets classified as held for distribution to owners

EUR million	**30 June 2015**	**31 Dec 2014**
Fair value reserve		0
Retained earnings		0
Total		

Note 11. Classification of financial assets and liabilities

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss	Available for sale	Hedging derivatives	Total
Cash and cash equivalents	4,096					4,096
Receivables from credit institutions	10,786					10,786
Derivative contracts			5,385		296	5,681
Receivables from customers	16,475					16,475
Non-life Insurance assets	782		176	3,226		4,183
Notes and bonds		112	903	9,441		10,455
Shares and participations			0	92		93
Other financial assets	1,292					1,292
Financial assets	**33,429**	**112**	**6,463**	**12,759**	**296**	**53,060**
Other than financial instruments						1,005
Total 30 June 2015	**33,429**	**112**	**6,463**	**12,759**	**296**	**54,065**
Financial assets 31 Dec. 2014	31,984	144	6,178	10,898	309	49,513
Other than financial instruments						985
Total 31 Dec. 2014	**31,984**	**144**	**6,178**	**10,898**	**309**	**50,498**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,646		5,646
Financial liabilities held for trading (excl. derivatives)	1			1
Derivative contracts	5,170		308	5,478
Liabilities to customers		12,513		12,513
Non-life Insurance liabilities	2	3,303		3,305
Debt instruments issued to the public		19,055		19,055
Subordinated liabilities		1,175		1,175
Other financial liabilities		2,793		2,793
Financial liabilities	**5,173**	**44,484**	**308**	**49,965**
Other than financial liabilities				540
Total 30 June 2015	**5,173**	**44,484**	**308**	**50,505**
Financial liabilities 31 Dec. 2014	5,522	40,582	373	46,478
Other than financial liabilities				612
Total 31 Dec. 2014	**5,522**	**40,582**	**373**	**47,090**

Bonds included in debt securities issued to the public are carried at amortised cost. On 30 June 2015, the fair value of these debt instruments was EUR 135 million (232) 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.

Note 12. Recurring fair value measurements by valuation technique

Fair value of assets on 30 June 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	521	382		903
Non-life Insurance		9		9
Derivative financial instruments				
Banking	5	5,523	153	5,681
Non-life Insurance	0	6		7
Available-for-sale				
Banking	7,243	2,277	14	9,534
Non-life Insurance	1,665	1,257	304	3,226
Total	**9,434**	**9,454**	**470**	**19,358**

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	178		360
Non-life Insurance		7		7
Derivative financial instruments				
Banking	7	5,737	202	5,946
Non-life Insurance	1	11		12
Available-for-sale				
Banking	5,899	1,968	15	7,882
Non-life Insurance	1,579	1,156	281	3,016
Total	**7,668**	**9,057**	**499**	**17,224**

Fair value of liabilities on 30 June 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		1		1
Derivative financial instruments				
Banking	47	5,344	88	5,478
Non-life Insurance	0	2		2
Total	**47**	**5,347**	**88**	**5,481**

Fair value of liabilities 31 Dec. 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		4		4
Derivative financial instruments				
Banking	57	5,703	130	5,889
Non-life Insurance	2	0		2
Total	**59**	**5,707**	**130**	**5,896**

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 19.5 million in bonds were transferred from level 1 to level 2 and EUR 19.8 million in bonds were transferred from level 2 to level 1, due to changes in credit ratings.

Valuation techniques whose input parameters involve uncertainty (Level 3)

Specification of financial assets and liabilities

	Recognised at fair value through profit or loss		Derivative financial instruments		Available-for-sale		
Financial assets, EUR million	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Total assets**
Opening balance 1 Jan. 2015			202		15	281	499
Total gains/losses in profit or loss			-49			22	-27
Total gains/losses in other comprehensive income					-1	15	14
Purchases					-1	-1	-1
Sales						-14	-14
Closing balance 30 June 2015			**153**		**14**	**304**	**470**

	Recognised at fair value through profit or loss		Derivative financial instruments		
Financial liabilities, EUR million	**Banking**	**Non-life Insurance**	**Banking**	**Non-life Insurance**	**Total liabilities**
Opening balance 1 Jan. 2015			130		130
Total gains/losses in profit or loss			-42		-42
Closing balance 30 June 2015			**88**		**88**

Total gains/losses included in profit or loss by item for the financial year on 30 June 2015

EUR million	**Net interest income or net trading income**	**Net investment income**	**Net income from Non-life Insurance**	**Statement of comprehen sive income/ Change in fair value reserve**	**Net gains/ losses on assets and liabilities held at year-end**
Realised net gains (losses)			22		22
Unrealised net gains (losses)	-7			14	6
Total net gains (losses)	**-7**		**22**	**14**	**29**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. 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 13. Non-life Insurance assets

EUR million	30 June 2015	31 Dec 2014
Investments		
Loans and other receivables	14	15
Shares and participations	455	463
Property	161	161
Notes and bonds	2,568	2,330
Derivatives	7	12
Other participations	211	231
Total	**3,416**	**3,211**
Other assets		
Prepayments and accrued income	30	33
Other		
From direct insurance	507	404
From reinsurance	130	100
Cash in hand and at bank	5	41
Other receivables	97	66
Total	**768**	**643**
Total Non-life insurance assets	**4,183**	**3,854**

Note 14. Intangible assets

EUR million	30 June 2015	31 Dec 2014
Goodwill	422	422
Brands	172	172
Customer relationships	72	84
Other	115	107
Total	**781**	**786**

Note 15. Non-life Insurance liabilities

EUR million	30 June 2015	31 Dec 2014
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,340	1,316
Other provision for unpaid claims	920	886
Reserve for decreased discount rate*	-4	12
Total	2,257	2,213
Provision for unearned premiums	758	523
Derivatives	2	2
Other liabilities	288	233
Total	**3,305**	**2,972**

*Value of hedges of insurance liability

Note 16. Debt securities issued to the public

EUR million	30 June 2015	31 Dec 2014
Bonds	12,367	10,743
Certificates of deposit, commercial papers and ECPs	6,857	7,026
Other	15	14
Liabilities allocated to assets for distribution to owners as part of demerger	-184	-195
Total	**19,055**	**17,587**

Note 17. Fair value reserve after income tax

EUR million	Available-for-sale financial assets Notes and bonds	Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	44	113	11	168
Fair value changes	66	18	12	96
Transfers to net interest income			-6	-6
Capital gains transferred to income statement		-36		-36
Impairment loss transferred to income statement		0		0
Deferred tax	-13	4	-1	-11
Closing balance 30 June 2014	**97**	**99**	**17**	**212**

EUR million	Available-for-sale financial assets Notes and bonds	Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2015	102	112	17	231
Fair value changes	-39	41	0	3
Transfers to net interest income			-6	-6
Capital gains transferred to income statement		-55		-55
Impairment loss transferred to income statement		4		4
Deferred tax	8	2	1	11
Closing balance 30 June 2015	**71**	**104**	**12**	**188**
Fair value reserve after tax is as follows:				
Continuing operations				188
Discontinued operations				
Total				**188**

The fair value reserve before tax totalled EUR 234 million (288) and the related deferred tax liability EUR 46 million (57). On 30 June, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 136 million (149) and negative mark-to-market valuations EUR 6 million (8). In January–June, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 4 million (0), of which equity instruments accounted for EUR 4 million (0).

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

Note 18. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	30 June 2015	31 Dec 2014	Change
1–2	4.3	2.7	1.6
3–5	14.7	13.7	1.0
6–7	6.5	6.6	-0.1
8–9	2.9	2.4	0.5
10	0.2	0.1	0.1
11–12	0.2	0.2	0.0
Total	**28.8**	**25.7**	**3.1**

* excl. private customers

Sensitivity analysis of market risk

			30 June 2015		31 Dec 2014	
Banking, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on equity**	**Effect on results**	**Effect on equity**
Interest-rate risk	Interest	1 percentage point	10		10	
Currency risk	Market value	10%	6		7	
Volatility risk						
Interest-rate volatility	Volatility	10 basis points	1		1	
Currency volatility	Volatility	10 percentage points	1		1	
Credit risk premium	Credit spread	0.1 percentage points	3	2	1	2

Note 19. Risk exposure by Non-life Insurance

Risk parameter	Total amount 30 June 2015, EUR million	Change in risk parameter	Effect on combined ratio	Effect on equity, EUR million
Insurance portfolio or insurance premium revenue*	1,341	Up 1%	Up 0.9 percentage points	13
Claims incurred*	972	Up 1%	Down 0.7 percentage points	-10
Major loss of over EUR 5 million		1 loss	Down 0.4 percentage points	-5
Personnel costs*	101	Up 8%	Down 0.6 percentage points	-8
Expenses by function*/**	323	Up 4%	Down 1.0 percentage points	-13
Inflation for collective liability	641	Up 0.25 percentage points	Down 0.3 percentage points	-4
Life expectancy for discounted insurance liability	1,683	Up 1 year	Down 3.0 percentage points	-40
Discount rate for discounted insurance liability	1,681	Down 0.1 percentage point	Down 1.6 percentage points	-21

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

Non-life Insurance investment portfolio by allocation

Portfolio allocation, EUR million	Fair value 30 June 2015	%	Fair value 31 Dec 2014	%
Money market instruments	77	2%	173	5%
Bonds and bond funds	2,769	76%	2,557	73%
Public sector	600	16%	557	16%
Financial institutions	1,297	36%	1,181	34%
Corporate	840	23%	759	22%
Covered bonds	9	0%		
Bond funds	5	0%	36	1%
Other	18	0%	24	1%
Equities	238	7%	256	7%
Private equity investments	124	3%	117	3%
Alternative investments	38	1%	35	1%
Real property	402	11%	386	11%
Total	**3,648**	**100%**	**3,522**	**100%**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 30 June 2015*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	32	70	62	364	48	155	730	26 %
Aa1−Aa3	77	28	88	104	61	25	383	14 %
A1−A3	21	139	277	197	121	40	795	29 %
Baa1−Baa3	12	139	230	261	45	14	701	25 %
Ba1 or lower	42	50	35	22	9	4	163	6 %
Internally rated	1	1	4	0	0	7	13	0 %
Total	**185**	**427**	**696**	**948**	**284**	**245**	**2,785**	**100 %**

* Excludes credit derivatives.

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

Non-life Insurance	Risk parameter	Change	Effect on equity, EUR million 30 June 2015	31 Dec 2014
Bonds and bond funds1)	Interest rate	1 percentage point	151	101
Equities 2)	Market value	10%	26	28
Venture capital funds and unquoted equities	Market value	10%	13	12
Commodities	Market value	10%	0	0
Real property	Market value	10%	40	39
Currency	Value of currency	10%	9	16
Credit risk premium 3)	Credit spread	0.1 percentage points	14	11
Derivatives	Volatility	10 percentage points	1	0

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

Note 20. Risk exposure by Other operations

Total exposure by rating category, EUR billion

Rating category	30 June 2015	31 Dec 2014	Change
1–2	22.1	19.2	3.0
3–5	4.0	3.3	0.7
6–7	0.0	0.1	-0.1
8–9	0.1	0.1	-0.1
10	0.0	0.0	0.0
11–12	0.0		0.0
Total	**26.2**	**22.7**	**3.5**

Sensitivity analysis of market risk

Other operations, EUR million	Risk parameter	Change	30 June 2015 Effect on results	30 June 2015 Effect on equity	31 Dec 2014 Effect on results	31 Dec 2014 Effect on equity
Interest-rate risk	Interest rate	1 percentage point	33		8	
Interest-rate volatility	Volatility	10 basis points	0		0	
Credit risk premium	Credit spread	0.1 percentage points		45		35
Price risk						
Equity portfolio	Market value	10%		0		0
Private equity funds	Market value	10%	1	1	1	2
Property risk	Market value	10%	3		3	

Note 21. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	30 June 2015	31 Dec 2014
Receivables from credit institutions and customers (gross)	27,533	26,029
Total impairment loss, of which	263	252
Individually assessed	239	230
Collectively assessed	24	22
Receivables from credit institutions and customers (net)	**27,271**	**25,777**

Doubtful receivables 30 June 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 impairment	Receivables from credit institutions and customers (net)
More than 90 days past due		181	181	145	36
Classified as defaulted		246	246	87	160
Forborne receivables					
Renegotiated	47	23	70	7	63
Total	**47**	**450**	**497**	**239**	**259**

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 impairment	Receivables from credit institutions and customers (net)
More than 90 days past due		158	158	118	40
Classified as defaulted		245	245	107	138
Forborne receivables					
Renegotiated	61	23	84	5	79
Total	**61**	**426**	**487**	**230**	**257**

Key ratio, %	30 June 2015	31 Dec 2014
Exposures individually assessed for impairment, % of doubtful receivables	48.0%	47.3%

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 receivables that have been renegotiated due to the customer's financial difficulties. 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 and zero-interest receivables previously reported under doubtful receivables have been removed from the definition of forborne loans.

Note 22. Liquidity buffer

Liquidity buffer by maturity and credit rating on 30 June 2015, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	4,357	957	2,291	2,105	1,299	0	11,009	60 %
Aa1−Aa3	31	206	605	289	765		1,895	10 %
A1−A3	1	9	44	12	13		77	0 %
Baa1−Baa3	99	16	34	57	12	0	219	1 %
Ba1 or lower		9	32	0	0	1	42	0 %
Internally rated**	690	1,553	1,801	369	273	276	4,962	27 %
Total	**5,178**	**2,750**	**4,807**	**2,832**	**2,362**	**277**	**18,205**	**100 %**

* incl. deposits with the central bank
** PD </= 0.40%
The liquidity buffer’s (excl. deposits with the central bank) residual term to maturity averages 4.9 years.

Note 23. Capital base and capital adequacy

The Group has presented its capital base and capital adequacy of 30 June 2015 in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR).

EUR million	30 June 2015	31 Dec 2014
Shareholders' equity	3,559	3,408
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-267	-183
Fair value reserve, cash flow hedging	-12	-17
Common Equity Tier 1 (CET1) before deductions	**3,280**	**3,209**
Intangible assets	-194	-195
Excess funding of pension liability and valuation adjustments	-6	-1
Planned profit distribution / profit distribution as proposed by the Board	-88	-141
Unrealised gains under transitional provisions		-50
Shortfall of impairments – expected losses	-119	-122
Common Equity Tier 1 (CET1)	**2,873**	**2,700**
Subordinated loans to which transitional provision applies	192	219
Additional Tier 1 capital (AT1)	**192**	**219**
Tier 1 capital (T1)	**3,064**	**2,919**
Debenture loans	664	663
Unrealised gains under transitional provisions		50
Tier 2 Capital (T2)	**664**	**713**
Total capital base	**3,728**	**3,633**
Risk-weighted assets		
Credit and counterparty risk		
Central government and central banks exposure	26	26
Credit institution exposure	1,207	1,305
Corporate exposure	11,742	11,831
Retail exposure	774	1,010
Equity investments *)	3,856	4,132
Other **)	488	931
Market risk	1,461	1,467
Operational risk	1,297	1,137
Total	**20,851**	**21,839**
Ratios, %		
CET1 capital ratio	13.8	12.4
Tier 1 ratio	14.7	13.4
Capital adequacy ratio	17.9	16.6
Basel I floor, EUR million		
Capital base	3,728	3,633
Basel I capital requirements floor	1,526	1,441
Capital buffer for Basel I floor	2,202	2,192

*) The risk weight of equity investments includes EUR 3,7 billion in insurance holdings within OP Financial Group.

**) Of the risk weight of "Other", EUR 21 million represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

Pohjola has applied transitional provisions regarding old capital instruments to 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.

Note 24. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	30 June 2015	31 Dec 2014
Pohjola Group's equity capital	3,559	3,408
Hybrid instruments, perpetual bonds and debenture bonds	990	932
Other sector-specific items excluded from capital base	-107	-91
Goodwill and intangible assets	-859	-863
Equalisation provision	-176	-172
Proposed profit distribution	-88	-141
Items under IFRS deducted from capital base*	-17	-19
Shortfall of impairments – expected losses	-104	-106
Conglomerate's capital base, total	**3,199**	**2,948**
Regulatory capital requirement for credit institutions**	1,802	1,433
Regulatory capital requirement for insurance operations	256	247
Conglomerate's total minimum capital requirement	**2,058**	**1,680**
Conglomerate's capital adequacy	**1,141**	**1,269**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources) (%)	**155**	**176**

* 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

OP Financial Group's capital adequacy ratio was 178 % (189 %).

Note 25. Collateral given

EUR million	30 June 2015	31 Dec 2014
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	3	4
Other	410	981
Other collateral given		
Pledges*	4,640	6,273
Total collateral given	**5,054**	**7,259**
Total collateralised liabilities	**491**	**474**

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

Note 26. Off-balance-sheet commitments

EUR million	30 June 2015	31 Dec 2014
Guarantees	830	874
Other guarantee liabilities	1,501	1,578
Loan commitments	5,230	4,365
Commitments related to short-term trade transactions	214	297
Other*	391	336
Total off-balance-sheet commitments	**8,165**	**7,450**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 122 million (69).

Note 27. Derivative contracts

30 June 2015, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	53,899	96,192	62,471	212,562	4,402	4,283
Cleared by the central counterparty	6,943	23,223	21,944	52,110	793	713
Currency derivatives	26,396	8,892	6,671	41,959	1,488	1,333
Equity and index derivatives	258	90		348	30	0
Credit derivatives		88	119	208	7	7
Other derivatives	405	668	26	1,098	84	70
Total derivatives	**80,959**	**105,930**	**69,286**	**256,175**	**6,011**	**5,693**

31 Dec. 2014, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	59,160	106,012	55,513	220,684	5,215	5,196
Cleared by the central counterparty	4,370	24,526	15,008	43,904	876	867
Currency derivatives	16,277	9,028	5,639	30,944	1,036	975
Equity and index derivatives	266	285		551	37	1
Credit derivatives	9	73	102	184	12	5
Other derivatives	233	874	56	1,163	73	67
Total derivatives	**75,945**	**116,272**	**61,310**	**253,527**	**6,374**	**6,243**

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

Note 28. Financial assets and liabilities offset in the balance sheet or subject to enforceable master netting arrangements or similar agreements

Financial assets

30 June 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	6,455	-774	5,681	-3,395	-1,195	1,090
Non-life Insurance derivatives	7		7	-2		4
Total derivatives	**6,461**	**-774**	**5,687**	**-3,397**	**-1,195**	**1,095**

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	6,817	-871	5,946	-4,008	-722	1,216
Non-life Insurance derivatives	12		12	-1		11
Total derivatives	**6,829**	**-871**	**5,958**	**-4,009**	**-722**	**1,227**

Financial liabilities

30 June 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 received	Net amount
Banking derivatives	6,170	-692	5,478	-3,395	-419	1,664
Non-life Insurance derivatives	2		2	-2		0
Total derivatives	**6,172**	**-692**	**5,480**	**-3,397**	**-419**	**1,663**

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	6,751	-862	5,889	-4,008	-862	1,019
Non-life Insurance derivatives	2		2	-1		2
Total derivatives	**6,753**	**-862**	**5,892**	**-4,009**	**-862**	**1,020**

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling 81 (9) million euros.
** Fair values excluding accrued interest.
*** It is Pohjola Bank plc's practice to enter into master agreements for derivative transactions with all derivative counterparties.

Central counterparty clearing for OTC derivatives

In February 2013, Pohjola Bank plc 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 Pohjola Bank plc will apply to derivative transactions between Pohjola Bank plc and other clients and to derivative transactions to which central counterparty clearing in accordance with the Regulation does not pertain. On the basis of these agreements, derivative payments may be netted per transaction on each payment date and in the event of counterparty default and bankruptcy. It is also possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. Such derivatives are presented on a gross basis in the balance sheet.

Note 29. Other contingent liabilities and commitments

On 30 June 2015, the Other operations commitments to venture capital funds amounted to EUR 7 million (7) and Non-Life Insurance commitments to EUR 122 million (69). They are included in the section 'Off-balance-sheet commitments'.

Note 30. Related-party transactions

Pohjola Group's related parties comprise its parent company OP Financial Group Central Cooperative, subsidiaries consolidated into the Group, associates and administrative personnel and other related-party entities. Pohjola Group's administrative personnel comprises Pohjola Bank plc's President and CEO, members of the Board of Directors and their close family members. Related parties also include companies over which a person among administrative personnel or his close family member exercises significant influence. Other related-party entities include OP Pension Fund, OP Pension Foundation and sister companies within OP Financial Group Central Cooperative Consolidated.

Normal loan terms and conditions apply to loans granted to related parties. These loans are tied to generally used reference rates.

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

Helsinki, 5 August 2015

Pohjola Bank plc
Board of Directors

This Interim Report is available at www.pohjola.com > Media > Releases.

Financial reporting in 2015

Pohjola Bank plc publishes the following financial information pursuant to the regular disclosure obligation of a securities issuer:

Schedule for Interim Reports in 2015:

Interim Report Q1−3/2015	28 October 2015

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