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

Pohjola Group Interim Report for 1 January–30 September 2015

- Consolidated earnings before tax were EUR 531 million (467) and consolidated earnings before tax at fair value amounted to EUR 392 million (519). The return on equity was 16.4% (15.5).
- The Common Equity Tier 1 (CET1) ratio was 13.7% (12.4) as against the target of 15%.
- Earnings reported by Banking improved by 5% to EUR 259 million (248). The loan portfolio grew by 8% from that at the turn of the year to EUR 16.1 billion (14.9) and by 10% in the year to September. Earnings included EUR 19 million (18) in impairment loss on receivables.
- Non-life Insurance earnings rose by 18% to EUR 225 million (191). Operating combined ratio was 86.3 (89.4). Return on investments at fair value was 1.0% (4.9).
- Earnings before tax reported by Other Operations improved 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 6% in the year to September and by 2% year on year, totalling EUR 44.0 billion (43.3).
- Change in the outlook: Consolidated earnings from continuing operations before tax in 2015 are expected to be higher than in 2014 (previously: at the same level or higher than in 2014). For more detailed information on the outlook, see "Outlook towards the year end" below.

Earnings before tax, € million	**Q1–3/2015**	**Q1–3/2014**	**Change, %**	**2014**
Banking	259	248	5	303
Non-life Insurance	225	191	18	223
Other Operations	28	9		20
Wealth Management	19	20	-5	38
Group total	**531**	**467**	**14**	**584**
Change in fair value reserve	-139	52		79
Earnings before tax at fair value	**392**	**519**	**-24**	**663**
Equity per share, €	10.99	10.06		10.38
Average personnel	2,461	2,579		2,563

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

Financial targets	**Q1–3/2015**	**Q1–3/2014**	**Target**	**2014**
Return on equity, %	16.4	15.5	13	14.3
Common Equity Tier 1 ratio (CET1), % *)	13.7	12.0	15	12.4
Operating cost/income ratio by Banking, %	27	31	< 35	33
Operating combined ratio by Non-life Insurance, % **)	86.3	89.4	< 92	89.4
Operating expense ratio by Non-life Insurance, %	17.4	17.4	18	18.4
Non-life Insurance solvency ratio (under Solvency II framework), % ***)	152.0	137.5	120	117.3
Operating cost/income ratio by Wealth Management, %	53	49	< 45	42
Total expenses in 2015 at the same level as at the end of 2012	362	448	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 CET 1 ratio is at least 15%. Dividend payout ratio is 30% until CET1 ratio of 15% has been achieved.			≥ 50 (30)	30

*) Operating ratios exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition.
**) The comparative figure has been adjusted to correspond to the change in the discount rate applied since the beginning of 2015.
***) 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 September 2015

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Operating environment

World economic growth continued to be sluggish in the summer. In China, stock prices plummeted and economic growth slowed down. Global financial markets were characterised by increasing fluctuations and the world economic outlook became weaker. Euro-area economic confidence remained stable and economic growth remained moderate.

The European Central Bank (ECB) continued to buy bonds during the third quarter according to its asset purchase programme. 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 and interest rate expectations decreased slightly. One- and three-month Euribor rates were negative. A new bailout package was granted to Greece and the situation in the Greek financial market stabilised. Investor confidence remained good in the government bonds of other peripheral countries.

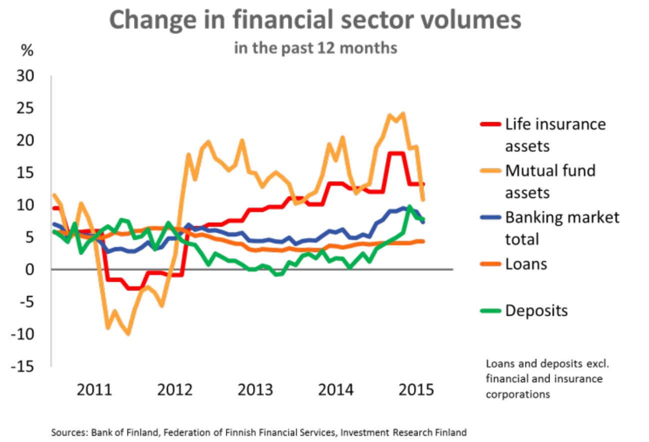
The Finnish economy remained weak in the third quarter, with the unemployment rate continuing to increase over the previous year and consumer confidence weakening. Exports and industrial production remained sluggish. On the positive side, manufacturing industry order volumes increased.

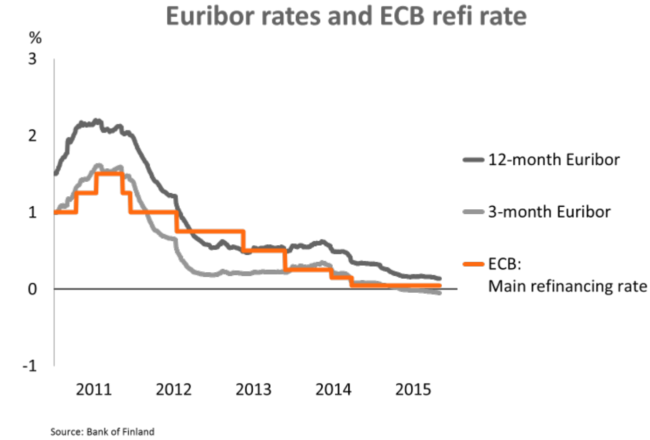
The euro-area economy should grow at a slightly faster rate than last year. World economic growth is expected to remain weaker than last year and no major recovery can be seen on the horizon. Finnish economic growth is expected to remain weak. Not only the inflation rate but also interest rates should remain very low.

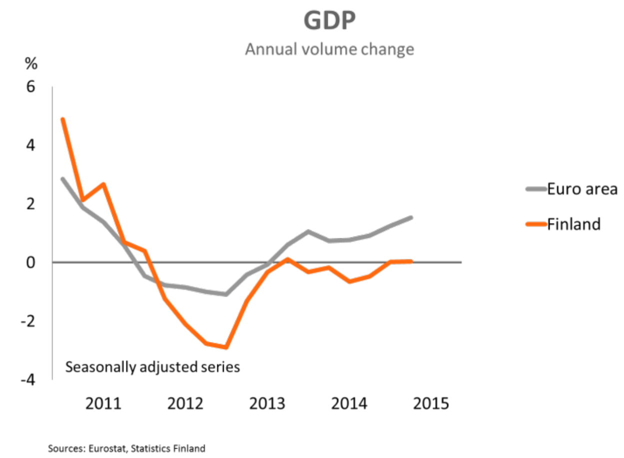
Banks' total consumer loan volumes grew by about 2% in the third quarter over the previous year. In euro terms, new home loans were drawn down as much as a year earlier. The total volume of corporate and housing corporation loans increased at an annual rate of 7%. Household demand for loans is expected remain heavier than in the corresponding period a year ago.

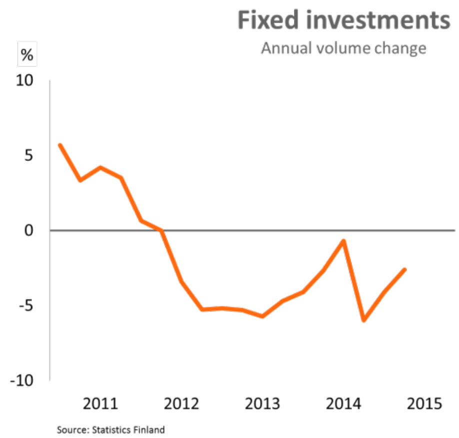
Bank deposits increased at an annual rate of 8% as a result of strong growth in the total volume of deposits by public-sector entities and corporations. Total household deposits remained, however, at the previous year's level. Term deposits continued to be allocated to current accounts. Instability in capital markets increased as a result of a weaker outlook for emerging economies. However, mutual fund assets were 11% higher than a year ago. Market woes reduced net asset inflows of mutual funds. Growth in life insurance premiums slowed down slightly during the third quarter.

Non-life insurance premiums written increased at an annual rate of around 2% in January–September. Nevertheless, statutory workers' compensation insurance experienced a decline year on year as a result of subdued economic activity. Claims paid out decreased by well over 2% on the previous year..









Consolidated earnings analysis

€ million	Q1–3/2015	Q1–3/2014**)	Change, %	Q3/2015	Q3/2014**)	Change, %	2014**)
Continuing operations *)							
Net interest income							
Corporate and Baltic Banking	204	188	8	69	65	5	255
Markets	-3	22		1	8	-89	28
Other	-37	-18		-14	-11	26	-26
Total	164	193	-15	56	62	-11	257
Net commissions and fees	31	54	-43	11	16	-33	52
Net trading income	88	75	16	26	23	11	77
Net investment income	63	49	29	14	12	19	64
Net income from Non-life Insurance							
Insurance operations	385	340	13	136	78	74	466
Investment operations	150	149	1	33	77	-58	173
Other items	-32	-35	-8	-10	-11	-13	-46
Total	503	454	11	158	143	10	593
Other operating income	21	22	-4	7	8	-11	30
Total income	**870**	**847**	3	**272**	**264**	**3**	**1,073**
Personnel costs	116	123	-6	34	37	-8	163
ICT costs	66	69	-3	22	23	-2	94
Depreciation and amortisation	36	39	-6	12	13	-4	52
Other expenses	118	150	-21	35	56	-36	191
Total expenses	**337**	**380**	**-11**	**104**	**129**	**-19**	**500**
Earnings before impairment loss on receivables	**533**	**467**	**14**	**167**	**136**	23	**574**
Impairment loss on receivables	19	18	7	2	10	-82	25
Earnings of continuing operations before tax	**514**	**449**	**14**	**166**	**126**	**32**	**548**
Discontinued operations *)							
Wealth Management net income							
Net commissions and fees	40	39	2	12	12	-1	64
Share of associates' profit/loss	2	1	68	1	0		1
Wealth Management other income and expenses, net	-24	-22	9	-8	-7	19	-30
Earnings of discontinued operations before tax	**18**	**18**	**-3**	**4**	**5**	-19	**36**
Total earnings before tax	**531**	**467**	**14**	**170**	**131**	**30**	**584**
Change in fair value reserve	-139	52		-84	-5		79
Earnings before tax at fair value	**392**	**519**	**-24**	**86**	**126**	**-32**	**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 adjusted to correspond to the change in the accounting policies applied as of 1 January 2015 (see Note 1. Accounting policies).

January–September earnings

Consolidated earnings before tax grew by EUR 64 million to EUR 531 million (467). Including discontinued operations, total income was up by 3%, while total expenses fell by 11%. Impairment losses on receivables totalled to EUR 19 million (18).

The fair value reserve before tax declined by EUR 139 million from that at the turn of the year, amounting to EUR 149 million (288) on 30 September 2015. Earnings before tax at fair value were EUR 392 million (519).

Continuing operations

Earnings of continuing operations before tax were EUR 514 million (449). The earnings improvement mainly came from higher net income from non-life insurance income and lower expenses.

Net interest income from continuing operations decreased by 15% due to the Markets division and Other Operations. Combined net interest income from Corporate Banking and Baltic Banking grew by 8%, as the loan portfolio increased by 8% from its 2014-end level to EUR 16.1 billion. The average margin on the corporate loan portfolio decreased by six basis points during the reporting period, to 1.38% (1.44).

Net trading income increased as a result of higher customer income generated by the Markets division.

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 to EUR 31 million (54), due to lower commission income from lending and higher commission expenses in Non-life Insurance. 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 improved year on year, to EUR 63 million (49). Capital gains on notes and bonds amounted to EUR 26 million (9) and capital gains on shares to EUR 13 million (3). Dividend income totalling EUR 21 million (34) mainly came from OP Financial Group entities.

Net income from Non-life Insurance totalled EUR 503 million (454). Insurance premium revenue increased by 5% and claims incurred by 1%. The reduction in the discount rate for pension liabilities increased claims incurred by EUR 48 million (62). Investment income recognised in the income statement remained at the previous year's level. Investment income included EUR 90 million (102) in capital gains and EUR 7 million (2) in impairment loss on investments. Return on investment at fair value was 1.0% (4.9).

Other operating income amounted to EUR 21 million, remaining at the previous year's level.

Total expenses decreased by EUR 43 million to EUR 337 million (380). Personnel costs fell by EUR 7 million year on year. A year ago, other expenses were increased by EUR 15 million in the bank levy and other non-recurring expenses totalling EUR 14 million. Excluding non-recurring expenses, expenses decreased by approximately 8%.

Discontinued operations

Earnings of discontinued operations before tax were at the same level as in previoius year, at EUR 18 million.

Wealth Management net commissions and fees increased slightly year on year, coming to EUR 40 million (39).

July–September earnings

Consolidated earnings before tax improved to EUR 170 million (131). Total income rose by 3%, while total expenses fell by 19%. Impairment losses on receivables decreased year on year, to EUR 2 million (10).

The fair value reserve before tax declined by EUR 84 million (5) in the third quarter. Earnings before tax at fair value were EUR 86 million (126).

Continuing operations

Earnings of continuing operations before tax improved by EUR 40 million to EUR 166 million (126), as net income from Non-life Insurance increased by EUR 15 million and expenses decreased by EUR 25 million.

Net interest income decreased by 11% due to a lower net interest income from the Markets division. Combined net interest income from Corporate Banking and Baltic Banking grew by 5% year on year. From the end of June, the loan portfolio increased slightly and the average margin on the corporate loan portfolio decreased by 4 basis points.

Net commissions and fees decreased by EUR 5 million year on year, to EUR 11 million, due to lower commission income from lending. Commission income mainly derives from lending, securities issuance and payment transfers.

Net investment income increased by EUR 2 million year on year, mainly consisting of higher capital gains on notes and bonds.

Expenses fell by EUR 25 million year on year, to EUR 104 million. Personnel expenses decreased by EUR 3 million. A year ago, expenses were increased by EUR 5 million in the bank levy and non-recurring expenses.

Discontinued operations

Earnings of discontinued operations before tax totalled EUR 4 million (5). Wealth Management net commissions and fees were at the same level as the year before, EUR 12 million.

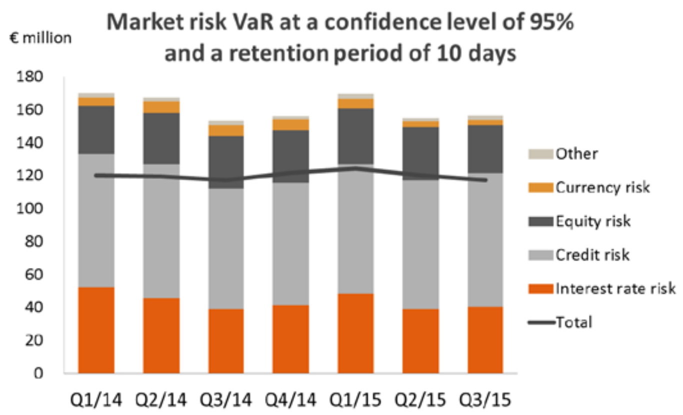
Group risk exposure

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 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 reporting period. The Value-at-Risk (VaR) indicator measuring market risks was EUR 117 million (121) on 30 September. The VaR review period has been changed from the previously used period. 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 totalled EUR 232 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 on receivables remained low, at 0.10% of the loan and guarantee portfolio.

Total exposure in Banking increased by EUR 3.0 billion to EUR 29.9 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 0.7% (0.9).

Corporate customer (including housing corporations) exposures represented 77% (79) of total Banking exposures. Of corporate customer exposures, the investment-grade exposure accounted for 60% (58) and the exposure of the lowest two rating categories amounted to EUR 208 million (234) or 0.9% (1.1) of the total corporate exposure.

The amount of large corporate customer exposures totalled EUR 0.5 billion (0.4) on 30 September 2015. Pohjola's capital base covering the Group's large customer exposure increased to EUR 4.3 billion (3.6).

Corporate exposure by industry remained highly diversified. The most significant industries included Energy 11.5% (11.0), Renting and Operating of Residential Real Estate 9.5% (9.9) and Wholesale and Retail Trade representing 9.3% (10.7). A total of 44% of exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Baltic Banking exposures grew to EUR 1.5 billion (1.2), accounting for 4.9% (4.3) of total Banking exposures.

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. Non-life Insurance's most significant market risk is associated with higher insurance liability value and capital requirement resulting from lower market interest rates. Despite volatile long-term market interest rates, the solvency position under Solvency II was clearly stronger on 30 September than at the turn of the year. On 30 September, the investment risk level (VaR with 95% confidence) remained at its end-2014 level. In its investment portfolio, Pohjola has reduced equity risk and moderately increased credit risk. Pohjola has moderately increased the portfolio duration with respect to hedging insurance liability against interest rate risks. Pohjola has also used interest rate derivatives to hedge against interest rate risk associated with insurance liability.

Risk exposure by Other Operations

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

Although investments in the liquidity buffer increased, the market risks (VaR with 95% confidence) decreased slightly during the reporting period as a result of allocation changes.

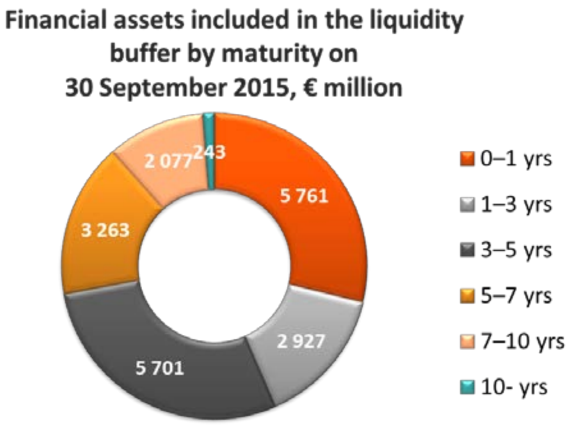
OP Financial Group secures its liquidity through a liquidity buffer maintained by Pohjola and consisting mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer and other sources of additional funding based on the contingency funding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

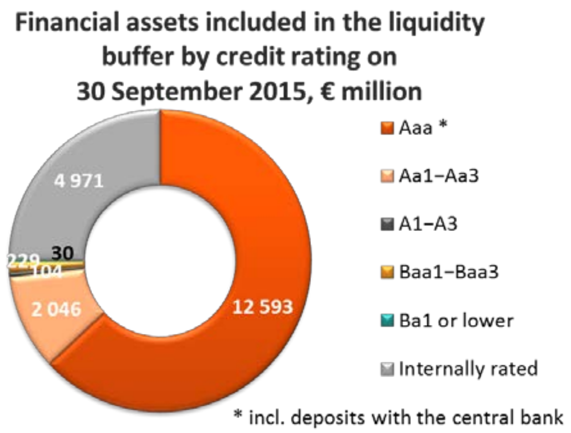
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio). According to the transitional provisions, the LCR must be at least 60% during the fourth quarter of 2015 and at least 100% from the beginning of 2018. OP Financial Group's LCR ratio, calculated in accordance with the European Commission Liquidity Delegated Act, was 98% on 30 September 2015.

Liquidity buffer

€ billion	30 Sept. 2015	31 Dec. 2014	Change, %
Deposits with central banks	4.9	3.8	29
Notes and bonds eligible as collateral	9.7	7.8	24
Corporate loans eligible as collateral	4.4	4.3	1
Total	**18.9**	**15.9**	**19**
Receivables ineligible as collateral	1.0	0.7	49
Liquidity buffer at market value	**20.0**	**16.6**	**20**
Collateral haircut	-1.2	-1.1	11
Liquidity buffer at collateral value	**18.7**	**15.5**	**21**

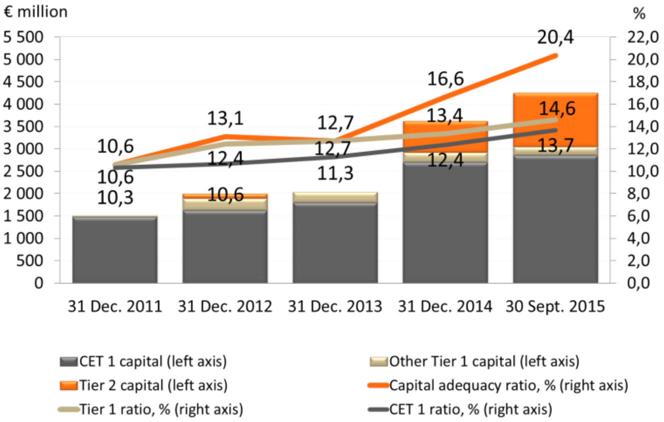
The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loans eligible as collateral. The notes and bonds included in the liquidity buffer are based on mark-to-market valuations.





Group's capital adequacy

Capital base and capital adequacy

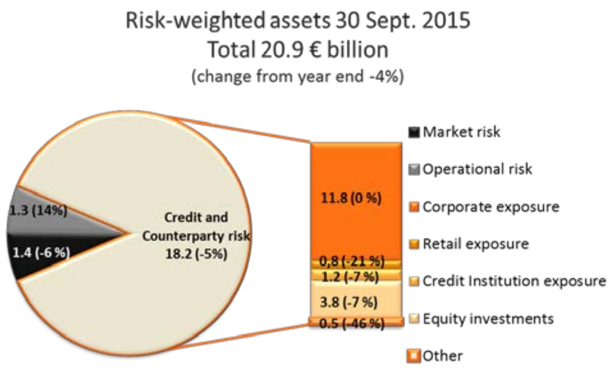


Pohjola Group's CET1 ratio was 13.7% (12.4) on 30 September. In the first quarter, Pohjola Group adopted updated probabilities of default (PD) according to permission from the supervisor. This adoption improved the CET1 ratio by about 0.7 percentage points. Pohjola Group's minimum CET1 target is 15% by the end of 2016.

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

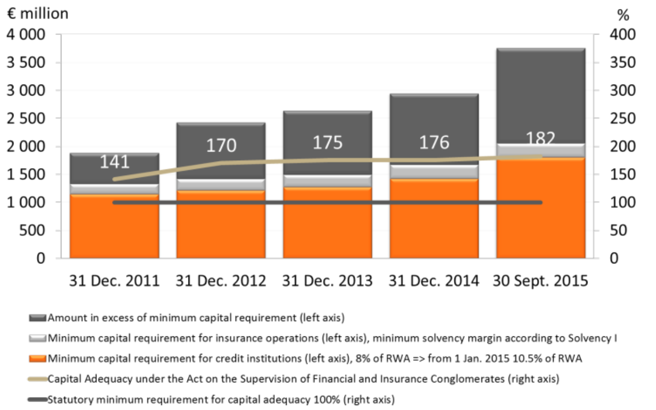
The CET1 capital increased by EUR 156 million to EUR 2,857 million because of strong Banking earnings performance.

On 30 September 2015, risk-weighted assets totalled EUR 20,898 million (21,839), or 4.3% lower than on 31 December 2014. However, the updated PD values for corporate exposure reduced risk-weighted assets by around 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 182% (176) on 30 September. The requirement for the capital conservation buffer (2.5%) under the Act on Credit Institutions decreased the ratio by 48 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 the 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.

In October 2015, as part of OP Financial Group, Pohjola received permission from the ECB to treat insurance holdings within the conglomerate as risk-weighted assets according to the previous practise. The method applied to insurance holdings leads to a risk weight of approximately 280%. However, the ECB has the option of cancelling the permission as part of the harmonisation of supervisory options. Pohjola's CET1 ratio would decrease by approximately 2.5 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 September 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 buffer requirement 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 (CET1 ratio at 18.6%) 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. The preliminary Solvency II figures of Non-life Insurance presented below exclude 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 Sept. 2015	31 Dec. 2014	Target
Tier 1	906	754	
Tier 2	135	50	
Capital base (Solvency II)	1,041	804	
Solvency capital requirement (SCR)	685	685	
Solvency ratio (Solvency II), % *)	152	117	120

*) Excluding the effects of transitional provisions.

Credit ratings

Pohjola Bank plc's credit ratings on 30 September 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 September 2015

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

The credit ratings of Pohjola Bank plc have not changed in January–September 2015.

In the third 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.

On 29 September 2015, Standard & Poor's affirmed, Pohjola Bank plc's long-term debt rating at AA- and short-term debt rating at A-1+ while keeping the outlook negative.

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 efficiency-enhancement programme within the whole OP Cooperative, in turn, seeks annual cost savings of EUR 150 million 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 levels 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 9 million by 30 September 2015.

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 5% to EUR 259 million (248) year on year.
- The loan portfolio increased by 8% from its 2014-end level to EUR 16.1 billion (14.9).
- The average margin on the corporate loan portfolio decreased in January–September by six basis points to 1.38%.
- Impairment loss on receivables totalled EUR 19 million (18) and remained at the previous year's level, accounting for 0.10% of the loan and guarantee portfolio.
- The operating cost/income ratio improved to 27% (31).

Banking: financial results and key figures and ratios

€ million	Q1–3/2015	Q1–3/2014	Change, %	2014
Net interest income				
Corporate and Baltic Banking	204	188	8	255
Markets	-3	22		28
Total	201	210	-4	283
Net commissions and fees	75	80	-5	103
Net trading income	89	81	10	84
Other income	15	15	4	18
Total income	**380**	**385**	**-1**	**488**
Expenses				
Personnel costs	40	41	-2	55
ICT costs	25	25	1	34
Depreciation and amortisation	8	11	-23	14
Other expenses	28	42	-35	57
Total expenses	**102**	**119**	**-15**	**160**
Earnings before impairment loss on receivables	**279**	**266**	**5**	**328**
Impairment loss on receivables	19	18	6	25
Earnings before tax	**259**	**248**	**5**	**303**
Earnings before tax at fair value	257	247	4	301
Loan portfolio, € billion	16.1	14.6	10	14.9
Guarantee portfolio, € billion	2.5	3.0	-16	2.7
Risk-weighted assets, € billion	15.6	15.3	2	16.0
Margin on corporate loan portfolio, %	1.38	1.49		1.44
Ratio of doubtful receivables to loan and guarantee portfolio, %	1.25	0.29		1.45
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.10	0.10		0.14
Operating cost/income ratio, %	27	31		33
Personnel	613	622		616

January–September earnings

Banking earnings before tax rose by 5% to EUR 259 million (248). Total income decreased by 1% while total expenses fell by 15%. Impairment loss on receivables totalled EUR 19 million (18).

Demand for corporate loans has remained at a healthy level following a pick-up in the spring. The loan portfolio increased by 8% from its 2014-end level to EUR 16.1 billion, and by 10% in the year to September. As a result of toughening competition, the average margin on the corporate loan portfolio decreased by six basis points in January–September, being 1.38% on 30 September 2015.

Net loan losses and impairment losses within Banking amounted to EUR 19 million (18), accounting for 0.10% (0.10) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 8 million (34) and impairment losses EUR 20 million (28). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 9 million (43).

The guarantee portfolio decreased from its 2014-end level, totalling EUR 2.5 billion. Committed standby credit facilities amounted to EUR 3.8 billion (3.0).

Net trading income increased as a result of higher customer income generated by the Markets division.

Net commissions and fees reported by Banking decreased by 5% to EUR 75 million (80) as a result of lower commission and fees from lending.

Total expenses fell by 15% to EUR 102 million. A year ago, other operating expenses were increased by a bank levy of EUR 13 million.

After a reduction in headcount, personnel costs decreased by 2% to EUR 40 million.

ICT costs, depreciation and amortisation decreased by a total of EUR 2 million.

Earnings before tax by division

€ million	Q1–3/2015	Q1–3/2014	Change, %
Corporate Banking	185	164	13
Markets	71	83	-15
Baltic Banking	3	1	
Total	**259**	**248**	**5**

In April, OP Financial Group announced a new single financing process model for companies that need both bank loan and risk financing but are not ready to abandon their current ownership. This financing package is targeted at companies with net sales of EUR 10–50 million.

Non-life Insurance

- Earnings before tax amounted to EUR 225 million (191). Earnings before tax at fair value were EUR 114 million (203).
- Return on investments at fair value was 1.0% (4.9).
- Insurance premium revenue increased by 5% (6).
- The balance on technical account was good. The operating combined ratio was 86.3% (89.4*) and operating expense ratio 17.4% (17.4). The combined ratio was 87.9% (91.0).

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

€ million	**Q1–3/2015**	**Q1–3/2014**	**Change, %**	**2014**
Insurance premium revenue	1,037	986	5	1,310
Claims incurred	-715	-709	1	-930
Operating expenses	-181	-172	5	-242
Amortisation adjustment of intangible assets	-16	-16	0	-21
Balance on technical account	**126**	**89**	**42**	**117**
Net investment income	146	151	-3	171
Other income and expenses	-47	-48	-3	-66
Earnings before tax	**225**	**191**	**18**	**223**
Change in fair value reserve	-112	12		49
Earnings before tax at fair value	**114**	**203**	**-44**	**272**
Combined ratio, %	87.9	91.0		91.0
Operating combined ratio, % *	86.3	89.4		89.4
Operating loss ratio, % *	68.9	72.0		71.0
Operating expense ratio, %	17.4	17.4		18.4
Operating risk ratio, %	63.6	65.9		65.0
Operating cost ratio, %	22.7	23.4		24.4
Return on investments at fair value, %	1.0	4.9		6.7
Solvency ratio, %	78.5	81.2		75.4
Solvency ratio (Solvency II), % *)	152.0	137.5		117.3
Large claims incurred retained for own account	- 36	-65		-79
Changes in claims for provisions of previous years (run-off result)	15	15		27
Personnel	1,666	1,808		1,766

* The ratio for the corresponding period a year ago has been changed to correspond to the treatment of change of the discount rate applied since the beginning of 2015.
** The figure is shown without the effect of transitional provisions.

Insurance premium revenue from Private Customers continued to grow. Insurance premium revenue from Corporate Customers increased slightly despite the recession. Insurance sales increased slightly year on year. Claims expenditure developed favourably due to the mild winter and the lower number of large claims.

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

The number of loyal customer households increased in the year to September by 19,000 to 663,000 (644,000), of which up to 75% (74) also use OP Financial Group member cooperative banks as their main bank. Group member cooperative banks' and Helsinki OP Bank's customers used OP bonuses that they had earned through the use of banking and insurance services to pay 1,517,000 insurance bills (1,438,000) with 202,000 (189,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 75 million (70).

Developing claims services further has been one of the Non-life Insurance priorities. In particular, Non-life Insurance has developed its electronic services in both online and mobile services. The reporting period saw the launch of a new loss report service on OP-mobile. Over up to 50% of loss reports are filed online and over up to 75% of loss reports on personal injuries 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 risen to over 529,000 (365,291).

January–September earnings

Earnings before tax increased to EUR 225 million (191). The balance on technical account was good. Net investment income recognised in the income statement decreased by EUR 5 million. Earnings before tax at fair value were EUR 114 million (203).

At the beginning of the reporting period, 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 pension liabilities as one continuously updated variable of an accounting estimate. On 30 September 2015, the average discount rate was 2.28%. The reduced discount rate increased claims incurred by EUR 48 million. A year ago, the reduced rate increased claims incurred by EUR 62 million. According to the new valuation model, a change in the discount rate also affects the calculation of operating ratios. The operating ratios for the corresponding period a year ago have been changed accordingly. The changed discount rate weakened the operating combined ratio by 4.5 percentage points (6.3).

The operating combined ratio was 86.3% (89.4). These operating ratios exclude amortisation on intangible assets arising from the corporate acquisition.

Insurance premium revenue

€ million	Q1–3/2015	Q1–3/2014	Change, %
Private Customers	548	514	6.7
Corporate Customers	447	431	3.8
Baltics	42	41	2.0
Total	**1,037**	**986**	**5.2**

Claims incurred, excluding the reduction in the discount rate, increased by 3% on a year earlier. 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 54 (69) in January–September, with their claims incurred retained for own account totalling EUR 36 million (65). However, the change in provisions for unpaid claims under statutory pension increased year on year, being EUR 6 million (2) between January and September.

Changes in claims for previous years, excluding the effect of changes on the discount rate, improved the balance on technical account by EUR 15 million (15). The operating loss ratio was 68.9% (72.0). The operating risk ratio excluding indirect loss adjustment expenses was 63.6% (65.9).

Operating expenses grew by 5%, being EUR 9 million higher than a year ago, due to higher sales commissions and portfolio management fees. The operating expense ratio was 17.4% (17.4). The operating cost ratio (including indirect loss adjustment expenses) was 22.7% (23.4).

Operating balance on technical account and combined ratio (CR)

	Q1–3/2015		Q1–3/2014	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	110	80.0	100	80.4
Corporate Customers	29	93.6	-1	100.1
Baltics	3	92.3	5	88.5
Total	**142**	**86.3**	**105**	**89.4**

Private Customer profitability remained good as a result of continued growth in premium revenue. Claims developments among Corporate Customers were more favourable than a year ago. The reduced discount rate is reflected in Corporate Customer profitability in particular. In Baltics, profitability weakened because of large claims.

Investment

Return on investments at fair value totalled EUR 35 million (163), or 1.0% (4.9). The third-quarter return on investments was negative due to higher long-term interest rates and lower equity prices. Net investment income recognised in the income statement amounted to EUR 146 million (151).

Investment portfolio by asset class

%	30 Sept. 2015	31 Dec. 2014
Bonds and bond funds	76	73
Alternative investments	1	1
Equities	6	7
Private equity	3	3
Real property	10	11
Money markets	4	5
Total	**100**	**100**

On 30 September 2015, the Non-life Insurance investment portfolio totalled EUR 3,642 million (3,522). The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category accounted for 94% (94), and 66% (71) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 5.5 years (4.5) and the duration 5.2 years (4.3).

The running yield for direct bond investments averaged 1.65% (2.02) at the end of September 2015.

Other Operations

- Earnings before tax amounted to EUR 28 million (9). These included EUR 23 million (7) in capital gains on notes and bonds and EUR 21 million (34) in dividend income.
- Earnings before tax at fair value were EUR 0 million (50).
- Liquidity and access to funding remained good.

Other Operations: financial results and key figures and ratios

€ million	Q1–3/2015	Q1–3/2014	Change, %	2014
Net interest income	-20	0		-3
Net commissions and fees	-1	4		4
Net trading income	1	-6		-8
Net investment income	55	41	35	55
Other income	7	6	18	9
Total income	**43**	**45**	**-5**	**56**
Personnel costs	3	6	-55	6
Other expenses	12	30	-60	30
Total expenses	**15**	**36**	**-60**	**36**
Earnings before impairment loss on receivables	**28**	**9**		**20**
Impairment loss on receivables	0			
Earnings before tax	**28**	**9**		**20**
Change in fair value reserve	-28	41		33
Earnings before tax at fair value	**0**	**50**		**53**
Liquidity buffer, € billion	20.0	14.0	43	16.6
Risk-weighted assets, € billion	5.2	5.8		5.7
Receivables and liabilities from/to OP Financial Group member banks, net position, € billion	4.4	3.5	26	3.8
Personnel	31	23	35	33

January–September earnings

Other Operations' earnings before tax amounted to EUR 28 million, or EUR 19 million higher than a year ago. Earnings before tax at fair value totalled EUR 0 million, or EUR 50 million lower than the year before. A year ago, the Central Bank's stimulus operation narrowed credit spreads, improving the fair value reserve a 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 23 million (7) in capital gains on notes and bonds, EUR 21 million (34) in dividend income and EUR 4 million (0) in income recognised from mutual fund investments.

Personnel costs decreased due to restructuring. A year ago, other expenses were increased by EUR 2 million in the bank levy and other non-recurring expenses totalling EUR 14 million.

Pohjola's access to funding remained good. In January–September, Pohjola issued long-term bonds worth EUR 4.1 billion in total, with senior bonds representing EUR 3.5 billion and Tier 2 capital notes EUR 0.5 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 400 million (EUR 558 million), with a maturity of seven years, while the second bond was worth GBP 300 million (EUR 419 million), with a maturity of three years.

On 30 September 2015, 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 September-end margin by two basis points as against the former calculation method. The comparative data has not been adjusted.

Financial performance by business segment – Discontinued operations

Wealth Management

- Earnings before tax amounted to EUR 19 million (20). Performance-based management fees amounted to EUR 1 million (0).
- Assets under management increased by 6% in the year to September and by 2% during the reporting period, totalling EUR 44.0 billion (43.3).
- The operating cost/income ratio was 53% (49).

Wealth Management: financial results and key figures and ratios

€ million	Q1–3/2015	Q1–3/2014	Change, %	2014
Net commissions and fees	40	39	2	64
Other income	2	2		4
Total income	**42**	**42**	**1**	**67**
Personnel costs	11	10	10	14
Other expenses	14	12	9	17
Total expenses	**25**	**23**	**9**	**31**
Share of associate's profit/loss	2	1	68	1
Earnings before tax	**19**	**20**	**-5**	**38**
Earnings before tax at fair value	19	20	-5	38
Assets under management, € billion	44.0	41.5	6	43.3
Operating cost/income ratio, %	53	49		42
Personnel	103	87	18	88

January–September earnings

Earnings before tax amounted to EUR 19 million (20). Earnings included EUR 1 million (0) 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 53% (49).

Assets under management

€ billion	30 Sept. 2015	31 Dec. 2014
Institutional clients	22	24
OP Mutual Funds	16	14
Private	6	6
Total	**44**	**43**

Assets under management by asset class

%	30 Sept. 2015	31 Dec. 2014
Money market investments	10	14
Notes and bonds	36	36
Equities	32	36
Other	22	14
Total	**100**	**100**

Assets under management increased during the reporting period by 2%, amounting to EUR 44.0 billion (43.3) on 30 September 2015. This increase was based on improved market values. A total of 73% of mutual funds managed by Wealth Management have outperformed their benchmark index year to date.

Personnel and remuneration

On 30 September 2015, the Group had a staff of 2,413, or 90 less than on 31 December 2014.

Personnel by segment

	30 Sept. 2015	31 Dec. 2014
Banking	613	616
Non-life Insurance	1,666	1,766
Wealth Management	103	88
Other Operations	31	33
Total	**2,413**	**2,503**

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

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 Asset Management segments from Pohjola Group to direct ownership of OP Cooperative. In the partial demerger, Group Treasury and Corporate Banking, Equities, and Non-life Insurance will remain with Pohjola Bank plc. All other operations of Pohjola Bank plc will be transferred to a new company to be established in the partial demerger. The business transferred to the new company includes wealth management as well as card and property management operations. A release concerning registering the demerger plan in the Trade Register was issued on 2 July 2015. On 8 September 2015, Pohjola Bank plc has sent notifications under the Limited Liability Companies Act, Section 17:7 to all of its known creditors. Pohjola Bank plc's Extraordinary General Meeting approved the demerger plan on 22 October 2015. The planned date for the registration of the excecution of the demerger is 30 December 2015.

The process of planning and examination of different options regarding the restructuring of OP Financial Group central cooperative consolidated and the implementation of legal structures of the organisation is still underway. 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 Ltd. However, the Group abandoned this plan. According to the new plan, Helsinki OP Bank Ltd will be converted from a limited liability company to a cooperative bank during 2016.

Pohjola Bank plc will be renamed OP Corporate Bank plc in the spring of 2016. Omasairaala Ltd will be renamed Pohjola Health Ltd in the summer of 2016 when the Tampere hospital unit is opened.

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

World economic growth will this year be slightly weaker than last year. Economic growth in the euro-area will recover slightly over last year but will still be sluggish. The Finnish economy is still waiting for recovery and no clear turn for the better is on the horizon. Export demand will remain weak and price competitiveness has not improved to the extent that it can help the export sector which has been suffering from structural changes. Implementing the required measures in turn strain the political situation, which poses a risk on the revival of home markets.

On the whole, growth expectations in the financial sector are still more moderate than the long-term average. 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.

In spite of the weak economic environment, Pohjola Group's consolidated earnings from continuing operations before tax in 2015 are expected to be higher than in 2014 (previous estimate: at the same level as or higher than 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 and the effect of large claims on claims expenditure.

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.

Events after the reporting period

On 16 October 2015, Pohjola Bank plc announced that it would not redeem the hybrid bond of EUR 60 million issued in November 2005 and included in additional tier 1 capital (AT1) on the first possible early repayment date. According to the bond terms and conditions, the bond has no maturity date, but the issuer may, with the regulator's permission, execute early redemption for the first time in November 2015 and thereafter on any interest payment date.

Pohjola Bank plc will not redeem the hybrid bond on the first possible early repayment date due to an interpretation change related to the formalities in the permission application. This change prevented from handling the case in such a way that the bond redemption process could not be executed on schedule.

Consolidated income statement

EUR million	Note	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Continuing operations					
Net interest income	3	56	62	164	193
Impairments of receivables	4	2	10	19	18
Net interest income after impairments		**54**	**52**	**145**	**175**
Net income from Non-life insurance	5	158	143	503	454
Net commissions and fees	6	11	16	31	54
Net trading income	7	26	23	88	75
Net investment income	8	14	12	63	49
Other operating income	9	7	8	21	22
Total income		**270**	**254**	**850**	**829**
Personnel costs		34	37	116	123
ICT costs		22	23	66	69
Depreciation/amortisation		12	13	36	39
Other expenses		35	56	118	150
Total expenses		**104**	**129**	**337**	**380**
Share of associates' profits/losses accounted for using the equity method		0	0	0	0
Earnings before tax		**166**	**126**	**514**	**449**
Income tax expense		33	28	98	90
Results of continuing operations		**133**	**98**	**416**	**359**
Discontinued operations					
Results of discontinued operations	10	4	4	14	15
Profit for the period		**136**	**102**	**430**	**374**
Attributable to:					
Owners of the parent		134	100	425	368
Non-controlling interests		3	2	5	6
Profit for the period		**136**	**102**	**430**	**374**

Consolidated statement of comprehensive income

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Profit for the period	**136**	**102**	**430**	**374**
Items that will not be reclassified to profit or loss				
Gains(/losses) arising from remeasurement of defined benefit plans	-6	-20	26	-30
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-84	-7	-134	43
Cash flow hedge	0	2	-6	8
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	1	4	-5	6
Items that may be reclassified to profit or loss				
Measurement at fair value	17	1	27	-9
Cash flow hedge	0	0	1	-2
Total comprehensive income for the period	**65**	**82**	**340**	**391**
Attributable to:				
Owners of the parent	61	80	334	384
Non-controlling interests	4	2	6	8
Total comprehensive income for the period	**65**	**82**	**340**	**391**
Comprehensive income attributable to owners of the parent is divided as follows:				
Continuing operations	57	76	320	369
Discontinued operations	4	4	14	15
Total	**61**	**80**	**334**	**384**

Consolidated balance sheet

EUR million	Note	30 Sept 2015	31 Dec 2014
Cash and cash equivalents		4,849	3,774
Receivables from credit institutions		10,447	10,257
Financial assets at fair value through profit or loss			
Financial assets held for trading		657	360
Financial assets at fair value through profit or loss at inception		0	0
Derivative contracts		5,852	5,946
Receivables from customers		16,639	15,513
Non-life Insurance assets	13	4,058	3,854
Investment assets		10,778	8,112
Investment accounted for using the equity method		2	2
Intangible assets	14	779	786
Property, plant and equipment (PPE)		62	72
Other assets		1,433	1,789
Tax assets		23	34
Total		**55,579**	**50,498**
Assets classified as held for distribution to owners	10	203	205
Total assets		**55,782**	**50,703**
Liabilities to credit institutions		4,833	5,241
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		0	4
Derivative contracts		5,931	5,889
Liabilities to customers		14,709	11,442
Non-life Insurance liabilities	15	3,225	2,972
Debt securities issued to the public	16	18,601	17,587
Provisions and other liabilities		2,570	2,479
Tax liabilities		360	391
Subordinated liabilities		1,724	1,084
Total		**51,954**	**47,090**
Liabilities associated with assets classified held as distribution to owners	10	203	205
Total liabilities		**52,157**	**47,295**
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	17	119	231
Other reserves		1,093	1,093
Retained earnings		1,872	1,564
Equity items associated with assets classified as held for distribution to owners	10	0	0
Non-controlling interest		112	92
Total equity		**3,625**	**3,408**
Total liabilities and equity		**55,782**	**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		40		344	384	8	391
Profit for the period				368	368	6	374
Other comprehensive income		40		-24	16	2	17
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	-13	-16
Balance at 30 September 2014	**428**	**208**	**1,093**	**1,487**	**3,216**	**97**	**3,313**

* 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		-112		446	334	6	340
Profit for the period				425	425	5	430
Other comprehensive income		-112		21	-91	0	-91
Profit distribution				-137	-137		-137
Other			0		0	14	14
Balance at 30 September 2015	**428**	**119**	**1,093**	**1,873**	**3,513**	**112**	**3,625**

Consolidated cash flow statement incl. discontinued operations

EUR million	Q1–3/ 2015	Q1–3/ 2014
Cash flow from operating activities		
Profit for the period	425	368
Adjustments to profit for the period	254	189
Increase (-) or decrease (+) in operating assets	**-3,627**	**-2,248**
Receivables from credit institutions	-23	-927
Financial assets at fair value through profit or loss	335	242
Derivative contracts	-11	35
Receivables from customers	-1,169	-618
Non-life Insurance assets	-308	-374
Investment assets	-2,840	-221
Other assets	389	-386
Increase (+) or decrease (-) in operating liabilities	**3,060**	**663**
Liabilities to credit institutions	-400	188
Financial liabilities at fair value through profit or loss	-4	5
Derivative contracts	13	49
Liabilities to customers	3,267	-353
Non-life Insurance liabilities	62	298
Provisions and other liabilities	121	475
Income tax paid	-100	-77
Dividends received	45	52
A. Net cash from operating activities	**55**	**-1,054**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-20	
Decreases in held-to-maturity financial assets	69	54
Acquisition of subsidiaries and associates, net of cash acquired		0
Disposal of subsidiaries and associates, net of cash disposed	11	
Purchase of PPE and intangible assets	-25	-22
Proceeds from sale of PPE and intangible assets	0	2
B. Net cash used in investing activities	**35**	**34**
Cash flow from financing activities		
Increases in subordinated liabilities	1,327	12
Decreases in subordinated liabilities	-698	-12
Increases in debt securities issued to the public	21,163	29,422
Decreases in debt securities issued to the public	-20,535	-28,957
Dividends paid	-137	-212
C. Net cash used in financing activities	**1,119**	**252**
Net increase/decrease in cash and cash equivalents (A+B+C)	**1,209**	**-767**
Cash and cash equivalents at period-start	**4,306**	**2,672**
Cash and cash equivalents at period-end	**5,515**	**1,905**
Cash and cash equivalents		
Liquid assets**	4,852	1,461
Receivables from credit institutions payable on demand	663	444
Total	**5,515**	**1,905**

** Of which EUR 4 million (41) 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		
Q1-3 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	204					204
Markets	-3					-3
Other operations		-20	-17	1	-2	-37
Total	201	-20	-17	1	-2	164
- of which internal net income before tax	-20	33	-15	1		
Net commissions and fees	75	-1	-40	40	-3	70
Net trading income	89	1	0	0	-2	88
Net investment income	6	55		0	2	63
Net income from Non-life Insurance						
From insurance operations			385			385
From investment operations			146		4	150
From other items			-32			-32
Total			499		4	503
Other operating income	9	7	4	1	1	22
Total income	**380**	**43**	**447**	**42**	**-1**	**911**
Personnel costs	40	3	73	11		127
ICT costs	25	4	36	2	1	69
Amortisation on intangible assets related to company acquisitions			16	2		18
Other depreciation/amortisation and impairments	8	1	11	1		21
Other expenses	28	7	85	9	-2	127
Total expenses	**102**	**15**	**221**	**25**	**-1**	**362**
Earnings/loss before impairment of receivables	**279**	**28**	**225**	**17**	**0**	**549**
Impairments of receivables	19	0	0			19
Share of associates' profits/losses			0	2	0	2
Earnings before tax	**259**	**28**	**225**	**19**	**0**	**531**
Change in fair value reserve	-2	-28	-112	0	2	-139
Gains(/losses) arising from remeasurement of defined benefit plans	23	3				26
Total comprehensive income for the period, before tax	**281**	**3**	**114**	**19**	**2**	**418**

Q1-3 earnings 2014, EUR million	Banking	Continuing operations Other operations	 Non-life Insurance	Discon-tinued operations Wealth Manage-ment	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	188					188
Markets	22					22
Other operations		0	-19	2	1	-17
Total	210	0	-19	2	1	193
- of which internal net income before tax	-19	36	-18	2		
Net commissions and fees	80	4	-27	39	-2	93
Net trading income	81	-6	0	0	0	75
Net investment income	5	41		0	3	49
Net income from Non-life Insurance						
From insurance operations			340		0	340
From investment operations			151		-2	149
From other items			-35			-35
Total			456		-2	454
Other operating income	10	6	7	1	0	23
Total income	**385**	**45**	**416**	**42**	**-1**	**887**
Personnel costs	41	6	76	10	0	133
ICT costs	25	4	39	2	1	71
Amortisation on intangible assets related to company acquisitions			16	2		18
Other depreciation/amortisation and impairments	11	1	11	1		23
Other expenses	42	26	83	8	-2	158
Total expenses	**119**	**36**	**225**	**23**	**-1**	**403**
Earnings/loss before impairment of receivables	**266**	**9**	**191**	**19**	**0**	**484**
Impairments of receivables	18					18
Share of associates' profits/losses			0	1	0	1
Earnings before tax	**248**	**9**	**191**	**20**	**0**	**467**
Change in fair value reserve	-1	41	12	0	-1	52
Gains(/losses) arising from remeasurement of defined benefit plans	-27	-3				-30
Total comprehensive income for the period, before tax	**220**	**47**	**203**	**20**	**-1**	**489**

Balance sheet 30 September 2015, EUR million	Banking	Other operations	Non-life Insurance	For distribution to owners **Wealth Management**	Elimi-nations	Group total
Receivables from customers	16,347	576			-284	16,639
Receivables from credit institutions	471	14,848	5	11	-28	15,307
Financial assets at fair value through profit or loss	732	-75				657
Non-life Insurance assets			4,335		-277	4,058
Investment assets	677	10,122	16	0		10,815
Investments in associates			2	28		30
Other assets	6,410	1,022	752	127	-36	8,276
Total assets	**24,638**	**26,492**	**5,110**	**167**	**-625**	**55,782**
Liabilities to customers	10,777	4,122			-190	14,709
Liabilities to credit institutions	1,133	3,984			-284	4,833
Non-life Insurance liabilities			3,239		-14	3,225
Debt securities issued to the public	1,994	16,839			-37	18,796
Subordinated liabilities	-3	1,592	135			1,724
Other liabilities	7,187	1,648	81	9	-55	8,869
Total liabilities	**21,088**	**28,185**	**3,456**	**9**	**-580**	**52,157**
Equity						**3,625**
Average personnel	613	31	1,666	103		2413
Capital expenditure, EUR million	8	1	16	0		25

Balance sheet 31 December 2014, EUR million	Banking	Other operations	Non-life Insurance	For distribution to owners **Wealth Management**	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 September 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.

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 Sept. 2014 and 1 Jan.−31 Dec. 2014

EUR million	1 Jan.–30 Sept. 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.−30 Sept. 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	193		193	257		257
Impairment of receivables	18		18	25		25
Net interest income after impairments	**175**		**175**	**231**		**231**
Net income from Non-life Insurance	457	-4	454	597	-4	593
Net commissions and fees	94	-40	54	114	-62	52
Net trading income	75		75	77		77
Net investment income	49		49	64		64
Other operating income	23	-2	22	32	-2	30
Total income	**874**	**-45**	**829**	**1,116**	**-68**	**1,048**
Personnel costs	123		123	163		163
ICT costs	69		69	94		94
Depreciation/amortisation	39		39	52		52
Other expenses	195	-45	150	258	-68	191
Total expenses	**425**	**-45**	**380**	**567**	**-68**	**500**
Share of associates' profits/losses	0		0	0		0
Earnings before tax	**449**		**449**	**548**		**548**
Income tax expense	90		90	107		107
Results of continuing operations	**359**		**359**	**441**		**441**
Results of discontinued operations	15		15	29		29
Profit for the period	**374**		**374**	**470**		**470**
Attributable to:						
Owners of the parent	368		368	461		461
Non-controlling interests	6		6	9		9
Total	**374**		**374**	**470**		**470**

Critical accounting estimates and judgements

Collective assessment for impairment
OP Finacial Group has used an updated model for collective assessment for impairment on May 2015. The model is still based on the statistical model used in the measurement of the economic capital requirement. Through- 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 Sept 2015	31 Dec 2014
Non-life Insurance		
Non-life Insurance net assets	1,655	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	-17	0
Intangible assets	-696	-704

Note 3. Net interest income

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Loans and other receivables	75	80	228	241
Receivables from credit institutions and central banks	9	16	30	55
Notes and bonds	37	42	116	124
Derivatives (net)				
Derivatives held for trading	7	10	6	31
Derivatives under hedge accounting	9	4	29	34
Ineffective portion of cash flow hedge	0	0	0	0
Liabilities to credit institutions	-12	-15	-36	-46
Liabilities to customers	-4	-6	-12	-21
Debt securities issued to the public	-53	-57	-163	-192
Subordinated debt	-11	-9	-30	-28
Hybrid capital	-3	-2	-7	-6
Financial liabilities held for trading	0	0	0	0
Other (net)	1	0	3	2
Net interest income before fair value adjustment under hedge accounting	**56**	**63**	**165**	**194**
Hedging derivatives	-56	-36	-6	-149
Value change of hedged items	56	36	5	148
Total net interest income	**56**	**62**	**164**	**193**

Note 4. Impairments of receivables

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Receivables written off as loan or guarantee losses	0	29	8	34
Recoveries of receivables written off	0	0	-1	-1
Increase in impairment losses on individually assessed receivables	4	13	20	28
Decrease in impairment losses on individually assessed receivables	0	-32	-8	-42
Collectively assessed impairment losses	-2	0	0	-1
Total impairments of receivables	**2**	**10**	**19**	**18**

Note 5. Net income from Non-life insurance

Non-life Insurance EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Net insurance premium revenue				
Premiums written	257	239	1,196	1,163
Insurance premiums ceded to reinsurers	-4	-7	-47	-54
Change in provision for unearned premiums	112	109	-122	-137
Reinsurers' share	-8	-6	10	13
Total	**356**	**335**	**1,037**	**986**
Net Non-life Insurance claims				
Claims paid	198	198	597	616
Insurance claims recovered from reinsurers	-12	-7	-24	-23
Change in provision for unpaid claims	31	79	70	65
Reinsurers' share	3	-13	8	-13
Total	**220**	**257**	**652**	**646**
Net investment income, Non-life Insurance				
Interest income	12	12	35	43
Dividend income	4	1	22	16
Investment property	1	1	5	3
Capital gains and losses				
Notes and bonds	3	45	15	55
Shares and participations	20	18	75	48
Loans and receivables		0		0
Investment property		0		0
Derivatives	0	-5	-1	-21
Fair value gains and losses				
Notes and bonds	-2	1	-1	1
Shares and participations	-1		-2	
Loans and receivables	0	1	1	1
Investment property	1	2	1	3
Derivatives	-3	1	6	-1
Impairments	-4	-1	-7	-2
Other	1	1	2	2
Total	**33**	**77**	**150**	**149**
Unwinding of discount	-9	-10	-29	-31
Other	-1	-1	-3	-4
Total net income from Non-life Insurance	**158**	**143**	**503**	**454**

Note 6. Net commissions and fees

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Commission income				
Lending	9	12	31	41
Payment transfers	7	9	23	26
Securities brokerage	4	5	16	16
Securities issuance	5	2	10	9
Asset management and legal services	2	2	5	5
Insurance operations	4	5	13	14
Guarantees	3	4	10	11
Other	1	1	3	4
Total commission income	**36**	**40**	**111**	**127**
Commission expenses				
Payment transfers	4	5	11	15
Securities brokerage	2	2	6	6
Securities issuance	0	1	2	2
Asset management and legal services	1	1	2	2
Insurance operations	17	13	52	41
Other	2	2	8	6
Total commission expenses	**26**	**25**	**81**	**73**
Total net commissions and fees	**11**	**16**	**31**	**54**

Note 7. Net trading income

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	-7	1	-7	5
Shares and participations	0	0	0	0
Derivatives	-2	51	92	43
Fair value gains and losses				
Notes and bonds	4	0	-5	3
Shares and participations		0	0	
Derivatives	23	-38	-16	6
Financial assets and liabilities at fair value through profit or loss				
Capital gains and losses				
Notes and bonds				0
Fair value gains and losses				
Notes and bonds				-1
Net income from foreign exchange operations	8	9	23	20
Total net trading income	**26**	**23**	**88**	**75**

Note 8. Net investment income

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	8	0	26	9
Shares and participations	2	1	13	4
Dividend income	1	11	21	34
Impairments		0	0	-1
Carried at amortised cost				
Capital gains and losses		0	-2	0
Total	**11**	**11**	**58**	**46**
Investment property	3	1	5	2
Total net investment income	**14**	**12**	**63**	**49**

Note 9. Other operating income

EUR million	Q3/ 2015	Q3/ 2014	Q1–3/ 2015	Q1–3/ 2014
Central banking service fees	2	2	6	6
Rental income from assets rented under operating lease	1	2	3	5
Other	4	4	12	11
Total	**7**	**8**	**21**	**22**

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 planned date of the registration of the execution of the demerger is 30 December 2015. 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	**Q3/ 2015**	**Q3/ 2014**	**Q1–3/ 2015**	**Q1–3/ 2014**
Net commissions and fees	12	12	40	39
Share of associates' profit/loss	1	0	2	1
Other income and expenses	-8	-7	-24	-22
Earnings before tax	**4**	**5**	**18**	**18**
Taxes	1	1	3	4
Results of discontinued operations for the period	**4**	**4**	**14**	**15**
Share of parent company owners of discontinued operations	**4**	**4**	**14**	**15**
Total	**4**	**4**	**14**	**15**

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

Wealth Management segment assets

EUR million	**30 Sept 2015**	**31 Dec 2014**
Receivables from credit institutions	11	7
Investment assets	0	0
Investment in associates	28	27
Intangible assets	100	102
Property, plant and equipment (PPE)	0	0
Other assets	27	30
Total Wealth Management segment assets	**167**	**167**
Other holdings		
Other assets classified as held for distribution to owners	**37**	**39**
Total assets classified as held for distribution to owners	**203**	**205**

Wealth Management Segment liabilities

EUR million	**30 Sept 2015**	**31 Dec 2014**
Provisions and other liabilities	9	10
Total Wealth Management segment liabilities	**9**	**10**
Other liabilities for transfer		
Liabilities allocated in demerger	195	195
Total liabilities associated with assets classified as held for distribution to owners	**203**	**205**

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

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

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	4,849					4,849
Receivables from credit institutions	10,447					10,447
Derivative contracts			5,510		342	5,852
Receivables from customers	16,639					16,639
Non-life Insurance assets	710		179	3,169		4,058
Notes and bonds		95	656	10,480		11,231
Shares and participations			0	82		82
Other financial assets	1,413					1,413
Financial assets	**34,058**	**95**	**6,346**	**13,731**	**342**	**54,572**
Other than financial instruments						1,007
Total 30 Sept. 2015	**34,058**	**95**	**6,346**	**13,731**	**342**	**55,579**
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		4,833		4,833
Financial liabilities held for trading (excl. derivatives)	0			0
Derivative contracts	5,591		341	5,931
Liabilities to customers		14,709		14,709
Non-life Insurance liabilities	2	3,223		3,225
Debt instruments issued to the public		18,601		18,601
Subordinated liabilities		1,724		1,724
Other financial liabilities		2,420		2,420
Financial liabilities	**5,593**	**45,511**	**341**	**51,445**
Other than financial liabilities				509
Total 30 Sept. 2015	**5,593**	**45,511**	**341**	**51,954**
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 September 2015, the fair value of these debt instruments was EUR 167 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 Sept. 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	403	253		657
Non-life Insurance		8		8
Derivative financial instruments				
Banking	5	5,705	142	5,852
Non-life Insurance		10		10
Available-for-sale				
Banking	7,965	2,585	12	10,562
Non-life Insurance	1,567	1,337	265	3,169
Total	**9,941**	**9,898**	**419**	**20,258**

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 Sept. 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		0		0
Derivative financial instruments				
Banking	58	5,759	114	5,931
Non-life Insurance	0	2		2
Total	**58**	**5,761**	**114**	**5,934**

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 19.4 million in bonds were transferred from level 1 to level 2 and EUR 2.9 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			-60			-40	-100
Total gains/losses in other comprehensive income					-2	16	13
Purchases					-2	62	61
Sales						-54	-54
Closing balance 30 September 2015			**142**		**12**	**265**	**419**

	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			-15		-15
Closing balance 30 September 2015			**114**		**114**

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

EUR million	**Net interest income or net trading income**	**Net investment income**	**Net income from Non-life Insurance**	**Statement of comprehensive income/ Change in fair value reserve**	**Net gains/ losses on assets and liabilities held at year-end**
Realised net gains (losses)			-40		-40
Unrealised net gains (losses)	-45			13	-32
Total net gains (losses)	**-45**		**-40**	**13**	**-72**

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 Sept 2015	31 Dec 2014
Investments		
Loans and other receivables	13	15
Shares and participations	398	463
Property	161	161
Notes and bonds	2,553	2,330
Derivatives	10	12
Other participations	226	231
Total	**3,361**	**3,211**
Other assets		
Prepayments and accrued income	30	33
Other		
From direct insurance	450	404
From reinsurance	120	100
Cash in hand and at bank	4	41
Other receivables	93	66
Total	**697**	**643**
Total Non-life insurance assets	**4,058**	**3,854**

Note 14. Intangible assets

EUR million	30 Sept 2015	31 Dec 2014
Goodwill	422	422
Brands	172	172
Customer relationships	66	84
Other	119	107
Total	**779**	**786**

Note 15. Non-life Insurance liabilities

EUR million	30 Sept 2015	31 Dec 2014
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,344	1,316
Other provision for unpaid claims	956	886
Reserve for decreased discount rate*	2	12
Total	2,302	2,213
Provision for unearned premiums	646	523
Derivatives	2	2
Other liabilities	275	233
Total	**3,225**	**2,972**

*Value of hedges of insurance liability

Note 16. Debt securities issued to the public

EUR million	30 Sept 2015	31 Dec 2014
Bonds	12,614	10,743
Certificates of deposit, commercial papers and ECPs	6,167	7,026
Other	15	14
Liabilities allocated to assets for distribution to owners as part of demerger	-195	-195
Total	**18,601**	**17,587**

Note 17. Fair value reserve after income tax

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	44	113	11	168
Fair value changes	63	43	17	122
Transfers to net interest income			-8	-8
Capital gains transferred to income statement		-65		-65
Impairment loss transferred to income statement		0		0
Deferred tax	-13	4	-2	-10
Closing balance 30 Sept. 2014	**94**	**96**	**18**	**208**

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2015	102	112	17	231
Fair value changes	-83	20	3	-61
Transfers to net interest income			-8	-8
Capital gains transferred to income statement		-78		-78
Impairment loss transferred to income statement		7		7
Deferred tax	16	10	1	28
Closing balance 30 Sept. 2015	**36**	**71**	**12**	**119**

Fair value reserve after tax is as follows:	
Continuing operations	119
Discontinued operations	
Total	**119**

The fair value reserve before tax totalled EUR 149 million (288) and the related deferred tax liability EUR 29 million (57). On 30 September, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 104 million (149) and negative mark-to-market valuations EUR 16 million (9). In January–September, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 7 million (3), of which equity instruments accounted for EUR 7 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 Sept 2015	31 Dec 2014	Change
1–2	4.0	2.7	1.3
3–5	14.7	13.7	1.0
6–7	6.7	6.6	0.1
8–9	2.7	2.4	0.3
10	0.2	0.1	0.1
11–12	0.2	0.2	0.0
Total	**28.6**	**25.7**	**2.9**

* excl. private customers

Sensitivity analysis of market risk

Banking, EUR million	Risk parameter	Change	30 Sept 2015 Effect on results	30 Sept 2015 Effect on equity	31 Dec 2014 Effect on results	31 Dec 2014 Effect on equity
Interest-rate risk	Interest	1 percentage point	12		10	
Currency risk	Market value	10%	10		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	2	2	1	2

Note 19. Risk exposure by Non-life Insurance

Risk parameter	Total amount 30 Sept 2015, EUR million	Change in risk parameter	Effect on combined ratio	Effect on equity, EUR million
Insurance portfolio or insurance premium revenue*	1,362	Up 1%	Up 0.9 percentage points	14
Claims incurred*	935	Up 1%	Down 0.7 percentage points	-9
Major loss of over EUR 5 million		1 loss	Down 0.4 percentage points	-5
Personnel costs*	100	Up 8%	Down 0.6 percentage points	-8
Expenses by function*/**	325	Up 4%	Down 1.0 percentage points	-13
Inflation for collective liability	687	Up 0.25 percentage points	Down 0.3 percentage points	-5
Life expectancy for discounted insurance liability	1,711	Up 1 year	Down 3.0 percentage points	-40
Discount rate for discounted insurance liability	1,711	Down 0.1 percentage point	Down 1.6 percentage points	-22

* 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 Sept 2015	%	Fair value 31 Dec 2014	%
Money market instruments	132	4%	173	5%
Bonds and bond funds	2,767	76%	2,557	73%
Public sector	603	17%	557	16%
Financial institutions	1,278	35%	1,181	34%
Corporate	826	23%	759	22%
Covered bonds	10	0%		
Bond funds	20	1%	36	1%
Other	30	1%	24	1%
Equities	227	6%	256	7%
Private equity investments	123	3%	117	3%
Alternative investments	38	1%	35	1%
Real property	355	10%	386	11%
Total	**3,642**	**100%**	**3,522**	**100%**

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

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	17	60	297	149	44	160	726	26%
Aa1−Aa3	120	26	91	94	46	20	397	14%
A1−A3	20	119	266	173	130	40	748	26%
Baa1−Baa3	10	143	295	277	41	13	779	28%
Ba1 or lower	39	61	21	24	6	5	157	6%
Internally rated	1	0	15	0	0	7	24	1%
Total	**207**	**410**	**985**	**717**	**267**	**245**	**2,831**	**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 Sept 2015	31 Dec 2014
Bonds and bond funds1)	Interest rate	1 percentage point	142	101
Equities 2)	Market value	10%	25	28
Venture capital funds and unquoted equities	Market value	10%	13	12
Commodities	Market value	10%	0	0
Real property	Market value	10%	35	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	0	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 Sept 2015	31 Dec 2014	Change
1–2	22.8	19.2	3.6
3–5	4.5	3.3	1.3
6–7	0.0	0.1	-0.1
8–9	0.1	0.1	-0.1
10	0.0	0.0	0.0
Total	**27.4**	**22.7**	**4.7**

Sensitivity analysis of market risk

Other operations, EUR million	Risk parameter	Change	30 Sept 2015 Effect on results	30 Sept 2015 Effect on equity	31 Dec 2014 Effect on results	31 Dec 2014 Effect on equity
Interest-rate risk	Interest rate	1 percentage point	32		8	
Interest-rate volatility	Volatility	10 basis points	0		0	
Credit risk premium	Credit spread	0.1 percentage points		48		35
Price risk						
Equity portfolio	Market value	10%		0		0
Private equity funds	Market value	10%	0	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 Sept 2015	31 Dec 2014
Receivables from credit institutions and customers (gross)	27,362	26,029
Total impairment loss, of which	264	252
Individually assessed	242	230
Collectively assessed	22	22
Receivables from credit institutions and customers (net)	**27,097**	**25,777**

Doubtful receivables 30 Sept 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		170	170	126	44
Classified as defaulted		240	240	112	128
Forborne receivables					
Renegotiated	51	13	64	5	60
Total	**51**	**422**	**474**	**242**	**232**

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 Sept 2015	31 Dec 2014
Exposures individually assessed for impairment, % of doubtful receivables	51.1%	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 September 2015, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	5,059	1,065	3,086	2,384	999		12,593	63%
Aa1−Aa3	0	152	844	324	726		2,046	10%
A1−A3	11	29	45	7	12	0	104	1%
Baa1−Baa3	93	12	45	68	11	0	229	1%
Ba1 or lower		2	26	0		2	30	0%
Internally rated**	598	1,667	1,656	480	330	241	4,971	25%
Total	**5,761**	**2,927**	**5,701**	**3,263**	**2,077**	**243**	**19,972**	**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 4.7 years.

Note 23. Capital base and capital adequacy

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

EUR million	**30 Sept 2015**	**31 Dec 2014**
Shareholders' equity	3,625	3,408
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-305	-183
Fair value reserve, cash flow hedging	-12	-17
Common Equity Tier 1 (CET1) before deductions	**3,308**	**3,209**
Intangible assets	-195	-195
Excess funding of pension liability and valuation adjustments	-6	-1
Planned profit distribution / profit distribution as proposed by the Board	-129	-141
Unrealised gains under transitional provisions		-50
Shortfall of impairments – expected losses	-122	-122
Common Equity Tier 1 (CET1)	**2,857**	**2,700**
Subordinated loans to which transitional provision applies	192	219
Additional Tier 1 capital (AT1)	**192**	**219**
Tier 1 capital (T1)	**3,048**	**2,919**
Debenture loans	1,207	663
Unrealised gains under transitional provisions		50
Tier 2 Capital (T2)	**1,207**	**713**
Total capital base	**4,255**	**3,633**
Risk-weighted assets		
Credit and counterparty risk		
Central government and central banks exposure	22	26
Credit institution exposure	1,218	1,305
Corporate exposure	11,837	11,831
Retail exposure	796	1,010
Equity investments *)	3,848	4,132
Other **)	494	931
Market risk	1,385	1,467
Operational risk	1,297	1,137
Total	**20,898**	**21,839**
Ratios, %		
CET1 capital ratio	13.7	12.4
Tier 1 ratio	14.6	13.4
Capital adequacy ratio	20.4	16.6
Basel I floor, EUR million		
Capital base	4,255	3,633
Basel I capital requirements floor	1,539	1,441
Capital buffer for Basel I floor	2,716	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 42 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 Sept 2015	31 Dec 2014
Pohjola Group's equity capital	3,625	3,408
Hybrid instruments, perpetual bonds and debenture bonds	1,534	932
Other sector-specific items excluded from capital base	-110	-91
Goodwill and intangible assets	-858	-863
Equalisation provision	-186	-172
Proposed profit distribution	-129	-141
Items under IFRS deducted from capital base*	-16	-19
Shortfall of impairments – expected losses	-107	-106
Conglomerate's capital base, total	**3,753**	**2,948**
Regulatory capital requirement for credit institutions**	1,807	1,433
Regulatory capital requirement for insurance operations	254	247
Conglomerate's total minimum capital requirement	**2,061**	**1,680**
Conglomerate's capital adequacy	**1,692**	**1,269**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources) (%)	**182**	**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 197 % (189 %).

Note 25. Collateral given

EUR million	30 Sept 2015	31 Dec 2014
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	1	4
Other	601	981
Other collateral given		
Pledges*	4,240	6,273
Total collateral given	**4,843**	**7,259**
Total collateralised liabilities	**471**	**474**

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

Note 26. Off-balance-sheet commitments

EUR million	30 Sept 2015	31 Dec 2014
Guarantees	819	874
Other guarantee liabilities	1,455	1,578
Loan commitments	5,045	4,365
Commitments related to short-term trade transactions	193	297
Other*	404	336
Total off-balance-sheet commitments	**7,916**	**7,450**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 128 million (69).

Note 27. Derivative contracts

30 Sept. 2015, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	49,039	95,991	66,042	211,072	4,622	4,542
Cleared by the central counterparty	6,513	24,462	24,289	55,264	895	854
Currency derivatives	27,996	9,567	6,653	44,216	1,348	1,456
Equity and index derivatives	255	66		321	14	0
Credit derivatives		144	70	214	8	12
Other derivatives	305	725	18	1,047	71	86
Total derivatives	**77,595**	**106,494**	**72,782**	**256,870**	**6,064**	**6,095**

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 Sept 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	6,740	-888	5,852	-3,452	-813	1,587
Non-life Insurance derivatives	10		10	-2		8
Total derivatives	**6,750**	**-888**	**5,862**	**-3,454**	**-813**	**1,595**

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 Sept 2015, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet: Financial liabilities***	Collateral given	Net amount
Banking derivatives	6,779	-848	5,931	-3,452	-508	1,972
Non-life Insurance derivatives	2		2	-2		0
Total derivatives	**6,782**	**-848**	**5,934**	**-3,454**	**-508**	**1,972**

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 40 (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 September 2015, the Other operations commitments to venture capital funds amounted to EUR 6 million (7) and Non-Life Insurance commitments to EUR 128 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 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 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, 28 October 2015

Pohjola Bank plc
Board of Directors

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

Financial reporting in 2016

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

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Interim Report H1/2016	3 August 2016
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