



OP Financial Group's Interim Report for 1 January–30 September 2015

Contents

- OP Financial Group's Interim Report
- Banking
- Non-Life Insurance
- Wealth Management
- Liquidity and Funding
- Capital Adequacy
- OP in a Nutshell

OP Financial Group's Interim Report

OP Financial Group key indicators

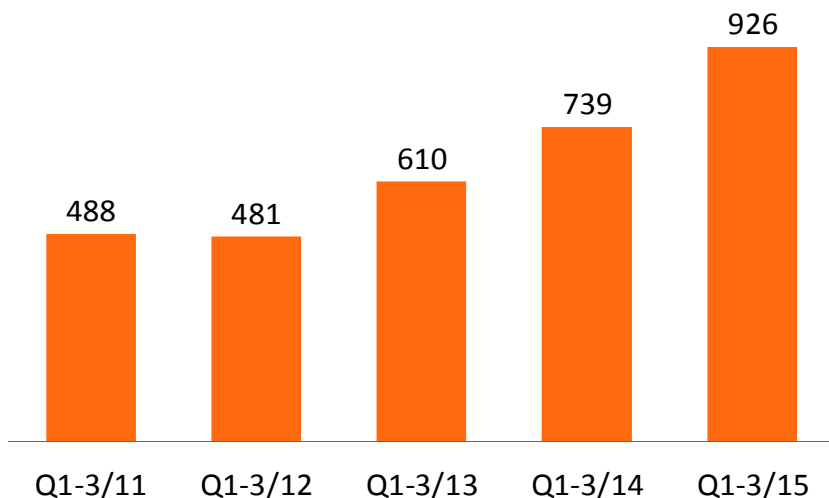
	Q1-3/2015	Q1-3/2014	Change, %	Q1-4/2014
Earnings before tax, EUR million	926	739	25.3	915
Banking	531	459	15.5	571
Non-life Insurance	218	190	14.6	223
Wealth Management	168	145	15.5	167
New accrued customer bonuses	147	141	4.4	189
	30/09/2015	30/09/2014	Change, %	31/12/2014
Common Equity Tier 1 (CET1) ratio, %	18.6	13.6	5.1 *	15.1
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates) %	197	179	18 *	189
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.44	0.45	-0.01 *	0.37
Joint banking and insurance customers (1,000)	1,637	1,570	4.3	1,590

- Earnings for the nine-month period were higher than those for full year 2014
- Total income increased by 6% and expenses decreased by 5% year on year
- Equity investments by owner-customers increased to EUR 2.5 billion (1.9)

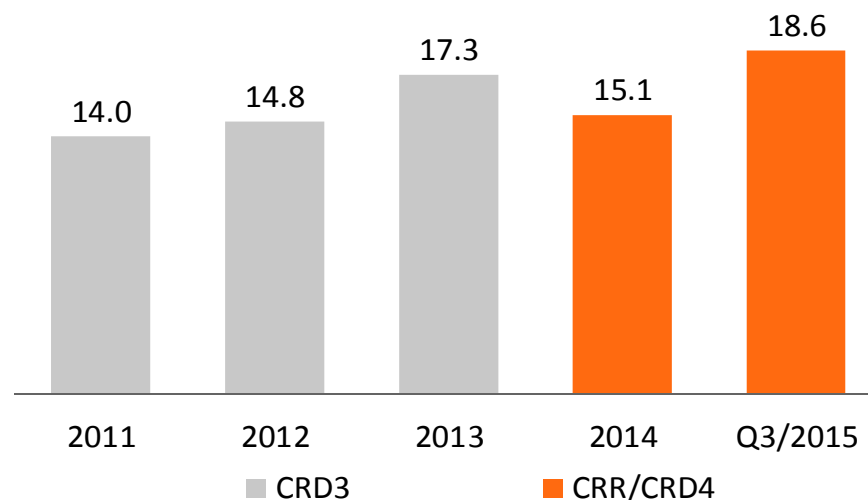
* Change in ratio

OP Financial Group's earnings performance supports capital base

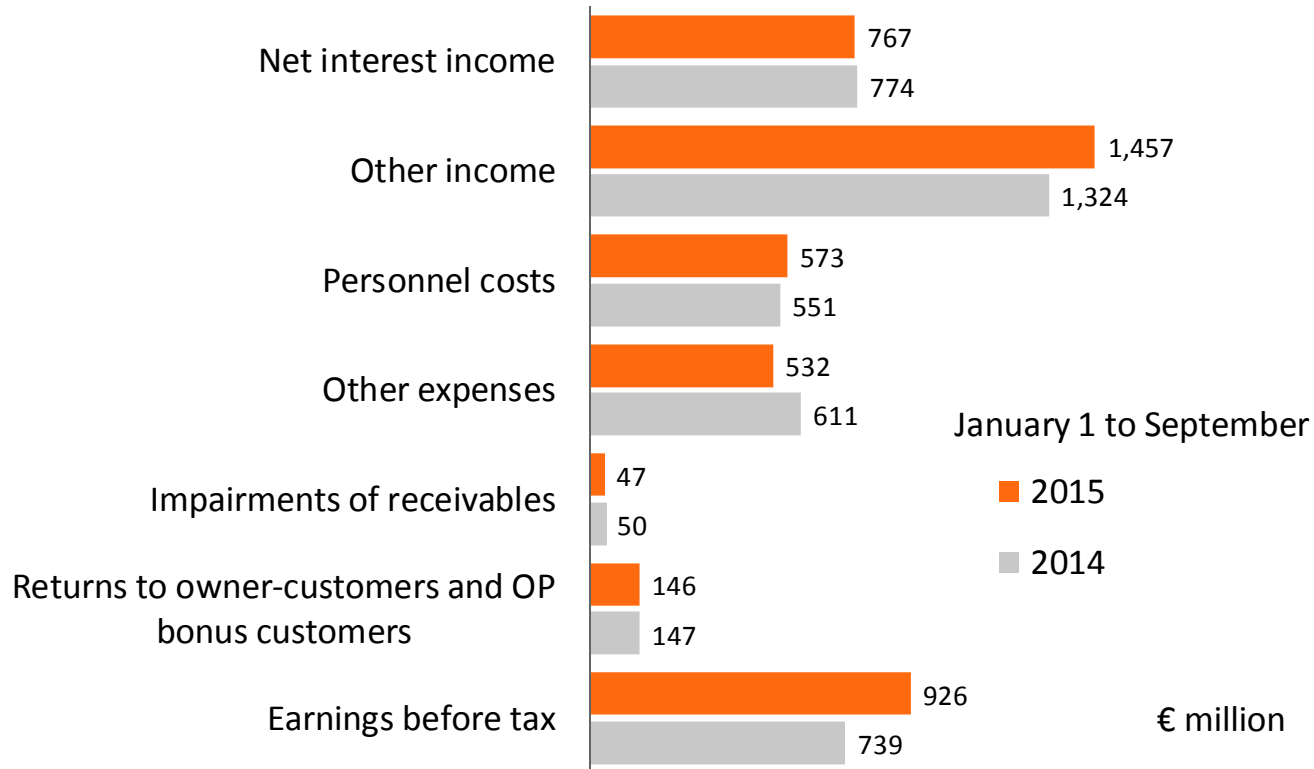
Earnings before tax, € million



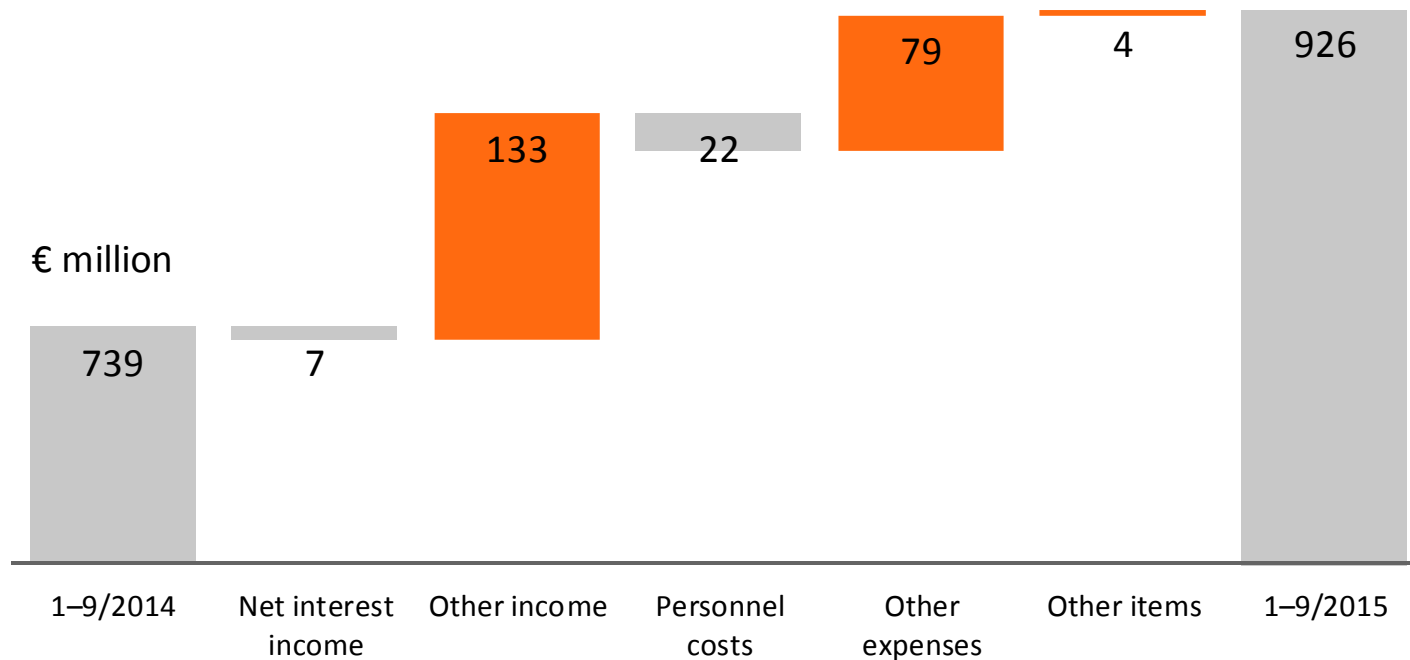
Common Equity Tier 1 ratio (CET1),
Core tier 1 before transitional provisions, %



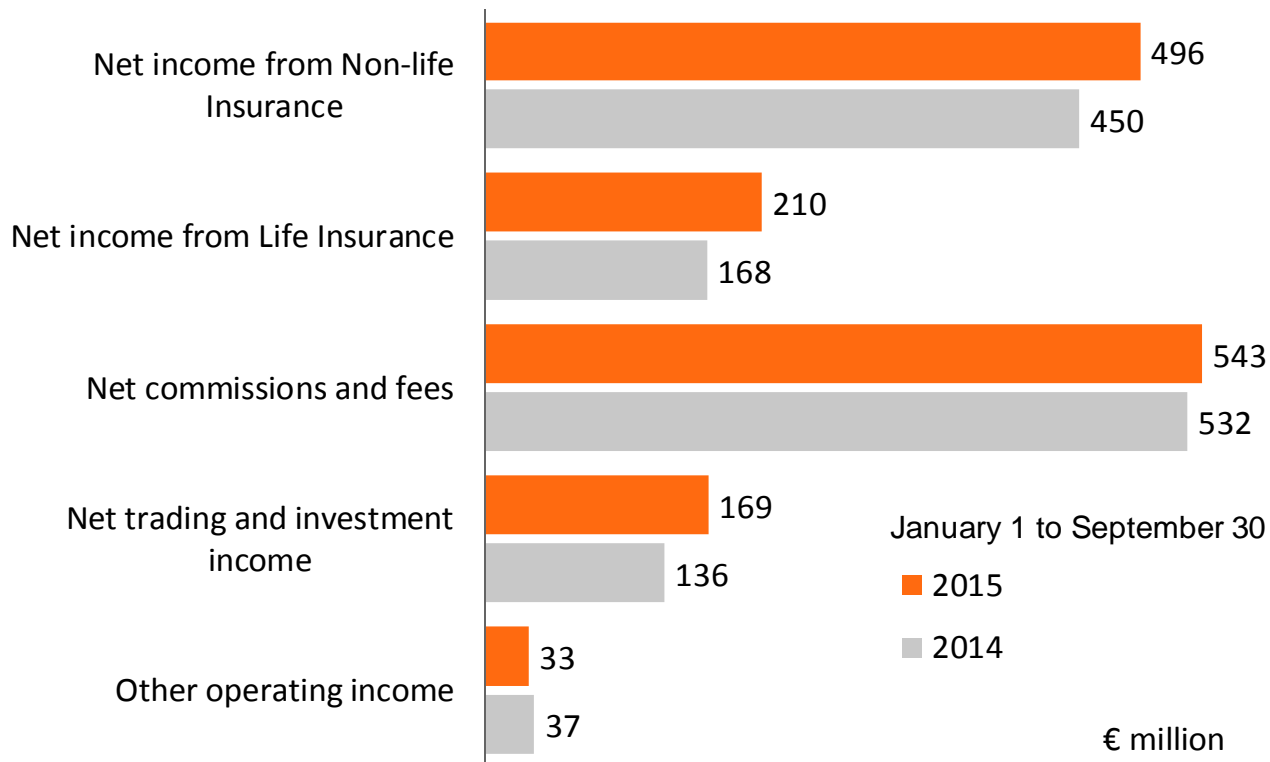
OP Financial Group's income statement



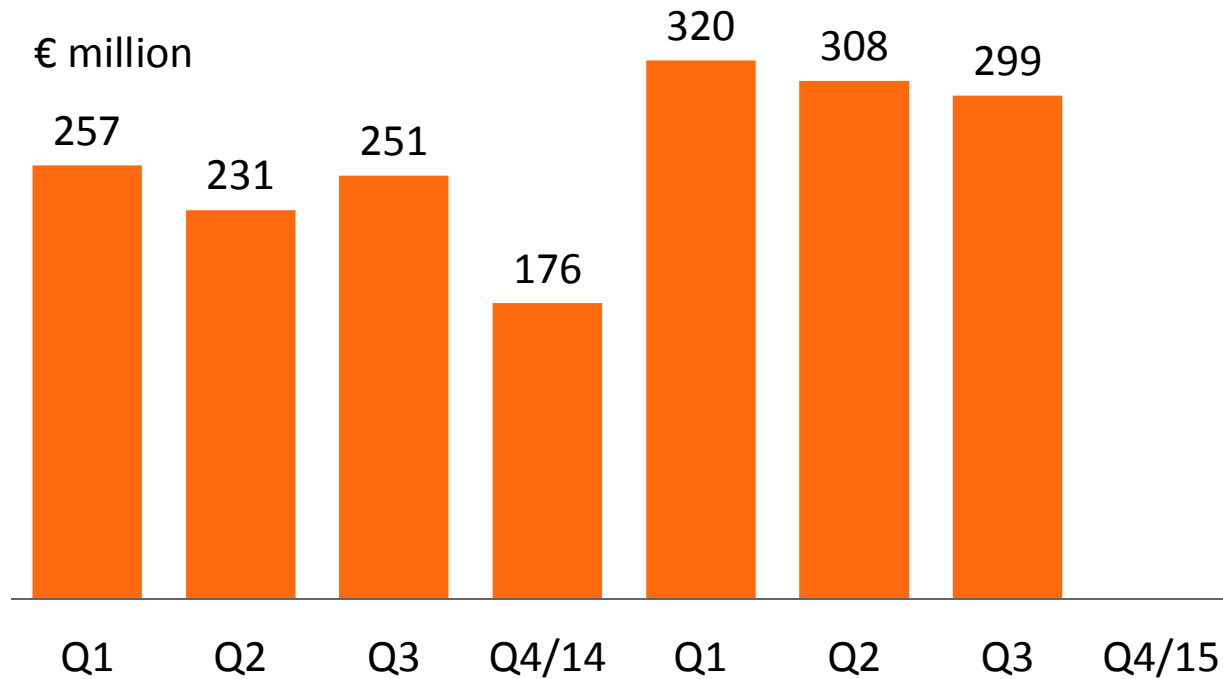
Change in OP Financial Group earnings



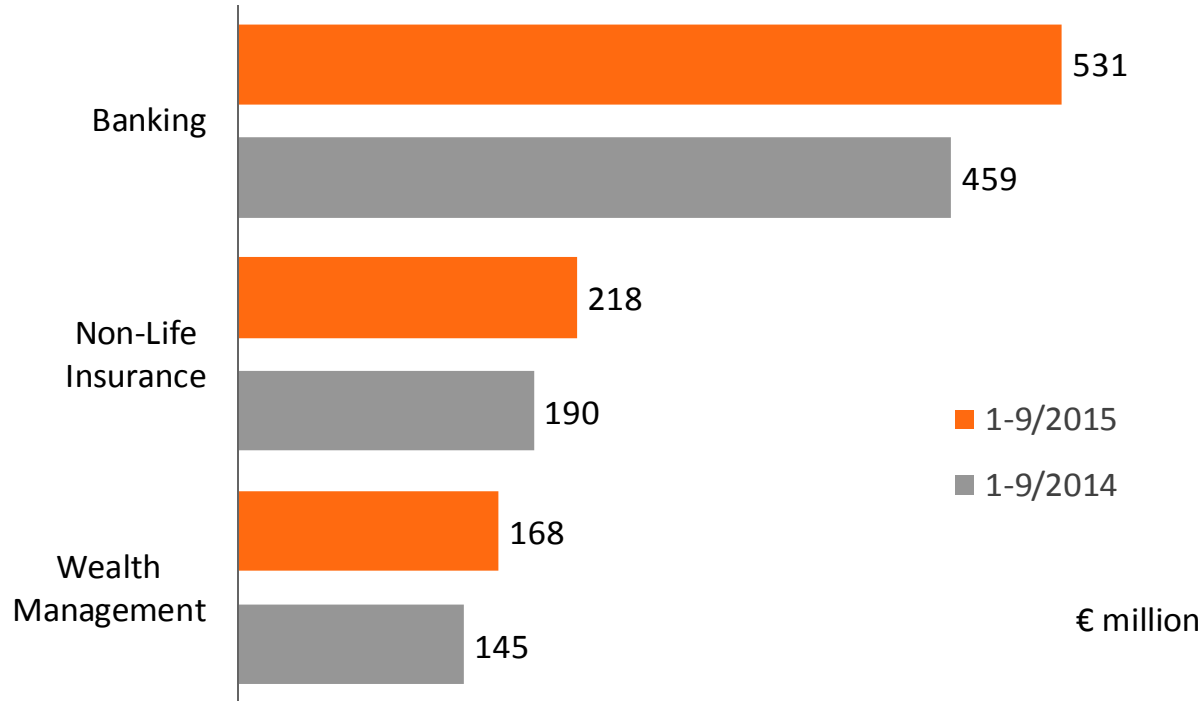
OP Financial Group's other income



OP Financial Group's EBT by quarter



OP Financial Group's EBT by business segment



OP Financial Group's income statement

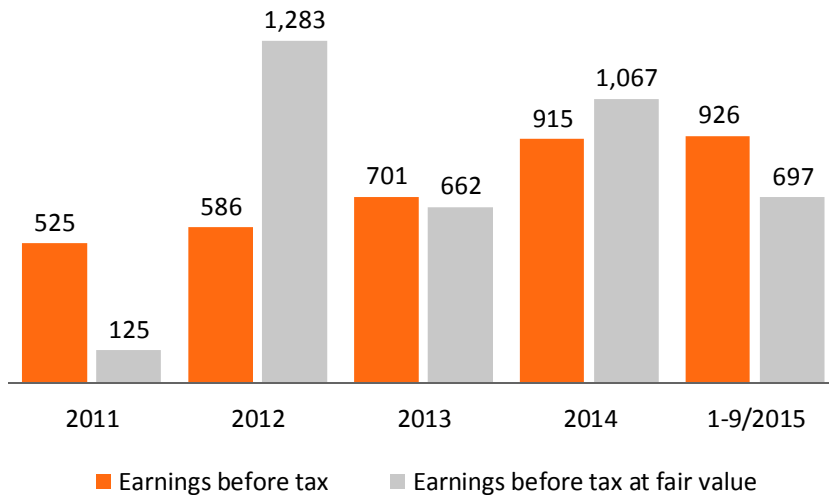
January 1 to September 30	2015	2014	Change, €million	%	Q3/15	Q3/14	Change, %
Net interest income	767	774	-7	-0.9 %	256	269	-4.9 %
Net income from non-life insurance	496	450	46	10.2 %	154	142	8.2 %
Net income from life insurance	210	168	42	24.8 %	61	47	29.8 %
Net commissions and fees	543	532	11	2.0 %	169	172	-1.8 %
Net trading income	85	83	2	2.5 %	22	28	-21.8 %
Net investment income	84	53	31	59.2 %	18	7	173.8 %
Other income	39	38	1	3.1 %	10	14	-27.8 %
Total income	2,224	2,098	126	6.0 %	690	679	1.7 %
Personnel costs	573	551	22	4.0 %	172	166	3.5 %
Other expenses	532	611	-79	-13.0 %	159	195	-18.7 %
Total expenses	1,105	1,162	-58	-5.0 %	331	361	-8.5 %
Other	193	197	-4	-1.8 %	60	66	-8.5 %
Earnings before tax	926	739	187	25.3 %	299	251	19.0 %
Gross change in fair value reserve	-229	103	-333		-107	32	
Earnings before tax at fair value	697	843	-146	-17.3 %	192	283	-32.0 %

OP Financial Group's quarterly performance

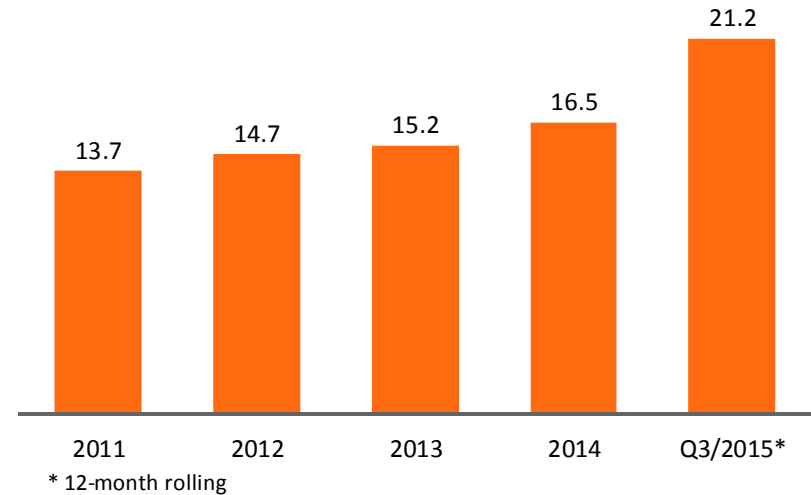
€ million	Q1	Q2	Q3	Q4/2014	Q1	Q2	Q3/2015
Net interest income	251	254	269	269	256	256	256
Net income from non-life insurance	150	158	142	138	169	174	154
Net income from life insurance	80	41	47	29	104	45	61
Net commissions and fees	192	169	172	175	199	175	169
Net income from trading and investments	43	58	34	27	42	87	40
Other income	10	14	14	17	15	14	10
Total income	726	694	679	654	785	749	690
Personnel costs	195	190	166	190	214	187	172
Other expenses	215	201	195	203	184	188	159
Total expenses	410	391	361	393	399	375	331
Impairments of receivables	10	23	17	38	21	15	10
Returns to owner-customers and OP bonus customers	49	49	49	48	46	51	50
Earnings before tax	257	231	251	176	320	308	299

Long-term 20% return target achieved

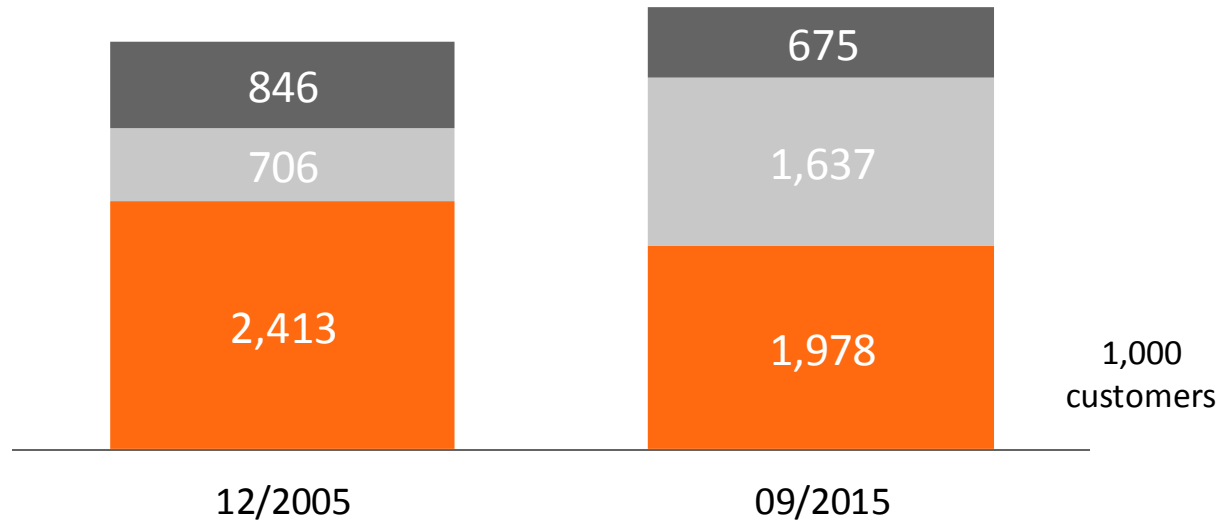
Earnings before tax, € million



Return on economic capital, %



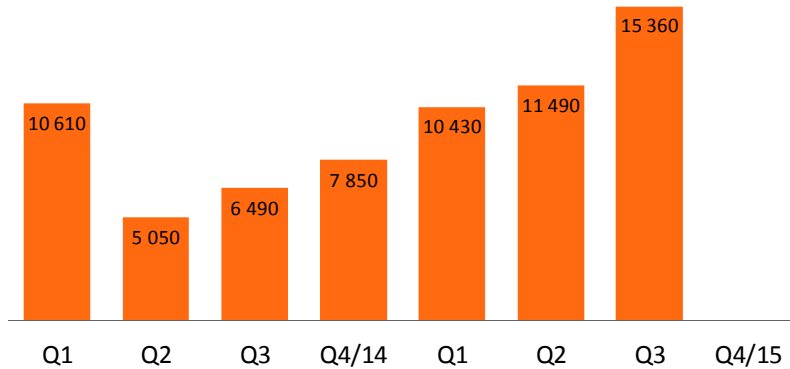
The number of customers using OP as their main bank and insurer has increased by 132% since 2015



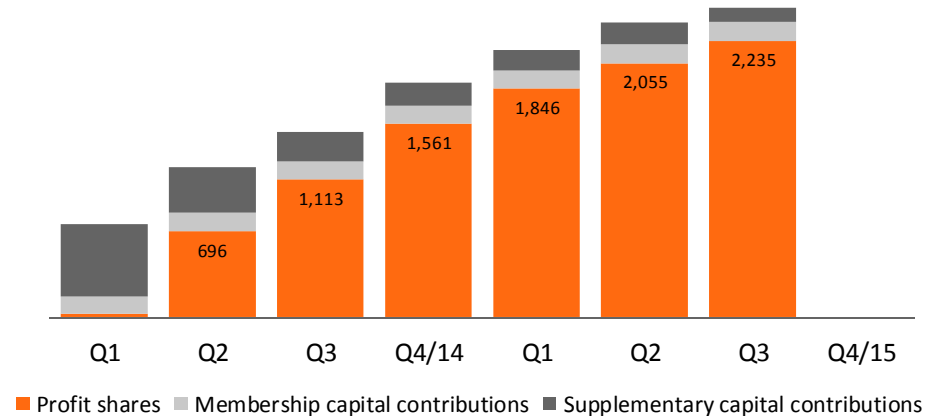
■ Bank customers ■ Joint bank and insurance cust. ■ Non-life insurance customers

Number of owner-customers and profit shares on a marked increase

Net Increase in owner-customers



Profit shares, membership and supplementary capital contributions, € million



Banking

Banking

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

- For private customers, OP's Banking services and products for include daily banking, loans, savings and investments, and housing-related services.
- With respect to corporate customers, OP provides services to SMEs, major corporations, and organisations and associations. We provide our customers with a wide range of services for financing, payment transactions and cash management, investment, risk management and the development of business. We always tailor our solutions to the needs of our corporate customers.

Key figures Q1–3/2015

EBT

EUR **531** million

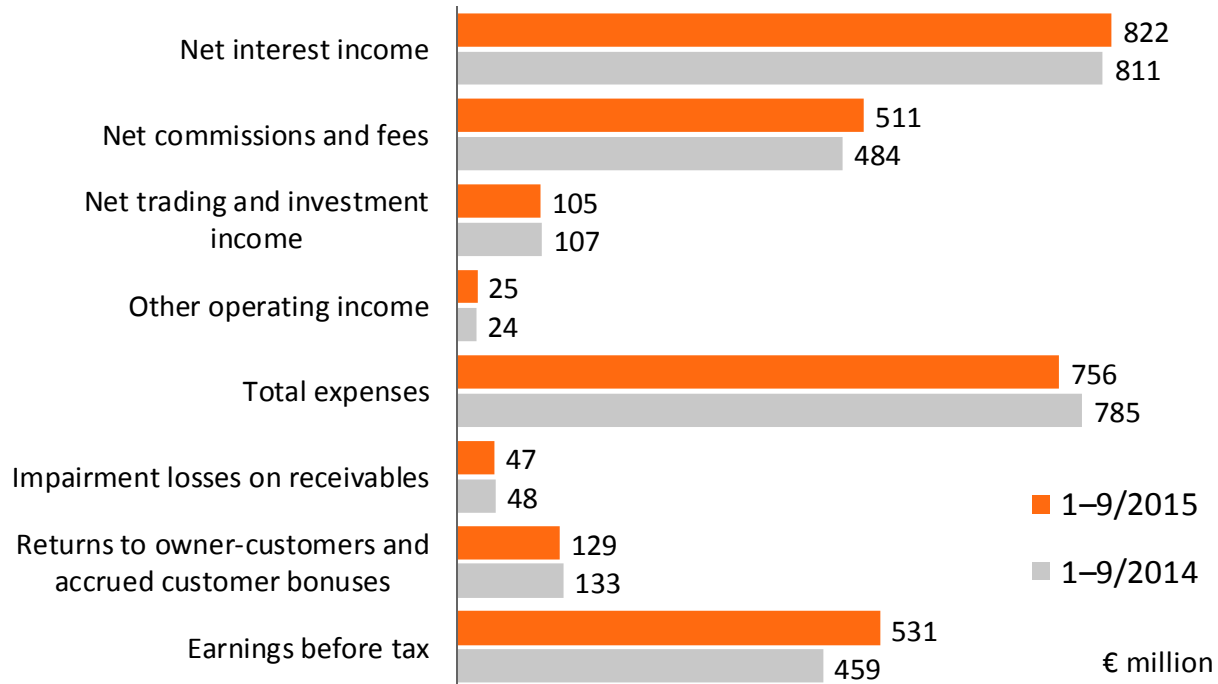
Loan portfolio

EUR **74.2** billion

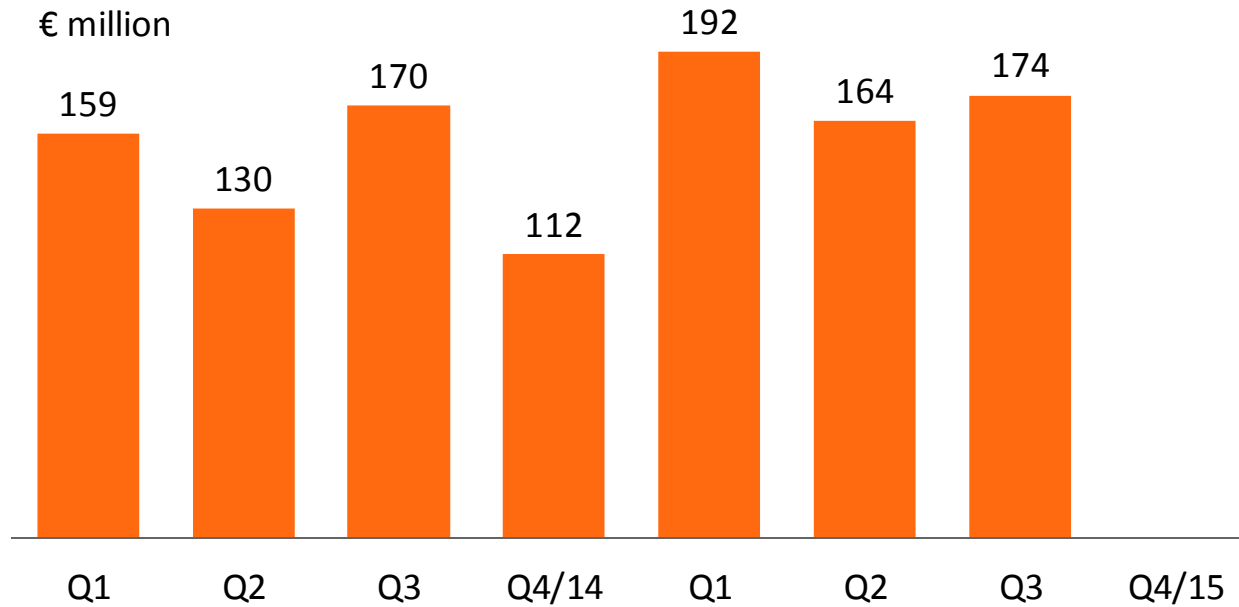
Total deposits

EUR **51.6** billion

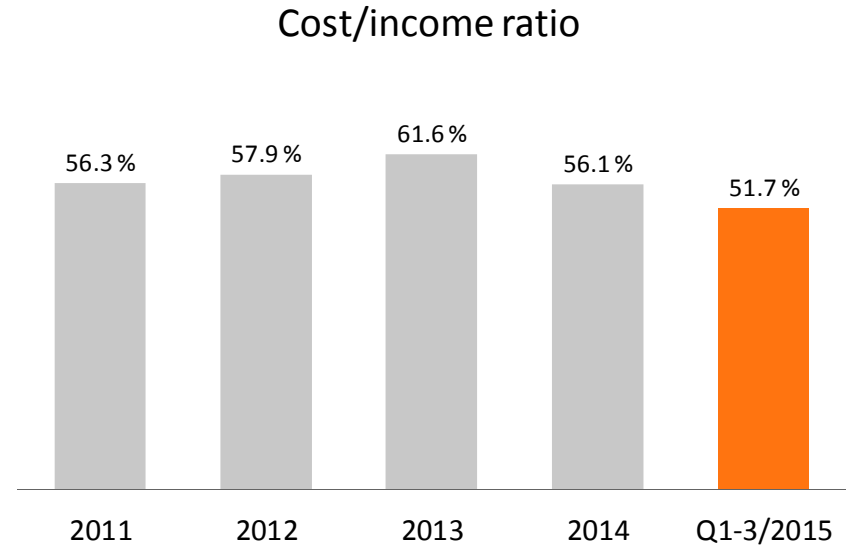
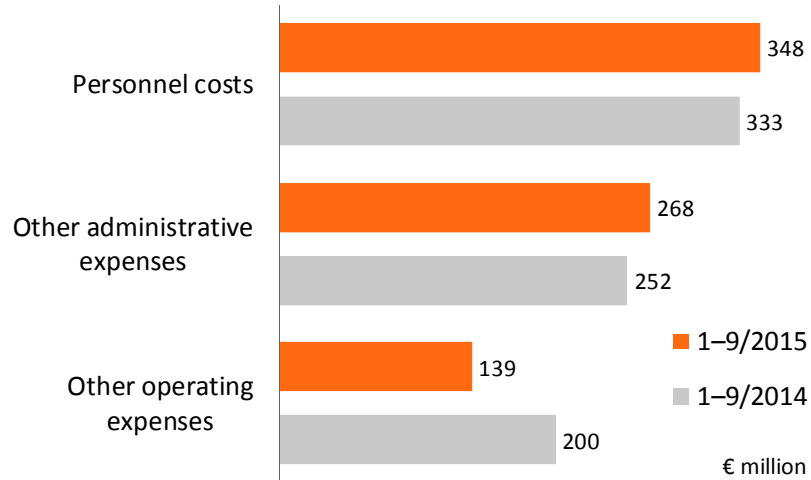
Banking income statement



Banking EBT by quarter

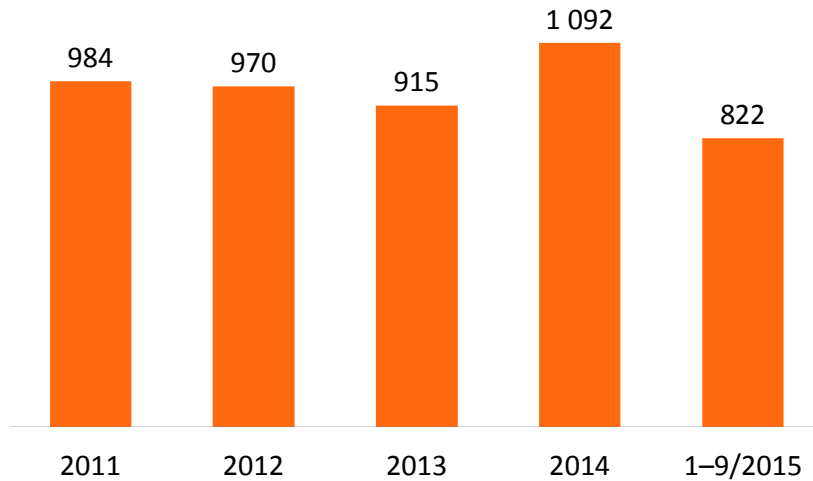


Banking expense performance

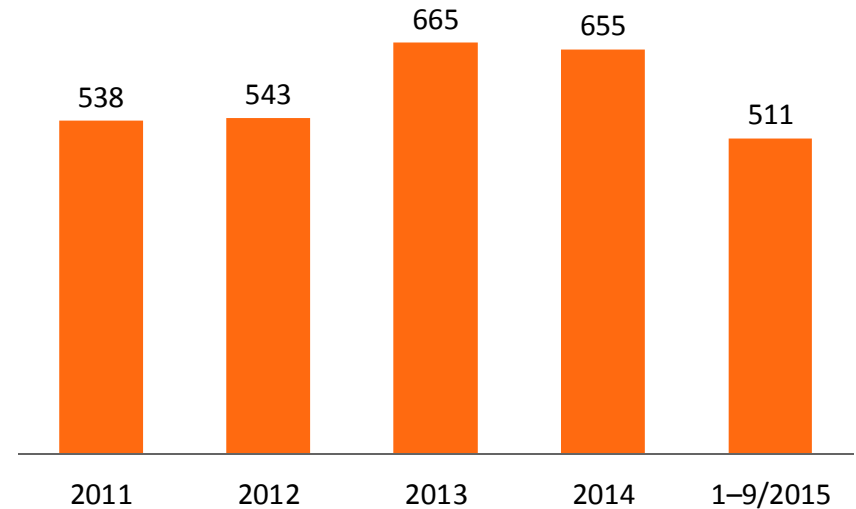


Banking income performance

Net interest income, € million

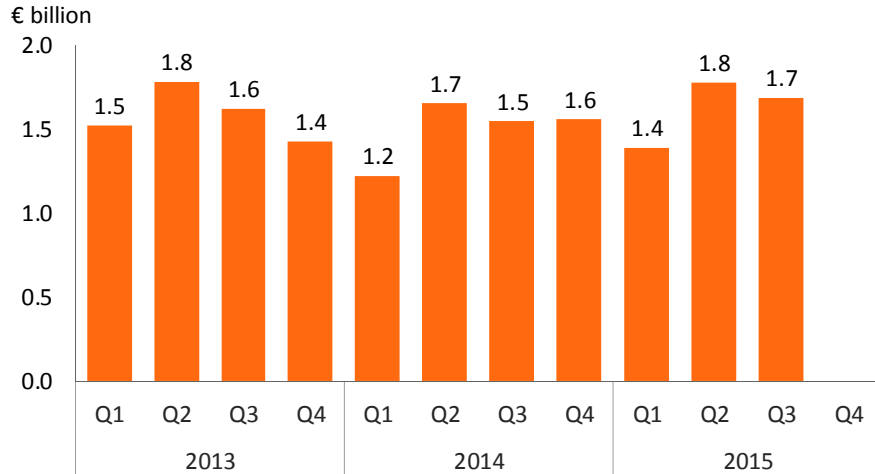


Net commissions and fees, € million

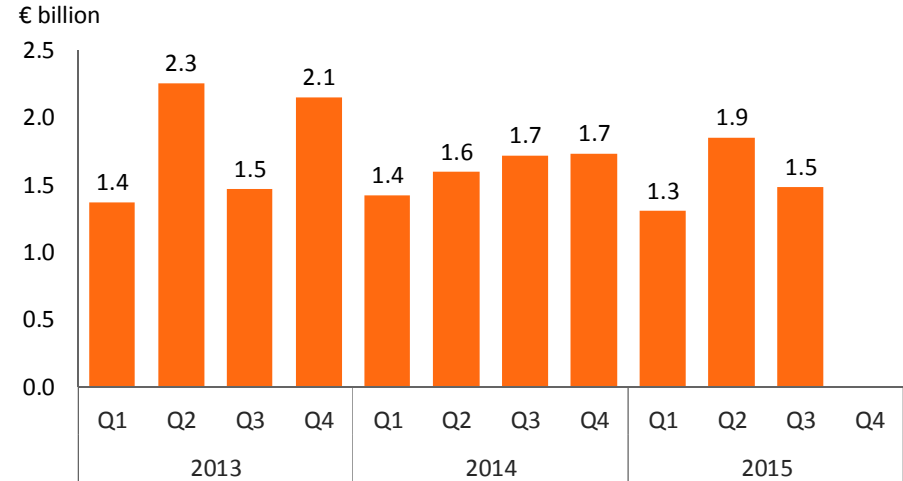


Our customers draw down new loans at a steady pace

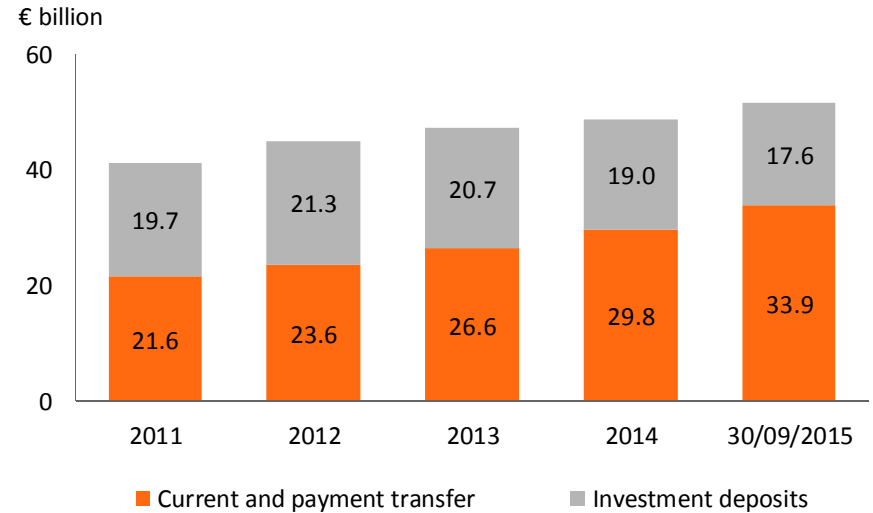
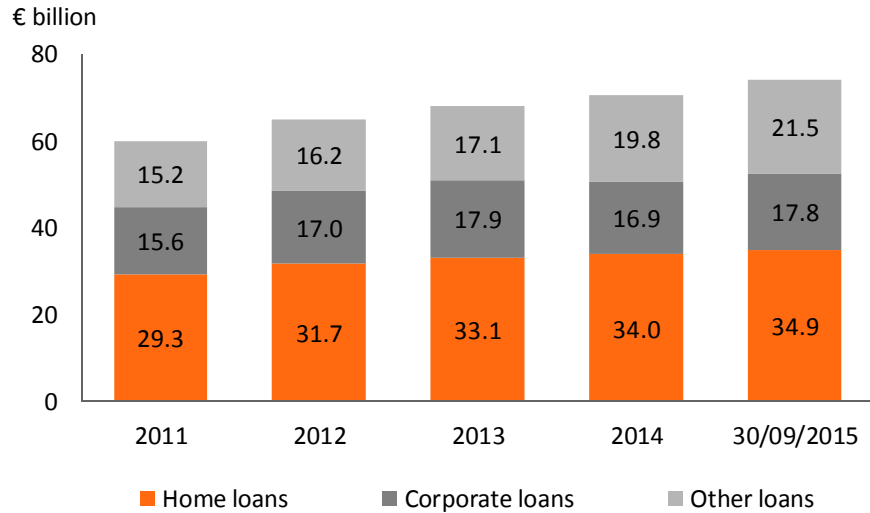
Home loans drawn down



Corporate loans drawn down



Loan portfolio and deposits

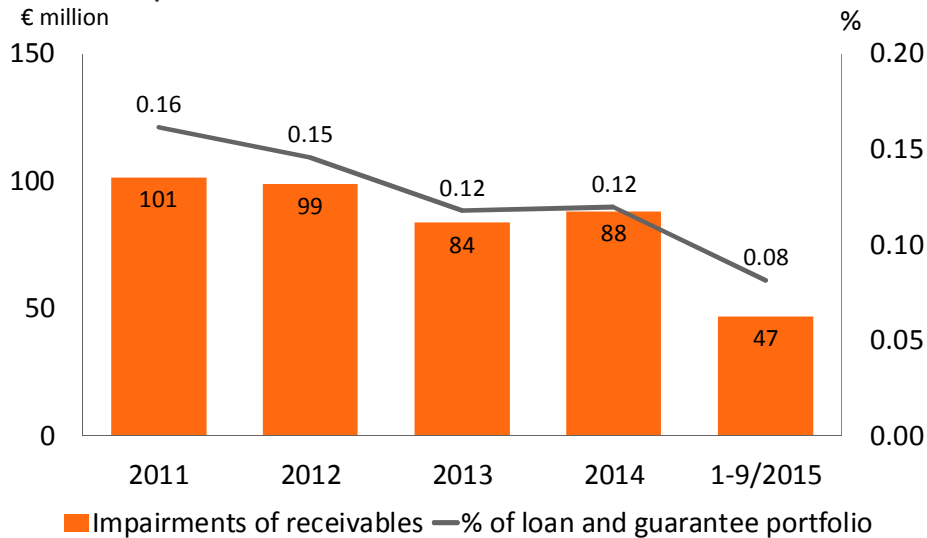


OP Financial Group's loan and guarantee portfolio

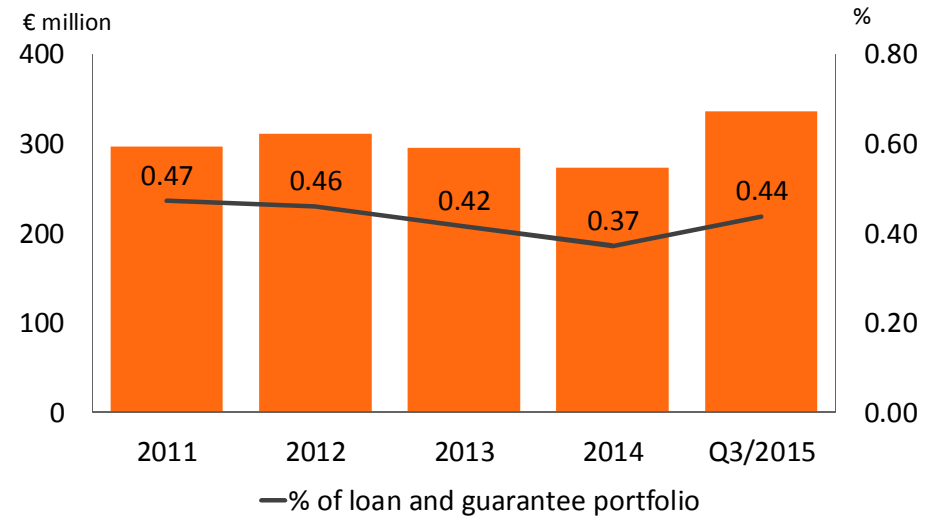
€ million			Change	
	30 September 2015	30 September 2014	€ million	%
Enterprises and housing associations	27,845	25,829	2,016	7.8
Renting and operating of residential real estate	6,069	6,042	27	0.4
Renting and operating of other real estate	4,016	3,166	850	26.9
Wholesale and retail trade	2,792	2,711	80	3.0
Services	1,978	1,864	114	6.1
Energy	1,991	1,845	147	7.9
Construction	1,896	1,744	152	8.7
Transportation and storage	1,436	1,483	-48	-3.2
Manufacture of machinery and equipment (incl. services)	1,376	1,388	-12	-0.9
Agriculture, forestry and fishing	992	845	147	17.4
Forest Industry	799	729	70	9.5
Food Industry	696	531	165	31.0
Financial and insurance services	665	704	-39	-5.5
Real estate investments	608	593	16	2.6
Metal Industry	583	538	44	8.2
Chemical Industry	377	331	46	13.9
Other manufacturing	299	214	85	39.5
Other industries	1,273	1,101	173	15.7
Public corporations and non-profit organisations	1,351	1,303	48	3.7
Households	46,619	45,241	1,378	3.0
Adjustments	1,092	677	415	0.0
Total	76,907	73,049	3,857	5.3

Materialised credit risks at low level

Impairments of receivables



Receivables more than 90 days past due



Non-Life Insurance

Non-life Insurance

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

- A household, its family members, home and other property related to it as well as motor vehicles are at the core of insurance for private customers.
- Extensive and diversified risk management services form the key corporate customer services.
- The strengths of our claims settlement service lie in its promptness and efficiency. OP's extensive partner network enables efficient claims settlement services.
- OP will develop health and wellbeing services into a major new business alongside its traditional business areas.

Key figures Q1–3/2015

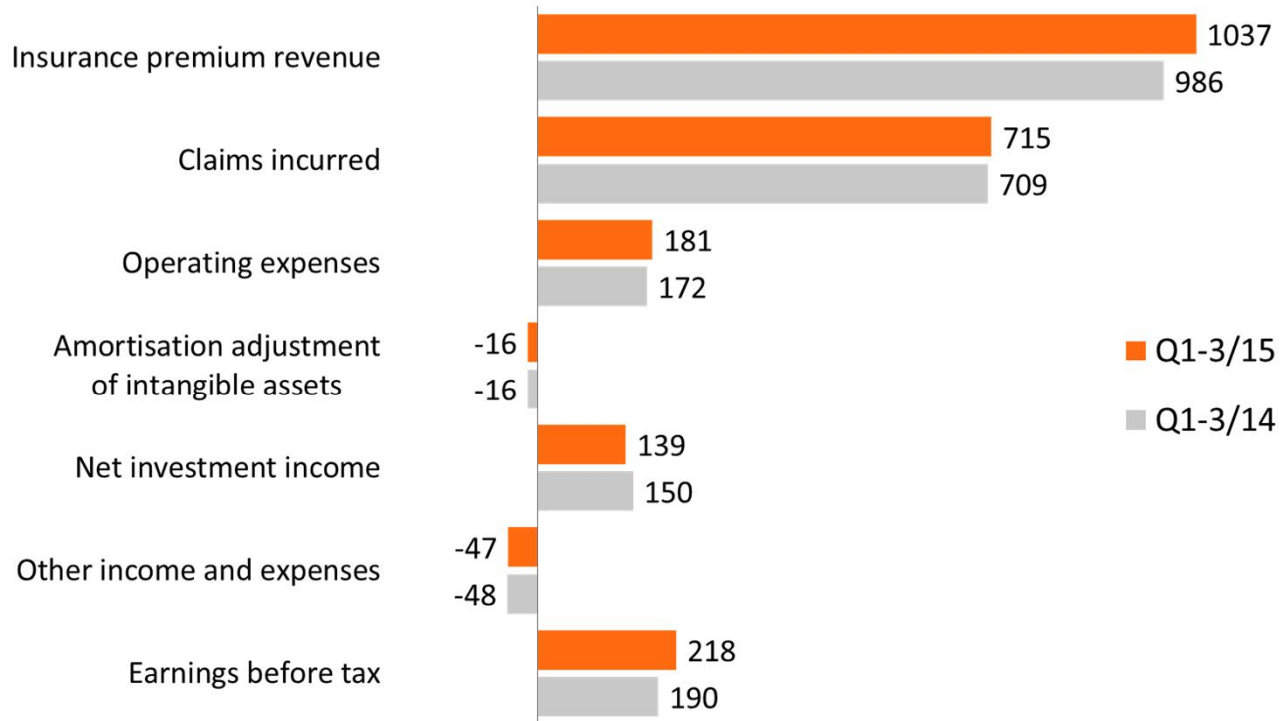
EBT

EUR **218** million

Insurance premium
revenue

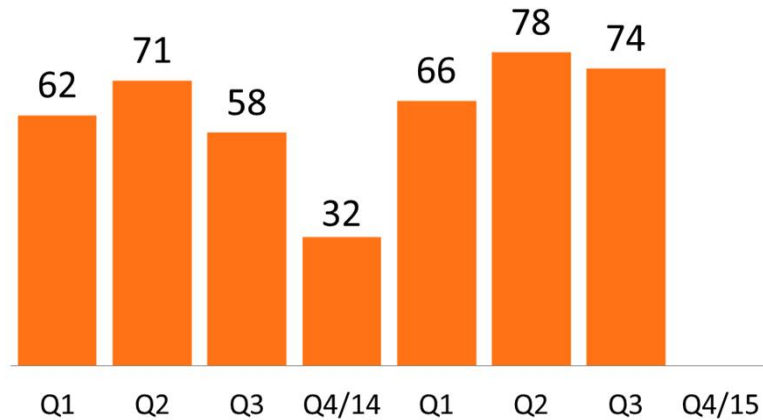
EUR **1,037** million

Non-life Insurance income statement

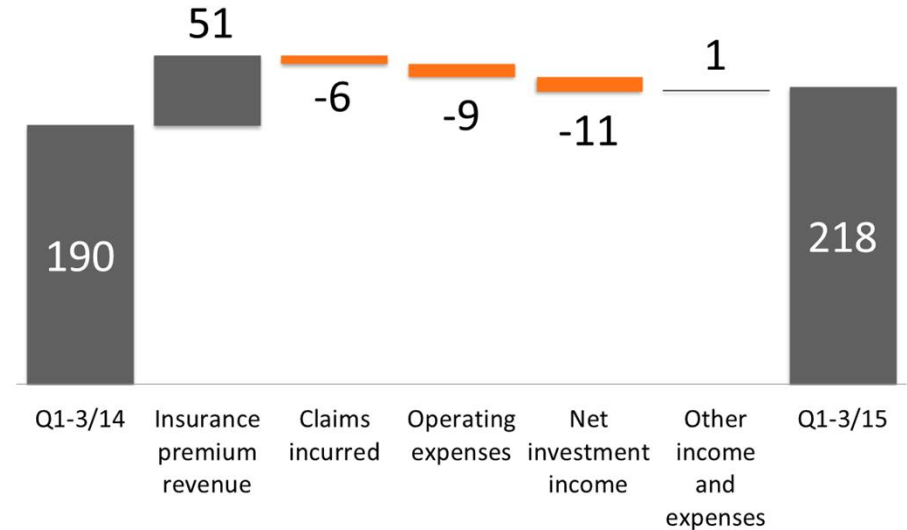


EBT improved to €218 mn (190) thanks to growth in insurance premium revenue

Earnings before tax by quarter, € mn

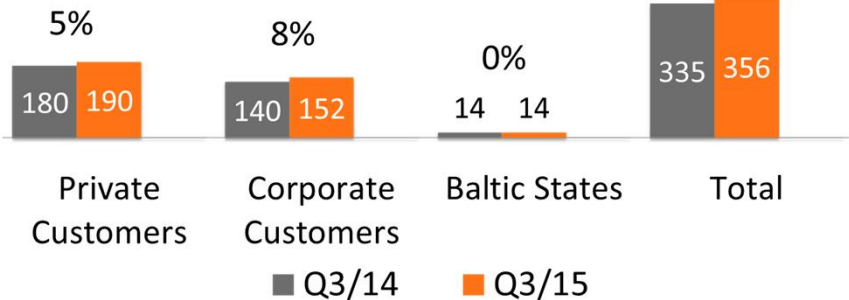


Earnings before tax, € mn
change Q1-3/15 vs. Q1-3/14

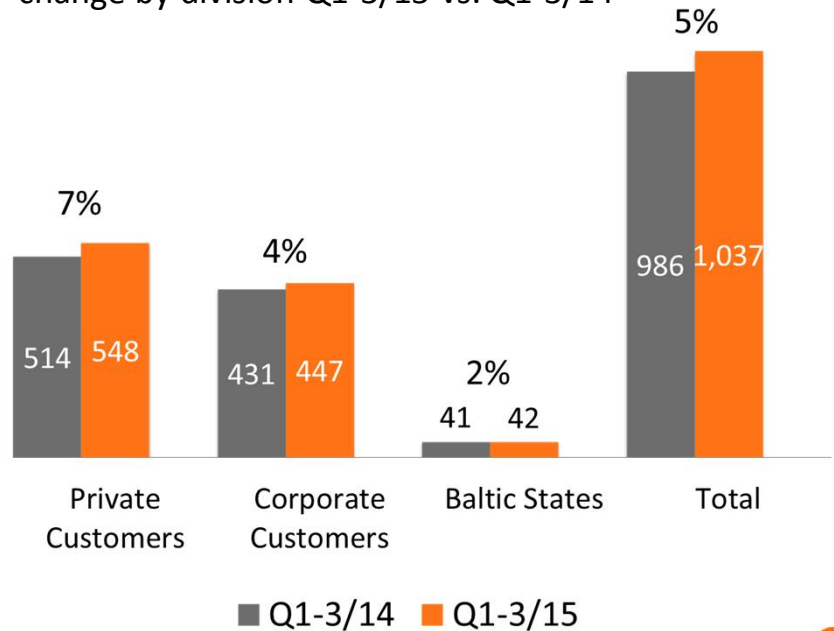


Insurance premium revenue increased within all divisions

Insurance premium revenue, € mn and change by division Q3/15 vs. Q3/14

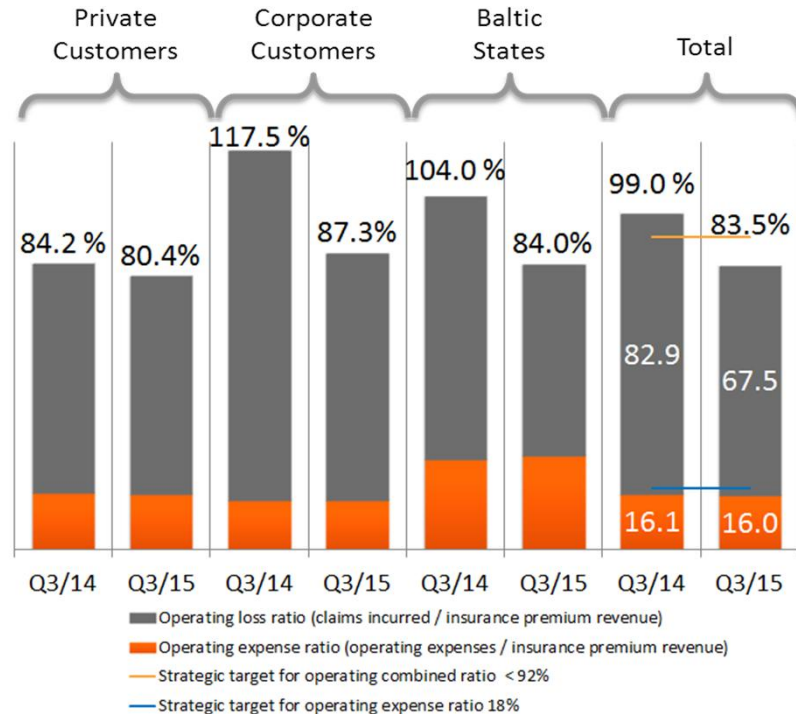


Insurance premium revenue, € mn and change by division Q1-3/15 vs. Q1-3/14

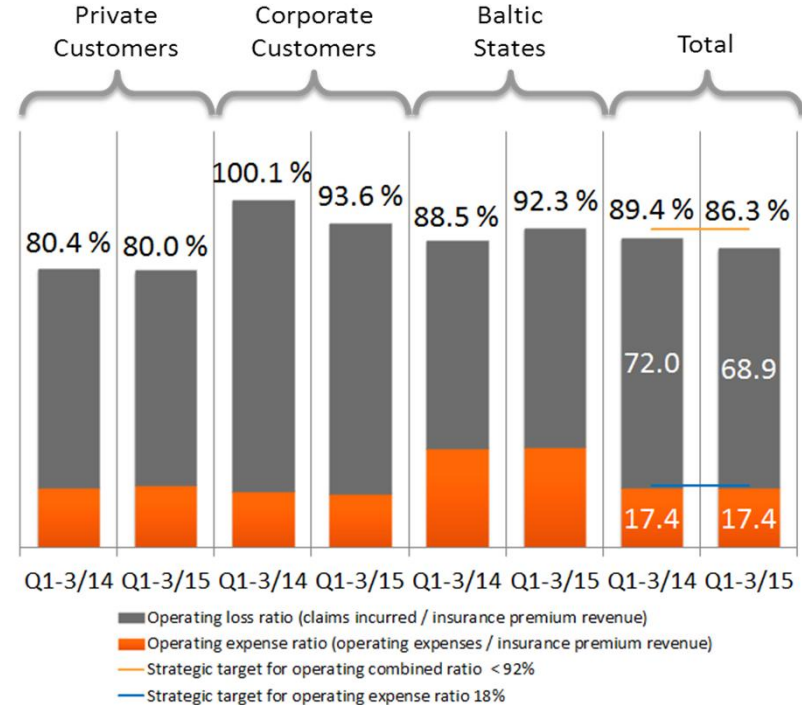


Good operating combined ratio

Operating combined ratio by division
Q3/15 vs. Q3/14, %

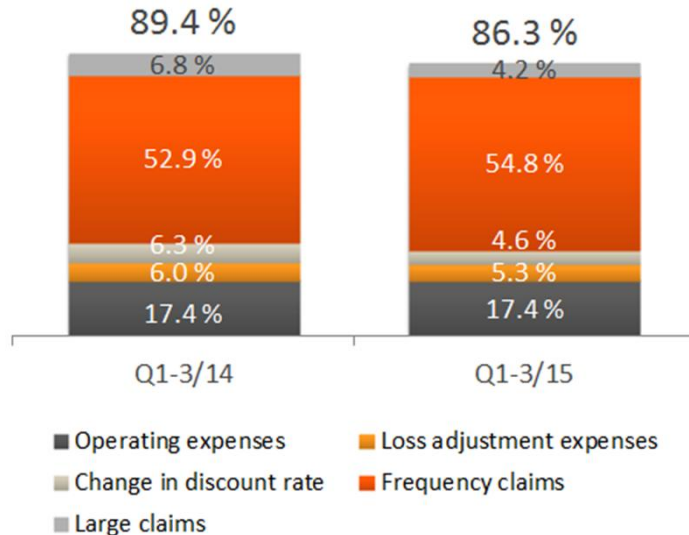


Operating combined ratio by division
Q1-3/15 vs. Q1-3/14, %

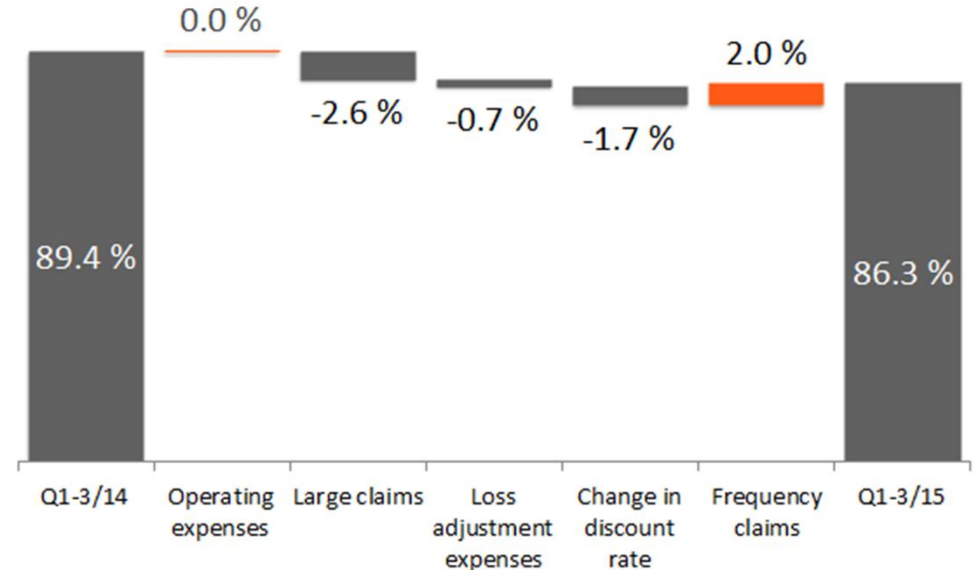


Stronger operating profitability as a result of growth and favorable large claims development

Operating combined ratio by component, %

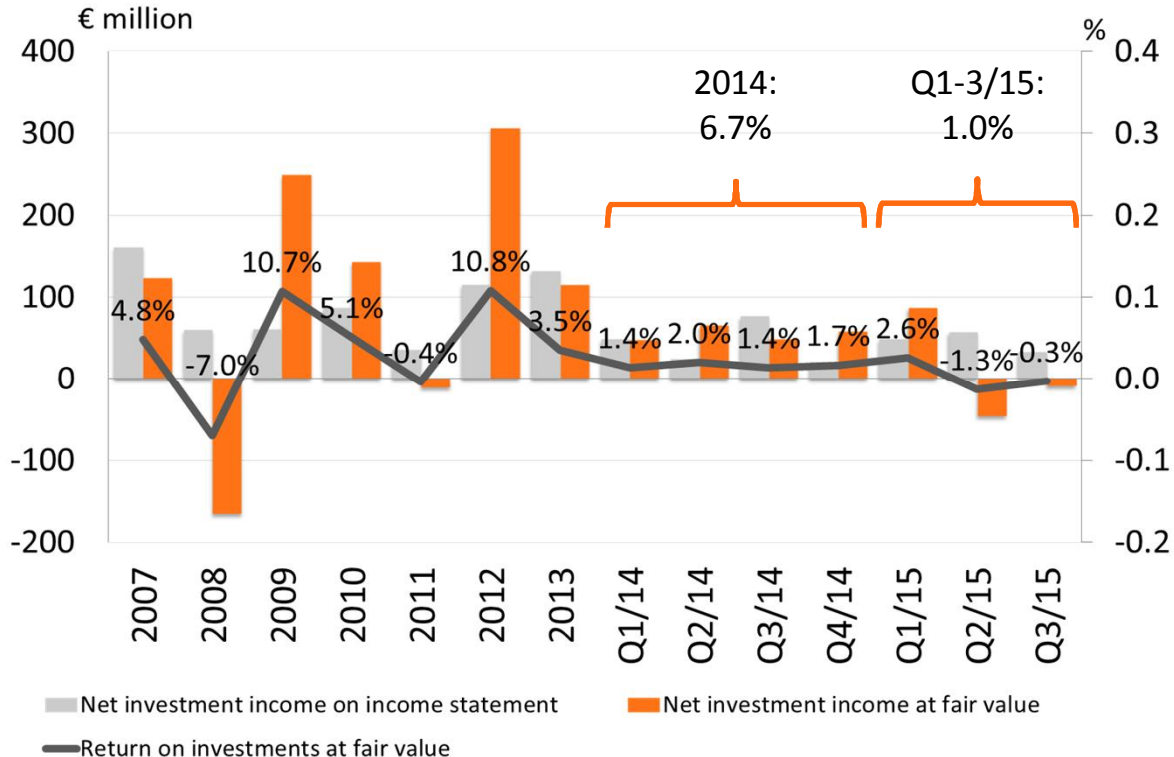


Change in operating combined ratio, %



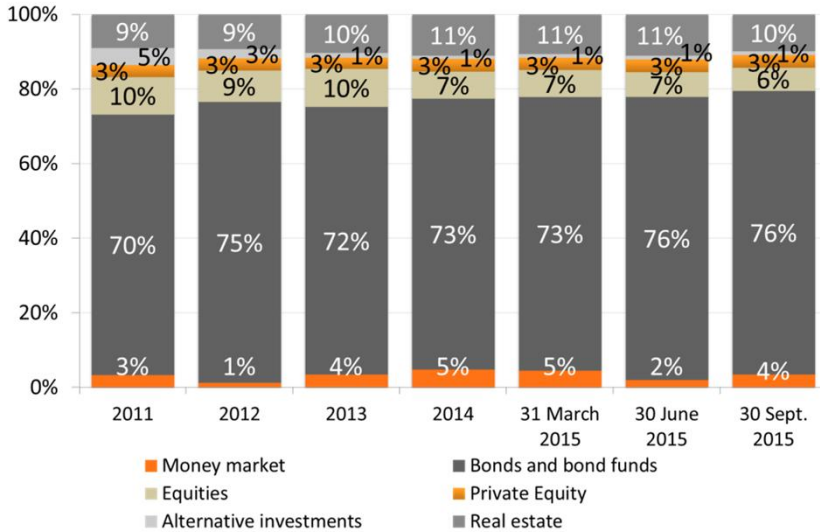
Changes in claims for previous years (run off result), excl. the effect of the reduction in the discount rate, improved the balance on technical account by €15 million (15) in Q1-3/15.

Net investment income came in negative in Q3/15 due to higher long-term interest rates and lower equity prices

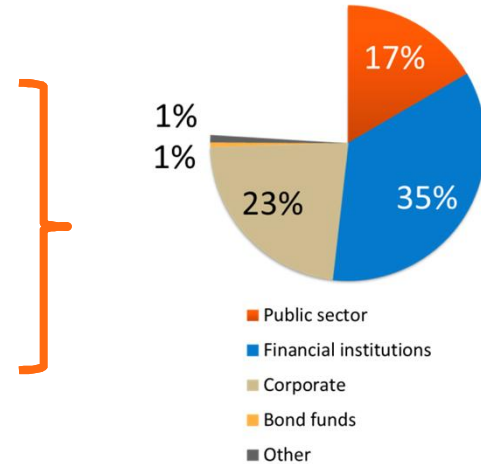


In investment portfolio allocation, share of money market increased and that of equities and real estate decreased

Investment portfolio (3,6 mrd. €) by asset class



Bonds and bond funds (76%)



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.

Wealth Management

Wealth Management

OP seeks to meet its private and corporate customers' savings and investment needs in a customer-focused and comprehensive way, with the best digital wealth management services and a unique Private Banking experience.

- For private customers, we provide an extensive range of savings and investment solutions. The mutual funds in our range invest in various asset classes and market areas, and are managed partly by OP's own investment organisation and partly by our international partners.
- The range of services for corporate customers consists of various investment solutions for not only cash management but also longer-term investment.
- OP boasts Finland's most extensive Private Banking network. The OP Private service models include discretionary investment management and advisory investment management.
- We provide our institutional clients with a full range of asset management services from investment decisions to modern risk reporting and portfolio analysis.
- In addition, OP provides both private and corporate/institutional clients with an extensive range of securities brokerage, custody and analysis services.

Key figures Q1-3/2015

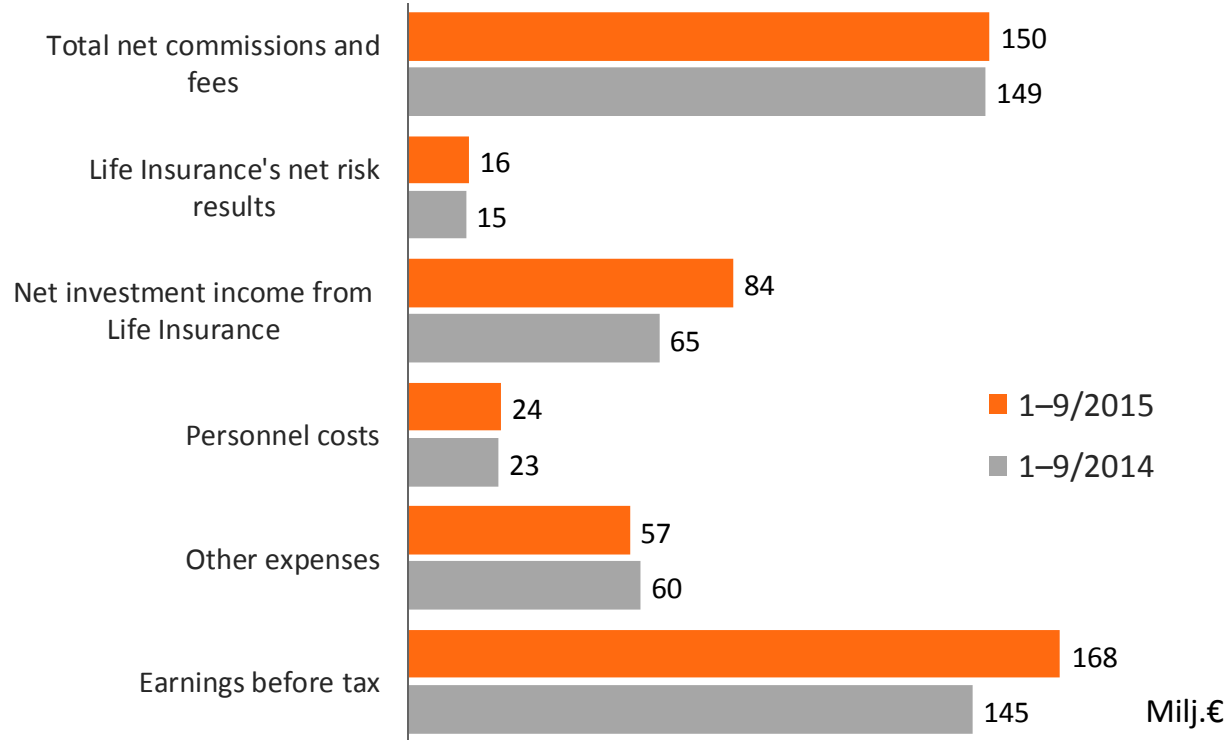
EBT

EUR **168** million

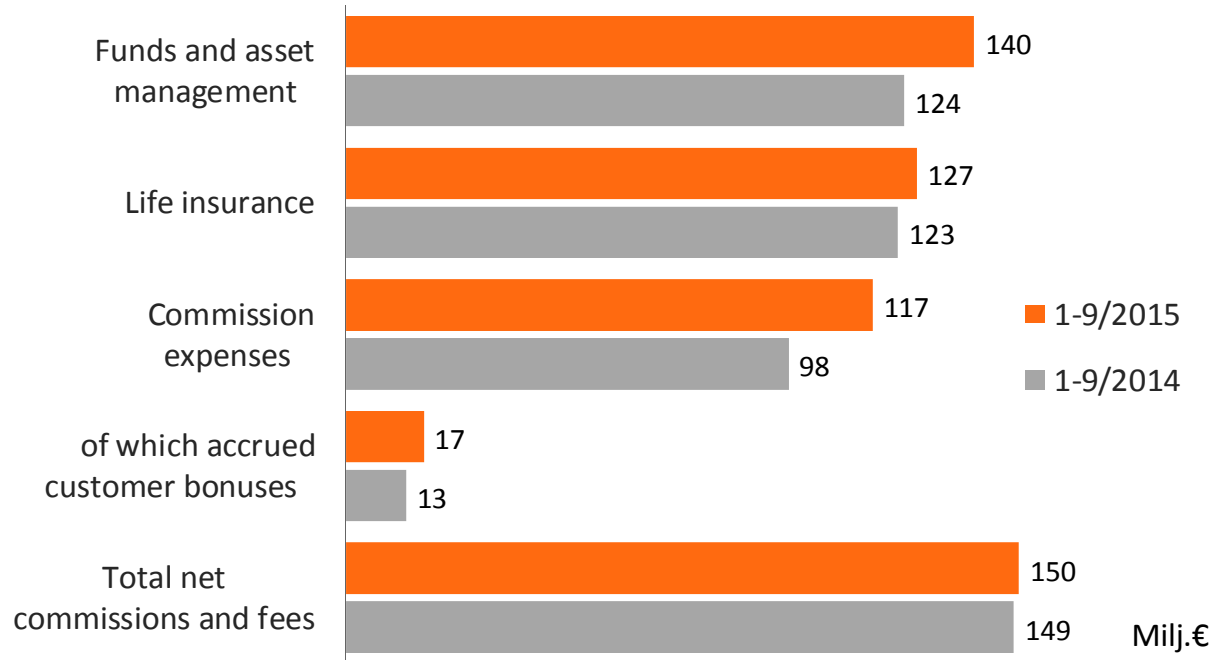
Assets under
management

EUR **64.2** billion

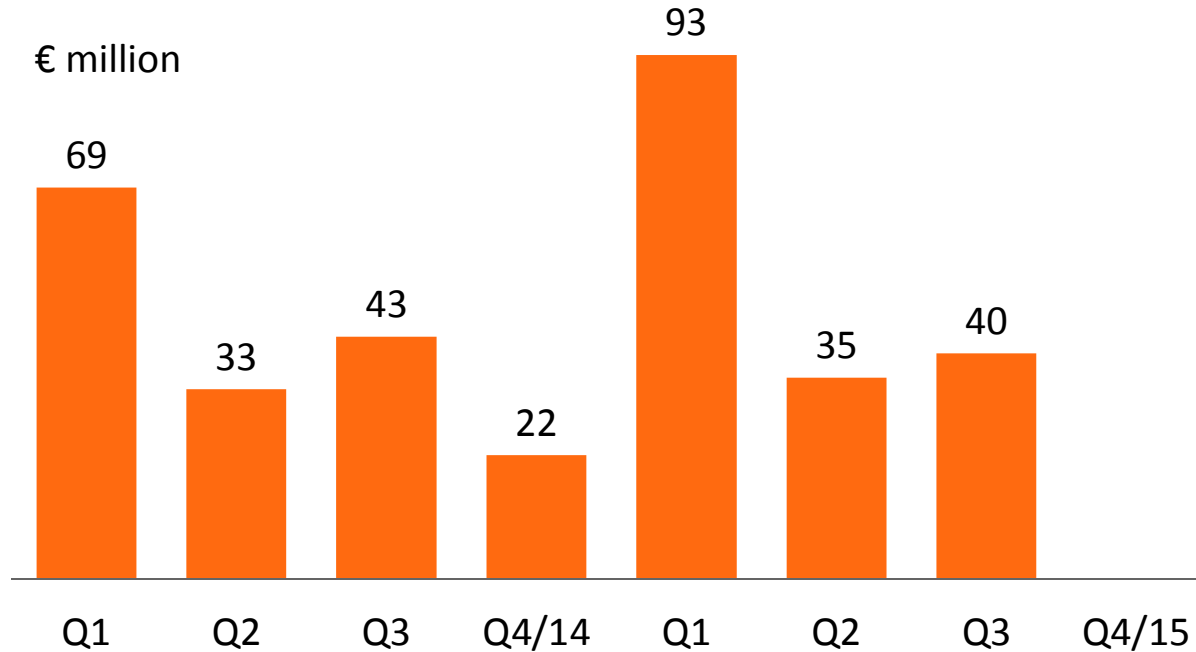
Wealth Management income statement



Wealth Management net commissions and fees

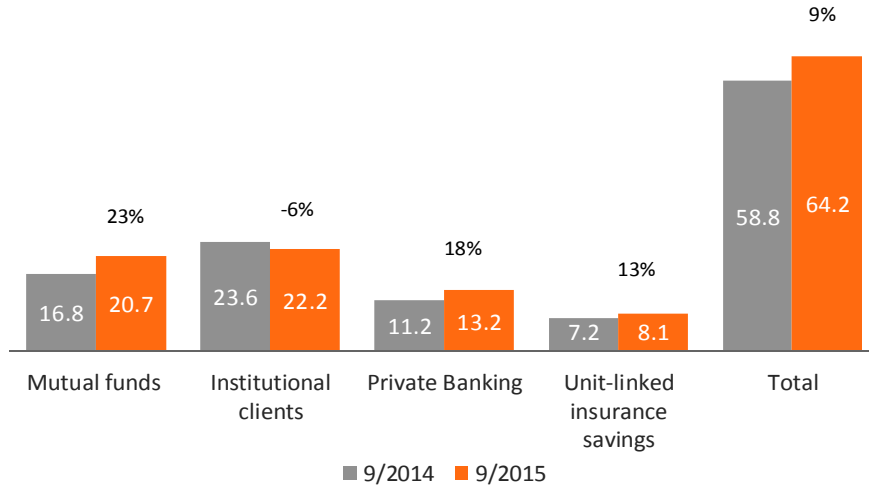


Wealth Management EBT by quarter

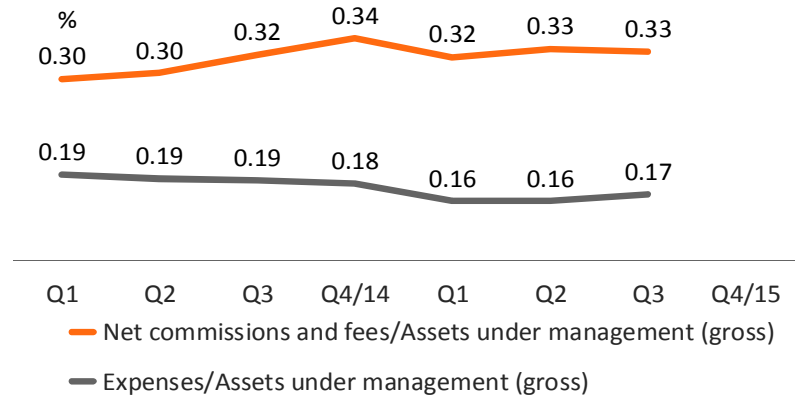


Cost efficiency has been achieved through growth in assets under management

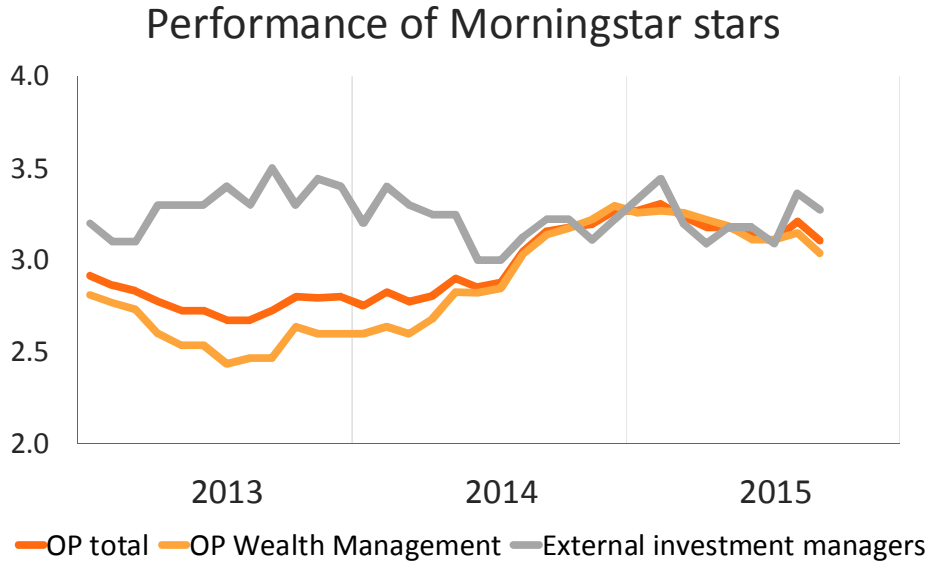
Assets under management (gross) €billion



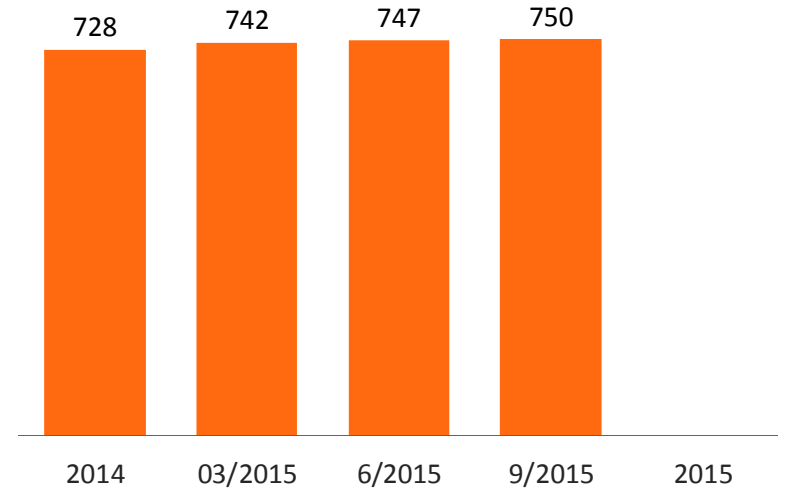
Income and expenses/Assets under management



Success of mutual funds supports growth in the number of customers

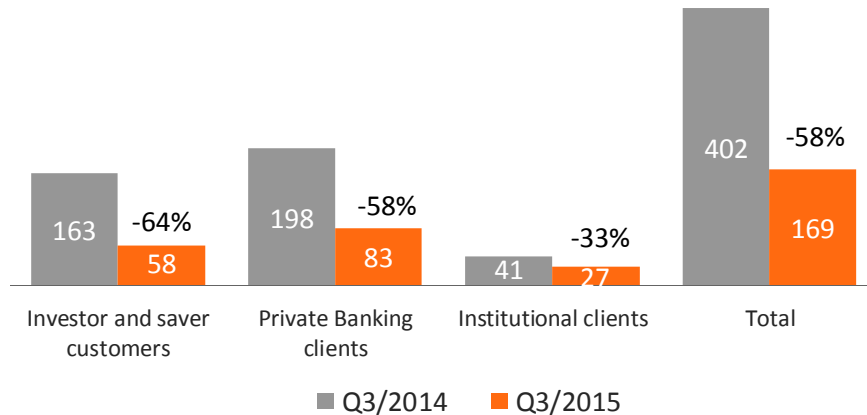


Investor and saver customers, 1000 pers.

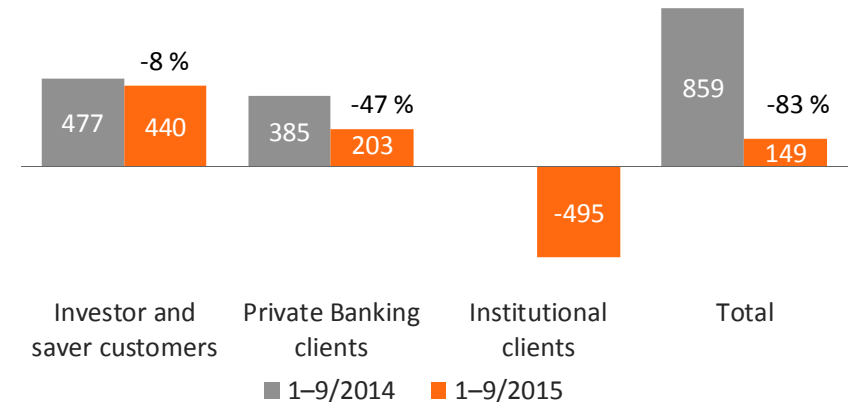


Uncertain operating environment is reflected in caution among customers

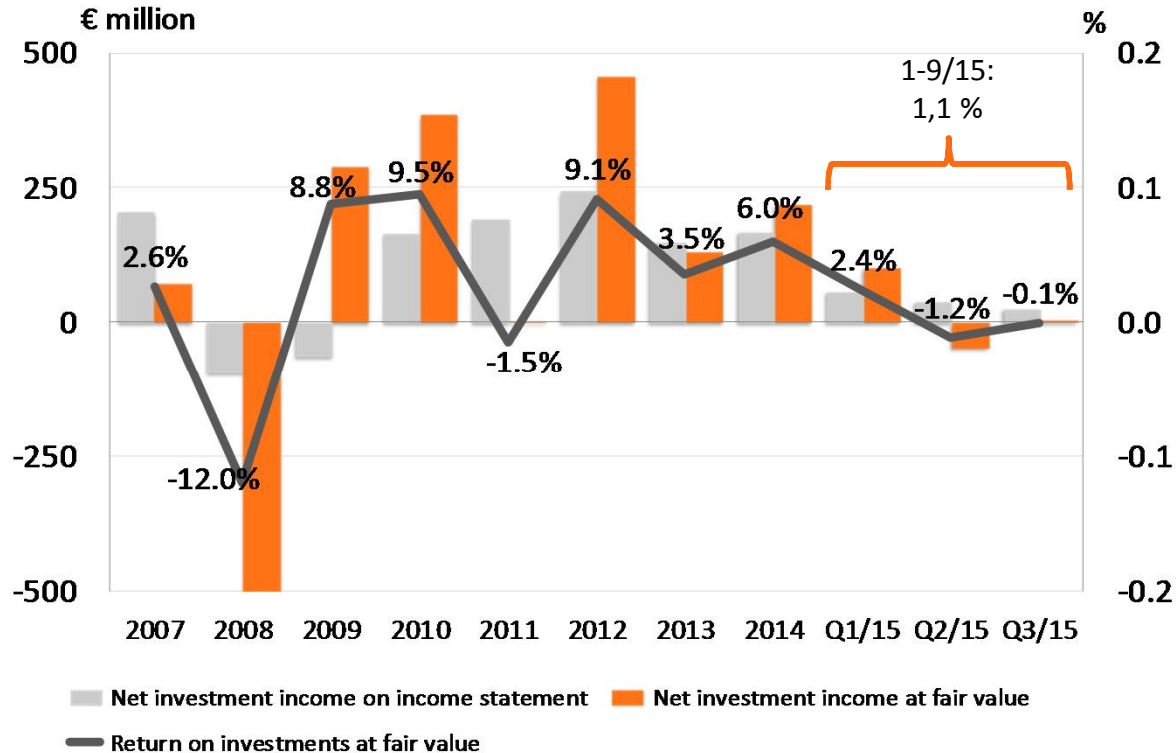
Net inflows by Quarter
€ million and change %



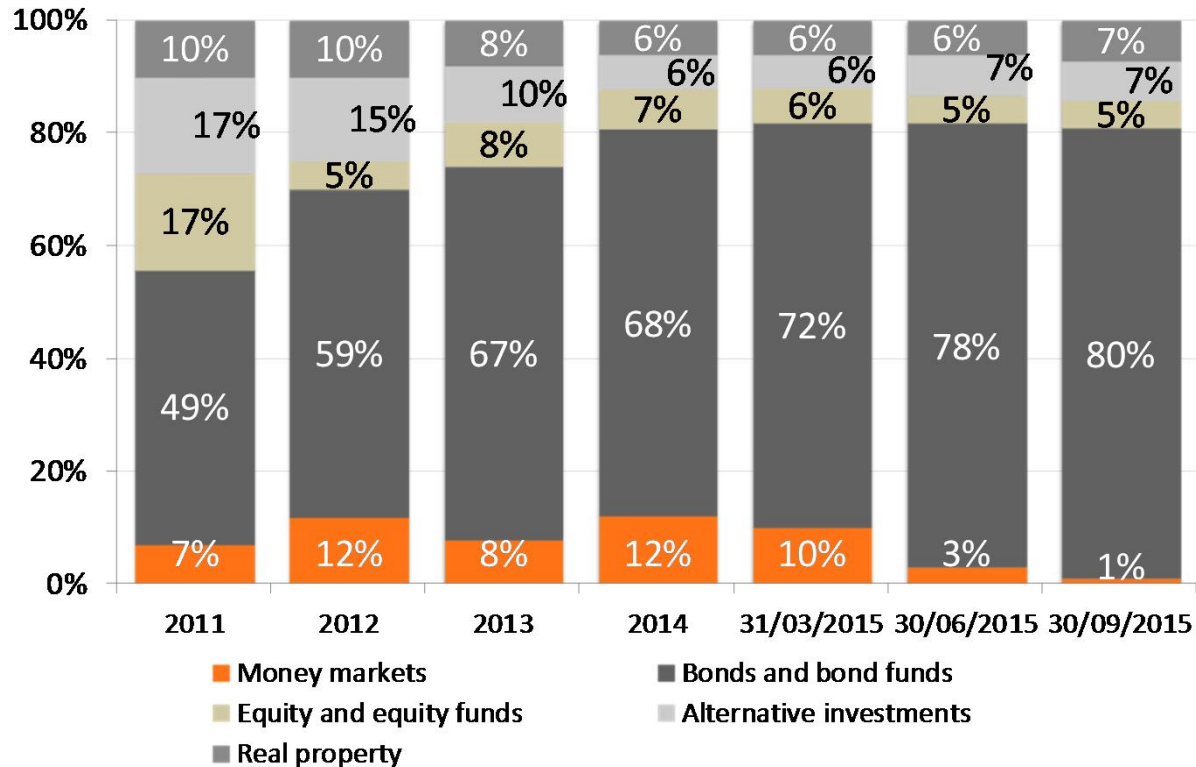
Net inflows beginning of year
€ million and change %



Life Insurance cumulative investment return, year-to-date 1.1%



The risk level of Life Insurance investment assets (EUR 4.1 billion) has been lowered with determination

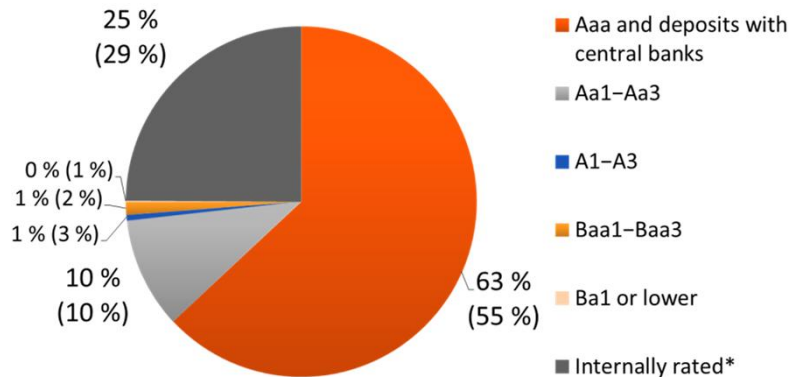


Liquidity and funding

Liquidity buffer

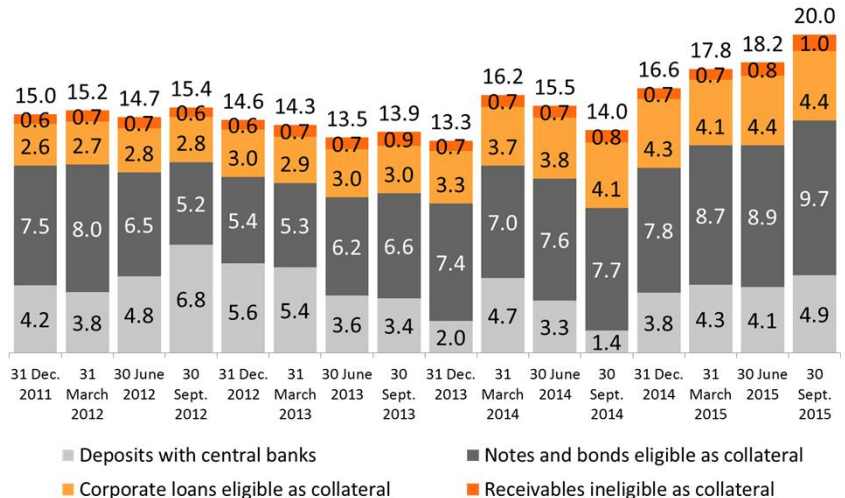
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio). According to the transitional provisions, the LCR must be at least 60% during the fourth quarter of 2015 and at least 100% from the beginning of 2018. In accordance with the European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

Liquidity buffer (€20.0 bn) by credit rating as of 30 September 2015 (31 Dec. 2014)



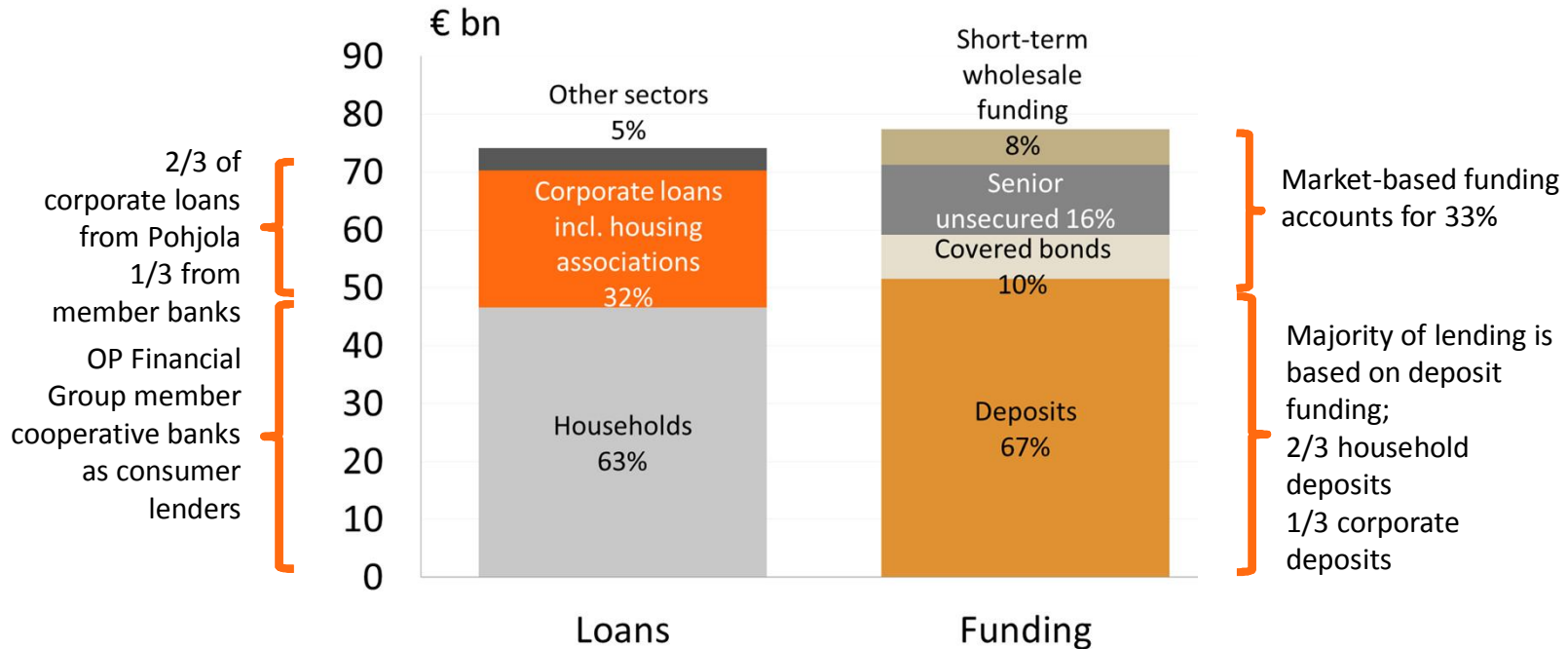
*) Internally rated: corporate loans (88%) and the remainder externally non-rated notes and bonds issued by public-sector entities and companies, both eligible as ECB collateral.

Liquidity buffer by product**, € bn

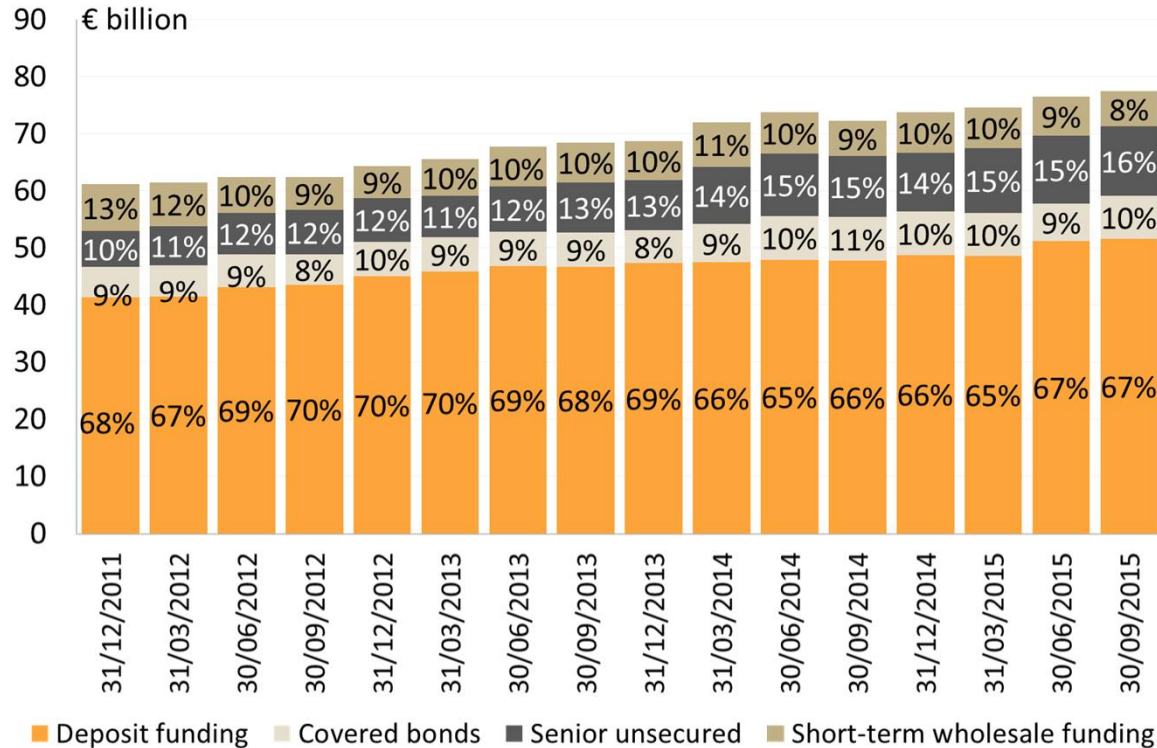


***) The liquidity buffer plus other items based on OP Financial Group's contingency funding plan can be used to cover the Group's maturing wholesale funding for at least 24 months.

OP Financial Group's loans and funding structure 30 September 2015



OP Financial Group's funding structure development 2011–2015



Issued long-term senior unsecured and covered bonds

Pohjola Bank plc's senior unsecured benchmark bonds 2014–15

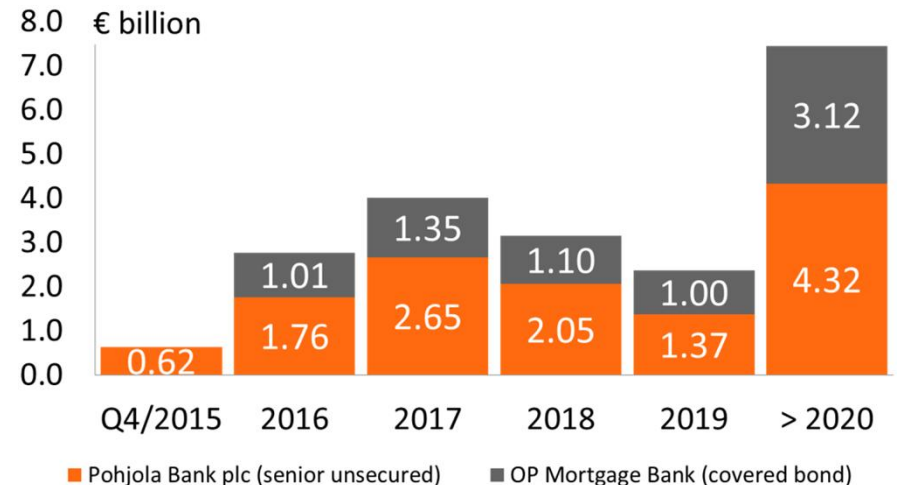
Year	Month	Amount	Maturity	Interest rate
2015	May	GBP300 mn	3 yrs	Eb3 + 16 bps
2015	May	GBP400 mn	7 yrs	Eb3 + 58 bps
2015	March	€1 bn	7 yrs	m/s + 33 bps
2014	June	CHF300 mn	7 yrs	CHFm/s + 30 bps
2014	June	¥60 bn (€432 mn)	3-5 yrs	m/s + 28.6-48.4 bps
2014	June	€750 mn	5 yrs	m/s + 48 bps
2014	March	€750 mn	7 yrs	m/s + 67 bps
2014	March	€750 mn	3 yrs	Eb3 + 36 bps

OP Mortgage Bank's covered bonds 2014–15

Year	Month	Amount	Maturity	Interest rate
2015	September	€1 bn	7 yrs	m/s - 1 bps
2014	November	€1 bn	10 yrs	m/s + 4 bps
2014	June	€1 bn	5 yrs	m/s + 5 bps
2014	March	€1 bn	7 yrs	m/s + 14 bps

- Pohjola issued long-term bonds worth €4,1 billion in Q1-3/15
- On 30 September, the average margin of Pohjola's senior wholesale funding was 41 basis points (39)

Issued senior unsecured and covered bonds by maturity, 30 September 2015



Capital Adequacy

Two capital adequacy ratios

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

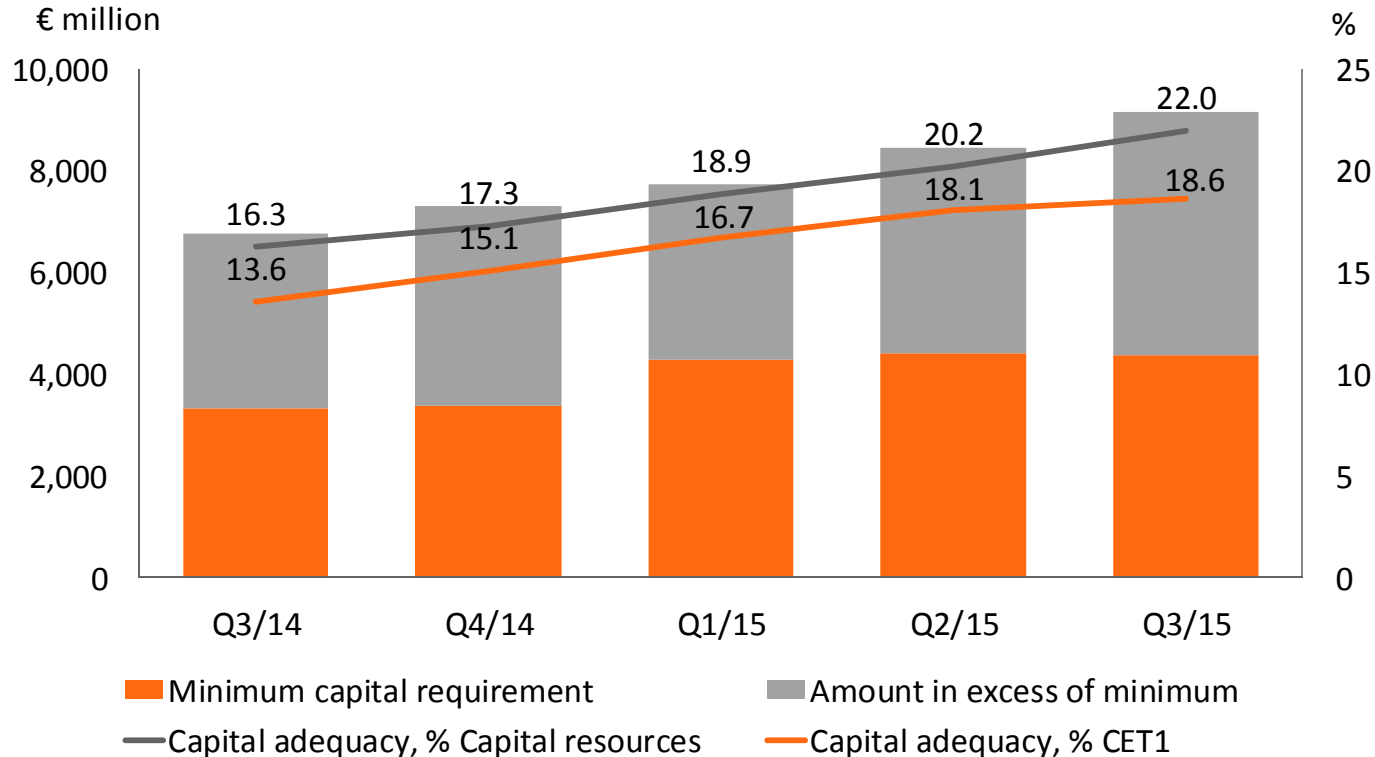
- The Group's operations are based on the Act on the Amalgamation of Deposit Banks
- The Act on the Amalgamation of Deposit Banks sets the minimum capital for the amalgamation of cooperative banks, which is calculated according to the CRR rules and the Act on Credit Institutions.
- The amalgamation of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

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

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

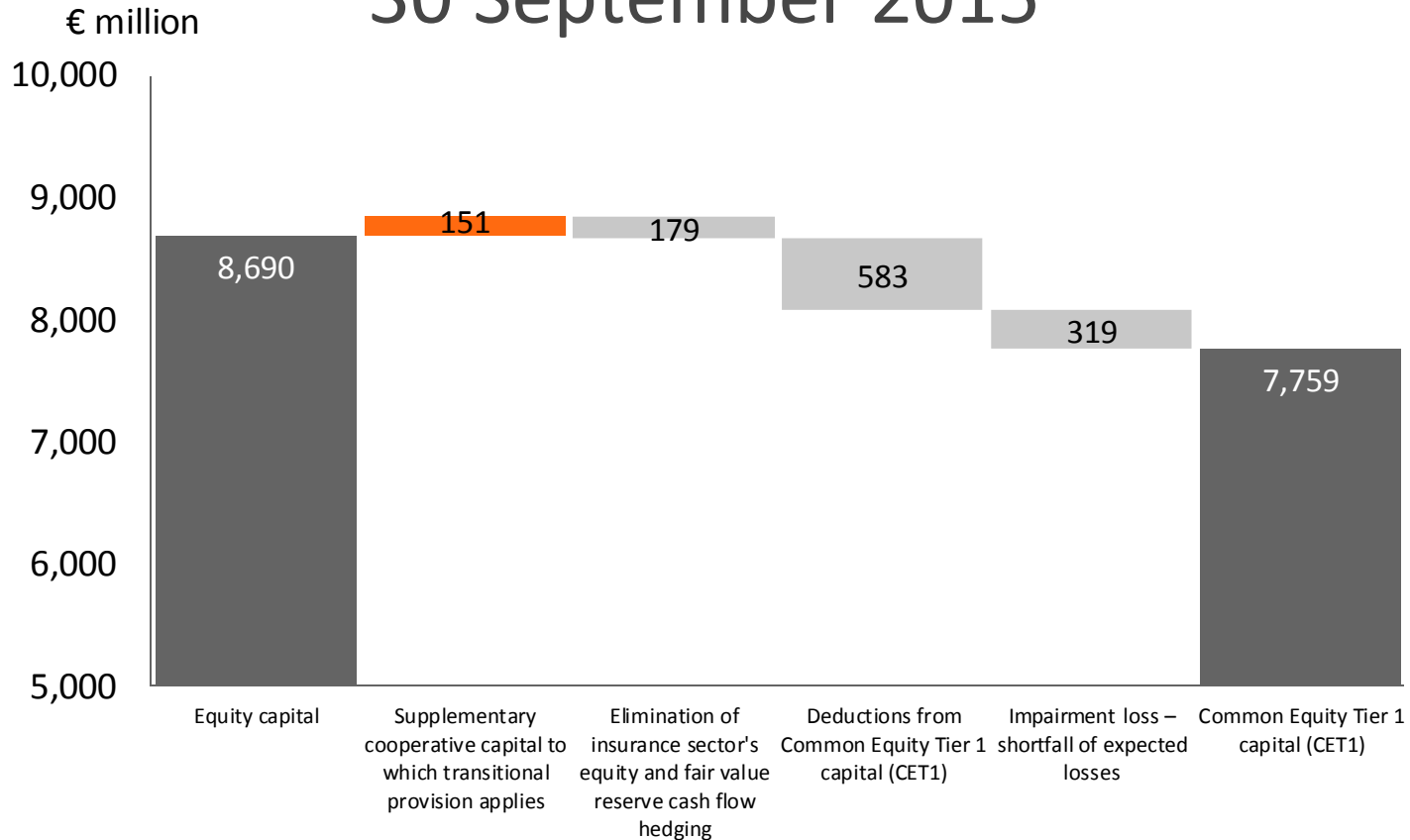
The amalgamation of the cooperative banks

Capital resources and capital adequacy

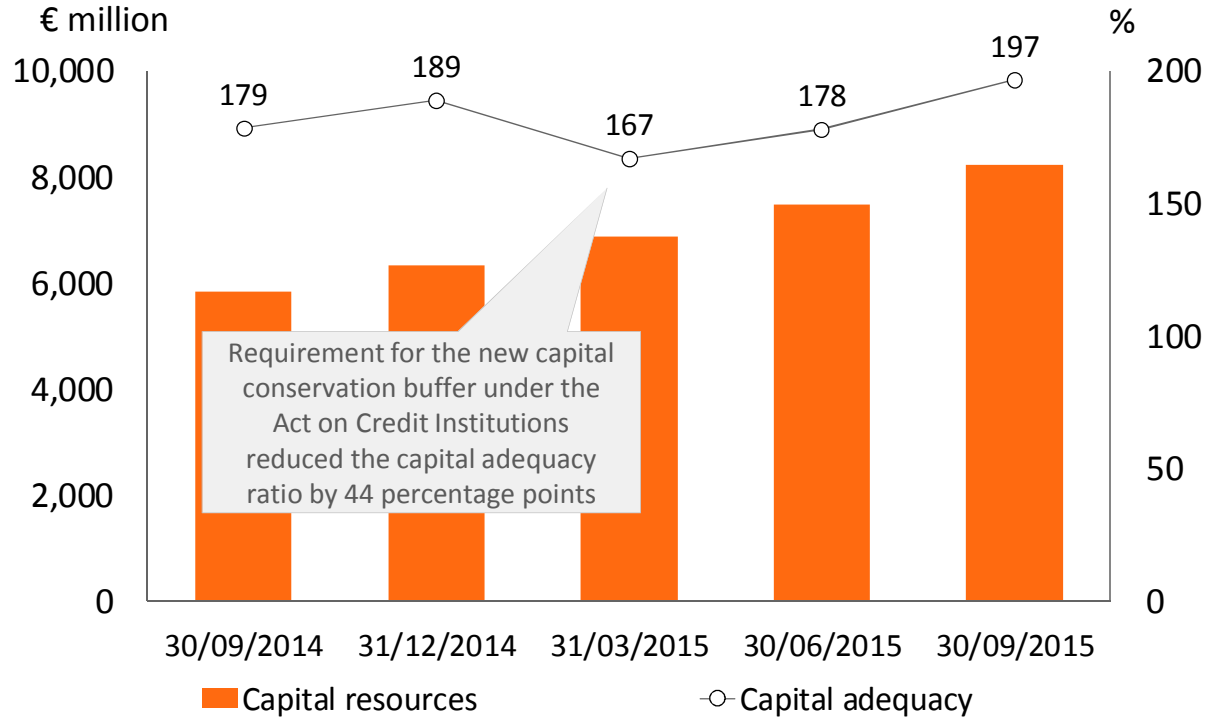


Common Equity Tier 1 (CET1)

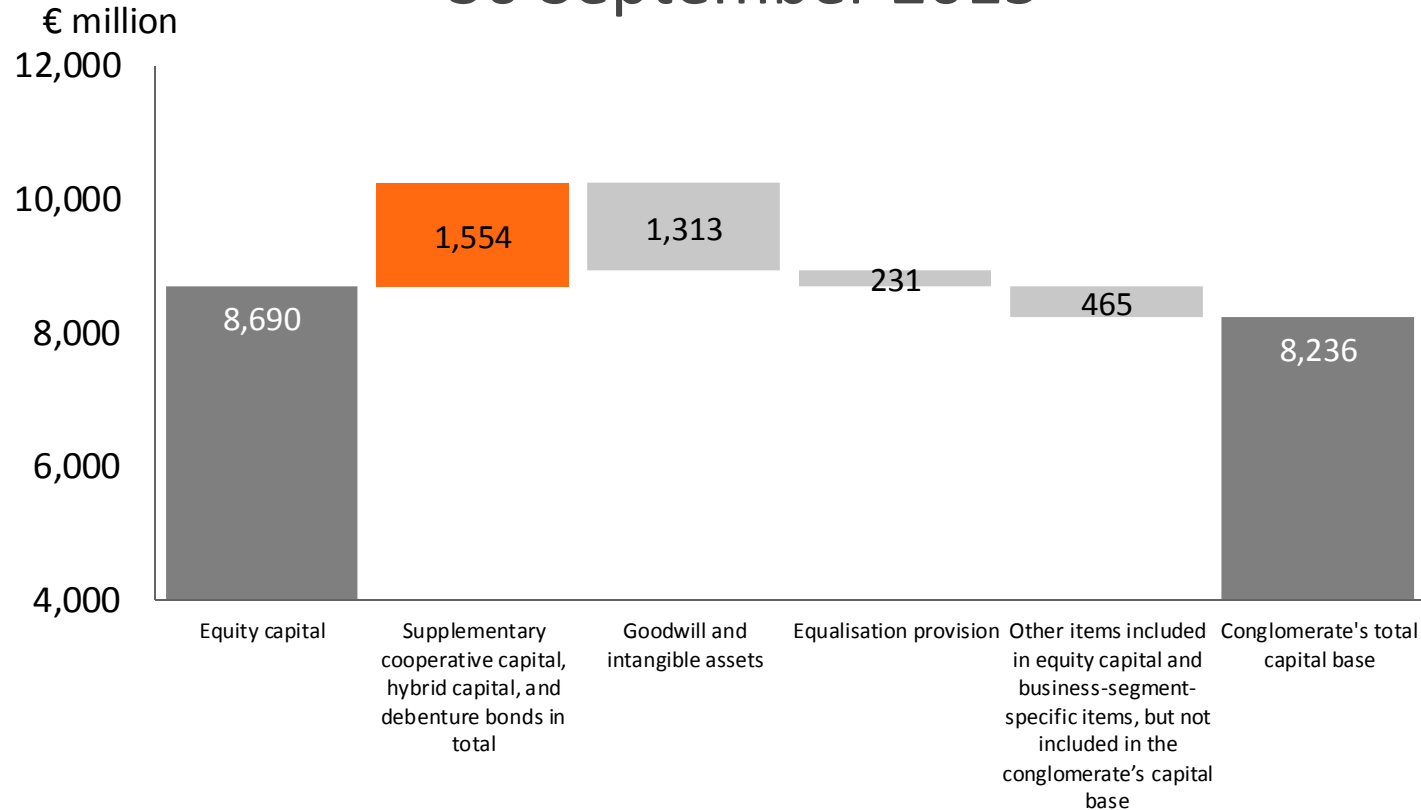
30 September 2015



OP Financial Group Conglomerate's capital adequacy



Total capital base under the Act on the Supervision of Financial and Insurance Conglomerates 30 September 2015



OP in a Nutshell

Our cooperative company form gives us a **dual role**, which is also the foundation for our unique identity

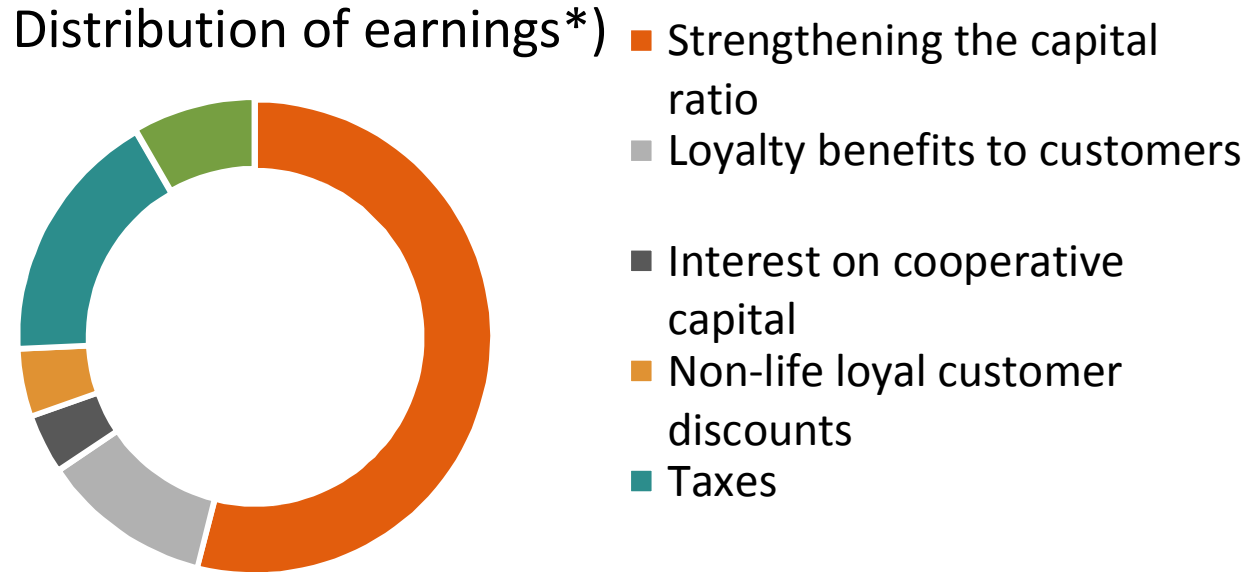


Business role



Social role

OP Financial Group allocates a substantial amount of its earnings to fulfilling its social role



OP Financial Group's targets

Long-term financial targets

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates, Group level	160 %
CET1 ratio, Banking	18.0%*
Return on economic capital, Group level	20.0%
Operational Combined ratio, Non-Life Insurance	< 92%
Growth differential between income and expenses, Group level/ Banking/Wealth Management	> 0% pps

*From 2016

Long-term growth and market position targets

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

Long-term qualitative targets

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

OP Financial Group's service channels

	1-30 Sep 2015	30 Sep 2015	12-month change
Online and mobile services			
Op.fi visits (private customers)	10,029,239	-	- 5%
OP-mobile visits, (private customers)	8,125,577	-	+ 76%
Pivo mobile wallet application visits *	Approx. 1,800,000	-	+ 39%
eServices Agreements (private customers)	-	1,631,911	+ 10,844
Branches and telephone services			
Bank branches	-	445	- 11
Providing both non-life insurance and banking services	-	347	- 2
Private Banking branches	-	40	+/- 0
OP-Kiinteistökeskus real estate agencies	-	162	+/- 0
Customer contacts in telephone service **	267,253	-	+ 21,720
Social media			
Followers on Facebook (OP Financial Group and member cooperative banks)	-	180,009	+ 43,194
Followers on Twitter	-	16,998	+ 10,836
Followers on LinkedIn (OP Financial Group and Pohjola in total)	-	9,343	+ 3,238

* Indicator changed Q3/2015 (previously no. of downloads).

** Calculation basis changed in 2015.

Joint Liability, Deposit Insurance and Investors' Compensation

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

Born to be owned by customers.

