Pohjola Bank plc's Financial Statements Bulletin for 1 January–31 December 2015

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- Consolidated earnings before tax were EUR 652 million (584) and consolidated earnings before tax at fair value amounted to EUR 511 million (663). The return on equity was 14.8% (14.3).
- The Common Equity Tier 1 (CET1) ratio was 14.1% (12.4) as against the target of 15%.
- Earnings reported by Banking improved by 10% to EUR 334 million (303). The loan portfolio grew in the year to December by 10% to EUR 16.4 billion (14.9). Earnings included EUR 29 million (25) in impairment loss on receivables.
- Non-life Insurance earnings rose by 19% to EUR 267 million (223). Operating combined ratio was 87.3 (89.4). Return on investments at fair value was 2.3% (6.7).
- Other Operations earnings improved by 14% to EUR 23 million (20). Liquidity and access to funding remained good.
- Wealth Management earnings amounted to EUR 28 million (38). Assets under management increased in the year to December by 9%, totalling EUR 47 billion (43).
- In the partial demerger of Pohjola Bank plc, wealth management, card and property management operations presented as discontinued operations were transferred to OP Cooperative on 30 December 2015.
- Outlook for 2016: Consolidated earnings before tax for 2016 are expected to be lower than earnings from continuing operations in 2015. For more detailed information on the outlook, see “Outlook for 2016” below.

Earnings before tax, € million	Q1–4/2015	Q1–4/2014	Change, %
Banking	334	303	10
Non-life Insurance	267	223	19
Other Operations	23	20	14
Wealth Management	28	38	-26
Group total	**652**	**584**	**12**
Change in fair value reserve	-141	79	
Earnings before tax at fair value	**511**	**663**	**-23**
Equity per share, €	11.38	10.38	
Average personnel	2,446	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	Q1–4/2015	Q1–4/2014	Target
Return on equity, %	14.8	14.3	13
Common Equity Tier 1 (CET1) ratio, % *	14.1	12.4	15
Operating cost/income ratio by Banking, %	27	33	< 35
Operating combined ratio by Non-life Insurance, % **	87.3	89.4	< 92
Operating expense ratio by Non-life Insurance, %	17.7	18.4	18
Non-life Insurance solvency ratio (under Solvency II framework), % ***	139.3	117.3	120
Operating cost/income ratio by Wealth Management, %	58	42	< 45
Total expenses in 2015 at the same level as at the end of 2012	491	531	514****
AA rating affirmed by at least two credit rating agencies or credit ratings at least at the main competitors’ level	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.	30*****	30	≥ 50 (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).
***** Board proposal

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Operating environment

World economic growth remained sluggish in 2015 when growth in emerging economies stumbled. Commodity prices fell and the inflation rate decelerated on a global scale. The euro-area economy picked up, growing at a moderate rate.

The European Central Bank (ECB) intensified its accommodative monetary policy measures as the inflation rate decelerated. In March, the ECB began buying government bonds, resulting in pushing the short-term market interest rates negative. In December, the ECB announced new measures. It cut the deposit rate and extended the bond buying programme until March 2017. Market interest rates continued to decrease slightly.

The Finnish economic picture remained grim. Total output remained stagnant and unemployment increased. Capital expenditure was down and exports continued its downward trend. On the positive side, household spending rose. Construction picked up towards the year end. The housing market became slightly livelier but home prices decreased by less than one per cent.

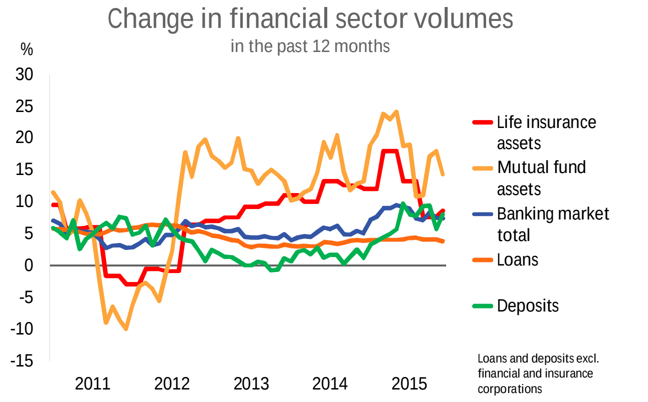
The world economy is expected to continue to grow at a rate below the long-term average. The euro-area economy should continue to grow at a moderate pace. The Euribor rates are expected to remain lower than at the end of 2015. In Finland, household spending and a recovery in fixed investments are anticipated to maintain some economic growth.

During the financial year, new home loans drawn down were about ten per cent higher than a year ago. At the same time, the growth rate of total consumer home loan volumes increased to almost three per cent and the average loan term for new home loans lengthened to slightly less than 19 years. The total volume of corporate and housing corporation loans increased by six per cent. A slightly positive mood for demand for loans is expected to continue.

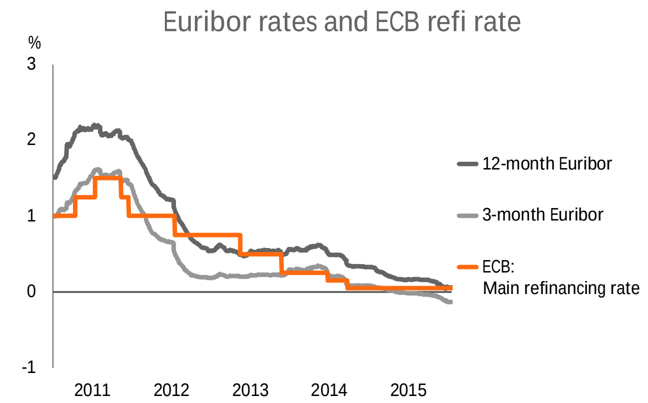
The total volume of deposits showed growth throughout the year, aided by growth in deposits by corporations and public-sector-entities, whereas growth in total household deposits was weaker. The total term-deposit volume continued to decline as a result of extremely low interest rates.

Domestic mutual fund assets and insurance savings climbed notably thanks to favourable market developments and greater net asset inflows. Some 70 per cent of the growth in mutual fund assets came from net asset inflows.

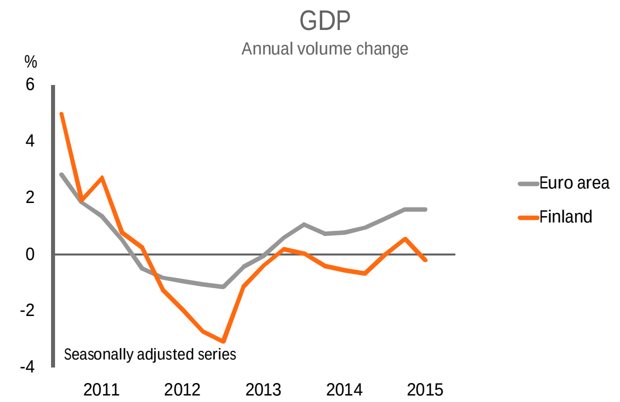
According to the statistics by the Federation of Finnish Financial Services, non-life insurance premiums written were 2.1 per cent lower than in the previous year. Claims paid out decreased by 3.1 per cent.



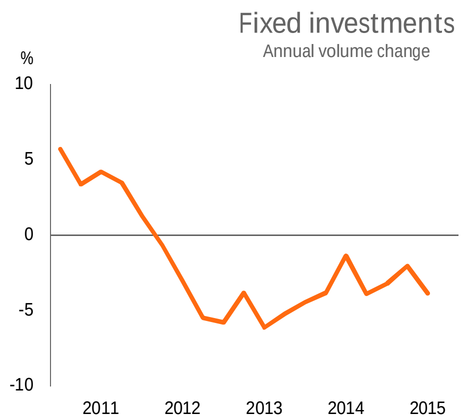
Sources: Bank of Finland, Federation of Finnish Financial Services, Investment Research Finland



Source: Bank of Finland



Sources: Eurostat, Statistics Finland



Source: Statistics Finland

Consolidated earnings analysis

€ million	Q1–4/2015	Q1–4/2014**	Change, %	Q4/2015	Q4/2014**	Change, %
Continuing operations *						
Net interest income						
Corporate and Baltic Banking	276	255	8	73	67	8
Markets	-3	28		0	6	
Other	-53	-26		-17	-9	79
Total	220	257	-14	56	64	-13
Net commissions and fees	37	52	-29	6	-2	
Net trading income	105	77	35	17	2	
Net investment income	75	64	17	11	15	-24
Net income from Non-life Insurance						
Insurance operations	511	466	10	125	126	
Investment operations	178	173	3	28	25	15
Other items	-43	-46	-6	-11	-11	1
Total	646	593	9	143	140	2
Other operating income	30	30	-1	9	8	6
Total income	**1,111**	**1,073**	**4**	**242**	**226**	**7**
Personnel costs	155	163	-5	39	40	-3
ICT costs	92	94	-2	25	25	1
Depreciation and amortisation	49	52	-6	13	13	-4
Other expenses	161	191	-16	43	41	5
Total expenses	**457**	**500**	**-9**	**120**	**120**	**1**
Earnings before impairment loss on receivables	**654**	**574**	**14**	**121**	**106**	**14**
Impairment loss on receivables	29	25	14	9	7	34
Earnings of continuing operations before tax	**625**	**548**	**14**	**112**	**99**	**12**
Discontinued operations *						
Wealth Management net income						
Net commissions and fees	54	64	-16	14	25	-43
Share of associates' profit/loss	1	1	-2	0	0	
Wealth Management other income and expenses, net	-29	-30	-3	-5	-8	-37
Earnings of discontinued operations before tax	**26**	**36**	**-26**	**9**	**17**	-47
Total earnings before tax	**652**	**584**	**12**	**121**	**117**	**4**
Change in fair value reserve	-141	79		-2	28	
Earnings before tax at fair value	**511**	**663**	**-23**	**119**	**144**	**-17**

* In the partial demerger of Pohjola Bank plc on 30 December 2015, wealth management, card and property management operations were transferred to OP Cooperative.
** Comparatives have been restated to correspond to the change in the accounting policies applied as of 1 January 2015 (see Note 1. Accounting policies).

January–December earnings

Consolidated earnings before tax grew by EUR 68 million to EUR 652 million (584). Including discontinued operations, total income was up by 3%, while total expenses fell by 8%. Impairment losses on receivables totalled EUR 29 million (25).

The fair value reserve before tax declined by EUR 141 million year on year, amounting to EUR 150 million on 31 December 2015. Earnings before tax at fair value were EUR 511 million (663).

Continuing operations

Earnings of continuing operations before tax were EUR 625 million (548). The earnings improvement mainly came from higher Non-life Insurance net income and lower expenses.

Net interest income fell by 14% due mainly to lower net interest income from Other Operations. Combined net interest income from Corporate Banking and Baltic Banking grew by 8%. The loan portfolio grew by 10% to EUR 16.4 billion in the year to December. The average margin on the corporate loan portfolio decreased by six basis points during the reporting period, to 1.38% (1.44). In Other Operations, 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.

Net commissions and fees decreased to EUR 37 million (52), 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 trading income increased as a result of higher net income from derivatives trading in the Markets division.

Net investment income improved year on year, to EUR 75 million (64). Capital gains on notes and bonds amounted to EUR 29 million (11) and capital gains on shares to EUR 14 million (13). Dividend income totalling EUR 26 million (43) mainly came from OP Financial Group entities.

Net income from Non-life Insurance grew year on year by 9%, to EUR 646 million (593). Insurance premium revenue increased by 7% and claims incurred by 5%. The reduction in the discount rate for pension liabilities increased claims incurred by EUR 62 million (62). Investment income recognised in the income statement rose by 3%. Investment income included EUR 100 million (114) in net capital gains and EUR 9 million (2) in impairment loss on investments. Return on investments at fair value was 2.3% (6.7).

Other operating income amounted to EUR 30 million, remaining at the previous year's level.

Total expenses decreased by EUR 43 million to EUR 457 million (500). Personnel costs fell by EUR 8 million year on year. A year ago, other expenses were increased by EUR 20 million in the bank levy and statutory contributions to the Deposit Guarantee Fund but, excluding these, expenses decreased by approximately 5%.

Discontinued operations

Earnings of discontinued operations before tax decreased, totalling EUR 26 million (36). Net commissions and fees amounted to EUR 54 million (64). A decrease in performance-based management fees in Wealth Management lowered commission income.

In the partial demerger of Pohjola Bank plc, wealth management, card and property management operations presented as discontinued operations were transferred to OP Cooperative on 30 December 2015.

October–December earnings

Consolidated earnings before tax improved to EUR 121 million (117). Including discontinued operations, total income rose by 2%, while total expenses remained at the previous year's level. Impairment losses on receivables increased year on year, to EUR 9 million (7).

The fair value reserve before tax declined by EUR 2 million (increased by 28) in the last quarter. Earnings before tax at fair value were EUR 119 million (144).

Continuing operations

Earnings of continuing operations before tax improved by EUR 12 million to EUR 112 million (99). Net trading income increased by EUR 15 million and total expenses remained at the previous year’s level.

Net interest income decreased by 13% due to lower net interest income from Other Operations. Combined net interest income from Corporate Banking and Baltic Banking grew by 8% year on year. The loan portfolio increased by 2% from the end of September and the average margin on the corporate loan portfolio remained at the September-end level at 1.38 basis points.

Net commissions and fees increased by EUR 8 million year on year, mainly as a result of lower commission expenses in Non-life Insurance. Non-life Insurance commission expenses were EUR 6 million lower than the year before. Commission income mainly derives from lending, securities brokerage and payment transfers.

Net investment income fell by EUR 4 million year on year mainly as a result of lower capital gains on shares and dividend income.

Net income from Non-life Insurance rose by 2% year on year thanks to higher net investment income.

Expenses were at the same level as a year ago, totalling EUR 120 million (120). A year ago, expenses were increased by EUR 5 million in the bank levy and statutory contributions to the Deposit Guarantee Fund but, excluding these, expenses rose by approximately 5%.

Discontinued operations

Earnings of discontinued operations before tax totalled EUR 9 million (17). Wealth Management net commissions and fees amounted to EUR 14 million (25). Performance-based management fees decreased year on year.

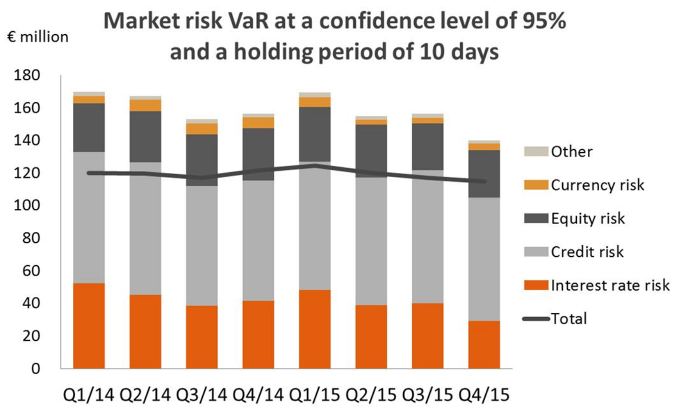
Group risk exposure

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

The strong risk-bearing capacity and moderate target risk exposure level helped to maintain the Group's credit risk exposure stable in a situation where the economic environment remained challenging.

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 115 million (121) on 31 December 2015. 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.

Credit risk exposure remained stable, at a moderate risk level. Doubtful receivables decreased to EUR 184 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. Forbearance measures consist of concessions agreed at the customers' initiative to contractual payment terms towards the customer to make it easier for them to manage through temporary payment difficulties. Impairment losses on receivables remained low, accounting for 0.15% of the loan and guarantee portfolio.

Total exposure in Banking increased by EUR 3.1 billion to EUR 30.0 billion. The ratio of the exposure of the highest rating categories (1–5.5) to total exposure, excluding households, was 71% (73). The proportion of rating categories 11–12 was 0.6% (0.9).

Corporate customer (including housing corporations) exposures represented 78% (79) of total Banking exposures. Of corporate customer exposures, the investment-grade exposure accounted for 69% (68) and the exposure of the lowest two rating categories amounted to EUR 162 million (234) or 0.7% (1.1) of the total corporate exposure.

Large corporate customer exposure refers to exposure which, after allowances and other recognition of credit risk mitigation, exceeds 10% of the capital base covering customer risk. On 31 December 2015, the amount of large corporate customer exposures totalled EUR 0.5 billion (0.4), while Pohjola's capital base covering the Group's large customer exposure was EUR 4.4 billion (3.6).

In the Companies and housing associations sector, exposure by industry remained highly diversified. The most significant industries included Energy 12.6% (11.0), Trade 10.4% (10.7) and Renting and Operating of Residential Real Estate representing 9.7% (9.9). A total of 43% of exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Baltic Banking exposures grew to EUR 1.6 billion (1.2), accounting for 5.4% (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 31 December 2015 than a year ago. On 31 December 2015, the investment risk level (VaR with 95% confidence) was slightly lower than on 31 December 2014. In its investment portfolio, Pohjola has reduced equity risk and 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 risk in proportion to the position size (VaR with 95% confidence) decreased during the reporting period as a result of allocation changes.

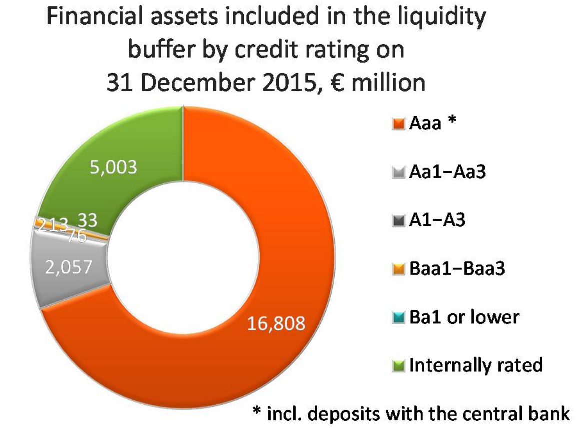
OP Financial Group secures its liquidity through a liquidity buffer maintained by Pohjola and consisting mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer and other sources of additional funding based on the contingency funding 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.

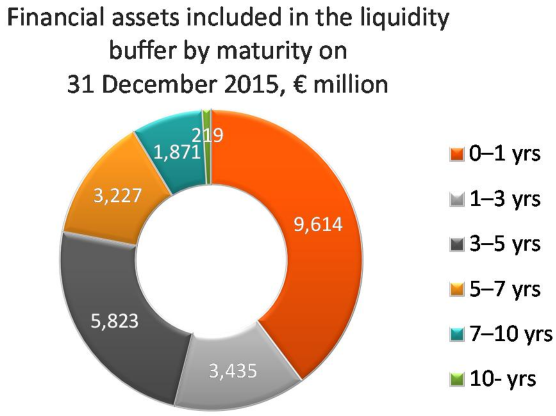
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio). According to the transitional provisions, the LCR must be at least 60% during the fourth quarter of 2015 and at least 100% from the beginning of 2018. OP Financial Group's LCR ratio, calculated in accordance with the European Commission Liquidity Delegated Act, was 116% on 31 December 2015.

Liquidity buffer

€ billion	31 Dec. 2015	31 Dec. 2014	Change, %
Deposits with central banks	8.5	3.8	
Notes and bonds eligible as collateral	10.6	7.8	35
Corporate loans eligible as collateral	4.3	4.3	0
Total	**23.4**	**15.9**	**47**
Receivables ineligible as collateral	0.8	0.7	19
Liquidity buffer at market value	**24.2**	**16.6**	**46**
Collateral haircut	-1.2	-1.1	12
Liquidity buffer at collateral value	**23.0**	**15.5**	**48**

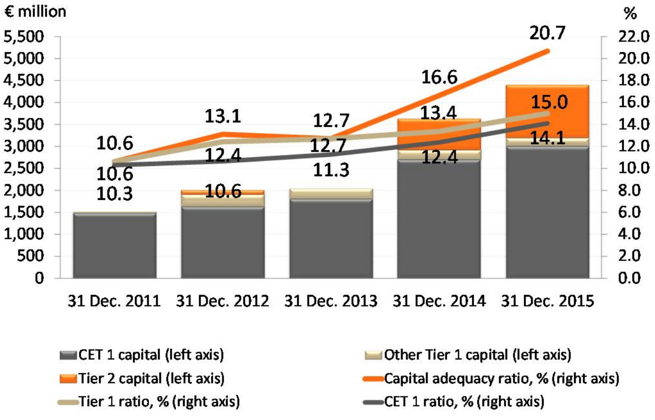
The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loans eligible as collateral. The notes and bonds included in the liquidity buffer are based on mark-to-market valuations.





Group's capital adequacy

Capital base and capital adequacy



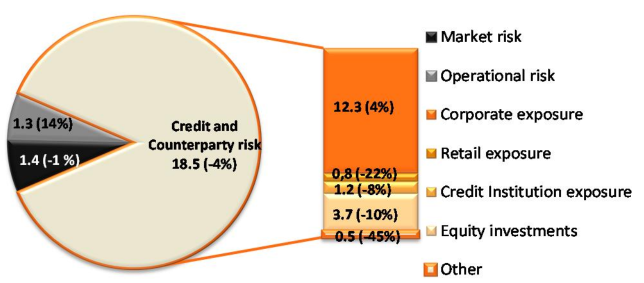
Pohjola Group's CET1 ratio was 14.1% (12.4) on 31 December 2015. In the first quarter, Pohjola Group adopted updated probabilities of default (PD) according to permission from the supervisor. This adoption improved the CET1 ratio by about 0.7 percentage points. Pohjola Group's minimum CET1 target is 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 301 million to EUR 3.0 billion because of strong Banking earnings performance.

On 31 December 2015, risk-weighted assets totalled EUR 21.3 million (21.8), or 2.5% lower than on 31 December 2014. 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.

Risk-weighted assets 31 Dec. 2015
Total 21.3 € billion
(change from year end -3%)



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.

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 cancelled 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 needs 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, but began preparations for setting higher risk weights on housing loans in an effort, according to the Authority, to prepare for an increased systemic risk. The Financial Supervisory Authority makes a macroprudential policy decision on a quarterly basis.

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 9.75%. In view of OP Financial Group's strong capital base (CET1 ratio at 19.5%) and high capital adequacy target, 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 comprehensive assessment uniformly applied to banks.

Solvency II regulatory changes

The solvency regulations of the insurance sector changed in early 2016. 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 requirements will increase capital requirements and, on the other hand, increase the capital base.

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

€ million	31 Dec. 2015	31 Dec. 2014	Target
Tier 1	837	754	
Tier 2	134	50	
Capital base (Solvency II)	972	804	
Solvency capital requirement (SCR)	698	685	
Solvency ratio (Solvency II), % *	139	117	120

* Excluding the effects of transitional provisions.

Credit ratings

Pohjola Bank plc's credit ratings on 31 December 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

Pohjola Insurance Ltd's financial strength ratings on 31 December 2015

Rating agency	Rating	Outlook
Standard & Poor's	A+	Negative
Moody's	A3	Stable

Pohjola Bank plc and Pohjola Insurance Ltd have credit ratings affirmed by Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Ltd. When assessing Pohjola Bank plc's credit rating, credit rating agencies take account of the entire OP Financial Group's financial position.

The credit ratings of OP Financial Group and Pohjola Bank plc did not change in 2015. Pohjola Insurance Ltd's financial strength rating was downgraded by one notch in the fourth quarter.

In November 2015, OP Financial Group and Pohjola Bank plc decided to stop requesting credit ratings from Fitch Ratings and terminated the credit rating agreement as of 31 December 2015. On 6 January 2016, Fitch affirmed and removed OP Financial Group's and Pohjola Bank plc's long-term debt rating at A+ and short-term rating at F1.

On 2 December 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. On the same date, S&P downgraded Pohjola Insurance Ltd's credit rating by one notch from AA- to A+, while keeping the outlook negative. The underlying reason for the downgrade was S&P's decision to withdraw sovereign support from factors that improve ratings.

Moody's affirmed, on 29 June 2015, Pohjola Bank plc's long-term debt rating at Aa3 and short-term debt rating at P-1 and, on 15 May 2015, Pohjola Insurance Ltd's rating at A3. The outlook for both companies were kept stable.

Pohjola's efficiency-enhancement programme

The efficiency-enhancement programme launched within Pohjola Group in late 2012 was 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, sought annual cost savings of EUR 150 million by the end of 2015.
These targets were achieved as planned.

As its financial target, Pohjola Group aimed to keep its total expenses at the end of 2015 at the levels recorded at the end of 2012. The Group achieved this target. Total expenses amounted to EUR 491 million, while the target was EUR 514 million.

Financial performance by business segment

Pohjola Group's business segments are Banking, Non-life Insurance, and Wealth Management (formerly Asset Management). Wealth Management has been reported as discontinued operation until 30 December 2015, when it was transferred to OP Cooperative in Pohjola Bank plc's partial demerger. Non-segment operations are presented under “Other Operations” (formerly Group Functions).

Continuing operations

Banking

- Earnings before tax increased by 10% to EUR 334 million (303) year on year.
- The loan portfolio increased by 10% from its 2014-end level to EUR 16.4 billion (14.9).
- The average margin on the corporate loan portfolio decreased in January–December by 6 basis points to 1.38%.
- Impairment loss on receivables totalled EUR 29 million (25), accounting for 0.15% of the loan and guarantee portfolio.
- The operating cost/income ratio improved to 27% (33).

Banking: key figures and ratios

€ million	Q1–4/2015	Q1–4/2014	Change, %
Net interest income			
Corporate and Baltic Banking	276	255	8
Markets	-3	28	
Total	273	283	-3
Net commissions and fees	99	103	-4
Net trading income	110	84	30
Other income	18	18	-2
Total income	**500**	**488**	**2**
Expenses			
Personnel costs	51	55	-7
ICT costs	36	34	6
Depreciation and amortisation	11	14	-21
Other expenses	38	57	-33
Total expenses	**137**	**160**	**-14**
Earnings before impairment loss on receivables	**363**	**328**	**11**
Impairment loss on receivables	29	25	14
Earnings before tax	**334**	**303**	**10**
Earnings before tax at fair value	334	301	11
Loan portfolio, € billion	16.4	14.9	10
Guarantee portfolio, € billion	2.3	2.7	-15
Risk-weighted assets, € billion	16.0	16.0	0
Margin on corporate loan portfolio, %	1.38	1.44	
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.98	1.45	
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.15	0.14	
Operating cost/income ratio, %	27	33	
Personnel	603	616	

January–December earnings

Banking earnings before tax rose by 10% to EUR 334 million (303). Total income increased by 2% while total expenses fell by 14%. In Corporate Banking and Baltic Banking, net interest income rose by 8%. In total, Banking's net interest income decreased by 3% due to lower net interest income from the Markets division.

The loan portfolio increased by 10% from its 2014-end level to EUR 16.4 billion. The average margin on the corporate loan portfolio decreased by 6 basis points in January–December, being 1.38% on 31 December 2015.

Net loan losses and impairment losses within Banking amounted to EUR 29 million (25), accounting for 0.15% (0.14) of the loan and guarantee portfolio. Final write-offs on loans totalled EUR 37 million (35) and impairment losses EUR 31 million (40). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 40 million (49).

The guarantee portfolio decreased in the year to December, totalling EUR 2.3 billion (2.7). Committed standby credit facilities amounted to EUR 3.9 billion (3.2).

Net trading income increased as a result of higher net income from derivatives trading in the Markets division.

Net commissions and fees reported by Banking decreased by 4% to EUR 99 million (103) as a result of lower commission and fees from lending.

Total expenses fell by 14% to EUR 137 million. A year ago, other operating expenses were increased by a bank levy of EUR 18 million. Excluding the bank levy, expenses reduced by 4%.

Personnel costs decreased by 7% to EUR 51 million.

ICT costs and ICT depreciation and amortisation increased by a total of EUR 3 million.

Earnings before tax by division

€ million	Q1–4/2015	Q1–4/2014	Change, %
Corporate Banking	246	220	12
Markets	83	82	1
Baltic Banking	5	0	
Total	**334**	**303**	**10**

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 267 million (223). Earnings before tax at fair value were EUR 175 million (272).
- Insurance premium revenue increased by 7% (5).
- The balance on technical account improved. The operating combined ratio was 87.3% (89.4*) and operating expense ratio 17.7% (18.4). The combined ratio was 88.8% (91.0).
- Return on investments at fair value was 2.3% (6.7).

Non-life Insurance: key figures and ratios

€ million	Q1–4/2015	Q1–4/2014	Change, %
Insurance premium revenue	1,396	1,310	7
Claims incurred	-972	-930	4
Operating expenses	-247	-242	2
Amortisation adjustment of intangible assets	-21	-21	0
Balance on technical account	**156**	**117**	**42**
Net investment income	172	171	0
Other income and expenses	-61	-66	-3
Earnings before tax	**267**	**223**	**19**
Change in fair value reserve	-92	49	
Earnings before tax at fair value	**175**	**272**	**-44**
Combined ratio, %	88.8	91.0	
Operating combined ratio, % *	87.3	89.4	
Operating loss ratio, % *	69.6	71.0	
Operating expense ratio, %	17.7	18.4	
Operating risk ratio, % *	64.2	65.0	
Operating cost ratio, %	23.1	24.4	
Return on investments at fair value, %	2.3	6.7	
Solvency ratio, %	70.4	75.4	
Solvency ratio (Solvency II), % **	139.3	117.3	
Large claims incurred retained for own account	-60	-79	
Changes in claims for previous years (run off result)	32	27	
Personnel	1,660	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, too, in spite of the recession. Insurance sales increased slightly year on year. Claims expenditure developed favourably due to the mild winter and a lower number of large claims than in the previous year.

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 premier customer households increased in the year to December by 22,000 to 677,000 (655,000), of which up to 76% (75) also use OP Financial Group member 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 2,023,000 insurance bills (1,912,000) with 273,000 (255,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 101 million (95).

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 554,000 (365,000).

January–December earnings

Earnings before tax rose to EUR 267 million (223). The balance on technical account was good. Net investment income recognised in the income statement amounted to EUR 172 million (171), remaining at the previous year's level. Earnings before tax at fair value amounted to EUR 175 million (272).

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 31 December 2015, the average discount rate was 2.22%. The reduced discount rate increased claims incurred by EUR 62 million (62). 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 (4.7).

The operating combined ratio was 87.3% (89.4). These operating ratios exclude amortisation on intangible assets arising from the corporate acquisition.

Insurance premium revenue

€ million	Q1–4/2015	Q1–4/2014	Change, %
Private Customers	730	687	6.3
Corporate Customers	609	568	7.3
Baltics	56	55	1.6
Total	**1,396**	**1,310**	**6.5**

Claims incurred, excluding the reduction in the discount rate, increased by 5% 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 70 (82) in January–December, with their claims incurred retained for own account totalling EUR 60 million (79). However, the change in provisions for unpaid claims under statutory pension increased year on year, being EUR 16 million (12) between January and December.

Changes in claims for previous years, excluding the effect of changes on the discount rate, improved the balance on technical account by EUR 32 million (27). The operating loss ratio was 69.6% (71.0). The operating risk ratio excluding indirect loss adjustment expenses was 64.2% (65.0).

Operating expenses grew by 2%, being EUR 5 million higher than a year ago, due to higher sales commissions and portfolio management fees. The operating expense ratio was 17.7% (18.4). The operating cost ratio (including indirect loss adjustment expenses) was 23.1% (24.4).

Operating balance on technical account and combined ratio (CR)

	2015		2014	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	140	80.9	126	81.6
Corporate Customers	32	94.7	7	98.8
Baltics	5	90.9	6	90.0
Total	**177**	**87.3**	**139**	**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 slightly because of large claims.

Investment

Return on investments at fair value totalled EUR 74 million (236), or 2.3% (6.7). The return on investments was positive because of higher stock market prices. Net investment income recognised in the income statement amounted to EUR 172 million (171).

Investment portfolio by asset class

%	31 Dec. 2015	31 Dec. 2014
Bonds and bond funds	77	73
Alternative investments	1	1
Equities	7	7
Private equity	3	3
Real property	10	11
Money markets	3	5
Total	**100**	**100**

On 31 December 2015, the Non-life Insurance investment portfolio totalled EUR 3,687 million (3,522). The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category accounted for 93% (94), and 63% (71) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 5.7 years (4.5) and the duration 5.2 years (4.3).

The running yield for direct bond investments averaged 1.76% (1.94) at the end of December 2015.

Other Operations

- Earnings before tax amounted to EUR 23 million (20). These included EUR 26 million (7) in capital gains on notes and bonds and EUR 26 million (43) in dividend income.
- Earnings before tax at fair value were EUR –28 million. A year ago, earnings before tax amounted to EUR 53 million.
- Liquidity and access to funding remained good.

Other Operations: key figures and ratios

€ million	Q1–4/2015	Q1–4/2014	Change, %
Net interest income	-30	-3	
Net commissions and fees	-3	4	
Net trading income	1	-8	
Net investment income	66	55	20
Other income	9	9	9
Total income	**43**	**56**	**-24**
Personnel costs	3	6	-52
Other expenses	17	30	-44
Total expenses	**20**	**36**	**-45**
Earnings before impairment loss on receivables	**23**	**20**	**14**
Impairment loss on receivables	0		
Earnings before tax	**23**	**20**	**14**
Change in fair value reserve	-51	33	
Earnings before tax at fair value	**-28**	**53**	
Liquidity buffer, € billion	24.2	16.6	46
Risk-weighted assets, € billion	5.2	5.7	
Receivables and liabilities from/to OP Financial Group member banks, net position, € billion	3.7	3.8	-2
Personnel	32	33	-4

January–December earnings

Other Operations' earnings before tax amounted to EUR 23 million, or EUR 3 million higher than a year ago. Earnings before tax at fair value were EUR –28 million, or EUR 81 million lower than a year ago. A year ago, the ECB's stimulus narrowed credit spreads, improving the fair value reserve.

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 26 million (7) in capital gains on notes and bonds, EUR 26 million (43) in dividend income and EUR 4 million (7) 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 EUR 2 million of advisory fees related to the public voluntary bid for Pohjola shares.

Pohjola's access to funding remained good. In January–December, Pohjola issued long-term bonds worth EUR 4.3 billion in total, with senior bonds representing EUR 3.7 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. In November, Pohjola issued two Samurai bonds in the Japanese market, totalling JPY 30 billion (EUR 228 million).

On 31 December 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 December-end margin by three 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 28 million (38). The decrease in earnings was due to lower performance-based management fees.
- Assets under management increased by 9% in the year to December, totalling EUR 47 billion (43) on 31 December 2015.
- In the partial demerger of Pohjola Bank plc, wealth management and property management operations presented as discontinued operations were transferred to OP Cooperative on 30 December 2015.

Wealth Management: key figures and ratios

€ million	Q1–4/2015	Q1–4/2014	Change, %
Net commissions and fees	54	64	-16
Other income	5	4	25
Total income	**60**	**67**	**-12**
Personnel costs	15	14	7
Other expenses	19	17	12
Total expenses	**34**	**31**	**6**
Share of associate's profit/loss	1	1	0
Earnings before tax	**28**	**38**	**-26**
Earnings before tax at fair value	28	38	-26
Assets under management, € billion	47.1	43.3	9
Operating cost/income ratio, %	58	42	
Personnel	103	88	-2

January–December earnings

Earnings before tax amounted to EUR 28 million (38). The decrease in earnings was due to lower 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 58% (42).

Assets under management

€ billion	30 Dec. 2015	31 Dec.2014
Institutional clients	23	24
OP Mutual Funds	17	14
Private	7	6
Total	**47**	**43**

Assets under management by asset class

%	31 Dec. 2015	31 Dec. 2014
Money market investments	9	14
Notes and bonds	35	36
Equities	35	36
Other	21	14
Total	**100**	**100**

Assets under management increased during the reporting period by 9%, amounting to EUR 47.1 billion (43.3) on 31 December 2015. This increase was based on improved market values.

Personnel and remuneration

On 31 December 2015, the Group had a staff of 2,295, or 208 less than on 31 December 2014. Excluding the discontinued operations, the reduction in headcount was 119.

Personnel by segment

	31 Dec. 2015	31 Dec. 2014
Banking	603	616
Non-life Insurance	1,660	1,766
Wealth Management	-	88
Other Operations	32	33
Total	**2,295**	**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

In line with the previously published plan, Pohjola Bank plc's Extraordinary General Meeting adopted the demerger plan on 22 October 2015. In the partial demerger, wealth management, card and property management operations were transferred to OP Cooperative. The execution date of the partial demerger was 30 December 2015 and it was implemented at carrying amounts. As a result, the assets and liabilities and other items 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.

Pohjola Group is still making plans for restructuring under which the Non-life Insurance segment would be transferred from Pohjola Group to direct ownership of OP Cooperative. In addition, the option of separating central banking operations (Group Treasury) into a subsidiary wholly owned by OP Cooperative is being assessed. The specific manner or schedule to implement these changes have not yet been decided.

The operating model of Group Treasury has been revised as of 1 January 2016. Accordingly, the division of tasks between Markets and Group Treasury are changed. Fixed income and FX trading as well as the Bonds department currently operating under the Markets division in Pohjola Bank plc's Banking segment are transferred to OP Financial Group's Asset and Liability Management and Group Treasury which is part of Other Opertions segment. Going forward, Markets will focus on supporting OP Financial Group's member banks in sales of market risk products. The new division of tasks will have minor impacts on the internal distribution of profit within OP Financial Group.

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 Oy 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.

Request for clarification from the Finnish Competition and Consumer Authority

On 14 December 2015, OP Financial Group received a request for clarification from the Finnish Competition and Consumer Authority, based on If P&C Insurance Company Ltd's request submitted to the authorities. The authorities are investigating OP Financial Group's market position in retail banking services and the pricing of non-life insurance products.

Due to the request, OP Financial Group entities have for the time being refrained from representation in the Federation of Finnish Financial Services, except for labour market issues.

Pohjola Bank plc’s Board proposal for the allocation of distributable funds

On 31 December 2015, the shareholders’ equity of Pohjola Bank plc totalled EUR 2,142,463,023.27, of which EUR 1,002,273,342.01 represented distributable equity.

The following funds are at the AGM’s disposal for profit distribution:

	EUR
Profit for 2015	224,795,637.71
Retained earnings	446,096,867.24
Reserve for invested non-restricted equity	307,931,364.75
Other non-restricted reserves	23,449,472.31
Total	**1,002,273,342.01**

The Board of Directors proposes that the company's distributable funds be distributed to shareholders as a dividend of EUR 0.48 per share, i.e. EUR 153,384,679.20. Accordingly, EUR 848,888,662.81 remains in the company's distributable equity.

The company's financial position has not undergone any material changes since the end of the financial year 2015. The company's liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors' view.

Outlook for 2016

The world economy is expected to grow at a rate below the average. Economic growth in the euro area is anticipated to remain moderate. Finnish economic growth has been modest for a long time now. Weak export demand, eroding price competitiveness and slow reform of economic structures are threatening to make the Finnish economic growth rate clearly lag behind the euro area for several years. Implementing the structural reforms may tighten the political situation, which may, for its part, threaten the recovery of the domestic market.The current exceptional world economic situation with low interest rates and quantitative easing measures by central banks will also cause major uncertainty to the future economic development.

The weak Finnish economy will keep long-term growth expectations low in the financial sector. Low interest rates will erode banks' net interest income and weaken insurance institutions' investment income. Then again, low interest rates support customers' loan repayment capacity that has remained stable despite the prolonged period of slow growth. Capital adequacy and profitability in the financial sector have come to play an ever-increasing role because of the unstable operating environment and the tighter regulatory framework.

Pohjola Group's consolidated earnings before tax in 2016 are expected to be lower than earnings from continuing operations before tax in 2015. The most significant uncertainties affecting earnings in 2016 relate to the rate of business growth, impairment loss on receivables, developments in bond and capital markets, the effect of large claims on claims expenditure and to the discount rate applied to insurance liabilities.

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

Events after the balance sheet date

On 11 January 2016, Pohjola Bank plc announced it would redeem its EUR 60 million hybrid bond with perpetual maturity issued in November 2005. The hybrid bond will be redeemed early, according to the bond terms and conditions, on the interest payment date of 28 February 2016.

This redemption will have no effects on Pohjola Group's or OP Financial Group's capital adequacy.

Pohjola's consolidated income statement

EUR million	Note	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Continuing operations					
Net interest income	3	56	64	220	257
Impairments of receivables	4	9	7	29	25
Net interest income after impairments		**46**	**57**	**191**	**231**
Net income from Non-life insurance	5	143	140	646	593
Net commissions and fees	6	6	-2	37	52
Net trading income	7	17	2	105	77
Net investment income	8	11	15	75	64
Other operating income	9	8	8	29	30
Total income		**232**	**219**	**1,082**	**1,048**
Personnel costs		39	40	155	163
ICT costs		25	25	92	94
Depreciation/amortisation		13	13	49	52
Other expenses		43	41	161	191
Total expenses		**120**	**120**	**457**	**500**
Share of associates' profits/losses accounted for using the equity method		0	0	0	0
Earnings before tax		**112**	**99**	**625**	**548**
Income tax expense		22	18	120	107
Results of continuing operations		**89**	**82**	**505**	**441**
Discontinued operations					
Results of discontinued operations	10	8	14	22	29
Profit for the period		**97**	**96**	**527**	**470**
Attributable to:					
Owners of the parent		92	93	517	461
Non-controlling interests		5	3	10	9
Profit for the period		**97**	**96**	**527**	**470**

Pohjola's consolidated statement of comprehensive income

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Profit for the period	**97**	**96**	**527**	**470**
Items that will not be reclassified to profit or loss				
Gains(/losses) arising from remeasurement of defined benefit plans	38	-20	64	-50
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	-1	29	-135	73
Cash flow hedge	-1	-2	-7	7
Translation differences	0	0	0	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains(/losses) arising from remeasurement of defined benefit plans	-8	4	-13	10
Items that may be reclassified to profit or loss				
Measurement at fair value	0	-6	27	-14
Cash flow hedge	0	0	1	-1
Total comprehensive income for the period	**126**	**102**	**466**	**493**
Attributable to:				
Owners of the parent	124	99	458	484
Non-controlling interests	2	3	8	9
Total comprehensive income for the period	**126**	**102**	**466**	**493**
Comprehensive income attributable to owners of the parent is divided as follows:				
Continuing operations	116	85	436	455
Discontinued operations	8	14	22	29
Total	**124**	**99**	**458**	**484**

Pohjola's consolidated balance sheet

EUR million	Note	31 Dec. 2015	31 Dec. 2014
Cash and cash equivalents		8,465	3,774
Receivables from credit institutions		9,678	10,257
Financial assets at fair value through profit or loss			
Financial assets held for trading		852	360
Financial assets at fair value through profit or loss at inception		0	0
Derivative contracts		5,727	5,946
Receivables from customers		17,183	15,513
Non-life Insurance assets	13	4,124	3,854
Investment assets		11,419	8,112
Investment accounted for using the equity method		16	2
Intangible assets	14	781	786
Property, plant and equipment (PPE)		58	72
Other assets		1,317	1,789
Tax assets		35	34
Total		**59,655**	**50,498**
Assets classified as held for distribution to owners	10		205
Total assets		**59,655**	**50,703**
Liabilities to credit institutions		5,209	5,241
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading			4
Derivative contracts		5,646	5,889
Liabilities to customers		17,549	11,442
Non-life Insurance liabilities	15	3,160	2,972
Debt securities issued to the public	16	19,475	17,587
Provisions and other liabilities		2,766	2,479
Tax liabilities		370	391
Subordinated liabilities		1,737	1,084
Total		**55,914**	**47,090**
Liabilities associated with assets classified held as distribution to owners	10		205
Total liabilities		**55,914**	**47,295**
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	17	120	231
Other reserves		1,093	1,093
Retained earnings		1,996	1,564
Non-controlling interest		105	92
Total equity		**3,741**	**3,408**
Total liabilities and equity		**59,655**	**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		63		421	484	9	493
Profit for the period				461	461	9	470
Other comprehensive income		63		-40	23	0	23
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	-2	-20	-22
Balance at 31 December 2014	**428**	**231**	**1,093**	**1,564**	**3,316**	**92**	**3,408**

* 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		-111		569	458	8	466
Profit for the period				517	517	10	527
Other comprehensive income		-111		52	-60	-2	-62
Profit distribution				-137	-137		-137
Other			0	0	0	5	4
Balance at 31 December 2015	**428**	**120**	**1,093**	**1,996**	**3,637**	**105**	**3,741**

Pohjola's consolidated cash flow statement incl. discontinued operations

EUR million	Q1–4/ 2015	Q1–4/ 2014
Cash flow from operating activities		
Profit for the period	517	461
Adjustments to profit for the period	200	97
Increase (-) or decrease (+) in operating assets	**-4,281**	**-2,133**
Receivables from credit institutions	428	-494
Financial assets at fair value through profit or loss	156	405
Derivative contracts	9	63
Receivables from customers	-1,531	-1,008
Non-life Insurance assets	-351	-232
Investment assets	-3,499	-281
Other assets	506	-584
Increase (+) or decrease (-) in operating liabilities	**6,492**	**2,323**
Liabilities to credit institutions	-22	447
Financial liabilities at fair value through profit or loss	-4	0
Derivative contracts	-7	70
Liabilities to customers	6,107	1,259
Non-life Insurance liabilities	71	149
Provisions and other liabilities	347	396
Income tax paid	-133	-92
Dividends received	54	63
A. Net cash from operating activities	**2,850**	**719**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-20	-10
Decreases in held-to-maturity financial assets	70	69
Acquisition of subsidiaries and associates, net of cash acquired	-13	0
Disposal of subsidiaries and associates, net of cash disposed	11	
Purchase of PPE and intangible assets	-40	-28
Proceeds from sale of PPE and intangible assets	4	3
B. Net cash used in investing activities	**11**	**34**
Cash flow from financing activities		
Increases in subordinated liabilities	1,327	
Decreases in subordinated liabilities	-700	
Increases in debt securities issued to the public	27,342	34,709
Decreases in debt securities issued to the public	-26,196	-33,616
Dividends paid	-137	-212
C. Net cash used in financing activities	**1,636**	**881**
Net increase/decrease in cash and cash equivalents (A+B+C)	**4,497**	**1,634**
Cash and cash equivalents at period-start	**4,306**	**2,672**
Cash and cash equivalents at period-end	**8,803**	**4,306**
Cash and cash equivalents		
Liquid assets**	8,469	3,815
Receivables from credit institutions payable on demand	334	491
Total	**8,803**	**4,306**

** Of which EUR 5 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		
Q1-4 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	276					276
Markets	-3					-3
Other operations		-30	-22	2	-2	-53
Total	273	-30	-22	2	-2	220
- of which internal net income before tax	-27	45	-20	2		
Net commissions and fees	99	-3	-55	54	-4	91
Net trading income	110	1	0	0	-5	105
Net investment income	6	66		0	3	75
Net income from Non-life Insurance						
From insurance operations			511		0	511
From investment operations			172		7	178
From other items			-43			-43
Total			639		7	646
Other operating income	12	9	7	5	1	35
Total income	**500**	**43**	**568**	**60**	**-2**	**1,170**
Personnel costs	51	3	101	15	0	171
ICT costs	36	6	48	4	1	96
Amortisation on intangible assets related to company acquisitions			21	2		23
Other depreciation/amortisation and impairments	11	1	16	1		29
Other expenses	38	10	115	12	-3	172
Total expenses	**137**	**20**	**302**	**34**	**-2**	**491**
Earnings/loss before impairment of receivables	**363**	**23**	**266**	**27**	**0**	**679**
Impairments of receivables	29	0	0			29
Share of associates' profits/losses			0	1	0	2
Earnings before tax	**334**	**23**	**267**	**28**	**0**	**652**
Change in fair value reserve	0	-51	-92		2	-141
Gains/(losses) arising from remeasurement of defined benefit plans	49	7	8			64
Total comprehensive income for the period, before tax	**383**	**-21**	**183**	**28**	**2**	**575**

Q1-4 earnings 2014, EUR million	Banking	Other operations	Non-life Insurance	Discontinued operations Wealth Management	Eliminations	Group total
		Continuing operations				
Net interest income						
Corporate Banking and Baltic Banking	255					255
Markets	28					28
Other operations		-3	-26	2	1	-26
Total	283	-3	-26	2	1	257
- of which internal net income before tax	-24	46	-24	2		
Net commissions and fees	103	4	-47	64	-8	116
Net trading income	84	-8	0	0	1	77
Net investment income	5	55		0	4	64
Net income from Non-life Insurance						
From insurance operations			466		0	466
From investment operations			171		2	173
From other items			-46			-46
Total			591		2	593
Other operating income	13	9	9	1	-1	31
Total income	**488**	**56**	**528**	**67**	**-1**	**1,139**
Personnel costs	55	6	102	14	0	177
ICT costs	34	5	53	3	1	97
Amortisation on intangible assets related to company acquisitions			21	2		24
Other depreciation/amortisation and impairments	14	1	16	1		31
Other expenses	57	24	112	11	-2	202
Total expenses	**160**	**36**	**305**	**31**	**-1**	**531**
Earnings/loss before impairment of receivables	**328**	**20**	**223**	**36**	**0**	**608**
Impairments of receivables	25					25
Share of associates' profits/losses			0	1	0	2
Earnings before tax	**303**	**20**	**223**	**38**	**0**	**584**
Change in fair value reserve	-1	33	49	0	-1	79
Gains/(losses) arising from remeasurement of defined benefit plans	-42	-5	-2	0		-50
Total comprehensive income for the period, before tax	**259**	**48**	**270**	**37**	**-1**	**613**

Balance sheet 31 December 2015, EUR million	Banking	Other operations	Non-life Insurance	For distribution to owners **Wealth Management**	Elimi-nations	Group total
Receivables from customers	16,677	801			-294	17,183
Receivables from credit institutions	336	17,831	6		-30	18,143
Financial assets at fair value through profit or loss	849	3				852
Non-life Insurance assets			4,319		-195	4,124
Investment assets	668	10,736	16		0	11,419
Investments in associates			16			16
Other assets	6,243	939	751		-15	7,918
Total assets	**24,772**	**30,310**	**5,107**		**-534**	**59,655**
Liabilities to customers	11,628	6,043			-121	17,549
Liabilities to credit institutions	1,305	4,199			-294	5,209
Non-life Insurance liabilities			3,171		-11	3,160
Debt securities issued to the public	2,159	17,351			-35	19,475
Subordinated liabilities	11	1,591	135			1,737
Other liabilities	6,827	1,903	83		-30	8,783
Total liabilities	**21,929**	**31,087**	**3,389**		**-491**	**55,914**
Equity						**3,741**
Average personnel	603	32	1,660			2295
Capital expenditure, EUR million	13	1	26			40

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 Financial Statements Bulletin for 1 January–31 December 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 Financial Statements Bulletin is based on unaudited information. Since all figures in the Bulletin 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.−31 Dec. 2014

EUR million	1 Jan.−31 Dec. 2014 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2014 (restated)
Net interest income	257		257
Impairment of receivables	25		25
Net interest income after impairments	**231**		**231**
Net income from Non-life Insurance	597	-4	593
Net commissions and fees	114	-62	52
Net trading income	77		77
Net investment income	64		64
Other operating income	32	-2	30
Total income	**1,116**	**-68**	**1,048**
Personnel costs	163		163
ICT costs	94		94
Depreciation/amortisation	52		52
Other expenses	258	-68	191
Total expenses	**567**	**-68**	**500**
Share of associates' profits/losses	0		0
Earnings before tax	**548**		**548**
Income tax expense	107		107
Results of continuing operations	**441**		**441**
Results of discontinued operations	29		29
Profit for the period	**470**		**470**
Attributable to:			
Owners of the parent	461		461
Non-controlling interests	9		9
Total	**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 of 12 months for the prolonged criterion or the significant criterion of 30 % are exceeded. (previously: an average of 18 months and 40 %, respectively). This change increased slightly impairment loss on equity instruments in the first half.

Note 2. Pohjola's 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, %
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	31 Dec. 2015	31 Dec. 2014
Non-life Insurance		
Non-life Insurance net assets	1,717	1,661
Net tax liabilities for the period	-10	-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	-165	0
Intangible assets	-695	-704

Note 3. Net interest income

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Loans and other receivables	77	78	305	319
Receivables from credit institutions and central banks	15	13	46	68
Notes and bonds	34	42	150	166
Derivatives (net)				
Derivatives held for trading	6	12	13	43
Derivatives under hedge accounting	10	4	39	38
Ineffective portion of cash flow hedge	0	0	0	-1
Liabilities to credit institutions	-19	-13	-56	-59
Liabilities to customers	-4	-5	-16	-26
Debt securities issued to the public	-52	-55	-215	-247
Subordinated debt	-11	-9	-41	-37
Hybrid capital	-3	-2	-9	-8
Financial liabilities held for trading	0	0	0	0
Other (net)	1	1	4	3
Net interest income before fair value adjustment under hedge accounting	**55**	**65**	**220**	**259**
Hedging derivatives	-15	-36	-21	-185
Value change of hedged items	16	35	21	183
Total net interest income	**56**	**64**	**220**	**257**

Note 4. Impairments of receivables

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Receivables written off as loan or guarantee losses	29	1	37	35
Recoveries of receivables written off	0	0	-1	-1
Increase in impairment losses on individually assessed receivables	13	8	33	35
Decrease in impairment losses on individually assessed receivables	-30	-7	-38	-48
Collectively assessed impairment losses	-2	5	-2	5
Total impairments of receivables	**9**	**7**	**29**	**25**

Note 5. Net income from Non-life Insurance

Non-life Insurance EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Net insurance premium revenue				
Premiums written	257	230	1,453	1,393
Insurance premiums ceded to reinsurers	-1	0	-48	-54
Change in provision for unearned premiums	114	108	-8	-29
Reinsurers' share	-11	-13	-2	1
Total	**358**	**325**	**1,396**	**1,310**
Net Non-life Insurance claims				
Claims paid	207	212	804	828
Insurance claims recovered from reinsurers	-2	-6	-25	-29
Change in provision for unpaid claims	44	-4	114	61
Reinsurers' share	-16	-2	-8	-15
Total	**233**	**199**	**885**	**845**
Net investment income, Non-life Insurance				
Interest income	12	12	46	55
Dividend income	5	2	27	18
Investment property	1	4	7	7
Capital gains and losses				
Notes and bonds	0	6	15	60
Shares and participations	10	6	85	53
Loans and receivables				0
Investment property	0	0	0	0
Derivatives	0	-2	-1	-22
Fair value gains and losses				
Notes and bonds	3	0	2	2
Shares and participations	-1	-1	-3	-1
Loans and receivables	0	0	0	1
Investment property	-1	-1	0	2
Derivatives	1	-1	7	-2
Impairments	-1	-1	-9	-2
Other	1	1	2	3
Total	**28**	**25**	**178**	**173**
Unwinding of discount	-9	-10	-38	-41
Other	-2	-1	-5	-5
Total net income from Non-life Insurance	**143**	**140**	**646**	**593**

Note 6. Net commissions and fees

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Commission income				
Lending	12	11	43	53
Payment transfers	8	9	31	36
Securities brokerage	5	6	21	22
Securities issuance	2	1	11	10
Asset management and legal services	2	-4	7	1
Insurance operations	3	4	15	18
Guarantees	3	4	13	15
Other	1	1	5	5
Total commission income	**35**	**32**	**146**	**160**
Commission expenses				
Payment transfers	4	5	15	20
Securities brokerage	2	2	8	8
Securities issuance	1	1	2	3
Asset management and legal services	2	1	4	3
Insurance operations	17	23	69	63
Other	4	3	11	9
Total commission expenses	**29**	**34**	**109**	**108**
Total net commissions and fees	**6**	**-2**	**37**	**52**

Note 7. Net trading income

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	-1	-1	-8	4
Shares and participations	0	0	0	0
Derivatives	44	-8	136	35
Fair value gains and losses				
Notes and bonds	0	0	-5	2
Shares and participations			0	
Derivatives	-42	3	-58	10
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	16	8	39	27
Total net trading income	**17**	**2**	**105**	**77**

Note 8. Net investment income

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	3	2	29	11
Shares and participations	1	10	14	13
Dividend income	4	9	26	43
Impairments	0	0	0	-1
Carried at amortised cost				
Capital gains and losses		-2	-2	-1
Total	**8**	**19**	**66**	**65**
Investment property	3	-4	8	-2
Total net investment income	**11**	**15**	**75**	**64**

Note 9. Other operating income

EUR million	Q4/ 2015	Q4/ 2014	Q1–4/ 2015	Q1–4/ 2014
Central banking service fees	2	2	8	8
Rental income from assets rented under operating lease	1	1	4	6
Other	6	5	17	16
Total	**8**	**8**	**29**	**30**

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. According to the plan, the partial demerger involved the transfer of wealth management, card and property management operations to a new company owned by OP Cooperative. The execution date of the partial demerger was 30 December 2015 and it was implemented at carrying amounts. As a result, the assets and liabilities and other items 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**	**Q4/ 2015**	**Q4/ 2014**	**Q1–4/ 2015**	**Q1–4/ 2014**
Net commissions and fees	14	25	54	64
Share of associates' profit/loss	0	0	1	1
Other income and expenses, net	-5	-8	-29	-30
Earnings before tax	**9**	**17**	**26**	**36**
Taxes	1	3	4	7
Results of discontinued operations for the period	**8**	**14**	**22**	**29**
Share of parent company owners of discontinued operations	**8**	**14**	**22**	**29**
Total	**8**	**14**	**22**	**29**

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

Wealth Management segment assets

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

Wealth Management segment liabilities

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

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

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

Note 11. Classification of financial assets and liabilities

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss	Available for sale	Hedging derivatives	Total
Cash and cash equivalents	8,465					8,465
Receivables from credit institutions	9,678					9,678
Derivative contracts			5,395		332	5,727
Receivables from customers	17,183					17,183
Non-life Insurance assets	677		178	3,269		4,124
Notes and bonds		94	852	11,134		12,081
Shares and participations				65		65
Other financial assets	1,294					1,294
Financial assets	**37,297**	**94**	**6,425**	**14,468**	**332**	**58,617**
Other than financial instruments						1,038
Total 31 Dec. 2015	**37,297**	**94**	**6,425**	**14,468**	**332**	**59,655**
Financial assets 31 Dec. 2014	31,984	144	6,178	10,898	309	49,513
Other than financial instruments						985
Total 31 Dec. 2014	**31,984**	**144**	**6,178**	**10,898**	**309**	**50,498**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,209		5,209
Financial liabilities held for trading (excl. derivatives)				
Derivative contracts	5,310		336	5,646
Liabilities to customers		17,549		17,549
Non-life Insurance liabilities	4	3,156		3,160
Debt instruments issued to the public		19,475		19,475
Subordinated liabilities		1,737		1,737
Other financial liabilities		2,639		2,639
Financial liabilities	**5,314**	**49,766**	**336**	**55,416**
Other than financial liabilities				497
Total 31 Dec. 2015	**5,314**	**49,766**	**336**	**55,914**
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 31 December 2015, the fair value of these debt instruments was EUR 221 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 31 Dec. 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	616	215	21	852
Non-life Insurance				
Derivative financial instruments				
Banking	2	5,548	177	5,727
Non-life Insurance	0	9		9
Available-for-sale				
Banking	9,208	1,699	293	11,200
Non-life Insurance	1,596	1,397	276	3,269
Total	**11,421**	**8,868**	**767**	**21,056**

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 31 Dec. 2015, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking				
Derivative financial instruments				
Banking	35	5,476	135	5,646
Non-life Insurance	0	4		4
Total	**35**	**5,480**	**135**	**5,650**

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 debt instruments issued by companies, governments and financial institutions as well as 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, quoted debt instruments issued by companies, governments and financial institutions which have not been included in Level 1, and securities lent or borrowed.

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). Level 3 also includes bonds for which there is little, if any, market activity. 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.

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	21		-26			-42	-46
Total gains/losses in other comprehensive income					-3	17	15
Purchases					-1	82	81
Sales						-62	-62
Transfers into Level 3					281		281
Closing balance 31 December 2015	**21**		**177**		**293**	**276**	**767**

	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			5		5
Closing balance 31 December 2015			**135**		**135**

Total gains/losses included in profit or loss by item for the financial year on 31 December 2015

EUR million	**Net interest income or net trading income**	**Net investment income**	**Net income from Non-life Insurance**	**Statement of compre-hensive income/ Change in fair value reserve**	**Net gains/ losses on assets and liabilities held at year-end**
Realised net gains (losses)	21		-42		-20
Unrealised net gains (losses)	-31			15	-16
Total net gains (losses)	**-10**		**-42**	**15**	**-37**

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. In addition, long-maturity derivatives have been included in Level 3 for which the Group had to extrapolate the market data used in their value measurement.

Changes in the levels of hierarchy
At the end of 2015, the Group specified the classification criteria by abandoning credit rating as one classification criteria and adopting a more accurate analysis and classification of observable market prices. As a result, quoted bonds issued by governments, companies and financial institutions worth EUR 1.4 billion transferred from Level 2 to Level 1 and bonds worth EUR 0.3 billion transferred from Level 2 to Level 3.

Note 13. Non-life Insurance assets

EUR million	31 Dec. 2015	31 Dec. 2014
Investments		
Loans and other receivables	24	15
Shares and participations	466	463
Property	170	161
Notes and bonds	2,580	2,330
Derivatives	9	12
Other participations	222	231
Total	**3,470**	**3,211**
Other assets		
Prepayments and accrued income	33	33
Other		
From direct insurance	436	404
From reinsurance	106	100
Cash in hand and at bank	5	41
Other receivables	73	66
Total	**653**	**643**
Total Non-life insurance assets	**4,124**	**3,854**

Note 14. Intangible assets

EUR million	31 Dec. 2015	31 Dec. 2014
Goodwill	422	422
Brands	172	172
Customer relationships	61	84
Other	126	107
Total	**781**	**786**

Note 15. Non-life Insurance liabilities

EUR million	31 Dec. 2015	31 Dec. 2014
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,386	1,316
Other provision for unpaid claims	970	886
Reserve for decreased discount rate*	0	12
Total	2,357	2,213
Provision for unearned premiums	560	523
Derivatives	4	2
Other liabilities	239	233
Total	**3,160**	**2,972**

*Value of hedges of insurance liability

Note 16. Debt securities issued to the public

EUR million	31 Dec. 2015	31 Dec. 2014
Bonds	12,937	10,743
Certificates of deposit, commercial papers and ECPs	6,538	7,026
Other		14
Liabilities allocated to assets for distribution to owners as part of demerger		-195
Total	**19,475**	**17,587**

Note 17. Fair value reserve after income tax

EUR million	Available-for-sale financial assets 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	-88	36	4	-48
Transfers to net interest income			-11	-11
Capital gains transferred to income statement		-88		-88
Impairment loss transferred to income statement		8		8
Deferred tax	18	9	1	28
Closing balance 31 Dec. 2015	**32**	**77**	**11**	**120**

EUR million	Available-for-sale financial assets 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	73	76	18	168
Transfers to net interest income			-12	-12
Capital gains transferred to income statement		-78		-78
Impairment loss transferred to income statement		0		0
Deferred tax	-15	0	-1	-16
Closing balance 31 Dec. 2014	**102**	**112**	**17**	**231**

Fair value reserve after tax is as follows:	
Continuing operations	231
Discontinued operations	0
Total	**231**

At the end of the financial year, the fair value reserve before tax totalled EUR 150 million (288) and the related deferred tax liability EUR 30 million (57). On 31 December, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 107 million (149) and negative mark-to-market valuations EUR 12 million (9). In January–December, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 9 million (1), of which equity instruments accounted for EUR 8 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	31 Dec. 2015	31 Dec. 2014	Change
1.0–2.0	3.5	2.7	0.8
2.5–5.5	16.8	16.0	0.8
6.0–7.0	4.5	4.3	0.2
7.5–9.0	3.5	2.4	1.1
9.5–10.0	0.2	0.1	0.1
11.0–12.0	0.2	0.2	-0.1
Total	**28.7**	**25.7**	**3.0**

* excl. private customers

Sensitivity analysis of market risk

Banking, EUR million	Risk parameter	Change	31 Dec. 2015 Effect on results	31 Dec. 2015 Effect on equity	31 Dec. 2014 Effect on results	31 Dec. 2014 Effect on equity
Interest-rate risk	Interest	1 percentage point	10		10	
Currency risk	Market value	10%	7		7	
Volatility risk						
Interest-rate volatility	Volatility	10 basis points	2		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 31 Dec. 2015, EUR million	Change in risk parameter	Effect on combined ratio	Effect on equity, EUR million
Insurance portfolio or insurance premium revenue*	1,396	Up 1%	Up 0.9 percentage points	14
Claims incurred*	972	Up 1%	Down 0.7 percentage points	-10
Major loss of over EUR 5 million		1 loss	Down 0.4 percentage points	-5
Personnel costs*	101	Up 8%	Down 0.6 percentage points	-8
Expenses by function*/**	323	Up 4%	Down 1.0 percentage points	-13
Inflation for collective liability	685	Up 0.25 percentage points	Down 0.3 percentage points	-5
Life expectancy for discounted insurance liability	1,768	Up 1 year	Down 3.0 percentage points	-41
Discount rate for discounted insurance liability	1,768	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 31 Dec. 2015	%	Fair value 31 Dec. 2014	%
Money market instruments	94	3%	173	5%
Bonds and bond funds	2,823	77%	2,557	73%
Public sector	587	16%	557	16%
Financial institutions	1,339	36%	1,181	34%
Corporate	814	22%	759	22%
Covered bonds	27	1%		
Bond funds	20	1%	36	1%
Other	36	1%	24	1%
Equities	247	7%	256	7%
Private equity investments	127	3%	117	3%
Alternative investments	31	1%	35	1%
Real property	366	10%	386	11%
Total	**3,687**	**100%**	**3,522**	**100%**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 Dec. 2015*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	13	41	277	140	84	201	756	27%
Aa1−Aa3	52	39	78	118	23	21	331	12%
A1−A3	24	124	265	150	70	39	671	24%
Baa1−Baa3	25	139	282	312	59	19	836	30%
Ba1 or lower	43	68	32	26	9	4	181	6%
Internally rated	1	0	15			7	24	1%
Total	**158**	**411**	**948**	**746**	**246**	**292**	**2,800**	**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 31 Dec. 2015	31 Dec. 2014
Bonds and bond funds1)	Interest rate	1 percentage point	146	101
Equities 2)	Market value	10%	27	28
Venture capital funds and unquoted equities	Market value	10%	13	12
Commodities	Market value	10%	0	0
Real property	Market value	10%	37	39
Currency	Value of currency	10%	13	16
Credit risk premium 3)	Credit spread	0.1 percentage points	14	11
Derivatives	Volatility	10 percentage points	1	0

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

Note 20. Risk exposure by Other operations

Total exposure by rating category, EUR billion

Rating category	31 Dec. 2015	31 Dec. 2014	Change
1.0–2.0	26.5	19.2	7.3
2.5–5.5	4.3	3.3	1.0
6.0–7.0	0.0	0.1	-0.1
7.5–9.0	0.4	0.1	0.3
9.5–10.0	0.0	0.0	0.0
Total	**31.2**	**22.7**	**8.5**

Sensitivity analysis of market risk

Other operations, EUR million	Risk parameter	Change	31 Dec. 2015 Effect on results	31 Dec. 2015 Effect on equity	31 Dec. 2014 Effect on results	31 Dec. 2014 Effect on equity
Interest-rate risk	Interest rate	1 percentage point	23		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	31 Dec. 2015	31 Dec. 2014
Receivables from credit institutions and customers (gross)	27,114	26,029
Total impairment loss, of which	244	252
Individually assessed	224	230
Collectively assessed	20	22
Receivables from credit institutions and customers (net)	**26,870**	**25,777**

Doubtful receivables 31 Dec. 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		111	111	93	17
Classified as defaulted		242	242	128	113
Forborne receivables					
Renegotiated	47	9	56	3	54
Total	**47**	**362**	**409**	**224**	**184**

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, %	31 Dec. 2015	31 Dec. 2014
Exposures individually assessed for impairment, % of doubtful receivables	54.9%	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 31 December 2015, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	8,622	1,370	3,573	2,263	980		16,808	69%
Aa1−Aa3	1	354	668	447	588		2,057	9%
A1−A3		21	39	2	14	0	76	0%
Baa1−Baa3	85	13	49	50	13	2	213	1%
Ba1 or lower		3	29	0	1	0	33	0%
Internally rated**	906	1,675	1,465	465	276	216	5,003	21%
Total	**9,614**	**3,435**	**5,823**	**3,227**	**1,871**	**219**	**24,189**	**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 4.5 years.

Note 23. Capital base and capital adequacy

The Group has presented its capital base and capital adequacy of 31 December 2015 in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR).

EUR million	31 Dec. 2015	31 Dec. 2014
Shareholders' equity	3,741	3,408
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-365	-183
Fair value reserve, cash flow hedging	-11	-17
Common Equity Tier 1 (CET1) before deductions	**3,364**	**3,209**
Intangible assets	-73	-195
Excess funding of pension liability and valuation adjustments	-20	-1
Planned profit distribution / profit distribution as proposed by the Board	-155	-141
Unrealised gains under transitional provisions		-50
Shortfall of impairments – expected losses	-115	-122
Common Equity Tier 1 (CET1)	**3,001**	**2,700**
Subordinated loans to which transitional provision applies	192	219
Additional Tier 1 capital (AT1)	**192**	**219**
Tier 1 capital (T1)	**3,193**	**2,919**
Debenture loans	1,207	663
Unrealised gains under transitional provisions		50
Tier 2 Capital (T2)	**1,207**	**713**
Total capital base	**4,400**	**3,633**
Risk-weighted assets		
Credit and counterparty risk		
Central government and central banks exposure	23	26
Credit institution exposure	1,200	1,305
Corporate exposure	12,301	11,831
Retail exposure	785	1,010
Equity investments *	3,730	4,132
Other **	506	931
Market risk	1,450	1,467
Operational risk	1,297	1,137
Total	**21,292**	**21,839**
Ratios, %		
CET1 capital ratio	14.1	12.4
Tier 1 ratio	15.0	13.4
Capital adequacy ratio	20.7	16.6
Ratios without the effects of transitional provisions, %		
CET1 capital ratio	14.1	12.6
Tier 1 ratio	14.1	12.6
Capital adequacy ratio	19.8	15.6
Basel I floor, EUR million		
Capital base	4,400	3,633
Basel I capital requirements floor	1,583	1,441
Capital buffer for Basel I floor	2,817	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 31 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. Collateral given

EUR million	31 Dec. 2015	31 Dec. 2014
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	3	4
Other	528	981
Other collateral given		
Pledges*	3,969	6,273
Total collateral given	**4,501**	**7,259**
Total collateralised liabilities	**507**	**474**

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

Note 25. Off-balance-sheet commitments

EUR million	31 Dec. 2015	31 Dec. 2014
Guarantees	765	874
Other guarantee liabilities	1,402	1,578
Loan commitments	5,745	4,365
Commitments related to short-term trade transactions	173	297
Other*	394	336
Total off-balance-sheet commitments	**8,480**	**7,450**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 121 million (69).

Note 26. Derivative contracts

31 Dec. 2015, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	42,705	94,574	65,165	202,445	4,421	4,333
Cleared by the central counterparty	7,712	26,807	24,664	59,183	890	863
Currency derivatives	31,199	9,769	6,706	47,674	1,529	1,480
Equity and index derivatives	282	6		288	15	
Credit derivatives	15	126	82	223	10	13
Other derivatives	208	733	14	955	83	62
Total derivatives	**74,410**	**105,208**	**71,966**	**251,584**	**6,057**	**5,888**

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

Financial assets

31 Dec. 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***	Financial assets not set off in the balance sheet: Collateral received	Net amount
Banking derivatives	6,597	-870	5,727	-3,444	-1,030	1,253
Non-life Insurance derivatives	9		9	-3		6
Total derivatives	**6,606**	**-870**	**5,735**	**-3,446**	**-1,030**	**1,259**

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***	Financial assets not set off in the balance sheet: 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

31 Dec. 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***	Financial liabilities not set off in the balance sheet: Collateral given	Net amount
Banking derivatives	6,486	-840	5,646	-3,444	-1,061	1,141
Non-life Insurance derivatives	4		4	-3		1
Total derivatives	**6,490**	**-840**	**5,650**	**-3,446**	**-1,061**	**1,143**

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***	Financial liabilities not set off in the balance sheet: 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 22 (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 Pohjola Bank plc or the Master Agreement of the Federation of Finnish Financial Services 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 28. Other contingent liabilities and commitments

On 31 December 2015, the Other operations commitments to venture capital funds amounted to EUR 5 million (7) and Non-Life Insurance commitments to EUR 121 million (69). They are included in the section 'Off-balance-sheet commitments'.

Note 29. 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, 4 February 2016

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:

Schedule for Interim Reports in 2016:

Interim Report Q1/2016	27 April 2016
Interim Report H1/2016	3 August 2016
Interim Report Q1−3/2016	2 November 2016

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