OP Corporate Bank plc's Interim report
January 1–31 March 2016

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OP Corporate Bank plc's Interim Report for 1 January–31 March 2016

- Pohjola Bank plc's business name was changed to OP Corporate Bank plc on 4 April 2016.
- Consolidated earnings before tax were EUR 111 million (153) and consolidated earnings before tax at fair value EUR 116 million (252). The return on equity was 9.7% (15.3).
- Earnings reported by Banking decreased to EUR 51 million (83) due to lower net trading income. The loan portfolio grew in the reporting period by 1% to EUR 16.5 billion (16.4). Earnings included EUR 8 million (14) in impairment loss on receivables.
- Non-life Insurance earnings decreased to EUR 59 million (70) due to lower return on investments. Return on investments at fair value was 1.7 % (2.6). Operating combined ratio was 88.6% (87.2).
- Other Operations earnings were at the previous year's level, EUR 1 million (0). Liquidity and access to funding remained good.
- The Common Equity Tier 1 (CET1) ratio was 14.2% (14.1) as against the target of 15%.
- Unchanged outlook: OP Corporate Bank Group's consolidated earnings before tax are expected to be lower than earnings from continuing operations in 2015.

	Q1/2016	Q1/2015	Change, %	Q1–4/2015
Earnings before tax, € million				
Banking	51	83	-39	334
Non-life Insurance	59	70	-16	267
Other Operations	1	0		23
Group total	111	**153**	**-27**	**625**
Change in fair value reserve	5	99		-141
Earnings before tax at fair value	116	**252**	**-54**	**483**
Equity per share, €	11.11	10.55		11.38
Average personnel	2,301	2,483		2,446

Comparatives deriving from the income statement are based on figures reported for continuing operations for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2015 are used as comparatives.

Financial targets	Q1/2016	Q1/2015	2015	Target
Return on equity, %	9.7	15.3	14.8	13
Common Equity Tier 1 (CET1) ratio, %*	14.2	13.5	14.1	15
Operating cost/income ratio by Banking, %	38	27	27	< 35
Operating combined ratio by Non-life Insurance, %	88.6	87.2	87.3	< 92
Operating expense ratio by Non-life Insurance, %	18.1	17.9	17.7	18
Non-life Insurance solvency ratio (under Solvency II), %**	160		158	
Non-life Insurance solvency ratio (under Solvency II), %***	137	109	139	120
AA rating affirmed by two credit rating agencies or credit ratings at least at the main competitors' level	2	2	2	2
Dividend payout ratio at least 50%, provided that CET 1 ratio is at least 15%. Dividend payout ratio is 30% until CET1 ratio of 15% has been achieved.			30	≥ 50 (30)

* Operating ratios exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition.
** Including the effect of transitional provisions.
*** Excluding the effect of transitional provisions.

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Operating environment

World economic growth remained slow in the first quarter of 2016 and economic confidence was feeble. Uncertainty in financial markets weighed on sentiments and equity and commodity prices fell.

In March, the European Central Bank (ECB) decided on new quantitative easing measures due to weaker economic and inflation outlook. It reduced the main refinancing rate to zero and the deposit facility rate to –0.4%. The ECB expanded its asset purchase programme. It will now be possible for it to purchase non-bank investment-grade bonds too. In June, the ECB is to launch new, longer-term refinancing operations. The Euribor rates turned negative across the board.

The Finnish economy took a minor turn for the better last year. The slight growth continued in early 2016 led by domestic demand. Both consumer and industrial confidence showed a slight improvement.

In the first quarter, development of construction remained favourable. Housing starts increased in January. According to surveys, fixed industrial investments should increase during the current year. Housing markets picked up slightly in the first quarter.

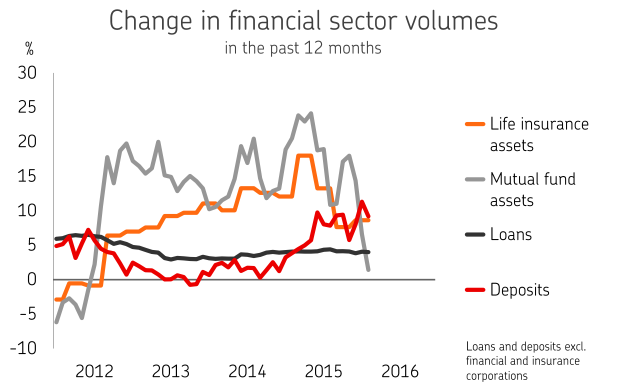
The world economy is expected to continue to grow slowly and outlook is characterised by risks. The euro-area economy should continue to grow at just about the same rate as in the previous year. The Euribor rates are expected to remain negative. The Finnish economy is showing signs of a slight recovery but the outlook is still fragile.

Consumer loan volumes increased at the same rate of around 3% in the first quarter than at the end of last year. The rate of growth in total home loans remained at about 2.5%. Because of a reduction in market interest rates, the average borrowing rate of new home loans drawn down decreased to approximately 1.2% during the first quarter. Corporate loans increased further by around 6% in the year to March. According to a survey, companies' willingness to borrow is picking up.

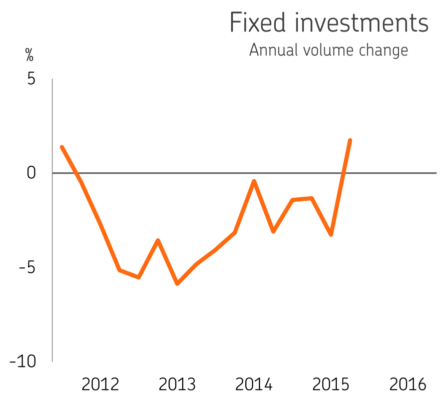
The annual growth rate of total deposits increased to almost 10%. The reason behind this swift growth is an exceptionally strong increase in deposits by public-sector entities and corporations. Growth in total household deposits remained subdued, at a rate of around one per cent.

The value of domestic mutual fund assets decreased by 1.7% in the first quarter. The majority of this decrease was due to the funds' fair value changes and approximately one-fifth to redemptions. During the first quarter, life insurance premiums written fell by 41.8% year on year.

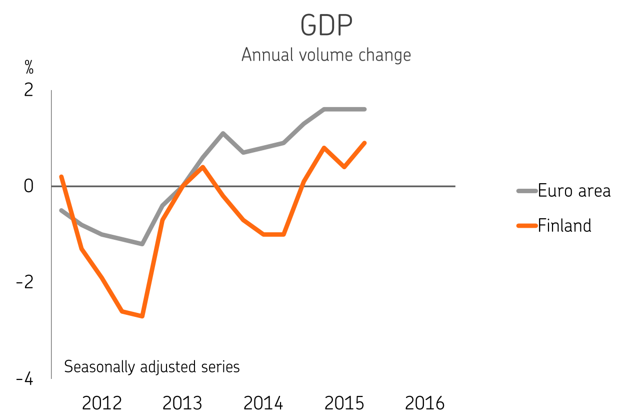
Growth in non-life insurance premiums written slowed down in the first quarter. Claims paid out were 5.0% higher than a year ago. The weak economic situation is reflected in premiums written from corporate customers, in particular.



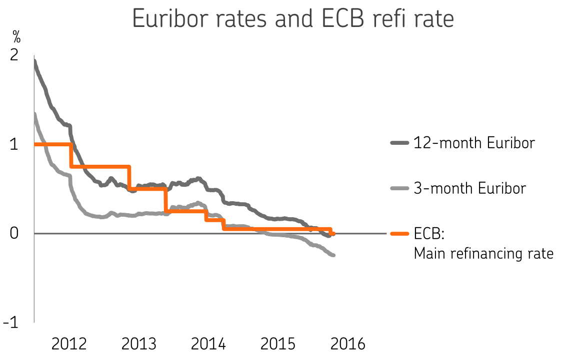
Sources: Bank of Finland, Federation of Finnish Financial Services, Investment Research Finland



Source: Statistics Finland



Sources: Eurostat, Statistics Finland



Source: Bank of Finland

Consolidated earnings analysis

€ million	Q1/2016	Q1/2015	Change, %	Q1–4/2015
Net interest income	60	58	4	220
Net commissions and fees	7	11	-37	37
Net trading income	16	25	-35	105
Net investment income	3	16	-80	75
Net income from Non-life Insurance				
Insurance operations	125	124	0	511
Investment operations	28	57	-51	178
Other items	-11	-12	-3	-43
Total	141	170	-17	646
Other operating income	10	7		30
Total income	**237**	**287**	**-17**	**1,111**
Personnel costs	42	46	-9	155
ICT costs	26	22	19	92
Depreciation and amortisation	12	11	5	49
Other expenses	38	40	-5	161
Total expenses	**118**	**119**	**-1**	**457**
Earnings before impairment loss on receivables	**119**	**167**	**-29**	**654**
Impairment loss on receivables	8	14	-45	29
Earnings of continuing operations before tax	**111**	**153**	**-27**	**625**
Earnings of discontinued operations before tax*		6		26
Total earnings before tax	**111**	**160**	**-30**	**652**
Change in fair value reserve	5	99		-141
Earnings before tax at fair value	**116**	**259**	**-55**	**511**

* In the partial demerger of OP Corporate Bank plc on 30 December 2015, wealth management, card and property management operations were transferred to OP Cooperative and their earnings are included in the comparative year's figures under Earnings of discontinued operations.

January–March earnings

Consolidated earnings before tax decreased by EUR 42 million to EUR 111 million (153). Total income was down by 17%, while total expenses fell by 1%. Both Banking and Non-life Insurance saw their income decline. The decrease in income was due to lower investment income and decreasing market values in the unstable market situation.

Impairment losses on receivables totalled EUR 8 million (14). The fair value reserve before tax increased by EUR 5 million, amounting to EUR 152 million on 31 March 2016. Earnings before tax at fair value were EUR 116 million (252).

Net interest income rose by 4% mainly thanks to net interest income from the Markets division in Banking. Combined net interest income from the Corporate Banking and Baltic Banking divisions fell by 3% year on year, while their loan portfolio rose slightly during the reporting period, to EUR 16.5 billion (16.4). The average margin remained at the 2015-end level, at 1.38%.

Net commissions and fees decreased to EUR 7 million (11), due to lower commission income from securities brokerage and higher commission expenses in Non-life Insurance.

Owing to market changes, negative value changes in Credit Valuation Adjustment (CVA) in derivatives decreased net trading income by EUR 19 million (-5).

Net investment income declined year on year, to EUR 3 million (16). Capital gains on notes and bonds amounted to EUR 3 million (4) and capital gains on shares to EUR 1 million (6). Dividend income fell year on year to EUR 1 million (8). A year ago, dividend income was increased by dividends of EUR 6 million from OP Financial Group entities which will no longer be paid to OP Corporate Bank Group after the changes made in the Group's structure in 2015.

Net income from Non-life Insurance decreased year on year by 17%, to EUR 141 million (170). Insurance premium revenue increased by 3% and claims incurred by 5%. Insurance premium revenue from Private Customers continued to grow. The reduction in the discount rate increased claims incurred by EUR 13 million (17). Investment income recognised in the income statement fell to EUR 28 million (57). Investment income included EUR 16 million (40) in net capital gains and EUR 4 million (0) in impairment loss on investments. Return on investments at fair value was 1.7% (2.6).

Other operating income grew to EUR 10 million (7), due to income received from the Group's other credit institutions for covering liquidity buffer costs. At the beginning of the reporting period, the Group began charging costs based on liquidity regulation, which entered into force on 1 October 2015.

Total expenses decreased by 1% to EUR 118 million (119), mainly due to personnel costs. A year ago, personnel costs were increased by a non-recurring provision for expenses of EUR 4 million related to reorganisation. ICT costs rose year on year mainly in Non-life Insurance.

January–March highlights

OP 2016 strategy

Started in December 2015, OP has continued to reformulate its strategy. The central cooperative's Supervisory Board will finally approve the strategy in June. As part of the OP Financial Group's strategy revision, OP Corporate Bank's strategy will also be updated.

Definitive agreement of Visa Inc. to acquire Visa Europe Ltd

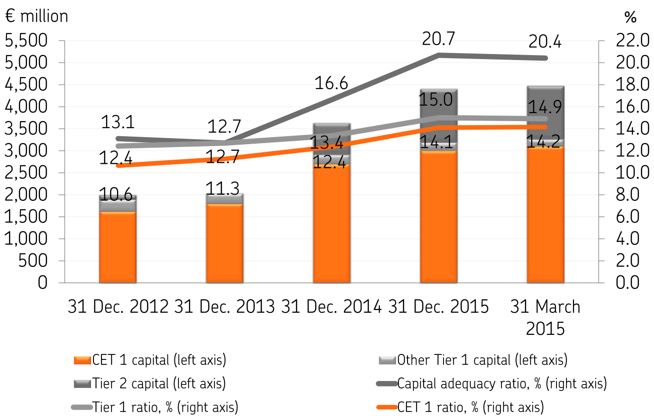
In January, OP Cooperative's Executive Board, for its part, approved this bid submitted by Visa Inc. in November 2015 to acquire Visa Europe Ltd. The transaction is expected to be completed in the first half of 2016 but it is subject to regulatory approval. If completed, the transaction will, based on preliminary and unconfirmed estimates, bring OP Financial Group approximately EUR 70 million in capital gains in 2016. OP Corporate Bank's share is estimated to total approximately EUR 8 million.

Request for clarification from the Finnish Competition and Consumer Authority

OP Financial Group has provided its replies to the request for clarification received from the Finnish Competition and Consumer Authority in 2015. The authorities are investigating OP Financial Group's market position in retail banking services and the pricing of non-life insurance products. The issue is still being investigated by the Authority.

Group's capital adequacy

Capital base and capital adequacy



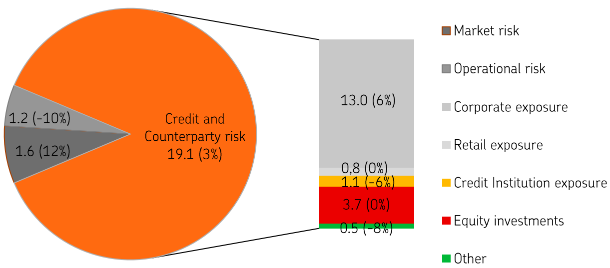
The Group's CET1 ratio was 14.2% (14.1) on 31 March 2016. The Group's minimum CET1 target is 15% by the end of 2016.

As a credit institution, the Group's consolidated capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 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 101 million to EUR 3.1 billion because of strong earnings performance in Banking and in Other Operations as well as non-life insurance companies' dividends.

On 31 March 2016, total risk exposure amount was EUR 21.9 billion (21.3), or 2.9% higher than on 31 December 2015. The average risk weights of corporate exposure rose slightly. The average risk weights of other major exposure classes decreased slightly. Equity investments include EUR 3.7 billion in risk-weighted assets of the Group's internal insurance holdings.

Risk Exposure Amount 31 March 2016
Total 21.9 € billion
(change from year end 3%)



OP Corporate Bank 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, OP Corporate Bank received permission from the ECB to treat insurance holdings within the conglomerate as risk-weighted assets, according to the previous practice. The method applied to insurance holdings leads to a risk weight of approximately 280%.

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 OP Corporate Bank. In March 2016, the Financial Supervisory Authority reiterated its decision not to impose a countercyclical capital buffer requirement on banks, but continued its 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). When taking account of the requirements for CET1 capital, the discretionary capital requirement buffer is 9.75% and 11.75% taking the O-SII buffer requirement also into account. 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 OP Corporate Bank'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.

Non-life Insurance

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.

Non-life Insurance figures under Solvency II

€ million	31 Mar. 2016	31 Dec. 2015
Capital base, € million*	1,113	1,105
Solvency capital requirement (SCR), € million*	697	698
Solvency ratio, % (excluding transitional provision)	137	139
Solvency ratio, % (including transitional provision)	160	158

* Including the effects of transitional provisions.

Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2016

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

OP Insurance Ltd's financial strength ratings on 31 March 2016

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

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

The ratings of OP Corporate Bank plc and OP Insurance Ltd did not change during the reporting period.

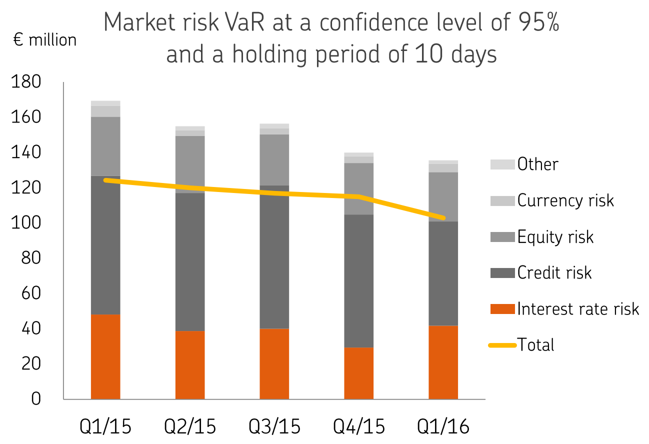
Group risk exposure

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.

The Group's funding and liquidity position is good. The availability of funding has remained good.

The Group's market risk exposure was stable during the reporting period. The Value-at-Risk (VaR) indicator measuring market risks was EUR 103 million (115) on 31 March 2016. VaR includes the non-life insurance company's total assets, the trading operations, the liquidity buffer of Other Operations and the interest rate exposure of Group Treasury.



Risks associated with the Group's defined benefit pension plans relate to interest rate and market risk, future increases in pension benefits and longer life expectancy. A change in the discount rate for pension liabilities has a substantial effect on the amount of pension liabilities. The increase in net liabilities related to defined benefit pension plans recognised in other comprehensive income during the reporting period decreased comprehensive income before tax by EUR 32 million.

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 177 million (184). 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 remained low, accounting for 0.04% (0.08) of the loan and guarantee portfolio.

As from the beginning of the reporting period, OP Financial Group's internal operating model was changed by transferring the Markets division's fixed-income and FX trading as well as bonds trading from the Banking segment to the Other Operations segment. Comparatives have not been changed.

Total exposure in Banking totalled EUR 27 billion (30). Corporate customer (including housing corporations) exposures represented 88% (78) of total Banking exposures. Of corporate customer exposures, the investment-grade exposure (borrower grades 1–5.5) accounted for 67% (69) and the exposure of the lowest two borrower grades amounted to EUR 149 million (162) or 0.6% (0.7) 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 March 2016, the amount of large corporate customer exposures totalled EUR 0,5 billion (0,5), while OP Corporate Bank's capital base covering the Group's large customer exposure was EUR 4,5 billion (4,4).

In the Companies and housing associations sector, exposure by industry remained highly diversified. The most significant industries included Energy 12.6% (12.6), Trade 10.5% (10.4) and Renting and Operating of Residential Real Estate representing 9.4% (9.7). A total of 44% of exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Baltic Banking exposures grew to EUR 1.7 billion (1.6), accounting for 6.2% (5.4) of total exposures of Banking, OP Corporate Bank.

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. The solvency position under Solvency II was slightly lower on 31 March 2016 than on 31 December 2015. The investment risk level (VaR with 95% confidence, 1-month time period) was slightly higher on 31 March 2015 than on 31 December 2015. No major change took place in the investment portfolio allocation. The portfolio duration has been moderately increased with respect to hedging insurance liability against interest rate risks. Interest rate derivatives have also been used 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.

'As a result of a change in OP Financial Group's internal operating model, Other Operations now also includes fixed-income and foreign exchange trading as well as bonds trading. The exposures of Other Operations represented a total of EUR 34.4 billion.

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 OP Corporate Bank 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.

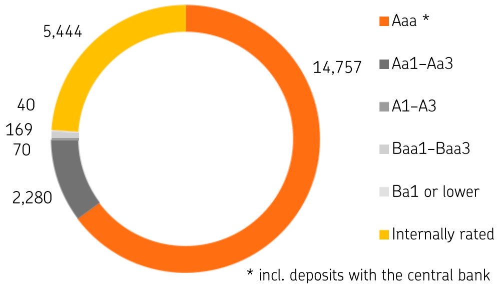
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to the transitional provisions, the LCR must be at least 70% in 2016 and at least 100% from the beginning of 2018. OP Financial Group's LCR was 108% on 31 March 2016.

Liquidity buffer

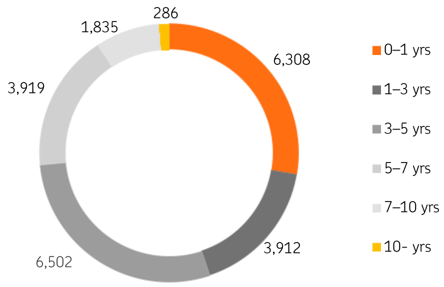
€ billion	31 Mar. 2016	31 Dec. 2015	Change, %
Deposits with central banks	5.1	8.5	-41
Notes and bonds eligible as collateral	12.1	10.6	14
Corporate loans eligible as collateral	4.5	4.3	4
Total	**21.5**	**23.4**	**-8**
Receivables ineligible as collateral	1.2	0.8	51
Liquidity buffer at market value	**22.8**	**24.2**	**-6**
Collateral haircut	-1.4	-1.2	11
Liquidity buffer at collateral value	**21.4**	**23.0**	**-7**

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

Financial assets included in the liquidity buffer by credit rating on 31 March 2016, € million



Financial assets included in the liquidity buffer by maturity on 31 March 2016, € million



Financial performance by business segment

OP Corporate Bank Group's business segments are Banking and Non-life Insurance. Non-segment operations are presented under Other Operations.

Banking

- Earnings before tax decreased by 39% year on year to EUR 51 million (83) due to lower net trading income.
- The loan portfolio increased in the first quarter by 0.7% to EUR 16.5 billion.
- The average margin on the corporate loan portfolio remained at the 2015-end level.
- Impairment loss on receivables totalled EUR 8 million (14), accounting for 0.04% (0.08) of the loan and guarantee portfolio.
- The operating cost/income ratio was 38% (27).

Banking: key figures and ratios

€ million	Q1/2016	Q1/2015	Change, %	Q1–4/2015
Net interest income	69	68	2	273
Net commissions and fees	44	25	79	99
Net trading income	-21	31		110
Other income	2	9	-75	18
Total income	**95**	**133**	**-28**	**500**
Expenses				
Personnel costs	13	15	-10	51
ICT costs	9	8	16	36
Depreciation and amortisation	2	3	-16	11
Other expenses	11	10	13	38
Total expenses	**36**	**36**	**2**	**137**
Earnings before impairment loss on receivables	**59**	**97**	**-39**	**363**
Impairment loss on receivables	8	14	-45	29
Earnings before tax	**51**	**83**	**-39**	**334**
Change in fair value reserve	-4	0		0
Earnings before tax at fair value	**47**	**83**	**-43**	**334**
Loan portfolio, € billion	16.5	15.2	9	16.4
Guarantee portfolio, € billion	2.3	2.6	-14	2.3
Risk-weighted assets, € billion	14.1	15.5	-9	16.0
Margin on corporate loan portfolio, %	1.38	1.43		1.38
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.94	1,44		0.98
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.04	0.08		0.15
Operating cost/income ratio, %	38	27		27
Personnel	570	619		603

January–March earnings

Banking earnings before tax fell by 39% to EUR 51 million (83). Total income decreased by 28% while total expenses increased by 2%. Total income was reduced by the change in OP Financial Group's internal operating model and an increase in the negative CVA fair values of derivatives.

As from the beginning of the reporting period, OP Financial Group's internal operating model was changed by transferring the Markets division's fixed-income and FX trading as well as bonds trading from the Banking segment to the Other Operations segment. The operating model change narrowed earnings posted by the Banking segment in the reporting period by EUR 9 million. The change has an impact on Banking's net interest income, commission income and net trading income. Comparatives have not been changed.

In Corporate Banking and Baltic Banking, net interest income was 3% lower than a year ago. In Banking, net interest income increased by 2%.

The loan portfolio increased in the first quarter by 0,7% to EUR 16.5 billion. The average margin on the corporate loan portfolio remained at the 2015-end level at 1.38%.

Net loan losses and impairment losses within Banking amounted to EUR 8 million (14), accounting for 0.04% (0.08) of the loan and guarantee portfolio. Final write-offs on loans totalled EUR 0,5 million (1) and impairment losses EUR 7 million (14)

The guarantee portfolio totalled EUR 2.3 billion (2.3). Committed standby credit facilities amounted to EUR 3.9 billion (3.9)

Net commissions and fees reported by Banking increased by 79% to EUR 44 million (25). This increase was affected by the change in OP Financial Group's internal operating model, as a result of which EUR 21 million were recognised in commissions and fees.

Net trading income was decreased by a negative 20-million euro CVA valuation arising from interest rate changes (–5). As a result of the change in OP Financial Group's internal operating model, the fair value changes of balance-sheet and derivative items measured at fair value are partly allocated to the Other Operations segment instead of Banking. These fair value changes recognised in Banking for the reporting period a year ago totalled EUR 35 million.

A year ago, investment income from shares and participations posted in other income was EUR 6 million higher than in the reporting period.

Total expenses in Banking were EUR 36 million (36).

Personnel costs decreased by 10% to EUR 13 million (15). ICT costs increased by EUR 1 million while, correspondingly, ICT depreciation and amortisation decreased by EUR 1 million

Earnings before tax by division

€ million	Q1/2016	Q1/2015	Change, %
Corporate Banking	53	56	-5
Markets	-3	26	
Baltic Banking	1	1	36
Total	51	83	-39

In March, OP Financial Group signed an agreement with the European Investment Fund (EIF) on the arrangement of EUR 150 million in corporate financing. OP Financial Group is the first bank in Finland to act as a financial intermediary within the SME InnovFin Guarantee Facility managed by EIF. OP Financial Group may grant SMEs EUR 150 million in new loans that will have a 50% risk-sharing guarantee provided by EIF. This lowers SMEs' financing expenses.

Non-life Insurance

- Earnings before tax amounted to EUR 59 million (70). Earnings before tax at fair value were EUR 76 million (108).
- Insurance premium revenue increased by 3% (5).
- The operating combined ratio was 88.6% (87.2) and operating expense ratio 18.1% (17.9). The combined ratio was 90.2% (88.8).
- Return on investments at fair value was 1.7% (2.6).

Non-life Insurance: key figures and ratios

€ million	Q1/2016	Q1/2015	Change, %	Q1–4/2015
Insurance premium revenue	347	336	3	1,396
Claims incurred	-245	-233	5	-972
Operating expenses	-63	-60	4	-247
Amortisation adjustment of intangible assets	-5	-5	0	-21
Balance on technical account	**34**	**38**	**-9**	**156**
Net investment income	39	52	-25	172
Other income and expenses	-14	-20	-29	-61
Earnings before tax	**59**	**70**	**-16**	**267**
Change in fair value reserve	17	38	-55	-92
Earnings before tax at fair value	**76**	**108**	**-29**	**175**
Combined ratio, %	90.2	88.8		88,8
Operating combined ratio, %	88.6	87.2		87.3
Operating loss ratio, %	70.5	69.3		69.6
Operating expense ratio, %	18.1	17.9		17.7
Operating risk ratio, %	65.0	63.8		64.2
Operating cost ratio, %	23.6	23.4		23.1
Return on investments at fair value, %	1.7	2.6		2.3
Solvency ratio (Solvency II), %*	160			158
Large claims incurred retained for own account	-15	-9		-60
Changes in claims for previous years (run off result)	20	18		32
Personnel	1,677	1,735		1,660

* Including transitional provisions.

Insurance premium revenue from Private Customers continued to grow. Insurance premium revenue from Corporate Customers was lower than a year ago as the economic situation remained challenging. Insurance sales increased slightly year on year.

Measured by the market share of premiums written, OP Financial Group is clearly Finland's largest non-life insurer.

The number of premier customer households increased in the reporting period by 6,000 to 683,000, of which up to 76% also use OP Financial Group member banks as their main bank. Group member cooperative bank customers used OP bonuses that they had earned through the use of banking and insurance services to pay 528,000 insurance bills (500,000) with 68,000 (63,500) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 25 million (25).

Developing online and mobile services in both insurance and claims ranks among key Non-life Insurance priorities. The vahinkoapu.op.fi site (claims assistance) and the new loss report service on OP-mobile have been in frequent use since their launch late last year. Up to almost 70% of loss reports of private customers are filed through electronic channels.

Expanding the health and wellbeing services nationwide is making good progress. In addition to the existing Omasairaala hospital in Helsinki, a new hospital will be opened in Tampere in August 2016. During 2017, the Group will open new hospitals in Kuopio and Oulu.

Non-life Insurance earnings

Earnings before tax were EUR 59 million (70). Net investment income recognised in the income statement decreased by EUR 10 million. Earnings before tax at fair value amounted to EUR 76 million (108).

The operating combined ratio was 88.6% (87.2). These operating ratios exclude amortisation on intangible assets arising from the corporate acquisition.

Insurance premium revenue

€ million	Q1/16	Q1/15	Change, %
Private Customers	186	174	7.1
Corporate Customers	147	149	-1.2
Baltics	14	14	2.5
Total	**347**	**336**	**3.2**

Claims incurred increased by 5%. Claims incurred arising from new large claims were higher 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 24 (17) during January–March, with their claims incurred retained for own account totalling EUR 15 million (9). The change in provisions for unpaid claims under statutory pensions decreased year on year, being EUR 5 million (6) between January and March.

On 31 March 2016, the average discount rate was 2.15%. On 31 December 2015, the average discount rate was 2.22%. The reduced discount rate increased claims incurred by EUR 13 million (17), weakening the operating combined ratio by 3.9 percentage points (4.9).

Changes in claims for previous years, excluding the effect of changes on the discount rate, improved the balance on technical account by EUR 20 million (18). The operating loss ratio was 70.5% (69.3). The operating risk ratio excluding indirect loss adjustment expenses was 65.0% (63.8).

Operating expenses grew by 4%, being EUR 3 million higher than a year ago, due to higher sales commissions and portfolio management fees. The operating expense ratio was 18.1% (17.9). The operating cost ratio (including indirect loss adjustment expenses) was 23.6% (23.4).

Operating balance on technical account and combined ratio (CR)

	Q1/16		Q1/15	
	Balance, € million	CR, %	Balance, € million	CR, %
Private Customers	29	84.4	29	83.3
Corporate Customers	11	92.3	14	90.5
Baltics	-1	106.0	0	101.7
Total	**40**	**88.6**	**43**	**87.2**

Investment

Return on investments at fair value totalled EUR 56 million (91), or 1.7% (2.6). The first-quarter return on investments was positive due to lower interest rates and lower risk premiums of corporate bonds. Net investment income recognised in the income statement amounted to EUR 39 million (52).

Investment portfolio by asset class

%	31 Mar. 2016	31 Dec. 2015
Bonds and bond funds	76	77
Alternative investments	1	1
Equities	7	7
Private equity	3	3
Real property	10	10
Money markets	4	3
Total	**100**	**100**

On 31 March 2016, the Non-life Insurance investment portfolio totalled EUR 3,775 million (3,687). The fixed-income portfolio by credit rating remained healthy, considering that investments within the "investment-grade" category accounted for 92% (93) and 64% (63) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 5.9 years (5.7) and the duration 5.5 years (5.2).

The running yield for direct bond investments averaged 1.79% (1.77) on 31 March 2016.

Other Operations

- Earnings before tax amounted to EUR 1 million (0). These included EUR 3 million in capital gains on notes and bonds and EUR 1 million (8) in dividend income.
- Earnings before tax at fair value were EUR -8 million. A year ago, earnings before tax amounted to EUR 59 million.
- Liquidity and access to funding remained good.

Other Operations: key figures and ratios

€ million	Q1/2016	Q1/2015	Change, %	Q1–4/2015
Net interest income	-4	-4	-9	-30
Net commissions and fees	-23	0		-3
Net trading income	25	-2		1
Net investment income	3	9	-70	66
Other income	7	3		9
Total income	**8**	**6**	**41**	**43**
Personnel costs	2	1	68	3
Other expenses	5	5	1	17
Total expenses	**7**	**6**	**17**	**20**
Earnings before impairment loss on receivables	**1**	**0**		**23**
Impairment loss on receivables	0			0
Earnings before tax	**1**	**0**		**23**
Change in fair value reserve	-9	59		-51
Earnings before tax at fair value	**-8**	**59**		**-28**
Liquidity buffer, € billion	22,8	17,8	28	24.2
Risk-weighted assets, € billion	7.8	5.2	48	5.2
Receivables and liabilities from/to OP Financial Group member banks, net position, € billion	3.4	3.4	-1	3.7
Personnel	70	34		32

January–March earnings

Other Operations' earnings before tax amounted to EUR 1 million (0). Earnings before tax at fair value were EUR –8 million, or EUR 67 million lower than a year ago. A year ago, the ECB's quantitative easing narrowed credit spreads, improving the fair value reserve.

As from the beginning of the reporting period, the Group's internal operating model was changed by transferring the Markets division's fixed-income and FX trading as well as bonds trading from the Banking segment to the Other Operations segment. This operating model change increased Other Operations' income by EUR 8 million. The change has an impact on net interest income, commission income and net trading income. Comparatives have not been adjusted.

Other operating income was increased by costs of the liquidity buffer charged from the Banking segment and OP Financial Group's other credit institutions. At the beginning of the reporting period, the Group began charging costs based on liquidity regulation, which entered into force on 1 October 2015.

Net investment income included EUR 3 million (1) in capital gains on notes and bonds, EUR 1 million (8) in dividend income and EUR 1 million (0) in income recognised from mutual fund investments. A year ago, dividend income was increased by EUR 6 million in dividends from the OP Financial Group entities OP Life Assurance Company Ltd and OP Card Company Plc. Such dividends will no longer be paid to OP Corporate Bank Group after the changes made in the Group's structure in 2015.

Headcount and personnel costs increased due to the change in the Group's internal operating model.

OP Corporate Bank's access to funding remained good. In January–March, OP Corporate Bank issued long-term senior bonds worth EUR 0.9 billion. In January, OP Corporate Bank issued in the international capital market a senior bond of EUR 500 million with a maturity of five years.

On 31 March 2016, the average margin of senior wholesale funding was 40 basis points (41).

Personnel and remuneration

On 31 March 2016, the Group had a staff of 2,317 (2,295). Personnel increased mainly within Non-life Insurance. Following the adoption of Group Treasury's new operating model, employees moved from Banking to Other Operations.

Number of personnel

	31 Mar. 2016	31 Dec. 2015
Banking	570	603
Non-life Insurance	1,677	1,660
Other Operations	70	32
Total	2,317	2,295

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

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of 15 March 2016 adopted the Financial Statements for 2015, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.48 per share, totalling EUR 153 million.

OP's President and Group Executive Chairman Reijo Karhinen was re-elected OP Corporate Bank plc's Chairman of the Board, and OP's Executive Vice President of Operations Tony Vepsäläinen, OP's Chief Financial Officer Harri Luhtala and Executive Vice President, OP's Group Steering, Jari Himanen were appointed Board members.

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

A decision was made to change the company's business name from Pohjola Bank plc to OP Corporate Bank plc. The change in the business name in the Articles of Association was entered in the Trade Register on 4 April 2016.

Group restructuring

OP Corporate Bank Group is still making plans for restructuring under which the Non-life Insurance segment would be transferred from OP Corporate Bank 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.

As of 1 January 2016. the operating model of Group Treasury has been revised and its adoption is underway. The division of tasks between Markets and Group Treasury were changed. Fixed-income and FX trading as well as bonds trading were transferred from the Markets division in OP Corporate Bank's Banking segment to OP Financial Group's Asset and Liability Management and Group Treasury which is part of the Other Operations segment. Markets will focus on supporting OP Financial Group member cooperative banks in selling market risk products. The new division of tasks will have minor impacts on the internal distribution of profit within OP Financial Group.

Omasairaala Oy will be renamed Pohjola Health Ltd in August 2016 when the Tampere hospital unit is opened.

Outlook towards the year end

World and euro-area economic growth is not expected to significantly speed up Finnish economic growth during the current year. The anticipated fragile Finnish economic growth is largely based on a minor recovery in the domestic market. Despite growth, the overall outlook of the Finnish economy and the Finnish financial-sector operating environment is weak. The probability of a deceleration in economic growth is greater than its acceleration. A historically low interest rate environment, a possible British exit from the EU and other threats challenging the EU's structures and policies as well as the slow progress of structural reforms in the Finnish economy create uncertainty for Finnish economic development.

The continued reduction in market interest rates that have in part turned negative places a further burden on the net interest income of banks and erodes the investment income of insurance institutions. Then again, low interest rates support customers' loan repayment capacity, which has kept impairment loss low despite the prolonged period of slow economic growth. Weak economic growth, industry transformation resulting from the digitising financial sector and change in customer behaviour as well as tightening regulation will highlight the role of operational efficiency, profitability and a strong capital base.

OP Corporate Bank Group's consolidated earnings before tax are expected to remain lower than earnings from continuing operations before tax in 2015. The most significant uncertainties affecting earnings 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 OP Corporate Bank Group and its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Events after the reporting period

As part of renaming companies belonging in OP Financial Group to begin with OP, Pohjola Insurance Ltd was renamed OP Insurance Ltd on 4 April 2016.

Moreover, the companies in Baltic Banking will be renamed during the spring of 2016 to begin with OP.

Reorganisation and organisational changes are planned for Banking, aimed at streamlining the division of duties between OP Helsinki and OP Corporate Bank.

The plan is to combine two of OP Corporate Bank's business divisions – Corporate Customers; and Markets and Baltics – into one business division, to which small and mid-sized corporate and institutional customer management will be transferred from OP Helsinki.
The planned new business division, Corporate Customers, will cover corporate customer relationship management from small and mid-sized customers in the Helsinki Metropolitan Area to national large corporate and institutional customer management as well as corporate customers in the Baltic countries.

As a result of this change, some employees managing small and mid-sized corporate and institutional customers in OP Helsinki will join the payroll of OP Corporate Bank.

OP Corporate Bank's consolidated income statement

EUR million	Note	Q1/ 2016	Q1/ 2015
Continuing operations			
Net interest income	3	60	58
Impairments of receivables	4	8	14
Net interest income after impairments		**52**	**43**
Net income from Non-life Insurance	5	141	170
Net commissions and fees	6	7	11
Net trading income	7	16	25
Net investment income	8	3	16
Other operating income	9	10	7
Total income		**229**	**273**
Personnel costs		42	46
ICT costs		26	22
Depreciation/amortisation		12	11
Other expenses		38	40
Total expenses		**118**	**119**
Share of associates' profits/losses accounted for using the equity method		0	0
Earnings before tax		**111**	**153**
Income tax expense		22	29
Results of continuing operations		**89**	**124**
Discontinued operations			
Results of discontinued operations			5
Profit for the period		**89**	**130**
Attributable to:			
Owners of the parent		89	128
Non-controlling interests		0	2
Profit for the period		**89**	**130**

OP Corporate Bank's consolidated statement of comprehensive income

EUR million	Q1/ 2016	Q1/ 2015
Profit for the period	**89**	**130**
Items that will not be reclassified to profit or loss		
Gains(/losses) arising from remeasurement of defined benefit plans	-31	-21
Items that may be reclassified to profit or loss		
Change in fair value reserve		
Measurement at fair value	5	100
Cash flow hedge	0	-1
Translation differences	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	6	4
Items that may be reclassified to profit or loss		
Measurement at fair value	-1	-20
Cash flow hedge	0	0
Total comprehensive income for the period	**68**	**192**
Attributable to:		
Owners of the parent	66	191
Non-controlling interests	1	1
Total comprehensive income for the period	**68**	**192**
Comprehensive income attributable to owners of the parent is divided as follows:		
Continuing operations		186
Discontinued operations		5
Total		**191**

OP Corporate Bank's consolidated balance sheet

EUR million	Note	31 March 2016	31 Dec. 2015
Cash and cash equivalents		4,938	8,465
Receivables from credit institutions	14	10,346	9,678
Financial assets at fair value through profit or loss			
Financial assets held for trading		918	852
Financial assets at fair value through profit or loss at inception		0	0
Derivative contracts	12	5,994	5,727
Receivables from customers	14	17,360	17,183
Non-life Insurance assets	15	4,373	4,124
Investment assets		13,333	11,419
Investment accounted for using the equity method		15	16
Intangible assets		779	781
Property, plant and equipment (PPE)		56	58
Other assets		1,394	1,317
Tax assets		47	35
Total		**59,553**	**59,655**
Liabilities to credit institutions		5,954	5,209
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading		1	
Derivative contracts		5,944	5,646
Liabilities to customers		17,265	17,549
Non-life Insurance liabilities	16	3,570	3,160
Debt securities issued to the public	17	18,463	19,475
Provisions and other liabilities		2,633	2,766
Tax liabilities		373	370
Subordinated liabilities		1,689	1,737
Total		**55,891**	**55,914**
Equity			
Capital and reserves attributable to owners of the parent			
Share capital		428	428
Fair value reserve	18	122	120
Other reserves		1,093	1,093
Retained earnings		1,907	1,996
Non-controlling interest		112	105
Total equity		**3,661**	**3,741**
Total liabilities and equity		**59,553**	**59,655**

OP Corporate Bank's consolidated statement of changes in equity

	Attributable to owners of OP Corporate Bank 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		80		111	191	1	192
Profit for the period				128	128	2	130
Other comprehensive income		80		-17	63	0	62
Profit distribution				-137	-137		-137
Other			0		0	-5	-5
Balance at 31 March 2015	**428**	**311**	**1,093**	**1,538**	**3,370**	**88**	**3,458**

* Note 18.

	Attributable to owners of OP Corporate Bank Group						
EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**428**	**120**	**1,093**	**1,996**	**3,637**	**105**	**3,741**
Total comprehensive income for the period		2		64	66	1	68
Profit for the period				89	89	0	89
Other comprehensive income		2		-25	-23	2	-21
Profit distribution				-153	-153		-153
Other				0	0	6	6
Balance at 31 March 2016	**428**	**122**	**1,093**	**1,907**	**3,550**	**112**	**3,661**

OP Corporate Bank's consolidated cash flow statement

EUR million	Q1/ 2016	Q1/ 2015*
Cash flow from operating activities		
Profit for the period	89	128
Adjustments to profit for the period	207	228
Increase (-) or decrease (+) in operating assets	**-3,333**	**-2,236**
Receivables from credit institutions	-755	-238
Financial assets at fair value through profit or loss	-264	188
Derivative contracts	2	-36
Receivables from customers	-170	-232
Non-life Insurance assets	-234	-321
Investment assets	-1,783	-1,056
Other assets	-129	-541
Increase (+) or decrease (-) in operating liabilities	**428**	**1,872**
Liabilities to credit institutions	745	633
Financial liabilities at fair value through profit or loss	1	-3
Derivative contracts	-7	41
Liabilities to customers	-285	264
Non-life Insurance liabilities	142	104
Provisions and other liabilities	-168	832
Income tax paid	-12	-22
Dividends received	11	18
A. Net cash from operating activities	**-2,610**	**-12**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	2	51
Purchase of PPE and intangible assets	-9	-7
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	**-7**	**45**
Cash flow from financing activities		
Decreases in subordinated liabilities	-60	
Increases in debt securities issued to the public	6,380	9,303
Decreases in debt securities issued to the public	-7,161	-8,904
Dividends paid	-153	-137
C. Net cash used in financing activities	**-994**	**262**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-3,611**	**294**
Cash and cash equivalents at period-start	**8,803**	**4,306**
Cash and cash equivalents at period-end	**5,193**	**4,600**
Cash and cash equivalents		
Liquid assets**	4,946	4,257
Receivables from credit institutions payable on demand	247	343
Total	**5,193**	**4,600**

* Includes discontinued operations

** Of which EUR 9 million (6) 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 19% (18%). Capital has been allocated to Non-life 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.

Q1 earnings 2016, EUR million	Banking	Other operations	Non-life Insurance	Elimi-nations	Group total
Net interest income	69	-4	-5	-1	60
- of which internal net income before tax	-6	10	-4		
Net commissions and fees	44	-23	-14	0	7
Net trading income	-21	25	0	11	16
Net investment income		3	0	0	3
Net income from Non-life Insurance					
From insurance operations			125		125
From investment operations			39	-11	28
From other items			-11		-11
Total			153	-11	141
Other operating income	2	7	2	-2	10
Total income	**95**	**8**	**136**	**-2**	**237**
Personnel costs	13	2	26		42
ICT costs	9	2	15	0	26
Amortisation on intangible assets related to company acquisitions			5		5
Other depreciation/amortisation and impairments	2	0	4		7
Other expenses	11	2	27	-2	38
Total expenses	**36**	**7**	**77**	**-2**	**118**
Earnings/loss before impairment of receivables	**59**	**1**	**59**		**119**
Impairments of receivables	8	0	0		8
Share of associates' profits/losses			0		0
Earnings before tax	**51**	**1**	**59**		**111**
Change in fair value reserve	-4	-9	17	0	5
Gains/(losses) arising from remeasurement of defined benefit plans	-25	-6			-31
Total comprehensive income for the period, before tax	**22**	**-14**	**76**	**0**	**85**

		Continuing operations		Discon-tinued operations		
Q1 earnings 2015, EUR million	**Banking**	**Other operations**	**Non-life Insurance**	**Wealth Manage-ment**	**Elimi-nations**	**Group total**
Net interest income	68	-4	-6	0	-1	58
- of which internal net income before tax	-5	10	-5	0		
Net commissions and fees	25	0	-12	14	-1	25
Net trading income	31	-2		0	-4	25
Net investment income	6	9		0	1	16
Net income from Non-life Insurance						
From insurance operations			124			124
From investment operations			52		4	57
From other items			-12			-12
Total			165		4	170
Other operating income	3	3	1	0	0	8
Total income	**133**	**6**	**148**	**14**	**-1**	**301**
Personnel costs	15	1	30	4		50
ICT costs	8	1	12	1	0	23
Amortisation on intangible assets related to company acquisitions			5	1		6
Other depreciation/amortisation and impairments	3	0	3	0		6
Other expenses	10	3	28	2	-1	43
Total expenses	**36**	**6**	**78**	**8**	**-1**	**127**
Earnings/loss before impairment of receivables	**97**	**0**	**70**	**6**	**0**	**173**
Impairments of receivables	14					14
Share of associates' profits/losses			0	0	0	0
Earnings before tax	**83**	**0**	**70**	**7**	**0**	**160**
Change in fair value reserve	0	59	38	0	2	99
Gains/(losses) arising from remeasurement of defined benefit plans	-19	-2				-21
Total comprehensive income for the period, before tax	**64**	**57**	**108**	**7**	**2**	**238**

Balance sheet 31 March 2016, EUR million	Banking	Other operations	Non-life Insurance	Elimi-nations	Group total
Receivables from customers	16,802	869		-311	17,360
Receivables from credit institutions	164	15,143	6	-29	15,284
Financial assets at fair value through profit or loss	-4	922			918
Non-life Insurance assets			4,651	-279	4,373
Investment assets	626	12,691	16		13,333
Investments in associates			15		15
Other assets	96	7,435	749	-11	8,269
Total assets	**17,684**	**37,060**	**5,438**	**-629**	**59,553**
Liabilities to customers	11,100	6,367		-203	17,265
Liabilities to credit institutions	342	5,922		-310	5,954
Non-life Insurance liabilities			3,578	-8	3,570
Debt securities issued to the public	1,345	17,153		-35	18,463
Subordinated liabilities		1,554	135		1,689
Other liabilities	1,255	7,642	80	-26	8,951
Total liabilities	**14,043**	**38,637**	**3,794**	**-582**	**55,891**
Equity					**3,661**

Balance sheet 31 December 2015, EUR million	Banking	Other operations	Non-life Insurance	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**

Notes

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2016 has been prepared in accordance with the accounting policies of IAS 34 (Interim Financial Reporting) and with those presented in the Consolidated Financial Statements 2015, with the exception of changes in the accounting policies described below.

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

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

	Q1/2016	Q1/2015
Return on equity (ROE), %	9.7	15.3
Return on equity (ROE) at fair value, %	9.8	24.2
Return on assets (ROA), %	0.60	0.99
Cost/income ratio, %	50	42
Average personnel	2,301	2,483

Return on equity (ROE), %

$$\frac{\text{Profit for the period}}{\text{Equity (average of the beginning and end of period)}} \times 100$$

Return on equity (ROE) at fair value, %

$$\frac{\text{Total comprehensive income for the period}}{\text{Equity (average of the beginning and end of period)}} \times 100$$

Return on assets (ROA), %

$$\frac{\text{Profit for the period}}{\text{Average balance sheet total (average of the beginning and end of period)}} \times 100$$

Capital adequacy ratio, %

$$\frac{\text{Total capital}}{\text{Total risk exposure amount}} \times 100$$

Tier 1 ratio, %

$$\frac{\text{Total Tier 1 capital}}{\text{Total risk exposure amount}} \times 100$$

Common Equity Tier 1 ratio,% (CET1)*

$$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Total risk exposure amount}} \times 100$$

* Common Equity Tier 1 capital (CET1) as defined in Article 26 of EU Regulation 575/2013 and total risk exposure amount as defined in Article 92.

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), %

$$\frac{\text{Claims and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$$

Expense ratio, %

$$\frac{\text{Operating expenses + Amortisation/adjustment of intangible assets related to company acquisition}}{\text{Net insurance premium revenue}} \times 100$$

Combined ratio (excl. unwinding of discount)

Loss ratio + Expense ratio
Risk ratio + Cost ratio

Solvency ratio, %	$\frac{\text{Non-life Insurance net assets + Subordinated loans + Net tax liability for the period - Deferred tax to be realised in the near future and other items deducted from the solvency margin - Intangible assets}}{\text{Insurance premium revenue}}$	x 100
Solvency ratio, %	$\frac{\text{Capital base}}{\text{Solvency capital requirement (SCR)}}$	x 100

OPERATING KEY RATIOS

Operating cost/income ratio, %	$\frac{\text{Personnel costs + Other administrative expenses + Other operating expenses excl. amortisation on intangible assets and goodwill related to Pohjola acquisition}}{\text{Net interest income + Net commissions and fees + Net trading income + Net investment income + Other operating income}}$	x 100
Operating loss ratio, %	$\frac{\text{Claims incurred, excl. changes in reserving bases}}{\text{Insurance premium revenue, excl. net changes in reserving bases}}$	x 100
Operating expense ratio, %	$\frac{\text{Operating expenses}}{\text{Insurance premium revenue, excl. net changes in reserving bases}}$	x 100
Operating combined ratio, %	Operating loss ratio + Operating expense ratio Operating risk ratio + Operating cost ratio	
Operating risk ratio (excl. unwinding of discount), %	$\frac{\text{Claims excl. loss adjustment expenses and changes in reserving bases}}{\text{Net insurance premium revenue excl. changes in reserving bases}}$	x 100
Operating cost ratio, %	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue excl. changes in reserving bases}}$	x 100

Note 3. Net interest income

EUR million	**Q1/ 2016**	**Q1/ 2015**
Loans and other receivables	77	79
Receivables from credit institutions and central banks	10	11
Notes and bonds	34	39
Derivatives (net)		
Derivatives held for trading	9	1
Derivatives under hedge accounting	8	9
Ineffective portion of cash flow hedge	0	0
Negative net interest	-6	
Liabilities to credit institutions	-11	-12
Liabilities to customers	-2	-5
Debt securities issued to the public	-45	-53
Subordinated debt	-11	-9
Hybrid capital	-3	-2
Financial liabilities held for trading	0	0
Other (net)	0	2
Net interest income before fair value adjustment under hedge accounting	**60**	**58**
Hedging derivatives	-93	-30
Value change of hedged items	93	29
Total net interest income	**60**	**58**

Note 4. Impairments of receivables

EUR million	Q1/ 2016	Q1/ 2015
Receivables written off as loan or guarantee losses	0	1
Recoveries of receivables written off	0	-1
Increase in impairment losses on individually assessed receivables	7	15
Decrease in impairment losses on individually assessed receivables	1	-1
Collectively assessed impairment losses	-1	0
Total impairments of receivables	**8**	**14**

Note 5. Net income from Non-life Insurance

Non-life Insurance EUR million	Q1/ 2016	Q1/ 2015
Net insurance premium revenue		
Premiums written	628	629
Insurance premiums ceded to reinsurers	-21	-22
Change in provision for unearned premiums	-269	-281
Reinsurers' share	9	10
Total	**347**	**336**
Net Non-life Insurance claims		
Claims paid	-214	-209
Insurance claims recovered from reinsurers	3	9
Change in provision for unpaid claims	-16	3
Reinsurers' share	5	-15
Total	**-222**	**-212**
Net investment income, Non-life Insurance		
Interest income	11	11
Dividend income	11	10
Investment property	1	2
Capital gains and losses		
Notes and bonds	15	8
Shares and participations	1	31
Loans and receivables		
Investment property	0	
Derivatives	3	-1
Fair value gains and losses		
Notes and bonds	-2	2
Shares and participations	-1	-1
Loans and receivables	0	1
Investment property	1	-1
Derivatives	-8	-6
Impairments	-4	0
Other	0	1
Total	**28**	**57**
Unwinding of discount	-9	-10
Other	-2	-2
Total net income from Non-life Insurance	**141**	**170**

Note 6. Net commissions and fees

EUR million	Q1/ 2016	Q1/ 2015
Commission income		
Lending	10	10
Payment transfers	7	8
Securities brokerage	2	7
Securities issuance	2	3
Asset management and legal services	3	2
Insurance operations	4	4
Guarantees	3	4
Other	1	1
Total commission income	**33**	**38**
Commission expenses		
Payment transfers	3	4
Securities brokerage	1	2
Securities issuance	0	0
Asset management and legal services	1	1
Insurance operations	18	16
Other	3	3
Total commission expenses	**26**	**27**
Total net commissions and fees	**7**	**11**

Note 7. Net trading income

EUR million	Q1/ 2016	Q1/ 2015
Financial assets and liabilities held for trading		
Capital gains and losses		
Notes and bonds	-2	1
Shares and participations	0	0
Derivatives	-74	-42
Fair value gains and losses		
Notes and bonds	4	0
Shares and participations	0	0
Derivatives	79	60
Net income from foreign exchange operations	9	7
Total net trading income	**16**	**25**

Note 8. Net investment income

EUR million	Q1/ 2016	Q1/ 2015
Available-for-sale financial assets		
Capital gains and losses		
Notes and bonds	3	4
Shares and participations	1	6
Dividend income	1	8
Impairments	0	
Carried at amortised cost		
Capital gains and losses		-3
Total	**5**	**15**
Investment property	-2	1
Total net investment income	**3**	**16**

Note 9. Other operating income

EUR million	Q1/ 2016	Q1/ 2015
Central banking service fees	5	2
Rental income from assets rented under operating lease	1	1
Other	4	4
Total	**10**	**7**

Note 10. Classification of financial assets and liabilities

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss	Available for sale	Hedging derivatives	Total
Cash and cash equivalents	4,938					4,938
Receivables from credit institutions	10,346					10,346
Derivative contracts			5,615		379	5,994
Receivables from customers	17,360					17,360
Non-life Insurance assets	900		196	3,277		4,373
Notes and bonds		92	918	13,043		14,053
Shares and participations			0	64		64
Other financial assets	1,375					1,375
Financial assets	**34,919**	**92**	**6,728**	**16,384**	**379**	**58,503**
Other than financial instruments						1,049
Total 31 March 2016	**34,919**	**92**	**6,728**	**16,384**	**379**	**59,553**
Financial assets 31 Dec. 2015	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**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,954		5,954
Financial liabilities held for trading (excl. derivatives)	1			1
Derivative contracts	5,591		354	5,944
Liabilities to customers		17,265		17,265
Non-life Insurance liabilities	0	3,570		3,570
Debt instruments issued to the public		18,463		18,463
Subordinated liabilities		1,689		1,689
Other financial liabilities		2,476		2,476
Financial liabilities	**5,592**	**49,416**	**354**	**55,361**
Other than financial liabilities				530
Total 31 March 2016	**5,592**	**49,416**	**354**	**55,891**
Financial liabilities 31 Dec. 2015	5,314	49,766	336	55,416
Other than financial liabilities				497
Total 31 Dec. 2015	**5,314**	**49,766**	**336**	**55,914**

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March 2016, the fair value of these debt instruments was EUR 286 million (221) 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 11. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2016, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	495	409	14	918
Derivative financial instruments				
Banking	11	5,805	178	5,994
Non-life Insurance		27		27
Available-for-sale				
Banking	11,478	1,342	287	13,107
Non-life Insurance	1,615	1,386	275	3,277
Total	**13,598**	**8,970**	**755**	**23,323**

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
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 liabilities on 31 March 2016, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		1		1
Derivative financial instruments				
Banking	31	5,777	136	5,944
Non-life Insurance		0		0
Total	**31**	**5,778**	**136**	**5,946**

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**

Level 1: Quoted prices in active markets
This level includes equities listed on 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. This hierarchy level includes the majority of OP Corporate Bank Group's OTC derivatives and quoted debt instruments issued by companies, governments and financial institutions which have not been included in Level 1.

Level 3: Valuation techniques using unobservable inputs
Valuation techniques whose input parameters involve uncertainty. The fair value determination of the 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 on the valuation date. This level includes the most complex OTC derivatives and derivatives with a long maturity for which the Group had to extrapolate the market data used in their value measurement, as well as certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. 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. 2016	21		177		293	276	767
Total gains/losses in profit or loss	-7		2			0	-6
Total gains/losses in other comprehensive income					0	-2	-2
Purchases						10	10
Sales						-8	-8
Transfers into Level 3					9		-5
Transfers out of Level 3					-14		
Closing balance 31 March 2016	**14**		**178**		**287**	**275**	**755**

	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. 2016			135		135
Total gains/losses in profit or loss			1		1
Closing balance 31 March 2016			**136**		**136**

Total gains/losses included in profit or loss by item for the financial year on 31 March 2016

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)	-7		0		-8
Unrealised net gains (losses)	1			-2	-2
Total net gains (losses)	**-7**		**0**	**-2**	**-9**

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 OP Corporate Bank, 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

No major changes occured in valuation techniques in 2016.

Note 12. Derivative contracts

31 March 2016,	Nominal values/residual term				Fair values*	
EUR million	**<1 year**	**1–5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives	48,980	89,134	60,811	198,925	5,179	5,141
Cleared by the central counterparty	7,469	28,368	23,930	59,768	1,238	1,395
Currency derivatives	27,194	10,513	5,712	43,419	1,403	1,495
Equity and index	178	6		184	12	
Credit derivatives	19	182	66	268	11	9
Other derivatives	408	472	2	881	79	54
Total derivatives	**76,779**	**100,307**	**66,591**	**243,677**	**6,683**	**6,699**

31 Dec. 2015,	Nominal values/residual term				Fair values*	
EUR million	**<1 year**	**1–5 years**	**>5 years**	**Total**	**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	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**

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

Financial assets

31 March 2016, 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		
				Derivative contracts***	Collateral received	Net amount
Banking derivatives	7,208	-1,214	5,994	-3,591	-897	1,506
Non-life Insurance derivatives	27		27			27
Total derivatives	**7,235**	**-1,214**	**6,021**	**-3,591**	**-897**	**1,533**

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		
				Derivative contracts***	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**

Financial liabilities

31 March 2016, 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		
				Derivative contracts***	Collateral given	Net amount
Banking derivatives	7,322	-1,377	5,944	-3,591	-1,174	1,179
Non-life Insurance derivatives	0		0			0
Total derivatives	**7,322**	**-1,377**	**5,945**	**-3,591**	**-1,174**	**1,179**

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		
				Derivative contracts***	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**

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling -151 (22) million euros.
** Fair values excluding accrued interest.
*** It is OP Corporate 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, OP Corporate 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 OP Corporate Bank plc or the Master Agreement of the Federation of Finnish Financial Services will apply to derivative transactions between OP Corporate 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 14. Receivables from credit institutions and customers, and doubtful receivables

31 March 2016, EUR million	Not impaired (gross)	Impaired (gross)	Total	Individual assessment of impairment	Collective assess-ment of impairment	Balance sheet value
Receivables from credit institutions and customers						
Receivables from credit institutions	10,348		10,348		1	10,346
Receivables from customers, of which	16,217	251	16,468	233	18	16,217
Bank guarantee receivables	0	9	10	10	0	-1
Finance leases	1,143		1,143			1,143
Total	**27,707**	**251**	**27,958**	**233**	**19**	**27,707**
Receivables from credit institutions and customers by sector						
Non-banking corporate sector	14,603	251	14,854	233	10	14,611
Financial institutions and insurance companies	11,203		11,203		2	11,202
Households	1,370		1,370		7	1,362
Non-profit organisations	211	0	211	0	0	211
Public sector entities	321		321		0	321
Total	**27,707**	**251**	**27,958**	**233**	**19**	**27,707**

31 Dec. 2015, EUR million	Not impaired (gross)	Impaired (gross)	Total	Individual assessment of impairment	Collective assess-ment of impairment	Balance sheet value
Receivables from credit institutions and customers						
Receivables from credit institutions	9,680		9,680		1	9,678
Receivables from customers, of which	16,008	252	16,261	224	19	16,018
Bank guarantee receivables	0	10	10	10	0	0
Finance leases	1,166		1,166			1,166
Total	**26,854**	**252**	**27,106**	**224**	**20**	**26,862**
Receivables from credit institutions and customers by sector						
Non-banking corporate sector	14,385	252	14,637	224	11	14,402
Financial institutions and insurance companies	10,567		10,567		2	10,565
Households	1,351		1,351		7	1,344
Non-profit organisations	207	0	207	0	0	207
Public sector entities	344		344		0	344
Total	**26,854**	**252**	**27,106**	**224**	**20**	**26,862**

Doubtful receivables 31 March 2016, EUR million	Performing receivables from credit institutions and customers (gross)	Non-performing receivables from credit institutions and customers (gross)	Recei-vables from credit institutions and customers, total (gross)	Individually assessed impairment	Receivables from credit institutions and customers (net)
More than 90 days past due		132	132	110	22
Unlikely to be paid		225	225	120	105
Forborne receivables	43	9	52	3	49
Total	**43**	**367**	**409**	**233**	**177**

Doubtful receivables 31 Dec. 2015, EUR million	Performing receivables from credit institutions and customers (gross)	Non-performing receivables from credit institutions and customers (gross)	Recei-vables 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
Unlikely to be paid		242	242	128	113
Forborne receivables	47	9	56	3	54
Total	**47**	**362**	**409**	**224**	**184**

Key ratio, %	31 March 2016	31 Dec. 2015
Exposures individually assessed for impairment, % of doubtful receivables	56.8%	54.9%

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 credit ratings (F for private customers and 11-12 for others) are reported as unlikely to be paid. 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.

Note 15. Non-life Insurance assets

EUR million	31 March 2016	31 Dec. 2015
Investments		
Loans and other receivables	33	24
Shares and participations	423	466
Property	169	170
Notes and bonds	2,633	2,580
Derivatives	27	9
Other participations	221	222
Total	**3,505**	**3,470**
Other assets		
Prepayments and accrued income	32	33
Other		
From direct insurance	606	436
From reinsurance	126	106
Cash in hand and at bank	9	5
Other receivables	95	73
Total	**867**	**653**
Total Non-life Insurance assets	**4,373**	**4,124**

Note 16. Non-life Insurance liabilities

EUR million	31 March 2016	31 Dec. 2015
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,402	1,386
Other provision for unpaid claims	980	970
Reserve for decreased discount rate*	30	0
Total	2,412	2,357
Provision for unearned premiums	830	560
Derivatives	0	4
Other liabilities	328	239
Total	**3,570**	**3,160**

*Value of hedges of insurance liability

Note 17. Debt securities issued to the public

EUR million	31 March 2016	31 Dec. 2015
Bonds	12,620	12,937
Certificates of deposit, commercial papers and ECPs	5,843	6,538
Total	**18,463**	**19,475**

Note 18. Fair value reserve after income tax

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2016	32	77	11	120
Fair value changes	22	-11	2	13
Transfers to net interest income			-2	-2
Capital gains transferred to income statement		-12		-12
Impairment loss transferred to income statement		4		4
Deferred tax	-4	4	0	-1
Closing balance 31 March 2016	**49**	**62**	**11**	**122**

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2015	102	112	17	231
Fair value changes	79	44	2	125
Transfers to net interest income			-3	-3
Capital gains transferred to income statement		-23		-23
Impairment loss transferred to income statement		0		0
Deferred tax	-16	-4	0	-20
Closing balance 31 March 2015	**166**	**129**	**16**	**311**

At the end of the reporting period, the fair value reserve before tax totalled EUR 152 million (150) and the related deferred tax liability EUR 30 million (30). On 31 March 2016, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 100 million (107) and negative mark-to-market valuations EUR 23 million (12). In January–March, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 4 million (0), of which equity instruments accounted for EUR 4 million (0).

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

Note 19. Market risk exposure by Banking and Other Operations

Sensitivity analysis of market risk

Banking and Other Operations, EUR million	Risk parameter	Change	31 March 2016 Effect on results	31 March 2016 Effect on equity	31 Dec. 2015 Effect on results	31 Dec. 2015 Effect on equity
Interest-rate risk	Interest	1 percentage point	22		19	
Currency risk	Market value	10%	7		7	
Volatility risk						
Interest-rate volatility	Volatility	10 basis points	1		2	
Currency volatility	Volatility	10 percentage points	2		1	
Credit risk premium	Credit spread	0.1 percentage point	1	44	2	51

Note 20. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 March 2016, EUR million	Change in risk parameter	Effect on combined ratio	Effect on equity, EUR million
Insurance portfolio or insurance premium revenue*	1,407	Up 1%	Up 0.9 percentage points	14
Claims incurred*	977	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*	97	Up 8%	Down 0.6 percentage points	-8
Expenses by function*/**	323	Up 4%	Down 0.9 percentage points	-13
Inflation for collective liability	688	Up 0.25 percentage points	Down 0.3 percentage points	-5
Life expectancy for discounted insurance liability	1,769	Up 1 year	Down 2.9 percentage points	-41
Discount rate for discounted insurance liability	1,769	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 March 2016	%	Fair value 31 Dec. 2015	%
Money market instruments	134	4%	94	3%
Bonds and bond funds	2,857	76%	2,823	77%
Public sector	595	16%	587	16%
Financial institutions	1,342	36%	1,339	36%
Corporate	821	22%	814	22%
Covered bonds	35	1%	27	
Bond funds	46	1%	20	1%
Other	19	1%	36	1%
Equities	256	7%	247	7%
Private equity investments	122	3%	127	3%
Alternative investments	31	1%	31	1%
Real property	376	10%	366	10%
Total	**3,775**	**100%**	**3,687**	**100%**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2016*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	18	33	239	144	78	277	789	27%
Aa1−Aa3	129	46	77	118	34	16	419	14%
A1−A3	52	146	239	141	51	48	677	23%
Baa1−Baa3	30	161	311	244	57	9	812	28%
Ba1 or lower	39	72	86	24	7	0	229	8%
Internally rated	1	0				8	9	0%
Total	**270**	**458**	**952**	**671**	**228**	**357**	**2,935**	**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 March 2016	31 Dec. 2015
Bonds and bond funds1)	Interest rate	1 percentage point	148	146
Equities 2)	Market value	10%	28	27
Venture capital funds and unquoted equities	Market value	10%	12	13
Commodities	Market value	10%		0
Real property	Market value	10%	38	37
Currency	Value of currency	10%	13	13
Credit risk premium 3)	Credit spread	0.1 percentage point	15	14
Derivatives	Volatility	10 percentage points	7	1

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 21. Capital adequacy for credit institutions

OP Corporate Bank Group presents its capital adequacy for credit institutions in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR).

Capital base, EUR million	31 March 2016	31 Dec. 2015
Shareholders' equity	3,661	3,741
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-299	-365
Fair value reserve, cash flow hedging	-11	-11
Common Equity Tier 1 (CET1) before deductions	**3,352**	**3,364**
Intangible assets	-73	-73
Excess funding of pension liability and valuation adjustments	-25	-20
Planned profit distribution / profit distribution as proposed by the Board	-27	-155
Shortfall of impairments – expected losses	-124	-115
Common Equity Tier 1 (CET1)	**3,102**	**3,001**
Subordinated loans to which transitional provision applies	164	192
Additional Tier 1 capital (AT1)	**164**	**192**
Tier 1 capital (T1)	**3,266**	**3,193**
Debenture loans	1,207	1,207
Tier 2 Capital (T2)	**1,207**	**1,207**
Total capital base	**4,474**	**4,400**

OP Corporate Bank Group has applied transitional provisions regarding old capital instruments to subordinated loans. A total of 60% of the amounts outstanding on 31 December 2012 are included in the capital base.

Risk exposure amount, EUR million	31 March 2016	31 Dec. 2015
Credit and counterparty risk	**18,802**	**18,155**
Standardised Approach (SA)	**1,693**	**1,778**
Central government and central banks exposure	24	23
Credit institution exposure	43	53
Corporate exposure	1,483	1,575
Retail exposure	74	75
Other **	69	51
Internal Ratings-based Approach (IRB)	**17,109**	**16,377**
Credit institution exposure	1,081	1,147
Corporate exposure	11,520	10,725
Retail exposure	713	710
Equity investments *	3,728	3,730
Other	68	65
Market and settlement risk (Standardised Approach)	**1,620**	**1,450**
Operational risk (Standardised Approach)	**1,163**	**1,297**
Other risks* **	**329**	**390**
Total	**21,914**	**21,292**

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

*** Valuation adjustment (CVA)

Ratios, %	31 March 2016	31 Dec. 2015
CET1 capital ratio	14.2	14.1
Tier 1 ratio	14.9	15.0
Capital adequacy ratio	20.4	20.7

Ratios without the effects of transitional provisions, %	31 March 2016	31 Dec. 2015
CET1 capital ratio	14.2	14.1
Tier 1 ratio	14.2	14.1
Capital adequacy ratio	19.7	19.8

Capital requirement, EUR million	31 March 2016	31 Dec. 2015
Capital base	4,474	4,400
Capital requirement	2,305	2,238
Buffer for capital requirements	2,168	2,162

The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the institution-specific capital conservation buffer for foreign exposures.

Corporate exposures (FIRB) by rating category

31 March 2016

Rating category	Exposure value (EAD), EUR million	Average CF, %	Average PD*, %	Average LGD, %	RWA, EUR million	Average risk weight, %	Expected losses, EUR million
1.0−2.0	1,140	92.6	0.0	44.0	168	14.7	0
2.5−5.5	12,783	75.1	0.2	44.5	5,120	40.1	11
6.0−7.0	3,002	72.7	1.3	44.3	2,906	96.8	17
7.5−8.5	1,963	72.1	4.4	44.6	2,830	144.2	38
9.0−10.0	222	54.5	17.4	44.6	495	223.0	17
11.0−12.0	358	58.4	100.0	46.1			165
Total	**19,468**	**74.7**	**1.0**	44.4	**11,520**	**59.2**	**248**

31 December 2015

Rating category	Exposure value (EAD), EUR million	Average CF, %	Average PD*, %	Average LGD, %	RWA, EUR million	Average risk weight, %	Expected losses, EUR million
1.0−2.0	1,119	92.1	0.0	44.7	167	14.9	0
2.5−5.5	12,410	70.9	0.2	44.5	5,031	40.5	11
6.0−7.0	2,824	72.4	1.3	44.4	2,759	97.7	16
7.5−8.5	1,658	70.7	4.4	44.6	2,371	143.0	32
9.0−10.0	181	54.7	17.6	44.1	397	219.3	14
11.0−12.0	369	60.7	100.0	46.1			170
Total	**18,561**	**71.5**	**0.9**	44.5	**10,725**	**57.8**	**243**

* The defaults, or rating categories 11.0 and 12.0, are not included in the average PD and risk weight.

Note 22. Insurance company solvency

EUR million	31 March 2016	31 Dec. 2015
Eligible capital	**1,113**	**1,105**
Solvency capital requirement (SCR)		
Market risk	427	467
Insurance risk	290	286
Counterparty risk	27	27
Operational risk	43	44
Diversification benefits and loss absorbency	-90	-126
Total	697	698
Buffer for SCR	**416**	**407**
SCR ratio, %	**160**	**158**

Transitional provisions have been taken into account in figures under Solvency II. Equalisation provisions affecting capital are based on an estimate in compliance with the new regulation.

Note 23. Collateral given

EUR million	31 March 2016	31 Dec. 2015
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	1	3
Other	620	528
Other collateral given		
Pledges*	3,555	3,969
Total collateral given	**4,177**	**4,501**
Total collateralised liabilities	**481**	**507**

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

Note 24. Off-balance-sheet commitments

EUR million	31 March 2016	31 Dec. 2015
Guarantees	799	765
Other guarantee liabilities	1,226	1,402
Loan commitments	5,715	5,745
Commitments related to short-term trade transactions	248	173
Other*	399	394
Total off-balance-sheet commitments	**8,387**	**8,480**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 136 million (121).

Note 25. Related-party transactions

OP Corporate Bank Group's related parties comprise its parent company OP Cooperative, subsidiaries consolidated into the Group, associates and administrative personnel and other related-party entities. OP Corporate Bank Group's administrative personnel comprises OP Corporate 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 2015.

Financial reporting in 2016

OP Corporate 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 H1/2016	3 August 2016
Interim Report Q1−3/2016	2 November 2016

Helsinki, 27 April 2016

OP Corporate Bank plc
Board of Directors

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