Pohjola Bank plc´s

Financial Statements Bulletin for

1 January—31 December 2014

Pohjola Group in 2014[1)]

- Consolidated earnings before tax amounted to EUR 584 million (479) and consolidated earnings before tax at fair value to EUR 663 million (464). Return on equity was 14.3% (14.4). The Core Tier 1 ratio was 12.4% (11.9*) as against the target of 15%.
- Strong growth in income improved Banking earnings. The loan portfolio grew by 5% to EUR 14.9 billion (14.2). The average margin on the corporate loan portfolio was 1.44% (1.57). Earnings included EUR 25 million (35) in impairment loss on receivables.
- Within Non-life Insurance, insurance premium revenue increased by 5% (11). The combined ratio was 91.0% (91.6). A reduction in the discount rate for pension liabilities decreased earnings by EUR 62 million (38). Excluding changes in reserving bases and amortisation on intangible assets arising from company acquisition, the operating combined ratio improved to 84.7% (86.9). Return on investments at fair value was 6.7% (3.5).
- Asset Management earnings improved due to higher performance-based management fees. Assets under management increased by 14% to EUR 43.3 billion (37.9).
- The Board of Directors proposes a dividend per share of EUR 0.43. This means a dividend payout ratio of 30%.
- OP Cooperative completed its public voluntary bid announced in February 2014 and obtained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal. Pohjola's series A shares were delisted from the Helsinki Stock Exchange on 30 September 2014. OP Cooperative was entered as the only shareholder in Pohjola's shareholder register on 7 October 2014.
- Outlook for 2015: Consolidated earnings from continuing operations before tax in 2015 are expected to be at the same level as in 2014. For more detailed information on the outlook, see “Outlook for 2015” below..

October–December

- Consolidated earnings before tax were EUR 117 million (95) and consolidated earnings before tax at fair value amounted to EUR 144 million (112).
- Banking earnings before tax decreased by 27% due to lower net trading income. Net interest income grew by 17% year on year. The loan portfolio increased by 2% and the average margin on the corporate loan portfolio decreased by 5 basis points. Earnings included EUR 7 million (5) in impairment loss on receivables.
- Within Non-life Insurance, insurance premium revenue increased by 2% (13). The combined ratio was 91.1% (101.4). A reduction in the discount rate for pension liabilities reduced earnings a year earlier by EUR 38 million. The operating combined ratio was 89.5% (87.7). Return on investments at fair value was 1.7% (1.4).

Earnings before tax, € million	2014	2013	Change %	Q4/2014	Q4/2013	Change %
Banking	303	251	21	55	75	-27
Non-life Insurance	223	166	34	32	4	
Group Functions	20	39	-48	11	10	14
Asset Management	38	24	59	18	5	
Group total	**584**	**479**	**22**	**117**	**95**	**23**
Change in fair value reserve	79	-15		28	17	63
Earnings before tax at fair value	**663**	**464**	**43**	**144**	**112**	**29**
Equity per share, €	10.38	9.54				
Average personnel	2,563	2,632		2,516	2,553	

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

Financial targets	2014	2013	Q4/2014	Q4/2013	Target
Return on equity, %	14.3	14.4	11.3	17.5	13
Common Equity Tier 1 ratio (CET1), % *)	12.4	11.9			15
Operating cost/income ratio by Banking, %	33	36	40	34	< 35
Operating combined ratio by Non-life Insurance, %	84.7	86.9	89.5	87.7	< 92
Operating expense ratio by Non-life Insurance, %	18.4	18.7	21.5	19.9	18
Non-life Insurance solvency ratio (under Solvency II framework), % **)	117	125			120
Operating cost/income ratio by Asset Management, %	42	53	30	56	< 45
Total expenses in 2015 at the same level as at the end of 2012	598	581	152	155	569
AA rating affirmed by at least two credit rating agencies or credit ratings at least at the main competitors' level	2	2			2
Dividend payout ratio at least 50%, provided that CET 1 ratio is at least 15%. Dividend payout ratio is 30% until CET1 ratio of 15% has been achieved.	30***)	50			≥ 50 (30)

1) Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2013 are used as comparatives. Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.
*) In accordance with the Capital Requirements Regulation (EU 575/2013) (CRR) since 1 January 2014. **) According to the Solvency II draft (EU 138/2009).
***) Board proposal

Pohjola Group's Financial Statements Bulletin for 1 January–31 December 2014

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Operating environment

The world economy continued to grow in 2014 at a below-average rate, with considerable differences from country to country. In the euro area, the economy first began to recover after a two-year recession, but confidence in the recovery suffered setbacks during the year owing to the crisis in Ukraine, for example.

Inflation in the euro area slowed down during the year, ending up being negative when oil prices suddenly plummeted. The European Central Bank (ECB) reduced its main refinancing rate to as low as 0.05 per cent in September, bringing down Euribor rates. The ECB went to unusual lengths towards the end of the year to boost the economy, such as by buying covered bonds on the market.

The Finnish economy was sluggish, with GDP failing to grow, investments decreasing and employment increasing. Home prices fell by almost one per cent, and home sales decreased. Later in the year, the economy improved a fraction as industrial orders increased and exports were up by a little towards the end of the year. The fall of oil prices slowed down inflation to 0.5% in December.

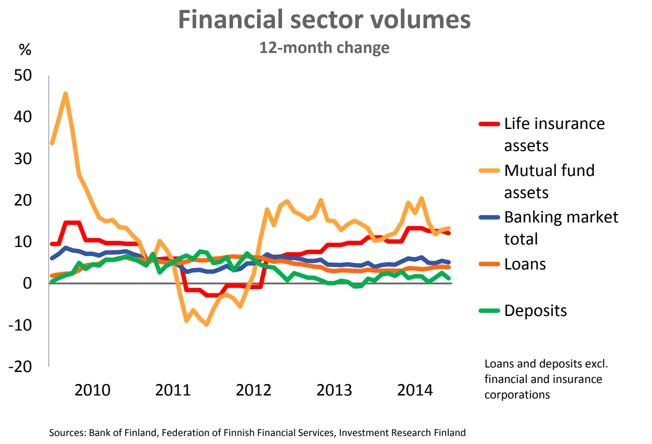
Banks' total consumer loan volumes grew last year at a slow annual rate of 2%. The number of new home mortgages levelled off closer to the year-end. Corporate loans increased slightly more than household loans owing to a greater volume of working capital financing. Demand for credit is expected to be below average in 2015.

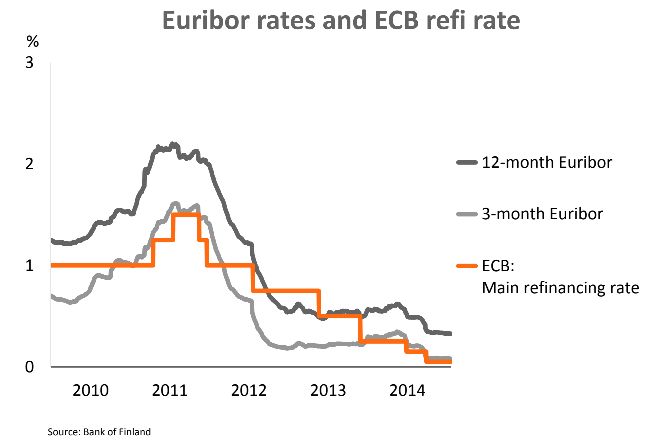
Deposits made by private and corporate customers increased in the low-interest-rate environment by only a fraction year on year. Term deposits continued to decrease vigorously, as assets were allocated to current accounts and riskier savings and investments.

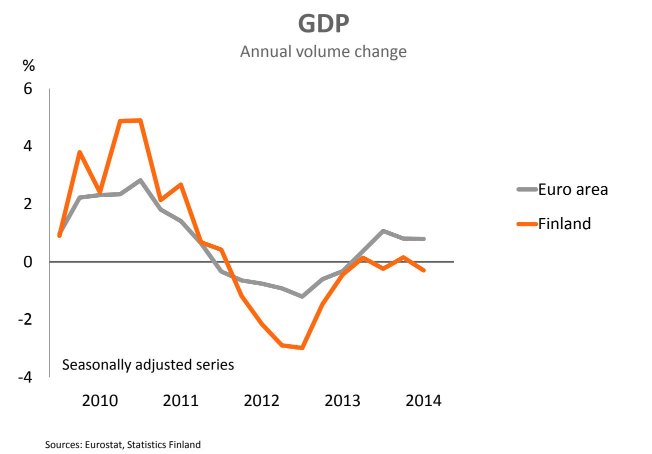
Capital markets developed favourably, although the markets' risk indicators increased a little in the second half of the year. Mutual fund assets and insurance savings in Finland increased by 13%. Net asset inflows continued to develop favourably throughout the year, with the highest demand being for corporate bond funds. Life Insurance's premiums written increased by 10% year on year. The trend in insurance savings continued as people shifted away from products with guaranteed technical interest in favour of unit-linked products.

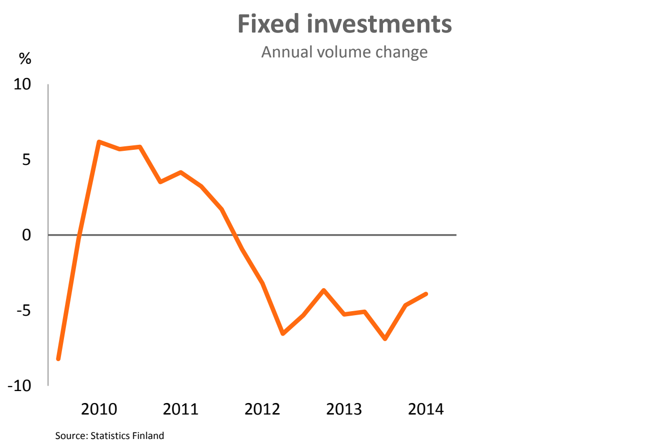
Non-life Insurance's premiums written increased according to preliminary figures by 5% in 2014. The growth of claims expenditure was still slower than the growth of premiums written.

World economy prospects have improved thanks to the lower price of oil, but there are still a number of exceptional risks that cast a shadow on economic development. The euro area economy is still growing slowly and is susceptible to disturbances. The ECB will commence an asset purchase programme in March, set to continue until at least September 2016. Euribor rates will probably remain near zero throughout the year. An increase in exports will give a boost to the Finnish economy, but economic development will on the whole remain weak.









Consolidated earnings analysis

€ million	2014	2013	Change %	Q4/2014	Q4/2013	Change %
Continuing operations *)						
Net interest income						
Corporate and Baltic Banking	255	227	12	67	61	10
Markets	28	-3		6	2	
Other operations	-26	6		-9	0	
Total	257	230	12	64	62	2
Net commissions and fees	114	111	2	21	29	-29
Net trading income	77	93	-16	2	32	-93
Net investment income	64	46	37	15	10	43
Net income from Non-life Insurance						
Insurance operations	466	440	6	126	85	48
Investment operations	173	131	33	25	24	5
Other items	-42	-43	-3	-10	-11	-5
Total	597	528	13	140	98	44
Other operating income	32	36	-12	8	12	-28
Total income	**1,141**	**1,045**	**9**	**250**	**242**	**3**
Personnel costs	163	170	-4	40	43	-5
ICT costs	94	87	7	25	24	5
Depreciation and amortisation	52	52	0	13	14	-6
Other expenses	258	241	7	64	66	-2
Total expenses	**567**	**550**	**3**	**143**	**146**	**-2**
Earnings before impairment loss on receivables	**574**	**495**	**16**	**106**	**96**	**11**
Impairment loss on receivables	25	37	-31	7	5	31
Earnings of continuing operations before tax	**548**	**458**	**20**	**99**	**90**	**10**
Discontinued operations *)						
Asset Management net income						
Net commissions and fees	64	51	25	25	13	87
Share of associates' profit/loss	1	0		0	-1	
Other Asset Management income and expenses, net	-30	-30	-1	-8	-8	-1
Other						
Earnings of discontinued operations before tax	**36**	**21**	**69**	**17**	**5**	
Total earnings before tax	**584**	**479**	**22**	**117**	**95**	**23**
Change in fair value reserve	79	-15		28	17	63
Earnings before tax at fair value	**663**	**464**	**43**	**144**	**112**	**29**

*) Following the realisation of OP Cooperative's public voluntary bid, Pohjola Group is planning structural changes, meaning, for example, that the Non-life Insurance segment and the Asset Management segment would be transferred from Pohjola Group to be directly owned by OP Cooperative. For this reason, the Non-life Insurance and Asset Management segments were reported as discontinued operations in accordance with IFRS 5. The structural change relating to the Non-life Insurance segment is delayed for over a year, which is why it has returned to be reported under continuing operations together with Banking and the Group Functions. The Asset Management segment is still being reported, according to IFRS 5, as discontinued operations in the income statement and as assets and liabilities classified as held for distribution to owners in the balance sheet.

Full-year 2014 earnings

Consolidated earnings before tax improved by EUR 105 million to EUR 584 million (479). Total income and total expenses rose by 11% and 3%, respectively. Impairment loss on receivables decreased to EUR 25 million (37).

The fair value reserve before tax increased by EUR 79 million, amounting to EUR 289 million on 31 December. Earnings before tax at fair value were EUR 663 million (464).

Continuing operations

Earnings of continuing operations before tax improved by EUR 90 million to EUR 548 million (458).

Net interest income from continuing operations increased by a total of EUR 27 million, or by 12%. Combined net interest income from Corporate Banking and Baltic Banking grew by 12% year on year. The loan portfolio increased by 5% to EUR 14.9 billion. The average margin on the corporate loan portfolio decreased by 13 basis points to 1.44% (1.57).

Net interest income from Markets and net trading income improved as a result of growth in client trading and income from trading. A change in the credit and counterparty risk model applied to the fair value measurement of derivatives eroded net trading income by EUR 16 million.

In the Group Functions, net interest income from the liquidity buffer was reduced by persistently low interest rates and as the Group was preparing for tighter liquidity regulation.

Net commissions and fees increased by EUR 3 million, or by 2%. This increase came from commissions and fees related to lending and securities issuance.

Net investment income increased by EUR 17 million. Capital gains on notes and bonds amounted to EUR 11 million (14) and capital gains on shares to EUR 12 million (1). Dividend income totalled EUR 43 million (28). Dividend income includes EUR 14 million (16) in interest paid on cooperative capital by Suomen Luotto-osuuskunta and EUR 12 million (5) of dividends paid by OP Life Assurance.

Net income from Non-life Insurance improved by 13%. Insurance premium revenue increased by 5% and claims incurred by 5%. The reduction in the discount rate for pension liabilities increased claims incurred by EUR 62 million (38). Excluding the effect of the reduced discount rate, claims incurred would have increased by 2%.Investment income was EUR 43 million higher than the year before. Investment income included EUR 114 million (41) in capital gains and EUR 2 million (10) in impairment loss on investments. Return on investments at fair value was 6.7% (3.5).

Other operating income declined by EUR 4 million, due mainly to lower income related to maintenance lease.

Expenses rose by 3%. Other expenses were increased by advisory fees related to the public voluntary bid for Pohjola shares and tax penalty payment, amounting to a total of EUR 4 million. Furthermore, sales commissions paid by Non-life Insurance increased.

Discontinued operations

Earnings of discontinued operations before tax improved by EUR 14 million to EUR 36 million (21) due to higher performance-based management fees.

Asset Management net commissions and fees increased by EUR 13 million year on year, or by 25%.

October–December earnings

Consolidated earnings before tax grew by 23% to EUR 117 million (95). Total income increased by 7% while total expenses decreased by 2%. Impairment loss on receivables amounted to EUR 7 million (5).

The fair value reserve before tax grew by EUR 28 million (17). Earnings before tax at fair value were EUR 144 million (112).

Continuing operations

Earnings of continuing operations before tax improved by EUR 9 million to EUR 99 million (90).
Combined net interest income from Corporate Banking and Baltic Banking grew by 10% year on year. The loan portfolio increased by 2% and the average margin on the corporate loan portfolio decreased by 5 basis points.

Net interest income from Markets and net trading income improved as a result of growth in client trading and income from trading. A change in the credit and counterparty risk model applied to the fair value measurement of derivatives eroded net trading income by EUR 16 million.

Net commissions and fees decreased by EUR 8 million year on year due to lower commission income from lending.

Net investment income improved by EUR 4 million mainly due to income from mutual fund investments.

Within Non-life Insurance, net income increased by EUR 43 million, year on year. Insurance premium revenue increased by 2% and claims incurred decreased by 13%. The reduction in the discount rate for pension liabilities increased claims incurred by EUR 38 million a year ago. Excluding the effect of the reduced discount rate, claims incurred would have increased by 2%. Investment income recognised in the income statement increased slightly. Return on investments at fair value was 1.7% (1.4).

Total expenses decreased by EUR 3 million. Personnel costs decreased by 5% and other expenses by 2%.

Discontinued operations

Earnings of discontinued operations before tax increased by EUR 13 million to EUR 17 million (5).

Asset Management earnings included EUR 11 million (1) in performance-based management fees.

Group risk exposure

The Group's risk-bearing capacity and risk exposure remained stable despite the poor economic development in Finland.

No major changes occurred in credit risk exposure. Investment-grade exposures remained high. Receivables over 90 days overdue and zero-interest receivables increased but nevertheless remained low. Impairment losses decreased.

	2014	2013
Net loan losses and impairment losses, € million	25	37
% of the loan and guarantee portfolio	0.14	0.21
Receivables more than 90 days past due zero-interest and under-priced receivables, € million	46	40
% of the loan and guarantee portfolio	0.25	0.23
Past due payments, € million	14	27
% of the loan and guarantee portfolio	0.07	0.16

Final loan losses recognised totalled EUR 35 million (27) and impairment losses EUR 40 million (55). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 49 million (45).

No major changes took place in the Non-life Insurance underwriting risk exposure nor in the total risk exposure of its investment portfolio. Low market interest rates increased the risk level of the discount rate associated with Non-life Insurance's insurance liability.

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

Liquidity buffer

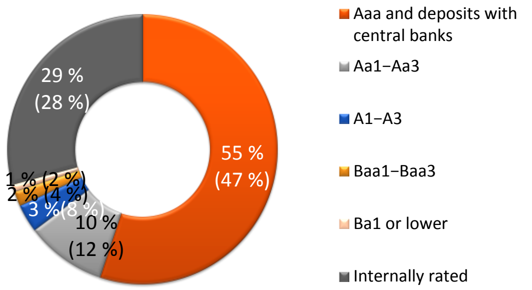
€ billion	31 Dec. 2014	31 Dec. 2013	Change, %
Deposits with central banks	3.8	2.0	90
Notes and bonds eligible as collateral	7.8	7.4	6
Corporate loans eligible as collateral	4.3	3.3	31
Total	**15.9**	**12.7**	**26**
Receivables ineligible as collateral	0.7	0.7	6
Liquidity buffer at market value	**16.6**	**13.3**	**25**
Collateral haircut	-1.1	-1.0	12
Liquidity buffer at collateral value	**15.5**	**12.3**	**26**

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

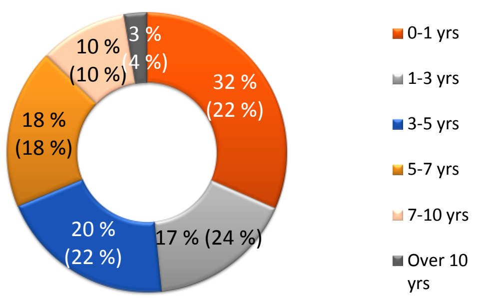
Measurement of the notes and bonds included in the liquidity buffer is based on market-to-market valuations.

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

Financial assets included in the liquidity buffer by credit rating 31 Dec. 2014, % (31 Dec. 2013, %)



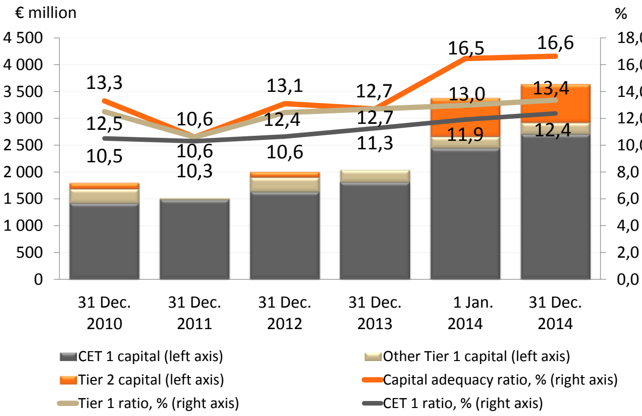
Financial assets included in the liquidity buffer by maturity on 31 Dec. 2014, % (31 Dec. 2013, %)



Major risks related to the Group's business are associated with developments in the overall economic environment and capital markets, as well as the discount rate applied to insurance liabilities.

Group's capital adequacy

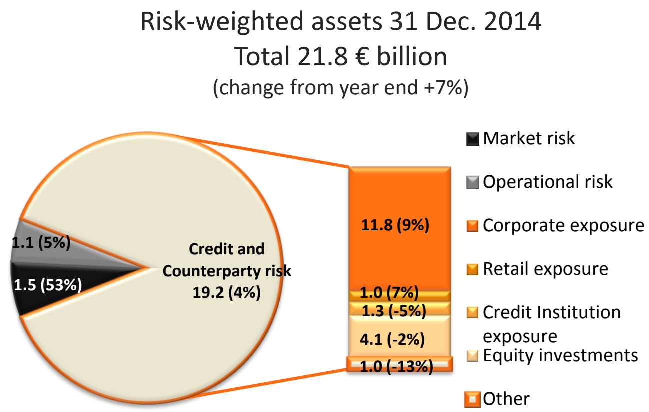
Capital base and capital adequacy



Pohjola Group's Common Equity Tier 1 (CET1) ratio was 12.4% (11.9) on 31 December. The Core Tier 1 ratio improved by 0.4 percentage points in the fourth quarter. In December, Pohjola Insurance Ltd decided to distribute EUR 130 million in interim dividends for 2014 profit to Pohjola Bank plc, which increased the Core Tier 1 ratio by 0.6 percentage points. Pohjola Group's minimum CET1 target is 15% by the end of 2016. The capital adequacy ratio was 16.6% (16.5), as against the minimum regulatory requirement of 8%. The capital adequacy ratios have been presented in accordance with the new Capital Requirements Regulation (CRR) since 1 January 2014, and the comparatives have not been restated.

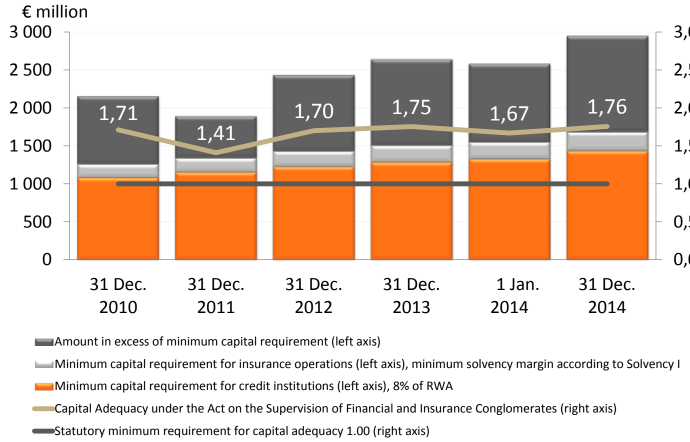
The CET1 capital increased to EUR 2,700 million because of strong earnings performance in Banking and the interim dividend paid by Pohjola Insurance Ltd.

Risk-weighted assets increased by EUR 1,341 million to EUR 22 billion at the end of December, thanks to growth in the corporate loan portfolio and the additional requirement for market risk set by EBA. The quality of the loan portfolio improved slightly. Of the risk-weighted assets, EUR 3.9 billion included intra-Group insurance holdings.



Pohjola Group belongs to OP Financial Group, whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. Pohjola Group's capital adequacy ratio under the Act was 1.76 (1.67) on 31 December.

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



Regulatory changes under Basel III and Solvency II

As a result of the financial crisis, the regulatory framework for banks' capital adequacy requirements became more rigorous. The Capital Requirements Directive and Regulation (CRD IV/CRR) were published in the EU Official Journal on 27 June 2013. These new rules and regulations entered into force on 1 January 2014, implementing the Basel III standards in phases within the EU during 2014–19. These regulatory changes are aimed, for example, at improving the quality of the capital base of banks, reducing the cyclic nature of capital requirements, decreasing banks' indebtedness and setting quantitative limits on liquidity risk.

From Pohjola's perspective, the most important individual change in the regulations relates to the treatment of insurance holdings within a banking-led financial and insurance conglomerate. On 27 November 2013, Pohjola and OP Financial Group received permission from the Finnish Financial Supervisory Authority to treat insurance holdings within the conglomerate as risk-weighted assets. The method applied to insurance holdings leads to a risk weight of approximately 280%. The permission will be valid from 1 January 2014 until 31 December 2014 at the latest. The European Central Bank is considering an extension to the permission.

The requirements for capital buffers implemented through national legislation will add to capital requirements. As of the beginning of 2015, the fixed additional capital requirement is 2.5 per cent of risk-weighted assets. The additional capital requirement as of the beginning of 2016, applying to other credit institutions relevant for financial stability, is still unconfirmed. The Finnish Financial Supervisory Authority may also set a variable additional capital requirement to reduce cyclicality. The upcoming liquidity regulation will add liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

As part of OP Financial Group, Pohjola as a credit institution was transferred under European Central Bank's (ECB) supervision in November 2014. In 2014, the ECB carried out a supervisory risk assessment , comprehensive asset quality review and stress test on OP Financial Group as a banking institution, including Pohjola as a credit institution.

The ECB's comprehensive assessment and stress tests were aimed at making European banks more transparent and ensuring that they have sufficient capital. A total of 130 European banks took part in the new type of comprehensive assessment carried out using uniform principles and a tight schedule.

The results of the comprehensive assessment were published on 26 October 2014. According to the results, OP Financial Group's risk-bearing capacity was strong. Based on the comprehensive assessment results, the credit and counterparty risk model applied to the fair value measurement of derivatives and the model for collective impairment for receivables were updated. These changes had no significant effect on the financial statements or accounting policies.

Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital requirements and harmonise insurance sector solvency requirements in Europe. The regulations are still being processed, and are scheduled to come into effect at the beginning of 2016.

The estimated solvency ratio on 31 December under the Solvency II framework, excluding the effect of transition provisions, was 117% (125). The estimated buffer relative to the solvency capital requirement under Solvency II was EUR 119 million (181). The transition provisions are expected to improve the capital buffer.

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

€ million	31 Dec. 2014	31 Dec. 2013	Target
Tier 1	754	844	
Tier 2	50	50	
Capital base (Solvency II)	804	894	
Solvency capital requirement (SCR)	685	713	
Solvency ratio (Solvency II), % *)	117	125	120

*) According to the Solvency II draft (EU 138/2009)

Credit ratings

Pohjola Bank plc's credit ratings on 31 December 2014

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

Pohjola Insurance Ltd's financial strength ratings on 31 December 2014

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

In 2014, no changes occurred in the credit rating of Pohjola Bank plc and the financial strength rating of Pohjola Insurance Ltd affirmed by Fitch Ratings Limited, Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Services Ltd, including their rating outlook.

On 22 October 2014, S&P affirmed Pohjola Bank plc's long-term and short-term debt ratings, and on 31 October 2014 it affirmed Pohjola Insurance Ltd's financial strength rating. The outlook for both companies remained negative.

Moody's affirmed on 29 May 2014 Pohjola Bank plc's long-term and short-term debt rating and changed the outlook from stable to negative as part of its extensive review of the European banking sector. Moody's affirmed Pohjola Insurance Ltd's credit rating on 26 June 2014 while keeping the outlook stable.

On 24 June 2014, Fitch Ratings affirmed OP Financial Group's and Pohjola Bank plc's long-term and short-term debt rating and kept the outlook stable.

Pohjola's efficiency-enhancement programme

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

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

As its financial target, Pohjola Group aims to keep its total expenses at the end of 2015 at the levels recorded at the end of 2012. Cost savings out of the EUR 12 million estimated for 2014 based on the efficiency-enhancement programme amounted to EUR 10 million.

Financial performance and risk exposure by business segment

Continuing operations

Banking

- Earnings before tax improved to EUR 303 million (251) because of strong growth in income and a reduction in impairment losses.
- The loan portfolio grew by 5% to EUR 14.9 billion (14.2) and the average corporate loan portfolio margin decreased by 13 basis points to 1.44%.
- Impairment loss on receivables decreased to EUR 25 million (35), accounting for 0.14% of the loan and guarantee portfolio (0.20).
- The operating cost/income ratio was 33% (36).

Banking: financial results and key figures and ratios

€ million	2014	2013	Change %	Q4/2014	Q4/2013	Change %
Net interest income						
Corporate and Baltic Banking	255	227	12	67	61	10
Markets	28	-3		6	2	
Total	283	224	26	73	62	17
Net commissions and fees	103	100	3	23	27	-13
Net trading income	84	101	-17	3	29	-90
Other income	18	17	5	4	4	-4
Total income	**488**	**443**	**10**	**103**	**122**	**-16**
Expenses						
Personnel costs	55	57	-5	14	14	-4
ICT costs	34	31	12	9	9	1
Depreciation and amortisation	14	15	-8	3	4	-22
Other expenses	57	54	5	15	14	6
Total expenses	**160**	**157**	**2**	**41**	**41**	-1
Earnings before impairment loss on receivables	**328**	**285**	**15**	**62**	**81**	**-23**
Impairment loss on receivables	25	35	-27	7	5	31
Earnings before tax	**303**	**251**	**21**	**55**	**75**	-27
Earnings before tax at fair value	301	260	16	55	79	-31
Loan portfolio, € billion	14.9	14.2	5			
Guarantee portfolio, € billion	2.7	2.7	1			
Risk-weighted assets *), € billion	16.0	14.3				
Margin on corporate loan portfolio, %	1.44	1.57	-8			
Ratio of receivables more than 90 days past due and zero-interest receivables to loan and guarantee portfolio, %	0.26	0.23				
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.14	0.20				
Operating cost/income ratio, %	33	36		40	34	
Personnel	616	634				

*) In accordance with the EU capital requirements regulation and directive (EU 575/2013) (CRR) entered into force on 1 January 2014

Full-year 2014 earnings

Earnings before tax improved to EUR 303 million (251). Total income increased by 10% and expenses by 2%. Impairment loss on receivables decreased to EUR 25 million (35).

The loan portfolio grew by 5% to EUR 14.9 billion mainly due to increased demand for working capital products. Demand for corporate loans remained weak, and as a result of toughening competition, the average margin on the corporate loan portfolio decreased by 13 basis points to 1.44% (1.57).

Net interest income from Markets and net trading income improved as a result of growth in client trading and income from trading. A change in the credit and counterparty risk model applied to the fair value measurement of derivatives eroded net trading income by EUR 16 million.

The guarantee portfolio remained unchanged from the year before, totalling EUR 2.7 billion. Committed standby credit facilities amounted to EUR 3.2 billion (3.1).

Net commissions and fees increased by 3% to EUR 103 million as a result of higher fees on lending, securities issuance and custody.

Total expenses increased by 2% to EUR 160 million due to higher ICT costs.

Earnings before tax by division

€ million	2014	2013	Change %
Corporate Banking	220	184	19
Markets	82	66	24
Baltic Banking	0	0	
Total	**303**	**251**	**21**

Risk exposure by Banking

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

Total exposure increased by EUR 1.8 billion to EUR 26.9 billion. The ratio of investment-grade exposure – i.e. rating categories 1–5 – to total exposure, excluding households, remained at a healthy level, standing at 64% (62). The proportion of rating categories 11–12 was 0.9% (1.3).

Corporate customer (including housing corporations) exposures represented 79% (81) of total Banking exposures. Of corporate customer exposure, the investment-grade exposure accounted for 58% (56) and the exposure of the lowest two rating categories amounted to EUR 234 million (310), accounting for 1.1% (1.5) of the total corporate exposure.

The amount of large corporate customer exposures totalled EUR 0.4 billion (2.7) at the end of 2014. Pohjola's own funds covering the Group's large customer exposure increased to EUR 3.6 billion (2.1).

Corporate exposure by industry remained highly diversified. The most significant industries included Energy 11.0% (7.5), Wholesale and Retail Trade 10.7% (10.2) and Renting and Operating of Residential Real Estate 9.9% (9.9). A total of 45% of exposures within Renting and Operating of Residential Real Estate were guaranteed by general government.

Net loan losses and impairment losses within Banking amounted to EUR 25 million (35), accounting for 0.14% (0.20) of the loan and guarantee portfolio. Final loan losses recognised totalled EUR 35 million (17) and impairment losses EUR 40 million (55). Loan loss recoveries and reversal of allowances for impairment losses totalled EUR 49 million (38).

In Banking, the definition of doubtful receivables was aligned with EBA's guideline on forbearance that will enter into force in 2015. Compared to the earlier definition, this increased the amount of receivebles reported as doubtful. The redefined doubtful receivables of Banking totalled EUR 263 million, as against EUR 278 million calculated in a comparable manner a year earlier.

Baltic Banking exposures totalled EUR 1.2 billion (0.8), accounting for 4.3% (3.2) of total Banking exposures. The Baltic Banking net loan losses and impairment charges amounted to EUR 0.1 million (-0.8).

The interest rate risk by Banking in the event of a one-percentage-point change in the interest rate averaged EUR 13.2 million (12.4).

Non-life Insurance

- Earnings before tax amounted to EUR 223 million (166). Earnings before tax at fair value were EUR 272 million (149). A reduction in the discount rate for pension liabilities decreased earnings by EUR 62 million (38).
- Insurance premium revenue increased by 5% (11).
- The number of loyal customer households increased by 39,658 (45,612).
- Operating profitability improved from the previous year. The operating combined ratio was 84.7% (86.9) and operating expense ratio 18.4% (18.7).
- Return on investments at fair value was 6.7% (3.5).

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

€ million	**2014**	**2013**	**Change %**	**Q4/2014**	**Q4/2013**	**Change %**
Insurance premium revenue	1,310	1,249	5	325	319	2
Claims incurred	-930	-889	5	-221	-255	-13
Operating expenses	-242	-234	3	-70	-63	10
Amortisation adjustment of intangible assets	-21	-21	0	-5	-5	0
Balance on technical account	**117**	**104**		**29**	**-4**	
Net investment income	171	131	30	21	27	-22
Other income and expenses	-66	-70	-6	-17	-18	-6
Earnings before tax	**223**	**166**	**34**	**32**	**4**	
Earnings before tax at fair value	272	149	82	70	24	
Combined ratio, %	91.0	91.6		91.1	101.4	
Operating combined ratio, %	84.7	86.9		89.5	87.7	
Operating loss ratio, %	66.3	68.1		67.9	67.8	
Operating expense ratio, %	18.4	18.7		21.5	19.9	
Operating risk ratio, %	60.2	61.7		62.0	60.4	
Operating cost ratio, %	24.4	25.2		27.5	27.3	
Return on investments at fair value, %	6.7	3.5		1.7	1.4	
Solvency ratio , %	75	73				
Solvency ratio (Solvency II), % *)	117	125				
Large claims incurred retained for own account	-79	-73		-14	-28	
Changes in claims for previous years (run off result)	27	10		12	14	
Personnel	1,766	1,872				

*) According to the Solvency II draft (EU 138/2009)

Full-year 2014 earnings

Earnings before tax improved to EUR 223 million (166) as a result of the operating balance on technical account that was better than a year ago as well as the strong investment performance. The reduction in the discount rate for pension liabilities from 2.8% to 2.5% increased claims incurred by EUR 62 million. A year earlier, the reduced discount rate for technical provisions increased claims incurred by EUR 38 million.

Excluding the effect of the reduced discount rate, profitability improved as a result of the increase in insurance premium revenue and favourable claims developments. Insurance premium revenue increased by 5%. The operating balance on technical account improved to EUR 201 million (164) and the operating combined ratio was 84.7% (86.9). These key operating figures exclude changes in reserving bases and amortisation on intangible assets arising from the corporate acquisition. The combined ratio, including the above-mentioned items, was 91.0% (91.6).

Insurance premium revenue

€ million	**2014**	**2013**	**Change %**
Private Customers	687	630	9.1
Corporate Customers	568	567	0.1
Baltics	55	52	6.1
Total	**1,310**	**1,249**	**4.9**

Developments in insurance premium revenue were twofold. Growth in insurance premium revenue remained strong among private customers and in the Baltic States. Among corporate customers, the general economic situation affected developments and insurance premium revenue remained at the previous year's level.

In 2013, Pohjola's market share in terms of Non-life insurance premiums written was 30.3% (29.1). Measured in terms of the market share in premiums written, Pohjola is Finland's largest non-life insurer.

The number of loyal customer households increased by 39,658 (45,612) from the levels recorded at the end of 2013. On 31 December, the number of loyal customer households totalled 655,264 (615,606), of which up to 75% (73) also use OP Financial Group cooperative banks as their main bank. Customers of OP Financial Group member cooperative banks and Helsinki OP Bank used OP bonuses that they had earned through the use of banking and insurance services to pay 1,912,000 insurance bills (1,783,000), with 255,000 (253,000) paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 95 million (89).

Pohjola has decided to expand the business of Omasairaala Oy, which started operations in 2013 in the Helsinki Metropolitan Area, by opening four new private hospitals in Finland. It will also expand to new fields of specialised medicine and occupational healthcare. The nationwide hospital network is built under the Pohjola brand. Omasairaala will change its name to Pohjola Health Ltd in the autumn of 2015.

Sales of policies to private and corporate customers increased by 1% over the previous year.
Excluding the reduction in the discount rate for pension liabilities, claims incurred would have increased by 2%. Excluding large claims, claims development was favourable. 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 82 (77), with their claims incurred retained for own account totalling EUR 79 million (73). The change in provisions for unpaid claims under statutory pension increased to EUR 62 million (59).

Changes in claims for previous years, excluding the effect of changes to the discount rate, improved the balance on technical account by EUR 27 million (10). The operating loss ratio was 66.3% (68.1) and the risk ratio (excluding indirect loss adjustment expenses) 60.2% (61.7).

Operating expenses increased by 3%. Thanks to increased earnings, the operating expense ratio improved to 18.4% (18.7). Higher sales commissions paid in non-life insurance added to operating expenses. The operating cost ratio (incl. indirect loss adjustment expenses) was 24.4% (25.4).

Other income and expenses decreased by EUR 4 million, which improved the financial results.

Operating balance on technical account and combined ratio (CR)

	2014		2013	
	Balance, € million	**CR, %**	**Balance, € million**	**CR, %**
Private Customers	142	79.4	111	82.4
Corporate Customers	54	90.5	48	91.5
Baltics	6	90.0	5	90.2
Total	**201**	**84.7**	**164**	**86.9**

Profitability was improved by the positive growth in premium income from private customers and the favourable development of losses. With respect to corporate customers, lower operating expenses improved the financial results. In the Baltic countries, profitability improved slightly from the previous year.

Investment

Investment income at fair value was better than a year ago because of a significant decline in interest rates. Investment income at fair value amounted to EUR 220 million (115), or 6.7% (3.5). Net investment income recognised in the income statement amounted to EUR 171 million (131).

Investment portfolio by asset class

%	31 Dec. 2014	31 Dec. 2013
Bonds and bond funds	73	72
Alternative investments	1	1
Equities	7	10
Private equity	3	3
Real property	11	10
Money market instruments	5	4
Total	**100**	**100**

Non-life Insurance’s investment portfolio totalled to EUR 3,522 million (3,219) on December 31. The fixed-income portfolio by credit rating remained healthy, considering that investments within the “investment-grade” category represented 94% (91), and 71% (74) of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.5 years (4.4) and the duration 4.3 years (3.7).

The running yield for direct bond investments averaged 1.9% (2.7) at the end of December.

Risk exposure of Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments, market risks associated with investments covering insurance liabilities, and the discount rate applied to insurance liabilities.

The Solvency II Directive regulating the solvency requirements of insurance companies will come into force at the beginning of 2016. On 31 December, the Non-life Insurance capital base under Solvency II totalled EUR 804 million (894) and capital requirement EUR 685 million (713). The solvency ratio conforming to Solvency II was 117% (125). These figures do not include the effects of transitional provisions. The transitional provisions are expected to improve the capital buffer.

The capital adequacy of Non-life Insurance amounted to EUR 988 million (913) at the end of December. The ratio between solvency capital and insurance premium revenue (solvency ratio) was 75% (73). Equalisation provisions were EUR 215 million (248).

No significant changes took place in Non-life Insurance's underwriting risks. Low market interest rates increased the risk level of the discount rate associated with Non-life Insurance's insurance liability. As a whole, no major changes took place to investment risk levels. Pohjola reduced slightly the equity risk associated with the investment portfolio. The risk level of bonds and illiquid investments was slightly increased.

Group Functions

- Earnings before tax amounted to EUR 20 million (39). These included EUR 7 million (14) in capital gains on notes and bonds and EUR 43 million (28) in dividend income.
- Earnings before tax at fair value were EUR 53 million (33).
- Liquidity and access to funding remained good.

Group Functions: financial results and key figures and ratios

€ million	**2014**	**2013**	**Change %**	**Q4/2014**	**Q4/2013**	**Change %**
Net interest income	-3	27		-3	5	
Net commissions and fees	4	-1		0	-1	-51
Net trading income	-8	-12	-34	-2	-1	27
Net investment income	55	46	18	14	10	31
Other income	9	9	-4	2	2	2
Total income	**56**	**69**	**-18**	**11**	**16**	**-30**
Personnel costs	6	6	1	0	1	-60
Other expenses	30	21	43	-1	5	
Total expenses	**36**	**27**	**33**	**0**	**6**	
Earnings before impairment loss on receivables	**20**	**41**	**-51**	**11**	**10**	**14**
Impairment loss on receivables		2				
Earnings before tax	**20**	**39**	**-48**	**11**	**10**	**14**
Earnings before tax at fair value	53	33	60	3	5	-42
Liquidity buffer, € billion	16.6	13.3	25			
Risk-weighted assets, € billion *)	5.7	6.0				
Receivables and liabilities from/to OP Cooperative entities, net position, € billion	3.8	4.7				
Central Banking earnings, € million	17	9	93	3	2	26
Personnel	33	26				

*) In accordance with the EU capital requirements regulation and directive (EU 575/2013) (CRR) entered into force on 1 January 2014

Full-year 2014 earnings

Group Functions's earnings before tax were EUR 20 million, or EUR 19 million lower than a year ago. Earnings before tax at fair value totalled EUR 53 million, or EUR 20 million higher than the year before.

Net interest income was reduced by persistently low interest rates and as the Group was preparing for tighter liquidity regulation.

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

Net investment income included EUR 7 million in capital gains on notes and bonds (14), EUR 43 million (28) in dividend income and EUR 7 million (0) in income recognised from mutual fund investments. Dividend income includes EUR 14 million (16) in interest paid on cooperative capital by Suomen Luotto-osuuskunta and EUR 12 million (5) of dividends paid by OP Life Assurance.

Other expenses included EUR 2 million of tax-related penalty interest and EUR 2 million of advisory fees related to the public voluntary bid for Pohjola shares. The total expenses decreased in the last quarter as the amounts of expense provisions were revised.

Pohjola's access to funding remained good. In January-December, Pohjola issued long-term bonds worth EUR 3.5 billion. In March, Pohjola issued two senior bonds in the international capital market, each worth EUR 750 million with a maturity of three and seven years. In June, Pohjola issued a senior bond worth EUR 750 million with a maturity of five years and two Samurai bonds in the Japanese market worth a total of EUR 60 billion yen (EUR 432 million).

OP Mortgage Bank, which is part of OP Financial Group, issued three covered bonds each worth EUR 1.0 billion. The maturity of the bond issued in March is seven years, that of the bond issued in June five years and that of the bond issued in November ten years.

On 31 December, the average margin of senior wholesale funding was 39 basis points (40).

Risk exposure by Group Functions

Major risks exposed by the Group Functions include credit and market risks associated with the liquidity buffer, and liquidity risks.

The share of central bank deposits in liquidity buffer investments was increased and that of notes and bonds eligible as collateral increased.

The Group Functions exposure totalled EUR 22.7 billion (19.8), consisting of notes and bonds to secure OP Financial Group's liquidity, deposits with central banks and receivables from OP Financial Group cooperative banks. In January-December, the interest rate risk by Group Functions in the event of a one percentage-point change in the interest rate averaged EUR 14.9 million (28.4).

Financial performance and risk exposure by business segment

Discontinued operations

Asset Management

- Asset Management earnings before tax improved to EUR 38 million (24) due to higher performance-based management fees.
- Assets under management increased by 14% to EUR 43.3 billion (37.9).
- The operating cost/income ratio was 42% (53).

Asset Management: financial results and key figures and ratios

€ million	2014	2013	Change %	Q4/2014	Q4/2013	Change %
Net commissions and fees	64	51	25	25	13	87
Other income	4	4	-8	1	1	11
Total income	**67**	**55**	**22**	**26**	**14**	**81**
Personnel costs	14	14	-1	4	4	-4
Other expenses	17	17	-1	5	4	7
Total expenses	**31**	**32**	**-1**	**8**	**8**	**2**
Share of associate's profit/loss	1	0		0	-1	
Earnings before tax	**38**	**24**	**59**	**18**	**5**	
Earnings before tax at fair value	38	24	59	18	5	
Assets under management, € billion	43.3	37.9	14	43.3	37.9	14
Operating cost/income ratio, %	42	53		30	56	
Personnel	88	88				

Full-year 2014 earnings

Earnings before tax amounted to EUR 38 million (24). Earnings included EUR 11.5 million (3.8) in performance-based management fees. Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company, in proportion to Pohjola's shareholding.

The operating cost/income ratio was 42% (53).

Assets under management increased by 14% to EUR 43.3 billion (37.9).

Assets under management

€ billion	31 Dec. 2014	31 Dec. 2013
Institutional clients	24	21
OP Mutual Funds	14	12
Private	6	5
Total	43	38

Assets under management by asset class

%	31 Dec. 2014	31 Dec. 2013
Money market investments	14	15
Notes and bonds	36	37
Equities	36	32
Other	14	15
Total	**100**	**100**

The increase in assets under management was based on good progress in net asset inflows and improved market values.

Personnel and remuneration

On 31 December 2014, the Group had a staff of 2,503, or 117 less than on 31 December 2013.

Personnel by segment

	31 Dec. 2014	31 Dec. 2013
Banking	616	634
Non-Life Insurance	1,766	1,872
Asset Management	88	88
Group Functions	33	26
Total	**2,503**	**2,620**

A total of 468 Group employees (462) worked abroad.

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

Management

On 23 September 2014, Pohjola Bank plc's Board of Directors gave its approval to the plans to change OP Financial Group's management system and to renew the OP Financial Group Central Cooperative's organisation.

The new organisation of OP Financial Group Central Cooperative entered into force on 1 October 2014. OP Financial Group's new management system will be founded on three business segments: Banking, Non-life Insurance and Wealth Management. As part of the reorganisation, Pohjola's Board of Directors decided to dissolve Pohjola Bank's Executive Committee, and Pohjola's operations will be managed in the future in accordance with the new management system through three business segments.

On 8 October 2014, OP Financial Group Central Cooperative made a unanimous decision, as referred to in Chapter 5, Subsection 1(2) of the Limited Liability Companies Act, to change Pohjola Bank plc's Articles of Association so that the Board's Chairman will be the Chairman of the Board of the amalgamation's central organisation, with at least two but no more than three other members appointed by the Annual General Meeting. Pohjola Bank plc's Chairman of the Board is President, Group Executive Chairman of OP Reijo Karhinen, and Executive Vice President of Operations of OP Tony Vepsäläinen, Chief Financial Officer of OP Harri Luhtala and Chief Risk Officer of OP Erik Palmén were appointed Board members.

On 16 December 2014, Pohjola Bank plc's Board of Directors approved OP Financial Group's Group-level Communications and Disclosure Policy. This replaces the Disclosure Policy issued by Pohjola on 17 December 2013.

Pohjola Bank plc became wholly-owned by OP Cooperative

OP Cooperative completed its public voluntary bid announced in February 2014 and obtained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies Act. As a result of the decision of the Arbitration Court, trading in the series A shares of Pohjola Bank plc ceased on 29 September 2014, and the shares were delisted from the Helsinki Stock Exchange on 30 September 2014. OP Cooperative was entered as the only shareholder in Pohjola Bank plc's shareholder register on 7 October 2014.

On 29 October 2014, OP Cooperative announced that it had received permission from the arbitrators to pay minority shareholders 16.13 euros per Pohjola Bank plc share that it considered as a fair price plus statutory interest, prior to the close of the arbitration proceedings. OP Cooperative paid the undisputed part of the redemption price to Pohjola Bank plc's minority shareholders on 29 October 2014. Interest was paid on the squeeze-out price since 6 May 2014. The interest was the statutory reference interest rate of 0.5%.

According to the Redemption Committee, the arbitration procedure will last an average of approximately six months. On this basis, the overall redemption proceedings pertaining to Pohjola's minority shares are expected to last until the first half of 2015.

Group restructuring

Pohjola Group is planning to carry out structural changes in accordance with the tender offer made by OP Cooperative, in practice, for example, by transferring the Non-life Insurance and Asset Management segments from Pohjola Group to direct ownership of OP Cooperative. The transfer of Asset Management is scheduled during 2015. In addition, the businesses of Helsinki OP Bank Plc and Pohjola Bank plc will be combined under the shared management.

The process of planning and examination of different options regarding the restructuring of OP Financial Group Central Cooperative and the implementation of legal structures of the organisation is still underway. In the context of further planning of the restructuring, the separation of OP Financial Group's central banking operations, being presently part of Pohjola Bank plc, as a detached subsidiary fully owned by OP Financial Group Central Cooperative, is also under consideration. OP Financial Group's banking operations in their entirety will continue to fall within the scope of joint liability as laid down in the applicable law. The specific manner to implement these changes or schedule have not yet been decided.

On 30 October 2014, Pohjola Health Ltd merged with Pohjola Insurance Ltd.

The new name of the OP-Pohjola Group, OP Financial Group, was adopted on 1 January 2015.

Shares and shareholders

As a result of the completion of OP Cooperative's public voluntary bid for Pohjola Bank plc, the shares of Pohjola Bank plc were removed from the book-entry system on 28 November 2014, and Series A and K shares were combined into a single share class.

Shares, votes and share capital on 31 December 2014

Number of shares	Votes	Share capital, €
319,551,415	319,551,415	427,617,463.01

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

On 31 December 2014, the shareholders' equity of Pohjola Bank plc totalled EUR 2,095,123,453.54, EUR 915,384,812.75 of which represented distributable equity.

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

	EUR
Profit for 2014	425,089,296.01
Retained earnings	158,914,679.68
Reserve for invested non-restricted equity	307,931,364.75
Other non-restricted reserves	23,449,472.31
Total	**915,384,812.75**

The Board of Directors proposes that the Company's distributable funds be distributed to shareholders as a dividend of EUR 0.43 per share, i.e. EUR 137,407,108.45. Accordingly, EUR 777,977,704.30 remains in the Company's distributable equity.

The Company's financial position has not undergone any material changes since the end of the financial year 2014. The Company's liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors' view.

Outlook for 2015

The euro area economy will continue to grow at a slow rate and remains prone to disturbances despite the loose financial policy of the European Central Bank and other measures taken to support economic growth. Similarly, economic growth in Finland is expected to remain weak, although exports have begun to grow slowly. The tension in international politics will continue to cause uncertainty for the Finnish economy, slowing the country's recovery from recession.

Modest economic development combined with the tensions of international politics are weakening growth prospects in the financial sector. Historically low interest rates will erode banks' net interest income and weaken insurance institutions' investment income. The significance of measures that support capital adequacy and profitability is heightened by changes in the operating environment and the tightening of regulation.

Despite the challenging operating environment, Pohjola Group's consolidated earnings from continuing operations before tax in 2015 are expected to be at the same level as in 2014. 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 Pohjola Group and its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Consolidated income statement

EUR million	Note	Q4/ 2014	Q4/ 2013 Restated*	Q1–4/ 2014	Q1–4/ 2013 Restated*
Continuing operations					
Net interest income	3	64	62	257	230
Impairments of receivables	4	7	5	25	37
Net interest income after impairments		**57**	**56**	**231**	**193**
Net income from Non-life insurance	5	140	98	597	528
Net commissions and fees	6	21	29	114	111
Net trading income	7	2	32	77	93
Net investment income	8	15	10	64	46
Other operating income	9	8	12	32	36
Total income		**243**	**237**	**1,116**	**1,008**
Personnel costs		40	43	163	170
ICT costs		25	24	94	87
Depreciation/amortisation		13	14	52	52
Other expenses		64	66	258	241
Total expenses		**143**	**146**	**567**	**550**
Share of associates' profits/losses accounted for using the equity method		0	0	0	0
Earnings before tax		**99**	**90**	**548**	**458**
Income tax expense		18	-42	107	43
Results of continuing operations		**82**	**133**	**441**	**415**
Discontinued operations					
Results of discontinued operations	10	14	3	29	15
Profit for the period		**96**	**136**	**470**	**430**
Attributable to:					
Owners of the parent		93	134	461	426
Non-controlling interests		3	2	9	4
Profit for the period		**96**	**136**	**470**	**430**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Consolidated statement of comprehensive income

EUR million	Q4/ 2014	Q4/ 2013 Restated*	Q1–4/ 2014	Q1–4/ 2013 Restated*
Profit for the period	**96**	**136**	**470**	**430**
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	-20	0	-50	0
Items that may be reclassified to profit or loss				
Change in fair value reserve				
Measurement at fair value	29	20	73	1
Cash flow hedge	-2	-3	7	-16
Translation differences	0	0	0	0
Income tax on other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	4	-2	10	-2
Items that may be reclassified to profit or loss				
Measurement at fair value	-6	4	-14	9
Cash flow hedge	0	1	-1	5
Total comprehensive income for the period	**101**	**157**	**493**	**426**
Attributable to:				
Owners of the parent	100	154	484	421
Non-controlling interests	2	2	9	6
Total comprehensive income for the period	**101**	**157**	**493**	**426**
Comprehensive income attributable to owners of the parent is divided as follows:				
Continuing operations	86	151	455	405
Discontinued operations	14	3	28	15
Total	**100**	**154**	**484**	**421**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Consolidated balance sheet

EUR million	Note	31 Dec 2014	31 Dec 2013 Restated*	1 Jan 2013 Restated*
Cash and cash equivalents		3,774	2,046	5,643
Receivables from credit institutions		10,257	9,899	8,816
Financial assets at fair value through profit or loss				
Financial assets held for trading		360	435	246
Financial assets at fair value through profit or loss at inception		0	9	9
Derivative contracts		5,946	3,444	4,462
Receivables from customers		15,513	14,510	13,834
Non-life Insurance assets	13	3,854	3,502	3,500
Investment assets		8,112	7,574	5,548
Investment accounted for using the equity method		2	29	26
Intangible assets	14	786	910	922
Property, plant and equipment (PPE)		72	82	67
Other assets		1,789	1,369	1,598
Tax assets		34	15	37
Total		**50,498**	**43,824**	**44,710**
Assets classified as held for distribution to owners	10	205		
Total assets		**50,703**	**43,824**	**44,710**
Liabilities to credit institutions		5,241	4,789	5,840
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading		4	4	3
Derivative contracts		5,889	3,420	4,557
Liabilities to customers		11,442	10,183	10,767
Non-life Insurance liabilities	15	2,972	2,746	2,599
Debt securities issued to the public	16	17,587	16,097	13,769
Provisions and other liabilities		2,479	2,076	2,572
Tax liabilities		391	378	487
Subordinated liabilities		1,084	984	1,275
Total		**47,090**	**40,675**	**41,869**
Liabilities associated with assets classified held as distribution to owners	10	205		
Total liabilities		**47,295**	**40,675**	**41,869**
Shareholders' equity				
Capital and reserves attributable to owners of the Parent				
Share capital		428	428	428
Fair value reserve	17	231	168	171
Other reserves		1,093	1,093	1,093
Retained earnings		1,564	1,358	1,080
Non-controlling interest		92	103	69
Total shareholders' equity		**3,408**	**3,150**	**2,841**
Total liabilities and shareholders' equity		**50,703**	**43,824**	**44,710**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Consolidated statement of changes in equity

	Attributable to owners of Pohjola Group						
EUR million	Share capital	Fair value reserve*	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	**428**	**167**	**1,093**	**1,081**	**2,769**		**2,769**
Effect of the adoption of IFRS 10 Cosolidated Financial Statements, less taxes		4	0	-1	2	69	72
Restated shareholders' equity 1 Jan. 2013	**428**	**171**	**1,093**	**1,080**	**2,771**	**69**	**2,841**
Total comprehensive income for the period		-3		424	421	6	427
Profit for the period				426	426	4	430
Other comprehensive income		-3		-2	-5	1	-3
Profit distribution				-145	-145		-145
EUR 0.46 per Series A share				-116	-116		-116
EUR 0.43 per Series K share				-29	-29		-29
Equity-settled share-based payment transactions				-1	-1		-1
Other			0	0	0	28	28
Balance at 31 December 2013	**428**	**168**	**1,093**	**1,358**	**3,047**	**103**	**3,150**

* Note 17.

	Attributable to owners of Pohjola Group						
EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Restated shareholders' equity 1 January 2014	**428**	**168**	**1,093**	**1,358**	**3,047**	**103**	**3,150**
Total comprehensive income for the period		63		421	484	9	493
Profit for the period				461	461	9	470
Other comprehensive income		63		-40	23	0	23
Profit distribution				-212	-212		-212
EUR 0.67 per Series A share				-169	-169		-169
EUR 0.64 per Series K share				-43	-43		-43
Equity-settled share-based payment transactions							
Other			0	-2	-2	-20	-22
Balance at 31 December 2014	**428**	**231**	**1,093**	**1,564**	**3,316**	**92**	**3,408**

Consolidated cash flow statement
incl. discontinued operations

EUR million	Q1–4/ 2014	Q1–4/ 2013 Restated*
Cash flow from operating activities		
Profit for the period	461	426
Adjustments to profit for the period	97	159
Increase (-) or decrease (+) in operating assets	**-2,133**	**-4,135**
Receivables from credit institutions	-494	-986
Financial assets at fair value through profit or loss	405	-338
Derivative contracts	63	28
Receivables from customers	-1,008	-736
Non-life Insurance assets	-232	-62
Investment assets	-281	-2,285
Other assets	-584	244
Increase (+) or decrease (-) in operating liabilities	**2,323**	**-2,058**
Liabilities to credit institutions	447	-1,031
Financial liabilities at fair value through profit or loss	0	1
Derivative contracts	70	-10
Liabilities to customers	1,259	-584
Non-life Insurance liabilities	149	48
Provisions and other liabilities	396	-482
Income tax paid	-92	-126
Dividends received	63	55
A. Net cash from operating activities	**719**	**-5,680**
Cash flow from investing activities		
Increases in held-to-maturity financial assets	-10	
Decreases in held-to-maturity financial assets	69	129
Acquisition of subsidiaries and associates, net of cash acquired	0	-4
Purchase of PPE and intangible assets	-28	-45
Proceeds from sale of PPE and intangible assets	3	3
B. Net cash used in investing activities	**34**	**83**
Cash flow from financing activities		
Increases in subordinated liabilities		
Decreases in subordinated liabilities		-271
Increases in debt securities issued to the public	34,709	24,340
Decreases in debt securities issued to the public	-33,616	-21,833
Dividends paid	-212	-145
Other decreases in equity items		0
C. Net cash used in financing activities	**881**	**2,092**
Net increase/decrease in cash and cash equivalents (A+B+C)	**1,634**	**-3,506**
Cash and cash equivalents at period-start	**2,672**	**6,177**
Cash and cash equivalents at period-end	**4,306**	**2,672**
Cash and cash equivalents		
Liquid assets**	3,815	2,051
Receivables from credit institutions payable on demand	491	621
Total	**4,306**	**2,672**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.
** Of which EUR 41 million (11) consist of Non-life Insurance cash and cash equivalents.

Segment information

Q4 earnings 2014, EUR million	Banking	Group Functions	Non-life Insurance	Discontinued operations Asset Management	Eliminations	Group total
	Continuing operations					
Net interest income						
Corporate Banking and Baltic Banking	67					67
Markets	6					6
Other operations		-3	-7	1	0	-9
Total	73	-3	-7	1	0	64
Net commissions and fees	23	0	3	25	-6	45
Net trading income	3	-2		0	1	2
Net investment income	0	14		0	1	15
Net income from Non-life Insurance						
From insurance operations			126		0	126
From investment operations			21		4	25
From other items			-10			-10
Total			136		4	140
Other operating income	4	2	3	1	0	9
Total income	**103**	**11**	**135**	**26**	**0**	**275**
Personnel costs	14	0	26	4	0	44
ICT costs	9	1	14	1	0	26
Amortisation on intangible assets related to company acquisitions			5	1		6
Other depreciation/amortisation and impairments	3	0	5	0		8
Other expenses	15	-2	52	3	0	67
Total expenses	**41**	**0**	**103**	**8**	**0**	**152**
Earnings/loss before impairment of receivables	**62**	**11**	**32**	**18**	**0**	**123**
Impairments of receivables	7					7
Share of associates' profits/losses			0	0	0	0
Earnings before tax	**55**	**11**	**32**	**18**	**0**	**117**
Change in fair value reserve	-1	-8	37	0	0	28
Gains/(losses) arising from remeasurement of defined benefit plans	-15	-2	-2	0		-20
Total comprehensive income for the period, before tax	**40**	**0**	**67**	**18**	**0**	**124**

Q4 earnings 2013, EUR million	Banking	Group Functions	Non-life Insurance	Discontinued operations Asset Management	Eliminations	Group total
	Continuing operations					
Net interest income						
Corporate Banking and Baltic Banking	61					61
Markets	2					2
Other operations		5	-6	1	0	0
Total	62	5	-6	1	0	62
Net commissions and fees	27	-1	4	13	-1	42
Net trading income	29	-1	0	0	4	32
Net investment income		10		0		10
Net income from Non-life Insurance						
From insurance operations			85			85
From investment operations			27		-3	24
From other items			-11			-11
Total			101		-3	98
Other operating income	4	2	5	0	0	12
Total income	**122**	**16**	**104**	**14**	**0**	**256**
Personnel costs	14	1	27	4		47
ICT costs	9	2	13	1	0	25
Amortisation on intangible assets related to company acquisitions			5	1		6
Other depreciation/amortisation and impairments	4	0	5	0		9
Other expenses	14	3	49	3	-1	68
Total expenses	**41**	**6**	**100**	**8**	**0**	**155**
Earnings/loss before impairment of receivables	**81**	**10**	**4**	**6**	**0**	**101**
Impairments of receivables	5					5
Share of associates' profits/losses			0	-1	0	-1
Earnings before tax	**75**	**10**	**4**	**5**	**0**	**95**
Change in fair value reserve	4	-5	19	0	-1	17
Gains/(losses) arising from remeasurement of defined benefit plans	0	0	0	0		0
Total comprehensive income for the period, before tax	**80**	**5**	**23**	**5**	**-1**	**113**

Q1-4 earnings 2014, EUR million	Banking	Continuing operations Group Functions	Non-life Insurance	Discon-tinued operations Asset Manage-ment	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	255					255
Markets	28					28
Other operations		-3	-26	2	1	-26
Total	283	-3	-26	2	1	257
Net commissions and fees	103	4	15	64	-8	178
Net trading income	84	-8	0	0	1	77
Net investment income	5	55		0	4	64
Net income from Non-life Insurance						
From insurance operations			466		0	466
From investment operations			171		2	173
From other items			-42			-42
Total			595		2	597
Other operating income	13	9	11	1	-1	33
Total income	**488**	**56**	**595**	**67**	**-1**	**1,206**
Personnel costs	55	6	102	14	0	177
ICT costs	34	5	53	3	1	97
Amortisation on intangible assets related to company acquisitions			21	2		24
Other depreciation/amortisation and impairments	14	1	16	1		31
Other expenses	57	24	180	11	-2	269
Total expenses	**160**	**36**	**372**	**31**	**-1**	**598**
Earnings/loss before impairment of receivables	**328**	**20**	**223**	**36**	**0**	**608**
Impairments of receivables	25					25
Share of associates' profits/losses			0	1	0	2
Earnings before tax	**303**	**20**	**223**	**38**	**0**	**584**
Change in fair value reserve	-1	33	49	0	-1	79
Gains/(losses) arising from remeasurement of defined benefit plans	-42	-5	-2	0		-50
Total comprehensive income for the period, before tax	**259**	**48**	**270**	**37**	**-1**	**613**

Q1-4 earnings 2013, EUR million	Banking	Continuing operations Group Functions	Non-life Insurance	Discon-tinued operations Asset Manage-ment	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	227					227
Markets	-3					-3
Other operations		27	-24	3	1	6
Total	224	27	-24	3	1	230
Net commissions and fees	100	-1	17	51	-4	162
Net trading income	101	-12	0	0	3	93
Net investment income	0	46		0		46
Net income from Non-life Insurance						
From insurance operations			440			440
From investment operations			131		-1	131
From other items			-43			-43
Total			529		-1	528
Other operating income	17	9	10	1	0	38
Total income	**443**	**69**	**532**	**55**	**-1**	**1,097**
Personnel costs	57	6	107	14		184
ICT costs	31	5	50	3	1	90
Amortisation on intangible assets related to company acquisitions			21	2		24
Other depreciation/amortisation and impairments	15	1	14	1		31
Other expenses	54	15	174	11	-2	252
Total expenses	**157**	**27**	**366**	**32**	**-1**	**581**
Earnings/loss before impairment of receivables	**285**	**41**	**166**	**24**	**0**	**516**
Impairments of receivables	35	2				37
Share of associates' profits/losses			0	0	0	0
Earnings before tax	**251**	**39**	**166**	**24**	**0**	**479**
Change in fair value reserve	9	-6	-17	0	-1	-15
Gains/(losses) arising from remeasurement of defined benefit plans	0	0	0	0		
Total comprehensive income for the period, before tax	**260**	**33**	**149**	**24**	**-1**	**465**

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

Balance sheet 31 Dec 2013, EUR million	Banking	Group Functions	Non-life Insurance	Asset Management	Eliminations	Group total
Receivables from customers	14,432	291			-213	14,510
Receivables from credit institutions	659	11,300	4	3	-21	11,945
Financial assets at fair value through profit or loss	487	-42				444
Non-life Insurance assets			3,750		-248	3,502
Investment assets	524	7,025	16	22	-14	7,574
Investments in associates			2	27		29
Other assets	3,792	1,242	780	114	-109	5,819
Total assets	**19,894**	**19,816**	**4,552**	**166**	**-604**	**43,824**
Liabilities to customers	7,035	3,309			-160	10,183
Liabilities to credit institutions	614	4,387			-213	4,789
Non-life Insurance liabilities			2,844		-98	2,746
Debt securities issued to the public		16,159			-62	16,097
Subordinated liabilities		934	50			984
Other liabilities	4,381	1,463	56	9	-33	5,877
Total liabilities	**12,029**	**26,252**	**2,950**	**9**	**-566**	**40,675**
Shareholders' equity						**3,150**
Average personnel	634	26	1,872	88		2,620
Capital expenditure, EUR million	15	1	27	2		45

Note 1. Accounting policies

The Financial Statements Bulletin for 1 January–31 December 2014 has been prepared in accordance with the accounting policies of IAS 34 (Interim Financial Reporting) and with those presented in the Consolidated Financial Statements 2013, with the exception of changes in the accounting policies described below.

OP Cooperative has executed the public voluntary bid for Pohjola Bank plc shares that it announced on 6 February 2014. This will result in structural changes where, according to plans, Pohjola Group's Non-life Insurance segment and Asset Management segment will be transferred to OP Cooperative's direct ownership. The plan for transferring the Non-life Insurance segment has been delayed by over a year since amending the agreements that enable the transfer will require a longer time than expected. Consequently, the Non-life Insurance segment has been returned to be reported as continuing operations together with Banking and Group functions. The Asset Management segment and certain other holdings will be reported, according to IFRS 5 as of 30 June 2014, as assets and liabilities distributed to owners in the balance sheet and as discontinued operations in the income statement. A more detailed description of the effects can be found in Note 10.

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

Change in accounting policies

Consolidated financial statements

Pohjola Group has applied the following standards since 1 January 2014: IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint arrangements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 ”Investments in Associates and Joint Ventures" revised as a result of the standards. According to IFRS 10, control determines whether the parent company consolidates an entity. The Group has control over an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As a result of the adoption of the standards, the accounts of two property investment funds have been included in Pohjola Group's financial statements as new subsidiaries. In addition, 42 property companies are now reported as joint operations to which proportionate consolidation applies. The new companies are reported under the Group Functions and Non-life Insurance operating segments. In addition, the proportion of the owners of non-controlling interests has increased.

The table below shows the effect of the change in the accounting policy on the income statement for the reporting period a year ago and for the financial year 2013, statement of comprehensive income, balance sheet and cash flow statement. Changes in the accounting policy also include discontinued operations.

Effect on the consolidated income statement for 1 Jan.−31 Dec. 2013

EUR million	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Net interest income	229	1	230
Impairment of receivables	37		37
Net interest income after impairments	**193**	**1**	**193**
Net income from Non-life Insurance	529	0	528
Net commissions and fees	162	0	162
Net trading income	93	0	93
Net investment income	39	7	46
Other operating income	38	0	38
Total income	**1,053**	**7**	**1,060**
Personnel costs	184		184
ICT costs	90		90
Depreciation/amortisation	55	0	55
Other expenses	251	1	252
Total expenses	**580**	**1**	**581**
Share of associates' profits/losses	0		0
Earnings before tax	**473**	**6**	**479**
Income tax expense	49	1	49
Profit for the period	**424**	**6**	**430**
Attributable to:			
Owners of the parent	424	1	426
Non-controlling interests		4	4
Total	**424**	**6**	**430**

Effect on the consolidated statement of comprehensive income for 1 Jan.−31 Dec. 2013

EUR million	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Profit for the period	424	6	430
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans	0		0
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value	-1	2	1
Cash flow hedge	-16		-16
Translation differences	0	0	0
Income tax on other comprehensive incom			
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans	-2		-2
Items that may be reclassified to profit or loss			
Measurement at fair value	9	0	9
Cash flow hedge	5		5
Total comprehensive income for the period	**419**	**7**	**426**
Attributable to:			
Owners of the parent	419	2	421
Non-controlling interests		6	6
Total	**419**	**7**	**426**

Effect on the consolidated balance sheet on 1 Jan. 2013 and 31 Dec. 2013

EUR million	1 Jan. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan. 2013 (restated)	31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	31 Dec. 2013 (restated)
Cash and cash equivalents	5,643		5,643	2,046		2,046
Receivables from credit institutions	8,815	1	8,816	9,899	0	9,899
Financial assets at fair value through profit or loss						
Financial assets held for trading	246		246	435		435
Financial assets at fair value through profit or loss at inception	9		9	9		9
Derivative contracts	4,462		4,462	3,444		3,444
Receivables from customers	13,839	-5	13,834	14,515	-5	14,510
Non-life Insurance assets	3,523	-23	3,500	3,539	-37	3,502
Investment assets	5,431	117	5,548	7,427	147	7,574
Investment in associates	26		26	29		29
Intangible assets	922		922	910		910
Property, plant and equipment (PPE)	69	-2	67	84	-2	82
Other assets	1,600	-1	1,598	1,367	2	1,369
Tax assets	36	1	37	15	0	15
Total assets	**44,623**	**87**	**44,710**	**43,720**	**105**	**43,824**
Liabilities to credit institutions	5,840		5,840	4,789		4,789
Financial liabilities at fair value through profit or loss						
Financial liabilities held for trading	3		3	4		4
Derivative contracts	4,557		4,557	3,420		3,420
Liabilities to customers	10,775	-8	10,767	10,188	-5	10,183
Non-life Insurance liabilities	2,599		2,599	2,746		2,746
Debt securities issued to the public	13,769		13,769	16,097		16,097
Provisions and other liabilities	2,550	22	2,572	2,075	0	2,076
Tax liabilities	485	2	487	375	3	378
Subordinated liabilities	1,275		1,275	984		984
Total liabilities	**41,854**	**16**	**41,869**	**40,677**	**-2**	**40,675**
Shareholders' equity						
Capital and reserves attributable to						
Share capital	428		428	428		428
Fair value reserve	167	4	171	164	4	168
Other reserves	1,093	0	1,093	1,093	0	1,093
Retained earnings	1,081	-1	1,080	1,358	0	1,358
Non-controlling interest		**69**	**69**		**103**	**103**
Total shareholders' equity	**2,769**	**72**	**2,841**	**3,043**	**107**	**3,150**
Total liabilities and shareholders' equity	**44,623**	**87**	**44,710**	**43,720**	**105**	**43,824**

Effect on the consolidated cash flow statement 1 Jan.–31 Dec. 2013

EUR million	1 Jan.–31 Dec. 2013 (as presented previously)	Effect of change in accounting policy	1 Jan.−31 Dec. 2013 (restated)
Cash flow from operating activities			
Profit for the period	424	1	426
Adjustments to profit for the period	161	-2	159
Increase (-) or decrease (+) in operating assets	**-4,150**	**15**	**-4,135**
Receivables from credit institutions	-986		-986
Financial assets at fair value through profit or loss	-338		-338
Derivative contracts	28		28
Receivables from customers	-736		-736
Non-life Insurance assets	-77	15	-62
Investment assets	-2,289	4	-2,285
Other assets	248	-3	244
Increase (+) or decrease (-) in operating liabilities	**-2,040**	**-19**	**-2,058**
Liabilities to credit institutions	-1,031		-1,031
Financial liabilities at fair value through profit or loss	1		1
Derivative contracts	-10		-10
Liabilities to customers	-588	3	-584
Non-life Insurance liabilities	48		48
Provisions and other liabilities	-460	-22	-482
Income tax paid	-126		-126
Dividends received	51	3	55
A. Net cash from operating activities	**-5,680**	**0**	**-5,680**
Cash flow from investing activities			
Increases in held-to-maturity financial assets			
Decreases in held-to-maturity financial assets	129		129
Acquisition of subsidiaries and associates, net	-4		-4
Disposal of subsidiaries and associates, net of cash disposed			
Purchase of investment securities			
Proceeds from sale of investment securities			
Purchase of PPE and intangible assets	-45		-45
Proceeds from sale of PPE and intangible assets	3		3
B. Net cash used in investing activities	**83**		**83**
Cash flow from financing activities			
Increases in subordinated liabilities			
Decreases in subordinated liabilities	-271		-271
Increases in debt securities issued to the public	24,340		24,340
Decreases in debt securities issued to the public	-21,833		-21,833
Increases in invested unrestricted equity			
Dividends paid	-145		-145
Other decreases in equity items	0		0
C. Net cash used in financing activities	**2,092**		**2,092**
Net increase/decrease in cash and cash	**-3,505**	**0**	**-3,506**
Cash and cash equivalents at period-start	**6,177**	**1**	**6,177**
Cash and cash equivalents at period-end	**2,671**	**0**	**2,672**
Cash and cash equivalents			
Liquid assets**	2,051		2,051
Receivables from credit institutions payable on demand	620	0	621
Total	**2,671**	**0**	**2,672**

Other changes

Levies

In addition, the Group has used IFRIC interpretation 21: Levies since the beginning of 2014 before its entry into force and EU approval. According to the interpretation, the bank levy liability and the liability arising from contributions to the Deposit Guarantee Fund are recognised in full in accrued income and prepaid expenses and accrued expenses and deferred income in the balance sheet when the levy is imposed under said legislation, or on 1 January 2014. The change in the accounting policy does not change the recognition principle applied to these expenses through profit or loss.

Note 2. Formulas for key figures and ratios

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

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

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

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

Capital adequacy ratio, %
Total capital / Total minimum capital requirement x 8

Tier 1 ratio, %
Total Tier 1 capital / Total minimum capital requirement x 8

Core Tier 1, %
Total Tier 1 capital, excl. hybrid capital and shortfall of Tier 2 capital covered by hybrid capital /
Total minimum capital requirement x 8

Common Equity Tier 1 ratio, % (CET1)*
Common Equity Tier 1 (CET1)/Total risk exposure amount x 100

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

KEY RATIOS FOR NON-LIFE INSURANCE

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

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

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

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

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

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

*) According to the proposed Solvency II framework

OPERATING KEY RATIOS

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

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

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

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

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

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

Values used in calculating the ratios

EUR million	31 Dec 2014	31 Dec 2013
Non-life Insurance		
Non-life Insurance net assets	1,661	1,603
Net tax liabilities for the period	-18	-8
Own subordinated loans	50	50
Deferred tax to be realised in the near future and other items deducted from the solvency margin of the companies	0	4
Intangible assets	-704	-728

EUR million	31 Dec 2014	31 Dec 2013	31 Dec 2012
Changes in reserving bases and other non-recurring items			
Change in discount rate	-62	-38	-52

Note 3. Net interest income

EUR million	Q4/ 2014	Q4/ 2013*	Q1–4/ 2014	Q1–4/ 2013*
Loans and other receivables	78	80	319	305
Receivables from credit institutions and central banks	13	17	68	65
Notes and bonds	42	41	166	154
Derivatives (net)				
Derivatives held for trading	12	-13	43	-28
Derivatives under hedge accounting	4	11	38	59
Ineffective portion of cash flow hedge	0	1	-1	1
Liabilities to credit institutions	-13	-16	-59	-68
Liabilities to customers	-5	-6	-26	-27
Debt securities issued to the public	-55	-43	-247	-183
Subordinated debt	-9	-10	-37	-42
Hybrid capital	-2	-2	-8	-8
Financial liabilities held for trading	0	0	0	0
Other (net)	1	1	3	1
Net interest income before fair value adjustment under hedge accounting	**65**	**62**	**259**	**230**
Hedging derivatives	-36	-6	-185	-135
Value change of hedged items	35	6	183	135
Total net interest income	**64**	**62**	**257**	**230**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 4. Impairments of receivables

EUR million	Q4/ 2014	Q4/ 2013	Q1–4/ 2014	Q1–4/ 2013
Receivables written off as loan or guarantee losses	1	1	35	27
Receoveries of receivables written off	0	-2	-1	-4
Increase in impairment losses on individually assessed receivables	8	10	35	53
Decrease in impairment losses on individually assessed receivables	-7	-4	-48	-42
Collectively assessed impairment losses	5	1	5	2
Total impairments of receivables	**7**	**5**	**25**	**37**

Note 5. Net income from Non-life insurance

Non-life Insurance **EUR million**	Q4/ 2014	Q4/ 2013	Q1–4/ 2014	Q1–4/ 2013
Net insurance premium revenue				
Premiums written	230	238	1,393	1,346
Insurance premiums ceded to reinsurers	0	-5	-54	-57
Change in provision for unearned premiums	108	98	-29	-37
Reinsurers' share	-13	-11	1	-3
Total	**325**	**319**	**1,310**	**1,249**
Net Non-life Insurance claims				
Claims paid	212	202	828	786
Insurance claims recovered from reinsurers	-6	-8	-29	-39
Change in provision for unpaid claims	-4	56	61	65
Reinsurers' share	-2	-15	-15	-3
Total	**199**	**235**	**845**	**809**
Net investment income, Non-life Insurance				
Interest income	12	14	55	57
Dividend income	2	5	18	25
Investment property	4	-3	7	3
Capital gains and losses				
Notes and bonds	6	4	60	21
Shares and participations	6	2	53	22
Loans and receivables			0	
Investment property	0	0	0	-1
Derivatives	-2	-4	-22	-1
Fair value gains and losses				
Notes and bonds	0	-1	2	2
Shares and participations	-1		-1	
Loans and receivables	0	0	1	-1
Investment property	-1	3	2	4
Derivatives	-1	6	-2	4
Impairments	-1	-4	-2	-10
Other	1	1	3	4
Total	**25**	**24**	**173**	**131**
Unwinding of discount	-10	-11	-41	-43
Other	0	0	0	0
Total net income from Non-life Insurance	**140**	**98**	**597**	**528**

Note 6. Net commissions and fees

EUR million	Q4/ 2014	Q4/ 2013*	Q1–4/ 2014	Q1–4/ 2013*
Commission income				
Lending	11	13	53	45
Payment transfers	9	9	36	31
Securities brokerage	6	6	22	21
Securities issuance	1	1	10	8
Asset management and legal services	-4	1	1	2
Insurance operations	4	4	16	17
Guarantees	4	4	15	16
Other	1	1	5	6
Total commission income	**32**	**39**	**158**	**148**
Commission expenses				
Payment transfers	5	5	20	14
Securities brokerage	2	2	8	8
Securities issuance	1	1	3	4
Asset management and legal services	1	1	3	3
Other	3	2	9	8
Total commission expenses	**12**	**10**	**44**	**37**
Total net commissions and fees	**21**	**29**	**114**	**111**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 7. Net trading income

EUR million	Q4/ 2014	Q4/ 2013*	Q1–4/ 2014	Q1–4/ 2013*
Financial assets and liabilities held for trading				
Capital gains and losses				
Notes and bonds	-1	0	4	2
Shares and participations	0	0	0	0
Derivatives	-8	30	35	100
Fair value gains and losses				
Notes and bonds	0	-2	2	-1
Shares and participations				0
Derivatives	3	-2	10	-30
Financial assets and liabilities at fair value through profit or loss				
Capital gains and losses				
Notes and bonds			0	
Fair value gains and losses				
Notes and bonds		0	-1	0
Net income from foreign exchange operations	8	5	27	22
Total net trading income	**2**	**32**	**77**	**93**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 8. Net investment income

EUR million	Q4/ 2014	Q4/ 2013*	Q1–4/ 2014	Q1–4/ 2013*
Available-for-sale financial assets				
Capital gains and losses				
Notes and bonds	2	1	11	14
Shares and participations	10	0	13	1
Dividend income	9	8	43	28
Impairments	0		-1	0
Carried at amortised cost				
Capital gains and losses	-2	0	-1	0
Total	**19**	**9**	**65**	**44**
Investment property	-4	2	-2	2
Total net investment income	**15**	**10**	**64**	**46**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 9. Other operating income

EUR million	Q4/ 2014	Q4/ 2013*	Q1–4/ 2014	Q1–4/ 2013*
Central banking service fees	2	2	8	8
Rental income from assets rented under operating lease	1	2	6	10
Other	5	7	18	18
Total	**8**	**12**	**32**	**36**

*Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

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

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

a) Results of discontinued operations

Asset Management EUR million	Q4/ 2014	Q4/ 2013	Q1–4/ 2014	Q1–4/ 2013
Net commissions and fees	25	13	64	51
Share of associates' profit/loss	0	-1	1	0
Other income and expenses	-8	-8	-30	-30
Earnings before tax	**17**	**5**	**36**	**21**
Taxes	3	2	7	6
Results of discontinued operatons for the period	**14**	**3**	**29**	**15**
Share of parent company owners of discontinued operations	**14**	**3**	**29**	**15**
Total	**14**	**3**	**29**	**15**

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

Asset Management segment assets

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

Asset Management Segment liabilities

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

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

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

Note 11. Classification of financial assets and liabilities

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Cash and cash equivalents	3,774					3,774
Receivables from credit institutions	10,257					10,257
Derivative contracts			5,637		309	5,946
Receivables from customers	15,513					15,513
Non-life Insurance assets**	658		180	3,016		3,854
Notes and bonds***		144	360	7,781		8,285
Shares and participations			0	101		101
Other financial assets	1,783					1,783
Financial assets	**31,984**	**144**	**6,178**	**10,898**	**309**	**49,513**
Other than financial instruments						985
Total 31 Dec. 2014	**31,984**	**144**	**6,178**	**10,898**	**309**	**50,498**
Total 31 Dec. 2013 restated*****	**29,400**	**202**	**3,777**	**10,084**	**273**	**43,824**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,241		5,241
Financial liabilities held for trading (excl. derivatives)	4			4
Derivative contracts	5,516		373	5,889
Liabilities to customers		11,442		11,442
Non-life Insurance liabilities****	2	2,970		2,972
Debt instruments issued to the public		17,587		17,587
Subordinated liabilities		1,084		1,084
Other financial liabilities		2,257		2,257
Financial liabilities	**5,522**	**40,582**	**373**	**46,478**
Other than financial liabilities				612
Total 31 Dec. 2014	**5,522**	**40,582**	**373**	**47,090**
Total 31 Dec. 2013 restated*****	**3,190**	**37,251**	**234**	**40,675**

* Assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss at inception and investment property.
** Non-life Insurance assets are specified in Note 13.
*** The notes as of 31 December 2014 did not include notes recognised in accordance with the Fair Value Option. The notes as of 31 December 2013 recognised in accordance with the Fair Value Option totalled EUR 9 million.
**** Non-life Insurance liabilities are specified in Note 15.
***** Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 December 2014, the fair value of these debt instruments was EUR 232 million (147) 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 higer than their amortised costs, but determining reliable fair values involves uncertainty.

Note 12. Recurring fair value measurements by valuation technique

Fair value of assets on 31 Dec. 2014, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	183	178		360
Non-life Insurance		7		7
Derivative financial instruments				
Banking	7	5,737	202	5,946
Non-life Insurance	1	11		12
Available-for-sale				
Banking	5,899	1,968	15	7,882
Non-life Insurance	1,579	1,156	281	3,016
Total	**7,668**	**9,057**	**499**	**17,224**

Fair value of assets on 31 Dec. 2013, EUR million *	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking	152	292		444
Non-life Insurance		6		6
Derivative financial instruments				
Banking	10	3,222	212	3,444
Non-life Insurance	4	0		4
Available-for-sale				
Banking	5,632	1,631	21	7,283
Non-life Insurance	1,670	917	214	2,800
Total	**7,468**	**6,067**	**446**	**13,981**

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

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

Fair value of liabilities 31 Dec. 2013, EUR million*	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Banking		4		4
Derivative financial instruments				
Banking	35	3,254	131	3,420
Non-life Insurance				
Total	**35**	**3,258**	**131**	**3,423**

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Level 1: Quoted prices in active markets

This level includes equities listed on major stock exchanges, quoted corporate debt instruments, bonds issued by governments and financial institutions with credit rating of at least A-, and exchange-traded derivatives. The fair value of these instruments is determined on the basis of quotes in active markets.

Level 2: Valuation techniques using observable inputs

Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. The fair value hierarchy level at Pohjola Group includes OTC derivatives, treasury bills/notes, debt instruments issued by companies and financial institutions, repo agreements, and securities lent or borrowed.

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve special uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). This level includes the most complex OTC derivatives, certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. In many cases, the Level 3 fair value is based on pricing information from a third party.

Transfers between levels of the fair value hierarchy

Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change.

During 2014, EUR 56.3 million in bonds were transferred from level 1 to level 2 and EUR 55.0 million in bonds were transferred from level 2 to level 1, due to changes in credit ratings.

Valuation techniques whose input parameters involve uncertainty

Specification of financial assets and liabilities

Financial assets, EUR million	Recognised at fair value through profit or loss: Banking	Recognised at fair value through profit or loss: Non-life Insurance	Derivative financial instruments: Banking	Derivative financial instruments: Non-life Insurance	Available-for-sale: Banking	Available-for-sale: Non-life Insurance	Total assets
Opening balance 1 Jan. 2014*			212		21	214	446
Total gains/losses in profit or loss			-10		-2	6	-6
Total gains/losses in other comprehensive income					-3	38	35
Purchases						57	57
Sales						-34	-34
Closing balance 31 December 2014			**202**		15	281	499

Financial liabilities, EUR million	Recognised at fair value through profit or loss: Banking	Recognised at fair value through profit or loss: Non-life Insurance	Derivative financial instruments: Banking	Derivative financial instruments: Non-life Insurance	Total liabilities
Opening balance 1 Jan. 2014*			131		131
Total gains/losses in profit or loss			-1		-1
Closing balance 31 December 2014			**130**		**130**

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Total gains/losses included in profit or loss by item for the financial year on 31 December 2014

EUR million	Net interest income or net trading income	Net investment income	Net income from Non-life Insurance	Statement of comprehensive income/ Change in fair value reserve	Net gains/ losses on assets and liabilities held at year-end
Realised net gains (losses)			6		6
Unrealised net gains (losses)	-8	-2		35	24
Total net gains (losses)	-8	-2	6	35	31

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. Level 3 derivatives relate to structured bonds issued by Pohjola, whose return is determined by the value performance of an embedded derivative instrument. The fair value change of these embedded derivatives is not presented in the above table.

Changes in the levels of hierarchy
No major changes occurred in valuation techniques in 2014.

Note 13. Non-life Insurance assets

EUR million	31 Dec 2014	31 Dec 2013*
Investments		
Loans and other receivables	15	16
Shares and participations	463	471
Property	161	152
Notes and bonds	2,330	2,035
Derivatives	12	4
Other participations	231	300
Total	**3,211**	**2,979**
Other assets		
Prepayments and accrued income	33	40
Other		
From direct insurance	404	324
From reinsurance	100	90
Cash in hand and at bank	41	4
Other receivables	66	64
Total	**643**	**523**
Total Non-life insurance assets	**3,854**	**3,502**

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 14. Intangible assets

EUR million	31 Dec 2014	31 Dec 2013
Goodwill	166	519
Brands	172	172
Customer relationships	84	108
Other	363	111
Total	**786**	**910**

Note 15. Non-life Insurance liabilities

EUR million	31 Dec 2014	31 Dec 2013
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,316	1,253
Other provision for unpaid claims	886	847
Reserve for decreased discount rate*	12	
Total	2,213	2,100
Provision for unearned premiums	523	493
Derivatives	2	
Other liabilities	233	153
Total	**2,972**	**2,746**

*Value of hedges of insurance liability

Note 16. Debt securities issued to the public

EUR million	31 Dec 2014	31 Dec 2013
Bonds	10,743	9,226
Certificates of deposit, commercial papers and ECPs	7,026	6,769
Other	14	101
Liabilities allocated to assets for distribution to owners as part of demerger	-195	
Total	**17,587**	**16,097**

Note 17. Fair value reserve after income tax

	Available-for-sale financial assets			
EUR million	Notes and bonds	Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2013 restated*	50	97	23	171
Fair value changes	-12	51	-2	37
Transfers to net interest income			-15	-15
Capital gains transferred to income statement		-42		-42
Impairment loss transferred to income statement		3		3
Deferred tax	5	3	5	13
Closing balance 31 December 2013	**44**	**113**	**11**	**168**

EUR million	Notes and bonds	Available-for-sale financial assets Shares, partici-pations and mutual funds	Cash flow hedging	Total
Opening balance 1 Jan. 2014	44	113	11	168
Fair value changes	73	77	18	168
Transfers to net interest income			-12	-12
Capital gains transferred to income statement		-78		-78
Impairment loss transferred to income statement		0		0
Deferred tax	-15	0	-1	-16
Closing balance 31 December 2014	**102**	**112**	**17**	**231**

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

The fair value reserve before tax totalled EUR 288 million (210) and the related deferred tax liability EUR 57 million (42). On 30 September, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 149 million (154) and negative mark-to-market valuations EUR 8 million (13). In January–December, impairment losses recognised through profit or loss in the fair value reserve totalled EUR 1 million (1), of which equity instruments accounted for EUR 0 million (1).

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

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 18. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	31 Dec 2014	31 Dec 2013	Change
1–2	2.7	2.4	0.2
3–5	13.7	12.3	1.4
6–7	6.6	6.5	0.1
8–9	2.4	2.2	0.2
10	0.1	0.2	-0.1
11–12	0.2	0.3	-0.1
Total	**25.7**	**24.0**	**1.7**

* excl. private customers

Sensitivity analysis of market risk

			31 Dec 2014		31 Dec 2013	
Banking, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on share-holders' equity**	**Effect on results**	**Effect on share-holders' equity**
Interest-rate risk	Interest	1 percen-tage point	10		12	
Currency risk	Market value	10%	7		3	
Volatility risk						
Interest-rate volatility	Volatility	10 basis points	1		2	
Currency volatility	Volatility	10 percen-tage points	1		1	
Credit risk premium	Credit spread	0.1 percen-tage points	1	2	1	1

Note 19. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 Dec 2014, EUR million	Change in risk parameter	Effect on combined ratio	Effect on share-holders' equity, EUR million
Insurance portfolio or insurance premium revenue*	1,310	Up 1%	Up 0.9 percentage points	13
Claims incurred*	930	Up 1%	Down 0.7 percentage points	-9
Major loss of over EUR 5 million		1 loss	Down 0.4 percentage points	-5
Personnel costs*	102	Up 8%	Down 0.6 percentage points	-8
Expenses by function*/**	320	Up 4%	Down 1.0 percentage points	-13
Inflation for collective liability	603	Up 0.25 percentage points	Down 0.3 percentage points	-4
Life expectancy for discounted insurance liability	1,658	Up 1 year	Down 3.0 percentage points	-40
Discount rate for discounted insurance liability	1,658	Down 0.1 percentage point	Down 1.6 percentage points	-21

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

Non-life Insurance investment portfolio by allocation

Portfolio allocation, EUR million	Fair value 31 Dec 2014	%	Fair value 31 Dec 2013	%
Money market instruments	173	5 %	113	4 %
Bonds and bond funds	2,557	73 %	2,309	72 %
Public sector	557	16 %	573	18 %
Financial institutions	1,181	34 %	1,130	35 %
Corporate	759	22 %	533	17 %
Bond funds	36	1 %	46	1 %
Other	24	1 %	27	1 %
Equities	256	7 %	330	10 %
Private equity investments	117	3 %	95	3 %
Alternative investments	35	1 %	41	1 %
Real property	386	11 %	329	10 %
Total	**3,522**	**100 %**	**3,219**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 December 2014*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	62	181	87	266	57	47	698	26 %
Aa1−Aa3	179	66	70	82	34	15	445	17 %
A1−A3	27	215	269	165	111	0	786	29 %
Baa1−Baa3	26	88	246	159	75	4	600	22 %
Ba1 or lower	38	68	28	28	4	4	170	6 %
Internally rated	1	0		0			1	0 %
Total	**332**	**618**	**699**	**700**	**281**	**70**	**2,700**	**100 %**

* Excludes credit derivatives.

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

Non-life Insurance	Risk parameter	Change	Effect on shareholders' equity, EUR million 31 Dec 2014	31 Dec 2013
Bonds and bond funds1)	Interest rate	1 percentage point	101	72
Equities 2)	Market value	10%	28	35
Venture capital funds and unquoted equities	Market value	10%	12	10
Commodities	Market value	10%	0	1
Real property	Market value	10%	39	33
Currency	Value of currency	10%	16	14
Credit risk premium 3)	Credit spread	0.1 percentage points	11	8
Derivatives	Volatility	10 percentage points	0	2

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

Note 20. Risk exposure by Group Functions

Total exposure by rating category, EUR billion

Rating category	31 Dec 2014	31 Dec 2013	Change
1–2	19.2	16.8	2.3
3–5	3.3	2.7	0.5
6–7	0.1	0.1	0.0
8–9	0.1	0.1	0.0
10	0.0		0.0
Total	**22.7**	**19.8**	**2.8**

Sensitivity analysis of market risk

			31 Dec 2014		31 Dec 2013	
Group Functions, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on share-holders' equity**	**Effect on results**	**Effect on share-holders' equity**
Interest-rate risk	Interest rate	1 percen-tage point	8		27	
Interest-rate volatility	Volatility	10 basis points	0		0	
Credit risk premium	Credit spread	0.1 percen-tage points		35		30
Price risk						
Equity portfolio	Market value	10%		0		0
Private equity funds	Market value	10%	1	2	1	2
Property risk	Market value	10%	3		3	

Note 21. Impairment loss and doubtful receivables

Receivables from credit institutions and customers, and impairment loss, EUR million	31 Dec 2014	31 Dec 2013*
Receivables from credit institutions and customers (gross)	26,029	24,668
Total impairment loss, of which	252	259
Individually assessed	230	241
Collectively assessed	22	17
Receivables from credit institutions and customers (net)	**25,777**	**24,409**

Doubtful receivables 31 Dec 2014, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due	158	118	40
Classified as defaulted	245	107	138
Forborne receivables			
Zero-interest	6		6
Underpriced	0	0	
Renegotiated	84	5	79
Total	**493**	**230**	**263**

Doubtful receivables 31 Dec 2013, EUR million	Receivables from credit institutions and customers (gross)	Individually assessed	Receivables from credit institutions and customers (net)
More than 90 days past due	99	60	40
Classified as defaulted	395	171	225
Forborne receivables			
Zero-interest	6	6	0
Underpriced	0	0	
Renegotiated	19	5	14
Total	**519**	**241**	**278**

Key ratio, %	31 Dec 2014	31 Dec 2013
Exposures individually assessed for impairment, % of doubtful receivables	46.7 %	46.5 %

The Group reports as the amount of a receivable that is more than 90 days past due whose interest or principal amount has been past due and outstanding for more than three months. Contracts with the lowest two credit ratings (11-12) are reported as defaulted. Forborne receivables include zero-interest and under-priced receivables as well as receivables that have been renegotiated due to the customer's financial difficulties. Zero-interest receivables have been agreed to carry zero interest for the purpose of securing customer payment capacity. Under-priced receivables have been priced below market prices to secure customer payment capacity. The loan terms and conditions of renegotiated receivables have been eased due to the customer's financial difficulties for example by trasferring to interest only terms for a period of 6-12 months. The definitions of non-performing and renegotiated receivables in the 2014 financial statements have been changed to correspond with the European Banking Authority's guidelines on forborne and non-performing receivables. According to the new definition, for example, the probation period of forborne receivables has been extended considerably, increasing the level of doubtful receivables compared to the previous definition. Comparative information has been restated accordingly.

* Comparative figures have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Note 22. Liquidity buffer

Liquidity buffer by maturity and credit rating on 31 December 2014, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa*	4,146	543	1,488	1,981	965	24	9,145	55 %
Aa1−Aa3	109	33	437	556	469	0	1,605	10 %
A1−A3	223	268	42	13	10	1	557	3 %
Baa1−Baa3	38	116	32	59	52	1	298	2 %
Ba1 or lower	14	95	24	1	11	0	146	1 %
Internally rated**	712	1,736	1,349	460	176	414	4,848	29 %
Total	**5,243**	**2,791**	**3,371**	**3,069**	**1,684**	**441**	**16,598**	**100 %**

* incl. deposits with the central bank
** PD </= 0.40%
The liquidity buffer’s (excl. deposits with the central bank) residual term to maturity averages 4.6 years.

Note 23. Capital base and capital adequacy

The Group has presented its capital base and capital adequacy of 31 December 2014 in accordance with the EU capital requirement regulation and directive (EU 575/2013) (CRR) entered into force on 1 January 2014. Comparatives for 2013 are presented according to CRD III in force on 31 December 2013. In addition, an estimate of the figures a year ago under CRR is presented in column CRR 1 Jan. 2014.

EUR million	CRR 31 Dec 2014	CRR 1 Jan 2014	CRD3 31 Dec 2013
Shareholders' equity	3,408	3,150	3,150
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	-183	-137	-137
Fair value reserve, cash flow hedging	-17	-11	-11
Common Equity Tier 1 (CET1) before deductions	**3,209**	**3,001**	**3,001**
Intangible assets	-195	-193	-193
Excess funding of pension liability, valuation adjustments, indirect holdings and deferred tax assets for losses	-1	-8	-4
Planned profit distribution / profit distribution as proposed by the Board	-141	-212	-212
Unrealised gains under transitional provisions	-50	-31	-31
Investments in insurance companies and financial institutions			-703
Shortfall of impairments – expected losses	-122	-115	-50
Common Equity Tier 1 (CET1)*)	**2,700**	**2,441**	**1,808**
Subordinated loans to which transitional provision applies	219	219	274
Shortfall of Tier 2 capital			-38
Additional Tier 1 capital (AT1)	**219**	**219**	**235**
Tier 1 capital (T1)	**2,919**	**2,660**	**2,043**
Debenture loans	663	683	683
Unrealised gains under transitional provisions	50	31	31
Investments in insurance companies and financial institutions			-703
Shortfall of impairments – expected losses			-50
Reclassification into AT1			38
Tier 2 Capital (T2)	**713**	**714**	
Total capital base	**3,633**	**3,375**	**2,043**
Risk-weighted assets			
Credit and counterparty risk			
Central government and central banks exposure	26	82	82
Credit institution exposure	1,305	1,368	1,140
Corporate exposure	11,831	10,848	10,965
Retail exposure	1,010	941	941
Equity investments**)	4,132	4,205	195
Other ***)	931	1,013	684
Market risk	1,467	958	958
Operational risk	1,137	1,083	1,083
Total	**21,839**	**20,499**	**16,048**
Ratios, %			
CET1 capital ratio	12.4	11.9	11.3
Tier 1 ratio	13.4	13.0	12.7
Capital adequacy ratio	16.6	16.5	12.7
Basel I floor, EUR million			
Capital base	3,633	3,375	
Basel I capital requirements floor	1,441	1,239	
Capital buffer for Basel I floor	2,192	2,136	

*) The row of CET1 based on CRD III figures shows Core Tier as defined by the EBA

**) The risk weight of equity investments includes EUR 3,9 billion in insurance holdings within OP-Pohjola Group. Based on permission from the Financial Supervisory Authority, Pohjola treats insurance holdings as risk-weighted assets according to the PD/LGD method.

***) Of the risk weight of "Other", EUR 46 million represent deferred tax assets that are treated with a risk weight of 250% instead of a deduction from common equity tier 1 capital.

Pohjola has applied transitional provisions regarding old capital instruments to subordinated loans. A total of 80% of the amounts outstanding on 31 December 2012 are included in the capital base.

Negative unrealised valuations are included in common equity tier 1 capital. Positive unrealised valuations are included in tier 2 capital according to a statement issued by the Financial Supervisory Authority.

Under CRR, the Basel I floor does not apply to RWAs and becomes a minimum capital requirement. The table above shows capital resources that exceed the Basel I floor.

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

EUR million	31 Dec 2014	1 Jan 2014	31 Dec 2013
Pohjola Group's equity capital	3,408	3,150	3,150
Hybrid instruments, perpetual bonds and debenture bonds	932	952	1,007
Other sector-specific items excluded from capital base	-91	-107	-5
Goodwill and intangible assets	-863	-880	-880
Equalisation provision	-172	-198	-198
Proposed profit distribution	-141	-212	-212
Items under IFRS deducted from capital base*	-19	-24	-122
Shortfall of impairments – expected losses	-106	-99	-99
Conglomerate's capital base, total	**2,948**	**2,581**	**2,639**
Regulatory capital requirement for credit institutions**	1,433	1,326	1,284
Regulatory capital requirement for insurance operations**	247	222	222
Conglomerate’s total minimum capital requirement	**1,680**	**1,548**	**1,506**
Conglomerate’s capital adequacy	**1,269**	**1,033**	**1,134**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.76**	**1.67**	**1.75**

* Excess funding of pension liability, Fair value measurement of investment property, Portion of cash flow hedge of fair value reserve
** Risk-weighted assets x 8%
*** Minimum solvency margin

OP Financial Group's capital adequacy ratio was 1.89 (1.90).

Note 25. Collateral given

EUR million	31 Dec 2014	31 Dec 2013
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	4	5
Other	795	485
Other collateral given		
Pledges*	6,629	5,705
Total collateral given	**7,429**	**6,196**
Total collateralised liabilities	**492**	**490**

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

Note 26. Off-balance-sheet commitments

EUR million	31 Dec 2014	31 Dec 2013
Guarantees	868	914
Other guarantee liabilities	1,757	1,568
Loan commitments	4,044	4,728
Commitments related to short-term trade transactions	331	247
Other*	339	359
Total off-balance-sheet commitments	**7,339**	**7,816**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 69 million (98).

Note 27. Derivative contracts

31 Dec. 2014, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	68,835	109,072	50,982	228,889	4,521	4,500
Cleared by the central counterparty	4,370	24,526	15,008	43,904	876	867
Currency derivatives	16,393	9,719	5,559	31,671	979	789
Equity and index derivatives	261	362		623	52	1
Credit derivatives	9	92	74	175	9	3
Other derivatives	214	902	85	1,202	57	43
Total derivatives	**85,712**	**120,147**	**56,700**	**262,559**	**5,616**	**5,335**

31 Dec. 2013, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	43,525	112,782	43,071	199,378	2,997	2,821
Cleared by the central counterparty	2,390	10,634	5,020	18,044	76	69
Currency derivatives	16,270	2,522	1,524	20,317	342	412
Equity and index derivatives	194	582		776	77	
Credit derivatives	4	99	15	118	13	0
Other derivatives	390	652	172	1,214	65	64
Total derivatives	**60,383**	**116,637**	**44,783**	**221,803**	**3,494**	**3,297**

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

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

Financial assets

31 Dec. 2014, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet**	Financial assets not set off in the balance sheet: Financial assets***	Collateral received	Net amount
Banking derivatives	6,817	-871	5,946	-4,008	-722	1,216
Non-life Insurance derivatives	12		12	-1		11
Total derivatives	**6,829**	**-871**	**5,958**	**-4,009**	**-722**	**1,227**

31 Dec. 2013, EUR million	Gross amount of financial assets	Gross amount of financial liabilities deducted from financial assets*	Net amount presented in the balance sheet**	Financial assets not set off in the balance sheet: Financial assets***	Collateral received	Net amount
Banking derivatives	3,515	-71	3,444	-2,393	-359	691
Non-life Insurance derivatives	4		4			4
Total derivatives	**3,518**	**-71**	**3,447**	**-2,393**	**-359**	**695**

Financial liabilities

31 Dec. 2014, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet: Financial liabilities***	Collateral given	Net amount
Banking derivatives	6,751	-862	5,889	-4,008	-862	1,019
Non-life Insurance derivatives	2		2	-1		2
Total derivatives	**6,753**	**-862**	**5,892**	**-4,009**	**-862**	**1,020**

31 Dec. 2013, EUR million	Gross amount of financial liabilities	Gross amount of financial assets deducted from financial liabilities*	Net amount presented in the balance sheet**	Financial liabilities not set off in the balance sheet: Financial liabilities***	Collateral given	Net amount
Banking derivatives	3,484	-64	3,420	-2,393	-408	619
Total derivatives	**3,484**	**-64**	**3,420**	**-2,393**	**-408**	**619**

* Incl. daily cleared derivatives on a net basis included in cash and cash equivalents, totalling 9 (8) million euros.
** Fair values excluding accrued interest.
*** It is Pohjola Bank plc’s practice to enter into master agreements for derivative transactions with all derivative counterparties.

Central counterparty clearing for OTC derivatives

In anticipation of entry into force of central counterparty clearing required by the European Market Infrastructure Regulation (Regulation (EU) No. 648/2012), Pohjola Bank plc adopted in February 2013 central counterparty clearing in London Clearing House for new interest rate derivatives covering standardised OTC derivative transactions entered into with financial counterparties. Based on this model, the central counterparty will become the derivatives counterparty at the end of the daily clearing process, with whom daily payments for derivatives are netted. In addition, collateral is paid or received daily, which corresponds to the change in the fair value of open positions (variation margin). Interest rate derivatives cleared by the central counterparty are presented on a net basis in the balance sheet.

Other bilaterally cleared OTC derivative contracts

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

Note 29. Other contingent liabilities and commitments

On 31 December 2014, the Group Functions commitments to venture capital funds amounted to EUR 7 million (9) and Non-Life Insurance commitments to EUR 69 million (98). They are included in the section 'Off-balance-sheet commitments'.

Note 30. Related-party transactions

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

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

Related-party transactions have not undergone any substantial changes since 31 December 2013.

Helsinki, 5 February 2015

Pohjola Bank plc
Board of Directors

This Financial Bulletin is available at www.pohjola.com > Media > Releases.

Financial reporting in 2015

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

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