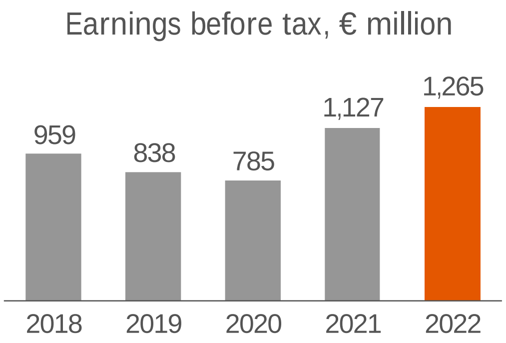
OP Financial Group's Financial Statements Bulletin 1 January–31 December 2022

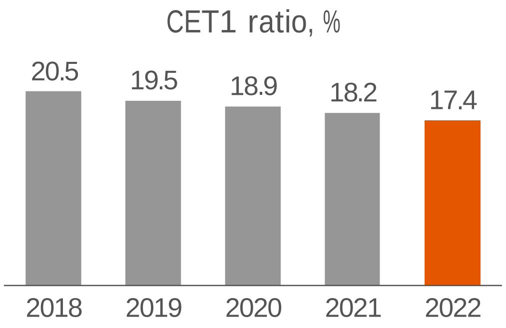
Background material

OP Financial Group

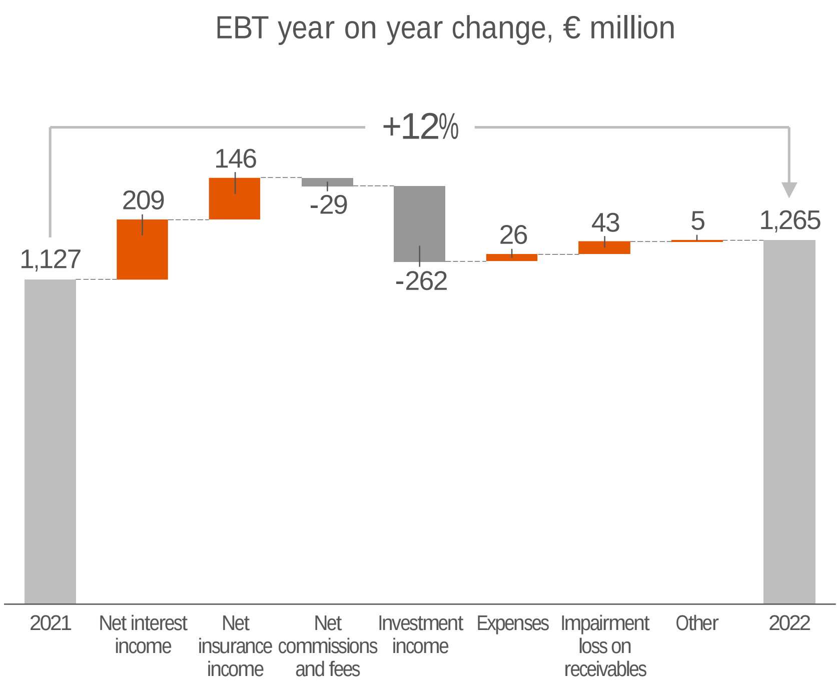
Summary of 2022

- Despite the uncertain operating environment, OP Financial Group's earnings before tax improved by 12%, reaching an excellent level of EUR 1,265 million.
- Total income increased by two per cent and total expenses decreased by one per cent, year on year. Income from customer business increased by 10 per cent.
- All three business segments performed very well last year. Earnings by Retail Banking were particularly strong. In the insurance business, claims expenditure returned to its pre-pandemic level.
- Despite the weaker economic situation, the loan repayment capacity of personal and corporate customers remained good.
- Earnings before tax for 2023 are expected to be higher than in 2022.





Financial performance

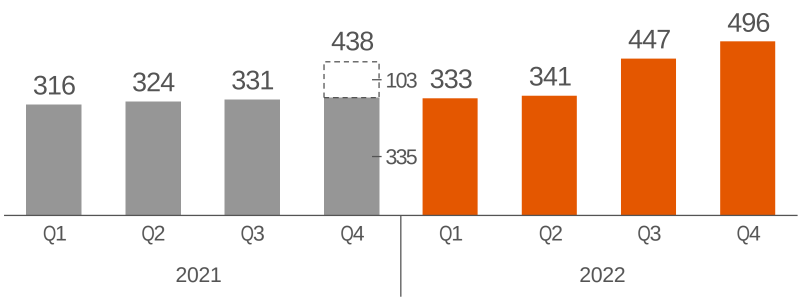


€ million

Income	2022	2021	Change %
Net interest income	1,618	1,409	15%
Net insurance income	889	743	20%
Net commissions and fees	1,005	1,034	-3%
Net investment income	-149	376	-140%
Other operating income	63	54	17%
Total income	**3,426**	**3,616**	**-5%**
Expenses			
Personnel costs	894	914	-2%
Depriciation and impairment loss	214	283	-24%
Other operating expenses	874	810	8%
Total expenses	**1,981**	**2,007**	**-1%**
Impairment loss on receivables	-115	-158	-
Overlay approach	143	-118	-
OP bonuses to owner-customers	-215	-210	-
Earnings before tax	1,265	1,127	12%

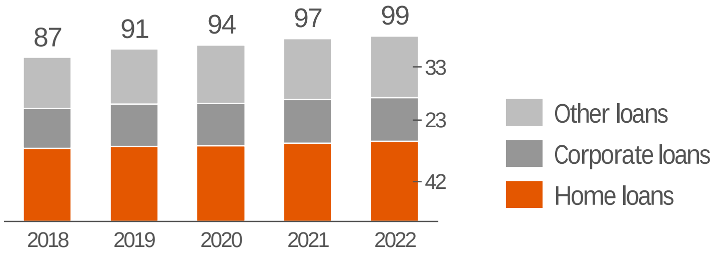
Net interest income

Net interest income by quarter, € million

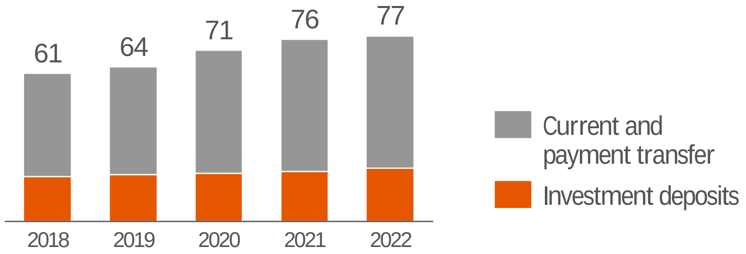


32.8% of personal customers' home loans were covered by interest rate protection on 31 December 2022.

Loan portfolio, € billion

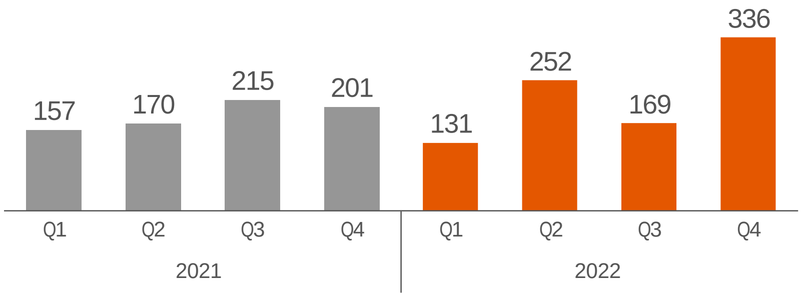


Deposits, € billion

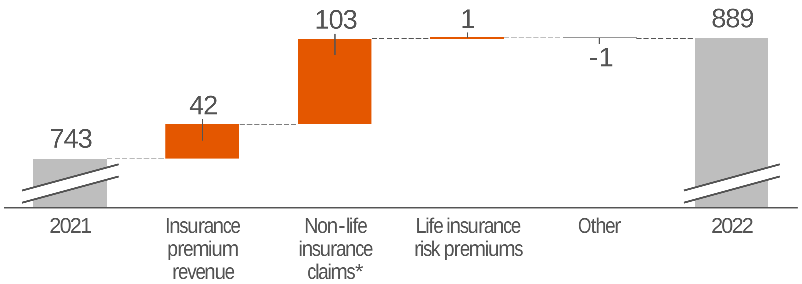


Net insurance income

Net insurance income by quarter, € million

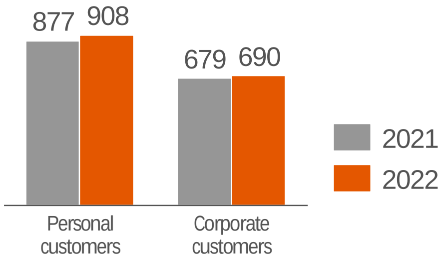


Change in net insurance income, € million



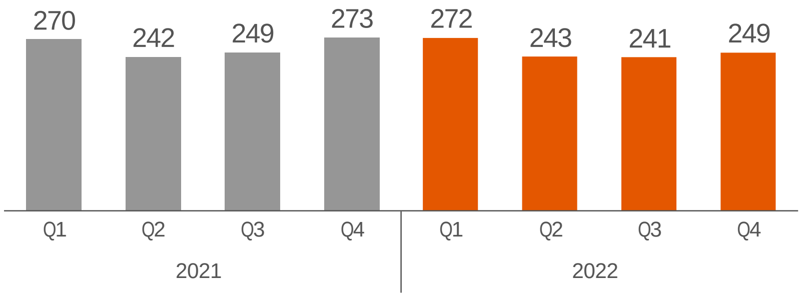
*The increase in discount rate decreased claims incurred by EUR 283 million in 2022. Excluding the change in calculation basis, claims incurred increased by EUR 134 million.

Non-life insurance premium revenue, € million

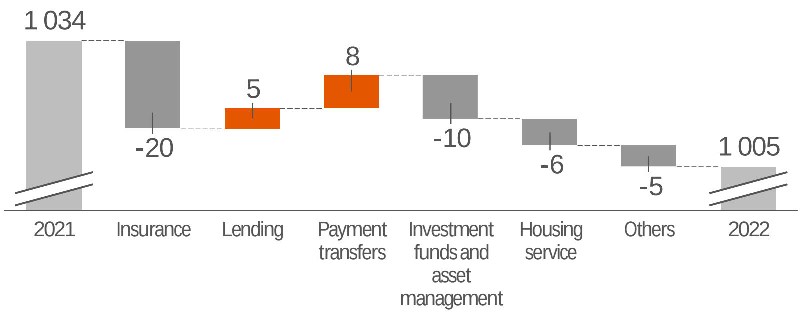


Net commissions and fees

Net commissions and fees by quarter, € million



Change in net commissions and fees, € million

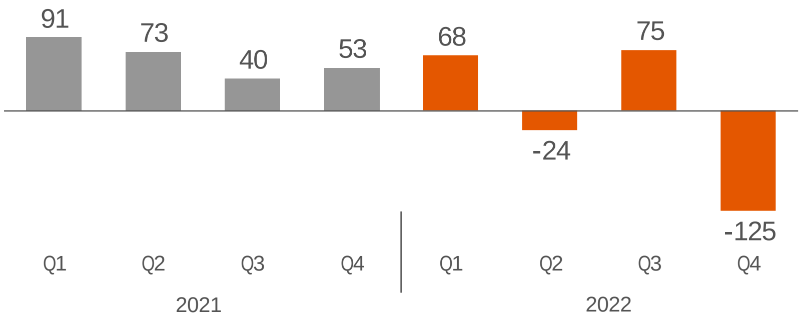


Assets under management, € billion

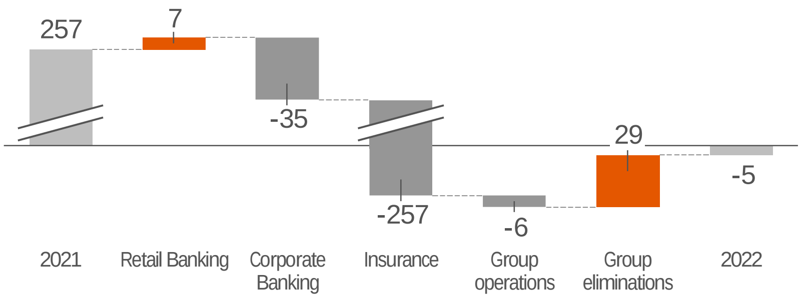
Investment income

incl. overlay approach

Investment income by quarter, € million



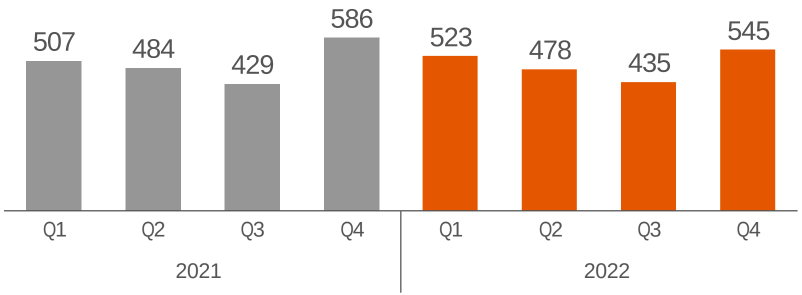
Change in investment income by business segment, € million



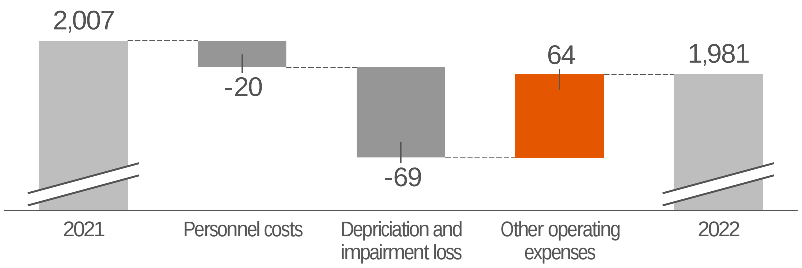
An overlay approach is applied to certain equity instruments of insurance companies. Changes in the fair value of investments within the scope of the overlay approach are presented under the fair value reserve under shareholders' equity.

Expenses

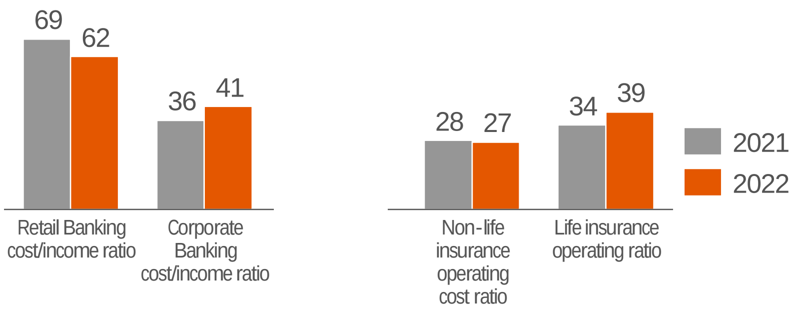
Expenses by quarter, € million



Change in expenses, € million

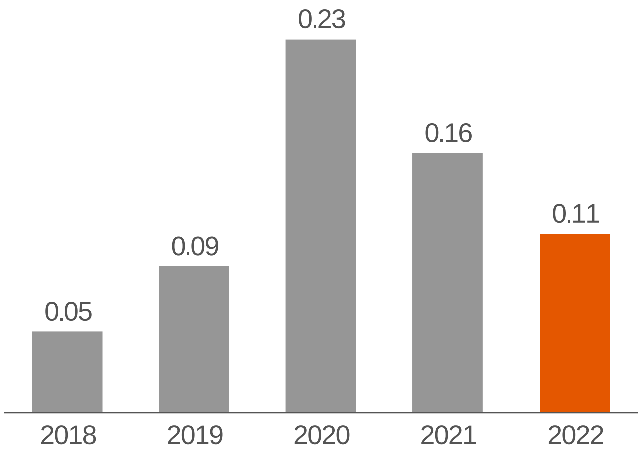


Cost/income ratio by business, %

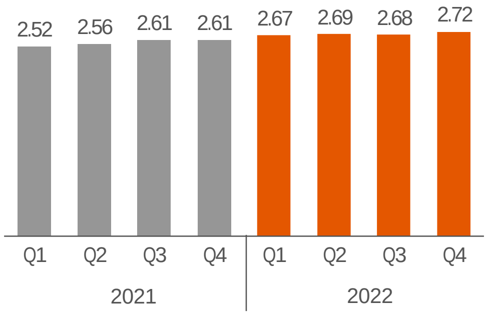


Impairment loss on receivables

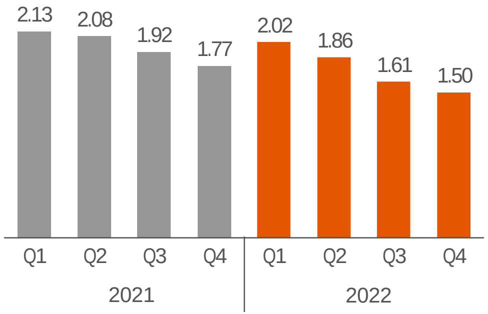
Impairment loss to loan and guarantee portfolio, %



Retail Banking:
Ratio of non-performing exposures to exposures, %

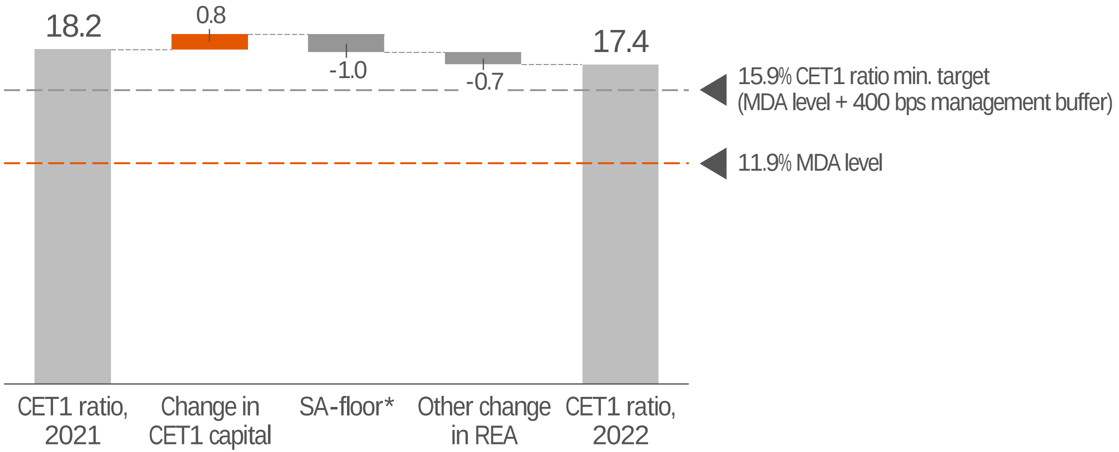


Corporate Banking:
Ratio of non-performing exposures to exposures, %



Strong capital position

CET1 ratio development, %



€12.6 bn
CET1 capital (€12.0 bn)

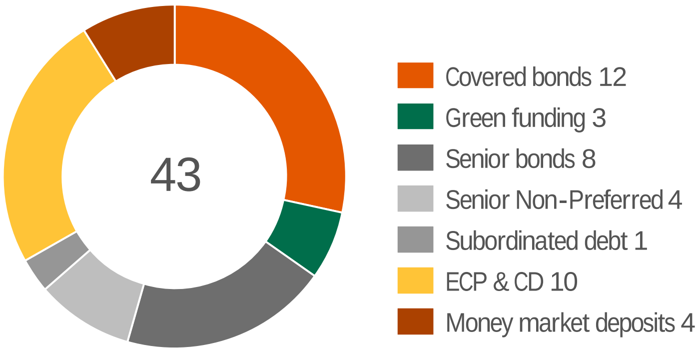
€3.2 bn
Profit Shares in CET1 capital (€3.1 bn)

€72.3 bn
REA (€65.7 bn)

*OP Financial Group adopted a risk-weighted assets (RWA) floor, based on the Standardised Approach, in the second quarter. This decreased the CET1 ratio by 1.0 percentage point.

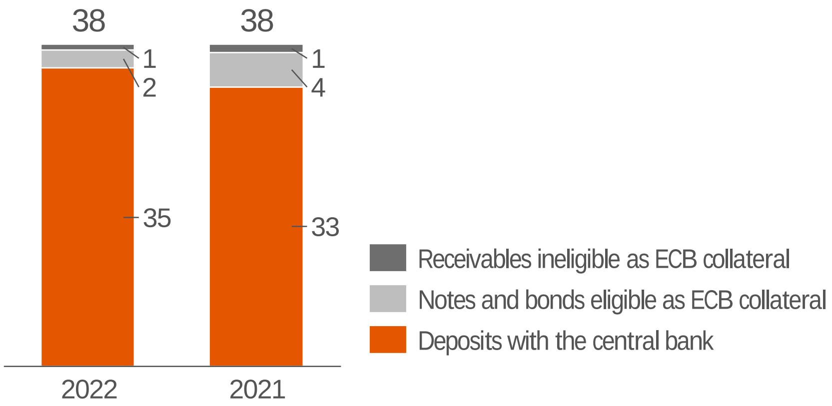
Stable funding and liquidity position

Long and short-term funding, € billion



- In October, OP Corporate Bank issued a senior preferred bond of €0.5 billion. In November, OP Mortgage Bank issued a covered bond of €1.25 billion.
- OP Financial Group's buffer for the MREL was EUR 9.0 billion and for the subordination requirement EUR 1.9 billion. The MREL is 25.8% of the risk-weighted assets (RWA) and 9.9% of the leverage ratio exposures (LRE).

Liquidity buffer breakdown, € billion

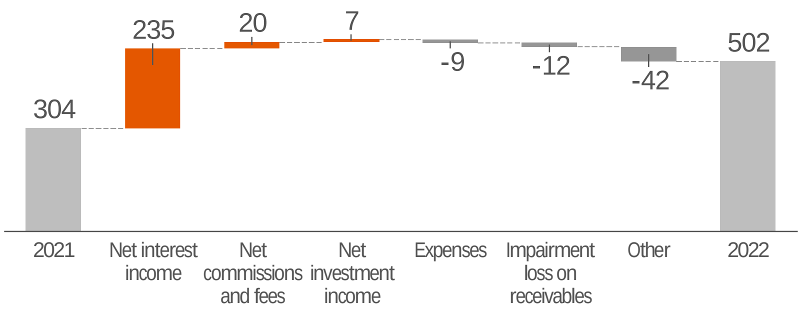


- LCR (Liquidity Coverage Ratio) 217%
- NSFR (Net Stable Funding Ratio) 128%

Retail Banking

Loan portfolio	Deposits	Brokered homes and real property transactions, qty.
€70.7 bn	€63.9 bn	10,844

Earnings before tax, € million



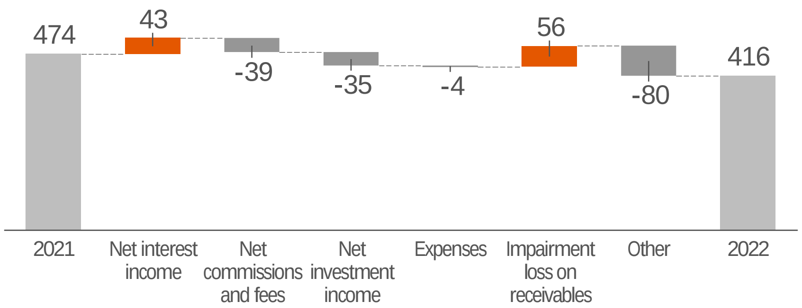
€ million

	2022	2021	Change %
Net interest income	1,194	959	25%
Net commissions and fees	773	753	3%
Net investment income	-9	-16	-
Other operating income	39	78	-50%
Total income	**1,996**	**1,773**	**13%**
Personnel costs	455	447	2%
Depriciation and impairment loss	53	69	-22%
Other operating expenses	720	705	2%
Total expenses	**1,229**	**1,221**	**1%**
Impairment loss on receivables	-96	-84	-
OP bonuses to owner-customers	-168	-165	-
Earnings before tax	502	304	65%

Corporate Banking

Loan portfolio	Deposits	Assets under management
€27.8 bn	€14.0 bn	€72.3 bn

Earnings before tax, € million



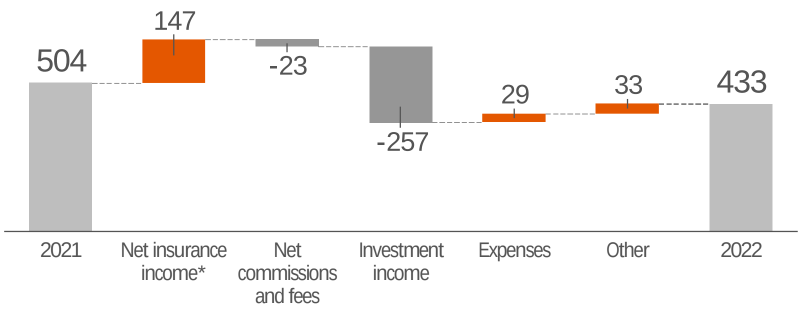
€ million

	2022	2021	Change %
Net interest income	457	414	10%
Net commissions and fees	166	204	-19%
Net investment income	136	171	-21%
Other operating income	18	97	-82%
Total income	**776**	**886**	**-12%**
Personnel costs	95	93	2%
Depriciation and impairment loss	8	14	-40%
Other operating expenses	218	211	3%
Total expenses	**321**	**318**	**1%**
Impairment loss on receivables	-18	-74	-
OP bonuses to owner-customers	-20	-20	-
Earnings before tax	416	474	-12%

Insurance

Operating combined ratio, Non-life insurance	Insurance premium revenue	Unit-linked insurance assets
90.5%	€1,598 mn	€11.6 bn

Earnings before tax, € million

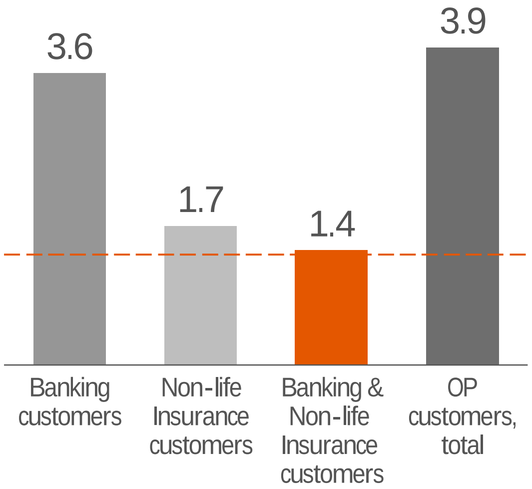


€ million	2022	2021	Change %
Net insurance income	901	754	20%
Net commissions and fees	73	96	-24%
Net investment income	-230	288	-180%
Other net income	31	-2	-
Total income	**774**	**1,135**	**-32%**
Personnel costs	150	160	-6%
Depriciation and impairment loss	51	66	-22%
Other operating expenses	263	267	-2%
Total expenses	**464**	**493**	**-6%**
Overlay approach	143	-117	-
OP bonuses to owner-customers	-21	-21	-
Earnings before tax	433	504	-14%

*The increase in discount rate improved net insurance income by EUR 283 million in 2022. Excluding the change in calculation basis, net insurance income weakened by EUR 90 million.

Attractive loyalty benefits support cross-selling

Number of customers, million



1.4 mn
combined banking and non-life insurance customers

35%
of total number of OP customers

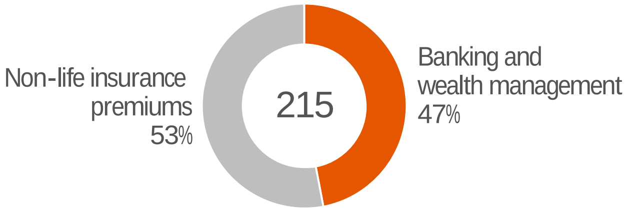
Owner-customer benefits

€215 mn
accrued OP bonuses in 2022

€130 mn
discounts on daily banking, non-life insurance policies and mutual funds in 2022

€144 mn
accrued returns on Profit Shares in 2022

OP bonus usage during 2022, € million



OP Financial Group in brief

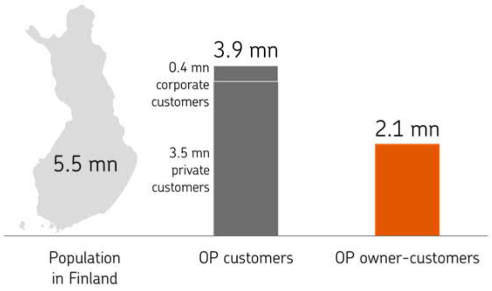
OP Financial Group

OP Financial Group in brief

€1,265 mn
Group EBT in 2022

17.4%
CET1 ratio

€176 bn
Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
34%	39%	32%	21%

Joint liability

Central institution, OP Cooperative, and the member credit institutions (incl. both issuing entities) of the amalgamation are jointly liable for each others' debts and commitments, by virtue of the Finnish law.

Strong credit ratings

Moody's Aa3 S&P AA-	Moody's Aaa S&P AAA
OP Corporate Bank plc	OP Mortgage Bank's covered bonds

OP Financial Group

Source: Bank of Finland (Loans and Deposits 6/2022), Finance Finland (Non-life & Life Insurance 12/2021)

OP Financial Group’s business structure

2.1 million owner-customers

108 OP cooperative banks

Central Cooperative

Retail Banking

The Retail Banking segment consists of banking for private and SME customers at OP cooperative banks and at the central cooperative consolidated.

- OP Mortgage Bank
- OP Retail Customers plc

Corporate Banking

The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

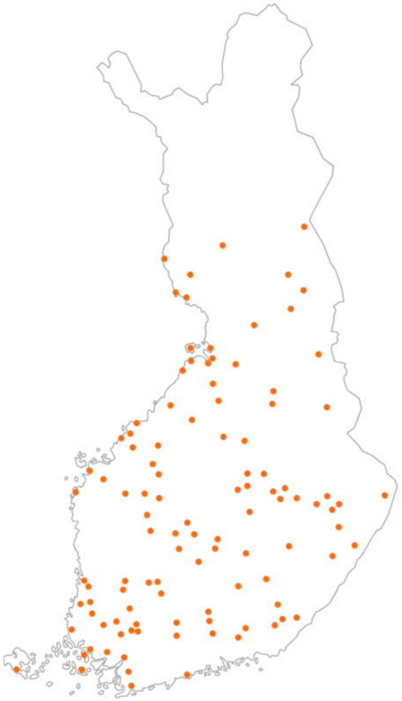
- OP Corporate Bank plc
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd

Insurance

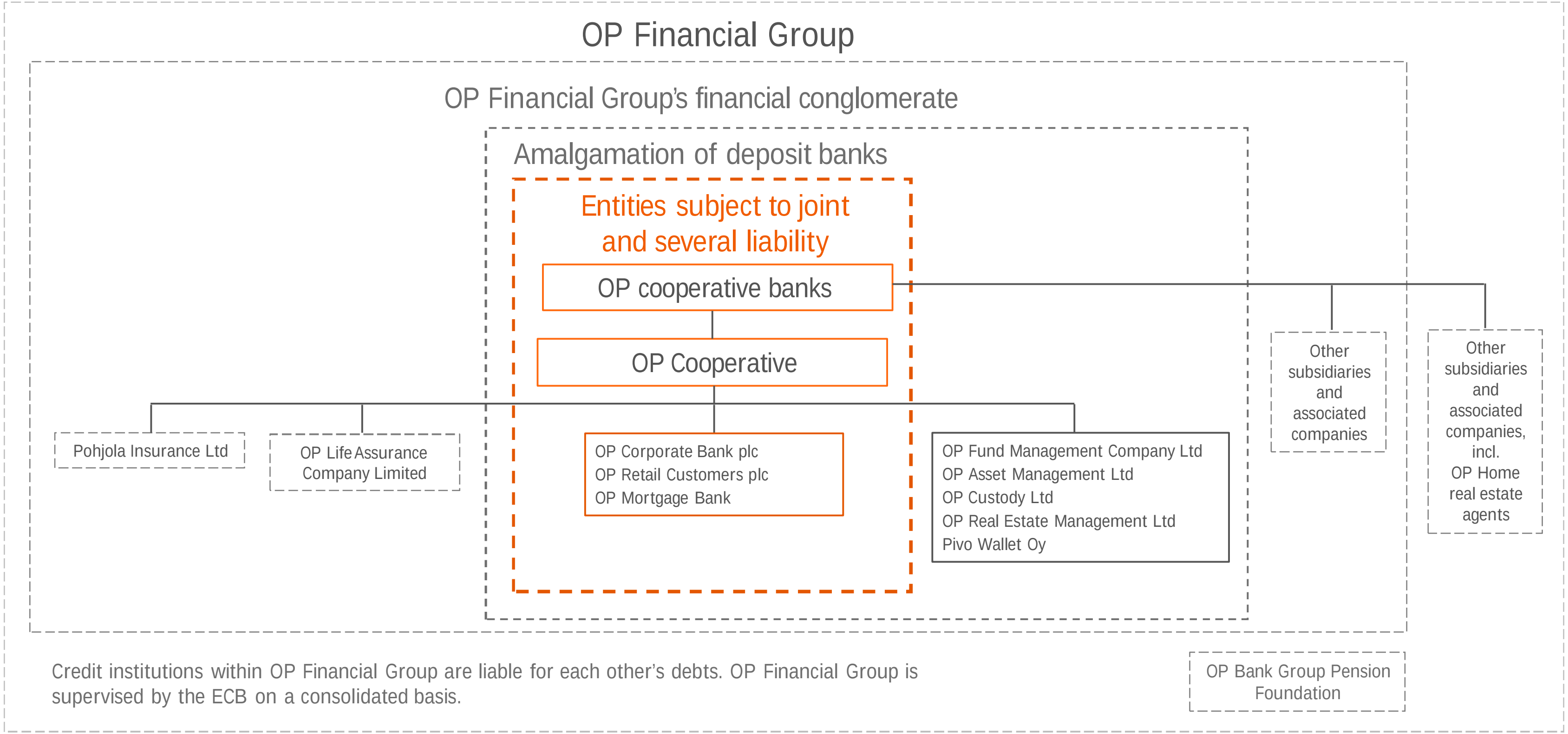
The Insurance segment comprises Pohjola Insurance and OP Life Assurance Company.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd

Major subsidiaries



OP Financial Group’s amalgamation structure



Joint Liability

- Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä Act), the amalgamation of the cooperative banks comprises the organisation's central cooperative (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups, as well as credit and financial institutions and service companies in which the above-mentioned entities together hold more than half of the total votes.
- The central cooperative's member credit institutions at the end of the report period comprised OP Financial Group's member cooperative banks as well as OP Corporate Bank plc, OP Mortgage Bank and OP Retail Customers plc.
- By virtue of the Act on the Amalgamation of Deposit Banks, the central cooperative has both the right to control its credit institutions and the obligation to supervise their operations. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in applicable law, the member credit institutions and OP Cooperative are ultimately jointly and severally liable for each other's debts and commitments. OP Financial Group's insurance companies, for example, do not therefore fall within the scope of joint liability.

Central cooperative's governance structure

Cooperative Meeting	Supervisory Council and its units	Board of Directors and its committees	Group Chief Executive Officer	Central cooperative subsidiaries
OP Financial Group's Nomination Committee	Supervisory Council Nomination Committee	Risk Committee Audit Committee Nomination and Remuneration Committee	Executive Management Team	

OP Financial Group

Capital requirements

Capital adequacy for credit institutions

CET1 ratio 17.4%

Capital adequacy ratio 19.3%

The Group's operations are based on the Act on the Amalgamation of Deposit Banks.

The Act on the Amalgamation of Deposit Banks sets the minimum capital for the amalgamation of cooperative banks, which is calculated according to the CRR rules and the Act on Credit Institutions.

The amalgamation of cooperative banks consists of the amalgamation's central institution (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups. Although OP Financial Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions.

Solvency II for insurance companies

Solvency ratio, Non-life insurance 247%

Solvency ratio, Life insurance 269%*

The operations and solvency requirements for insurance companies are based on the Insurance Companies Act and EU regulation.

The solvency capital requirement (SCR) is calculated for individual insurance companies and the insurance conglomerate. The companies are required to cover SCR using the Group's sufficient buffer specified internally.

Eligible capital covers solvency requirements.

The scope of an insurance conglomerate is the same as the scope of the financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates.

*Including transitional provisions

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates (FiCo)

Conglomerate's capital adequacy ratio 137%

OP Financial Group is a financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates. Such conglomerates are governed by specific provisions of the capital adequacy requirement.

Capital adequacy under the Act is calculated using the consolidation method, whereby items not included in the capital base, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet.

The capital base may not include items not available for covering the losses of other companies belonging to the conglomerate.

The financial and insurance conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement, buffers included, and the insurance companies' combined solvency capital requirements (SCR).

Together through time