OP Financial Group's Interim Report for 1 January–31 March 2022

OP Financial Group's Interim Report 1 January–31 March 2022:

Earnings before tax EUR 189 million – net interest income and net commissions and fees increased in an uncertain business environment

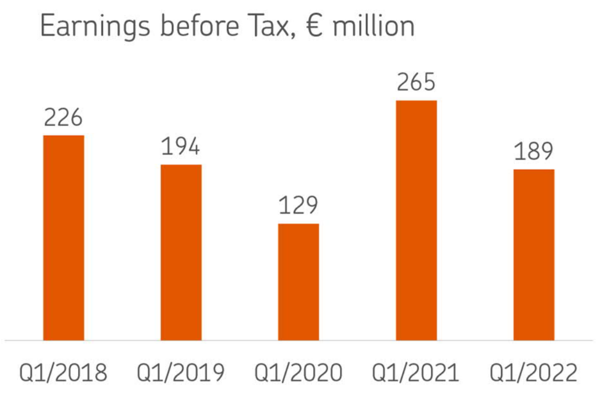
Earnings before tax Q1/2022	Net interest income Q1/2022	Net insurance income Q1/2022	Net commissions and fees Q1/2022	CET1 ratio 31 Mar 2022
€189 million	+5%	-16%	+1%	18.4%

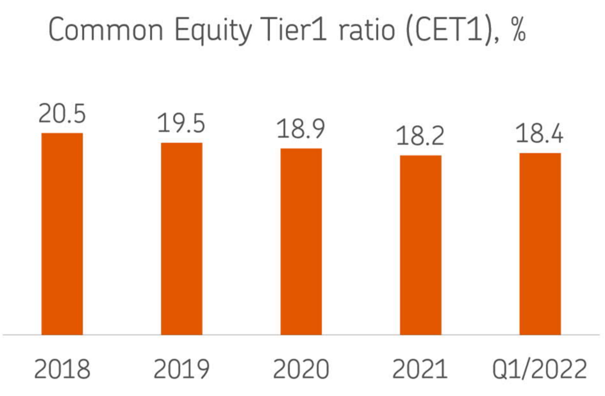
- Earnings before tax totalled EUR 189 million (265).
- Income from customer business decreased by 1% to EUR 736 million (743). Net interest income increased by 5% to EUR 333 million (316) and net commissions and fees by 1% to EUR 272 million (270). Net insurance income decreased by 16% to EUR 131 million (157).
- Investment income decreased by 25% to EUR 68 million (91).
- Total income decreased by 11% to EUR 793 million (896). Total income including the overlay approach, EUR 844 million (841), remained unchanged year on year.
- Total expenses increased by 3% to EUR 523 million (507).
- Impairment loss on receivables in the income statement increased by EUR 61 million to EUR 83 million (22). This increase mainly came from the indirect effects of the war in Ukraine. Ratio of impairment loss on receivables to loan and guarantee portfolio was 0.11% (0.09).
- OP Financial Group has no significant direct exposures to Russia. The impacts of the war in Ukraine on credit risk exposure mainly arise indirectly from certain sectors, especially as a result of the rise in energy and raw material prices.
- OP Financial Group's loan portfolio grew by 4% to EUR 97 billion (94) and deposits by 5% to EUR 75 billion (71) year on year.
- The CET1 ratio was 18.4% (18.2), which exceeds the minimum regulatory requirement by 8.7 percentage points. OP Financial Group has decided to apply a risk-weighted assets (RWA) floor, based on the standardised approach, in the calculation of its capital adequacy ratio. Application of the floor is expected to decrease OP Financial Group's CET1 ratio by no more than 3 percentage points in the second quarter of 2022.
- Retail Banking earnings before tax were EUR 54 million (66). Net interest income, EUR 236 million (235), was at the previous year's level, and net commissions and fees increased by 7% to EUR 211 million (198). Impairment loss on receivables increased by EUR 17 million to EUR 41 million (24). The loan portfolio grew by 2% and deposits by 5% in the year to March.
- Corporate Banking earnings before tax were EUR 3 million (115). Net interest income increased by 4% to EUR 104 million (100), net commissions and fees decreased by 20% to EUR 42 million (52) and net investment income decreased by EUR 51 million to EUR –2 million (49). Impairment loss on receivables increased by EUR 45 million to EUR 43 million.
- Insurance earnings before tax were EUR 100 million (117). Net insurance income decreased by 16% to EUR 138 million (164). Investment income decreased by EUR 21 million to EUR 35 million (56). Non-life Insurance recorded an operating combined ratio of 95.4% (86.0).
- Group Functions earnings before tax were EUR 11 million (–22).
- New OP bonuses accrued to owner-customers totalled EUR 54 million (51).
- OP Financial Group turns 120 in 2022 and wants to reward its owner-customers. The return target for Profit Shares for 2022 has been raised by 1.20 percentage points to 4.45%.
- The sale of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy was finalised on 1 February 2022. OP Financial Group recognised a capital gain of EUR 32 million on the sale.
- Earnings before tax for 2022 are expected to be lower than in 2021. For more detailed information on the outlook, see "Outlook towards the year end".

OP Financial Group's key indicators

	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Earnings before tax, € million	189	265	-28.6	1,127
Retail Banking	54	66	-18.1	304
Corporate Banking	3	115	-97.2	474
Insurance	100	117	-14.0	504
Group Functions	11	-22	-	-109
New OP bonuses accrued to owner-customers, € million	-54	-51	-	-210
Return on equity (ROE), %	4.6	6.5	-1.9*	6.6
Return on equity, excluding OP bonuses, %	5.8	7.6	-1.8*	7.8
Return on assets (ROA), %	0.38	0.52	-0.14*	0.54
Return on assets, excluding OP bonuses, %	0.47	0.61	-0.14*	0.64
	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
CET1 ratio, %	18.4	18.1	0.3*	18.2
Loan portfolio, € billion	97.4	93.8	3.8	96.9
Deposits, € billion	74.8	71.3	4.9	75.6
Ratio of non-performing exposures to exposures, %	2.5	2.4	0.1*	2.4
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.11	0.09	0.01*	0.16
Owner-customers (1,000)	2,053	2,032	1.0	2,049

Comparatives deriving from the income statement are based on figures for the corresponding periods a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2021 are used as comparatives.
*Change in ratio





Comments by President and Group Chief Executive Officer Timo Ritakallio

OP Financial Group's earnings before tax for the first quarter of 2022 came to EUR 189 million. Regarding our business segments, the earnings performance of Retail Banking and Insurance was good in January–March but that of Corporate Banking was clearly weaker than a year ago.

In the year to March, net interest income was up by 5% and net commissions and fees by 1%. Meanwhile, net insurance income decreased by 16% year on year, particularly due to higher expenditure on insurance claims. Russia's attack on Ukraine increased uncertainty in the capital market, causing a decline in share prices and a rise in interest rates. The challenging investment environment also had a negative effect on OP Financial Group's net investment income: including the overlay approach, investment income decreased year on year by EUR 23 million, to EUR 68 million.

OP Financial Group's expenses, EUR 523 million, were 3% higher than a year ago. The EUR 16 million increase in expenses was entirely due to a rise in the stability contribution paid to the Single Resolution Fund financed by the euro-area banks.

In the year to March, OP Financial Group's loan portfolio increased by 4% and its deposit portfolio by 5%. The growth rate in deposits has slowed markedly since the early stages of the pandemic.

The war in Ukraine had both a direct and indirect impact on the quality of the loan portfolio, increasing impairment loss on receivables by EUR 61 million to EUR 83 million year on year. Nevertheless, impairment loss on receivables remained very low, representing 0.11% of the loan and guarantee portfolio.

OP Financial Group's CET1 ratio remained strong at 18.4 per cent. In the calculation of its capital adequacy ratio, OP Financial Group has decided to implement a risk-weighted assets (RWA) floor – based on the standardised approach – in the second quarter of 2022. Application of the floor is expected to decrease OP Financial Group's CET1 ratio by no more than 3 percentage points.

Our customers remained active in the capital market in the first quarter despite fluctuations in share prices. Share trading volumes increased by almost 19% year on year. A record number of 26,000 new book-entry accounts and equity savings accounts were opened in the first quarter. Mutual funds also continued to be a popular investment: in January–March, the number of unitholders grew by more than 24,000 people. Almost 40,000 new systematic investment plans were made.

A weaker economic outlook and increasing uncertainty had only a temporary effect on the number of new home loan applications and brokered homes. Accelerating inflation and the rise in market interest rates have increased customers' willingness to protect against interest rate risk involved in their home loans. At the end of the reporting period, 31% of our home loan portfolio was covered by interest rate protection – in March, more than 38% of new home loans had such protection.

The liquidity of Finnish companies has remained strong, even though their daily operations are affected by the war in Ukraine and the resulting economic sanctions. A survey we conducted indicates that a quarter of Finnish companies involved in international trade have already found markets replacing those of Russia and Belarus. OP helps to remove obstacles to international trade by streamlining companies' international payments and cash management. In early 2022, OP was the first bank in Finland to launch a service that enables businesses to track their international payments in real time. In the future, corporate customers will be able to make payments from accounts with non-Finnish as well as Finnish banks in Europe, through the same digital service.

The continuing Covid-19 pandemic and Russia's attack on Ukraine, and its consequences, make it exceptionally difficult to forecast economic developments. However, based on the latest estimates, the economic climate is expected to remain reasonable despite a clear slowdown in economic growth. In Finland, healthy household finances and strong corporate balance sheets should enable the Finnish economy to navigate reasonably well through the expected weakening of the economic cycle.

OP Financial Group celebrates its 120th anniversary this year. We have already been making this journey with our customers, through good and bad times, for 120 years. In accordance with our mission, we promote sustainable prosperity, security and wellbeing for our more than 2 million owner-customers and operating region. We will continue to pursue this mission today and beyond, in line with our values – responsibly, by putting people first, and by succeeding together. Our warm thanks to our customers for trusting in us, and to our personnel for their amazing performance during these times of general uncertainty.

OP Financial Group's Interim Report 1 January–31 March 2022

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Business environment

The economy was on a good note before Russia attacked on Ukraine. However, at that time the economic situation was already overshadowed by a rise in raw material prices, higher inflation and bottlenecks in production and the labour market. In March, raw material prices continued to go up and inflation sped up.

In the financial market, the year started favourably but concerns about higher inflation and tighter monetary policy increased apace. After the Russian attack, stock prices fell sharply but soon returned to the mid-February level.

Market interest rates rose clearly between January and March. The US Federal Reserve raised its federal funds rate. The European Central Bank announced in March that it would reduce its asset purchases and stop net asset purchases during the third quarter.

The Finnish economy was on a brisk growth path in January and February but the Russian attack on Ukraine undermined economic growth in March. Foreign trade with Russia tapered off and consumer confidence weakened. However, business confidence remained good. The uncertainty was short-lived in the housing market. Based on payment card data, spending increased over the previous year.

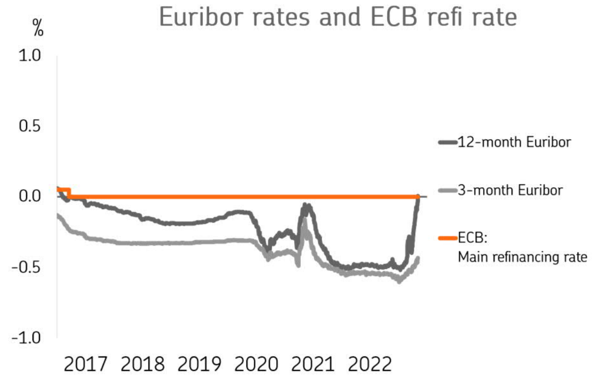
Both the Russian attack on Ukraine and the Covid-19 pandemic with its consequences too have wide-ranging effects on the economy. Because of high inflation, interest rates are expected to rise but economic growth should slow down at the same time.

Growth in total loans remained relatively stable during early 2022. The annual February growth rate of 3.9% was slightly lower than the growth rate of 4.3% in 2021. In the year to March, household loans increased by 3.7%, housing company loans by 6.8% and corporate loans by –0.3%. Home loans as a driver of annualised growth in household loans increased by 3.8%.

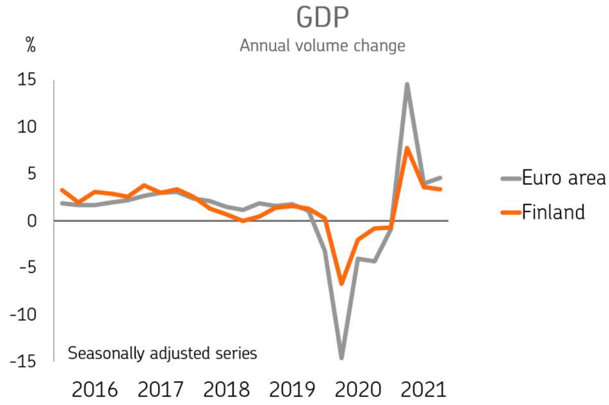
The annual growth rate of total deposits slowed down to 3.9% from 5.3% in 2021. In February, corporate deposits increased by 7.0% (10.9) and household deposits by 4.8% (5.1).

The value of mutual funds registered in Finland decreased from the 2021 record peak of EUR 158.8 billion to EUR 150 billion at the end of March. During the first quarter, fund unit redemptions totalled EUR 1.1 billion.

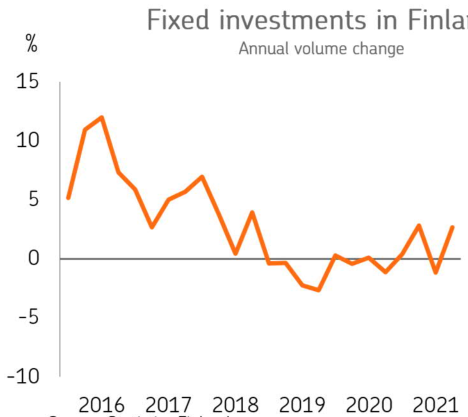
In the insurance sector, demand for insurance coverage remained brisk during the first quarter. Negative developments in the economy and the capital market were partly reflected in insurance business profitability.



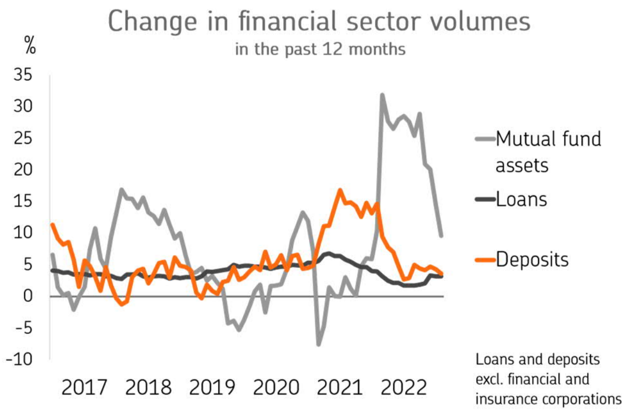
Source: Bank of Finland



Sources: Eurostat, Statistics Finland



Source: Statistics Finland



Sources: Bank of Finland. Investment Research Finland

Earnings analysis and balance sheet

Earnings analysis, € million	Q1/2022	Q1/2021	Change, %	Q4/2021	Change, %	Q1–4/ 2021
Earnings before tax	189	265	-28.6	270	-29.8	1,127
Retail Banking	54	66	-18.1	80	-32.7	304
Corporate Banking	3	115	-97.2	119	-97.3	474
Insurance	100	117	-14.0	123	-18.8	504
Group Functions	11	-22	-	-39	-	-109
Income						
Net interest income	333	316	5.4	438	-23.9	1,409
Net insurance income	131	157	-16.4	201	-35.0	743
Net commissions and fees	272	270	0.8	273	-0.4	1,034
Net investment income	18	146	-88.0	123	-85.7	376
Other operating income	39	7	475.2	8	418.3	54
Total income	793	896	-11.5	1,043	-24.0	3,616
Expenses						
Personnel costs	226	222	1.9	258	-12.4	914
Depreciation/amortisation and impairment loss	57	64	-9.8	91	-36.6	283
Other operating expenses	239	221	7.9	237	0.7	810
Total expenses	523	507	3.1	586	-10.9	2,007
Impairment loss on receivables	-83	-22	-	-63	-	-158
Overlay approach	51	-55	-	-70	-	-118
New OP bonuses accrued to owner-customers	-54	-51	-	-54	-	-210

Key indicators, € million	31 Mar 2022	31 Dec 2021	Change, %
Loan portfolio	97,410	96,947	0.5
Home loans	41,875	41,522	0.9
Corporate loans	23,281	23,128	0.7
Housing company and other loans	32,255	32,297	-0.1
Guarantee portfolio	4,107	4,047	1.5
Other exposures	15,601	15,314	1.9
Deposits	74,801	75,612	-1.1
Assets under management (gross)	105,510	111,836	-5.7
Mutual funds	30,319	32,515	-4.9
Institutional clients	37,031	38,336	-3.4
Private Banking	25,139	27,831	-9.7
Unit-linked insurance assets	12,427	13,154	-5.5
Balance sheet total	169,418	174,110	-2.7
Investment assets	21,824	22,945	-4.9
Insurance liabilities	8,734	8,773	-0.4
Debt securities issued to the public	32,420	34,895	-7.1
Equity capital	13,924	14,184	-1.8

January–March

OP Financial Group's earnings before tax amounted to EUR 189 million (265), down by EUR 76 million from the previous year. As regards income from customer business, net interest income and net commissions and fees increased. Earnings were reduced by lower net insurance income and investment income and higher impairment loss on receivables.

Net interest income increased by 5.4% to EUR 333 million. Net interest income reported by the Retail Banking segment increased by EUR 1 million, that by the Corporate Banking segment by EUR 4 million and that by the Group Functions segment by EUR 11 million. OP Financial Group's loan portfolio grew by 3.8% to EUR 97.4 billion and deposits by 4.9% to EUR 74.8 billion, year on year. New loans drawn down by customers during the reporting period totalled EUR 6.0 billion (5.1).

Net insurance income decreased by 16.4% to EUR 131 million. The Insurance segment's non-life insurance premium revenue increased by 5.2% to EUR 391 million. Claims incurred increased by 21.1% to EUR 264 million. Large claims increased claims incurred by EUR 22 million year on year. Operating combined ratio reported by non-life insurance was 95.4% (86.0).

Net commissions and fees totalled EUR 272 million (270). Mutual fund net commissions and fees increased by EUR 3 million and those for asset management by EUR 2 million.

The investment environment was challenging due to higher interest rates and the war in Ukraine. Net investment income decreased by EUR 128 million to EUR 18 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. The overlay approach increased investment income by EUR 51 million (–55). Total investment income decreased by EUR 23 million year on year, to EUR 68 million.

Net income from financial assets at fair value through other comprehensive income totalled EUR 14 million (31), of which capital gains accounted for EUR 6 million (9). Capital gains on all financial instruments recognised through fair value reserve totalled EUR 12 million (62).

Net income from financial assets recognised at fair value through profit or loss totalled EUR –252 million (–20). Net income from financial assets held for trading decreased by a total of EUR 42 million due to changes in the fair value of derivatives. Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes reduced earnings by EUR 3 million. A year ago, value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 16 million. Income from equity instruments recognised at fair value in the income statement decreased by a total of EUR 156 million and that from notes and bonds by a total of EUR 37 million, year on year. Life insurance items, which include, for example, changes in technical items, increased net investment income by EUR 88 million to EUR 222 million.

Net income from investment property increased by EUR 25 million due to positive changes in fair value following the sale of hospital buildings.

The combined return on investments at fair value of OP Financial Group's insurance companies was –4.7% (–0.6). The negative figure was affected by a rise in interest rates and the war in Ukraine.

Other operating income increased to EUR 39 million (7). The sale of Pohjola Hospital increased other operating income by EUR 32 million.

Total expenses increased by 3.1% year on year, to EUR 523 million. Personnel costs increased by 1.9% to EUR 226 million. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 9.8% to EUR 57 million.

Other operating expenses grew by EUR 18 million to EUR 239 million, representing a growth of 7.9%. ICT costs totalled EUR 90 million (91). Development costs were EUR 50 million (46). Charges of financial authorities increased by 40.1%, or EUR 18 million, to EUR 64 million as a result of a higher stability contribution paid to the Single Resolution Fund financed by the euro-area banks.

Impairment loss on loans and receivables and on investments recognised under various income statement items that reduced earnings amounted to EUR 94 million (20), of which EUR 83 million (22) concerned loans and receivables. The increase mainly came from the indirect effects of the war in Ukraine. Sectors particularly affected included agriculture, construction, transport and energy. Final credit losses recognised totalled EUR 9 million (35). Loss allowance was EUR 828 million (751) at the end of the reporting period. Non-performing exposures accounted for 2.5% (2.4) of the exposures. Impairment loss on loans and receivables accounted for 0.11% (0.09) of the loan and guarantee portfolio.

OP Financial Group's income tax amounted to EUR 29 million (55). The effective tax rate for the reporting period was 15.2% (20.9). The tax-exempt capital gain on the sale of Pohjola Hospital reduced the effective tax rate.

OP Financial Group's equity amounted to EUR 13.9 billion (14.2). Equity included EUR 3.2 billion (3.2) in Profit Shares, terminated Profit Shares accounting for EUR 0.2 billion (0.3). The return target for Profit Shares for 2022 is 4.45%. Interest payable on Profit Shares accrued during the reporting period is estimated to total EUR 35 million (24). The amount of interest to be paid for 2021 in June 2022 totals EUR 96 million.

Comprehensive income after tax totalled EUR –163 million (187). Changes in the fair value reserve decreased comprehensive income by EUR 351 million (–37).

January–March highlights

Changes in the Executive Management Team of OP Financial Group's central cooperative

Chief Risk Officer Markku Pehkonen joined OP Cooperative's Executive Management Team on 1 January 2022. Pehkonen has served as OP Financial Group's Chief Risk Officer since 2018.

Vesa Aho, who was appointed Executive Vice President of OP Financial Group's Insurance Customers segment and Executive Vice President, Chief Executive Officer of Pohjola Insurance, took up his new duties on 1 March 2022. Aho previously served as the CFO of OP Financial Group. In his new position, Aho will also continue as member of the Executive Management Team of OP Cooperative. Olli Lehtilä, the previous EVP, CEO of Pohjola Insurance, will become the Managing Director of the new Uudenmaan Osuuspankki.

Mikko Timonen, who was appointed CFO and a member of OP Cooperative's Executive Management Team, took up his new duties on 1 March 2022. Timonen previously worked as Head of Business Control in OP Financial Group's Corporate Banking segment.

Pohjola Insurance sold its hospital business

Pohjola Insurance Ltd, part of OP Financial Group, sold all shares of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy, part of Pihlajalinna Group. On 14 January 2022, the Finnish Competition and Consumer Authority approved the corporate transaction, which was finalised on 1 February 2022. The net debt free transaction price was EUR 31.8 million. In addition, OP Financial Group sold five hospital buildings in March.

OP Financial Group will apply an RWA floor, based on the standardised approach, in the calculation of its capital adequacy ratio

OP Financial Group has decided to apply a risk-weighted assets (RWA) floor – based on the standardised approach – in the calculation of its capital adequacy ratio as of the second quarter of 2022. This is due to enhanced regulatory requirements and discussions with the European Central Bank (ECB) on the application of the Internal Ratings Based Approach (IRBA).

OP Financial Group's capital adequacy will remain strong, despite the application of the floor. Application of the floor is estimated to decrease OP Financial Group's CET1 ratio by no more than 3 percentage points and its FiCo ratio by no more than 30 percentage points. After the floor has been applied, it is estimated that the Group's CET1 ratio will exceed the minimum regulatory requirement by over 5 percentage points and that the financial conglomerate's FiCo ratio will exceed the minimum requirement by over 20 percentage points.

Application of the floor is a temporary capital measure which will not affect OP Financial Group's good risk position. The impact of the floor will be eliminated in stages over the coming years, as the ECB approves the Group's development measures regarding the Internal Ratings Based Approach.

OP Financial Group's strategic targets and priorities

OP Financial Group has a strategy process in which it assesses, reshapes and implements its strategy on an ongoing basis. The Group systematically assesses its business environment and operating model to be able to make and implement new strategic choices when needed.

OP Financial Group's mission, core values, vision and strategic priorities form a whole whose parts complement each other. OP Financial Group's vision is to be the leading and most appealing financial services group in Finland. Continuous monitoring of the business environment and the strategic priorities will help achieve the shared vision and guide all actions.

The Supervisory Council of OP Financial Group's central cooperative confirmed the Group's strategy at its meeting on 25 August 2021. The updated strategy defines OP Financial Group's key strategic priorities for the next few years. The strategic priorities are as follows:

- Value for customers
- Profitable growth
- Efficient, high-quality operations
- Responsible business
- Highly skilled, motivated and satisfied personnel.

OP Financial Group's operations are based on a strong culture of risk management and compliance.

On 30 October 2019, the Supervisory Board (as of 1 January 2020, the Supervisory Council) of OP Financial Group's central cooperative confirmed OP Financial Group's strategic long-term targets. The targets entered into force as of 1 January 2020.

On 25 August 2021, the Supervisory Council specified the long-term target for brand recommendations by dividing the NPS target between banking and insurance business.

OP Financial Group's strategic targets	31 Mar 2022	31 Dec 2021	Target 2025
Return on equity (ROE excluding OP bonuses), %	5.8	7.8	8.0
CET1 ratio, %	18.4	18.2	At least CET1 requirement + 4 pps*
Brand recommendations, NPS (Net Promoter Score, personal and corporate customers)**	Banking: 27 Insurance: 17	Banking: 29 Insurance: 16	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	AA-/Aa3	At least at the level of AA-/Aa3

*OP Financial Group's target CET1 ratio is at least the CET1 capital adequacy requirement plus four percentage points. The CET1 target calculated by applying the March-end capital adequacy requirement was 13.7%.
**Average of quarters (per financial year)

Promotion of the success of owner-customers and operating region

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. The Group's operations are based on its confirmed core values, mission, a strong capital base, capable risk management and customer respect. The Group's core values are people first, responsibility, and succeeding together.

Allocation of earnings

OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which the OP cooperative bank's owner-customers need. The shared success will be used for the benefit of owner-customers in the form of loyalty benefits and other financial benefits as well as the maintenance and further development of service capabilities.

OP Financial Group's estimated earnings allocation for 2022 that is to be confirmed after the end of the financial year:

*) Customers = OP bonuses, discounts and interest on Profit Shares to owner-customers

Implementing OP Financial Group's mission successfully requires a strong capital base which the requirements set by the authorities also necessitate. A stronger capital base will require efficiency and earnings power of the Group in the years to come too. In addition to the part returned to owner-customers, a significant part of earnings is used to strengthen OP Financial Group's capital base.

Benefits created by OP Financial Group are allocated to owner-customers on the basis of the extent to which each owner-customer of an OP cooperative bank uses the Group's services. The owner-customers' loyalty benefit programme consists of OP bonuses – accrued on the basis of an owner-customer's transactions with OP – as well as benefits and discounts related to OP's banking services, insurance contracts and savings and investment services. Owner-customers also have the opportunity to contribute capital to their own OP cooperative bank through Profit Shares. Interest will be paid annually on Profit Shares as the banks' profit distribution.

OP Financial Group will celebrate its 120th anniversary by increasing the return target for its owner-customers' Profit Shares by 1.20 percentage points. This means that the return target for 2022 stands at 4.45%. Interest payment and its amount depend on the financial performance of the OP cooperative bank in question.

OP Financial Group is one of the largest taxpayers in Finland measured by tax on profits. As a major taxpayer, OP is contributing to prosperity in the whole of Finland.

Customer relationships and customer benefits

OP Financial Group had a total of 2.1 million (2.0) owner-customers at the end of the reporting period. The number of owner-customers increased by 21,000.

The number of banking customers totalled 3.6 million (3.6). Retail Banking had a total of 3.3 million customers (3.3) and Corporate Banking 0.3 million customers (0.3). Non-life insurance had a total of 1.7 million customers (1.6) and life insurance 0.4 million customers (0.4).

The number of joint banking and insurance customers totalled 1.3 million (1.3).

Contributions made by OP cooperative banks' owner-customers to the OP cooperative banks' Profit Shares and cooperative shares totalled EUR 3.4 billion (3.4).

OP cooperative banks' owner-customers earn OP bonuses through banking, insurance and wealth management transactions. The value of new OP bonuses accrued in January–March totalled EUR 54 million (51). During the reporting period, a total of EUR 33 million (33) of OP bonuses were used to pay for banking and wealth management services and EUR 27 million (27) to pay non-life insurance premiums.

Owner-customers benefitted EUR 13 million (14) from the reduced price of the daily services package of Retail Banking. Owner-customers were provided with EUR 13 million (14) in non-life insurance loyalty discounts. They also bought, sold and switched units in most mutual funds without separate charges. The value of this benefit amounted to EUR 3 million (2).

The abovementioned OP bonuses and customer benefits totalled EUR 83 million (81), accounting for 30.5% (23.4) of OP Financial Group's earnings before tax and granted benefits.

Interest on Profit Shares for the financial year 2021, payable in June 2022, totals EUR 96 million (95). The return target for Profit Shares for 2022 is an interest rate of 4.45% (3.25). Interest payable on Profit Shares accrued during the reporting period is estimated to total EUR 35 million (24).

Corporate responsibility

Corporate responsibility is an integral part of OP Financial Group's business and strategy. Responsible business is one of OP Financial Group's strategic priorities. OP Financial Group's aim is to be a forerunner of corporate responsibility within its sector in Finland. OP Financial Group's Corporate Responsibility Programme is built around four themes: we improve financial literacy in Finland, we foster a sustainable economy, we support local vitality and community spirit, and we use our information capital responsibly.

OP Financial Group is committed to complying with the ten principles of the UN Global Compact initiative in the areas of human rights, labour rights, the environment and anti-corruption. OP has agreed to follow the UN Principles for Responsible Investment. OP Financial Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

Corporate responsibility highlights in January–March

In January, Pohjola Insurance signed the UN Principles of Sustainable Insurance. The Principles supplement the UN Global Compact principles, the UN Sustainable Development Goals and the policies of the Paris Agreement.

In January, OP Corporate Bank plc issued a 500 million-euro senior non-preferred green bond with a maturity of 5.5 years. The bond was targeted at international responsible institutional investors. Proceeds raised with the green bond are allocated to sustainable corporate finance. Eligible sectors to be funded include renewable energy, green buildings and environmentally sustainable management of living natural resources and land use.

In March, OP Financial Group organised its Financial Literacy Week at the same time as the Global Money Week. During the week, OP cooperative banks throughout Finland arranged learning sessions for ninth-graders in lower secondary schools. Various channels of OP Financial Group highlighted financial literacy themes that raise questions among children and young people.

OP Financial Group's corporate volunteering programme Hiiop continues in 2022. This means that each OP employee may use one working day for volunteering. Employees are encouraged to spend their volunteering day by helping Ukraine and the Ukrainians.

To promote diversity, OP Financial Group's objective is that the proportion of both genders in defined executive positions is at least 40%. The proportion of women in these positions was 31% (30) at the end of March.

Multichannel services

OP Financial Group has a multichannel service network comprising online, mobile, branch and telephone services. In March, the Group's mobile channels (OP-mobile, OP Business mobile) had more than 1.3 million active users (1.3). The Group provides personal customer service both at branches and digitally.

Mobile and online services, no. of logins (million)	Q1/ 2022	Q1/ 2021	Change, %
OP-mobile	125.2	112.0	11.8
OP Business mobile	6.2	4.5	37.0
Pivo	10.4	9.8	6.2
Op.fi	12.3	14.5	-15.4
	31 Mar 2022	31 Dec 2021	Change, %
Siirto payment, registered customers (OP)	1,076,208	1,054,931	2.0

In March, OP introduced the Google Pay service to its customers in Finland. The service enables customers to pay for their purchases using Android phones or smartwatches in contactless payment readers and on apps and online stores.

OP Financial Group has an extensive branch network with 314 branches (324) across the country. In addition, Pohjola Insurance has a comprehensive agency and partnership network.

OP Financial Group has extensive presence in the most common social media channels where it has around 640,000 followers (630,000). In addition to OP Financial Group's national social media accounts, many OP cooperative banks have their own social media accounts where they share publications targeted at local customers.

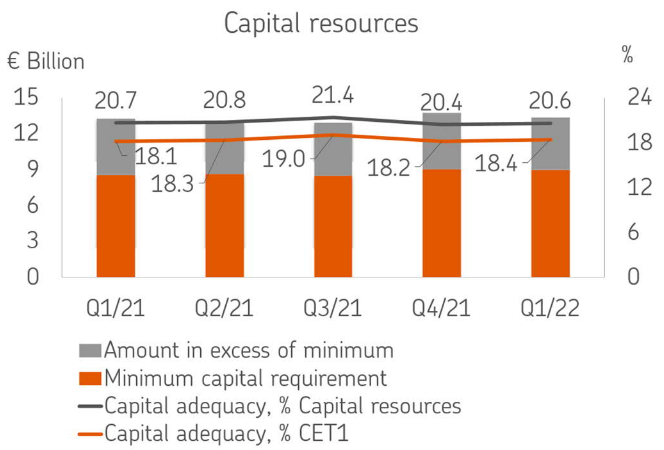
Capital adequacy and capital base

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

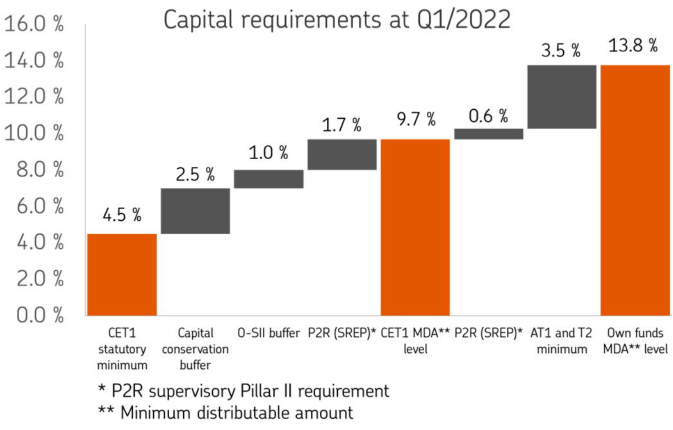
OP Financial Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (FiCo), exceeded the minimum amount specified in the Act by EUR 4.6 billion (4.5). Banking capital requirement remained unchanged at 13.8%, calculated on risk-weighted assets. The ratio of the Group capital base to the minimum capital requirement was 148% (146). The ratio is expected to decrease by no more than 30 percentage points during the second quarter as a result of the application of the floor based on the Standardised Approach. As a result of the buffer requirements for banking and the solvency requirements for insurance companies, the minimum FiCo solvency of 100% reflects the level within which the conglomerate can operate without regulatory obligations resulting from buffers below the required level.

Capital adequacy for credit institutions

OP Financial Group's CET1 ratio was 18.4% (18.2), which exceeds the minimum regulatory requirement by 8.7 percentage points. The ratio was improved by earnings performance and the issues of Profit Shares. The CET1 ratio is expected to decrease by no more than 3 percentage points during the second quarter as a result of the application of the floor based on the Standardised Approach.

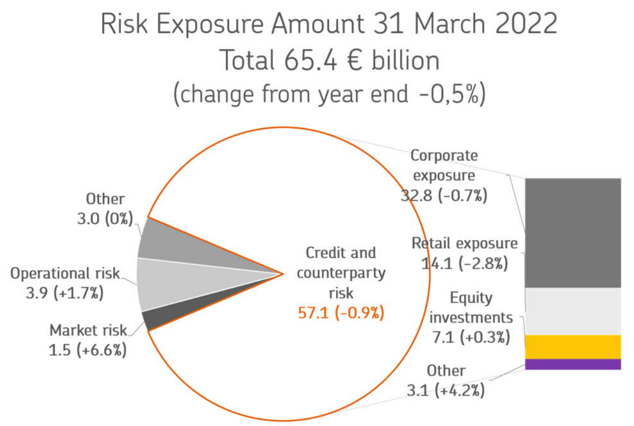


As a credit institution, OP Financial Group's capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1% and the ECB's P2R requirement increase, in practice, the minimum total capital ratio to 13.8% and the minimum CET1 ratio to 9.7%.



The CET1 capital of OP Financial Group as credit institution was EUR 12.1 billion (12.0). The CET1 capital was improved by Banking earnings and Profit Share issues. The amount of Profit Shares in CET1 capital was EUR 3.2 billion (3.1).

The risk exposure amount (REA) totalled EUR 65.4 billion (65.7), or 0.5% smaller than at the turn of the year.



OP Financial Group treats insurance holdings within the financial conglomerate as risk-weighted assets, based on permission from the ECB. Equity investments include EUR 6.8 billion (6.8) in risk-weighted assets of the Group's internal insurance holdings.

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In March 2022, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks.

The minimum leverage ratio for OP Financial Group's Banking was 7.6% (7.4). The ratio increased as a result of a decrease in central bank deposits. The regulatory minimum requirement is 3%.

OP Financial Group is in discussions with the ECB on reassessing the scope of application of internal models (IRBA, Internal Ratings-Based Approach). The estimated effect of the reassessment has been added to risk-weighted assets. In addition, OP Financial Group will adopt an RWA floor – based on the standardised approach – in the second quarter of 2022.

The changes in the EU Capital Requirements Regulation (CRR3), which implement the final elements of Basel III, are assessed to not have a substantial effect on the capital adequacy of OP Financial Group.

The OP Amalgamation capital adequacy tables of 31 March 2022 will be published in week 19.

Insurance

The solvency position of insurance companies is strong. The sale of Pohjola Hospital's business and buildings and the increase in interest rates improved the solvency of the insurance business. The fall in share values decreased both the capital base and the solvency capital requirement.

	Non-life insurance		Life insurance	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Capital base, € mill.*	1,513	1,464	1,611	1,656
Solvency capital requirement (SCR), € mill.*	794	840	765	833
Solvency ratio, %*	191	174	211	199
Solvency ratio, % (excl. transitional provision)	191	174	184	173

*including transitional provisions

ECB's supervision

OP Financial Group is supervised by the European Central Bank (ECB).

On 25 April 2019, OP Financial Group received the ECB's decision on increases in the risk weights of mortgage-backed retail exposures as part of the targeted review of internal models (TRIM). These risk weight increases will be valid until further notice, until the qualitative requirements set out in the decision have been met.

On 19 February 2020, OP Financial Group received the ECB's decision concerning the change in the definition of default, in which the ECB set risk weighting factors for corporate and retail exposures. These risk-weighting factors will be valid until the qualitative requirements set out in the decision have been met.

On 11 December 2020, OP Financial Group received the ECB's decision concerning increases in the risk weights of retail exposures. The decision overruled the ECB's earlier decision issued on 2 February 2017.
On 18 March 2021, OP Financial Group received the ECB's decision concerning an increase in the risk parameter of corporate exposures. This risk parameter factor will be valid until the qualitative requirements set out in the decision have been met.

The ECB has set a capital requirement for OP Financial Group based on the supervisory review and evaluation process (SREP). The capital buffer requirement (P2R) set by the ECB is 2.25% (2.25) as of 1 January 2022.

Liabilities under the Resolution Act

Under regulation applied to crisis resolution of credit institutions and investment firms, the resolution authority is authorised to intervene in the terms and conditions of investment products issued by a bank in a way that affects an investor's position. The EU's Single Resolution Board (SRB) based in Brussels is OP Financial Group's resolution authority. The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would focus on the OP amalgamation and on the new OP Corporate Bank that would be formed in the case of resolution.

On 21 February 2022, the resolution authority updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group. The updated MREL is 26.1% of the risk-weighted assets (RWA) and 9.9% of the leverage ratio exposures (LRE).

As part of the MREL, the resolution authority has set a subordination requirement for OP Financial Group in accordance with the Single Resolution Mechanisms Regulation. The subordination requirement determines how much of the MREL must be met with own funds or with subordinated liabilities. From 2022, the subordination requirement supplementing the MREL is 22% of the total risk exposure amount and 9.9% of the leverage ratio exposures. From the beginning of 2024, the subordination requirement will be 24% of the total risk exposure amount and 9.9% of the leverage ratio exposures. The requirements include a combined buffer requirement (CBR) of 3.5%.

OP Financial Group's buffer for the MREL was EUR 7.0 billion and for the subordination requirement EUR 2.3 billion. The MREL was based on the RWA and the subordination requirement on the LRE. The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 4.5 billion. These bonds provide funds for the MREL subordination requirement.

Risk exposure

OP Financial Group's risk-taking starts from the fact that the Group assumes risks that are mainly associated with executing the Group's mission. In its risk-taking, the Group emphasises moderation, responsibility and careful action. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by Group Executive Management.

OP Financial Group's success is based on the trust of customers and other stakeholders, on the adequacy of capital and liquidity, and on extensive data and knowledge of customers. Risk-taking is based on understanding matters affecting customers' future operations and success in the current business environment and in situations where the business environment is affected by an unexpected shock or change in trend.

OP Financial Group analyses the business environment as part of the continuous strategy process. Megatrends and future visions behind the strategy reflect driving forces that affect the daily activities, conditions and future of OP Financial Group and its customers. Such factors shaping the business environment include sustainable development and responsibility (ESG), demographic change in the population, geopolitical factors and fast technological progress.

For example, climate and environmental changes and other factors in the business environment are considered thoroughly so that their effects on the customers' future success are understood. Through advice and business decisions, OP Financial Group encourages its customers in bolstering their sustainable and successful business in the future. At the same time, OP Financial Group ensures that its operations are profitable and in compliance with its core values in the long term.

Considering that OP Financial Group's business covers various areas of the financial sector on an extensive basis, unexpected external shocks may cause direct and indirect effects on the prosperity of OP Financial Group's customers and on the Group's premises, IT infrastructure and personnel that may come in many forms. If materialised, they may affect risk exposure, capitalisation, liquidity and the continuity of daily business in various ways. The Group makes the effects of such potential shocks visible by means of scenario work.

Operational risks were well managed at Group level. Their materialisation resulted in gross losses of EUR 1 million (1). As regards exposure to other risks, these are discussed in more detail by business segment.

Assessment of the effects of the war in Ukraine on OP Financial Group's risks

Russia's attack on Ukraine has an indirect effect on OP Financial Group's income and risks, mainly as a result of customers' changed situation and the general market situation. Such effects may emerge, for example, due to the following reasons:

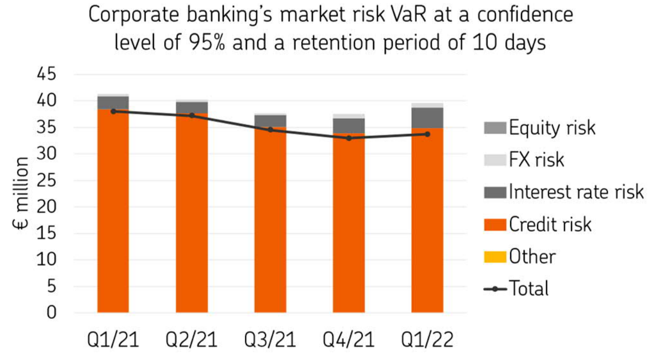
- growth in impairment loss on receivables resulting from changes in loan portfolio quality
- effect of a reduction in the value of investments on investment income and asset management income
- effects of extensive sanctions and counter sanctions on OP Financial Group or its customers' activities
- availability and price of wholesale funding
- cyber attacks on OP Financial Group or its customers.

Retail Banking and Corporate Banking

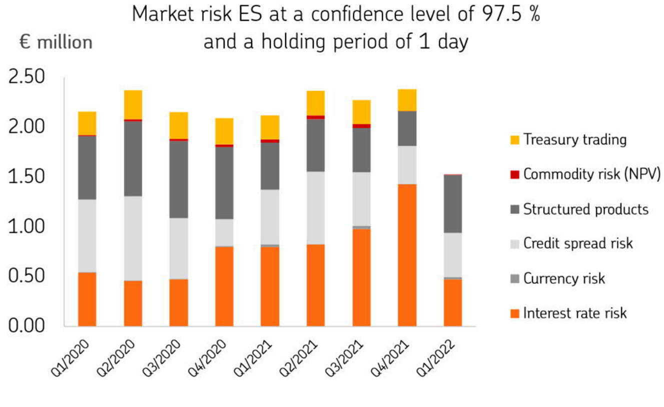
Major risks in banking are associated with credit risk arising from customer business, and market risk.

Despite the war in Ukraine, Banking credit risk exposure remained stable, its risk level remained moderate and the overall quality of the loan portfolio remained good, but there is a risk of negative developments. Since OP Financial Group has no significant direct exposures to Russia, the impacts of the war in Ukraine on credit risk exposure mainly arise indirectly from certain sectors (construction, agriculture, transport and energy), especially due to higher energy and raw material prices and individual customer relationships.

During the reporting period, the market risk level of Corporate Banking's long-term investments increased. No major changes were made to the asset class allocation during the reporting period. The VaR, a measure of market risks, was EUR 34 million (33) on 31 March 2022. The VaR risk metric includes the liquidity buffer and banking's long-term bond investments as well as derivatives that hedge their interest rate risks.



The interest rate risk of Markets was reduced in the first quarter. This is reflected in a decrease in the Expected Shortfall (ES), a market risk measure, compared with the preceding quarter. The uncertain situation in the fixed income market is behind this.



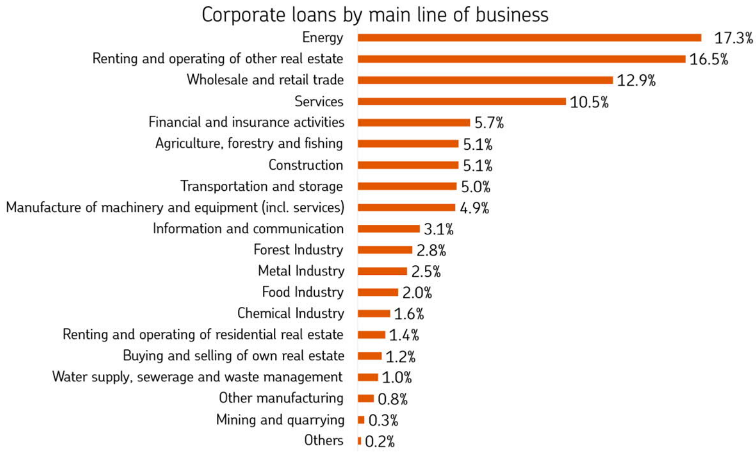
The ES limit previously applied in OP MB's interest rate hedging was abandoned at the beginning of 2022.

Non-performing and forborne exposures

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Over 90 days past due, € billion			0.64	0.64	0.64	0.64	0.24	0.24	0.40	0.40
Unlikely to be paid, € billion			0.83	0.78	0.83	0.78	0.16	0.13	0.67	0.65
Forborne exposures, € billion	3.20	3.41	1.44	1.34	4.64	4.75	0.22	0.20	4.42	4.55
Total, € billion	3.20	3.41	2.91	2.76	6.11	6.17	0.61	0.58	5.50	5.59

	OP Financial Group		Retail Banking		Corporate Banking	
Key ratios	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Ratio of doubtful receivables to exposures, %	5.20	5.31	6.38	6.57	2.42	2.29
Ratio of non-performing exposures to exposures, %	2.48	2.37	2.67	2.61	2.02	1.77
Ratio of performing forborne exposures to exposures, %	2.72	2.93	3.71	3.95	0.40	0.52
Ratio of performing forborne exposures to doubtful receivables, %	52.4	55.3	58.2	60.2	16.6	22.9
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	13.3	11.9	8.3	7.5	44.0	41.5

No single customer's exposure exceeded 10% of OP Financial Group's capital base after allowances and other recognition of credit risk mitigation.



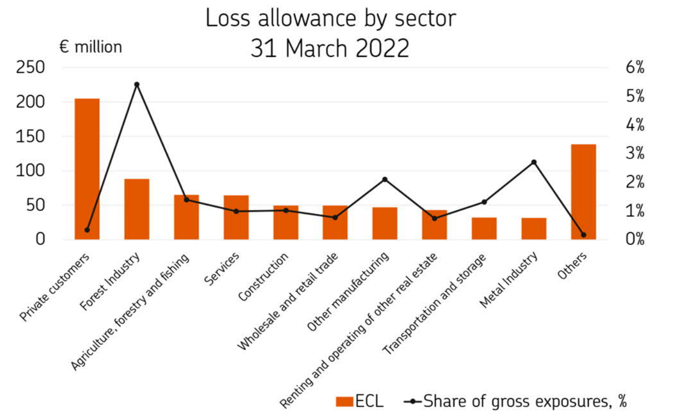
The graph shows the distribution of OP Financial Group's corporate loans by sector as percentages at the end of the reporting period.

Retail Banking's interest rate risk in the banking book measured as the effect of a one-percentage point interest rate increase on net interest income was EUR 351 million (307) and as the effect of a one-percentage point decrease EUR –319 million (–31) on the average per year. Interest income risk is calculated for a one-year period by dividing the sum of the interest income risk for the next three years by three.

Corporate Banking's interest rate risk in the banking book measured as the effect of a one-percentage point interest rate increase on net interest income was EUR 53 million (–10) and as the effect of a one-percentage point decrease EUR 1 million (89) on the average per year.

Deposits within the scope of deposit guarantee and managed by OP Financial Group totalled EUR 43.6 billion (43.0) at the end of March. The Deposit Guarantee Fund compensates a maximum of EUR 100,000 for each OP Financial Group customer.

Loss allowance by sector



The graph shows the loss allowance of different sectors at the end of the reporting period and the ratio of loss allowance to gross exposures of the sector at the end of the reporting period.

Insurance

Non-life insurance

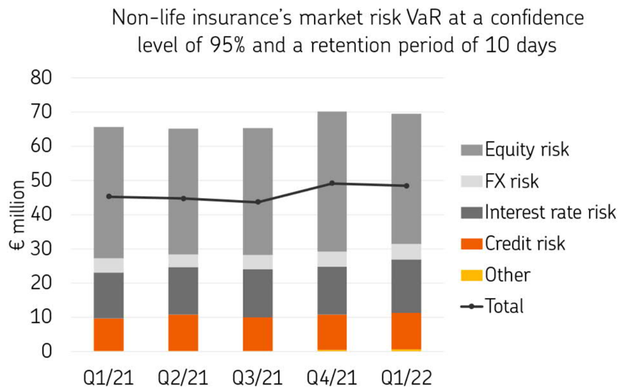
Major risks within non-life insurance include underwriting risks associated with claims developments, market risks associated with investments covering insurance liabilities, a faster-than-expected increase in life expectancy of the beneficiaries related to insurance liability for annuities, interest rates used in insurance liability valuation and the difference between the discount rate applied to insurance liabilities and market interest rates.

A one-year increase in life expectancy would increase insurance liability for annuities by EUR 45 million (45). A 0.1 percentage point decrease in interest rates used in insurance liability valuation would increase insurance liabilities by EUR 29 million (29). The figure a year ago has been adjusted to correspond to the current accounting.

No significant changes took place in non-life insurance's underwriting risks during the reporting period. Non-life insurance's significant market risks include the equity risk and the increasing insurance liability value and capital requirement resulting from lower market interest rates. The Group uses derivative contracts to dampen earnings volatility caused by changes in interest rates used in insurance liability valuation.

The market risk level of the investments of non-life insurance has developed steadily during the current year. The VaR, a measure of market risk, was EUR 48 million (49) on 31 March 2022. VaR includes the company's investment balance including investments, insurance liabilities and derivatives that hedge against interest rate risk associated with insurance liabilities.

Non-life insurance's direct business transactions with Russia or Ukraine are minor, both in terms of insurance and investments. More significant business impacts arise from volatile developments in the capital market.



Life insurance

The key risks associated with life insurance are the market risks of life insurance's investment assets, the interest rate used for the valuation of insurance liabilities, a faster-than-expected life expectancy increase among those insured, and the lapse and surrender risk arising from changes in customer behaviour.

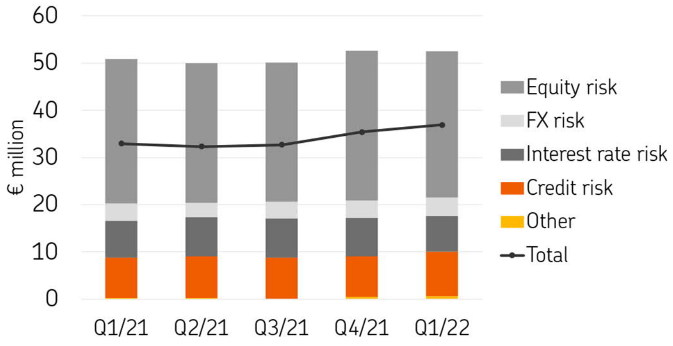
A one-year increase in life expectancy would increase insurance liability by EUR 27 million (28). A 0.1 percentage point decrease in interest rates used in insurance liability valuation would increase insurance liabilities by EUR 23 million (26).

Investment risks associated with separated insurance portfolios and risks associated with changes in customer behaviour have been buffered. The buffer is sufficient to cover a significant negative return on the investment assets included in the separated portfolios, after which OP Financial Group will bear the risks associated with the portfolios. The buffers totalled EUR 291 million (292) on 31 March 2022.

The market risk level of the investments of life insurance at the end of the reporting period was almost the same as last year. VaR, a measure of market risk, was EUR 37 million (35) on 31 March 2022. VaR includes life insurance's investment balance, including investments, insurance liabilities and derivatives that hedge against interest rate risk associated with insurance liabilities. Market risks associated with separated life insurance portfolios, assets that buffer against those risks or customer bonuses, are not included in the calculation.

As regards investments related to the with-profit portfolio, life insurance's direct business transactions with Russia or Ukraine are minor. More significant business impacts arise from volatile developments in the capital market. The current situation affects life insurance business also through the fact that some investment instruments comprising the underlying assets for unit-linked insurance have been closed.

Life insurance's market risk VaR at a confidence level of 95% and a retention period of 10 days



Group Functions

Major risks related to the Group Functions segment include credit and market risks associated with the liquidity buffer, and liquidity risks. The most significant market risk factor is the effect of credit spread changes on the value of notes and bonds included in the liquidity buffer.

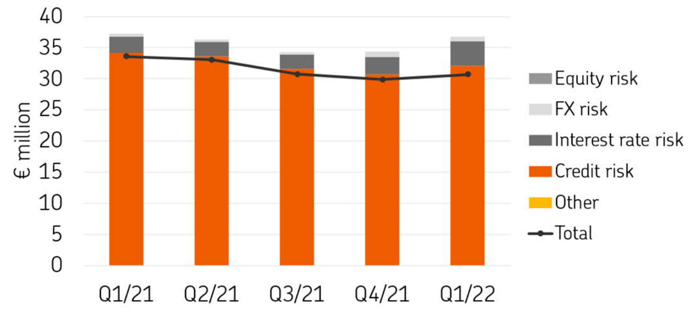
OP Financial Group's funding position and liquidity is strong.

Between January and March, the Group issued long-term bonds worth EUR 0.5 billion (2.1).

The loan-to-deposit ratio remained stable during the reporting period.

The market risk of notes and bonds in the liquidity buffer (VaR with 95% confidence) increased during the reporting period. No major changes occurred in the asset class allocation. The VaR risk metric that measures market risk associated with the liquidity buffer was EUR 31 million (30) on 31 March 2022. The VaR risk metric includes long-term bond investments within the liquidity buffer and the derivative contracts that hedge their interest rate risks.

Liquidity buffer's market risk VaR at a confidence level of 95% and a retention period of 10 days



OP Financial Group secures its liquidity through a liquidity buffer which consists mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 221% (212) at the end of the reporting period.

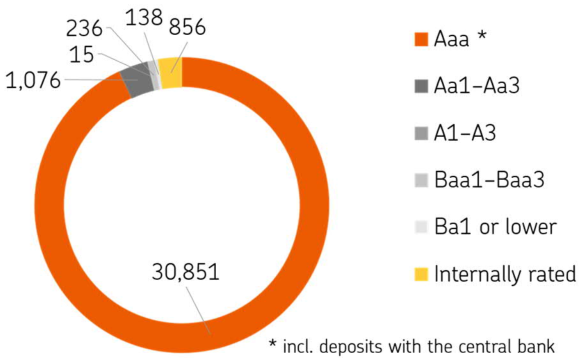
OP Financial Group monitors its long-term funding sufficiency, for example, by means of the Net Stable Funding Ratio (NSFR), which measures structural funding risk. According to regulation, the NSFR must be at least 100%. OP Financial Group's NSFR was 125% (130) at the end of the reporting period.

Liquidity buffer

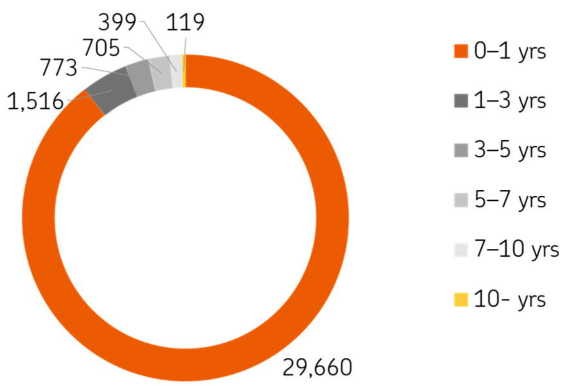
€ billion	31 Mar 2022	31 Dec 2021	Change, %
Deposits with central banks	29.0	32.6	-11.2
Notes and bonds eligible as collateral	2.7	4.0	-33.4
Corporate loans eligible as collateral	0.0	0.0	-
Total	31.7	36.7	-13.6
Receivables ineligible as collateral	1.5	1.0	52.9
Liquidity buffer at market value	33.2	37.6	-11.9
Collateral haircut	-0.4	-0.3	-
Liquidity buffer at collateral value	32.8	37.3	-12.2

The liquidity buffer comprises notes, bonds and securitised assets issued by governments, municipalities, financial institutions and companies all showing good credit ratings.

Financial assets included in the liquidity buffer by credit rating on 31 March 2022, € million



Financial assets included in the liquidity buffer by maturity on 31 March 2022, € million



Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2022

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

Pohjola Insurance Ltd's credit ratings on 31 March 2022

Rating agency	Rating	Outlook
Standard & Poor's	A+	Stable
Moody's	A2	Stable

OP Corporate Bank plc has credit ratings affirmed by Standard & Poor's Global Ratings Europe Limited and Moody's Investors Service (Nordics) AB. When assessing OP Corporate Bank's credit rating, credit rating agencies take account of the entire OP Financial Group's financial position.

Financial performance by segment

OP Financial Group's business segments are Retail Banking (Banking Personal and SME Customers), Corporate Banking (Banking Corporate and Institutional Customers) and Insurance (Insurance Customers). Non-business segment operations are presented under the Group Functions segment (formerly the Other Operations segment). OP Financial Group prepares its segment reporting in compliance with its accounting policies.

Retail Banking

- Earnings before tax totalled EUR 54 million (66).
- Total income increased by 4.3% to EUR 461 million. Income from customer business increased by a total of 3.3%: net interest income increased by 0.4% to EUR 236 million and net commissions and fees by 6.9% to EUR 211 million.
- Total expenses increased by 4.2% to EUR 329 million. Personnel costs increased by 3.1% to EUR 112 million and other operating expenses by 5.2% to EUR 205 million as a result of a higher stability contribution.
- Impairment loss on receivables increased to EUR 41 million (24). The indirect effects of the war in Ukraine increased impairment loss on receivables. Non-performing exposures (gross) accounted for 2.7% (2.5) of the exposures.
- The loan portfolio increased by 2.2% and the deposit portfolio by 4.8% year on year.
- The most significant development investments focused on upgrading the account and financing systems and developing digital services.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net interest income	236	235	0.4	959
Net commissions and fees	211	198	6.9	753
Net investment income	8	-1	-	-16
Other income	6	10	-37.8	78
Total income	461	442	4.3	1,773
Personnel costs	112	109	3.1	447
Depreciation/amortisation and impairment loss	12	12	-1.3	69
Other operating expenses	205	195	5.2	705
Total expenses	329	316	4.2	1,221
Impairment loss on receivables	-41	-24	-	-84
OP bonuses to owner-customers	-38	-37	-	-165
Earnings before tax	54	66	-18.1	304
Cost/income ratio, %	71.3	71.3	-0.1*	68.8
Ratio of non-performing exposures to exposures, %**	2.7	2.5	0.2*	2.6
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.23	0.14	-0.09*	0.12
Return on assets (ROA), %	0.18	0.23	-0.05*	0.26
Return on assets, excluding OP bonuses, %	0.30	0.36	-0.06*	0.40

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Home loans drawn down	2,059	1,918	7.4	8,805
Corporate loans drawn down	633	535	18.3	2,639
No. of brokered residential property and property transactions	2,828	3,009	-6.0	13,177

€ billion	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
Loan portfolio				
Home loans	41.9	40.2	4.1	41.5
Corporate loans	8.2	8.1	1.3	8.2
Housing company and other loans	21.0	21.2	-0.9	21.3
Total loan portfolio	71.1	69.5	2.2	71.0
Guarantee portfolio	0.9	0.9	7.2	0.9
Other exposures	10.2	10.1	0.7	9.6
Deposits				
Current and payment transfer deposits	41.9	39.8	5.2	41.4
Investment deposits	21.0	20.2	4.1	20.8
Total deposits	62.9	60.0	4.8	62.2

*Change in ratio

OP Financial Group's Retail Banking segment consists of banking and asset management services for personal and SME customers at OP cooperative banks and at the central cooperative consolidated.

Russia's attack on Ukraine caused short-term uncertainty in residential property sales. The volume of home and real property sales brokered by OP Koti real estate agents decreased by 6.0%, compared to the lively market a year ago.

The loan portfolio grew by 2.2% to EUR 71.1 billion. New home loan drawdowns increased by 7.4% year on year. The home loan portfolio grew by 4.1% to EUR 41.9 billion. This growth was attributable to the demand for new loans in particular. The corporate loan portfolio increased by 1% to EUR 8.2 billion.

Customers were increasingly interested in protecting their home loans and housing company loans as a result of the rise in market interest rates. On 31 March 2022, a total of 30.9% (29.6) of personal customers' home loans were covered by interest rate protection.

The deposit portfolio increased by 4.8% to EUR 62.9 billion. The increase came from current and payment transfer accounts as well as from investment deposits. Household deposits showed the strongest growth.

OP's customers' interest in saving and investing continued despite the uncertain business environment. OP mutual funds attracted 24,000 new unitholders, almost 80% of whom selected responsible investment funds. The number of OP fund unitholders totalled 1,179,000 in gross terms. The Morningstar rating for OP mutual funds was 3.04 (3.11). In share trading, the number of executed orders was 19% higher than a year ago.

During the reporting period, the most significant development investments focused on upgrading the account and financing systems and developing digital services.

In February, digital home sales expanded to real property sales; OP Koti real estate agents were the first in Finland to implement this system. Digital sale and purchase of housing company shares began in 2019.

In March, OP introduced the Google Pay service to its customers in Finland. The service enables customers to pay for their purchases using Android phones or smartwatches in contactless payment readers and on apps and online stores.

At the end of March, the number of OP cooperative banks was 119 (121). Merger projects between OP cooperative banks are underway in different parts of Finland.

Financial performance for the reporting period

Retail Banking earnings before tax were EUR 54 million (66). Total income increased by 4.3% to EUR 461 million. Net interest income increased by 0.4% to EUR 236 million and net commissions and fees by 6.9% to EUR 211 million mainly due to the increase in commissions from wealth management and the sale of interest rate protection products.

Total expenses increased by 4.2% to EUR 329 million. Personnel costs increased by 3.1% to EUR 112 million and other operating expenses by 5.2% to EUR 205 million, mainly as a result of a higher stability contribution. Depreciation/amortisation and impairment loss decreased by 1.3% year on year, to EUR 12 million.

Impairment loss on receivables grew by 69.0% to EUR 41 million. The indirect effects of the war in Ukraine increased impairment loss on receivables. Final net loan losses recognised for the reporting period totalled EUR 8 million (33). Non-performing exposures accounted for 2.7% (2.5) of the exposures.

OP bonuses to owner-customers increased by 2.4% to EUR 38 million.

Corporate Banking

- Earnings before tax totalled EUR 3 million (115).
- Total income decreased by 29.5% to EUR 151 million. Net interest income increased by 3.9% to EUR 104 million, net commissions and fees decreased by 19.9% to EUR 42 million and net investment income decreased by EUR 51 million to EUR –2 million.
- Total expenses increased by 3.7% to EUR 100 million. Other operating expenses rose by 6.1% to EUR 74 million due to a higher stability contribution.
- In the year to March, the loan portfolio grew by 8.9% to EUR 26.2 billion and deposits decreased by 12.3% to EUR 14.0 billion. Assets under management by Corporate Banking decreased by 6.0% year on year, to EUR 77.4 billion.
- Impairment loss on receivables increased by EUR 45 million to EUR 43 million. The indirect effects of the war in Ukraine increased impairment loss on receivables. Non-performing exposures (gross) accounted for 2.0% (2.1) of the exposures.
- The most significant development investments involved the upgrades of payment and asset management systems.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net interest income	104	100	3.9	414
Net commissions and fees	42	52	-19.9	204
Net investment income	-2	49	-	171
Other income	7	13	-44.9	97
Total income	151	214	-29.5	886
Personnel costs	23	22	4.9	93
Depreciation/amortisation and impairment loss	3	5	-38.3	14
Other operating expenses	74	70	6.1	211
Total expenses	100	96	3.7	318
Impairment loss on receivables	-43	2	-	-74
OP bonuses to owner-customers	-5	-4	-	-20
Earnings before tax	3	115	-97.2	474
Cost/income ratio, %	66.2	45.0	-21.2*	35.9
Ratio of non-performing exposures to exposures, %	2.0	2.1	-0.1*	1.8
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.58	-0.03	0.61*	0.25
Return on assets (ROA), %	0.03	1.22	-1.19*	1.24
Return on assets, excluding OP bonuses, %	0.09	1.27	-1.18*	1.29

€ billion	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
Loan portfolio				
Corporate loans	15.1	14.3	5.6	14.5
Housing company and other loans	11.1	9.8	13.3	11.2
Total loan portfolio	26.2	24.1	8.9	25.7
Guarantee portfolio	3.5	2.8	26.7	3.5
Other exposures	5.5	5.6	-3.1	5.7
Deposits	14.0	12.5	12.3	15.6
Assets under management (gross)				
Mutual funds	30.9	29.3	5.4	32.5
Institutional clients	37.0	25.7	44.3	38.3
Private Banking	9.4	12.2	-22.5	11.5
Total (gross)	77.4	67.2	15.2	82.3

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net inflows				
Private Banking clients	65	65	0.5	-174
Institutional clients	-240	192	-	76
Total	-174	257	-	-98

*Change in ratio

OP Financial Group's Corporate Banking segment consists of banking and asset management services for corporate and institutional customers. The segment comprises OP Corporate Bank plc's banking, OP Asset Management Ltd, OP Fund Management Company Ltd, OP Custody Ltd and OP Real Estate Asset Management Ltd.

In the year to March, the loan portfolio grew by 8.9% to EUR 26.2 billion and deposits by 12.3% to EUR 14.0 billion.

The most significant Corporate Banking development investments involved the upgrades of payment, finance and asset management systems. The upgrade of core payment systems and improvement of digital services will continue further. In asset and wealth management, fund management processes and customer service will be further upgraded.

During the reporting period, OP was the first bank in Finland to launch a service that enables businesses to track the progress of their international payments and the related costs on a real-time basis. OP's multi-bank feature is expanding, and companies can view their account details and make payments from the accounts with several Nordic and European banks, in addition to Finnish banks.

The loan portfolio related to sustainable finance increased by 13.9% during the reporting period.

Within asset management, net assets inflow was EUR –174 million (257). Assets under management by Corporate Banking decreased by 6.0% to EUR 77.4 billion from their year-end level. Assets under management included about EUR 24 billion (24) in assets of the companies belonging to OP Financial Group.

During the reporting period, five funds were categorised as responsible investment funds. At present, 14 OP funds have been categorised as responsible investment funds in line with the SFDR classification. A total of 44% of the assets under management in mutual funds have been allocated to responsible investment funds.

OP Corporate Bank's direct exposures to Russia are small. Russia's attack on Ukraine indirectly increased impairment loss on receivables. The rise in interest rates and the uncertainty caused by the war in Ukraine decreased investment income and reduced assets under management.

Financial performance for the reporting period

Corporate Banking earnings before tax were EUR 3 million (115). Total income decreased to EUR 151 million (214) and total expenses increased to EUR 100 million (96). The cost/income ratio was 66.2% (45.0).

Net interest income increased by 3.9% to EUR 104 million. Corporate Banking's net commissions and fees totalled EUR 42 million (52). OP Financial Group's internal commission expenses increased.

Corporate Banking segment's net commissions and fees

€ million	Q1/ 2022	Q1/ 2021	Change, %	Q1–4/ 2021
Mutual funds	34	32	5.1	137
Asset management	3	4	-10.6	28
Other	4	16	-72.9	40
Total	42	52	-19.9	204

Net investment income totalled EUR –2 million (49) as a result of lower income from derivatives business.

Total expenses increased by 3.7% to EUR 100 million. Personnel costs rose by 4.9% to EUR 23 million. Other operating expenses grew by 6.1% to EUR 74 million. The stability contribution increased by 36.2% to EUR 29 million.

Impairment loss on receivables reduced earnings by EUR 43 million. A year ago, the reversal of impairment loss on receivables improved earnings by EUR 2 million. The indirect effects of the war in Ukraine increased impairment loss on receivables. Non-performing exposures accounted for 2.0% (2.1) of the exposures.

Insurance

- Earnings before tax totalled EUR 100 million (117). Higher claims incurred weakened net insurance income. Investment income decreased as a result of the decline in capital gains.
- Non-life insurance premium revenue increased by 5.2% to EUR 391 million and claims incurred increased by 21.2% to EUR 264 million.
- Expenses remained at the previous year's level at EUR 119 million (119).
- Investment income totalled EUR 35 million (56). Net return on investments at fair value reported by non-life insurance was EUR 9 million (84) and that by life insurance EUR –19 million (62).
- The non-life insurance operating combined ratio was 95.4% (86.0) and operating risk ratio 67.4% (58.6). The operating cost ratio was 27.9% (27.5).
- In life insurance, unit-linked insurance assets decreased by 5.5% to EUR 12.4 billion from the 2021-end level. Premiums written in term life insurance grew by 6.0%.
- Development investments focused on upgrading the core systems, improving the accessibility of web and mobile services and enhancing opportunities to buy insurance products.
- Pohjola Insurance focuses on its core business and sold its hospital business.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net insurance income	138	164	-16.0	754
Net commissions and fees	21	21	1.1	96
Net investment income	-16	110	-114.3	288
Other net income	31	0	-	-2
Total income	174	295	-41.1	1,135
Personnel costs	40	40	-1.9	160
Depreciation/amortisation and impairment loss	14	14	2.0	66
Other operating expenses	66	65	0.5	267
Total expenses	119	119	-0.1	493
OP bonuses to owner-customers	-5	-5	-	-21
Overlay approach	51	-55	-	-117
Earnings before tax	100	117	-14.0	504
Return on assets (ROA), %	1.34	1.59	-0.25*	1.64
Return on assets, excluding OP bonuses, %	1.41	1.66	-0.25*	1.71

*Change in ratio

OP Financial Group's Insurance segment comprises life and non-life insurance business. The segment includes Pohjola Insurance Ltd and OP Life Assurance Company Ltd.
On 14 January 2022, the Competition and Consumer Authority approved the corporate transaction whereby Pohjola Insurance would sell Pohjola Hospital to Pihlajalinna Terveys, part of Pihlajalinna Group. Pohjola Hospital became part of Pihlajalinna on 1 February 2022. OP Financial Group recognised a capital gain of EUR 32 million on the sale.

Financial performance for the reporting period

Earnings before tax totalled EUR 100 million (117). Net insurance income decreased by 16.0% to EUR 138 million. Total expenses remained at the previous year's level at EUR 119 million.

Investment income totalled EUR 35 million (56), including the overlay approach. Capital gains/losses on investment amounted to EUR –2 million (24) in non-life insurance and to EUR –1 million (22) in life insurance.

Investment income

€ million	Q1/2022	Q1/2021
At fair value through other comprehensive income	3	23
At fair value through profit or loss	-367	-78
Amortised cost	-2	0
Life insurance items*	351	169
Unwinding of discount**	-4	-4
Associated companies	4	1
Net investment income	-16	110
Overlay approach	51	-55
Total	35	56

*Include credited interest on customers' insurance assets, changes in supplementary interest rate provisions and other technical items, and changes in the fair value of unit-linked and separated balance sheet's investments.
**Non-life insurance.

Non-life insurance operating result

Non-life insurance's earnings stood at EUR 79 million (89). The balance on technical account weakened as a result of higher claims incurred. Other income includes a capital gain on the sale of Pohjola Hospital. Investment income decreased as a result of the decline in capital gains.

€ million	Q1/2022	Q1/2021	Change, %
Insurance premium revenue	391	372	5.2
Claims incurred	264	218	21.2
Operating expenses	109	102	7.0
Balance on technical account, operational	18	52	-65.2
Change in reserving bases			
Balance on technical account	18	52	-65.2
Investment income and expenses	1	67	-97.8
Other income and expenses	29	-4	882.4
Overlay approach	30	-26	215.5
Earnings before tax	79	89	-11.9
Operating combined ratio	95.4	86.0	
Operating risk ratio	67.4	58.6	
Operating cost ratio	27.9	27.5	

Non-life insurance: premium revenue

€ million	Q1/2022	Q1/2021	Change, %
Personal customers	218	211	3.7
Corporate customers	173	161	7.3
Total	391	372	5.2

Premium revenue increased by 5.2% to EUR 391 million. Among personal customers, the number of loyal customer households increased. Premium revenue from corporate customers increased by 7.3%.

Claims incurred increased by 21.2% to EUR 264 million. The number of insurance claims is gradually reaching its pre-pandemic level. Difficult road conditions and large claims reported during the reporting period also increased claims incurred. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 27 (22) in January–March, with their claims incurred retained for own account totalling EUR 40 million (18). Changes in claims for previous years weakened the balance on technical account by EUR 9 million, whereas changes a year ago improved the balance on technical account by EUR 9 million. The non-life insurance operating risk ratio, excluding indirect loss adjustment expenses, was 67.4% (58.6). Changes in the provision for outstanding claims under statutory pensions improved earnings by EUR 1 million (7).

In non-life insurance, the operating cost ratio (including indirect loss adjustment expenses) was 27.9% (27.5). Higher ICT costs and sales commissions increased operating expenses.

Operating combined ratio reported by non-life insurance weakened to 95.4% (86.0).

Non-life insurance: key investment indicators

€ million	Q1/2022	Q1/2021
Net return on investments at fair value, € million*	9	84
Return on investments at fair value, %	-4.0	-0.2
Fixed income investments' running yield, %	0.9	0.8
	31 Mar 2022	31 Dec 2021
Investment portfolio, € million	4,126	4,287
Investments within the investment grade category, %	90	92
At least A-rated receivables, %	52	54
Modified duration	2.5	3.3

*Net return on investments at fair value is calculated by deducting the value change in market-consistent insurance liability from income from total investment assets.

Life insurance operating result

Russia's attack on Ukraine increased uncertainty in the capital market. This had a negative effect on investment income in OP Financial Group's balance sheet and unit-linked insurance assets. Unit-linked insurance assets, EUR 12.4 billion, were 5.5% lower than on 31 December 2021. Net asset inflow of unit-linked insurance contracts amounted to EUR 66 million (133). The amount of life insurance surrenders increased as a result of uncertainties in the capital market. Premiums written in term life insurance grew by 6.0%.

Earnings before tax decreased to EUR 12 million (29). This was due to lower income and higher expenses.

€ million	Q1/2022	Q1/2021	Change, %
Net risk results	11	7	69.8
Net investment income	-27	45	-
Net commissions and fees	29	26	9.6
Total income	13	78	75.7
Personnel costs	3	3	19.8
Depreciation/amortisation and impairment loss	5	5	4.1
Other operating expenses	9	8	5.5
Total expenses	17	16	7.4
OP bonuses	-5	-5	-
Overlay approach	21	-29	-
Earnings before tax	12	29	-57.3
Operating ratio	39.5	36.9	

Life insurance: key investment indicators*

€ million	Q1/2022	Q1/2021
Net return on investments at fair value, € million**	-19	62
Return on investments at fair value, %	-5.6	-1.0
Fixed income investments' running yield, %	1.0	0.9
	31 Mar 2022	31 Dec 2021
Investment portfolio, € million	3,533	3,646
Investments within the investment grade category, %	91	94
A-rated receivables, minimum, %	51	56
Modified duration	2.8	3.0

*Excluding the separated balance sheets
**Net return on investments at fair value is calculated by deducting the value change in market-consistent insurance liability from income from total investment assets. These investments exclude separated balance sheets.

Interest rate risk associated with insurance liability has been hedged through supplementary interest rate provisions and interest rate derivatives. In life insurance, the net change in short-term supplementary interest rate provisions was EUR –1 million (0). Accrued supplementary interest rate provisions related to insurance liabilities (excluding the separated balance sheets) totalled EUR 240 million (355) on 31 March 2022. Short-term supplementary interest rate provisions accounted for EUR 45 million (44) of these provisions.

Group Functions

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net interest income	-10	-21	-	10
Net commissions and fees	1	1	-37.3	-2
Net investment income	11	1	-	-5
Other operating income	181	176	2.5	684
Total income	182	157	15.9	687
Personnel costs	53	52	0.9	216
Depreciation/amortisation and impairment loss	29	34	-13.6	137
Other operating expenses	89	93	-4.1	444
Total expenses	171	179	-4.4	797
Impairment loss on receivables	0	0	-	0
Earnings before tax	11	-22	-	-109

The Group Functions segment (previously the Other Operations segment) consists of OP Cooperative's functions tasked with the support and assurance of business segments, as well as OP Corporate Bank plc's treasury functions.

Financial performance for the reporting period

Group Functions earnings before tax were EUR 11 million (–22). Total income increased by 15.9% to EUR 182 million.

Net interest income was EUR –10 million (–21). Net interest income was increased by the market risk position result in relation to the comparison period and by the maturing of subordinated loans after the comparison period a year ago. The conditional additional TLTRO interest rate increased net interest income by EUR 3 million (1).

Net investment income was EUR 11 million (1). Other operating income increased by 2.5% to EUR 181 million.

Total expenses decreased by 4.4% to EUR 89 million. Personnel costs rose by 0.9% to EUR 53 million. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 13.6% to EUR 29 million. Other operating expenses decreased by 4.1% to EUR 89 million. ICT costs increased by 7.2% to EUR 66 million.

On 31 March 2021, the average margin of OP Financial Group's senior and senior non-preferred wholesale funding and covered bonds was 26 basis points (25).

OP Financial Group's funding position and liquidity is strong.

In January–March, OP Financial Group issued long-term bonds worth EUR 0.5 billion (2.1). In January, OP Corporate Bank issued a green senior non-preferred bond worth EUR 500 million with a maturity of 5.5 years.

OP Financial Group's TLTRO III funding totalled EUR 16 billion (16) at the end of March.

The total interest rate for TLTRO III funding between 24 June 2020 and 23 June 2022 can be the ECB's deposit facility rate (–0.50% on the reporting date) minus 0.50%. For the subsequent loan maturity, the interest rate can at its best be the ECB's deposit facility rate. The reduced interest rate is conditional on fulfilling the criteria for net lending performance. The latter net lending review period expired on 31 December 2021 when OP Financial Group assessed that it had fulfilled these criteria. A one-off earnings effect following the update of the assessment was recognised in the financial year ended on 31 December 2021, in accordance with IFRS 9.

ICT investments

OP Financial Group invests in developing its operations and improving customer experience on an ongoing basis. The central cooperative with its subsidiaries is responsible for OP Financial Group's service development. ICT investments make up a significant portion of the costs of developing these services.

OP Financial Group's development expenditure for January–March totalled EUR 73 million (70). This included licence fees, purchased services, other external costs related to projects and in-house work. The capitalised development expenditure totalled EUR 23 million (25). More detailed information on OP Financial Group's investments can be found in each business segment's text section in this Interim Report.

Personnel

On 31 March 2022, OP Financial Group had 12,947 employees (13,079). The number of employees averaged 12,975 (13,009). The number of employees decreased during the reporting period as a result of the sale of Pohjola Hospital. Meanwhile, the number of employees increased in areas such as sales, customer service, development and technologies.

Personnel at period end

	31 Mar 2022	31 Dec 2021
Retail Banking	7,148	7,108
Corporate Banking	935	898
Insurance	2,298	2,550
Group Functions	2,566	2,523
Total	12,947	13,079

During the reporting period, 57 OP Financial Group employees (52) retired at an average age of 62.6 years (61.2).

Variable remuneration applied by OP Financial Group in 2022 consists of the performance-based bonus scheme covering all personnel, and the personnel fund. Company-specific targets based on the annual plan and the Group-level strategic targets are taken into account in the metrics used in the performance-based bonus scheme and in the personnel fund. In drawing up the remuneration schemes, OP has taken account of the regulation regarding the financial sector's remuneration schemes.

Changes in OP Financial Group's structure

OP Financial Group's consolidated financial statements at the end of the reporting period included the accounts of 119 OP cooperative banks (121) and OP Cooperative Consolidated. The number of OP cooperative banks decreased during the reporting period due to mergers.

Luhangan Osuuspankki merged into Keski-Suomen Osuuspankki on 28 February 2022.

Luopioisten Osuuspankki merged into Kangasalan Seudun Osuuspankki on 31 March 2022.

On 13 October 2021, Sastamalan Osuuspankki, Satakunnan Osuuspankki and Satapirkan Osuuspankki approved a merger plan according to which Sastamalan Osuuspankki and Satapirkan Osuuspankki will merge into Satakunnan Osuuspankki. The planned date for registration of the implementation of the merger is 30 April 2022. Consequently, the business name of Satakunnan Osuuspankki will change to Satapirkan Osuuspankki.

On 29 September 2021, Itä-Uudenmaan Osuuspankki, Uudenmaan Osuuspankki and Helsinki Area Cooperative Bank approved merger plans according to which Itä-Uudenmaan Osuuspankki and Uudenmaan Osuuspankki will merge into Helsinki Area Cooperative Bank. The planned date for registration of the implementation of the mergers is 31 July 2022. Consequently, the business name of Helsinki Area Cooperative Bank will change to Uudenmaan Osuuspankki.

Pohjola Insurance Ltd has sold all shares of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy, part of Pihlajalinna Group. The corporate transaction was published on 2 July 2021. The net debt free transaction price was EUR 31.8 million. The Finnish Competition and Consumer Authority approved the corporate transaction on 14 January 2022. Pohjola Hospital became part of Pihlajalinna on 1 February 2022.

Governance of OP Cooperative

On 2 December 2021, the Supervisory Council of OP Cooperative (the central cooperative of OP Financial Group) elected the members of the Board of Directors of OP Cooperative for the term of office from 1 January to 31 December 2022.

The following members will continue on the Board in 2022: Jarna Heinonen (Professor in Entrepreneurship, Turku School of Economics), Jari Himanen (Managing Director, Suur-Savon Osuuspankki), Kati Levoranta (Executive Vice President, Commercial and Operational Activities, P2X Solutions Ltd), Pekka Loikkanen (board professional), Tero Ojanperä (Chair of the Board of Directors, Silo AI Ltd), Riitta Palomäki (board professional), Jaakko Pehkonen (rahoitusneuvos (Finnish honorary title); Professor of Economics, University of Jyväskylä), Timo Ritakallio (President and Group CEO, OP Financial Group), Olli Tarkkanen (Managing Director, Etelä-Pohjanmaan Osuuspankki) and Mervi Väisänen (Senior Lecturer in Marketing, Kajaani University of Applied Sciences).

In addition, the Supervisory Council elected Petri Sahlström, D.Sc. (Econ. & Bus. Adm.), to the Board of Directors as a new member. Leif Enberg stepped down from the Board of Directors on 31 December 2021.

On 3 January 2022, the Board of Directors elected from among its members the chairs, vice chairs and other members to the statutory Board Committees for the new term. Jaakko Pehkonen will continue as Chair and Jarna Heinonen as Vice Chair of the Board of Directors.

Events after the reporting period

On 26 April 2022, OP Cooperative held its Annual Cooperative Meeting which elected members of the Supervisory Council and the auditor.

The Supervisory Council comprises 36 members. The Annual Cooperative Meeting re-elected the following members to the Supervisory Council who were due to resign: Managing Director Mika Helin, Bachelor of Hospitality Management, MBA Mervi Hinkkanen, Managing Director Raili Hyvönen, Development Manager Mika Kainusalmi, Managing Director Kaisa Markula, Managing Director Ulf Nylund, Managing Director Teuvo Perätalo, entrepreneur Timo Syrjälä and Managing Director Pauliina Takala.

New Supervisory Council members elected were M.Sc. Eeva Harju, Municipal Manager Tuomas Lohi, Managing Director Kari Mäkelä, Managing Director Leena Selkee and farmer Janne Tiiri.

At its reorganising meeting on 26 April 2022, the Supervisory Council elected the presiding officers of the Supervisory Council. CFO Annukka Nikola was elected as Chair and entrepreneur Taija Jurmu and Managing Director Ari Väänänen as Vice Chairs of the Supervisory Council.

The Annual Cooperative Meeting re-elected KPMG Oy Ab, an audit firm, to act as the auditor for the financial year 2022, with Juha-Pekka Mylén, APA, acting as the chief auditor, appointed by KPMG Oy Ab.

Outlook towards the year end

The world economy grew at a brisk pace during early 2022. Fast economic recovery from the crisis caused by the Covid-19 pandemic increased raw material prices and sped up inflation, however. Covid-19 infections and the resulting restrictions continued to undermine economic development not only in service sectors but also in industrial sectors suffering from problems in production chains. After Russia's attack on Ukraine, raw material prices rose more sharply and inflation accelerated further.

In the financial market, stock prices fell and market interest rates rose during the first quarter. The immediate increase in uncertainty caused by Russia's war of aggression remained short-lived in the market.

Exceptional uncertainty casts a shadow over the economic outlook. The Covid-19 pandemic, the Russian invasion of Ukraine and a strong rise in raw material prices constitute a situation where their combined effects are very hard to predict.

In the near future, inflation is expected to remain high and economic growth to slow down, but the economic situation in Finland and the rest of the euro area should remain fairly good. As the year proceeds, monetary policy is anticipated to tighten and interest rates are expected to continue rising.

OP Financial Group's earnings before tax for 2022 are expected to be lower than in 2021. The most significant uncertainties affecting earnings performance due to the war in Ukraine, the Covid-19 pandemic and inflation relate to changes in the interest rate and investment environment and to the developments in impairment losses. The war in Ukraine and the related sanctions and counter-sanctions are expected to substantially increase the uncertainties associated with the economy and profit performance.

All forward-looking statements in this Interim Report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view on developments in the economy, and actual results may differ materially from those expressed in the forward-looking statements.

Formulas for key figures and ratios

The Alternative Performance Measures are presented to illustrate the financial performance of business operations and to improve comparability between reporting periods. The formulas for the used Alternative Performance Measures are presented below. The formulas for the key figures and ratios can be derived from the figures presented in this Interim Report, so separate reconciliation statements for the Alternative Performance Measures are not presented.

Alternative Performance Measures

Key figure or ratio	Formula	Description
Return on equity (ROE), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Equity (average at beginning and end of period) x 100	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Return on equity (ROE) excluding OP bonuses, %	(Financial performance for the reporting period + OP bonuses after tax) x (days of financial year/days of reporting period) / Equity (average at beginning and end of period) x 100	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period, excluding OP bonuses paid to owner-customers that are charged to expenses.
Return on assets (ROA), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Average balance sheet total (average at beginning and end of financial year) x 100	The ratio describes how much return is generated on capital tied up on business during the reporting period.
Return on assets (ROA) excluding OP bonuses, %	(Financial performance for the reporting period + OP bonuses after tax) x (days of financial year/days of reporting period) / Average balance sheet total (average at beginning and end of financial year) x 100	The ratio describes how much return is generated on capital tied up on business during the reporting period, excluding OP bonuses paid to owner-customers that are charged to expenses.
Cost/income ratio, %	Total expenses / Total income x 100	The ratio describes the ratio of expenses to income. The lower that ratio, the better.
Investment income	Net investment income + Overlay approach	The figure describes the development of all investment income. 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.
Loan portfolio	Balance sheet item Receivables from customers	The loan portfolio is presented under Receivables from customers in the balance sheet.
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	Impairment loss on receivables x (days of financial year/days of reporting period) / Loan and guarantee portfolio at period end x 100	The ratio describes the ratio of impairment loss on receivables entered in the income statement to the loan and guarantee portfolio. The lower that ratio, the better.
Deposits	Deposits included in balance sheet item Liabilities to customers	Deposits are presented in Liabilities to customers in the balance sheet.
Coverage ratio, %	Loss allowance / Receivables from customers (on-balance-sheet and off-balance-sheet items) x 100	The ratio describes the extent to which the amount of expected losses covers the amount of the liability.
Default capture rate, %	New defaulted contracts in stage 2 a year ago / New defaulted contracts during the reporting period x 100	The ratio describes the effectiveness of the SICR model (significant increase in credit risk), in other words how many contracts were in stage 2 before moving to stage 3.

Key figure	Formula		Description
Income from customer business	Net interest income + net insurance income + net commissions and fees		Income from customer business describes the development of net interest income, net insurance income and net commissions and fees. Income directly from customers is presented mainly under these items.
Non-life insurance:			
Operating loss ratio, %	Claims incurred excl. changes in reserving bases / Insurance premium revenue, excl. net changes in reserving bases	x 100	The ratio describes how much of the insurance premium revenue is spent on claims paid and claims management. The ratio is calculated after reinsurers' share.
Operating expense ratio, %	Operating expenses / Insurance premium revenue, excl. net changes in reserving bases	x 100	The ratio describes how much of the insurance premium revenue is spent on operating expenses (insurance acquisition, management and administration costs). The ratio is calculated after reinsurers' share.
Operating combined ratio, %	Operating loss ratio + operating expense ratio Operating risk ratio + operating cost ratio		The combined ratio is a key indicator of efficiency for non-life insurance companies. The ratio describes whether the insurance premium revenue is sufficient to cover the company's expenses during the reporting period.
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	The ratio describes how much of the insurance premium revenue is spent on claims paid. The ratio is calculated after reinsurers' share.
Operating cost ratio, %	Operating expenses and loss adjustment expenses / Net insurance premium revenue, excl. changes in reserving bases	x 100	The ratio describes the ratio of the company's operating costs (acquisition, management, administration and claims settlement expenses) to its insurance premium revenue.
Life insurance:			
Operating ratio, %	Total expenses / Expense loading + refund of management fee	x 100	The ratio describes the company's efficiency, or how well the expenses charged on insurance policies and the management fee refunds received on insurance policies cover the company's operating expenses.

Key indicators based on a separate calculation

Key figure	Formula		Description
Capital adequacy ratio, %	Total capital / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of total capital to the total risk exposure amount.
Tier 1 ratio, %	Tier 1 capital / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of Tier 1 capital to the total risk exposure amount.
CET1 ratio, %	CET1 capital / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of CET1 capital to the total risk exposure amount.
Solvency ratio, %	Capital base / Solvency capital requirement (SCR)	x 100	The ratio describes an insurance company's solvency and shows the ratio of the capital base to the total risk exposure amount.
Leverage ratio, %	Tier 1 capital (T1) / Exposure amount	x 100	The ratio describes a credit institution's indebtedness and shows the ratio of Tier 1 capital to the total risk exposure amount.

Liquidity coverage requirement (LCR), %	$\frac{\text{Liquid assets}}{\text{Liquidity outflows – liquidity inflows under stressed conditions}} \times 100$	The ratio describes short-term funding liquidity risk that requires the bank to have sufficient, high-quality liquid assets to get through an acute 30-day stress scenario.
Net stable funding ratio (NSFR), %	$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$	The ratio describes a long-term liquidity risk that requires the bank to have a sufficient amount of stable funding sources in relation to items requiring stable funding sources. The objective is to secure the sustainable maturity structure of assets and liabilities applying a 12-month time horizon and to restrict excessive resort to short-term wholesale funding.
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates	$\frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's total minimum capital requirement}} \times 100$	The ratio describes the capital adequacy of the financial conglomerate and shows the ratio of the capital base to the minimum amount of the capital base.
Ratio of non-performing exposures to exposures, %	$\frac{\text{Non-performing exposures (gross)}}{\text{Exposures at period end}} \times 100$	The ratio describes the ratio of customers with severe payment difficulties to the entire exposure portfolio. Non-performing exposures refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forborne exposures related to such receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. Non-performing exposures are presented in gross terms; expected credit losses have not been deducted from them.
Ratio of doubtful receivables to exposures, %	$\frac{\text{Doubtful receivables (gross)}}{\text{Exposures at period end}} \times 100$	The ratio describes the ratio of customers with payment difficulties to the entire exposure portfolio. Doubtful receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbearance related to such receivables or to performing receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. In addition to non-performing forborne exposures, doubtful receivables include non-performing exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as doubtful receivables. Doubtful receivables are presented in gross terms; expected credit losses have not been deducted from them.
Ratio of performing forborne exposures to exposures, %	$\frac{\text{Performing forborne exposures (gross)}}{\text{Exposures at period end}} \times 100$	The ratio describes the ratio of forborne exposures to the entire exposure portfolio. Performing forborne exposures include forborne exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures.

Ratio of performing forborne exposures to doubtful receivables, %	Performing forborne exposures (gross) / Doubtful receivables at period end	x 100	The ratio describes the ratio of performing forborne exposures to doubtful receivables that include not only performing forborne exposures but also non-performing exposures. Performing forborne exposures include forborne exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures.
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	Loss allowance for receivables from customers in the balance sheet / Doubtful receivables at period end	x 100	The ratio describes the ratio of expected losses to all doubtful receivables. Doubtful receivables include non-performing exposures and performing forborne exposures.
Loan and guarantee portfolio	Loan portfolio + guarantee portfolio		The indicator describes the total amount of loans and guarantees given.
Exposures	Loan and guarantee portfolio + interest receivables + unused standby credit facilities		The sum of the loan and guarantee portfolio, interest receivables and unused standby credit facilities (undrawn loans and limits) is used as the basis for proportioning doubtful receivables and non-performing exposures.
Other exposures	Interest receivables + unused standby credit facilities		In addition to the loan and guarantee portfolio, exposures come from interest receivables and unused standby credit facilities (undrawn loans and limits).

*Transitional provisions have been taken into account in the FiCo solvency.

Capital adequacy and solvency

Capital adequacy for credit institutions

Capital base, € million	31 Mar 2022	31 Dec 2021
OP Financial Group's equity capital	13,924	14,184
Effect of insurance companies on the Group's shareholders' equity is excluded	-768	-988
Fair value reserve, cash flow hedge	61	-96
Common Equity Tier 1 (CET1) before deductions	13,216	13,101
Intangible assets	-328	-351
Excess funding of pension liability and valuation adjustments	-160	-132
Cooperative capital deducted from capital base	0	-160
Planned profit distribution and unpaid profit distribution for previous period	-214	-96
Shortfall of ECL minus expected losses	-415	-356
Insufficient coverage for non-performing exposures	-47	-41
CET1 capital	12,051	11,965
Hybrid capital to which transitional provision is applied		
Additional Tier 1 capital (AT1)		
Tier 1 capital (T1)	12,051	11,965
Debenture loans	1,308	1,308
Debentures to which transitional provision applies	117	141
Tier 2 capital (T2)	1,425	1,448
Total capital	13,476	13,413

Risk exposure amount, € million	31 Mar 2022	31 Dec 2021
Credit and counterparty risk	56,861	57,361
Standardised Approach (SA)	4,794	4,822
Central government and central banks exposure	336	298
Credit institution exposure	6	5
Corporate exposure	3,119	3,180
Retail exposure	1,129	1,142
Equity investments	6	6
Other	197	190
Internal Ratings-based Approach (IRB)	52,067	52,539
Credit institution exposure	1,251	1,191
Corporate exposure	29,632	29,808
Retail exposure	12,928	13,320
Equity investments	7,134	7,112
Other	1,122	1,109
Market and settlement risk (Standardised Approach)	1,470	1,380
Operational risk (Standardised Approach)	3,851	3,786
Valuation adjustment (CVA)	213	204
Other risks*	3,000	3,000
Total risk exposure amount	65,395	65,731

*OP Financial Group proactively increased the amount of risk-weighted assets (RWA add-on) to account for future changes in the scope of application of internal models (IRBA) and in the method for measuring insurance companies' risk weights.

Ratios, %	31 Mar 2022	31 Dec 2021
CET1 capital ratio	18.4	18.2
Tier 1 ratio	18.4	18.2
Capital adequacy ratio	20.6	20.4

Ratios, fully loaded, %	31 Mar 2022	31 Dec 2021
CET1 capital ratio	18.4	18.2
Tier 1 ratio	18.4	18.2
Capital adequacy ratio	20.4	20.2

Capital requirement, € million	31 Mar 2022	31 Dec 2021
Capital base	13,476	13,413
Capital requirement	8,996	9,041
Buffer for capital requirements	4,481	4,373

The capital requirement of 13.8% comprises the minimum requirement of 8%, the capital conservation buffer of 2.5%, the O-SII buffer requirement of 1.0%, the minimum requirement (P2R) of 2.25% set by the ECB and the country-specific countercyclical capital buffers for foreign exposures.

Leverage ratio, EUR million	31 Mar 2022	31 Dec 2021
Tier 1 capital (T1)	12,051	11,965
Total exposure	157,643	161,415
Leverage ratio, %	7.6	7.4

The leverage ratio describes indebtedness. The minimum requirement for the leverage ratio is 3%.

OP Financial Group's capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

€ million	31 Mar 2022	31 Dec 2021
OP Financial Group's equity capital	13,924	14,184
Hybrid instruments and debenture loans	1,425	1,448
Other sector-specific items excluded from capital base	-238	-392
Goodwill and intangible assets	-1,067	-1,097
Insurance business valuation differences*	860	794
Planned profit distribution and unpaid profit distribution for previous period	-214	-96
Items under IFRS deducted from capital base**	-51	-181
Shortfall of ECL minus expected losses	-389	-330
Conglomerate's total capital base	14,248	14,331
Regulatory capital requirement for credit institutions***	8,066	8,111
Regulatory capital requirement for insurance operations*	1,559	1,672
Conglomerate's total minimum capital requirement	9,625	9,783
Conglomerate's capital adequacy	4,624	4,547
Conglomerate's capital adequacy ratio (capital base/minimum of capital base) (%)	148	146

* Differences between fair values and carrying amounts based on the solvency of insurance companies and an estimate of SCR
** Excess funding of pension liability, portion of cash flow hedge of fair value reserve
*** Total risk exposure amount x 13.8%

Transitional provisions have been taken into account in figures.

TABLES

Income statement

EUR million	Notes	Q1 2022	Q1 2021
Net interest income	3	333	316
Net insurance income	4	131	157
Net commissions and fees	5	272	270
Net investment income	6	18	146
Other operating income		39	7
Total income		**793**	**896**
Personnel costs		226	222
Depreciation/amortisation		57	64
Other expenses	7	239	221
Total expenses		**523**	**507**
Impairment loss on receivables	8	-83	-22
OP bonuses to owner-customers		-49	-46
Overlay approach		51	-55
Earnings before tax		**189**	**265**
Income tax expense		29	55
Profit for the period		**160**	**210**
Attributable to:			
Profit for the period attributable to owners		154	210
Profit for the period attributable to non-controlling interest		6	0
Total		**160**	**210**

Statement of comprehensive income

EUR million	Notes	Q1 2022	Q1 2021
Profit for the period		**160**	**210**
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		35	19
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value		-193	-41
Cash flow hedge		-195	-61
Overlay approach		-50	55
Income tax			
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		-7	-4
Items that may be reclassified to profit or loss			
Measurement at fair value		39	8
Cash flow hedge		39	12
Overlay approach		10	-11
Total comprehensive income for the period		**-163**	**187**
Attributable to:			
Total comprehensive income for the period attributable to owners		-169	187
Total comprehensive income for the period attributable to non-controlling interests		6	0
Total		**-163**	**187**

Balance sheet

EUR million	Notes	31 March 2022	31 Dec 2021
Cash and cash equivalents		29,203	32,846
Receivables from credit institutions		659	541
Derivative contracts	17	3,284	3,467
Receivables from customers		97,410	96,947
Investment assets		21,824	22,945
Assets covering unit-linked contracts		12,409	13,137
Intangible assets		1,191	1,212
Property, plant and equipment (PPE)		446	446
Other assets		2,797	2,419
Tax assets		195	141
Non-current assets held for sale			8
Total assets		**169,418**	**174,110**
Liabilities to credit institutions		16,630	16,650
Derivative contracts		2,678	2,266
Liabilities to customers		75,981	77,898
Insurance liabilities	9	8,734	8,773
Liabilities from unit-linked insurance and investment contracts	10	12,489	13,210
Debt securities issued to the public	11	32,420	34,895
Provisions and other liabilities		4,085	3,134
Tax liabilities		1,009	1,109
Subordinated liabilities		1,468	1,982
Liabilities associated with non-current assets held for sale			8
Total liabilities		**155,494**	**159,926**
Equity capital			
Share of OP Financial Group's owners			
Cooperative capital			
Cooperative shares		213	215
Profit shares		3,188	3,244
Fair value reserve	12	-28	323
Other reserves		2,172	2,184
Retained earnings		8,250	8,090
Non-controlling interests		**128**	**128**
Total equity capital		**13,924**	**14,184**
Total liabilities and equity capital		**169,418**	**174,110**

Statement of changes in equity

	Attributable to owners						
EUR million	Coope-rative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2021	**3,174**	**382**	**2,172**	**7,248**	**12,975**	**137**	**13,112**
Total comprehensive income for the period		-37		225	**188**	0	**187**
Profit for the period				210	**210**	0	**210**
Other comprehensive income		-37		15	**-23**		**-23**
Profit distribution				-45	**-45**	-4	**-50**
Change in membership and profit shares	-92				**-92**		**-92**
Other				0	**0**	-2	**-2**
Balance at 31 March 2021	**3,082**	**345**	**2,172**	**7,427**	**13,026**	**130**	**13,156**

	Attributable to owners						
EUR million	Coope-rative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 January 2022	**3,459**	**323**	**2,184**	**8,090**	**14,057**	**128**	**14,184**
Total comprehensive income for the period		-351		182	**-169**	6	**-163**
Profit for the period				154	**154**	6	**160**
Other comprehensive income		-351		28	**-323**		**-323**
Profit distribution				-34	**-34**	-2	**-36**
Change in membership and profit shares	-58				**-58**		**-58**
Transfer of reserves			-12	12			
Other				0	**0**	-3	**-4**
Balance at 31 March 2022	**3,401**	**-28**	**2,172**	**8,250**	**13,795**	**128**	**13,924**

Cash flow statement

EUR million	Q1 2022	Q1 2021
Cash flow from operating activities		
Profit for the period	160	210
Adjustments to profit for the period	-16	444
Increase (-) or decrease (+) in operating assets	**-522**	**-474**
Receivables from credit institutions	158	26
Derivative contracts	-194	176
Receivables from customers	-1,083	-289
Assets covering unit-linked contracts	728	-104
Investment assets	248	-9
Other assets	-380	-274
Increase (+) or decrease (-) in operating liabilities	**-1,014**	**5,826**
Liabilities to credit institutions	-20	5,136
Derivative contracts	234	177
Liabilities to customers	-1,618	284
Insurance liabilities	374	17
Liabilities from unit-linked insurance and investment contracts	-722	118
Provisions and other liabilities	739	95
Income tax paid	-102	-48
Dividends received	36	30
A. Net cash from operating activities	**-1,458**	**5,987**
Cash flow from investing activities		
Disposal of subsidiaries, net of cash disposed	33	
Purchase of PPP and intangible assets	-30	-30
Proceeds from sale of PPE and intangible assets	3	-2
B. Net cash used in investing activities	**6**	**-32**
Cash flow from financing activities		
Subordinated liabilities, change	-493	-10
Debt securities issued to the public, change	-1,609	468
Increases in cooperative and share capital	102	33
Decreases in cooperative and share capital	-160	-125
Dividends and interest on cooperative capital	0	-96
Lease liabilities	-9	-9
C. Net cash used in financing activities	**-2,169**	**261**
Net change in cash and cash equivalents (A+B+C)	**-3,620**	**6,217**
Cash and cash equivalents at period-start	**33,129**	**22,053**
Effect of foreign exchange rate changes	83	-199
Cash and cash equivalents at period-end	**29,593**	**28,071**
Interest received	**347**	**321**
Interest paid	**-70**	**-123**
Cash and cash equivalents		
Liquid assets	29,203	27,683
Receivables from credit institutions payable on demand	389	388
Total	**29,593**	**28,071**

Notes

1. Accounting policies
2. Segment reporting
3. Net interest income
4. Net insurance income
5. Net commissions and fees
6. Net investment income
7. Other operating expenses
8. Impairment losses on receivables
9. Insurance liabilities
10. Liabilities from unit-linked insurance and investment contracts
11. Debt securities issued to the public
12. Fair value reserve after income tax
13. Collateral given
14. Classification of financial assets and liabilities
15. Recurring fair value measurements by valuation technique
16. Off-balance-sheet commitments
17. Derivative contracts
18. Investment distribution of the Insurance segment
19. Related-party transactions

Note 1. Accounting policies

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and with the accounting policies presented in the financial statements 2021.

Since the beginning of 2022, the new name of the Other Operations segment has been the Group Functions segment.

The Interim Report is based on unaudited figures. Given that all figures in the Interim Report have been rounded off, the sum total of individual figures may deviate from the presented sums.

The Interim Report is available in Finnish, English and Swedish. The Finnish version is official that will be used if there is any discrepancy between the language versions.

1. Critical accounting estimates and judgements

The preparation of the Interim Report requires making estimates and assumptions about the future and the actual results may differ from these estimates and assumptions. It also requires the management to exercise its judgement in the process of applying the accounting policies. In preparing the Interim Report, management judgement has been used especially in the calculation of expected credit losses.

Expected credit losses

The determination of the measurement models for expected credit losses (ECL) involves several factors requiring management judgement, such as:

- selection of appropriate ECL models so that they describe the expected credit losses on the contract portfolio as well as possible
- different assumptions and expert assessments made in the models
- selection of the estimation methods of the parameters for the ECL models
- determination of the contract's maturity for non-maturing loans (revolving credit facilities)
- determination of model risk associated with the quality of the available modelling data and other data
- proper grouping of contracts into different segments so that their ECL can be measured using the appropriate model
- selection of macroeconomic factors in such a way that their changes correlate with the contracts' probability of default
- forecasting future macroeconomic scenarios and their probabilities
- extra provisions based on management judgement related to a certain industry due to Covid-19, for example
- reductions in collateral value made on the basis of the geographical location of collateral based on management judgement.

Management judgement has also been used in the assessment of a significant increase in credit risk, such as in:

- the expert assessment used in the assessment of change in relative credit risk associated with personal customers to ensure a true number of contracts that move to stage 2 before moving to stage 3 (so-called default capture rate)
- the selection of the absolute threshold that is based on historical default behaviour and OP Financial Group's credit risk process
- the determination of the length of a period during which the customer must prove proper payment behaviour so that the impairment stage 3 can improve to stage 2 or 1.

The actual measurement of ECL figures is performed using the ECL models without management judgement, except if it is mainly the question of a large corporate exposure in stage 2 or 3 and on the watch list, in which case the ECL is calculated using the cash flow based ECL method based on expert assessment.

Management overlays directly to the ECL figures (post-model adjustments) are intended only for temporary use until an unpredictable event caused by the overlay provision or circumstance could have been taken into account in the ECL models. The existing ECL models do not take account of the Environmental, Social and Governance (ESG) risks as a separate component.

Management judgement and estimates included in the calculation of expected credit losses in respect of other than that presented above are included in the 2021 financial statements.

Note 8. Impairment loss on receivables includes information on choices related to the war in Ukraine made in calculating expected credit losses.

2. Effective interest rate of TLTRO III loans

The effective interest rate has been calculated on TLTRO loans based on management judgement related to the fulfilment of net lending criteria for upcoming review periods. If changes occur later in this management judgement, they will be treated as changes in the loan's carrying amount. The gross carrying amount of the loan is recalculated in such a way that it corresponds to the present value of the reassessed cash flows that is discounted at the loan's original effective interest rate. The resulting adjustment is recognised through profit or loss.

Note 2. Segment reporting

Segment information

Q1 earnings 2022, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Net interest income	236	104	-1	-10	5	333
of which internal net income before tax		-12		12		
Net insurance income			138		-7	131
Net commissions and fees	211	42	21	1	-3	272
Net investment income	8	-2	-16	11	16	18
Other operating income	6	7	32	181	-188	39
Total income	**461**	**151**	**174**	**182**	**-176**	**793**
Personnel costs	112	23	40	53	-1	226
Depreciation/amortisation	12	3	14	29	-1	57
Other operating expenses	205	74	66	89	-195	239
Total expenses	**329**	**100**	**119**	**171**	**-197**	**523**
Impairment loss on receivables	-41	-43	0	0	0	-83
OP bonuses to owner-customers	-38	-5	-5			-49
Overlay approach			51		0	51
Earnings before tax	**54**	**3**	**100**	**11**	**21**	**189**

Q1 earnings 2021, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Net interest income	235	100	0	-21	3	316
of which internal net income before tax		-3		3		
Net insurance income			164		-7	157
Net commissions and fees	198	52	21	1	-2	270
Net investment income	-1	49	110	1	-13	146
Other operating income	10	13	1	176	-194	7
Total income	**442**	**214**	**295**	**157**	**-214**	**896**
Personnel costs	109	22	40	52	-1	222
Depreciation/amortisation	12	5	14	34	-1	64
Other operating expenses	195	70	65	93	-202	221
Total expenses	**316**	**96**	**119**	**179**	**-204**	**507**
Impairment loss on receivables	-24	2	0	0	0	-22
OP bonuses to owner-customers	-37	-4	-5			-46
Overlay approach			-55	0	0	-55
Earnings before tax	**66**	**115**	**117**	**-22**	**-10**	**265**

Balance sheet 31 March 2022, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Cash and cash equivalents	55	195		28,953		29,203
Receivables from credit institutions	26,709	239	1,916	14,271	-42,477	659
Derivative contracts	286	3,461	68	217	-748	3,284
Receivables from customers	71,086	26,198		448	-322	97,410
Investment assets	592	555	9,013	21,743	-10,079	21,824
Assets covering unit-linked contracts			12,409			12,409
Intangible assets	24	186	225	217	539	1,191
Property, plant and equipment (PPE)	297	4	7	144	-7	446
Other assets	397	671	1,199	777	-248	2,797
Tax assets	68	1	59	22	46	195
Total assets	**99,515**	**31,510**	**24,898**	**66,790**	**-53,295**	**169,418**
Liabilities to credit institutions	12,221	99	68	43,974	-39,732	16,630
Derivative contracts	427	2,794	47	243	-832	2,678
Liabilities to customers	62,897	13,977		1,923	-2,816	75,981
Insurance liabilities			8,734			8,734
Liabilities from unit-linked insurance and investments contracts			12,489			12,489
Debt securities issued to the public	15,946	1,343		19,386	-4,255	32,420
Provisions and other liabilities	817	1,258	501	1,666	-158	4,085
Tax liabilities	451	3	202	324	30	1,009
Subordinated liabilities			380	1,468	-380	1,468
Total liabilities	**92,759**	**19,474**	**22,421**	**68,983**	**-48,143**	**155,494**
Equity						**13,924**

Balance sheet 31 December 2021, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Cash and cash equivalents	57	183	0	32,606		32,846
Receivables from credit institutions	26,228	138	1,908	13,950	-41,683	541
Derivative contracts	324	3,441	85	271	-653	3,467
Receivables from customers	70,952	25,666	0	580	-251	96,947
Investment assets	624	492	9,472	21,714	-9,356	22,945
Assets covering unit-linked contracts			13,137			13,137
Intangible assets	27	189	768	234	-5	1,212
Property, plant and equipment (PPE)	299	4	13	137	-7	446
Other assets	397	567	988	827	-360	2,419
Tax assets	48	0	26	19	49	141
Non-current assets held for sale			8			8
Total assets	**98,957**	**30,679**	**26,405**	**70,337**	**-52,267**	**174,110**
Liabilities to credit institutions	12,196	111	68	43,439	-39,163	16,650
Derivative contracts	285	2,553	27	117	-715	2,266
Liabilities to customers	62,222	15,448		2,801	-2,573	77,898
Insurance liabilities			8,773			8,773
Liabilities from unit-linked insurance and investments contracts			13,210			13,210
Debt securities issued to the public	16,420	1,406		21,355	-4,286	34,895
Provisions and other liabilities	707	776	430	1,454	-232	3,134
Tax liabilities	471	11	226	399	1	1,109
Subordinated liabilities			380	1,994	-392	1,982
Liabilities associated with non-current assets held for sale			8			8
Total liabilities	**92,301**	**20,304**	**23,123**	**71,559**	**-47,360**	**159,926**
Equity						**14,184**

Note 3. Net interest income

EUR million	Q1 2022	Q1 2021
Interest income		
Receivables from credit institutions	0	0
Receivables from customers		
Loans	316	299
Finance lease receivables	7	8
Impaired loans and other commitments		
Total	322	306
Notes and bonds		
Measured at fair value through profit or loss	0	0
At fair value through other comprehensive income	12	13
Amortised cost	0	0
Total	12	13
Derivative contracts		
Fair value hedge	-33	-36
Cash flow hedge	12	12
Ineffective portion of cash flow hedge	-8	-1
Total	-29	-25
Liabilities to credit institutions		
Negative interest	23	11
Liabilities to customers		
Negative interest	11	7
Other	4	6
Total	**343**	**320**
Interest expenses		
Liabilities to credit institutions	-3	0
Liabilities to customers	3	4
Notes and bonds issued to the public	29	41
Subordinated liabilities		
Subordinated loans	0	0
Other	12	15
Total	12	15
Derivative contracts		
Cash flow hedge	-65	-69
Other	-6	-10
Total	-71	-79
Receivables from credit institutions		
Negative interest	35	22
Other	1	1
Total	**6**	**4**
Net interest income before fair value adjustment under hedge accounting	**337**	**315**
Hedging derivatives	-124	-83
Value changes of hedged items	120	84
Total	**333**	**316**

Note 4. Net insurance income

EUR million	Q1 2022	Q1 2021
Net insurance premium revenue		
Premiums written	696	678
Insurance premiums ceded to reinsurers	0	-13
Change in provision for unearned premiums	-331	-321
Reinsurers' share	18	20
Total	383	363
Net non-life insurance claims		
Claims paid	-259	-221
Insurance claims recovered from reinsurers	11	7
Change in provision for unpaid claims	-28	3
Reinsurers' share	14	-1
Total	-262	-211
Other non-life insurance items	-2	-2
Life insurance risk premiums collected	11	7
Total net insurance income	**131**	**157**

Note 5. Net commissions and fees

Q1 2022, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Elimi-nations	OP Financial Group
Commission income						
Lending	30	10		0	0	40
Deposits	5	1			0	6
Payment transfers	70	8		2	-2	78
Securities brokerage	2	8			-2	8
Securities issuance		1		0	0	1
Fund fees	12	63	21		-28	67
Asset management	9	7		0	-3	12
Legal services	6	0			0	6
Guarantees	3	3		0	0	6
Housing service	18				0	18
Insurance brokerage	37		17		-24	30
Life insurance total expense loadings			22			22
Health and wellbeing services			1		0	1
Other	27	2		2	-25	5
Total	**219**	**103**	**61**	**3**	**-85**	**301**
Commission expenses						
Lending	0	0		0	0	0
Payment transfers	6	0	0	0	-2	5
Securities brokerage		1	0	0	0	1
Securities issuance	0	0		0	0	0
Mutual funds		29	0		-28	0
Asset management		3	0	1	0	3
Guarantees		0				0
Insurance brokerage	-1		40		-24	15
Health and wellbeing services			0		0	0
Other	3	27		2	-28	3
Total	**8**	**61**	**41**	**3**	**-83**	**29**
Total net commissions and fees	**211**	**42**	**21**	**1**	**-3**	**272**

Q1 2021, EUR million	Retail Banking	Corporate Banking	Insurance	Group Functions	Elimi-nations	OP Financial Group
Commission income						
Lending	28	12		0	0	39
Deposits	5	1		0	0	6
Payment transfers	68	11		4	-3	79
Securities brokerage	3	9			-3	9
Securities issuance		3			0	3
Fund fees	11	59	22	0	-27	65
Asset management	6	7		0	-4	9
Legal services	6	0			0	6
Guarantees	3	3		0	0	6
Housing service	18				0	18
Insurance brokerage	40		14		-23	30
Life insurance total expense loadings			22			22
Health and wellbeing services			3		0	3
Other	16	1		0	-16	1
Total	204	106	60	4	-77	297
Commission expenses						
Lending	0	0		0	0	0
Payment transfers	5	2	0	1	-3	5
Securities brokerage		1	0	0	0	1
Securities issuance	0	1		0	-1	0
Mutual funds		27	0		-27	0
Asset management		3	0	0	0	3
Guarantees		0				0
Insurance brokerage	-2		36		-22	13
Health and wellbeing services			1		0	1
Other	3	20	0	1	-21	3
Total	6	54	38	3	-74	27
Total net commissions and fees	198	52	22	1	-3	270

Note 6. Net investment income

EUR million	Q1 2022	Q1 2021
Net income from assets at fair value through other comprehensive income		
Notes and bonds		
Interest income	9	10
Other income and expenses	-1	-1
Capital gains and losses	6	9
Currency fair value gains and losses	2	10
Impairment losses and their reversal*	-2	2
Total	**14**	**31**

* Expected credit losses (ECL) on notes and bonds of insurance

Net income recognised at fair value through profit or loss		
Financial assets held for trading		
Notes and bonds		
Interest income and expenses	1	1
Fair value gains and losses	-10	-2
Total	-9	-1
Shares and participations		
Fair value gains and losses	7	0
Dividend income and share of profits	0	1
Total	7	1
Derivatives		
Interest income and expenses	6	11
Fair value gains and losses	-153	-118
Total	-147	-108
Total	**-150**	**-107**
Financial assets that must be measured at fair value through profit or loss		
Notes and bonds		
Interest income	5	4
Fair value gains and losses	6	-29
Total	11	-25
Shares and participations		
Fair value gains and losses	-53	102
Dividend income and share of profits	34	28
Total	-19	130
Total	**-9**	**105**
Financial assets designated as at fair value through profit or loss		
Notes and bonds		
Interest income	5	6
Fair value gains and losses	-94	-31
Total	-89	-25
Shares and participations		
Fair value gains and losses	-6	8
Dividend income and share of profits	2	0
Total	-4	9
Derivatives		
Fair value gains and losses	-1	-2
Total	-1	-2
Total	**-94**	**-18**
Total net income from financial assets recognised at fair value through profit or loss	**-252**	**-20**

Net income from investment property		
Rental income	13	13
Fair value gains and losses	24	-1
Maintenance charges and expenses	-9	-9
Other	0	0
Net income from investment property total	28	3
Net income from loans and receivables measured at amortised cost		
Loans and receivables		
Interest income	2	2
Interest expenses	-1	-1
Capital gains and losses		
Impairment losses and their reversal	-2	1
Loans and receivables total	0	2
Non-life insurance		
Unwinding of discount, Non-life Insurance	-4	-4
Life insurance		
Interest credited on customers' insurance savings	-19	-20
Change in supplementary interest rate provisions	116	84
Other technical items**	125	70
Total	222	134

** Other technical items include changes in other technical provisions than those in supplementary interest rate provisions.

Associated and joint ventures		
Accounted for using the fair value method	11	1
Consolidated using the equity method	0	1
Total	11	1
Total net investment income	**18**	**146**

Note 7. Other operating expenses

EUR million	Q1 2022	Q1 2021
ICT costs		
Production	56	61
Development	34	29
Buildings	13	13
Government charges and audit fees	66	47
Purchased services	27	27
Data communications	8	8
Marketing	6	5
Corporate social responsibility	3	2
Insurance and security costs	2	1
Other	25	28
Total	**239**	**221**

Development costs

EUR million	Q1 2022	Q1 2021
ICT development costs	34	29
Share of own work	16	17
Total development costs in the income statement	**50**	**46**
Capitalised ICT costs	18	21
Capitalised share of own work	4	4
Total capitalised development costs	**23**	**25**
Total development costs	**73**	**70**
Depreciation/amortisation and impairment loss	41	44

Note 8. Impairment losses on receivables

EUR million	Q1 2022	Q1 2021
Receivables written down as loan and guarantee losses	12	38
Recoveries of receivables written down	-3	-2
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	75	-13
Expected credit losses (ECL) on notes and bonds*	0	0
Total	**83**	**22**

* The expected credit losses on notes and bonds in insurance operations are presented in net investment income.

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by impairment stage 31 March 2022

Exposures	Stage 1	Stage 2			Stage 3	
EUR million		Not more than 30 DPD	More than 30 DPD	Total		Total exposure
Receivables from customers (gross)						
Retail Banking	62,183	7,792	31	7,824	2,176	72,183
Corporate Banking	24,638	1,447	222	1,669	595	26,902
Total	**86,821**	**9,240**	**253**	**9,493**	**2,770**	**99,084**
Off-balance-sheet limits						
Retail Banking	6,432	288	2	290	33	6,754
Corporate Banking	4,127	280	56	335	76	4,539
Total	**10,559**	**568**	**57**	**625**	**109**	**11,293**
Other off-balance-sheet commitments						
Retail Banking	3,739	43		43	24	3,806
Corporate Banking	7,603	177		177	82	7,861
Total	**11,342**	**220**		**220**	**106**	**11,667**
Notes and bonds						
Group Functions	12,688	24		24		12,711
Insurance	4,191	36		36	13	4,239
Total	**16,879**	**59**		**59**	**13**	**16,951**
Total exposures within the scope of accounting for expected credit losses	**125,601**	**10,087**	**310**	**10,397**	**2,998**	**138,995**

Loss allowance by impairment stage 31 March 2022

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	
EUR million		Not more than 30 DPD	More than 30 DPD	Total		Total loss allowance
Receivables from customers						
Retail Banking	-18	-86	-1	-87	-326	-431
Corporate Banking	-23	-21	-8	-29	-301	-353
Total	**-41**	**-107**	**-9**	**-116**	**-627**	**-784**
Off-balance-sheet commitments**						
Retail Banking	-1	-1		-1	-1	-2
Corporate Banking	-2	-2		-2	-22	-26
Total	**-3**	**-2**		**-2**	**-22**	**-28**
Notes and bonds***						
Group Functions	-1	-1		-1		-2
Insurance	-8	-1		-1	-5	-14
Total notes and bonds	**-9**	**-2**		**-2**	**-5**	**-16**
Total	**-54**	**-111**	**-9**	**-120**	**-654**	**-828**

* Loss allowance for on- and related off-balance sheet limits is recognised as one component to deduct the balance sheet item.

** Loss allowance is recognised in provisions and other liabilities in the balance sheet.

*** Loss allowance is recognised in the fair value reserve in other comprehensive income.

The table below shows a summary of loss allowance relative to the exposure amount by impairment stage. The coverage ratio describes the ratio of loss allowance to exposure amount.

Summary and key indicators 31 March 2022	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Retail Banking	72,354	8,123	33	8,156	2,233	82,743
Corporate Banking	36,368	1,904	277	2,181	753	39,302
Loss allowance						
Retail Banking	-19	-86	-1	-87	-326	-433
Corporate Banking	-25	-23	-8	-31	-323	-379
Coverage ratio, %						
Retail Banking	-0.03%	-1.06%	-2.72%	-1.07%	-14.61%	-0.52%
Corporate Banking	-0.07%	-1.21%	-2.79%	-1.41%	-42.92%	-0.96%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**108,722**	**10,027**	**310**	**10,337**	**2,985**	**122,045**
Total loss allowance	**-45**	**-109**	**-9**	**-118**	**-649**	**-812**
Total coverage ratio, %	**-0.04%**	**-1.09%**	**-2.78%**	**-1.14%**	**-21.75%**	**-0.67%**
Carrying amount, notes and bonds						
Group Functions	12,688	24		24		12,711
Insurance	4,191	36		36	13	4,239
Loss allowance						
Group Functions	-1	-1		-1		-2
Insurance	-8	-1		-1	-5	-14
Coverage ratio, %						
Group Functions	-0.01%	-2.17%		-2.17%		-0.02%
Insurance	-0.19%	-4.12%		-4.12%	-37.50%	-0.33%
Total notes and bonds	**16,879**	**59**		**59**	**13**	**16,951**
Total loss allowance	**-9**	**-2**		**-2**	**-5**	**-16**
Total coverage ratio, %	**-0.06%**	**-3.34%**		**-3.34%**	**-37.50%**	**-0.09%**

Exposures within the scope of accounting for expected credit losses by impairment stage 31 December 2021

Exposures	Stage 1	Stage 2			Stage 3	
EUR million		Not more than 30 DPD	More than 30 DPD	Total		Total exposure
Receivables from customers (gross)						
Retail Banking	61,835	7,608	8	7,615	2,095	71,545
Corporate Banking	24,673	1,058	247	1,304	508	26,486
Total	**86,508**	**8,665**	**254**	**8,919**	**2,603**	**98,031**
Off-balance-sheet limits						
Retail Banking	6,445	277	10	286	36	6,767
Corporate Banking	4,279	190	88	278	75	4,631
Total	**10,724**	**466**	**98**	**564**	**110**	**11,398**
Other off-balance-sheet commitments						
Retail Banking	3,397	46		46	16	3,458
Corporate Banking	7,196	121		121	78	7,396
Total	**10,593**	**166**		**166**	**94**	**10,854**
Notes and bonds						
Group Functions	13,160	31		31		13,191
Insurance	4,180	36		36	7	4,223
Total	**17,340**	**67**		**67**	**7**	**17,414**
Total exposures within the scope of accounting for expected credit losses	**125,165**	**9,365**	**352**	**9,717**	**2,815**	**137,697**

Loss allowance by impairment stage 31 December 2021

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	
EUR million		Not more than 30 DPD	More than 30 DPD	Total		Total loss allowance
Receivables from customers						
Retail Banking	-19	-59	-2	-61	-319	-398
Corporate Banking	-23	-23	-2	-25	-269	-317
Total	**-42**	**-82**	**-4**	**-86**	**-588**	**-715**
Other off-balance-sheet commitments**						
Retail Banking	-1	-1		-1	-1	-2
Corporate Banking	-3	-3		-3	-14	-20
Total	**-4**	**-3**		**-3**	**-15**	**-22**
Notes and bonds***						
Group Functions	-2	-1		-1		-2
Insurance	-7	-2		-2	-3	-12
Total notes and bonds	**-8**	**-2**		**-2**	**-3**	**-14**
Total	**-54**	**-87**	**-4**	**-91**	**-606**	**-751**

* Loss allowance for on- and related off-balance sheet limits is recognised as one component to deduct the balance sheet item.

** Loss allowance is recognised in provisions and other liabilities in the balance sheet.

*** Loss allowance is recognised in the fair value reserve in other comprehensive income.

The table below shows a summary of loss allowance relative to the exposure amount by impairment stage. The coverage ratio describes the ratio of loss allowance to exposure amount.

Summary and key indicators 31 December 2021	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Retail Banking	71,676	7,930	17	7,947	2,146	81,770
Corporate Banking	36,149	1,368	335	1,703	661	38,513
Loss allowance						
Retail Banking	-20	-59	-2	-61	-319	-400
Corporate Banking	-26	-25	-2	-27	-283	-337
Coverage ratio, %						
Retail Banking	-0.03%	-0.75%	-12.91%	-0.77%	-14.87%	-0.49%
Corporate Banking	-0.07%	-1.85%	-0.63%	-1.61%	-42.83%	-0.88%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**107,825**	**9,298**	**352**	**9,650**	**2,808**	**120,283**
Total loss allowance	**-46**	**-85**	**-4**	**-89**	**-603**	**-737**
Total coverage ratio, %	**-0.04%**	**-0.91%**	**-1.23%**	**-0.92%**	**-21.46%**	**-0.61%**
Carrying amount, notes and bonds						
Group Functions	13,160	31		31		13,191
Insurance	4,180	36		36	7	4,223
Loss allowance						
Group Functions	-2	-1		-1		-2
Insurance	-7	-2		-2	-3	-12
Coverage ratio, %						
Group Functions	-0.01%	-2.00%		-2.00%		-0.02%
Insurance	-0.16%	-4.16%		-4.16%	-49.03%	-0.28%
Total notes and bonds	**17,340**	**67**		**67**	**7**	**17,414**
Total loss allowance	**-8**	**-2**		**-2**	**-3**	**-14**
Total coverage ratio, %	**-0.05%**	**-3.17%**		**-3.17%**	**-49.03%**	**-0.08%**

The table below shows a change in exposures within the scope of the measurement of expected credit losses by impairment Stage for Q1/2022 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet items, EUR million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet items 1 January 2022	**107,825**	**9,650**	**2,808**	**120,283**
Transfers from Stage 1 to Stage 2, incl. repayments	-3,110	3,065		-45
Transfers from Stage 1 to Stage 3, incl. repayments	-169		166	-3
Transfers from Stage 2 to Stage 1, incl. repayments	1,858	-1,899		-41
Transfers from Stage 2 to Stage 3, incl. repayments		-290	283	-7
Transfers from Stage 3 to Stage 1, incl. repayments	19		-20	0
Transfers from Stage 3 to Stage 2, incl. repayments		115	-121	-5
Increases due to origination and acquisition	7,154	60	29	7,244
Decreases due to derecognition	-5,014	-234	-90	-5,338
Unchanged Stage, incl. repayments	158*	-130	-64	-35
Recognised as final credit loss			-7	-7
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 March 2022	**108,722**	**10,337**	**2,985**	**122,045**

* Stage 1 positive net change is related to increases in off-balance-sheet limits.

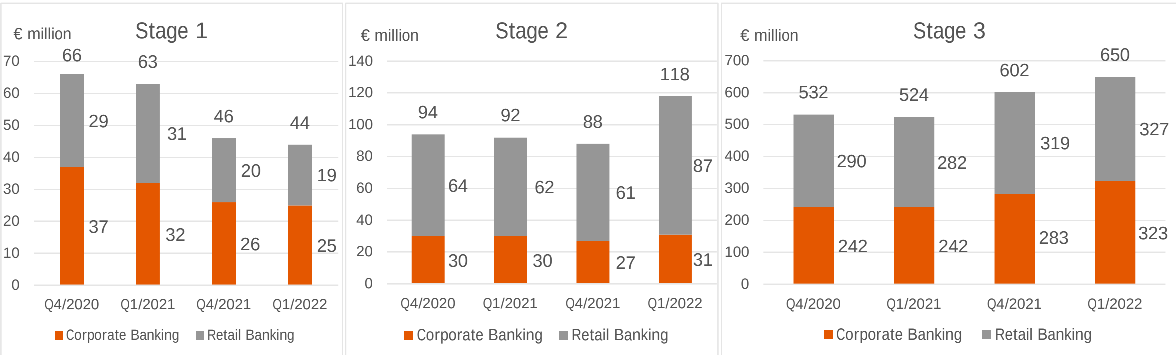
The following flow statements show the changes in loss allowance by impairment stage during January-March 2022.

Receivables from customers and off-balance-sheet items, EUR million	**Stage 1 12 months**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Loss allowance 1 January 2022	**46**	**89**	**603**	**737**
Transfers from Stage 1 to Stage 2	-3	21		18
Transfers from Stage 1 to Stage 3	-3		42	39
Transfers from Stage 2 to Stage 1	2	-11		-9
Transfers from Stage 2 to Stage 3		-13	31	18
Transfers from Stage 3 to Stage 2	0		-1	-1
Transfers from Stage 3 to Stage 1		2	-11	-9
Increases due to origination and acquisition	3	1	5	9
Decreases due to derecognition	-3	-2	-16	-21
Changes in risk parameters (net)	3	31	4	38
Decrease in allowance account due to write-offs			-5	-5
Net change in expected credit losses	**-1**	**29**	**47**	**75**
Loss allowance 31 March 2022	**45**	**118**	**649**	**812**

OP Financial Group has assessed the financial effects of Russia's war of aggression in Ukraine on the credit risk of its customers. The effects arise, for example, from business closure and a rise in energy, raw material and other production costs. Impairment loss on receivables in the income statement increased by EUR 61 million to EUR 83 million (22). This increase mainly came from the indirect effects of the war in Ukraine. The remaining EUR 34 million consist of the management overlay provision affecting the riskiest sectors, that is to say agriculture, construction, energy and transport. Significant uncertainty is still involved in the amount of expected credit losses arising from the effects of the war in Ukraine.

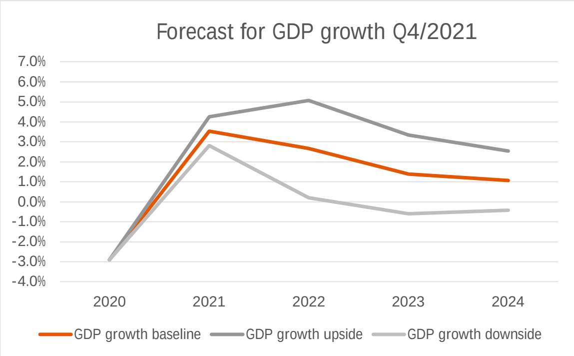
At the end of 2021, OP Financial Group made a 34-million euro additional ECL provision concerning CRE backed loans. The provision was aimed at anticipating growth in the ECL caused by the update of the collateral assessment of riskier collateral real estate holdings and probable default statutes. The provision was not reversed during Q1/2022.

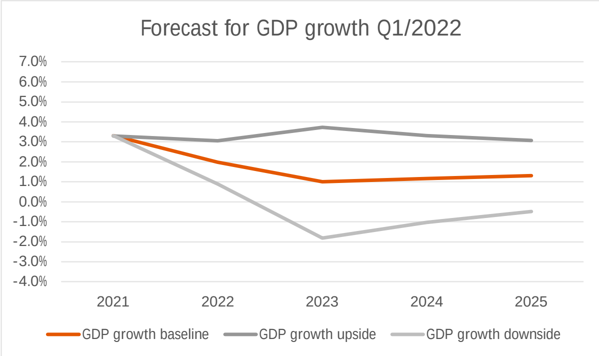
The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years. The graphs show the effect of the Russian military operations in stages 2 and 3 in Q1/2022.

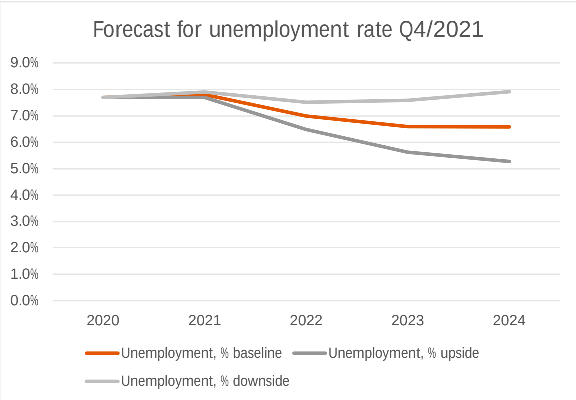


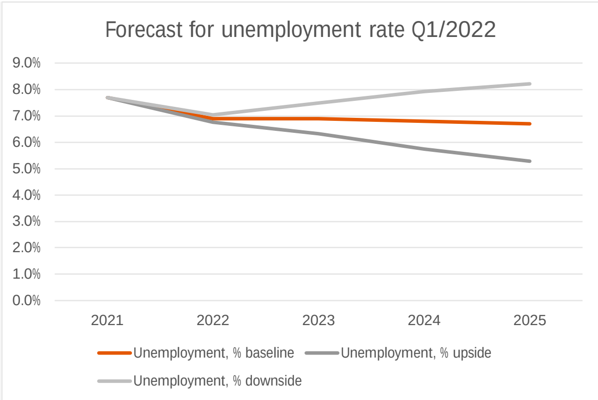
In ECL measurement, macroeconomic factors are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been at normal level, or downside 20%, baseline 60% and upside 20%. During the first quarter of 2022, the update of the macroeconomic forecasts did not have any significant effect on the ECL.

The following graphs illustrate change in forecasts for GDP and the unemployment rate.









Notes and bonds, EUR million	**Stage 1**	**Stage 2**	**Stage 3**	
	12 months	**Lifetime**	**Lifetime**	**Total**
Loss allowance 1 January 2022	**7**	**2**	**5**	**14**
Transfers from Stage 1 to Stage 2	0	1		0
Transfers from Stage 1 to Stage 3	0		1	1
Transfers from Stage 2 to Stage 1	0	0		0
Transfers from Stage 2 to Stage 3		0	0	0
Increases due to origination and acquisition	2		0	2
Decreases due to derecognition	0	0		-1
Changes in risk parameters (net)	0	0	0	0
Net change in expected credit losses	**1**	**0**	**1**	**3**
Loss allowance 31 March 2022	**8**	**2**	**6**	**16**

The table below shows a change in exposures within the scope of the measurement of expected credit losses by impairment Stage for 2021 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet items, EUR million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet items 1 January 2021	**104,895**	**9,203**	**2,587**	**116,685**
Transfers from Stage 1 to Stage 2, incl. repayments	-4,982	4,660		-322
Transfers from Stage 1 to Stage 3, incl. repayments	-370		320	-49
Transfers from Stage 2 to Stage 1, incl. repayments	2,370	-2,593		-223
Transfers from Stage 2 to Stage 3, incl. repayments		-758	696	-62
Transfers from Stage 3 to Stage 1, incl. repayments	54		-62	-8
Transfers from Stage 3 to Stage 2, incl. repayments		187	-207	-20
Increases due to origination and acquisition	27,550	862	153	28,565
Decreases due to derecognition	-16,322	-1,626	-342	-18,291
Unchanged Stage, incl. repayments	-5,369	-279	-224	-5,872
Recognised as final credit loss		-6	-113	-119
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 December 2021	**107,825**	**9,650**	**2,808**	**120,283**

The table below shows the change in loss allowance by impairment stage during 2021.

Receivables from customers and off-balance-sheet items, EUR million	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	Total
Loss allowance 1 January 2021	**65**	**93**	**533**	**692**
Transfers from Stage 1 to Stage 2	-3	30		26
Transfers from Stage 1 to Stage 3	-1		34	33
Transfers from Stage 2 to Stage 1	2	-13		-10
Transfers from Stage 2 to Stage 3		-19	78	60
Transfers from Stage 3 to Stage 2		5	-16	-11
Transfers from Stage 3 to Stage 1	1		-6	-5
Increases due to origination and acquisition	15	11	27	53
Decreases due to derecognition	-21	-14	-55	-89
Changes in risk parameters (net)	-16	-6	86	65
Changes due to update in the methodology for estimation (net)	2	0		2
Decrease in allowance account due to write-offs		0	-78	-78
Net change in expected credit losses	**-19**	**-6**	**70**	**45**
Loss allowance 31 December 2021	**46**	**89**	**603**	**737**

Notes and bonds, EUR million	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	Total
Loss allowance 1 January 2021	**7**	**3**	**6**	**16**
Transfers from Stage 1 to Stage 2	0	0		0
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	2		0	2
Decreases due to derecognition	-2	-1	-1	-4
Changes in risk parameters (net)	0	0	0	0
Net change in expected credit losses	**0**	**-1**	**-1**	**-2**
Loss allowance 31 December 2021	**7**	**2**	**5**	**14**

Note 9. Insurance liabilities

EUR million	31 March 2022	31 Dec 2021
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,535	1,535
Other provision for unpaid claims	1,236	1,204
Reserve for decreased discount rate (value of hedges of insurance liability)	-124	-48
Total	2,647	2,691
Provisions for unearned premiums	938	606
Life insurance insurance liabilities	5,150	5,475
Total	**8,734**	**8,773**

Note 10. Liabilities from unit-linked insurance and investment contracts

EUR million	31 March 2022	31 Dec 2021
Liabilities from unit-linked insurance	4,973	10,969
Investment contracts*	7,516	2,242
Total	**12,489**	**13,210**

* Agreements previously presented as a unit-linked policy liability was categorised as investment agreements at the beginning of 2022.

Note 11. Debt securities issued to the public

EUR million	31 March 2022	31 Dec 2021
Bonds	9,304	10,838
Subordinated bonds (SNP)	4,390	3,926
Covered bonds	11,889	12,353
Other		
Certificates of deposit	295	297
Commercial paper	6,575	7,539
Included in own portfolio in trading (–)*	-33	-58
Total debt securities issued to the public	**32,420**	**34,895**

* Own bonds held by OP Financial Group have been set off against liabilities.

Note 12. Fair value reserve after income tax

	Fair value through other comprehensive income			
EUR million	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	Total
Opening balance 1 January 2021	**109**	**70**	**203**	**382**
Fair value changes	-31	82	-50	1
Capital gains transferred to income statement	-10	-28		-38
Transfers to net interest income			-11	-11
Deferred tax	8	-11	12	9
Closing balance 31 March 2021	**77**	**113**	**155**	**345**

	Fair value through other comprehensive income			
EUR million	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	Total
Opening balance 1 January 2022	**63**	**164**	**96**	**323**
Fair value changes	-182	-48	-191	-421
Capital gains transferred to income statement	-11	-11		-22
Impairment loss transferred to income statement		9		9
Transfers to net interest income			-5	-5
Deferred tax	39	10	39	88
Closing balance 31 March 2022	**-91**	**124**	**-61**	**-28**

The fair value reserve before tax amounted to EUR -34 million (431) at the end of the reporting period and the related deferred tax asset/liability was EUR 7 million (-86). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR -2 million (2) in the fair value reserve during the reporting period.

A negative fair value reserve may recover by means of asset appreciation and recognised impairments.

Note 13. Collateral given

EUR million	31 March 2022	31 Dec 2021
Given on behalf of own liabilities and commitments		
Pledges	1	1
Loans (as collateral for covered bonds)	19,270	19,429
Others	18,314	18,526
Total collateral given*	**37,585**	**37,955**
Secured derivative liabilities	613	744
Other secured liabilities	16,028	16,004
Covered bonds	11,889	12,353
Total	**28,530**	**29,101**

* In addition, bonds with a book value of EUR 1.5 billion have been pledged in the central bank, of which EUR 1.0 billion in intraday settlement collateral. Given that the bonds are available for withdrawal without the central bank's advance permission, they are not presented in the table above.

Note 14. Classification of financial assets and liabilities

			Fair value through profit or loss				
Assets, EUR million	Amortised cost	Fair value through other comprehen-sive income	Financial assets held for trading	Financial assets designated as at fair value through profit or loss	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	29,203						29,203
Receivables from credit institutions	659						659
Derivative contracts			2,490			794	3,284
Receivables from customers	97,410						97,410
Assets covering unit-linked contracts				12,409			12,409
Notes and bonds	1	16,457	397	1,842	363		19,059
Equity instruments		1	81	224	1,658		1,964
Other financial assets	2,869						2,869
Financial assets							**166,857**
Other than financial instruments							2,561
Total 31 March	**130,142**	**16,457**	**2,968**	**14,475**	**2,020**	**794**	**169,418**

Assets, EUR million	Amortised cost	Fair value through other comprehen-sive income	Financial assets held for trading	Financial assets designated as at fair value through profit or loss	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	32,846						32,846
Receivables from credit institutions	541						541
Derivative contracts			2,672			796	3,467
Receivables from customers	96,947						96,947
Assets covering unit-linked contracts				13,137			13,137
Notes and bonds	1	17,411	331	1,987	356		20,087
Equity instruments		0	78	218	1,624		1,921
Other financial assets	2,469						2,469
Financial assets							**171,415**
Other than financial instruments							2,695
Total 31 December 2021	**132,805**	**17,412**	**3,080**	**15,342**	**1,981**	**796**	**174,110**

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		16,630		16,630
Derivative contracts	2,032		646	2,678
Liabilities to customers		75,981		75,981
Insurance liabilities		8,734		8,734
Liabilities from unit-linked insurance and investment contracts	12,489			12,489
Debt securities issued to the public		32,420		32,420
Subordinated loans		1,468		1,468
Other financial liabilities		3,146		3,146
Financial liabilities				**153,546**
Other than financial liabilities				1,948
Total 31 March	**14,521**	**138,380**	**646**	**155,494**

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		16,650		16,650
Derivative contracts	1,933		333	2,266
Liabilities to customers		77,898		77,898
Insurance liabilities		8,773		8,773
Liabilities from unit-linked insurance and investment contracts	13,210			13,210
Debt securities issued to the public		34,895		34,895
Subordinated loans		1,982		1,982
Other financial liabilities		2,581		2,581
Financial liabilities				**158,256**
Other than financial liabilities				1,670
Total 31 December 2021	**15,143**	**142,780**	**333**	**159,926**

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March 2022, the fair value of these debt instruments was approximately EUR 629 million (337) lower (higher) than their carrying amount, based on information available from markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their amortised costs, but determining reliable fair values involves uncertainty.

Note 15. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2022, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	907	322	735	1,964
Debt instruments	1,729	590	282	2,602
Unit-linked contracts	7,988	4,421		12,409
Derivative financial instruments	2	3,186	96	3,284
Fair value through other comprehensive income				
Debt instruments	14,693	1,128	635	16,457
Total financial instruments	**25,319**	**9,646**	**1,749**	**36,715**
Investment property			567	567
Total	**25,319**	**9,646**	**2,316**	**37,281**

Fair value of assets on 31 December 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	909	316	696	1,920
Debt instruments	1,814	640	221	2,675
Unit-linked contracts	8,517	4,619		13,137
Derivative financial instruments	1	3,360	106	3,467
Fair value through other comprehensive income				
Debt instruments	14,119	2,758	534	17,411
Total financial instruments	**25,360**	**11,694**	**1,557**	**38,610**
Investment property			724	724
Total	**25,360**	**11,694**	**2,281**	**39,335**

Fair value of liabilities on 31 March 2022, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Unit-linked contracts	8,039	4,449		12,489
Derivative financial instruments	4	2,633	40	2,678
Total	**8,044**	**7,083**	**40**	**15,166**

Fair value of liabilities on 31 December 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Unit-linked contracts	8,565	4,645		13,210
Derivative financial instruments	2	2,234	30	2,266
Total	**8,566**	**6,879**	**30**	**15,476**

Level 1: Quoted prices in active markets

This level includes equities listed on major stock exchanges, quoted debt instruments issued by companies, governments and financial institutions, as well as exchange-traded derivatives. The fair value of these instruments is determined on the basis of the quotes in active markets.

Level 2: Valuation techniques using observable inputs

Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. This hierarchy level includes the majority of OP Corporate Bank Group's OTC derivatives and quoted debt instruments issued by companies, governments and financial institutions which have not been included in Level 1.

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve uncertainty. The fair value determination of the instruments included within this level contains inputs not based on observable market data (unobservable inputs). Level 3 also includes bonds for which there is little, if any, market activity on the valuation date. This level includes the most complex OTC derivatives and derivatives with a long maturity for which the Group had to extrapolate the market data used in their value measurement, as well as certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. Level 3 fair value is based on pricing information from a third party.

Transfers between levels of the fair value hierarchy

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

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss	Derivative contracts	Fair value through other comprehen-sive income	Total assets
Opening balance 1 January 2022	**916**	**106**	**534**	**1,557**
Total gains/losses in profit or loss	-157	-10	0	-168
Total gains/losses in other comprehensive income			-5	-5
Purchases	34		3	37
Sales	-22		-16	-37
Settlements	0			0
Transfers into Level 3	246		172	418
Transfers out of Level 3			-53	-53
Closing balance 31 March 2022	**1,018**	**96**	**635**	**1,749**

Financial liabilities, EUR million	Derivative contracts	Total liabilities
Opening balance 1 January 2022	**30**	**30**
Total gains/losses in profit or loss	9	9
Closing balance 31 March 2022	**40**	**40**

Total gains/losses included in profit or loss by item for the financial year on 31 March 2022

EUR million	Net interest income	Net investment income	Statement of comprehensive income/ Change in fair value reserve	Total gains/ losses for the financial year included in profit or loss for assets/ liabilities held at year-end
Realised net gains (losses)	-184	27	0	-157
Unrealised net gains (losses)	-20		-6	-25
Total net gains (losses)	**-204**	**27**	**-5**	**-182**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. Level 3 derivatives relate to structured bonds issued by OP Corporate Bank, whose return is determined by the value performance of an embedded derivative instrument. The fair value change of these embedded derivatives is not presented in the above table. In addition, long-maturity derivatives have been included in Level 3 for which the Group had to extrapolate the market data used in their value measurement.

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2022.

Note 16. Off-balance-sheet commitments

EUR million	31 March 2022	31 Dec 2021
Guarantees	575	641
Other guarantee liabilities	2,867	2,727
Loan commitments	15,462	15,203
Commitments related to short-term trade transactions	665	679
Other*	1,321	1,378
Total off-balance-sheet commitments	**20,890**	**20,629**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 160 million (195).

Note 17. Derivative contracts

Total derivatives 31 March 2022

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	20,628	87,475	91,297	199,399	2,251	1,744
Cleared by the central counterparty	8,370	47,234	55,419	111,023	191	186
Settled-to-market (STM)	5,739	30,518	38,985	75,241	137	120
Collateralised-to-market (CTM)	2,631	16,716	16,435	35,782	55	66
Currency derivatives	44,641	4,657	766	50,064	778	790
Equity and index-linked derivatives	2			2	0	
Credit derivatives	18	58		76	1	37
Other derivatives	506	478	20	1,004	108	65
Total derivatives	**65,794**	**92,669**	**92,082**	**250,545**	**3,138**	**2,636**

Total derivatives 31 December 2021

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	21,176	74,987	86,509	182,671	2,453	1,447
Cleared by the central counterparty	10,327	38,295	51,866	100,487	11	13
Settled-to-market (STM)	6,155	24,603	37,311	68,069	9	11
Collateralised-to-market (CTM)	4,171	13,692	14,554	32,418	2	3
Currency derivatives	44,610	5,508	757	50,874	782	669
Equity and index-linked derivatives	2			2	0	
Credit derivatives	34	783	110	926	2	35
Other derivatives	260	1,744	28	2,032	104	43
Total derivatives	**66,081**	**83,021**	**87,403**	**236,506**	**3,342**	**2,195**

* The fair values include accrued interest that is, excluding other than those held-for-trading derivatives, presented in the balance sheet in 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 18. Investment distribution of the Insurance segment

Non-life Insurance	31 March 2022		31 December 2021	
Investment asset portfolio allocation	Fair value*, EUR million	%	Fair value*, EUR million	%
Money market total	**704**	**17**	**596**	**14**
Money market instruments and deposits**	702	17	590	14
Derivatives***	2	0	7	0
Total bonds and bond funds	**2,443**	**59**	**2,555**	**60**
Governments	333	8	432	10
Investment Grade	1,684	41	1,750	41
Emerging markets and High Yield	226	5	187	4
Structured Investments****	200	5	187	4
Total equities	**628**	**15**	**629**	**15**
Finland	105	3	113	3
Developed markets	335	8	328	8
Emerging markets	112	3	114	3
Fixed assets and unquoted equities	6	0	6	0
Private equity investments	70	2	69	2
Total alternative investments	**32**	**1**	**33**	**1**
Hedge funds	32	1	33	1
Total property investment	**320**	**8**	**473**	**11**
Direct property investment	147	4	301	7
Indirect property investment	173	4	172	4
Total	**4,126**	**100**	**4,287**	**100**

* Includes accrued interest income.

** Includes settlement receivables and liabilities and market value of derivatives.

*** Effect of derivatives on the allocation of the asset class (delta-weighted equivalents).

**** Include covered bonds, bond funds and illiquid bonds.

Life Insurance	31 March 2022		31 December 2021	
Investment asset portfolio allocation	Fair value*, EUR million	%	Fair value*, EUR million	%
Total money market instruments	**686**	**19**	**748**	**21**
Money market investments and deposits**	686	19	743	20
Derivatives***	0	0	5	0
Total bonds and bond funds	**2,083**	**59**	**2,126**	**58**
Governments	192	5	256	7
Inflation-linked bonds				
Investment Grade	1,540	44	1,586	44
Emerging markets and High Yield	177	5	121	3
Structured investments****	174	5	163	4
Total equities	**547**	**15**	**546**	**15**
Finland	85	2	91	3
Developed markets	296	8	283	8
Emerging markets	95	3	98	3
Fixed assets and unquoted equities	3	0	3	0
Private equity investments	68	2	70	2
Total alternative investments	**39**	**1**	**40**	**1**
Hedge funds	39	1	40	1
Total real property investments	**178**	**5**	**186**	**5**
Direct property investments	23	1	23	1
Indirect property investments	155	4	163	4
Total	**3,533**	**100**	**3,646**	**100**

* Includes accrued interest income.

** Include settlement receivables and liabilities and market value of derivatives.

*** Effect of derivatives on the allocation of the asset class (delta equivalent).

**** Include covered bonds, bond funds and illiquid bonds.

Note 19. Related-party transactions

OP Financial Group's related parties comprise subsidiaries consolidated into OP Financial Group, associates, key management personnel and their close family members, and other related-party entities. OP Financial Group's key management personnel comprises OP Financial Group's President and Group Chief Executive Officer, members of OP Cooperative's Executive Management Team and directors directly reporting to the President and Group Chief Executive Officer, the Chair and members of OP Cooperative's Board of Directors as well as members of the Supervisory Council. Related parties of the management also include companies over which key management persons or their close family member exercises significant influence. Other entities regarded as related parties include OP Financial Group's Personnel Fund and OP Bank Group Pension Foundation.

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 2021.

Financial reporting in 2022

Half-year Financial Report H1/2022	27 July 2022
Interim Report Q1–3/2022	26 October 2022
OP Amalgamation capital adequacy tables 31 March 2022	Week 19
OP Amalgamation capital adequacy tables 30 June 2022	Week 31
OP Amalgamation capital adequacy tables 30 September 2022	Week 44

Helsinki, 4 May 2022

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