

OP Mortgage Bank: Financial Statements Bulletin for 1 January–31 December 2022

OP Mortgage Bank (OP MB) is part of OP Financial Group. Together with OP Corporate Bank plc, its role is to raise funding for OP from money and capital markets. OP MB is responsible for the Group's funding with regard to covered bond issuance.

Financial standing

The intermediary loans and loan portfolio of OP MB totalled EUR 19,620 million (18,275)* on 31 December 2022. Bonds issued by OP MB totalled EUR 18,165 million (16,415) at the end of December 2022.

In April, OP MB issued a green covered bond in the international capital market. The fixed-rate one-billion-euro covered bond has a maturity of five and a half years. All proceeds of the bonds were intermediated to 98 OP cooperative banks in the form of intermediary loans.

In June, OP MB issued a one-billion-euro retained covered bond with a maturity of one year and three months, which was implemented as OP Financial Group's internal issue.

In November, a new extension of an intermediary loan model was performed on a bond issued in November 2020 that will mature in 2030. As part of this extension, OP MB provided one OP cooperative bank with an intermediary loan totalling EUR 2 million.

In November, OP MB issued the first covered bond under the new Act on Mortgage Credit Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022) in the international capital market. The bond forms part of the Euro Medium Term Covered Bond (Premium) Programme. The fixed-rate covered bond is worth EUR 1.25 billion and has a maturity of three years and seven months. All proceeds of the bond were intermediated to 77 OP cooperative banks in the form of intermediary loans.

On 31 December 2022, 106 OP cooperative banks had a total of EUR 16,833 million (14,691) in intermediary loans from OP MB.

Earnings before tax totalled EUR 8.3 million (6.7). The company's financial standing remained stable throughout the reporting period.

Impairment loss on receivables related to loans in OP MB's balance sheet totalled EUR 0.5 million (–0.5). Loss allowance was EUR 2.4 million (3.1).

* The comparatives for 2021 are given in brackets. For income statement and other aggregated figures, the figures for January–December 2021 serve as comparatives. For balance-sheet and other cross-sectional figures, figures at the end of the previous financial year (31 December 2021) serve as comparatives.

Collateralisation of bonds issued to the public

On 31 December 2022, loans as collateral in security of the covered bonds issued under the Euro Medium Term Covered Bond (Premium) Programme worth EUR 25 billion established on 11 October 2022 under the Act on Mortgage Credit Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022) totalled EUR 1,379 million.

On 31 December 2022, loans as collateral in security of the covered bonds issued under the Euro Medium Term Covered Note programme worth EUR 20 billion established on 12 November 2010 under the Act on Mortgage Credit Banks (Laki kiinnitysluottopankkitoiminnasta 688/2010) totalled EUR 16,185 million. On the same date, loans as collateral in security of the covered bonds issued under the Euro Medium Term Retained Covered Note programme worth EUR 10 billion established on 15 June 2020 totalled EUR 3,484 million.

Capital adequacy

OP MB's Common Equity Tier 1 (CET1) ratio stood at 32.5% (92.9) on 31 December 2022. The ratio was weakened by the adoption of the risk-weighted assets floor based on the Standardised Approach in OP Financial Group according to the decision made on 1 March 2022. The minimum CET1 capital requirement is 4.5% and the requirement for the capital conservation buffer is 2.5%. The minimum total capital requirement is 8% and 10.5% with increased capital conservation buffer. OP MB covers the capital requirements in their entirety with CET1 capital, so the CET1 capital requirement is 10.5%. Earnings for the reporting period were not included in CET1 capital.

OP MB uses the Internal Ratings Based Approach (IRBA) to measure its capital adequacy requirement for credit risk. On 30 September 2022, OP Financial Group filed an application with the European Central Bank (ECB) on the use of the Standardised Approach in capital adequacy calculation, instead of the internal models (IRBA) and the currently applied risk-weighted assets floor based on the Standardised Approach. Transfer to the Standardised Approach is estimated to have no essential effect on OP MB's capital adequacy or risk exposure. According to OP Financial Group's assessment, the transfer will take place during the first quarter of 2023. OP MB uses the Standardised Approach to measure its capital requirement for operational risks. The capital adequacy requirement is increased by the RWA floor based on the Standardised Approach.

OP MB belongs to OP Financial Group. As part of the Group, OP MB is supervised by the ECB. OP Financial Group presents capital adequacy information in its financial statements bulletins and interim and half-year financial reports in accordance with the Act on the Amalgamation of Deposit Banks. OP Financial Group also publishes Pillar III disclosures.

Capital base and capital adequacy, TEUR	31 Dec 2022	31 Dec 2021
Shareholders' equity	371,311	370,077
Excess funding of pension liability	-24	-57
Share of unaudited profits	-6,631	-5,364
Impairment loss – shortfall of expected losses	-1,822	-2,856
Common Equity Tier 1 (CET1)	362,835	361,800
Tier 1 capital (T1)	362,835	361,800
Total capital base	362,835	361,800
Total risk exposure amount		
Credit and counterparty risk	241,732	359,126
Operational risk	26,908	30,130
Other risks *	848,865	
Total	1,117,505	389,256
Key ratios, %		
CET1 capital ratio	32.5	92.9
Tier 1 capital ratio	32.5	92.9
Capital adequacy ratio	32.5	92.9
Capital requirement		
Capital base	362,835	361,800
Capital requirement	117,364	40,872
Buffer for capital requirements	245,471	320,928

*Floor of risk-weighted assets based on the Standardised Approach.

Joint and several liability of amalgamation

Under the Act on the Amalgamation of Deposit Banks, the amalgamation of cooperative banks comprises the organisation's central cooperative (OP Cooperative), the central cooperative's member credit institutions and the companies belonging to their consolidation groups as well as credit and financial institutions and service companies in which the above together hold more than half of the total votes. This amalgamation is supervised on a consolidated basis. On 31 December 2022, OP Cooperative's member credit institutions comprised 108 cooperative banks as well as OP Corporate Bank plc, OP Mortgage Bank and OP Retail Customers plc.

The central cooperative is responsible for issuing instructions to its member credit institutions concerning their internal control and risk management, their procedures for securing liquidity and capital adequacy as well as for compliance with harmonised accounting policies in the preparation of the amalgamation's consolidated financial statements.

As a support measure referred to in the Act on the Amalgamation of Deposit Banks, the central cooperative is liable to pay any of its member credit institutions an amount that is necessary to prevent the credit institution from being placed in liquidation. The central cooperative is also liable for the debts of a member credit institution which cannot be paid using the member credit institution's assets.

Each member bank is liable to pay a proportion of the amount which the central cooperative has paid to either another member bank as part of support action or to a creditor of such member bank in payment of an amount overdue which the creditor has not received from the member bank. Furthermore, in the case of the central cooperative's default, a member bank has unlimited refinancing liability for the central cooperative's debts as referred to in the Co-operatives Act.

Each member bank's liability for the amount the central cooperative has paid to the creditor on behalf of a member bank is divided between the member banks in proportion to their last adopted balance sheets. OP Financial Group's insurance companies do not fall within the scope of joint and several liability.

According to section 25 of the Act on Mortgage Credit Banks (688/2010), the creditors of covered bonds issued prior to 8 July 2022 have the right to receive payment, before other claims, for the entire term of the bond, in accordance with the terms and conditions of the bond, out of the funds entered as collateral for the bond, without this being prevented by OP MB's liquidation or bankruptcy. A similar and equal priority also applies to derivative contracts entered in the register of bonds, and to marginal lending facilities referred to in section 26, subsection 4 of the said Act. For mortgage-backed loans included in the total amount of collateral of covered bonds, the priority of payment right of the covered bond holders is limited to the amount of loan that, with respect to home loans, corresponds to 70% of the value of shares or property serving as security for the loan and entered in the bond register at the time of the issuer's liquidation or bankruptcy declaration.

Under section 20 of the Act on Mortgage Credit Banks and Covered Bonds (151/2022), the creditors of bonds and derivative contracts issued after 8 July 2022, including the related management and clearing costs, have the right to receive payment out of the collateral included in the cover pool, before other creditors of OP MB or the OP cooperative bank which is the debtor of an intermediary loan. Interest and yield accruing on the collateral, and any substitute assets fall within the scope of the said priority. Section 44, subsection 3 of the said Act contains provisions on the creditor's priority related to marginal lending facility of the cover pool.

Corporate responsibility

Corporate responsibility is an integral part of OP Financial Group's business and strategy and responsible business is one of OP Financial Group's strategic priorities. OP Financial Group published its new sustainability programme in August 2022. The programme and its policy priorities implement OP Financial Group's strategy and guide its sustainability and corporate responsibility actions. OP Financial Group's sustainability programme is built around three themes: Climate and the environment, People and communities and Corporate governance.

At OP Financial Group, sustainability and responsibility are guided by a number of principles and policies. OP Financial Group is committed to complying not only with all applicable laws and regulations, but also with a number of international initiatives and standards guiding our operations. 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 Financial Group is committed to complying with the UN Principles for Responsible Investment and is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

In 2022, OP MB continued to issue green covered bonds as part of the responsible offering of OP Financial Group, and reported the impacts of the green bond issued earlier. In March 2022, OP MB published a Green Covered Bond Report on Finland's first green covered bond issued in March 2021. According to OP MB's Green Covered Bond Framework, funds raised through the bond have been allocated to mortgages with energy-efficient residential buildings as collateral. In 2021, the environmental impacts allocated to the green covered bond include annual avoided energy use of 26,000 MWh and annual avoided CO₂-equivalent emissions of 4,100 tonnes.

In April 2022, OP MB issued a one-billion-euro green covered bond with a maturity of 5,5 years. According to OP MB's Green Covered Bond Framework, funds raised through the bond have been allocated to mortgages recognised as energy efficient by OP Financial Group. The sector to be financed is energy-efficient residential buildings (green buildings).

Personnel

On 31 December 2022, OP MB had six employees. OP MB has been digitising its operations and purchases all the most important support services from OP Cooperative and its Group members, reducing the need for its own personnel.

Management

The Board composition is as follows:

Chair	Mikko Timonen	Chief Financial Officer, OP Cooperative
Members	Satu Nurmi	Head of Retail Customer Financing and Housing-related Services, OP Retail Customers plc
	Mari Heikkilä	Head of Group Treasury and Asset and Liability Management, OP Corporate Bank plc

The Board was chaired by Vesa Aho until 28 February 2022 and Mikko Timonen has chaired the Board since 1 March 2022. Lauri Iloniemi was a Board member until 8 May 2022 and Mari Heikkilä has been a Board member since 23 May 2022. Kaisu Christie was a Board member until 23 May 2022 and Satu Nurmi has been a Board member since 23 May 2022.

OP MB's Managing Director is Sanna Eriksson. The deputy Managing Director is Tuomas Ruotsalainen, Senior Covered Bonds Manager at OP MB.

A new Act on Mortgage Credit Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022) entered into force on 8 July 2022. The new law implemented a directive concerning covered bonds and it revoked the Act on Mortgage Credit Banks (Laki kiinnitysluottopankkitoiminnasta 688/2010). On 30 June 2022, the Finnish Financial Supervisory Authority granted OP MB a licence to engage in mortgage credit bank operations in accordance with section 8 of the Act on Mortgage Credit Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022). OP MB has updated its prospectus concerning bonds to be in line with the new law. This mainly involved changes pertaining to legislative methods and in terminology, in addition to which the size of the programme was increased to EUR 25 billion. The name of the updated programme is "Euro Medium Term Covered Bond (Premium) Programme". A new cover pool was established for issues to be made under the updated prospectus and the new law. The amended law has no effect on bonds issued before 8 July 2022, to which the former Act on Mortgage Credit Banks (Laki kiinnitysluottopankkitoiminnasta 688/2010) is applied, including the prospectuses and terms and conditions effective during the issue.

Risk profile

When entering 2022, OP MB had a strong capital base, capital buffers and risk-bearing capacity.

The Covid-19 pandemic, the Russian invasion of Ukraine and the rise in raw material and consumer prices and interest rates are creating a situation whose combined effects are very difficult to predict. The risk factors may affect lending, liquidity maintenance and business processes. OP MB's capital base is sufficient to secure business continuity.

OP MB's most significant risks are related to the quality of collateral and to the structural liquidity and interest rate risks on the balance sheet for which limits have been set in the Risk Policy of Banking. The key credit risk indicators in use show that OP MB's credit risk exposure is stable. The liquidity buffer for OP Financial Group, managed by OP Corporate Bank, is exploitable by OP MB. OP MB has used interest rate swaps to hedge against its interest rate risk. Interest rate swaps have been used to swap home loan

interest, intermediary loan interest and interest on issued bonds into the same basis rate. OP MB has concluded all derivative contracts for hedging purposes, with OP Corporate Bank plc being their counterparty. OP MB's interest risk exposure is under control, and it has been within the set limit.

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. By means of advice and business decisions, OP Financial Group encourages its customers in bolstering their sustainable and successful business of the future. At the same time, OP Financial Group ensures that its operations are profitable and in compliance with its values in the long term.

Proposal by the Board of Directors for profit distribution

OP Mortgage Bank's equity capital on 31 December 2022

+ Share capital	60,000,000.00
+ Reserve for invested non-restricted equity	245,000,000.00
+ Profit for the financial year	6,631,214.20
+ Retained earnings	59,679,866.31
Total	371,311,080.51

Distributable funds totalled EUR 311,311,080.51.

As shown in the financial statements of 31 December 2022, the company's distributable earnings, which include EUR 6,631,214.20 in profit for the financial year, totalled EUR 66,311,080.51. The company's distributable funds totalled EUR 311,311,080.51.

The Board of Directors proposes that a dividend of EUR 86.57 per share be distributed, totalling EUR 6,630,569.44, and that following dividend distribution, the remaining amount of EUR 644.76 be recognised in retained earnings. Following dividend distribution, the company's distributable earnings total EUR 59,680,511.07 and its distributable funds total EUR 304,680,511.07.

The company's financial position has not undergone any material changes since the end of the financial year 2022. The company's liquidity is good and will not be jeopardised by the proposed profit distribution, in the Board of Directors' view.

Events after the balance sheet date

In January, OP MB issued a covered bond under the Act on Mortgage Credit Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022) in the international capital market. The bond forms part of the new Euro Medium Term Covered Bond (Premium) Programme. The fixed-rate one-billion-euro covered bond has a maturity of seven years. All proceeds of the bond were intermediated to 55 OP cooperative banks in the form of intermediary loans.

Outlook for 2023

Economic growth slowed down in the course of 2022 and economic surveys suggest that economic development is still likely to deteriorate. Last year, business profitability remained good and the employment situation was strong. High inflation eroded the purchasing power among households, and higher interest rates and greater uncertainty cut down on home sales.

The economy is expected to sink into a moderate recession, inflation to decrease slowly while short-term interest rates are predicted to rise further. The economic outlook remains surrounded by an exceptional degree of uncertainty. In addition to economic factors, the price and availability of energy and developments in global markets together with the geopolitical situation may abruptly affect the economic outlook.

It is expected that OP MB's capital adequacy will remain strong, risk exposure favourable and the overall quality of the loan portfolio good. This will make it possible to issue new covered bonds in 2023 as well.

Alternative Performance Measures

Key ratios	Q1–4/2022	Q1–4/2021	Q4/2022	Q4/2021
Return on equity (ROE), %	1.8	1.4	2.0	1.7
Cost/income ratio, %	56	56	59	54

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.

Return on equity (ROE), %	$\frac{\text{Financial performance for the reporting period x (days of financial year/days of reporting period)}}{\text{Equity capital (average at beginning and end of period)}} \times 100$
Cost/income ratio, %	$\frac{\text{Total expenses}}{\text{Total income}} \times 100$

Financial Statements Bulletin 1 January–31 December 2022

Primary statements

Income statement, TEUR	Q1–4/2022	Q1–4/2021	Q4/2022	Q4/2021
Net interest income	38,526	42,075	9,878	10,050
Net commissions and fees	-21,041	-25,804	-4,698	-5,918
Net investment income	1	1	0	
Other operating income	1	1	1	1
Total income	17,487	16,274	5,181	4,132
Personnel costs	583	487	165	118
Other operating expenses	9,164	8,591	2,883	2,107
Total expenses	9,746	9,079	3,047	2,225
Impairment loss on receivables	548	-491	189	111
Earnings before tax	8,289	6,704	2,323	2,018
Income tax expense	1,657	1,341	465	404
Profit for the period	6,631	5,364	1,859	1,614
Statement of comprehensive income, TEUR	Q1–4/2022	Q1–4/2021	Q4/2022	Q4/2021
Profit for the period	6,631	5,364	1,859	1,614
Gains/(losses) arising from remeasurement of defined benefit plans	-43	2	-43	2
Income tax on gains/(losses) arising from remeasurement of defined benefit plans	9	0	9	0
Total comprehensive income	6,597	5,365	1,825	1,616

Balance sheet, TEUR	31 Dec 2022	31 Dec 2021
Receivables from credit institutions	17,996,364	14,814,635
Derivative contracts	7,482	170,200
Receivables from customers	2,787,526	3,584,445
Investment assets	40	40
Other assets	88,025	31,241
Tax assets	98	
Total assets	20,879,535	18,600,560
Liabilities to credit institutions	2,250,000	1,570,000
Derivative contracts	1,201,138	52,966
Debt securities issued to the public	16,970,557	16,579,276
Provisions and other liabilities	86,295	27,893
Tax liabilities	234	349
Total liabilities	20,508,224	18,230,483
Shareholders' equity		
Share capital	60,000	60,000
Reserve for invested non-restricted equity	245,000	245,000
Retained earnings	66,311	65,077
Total equity	371,311	370,077
Total liabilities and shareholders' equity	20,879,535	18,600,560

Statement of changes in equity, TEUR	Share capital	Other reserves	Retained earnings	Total equity
Shareholders' equity 1 Jan 2022	60,000	245,000	65,077	370,077
Profit for the period			6,631	6,631
Other comprehensive income for the period			-34	-34
Other changes			-5,363	-5,363
Shareholders' equity 31 Dec 2022	60,000	245,000	66,311	371,311
Shareholders' equity 1 Jan 2021	60,000	245,000	66,093	371,093
Profit for the period			5,364	5,364
Other comprehensive income for the period			1	1
Other changes			-6,381	-6,381
Shareholders' equity 31 Dec 2021	60,000	245,000	65,077	370,077

Cash flow statement, TEUR	Q1–4/2022	Q1–4/2021
Cash flow from operating activities		
Profit for the financial year	6,631	5,364
Adjustments to profit for the financial year	-30,736	-14,640
Increase (-) or decrease (+) in operating assets	-2,423,082	-2,976,898
Receivables from credit institutions	-3,146,141	-3,918,101
Receivables from customers	779,843	943,822
Other assets	-56,784	-2,620
Increase (+) or decrease (-) in operating liabilities	738,359	72,628
Liabilities to credit institutions	680,000	70,000
Derivative contracts	41,641	12,913
Provisions and other liabilities	16,718	-10,285
Income tax paid	-1,862	-257
Dividends received	1	1
A. Net cash from operating activities	-1,710,689	-2,913,803
Cash flow from financing activities		
Increases in debt securities issued to the public	3,251,640	3,807,890
Decreases in debt securities issued to the public	-1,500,000	-1,000,000
Dividends paid and interest on cooperative capital	-5,363	-6,381
B. Net cash used in financing activities	1,746,277	2,801,509
Net change in cash and cash equivalents (A+B)	35,588	-112,293
Cash and cash equivalents at year-start	102,402	214,695
Cash and cash equivalents at year-end	137,989	102,402
Interest received	-950	-28,063
Interest paid	40,746	71,122
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment loss on receivables	-541	509
Changes in value of financial instruments	448	
Income tax	1,657	1,341
Price difference recognised	-32,247	-16,471
Other	-54	-19
Total adjustments	-30,736	-14,640
Cash and cash equivalents		
Receivables from credit institutions payable on demand	137,989	102,402
Total	137,989	102,402

Accounting policies

The Financial Statements Bulletin for 1 January–31 December 2022 has been prepared in accordance with IAS 34 (Interim Financial Reporting). IAS 34 Interim Financial Reporting has been applied in the Financial Statements Bulletin including the accounting policies presented in the 2022 financial statements. The Financial Statements Bulletin should be read with the audited 2022 financial statements.

This Financial Statements Bulletin is based on unaudited figures. Given that all figures have been rounded off, the sum total of individual figures may deviate from the presented sums.

The Financial Statements Bulletin is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

Notes

Net commissions and fees, TEUR	Q1–4/2022	Q1–4/2021	Q4/2022	Q4/2021
Commission income				
Lending	2,812	3,435	661	773
Total	2,812	3,435	661	773
Commission expenses				
From lending to OP cooperative banks	2,705	3,283	638	741
Loan management fee to OP cooperative banks	21,089	25,860	4,712	5,923
Issue of bonds	49	87	7	25
Other	8	8	3	2
Total	23,852	29,238	5,359	6,691
Net commissions and fees	-21,041	-25,804	-4,698	-5,918

OP MB refunded OP cooperative banks the amount of the returns of loans managed by them agreed in the fee model. As a result of this, net commissions and fees were negative.

Impairment loss on receivables, TEUR	Q1–4/2022	Q1–4/2021	Q4/2022	Q4/2021
Receivables written down as loan and guarantee losses	144	143	2	65
Recoveries of receivables written down	-7	-18	-5	-4
Expected credit losses (ECL) on receivables from customers	-686	366	-186	-172
Total	-548	491	-189	-111

Impairment loss on receivables related to loans in OP MB's balance sheet totalled EUR 0.5 million (-0.5). Loss allowance was EUR 2.4 million (3.1).

Classification of financial assets and liabilities 31 Dec 2022, TEUR

Financial assets	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through other comprehensive income	Total
Receivables from credit institutions *	17,996,364			17,996,364
Derivative contracts		7,482		7,482
Receivables from customers	2,787,526			2,787,526
Investment assets			40	40
Other financial assets	87,770			87,770
Financial assets	20,871,660	7,482	40	20,879,181
Other than financial assets				354
Total	20,871,660	7,482	40	20,879,535
		Recognised at fair value through profit or loss		
Financial liabilities			Amortised cost	Total
Liabilities to credit institutions			2,250,000	2,250,000
Derivative contracts		1,201,138		1,201,138
Debt securities issued to the public			16,970,557	16,970,557
Other liabilities			84,216	84,216
Financial liabilities		1,201,138	19,304,773	20,505,911
Other than financial liabilities				2,313
Total		1,201,138	19,304,773	20,508,224
Valuation difference of debt securities issued to the public (difference between fair value and carrying amount) 31 Dec 2022			-60,903	-60,903

* Receivables from credit institutions include EUR 16,832,800 thousand in intermediary loans.

Debt securities issued to the public are carried at amortised cost. The fair value of these debt instruments has been measured using information available in markets and employing commonly used valuation techniques. The difference between the fair value and carrying amount is presented as valuation difference in the 'Classification of financial assets and liabilities' note.

Classification of financial assets and liabilities 31 Dec 2021, TEUR

Financial assets	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through other comprehensive income	Total
Receivables from credit institutions *	14,814,635			14,814,635
Derivative contracts		170,200		170,200
Receivables from customers	3,584,445			3,584,445
Investment assets			40	40
Other receivables	30,931			30,931
Financial assets	18,430,010	170,200	40	18,600,250
Other than financial assets				310
Total	18,430,010	170,200	40	18,600,560
		Recognised at fair value through profit or loss	Amortised cost	Total
Financial liabilities				
Liabilities to credit institutions			1,570,000	1,570,000
Derivative contracts		52,966		52,966
Debt securities issued to the public			16,579,276	16,579,276
Other liabilities			25,548	25,548
Financial liabilities		52,966	18,174,824	18,227,790
Other than financial liabilities				2,694
Total		52,966	18,174,824	18,230,483
Valuation difference of debt securities issued to the public (difference between fair value and carrying amount) 31 Dec 2021.			63,766	63,766

* Receivables from credit institutions include EUR 14,690,800 thousand in intermediary loans.

Derivative contracts 31 Dec 2022, TEUR	Nominal values/residual term to maturity			Total
	Less than 1 year	1–5 years	More than 5 years	
Interest rate derivatives				
Hedging	2,267,550	9,609,357	5,240,450	17,117,357
Total	2,267,550	9,609,357	5,240,450	17,117,357

	Fair values		Credit equivalent
	Assets	Liabilities	
Interest rate derivatives			
Hedging	7,482	1,201,138	145,147
Total	7,482	1,201,138	145,147

Derivative contracts 31 Dec 2021, TEUR	Nominal values/residual term to maturity			Total
	Less than 1 year	1–5 years	More than 5 years	
Interest rate derivatives				
Hedging	2,397,318	8,481,885	6,139,450	17,018,653
Total	2,397,318	8,481,885	6,139,450	17,018,653

	Fair values		Credit equivalent
	Assets	Liabilities	
Interest rate derivatives			
Hedging	170,200	52,966	339,563
Total	170,200	52,966	339,563

Financial instruments classification, grouped by valuation technique, TEUR

31 Dec 2022	Balance sheet value	Fair value measurement at year end		
		Level 1	Level 2	Level 3
Recurring fair value measurements of assets				
Derivative contracts	7,482		7,482	
Total	7,482		7,482	
Recurring fair value measurements of liabilities				
Derivative contracts	1,201,138		1,201,138	
Total	1,201,138		1,201,138	
Financial liabilities not measured at fair value				
Debt securities issued to the public	16,970,557	9,128,322	2,114,409	4,471,904
Total	16,970,557	9,128,322	2,114,409	4,471,904

31 Dec 2021	Balance sheet value	Fair value measurement at year end		
		Level 1	Level 2	Level 3
Recurring fair value measurements of assets				
Derivative contracts	170,200		170,200	
Total	170,200		170,200	
Recurring fair value measurements of liabilities				
Derivative contracts	52,966		52,966	
Total	52,966		52,966	
Financial liabilities not measured at fair value				
Debt securities issued to the public	16,579,276	11,498,066	1,272,815	4,036,388
Total	16,579,276	11,498,066	1,272,815	4,036,388

Valuation techniques whose input parameters involve uncertainty (Level 3)

Opening balance 1 Jan 2022	4,036,388
Transfers to level 3	
Transfers from level 3	
Other change	435,516
Closing balance 31 Dec 2022	4,471,904

The row Other change includes bonds on hierarchy level 3 issued by OP MB during the reporting period.

Time of publication of 2022 reports

Report by the Board of Directors and Financial Statements 2022	Week 10
Corporate Governance Statement 2022	Week 10

Schedule for Interim Reports in 2023

Interim Report 1 January–31 March 2023	3 May 2023
Half-year Financial Report 1 January–30 June 2023	25 July 2023
Interim Report 1 January–30 September 2023	25 October 2023

Helsinki, 8 February 2023

OP Mortgage Bank
Board of Directors

For more information, please contact:
Sanna Eriksson, Managing Director, tel. +358 10 252 2517

DISTRIBUTION

LSE London Stock Exchange
Euronext Dublin (Irish Stock Exchange)
Officially Appointed Mechanism (OAM)
Major media
op.fi