

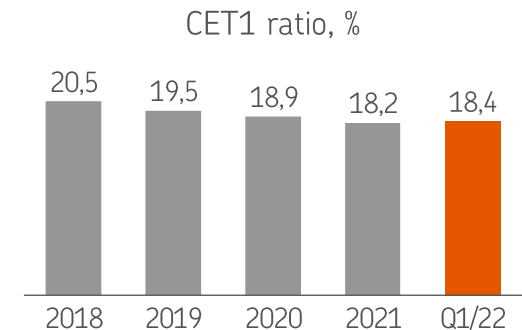
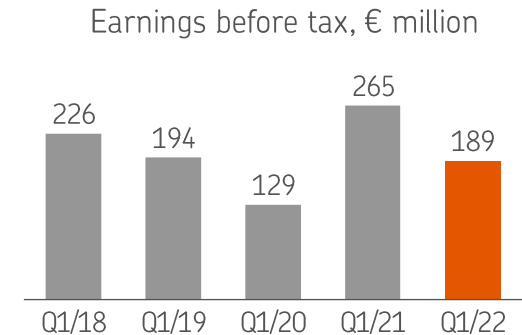


OP Financial Group's Interim Report 1 January–31 March 2022

Background material

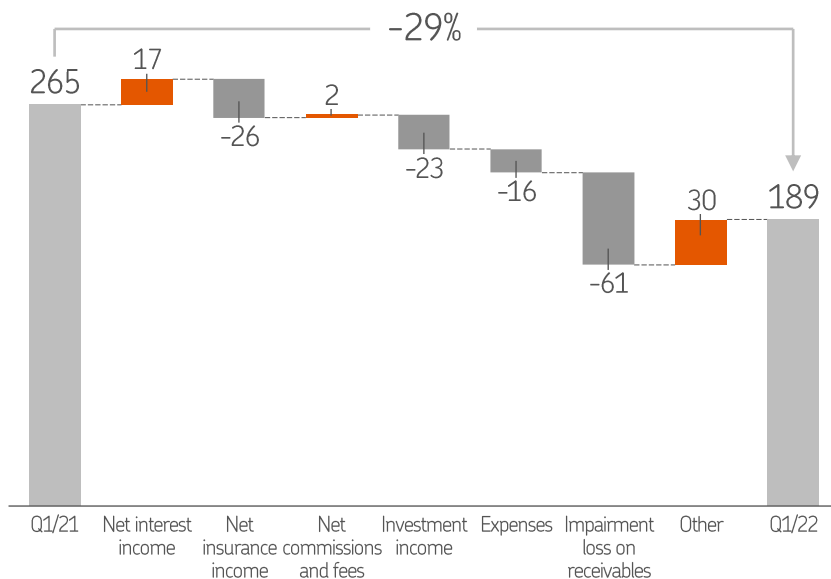
Summary of Q1/2022

- Earnings before tax amounted to EUR 189 million.
- Earnings recorded by Retail Banking and Insurance were at a good level but earnings by Corporate Banking were clearly weaker than a year ago.
- Net interest income and net commissions and fees increased in an uncertain business environment. Net insurance income decreased due to higher claims expenditure
- Total expenses grew by 3% year on year, mainly as a result of a higher stability contribution paid by banks.
- The indirect effects of the war in Ukraine increased impairment loss on receivables.



Financial performance

EBT year on year change, € million

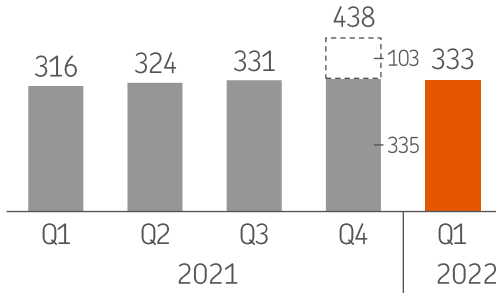


€ million

	Q1/22	Q1/21	Change %
Net interest income	333	316	5%
Net insurance income	131	157	-16%
Net commissions and fees	272	270	1%
Net investment income	18	146	-88%
Other operating income	39	7	475%
Total income	793	896	-11%
Personnel costs	226	222	2%
Depreciation and impairment loss	57	64	-10%
Other operating expenses	239	221	8%
Total expenses	523	507	3%
Impairment loss on receivables	-83	-22	271%
Overlay approach	51	-55	-
OP bonuses to owner-customers	-49	-46	5%
Earnings before tax	189	265	-29%

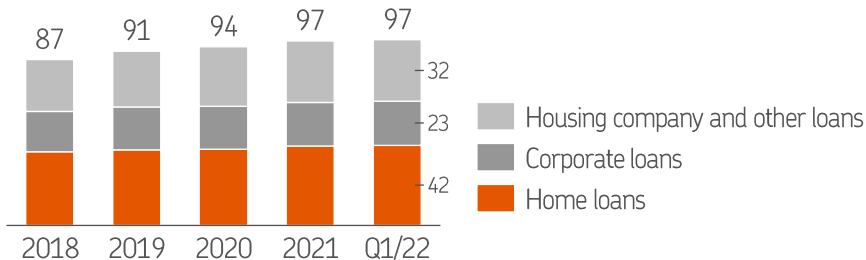
Net interest income

Net interest income by quarter, € million

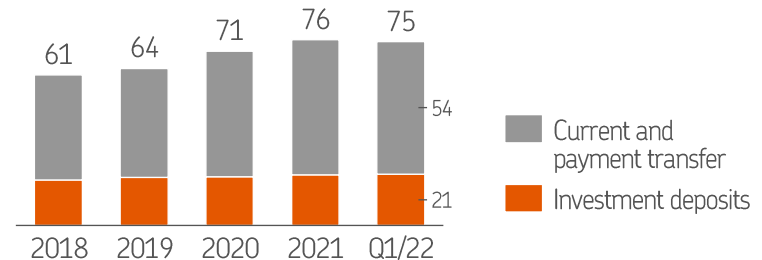


Customers were increasingly interested in protecting their home loans and housing company loans as a result of the rise in market interest rates. At the end of the reporting period, 31% of personal customers' home loans were covered by interest rate protection.

Loan portfolio, € billion

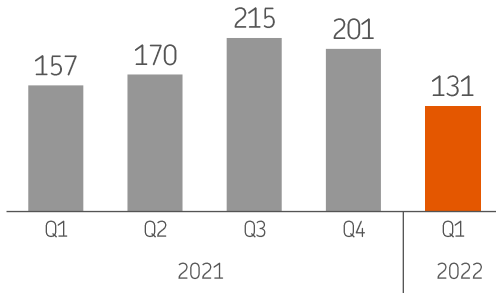


Deposits, € billion

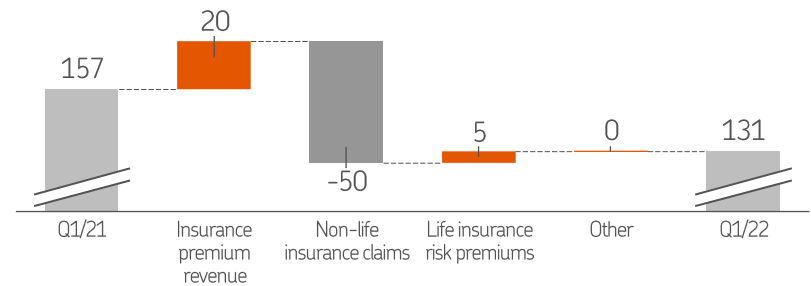


Net insurance income

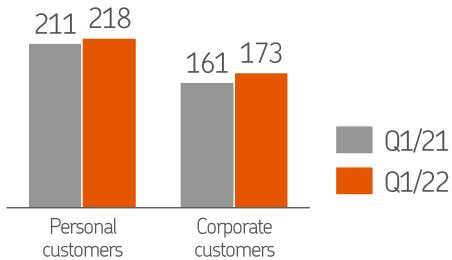
Net insurance income by quarter, € million



Change in net insurance income, € million

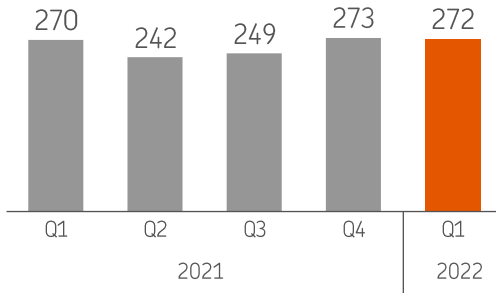


Non-life insurance premium revenue, € million

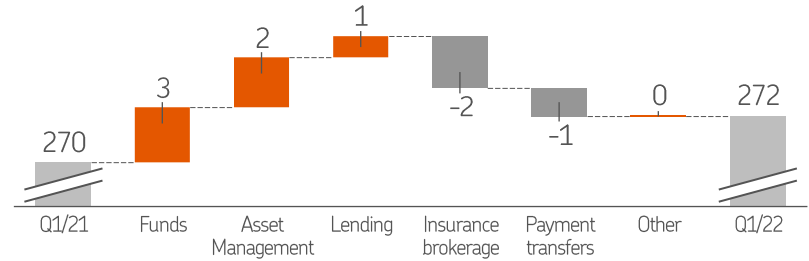


Net commissions and fees

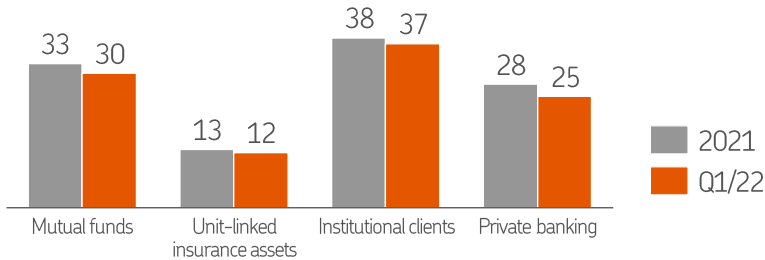
Net commissions and fees by quarter, € million



Change in net commissions and fees, € million



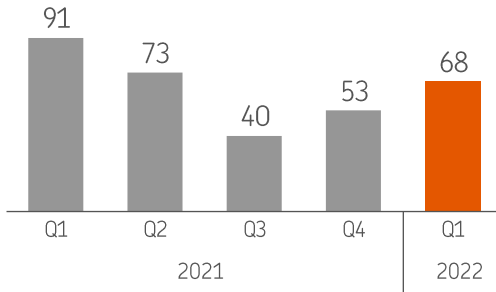
Assets under management, € billion



Investment income

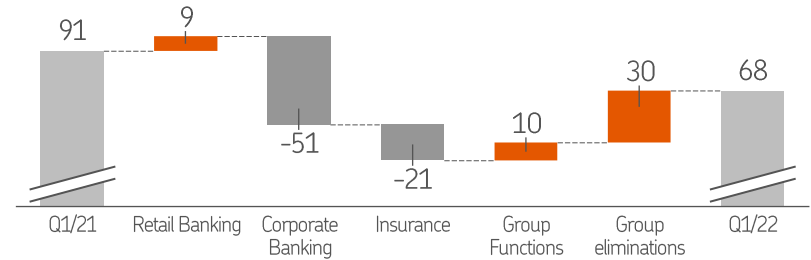
incl. overlay approach

Investment income by quarter, € million



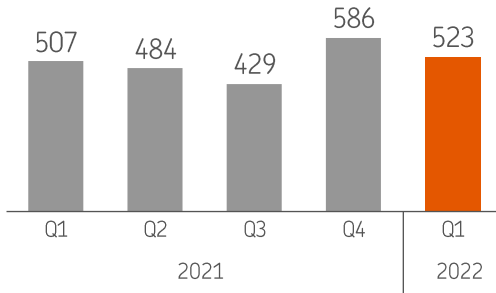
An overlay approach is applied to certain equity instruments of insurance companies. Changes in the fair value of investments within the scope of the overlay approach are presented under the fair value reserve under shareholders' equity.

Change in investment income by business segment, € million

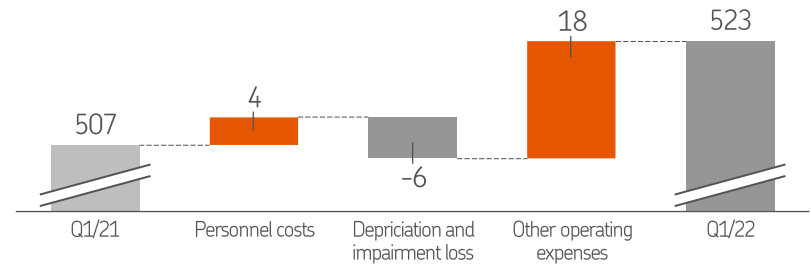


Expenses

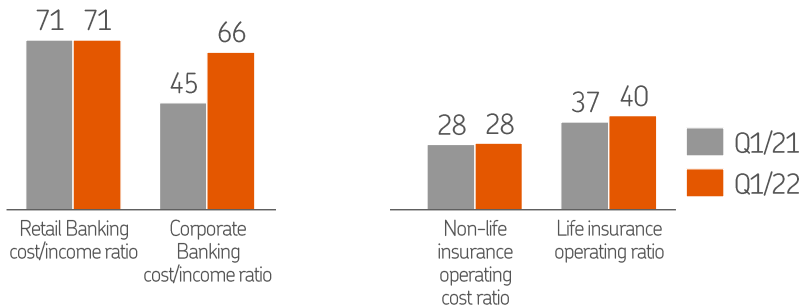
Expenses by quarter, € million



Change in expenses, € million

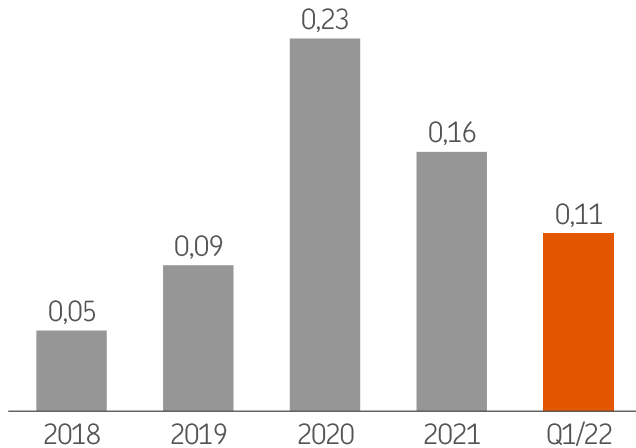


Cost/income ratio by business, %

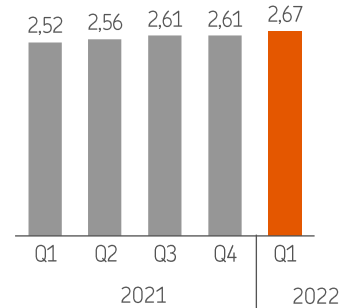


Impairment loss on receivables

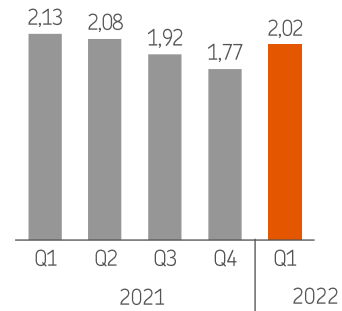
Impairment loss to loan and guarantee portfolio, %



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

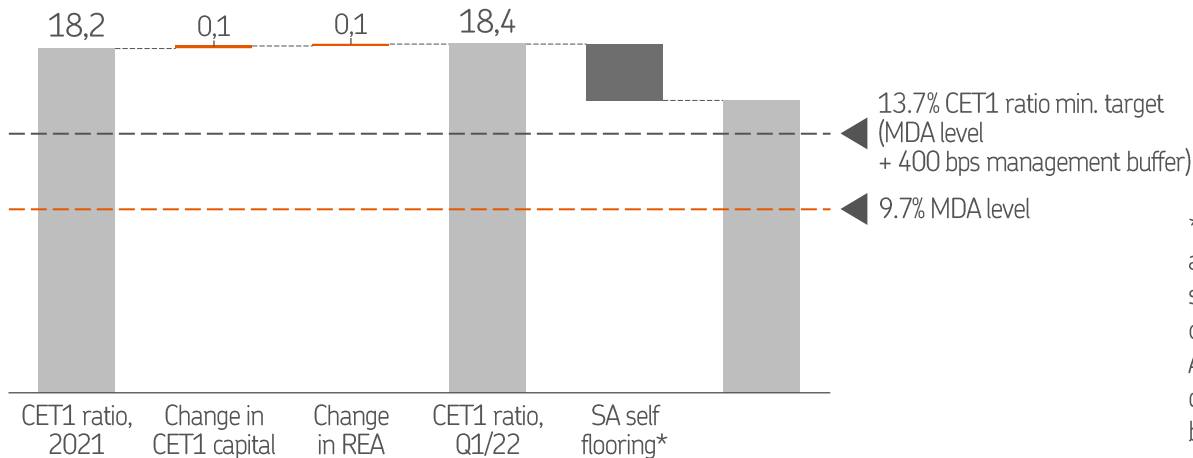


Corporate Banking:
Ratio of non-performing
exposures to exposures, %



Strong capital position

CET1 ratio development, %



€12.1 bn

CET1 capital (€12.0 bn)

€3.2 bn

Profit Shares in CET1 capital (€3.1 bn)

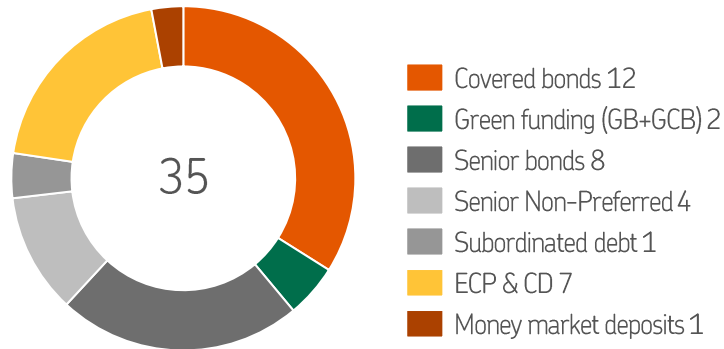
€65.4 bn

REA (€65.7 bn)

* OP Financial Group has decided to apply a risk-weighted assets floor based on the standardised approach (SA floor) 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.

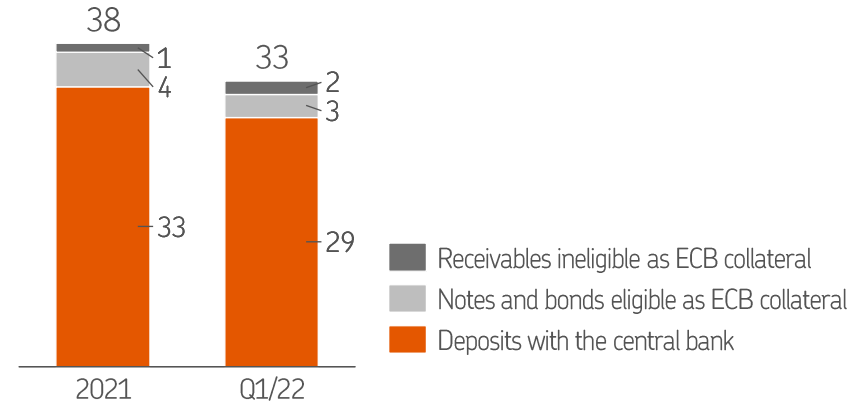
Stable funding and liquidity position

Long and short-term funding, € billion



- In January, OP Corporate Bank issued a Green SNP bond worth €500 million.
- 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.

Liquidity buffer breakdown, € billion



- LCR (Liquidity Coverage Ratio) 221%.
- NSFR (Net Stable Funding Ratio) 125%.

Retail Banking

Loan portfolio

€71.1 bn

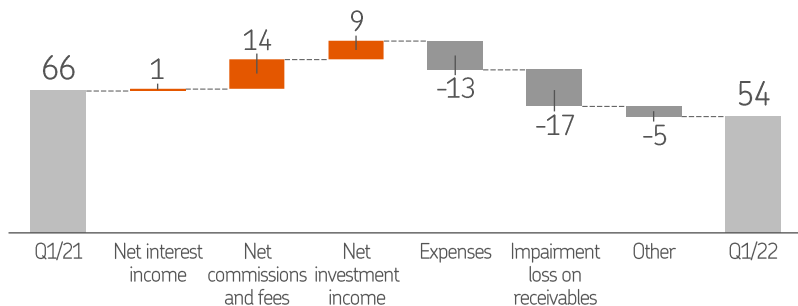
Deposits

€62.9 bn

Brokered homes and real property transactions, qty.

2,828

Earnings before tax, € million



€ million

Q1/22

Q1/21 Change %

Net interest income	236	235	0%
Net commissions and fees	211	198	7%
Net investment income	8	-1	-
Other operating income	6	10	-38%
Total income	461	442	4%

Personnel costs	112	109	3%
Depreciation and impairment loss	12	12	-1%
Other operating expenses	205	195	5%
Total expenses	329	316	4%

Impairment loss on receivables	-41	-24	69%
OP bonuses to owner-customers	-38	-37	2%

Earnings before tax

54 66 -18%

Corporate Banking

Loan portfolio

€26.2 bn

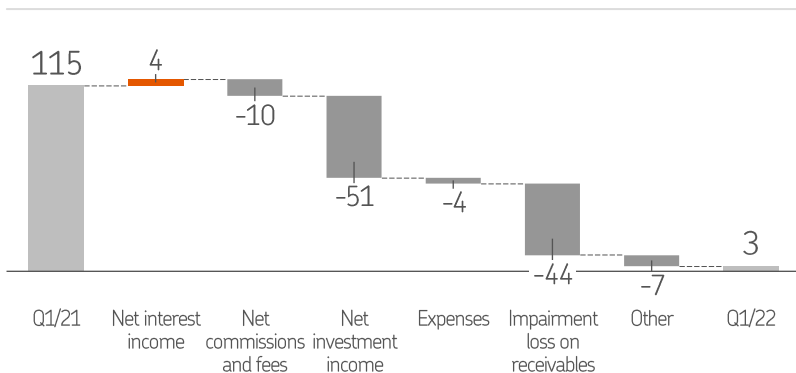
Deposits

€14.0 bn

Assets under management

€77.4 bn

Earnings before tax, € million



€ million

Q1/22

Q1/21 Change %

Net interest income	104	100	4%
Net commissions and fees	42	52	-20%
Net investment income	-2	49	-
Other operating income	7	13	-45%
Total income	151	214	-29%

Personnel costs	23	22	5%
Depreciation and impairment loss	3	5	-38%
Other operating expenses	74	70	6%
Total expenses	100	96	4%

Impairment loss on receivables	-43	2	-
OP bonuses to owner-customers	-5	-4	19%

Earnings before tax

3 **115** **-97%**

Insurance

Operating
combined ratio,
Non-life insurance

95.4%

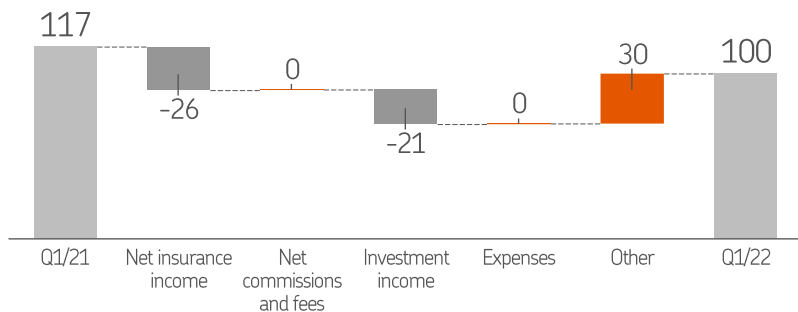
Insurance
premium revenue

€391 mn

Unit-linked
insurance assets

€12.4 bn

Earnings before tax, € million



€ million

	Q1/22	Q1/21	Change %
Net insurance income	138	164	-16%
Net commissions and fees	21	21	1%
Net investment income	-16	110	-114%
Other net income	31	0	-
Total income	174	295	-41%
Personnel costs	40	40	-2%
Depreciation and impairment loss	14	14	2%
Other operating expenses	66	65	0%
Total expenses	119	119	0%
Overlay approach	51	-55	-193%
OP bonuses to owner-customers	-5	-5	9%
Earnings before tax	100	117	-14%

Strategic targets and priorities



Strong culture of risk management and compliance

”

We want to be the leading and most appealing financial services group in Finland.

OP Financial Group's strategic long-term targets

	31 Mar 2022	Target 2025
Return on equity (ROE) excluding OP bonuses, %	5.8	8.0
CET1 ratio, %	18.4	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 27 Insurance: 17	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

Group Structure

2.1 million owner-customers

119 OP cooperative banks

Central Cooperative

Retail Banking

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

- OP Mortgage Bank
- OP Retail Customers Plc
- Helsinki Area Cooperative Bank

Corporate Banking

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

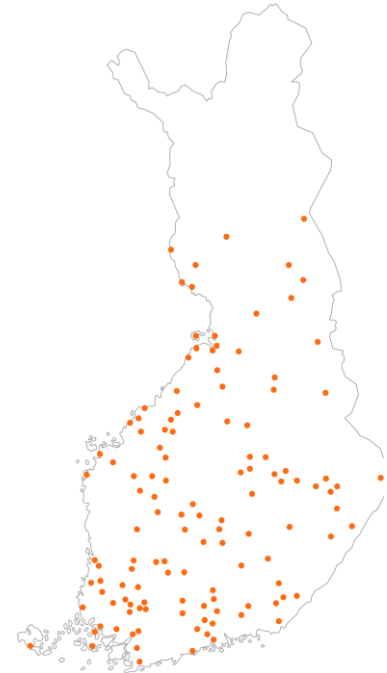
- OP Corporate Bank plc
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd

Insurance

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

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd

Major subsidiaries





Together through
time.