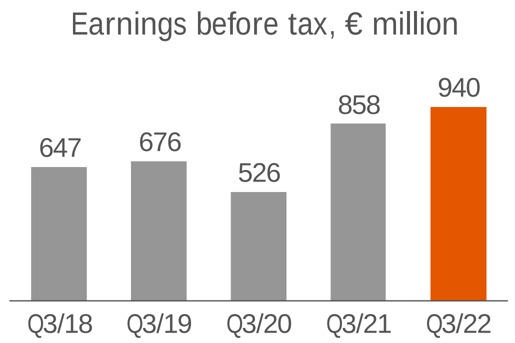
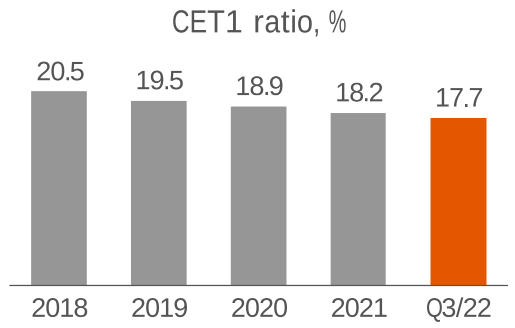
OP Financial Group's Interim Report for 1 January–30 September 2022

Background material

Q3/2022 earnings in brief

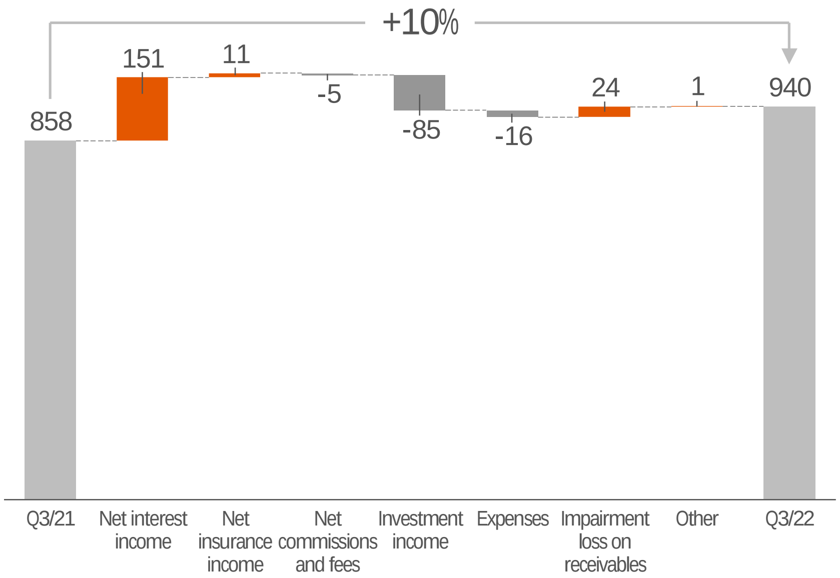
- OP Financial Group's earnings before tax for January–September were EUR 940 million (858).
- Income from customer business increased by seven per cent. Income growth was particularly boosted by strong growth in net interest income in Retail Banking.
- In the Insurance business, the claims trend normalised and claims expenditure exceeded its pre-pandemic level.
- In the year to September, income increased by three per cent and expenses by one per cent.
- Despite the weaker economic situation, the loan repayment capacity of personal and corporate customers remained good.





Financial performance

EBT year on year change, € million

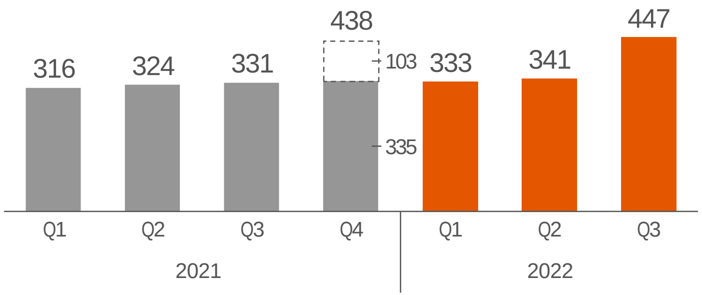


€ million

Income	Q3/22	Q3/21	Change %
Net interest income	1,122	971	16%
Net insurance income	553	542	2%
Net commissions and fees	756	761	-1%
Net investment income	-73	253	-129%
Other operating income	52	47	11%
Total income	**2,410**	**2,573**	**-6%**
Expenses			
Personnel costs	647	656	-1%
Depriciation and impairment loss	159	192	-17%
Other operating expenses	630	573	10%
Total expenses	**1,436**	**1,420**	**1%**
Impairment loss on receivables	-70	-95	-
Overlay approach	192	-48	-
OP bonuses to owner-customers	-156	-152	-
Earnings before tax	940	858	10%

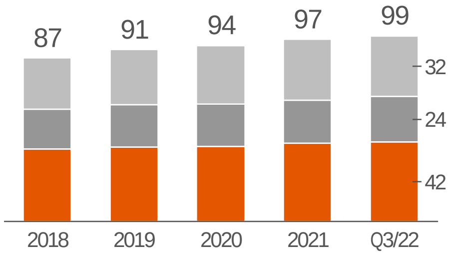
Net interest income

Net interest income by quarter, € million

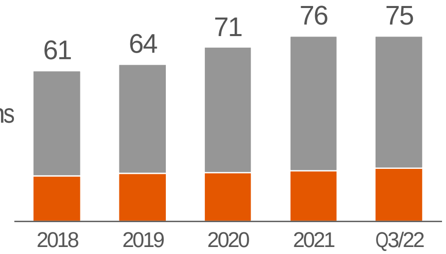


32.2% of personal customers' home loans were covered by interest rate protection on 30 September 2022.

Loan portfolio, € billion

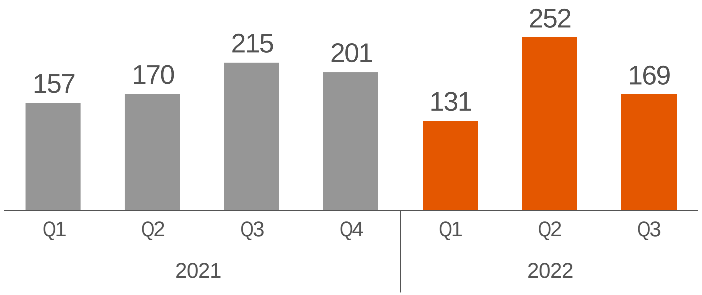


Deposits, € billion

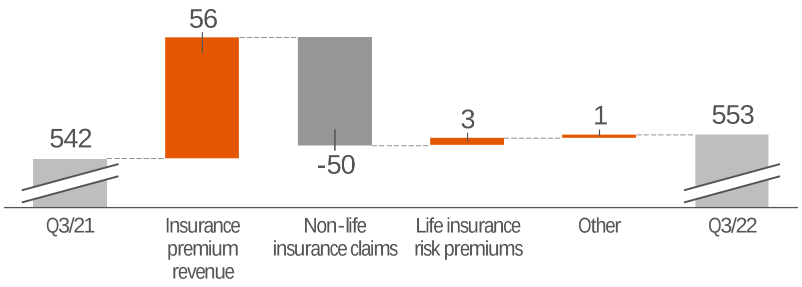


Net insurance income

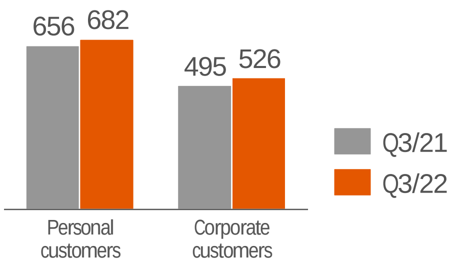
Net insurance income by quarter, € million



Change in net insurance income, € million

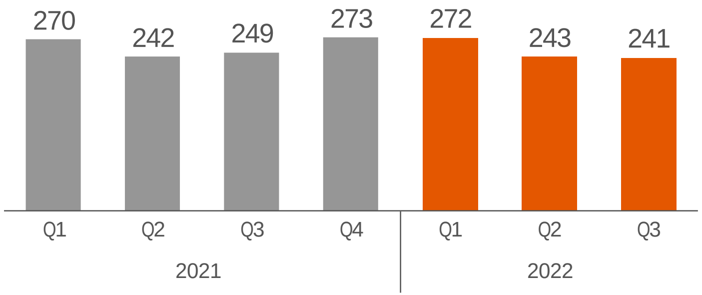


Non-life insurance premium revenue, € million

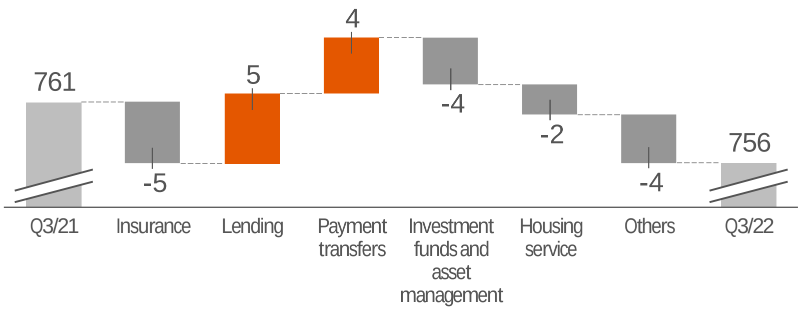


Net commissions and fees

Net commissions and fees by quarter, € million



Change in net commissions and fees, € million

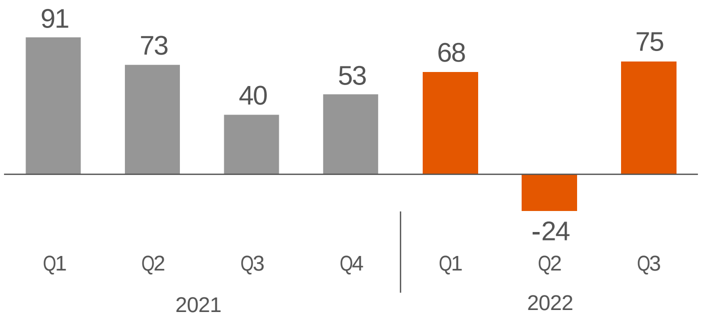


Assets under management, € billion

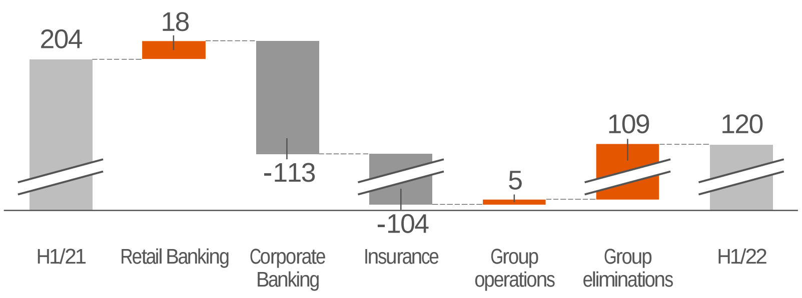
Investment income

incl. overlay approach

Investment income by quarter, € million



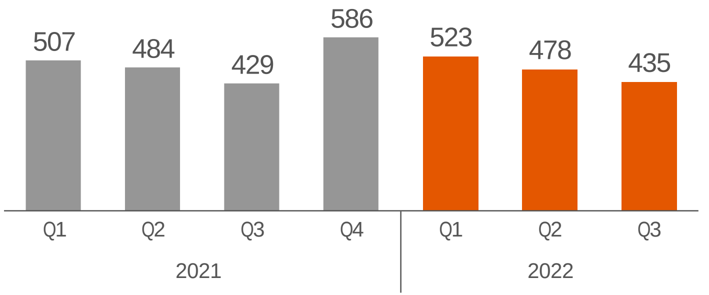
Change in investment income by business segment, € million



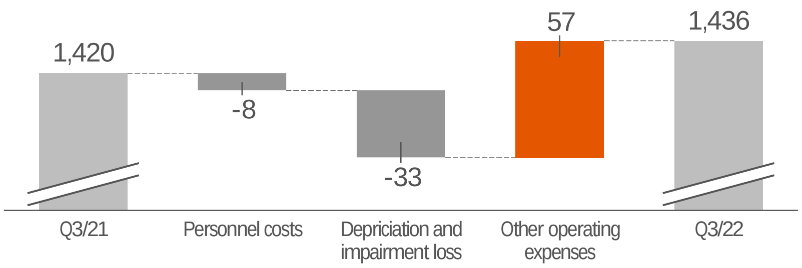
An overlay approach is applied to certain equity instruments of insurance companies. Changes in the fair value of investments within the scope of the overlay approach are presented under the fair value reserve under shareholders' equity.

Expenses

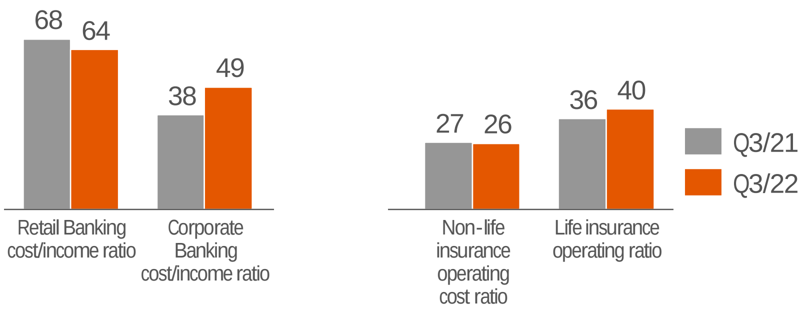
Expenses by quarter, € million



Change in expenses, € million



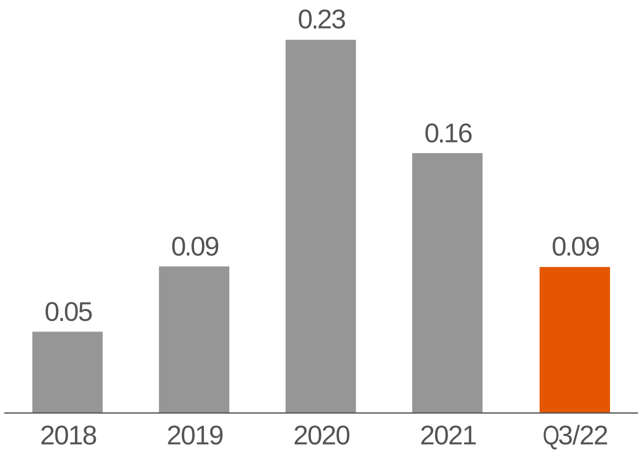
Cost/income ratio by business, %



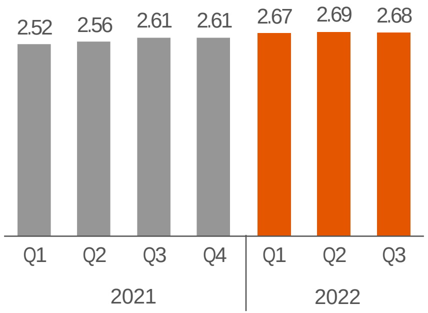
OP Financial Group

Impairment loss on receivables

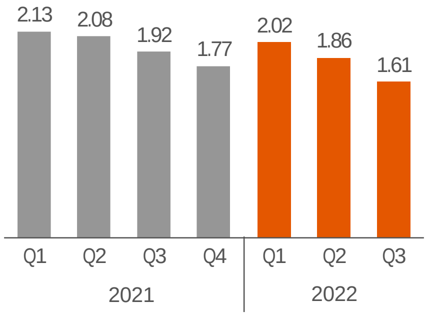
Impairment loss to loan and guarantee portfolio, %



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

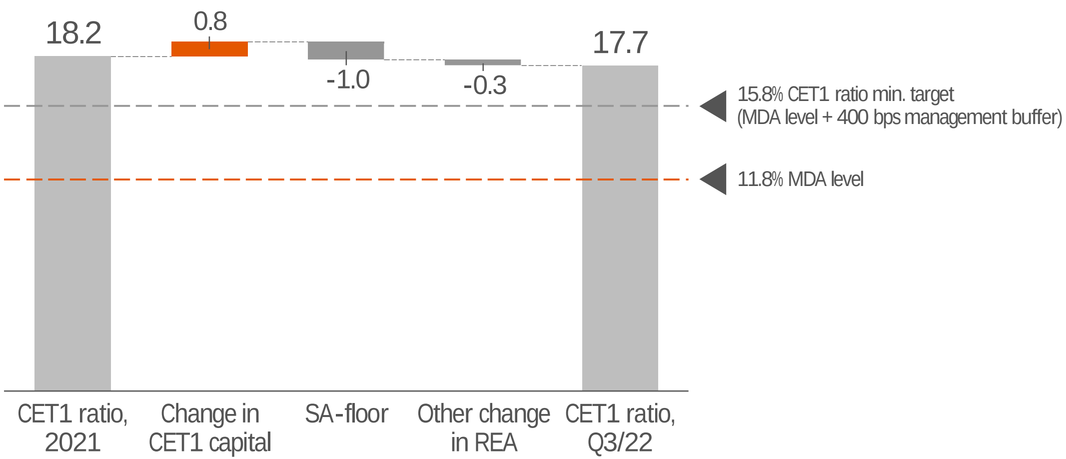


Corporate Banking:
Ratio of non-performing exposures to exposures, %



Strong capital position

CET1 ratio development, %



€12.6 bn
CET1 capital (€12.0 bn)

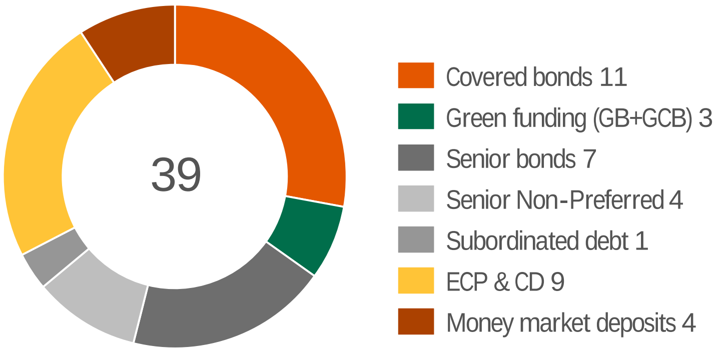
€3.2 bn
Profit Shares in CET1 capital (€3.1 bn)

€70.8 bn
REA (€65.7 bn)

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

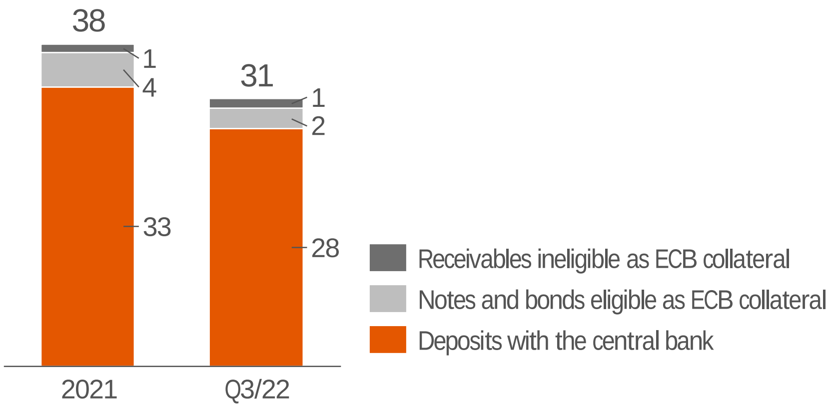
Stable funding and liquidity position

Long and short-term funding, € billion



- In September, OP Corporate Bank issued a Senior Preferred bond of €1.25 billion.
- OP Financial Group's buffer for the MREL was EUR 8.1 billion and for the subordination requirement EUR 2.4 billion. The MREL was based on the RWA and the subordination requirement on the LRE.

Liquidity buffer breakdown, € billion

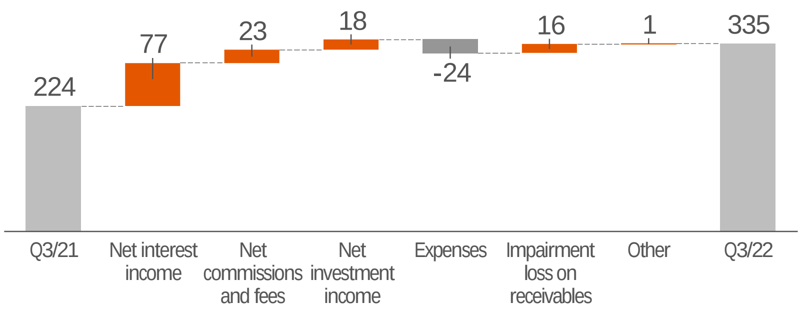


- LCR (Liquidity Coverage Ratio) 210%
- NSFR (Net Stable Funding Ratio) 132%

Retail Banking

Loan portfolio	Deposits	Brokered homes and real property transactions, qty.
€70.9 bn	€63.7 bn	8,716

Earnings before tax, € million

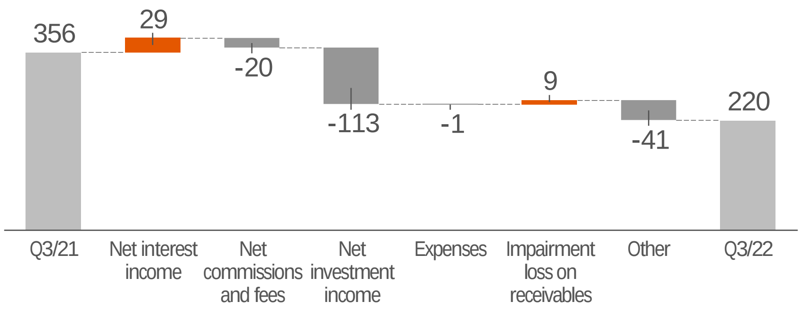


€ million	Q3/22	Q3/21	Change %
Net interest income	792	715	11%
Net commissions and fees	583	560	4%
Net investment income	13	-5	-
Other operating income	28	24	16%
Total income	**1,416**	**1,294**	**9%**
Personnel costs	332	322	3%
Depriciation and impairment loss	36	40	-10%
Other operating expenses	535	517	3%
Total expenses	**902**	**878**	**3%**
Impairment loss on receivables	-54	-70	-
OP bonuses to owner-customers	-125	-122	-
Earnings before tax	335	224	50%

Corporate Banking

Loan portfolio	Deposits	Assets under management
€28.0 bn	€13.8 bn	€70.7 bn

Earnings before tax, € million



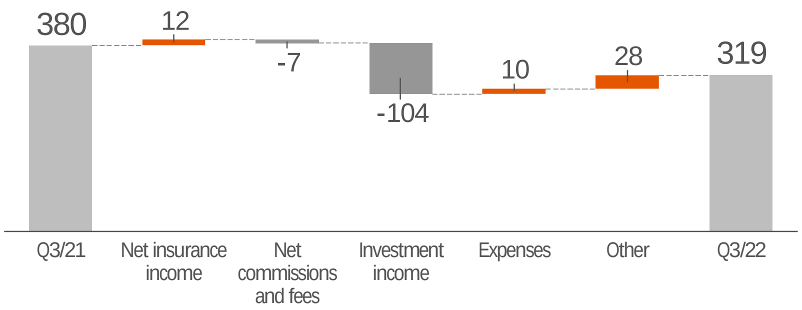
€ million

	Q3/22	Q3/21	Change %
Net interest income	334	305	9%
Net commissions and fees	124	144	-14%
Net investment income	18	130	-86%
Other operating income	14	53	-74%
Total income	**490**	**633**	**-23%**
Personnel costs	66	67	-1%
Depriciation and impairment loss	7	10	-36%
Other operating expenses	166	161	3%
Total expenses	**239**	**238**	**0%**
Impairment loss on receivables	-16	-25	-
OP bonuses to owner-customers	-15	-14	-
Earnings before tax	220	356	-38%

Insurance

Operating combined ratio, Non-life insurance	Insurance premium revenue	Unit-linked insurance assets
89.6%	€1,208 mn	€11.4 bn

Earnings before tax, € million

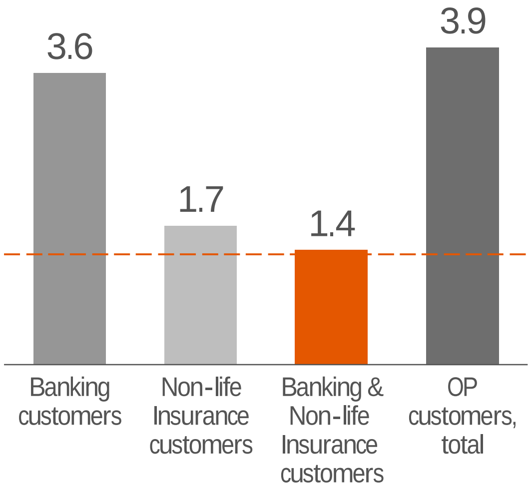


€ million

	Q3/22	Q3/21	Change %
Net insurance income	564	552	2%
Net commissions and fees	55	62	-11%
Net investment income	-161	184	-188%
Other net income	28	0	-
Total income	**485**	**797**	**-39%**
Personnel costs	109	116	-6%
Depriciation and impairment loss	39	44	-12%
Other operating expenses	195	193	1%
Total expenses	**343**	**353**	**-3%**
Overlay approach	192	-48	-
OP bonuses to owner-customers	-16	-16	-
Earnings before tax	319	380	-16%

Attractive loyalty benefits support cross-selling

Number of customers, million



1.4 mn
combined banking and non-life insurance customers

35%
of total number of OP customers

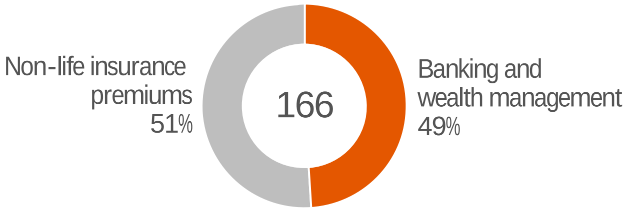
Owner-customer benefits

€161 mn
accrued OP bonuses in Q3/22

€82 mn
discounts on daily banking, non-life insurance policies and mutual funds in Q3/22

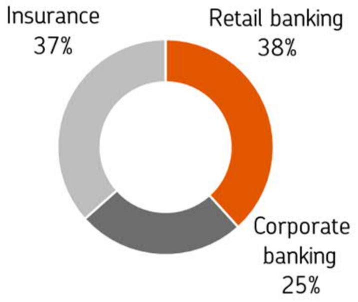
€96 mn
accrued returns on Profit Shares in 2021

OP bonus usage during Q3/22, € million



OP Financial Group in brief

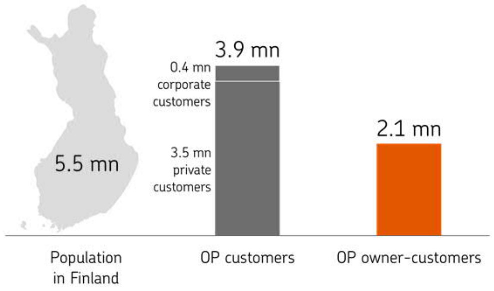
OP Financial Group in brief



€940 mn
Group EBT in Q3/22

17.7%
CET1 ratio

€170 bn
Total assets



Leading market shares

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

Joint liability

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

Strong credit ratings

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

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

OP Financial Group's business structure

2.1 million owner-customers

115 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.

Major subsidiaries

- OP Mortgage Bank
- OP Retail Customers Plc

Corporate Banking

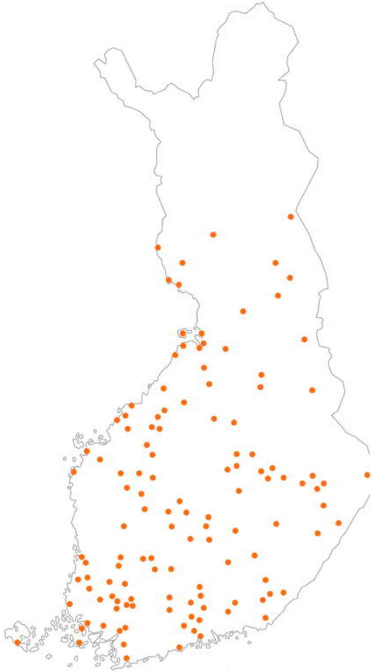
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

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

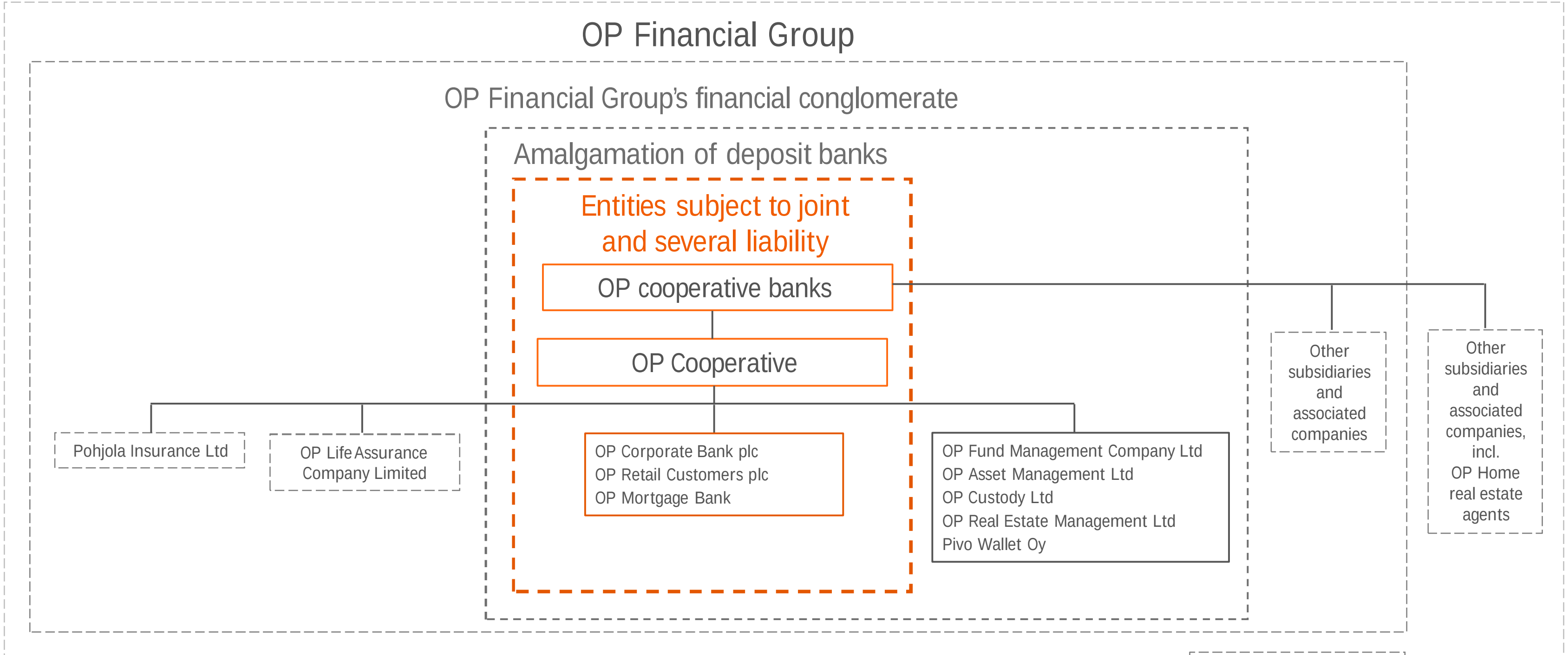
Insurance

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

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd



OP Financial Group's amalgamation structure



Credit institutions within OP Financial Group are liable for each other's debts. OP Financial Group is supervised by the ECB on a consolidated basis.

Joint Liability

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

Central cooperative's governance structure

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

OP Financial Group

Geopolitical and global economic uncertainty

Urbanisation and demographic changes

Sustainable development and corporate responsibility

The power of technology and data

Ground rules of economy at a turning point

STRONG CULTURE OF RISK MANAGEMENT AND COMPLIANCE

Capital requirements

Capital adequacy for credit institutions

CET1 ratio 17.7%

Capital adequacy ratio 19.7%

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

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

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

Solvency II for insurance companies

Solvency ratio, Non-life insurance 256%

Solvency ratio, Life insurance 303%*

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

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

Eligible capital covers solvency requirements.

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

*Including transitional provisions

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

Conglomerate's capital adequacy ratio 140%

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

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

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

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


Together through time.
OP Financial Group