



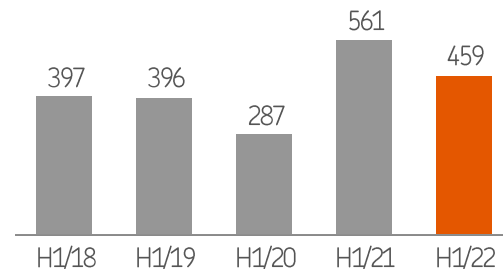
OP Financial Group's Half-year Financial Report 1 January–30 June 2022

Background material

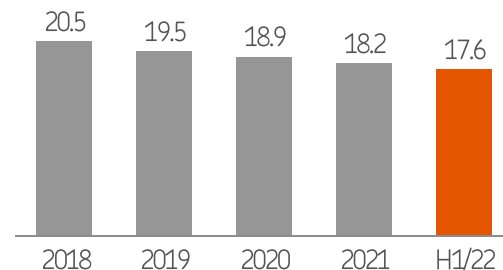
Summary of the first half of 2022

- OP Financial Group's earnings before tax were EUR 459 million in January–June.
- Net interest income and net insurance income increased markedly. Net commissions and fees remained at the level reported a year ago. Investment income decreased due to the challenging investment environment.
- Growth in expenses remained moderate and development investments progressed as planned.
- Earnings recorded by Retail Banking and Insurance were at a good level but earnings by Corporate Banking were clearly weaker than a year ago.

Earnings before tax, € million

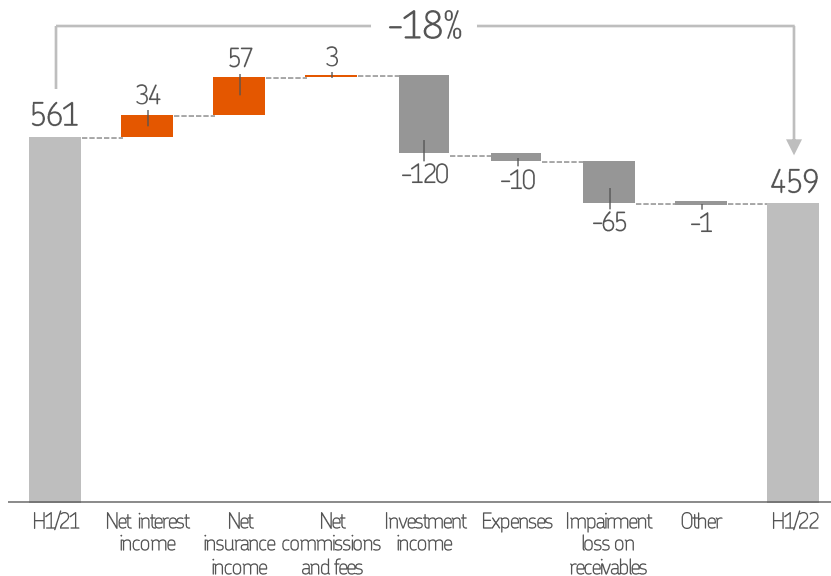


CET1 ratio, %



Financial performance

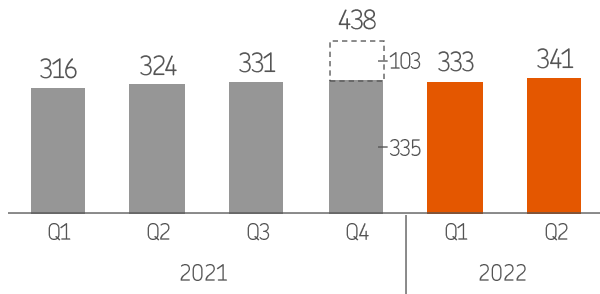
EBT year on year change, € million



€ million	H1/22	H1/21	Change
Net interest income	675	641	5%
Net insurance income	383	326	17%
Net commissions and fees	515	512	0%
Net investment income	-113	255	-144%
Other operating income	46	43	7%
Total income	1,505	1,777	-15%
Personnel costs	451	460	-2%
Depreciation and impairment loss	110	128	-14%
Other operating expenses	440	403	9%
Total expenses	1,001	991	1%
Impairment loss on receivables	-100	-35	-
Overlay approach	157	-91	-
OP bonuses to owner-customers	-102	-98	4%
Earnings before tax	459	561	-18%

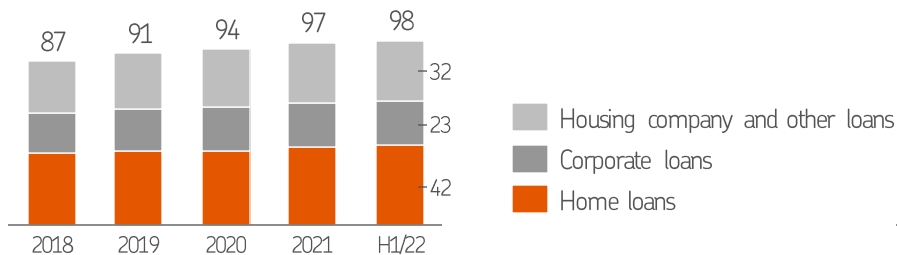
Net interest income

Net interest income by quarter, € million

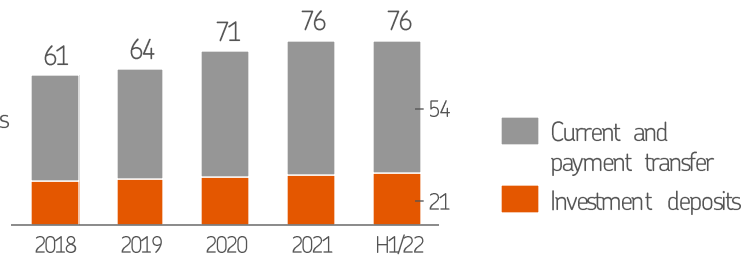


At the end of the reporting period, 32% of personal customers' home loans were covered by interest rate protection.

Loan portfolio, € billion

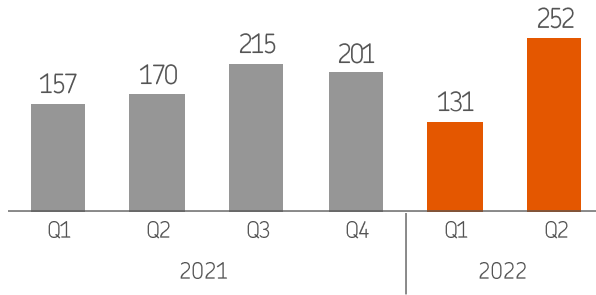


Deposits, € billion

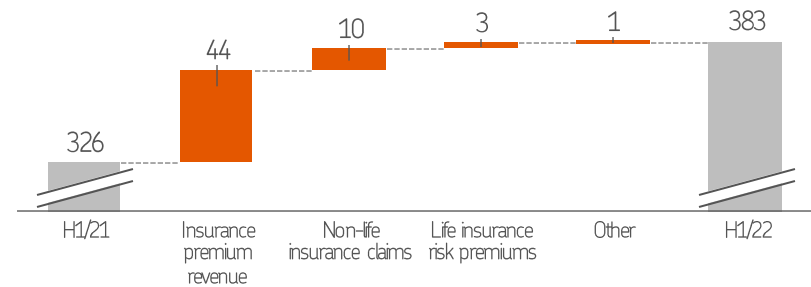


Net insurance income

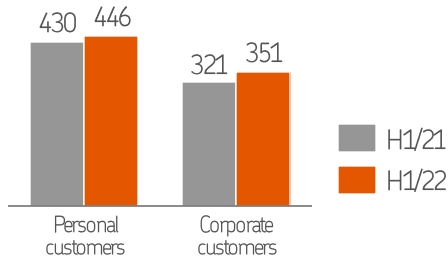
Net insurance income by quarter, € million



Change in net insurance income, € million

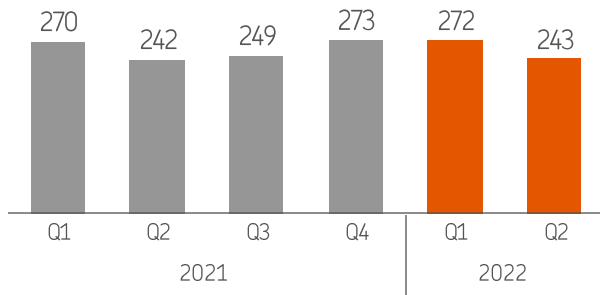


Non-life insurance premium revenue, € million

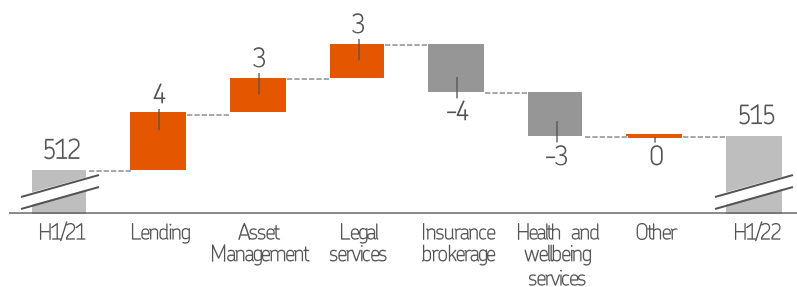


Net commissions and fees

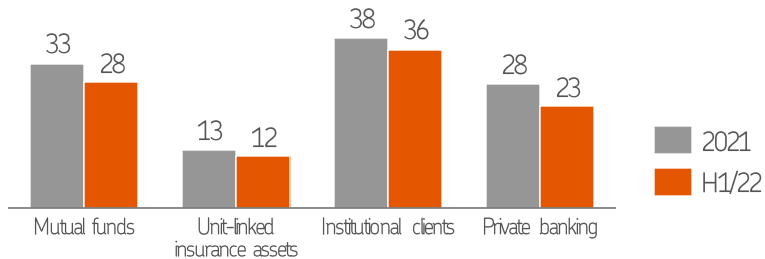
Net commissions and fees by quarter, € million



Change in net commissions and fees, € million



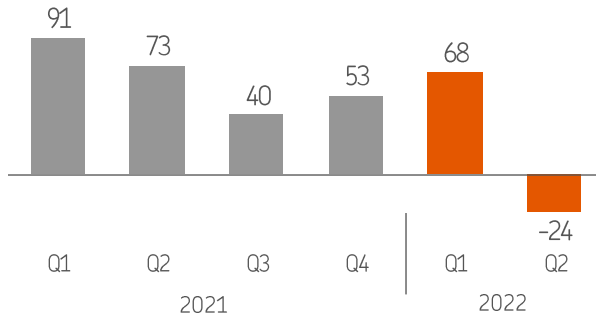
Assets under management, € billion



Investment income

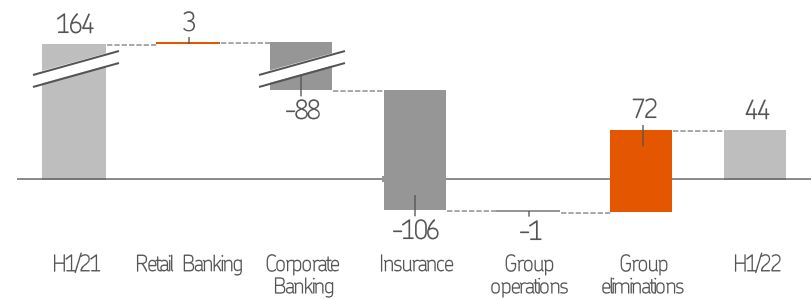
incl. overlay approach

Investment income by quarter, € million



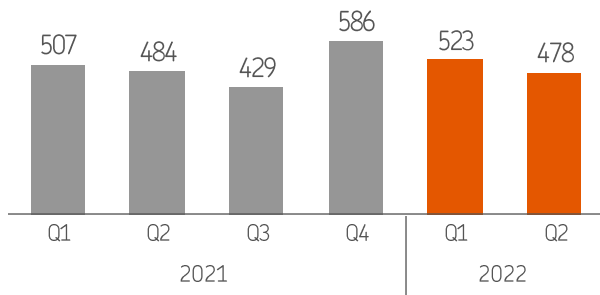
An overlay approach is applied to certain equity instruments of insurance companies. Changes in the fair value of investments within the scope of the overlay approach are presented under the fair value reserve under shareholders' equity.

Change in investment income by business segment, € million

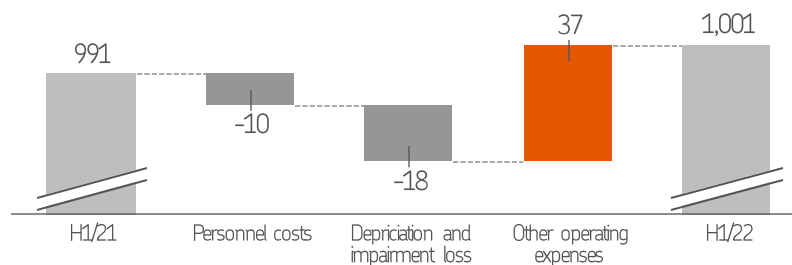


Expenses

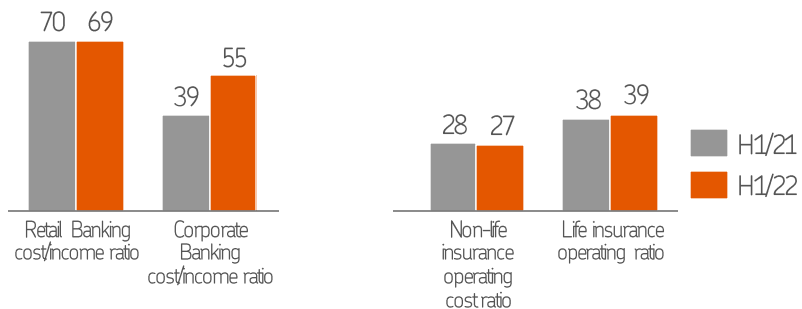
Expenses by quarter, € million



Change in expenses, € million

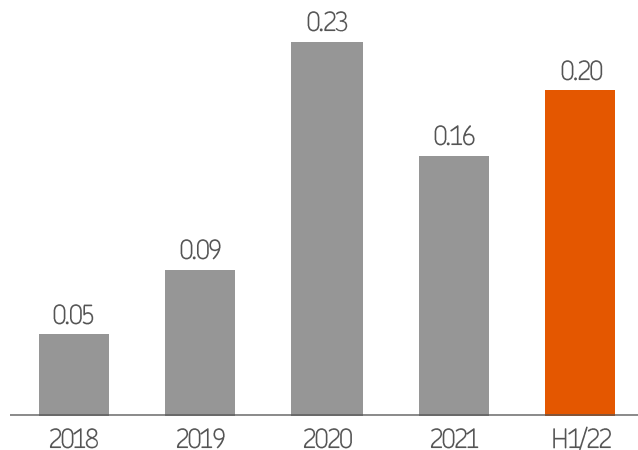


Cost/income ratio by business, %

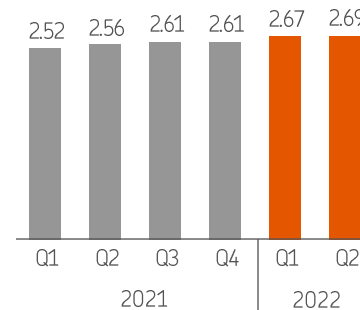


Impairment loss on receivables

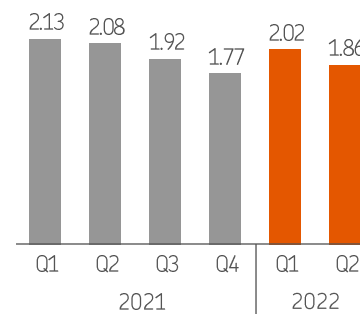
Impairment loss to loan and guarantee portfolio, %



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

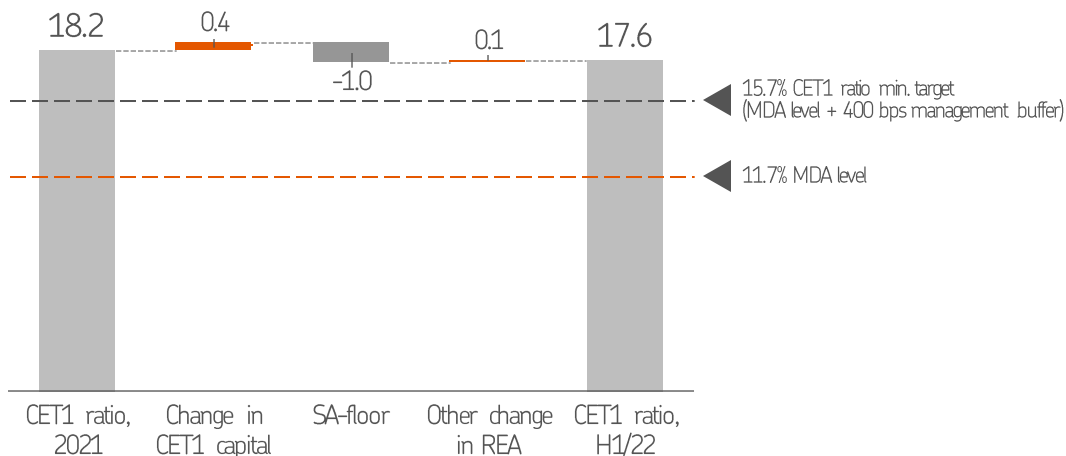


Corporate Banking:
Ratio of non-performing
exposures to exposures, %



Strong capital position

CET1 ratio development, %



€12.2 bn

CET1 capital (€12.0 bn)

€3.2 bn

Profit Shares in CET1 capital (€3.1 bn)

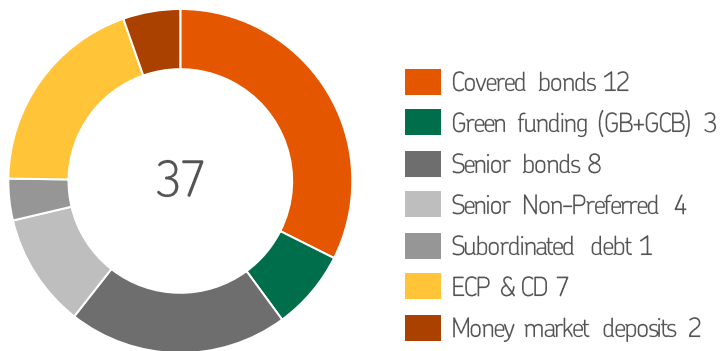
€69.3 bn

REA (€65.7 bn)

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

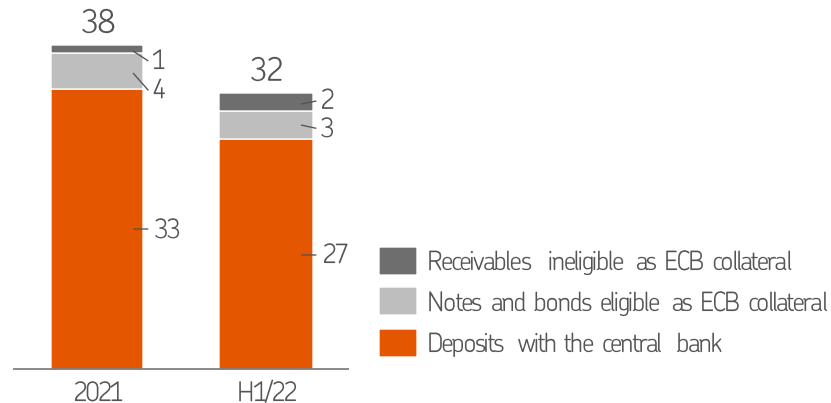
Stable funding and liquidity position

Long and short-term funding, € billion



- In April, OP Mortgage Bank issued a Green Covered Bond of €1 bn
- In June, OP Corporate Bank issued a Senior Preferred of £350 mn
- OP Financial Group's buffer for the MREL was EUR 7.3 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) 189%
- NSFR (Net Stable Funding Ratio) 131%

Retail Banking

Loan portfolio

€71.1 bn

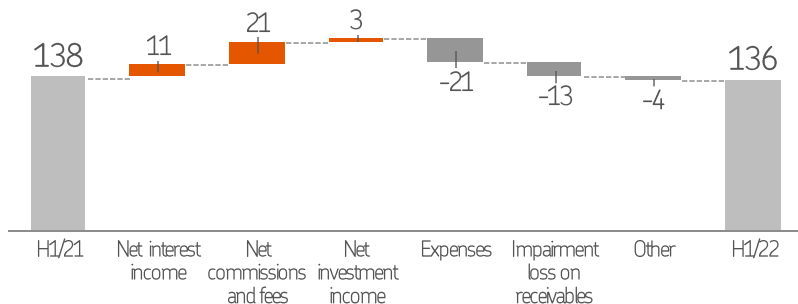
Deposits

€63.8 bn

Brokered homes
and real property
transactions, qty.

5,763

Earnings before tax, € million



€ million

	H1/22	H1/21	Change
Net interest income	485	474	2%
Net commissions and fees	397	376	6%
Net investment income	5	2	174%
Other operating income	18	19	-8%
Total income	905	871	4%

Personnel costs	230	225	2%
Depreciation and impairment loss	24	26	-9%
Other operating expenses	374	356	5%
Total expenses	628	607	3%

Impairment loss on receivables	-60	-47	-
OP bonuses to owner-customers	-81	-79	-

Earnings before tax	136	138	-2%
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Corporate Banking

Loan portfolio

€27.0 bn

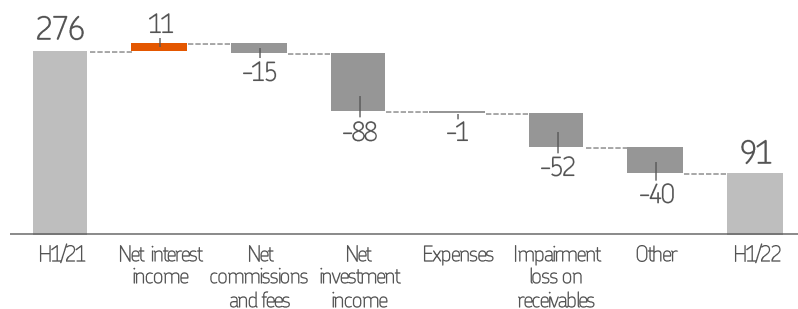
Deposits

€13.9 bn

Assets under management

€72.7 bn

Earnings before tax, € million



€ million	H1/22	H1/21	Change
Net interest income	214	203	6%
Net commissions and fees	83	98	-15%
Net investment income	7	95	-93%
Other operating income	11	50	-78%
Total income	315	446	-29%
Personnel costs	46	48	-3%
Depreciation and impairment loss	5	7	-31%
Other operating expenses	122	118	4%
Total expenses	173	173	0%
Impairment loss on receivables	-40	12	-
OP bonuses to owner-customers	-10	-9	-
Earnings before tax	91	276	-67%

Insurance

Operating
combined ratio,
Non-life insurance

91.8%

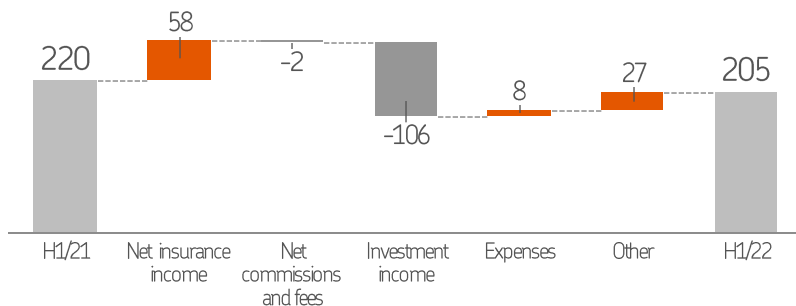
Insurance
premium revenue

€797 mn

Unit-linked
insurance assets

€11.5 bn

Earnings before tax, € million



€ million	H1/22	H1/21	Change
Net insurance income	393	335	17%
Net commissions and fees	38	40	-5%
Net investment income	-170	184	-192%
Other net income	29	1	-
Total income	290	561	-48%

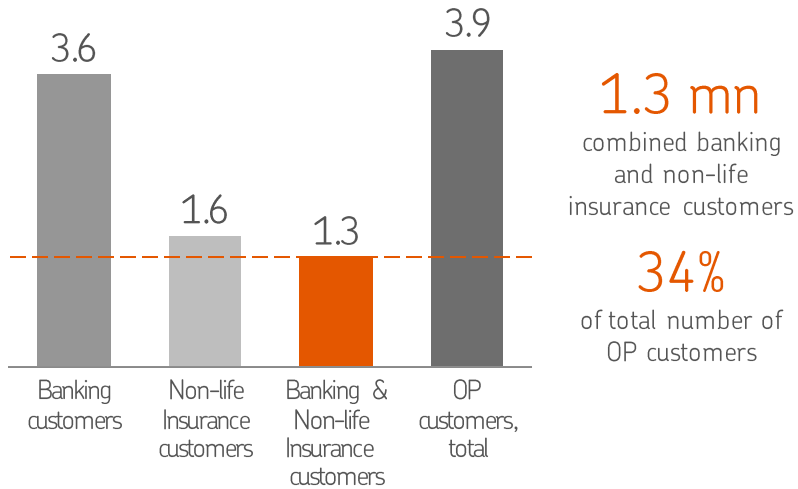
Personnel costs	75	81	-8%
Depreciation and impairment loss	26	29	-9%
Other operating expenses	131	130	1%
Total expenses	232	240	-3%

Overlay approach	157	-91	-
OP bonuses to owner-customers	-11	-10	-

Earnings before tax	205	220	-7%
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Owner-customers benefit from using OP's services broadly

Number of customers, million



Owner-customer benefits

€107 mn

accrued OP bonuses in H1/22

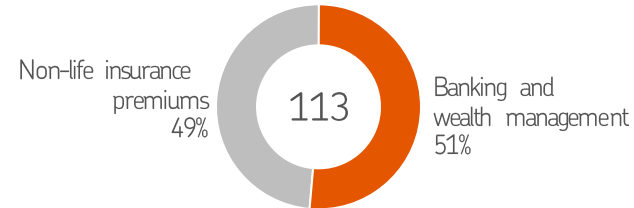
€55 mn

discounts on daily banking, non-life insurance policies and mutual funds in H1/22

€96 mn

accrued returns on Profit Shares in 2021

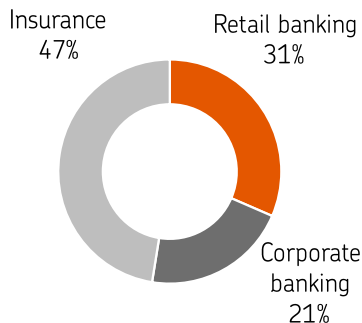
OP bonus usage during H1/22, € million





OP Financial Group in brief

OP Financial Group in brief



€459 mn

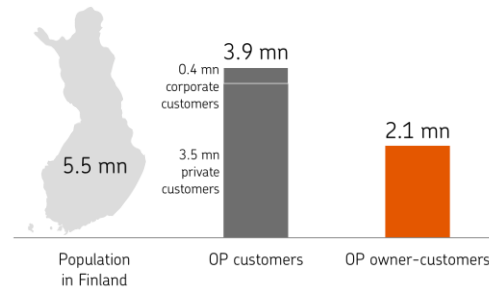
Group EBT in
H1/22

17.6%

CET1 ratio

€168 bn

Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	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-

OP Corporate
Bank plc

Moody's Aaa
S&P AAA

OP Mortgage
Bank's covered
bonds

OP Financial Group's business structure

2.1 million owner-customers

117 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.

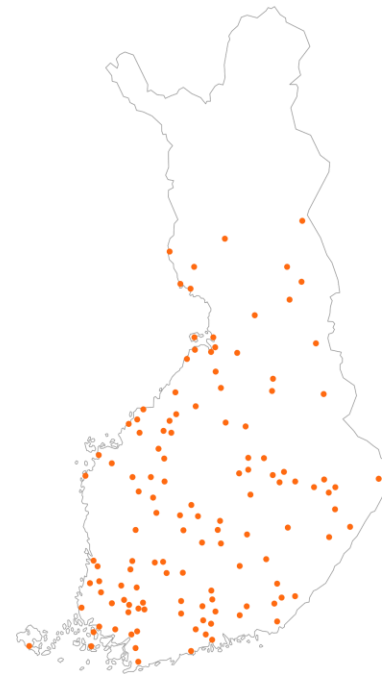
- OP Corporate Bank plc
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd

Insurance

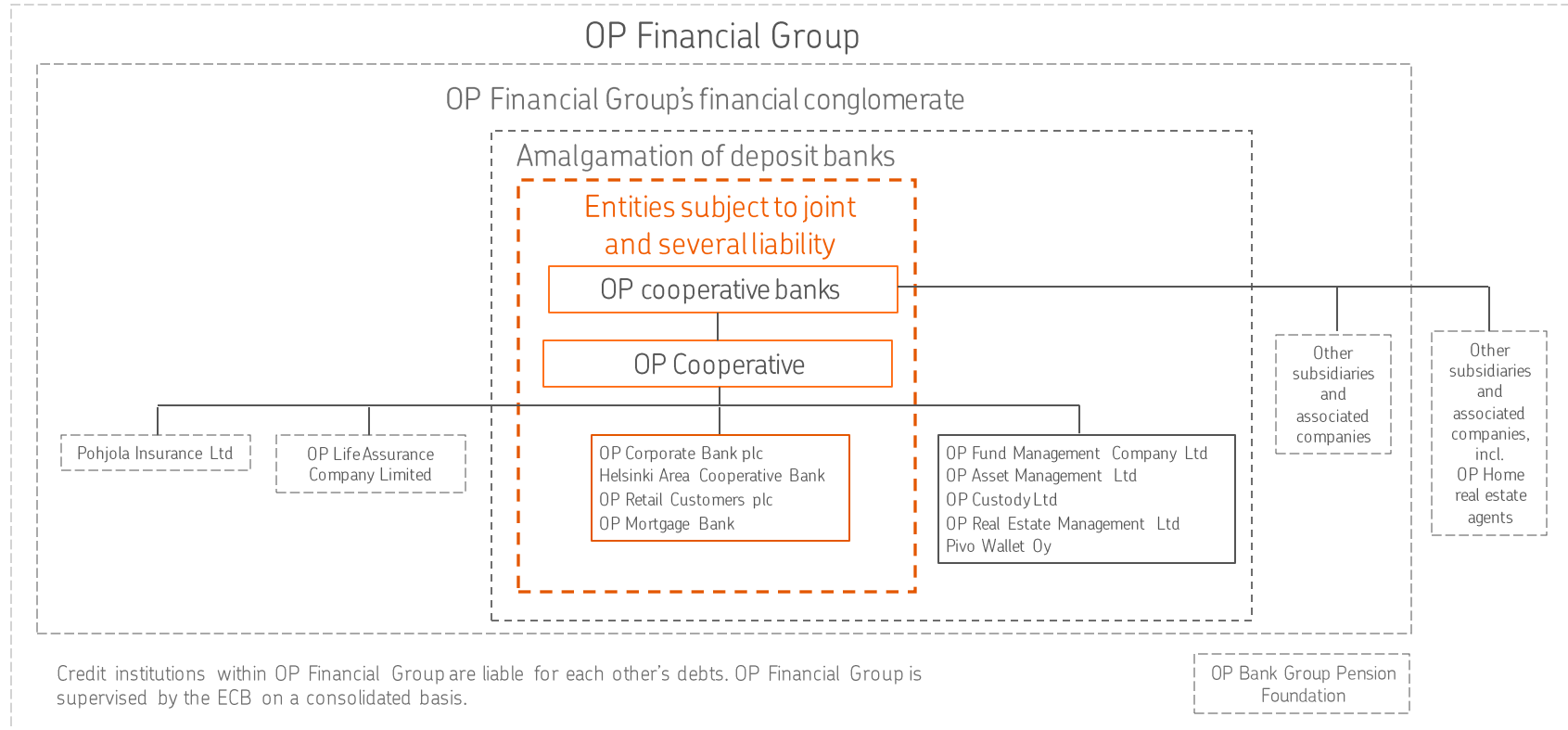
The Insurance segment comprises Pohjola Insurance and OP Life Assurance Company.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd

Major subsidiaries



OP Financial Group's amalgamation structure

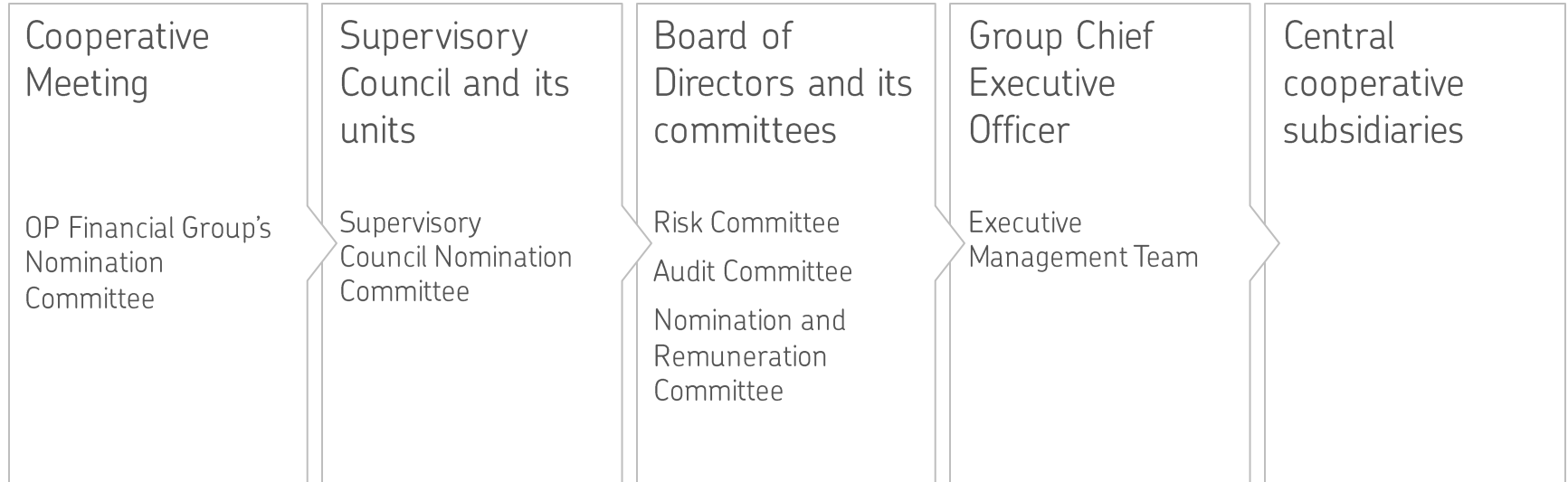


Credit institutions within OP Financial Group are liable for each other's debts. OP Financial Group is supervised by the ECB on a consolidated basis.

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, Helsinki Area Cooperative Bank, 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





Capital requirements

Capital adequacy for credit institutions

CET1 ratio **17.6%**

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 **215%**

Solvency ratio, Life insurance **268%***

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

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

Eligible capital covers solvency requirements.

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

*Including transitional provisions

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

Conglomerate's capital adequacy ratio **137%**

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

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

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

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

Together through
time.

