



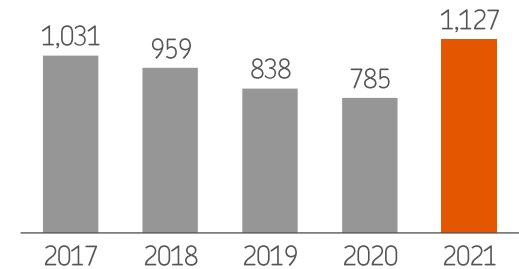
OP Financial Group's Financial Statements Bulletin 1 January–31 December 2021

Background material

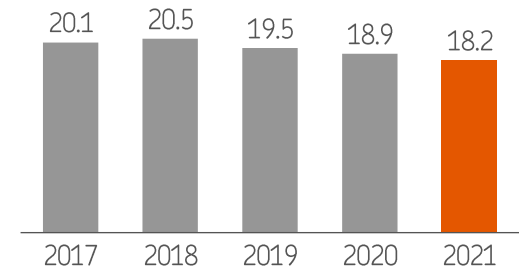
Summary of 2021

- OP Financial Group's customer business continued to grow strongly in the fourth quarter.
- Earnings before tax for January–December were excellent at EUR 1,127 million, representing growth of 44% from a year earlier.
- All three business segments improved their earnings markedly.
- Impairment loss on receivables decreased.
- Capital adequacy continued to be very strong.

Earnings before tax, € million

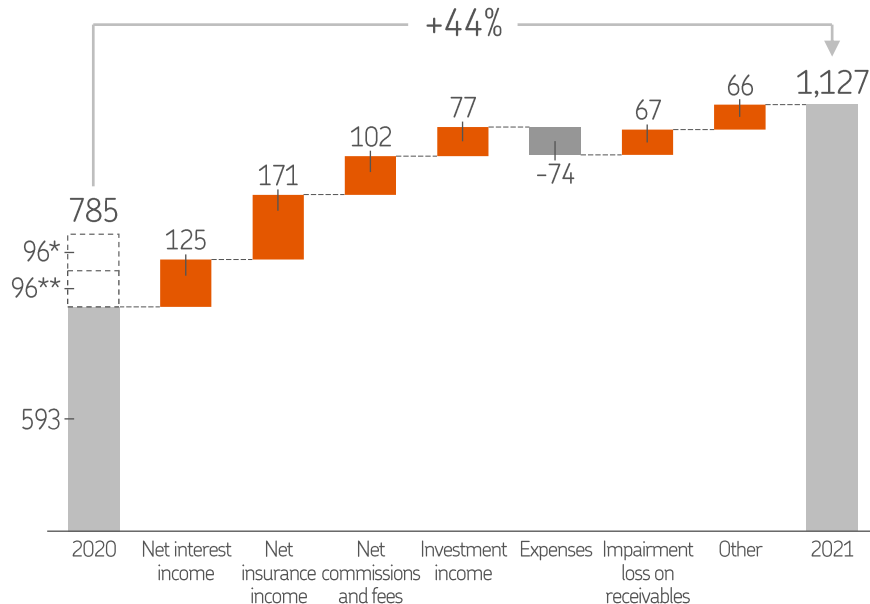


CET1 ratio, %



Financial performance

EBT year on year change, € million



* Sale of the Vallila property

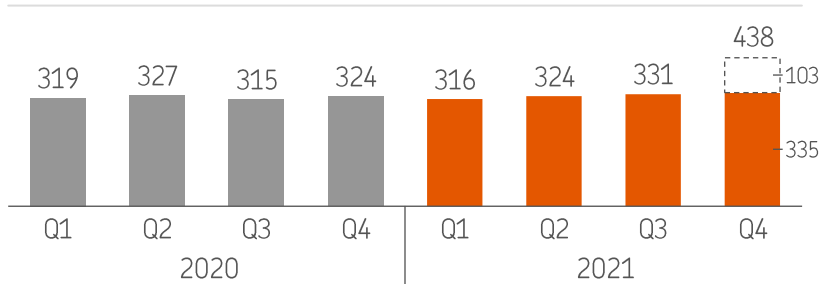
** Transfer of statutory earnings-related pension liability

€ million

	2021	2020	Change %
Net interest income	1,409	1,284	10%
Net insurance income	743	572	30%
Net commissions and fees	1,034	931	11%
Net investment income	376	184	104%
Other operating income	54	132	-59%
Total income	3,616	3,103	17%
Personnel costs	914	715	28%
Depreciation and impairment loss	283	273	4%
Other operating expenses	810	852	-5%
Total expenses	2,007	1,839	9%
Impairment loss on receivables	-158	-225	-30%
Overlay approach	-118	-3	
OP bonuses to owner-customers	-205	-251	-18%
Earnings before tax	1,127	785	44%

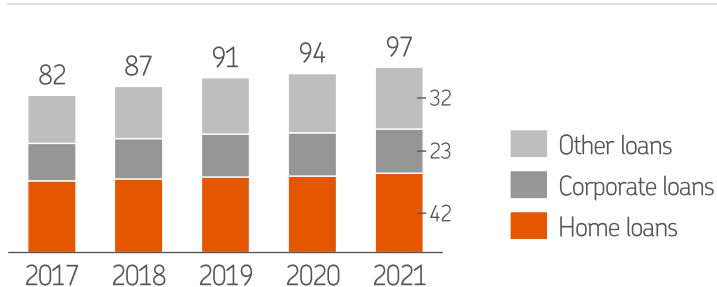
Net interest income

Net interest income by quarter, € million

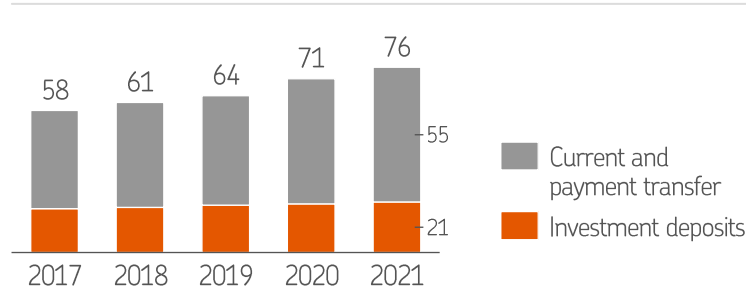


- Net interest income grew by 9.7% year on year.
- Effect of the interest rate benefit received under TLTRO III funding EUR +103 million.
- Loan portfolio grew by 3.5% and deposits by 6.6% year on year.

Loan portfolio, € billion

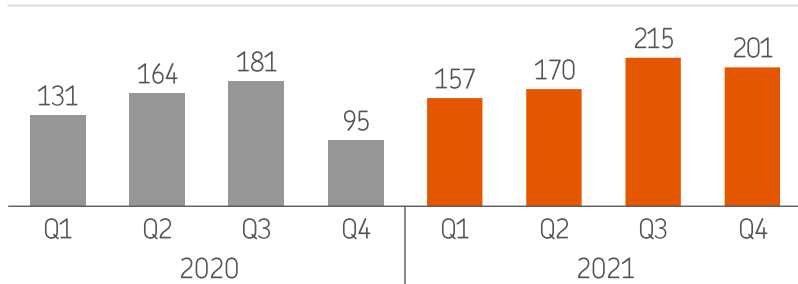


Deposits, € billion



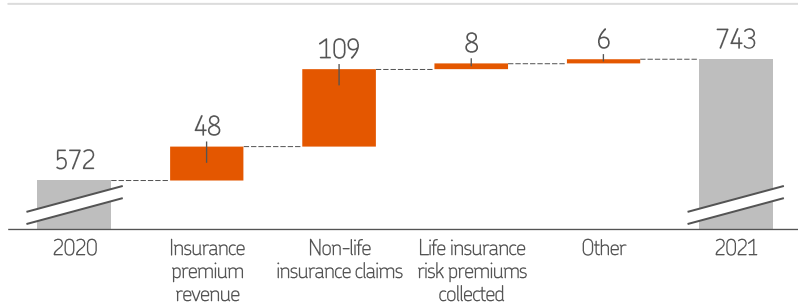
Net insurance income

Net insurance income by quarter, € million

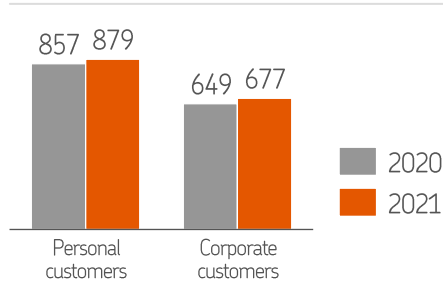


- Net insurance income grew by 29.9% year on year.
- In the Insurance segment, non-life insurance premium revenue increased by 3.3% and claims incurred decreased by 2.3%.
- Premiums written in term life insurance grew by 2.4%.
- Operating combined ratio by non-life insurance was 85.5% (87.8).

Change in net insurance income, € million

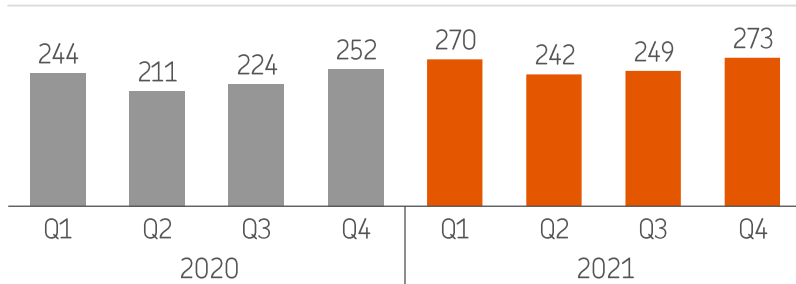


Non-life insurance premium revenue, € million



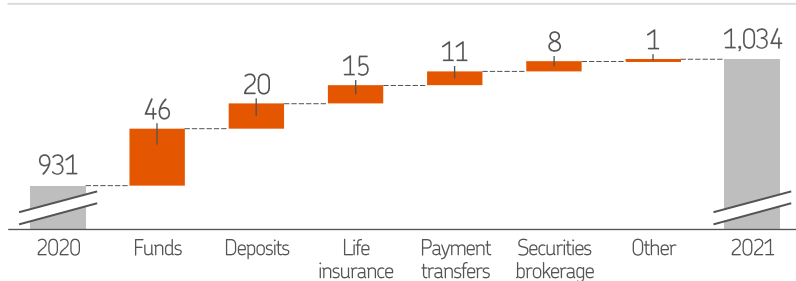
Net commissions and fees

Net commissions and fees by quarter, € million

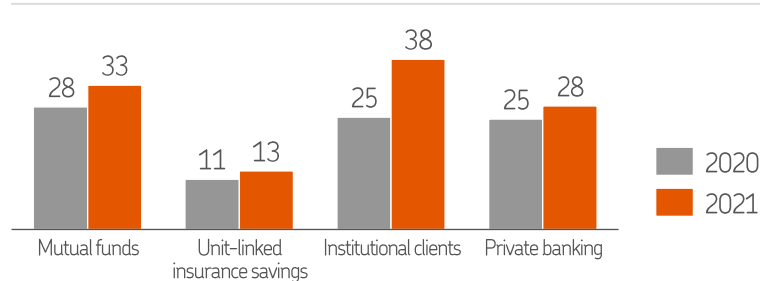


- Net commissions and fees increased by 11.0% year on year.
- Growth in assets under management has supported the increase in net commissions and fees.

Change in net commissions and fees, € million



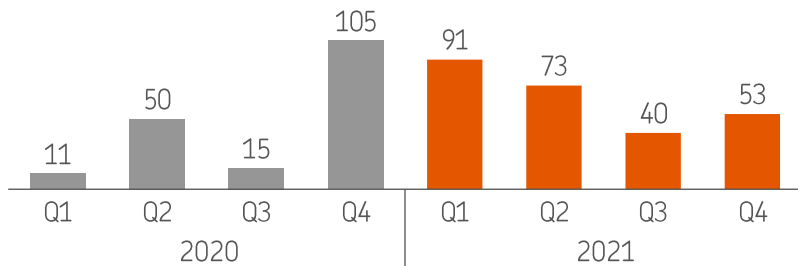
Assets under management, € billion



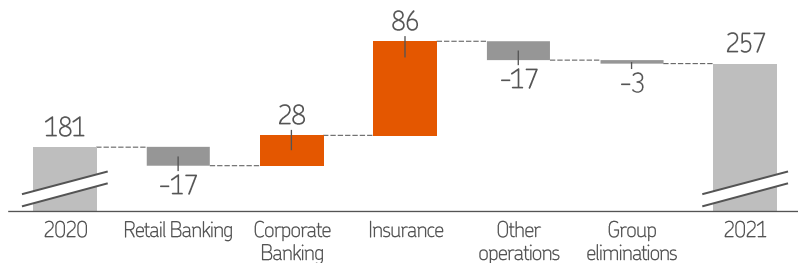
Investment income

incl. overlay approach

Investment income by quarter, € million



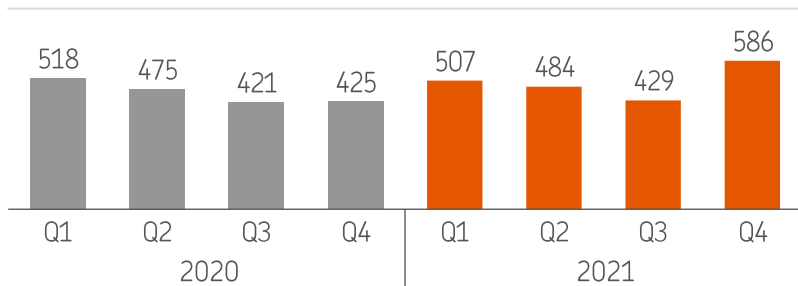
Change in investment income by business segment, € million



- Investment income originates from the insurance companies and the Corporate Banking segment in particular.
- The combined return on investments at fair value of OP Financial Group's insurance companies was 1.7% (4.9).
- 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

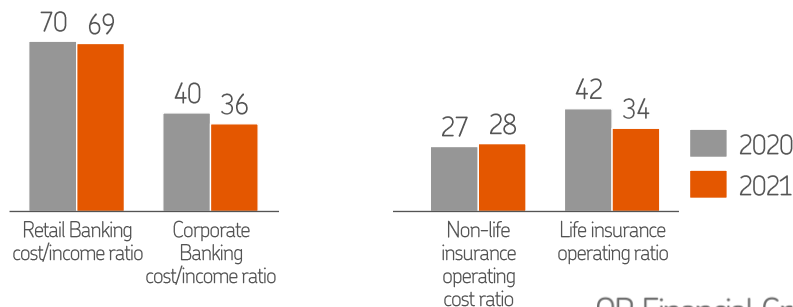


- Excluding the effect of the pension liability transfer carried out in 2020, total expenses rose by 3.7% and personnel costs by 12.8%.
- Personnel costs increased due to higher provisions for performance-based bonuses and a higher headcount.
- In other operating expenses, ICT costs decreased by 7.8%. Charges of financial authorities increased by 23.1% as a result of higher EU stability contribution.

Change in expenses, € million

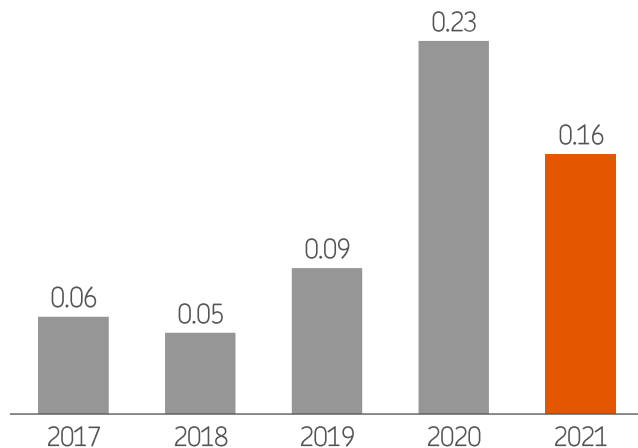


Cost/income ratio by business, %

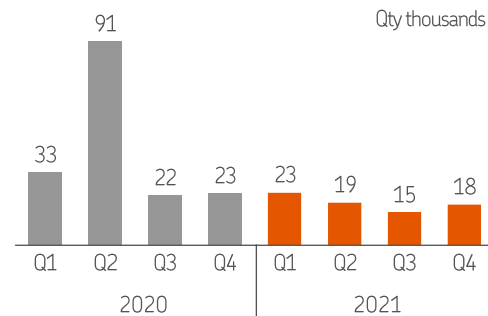


Impairment losses and repayment holidays

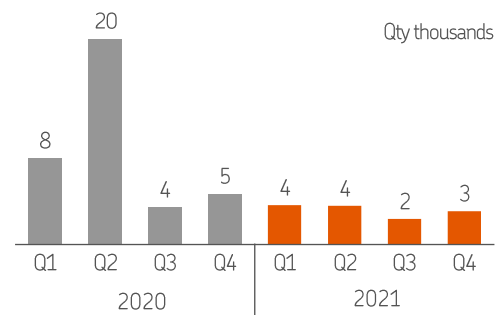
Impairment loss of loan and guarantee portfolio, %



Personal customers' repayment holidays

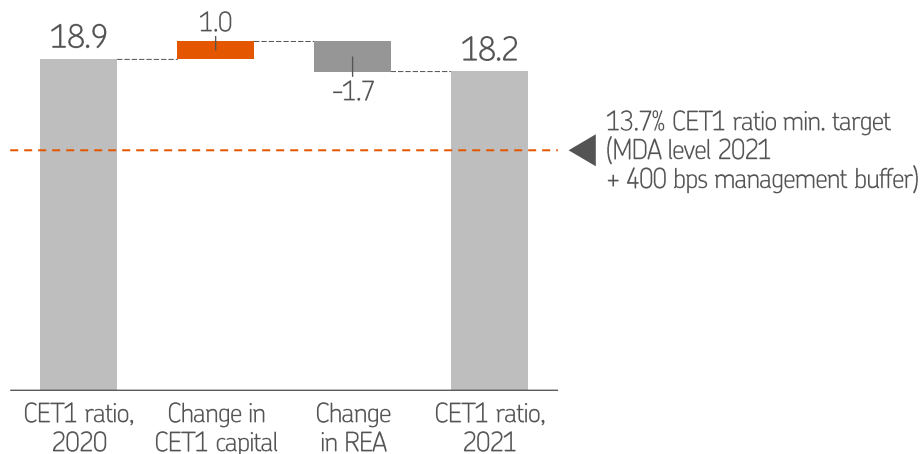


Corporate customers' loan modifications and repayment holidays



Strong capital position

CET1 ratio development, %



€12.0 bn

CET1 capital (€11.3 bn)

€3.1 bn

Profit Shares in CET1 capital (€2.8 bn)

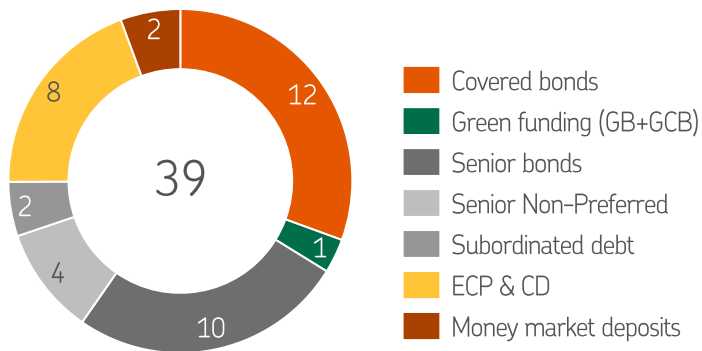
€65.7 bn

REA (€59.7 bn)

- CET1 ratio was improved by the favourable earnings performance and the issues of Profit Shares.
- The ratio was lowered by the ECB's decision, which increased the risk-weighted assets of corporate exposures, and by the proactive addition to the amount of risk-weighted assets relating to the scope of application of internal models and to the method for measuring insurance companies' risk weights.
- The proactive RWA add-on weakened the CET1 ratio by approximately 1.0 percentage point.

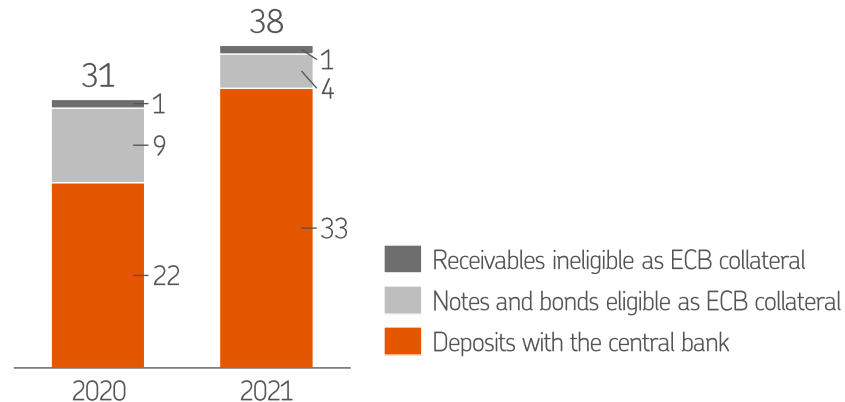
Stable funding and liquidity position

Long and short-term funding, € billion



- In October, OP Corporate Bank issued an SNP bond worth GBP 400 million.
- OP Financial Group's buffer for the MREL was EUR 6.5 billion and for the subordination requirement EUR 1.1 billion. The MREL was based on the RWA and the subordination requirement on the LRE.

Liquidity buffer breakdown, € billion



- OP Corporate Bank participated in the ECB's TLTRO III refinancing operations in March (EUR 5 bill.) and in June (EUR 3 bill.). OP Corporate Bank's TLTRO III financing totals EUR 16 billion.
- LCR (Liquidity Coverage Ratio) 212% (197%).
- NSFR (Net Stable Funding Ratio) 130% (123%).

Retail Banking

Loan portfolio

€71.0 bn

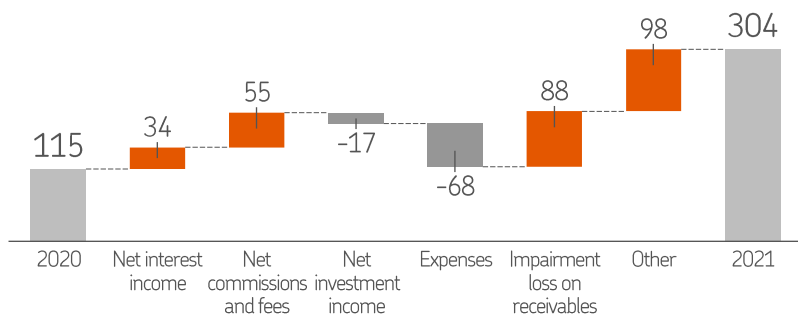
Deposits

€62.2 bn

Brokered homes
and real property
transactions, no.

13,177

Earnings before tax, € million



€ million

	2021	2020	Change %
Net interest income	959	925	4%
Net commissions and fees	753	698	8%
Net investment income	-16	2	
Other operating income	78	29	168%
Total income	1,773	1,653	7%
Personnel costs	447	412	8%
Depreciation and impairment loss	69	60	15%
Other operating expenses	705	680	4%
Total expenses	1,221	1,152	6%
Impairment loss on receivables	-84	-172	
OP bonuses to owner-customers	-165	-214	
Earnings before tax	304	115	165%

Corporate Banking

Loan portfolio

€25.7 bn

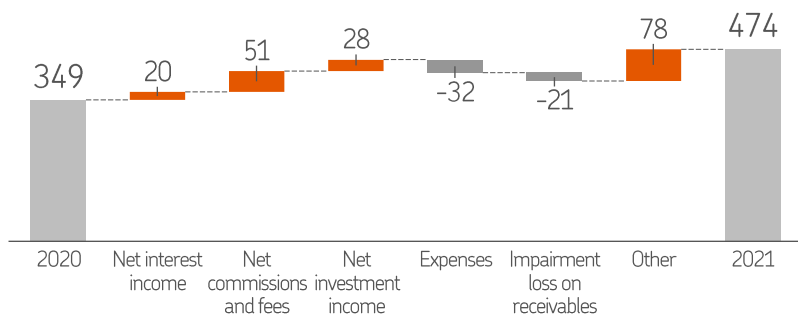
Deposits

€15.6 bn

Assets under management

€82.3 bn

Earnings before tax, € million



€ million

	2021	2020	Change %
Net interest income	414	394	5%
Net commissions and fees	204	153	34%
Net investment income	171	143	20%
Other operating income	97	17	480%
Total income	886	707	25%
Personnel costs	93	71	31%
Depreciation and impairment loss	14	18	-26%
Other operating expenses	211	197	7%
Total expenses	318	286	11%
Impairment loss on receivables	-74	-53	39%
OP bonuses to owner-customers	-20	-18	8%
Earnings before tax	474	349	36%

Insurance

Operating
combined ratio,
Non-life insurance

85.5%

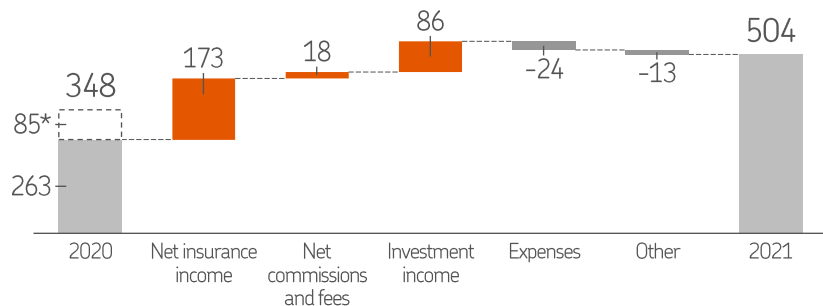
Insurance
premium revenue

€1,556 mn

Unit-linked
insurance assets

€13.1 bn

Earnings before tax, € million



* Transfer of statutory earnings-related pension liability

€ million

	2021	2020	Change %
Net insurance income	754	582	30%
Net commissions and fees	96	78	23%
Net investment income	288	88	228%
Other operating income	-2	8	-129%
Total income	1,135	755	50%
Personnel costs	160	55	290%
Depreciation and impairment loss	66	60	11%
Other operating expenses	267	269	-1%
Total expenses	493	384	28%
Overlay approach	-117	-4	
OP bonuses to owner-customers	-21	-19	14%
Earnings before tax	504	348	45%

Strategic targets and priorities



”

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

OP Financial Group's strategic long-term targets

	31 Dec 2021	Target 2025
Return on equity (ROE) excluding OP bonuses, %	7.8	8.0
CET1 ratio, %	18.2	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 27 Insurance: 16	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

OP Financial Group structure

2 million owner-customers

121 OP cooperative banks

Central Cooperative

Retail Banking

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

- OP Mortgage Bank
- OP Retail Customers Plc
- OP cooperative banks

Corporate Banking

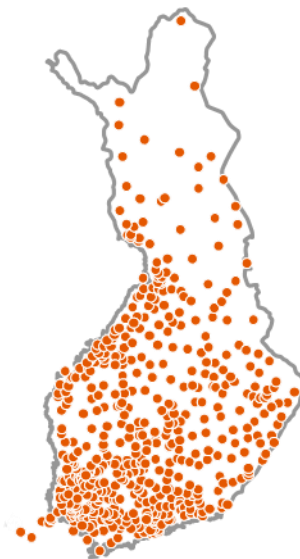
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

- 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, OP Life Assurance Company and Pohjola Hospital.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd
- Pohjola Hospital Ltd*



Major subsidiaries

* The sale of Pohjola Hospital was finalised on 1 February 2022.

A photograph of an elderly man with a white beard and a young boy sitting on a beige couch. The man, wearing a blue and white striped shirt, is holding a silver video game controller and looking at the boy with a smile. The boy, wearing a black and white striped shirt and blue pants, is holding a black video game controller, has his mouth open in a shout, and his right arm is raised in the air. The background shows a modern living room with a potted plant and a warm light fixture.

Together through
time.