

OP Amalgamation Capital Adequacy Report 2017

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Introduction

This report discloses information on the capital adequacy of the consolidated group of the amalgamation of member cooperative banks, as specified in Part 8 of the Capital Requirements Regulation of the European Parliament and of the Council No. 575/2013 (CRR) (Pillar III disclosures) in compliance with the guidelines issued by the European Banking Authority (EBA/GL/2016/11). Given that this information is based on the consolidated capital adequacy on the amalgamation of member cooperative banks, it is not directly comparable with information disclosed on OP Financial Group. The Report is unaudited.

The amalgamation of cooperative banks consists of the amalgamation's central cooperative (OP Cooperative), the central cooperative's 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. More detailed information on companies within the consolidation group can be found in point 5.3 (L13) and in Financial Statement's Notes 22 and 49.

OP Financial Group's risk management practices and goals can be found in Financial Statement's Notes 2 and 53. OP Financial Group's Corporate Governance and steering systems are available on websites covering respective issues (op.fi > OP Financial Group > About us > Corporate Governance) and in OP Financial Group's Corporate Governance Statement.

A description of the remuneration schemes and practices can be found in Financial Statement's Notes 50 and 51, OP Financial Group's website dealing with remuneration (op.fi > OP Financial Group > About us > Corporate governance > Remuneration) and in the Corporate Governance Statement.

OP Financial Group received IRBA permission in stages between 2008–2011. OP Financial Group has applied the Internal Ratings Based Approach (IRBA) to retail, credit institution and corporate exposures and equity investments. The Standardised Approach (SA) is used for other exposure categories. The Standardised Approach is used for OP Card Company's and new member cooperative banks' exposures. OP Card Company aims to adopt IRBA for its exposures. The new member cooperative banks aim to adopt IRBA after the supervisor has approved extended use of IRBA.

1 Capital base and capital adequacy

1.1 Capital base

EUR million	31 Dec. 2017	31 Dec. 2016
OP Financial Group's equity capital	11 121	10 237
The effect of insurance companies on the Group's shareholders' equity is excluded	92	-168
Fair value reserve, cash flow hedge	-16	-41
Supplementary cooperative capital to which transition provision applies	77	77
Common Equity Tier 1 (CET1) before deductions	11 197	10 105
Intangible assets	-717	-620
Excess funding of pension liability and valuation adjustments	-31	-64
Repayable cooperative capital	-148	-156
Expected profit distribution	-90	-83
Impairments – shortfall of expected losses	-320	-309
Common Equity Tier 1 (CET1)	9 891	8 872
Hybrid capital to which transitional provision is applied	81	81
Additional Tier 1 capital (AT1)	81	81
Tier 1 capital (T1)	9 973	8 954
Debenture loans	1 121	1 239
Tier 2 capital (T2)	1 121	1 239
Total capital base	11 093	10 192

The table presents how OP Amalgamation's CET1 capital derives from OP Financial Group's equity capital. CET1 capital increased by EUR 1,019 million. CET1 capital was increased by Banking performance, Profit Share issues and dividends from the Group's insurance institutions. Adjustments under IAS 19 reduced CET1 capital. The amount of Profit Shares in CET1 capital increased to EUR 2,760 billion (2,566), from which EUR 148 billion has been deducted related to Profit Shares refunded to customers in January 2018. In July 2017, supplementary cooperative capital worth EUR 70 million included in CET1 capital was refunded to customers. The amount of debenture loans included in Tier 2 capital (T2) decreased as the loans were transferred to the maturity of less than 5 years, in which case they are not included in the capital base in full.

EUR 20 (36) million of prudent valuation adjustment has been deducted from CET1 capital.

OP Financial Group has applied transitional provisions regarding old capital instruments to subordinated loans and a year ago to supplementary cooperative shares.

1.2 Overview of RWAs (EU-OV1)

EUR million	RWAs		Minimum capital requirements
	31 Dec. 2017	31 Sept. 2017	31 Dec. 2017
1 Credit risk (excluding CCR)	38 569	38 802	3 086
2 Of which the standardised approach	4 584	4 513	367
3 Of which the foundation IRB (FIRB) approach	22 024	22 099	1 762
4 Of which the advanced IRB (AIRB) approach	4 959	5 023	397
5 Of which equity IRB under the simple risk-weighted approach	541	706	43
5a Of which equity investments under PD/LGD method	6 461	6 461	517
6 CCR	694	699	55
7 Of which mark to market	489	493	39
12 Of which CVA	205	206	16
13 Settlement risk	1	0	0
14 Securitisation exposures in the banking book (after the cap)	42	54	3
15 Of which IRB approach	42	54	3
19 Market risk	1 178	1 988	94
20 Of which the standardised approach	1 178	1 988	94
23 Operational risk	3 958	3 958	317
25 Of which standardised approach	3 958	3 958	317
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	283	271	23
29 Total	44 725	45 772	3 578
30 Risk weight floors based on ECB's decision	4 492	4 377	359
31 Total risk exposure amount including risk weight floors	49 216	50 149	3 937

Total risk exposure amount increased by 11.6% during the financial year; 88% of the increased being explained by the effect of the ECB's risk-weight floor. Excluding the risk-weight floor, the increase was moderate, 1.4%. The Group managed the increase in total risk exposure amount by optimising calculation and specifying definitions.

Risk weight floors based on the ECB's decision apply to corporate exposures of retail exposures other than SME corporate exposures. In these, floors set for the average risk weight are 15.4% for mortgage-backed securities and 32.7% for other than mortgage-backed securities. Point 2.16 presents average risk weights based on internal exposure models which the risk-weight floor does not affect. The ECB's risk-weight floor will be effective until at least Q3/2018.

1.3 Minimum capital requirement

OP Financial Group has used the Foundation Internal Ratings Based Approach (FIRB) to measure capital requirement for corporate and credit institution exposures. This approach uses internal credit ratings to determine a customer's probability of default (PD), whereas loss given default (LGD) and credit conversion factor (CCF) are regulatory standard estimates. The Group has used the Internal Ratings Based Approach (IRBA) to measure capital requirement for retail exposures. This approach uses internal credit ratings to determine a customer's PD. Also LGD and CF are estimated internally.

It is possible to use various methods to measure capital adequacy requirement for equity investments. In the PD/LGD method, investments' risk-weighted exposure is calculated using PD, based on internal credit rating, and a regulatory standard LGD. According to the Simple Risk Weight Approach, investments' risk-weighted exposure amount derives from multiplying each investment by the risk-weight determined by the type of investment.

OP Financial Group has used the Standardised Approach to measure capital requirement for operational risks and market risks.

EUR million	31 Dec. 2017		31 Dec. 2016	
	Capital requirement*	Risk weighted assets	Capital requirement*	Risk weighted assets
Credit and counterparty credit risk	3 151	39 383	3 108	38 853
Standardised Approach	309	3 859	259	3 233
Exposures to central government and central banks			1	7
Exposures to regional government or local authorities	1	18	1	15
Exposures to public sector entities			1	17
Exposures to institutions	1	8	3	36
Exposures to corporates	176	2 203	127	1 593
Retail exposures	85	1 057	83	1 039
Exposures secured by mortgages on immovable property	18	220	18	219
Exposures in default	2	28	2	22
Other items	26	324	23	285
Internal Ratings-based Approach (IRB)	2 842	35 525	2 850	35 620
Exposures to institutions	84	1 054	91	1 143
Exposures to corporates	1 715	21 438	1 673	20 913
Retail exposures	397	4 959	376	4 698
Exposures secured by mortgages on immovable property	251	3 140	245	3 065
Other retail exposures	146	1 819	131	1 633
Equity investments	560	7 002	608	7 605
PD/LGD method	517	6 461	517	6 458
Simple Risk Weight Approach	43	541	92	1 148
Private equity investments	6	74	6	76
Listed investments	1	13	7	84
Other	36	454	79	988
Other non-credit obligations	82	1 030	96	1 198
Clearing/settlement risk	0	1	0	0
Market risk (Standardised Approach)	94	1 178	106	1 329
Position risk	93	1 159	106	1 323
Commodity risk	2	19	0	6
Operational risk	317	3 958	293	3 666
Risk associated with exposure value adjustment	16	205	20	253
Risk exposure amount	3 937	44 725	3 528	44 101
Risk weight floors based on ECB's decision	359	4 492		
Total risk exposure amount including risk weight floors	4 297	49 216	3 528	44 101

* Capital requirement = Risk-weighted assets x 0.08

1.4 Capital Ratios

Ratios, %	31 Dec. 2017	31 Dec. 2016
CET1 capital ratio	20,1	20,1
Tier 1 ratio	20,3	20,3
Capital adequacy ratio	22,5	23,1

Ratios excluding the risk weight floors, %	31 Dec. 2017	31 Dec. 2016
CET1 capital ratio	22,1	20,1
Tier 1 ratio	22,3	20,3
Capital adequacy ratio	24,8	23,1

The risk weight floors set by the ECB decreased the CET1 ratio by 2.0 percentage points. An increase in CET1 capital exceeded an increase in total risk exposure amount resulting from growth in the loan portfolio. The effect of the calculated adjustments of defined benefit pension plans (IAS 19) on the Group's CET1 ratio was about -1.0 percentage points, or slightly lower than at the end of 2016.

Ratios, fully loaded, %	31 Dec. 2017	31 Dec. 2016
CET1 capital ratio	20,1	19,9
Tier 1 ratio	20,1	19,9
Capital adequacy ratio	22,4	22,8

Capital requirement, EUR million	31 Dec. 2017	31 Dec. 2016
Capital base	11 093	10 192
Capital requirement	7 027	5 520
Buffer for capital requirements	4 067	4 673

OP Financial Group's capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The capital requirement of 14.3% comprises the minimum requirement of 8%, the capital conservation buffer of 2.5%, the O-SII buffer requirement of 2.0%, the minimum requirement of 1.75% (P2R) set by the ECB and the changing capital conservation buffers of 0.03% by country for foreign exposures. A year ago, the capital requirement was 12.5%. The ECB's P2R took effect on 1 January 2017.

2 Credit Risk

The figures presented in the credit risk section excludes items treated within the scope of counterparty credit risk.

2.1 Total and average net amount of exposures (EU CRB-B)

31 Dec. 2017, EUR million	a		b	
	Net value of exposures at the end of the period	Average net exposures over the period	Net value of exposures at the end of the period	Average net exposures over the period
IRB approach				
2 Institutions	7 277	7 165		
3 Corporates	43 313	42 374		
5 Of which: SMEs	15 880	14 725		
6 Retail	52 915	52 282		
7 Secured by real estate property	45 456	45 309		
8 SMEs	855	854		
9 Non-SMES	44 601	44 456		
11 Other retail	7 459	6 972		
12 SMEs	826	817		
13 Non-SMEs	6 633	6 155		
14 Equity	2 480	2 538		
14a Other non-credit obligations	1 030	1 053		
15 Total IRB approach	107 015	105 412		
Standardised approach				
16 Central government and central banks	14 849	13 502		
17 Regional government or local authorities	3 516	3 444		
18 Public sector entities	341	344		
19 Multilateral development banks	568	628		
20 International organisations	476	519		
21 Institutions	299	390		
22 Corporates	2 555	2 173		
23 Of which: SMEs	1 535	1 317		
24 Retail	3 495	3 477		
25 Of which: SMEs	19	17		
26 Secured by mortgages on immovable property	533	545		
27 Of which: SMEs	10	11		
28 Exposures in default	19	18		
34 Other exposures	154	146		
35 Total standardised approach	26 805	25 186		
36 Total	133 820	130 598		

The loan portfolio continued to grow in corporate and retail exposures. Sovereign exposures increased following the management of the liquidity buffer; 86% of sovereign exposures are deposits with the central bank.

2.2 Geographical breakdown of exposures (EU CRB-C)

31 Dec. 2017, EUR million	a	b	c	d	e	f	g	h	i
	Net value								
	Finland	Other Nordic countries	Baltic States	Rest of EU	Rest of Europe	USA	Asia	Other	Total
IRB approach									
2 Institutions	408	1 998	0	2 951	149	72	336	1 363	7 277
3 Corporates	40 779	1 211	393	734	39	9	60	89	43 313
4 Retail	52 647	80	10	91	21	24	26	16	52 915
5 Equity	2 436	0		13	3	29			2 480
5a Other non-credit obligations	1 030								1 030
6 Total IRB approach	97 299	3 290	403	3 789	211	134	422	1 467	107 015
Standardised approach									
7 Central government and central banks	13 336	0	32	1 482					14 849
8 Regional government or local authorities	1 842	186	98	1 359				31	3 516
9 Public sector entities	162			179					341
10 Multilateral development banks				203				365	568
11 International organisations				67				409	476
12 Institutions	98	0	194	7					299
13 Corporates	1 082	0	1 472	0			0		2 555
14 Retail	3 471	4	6	8	1	2	1	1	3 495
15 Secured by mortgages on immovable property	532	0	0	1	0			0	533
16 Exposures in default	19	0	0	0	0	0	0	0	19
22 Other exposures	154								154
23 Total standardised approach	20 696	191	1 802	3 305	1	2	1	806	26 805
24 Total	117 995	3 481	2 205	7 094	212	136	423	2 273	133 820

A total of 88% of total exposures are in Finland. A total of 91% of exposures within the scope of IRBA are in Finland. No substantial changes have taken place in the geographical breakdown of exposures.

2.3 Concentration of exposures by industry or counterparty types (EU CRB-D)

31 Dec. 2017, EUR million	IRB Corporates	Of which SME exposures	IRB Retail	Of which SME exposures	IRB Institutions	SA Central government and central banks	Other	Total
a Renting and operation of residential real estate	7 490	5 327	404	394			14	7 909
b Operating of other real estate	3 775	2 141	104	68		80	554	4 514
c Trade	3 697	915	481	166			163	4 341
d Energy	3 966	454	6	4		2	444	4 418
e Services	4 076	1 396	1 022	281		350	105	5 552
f Construction	2 938	1 328	668	232		3	73	3 682
g Other manufacturing	2 025	284	62	27			586	2 673
h Manufacture of machinery and equipment (incl. maintenance)	2 121	129	64	21			34	2 219
i Transportation and storage	1 504	373	458	210			134	2 096
j Financial and insurance activities	2 316	952	27	13	1 595	89	2 984	7 011
k Central bank deposits						12 815		12 815
l Covered bonds					5 682			5 682
m Agriculture, forestry and fishing	1 707	1 086	3 261	158		5	188	5 161
n Forest industry	1 230	73	26	12			15	1 271
o Metal industry	1 172	468	52	25			3	1 226
p Food industry	1 075	70	21	10			71	1 167
q Buying and selling of own real estate	863	73	8	2			23	894
r Information and communication	963	266	57	21		51	37	1 108
s Other sectors	1 319	205	25	10			1 622	2 966
t Water supply and waste management	358	116	20	13		4	49	431
u Mining and quarrying	320	173	25	11			3	349
v Manufacture of chemicals and chemical products	365	22	1	1			2	369
x Activities of households as employers; undifferentiated goods and services prc	1	1	144	0			135	280
y Public administration and defence (incl. compulsory social security)	31	27	1	1		5 307	77	5 417
z Activities of extraterritorial organisations and bodies			1	1		1 043		1 044
å Households			45 977				3 250	49 227
å Total	43 313	15 880	52 915	1 681	7 276	19 750	10 565	133 820

No substantial changes have taken place in exposures by industry. The table presents the breakdown by industry concerning material exposure classes while immaterial exposure classes are presented under other sectors. Central government exposures include exposures from central banks, local governments, public-sector entities, international development banks and international organisations.

2.4 Maturity of exposures (EU CRB-E)

31 Dec. 2017, EUR million	a	b	c		d	e	f
	Net exposure value						Total
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity		
IRB approach							
2 Institutions	307	506	4 537	1 365	562	7 277	
3 Corporates		4 943	16 825	14 992	6 553	43 313	
4 Retail		1 625	5 797	44 091	1 403	52 915	
5 Equity				380	2 100	2 480	
5a Other non-credit obligations		1 027		2		1 030	
6 Total IRB approach	307	8 101	27 159	60 830	10 618	107 015	
Standardised approach							
7 Central government and central banks	12 910	140	572	1 030	197	14 849	
8 Regional government or local authorities		50	1 253	1 622	591	3 516	
9 Public sector entities		1	340			341	
10 Multilateral development banks		0	423	111	34	568	
11 International organisations		208	268			476	
12 Institutions		138	0	0	160	299	
13 Corporates		1 113	796	181	466	2 555	
14 Retail		1 929	639	475	453	3 495	
15 Secured by mortgages on immovable property		4	133	389	7	533	
16 Exposures in default		1	4	9	6	19	
22 Other exposures		154				154	
23 Total standardised approach	12 910	3 738	4 426	3 817	1 914	26 805	
24 Total	13 218	11 840	31 584	64 647	12 532	133 820	

No substantial changes have taken place in maturity breakdown. The maturity is presented according to the contractual maturity.

2.5 Credit quality of exposures by exposure class and instrument (EU CR1-A)

31 Dec. 2017, EUR million	a	b	c	d	e	f	g
	Gross carrying values of		Credit risk adjustments		Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment			
IRB approach							
2 Institutions		7 278		2		0	7 277
3 Corporates	786	42 887	317	42	49	-36	43 313
5 Of which: SMEs	367	15 646	117	16	30	23	15 880
6 Retail	463	52 568	96	20	16	18	52 915
7 Secured by real estate property	352	45 149	45		2	-1	45 456
8 SMEs	20	836	2		0	-1	855
9 Non-SMES	332	44 312	43		2	0	44 601
11 Other retail	111	7 419	51	20	14	19	7 459
12 SMEs	28	806	7	1	3	-1	826
13 Non-SMES	83	6 613	44	19	11	20	6 633
14 Equity	0	2 483	2			-2	2 480
14a Other non-credit obligations		1 030					1 030
15 Total IRB approach	1 249	106 245	416	63	65	-20	107 015
Standardised approach							
16 Central government and central banks		14 849				0	14 849
17 Regional government or local authorities		3 516					3 516
18 Public sector entities		341					341
19 Multilateral development banks		568					568
20 International organisations		476					476
21 Institutions		299					299
22 Corporates		2 560	4	2		2	2 555
23 Of which: SMEs		1 539	3	0		2	1 535
24 Retail		3 504	2	7	0	2	3 495
25 Of which: SMEs		19	0			0	19
26 Secured by mortgages on immovable property	1	533	1			0	533
27 Of which: SMEs	0	10	0			0	10
28 Exposures in default	24		5		8	1	19
34 Other exposures		154					154
35 Total standardised approach	26	26 800	12	8	8	4	26 805
36 Total	1 274	133 045	427	71	74	-16	133 820
37 Of which: Loans	1 183	85 829	401			-20	86 611
38 Of which: Debt securities		11 335	0				11 335
39 Of which: Off-balance-sheet exposures	73	22 290					22 363

The quality of the loan portfolio still remained good. Credit risk adjustments decreased slightly during the year and accumulated write-offs remained at the previous year's level. Credit risk adjustment charges for the period are presented in net terms.

Defaulted exposures are exposures belonging to rating categories 11–12 or F. In the Standardised Approach exposures are defaulted in case interest or capital are over 90 days overdue.

2.6 Credit quality of exposures by industry or counterparty types (EU CR1-B)

31 Dec. 2017, EUR million	a		b		c		d		e		f		g	
	Gross carrying values of				Credit risk adjustments				Credit risk adjustment				Net values	
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	charges of the period								(a+b-c-d)
1 Renting and operation of residential real estate	8	7 901		1		0								7 909
2 Operating of other real estate	61	4 469		16		4								4 514
3 Trade	61	4 298		18		2								4 341
4 Energy	38	4 392		12										4 418
5 Services	89	5 490		26		7								5 552
6 Construction	87	3 613		18		3								3 682
7 Other manufacturing	53	2 639		20		19								2 673
8 Manufacture of machinery and equipment (incl. maintenance)	75	2 171		27		1								2 219
9 Transportation and storage	45	2 063		11		0								2 096
10 Financial and insurance activities	10	7 011		8	2	0								7 011
11 Central bank deposits		12 815												12 815
12 Covered bonds		5 682												5 682
13 Agriculture, forestry and fishing	139	5 056	34		1	7								5 161
14 Forest industry	141	1 231	101		0	4								1 271
15 Metal industry	63	1 187	24		16	7								1 226
16 Food industry	21	1 157	11		0	1								1 167
17 Buying and selling of own real estate	4	891	1			-1								894
18 Information and communication	13	1 101	6		0	-1								1 108
19 Other sectors	1	3 009	1	44	0	-14								2 966
20 Water supply and waste management	2	430	0		1	0								431
21 Mining and quarrying	33	338	22		0	12								349
22 Manufacture of chemicals and chemical products	0	369	0											369
23 Activities of households as employers: undifferentiated goods and services producing activities	2	278	1		0	-1								280
24 Public administration and defence (incl. compulsory social security)		5 417				0								5 417
25 Activities of extraterritorial organisations and bodies		1 044												1 044
26 Households	328	48 996	70	26	18	25								49 227
24 Total	1 274	133 045	427	71	74	-16								133 820

Credit risk adjustments in the real estate sector are low due to high collateral levels. The high amount of defaulted exposures in Agriculture, forestry and fishing relative to credit risk adjustments is explained by technical defaults resulting from aid payment schedules. The high amount of defaulted exposures in Mining and quarrying relative to exposures is due to individual cases with high exposure amount in comparison with the total exposure amount in the sector.

2.7 Credit quality of exposures by geography (EU CR1-C)

31 Dec. 2017, EUR million	a		b		c		d		e		f		g	
	Gross carrying values of				Credit risk adjustments				Credit risk adjustment				Net values	
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	charges of the period								(a+b-c-d)
1 Finland	1 260	117 227	423	69	56	0								117 995
2 Other Nordic countries	2	3 480	1		0	0								3 481
3 Baltic States	10	2 199	3	1	0	1								2 205
4 Rest of EU	1	7 095	0	2	18	-17								7 094
5 Rest of Europe	0	212												212
6 USA	0	136	0		0	0								136
7 Asia	0	423	0		0	0								423
8 Other	1	2 273	0		0	0								2 273
11 Total	1 274	133 045	427	71	74	-16								133 820

A total of 88% of total exposures are in Finland and other distribution is presented applying the materiality principle. A total of 99% of defaulted exposures and credit risk adjustments are in Finland. Accumulated write-off and the change in credit risk adjustment presented in Rest of EU are linked to the same cases.

2.8 Ageing of past-due exposures (EU CR1-D)

31 Dec. 2017, EUR million	a		b		c		d		e		f	
	Gross carrying values											
	≤ 30 days		> 30 days ≤ 60 days		> 60 days ≤ 90 days		> 90 days ≤ 180 days		> 180 days ≤ 1 year		> 1 year	
1 Loans		318		155		99		130		111		370
2 Debt securities												0
3 Total exposures		318		155		99		130		111		370

Past due exposures increased slightly during the financial year.

2.9 Non-performing and forborne exposures (EU CR1-E)

31 Dec. 2017, EUR million	Debt securities	Loans and advances	Off-balance-sheet exposures
Gross carrying values of performing and non-performing exposures	11 335	86 611	22 363
Of which performing but past due > 30 days and <= 90 days		165	
Of which performing forborne		2 311	2
Of which non-performing	0	1 487	84
Of which defaulted		1 201	73
Of which impaired	0	646	
Of which forborne		432	0
Accumulated impairment and provisions and negative fair value adjustments due to credit risk			
On performing exposures		-48	
Of which forborne		-2	
On non-performing exposures	0	-445	
Of which forborne		-71	
Collaterals and financial guarantees received			
On non-performing exposures		913	15
Of which forborne exposures		2 179	1

Non-performing and forborne exposures increased slightly during the financial year.

2.10 Changes in the stock of general and specific credit risk adjustments (EU CR2-A)

31 Dec. 2017, EUR million	a	b
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1 Opening balance	450	64
2 Increases due to amounts set aside for estimated loan losses during the period	68	7
3 Decreases due to amounts reversed for estimated loan losses during the period	-34	
4 Decreases due to amounts taken against accumulated credit risk adjustments	-56	
8 Other adjustments	0	
9 Closing balance	427	71
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss		
11 Specific credit risk adjustments directly recorded to the statement of profit or loss		

Specific credit risk adjustments decreased during the year. General credit risk adjustments increased in line with growth in the loan portfolio.

2.11 Changes in the stock of defaulted and impaired loans and debt securities (EU CR2-B)

31 Dec. 2017, EUR million	a
	Gross carrying value defaulted exposures
1 Opening balance	1 245
2 Loans and debt securities that have defaulted or impaired since the last reporting period	227
3 Returned to non-defaulted status	-82
4 Amounts written off	-79
5 Other changes	-38
6 Closing balance	1 274

Defaulted loans increased slightly. The increase came from private customers.

2.12 CRM techniques – Overview (EU CR3)

	a	b	c	d	e
	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
31 Dec. 2017, EUR million					
1 Total loans	32 743	53 869	48 547	5 322	
2 Total debt securities	4 636	6 699	5 682	1 018	
3 Total exposures	71 850	61 971	54 953	7 018	
4 Of which defaulted	435	393	354	39	

In the IRBA applied to retail exposures, it is possible to use collateral securities on a more extensive basis than in the SA applied to credit institution and corporate exposures. Guarantees and collateral related to retail exposures are treated as part of LGD. Several collateral securities or guarantees may apply to the same exposure in the table.

In the SA and IRBA applied to credit institution and corporate exposures, OP Financial Group utilises the following real collateral securities specified in the capital adequacy regulations: residential buildings and shares entitling their holders to the possession of an apartment, deposits and securities (equities). Deposits and securities are financial collateral, as referred to in the regulatory framework, and alternative methods are available for their accounting treatment. OP Financial Group has treated financial collateral in the above approaches using the so-called comprehensive method and volatility adjustments given by the relevant regulator.

In the SA and IRBA applied to credit institution and corporate exposures, only approved guarantors specified in the capital adequacy regulations may be used, such as guarantees granted by the Finnish State and other states, and those granted by municipalities and banks. Credit derivatives have not been used in the calculation. Offsetting balance-sheet or off-balance-sheet items was not applied in credit risk.

Residential buildings and shares entitling their holders to the possession of an apartment in Finland lodged as collateral constitute the largest collateral type used in capital adequacy. The effect of other physical securities on the capital adequacy of credit risks is much less significant. Guarantees used have been given by a number of sources, the largest single one being the State of Finland.

2.13 Collateral used in capital adequacy calculation

31 Dec. 2017, EUR million	Exposure	Guarantees	Financial collateral	Other collateral
Standardised Approach	27 868	856	8	565
Exposures to central government and central banks	15 164	116	5	
Exposures to regional government or local authorities	3 788	231		
Exposures to public sector entities	341	279		
Exposures to multilateral development banks	724			
Exposures to international organisations	476	199		
Exposures to institutions	590			
Exposures to corporates	2 556	6	1	
Retail exposures	3 496	25	2	
Exposures secured by mortgages on immovable property	562			562
Exposures in default	19		0	3
Other items	154			
Internal Ratings-based Approach	109 058	6 926	570	66 474
Exposures to institutions	7 785	165		
Exposures to corporates	44 213	3 445	368	1 066
Retail exposures	53 032	3 316	203	65 408
Exposures secured by mortgages on immovable property	45 501	1 256	109	64 349
Other retail exposures	7 531	2 060	94	1 059
Equity investments	2 480			
PD/LGD method	2 314			
Simple Risk Weight Approach	166			
Items representing securitisation positions	518			
Other non-credit obligations	1 030			
Total	136 926	7 782	578	67 039

The table contains information on both credit risk and counterparty credit risk, i.e. the information does not match with the amounts of net exposures presented in other tables. The amount of immovable property collateral securities increased in proportion to exposures during the year. The amount of other collateral than that of immovable property and the amount of guarantees have remained at the same level.

2.14 Standardised approach – Credit risk exposure and CRM effects (EU CR4)

Exposure classes, EUR million	a		b		c		d		e		f	
	Exposures before CCF and CRM				Exposures post CCF and CRM				RWAs and RWA density (%)			
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density (%)	RWAs	RWA density (%)
1 Central governments or central banks	14 641	208	16 804	213								
2 Regional government or local authorities	2 584	932	3 199	230					18		0,54	
3 Public sector entities	241	100	62									
4 Multilateral development banks	568		615	8								
5 International organisations	476		476									
6 Institutions	83	216	104	68					2		1,13	
7 Corporates	2 062	493	2 056	215					2 202		96,96	
8 Retail	1 431	2 064	1 406	6					1 057		74,79	
9 Secured by mortgages on immovable property	525	8	525	4					206		38,89	
10 Exposures in default	19		19						28		150,00	
16 Other items	154		154						324		210,06	
17 Total	22 784	4 022	25 420	745					3 838		14,67	

The exposure amount under the Standardised Approach decreased slightly during the year. At the same time, the amount of risk-weighted items increased. Other items include deferred tax assets which have not been deducted from the Group's own funds; these are treated with a risk weight of 250%.

2.15 Standardised approach (EU CR5)

Exposure classes, EUR million	Risk weight										Total	Of which unrated
	0 %	20 %	35 %	50 %	75 %	100 %	150 %	250 %	Others			
1 Central governments or central banks	17 017										17 017	
2 Regional government or local authorities	3 337	92									3 430	880
3 Public sector entities	62										62	
4 Multilateral development banks	623										623	623
5 International organisations	476										476	476
6 Institutions	162	10									172	162
7 Corporates		67				2 140				64	2 271	2 271
8 Retail					1 396					17	1 413	1 413
9 Secured by mortgages on immovable property			378	142						9	529	529
10 Exposures in default								19			19	19
16 Other items						41		113			154	89
17 Total	21 677	169	378	142	1 396	2 181	19	113	89		26 165	6 462

In its capital adequacy measurement for credit risk under the Standardised Approach to determine the exposure's risk weight, OP Financial Group applies credit ratings by Moody's Investors Service, Fitch Ratings or Standard & Poor's Financial Services to receivables from central governments and central banks (and comparable items, above lines 2–5) and corporations. External credit assessment determines the receivable's credit rating category. In the capital adequacy requirement for receivables, the risk weight is determined by the credit rating category. If two credit rating applies to the counterparty or receivable, the lowest rating category is used to determine the rating category.

The risk weight of international development banks' receivables may also be determined on the basis of other than credit rating based on external credit assessment. If the risk weight is affected by external credit assessment, credit ratings issued by the aforementioned rating agencies will also apply to the risk weighting of international development banks' receivables in capital adequacy measurement.

For a receivable in capital adequacy measurement, the security-specific credit rating of the issue programme or arrangement to which the receivable belongs must be used. If such a rating is not available, the issuer's general credit rating will be used, provided that it is available. Items under the Standardised approach do not include items deducted from the capital base.

2.16 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)

The table below presents the PD class breakdown of credit exposures within the scope of the IRB approach, specification of risk parameters and other information. The defaults, or PD 100, are not included in the average PD and risk weight. The minimum PD is 0.03%. CCF stands for a credit conversion factor. Off-balance-sheet exposures include loans not drawn down and unused commitments. Exposure amounts do not include counterparty credit risk.

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Impairments and value adjustments
Retail												
0,00 - < 0,15	40 893	2 732	52,1 %	39 586	0,0 %	570 880	16,1 %	14	935	2,4 %	3	
0,15 - < 0,25	2 491	173	57,6 %	2 417	0,2 %	75 395	16,9 %	14	186	7,7 %	1	
0,25 - < 0,50	3 415	173	58,3 %	3 342	0,4 %	133 226	21,7 %	11	481	14,4 %	3	
0,50 - < 0,75	1 064	28	40,2 %	1 047	0,7 %	51 523	23,5 %	10	242	23,1 %	2	
0,75 - < 2,50	2 123	127	57,6 %	2 069	1,4 %	84 402	27,3 %	9	686	33,2 %	8	
2,50 - < 10,00	1 577	70	53,7 %	1 545	5,8 %	61 947	26,4 %	9	907	58,7 %	23	
10,00 - < 100,00	1 005	19	64,1 %	998	25,7 %	33 184	23,5 %	10	943	94,4 %	59	
100,00	463	5	0,0 %	458	100,0 %	10 717	28,9 %	18	580	126,5 %	100	
Total	53 031	3 326	52,9 %	51 464	0,8 %	1 021 274	17,7 %	14	4 959	8,6 %	199	116

The risk parameters of retail exposures rose slightly on average during the year. Similarly, the average risk weight and the proportion of expected losses to EAD rose slightly.

In setting PD values given by rating models assessing solvency of personal customers' retail exposures, OP Financial Group has used its own default data and external data. As external data, OP Financial Group has made use of the unemployment rate since 1989. The Group has taken account of uncertainty associated with the data using a statistical margin of conservatism.

In setting PD values given by rating models assessing corporate customers in retail exposures, OP Financial Group has used its own default data and external data. As external data, the Group has used bankruptcy statistics since 1987. The Group has taken account of uncertainty associated with the data using a statistical margin of conservatism. The current corporate customer PDs in use were adopted in the first quarter of 2015.

In determining LGD estimates for retail exposures, the Group has used contract, customer, default, collateral and debt-collection data from 2008 until 2014. The Group applies the definition of default as in the PD models. In addition, the model uses product level cash flow data on uncollateralised returns and the recovery rate of default probabilities as well as recession valuation adjustments for collateral values based on the recession of the early 1990s.

In the risk weight calculation, the Group applies the LGD minimum of 10% and 15% to residential mortgage-backed exposures and commercial mortgage-backed exposures, respectively.

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Impairments and value adjustments
Retail - Secured by real estate property												
0,00 - < 0,15	37 102	770	53,9 %	36 747	0,0 %	444 812	14,3 %	14,3	718	2,0 %	2	
0,15 - < 0,25	1 912	27	54,6 %	1 899	0,2 %	25 234	15,5 %	14,5	134	7,1 %	1	
0,25 - < 0,50	2 333	65	61,0 %	2 307	0,4 %	38 759	14,1 %	12,9	221	9,6 %	1	
0,50 - < 0,75	693	7	53,1 %	690	0,7 %	11 064	14,8 %	13,1	109	15,8 %	1	
0,75 - < 2,50	1 333	61	64,9 %	1 312	1,4 %	24 813	14,9 %	11,2	307	23,4 %	3	
2,50 - < 10,00	1 026	25	68,8 %	1 018	5,9 %	16 517	15,6 %	11,6	554	54,5 %	9	
10,00 - < 100,00	750	9	72,9 %	748	26,3 %	9 823	15,5 %	12,3	678	90,7 %	31	
100,00	352	2	0,0 %	350	100,0 %	4 336	20,7 %	17,0	419	119,5 %	42	
subtotal	45 501	966	55,6 %	45 072	0,7 %	575 358	14,5 %	14,1	3 140	6,1 %	89	45
Retail - Other - Non-SMEs												
0,00 - < 0,15	3 791	1 962	51,4 %	2 839	0,1 %	179 244	39,7 %	12,0	218	7,7 %	1	
0,15 - < 0,25	578	145	58,2 %	517	0,2 %	51 635	21,8 %	13,5	52	10,0 %	0	
0,25 - < 0,50	916	86	57,3 %	879	0,4 %	94 169	35,5 %	7,3	216	24,5 %	1	
0,50 - < 0,75	371	21	36,3 %	357	0,7 %	41 112	40,2 %	5,1	133	37,2 %	1	
0,75 - < 2,50	412	22	47,9 %	400	1,4 %	51 637	36,6 %	6,4	177	44,2 %	2	
2,50 - < 10,00	354	17	43,1 %	345	6,0 %	41 192	37,8 %	5,8	210	60,9 %	8	
10,00 - < 100,00	191	2	37,0 %	190	24,2 %	22 289	40,5 %	5,4	190	100,1 %	19	
100,00	83	0	0,0 %	83	100,0 %	4 314	46,5 %	22,6	60	72,5 %	44	
subtotal	6 697	2 255	51,8 %	5 610	1,5 %	485 592	37,2 %	10,1	1 255	21,6 %	76	63
Retail - Other - SMEs												
0,00 - < 0,15												
0,15 - < 0,25	1	0	55,0 %	1	0,2 %	26	105,0 %	7,9	0	32,5 %	0	
0,25 - < 0,50	166	22	54,1 %	156	0,4 %	2 885	55,1 %	3,4	44	28,0 %	0	
0,50 - < 0,75												
0,75 - < 2,50	378	43	52,2 %	357	1,4 %	10 708	62,1 %	3,8	202	56,6 %	3	
2,50 - < 10,00	197	28	46,5 %	182	5,0 %	6 660	65,7 %	3,9	143	78,3 %	6	
10,00 - < 100,00	64	8	60,7 %	61	22,6 %	2 836	69,5 %	3,7	74	122,4 %	10	
100,00	28	3	0,0 %	25	100,0 %	2 788	86,5 %	19,5	101	405,4 %	14	
subtotal	834	104	50,3 %	782	3,7 %	25 903	63,0 %	4,2	564	61,2 %	33	8
Total	53 031	3 326	52,9 %	51 464	0,8 %	1 086 853	17,7 %	13,5	4 959	8,6 %	199	116

The average risk weights of mortgage-backed retail exposures increased slightly during the year and the average risk parameters remained at the same levels during the year. The risk weights of SME exposures decreased as a result of calculation optimisation. Considering that the one and the same customer may include in several sub-exposure classes, the sums of the number of debtors differ between the tables.

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Impairments and value adjustments
Corporates												
0,00 - < 0,15	10 332	3 943	57,8 %	8 754	0,1 %	583	44,3 %	3,8	2 058	23,5 %	3	
0,15 - < 0,25	4 119	1 710	55,0 %	3 139	0,2 %	607	44,8 %	5,1	1 352	43,1 %	3	
0,25 - < 0,50	8 897	2 835	49,4 %	7 366	0,4 %	8 427	44,6 %	9,0	3 908	53,1 %	13	
0,50 - < 0,75												
0,75 - < 2,50	9 612	3 135	48,6 %	7 925	1,3 %	8 712	43,9 %	8,4	6 731	84,9 %	45	
2,50 - < 10,00	8 965	2 212	52,9 %	4 615	4,3 %	8 574	44,1 %	7,7	5 536	120,0 %	88	
10,00 - < 100,00	962	285	52,7 %	820	20,0 %	1 486	44,2 %	11,4	1 570	191,4 %	72	
100,00	786	68	42,8 %	743	100,0 %	1 131	45,0 %	15,5		0,0 %	335	
Total	43 672	14 188	52,8 %	33 363	1,6 %	29 520	44,3 %	7,2	21 154	64,9 %	558	359

The risk weights of corporate exposures decreased during the year as a result of measurement optimisation. The average risk parameters improved slightly.

In setting PD values given by rating models assessing solvency of corporate customers' retail exposures, OP Financial Group has used its own default data and external data. As external data, the Group has used bankruptcy statistics since 1987. The Group has taken account of uncertainty associated with the data using a statistical margin of conservatism. The current corporate customer PDs in use were adopted in the first quarter of 2015.

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Impairments and value adjustments
Corporates - Other												
0,00 - < 0,15	8 756	3 464	61,6 %	7 545	0,1 %	329	44,2 %	3,9	1 830	24,3 %	2	
0,15 - < 0,25	3 541	1 445	51,6 %	2 666	0,2 %	142	44,8 %	3,4	1 179	44,2 %	2	
0,25 - < 0,50	4 394	2 078	53,0 %	3 372	0,4 %	1 172	44,7 %	4,6	2 083	61,8 %	6	
0,50 - < 0,75												
0,75 - < 2,50	5 212	2 324	49,3 %	3 972	1,3 %	1 487	43,6 %	6,5	3 768	94,9 %	22	
2,50 - < 10,00	4 811	1 546	50,3 %	2 225	4,1 %	1 552	44,3 %	6,3	3 018	135,6 %	40	
10,00 - < 100,00	527	250	54,4 %	408	17,4 %	159	44,8 %	14,5	910	223,0 %	32	
100,00	419	55	42,9 %	385	100,0 %	173	45,7 %	13,3			176	
subtotal	27 660	11 162	54,7 %	20 573	1,2 %	5 014	44,3 %	5,1	12 788	63,3 %	280	226
Corporates - SMEs												
0,00 - < 0,15	1 576	479	27,8 %	1 209	0,1 %	254	44,8 %	3,2	228	18,8 %	0	
0,15 - < 0,25	578	265	71,8 %	474	0,2 %	465	44,8 %	14,8	173	36,5 %	0	
0,25 - < 0,50	4 503	756	38,8 %	3 993	0,4 %	7 255	44,6 %	12,7	1 825	45,7 %	7	
0,50 - < 0,75												
0,75 - < 2,50	4 400	811	46,5 %	3 953	1,3 %	7 225	44,3 %	10,2	2 962	74,9 %	23	
2,50 - < 10,00	4 154	666	58,4 %	2 390	4,6 %	7 022	43,9 %	9,1	2 518	105,3 %	48	
10 - < 100	435	36	39,2 %	412	22,5 %	1 327	43,7 %	8,4	659	160,1 %	41	
100	367	13	42,6 %	359	100,0 %	958	44,3 %	17,8			159	
subtotal	16 013	3 026	45,9 %	12 790	2,2 %	24 506	44,3 %	10,5	8 365	67,3 %	278	133
Total	43 672	14 188	52,8 %	33 363	1,6 %	29 520	44,3 %	7,2	21 154	64,9 %	558	359

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Impairments and value adjustments
Institutions												
0,00 - < 0,15	5 868	545	65,0 %	5 685	0,0 %	169	15,8 %	5,5	423	7,4 %	0	
0,15 - < 0,25	650	30	66,4 %	640	0,2 %	27	13,5 %	5,9	83	13,0 %	0	
0,25 - < 0,50	306	106	49,1 %	256	0,3 %	45	22,5 %	3,1	89	34,6 %	0	
0,50 - < 0,75	171	32	78,1 %	11	0,7 %	36	45,0 %	7,5	10	89,7 %	0	
0,75 - < 2,50	179	50	25,2 %	142	1,7 %	37	45,0 %	0,7	182	128,6 %	1	
2,50 - < 10,00	102	63	21,4 %	57	3,4 %	45	45,0 %	1,1	80	140,9 %	1	
10,00 - < 100,00	3	2	56,6 %	2	24,0 %	8	45,0 %	0,1	4	260,1 %	0	
100,00												
Total	7 278	827	57,2 %	6 791	0,1 %	367	16,8 %	5,3	870	12,8 %	3	2

The average risk weights of credit institution exposures decreased slightly during the year. The majority of the credit institution exposures are covered bonds.

For setting PD values given by the credit institution exposure rating model, OP Financial Group has used rating scores for credit institution exposure and external credit ratings and the corresponding default data. PD values have been adjusted with a margin of conservatism in order to take account of uncertainties associated with the data.

2.17 Equities (EU CR10, EU CR6)

Equities under the simple risk-weighted approach

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Private equity exposures	31	8	190 %	39	74	6
Exchange-traded equity exposures	5		290 %	5	13	1
Other equity exposures	123		370 %	123	454	36
Total	159	8		166	541	43

Equity investments decreased during the year. Listed investments are measured at market value.

PD/LGD method

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
0,75 - < 2,50	2 314			2 314	1,3	5	90,0	22,5	6 461	279,2	26	

The PD/LGD method for equity investments has been used to treat the Group's strategic investments, of which the most significant ones (EAD EUR 2,306 million) include investments in the Group's insurance companies. In these exposures, EAD is the same as gross exposures and the exposures do not include off-balance-sheet items. PD for unlisted investments is 1.25 which is determined by regulation. No major changes have occurred in the amount of exposures. Maturity has been presented for instruments with a contractual maturity.

2.18 Non-deducted participations in insurance undertakings (EU INS1)

31 Dec. 2017, EUR million

	Value
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	2 306
Total RWAs	6 438

The Group treats insurance holdings in equity investments based on the supervisor's permission. In October 2015, the Group received permission from the ECB to treat insurance holdings within the conglomerate as risk-weighted assets according to the previous practice.

2.19 RWA flow statements of credit risk exposures under the IRB approach (EU-CR8)

EUR million	a	b
	RWA amounts	Capital requirements
1 RWAs as at the end of the previous reporting period	27 121	2 170
2 Asset size	451	36
3 Asset quality	-219	-18
4 Model updates	13	1
5 Methodology and policy	-384	-31
9 RWAs as at the end of the reporting period	26 983	2 159

Changes occurred in retail exposures, corporate exposures and credit institution exposures during the year are presented using the flow statements. Exposure amount increased risk-weighted assets and the credit quality improved especially in corporate exposures, which reduced risk-weighted assets. In retail exposures, the Group adopted a slight CF model change. The calculation was optimised especially in respect of corporate exposures related to SME relief factor.

2.20 IRB approach – Backtesting of PD per exposure class (EU CR9)

The following tables compare the probability of default (PD) applied in capital adequacy measurement with the actual historical average default. The calculation of the weighted average PD has not taken account of defaulted exposures (PD = 100%).

a	b	d	e	f		g	h	i
				Number of obligors				
Exposure class	PD Range	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Retail	0,00 -< 0,15	0,0 %	0,1 %	567 640	570 880			
	0,15 -< 0,25	0,2 %	0,2 %	71 146	75 395			
	0,25 -< 0,50	0,4 %	0,4 %	130 901	133 226			
	0,50 -< 0,75	0,7 %	0,7 %	45 552	51 523			
	0,75 -< 2,50	1,4 %	1,4 %	77 494	84 402			
	2,50 -< 10,00	5,8 %	5,9 %	58 010	61 947			
	10,00 -< 100,00	25,6 %	24,2 %	32 994	33 184			
	100,00	100,0 %	100,0 %	10 540	10 717	6 618	625	
Total		0,8 %	132,9 %	994 277	1 021 274	6 618	625	0,6 %

a	b	d	e	f		g	h	i
				Number of obligors				
Exposure class	PD Range	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Retail - Secured by real estate property	0,00 -< 0,15	0,0 %	0,0 %	449 290	444 812			
	0,15 -< 0,25	0,2 %	0,2 %	23 255	25 234			
	0,25 -< 0,50	0,4 %	0,4 %	37 470	38 759			
	0,50 -< 0,75	0,7 %	0,7 %	10 645	11 064			
	0,75 -< 2,50	1,4 %	1,4 %	23 920	24 813			
	2,50 -< 10,00	5,8 %	5,8 %	14 478	16 517			
	10,00 -< 100,00	26,2 %	25,6 %	9 943	9 823			
	100,00	100,0 %	100,0 %	4 163	4 336	2 848	17	
Total		0,7 %	134,1 %	573 164	575 358	2 848	17	0,5 %
Retail - Other - Non-SMEs	0,00 -< 0,15	0,1 %	0,1 %	171 230	179 244			
	0,15 -< 0,25	0,2 %	0,2 %	49 307	51 635			
	0,25 -< 0,50	0,4 %	0,4 %	93 165	94 169			
	0,50 -< 0,75	0,7 %	0,7 %	35 605	41 112			
	0,75 -< 2,50	1,4 %	1,4 %	46 078	51 637			
	2,50 -< 10,00	5,9 %	6,0 %	39 733	41 192			
	10,00 -< 100,00	24,2 %	24,2 %	21 502	22 289			
	100,00	100,0 %	100,0 %	4 569	4 314	2 764	97	
Total		1,4 %	133,0 %	461 189	485 592	2 764	97	0,7 %
Retail - Other - SMEs	0,00 -< 0,15							
	0,15 -< 0,25	0,2 %	0,2 %	29	26			
	0,25 -< 0,50	0,4 %	0,4 %	3 006	2 885			
	0,50 -< 0,75							
	0,75 -< 2,50	1,4 %	1,4 %	10 208	10 708			
	2,50 -< 10,00	5,0 %	5,3 %	5 932	6 660			
	10,00 -< 100,00	22,5 %	20,8 %	3 198	2 836			
	100,00	100,0 %	100,0 %	2 489	2 788	1 006	511	
Total		3,8 %	128,0 %	24 862	25 903	1 006	511	2,1 %

In calculating the historical default rate, the Group has used five years as the average in other exposure classes but three years in exposures secured by real estate property. In retail exposures, the average PD is around 35% higher than the average historical default rate. The classification scale of retail exposures has not been linked to external credit ratings.

a	b	c	d	e	f		g	h	i
					Number of obligors				
Exposure class	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Corporates	0,00 -< 0,15	AAA...BBB+	0,1 %	0,1 %	614	583			
	0,15 -< 0,25	BBB	0,2 %	0,2 %	490	607			
	0,25 -< 0,50	BBB-...BB+	0,4 %	0,4 %	8 120	8 427			
	0,50 -< 0,75	BB+							
	0,75 -< 2,50	BB...BB-	1,3 %	1,4 %	8 199	8 712			
	2,50 -< 10,00	B+...B	4,5 %	3,1 %	8 026	8 574			
	10,00 -< 100,00	B-...C	20,9 %	22,8 %	1 530	1 486			
	100,00	D	100,0 %	100,0 %	994	1 131	385	20	
Total			1,9 %	128,0 %	27 973	29 520	385	20	0,8 %

a	b	c	d	e	f		g	h	i	
					Number of obligors					
Exposure class	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors		End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Corporates - Other	0,00 -< 0,15	AAA...BBB+	0,1 %	0,1 %	373	329				
	0,15 -< 0,25	BBB+...BBB	0,2 %	0,2 %	120	142				
	0,25 -< 0,50	BBB...BB+	0,4 %	0,4 %	1 145	1 172				
	0,50 -< 0,75	BB+...BB								
	0,75 -< 2,50	BB...BB-	1,3 %	1,4 %	1 435	1 487				
	2,50 -< 10,00	BB-...B	4,1 %	2,8 %	1 549	1 552				
	10,00 -< 100,00	B...C	18,0 %	20,5 %	173	159				
	100,00	D	100,0 %	100,0 %	174	173	42		8	
	Total			1,3 %	125,3 %	4 969	5 014	42		8
Corporates - SMEs	0,00 -< 0,15	AAA...BBB+	0,1 %	0,0 %	241	254				
	0,15 -< 0,25	BBB+...BBB	0,2 %	0,2 %	370	465				
	0,25 -< 0,50	BBB...BB+	0,4 %	0,4 %	6 975	7 255				
	0,50 -< 0,75	BB+...BB								
	0,75 -< 2,50	BB...BB-	1,4 %	1,4 %	6 764	7 225				
	2,50 -< 10,00	BB-...B	4,7 %	3,2 %	6 477	7 022				
	10,00 -< 100,00	B...C	22,5 %	23,1 %	1 357	1 327				
	100,00	D	100,0 %	100,0 %	820	958	343		12	
	Total			2,8 %	128,3 %	23 004	24 506	343		12

In the calculation of the historical default rate, the Group has used five years as the average. In corporate exposures, the average PD is around 144% higher than the average historical default rate. The external credit rating equivalent has been presented according to the credit rating by Standard & Poor's.

a	b	c	d	e	f		g	h	i	
					Number of obligors					
Exposure class	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors		End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Institutions	0,00 -< 0,15	AAA...A	0,0 %	0,1 %	158	169				
	0,15 -< 0,25	A-	0,2 %	0,2 %	33	27				
	0,25 -< 0,50	BBB+...BBB-	0,3 %	0,4 %	49	45				
	0,50 -< 0,75	BB+	0,7 %	0,5 %	38	36				
	0,75 -< 2,50	BB+...BB	1,7 %	1,5 %	43	37				
	2,50 -< 10,00	BB-...B-	3,4 %	5,1 %	39	45				
	10,00 -< 100,00	CCC+...CC	24,5 %	20,8 %	7	8				
	100,00	D								
	Total			0,1 %	28,5 %	367	367			

In the calculation of the historical default rate, the Group has used five years as the average. In credit institution exposures, the average PD is considerably higher than the average historical default rate. The Group applies the definition of default on a customer-specific basis to credit institution exposures. The external credit rating equivalent has been presented according to the credit rating by Standard & Poor's.

3 CCR and Market Risk

3.1 Analysis of CCR exposure by approach (EU CCR1)

Counterparty credit risk arising from derivative contracts is based on the daily market valuation of derivative contracts.

The size of customer limits are defined on the basis of assets included in derivative contracts and the estimated validity of the contracts.

Counterparty credit risk associated with derivative contracts arises from receivables which OP Financial Group may have from its counterparties in case they default. OP Financial Group measures counterparty credit risk using a fair value model, whereby the value of liability comprises the contract market value and the expected potential future exposure. The credit equivalent based on the fair value model is used both in the regulatory capital adequacy requirement and economic capital requirement.

The Group confirms corporate counterparty exposure limits once a year and in this connection also checks the status of collateral applying to the limits for derivative transactions.

Credit risk arising from bank counterparties is reduced through collateral, which means the use of ISDA Credit Support Annex (CSA) contract associated with the ISDA general agreement. In the collateral system, the counterparty provides cash or securities in security for the receivable. Collateral matching between counterparties are performed on a daily basis. In respect of guarantees and collateral securities, the Group applies the same practice as in credit risks. The Group ensures sufficient collateral as part of its daily liquidity management through stress tests.

If S&P had downgraded OP Financial Group's credit rating from AA- to A on 31 December 2017, an additional collateral worth EUR 7 million would have been required. If the credit rating had been downgraded in 2016, additional collateral of EUR 61 million would have been required.

Capital adequacy requirement due to counterparty credit risk may arise from items related to banking book and the trading book. Capital adequacy requirement due to counterparty credit risk is calculated, for example, on OTC derivatives and sale and repurchase agreements.

31 Dec. 2017, EUR million	b	c	f	g
1 Mark to market	1 083	1 029	2 111	489

Changes in markets reduced the market value of derivatives during the year.

3.2 CVA capital charge (EU CCR2)

31 Dec. 2017, EUR million	a		b	
	Exposure value	RWAs	Exposure value	RWAs
4 All portfolios subject to the standardised method	523	205		

Upgrade in the credit ratings of counterparties within the scope of CVA capital requirements reduced risk-weighted assets. The average maturity of derivatives decreased, which reduced exposure amounts and thereby risk-weighted assets.

3.3 Standardised approach – CCR exposures by regulatory portfolio and risk (EU CCR3)

Exposure classes, EUR million	Risk Weight					Total	Of which unrated
	0 %	2 %	50 %	100 %	Others		
1 Central governments or central banks	314					314	
2 Regional government or local authorities	272					272	
4 Multilateral development banks	156					156	156
6 Institutions	0	291				291	0
7 Corporates					1	1	1
8 Retail					0	0	0
8a Secured by mortgages on immovable property			27		2	29	29
11 Total	742	291	27	1	2	1 063	186

Exposures for central counterparty clearing increased during the year. The figure is shown in column 2%. The amount of central government or central bank exposures increased whereas that of other exposure classes decreased.

3.4 IRB approach – CCR exposures by portfolio and PD scale (EU CCR4)

PD scale	a	b	c	d	e	f	g
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Corporates							
0,00 - < 0,15	254	0,1 %	113	44,4 %	8,6	58	23,0 %
0,15 - < 0,25	89	0,2 %	36	45,0 %	15,3	39	43,8 %
0,25 - < 0,50	78	0,4 %	80	45,0 %	6,0	48	61,2 %
0,50 - < 0,75							
0,75 - < 2,50	74	1,3 %	114	44,9 %	6,4	72	97,7 %
2,50 - < 10,00	43	4,0 %	83	44,7 %	4,0	60	140,1 %
10,00 - < 100,00	3	12,6 %	3	45,0 %	0,2	7	221,5 %
100,00	0	100,0 %	1	45,0 %	0,3	0	0,0 %
Total	541	0,7 %	430	44,7 %	8,6	284	52,5 %

PD scale	a	b	c	d	e	f	g
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Institutions							
0,00 - < 0,15	342	0,1 %	31	45,0 %	4,2	86	25,3 %
0,15 - < 0,25	62	0,2 %	13	45,0 %	10,2	26	41,4 %
0,25 - < 0,50	104	0,3 %	12	45,0 %	7,3	72	69,3 %
0,50 - < 0,75							
0,75 - < 2,50							
2,50 - < 10,00							
10,00 - < 100,00							
100,00							
Total	507	0,1 %	56	45,0 %	5,5	184	36,2 %

In corporate and credit institution exposures, a reduction in the average maturity and market prices decreased EAD during the year. In credit institution exposures, a rise in ratings has reduced the average risk weight. In addition, derivatives have been transferred to a central counterparty. No information has been presented on retail exposures because their EAD is less than EUR 500,000.

3.5 Impact of netting and collateral held on exposure values (EU CCR5-A)

	a	b	c	d	e
	Gross positive fair value	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
31 Dec. 2017, EUR million					
1 Derivatives	6 769	4 246	2 523	412	2 111

The positive fair value of derivatives decreased with the market during the year. Benefits obtained from netting remained at the same level as a year ago. The amount of collateral decreased. The amount of net exposures decreased.

3.6 Composition of collateral for exposures to CCR (EU CCR5-B)

	a	b	c	d
	Collateral used in derivative transactions			
	Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated
31 Dec. 2017, EUR million				
1 Cash			412	8
2 Sovereign debt				137
				544
				174

Collateral given to the central counterparty is segregated. Collateral with other counterparties are unsegregated. The majority of the collateral is cash.

3.7 Credit derivatives exposures (EU CCR6)

	a	b	c
	Credit derivative hedges		
	Protection bought	Protection sold	Other credit derivatives
31 Dec. 2017, EUR million			
Notionals			
Single-name credit default swaps			1
Index credit default swaps			127
Other credit derivatives			91
Total notionals			219
Fair values			3
Positive fair value (asset)			9
Negative fair value (liability)			-6

The amount of credit derivatives was at the same level as a year ago.

3.8 Exposures to CCPs (EU CCR8)

	a	b
	EAD post CRM	RWAs
31 Dec. 2017, EUR million		
1 Exposures to QCCPs (total)	291	6
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	291	6
3 (i) OTC derivatives	291	6
7 Segregated initial margin	144	

The amount of exposures related to the central counterparty rose during the year. The initial margin depends on the risk level of the position; the margin amount decreased during the year with the risk level of the position.

3.9 Market risk under the standardised approach (EU MR1)

31 Dec. 2017, EUR million	a	b
	RWAs	Capital requirements
Outright products		
1 Interest rate risk (general and specific)	884	71
2 Equity risk (general and specific)	0	0
4 Commodity risk	19	2
Options		
6 Delta-plus method	275	22
9 Total	1 178	94

The general risk decreased during the year as a result of redefined trading book and banking book boundary. The specific risk increased due to the position increase and the deterioration of the average credit rating level. The risk-weighted assets based on the Delta-plus method decreased.

4 Securitisation positions

4.1 Securitisation positions

Securitisation positions by rating category, Moody's equivalent, EUR million	2017		2016	
	Exposure	Risk-weighted assets	Exposure	Risk-weighted assets
Non-trading book positions				
Securitisation positions	518	42	597	63
Aaa	488	36	562	42
A1-A3	21	3	24	4
Baa1-Baa3	9	3	4	2
Ba1-Ba3			6	16
Total	518	42	597	63

OP Financial Group acts as an investor in the securitisation process and it has no resecuritized positions. Securitised positions did not include past due or impaired receivables.

The IRBA has been applied to securitisation positions. OP Financial Group pays special attention to bonds' structural and collateral-related features in its investment in securitised assets.

OP Financial Group follows regularly changes related to the credit and market risk of securitised loans.

5 Scope of application, capital base and countercyclical capital buffer

5.1 Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (EU LI1)

	a	b	c	d	e	f	g
	Carrying values of items						
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
31 Dec 2017, EUR million							
Assets							
Cash and cash equivalents	12 937	12 910	12 910				
Receivables from credit institutions	504	498	498				
Financial assets held for trading	590	590		1		589	
Derivative contracts	3 412	3 360		3 360		269	
Receivables from customers	82 240	82 321	82 321				
Investment assets	22 506	14 691	14 173		518		
Assets covering unit-linked contracts	10 126						
Investments in associates	228	63	39				
of which goodwill in associates	24	24					24
Intangible assets	1 555	692					692
Property, plant and equipment (PPE)	798	721	721				
Other assets	2 131	1 546	1 343	203			
of which pension assets							
Tax assets	214	142	142				
Total assets	137 242	117 533	112 147	3 563	518	858	717
Liabilities							
Liabilities to credit institutions	5 157	5 150					5 150
Financial liabilities at fair value through profit or loss	1	1					1
Derivative contracts	3 026	3 025		3 025			3 025
of which DVA	-14	-14					-11
Liabilities to customers	65 549	66 338					66 338
Insurance liabilities	9 950						
Liabilities from unit-linked insurance and investment contracts	10 158						
Debt securities issued to the public	26 841	27 000					27 000
Provisions and other liabilities	3 150	2 723					2 723
Tax liabilities	890	683					683
Subordinated liabilities	1 400	1 400					1 400
Total liabilities	126 122	106 321		3 025			106 321
Equity capital							
Share of OP Financial Group's owners							
Cooperative capital							
Cooperative share	191	191					191
Profit share (Non-voting cooperative share)	2 906	2 906					2 906
Fair value reserve	176	37					37
of which cash flow hedge reserve	16	16					16
Other reserves	2 173	2 124					2 124
Retained earnings	5 573	5 955					5 955
Profit for previous financial years	5 210	5 417					5 417
Actuarial gains and losses	-486	-473					-473
Profit for the financial year	849	1 011					1 011
Non-controlling Interests	101						
Total equity capital	11 121	11 213					11 213
Total liabilities and equity capital	137 242	117 533		3 025			117 533

The differences between the balance sheets of OP Financial Group and the consolidation group are due to differences in the content and extent of consolidation. Within the consolidation group, insurance companies have not been consolidated but are shown in investments made by the consolidation group and the insurance companies' equity capital is not included in the equity capital of the consolidation group. The consolidation group has applied the materiality threshold specified in Article 19 of CRR in the consolidation of its companies. Points 1.1 and 5.4 present items deducted from the capital base.

5.2 Main sources of differences between regulatory exposure amounts and carrying values in financial statements (EU LI2)

	a	b	c	d	e
	Total	Credit risk framework	CCR framework	Securitisation framework	Market risk
31 Dec 2017, EUR million					
1 Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	117 086	112 147	3 563	518	858
4 Off-balance-sheet amounts	22 363	22 363			
6 Differences due to different netting rules, other than those already included in row 2	-1 451		-1 451		
7 Differences due to consideration of provisions	479	479			
9 Other adjustments	-1 169	-1 169			
10 Exposure amounts considered for regulatory purposes	137 308	133 820	2 111	518	858

In capital adequacy regulation, it is possible to take account of netting on a more extensive basis than in account. Given that certain accounting items cannot be unambiguously divided into risk types, these items have been removed from calculation to avoid their overlapping treatment.

5.3 Outline of the differences in the scopes of consolidation (entity by entity) (EU L13)

Name of the entity	a Method of accounting consolidation	b Method of regulatory consolidation			e Supervisor's permission to risk weighting	f Description of the entity
		c Full consolidation	d Proportional consolidation	e Neither consolidated nor deducted		
OP Cooperative	Full consolidation	x				Entity assisting in financial intermediation
OP-Services Ltd	Full consolidation	x				Activities serving financing
OP Customer Services Ltd	Full consolidation	x				Activities serving financing
OP Mortgage Bank	Full consolidation	x				Banking
OP Custody Ltd	Full consolidation	x				Asset management
OP-Card Company Plc	Full consolidation	x				Banking
OP Fund Management Company Ltd	Full consolidation	x				Fund management company
Helsinki Area Cooperative Bank	Full consolidation	x				Banking
Checkout Finland Oy	Full consolidation	x				Activities serving financing
Payment Highway Oy	Full consolidation			x		Software development and manufacture
OP Asset Management Ltd	Full consolidation	x				Asset management
Pivo Wallet Oy	Full consolidation	x				Activities serving financing
OP Life Assurance Company Ltd	Full consolidation			x	x	Insurance business
Helsingin OP-Kiinteistökeskus Oy	Full consolidation			x		Real estate agent services
OP Asset Management Execution Services Oy	Full consolidation			x		Activities serving financing and investment
PAM USA Funds Oy	Full consolidation			x		Activities serving financing and investment
OP Property Management Ltd	Full consolidation	x				Real-estate investment operations
Real Estate Fund Finland Oy	Full consolidation			x		Real-estate investment operations
Real Estate Fund of Funds Finland Oy	Full consolidation			x		Real-estate investment operations
Real Estate Fund Finland III GP Oy	Full consolidation			x		Real-estate investment operations
Real Estate Debt And Secondaries GP Oy	Full consolidation			x		Real-estate investment operations
OP Asuntorahasto I GP Oy	Full consolidation			x		Real-estate investment operations
OP Toimitilakiinteistö GP Oy	Full consolidation			x		Real-estate investment operations
OP Rent Oy	Full consolidation			x		Real-estate investment operations
OP Tonttirahasto GP Oy	Full consolidation			x		Real-estate investment operations
OP Tonttirahasto Ky	Equity method			x		Real-estate investment operations
Access Capital Partners Group S.A.	Equity method	x				Activities serving financing and investment
PAM USA Fund I Ky				x		Mutual fund business
Oy Kaisaniemenkatu 1	IFRS11		x			Ownership and possession of real estate
Kiinteistö Oy Arkadiankatu 23	IFRS11			x		Ownership and possession of real estate
Kiint. Oy Ansatie 5	IFRS11			x		Ownership and possession of real estate
Kiint. Oy Quartetto Intermezzo	IFRS11			x		Ownership and possession of real estate
Kiint. Oy Uusi Paino	IFRS11			x		Ownership and possession of real estate
Kiinteistö Oy Eteläesplanadi 12	IFRS11			x		Ownership and possession of real estate
OP Helsinki property (less than MEUR 10)	IFRS11			x		Ownership and possession of real estate
OP Life Assurance Company's property (less than MEUR 10)	IFRS11			x		Ownership and possession of real estate
Automatia Pankkiautomaatit Oy	Equity method		x			Activities serving financing
Finanssi-Kontio Oy	Equity method		x			IT hardware and software consulting
PJP-Pankkijärjestelmäpalvelut Oy	Equity method		x			Business and other management consultancy activities
Opset Oy				x		Other mail delivery and courier services
Real Estate Fund of Funds II Ky	Full consolidation			x		Property investment
Real Estate Fund Finland III Ky	Full consolidation			x		Property investment
OP-Vallila Rahasto VYM Oy	Full consolidation			x		Property investment
OP-Vallila Rahasto Ky	Full consolidation	x				Property investment
Kiint. Oy Vääksyntie 2	IFRS11		x			Property company
Kiint. Oy Vääksyntie 4	IFRS11		x			Property company
Kiinteistö Oy OPK-Vallila	IFRS11		x			Property company
Aino Holdingyhtiö Ky	Equity method			x		Mutual fund business
Joukahainen Oy	Equity method			x		Asset management
Otsu Infrastruktuuri I Ky	Full consolidation			x		Asset management
Real Estate Fund of Funds V Gp Oy	Full consolidation			x		Financial services unclassified elsewhere
Real Estate Fund of Funds V Ky	Equity method			x		Financial services unclassified elsewhere
European Real Estate Senior Debt 1	Full consolidation			x		Financial services unclassified elsewhere
European Real Estate Senior Debt 2	Full consolidation			x		Financial services unclassified elsewhere
European Real Estate Senior Debt 3	Full consolidation			x		Financial services unclassified elsewhere
OP Co-Ride Oy	Full consolidation			x		Rental and lease of cars and light motor vehicles
CapMan Hotels RE Ky	Equity method			x		Buying and selling of own real estate
European Fund Investments II L.P.	Equity method			x		Mutual fund business
HRJ Global Buy-Out III (Asia) L.P.	Equity method			x		Mutual fund business
Certior Credit Opportunities Fund Ky	Equity method			x		Mutual fund business
Certior Credit Investments I Ky	Equity method			x		Mutual fund business
Access Capital Private Debt Fund II Ky	Equity method			x		Mutual fund business
ShipFunk Oy	Equity method			x		Software development and manufacture
OP Corporate Bank plc	Full consolidation	x				Banking
OP Finance Estonia AS	Full consolidation	x				Other lending/Leasing company
OP Finance SIA	Full consolidation	x				Other lending/Leasing company
OP Finance UAB	Full consolidation	x				Other lending/Leasing company
OP Insurance Ltd	Full consolidation			x	x	Non-life insurance
A-Insurance Ltd	Full consolidation			x	x	Non-life insurance
Kaivokadun PL-hallinto Oy	Full consolidation			x		No activities
Seesam Insurance AS	Full consolidation			x	x	Non-life insurance
Eurooppalainen Insurance Company Ltd	Full consolidation			x	x	Non-life insurance
Pohjola Health Ltd	Full consolidation			x		Medical centres, private doctors and comparable specialist physician services
Autovahinkokeskus Oy	Equity method			x		Sale of damaged goods
Tikkurilan Kauppatalo Oy	IFRS11			x		Property company
Kiint. Oy Helsingin Puutarhurinkuja 2	IFRS11			x		Property company
Kiinteistö Oy Vantaan Kisällintie 13	IFRS11			x		Property company

Kiint. Oy STC Viinikkala	IFRS11	x	Property company
OP Corporate Bank property (less than MEUR 10)	IFRS11	x	Property company
OP Insurance property (less than MEUR 10)	IFRS11	x	Property company
Kiint. Oy Grand Cargo Terminal 1	IFRS11	x	Property company
Kiint. Oy Grand Cargo Terminal 2	IFRS11	x	Property company
Kiint. Oy Tampereen Ratinaankaari	IFRS11	x	Property company
Kiinteistö Oy Vuosaaren Pohjoinen Ostoskeskus	IFRS11	x	Property company
Kiinteistö Oy Kanta-sarvis I	IFRS11	x	Property company
Kiinteistö Oy Koskitammi	IFRS11	x	Property company
Kiinteistö Oy Helsingin Topelluksenkatu 41b	IFRS11	x	Property company
Kiinteistö Oy Helsingin Franzéninkatu 13	IFRS11	x	Property company
Kiinteistö Oy Turun Joukahaisenkadun Pysäköinti	IFRS11	x	Property company
Kiinteistö Oy Turun Joukahaisenkatu 9	IFRS11	x	Property company
Kiinteistö Oy Oulun Kiilakivi	IFRS11	x	Property company
Kiinteistö Oy Kuopion Isabella	IFRS11	x	Property company
Kiinteistö Oy Espoon Siuntiontie 3	IFRS11	x	Property company
Kiinteistö Oy Kanta-Sarvis II	IFRS11	x	Property company
Kiinteistö Oy Asiakkaankatu 3	IFRS11	x	Property company
Kiinteistö Oy Hatanpäänkatu 1	IFRS11	x	Property company
Kiinteistö Oy Tuusulan Jatke	IFRS11	x	Property company
Northclaims Oy		x	Activities of insurance agents and intermediaries
Vakuutuspalvelu Otava Oy		x	Activities of insurance agents and intermediaries
Prime Property Oy	Full consolidation	x	Buying and selling of own real estate
Prime DK 1 ApS	Full consolidation	x	Financial services unclassified elsewhere
Prime DK 2 ApS	Full consolidation	x	Financial services unclassified elsewhere
Akaan Seudun Op	Full consolidation	x	Banking
Alajärven Op	Full consolidation	x	Banking
Alastaron Op	Full consolidation	x	Banking
Alavieskan Op	Full consolidation	x	Banking
Alavuden seudun Op	Full consolidation	x	Banking
Andelsbanken för Åland	Full consolidation	x	Banking
Andelsbanken Raseborg	Full consolidation	x	Banking
Artjärven Op	Full consolidation	x	Banking
Askolan Op	Full consolidation	x	Banking
Auran Op	Full consolidation	x	Banking
Etelä-Hämeen Op	Full consolidation	x	Banking
Etelä-Karjalan Op	Full consolidation	x	Banking
Etelä-Pohjanmaan Op	Full consolidation	x	Banking
Euran Op	Full consolidation	x	Banking
Haapamäen Seudun Op	Full consolidation	x	Banking
Hailuodon Op	Full consolidation	x	Banking
Halsuan-Ylipään Op	Full consolidation	x	Banking
Haukivuoren Op	Full consolidation	x	Banking
Heinäveden Op	Full consolidation	x	Banking
Himangan Op	Full consolidation	x	Banking
Hirvensalmen Op	Full consolidation	x	Banking
Honkilahden Op	Full consolidation	x	Banking
Humppilan Op	Full consolidation	x	Banking
Itä-Uudenmaan Op	Full consolidation	x	Banking
Janakkalan Op	Full consolidation	x	Banking
Jokioisten Op	Full consolidation	x	Banking
Jämsän Seudun Op	Full consolidation	x	Banking
Järvi-Hämeen Op	Full consolidation	x	Banking
Kainuun Op	Full consolidation	x	Banking
Kalajoen Op	Full consolidation	x	Banking
Kalkisten Op	Full consolidation	x	Banking
Kangasalan Seudun Op	Full consolidation	x	Banking
Kangasniemen Op	Full consolidation	x	Banking
Kannuksen Op	Full consolidation	x	Banking
Kemin Seudun Op	Full consolidation	x	Banking
Kerimäen Op	Full consolidation	x	Banking
Keski-Pohjanmaan Op	Full consolidation	x	Banking
Keski-Suomen Op	Full consolidation	x	Banking
Keski-Uudenmaan Op	Full consolidation	x	Banking
Kesälahden Op	Full consolidation	x	Banking
Kihniön Op	Full consolidation	x	Banking
Kiikoisten Op	Full consolidation	x	Banking
Kiteen Seudun Op	Full consolidation	x	Banking
Koitiin-Pertunmaan Op	Full consolidation	x	Banking
Korpilahden Op	Full consolidation	x	Banking
Korsnäs Andelsbank	Full consolidation	x	Banking
Kronoby Andelsbank	Full consolidation	x	Banking
Kuhmon Op	Full consolidation	x	Banking
Kuortaneen Op	Full consolidation	x	Banking
Kurun Op	Full consolidation	x	Banking
Kuusamon Op	Full consolidation	x	Banking
Kymenlaakson Op	Full consolidation	x	Banking
Kärkölan Op	Full consolidation	x	Banking
Käylän Op	Full consolidation	x	Banking
Köyliön Op	Full consolidation	x	Banking
Laihian Op	Full consolidation	x	Banking
Lapin Op	Full consolidation	x	Banking
Lehtimäen Op	Full consolidation	x	Banking
Lemin Op	Full consolidation	x	Banking
Leppävieran Op	Full consolidation	x	Banking
Limingan Op	Full consolidation	x	Banking
Liperin Op	Full consolidation	x	Banking

Loimaan Seudun Op	Full consolidation	x	Banking
Lokalahden Op	Full consolidation	x	Banking
Lounaismaan OP	Full consolidation	x	Banking
Lounaisrannikon Op	Full consolidation	x	Banking
Lounais-Suomen Op	Full consolidation	x	Banking
Luhangan Op	Full consolidation	x	Banking
Luopioisten Op	Full consolidation	x	Banking
Luumaen Op	Full consolidation	x	Banking
Länsi-Kymen Op	Full consolidation	x	Banking
Länsi-Suomen Op	Full consolidation	x	Banking
Länsi-Uudenmaan Op	Full consolidation	x	Banking
Maaningan Op	Full consolidation	x	Banking
Marttilan Op	Full consolidation	x	Banking
Mellilän Seudun Op	Full consolidation	x	Banking
Merimaskun Op	Full consolidation	x	Banking
Metsämaan Op	Full consolidation	x	Banking
Miehikkälän Op	Full consolidation	x	Banking
Mouhijärven Op	Full consolidation	x	Banking
Multian Op	Full consolidation	x	Banking
Mynämäen-Nousiaisten Op	Full consolidation	x	Banking
Mäntsälän Op	Full consolidation	x	Banking
Nagu Andelsbank	Full consolidation	x	Banking
Nakkila-Luvian Op	Full consolidation	x	Banking
Niinijoen Op	Full consolidation	x	Banking
Nilakan Seudun Op	Full consolidation	x	Banking
Nivalan Op	Full consolidation	x	Banking
Op Kantrisola	Full consolidation	x	Banking
Orimattilan Op	Full consolidation	x	Banking
Oripään Op	Full consolidation	x	Banking
Oulaisten Op	Full consolidation	x	Banking
Oulun Op	Full consolidation	x	Banking
Outokummun Op	Full consolidation	x	Banking
Paattisten Op	Full consolidation	x	Banking
Paltamon Op	Full consolidation	x	Banking
Parikkalan Op	Full consolidation	x	Banking
Pedersörenejdens Andelsbank	Full consolidation	x	Banking
Perhon Op	Full consolidation	x	Banking
Perhönjokilaakson Op	Full consolidation	x	Banking
Peräseinäjoen Op	Full consolidation	x	Banking
Petäjäveden Op	Full consolidation	x	Banking
Pihtiputaan Op	Full consolidation	x	Banking
Pohjois-Hämeen Op	Full consolidation	x	Banking
Pohjois-Karjalan Op	Full consolidation	x	Banking
Pohjois-Savon Op	Full consolidation	x	Banking
Pohjolan Op	Full consolidation	x	Banking
Polvijärven Op	Full consolidation	x	Banking
Posion Op	Full consolidation	x	Banking
Pudasjärven Op	Full consolidation	x	Banking
Pukkilan Op	Full consolidation	x	Banking
Pulkilan Op	Full consolidation	x	Banking
Punkalaitumen Op	Full consolidation	x	Banking
Purmo Andelsbank	Full consolidation	x	Banking
Päijät-Hämeen Op	Full consolidation	x	Banking
Pöytyän Op	Full consolidation	x	Banking
Raahen seudun Op	Full consolidation	x	Banking
Rantasalmen Op	Full consolidation	x	Banking
Rautalammin Op	Full consolidation	x	Banking
Riistaveden Op	Full consolidation	x	Banking
Ruoveden Op	Full consolidation	x	Banking
Ruukin Op	Full consolidation	x	Banking
Rymättylän Op	Full consolidation	x	Banking
Rääkkylän Op	Full consolidation	x	Banking
Sallan Op	Full consolidation	x	Banking
Sastamalan Op	Full consolidation	x	Banking
Satakunnan Op	Full consolidation	x	Banking
Satapirkkan Op	Full consolidation	x	Banking
Savitaipaleen Op	Full consolidation	x	Banking
Siikajoen Op	Full consolidation	x	Banking
Siikalatvan Op	Full consolidation	x	Banking
Simpeleen Op	Full consolidation	x	Banking
Sonkajärven Op	Full consolidation	x	Banking
Sulkavan Op	Full consolidation	x	Banking
Suomenselän Op	Full consolidation	x	Banking
Suonenjoen Op	Full consolidation	x	Banking
Suur-Savon Op	Full consolidation	x	Banking
Säkylän Op	Full consolidation	x	Banking
Taivalkosken Op	Full consolidation	x	Banking
Taivassalon Op	Full consolidation	x	Banking
Tampereen Seudun Op	Full consolidation	x	Banking
Tarvasjoen Op	Full consolidation	x	Banking
Tervolan Op	Full consolidation	x	Banking
Tervon Op	Full consolidation	x	Banking
Toholammin Op	Full consolidation	x	Banking
Tornion Op	Full consolidation	x	Banking
Turun Seudun Op	Full consolidation	x	Banking
Tuusniemen Op	Full consolidation	x	Banking
Tyrnävän Op	Full consolidation	x	Banking

Ullavan Op	Full consolidation	x			Banking
Urjalan Op	Full consolidation	x			Banking
Utajärven Op	Full consolidation	x			Banking
Vaara-Karjalan Op	Full consolidation	x			Banking
Vaasan Op	Full consolidation	x			Banking
Valkeakosken Op	Full consolidation	x			Banking
Vampulan Op	Full consolidation	x			Banking
Vehmersalmen Op	Full consolidation	x			Banking
Vesannon Op	Full consolidation	x			Banking
Vihannin Op	Full consolidation	x			Banking
Vimpelin Op	Full consolidation	x			Banking
Virtain Op	Full consolidation	x			Banking
Ylitornion Op	Full consolidation	x			Banking
Ylä-Kainuun Op	Full consolidation	x			Banking
Yläneen Op	Full consolidation	x			Banking
Ylä-Savon Op	Full consolidation	x			Banking
Ypäjän Op	Full consolidation	x			Banking
OP-Kiinteistökeskus real estate agencies around 60 (excl. Helsinki OPKK)	Full consolidation			x	Real estate agent services
OVY Ltd	Full consolidation	x			No activities
Saimaa Capital Oy	Fair value		x		Financial services unclassified elsewhere
Länsi-Suomen Pääomarahasto Oy	Fair value			x	Financial services unclassified elsewhere
Uudenmaan Pääomarahasto Oy	Fair value		x		Financial services unclassified elsewhere
Vanaja Capital Oy	Fair value			x	Financial services unclassified elsewhere
Turun TeknologiaKiinteistöt Oy	Equity method		x		Renting and operating other real property
Pohjois-Karjalan Kiinteistöt Oy	IFRS11			x	Renting of residential real estate
Pyhäselän Ranta Oy	IFRS11			x	Buying and selling of own real estate
TOP Rahastosijoitukset Oy	IFRS11			x	Activities of holding companies in the financial sector
Jyväskylän Kassatalo Oy	IFRS11		x		Ownership and possession of real estate
Kiinteistö Oy Vammalan Torikeskus	IFRS11		x		Ownership and possession of real estate
Mikkelin Forum Oy	IFRS11		x		Ownership and possession of real estate
Turun Asemaseudun Kiinteistö Oy	IFRS11		x		Ownership and possession of real estate
Kiinteistö Oy Tampereen Hämeenkatu 12	IFRS11		x		Ownership and possession of real estate
Kiinteistö Oy Hämeenkivi	IFRS11		x		Ownership and possession of real estate
Kiinteistö Oy Joensuun Koskikatu 9	IFRS11		x		Ownership and possession of real estate
Asunto Oy Oulun Kalevankulma	IFRS11		x		Ownership and possession of real estate
As Oy Lappeenrannan Kirkkokatu 9	IFRS11		x		Ownership and possession of real estate
OP cooperative banks' real estate management companies (less than MEUR 10)	IFRS11			x	Property company

According to the definition of the consolidation group, insurance companies have not been consolidated into capital adequacy but are treated as investments. Other non-consolidated entities are less than EUR 10 in terms of their balance sheet. There are no investments that are deducted from own funds.

5.4 Capital base under transitional provisions

According to the European Commission implementing regulation, a credit institution must present its own funds using the transition period model for disclosure for own funds determined by the European Banking Authority.

31 Dec. 2017, EUR million		(A) Amount on disclosure data	(B) Article of regulation (EU) no. 575/2013 to which is referred	(C) Amounts to which treatment prior to regulation (EU) no. 575/2013 or the remaining amount set out in regulation
CET1: Instruments and reserves				
1	Capital instruments and related share premium accounts	2 949	Paragraph 1 of Article 26, Articles 27, 28 and 29, EBA's list related to Paragraph 3 of Article 26	
	of which: cooperative shares	191	EBA's list, paragraph 3 of Article 26	
	of which: profit shares (Non-voting cooperative share)	2 906	EBA's list, paragraph 3 of Article 26	
	of which: refundable cooperative capital	-148		
2	Retained earnings	5 417	26 (1) 3a	
3	Accumulated other comprehensive income (and any other reserves; also covers unrealised gains and losses by virtue of applicable financial reporting stand	1 687	26 (1)	
5a	Interim profits audited by an independent party, from which all foreseeable charges and dividends have been deducted	922	26 (2)	
6	CET1 before regulatory adjustments:	10 974		
CET1): Regulatory adjustments				
7	Other value adjustments	-20	34 ja 105	
8	Intangible assets	-717	36 (1) b, 37, 472 (4)	
11	Items included in the fair value reserve that relate to gains or losses on cash flow hedging	-16	33 a	
12	Negative amounts resulting from the calculation of expected loss amounts	-320	36 (1) d, 40, 159, 472 (6)	
14	Gains or losses on liabilities measures at fair value resulting from changes in the institution's own credit standing	-11	33 b	
28	Total regulatory adjustments to CET1	-1 083		
29	CET1	9 891		
Additional Tier 1 (AT1): Instruments				
33	The amount of qualifying items as referred to in Article 484 (4) and the related share premium accounts that will be phased out from AT1.	81		81
36	AT1 before regulatory adjustments:	81		81
44	AT1	81		81
45	Tier 1 (T1 = CET1 + AT1)	9 973		81
Tier 2 (T2): Instruments and provisions				
46	Capital instruments and related share premium accounts	1 121	62, 63	
51	T2 before regulatory adjustments	1 121		
58	T2	1 121		
59	Total capital (T1 + T2 = TC)	11 093		81
60	Total risk-weighted assets	49 216		
Capital adequacy ratios and capital buffers				
61	CET1 as percentage of total risk	20,1	92 (2) a, 465	
62	T1 as percentage of total risk	20,3	92 (2) b, 465	
63	Total capital as percentage of total risk	22,5	92 (2) c	
64	Entity-specific buffer requirement as percentage of total risk	9,0	CRD 128, 129, 130	
65	of which: General capital buffer requirement	2,5		
66	of which: countercyclical capital buffer requirement	0,0		
67a	of which: a buffer related global systemically important institutions (G-SII) or other systemically important institutions (O-SII)	2,0	CRD 131	
68	Available CET1 capital required for the fulfilment of capital buffer requirements (as percentage of total risk)	20,1	CRD 128	
Caps that are applied to the inclusion of provisions in T2 capital				
79	Caps applied to inclusion of credit risk adjustments in T2 capital when applying the Internal Ratings-based Approach	35 525	62	
Capital instruments subject to phase-out arrangements (1 January 2013–1 January 2022)				
82	Current cap for AT1 instruments subject to phase-out arrangements	100	484 (3), 486 (2),(5)	

5.5 Institution-specific countercyclical capital buffer

Table 1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer, EUR million

Row	General credit exposures		Trading book exposure		Securitisation exposure	
	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB
	010	020	030	040	050	060
010 Breakdown by country*						
Finland	3 242	89 419	451			28
Sweden	1	705	19			
Norway	0	247	1			
Iceland	0	0				
Czech	0	15				
Slovakia	0	0				
Other	1 269	1 219	12			475
020 Total	4 512	91 606	483			502

Row	Own funds requirements					
	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirement weights	Countercyclical capital buffer rate
	070	080	090	100	110	120
010 Breakdown by country*						
Finland	2 854	29	0	2 883	0,94	0,00 %
Sweden	32	2		33	0,01	2,00 %
Norway	8	0		8	0,00	2,00 %
Iceland	0			0	0,00	1,25 %
Czech	1			1	0,00	0,50 %
Slovakia	0			0	0,00	0,50 %
Other	153	1	3	157	0,05	0,00 %
020 Total	3 049	31	3	3 083	1,00	

Table 2: Amount of Institution-specific countercyclical capital buffer

Row	Column
	010
010 Total risk exposure amount	49 216
020 Institution specific countercyclical buffer rate	0,03 %
030 Institution specific countercyclical buffer requirement	13

* Exposures calculated based on Article 140.4 of the Capital Requirements Directive exclude government exposures, exposures comparable to them and credit institution exposures.

6 Leverage

6.1 Leverage

Leverage ratio, EUR million	31 Dec. 2017	31 Dec. 2016
Tier 1 capital (T1)	9 973	8 954
Total exposure	127 027	120 257
Leverage ratio, %	7,9	7,4

The leverage ratio that describes a company's minimum leverage ratio is presented in accordance with Commission Delegated Regulation. According to these rules, the minimum ratio is three per cent. The minimum leverage ratio is based on December-end figures.

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		Applicable amount
1	Total assets as per published financial statements	137 242
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-19 709
4	Adjustments for derivative financial instruments	1 451
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	13 481
7	Other adjustments	-5 439
8	Leverage ratio total exposure measure	127 027

Table LRCom: Leverage ratio common disclosure CRR		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	112 518
2	Asset amounts deducted in determining Tier 1 capital	-1 083
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	111 435
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	796
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	1 316
11	Total derivatives exposures	2 111
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	22 371
18	Adjustments for conversion to credit equivalent amounts	-8 890
19	Other off-balance sheet exposures	13 481
Capital and total exposure measure		
20	Tier 1 capital	9 973
21	Leverage ratio total exposure measure	127 027
Leverage ratio		
22	Leverage ratio	7,9
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	112 518
EU-2	Trading book exposures	590
EU-3	Banking book exposures, of which:	111 928
EU-4	Covered bonds	5 682
EU-5	Exposures treated as sovereigns	21 097
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	59
EU-7	Institutions	740
EU-8	Secured by mortgages of immovable properties	45 212
EU-9	Retail exposures	6 469
EU-10	Corporate	27 810
EU-11	Exposures in default	1 195
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3 664

Table LRQua: Free format text boxes for disclosure on qualitative items	
1	Description of the processes used to manage the risk of excessive leverage By means of ALM and capital management, the Group ensures that leverage will remain controlled in view of maturity transformation and that adequate tools will remain available for leverage management. OP Financial Group has set its capital adequacy target sufficiently high, in which case leverage will not be high or the minimum leverage ratio will not decrease close to the minimum level. The Group monitors leverage by means of its internal target levels for the leverage ratio and of capital adequacy; in addition, the Group monitors, for example, the net stable funding ratio (NSFR) and the asset encumbrance (AE).
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers Exposures in the balance sheet increased less than the capital base. As a result, the leverage ratio rose. The balance sheet grew in line with the growth targets set for the loan portfolio and the liquidity buffer. The Report by the Executive Board describes changes in the operating environment.

7 Liquidity Coverage Ratio (LCR) and Asset Encumbrance (AE)

7.1 LCR disclosure template (EU LIQ1)

Scope of consolidation

Consolidated

EUR million

	Total unweighted value (average)				Total weighted value (average)			
	31 Dec 2017	30 Sept 2017	30 June 2017	31 March 2017	31 Dec 2017	30 Sept 2017	30 June 2017	31 March 2017
Quarter ending on (31, Dec 2017)								
Number of data points used in the calculation of averages: 12								
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)					17 871	17 900	17 703	17 034
CASH - OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	39 687	39 021	38 140	37 114	2 434	2 389	2 332	2 263
3 stable deposits	30 858	30 425	29 820	29 128	1 543	1 521	1 491	1 456
4 Less stable deposits	8 829	8 596	8 320	7 985	891	868	841	806
5 Unsecured wholesale funding	20 671	20 575	20 549	20 632	9 830	9 977	10 223	10 317
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	7 690	7 331	6 860	6 927	1 911	1 821	1 704	1 721
7 Non-operational deposits (all counterparties)	11 207	11 334	11 720	11 628	6 146	6 246	6 550	6 519
8 Unsecured debt	1 774	1 909	1 970	2 077	1 774	1 909	1 970	2 077
10 Additional requirements	11 548	11 315	11 063	10 758	2 132	2 145	2 126	2 015
11 Outflows related to derivative exposures and other collateral requirements	939	966	974	986	939	966	974	986
12 Outflows related to loss of funding on debt	112	113	105	1	112	113	105	1
13 Credit and liquidity facilities	10 496	10 236	9 983	9 771	1 080	1 066	1 047	1 028
14 Other contractual funding obligations	172	158	151	154	60	57	53	59
15 Other contingent funding obligations	11 433	11 223	10 894	10 569	531	518	499	480
16 TOTAL CASH OUTFLOWS					14 987	15 086	15 233	15 135
CASH - INFLOWS								
18 Inflows from fully performing exposures	1 886	1 899	1 890	1 889	1 079	1 083	1 074	1 072
19 Other cash inflows	1 788	1 666	1 538	1 489	661	708	671	638
20 TOTAL CASH INFLOWS	3 673	3 565	3 428	3 378	1 739	1 791	1 745	1 709
EU-20c Inflows subject to 75% cap	3 673	3 565	3 428	3 378	1 739	1 791	1 745	1 709
					TOTAL ADJUSTED VALUE			
21 LIQUIDITY BUFFER					17 871	17 900	17 703	17 034
22 TOTAL NET CASH OUTFLOWS					13 247	13 295	13 488	13 426
23 LIQUIDITY COVERAGE RATIO (%)					135 %	135 %	131 %	127 %

7.2 Disclosure on asset encumbrance

The tables below provide information on asset encumbrance and liabilities related to encumbered assets. The figures are presented as the quarterly median for 2017. An asset is considered encumbered if it has been pledged or given as collateral or they secure transactions recognised in the balance sheet (e.g. to secure debt). Other assets that are not freely available within the Group are also classified as encumbered. Encumbered assets mainly relate to collateral pertaining to OP Corporate Bank plc's derivatives, loans with collateral of central bank refinancing and collateral with respect to covered bonds issued by OP Mortgage Bank. Of the collateral related to covered bonds, EUR 2 128 million is overcollateralised. 41% of unencumbered assets is not eligible as collateral (e.g. intangible assets, and property, plant and equipment, adjusting entries for assets and tax assets).

Assets, EUR million	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Equity instruments			136	136
Debt securities	2 210	2 209	10 384	10 390
Loans	14 228		66 894	
Other assets	862		20 548	
Total assets	17 300	2 209	97 962	10 526

The table below presents collateral received by asset type

Collateral received, EUR million	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Equity instruments		
Debt securities		
Other collateral received		581
Total collateral received		581

Encumbered assets and collateral received accounted for 14.9 % of the assets of the amalgamation of the Group's member cooperative bank.

Encumbered assets and associated liabilities, EUR million	Liabilities associated with encumbered assets	Encumbered assets
Covered bonds	9 880	11 881
Other secured debt	8 008	5 873
Total	17 888	17 754

8 Signatures

The Executive Board confirms that information in this report has been provided in compliance with Part 8 of the CRR and the related EBA guidelines and the report has been prepared applying the principles of capital adequacy disclosure adopted by OP Financial Group's Executive Board. The principles define methods used to verify the accuracy of information to be disclosed and the assessment of the materiality of the information.

Helsinki, 13 February 2018

Executive Board of OP Cooperative

Tony Vepsäläinen
OP Financial Group's President and Group Executive Chairman

Karri Alameri

Carina Geber-Teir

Jari Himanen

Olli Lehtilä

Harri Luhtala

Harri Nummela

Erik Palmén

Jouko Pölönen

Outi Taivainen

9 Requirements

9.1 Compliance with disclosure requirements

CRR Article	Reference
431 Scope of disclosure requirements	
1	This report, OP Financial Group's financial statements and information disclosed at www.op.fi
2	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9 and the introduction and point 1.3 of this report
3	Disclosure principles of capital adequacy information approved by OP Financial Group's management
4	To be delivered on request
432 Non-material, proprietary or confidential information	
1-4	Point 9.2
	Information is disclosed on the date of publication of the financial statements. Information disclosed quarterly and half-yearly is presented in connection with interim reports. The frequency of disclosure will be assessed according to the disclosure principles of capital adequacy information.
433 Frequency of disclosure	
434 Means of disclosures	www.op.fi
435 Risk management objectives and policies	
1 a)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles (EU OVA, EU CRA, EU CCRA, EU MRA, LIQA)
1 b)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, point 3. (EU OVA, EU CRA, EU CCRA, EU MRA, LIQA)
1 c)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, point 2.6 (EU OVA, EU CRA, EU CCRA, EU MRA, LIQA) and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement, point 8.
1 d)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles (EU OVA, EU CRA, EU CCRA, EU MRA, LIQA), and points 2.12. (EU CR3) and 2.13 of this report.
1 e)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, point 14. (EU OVA, EU CRA, EU CCRA, EU MRA, LIQA)
1 f)	Note 53. to the financial statements Risk tolerances
The EBA's guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 (EBA/GL/2017/1)	Point 7.1. (LIQ1) and Note 2. to the financial statements. OP Financial Group's risk and capital adequacy management principles, especially point 10. (LIQA)
	www.op.fi : OP Financial Group > About us > Corporate governance and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement
2 a)-e)	
436 Scope of application	
a)	Introduction
b)	Introduction and points 5.1 (EU LI1), 5.2 (EU LI2) and 5.3 (EU LI3)
c)	Not applicable.
d)	Not applicable.
e)	Not applicable.
437 Own funds	
1a)	Points 1.1 and 5.1. (EU LI1)
1b)	Annex 1. Main features of capital instruments
	The terms and conditions of instruments can be found on the websites of issuers. The terms and conditions of CET1 instruments can be found in the bylaws of each Group member cooperative bank on their websites: op.fi > OP Financial Group > About us > Group member cooperative banks
	The terms and conditions of AT1 and T2 capital instruments can be found on OP Corporate Bank's website: op.fi > OP Financial Group > Debt Investors, and on the Helsinki Area Cooperative Bank's website: op.fi > OP Financial Group > About us > Group member cooperative banks > OP Helsinki
1c)	Points 1.1, 5.1 (EU LI1) and 5.4
1d)	Points 1.1 and 5.4
1e)	Points 1.1 and 5.4
1f)	Not applicable.
2) Commission Implementing Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council	Points 1.1, 5.1 (EU LI1), 5.4 and annex 1. Main features of capital instruments
438 Capital requirements	
a)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, points 2.2 and 2.4
b)	Point 1.4.
c)	Points 1.2 (EU OV1) and 1.3
c)	Points 1.2 (EU OV1) and 1.3
i)	Points 1.2 (EU OV1) and 1.3
ii)	Points 1.2 (EU OV1) and 1.3
iii)	Not applicable.
iv)	Not applicable.
e)	Points 1.2 (EU OV1), 1.3 and 3.9 (MR1)
f)	Points 1.2 (EU OV1) and 1.3
Exposures related to financing for special objects and equity exposures, basic method – risk weights	Point 2.17 (EU CR10)
439 Exposure to counterparty credit risk	
a)	Point 3.1 (EU CCR1), (EU CCRA) and Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles (EU CCRA), section 11.4.
b)	Point 3.1 (EU CCR1), (EU CCRA) and Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles (EU CCRA), section 11.4.
c)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles (EU CCRA), point 11.4
d)	Point 3.1 (EU CCR1), (EU CCRA)
e)	Point 3.5 (EU CCR5-A)
f)	Point 3.4 (EU CCR4)
g)	Point 3.7. (EU CCR6)
h)	Point 3.7. (EU CCR6)
i)	Not applicable.
440 Capital buffers	
1a)	Point 5.5
1b)	Point 5.5
441 Indicators of global systemic importance	Not applicable

450 Remuneration policy	
1a)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1b)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration > EBA-report and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1c)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1d)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1e)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1f)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1g)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration > EBA-report
1h)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration > EBA-report and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1i)	www.op.fi: OP Financial Group > About us > Corporate governance > Remuneration > EBA-report and www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Note 51. to the financial statements Variable remuneration
1j)	www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Financial Statement's Note 50. Related-party transactions and Note 51. Variable remuneration
2)	www.op.fi > OP Financial Group > To the media > Reports > OP's reports > Year 2017 > Corporate Governance Statement and Financial Statement's Note 50. Related-party transactions and Note 51. Variable remuneration
451 Leverage	
a)	Point 6.1
b)	Point 6.1
c)	Point 6.1
d)	Point 6.1
e)	Point 6.1
452 Use of the IRB Approach to credit risk	
a)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9 and the introduction of this report (EU CRE)
b)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9 and the introduction of this report (EU CRE)
i)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9 and the introduction of this report (EU CRE)
ii)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9. (EU CRE)
iii)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9. (EU CRE)
iv)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9. (EU CRE)
c)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
i)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
ii)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
iii)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
iv)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
v)	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9.
d)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
e)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
i)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
ii)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
iii)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
f)	Points 2.16 and 2.17 (EU CR6), (EU CR10)
g)	Point 2.5 (EU CR1-A)
h)	Point 2.16 (EU CR6)
i)	Point 2.20 (EU CR9)
j)	
i)	Point 9.2
ii)	Point 9.2
<p>When applying the c) above, the description must incorporate the types of exposure included in the exposure class; definitions, techniques and information used in the estimation and validation of PD figures (and, if need be, LGD figures and credit conversion factors) including the assumptions used in the calculation of the variables concerned; description of material deviations from the definition of default under Article 178, including general segments which the deviations concerned affect.</p>	
	Note 2. to the financial statements OP Financial Group's risk and capital adequacy management principles, section 9 and point 2.16 of this report (EU CR6)

453 Use of credit risk mitigation techniques	
a)	Point 2.12 (EU CRC)
b)	Point 2.12 (EU CRC)
c)	Point 2.12 (EU CRC)
d)	Point 2.12 (EU CRC)
e)	Point 2.12 (EU CRC)
f)	Points 2.12 (EU CR3) and 2.13
g)	Points 2.12 (EU CR3) and 2.13
454 Use of the Advanced Measurement Approaches to operational risk	Not applicable.
455 Use of Internal Market Risk Models	Not applicable.

9.2 Immaterial items not disclosed

Disclosure requirement	
CRR Article 452 j)	A total of over 88% of OP Financial Group's exposures are in Finland. The average PD and LGD is not presented according to the split by geographic region.
Template EU CR6 based on the EBA's guidelines (EBA/GL/2016/11)	The exposure class Retail exposures - Mortgage-backed exposures is not presented with division SMEs / non-SMEs because the EAD share of exposures of SMEs with mortgage-backed exposures account for 2% of the mortgage-backed retail exposures.
Template EU CCR4 based on the EBA's guidelines (EBA/GL/2016/11)	Retail exposures are not presented in the table concerned because they amount to less than EUR 500,000.
Template EU CRB-D based on the EBA's guidelines (EBA/GL/2016/11)	Material exposure classes are broken down in the table.
CRR Article 437 1b) Main features of capital instruments	The fixed debenture has not been specified; the amount included in own funds is less than EUR 200,000
Blank templates and zero lines based on the EBA's guidelines (EBA/GL/2016/11) are not presented.	

Annex 1. Capital Instruments' main features

Capital Instruments' main features template	Cooperative share	Profit share (Non-voting cooperative share)	EUR 50,000,000 Non-cumulative Perpetual Capital Securities	EUR 40,000,000 Perpetual Non-Step-Up Hybrid Tier 1
1 Issuer	Group member cooperative banks	Group member cooperative banks	OP Corporate Bank plc	OP Corporate Bank plc
2 Unique Identifier (e.g. CUSIP, ISIN or Bloomberg Identifier for private placement)	Not applicable	Not applicable	ISIN: XS0213603177	Not applicable
3 Governing law(s) of the instrument	Finnish law, especially the Co-operatives Act and the Act on the Amalgamation of Deposit Banks, the EU Capital Requirements Regulation (575/2013 (CRR))	Finnish law, especially the Co-operatives Act and the Act on the Amalgamation of Deposit Banks, CRR	English law, except for conditions relating to creditor order of priority and distributable assets, Dividend Stopper, permission for early redemption, and to capital adequacy, to which Finnish law is applied	English law, except for conditions relating to creditor order of priority and distributable assets, Dividend Stopper, permission for early redemption, and to capital adequacy, to which Finnish law is applied
Regulatory treatment				
4 Transitional CRR rules	Common Equity Tier 1 (CET1)	Common Equity Tier 1 (CET1)	Additional Tier 1 capital (AT1)	Additional Tier 1 capital (AT1)
5 Post-transitional CRR rules	Common Equity Tier 1 (CET1)	Common Equity Tier 1 (CET1)	Not applicable	Not applicable
6 Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7 Instrument type (types to be specified by each jurisdiction)	CET1 as published in the EBA list	CET1 as published in the EBA list	Not applicable	Not applicable
8 Amount recognised in regulatory capital (currency as of most recent reporting date) EUR mln	188	2 760	41	40
9 Nominal amount of instrument (in millions)	EUR 188	EUR 2 760	EUR 50	EUR 40
9a Issue price	100 %	100 %	100 %	100 %
9b Redemption price	100 %	100 %	100 %	100 %
10 Accounting classification	Central cooperative's share, cooperative capital	Central cooperative's share, cooperative capital	Liability - carried at amortised cost	Liability - carried at amortised cost
11 Original date of issuance	Not applicable	Not applicable	31.3.2005	30.11.2005
12 Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13 Original maturity date	No maturity	No maturity	No maturity	No maturity
14 Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	Cooperative banks refund shareholders their cooperative contributions upon termination of membership. However, cooperative banks have the right to refuse to refund the contributions while the bank is operating. If a cooperative bank has not refused to refund the contribution, this may take place within 12 months after the end of the financial year when membership terminated. If the refund cannot be made in full in any given year, the balance will be refunded from disposable cooperative capital based on subsequent financial statements. However, this entitlement to the refund for the balance will terminate after the fifth financial statements.	Cooperative banks refund shareholders the subscription price of their Profit shares upon termination of membership. A Profit share's subscription price is also refunded to the shareholder when the shareholder has cancelled the Profit share. However, cooperative banks have the right to refuse to refund the Profit share contributions while the bank is operating. If a cooperative bank has not refused to refund the Profit share contribution, this may take place within 12 months after the end of the financial year when membership terminated or the Profit share has been cancelled. If the refund cannot be made in full in any given year, the balance will be refunded from disposable cooperative capital based on subsequent financial statements. However, this entitlement to the refund for the balance will terminate after the fifth financial statements.	The issuer has the right to capital payment. Right to redeem if, owing to (i) change in law, (ii) official interpretation or (iii) Financial Supervisory Authority decision, the issuer cannot include the instrument under its Tier 1 capital. The issuer also has right to early redemption on the basis of such tax laws and interpretations that would result in the issuer having to pay extra or not being able to deduct interest. Redemption price 100%	1) Right to redeem on 30 November 2010 or the following interest payment dates: 28 February, 30 May, 30 August or 30 November; 2) Right to redeem if, owing to (i) change in law, (ii) official interpretation or (iii) Financial Supervisory Authority decision, the issuer cannot include the instrument under its Tier 1 capital; 3) Right to early redemption on the basis of such tax laws and interpretations that would result in the issuer having to pay extra or not being able to deduct interest. Redemption price 100%
16 Subsequent call dates, if applicable	See item 15	See item 15	See item 15	See item 15
Coupons/dividends				
17 Fixed or floating dividend/coupon	Floating	Floating	From fixed to floating	Floating
18 Coupon rate and any related index	Not applicable	Not applicable	6.5% per annum until 11 April 2006, after which 10-year Swap interest + 0.1% per annum, maximum interest 8% per annum	3-month EURIBOR + 1.25% per annum
19 Existence of dividend stopper	No	No	Yes	Yes
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Partially discretionary	Partially discretionary
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Partially discretionary; [if the issuer's distributable funds were not be enough for the payment of interest on (i) the instrument, (ii) other subordinated loans or (iii) subordinated loans guaranteed by the issuer.]	Partially discretionary; [if the issuer's distributable funds were not be enough for the payment of interest on (i) the instrument, (ii) other subordinated loans or (iii) subordinated loans guaranteed by the issuer.]
21 Existence of step up or other incentive to redeem	Not applicable	Not applicable	No	No
22 Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23 Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion triggers	Not applicable	Not applicable	Not applicable	Not applicable
25 If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable
26 If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable
30 Write-down features	Yes	Yes	Not applicable	Not applicable
31 If write-down, write-down triggers	Accumulation of losses	Accumulation of losses	Not applicable	Not applicable
32 If write-down, full or partial	Full or partial	Full or partial	Not applicable	Not applicable
33 If write-down, permanent or temporary	Temporary	Temporary	Not applicable	Not applicable
34 If temporary write-down, description of write-up mechanism	Through increase of cooperative capital	Through increase of cooperative capital	Not applicable	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	If a cooperative bank is dissolved either through liquidation or bankruptcy, any supplementary cooperative capital is refunded before other cooperative capital or, if the funds are insufficient, that part of supplementary cooperative capital that is proportional to the supplementary cooperative capital paid.	If a cooperative bank is dissolved either through liquidation or bankruptcy, any supplementary cooperative capital is refunded before other cooperative capital or, if the funds are insufficient, that part of supplementary cooperative capital that is proportional to the supplementary cooperative capital paid.	The issuer's Tier 2 instruments and other subordinated debt with a higher priority than the instrument	The issuer's Tier 2 instruments and other subordinated debt with a higher priority than the instrument
36 Non-compliant transitioned features	No	No	Yes	Yes
37 If yes, specify non-compliant features	Not applicable	Not applicable	No loss cover mechanism and dividend stopper	No loss cover mechanism and dividend stopper

The terms and conditions of CET1 instruments can be found in the bylaws of each Group member cooperative bank on their website: [op.fi > OP Financial Group > About us > Group member cooperative banks](#)

The terms and conditions of AT1 and T2 capital instruments can be found on OP Corporate Bank's website: [op.fi > OP Financial Group > Debt Investors](#), and on the Helsinki OP Bank website: [op.fi > OP Financial Group > About us > Group member cooperative banks > OP Helsinki](#)

Annex 1. Capital Instruments' main features

Capital Instruments' main features template	EUR 500,000,000 Subordinated Instruments due 2022	EUR 100,000,000 5.25 per cent. Subordinated Instruments due 14 September 2021	CHF 100,000,000 3.375 Subordinated Instruments	JPY 10,000,000,000 Subordinated Floating Rate Instruments due 3 July 2025
1 Issuer	OP Corporate Bank plc ISIN: XS0750702507 [(EMTN Series 130)]	OP Corporate Bank plc ISIN: XS0677081993 [(EMTN Series 127)]	OP Corporate Bank plc ISIN: CH0132112993	OP Corporate Bank plc ISIN: XS1255402288
2 Unique Identifier (e.g. CUSIP, ISIN or Bloomberg Identifier for private placement)				
3 Governing law(s) of the instrument	English law, except for conditions relating to creditor order of priority, to which Finnish law is applied	English law, except for conditions relating to creditor order of priority, to which Finnish law is applied	English law, except for conditions relating to creditor order of priority, to which Finnish law is applied	English law, except for the subordination provisions which are governed by Finnish law
Regulatory treatment				
4 Transitional CRR rules	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)
5 Post-transitional CRR rules	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)
6 Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7 Instrument type (types to be specified by each jurisdiction)	Not applicable	Not applicable	Not applicable	Not applicable
8 Amount recognised in regulatory capital (currency as of most recent reporting date) EUR mln	385	74	59	72
9 Nominal amount of instrument (in millions)	EUR 500	EUR 100	CHF 100	JPY 10 000
9a Issue price	99.977%	99.612%	100.208%	100 %
9b Redemption price	100 %	100 %	100 %	100 %
10 Accounting classification	Liability - carried at amortised cost	Liability - carried at amortised cost	Liability - carried at amortised cost	Liability - carried at amortised cost
11 Original date of issuance	28.2.2012	14.9.2011	14.7.2011	3.7.2015
12 Perpetual or dated	Dated	Dated	Dated	Dated
13 Original maturity date	28.2.2022	14.9.2021	14.7.2021	3.7.2025
14 Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	The issuer has the right of redemption, which begins on the date of issuance and ends 90 calendar days after CRD IV entered into force and the directive was adopted in Finland, provided the Financial Supervisory Authority decides that the issuer may no longer include the instrument under its Tier 2 capital, in part or in full. Redemption price 101%. Also the right to early redemption on the basis of such tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%	Right to early redemption on the basis of such changes in tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%	Right to early redemption on the basis of such changes in tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%	Right to early redemption on the basis of such changes in tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%
16 Subsequent call dates, if applicable	See item 15	See item 15	See item 15	See item 15
Coupons/dividends				
17 Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Floating
18 Coupon rate and any related index	5.75% per annum	5.25% per annum	3.375% per annum	3-month JPY Libor + 0.735% per annum
19 Existence of dividend stopper	No	No	No	No
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No	No	No	No
22 Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23 Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion triggers	Not applicable	Not applicable	Not applicable	Not applicable
25 If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable
26 If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable
30 Write-down features	Not applicable	Not applicable	Not applicable	Not applicable
31 If write-down, write-down triggers	Not applicable	Not applicable	Not applicable	Not applicable
32 If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable
33 If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable
34 If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Issuer's senior instruments	Issuer's senior instruments	Issuer's senior instruments	Issuer's senior instruments
36 Non-compliant transitioned features	No	No	No	No
37 If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

Annex 1. Capital Instruments' main features

Capital Instruments' main features template	SEK 3,500,000,000 Callable Floating Rate Dated Tier 2 Instruments due 2025	EUR 100,000,000 2.405 per cent Dated Tier 2 Instruments due 2025	Helsinki OP Fixed Debenture 1/2014	Helsinki OP Fixed Debenture 2/2014
1 Issuer	OP Corporate Bank plc OP Corporate Bank plc ISIN: XS1280147569	OP Corporate Bank plc OP Corporate Bank plc ISIN: XS1296897579	Helsinki Area Cooperative Bank ISIN: FI4000090360	Helsinki Area Cooperative Bank ISIN: FI4000096938
2 Unique Identifier (e.g. CUSIP, ISIN or Bloomberg Identifier for private placement)				
3 Governing law(s) of the instrument	English law, except for the subordination provisions which are governed by Finnish law	English law, except for the subordination provisions which are governed by Finnish law	Finnish law	Finnish law
Regulatory treatment				
4 Transitional CRR rules	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)
5 Post-transitional CRR rules	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)	Tier 2 Capital (T2)
6 Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7 Instrument type (types to be specified by each jurisdiction)	Not applicable	Not applicable	Not applicable	Not applicable
8 Amount recognised in regulatory capital (currency as of most recent reporting date) EUR mln	371	100	11	11
9 Nominal amount of instrument (in millions)	SEK 3 500	EUR 100	EUR 11	EUR 11
9a Issue price	100 %	100 %	100 %	100 %
9b Redemption price	100 %	100 %	100 %	100 %
10 Accounting classification	Liability - carried at amortised cost	Liability - carried at amortised cost	Liability - carried at amortised cost	Liability - carried at amortised cost
11 Original date of issuance	25.8.2015	25.9.2015	14.5.2014	18.6.2014
12 Perpetual or dated	Dated	Dated	Dated	Dated
13 Original maturity date	25.8.2025	25.9.2025	14.5.2024	18.6.2024
14 Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	The issuer's opportunity to redeem on 25 August 2020. The right of redemption at nominal value at any time due during the loan term due to a capital transaction or taxable event. Right to early redemption on the basis of such changes in tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%.	The right of redemption at nominal value at any time due during the loan term due to a capital transaction or taxable event. Right to early redemption on the basis of such changes in tax laws and interpretations that would result in the issuer having to pay extra. Redemption price 100%.	The debenture is refunded in full in one instalment on 14 May 2024, on early refund date on 14 May 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value	The debenture is refunded in full in one instalment on 18 June 2024, on early refund date on 18 June 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value
16 Subsequent call dates, if applicable	See item 15	See item 15	See item 15	See item 15
Coupons/dividends				
17 Fixed or floating dividend/coupon	Floating	Fixed	Fixed	From fixed to floating
18 Coupon rate and any related index	3-month Slibor + 1.6 % per annum. Minimum interest rate of 0% per annum	2.405% per annum	3.25% per annum	3.25% per annum until 18 June 2019, after which 6-month EURIBOR + 2.54% per annum
19 Existence of dividend stopper	No	No	No	No
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No	No	No	No
22 Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23 Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion triggers	Not applicable	Not applicable	Not applicable	Not applicable
25 If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable
26 If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable
30 Write-down features	Not applicable	Not applicable	Not applicable	Not applicable
31 If write-down, write-down triggers	Not applicable	Not applicable	Not applicable	Not applicable
32 If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable
33 If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable
34 If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Issuer's senior instruments	Issuer's senior instruments	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.
36 Non-compliant transitioned features	No	No	No	No
37 If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

Annex 1. Capital Instruments' main features

Capital Instruments' main features template	Helsinki OP Fixed Debenture 3/2014	Helsinki OP Fixed Debenture 4/2014	Helsinki OP Fixed Debenture 5/2014	Helsinki OP Fixed Debenture 6/2014
1 Issuer	Helsinki Area Cooperative Bank			
2 Unique Identifier (e.g. CUSIP, ISIN or Bloomberg Identifier for private placement)	F14000100409	F14000106398	F14000113063	F14000115530
3 Governing law(s) of the instrument	Finnish law	Finnish law	Finnish law	Finnish law
Regulatory treatment				
4 Transitional CRR rules	Tier 2 Capital (T2)			
5 Post-transitional CRR rules	Tier 2 Capital (T2)			
6 Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated	Solo and consolidated
7 Instrument type (types to be specified by each jurisdiction)	Not applicable	Not applicable	Not applicable	Not applicable
8 Amount recognised in regulatory capital (currency as of most recent reporting date) EUR mln	6	11	11	8
9 Nominal amount of instrument (in millions)	EUR 6	EUR 11	EUR 12	EUR 8
9a Issue price	100 %	100 %	100 %	100 %
9b Redemption price	100 %	100 %	100 %	100 %
10 Accounting classification	Liability - carried at amortised cost			
11 Original date of issuance	22.8.2014	10.10.2014	14.11.2014	29.12.2014
12 Perpetual or dated	Dated	Dated	Dated	Dated
13 Original maturity date	22.8.2024	10.10.2024	14.11.2024	29.12.2024
14 Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	The debenture is refunded in full in one instalment on 22 August 2024, on early refund date on 22 August 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value	The debenture is refunded in full in one instalment on 10 October 2024, on early refund date on 10 October 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value	The debenture is refunded in full in one instalment on 14 November 2024, on early refund date on 14 November 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value	The debenture is refunded in full in one instalment on 29 December 2024, on early refund date on 29 December 2019 or on the date specified in the issuer's general loan terms. Amount to be refunded: Nominal value
16 Subsequent call dates, if applicable	See item 15	See item 15	See item 15	See item 15
Coupons/dividends				
17 Fixed or floating dividend/coupon	From fixed to floating			
18 Coupon rate and any related index	3.25% per annum until 22 August 2019, after which 6-month EURIBOR + 2.67% per annum	3.25% per annum until 10 October 2019, after which 6-month EURIBOR + 2.78% per annum	3.25% per annum until 14 November 2019, after which 6-month EURIBOR + 2.81% per annum	3.25% per annum until 29 December 2019, after which 6-month EURIBOR + 2.86% per annum
19 Existence of dividend stopper	No	No	No	No
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No	No	No	No
22 Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23 Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion triggers	Not applicable	Not applicable	Not applicable	Not applicable
25 If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable
26 If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable
30 Write-down features	Not applicable	Not applicable	Not applicable	Not applicable
31 If write-down, write-down triggers	Not applicable	Not applicable	Not applicable	Not applicable
32 If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable
33 If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable
34 If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.	Debentures are debt instruments that have lower priority belonging to Tier 2 capital as specified in Article 63 of Regulation No. 575/2013 of the European Parliament and of the Council, provided the other conditions in the article are met. The debenture has lower priority than the issuer's other commitments. The debenture cannot be used to set off counter receivables.
36 Non-compliant transitioned features	No	No	No	No
37 If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable