OP Financial Group's

Interim Report

1 January–30 September 2024

Background material

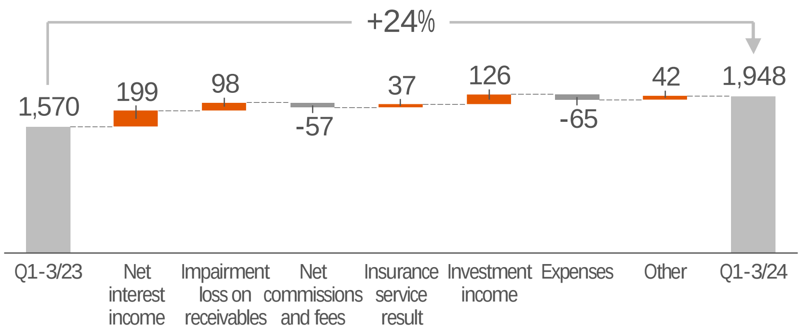
Business operations continued to grow strongly – the excellent results will benefit OP's owner-customers

- OP Financial Group's operating profit continued its excellent trend into the third quarter, growing by 24% year on year to EUR 1,948 million in January–September. This strong profit performance guarantees the continuance of highly competitive benefits for our owner-customers.
- OP Financial Group's CET1 ratio strengthened again in the third quarter, to 21.4%, which exceeds the minimum regulatory requirement by 7.9 percentage points. OP Financial Group is one of Europe's most financially solid large banks.
- All three business segments performed well in January–September. The Retail Banking segment's operating profit rose by 13% from the same period in 2023, to EUR 1,037 million. Corporate Banking's operating profit was EUR 418 million, up by 30% year on year. Operating profit in the Insurance segment totalled EUR 458 million, a rise of 54% on January–September 2023, largely because of the excellent result in investment income.
- OP Financial Group will increase the OP bonuses to be earned by owner-customers for 2025 by 40% compared to the normal level of 2022. In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025. Together, these benefits are estimated to add up to more than EUR 400 million in value for owner-customers next year. Being customer-owned, OP Financial Group will continue to share its financial success through a range of financial and other benefits for its owner-customers.

Financial performance

Loan portfolio	Deposits	Assets under management
€98bn	€76bn	€111bn

Operating profit, € million



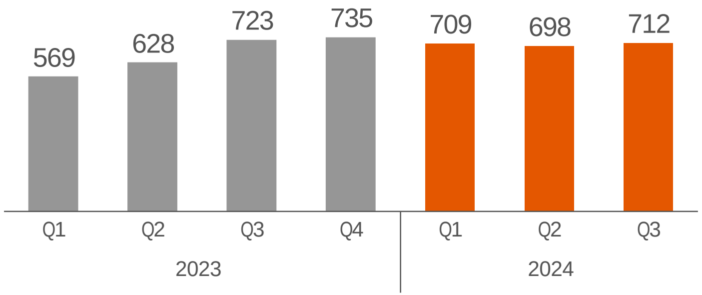
€ million

	Q1-3/24	Q1-3/23	Change %
Net interest income	2,118	1,919	10%
Impairment loss on receivables	-72	-170	-57%
Net commissions and fees	599	656	-9%
Insurance premium revenue	1,575	1,466	7%
Insurance service expenses	-1,451	-1,369	6%
Net income from reinsurance contracts	-28	-38	-
Insurance service result	95	58	63%
Investment income	419	294	43%
Other operating income	31	28	12%
Personnel costs	-781	-702	11%
Depriciation and impairment loss	-107	-137	-22%
Other operating expenses	-741	-725	2%
Transfers to insurance service result	387	348	11%
Total income	3,650	3,304	10%
Total expenses	-1,629	-1,564	4%
Cost/income ratio, %	44.6	47.3	-3%*
Operating profit	**1,948**	**1,570**	**24%**
OP bonuses included in earnings	-227	-199	14%

*Change in ratio

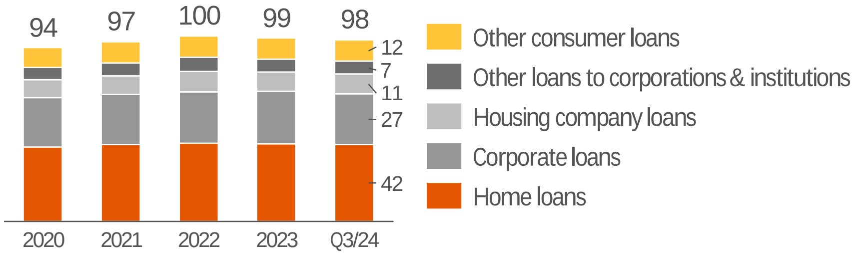
Net interest income

Net interest income by quarter, € million

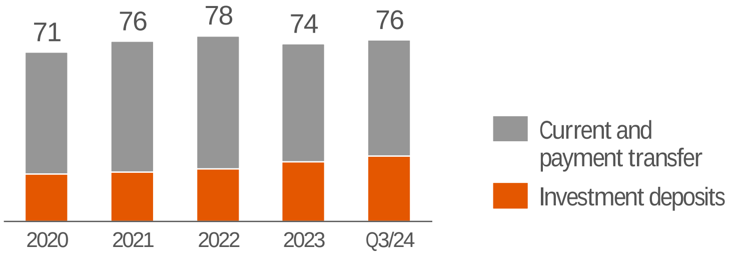


34% of personal customers' home loans were covered by interest rate cap on 30 September 2024.

Loan portfolio, € billion

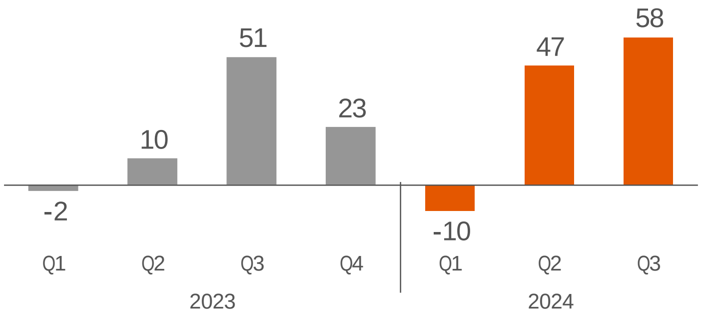


Deposits, € billion

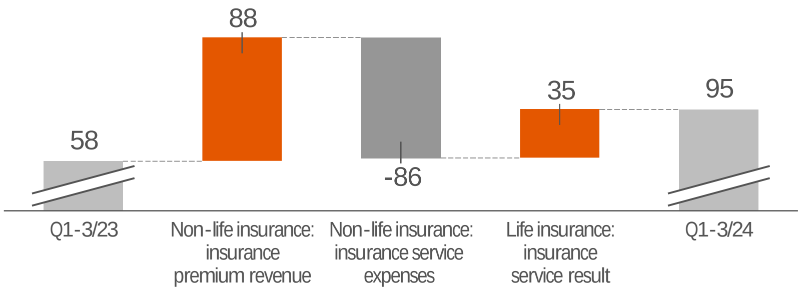


Insurance service result

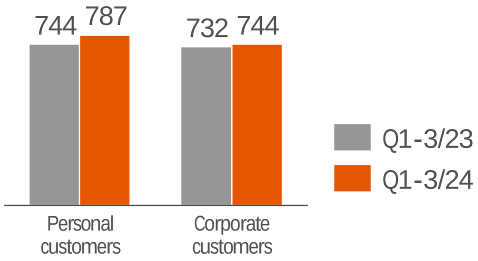
Insurance service result by quarter, € million



Change in insurance service result, € million

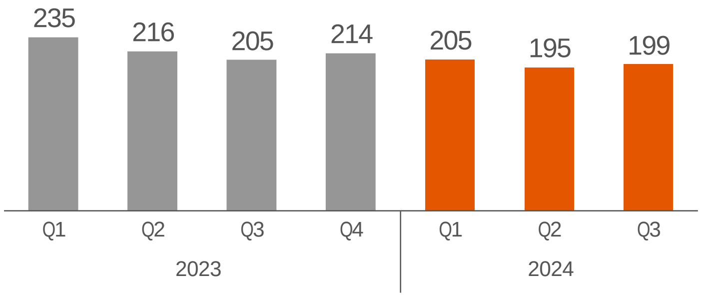


Non-life insurance: premiums written, € million

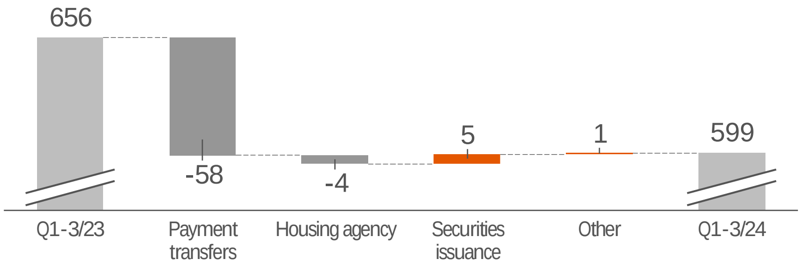


Net commissions and fees

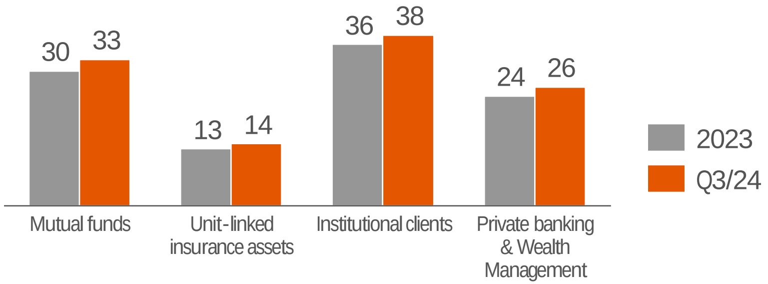
Net commissions and fees by quarter, € million



Change in net commissions and fees, € million



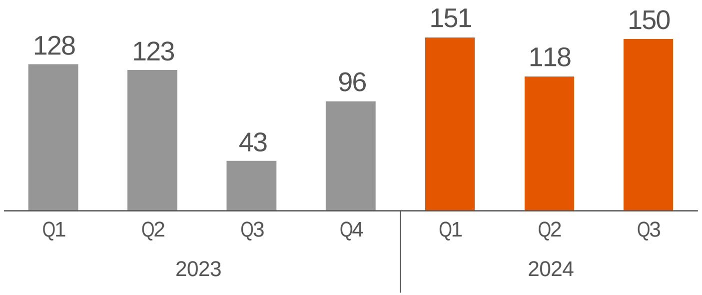
Assets under management, € billion



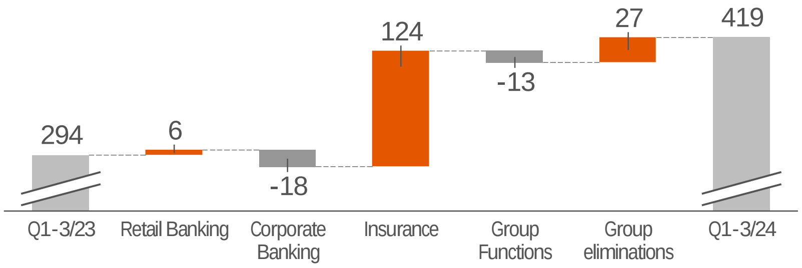
Owner-customers get daily banking services without monthly charges until the end of 2025.

Investment income

Investment income by quarter, € million

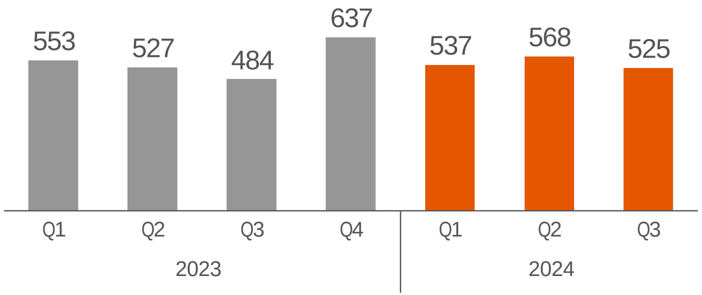


Change in investment income by business segment, € million

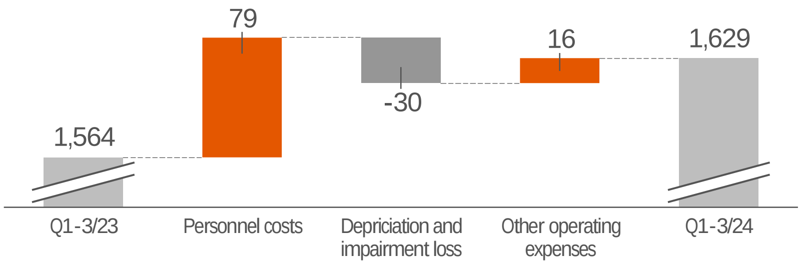


Expenses

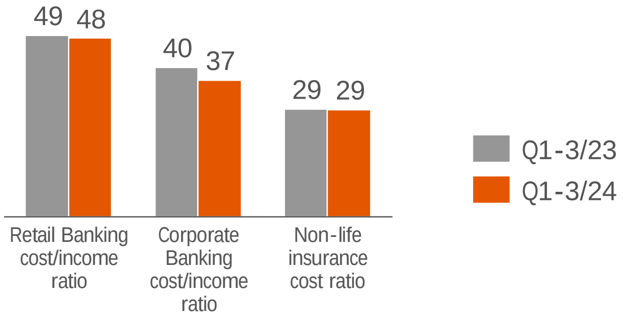
Expenses by quarter, € million



Change in expenses, € million

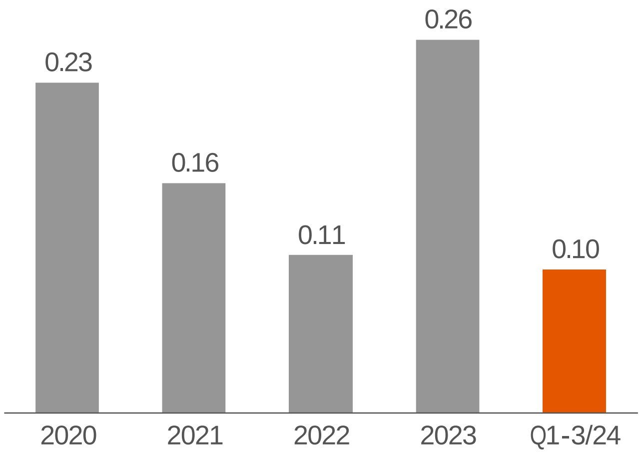


Cost/income ratio by business, %

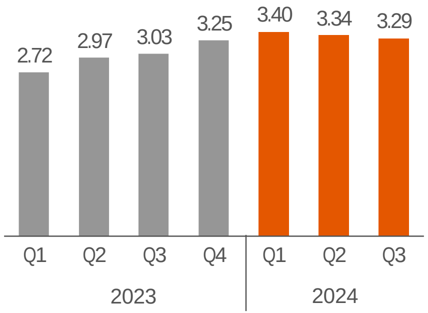


Impairment loss on receivables

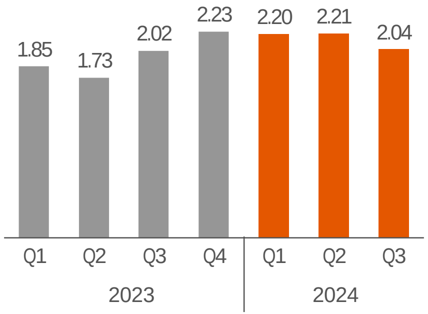
Impairment loss to loan and guarantee portfolio, %



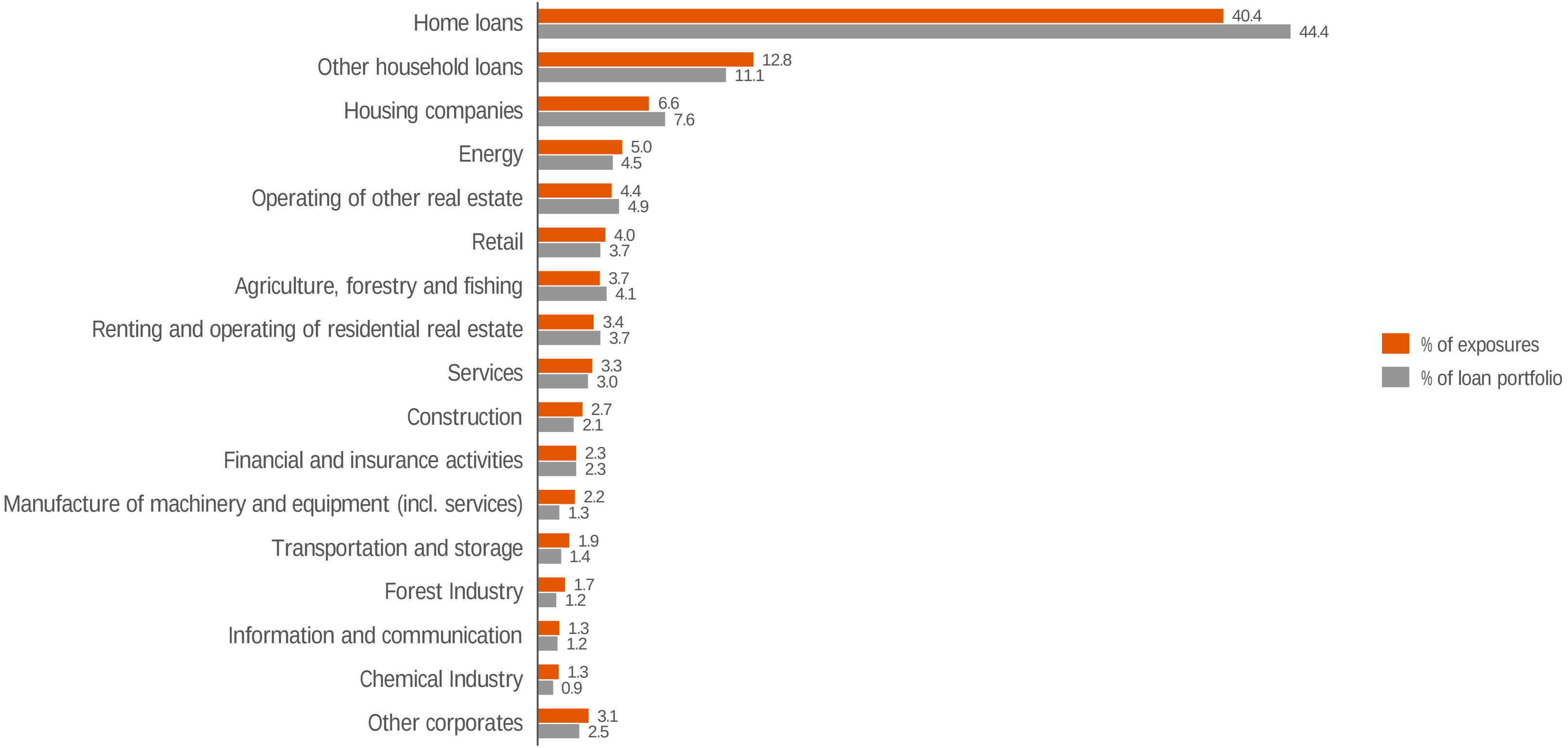
Retail Banking:
Ratio of non-performing exposures to exposures, %



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

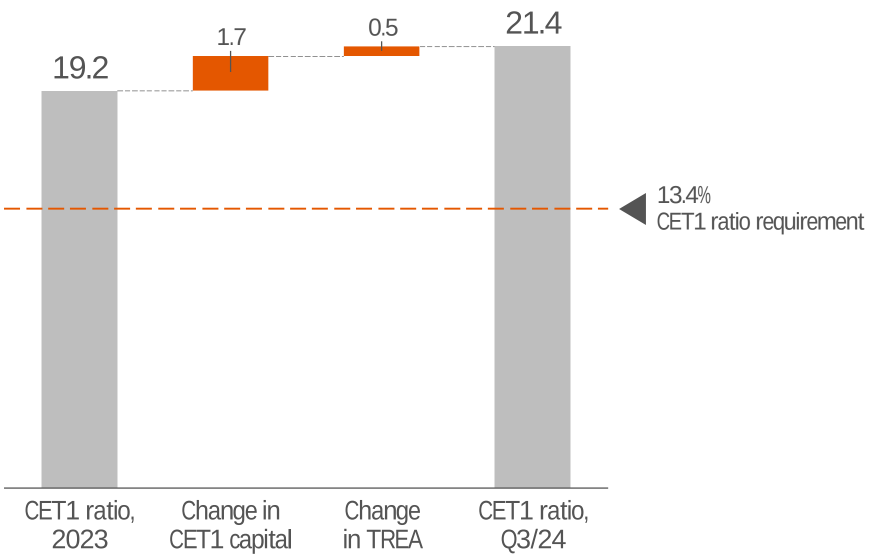


Breakdown of exposures and loan portfolio



Strong capital position

CET1 ratio development, %



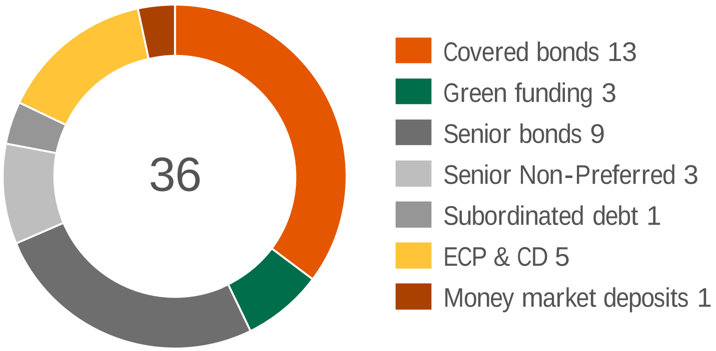
- CET1 capital €15.3bn (€14.1bn)
- Profit Shares in CET1 capital €3.2bn (€3.1bn)
- TREA €71.7bn (€73.5 bn)
- CET1 strategic target: At least CET1 ratio requirement + 4 pps

OP has one of the strongest S&P RAC ratios of the world's top 200 banks*

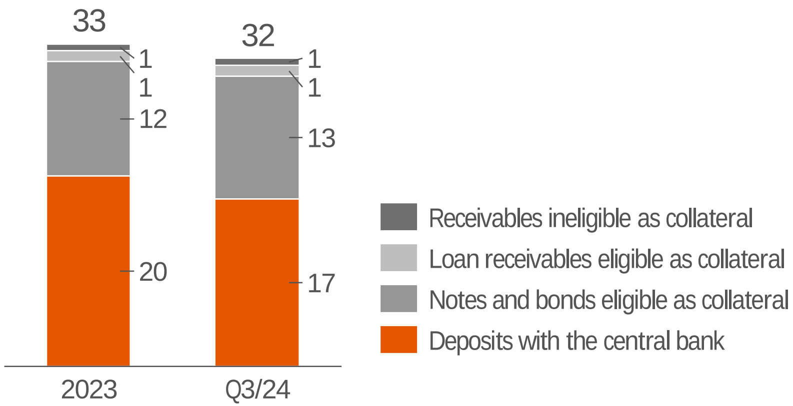
*Source: Standard & Poor's. Ratings Component Scores For The Top 200 Banks Globally, 9/2024.

Stable funding and liquidity position

Long and short-term funding, € billion



Liquidity buffer breakdown, € billion



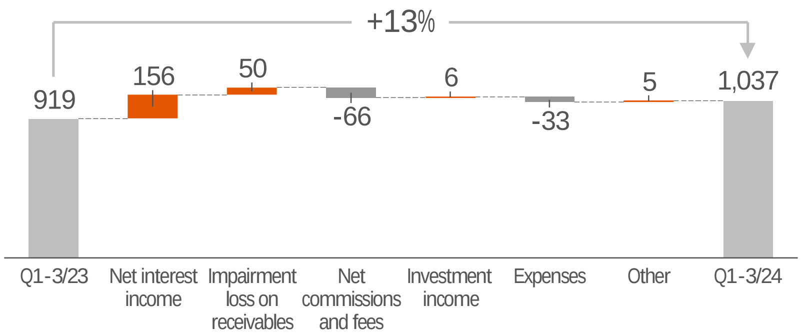
- OP Mortgage Bank issued a covered bond of €1 billion in January.
- OP Corporate Bank issued a green senior preferred bond of €500 million in March.

- LCR (Liquidity Coverage Ratio) 214%
- NSFR (Net Stable Funding Ratio) 130%

Retail Banking

Loan portfolio	Deposits	Brokered homes and real property transactions, qty
€71bn	€62bn	6,653

Operating profit, € million



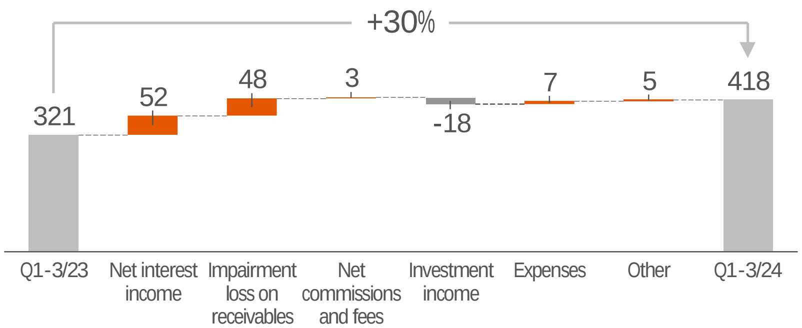
€ million

	Q1-3/24	Q1-3/23	Change %
Net interest income	1,615	1,459	11%
Impairment loss on receivables	-57	-107	-47%
Net commissions and fees	458	524	-13%
Investment income	-4	-10	-
Other operating income	47	42	11%
Personnel costs	-393	-365	8%
Depriciation and impairment loss	-31	-34	-9%
Other operating expenses	-599	-591	1%
Total income	2,117	2,016	5%
Total expenses	-1,023	-990	3%
Operating profit	1,037	919	13%

Corporate Banking

Loan portfolio	Deposits	Assets under management
€28bn	€14bn	€81bn

Operating profit, € million



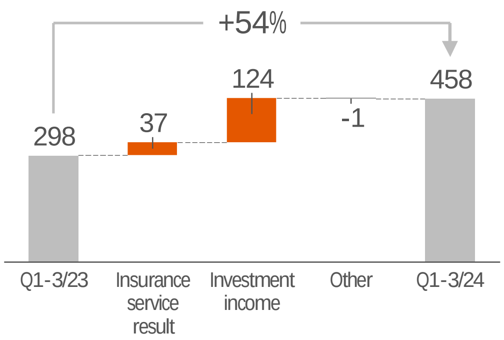
€ million

	Q1-3/24	Q1-3/23	Change %
Net interest income	493	441	12%
Impairment loss on receivables	-15	-63	-76%
Net commissions and fees	146	143	2%
Investment income	25	43	-42%
Other operating income	21	17	29%
Personnel costs	-82	-76	8%
Depriciation and impairment loss	-1	-3	-60%
Other operating expenses	-170	-182	-7%
Total income	686	644	7%
Total expenses	-253	-260	-3%
Operating profit	418	321	30%

Insurance

Combined ratio, Non-life insurance	Net premium revenue, Non-life insurance	Unit-linked insurance assets
95.0%	€1,299m	€14bn

Operating profit, € million



€ million

	Q1-3/24	Q1-3/23	Change %
Insurance premium revenue	1,575	1,466	7%
Insurance service expenses	-1,451	-1,369	6%
Net income from reinsurance contracts	-28	-38	-
Insurance service result	95	58	63%
Investment income	365	241	52%
Net commissions and fees	32	28	15%
Other net income	1	4	-73%
Personnel costs	-134	-124	8%
Depriciation and impairment loss	-28	-37	-24%
Other operating expenses	-261	-220	18%
Total expenses	-422	-381	11%
Transfers to insurance service result	387	348	11%
Operating profit	458	298	54%

Owner-customers benefit from having multiple services

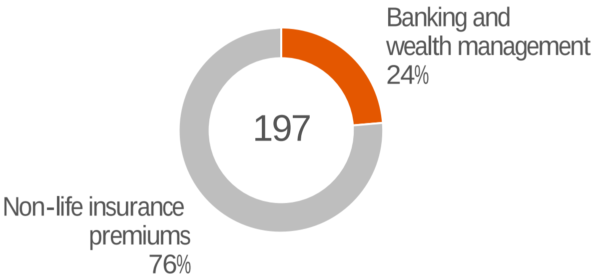
Owner-customer benefits Q1-3/2024, € million

€233m
accrued OP bonuses

€185m
discounts on daily banking, non-life insurance policies and mutual funds

€132m
accrued estimated returns on Profit Shares

OP bonus usage Q1-3/2024, € million



For 2025 OP Financial Group will increase the OP bonuses to be earned by owner-customers by 40% compared to the normal level of 2022. In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025.

Together, these benefits will add up to more than EUR 400 million in value for owner-customers next year.

OP Financial Group in brief

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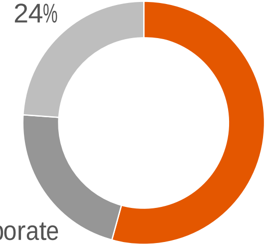


€1,948m

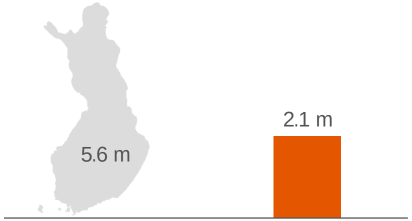
Operating profit in Q1-3/2024

21.4%

CET1 ratio

€160bn

Total assets



Leading market position in Finland

Loans	Deposits	Non-life Insurance	Life Insurance
34%	40%	33%	19%

Source: Bank of Finland (Loans and Deposits 6/2024), Finance Finland (Non-life & Life Insurance 12/2023)

Joint liability

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

Strong credit ratings

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

* EMTCN programme

OP Financial Group's business structure

2.1 million owner-customers

99 OP cooperative banks

Central Cooperative

Retail Banking

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

- OP Mortgage Bank
- OP Retail Customers plc
- Pivo Wallet Oy

Corporate Banking

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

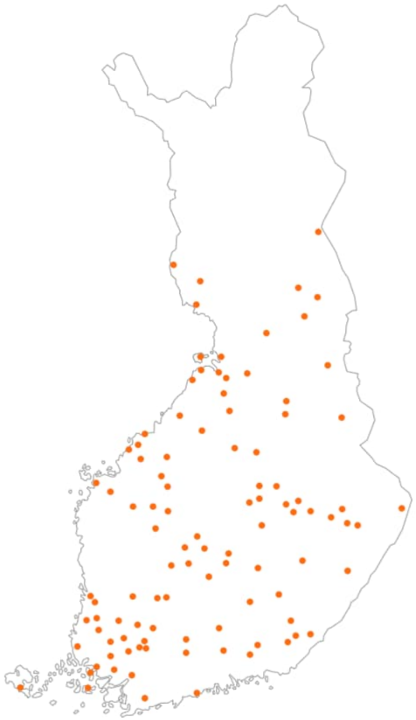
- OP Corporate Bank plc
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd
- OP Custody Ltd

Insurance

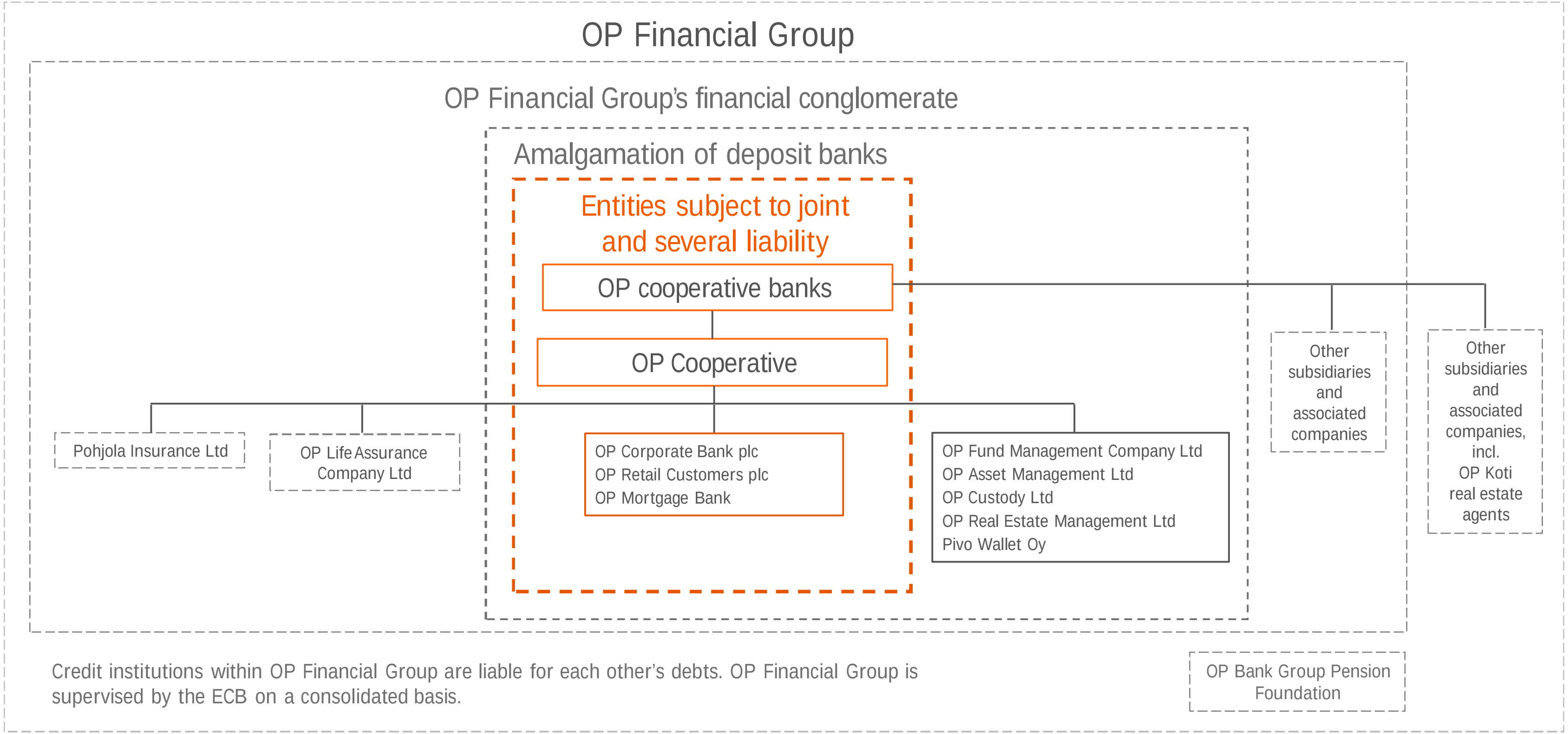
The Insurance segment comprises Pohjola Insurance and OP Life Assurance Company.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd

Major subsidiaries



OP Financial Group’s amalgamation structure



Joint and several liability

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

Central cooperative's governance structure

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


Efficient, high-quality operations
Profitable growth
Responsible business
The leading and most appealing financial services group in Finland
We promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region.
Value for customers
Highly skilled, motivated and satisfied personnel
PEOPLE FIRST
RESPONSIBILITY
SUCCEEDING TOGETHER
Geopolitical and global economic uncertainty
Polarisation and demographic change
Sustainable development and corporate responsibility
The power of technology and data
Business value chains amid major transformation
STRONG CULTURE OF RISK MANAGEMENT AND COMPLIANCE

Capital adequacy requirements

Capital adequacy for credit institutions

CET1 ratio 21.4%

Capital adequacy ratio 23.3%

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

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

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

Solvency II for insurance companies

Solvency ratio, Non-life insurance 200%

Solvency ratio, Life insurance 211%

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

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

Eligible capital covers solvency requirements.

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

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

Conglomerate's capital adequacy ratio 147%

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

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

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

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


Together through time.