

OP Corporate Bank plc's Interim Report
1 January–31 March 2022

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Earnings before tax Q1/2022	Total income Q1/2022	Loan portfolio growth in the year to March	CET1 ratio 31 March 2022
–€17 million	–22%	+9%	15.3%

- OP Corporate Bank plc's earnings before tax were EUR –17 million (65). Earnings were reduced in particular by lower net investment income and higher impairment loss on receivables.
- Total income decreased by 22% to EUR 116 million (150). Net investment income fell by 85% to EUR 7 million (49). Net interest income increased by 23% to EUR 94 million (77). Net commissions and fees decreased by EUR 10 million to EUR 3 million (13).
- Total expenses increased by 5% to EUR 91 million (87).
- Impairment loss recognised on receivables amounted to EUR 42 million. A year ago, impairment loss on receivables reversed came to EUR 2 million. A significant portion of the increase in impairment loss on receivables came from the indirect effects of the war in Ukraine.
- OP Corporate Bank has no significant direct exposures to Russia. The impacts of the war in Ukraine on credit risk exposure mainly arise indirectly from certain sectors, especially as a result of a rise in energy and raw material prices.
- The loan portfolio grew in the year to March by 9% to EUR 26.6 billion (24.4). In the year to March, the deposit portfolio increased by 11% to EUR 14.8 billion (13.4).
- The Corporate Banking and Capital Markets segment's earnings before tax were EUR –33 million (65). Total income decreased by 63% to EUR 40 million (107). Net interest income rose to EUR 53 million (52). Net investment income fell by EUR 50 million to EUR –2 million (49). Total expenses increased by 16% to EUR 44 million (38). Higher total expenses were explained by a higher stability contribution paid to the Single Resolution Fund financed by the euro-area banks. Impairment loss on receivables increased to EUR 29 million (5).
- The Asset and Sales Finance Services and Payment Transfers segment's earnings before tax were EUR 17 million (30). Total income increased by 6% to EUR 60 million (57). Net interest income increased by 6% to EUR 40 million (37) and net commissions and fees by 9% to EUR 15 million (14). Total expenses decreased to EUR 32 million (33). Impairment loss on receivables increased to EUR 11 million (–5).
- Baltic earnings before tax amounted to EUR 2 million (3). Total income increased to EUR 14 million (9). Net interest income increased to EUR 12 million (7) and net commissions and fees to EUR 3 million (2). Total expenses increased to EUR 10 million (6).
- Group Functions segment's earnings before tax amounted to EUR –3 million (–33). Liquidity remained strong.
- OP Corporate Bank plc's CET ratio was 15.3% (15.4), which exceeds the minimum regulatory requirement by 8.3 percentage points.
- OP Financial Group has decided to apply an RWA floor, based on the standardised approach, in the calculation of its capital adequacy ratio. Application of the floor is expected to decrease OP Corporate Bank's CET1 ratio by no more than 3 percentage points in the second quarter of 2022.

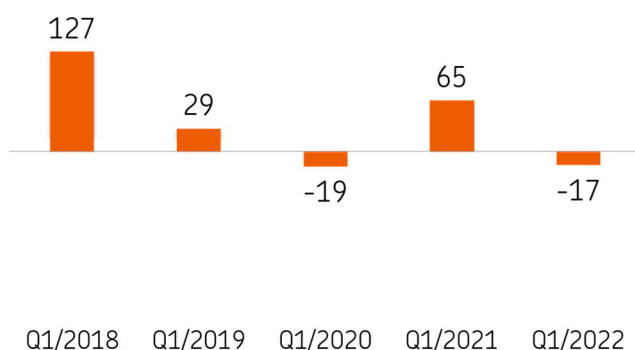
OP Corporate Bank plc's key indicators

Earnings before tax, € million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Corporate Banking and Capital Markets	-33	65	-151.2	261
Asset and Sales Finance Services and Payment Transfers	17	30	-44.3	90
Baltics	2	3	-35.5	20
Group Functions	-3	-33	-	-105
Total	-17	65	-126.5	267
Return on equity (ROE), %	-1.3	4.9	-6.2*	5.2
Return on assets (ROA), %	-0.06	0.26	-0.32*	0.25
	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
CET1 ratio, %	15.3	13.6	1.7*	15.4
Loan portfolio, € million	26,636	24,439	9.0	26,236
Guarantee portfolio, € million	3,546	2,799	26.7	3,475
Other exposures, € million	5,469	5,644	-3.1	5,731
Deposits, € million	14,806	13,391	10.6	16,089
Ratio of non-performing exposures to exposures, %	2.0	2.1	-0.1*	1.8
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.56	-0.03	0.59*	0.25

Comparatives deriving from the income statement are based on figures for the corresponding periods a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2021 are used as comparatives.

*Change in ratio

Earnings before Tax, € million



OP Corporate Bank plc's earnings before tax calculated as pre-tax profit under national legislation are presented as figures for 2018–2020.

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Business environment

The economy was on a good note before Russia attacked on Ukraine. However, at that time the economic situation was already overshadowed by a rise in raw material prices, higher inflation and bottlenecks in production and the labour market. In March, raw material prices continued to go up and inflation sped up.

In the financial market, the year started favourably but concerns about higher inflation and tighter monetary policy increased apace. After the Russian attack, stock prices fell sharply but soon returned to the mid-February level.

Market interest rates rose clearly between January and March. The US Federal Reserve raised its federal funds rate. The European Central Bank announced in March that it would reduce its asset purchases and stop net asset purchases during the third quarter.

The Finnish economy was on a brisk growth path in January and February but the Russian attack on Ukraine undermined economic growth in March. Foreign trade with Russia tapered off and consumer confidence weakened. However, business confidence remained good. The uncertainty was short-lived in the housing market. Based on payment card data, spending increased over the previous year.

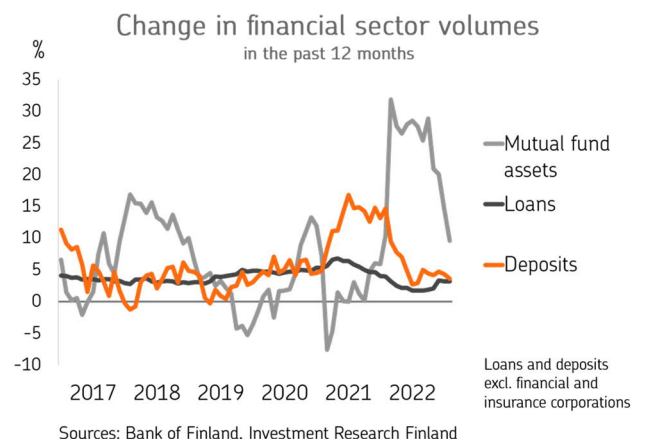
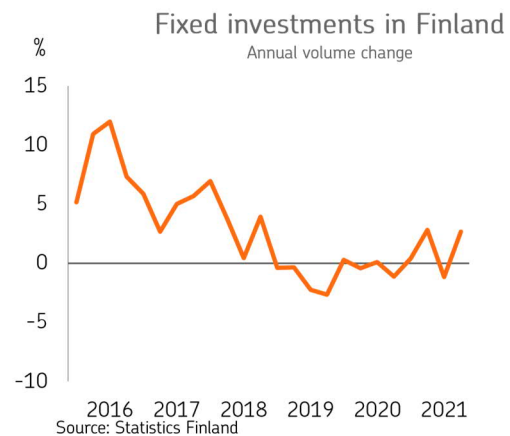
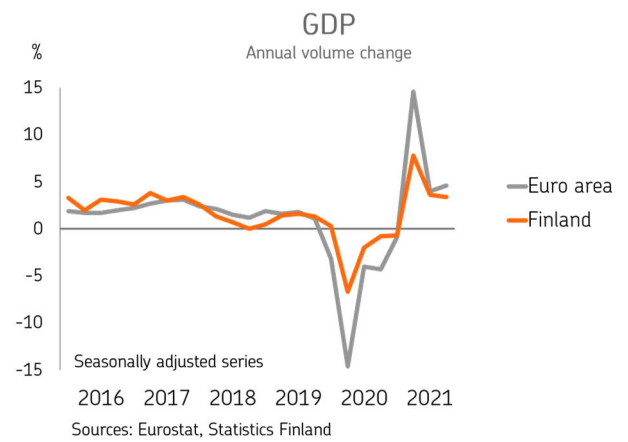
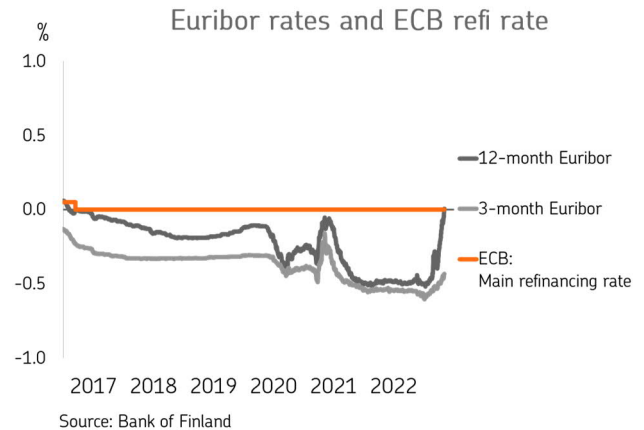
Both the Russian attack on Ukraine and the Covid-19 pandemic with its consequences too have wide-ranging effects on the economy. Because of high inflation, interest rates are expected to rise but economic growth should slow down at the same time.

Growth in total loans remained relatively stable during early 2022. The annual February growth rate of 3.9% was slightly lower than the growth rate of 4.3% in 2021. In the year to March, household loans increased by 3.7%, housing company loans by 6.8% and corporate loans by -0.3%. Home loans as a driver of annualised growth in household loans increased by 3.8%.

The annual growth rate of total deposits slowed down to 3.9% from 5.3% in 2021. In February, corporate deposits increased by 7.0% (10.9) and household deposits by 4.8% (5.1).

The value of mutual funds registered in Finland decreased from the 2021 record peak of EUR 158.8 billion to EUR 150 billion at the end of March. During the first quarter, fund unit redemptions totalled EUR 1.1 billion.

In the insurance sector, demand for insurance coverage remained brisk during the first quarter. Negative developments in the economy and the capital market were partly reflected in insurance business profitability.



OP Corporate Bank earnings

€ million	Q1/2022	Q1/2021	Change, %	Q1–4/2021
Net interest income	94	77	22.8	412
Net commissions and fees	3	13	-73.9	31
Net investment income	7	49	-85.4	168
Other operating income	12	11	7.4	49
Total income	116	150	-22.4	661
Personnel costs	18	16	7.0	72
Depreciation/amortisation and impairment loss	3	3	-11.1	12
Other operating expenses	70	67	5.2	236
Total expenses	91	87	4.9	320
Impairment loss on receivables	-42	2	-	-74
Total earnings before tax	-17	65	-126.5	267

January–March

OP Corporate Bank plc's earnings before tax were EUR -17 million (65). The figure decreased by EUR 82 million over the previous year. Earnings were reduced in particular by lower net investment income and higher impairment loss on receivables. Total income decreased to EUR 116 million (150). Net interest income increased by EUR 17 million to EUR 94 million. Net commissions and fees fell by EUR 10 million to EUR 3 million. Net investment income of EUR 7 million decreased by EUR 42 million year on year. Total expenses increased by EUR 4 million to EUR 91 million. Impairment loss on receivables increased by EUR 44 million to EUR 42 million. A year ago, impairment loss on receivables reversed came to EUR 2 million.

Net interest income increased by EUR 17 million to EUR 94 million. Interest income rose by EUR 12 million to EUR 131 million. Income from interest on central bank debt and negative deposit interest rates and interest income from receivables from customers increased interest income. Interest income from receivables from customers increased to EUR 102 million (94). Interest expenses fell by EUR 9 million to EUR 34 million.

In the year to March, OP Corporate Bank's loan portfolio grew by 9.0% to EUR 26.6 billion (24.4) and guarantee portfolio by 26.7% to EUR 3.5 billion (2.8). The deposit portfolio increased by 10.6% to EUR 14.8 billion (13.4) year on year. In the year to March, the amount of senior non-preferred bonds rose by EUR 2.0 billion to EUR 4.4 billion. Tier 2 bonds amounted to EUR 1.5 billion (2.3) at the end of the reporting period.

Net commissions and fees decreased by EUR 10 million to EUR 3 million. Commission income from lending, issue of securities and securities brokerage decreased year on year. Commission expenses were increased by fees on derivatives trading paid to OP Financial Group member banks.

Net investment income decreased by EUR 42 million to EUR 7 million. Income from financial assets held for trading decreased by EUR 48 million to EUR -2 million. Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 3 million (12). Capital gains on notes and bonds, EUR 9 million, increased by EUR 6 million year on year.

Other operating income of EUR 12 million rose by EUR 1 million year on year.

Total expenses increased by EUR 4 million year on year to EUR 91 million. Personnel costs increased by EUR 1 million to EUR 18 million. Depreciation/amortisation and impairment loss on receivables, EUR 3 million, were at the same level as a year ago. Other operating expenses increased by EUR 3 million to EUR 70 million. Charges of financial authorities increased by EUR 8 million to EUR 30 million as a result of a rise in the stability contribution paid to the Single Resolution Fund financed by the euro-area banks.

Impairment loss on receivables, EUR 42 million, was EUR 44 million higher than a year ago. A year ago, impairment loss on receivables reversed came to EUR 2 million. Impairment loss on receivables was increased by the indirect effects of the war in Ukraine and the weakening of individual customers' credit risk exposure. Final net loan losses recognised totalled EUR 0 million (3). Loss allowance was EUR 381 million (339) at the end of the reporting period. Non-performing

exposures accounted for 2.0% (2.1) of the exposures. Impairment loss on loans and receivables accounted for 0.56% (–0.03) of the loan and guarantee portfolio.

Comprehensive income for the reporting period totalled EUR –32 million (53). Change in the fair value reserve, EUR –21 million, reduced comprehensive income for the reporting period.

January–March highlights

OP Corporate Bank plc issued a new green bond

OP Corporate Bank plc issued a green bond worth EUR 500 million in accordance with its updated Green Bond Framework. The green bond will support the green transition, and proceeds raised with it will be allocated to sustainable corporate finance. Targeted at international responsible institutional investors, the bond is OP Corporate Bank's first senior non-preferred, unsecured green bond, which amounts to EUR 500 million and has a maturity of 5.5 years. Eligible sectors to be funded include renewable energy, green buildings and environmentally sustainable management of living natural resources and land use. The green bond was priced on 20 January 2022 and issued on 27 January 2022.

OP Financial Group will apply an RWA floor, based on the standardised approach, in the calculation of its capital adequacy ratio

OP Financial Group has decided to apply an RWA floor – based on the standardised approach – in the second quarter of 2022. This is due to enhanced regulatory requirements and discussions with the European Central Bank (ECB) on the application of the Internal Ratings Based Approach (IRBA). The floor will be applied within OP Financial Group in the second quarter of 2022. Application of the floor is expected to decrease OP Corporate Bank's CET1 ratio by no more than 3 percentage points. After the floor has been applied, it is estimated that the Group's CET1 ratio will exceed the regulatory minimum level by over 5 percentage points. Application of the floor is a temporary capital measure which will not affect OP Corporate Bank's good risk position. The impact of the floor will be eliminated in stages over the coming years, as the ECB approves the Group's development measures regarding the Internal Ratings Based Approach.

Corporate responsibility

Corporate responsibility is an integral part of OP Financial Group's and OP Corporate Bank's business and strategy. Responsible business is one of OP Financial Group's strategic priorities. OP Financial Group's aim is to be a forerunner of corporate responsibility within its sector in Finland. OP Financial Group's Corporate Responsibility Programme is built around four themes: we improve financial literacy in Finland, we foster a sustainable economy, we support local vitality and community spirit, and we use our information capital responsibly.

OP Financial Group is committed to complying with the ten principles of the UN Global Compact initiative in the areas of human rights, labour rights, the environment and anti-corruption. OP has agreed to follow the UN Principles for Responsible Investment. OP Financial Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

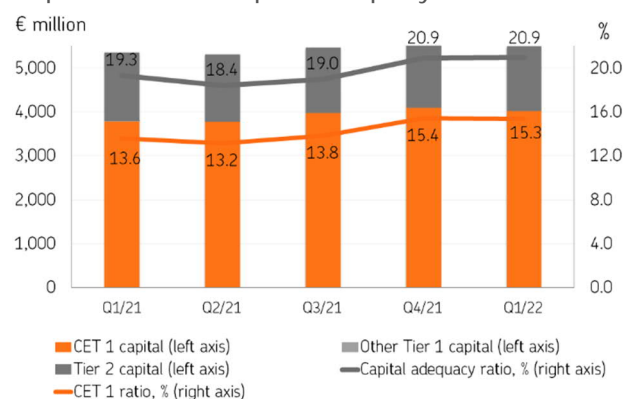
In its loan decisions, OP Corporate Bank considers the ESG themes and risks related to environmental, social and governance factors in accordance with the EBA (European Banking Authority) Guidelines on loan origination and monitoring. In the ESG analysis, customers are reviewed on a sector-specific basis in respect of the ESG themes.

In October 2021, OP Corporate Bank committed itself to ensuring that its corporate loan portfolios are carbon neutral by 2050. In addition, OP Corporate Bank tightened their stance on coal in its financing and investments. OP Corporate Bank will no longer provide finance for new coal power plants or coal mines, including companies that plan to build them. Neither does it finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. The only exceptions are corporate customers committed to making the low-carbon economy transition, which present a concrete plan to withdraw from coal.

OP Corporate Bank has developed two products based on the international framework for sustainable finance: green loans and sustainability-linked loans. Green loans are designed for corporate customers that can make a commitment to using the borrowed funds to promote specific projects, while sustainability-linked loans are for corporate customers that are prepared to pursue sustainability-based performance targets agreed with the lender. These targets affect the loan margin.

Capital adequacy

Capital base and capital adequacy



Capital adequacy for credit institutions

On 31 March 2022, OP Corporate Bank plc's CET1 ratio was 15.3% (15.4), which exceeds the minimum regulatory requirement by 8.3 percentage points. The CET1 ratio is expected to decrease by no more than 3 percentage points during the second quarter as a result of the application of the floor based on the Standardised Approach.

As a credit institution, the company's capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions increases in practice the minimum capital adequacy ratio to 10.5% and the minimum CET1 ratio to 7%.

The CET1 capital totalled EUR 4.0 billion (4.1) on 31 March 2022. The CET1 capital was decreased by higher expected losses (EL), loss for the reporting period and the effect of lower fair values on equity capital.

On 31 March 2022, the risk exposure amount (REA) totalled EUR 26.3 billion (26.6), or 1.1% lower than on 31 December 2021.

OP Corporate Bank plc is part of OP Financial Group, whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. As part of OP Financial Group, OP Corporate Bank plc is supervised by the ECB. OP Financial Group presents capital adequacy information in its financial statements bulletin and interim and half-year financial reports in accordance with the Act on the Amalgamation of Deposit Banks. OP Financial Group also publishes Pillar III disclosures.

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In March 2022, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks.

OP Financial Group is in discussions with the ECB on reassessing the scope of application of internal models (IRBA, Internal Ratings-Based Approach). The estimated effect of the reassessment has been added to risk-weighted assets. In addition, OP Financial Group will adopt an RWA floor – based on the standardised approach – in the second quarter of 2022.

The changes in the EU Capital Requirements Regulation (CRR3), which implement the final elements of Basel III, are assessed to not have a substantial effect on the capital adequacy of OP Corporate Bank plc.

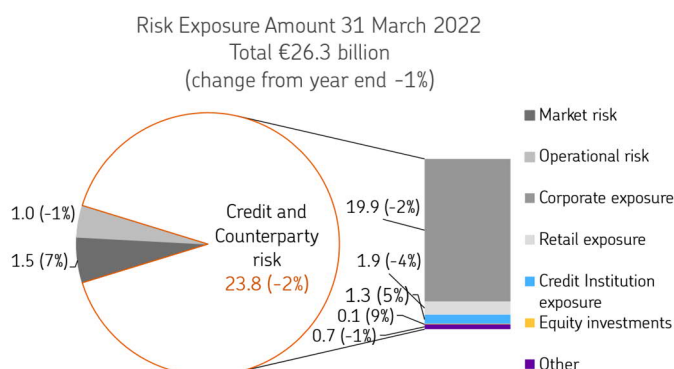
Liabilities under the Resolution Act

Under regulation applied to crisis resolution of credit institutions and investment firms, the resolution authority is authorised to intervene in the terms and conditions of investment products issued by a bank in a way that affects an investor's position. The EU's Single Resolution Board (SRB) based in Brussels is OP Financial Group's resolution authority. The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would focus on the OP amalgamation and on the new OP Corporate Bank that would be formed in the case of resolution.

On 21 February 2022, the resolution authority updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group. The updated MREL is 26.1% of the risk-weighted assets (RWA) and 9.9% of the leverage ratio exposures (LRE).

As part of the MREL, the resolution authority has set a subordination requirement for OP Financial Group in accordance with the Single Resolution Mechanisms Regulation. The subordination requirement determines how much of the MREL must be met with own funds or with subordinated liabilities. From 2022, the subordination requirement supplementing the MREL is 22% of the total risk exposure amount and 9.9% of the leverage ratio exposures. From the beginning of 2024, the subordination requirement will be 24% of the total risk exposure amount and 9.9% of the leverage ratio exposures. The requirements include a combined buffer requirement (CBR) of 3.5%.

OP Financial Group's buffer for the MREL was EUR 7.0 billion and for the subordination requirement EUR 2.3 billion. The MREL was based on the RWA and the subordination requirement on the LRE. The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 4.5 billion. These bonds provide funds for the MREL subordination requirement.



Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2022

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Standard & Poor's	A-1+	-	AA-	Stable
Moody's	P-1	Stable	Aa3	Stable

OP Corporate Bank plc has credit ratings affirmed by Standard & Poor's Global Ratings Europe Limited and Moody's Investors Service (Nordics) AB. When assessing the company's credit rating, credit rating agencies take account of the entire OP Financial Group's financial standing.

Risk exposure

OP Financial Group's risk-taking starts from the fact that the Group assumes risks that are mainly associated with executing the Group's mission. In its risk-taking, OP Financial Group emphasises moderation, responsibility and careful action. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by Group Executive Management.

OP Financial Group's success is based on the trust of customers and other stakeholders, on the adequacy of capital and liquidity, and on extensive data and knowledge of customers. Risk-taking is based on understanding matters affecting customers' future operations and success in the current business environment and in situations where the business environment is affected by an unexpected shock or change in trend.

OP Financial Group analyses the business environment as part of the continuous strategy process. Megatrends and future visions behind the strategy reflect driving forces that affect the daily activities, conditions and future of OP Financial Group and its customers. Such factors shaping the business environment include sustainable development and responsibility (ESG), demographic change in the population, geopolitical factors and fast technological progress.

For example, climate and environmental changes and other factors in the business environment are considered thoroughly so that their effects on the customers' future success are understood. Through advice and business decisions, OP Financial Group encourages its customers in bolstering their sustainable and successful business in the future. At the same time, OP Financial Group ensures that its operations are profitable and in compliance with its core values in the long term.

Considering that OP Financial Group's business covers various areas of the financial sector on an extensive basis,

unexpected external shocks from the economic environment may cause direct and indirect effects on the prosperity of OP Financial Group's customers and on the Group's premises, IT infrastructure and personnel that may come in many forms. If materialised, they may affect risk exposure, capitalisation, liquidity and the continuity of daily business in various ways. The Group makes the effects of such potential shocks visible by means of scenario work.

Operational risks at Group level were well managed and no significant losses were caused by the materialised operational risks to OP Corporate Bank. For other risks, the risk exposure is examined in greater detail for Banking and Group Functions. Banking includes the business segments Corporate Banking and Capital Markets, Asset and Sales Finance Services and Payment Transfers as well as Baltics.

Assessment of the effects of the war in Ukraine on OP Corporate Bank's risks

Russia's attack on Ukraine has an indirect effect on OP Corporate Bank's income and risks, mainly as a result of customers' changed situation and the general market situation. Such effects may emerge, for example, due to the following reasons:

- growth in impairment loss on receivables resulting from changes in loan portfolio quality
- effect of a reduction in the value of investments on investment income
- effects of extensive sanctions and counter sanctions on OP Corporate Bank or its customers' activities
- availability and price of wholesale funding
- cyber attacks on OP Corporate Bank or its customers.

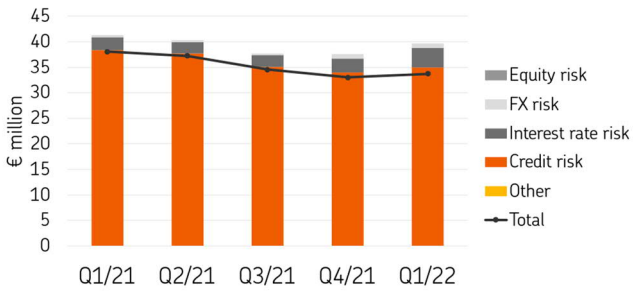
Banking

Major risks in Banking are associated with credit risk arising from customer business, and market risk.

Despite the war in Ukraine, Banking credit risk exposure remained stable and its risk level remained moderate, but there is a risk of negative developments. For the time being, growth in the number of customers who have got into deeper problems has remained moderate and limited to certain sectors (construction, agriculture, transport and energy). So, the overall quality of the loan portfolio has remained good.

During the reporting period, the market risk level of Banking's long-term investments increased. No major changes were made to the asset class allocation during the reporting period. The VaR, a measure of market risks, was EUR 34 million (33) on 31 March 2022. The VaR risk metric includes the liquidity buffer and banking's long-term bond investments as well as derivatives that hedge their interest rate risks.

Corporate banking's market risk VaR at a confidence level of 95% and a retention period of 10 days

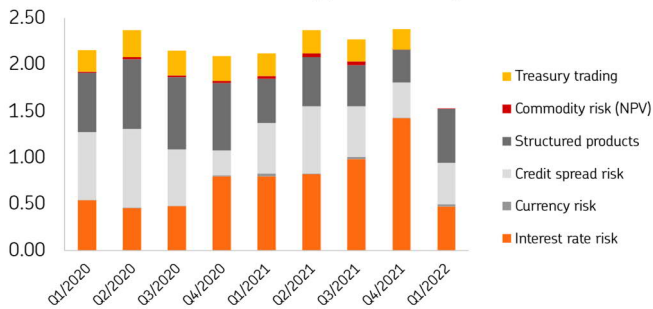


OP MB's ES limit of interest rate hedge was abandoned in the 2022 risk policy.

Banking's interest rate risk in the banking book measured as the effect of a one-percentage-point increase on a 12-month net interest income was EUR 53 million (-10) and as the effect of a one-percentage-point decrease EUR 1 million (89) on average in the year to March. Interest income risk is calculated for a one-year period by dividing the sum of the interest income risk for the next three years by three.

The interest rate risk of Markets was reduced in the first quarter. This is reflected in a decrease in the Expected Shortfall (ES), a market risk measure, compared with the preceding quarter. The uncertain situation in the fixed income market is behind this.

Market risk ES at a confidence level of 97.5 % and a holding period of 1 day



Forborne loans and non-performing receivables

	Performing forborne exposures (gross)		Non-performing receivables (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Over 90 days past due, € billion			0.17	0.18	0.17	0.18	0.09	0.09	0.08	0.09
Unlikely to be paid, € billion			0.36	0.31	0.36	0.31	0.12	0.09	0.24	0.22
Forborne exposures, € billion	0.14	0.19	0.19	0.14	0.34	0.32	0.09	0.09	0.24	0.24
Total, € billion	0.14	0.19	0.72	0.63	0.86	0.81	0.30	0.27	0.57	0.55

Key ratios

	31 Mar 2022	31 Dec 2021
Ratio of doubtful receivables to exposures, %	2.42	2.29
Ratio of non-performing exposures to exposures, %	2.02	1.77
Ratio of performing forborne exposures to exposures, %	0.40	0.52
Ratio of performing forborne exposures to doubtful receivables, %	16.6	22.9
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	44.0	41.5

At the end of the first quarter, OP Corporate Bank plc had 7 (7) large customer exposures, totalling EUR 3.5 (3.5) billion. Large customer exposure refers to the amount of exposures of an individual group of connected clients which, after allowances and other techniques applied to mitigate credit risks, exceeds 10% of the capital base covering customer risk. Own funds covering customer exposure means Tier 1 capital under CRR II.

Exposures by the Baltic Banking were EUR 3.9 billion (3.7), accounting for 9.8% (9.3) of total banking exposures of the Corporate Banking segment.

The distribution of loss allowance by sector is presented at Group level in OP Financial Group's Interim Report.

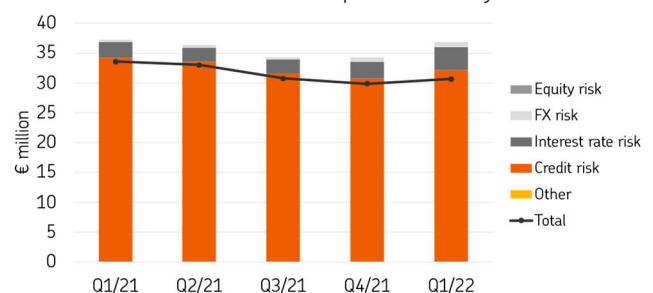
Group Functions

Major risks related to the Group Functions segment include credit and market risks associated with the liquidity buffer, and liquidity risks. The most significant market risk factor is the effect of credit spread changes on the value of notes and bonds included in the liquidity buffer.

OP Financial Group and OP Corporate Bank plc have a solid funding and liquidity position.

The market risk of notes and bonds in the liquidity buffer (VaR with 95% confidence) increased during the reporting period. No major changes occurred in the asset class allocation. The VaR risk metric that measures market risk associated with the liquidity buffer was EUR 31 million (30) on 31 March 2022. The VaR risk metric includes the long-term bond investments within the liquidity buffer and the derivative contracts that hedge their interest rate risks.

Liquidity buffer's market risk VaR at a confidence level of 95% and a retention period of 10 days



OP Financial Group secures its liquidity through a liquidity buffer maintained by OP Corporate Bank and consisting mainly of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

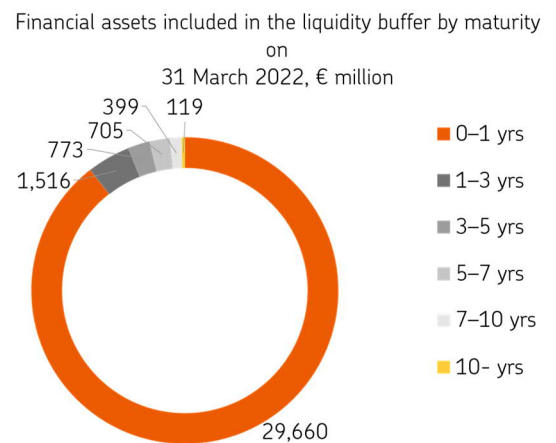
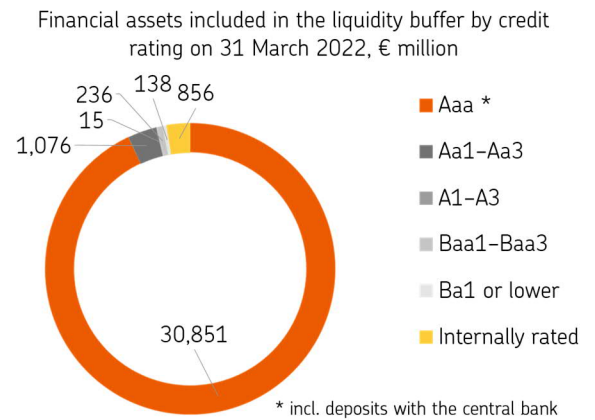
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 221% (212) at the end of the reporting period.

OP Financial Group monitors its long-term funding sufficiency, for example, by means of the Net Stable Funding Ratio (NSFR), which measures structural funding risk. According to regulation, the NSFR must be at least 100%. OP Financial Group's NSFR was 125% (130) at the end of the reporting period.

Liquidity buffer

€ billion	31 Mar 2022	31 Dec 2021	Change, %
Deposits with central banks	29.0	32.6	-11.2
Notes and bonds eligible as collateral	2.7	4.0	-33.4
Corporate loans eligible as collateral	0.0	0.0	-
Total	31.7	36.7	-13.6
Receivables ineligible as collateral	1.5	1.0	52.9
Liquidity buffer at market value	33.2	37.6	-11.9
Collateral haircut	-0.4	-0.3	-
Liquidity buffer at collateral value	32.8	37.3	-12.2

The liquidity buffer comprises notes, bonds and securitised assets issued by governments, municipalities, financial institutions and companies all showing good credit ratings.



For OP Corporate Bank plc acting as OP Financial Group's central financial institution, OP cooperative banks and OP Cooperative with its subsidiaries form a significant customer group. Exposures of OP Financial Group entities represented 20.0% of OP Corporate Bank plc's exposures. These exposures increased during the reporting period by EUR 20.3 million. All exposures of OP cooperative banks and OP Cooperative are investment-grade exposures.

Financial performance by segment

OP Corporate Bank's business segments include Corporate Banking and Capital Markets, Asset and Sales Finance Services and Payment Transfers as well as Baltics. Non-business segment operations are presented in the Group Functions segment (formerly the Other Operations segment). OP Corporate Bank plc prepares its segment reporting in compliance with its accounting policies.

Corporate Banking and Capital Markets

- Earnings before tax totalled EUR -33 million (65).
- Total income decreased by 63.0% to EUR 40 million. Net interest income increased by 0.4% to EUR 53 million. Net investment income decreased to EUR -2 million (49). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 3 million (12).
- Total expenses increased by 16.0% to EUR 44 million (38). The stability contribution represented EUR 4 million of the increase.
- In the year to March, the loan portfolio grew by 10.6% to EUR 15.5 billion.
- Impairment loss on receivables weakened earnings by EUR 29 million (5).

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q4/2021
Net interest income	53	52	0.4	213
Net commissions and fees	-13	-1	-890.2	-31
Net investment income	-2	49	-	167
Other operating income	2	7	-74.6	70
Total income	40	107	-63.0	420
Personnel costs	9	8	8.1	36
Depreciation/amortisation and impairment loss	2	2	-1.3	7
Other operating expenses	34	28	19.2	78
Total expenses	44	38	16.0	121
Impairment loss on receivables	-29	-5	531.4	-38
Earnings before tax	-33	65	-	261
Cost/income ratio, %	111.1	35.5	-75.6*	28.9
Return on assets (ROA), %	-0.54	1.05	-1.59*	1.29
Return on assets, excluding OP bonuses, %	-0.54	1.05	-1.59*	1.29
	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	15.5	14.0	10.6	15.2

*Change in ratio

The Corporate Banking and Capital Markets business segment provides corporate and institutional customers with financing and liquidity management services. The services also range from the arrangement of debt issues, corporate finance services, equity, foreign exchange, bond, money market and derivative products, structured investment products and investment research. In addition to its own clients, the segment provides capital market products and services to corporate and personal clients through OP cooperative banks.

Investments by Corporate Banking in promoting sustainable finance increased the commitment portfolio of responsible finance to EUR 3,5 billion (3.0).

Uncertainty in the fixed income market caused by the geopolitical situation and inflationary expectations has kept the sales of interest rate protection products record high.

The direct exposures of the Corporate Banking and Capital Markets business segment to Russia are small. Indirect effects of market developments were reflected in the profits of trading positions.

Financial performance for the reporting period

The segment earnings before tax were EUR -33 million (65). Total income fell by 63.0%. Total expenses increased by 16.0%. The cost/income ratio decreased to 111.1% (35.5) year on year.

Net interest income increased by 0.4% to EUR 53 million (52). The segment's loan portfolio increased in the year to March by 10.6%, amounting to EUR 15.5 billion (14.0). Net commissions and fees decreased to EUR -13 million (-1), as commission expenses paid to OP Financial Group increased.

Net investment income decreased to EUR -2 million (49) as a result of lower income from derivatives business.

Other operating income decreased to EUR 2 million (7). A year ago, other operating income was increased by the additional margin under TLTRO III funding.

Impairment loss on receivables weakened earnings by EUR 29 million (5). The indirect effects of the war in Ukraine increased impairment loss on receivables.

Total expenses were EUR 44 million (38). Personnel costs rose by 8.1% to EUR 9 million (8). Other operating expenses increased by 19.2% to EUR 34 million (28). The stability contribution increased by EUR 4 million to EUR 17 million.

Asset and Sales Finance Services and Payment Transfers

- Earnings before tax totalled EUR 17 million (30).
- Total income increased by 5.6% to EUR 60 million. Net interest income increased by 6.2% to EUR 40 million.
- Total expenses decreased to EUR 32 million (33).
- In the year to March, the loan portfolio grew by 5.0% to EUR 8.2 billion.
- Impairment loss on receivables weakened earnings by EUR 11 million. A year ago, impairment loss on receivables reversed came to EUR 5 million.
- The most significant development investments involved the development of payment systems.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q4/2021
Net interest income	40	37	6.2	155
Net commissions and fees	15	14	9.0	58
Net investment income	0	0	-100	0
Other operating income	6	6	-5.6	18
Total income	60	57	5.6	231
Personnel costs	7	6	3.8	26
Depreciation/amortisation and impairment loss	1	1	-37.5	2
Other operating expenses	25	25	-0.8	76
Total expenses	32	33	-1.0	104
Impairment loss on receivables	-11	5	-	-37
Earnings before tax	17	30	-44.3	90
Cost/income ratio, %	53.5	57.0	3.6*	44.9
Return on assets (ROA), %	0.62	1.16	-0.54*	1.10
Return on assets, excluding OP bonuses, %	0.62	1.16	-0.54*	1.10
	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	8.2	7.8	5.0	8.0
Deposits, € billion	13.5	11.9	13.3	14.9

*Change in ratio

The Asset and Sales Finance Services and Payment Transfers business segment provides consumers and companies with customer financing services, payment and liquidity management services, financing services for foreign trade and leasing and factoring services.

The most significant development investments of the business segment involved the upgrades of core payment systems. In addition, digital transaction services were updated and improved. During the reporting period, OP was the first bank in Finland to launch a service that enables companies to track the progress of their international payments and the related costs on a real-time basis. OP's multi-bank feature will expand, and companies can view their account details and make payments from the accounts with several Nordic and European banks, in addition to Finnish banks.

In the year to March, the loan portfolio grew by 5.0% to EUR 8.2 billion. The deposit portfolio increased in the year to March by 13.3% to EUR 13.5 billion.

Direct exposures of the Asset and Sales Finance and Payment Transfers segment to Russia are small and limited to the trade finance business.

Financial performance for the reporting period

The segment earnings before tax were EUR 17 million (30). Total income increased by 5.6%. Total expenses decreased by 1.0%. The cost/income ratio improved to 53.5% (57.0) year on year.

Net interest income increased by 6.2% to EUR 40 million. The increase was explained by an increase in net interest income from asset and sales finance solutions. Net commissions and fees increased to EUR 15 million (14). Other operating income remained at the previous year's level at EUR 6 million.

Impairment loss on receivables weakened earnings by EUR 11 million. A year ago, impairment loss on receivables reversed came to EUR 5 million. The indirect effects of the war in Ukraine increased impairment loss on receivables.

Total expenses were EUR 32 million (33). Personnel costs rose by 3.8% to EUR 7 million. Other operating expenses remained at the previous year's level at EUR 25 million. ICT costs decreased by EUR 2 million year on year, but the stability contribution increased by EUR 3 million to EUR 8 million.

Baltics

- Earnings before tax totalled EUR 2 million (3).
- Total income increased by 67.5% to EUR 14 million. Net interest income increased by 74.7% to EUR 12 million.
- Total expenses increased by 55.6% to EUR 10 million. The stability contribution represented EUR 1 million of the increase.
- In the year to March, the loan portfolio grew by 12.7% to EUR 2.6 billion.
- Impairment loss on receivables weakened earnings by EUR 3 million. A year ago, impairment loss on receivables reversed came to EUR 1 million.
- The most significant development investments focused on the development of the payment transfer system.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q4/2021
Net interest income	12	7	74.7	33
Net commissions and fees	3	2	64.9	9
Net investment income	0	0	8.0	0
Other operating income	0	0	-	0
Total income	14	9	67.5	42
Personnel costs	2	1	50.8	6
Depreciation/amortisation and impairment loss	1	1	5.2	2
Other operating expenses	7	4	62.9	14
Total expenses	10	6	55.6	22
Impairment loss on receivables	-3	1	-	0
Earnings before tax	2	3	-35.5	20
Cost/income ratio, %	67.8	73.0	5.2*	52.8
Return on assets (ROA), %	0.27	0.46	-0.19*	0.71
Return on assets, excluding OP bonuses, %	0.27	0.46	-0.19*	0.71
	31 Mar 2022	31 Mar 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	2.6	2.3	12.7	2.4
Deposits, € billion	0.6	0.6	-7.6	0.7

The figures and ratios a year ago exclude those of the Baltic subsidiaries that merged into OP Corporate Bank in October 2021.

*Change in ratio

With its local expertise, the Baltics segment provides corporate and institutional customers with financing and liquidity management services and financing services for foreign trade. OP Corporate Bank plc has branches in Estonia, Latvia and Lithuania.

In the year to March, the segment's loan portfolio grew by 12.7% to EUR 2.6 billion. The deposit portfolio decreased in the year to March by 7.6% to EUR 0.6 billion.

The most significant development investments in 2022 will especially focus on improving the payment transfer system and developing the related express transfers, in particular.

The direct exposures of the Baltics segment to Russia are small. The segment has enhanced the monitoring of customers' credit risk exposure after Russia attacked on Ukraine.

Financial performance for the reporting period

The segment earnings before tax were EUR 2 million (3). Total income increased by 67.5%. Total expenses increased by 55.6%. The cost/income ratio improved to 67.8% (73.0) year on year.

Net interest income rose to EUR 12 million (7). The loan portfolio grew by 12.7% in the year to March. Net commissions and fees increased to EUR 3 million (2).

Impairment loss on receivables weakened earnings by EUR 3 million. A year ago, impairment loss on receivables reversed came to EUR 1 million.

Total expenses were EUR 10 million (6). Personnel costs rose by 50.8% to EUR 2 million. Other operating expenses grew by 62.9% to EUR 7 million. ICT costs increased by EUR 1 million year on year and the stability contribution by EUR 1 million to EUR 4 million.

Group Functions

- Earnings before tax totalled EUR –3 million (–33).
- Liquidity remained strong.

Key figures and ratios

€ million	Q1/2022	Q1/2021	Change, %	Q4/2021
Net interest income	-10	-20	-	11
Net commissions and fees	-1	-1	-	-5
Net investment income	9	0	-	1
Other operating income	6	4	63.2	19
Total income	4	-16	-	27
Personnel costs	0	1	-49.4	4
Other expenses	7	16	-57.6	127
Total expenses	7	17	-57.2	132
Impairment loss on receivables	0	0	361.5	0
Earnings before tax	-3	-33	-	-105
Receivables and liabilities from/to the amalgamation's central cooperative and member credit institutions, net position, € billion	-14.0	-9.7	-	-13.1

Functions supporting OP Financial Group, such as Group Treasury, are centralised within Group Functions. Group Treasury is responsible for the management of the funding and liquidity of member credit institutions and the central cooperative consolidated. It is also in charge of OP Financial Group's wholesale funding together with OP Mortgage Bank. Operating income derives mainly from net interest income and net investment income. The most significant risk categories are market risks and credit risk. In addition, income, expenses, investments and capital which have not been allocated to the business segments are reported under Group Functions.

Financial performance for the reporting period

The Group Functions segment's earnings before tax amounted to EUR –3 million (–33). Earnings before tax at fair value were EUR –25 million (–38).

Net interest income was EUR –10 million (–20). Net interest income was increased by a better year-on-year result of the market risk position and by the elimination of the cost of subordinated loans matured after the corresponding period a year ago. The conditional additional TLTRO interest rate improved net interest income by EUR 3 million (1).

Net investment income totalled EUR 9 million (0). Net investment income included EUR 9 million (3) in capital gains on notes and bonds.

Compared with the corresponding period a year ago, other expenses for the reporting period were decreased by a reduction in the margin exceeding the ECB deposit facility rate in TLTRO funding that is transferred within OP Financial Group.

At the end of March, the average margin of senior and senior non-preferred wholesale funding was 36 basis points (34).

OP Corporate Bank's TLTRO III funding totalled EUR 16.0 billion at the end of March.

In January, OP Corporate Bank issued a green senior non-preferred bond worth EUR 500 million with a maturity of 5.5 years.

Between January and March, OP Corporate Bank issued long-term bonds worth EUR 0.5 billion (1.3).

The total interest rate for TLTRO III funding between 24 June 2020 and 23 June 2022 can be the ECB's deposit facility rate (–0.50% on the reporting date) minus 0.50%. For the subsequent loan maturity, the interest rate can at its best be the ECB's deposit facility rate. The reduced interest rate is conditional on fulfilling the criteria for net lending performance. The latter net lending review period expired on 31 December 2021 when OP Financial Group assessed that it had fulfilled these criteria. A one-off earnings effect following the update of the assessment was recognised in the financial year ended on 31 December 2021, in accordance with IFRS 9.

On 31 March 2022, investments by the amalgamation's central cooperative and the member credit institutions in OP Corporate Bank were EUR 14.0 (–13) billion higher than funding borrowed by them from Group Treasury. This amount was increased by growth in deposits made by member credit institutions with OP Corporate Bank.

OP Financial Group's and OP Corporate Bank plc's funding position and liquidity is strong.

ICT investments

OP Corporate Bank invests in developing its operations and improving customer experience on an ongoing basis. ICT investments make up a significant portion of the costs of developing these services.

ICT costs of OP Corporate Bank's service development and production maintenance totalled EUR 24 million (25). These include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 4 million (4). Development costs have not been capitalised (0).

More detailed information on OP Corporate Bank's investments can be found under each business segment's section in this Interim Report.

Personnel and remuneration

On 31 March 2022, OP Corporate Bank plc had 789 employees (767).

Personnel at period end

	31 Mar 2022	31 Dec 2021
Corporate Banking and Capital Markets	304	290
Asset and Sales		
Finance Services and Payment Transfers	315	312
Baltics	129	125
Group Functions	41	40
Total	789	767

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2022 consists of the performance-based bonus scheme covering all personnel, and the personnel fund. Company-specific targets based on the annual plan and the Group-level strategic targets are taken into account in the metrics used in the performance-based bonus scheme and the personnel fund. In drawing up the remuneration schemes, OP has taken account of the regulation regarding the financial sector's remuneration schemes.

Corporate governance and management

OP Corporate Bank plc's management system is based on business segments. Management of OP Corporate Bank is part of OP Financial Group's management system.

On 2 March 2022, the Annual General Meeting (AGM) of OP Corporate Bank plc elected OP Financial Group's President and Group Chief Executive Officer Timo Ritakallio as Chair of OP Corporate Bank's Board of Directors. As other Board

members, the AGM elected OP Financial Group's Chief Financial Officer Mikko Timonen, Helsinki Area Cooperative Bank's Managing Director Jarmo Viitanen, OP Keski-Suomi Managing Director Pasi Sorri and OP Turun Seutu Managing Director Petteri Rinne.

Vesa Aho stepped down from the Board of Directors on 1 March 2022. Olli-Pekka Saario stepped down from the Board of Directors on 2 March 2022.

The AGM re-elected KPMG Oy Ab, an audit firm, to act as OP Corporate Bank's auditor for the financial year 2022, with Juha-Pekka Mylén, APA, acting as the chief auditor, appointed by KPMG Oy Ab.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of 2 March 2022 adopted the Financial Statements for 2021 and discharged members of the Board of Directors and the President and CEO from liability. The AGM decided that a dividend of EUR 0.25 be distributed per share for the financial year 2021, totalling EUR 79,887,853.75, and that following dividend distribution, the remaining amount of EUR 134,709,559.60 be recognised in the retained earnings account. Following dividend distribution, the company's distributable earnings total EUR 2,715,907,104.95 and its distributable funds total EUR 3,047,287,942.01.

Outlook towards the year end

The world economy grew at a brisk pace during early 2022. Fast economic recovery from the crisis caused by the Covid-19 pandemic increased raw material prices and sped up inflation, however. Covid-19 infections and the resulting restrictions continued to undermine economic development not only in service sectors but also in industrial sectors suffering from problems in production chains. After Russia's attack on Ukraine, raw material prices rose more sharply and inflation accelerated further.

In the financial market, stock prices fell and market interest rates rose during the first quarter. The immediate increase in uncertainty caused by Russia's war of aggression remained short-lived in the market.

Exceptional uncertainty casts a shadow over the economic outlook. The Covid-19 pandemic, the Russian invasion of Ukraine and a strong rise in raw material prices constitute a situation where their combined effects are very hard to predict.

In the near future, inflation is expected to remain high and economic growth to slow down, but the economic situation in Finland and the rest of the euro area should remain fairly good. As the year proceeds, monetary policy is anticipated to tighten and interest rates are expected to continue rising.

The most significant uncertainties affecting earnings performance due to the war in Ukraine, the Covid-19 pandemic and inflation relate to changes in the interest rate and investment environment and to the developments in impairment losses. In addition, future earnings performance will be affected by the market growth rate and the change in the competitive situation.

Full-year earnings estimates for 2022 will only be provided at the OP Financial Group level, in its financial statements bulletin and interim and half-year financial reports.

All forward-looking statements in this Interim Report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the business environment and the future financial performance of OP Corporate Bank plc's and its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Formulas for key figures and ratios

The Alternative Performance Measures are presented to illustrate the financial performance of business operations and to improve comparability between reporting periods. The formulas for the used Alternative Performance Measures are presented below.

Alternative Performance Measures

Key figure or ratio	Formula	Description
Return on equity (ROE), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year/days of reporting period})}{\text{Equity (average at beginning and end of period)}} \times 100$	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Return on assets (ROA), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year/days of reporting period})}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$	The ratio describes how much return is generated on capital tied up on business during the reporting period.
Cost/income ratio, %	$\frac{\text{Total expenses}}{\text{Total income}} \times 100$	The ratio describes the ratio of expenses to income. The lower that ratio, the better.
Loan portfolio	Balance sheet item Receivables from customers	The loan portfolio is presented under Receivables from customers in the balance sheet.
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	$\frac{\text{Impairment loss on receivables} \times (\text{days of financial year/days of reporting period})}{\text{Loan and guarantee portfolio at period end}} \times 100$	The ratio describes the ratio of impairment loss on receivables entered in the income statement to the loan and guarantee portfolio. The lower that ratio, the better.
Deposits	Deposits included in balance sheet item Liabilities to customers	Deposits are presented in Liabilities to customers in the balance sheet.
Coverage ratio, %	$\frac{\text{Loss allowance}}{\text{Receivables from customers (on-balance-sheet and off-balance-sheet items)}} \times 100$	The ratio describes how much the amount of expected losses covers the amount of the liability.
Default capture rate, %	$\frac{\text{New defaulted contracts in stage 2 a year ago}}{\text{New defaulted contracts during the reporting period}} \times 100$	The ratio describes the effectiveness of the SICR model (significant increase in credit risk), in other words how many contracts were in stage 2 before moving to stage 3.

Key indicators based on a separate calculation

Capital adequacy ratio, %	$\frac{\text{Total capital}}{\text{Total risk exposure amount}} \times 100$	The ratio describes a credit institution's capital adequacy and shows the ratio of total capital to the total risk exposure amount.
Tier 1 ratio, %	$\frac{\text{Tier 1 capital}}{\text{Total risk exposure amount}} \times 100$	The ratio describes a credit institution's capital adequacy and shows the ratio of Tier 1 capital to the total risk exposure amount.
CET1 ratio, %	$\frac{\text{CET1 capital}}{\text{Total risk exposure amount}} \times 100$	The ratio describes a credit institution's capital adequacy and shows the ratio of CET1 capital to the total risk exposure amount.

Leverage ratio, %	$\frac{\text{Tier 1 capital (T1)}}{\text{Exposure amount}} \times 100$	<p>The ratio describes a credit institution's indebtedness and shows the ratio of Tier 1 capital to the total risk exposure amount.</p>
Liquidity coverage requirement (LCR), %	$\frac{\text{Liquid assets}}{\text{Liquidity outflows – liquidity inflows under stressed conditions}} \times 100$	<p>The ratio describes short-term funding liquidity risk that requires the bank to have sufficient, high-quality liquid assets to get through an acute 30-day stress scenario.</p>
Net stable funding ratio (NSFR), %	$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$	<p>The ratio describes a long-term liquidity risk that requires the bank to have a sufficient amount of stable funding sources in relation to items requiring stable funding sources. The objective is to secure the sustainable maturity structure of assets and liabilities applying a 12-month time horizon and to restrict excessive resort to short-term wholesale funding.</p>
Ratio of non-performing exposures to exposures, %	$\frac{\text{Non-performing exposures (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of customers with severe payment difficulties to the entire exposure portfolio. Non-performing exposures refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbore exposures related to such receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. Non-performing exposures are presented in gross terms; expected credit losses have not been deducted from them.</p>
Ratio of doubtful receivables to exposures, %	$\frac{\text{Doubtful receivables (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of customers with payment difficulties to the entire exposure portfolio. Doubtful receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbearance related to such receivables or to performing receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. In addition to non-performing forbore exposures, doubtful receivables include non-performing exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as doubtful receivables. Doubtful receivables are presented in gross terms; expected credit losses have not been deducted from them.</p>
Ratio of performing forbore exposures to exposures, %	$\frac{\text{Performing forbore exposures (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of forbore exposures to the entire exposure portfolio. Performing forbore exposures include forbore exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forbore exposures.</p>

Ratio of performing forbore exposures to doubtful receivables, %	$\frac{\text{Performing forbore exposures (gross)}}{\text{Doubtful receivables at period end}} \times 100$	<p>The ratio describes the ratio of performing forbore exposures to doubtful receivables that include not only performing forbore exposures but also non-performing exposures.</p> <p>Performing forbore exposures include forbore exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forbore exposures.</p>
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	$\frac{\text{Loss allowance for receivables from customers in the balance sheet}}{\text{Doubtful receivables at period end}} \times 100$	<p>The ratio describes the ratio of expected losses to all doubtful receivables. Doubtful receivables include non-performing exposures and performing forbore exposures.</p>
Loan and guarantee portfolio	Loan portfolio + guarantee portfolio	<p>The indicator describes the total amount of loans and guarantees given.</p>
Exposures	Loan and guarantee portfolio + interest receivables + unused standby credit facilities	<p>The sum of the loan and guarantee portfolio, interest receivables and unused standby credit facilities (undrawn loans and limits) is used as the basis for proportioning doubtful receivables and non-performing exposures.</p>
Other exposures	Interest receivables + unused standby credit facilities	<p>In addition to the loan and guarantee portfolio, exposures come from interest receivables and unused standby credit facilities (undrawn loans and limits).</p>

Capital adequacy

Capital adequacy for credit institutions

Capital base, € million	31 Mar 2022	31 Dec 2021
OP Corporate Bank plc's equity	4,184	4,296
Fair value reserve, cash flow hedge	5	1
Common Equity Tier 1 (CET1) before deductions	4,189	4,297
Intangible assets	-9	-12
Excess funding of pension liability and valuation adjustments	-46	-35
Planned profit distribution		-80
Shortfall of ECL minus expected losses	-94	-72
Insufficient coverage for non-performing exposures	-6	-1
CET1 capital	4,034	4,098
Hybrid capital to which transitional provision is applied		
Additional Tier 1 capital (AT1)		
Tier 1 capital (T1)	4,034	4,098
Debtenture loans	1,308	1,308
Debtentures to which transitional provision applies	117	141
Excess of ECL minus expected losses	44	16
Tier 2 capital (T2)	1,469	1,464
Total capital	5,503	5,562

Risk exposure amount, € million	31 Mar 2022	31 Dec 2021
Credit and counterparty risk	23,574	23,947
Standardised Approach (SA)	2,967	3,118
Central government and central banks exposure	23	40
Credit institution exposure	6	5
Corporate exposure	2,837	2,966
Retail exposure	49	52
Equity investments		
Other	52	55
Internal Ratings-based Approach (IRB)	20,606	20,829
Credit institution exposure	1,253	1,194
Corporate exposure	17,014	17,242
Retail exposure	1,872	1,940
Equity investments	69	63
Other	398	391
Market and settlement risk (Standardised Approach)	1,470	1,380
Operational risk (Standardised Approach)	1,028	1,040
Valuation adjustment (CVA)	213	204
Total risk exposure amount	26,285	26,570

Ratios, %	31 Mar 2022	31 Dec 2021
CET1 capital ratio	15.3	15.4
Tier 1 ratio	15.3	15.4
Capital adequacy ratio	20.9	20.9
Ratios, fully loaded, %	31 Mar 2022	31 Dec 2021
CET1 capital ratio	15.3	15.4
Tier 1 ratio	15.3	15.4
Capital adequacy ratio	20.5	20.4
Capital requirement, € million	31 Mar 2022	31 Dec 2021
Capital base	5,503	5,562
Capital requirement	2,764	2,792
Buffer for capital requirements	2,739	2,770

The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the changing capital conservation buffers by country for foreign exposures.

TABLES

Income statement

EUR million	Notes	Q1 2022	Q1 2021
Net interest income	3	94	77
Net commissions and fees	4	3	13
Net investment income	5	7	49
Other operating income		12	11
Total Income		116	150
Personnel costs		18	16
Depreciation/amortisation		3	3
Other expenses	6	70	67
Total expenses		91	87
Impairments loss on receivables	7	-42	2
Earnings before tax		-17	65
Income tax expense		-3	12
Profit for the period		-14	53

Statement of comprehensive income

EUR million	Notes	Q1 2022	Q1 2021
Profit for the period		-14	53
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		3	2
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value		-21	1
Cash flow hedge		-5	-3
Income tax			
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		-1	0
Items that may be reclassified to profit or loss			
Measurement at fair value		4	0
Cash flow hedge		1	1
Total comprehensive income for the period		-32	53

Balance sheet

EUR million	Notes	31 March 2022	31 Dec 2021
Cash and cash equivalents		29,148	32,789
Receivables from credit institutions		13,610	13,419
Derivative contracts	14	3,677	3,712
Receivables from customers		26,636	26,236
Investment assets		16,654	17,373
Intangible assets		9	12
Property, plant and equipment (PPE)		5	5
Other assets		1,226	1,274
Tax assets		3	
Total assets		90,968	94,820
Liabilities to credit institutions		42,885	42,660
Derivative contracts		3,036	2,669
Liabilities to customers		15,968	18,357
Debt securities issued to the public	8	20,599	22,630
Provisions and other liabilities		2,513	1,874
Tax liabilities		315	339
Subordinated liabilities		1,468	1,994
Total liabilities		86,784	90,524
Equity capital			
Share capital		428	428
Fair value reserve	9	21	42
Other reserves		1,019	1,019
Retained earnings		2,716	2,807
Total equity capital		4,184	4,296
Total liabilities and equity capital		90,968	94,820

Statement of changes in equity

EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance at 1 January 2021	428	22	1,019	2,551	4,020
Total comprehensive income for the period		-2		55	53
Profit for the period				53	53
Other comprehensive income		-2		2	0
Balance at 31 March 2021	428	21	1,019	2,605	4,073

EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance at 1 January 2022	428	42	1,019	2,807	4,296
Total comprehensive income for period		-21		-11	-32
Profit for the period				-14	-14
Other comprehensive income		-21		3	-18
Profit distribution				-80	-80
Balance at 31 March 2022	428	21	1,019	2,716	4,184

Cash flow statement

EUR million	Q1 2022	Q1 2021
Cash flow from operating activities		
Profit for the period	-14	53
Adjustments to profit for the period	238	267
Increase (-) or decrease (+) in operating assets	-377	-1,637
Receivables from credit institutions	-73	-1,909
Derivative contracts	-79	-7
Receivables from customers	-486	12
Investment assets	213	48
Other assets	48	220
Increase (+) or decrease (-) in operating liabilities	-1,211	6,829
Liabilities to credit institutions	523	7,170
Derivative contracts	239	143
Liabilities to customers	-2,388	-687
Provisions and other liabilities	415	203
Income tax paid	-19	-8
A. Net cash from operating activities	-1,382	5,504
Cash flow from investing activities		
Purchase of PPE and intangible assets	0	0
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	0	0
Cash flow from financing activities		
Subordinated liabilities, change	-505	-10
Debt securities issued to the public, change	-1,640	688
Dividends paid	-80	
Lease liabilities	0	0
C. Net cash used in financing activities	-2,225	677
Net change in cash and cash equivalents (A+B+C)	-3,607	6,182
Cash and cash equivalents at period-start	32,891	21,842
Effect of foreign exchange rate changes	83	-199
Cash and cash equivalents at period-end	29,367	27,824
Interest received	156	178
Interest paid	-99	-168
Cash and cash equivalents		
Liquid assets	29,148	27,628
Receivables from credit institutions payable on demand	220	196
Total	29,367	27,824

Notes

1. Accounting policies
2. Segment reporting
3. Net interest income
4. Net commissions and fees
5. Net investment income
6. Other operating expenses
7. Impairment losses on receivables
8. Debt securities issued to the public
9. Fair value reserve after income tax
10. Collateral given
11. Classification of financial assets and liabilities
12. Recurring fair value measurements by valuation technique
13. Off-balance-sheet commitments
14. Derivative contracts
15. Related-party transactions

Note 1. Accounting policies

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and with the accounting policies presented in the financial statements 2021.

Since the beginning of 2022, the new name of the Other Operations segment has been the Group Functions segment.

The Interim Report is based on unaudited figures. Given that all figures in the Interim Report have been rounded off, the sum total of individual figures may deviate from the presented sums.

The Interim Report is available in Finnish, English and Swedish. The Finnish version is official that will be used if there is any discrepancy between the language versions.

1. Critical accounting estimates and judgements

The preparation of the Interim Report requires making estimates and assumptions about the future and the actual results may differ from these estimates and assumptions. It also requires the management to exercise its judgement in the process of applying the accounting policies. In preparing the Interim Report, management judgement has been used especially in the calculation of expected credit losses.

Expected credit losses

The determination of the measurement models for expected credit losses (ECL) involves several factors requiring management judgement, such as:

- selection of appropriate ECL models so that they describe the expected credit losses on the contract portfolio as well as possible
- different assumptions and expert assessments made in the models
- selection of the estimation methods of the parameters for the ECL models
- determination of the contract's maturity for non-maturing loans (revolving credit facilities)
- determination of model risk associated with the quality of the available modelling data and other data
- proper grouping of contracts into different segments so that their ECL can be measured using the appropriate model
- selection of macroeconomic factors in such a way that their changes correlate with the contracts' probability of default
- forecasting future macroeconomic scenarios and their probabilities
- extra provisions based on management judgement related to a certain industry due to Covid-19, for example
- reductions in collateral value made on the basis of the geographical location of collateral based on management judgement.

Management judgement has also been used in the assessment of a significant increase in credit risk, such as in:

- the expert assessment used in the assessment of change in relative credit risk associated with personal customers to ensure a true number of contracts that move to stage 2 before moving to stage 3 (so-called default capture rate)
- the selection of the absolute threshold that is based on historical default behaviour and OP Financial Group's credit risk process
- the determination of the length of a period during which the customer must prove proper payment behaviour so that the impairment stage 3 can improve to stage 2 or 1.

The actual measurement of ECL figures is performed using the ECL models without management judgement, except if it is mainly the question of a large corporate exposure in stage 2 or 3 and on the watch list, in which case the ECL is calculated using the cash flow based ECL method based on expert assessment.

Management overlays directly to the ECL figures (post-model adjustments) are intended only for temporary use until an unpredictable event caused by the overlay provision or circumstance could have been taken into account in the ECL models. The existing ECL models do not take account of the Environmental, Social and Governance (ESG) risks as a separate component.

Management judgement and estimates included in the calculation of expected credit losses in respect of other than that presented above are included in the 2021 financial statements.

Note 7. Impairment loss on receivables includes information on choices related to the war in Ukraine made in calculating expected credit losses.

2. Effective interest rate of TLTRO III loans

The effective interest rate has been calculated on TLTRO loans based on management judgement related to the fulfilment of net lending criteria for upcoming review periods. If changes occur later in this management judgement, they will be treated as changes in the loan's carrying amount. The gross carrying amount of the loan is recalculated in such a way that it corresponds to the present value of the reassessed cash flows that is discounted at the loan's original effective interest rate. The resulting adjustment is recognised through profit or loss.

Note 2. Segment reporting

Segment information

	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment Items	Total
Q1 earnings 2022, EUR million						
Net interest income	53	40	12	-10		94
of which internal net income before tax	-1	-12	0	12		
Net commissions and fees	-13	15	3	-1		3
Net investment income	-2	0	0	9		7
Other operating income	2	6	0	6	-2	12
Total income	40	60	14	4	-2	116
Personnel costs	9	7	2	0		18
Depreciation/amortisation	2	1	1	0		3
Other operating expenses	34	25	7	6	-2	70
Total expenses	44	32	10	7	-2	91
Impairments loss on receivables	-29	-11	-3	0		-42
Earnings before tax	-33	17	2	-3		-17

	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment Items	Total
Q1 earnings 2021, EUR million						
Net interest income	52	37	7	-20		77
of which internal net income before tax	4	-7	0	3		
Net commissions and fees	-1	14	2	-1		13
Net investment income	49	0	0	0		49
Other operating income	7	6	0	4	-7	11
Total income	107	57	9	-16	-7	150
Personnel costs	8	6	1	1		16
Depreciation/amortisation	2	1	1	0		3
Other operating expenses	28	25	4	15	-7	67
Total expenses	38	33	6	17	-7	87
Impairments loss on receivables	-5	5	1	0		2
Earnings before tax	65	30	3	-33		65

Balance sheet 31 March 2022, EUR million	Corporate Banking and Capital Markets		Asset and Sales Finance Services and Payment Transfers		Baltics	Group Functions	Inter-segment Items	Total
Cash and cash equivalents	11		138		45	28,953		29,148
Receivables from credit institutions	0		229		0	13,381		13,610
Derivative contracts	3,461					217		3,677
Receivables from customers	15,479		8,163		2,557	438		26,636
Investment assets	551		0		0	16,103		16,654
Intangible assets	4		3		1	1		9
Property, plant and equipment (PPE)	0		1		3	1		5
Other assets	277		338		9	602		1,226
Tax assets	0		0		0	3		3
Total assets	19,869		8,878		2,523	59,698		90,968
Liabilities to credit institutions	3		139		0	42,742		42,885
Derivative contracts	2,794					243		3,036
Liabilities to customers	3		13,495		556	1,915		15,968
Debt securities issued to the public	1,343					19,255		20,599
Provisions and other liabilities	784		321		80	1,327		2,513
Tax liabilities	1		0		2	313		315
Subordinated liabilities						1,468		1,468
Total liabilities	18,310		522		638	67,315		86,784
Equity								4,184

Balance sheet 31 December 2021, EUR million	Corporate Banking and Capital Markets		Asset and Sales Finance Services and Payment Transfers		Baltics	Group Functions	Inter-segment Items	Total
Cash and cash equivalents	11		124		48	32,606		32,789
Receivables from credit institutions	-2		133		-3	13,291		13,419
Derivative contracts	3,441					271		3,712
Receivables from customers	15,240		8,041		2,385	570		26,236
Investment assets	487		0		0	16,886		17,373
Intangible assets	5		3		2	1		12
Property, plant and equipment (PPE)	1		1		3	1		5
Other assets	307		321		-97	743		1,274
Tax assets	0		0		0	0		0
Total assets	19,490		8,622		2,338	64,370		94,820
Liabilities to credit institutions	-40		151		0	42,549		42,660
Derivative contracts	2,553					117		2,669
Liabilities to customers	-1		14,894		663	2,801		18,357
Debt securities issued to the public	1,406					21,225		22,630
Provisions and other liabilities	747		0		-4	1,131		1,874
Tax liabilities	1		0		2	336		339
Subordinated liabilities						1,994		1,994
Total liabilities	4,665		15,045		661	70,153		90,524
Equity								4,296

Note 3. Net interest income

EUR million	Q1 2022	Q1 2021
Interest income		
Receivables from credit institutions	1	10
Receivables from customers		
Loans	94	88
Finance lease receivables	8	6
Impaired loans and other commitments		
Total	102	94
Notes and bonds		
Measured at fair value through profit or loss	0	0
At fair value through other comprehensive income	12	13
Amortised cost	-5	0
Total	7	13
Derivative contracts		
Fair value hedge	-24	-27
Cash flow hedge	0	
Other	1	2
Total	-23	-26
Liabilities to credit institutions		
Negative interest	31	18
Liabilities to customers		
Negative interest	11	9
Other	2	1
Total	131	119
Interest expenses		
Liabilities to credit institutions	10	18
Liabilities to customers	-2	-2
Notes and bonds issued to the public	16	25
Subordinated liabilities		
Subordinated loans		0
Other	12	16
Total	12	16
Derivative contracts		
Cash flow hedge	-38	-41
Other	-6	-10
Total	-44	-51
Receivables from credit institutions		
Negative interest	41	37
Other	1	1
Total	34	43
Net Interest Income before fair value adjustment under hedge accounting	97	76
Hedging derivatives	-147	-51
Value changes of hedged items	144	51
Total	94	77

Note 4. Net commissions and fees

Q1 2022, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter- segment Items	Total
Commission Income						
Lending	6	3	1	0		10
Deposits	0	0	1	0		1
Payment transfers	0	8	0	0		8
Securities brokerage	8					8
Securities issuance	1			0		1
Fund fees	0	0		0		0
Asset management	1	0	0			1
Legal services	0					0
Guarantees	0	2	1	0		3
Other		2	0			2
Total	16	15	3	0		34
Commission expenses						
Lending		0		0		0
Payment transfers	0	0	0	0		0
Securities brokerage	1			0		1
Securities issuance	0			0		0
Asset management	0			1		1
Guarantees			0			0
Derivatives	27					27
Other	1			0		1
Total	29	1	0	1		31
Total net commissions and fees	-13	15	3	-1		3

Q1 2021, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter- segment Items	Total
Commission Income						
Lending	7	4	0	0		12
Deposits	0	0	1	0		1
Payment transfers	0	8	0	0		8
Securities brokerage	9					9
Securities issuance	3					3
Fund fees	0	0		0		0
Asset management	1	0				1
Guarantees	1	2	0	0		3
Other	0	1	0			1
Total	21	15	2	0		37
Commission expenses						
Lending		0		0		0
Payment transfers	0	1	0	0		1
Securities brokerage	1			0		1
Securities issuance	1			0		1
Asset management	0			0		0
Guarantees			0			0
Derivatives	19					19
Other	1	0		0		1
Total	22	1	0	1		24
Total net commissions and fees	-1	14	2	-1		13

Note 5. Net investment income

EUR million	Q1 2022	Q1 2021
Net income from assets at fair value through other comprehensive Income		
Notes and bonds		
Capital gains and losses	9	3
Total	9	3
Net Income recognised at fair value through profit or loss		
Financial assets held for trading		
Notes and bonds		
Interest income and expenses	1	2
Fair value gains and losses	-10	-2
Total	-9	0
Shares and participations		
Fair value gains and losses	3	0
Total	3	0
Derivatives		
Interest income and expenses	1	6
Fair value gains and losses	3	40
Total	4	46
Total	-2	46
Total net investment income	7	49

Note 6. Other operating expenses

EUR million	Q1 2022	Q1 2021
ICT costs		
Production	19	21
Development	4	4
Buildings	0	0
Government charges and audit fees	30	22
Service charges to OP Cooperative	7	6
Purchased services	5	3
Data communications	0	0
Marketing	0	0
Corporate social responsibility	0	0
Insurance and security costs	1	1
Other	4	10
Total	70	67

Development costs

EUR million	Q1 2022	Q1 2021
ICT development costs	4	4
Share of own work	0	
Total development costs in the income statement	4	4
Capitalised ICT costs		0
Total capitalised development costs		0
Total development costs	4	4
Depreciation/amortisation and impairment loss	3	3

Note 7. Impairment losses on receivables

EUR million	Q1 2022	Q1 2021
Receivables written down as loan and guarantee losses	-1	-3
Recoveries of receivables written down	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-42	4
Expected credit losses (ECL) on notes and bonds	0	0
Total	-42	2

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by Impairment stage 31 March 2022

Exposures	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total exposure
EUR million						
Receivables from customers (gross)						
Corporate Banking	24,638	1,457	212	1,669	595	26,902
Total	24,638	1,457	212	1,669	595	26,902
Off-balance-sheet limits						
Corporate Banking	4,127	280	56	335	76	4,539
Total	4,127	280	56	335	76	4,539
Other off-balance-sheet commitments						
Corporate Banking	7,603	177		177	82	7,861
Total	7,603	177		177	82	7,861
Notes and bonds						
Other Operations	12,688	24		24		12,711
Total	12,688	24		24		12,711
Total exposures within the scope of accounting for expected credit losses	49,056	1,938	267	2,205	753	52,013

Loss allowance by Impairment stage 31 March 2022

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total loss allowance
EUR million						
Receivables from customers						
Corporate Banking	-23	-21	-8	-29	-301	-353
Total	-23	-21	-8	-29	-301	-353
Other off-balance-sheet commitments**						
Corporate Banking	-2	-2		-2	-22	-26
Total	-2	-2		-2	-22	-26
Notes and bonds***						
Other Operations	-1	-1		-1		-2
Total notes and bonds	-1	-1		-1		-2
Total	-27	-24	-8	-31	-323	-381

* Loss allowance is recognised as one component to deduct the balance sheet item.

** Loss allowance is recognised in provisions and other liabilities in the balance sheet.

*** Loss allowance is recognised in the fair value reserve in other comprehensive income.

The table below shows a summary of loss allowance relative to the exposure amount by impairment stage. The coverage ratio describes the ratio of loss allowance to exposure amount.

Summary and key indicators 31 March 2022	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet Items						
Corporate Banking	36,368	1,914	267	2,181	753	39,302
Loss allowance						
Corporate Banking	-25	-23	-8	-31	-323	-379
Coverage ratio, %						
Corporate Banking	-0.07%	-1.20%	-2.90%	-1.41%	-42.92%	-0.96%
Receivables from customers; total on-balance-sheet and off-balance-sheet Items	36,368	1,914	267	2,181	753	39,302
Total loss allowance	-25	-23	-8	-31	-323	-379
Total coverage ratio, %	-0.07%	-1.20%	-2.90%	-1.41%	-42.92%	-0.96%
Carrying amount, notes and bonds						
Other Operations	12,688	24		24		12,711
Loss allowance						
Other Operations	-1	0		0		-2
Coverage ratio, %						
Other Operations	-0.01%	-2.17%		-2.17%		-0.02%
Total notes and bonds	12,688	24		24		12,711
Total loss allowance	-1	-1		-1		-2
Total coverage ratio, %	-0.01%	-2.17%		-2.17%		-0.02%

Exposures within the scope of accounting for expected credit losses by impairment stage 31 December 2021

Exposures	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total exposure
EUR million						
Receivables from customers (gross)						
Corporate Banking	24,673	1,058	247	1,304	508	26,486
Total	24,673	1,058	247	1,304	508	26,486
Off-balance-sheet limits						
Corporate Banking	4,279	190	88	278	75	4,631
Total	4,279	190	88	278	75	4,631
Other off-balance-sheet commitments						
Corporate Banking	7,196	121		121	78	7,396
Total	7,196	121		121	78	7,396
Notes and bonds						
Other Operations	13,160	31		31		13,191
Total	13,160	31		31		13,191
Total exposures within the scope of accounting for expected credit losses	49,309	1,399	335	1,733	661	51,704

Loss allowance by Impairment stage 31 December 2021

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total loss allowance
EUR million						
Receivables from customers						
Corporate Banking	-23	-23	-2	-25	-269	-317
Total	-23	-23	-2	-25	-269	-317
Other off-balance-sheet commitments**						
Corporate Banking	-3	-3		-3	-14	-20
Total	-3	-3		-3	-14	-20
Notes and bonds***						
Other Operations	-2	-1		-1		-2
Total notes and bonds	-2	-1		-1		-2
Total	-28	-26	-2	-28	-283	-339

* Loss allowance is recognised as one component to deduct the balance sheet item.

** Loss allowance is recognised in provisions and other liabilities in the balance sheet.

*** Loss allowance is recognised in the fair value reserve in other comprehensive income.

The table below shows a summary of loss allowance relative to the exposure amount by impairment stage. The coverage ratio describes the ratio of loss allowance to exposure amount.

Summary and key indicators 31 December 2021	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	36,149	1,368	335	1,703	661	38,513
Loss allowance						
Corporate Banking	-26	-25	-2	-27	-283	-337
Coverage ratio, %						
Corporate Banking	-0.07%	-1.85%	-0.63%	-1.61%	-42.83%	-0.88%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	36,149	1,368	335	1,703	661	38,513
Total loss allowance	-26	-25	-2	-27	-283	-337
Total coverage ratio, %	-0.07%	-1.85%	-0.63%	-1.61%	-42.83%	-0.88%
Carrying amount, notes and bonds						
Other Operations	13,160	31		31		13,191
Loss allowance						
Other Operations	-2	-1		-1		-2
Coverage ratio, %						
Other Operations	-0.01%	-2.00%		-2.00%		-0.02%
Total notes and bonds	13,160	31		31		13,191
Total loss allowance	-2	-1		-1		-2
Total coverage ratio, %	-0.01%	-2.00%		-2.00%		-0.02%

The table below shows a change in exposures within the scope of the measurement of expected credit losses by impairment Stage for January–March 2022 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet Items, EUR million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; off-balance-sheet Items 1 January 2022	36,149	1,703	661	38,513
Transfers from Stage 1 to Stage 2, incl. repayments	-1,032	1,020		-12
Transfers from Stage 1 to Stage 3, incl. repayments	-105		104	-2
Transfers from Stage 2 to Stage 1, incl. repayments	432	-446		-14
Transfers from Stage 2 to Stage 3, incl. repayments		-77	75	-2
Transfers from Stage 3 to Stage 1, incl. repayments	5		-5	0
Transfers from Stage 3 to Stage 2, incl. repayments		37	-40	-3
Increases due to origination and acquisition	1,709	23	3	1,735
Decreases due to derecognition	-1,564	-46	-23	-1,633
Unchanged Stage, incl. repayments	774*	-32	-22	720
Receivables from customers; on-balance-sheet and off-balance-sheet Items 31 March 2022	36,368	2,181	753	39,302

* Stage 1 positive net change is related to increases in off-balance-sheet limits.

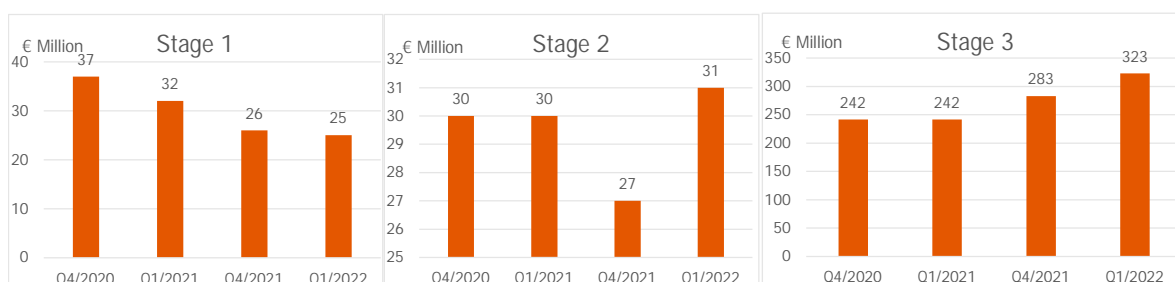
The table below shows the change in loss allowance by impairment stage during January–March 2022.

Receivables from customers and off-balance-sheet Items, EUR million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2022	26	27	283	337
Transfers from Stage 1 to Stage 2	-1	8		7
Transfers from Stage 1 to Stage 3	-3		38	35
Transfers from Stage 2 to Stage 1	0	-2		-2
Transfers from Stage 2 to Stage 3		-9	17	8
Transfers from Stage 3 to Stage 1	0		-1	-1
Transfers from Stage 3 to Stage 2		1	-5	-4
Increases due to origination and acquisition	1	0	1	3
Decreases due to derecognition	-2	-1	-7	-10
Changes in risk parameters (net)	3	6	-3	6
Net change in expected credit losses	-1	3	40	42
Loss allowance 31 March 2022	25	31	323	379

OP Corporate Bank has assessed the financial effects of Russia's war of aggression in Ukraine on the credit risk of its customers. The effects arise, for example, from business closure and a rise in energy, raw material and other production costs. Impairment loss on receivables in the income statement increased by EUR 44 million to EUR 42 million (-2). A significant part of this increase came from the indirect effects of the war in Ukraine. The remaining EUR 8 million consist of the management overlay provision affecting the riskiest sectors, that is to say construction, energy and transport. Significant uncertainty is still involved in the amount of expected credit losses arising from the effects of the war in Ukraine.

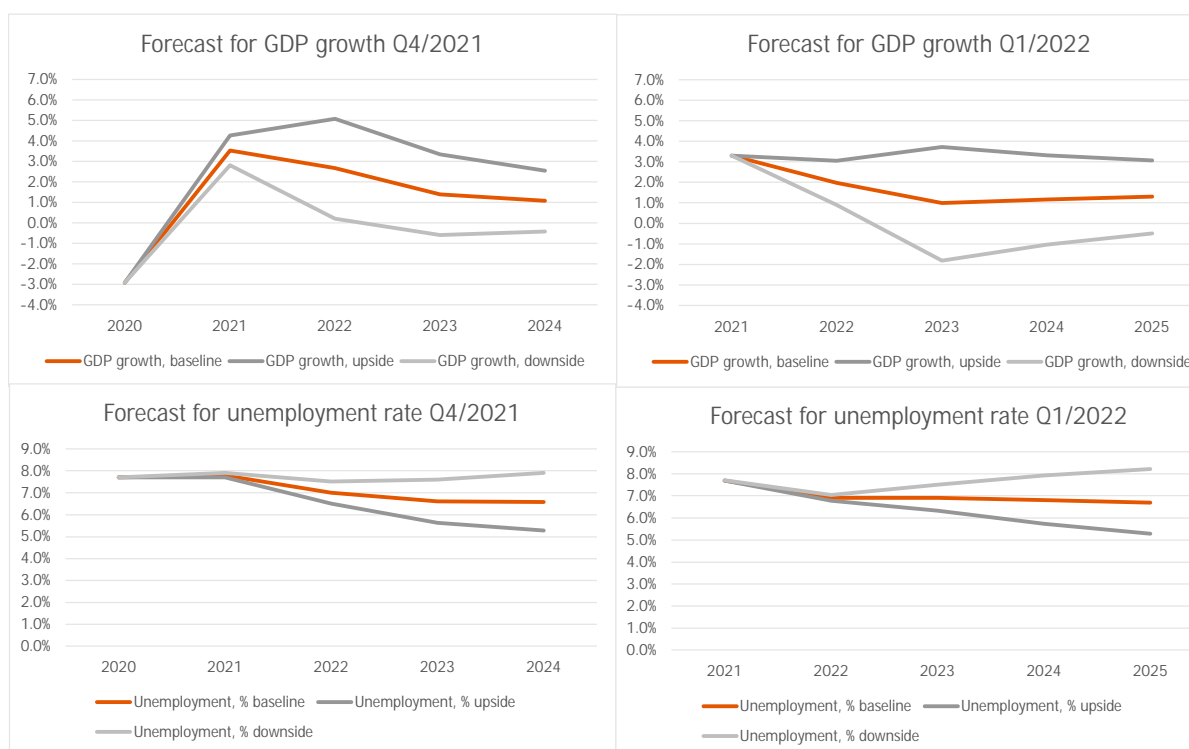
At the end of 2021, OP Corporate Bank made a 6-million euro additional ECL provision concerning CRE backed loans nearest to stage 3. The provision was aimed at anticipating growth in the ECL caused by the update of the collateral assessment of riskier collateral real estate holdings and probable default statutes. The provision was not reversed during Q1/2022.

The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years. The graphs show the effect of the Russian military operations in stages 2 and 3 in Q1/2022.



In ECL measurement, macroeconomic factors are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been at normal level, or downside 20%, baseline 60% and upside 20%. During the first quarter of 2022, the update of the macroeconomic forecasts did not have any significant effect on the ECL.

The following graphs illustrate change in forecasts for GDP and the unemployment rate.



Notes and bonds, EUR million

	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2022	2	0		2
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0			0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	0	0		0
Loss allowance 31 March 2022	2	0		2

The table below shows the change in loss allowance by impairment stage during 2021.

Receivables from customers and off-balance-sheet Items, EUR million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2021	36	29	243	308
Transfers from Stage 1 to Stage 2	-1	6		5
Transfers from Stage 1 to Stage 3	0		13	13
Transfers from Stage 2 to Stage 1	1	-4		-4
Transfers from Stage 2 to Stage 3		-7	32	25
Transfers from Stage 3 to Stage 2		2	-3	-1
Transfers from Stage 3 to Stage 1	0		-2	-2
Increases due to origination and acquisition	10	5	8	24
Decreases due to derecognition	-17	-6	-25	-48
Changes in risk parameters (net)	-3	1	46	44
Changes due to update in the methodology for estimation (net)	1	1	0	2
Decrease in allowance account due to write-offs		0	-30	-30
Net change in expected credit losses	-10	-2	40	27
Loss allowance 31 December 2021	26	27	283	337

The table below shows a change in exposures within the scope of the calculation of expected credit losses by impairment Stage for 2021 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet Items, EUR million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet Items 1 January 2021	33,197	2,021	682	35,900
Transfers from Stage 1 to Stage 2, incl. repayments	-913	857		-57
Transfers from Stage 1 to Stage 3, incl. repayments	-92		73	-19
Transfers from Stage 2 to Stage 1, incl. repayments	549	-613		-64
Transfers from Stage 2 to Stage 3, incl. repayments		-134	115	-20
Transfers from Stage 3 to Stage 1, incl. repayments	11		-14	-3
Transfers from Stage 3 to Stage 2, incl. repayments		25	-28	-2
Increases due to origination and acquisition	-1,097	-47	-95	-1,240
Decreases due to derecognition	11,579	231	50	11,861
Unchanged Stage, incl. repayments	-7,085	-634	-81	-7,800
Recognised as final credit loss		-3	-40	-43
Receivables from customers; on-balance-sheet and off-balance-sheet Items 31 December 2021	36,149	1,703	661	38,513

Notes and bonds, EUR million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2021	2	1		2
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0			0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	0	0		0
Loss allowance 31 December 2021	2	0		2

Note 8. Debt securities issued to the public

EUR million	31 March 2022	31 Dec 2021
Bonds	9,372	10,927
Subordinated bonds (SNP)	4,390	3,926
Other		
Certificates of deposit	295	297
Commercial paper	6,575	7,539
Included in own portfolio in trading (-)*	-33	-58
Total debt securities issued to the public	20,599	22,630

*Own bonds held by OP Corporate Bank plc have been set off against liabilities.

Note 9. Fair value reserve after income tax

EUR million	Fair value through other comprehensive Income		
	Notes and bonds	Cash flow hedging	Total
Opening balance 1 January 2021	20	2	22
Fair value changes	4	-3	1
Capital gains transferred to income statement	-3		-3
Deferred tax	0	1	0
Closing balance 31 March 2021	21	-1	21
EUR million	Fair value through other comprehensive Income		
	Notes and bonds	Cash flow hedging	Total
Opening balance 1 January 2022	43	-1	42
Fair value changes	-13	-5	-18
Capital gains transferred to income statement	-8		-8
Deferred tax	4	1	5
Closing balance 31 March 2022	26	-5	21

The fair value reserve before tax amounted to EUR 27 million (26) at the end of the reporting period and the related deferred tax asset/liability was EUR -5 million (-5). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR 0 million (0) in the fair value reserve during the reporting period. Data on 31 March 2021 are used as comparatives.

Note 10. Collateral given

EUR million	31 March 2022	31 Dec 2021
Given on behalf of own liabilities and commitments		
Others	18,111	18,320
Total collateral given*	18,111	18,320
Secured derivative liabilities	613	744
Other secured liabilities	16,028	16,004
Total	16,641	16,748

* In addition, bonds with a book value of EUR 1.5 billion have been pledged in the central bank, of which EUR 1.0 billion in intraday settlement collateral. Given that the bonds are available for withdrawal without the central bank's advance permission, they are not presented in the table above.

Note 11. Classification of financial assets and liabilities

Fair value through profit or loss

Assets, EUR million	Amortised cost	Fair value through other comprehensive income	Financial assets held for trading	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	29,148					29,148
Receivables from credit institutions	13,610					13,610
Derivative contracts			3,485		193	3,677
Receivables from customers	26,636					26,636
Notes and bonds	3,845	12,393	397			16,635
Equity instruments		0	19			19
Other financial assets	1,226					1,226
Financial assets						90,951
Other than financial instruments						18
Total 31 March 2022	74,464	12,393	3,900		193	90,968

Assets, EUR million	Amortised cost	Fair value through other comprehensive income	Financial assets held for trading	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	32,789					32,789
Receivables from credit institutions	13,419					13,419
Derivative contracts			3,444		268	3,712
Receivables from customers	26,236					26,236
Notes and bonds	3,853	13,171	331			17,355
Equity instruments		0	18			18
Other financial assets	1,274					1,274
Financial assets						94,803
Other than financial instruments						17
Total 31 December 2021	77,571	13,171	3,792		268	94,820

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		42,885		42,885
Derivative contracts	2,863		174	3,036
Liabilities to customers		15,968		15,968
Debt securities issued to the public		20,599		20,599
Subordinated loans		1,468		1,468
Other financial liabilities		2,299		2,299
Financial liabilities				86,255
Other than financial liabilities				529
Total 31 March 2022	2,863	83,219	174	86,784

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		42,660		42,660
Derivative contracts	2,579		91	2,669
Liabilities to customers		18,357		18,357
Debt securities issued to the public		22,630		22,630
Subordinated loans		1,994		1,994
Other financial liabilities		1,748		1,748
Financial liabilities				90,059
Other than financial liabilities				465
Total 31 December 2021	2,579	87,389	91	90,524

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March 2022, the fair value of these debt instruments was approximately EUR 320 million (190) lower (higher) than their carrying amount, based on information available from markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their amortised costs, but determining reliable fair values involves uncertainty.

Note 12. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2022, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments		14	5	19
Debt instruments	84	75	238	397
Derivative financial instruments	2	3,579	96	3,677
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	11,074	756	564	12,393
Total financial instruments	11,160	4,424	903	16,487
Investment property			0	0
Total	11,160	4,424	903	16,487

Fair value of assets on 31 December 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments		13	5	18
Debt instruments	77	60	193	331
Derivative financial instruments	1	3,604	106	3,712
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	10,269	2,376	527	13,171
Total financial instruments	10,347	6,053	832	17,232
Investment property			0	0
Total	10,347	6,053	832	17,232

Fair value of liabilities on 31 March 2022, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Other		0		0
Derivative financial instruments	4	2,992	40	3,036
Total	4	2,993	40	3,037

Fair value of liabilities on 31 December 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Other		0		0
Derivative financial instruments	2	2,637	30	2,669
Total	2	2,637	30	2,669

Level 1: Quoted prices in active markets

This level includes equities listed on major stock exchanges, quoted debt instruments issued by companies, governments and financial institutions, as well as exchange-traded derivatives. The fair value of these instruments is determined on the basis of the quotes in active markets.

Level 2: Valuation techniques using observable inputs

Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. This hierarchy level includes the majority of OP Corporate Bank plc's OTC derivatives and quoted debt instruments issued by companies, governments and financial institutions which have not been included in Level 1.

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve uncertainty. The fair value determination of the instruments included within this level contains inputs not based on observable market data (unobservable inputs). Level 3 also includes bonds for which there is little, if any, market activity on the valuation date. This level includes the most complex OTC derivatives and derivatives with a long maturity for which the Group had to extrapolate the market data used in their value measurement, as well as certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. Level 3 fair value is based on pricing information from a third party.

Transfers between levels of the fair value hierarchy

Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change. Transfers between the levels are mainly due to the number of available market quotes.

Reconciliation of Level 3 Items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss	Derivative contracts	Fair value through other comprehensive income	Total assets
Opening balance 1 January 2022	198	106	527	832
Total gains/losses in profit or loss	-184	-10		-195
Transfers into Level 3	229		89	318
Transfers out of Level 3			-52	-52
Closing balance 31 March 2022	243	96	564	903

Financial liabilities, EUR million	Derivative contracts	Total liabilities
Opening balance 1 January 2022	30	30
Total gains/losses in profit or loss	9	9
Closing balance 31 March 2022	40	40

Total gains/losses included in profit or loss by item on 31 March 2022

EUR million	Net Interest Income	Net Investment Income	Statement of comprehensive Income/ Change In fair value reserve	Total gains/ losses for the period included In profit or loss for assets/ liabilities held at period- end
Realised net gains (losses)	-184			-184
Unrealised net gains (losses)	-20			-20
Total net gains (losses)	-204			-204

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. Level 3 derivatives relate to structured bonds issued by OP Corporate Bank, whose return is determined by the value performance of an embedded derivative instrument. The fair value change of these embedded derivatives is not presented in the above table. In addition, long-maturity derivatives have been included in Level 3 for which the Group had to extrapolate the market data used in their value measurement.

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2022.

Note 13. Off-balance-sheet commitments

EUR million	31 March 2022	31 Dec 2021
Guarantees	339	406
Other guarantee liabilities	2,563	2,413
Loan commitments	5,407	5,678
Commitments related to short-term trade transactions	644	656
Other	494	495
Total off-balance-sheet commitments	9,447	9,649

Note 14. Derivative contracts

Total derivatives 31 March 2022

EUR million	Nominal values/residual maturity			Total	Fair values*	
	<1 year	1-5 years	>5 years		Assets	Liabilities
Interest rate derivatives	37,888	101,541	103,897	243,326	2,679	2,062
Cleared by the central counterparty	8,370	47,234	55,419	111,023	191	186
Settled-to-market (STM)	5,739	30,518	38,985	75,241	137	120
Collateralised-to-market (CTM)	2,631	16,716	16,435	35,782	55	66
Currency derivatives	45,173	4,657	766	50,596	792	789
Equity and index-linked derivatives	2			2	0	
Credit derivatives	18	58		76	1	37
Other derivatives	506	478	20	1,004	108	65
Total derivatives	83,586	106,735	104,682	295,003	3,580	2,953

Total derivatives 31 December 2021

EUR million	Nominal values/residual maturity			Total	Fair values*	
	<1 year	1-5 years	>5 years		Assets	Liabilities
Interest rate derivatives	36,731	90,360	97,277	224,368	2,706	1,808
Cleared by the central counterparty	10,327	38,295	51,866	100,487	11	13
Settled-to-market (STM)	6,155	24,603	37,311	68,069	9	11
Collateralised-to-market (CTM)	4,171	13,692	14,554	32,418	2	3
Currency derivatives	44,689	5,508	757	50,954	790	662
Equity and index-linked derivatives	2			2	0	
Credit derivatives	34	62		95	2	35
Other derivatives	260	544	28	832	104	43
Total derivatives	81,716	96,473	98,061	276,251	3,602	2,549

* The fair values include accrued interest that is, excluding other than those held-for-trading derivatives, presented in the balance sheet in other assets or provisions and other liabilities. In addition, the fair value of derivatives for central counterparty clearing is offset in the balance sheet.

Note 15. Related-party transactions

OP Corporate Bank plc's related parties comprise subsidiaries consolidated into OP Cooperative Consolidated, associates, key management personnel and their close family members, and other related-party entities. The company's key management personnel comprises the President and CEO, Deputy President and CEO and other members of senior management as well as members of the Board of Directors. Related parties also include companies over which key management persons or their close family member, either alone or together with another person, exercises significant influence. Other entities regarded as related parties include OP Bank Group Pension Foundation and OP Financial Group's Personnel Fund.

Standard terms and conditions for credit are applied to loans granted to the related parties. Loans are tied to generally used reference rates.

Financial reporting

Schedule for Interim Reports in 2022:

Half-year Financial Report H1/2022	27 July 2022
Interim Report Q1–3/2022	26 October 2022

Helsinki, 4 May 2022

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