OP Corporate Bank plc's Half-year Financial Report 1 January–30 June 2022

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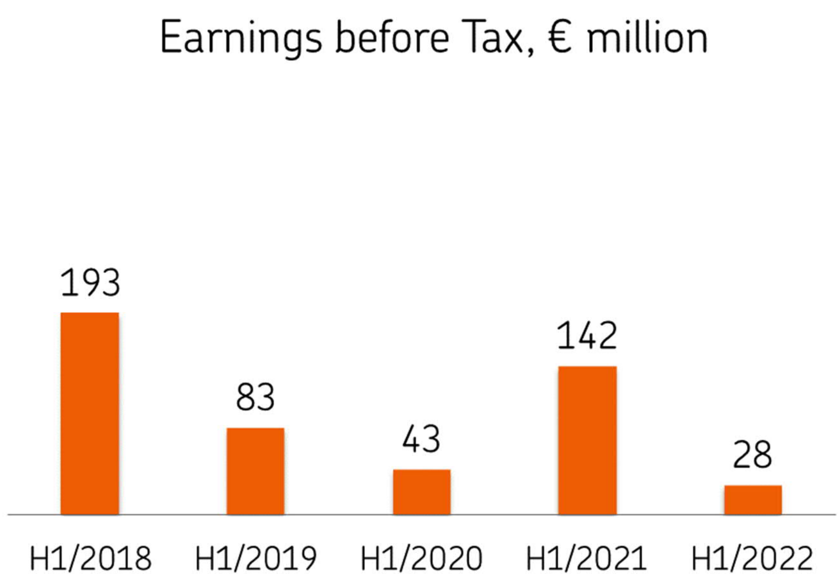
Earnings before tax H1/2022	Total income H1/2022	Loan portfolio growth in the year to June	CET1 ratio 30 June 2022
€28 million	–22%	+10%	12.4%

- OP Corporate Bank plc's earnings before tax were EUR 28 million (142). Earnings were reduced in particular by lower net investment income and higher impairment loss on receivables.
- Total income decreased by 22% to EUR 221 million (284). Net investment income fell by 86% to EUR 14 million (96). Net interest income increased by 20% to EUR 181 million (150). Net commissions and fees decreased by EUR 13 million to EUR 8 million (21).
- Total expenses of EUR 153 million were at the previous year's level.
- Impairment loss recognised on receivables amounted to EUR 40 million. A year ago, impairment loss on receivables reversed came to EUR 12 million. A significant portion of the increase in impairment loss on receivables came from the indirect effects of the war in Ukraine in the first quarter.
- OP Corporate Bank has no significant direct exposures to Russia.
- The loan portfolio grew in the year to June by 10% to EUR 27.4 billion (24.9). The deposit portfolio decreased by 2% to EUR 14.3 billion (14.5).
- The Corporate Banking and Capital Markets segment's earnings before tax were EUR –6 million (152). Total income decreased by 54% to EUR 94 million (206). Net interest income increased by 3% to EUR 109 million (106). Net investment income fell by EUR 88 million to EUR 7 million (95). Total expenses increased by 4% to EUR 71 million (68). Impairment loss on receivables increased to EUR 29 million. A year ago, impairment loss on receivables reversed came to EUR 15 million.
- The Asset and Sales Finance Services and Payment Transfers segment's earnings before tax were EUR 55 million (52). Total income increased by 6% to EUR 119 million (111). Net interest income increased by 6% to EUR 81 million (76) and net commissions and fees by 9% to EUR 30 million (28). Total expenses increased by 4% to EUR 57 million (55). Impairment loss on receivables increased to EUR 6 million (4).
- Baltic earnings before tax amounted to EUR 9 million (7). Total income increased to EUR 30 million (17). Net interest income increased to EUR 25 million (14) and net commissions and fees to EUR 6 million (4). Total expenses increased to EUR 16 million (11).
- The Group Functions segment's earnings before tax amounted to EUR –31 million (–69). Liquidity remained strong.
- OP Corporate Bank plc's CET1 ratio was 12.4% (15.4), which exceeds the minimum regulatory requirement by 5.4 percentage points.
- OP Financial Group adopted an RWA floor, based on the Standardised Approach, in the calculation of its capital adequacy ratio. Application of the floor decreased OP Corporate Bank's CET1 ratio by 2.4 percentage points in the second quarter.
- On 26 July 2022, OP Cooperative's Board of Directors decided to file a pre-application with the European Central Bank (ECB) on the use of the Standardised Approach in capital adequacy calculation, instead of the internal models (IRBA) and the currently applied risk-weighted assets floor based on the Standardised Approach. A possible transfer to the Standardised Approach will not affect OP Corporate Bank's capital adequacy or risk exposure.

OP Corporate Bank plc's key indicators

Earnings before tax, € million	H1/2022	H1/2021	Change, %	Q1–4/2021
Corporate Banking and Capital Markets	-6	152	-104.0	261
Asset and Sales Finance Services and Payment Transfers	55	52	6.5	90
Baltics	9	7	29.8	20
Group Functions	-31	-69	-	-105
Total	28	142	-80.6	267
Return on equity (ROE), %	1.1	5.3	-4.2*	5.2
Return on assets (ROA), %	0.05	0.27	-0.22*	0.25
	30 Jun 2022	30 Jun 2021	Change, %	31 Dec 2021
CET1 ratio, %	12.4	13.2	-0.8*	15.4
Loan portfolio, € million	27,434	24,858	10.4	26,236
Guarantee portfolio, € million	3,457	2,879	20.1	3,475
Other exposures, € million	5,921	5,670	4.4	5,731
Deposits, € million	14,298	14,549	-1.7	16,089
Ratio of non-performing exposures to exposures, %	1.9	2.1	-0.2 *	1.8
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.26	-0.08	0.34*	0.25

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



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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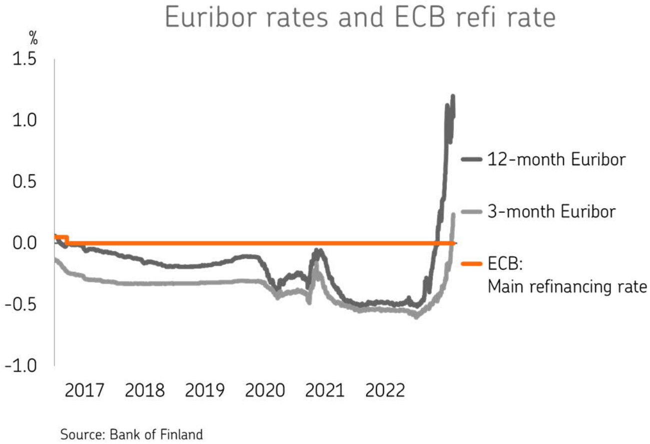
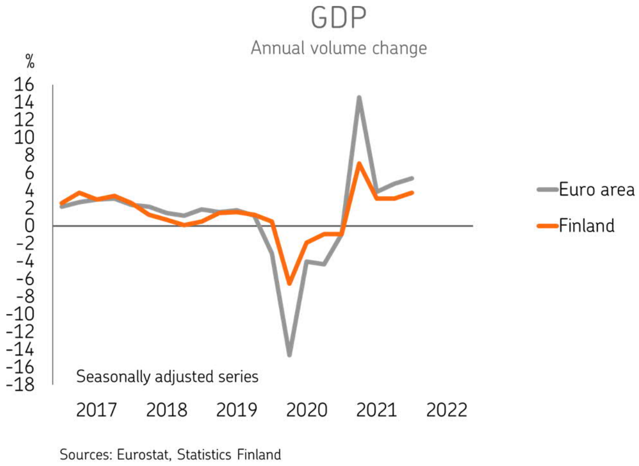
Business environment

The world economy still developed favourably during the first half in terms of many indicators. Companies showed good financial results and labour markets were exceptionally tight in many countries. However, inflation accelerated drastically, Russia's attack on Ukraine caused uncertainty and Covid-19 restrictions in China aggravated production chain bottlenecks. Economic confidence actually began to deteriorate during the second quarter. Financial market expectations of a tightening monetary policy increased interest rates sharply and stock prices fell.

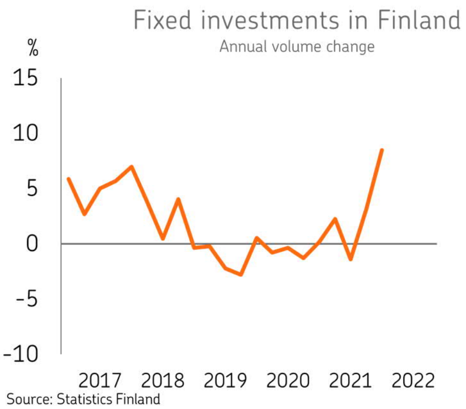


At its meeting in July, the European Central Bank (ECB) decided to raise its main refinancing rates by 0.50 percentage points. Further hikes will depend on the economic situation. The ECB terminated its net purchases of assets in early July but announced a new programme to prevent an unjustified rise in government bond interest rates.



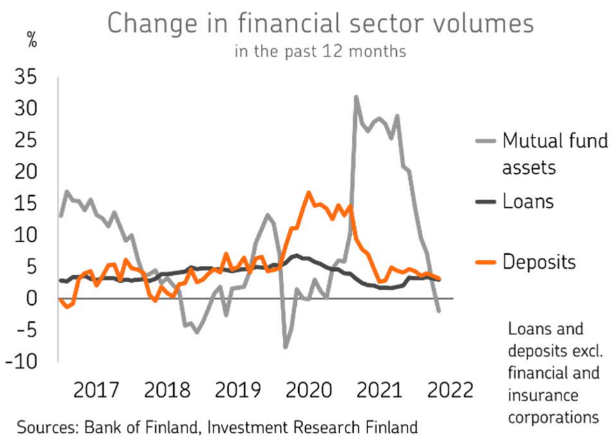
The Finnish economy grew briskly in the first half. As the Covid-19 restrictions were removed, the service sector began to recover and a strong order book supported companies. Employment increased rapidly, dampening the impact of accelerating inflation on purchasing power. Household confidence declined sharply but, so far, this has not been reflected as strongly in household spending. The housing market subsided but remained quite active.

Towards the year end, economic growth is predicted to slow down and the rise in short-term market rates is expected to continue. Exceptional levels of uncertainty are still casting a shadow over the outlook.



Growth in total loans in the Finnish financial sector remained relatively stable during the first half. In May, the annual growth rate of 3.0% was slightly lower than a year ago (3.3%). In May, annual growth in total loans taken out by Finnish households was 2.9% while the corresponding figure for housing companies was 6.5% and for corporate loans 1.6%. Home loans as a driver of growth in household loans increased by 3.1% on an annual basis.

The annual growth rate of total deposits slowed down in May to 3.4% from 5.3% in 2021. In May, corporate deposits increased by 2.9% and household deposits by 5.1% on an annual basis.



The value of mutual funds registered in Finland decreased from the 2021 record peak of EUR 158.8 billion to EUR 143 billion at the end of May. In January–May, fund unit redemptions totalled EUR 2.4 billion.

In the insurance sector, demand for insurance coverage remained stable in the first half. Negative developments in the capital market were partly reflected in the profitability of insurance companies.

OP Corporate Bank earnings

€ million	H1/ 2022	H1/ 2021	Change, %	Q2/ 2022	Q2/ 2021	Change, %	Q1–4/ 2021
Net interest income	181	150	20.4	87	73	17.8	412
Net commissions and fees	8	21	-60.6	5	7	-36.9	31
Net investment income	14	96	-85.8	6	47	-86.2	168
Other operating income	18	17	5.0	7	7	1.1	49
Total income	221	284	-22.3	104	134	-22.2	661
Personnel costs	38	36	5,2	20	19	3,7	72
Depreciation/amortisation and impairment loss	6	6	-9,4	3	3	-7,3	12
Other operating expenses	110	111	-1,6	39	45	-11,8	236
Total expenses	153	153	-0,3	62	67	-7,1	320
Impairment loss on receivables	-40	12	-442,9	2	10	-76,3	-74
Total earnings before tax	28	142	-80.6	45	77	-42.1	267

January–June

OP Corporate Bank plc's earnings before tax were EUR 28 million (142). Earnings were reduced in particular by lower net investment income and higher impairment loss on receivables. Total income decreased to EUR 221 million (284). Net interest income increased by EUR 31 million to EUR 181 million. Net commissions and fees fell by EUR 13 million to EUR 8 million. Net investment income of EUR 14 million decreased by EUR 82 million year on year. Total expenses of EUR 153 million were at the previous year's level. Impairment loss on receivables increased by EUR 52 million to EUR 40 million. A year ago, impairment loss on receivables reversed came to EUR 12 million.

Net interest income increased by EUR 31 million to EUR 181 million. Interest income rose by EUR 12 million to EUR 260 million. Interest income from receivables from customers increased by EUR 25 million to EUR 212 million. Interest expenses fell by EUR 29 million to EUR 65 million. Interest expenses were reduced especially by lower year-on-year interest expenses from debt securities issued to the public and subordinated debt.

In the year to June, OP Corporate Bank's loan portfolio grew by 10.4% to EUR 27.4 billion (24.9) and guarantee portfolio by 20.1% to EUR 3.5 billion (2.9). The deposit portfolio decreased in the year to June by 1.7% to EUR 14.3 billion (14.5). In the year to June, the amount of senior non-preferred bonds rose by EUR 1.5 billion to EUR 4.4 billion. Tier 2 bonds amounted to EUR 1.4 billion (2.0) at the end of the reporting period.

Net commissions and fees decreased by EUR 13 million to EUR 8 million. Commission income decreased by EUR 3 million and commission expenses rose by EUR 9 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 82 million to EUR 14 million. Income from financial assets held for trading decreased by EUR 88 million to EUR 5 million. Value change arising from market changes in derivative contracts between OP Corporate Bank and OP Financial Group cooperative banks reduced income from derivatives business by EUR 59 million (7). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 5 million (15). Capital gains on notes and bonds, EUR 9 million, increased by EUR 6 million year on year.

Other operating income of EUR 18 million rose by EUR 1 million year on year.

Total expenses remained at the previous year's level at EUR 153 million. Personnel costs increased by EUR 2 million to EUR 38 million. Depreciation/amortisation and impairment loss on receivables, EUR 6 million, were at the same level as a year ago. Other operating expenses decreased by EUR 2 million to EUR 110 million. Charges of financial authorities increased by EUR 7 million to EUR 31 million as a result of a rise in the stability contribution paid to the Single Resolution Fund financed by the euro-area banks. A year ago, other operating expenses were increased by the transmission to OP

Financial Group member banks of the margin exceeding the ECB's deposit facility rate based on the TLTRO III programme.

Impairment loss on receivables, EUR 40 million, was EUR 52 million higher than a year ago. A year ago, impairment loss on receivables reversed came to EUR 12 million. The indirect effects of the war in Ukraine markedly increased impairment loss on receivables in the first quarter, but no longer continued to do so in the second quarter. Impairment loss on receivables was also increased by the weakening of individual customers' credit risk exposure. Final net loan losses recognised totalled EUR 21 million (4). Loss allowance was EUR 359 million (339) at the end of the reporting period. Non-performing exposures accounted for 1.9% (2.1) of the exposures. Impairment loss on loans and receivables accounted for 0.26% (–0.08) of the loan and guarantee portfolio.

Comprehensive income for the reporting period totalled EUR 7 million (121). Change in the fair value reserve, EUR –26 million, reduced comprehensive income for the reporting period (3).

April–June

Earnings before tax for the second quarter amounted to EUR 45 million (77). Total income of EUR 104 million was EUR 30 million lower than the year before. Net investment income of EUR 6 million decreased by EUR 40 million year on year. Net interest income increased by EUR 13 million to EUR 87 million. Total expenses decreased by EUR 5 million to EUR 62 million. Impairment loss on receivables reversed came to EUR 2 million. A year ago, impairment loss on receivables reversed came to EUR 10 million.

Net interest income rose to EUR 87 million (73). Interest income from receivables from customers increased by EUR 16 million to EUR 110 million. Interest expenses were reduced by lower year-on-year interest expenses from negative interest rates of central bank deposits, debt securities issued to the public and subordinated debt.

Net commissions and fees of EUR 5 million decreased by EUR 3 million year on year. Commission income of EUR 35 million was at the previous year's level. Commission expenses rose by EUR 3 million to EUR 30 million. Commission expenses were mainly increased by fees paid to OP Financial Group member banks.

Net investment income decreased in the second quarter by EUR 40 million to EUR 6 million. Negative value changes in derivatives business affected the decrease in income.

Other operating income, EUR 7 million, remained at the previous year's level.

Total expenses decreased by EUR 5 million to EUR 62 million. Personnel costs increased by EUR 1 million to EUR 20 million. Depreciation/amortisation and impairment loss on receivables, EUR 3 million, were at the same level as a year ago. Other operating expenses totalling EUR 39 million decreased by EUR 5 million. A year ago, other operating expenses were increased by the transfer of the interest rate benefit from the interest rate margin received under TLTRO III funding to OP Financial Group companies. ICT costs of EUR 22 million remained at the previous year's level.

Impairment loss on receivables reversed came to EUR 2 million. A year ago, impairment loss on receivables reversed came to EUR 10 million. Final net loan losses recognised totalled EUR 21 million (1).

Comprehensive income for the reporting period totalled EUR 39 million (68).

April–June highlights

OP Financial Group adopted a risk-weighted assets floor, based on the Standardised Approach, in the calculation of the capital adequacy ratio

On 1 March 2022, OP Financial Group decided to adopt a risk-weighted assets floor (SA floor) in the calculation of its capital adequacy ratio – based on the Standardised Approach – in the second quarter of 2022. This was due to enhanced regulatory requirements and discussions with the banking supervisor European Central Bank on the application of the Internal Ratings Based Approach (IRBA). In the second quarter, the SA floor decreased OP Corporate Bank's CET1 ratio by 2.4 percentage points.

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 June 2022, OP Financial Group joined the international Partnership for Carbon Accounting Financials (PCAF), which aims to develop and implement a harmonised approach to assessing and disclosing greenhouse gas emissions associated with partners' loans and investments. A harmonised accounting approach will provide financial institutions with a basis for achieving the goals of the Paris Agreement. OP Financial Group is helping its stakeholders to make the transition to sustainability as a provider of financing, an insurer and an investor, and by developing new sustainable finance products.

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.

OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. OP Corporate Bank does not finance new coal power plants or coal mines, or 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.

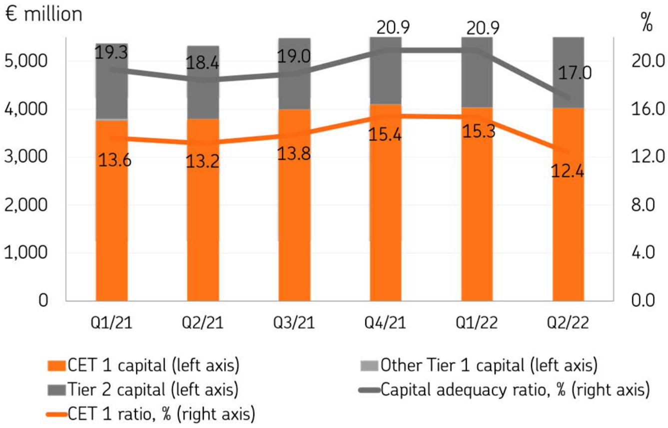
OP Corporate Bank has developed two products based on the international framework for sustainable finance: green loans and sustainability-linked loans. Green loans are designed for corporate customers that can make a commitment to using the borrowed funds to promote specific projects, while sustainability-linked loans are for corporate customers that are prepared to pursue sustainability-based performance targets agreed with the lender. These targets affect the loan margin. At the end June, total exposures from these loans and facilities stood at EUR 3.9 billion (3.0).

In January 2022, 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 institutional investors, the bond is OP Corporate Bank's second green bond and first senior non-preferred, unsecured green bond. The bond 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.

More detailed information on corporate responsibility at OP Corporate Bank is reported as part of OP Financial Group's corporate responsibility reporting. OP Financial Group reports annually on sustainability issues in accordance with the GRI standards. OP Financial Group published its corporate responsibility report for 2021 as part of its annual review. In addition, OP Financial Group's Report by the Board of Directors includes a report of non-financial information. Both reports are available in vuosi.op.fi/2021.

Capital adequacy

Capital base and capital adequacy



Capital adequacy for credit institutions

On 30 June 2022, OP Corporate Bank plc's CET1 ratio was 12.4% (15.4), which exceeds the minimum regulatory requirement by 5.4 percentage points. The CET1 ratio decreased by 2.4 percentage points following the adoption of the SA floor.

As a credit institution, the company's capital adequacy ratio is good 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%.

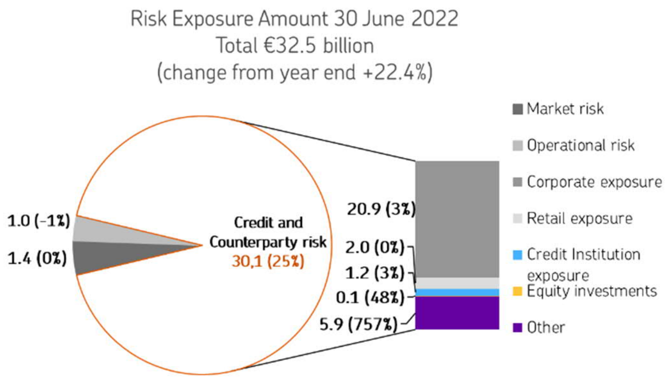
The CET1 capital totalled EUR 4.0 billion (4.1) on 30 June 2022. The CET1 capital was decreased by higher expected losses (EL), loss for the reporting period and the effect of lower fair values on equity capital.

On 30 June 2022, the risk exposure amount (REA) totalled EUR 32.5 billion (26.6), or 22% higher than on 31 December 2021. The SA floor increased the total risk exposure amount.

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 June 2022, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks. At the same time, the FIN-FSA performed an annual review of banks' capital buffer requirements and decided to raise OP

Financial Group's O-SII buffer by 0.5 percentage points to 1.5%, effective as of 1 January 2023.



OP Financial Group is in discussions with the ECB on reassessing the scope of application of internal models (IRBA, Internal Ratings-Based Approach). The Group will shift to the Standardised Approach in its capital adequacy measurement for credit institution exposures and certain minor parts of corporate exposures during the third quarter. The Group has previously applied the IRBA for such exposures. The change will have no effect on capital adequacy.

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 7.3 billion and for the subordination requirement EUR 2.4 billion. The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 4.4 billion. These bonds provide funds for the MREL subordination requirement.

Credit ratings

OP Corporate Bank plc's credit ratings on 30 June 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 profile

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 the management body.

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 developing 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 various direct and indirect effects on the prosperity of OP Financial Group's customers and on the Group's premises, IT infrastructure and personnel. 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 aggressive war in Ukraine may have an indirect effect on OP Corporate Bank's income and risks as a result of customer's changed business conditions, the general situation in the financial market and obstruction of the technical infrastructure. The impacts may be realised, for example, in the following ways:

- higher impairment loss on receivables
- lower values of investment assets
- effects of extensive sanctions and counter sanctions on OP Financial Group or its customers' activities
- higher price of wholesale funding
- problems in business continuity as a result of cyber attacks towards OP Corporate Bank or its customers.

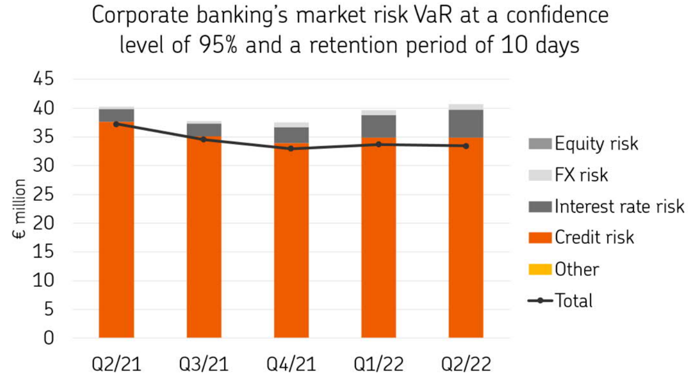
Banking

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

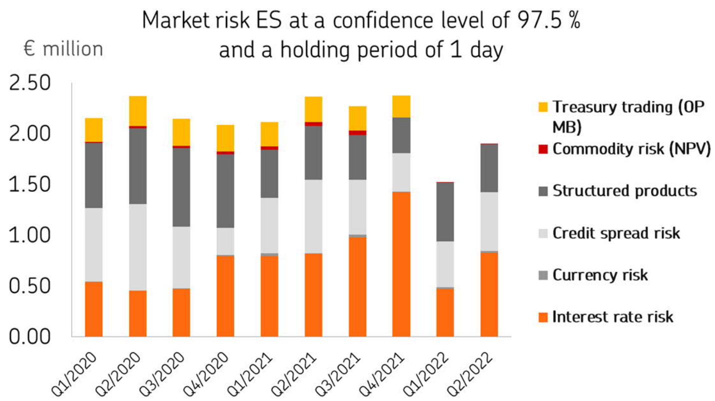
Banking credit risk exposure remained stable, its risk level remained moderate and the overall quality of the loan portfolio remained good, but there is a risk of negative developments. A rise in interest rates may have a negative effect on credit risk exposure.

The market risk level of Banking's long-term investments decreased in the second quarter. No major changes were made to the asset class allocation during the reporting period.

The VaR, a measure of market risks, was EUR 33 million (33) on 30 June 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.



The open interest rate risk of Markets is still low, but the large interest rate movements during early 2022 have increased interest rate risk. This is reflected in the increase in Expected Shortfall (ES), a market risk measure, and especially in a higher share of interest rate risk, compared with the preceding quarter.



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 1 million (25) and as the effect of a one-percentage-point decrease EUR –10 million (75) on average in the year to June. 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.

Non-performing and forborne exposures

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Over 90 days past due, € billion			0.12	0.18	0.12	0.18	0.07	0.09	0.04	0.09
Unlikely to be paid, € billion			0.37	0.31	0.37	0.31	0.13	0.09	0.24	0.22
Forborne exposures, € billion	0.15	0.19	0.20	0.14	0.34	0.32	0.09	0.09	0.25	0.24
Total, € billion	0.15	0.19	0.68	0.63	0.83	0.81	0.30	0.27	0.53	0.55

Key ratios	30 Jun 2022	31 Dec 2021
Ratio of doubtful receivables to exposures, %	2.26	2.29
Ratio of non-performing exposures to exposures, %	1.86	1.77
Ratio of performing forborne exposures to exposures, %	0.39	0.52
Ratio of performing forborne exposures to doubtful receivables, %	17.5	22.9
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	42.9	41.5

At the end of the second 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 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 Half-year Financial Report.

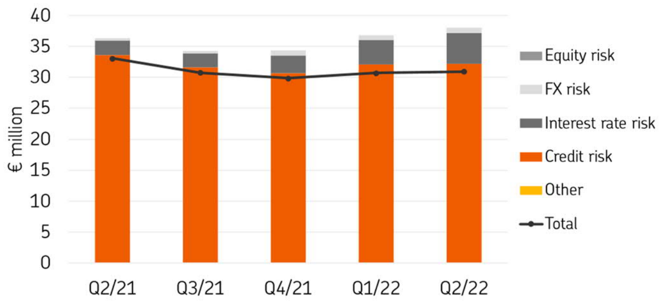
Group Functions

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.

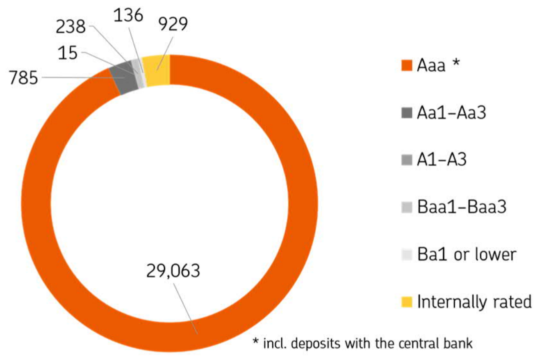
OP Financial Group's and OP Corporate Bank plc's funding position and liquidity is strong.

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 30 June 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.

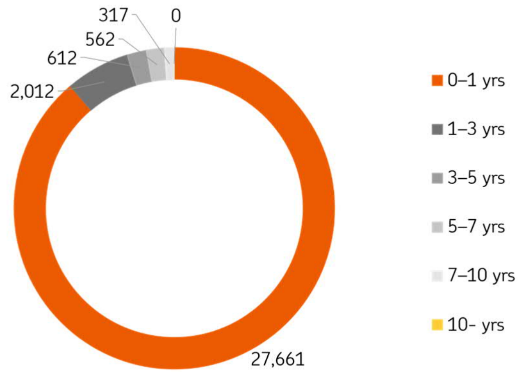
Liquidity buffer's market risk VaR at a confidence level of 95% and a retention period of 10 days



Financial assets included in the liquidity buffer by credit rating on 30 June 2022, € million



Financial assets included in the liquidity buffer by maturity on 30 June 2022, € million



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 189% (228) 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 131% (132) at the end of the reporting period.

Liquidity buffer

€ billion	30 Jun 2022	31 Dec 2021	Change, %
Deposits with central banks	26.8	32.6	-17.8
Notes and bonds eligible as collateral	3.2	4.0	-21.0
Total	30.0	36.7	-18.2
Receivables ineligible as collateral	2.0	1.0	104.6
Liquidity buffer at market value	32.0	37.6	-15.0
Collateral haircut	-0.3	-0.3	-
Liquidity buffer at collateral value	31.7	37.3	-15.1

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 20.7% of OP Corporate Bank plc's exposures. These exposures increased by EUR 742 million during the reporting period. 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 –6 million (152).
- Total income decreased by 54.3% to EUR 94 million (206). Net interest income increased by 3.1% to EUR 109 million (106). Net investment income decreased to EUR 7 million (95). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 5 million (15).
- Total expenses increased by 4.0% to EUR 71 million (68). The stability contribution represented EUR 4 million of the increase.
- The loan portfolio grew in the reporting period by 3.6% to EUR 15.8 billion (15.2).
- Impairment loss on receivables weakened earnings by EUR 29 million. A year ago, impairment loss on receivables reversed came to EUR 15 million.

Key figures and ratios

€ million	H1/2022	H1/2021	Change, %	Q1–4/2021
Net interest income	109	106	3,1	213
Net commissions and fees	-25	-9	-173.3	-31
Net investment income	7	95	-93.1	167
Other operating income	4	14	-75.3	70
Total income	94	206	-54.3	420
Personnel costs	17	18	-4.8	36
Depreciation/amortisation and impairment loss	3	4	-32.5	7
Other operating expenses	51	46	10.9	78
Total expenses	71	68	4.0	121
Impairment loss on receivables	-29	15	-	-38
Earnings before tax	-6	152	-104.0	261
Cost/income ratio, %	75.3	33.1	-42.2*	28.9
Return on assets (ROA), %	-0.05	1.24	-1.29*	1.29
Return on assets, excluding OP bonuses, %	-0.05	1.24	-1.29*	1.29

	30 Jun 2022	30 Jun 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	15.8	14.3	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 and structured investment products to 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 a sustainable economy increased the commitment portfolio of sustainable finance to EUR 3.9 billion (3.0). The number of sustainability-linked loans increased during the reporting period, showing a major year-on-year increase. Corporate Banking has also strengthened its role as a sustainable finance advisor in the preparation work of sustainable finance frameworks for its customers.

Sales of interest rate and foreign currency hedges were at record levels during the first half because of high inflation, rapidly increased interest rates and uncertainty caused by geopolitical risks.

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

Financial performance for the reporting period

The segment earnings before tax were EUR –6 million (152). Total income fell by 54.3%. Total expenses increased by 4.0%. The cost/income ratio decreased to 75.3% (33.1) year on year, due to reduced income.

Net interest income increased by 3.1% to EUR 109 million. The segment's loan portfolio increased in the year to June by 10.6%, amounting to EUR 15.8 billion. Net commissions and fees decreased to EUR –25 million (–9), as commission expenses paid to OP Financial Group increased.

Net investment income decreased to EUR 7 million (95). Value change arising from market changes in derivative contracts between OP Corporate Bank and OP Financial Group cooperative banks reduced income from derivatives business by EUR 59 million (7).

Other operating income decreased to EUR 4 million (14). 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. A year ago, impairment loss on receivables improved earnings by EUR 15 million. The indirect effects of the war in Ukraine increased impairment loss on receivables in the first quarter.

Total expenses were EUR 71 million (68). Personnel costs decreased by 4.8% to EUR 17 million. Other operating expenses increased by 10.9% to EUR 51 million. The stability contribution increased by EUR 4 million to EUR 18 million.

Asset and Sales Finance Services and Payment Transfers

- Earnings before tax totalled EUR 55 million (52).
- Total income increased by 6.3% to EUR 119 million (111). Net interest income increased by 6.1% to EUR 81 million (76).
- Total expenses increased to EUR 57 million (55).
- The loan portfolio grew in the reporting period by 4.6% to EUR 8.4 billion (8.0).
- Impairment loss on receivables weakened earnings by EUR 6 million (4).
- The most significant development investments involved the development of payment systems.

Key figures and ratios

€ million	H1/2022	H1/2021	Change, %	Q1–4/2021
Net interest income	81	76	6.1	155
Net commissions and fees	30	28	9.2	58
Net investment income	0	0	-99.9	0
Other operating income	7	8	-4.7	18
Total income	119	111	6.3	231
Personnel costs	14	13	6.7	26
Depreciation/amortisation and impairment loss	1	0	-	2
Other operating expenses	42	42	0.6	76
Total expenses	57	55	3.6	104
Impairment loss on receivables	-6	-4	41.3	-37
Earnings before tax	55	52	6.5	90
Cost/income ratio, %	48.2	49.5	1.3*	44.9
Return on assets (ROA), %	1.01	0.99	0.01*	1.10
Return on assets, excluding OP bonuses, %	1.01	0.99	0.01*	1.10
	30 Jun 2022	30 Jun 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	8.4	7.8	7.8	8.0
Deposits, € billion	13.0	13.2	-1.3	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.

In the year to June, the loan portfolio grew by 7.8% to EUR 8.4 billion. The deposit portfolio decreased in the year to June by 1.3% to EUR 13.0 billion. Demand for financing services has remained quite brisk, but challenges in supply chains have made customers postpone their fixed investments and the implementation of projects.

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 55 million (52). Total income increased by 6.3%. Total expenses increased by 3.6%. The cost/income ratio improved to 48.2% (49.5) year on year.

Net interest income increased by 6.1% to EUR 81 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 30 million (28). Other operating income, EUR 7 million, remained at the previous year's level. Impairment loss on receivables weakened earnings by EUR 6 million (4).

Total expenses were EUR 57 million (55). Personnel costs rose by 6.7% to EUR 14 million. Other operating expenses remained at the previous year's level at EUR 42 million.

Baltics

- Earnings before tax totalled EUR 9 million (7).
- Total income increased by 71.5% to EUR 30 million (17). Net interest income increased by 82.0% to EUR 25 million (14).
- Total expenses increased by 38.7% to EUR 16 million (11). The stability contribution represented EUR 1 million of the increase.
- The loan portfolio grew in the reporting period by 16.7% to EUR 2.8 billion (2.4).
- Impairment loss on receivables weakened earnings by EUR 5 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	H1/2022	H1/2021	Change, %	Q1–4/2021
Net interest income	25	14	82.0	33
Net commissions and fees	6	4	46.2	9
Net investment income	0	-	-	0
Other operating income	0	0	-	0
Total income	30	17	71.5	42
Personnel costs	4	3	55.6	6
Depreciation/amortisation and impairment loss	1	1	7.5	2
Other operating expenses	10	8	36.6	14
Total expenses	16	11	38.7	22
Impairment loss on receivables	-5	1	-	0
Earnings before tax	9	7	29.8	20
Cost/income ratio, %	52.8	65.3	12.5*	52.8
Return on assets (ROA), %	0.58	0.51	0.07*	0.71
Return on assets, excluding OP bonuses, %	0.58	0.51	0.07*	0.71
	30 Jun 2022	30 Jun 2021	Change, %	31 Dec 2021
Loan portfolio, € billion	2.8	2.3	22.0	2.4
Deposits, € billion	0.8	0.6	39.4	0.7

The Baltic subsidiaries of OP Corporate Bank merged into OP Corporate Bank in October 2021, which affects the comparability of the figures and ratios.
*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.

The segment's loan portfolio increased in the year to June by 22.0% to EUR 2.8 billion. The loan portfolio increased in the year to June by 39.4% to EUR 0.8 billion.

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.

In the Baltic countries, the segment will pay special attention to how inflation progresses and its repercussions.

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

Financial performance for the reporting period

The Baltic subsidiaries of OP Corporate Bank merged into OP Corporate Bank in October 2021, which affects the comparability of the figures and ratios.

The segment earnings before tax were EUR 9 million (7). Total income increased by 71.5%. Total expenses increased by 38.7%. The cost/income ratio improved to 52.8% (65.3) year on year.

Net interest income rose to EUR 25 million (14). In the year to June, the loan portfolio increased by 22.0%. Net commissions and fees increased to EUR 6 million (4).

Impairment loss on receivables weakened earnings by EUR 5 million. A year ago, impairment loss on receivables reversed came to EUR 1 million.

Total expenses were EUR 16 million (11). Personnel costs rose by 55.6% to EUR 4 million. Other operating expenses increased by 36.6% to EUR 10 million. The stability contribution increased by EUR 1 million to EUR 4 million.

Group Functions

- Earnings before tax totalled EUR –31 million (–69).
- Liquidity remained strong.

Key figures and ratios

€ million	H1/2022	H1/2021	Change, %	Q1–4/2021
Net interest income	-34	-46	-	11
Net commissions and fees	-2	-2	56.9	-5
Net investment income	7	1	391.5	1
Other operating income	12	9	39.3	19
Total income	-17	-37	-	27
Personnel costs	2	2	17.9	4
Other expenses	11	30	-63.0	127
Total expenses	14	32	-58.0	132
Impairment loss on receivables	0	0	-71.2	0
Earnings before tax	-31	-69	-55.3	-105
Receivables and liabilities from/to the amalgamation's central cooperative and member credit institutions, net position, € billion	-15.6	-13.9	-	-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 –31 million (–69). Earnings before tax at fair value were EUR –52 million (–90).

Net interest income was EUR –34 million (–46). 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 interest rate lowered net interest income by EUR 4 million (4), which was affected by the changed assessment of the dates of repayment.

Net investment income totalled EUR 7 million (1). 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 June, the average margin of senior and senior non-preferred wholesale funding was 36 basis points (34).

OP Corporate Bank's TLTRO III funding amounted to a total of EUR 12.0 billion at the end of June.

In January, OP Corporate Bank issued a green senior non-preferred bond worth EUR 500 million with a maturity of 5.5 years. Between May and June, OP Corporate Bank issued a senior bond worth EUR 800 million with a maturity of two years when taking account of tap issues, and issued in June a senior bond worth GBP 350 million with a maturity of 3.5 years.

Between January and June, OP Corporate Bank issued long-term bonds worth EUR 2.0 billion (2.0).

The total interest rate for TLTRO III funding between 24 June 2020 and 23 June 2022 is the ECB's deposit facility rate (–0.50% for the entire period) minus 0.50%. The reduced interest rate was conditional on fulfilling the criteria for net lending performance. The latter net lending review period expired on 31 December 2021 and the Bank of Finland confirmed that the interest rate benefit concerned was gained during the reporting period.

The interest rate for TLTRO III funding for each loan after 23 June 2022 is the average of the ECB's deposit facility rate for the entire loan term.

On 30 June 2022, investments by the amalgamation's central cooperative and the member credit institutions in OP Corporate Bank were EUR 15.6 billion (–13.1) 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 development and production maintenance totalled EUR 46 million (47). The development costs include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 9 million (8). Development costs have not been capitalised.

More detailed information on OP Corporate Bank's investments can be found in each business segment's section in this Half-year Financial Report.

Personnel and remuneration

On 30 June 2022, OP Corporate Bank plc had 870 employees (767). In the second quarter, the recruitment of summer employees mainly increased OP Corporate Bank's personnel.

Personnel at period end

	30 Jun 2022	31 Dec 2021
Corporate Banking and Capital Markets	317	290
Asset and Sales Finance Services and Payment Transfers	377	312
Baltics	133	125
Group Functions	43	40
Total	870	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.

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.

Katja Keitaanniemi, Lic.Sc. (Tech.), Executive Vice President of OP Financial Group's Banking Corporate and Institutional Customers, has acted as OP Corporate Bank plc's CEO since 6 August 2018. Jari Jaulimo, LL.M., Trained on the bench, MBA, Head of Transaction Banking, has acted as deputy to the CEO since 1 August 2020.

Events after the reporting period

On 26 July 2022, OP Cooperative's Board of Directors decided to file a pre-application with the European Central Bank (ECB) on the use of the Standardised Approach in capital adequacy calculation, instead of the internal models (IRBA) and the currently applied risk-weighted assets floor based on the Standardised Approach. A possible transfer to the Standardised Approach will not affect OP Corporate Bank's capital adequacy or risk exposure. These decisions were based on increased regulatory requirements and discussions with the banking supervisor (ECB) on the application of the IRBA.

Outlook towards the year end

The world and Finnish economy still developed favourably during the first half of the year in terms of many indicators. Companies showed good financial results and unemployment fell to the rate prevailing in boom conditions. However, Russia's aggressive war in Ukraine, the Covid-19 pandemic, higher energy prices and inflation increased the level of uncertainty and undermined development.

Central banks began to tighten their monetary policy and market interest rates rose sharply in the spring. The financial market experienced greater uncertainty and stock prices fell markedly.

Several exceptional factors affect the economic outlook. The Covid-19 pandemic, the war in Ukraine, high inflation, increasing uncertainty in the financial market and the tightening monetary policy are undermining the economic outlook. However, there is a lot of pent-up demand following the pandemic, and the economic situation is still strong. 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 loss on receivables. 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 Half-year Financial 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), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Equity (average at beginning and end of period) x 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), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Average balance sheet total (average at beginning and end of period) x 100	The ratio describes how much return is generated on capital tied up on business during the reporting period.
Cost/income ratio, %	Total expenses / Total income x 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, %	Impairment loss on receivables x (days of financial year/days of reporting period) / Loan and guarantee portfolio at period end x 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, %	Loss allowance / Receivables from customers (on-balance-sheet and off-balance-sheet items) x 100	The ratio describes how much the amount of expected losses covers the amount of the liability.
Default capture rate, %	New defaulted contracts in stage 2 a year ago / New defaulted contracts during the reporting period x 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, %	Total capital / Total risk exposure amount x 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, %	Tier 1 capital / Total risk exposure amount x 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, %	CET1 capital / Total risk exposure amount x 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, %	Tier 1 capital (T1) / Exposure amount	x 100	The ratio describes a credit institution's indebtedness and shows the ratio of Tier 1 capital to the total risk exposure amount.
Liquidity coverage requirement (LCR), %	Liquid assets / Liquidity outflows – liquidity inflows under stressed conditions	x 100	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.
Net stable funding ratio (NSFR), %	Available stable funding / Required stable funding	x 100	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.
Ratio of non-performing exposures to exposures, %	Non-performing exposures (gross) / Exposures at period end	x 100	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 forborne 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.
Ratio of doubtful receivables to exposures, %	Doubtful receivables (gross) / Exposures at period end	x 100	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 forborne 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.
Ratio of performing forborne exposures to exposures, %	Performing forborne exposures (gross) / Exposures at period end	x 100	The ratio describes the ratio of forborne exposures to the entire exposure portfolio. Performing forborne exposures include forborne 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 forborne exposures.

Ratio of performing forborne exposures to doubtful receivables, %	Performing forborne exposures (gross) / Doubtful receivables at period end	x 100	The ratio describes the ratio of performing forborne exposures to doubtful receivables that include not only performing forborne exposures but also non-performing exposures. Performing forborne exposures include forborne 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 forborne exposures.
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	Loss allowance for receivables from customers in the balance sheet / Doubtful receivables at period end	x 100	The ratio describes the ratio of expected losses to all doubtful receivables. Doubtful receivables include non-performing exposures and performing forborne exposures.
Loan and guarantee portfolio	Loan portfolio + guarantee portfolio		The indicator describes the total amount of loans and guarantees given.
Exposures	Loan and guarantee portfolio + interest receivables + unused standby credit facilities		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.
Other exposures	Interest receivables + unused standby credit facilities		In addition to the loan and guarantee portfolio, exposures come from interest receivables and unused standby credit facilities (undrawn loans and limits).

Capital adequacy

Capital adequacy for credit institutions

Capital base, € million	30 Jun 2022	31 Dec 2021
OP Corporate Bank plc's equity	4,223	4,296
Fair value reserve, cash flow hedge	4	1
Common Equity Tier 1 (CET1) before deductions	4,227	4,297
Intangible assets	-7	-12
Excess funding of pension liability and valuation adjustments	-72	-35
Planned profit distribution		-80
Shortfall of ECL minus expected losses	-120	-72
Insufficient coverage for non-performing exposures	-1	-1
CET1 capital	4,027	4,098
Tier 1 capital (T1)	4,027	4,098
Debenture loans	1,308	1,308
Debentures to which transitional provision applies	108	141
Excess of ECL minus expected losses	76	16
Tier 2 capital (T2)	1,492	1,464
Total capital	5,520	5,562

Risk exposure amount, € million	30 Jun 2022	31 Dec 2021
Credit and counterparty risk	24,713	23,947
Standardised Approach (SA)	3,395	3,118
Central government and central banks exposure	33	40
Credit institution exposure	7	5
Corporate exposure	3,249	2,966
Retail exposure	48	52
Other	57	55
Internal Ratings-based Approach (IRB)	21,318	20,829
Credit institution exposure	1,220	1,194
Corporate exposure	17,630	17,242
Retail exposure	1,937	1,940
Equity investments	93	63
Other	438	391
Market and settlement risk (Standardised Approach)	1,384	1,380
Operational risk (Standardised Approach)	1,028	1,040
Valuation adjustment (CVA)	183	204
Other risks*	5,206	
Total risk exposure amount	32,514	26,570

*Addition of risk-weighted assets based on the Standardised Approach

Ratios, %	30 Jun 2022	31 Dec 2021
CET1 capital ratio	12.4	15.4
Tier 1 ratio	12.4	15.4
Capital adequacy ratio	17.0	20.9

Ratios, fully loaded, %	30 Jun 2022	31 Dec 2021
CET1 capital ratio	12.4	15.4
Tier 1 ratio	12.4	15.4
Capital adequacy ratio	16.6	20.4

Capital requirement, € million	30 Jun 2022	31 Dec 2021
Capital base	5,520	5,562
Capital requirement	3,419	2,792
Buffer for capital requirements	2,100	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	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Net interest income	3	181	150	87	73
Net commissions and fees	4	8	21	5	7
Net investment income	5	14	96	6	47
Other operating income		18	17	7	7
Total income		**221**	**284**	**104**	**134**
Personnel costs		38	36	20	19
Depreciation/amortisation		6	6	3	3
Other expenses	6	110	111	39	45
Total expenses		**153**	**153**	**62**	**67**
Impairments loss on receivables	7	-40	12	2	10
Earnings before tax		**28**	**142**	**45**	**77**
Income tax expense		4	28	8	16
Profit for the period		**23**	**115**	**37**	**62**

Statement of comprehensive income

EUR million	Notes	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Profit for the period		**23**	**115**	**37**	**62**
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		12	4	8	2
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value		-28	6	-8	5
Cash flow hedge		-4	-2	1	1
Income tax					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		-2	-1	-2	0
Items that may be reclassified to profit or loss					
Measurement at fair value		6	-1	2	-1
Cash flow hedge		1	0	0	0
Total comprehensive income for the period		**7**	**121**	**39**	**68**

Balance sheet

EUR million	Notes	30 June 2022	31 Dec 2021
Cash and cash equivalents		26,980	32,789
Receivables from credit institutions		13,383	13,419
Derivative contracts	14	4,621	3,712
Receivables from customers		27,434	26,236
Investment assets		17,497	17,373
Intangible assets		7	12
Property, plant and equipment (PPE)		5	5
Other assets		1,208	1,274
Tax assets		2	
Total assets		**91,138**	**94,820**
Liabilities to credit institutions		40,973	42,660
Derivative contracts		4,416	2,669
Liabilities to customers		16,345	18,357
Debt securities issued to the public	8	20,737	22,630
Provisions and other liabilities		2,695	1,874
Tax liabilities		318	339
Subordinated liabilities		1,431	1,994
Total liabilities		**86,915**	**90,524**
Equity capital			
Share capital		428	428
Fair value reserve	9	16	42
Other reserves		1,019	1,019
Retained earnings		2,760	2,807
Total equity capital		**4,223**	**4,296**
Total liabilities and equity capital		**91,138**	**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		3		118	**121**
Profit for the period				115	**115**
Other comprehensive income		3		3	**6**
Balance at 30 June 2021	**428**	**25**	**1,019**	**2,669**	**4,141**

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		-26		33	**7**
Profit for the period				23	**23**
Other comprehensive income		-26		9	**-16**
Profit distribution				-80	**-80**
Other				0	**0**
Balance at 30 June 2022	**428**	**16**	**1,019**	**2,760**	**4,223**

Cash flow statement

EUR million	Q1–2 2022	Q1–2 2021
Cash flow from operating activities		
Profit for the period	23	115
Adjustments to profit for the period	603	323
Increase (-) or decrease (+) in operating assets	**-2,364**	**-5,304**
Receivables from credit institutions	108	-1,738
Derivative contracts	-139	-34
Receivables from customers	-1,318	-407
Investment assets	-1,080	-3,271
Other assets	65	146
Increase (+) or decrease (-) in operating liabilities	**-2,267**	**14,790**
Liabilities to credit institutions	-1,114	14,276
Derivative contracts	544	-55
Liabilities to customers	-2,012	420
Provisions and other liabilities	314	149
Income tax paid	-23	-17
Dividends received	0	0
A. Net cash from operating activities	**-4,029**	**9,906**
Cash flow from investing activities		
Purchase of PPE and intangible assets	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	-519	-56
Debt securities issued to the public, change	-1,146	-150
Dividends paid	-80	0
Lease liabilities	0	0
C. Net cash used in financing activities	**-1,745**	**-207**
Net change in cash and cash equivalents (A+B+C)	**-5,774**	**9,699**
Cash and cash equivalents at period-start	**32,891**	**21,842**
Effect of foreign exchange rate changes	37	-199
Cash and cash equivalents at period-end	**27,154**	**31,342**
Interest received	**337**	**379**
Interest paid	**-133**	**-301**
Cash and cash equivalents		
Liquid assets	26,980	31,144
Receivables from credit institutions payable on demand	174	197
Total	**27,154**	**31,342**

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

The Half-year Financial Report is available in Finnish, English and Swedish. The Finnish version of the Report is official and will be used if there is any discrepancy between the language versions.

1. Critical accounting estimates and judgements

The preparation of the Half-year Financial 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 Half-year Financial Report, management judgment 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 the Covid-19 pandemic, 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

Q1–2 earnings 2022, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Net interest income	109	81	25	-34		181
of which internal net income before tax	-2	-19	0	21		
Net commissions and fees	-25	30	6	-2		8
Net investment income	7	0	0	7		14
Other operating income	4	7	0	12	-4	18
Total income	**94**	**119**	**30**	**-17**	**-4**	**221**
Personnel costs	17	14	4	2		38
Depreciation/amortisation	3	1	1	1		6
Other operating expenses	51	42	10	11	-4	110
Total expenses	**71**	**57**	**16**	**14**	**-4**	**153**
Impairments loss on receivables	-29	-6	-5	0		-40
Earnings before tax	**-6**	**55**	**9**	**-31**		**28**

Q1–2 earnings 2021, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Net interest income	106	76	14	-46		150
of which internal net income before tax	11	-13	0	2		
Net commissions and fees	-9	28	4	-2		21
Net investment income	95	0	0	1		96
Other operating income	14	8	0	9	-14	17
Total income	**206**	**111**	**17**	**-37**	**-14**	**284**
Personnel costs	18	13	3	2		36
Depreciation/amortisation	4	0	1	1		6
Other operating expenses	46	42	8	30	-14	111
Total expenses	**68**	**55**	**11**	**32**	**-14**	**153**
Impairments loss on receivables	15	-4	1	0		12
Earnings before tax	**152**	**52**	**7**	**-69**		**142**

Balance sheet 30 June 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	144	41	26,784		26,980
Receivables from credit institutions		225		13,157		13,383
Derivative contracts	4,351			270		4,621
Receivables from customers	15,830	8,413	2,784	407		27,434
Investment assets	563			16,934		17,497
Intangible assets	3	2	1	1		7
Property, plant and equipment (PPE)	0	1	3	1		5
Other assets	279	373	10	546		1,208
Tax assets	0	0	0	2		2
Total assets	**21,037**	**9,160**	**2,839**	**58,102**		**91,138**
Liabilities to credit institutions	3	336	0	40,633		40,973
Derivative contracts	4,179			237		4,416
Liabilities to customers	24	12,995	849	2,476		16,345
Debt securities issued to the public	1,385			19,352		20,737
Provisions and other liabilities	728	370	24	1,573		2,695
Tax liabilities	1	1	0	316		318
Subordinated liabilities				1,431		1,431
Total liabilities	**6,320**	**13,703**	**873**	**66,019**		**86,915**
Equity						**4,223**

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		
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	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Interest income				
Receivables from credit institutions	4	21	3	11
Receivables from customers				
Loans	195	176	101	88
Finance lease receivables	18	12	9	6
Impaired loans and other commitments				
Total	212	187	110	94
Notes and bonds				
Measured at fair value through profit or loss	0	0	0	0
At fair value through other comprehensive income	26	26	14	13
Amortised cost	-8	-2	-4	-2
Total	17	24	10	11
Derivative contracts				
Fair value hedge	-52	-54	-28	-27
Cash flow hedge	0	0		0
Other	1	3	0	1
Total	-51	-51	-28	-26
Liabilities to credit institutions				
Negative interest	53	47	22	28
Liabilities to customers				
Negative interest	22	18	10	10
Other	4	3	2	2
Total	**260**	**248**	**129**	**129**
Interest expenses				
Liabilities to credit institutions	28	33	18	15
Liabilities to customers	-3	-5	-0	-3
Notes and bonds issued to the public	32	47	16	22
Subordinated liabilities				
Subordinated loans		0		0
Other	19	32	7	16
Total	19	33	7	16
Derivative contracts				
Cash flow hedge	-79	-81	-41	-40
Other	-13	-19	-8	-9
Total	-93	-100	-49	-49
Receivables from credit institutions				
Negative interest	79	84	38	47
Other	3	2	2	1
Total	**65**	**94**	**31**	**50**
Net interest income before fair value adjustment under hedge accounting	195	155	98	79
Hedging derivatives	-257	-56	-111	-5
Value changes of hedged items	243	51	99	0
Total	**181**	**150**	**87**	**73**

Note 4. Net commissions and fees

Q1–2 2022, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total	Q2 2022
Commission income							
Lending	13	8	2	0		23	13
Deposits	0	0	2	0		2	1
Payment transfers	0	16	0	0		16	8
Securities brokerage	13					13	5
Securities issuance	3			0		3	2
Fund fees	0	0		0		0	0
Asset management	1	0				1	1
Legal services	0					0	0
Guarantees	1	5	1	0		6	3
Other	0	4	0			4	2
Total	**31**	**32**	**6**	**0**		**69**	**35**
Commission expenses							
Lending		1		0		1	0
Payment transfers	0	1	0	0		1	1
Securities brokerage	2			0		2	1
Securities issuance	1			0		1	1
Asset management	0			2		2	1
Guarantees			0			0	0
Derivatives	52					52	25
Other	1			0		2	1
Total	**57**	**2**	**0**	**3**		**61**	**30**
Total net commissions and fees	**-25**	**30**	**6**	**-2**		**8**	**5**

Q1–2 2021, EUR million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total	Q2 2021
Commission income							
Lending	15	8	1	0		24	12
Deposits	0	0	1	0		2	1
Payment transfers	0	17	0	0		17	9
Securities brokerage	16					16	7
Securities issuance	5					5	2
Fund fees	0	0		0		0	0
Asset management	1	0		0		1	0
Guarantees	1	5	1	0		7	3
Other	0	1	0	0		1	0
Total	**38**	**30**	**4**	**0**		**72**	**35**
Commission expenses							
Lending		0		0		1	0
Payment transfers	0	1	0	0		2	1
Securities brokerage	2			0		2	1
Securities issuance	1			0		2	1
Asset management	0			1		1	1
Guarantees			0			0	0
Derivatives	42					42	23
Other	2	0		0		2	1
Total	**47**	**2**	**0**	**2**		**51**	**27**
Total net commissions and fees	**-9**	**28**	**4**	**-2**		**21**	**7**

Note 5. Net investment income

EUR million	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Net income from assets at fair value through other comprehensive income				
Notes and bonds				
Capital gains and losses	9	3	0	0
Total	**9**	**3**	**0**	**0**

EUR million	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Net income recognised at fair value through profit or loss				
Financial assets held for trading				
Notes and bonds				
Interest income and expenses	2	3	1	1
Fair value gains and losses	-21	-2	-11	0
Total	-19	2	-10	1
Shares and participations				
Fair value gains and losses	3	0	0	0
Total	3	0	0	0
Derivatives				
Interest income and expenses	-5	9	-6	3
Fair value gains and losses	26	81	22	42
Total	20	91	16	45
Total	**5**	**92**	**6**	**46**
Total net investment income	**14**	**96**	**6**	**47**

Note 6. Other operating expenses

EUR million	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
ICT costs				
Production	37	39	18	18
Development	9	8	4	4
Buildings	0	0	0	0
Government charges and audit fees	31	25	2	3
Service charges to OP Cooperative	11	11	4	6
Purchased services	10	7	5	3
Data communications	1	1	0	0
Marketing	1	1	0	0
Corporate social responsibility	0	0	0	
Insurance and security costs	4	1	3	1
Other	7	19	3	9
Total	**110**	**111**	**39**	**45**

Development costs

EUR million	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
ICT development costs	9	8	4	4
Share of own work	0			
Total development costs in the income statement	**9**	**8**	**4**	**4**
Capitalised ICT costs				0
Total capitalised development costs				**0**
Total development costs	**9**	**8**	**4**	**4**
Depreciation/amortisation and impairment loss	5	5	2	3

Note 7. Impairment losses on receivables

EUR million	Q1–2 2022	Q1–2 2021	Q2 2022	Q2 2021
Receivables written down as loan and guarantee losses	-22	-4	-21	-1
Recoveries of receivables written down	0	0	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-19	15	23	11
Expected credit losses (ECL) on notes and bonds	0	0	0	0
Total	**-40**	**12**	**2**	**10**

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by impairment stage 30 June 2022

Exposures EUR million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total exposure
Receivables from customers (gross)						
Corporate Banking	26,221	1,806	173	1,979	536	28,737
Total	**26,221**	**1,806**	**173**	**1,979**	**536**	**28,737**
Off-balance-sheet limits						
Corporate Banking	8,887	381	79	460	65	9,412
Total	**8,887**	**381**	**79**	**460**	**65**	**9,412**
Other off-balance-sheet commitments						
Corporate Banking	7,352	476		476	94	7,922
Total	**7,352**	**476**	**0**	**476**	**94**	**7,922**
Notes and bonds						
Group Functions	13,082	34		34		13,116
Total	**13,082**	**34**	**0**	**34**	**0**	**13,116**
Total exposures within the scope of accounting for expected credit losses	**55,543**	**2,697**	**252**	**2,949**	**695**	**59,186**

Loss allowance by impairment stage 30 June 2022

On-balance-sheet exposures and related off-balance-sheet limits* EUR million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total loss allowance
Receivables from customers						
Corporate Banking	-26	-18	-6	-24	-270	-320
Total	**-26**	**-18**	**-6**	**-24**	**-270**	**-320**
Other off-balance-sheet commitments**						
Corporate Banking	-2	-3		-3	-31	-36
Total	**-2**	**-3**		**-3**	**-31**	**-36**
Notes and bonds***						
Group Functions	-1	-1		-1		-2
Total notes and bonds	**-1**	**-1**		**-1**		**-2**
Total	**-29**	**-21**	**-6**	**-28**	**-302**	**-359**

* 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 30 June 2022	Stage 1	Stage 2			Stage 3	Total
		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	42,461	2,663	252	2,915	695	46,070
Loss allowance						
Corporate Banking	-28	-21	-6	-27	-302	-356
Coverage ratio, %						
Corporate Banking	-0.07%	-0.78%	-2.47%	-0.92%	-43.42%	-0.77%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**42,461**	**2,663**	**252**	**2,915**	**695**	**46,070**
Total loss allowance	**-28**	**-21**	**-6**	**-27**	**-302**	**-356**
Total coverage ratio, %	**-0.07%**	**-0.78%**	**-2.47%**	**-0.92%**	**-43.42%**	**-0.77%**
Carrying amount, notes and bonds						
Group Functions	13,082	34		34		13,116
Loss allowance						
Group Functions	-1	0		0		-2
Coverage ratio, %						
Group Functions	-0.01%	-1.74%		-1.74%		-0.02%
Total notes and bonds	**13,082**	**34**		**34**		**13,116**
Total loss allowance	**-1**	**-1**		**-1**		**-2**
Total coverage ratio, %	**-0.01%**	**-1.74%**		**-1.74%**		**-0.02%**

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

Exposures	Stage 1	Stage 2			Stage 3	Total exposure
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
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						
Group Functions	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	Stage 2			Stage 3	Total loss allowance
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
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***						
Group Functions	-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	Stage 2			Stage 3	Total
		Not more than 30 DPD	More than 30 DPD	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						
Group Functions	13,160	31		31		13,191
Loss allowance						
Group Functions	-2	-1		-1		-2
Coverage ratio, %						
Group Functions	-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–June 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	-1,728	1,718		-10
Transfers from Stage 1 to Stage 3, incl. repayments	-174		164	-10
Transfers from Stage 2 to Stage 1, incl. repayments	437	-480		-43
Transfers from Stage 2 to Stage 3, incl. repayments		-87	83	-5
Transfers from Stage 3 to Stage 1, incl. repayments	33		-34	-1
Transfers from Stage 3 to Stage 2, incl. repayments		41	-39	2
Increases due to origination and acquisition	4,954	85	13	5,052
Decreases due to derecognition	-3,088	-104	-86	-3,278
Unchanged Stage, incl. repayments	5.864*	40	-46	5,858
Recognised as final credit loss			-21	-21
Receivables from customers; on-balance-sheet and off-balance-sheet items 30 June 2022	**42,461**	**2,915**	**695**	**46,070**

* 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–June 2022.

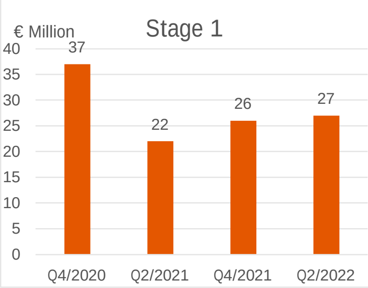
Receivables from customers and off-balance-sheet items, EUR million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2022	**26**	**27**	**283**	**337**
Transfers from Stage 1 to Stage 2	-2	12		9
Transfers from Stage 1 to Stage 3	-3		56	52
Transfers from Stage 2 to Stage 1	1	-3		-3
Transfers from Stage 2 to Stage 3		-4	19	15
Transfers from Stage 3 to Stage 1	0		-5	-4
Transfers from Stage 3 to Stage 2		1	-6	-5
Increases due to origination and acquisition	4	2	3	8
Decreases due to derecognition	-4	-6	-16	-26
Changes in risk parameters (net)	6	-1	-14	-9
Changes in model assumptions and methodology	0	0	1	1
Decrease in allowance account due to write-offs			-18	-18
Net change in expected credit losses	**1**	**-1**	**18**	**19**
Loss allowance 30 June 2022	**28**	**27**	**302**	**356**
Net change in expected credit losses Q2 2022	**12**	**2**	**-23**	**-9**

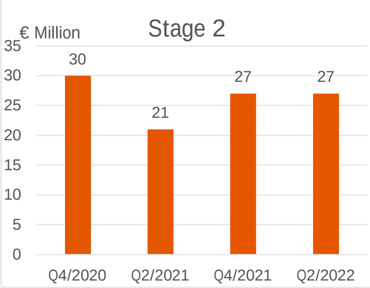
In June 2022, OP Corporate Bank updated lifetime EAD models and the maturity model. Changes in the models increased OP Corporate Bank's expected credit losses by 1 million euros, which is reported in the table above on row "changes in model assumptions and methodology". Lifetime EAD models are used in the ECL measurement under IFRS 9 to estimate a contract's on-balance-sheet exposures at default for the contract's lifetime. The maturity model is used in the ECL measurement under IFRS 9 to estimate a contract's lifetime for standby credit facilities of personal and corporate customer exposures whose credit risk has increased significantly, meaning that their ECL is measured for the contract's lifetime (Stage 2). The maturity model is used for the standby credit facilities of personal and corporate customer exposures because they have no contractual maturity.

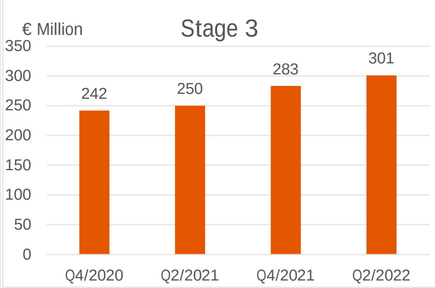
OP Corporate Bank has assessed the financial effects of Russia's war of aggression in Ukraine on the credit risk of its customers. The effects arise, for example, from business closure and a rise in energy, raw material and other production costs. Impairment loss on receivables during the first half of the year in the income statement increased year on year by EUR 52 million to EUR 40 million (-12). This increase mainly came from the indirect effects of the war in Ukraine. The remaining EUR 5 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 Q2/2022.

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 Q2/2022.

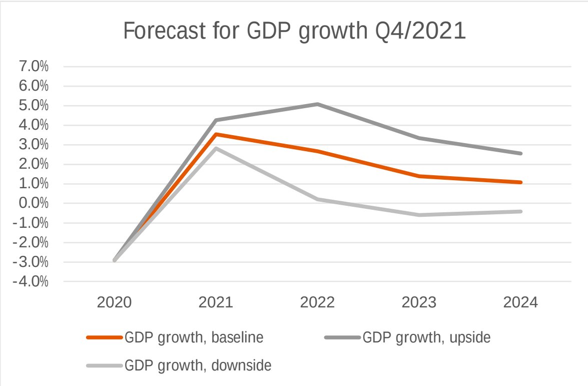


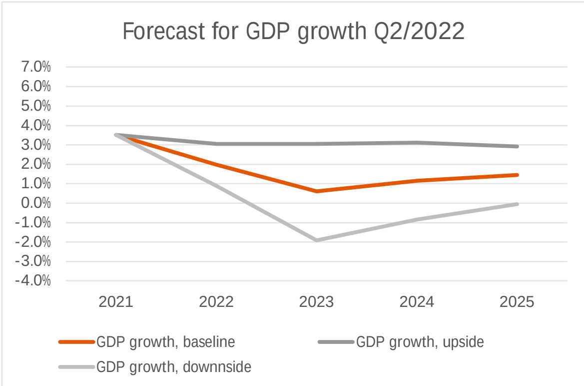


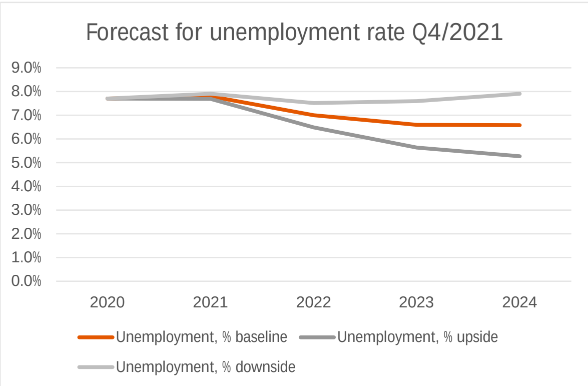


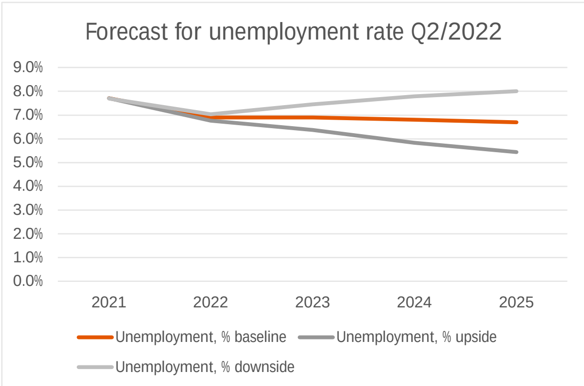
In ECL measurement, macroeconomic factors are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been at normal level, or downside 20%, baseline 60% and upside 20%. During the first half of 2022, the update of the macroeconomic forecasts 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 1 to Stage 2	0	0	0	0
Increases due to origination and acquisition	0	0	0	0
Decreases due to derecognition	0	0	0	0
Changes in risk parameters (net)	0	0	0	0
Net change in expected credit losses	**0**	**0**		**0**
Loss allowance 30 June 2022	**1**	**1**	**0**	**2**
Net change in expected credit losses Q2 2022	**0**	**0**	**0**	**0**

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 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
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**
Net change in expected credit losses Q2 2021	**-10**	**-9**	**8**	**-11**

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 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
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**
Net change in expected credit losses Q2 2021	**0**	**0**		**0**

Note 8. Debt securities issued to the public

EUR million	30 June 2022	31 Dec 2021
Bonds	9,351	10,927
Subordinated bonds (SNP)	4,352	3,926
Other		
Certificates of deposit	582	297
Commercial paper	6,513	7,539
Included in own portfolio in trading (–)*	-62	-58
Total debt securities issued to the public	**20,737**	**22,630**

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

Note 9. Fair value reserve after income tax

	Fair value through other comprehensive income		
EUR million	Notes and bonds	Cash flow hedging	Total
Opening balance 1 January 2021	**20**	**2**	**22**
Fair value changes	9	-2	7
Capital gains transferred to income statement	-3		-3
Deferred tax	-1	0	-1
Closing balance 30 June 2021	**25**	**0**	**25**

	Fair value through other comprehensive income		
EUR million	Notes and bonds	Cash flow hedging	Total
Opening balance 1 January 2022	**43**	**-1**	**42**
Fair value changes	-20	-4	-24
Capital gains transferred to income statement	-9		-9
Deferred tax	6	1	6
Closing balance 30 June 2022	**20**	**-4**	**16**

The fair value reserve before tax amounted to EUR 20 million (31) at the end of the reporting period and the related deferred tax asset/liability was EUR -4 million (-6). 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.

Note 10. Collateral given

EUR million	30 June 2022	31 Dec 2021
Given on behalf of own liabilities and commitments		
Others	13,266	18,320
Total collateral given*	**13,266**	**18,320**
Secured derivative liabilities	552	744
Other secured liabilities	12,000	16,004
Total	**12,552**	**16,748**

* In addition, bonds with a book value of EUR 2.5 billion have been pledged in the central bank, of which EUR 0.5 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 comprehen-sive 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	26,980					26,980
Receivables from credit institutions	13,383					13,383
Derivative contracts			4,416		205	4,621
Receivables from customers	27,434					27,434
Notes and bonds	4,349	12,592	531			17,471
Equity instruments		0	25			26
Other financial assets	1,208					1,208
Financial assets						**91,123**
Other than financial instruments						14
Total 30 June 2022	**73,354**	**12,592**	**4,973**		**205**	**91,138**

Assets, EUR million	**Amortised cost**	**Fair value through other comprehen-sive 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		40,973		40,973
Derivative contracts	4,255		161	4,416
Liabilities to customers		16,345		16,345
Debt securities issued to the public		20,737		20,737
Subordinated loans		1,431		1,431
Other financial liabilities		2,470		2,470
Financial liabilities				**86,371**
Other than financial liabilities				543
Total 30 June 2022	**4,255**	**81,955**	**161**	**86,915**

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 30 June 2022, the fair value of these debt instruments was approximately EUR 899 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 30 June 2022, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments		21	4	25
Debt instruments	73	212	245	531
Derivative financial instruments	9	4,531	81	4,621
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	10,227	1,372	992	12,592
Total financial instruments	**10,310**	**6,137**	**1,322**	**17,769**
Investment property			0	0
Total	**10,310**	**6,137**	**1,322**	**17,769**

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 30 June 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	4,347	64	4,416
Total	**4**	**4,347**	**64**	**4,416**

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 comprehen-sive income	Total assets
Opening balance 1 January 2022	198	106	527	832
Total gains/losses in profit or loss	-191	-26		-216
Transfers into Level 3	242		575	817
Transfers out of Level 3			-110	-110
Closing balance 30 June 2022	**250**	**81**	**992**	**1,322**

Financial liabilities, EUR million	Derivative contracts	Total liabilities
Opening balance 1 January 2022	30	30
Total gains/losses in profit or loss	34	34
Closing balance 30 June 2022	**64**	**64**

Total gains/losses included in profit or loss by item on 30 June 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)	-191			-191
Unrealised net gains (losses)	-60			-60
Total net gains (losses)	**-250**			**-250**

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	30 June 2022	31 Dec 2021
Guarantees	424	406
Other guarantee liabilities	2,381	2,413
Loan commitments	5,870	5,678
Commitments related to short-term trade transactions	652	656
Other	494	495
Total off-balance-sheet commitments	**9,821**	**9,649**

Note 14. Derivative contracts

Total derivatives 30 June 2022

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	44,802	102,027	104,636	251,465	3,363	3,179
Cleared by the central counterparty	14,175	49,084	56,054	119,313	252	245
Settled-to-market (STM)	8,261	31,289	39,007	78,557	175	153
Collateralised-to-market (CTM)	5,914	17,795	17,047	40,756	78	92
Currency derivatives	54,331	5,266	858	60,454	1,046	1,013
Equity and index-linked derivatives	2			2	1	
Credit derivatives	22	59	11	93	0	37
Other derivatives	633	569	69	1,271	109	125
Total derivatives	**99,790**	**107,921**	**105,574**	**313,285**	**4,520**	**4,354**

Total derivatives 31 December 2021

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	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 CEO, Deputy 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:

Interim Report Q1–3/2022	26 October 2022

Helsinki, 27 July 2022

OP Corporate Bank plc
Board of Directors

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