OP Corporate Bank plc's Half-year Financial Report 1 January–30 June 2024

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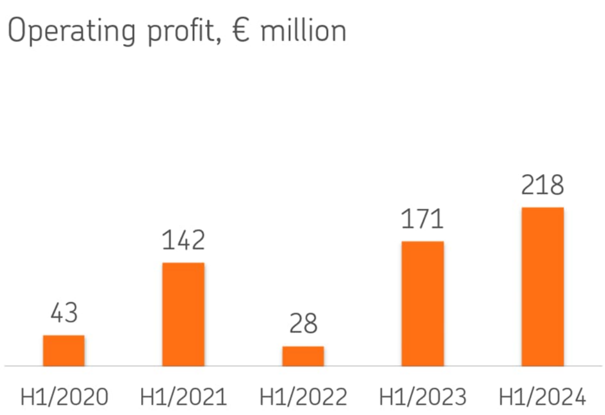
Operating profit H1/2024	Net interest income H1/2024	Loan portfolio change in the year to June	CET1 ratio 30 June 2024
€218 million	+16%	-0,3%	14.1%

- OP Corporate Bank plc's operating profit rose to EUR 218 million (171).
- Net interest income grew by 16% to EUR 306 million (263). Investment income fell by 54% to EUR 18 million (40). Net commissions and fees totalled EUR 38 million (40).
- Impairment loss on receivables decreased to EUR 16 million (23).
- Total operating expenses decreased by 11% to EUR 147 million (166). The cost/income ratio improved to 39% (46).
- In the year to June, the loan portfolio decreased by 0.3% to EUR 27.4 billion (27.4). The deposit portfolio increased by 26.6% in the year to June to EUR 14.7 billion (11.6).
- The Corporate Banking and Capital Markets operating profit increased to EUR 152 million (98). Net interest income grew by 28% to EUR 191 million (149). Investment income fell by 49% to EUR 15 million (29). Operating expenses decreased by 18% to EUR 60 million (73). Reversals of impairment loss on receivables amounted to EUR 1 million. A year ago, impairment loss on receivables totalled EUR 14 million.
- The Asset and Sales Finance Services and Payment Transfers segment's operating profit was EUR 72 million (71). Net interest income increased by 4% to EUR 107 million (103). Net commissions and fees totalled EUR 31 million (32). Operating expenses decreased by 6% to EUR 60 million (64). Impairment loss on receivables totalled EUR 17 million (8).
- The Baltics segment's operating profit amounted to EUR 19 million (19). Net interest income decreased to EUR 29 million (34). Net commissions and fees, EUR 5 million, were at the previous year's level. Operating expenses decreased by 11% to EUR 16 million (18).
- The Group Functions segment's operating loss was EUR -25 million. A year ago, the operating loss amounted to EUR -18 million. Financial position and liquidity remained strong.
- OP Corporate Bank plc's CET1 ratio was 14.1% (13.0), which exceeds the minimum regulatory requirement by 5.4 percentage points.

OP Corporate Bank plc's key indicators

Operating profit (loss), € million	H1/2024	H1/2023	Change, %	Q1–4/2023
Corporate Banking and Capital Markets	152	98	54.6	198
Asset and Sales Finance Services and Payment Transfers	72	71	0.8	126
Baltics	19	19	-1.2	27
Group Functions	-25	-18	43.0	-22
Total	218	171	27.1	329
Total income	380	360	5.7	738
Total expenses	-147	-166	-11.5	-313
Cost/income ratio, %	38.6	46.1	-7.5	42.4
Return on equity (ROE), %	7.4	6.2	1.2*	5.9
Return on assets (ROA), %	0.45	0.31	0.14*	0.30
	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
CET1 ratio, %	14.1	13.3	0.8*	13.0
Loan portfolio, € million	27,373	27,449	-0.3	28,076
Guarantee portfolio, € million	2,813	2,990	-5.9	3,184
Other exposures, € million	5,380	5,892	-8.7	5,745
Deposits, € million	14,710	11,620	26.6	14,629
Ratio of non-performing exposures to exposures, %	2.2	1.7	0.5*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.11	0.15	-0.04*	0.31

Comparatives for the income statement are based on the corresponding figures in 2023. Unless otherwise specified, figures from 31 December 2023 are used as comparatives for balance-sheet and other cross-sectional items.
* Change in ratio, percentage point(s).



OP Corporate Bank plc's operating profit calculated as pre-tax profit under national legislation is presented as a figure for 2020.

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Business environment

Economic surveys describing the world economy indicated a better outlook during the first half than at the end of last year. Euro area GDP grew slightly in the first quarter, and the results of economic surveys suggest that growth continued in April–June. The inflation rate slowed down from 2.9% at the end of 2023 to 2.5% in June.

The world's major stock indices rose in the first half, reaching a higher level than at the end of 2023. In Finland, stock prices were slightly lower than at the end of 2023 although they recovered in the second quarter.

The European Central Bank reduced its key interest rates in June. The deposit facility rate decreased to 3.75%. The key reference interest rate for home loans, a 12-month Euribor, was slightly higher at the end of June than at the end of last year because interest rate expectations in the market were down at the beginning of the year.

The Finnish economy continued to shrink in the first half compared to the previous year. In June, the unemployment rate trend rose to 8.2%, compared to 7.7% at the end of 2023. In June, inflation slowed down to 1.3%, compared to 3.6% in December 2023. Sale and purchase of homes decreased from the previous year and home prices fell.

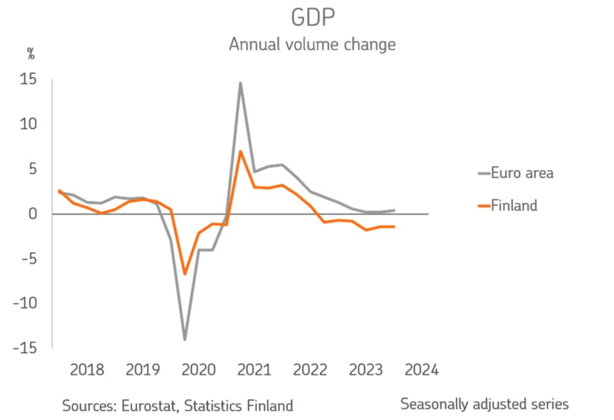
Decelerating inflation and a fall in interest rates are expected to support economic recovery towards the year end. The economic situation is still gloomy and many risks are undermining the economic outlook.

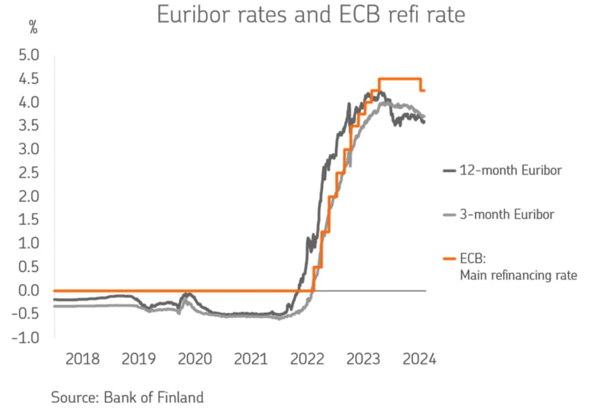
In Finland, total loans were 0.1% higher in May than a year ago. The volume of corporate loans increased by 2.4% on a year earlier. Total household loans decreased by 0.7% from a year ago, due especially to weak demand for home loans. In May, the annual growth rate of consumer loans was 3.0% in May.

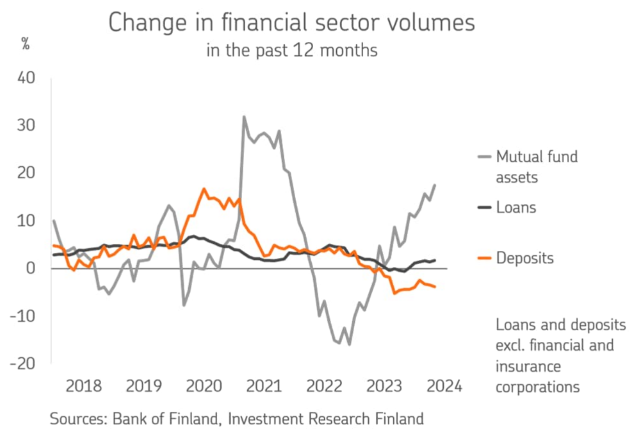
Total deposits decreased by 1.6% over the previous year. Corporate deposits decreased by 3.1% and household deposits by 0.7% year on year.

The value of the assets of mutual funds registered in Finland increased from EUR 149 billion to EUR 164 billion during the first five months of the year, and new assets invested totalled EUR 4.3 billion.

Demand for insurance products remained stable. A global rise in stock prices improved insurance companies' profitability.







OP Corporate Bank earnings

€ million	H1/ 2024	H1/ 2023	Change, %	Q2/ 2024	Q2/ 2023	Change, %	Q1–4/ 2023
Net interest income	306	263	16.3	149	136	10.1	582
Impairment loss on receivables	-16	-23	-30.2	-4	-12	-69.9	-96
Net commissions and fees	38	40	-4.6	19	23	-17.8	73
Investment income	18	40	-54.4	9	9	8.5	52
Other operating income	18	17	5.5	7	7	10.2	31
Personnel costs	-45	-43	-	-25	-25	-0.1	-84
Depreciation/amortisation and impairment loss	-1	-2	-75.2	0	-1	-69.2	-3
Other operating expenses	-101	-120	-16.0	-51	-46	9.3	-226
Operating profit	218	171	27.1	106	90	17.5	329

January–June

OP Corporate Bank plc's operating profit rose to EUR 218 million (171). The rise in the operating profit was especially affected by higher net interest income and lower operating expenses. Net interest income increased by 16.3% to EUR 306 million (263). Total operating expenses decreased by 11.5% to EUR 147 million (166). Charges of financial authorities decreased by EUR 30 million. The EU's Single Resolution Board (SRB) will not collect stability contributions from banks for 2024. Investment income fell by 54.4% to EUR 18 million (40). Net commissions and fees decreased to EUR 38 million (40). Impairment loss on receivables decreased to EUR 16 million (23).

Net interest income grew by 16.3% to EUR 306 million. Interest income from receivables from customers increased by EUR 167 million to EUR 723 million. In addition, interest income was increased by interest income from deposits with Group Treasury and interest income from receivables from OP Financial Group companies. OP Corporate Bank's loan portfolio decreased by 0.3% in the year to June, to EUR 27.4 billion (27.4). The loan portfolio decreased by 2.5% from its level at the end of last year. Interest expenses from liabilities to customers increased by EUR 124 million to EUR 272 million (148). The deposit portfolio increased by 26.6% year on year, to EUR 14.7 billion. The deposit portfolio grew by 0.6% from its level at the turn of the year. Interest expenses from debt securities issued to the public totalled EUR 215 million (265) and interest expenses from subordinated liabilities totalled EUR 28 million (22).
The amount of debt securities issued to the public decreased to EUR 21.0 billion (24.0). At the end of the reporting period, the amount of senior non-preferred bonds totalled EUR 3.5 billion (4.0). Subordinated liabilities totalled EUR 1.4 billion (1.4). During the reporting period, OP Corporate Bank issued long-term bonds worth EUR 0.8 billion (1.1).

Impairment loss on receivables decreased to EUR 16 million (23). Loss allowance was EUR 339 million (328) at the end of the reporting period. The item includes an additional management overlay provision of EUR 15 million that concerns construction and real estate sectors, personal customer exposures and improvements in the processes related to early warning systems and the identification of groups of connected clients. Final net loan losses recognised for the reporting period totalled EUR 4 million (17). Non-performing exposures accounted for 2.2% (2.2) of total exposures. Ratio of impairment loss on receivables to the loan and guarantee portfolio decreased to 0.11% (0.15).

Net commissions and fees decreased to EUR 38 million (40). Commission income decreased to EUR 68 million (72), as commission income from lending decreased. Commission expenses totalled EUR 30 million (32).

Investment income decreased to EUR 18 million (40). Income from derivatives operations fell to EUR 1 million (18). Income from notes and bonds held for trading fell to EUR 12 million (15). Interest income from them decreased to EUR 12 million (16). Revaluation losses on notes and bonds were EUR -1 million (-1). Income from shares and participations increased to EUR 5 million (1). Income from notes and bonds at fair value through other comprehensive income decreased by EUR 6 million. A year ago, income from notes and bonds totalled EUR 6 million.

Other operating income totalled EUR 18 million (17).

Total operating expenses decreased by EUR 19 million to EUR 147 million. Personnel costs increased by EUR 2 million to EUR 45 million. The increase in personnel costs was affected by headcount growth and pay increases. Depreciation/amortisation and impairment loss on receivables totalled EUR 1 million (2). Other operating expenses totalling EUR 101 million decreased by EUR 19 million. Lower other operating expenses were explained by a reduction in the stability contribution paid to the Single Resolution Fund financed by the euro-area banks. Charges of financial authorities decreased by EUR 30 million. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024. Total ICT costs increased by EUR 8 million to EUR 54 million.

Comprehensive income for the reporting period increased to EUR 201 million (134). Change in the fair value reserve, EUR 35 million, increased comprehensive income for the reporting period. The fair value reserve was EUR –29 million (–63) at the end of the reporting period. Gains arising from remeasurement of defined benefit plans increased comprehensive income by EUR 3 million. Meanwhile, changes in own credit risk on liabilities measured at fair value reduced comprehensive income for the reporting period by EUR 8 million.

April–June

Second-quarter operating profit increased to EUR 106 million (90). Operating profit was increased by higher net interest income and lower impairment loss on receivables. Net interest income increased by EUR 14 million to EUR 149 million. Net commissions and fees decreased to EUR 19 million (23). Investment income totalled EUR 9 million (9). Total operating expenses increased by EUR 4 million to EUR 75 million. Impairment loss on receivables decreased to EUR 4 million (12).

Net interest income rose to EUR 149 million (136). Interest income from receivables from customers rose by 24.3% to EUR 362 million and interest income from receivables from credit institutions rose by EUR 17.2 million to EUR 261 million. Interest expenses from liabilities to customers increased by 67.8% to EUR 138 million.

Net commissions and fees decreased by EUR 4 million to EUR 19 million, as commission income decreased. Commission income from lending decreased by EUR 4 million to EUR 13 million. Commission expenses totalled EUR 16 million (15).

Investment income totalled EUR 9 million (9). Income from financial assets held for trading, EUR 9 million, increased by EUR 3 million, income from notes and bonds totalling EUR 10 million (1) and income from shares and participations EUR 5 million (0). Income from derivatives operations fell by EUR 10 million to EUR –6 million. Income from notes and bonds at fair value through other comprehensive income decreased by EUR 3 million. A year ago, income from notes and bonds totalled EUR 3 million.

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

Total operating expenses increased by EUR 4 million to EUR 75 million. Personnel costs remained at the previous year's level, totalling EUR 25 million. ICT costs increased by EUR 4 million to EUR 28 million.

Total comprehensive income for the second quarter was EUR 105 million (57). Change in the fair value reserve, EUR 17 million (–16), increased comprehensive income.

April–June highlights

OP Corporate Bank is joining the Euribor Panel

OP Corporate Bank plc will become a member of the Panel, which contributes to the setting of the Euribor. At the moment, the Panel consists of 19 major banks from around Europe. OP Corporate Bank will add a new element to the Panel's membership, which currently includes no other Nordic banks. The Euribor is administered by the European Money Markets Institute (EMMI), which is in charge of the calculation principles and publication of reference rates. The EMMI is in the process of revising the Panel's methodology.

Sustainability and corporate responsibility

OP Corporate Bank is part of OP Financial Group and corporate responsibility is an integral part of OP Financial Group's business and strategy. Responsible business is one of OP Financial Group's strategic priorities. OP Financial Group's sustainability programme is built around three themes: Climate and the environment, People and communities and Corporate governance.

The programme is based on OP Financial Group's values, megatrends in the business environment and materiality assessment. The programme and its goals were worked on together with different stakeholders. The Climate and the environment section sets goals for the provision of sustainable financial and investment products, the emission reductions of loan and investment portfolios as well as the promotion of biodiversity. The People and communities section focuses on the wellbeing of local communities and on supporting management of personal finances and financial literacy. The Corporate governance section involves integrating responsibility with all business and related risk-taking and a goal to enhance governance diversity. Read more about OP Financial Group's sustainability programme at op.fi/op-financial-group/corporate-social-responsibility.

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 and the UN Principles of Sustainable Insurance. OP Financial Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

OP Financial Group is committed to 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.

As of the reporting year 2024, OP Financial Group reports on its sustainability and corporate responsibility in accordance with the European Sustainability Reporting Standards (ESRS) under the EU's Corporate Sustainability Reporting Directive (CSRD).

OP Financial Group has set emissions reduction targets for three sectors in its loan portfolio: energy, agriculture and residential property sectors. These account for more than 90% of the emissions of OP Financial Group's loan portfolio. Measured from the 2022 initial level, the goal is to reduce by 2030 1) the emissions intensity of energy production by 50%; 2) the absolute emissions associated with the agricultural sector by 30%; and 3) the emissions intensity of home loans by 45%.

OP Financial Group has drawn up a biodiversity road map that includes measures to promote biodiversity at OP Financial Group. The aim is to create a nature positive handprint by 2030. 'Nature positive' means that OP Financial Group's operations will have a net positive impact (NPI) on nature.

OP Financial Group has drawn up a Human Rights Statement and Human Rights Policy. The Group respects all recognised human rights. The Human Rights Statement includes the requirements and expectations that OP Financial Group has set for itself and actors in its value chains. OP Financial Group is committed to remediation actions if it causes adverse human rights impacts.

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 provide finance for new coal power plants or coal mines, or companies that plan to build them. Neither does OP Corporate Bank finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. This policy can be deviated from if the corporate customer is committed to shifting towards a low-carbon economy and demonstrating a concrete plan to withdraw from coal.

OP Corporate Bank has developed several products based on the international framework for sustainable corporate finance, such as green loans and sustainability-linked loans and sustainable supply chain finance. In green loans, corporate customers are committed to using the borrowed funds to promote specific projects. In sustainability-linked loans, corporate customers are committed to sustainability goals selected together when granting the loan. These targets affect the loan margin. At the end of June, total exposures from these loans and facilities stood at EUR 7.8 billion (6.5).

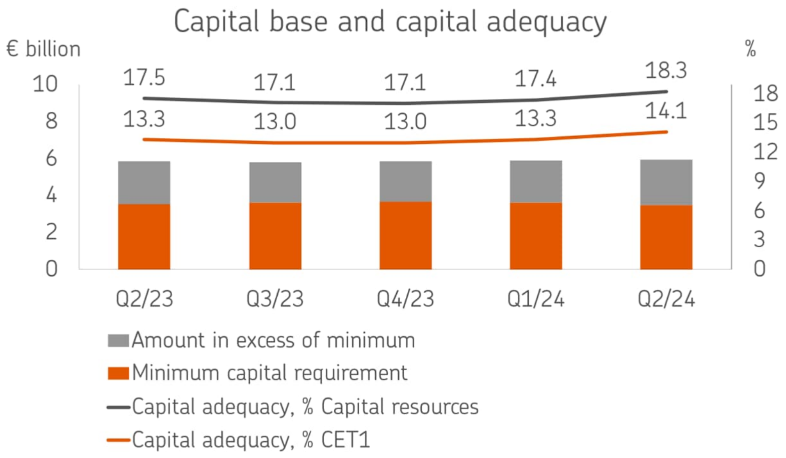
OP Corporate Bank has issued three green bonds, under the Green Bond Framework and its updated versions, to international institutional investors: a senior green bond of EUR 500 million with a maturity of three years issued in 2024; a senior non-preferred green bond of EUR 500 million with a maturity of 5.5 years issued in 2022; and a senior green bond of EUR 500 million issued in 2019, which arrived at maturity in February 2024. The green bonds support the green transition, and proceeds raised with them are allocated to sustainable corporate finance. Eligible sectors to be funded through the bonds include, for example, renewable energy, green buildings and environmentally sustainable management of living natural resources and land use. In March, OP Corporate Bank published an updated Green Bond Framework 2024, which takes account of the EU Taxonomy for the first time. The Framework and the related Second Party Opinion by Sustainalytics are available on OP Financial Group's website for debt investors.

OP Corporate Bank has launched sustainable supply chain finance to encourage supply chains to more sustainable operations through sustainability-linked financing. With sustainable supply chain finance, businesses can grant better terms of financing for suppliers that commit to mutually agreed sustainability targets. The solution is a new way for companies to reduce the indirect emissions of their operations. OP Corporate Bank brokered its first ever green commercial paper in 2023.

In May, OP Financial Group launched an OP-Sustainable Corporate Bond fund, which collected initial investments worth EUR 120 million. The fund is OP Financial Group's first thematic fund that only invests in fixed income instruments.

In June, OP Financial Group published its updated Responsible AI policies to ensure ethical use of artificial intelligence throughout the Group.

Capital adequacy

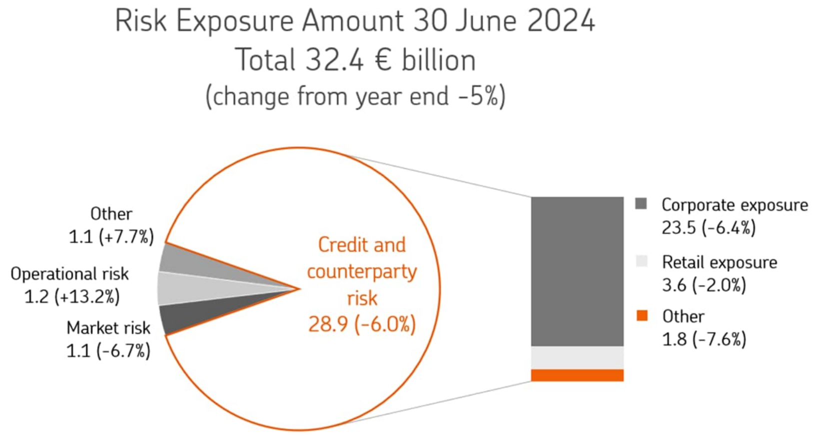


Capital adequacy for credit institutions

On 30 June 2024, OP Corporate Bank's CET1 ratio was 14.1% (13.0), which exceeds the minimum regulatory requirement by 5.4 percentage points. Earnings and a decrease in risk-weighted assets improved the ratio.

As a credit institution, OP Corporate Bank'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 minimum AT1 requirement, 1.5%, increases the minimum CET1 to 6%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions and the requirement for the countercyclical capital buffer of 0.2% increase the minimum capital adequacy ratio to 10.7% and the minimum CET1 ratio to 8.7%, including the shortfall of Additional Tier 1 (AT1) capital.

CET1 capital totalled EUR 4.6 billion (4.4) on 30 June 2024. The financial performance for the reporting period had a positive effect on CET1 capital.



On 30 June 2024, the total risk exposure amount (REA) amounted to EUR 32.4 billion (34.1), or 5,0% lower than on 31 December 2023. Risk-weighted credit risk assets decreased. The risk-weighted assets for operational risk increased in line with income for previous years.

OP Corporate Bank 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 is supervised by the European Central Bank (ECB). OP Financial Group publishes Pillar III disclosures.

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In June 2024, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks.

The changes in the EU Capital Requirements Regulation (CRR3), which implement the final elements of Basel III, are assessed to have a slight deteriorating effect on the capital adequacy of OP Corporate Bank. The changes will take effect as of 1 January 2025.

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. According to the resolution strategy, OP Mortgage Bank will continue its operations as the new OP Corporate Bank's subsidiary.

The SRB updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group in May 2024. As part of the MREL, the resolution authority has updated OP Financial Group's subordination requirement in accordance with the Single Resolution Mechanisms Regulation. The subordination requirement determines how much of the MREL must be fulfilled with own funds or subordinated liabilities. From May 2024, the MREL is 23.12% of the total risk exposure amount and 28.24% of the total risk exposure amount including a combined buffer requirement, and 7.48% of leverage ratio exposures. The subordination requirement supplementing the MREL is 13.56% of the total risk exposure amount and 18.68% of the total risk exposure amount including a combined buffer requirement, and 7.48% of leverage ratio exposures. These requirements took effect on 15 May 2024. The requirements include a combined buffer requirement (CBR) of 5.12%.

OP Financial Group's buffer for the MREL was EUR 7.8 billion (7.9) and for the subordination requirement EUR 6.8 billion (5.6). The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 3.8 billion (3.8). These bonds provide funds for the MREL subordination requirement.

OP Financial Group clearly exceeds the MREL requirement. OP Financial Group's MREL ratio was 39.1% (37.1%) of the total risk exposure amount and, based on the subordination requirement, the MREL ratio for subordinated liabilities was 28.2% (26.4) of the total risk exposure amount.

Credit ratings

OP Corporate Bank plc's credit ratings on 30 June 2024

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 has credit ratings affirmed by Standard & Poor's and Moody's. When assessing OP Corporate Bank's credit rating, credit rating agencies take account of the entire OP Financial Group's financial position. The credit ratings have not changed in 2024.

Bases for risk profile management and the business environment

In risk-taking related to its operations, OP Corporate Bank emphasises careful preparation and a sound risk-return ratio. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by OP Cooperative's Board of Directors.

OP Corporate Bank's success lies in a foundation of accumulated trust capital, sufficient capital and liquidity and diverse information on customers. From a risk-carrying capacity perspective, it is essential for OP Corporate Bank to understand its customers' activities and needs, as well as change factors affecting their future success in the prevailing business environment and in situations where the business environment is affected by an unexpected shock or change in trend.

OP Corporate Bank analyses the business environment as part of the ongoing risk assessment activities and strategy process. Megatrends and worldviews behind OP Corporate Bank's strategy reflect driving forces that affect the daily activities, conditions and future of OP Corporate Bank and its customers. Factors currently shaping the business environment include climate, biodiversity loss, scientific and technological innovations, polarisation, demography and geopolitics. OP Corporate Bank provides advice and makes business decisions that promote the sustainable financial success, security and wellbeing of its customers and operating region while managing its risk profile on a longer-term basis. Advice for customers, risk-based service sizing, contract lifecycle management, decision-making, management and reporting are based on correct and comprehensive information.

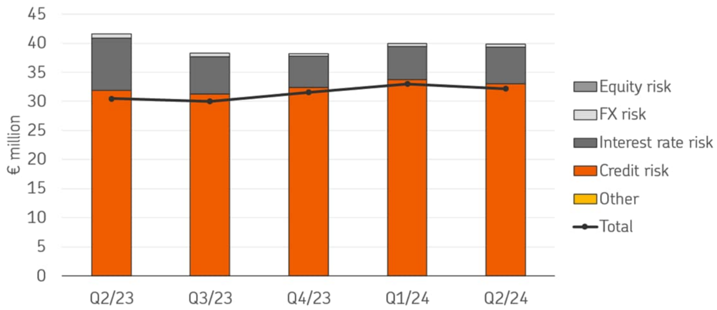
Unexpected external shocks from the economic environment may cause various direct and indirect effects on the prosperity of OP Corporate Bank's customers and on the Group's premises, ICT infrastructure and personnel. If materialised, they may affect the risk profile, capitalisation, liquidity and the continuity of daily business in various ways. OP Corporate Bank assesses the effects of such potential shocks by means of scenario work and continuously prepares for such effects by creating and testing action plans.

During the reporting period, the materialisation of OP Corporate Bank's operational risks resulted in EUR 0.2 million (0.1) in gross losses. The risk profile of other risks is discussed in more detail 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 the Baltics. Non-business segment operations are presented in the Group Functions segment.

Business segments

Major risks in the business segments are associated with credit risk arising from customer business, and market risk. The business segments' credit risk exposure remained stable and credit risk remained moderate. The loan portfolio remained good in terms of general quality. Following the deterioration in the construction and real estate sectors in 2023, the situation regarding customers in these sectors remained difficult in the first half of 2024.

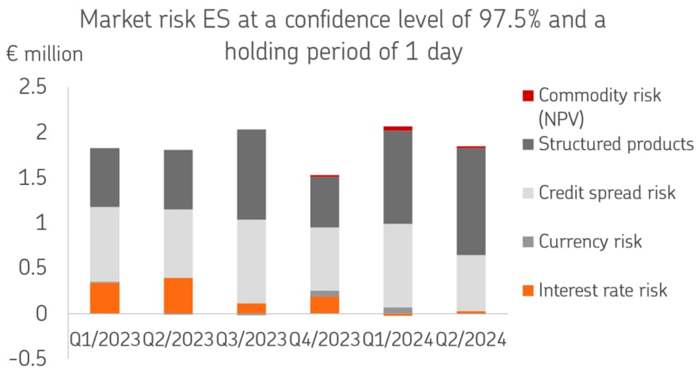
Corporate banking’s market risk VaR at a confidence level of 95% and a retention period of 10 days



The VaR, a measure of market risks associated with OP Corporate Bank's investments, was EUR 32 million (32) on 30 June 2024. The VaR risk metric includes banking's bond investments, derivatives that hedge their interest rate risk as well as investments in money market papers. No major changes were made to the asset class allocation during the reporting period.

The stressed Expected Shortfall (ES) of Markets, a measure of market risk, remained low in the second quarter, amounting to EUR 1.8 million at the end of the quarter.

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 25 million (17) and as the effect of a one-percentage-point decrease EUR –25 million (–17) 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.



Forborne loans and non-performing receivables

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
More than 90 days past due, € million			59	52	59	52	31	30	28	22
Unlikely to be paid, € million			343	562	343	562	79	104	264	458
Forborne exposures, € million	592	108	382	212	973	320	117	59	857	261
Total, € million	592	108	784	826	1,376	933	227	193	1,149	740

Key ratios	30 Jun 2024	31 Dec 2023
Ratio of doubtful receivables to exposures, %	3.87	2.52
Ratio of non-performing exposures to exposures, %	2.21	2.23
Ratio of performing forborne exposures to exposures, %	1.66	0.29
Ratio of performing forborne exposures to doubtful receivables, %	43.00	11.5
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	24.44	34.8

At the end of the second quarter, OP Corporate Bank plc had 7 (10) large customer exposures, totalling EUR 3.7 billion (5.4). Large customer exposure refers to the amount of exposures of an individual group of connected clients which, after allowances, exceeds 10% of Tier 1 capital covering customer risk.

The Baltics segment exposures totalled EUR 4.0 billion (4.1), which accounted for 10.1% (9.9) of OP Corporate Bank's total exposures.

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

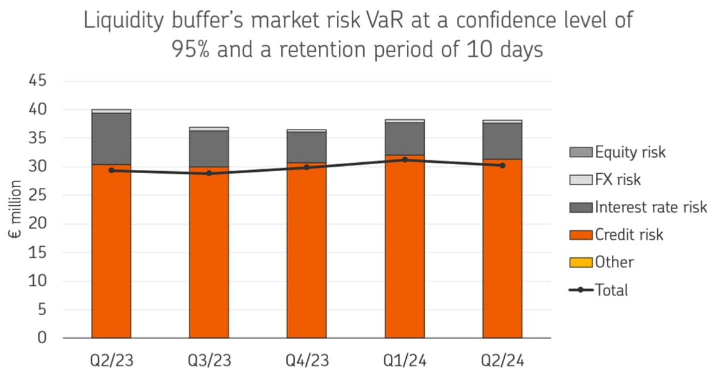
Group Functions

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's funding position and liquidity are strong.

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 130% (130) at the end of the reporting period.

The VaR risk metric that measures market risk associated with the liquidity buffer was EUR 30 million (30) on 30 June 2024. The VaR risk metric includes bond investments in the liquidity buffer, derivatives that hedge their interest rate risk as well as investment in money market papers. No major changes occurred in the asset class allocation.



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.

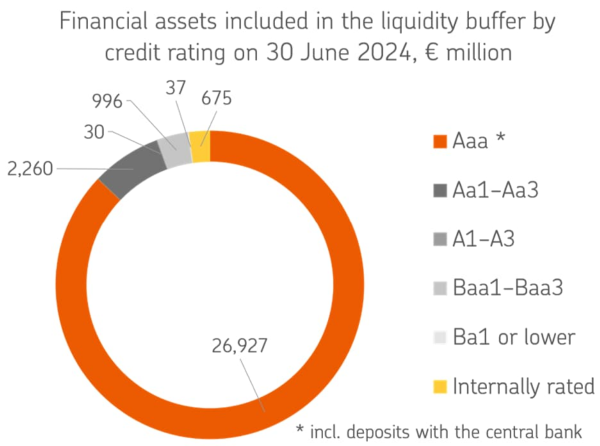
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 193% (199) at the end of the reporting period.

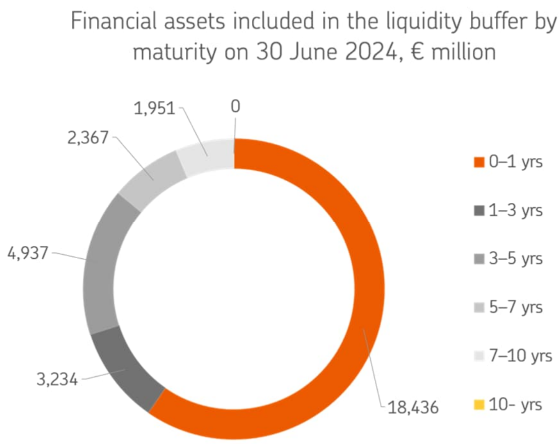
Liquidity buffer

€ billion	30 Jun 2024	31 Dec 2023	Change, %
Deposits with central banks	17.2	19.6	-12.3
Notes and bonds eligible as collateral	12.3	11.8	4.6
Loan receivables eligible as collateral	0.8	1.1	-28.6
Total	30.2	32.4	-3.6
Receivables ineligible as collateral	0.7	0.7	6.1
Liquidity buffer at market value	29.7	33.1	-3.4
Collateral haircut	-0.7	-0.7	-
Liquidity buffer at collateral value	30.2	32.3	-3.4

The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loan receivables eligible as collateral. At the end of the reporting period, the liquidity buffer included bonds with a carrying amount of EUR 1,509 million (629), classified at amortised cost and issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,506 million (647).

In the Liquidity buffer table, the bonds are measured at fair value.





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 14.2% of OP Corporate Bank's exposures. These exposures decreased by EUR 5.5 billion 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 the Baltics. Non-business segment operations are presented in the Group Functions segment. OP Corporate Bank plc prepares its segment reporting in compliance with its accounting policies.

Corporate Banking and Capital Markets

- Operating profit increased to EUR 152 million (98).
- Total income increased by 14.1% to EUR 211 million (185). Net interest income increased by 28.3% to EUR 191 million (149). Net commissions and fees decreased to EUR 3 million (5). Investment income fell by 48.7% to EUR 15 million (29).
- Total expenses decreased by 17.6% to EUR 60 million (73). Personnel costs rose by 3.8% to EUR 20 million (19). Other operating expenses decreased by 23.5% to EUR 40 million (53).
- The cost/income ratio improved to 28.4% (39.3).
- In the year to June, the loan portfolio decreased by 0.5% to EUR 16.3 billion (16.4).
- Reversals of impairment loss on receivables amounted to EUR 1 million. A year ago, impairment loss on receivables totalled EUR 14 million.
- The most significant development investments focused on upgrading the core banking system.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	191	149	28.3	316
Impairment loss on receivables	1	-14	-	-44
Net commissions and fees	3	5	-48.4	3
Investment income	15	29	-48.7	49
Other operating income	3	3	15.0	5
Personnel costs	-20	-19	3.8	-37
Depreciation/amortisation and impairment loss	0	-1	-98.1	-1
Other operating expenses	-40	-53	-23.5	-93
Operating profit	152	98	54.6	198
Total income	211	185	14.1	373
Total expenses	-60	-73	-17.6	-131
Cost/income ratio, %	28.4	39.3	-10.9*	35.1
Return on assets (ROA), %	1.14	0.69	0.44*	0.70
	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Loan portfolio, € billion	16.3	16.4	-0.5	16.7

* Change in ratio, percentage point(s).

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, 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.

The loan portfolio decreased by 2.4% from its year-end level to EUR 16.3 billion (16.7) as demand for new corporate loans decreased in the first half. Demand for sustainable financing has remained healthy, and companies have made active use of Corporate Banking's expertise in sustainable finance.

New bond issues in the Finnish market were active in the first half. OP Corporate Bank acted as an arranger in nine issues.

Financial performance for the reporting period

The segment operating profit amounted to EUR 152 million (98). Total income increased by 14.1%. Total expenses decreased by 17.6%. The cost/income ratio improved to 28.4% (39.3) over the previous year.

Net interest income rose by 28.3% to EUR 191 million (149) as a result of higher market interest rates, loan margins and inter-segment allocation changes. The segment's loan portfolio decreased by 2.4% during the reporting period, amounting to EUR 16.3 billion (16.7).

In the first half, impairment loss on receivables reversed came to EUR 1 million. A year ago, impairment loss on receivables totalled EUR 14 million.

Net commissions and fees decreased to EUR 3 million (5). Investment income decreased to EUR 15 million (29). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 3 million (–2).

Total expenses decreased by 17.6% to EUR 60 million (73). Personnel costs rose by 3.8% to EUR 20 million (19). Other operating expenses decreased by 23.5% to EUR 40 million (53). Charges of financial authorities decreased by EUR 17 million year on year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024.

Asset and Sales Finance Services and Payment Transfers

- Operating profit increased to EUR 72 million (71).
- Total income increased by 3.8% to EUR 149 million (143). Net interest income increased by 4.3% to EUR 107 million (103). Net commissions and fees decreased by 1.7% to EUR 31 million (32).
- Total expenses decreased by 6.4% to EUR 60 million (64). The cost/income ratio improved to 40.5% (44.9).
- The loan portfolio grew by 1.6% to EUR 8.4 billion (8.3) in the year to June. The deposit portfolio increased by 17.8% in the year to June, to EUR 11.4 billion (9.7).
- Impairment loss on receivables totalled EUR 17 million (8).
- The most significant development investments involved the upgrades of customer relationship management and payment systems.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	107	103	4.3	207
Impairment loss on receivables	-17	-8	116.3	-37
Net commissions and fees	31	32	-1.7	64
Investment income	0	0	-	0
Other operating income	11	9	24.2	14
Personnel costs	-17	-17	-0.6	-32
Depreciation/amortisation and impairment loss	0	-1	-45.6	-1
Other operating expenses	-43	-47	-8.0	-89
Operating profit	72	71	0.8	126
Total income	149	143	3.8	285
Total expenses	-60	-64	-6.4	-122
Cost/income ratio, %	40.5	44.9	-4.4*	42.8
Return on assets (ROA), %	1.28	1.27	0.01*	1.10
	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Loan portfolio, € billion	8.4	8.3	1.6	8.5
Deposits, € billion	11.4	9.7	17.8	12.5

* Change in ratio, percentage point(s).

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 in the first half involved the upgrades of customer relationship management and payment systems.

The loan portfolio decreased by 0.8% from its year-end level, to EUR 8.4 billion. Companies' low working capital needs and appetite to invest reduced the loan portfolio. The loan portfolio in consumer finance grew.

The deposit portfolio decreased by 8.9% to EUR 11.4 (12.5) billion from its level on 31 December 2023 but increased by 17.8% from its level a year ago.

During the second quarter, OP Corporate Bank launched OP Flexible Capital, a new product in unsecured working capital financing for SMEs.

Financial performance for the reporting period

The segment's operating profit amounted to EUR 72 million (71). Total income increased by 3.8%. Total expenses decreased by 6.4%. The cost/income ratio improved to 40.5% (44.9) over the previous year.

Net interest income rose by 4.3% to EUR 107 million (103) as a result of inter-segment allocation changes. Net commissions and fees totalled EUR 31 million (32). Other operating income totalled EUR 11 million (9). Impairment loss on receivables totalled EUR 17 million (8). It was increased by a management overlay of EUR 6 million that concerns improvements in the processes related to early warning systems and the identification of groups of connected clients, as well as consumer loans.

Total expenses were EUR 60 million (64). Personnel costs remained at the previous year's level, totalling EUR 17 million. Other operating expenses decreased by 8.0% to EUR 43 million (47). Charges of financial authorities decreased by EUR 9 million year on year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024.

Baltics

- Operating profit remained at the same level as a year ago, totalling EUR 19 million.
- Total income decreased by 9.7% to EUR 35 million (39). Net interest income decreased by 14.0% to EUR 29 million (34).
- Total expenses decreased by 10.8% to EUR 16 million (18). The cost/income ratio improved to 46.0% (46.5).
- The loan portfolio decreased by 4.9% to EUR 2.6 billion (2.8) in the year to June. The deposit portfolio increased by 63.0% to EUR 1.5 billion (0.9).

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	29	34	-14.0	67
Impairment loss on receivables	0	-1	-123.9	-15
Net commissions and fees	5	5	15.8	10
Personnel costs	-6	-5	19.8	-10
Depreciation/amortisation and impairment loss	0	0	-26.8	-1
Other operating expenses	-10	-13	-22.5	-24
Operating profit	19	19	-1.2	27
Total income	35	39	-9.7	77
Total expenses	-16	-18	-10.8	-35
Cost/income ratio, %	46.0	46.5	-0.6*	45.1
Return on assets (ROA), %	1.11	1.10	0.01*	0.76
	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Loan portfolio, € billion**	2.6	2.8	-4.9	2.9
Deposits, € billion**	1.5	0.9	63.0	1.4

* Change in ratio, percentage point(s).

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 has branches in Estonia, Latvia and Lithuania.

The segment's loan portfolio decreased by 8.3% from its year-end level, to EUR 2.6 billion (2.9). The deposit portfolio increased by 11.3% from its 2023-end level, to EUR 1.5 billion (1.4).

Financial performance for the reporting period

The segment's operating profit amounted to EUR 19 million (19). Total income decreased by 9.7%. Total expenses decreased by 10.8%. The cost/income ratio improved to 46.0% (46.5) year on year.

Net interest income decreased to EUR 29 million (34), as a result of the segment's higher financing costs. Net commissions and fees remained at the same level as a year ago, totalling EUR 5 million.

Total expenses decreased by 10.8% to EUR 16 million (18). Personnel costs rose by 19.8% to EUR 6 million (5). The rise was chiefly affected by headcount growth and change in the income level. Other operating expenses decreased by 22.5% to EUR 10 million (13). Charges of financial authorities decreased by EUR 4 million over the previous year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024.

Group Functions

- Operating loss amounted to EUR -25 million (–18).
- Financial position and liquidity remained strong.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	-21	-22	-5.1	-8
Impairment loss on receivables	0	0	-192.9	0
Net commissions and fees	-1	-2	-24.6	-4
Investment income	4	11	-65.3	3
Other operating income	12	12	0.0	23
Personnel costs	-3	-3	12.4	-5
Depreciation/amortisation and impairment loss	0	0	-98.3	0
Other operating expenses	-15	-13	11.6	-31
Operating profit (loss)	-25	-18	-	-22
Receivables and liabilities from/to the amalgamation's central cooperative and affiliated credit institutions, net position, € billion	-14.9	-12.1	23.5	-12.5

Functions supporting OP Financial Group, such as Group Treasury responsible for the management of funding and liquidity of affiliated credit institutions and the central cooperative consolidated, have been centralised in Group Functions. The Group Treasury 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. 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 operating loss was EUR -25 million (-18). Operating profit at fair value was EUR 9 million (–23).

Net interest income was EUR –21 million (–22). A year ago, the effect of items related to TLTRO III funding and its hedging amounted to EUR –11 million.

Investment income totalled EUR 4 million (11). Investment income included EUR 0 million (6) in capital gains on notes and bonds. In comparison with a year ago, income from investment activities was also reduced by value changes in derivatives.

At the end of June, the average margin of senior and senior non-preferred wholesale funding was 50 basis points (45).

In March, OP Corporate Bank issued a senior green bond worth EUR 500 million. During the reporting period, OP Corporate Bank issued long-term bonds worth a total of EUR 0.8 billion (1.1).

At the end of the reporting period, OP Corporate Bank's balance sheet assets included bonds worth EUR 1,509 million (629) classified at amortised cost, issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,506 million (647).

On 30 June 2024, investments by the amalgamation's central cooperative and the affiliated credit institutions in OP Corporate Bank were EUR 14.9 (12.5) billion higher than funding borrowed by them from Group Treasury.

OP Financial Group's and OP Corporate Bank's funding position and liquidity are 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.

OP Corporate Bank's development costs and production maintenance ICT costs totalled EUR 54 million (46). The development costs include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 10 million (10). The capitalised development expenditure totalled EUR 1 million (0).

The most significant development investments of OP Corporate Bank involved the development work on the basic banking system and customer relationship management and payment systems. With the implementation of the new Group-level customer relationship management system, OP Corporate Bank aims at better customer experience and higher quality and more efficient operations. The upgrade of core payment systems and improvement of digital transaction services will continue further.

Personnel and remuneration

On 30 June 2024, OP Corporate Bank plc had 960 employees (858). In the second quarter, the recruitment of summer employees especially increased OP Corporate Bank's personnel.

Personnel at period end

	30 Jun 2024	31 Dec 2023
Corporate Banking and Capital Markets	319	288
Asset and Sales Finance Services and Payment Transfers	427	375
Baltics	159	146
Group Functions	54	49
Total	960	858

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2024 consists of the performance-based bonus scheme and the personnel fund covering all personnel. 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 in 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 April 2024, the Annual General Meeting (AGM) of OP Corporate Bank plc re-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 Uudenmaan Osuuspankki Managing Director Olli Lehtilä, OP Turun Seutu Managing Director Petteri Rinne, OP Financial Group's Chief Financial Officer Mikko Timonen and OP Financial Group's Chief Legal Officer and Group General Counsel Tiia Tuovinen who acted in this position until the end of 2023 and left OP Financial Group at her own request on 30 June 2024. The AGM elected Mikko Vepsäläinen, Managing Director of Pohjois-Savon Osuuspankki, as a new member of the Board of Directorsm replacing Pasi Sorri, Managing Director of OP Keski-Suomi. By decision of the shareholders on 19 June 2024, OP Financial Group's Chief Human Resources Officer Hannakaisa Länsisalmi was elected a new Board member, replacing Tiia Tuovinen. The term for the Board member Länsisalmi started on 1 July 2024.

The AGM elected PricewaterhouseCoopers Oy, an audit firm, to act as OP Corporate Bank's auditor for the financial year 2024, with Lauri Kallaskari, Authorised Public Accountant, acting as the chief auditor appointed by PricewaterhouseCoopers Oy.

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

Change in OP Corporate Bank plc Board of Directors

Hannakaisa Länsisalmi, Chief Human Resources Officer of OP Financial Group, started as a member of OP Corporate Bank plc's Board of Directors on 1 July 2024. Länsisalmi replaces Tiia Tuovinen who left OP Financial Group on 30 June 2024 at her own request. As a result of Länsisalmi's appointment, OP Corporate Bank plc's Board composition has been as follows since 1 July 2024: Timo Ritakallio (Chair), Mikko Timonen, Olli Lehtilä, Petteri Rinne, Mikko Vepsäläinen and Hannakaisa Länsisalmi.

Outlook for 2024

The Finnish economy was sluggish in the first half of 2024. GDP contracted over the previous year and unemployment increased. After spring, however, economic confidence has improved. Decelerating inflation and falling interest rates are paving the way for economic recovery. Risks associated with the economic outlook are still higher than usual. The escalation of geopolitical crises may abruptly affect capital markets and the economic environment.

A full-year earnings estimate for 2024 will only be provided at Group level in OP Financial Group's financial statements bulletin and interim and half-year financial reports.

The most significant uncertainties affecting OP Corporate Bank's earnings performance relate to developments in the business environment, changes in the interest rate and investment environment, and 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.

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), %	$\frac{\text{Financial performance for the reporting period x (days of financial year/days of reporting period)}}{\text{Equity (average at beginning and end of period)}} \times 100$	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Return on assets (ROA), %	$\frac{\text{Financial performance for the reporting period x (days of financial year/days of reporting period)}}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$	The ratio describes how much return is generated on capital tied up on business during the reporting period.
Total income	Net interest income + Net commissions and fees + Investment income + Other operating income	The figure describes the development of all income.
Total expenses	Personnel costs + Depreciation/amortisation and impairment loss + Other operating expenses	The figure describes the development of all expenses.
Investment income	Net interest income from financial assets held for trading + Net investment income	The figure describes the development of all income related to investment.
Cost/income ratio, %	$\frac{\text{Total expenses}}{\text{Total income}} \times 100$	The ratio describes the ratio of expenses to income. The lower that ratio, the better.
Loan portfolio	Loans and loss allowance included in the balance sheet item Receivables from customers. The loan portfolio does no include interest not received or valuation items related to derivatives.	Total amount of loans granted to customers
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	$\frac{\text{Impairment loss on receivables x (days of financial year/days of reporting period)}}{\text{Loan and guarantee portfolio at period end}} \times 100$	The ratio describes the ratio of impairment loss on receivables entered in the income statement to the loan and guarantee portfolio. The lower that ratio, the better.

Deposits	Deposits included in balance sheet item Liabilities to customers. Deposits do not include unpaid interest or valuation items related to derivatives		Total amount of deposits by customers.
Coverage ratio, %	Loss allowance / Balance sheet items involving credit risk + credit equivalent of 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 own funds / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of own funds 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.
Common Equity Tier 1 (CET1) capital 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.

Key figure	Formula		Description
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

Own funds, € million	30 Jun 2024	31 Dec 2023
OP Corporate Bank plc's equity	4,721	4,597
Fair value reserve, cash flow hedge	1	6
Common Equity Tier 1 (CET1) before deductions	4,722	4,603
Intangible assets	-2	-1
Excess funding of pension liability and valuation adjustments	-55	-59
Planned profit distribution	-51	-76
Insufficient coverage for non-performing exposures amount	-51	-37
CET1 capital	4,563	4,430
Tier 1 capital (T1)	4,563	4,430
Debenture loans	1,288	1,308
Debentures to which transition rules apply	39	57
General credit risk adjustments	22	22
Tier 2 capital (T2)	1,349	1,387
Total own funds	5,912	5,816

Risk exposure amount, € million	30 Jun 2024	31 Dec 2023
Credit and counterparty risk	28,903	30,744
Standardised Approach (SA)	28,903	30,744
Central government and central banks exposure	71	87
Credit institution exposure	506	603
Corporate exposure	22,036	23,701
Retail exposure	3,121	3,060
Mortgage-backed exposure	1,482	1,438
Defaulted exposure	505	638
Items of especially high risk	136	219
Covered bonds	692	608
Collective investment undertakings (CIU)	56	60
Equity investments	3	11
Other	297	317
Risks of the CCP's default fund	1	1
Securitisations	36	50
Market and settlement risk (Standardised Approach)	935	1,006
Operational risk (Standardised Approach)	1,229	1,086
Valuation adjustment (CVA)	206	217
Other risks*	1,061	969
Total risk exposure amount	32,372	34,072

* Risks not otherwise covered.

Ratios, %	30 Jun 2024	31 Dec 2023
CET1 capital ratio	14.1	13.0
Tier 1 ratio	14.1	13.0
Capital adequacy ratio	18.3	17.1

Ratios, fully loaded, %	30 Jun 2024	31 Dec 2023
CET1 capital ratio	14.1	13.0
Tier 1 ratio	14.1	13.0
Capital adequacy ratio	18.1	16.9

Capital requirement, EUR million	30 Jun 2024	31 Dec 2023
Own funds	5,912	5,816
Capital requirement	3,478	3,657
Buffer for capital requirements	2,434	2,159

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

TABLES

Income statement

€ million	Note	H1/2024	Adjusted H1/2023	Q2/2024	Adjusted Q2/2023
Net interest income calculated using the effective interest method		1,290	1,052	636	619
Other interest income		302	231	154	122
Interest expenses		-1,286	-1,020	-640	-606
Net interest income	3	306	263	149	136
Impairment loss on receivables	4	-16	-23	-4	-12
Commission income		68	72	34	38
Commission expenses		-30	-32	-16	-15
Net commissions and fees	5	38	40	19	23
Net income from financial assets held for trading	6	18	33	9	6
Net investment income	7	0	6	0	3
Other operating income		18	17	7	7
Personnel costs		-45	-43	-25	-25
Depreciation/amortisation and impairment loss		-1	-2	0	-1
Other operating expenses	8	-101	-120	-51	-46
Operating expenses		-147	-166	-75	-72
Operating profit (loss)		**218**	**171**	**106**	**90**
Earnings before tax		**218**	**171**	**106**	**90**
Income tax		-46	-35	-21	-18
Profit for the period		**172**	**137**	**85**	**72**

OP Corporate Bank plc changed the official income statement and balance sheet format of the financial statements during the second quarter of 2024. The new income statement and balance sheet format describes the company's operations better. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

Statement of comprehensive income

€ million	Note	H1/2024	H1/2023	Q2/2024	Q2/2023
Profit for the period		**172**	**137**	**85**	**72**
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		3	1	1	0
Changes in own credit risk on liabilities measured at fair value		-10		3	
Items that may be reclassified to profit or loss					
Change in fair value reserve					
On fair value measurement	10	36	-10	19	-8
On cash flow hedging	10	7	6	2	-11
Income tax					
On items not reclassified to profit or loss					
On gains/(losses) arising from measurement of defined benefit plans		-1	0	0	0
Changes in own credit risk on liabilities measured at fair value		2		-1	
On items that may subsequently be reclassified to profit or loss					
On fair value measurement	10	-7	2	-4	2
On cash flow hedging	10	-1	-1	0	2
Other comprehensive income items		**29**	**-3**	**21**	**-15**
Total comprehensive income for the period		**201**	**134**	**105**	**57**

Balance sheet

€ million	Note	30 June 2024	Adjusted 31 Dec 2023	Adjusted 1 Jan 2023
Cash and deposits with central banks	12	17,310	19,710	34,951
Receivables from credit institutions	12	11,386	12,280	13,033
Receivables from customers	12	27,467	28,187	28,559
Derivative contracts	12, 15	4,056	4,445	5,592
Investment assets		13,897	12,823	16,455
Intangible assets		2	1	3
Property, plant and equipment		3	3	5
Other assets		719	664	535
Deferred tax receivables		25	31	0
Total assets		**74,865**	**78,145**	**99,133**
Liabilities to credit institutions	12	24,744	23,982	41,060
Liabilities to customers	12	16,677	17,254	19,098
Derivative contracts	12, 15	3,759	4,179	5,517
Debt securities issued to the public	9	20,925	24,062	25,311
Provisions and other liabilities		2,280	2,321	2,084
Income tax liabilities		15	4	10
Deferred tax liabilities		333	332	306
Subordinated liabilities		1,411	1,414	1,384
Total liabilities		**70,143**	**73,548**	**94,769**
Equity capital				
Share capital		428	428	428
Fair value reserve	10	-29	-63	-29
Other reserves		1,019	1,019	1,019
Retained earnings		3,303	3,213	2,947
Total equity		**4,721**	**4,597**	**4,364**
Total liabilities and equity		**74,865**	**78,145**	**99,133**

OP Corporate Bank plc changed the official income statement and balance sheet format of the financial statements during the second quarter of 2024. The new income statement and balance sheet format describes the company's operations better. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

Statement of changes in equity

€ million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Equity capital 1 Jan 2023	**428**	**-29**	**1,019**	**2,947**	**4,364**
Total comprehensive income for the period		-4		138	**134**
Profit for the period				137	**137**
Other comprehensive income		-4		1	**-3**
Other				0	**0**
Equity capital 30 June 2023	**428**	**-33**	**1,019**	**3,084**	**4,498**

€ million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Equity capital 1 Jan 2024	**428**	**-63**	**1,019**	**3,213**	**4,597**
Total comprehensive income for the period		35		166	**201**
Profit for the period				172	**172**
Other comprehensive income		35		-6	**29**
Profit distribution				-76	**-76**
Other				0	**0**
Equity capital 30 June 2024	**428**	**-29**	**1,019**	**3,303**	**4,721**

Cash flow statement

€ million	H1/2024	Adjusted H1/2023
Cash flow from operating activities		
Profit for the period	172	137
Adjustments to profit for the period	163	-155
Increase (-) or decrease (+) in operating assets	**780**	**4,313**
Receivables from credit institutions	1,251	-262
Receivables from customers	720	803
Derivative contracts, assets	16	-140
Investment assets	-1,150	3,649
Other assets	-56	264
Increase (+) or decrease (-) in operating liabilities	**188**	**-20,631**
Liabilities to credit institutions	820	-16,079
Liabilities to customers	-578	-5,131
Derivative contracts, liabilities	-51	9
Provisions and other liabilities	-3	570
Income tax paid	-35	-35
Dividends received	1	2
A. Net cash from operating activities	**1,269**	**-16,369**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-4	0
Proceeds from sale of PPE and intangible assets	3	1
B. Net cash used in investing activities	**-1**	**0**
Cash flow from financing activities		
Subordinated liabilities, change	-12	-23
Debt securities issued to the public, change	-3,212	-1,627
Dividends paid	-76	
Lease liabilities	0	0
C. Net cash used in financing activities	**-3,300**	**-1,651**
Net change in cash and cash equivalents (A+B+C)	**-2,032**	**-18,020**
Cash and cash equivalents at the period start	**19,894**	**35,395**
Effect of foreign exchange rate changes	-11	24
Cash and cash equivalents at the period-end	**17,851**	**17,399**
Interest received	**3,868**	**2,524**
Interest paid	**-3,419**	**-2,304**
Cash and cash equivalents		
Cash and deposits with central banks	17,310	17,184
Receivables from credit institutions payable on demand	541	215
Total	**17,851**	**17,399**

Notes

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

Note 1. Accounting policies and changes in accounting policies and presentation

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 2023.

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.

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 management judgement.

The actual measurement of ECL figures is performed using the ECL models based on the use of observable input data, 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 judgement.

In special situations where the ECL models are not sufficiently able to take account of an unpredictable event or circumstances, management overlay is directly used for ECL figures (post model adjustments). Management overlay is used especially when selecting the used scenario. Management overlays 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.

Management judgement and estimates included in the calculation of expected credit losses in respects of other than those presented above are included in the 2023 financial statements.

In Note 4 to this Half-year Financial Report, Impairment loss on receivables, describes management judgement made in the preparation of the Half-year Financial Report.

January–June highlights

OP Corporate Bank is joining the Euribor Panel

OP Corporate Bank plc will become a member of the Panel, which contributes to the setting of the Euribor. At the moment, the Panel consists of 19 major banks from around Europe. OP Corporate Bank will add a new element to the Panel's membership, which currently includes no other Nordic banks. The Euribor is administered by the European Money Markets Institute (EMMI), which is in charge of the calculation principles and publication of reference rates. The EMMI is in the process of revising the Panel's methodology.

OP Corporate Bank plc issued a new green bond

OP Corporate Bank plc issued a floating rate senior green bond worth EUR 500 million in accordance with its updated Green Bond Framework. The bond with a maturity of three years is targeted at international institutional investors. The bond's interest is tied to the 3-month Euribor. The green bond will support the green transition, and proceeds raised with it will be allocated to sustainable corporate finance. Eligible sectors to be funded through the bond include, for example, renewable energy, green buildings and environmentally sustainable management of living natural resources and land use. The bond was issued on 28 March 2024.

Events after the reporting period

Change in OP Corporate Bank plc Board of Directors

Hannakaisa Länsisalmi, Chief Human Resources Officer of OP Financial Group, started as a member of OP Corporate Bank plc's Board of Directors on 1 July 2024. Länsisalmi replaces Tiia Tuovinen who left OP Financial Group on 30 June 2024 at her own request. As a result of Länsisalmi's appointment, OP Corporate Bank plc's Board composition has been as follows since 1 July 2024: Timo Ritakallio (Chair), Mikko Timonen, Olli Lehtilä, Petteri Rinne, Mikko Vepsäläinen and Hannakaisa Länsisalmi.

Changes in accounting policies and presentation

Change to presentation of balance sheet and income statement format

OP Corporate Bank changed the official income statement and balance sheet format of the financial statements during the second quarter of 2024. OP Corporate Bank's new income statement and balance sheet format describes the company's operations better. The changes have been made retrospectively also for 2023 and the first quarter of 2024.

Changes in the balance sheet format for 1 January 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 436 million, was transferred to the balance sheet row "Receivables from customers, EUR 381 million, and the balance sheet row "Receivables from credit institutions, EUR 55 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 347 million, was transferred to the balance sheet rows "Liabilities to credit institutions, EUR 160 million, "Liabilities to customers, EUR 84 million and "Debt securities issued to the public", EUR 103 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 51 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 190 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 222 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 300 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	1 Jan 2023	Changes	Adjusted 1 Jan 2023
Cash and deposits with central banks	a)	34,951	0	34,951
Receivables from credit institutions	b)	12,978	55	13,033
Receivables from customers	b)	28,178	381	28,559
Derivative contracts	e)	5,782	–190	5,592
Investment assets	d)	16,404	51	16,455
Intangible assets		3	0	3
Property, plant and equipment (PPE)		5	0	5
Other assets	b), d), e)	1,132	-597	535
Tax assets	f)	0	0	0
Income tax assets	f)		0	0
Deferred tax assets	f)		0	0
Total assets		99,433	–300	99,133
Liabilities to credit institutions	c)	40,899	160	41,060
Liabilities to customers	c)	19,014	84	19,098
Derivative contracts	e)	5,739	-222	5,517
Debt securities issued to the public	c)	25,209	103	25,311
Provisions and other liabilities	c), e)	2,509	–425	2,084
Tax liabilities	g)	316	–316	0
Income tax liabilities	g)		10	10
Deferred tax liabilities	g)		306	306
Subordinated liabilities		1,384		1,384
Total liabilities		95,069	–300	94,769
Equity capital				
Share capital		428	0	428
Fair value reserve		–29	0	–29
Other reserves		1,019	0	1,019
Retained earnings		2,947	0	2,947
Total equity		4,364	0	4,364
Total liabilities and equity		99,433	–300	99,133

Changes in the balance sheet format for 31 March 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 183 million, was transferred to the balance sheet row "Receivables from customers", EUR 137 million, and the balance sheet row "Receivables from credit institutions", EUR 46 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 226 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 128 million, "Liabilities to customers", EUR 11 million, and "Debt securities issued to the public", EUR 87 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 53 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 283 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 291 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 312 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	31 Mar 2023	Changes	Adjusted 31 March 2023
Cash and deposits with central banks	a)	17,490	0	17,490
Receivables from credit institutions	b)	13,886	46	13,932
Receivables from customers	b)	27,206	137	27,343
Derivative contracts	e)	5,185	-283	4,902
Investment assets	d)	16.335	53	16,388
Intangible assets		2	0	2
Property, plant and equipment (PPE)		4	0	4
Other assets	b), d), e)	936	-265	671
Tax assets	f)	23	-23	0
Income tax assets	f)		0	0
Deferred tax assets	f)		23	23
Total assets		81,067	-312	80,755
Liabilities to credit institutions	c)	28,305	128	28,433
Liabilities to customers	c)	14,469	11	14,480
Derivative contracts	e)	5,071	-291	4,780
Debt securities issued to the public	c)	23,446	87	23,533
Provisions and other liabilities	c), e)	3,611	–247	3,364
Tax liabilities	g)	339	-339	0
Income tax liabilities	g)		7	7
Deferred tax liabilities	g)		332	332
Subordinated liabilities		1,384	0	1,384
Total liabilities		76,626	-312	76,314
Equity capital				
Share capital		428	0	428
Fair value reserve		-18	0	-18
Other reserves		1,019	0	1,019
Retained earnings		3,012	0	3,012
Total equity		4,441	0	4,441
Total liabilities and equity		81,067	-312	80,755

Changes in the balance sheet format for 30 June 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 203 million, was transferred to the balance sheet row "Receivables from customers", EUR 137 million, and the balance sheet row "Receivables from credit institutions", EUR 66 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 242 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 132 million, "Liabilities to customers", EUR 21 million, and "Debt securities issued to the public", EUR 89 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 49 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 330 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 337 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 364 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	30 Jun 2023	Changes	Adjusted 30 Jun 2023
Cash and deposits with central banks	a)	17,184	0	17,184
Receivables from credit institutions	b)	12,970	66	13,036
Receivables from customers	b)	27,345	137	27,482
Derivative contracts	e)	5,415	–330	5,086
Investment assets	d)	12,930	49	12,979
Intangible assets		1	0	1
Property, plant and equipment (PPE)		4	0	4
Other assets	b), d), e)	970	-286	684
Tax assets	f)	27	-27	0
Income tax assets	f)		0	0
Deferred tax assets	f)		27	27
Total assets		76,847	-364	76,483
Liabilities to credit institutions	c)	24,838	132	24,970
Liabilities to customers	c)	13,869	21	13,890
Derivative contracts	e)	5,244	–337	4,907
Debt securities issued to the public	c)	23,593	89	23,682
Provisions and other liabilities	c), e)	3,100	–269	2,832
Tax liabilities	g)	341	-341	0
Income tax liabilities	g)		9	9
Deferred tax liabilities	g)		332	332
Subordinated liabilities		1,364	0	1,364
Total liabilities		72,349	-364	71,985
Equity capital				
Share capital		428	0	428
Fair value reserve		-33	0	-33
Other reserves		1,019	0	1,019
Retained earnings		3,084	0	3,084
Total equity		4,498	0	4,498
Total liabilities and equity		76,847	-364	76,483

Changes in the balance sheet format for 30 September 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 276 million, was transferred to the balance sheet row "Receivables from customers", EUR 187 million, and the balance sheet row "Receivables from credit institutions", EUR 88 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 288 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 160 million, "Liabilities to customers", EUR 18 million, and "Debt securities issued to the public", EUR 111 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 57 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 335 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 331 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 373 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	30 Sep 2023	Changes	Adjusted 30 Sep 2023
Cash and deposits with central banks	a)	15,252	0	15,252
Receivables from credit institutions	b)	13,650	88	13,738
Receivables from customers	b)	27,941	187	28,129
Derivative contracts	e)	6,029	-335	5,694
Investment assets	d)	11,978	57	12,035
Intangible assets		1	0	1
Property, plant and equipment (PPE)		4	0	4
Other assets	b), d), e)	1,160	–370	790
Tax assets	f)	29	–29	0
Income tax assets	f)		0	0
Deferred tax assets	f)		29	29
Total assets		76,044	-373	75,671
Liabilities to credit institutions	c)	23,453	160	23,612
Liabilities to customers	c)	14,606	18	14,624
Derivative contracts	e)	5,844	–331	5,513
Debt securities issued to the public	c)	22,820	111	22,931
Provisions and other liabilities	c), e)	3,033	–331	2,702
Tax liabilities	g)	345	–345	0
Income tax liabilities	g)		13	13
Deferred tax liabilities	g)		333	333
Subordinated liabilities		1,381	0	1,381
Total liabilities		71,482	-373	71,109
Equity capital				
Share capital		428	0	428
Fair value reserve		-40	0	-40
Other reserves		1,019	0	1,019
Retained earnings		3,156	0	3,156
Total equity		4,563	0	4,563
Total liabilities and equity		76,044	-373	75,671

Changes in the balance sheet format for 31 December 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 272 million, was transferred to the balance sheet row "Receivables from customers", EUR 183 million, and the balance sheet row "Receivables from credit institutions", EUR 89 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 285 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 151 million, "Liabilities to customers", EUR 28 million, and "Debt securities issued to the public", EUR 105 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 76 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 335 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 317 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 367 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	31 Dec 2023	Changes	Adjusted 31 Dec 2023
Cash and deposits with central banks	a)	19,710	0	19,710
Receivables from credit institutions	b)	12,191	89	12,280
Receivables from customers	b)	28,004	183	28,187
Derivative contracts	e)	4,780	-335	4,445
Investment assets	d)	12,748	76	12,823
Intangible assets		1	0	1
Property, plant and equipment (PPE)		3	0	3
Other assets	b), d), e)	1,043	-379	664
Tax assets	f)	31	-31	0
Income tax assets	f)		0	0
Deferred tax assets	f)		31	31
Total assets		78,512	-367	78,145
Liabilities to credit institutions	c)	23,830	151	23,982
Liabilities to customers	c)	17,226	28	17,254
Derivative contracts	e)	4,496	–317	4,179
Debt securities issued to the public	c)	23,957	105	24,062
Provisions and other liabilities	c),e)	2,656	-335	2,321
Tax liabilities	g)	336	-336	0
Income tax liabilities	g)		4	4
Deferred tax liabilities	g)		332	332
Subordinated liabilities		1,414	0	1,414
Total liabilities		73,915	-367	73,548
Equity capital				
Share capital		428	0	428
Fair value reserve		–63	0	–63
Other reserves		1,019	0	1,019
Retained earnings		3,213	0	3,213
Total equity		4,597	0	4,597
Total liabilities and equity		78,512	-367	78,145

Changes in the balance sheet format for 31 March 2024

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in row "Other assets". Interest not received from loan receivables, EUR 303 million, was transferred to the balance sheet row "Receivables from customers", EUR 211 million, and the balance sheet row "Receivables from credit institutions", EUR 91 million.
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 315 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 163 million, "Liabilities to customers", EUR 32 million, and "Debt securities issued to the public", EUR 120 million.
d) Accrued interest on loan receivables was previously presented in row "Other assets". Accrued interest on notes and bonds, EUR 76 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 307 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 298 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 334 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The "Tax liabilities" row in the balance sheet was previously divided into two rows "Income tax liabilities" and "Deferred tax liabilities".

Balance sheet

€ million	Reference	31 Mar 2024	Changes	Adjusted 31 Mar 2024
Cash and deposits with central banks	a)	15,796	0	15,796
Receivables from credit institutions	b)	11,557	91	11,649
Receivables from customers	b)	27,778	211	27,990
Derivative contracts	e)	4,415	-307	4,108
Investment assets	d)	13,507	76	13,583
Intangible assets		1	0	1
Property, plant and equipment (PPE)		3	0	3
Other assets	b), d), e)	1,232	-406	825
Tax assets	f)	30	-30	0
Income tax assets	f)		0	0
Deferred tax assets	f)		30	30
Total assets		74,319	–334	73,984
Liabilities to credit institutions	c)	23,661	163	23,824
Liabilities to customers	c)	15,561	32	15,593
Derivative contracts	e)	4,073	-298	3,775
Debt securities issued to the public	c)	21,793	120	21,913
Provisions and other liabilities	c), e)	2,793	-352	2,441
Tax liabilities	g)	344	–344	0
Income tax liabilities	g)		11	11
Deferred tax liabilities	g)		333	333
Subordinated liabilities		1,402	0	1,402
Total liabilities		69,626	–334	69,292
Equity capital				
Share capital		428	0	428
Fair value reserve		–46	0	–46
Other reserves		1,019	0	1,019
Retained earnings		3,291	0	3,291
Total equity		4,692	0	4,692
Total liabilities and equity		74,319	–334	73,984

Changes in the income statement format for Q1/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q1/2023	Changes	Adjusted Q1/2023
Net income calculated using the effective interest method	a)		433	433
Interest income	a)	542	-542	0
Other interest income	a)		108	108
Interest expenses		-414	0	-414
Net interest income		127	0	127

Changes in the income statement format for H1/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	H1/2023	Changes	Adjusted H1/2023
Net income calculated using the effective interest method	a)		1,052	1,052
Interest income	a)	1,283	-1,283	0
Other interest income	a)		231	231
Interest expenses		-1,020	0	-1,020
Net interest income		263	0	263

Changes in the income statement format for Q2/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q2/2023	Changes	Adjusted Q2/2023
Net income calculated using the effective interest method	a)		619	619
Interest income	a)	741	-741	0
Other interest income	a)		122	122
Interest expenses		-606	0	-606
Net interest income		136	0	136

Changes in the income statement format for Q1–3/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q1–3/2023	Changes	Adjusted Q1–3/2023
Net income calculated using the effective interest method	a)		1,661	1,661
Interest income	a)	2,034	-2,034	0
Other interest income	a)		373	373
Interest expenses		-1,613	0	-1,613
Net interest income		421	0	421

Changes in the income statement format for Q3/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q3/2023	Changes	Adjusted Q3/2023
Net income calculated using the effective interest method	a)		609	609
Interest income	a)	751	-751	0
Other interest income	a)		142	142
Interest expenses		-593	0	-593
Net interest income		159	0	159

Changes in the income statement format for Q1–4/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q1–4/2023	Changes	Adjusted Q1–4/2023
Net income calculated using the effective interest method	a)		2,315	2,315
Interest income	a)	2,839	-2,839	0
Other interest income	a)		525	525
Interest expenses		-2,257	0	-2,257
Net interest income		582	0	582

Changes in the income statement format for Q4/2023

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q4/2023	Changes	Adjusted Q4/2023
Net income calculated using the effective interest method	a)		654	654
Interest income	a)	805	-805	0
Other interest income	a)		151	151
Interest expenses		-645	0	-645
Net interest income		161	0	161

Changes in the income statement format for Q1/2024

a) In the income statement, interest income previous presented in its own row was divided into interest income and other interest income calculated using the effective interest method.

Net interest income in the income statement

€ million	Reference	Q1/2024	Changes	Adjusted Q1/2024
Net income calculated using the effective interest method	a)		654	654
Interest income	a)	803	–803	0
Other interest income	a)		148	148
Interest expenses		-646	0	-646
Net interest income		157	0	157

Effect of changes in the balance sheet and income statement formats on the cash flow statement

Changes made to the balance sheet format has been taken into account retrospectively in the 2023 cash flow statements and the cash flow statement for 1 January–31 March 2024. The changes affected only the breakdown of the adjustments of business cash flows. The changes in the income statement and balance sheet formats had no effect of the total amount of the cash flows of business, investments or financing activities. Cash and cash equivalents did not change. The adjusted cash flow statements will be presented as a cash flow statement comparative in OP Corporate Bank's Half-year Financial Report for 1 January–30 June 2024, Interim Report for 1 January–30 September 2024, Financial Statements Bulletin for 1 January–31 December 2024 and Interim Report for 1 January–31 March 2025.

Note 2. Segment reporting

Segment information

Earnings H1/2024, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Interest income*	582	458	104	1,764	-1,316	1,592
Interest expenses	-391	-351	-75	-1,786	1,316	-1,286
Net interest income	191	107	29	-21		306
of which inter-segment items	-270	101	-30	199		
Impairments loss on receivables	1	-17	0	0		-16
Commission income	26	36	5	0		68
Commission expenses	-24	-4	0	-2		-30
Net commissions and fees	3	31	5	-1		38
Net income from financial assets held for trading	14	0	0	4		18
Net investment income	0			0		0
Other operating income	3	11	0	12	-7	18
Personnel costs	-20	-17	-6	-3		-45
Depreciation/amortisation and impairment loss	0	0	0	0		-1
Other operating expenses	-40	-43	-10	-15	7	-101
Operating expenses	-60	-60	-16	-18	7	-147
Operating profit (loss)	**152**	**72**	**19**	**-25**		**218**
Earnings before tax	**152**	**72**	**19**	**-25**		**218**

* Interest income in the income statement includes interest income calculated using the effective interest method and other interest income.

Earnings H1/2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Interest income*	394	299	73	1,115	-598	1,283
Interest expenses	-245	-197	-39	-1,137	598	-1,020
Net interest income	149	103	34	-22		263
of which inter-segment items	-180	51	-18	148		0
Impairments loss on receivables	-14	-8	-1	0		-23
Commission income	32	35	5	0		72
Commission expenses	-27	-3	0	-2		-32
Net commissions and fees	5	32	5	-2		40
Net income from financial assets held for trading	29			5		33
Net investment income	0			6		6
Other operating income	3	9	0	12	-6	17
Personnel costs	-19	-17	-5	-3		-43
Depreciation/amortisation and impairment loss	-1	-1	0	0		-2
Other operating expenses	-53	-47	-13	-13	6	-120
Operating expenses	-73	-64	-18	-16	6	-166
Operating profit (loss)	**98**	**71**	**19**	**-18**		**171**
Earnings before tax	**98**	**71**	**19**	**-18**		**171**

* Interest income in the income statement includes interest income calculated using the effective interest method and other interest income.

Balance sheet 30 June 2024, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Cash and deposits with central banks	0	133	12	17,165		17,310
Receivables from credit institutions		480	1	10,905		11,386
Receivables from customers	16,402	8,461	2,627	-24		27,467
Derivative contracts	4,013			42		4,056
Investment assets	542			13,355		13,897
Intangible assets	0	0	0	1		2
Property, plant and equipment	0	1	2	1		3
Other assets	219	48	23	429		719
Deferred tax receivables	2	0		23		25
Total assets	**21,178**	**9,123**	**2,665**	**41,898**		**74,865**
Liabilities to credit institutions	0	9	0	24,735		24,744
Liabilities to customers	78	11,153	1,524	3,921		16,677
Derivative contracts	3,582			177		3,759
Debt securities issued to the public	2,320			18,605		20,925
Provisions and other liabilities	103	825	41	1,310		2,280
Income tax liabilities			0	15		15
Deferred tax liabilities				333		333
Subordinated liabilities				1,411		1,411
Total liabilities	**6,082**	**11,987**	**1,566**	**50,507**		**70,143**
Equity						**4,721**

Adjusted Balance sheet 31 December 2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Cash and deposits with central banks	0	115	10	19,585		19,710
Receivables from credit institutions		209	0	12,070		12,280
Receivables from customers	16,726	8,528	2,886	47		28,187
Derivative contracts	4,366			79		4,445
Investment assets	559			12,264		12,823
Intangible assets		1	0	0		1
Property, plant and equipment	0	1	2	1		3
Other assets	94	50	0	520		664
Deferred tax receivables	1	0		31		31
Total assets	**21,747**	**8,903**	**2,898**	**44,597**		**78,145**
Liabilities to credit institutions	0	10	0	23,972		23,982
Liabilities to customers	103	12,256	1,293	3,602		17,254
Derivative contracts	3,928			251		4,179
Debt securities issued to the public	2,466			21,597		24,062
Provisions and other liabilities	72	834	202	1,214		2,321
Income tax liabilities			3	1		4
Deferred tax liabilities				332		332
Subordinated liabilities				1,414		1,414
Total liabilities	**6,569**	**13,100**	**1,498**	**52,382**		**73,548**
Equity						**4,597**

Note 3. Net interest income

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
Interest income*				
Receivables from credit institutions**	541	468	261	223
Receivables from customers				
Loans**	667	494	332	272
Finance lease receivables**	56	41	28	23
Fair value adjustments under hedge accounting	0	20	3	-3
Total	723	555	362	292
Notes and bonds				
Measured at fair value through profit or loss	0	0	0	0
At fair value through other comprehensive income	79	58	40	32
Amortised cost**	26	49	15	24
Fair value adjustments under hedge accounting	-118	79	-46	-27
Total	-12	186	9	30
Derivative contracts***				
Fair value hedge	313	48	141	107
Cash flow hedge	-8	-4	-3	-4
Other	0		0	
Total	305	44	138	103
Liabilities to credit institutions				
Interest**				76
Liabilities to customers				
Negative interest**	0	0	0	0
Other	35	30	19	17
Total	**1,592**	**1,283**	**789**	**741**
Interest expenses				
Liabilities to credit institutions				
Interest expenses for liabilities to credit institutions	-384	-406	-188	-258
Fair value adjustments under hedge accounting	58	-49	15	21
Total	-326	-456	-174	-237
Liabilities to customers	-272	-148	-138	-82
Notes and bonds issued to the public				
Interest expenses for debt securities issued to the public	-257	-238	-125	-125
Fair value adjustments under hedge accounting	42	-26	-10	76
Total	-215	-265	-135	-49
Subordinated liabilities				
Subordinated loans				
Other	-20	-18	-10	-9
Fair value adjustments under hedge accounting	-9	-4	-7	2
Total	-28	-22	-17	-7
Derivative contracts***				
Cash flow hedge	-412	-125	-159	-225
Other	12	30	6	16
Total	-400	-95	-154	-209
Receivables from credit institutions				
Negative interest	0	-1	0	-0
Other	-44	-34	-22	-20
Total	**-1,286**	**-1,020**	**-640**	**-606**
Net interest income	**306**	**263**	**149**	**136**

* Interest income in the income statement includes interest income calculated using the effective interest method and other interest income.

** Interest income calculated using the effective interest method totalled EUR 1,290 (1,052) million.

*** Includes the valuation of derivatives and interest.

Note 4. Impairment losses on receivables

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
Receivables written down as loan and guarantee losses	-4	-17	-3	-17
Recoveries of receivables written down	0	0	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-11	-6	0	3
Expected credit losses (ECL) on notes and bonds	-1	0	-1	2
Total	**-16**	**-23**	**-4**	**-12**

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by impairment stage 30 June 2024

The tables below describe exposures that fall within the scope of accounting for expected credit losses. The off-balance-sheet exposure was adjusted using the credit conversion factor (CCF).

Exposures	Stage 1	Stage 2			Stage 3	
€ million		Not more than 30 DPD	More than 30 DPD	Total		Total exposure
Receivables from customers (gross)						
Corporate Banking	25,307	2,655	488	3,143	676	29,125
Total	**25,307**	**2,655**	**488**	**3,143**	**676**	**29,125**
Off-balance-sheet limits						
Corporate Banking	3,191	69	0	69	7	3,267
Total	**3,191**	**69**	**0**	**69**	**7**	**3,267**
Other off-balance-sheet commitments						
Corporate Banking	2,563	151		151	34	2,748
Total	**2,563**	**151**		**151**	**34**	**2,748**
Notes and bonds						
Group Functions	13,805	50		50	3	13,857
Total	**13,805**	**50**		**50**	**3**	**13,857**
Total exposures within the scope of accounting for expected credit losses	**44,866**	**2,925**	**488**	**3,413**	**719**	**48,998**

Loss allowance by impairment stage 30 June 2024

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	
€ million		Not more than 30 DPD	More than 30 DPD	Total		Total loss allowance
Receivables from customers						
Corporate Banking	-27	-69	-12	-81	-186	-294
Total	**-27**	**-69**	**-12**	**-81**	**-186**	**-294**
Other off-balance-sheet commitments**						
Corporate Banking	-2	-15		-15	-25	-42
Total	**-2**	**-15**		**-15**	**-25**	**-42**
Notes and bonds***						
Group Functions	-1	-1		-1	-2	-3
Total	**-1**	**-1**		**-1**	**-2**	**-3**
Total	**-30**	**-84**	**-12**	**-96**	**-213**	**-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 30 June 2024	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	31,061	2,875	488	3,363	717	35,141
Loss allowance						
Corporate Banking	-29	-84	-12	-96	-211	-336
Coverage ratio, %						
Corporate Banking	-0.09%	-2.92%	-2.46%	-2.85%	-29.49%	-0.96%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**31,061**	**2,875**	**488**	**3,363**	**717**	**35,141**
Total loss allowance	**-29**	**-84**	**-12**	**-96**	**-211**	**-336**
Total coverage ratio, %	**-0.09%**	**-2.92%**	**-2.46%**	**-2.85%**	**-29.49%**	**-0.96%**
Carrying amount, notes and bonds						
Group Functions	13,805	50		50	3	13,857
Loss allowance						
Group Functions	-1	-1		-1	-2	-3
Coverage ratio, %						
Group Functions	-0.01%	-1.13%		-1.13%	-62.00%	-0.02%
Total notes and bonds	**13,805**	**50**		**50**	**3**	**13,857**
Total loss allowance	**-1**	**-1**		**-1**	**-2**	**-3**
Total coverage ratio, %	**-0.01%**	**-1.13%**		**-1.13%**	**-62.00%**	**-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 2024 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; off-balance-sheet items 1 January 2024	**31,581**	**3,603**	**761**	**35,945**
Transfers from Stage 1 to Stage 2, incl. repayments	-1,146	1,072	0	-73
Transfers from Stage 1 to Stage 3, incl. repayments	-35		34	-1
Transfers from Stage 2 to Stage 1, incl. repayments	442	-460		-19
Transfers from Stage 2 to Stage 3, incl. repayments		-82	75	-7
Transfers from Stage 3 to Stage 1, incl. repayments	5		-7	-2
Transfers from Stage 3 to Stage 2, incl. repayments		14	-16	-3
Increases due to origination and acquisition	3,225	115	106	3,446
Decreases due to derecognition	-2,657	-843	-210	-3,710
Unchanged Stage, incl. repayments	-354	-55	-23	-432
Recognised as final credit loss			0	0
Receivables from customers; on-balance-sheet and off-balance-sheet items 30 June 2024	**31,061**	**3,363**	**720**	**35,144**

The table below shows the change in loss allowance by impairment stage during January–June 2024.

Receivables from customers and off-balance-sheet items, € million	**Stage 1**	**Stage 2**	**Stage 3**	
	12 months	**Lifetime**	**Lifetime**	**Total**
Loss allowance 1 January 2024	**35**	**94**	**196**	**325**
Transfers from Stage 1 to Stage 2	-2	10		9
Transfers from Stage 1 to Stage 3	0		6	6
Transfers from Stage 2 to Stage 1	1	-8		-7
Transfers from Stage 2 to Stage 3		-6	19	13
Transfers from Stage 3 to Stage 1	0		-2	-2
Transfers from Stage 3 to Stage 2		0	-3	-3
Increases due to origination and acquisition	3	4	27	33
Decreases due to derecognition	-3	-12	-32	-47
Changes in risk parameters (net)	-5	13	4	12
Decrease in allowance account due to write-offs			-3	-3
Net change in expected credit losses	**-6**	**2**	**15**	**11**
Loss allowance 30 June 2024	**29**	**96**	**211**	**336**
Net change in expected credit losses Q2/2024	**-6**	**3**	**2**	**0**

The assumptions used for calculating the management overlay provision are presented below.

In Q4/2022, an additional management overlay was used to increase the ECL provision for the construction industry by EUR 2.5 million, based on an analysis by OP Corporate Bank. The analysis was updated in Q2/2023 due to the further deteriorating outlook in the industry. The analysis was made as a stress test based on the baseline scenario (weight of 60%) and the downside scenario (weight of 40%) with the assumptions that net sales decrease by 20%/35%, profitability weakens by 20%/40%, equity ratio decreases by 10%/20%, interest rates stand at 4%/6% and the prices of new homes have fallen by 15%/30%. Based on the update, the provision was increased by EUR 3.6 million to EUR 6.1 million. The provision was updated in Q4/2023 by stressing rating grades under different scenarios. In addition, the provision was extended to cover small construction companies. With the weak outlook for the construction industry expected to continue until 2025, the provision was increased by EUR 3.2 million to EUR 9.3 million. In Q2/2024, the provision was reversed by EUR 0.4 million, due to the reduction in size of the construction sector portfolio and the provision's target group after the exposures have been transferred for expert assessment.

In Q2/2023, an additional management overlay provision of EUR 6.3 million was made for real estate based on the sector's weaker outlook. The analysis was made as a stress test based on the baseline scenario (weight of 70%) and the downside scenario (weight of 30%) with the assumptions that net sales increase by 3%/0%, profitability weakens by 5%/10%, equity ratio decreases by 10%/20%, interest rates stand at 4%/6%. The provision was updated in Q4/2023 and it was reversed by EUR 4.7 million to EUR 1.4 million because a rise in the inflation rate and the interest rate has largely been realised and credit ratings have been updated. The remaining EUR 1.4 million of the provision was reversed in Q2/2024 for the same reason.

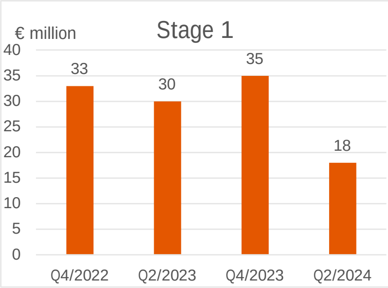
OP Corporate Bank has assessed the impact of a rise in the Euribor rate on the credit risk associated with personal customers. This was done as a stress test which measured households' cash flows as a basis for assessing potential customers with impaired repayment capacity. Based on the analysis, a management overlay provision of EUR 0.7 million was made in Q3/2023. The stress test of the personal customer provision was updated with new assumptions in Q4/2023: that the interest rate will fall slowly, the unemployment rate will rise to 8%, and home prices will further decrease by 2%. In Q2/2024, the overlay was updated with an assumed 12-month Euribor of 3.55% and an unemployment rate of 8.2% in Q2/2025, and an assumed fall in home prices of 2.5% in Q2/2024–Q2/2025. The provision increased by EUR 0.6 million.

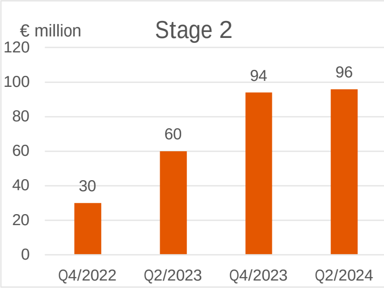
In Q2/2024, OP Corporate Bank made a new management overlay provision of EUR 5.1 million for the improvement of processes related to the early warning system (EWS) and groups of connected clients, to be implemented in 2024–2025.

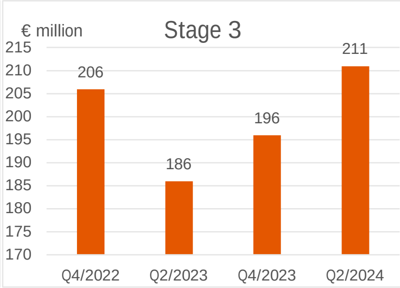
The table below shows the loss allowance before the discretionary provisions made using management overlays. It also presents the provisions themselves, and the reported loss allowance on 30 June 2024.

Loss allowance 30 June 2024	**OP Corporate Bank**
Loss allowance before discretionary provisions	**321**
Discretionary provisions under management overlay	
Construction industry	9
Personal customers	1
Improvement to the identification processes for EWS and connected clients	5
Total discretionary provisions under management overlay	**15**
Total reported loss allowance	**336**

The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years.







The macroeconomic factors used for ECL measurement are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been applied at the normal level: downside 20%, baseline 60% and upside 20%. The ECL provision was slightly increased by the update of macroeconomic forecasts in the first half of 2024.

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

GDP growth, %	Q2 2024	Q2 2025	Q2 2026	Q2 2027	Q2 2028
Baseline	-0.5 %	2.0 %	1.2 %	1.2 %	1.2 %
Upside	1.5 %	4.1 %	3.4 %	3.1 %	3.2 %
Downside	-2.8 %	-0.5 %	-1.3 %	-1.1 %	-1.1 %

Unemployment, %	Q2 2024	Q2 2025	Q2 2026	Q2 2027	Q2 2028
Baseline	8.0 %	7.7 %	7.3 %	7.0 %	6.5 %
Upside	7.8 %	7.1 %	6.4 %	5.8 %	5.2 %
Downside	8.5 %	8.6 %	8.7 %	8.7 %	9.0 %

Notes and bonds, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2024	**1**	**1**	**1**	**2**
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0	0	2	2
Decreases due to derecognition	0	0	-1	-1
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**	**1**	**1**
Loss allowance 30 June 2024	**1**	**1**	**2**	**3**
Net change in expected credit losses Q2/2024	**0**	**0**	**1**	**1**

Exposures within the scope of accounting for expected credit losses by impairment stage 31 December 2023

Exposures € 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	25,988	3,064	150	3,214	707	29,909
Total	**25,988**	**3,064**	**150**	**3,214**	**707**	**29,909**
Off-balance-sheet limits						
Corporate Banking	2,960	173	0	173	8	3,141
Total	**2,960**	**173**	**0**	**173**	**8**	**3,141**
Other off-balance-sheet commitments						
Corporate Banking	2,632	216		216	46	2,895
Total	**2,632**	**216**		**216**	**46**	**2,895**
Notes and bonds						
Group Functions	12,737	69		69	3	12,809
Total	**12,737**	**69**		**69**	**3**	**12,809**
Total exposures within the scope of accounting for expected credit losses	**44,318**	**3,522**	**150**	**3,672**	**764**	**48,754**

Loss allowance by impairment stage 31 December 2023

On-balance-sheet exposures and related off-balance-sheet limits* € 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	-33	-76	-7	-83	-173	-288
Total	**-33**	**-76**	**-7**	**-83**	**-173**	**-288**
Other off-balance-sheet commitments**						
Corporate Banking	-3	-11		-11	-23	-37
Total	**-3**	**-11**		**-11**	**-23**	**-37**
Notes and bonds***						
Group Functions	-1	-1		-1	-1	-2
Total notes and bonds	**-1**	**-1**		**-1**	**-1**	**-2**
Total	**-36**	**-88**	**-7**	**-94**	**-197**	**-328**

* 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 2023	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	31,581	3,453	150	3,603	761	35,945
Loss allowance						
Corporate Banking	-35	-87	-7	-94	-196	-325
Coverage ratio, %						
Corporate Banking	-0.11%	-2.52%	-4.54%	-2.60%	-25.78%	-0.90%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**31,581**	**3,453**	**150**	**3,603**	**761**	**35,945**
Total loss allowance	**-35**	**-87**	**-7**	**-94**	**-196**	**-325**
Total coverage ratio, %	**-0.11%**	**-2.52%**	**-4.54%**	**-2.60%**	**-25.78%**	**-0.90%**
Carrying amount, notes and bonds						
Group Functions	12,737	69		69		12,809
Loss allowance						
Group Functions	-1	-1		-1		-2
Coverage ratio, %						
Group Functions	-0.01%	-0.93%		-0.93%		-0.02%
Total notes and bonds	**12,737**	**69**		**69**		**12,809**
Total loss allowance	**-1**	**-1**		**-1**		**-2**
Total coverage ratio, %	**-0.01%**	**-0.93%**		**-0.93%**		**-0.02%**

The table below shows a change in exposures within the scope of the calculation of expected credit losses by impairment Stage for 2023 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet items 1 January 2023	**32,468**	**2,934**	**491**	**35,892**
Transfers from Stage 1 to Stage 2, incl. repayments	-1,873	1,713		-161
Transfers from Stage 1 to Stage 3, incl. repayments	-315		317	2
Transfers from Stage 2 to Stage 1, incl. repayments	1,115	-1,040		74
Transfers from Stage 2 to Stage 3, incl. repayments		-123	98	-25
Transfers from Stage 3 to Stage 1, incl. repayments	13		-21	-8
Transfers from Stage 3 to Stage 2, incl. repayments		39	-51	-12
Increases due to origination and acquisition	6,371	450	58	6,878
Decreases due to derecognition	-5,040	-332	-92	-5,464
Unchanged Stage, incl. repayments	-1,156	-37	23	-1,170
Recognised as final credit loss			-61	-61
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 December 2023	**31,581**	**3,603**	**761**	**35,945**

Transfers from Stage 1 to Stage 2 include the transfer of EUR 201 million in exposures related to a management overlay.

The table below shows the change in loss allowance by impairment stage during 2023.

Receivables from customers and off-balance-sheet items, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2023	**33**	**30**	**206**	**269**
Transfers from Stage 1 to Stage 2	-5	39		34
Transfers from Stage 1 to Stage 3	-1		38	37
Transfers from Stage 2 to Stage 1	1	-5		-4
Transfers from Stage 2 to Stage 3		-3	19	16
Transfers from Stage 3 to Stage 1	0		-4	-4
Transfers from Stage 3 to Stage 2		3	-14	-12
Increases due to origination and acquisition	8	19	15	42
Decreases due to derecognition	-8	-4	-37	-49
Changes in risk parameters (net)	7	15	14	37
Decrease in allowance account due to write-offs			-41	-41
Net change in expected credit losses	**2**	**64**	**-10**	**56**
Loss allowance 31 December 2023	**35**	**94**	**196**	**325**
Net change in expected credit losses Q2/2023	**1**	**19**	**-22**	**-2**

Transfers from Stage 1 to Stage 2 include an additional management overlay of EUR 9.8 million.

The table below shows the loss allowance before the discretionary provisions made using management overlays, the provisions themselves, and the total loss allowance amount on 31 December 2023.

Loss allowance 31 December 2023	OP Corporate Bank
Loss allowance before discretionary bookings	**314**
Discretionary provisions under management overlay	
Construction industry	**9**
Real estate sector	**1**
Personal customers	1
Total discretionary provisions under management overlay	**11**
Total reported loss allowance	**325**

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

GDP growth, %	Q2 2023	Q2 2024	Q2 2025	Q2 2026	Q2 2027
Baseline	-0.8 %	0.3 %	1.2 %	1.3 %	1.5 %
Upside	2.7 %	3.7 %	4.1 %	3.8 %	3.9 %
Downside	-4.4 %	-3.6 %	-2.1 %	-1.5 %	-1.3 %

Unemployment, %	Q2 2023	Q2 2024	Q2 2025	Q2 2026	Q2 2027
Baseline	7.0 %	7.2 %	7.0 %	6.9 %	6.7 %
Upside	6.5 %	6.0 %	5.3 %	4.5 %	3.9 %
Downside	7.5 %	8.6 %	9.3 %	9.9 %	10.3 %

Notes and bonds, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2023	**1**	**1**		**2**
Transfers from Stage 1 to Stage 2	0	0		0
Transfers from Stage 1 to Stage 3	0		1	0
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0	0		0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**	**1**	**0**
Loss allowance 31 December 2023	**1**	**1**	**1**	**2**
Net change in expected credit losses Q2/2023	**0**	**0**	**2**	**2**

Note 5. Net commissions and fees

H1/2024, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total	Q2/2024
Commission income							
Lending	11	12	2	0		25	13
Deposits	0	0	1	0		2	1
Payment transfers	0	16	0	0		16	8
Securities brokerage	9	0				9	4
Securities issuance	4			0		4	3
Mutual funds	0	0		0		0	0
Asset management	2	0				2	1
Legal services	0					0	0
Guarantees	0	4	2	0		6	3
Other		4	0	0		4	1
Total	**26**	**36**	**5**	**0**		**68**	**34**
Commission expenses							
Lending	0	0		0		0	0
Payment transfers	0	-3	0	0		-4	-2
Securities brokerage	-1			0		-1	-1
Securities issuance	0			0		0	0
Asset management	0			0		-1	0
Guarantees			0			0	0
Derivatives	-20					-20	-10
Other	-2	-1		-1		-4	-2
Total	**-24**	**-4**	**0**	**-2**		**-30**	**-16**
Total net commissions and fees	**3**	**31**	**5**	**-1**		**38**	**19**

H1/2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Total	Q2/2023
Commission income						
Lending	17	10	2	0	29	16
Deposits	0	0	1	0	1	1
Payment transfers	0	16	0	0	17	9
Securities brokerage	10	0			10	4
Securities issuance	3			0	3	2
Mutual funds	0	0		0	0	0
Asset management	1	0			1	1
Legal services	0	0			0	0
Guarantees	1	4	2	0	6	3
Other		4	0	0	5	2
Total	**32**	**35**	**5**	**0**	**72**	**38**
Commission expenses						
Lending		-1		0	-1	0
Payment transfers	0	-3	0	0	-3	-1
Securities brokerage	-1			0	-1	-1
Securities issuance	-2			0	-2	-1
Asset management	0			-1	-1	0
Guarantees			0		0	0
Derivatives	-21				-21	-10
Other	-1			-1	-2	-1
Total	**-27**	**-3**	**0**	**-2**	**-32**	**-15**
Total net commissions and fees	**5**	**32**	**5**	**-2**	**40**	**23**

Note 6. Net income from financial assets held for trading

Financial assets held for trading

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
Notes and bonds				
Interest income and expenses	12	16	10	2
Fair value gains and losses	-1	-1	0	0
Total	12	15	10	1
Shares and participations				
Fair value gains and losses	5	-1	4	-2
Dividend income and share of profits	1	2	1	2
Total	5	1	5	0
Derivatives				
Interest income and expenses	100	34	47	18
Fair value gains and losses	-98	-16	-52	-13
Total	1	18	-6	5
Total	**18**	**33**	**9**	**6**

Note 7. Net investment income

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
Net income from assets at fair value through other comprehensive income				
Notes and bonds				
Capital gains and losses	0	6	0	3
Total	**0**	**6**	**0**	**3**
Total net investment income	**0**	**6**	**0**	**3**

Note 8. Other operating expenses

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
ICT costs				
Production	-44	-35	-23	-18
Development	-10	-10	-4	-5
Government charges and audit fees	-13	-43	-6	-6
Service purchases	-12	-11	-6	-6
Expert services	-1	-1	-1	0
Telecommunications	-1	-1	-1	-1
Marketing	-1	-1	0	0
Insurance and security costs	-8	-8	-4	-4
Other	-10	-9	-5	-5
Total	**-101**	**-120**	**-51**	**-46**

Development costs

€ million	H1/2024	H1/2023	Q2/2024	Q2/2023
ICT development costs	-10	-10	-4	-5
Share of own work		0		0
Total development costs in the income statement	**-10**	**-10**	**-4**	**-5**
Capitalised ICT costs	1		1	
Total capitalised development costs	**1**		**1**	
Total development costs	**-8**	**-10**	**-3**	**-5**
Depreciation/amortisation and impairment loss	0	-2	0	-1

Note 9. Debt securities issued to the public

€ million	30 June 2024	Adjusted 31 Dec 2023
Bonds	11,774	13,268
Subordinated bonds	3,546	4,045
Other		
Certificates of deposit	175	668
Commercial paper	5,518	6,128
Included in own portfolio in trading (–)*	-88	-46
Total debt securities issued to the public	**20,925**	**24,062**

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

Note 10. Fair value reserve after income tax

	Recognised at fair value through other comprehensive income		
€ million	Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2023	**-3**	**-26**	**-29**
Fair value changes	-3	2	-2
Capital gains transferred to income statement	-7		-7
Transfers to net interest income		4	4
Deferred tax	2	-1	1
Closing balance 30 June 2023	**-12**	**-21**	**-33**

	Recognised at fair value through other comprehensive income		
€ million	Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2024	**-57**	**-6**	**-63**
Fair value changes	37	-3	35
Capital gains transferred to income statement	-1		-1
Transfers to net interest income		10	10
Deferred tax	-7	-1	-9
Closing balance 30 June 2024	**-28**	**-1**	**-29**

The fair value reserve before tax totalled EUR -36 million (-41) at the end of the reporting period and the related deferred tax asset/liability EUR 7 million (8). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR -1 million (0) in the fair value reserve during the reporting period.

Note 11. Collateral given

€ million	30 June 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Other	1,206	743
Total collateral given*	**1,206**	**743**
Secured derivative liabilities	609	657
Other secured liabilities	542	53
Total	**1,151**	**710**

* In addition, bonds with a book value of EUR 1.3 billion have been pledged in the central bank, of which EUR 1.0 billion in intraday settlement collateral. Given that the bonds are available for withdrawal without the central bank's advance permission, they are not presented in the table above.

Note 12. Classification of financial assets and liabilities

			Recognised at fair value through profit or loss		
Financial assets 30 June 2024, € million	**Amortised cost**	**Fair value through other comprehen-sive income**	**Financial assets held for trading**	**Hedging derivatives**	**Carrying amount total**
Cash and deposits with central banks	17,310				17,310
Receivables from credit institutions	11,386				11,386
Receivables from customers	27,467				27,467
Derivative contracts			3,977	79	4,056
Notes and bonds	1,882	11,757	253		13,892
Shares and participations		0	6		6
Other financial assets	719				719
Total	**58,764**	**11,757**	**4,235**	**79**	**74,835**

At the end of the period, OP Corporate Bank's assets in the balance sheet included bonds with a carrying amount of EUR 1,509 million (629) and classified at amortised cost, issued by issuers other than OP Financial Group. These are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 1,506 million (647) at the end of the period.

Adjusted Financial assets 31 December 2023, € million	**Amortised cost**	**Fair value through other comprehen-sive income**	**Financial assets held for trading**	**Hedging derivatives**	**Carrying amount total**
Cash and deposits with central banks	19,710				19,710
Receivables from credit institutions	12,280				12,280
Receivables from customers	28,187				28,187
Derivative contracts			4,618	-173	4,445
Notes and bonds	1,004	11,588	217		12,809
Shares and participations		0	14		14
Other financial assets	664				664
Total	**61,845**	**11,588**	**4,850**	**-173**	**78,109**

OP Corporate Bank plc changed the official balance sheet format of the financial statements during the second quarter of 2024. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

Financial liabilities 30 June 2024, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		24,744		24,744
Liabilities to customers		16,677		16,677
Derivative contracts	3,592		167	3,759
Debt securities issued to the public	2,368	18,557		20,925
Subordinated loans		1,411		1,411
Other financial liabilities	4	2,078		2,082
Total	**5,964**	**63,466**	**167**	**69,597**

Adjusted Financial liabilities 31 December 2023, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		23,982		23,982
Liabilities to customers		17,254		17,254
Derivative contracts	4,230		-51	4,179
Debt securities issued to the public	2,487	21,576		24,062
Subordinated loans		1,414		1,414
Other financial liabilities	5	2,112		2,117
Total	**6,722**	**66,337**	**-51**	**73,008**

OP Corporate Bank plc changed the official balance sheet format of the financial statements during the second quarter of 2024. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

At the end of June, the fair value of OP Corporate Bank's senior and senior non-preferred bonds issued to the public and carried at amortised cost totalled around EUR 12,980 million (14,775). The fair value is based on information available from the market. All subordinated liabilities are carried at amortised cost. Their fair value is EUR 1,421 million. Amortised costs of debt securities issued to the public are itemised in Note 9.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 30 June 2024, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		3	3	6
Debt instruments	174	46	33	253
Derivative contracts	8	3,945	102	4,056
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	10,430	581	746	11,757
Total financial instruments	**10,613**	**4,574**	**884**	**16,071**

Adjusted

Fair value of assets on 31 December 2023, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		11	3	14
Debt instruments	113	71	33	217
Derivative contracts*	0	4,347	98	4,445
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	9,166	1,694	727	11,588
Total financial instruments	**9,280**	**6,123**	**862**	**16,264**

Fair value of liabilities on 30 June 2024, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Structured notes			2,368	2,368
Other		4		4
Derivative contracts	0	3,682	77	3,759
Total	**0**	**3,686**	**2,445**	**6,131**

Adjusted

Fair value of liabilities on 31 December 2023, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Structured notes			2,487	2,487
Other		5		5
Derivative contracts*	2	4,086	91	4,179
Total	**2**	**4,091**	**2,578**	**6,671**

* Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of "Derivative contracts" under assets and liabilities, so interest receivables and liabilities related to derivatives were transferred to the same item with the actual derivative contract. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

Fair value measurement

Derivatives and other financial instruments measured at fair value

OP Corporate Bank obtains the price of listed derivatives directly from markets. In the fair value measurement of OTC derivatives, OP Corporate Bank uses models and techniques commonly used in markets that best suits financial instrument measurement. These are needed, for instance, to create yield curves and currency conversion charts and volatility surfaces as well as for option valuation. The input data of these models can generally be derived from markets. However, in the fair value measurement of some contracts, OP Corporate Bank has to used models where input data cannot be observed in the market and therefore they must be assessed. Such contracts are included in Level 3.

Middle Office is responsible for the fair value measurement of Banking derivatives, incl. level 3 hierarchy, and the quality and reliability of market data, valuation curves and volatility surfaces used in them, as part of its daily fair value measurement process. Middle Office compares regularly at contract level valuation prices with valuations supplied by CSA counterparties and central counterparties and, whenever necessary, determines any possible significant valuation differences.

Risk Management Control is responsible for approval of new fair value measurement models and techniques and supervision of the fair value measurement process. Verifying fair values is based, for example, on valuation using alternative sources for market prices and other input data. In this verification process, valuation prices can be compared with prices supplied by CSA counterparties and central counterparties. In addition, it is possible to use valuation services provided by third parties.

The fair value measurement of OTC derivative contracts related to banking takes account of credit risk of the parties to the transaction and credit spreads exceeding the financing costs. Credit risk is adjusted with a Credit Valuation Adjustment (CVA) and with a Debt Valuation Adjustment (DVA). CVAs and DVAs are calculated for each counterparty. CVA and DVA adjustments are calculated for each counterparty by simulating the market values of derivatives and events of default based primarily on data obtained from markets. In assessing probabilities of default, OP Corporate Bank utilises counterparty rating information, liquid credit risk indices and the CDS sector curves of market data providers. OP Corporate Bank assesses the effect of the financing costs of OTC derivatives on fair value measurement by editing discount curves used in the measurement by means of the statistical differences of credit spreads between credit risk instruments with and without capital.

Fair value hierarchy

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.

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.

Derivatives relevant to OP Corporate Bank's business are interest rate swaps, interest rate options and structured debt securities. Interest rate swaps are measured by deriving valuation curves from the prices of interest rate swaps and other interest rate derivatives observed in the market. Valuation curves are used to forecast future cash flows and determine the present values of cash flows also through interest rate swaps whose price is not directly observable in the market. The same method applies to the fair value measurement of interest rate options. Volatilities describing the price of interest rate options observed in the market are also used in comparison with interest rate swaps.

In the fair value measurement of complex derivatives or, for example, share structures of structured debt securities, OP Corporate Bank uses a model where the development of market prices is simulated and the actual value of the derivative is calculated in each simulation. The price of the derivate is derived from calculating the average of the simulations.

Level 2 input data includes: quoted prices of similar items in active markets and quoted prices of similar items in inactive markets, market interest rates, implied volatilities and credit spreads.

Level 3 input data are input data that are not observable for an item subject to valuation. Level 3 input data include, for example: use of historical volatility in the fair value measurement of an option, such long-term interest rate with no corresponding contracts are not observable in the market.

Valuation techniques whose input parameters involve uncertainty (Level 3)

Specification of financial assets and liabilities

Financial assets, € million	Recognised at fair value through profit or loss	Derivative contracts	Fair value through other comprehen-sive income	Total assets
Opening balance 1 January 2024	**36**	**98**	**728**	**862**
Total gains/losses in profit or loss	-30	4		-26
Transfers into Level 3	30		161	191
Transfers out of Level 3			-142	-142
Closing balance 30 June 2024	**36**	**102**	**746**	**884**

Financial liabilities, € million	Recognised at fair value through profit or loss	Derivative contracts	Total liabilities
Opening balance 1 January 2024	**2,487**	**91**	**2,578**
Total gains/losses in profit or loss	53	-15	38
Other changes	-171		-171
Closing balance 30 June 2024	**2,368**	**77**	**2,445**

Total gains/losses included in profit or loss by item on 30 June 2024

€ million	Net investment income	Total gains/ losses for the period included in profit or loss for assets/ liabilities held at period-end
Net gains (losses)	**-64**	**-64**

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2024.

Note 14. Off-balance-sheet commitments

€ million	30 June 2024	31 Dec 2023
Guarantees	257	598
Guarantee liabilities	2,227	2,046
Loan commitments	5,380	5,473
Commitments related to short-term trade transactions	329	540
Other	578	516
Total off-balance-sheet commitments	**8,772**	**9,172**

Note 15. Derivative contracts

Total derivatives 30 June 2024

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives	3,262	2,978
Cleared by the central counterparty	35	21
Settled-to-market (STM)	23	16
Collateralised-to-market (CTM)	11	5
Currency derivatives	392	508
Credit derivatives	9	3
Other derivatives	133	87
Interest on derivatives	260	183
Total derivatives	**4,056**	**3,759**

Adjusted
Total derivatives 31 December 2023

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives	3,165	2,837
Cleared by the central counterparty	103	82
Settled-to-market (STM)	61	46
Collateralised-to-market (CTM)	42	36
Currency derivatives	919	1,049
Credit derivatives	10	8
Other derivatives	94	76
Interest on derivatives	257	209
Total derivatives*	**4,445**	**4,179**

* Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of "Derivative contracts" under assets and liabilities, so interest receivables and liabilities related to derivatives were transferred to the same item with the actual derivative contract. For more detailed information of the change, see Note 1. Accounting policies and changes in accounting policies and presentation in this Half-year Financial Report.

Note 16. Related-party transactions

OP Corporate Bank plc's related parties comprise companies 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 a key management person or their close family member, either alone or together with another person, exercises control. Other entities regarded as related parties include OP-Eläkesäätiö pension foundation and OP Ryhmän Henkilöstörahasto personnel fund. OP Corporate Bank plc distributed dividends of EUR 76 million for 2023 to OP Cooperative.

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

Related-party transactions have not undergone any substantial changes since 31 December 2023.

Note 17. Transactions with OP cooperative banks

The accounts of OP Corporate Bank plc and the member cooperative banks are consolidated into OP Financial Group's financial statements. At the end of the reporting period, the most significant balance sheet items between OP Corporate Bank plc and member cooperative banks were Derivative contracts (assets), EUR 505 million (559), Liabilities to credit institutions, EUR 24,111 million (23,609), Derivative contracts (liabilities), EUR 1,046 million (1,155), and Debt securities issued to the public, EUR 249 million (276). During the reporting period, the most significant income statement items between OP Corporate Bank plc and member cooperative banks were interest income, EUR 152 million (125), interest expenses, EUR 377 million (310), commission income, EUR 1 million (2), commission expenses, EUR 20 million (21) and other income, EUR 12 million (13).

Financial reporting

Schedule for Interim Reports in 2024:

Interim Report Q1–3/2024	31 October 2024

Helsinki, 24 July 2024

OP Corporate Bank plc
Board of Directors

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