

OP Corporate Bank plc's Interim Report
1 January–31 March 2023

OP Corporate Bank plc's Interim Report 1 January–31 March 2023

Operating profit Q1/2023	Net interest income Q1/2023	Loan portfolio growth in the year to March	CET1 ratio 31 Mar 2023
€81 million	+35%	+2.4%	13.1%

- OP Corporate Bank plc's operating profit (earnings before tax) increased to EUR 81 million (–17).
- Net interest income increased by 35% to EUR 127 million (94). Investment income increased by EUR 24 million to EUR 31 million (7). Net commissions and fees increased by EUR 14 million to EUR 17 million (3).
- Impairment loss on receivables decreased by EUR 32 million to EUR 11 million (42).
- Operating expenses totalled EUR 94 million (91).
- The loan portfolio grew by 2% year on year, to EUR 27.3 billion (26.7). The deposit portfolio decreased by 16% to EUR 12.4 billion (14.8).
- **The Corporate Banking and Capital Markets** segment's operating profit increased to EUR 33 million (–33). Net interest income grew by 33% to EUR 70 million (53). Investment income increased by EUR 20 million to EUR 18 million (–2) and net commissions and fees by EUR 14 million to EUR 1 million (–13). Operating expenses remained at the previous year's level at EUR 44 million. Impairment loss on receivables totalled EUR 13 million (29).
- **The Asset and Sales Finance Services and Payment Transfers** segment's operating profit increased to EUR 39 million (17). Net interest income increased by 30% to EUR 51 million (40). Net commissions and fees, EUR 15 million, were at the previous year's level. Operating expenses totalled EUR 36 million (32 million). Impairment loss on receivables reversed came to EUR 2 million. A year ago, impairment loss on receivables reduced earnings by EUR 11 million.
- **The Baltics** segment's operating profit rose to EUR 8 million (2). Net interest income increased by 37% to EUR 16 million (12). Net commissions and fees totalled EUR 2 million (3). Operating expenses remained at the previous year's level at EUR 10 million. Impairment loss on receivables totalled EUR 1 million (3).
- **The Group Functions** segment's operating profit was EUR 1 million (–3). The financial position and liquidity remained strong.
- OP Corporate Bank plc's CET1 ratio was 13.1% (11.9), which exceeds the minimum regulatory requirement by 4.5 percentage points.

OP Corporate Bank plc's key indicators

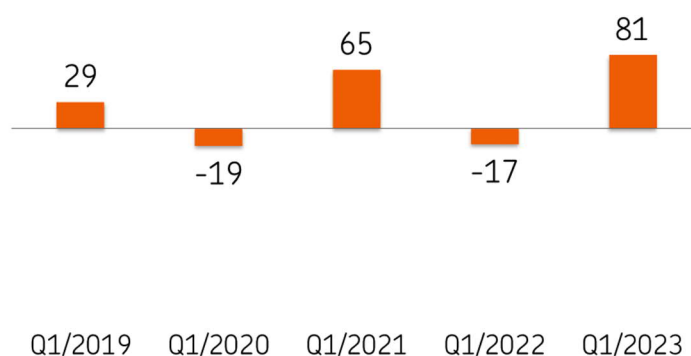
Operating profit, € million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Corporate Banking and Capital Markets	33	-33	-	186
Asset and Sales Finance Services and Payment Transfers	39	17	134.9	138
Baltics	8	2	291.0	24
Group Functions	1	-3	-	-83
Total	81	-17	-	265
Total income	186	116	60.5	564
Total expenses	-94	-91	3.5	-281
Return on equity (ROE), %	6.0	-1.3	7.3*	4.9
Return on assets (ROA), %	0.44	-0.06	0.50*	0.22
	31 Mar 2023	31 Mar 2022	Change, %	31 Dec 2022
CET1 ratio, %	13.1	15.3	-2.2*	11.9
Loan portfolio, € million**	27,312	26,679	2.4	28,309
Guarantee portfolio, € million	3,438	3,546	-3.0	3,412
Other exposures, € million	6,513	5,469	19.1	6,354
Deposits, € million	12,377	14,806	-16.4	14,683
Ratio of non-performing exposures to exposures, %**	1.9	2.0	-0.1*	1.5
Ratio of impairment loss on receivables to loan and guarantee portfolio, %**	0.14	0.56	-0.42*	0.06

Comparatives for the income statement are based on the corresponding figures a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2022 are used as comparatives.

*Change in ratio.

**The formula for calculating key figures and ratios has been changed as of the beginning of 2023. The item excludes changes in the fair value of loans in hedge accounting as of 1 January 2023. Comparatives have been adjusted to correspond to the current definition.

Operating profit, € million



OP Corporate Bank plc's operating profit calculated as pre-tax profit under national legislation is presented as figures for 2019–2020.

OP Corporate Bank plc's Interim Report 1 January–31 March 2023

OP Corporate Bank plc's key indicators.....	2
Business environment.....	4
OP Corporate Bank earnings.....	5
January–March highlights.....	6
Sustainability and corporate responsibility.....	6
Capital adequacy.....	7
Risk profile.....	9
Financial performance by segment.....	14
Corporate Banking and Capital Markets.....	14
Asset and Sales Finance Services and Payment Transfers.....	16
Baltics.....	18
Group Functions.....	20
ICT investments.....	21
Personnel and remuneration.....	21
Corporate governance and management.....	21
Decisions by the Annual General Meeting.....	22
Outlook towards the year end.....	22
Formulas for key figures and ratios.....	23
Capital adequacy.....	27

Tables

Income statement.....	29
Statement of comprehensive income.....	29
Balance sheet.....	30
Statement of changes in equity.....	31
Cash flow statement.....	32
Notes.....	33

Business environment

Economic surveys describing world economic development indicated a better outlook during the first quarter. China lifted restrictions caused by the Covid-19 pandemic, and energy market prices came down in Europe. Euro-area GDP is expected to have grown slightly from the previous quarter. Inflation in the euro area slowed down from the 2022-end 9.2% to 6.9% in March.

Prices in the stock market turned down after the rise at the year start, as uncertainty increased because of concerns related to the banking sector. In the first quarter, stock prices in Finland remained lower than at the turn of the year. Interest rates of long-term government bonds too decreased.

In February–March, the European Central Bank raised its main refinancing rate by 0.50 percentage points to 3.00%. The most common reference interest rate for home loans, the 12-month Euribor, rose by 0.32 percentage points, standing at 3.62% at the end of March.

In early 2023, Finnish GDP continued to grow slowly. In February, the unemployment trend was 6.8%, the average rate of last year. The inflation rate slowed down to 7.9% in March from 9.1% in December. In the housing market, an uncertain financial situation and a rise in interest rates decreased the volume of transactions. Home prices continued to go down.

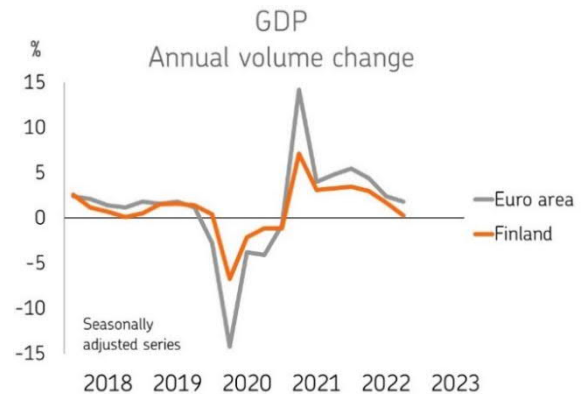
The economic outlook remained subdued and uncertain. Inflation is expected to remain above the ECB's target towards the year end and the ECB is expected to continue to further increase its benchmark interest rates.

In February, the 12-month change in total deposits turned down by 0.9%. Corporate deposits decreased by 0.3% and household deposits by 0.1%.

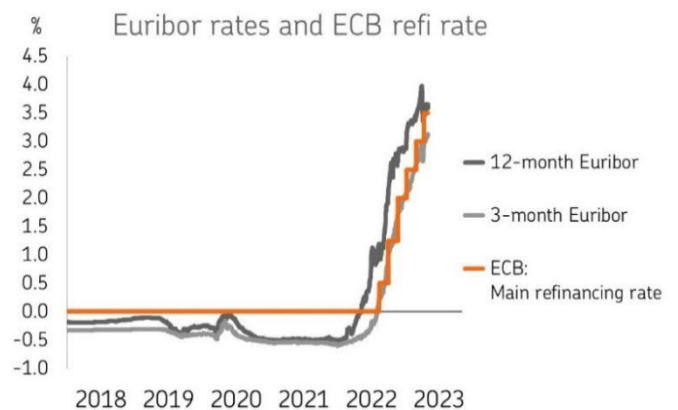
In February, total loans were 3.5% higher than a year earlier. The annual growth rate of corporate loans was 4.5%. The corresponding loan growth rate was 6.6% for housing companies and 0.8% for households. Growth in loans to households slowed down from its level of 3.8% at the end of March 2022, while the annual growth rate of home loans slowed down to 0.6%. The annual growth rate of consumer loans was 3.0% in February as against 2.9% during the same period a year earlier.

The value of mutual funds registered in Finland increased from EUR 134 billion to EUR 137 billion during the first quarter. During the first quarter, new assets worth a total of EUR 589 million were invested in mutual funds registered in Finland.

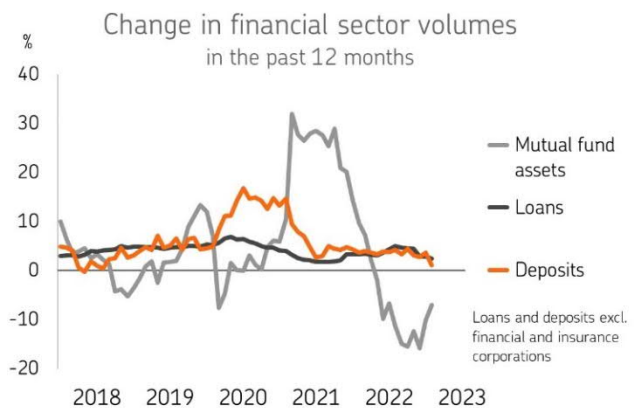
Demand for insurance products remained stable. The end of the pandemic and inflationary pressures have increased insurance companies' claims incurred.



Sources: Eurostat, Statistics Finland



Source: Bank of Finland



Sources: Bank of Finland, Investment Research Finland



Source: Statistics Finland

OP Corporate Bank earnings

€ million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Net interest income	127	94	35.4	396
Impairment loss on receivables	-11	-42	-74.0	-18
Net commissions and fees	17	3	393.2	19
Investment income	31	7	-	117
Other operating income	11	12	-5.7	32
Personnel costs	-19	-18	5.9	76
Depreciation/amortisation and impairment loss	-1	-3	-53.5	9
Other operating expenses	-74	-70	5.4	196
Operating profit	81	-17	-	265

January–March

OP Corporate Bank plc's operating profit (earnings before tax) increased to EUR 81 million (-17). Net interest income increased by EUR 33 million to EUR 127 million and investment income by EUR 24 million to EUR 31 million. Impairment loss on receivables decreased by EUR 32 million to EUR 11 million. Net commissions and fees increased to EUR 17 million (3). Operating expenses totalled EUR 94 million (91 million).

Net interest income grew by 35.4% to EUR 127 million. Interest income increased by EUR 414 million to EUR 542 million and interest expenses by EUR 380 million to EUR 414 million. Interest income from receivables from customers increased by EUR 214 million to EUR 264 million as a result of higher market interest rates and growth in the loan portfolio. In the year to March, OP Corporate Bank's loan portfolio increased by 2.4% to EUR 27.3 billion. Growth in interest income was also affected by interest income from central bank deposits. Interest expenses from liabilities to customers increased to EUR 65 million (-2). The deposit portfolio decreased in the year to March by 16.4% to EUR 12.4 billion. Interest expenses from debt securities issued to the public as well as subordinated liabilities, excluding the effect of the items hedging them, totalled EUR 122 million (27). The amount of debt securities issued to the public decreased to EUR 23.4 billion (25.2). At the end of the reporting period, the amount of senior non-preferred bonds totalled EUR 4.3 billion (4.3). Subordinated liabilities totalled EUR 1.4 billion (1.4). During the reporting period, OP Corporate Bank repaid EUR 12.0 billion in TLTRO III loans offered by the European Central Bank to banks. At the end of the reporting period, OP Corporate Bank no longer had TLTRO III funding.

Impairment loss on receivables totalled EUR 11 million (42). A year ago, impairment loss on receivables was increased by the indirect effects of the war in Ukraine and the weakening of individual customers' credit risk exposure. Loss allowance was EUR 282 million (272) at the end of the reporting period. The item includes a 2.5-million-euro additional provision based on management judgement that applies to the construction industry. Non-performing exposures accounted for 1.9% (2.0) of total exposures. Impairment loss on loans and receivables accounted for 0.14% (0.56) of the loan and guarantee portfolio.

Net commissions and fees increased by EUR 14 million to EUR 17 million. Commission income of EUR 34 million was at the previous year's level. Commission expenses fell by EUR 14 million to EUR 17 million. The fall in commission expenses is explained by lower commission expenses from derivative contracts paid to OP Financial Group's member banks. The reason behind the change is a change in the operating model made in the fourth quarter of 2022 applying to hedging interest rate risk associated with derivative contracts between OP Corporate Bank and OP cooperative banks.

Investment income rose by EUR 24 million to EUR 31 million. Income from financial assets held for trading rose to EUR 27 million (-2). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 1 million (-3). Capital gains on notes and bonds totalled EUR 4 million (9).

Other operating income amounted to EUR 11 million (12).

Operating expenses totalling EUR 94 million increased by EUR 3 million. Personnel costs increased by EUR 1 million to EUR 19 million. Depreciation/amortisation and impairment loss on receivables decreased by EUR 2 million to EUR 1 million. Other operating expenses totalling EUR 74 million increased by EUR 4 million. Charges of financial authorities, EUR 30 million, remained at the previous year's level. ICT costs decreased to EUR 22 million (24), as ICT production costs decreased by EUR 2 million.

Comprehensive income for the reporting period increased to EUR 77 million (–32). Change in the fair value reserve, EUR 12 million, increased comprehensive income for the reporting period. Changes in the fair value of cash flow hedges increased the fair value reserve by EUR 14 million and the fair value changes in notes and bonds by EUR 2 million. Capital gains on notes and bonds recognised from the fair value reserve in profit or loss totalled EUR 4 million. A year ago, change in the fair value reserve reduced comprehensive income by EUR 21 million.

January–March highlights

OP Corporate Bank adopted the Standardised Approach

OP Corporate Bank adopted the Standardised Approach in its capital adequacy measurement and reporting during the first quarter of 2023. Adoption of the Standardised Approach had no impact on OP Corporate Bank's capital adequacy or risk profile. On 13 March 2023, the European Central Bank (ECB) issued its decision on application of the Standardised Approach in OP Financial Group's capital adequacy measurement. On 30 September 2022, OP Financial Group filed an application with the ECB on the use of the Standardised Approach in capital adequacy calculation, instead of internal models (IRBA) and the currently applied risk-weighted assets floor based on the Standardised Approach.

Sustainability and corporate responsibility

Sustainability and corporate responsibility form an integral part of OP Financial Group's and OP Corporate Bank's business and strategy, and responsible business is one of OP Financial Group's strategic priorities. In August 2022, OP Financial Group published its updated sustainability programme that 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 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. Corporate governance 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 Corporate Bank as part of 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 for 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.

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.

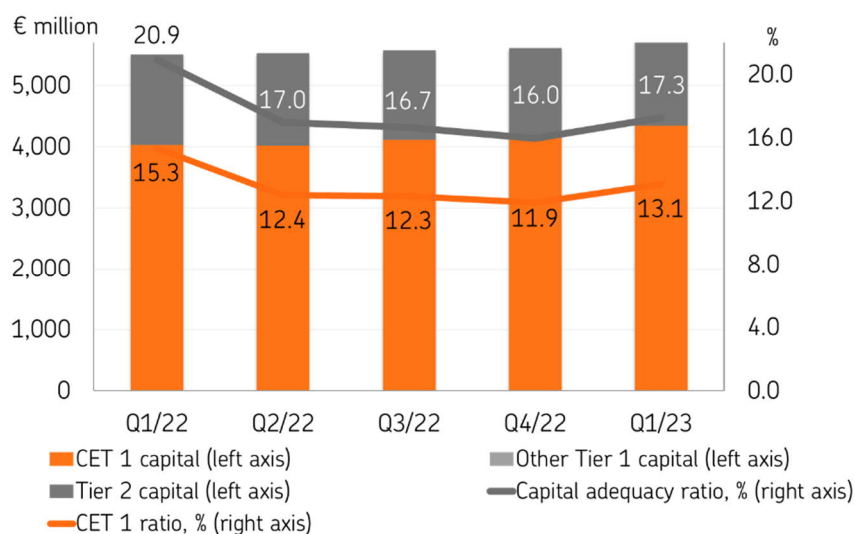
OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. OP Corporate Bank does not provide finance for new coal power plants or coal mines, or companies that plan to build them. Neither does OP Corporate Bank finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. The only exceptions are corporate customers committed to making the low-carbon economy transition, which present a concrete plan to withdraw from coal.

OP Corporate Bank has developed two products based on the international framework for sustainable finance: green loans and sustainability-linked loans. 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 March, total exposures from these loans and facilities stood at EUR 5.5 billion (5.2).

OP Corporate Bank has issued two green bonds under the Green Bond Framework to responsible institutional investors: a senior non-preferred unsecured green bond of EUR 500 million with a maturity of 5.5 years issued in 2022 and a senior unsecured green bond of EUR 500 million with a maturity of five years issued in 2019. The green bonds will support the green transition, and proceeds raised with them are allocated to sustainable corporate finance. Eligible sectors to be funded through the bonds include renewable energy, green buildings and environmentally sustainable management of living natural resources and land use.

Capital adequacy

Capital base and capital adequacy



Capital adequacy for credit institutions

On 31 March 2023, OP Corporate Bank's CET1 ratio was 13.1% (11.9), which exceeds the minimum regulatory requirement by 4.5 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 increases the minimum capital adequacy ratio to 10.6% and the minimum CET1 ratio to 8.6%, including the shortfall of Additional Tier 1 (AT1) capital.

The CET1 capital totalled EUR 4.4 billion (4.2) on 31 March 2023. The financial performance for the reporting period affected CET1 capital.

On 31 March 2023, the risk exposure amount (REA) totalled EUR 33.3 billion (35.1), or 5.1% lower than on 31 December 2022. OP Corporate Bank adopted the Standardised Approach to credit risk in its capital adequacy measurement during the first quarter of 2023. This change had no effect on the CET1 ratio. Total risk exposure decreased as a result of a reduction in the loan portfolio, in particular.

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

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In March 2023, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks. In its macroprudential policy decision in March 2023, the FIN-FSA set a systematic risk buffer of 1% for OP Financial Group, effective as of 1 April 2024.

The changes in the EU Capital Requirements Regulation (CRR3), which implement the final elements of Basel III, are assessed to not have a substantial effect on the capital adequacy of OP Corporate Bank plc. The changes should take effect in 2025.

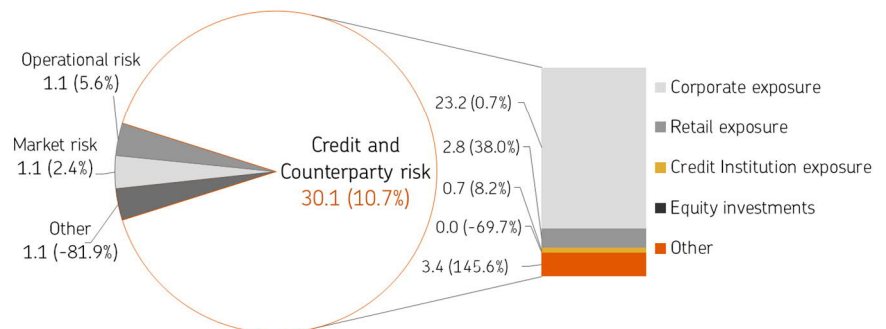
Liabilities under the Resolution Act

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.

The SRB has updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group. 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. The MREL is 22.30% of the total risk exposure and 26.30% of the total risk exposure including a combined buffer requirement, and 7.40% (previously 9.92%) of leverage ratio exposures. The updated subordination requirement supplementing the MREL was decreased to 14.66% of the total risk exposure amount and 18.66% of the total risk exposure amount including a combined buffer requirement, and 7.40% of leverage ratio exposures. This took effect on 15 March 2023.

From the beginning of 2024, the MREL will be 22.89% of the total risk exposure and 26.89% of the total risk exposure including a combined buffer requirement, and 7.40% of leverage ratio exposures. The requirements include a combined buffer requirement (CBR) of 3.5%.

Risk Exposure Amount 31 March 2023
Total €33.3 billion
(change from year end -5.1%)



OP Financial Group's buffer for the MREL was EUR 8.2 billion and for the subordination requirement EUR 5.6 billion. The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 4.4 billion. These bonds provide funds for the MREL subordination requirement.

OP Financial Group clearly exceeds the new MREL requirement. At the end of March 2023, OP Financial Group's MREL ratio was an estimated 37.6% of the total risk exposure and, based on the subordination requirement, the MREL ratio for subordinated liabilities was an estimated 26.3% of leverage ratio exposures.

Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2023

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

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

Risk profile

In its risk-taking, OP Corporate Bank emphasises moderation, responsibility and careful action. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by OP Financial Group's management body.

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

OP Corporate Bank analyses the business environment as part of the ongoing strategy process. Megatrends and future visions behind the strategy reflect driving forces that affect the daily activities, conditions and future of OP Corporate Bank and its customers. Such factors currently shaping the business environment include sustainable development and responsibility (ESG), demographic change in the Finnish population, geopolitical factors, energy crisis in Europe, strongly accelerated inflation, exceptionally rapid increase in market interest rates and fast technological progress. For example, climate and environmental changes and other factors in the business environment are considered thoroughly so that their effects on the customers' future success are understood. By means of advice and business decisions, OP Corporate Bank encourages its customers in bolstering their sustainable and successful business of the future.

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 OP Corporate Bank's premises, IT 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.

In the first quarter of 2023, the materialisation of OP Corporate Bank's operational risks resulted in EUR 0.2 million (0.0) in gross losses. As regards other risks, the risk profile is examined 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 Baltics. Non-business segment operations are presented in the Group Functions segment.

Geopolitical events may have an indirect effect on OP Corporate Bank's income and risks as a result of customers' changed business conditions, and a direct effect on the general financial market conditions and obstruction of the technical infrastructure. OP Corporate Bank is constantly prepared for such events by making various action plans for them and testing these plans.

Business segments

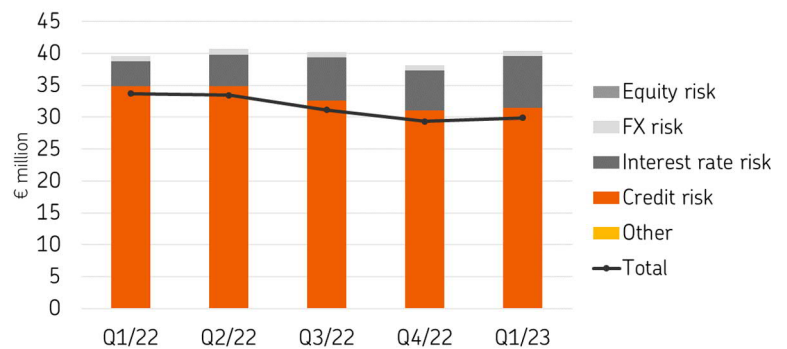
Major risks in the business segments are associated with credit risk arising from customer business, and market risk. Credit risk exposure of the business segments remained stable, risk level remained moderate and the overall quality of the loan portfolio remained good, but there is a risk of negative developments. A rise in interest rates and inflation may have a negative impact on the credit risk exposure.

The market risk level of OP Corporate Bank's investments increased in the first quarter. No major changes were made to the asset class allocation during the reporting period. The VaR, a measure of market risks, was EUR 30 million (29) on 31 March 2023. The VaR risk metric includes banking's bond investments, derivatives that hedge their interest rate risk as well as investments in money market papers.

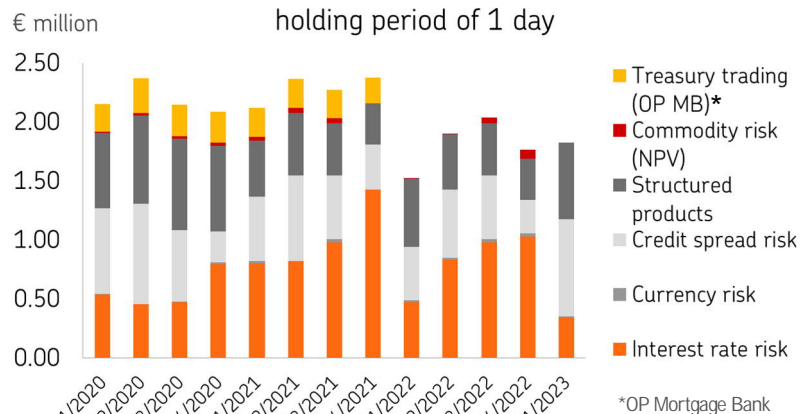
The market risks of the Markets function rose slightly, as the Stressed Expected Shortfall (ES) measure was adopted at the beginning of the year. The Stressed ES is a more conservative risk measure than the unstressed ES used previously. Due to the change, the proportion of interest rate risk of the total risk exposure of Markets has fallen considerably whereas the proportion of credit spread has increased. The Stressed ES determines expected loss by using the poorest continuous one-year period available in history, as the risk measure used previously was based on the last three years.

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 16 million (53) and as the effect of a one-percentage-point decrease EUR -17 million (1) on average in the year to March. Interest income risk is calculated for a one-year period by dividing the sum of the interest income risk for the next three years by three.

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



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



*OP Mortgage Bank

Non-performing and forborne exposures

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
More than 90 days past due, € million			71	69	71	69	45	44	26	25
Unlikely to be paid, € million			369	336	369	336	96	100	273	236
Forborne exposures, € million	135	144	251	163	386	308	60	59	325	249
Total, € million	135	144	691	568	826	713	202	203	624	510

Key ratios	31 Mar 2023	31 Dec 2022
Ratio of doubtful receivables to exposures, %	2.22	1.91
Ratio of non-performing exposures to exposures, %	1.85	1.53
Ratio of performing forborne exposures to exposures, %	0.36	0.39
Ratio of performing forborne exposures to doubtful receivables, %	16.3	20.3
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	33.7	38.4

At the end of the first quarter, OP Corporate Bank plc had 7 (7) large customer exposures, totalling EUR 3.6 (3.6) billion. Large customer exposure refers to the amount of exposures of an individual group of connected clients which, after allowances and other techniques applied to mitigate credit risks, exceeds 10% of the capital base covering customer risk. Own funds covering customer exposure means Tier 1 capital under CRR II.

The Baltics segment exposures totalled EUR 4.2 billion (4.2), which accounted for 9.9% (9.8) of OP Corporate Bank's exposures.

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

Group Functions

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

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

The market risk of notes and bonds in the liquidity buffer (VaR with 95% confidence) increased during the reporting period. No major changes occurred in the asset class allocation. The VaR risk metric that measures market risk associated with the

liquidity buffer was EUR 29 million (27) on 31 March 2023. 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.

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 217% (217) at the end of the reporting period.

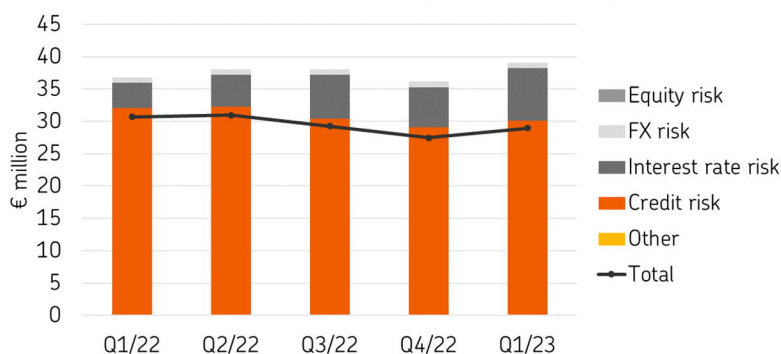
OP Financial Group monitors its long-term funding sufficiency, for example, by means of the Net Stable Funding Ratio (NSFR), which measures structural funding risk. According to regulation, the NSFR must be at least 100%. OP Financial Group's NSFR was 127% (128) at the end of the reporting period.

Liquidity buffer

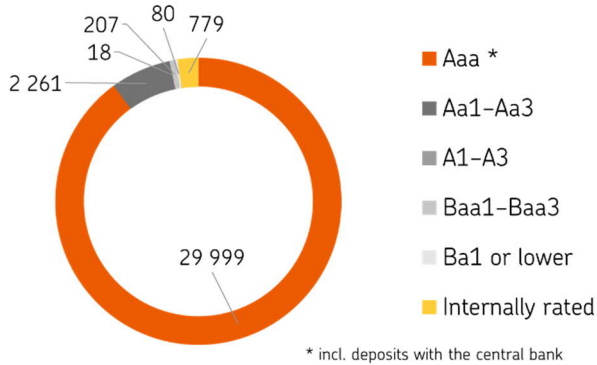
€ billion	31 Mar 2023	31 Dec 2022	Change, %
Deposits with central banks	17.6	34.8	-49.4
Notes and bonds eligible as collateral	14.9	2.1	610.8
Total	32.5	36.9	-12.0
Receivables ineligible as collateral	0.9	0.7	19.5
Liquidity buffer at market value	33.3	37.6	-11.4
Collateral haircut	-0.9	-0.2	-
Liquidity buffer at collateral value	32.5	37.4	-13.2

The liquidity buffer comprises notes, bonds and securitised assets issued by governments, municipalities, financial institutions and companies all showing good credit ratings. At the end of the reporting period, the liquidity buffer included bonds with a carrying amount of EUR 161 million (0) classified as 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 160 million (0). In the information on the liquidity buffer above, these bonds are measured at fair value.

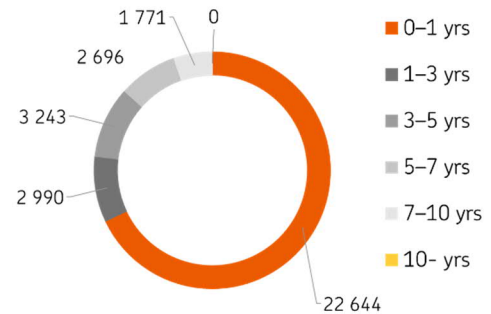
Liquidity buffer's market risk VaR at a confidence level of 95% and a retention period of 10 days



Financial assets included in the liquidity buffer by credit rating on 31 March 2023, € million



Financial assets included in the liquidity buffer by maturity on 31 March 2023, € million



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 23.6% of OP Corporate Bank plc's exposures. These exposures decreased by EUR 288 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 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 33 million (–33).
- Net interest income increased by 32.9% to EUR 70 million (53). Investment income rose to EUR 18 million (–2).
- Other operating expenses increased to EUR 35 million (34).
- The loan portfolio decreased by 0.7% in the reporting period, to EUR 16.1 billion (16.2).
- Impairment loss on receivables totalled EUR 13 million (29).

Key figures and ratios

€ million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Net interest income	70	53	32.9	225
Impairment loss on receivables	-13	-29	-55.9	-1
Net commissions and fees	1	-13	-	-49
Investment income	18	-2	-	130
Other operating income	1	2	-24.5	7
Personnel costs	-8	-9	-7.7	-36
Depreciation/amortisation and impairment loss	-1	-2	-53.8	-5
Other operating expenses	-35	-34	4.2	-85
Operating profit	33	-33	-	186
Total income	90	40	127.0	313
Total expenses	-44	-44	-0.2	-128
Cost/income ratio, %	48.8	111.1	-62.2*	40.2
Return on assets (ROA), %	0.52	-0.54	-	0.69
	31 Mar 2023	31 Mar 2022	Change, %	31 Dec 2022
Loan portfolio, € billion**	16.1	15.5	4.0	16.2

*Change in ratio.

** The loan portfolio excludes changes in the fair value of loans in hedge accounting as of 1 January 2023. Comparatives have been adjusted to correspond to the current definition.

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 most significant Corporate Banking development investments involved the upgrades of customer relationship management and finance systems. With the implementation of the new Group-level customer relationship management system, we aim at higher quality and more efficient operations and better customer experience, in line with our strategic priorities.

Supported by the market situation, demand for structured products remained heavy during the first quarter.

Financial performance for the reporting period

Operating profit amounted to EUR 33 million (–33). Total income increased by 127.0%. Total expenses decreased by 0.2%. The cost/income ratio improved to 48.8% (111.1) year on year, due to higher income.

Net interest income increased by 32.9% to EUR 70 million (53). The segment's loan portfolio decreased by 0.7% during the reporting period, amounting to EUR 16.1 billion (16.2). Net commissions and fees increased to EUR 1 million (–13), as OP Financial Group's internal commission expenses declined.

The reversal of a fast upward trend in interest rates improved investment income, which amounted to EUR 18 million (–2). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 1 million (–3).

Other operating income decreased to EUR 1 million (2).

Total expenses were EUR 44 million (44). Personnel costs decreased by 7.7% to EUR 8 million. Other operating expenses increased by 4.2% to EUR 35 million (34).

Impairment loss on receivables totalled EUR 13 million (29).

Asset and Sales Finance Services and Payment Transfers

- Operating profit increased to EUR 39 million (17).
- Total income increased by 20.6% to EUR 73 million (60). Net interest income increased by 29.7% to EUR 51 million (40).
- Total expenses increased to EUR 36 million (32).
- The loan portfolio decreased by 3.6% in the reporting period, to EUR 8.4 billion (8.7). The deposit portfolio decreased by 19.5% to EUR 10.2 billion (12.7).
- Impairment loss on receivables reversed came to EUR 2 million (–11).
- The most significant development investments involved the upgrades of customer relationship management and payment systems.

Key figures and ratios

€ million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Net interest income	51	40	29.7	183
Impairment loss on receivables	2	-11	-	-12
Net commissions and fees	15	15	4.2	63
Investment income	0	0	-	0
Other operating income	6	6	0.7	10
Personnel costs	-7	-7	10.0	27
Depreciation/amortisation and impairment loss	-0	-1	-42.6	1
Other operating expenses	-28	-25	11.6	78
Operating profit	39	17	134.9	138
Total income	73	60	20.6	256
Total expenses	-36	-32	10.2	-105
Cost/income ratio, %	48.9	53.5	-4.6*	41.2
Return on assets (ROA), %	1.46	0.62	0.84*	1.23
	31 Mar 2023	31 Mar 2022	Change, %	31 Dec 2022
Loan portfolio, € billion**	8.4	8.2	2.8	8.7
Deposits, € billion	10.2	13.5	-24.3	12.7

*Change in ratio.

** The loan portfolio excludes changes in the fair value of loans in hedge accounting as of 1 January 2023. Comparatives have been adjusted to correspond to the current definition.

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

The most significant development investments of the business segment involved the upgrades of customer relationship management and payment systems.

The loan portfolio decreased by 3.6% in the reporting period, to EUR 8.4 billion (8.7). The deposit portfolio decreased by 19.5% to EUR 10.2 billion (12.7). The decrease is explained by a fall in deposits made by OP Financial Group companies with OP Corporate Bank and the general market developments. The slowdown in companies' willingness to invest affected the development of the loan portfolio. The growth in the loan portfolio was, however, driven by financing granted to personal customers for car purchases, and for home improvements such as renewable energy and energy efficiency

systems. OP Financial Group's market share in financing the purchases of low-emission cars increased during the first quarter.

Financial performance for the reporting period

Operating profit amounted to EUR 39 million (17). Total income increased by 20.6%. Total expenses increased by 10.2%. The cost/income ratio improved to 48.9% (53.5) year on year.

Net interest income grew by 29.7% to EUR 51 million. Net interest income was especially increased by interest paid on the Treasury deposit portfolio by OP Corporate Bank. Net commissions and fees totalled EUR 15 million (15). Other operating income, EUR 6 million, remained at the previous year's level (6). Impairment loss on receivables reversed came to EUR 2 million (-11).

Total expenses were EUR 36 million (32). Personnel costs rose by 10% to EUR 7 million. Other operating expenses increased by 11.6% to EUR 28 million.

Baltics

- Operating profit increased to EUR 8 million (2).
- Total income increased to EUR 19 million (14). Net interest income rose to EUR 16 million (12).
- Total expenses were EUR 10 million (10).
- The loan portfolio decreased to EUR 2.8 billion (2.9) during the reporting period.
- Impairment loss on receivables totalled EUR 1 million (3).
- The most significant development investments focused on the development of the payment transfer system.

Key figures and ratios

€ million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Net interest income	16	12	36.6	49
Impairment loss on receivables	-1	-3	-76.7	-6
Net commissions and fees	2	3	-22.2	10
Investment income	0	0	-	0
Other operating income	0	0	-117.8	0
Personnel costs	-2	-2	15.2	8
Depreciation/amortisation and impairment loss	0	-1	-66.9	2
Other operating expenses	-8	-7	4.0	19
Operating profit	8	2	291.0	24
Total income	19	14	29.3	59
Total expenses	-10	-10	2.5	-29
Cost/income ratio, %	53.8	67.8	-14.1*	49.4
Return on assets (ROA), %	1.00	0.27	0.73*	0.74
	31 Mar 2023	31 Mar 2022	Change, %	31 Dec 2022
Loan portfolio, € billion**	2.8	2.6	10.6	2.9
Deposits, € billion**	1.0	0.6	81.5	1.5

*Change in ratio.

**The loan portfolio excludes changes in the fair value of loans in hedge accounting as of 1 January 2023. Comparatives have been adjusted to correspond to the current definition.

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

The loan portfolio decreased by 3.0% in the reporting period, to EUR 2.8 billion (2.9). The deposit portfolio decreased by 31.3% to EUR 1.0 billion (1.5). As a result of high inflation and higher interest rates, demand for loans in the Baltic countries has weakened, as companies postpone their fixed investments.

The most significant development investments in the first quarter especially focused on improving the payment transfer system and developing the related express transfers, in particular.

Financial performance for the reporting period

Operating profit amounted to EUR 8 million (2). Total income increased by 29.3%. Total expenses increased by 2.5%. The cost/income ratio improved to 53.8% (67.8) year on year.

Net interest income rose to EUR 16 million (12). Net interest income was especially increased by interest paid on the Treasury deposit portfolio by OP Corporate Bank. Net commissions and fees decreased to EUR 2 million (3).

Impairment loss on receivables reduced earnings by EUR 1 million (3).

Total expenses were EUR 10 million (10). Personnel costs rose by 15.2% to EUR 2 million. Other operating expenses increased by 4.0% to EUR 8 million (7).

Group Functions

- Operating profit amounted to EUR 1 million (–3).
- The financial position and liquidity remained strong.

Key figures and ratios

€ million	Q1/2023	Q1/2022	Change, %	Q1–4/2022
Net interest income	-10	-10	0.9	-61
Impairment loss on receivables	0	0	87.5	0
Net commissions and fees	-1	-1	15.3	-5
Investment income	13	9	49.3	-12
Other operating income	6	6	-9.1	24
Personnel costs	1	0	176.7	5
Depreciation/amortisation and impairment loss	0	0	-50.1	
Other operating expenses	-6	-6	-9.9	
Operating profit	1	-3	-	-83
Receivables and liabilities from/to the amalgamation's central cooperative and member credit institutions, net position, € billion	-15.1	-14.0		-16.1

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

Financial performance for the reporting period

The Group Functions segment's operating profit was EUR 1 million (–3). Operating profit at fair value were EUR 13 million (–25).

Net interest income was EUR –10 million (–10). The effect of items related to TLTRO III funding and its hedging amounted to EUR –11 million (3) during the reporting period. A rise in market interest rates had a positive effect on net interest income compared with the corresponding period a year ago.

Investment income totalled EUR 13 million (9). Investment income included EUR 3 million (9) in capital gains on notes and bonds. Investment income was improved especially by the result of derivatives used to hedge against interest rate risk.

At the end of March, the average margin of senior and senior non-preferred wholesale funding was 40 basis points (36).

In the reporting period, OP Corporate Bank repaid in full the EUR 12.0 billion in TLTRO III loans. Between January and March, OP Corporate Bank issued long-term bonds worth EUR 0.2 billion (0.5).

At the end of the reporting period, OP Corporate Bank's balance sheet assets included bonds worth EUR 161 million (0) classified as 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 160 million (0).

On 31 March 2023, investments by the amalgamation's central cooperative and the affiliated credit institutions in OP Corporate Bank were EUR 15.1 (16.1) billion higher than funding borrowed by them from Group Treasury. The net amount was decreased by a lower amount of deposits made by the affiliated credit institutions with OP Corporate Bank and growth in loans.

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

ICT investments

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

ICT costs of OP Corporate Bank's development and production maintenance totalled EUR 22 million (24). The development costs include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 5 million (4). Development costs have not been capitalised.

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

Personnel and remuneration

On 31 March 2023, OP Corporate Bank plc had 831 employees (820).

Personnel at period end

	31 Mar 2023	31 Dec 2022
Corporate Banking and Capital Markets	304	304
Asset and Sales Finance Services and Payment Transfers	341	342
Baltics	137	133
Group Functions	49	41
Total	831	820

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2023 consists of the performance-based bonus scheme covering all personnel, and the personnel fund. Company-specific targets based on the annual plan and the Group-level strategic targets are taken into account in the metrics used in the performance-based bonus scheme and 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 9 March 2023, the Annual General Meeting (AGM) of OP Corporate Bank plc elected OP Financial Group's President and Group Chief Executive Officer Timo Ritakallio as Chair of OP Corporate Bank's Board of Directors. As other Board members, the AGM elected Uudenmaan Osuuspankki Managing Director Olli Lehtilä, OP Turun Seutu Managing Director Petri Rinne, OP Keski-Suomi Managing Director Pasi Sorri, OP Financial Group's Chief Financial Officer Mikko Timonen and OP Financial Group's Chief Legal Officer and Group General Counsel Tiia Tuovinen.

The AGM re-elected KPMG Oy Ab, an audit firm, to act as OP Corporate Bank's auditor for the financial year 2023, with Juha-Pekka Mylén, APA, acting as the chief auditor, appointed by KPMG Oy Ab.

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

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of 9 March 2023 adopted the Financial Statements for 2022 and discharged members of the Board of Directors and the CEO from liability. The AGM decided that no dividend be distributed and that the profit for the financial year 2022 is entered in the account of retained earnings/loss.

Outlook towards the year end

The economy is expected to sink into a moderate recession, inflation to decrease slowly. An exceptional degree of uncertainty is still associated with the business environment. Developments in global capital markets together with the geopolitical situation may abruptly affect the business environment.

Full-year earnings estimates for 2023 will only be provided at the OP Financial Group level, in its financial statements bulletin and interim and half-year financial reports.

The most significant uncertainties affecting OP Corporate Bank's earnings performance due to geopolitical risks and inflation relate to developments in the business environment, changes in the interest rate and investment environment and to the developments in impairment loss on receivables. In addition, future earnings performance will be affected by the market growth rate and the change in the competitive situation.

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

Formulas for key figures and ratios

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

Alternative Performance Measures

Key figure or ratio	Formula	Description
Return on equity (ROE), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year} / \text{days of reporting period})}{\text{Equity (average at beginning and end of period)}} \times 100$	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Return on assets (ROA), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year} / \text{days of reporting period})}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$	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 is included in the balance sheet item Receivables from customers.	The loan portfolio is presented under Receivables from customers in the balance sheet.
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	$\frac{\text{Impairment loss on receivables} \times (\text{days of financial year} / \text{days of reporting period})}{\text{Loan and guarantee portfolio at period end}} \times 100$	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 – changes in the fair value of deposits subject to hedge accounting	Deposits are presented in Liabilities to customers in the balance sheet.

Coverage ratio, %	$\frac{\text{Loss allowance}}{\text{Receivables from customers (on-balance-sheet and off-balance-sheet items)}} \times 100$	The ratio describes how much the amount of expected losses covers the amount of the liability.
Default capture rate, %	$\frac{\text{New defaulted contracts in stage 2 a year ago}}{\text{New defaulted contracts during the reporting period}} \times 100$	The ratio describes the effectiveness of the SICR model (significant increase in credit risk), in other words how many contracts were in stage 2 before moving to stage 3.

Key indicators based on a separate calculation

Capital adequacy ratio, %	$\frac{\text{Total own funds}}{\text{Total risk exposure amount}} \times 100$	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, %	$\frac{\text{Tier 1 capital}}{\text{Total risk exposure amount}} \times 100$	The ratio describes a credit institution's capital adequacy and shows the ratio of Tier 1 capital to the total risk exposure amount.
Common Equity Tier 1 (CET1) capital ratio, %	$\frac{\text{CET1 capital}}{\text{Total risk exposure amount}} \times 100$	The ratio describes a credit institution's capital adequacy and shows the ratio of CET1 capital to the total risk exposure amount.
Leverage ratio, %	$\frac{\text{Tier 1 capital (T1)}}{\text{Exposure amount}} \times 100$	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), %	$\frac{\text{Liquid assets}}{\text{Liquidity outflows – liquidity inflows under stressed conditions}} \times 100$	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), %	$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$	The ratio describes a long-term liquidity risk that requires the bank to have a sufficient amount of stable funding sources in relation to items requiring stable funding sources. The objective is to secure the sustainable maturity structure of assets and liabilities applying a 12-month time horizon and to restrict excessive resort to short-term wholesale funding.

Ratio of non-performing exposures to exposures, %	$\frac{\text{Non-performing receivables (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of customers with severe payment difficulties to the entire exposure portfolio. Non-performing exposures refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbore exposures related to such receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. Non-performing exposures are presented in gross terms; expected credit losses have not been deducted from them.</p>
Ratio of doubtful receivables to exposures, %	$\frac{\text{Doubtful receivables (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of customers with payment difficulties to the entire exposure portfolio. Doubtful receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbearance related to such receivables or to performing receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. In addition to non-performing forbore exposures, doubtful receivables include non-performing exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as doubtful receivables. Doubtful receivables are presented in gross terms; expected credit losses have not been deducted from them.</p>
Ratio of performing forbore exposures to exposures, %	$\frac{\text{Performing forbore exposures (gross)}}{\text{Exposures at period end}} \times 100$	<p>The ratio describes the ratio of forbore exposures to the entire exposure portfolio. Performing forbore exposures include forbore exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forbore exposures.</p>
Ratio of performing forbore exposures to doubtful receivables, %	$\frac{\text{Performing forbore exposures (gross)}}{\text{Doubtful receivables at period end}} \times 100$	<p>The ratio describes the ratio of performing forbore exposures to doubtful receivables that include not only performing forbore exposures but also non-performing exposures. Performing forbore exposures include forbore exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forbore exposures.</p>

Ratio of loss allowance (receivables from customers) to doubtful receivables, %	$\frac{\text{Loss allowance for receivables from customers in the balance sheet}}{\text{Doubtful receivables at period end}} \times 100$	The ratio describes the ratio of expected losses to all doubtful receivables. Doubtful receivables include non-performing exposures and performing forbore 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	31 Mar 2023	31 Dec 2022
OP Corporate Bank plc's equity	4,441	4,364
Fair value reserve, cash flow hedge	12	26
Common Equity Tier 1 (CET1) before deductions	4,454	4,390
Intangible assets	-2	-3
Excess funding of pension liability and valuation adjustments	-72	-75
Planned profit distribution	-19	
Shortfall of ECL minus expected losses		-125
Insufficient coverage for non-performing exposures	-5	-3
CET1 capital	4,355	4,184
Tier 1 capital (T1)	4,355	4,184
Debtenture loans	1,308	1,308
Debtentures to which transitional provision applies	83	91
General credit risk adjustments	13	
Excess of ECL minus expected losses		25
Tier 2 capital (T2)	1,404	1,424
Total own funds	5,759	5,608
Risk exposure amount, € million	31 Mar 2023	31 Dec 2022
Credit and counterparty risk	29,751	26,861
Standardised Approach (SA)	29,751	6,070
Central government and central banks exposure	66	91
Credit institution exposure	678	627
Corporate exposure	23,188	4,616
Retail exposure	2,776	45
Mortgage-backed exposure	1,476	99
Defaulted exposure	428	16
Items of especially high risk	241	
Covered bonds	546	540
Receivables to which a short-term credit rating can be applied	1	0
Collective investment undertakings (CIU)	5	
Equity investments	28	0
Other	316	34
Internal Ratings-based Approach (IRB)		20,791
Corporate exposure		18,421
Retail exposure		1,967
Equity investments		93
Other		309
Risks of the CCP's default fund	0	0
Securitisations	110	111
Market and settlement risk (Standardised Approach)	1,097	1,070
Operational risk (Standardised Approach)	1,086	1,028
Valuation adjustment (CVA)	202	179
Other risks*	1,053	5,824
Total risk exposure amount	33,298	35,074

* Risks not otherwise covered. A year ago, the risk-weighted assets (RWA) floor based on the Standardised Approach.

Ratios, %	31 Mar 2023	31 Dec 2022
CET1 capital ratio	13.1	11.9
Tier 1 ratio	13.1	11.9
Capital adequacy ratio	17.3	16.0
Ratios, fully loaded, %	31 Mar 2023	31 Dec 2022
CET1 capital ratio	13.1	11.9
Tier 1 ratio	13.1	11.9
Capital adequacy ratio	17.3	16.0
Capital requirement, EUR million	31 Mar 2023	31 Dec 2022
Own funds	5,759	5,608
Capital requirement	3,539	3,720
Buffer for capital requirements	2,221	1,888

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	Q1/2023	Q1/2022
Interest income		542	128
Interest expenses		-414	-34
Net interest income	3	127	94
Impairment loss on receivables	4	-11	-42
Commission income		34	34
Commission expenses		-17	-31
Net commissions and fees	5	17	3
Net interest income from financial assets held for trading	6	27	-2
Net investment income	7	4	9
Other operating income		11	12
Personnel costs		-19	-18
Depreciation/amortisation and impairment loss		-1	-3
Other operating expenses	8	-74	-70
Operating expenses		-94	-91
Operating profit (loss)		81	-17
Earnings before tax		81	-17
Income tax		-17	3
Profit for the period		65	-14

Statement of comprehensive income

€ million	Note	Q1/2023	Q1/2022
Profit for the period		65	-14
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		1	3
Items that may be reclassified to profit or loss			
Change in fair value reserve			
On fair value measurement		-2	-21
On cash flow hedging		17	-5
Income tax			
On items not reclassified to profit or loss			
On gains/(losses) arising from measurement of defined benefit plans		0	-1
On items that may subsequently be reclassified to profit or loss			
On fair value measurement		0	4
On cash flow hedging		-3	1
Other comprehensive Income Items		13	-18
Total comprehensive Income for the period		77	-32

Balance sheet

€ million	Note	31 March 2023	31 Dec 2022
Cash and cash equivalents		17,490	34,951
Receivables from credit institutions		13,886	12,978
Derivative contracts		27,206	28,178
Receivables from customers	15	5,185	5,782
Investment assets		16,335	16,404
Intangible assets		2	3
Property, plant and equipment		4	5
Other assets		936	1,132
Tax assets		23	0
Total assets		81,067	99,433
Liabilities to credit institutions		28,305	40,899
Liabilities to customers		14,469	19,014
Derivative contracts		5,071	5,739
Debt securities issued to the public	9	23,446	25,209
Provisions and other liabilities		3,611	2,509
Tax liabilities		339	316
Subordinated liabilities		1,384	1,384
Total liabilities		76,626	95,069
Equity capital			
Share capital		428	428
Fair value reserve	10	-18	-29
Other reserves		1,019	1,019
Retained earnings		3,012	2,947
Total equity		4,441	4,364
Total liabilities and equity		81,067	99,433

Statement of changes in equity

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

€ 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 financial year		12		65	77
Profit for the financial year				65	65
Other comprehensive income		12		1	13
Other				0	0
Equity capital 31 March 2023	428	-18	1,019	3,012	4,441

Cash flow statement

€ million	Q1 2023	Q1 2022
Cash flow from operating activities		
Profit for the period	65	-14
Adjustments to profit for the period	-31	238
Increase (-) or decrease (+) in operating assets	334	-377
Receivables from credit institutions	-1,047	-73
Derivative contracts	-27	-79
Receivables from customers	986	-486
Investment assets	227	213
Other assets	196	48
Increase (+) or decrease (-) in operating liabilities	-16,104	-1,211
Liabilities to credit institutions	-12,665	523
Derivative contracts	-86	239
Liabilities to customers	-4,545	-2,388
Provisions and other liabilities	1,191	415
Income tax paid	-20	-19
Dividends received	0	0
A. Net cash from operating activities	-15,754	-1,382
Cash flow from investing activities		
Purchase of PPE and intangible assets	0	0
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	0	0
Cash flow from financing activities		
Subordinated liabilities, change	-6	-505
Debt securities issued to the public, change	-1,810	-1,640
Dividends paid	0	-80
Lease liabilities	0	0
C. Net cash used in financing activities	-1,815	-2,225
Net change in cash and cash equivalents (A+B+C)	-17,570	-3,607
Cash and cash equivalents at period start	35,395	32,891
Effect of foreign exchange rate changes	-31	83
Cash and cash equivalents at period-end	17,794	29,367
Interest received	1,138	156
Interest paid	-955	-99
Cash in hand		
Cash and cash equivalents	17,490	29,148
Receivables from credit institutions payable on demand	304	220
Total	17,794	29,367

Notes

1. Accounting policies
2. Segment reporting
3. Net interest income
4. Impairment losses on receivables
5. Net commissions and fees
6. Net interest 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

Note 1. Accounting policies

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and with the accounting policies presented in the financial statements 2022.

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

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

1. Critical accounting estimates and judgements

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

Expected credit losses

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

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

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

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

The actual measurement of ECL figures is performed using the ECL models, 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. Management judgement is involved in expert judgements.

Extra provisions based on management overlay directly to the ECL figures (post-model adjustments) are intended only for temporary use until an unpredictable event caused by the overlay provision or circumstance could have been taken into account in the ECL models.

The ECL models take account of Environmental, Social and Governance (ESG) risks of sustainable development, as follows:

- An assessment of economic impacts has been included in the measurement of the ECL models in the macro scenario where the use of fossil energy is reduced, so that carbon neutrality will be achieved by 2035.
- Since the beginning of 2023, OP Corporate Bank has started to use an ESG warning signal in the credit rating process of large corporations based on expert judgement that consists of an estimate of ESG risk factors. The ESG warning signal identifies situations where the ESG risk factors have an effect on the customer's rating grade. If necessary, the customer's credit rating can be lowered with the ESG warning signal and thereby increase the PD risk parameter and ECL of the customer's contracts.

Management judgement and estimates included in the calculation of expected credit losses in respect of other than that presented above are included in the 2022 financial statements.

Geopolitical risks

Geopolitical events may have an indirect effect on OP Corporate Bank's income and risks as a result of customers' changed business conditions, and a direct effect on the general financial market conditions and obstruction of the technical infrastructure. OP Corporate Bank is constantly prepared for such events by making various action plans for them and testing these plans.

2. Changes in the 2023 income statement format

OP Corporate Bank changed its income statement format as of 1 January 2023. The key changes in presentation are as follows:

- a) The rows Total income and Total expenses were removed.
- b) The sub-rows of Net interest income and Net commissions and fees (interest income, interest expenses, commission income and commission expenses) have been broken down in presentation.
- c) Impairment loss on receivables has been transferred from the end of the income statement next to net interest income to operating items.
- d) Net income from financial assets held for trading is presented on a specific row separate from Net investment income. Net investment income includes net income from financial assets at fair value through comprehensive income.
- e) Operating expense items Personnel costs, Depreciation/amortisation and impairment loss and Other operating expenses are presented the same way as previously, showing OP Corporate Bank's expenses.
- f) A new row, Operating profit, has been added to the income statement.

€ million	Explanation of the format change:
Interest income	b) New row
Interest expenses	b) New row
Net interest income	No change
Impairment loss on receivables	c) Moved to another place in the format
Commission income	b) New row
Commission expenses	b) New row
Net commissions and fees	No change
Net interest income from financial assets held for trading	d) New row
Net investment income	d) Item content has changed
Other operating income	No change
Personnel costs	No change
Depreciation/amortisation and impairment loss	No change
Other operating expenses	No change
Operating expenses	e) New row
Operating profit (loss)	g) New row
Earnings before tax	No change
Income tax	No change
Profit for the period	No change

Note 2. Segment reporting

Segment information

	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment Items	Total
Q1 earnings 2023, € million						
Interest income	71	26	14	431		542
Interest expenses	-1	25	2	-441		-414
Net interest income	70	51	16	-10		127
of which internal net income before tax	-78	24	-7	61		0
Impairments loss on receivables	-13	2	-1	0		-11
Commission income	15	17	2	0		34
Commission expenses	-14	-2	0	-1		-17
Net commissions and fees	1	15	2	-1		17
Net interest income from financial assets held for trading	18		0	10		27
Net investment income	0			3		4
Other operating income	1	6	0	6	-2	11
Personnel costs	-8	-7	-2	-1		-19
Depreciation/amortisation and impairment loss	-1	0	0	0		-1
Other operating expenses	-35	-28	-8	-6	2	-74
Operating expenses	-44	-36	-10	-7	2	-94
Operating profit (loss)	33	39	8	1		81
Earnings before tax	33	39	8	1		81

	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment Items	Total
Q1 earnings 2022, € million						
Interest income	55	32	9	-30	62	128
Interest expenses	-2	8	3	20	-62	-34
Net interest income	53	40	12	-10		94
of which internal net income before tax	-1	-12	0	12		0
Impairments loss on receivables	-29	-11	-3	0		-42
Commission income	16	15	3	0		34
Commission expenses	-29	-1	0	-1		-31
Net commissions and fees	-13	15	3	-1		3
Net interest income from financial assets held for trading	-2		0	0		-2
Net investment income	0			9		9
Other operating income	2	6	0	6	-2	12
Personnel costs	-9	-7	-2	0		-18
Depreciation/amortisation and impairment loss	-2	-1	-1	0		-3
Other operating expenses	-34	-25	-7	-6	2	-70
Operating expenses	-44	-32	-10	-7	2	-91
Operating profit (loss)	-33	17	2	-3		-17
Earnings before tax	-33	17	2	-3		-17

Balance sheet 31 March 2023, € million	Corporate Banking and Capital Markets		Asset and Sales Finance Services and Payment Transfers		Baltics	Group Functions	Inter-segment Items	Total
Cash and cash equivalents	0		126		12	17,352		17,490
Receivables from credit institutions	0		189		1	13,696		13,886
Receivables from customers	16,073		8,388		2,828	-83		27,206
Derivative contracts	5,031					154		5,185
Investment assets	502					15,833		16,335
Intangible assets			1		0	1		2
Property, plant and equipment	0		1		2	1		4
Other assets	226		163		3	544		936
Tax assets	0		0			23		23
Total assets	21,832		8,869		2,845	47,521		81,067
Liabilities to credit institutions	515		16		0	27,774		28,305
Liabilities to customers	112		10,212		1,005	3,140		14,469
Derivative contracts	4,663					409		5,071
Debt securities issued to the public	1,826					21,620		23,446
Provisions and other liabilities	135		71		2,279	1,125		3,611
Tax liabilities					5	334		339
Subordinated liabilities						1,384		1,384
Total liabilities	7,250		10,300		3,289	55,787		76,626
Equity								4,441

Balance sheet 31 December 2022, € million	Corporate Banking and Capital Markets		Asset and Sales Finance Services and Payment Transfers		Baltics	Group Functions	Inter-segment Items	Total
Cash and cash equivalents	11		131		12	34,797		34,951
Receivables from credit institutions	22		298		0	12,658		12,978
Receivables from customers	16,189		8,699		2,914	375		28,178
Derivative contracts	5,612					169		5,782
Investment assets	299					16,105		16,404
Intangible assets	1		2		0	0		3
Property, plant and equipment	0		1		2	1		5
Other assets	309		263		11	549		1,132
Tax assets	0		0		0	0		0
Total assets	22,444		9,393		2,940	64,656		99,433
Liabilities to credit institutions	3		4		0	40,892		40,899
Liabilities to customers	0		12,694		1,464	4,856		19,014
Derivative contracts	5,295					443		5,739
Debt securities issued to the public	1,672					23,537		25,209
Provisions and other liabilities	5		0		854	1,649		2,509
Tax liabilities	1		0		1	314		316
Subordinated liabilities	9					1,375		1,384
Total liabilities	6,986		12,697		2,319	73,067		95,069
Equity								4,364

Note 3. Net interest income

€ million	Q1/2023	Q1/2022
Interest Income		
Receivables from credit institutions	245	1
Receivables from customers		
Loans	222	91
Finance lease receivables	18	8
Fair value adjustments under hedge accounting	23	-50
Total	264	50
Notes and bonds		
Measured at fair value through profit or loss	0	0
At fair value through other comprehensive income	26	12
Amortised cost	25	-5
Fair value adjustments under hedge accounting	106	-492
Total	156	-485
Derivative contracts		
Fair value hedge	58	-24
Cash flow hedge	-118	542
Ineffective portion of cash flow hedge		
Other		1
Total	-59	519
Liabilities to credit institutions		
Interest	-76	31
Liabilities to customers		
Negative interest	0	11
Other	13	2
Total	542	128
Interest expenses		
Liabilities to credit institutions		
Interest expenses for liabilities to credit institutions	-148	-10
Fair value adjustments under hedge accounting	-71	297
Total	-219	286
Liabilities to customers	-65	2
Notes and bonds issued to the public		
Interest expenses for debt securities issued to the public	-113	-16
Fair value adjustments under hedge accounting	-102	370
Total	-215	354
Subordinated liabilities		
Subordinated loans		
Other	-9	-12
Fair value adjustments under hedge accounting	-6	22
Total	-15	10
Derivative contracts		
Cash flow hedge	100	-651
Other	14	6
Total	114	-645
Receivables from credit institutions		
Negative interest	-1	-41
Other	-14	-1
Total	-414	-34
Total	127	94

Note 4. Impairment losses on receivables

€ million	Q1/2023	Q1/2022
Receivables written down as loan and guarantee losses	0	-1
Recoveries of receivables written down	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-9	-42
Expected credit losses (ECL) on notes and bonds	-2	0
Total	-11	-42

Credit risk exposures and related loss allowance

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

Exposures	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total exposure
€ million						
Receivables from customers (gross)						
Corporate Banking	25,726	2,573	193	2,766	563	29,055
Total	25,726	2,573	193	2,766	563	29,055
Off-balance-sheet limits						
Corporate Banking	8,267	432	56	487	79	8,833
Total	8,267	432	56	487	79	8,833
Other off-balance-sheet commitments						
Corporate Banking	7,540	504		504	87	8,131
Total	7,540	504		504	87	8,131
Notes and bonds						
Group Functions	12,694	73		73	3	12,770
Total	12,694	73		73	3	12,770
Total exposures within the scope of accounting for expected credit losses	54,226	3,582	249	3,830	732	58,789

Loss allowance by impairment stage 31 March 2023

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total loss allowance
€ million						
Receivables from customers						
Corporate Banking	-26	-32	-7	-39	-187	-251
Total	-26	-32	-7	-39	-187	-251
Other off-balance-sheet commitments**						
Corporate Banking	-3	-2		-2	-21	-27
Total	-3	-2		-2	-21	-27
Notes and bonds***						
Group Functions	-1	-1		-1	-2	-4
Total notes and bonds	-1	-1		-1	-2	-4
Total	-30	-35	-7	-42	-210	-282

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

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

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

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

Summary and key Indicators 31 March 2023	Stage 1	Stage 2		Stage 3		Total
		Not more than 30 DPD	More than 30 DPD			
Receivables from customers; on-balance-sheet and off-balance-sheet Items						
Corporate Banking	41,532	3,509	249	3,757	729	46,019
Loss allowance						
Corporate Banking	-29	-34	-7	-41	-208	-278
Coverage ratio, %						
Corporate Banking	-0.07%	-0.98%	-2.68%	-1.09%	-28.53%	-0.60%
Receivables from customers; total on-balance-sheet and off-balance-sheet Items	41,532	3,509	249	3,757	729	46,019
Total loss allowance	-29	-34	-7	-41	-208	-278
Total coverage ratio, %	-0.07%	-0.98%	-2.68%	-1.09%	-28.53%	-0.60%
Carrying amount, notes and bonds						
Group Functions	12,694	73		73	3	12,770
Loss allowance						
Group Functions	-1	-1		-1	-2	-4
Coverage ratio, %						
Group Functions	-0.01%	-1.06%		-1.06%		-0.03%
Total notes and bonds	12,694	73		73		12,770
Total loss allowance	-1	-1		-1		-4
Total coverage ratio, %	-0.01%	-1.06%		-1.06%		-0.03%

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

Exposures	Stage 1	Stage 2		Stage 3		Total exposure
		Not more than 30 DPD	More than 30 DPD			
€ million						
Receivables from customers (gross)						
Corporate Banking	26,588	2,518	109	2,627	451	29,666
Total	26,588	2,518	109	2,627	451	29,666
Off-balance-sheet limits						
Corporate Banking	8,351	493	29	521	71	8,944
Total	8,351	493	29	521	71	8,944
Other off-balance-sheet commitments						
Corporate Banking	6,943	448		448	72	7,462
Total	6,943	448		448	72	7,462
Notes and bonds						
Group Functions	12,982	73		73		13,055
Total	12,982	73		73		13,055
Total exposures within the scope of accounting for expected credit losses	54,864	3,531	137	3,669	595	59,127

Loss allowance by Impairment stage 31 December 2022

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total loss allowance
€ million						
Receivables from customers						
Corporate Banking	-30	-23	-5	-28	-182	-240
Total	-30	-23	-5	-28	-182	-240
Other off-balance-sheet commitments**						
Corporate Banking	-3	-2		-2	-24	-29
Total	-3	-2		-2	-24	-29
Notes and bonds***						
Group Functions	-1	-1		-1		-2
Total notes and bonds	-1	-1		-1		-2
Total	-35	-25	-5	-31	-206	-272

* 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 2022	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total
Receivables from customers; on-balance-sheet and off-balance-sheet Items						
Corporate Banking	41,882	3,459	137	3,596	595	46,072
Loss allowance						
Corporate Banking	-33	-25	-5	-30	-206	-269
Coverage ratio, %						
Corporate Banking	-0.08%	-0.71%	-3.81%	-0.83%	-34.69%	-0.58%
Receivables from customers; total on-balance-sheet and off-balance-sheet Items	41,882	3,459	137	3,596	595	46,072
Total loss allowance	-33	-25	-5	-30	-206	-269
Total coverage ratio, %	-0.08%	-0.71%	-3.81%	-0.83%	-34.69%	-0.58%
Carrying amount, notes and bonds						
Group Functions	12,982	73		73		13,055
Loss allowance						
Group Functions	-1	-1		-1		-2
Coverage ratio, %						
Group Functions	-0.01%	-1.18%		-1.18%		-0.02%
Total notes and bonds	12,982	73		73		13,055
Total loss allowance	-1	-1		-1		-2
Total coverage ratio, %	-0.01%	-1.18%		-1.18%		-0.02%

The table below shows a change in exposures within the scope of the measurement of expected credit losses by impairment Stage for January-March 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; off-balance-sheet Items 1 January 2023	41,882	3,596	588	46,072
Transfers from Stage 1 to Stage 2, incl. repayments	-1,097	1,072		-25
Transfers from Stage 1 to Stage 3, incl. repayments	-114		127	13
Transfers from Stage 2 to Stage 1, incl. repayments	922	-912		10
Transfers from Stage 2 to Stage 3, incl. repayments		-89	86	-3
Transfers from Stage 3 to Stage 1, incl. repayments	19		-19	0
Transfers from Stage 3 to Stage 2, incl. repayments		49	-49	0
Increases due to origination and acquisition	1,229	36	16	1,281
Decreases due to derecognition	-1,608	-101	-18	-1,727
Unchanged Stage, incl. repayments	300 *)	107 *)	-2	398
Recognised as final credit loss			0	0
Receivables from customers; on-balance-sheet and off-balance-sheet Items 31 March 2023	41,532	3,757	729	46,019

* Positive net changes in stage 1 and 2 are due to increases in off-balance-sheet limits.

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

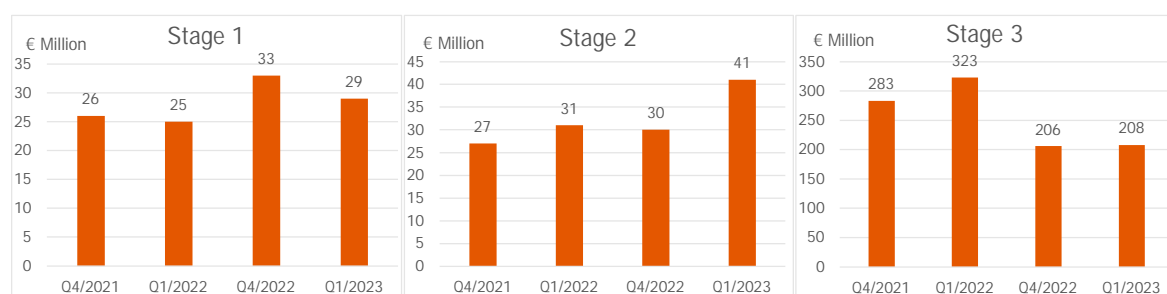
Receivables from customers and off-balance-sheet Items, € million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2023	33	30	206	269
Transfers from Stage 1 to Stage 2	-6	13		7
Transfers from Stage 1 to Stage 3	-1		9	8
Transfers from Stage 2 to Stage 1	1	-3		-3
Transfers from Stage 2 to Stage 3		-1	4	3
Transfers from Stage 3 to Stage 1	0		-1	-1
Transfers from Stage 3 to Stage 2		1	-11	-10
Increases due to origination and acquisition	1	0	3	4
Decreases due to derecognition	-3	-1	-4	-8
Changes in risk parameters (net)	3	1	3	7
Decrease in allowance account due to write-offs			0	0
Net change in expected credit losses	-4	11	2	9
Loss allowance 31 March 2023	29	41	208	278

In Q4/ 2022, the management overlay was used to increase the ECL provision for the construction industry by EUR 2.5 million, based on OP Corporate Bank's analysis. The analysis was considered necessary due to the weakened outlook of the sector. It was done as a stress test, assuming a decrease in the industry's net sales of 10%, a cost inflation increase of 8% and an interest rate rise of 3%. The provision has remained unchanged in Q1/2023.

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 March 2023.

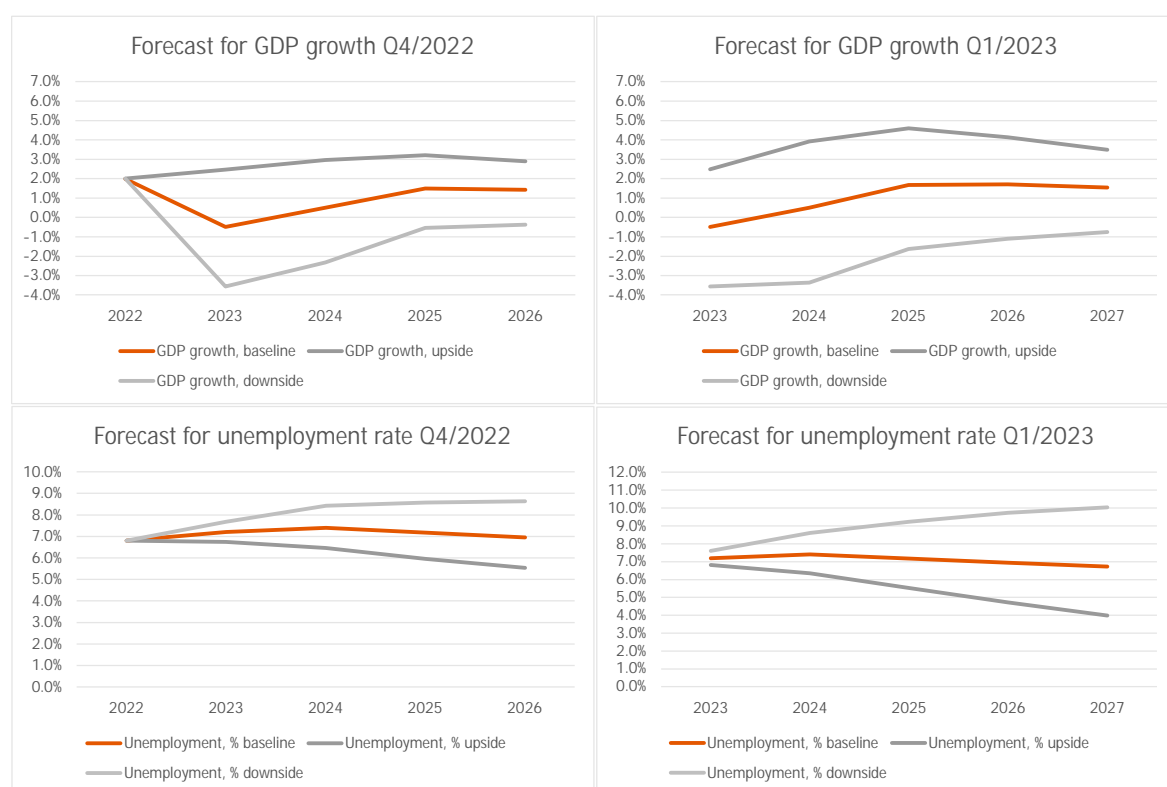
Loss allowance 31 March 2023	OP Corporate Bank
Loss allowance before discretionary provisions	276
Discretionary provisions under management overlay	
Construction industry	3
Total discretionary provisions under management overlay	3
Total reported loss allowance	278

The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years. The graphs show a reduction of stage 3 during 2022 due to the recognition of final credit losses, repayment of liabilities in stage 3.



In ECL measurement, macroeconomic factors are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been at normal level, or downside 20%, baseline 60% and upside 20%. During the first quarter of 2023, the update of the macroeconomic forecasts slightly increased the ECL.

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



Notes and bonds, € million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2023	1	1		2
Transfers from Stage 1 to Stage 3	0		2	2
Increases due to origination and acquisition	0			0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	0	0	2	2
Loss allowance 31 March 2023	1	1	2	4

The table below shows a change in exposures within the scope of the calculation of expected credit losses by impairment Stage for 2022 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 2022	36,149	1,703	661	38,513
Transfers from Stage 1 to Stage 2, incl. repayments	-2,493	2,358		-135
Transfers from Stage 1 to Stage 3, incl. repayments	-186		155	-31
Transfers from Stage 2 to Stage 1, incl. repayments	399	-466		-67
Transfers from Stage 2 to Stage 3, incl. repayments		-102	92	-10
Transfers from Stage 3 to Stage 1, incl. repayments	26		-32	-6
Transfers from Stage 3 to Stage 2, incl. repayments		18	-27	-9
Increases due to origination and acquisition	9,684	300	37	10,021
Decreases due to derecognition	-6,615	-278	-181	-7,073
Unchanged Stage, incl. repayments	4 916 *)	63 *)	-33	4,954
Recognised as final credit loss			-85	-85
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 December 2022	41,882	3,596	588	46,072

* Positive net changes in stage 1 and 2 are due to increases in off-balance-sheet limits.

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

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2022	26	27	283	337
Transfers from Stage 1 to Stage 2	-2	15		13
Transfers from Stage 1 to Stage 3	-3		50	47
Transfers from Stage 2 to Stage 1	0	-5		-4
Transfers from Stage 2 to Stage 3		-5	21	16
Transfers from Stage 3 to Stage 1	0		-4	-4
Transfers from Stage 3 to Stage 2		0	-5	-5
Increases due to origination and acquisition	13	6	12	30
Decreases due to derecognition	-6	-8	-60	-74
Changes in risk parameters (net)	5	-1	-6	-3
Changes in model assumptions and methodology	0	0	1	1
Decrease in allowance account due to write-offs			-85	-85
Net change in expected credit losses	7	2	-77	-68
Loss allowance 31 December 2022	33	30	206	269

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 2022.

Loss allowance 31 December 2022	OP Corporate Bank
Loss allowance before discretionary bookings	267
Discretionary provisions under management overlay	
Defaults and collateral valuation of CRE backed loans	3
Total discretionary provisions under management overlay	3
Total reported loss allowance	269

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

Note 5. Net commissions and fees

Q1 2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter- segment Items	Total
Commission income						
Lending	7	5	1	0		12
Deposits	0	0	0	0		1
Payment transfers	0	8	0	0		8
Securities brokerage	6			0		6
Securities issuance	1			0		1
Mutual funds	0	0		0		0
Asset management	1	0				1
Legal services	0					0
Guarantees	0	2	1	0		3
Other		2	0	0		2
Total	15	17	2	0		34
Commission expenses						
Lending		0				0
Payment transfers	0	-1	0	0		-2
Securities brokerage	-1			0		-1
Securities issuance	-1					-1
Asset management	0			-1		-1
Guarantees			0			0
Derivatives	-11					-11
Other	-1			-1		-1
Total	-14	-2	0	-1		-17
Total net commissions and fees	1	15	2	-1		17
Q1 2022, € million						
Commission Income						
Lending	6	3	1	0		10
Deposits	0	0	1	0		1
Payment transfers	0	8	0	0		8
Securities brokerage	8					8
Securities issuance	1			0		1
Mutual funds	0	0		0		0
Asset management	1	0	0			1
Legal services	0					0
Guarantees	0	2	1	0		3
Other		2	0			2
Total	16	15	3	0		34
Commission expenses						
Lending		0		0		0
Payment transfers	0	0	0	0		0
Securities brokerage	-1			0		-1
Securities issuance	0			0		0
Asset management	0			-1		-1
Guarantees			0			0
Derivatives	-27					-27
Other	-1			0		-1
Total	-29	-1	0	-1		-31
Total net commissions and fees	-13	15	3	-1		3

Note 6. Net interest income from financial assets held for trading

Financial assets held for trading

€ million	Q1/2023	Q1/2022
Notes and bonds		
Interest income and expenses	14	1
Fair value gains and losses	-1	-10
Total	13	-9
Shares and participations		
Fair value gains and losses	1	3
Dividend income and share of profits	0	
Total	1	3
Derivatives		
Interest income and expenses	16	1
Fair value gains and losses	-3	3
Total	13	4
Total	27	-2

Note 7. Net investment income

€ million	Q1/2023	Q1/2022
Net income from assets at fair value through other comprehensive income		
Notes and bonds		
Capital gains and losses	4	9
Total	4	9
Total net investment income	4	9

Note 8. Other operating expenses

€ million	Q1/2023	Q1/2022
ICT costs		
Production	-17	-19
Development	-5	-4
Buildings	0	0
Government charges and audit fees	-37	-36
Service purchases	-6	-5
Expert services	0	0
Telecommunications	-1	0
Marketing	-1	0
Donations	0	0
Insurance and security costs	-4	-1
Expenses of short-term and low-value leases	0	0
Other	-4	-4
Total	-74	-70

Development costs

€ million	Q1/2023	Q1/2022
ICT development costs	-5	-4
Share of own work		0
Total development costs in the income statement	-5	-4
Capitalised ICT costs	0	
Total capitalised development costs	0	
Total development costs	-5	-4
Depreciation/amortisation and impairment loss	-1	-3

Note 9. Debt securities issued to the public

€ million	31 March 2023	31 Dec 2022
Bonds	10,939	10,595
Subordinated bonds	4,314	4,306
Other		
Certificates of deposit	724	1,083
Commercial paper	7,523	9,287
Included in own portfolio in trading (-)*	-54	-63
Total debt securities issued to the public	23,446	25,209

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

Note 10. Fair value reserve after income tax

€ million	Recognised at fair value through other comprehensive income		Total
	Notes and bonds	Cash flow hedges	
Opening balance 1 January 2022	43	-1	42
Fair value changes	-13	-5	-18
Capital gains transferred to income statement	-8		-8
Deferred tax	4	1	5
Closing balance 31 March 2022	26	-5	21

€ million	Recognised at fair value through other comprehensive income		Total
	Notes and bonds	Cash flow hedges	
Opening balance 1 January 2023	-3	-26	-29
Fair value changes	1	17	18
Capital gains transferred to income statement	-4		-4
Transfers to net interest income		0	0
Deferred tax	0	-3	-3
Closing balance 31 March 2023	-5	-12	-18

The fair value reserve before tax totalled EUR -22 million (27) at the end of the reporting period and the related deferred tax asset/liability EUR 4 million (-5). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR -2 million (0) in the fair value reserve during the reporting period.

The negative fair value reserve may recover by means of asset appreciation, capital losses and recognised impairments.

Note 11. Collateral given

€ million	31 March 2023	31 Dec 2022
Given on behalf of own liabilities and commitments		
Other	850	13,908
Total collateral given*	850	13,908
Secured derivative liabilities	636	701
Other secured liabilities	173	12,000
Total	810	12,701

* In addition, bonds with a book value of EUR 4.3 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

Assets, € million	Fair value through profit or loss					
	Amortised cost	Fair value through other comprehensive income	Financial assets held for trading	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	17,490					17,490
Receivables from credit institutions	13,886					13,886
Derivative contracts			5,103		82	5,185
Receivables from customers	27,206					27,206
Notes and bonds	4,478	11,596	230			16,304
Shares and participations		0	31			31
Other financial assets	936					936
Financial assets						81,038
Other than financial instruments						29
Total 31 March 2023	63,996	11,596	5,363		82	81,067

At the end of the reporting period, OP Corporate Bank's balance sheet had bonds worth EUR 161 million (0), which are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 160 million (0) at the end of the reporting period.

Assets, € million	Fair value through profit or loss					
	Amortised cost	Fair value through other comprehensive income	Financial assets held for trading	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	34,951					34,951
Receivables from credit institutions	12,978					12,978
Derivative contracts			5,685		97	5,782
Receivables from customers	28,178					28,178
Notes and bonds	4,328	11,755	295			16,378
Shares and participations		0	26			26
Other financial assets	1,132					1,132
Financial assets						99,425
Other than financial instruments						8
Total 31 December 2022	81,567	11,755	6,006		97	99,433

Liabilities, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		28,305		28,305
Derivative contracts	4,743		329	5,071
Liabilities to customers		14,469		14,469
Debt securities issued to the public		23,446		23,446
Subordinated loans		1,384		1,384
Other financial liabilities		3,465		3,465
Financial liabilities				76,141
Other than financial liabilities				484
Total 31 March 2023	4,743	71,070	329	76,626

Liabilities, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		40,899		40,899
Derivative contracts	5,379		359	5,739
Liabilities to customers		19,014		19,014
Debt securities issued to the public		25,209		25,209
Subordinated loans		1,384		1,384
Other financial liabilities		2,393		2,393
Financial liabilities				94,637
Other than financial liabilities				431
Total 31 December 2022	5,379	88,899	359	95,069

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March 2023, the fair value of these debt instruments was approximately EUR 1 115 million (1 164) lower than their carrying amount, based on information available from markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are lower than their amortised costs, but determining reliable fair values involves uncertainty.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2023, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		26	5	31
Debt instruments	69	63	99	230
Derivative contracts	2	5,111	72	5,185
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	9,648	1,019	929	11,596
Total financial instruments	9,718	6,219	1,104	17,042
Investment property			0	0
Total	9,718	6,219	1,105	17,042

Fair value of assets on 31 December 2022, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		21	5	26
Debt instruments	38	206	51	295
Derivative contracts	5	5,699	77	5,782
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	9,193	1,769	793	11,755
Total financial instruments	9,237	7,695	926	17,858
Investment property			0	0
Total	9,237	7,695	926	17,858

Fair value of liabilities on 31 March 2023, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Other		0		0
Derivative contracts	1	4,979	91	5,071
Total	1	4,979	91	5,071

Fair value of liabilities on 31 December 2022, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Other		0		0
Derivative contracts	7	5,638	94	5,739
Total	7	5,638	94	5,739

Fair value measurement

Derivatives

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 use 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 and interest rate options. 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, such as structured equity product, 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 derivative 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.

Reconciliation of Level 3 Items

Specification of financial assets and liabilities

Financial assets, € million	Recognised at fair value through profit or loss	Derivative contracts	Fair value through other comprehensive Income	Total assets
Opening balance 1 January 2023	56	77	793	926
Total gains/losses in profit or loss	-32	-5		-37
Transfers into Level 3	79		201	280
Transfers out of Level 3			-65	-65
Closing balance 31 March 2023	103	72	929	1,105

Financial liabilities, € million	Derivative contracts	Total liabilities
Opening balance 1 January 2023	94	94
Total gains/losses in profit or loss	-2	-2
Closing balance 31 March 2023	91	91

Total gains/losses Included in profit or loss by Item on 31 March 2023

€ million	Net Interest Income	Net Investment Income	Income/ Change in fair value reserve	Total gains/ losses for the Statement of comprehensive Income/ Change in fair value reserve	Total gains/ losses for the period Included in profit or loss for assets/ liabilities held at period-end
Realised net gains (losses)	-32				-32
Unrealised net gains (losses)	-3				-3
Total net gains (losses)	-35				-35

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

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2023.

Note 14. Off-balance-sheet commitments

€ million	31 March 2023	31 Dec 2022
Guarantees	300	335
Guarantee liabilities	2,439	2,356
Loan commitments	6,191	6,247
Commitments related to short-term trade transactions	700	722
Other	552	479
Total off-balance-sheet commitments	10,181	10,138

Note 15. Derivative contracts

Total derivatives 31 March 2023

€ million	Nominal values/residual term to maturity			Fair values*		
	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	38,099	116,911	114,537	269,548	4,271	3,971
Cleared by the central counterparty	27,933	61,078	53,748	142,759	48	55
Settled-to-market (STM)	14,288	35,992	37,026	87,306	35	39
Collateralised-to-market (CTM)	13,645	25,086	16,722	55,453	13	16
Currency derivatives	54,755	5,100	1,046	60,901	737	970
Equity and index-linked derivatives						
Credit derivatives	31	95	7	132	2	30
Other derivatives	439	777	21	1,237	67	79
Total derivatives	93,324	122,883	115,612	331,818	5,076	5,051

Total derivatives 31 December 2022

€ million	Nominal values/residual term to maturity			Fair values*		
	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	32,473	118,934	114,884	266,291	4,638	4,416
Cleared by the central counterparty	22,144	60,716	55,600	138,460	190	191
Settled-to-market (STM)	11,535	35,194	39,212	85,941	126	134
Collateralised-to-market (CTM)	10,609	25,521	16,388	52,519	64	58
Currency derivatives	56,067	5,303	1,086	62,456	950	1,169
Equity and index-linked derivatives						
Credit derivatives	34	63	13	110	1	34
Other derivatives	439	889	26	1,355	91	82
Total derivatives	89,014	125,188	116,010	330,211	5,679	5,700

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

Note 16. Related-party transactions

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

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

Financial reporting

Half-year Financial Report H1/2023
Interim Report Q1-3/2023

25 July 2023
25 October 2023

Helsinki, 3 May 2023

OP Corporate Bank plc
Board of Directors

For additional information, please contact

Katja Keitaanniemi, Chief Executive Officer, tel. +358 (0)10 252 1387

Anni Hiekkänen, Chief Communications Officer, tel. +358 (0)10 252 1989

www.op.fi