OP Corporate Bank plc's Interim Report 1 January–31 March 2024

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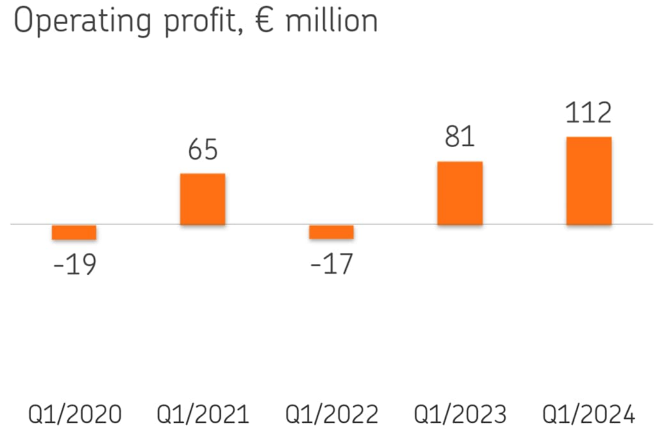
Operating profit Q1/2024	Net interest income Q1/2024	Loan portfolio change in the year to March	CET1 ratio 31 Mar 2024
€112 million	+23%	+2.0%	13.3%

- OP Corporate Bank plc's operating profit rose to EUR 112 million (81).
- Net interest income grew by 23% to EUR 157 million (127). Investment income fell by 72% to EUR 9 million (31). Net commissions and fees increased to EUR 19 million (17).
- Impairment loss on receivables totalled EUR 12 million (11).
- Total operating expenses decreased by 24% to EUR 71 million (94). The cost/income ratio improved to 36% (50).
- In the year to March, the loan portfolio grew by 2.0% to EUR 27.8 billion (27.3) and the deposit portfolio by 7.1% to EUR 13.3 billion (12.4).
- The Corporate Banking and Capital Markets segment's operating profit increased to EUR 80 million (33). Net interest income grew by 38% to EUR 97 million (70). Investment income fell by 45% to EUR 10 million (18). Operating expenses decreased by 32% to EUR 30 million (44). Impairment loss on receivables reversed amounted to EUR 1 million. A year ago, impairment loss on receivables totalled EUR 13 million.
- The Asset and Sales Finance Services and Payment Transfers segment's operating profit was EUR 37 million (39). Net interest income grew by 7% to EUR 55 million (51). Net commissions and fees increased to EUR 17 million (15). Operating expenses decreased by 21% to EUR 28 million (36). Impairment loss on receivables totalled EUR 13 million. A year ago, impairment loss on receivables reversed came to EUR 2 million.
- The Baltics segment's operating profit amounted to EUR 10 million (8). Net interest income decreased to EUR 15 million (16). Net commissions and fees, EUR 2 million, were at the previous year's level. Operating expenses decreased by 22% to EUR 8 million (10).
- The Group Functions segment's operating loss was EUR 15 million. A year ago, operating profit was EUR 1 million. Financial position and liquidity remained strong.
- OP Corporate Bank plc's CET1 ratio was 13.3% (13.0), which exceeds the minimum regulatory requirement by 4.6 percentage points.

OP Corporate Bank plc's key indicators

Operating profit (loss), € million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Corporate Banking and Capital Markets	80	33	139.3	198
Asset and Sales Finance Services and Payment Transfers	37	39	-5.0	126
Baltics	10	8	20.5	27
Group Functions	-15	1	-	-22
Total	112	81	37.7	329
Total income	196	186	5.0	738
Total expenses	-71	-94	-24.1	-313
Cost/income ratio, %	36.5	50.5	-14.0	42.4
Return on equity (ROE), %	7.5	6.0	1.5*	5.9
Return on assets (ROA), %	0.46	0.44	0.01*	0.30
	31 Mar 2024	31 Mar 2023	Change, %	31 Dec 2023
CET1 ratio, %	13.3	13.1	0.2*	13.0
Loan portfolio, € million	27,850	27,312	2.0	28,076
Guarantee portfolio, € million	3,030	3,438	-11.9	3,184
Other exposures, € million	5,558	6,513	-14.7	5,745
Deposits, € million	13,258	12,377	7.1	14,629
Ratio of non-performing exposures to exposures, %	2.2	1.9	0.3*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.16	0.14	0.02*	0.31

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



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

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Business environment

Economic surveys describing the world economy indicated a better outlook in the first quarter as against the latter half of the previous year. GDP development in the euro area remained weak in the first quarter, based on economic indicators. In March, euro-area inflation slowed down to 2.4%, compared to 2.9% at the end of 2023.

Stock prices rose during the first quarter with improved economic expectations. In most countries, they were higher than at the end of 2023. Stock prices in Finland were lower at the end of March than at the end of last year.

The European Central Bank (ECB) kept its main refinancing rate unchanged between January and April. The deposit facility rate remained at 4.00 per cent. The market's expectations of a reduction in interest rates decreased during the first few months of the year, and the 12-month Euribor was slightly higher at the end of the first quarter than at the turn of the year.

In Finland, the economy is expected to have continued to contract during the first few months of the year compared with the previous year. Job actions aggravated the economic situation in March. In March, the unemployment rate rose to 8.1%, compared to 7.7% at the end of 2023. Inflation slowed down to 2.2% in March, compared to 3.6% in December 2023. Sale and purchase of homes decreased from the previous year and home prices fell.

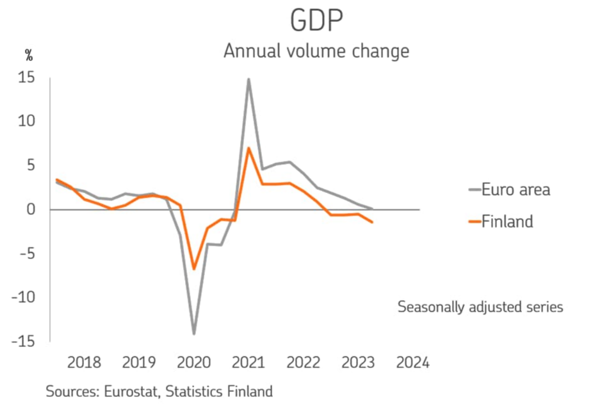
The Finnish economy is showing weak development in the early year. Decelerating inflation is expected to enable a decrease in interest rates, which will pave the way for economic recovery towards the year end.

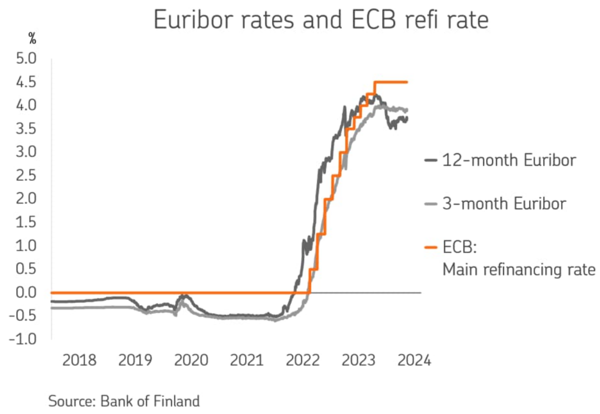
In March, total loans in the Finnish market were 0.5 per cent higher than a year ago. The volume of corporate loans increased by 2.7% on a year earlier. This was mainly attributable to the loan portfolio of an operator merged into the banking sector, which was added to the statistics. Total household loans decreased by 0.8 per cent from the previous year, due especially to weak demand for home loans. In March, the annual growth rate of consumer loans was 3.6 per cent.

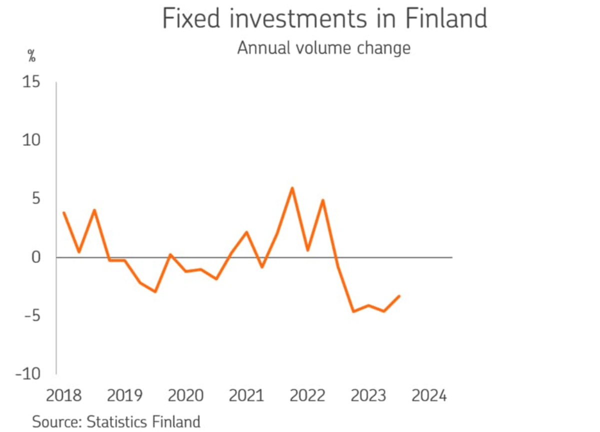
Total deposits increased by 0.3 per cent over the previous year. Corporate deposits decreased by 2.2 per cent and household deposits by 0.6 per cent year on year.

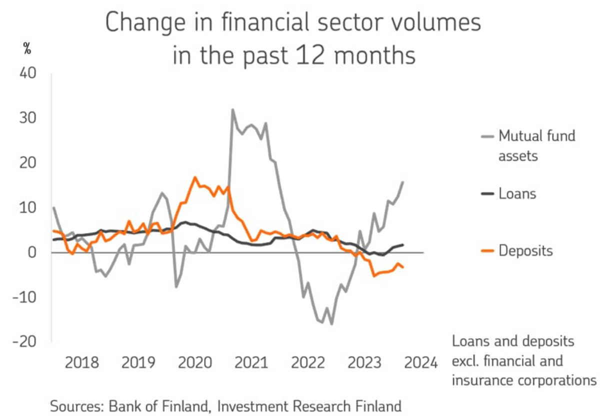
The value of assets of mutual funds registered in Finland increased from EUR 149 billion to EUR 159 billion during the first quarter. New assets invested during the reporting period totalled EUR 2.5 billion.

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









OP Corporate Bank earnings

€ million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Net interest income	157	127	22.9	582
Impairment loss on receivables	-12	-11	12.7	-96
Net commissions and fees	19	17	12.7	73
Investment income	9	31	-72.0	52
Other operating income	11	11	2.6	31
Personnel costs	-21	-19	10.4	-84
Depreciation/amortisation and impairment loss	0	-1	-79.2	-3
Other operating expenses	-51	-74	-31.8	-226
Operating profit	112	81	37.7	329

January–March

OP Corporate Bank plc's operating profit rose to EUR 112 million (81). The rise in the operating profit was especially affected by higher net interest income and lower operating expenses. Net interest income grew by 22.9% to EUR 157 million (127). Total operating expenses decreased by 24.1% to EUR 71 million (94). The EU's Single Resolution Board (SRB) will not collect stability contributions from banks for 2024. A year ago, the stability contribution amounted to EUR 30 million. Investment income fell by 72.0% to EUR 9 million (31). Net commissions and fees increased to EUR 19 million (17). Impairment loss on receivables totalled EUR 12 million (11).

Net interest income grew by 22.9% to EUR 157 million. Interest income from receivables from customers increased by EUR 96 million to EUR 360 million. Interest income was also increased by interest income from deposits with Group Treasury and interest income from receivables from OP Financial Group companies. In the year to March, OP Corporate Bank's loan portfolio increased by 2.0% to EUR 27.8 billion (27.3). The loan portfolio decreased by 0.8% from its level at the end of last year. Interest expenses from liabilities to customers increased by EUR 68 million to EUR 134 million (65). In the year to March, the deposit portfolio grew by 7.1% to EUR 13.3 billion but decreased by 9.4% from its level at the end of last year. In addition, interest expenses were increased by interest expenses from liabilities to credit institutions and debt securities issued to the public. The amount of debt securities issued to the public decreased to EUR 21.8 billion (24.0). At the end of the reporting period, the amount of senior non-preferred bonds totalled EUR 4.0 billion (4.0). Subordinated liabilities totalled EUR 1.4 billion (1.4). During the reporting period, OP Corporate Bank issued long-term bonds worth EUR 0.6 billion (0.2).

Impairment loss on receivables totalled EUR 12 million (11). Loss allowance was EUR 339 million (328) at the end of the reporting period. The item includes a management overlay of EUR 11 million made during 2023 that mainly applies to the construction industry and the real estate sector. Final net loan losses recognised for the reporting period totalled EUR 1 million (0). Non-performing exposures accounted for 2.2% (2.2) of total exposures. Ratio of impairment loss on receivables to the loan and guarantee portfolio was 0.16% (0.14).

Net commissions and fees increased to EUR 19 million (17). Commission income amounted to EUR 33 million (34) and commission expenses to EUR 14 million (17). Commission expenses for derivative contracts paid to OP Financial Group's member banks decreased year on year.

Investment income decreased to EUR 9 million (31). Income from derivatives operations fell by 49.0% to EUR 7 million (13). Income from notes and bonds held for trading fell to EUR 2 million (13). Interest income from them decreased to EUR 3 million (14). Revaluation losses on notes and bonds were EUR 1 million (1). Capital gains and losses on notes and bonds at fair value through other comprehensive income decreased by EUR 4 million (4).

Other operating income totalled EUR 11 million (11).

Total operating expenses, EUR 71 million, decreased by EUR 23 million. Personnel costs increased by EUR 2 million to EUR 21 million. The increase in personnel costs was affected by headcount growth and pay increases. Other operating expenses totalling EUR 51 million decreased by EUR 24 million. Lower other operating expenses were explained by a reduction in the stability contribution paid to the Single Resolution Fund financed by the euro-area banks. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024. A year ago, the stability contribution amounted to EUR 30 million. ICT costs increased by a total of EUR 4 million to EUR 26 million.

Comprehensive income for the reporting period increased to EUR 95 million (77). Change in the fair value reserve, EUR 18 million, increased comprehensive income for the reporting period. The fair value reserve was EUR –46 million (–63) at the end of the reporting period. Gains arising from remeasurement of defined benefit plans increased comprehensive income by EUR 2 million. Meanwhile, changes in own credit risk on liabilities measured at fair value reduced comprehensive income for the reporting period by EUR 11 million.

Sustainability and corporate responsibility

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

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

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

OP Financial Group is committed to the international Partnership for Carbon Accounting Financials (PCAF), which aims to develop and implement a harmonised approach to assessing and disclosing greenhouse gas emissions associated with partners’ loans and investments.

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

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

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

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

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

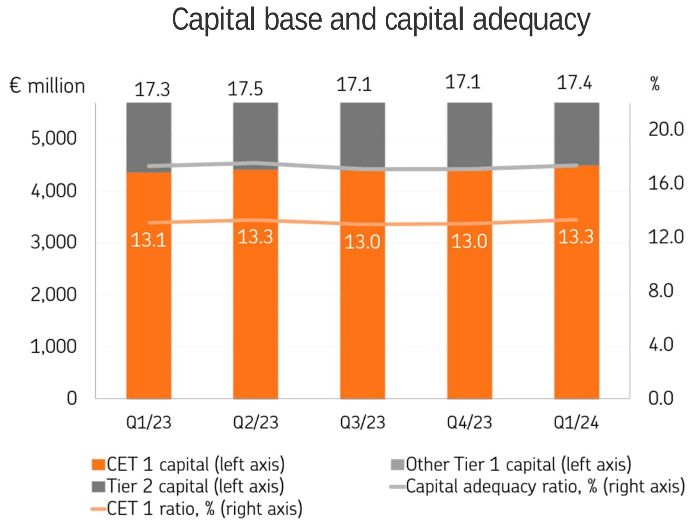
OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. OP Corporate Bank does not provide finance for new coal power plants or coal mines, or companies that plan to build them. Neither does OP Corporate Bank finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. This policy can be deviated from if the corporate customer is committed to shifting towards a low-carbon economy and presents a concrete plan to withdraw from coal.

OP Corporate Bank has developed several products based on the international framework for sustainable corporate finance, such as green loans and sustainability-linked loans and sustainable supply chain finance. In green loans, corporate customers are committed to using the borrowed funds to promote specific projects. In sustainability-linked loans, corporate customers are committed to sustainability goals selected together when granting the loan. These targets affect the loan margin. At the end March, total exposures from these loans and facilities stood at EUR 6.6 billion (6.5).

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

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

Capital adequacy



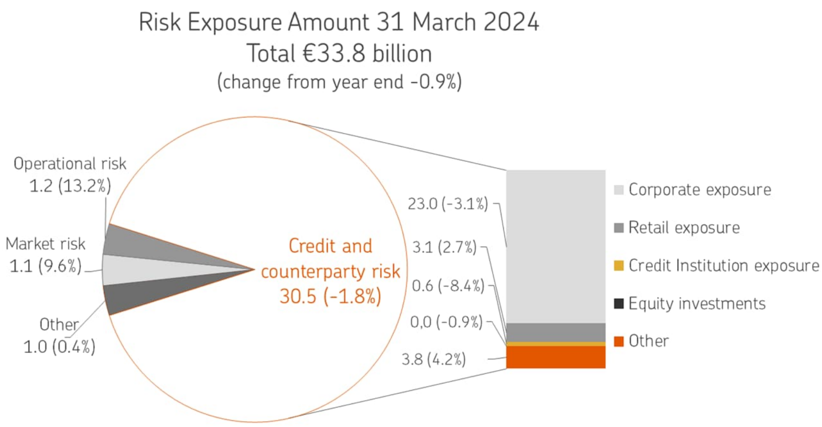
Capital adequacy for credit institutions

On 31 March 2024, OP Corporate Bank's CET1 ratio was 13.3% (13.0), which exceeds the minimum regulatory requirement by 4.6 percentage points. Earnings and a decrease in risk-weighted assets improved the ratio.

As a credit institution, OP Corporate Bank's capital adequacy ratio is good compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%. The minimum AT1 requirement, 1.5%, increases the minimum CET1 to 6%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions and the requirement for the countercyclical capital buffer of 0.2% increase the minimum capital adequacy ratio to 10.7% and the minimum CET1 ratio to 8.7%, including the shortfall of Additional Tier 1 (AT1) capital.

CET1 capital totalled EUR 4.5 billion (4.4) on 31 March 2024. The financial performance for the reporting period had a positive effect on CET1 capital.

On 31 March 2024, the total risk exposure amount (REA) amounted to EUR 33.8 billion (34.1), or 0.9% lower than on 31 December 2023. No major changes took place in the total risk exposure amount.



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 publishes Pillar III disclosures.

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In March 2024, 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 systemic 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 have a slight deteriorating effect on the capital adequacy of OP Corporate Bank plc. The changes should take effect in early 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 case of resolution.

The SRB updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group in March 2023. As part of the MREL, the resolution authority has updated OP Financial Group's subordination requirement in accordance with the Single Resolution Mechanisms Regulation. The subordination requirement determines how much of the MREL must be fulfilled with own funds or subordinated liabilities. From the beginning of 2024, the MREL will be 22.89% of the total risk exposure amount and 27.0% of the total risk exposure amount including a combined buffer requirement, and 7.40% of leverage ratio exposures. The subordination requirement supplementing the MREL is 14.66% of the total risk exposure amount and 18.77% 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. The requirements include a combined buffer requirement (CBR) of 4.11%.

OP Financial Group's buffer for the MREL was EUR 8.3 billion (7.9) and for the subordination requirement EUR 5.9 billion (5.6). The amount of senior non-preferred (SNP) bonds issued by OP Financial Group totalled EUR 3.8 billion. (38). These bonds provide funds for the MREL subordination requirement.

OP Financial Group clearly exceeds the MREL requirement. OP Financial Group's MREL ratio was 38.3% (37.1%) of the total risk exposure amount and, based on the subordination requirement, the MREL ratio for subordinated liabilities was 26.9% (26.4) of the total risk exposure amount.

Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2024

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

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

Bases for risk profile management and the business environment

In all of its operations, OP Corporate Bank emphasises risk-taking that is carefully prepared and moderate. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by OP Cooperative's Board of Directors.

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

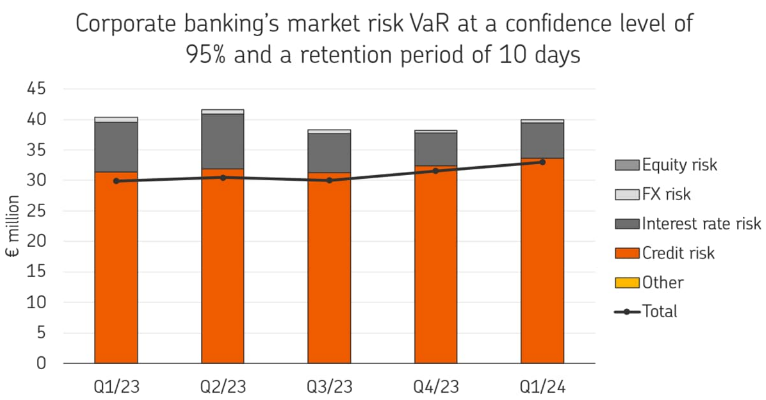
OP Corporate Bank analyses the business environment as part of the ongoing risk assessment activities and strategy process. Megatrends and worldviews behind OP Corporate Bank's strategy reflect driving forces that affect the daily activities, conditions and future of OP Corporate Bank and its customers.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

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

During the reporting period, the materialisation of OP Corporate Bank's operational risks resulted in roughly EUR 0.1 million (0.2) in gross losses. The risk profile of other risks is discussed in more detail by segment. OP Corporate Bank's business segments include Corporate Banking and Capital Markets, Asset and Sales Finance Services and Payment Transfers as well as Baltics. Non-business segment operations are presented in the Group Functions segment.

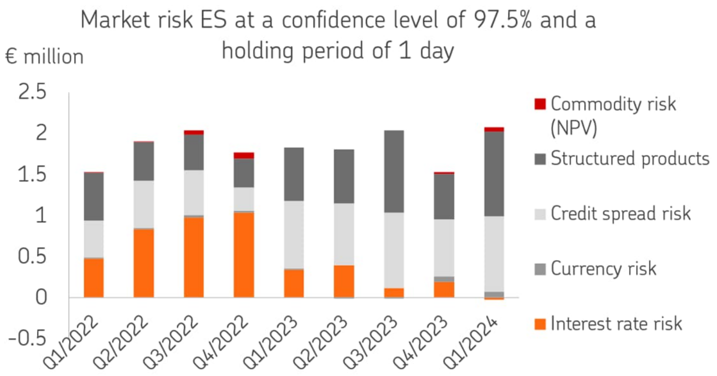
Business segments

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



The VaR, a measure of market risks associated with OP Corporate Bank's investments, was EUR 33 million (32) on 31 March 2024. The VaR risk metric includes banking's bond investments, derivatives that hedge their interest rate risk as well as investments in money market papers. No major changes were made to the asset class allocation during the reporting period.

Market risks associated with the Markets function increased during the first quarter. Since the beginning of 2023, OP Financial Group has used the Stressed Expected Shortfall (ES) risk measure. The Stressed ES is a more conservative risk measure than the unstressed ES used previously.



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

Forborne exposures and non-performing exposures

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
More than 90 days past due, € million			53	52	53	52	30	30	23	22
Unlikely to be paid, € million			334	562	334	562	83	104	25	458
Forborne exposures, € million	406	108	415	212	821	320	101	59	721	261
Total, € million	406	108	801	826	1,208	933	214	193	994	740

Key ratios	31 Mar 2024	31 Dec 2023
Ratio of doubtful receivables to exposures, %	3.32	2.52
Ratio of non-performing exposures to exposures, %	2.20	2.23
Ratio of performing forborne exposures to exposures, %	1.12	0.29
Ratio of performing forborne exposures to doubtful receivables, %	33.65	11.5
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	27.87	34.8

At the end of the first quarter, OP Corporate Bank plc had 8 (10) large customer exposures, totalling EUR 4.4 (5.4) 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 own funds covering customer risk. Own funds covering customer exposure means Tier 1 capital under CRR II.

The Baltics segment exposures totalled EUR 4.0 billion (4.1), which accounted for 9.9% (9.9) 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

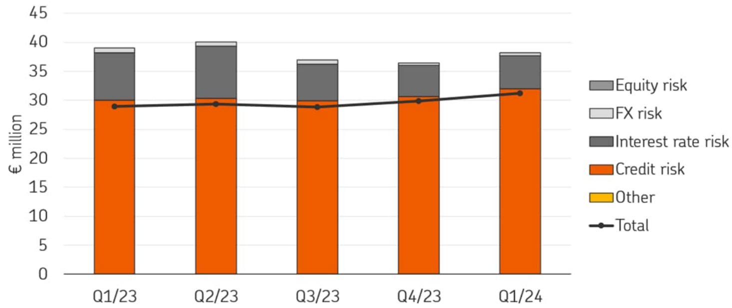
Major risks related to the Group Functions segment include credit and market risks associated with the liquidity buffer, and liquidity risks. The most significant market risk factor is the effect of credit spread changes on the value of notes and bonds included in the liquidity buffer.

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

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

The VaR risk metric that measures market risk associated with the liquidity buffer was EUR 31 million (30) on 31 March 2024. The VaR risk metric includes bond investments in the liquidity buffer, derivatives that hedge their interest rate risk as well as investment in money market papers. No major changes occurred in the asset class allocation.

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



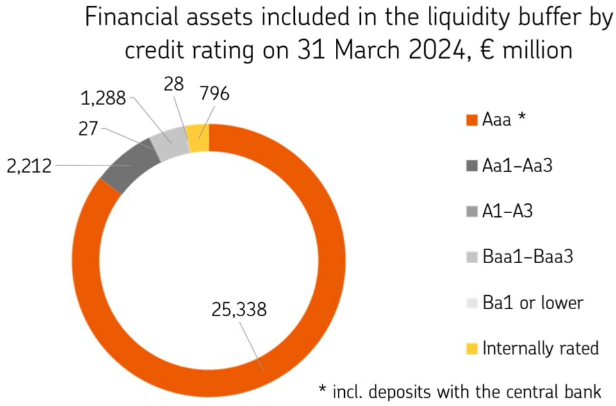
OP Financial Group secures its liquidity through a liquidity buffer maintained by OP Corporate Bank and consisting mainly of deposits with the ECB and receivables eligible as collateral for central bank refinancing. The liquidity buffer is sufficient to cover the need for short-term funding for known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

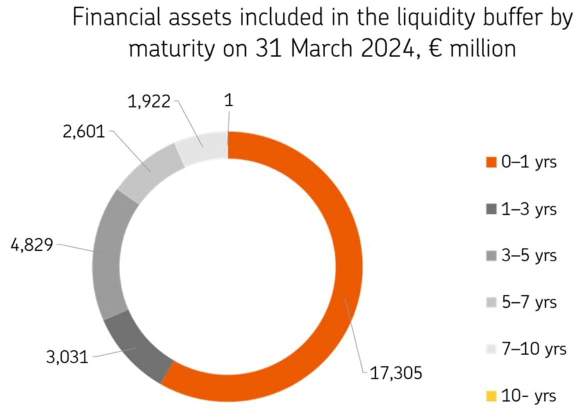
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 199% (199) at the end of the reporting period.

Liquidity buffer

€ billion	31 Mar 2024	31 Dec 2023	Change, %
Deposits with ECB	15.7	19.6	-19.9
Notes and bonds eligible as collateral	12.2	11.8	3.6
Loan receivables eligible as collateral	1.1	1.1	0.0
Total	28.9	32.4	-10.7
Receivables ineligible as collateral	0.8	0.7	16.3
Liquidity buffer at market value	29.7	33.1	-10.2
Collateral haircut	-0.8	-0.7	
Liquidity buffer at collateral value	28.9	32.3	-10.5

The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loan receivables eligible as collateral. At the end of the reporting period, the liquidity buffer included bonds with a carrying amount of EUR 1,324 million (622), classified at amortised cost and issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,337 million (640). In the above information on the liquidity buffer, these bonds are measured at fair value.





For OP Corporate Bank plc acting as OP Financial Group's central financial institution, OP cooperative banks and OP Cooperative with its subsidiaries form a significant customer group. Exposures of OP Financial Group entities represented 15.0% of OP Corporate Bank plc's exposures. These exposures decreased by EUR 5.1 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 80 million (33).
- Total income increased by 21.4% to EUR 109 million (90). Net interest income grew by 38.0% to EUR 97 million (70). Net commissions and fees were EUR 1 million (1). Investment income fell by 44.8% to EUR 10 million (18).
- Total expenses decreased by 32.1% to EUR 30 million (44). Personnel costs rose by 16.5% to EUR 9 million (8). Depreciation/amortisation and impairment loss decreased by 98.4% to EUR 0 million (1). Other operating expenses decreased to EUR 21 million (35).
- The cost/income ratio improved to 27.3% (48.8).
- The loan portfolio grew by 3.3% to EUR 16.6 billion (16.1) in the year to March.
- Impairment loss on receivables reversed came to EUR 1 million. A year ago, impairment loss on receivables came to EUR 13 million.
- The most significant development investments focused on upgrading the core banking system.

Key figures and ratios

€ million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Net interest income	97	70	38.0	316
Impairment loss on receivables	1	-13	-	-44
Net commissions and fees	1	1	85.5	3
Investment income	10	18	-44.8	49
Other operating income	2	1	9.1	5
Personnel costs	-9	-8	16.5	-37
Depreciation/amortisation and impairment loss	0	-1	-98.4	-1
Other operating expenses	-21	-35	-41.7	-93
Operating profit	80	33	139.3	198
Total income	109	90	21.4	373
Total expenses	-30	-44	-32.1	-131
Cost/income ratio, %	27.3	48.8	-21.5*	35.1
Return on assets (ROA), %	1.18	0.52	0.66*	0.70
	31 Mar 2024	31 Mar 2023	Change, %	31 Dec 2023
Loan portfolio, € billion**	16.6	16.1	3.3	16.7

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

The loan portfolio decreased by 0.4% from its year-end level to EUR 16.6 billion (16.7) as demand for new corporate loan decreased in the first quarter.

Financial performance for the reporting period

The segment operating profit amounted to EUR 80 million (33). Total income increased by 21.4%. Total expenses decreased by 32.1%. The cost/income ratio improved to 27.3% (48.8) year on year.

Net interest income grew by 38.0% to EUR 97 million (70), due to a rise in market interest rates. The segment's loan portfolio decreased by 0.4% during the reporting period, amounting to EUR 16.6 billion (16.7).

Net commissions and fees remained at the same level as a year ago, totalling EUR 1 million. Investment income decreased to EUR 10 million (18). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 3 million (1).

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

Total expenses were EUR 30 million (44). Personnel costs rose by 16.5% to EUR 9 million (8). The increase was chiefly affected by headcount growth and pay increases. Other operating expenses decreased by 41.7% to EUR 21 million (35). Charges of financial authorities decreased year on year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024. Stability contributions paid a year ago totalled EUR 17 million.

In the first quarter, impairment loss on receivables reversed came to EUR 1 million. A year ago, impairment loss on receivables totalled EUR 13 million.

Asset and Sales Finance Services and Payment Transfers

- Operating profit decreased to EUR 37 million (39).
- Total income increased by 7.6% to EUR 78 million (73). Net interest income grew by 6.7% to EUR 55 million (51). Net commissions and fees increased by 7.3% to EUR 17 million (15).
- Total expenses decreased to EUR 28 million (36). The cost/income ratio improved to 35.8% (48.9).
- The loan portfolio grew by 0.9% to EUR 8.5 billion (8.4) in the year to March. The deposit portfolio increased in the year to March by 12.6% to EUR 11.5 billion (10.2).
- Impairment loss on receivables totalled EUR 13 million. A year ago, impairment loss on receivables reversed came to EUR 2 million.
- The most significant development investments involved the upgrades of customer relationship management and payment systems.

Key figures and ratios

€ million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Net interest income	55	51	6.7	207
Impairment loss on receivables	-13	2	-	-37
Net commissions and fees	17	15	7.3	64
Investment income	0	0	-	0
Other operating income	7	6	16.4	14
Personnel costs	-7	-7	1.4	-32
Depreciation/amortisation and impairment loss	0	0	-56.0	-1
Other operating expenses	-21	-28	-26.7	-89
Operating profit	37	39	-5.0	126
Total income	78	73	7.6	285
Total expenses	-28	-36	-21.3	-122
Cost/income ratio, %	35.8	48.9	-13.1*	42.8
Return on assets (ROA), %	1.36	1.46	-0.10*	1.10

	31 Mar 2024	31 Mar 2023	Change, %	31 Dec 2023
Loan portfolio, € billion**	8.5	8.4	0.9	8.5
Deposits, € billion	11.5	10.2	12.6	12.5

* 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.

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

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

The loan portfolio decreased by 0.4% from its year-end level to EUR 8.5 billion (8.5). Companies' low appetite to invest, small needs for working capital and slack international trade were reflected in sluggish growth in demand for loans. Meanwhile, car finance showed growth in the loan portfolio.

The deposit portfolio decreased by 8.2% from its year-end level to EUR 11.5 billion (12.5).

Financial performance for the reporting period

The segment operating profit amounted to EUR 37 million (39). Total income increased by 7.6%. Total expenses decreased by 21.3%. The cost/income ratio improved to 35.8% (48.9) year on year.

Net interest income grew by 6.7% to EUR 55 million (51), due to a rise in market interest rates. Net commissions and fees totalled EUR 17 million (15). Other operating income totalled EUR 7 million (6). Impairment loss on receivables totalled EUR 13 million. A year ago, impairment loss on receivables reversed came to EUR 2 million.

Total expenses were EUR 28 million (36). Personnel costs remained at the previous year's level at EUR 7 million. Other operating expenses decreased by 26.7% to EUR 21 million (28). Charges of financial authorities decreased year on year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024. Stability contributions paid a year ago totalled EUR 9 million.

Baltics

- Operating profit increased to EUR 10 million (8).
- Total income decreased by 6.8% to EUR 17 million (19). Net interest income decreased to EUR 15 million (16).
- Total expenses decreased by 21.5% to EUR 8 million (10). The cost/income ratio improved to 45.3% (53.8).
- The loan portfolio decreased by 2.7% to EUR 2.8 billion (2.8) in the year to March. The deposit portfolio increased by 4.4% to EUR 1.0 billion (1.0).
- Impairment loss on receivables totalled EUR 0 million (1).

Key figures and ratios

€ million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Net interest income	15	16	-9.6	67
Impairment loss on receivables	0	-1	-	-15
Net commissions and fees	2	2	8.0	10
Personnel costs	-3	-2	11.9	-10
Depreciation/amortisation and impairment loss	0	0	-27.5	-1
Other operating expenses	-5	-8	-31.8	-24
Operating profit	10	8	20.5	27
Total income	17	19	-6.8	77
Total expenses	-8	-10	-21.5	-35
Cost/income ratio, %	45.3	53.8	-8.5*	45.1
Return on assets (ROA), %	1.10	1.00	0.10*	0.76
	31 Mar 2024	31 Mar 2023	Change, %	31 Dec 2023
Loan portfolio, € billion**	2.8	2.8	-2.7	2.9
Deposits, € billion**	1.0	1.0	4.4	1.4

*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 segment's loan portfolio decreased by 4.7% from its year-end level to EUR 2.8 billion (2.9). The deposit portfolio decreased by 23.6% to EUR 1.0 billion (1.4).

Financial performance for the reporting period

The segment operating profit amounted to EUR 10 million (8). Total income decreased by 6.8%. Total expenses decreased by 21.5%. The cost/income ratio improved to 45.3% (53.8) year on year.

Net interest income decreased to EUR 15 million (16). Net commissions and fees increased by 8.0% to EUR 2 million (2).

Total expenses decreased by 21.5% to EUR 8 million (10). Personnel costs rose by 11.9% to EUR 3 million (2). The rise was chiefly affected by headcount growth and change in the income level. Other operating expenses decreased by 31.8% to EUR 5 million (8). Charges of financial authorities decreased year on year. The Single Resolution Board (SRB) will not collect the EU stability contributions from banks for 2024. Stability contributions paid a year ago totalled EUR 3 million.

Impairment loss on receivables totalled EUR 0 million (1).

Group Functions

- The operating loss amounted to EUR 15 million. A year ago, operating profit was EUR 1 million.
- Financial position and liquidity remained strong.

Key figures and ratios

€ million	Q1/2024	Q1/2023	Change, %	Q1–4/2023
Net interest income	-9	-10	-	-8
Impairment loss on receivables	0	0	-	0
Net commissions and fees	-1	-1	-	-4
Investment income	-1	13	-	3
Other operating income	6	6	0.7	23
Personnel costs	-1	-1	21.7	-5
Depreciation/amortisation and impairment loss	0	0	-	0
Other operating expenses	-8	-6	35.2	-31
Operating profit (loss)	-15	1	-	-22
Receivables and liabilities from/to the amalgamation's central cooperative and affiliated credit institutions, net position, € billion	-13.1	-15.1	-	-12.5

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 affiliated credit institutions and the central cooperative consolidated. Group Treasury is also in charge of OP Financial Group's wholesale funding together with OP Mortgage Bank. Operating income derives mainly from net interest income and net investment income. In addition, income, expenses, investments and capital which have not been allocated to the business segments are reported under Group Functions.

Financial performance for the reporting period

The Group Functions segment's operating loss was EUR 15 million. A year ago, operating profit was EUR 1 million. Operating profit at fair value was EUR 1 million (13).

Net interest income was EUR –9 million (–10). The effect of items related to TLTRO III funding and its hedging amounted to EUR –11 million (–10) during the reporting period.

Investment income totalled EUR –1 million (13). Changes in the value of derivatives decreased investment income. Investment income included EUR 0 million (3) in capital gains on notes and bonds.

At the end of March, the average margin of senior and senior non-preferred wholesale funding was 49 basis points (45).

In March, OP Corporate Bank issued a senior green bond worth EUR 500 million. During the reporting period, OP Corporate Bank issued long-term bonds worth a total of EUR 0.6 billion (0.2).

At the end of the reporting period, OP Corporate Bank's balance sheet assets included bonds worth EUR 1,324 million (622) classified at amortised cost, issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,337 million (640).

On 31 March 2024, investments by the amalgamation's central cooperative and the affiliated credit institutions in OP Corporate Bank were EUR 13.1 (12.5) billion higher than funding borrowed by them from Group Treasury.

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

ICT investments

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

OP Corporate Bank's development costs and production maintenance ICT costs totalled EUR 26 million (22). The development costs include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 5 million (5).

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

Personnel and remuneration

On 31 March 2024, OP Corporate Bank plc had 881 employees (858).

Personnel at period end

	31 Mar 2024	31 Dec 2023
Corporate Banking and Capital Markets	**309**	**288**
Asset and Sales Finance Services and Payment Transfers	**364**	**375**
Baltics	**154**	**146**
Group Functions	**54**	**49**
Total	881	858

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2024 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 2 April 2024, the Annual General Meeting (AGM) of OP Corporate Bank plc re-elected OP Financial Group's President and Group Chief Executive Officer Timo Ritakallio as Chair of OP Corporate Bank's Board of Directors. As other Board members, the AGM elected Uudenmaan Osuuspankki Managing Director Olli Lehtilä, OP Turun Seutu Managing Director Petteri Rinne, OP Financial Group's Chief Financial Officer Mikko Timonen and OP Financial Group's Chief Legal Officer Tiia Tuovinen who acted as Group General Counsel until the end of 2023 and will leave OP Financial Group at her own request on 1 July 2024. She acts as Senior Advisor from the beginning of January until the end of June. The AGM elected Mikko Vepsäläinen, Managing Director of Pohjois-Savon Osuuspankki, as a new Board member.

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

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

AGM decisions on the financial statements 2023 and dividend distribution

The AGM of 2 April 2024 adopted the Financial Statements for 2023 and discharged members of the Board of Directors and the CEO from liability. The AGM decided that a dividend of EUR 76,000,000.00 be distributed for the financial year 2023, totalling EUR 0.24 per share, and that following dividend distribution, the remaining amount of EUR 188,955,506.86 be recognised in the retained earnings/loss account. Following dividend distribution, the company's distributable earnings total EUR 3,073,216,428.77 and its distributable funds total EUR 3,404,597,265.83.

Outlook for 2024

The Finnish economy declined in the first quarter, but recovery in the export market, improvement in spending power and a fall in interest rates are anticipated to ameliorate the economy towards the year end. The escalation of geopolitical crises may abruptly affect capital markets and the economic environment.

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

The most significant uncertainties affecting OP Corporate Bank's earnings performance 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), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Equity (average at beginning and end of period) x 100	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Return on assets (ROA), %	Financial performance for the reporting period x (days of financial year/days of reporting period) / Average balance sheet total (average at beginning and end of period) x 100	The ratio describes how much return is generated on capital tied up on business during the reporting period.
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, %	Total expenses / Total income x 100	The ratio describes the ratio of expenses to income. The lower that ratio, the better.
Loan portfolio	Loans and loss allowance included in the balance sheet item Receivables from customers.	The loan portfolio is presented under Receivables from customers in the balance sheet.
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	Impairment loss on receivables x (days of financial year/days of reporting period) / Loan and guarantee portfolio at period end x 100	The ratio describes the ratio of impairment loss on receivables entered in the income statement to the loan and guarantee portfolio. The lower that ratio, the better.

Deposits	Deposits included in balance sheet item Liabilities to customers – changes in the fair value of deposits subject to hedge accounting		Deposits are presented in Liabilities to customers in the balance sheet.
Coverage ratio, %	Loss allowance / Balance sheet items involving credit risk + credit equivalent of off-balance-sheet items	x 100	The ratio describes how much the amount of expected losses covers the amount of the liability.
Default capture rate, %	New defaulted contracts in stage 2 a year ago / New defaulted contracts during the reporting period	x 100	The ratio describes the effectiveness of the SICR model (significant increase in credit risk), in other words, how many contracts were in stage 2 before moving to stage 3.
Key indicators based on a separate calculation			
Capital adequacy ratio, %	Total own funds / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of own funds to the total risk exposure amount.
Tier 1 ratio, %	Tier 1 capital / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of Tier 1 capital to the total risk exposure amount.
Common Equity Tier 1 (CET1) capital ratio, %	CET1 capital / Total risk exposure amount	x 100	The ratio describes a credit institution's capital adequacy and shows the ratio of CET1 capital to the total risk exposure amount.
Leverage ratio, %	Tier 1 capital (T1) / Exposure amount	x 100	The ratio describes a credit institution's indebtedness and shows the ratio of Tier 1 capital to the total risk exposure amount.
Liquidity coverage requirement (LCR), %	Liquid assets / Liquidity outflows – liquidity inflows under stressed conditions	x 100	The ratio describes short-term funding liquidity risk that requires the bank to have sufficient, high-quality liquid assets to get through an acute 30-day stress scenario.
Net stable funding ratio (NSFR), %	Available stable funding / Required stable funding	x 100	The ratio describes a long-term liquidity risk that requires the bank to have a sufficient amount of stable funding sources in relation to items requiring stable funding sources. The objective is to secure the sustainable maturity structure of assets and liabilities applying a 12-month time horizon and to restrict excessive resort to short-term wholesale funding.

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

Ratio of loss allowance (receivables from customers) to doubtful receivables, %	$\frac{\text{Loss allowance for receivables from customers in the balance sheet}}{\text{Doubtful receivables at period end}}$	x 100	The ratio describes the ratio of expected losses to all doubtful receivables. Doubtful receivables include non-performing exposures and performing forborne exposures.
Loan and guarantee portfolio	Loan portfolio + guarantee portfolio		The indicator describes the total amount of loans and guarantees given.
Exposures	Loan and guarantee portfolio + interest receivables + unused standby credit facilities		The sum of the loan and guarantee portfolio, interest receivables and unused standby credit facilities (undrawn loans and limits) is used as the basis for proportioning doubtful receivables and non-performing exposures.
Other exposures	Interest receivables + unused standby credit facilities		In addition to the loan and guarantee portfolio, exposures come from interest receivables and unused standby credit facilities (undrawn loans and limits).

Capital adequacy

Capital adequacy for credit institutions

Own funds, € million	31 Mar 2024	31 Dec 2023
OP Corporate Bank plc's equity	4,692	4,597
Fair value reserve, cash flow hedge	2	6
Common Equity Tier 1 (CET1) before deductions	4,694	4,603
Intangible assets	-1	-1
Excess funding of pension liability and valuation adjustments	-57	-59
Planned profit distribution and unpaid profit distribution for previous	-102	-76
Insufficient coverage for non-performing exposures	-37	-37
CET1 capital	4,497	4,430
Tier 1 capital (T1)	4,497	4,430
Debenture loans	1,288	1,308
Debentures to which transition rules apply	48	57
General credit risk adjustments	25	22
Tier 2 capital (T2)	1,361	1,387
Total own funds	5,858	5,816

Total risk exposure amount, € million	31 Mar 2024	31 Dec 2023
Credit and counterparty risk	30,208	30,744
Standardised Approach (SA)	30,208	30,744
Central government and central banks exposure	83	87
Credit institution exposure	552	603
Corporate exposure	22,957	23,701
Retail exposure	3,144	3,060
Mortgage-backed exposure	1,654	1,438
Defaulted exposure	569	638
Items of especially high risk	196	219
Covered bonds	671	608
Collective investment undertakings (CIU)	60	60
Equity investments	11	11
Other	311	317
Risks of the CCP's default fund	1	1
Securitisations	43	50
Market and settlement risk (Standardised Approach)	1,103	1,006
Operational risk (Standardised Approach)	1,229	1,086
Valuation adjustment (CVA)	202	217
Other risks*	973	969
Total risk exposure amount	33,759	34,072

* Risks not otherwise covered.

Ratios, %	31 Mar 2024	31 Dec 2023
CET1 capital ratio	13.3	13.0
Tier 1 ratio	13.3	13.0
Capital adequacy ratio	17.4	17.1

Ratios, fully loaded, %	31 Mar 2024	31 Dec 2023
CET1 capital ratio	13.3	13.0
Tier 1 ratio	13.3	13.0
Capital adequacy ratio	17.2	16.9

Capital requirement, € million	31 Mar 2024	31 Dec 2023
Own funds	5,858	5,816
Capital requirement	3,623	3,657
Buffer for capital requirements	2,235	2,159

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

TABLES

Income statement

€ million	Note	Q1/2024	Q1/2023
Interest income		803	542
Interest expenses		-646	-414
Net interest income	3	157	127
Impairment loss on receivables	4	-12	-11
Commission income		33	34
Commission expenses		-14	-17
Net commissions and fees	5	19	17
Net interest income from financial assets held for trading	6	9	27
Net investment income	7	0	4
Other operating income		11	11
Personnel costs		-21	-19
Depreciation/amortisation and impairment loss		0	-1
Other operating expenses	8	-51	-74
Operating expenses		-71	-94
Operating profit (loss)		**112**	**81**
Earnings before tax		**112**	**81**
Income tax		-25	-17
Profit for the period		**87**	**65**

Statement of comprehensive income

€ million	Note	Q1/2024	Q1/2023
Profit for the period		**87**	**65**
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		2	1
Changes in own credit risk on liabilities measured at fair value		-14	
Items that may be reclassified to profit or loss			
Change in fair value reserve			
On fair value measurement		17	-2
On cash flow hedging		5	17
Income tax			
On items not reclassified to profit or loss			
On gains/(losses) arising from measurement of defined benefit plans		0	0
Changes in own credit risk on liabilities measured at fair value		3	
On items that may subsequently be reclassified to profit or loss			
On fair value measurement		-3	0
On cash flow hedging		-1	-3
Other comprehensive income items		**8**	**13**
Total comprehensive income for the period		**95**	**77**

Balance sheet

€ million	Note	31 March 2024	31 Dec 2023
Cash and cash equivalents		15,796	19,710
Receivables from credit institutions		11,557	12,191
Receivables from customers		27,778	28,004
Derivative contracts	15	4,415	4,780
Investment assets		13,507	12,748
Intangible assets		1	1
Property, plant and equipment		3	3
Other assets		1,232	1,043
Tax assets		30	31
Total assets		**74,319**	**78,512**
Liabilities to credit institutions		23,661	23,830
Liabilities to customers		15,561	17,226
Derivative contracts		4,073	4,496
Debt securities issued to the public and debentures	9	21,793	23,957
Provisions and other liabilities		2,793	2,656
Tax liabilities		344	336
Subordinated liabilities		1,402	1,414
Total liabilities		**69,626**	**73,915**
Equity capital			
Share capital		428	428
Fair value reserve	10	-46	-63
Other reserves		1,019	1,019
Retained earnings		3,291	3,213
Total equity		**4,692**	**4,597**
Total liabilities and equity		**74,319**	**78,512**

Statement of changes in equity

€ million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Equity capital 1 Jan 2023	428	-29	1,019	2,947	4,364
Total comprehensive income for the period		12		65	**77**
Profit for the period				65	**65**
Other comprehensive income		12		1	**13**
Other				0	**0**
Equity capital 31 March 2023	428	-18	1,019	3,012	4,441

€ million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Equity capital 1 Jan 2024	428	-63	1,019	3,213	4,597
Total comprehensive income for the period		18		78	**95**
Profit for the period				87	**87**
Other comprehensive income		18		-9	**8**
Equity capital 31 March 2024	428	-46	1,019	3,291	4,692

Cash flow statement

€ million	Q1/2024	Q1/2023
Cash flow from operating activities		
Profit for the period	87	65
Adjustments to profit for the period	46	-31
Increase (-) or decrease (+) in operating assets	**-158**	**334**
Receivables from credit institutions	674	-1,047
Receivables from customers	224	986
Derivative contracts, assets	-39	-27
Investment assets	-828	227
Other assets	-189	196
Increase (+) or decrease (-) in operating liabilities	**-1,632**	**-16,104**
Liabilities to credit institutions	-126	-12,665
Liabilities to customers	-1,665	-4,545
Derivative contracts, liabilities	96	-86
Provisions and other liabilities	63	1,191
Income tax paid	-18	-20
Dividends received		0
A. Net cash from operating activities	**-1,674**	**-15,754**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-2	0
Proceeds from sale of PPE and intangible assets	1	0
B. Net cash used in investing activities	**0**	**0**
Cash flow from financing activities		
Subordinated liabilities, change	-13	-6
Debt securities issued to the public and debentures, change	-2,168	-1,810
Lease liabilities	0	0
C. Net cash used in financing activities	**-2,181**	**-1,815**
Net change in cash and cash equivalents (A+B+C)	**-3,856**	**-17,570**
Cash and cash equivalents at the period start	**19,894**	**35,395**
Effect of foreign exchange rate changes	-18	-31
Cash and cash equivalents at the period-end	**16,020**	**17,794**
Interest received	**1,901**	**1,138**
Interest paid	**-1,748**	**-955**
Cash in hand		
Cash and cash equivalents	15,796	17,490
Receivables from credit institutions payable on demand	225	304
Total	**16,020**	**17,794**

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 2023.

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
- management overlays related to a certain industry
- 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, in addition to recovery times set by the authorities.

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.

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

2. Events after the reporting period

Decisions by OP Corporate Bank plc's Annual General Meeting

On 2 April 2024, the Annual General Meeting (AGM) of OP Corporate Bank plc re-elected OP Financial Group's President and Group Chief Executive Officer Timo Ritakallio as Chair of OP Corporate Bank's Board of Directors. As other Board members, the AGM elected Uudenmaan Osuuspankki Managing Director Olli Lehtilä, OP Turun Seutu Managing Director Petteri Rinne, OP Financial Group's Chief Financial Officer Mikko Timonen and OP Financial Group's Chief Legal Officer and Group General Counsel Tiia Tuovinen who acted in this position until the end of 2023 and will leave OP Financial Group at her own request on 1 July 2024. She acts as Senior Advisor from the beginning of January until the end of June. The AGM elected Mikko Vepsäläinen, Managing Director of Pohjois-Savon Osuuspankki, as a new Board member.

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

The AGM of 2 April 2024 adopted the Financial Statements for 2023 and discharged members of the Board of Directors and the CEO from liability. The AGM decided that a dividend of EUR 76,000,000.00 be distributed for the financial year 2023, totalling EUR 0.24 per share, and that following dividend distribution, the remaining amount of EUR 188,955,506.86 be recognised in the retained earnings/loss account. Following dividend distribution, the company's distributable earnings total EUR 3,073,216,428.77 and its distributable funds total EUR 3,404,597,265.83.

Note 2. Segment reporting

Segment information

Q1 earnings 2024, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Interest income	293	223	54	886	-653	803
Interest expenses	-196	-168	-39	-896	653	-646
Net interest income	97	55	15	-9		157
of which inter-segment items	-136	52	-16	100		0
Impairments loss on receivables	1	-13	0	0		-12
Commission income	13	18	2	0		33
Commission expenses	-12	-2	0	-1		-14
Net commissions and fees	1	17	2	-1		19
Net interest income from financial assets held for trading	10		0	-1		9
Net investment income	0			0		0
Other operating income	2	7	0	6	-3	11
Personnel costs	-9	-7	-3	-1		-21
Depreciation/amortisation and impairment loss	0	0	0	0		0
Other operating expenses	-21	-21	-5	-8	3	-51
Operating expenses	-30	-28	-8	-9	3	-71
Operating profit (loss)	**80**	**37**	**10**	**-15**		**112**
Earnings before tax	**80**	**37**	**10**	**-15**		**112**

Q1 earnings 2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Interest income	177	136	31	460	-263	542
Interest expenses	-108	-85	-15	-470	263	-414
Net interest income	70	51	16	-10		127
of which inter-segment items	-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**

Balance sheet 31 March 2024, € 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	113	13	15,671		15,796
Receivables from credit institutions		151	1	11,405		11,557
Receivables from customers	16,621	8,463	2,751	-57		27,778
Derivative contracts	4,284			130		4,415
Investment assets	571			12,936		13,507
Intangible assets	0	0	0	0		1
Property, plant and equipment	0	0	2	1		3
Other assets	263	86	5	877		1,232
Tax assets	3	0		27		30
Total assets	**21,742**	**8,815**	**2,772**	**40,990**		**74,319**
Liabilities to credit institutions	0	4	0	23,657		23,661
Liabilities to customers	74	11,212	1,049	3,225		15,561
Derivative contracts	3,773			300		4,073
Debt securities issued to the public and debentures	2,361			19,432		21,793
Provisions and other liabilities	103	850	110	1,730		2,793
Tax liabilities			2	342		344
Subordinated liabilities				1,402		1,402
Total liabilities	**6,312**	**12,067**	**1,161**	**50,087**		**69,626**
Equity						**4,692**

Balance sheet 31 December 2023, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Cash and cash equivalents	0	115	10	19,585		19,710
Receivables from credit institutions		209	0	11,981		12,191
Receivables from customers	16,682	8,493	2,886	-57		28,004
Derivative contracts	4,538			242		4,780
Investment assets	556			12,192		12,748
Intangible assets		1	0	0		1
Property, plant and equipment	0	1	2	1		3
Other assets	147	84		811		1,043
Tax assets	1	0		31		31
Total assets	**21,925**	**8,903**	**2,898**	**44,786**		**78,512**
Liabilities to credit institutions	0	5	0	23,826		23,830
Liabilities to customers	103	12,242	1,373	3,508		17,226
Derivative contracts	4,106			390		4,496
Debt securities issued to the public and debentures	2,466			21,492		23,957
Provisions and other liabilities	72	853	122	1,609		2,656
Tax liabilities			3	333		336
Subordinated liabilities				1,414		1,414
Total liabilities	**6,747**	**13,100**	**1,498**	**52,571**		**73,915**
Equity						**4,597**

Note 3. Net interest income

€ million	Q1/2024	Q1/2023
Interest income		
Receivables from credit institutions	280	245
Receivables from customers		
Loans	335	222
Finance lease receivables	28	18
Fair value adjustments under hedge accounting	-3	24
Total	360	264
Notes and bonds		
Measured at fair value through profit or loss	0	0
At fair value through other comprehensive income	39	26
Amortised cost	11	25
Fair value adjustments under hedge accounting	-71	106
Total	-21	156
Derivative contracts*		
Fair value hedge	172	-59
Cash flow hedge	-5	0
Total	167	-59
Liabilities to credit institutions		
Interest		-76
Liabilities to customers		
Negative interest	0	0
Other	16	13
Total	**803**	**542**
Interest expenses		
Liabilities to credit institutions		
Interest expenses for liabilities to credit institutions	-195	-148
Fair value adjustments under hedge accounting	43	-71
Total	-152	-219
Liabilities to customers	-134	-65
Notes and bonds issued to the public		
Interest expenses for debt securities issued to the public and debentures	-132	-113
Fair value adjustments under hedge accounting	51	-102
Total	-80	-215
Subordinated liabilities		
Subordinated loans		
Other	-10	-9
Fair value adjustments under hedge accounting	-1	-6
Total	-11	-15
Derivative contracts*		
Cash flow hedge	-253	100
Other	6	14
Total	-247	114
Receivables from credit institutions		
Negative interest	0	-1
Other	-22	-14
Total	**-646**	**-414**
Total interest expenses	**157**	**127**

* Includes the valuation of derivatives and interest.

Note 4. Impairment losses on receivables

€ million	Q1/2024	Q1/2023
Receivables written down as loan and guarantee losses	-1	0
Recoveries of receivables written down	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-11	-9
Expected credit losses (ECL) on notes and bonds	0	-2
Total	**-12**	**-11**

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by impairment stage 31 March 2024

The tables below describe exposures that fall within the scope of accounting for expected credit losses.

Exposures € million	Stage 1	Stage 2 Not more than 30 DPD	Stage 2 More than 30 DPD	Stage 2 Total	Stage 3	Total exposure
Receivables from customers (gross)						
Corporate Banking	25,558	3,312	118	3,430	672	29,660
Total	**25,558**	**3,312**	**118**	**3,430**	**672**	**29,660**
Off-balance-sheet limits						
Corporate Banking	3,478	178	14	191	7	3,677
Total	**3,478**	**178**	**14**	**191**	**7**	**3,677**
Other off-balance-sheet commitments						
Corporate Banking	2,586	198		198	44	2,828
Total	**2,586**	**198**		**198**	**44**	**2,828**
Notes and bonds						
Group Functions	13,475	50		50	3	13,528
Total	**13,475**	**50**		**50**	**3**	**13,528**
Total exposures within the scope of accounting for expected credit losses	**45,098**	**3,737**	**131**	**3,869**	**726**	**49,693**

Loss allowance by impairment stage 31 March 2024

On-balance-sheet exposures and related off-balance-sheet limits* € million	Stage 1	Stage 2 Not more than 30 DPD	Stage 2 More than 30 DPD	Stage 2 Total	Stage 3	Total loss allowance
Receivables from customers						
Corporate Banking	-33	-69	-7	-75	-183	-290
Total	**-33**	**-69**	**-7**	**-75**	**-183**	**-290**
Other off-balance-sheet commitments**						
Corporate Banking	-2	-17		-17	-27	-46
Total	**-2**	**-17**		**-17**	**-27**	**-46**
Notes and bonds***						
Group Functions	-1	-1		-1	-1	-2
Total	**-1**	**-1**		**-1**	**-1**	**-2**
Total	**-36**	**-87**	**-7**	**-93**	**-210**	**-339**

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

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

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

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

Summary and key indicators 31 March 2024	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	31,623	3,687	131	3,819	723	36,164
Loss allowance						
Corporate Banking	-35	-86	-7	-92	-209	-337
Coverage ratio, %						
Corporate Banking	-0.11%	-2.33%	-4.95%	-2.42%	-28.93%	-0.93%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**31,623**	**3,687**	**131**	**3,819**	**723**	**36,164**
Total loss allowance	**-35**	**-86**	**-7**	**-92**	**-209**	**-337**
Total coverage ratio, %	**-0.11%**	**-2.33%**	**-4.95%**	**-2.42%**	**-28.93%**	**-0.93%**
Carrying amount, notes and bonds						
Group Functions	13,475	50		50	3	13,528
Loss allowance						
Group Functions	-1	-1		-1	-1	-2
Coverage ratio, %						
Group Functions	-0.01%	-1.25%		-1.25%	-16.38%	-0.02%
Total notes and bonds	**13,475**	**50**		**50**	**3**	**13,528**
Total loss allowance	**-1**	**-1**		**-1**	**-1**	**-2**
Total coverage ratio, %	**-0.01%**	**-1.25%**		**-1.25%**	**-16.38%**	**-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 2024 resulting from the effect of the following factors:

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	Total
Receivables from customers; off-balance-sheet items 1 January 2024	**31,581**	**3,603**	**761**	**35,945**
Transfers from Stage 1 to Stage 2, incl. repayments	-645	629		-16
Transfers from Stage 1 to Stage 3, incl. repayments	-15		14	-1
Transfers from Stage 2 to Stage 1, incl. repayments	318	-307		11
Transfers from Stage 2 to Stage 3, incl. repayments		-45	43	-2
Transfers from Stage 3 to Stage 1, incl. repayments	2		-2	0
Transfers from Stage 3 to Stage 2, incl. repayments		9	-10	0
Increases due to origination and acquisition	837	46	60	943
Decreases due to derecognition	-968	-99	-135	-1,202
Unchanged Stage, incl. repayments	512	-18	-8	486
Recognised as final credit loss			0	0
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 March 2024	**31,623**	**3,819**	**723**	**36,164**

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

Receivables from customers and off-balance-sheet items, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2024	**35**	**94**	**196**	**325**
Transfers from Stage 1 to Stage 2	-1	7		7
Transfers from Stage 1 to Stage 3	0		3	3
Transfers from Stage 2 to Stage 1	1	-7		-6
Transfers from Stage 2 to Stage 3		-4	13	9
Transfers from Stage 3 to Stage 1	0		0	0
Transfers from Stage 3 to Stage 2		0	-2	-2
Increases due to origination and acquisition	1	1	18	20
Decreases due to derecognition	-1	-6	-25	-32
Changes in risk parameters (net)	0	7	7	13
Decrease in allowance account due to write-offs			0	0
Net change in expected credit losses	**0**	**-1**	**13**	**11**
Loss allowance 31 March 2024	**35**	**92**	**209**	**337**

In Q4/ 2022, an additional management overlay was used to increase the ECL provision for the construction industry by EUR 2.5 million, based on OP Corporate Bank's analysis. The analysis was updated in Q2/2023 due to the further deteriorating outlook in the industry. The analysis was made as a stress test based on the baseline scenario (weight of 60%) and the downside scenario (weight of 40%) with the assumptions that net sales decrease by 20%/35%, profitability weakens by 20%/40%, equity ratio decreases by 10%/20%, interest rates stand at 4%/6% and the prices of new homes have fallen by 15%/30%. Based on the update, the provision was increased by EUR 3.6 million to EUR 6.1 million. The provision was updated in Q4/2023 by stressing rating grades under different scenarios. In addition, the provision was extended to cover small construction companies, too. The weak outlook for the construction industry is expected to continue until 2025. The provision was increased by EUR 3.2 million to EUR 9.3 million. No changes were made to the provision in Q1/2024.

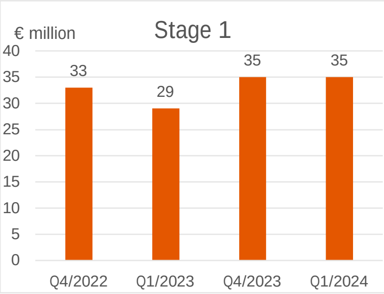
In Q2/2023, an additional management overlay provision of EUR 6.3 million was made in the real estate sector based on the weaker outlook in the sector. The analysis was made as a stress test based on the baseline scenario (weight of 70%) and the downside scenario (weight of 30%) with the assumptions that net sales increase by 3%/0%, profitability weakens by 5%/10%, equity ratio decreases by 10%/20%, interest rates stand at 4%/6%. The provision was updated in Q4/2023 and it was reversed by EUR 4.7 million to EUR 1.4 million because a rise in the inflation rate and the interest rate has been realised for the most part and credit rating updates have been performed. No changes were made to the provision in Q1/2024.

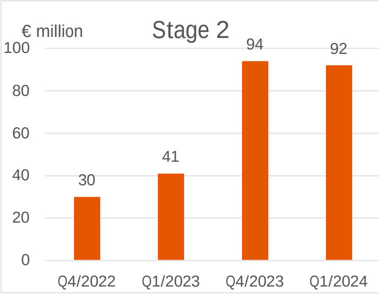
OP Corporate Bank has assessed the impact of a rise in the Euribor rate on the credit risk of personal customers. The assessment was carried out as a stress test which measured the cash flow of households, on the basis of which potential customers whose repayment capacity is jeopardised were assessed. Based on the analysis, a management overlay provision of EUR 0.7 million was made in Q3/2023. The stress test of the personal customer provision was updated with new assumptions in Q4/2023. The assumption is that the interest rate will go down slowly, the unemployment rate will rise to 8% and home prices will further decrease by 2%. The amount of the management overlay provision remained unchanged at EUR 0.7 million in Q1/2024.

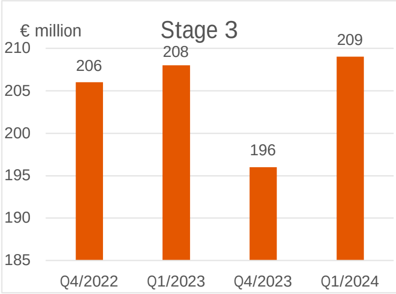
The table below shows the loss allowance before the discretionary provisions made using management overlays, the provisions themselves, and the total loss allowance amount on 31 March 2024.

Loss allowance 31 March 2024	OP Corporate Bank
Loss allowance before discretionary provisions	**325**
Discretionary provisions under management overlay	
Construction industry	9
Real estate sector	1
Personal customers, interest rates	1
Total discretionary provisions under management overlay	**11**
Total reported loss allowance	**337**

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







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 a normal level, or downside 20%, baseline 60% and upside 20%. During the first quarter of 2024, the update of the macroeconomic forecasts slightly increased the ECL.

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

GDP growth, %	Q1 2024	Q1 2025	Q1 2026	Q1 2027	Q1 2028
Baseline	0.0 %	1.4 %	1.3 %	1.3 %	1.3 %
Upside	3.0 %	4.3 %	4.2 %	3.7 %	3.8 %
Downside	-3.0 %	-1.9 %	-2.0 %	-1.5 %	-1.4 %

Unemployment, %	Q1 2024	Q1 2025	Q1 2026	Q1 2027	Q1 2028
Baseline	7.7 %	7.7 %	7.4 %	7.1 %	6.5 %
Upside	7.3 %	6.7 %	5.9 %	5.1 %	4.1 %
Downside	8.1 %	8.8 %	9.2 %	9.5 %	9.5 %

Notes and bonds, € million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
Loss allowance 1 January 2024	**1**	**1**	**1**	**2**
Transfers from Stage 1 to Stage 2				
Increases due to origination and acquisition	0	0		0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**		**0**
Loss allowance 31 March 2024	**1**	**1**	**1**	**2**

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

Exposures € million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total exposure
Receivables from customers (gross)						
Corporate Banking	25,988	3,064	150	3,214	707	29,909
Total	**25,988**	**3,064**	**150**	**3,214**	**707**	**29,909**
Off-balance-sheet limits						
Corporate Banking	2,960	173	0	173	8	3,141
Total	**2,960**	**173**	**0**	**173**	**8**	**3,141**
Other off-balance-sheet commitments						
Corporate Banking	2,632	216		216	46	2,895
Total	**2,632**	**216**		**216**	**46**	**2,895**
Notes and bonds						
Group Functions	12,737	69		69	3	12,809
Total	**12,737**	**69**		**69**	**3**	**12,809**
Total exposures within the scope of accounting for expected credit losses	**44,318**	**3,522**	**150**	**3,672**	**764**	**48,754**

Loss allowance by impairment stage 31 December 2023

On-balance-sheet exposures and related off-balance-sheet limits* € million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total loss allowance
Receivables from customers						
Corporate Banking	-33	-76	-7	-83	-173	-288
Total	**-33**	**-76**	**-7**	**-83**	**-173**	**-288**
Other off-balance-sheet commitments**						
Corporate Banking	-3	-11		-11	-23	-37
Total	**-3**	**-11**		**-11**	**-23**	**-37**
Notes and bonds***						
Group Functions	-1	-1		-1	-1	-2
Total notes and bonds	**-1**	**-1**		**-1**	**-1**	**-2**
Total	**-36**	**-88**	**-7**	**-94**	**-197**	**-328**

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

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

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

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

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

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

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

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

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

Receivables from customers and off-balance-sheet items, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2023	**33**	**30**	**206**	**269**
Transfers from Stage 1 to Stage 2	-5	39		34
Transfers from Stage 1 to Stage 3	-1		38	37
Transfers from Stage 2 to Stage 1	1	-5		-4
Transfers from Stage 2 to Stage 3		-3	19	16
Transfers from Stage 3 to Stage 1	0		-4	-4
Transfers from Stage 3 to Stage 2		3	-14	-12
Increases due to origination and acquisition	8	19	15	42
Decreases due to derecognition	-8	-4	-37	-49
Changes in risk parameters (net)	7	15	14	37
Decrease in allowance account due to write-offs			-41	-41
Net change in expected credit losses	**2**	**64**	**-10**	**56**
Loss allowance 31 December 2023	**35**	**94**	**196**	**325**
Net change in expected credit losses Q1 2023	**-4**	**11**	**2**	**9**

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

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

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

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

GDP growth, %	Q1 2023	Q1 2024	Q1 2025	Q1 2026	Q1 2027
Baseline	-0.3 %	0.0 %	1.2 %	1.2 %	1.3 %
Upside	-0.3 %	3.0 %	4.1 %	4.1 %	3.7 %
Downside	-0.3 %	-3.1 %	-2.1 %	-2.2 %	-1.5 %

Unemployment, %	Q1 2023	Q1 2024	Q1 2025	Q1 2026	Q1 2027
Baseline	7.2 %	7.5 %	7.5 %	7.3 %	7.0 %
Upside	7.2 %	7.2 %	6.6 %	5.9 %	5.1 %
Downside	7.2 %	7.9 %	8.5 %	8.9 %	9.3 %

Notes and bonds, € million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2023	**1**	**1**		**2**
Transfers from Stage 1 to Stage 2	0	0		0
Transfers from Stage 1 to Stage 3	0		1	0
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0	0		0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**	**1**	**0**
Loss allowance 31 December 2023	**1**	**1**	**1**	**2**
Net change in expected credit losses Q1/2023	**0**	**0**	**2**	**2**

Note 5. Net commissions and fees

Q1/2024, € million	Corporate Banking and Capital Markets	Asset and Sales Finance Services and Payment Transfers	Baltics	Group Functions	Inter-segment items	Total
Commission income						
Lending	6	6	1	0		12
Deposits	0	0	1			1
Payment transfers	0	8	0	0		8
Securities brokerage	5					5
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		3	0	0		3
Total	**13**	**18**	**2**	**0**		**33**
Commission expenses						
Lending	0	0				0
Payment transfers	0	-1	0	0		-2
Securities brokerage	-1			0		-1
Securities issuance	0			0		0
Asset management	0			0		0
Guarantees			0			0
Derivatives	-10					-10
Other	-1			0		-1
Total	**-12**	**-2**	**0**	**-1**		**-14**
Total net commissions and fees	**1**	**17**	**2**	**-1**		**19**

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**

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

Financial assets held for trading

€ million	Q1/2024	Q1/2023
Notes and bonds		
Interest income and expenses	3	14
Fair value gains and losses	-1	-1
Total	2	13
Shares and participations		
Fair value gains and losses	0	1
Dividend income and share of profits		0
Total	0	1
Derivatives		
Interest income and expenses	53	16
Fair value gains and losses	-46	-3
Total	7	13
Total	**9**	**27**

Note 7. Net investment income

€ million	Q1/2024	Q1/2023
Net income from assets at fair value through other comprehensive income		
Notes and bonds		
Capital gains and losses	0	4
Total	**0**	**4**
Total net investment income	**0**	**4**

Note 8. Other operating expenses

€ million	Q1/2024	Q1/2023
ICT costs		
Production	-21	-17
Development	-5	-5
Government charges and audit fees	-7	-37
Service purchases	-6	-6
Expert services	0	0
Telecommunications	-1	-1
Marketing	-1	-1
Insurance and security costs	-4	-4
Other	-6	-4
Total	**-51**	**-74**

Development costs

€ million	Q1/2024	Q1/2023
ICT development costs	-5	-5
Total development costs in the income statement	**-5**	**-5**
Capitalised ICT costs	0	
Total capitalised development costs	**0**	
Total development costs	**-5**	**-5**
Depreciation/amortisation and impairment loss	0	-1

Note 9. Debt securities issued to the public and debentures

€ million	31 March 2024	31 Dec 2023
Bonds	12,570	13,163
Subordinated bonds	4,034	4,045
Other		
Certificates of deposit	607	668
Commercial paper	4,708	6,128
Included in own portfolio in trading (–)*	-126	-46
Total debt securities issued to the public	**21,793**	**23,957**

*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: Notes and bonds	Cash flow hedges	Total
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**

€ million	Recognised at fair value through other comprehensive income: Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2024	**-57**	**-6**	**-63**
Fair value changes	18	-1	17
Capital gains transferred to income statement	-1		-1
Transfers to net interest income		6	6
Deferred tax	-3	-1	-4
Closing balance 31 March 2024	**-43**	**-2**	**-46**

The fair value reserve before tax totalled EUR -57 million (-22) at the end of the reporting period and the related deferred tax asset/liability EUR 11 million (4). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR 0 million (-2) in the fair value reserve during the reporting period.

Note 11. Collateral given

€ million	31 March 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Other	1,008	743
Total collateral given*	**1,008**	**743**
Secured derivative liabilities	638	657
Other secured liabilities	324	53
Total	**962**	**710**

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

Note 12. Classification of financial assets and liabilities

Financial assets 31 March 2024, € million	Amortised cost	Fair value through other comprehen-sive income	Recognised at fair value through profit or loss: Financial assets held for trading	Hedging derivatives	Carrying amount total
Cash and cash equivalents	15,796				15,796
Receivables from credit institutions	11,557				11,557
Receivables from customers	27,778				27,778
Derivative contracts			4,369	45	4,415
Notes and bonds	1,630	11,601	261		13,493
Shares and participations		0	14		14
Other financial assets	1,232				1,232
Total	**57,993**	**11,601**	**4,645**	**45**	**74,285**

At the end of the period, OP Corporate Bank's assets in the balance sheet included bonds with a carrying amount of EUR 1,324 million (622) and classified at amortised cost, issued by issuers other than OP Financial Group. These are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 1,337 million (640) at the end of the period.

Financial assets 31 December 2023, € million	Amortised cost	Fair value through other comprehen-sive income	Financial assets held for trading	Hedging derivatives	Carrying amount total
Cash and cash equivalents	19,710				19,710
Receivables from credit institutions	12,191				12,191
Receivables from customers	28,004				28,004
Derivative contracts			4,618	162	4,780
Notes and bonds	929	11,588	217		12,734
Shares and participations		0	14		14
Other financial assets	1,043				1,043
Total	**61,877**	**11,588**	**4,850**	**162**	**78,476**

Financial liabilities 31 March 2024, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		23,661		23,661
Liabilities to customers		15,561		15,561
Derivative contracts	3,907		166	4,073
Debt securities issued to the public and debentures	2,444	19,349		21,793
Subordinated loans		1,402		1,402
Other financial liabilities	5	3,167		3,173
Total	**6,356**	**63,140**	**166**	**69,662**

Financial liabilities 31 December 2023, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		23,830		23,830
Liabilities to customers		17,226		17,226
Derivative contracts	4,230		266	4,496
Debt securities issued to the public and debentures	2,487	21,471		23,957
Subordinated loans		1,414		1,414
Other financial liabilities		2,994		2,994
Total	**6,717**	**66,935**	**266**	**73,917**

At the end of March, the fair value of OP Corporate Bank's senior and senior non-preferred bonds issued to the public and carried at amortised cost totalled around EUR 14,160 million (14,681). The fair value is based on information available from the market. All subordinated liabilities are carried at amortised cost. Their fair value is EUR 1,407 million.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2024, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		11	3	14
Debt instruments	155	33	73	261
Derivative contracts	6	4,290	119	4,415
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	10,200	678	722	11,601
Total financial instruments	**10,361**	**5,012**	**918**	**16,291**
Investment property			0	0
Total	**10,361**	**5,012**	**918**	**16,291**

Fair value of assets on 31 December 2023, € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments		11	3	14
Debt instruments	113	71	33	217
Derivative contracts	0	4,682	98	4,780
Recognised at fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	9,166	1,694	727	11,588
Total financial instruments	**9,280**	**6,458**	**862**	**16,600**
Investment property			0	0
Total	**9,280**	**6,458**	**862**	**16,600**

Fair value of liabilities on 31 March 2024, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Structured notes			2,444	2,444
Other		5		5
Derivative contracts	0	3,997	76	4,073
Total	**0**	**4,002**	**2,520**	**6,522**

Fair value of liabilities on 31 December 2023, € million	Level 1	Level 2	Level 3	Total
Financial liabilities recognised at fair value through profit or loss				
Structured notes			2,487	2,487
Other		5		5
Derivative contracts	2	4,403	91	4,496
Total	**2**	**4,408**	**2,578**	**6,987**

Fair value measurement

Derivatives and other financial instruments measured at fair value

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

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

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

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

Fair value hierarchy

Level 1: Quoted prices in active markets

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

Level 2: Valuation techniques using observable inputs

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

Level 3: Valuation techniques using unobservable inputs

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

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

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

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

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

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

Valuation techniques whose input parameters involve uncertainty (Level 3)

Specification of financial assets and liabilities

Financial assets, € million	Recognised at fair value through profit or loss	Derivative contracts	Fair value through other comprehen-sive income	Total assets
Opening balance 1 January 2024	**36**	**98**	**728**	**862**
Total gains/losses in profit or loss	-12	21		8
Transfers into Level 3	53		82	134
Transfers out of Level 3			-87	-87
Closing balance 31 March 2024	**77**	**119**	**722**	**918**

Financial liabilities, € million	Recognised at fair value through profit or loss	Derivative contracts	Total liabilities
Opening balance 1 January 2024	**2,487**	**91**	**2,578**
Total gains/losses in profit or loss	40	-15	24
Other changes	-82		-82
Closing balance 31 March 2024	**2,444**	**76**	**2,520**

Total gains/losses included in profit or loss by item on 31 March 2024

€ million	Net investment income	Total gains/ losses for the period included in profit or loss for assets/ liabilities held at period-end
Net gains (losses)	**-16**	**-16**

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2024.

Note 14. Off-balance-sheet commitments

€ million	31 March 2024	31 Dec 2023
Guarantees	569	598
Guarantee liabilities	1,984	2,046
Loan commitments	5,256	5,473
Commitments related to short-term trade transactions	477	540
Other	698	516
Total off-balance-sheet commitments	**8,984**	**9,172**

Note 15. Derivative contracts

Total derivatives 31 March 2024

€ million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	49,314	120,850	100,067	270,230	3,495	3,162
Cleared by the central counterparty	24,653	70,512	45,355	140,520	22	15
Settled-to-market (STM)	14,353	40,484	31,231	86,068	9	6
Collateralised-to-market (CTM)	10,300	30,028	14,124	54,452	13	8
Currency derivatives	52,975	4,800	1,161	58,936	516	667
Credit derivatives	16	119	7	142	13	2
Other derivatives	462	848	45	1,356	135	76
Total derivatives	**102,766**	**126,617**	**101,280**	**330,663**	**4,159**	**3,907**

Total derivatives 31 December 2023

€ million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	51,745	118,268	102,885	272,898	3,532	3,204
Cleared by the central counterparty	27,933	69,134	46,751	143,817	103	82
Settled-to-market (STM)	14,874	39,783	32,361	87,019	61	46
Collateralised-to-market (CTM)	13,059	29,351	14,390	56,799	42	36
Currency derivatives	60,280	4,869	1,404	66,553	919	1,049
Credit derivatives	42	104	9	154	10	8
Other derivatives	438	898	39	1,375	94	76
Total derivatives	**112,506**	**124,139**	**104,336**	**340,980**	**4,555**	**4,337**

* 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

Schedule for Interim Reports and Half-year Financial Report in 2024:

Half-year Financial Report H1/2024	24 July 2024
Interim Report Q1–3/2024	31 October 2024

Helsinki, 8 May 2024

OP Corporate Bank plc
Board of Directors

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