OP Financial Group's Half-year Financial Report for 1 January–30 June 2024

OP Financial Group's Half-year Financial Report for 1 January–30 June 2024:

Strong business performance continued – operating profit EUR 1,229 million

Operating profit H1/2024	Net interest income H1/2024	Total income H1/2024	Total expenses H1/2024	CET1 ratio 30 June 2024
€1,229 mill.	+18%	+11%	+2%	20.8%

- Operating profit was EUR 1,229 million (986).
- Income from customer business, or net interest income, insurance service result and net commissions and fees, increased by 11% to EUR 1,844 million (1,656). Net interest income grew by 18% to EUR 1,407 million (1,196). Insurance service result increased by EUR 29 million to EUR 37 million (8). Net commissions and fees decreased by 11% to EUR 400 million (452).
- Impairment loss on receivables in the income statement was EUR 67 million (99), accounting for 0.13% (0.19) of the loan and guarantee portfolio.
- Investment income increased by 7% to EUR 269 million (250).
- Total expenses grew by 2% to EUR 1,104 million (1,079). The cost/income ratio improved to 46% (50).
- In the year to June, the loan portfolio decreased by 1% to EUR 97.7 billion (98.5). Deposits increased by 3% to EUR 75.3 billion (73.3).
- CET1 ratio was 20.8% (19.2), which exceeds the minimum regulatory requirement by 7.5 percentage points.
- Retail Banking segment's operating profit rose to EUR 685 million (524). Net interest income grew by 22% to EUR 1,092 million (896). Impairment loss on receivables decreased by EUR 24 million to EUR 52 million (76). Net commissions and fees decreased by 15% to EUR 305 million (361). The cost/income ratio improved to 48% (53). The loan portfolio decreased by 1% year on year to EUR 70.4 billion, while deposits were at the previous year's level at EUR 62.9 billion.
- Corporate Banking segment's operating profit rose to EUR 275 million (219). Net interest income grew by 15% to EUR 328 million (285). Impairment loss on receivables decreased by EUR 7 million to EUR 16 million (23). Net commissions and fees decreased by 4% to EUR 99 million (103). The cost/income ratio improved to 37% (44). The loan portfolio was at the previous year's level at EUR 27.4 billion, while deposits grew by 20% year on year to EUR 12.9 billion.
- Insurance segment's operating profit rose to EUR 267 million (217). Insurance service result increased by EUR 29 million to EUR 37 million (8). Investment income grew by 10% to EUR 232 million (211). Combined ratio reported by non-life insurance weakened to 100% (98).
- Group Functions operating loss was EUR –8 million (–1).
- OP Financial Group pays 40% extra on OP bonuses earned by owner-customers for 2024 compared to the 2022 level. The estimated total amount of OP bonuses to be paid in 2024 will exceed EUR 300 million. In addition, owner-customers get daily banking services without monthly charges until the end of 2024. The estimated total value of this benefit will be EUR 88 million for 2024.
- OP Financial Group's operating profit for 2024 is expected to be at a good level but lower than that for 2023. For more detailed information on the outlook, see "Outlook towards the year end".

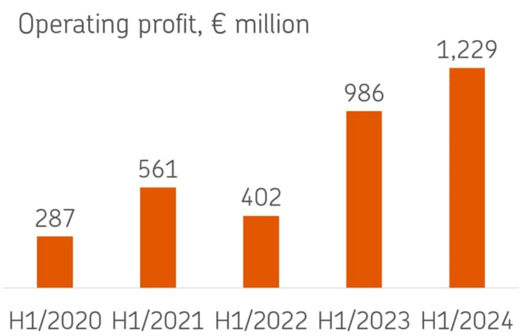
OP Financial Group's key indicators

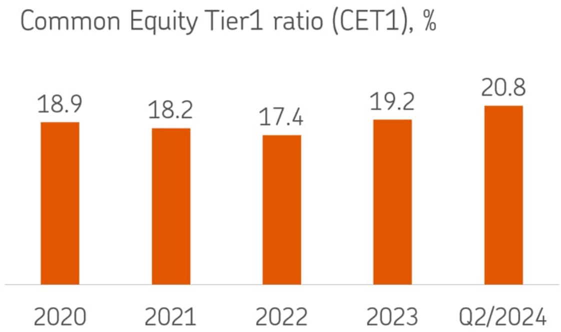
	H1/2024	H1/2023	Change, %	Q1–4/2023
Operating profit, € million	1,229	986	24.6	2,050
Retail Banking	685	524	30.7	1,223
Corporate Banking	275	219	25.4	408
Insurance	267	217	22.9	414
Group Functions	-8	-1	-	-26
New OP bonuses accrued to owner-customers, € million	-154	-134	14.8	-275
Total income**	2,400	2,164	10.9	4,520
Total expenses	-1,104	-1,079	2.3	-2,201
Cost/income ratio, %**	46.0	49.9	-3.9*	48.7
Return on equity (ROE), %	11.9	10.7	1.2*	10.6
Return on equity, excluding OP bonuses, %	13.3	12.0	1.3*	12.0
Return on assets (ROA), %	1.24	0.94	0.30*	0.98
Return on assets, excluding OP bonuses, %	1.39	1.07	0.32*	1.11
	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
CET1 ratio, %	20.8	18.8	2.0*	19.2
Loan portfolio, € billion	97.7	98.5	-0.8	98.9
Deposits, € billion	75.3	73.3	2.8	74.5
Ratio of non-performing exposures to exposures, %	2.99	2.53	0.46*	2.94
Ratio of impairment loss on receivables to loan and guaran portfolio, %	0.13	0.19	-0.06*	0.26
Owner-customers (1,000)	2,100	2,075	1.2	2,094

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

* Change in ratio, percentage point(s).

** OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: interest income, interest expenses, and commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.





Comments by the President and Group Chief Executive Officer

The worst of the Finnish recession seems over, the moderate slowdown in inflation has continued as interest rates have fallen

The Finnish downturn seems to have passed its lowest point and an export and consumer-led recovery is expected later in the year. Economic growth is forecast to reach 2% next year, but this only represents a return to sluggish long-term growth trends.

Inflation in Finland fell to 1.3% in June and was clearly below the average for the euro area (2.5%). In the same month, the European Central Bank began to lower interest rates as expected, cutting the benchmark rate by 0.25 percentage points to 3.75%. Among market rates, the 12-month Euribor remained at 3.6–3.7% in the second quarter. The slowdown in price rises and downward turn in market rates will support the economic turnaround.

Home sale volumes and demand for home loans were clearly lower than a year earlier. In addition, home prices continued their moderate downward trend. However, there are signs of a positive turn in the housing market in the near future.

Stock markets were on an upward trend in early 2024, driven by continuously moderate global growth, improvements in corporate-sector balance sheets, and market expectations of interest-rate cuts. Stock prices in Finland underperformed compared to elsewhere in Europe, and fell far below the levels of the United States. The rise in US stock prices was driven by tech giants in particular.

Construction and the related sectors continued to be especially hard hit by the downturn. Overall risks in the real estate sector remained higher than normal, and private-sector investment was low.

Geopolitical risks were high in the first half of the year, largely due to the continuation of Russia's war of aggression in Ukraine and the Israel-Gaza War in the Middle East. Unfortunately, there is no prospect of a rapid solution to either conflict. Uncertainty on the financial markets was sustained by elections held in several European countries, and their surprising results. However, the global economic outlook improved in early 2024, with indicators suggesting a gradual recovery.

OP Financial Group's businesses continued to grow strongly – the excellent result will secure the continuance of competitive benefits for owner-customers

Despite the sluggish business environment, OP Financial Group's operating profit continued to develop extremely well in the second quarter. Operating profit for the first half of 2024 grew by 25% from a year earlier, to EUR 1,229 million. Our strong profit performance guarantees highly competitive benefits for our owner-customers. We will pay 40% extra on OP bonuses earned in 2024 compared to the 2022 level, and will not require owner-customers to pay monthly fees for daily services throughout the year. Together, these benefits will add up to around EUR 400 million in value for our owner-customers.

Being customer-owned, OP Financial Group will continue to share its financial success through a range of financial and other benefits for its 2.1 million owner-customers. We are ready for possible changes in the taxation of customer bonuses in the financial sector. OP Financial Group's owner-customers will continue to receive at least the same level of financial benefits as before, regardless of any changes in legislation. It therefore pays to be an owner-customer of OP Financial Group.

In the first six months of 2024, OP Financial Group's CET1 ratio strengthened again, to 20.8%, which exceeds the minimum regulatory requirement by 7.5 percentage points. OP Financial Group is one of Europe's most financially solid large banks. Excellent profitability and strong capital adequacy and liquidity are critical factors for banks and insurance companies, building trust among customers, partners and other stakeholders. The importance of these factors is highlighted during economically challenging and otherwise uncertain times.

OP Financial Group's income from customer business continued to grow in the first half of 2024, mainly due to the strong increase in net interest income. Both deposit funding and wholesale funding costs clearly rose year on year. Net commissions and fees decreased by 11%, chiefly due to the benefit (provided for owner-customers) of zero monthly charges for daily banking services.

The insurance service result for January to June 2024 was clearly better than in the previous year, increasing to EUR 37 million. Early in the year, claims expenditure was increased by several large claims and the profitability of health insurance was poor. However, growth in claims expenditure slowed in the second quarter and the insurance service result markedly improved, turning positive.

Income from investment activities developed extremely well throughout the first half of 2024 – the result of EUR 269 million was 7% higher than for the same period in 2023. Total income was EUR 2,400 million, or 11% more than during the equivalent period in the previous year.

OP Financial Group's expenses were EUR 1,104 million in January–June, growing by 2% year on year. The key factor in cost performance was the reduction of EUR 62 million in stability contributions. Without this effect, expenses would have grown by 9% compared to the first half of 2023. This underlying rise in expenses was chiefly the result of rising personnel costs and higher investments in ICT development. OP Financial Group's cost/income ratio markedly improved year on year, to the excellent level of 46%.

All three business segments performed well during the reporting period. Growth was particularly strong in the Retail Banking segment, with operating profit rising by 31% to EUR 685 million, following favourable developments in net interest income. Corporate Banking's operating profit improved considerably, by 25% to EUR 275 million. Operating profit in the Insurance segment was EUR 267 million. This was 23% higher year on year, largely because of the excellent result in investment income.

Deposits began to grow gently, while the loan portfolio slightly contracted – there were faint signs of deterioration in customers' loan repayment capacity

The deposit portfolio grew by 3% year on year. There was moderate growth in household and corporate deposits alike. OP Financial Group retained its clear position as the market-leading deposit bank in Finland.

OP Financial Group's loan portfolio shrank by 1% year on year. Demand for new home loans and corporate loans continued to be low. OP Financial Group remained a strong market leader in home loans and corporate loans. Despite higher interest rates, most of our home loan customers have been repaying their loans diligently and on schedule. Although the number of loan modification applications was lower than in the first half of 2023, there was slight growth in the number of household loans being transferred to debt collection. Moreover, there was a rise in the number of corporate customers with non-performing loans in construction and the real estate sector in general. As the economy slowed in early 2024, expected credit loss and non-performing exposures grew a little. However, impairment loss on receivables reduced somewhat compared to a year earlier.

OP Financial Group is investing strongly in wealth management

Hanna Porkka, our new Executive Vice President, Wealth Management (and a member of OP Cooperative's Executive Management Team) began in her post at the start of April. This appointment is part of OP Financial Group's strategic investment in the development and growth of its wealth management services. We aim to make a clear growth leap in this business: in line with our aim of coaching our customers to make better financial choices, we are investing heavily in the range, quality and availability of the wealth management services we provide to meet the needs of our various customer categories. We want to promote our customers' long-term financial wellbeing.

Our customers were interested in systematically investing in funds, with 39% more new systematic investment agreements being made than in the same period last year. The number of OP mutual fund unitholders continued to rise and exceeded 1.3 million. There was also clear growth in the number of active equity investors. Reaching more than EUR 109 billion in value, investment assets managed by OP Financial Group grew by 10% year on year.

The insurance business's profitability improved in the second quarter

Insurance revenue grew by 8%, year on year, in the first six months of 2024. The rapid growth in claims expenditure of early 2024 slowed in the second quarter, but claims expenditure was still 11% higher than in the same period in 2023. At 71%, the non-life insurance risk ratio was 3 percentage points higher than in the previous year. Compensation was paid for 94% of all claims reported to Pohjola Insurance. The profitability of non-life insurance in the second quarter clearly improved on that of the first quarter.

OP Life Assurance's performance in early 2024 was excellent, with 8% growth in unit-linked insurance assets since the year began. Kristiina Michelsson, the new Managing Director of OP Life Assurance, began work in her post at the start of May. This business is one of OP Financial Group's strategic focus areas.

Artificial intelligence will enable better services for our customers and provide our employees with new, productivity-improving tools

We are now investing more in ICT, particularly the development of data protection and cybersecurity. The generative AI transition could transform society even more and faster than the Internet did in its day. OP Financial Group aims to be a pioneer in using AI in its customer business and improving the productivity and quality of various functions. We are also strongly investing in reinforcement of our employees' AI competencies.

In June, we launched OP Aina, a new personal assistant on OP-mobile. OP Aina helps our customers with a range of banking and insurance matters on a 24/7 basis. OP Aina is the first Finnish financial-sector service based on AI and alerts – we are using it to provide our customers with more personalised and easily available services than before.

We have something in common

OP Financial Group is in a strong position to support its customers through economic upturns and downturns. We want to be a pioneer in Finnish society, showing the way towards a better tomorrow. The success of Finland and all those who live there is our number one priority.

My warm thanks to all our customers for the trust you have shown in OP Financial Group. We aim to continue being worthy of the confidence you place in us. I would also like to thank our employees and governing bodies for their excellent work in the first half of 2024. This is a strong position from which to go forward.

Timo Ritakallio
President and Group CEO

OP Financial Group's Half-year Financial Report 1 January–30 June 2024

Report

Tables

Business environment

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

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

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

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

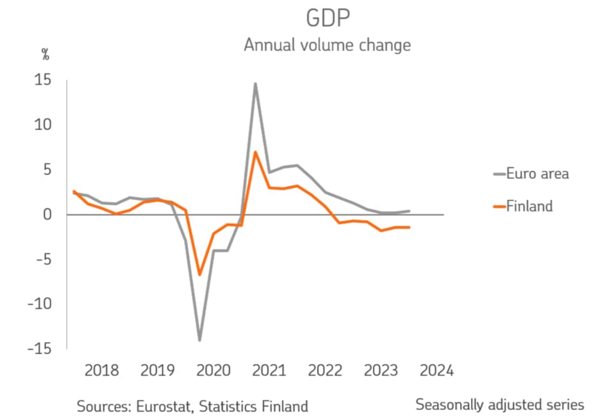
Decelerating inflation and a fall in interest rates are expected to support economic recovery towards the year end. The economic situation is still gloomy and many risks are undermining the economic outlook.

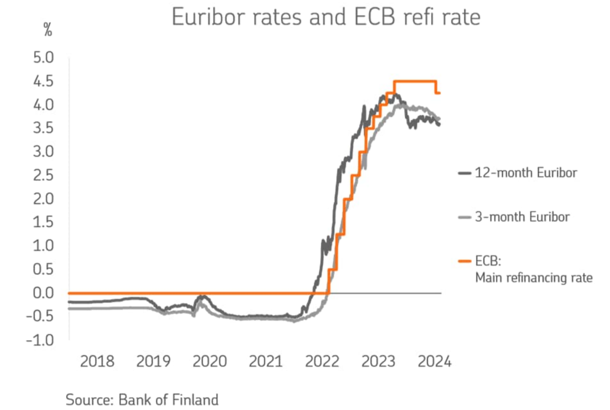
In Finland, total loans were 0.1% higher in May than a year ago. The volume of corporate loans increased by 2.4% on a year earlier. Total household loans decreased by 0.7% from a year ago, due especially to weak demand for home loans. In May, the annual growth rate of consumer loans was 3.0%.

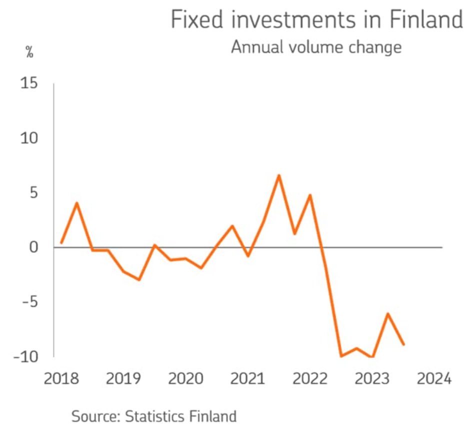
Total deposits decreased by 1.6% over the previous year. Corporate deposits decreased by 3.1% and household deposits by 0.7% year on year.

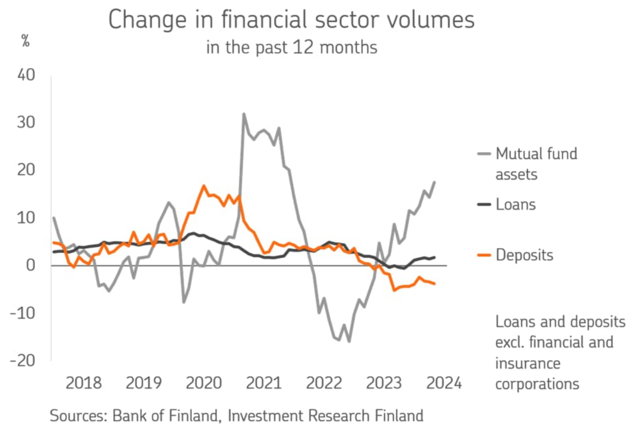
The value of the assets of mutual funds registered in Finland increased from EUR 149 billion to EUR 164 billion during the first five months of the year, and new assets invested totalled EUR 4.3 billion.

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









Earnings analysis and balance sheet

Earnings analysis, € million	H1/ 2024	H1/ 2023	Change, %	Q2/ 2024	Q2/ 2023	Change, %	Q1–4/ 2023
Operating profit	1,229	986	24.6	611	506	20.7	2,050
Retail Banking	685	524	30.7	318	268	18.5	1,223
Corporate Banking	275	219	25.4	135	119	13.3	408
Insurance	267	217	22.9	149	127	16.9	414
Group Functions	-8	-1	-	-3	-5	-	-26
Net interest income*	1,407	1,196	17.6	698	628	11.2	2,654
Impairment loss on receivables	-67	-99	-31.6	-28	-76	-63.0	-269
Net commissions and fees*	400	452	-11.4	195	216	-10.0	870
Insurance revenue	1,041	967	7.7	517	482	7.4	2,000
Insurance service expenses	-1,005	-931	8.0	-493	-447	10.4	-1,824
Reinsurance contracts	1	-28	-	23	-25	-	-95
Insurance service result	37	8	367.6	47	10	357.4	81
Investment income	269	250	7.5	118	123	-4.1	389
Other operating income	25	21	17.4	16	15	8.6	40
Personnel costs	-535	-484	10.5	-279	-262	6.2	-964
Depreciation/amortisation and impairment loss	-69	-92	-24.7	-36	-45	-20.1	-226
Other operating expenses	-501	-504	-0.6	-253	-220	15.2	-1,011
Transfers to insurance service result	263	237	11.0	133	117	13.9	485
OP bonuses included in earnings	-147	-128	14.7	-78	-70	12.4	-269

* OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: interest income, interest expenses, and commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

Key indicators, € million	30 Jun 2024	31 Dec 2023	Change, %
Loan portfolio	97,713	98,871	-1.2
Home loans	41,577	41,856	-0.7
Corporate loans	27,191	28,181	-3.5
Housing company loans**	10,682	10,656	0.2
Other loans to corporations and institutions	6,828	6,838	-0.2
Other consumer loans	11,435	11,339	0.8
Guarantee portfolio	3,784	4,136	-8.5
Other exposures	12,939	13,005	-0.5
Deposits	75,340	74,465	1.2
Assets under management (gross)	109,316	102,844	6.3
Mutual funds	32,671	30,010	8.9
Institutional clients	37,842	35,878	5.5
Private Banking	25,322	24,378	3.9
Unit-linked insurance assets	13,518	12,579	7.5
Balance sheet total***	158,560	160,047	-0.9
Investment assets***	23,089	22,029	4.8
Insurance contract liabilities	11,798	11,589	1.8
Debt securities issued to the public***	34,489	37,689	-8.5
Equity capital	17,013	16,262	4.6

** Housing company loans include housing companies and housing investment companies.
*** OP Financial Group changed the official balance sheet format of the financial statements during the second quarter of 2024. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

January–June

OP Financial Group's operating profit was EUR 1,229 million (986), up by EUR 243 million year on year. Income from customer business, or net interest income, net commissions and fees and insurance service result, increased by a total of 11.4% to EUR 1,844 million (1,656). The cost/income ratio improved to 46.0% (49.9). New OP bonuses accrued to owner-customers, which are included in earnings, increased by 14.8% to EUR 154 million.

Net interest income grew by 17.6% to EUR 1,407 million. The development of market rates continued to increase net interest income. Net interest income reported by the Retail Banking segment increased by 21.8% to EUR 1,092 million and that by the Corporate Banking segment increased by 14.8% to EUR 328 million. OP Financial Group's loan portfolio decreased by 0.8% to EUR 97.7 billion while deposits grew by 2.8% to EUR 75.3 billion, year on year. Household deposits increased by 1.7% year on year, to EUR 47.8 billion. New loans drawn down by customers during the reporting period totalled EUR 10.4 billion (10.9).

Impairment loss on loans and receivables, which reduces earnings, totalled EUR 67 million (99). Final credit losses totalled EUR 25 million (32). At the end of the reporting period, loss allowance was EUR 971 million (929), of which management overlay accounted for EUR 105 million (109). Non-performing exposures accounted for 3.0% (2.9) of total exposures. Impairment loss on loans and receivables accounted for 0.13% (0.19) of the loan and guarantee portfolio.

Net commissions and fees decreased by 11.4% to EUR 400 million. Owner-customers have got daily banking services without monthly charges since October 2023. This contributed to the decrease in payment transfer net commissions and fees. Net commissions and fees for payment transfer services decreased by EUR 42 million to EUR 113 million, and those for residential brokerage by EUR 4 million to EUR 27 million. Net commissions and fees for mutual funds decreased by EUR 3 million to EUR 91 million.

Insurance service result increased by EUR 29 million to EUR 37 million. Insurance service result includes EUR 263 million (237) in operating expenses. Non-life insurance net insurance revenue including reinsurer's share grew by 7.0% to EUR 844 million. Net claims incurred after reinsurer's share grew by 11.0% to EUR 597 million. Combined ratio reported by non-life insurance weakened to 100.4% (97.6).

Investment income, or net investment income, net insurance finance expenses and income from financial assets held for trading, increased by a total of 7.5% to EUR 269 million. Investment income grew as a result of the increase in the value of equity investments. Net investment income together with net finance income describe investment profitability in the insurance business. The combined return on investments at fair value of OP Financial Group's insurance companies was 2.6% (3.4).

Net income from financial assets recognised at fair value through profit or loss, or notes and bonds, shares and derivatives, totalled EUR 1,034 million (762). Net income from investment contract liabilities totalled EUR –523 million (–300). Net insurance finance expenses totalled EUR –272 million (–253).

In banking, net income from financial assets held for trading decreased by 10.5% to EUR 17 million due to the decrease in interest income from notes and bonds.

Other operating income increased to EUR 25 million (21).

Total expenses increased by 2.3% to EUR 1,104 million. Personnel costs rose by 10.5% to EUR 535 million. The increase was affected by headcount growth and pay increases. OP Financial Group's personnel increased by 1,000 year on year. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 24.7% to EUR 69 million. Other operating expenses remained at the previous year's level at EUR 501 million. ICT costs totalled EUR 252 million (207). Development costs were EUR 171 million (127) and capitalised development expenditure EUR 31 million (50). Charges of financial authorities fell by EUR 62 million to EUR 1 million. The EU's

Single Resolution Board (SRB) will not collect stability contributions from banks for 2024. In 2023, OP Financial Group paid a total of EUR 62 million in stability contributions.

OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 76 million (71) under interest income, EUR 40 million (32) under interest expenses, and EUR 23 million (19) under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

Income tax amounted to EUR 244 million (196). The effective tax rate for the reporting period was 19.9% (19.9). Comprehensive income after tax totalled EUR 1,031 million (803).

OP Financial Group's equity amounted to EUR 17.0 billion (16.3). Equity included EUR 3.2 billion (3.3) in Profit Shares, terminated Profit Shares accounting for EUR 0.2 billion (0.4).

OP Financial Group's funding position and liquidity is strong. At the end of the reporting period, the Group's LCR was 193% (199) and NSFR was 130% (130).

April–June

Second-quarter operating profit totalled EUR 611 million, as against EUR 506 million a year earlier. Income from customer business, or net interest income, net commissions and fees and insurance service result, increased by a total of 10.0% to EUR 940 million (854).

Net interest income grew by 11.2% to EUR 698 million. The development of market rates continued to increase net interest income. New loans drawn down by customers during the second quarter totalled EUR 6.0 billion (6.1).

Impairment loss on loans and receivables, which reduces earnings, totalled EUR 28 million (76). Final credit losses totalled EUR 23 million (48).

Net commissions and fees decreased by 10.0% to EUR 195 million. Owner-customers have got daily banking services without monthly charges since October 2023. This contributed to the decrease in payment transfer net commissions and fees.

Insurance service result increased by EUR 37 million to EUR 47 million. Insurance service result includes EUR 133 million (117) in operating expenses.

Investment income, or net investment income, net insurance finance income and income from financial assets held for trading, decreased by a total of 4.1% to EUR 118 million.

Net income from financial assets recognised at fair value through profit or loss, or notes and bonds, shares and derivatives, totalled EUR 290 million (277). Net income from investment contract liabilities totalled EUR –164 million (–126). Net insurance finance income totalled EUR –22 million (–31).

In banking, net income from financial assets held for trading increased by a total of EUR 23 million to EUR 9 million.

Other operating income totalled EUR 16 million (15).

Total expenses increased by 7.7% to EUR 568 million. Personnel costs rose by 6.2% to EUR 279 million. The increase was affected by headcount growth and pay increases. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 20.1% to EUR 36 million. ICT costs totalled EUR 129 million (103).

Income tax amounted to EUR 119 million (101). The effective tax rate for the reporting period was 19.5% (20.0). Comprehensive income after tax totalled EUR 539 million (382).

January–June highlights

OP is joining the Euribor Panel

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

Additional benefits for owner-customers

OP Financial Group allocates part of its profitability improvement to provide additional benefits to owner-customers. The Group increased the OP bonuses earned by owner-customers in 2024 by 40% compared to the 2022 level. The estimated total amount of OP bonuses to be paid in 2024 will exceed EUR 300 million.

In addition, owner-customers get daily banking services without monthly charges until the end of 2024. The estimated total value of this benefit will be EUR 88 million for 2024.

Bill regarding a change in the tax practices related to customer bonuses in the financial sector

In April, a bill regarding a change in the tax practices related to customer bonuses in the financial sector was sent out for a consultation round. The bill, which was based on an entry in the Finnish Government's government programme, may affect OP bonuses. If the bill is implemented, it will affect the tax treatment of OP bonuses used to pay insurance premiums. The draft act proposes that customer bonuses in the financial sector should be taxable if these are used for things other than the services which initially brought the bonuses. OP Financial Group's owner-customers will continue to receive at least the same level of financial benefits as before, regardless of any changes in legislation.

A new Head of Wealth Management for OP Financial Group

OP Financial Group is seeking significant growth in wealth management services. On 1 April 2024, Hanna Porkka (53), M.Sc. (Econ. & Bus. Adm.), took up her duties as Executive Vice President, Wealth Management and member of OP Cooperative's Executive Management Team.

OP Financial Group's strategic targets and priorities

OP Financial Group has a strategy process in which it assesses, reshapes and implements its strategy on an ongoing basis. The Group systematically assesses its business environment and operating model to be able to make and implement new strategic choices when needed.

OP Financial Group's mission, values, vision and strategic priorities form a whole whose parts complement each other. OP Financial Group's vision is to be the leading and most appealing financial services group in Finland. Continuous monitoring of the business environment and the strategic priorities will help achieve the shared vision and guide all actions.

In the next few years, OP Financial Group's operations will be guided by the following five strategic priorities:

- Value for customers
- Profitable growth
- Efficient, high-quality operations
- Responsible business
- Highly skilled, motivated and satisfied personnel.

OP Financial Group's operations are based on a strong culture of risk management and compliance.

OP Financial Group's strategic targets

	30 Jun 2024	31 Dec 2023	Target 2027
Return on equity (ROE excluding OP bonuses), %	13.3	12.0	9.0
CET1 ratio, %	20.8	19.2	At least CET1 requirement + 4 pps*
Brand recommendations, bNPS (Net Promoter Score, personal and corporate customers)**	Banking: 1 Insurance: 2 (shared)	Banking: 1 Insurance: 3	Banking: 1 Insurance: 1
Credit rating	AA-/Aa3	AA-/Aa3	At least at the level of AA-/Aa3

* OP Financial Group's target CET1 ratio is at least the CET1 capital adequacy requirement plus four percentage points. The CET1 target calculated by applying the June 2024 end capital adequacy requirement was 17.4%.

** Ranking in the survey on switching bank and insurer by Kantar Finland Oy and in a nationwide survey on SMEs by Red Note Oy.

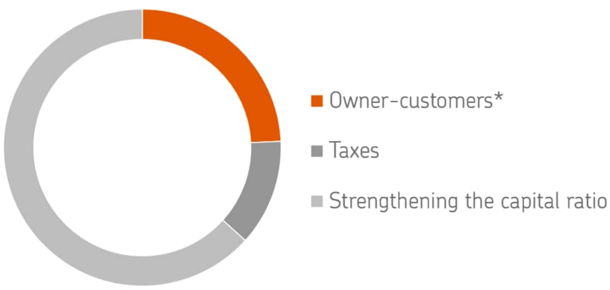
Promotion of the success of owner-customers and operating region

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. The Group's operations are based on its values, mission, a strong capital base, capable risk management and customer respect.

Allocation of earnings

OP Financial Group aims to provide its owner-customers with the services they need, as efficiently as possible. The shared success will be used for the benefit of owner-customers in the form of loyalty benefits and other financial benefits as well as the maintenance and further development of service capabilities.

OP Financial Group's estimated earnings allocation for 2024 that is to be confirmed after the end of the financial year:



*) Owner-customers = OP bonuses, benefits and interest on Profit Shares to owner-customers

Implementing OP Financial Group's mission successfully requires a strong capital base which the requirements set by the authorities also necessitate. A stronger capital base will require efficiency and earnings power of the Group in the years to come too. In addition to the part returned to owner-customers, a significant part of earnings is used to strengthen OP Financial Group's capital base.

Benefits created by OP Financial Group are allocated to owner-customers on the basis of the extent to which each owner-customer of an OP cooperative bank uses the Group's services. The owner-customers' loyalty benefit programme consists of OP bonuses – accrued on the basis of an owner-customer's transactions with OP – as well as benefits and discounts granted on OP's banking services, insurance contracts and savings and investment services. Owner-customers also have the opportunity to contribute capital to their own OP cooperative bank through Profit Shares. Interest will be paid annually on Profit Shares as the banks' profit distribution, based on the return target confirmed on an annual basis.

OP Financial Group is one of the largest taxpayers in Finland measured by tax on profits. As a major taxpayer, OP Financial Group is contributing to prosperity in the whole of Finland.

Owner-customer benefits

OP Financial Group had a total of 2.1 million (2.1) owner-customers at the end of the reporting period. The number of owner-customers increased by 24,000 year on year.

OP cooperative banks' owner-customers earn OP bonuses through banking, insurance and wealth management transactions. OP Financial Group increased the OP bonuses earned for 2024 by 40% compared to the 2022 level. The value of the new OP bonuses earned in January–June totalled EUR 154 million (134).

During the reporting period, a total of EUR 33 million (57) of OP bonuses were used to pay for banking and wealth management services and EUR 96 million (66) to pay non-life insurance premiums. Owner-customers also get daily banking services without monthly charges until the end of 2024. The value of this benefit was EUR 45 million for the reporting period and will be an estimated EUR 88 million for 2024.

Owner-customer benefits

€ million	H1/2024	H1/2023
New OP bonuses earned	154	134
Daily services*	105	58
Insurance**	9	9
Investing and saving***	10	10
Total	278	211

* Daily services packages, Current Account without account service charge, daily services free of charge in 2024
** Loyalty discount
*** Trading in shares or mutual funds, securities custody and Equity Savings Account free of charge

OP bonuses and other owner-customer benefits totalled EUR 278 million (211), accounting for 18.4% (17.6) of OP Financial Group's operating profit before granted owner-customer benefits.

Contributions made by OP cooperative banks' owner-customers to the banks' Profit Shares and cooperative shares totalled EUR 3.4 billion (3.6). The return target for Profit Shares for 2024 is an interest rate of 5.50% (4.50). Interest payable on Profit Shares accrued during the reporting period is estimated to total EUR 88 million (74). Interest on Profit Shares for the financial year 2023, paid in June 2024, totalled EUR 148 million (144).

Multichannel services

OP Financial Group has a multichannel service network comprising online, mobile, branch and telephone services. In June, the Group's mobile channels (OP-mobile, OP Business mobile) had more than 1.6 million active users (1.6). The Group provides personal customer service both at branches and digitally.

In June, OP Financial Group launched OP Aina, a new personal assistant on OP-mobile. OP Aina helps OP's customers with a range of banking and insurance matters on a 24/7 basis. OP Aina is the first Finnish financial sector service based on AI and alerts – OP is using it to provide its customers with more personalised and easily available services than before.

In June, OP Financial Group expanded its mobile payment services to include Samsung Pay and Garmin Pay services. The popularity of mobile payments is on the rise, with nearly half of card customers aged 18–25 already using mobile payment services. Besides the latest additions, the mobile payment options that OP Financial Group provides to its customers include Apple Pay, Google Pay and Siirto.

OP Financial Group's mobile payment app Pivo will be closed down on 4 September 2024. Pivo was launched in 2013, and it has been available to any bank's customers. In future, OP Financial Group will focus on developing OP-mobile and its mobile payment features.

Mobile and online services, no. of logins (million)

	H1/2024	H1/2023	Change, %
Mobile services, personal customers	326.0	297.4	9.6
Mobile services, corporate customers	20.6	15.7	31.2
Pivo	15.1	20.4	-26.0
Op.fi	33.6	35.1	-4.3
	30 Jun 2024	30 Jun 2023	Change, %
Siirto payment, registered customers (OP)	1,240,434	1,183,812	4.8

OP Financial Group and Nordea are establishing a joint venture to create solutions for payment challenges. They aim to develop phone number-based payment and e-invoice management solutions for consumers and companies. The solution will be open to other market actors. The aim is for the company to start operating in 2024. Realisation of the venture must await approval from the competition authorities.

OP Financial Group has an extensive branch network with 283 branches (289) across the country. In addition, Pohjola Insurance has a comprehensive network of agencies and partnerships.

Sustainability and corporate responsibility

Sustainability and corporate responsibility form an integral part of OP Financial Group's business and strategy, and 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 has three main sections. The Climate and environment section sets goals for the provision of sustainable financial and investment products, emission reductions in loan and investment portfolios, and 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 the 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 Financial Group has agreed to follow the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance. OP Financial

Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

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

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

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

Sustainability and corporate responsibility highlights in April–June

OP Financial Group has developed several products based on the international framework for sustainable finance, such as green loans, sustainability-linked loans and sustainable supply chain finance. Green loans are designed for corporate customers that can make a commitment to using the borrowed funds to promote specific projects, while sustainability-linked loans are for corporate customers that are prepared to pursue sustainability-based performance targets agreed with the lender. These targets affect the loan margin. The purpose of sustainable supply chain finance is to encourage supply chains to more sustainable operations through sustainability-linked financing. On 30 June 2024, total exposures from green loans and sustainability-linked loans and facilities stood at EUR 7.9 billion (6.6). Sustainable funds accounted for 87.1% of all fund assets (87.7).

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

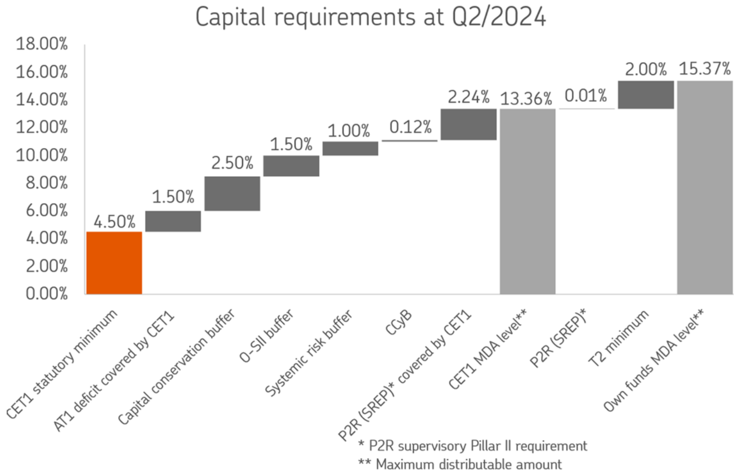
In June, OP Financial Group published its updated Responsible AI policies to ensure ethical use of artificial intelligence throughout the Group.

To promote diversity, OP Financial Group's objective is to achieve at least a 40% proportion of both women and men in defined executive positions. At the end of June, the proportion of women in these positions was 34% (31).

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).

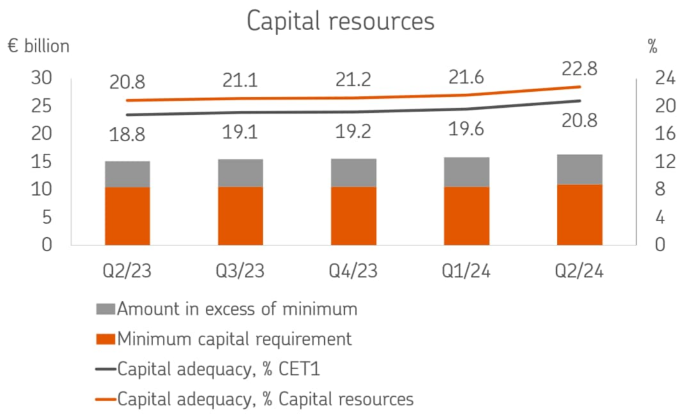
Capital adequacy and capital base

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



OP Financial Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (FiCo), exceeded the minimum amount specified in the Act by EUR 5.3 billion (5.2). Banking capital requirement was 15.4% (14.4), calculated on risk-weighted assets; the increase resulted from the adoption of the systemic risk buffer. The ratio of OP Financial Group's capital base to the minimum capital requirement was 143% (144). As a result of the buffer requirements for banking and the solvency requirements for insurance companies, the minimum FiCo solvency of 100% reflects the level within which the conglomerate can operate without regulatory obligations resulting from buffers below the required level.

Capital adequacy for credit institutions

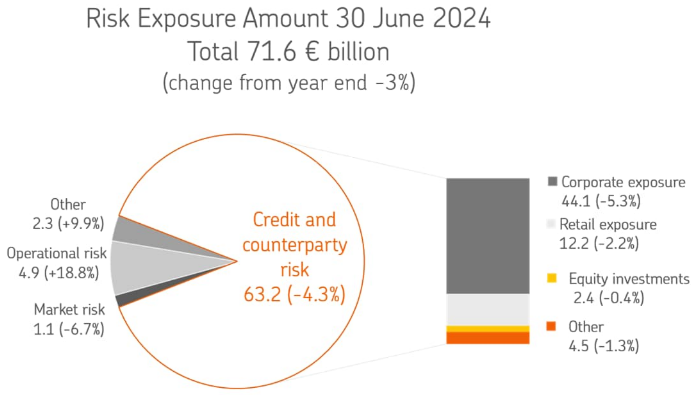


OP Financial Group's CET1 ratio was 20.8% (19.2), which exceeds the minimum regulatory requirement by 7.5 percentage points. The ratio was improved by the earnings performance for the period.

As a credit institution, OP Financial Group's capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%; the minimum requirement of 1.5% for AT1 and T2, which needs to be covered with CET1, raises the CET1 minimum to 6.0%. The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer requirement of 1.5%, the systemic risk buffer requirement of 1%, the change in the countercyclical capital buffer requirement for foreign exposures, and the ECB's P2R requirement increase, in practice, the minimum total capital ratio to 15.4% and the minimum CET1 ratio to 13.4%, including the shortfalls of Additional Tier 1 (AT1) and Tier 2 (T2) capital.

The CET1 capital of OP Financial Group as credit institution was EUR 14.9 billion (14.1). The CET1 capital was improved by Banking earnings and reduced by the full-year profit distribution on Profit Shares, which was subtracted from CET1 capital. The amount of Profit Shares in CET1 capital was EUR 3.2 billion (3.1).

The total risk exposure amount (TREA) was EUR 71.6 billion (73.5). The risk-weighted assets for operational risk increased in line with income for previous years. Risk-weighted credit risk assets decreased.



OP Financial Group treats insurance holdings within the financial conglomerate as risk-weighted assets, based on permission from the ECB. Equity investments include EUR 2.3 billion in risk-weighted assets of the Group's internal insurance holdings. Under the Standardised Approach, the risk weight of insurance company holdings is 100%.

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

The leverage ratio for OP Financial Group's Banking was 10.2% (9.5). The higher ratio was particularly due to a decrease in central bank deposits, and earnings performance. The regulatory minimum requirement is 3%.

The future 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 Financial Group. The changes will take effect as of 1 January 2025.

OP Amalgamation's Pillar III disclosures for 30 June 2024 will be published in week 33.

Insurance

The solvency position of insurance companies is strong. Both companies' solvency ratio weakened due to a higher capital requirement. The increase in capital requirement was due to the rise in equity risk (which forms part of market risk) in line with the investment plan.

	Non-life insurance		Life insurance	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Capital base, € million	1,801	1,747	1,530	1,466
Solvency capital requirement (SCR), million	964	851	725	660
Solvency ratio, %	187	205	211	222

ECB's supervision

OP Financial Group is supervised by the European Central Bank (ECB).

The ECB has set a capital requirement for OP Financial Group based on the supervisory review and evaluation process (SREP). The capital buffer requirement (P2R) set by the ECB is 2.25%.

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

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

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

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

Bases for risk profile management and the business environment

The basic principle of OP Financial Group's risk-taking is acknowledgement that it takes risks related to fulfilling its mission. In risk-taking related to its operations, OP Financial Group emphasises careful preparation and a sound risk-return ratio. The principles and limits prepared by senior management and adopted by OP Cooperative's Board of Directors steer and limit the Group's risk taking.

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

OP Financial Group analyses the business environment as part of the ongoing risk assessment activities and strategy process. Megatrends and worldviews behind OP Financial Group's strategy reflect driving forces that affect the daily activities, conditions and future of the Group and its customers. Factors currently shaping the business environment include climate, biodiversity loss, scientific and technological innovations, polarisation, demography and geopolitics. OP Financial Group provides advice and makes business decisions that promote the sustainable financial success, security and wellbeing of its owner-customers and operating region while managing the Group's 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.

OP Financial Group has extensive business operations in different areas of the financial sector. For this reason, unexpected external shocks from the economic environment may cause various direct and indirect effects on the prosperity of OP Financial Group's customers and on the Group's premises, ICT infrastructure and personnel. If materialised, they may affect the risk profile, capitalisation, liquidity and the continuity of daily business in various ways. OP Financial Group assesses the effects of such potential shocks by means of scenario work and continuously prepares for such effects by creating and testing action plans.

Operational risks

There was a major change in the cybersecurity environment in 2022 due to Russia's aggressive war in Ukraine. Since then, the cybersecurity threat level has remained elevated, including in Finland. OP Financial Group protects its operations and the data of its customers and other stakeholders by maintaining a strong digital infrastructure, data security capabilities and cyber preparedness. This task extends to the level of the financial sector and the entire society.

Cooperation with the authorities and within the financial sector has been stepped up in Finland and the Nordic countries. This has proven an effective way to maintain resistance against cyber attacks throughout the financial sector. OP Financial Group has developed its cybersecurity on a long-term basis, taking account of cyber risks and the continuous changes in external threats. To ensure high-quality operations, the Group emphasises continuous practice, testing of activities, maintenance of competencies and sufficient resourcing. An analysis of successfully stopped attacks and systems-related vulnerabilities has shown that OP Financial Group has a good reaction speed and strong preventative capabilities, combining expertise, processes and technologies.

OP Financial Group is systematically maintaining its operational capability and continuing the holistic development of its cybersecurity. Despite the preparedness of OP Financial Group, the financial sector and authorities, the risk of cyber attacks and other operations remains elevated.

The inspection initiated by the FIN-FSA on 4 April 2023 concerning anti-money laundering and counter-terrorist financing in OP Retail Customers plc was completed in April 2024. The inspection concerned compliance with enhanced customer due diligence related to credit card customers in high-risk countries outside of the European Economic Area, and the related procedures. High-risk countries mean here countries defined by the European Commission whose systems for preventing and investigating money laundering and terrorist financing have shortcomings. The FIN-FSA's observations concerned the company's operations in 2022. OP Retail Customers plc has fixed the major shortcomings in processes already during the inspection.

At the end of the reporting period, around 500 specialists worked in financial crime prevention in OP Financial Group's central cooperative. Employees of OP cooperative banks and OP Financial Group's other companies also play an important role in financial crime prevention.

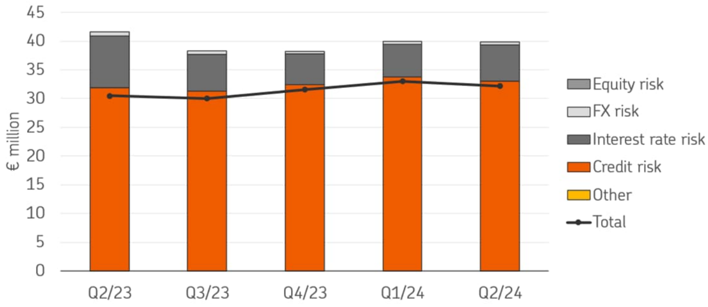
During the reporting period, the volume of materialised operational risks remained moderate at OP Financial Group, resulting in EUR 3 million (3) in losses. The risk profile of other risks is discussed in more detail by business segment.

Retail Banking and Corporate Banking

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

Banking credit risk exposure remained stable, the risk level was moderate and the overall quality of the loan portfolio was 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 half of 2024.

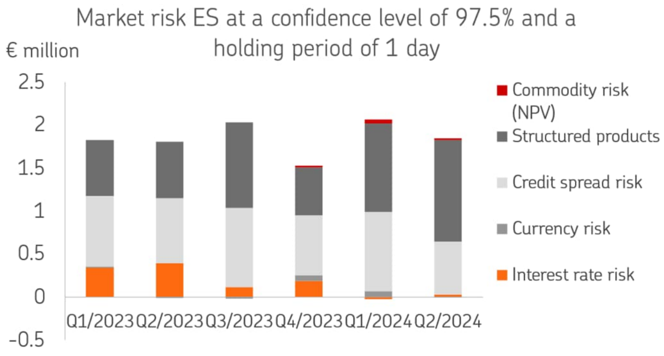
Corporate banking's market risk VaR at a confidence level of 95% and a retention period of 10 days



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

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

Deposits within the scope of deposit guarantee and managed by OP Financial Group totalled EUR 45.0 billion (44.2) at the end of the reporting period, which equals 59.8% of deposits (59.3). The Deposit Guarantee Fund compensates a maximum of EUR 100,000 for each OP Financial Group customer.



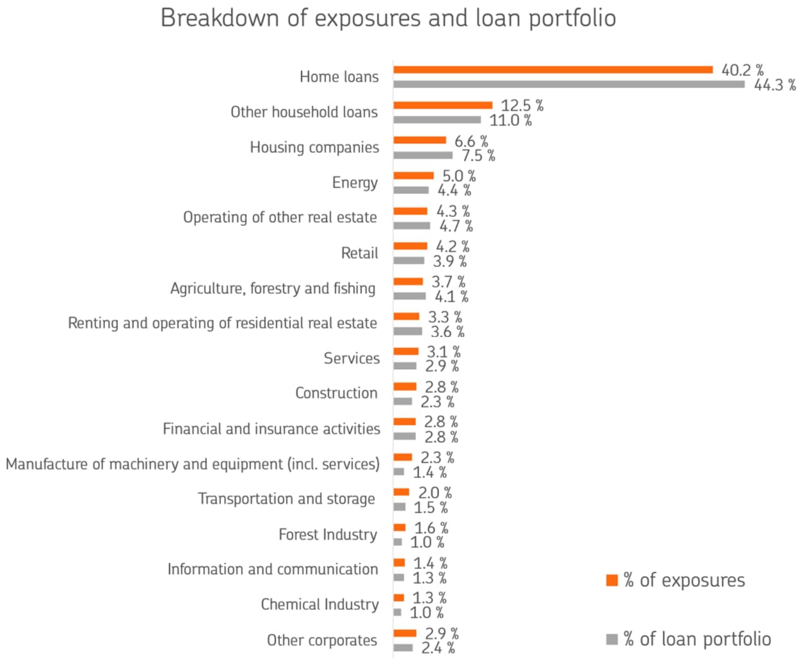
Non-performing and forborne exposures

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Over 90 days past due, € billion			0.69	0.59	0.69	0.59	0.24	0.21	0.45	0.38
Unlikely to be paid, € billion			1.14	1.37	1.14	1.37	0.18	0.21	0.96	1.16
Forborne exposures, € billion	3.62	3.33	1.59	1.45	5.21	4.78	0.25	0.20	4.95	4.59
Total, € billion	3.62	3.33	3.42	3.41	7.04	6.74	0.67	0.61	6.36	6.13

	OP Financial Group		Retail Banking		Corporate Banking	
Key ratios	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Ratio of doubtful receivables to exposures, %	6.15	5.81	7.17	7.30	3.87	2.52
Ratio of non-performing exposures to exposures, %	2.99	2.94	3.34	3.25	2.21	2.23
Ratio of performing forborne exposures to exposures, %	3.16	2.87	3.83	4.06	1.66	0.29
Ratio of performing forborne exposures to doubtful receivables, %	51.4	49.5	53.5	55.6	43.0	11.5
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	13.8	13.7	11.2	10.4	24.4	34.8

No single customer's exposure exceeded 10% of OP Financial Group's Tier 1 capital after allowances.

Breakdown of exposures and loan portfolio

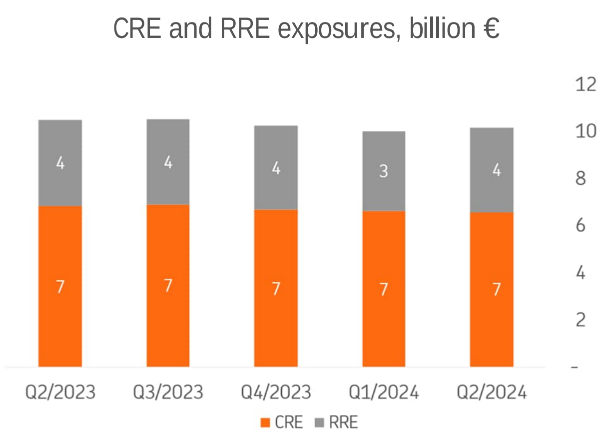


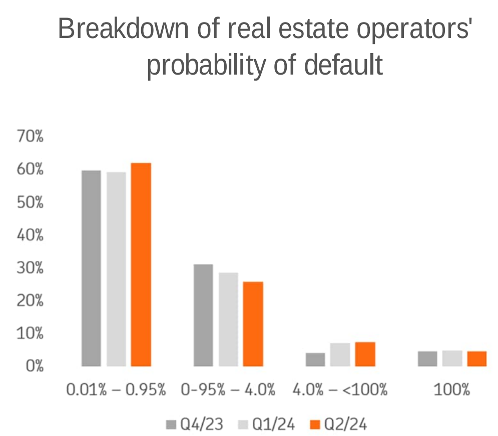
The graph shows the breakdown of OP Financial Group's exposures and loans by sector as percentages at the end of the reporting period.

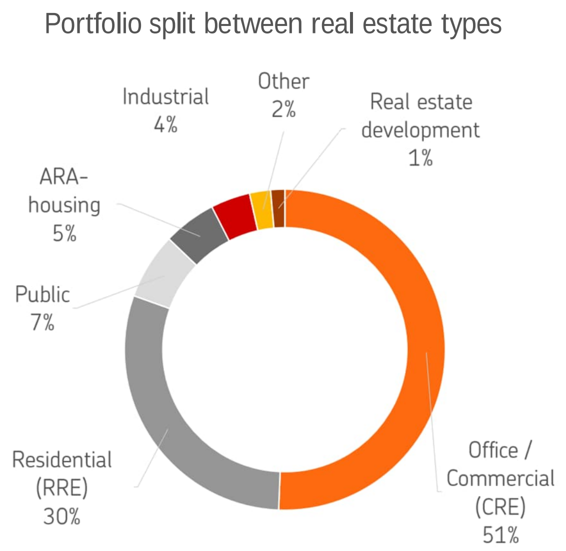
Below is a more detailed description of the development of OP Financial Group's exposures to the real estate sector, and the breakdown of exposures by type of real estate. An increase in risk has been identified in the real estate sector due to the changed interest rate environment. In the graph above, exposures to the real estate sector are mainly included in Operating of other real estate, and Renting and operating of residential real estate.

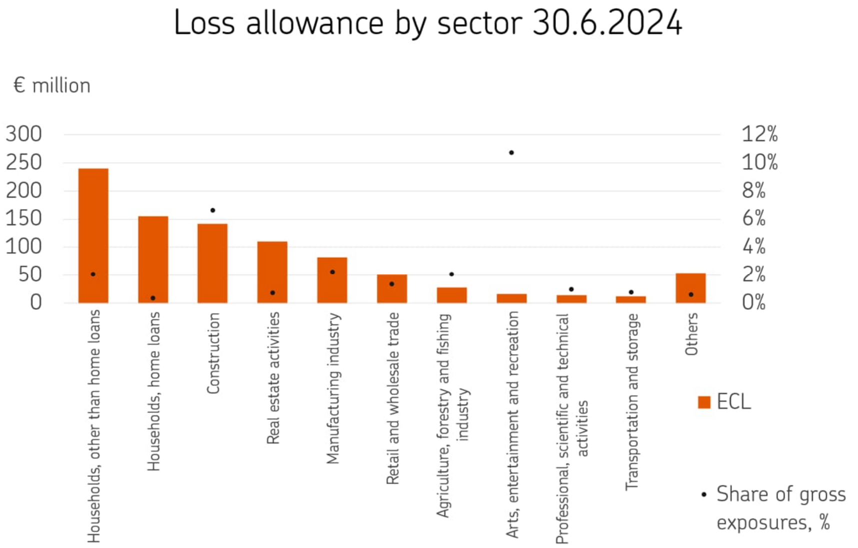
OP Financial Group's exposures to the real estate sector totalled 8.9% (8.9) of all exposures at period end. These exposures are well spread across different types of real estate. The largest type of real estate is commercial real estate units, which includes units such as offices. On 30 June 2024, 64.0% (63.0) of OP Financial Group's real estate portfolio was held by Corporate Banking and 36.0% (37.0) by Retail Banking.

At the end of June, 4.72% of the real estate exposures (4.63) were classified as non-performing exposures.









The graph shows the loss allowance of different sectors and the ratio of loss allowance to gross exposures of the sector at the end of the reporting period, 30 June 2024. The presentation of the table was updated at the beginning of 2024.

Interest rate risk

Retail Banking's interest rate risk in the banking book measured as the effect of a one-percentage point interest rate increase on net interest income was EUR 93 million (254) and as the effect of a one-percentage point decrease EUR –96 million (–257) on the average per year. Interest income risk is calculated for a one-year period by dividing the sum of the interest income risk for the next three years by three.

Corporate Banking's interest rate risk in the banking book measured as the effect of a one-percentage point interest rate increase on net interest income was EUR 25 million (17) and as the effect of a one-percentage point decrease EUR –25 million (–17) on the average per year.

Insurance

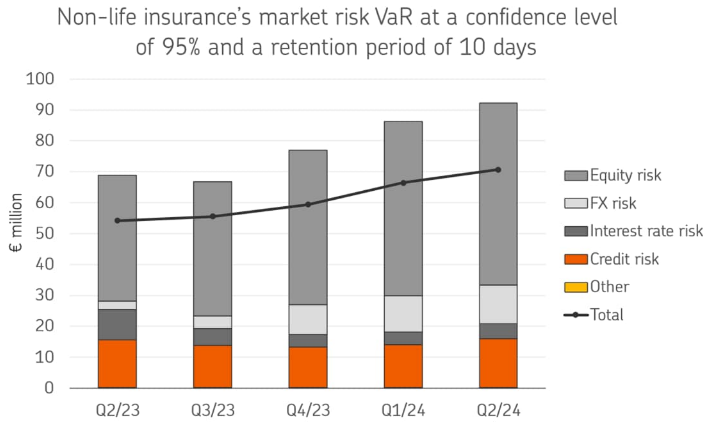
Non-life insurance

Major risks within non-life insurance include underwriting risks associated with claims developments, market risks associated with investments covering insurance contract liabilities, a faster-than-expected increase in life expectancy of the beneficiaries related to insurance contract liabilities for annuities, and interest rates used in the valuation of insurance contract liabilities.

Longevity, or the decline in mortality, increases payments made from pension portfolios. A 5% decrease in mortality assumptions would have an annual impact of EUR 15 million (15) on insurance contract liabilities. A one percentage point decrease in interest rates used in the valuation of insurance contract liabilities would have an annual impact of EUR 173 million (176) on such liabilities.

No significant changes took place in non-life insurance's underwriting risks during the reporting period. Non-life insurance's significant market risks include the equity risk, and lower market interest rates that increase the value of insurance contract liabilities and the capital requirement.

VaR, a measure of market risk, was EUR 71 million (59) at the end of the reporting period. The increase is explained by the increase in equity risk. VaR includes the company's investment balance including investments, insurance contract liabilities and derivatives that hedge against interest rate risk associated with insurance contract liabilities.



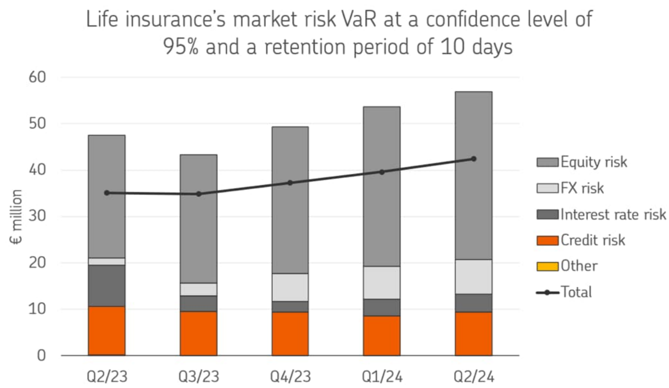
Life insurance

The key risks associated with life insurance are the market risks of life insurance's investment assets, the interest rate used for the valuation of insurance contract liabilities, changes in mortality rates among those insured, and the lapse risk arising from changes in customer behaviour.

Longevity, or the decline in mortality, increases payments made from pension portfolios. Overall, a 5% decrease in mortality assumptions would have an annual impact of EUR 22 million (22) on insurance contract liabilities related to annuity portfolios. Meanwhile, in term life insurance portfolios, the growth in mortality rates increases the number of claims. Overall, a 5% increase in mortality assumptions would have an annual impact of EUR 18 million (21) on insurance contract liabilities related to term life insurance portfolios. A 10% increase in the insurance policy lapse rate would have an annual impact of EUR 51 million (58) on insurance contract liabilities. A one percentage point decrease in interest rates used in the valuation of insurance contract liabilities would have an annual impact of EUR 211 million (177) on such liabilities.

Investment risks associated with separated insurance portfolios and risks associated with changes in customer behaviour have been buffered. The buffer is sufficient to cover a significant negative return on the investment assets included in the separated portfolios, after which OP Financial Group will bear the risks associated with the portfolios. The buffers totalled EUR 248 million (245) on 30 June 2024.

The market risk level of the investments of life insurance increased during the reporting period. The increase is explained by the increase in equity risk. VaR, a measure of market risk, was EUR 42 million (37) at the end of the reporting period. VaR includes life insurance's investment balance, including investments, insurance contract liabilities and derivatives that hedge against interest rate risk associated with insurance contract liabilities. Market risks associated with separated life insurance portfolios, assets that buffer against those risks or customer bonuses, are not included in the calculation.



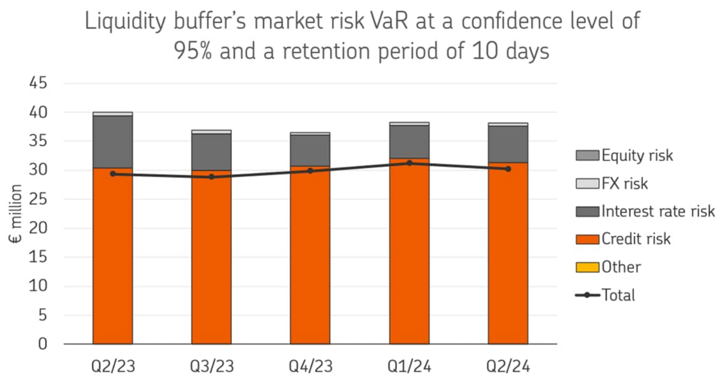
Group Functions

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 funding position and liquidity are strong. In January–June, OP Financial Group issued long-term bonds worth EUR 1.8 billion (3.3).

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

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



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

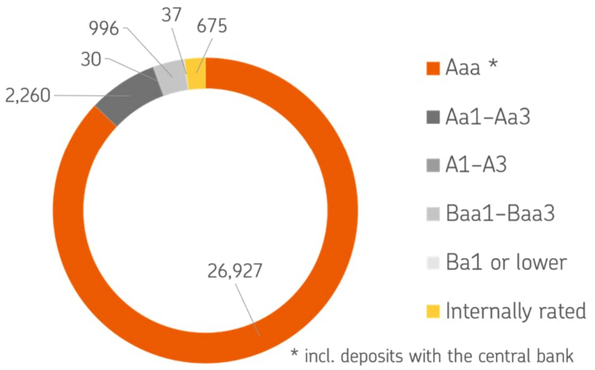
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 193% (199) at the end of the reporting period.

Liquidity buffer

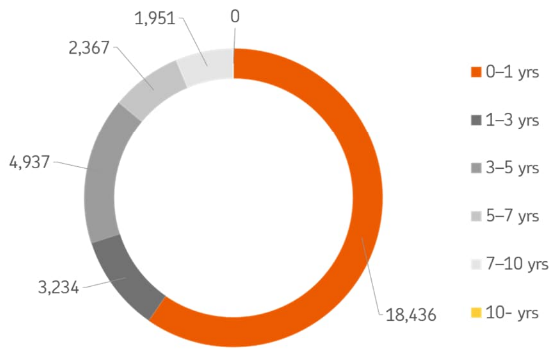
€ billion	30 Jun 2024	31 Dec 2023	Change, %
Deposits with central banks	17.2	19.6	-12.3
Notes and bonds eligible as collateral	12.3	11.8	4.6
Loan receivables eligible as collateral	0.8	1.1	-28.6
Total	30.2	32.4	-3.6
Receivables ineligible as collateral	0.7	0.7	6.1
Liquidity buffer at market value	29.7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

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

Financial assets included in the liquidity buffer by credit rating on 30 June 2024, € million



Financial assets included in the liquidity buffer by maturity on 30 June 2024, € million



Credit ratings

Credit ratings 30 June 2024

	OP Corporate Bank plc				Pohjola Insurance Ltd	
Rating agency	Short-term debt	Outlook	Long-term debt	Outlook	Financial strength rating	Outlook
Standard & Poor'	A-1+	-	AA-	Stable	A+	Stable
Moody's	P-1	Stable	Aa3	Stable	A2	Stable

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

Financial performance by segment

OP Financial Group's business segments are Retail Banking (Banking Personal and SME Customers), Corporate Banking (Banking Corporate and Institutional Customers) and Insurance (Insurance Customers). Non-business segment operations are presented under the Group Functions segment. OP Financial Group prepares its segment reporting in compliance with its accounting policies. The Retail Banking segment's name in Finnish was changed during the first quarter of 2024. The segment's name in English was not changed.

Retail Banking

- Operating profit increased to EUR 685 million (524) and the cost/income ratio improved to 48.4% (53.2).
- Total income increased by 11.3% to EUR 1,428 million. Income from customer business increased by a total of 11.5%: net interest income increased by 21.8% to EUR 1,092 million and net commissions and fees decreased by 15.3% to EUR 305 million. The decrease in net commissions and fees was affected by the fact that owner-customers have got their daily banking services free of monthly charges since October 2023.
- Impairment loss on receivables decreased to EUR 52 million (76). Non-performing exposures (gross) accounted for 3.3% (3.2) of total exposures.
- Total expenses increased by 1.1% to EUR 691 million. Personnel costs increased by 8.3% to EUR 270 million. Other operating expenses decreased by 2.2% to EUR 403 million.
- OP bonuses to owner-customers increased by 12.8% to EUR 116 million (103).
- In the year to June, the loan portfolio decreased by 1.0% to EUR 70.4 billion. The deposit portfolio was at the previous year's level at EUR 62.9 billion.
- The most significant development investments focused on upgrading the lending and borrowing systems. Besides the reform of the core systems, investments were targeted at promoting key areas of development in credit risk management and the development of self-service channels and customer relationship management systems.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income**	1,092	896	21.8	2,041
Impairment loss on receivables	-52	-76	-32.0	-173
Net commissions and fees**	305	361	-15.3	686
Investment income	-5	-2	-	-29
Other operating income	35	28	27.2	61
Personnel costs	-270	-249	8.3	-500
Depreciation/amortisation and impairment loss	-18	-22	-18.5	-57
Other operating expenses	-403	-412	-2.2	-806
Operating profit	685	524	30.7	1,223
Total income**	1,428	1,283	11.3	2,759
Total expenses	-691	-683	1.1	-1,363
Cost/income ratio, %**	48.4	53.2	-4.8*	49.4
Ratio of non-performing exposures to exposures, %	3.3	3.0	0.3*	3.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.15	0.21	-0.07*	0.24
Return on assets (ROA), %	1.15	0.85	0.29*	0.99
Return on assets, excluding OP bonuses, %	1.34	1.02	0.32*	1.17

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Home loans drawn down	2,416	2,753	-12.2	5,569
Corporate loans drawn down	835	1,062	-21.3	1,996
No. of brokered residential property and property transactions	3,938	4,163	-5.4	8,932
€ billion	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Loan portfolio				
Home loans	41.6	41.9	-0.7	41.9
Corporate loans	7.4	8.1	-8.2	7.9
Housing companies***	8.7	8.8	-0.9	8.6
Other loans to corporations and institutions	4.3	4.0	9.2	4.2
Other consumer loans	8.4	8.5	-0.7	8.4
Total loan portfolio	70.4	71.2	-1.0	70.9
Guarantee portfolio	1.0	1.0	-1.1	1.0
Other exposures	7.6	8.2	-7.3	7.6
Deposits				
Current and payment transfer deposits	36.8	39.8	-7.5	36.8
Investment deposits	26.1	23.1	12.9	24.4
Total deposits	62.9	62.9	0.0	61.2

* Change in ratio, percentage point(s).

** OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been divided under interest income and interest expenses based on their accrual. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

*** Housing company loans include housing companies and housing investment companies.

OP Financial Group's Retail Banking segment consists of banking and wealth management services for personal and SME customers at OP cooperative banks and at OP Mortgage Bank and OP Retail Customers plc, which belong to the central cooperative consolidated.

In the year to June, the loan portfolio decreased by 1.0% to EUR 70.4 billion. The home loan portfolio decreased by 0.7% to EUR 41.6 billion. As a result of the prolonged slack home loan market, the amount of home loans drawn down totalled EUR 2.4 billion, representing a decrease of 12.2% year on year. The volume of home and real property sales brokered by OP Koti real estate agents totalled 3,938, a decrease of 5.4%. At the end of the reporting period, 78.9% (85.3) of the home loan portfolio was tied to the 12-month Euribor, 17.2% (11.5) to shorter Euribor rates, and 3.9% (3.2) to the OP-Prime rate and a fixed interest rate. The corporate loan portfolio decreased by 8.2% to EUR 7.4 billion due to the continued low appetite of SMEs to invest. The housing company loan portfolio decreased by 0.9% to EUR 8.7 billion. Other loans to corporations and institutions increased by 9.2% to EUR 4.3 billion. Other consumer loans decreased by 0.7% to EUR 8.4 billion.

On 30 June 2024, a total of 34.1% (34.4) of personal customers' home loans were covered by interest rate protection. On the same date, the interest expenses of around 153,000 home loans were being cut by an interest rate cap; the loans' aggregate principal totalled EUR 13.3 billion. In financial terms, the net benefit gained by customers from interest rate caps during the reporting period totalled EUR 130 million.

The deposit portfolio remained unchanged year on year, at EUR 62.9 billion. Deposits on current and payment transfer accounts decreased by 7.5% and investment deposits increased by 12.9%.

In 2023, OP Financial Group launched a green loan for SMEs and housing companies. The green loan boosts investments in areas such as energy-efficient construction, renewable energy, and infrastructure for low-emission transport. At the end of June, green loans granted to SMEs totalled EUR 130 million (62).

OP Financial Group customers' interest in saving and investing continued. During the reporting period, OP Financial Group's mutual funds attracted 70,000 new unitholders, and customers made 84,000 new systematic investment plans on mutual funds. At the end of the reporting period, OP Financial Group's mutual funds had more than 1.34 million unitholders. The number of active equity investor customers grew by 29.0% year on year. In share trading, the number of executed orders was 22.2% higher than a year ago.

OP Financial Group increased the OP bonuses earned by owner-customers in 2024 by 40% compared to the 2022 level. The estimated total amount of OP bonuses to be paid in 2024 will exceed EUR 300 million. Owner-customers also get daily banking services free of charge until the end of 2024. The estimated total value of this benefit will be EUR 88 million for 2024.

OP Financial Group's mobile payment app Pivo will be closed down on 4 September 2024. Pivo was launched in 2013, and it has been available to any bank's customers. In future, OP Financial Group will focus on developing OP-mobile and its mobile payment features.

In June, OP Financial Group expanded its mobile payment services to include Samsung Pay and Garmin Pay services. The popularity of mobile payments is on the rise, with nearly half of card customers aged 18–25 already using mobile payment services. Besides the latest additions, the mobile payment options that OP Financial Group provides to its customers include Apple Pay, Google Pay and Siirto.

OP Financial Group and Nordea are establishing a joint venture to create solutions for payment challenges. They aim to develop phone number-based payment and e-invoice management solutions for consumers and companies. The solution will be open to other market actors. The aim is for the company to start operating in 2024. Realisation of the venture must await approval from the competition authorities.

In January–June, the most significant development investments focused on upgrading the lending and borrowing systems. The aim of this upgrade is to modernise the core systems and increase operational efficiency. Besides the reform of the core systems, investments were targeted at promoting key areas of development in credit risk management and the development of self-service channels and customer relationship management systems.

At the end of June, the number of OP cooperative banks was 101. At the end of 2023, there were 102 OP cooperative banks. Merger projects between OP cooperative banks are underway in different parts of Finland.

Financial performance for the reporting period

Retail Banking's operating profit amounted to EUR 685 million (524). Total income increased by 11.3% to EUR 1,428 million. Net interest income grew by 21.8% to EUR 1,092 million. The development of market rates continued to increase net interest income. From 1 November 2023 onwards, owner-customers have got a 0.25% interest on deposits in their current accounts.

Net commissions and fees decreased by 15.3% to EUR 305 million. The decrease in net commissions and fees was affected by the fact that owner-customers have got their daily banking services free of monthly charges since October 2023.

Impairment loss on receivables decreased to EUR 52 million (76). Final net loan losses recognised for the reporting period totalled EUR 21 million (15). Non-performing exposures accounted for 3.3% (3.2) of total exposures.

Total expenses increased by 1.1% to EUR 691 million. Personnel costs rose by 8.3% to EUR 270 million. The increase was affected by headcount growth and pay increases. Other operating expenses decreased by 2.2% to EUR 403 million. Charges of financial authorities decreased by EUR 31 million. The EU's Single Resolution Board

(SRB) will not collect stability contributions from banks for 2024. In 2023, Retail Banking paid a total of EUR 32 million in stability contributions.

Depreciation/amortisation and impairment loss decreased by 18.5% year on year, to EUR 18 million.

OP bonuses to owner-customers grew by 12.8% to EUR 116 million as a result of a higher bonus accrual for 2024. Based on their accrual, OP bonuses to owner-customers are included in interest income and interest expenses in the income statement.

Corporate Banking

- Operating profit increased to EUR 275 million (219) and the cost/income ratio improved to 37.1% (43.7).
- Total income grew to EUR 461 million (430). Net interest income grew by 14.8% to EUR 328 million (285). Net commissions and fees decreased by 4.2% to EUR 99 million (103). Investment income decreased by 34.3% to EUR 19 million (30).
- Impairment loss on receivables totalled EUR 16 million (23). Non-performing exposures (gross) accounted for 2.2% (2.2) of total exposures.
- Total expenses decreased to EUR 171 million (188). Personnel costs increased by 3.3% to EUR 55 million (54). Other operating expenses decreased by 13.0% to EUR 115 million (132).
- The loan portfolio decreased by 0.3% to EUR 27.4 billion while deposits grew by 19.7% to EUR 12.9 billion, year on year. Assets under management by Corporate Banking increased by 9.1% to EUR 79.7 billion, year on year.
- The most significant development investments involved the upgrades of customer relationship management, payment systems and the core banking system, and development work on funds' management processes.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	328	285	14.8	591
Impairment loss on receivables	-16	-23	-32.1	-96
Net commissions and fees**	99	103	-4.2	192
Investment income	19	30	-34.3	53
Other operating income	16	12	28.3	21
Personnel costs	-55	-54	3.3	-104
Depreciation/amortisation and impairment loss	-1	-2	-69.6	-3
Other operating expenses	-115	-132	-13.0	-247
Operating profit	275	219	25.4	408
Total income**	461	430	7.3	858
Total expenses	-171	-188	-9.0	-354
Cost/income ratio, %**	37.1	43.7	-6.6*	41.3
Ratio of non-performing exposures to exposures, %	2.2	1.7	0.5*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.10	0.15	-0.05*	0.31
Return on assets (ROA), %	1.32	1.01	0.31*	0.93
Return on assets, excluding OP bonuses, %	1.39	1.07	0.32*	0.99

€ billion	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Loan portfolio				
Corporate loans	19.8	19.4	2.2	20.4
Housing companies***	2.0	2.1	-4.0	2.0
Other consumer loans	3.4	3.0	11.9	3.2
Other loans	2.2	3.0	-26.1	2.3
Total loan portfolio	27.4	27.4	-0.3	28.1
Guarantee portfolio	2.8	3.0	-5.9	3.2
Other exposures	5.4	5.9	-8.7	5.7
Deposits	12.9	10.7	19.7	13.8
Assets under management (gross)				
Mutual funds	32.7	28.8	13.5	30.0
Institutional clients	37.8	35.5	6.6	35.9
Private Banking	9.2	8.8	4.4	8.8
Total (gross)	79.7	73.1	9.1	74.7

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net inflows				
Private Banking clients	56	113	-50.1	174
Institutional clients	229	-100	-	-313
Total net inflows	286	13	-	-139

* Change in ratio, percentage point(s).

** OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been deducted from commission income from mutual funds based on their accrual. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

*** Housing company loans include housing companies and housing investment companies.

OP Financial Group's Corporate Banking segment consists of banking and wealth management services for corporate and institutional customers. The segment comprises OP Corporate Bank plc's banking, OP Asset Management Ltd, OP Fund Management Company Ltd, OP Custody Ltd and OP Real Estate Asset Management Ltd.

The loan portfolio decreased by 2.5% from its year-end level, to EUR 27.4 billion. Companies' low working capital needs and appetite to invest reduced the loan portfolio. The loan portfolio in consumer finance grew.

The deposit portfolio decreased by 6.7% from its year-end level, to EUR 12.9 billion.

Corporate Banking’s focus on promoting a sustainable economy increased the commitment portfolio of sustainable finance to EUR 7.8 billion (6.5). Demand for sustainable financing has remained healthy, and companies have made active use of Corporate Banking's expertise in sustainable finance.

In Corporate Banking, the most significant development investments involved the upgrades of customer relationship management and payment systems. With the implementation of the new Group-level customer relationship management system, Corporate Banking aims at better customer experience and higher quality and more efficient operations. The upgrade of core payment systems and improvement of digital transaction services will continue further. In wealth management, fund management processes will be further upgraded.

Within wealth management, net assets inflow was EUR 286 million (13). Assets under management by Corporate Banking grew by 6.8% from their year-end level, to EUR 79.7 billion (74.7). These included EUR 24.4 billion (23.2) in assets of the companies belonging to OP Financial Group. Growth in assets under management in mutual funds was strong, supported by sales and positive market developments.

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

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

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

Financial performance for the reporting period

Corporate Banking's operating profit amounted to EUR 275 million (219). The cost/income ratio was 37.1% (43.7). Net interest income rose by 14.8% to EUR 328 million (285) as a result of higher market interest rates, loan margins and inter-segment allocation changes. Impairment loss on receivables totalled EUR 16 million (23). Non-performing exposures accounted for 2.2% (2.2) of total exposures. Corporate Banking's net commissions and fees totalled EUR 99 million (103).

Corporate Banking segment's net commissions and fees

€ million	H1/2024	H1/2023	Change, %
Mutual funds	46	53	-12.7
Wealth management	21	11	83.9
Other	32	39	-18.0
Total	99	103	-4.2

Investment income decreased to EUR 19 million (30). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 3 million (–2).

Personnel costs rose by 3.3% to EUR 55 million. The increase was affected by headcount growth and pay increases. Other operating expenses decreased by 13.0% to EUR 115 million. Charges of financial authorities decreased by EUR 30 million. The EU's Single Resolution Board (SRB) will not collect stability contributions from banks for 2024. In 2023, Corporate Banking paid a total of EUR 29 million in stability contributions.

Insurance

- Operating profit increased to EUR 267 million (217).
- Insurance service result was EUR 37 million (8). Investment income totalled EUR 232 million (211).
- Non-life insurance premiums written increased by 3.3% to EUR 1,184 million. Combined ratio reported by non-life insurance weakened to 100.4% (97.6).
- In life insurance, unit-linked insurance assets increased by 7.5% from the year-end level, to EUR 13.5 billion. Premiums written in term life insurance grew by 6.1%.
- Return on investments by non-life insurance at fair value was 3.0% (3.5) and that by life insurance was 2.0% (3.2).
- Total expenses increased to EUR 287 million (261) due to higher ICT costs. Development investments focused on the core system upgrades and the development of digital services.

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Insurance revenue	1,041	967	7.7	2,000
Insurance service expenses	-1,005	-931	8.0	-1,824
Reinsurance contracts	1	-28	-	-95
Insurance service result	37	8	367.6	81
Investment income	232	211	10.0	347
Net commissions and fees**	21	18	16.6	44
Other net income	1	4	-76.1	4
Personnel costs	-90	-87	3.6	-167
Depreciation/amortisation and impairment loss	-19	-25	-24.2	-64
Other operating expenses	-177	-148	19.6	-317
Total expenses	-287	-261	10.0	-548
Transfers to insurance service result	263	237	11.0	485
Operating profit	267	217	22.9	414
Return on assets (ROA), %	1.89	1.60	0.29*	1.54
Return on assets, excluding OP bonuses, %	2.00	1.70	0.31*	1.64

* Change in ratio, percentage point(s).
** OP bonuses to owner-customers, which were previously shown on a separate line in the income statement, have been deducted from commission income from mutual funds based on their accrual. The line 'OP bonuses to owner-customers' is no longer shown in the income statement. Comparative information has been adjusted accordingly. For more detailed information of the change, see Note 1 to this Half-year Financial Report, Accounting policies and changes in accounting policies and presentation.

OP Financial Group's Insurance segment comprises life and non-life insurance business. The segment includes Pohjola Insurance Ltd and OP Life Assurance Company Ltd.

The Insurance segment's insurance service result developed favourably in the second quarter, both in the non-life and life insurance business. Insurance service result was EUR 47 million in the second quarter. Investment result developed favourably due to an increase in the value of equity investments.

In non-life insurance, the claims trend clearly levelled off in the second quarter compared to that of the first quarter. The number of large claims was smaller than usual. Similarly, claims volumes in motor vehicle and health insurance decreased towards the summer due to better road conditions and the end of the winter's influenza season.

In the life insurance business, premiums written in term life insurance grew by 6.1%. In life insurance, unit-linked insurance assets increased by 7.5% from the year-end level, to EUR 13.5 billion (12.6).

Financial performance for the reporting period

Operating profit improved to EUR 267 million (217). Insurance service result was EUR 37 million (8).

Investment income increased to EUR 232 million (211). Net investment income grew as a result of the increase in the value of equity investments. Net investment income was EUR 503 million (465) and net finance income EUR –272 million (–253). Together, these items describe the profitability of investment operations.

Investment income

€ million	H1/2024	H1/2023
Insurance companies' investments		
Fixed income investments	-8	103
Quoted shares	170	119
Other liquid investments	1	1
Property investments	13	15
Other illiquid investments	27	15
Insurance companies' net investment income	204	252
Net finance income*	39	-35
Interest on subordinated loans, and other income and expenses	-8	-7
Investment income	235	210
Net income from separated balance sheets	5	2
Net income from customers' savings and investments agreements	-8	-1
Total investment income	232	211

* Excluding net finance income from separated balance sheets and customers' savings and investments agreements

Non-life insurance financial performance

Non-life insurance operating profit amounted to EUR 131 million (107). An increase in the value of equity investments strengthened the investment result. Insurance service result decreased year on year due to higher claims incurred.

€ million	H1/2024	H1/2023	Change, %
Insurance revenue	909	843	7.8
Claims incurred	-667	-567	17.6
Operating expenses	-253	-235	7.7
Insurance service result, gross	-11	41	-126.0
Reinsurer's share of insurance revenue	-65	-54	20.0
Reinsurer's share of insurance service expenses	72	32	126.2
Net income from reinsurance	8	-22	-
Insurance service result	-3	19	-116.2
Net finance income	4	-55	-
Income from investment activities	130	143	-8.7
Investment income	135	88	53.4
Other net income	-1	0	-
Operating profit	131	107	22.4
Combined ratio	100.4	97.6	
Risk ratio	70.7	68.1	
Cost ratio	29.7	29.4	

Non-life insurance: premiums written

€ million	H1/2024	H1/2023	Change, %
Personal customers	507	479	5.9
Corporate customers	677	667	1.5
Total	1,184	1,146	3.3

Premiums written increased by 3.3% to EUR 1,184 million. Besides the growth in the number of customers, the increase was attributable to the rise in the general level of costs and the resulting index increments and price increases in insurance premiums. Net insurance revenue including reinsurer's share grew by 7.0% to EUR 844 million.

In January–March, the number of large claims was considerably higher than usual, which increased claims incurred. Hard frosts in January increased the number of claims in motor vehicle insurance and property insurance. In health insurance, claims volumes were high in early 2024 due to the winter's influenza season. At the end of the reporting period, claims volumes decreased. The total number of claims reported during the reporting period grew by 8%. Net claims incurred after reinsurer's share grew by 11.0% to EUR 597 million.

The reported number of new large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 77 (60) in January–June 2024, with their claims incurred retained for own account totalling EUR 97 million (51). Non-life insurance risk ratio weakened to 70.7% (68.1) due to the high number of large claims. Large claims accounted for 11.5% (6.5) of the risk ratio.

Operating expenses increased by 7.7% to EUR 253 million. Personnel costs increased due to pay rises and a higher headcount. ICT development costs grew as a result of a change in the capitalisation practice. These costs are no longer capitalised because development has been migrated to the cloud environment. The amount of sales commissions paid decreased year on year.

In non-life insurance, the cost ratio was 29.7% (29.4). Combined ratio reported by non-life insurance weakened to 100.4% (97.6). In the second quarter, combined ratio was 91.8% (94.7).

Non-life insurance: investment income

€ million	H1/2024	H1/2023
Net finance income and expenses	4	-55
Fixed income investments	6	59
Quoted shares	108	72
Other liquid investments	1	0
Property investments	9	11
Other illiquid investments	14	8
Income from investment activities	138	150
Interest on subordinated loans, and other income and expenses	-8	-8
Total investment income	135	88

Non-life insurance: key investment indicators

	H1/2024	H1/2023
Return on investments at fair value, %	3.0	3.5
Fixed income investments' running yield, %*	3.9	5.0
	30 Jun 2024	31 Dec 2023
Investment portfolio, € million	4,500	4,334
Investments within the investment grade category, %	89	90
At least A-rated receivables, %	51	53
Modified duration	3.7	3.5

* Portfolio's market value weighted yield of direct bonds excluding occurrences of default.

Life insurance financial performance

Operating profit increased to EUR 131 million (101) due to a growth in income and a moderate growth in expenses. Insurance service result improved to EUR 40 million, and net commissions and fees grew by 24.6% to EUR 17 million. A contractual service margin of EUR 32 million (35) was recognised in the insurance service result. Investment result decreased due to a weaker performance of interest rate derivatives that hedge the insurance liability. Development costs increased as a result of the core system reforms that were continued during the reporting period in term life insurance and individual unit-linked insurance.

€ million	H1/2024	H1/2023	Change, %
Insurance service result	40	-11	-
Net finance income and expenses	-276	-199	38.9
Income from investment activities	371	312	18.6
Investment income	92	114	-18.8
Net commissions and fees	17	13	24.6
Other operating income and expenses	0	4	-
Personnel costs	-9	-8	6.1
Depreciation/amortisation and impairment loss	-7	-9	-20.7
Other operating expenses	-27	-23	15.1
Total expenses	-43	-40	5.4
Transfers to insurance service result	24	22	11.2
Operating profit	131	101	29.9
Cost/income ratio, %	23	26	-
Contractual service margin at period end	684	776	-11.6

Life insurance: investment income

€ million	H1/2024	H1/2023
Insurance company's investments		
Fixed income investments	-14	44
Quoted shares	62	47
Other liquid investments	1	0
Property investments	4	4
Other illiquid investments	13	7
Insurance company's net investment income	66	102
Net finance income*	35	20
Interest on subordinated loans, and other income and expenses	-5	-8
Investment income	95	113
Net income from separated balance sheets	5	2
Net income from customers' savings and investments agreements	-8	-1
Total investment income	92	114

* Excluding net finance income from separated balance sheets and customers' savings and investments agreements

Life insurance: key investment indicators*

	H1/2024	H1/2023
Return on investments at fair value, %	2.0	3.2
Fixed income investments' running yield, %**	3.8	4.9
	30 Jun 2024	31 Dec 2023
Investment portfolio, € million	3,265	3,201
Investments within the investment grade category, %	90	91
A-rated receivables, minimum, %	49	53
Modified duration	3.4	3.3

* Excluding the separated balance sheets

** Portfolio's market value weighted yield of direct bonds excluding occurrences of default

Group Functions

Key figures and ratios

€ million	H1/2024	H1/2023	Change, %	Q1–4/2023
Net interest income	-7	-24	-	1
Impairment loss on receivables	0	0	-	0
Net commissions and fees	1	0	-	-1
Investment income	4	22	-81.9	10
Other operating income	400	364	9.8	741
Personnel costs	-137	-118	16.7	-232
Depreciation/amortisation and impairment loss	-32	-43	-25.1	-104
Other operating expenses	-236	-203	16.0	-441
Operating loss	-8	-1	-	-26

The Group Functions segment consists of OP Cooperative's functions tasked with the support and assurance of business segments, as well as OP Corporate Bank plc's treasury functions.

On 30 June 2024, the average margin of OP Financial Group's senior and senior non-preferred wholesale funding and covered bonds was 37 basis points (34). In January–June, OP Financial Group issued long-term bonds worth EUR 1.8 billion (3.3).

OP Financial Group's funding position and liquidity are strong. At the end of the reporting period, the Group's LCR was 193% (199) and NSFR was 130% (130). At the end of the reporting period, OP Financial Group's balance sheet assets included bonds worth EUR 1,509 million (630), which are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 1,506 million (647) at the end of the reporting period.

Financial performance for the reporting period

Group Functions operating loss was EUR –8 million (–1). Net interest income was EUR –7 million (–24).

Investment income totalled EUR 4 million (22). Changes in the value of derivatives decreased investment income. Other operating income increased by 9.8% to EUR 400 million. Other operating income mainly includes OP Financial Group's intra-group items.

Personnel costs rose by 16.7% to EUR 137 million. The increase was affected by headcount growth and pay increases. The number of employees increased in areas such as service development, risk management and compliance. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 25.1% to EUR 32 million. Other operating expenses increased by 16.0% to EUR 236 million. ICT costs increased by 18.9% to EUR 169 million.

ICT investments

OP Financial Group invests in developing its operations and improving customer experience on an ongoing basis. The central cooperative with its subsidiaries is responsible for the development of OP Financial Group's products and services, digital channels and shared technology, data and cybersecurity capabilities, while safeguarding the high quality, availability and data security of the services. ICT costs make up a significant portion of development costs.

OP Financial Group's development expenditure for January–June totalled EUR 202 million (177). This included licence fees, purchased services, other external costs related to projects, and in-house work. The capitalised development expenditure totalled EUR 31 million (50). More detailed information on OP Financial Group's investments can be found in the business segment reports in this Half-year Financial Report.

Personnel

On 30 June 2024, OP Financial Group had 14,822 employees (13,806). The number of employees averaged 14,323 (13,533). During the reporting period, the number of employees increased in areas such as sales, customer service, service development, risk management and compliance. The increase in the second quarter was due to summer employees and new recruitments in sales and customer service.

Personnel at period end

	30 Jun 2024	31 Dec 2023
Retail Banking	8,253	7,785
Corporate Banking	1,132	1,010
Insurance	2,668	2,494
Group Functions	2,769	2,517
Total	14,822	13,806

During the reporting period, 113 OP Financial Group employees (88) retired at an average age of 62.8 years (62.2).

Variable remuneration applied by OP Financial Group 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 were 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.

Changes in OP Financial Group's structure

OP Financial Group's consolidated financial statements at the end of the reporting period included the accounts of 101 OP cooperative banks and their subsidiaries, and OP Cooperative Consolidated. There were 102 OP cooperative banks at the end of 2023. The number of OP cooperative banks decreased during the reporting period due to mergers.

On 30 April 2024, Kymenlaakson Osuuspankki merged into Etelä-Karjalan Osuuspankki. In connection with the merger, the business name of Etelä-Karjalan Osuuspankki was changed to Kaakkois-Suomen Osuuspankki.

On 22 February 2024, Taivalkosken Osuuspankki, Kuusamon Osuuspankki and Pudasjärven Osuuspankki approved merger plans, according to which Taivalkosken Osuuspankki and Pudasjärven Osuuspankki will merge into

Kuusamon Osuuspankki. The planned date for the execution of the mergers is 31 August 2024. Consequently, the business name of Kuusamon Osuuspankki will change to Koillismaan Osuuspankki.

On 29 April 2024, Ylä-Savon Osuuspankki, Nilakan Seudun Osuuspankki and Vesannon Osuuspankki approved merger plans, according to which Nilakan Seudun Osuuspankki and Vesannon Osuuspankki will merge into Ylä-Savon Osuuspankki. The planned date for the execution of the mergers is 31 October 2024.

On 7 May 2024, Pietarsaaren Seudun Osuuspankki, Purmon Osuuspankki and Kruunupyyn Osuuspankki approved merger plans, according to which Purmon Osuuspankki and Kruunupyyn Osuuspankki will merge into Pietarsaaren Seudun Osuuspankki. The planned date for the execution of the mergers is 31 December 2024. In connection with the mergers, the business name of Pietarsaaren Seudun Osuuspankki will change to Botnia Osuuspankki (Botnia Andelsbank).

On 19 June 2024, Jokioisten Osuuspankki, Humppilan-Metsämaan Osuuspankki and Ypäjän Osuuspankki approved merger plans, according to which Humppilan-Metsämaan Osuuspankki and Ypäjän Osuuspankki will merge into Jokioisten Osuuspankki. The planned date for the execution of the merger is 31 December 2024. Consequently, the business name of Jokioisten Osuuspankki will change to Jokiläänin Osuuspankki.

On 19 June 2024, Länsi-Kymen Osuuspankki, Savitaipaleen Osuuspankki, Lemin Osuuspankki and Luumäen Osuuspankki approved merger plans, according to which Savitaipaleen Osuuspankki, Lemin Osuuspankki and Luumäen Osuuspankki will merge into Länsi-Kymen Osuuspankki. The planned date for the execution of the mergers is 28 February 2025. In connection with the mergers, the business name of Länsi-Kymen Osuuspankki will change to Osuuspankki Salpa (Andelsbanken Salpa).

Governance of OP Cooperative

On 5 December 2023, the Supervisory Council of OP Cooperative (the central cooperative of OP Financial Group) elected the members of the Board of Directors of OP Cooperative for the term of office from 1 January to 31 December 2024.

The following members continued on the Board in 2024: Jarna Heinonen (Professor in Entrepreneurship, Turku School of Economics), Kati Levoranta (Executive Vice President, Commercial and Operational Activities, P2X Solutions Ltd), Pekka Loikkanen (board professional), Tero Ojanperä (Chair of the Board of Directors, Silo AI Ltd), Riitta Palomäki (board professional), Jaakko Pehkonen (rahoitusneuvos (Finnish honorary title); Professor of Economics, University of Jyväskylä), Timo Ritakallio (President and Group CEO, OP Financial Group), Petri Sahlström (Professor of Accounting and Finance, University of Oulu) and Olli Tarkkanen (Managing Director, Etelä-Pohjanmaan Osuuspankki).

The following new members were elected: Matti Kiuru, M.Sc. (Econ. & Bus. Adm.), eMBA (Managing Director, Länsi-Suomen Osuuspankki) and Katja Kuosa-Kaartti, M.Sc. (Econ. & Bus. Adm.), (Authorised Public Accountant, Tilintarkastus Kuosa-Kaartti Oy). Jari Himanen's and Mervi Väisänen's term of office in the Board of Directors ended on 31 December 2023.

In addition, according to the bylaws of OP Cooperative, the President and Group CEO is a Board member during their term of office.

On 20 December 2023, the Board of Directors elected from among its members the chairs, vice chairs and other members to the statutory Board Committees for the new term. Jaakko Pehkonen will continue as Chair and Jarna Heinonen as Vice Chair of the Board of Directors.

On 23 April 2024, OP Cooperative held its Annual Cooperative Meeting which elected members of the Supervisory Council, the auditor and the sustainability reporting assurer.

The Supervisory Council comprises 36 members. The Annual Cooperative Meeting re-elected the following members to the Supervisory Council who were due to resign: Managing Director Kaisa Markula, Managing Director Ulf Nylund, Managing Director Teuvo Perätalo, HR Director Titta Saksa and Professor of Regional Development Studies Markku Sotarauta.

New Supervisory Council members elected were Customer Relationship Director Essi Alaluukas, Senior Lecturer Kati Antola, Lawyer Sanna Ebeling, Managing Director Jouni Hautala, Managing Director Miia Hirvonen, Managing Director Ari Karhapää, Managing Director Juha Korhonen, Managing Director Leena Perämäki, Managing Director Eija Sipola, Managing Director Kirsi Soltin, Managing Director Agneta Ström-Hakala and entrepreneur Antti Turkka.

At its reorganising meeting on 23 April 2024, the Supervisory Council elected the Chairs of the Supervisory Council. Chair of the Board of Directors Annukka Nikola was elected as Chair and entrepreneur Taija Jurmu and Managing Director Ari Väänänen as Vice Chairs of the Supervisory Council.

The Annual Cooperative Meeting elected PricewaterhouseCoopers Oy, an audit firm, to act as auditor for the financial year 2024, with APA Lauri Kallaskari as the chief auditor.

The Annual Cooperative Meeting elected PricewaterhouseCoopers Oy, an Authorised Sustainability Audit Firm, to assure OP Financial Group's sustainability reporting for the financial year 2024, with Tiina Puukkoniemi, ASA, acting as the chief Authorised Sustainability Auditor.

Outlook towards the year end

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

OP Financial Group's operating profit for 2024 is expected to be at a good level but lower than that for 2023.

The most significant uncertainties affecting OP Financial Group's earnings performance are associated with developments in the business environment, changes in the interest rate and investment environment and developments in impairment loss on receivables. Forward-looking statements in this Half-year Financial Report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view on developments in the economy, 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. The formulas for the key figures and ratios can be derived from the figures presented in this Half-year Financial Report, so separate reconciliation statements for the Alternative Performance Measures are not presented.

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 equity (ROE) excluding OP bonuses, %	(Financial performance for the reporting period + OP bonuses after tax) 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, excluding OP bonuses paid to owner-customers that are charged to expenses.
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.
Return on assets (ROA) excluding OP bonuses, %	(Financial performance for the reporting period + OP bonuses after tax) 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, excluding OP bonuses paid to owner-customers that are charged to expenses.
Cost/income ratio, %	Total expenses / Total income	x 100	The ratio describes the ratio of expenses to income. The lower that ratio, the better.
Total income	Net interest income + Net commissions and fees + Insurance service result + Investment income + Other operating income + Transfers to insurance service result		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 insurance finance income + Net interest income from financial assets held for trading + Net investment income		The figure describes the development of all income related to investment.
Loan portfolio	Loans and loss allowance included in the balance sheet item Receivables from customers. The loan portfolio does no include interest not received or valuation items related to derivatives.		Total amount of loans granted to customers.
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	Impairment loss on receivables x (days of financial year/days of reporting period) / Loan and guarantee portfolio at period end	x 100	The ratio describes the ratio of impairment loss on receivables entered in the income statement to the loan and guarantee portfolio. The lower that ratio, the better.
Deposits	Deposits included in balance sheet item Liabilities to customers. Deposits do not include unpaid interest or valuation items related to derivatives.		Total amount of deposits by customers.
Coverage ratio, %	Loss allowance / Balance sheet items involving credit risk + Credit equivalent of off-balance-sheet items	x 100	The ratio describes the extent to which 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.
Income from customer business	Net interest income + insurance service result + net commissions and fees		Income from customer business describes the development of net interest income, insurance service result and net commissions and fees. Income directly from customers is presented mainly under these items.
Non-life insurance:			
Combined ratio, %	Risk ratio + Cost ratio		The combined ratio is a key indicator of efficiency for non-life insurance companies. The ratio describes whether the insurance revenue is sufficient to cover the company's expenses during the reporting period.
Risk ratio, %	Claims incurred, net / Net insurance revenue	x 100	The ratio describes how much of the insurance revenue is spent on claims paid. Claims incurred (net) are calculated by deducting operating expenses and reinsurers' share from insurance service expenses.

Indicator	Formula		Description
Cost ratio, %	Operating expenses, net / Net insurance revenue	x 100	The ratio describes the ratio of the company's costs (acquisition, management, administration and claims settlement expenses) to its insurance revenue.

Key indicators based on a separate calculation

Indicator	Formula		Description
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.
Solvency ratio, %	Capital base / Solvency capital requirement (SCR)	x 100	The ratio describes an insurance company's solvency and shows the ratio of the capital base 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.
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates*	Conglomerate's total capital base / Conglomerate's total minimum capital requirement	x 100	The ratio describes the capital adequacy of the financial conglomerate and shows the ratio of the capital base to the minimum amount of the capital base.
Ratio of non-performing exposures to exposures, %	Non-performing exposures (gross) / Exposures at period end	x 100	The ratio describes the ratio of customers with severe payment difficulties to the entire exposure portfolio. Non-performing exposures refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forborne exposures related to such receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. Non-performing exposures are presented in gross terms; expected credit losses have not been deducted from them.
Ratio of doubtful receivables to exposures, %	Doubtful receivables (gross) / Exposures at period end	x 100	The ratio describes the ratio of customers with payment difficulties to the entire exposure portfolio. Doubtful receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbearance related to such receivables or to performing receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. In addition to non-performing forborne exposures, doubtful receivables include non-performing exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as doubtful receivables. Doubtful receivables are presented in gross terms; expected credit losses have not been deducted from them.
Ratio of performing forborne exposures to exposures, %	Performing forborne exposures (gross) / Exposures at period end	x 100	The ratio describes the ratio of forborne exposures to the entire exposure portfolio. Performing forborne exposures include forborne exposures reclassified as performing ones during their probation period or forbearance measures made into a performing agreement. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures.

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

*Transitional provisions have been taken into account in the FiCo solvency.

Capital adequacy and solvency

Capital adequacy for credit institutions

Capital base, € million	30 Jun 2024	31 Dec 2023
OP Financial Group's equity capital	17,013	16,262
Excluding the effect of insurance companies on the Group's equity	-1,347	-1,297
Fair value reserve, cash flow hedge	216	212
Common Equity Tier 1 (CET1) before deductions	15,882	15,177
Intangible assets	-311	-314
Excess funding of pension liability and valuation adjustments	-233	-216
Cooperative capital deducted from own funds	-5	-198
Planned profit distribution	-176	-148
Insufficient coverage for non-performing exposures	-255	-190
CET1 capital	14,902	14,111
Tier 1 capital (T1)	14,902	14,111
Debenture loans	1,288	1,308
Debentures to which transition rules apply	39	57
General credit risk adjustments	112	120
Tier 2 capital (T2)	1,439	1,484
Total own funds	16,341	15,595

Risk exposure amount, € million	30 Jun 2024	31 Dec 2023
Credit and counterparty risk	63,175	65,997
Standardised Approach (SA)	63,175	65,997
Central government and central banks exposure	479	509
Credit institution exposure	508	603
Corporate exposure	24,986	27,591
Retail exposure	9,986	10,174
Mortgage-backed exposure	19,115	18,988
Defaulted exposure	2,222	2,309
Items of especially high risk	1,709	1,697
Covered bonds	692	608
Collective investment undertakings (CIU)	173	201
Equity investments	2,400	2,410
Other	904	907
Risks of the CCP's default fund	1	1
Securitisations	36	50
Market and settlement risk (Standardised Approach)	935	1,006
Operational risk (Standardised Approach)	4,936	4,156
Valuation adjustment (CVA)	206	217
Other risks*	2,309	2,084
Total risk exposure amount	71,598	73,511

* Risks not otherwise covered.

Ratios, %	30 Jun 2024	31 Dec 2023
CET1 capital ratio	20.8	19.2
Tier 1 ratio	20.8	19.2
Capital adequacy ratio	22.8	21.2

Ratios, fully loaded, %	30 Jun 2024	31 Dec 2023
CET1 capital ratio	20.8	19.2
Tier 1 ratio	20.8	19.2
Capital adequacy ratio	22.8	21.1

Capital requirement, EUR million	30 Jun 2024	31 Dec 2023
Own funds	16,341	15,595
Capital requirement	11,002	10,558
Buffer for capital requirements	5,339	5,037

The capital requirement of 15.4% comprises the minimum requirement of 8%, the capital conservation buffer requirement of 2.5%, the O-SII buffer requirement of 1.5%, the systemic risk buffer requirement of 1.0%, the minimum requirement (P2R) of 2.25% set by the ECB and the country-specific countercyclical capital buffers for foreign exposures. Transitional provisions regarding Tier 2 capital included in capital adequacy for credit institutions have been taken into account in figures.

Leverage ratio, EUR million	30 Jun 2024	31 Dec 2023
Tier 1 capital (T1)	14,902	14,111
Total exposure	145,733	148,849
Leverage ratio, %	10.2	9.5

The leverage ratio describes indebtedness. The minimum requirement for the leverage ratio is 3%.

OP Financial Group's capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

€ million	30 Jun 2024	31 Dec 2023
OP Financial Group's equity capital	17,013	16,262
Other items included in Banking's Tier 1 and Tier 2 capital	1,439	1,484
Other sector-specific items excluded from capital base	-432	-574
Goodwill and intangible assets	-983	-1,000
Insurance business valuation differences*	736	855
Proposed profit distribution	-176	-148
Items under IFRS deducted from capital base**	24	48
Conglomerate's total capital base	17,621	16,928
Regulatory capital requirement for credit institutions***	10,650	10,227
Regulatory capital requirement for insurance operations*	1,689	1,511
Conglomerate's total minimum capital requirement	12,339	11,738
Conglomerate's capital adequacy	5,282	5,190
Conglomerate's capital adequacy ratio (capital base/minimum of capital base) (%)	143	144

* Differences between fair values and carrying amounts based on the solvency of insurance companies and an estimate of SCR
** Excess funding of pension liability, portion of cash flow hedge of fair value reserve
*** Total risk exposure amount x 15.4%
Transitional provisions regarding Tier 2 capital included in capital adequacy for credit institutions have been taken into account in figures.

TABLES

Income statement

€ million	Notes	H1 2024	Adjusted H1 2023	Q2 2024	Adjusted Q2 2023
Net interest income calculated using the effective interest method		2,765	2,052	1,372	1,173
Other interest		354	204	175	114
Interest expenses		-1,713	-1,059	-849	-660
Net interest income	3	1,407	1,196	698	628
Impairment loss on receivables	4	-67	-99	-28	-76
Commission income		467	519	229	251
Commission expenses		-67	-67	-34	-35
Net commissions and fees	5	400	452	195	216
Insurance premium revenue		1,041	967	517	482
Insurance service expenses		-1,005	-931	-493	-447
Net income from reinsurance contracts		1	-28	23	-25
Insurance service result	6	37	8	47	10
Net finance income (+)/expenses (–) related to insurance		-272	-243	-23	-29
Net finance income (+)/expenses (–) related to reinsurance		1	-10	1	-1
Net insurance finance income (+)/expenses (–)	7	-272	-253	-22	-31
Net income from financial assets held for trading	8	17	19	9	-14
Net investment income	9	524	485	131	168
Other operating income		25	21	16	15
Personnel costs		-535	-484	-279	-262
Depreciation/amortisation and impairment loss		-69	-92	-36	-45
Other operating expenses	10	-501	-504	-253	-220
Transfers to insurance service result		263	237	133	117
Operating expenses		-842	-843	-434	-410
OP bonuses to owner-customers		0	0	0	0
Operating profit (loss)		**1,229**	**986**	**611**	**506**
Earnings before tax		**1,229**	**986**	**611**	**506**
Income tax		-244	-196	-119	-101
Profit for the period		**984**	**790**	**492**	**405**
Attributable to:					
Profit for the period attributable to owners		979	785	488	402
Profit for the period attributable to non-controlling interest		6	5	4	3
Profit for the period		**984**	**790**	**492**	**405**

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

Statement of comprehensive income

€ million	Notes	H1 2024	H1 2023	Q2 2024	Q2 2023
Profit for the period		**984**	**790**	**492**	**405**
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		38	12	36	1
Changes in own credit risk on liabilities measured at fair value		-10			
Items that may later be reclassified to the profit or loss					
Change in fair value reserve					
On fair value measurement	14	36	-10	17	-8
On cash flow hedging	14	-5	14	1	-22
Income tax					
On items not reclassified to profit or loss					
On gains/(losses) arising from measurement of defined benefit plans		-8	-2	-3	0
Changes in own credit risk on liabilities measured at fair value		2			
On items that may subsequently be reclassified to profit or loss					
On fair value measurement	14	-7	2	-4	2
On cash flow hedging	14	1	-3	0	4
Other comprehensive income items		**47**	**13**	**47**	**-23**
Total comprehensive income for the period		**1,031**	**803**	**539**	**382**
Comprehensive income for the period attributable to:					
Comprehensive income for the period attributable to owners		1,025	797	535	379
Comprehensive income for the period attributable to non-controlling interests		6	5	4	3
Total		**1,031**	**803**	**539**	**382**

Balance sheet

€ million	Notes	30 June 2024	Adjusted 31 Dec 2023	Adjusted 1 Jan 2023
Cash and deposits with central banks	16	17,351	19,755	35,004
Receivables from credit institutions	16	1,166	858	798
Receivables from customers	16	97,146	98,316	98,782
Derivative contracts	16, 19	2,684	3,106	3,889
Investment assets		23,089	22,029	20,830
Assets covering unit-linked contracts	16	13,522	12,581	11,597
Reinsurance contract assets	11	125	106	245
Intangible assets		1,052	1,065	1,153
Property, plant and equipment		400	398	423
Other assets		1,734	1,560	2,037
Income tax receivables		44	22	59
Deferred tax assets		248	251	605
Total assets		**158,560**	**160,047**	**175,422**
Liabilities to credit institutions	16	414	74	12,311
Liabilities to customers	16	77,207	77,178	81,552
Derivative contracts	16, 19	2,704	2,994	4,197
Insurance contract liabilities	12	11,798	11,589	11,448
Liabilities from investment agreements	16	8,625	7,944	7,211
Debt securities issued to the public	13	34,489	37,689	37,530
Provisions and other liabilities		3,684	3,674	3,599
Income tax liabilities		80	156	67
Deferred tax liabilities		1,135	1,073	1,455
Subordinated liabilities		1,411	1,414	1,384
Total liabilities		**141,547**	**143,785**	**160,753**
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Member cooperative shares		218	219	217
Profit Shares		3,209	3,335	3,369
Fair value reserve	14	-266	-290	-360
Other reserves		2,172	2,172	2,172
Retained earnings		11,557	10,703	9,153
Non-controlling interests		**123**	**124**	**118**
Total equity		**17,013**	**16,262**	**14,668**
Total liabilities and equity		**158,560**	**160,047**	**175,422**

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

Statement of changes in equity capital

€ million	Attributable to owners						
	Coope-rative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Equity capital 1 January 2023	**3,586**	**- 360**	**2,172**	**9,153**	**14,550**	**118**	**14,668**
Total comprehensive income for the period		3		794	797	5	803
Profit for the period				785	785	5	790
Other comprehensive income items		3		9	13		13
Profit distribution				-144	-144	-3	-147
Changes in membership and profit shares	-83				-83		-83
Other			0	0	0	-14	-14
Equity capital 30 June 2023	**3,503**	**-357**	**2,172**	**9,802**	**15,120**	**107**	**15,227**

€ million	Attributable to owners						
	Coope-rative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Equity capital 1 January 2024	**3,554**	**-290**	**2,172**	**10,703**	**16,139**	**124**	**16,262**
Total comprehensive income for the period		25		1,001	1,025	6	1,031
Profit for the period				979	979	6	984
Other comprehensive income items		25		22	47		47
Profit distribution				-148	-148	-1	-149
Changes in membership and profit shares	-127				-127		-127
Other				1	1	-5	-4
Equity capital 30 June 2024	**3,427**	**-266**	**2,172**	**11,557**	**16,890**	**123**	**17,013**

Cash flow statement

€ million	H1 2024	Adjusted H1 2023
Cash flow from operating activities		
Profit for the period	984	790
Adjustments to profit for the period	260	-102
Increase (-) or decrease (+) in operating assets	**-195**	**254**
Receivables from credit institutions	72	-479
Receivables from customers	1,098	1,592
Derivative contracts	21	-63
Investment assets	-998	5
Assets covering unit-linked contracts	-195	-41
Reinsurance contract assets	-20	-6
Other assets	-172	-754
Increase (+) or decrease (–) in operating liabilities	**761**	**-16,957**
Liabilities to credit institutions	340	-12,252
Liabilities to customers	172	-6,694
Derivative contracts	-65	-54
Insurance contract liabilities	209	186
Reinsurance contract liabilities	0	0
Liabilities from investment agreements	0	0
Provisions and other liabilities	105	1,857
Income tax paid	-289	-125
Dividends received	30	29
A. Net cash from operating activities	**1,552**	**-16,111**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-53	-65
Proceeds from sale of PPE and intangible assets	7	3
B. Net cash used in investing activities	**-46**	**-61**
Cash flow from financing activities		
Subordinated liabilities, change	-12	-23
Debt securities issued to the public, change	-3,193	-1,789
Increases in cooperative and share capital	67	78
Decreases in cooperative and share capital	-193	-162
Dividends paid and interest on cooperative capital	-148	-144
Lease liabilities	-17	-17
C. Net cash used in financing activities	**-3,497**	**-2,056**
Net change in cash and cash equivalents (A+B+C)	**-1,991**	**-18,229**
Cash and cash equivalents at period start	**19,947**	**35,656**
Effect of foreign exchange rate changes	-11	24
Cash and cash equivalents at period end	**17,944**	**17,451**
Interest received	**5,389**	**3,605**
Interest paid	**-3,697**	**-2,243**
Cash and cash equivalents		
Cash and deposits with central banks	17,351	17,232
Receivables from credit institutions payable on demand	593	220
Total	**17,944**	**17,451**

Notes

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

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

Accounting policies

The Half-year Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting and with the accounting policies presented in the financial statements 2023.

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

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

The Retail Banking segment's name in Finnish was changed during the first quarter of 2024. The segment's name in English remained unchanged.

Critical accounting judgements

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

Expected credit losses

The determination of the measurement models for expected credit losses (ECL) involves management judgement.

The actual measurement of ECL figures is performed using the ECL models based on the use of observable input data, except if it is mainly the question of a large corporate exposure in stage 2 or 3 and on the watch list, in which case the ECL is calculated using the cash flow based ECL method based on expert judgement.

In special situations where the ECL models are not sufficiently able to take account of an unpredictable event or circumstances, management overlay is directly used for ECL figures (post model adjustments). Management overlay is used especially when selecting the used scenario. Management overlays are intended only for temporary use until an unpredictable event caused by the overlay provision or circumstance could have been taken into account in the ECL models.

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

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

January–June highlights

OP is joining the Euribor Panel

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

Additional benefits for owner-customers

OP Financial Group allocates part of its profitability improvement to provide additional benefits to owner-customers. The Group increased the OP bonuses earned by owner-customers in 2024 by 40% compared to the 2022 level. The estimated total amount of OP bonuses to be paid in 2024 will exceed EUR 300 million.

In addition, owner-customers get daily banking services without monthly charges until the end of 2024. The estimated total value of this benefit will be EUR 88 million for 2024.

Bill regarding a change in the tax practices related to customer bonuses in the financial sector

In April, a bill regarding a change in the tax practices related to customer bonuses in the financial sector was sent out for a consultation round. The bill, which was based on an entry in the Finnish Government's government programme, may affect OP bonuses. If the bill is implemented, it will affect the tax treatment of OP bonuses used to pay insurance premiums. The draft act proposes that customer bonuses in the financial sector should be taxable if these are used for things other than the services which initially brought the bonuses. OP Financial Group's owner-customers will continue to receive at least the same level of financial benefits as before, regardless of any changes in legislation.

A new Head of Wealth Management for OP Financial Group

OP Financial Group is seeking significant growth in wealth management services. On 1 April 2024, Hanna Porkka (53), M.Sc. (Econ. & Bus. Adm.), took up her duties as Executive Vice President, Wealth Management and member of OP Cooperative's Executive Management Team.

Events after the reporting period

No essential events after the reporting period.

Changes in accounting policies and presentation

Change to presentation of balance sheet and income statement format

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

Changes in the balance sheet format for 1 January 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 235 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 185 million, was transferred to the balance sheet rows "Liabilities to credit institutions, EUR 10 million", "Liabilities to customers", EUR 83 million, and "Debt securities issued to the public", EUR 91 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 88 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities on derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 228 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 235 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 269 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	1 Jan 2023	Changes	Adjusted 1 Jan 2023
Cash and deposits with central banks	a)	35,004	0	35,004
Receivables from credit institutions		798	0	798
Receivables from customers	b)	98,546	235	98,782
Derivative contracts	e)	4,117	-228	3,889
Investment assets	d)	20,742	88	20,830
Assets covering unit-linked contracts		11,597	0	11,597
Reinsurance contract assets		245	0	245
Intangible assets		1,153	0	1,153
Property, plant and equipment		423	0	423
Other assets	b), d), e)	2,401	-364	2,037
Tax assets	f)	664	-664	
Income tax assets	f)		59	59
Deferred tax assets	f)		605	605
Total assets		175,691	-269	175,422
Liabilities to credit institutions	c)	12,301	10	12,311
Liabilities to customers	c)	81,468	83	81,552
Derivative contracts	e)	4,432	-235	4,197
Insurance contract liabilities		11,448	0	11,448
Liabilities from investment agreements		7,211	0	7,211
Debt securities issued to the public	c)	37,438	91	37,530
Provisions and other liabilities	c),e)	3,818	-219	3,599
Tax liabilities	g)	1,522	-1,522	
Income tax liabilities	g)		67	67
Deferred tax liabilities	g)		1,455	1,455
Subordinated liabilities		1,384	0	1,384
Total liabilities		161,023	-269	160,753
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Member cooperative shares		217	0	217
Profit Shares		3,369	0	3,369
Fair value reserve		-360	0	-360
Other reserves		2,172	0	2,172
Retained earnings		9,153	0	9,153
Non-controlling interests		118	0	118
Total equity		14,668	0	14,668
Total liabilities and equity		175,691	-269	175,422

Changes in the balance sheet format for 31 March 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 323 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 266 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 11 million, "Liabilities to customers", EUR 128 million, and "Debt securities issued to the public", EUR 127 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 88 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 243 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 254 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 289 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	31 Mar 2023	Changes	Adjusted 31 Mar 2023
Cash and deposits with central banks	a)	17,537	0	17,537
Receivables from credit institutions		1,165	0	1,165
Receivables from customers	b)	97,253	323	97,577
Derivative contracts	e)	3,537	-243	3,294
Investment assets	d)	21,268	88	21,356
Assets covering unit-linked contracts		11,883	0	11,883
Reinsurance contract assets		237	0	237
Intangible assets		1,136	0	1,136
Property, plant and equipment (PPE)		446	0	446
Other assets	b), d), e)	2,921	-456	2,465
Tax assets	f)	374	-374	
Income tax assets	f)		56	56
Deferred tax assets	f)		318	318
Total assets		157,757	-289	157,469
Liabilities to credit institutions	c)	249	11	260
Liabilities to customers	c)	75,419	128	75,547
Derivative contracts	e)	3,808	-254	3,554
Insurance contract liabilities		11,759	0	11,759
Liabilities from investment agreements		7,415	0	7,415
Debt securities issued to the public	c)	35,765	127	35,892
Provisions and other liabilities	c), e)	5,763	-301	5,462
Tax liabilities	g)	1,258	-1,258	
Income tax liabilities	g)		87	87
Deferred tax liabilities	g)		1,171	1,171
Subordinated liabilities		1,384	0	1,384
Total liabilities		142,820	-289	142,531
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital		3,480		
Membership shares		215	0	215
Profit Shares		3,266	0	3,266
Fair value reserve		-334	0	-334
Other reserves		2,172	0	2,172
Retained earnings		9,502	0	9,502
Non-controlling interests		116	0	116
Total equity		14,937	0	14,937
Total liabilities and equity		157,757	-289	157,469

Changes in the balance sheet format for 30 June 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 302 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 389 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 10 million, "Liabilities to customers", EUR 247 million, and "Debt securities issued to the public", EUR 132 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 90 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 305 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 314 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 354 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	30 Jun 2023	Changes	Adjusted 30 Jun 2023
Cash and deposits with central banks	a)	17,232	0	17,232
Receivables from credit institutions		844	0	844
Receivables from customers	b)	96,889	302	97,191
Derivative contracts	e)	3,614	-305	3,309
Investment assets	d)	21,095	90	21,186
Assets covering unit-linked contracts		12,051	0	12,051
Reinsurance contract assets		251	0	251
Intangible assets		1,133	0	1,133
Property, plant and equipment (PPE)		440	0	440
Other assets	b), d), e)	3,170	-440	2,730
Tax assets	f)	385	-385	0
Income tax assets	f)		64	64
Deferred tax assets	f)		320	320
Total assets		157,105	-354	156,751
Liabilities to credit institutions	c)	68	10	78
Liabilities to customers	c)	74,648	247	74,895
Derivative contracts	e)	3,853	-314	3,540
Insurance contract liabilities		11,631	0	11,631
Liabilities from investment agreements		7,559	0	7,559
Debt securities issued to the public	c)	35,662	132	35,794
Provisions and other liabilities	c),e)	5,777	-429	5,348
Tax liabilities	g)	1,317	-1,317	
Income tax liabilities	g)		140	140
Deferred tax liabilities	g)		1,178	1,178
Subordinated liabilities		1,364	0	1,364
Total liabilities		141,878	-354	141,524
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital		3,503		
Membership shares		216	0	216
Profit Shares		3,287	0	3,287
Fair value reserve		-357	0	-357
Other reserves		2,172	0	2,172
Retained earnings		9,802	0	9,802
Non-controlling interests		107	0	107
Total equity		15,227	0	15,227
Total liabilities and equity		157,105	-354	156,751

Changes in the balance sheet format for 30 September 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 517 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 582 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 8 million, "Liabilities to customers", EUR 390 million, and "Debt securities issued to the public", EUR 183 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 106 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 315 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 311 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 365 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	30 Sep 2023	Changes	Adjusted 30 Sep 2023
Cash and deposits with central banks	a)	15,297	0	15,297
Receivables from credit institutions		1,087	0	1,087
Receivables from customers	b)	97,323	517	97,839
Derivative contracts	e)	4,111	-315	3,797
Investment assets	d)	20,848	106	20,954
Assets covering unit-linked contracts		11,906	0	11,906
Reinsurance contract assets		259	0	259
Intangible assets		1,121	0	1,121
Property, plant and equipment (PPE)		432	0	432
Other assets	b), d), e)	2,584	-672	1,912
Tax assets	f)	389	-389	
Income tax assets	f)		63	63
Deferred tax assets	f)		326	326
Total assets		155,358	-365	154,993
Liabilities to credit institutions	c)	85	8	94
Liabilities to customers	c)	74,020	390	74,411
Derivative contracts	e)	4,314	–311	4,004
Insurance contract liabilities		11,289	0	11,289
Liabilities from investment agreements		7,505	0	7,505
Debt securities issued to the public	c)	34,890	183	35,073
Provisions and other liabilities	c),e)	4,780	-636	4,144
Tax liabilities	g)	1,373	-1,373	
Income tax liabilities	g)		177	177
Deferred tax liabilities	g)		1,196	1,196
Subordinated liabilities		1,381	0	1,381
Total liabilities		139,639	-365	139,274
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Membership shares		218	0	218
Profit Shares		3,304	0	3,304
Fair value reserve		-364	0	-364
Other reserves		2,172	0	2,172
Retained earnings		10,286	0	10,286
Non-controlling interests		104	0	104
Total equity		15,719	0	15,719
Total liabilities and equity		155,358	-365	154,993

Changes in the balance sheet format for 31 December 2023

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 480 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 708 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 8 million, "Liabilities to customers", EUR 522 million, and "Debt securities issued to the public", EUR 179 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 133 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 295 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 277 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 344 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	31 Dec 2023	Changes	Adjusted 31 Dec 2023
Cash and deposits with central banks	a)	19,755	0	19,755
Receivables from credit institutions		858	0	858
Receivables from customers	b)	97,836	480	98,316
Derivative contracts	e)	3,401	-295	3,106
Investment assets	d)	21,896	133	22,029
Assets covering unit-linked contracts		12,581	0	12,581
Reinsurance contract assets		106	0	106
Intangible assets		1,065	0	1,065
Property, plant and equipment (PPE)		398	0	398
Other assets	b), d), e)	2,222	-662	1,560
Tax assets	f)	273	-273	
Income tax assets	f)		22	22
Deferred tax assets	f)		251	251
Total assets		160,391	-344	160,047
Liabilities to credit institutions	c)	66	8	74
Liabilities to customers	c)	76,656	522	77,178
Derivative contracts	e)	3,271	-277	2,994
Insurance contract liabilities		11,589	0	11,589
Liabilities from investment agreements		7,944	0	7,944
Debt securities issued to the public	c)	37,511	179	37,689
Provisions and other liabilities	c), e)	4,450	775	3,674
Tax liabilities	g)	1,229	-1,229	
Income tax liabilities	g)		156	156
Deferred tax liabilities	g)		1,073	1,073
Subordinated liabilities		1,414	0	1,414
Total liabilities		144,129	-344	143,785
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Membership shares		219	0	219
Profit Shares		3,335	0	3,335
Fair value reserve		-290	0	-290
Other reserves		2,172	0	2,172
Retained earnings		10,703	0	10,703
Non-controlling interests		124	0	124
Total equity		16,262	0	16,262
Total liabilities and equity		160,391	-344	160,047

Changes in the balance sheet format for 31 March 2024

a) The balance sheet row "Cash and cash equivalents" was renamed "Cash and deposits with central banks".
b) Interest not received from loan receivables was previously presented in the row "Other assets". Interest not received from loan receivables, EUR 583 million, was transferred to the row "Receivables from customers".
c) Unpaid interest on financial liabilities was previously presented in the row "Provisions and other liabilities". Unpaid interest on financial liabilities, EUR 489 million, was transferred to the balance sheet rows "Liabilities to credit institutions", EUR 8 million, "Liabilities to customers", EUR 286 million, and "Debt securities issued to the public", EUR 196 million.
d) Accrued interest on notes and bonds was previously presented in the row "Other assets". Accrued interest on notes and bonds, EUR 136 million, was transferred to the balance sheet row "Investment assets".
e) Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of assets and liabilities "Derivative contracts", so derivatives' interest receivables and liabilities were transferred to the same item with the actual derivative contract. After the transfers, assets in the balance sheet "Derivative contracts" decreased by EUR 253 million and "Derivative contracts" in balance sheet liabilities decreased by EUR 245 million. Adjustments reduced balance sheet assets and liabilities by a total of EUR 295 million.
f) The row previously presented in the balance sheet as "Tax assets" was divided into two rows; "Income tax assets" and "Deferred tax assets".
g) The row previously presented in the balance sheet as "Tax liabilities" was divided into two rows; "Income tax liabilities" and "Deferred tax liabilities".

€ million	Reference	31 Mar 2024	Changes	Adjusted 31 Mar 2024
Cash and deposits with central banks	a)	15,839	0	15,839
Receivables from credit institutions		1,001	0	1,001
Receivables from customers	b)	97,331	583	97,914
Derivative contracts	e)	2,968	-253	2,715
Investment assets	d)	22,720	136	22,856
Assets covering unit-linked contracts		13,205	0	13,205
Reinsurance contract assets		110	0	110
Intangible assets		1,059	0	1,059
Property, plant and equipment (PPE)		399	0	399
Other assets	b), d), e)	2,515	-761	1,754
Tax assets	f)	293	-293	
Income tax assets	f)		35	35
Deferred tax assets	f)		258	258
Total assets		157,438	-295	157,143
Liabilities to credit institutions	c)	75	8	83
Liabilities to customers	c)	75,378	286	75,663
Derivative contracts	e)	2,903	-245	2,658
Insurance contract liabilities		11,904	0	11,904
Liabilities from investment agreements		8,368	0	8,368
Debt securities issued to the public	c), e)	35,286	196	35,481
Provisions and other liabilities	c)	4,422	-540	3,883
Tax liabilities	g)	1,158	-1,158	
Income tax liabilities	g)		52	52
Deferred tax liabilities	g)		1,105	1,105
Subordinated liabilities		1,402	0	1,402
Total liabilities		140,896	-295	140,600
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Membership shares		217	0	217
Profit Shares		3,176	0	3,176
Fair value reserve		-282	0	-282
Other reserves		2,172	0	2,172
Retained earnings		11,128	0	11,128
Non-controlling interests		132	0	132
Total equity		16,543	0	16,543
Total liabilities and equity		157,438	-295	157,143

Changes in the income statement format for Q1/2023

a) OP bonuses to owner-customers of EUR 55 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 32 million under interest income, EUR 15 million under interest expenses, and EUR 9 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q1/2023	Changes	Q1/2023
Net interest income calculated using the effective interest method	b)		878	878
Interest income	a), b)	999	-999	
Other interest income	a), b)		89	89
Interest expenses	a)	-384	-15	-399
Net interest income	a), b)	615	-46	569
Impairment loss on receivables		-23	0	-23
Commission income	a)	277	-9	268
Commission expenses		-33	0	-33
Net commissions and fees	a)	244	-9	235
Insurance revenue		485	0	485
Insurance service expenses		-485	0	-485
Net income from reinsurance contracts		-3	0	-3
Insurance service result		-2	0	-2
Net finance income (+)/expenses (–) related to insurance		-214	0	-214
Net finance income (+)/expenses (–) related to reinsurance		-9	0	-9
Net insurance finance income (+)/expenses (–)		-223	0	-223
Net income from financial assets held for trading		33	0	33
Net investment income		317	0	317
Other operating income		6	0	6
Personnel costs		-222	0	-222
Depreciation/amortisation and impairment loss		-47	0	-47
Other operating expenses		-284	0	-284
Transfers to insurance service result		120	0	120
Operating expenses		-433	0	-433
OP bonuses to owner-customers	a)	-55	55	
Operating profit (loss)		480	0	480
Earnings before tax		480	0	480
Income tax		-95	0	-95
Profit for the period		385	0	385

Changes in the income statement format for H1/2023

a) OP bonuses to owner-customers of EUR 122 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 71 million under interest income, EUR 32 million under interest expenses, and EUR 19 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	H1/2023	Changes	Adjusted H1/2023
Net interest income calculated using the effective interest method	b)		2,052	2,052
Interest income	a), b)	2,327	-2,327	
Other interest income	a), b)		204	204
Interest expenses	a)	-1,027	-32	-1,059
Net interest income	a), b)	1,299	-103	1,196
Impairment loss on receivables		-99	0	-99
Commission income	a)	538	-19	519
Commission expenses		-67	0	-67
Net commissions and fees	a)	470	-19	452
Insurance revenue		967	0	967
Insurance service expenses		-931	0	-931
Net income from reinsurance contracts		-28	0	-28
Insurance service result		8	0	8
Net finance income (+)/expenses (–) related to insurance		-243	0	-243
Net finance income (+)/expenses (–) related to reinsurance		-10	0	-10
Net insurance finance income (+)/expenses (–)		-253	0	-253
Net income from financial assets held for trading		19	0	19
Net investment income		485	0	485
Other operating income		21	0	21
Personnel costs		-484	0	-484
Depreciation/amortisation and impairment loss		-92	0	-92
Other operating expenses		-504	0	-504
Transfers to insurance service result		237	0	237
Operating expenses		-843	0	-843
OP bonuses to owner-customers	a)	-122	122	
Operating profit (loss)		986	0	986
Earnings before tax		986	0	986
Income tax		-196	0	-196
Profit for the period		790	0	790

Changes in the income statement format for Q2/2023

a) OP bonuses to owner-customers of EUR 66 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 40 million under interest income, EUR 17 million under interest expenses, and EUR 10 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q2/2023	Changes	Adjusted Q2/2023
Net interest income calculated using the effective interest method	b)		1,173	1,173
Interest income	a), b)	1,327	-1,327	
Other interest income	a), b)		114	114
Interest expenses	a)	-643	-17	-660
Net interest income	a), b)	684	-56	628
Impairment loss on receivables		-76	0	-76
Commission income	a)	261	-10	251
Commission expenses		-35	0	-35
Net commissions and fees	a)	226	-10	216
Insurance revenue		482	0	482
Insurance service expenses		-447	0	-447
Net income from reinsurance contracts		-25	0	-25
Insurance service result		10	0	10
Net finance income (+)/expenses (–) related to insurance		-29	0	-29
Net finance income (+)/expenses (–) related to reinsurance		-1	0	-1
Net insurance finance income (+)/expenses (–)		-31	0	-31
Net income from financial assets held for trading		-14	0	-14
Net investment income		168	0	168
Other operating income		15	0	15
Personnel costs		-262	0	-262
Depreciation/amortisation and impairment loss		-45	0	-45
Other operating expenses		-220	0	-220
Transfers to insurance service result		117	0	117
Operating expenses		-410	0	-410
OP bonuses to owner-customers	a)	-66	66	
Operating profit (loss)		506	0	506
Earnings before tax		506	0	506
Income tax		-101	0	-101
Profit for the period		405	0	405

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

a) OP bonuses to owner-customers of EUR 188 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 111 million under interest income, EUR 49 million under interest expenses, and EUR 29 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q1–3/2023	Changes	Adjusted Q1–3/2023
Net interest income calculated using the effective interest method	b)		3,331	3,331
Interest income	a), b)	3,790	-3,790	
Other interest income	a), b)		348	348
Interest expenses	a)	-1,711	-49	-1,759
Net interest income	a), b)	2,079	-160	1,919
Impairment loss on receivables		-170	0	-170
Commission income	a)	788	-29	759
Commission expenses		-103	0	-103
Net commissions and fees	a)	685	-29	656
Insurance revenue		1,466	0	1,466
Insurance service expenses		-1,369	0	-1,369
Net income from reinsurance contracts		-38	0	-38
Insurance service result		58	0	58
Net finance income (+)/expenses (–) related to insurance		-89	0	-89
Net finance income (+)/expenses (–) related to reinsurance		-13	0	-13
Net insurance finance income (+)/expenses (–)		-102	0	-102
Net income from financial assets held for trading		24	0	24
Net investment income		371	0	371
Other operating income		28	0	28
Personnel costs		-702	0	-702
Depreciation/amortisation and impairment loss		-137	0	-137
Other operating expenses		-725	0	-725
Transfers to insurance service result		348	0	348
Operating expenses		-1,216	0	-1,216
OP bonuses to owner-customers	a)	-188	188	
Operating profit (loss)		1,570	0	1,570
Earnings before tax		1,570	0	1,570
Income tax		-312	0	-312
Profit for the period		1,258	0	1,258

Changes in the income statement format for Q3/2023

a) OP bonuses to owner-customers of EUR 67 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 39 million under interest income, EUR 17 million under interest expenses, and EUR 10 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q3/2023	Changes	Adjusted Q3/2023
Net interest income calculated using the effective interest method	b)		1,280	1,280
Interest income	a), b)	1,463	-1,463	
Other interest income	a), b)		144	144
Interest expenses	a)	-683	-17	-700
Net interest income	a), b)	780	-57	723
Impairment loss on receivables		-72	0	-72
Commission income	a)	250	-10	240
Commission expenses		-36	0	-36
Net commissions and fees	a)	215	-10	205
Insurance revenue		499	0	499
Insurance service expenses		-438	0	-438
Net income from reinsurance contracts		-11	0	-11
Insurance service result		51	0	51
Net finance income (+)/expenses (–) related to insurance		155	0	155
Net finance income (+)/expenses (–) related to reinsurance		-3	0	-3
Net insurance finance income (+)/expenses (–)		152	0	152
Net income from financial assets held for trading		6	0	6
Net investment income		-114	0	-114
Other operating income		7	0	7
Personnel costs		-218	0	-218
Depreciation/amortisation and impairment loss		-45	0	-45
Other operating expenses		-221	0	-221
Transfers to insurance service result		112	0	112
Operating expenses		-373	0	-373
OP bonuses to owner-customers	a)	-67	67	
Operating profit (loss)		584	0	584
Earnings before tax		584	0	584
Income tax		-116	0	-116
Profit for the period		468	0	468

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

a) OP bonuses to owner-customers of EUR 255 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 150 million under interest income, EUR 67 million under interest expenses, and EUR 38 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q1–4/2023	Changes	Adjusted Q1–4/2023
Net interest income calculated using the effective interest method	b)		4,717	4,717
Interest income	a), b)	5,480	-5,480	
Other interest income	a), b)		613	613
Interest expenses	a)	-2,609	-67	-2,675
Net interest income	a), b)	2,871	-217	2,654
Impairment loss on receivables		-269	0	-269
Commission income	a)	1,038	-38	1,000
Commission expenses		-130	0	-130
Net commissions and fees	a)	908	-38	870
Insurance revenue		2,000	0	2,000
Insurance service expenses		-1,824	0	-1,824
Net income from reinsurance contracts		-95	0	-95
Insurance service result		81	0	81
Net finance income (+)/expenses (–) related to insurance		-722	0	-722
Net finance income (+)/expenses (–) related to reinsurance		0	0	0
Net insurance finance income (+)/expenses (–)		-722	0	-722
Net income from financial assets held for trading		55	0	55
Net investment income		1,057	0	1,057
Other operating income		40	0	40
Personnel costs		-964	0	-964
Depreciation/amortisation and impairment loss		-226	0	-226
Other operating expenses		-1,011	0	-1,011
Transfers to insurance service result		485	0	485
Operating expenses		-1,716	0	-1,716
OP bonuses to owner-customers	a)	-255	255	
Operating profit (loss)		2,050	0	2,050
Earnings before tax		2,050	0	2,050
Income tax		-408	0	-408
Profit for the period		1,642	0	1,642

Changes in the income statement format for Q4/2023

a) OP bonuses to owner-customers of EUR 67 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 39 million under interest income, EUR 18 million under interest expenses, and EUR 10 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q4/2023	Changes	Adjusted Q1/2024
Net interest income calculated using the effective interest method	b)		1,386	1,386
Interest income	a), b)	1,690	-1,690	
Other interest income	a), b)		265	265
Interest expenses	a)	-898	-18	-916
Net interest income	a), b)	792	-57	735
Impairment loss on receivables		-99	0	-99
Commission income	a)	250	-10	241
Commission expenses		-27	0	-27
Net commissions and fees	a)	223	-10	214
Insurance revenue		534	0	534
Insurance service expenses		-455	0	-455
Net income from reinsurance contracts		-56	0	-56
Insurance service result		23	0	23
Net finance income (+)/expenses (–) related to insurance		-633	0	-633
Net finance income (+)/expenses (–) related to reinsurance		13	0	13
Net insurance finance income (+)/expenses (–)		-621	0	-621
Net income from financial assets held for trading		31	0	31
Net investment income		686	0	686
Other operating income		12	0	12
Personnel costs		-262	0	-262
Depreciation/amortisation and impairment loss		-89	0	-89
Other operating expenses		-287	0	-287
Transfers to insurance service result		137	0	137
Operating expenses		-500	0	-500
OP bonuses to owner-customers	a)	-67	67	
Operating profit (loss)		480	0	480
Earnings before tax		480	0	480
Income tax		-95	0	-95
Profit for the period		385	0	385

Changes in the income statement format for Q1/2024

a) OP bonuses to owner-customers of EUR 65 million, which were previously shown on a separate line in the income statement, have been divided under the following items based on their accrual: EUR 35 million under interest income, EUR 19 million under interest expenses, and EUR 11 million under commission income from mutual funds. The line 'OP bonuses to owner-customers' is no longer shown in the income statement.

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

€ million	Reference	Q1/2024	Changes	Adjusted Q1/2024
Net interest income calculated using the effective interest method	b)		1,393	1,393
Interest income	a), b)	1,607	-1,607	
Other interest income	a), b)		179	179
Interest expenses	a)	-844	-19	-864
Net interest income	a), b)	763	-54	709
Impairment loss on receivables		-39	0	-39
Commission income	a)	249	-11	238
Commission expenses		-32	0	-32
Net commissions and fees	a)	217	-11	205
Insurance revenue		523	0	523
Insurance service expenses		-512	0	-512
Net income from reinsurance contracts		-21	0	-21
Insurance service result		-10	0	-10
Net finance income (+)/expenses (–) related to insurance		-250	0	-250
Net finance income (+)/expenses (–) related to reinsurance		0	0	0
Net insurance finance income (+)/expenses (–)		-250	0	-250
Net income from financial assets held for trading		8	0	8
Net investment income		393	0	393
Other operating income		9	0	9
Personnel costs		-256	0	-256
Depreciation/amortisation and impairment loss		-33	0	-33
Other operating expenses		-248	0	-248
Transfers to insurance service result		129	0	129
Operating expenses		-407	0	-407
OP bonuses to owner-customers	a)	-65	65	
Operating profit (loss)		618	0	618
Earnings before tax		618	0	618
Income tax		-125	0	-125
Profit for the period		492	0	492

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

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

Note 2. Segment reporting

Segment information

Earnings H1 2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Interest income*	2,164	1,144	1	1,796	-1,985	3,120
Interest expenses	-1,072	-816	0	-1,803	1,979	-1,713
Net interest income	1,092	328	0	-7	-6	1,407
of which inter-segment items	0	-199		199	0	0
Impairment loss on receivables	-52	-16		0	0	-67
Commission income	332	184	37	12	-98	467
Commission expenses	-26	-86	-15	-11	72	-67
Net commissions and fees	305	99	21	1	-27	400
Insurance premium revenue			1,041		0	1,041
Insurance service expenses			-1,005		0	-1,005
Net income from reinsurance contracts			1		0	1
Insurance service result			37			37
Net finance income (+)/expenses (–) related to insurance			-272		0	-272
Net finance income (+)/expenses (–) related to reinsurance			1		0	1
Net insurance finance income (+)/expenses (–)			-272			-272
Net income from financial assets held for trading	1	19	0	4	-8	17
Net investment income	-6	0	503	0	27	524
Other operating income	35	16	1	400	-427	25
Personnel costs	-270	-55	-90	-137	18	-535
Depreciation/amortisation and impairment loss	-18	-1	-19	-32	1	-69
Other operating expenses	-403	-115	-177	-236	430	-501
Transfers to insurance service result			263		0	263
Operating expenses	-691	-171	-24	-405	449	-842
OP bonuses to owner-customers	0	0	0		0	0
Operating profit (loss)	**685**	**275**	**267**	**-8**	**9**	**1,229**
Earnings before tax	**685**	**275**	**267**	**-8**	**9**	**1,229**

The calculated ineffectiveness of fair value hedges arising from the elimination of internal items is presented in Group eliminations.

Adjusted Earnings H1 2023, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Interest income*	1,526	231	0	1,065	-568	2,255
Interest expenses	-630	54	0	-1,089	607	-1,059
Net interest income	896	285	0	-24	39	1,196
of which inter-segment items	0	-148		148	0	0
Impairment loss on receivables	-76	-23		0	0	-99
Commission income	385	188	34	11	-99	519
Commission expenses	-24	-85	-15	-11	68	-67
Net commissions and fees	361	103	18	0	-31	452
Insurance premium revenue			967		0	967
Insurance service expenses			-931		0	-931
Net income from reinsurance contracts			-28			-28
Insurance service result			8		0	8
Net finance income (+)/expenses (–) related to insurance			-243			-243
Net finance income (+)/expenses (–) related to reinsurance			-10			-10
Net insurance finance income (+)/expenses (–)			-253			-253
Net income from financial assets held for trading	2	29	0	11	-23	19
Net investment income	-3	0	465	12	12	485
Other operating income	28	12	4	364	-387	21
Personnel costs	-249	-54	-87	-118	24	-484
Depreciation/amortisation and impairment loss	-22	-2	-25	-43	1	-92
Other operating expenses	-412	-132	-148	-203	392	-504
Transfers to insurance service result			237		0	237
Operating expenses	-683	-188	-24	-364	416	-843
Operating profit (loss)	**524**	**219**	**217**	**-1**	**26**	**986**
Earnings before tax	**524**	**219**	**217**	**-1**	**26**	**986**

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

Balance sheet 30 June 2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Cash and deposits with central banks	42	145		17,165	0	17,351
Receivables from credit institutions	24,711	480	526	12,648	-37,199	1,166
Receivables from customers	70,095	27,490		-2	-437	97,146
Derivative contracts	1,004	4,013	44	42	-2,420	2,684
Investment assets	1,428	541	9,461	17,394	-5,735	23,089
Assets covering unit-linked contracts			13,522			13,522
Reinsurance contract assets			125			125
Intangible assets	21	178	620	171	62	1,052
Property, plant and equipment	260	2	3	139	-5	400
Other assets	280	322	685	539	-92	1,734
Income tax receivables	0	1	44			44
Deferred tax assets	98	2	70	39	39	248
Total assets	**97,940**	**33,175**	**25,098**	**48,135**	**-45,787**	**158,560**
Liabilities to credit institutions	9,573	9	47	25,976	-35,191	414
Liabilities to customers	62,841	12,716		3,921	-2,271	77,207
Derivative contracts	1,335	3,582	30	177	-2,420	2,704
Insurance contract liabilities			11,798		0	11,798
Liabilities from investment agreements			8,625			8,625
Debt securities issued to the public	14,157	2,320		18,605	-593	34,489
Provisions and other liabilities	607	970	492	1,628	-13	3,684
Income tax liabilities	61	1	0	18		80
Deferred tax liabilities	485	0	253	392	4	1,135
Subordinated liabilities	0		380	1,411	-380	1,411
Total liabilities	**89,058**	**19,598**	**21,625**	**52,129**	**-40,863**	**141,547**
Equity capital						**17,013**

Adjusted Balance sheet 31 December 2023, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Cash and deposits with central banks	45	125		19,585	0	19,755
Receivables from credit institutions	24,254	209	570	12,793	-36,968	858
Receivables from customers	70,593	28,140	0	56	-472	98,316
Derivative contracts	1,066	4,366	57	79	-2,462	3,106
Investment assets	455	558	9,520	16,299	-4,802	22,029
Assets covering unit-linked contracts			12,581			12,581
Reinsurance contract assets			106			106
Intangible assets	22	179	634	169	62	1,065
Property, plant and equipment	260	3	3	137	-4	398
Other assets	365	176	499	614	-95	1,560
Income tax receivables	2	1	20			22
Deferred tax assets	100	1	62	48	41	251
Assets	**97,161**	**33,757**	**24,050**	**49,780**	**-44,701**	**160,047**
Liabilities to credit institutions	10,725	10	59	25,155	-35,875	74
Liabilities to customers	61,318	13,590		3,603	-1,333	77,178
Derivative contracts	1,251	3,928	25	251	-2,461	2,994
Insurance contract liabilities			11,589			11,589
Reinsurance contract liabilities			0			0
Liabilities from investment agreements			7,944			7,944
Debt securities issued to the public	14,266	2,466		21,597	-639	37,689
Provisions and other liabilities	733	1,116	316	1,539	-30	3,674
Income tax liabilities	102	4	49	1	0	156
Deferred tax liabilities	479	0	199	390	5	1,073
Subordinated liabilities	0	0	380	1,414	-380	1,414
Liabilities	**88,874**	**21,114**	**20,561**	**53,950**	**-40,714**	**143,785**
Equity capital						**16,262**

The Retail Banking segment's name in Finnish was changed at the beginning of 2024.

Note 3. Net interest income

€ million	H1 2024	Adjusted H1 2023	Q2 2024	Adjusted Q2 2023
Interest income*				
Receivables from credit institutions**	333	327	157	141
Receivables from customers				
Loans**	2,357	1,685	1,176	933
OP bonuses to owner-customers	-76	-71	-35	-34
Finance lease receivables**	52	37	25	21
Fair value adjustments under hedge accounting	-62	-963	-47	-51
Total	2,270	688	1,119	869
Notes and bonds				
Measured at fair value through profit or loss	0	0	0	0
At fair value through other comprehensive income	79	58	40	32
Amortised cost**	20	2	11	1
Fair value adjustments under hedge accounting	-118	79	-46	-27
Total	-19	139	6	6
Derivative contracts***				
Fair value hedges	559	1,087	281	197
Cash flow hedges	-64	-25	-30	-20
Other				
Total	495	1,062	251	176
Liabilities to credit institutions				
Interest**	0	0	0	76
Liabilities to customers				
Negative interest**	4	1	2	0
Other	37	38	19	22
Total	**3,120**	**2,255**	**1,547**	**1,286**
Interest expenses				
Liabilities to credit institutions				
Interest expenses for liabilities to credit institutions	0	-79	0	-77
Fair value adjustments under hedge accounting	58	-49	15	-51
Total	58	-128	15	-56
Liabilities to customers				
Deposits	-612	-326	-300	-179
OP bonuses to owner-customers	-40	-32	-20	-17
Total	-652	-357	-320	-196
Debt securities issued to the public and debentures				
Interest expenses for debt securities issued to the public and debentures	-355	-300	-174	-160
Fair value adjustments under hedge accounting	160	-32	56	115
Total	-195	-332	-118	-45
Subordinated liabilities				
Other	-15	-18	-7	0
Fair value adjustments under hedge accounting	-9	-4	-7	-13
Total	-24	-22	-15	-7
Derivative contracts***				
Fair value hedges	-869	-221	-394	-354
Other	13	36	6	18
Total	-856	-185	-388	-335
Receivables from credit institutions				
Negative interest	0	0	0	0
Other	-43	-35	-21	-20
Total	**-1,713**	**-1,059**	**-849**	**-660**
Net interest income	**1,407**	**1,196**	**698**	**626**

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

** Interest income calculated using the effective interest method totalled EUR 2,765 (2,052) million.

*** Includes valuation fo derivatives and interest.

Note 4. Impairment losses on receivables

€ million	H1 2024	H1 2023	Q2 2024	Q2 2023
Receivables written down as loan and guarantee losses	-35	-39	-17	-28
Recoveries of receivables written down	10	7	4	4
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-41	-67	-14	-53
bonds	-1	0	-1	2
Total	**-67**	**-99**	**-28**	**-76**

Credit risk exposures and related loss allowance

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

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

Exposures	Stage 1	Stage 2			Stage 3	
30 June 2024, € million		Not more than 30 DPD	More than 30 DPD	Total		Total exposure
Receivables from customers (gross)						
Retail Banking	54,535	12,054	80	12,134	2,433	69,102
Corporate Banking	25,307	2,655	488	3,143	676	29,125
Total	**79,842**	**14,708**	**568**	**15,276**	**3,109**	**98,227**
Off-balance-sheet limits						
Retail Banking	1,702	311	2	313	12	2,027
Corporate Banking	3,191	69	0	69	7	3,267
Total	**4,893**	**380**	**2**	**382**	**20**	**5,295**
Other off-balance-sheet commitments						
Retail Banking	733	34		34	15	783
Corporate Banking	2,563	151		151	34	2,748
Total	**3,296**	**186**		**186**	**49**	**3,531**
Notes and bonds*						
Group Functions	13,805	50		50	3	13,857
Total	**13,805**	**50**		**50**	**3**	**13,857**
Total exposures within the scope of accounting for expected credit losses	**101,835**	**15,324**	**570**	**15,894**	**3,180**	**120,910**

Loss allowance by impairment stage

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	
30 June 2024 € million		Not more than 30 DPD	More than 30 DPD	Total		Total loss allowance
Receivables from customers						
Retail Banking	-18	-172	-9	-180	-427	-625
Corporate Banking	-27	-69	-12	-81	-186	-294
Total receivables from customers	**-44**	**-240**	**-21**	**-261**	**-613**	**-919**
Off-balance-sheet commitments**						
Retail Banking	0	-2		-2	-5	-7
Corporate Banking	-2	-15		-15	-25	-42
Total off-balance-sheet commitments	**-3**	**-17**		**-17**	**-30**	**-50**
Notes and bonds***						
Group Functions	-1	-1		-1	-2	-3
Total notes and bonds	**-1**	**-1**		**-1**	**-2**	**-3**
Total	**-48**	**-258**	**-21**	**-279**	**-644**	**-971**

* Loss allowance for on- and related off-balance sheet limits 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.

Summary and key indicators 30 June 2024	Stage 1	Stage 2			Stage 3	
		Not more than 30 DPD	More than 30 DPD	Total		Total
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Retail Banking	56,970	12,399	82	12,481	2,461	71,911
Corporate Banking	31,061	2,875	488	3,363	717	35,141
Loss allowance						
Retail Banking	-18	-174	-9	-182	-431	-632
Corporate Banking	-29	-84	-12	-96	-211	-336
Coverage ratio, %						
Retail Banking	-0.03%	-1.40%	-10.84%	-1.46%	-17.53%	-0.88%
Corporate Banking	-0.09%	-2.92%	-2.46%	-2.85%	-29.49%	-0.96%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**88,031**	**15,274**	**570**	**15,844**	**3,178**	**107,052**
Total loss allowance	**-47**	**-257**	**-21**	**-278**	**-643**	**-968**
Total coverage ratio, %	**-0.05%**	**-1.69%**	**-3.66%**	**-1.76%**	**-20.23%**	**-0.90%**
Carrying amount, notes and bonds						
Group Functions	13,805	50		50	3	13,857
Loss allowance						
Group Functions	-1	-1		-1	-2	-3
Coverage ratio, %						
Group Functions	-0.01%	-1.13%		-1.13%	-62.00%	-0.02%
Total notes and bonds	**13,805**	**50**		**50**	**3**	**13,857**
Total loss allowance	**-1**	**-1**		**-1**	**-2**	**-3**
Total coverage ratio, %	**-0.01%**	**-1.13%**		**-1.13%**	**-62.00%**	**-0.02%**

The table below shows a change in exposures within the scope of the measurement of expected credit losses by impairment Stage for 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 2024	**89,032**	**15,948**	**3,159**	**108,139**
Transfers from Stage 1 to Stage 2, incl. repayments	-5,174	5,018		-156
Transfers from Stage 1 to Stage 3, incl. repayments	-185		175	-10
Transfers from Stage 2 to Stage 1, incl. repayments	3,238	-3,379		-141
Transfers from Stage 2 to Stage 3, incl. repayments		-506	478	-28
Transfers from Stage 3 to Stage 1, incl. repayments	38		-40	-2
Transfers from Stage 3 to Stage 2, incl. repayments		241	-255	-14
Increases due to origination and acquisition	8,009	287	160	8,456
Decreases due to derecognition	-4,973	-1,545	-362	-6,881
Unchanged Stage, incl. repayments	-1,955	-220	-113	-2,288
Recognised as final credit loss		0	-23	-23
Receivables from customers; on-balance-sheet and off-balance-sheet items 30 June 2024	**88,031**	**15,844**	**3,178**	**107,052**

The following flow statements show the changes in loss allowance by impairment stage:

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	**57**	**256**	**614**	**927**
Transfers from Stage 1 to Stage 2	-4	32		29
Transfers from Stage 1 to Stage 3	0		20	20
Transfers from Stage 2 to Stage 1	2	-13		-10
Transfers from Stage 2 to Stage 3		-17	64	47
Transfers from Stage 3 to Stage 1	0		-5	-5
Transfers from Stage 3 to Stage 2		5	-24	-18
Increases due to origination and acquisition	5	11	33	48
Decreases due to derecognition	-4	-20	-52	-76
Changes in risk parameters (net)	-9	23	8	23
Decrease in allowance account due to write-offs			-16	-16
Net change in expected credit losses	**-9**	**22**	**28**	**41**
Loss allowance 30 June 2024	**47**	**278**	**643**	**968**
Net change in expected credit losses Q2 2024	**-8**	**22**	**0**	**14**

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

OP Financial Group has assessed how the rise in inflation and Euribor rates, and the fall in residential property collateral values, impact on credit risk related to home loans. This was done as a stress test which measured households' cash flows as a basis for assessing potential customers with impaired repayment capacity. Based on the analysis, an additional management overlay of EUR 42.4 million was made in Q4/2022. This was reduced by EUR 6.4 million in Q3/2023, when the effect of inflation was eliminated from the stress test. In addition, the management overlay was extended to cover all exposures due to personal customers. The stress test of the personal customer provision was updated with new assumptions in Q4/2023: that the interest rate will fall slowly, the unemployment rate will rise to 8%, and home prices will further decrease by 2%. In Q2/2024, the overlay was updated with an assumed 12-month Euribor of 3.55% and an unemployment rate of 8.2% in Q2/2025, and an assumed fall in home prices of 2.5% in Q2/2024–Q2/2025. The management overlay was reduced by EUR 1.1 million.

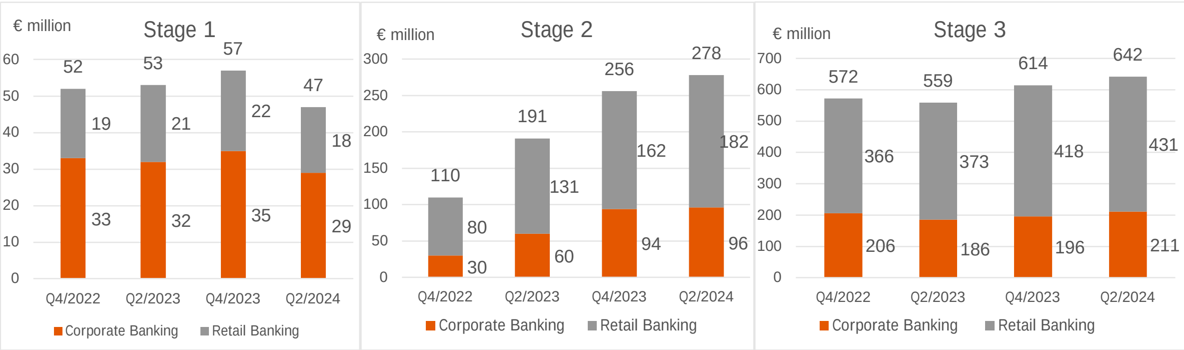
In Q4/2022, based on an analysis by OP Financial Group, the management overlay was used to create an ECL provision of EUR 5.3 million for the construction industry. The analysis was updated in Q2/2023 due to further deterioration in the industry's outlook. The analysis was performed as a stress test based on the baseline scenario (weight of 60%) and the downside scenario (weight of 40%) with the assumption 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 11.7 million to EUR 17.0 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. The weak outlook for the construction industry is expected to continue until 2025. In Q4/2023, the provision was increased by EUR 21.7 million to EUR 38.7 million. In Q2/2024, the provision was reversed by EUR 3.2 million, due to the reduction in size of the construction sector portfolio and the provision's target group after the exposures have been transferred for expert assessment.

In Q2/2023, a management overlay provision of EUR 27.2 million was made in the real estate sector due to the sector's weaker outlook. The analysis was performed as a stress test using the baseline scenario (weight of 70%) and the downside scenario (weight of 30%), assuming an increase in net sales of 3%/0%, a fall in profitability of 5%/10%, a decrease in equity ratio of 10%/20%, and interest rates of 4%/6%. An update in Q4/2023 involved a provision reduction of EUR 13 million to EUR 14.2 million, because the rise in inflation and interest rates has largely been realised and credit ratings have been updated. For the same reason, in Q2/2024 the provision was reduced by EUR 4.6 million to EUR 9.6 million.

At the end of 2021, OP Financial Group made a EUR 34 million additional ECL provision concerning CRE backed loans. The provision anticipated growth in ECLs and probable defaults after the collateral assessment of the riskiest collateral real estate holdings was updated. The remaining provision for Q2/2024 is EUR 6 million.

In Q4/2023, OP Financial Group made a new management overlay provision for the improvement of processes related to the early warning system (EWS) and groups of connected clients, to be implemented in 2024–2025. The process improvement is expected to increase expected credit losses by roughly EUR 14.1 million in the Retail Banking segment. In Q2/2024, the provision was extended to OP Corporate Bank, due to which the provision grew by EUR 5.1 million to EUR 19.2 million in OP Financial Group.

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



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

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

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

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

Loss allowance 30 June 2024	Retail Banking	Corporate Banking	Total
Loss allowance before discretionary provisions	**542**	**321**	**863**
Discretionary provisions under management overlay			
Personal customers: inflation, interest rates and value of collateral securities	34	1	34
Construction industry	27	9	36
Real estate sector	10		10
Collateral valuation of CRE backed loans	6		6
Improvement to the identification processes for EWS and connected clients	14	5	19
Total discretionary provisions under management overlay	**90**	**15**	**105**
Total reported loss allowance	**632**	**336**	**968**

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

Exposures within the scope of accounting for expected credit losses by impairment stage in the comparison period.

Exposures 31 December 2023, € million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total exposure
Receivables from customers (gross)						
Retail Banking	55,280	11,893	61	11,955	2,373	69,608
Corporate Banking	25,988	3,064	150	3,214	707	29,909
Total	**81,269**	**14,957**	**211**	**15,168**	**3,080**	**99,517**
Off-balance-sheet limits						
Retail Banking	1,449	354	0	354	8	1,811
Corporate Banking	2,960	173	0	173	8	3,141
Total	**4,410**	**526**	**0**	**527**	**16**	**4,952**
Other off-balance-sheet commitments						
Retail Banking	721	36		36	17	775
Corporate Banking	2,632	216		216	46	2,895
Total	**3,354**	**253**		**253**	**63**	**3,670**
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	**101,769**	**15,805**	**212**	**16,017**	**3,163**	**120,948**

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	
31 December 2023, € million		Not more than 30 DPD	More than 30 DPD	Total		Total loss allowance
Receivables from customers						
Retail Banking	-21	-160	-1	-161	-413	-594
Corporate Banking	-33	-76	-7	-83	-173	-288
Total	**-53**	**-236**	**-8**	**-243**	**-586**	**-882**
Other off-balance-sheet commitments**						
Retail Banking	-1	-1		-1	-5	-7
Corporate Banking	-3	-11		-11	-23	-37
Total	**-3**	**-13**		**-13**	**-29**	**-44**
Notes and bonds***						
Group Functions	-1	-1		-1	-1	-2
Total notes and bonds	**-1**	**-1**		**-1**	**-1**	**-2**
Total	**-58**	**-249**	**-8**	**-257**	**-615**	**-929**

* Loss allowance for on- and related off-balance sheet limits 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						
Retail Banking	57,451	12,283	62	12,345	2,398	72,194
Corporate Banking	31,581	3,453	150	3,603	761	35,945
Loss allowance						
Retail Banking	-21	-161	-1	-162	-418	-602
Corporate Banking	-35	-87	-7	-94	-196	-325
Coverage ratio, %						
Retail Banking	-0.04%	-1.31%	-1.42%	-1.31%	-17.43%	-0.83%
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	**89,032**	**15,736**	**212**	**15,948**	**3,159**	**108,139**
Total loss allowance	**-57**	**-248**	**-8**	**-256**	**-614**	**-927**
Total coverage ratio, %	**-0.06%**	**-1.58%**	**-3.64%**	**-1.60%**	**-19.44%**	**-0.86%**
Carrying amount, notes and bonds						
Group Functions	12,737	69		69	3	12,809
Loss allowance						
Group Functions	-1	-1		-1	-1	-2
Coverage ratio, %						
Group Functions	-0.01%	-0.93%		-0.93%	-16.38%	-0.02%
Total notes and bonds	**12,737**	**69**		**69**	**3**	**12,809**
Total loss allowance	**-1**	**-1**		**-1**	**-1**	**-2**
Total coverage ratio, %	**-0.01%**	**-0.93%**		**-0.93%**	**-16.38%**	**-0.02%**

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	
Receivables from customers; on-balance-sheet and off-balance-sheet items 1 January 2023	**96,485**	**11,097**	**2,549**	**110,131**
Transfers from Stage 1 to Stage 2, incl. repayments	-9,329	8,887		-442
Transfers from Stage 1 to Stage 3, incl. repayments	-756		719	-37
Transfers from Stage 2 to Stage 1, incl. repayments	3,245	-3,379		-135
Transfers from Stage 2 to Stage 3, incl. repayments		-704	630	-74
Transfers from Stage 3 to Stage 1, incl. repayments	53		-65	-12
Transfers from Stage 3 to Stage 2, incl. repayments		263	-297	-34
Increases due to origination and acquisition	15,116	1,138	165	16,419
Decreases due to derecognition	-10,038	-1,078	-343	-11,459
Unchanged Stage, incl. repayments	-5,744	-274	-109	-6,124
Recognised as final credit loss	0	-1	-91	-95
Receivables from customers; on-balance-sheet and off-balance-sheet items 31 December 2023	**89,032**	**15,948**	**3,159**	**108,139**

Receivables from customers and off-balance-sheet items, € million	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	Total
Loss allowance 1 January 2023	**52**	**110**	**572**	**734**
Transfers from Stage 1 to Stage 2	-8	132		124
Transfers from Stage 1 to Stage 3	-1		84	83
Transfers from Stage 2 to Stage 1	2	-16		-15
Transfers from Stage 2 to Stage 3		-11	67	56
Transfers from Stage 3 to Stage 1	0		-9	-8
Transfers from Stage 3 to Stage 2		5	-31	-26
Increases due to origination and acquisition	12	32	35	79
Decreases due to derecognition	-11	-12	-71	-94
Changes in risk parameters (net)	11	17	32	59
Decrease in allowance account due to write-offs		0	-65	-65
Net change in expected credit losses	**5**	**146**	**42**	**193**
Loss allowance 31 December 2023	**57**	**256**	**614**	**927**
Net change in expected credit losses Q2 2023	**5**	**64**	**-15**	**54**

The table below shows the loss allowance before the discretionary provisions under management overlay, management overlay provisions described above and the total loss allowance.

Loss allowance 31 December 2023	Retail Banking	Corporate Banking	Total
Loss allowance before discretionary provisions	**504**	**314**	**818**
Discretionary provisions under management overlay			
Personal customers: inflation, interest rates and value of collateral securities	35	1	36
Construction industry	29	9	39
Real estate sector	13	1	14
Collateral valuation of CRE backed loans	6		6
Improvement to the identification processes for EWS and connected clients	14		14
Total discretionary provisions under management overlay	**98**	**11**	**109**
Total reported loss allowance	**602**	**325**	**927**

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

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

Notes and bonds, € million	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	Total
Loss allowance 1 January 2023	**1**	**1**		**2**
Transfers from Stage 1 to Stage 2		0		0
Transfers from Stage 1 to Stage 3			1	0
Transfers from Stage 2 to Stage 1	0			
Increases due to origination and acquisition	0	0		0
Net change in expected credit losses			**1**	**0**
Loss allowance 31 December 2023	**1**	**1**	**1**	**2**

Note 5. Net commissions and fees

H1 2024, € million	Retail Banking	Corporate Banking	Insurance	Other operations	Elimi-nations	OP Financial Group	Q2 2024
Commission income							
Lending	57	25		0	-1	81	39
Deposits	11	2		0	0	13	7
Payment transfers	113	16		11	-10	130	66
Securities brokerage	3	9			-3	9	4
Securities issuance	0	5		0	0	5	3
Mutual funds*	26	100	19		-25	119	60
Asset management	12	18		1	-11	20	9
Legal services	11	0			0	11	6
Guarantees	5	6		0	0	11	6
Housing agency	27				0	27	14
Sales commissions on insurance contracts	45		4		-31	19	4
Life insurance contracts			14			14	7
Other	20	4		1	-17	8	3
Total	**332**	**184**	**37**	**12**	**-98**	**467**	**229**

* OP bonuses to owner-customers accrued from mutual funds are deducted from commission income from mutual funds.

H1 2024, € million	Retail Banking	Corporate Banking	Insurance	Other operations	Elimi-nations	OP Financial Group	Q2 2024
Commission expenses							
Lending	0	0		0	0	0	0
Payment transfers	-18	-3	-1	-2	8	-16	-8
Securities brokerage		-2		0	0	-2	-1
Securities issuance		0		0		0	0
Mutual funds		-53	0		25	-28	-14
Asset management		-4	0	0	0	-4	-2
Guarantees		0				0	0
Sales commissions on insurance contracts			-13		12	-1	-1
Other	-8	-23	-1	-8	26	-14	-9
Total	**-26**	**-86**	**-15**	**-11**	**72**	**-67**	**-34**
Total net commissions and fees	**305**	**99**	**21**	**1**	**-27**	**400**	**195**

Adjusted H1 2023, € million	Retail Banking	Corporate Banking	Insurance	Other operations	Elimi-nations	OP Financial Group	Q2 2023
Commission income							
Lending	57	29		0	-1	85	42
Deposits	12	1		0	0	13	6
Payment transfers	153	17		10	-11	169	85
Securities brokerage	4	10			-4	9	4
Securities issuance	0	3		0		3	2
Mutual funds*	24	106	17		-23	124	69
Asset management	13	11		1	-6	18	10
Legal services	12	0			0	12	6
Guarantees	6	6		0	0	12	6
Housing agency	31				0	31	16
Sales commissions on insurance contracts	54		5		-35	23	-6
Life insurance contracts			12			12	6
Other	20	5		0	-18	8	3
Total	**385**	**188**	**34**	**11**	**-99**	**519**	**251**

* OP bonuses to owner-customers accrued from mutual funds are deducted from commission income from mutual funds.

Adjusted H1 2023, € million	Retail Banking	Corporate Banking	Insurance	Other operations	Elimi-nations	OP Financial Group	Q2 2023
Commission expenses							
Lending	0	-1		0		-1	0
Payment transfers	-15	-3	-1	-2	7	-13	-6
Securities brokerage		-2		0	0	-2	-1
Securities issuance	0	-2		0	0	-2	-1
Mutual funds		-53	0		24	-30	-15
Asset management		-1	0	-1	0	-2	-2
Guarantees		0				0	0
Sales commissions on insurance contracts			-14		12	-3	0
Other	-9	-22	0	-8	25	-14	-9
Total	**-24**	**-85**	**-15**	**-11**	**68**	**-67**	**-35**
Total net commissions and fees	**361**	**103**	**18**	**0**	**-31**	**452**	**216**

The Retail Banking segment's name in Finnish was changed at the beginning of 2024.

Note 6. Net insurance income

€ million	H1 2024	H1 2023	Q2 2024	Q2 2023
Non-life insurance				
Expected claims incurred and other directly allocated insurance service costs	723	633	365	326
Changes in risk adjustment (other than adjustments related to funding risks)	6	5	3	3
Contractual service margin of services produced during the period	111	144	53	71
Recognition of insurance acquisition cash flows as revenue	60	58	32	30
Other changes in insurance premium revenue	9	3	3	-3
Non-life insurance premium revenue according to the General Measurement Model (GMM), total	**909**	**843**	**456**	**428**
Life insurance				
Expected claims incurred and other directly allocated insurance service costs	67	61	33	30
Changes in risk adjustment (other than adjustments related to funding risks)	6	5	3	2
Contractual service margin of services produced during the period	29	33	14	16
Recognition of insurance acquisition cash flows as revenue	10	5	7	2
Other changes in insurance premium revenue	5	7	-3	-2
Life insurance premium revenue according to the General Measurement Model (GMM), total	**117**	**111**	**53**	**48**
Expected claims incurred and other directly allocated insurance service costs	9	9	4	4
Changes in risk adjustment (other than adjustments related to funding risks)	2	2	1	1
Contractual service margin of services produced during the period	3	3	2	1
Recognition of insurance acquisition cash flows as revenue	1	1	1	0
Other changes in insurance premium revenue	0	-1	0	-1
Life insurance premium revenue according to the Variable Fee Approach (VFA), total	**15**	**13**	**8**	**6**
Total life insurance premium revenue	**132**	**124**	**61**	**54**
Total insurance premium revenue	**1,041**	**967**	**517**	**482**
Non-life insurance				
Actual claims incurred and other directly allocated insurance service costs	-827	-588	-425	-306
Changes arising from insurance events occurred in services for past periods	-5	-140	8	-41
Insurance contract acquisition costs	-60	-58	-32	-30
Impairment loss on amortised acquisition costs of insurance contracts, and their reversals				
Losses and reversals of onerous contracts	-24	-13	3	-6
Non-life insurance insurance service expenses according to the General Measurement Model (GMM),	**-917**	**-799**	**-446**	**-383**
Life insurance				
Actual claims incurred and other directly allocated insurance service costs	-72	-71	-33	-32
Changes arising from insurance events occurred in services for past periods	0	-2	0	0
Insurance contract acquisition costs	-10	-5	-7	-2
Impairment loss on amortised acquisition costs of insurance contracts, and their reversals				
Losses and reversals of onerous contracts	5	-29	-1	-14
Life insurance insurance service expenses according to the General Measurement Model (GMM), total	**-77**	-108	-40	-48
Actual claims incurred and other directly allocated insurance service costs	-17	-12	-9	-7
Changes arising from insurance events occurred in services for past periods	-1	-1	0	0
Reversal of acquisition costs of insurance contracts	-1	-1	-1	1
Losses and reversals of onerous contracts	8	-11	4	-9
Life insurance insurance service expenses according to the Variable Fee Approach (VFA), total	**-11**	-25	-6	-16
Life insurance insurance service expenses, total	**-88**	**-132**	**-47**	**-64**
Total insurance service expenses	**-1,005**	**-931**	**-493**	**-447**
Net income from non-life insurance reinsurance contracts	5	-25	25	-23
Net income from life insurance reinsurance contracts	-3	-3	-2	-1
Total net income from reinsurance contracts	**1**	**-28**	**23**	**-25**
Insurance service result	**37**	**8**	**47**	**10**

Note 7. Net insurance finance income (+)/expenses (–)

€ million	H1 2024	H1 2023	Q2 2024	Q2 2023
Non-life insurance				
Unwinding of discount of insurance liability	-30	-11	-17	-7
Effect of insurance contract interest rates and changes in economic assumptions	34	-34	37	-8
Exchange rate differences of insurance contracts	0	0	0	0
Finance income and expenses related to non-life insurance direct insurance contracts (GMM), total	4	-45	20	-15
Finance income and expenses related to non-life insurance reinsurance contracts, total	0	-10	1	-1
Life insurance				
Unwinding of discount of insurance liability	2	8	0	3
Effect of insurance contract interest rates and changes in economic assumptions	22	-19	23	31
Finance income and expenses related to life insurance direct insurance contracts (GMM), total	24	-11	24	34
Insurance contract net financing items, risk mitigation	12	-8	15	5
Effect of insurance contract interest rates and changes in economic assumptions		0	0	
Net financing items of fair value changes of underlying insurance contract items	-312	-180	-81	-54
Finance income and expenses related to life insurance direct insurance contracts (VFA), total	-300	-187	-66	-48
Finance income and expenses related to life insurance reinsurance contracts, total	0	0	0	0
Net insurance finance income (+)/expenses (–)	**-272**	**-253**	**-22**	**-31**

Note 8. Net income from financial assets held for trading

Financial assets held for trading

€ million	**H1 2024**	**H1 2023**	**Q2 2024**	**Q2 2023**
Notes and bonds				
Interest income and expenses	12	16	9	2
Fair value gains and losses of notes and bonds	-1	-1	0	0
Total	11	15	10	1
Shares and participations				
Fair value gains and losses	9	6	2	1
Dividend income and share of profits	3	3	3	2
Total	12	8	5	3
Derivatives				
Interest income and expenses	97	29	45	15
Fair value gains and losses	-103	-33	-51	-35
Total	-6	-4	-5	-19
Total	**17**	**19**	**9**	**-14**

Note 9. Net investment income

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

Net income from financial assets recognised at fair value through profit or loss

Financial assets held for trading, insurance business

€ million	**H1 2024**	**H1 2023**	**Q2 2024**	**Q2 2023**
Derivatives				
Interest income and expenses	-14	-10	-7	-6
Fair value gains and losses	-54	32	-56	12
Total	-67	22	-63	6
Total	**-67**	**22**	**-63**	**6**

Financial assets designated as at fair value through profit or loss				
Notes and bonds				
Interest income	75	66	39	35
Fair value gains and losses	-40	57	-26	-13
Total	36	124	12	22
Shares and participations				
Fair value gains and losses	213	112	81	61
Dividend income and share of profits	27	26	13	8
Total	240	137	93	69
Total	**275**	**261**	**105**	**91**
Income from assets covering unit-linked insurance and investment contracts				
Interest income	4	0	2	0
Fair value gains and losses	822	479	246	180
Total	**827**	**479**	**248**	**180**
Net income from financial assets designated as at fair value through profit or loss, total	**1,102**	**740**	**354**	**271**
Total net income from financial assets recognised at fair value through profit or loss	**1,034**	**762**	**290**	**277**

Net income from investment property				
Rental income	26	27	13	14
Fair value gains and losses	-3	3	-1	4
Maintenance charges and expenses	-21	-19	-12	-10
Other	0	0	0	1
Total net income from investment property	**2**	**11**	**0**	**9**
Net income from loans and receivables recognised at amortised cost				
Interest income	5	5	3	3
Interest expenses	-2	0	-1	0
Impairment losses and their reversals	1	-3	1	0
Total net income from loans and receivables recognised at amortised cost	5	2	2	2
Associates and joint ventures				
Accounted for using the fair value method, associates	4	1	2	0
Consolidated using the equity method, associates	3	3	0	2
Joint ventures	0	1	0	0
Total	6	4	2	3
Financial liabilities designated as at fair value through profit or loss				
Premiums written from insurance contracts	334	226	178	110
Claims paid under investment contracts	-176	-179	-85	-93
Change in investment contract liabilities	-682	-348	-257	-144
Total net income from investment contract liabilities	-523	-300	-164	-126
Total net investment income	**524**	**485**	**131**	**168**

Note 10. Other operating expenses

€ million	**H1 2024**	**H1 2023**	**Q2 2024**	**Q2 2023**
ICT costs				
Production	-132	-116	-66	-58
Development	-120	-91	-62	-46
Buildings	-27	-27	-14	-15
Government charges and audit fees	-4	-64	-2	0
Service purchases	-74	-68	-39	-35
Expert services	-24	-25	-13	-12
Telecommunications	-17	-16	-8	-8
Marketing	-21	-21	-12	-12
Donations	-8	-6	-5	-3
Insurance and security costs	-9	-9	-3	-2
Expenses of short-term and low-value leases	-3	-3	-2	-2
Other	-63	-57	-28	-26
Total	**-501**	**-504**	**-253**	**-220**

Development costs

€ million	**H1 2024**	**H1 2023**	**Q2 2024**	**Q2 2023**
ICT development costs	-120	-91	-62	-46
Share of own work	-52	-36	-26	-18
Total development costs in the income statement	**-171**	**-127**	**-88**	**-64**
Capitalised ICT costs	-26	-43	-14	-24
Transfer of capitalised costs/personnel costs	-5	-6	-2	-3
Total capitalised development costs	**-31**	**-50**	**-17**	**-27**
Total development costs	**-202**	**-177**	**-105**	**-91**
Depreciation/amortisation and impairment loss	-40	-60	-21	-28

Note 11. Reinsurance contract assets

€ million	30 June 2024	31 Dec 2023
Non-life insurance		
Reinsurance contract assets for the remaining coverage period	-41	-18
Reinsurance contract liability for occurred losses	166	124
Total non-life insurance reinsurance contract assets	125	106
Life insurance		
Reinsurance contract assets for the remaining coverage period	1	
Total life insurance reinsurance contract assets	1	
Total reinsurance contract assets	**125**	**106**

Note 12. Insurance contract liabilities

€ million	30 June 2024	31 Dec 2023
Non-life insurance		
Liabilities for the remaining coverage period, GMM	367	230
Liability for occurred losses, GMM	2,326	2,303
Total non-life insurance contract liabilities	2,693	2,533
Life insurance		
Liabilities for the remaining coverage period, GMM	3,036	3,177
Liability for occurred losses, GMM	11	14
Liabilities for the remaining coverage period, VFA total	6,016	5,824
Liability for occurred losses (VFA), total	42	41
Total life insurance contract liabilities	9,105	9,056
Life insurance		
Reinsurance contract liabilities for the remaining coverage period		0
Total life insurance reinsurance contract liabilities		0
Total reinsurance contract liabilities	**11,798**	**11,589**

Note 13. Debt securities issued to the public

€ million	30 June 2024	Adjusted 31 Dec 2023
Bonds	11,580	13,024
Subordinated bonds	3,546	4,045
Mortgage-backed bonds	13,759	13,871
Other		
Certificates of deposit	175	668
Commercial papers	5,518	6,128
Included in own portfolio in trading (-)*	-88	-46
Total debt securities issued to the public	**34,489**	**37,689**

* Own bonds held by OP Financial Group have been set off against liabilities.

Note 14. Fair value reserve after tax

€ million	Recognised at fair value through other comprehensive income Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2023	**-24**	**-337**	**-360**
Fair value changes	-3	-10	32
Transfers to net interest income		25	5
Deferred tax	2	-3	-7
Closing balance 30 June 2023	**-32**	**-325**	**-357**

€ million	Recognised at fair value through other comprehensive income Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2024	**-78**	**-212**	**-290**
Fair value changes	37	-71	-34
Capital gains transferred to income statement	-1		-1
Transfers to net interest income		66	66
Deferred tax	-7	1	-6
Closing balance 30 June 2024	**-50**	**-216**	**-266**

The fair value reserve before tax amounted to EUR -332 million (-447) at the end of the reporting period and the related deferred tax asset/liability was EUR 66 million (89). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR -1 million (0) in the fair value reserve during the reporting period.

Note 15. Collateral given

€ million	30 June 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Pledges	240	241
Loans (as collateral for covered bonds)	17,795	18,163
Others	1,209	744
Total collateral given*	**19,244**	**19,148**
Secured derivative liabilities	609	657
Other secured liabilities	672	168
Covered bonds	13,759	13,871
Total	**15,040**	**14,696**

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

Note 16. Classification of financial assets and liabilities

Financial assets 30 June 2024, € million	Amortised cost	Fair value through other comprehen-sive income	Recognised at fair value through profit or loss: Financial assets held for trading	Recognised at fair value through profit or loss: Financial assets designated as at fair value through profit or loss	Recognised at fair value through profit or loss: Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and deposits with central banks	17,351						17,351
Receivables from credit institutions	1,166						1,166
Liabilities to credit institutions			1,646			1,038	2,684
Receivables from customers	96,655						96,655
Assets covering unit-linked contracts				13,522			13,522
Notes and bonds	1,575	11,757	232	5,954			19,518
Equity instruments		0	74	2,859	1		2,934
Other than financial instruments	1,738						1,738
Total	**118,485**	**11,758**	**1,952**	**22,334**	**1**	**1,038**	**155,567**

At the end of the reporting period, OP Financial Group's balance sheet had bonds worth EUR 1,509 million (630), which were not measured at market value due to the measurement category. The market value of these bonds amounted to EUR 1,506 million (648) at the end of the reporting period.

Adjusted Financial assets 31 Dec 2023, € million	Amortised cost	Fair value through other comprehen-sive income	Recognised at fair value through profit or loss: Financial assets held for trading	Recognised at fair value through profit or loss: Financial assets designated as at fair value through profit or loss	Recognised at fair value through profit or loss: Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and deposits with central banks	19,755						19,755
Receivables from credit institutions	858						858
Liabilities to credit institutions			2,256			850	3,106
Receivables from customers	97,836						97,836
Assets covering unit-linked contracts				12,581			12,581
Notes and bonds	697	11,588	216	6,426			18,926
Equity instruments		0	84	2,349	1		2,434
Other financial assets	1,564						1,564
Total	**120,710**	**11,588**	**2,556**	**21,356**	**1**	**850**	**157,061**

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

Financial liabilities 30 June 2024, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		414		414
Derivative contracts	2,410		294	2,704
Liabilities to customers		77,207		77,207
Liabilities from investment agreements	8,625			8,625
Debt securities issued to the public	2,125	32,364		34,489
Subordinated loans		1,411		1,411
Other financial liabilities	4	2,229		2,233
Total	**13,165**	**113,625**	**294**	**127,084**

Adjusted Financial liabilities 31 Dec 2023, € million	Recognised at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		74		74
Derivative contracts	2,895		99	2,994
Liabilities to customers		77,178		77,178
Liabilities from investment agreements	7,944			7,944
Debt securities issued to the public	2,210	35,479		37,689
Subordinated loans		1,414		1,414
Other financial liabilities	5	2,476		2,481
Total	**13,054**	**116,621**	**99**	**129,774**

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

At the end of June, the fair value of OP Financial Group's senior and senior non-preferred bonds issued to the public and carried at amortised cost totalled around EUR 27,008 million (28,876). The fair value is based on information available from the market. All subordinated liabilities are carried at amortised cost. Their fair value is EUR 1,421 million. Amortised costs of debt securities issued to the public are itemised in Note 13.

Note 17. Recurring fair value measurements by valuation technique

Fair value of assets on 30 June 2024, € million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	1,883	246	804	2,934
Debt instruments	5,457	642	87	6,186
Unit-linked contracts	8,600	4,921		13,522
Derivative financial instruments	8	2,574	102	2,684
Fair value through other comprehensive income				
Equity instruments	0			0
Debt instruments	10,430	581	746	11,757
Total financial instruments	**26,379**	**8,964**	**1,739**	**37,083**
Investment property			495	495
Total	**26,379**	**8,964**	**2,234**	**37,578**

Adjusted Fair value of assets on 31 Dec 2023, € million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	1,425	263	746	2,434
Debt instruments	5,613	946	83	6,642
Unit-linked contracts	7,624	4,957		12,581
Derivative financial instruments*	0	3,007	98	3,106
Fair value through other comprehensive income				
Debt instruments	9,166	1,694	727	11,588
Total financial instruments	**23,779**	**11,153**	**1,655**	**36,587**
Investment property			527	527
Total	**23,779**	**11,153**	**2,182**	**37,114**

Fair value of liabilities on 30 June 2024, € million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Unit-linked contracts	5,486	3,139		8,625
Structured notes			2,125	2,125
Other		4		4
Derivative financial instruments	0	2,627	77	2,704
Total	**5,486**	**5,770**	**2,202**	**13,458**

Adjusted Fair value of liabilities on 31 Dec 2022, € million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Unit-linked contracts	4,814	3,130		7,944
Structured notes			2,210	2,210
Other		5		5
Derivative financial instruments*	2	2,901	91	2,994
Total	**4,815**	**6,036**	**2,302**	**13,153**

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

Fair value measurement

Derivatives and other financial instruments measured at fair value

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

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

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

The fair value measurement of OTC derivative contracts related to banking takes account of credit risk of the parties to the transaction and credit spreads exceeding the financing costs. Credit risk is adjusted with a Credit Valuation Adjustment (CVA) and with a Debt Valuation Adjustment (DVA). CVAs and DVAs are calculated for each counterparty. CVA and DVA adjustments are calculated for each counterparty by simulating the market values of derivatives and events of default based primarily on data obtained from markets. In assessing probabilities of default, OP Financial Group utilises counterparty rating information, liquid credit risk indices and the CDS sector curves of market data providers. OP Financial Group 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 and 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'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 levels of the fair value hierarchy
Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change. Transfers between the levels are mainly due to the number of available market quotes.

Derivatives relevant to OP Financial Group'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 date include, for example: 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.

Real estate investments have no similar daily quoted prices or price sources as in liquid markets. The appraisal process of real estate is based on using external valuers (property value over 1 million euros) or on the business's own appraisal methods.

The main sources of the appraisal of direct real estate investments are appraisal documents given by authorised external valuers. The external valuer independently selects the method that best suits the appraisal of each property. The commonly used methods include the transactions value method, income capitalisation approach and replacement value method. The values of real estate funds are obtained from underlying investee funds on the date determined by the rules of each underlying fund and according to the standard laid down by the rules. The valuations are mainly based on the combined values of the underlying investee fund's real estate units plus the underlying investee fund's net asset. The values of individual property units are mainly based on appraisal reports drawn up by authorised independent valuers.

Valuation techniques whose input parameters involve uncertainty (Level 3)

Breakdown of financial assets and financial liabilities

Financial assets, € million	Recognised at fair value through profit or loss	Derivative contracts	Fair value through other comprehensive income	Total assets
Opening balance 1 Jan 2024	**829**	**98**	**727**	**1,655**
Total gains/losses in profit or loss	22	4		26
Purchases	36			36
Sales	-30			-30
Repayments	-2			-2
Transfers to level 3	35		161	196
Transfers from level 3			-142	-142
Closing balance 30 June 2024	**891**	**102**	**746**	**1,739**

Financial liabilities, € million	Recognised at fair value through profit or loss	Derivative contracts	Total liabilities
Opening balance 1 Jan 2024	**2,210**	**91**	**2,302**
Total gains/losses in profit or loss	53	-15	38
Other changes	-138		-138
Closing balance 30 June 2024	**2,125**	**77**	**2,202**

Breakdown of net income by income statement item 30 June 2024

€ million	Net interest income	Net investment income	Statement of comprehensive income/ Change in fair value reserve	Total gains/ losses for the financial year included in profit or loss for assets/ liabilities held at year-end
Realised net income		-30		-30
Unrealised net income		19		19
Total net income		**-12**		**-12**

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2024.

Note 18. Off-balance-sheet commitments

€ million	30 June 2024	31 Dec 2023
Guarantees	546	841
Guarantee liabilities	2,892	2,743
Loan commitments	12,939	12,525
Commitments related to short-term trade transactions	346	553
Other*	1,405	1,509
Total off-balance-sheet commitments	**18,128**	**18,171**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 205 million (224).

Note 19. Derivative contracts

Total derivatives 30 June 2023

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives	2,039	2,013
Cleared by the central counterparty	35	21
Settled-to-market (STM)	23	16
Collateralised-to-market (CTM)	11	5
Currency derivatives	391	509
Credit derivatives	9	3
Other derivatives	133	87
Interest on derivatives	112	93
Total derivatives	**2,684**	**2,704**

Adjusted
Total derivatives 31 December 2023

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives of which	2,032	1,800
Cleared by the central counterparty	103	82
Settled-to-market (STM)	61	46
Collateralised-to-market (CTM)	42	36
Currency derivatives	922	1,044
Credit derivatives	10	8
Other derivatives	94	76
Interest on derivatives	49	67
Total derivatives*	**3,106**	**2,994**

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

Note 20. Investment distribution of the Insurance segment

Non-life Insurance	30 June 2024		31 December 2023	
Investment asset portfolio allocation	**Fair value*, € million**	**%**	**Fair value*, € million**	**%**
Money market total	**291**	**6**	**433**	**10**
Money market instruments and deposits**	287	6	422	10
Derivatives***	4		11	0
Total bonds and bond funds	**2,741**	**61**	**2,662**	**61**
Governments	360	8	304	7
Investment Grade	1,966	44	1,928	44
Emerging markets and High Yield	232	5	234	5
Structured Investments****	183	4	196	5
Total equities	**1,095**	**24**	**872**	**20**
Finland	185	4	122	3
Developed markets	718	16	582	13
Emerging markets	107	2	90	2
Fixed assets and unquoted equities	6	0	6	0
Private equity investments	78	2	71	2
Total alternative investments	**29**	**1**	**29**	**1**
Hedge funds	29	1	29	1
Total property investment	**345**	**8**	**338**	**8**
Direct property investment	153	3	153	4
Indirect property investment	192	4	186	4
Total	**4,500**	**100**	**4,334**	**100**

* Includes accrued interest income.

** Includes settlement receivables and liabilities and market value of derivatives.

*** Effect of derivatives on the allocation of the asset class (delta-weighted equivalents).

**** Include covered bonds, bond funds and illiquid bonds.

Life Insurance	30 June 2024		31 December 2023	
Investment asset portfolio allocation	**Fair value*, € million**	**%**	**Fair value*, € million**	**%**
Total money market instruments	**326**	**10**	**367**	**11**
Money market investments and deposits**	317	10	361	11
Derivatives***	9	0	6	0
Total bonds and bond funds	**2,057**	**63**	**2,070**	**65**
Governments	247	8	225	7
Investment Grade	1,510	46	1,519	47
Emerging markets and High Yield	144	4	156	5
Structured investments****	156	5	170	5
Total equities	**660**	**20**	**546**	**17**
Finland	110	3	82	3
Developed markets	419	13	343	11
Emerging markets	55	2	53	2
Fixed assets and unquoted equities	3	0	3	0
Private equity investments	72	2	65	2
Total alternative investments	**37**	**1**	**36**	**1**
Hedge funds	37	1	36	1
Total real property investments	**185**	**6**	**180**	**6**
Direct property investments	13	0	13	0
Indirect property investments	173	5	168	5
Total	**3,265**	**100**	**3,201**	**100**

* Includes accrued interest income.

** Include settlement receivables and liabilities and market value of derivatives.

*** Effect of derivatives on the allocation of the asset class (delta equivalent).

**** Include covered bonds, bond funds and illiquid bonds.

Note 21. Related-party transactions

OP Financial Group's related parties comprise subsidiaries consolidated into OP Financial Group, associates, key management personnel and their close family members, and other related-party entities. OP Financial Group's key management personnel comprises OP Financial Group's President and Group Chief Executive Officer, members of OP Cooperative's Executive Management Team and directors directly reporting to the President and Group Chief Executive Officer, the Chair and members of OP Cooperative's Board of Directors as well as members of the Supervisory Council. Related parties of the management also include companies over which key management persons or their close family member exercises significant influence. Other entities regarded as related parties include OP Financial Group's Personnel Fund and OP Bank Group Pension Foundation.

Normal loan terms and conditions apply to loans granted to related parties. These loans are tied to generally used reference rates.

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

Financial reporting 2024

Interim Report Q1–3/2024	31 October 2024
OP Amalgamation Pillar III Tables 30 June 2024	Week 33
OP Amalgamation Pillar III Tables 30 September 2024	Week 45

Helsinki, 24 July 2024

OP Cooperative
Board of Directors

Additional information:
Timo Ritakallio, President and Group Chief Executive Officer, tel. +358 (0)10 252 4500
Mikko Timonen, Chief Financial Officer, tel. +358 (0)10 252 1325
Lotta Ala-Kulju, Head of Corporate Communications, tel. +358 (0)10 252 8719

www.op.fi