OP Financial Group's Interim Report for 1 January–30 September 2024

OP Financial Group's Interim Report for 1 January–30 September 2024:

Strong business performance continued – operating profit EUR 1,948 million

Operating profit Q1–3/2024	Net interest income Q1–3/2024	Total income Q1–3/2024	Total expenses Q1–3/2024	CET1 ratio 30 Sep 2024
€1,948 mill.	+10%	+10%	+4%	21.4%

- Operating profit was EUR 1,948 million (1,570).
- Income from customer business, or net interest income, insurance service result and net commissions and fees, increased by 7% to EUR 2,813 million (2,634). Net interest income grew by 10% to EUR 2,118 million (1,919). The insurance service result grew by 63% to EUR 95 million (58). Net commissions and fees decreased by 9% to EUR 599 million (656). The decrease was affected by the fact that owner-customers are being provided with daily banking services free of monthly charges in 2024. The value of this benefit was EUR 67 million during the reporting period.
- Impairment loss on receivables in the income statement was EUR 72 million (170), accounting for 0.10% (0.22) of the loan and guarantee portfolio.
- Investment income increased by 43% to EUR 419 million (294).
- Total expenses grew by 4% to EUR 1,629 million (1,564). The cost/income ratio improved to 45% (47).
- In the year to September, the loan portfolio decreased by 1% to EUR 98.0 billion (98.9). Deposits increased by 5% to EUR 76.2 billion (72.6).
- CET1 ratio strengthened to 21.4% (19.2), which exceeds the minimum regulatory requirement by 7.9 percentage points.
- Retail Banking segment's operating profit rose to EUR 1,037 million (919). Net interest income grew by 11% to EUR 1,615 million (1,459). Impairment loss on receivables decreased by EUR 50 million to EUR 57 million (107). Net commissions and fees decreased by 13% to EUR 458 million (524). The cost/income ratio improved to 48% (49). The loan portfolio decreased by 1% year on year, to EUR 70.6 billion. Deposits increased by 1% to EUR 62.4 billion.
- Corporate Banking segment's operating profit rose to EUR 418 million (321). Net interest income grew by 12% to EUR 493 million (441). Impairment loss on receivables decreased by EUR 48 million to EUR 15 million (63). Net commissions and fees increased by 2% to EUR 146 million (143). The cost/income ratio improved to 37% (40). In the year to September, the loan portfolio decreased by 2% to EUR 27.5 billion. Deposits increased by 26% to EUR 14.4 billion.
- Insurance segment's operating profit rose to EUR 458 million (298). Insurance service result grew by 63% to EUR 95 million (58). Investment income increased by 52% to EUR 365 million (241). Combined ratio reported by non-life insurance was 95% (95).
- Group Functions operating profit was EUR 4 million (–2).
- OP Financial Group will increase the OP bonuses to be earned by owner-customers for 2025 by 40% compared to the normal level of 2022. In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025. Together, these benefits are estimated to add up to more than EUR 400 million in value for owner-customers next year.
- On 14 October 2024, OP Financial Group raised its earnings outlook for 2024. Operating profit for 2024 is expected to be higher than that for 2023. For more detailed information on the outlook, see "Outlook towards the year end".

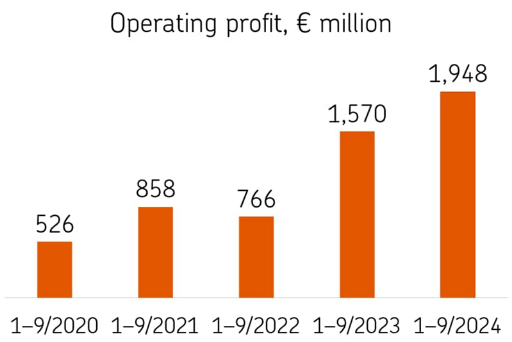
OP Financial Group's key indicators

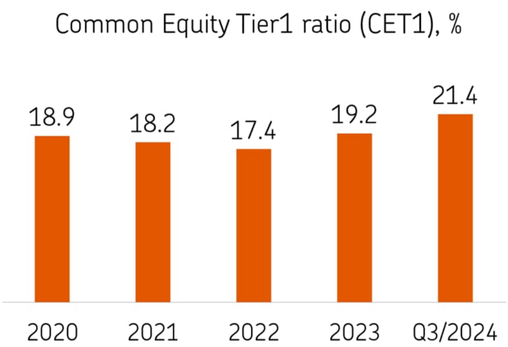
	Q1–3/2024	Q1–3/2023	Change, %	Q1–4/2023
Operating profit, € million	1,948	1,570	24.1	2,050
Retail Banking	1,037	919	12.8	1,223
Corporate Banking	418	321	30.3	408
Insurance	458	298	53.6	414
Group Functions	4	-2	-	-26
New OP bonuses accrued to owner-customers, € million	-233	-204	14.1	-275
Total income**	3,650	3,304	10.5	4,520
Total expenses	-1,629	-1,564	4.2	-2,201
Cost/income ratio, %**	44.6	47.3	-2.7*	48.7
Return on equity (ROE), %	12.3	11.1	1.2*	10.6
Return on equity, excluding OP bonuses, %	13.7	12.5	1.2*	12.0
Return on assets (ROA), %	1.30	1.02	0.29*	0.98
Return on assets, excluding OP bonuses, %	1.46	1.15	0.31*	1.11
	30 Sep 2024	30 Sep 2023	Change, %	31 Dec 2023
CET1 ratio, %	21.4	19.1	2.3*	19.2
Loan portfolio, € billion	98.0	98.9	-1.0	98.9
Deposits, € billion	76.2	72.6	5.0	74.5
Ratio of non-performing exposures to exposures, %	2.91	2.73	0.18*	2.94
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.10	0.22	-0.13*	0.26
Owner-customers (1,000)	2,107	2,083	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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.





Comments by the President and Group Chief Executive Officer

The Finnish economy is recovering as forecast – inflation continued to slow and market rates fell markedly

Finland's recovery, which began in the first half of the year, seems to be continuing into late 2024, mainly because the domestic market has been stronger than forecast. Consumer demand has been the mainstay of the economy this year. In contrast, investments have sharply reduced and exports are slightly down.

Finland's economy seems to have bottomed out in the summer. Annual GDP growth is expected to reach 2% next year, when exports should clearly outpace the current year's performance as industry perks up and service exports recover.

Inflation in Finland fell to 0.8%, which was clearly below the average for the euro area (1.7%). Short-term market rates fell sharply in the third quarter and the 12-month Euribor (the most commonly used reference rate for home loans) was at 2.75% at the end of September. Consumers, in particular, have benefited from lower inflation and interest rates.

Third-quarter home purchase volumes and home loan demand were clearly higher than in the same period last year: there are signs of a gradual recovery in the housing market.

Stock markets continued to perform well in July–September due to enduringly moderate global growth, better private-sector results and falling market rates.

OP Financial Group's business operations continued to grow strongly – the excellent results will benefit OP's owner-customers

OP Financial Group's operating profit continued its excellent trend into the third quarter, growing by 24% year on year to EUR 1,948 million in January–September. This strong profit performance guarantees the continuance of highly competitive benefits for our owner-customers.

We will increase the OP bonuses earned by owner-customers for 2025 by 40% compared to the normal level of 2022. Moreover, in 2025, we will not collect monthly charges from our owner-customers for use of daily banking services. Next year, these benefits will add up to more than 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 owner-customers.

OP Financial Group's CET1 ratio strengthened again in the third quarter, to 21.4%, which exceeds the minimum regulatory requirement by 7.9 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. Trust is vital in the banking and insurance businesses.

OP Financial Group's income from customer business grew considerably in January–September 2024, mainly owing to the strong increase in net interest income. Net commissions and fees decreased by 9%, due to the benefit (provided for owner-customers) of zero monthly charges for daily banking services.

The insurance service result for January–September clearly improved year on year, rising to EUR 95 million. It also improved considerably compared to the first half of 2024. Since the first quarter, there have been fewer large claims than usual and vehicle and health insurance claims fell in the summer months as favourable weather began and the flu season ended.

Income from investment activities has fared extremely well this year, the result of EUR 419 million being 43% higher than for the same period in 2023. Total income was EUR 3,650 million, or 10% more year on year.

At EUR 1,629 million, total expenses in January–September were 4% higher than in the same period in 2023, mainly due to rising personnel costs and higher investments in ICT development. OP Financial Group's cost/income ratio markedly improved year on year, to an excellent 45%.

All three business segments performed well in January–September. The Retail Banking segment's operating profit rose by 13% from the same period in 2023, to EUR 1,037 million. Corporate Banking's operating profit was EUR 418 million, up by 30% year on year. Operating profit in the Insurance segment totalled EUR 458 million, a rise of 54% on January–September 2023, largely because of the excellent result in investment income.

Deposits grew strongly – but the loan portfolio decreased slightly

OP Financial Group's deposit portfolio grew by 5% year on year. There was moderate growth both in household and corporate deposits. OP Financial Group strengthened its position as Finland's leading deposit bank in the first half of 2024; OP's market share is now almost 40%.

OP Financial Group's loan portfolio shrank by around 1% year on year. Demand for new home loans and corporate loans remained fairly low. In the first half of 2024, OP Financial Group further strengthened its position as a provider of home loans in Finland; with a market share of 39%, it is the clear market leader. OP's home loan customers have continued to manage their repayments well despite the general economic downturn. The number of loan modification applications was lower than the year before. Non-performing exposures totalled 2.9% (2.9). Impairment loss on receivables markedly decreased year on year.

Strong growth in wealth management continued

OP Financial Group aims to coach its customers to help them make better financial choices. We are therefore investing heavily in the range, quality and availability of the wealth management services we provide for our various customer categories. We want to promote our customers' long-term financial wellbeing.

Our customers remain interested in systematically investing in funds, with 33% more new systematic investment agreements being made in January–September than in the same period last year. The number of OP mutual fund unitholders rose to almost 1.38 million. There was also considerable growth in the number of active equity investors. At EUR 111 billion in value, investment assets managed by OP Financial Group grew by 13% year on year.

Corporate Banking succeeded well as a provider of financing for big companies

Corporate Banking had a highly successful nine months as a versatile intermediary of financing for large corporations. It was the lead arranger or arranger of 11 bond issues, which raised EUR 2.6 billion for companies from the capital markets. Sustainable financing provided by Corporate Banking also grew in the first half of 2024. By the end of September, the commitment portfolio totalled EUR 8.0 billion.

The insurance business's profitability improved in the third quarter

Insurance revenue for January–September grew by 7% year on year. The rapid growth in claims expenditure of early 2024 slowed in the third quarter, but claims expenditure in January–September was still 8% higher than in the same period in 2023. Non-life insurance reported a combined ratio of 95%. Compensation was paid for 94% of all claims reported to Pohjola Insurance. There was a clear improvement in non-life insurance's profitability in the third quarter.

Life insurance's performance has been excellent this year, with 10% growth in unit-linked insurance assets. Growing this business is one of OP Financial Group's strategic focus areas.

Strong growth in the number of customer interactions through the AI-based OP Aina

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. It is the first financial service in Finland to use artificial intelligence and alerts. We use the service to provide even more personalised and readily available services than before. Customers have been actively using the service. There have already been 4.8 million customer interactions with OP Aina and feedback has been positive.

Cybersecurity is at the core of our operations

OP Financial Group's service availability has been excellent despite the rapidly growing number of denial of service attacks. We are investing strongly in cybersecurity to ensure that our customers' money and data are secure and our service level is maintained under all circumstances. As phishing and scam attempts directed at our customers have proliferated, we have created several new ways of providing even better protection.

Owner-customers have been benefiting from OP bonuses for more than 25 years and will continue to do so

A total of more than EUR 3.7 billion in OP bonuses have accumulated for OP Financial Group's owner-customers in more than 25 years. OP Financial Group has prepared for the possible change in the tax treatment of financial-sector customer bonuses in early 2026. A bill has been presented to the Finnish Parliament, which would bring OP bonuses accumulated from banking services under capital gains tax if they were used for non-banking services – to pay insurance premiums, for example. However, there is no need for concern among OP Financial Group's 2.1 million owner-customers, who will continue to receive at least the same level of financial benefits as before, regardless of possible changes in the law. It therefore pays to be an owner-customer of OP Financial Group. In line with our mission, we will continue to promote the sustainable prosperity, security and wellbeing of our owner-customers.

OP Financial Group is an attractive employer

This year, OP Financial Group was ranked for the first time as Finland's most attractive employer by business sector professionals, and as the fourth most attractive by IT professionals, in an annual employer branding survey by Universum. Year after year in the survey, professionals and students have ranked us as top performers.

Over the years, one of our strategic priorities has been to ensure that our personnel are highly skilled, motivated and satisfied. The survey results are strong evidence of our success in fulfilling this priority. Our employer image, as a genuinely inclusive workplace based on high-level competencies, is critical to retaining our current talent and continuing to recruit the best for OP Financial Group.

Together through time

OP Financial Group is in great shape to be there for its customers through economic ups and downs. We want to be a pioneer in Finnish society, pointing the way towards futures filled with hope. The success of Finland and all those who live here is our number one priority now and in the future.

My warm thanks to all our customers for the trust they have shown in OP Financial Group. We want to continue being worthy of your trust going forward. I would also like to give my heartfelt thanks to our employees and governing bodies for their fine work and commitment during the year. We have a superb basis for continuing to be successful in the times ahead.

Timo Ritakallio
President and Group CEO

OP Financial Group's Interim Report 1 January–30 September 2024 Report

Tables

Business environment

Economic surveys on the world economy indicate growth in the service sector during the year. This contrasted with industry, which fell back to its early-year level over the summer. Euro-area GDP grew slightly in the first half, and economic surveys suggest that growth will remain sluggish as the year ends. Inflation slowed to 1.7% in September, compared to 2.9% at the end of 2023.

The world's major stock indices rose in January–September, above their level of 31 December 2023. In overall terms, world stock prices had reached a record high by the end of September. Share prices in Finland recovered in April–September, but by the end of September they were still slightly under their level of 1 January 2024.

The 12-month Euribor, which is the key reference interest rate for home loans, had fallen to 2.75% by the end of September from 3.51% at the end of 2023.

In the first half of 2024, Finland's GDP was lower than in the same period in 2023, but monthly figures indicate growth in Q3 2024. In August, the unemployment rate rose to 8.3% compared to 7.7% at the end of 2023. Inflation slowed to 0.8% in September, compared to 3.6% last December. Home sales and purchases decreased from the previous year and home prices fell.

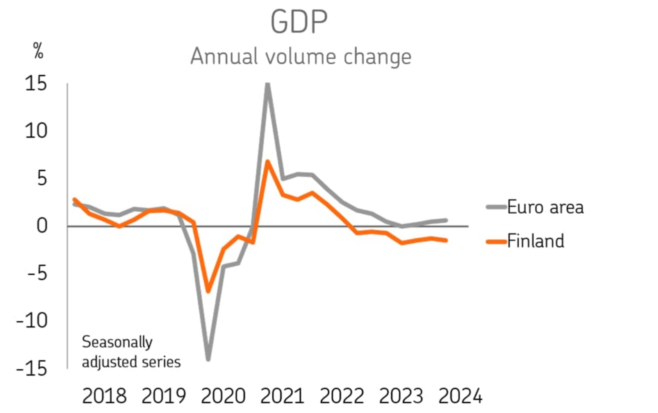
Falling inflation and interest rates are expected to promote Finland's chances of economic recovery towards the year end. However, the turnaround is still just beginning and several risks lurk within the world economy.

In August, the loan portfolio in Finland was at the same level as a year earlier. Corporate loans grew by 1.6% and total household loans decreased by 0.4% from a year ago, especially due to weak demand for home loans. The annual growth rate of consumer loans was 2.6% in August.

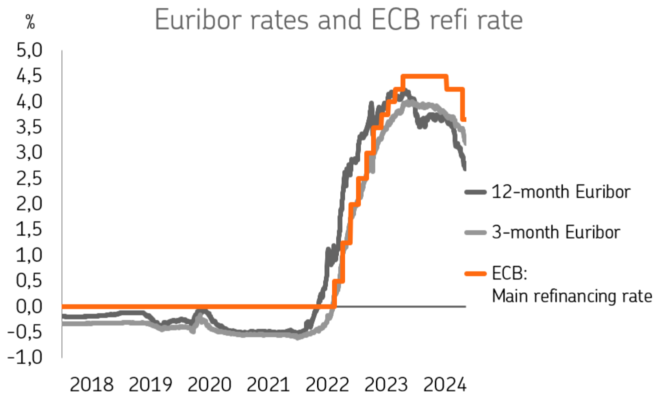
Total deposits in Finland decreased by 2.2% over the previous year. Corporate deposits decreased by 1.8% and household deposits increased by 1.4% year on year.

The value of the assets held in mutual funds registered in Finland increased from EUR 149 billion to EUR 177 billion during the first nine months of the year, and new assets invested totalled EUR 5.1 billion.

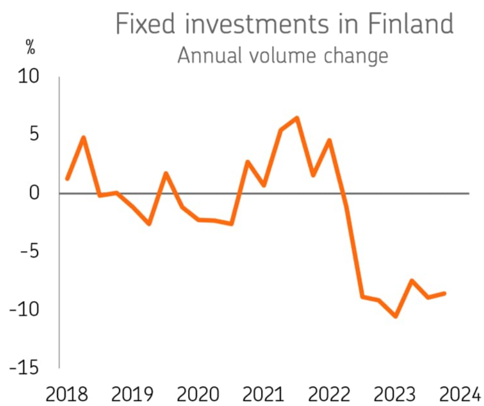
Demand for insurance products remained stable. A global rise in stock prices improved insurance companies' profitability.



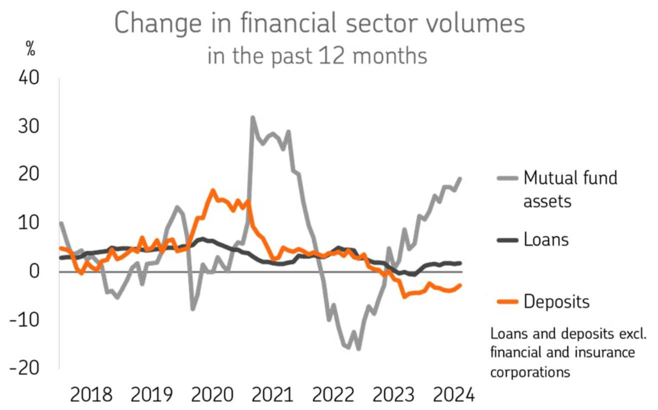
Sources: Eurostat, Statistics Finland



Source: Bank of Finland



Source: Statistics Finland



Sources: Bank of Finland, Investment Research Finland

Earnings analysis and balance sheet

Earnings analysis, € million	Q1–3/ 2024	Q1–3/ 2023	Change, %	Q3/ 2024	Q3/ 2023	Change, %	Q1–4/ 2023
Operating profit	1,948	1,570	24.1	720	584	23.2	2,050
Retail Banking	1,037	919	12.8	352	395	-10.9	1,223
Corporate Banking	418	321	30.3	143	101	40.8	408
Insurance	458	298	53.6	191	81	135.7	414
Group Functions	4	-2	-	12	-1	-	-26
Net interest income*	2,118	1,919	10.4	712	723	-1.6	2,654
Impairment loss on receivables	-72	-170	-57.4	-5	-72	-92.9	-269
Net commissions and fees*	599	656	-8.7	199	205	-2.8	870
Insurance revenue	1,575	1,466	7.4	534	499	6.9	2,000
Insurance service expenses	-1,451	-1,369	6.0	-446	-438	1.7	-1,824
Reinsurance contracts	-28	-38	-	-30	-11	-	-95
Insurance service result	95	58	63.0	58	51	15.4	81
Investment income	419	294	42.7	150	43	245.8	389
Other operating income	31	28	11.9	6	7	-5.4	40
Personnel costs	-781	-702	11.3	-247	-218	13.1	-964
Depreciation/amortisation and impairment loss	-107	-137	-22.1	-38	-45	-16.9	-226
Other operating expenses	-741	-725	2.3	-240	-221	8.8	-1,011
Transfers to insurance service result	387	348	11.1	124	112	11.3	485
OP bonuses included in earnings	-227	-199	14.1	-79	-70	12.9	-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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

Key indicators, € million	30 Sep 2024	31 Dec 2023	Change, %
Loan portfolio	98,001	98,871	-0.9
Home loans	41,512	41,856	-0.8
Corporate loans	27,127	28,181	-3.7
Housing company loans**	10,739	10,656	0.8
Other loans to corporations and institutions	6,959	6,838	1.8
Other consumer loans	11,664	11,339	2.9
Guarantee portfolio	3,448	4,136	-16.6
Other exposures	13,177	13,005	1.3
Deposits	76,224	74,465	2.4
Assets under management (gross)	110,977	102,844	7.9
Mutual funds	32,625	30,010	8.7
Institutional clients	38,061	35,878	6.1
Private Banking and Wealth Management	26,472	24,378	8.6
Unit-linked insurance assets	13,819	12,579	9.9
Balance sheet total***	159,575	160,047	-0.3
Investment assets***	23,700	22,029	7.6
Insurance contract liabilities	11,904	11,589	2.7
Debt securities issued to the public***	33,657	37,689	-10.7
Equity capital	17,672	16,262	8.7

** 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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

January–September

OP Financial Group's operating profit was EUR 1,948 million (1,570), up by 24.1% or EUR 378 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 6.8% to EUR 2,813 million (2,634). The cost/income ratio improved to 44.6% (47.3). New OP bonuses accrued to owner-customers, which are included in earnings, increased by 14.1% to EUR 233 million.

Net interest income grew by 10.4% to EUR 2,118 million. The development of market rates continued to increase net interest income. Net interest income reported by the Retail Banking segment increased by 10.7% to EUR 1,615 million and that by the Corporate Banking segment increased by 11.9% to EUR 493 million. OP Financial Group's loan portfolio decreased by 1.0% to EUR 98.0 billion while deposits grew by 5.0% to EUR 76.2 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 15.0 billion (16.0).

Impairment loss on loans and receivables, which reduces earnings, totalled EUR 72 million (170). A year ago, expected credit losses concerning the real estate and construction sector increased the impairment loss on receivables. Final credit losses totalled EUR 38 million (42). At the end of the reporting period, loss allowance was EUR 964 million (929), of which management overlay accounted for EUR 85 million (109). Non-performing exposures accounted for 2.9% (2.9) of total exposures. Impairment loss on loans and receivables accounted for 0.10% (0.22) of the loan and guarantee portfolio.

Owner-customers have received 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 decreased by a total of 8.7% to EUR 599 million. Net commissions and fees for payment transfer services decreased by EUR 58 million to EUR 175 million, and those for residential brokerage by EUR 4 million to EUR 43 million. Meanwhile, commission income from life insurance investment contracts increased by EUR 3 million to EUR 21 million.

Insurance service result increased by EUR 37 million to EUR 95 million. Insurance service result includes EUR 387 million (348) in operating expenses. Non-life insurance net insurance revenue including reinsurer's share grew by 7.3% to EUR 1,299 million. Net claims incurred after reinsurer's share grew by 7.9% to EUR 859 million. Combined ratio reported by non-life insurance was 95.0% (94.8).

Investment income, or net investment income, net insurance finance expenses and income from financial assets held for trading, increased by a total of 42.7% to EUR 419 million. Investment income grew as a result of the increase in the value of equity and fixed income 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 6.4% (2.7).

Net income from financial assets recognised at fair value through profit or loss, or notes and bonds, shares and derivatives, totalled EUR 1,605 million (591). Net income from investment contract liabilities totalled EUR –689 million (–241). Net insurance finance expenses totalled EUR –565 million (–102). In banking, net income from financial assets held for trading grew by 77.2% to EUR 43 million due to the increase in interest income from derivatives.

Other operating income increased to EUR 31 million (28).

Total expenses grew by 4.2% to EUR 1,629 million. Personnel costs rose by 11.3% to EUR 781 million. The increase was affected by headcount growth and pay increases. OP Financial Group's personnel increased by approximately 1,061 year on year. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 22.1% to EUR 107 million. Other operating expenses grew by 2.3% to EUR 741 million. ICT costs increased to EUR 372 million (318). Development costs were EUR 249 million (194) and capitalised development expenditure EUR 43 million (66). 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.

The new OP bonuses to owner-customers have been divided under the following items based on their accrual: EUR 125 million (116) under interest income, EUR 61 million (49) under interest expenses, EUR 36 million (29) under commission income from mutual funds, and EUR 12 million (11) under insurance service result.

Income tax amounted to EUR 388 million (312). The effective tax rate for the reporting period was 19.9% (19.9). Comprehensive income after tax totalled EUR 1,644 million (1,279).

OP Financial Group's equity amounted to EUR 17.7 billion (16.3). Equity included EUR 3.2 billion (3.3) in Profit Shares, terminated Profit Shares accounting for EUR 0.3 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 214% (199) and NSFR was 130% (130).

July–September

Third-quarter operating profit totalled EUR 720 million, as against EUR 584 million a year earlier. Income from customer business, or net interest income, net commissions and fees and insurance service result, decreased by a total of 1.0% to EUR 969 million (978).

Net interest income decreased by 1.6% to EUR 712 million as a result of developments in market interest rates. New loans drawn down by customers during the third quarter totalled EUR 4.6 billion (5.1).

Impairment loss on loans and receivables, which reduces earnings, totalled EUR 5 million (72). A year ago, expected credit losses concerning the real estate and construction sector increased the impairment loss on receivables. Final credit losses totalled EUR 13 million (11).

Net commissions and fees decreased by 2.8% to EUR 199 million because owner-customers' use of daily banking services has been free of monthly charges in 2024.

Insurance service result grew by 15.4% to EUR 58 million. Insurance service result includes EUR 124 million (112) in operating expenses.

Investment income, or net investment income, net insurance finance income and income from financial assets held for trading, increased by a total of EUR 107 million to EUR 150 million.

Net income from financial assets recognised at fair value through profit or loss, or notes and bonds, shares and derivatives, totalled EUR 571 million (–171). Net income from investment contract liabilities totalled EUR –165 million (59). Net insurance finance income totalled EUR –294 million (152).

In banking, net income from financial assets held for trading increased by a total of EUR 21 million to EUR 26 million.

Other operating income totalled EUR 6 million (7).

Total expenses increased by 8.3% to EUR 525 million. Personnel costs rose by 13.1% to EUR 247 million. The increase was affected by headcount growth and pay increases. Depreciation/amortisation and impairment loss on PPE and intangible assets decreased by 16.9% to EUR 38 million. ICT costs increased to EUR 121 million (111).

Income tax amounted to EUR 143 million (116). The effective tax rate for the reporting period was 19.9% (19.9). Comprehensive income after tax totalled EUR 654 million (499).

January–September highlights

Additional benefits for owner-customers

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

In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025. The estimated value of this benefit will be EUR 90 million for 2024 and EUR 90 million for 2025.

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

A bill regarding a change in the tax practices related to customer bonuses in the financial sector, which was based on an entry in Finland's Government Programme, was sent out for a consultation round in April and passed on for Parliamentary consideration in September. If the bill is implemented, it will affect the tax treatment of OP bonuses earned from banking services and 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 has prepared for the possible change in tax practices of financial-sector customer bonuses in early 2026. 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.

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, 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.

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 is Finland's most attractive employer in the business sector

OP Financial Group reached top positions in Universum's annual survey that ranks the employers considered most attractive by professionals and students in various sectors in Finland. According to the survey results published in September, OP Financial Group was ranked as Finland's most attractive employer among business-sector professionals. Those in IT gave it fourth place. OP Financial Group's results were its best ever in all categories of the survey.

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 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 Sep 2024	31 Dec 2023	Long-term target
Return on equity (ROE excluding OP bonuses), %	13.7	12.0	9.0
CET1 ratio, %	21.4	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 September 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.

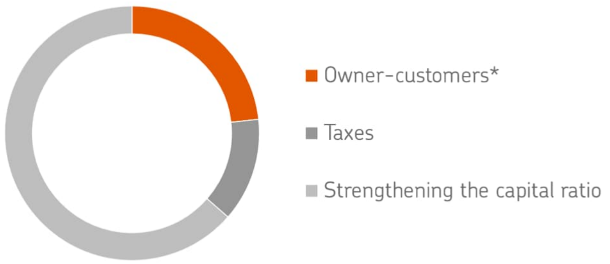
Promotion of the success of owner-customers and operating region

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 during the reporting period.

OP cooperative banks' owner-customers earn OP bonuses through banking, insurance and wealth management transactions. OP Financial Group increased the OP bonuses to be earned for 2024 by 40% compared to the 2022 level. The value of the new OP bonuses earned in January–September totalled EUR 233 million (204).

During the reporting period, a total of EUR 47 million (82) of OP bonuses were used to pay for banking and wealth management services and EUR 150 million (105) to pay non-life insurance premiums. Owner-customers will also be provided with daily banking services free of monthly charges until the end of 2024. The value of this benefit was EUR 67 million for the reporting period and will be an estimated EUR 90 million for 2024.

Owner-customer benefits

€ million	Q1–3/2024	Q1–3/2023
New OP bonuses earned	233	204
Daily services*	157	88
Insurance**	14	13
Investing and saving***	14	14
Total	418	319

* 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 418 million (319), accounting for 17.7% (16.8) 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 132 million (111). 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. The Group provides personal customer service both at branches and digitally. The use of digital services continues its steady growth. Personal and corporate customers increasingly use digital channels for banking and insurance. In September, 1.7 million (1.6) personal and corporate customers used OP Financial Group's mobile channels, and there were more than 59 million logins to OP-mobile.

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

	Q1–3/2024	Q1–3/2023	Change, %
Mobile services, personal customers*	496.3	453.6	9.4
Mobile services, corporate customers*	31.4	24.3	29.2
Op.fi	49.6	51.8	-4.2
	30 Sep 2024	30 Sep 2023	Change, %
Siirto payment, registered customers (OP)	1,246,877	1,201,384	3.8

* The reporting method for the figures has been changed in 2024. The figures for the comparison period have been adjusted accordingly.

OP Financial Group's mobile payment app Pivo was closed down on 4 September 2024. In future, OP Financial Group will focus on developing OP-mobile and its mobile payment features.

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 has an extensive branch network with 282 branches (289) across the country. In addition, Pohjola Insurance has a comprehensive network of agencies and partnerships.

Sustainability and corporate responsibility

Responsible business is one of OP Financial Group's strategic priorities. OP Financial Group's sustainability programme guides the Group's actions and is built around three themes: Climate and the environment, People and communities and Corporate governance. Read more about the sustainability programme at op.fi/op-financial-group/corporate-social-responsibility.

At OP Financial Group, sustainability and corporate responsibility are guided by a number of principles and policies. OP Financial Group is committed to complying not only with all applicable laws and regulations, but also with a number of international initiatives. The 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 is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI). Furthermore, OP Financial Group is committed to complying with the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance.

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’s biodiversity roadmap includes measures to promote biodiversity. OP Financial Group aims to grow its 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 perform remediation actions if its operations have adverse human rights impacts.

Sustainability and corporate responsibility highlights in July–September

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 September 2024, total exposures from green loans and sustainability-linked loans and facilities stood at EUR 8.1 billion (6.6). Sustainable funds accounted for 87.3% of all fund assets (87.7).

One of OP Financial Group's climate targets is to reduce emissions from its own operations to zero by 2025. The Group reached this target over one year ahead of time. Currently, 99 per cent of the electricity consumed in the facilities used by OP Financial Group is generated by Finnish wind power. Because OP Financial Group is critical to security of supply, it has stand-by generators to secure the electricity supply of its facilities during emergency conditions.

OP Financial Group has adjusted its policy on financing, insuring and investing in oil and gas exploration and production. Direct equity and fixed income investments by OP mutual funds exclude institutions and companies involved in coal, oil and gas exploration and production. OP Financial Group will not finance or insure new corporate customers that engage in so-called unconventional oil and gas extraction, or the exploration or production of oil or gas in Arctic areas.

In the summer of 2024, OP Financial Group provided more than 2,000 young people with a summer job through its campaign "Summer jobs paid for by OP": OP cooperative banks donated funding to non-profit associations for hiring young people aged from 15 to 17 for two weeks.

In August, Pohjola Insurance initiated cooperation with MIELI Mental Health Finland's Mental Wellbeing for Young Athletes project by committing to promote the wellbeing of young people alongside its sports federation partners.

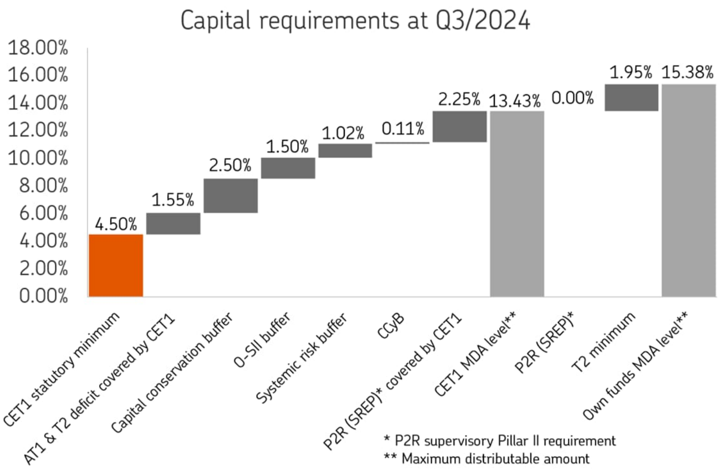
To promote diversity, OP Financial Group's objective is to achieve at least a 40% proportion of both women and men in defined executive positions. At the end of September, the proportion of women in these positions was 35% (31).

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

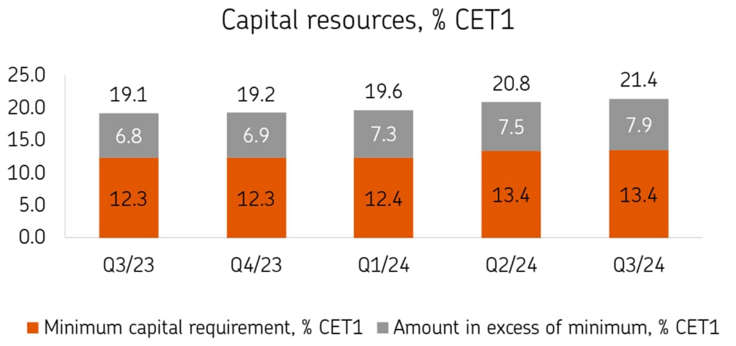
OP Financial Group's capital base, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (FiCo), exceeded the minimum amount specified in the Act by EUR 5.8 billion (5.2). Banking capital requirement was 15.4% (14.4), calculated on risk-weighted assets; the increase resulted from the adoption of the systemic risk buffer. The ratio of OP Financial Group's capital base to the minimum capital requirement was 147% (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

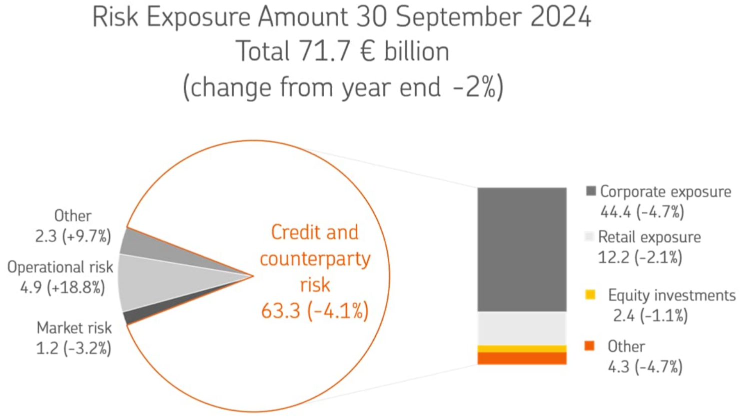
OP Financial Group's CET1 ratio was 21.4% (19.2), which exceeds the minimum regulatory requirement by 7.9 percentage points. The ratio was improved by the earnings performance for the period.

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 a credit institution was EUR 15.3 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 71.7 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 September 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 10.5% (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 expected 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 September 2024 will be published in week 45.

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 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Capital base, € mill.	1,918	1,747	1,484	1,466
Solvency capital requirement (SCR), € million	960	851	705	660
Solvency ratio, %	200	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 would 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 28.25% 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 18.69% 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 5.13%.

OP Financial Group's buffer for the MREL was EUR 6.8 billion (7.9) and for the subordination requirement it was EUR 7.0 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 37.7% (37.1%) of the total risk exposure amount and, based on the subordination requirement, the MREL ratio for subordinated liabilities was 28.5% (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 trend change.

OP Financial Group analyses the business environment as part of its 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 have 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 whole of 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 the European Economic Area, and the related procedures. Here, high-risk countries means 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 fixed the major shortcomings in its processes during the inspection.

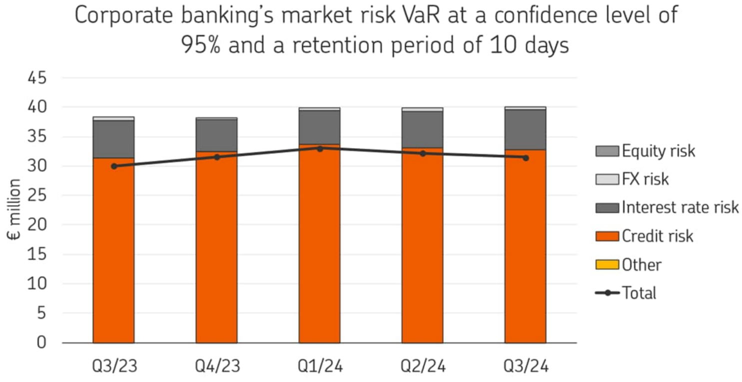
At the end of the reporting period, around 600 specialists worked in financial crime prevention in OP Financial Group's central cooperative. Employees of OP cooperative banks and OP Financial Group's other companies also play an important role in financial crime prevention.

During the reporting period, the volume of materialised operational risks remained moderate at OP Financial Group, resulting in EUR 5 million (6) in losses. The risk profile of other risks is discussed in more detail by business segment.

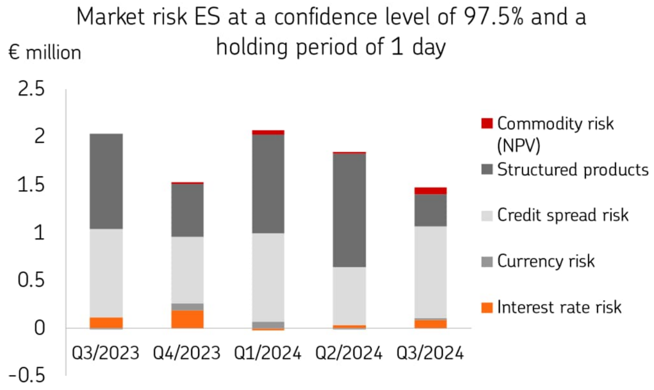
Retail Banking and Corporate Banking

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. For customers in the construction and real estate sectors, the economy remained challenging in the first half of 2024, but the situation showed signs of stabilising at the start of the second half.



The VaR, a measure of market risks associated with Corporate Banking's investments, was EUR 31 million (32) on 30 September 2024. The VaR risk metric includes banking's bond investments, derivatives that hedge their interest rate risk and 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 third quarter, amounting to EUR 1.5 million at the end of the reporting period.

Deposits within the scope of deposit guarantee and managed by OP Financial Group totalled EUR 45.2 billion (44.2) at the end of the reporting period, which equals 59.3% 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

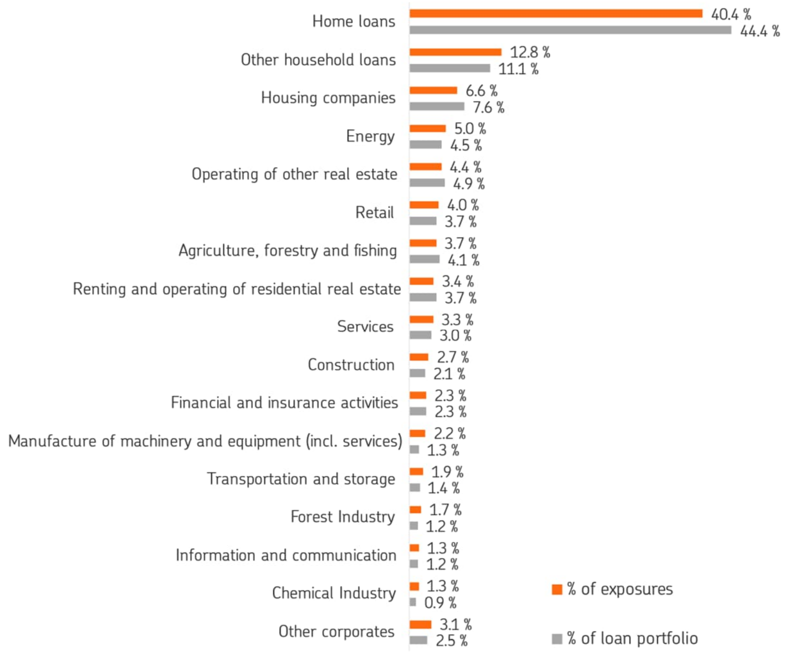
	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Over 90 days past due, € billion			0.76	0.59	0.76	0.59	0.27	0.21	0.49	0.38
Unlikely to be paid, € billion			1.09	1.37	1.09	1.37	0.18	0.21	0.91	1.16
Forborne exposures, € billion	3.59	3.33	1.49	1.45	5.08	4.78	0.23	0.20	4.84	4.59
Total, € billion	3.59	3.33	3.34	3.41	6.93	6.74	0.69	0.61	6.24	6.13

	OP Financial Group		Retail Banking		Corporate Banking	
Key ratios	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Ratio of doubtful receivables to exposures, %	6.04	5.81	6.90	7.30	4.07	2.52
Ratio of non-performing exposures to exposures, %	2.91	2.94	3.29	3.25	2.04	2.23
Ratio of performing forborne exposures to exposures, %	3.13	2.87	3.61	4.06	2.03	0.29
Ratio of performing forborne exposures to doubtful receivables, %	51.8	49.5	52.3	55.6	49.9	11.5
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	13.9	13.7	11.4	10.4	23.2	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

Breakdown of exposures and loan portfolio by sector



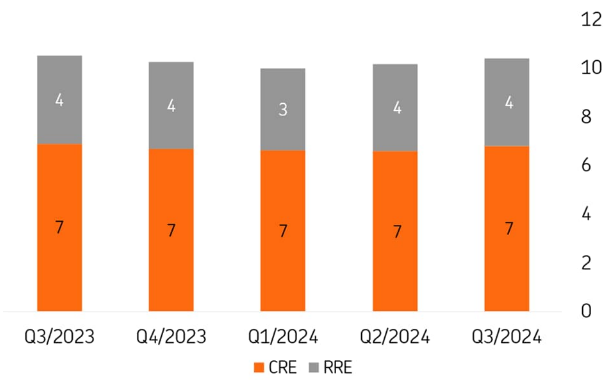
The graph shows the breakdown of OP Financial Group's exposures and loans by sector as percentages at the end of the reporting period.

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.

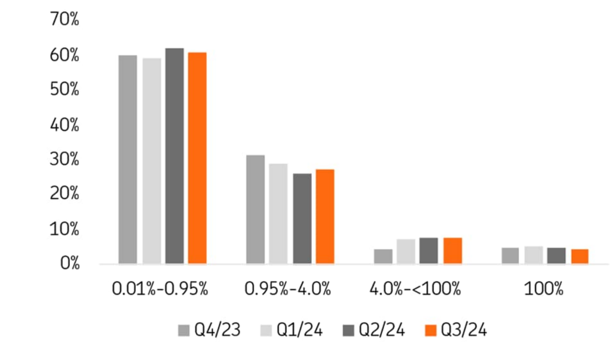
OP Financial Group's exposures to the real estate sector totalled 9.0% (8.9) of all exposures at period end. These exposures are well spread across different types of real estate. The largest type of real estate is commercial real estate units, which includes units such as offices. On 30 September 2024, 64.2% (63.0) of OP Financial Group's real estate portfolio was held by Corporate Banking and 35.8% (37.0) by Retail Banking.

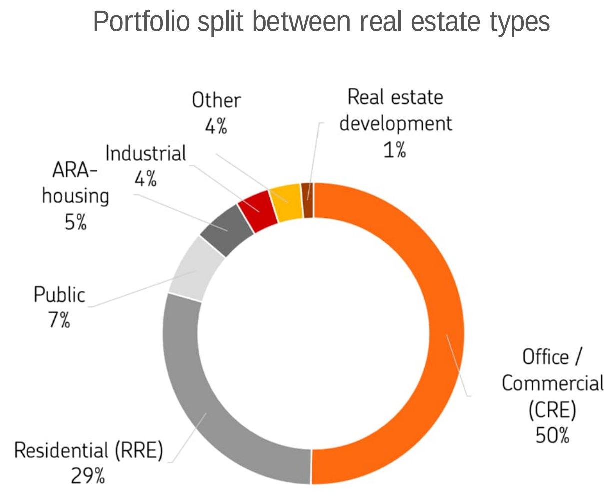
At the end of September, 4.26% of real estate exposures (4.63%) were classified as non-performing exposures.

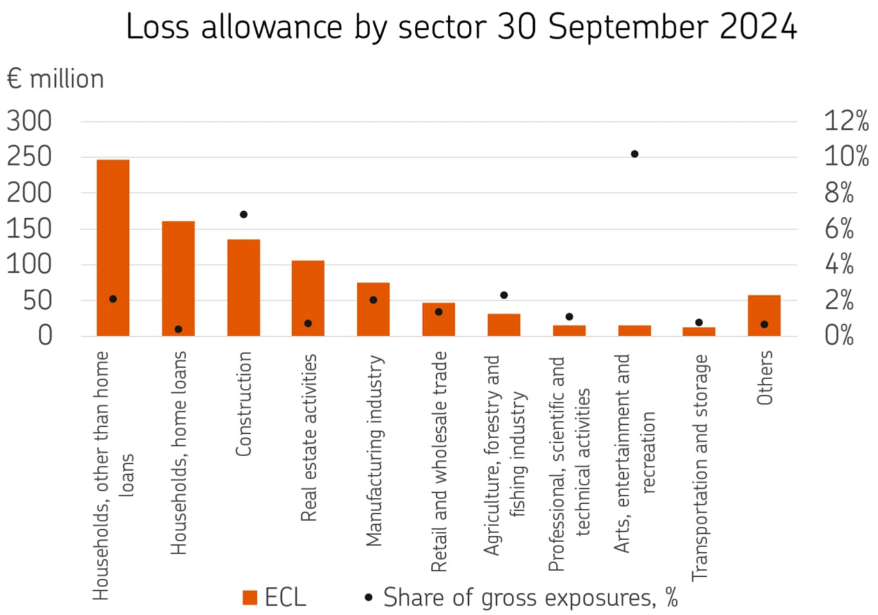
CRE and RRE exposures, billion €



Breakdown of real estate operators' probability of default







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 September 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 79 million (142) and as the effect of a one-percentage point decrease EUR –93 million (–142) 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 29 million (2) and as the effect of a one-percentage point decrease EUR –30 million (–2) on the average per year.

Insurance

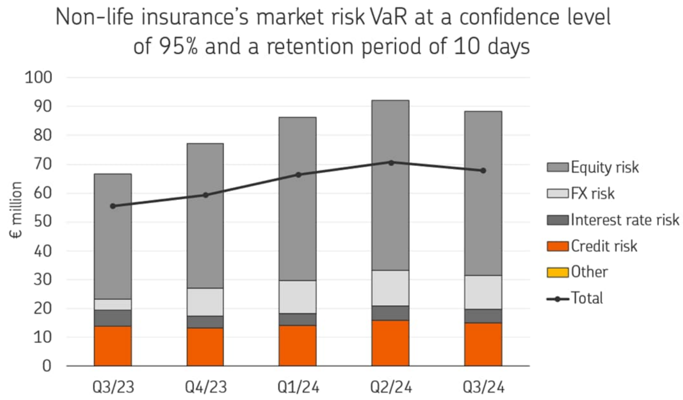
Non-life insurance

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 179 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.

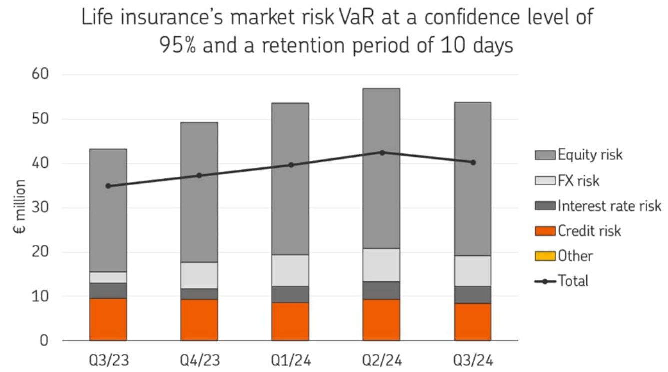
VaR, a measure of market risk, was EUR 68 million (59) at the end of the reporting period. The decrease is explained by the decrease in equity risk. VaR includes the company's investment balance including investments, insurance contract liabilities and derivatives that hedge against interest rate risk 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 23 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 19 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 54 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 203 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 242 million (245) on 30 September 2024.

The market risk level of the investments of life insurance decreased during the reporting period. The decrease is explained by the decrease in equity risk. VaR, a measure of market risk, was EUR 40 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.

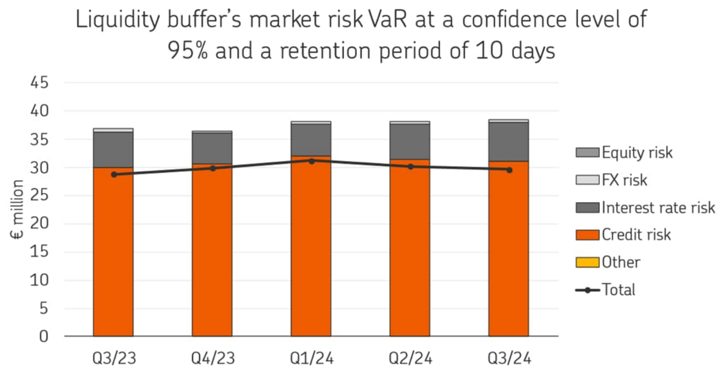
Group Functions

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–September, OP Financial Group issued long-term bonds worth EUR 2.9 billion (3.2).

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 September 2024. The VaR risk metric includes bond investments in the liquidity buffer, derivatives that hedge their interest rate risk and investment in money market papers. No major changes occurred in the asset class allocation.



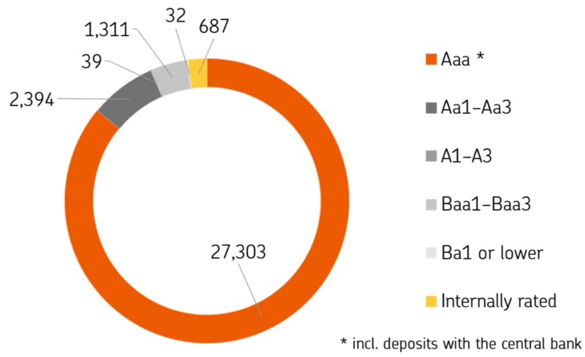
OP Financial Group secures its liquidity through a liquidity buffer, which mainly consists of deposits with central banks and receivables eligible as collateral for central bank refinancing. The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment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

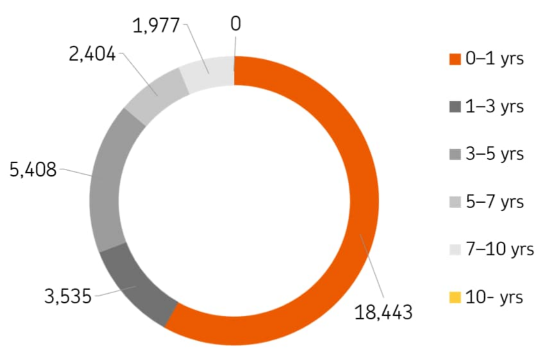
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 214% (199) at the end of the reporting period.

Liquidity buffer

€ billion	30 Sep 2024	31 Dec 2023	Change, %
Deposits with ECB	17.2	19.6	-11.9
Notes and bonds eligible as collateral	12.7	11.8	8.4
Loan receivables eligible as collateral	1.1	1.1	0.0
Total	31.0	32.4	-4.1
Receivables ineligible as collateral	0.7	0.7	7.4
Liquidity buffer at market value	31.8	33.1	-3.9
Collateral haircut	-0.8	-0.7	-
Liquidity buffer at collateral value	31.0	32.3	-4.1

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 1,519 million (629), classified at amortised cost and issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,558 million (647). In the Liquidity buffer table, the bonds are measured at fair value.





Credit ratings

Credit ratings 30 September 2024

	OP Corporate Bank plc				Pohjola Insurance Ltd	
Rating agency	Short-term debt	Outlook	Long-term debt	Outlook	Financial strength rating	Outlook
Standard & Poor's	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 1,037 million (919) and the cost/income ratio improved to 48.3% (49.1).
- Total income increased by 5.0% to EUR 2,117 million. Income from customer business increased by a total of 4.7%: net interest income increased by 10.7% to EUR 1,615 million and net commissions and fees decreased by 12.6% to EUR 458 million. The decrease in net commissions and fees was affected by the fact that owner-customers have been provided with daily banking services free of monthly charges.
- Impairment loss on receivables decreased to EUR 57 million (107). Non-performing exposures (gross) accounted for 3.3% (3.2) of total exposures.
- Total expenses increased by 3.3% to EUR 1,023 million. Personnel costs increased by 7.5% to EUR 393 million. Other operating expenses increased by 1.4% to EUR 599 million.
- OP bonuses to owner-customers increased by 12.0% to EUR 179 million (160).
- Year on year, the loan portfolio decreased by 0.7% to EUR 70.6 billion. The deposit portfolio increased by 1.1% year on year, to EUR 62.4 billion.
- The most significant development investments focused on the upgrading of lending and borrowing systems. Besides the reform of 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	Q1–3/ 2024	Q1–3/ 2023	Change, %	Q1–4/ 2023
Net interest income**	1,615	1,459	10.7	2,041
Impairment loss on receivables	-57	-107	-46.9	-173
Net commissions and fees**	458	524	-12.6	686
Investment income	-4	-10	-60.7	-29
Other operating income	47	42	11.4	61
Personnel costs	-393	-365	7.5	-500
Depreciation/amortisation and impairment loss	-31	-34	-9.4	-57
Other operating expenses	-599	-591	1.4	-806
Operating profit	1,037	919	12.8	1,223
Total income**	2,117	2,016	5.0	2,759
Total expenses	-1,023	-990	3.3	-1,363
Cost/income ratio, %**	48.3	49.1	-0.8*	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, %	0.11	0.20	-0.09*	0.24
Return on assets (ROA), %	1.15	1.00	0.15*	0.99
Return on assets, excluding OP bonuses, %	1.35	1.17	0.18*	1.17

€ million	Q1–3/ 2024	Q1–3/ 2023	Change, %	Q1–4/ 2023
Home loans drawn down	3,747	4,084	-8.3	5,569
Corporate loans drawn down	1,264	1,445	-12.5	1,996
No. of brokered residential property and property transactions	6,653	6,586	1.0	8,932
€ billion	**30 Sep 2024**	**30 Sep 2023**	**Change, %**	**31 Dec 2023**
Loan portfolio				
Home loans	41.5	41.8	-0.7	41.9
Corporate loans	7.4	8.0	-6.5	7.9
Housing companies***	8.7	8.7	-0.4	8.6
Other loans to corporations and institutions	4.5	4.0	10.5	4.2
Other consumer loans	8.4	8.5	-0.8	8.4
Total loan portfolio	70.6	71.0	-0.7	70.9
Guarantee portfolio	1.0	1.0	2.6	1.0
Other exposures	7.8	8.2	-4.9	7.6
Deposits				
Current and payment transfer deposits	35.8	37.8	-5.2	36.8
Investment deposits	26.6	23.9	11.2	24.4
Total deposits	62.4	61.7	1.1	61.2
€ million	**Q1–3/ 2024**	**Q1–3/ 2023**	**Change, %**	**Q1–4/ 2023**
Net assets inflow of OP Financial Group mutual funds	103	228	-54.5	-88

* 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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, 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.

Year on year, the loan portfolio decreased by 0.7% to EUR 70.6 billion. The home loan portfolio decreased by 0.7% to EUR 41.5 billion. Due to the prolonged slack period affecting the home loan market, the amount of home loans drawn down totalled EUR 3.7 billion, representing a decrease of 8.3% year on year. The volume of home and real property sales brokered by OP Koti real estate agents totalled 6,653, a decrease of 1.0%. At the end of the reporting period, 78.4% (82.8) of the home loan portfolio was tied to the 12-month Euribor, 17.6% (14.0) to shorter Euribor rates, and 4.0% (3.2) to the OP-Prime rate and a fixed interest rate. The corporate loan portfolio decreased by 6.5% to EUR 7.4 billion. The housing company loan portfolio decreased by 0.4% to EUR 8.7 billion. Other loans to corporations and institutions increased by 10.5% to EUR 4.5 billion. Other consumer loans decreased by 0.8% to EUR 8.4 billion.

On 30 September 2024, a total of 33.9% (34.4) of personal customers' home loans were covered by interest rate protection. On the same date, the interest expenses of around 150,000 home loans were being reduced by an interest rate cap; the loans' aggregate principal totalled EUR 13.0 billion. In financial terms, the net benefit gained by customers from interest rate caps during the reporting period totalled EUR 186 million (104).

The deposit portfolio increased by 1.1% year on year, to EUR 62.4 billion. Deposits on current and payment transfer accounts decreased by 5.2%, and investment deposits increased by 11.2%.

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 September, green loans granted to SMEs totalled EUR 188 million (62).

OP Financial Group customers continued to show interest in saving and investing. During the reporting period, OP Financial Group's mutual funds attracted 100,000 new unitholders, and customers made 125,000 new systematic investment plans on mutual funds. At the end of the reporting period, OP Financial Group's mutual funds had more than 1.38 million unitholders (1.28). In share trading, the number of executed orders was 27.3% higher than a year ago.

OP Financial Group will increase the OP bonuses to be earned by owner-customers for 2025 by 40% compared to the normal level of 2022. In addition, owner-customers get daily banking services without monthly charges until the end of 2025. Together, these benefits are estimated to add up to more than EUR 400 million in value for owner-customers next year.

Use of digital services continues its steady growth. Personal and corporate customers increasingly use digital channels for banking and insurance. In September, 1.7 million (1.6) personal and corporate customers used OP Financial Group's mobile channels, and there were more than 59 million logins to OP-mobile. OP Financial Group's mobile payment app Pivo was closed down on 4 September 2024. In future, OP Financial Group will focus on developing OP-mobile and its mobile payment features.

OP Financial Group and Nordea are establishing a joint venture to create solutions for payment challenges in Finland. The joint venture will provide solutions for mobile phone number based payments for consumers in the banks' own apps, and payment services for merchants and businesses. The services of the joint venture will be extensively opened to other market actors, too. Realisation of the venture must await the approval of the Finnish Competition and Consumer Authority (FCCA). On 29 October 2024, the FCCA announced that it will initiate a further investigation of the joint venture. Following the further investigation, the FCCA may approve the merger as such, approve it conditionally, or propose that the Market Court prohibit the deal. The aim is for the company to start operating in the first half of 2025.

In January–September, the most significant development investments focused on upgrading the lending and borrowing systems. The aim of this upgrade is to modernise core systems and increase operational efficiency. Besides the reform of 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 September, the number of OP cooperative banks was 99 (102). 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 1,037 million (919). Total income increased by 5.0% to EUR 2,117 million. Net interest income grew by 10.7% to EUR 1,615 million. The development of market rates increased net interest income year on year. Since 1 November 2023, owner-customers have been receiving 0.25% interest on deposits in their current accounts.

Net commissions and fees decreased by 12.6% to EUR 458 million. The decrease in net commissions and fees was affected by the fact that owner-customers have been provided with daily banking services free of monthly charges since October 2023.

Impairment loss on receivables decreased to EUR 57 million (107). A year ago, expected credit losses concerning the real estate and construction sector increased the impairment loss on receivables. Final net loan losses recognised for the reporting period totalled EUR 34 million (24). Non-performing exposures accounted for 3.3% (3.2) of total exposures.

Total expenses increased by 3.3% to EUR 1,023 million. Personnel costs rose by 7.5% to EUR 393 million. The increase was affected by headcount growth and pay increases. Other operating expenses increased by 1.4% to EUR 599 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, Retail Banking paid a total of EUR 32 million in stability contributions.

Depreciation/amortisation and impairment loss decreased by 9.4% year on year, to EUR 31 million.

OP bonuses to owner-customers grew by 12.0% to EUR 179 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 418 million (321) and the cost/income ratio improved to 36.9% (40.4).
- Total income grew to EUR 686 million (644). Net interest income grew by 11.9% to EUR 493 million (441). Net commissions and fees grew by 2.1% to EUR 146 million (143). Investment income decreased by 42.1% to EUR 25 million (43).
- Impairment loss on receivables totalled EUR 15 million (63). Non-performing exposures (gross) accounted for 2.0% (2.2) of total exposures.
- Total expenses decreased to EUR 253 million (260). Personnel costs increased by 8.3% to EUR 82 million (76). Other operating expenses decreased by 6.6% to EUR 170 million (182).
- The loan portfolio decreased by 1.8% to EUR 27.5 billion while deposits grew by 26.4% to EUR 14.4 billion, year on year. Assets under management by Corporate Banking increased by 12.2% to EUR 80.9 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	Q1–3/2024	Q1–3/2023	Change, %	Q1–4/2023
Net interest income	493	441	11.9	591
Impairment loss on receivables	-15	-63	-75.8	-96
Net commissions and fees**	146	143	2.1	192
Investment income	25	43	-42.1	53
Other operating income	21	17	29.1	21
Personnel costs	-82	-76	8.3	-104
Depreciation/amortisation and impairment loss	-1	-3	-60.0	-3
Other operating expenses	-170	-182	-6.6	-247
Operating profit	418	321	30.3	408
Total income**	686	644	6.5	858
Total expenses	-253	-260	-2.8	-354
Cost/income ratio, %**	36.9	40.4	-3.5*	41.3
Ratio of non-performing exposures to exposures, %	2.0	2.0	0.0*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.07	0.27	-0.21*	0.31
Return on assets (ROA), %	1.34	1.03	0.31	0.93
Return on assets, excluding OP bonuses, %	1.41	1.10	0.31	0.99

€ billion	30 Sep 2024	30 Sep 2023	Change, %	31 Dec 2023
Loan portfolio				
Corporate loans	19.8	20.4	-2.8	20.4
Housing companies***	2.0	2.0	-0.3	2.0
Other consumer loans	3.5	3.1	10.8	3.2
Other loans	2.2	2.5	-9.5	2.3
Total loan portfolio	27.5	28.0	-1.8	28.1
Guarantee portfolio	2.7	2.9	-4.8	3.2
Other exposures	5.4	6.1	-11.6	5.7
Deposits	14.4	11.3	26.4	13.8
Assets under management (gross)				
Mutual funds	32.6	28.7	13.5	30.0
Institutional clients	38.1	35.4	7.4	35.9
Wealth Management clients	10.2	7.9	29.3	8.8
Total (gross)	80.9	72.1	12.2	74.7

€ million	Q1–3/2024	Q1–3/2023	Change, %	Q1–4/2023
Net assets inflow in wealth management				
Wealth Management clients	3	186	-98.5	174
Institutional clients	122	-106	-	-313
Total net inflows	125	81	55.0	-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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, 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 1.9% from its year-end level to EUR 27.5 billion. Companies' low working capital needs and appetite to invest reduced the loan portfolio. The loan portfolio in consumer finance grew.

The deposit portfolio increased by 4.0% from its 2023-end level to EUR 14.4 billion. Corporate Banking has gained new payment service customers and expanded its current customer relationships.

Corporate Banking’s focus on promoting a sustainable economy increased the commitment portfolio of sustainable finance to EUR 8.0 billion (6.2). Demand for sustainable financing has remained healthy, and companies have made active use of Corporate Banking's expertise in sustainable finance.

In the Corporate Banking segment, the most significant development investments involved 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 125 million (81). Assets under management by Corporate Banking grew by 8.3% from their year-end level to EUR 80.9 billion (74.7). These included EUR 24.7 billion (22.8) 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 reporting period, Corporate Banking revamped its selection of mutual funds, to offer customers high-quality and interesting funds as the cornerstone of their investment portfolios.

During the reporting period, Corporate Banking launched two new products for SME customers of OP cooperative banks: unsecured working capital finance (OP Flexible Capital) and a factoring product for small enterprises (OP Factoring).

Corporate Banking succeeded well as a versatile provider of financing for large companies. It was the lead arranger or arranger of 11 bond issues in January–September, which raised EUR 2.6 billion for companies from the capital markets.

In June, OP Financial Group announced that OP Corporate Bank plc will join a panel that contributes to the setting of the Euribor. The Panel currently consists of 19 major banks from around Europe. OP Corporate Bank will add a new element to the Panel, 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.

Financial performance for the reporting period

Corporate Banking's operating profit amounted to EUR 418 million (321). The cost/income ratio was 36.9% (40.4). Net interest income rose by 11.9% to EUR 493 million (441) as a result of higher market interest rates, loan margins and inter-segment allocation changes. Impairment loss on receivables totalled EUR 15 million (63). A year ago, impairment loss on receivables increased as a result of the deteriorated situation in the construction and real estate sectors. Non-performing exposures accounted for 2.0% (2.2) of total exposures.

Corporate Banking's net commissions and fees totalled EUR 146 million (143).

Corporate Banking segment's net commissions and fees

€ million	Q1–3/2024	Q1–3/2023	Change, %
Mutual funds	71	76	-6.1
Wealth management	31	24	28.5
Other	44	43	1.6
Total	146	143	2.1

Investment income decreased to EUR 25 million (43). Derivatives used for economic balance sheet hedging, investments recognised at fair value through profit or loss, and liabilities decreased investment income by EUR 19 million year on year. Correspondingly, their counterpart items (financial and investment items) increased net interest income by EUR 19 million year on year. Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes decreased earnings by EUR 4 million (2).

Personnel costs rose by 8.3% to EUR 82 million. The increase was affected by headcount growth and pay increases. Other operating expenses decreased by 6.6% to EUR 170 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 458 million (298).
- Insurance service result was EUR 95 million (58). Investment income totalled EUR 365 million (241).
- Non-life insurance premiums written increased by 3.7% to EUR 1,531 million. Combined ratio reported by non-life insurance was 95.0% (94.8).
- In life insurance, unit-linked insurance assets increased by 9.8% from the year-end level to EUR 13.8 billion. Premiums written for term life insurance grew by 7.5%.
- Return on investments by non-life insurance at fair value was 6.5% (3.0) and that by life insurance was 6.2% (2.4).
- Total expenses increased to EUR 422 million (381) due to higher ICT costs. Development investments focused on core system upgrades and the development of digital services.

Key figures and ratios

€ million	Q1–3/2024	Q1–3/2023	Change, %	Q1–4/2023
Insurance revenue	1,575	1,466	7.4	2,000
Insurance service expenses	-1,451	-1,369	6.0	-1,824
Reinsurance contracts	-28	-38	-26.5	-95
Insurance service result	95	58	63.0	81
Investment income	365	241	51.7	347
Net commissions and fees**	32	28	14.6	44
Other net income	1	4	-72.7	4
Personnel costs	-134	-124	7.8	-167
Depreciation/amortisation and impairment loss	-28	-37	-24.2	-64
Other operating expenses	-261	-220	18.4	-317
Total expenses	-422	-381	10.8	-548
Transfers to insurance service result	387	348	11.1	485
Operating profit	458	298	53.6	414
Return on assets (ROA), %	2.20	1.50	0.70*	1.54
Return on assets, excluding OP bonuses, %	2.32	1.60	0.72*	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 on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, 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.

Insurance's result developed favourably in the third quarter, both in the non-life and life insurance business. The insurance service result was EUR 58 million in the third quarter. This favourable development was due to the decrease in interest rates, which boosted the stock markets.

In non-life insurance, the claims trend clearly levelled off in the second and third quarter compared to that of the first quarter. After the first quarter, the number of large claims was considerably lower than usual. Similarly, claims volumes in motor vehicle and health insurance decreased during the summer months 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 7.5%. At the end of the reporting period, the sale of the new term life insurance was launched on digital channels. The insurance can be supplemented with critical illness insurance. In life insurance, unit-linked insurance assets increased by 9.8% from the year-end level to EUR 13.8 billion (12.6).

Financial performance for the reporting period

Operating profit improved to EUR 458 million (298). Insurance service result was EUR 95 million (58).

Investment income increased to EUR 365 million (241). Net investment income grew as a result of the increase in the value of equity and fixed income investments. Net investment income was EUR 930 million (342) and net finance income EUR –565 million (–102). Together, these items describe the profitability of investment operations.

Investment income

€ million	Q1–3/2024	Q1–3/2023
Insurance companies' investments		
Fixed income investments	196	65
Quoted shares	231	88
Other liquid investments	2	0
Property investments	32	29
Other illiquid investments	35	21
Insurance companies' net investment income	497	202
Net finance income*	-104	57
Interest on subordinated loans, and other income and expenses	-29	-3
Investment income	363	255
Net income from separated balance sheets	12	-8
Net income from customers' savings and investments agreements	-11	-6
Total investment income	365	241

* 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 268 million (172). An increase in the value of equity and fixed income investments strengthened the investment result. Insurance service result was at the previous year's level.

€ million	Q1–3/2024	Q1–3/2023	Change, %
Insurance revenue	1,389	1,287	7.9
Claims incurred	-927	-838	10.6
Operating expenses	-379	-356	6.2
Insurance service result, gross	84	93	-9.6
Reinsurer's share of insurance revenue	-90	-76	18.1
Reinsurer's share of insurance service expenses	72	47	52.5
Net income from reinsurance	-18	-29	-37.2
Insurance service result	66	64	3.2
Net finance income	-76	-7	935.6
Income from investment activities	279	115	143.1
Investment income	203	107	89.0
Other net income	1	1	64.5
Operating profit	268	172	55.2
Combined ratio	95.0	94.8	
Risk ratio	66.1	65.7	
Cost ratio	28.8	29.0	

Non-life insurance: premiums written

€ million	Q1–3/2024	Q1–3/2023	Change, %
Personal customers	787	744	5.8
Corporate customers	744	732	1.6
Total	1,531	1,476	3.7

Premiums written increased by 3.7% to EUR 1,531 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 the reinsurer's share grew by 7.3% to EUR 1,299 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 6.6%. In the third quarter, the increase in claims volume levelled off to 2.9%. Net claims incurred after the reinsurer's share grew by 7.9% to EUR 859 million.

The reported number of new large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 109 (90) in January–September 2024, with their claims incurred retained for own account totalling EUR 119 million (76). Non-life insurance risk ratio was 66.1% (65.7). Large claims accounted for 9.2% (6.3) of the risk ratio.

Operating expenses increased by 6.2% to EUR 379 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 28.8% (29.0). Combined ratio reported by non-life insurance was 95.0% (94.8). In the third quarter, the combined ratio was 84.9% (89.5).

Non-life insurance: investment income

€ million	Q1–3/2024	Q1–3/2023
Net finance income and expenses	-76	-7
Fixed income investments	111	45
Quoted shares	147	53
Other liquid investments	1	0
Property investments	20	19
Other illiquid investments	18	11
Income from investment activities	296	128
Interest on subordinated loans, and other income and expenses	-17	-13
Total investment income	203	107

Non-life insurance: key investment indicators

	Q1–3/2024	Q1–3/2023
Return on investments at fair value, %	6.5	3.0
Fixed income investments' running yield, %*	3.2	2.2
	30 Sep 2024	31 Dec 2023
Investment portfolio, € million	4,588	4,334
Investments within the investment grade category, %	89	90
At least A-rated receivables, %	52	53
Modified duration	3.6	3.5

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

Life insurance financial performance

Operating profit increased to EUR 184 million (117) due to faster growth in income than in expenses. Insurance service result improved to EUR 30 million (–5), and net commissions and fees grew by 23.3% to EUR 25 million. A contractual service margin of EUR 47 million (52) was recognised in the insurance service result. Investment income grew by 25.4% to EUR 156 million as a result of the investments' good value performance. 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. At the end of the reporting period, the sale of the new term life insurance was launched on digital channels. The insurance can be supplemented with critical illness insurance.

€ million	Q1–3/2024	Q1–3/2023	Change, %
Insurance service result	30	-5	-
Net finance income and expenses	-489	-94	419.2
Income from investment activities	645	218	195.1
Investment income	156	124	25.4
Net commissions and fees	25	20	23.3
Other operating income and expenses	1	4	-85.2
Personnel costs	-12	-11	16.3
Depreciation/amortisation and impairment loss	-11	-12	-14.2
Other operating expenses	-40	-34	18.1
Total expenses	-63	-57	10.8
Transfers to insurance service result	37	31	18.5
Operating profit	184	117	57.5
Cost/income ratio, %	24	30	-
Contractual service margin at period end	649	777	-16.5

Life insurance: investment income

€ million	Q1–3/2024	Q1–3/2023
Insurance company's investments		
Fixed income investments	86	20
Quoted shares	84	35
Other liquid investments	1	0
Property investments	12	10
Other illiquid investments	17	10
Insurance company's net investment income	200	74
Net finance income*	-28	64
Interest on subordinated loans, and other income and expenses	-17	0
Investment income	155	138
Net income from separated balance sheets	12	-8
Net income from customers' savings and investments agreements	-11	-6
Total investment income	156	124

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

Life insurance: key investment indicators*

	Q1–3/2024	Q1–3/2023
Return on investments at fair value, %	6.2	2.4
Fixed income investments' running yield, %**	3.2	2.0
	30 Sep 2024	31 Dec 2023
Investment portfolio, € million	3,294	3,201
Investments within the investment grade category, %	90	91
A-rated receivables, minimum, %	51	53
Modified duration	3.3	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	Q1–3/2024	Q1–3/2023	Change, %	Q1–4/2023
Net interest income	2	-13	-	1
Impairment loss on receivables	0	0	-	0
Net commissions and fees	1	-1	-	-1
Investment income	4	17	-75.7	10
Other operating income	591	536	10.2	741
Personnel costs	-198	-168	17.8	-232
Depreciation/amortisation and impairment loss	-48	-64	-25.4	-104
Other operating expenses	-348	-309	12.8	-441
Operating profit	4	-2	-	-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 September 2024, the average margin of OP Financial Group's senior and senior non-preferred wholesale funding and covered bonds was 36 basis points (34). In January–September, OP Financial Group issued long-term bonds worth EUR 2.9 billion (3.2).

OP Financial Group's financial position and liquidity are strong. At the end of the reporting period, the Group's LCR was 214% (199) and its NSFR was 130% (130). At the end of the reporting period, OP Financial Group's balance sheet assets included bonds worth EUR 1,519 million (630), which are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 1,558 million (648) at the end of the reporting period.

Financial performance for the reporting period

Group Functions operating profit amounted to EUR 4 million (–2). Net interest income was EUR 2 million (-13).

Investment income totalled EUR 4 million (17). Changes in the value of derivatives decreased income from investment activities. Other operating income increased by 10.2% to EUR 591 million. Other operating income mainly includes OP Financial Group's intra-group items.

Personnel costs rose by 17.8% to EUR 198 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 25.4% to EUR 48 million. Other operating expenses increased by 12.8% to EUR 348 million. ICT costs increased by 15.6% to EUR 248 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–September totalled EUR 293 million (260). This included licence fees, purchased services, other external costs related to projects, and in-house work. The capitalised development expenditure totalled EUR 43 million (66). More detailed information on OP Financial Group's investments can be found in the business segment reports in this Interim Report.

Personnel

On 30 September 2024, OP Financial Group had 14,617 employees (13,806). The number of employees averaged 14,452 (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 decrease in the third quarter was due to the end of summer employment season.

Personnel at period end

	30 Sep 2024	31 Dec 2023
Retail Banking	8,154	7,785
Corporate Banking	1,063	1,010
Insurance	2,589	2,494
Group Functions	2,811	2,517
Total	14,617	13,806

During the reporting period, 176 OP Financial Group employees (159) retired at an average age of 63.1 years (62.3).

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 99 OP cooperative banks (102) and their subsidiaries, and OP Cooperative Consolidated. The number of OP cooperative banks decreased during the reporting period due to mergers.

Implemented 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 31 August 2024, Taivalkosken Osuuspankki and Pudasjärven Osuuspankki merged into Kuusamon Osuuspankki. In connection with the merger, the business name of Kuusamon Osuuspankki was changed to Koillismaan Osuuspankki.

Approved upcoming mergers

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. In connection with the merger, 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).

On 15 August 2024, Pohjois-Hämeen Osuuspankki and Jämsän Seudun Osuuspankki approved a merger plan, according to which Jämsän Seudun Osuuspankki will merge into Pohjois-Hämeen Osuuspankki. The planned date for the execution of the merger is 30 April 2025. In connection with the merger, the business name of Pohjois-Hämeen Osuuspankki will change to Ylä-Hämeen Osuuspankki.

On 10 September 2024, Pohjois-Karjalan Osuuspankki, Liperin Osuuspankki, Outokummun Osuuspankki and Vaara-Karjalan Osuuspankki approved merger plans, according to which Liperin Osuuspankki, Outokummun Osuuspankki and Vaara-Karjalan Osuuspankki will merge into Pohjois-Karjalan Osuuspankki. The planned date for the execution of the mergers is 31 March 2025.

On 10 September 2024, Kainuun Osuuspankki, Paltamon Osuuspankki and Ylä-Kainuun Osuuspankki approved merger plans, according to which Paltamon Osuuspankki and Ylä-Kainuun Osuuspankki will merge into Kainuun Osuuspankki. The planned date for the execution of the mergers is 30 April 2025.

On 11 September 2024, Tampereen Seudun Osuuspankki and Kangasalan Seudun Osuuspankki approved a merger plan, according to which Kangasalan Seudun Osuuspankki will merge into Tampereen Seudun Osuuspankki. The planned date for the execution of the merger is 31 July 2025. In connection with the merger, the business name of Tampereen Seudun Osuuspankki will change to Pirkanmaan Osuuspankki.

On 23 September 2024, Raahentienoon Osuuspankki, Limingan Osuuspankki, Pulkkilan Osuuspankki and Siikalatvan Osuuspankki approved merger plans, according to which Limingan Osuuspankki, Pulkkilan Osuuspankki and Siikalatvan Osuuspankki will merge into Raahentienoon Osuuspankki. The planned date for the execution of the mergers is 28 February 2025. In connection with the mergers, the business name of Raahentienoon Osuuspankki will change to Jokirannikon Osuuspankki.

On 25 September 2024, Nakkila-Luvian Osuuspankki, Ala-Satakunnan Osuuspankki, Euran Osuuspankki, Osuuspankki Harjuseutu, Lapin Osuuspankki and Yläneen Osuuspankki approved merger plans, according to which Ala-Satakunnan Osuuspankki, Euran Osuuspankki, Osuuspankki Harjuseutu, Lapin Osuuspankki and Yläneen Osuuspankki will merge into Nakkila-Luvian Osuuspankki. The planned date for the execution of the mergers is 31 March 2025. In connection with the mergers, the business name of Nakkila-Luvian Osuuspankki will change to Sataharjun Osuuspankki.

On 1 October 2024, Pohjolan Osuuspankki, Posion Osuuspankki, Sallan Osuuspankki, Tyrnävän Osuuspankki, Utajärven Osuuspankki, Ylitornion Osuuspankki and Hailuodon Osuuspankki approved merger plans, according to which Posion Osuuspankki, Sallan Osuuspankki, Tyrnävän Osuuspankki, Utajärven Osuuspankki, Ylitornion Osuuspankki and Hailuodon Osuuspankki will merge into Pohjolan Osuuspankki. The planned date for the execution of the mergers is 31 July 2025.

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

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 (entrepreneur, board professional), 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.

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, a 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.

Events after the reporting period

Additional benefits for owner-customers in 2025

OP Financial Group will increase the OP bonuses to be earned by owner-customers for 2025 by 40% compared to the normal level of 2022. In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025. Together, these benefits are estimated to add up to more than EUR 400 million in value for owner-customers next year.

Joint venture of OP Financial Group and Nordea

OP Financial Group and Nordea are establishing a joint venture to create solutions for payment challenges in Finland. The joint venture will provide solutions for mobile phone number based payments for consumers in the banks' own apps, and payment services for merchants and businesses. The services of the joint venture will be extensively opened to other market actors, too. Realisation of the venture must await the approval of the Finnish Competition and Consumer Authority (FCCA). On 29 October 2024, the FCCA announced that it will initiate a further investigation of the joint venture. Following the further investigation, the FCCA may approve the merger as such, approve it conditionally, or propose that the Market Court prohibit the deal. The aim is for the company to start operating in the first half of 2025.

Outlook towards the year end

The Finnish economy was sluggish in the first half. GDP contracted over the previous year and unemployment increased. Forecast data suggests that the Finnish economy began to grow in the third quarter of 2024. Falling inflation and interest rates provide a basis for the recovery to continue. 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 higher than that for 2023.

The key uncertainties affecting OP Financial Group's earnings performance in late 2024 relate to 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 Interim 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 Interim 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 earned by 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 financial year)	x 100	The ratio describes how much return is generated on capital tied up in 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 financial year)	x 100	The ratio describes how much return is generated on capital tied up in business during the reporting period, excluding OP bonuses earned by 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		The figure describes the development of all expenses.

	impairment loss + Other operating 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 not 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 mainly presented 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.

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

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 on the customer's initiative, regarding the original repayment plan to enable the customer to surmount 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 on the customer's initiative, regarding the original repayment plan to enable the customer to surmount 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 non-performing exposures as well as performing forborne 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 on 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, € mill.	30 Sep 2024	31 Dec 2023
OP Financial Group's equity capital	17,672	16,262
Excluding the effect of insurance companies on the Group's equity	-1,514	-1,297
Fair value reserve, cash flow hedge	151	212
Common Equity Tier 1 (CET1) before deductions	16,309	15,177
Intangible assets	-307	-314
Excess funding of pension liability and valuation adjustments	-239	-216
Cooperative capital deducted from capital base	-5	-198
Planned profit distribution	-176	-148
Insufficient coverage for non-performing exposures	-262	-190
CET1 capital	15,321	14,111
Tier 1 capital (T1)	15,321	14,111
Debenture loans	1,278	1,308
Debentures to which transition rules apply	31	57
General credit risk adjustments	93	120
Tier 2 capital (T2)	1,402	1,484
Total own funds	16,722	15,595

Total risk exposure amount, € million	30 Sep 2024	31 Dec 2023
Credit and counterparty risk	63,289	65,997
Standardised Approach (SA)	63,289	65,997
Central government and central bank exposure	440	509
Credit institution exposure	521	603
Corporate exposure	25,284	27,591
Retail exposure	10,085	10,174
Mortgage-backed exposure	19,090	18,988
Defaulted exposure	2,136	2,309
Items of especially high risk	1,536	1,697
Covered bonds	725	608
Collective investment undertakings (CIU)	186	201
Equity investments	2,384	2,410
Other	903	907
Risks of the CCP's default fund	1	1
Securitisations	31	50
Market and settlement risk (Standardised Approach)	986	1,006
Operational risk (Standardised Approach)	4,936	4,156
Valuation adjustment (CVA)	198	217
Other risks*	2,309	2,084
Total risk exposure amount	71,749	73,511

* Risks not otherwise covered.

Ratios, %	30 Sep 2024	31 Dec 2023
CET1 capital ratio	21.4	19.2
Tier 1 ratio	21.4	19.2
Capital adequacy ratio	23.3	21.2

Ratios, fully loaded, %	30 Sep 2024	31 Dec 2023
CET1 capital ratio	21.4	19.2
Tier 1 ratio	21.4	19.2
Capital adequacy ratio	23.3	21.1

Capital requirement, € million	30 Sep 2024	31 Dec 2023
Own funds	16,722	15,595
Capital requirement	11,038	10,558
Buffer for capital requirements	5,684	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 the figures.

Leverage ratio, € million	30 Sep 2024	31 Dec 2023
Tier 1 capital (T1)	15,321	14,111
Total exposure	146,372	148,849
Leverage ratio, %	10.5	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 Sep 2024	31 Dec 2023
OP Financial Group's equity capital	17,672	16,262
Other items included in Banking's Tier 1 and Tier 2 capital	1,402	1,484
Other sector-specific items excluded from capital base	-449	-574
Goodwill and intangible assets	-972	-1,000
Insurance business valuation differences*	713	855
Proposed profit distribution	-176	-148
Items under IFRS deducted from capital base**	-51	48
Conglomerate's total capital base	18,140	16,928
Regulatory capital requirement for credit institutions***	10,684	10,227
Regulatory capital requirement for insurance operations*	1,665	1,511
Conglomerate's total minimum capital requirement	12,349	11,738
Conglomerate's capital adequacy	5,791	5,190
Conglomerate's capital adequacy ratio (capital base/minimum of capital base) (%)	147	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 the figures.

TABLES

Income statement

€ million	Note	Q1–3/ 2024	Adjusted Q1–3/ 2023	Q3/ 2024	Adjusted Q3/ 2023
Net interest income calculated using the effective interest method		4,105	3,331	1,339	1,280
Other interest income		575	348	221	144
Interest expenses		-2,562	-1,759	-849	-700
Net interest income	3	2,118	1,919	712	723
Impairment loss on receivables	4	-72	-170	-5	-72
Commission income		695	759	229	240
Commission expenses		-97	-103	-30	-36
Net commissions and fees	5	599	656	199	205
Insurance revenue		1,575	1,466	534	499
Insurance service expenses		-1,451	-1,369	-446	-438
Net income from reinsurance contracts		-28	-38	-30	-11
Insurance service result	6	95	58	58	51
Net finance income (+)/expenses (–) related to insurance		-568	-89	-296	155
Net finance income (+)/expenses (–) related to reinsurance		3	-13	2	-3
Net insurance finance income (+)/expenses (–)	7	-565	-102	-294	152
Net income from financial assets held for trading	8	43	24	26	6
Net investment income	9	942	371	418	-114
Other operating income		31	28	6	7
Personnel costs		-781	-702	-247	-218
Depreciation/amortisation and impairment loss		-107	-137	-38	-45
Other operating expenses	10	-741	-725	-240	-221
Transfers to insurance service result		387	348	124	112
Operating expenses		-1,242	-1,216	-401	-373
Operating profit (loss)		**1,948**	**1,570**	**720**	**584**
Earnings before tax		**1,948**	**1,570**	**720**	**584**
Income tax		-388	-312	-143	-116
Profit for the period		**1,561**	**1,258**	**576**	**468**
Attributable to:					
Profit for the period attributable to owners		1,552	1,252	574	467
Profit for the period attributable to non-controlling interest		8	6	2	0
Total		**1,561**	**1,258**	**576**	**468**

OP Financial 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 to this Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

Statement of comprehensive income

€ million	Note	Q1–3/ 2024	Q1–3/ 2023	Q3/ 2024	Q3/ 2023
Profit for the period		**1,561**	**1,258**	**576**	**468**
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		51	32	36	43
Changes in own credit risk on liabilities measured at fair value		-10		0	
Items that may be subsequently reclassified to profit or loss					
Change in fair value reserve					
On fair value measurement	14	13	-32	-25	-21
On cash flow hedging	14	76	27	81	13
Translation differences					
Income tax					
On items not reclassified to profit or loss					
On gains/(losses) arising from measurement of defined benefit plans		-10	-6	-3	-4
Changes in own credit risk on liabilities measured at fair value		2		0	
On items that may subsequently be reclassified to profit or loss					
On fair value measurement	14	-3	6	5	4
On cash flow hedging	14	-15	-5	-16	-3
Other comprehensive income items		**104**	**22**	**78**	**32**
Total comprehensive income for the period		**1,664**	**1,279**	**654**	**499**
Comprehensive income for the period attributable to:					
Comprehensive income for the period attributable to owners		1,656	1,273	651	499
Comprehensive income for the period attributable to non-controlling interests		8	6	2	0
Total		**1,664**	**1,279**	**654**	**499**

Balance sheet

€ million	Note	30 Sep 2024	Adjusted 31 Dec 2023	Adjusted 1 Jan 2023
Cash and deposits with central banks	16	17,434	19,755	35,004
Receivables from credit institutions	16	643	858	798
Receivables from customers	16	97,806	98,316	98,782
Derivative contracts	16, 19	2,367	3,106	3,889
Investment assets		23,700	22,029	20,830
Assets covering unit-linked contracts	16	13,808	12,581	11,597
Reinsurance contract assets	11	131	106	245
Intangible assets		1,034	1,065	1,153
Property, plant and equipment		402	398	423
Other assets		1,973	1,560	2,037
Income tax assets		44	22	59
Deferred tax assets		233	251	605
Total assets		**159,575**	**160,047**	**175,422**
Liabilities to credit institutions	16	96	74	12,311
Liabilities to customers	16	78,530	77,178	81,552
Derivative contracts	16, 19	2,210	2,994	4,197
Insurance contract liabilities	12	11,904	11,589	11,446
Reinsurance contract liabilities	12	0	0	2
Investment contract liabilities	16	8,841	7,944	7,211
Debt securities issued to the public	13	33,657	37,689	37,530
Provisions and other liabilities		3,970	3,674	3,599
Income tax liabilities		104	156	67
Deferred tax liabilities		1,153	1,073	1,455
Subordinated liabilities		1,437	1,414	1,384
Total liabilities		**141,903**	**143,785**	**160,753**
Equity capital				
Capital and reserves attributable to OP Financial Group owners				
Cooperative capital				
Membership shares		220	219	217
Profit Shares		3,223	3,335	3,369
Fair value reserve	14	-219	-290	-360
Other reserves		2,172	2,172	2,172
Retained earnings		12,141	10,703	9,153
Non-controlling interests		135	124	118
Total equity		**17,672**	**16,262**	**14,668**
Total liabilities and equity		**159,575**	**160,047**	**175,422**

OP Financial 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 to this Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

Statement of changes in equity capital

€ million	Attributable to owners						
	Cooperative 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		-4		1,277	1,273	6	1,279
Profit for the period				1,252	1,252	6	1,258
Other comprehensive income items		-4		25	22		22
Profit distribution				-144	-144	-4	-148
Changes in membership and profit shares	-64				-64		-64
Other			0	0	0	-16	-16
Equity capital 30 September 2023	**3,522**	**-364**	**2,172**	**10,286**	**15,615**	**104**	**15,719**

€ million	Attributable to owners						
	Cooperative 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		71		1,585	1,656	8	1,664
Profit for the period				1,552	1,552	8	1,561
Other comprehensive income items		71		33	104		104
Profit distribution				-148	-148	-3	-151
Changes in membership and profit shares	-110				-110		-110
Other				0	0	7	6
Equity capital 30 September 2024	**3,443**	**-219**	**2,172**	**12,141**	**17,537**	**135**	**17,672**

Cash flow statement

€ million	Q1–3/ 2024	Adjusted Q1–3/ 2023
Cash flow from operating activities		
Profit for the period	1,561	1,258
Adjustments to profit for the period	398	434
Increase (-) or decrease (+) in operating assets	**-731**	**248**
Receivables from credit institutions	233	-212
Receivables from customers	801	372
Derivative contracts	18	-143
Investment assets	-1,110	150
Assets covering unit-linked contracts	-238	30
Reinsurance contract assets	-25	-15
Other assets	-410	65
Increase (+) or decrease (–) in operating liabilities	**1,858**	**-18,902**
Liabilities to credit institutions	23	-12,236
Liabilities to customers	1,099	-7,168
Derivative contracts	-195	196
Insurance contract liabilities	316	-153
Reinsurance contract liabilities	0	-2
Investment contract liabilities	0	0
Provisions and other liabilities	616	461
Income tax paid	-389	-192
Dividends received	43	37
A. Net cash from operating activities	**2,740**	**-17,117**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-73	-92
Proceeds from sale of PPE and intangible assets	9	4
B. Net cash used in investing activities	**-64**	**-88**
Cash flow from financing activities		
Subordinated liabilities, change	1	-17
Debt securities issued to the public, change	-4,713	-2,597
Increases in cooperative and share capital	83	98
Decreases in cooperative and share capital	-194	-162
Dividends paid and interest on cooperative capital	-148	-144
Lease liabilities	-26	-25
C. Net cash used in financing activities	**-4,997**	**-2,847**
Net change in cash and cash equivalents (A+B+C)	**-2,320**	**-20,052**
Cash and cash equivalents at period start	**19,947**	**35,656**
Effect of foreign exchange rate changes	21	-62
Cash and cash equivalents at period end	**17,647**	**15,542**
Interest received	**8,035**	**5,726**
Interest paid	**-5,419**	**-3,659**
Cash and cash equivalents		
Cash and deposits with central banks	17,434	15,297
Deposits of credit institutions payable on demand	212	244
Total	**17,647**	**15,542**

Notes

1. Accounting policies and changes in accounting policies and presentation
2. Segment reporting
3. Net interest income
4. Impairment loss 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. Reinsurance contract assets
12. Insurance contract liabilities
13. Debt securities issued to the public
14. Fair value reserve after 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 Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and with the accounting policies presented in the financial statements 2023. The changes in accounting policies and presentation for 2024 are described in a separate section below.

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

The Interim Report is available in Finnish, English and Swedish. The Finnish version 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 Interim Report requires making estimates and assumptions about the future, and the actual results may differ from these estimates and assumptions. It also requires the management to exercise its judgement in the process of applying the accounting policies. In preparing the Interim Report, management judgement has been used especially in the calculation of expected credit losses 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 Interim Report, Impairment loss on receivables, describes management judgement made in the preparation of the Interim Report.

January–September highlights

Additional benefits for owner-customers

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

In addition, owner-customers get daily banking services without monthly charges until the end of 2025. The estimated value of this benefit will be EUR 90 million for 2024 and EUR 90 million for 2025.

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

A bill regarding a change in the tax practices related to customer bonuses in the financial sector, which was based on an entry in Finland's Government Programme, was sent out for a consultation round in April and passed on for Parliamentary consideration in September. If the bill is implemented, it will affect the tax treatment of OP bonuses earned from banking services and 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 has prepared for the possible change in tax practices of financial-sector customer bonuses in early 2026. 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.

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.

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 is Finland's most attractive employer in the business sector

OP Financial Group reached top positions in Universum's annual survey that ranks the employers considered most attractive by professionals and students in various sectors in Finland. According to the survey results published in September, OP Financial Group was ranked as Finland's most attractive employer among business-sector professionals. Those in IT gave it fourth place. OP Financial Group's results were its best ever in all categories of the survey.

Events after the reporting period

Additional benefits for owner-customers in 2025

OP Financial Group will increase the OP bonuses earned by owner-customers for 2025 by 40% compared to the normal level of 2022. In addition, owner-customers get daily banking services without monthly charges until the end of 2025. Together, these benefits are estimated to add up to more than EUR 400 million in value for owner-customers next year.

Joint venture of OP Financial Group and Nordea

OP Financial Group and Nordea are establishing a joint venture to create solutions for payment challenges in Finland. The joint venture will provide solutions for mobile phone number based payments for consumers in the banks' own apps, and payment services for merchants and businesses. The services of the joint venture will be extensively opened to other market actors, too. Realisation of the venture must await the approval of the Finnish Competition and Consumer Authority (FCCA). On 29 October 2024, the FCCA announced that it will initiate further investigation of the joint venture. Following the further investigation, the FCCA may approve the merger as such, approve it conditionally, or propose that the Market Court prohibit the deal. The aim is for the company to start operating in the first half of 2025.

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 for 2023. The changes are presented retrospectively for 2023 in note 1 to the Half-year Financial Report 1 January–30 June 2024 (Accounting policies and changes in accounting policies and presentation).

Note 2. Segment reporting

Segment information

Q1–3 earnings 2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Interest income*	3,213	1,710	1	2,091	-2,336	4,680
Interest expenses	-1,598	-1,217	0	-2,089	2,344	-2,562
Net interest income	1,615	493	1	2	8	2,118
of which inter-segment items	0	-287		287	0	0
Impairment loss on receivables	-57	-15		0	0	-72
Commission income	497	272	55	16	-146	695
Commission expenses	-39	-126	-24	-15	107	-97
Net commissions and fees	458	146	32	1	-39	599
Insurance premium revenue			1,575		0	1,575
Insurance service expenses			-1,451		0	-1,451
Net income from reinsurance contracts			-28			-28
Insurance service result			95			95
Net finance income (+)/expenses (–) related to insurance			-568		0	-568
Net finance income (+)/expenses (–) related to reinsurance			3		0	3
Net insurance finance income (+)/expenses (–)			-565			-565
Net interest income from financial assets held for trading	0	25	0	4	14	43
Net investment income	-4	0	930	0	16	942
Other operating income	47	21	1	591	-630	31
Personnel costs	-393	-82	-134	-198	25	-781
Depreciation/amortisation and impairment loss	-31	-1	-28	-48	1	-107
Other operating expenses	-599	-170	-261	-348	636	-741
Transfers to insurance service result			387		0	387
Operating expenses	-1,023	-253	-36	-594	663	-1,242
Operating profit (loss)	**1,037**	**418**	**458**	**4**	**32**	**1,948**
Earnings before tax	**1,037**	**418**	**458**	**4**	**32**	**1,948**

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

Adjusted Q1–3 earnings 2023, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Interest income*	2,526	355	1	1,709	-912	3,679
Interest expenses	-1,067	86	-1	-1,723	946	-1,759
Net interest income	1,459	441	0	-13	33	1,919
of which inter-segment items	0	-264		265		0
Impairment loss on receivables	-107	-63		0	0	-170
Commission income	560	274	51	16	-141	759
Commission expenses	-36	-131	-23	-17	103	-103
Net commissions and fees	524	143	28	-1	-38	656
Insurance revenue			1,466		0	1,466
Insurance service expenses			-1,369		0	-1,369
Net income from reinsurance contracts			-38			-38
Insurance service result			58		0	58
Net finance income (+)/expenses (–) related to insurance			-89			-89
Net finance income (+)/expenses (–) related to reinsurance			-13			-13
Net insurance finance income (+)/expenses (–)			-102			-102
Net interest income from financial assets held for trading	2	43	0	12	-32	24
Net investment income	-11	0	343	5	34	371
Other operating income	42	17	4	536	-571	28
Personnel costs	-365	-76	-124	-168	31	-702
Depreciation/amortisation and impairment loss	-34	-3	-37	-64	1	-137
Other operating expenses	-591	-182	-220	-309	576	-725
Transfers to insurance service result			348		0	348
Operating expenses	-990	-260	-33	-541	608	-1,216
Operating profit (loss)	**919**	**321**	**298**	**-2**	**34**	**1,570**
Earnings before tax	**919**	**321**	**298**	**-2**	**34**	**1,570**

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

Balance sheet 30 September 2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group
Cash and deposits with central banks	40	159		17,235		17,434
Receivables from credit institutions	25,009	131	576	12,489	-37,561	643
Receivables from customers	70,395	27,700	0	-12	-276	97,806
Derivative contracts	897	3,294	47	48	-1,919	2,367
Investment assets	1,426	611	9,625	17,769	-5,731	23,700
Assets covering unit-linked contracts			13,808			13,808
Reinsurance contract assets			131			131
Intangible assets	12	178	612	170	62	1,034
Property, plant and equipment	263	2	3	138	-5	402
Other assets	278	764	509	516	-94	1,973
Income tax assets	3	1	40			44
Deferred tax assets	80	2	71	43	37	233
Total assets	**98,403**	**32,842**	**25,421**	**48,396**	**-45,487**	**159,575**
Liabilities to credit institutions	9,513	9	48	25,789	-35,262	96
Liabilities to customers	62,899	14,172		3,829	-2,370	78,530
Derivative contracts	1,005	2,954	21	148	-1,918	2,210
Insurance contract liabilities			11,904		0	11,904
Reinsurance contract liabilities			0			0
Investment contract liabilities			8,841			8,841
Debt securities issued to the public	14,539	2,333		17,417	-632	33,657
Provisions and other liabilities	844	1,588	315	1,255	-30	3,970
Income tax liabilities	63	2	14	25		104
Deferred tax liabilities	487	0	266	393	7	1,153
Subordinated liabilities	0		380	1,437	-380	1,437
Total liabilities	**89,350**	**21,058**	**21,788**	**50,292**	**-40,586**	**141,903**
Equity capital						**17,672**

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 assets	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
Investment contract liabilities			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	Q1–3/2024	Adjusted Q1–3/2023	Q3/2024	Adjusted Q3/2023
Interest income*				
Receivables from credit institutions**	487	481	154	154
Receivables from customers				
Loans**	3,510	2,783	1,153	1,099
OP bonuses to owner-customers	-118	-111	-35	-34
Finance lease receivables**	76	62	25	24
Fair value adjustments under hedge accounting	331	-989	393	-26
Total	3,799	1,745	1,536	1,063
Notes and bonds				
Measured at fair value through profit or loss	0	0	0	0
At fair value through other comprehensive income	122	93	42	36
Amortised cost**	32	3	12	1
Fair value adjustments under hedge accounting	217	58	335	-21
Total	371	155	389	16
Derivative contracts***				
Fair value hedges	57	1,289	-502	202
Cash flow hedges	-84	-54	-20	-29
Total	-27	1,235	-522	171
Liabilities to credit institutions				
Interest**	0	0	0	0
Liabilities to customers				
Negative interest**	0	3	-4	1
Other	51	60	14	22
Total	**4,680**	**3,679**	**1,567**	**1,427**
Interest expenses				
Liabilities to credit institutions				
Interest expenses for liabilities to credit institutions	1	-76	0	-75
Fair value adjustments under hedge accounting	-138	-60	-195	-139
Total	-137	-136	-195	-8
Liabilities to customers				
Deposits	-1,153	-558	-541	-232
OP bonuses to owner-customers	-61	-49	-21	-17
Total	-1,213	-607	-562	-249
Debt securities issued to the public				
Interest expenses on debt securities issued to the public	-526	-476	-171	-176
Fair value adjustments under hedge accounting	-413	-81	-573	-49
Total	-939	-556	-744	-224
Subordinated liabilities				
Other	-22	-28	-7	9
Fair value adjustments under hedge accounting	-21	-14	-13	-32
Total	-45	-41	-20	-19
Derivative contracts***				
Fair value hedges	-185	-415	683	-194
Other	19	56	6	20
Total	-167	-360	689	-175
Receivables from credit institutions				
Negative interest	0	0	0	0
Other	-60	-59	-16	-24
Total	**-2,562**	**-1,759**	**-849**	**-700**
Total net interest income	**2,118**	**1,919**	**718**	**727**

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

** Interest income calculated using the effective interest method totalled EUR 4,105 million (3,331). Interest income calculated using the effective interest method are recognised from balance sheet items recognised at amortised cost.

*** Includes valuation fo derivatives and interest.

Note 4. Impairment losses on receivables

€ million	Q1–3/2024	Q1–3/2023	Q3/2024	Q3/2023
Receivables written down as loan and guarantee losses	-53	-54	-18	-15
Recoveries of receivables written down	15	12	5	4
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	-34	-128	8	-61
Expected credit losses (ECL) on notes and bonds	-1	0	0	0
Total impairment loss on receivables	**-72**	**-170**	**-5**	**-72**

Credit risk exposures and related loss allowance

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

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

Exposures 30 September 2024, € 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	54,620	11,920	72	11,992	2,387	68,999
Corporate Banking	24,178	2,528	898	3,426	671	28,274
Total receivables from customers	**78,798**	**14,448**	**970**	**15,418**	**3,058**	**97,274**
Off-balance-sheet limits						
Retail Banking	1,731	366	1	367	11	2,109
Corporate Banking	3,919	79	1	80	10	4,008
Total limits	**5,649**	**445**	**2**	**447**	**21**	**6,117**
Other off-balance-sheet commitments						
Retail Banking	756	28		28	14	799
Corporate Banking	2,617	145		145	32	2,795
Total other off-balance-sheet commitments	**3,373**	**174**		**174**	**46**	**3,594**
Notes and bonds*						
Group Functions	13,915	50		50	3	13,967
Total notes and bonds	**13,915**	**50**		**50**	**3**	**13,967**
Total exposures within the scope of accounting for expected credit losses	**101,736**	**15,117**	**972**	**16,088**	**3,128**	**120,952**

Loss allowance by impairment stage

On-balance-sheet exposures and related off-balance-sheet limits* 30 September 2024, € million	Stage 1	Stage 2 Not more than 30 DPD	More than 30 DPD	Total	Stage 3	Total loss allowance
Receivables from customers						
Retail Banking	-17	-154	-9	-163	-439	-618
Corporate Banking	-27	-68	-16	-84	-187	-297
Total receivables from customers	**-43**	**-221**	**-25**	**-247**	**-626**	**-916**
Off-balance-sheet commitments**						
Retail Banking	0	-1		-1	-4	-6
Corporate Banking	-2	-15		-15	-21	-38
Total off-balance-sheet commitments	**-2**	**-16**		**-16**	**-26**	**-45**
Notes and bonds***						
Group Functions	-1	-1		-1	-2	-3
Total notes and bonds	**-1**	**-1**		**-1**	**-2**	**-3**
Total	**-47**	**-238**	**-25**	**-263**	**-654**	**-964**

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

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

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

Summary and key indicators 30 September 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	57,108	12,314	74	12,387	2,412	71,907
Corporate Banking	30,713	2,753	898	3,651	713	35,077
Loss allowance						
Retail Banking	-17	-155	-9	-164	-444	-625
Corporate Banking	-29	-82	-16	-99	-208	-336
Coverage ratio, %						
Retail Banking	-0.03%	-1.26%	-12.21%	-1.32%	-18.39%	-0.87%
Corporate Banking	-0.09%	-3.00%	-1.82%	-2.71%	-29.25%	-0.96%
Receivables from customers: total on-balance-sheet and off-balance-sheet items	**87,821**	**15,067**	**972**	**16,038**	**3,125**	**106,985**
Total loss allowance	**-46**	**-237**	**-25**	**-263**	**-652**	**-960**
Total coverage ratio, %	**-0.05%**	**-1.58%**	**-2.61%**	**-1.64%**	**-20.86%**	**-0.90%**
Carrying amount, notes and bonds						
Group Functions	13,915	50		50	3	13,967
Loss allowance						
Group Functions	-1	-1		-1	-2	-3
Coverage ratio, %						
Group Functions	-0.01%	-1.01%		-1.01%	-62.00%	-0.02%
Total notes and bonds	**13,915**	**50**		**50**	**3**	**13,967**
Total loss allowance	**-1**	**-1**		**-1**	**-2**	**-3**
Total coverage ratio, %	**-0.01%**	**-1.01%**		**-1.01%**	**-62.00%**	**-0.02%**

The table below shows the change in exposures within the scope of the measurement of expected credit losses by impairment stage, 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	-5,911	5,679		-232
Transfers from Stage 1 to Stage 3, incl. repayments	-253		234	-19
Transfers from Stage 2 to Stage 1, incl. repayments	3,485	-3,714		-230
Transfers from Stage 2 to Stage 3, incl. repayments		-598	539	-58
Transfers from Stage 3 to Stage 1, incl. repayments	51		-56	-4
Transfers from Stage 3 to Stage 2, incl. repayments		279	-307	-28
Increases due to origination and acquisition	11,840	592	177	12,609
Decreases due to derecognition	-6,740	-1,854	-477	-9,071
Unchanged Stage, incl. repayments	-3,683	-293	-120	-4,096
Recognised as final credit loss		0	-25	-25
Receivables from customers; on-balance-sheet and off-balance sheet items 30.9.2024	**87,821**	**16,038**	**3,125**	**106,985**

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	34		30
Transfers from Stage 1 to Stage 3	0		28	27
Transfers from Stage 2 to Stage 1	2	-31		-29
Transfers from Stage 2 to Stage 3		-19	72	52
Transfers from Stage 3 to Stage 1	0		-6	-6
Transfers from Stage 3 to Stage 2		7	-30	-22
Increases due to origination and acquisition	9	19	41	69
Decreases due to derecognition	-6	-26	-72	-104
Changes in risk parameters (net)	-12	24	24	35
Decrease in allowance account due to write-offs		0	-18	-18
Net change in expected credit losses	**-11**	**7**	**38**	**34**
Loss allowance 30 September 2024	**46**	**263**	**652**	**960**
Net change in expected credit losses Q3 2024	**-2**	**-15**	**9**	**-8**

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, a management overlay of EUR 42.4 million was made in Q4/2022. This was reduced by EUR 6.4 million in Q3/2023 as the effect of inflation was removed 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 overlay was updated with new assumptions in Q4/2023: that the interest rates fall slowly, the unemployment rate rises to 8% and home prices decrease further by 2%. In Q3/2024, the overlay was updated with the assumptions that the 12-month Euribor is 2.53% and the unemployment rate is 7.98% in Q3/2025, and that home prices remain unchanged between Q3/2024 and Q3/2025. The overlay decreased by EUR 1.1 million in Q2/2024 and by EUR 2.0 million in Q3/2024.

In Q4/2022, based on an analysis by OP Financial Group, a management overlay of EUR 5.3 million was made 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 overlay was increased by EUR 11.7 million to EUR 17.0 million. The overlay was updated in Q4/2023 by stressing rating grades under different scenarios. In addition, the overlay was extended to cover small construction companies. With the weak outlook for the construction industry expected to continue until 2025, the overlay was increased by EUR 21.7 million to EUR 38.7 million in Q4/2023. The overlay was reduced by EUR 3.2 million in Q2/2024 and further by EUR 17.5 million in Q3/2024, because the number of construction projects with a low percentage of completion and the amount of exposures had decreased. In addition, exposures had been transferred for expert assessment.

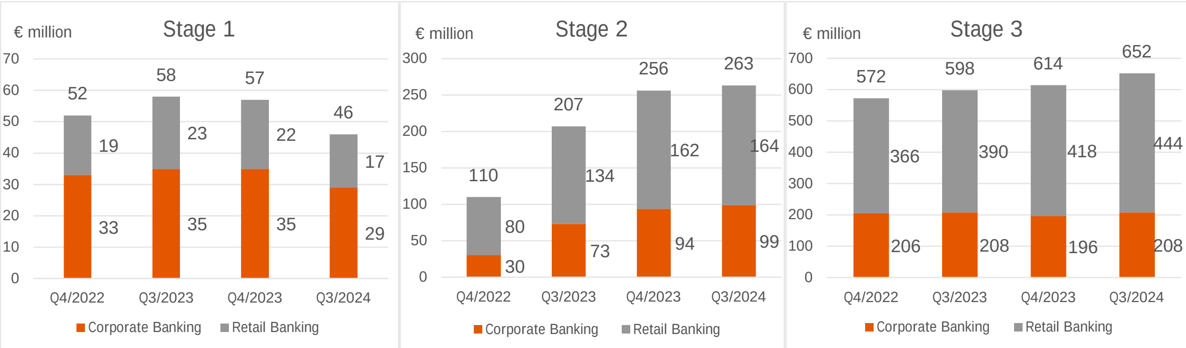
In Q2/2023, a management overlay of EUR 27.2 million was made in the real estate sector due to the sector's weaker outlook. The analysis was made as a stress test based on the baseline scenario (weight of 70%) and the downside scenario (weight of 30%) with the assumptions that net sales increase by 3%/0%, profitability weakens by 5%/10%, equity ratio decreases by 10%/20% and interest rates stand at 4%/6%. An update in Q4/2023 reduced the outlay by 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. In Q2/2024, the outlay was reduced for the same reason by EUR 4.6 million and in Q3/2024 by EUR 2.8 million to EUR 6.8 million.

At the end of 2021, OP Financial Group made a management overlay of EUR 34 million for CRE backed loans. The overlay anticipated growth in ECLs and probable defaults after the collateral assessment of the riskiest commercial real estate holdings was updated. The remaining overlay for Q3/2024 is EUR 6 million.

In Q4/2023, OP Financial Group made a management overlay 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 overlay was extended to OP Corporate Bank, due to which OP Financial Group's overlay grew by EUR 5.1 million to EUR 19.2 million.

In Q3/2024, OP Financial Group made a new management overlay of EUR 2.2 million for recognising the higher credit risk of bullet and balloon loans in ECL calculation. The overlay will be reversed in Q4/2024 when the new post-model adjustment at the parameter level will be adopted.

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 quarterly. The ECL is calculated as a weighted average of three scenarios. Scenario weights have been applied at the normal level: downside 20%, baseline 60% and upside 20%. Macroeconomic forecast updates in Q3/2024 decreased expected credit losses slightly.

The following tables illustrate two of the macroeconomic forecasts used in the models: GDP and the unemployment rate.

GDP growth, %	Q3/2024	Q3/2025	Q3/2026	Q3/2027	Q3/2028
Baseline	-0.5%	2.0%	1.3%	1.3%	1.3%
Upside	0.5%	3.9%	2.8%	2.8%	2.8%
Downside	-1.5%	-0.3%	-0.5%	-0.5%	-0.5%

Unemployment, %	Q3/2024	Q3/2025	Q3/2026	Q3/2027	Q3/2028
Baseline	8.2%	7.9%	7.6%	7.1%	6.7%
Upside	8.1%	7.5%	7.0%	6.3%	5.8%
Downside	8.3%	8.5%	8.6%	8.4%	8.3%

Loss allowance 30 September 2024	Retail Banking	Corporate Banking	Total
Loss allowance before discretionary provisions	**553**	**323**	**876**
Discretionary provisions under management overlay			
Personal customers: inflation, interest rates and value of collateral securities	31	1	33
Construction industry	13	5	18
Real estate sector	7		7
Collateral valuation of CRE backed loans	6		6
Bullet and balloon loans		2	2
Improvement to the identification processes for EWS and connected clients	14	5	19
Total discretionary provisions under management overlay	**72**	**13**	**85**
Total reported loss allowance	**625**	**336**	**960**

Notes and bonds, € million	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime	Lifetime	Total
Loss allowance 1 January 2024	**1**	**1**	**1**	**2**
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0	0	2	2
Decreases due to derecognition	0		-1	-1
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**	**1**	**1**
Loss allowance 30 September 2024	**1**	**1**	**2**	**3**
Net change in expected credit losses Q3 2024	**0**	**0**		**0**

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

Exposures	Stage 1	Stage 2			Stage 3	
31 December 2023, € million		Not more than 30 DPD	More than 30 DPD	Total		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 receivables from customers	**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 limits	**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 other off-balance-sheet commitments	**3,354**	**253**		**253**	**63**	**3,670**
Notes and bonds						
Group Functions	12,737	69		69	3	12,809
Total notes and bonds	**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 receivables from customers	**-53**	**-236**	**-8**	**-243**	**-586**	**-882**
Off-balance-sheet commitments**						
Retail Banking	-1	-1		-1	-5	-7
Corporate Banking	-3	-11		-11	-23	-37
Total off-balance-sheet commitments	**-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 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	Total
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 Q3 2023	**5**	**18**	**38**	**61**

The table below shows the loss allowance before the discretionary provisions made using management overlays, the management overlays described above, and the total loss allowance reported.

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 two of the macroeconomic forecasts used in the models: GDP and the unemployment rate in the comparison period.

GDP growth, %	Q4/2023	Q4/2024	Q4/2025	Q4/2026	Q4/2027
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, %	Q4/2023	Q4/2024	Q4/2025	Q4/2026	Q4/2027
Baseline	7.2%	7.5%	7.5%	7.3%	7.0%
Upside	7.2%	7.2%	6.6%	5.9%	5.1%
Downside	7.2%	7.9%	8.5%	8.9%	9.3%

Notes and bonds, € million	Stage 1	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		0
Transfers from Stage 1 to Stage 3	0		1	0
Transfers from Stage 2 to Stage 1	0	0		0
Increases due to origination and acquisition	0	0		0
Decreases due to derecognition	0			0
Changes in risk parameters (net)	0	0		0
Net change in expected credit losses	**0**	**0**	**1**	**0**
Loss allowance 31 December 2023	**1**	**1**	**1**	**2**
Net change in expected credit losses Q3 2024	**0**	**0**	**0**	**0**

Note 5. Net commissions and fees

Q1–3/2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group	Q3/2024
Commission income							
Lending	85	34		0	-2	117	36
Deposits	17	3		0	0	19	6
Payment transfers	173	24		15	-14	197	68
Securities brokerage	5	13			-5	13	4
Securities issuance	0	5		0	0	5	1
Mutual funds*	39	151	28		-38	180	61
Wealth management	17	28		1	-17	29	9
Legal services	16	0				16	4
Guarantees	8	9		0	0	17	6
Housing agency	43				0	43	16
Sales commissions on insurance contracts	63		7		-44	26	7
Life insurance contracts			21			21	7
Other	31	5		1	-26	11	4
Total	**497**	**272**	**55**	**16**	**-146**	**695**	**229**

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

Q1–3/2024, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group	Q3/2024
Commission expenses							
Lending	0	0		0	0	0	0
Payment transfers	-27	-4	-2	-3	13	-23	-7
Securities brokerage		-2		0	0	-3	0
Securities issuance		0		0		0	0
Mutual funds		-80	0		38	-42	-14
Asset management		-6	0	-1	0	-6	-2
Guarantees		0				0	0
Sales commissions on insurance contracts			-21		19	-2	-1
Other	-11	-33	-1	-12	36	-21	-6
Total	**-39**	**-126**	**-24**	**-15**	**107**	**-97**	**-30**
Total net commissions and fees	**458**	**146**	**32**	**1**	**-39**	**599**	**199**

Adjusted Q1–3/2023, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group	Q3/2023
Commission income							
Lending	82	38		0	-1	120	34
Deposits	17	2		0	0	19	6
Payment transfers	229	25		14	-14	254	85
Securities brokerage	5	13			-5	13	3
Securities issuance	0	4		0		4	0
Mutual funds*	36	156	25		-35	181	48
Wealth management	17	20		1	-10	28	10
Legal services	17	0			0	17	5
Guarantees	8	9		0	0	17	6
Housing agency	47				0	47	16
Sales commissions on insurance contracts	72		8		-49	31	8
Life insurance contracts			18			18	6
Other	30	7		1	-27	11	3
Total	**560**	**274**	**51**	**16**	**-141**	**759**	**231**

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

Adjusted Q1–3/2023, € million	Retail Banking	Corporate Banking	Insurance	Group Functions	Group eliminations	OP Financial Group	Q3/2023
Commission expenses							
Lending	0	-1		0		-1	0
Payment transfers	-24	-5	-1	-3	12	-21	-7
Securities brokerage		-3		0	0	-3	-1
Securities issuance	0	-3		0	0	-3	-1
Mutual funds		-80	0		36	-44	-15
Wealth management		-6	0	-1	0	-7	-5
Guarantees		0				0	0
Sales commissions on insurance contracts			-21		17	-4	-1
Other	-12	-33	0	-13	38	-20	-6
Total	**-36**	**-131**	**-23**	**-17**	**103**	**-103**	**-37**
Total net commissions and fees	**524**	**143**	**28**	**-1**	**-38**	**656**	**194**

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

Note 6. Insurance service result

€ million	Q1–3/2024	Q1–3/2023	Q3/2024	Q3/2023
Non-life insurance				
Expected claims incurred and other directly allocated insurance service expenses	1,119	971	396	338
Changes in risk adjustment for non-financial risk	9	8	3	3
Contractual service margin for services provided in the period	154	205	43	61
Recognition as revenue of insurance acquisition cash flows	95	90	35	32
Other changes in insurance revenue	11	13	3	10
Non-life insurance premium revenue according to the General Measurement Model (GMM), total	**1,389**	**1,287**	**480**	**444**
Life insurance				
Expected claims incurred and other directly allocated insurance service expenses	99	90	32	29
Changes in risk adjustment for non-financial risk	9	7	3	2
Contractual service margin for services provided in the period	43	48	14	16
Recognition as revenue of insurance acquisition cash flows	11	9	2	4
Other changes in insurance revenue	2	5	-2	-2
Life insurance revenue according to the General Measurement Model (GMM), total	**164**	**160**	**48**	**49**
Expected claims incurred and other directly allocated insurance service expenses	13	13	4	4
Changes in risk adjustment for non-financial risk	3	3	1	1
Contractual service margin for services provided in the period	4	4	1	1
Recognition as revenue of insurance acquisition cash flows	2	1	0	0
Other changes in insurance revenue	-1	-2	-1	-1
Life insurance revenue according to the Variable Fee Approach (VFA), total	**21**	**19**	**6**	**6**
Total life insurance premium revenue	**185**	**179**	**54**	**55**
Total insurance revenue	**1,575**	**1,466**	**534**	**499**
Non-life insurance				
Actual claims incurred and other directly allocated insurance service expenses	-1,188	-929	-361	-341
Changes that relate to past service - changes arising from claims incurred in past periods	11	-141	16	-1
Insurance acquisition costs	-95	-90	-35	-32
Losses on onerous contracts and reversal of those losses	-29	-29	-4	-16
Non-life insurance insurance service expenses according to the General Measurement Model (GMM), total	**-1,301**	**-1,190**	**-384**	**-391**
Life insurance				
Actual claims incurred and other directly allocated insurance service expenses	-106	-102	-34	-31
Changes that relate to past service - changes arising from claims incurred in past periods	0	-2	0	0
Insurance acquisition costs	-11	-9	-2	-4
Losses on onerous contracts and reversal of those losses	-3	-31	-8	-2
Life insurance service expenses according to the General Measurement Model (GMM), total	-121	-144	-44	-36
Actual claims incurred and other directly allocated insurance service expenses	-25	-19	-8	-7
Changes that relate to past service - changes arising from claims incurred in past periods	0	0	0	1
Reversal of insurance acquisition costs	-2	-1	-1	0
Losses on onerous contracts and reversal of those losses	-2	-16	-9	-5
Life insurance service expenses according to the Variable Fee Approach (VFA), total	-29	-36	-18	-11
Life insurance insurance service expenses, total	**-150**	**-180**	**-62**	**-47**
Total insurance service expenses	**-1,451**	**-1,369**	**-446**	**-438**
Net income from non-life reinsurance contracts held	-23	-34	-27	-9
Net income from life reinsurance contracts held	-6	-4	-2	-2
Total net income from reinsurance contracts held	**-28**	**-38**	**-30**	**-11**
Insurance service result	**95**	**58**	**58**	**51**

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

€ million	Q1–3/2024	Q1–3/2023	Q3/2024	Q3/2023
Non-life insurance				
Unwinding of discount on insurance contract liabilities	-46	-21	-16	-10
Effect of changes in interest rates on insurance contracts and other financial assumptions	-35	25	-68	59
Exchange rate differences of insurance contracts	0	0	0	0
Finance income and expenses related to direct non-life insurance contracts (GMM), total	-80	4	-84	49
Finance income and expenses related to non-life reinsurance contracts	4	-12	3	-2
Life insurance				
Unwinding of discount on insurance contract liabilities	2	10	0	2
Effect of changes in interest rates on insurance contracts and other financial assumptions	-39	-9	-61	10
Finance income and expenses related to direct life insurance contracts (GMM), total	-37	1	-61	12
Insurance contract net financing items, risk mitigation	-34	34	-47	42
Effect of changes in interest rates on insurance contracts and other financial assumptions		0		0
Net financing items of changes in the fair value of the underlying assets of insurance contracts	-417	-128	-105	52
Finance income and expenses related to direct life insurance contracts (VFA), total	-451	-94	-151	94
Finance income and expenses related to life reinsurance contracts, total	-1	-1	-1	-1
Net insurance finance income (+)/expenses (–)	**-565**	**-102**	**-294**	**152**

Note 8. Net interest income from financial assets held for trading

Financial assets held for trading

€ million	**Q1–3/2024**	**Q1–3/2023**	**Q3/2024**	**Q3/2023**
Notes and bonds				
Interest income and expenses	11	18	-2	2
Fair value gains and losses of notes and bonds	4	-1	5	0
Total	14	17	3	2
Shares and participations				
Fair value gains and losses	9	5	0	-1
Dividend income and share of profits	5	3	1	0
Total	13	8	2	0
Derivatives				
Interest income and expenses	137	40	40	11
Fair value gains and losses	-121	-41	-18	-8
Total	16	-1	22	4
Total	**43**	**24**	**26**	**6**

Note 9. Net investment income

€ million	**Q1–3/2024**	**Q1–3/2023**	**Q3/2024**	**Q3/2023**
Net income from assets at fair value through other comprehensive income				
Notes and bonds				
Capital gains and losses	0	5	0	-1
Total	**0**	**5**	**0**	**-1**

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

Financial assets held for trading, insurance business

€ million	**Q1–3/2024**	**Q1–3/2023**	**Q3/2024**	**Q3/2023**
Derivatives				
Interest income and expenses	-20	-18	-6	-8
Fair value gains and losses	23	-37	77	-69
Total	3	-55	71	-77
Total	**3**	**-55**	**71**	**-77**
Financial assets designated as at fair value through profit or loss				
Notes and bonds				
Interest income	114	100	38	34
Fair value gains and losses	102	45	142	-13
Total	216	145	181	21
Shares and participations				
Fair value gains and losses	256	104	43	-8
Dividend income and share of profits	39	34	12	9
Total	295	138	55	0
Total	**511**	**283**	**236**	**21**
Income from assets covering unit-linked insurance and investment contracts				
Interest income	5	0	1	0
Fair value gains and losses	1,086	363	263	-116
Total	**1,091**	**363**	**264**	**-116**
Net income from financial assets designated as at fair value through profit or loss, total	**1,602**	**646**	**500**	**-95**
Total net income from financial assets recognised at fair value through profit or loss	**1,605**	**591**	**571**	**-171**

Net income from investment property				
Rental income	39	40	13	13
Fair value gains and losses	-2	-8	1	-11
Maintenance charges and expenses	-31	-28	-10	-9
Other	0	0	0	0
Total net income from investment property	**6**	**4**	**4**	**-7**
Net income from loans and receivables recognised at amortised cost				
Interest income	7	8	2	3
Interest expenses	-2	-1	-1	-1
Impairment losses and their reversals	1	-2	0	1
Total net income from loans and receivables recognised at amortised cost	6	5	1	3
Associates and joint ventures				
Associates accounted for using the fair value method	9	4	5	3
Associates consolidated using the equity method	4	4	1	1
Joint ventures	0	0	0	0
Total	13	7	7	4
Financial liabilities designated as at fair value through profit or loss				
Premiums written from investment contracts	478	320	143	94
Claims paid under investment contracts	-269	-268	-93	-89
Change in investment contract liabilities	-898	-294	-216	54
Total net income from investment contract liabilities	-689	-241	-165	59
Total net investment income	**942**	**371**	**418**	**-114**

Note 10. Other operating expenses

€ million	**Q1–3/2024**	**Q1–3/2023**	**Q3/2024**	**Q3/2023**
ICT costs				
Production	-197	-176	-65	-60
Development	-176	-142	-56	-51
Buildings	-40	-39	-13	-12
Government charges and audit fees	-6	-66	-2	-2
Service purchases	-117	-103	-44	-35
Expert services	-34	-40	-9	-15
Telecommunications	-25	-24	-8	-8
Marketing	-30	-31	-10	-10
Donations	-13	-10	-5	-4
Insurance and security costs	-14	-12	-5	-4
Expenses of short-term and low-value leases	-4	-5	-1	-1
Other	-86	-76	-22	-20
Total	**-741**	**-725**	**-240**	**-221**

Development costs

€ million	**Q1–3/2024**	**Q1–3/2023**	**Q3/2024**	**Q3/2023**
ICT development costs	-176	-142	-56	-51
Share of own work	-74	-52	-22	-15
Total development costs in the income statement	**-249**	**-194**	**-78**	**-66**
Capitalised ICT costs	-37	-58	-10	-14
Transfer of capitalised costs/personnel costs	-7	-9	-2	-2
Total capitalised development costs	**-43**	**-66**	**-12**	**-17**
Total development costs	**-293**	**-260**	**-91**	**-83**
Depreciation/amortisation and impairment loss of development costs	-58	-86	-18	-26

Note 11. Reinsurance contract assets

€ million	30 Sep 2024	31 Dec 2023
Non-life insurance		
Reinsurance contract assets for the remaining coverage period	-32	-18
Reinsurance contract liability for occurred losses	163	124
Total non-life reinsurance contract assets	**131**	**106**

Note 12. Insurance contract liabilities

€ million	30 Sep 2024	31 Dec 2023
Non-life insurance		
Liabilities for the remaining coverage period, GMM	326	230
Liability for occurred losses, GMM	2,369	2,303
Total non-life insurance contract liabilities	2,695	2,533
Life insurance		
Liabilities for the remaining coverage period, GMM	3,028	3,177
Liability for occurred losses, GMM	12	14
Liabilities for the remaining coverage period, VFA total	6,127	5,824
Liability for occurred losses (VFA), total	42	41
Total life insurance contract liabilities	9,209	9,056
Life insurance		
Reinsurance contract liabilities for the remaining coverage period	0	0
Total life reinsurance contract liabilities	0	0
Total reinsurance contract liabilities	**11,905**	**11,589**

Note 13. Debt securities issued to the public

€ million	30 Sep 2024	Adjusted 31 Dec 2023
Bonds	10,589	13,024
Subordinated bonds	3,663	4,045
Mortgage-backed bonds	14,192	13,871
Other		
Certificates of deposit	156	668
Commercial papers	5,127	6,128
Included in own portfolio in trading (-)*	-70	-46
Total debt securities issued to the public	**33,657**	**37,689**

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

Note 14. Fair value reserve after tax

	Recognised at fair value through other comprehensive income		
€ million	Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2023	**-24**	**-337**	**-360**
Fair value changes	-26	-27	-53
Capital gains transferred to income statement	-6		-6
Transfers to net interest income		54	54
Deferred tax	6	-5	1
Closing balance 30 September 2023	**-49**	**-315**	**-364**

	Recognised at fair value through other comprehensive income		
€ million	Notes and bonds	Cash flow hedges	Total
Opening balance 1 January 2024	**-78**	**-212**	**-290**
Fair value changes	14	-15	-1
Capital gains transferred to income statement	-2		-2
Transfers to net interest income		91	91
Deferred tax	-3	-15	-18
Closing balance 30 September 2024	**-68**	**-151**	**-219**

The fair value reserve before tax totalled EUR –274 million (–455) and the related deferred tax asset/liability EUR 55 million (91). 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 financial year.

Note 15. Collateral given

€ million	30 Sep 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Pledges	245	241
Loans (as collateral for covered bonds)	17,682	18,163
Others	1,042	744
Total collateral given*	**18,969**	**19,148**
Secured derivative liabilities	507	657
Other secured liabilities	649	168
Covered bonds	14,192	13,871
Total	**15,348**	**14,696**

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

Note 16. Classification of financial assets and liabilities

			Recognised at fair value through profit or loss				
Financial assets 30 September 2024, € million	**Amortised cost**	**Recognised at fair value through other comprehensive income**	**Financial assets held for trading**	**Financial assets designated as 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	17,434						17,434
Receivables from credit institutions	643						643
Derivative contracts			1,507			860	2,367
Receivables from customers	97,806						97,806
Assets covering unit-linked contracts				13,808			13,808
Notes and bonds	1,520	12,223	285	6,187			20,215
Shares and participations		1	52	2,738	1		2,792
Other financial assets	1,977						1,977
Total	**119,380**	**12,224**	**1,844**	**22,734**	**1**	**860**	**157,042**

At the end of the reporting period, OP Financial Group's balance sheet had bonds worth EUR 1,519 million (630), which were not measured at market value due to the measurement category. The market value of these bonds amounted to EUR 1,558 million (648) at the end of the reporting period.

			Recognised at fair value through profit or loss				
Adjusted Financial assets 31 December 2023, € million	**Amortised cost**	**Recognised at fair value through other comprehensive income**	**Financial assets held for trading**	**Financial assets designated as 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
Derivative contracts			2,256			850	3,106
Receivables from customers	98,316						98,316
Assets covering unit-linked contracts				12,581			12,581
Notes and bonds	697	11,588	216	6,426			18,926
Shares and participations		0	84	2,349	1		2,434
Other financial assets	1,564						1,564
Total	**121,191**	**11,588**	**2,556**	**21,356**	**1**	**850**	**157,541**

Financial liabilities 30 September 2024, € million	Recognised at fair value through profit or loss	At amortised cost ans other	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		96		96
Derivative contracts	1,895		315	2,210
Liabilities to customers		78,530		78,530
Liabilities from investment agreements	8,841			8,841
Debt securities issued to the public	2,115	31,542		33,657
Subordinated liabilities		1,437		1,437
Other financial liabilities	50	2,758		2,808
Total	**12,901**	**114,363**	**315**	**127,579**

Adjusted Financial liabilities 31 December 2023, € million	Recognised at fair value through profit or loss	At amortised cost ans other	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 Financial 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 to this Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

At the end of September, the fair value of OP Financial Group's senior and senior non-preferred bonds issued to the public and carried at amortised cost was around EUR 26,548 million (28,876) and their carrying amount was EUR 28,444 million (30,940). 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 September 2024, € million	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value through profit or loss				
Equity instruments	1,767	259	765	2,791
Debt instruments	5,881	526	66	6,472
Unit-linked contracts	8,757	5,052		13,808
Derivative contracts	0	2,240	127	2,367
Recognised at fair value through other comprehensive income				
Equity instruments	1			1
Debt instruments	10,726	884	614	12,223
Total financial instruments	**27,131**	**8,960**	**1,571**	**37,662**
Investment property			493	493
Total	**27,131**	**8,960**	**2,064**	**38,155**

Adjusted Fair value of assets on 31 December 2023, € million	Level 1	Level 2	Level 3	Total
Financial assets 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 contracts*	0	3,007	98	3,106
Recognised at 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 September 2024, € million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Unit-linked contracts	5,607	3,234		8,841
Structured notes			2,115	2,115
Other		50		50
Derivative contracts	2	2,147	61	2,210
Total	**5,609**	**5,431**	**2,176**	**13,216**

Adjusted Fair value of liabilities on 31 December 2023, € 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 contracts*	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 to this Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

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 suit financial instrument measurement. These are needed, for instance, to create yield curves, 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

Level 1 includes equities listed on major stock exchanges, quoted debt instruments issued by companies, governments and financial institutions as well as exchange-traded derivatives. The fair value of these instruments is determined on the basis of the quotes in active markets.

Level 2: Valuation techniques using observable inputs

Valuation techniques based on observable input parameters. The fair value of 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 special uncertainty. The fair value determination of 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, property investments 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 include 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 Financial Group 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 by calculating the average of the simulations.

Level 2 input data include, for example: quoted prices of similar items in active markets, 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, and long-term interest rates with no corresponding contracts 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 the business's own appraisal methods.

The main sources for the appraisal of direct real estate investments are third-party valuation reports issued 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 assets. The values of individual property units are mainly based on third-party valuation 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	Recognised at fair value through other comprehensive	Total assets
Opening balance 1 Jan 2024	**829**	**98**	**727**	**1,655**
Total gains/losses in profit or loss	-3	28		26
Purchases	40			40
Sales	-48			-48
Repayments	-36			-36
Transfers to level 3	47		85	132
Transfers from level 3			-199	-199
Closing balance 30 September 2024	**830**	**127**	**614**	**1,571**

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	113	-30	82
Other changes	-208		-208
Closing balance 30 September 2024	**2,115**	**61**	**2,176**

Breakdown of net income by income statement item 30 September 2024

€ million	Net investment income	Net gains/losses on assets and liabilities held at period end
Total net income	**-56**	**-56**

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2024.

Note 18. Off-balance-sheet commitments

€ million	30 Sep 2024	31 Dec 2023
Guarantees	564	841
Guarantee liabilities	2,566	2,743
Loan commitments	13,177	12,525
Commitments related to short-term trade transactions	318	553
Other*	1,343	1,509
Total off-balance-sheet commitments	**17,968**	**18,171**

* Of which Non-life Insurance commitments to private equity funds amount to EUR 201 million (224).

Note 19. Derivative contracts

Total derivatives 30 September 2024

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives	1,809	1,571
Cleared by the central counterparty	26	14
Settled-to-market (STM)	10	4
Collateralised-to-market (CTM)	16	10
Currency and gold derivatives	313	427
Equity and index-linked derivatives	85	35
Credit derivatives	12	2
Commodity derivatives	11	14
Other derivatives	29	14
Interest on derivatives	109	148
Total derivatives	**2,367**	**2,210**

Adjusted
Total derivatives 31 December 2023

	Fair values	
€ million	**Assets**	**Liabilities**
Interest rate derivatives	2,030	1,800
Cleared by the central counterparty	103	82
Settled-to-market (STM)	61	46
Collateralised-to-market (CTM)	42	36
Currency and gold derivatives	922	1,044
Equity and index-linked derivatives	74	56
Credit derivatives	10	8
Commodity derivatives	4	4
Other derivatives	16	16
Interest on derivatives	49	67
Total derivatives*	**3,106**	**2,994**

* The breakdown of derivatives has been changed to correspond to the current monitoring. Comparative information has been adjusted accordingly. Interest receivables and liabilities of derivative contracts were previously presented in the balance sheet rows "Other assets" and "Provisions and other liabilities". Fair values of all derivative contracts will be presented in the balance sheet rows of "Derivative contracts" under assets and liabilities, so interest receivables and liabilities related to derivatives were transferred to the same item with the actual derivative contract. For more detailed information on the change, see Note 1 to the Half-year Financial Report 1 January–30 June 2024, Accounting policies and changes in accounting policies and presentation.

Note 20. Investment distribution of the Insurance segment

Non-life Insurance

Investment asset portfolio allocation	30 September 2024 Fair value*, € million	%	31 December 2023 Fair value*, € million	%
Total money market instruments	**376**	**8**	**433**	**10**
Money market investments and deposits**	357	8	422	10
Derivatives***	18	0	11	0
Total bonds and bond funds	**2,779**	**61**	**2,662**	**61**
Governments	372	8	304	7
Investment Grade	2,011	44	1,928	44
Emerging markets and High Yield	230	5	234	5
Structured investments****	165	4	196	5
Total equities	**1,055**	**23**	**872**	**20**
Finland	202	4	122	3
Developed markets	672	15	582	13
Emerging markets	97	2	90	2
Fixed assets and unquoted equities	6	0	6	0
Private equity investments	77	2	71	2
Total alternative investments	**28**	**1**	**29**	**1**
Hedge funds	28	1	29	1
Total real property investments	**350**	**8**	**338**	**8**
Direct property investments	153	3	153	4
Indirect property investments	197	4	186	4
Total	**4,588**	**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 equivalent).

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

Life Insurance

Investment asset portfolio allocation	30 September 2024 Fair value*, € million	%	31 December 2023 Fair value*, € million	%
Total money market instruments	**350**	**11**	**367**	**11**
Money market investments and deposits**	343	10	361	11
Derivatives***	7	0	6	0
Total bonds and bond funds	**2,084**	**63**	**2,070**	**65**
Governments	256	8	225	7
Investment Grade	1,545	47	1,519	47
Emerging markets and High Yield	143	4	156	5
Structured investments****	141	4	170	5
Total equities	**633**	**19**	**546**	**17**
Finland	121	4	82	3
Developed markets	389	12	343	11
Emerging markets	49	1	53	2
Fixed assets and unquoted equities	3	0	3	0
Private equity investments	71	2	65	2
Total alternative investments	**36**	**1**	**36**	**1**
Hedge funds	36	1	36	1
Total real property investments	**191**	**6**	**180**	**6**
Direct property investments	13	0	13	0
Indirect property investments	178	5	168	5
Total	**3,294**	**100**	**3,201**	**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 equivalent).

**** Includes 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, and the Chair and members of the Board of Directors and members of the Supervisory Council of OP Cooperative. Related parties of the management also include companies over which a key management person or their close family member exercises control. Other entities regarded as related parties include OP Ryhmän Henkilöstörahasto personnel fund and OP-Eläkesäätiö pension foundation.

Standard loan terms and conditions are applied to loans granted to related parties. Loans are tied to generally used reference interest rates.

No substantial changes have taken place in related-party transactions since 31 December 2023.

Financial information 2024

Schedule for financial reports for 2024:

OP Amalgamation Pillar III Tables 30 September 2024	Week 45
Report by the Board of Directors (incl. Sustainability Report) and Financial Statements 2024	Week 11
OP Financial Group's Corporate Governance Statement 2024	Week 11
OP Financial Group's Annual Report 2024	Week 11
OP Amalgamation Pillar 3 Disclosures 2024	Week 11
OP Financial Group's Remuneration Report for Governing Bodies 2024	Week 11
Remuneration Policy for Governing Bodies at OP Financial Group	Week 11

Schedule for Financial Statements Bulletin 2024 and Interim Reports and Half-year Financial Report in 2025:

Financial Statements Bulletin 1 January–31 December 2024	6 February 2025
Interim Report 1 January–31 March 2025	7 May 2025
Half-year Financial Report 1 January–30 June 2025	30 July 2025
Interim Report 1 January–30 September 2025	28 October 2025
OP Amalgamation Pillar 3 Disclosures 31 March 2025	Week 19
OP Amalgamation Pillar 3 Disclosures 30 June 2025	Week 32
OP Amalgamation Pillar 3 Disclosures 30 September 2025	Week 45

Helsinki, 31 October 2024

OP Cooperative
Board of Directors

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