

OP Corporate Bank plc's Interim Report for 1 January – 31 March 2021

- **Consolidated** earnings before tax improved to EUR 152 million (27). Total income increased to EUR 367 million (166) and, including the overlay approach, income increased by 38% to EUR 342 million (248). Investment income increased to EUR 87 million (25). Net insurance income increased by 20% to EUR 157 million (131). Net interest income decreased by 5% to EUR 77 million (81). A total of EUR 2 million of impairment loss on receivables were reversed whereas they weakened earnings by EUR 49 million a year ago. Total expenses increased by 12% to EUR 192 million (171).
- **Corporate Banking** earnings before tax improved to EUR 101 million (9). Earnings were strengthened by an increase in net investment income to EUR 48 million (9) and a decrease in impairment loss on receivables. Net interest income was EUR 100 million (101). The loan portfolio decreased in the year to March by 1% to EUR 24.1 billion (24.3).
- **Insurance** earnings before tax improved to EUR 84 million (39). Net insurance income increased by 20% to EUR 158 million (131) and investment income rose to EUR 37 million (14). The operating combined ratio improved to 86.0% (92.7).
- **Other Operations** earnings before tax were EUR –34 million (–20). Liquidity remained good despite the Covid-19 crisis.
- **The Group's** CET1 ratio was 14.7% (15.1).

Earnings before tax, € million	Q1/2021	Q1/2020	Change, %
Corporate Banking	101	9	-
Insurance	84	39	115.5
Other Operations	-34	-20	-
Group total	152	27	459.7
Return on equity (ROE), %	10.2	2.1	8.0*
Return on assets (ROA), %	0.56	0.13	0.43*
	31 Mar 2021	31 Dec 2020	Change, %
CET1 ratio, %	14.7	15.1	-0.3*
Loan portfolio, € million	24,477	24,485	0.0
Guarantee portfolio, € million	2,439	2,214	10.2
Other exposures, € million	5,645	5,423	4.1
Deposits, € million	12,632	13,300	-5.0
Ratio of non-performing receivables to exposures, %**	2.1	2.2	-0.1*
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	-0.03	0.20	-

Comparatives deriving from the income statement are based on figures reported for the corresponding periods a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2020 are

used as comparatives.

*Change in ratio

**The name and content of the ratio was changed in Q1/2021. Comparatives have been adjusted accordingly. More detailed information on the change can be found under table Forborne loans and non-performing receivables in the Risk exposure section.

Outlook for 2021

The Covid-19 pandemic continued to afflict the economy in the first quarter of 2021. However, the pandemic did not weaken economic growth as much as before. In particular, the global economic mood and industrial sentiment remained good. During the quarter, confidence in the economy began to improve in the fields of the service sector too, and positive expectations were also reflected in the financial market. Stock and commodity prices rose. Along with the favourable outlook, inflationary expectations became higher and long-term market rates rose. Nevertheless, central banks continued their easy monetary policy and emphasised that this accommodative policy would still continue for a long time.

Based on the available information, the resilience of the Finnish economy to the growth in Covid-19 infections and the resulting restrictions has been rather good. Confidence in the economy has improved and economic recovery is expected to strengthen as the vaccination process proceeds and the pandemic abates.

The Covid-19 pandemic will continue to cause uncertainty over the economic outlook. A sudden worsening of the pandemic would affect OP Corporate Bank in three ways: economic uncertainty and uncertainty in the financial and capital market would increase, a rise in financial difficulties among customers would increase credit risk and decrease the demand for services, and a worsening disease situation could make it more difficult for OP Financial Group to run its operations efficiently.

The most significant uncertainties affecting earnings performance due to the Covid-19 crisis relate to changes in the interest rate and investment environment and to the developments in impairment losses. In addition, future earnings performance will be affected by the market growth rate, change in the competitive situation and the effect of large claims on claims expenditure.

Full-year earnings estimates for 2021 will only be provided at the OP Financial Group level, in its financial statements bulletin and interim reports.

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

Schedule for Interim Reports in 2021:

Half-year Financial Report H1/2021	28 July 2021
Interim Report Q1-3/2021	27 October 2021

Helsinki, 28 April 2021

OP Corporate Bank plc
Board of Directors