



## OP Corporate Bank plc's Half-year Financial Report for 1 January – 30 June 2020

- **Consolidated earnings** before tax were EUR 138 million (187). Total income decreased by 14% to EUR 488 million (568). Including the overlay approach, total income increased by 3% to EUR 537 million (524). Net interest income increased by 21% to EUR 165 million (136) and net insurance income by 8% to EUR 288 million (267). Impairment loss on receivables, EUR 67 million, increased by EUR 53 million year on year. The effects of the COVID-19 pandemic on capital market developments weakened investment income particularly in the first quarter. Investment income fell by 30% year on year, to EUR 75 million (106).
- **Corporate Banking** earnings before tax fell by 27% to EUR 89 million (121). Impairment loss on receivables increased by EUR 54 million to EUR 68 million (14). Net interest income increased by 9% to EUR 202 million (185) and net investment income by 17% to EUR 59 million (50). The loan portfolio grew in the year to June by 7% to EUR 24.7 billion (23.2).
- **Insurance** earnings before tax weakened by 11% to EUR 86 million (97). Net insurance income increased by EUR 21 million to EUR 288 million. Investment income fell by 71% to EUR 13 million (44). The operating combined ratio was 89.3% (92.5).
- **Other Operations** earnings before tax were EUR –36 million (–31). Liquidity remained good despite the COVID-19 crisis.
- The Group's CET1 ratio was 13.7% (14.9). The lower ratio was affected by the increase in the loan portfolio and the adoption of the new definition of default in the first quarter.

Earnings before tax, € million	H1/2020	H1/2019	Change, %	Q1–4/2019
Corporate Banking	89	121	-26.8	262
Insurance	86	97	-11.2	200
Other Operations	-36	-31	-	-50
<b>Group total</b>	<b>138</b>	<b>187</b>	<b>-26.3</b>	<b>412</b>
Return on equity (ROE), %	5.2	7.4	-2.3*	7.8
Return on assets (ROA), %	0.30	0.46	-0.17*	0.49
	30 Jun 2020	30 Jun 2019	Change, %	31 Dec 2019
CET1 ratio, %	13.7	13.6	0.2*	14.9
Loan portfolio, € billion	24.7	23.2	6.8	23.7
Deposits, € billion	13.6	10.4	30.1	11.1
Ratio of non-performing receivables to loan and guarantee portfolio, %	1.1	0.5	0.6*	0.5

Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.48	0.11	0.38*	0.19
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Comparatives deriving from the income statement are based on figures reported for the corresponding period a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2019 are used as comparatives.

\*Change in ratio

## Outlook towards the year end

Due to the COVID-19 pandemic, the global economy declined sharply in the second quarter. However, it began to recover already in early summer as restrictions were eased. The financial market picked up during the second quarter as well, helped by central banks' sizeable support measures. While the Finnish economy directly suffered less from restrictions than the economies of many other countries, Finnish GDP also plunged in the spring.

The economic outlook is still exceptionally uncertain in spite of the tentative recovery. Uncertainties in the financial market may increase rapidly if the pandemic outbreak worsens again. Recession in the export markets may also affect the Finnish economy with a lag, even if the direct effects of the pandemic gradually waned. A recession caused by the pandemic may have lagged effects on banks and insurance companies, if customers' financial difficulties persist.

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.

In 2020, full-year earnings estimates will only be provided at the OP Financial Group level, in its financial statements bulletin and interim reports.

All forward-looking statements in this Half-year Financial Report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view 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 2020:

Interim Report Q1-3/2020

22 October 2020

Helsinki, 21 July 2020

OP Corporate Bank plc  
Board of Directors