



OP Corporate Bank plc's Interim Report for 1 January – 31 March 2020

- **Consolidated earnings** before tax were EUR 27 million (64). Net interest income increased by 21% to EUR 81 million (67) and net insurance income by 20% to EUR 131 million (109). Impairment loss on receivables, EUR 49 million, increased by EUR 45 million year on year. Impairment loss on receivables was especially increased by the adoption of the new definition of default used in the impairment loss calculation, and the effects of the coronavirus pandemic on the credit risk outlook. Investment income decreased by 48% to EUR 25 million (48), mainly due to the coronavirus pandemic.
- **Corporate Banking** earnings before tax fell by 81% to EUR 9 million (45). Impairment loss on receivables weakened earnings by EUR 47 million (5). Net interest income increased by 12% to EUR 101 million (90). The loan portfolio increased in the year to March by 8% to EUR 24.3 billion (22.5).
- **Insurance** earnings before tax rose by 34% to EUR 39 million (29). Net insurance income, EUR 131 million, increased by EUR 22 million. Investment income fell by 49% to EUR 14 million (27). The operating combined ratio was 92.7% (97.5).
- **Other Operations** earnings before tax were EUR –20 million (–11). Liquidity remained good despite the coronavirus crisis.
- The Group's CET1 ratio was 13.6% (14.9). The lower ratio was especially affected by the adoption of the new definition of default.

Earnings before tax, EUR million	Q1/2020	Q1/2019	Change, %	Q1–4/2019
Corporate Banking	9	45	-80.7	262
Insurance	39	29	33.9	200
Other Operations	-20	-11	-	-50
Group total	27	64	-57.3	412
Return on equity (ROE), %	2.1	5.0	-2.9*	7.8
Return on assets (ROA), %	0.13	0.30	-0.17*	0.49

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

Measures to restrain the coronavirus spread threw the global economy into a recession during the first quarter. The early-year optimistic sentiment in the stock market turned into a sharp fall in prices. Interest rates in the fixed income market started to rise again at the end of the quarter as risk premiums increased. In the financial market, the funding costs of banks increased markedly. The market expects interest rates to remain somewhat unchanged towards the year end. However, there is exceptionally great uncertainty. The Government seeks to alleviate the direct

effects of the corona crisis on the finances of banks' and insurance companies' customers, but, at this point, it is still difficult to evaluate the long-term effects of the crisis.

The most significant uncertainties affecting earnings performance due to the coronavirus crisis relate to changes in the interest rate and investment environment and to the growth 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 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 2020:

Half-year Financial Report H1/2020	21 July 2020
Interim Report Q1–3/2020	22 October 2020

Helsinki, 28 April 2020

OP Corporate Bank Plc
Board of Directors