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

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

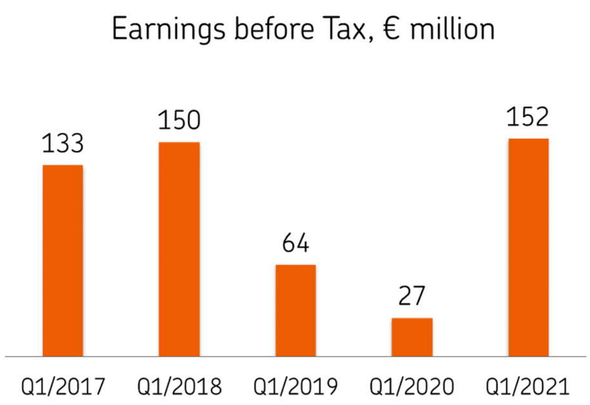
Earnings before tax Q1/2021	Net interest income Q1/2021	Net insurance income Q1/2021	CET1 ratio 31 March 2021
€152 million	–5%	+20%	14.7%

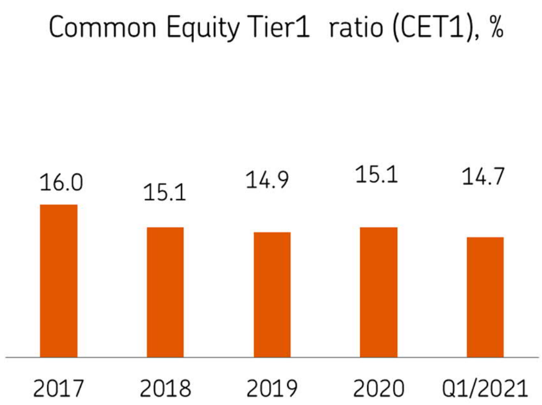
- Consolidated earnings before tax improved to EUR 152 million (27). Total income increased to EUR 367 million (166) and, including the overlay approach, income increased by 38% to EUR 342 million (248). Investment income increased to EUR 87 million (25). Net insurance income increased by 20% to EUR 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).

OP Corporate Bank plc's key indicators

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.





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

Table

Business environment

The Covid-19 pandemic continued to afflict the economy in the first quarter but its effects on the economy were slight. The economic situation still varied a lot by country. The US economy continued to recover but the economy of some European countries declined.

Long-term market rates rose along with improved economic expectations, especially in the USA. At the end of March, the Euribor rates were at year-start levels. Stock prices continued to rise and the positive mood was reflected widely in the commodity market too.

The European Central Bank (ECB) continued its asset purchase programme based on its monetary policy decisions in December but informed in March that it would increase its purchases to maintain favourable financing conditions.

Confidence in the Finnish economy improved in the first quarter despite an increase in the number of Covid-19 infections. The situation improved in manufacturing industries in particular, and consumer confidence too remained good.

Some fields of the service sector suffered heavily from the restrictions caused by the Covid-19 pandemic, but the overall economic sentiment continued to show slight signs of recovery. The housing market was lively and home prices rose. Consumer price inflation accelerated but remained clearly below the target set by the ECB.

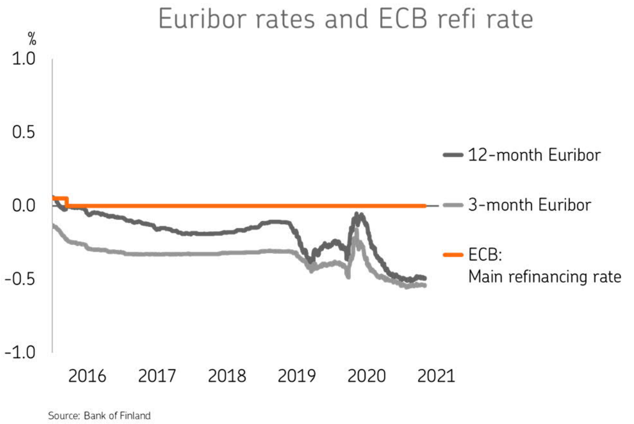
Economic recovery is expected to strengthen as the Covid-19 pandemic abates. Short-term market rates are expected to remain low throughout the year. The greatest risks are still related to the Covid-19 pandemic.

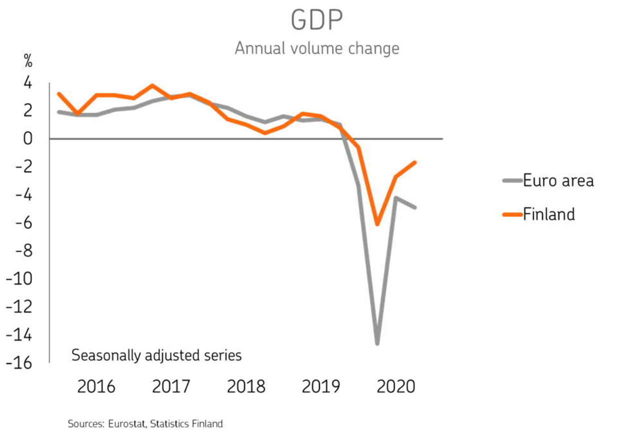
Growth in total loans continued to peter out in the first quarter. At the end of February, annual growth in total loans was 3.9% as against 4.6% at the end of 2020. Companies and housing companies were behind the slower growth whereas growth in consumer loans remained stable. In February, corporate loans grew by 5.2% and consumer loans by 3.4%. Home loans that have been the driver of the growth in consumer loans increased by 3.5% in February, which is slightly faster than the 3.3% growth at the end of 2020.

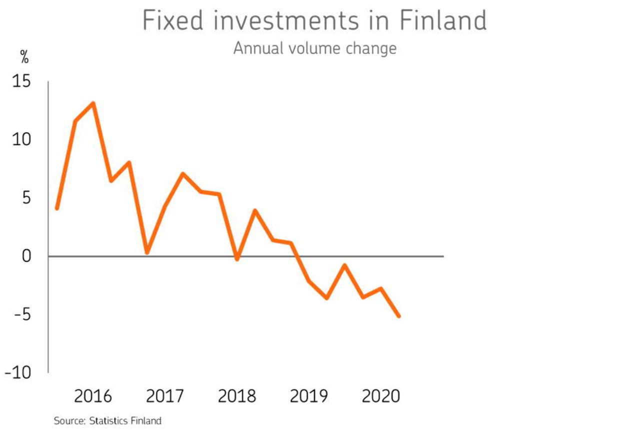
Total deposits still increased exceptionally fast. At the end of February, the growth rate of deposits was 14.6%, the same level as at the end of 2020. In February, corporate deposits increased by 19.0% and household deposits by 8.9%.

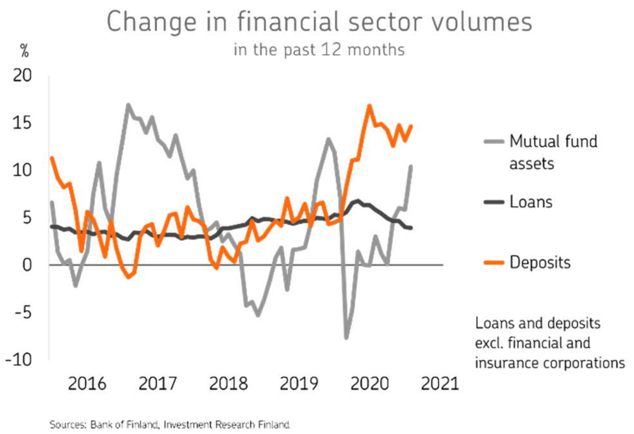
In the first quarter, the value of mutual funds registered in Finland increased to EUR 140.4 billion, aided by favourable market developments. The value of mutual fund assets was also increased by unit subscriptions, especially in equity funds and short-term fixed-income funds.

The improved economic outlook and positive developments in the capital market supported the insurance sector in the first quarter.









Consolidated earnings

€ million	Q1/2021	Q1/2020	Change, %	Q1–4/2020
Net interest income	77	81	-5.3	325
Net insurance income	157	131	20.1	555
Net commissions and fees	11	1	-	5
Net investment income	112	-57	-	233
Other operating income	10	10	0.1	29
Total income	367	166	120.6	1,148
Personnel costs	55	50	11.4	111
Depreciation/amortisation and impairment loss	12	12	-	53
Other operating expenses	124	109	13.9	393
Total expenses	192	171	12.2	557
Impairment loss on receivables	2	-49	-	-53
OP bonuses to owner-customers	-1	-1	-	-5
Overlay approach	-25	82	-	-5
Total earnings before tax	152	27	459.7	529

January–March

Consolidated earnings before tax improved to EUR 152 million (27). The Group's total income increased to EUR 367 million (166). The overlay approach is applied to certain insurance companies' equity instruments and, including the overlay approach, total income rose by 38.0% to EUR 342 million. Investment income rose by EUR 62 million to EUR 87 million. The effect of the Covid-19 pandemic on capital market developments decreased investment income a year ago. Net insurance income increased by EUR 26 million to EUR 157 million. Impairment loss on receivables improved earnings by EUR 2 million, being EUR 51 million lower than a year ago. A year ago, the higher amount of the impairment loss on receivables was especially explained by the adoption of the new definition of default arising from regulatory change as well as changes arising from the Covid-19 crisis in the macroeconomic parameters used in the measurement of credit losses. The Group's total expenses increased by 12.2% to EUR 192 million (171). Other operating expenses and personnel costs increased year on year.

Net interest income decreased by 5.3% to EUR 77 million (81). Interest income increased to EUR 122 million (104) and interest expenses to EUR 45 million (21). Interest expenses were increased by interest charges from Tier 2 bonds and senior non-preferred bonds. In the year to March, senior non-preferred bonds increased by EUR 0.8 billion to EUR 2.5 billion and Tier 2 bonds by EUR 1.0 billion to EUR 2.4 billion. OP Corporate Bank Group's loan portfolio decreased in the year to March by 0.9% to EUR 24.5 billion. The deposit portfolio increased by 15.7% to EUR 12.6 billion in the year to March.

Net insurance income increased by EUR 26 million to EUR 157 million. Insurance premium revenue increased by 0.9% and claims incurred decreased by 9.9%. Within the Insurance segment, the operating combined ratio improved to 86.0% (92.7) and operating risk ratio to 58.6% (65.5).

Net commissions and fees increased by EUR 10 million to EUR 11 million. Commissions and fees increased to EUR 48 million (41). Higher commission income was explained by income from payment transfer commissions, lending commissions and securities issues and brokerage fees. Commission expenses of EUR 37 million were EUR 3 million lower than the year before. Commission expenses were mainly decreased by lower insurance brokerage charges.

Net investment income grew by EUR 168 million to EUR 112 million. Net income from financial assets recognised at fair value through other comprehensive income rose by EUR 6 million to EUR 17 million. Capital gains on notes and bonds increased by EUR 3 million to EUR 6 million. Net income from financial assets recognised at fair value through profit or loss rose by EUR 160 million to EUR 91 million. The value changes in equities as well as dividends and shares of profit increased by EUR 127 million year on year. When the Covid-19 pandemic broke out a year ago, the fair value of equities, and notes and bonds decreased significantly. Income from financial assets held for trading was especially increased by income from derivatives which increased to EUR 31 million (5). A rise in long-term interest rates reduced the CVA of derivatives and increased net investment income. Net income from investment property, EUR 4 million, was at the level reported a year ago. Rental income rose by EUR 1 million. Net investment income reported by the Insurance segment increased by EUR 130 million to EUR 62 million and that reported by the Corporate Banking segment by EUR 39 million to EUR 48 million. Equity value changes and dividends and shares of profit mainly increased net investment income reported by the Insurance segment. Higher income from derivative transactions particularly affected higher net investment income reported by the Corporate Banking segment. The overlay approach is applied to non-life insurance equity instruments recognised at fair value through profit or loss, which reduced investment income for the reporting period by EUR 25 million. A year ago, it increased earnings by EUR 82 million. Changes in the fair value of investments within the scope of the overlay approach are presented under the fair value reserve under shareholders' equity. Including the overlay approach, Group investment income, EUR 87 million, increased by EUR 62 million year on year. Investment income reported by the Insurance segment increased by EUR 24 million to EUR 37 million. Return on investments by non-life insurance at fair value was –0.2% (–2.8).

Other operating income remained at the previous year's level at EUR 10 million.

Total expenses increased by EUR 21 million year on year to EUR 192 million. Personnel costs, EUR 55 million, increased by EUR 6 million. Depreciation/amortisation and impairment loss on receivables, EUR 12 million, were at the same level as a year ago. Other operating expenses rose by EUR 15 million to EUR 124 million. This increase is mainly explained by higher year-on-year charges of financial authorities, higher ICT costs and OP Cooperative's service charges.

A total of EUR 2 million of impairment loss on receivables were reversed whereas they weakened earnings by EUR 49 million a year ago. Final net loan losses recognised totalled EUR 3 million (5). Loss allowance was EUR 312 million (318) at the end of the reporting period. Non-performing receivables (gross) accounted for 2.1% (2.2) of the exposures. Impairment loss on loans and receivables accounted for –0.03% (0.20) of the loan and guarantee portfolio.

Comprehensive income for the reporting period, EUR 121 million, increased by EUR 292 million year on year. A year ago, the impact of the Covid-19 crisis on the capital market significantly decreased the fair value of notes and bonds recognised through other comprehensive income and equities within the scope of the overlay approach.

Measures taken by OP Corporate Bank amid the Covid-19 crisis

OP Corporate Bank provided its customers with the opportunity for a loan modification if the Covid-19 pandemic has caused disruptions in their business or repayment capacity. OP Corporate Bank granted its customers loan modifications in the first quarter of 2021, covering around 500 applications.

OP Corporate Bank has granted brief rent concessions to their customers on a case-by-case basis during the Covid-19 crisis.

OP Corporate Bank has ensured that services critical to society are available during the Covid-19 crisis too. OP Corporate Bank has enabled safe working conditions for its personnel in their workplace. Extensive remote working is also encouraged in those jobs where it is possible.

Corporate responsibility

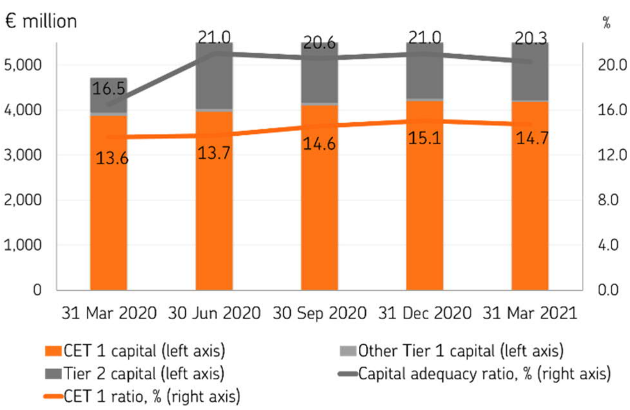
OP Financial Group's core values and principles governing corporate responsibility also guide the operations of OP Corporate Bank.

Corporate responsibility is an integral part of OP Financial Group's business and strategy. OP Financial Group's aim is to be a forerunner of corporate responsibility within its sector in Finland. OP Financial Group is committed to complying with the ten principles of the UN Global Compact initiative in the areas of human rights, labour rights, the environment and anti-corruption. OP Financial Group has agreed to follow the UN Principles for Responsible Investment since 2009. In 2019, OP Financial Group became a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

To promote diversity, OP Financial Group's objective is that the proportion of both genders in defined executive positions is at least 40%. Women accounted for 28% (28) at the end of March.

Group's capital adequacy

Capital base and capital adequacy



Capital adequacy for credit institutions

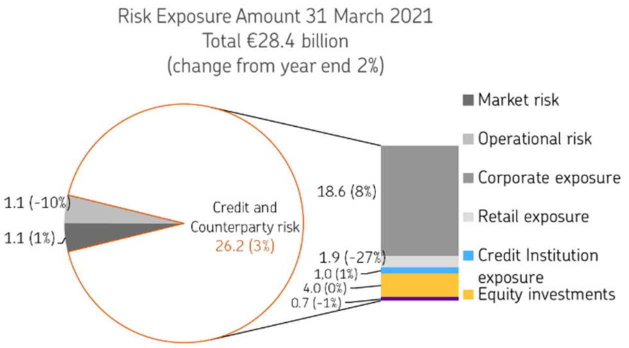
The Group's CET1 ratio was 14.7% (15.1) on 31 March 2021.

As a credit institution, the Group's consolidated 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 requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions increases in practice the minimum capital adequacy ratio to 10.5% and the minimum CET1 ratio to 7%.

The CET1 capital totalled EUR 4.2 billion (4.2) on 31 March 2021. Insurance business result is not included in CET1 capital.

On 31 March 2021, the risk exposure amount (REA) totalled EUR 28.4 billion (27.8), or 2.0% higher than on 31 December 2020. In March, the ECB set a parameter factor for corporate exposures, based on the TRIM (Targeted Review of Internal Models), which increased the risk-weighted assets of corporate exposures. Corporate exposures increased slightly from the end of 2020. OP Financial Group treats insurance holdings within the financial conglomerate as risk-weighted assets, based on permission from the ECB. Equity investments include EUR 3.9 billion in risk-weighted assets of the Group's internal insurance holdings. OP Corporate Bank Group is part of OP Financial Group, whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. As part of OP Financial Group, OP Corporate Bank plc is supervised by the ECB.

The Finnish Financial Supervisory Authority (FIN-FSA) makes a macroprudential policy decision on a quarterly basis. In March 2021, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks.



According to OP Financial Group's assessment, the following regulatory factors affecting credit institution capital adequacy during 2021 are as follows: changes caused by the update on the EU Capital Requirements Regulation (CRR2) are expected to lower OP Corporate Bank's CET1 ratio by around 0.2 percentage point during the second quarter of 2021. OP Corporate Bank plans to adopt the simplified approach in the measurement of insurance companies' risk weights during the second quarter of 2021, which will reduce the CET1 ratio by about 0.7 percentage points.

OP Financial Group has begun discussions with the ECB on reassessing the extent of application of internal models (IRBA, Internal Ratings-Based Approach). Based on the current estimate, the change in the extent of IRBA will not have any substantial effect on capital adequacy. The final effect will be specified after discussions with the supervisor and the approval process related to the scope of IRBA that are assessed to be completed in the second half of 2021.

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 set OP Financial Group's Minimum Requirement for own funds and Eligible Liabilities (MREL) at 12% of liabilities and own funds, or accounting for 27% of the total risk exposure amount at the end of 2018. OP Financial Group will update its policy line regarding the MREL requirement when the supervisor makes its next MREL decision. The MREL ratio was an estimated 38% (40) at the end of the reporting period. The ratio was weakened by the growth in total risk exposure and improved by the issue of EUR 0.8 billion senior non-preferred bonds. The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would apply to OP Corporate Bank acting as a Single Point of Entry.

Solvency of non-life insurance company

Pohjola Insurance has a strong solvency position. A good balance on technical account and an increase in the value of investments strengthened the capital base. A rise in market risks increased the solvency capital requirement. Furthermore, higher interest rates, for their part, strengthened solvency.

	31 Mar 2021	31 Dec 2020
Capital base, € million*	1,281	1,205
Solvency capital requirement (SCR), € million*	801	762
Solvency ratio, %*	160	158
Solvency ratio, % (excl. transitional provision)	160	158

*including transitional provisions

Credit ratings

OP Corporate Bank plc's credit ratings on 31 March 2021

Rating agency	Short-term funding	Outlook	Long-term funding	Outlook
Standard & Poor's	A-1+	-	AA-	Stable
Moody's	P-1	Stable	Aa3	Stable

Pohjola Insurance Ltd's financial strength ratings on 31 March 2021

Rating agency	Rating	Outlook
Standard & Poor's	A+	Stable
Moody's	A2	Stable

OP Corporate Bank plc has credit ratings affirmed by Standard & Poor's Global Ratings Europe Limited and Moody's Investors Service (Nordics) AB. Pohjola Insurance Ltd has financial strength ratings affirmed by Standard & Poor's Credit Market Services Europe Limited and Moody's Deutschland GmbH. When assessing the companies' credit ratings, credit rating agencies take account of the entire OP Financial Group's financial standing.

On 22 January 2021, Standard & Poor's restored the outlook on OP Corporate Bank plc's long-term credit rating from negative to stable after the trend in the BICRA score, which describes the status of the Finnish banking system, restored from negative to stable. Standard & Poor's also changed the outlook on Pohjola Insurance Ltd's financial strength rating to stable alongside its revision of the parent company OP Corporate Bank plc.

Risk exposure

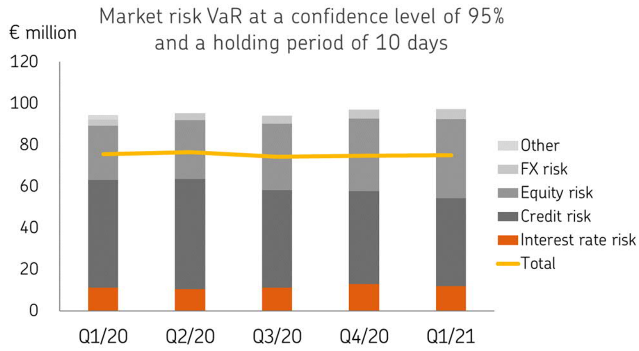
OP Financial Group's Risk Appetite Statement starts from the fact that OP Financial Group assumes risks that are mainly associated with performing its basic task. In its risk-taking, OP Corporate Bank emphasises moderation, responsibility and careful action.

Engaged in business covering various areas of the financial sector, OP Corporate Bank may be exposed to a variety of direct and indirect business implications of the Covid-19 pandemic. If materialised, they may affect capitalisation, liquidity and the continuity of daily business. From the perspective of credit risk, the number of debtors whose future outlook is weakened by the Covid-19 pandemic has increased. For the time being, however, growth in the number of customers who have got into deeper problems has remained moderate and limited mainly to certain sectors. So, the overall quality of the loan portfolio has remained good.

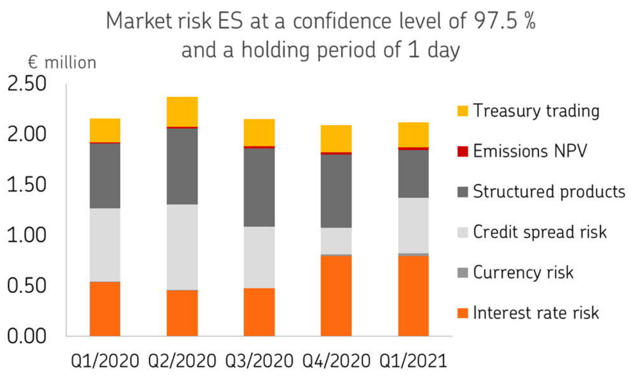
Concerns about the general state of the market among investors in the international financial market due to the pandemic and about OP Financial Group's success have abated, and the debt instrument market has functioned normally. The liquidity position has remained strong and OP Corporate Bank has been able to implement market-based financing operations as planned. OP Financial Group's and OP Corporate Bank's liquidity and capital are sufficient to secure business continuity. Our personnel's health situation could in extreme situations endanger the continuity of our operational business processes. The measures taken to secure the continuity of OP Financial Group's and OP Corporate Bank's business operations have ensured that operations have continued without disruption.

The Group's funding and liquidity position is strong. The availability of funding has remained good.

The market risk level of the Group's long-term investments remained moderate. No major changes were made to the asset class allocation during the reporting period. The Value-at-Risk (VaR) metric, a measure of market risks, was EUR 75 million (75) on 31 March 2021. The VaR risk metric includes the balance sheet total of the non-life insurance company concerned, the liquidity buffer and long-term banking bond investments. The non-life insurance balance sheet total contains investments, insurance liabilities and derivatives that hedge against interest rate risk associated with insurance liabilities.



Expected Shortfall (ES) used to measure market risk associated with the interest rate risk position of Markets and Treasury remained at a moderate level.

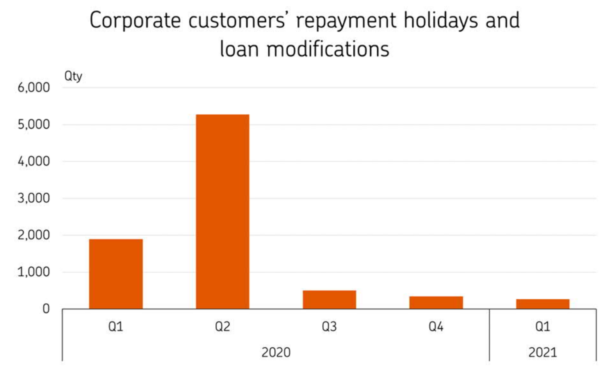


Operational risks remained moderate as targeted. Materialised operational risks resulted in a gross loss of EUR 0.7 million (0.4). From the operational risk perspective, the implications of the Covid-19 pandemic on OP Corporate Bank Group were mild during the reporting period.

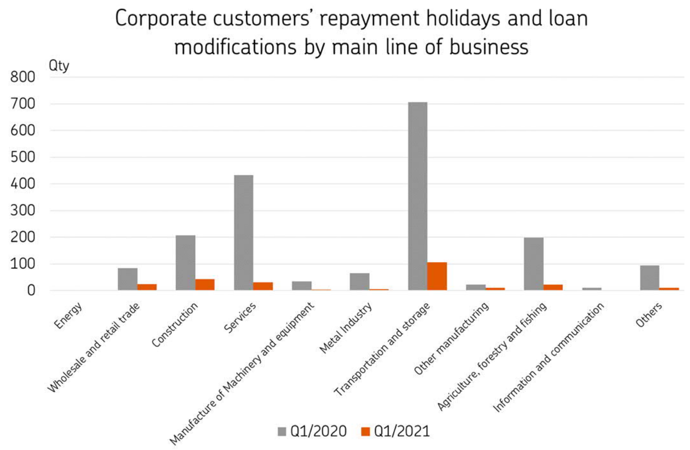
Corporate Banking

Within Corporate Banking, key risks are associated with credit risk arising from customer business, and market risks.

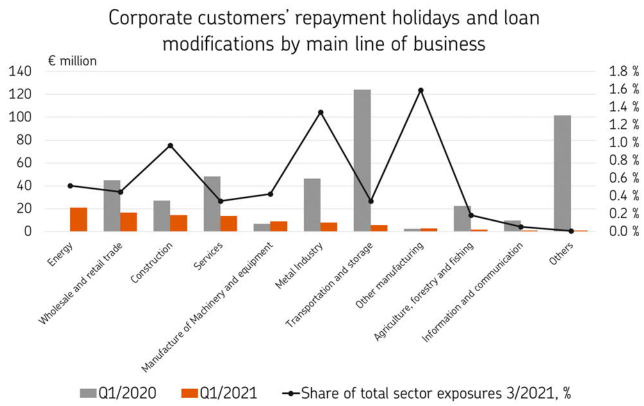
So far, the Covid-19 pandemic has not substantially weakened banking credit risk exposure, but there is still risk for a negative development if the consequences of the pandemic materialise.



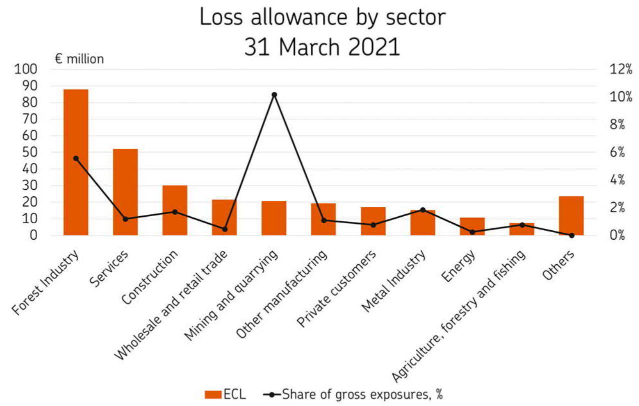
The graph shows the actual number of corporate customers' loan modifications and repayment holidays for the reporting period and by quarter in 2020.



The graph shows repayment holidays and loan modifications implemented on corporate exposures by sector for the reporting period and the reporting period a year ago.



The graph shows repayment holidays and loan modifications implemented on corporate exposures by sector for the reporting period and the reporting period a year ago. The graph also shows the percentage of each sector's exposures for which a repayment holiday or loan modification was agreed during the reporting period.



The graph shows the loss allowance of different sectors at the end of the reporting period and the ratio of loss allowance to gross exposures of the sector at the end of the reporting period.

Corporate Banking's interest rate risk in the banking book measured as the effect of a one-percentage point change on a 12-month net interest income was EUR –25 million at the end of the reporting period. A rise in interest rates increases interest income risk. 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.

Forborne loans and non-performing receivables

	Performing forborne exposures (gross)		Non-performing receivables (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
More than 90 days past due, € billion			0.13	0.13	0.13	0.13	0.08	0.08	0.04	0.05
Unlikely to be paid, € billion			0.46	0.49	0.46	0.49	0.13	0.13	0.33	0.35
Forborne exposures, € billion	0.25	0.25	0.11	0.10	0.35	0.34	0.04	0.05	0.31	0.30
Total, € billion	0.25	0.25	0.69	0.71	0.94	0.96	0.26	0.26	0.68	0.70

Key ratios	31 Mar 2021	31 Dec 2020
Ratio of doubtful receivables to exposures, %	2.88	2.99
Ratio of non-performing receivables to exposures, %	2.13	2.22
Ratio of performing forborne exposures to exposures, %	0.75	0.77
Ratio of performing forborne exposures to doubtful receivables, %	26.17	25.80
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	32.4	32.1

Key ratios were changed from net to gross as of the beginning of 2021, i.e. non-performing receivables no longer include loss allowance. At the same time, a more comprehensive concept of doubtful receivables was adopted which includes all off-balance-sheet non-performing receivables. In the key ratios, the new denominator includes the loan and guarantee portfolio, deferred interest income and unused standby credit facilities. Comparatives have been adjusted accordingly.

For OP Corporate Bank plc, no single customer's exposure exceeded 10% of the capital base after allowances and other recognition of credit risk mitigation.

Exposures by the Baltic Banking were EUR 3.5 billion (3.6), accounting for 9.2% (9.2) of total banking exposures of the Corporate Banking segment.

Insurance

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

A one-year increase in life expectancy would increase insurance liability for annuities by EUR 48 million (48). A 0.1 percentage point decrease in interest rates used in insurance liability valuation would increase insurance liabilities by EUR 27 million (29).

No significant changes took place in non-life insurance's underwriting risks. Non-life insurance's most significant market risk is associated with increasing insurance liability value and capital requirement resulting from lower market interest rates. The Group uses derivative contracts to dampen earnings volatility caused by changes in interest rates used in insurance liability valuation.

The market risk level of investments remained moderate. Equity risk rose during the review period. The VaR, a measure of market risk, was EUR 64 million (64) on 31 March 2021. Interest rate derivatives have been used to hedge against interest rate risk associated with insurance liability.

Other Operations

Major risks related to the Other Operations 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.

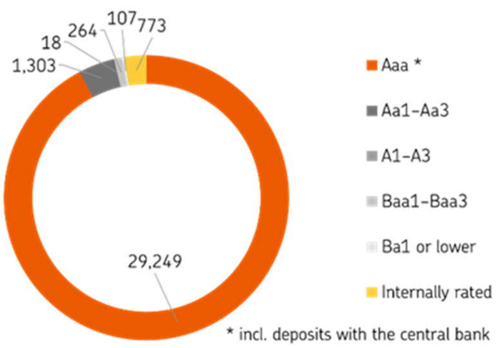
The market risk of notes and bonds in the liquidity buffer (VaR with 95% confidence) remained stable during the reporting period. No major changes occurred in the asset class allocation.

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

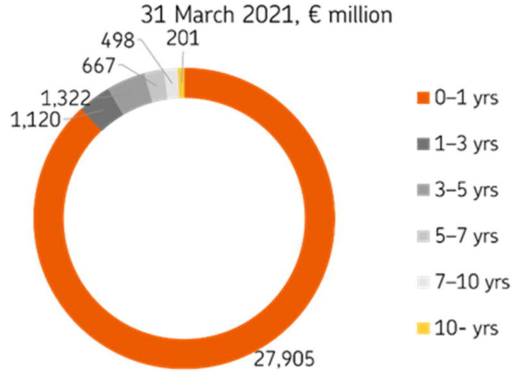
OP Financial Group monitors its liquidity and the adequacy of its liquidity buffer using, for example, the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100%. OP Financial Group's LCR was 218% (197) at the end of the reporting period.

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. In regulation, a minimum requirement of 100% will be set for the NSFR as of 30 June 2021. OP Financial Group's NSFR was 123% (123) at the end of the reporting period.

Financial assets included in the liquidity buffer by credit rating on 31 March 2021, € million



Financial assets included in the liquidity buffer by maturity on 31 March 2021, € million



Liquidity buffer

€ billion	31 Mar 2021	31 Dec 2020	Change, %
Deposits with central banks	27.4	21.6	27.3
Notes and bonds eligible as collateral	3.3	8.7	-62.0
Corporate loans eligible as collateral	-	0.0	-
Total	30.7	30.2	1.6
Receivables ineligible as collateral	1.0	1.0	-3.1
Liquidity buffer at market value	31.7	31.3	1.5
Collateral haircut	-0.3	-0.5	-
Liquidity buffer at collateral value	31.4	30.8	2.1

The liquidity buffer comprises notes, bonds and securitised assets issued by governments, municipalities, financial institutions and companies all showing good credit ratings.

For OP Corporate Bank plc acting as OP Financial Group's central financial institution, OP cooperative banks and OP Cooperative with its subsidiaries form a significant customer group. Of the aggregated exposures of the segments Other Operations and Corporate Banking, exposures of OP Financial Group entities represented 18.9%. These exposures increased during the year by EUR 1.9 billion. All exposures of OP cooperative banks and OP Cooperative are investment-grade exposures.

Financial performance by segment

OP Corporate Bank Group's business segments are Corporate Banking and Insurance. Non-business segment operations are presented in the Other Operations segment. Segment reporting is based on the accounting policies applied in OP Corporate Bank's consolidated financial statements.

Corporate Banking

- Earnings before tax improved to EUR 101 million (9).
- Total income increased by 39.4%. Net interest income decreased by 0.8%. Net investment income increased significantly to EUR 48 million (9). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 12 million (–17).
- Total expenses rose by 11.2% to EUR 80 million (72), of which the EU stability contribution accounted for EUR 5 million.
- The loan portfolio decreased in the year to March by 1.0% to EUR 24.1 billion.
- Reversal of impairment losses on receivables improved earnings by EUR 2 million (–47). Non-performing receivables (gross) accounted for 2.1% (2.2) of the exposures.
- The most significant development investments involved the development of finance and payment systems.

Key figures and ratios

€ million	Q1/2021	Q1/2020	Change, %	Q1–4/2020
Net interest income	100	101	-0.8	395
Net commissions and fees	17	11	62.9	36
Net investment income	48	9	425.8	140
Other operating income	13	8	74.1	16
Total income	179	128	39.4	587
Personnel costs	17	15	8.1	62
Depreciation/amortisation and impairment loss	3	3	2.0	12
Other operating expenses	60	53	12.6	156
Total expenses	80	72	11.2	231
Impairment loss on receivables	2	-47	-	-53
OP bonuses to owner-customers	-	-1	-	-2
Earnings before tax	101	9	-	301
Cost/income ratio, %	44.5	55.9	-11.33*	39.3
Ratio of non-performing receivables to exposures, %**	2.1	2.2	-0.1*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	-0.03	0.69	-	0.20
Return on assets (ROA), %	1.33	0.12	1.21*	1.03
Return on assets, excluding OP bonuses, %	1.33	0.13	1.20*	0.98

	31 Mar 2021	31 Mar 2020	Change, %	31 Dec 2020
Loan portfolio, € billion	24.1	24.3	-1.0	24.0
Guarantee portfolio, € billion	2.8	3.1	-8.9	2.6
Other exposures, € billion	5.6	5.6	6.1	5.4
Deposits, € billion	12.5	11.0	14.0	13.1

*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.

The Corporate Banking segment provides corporate and institutional customers with financing and liquidity management services and financing services for foreign trade. The services also range from the arrangement of debt issues, corporate finance services, custody, equity, foreign exchange, money market, derivative products and asset and sales finance solutions to investment research. OP Corporate Bank's branches and subsidiaries in Estonia, Latvia and Lithuania provide asset and sales finance solutions.

Corporate Banking's loan portfolio decreased in the year to March by 1.0% to EUR 24.1 billion. The guarantee portfolio totalled EUR 2.8 billion (3.1) and committed standby credit facilities amounted to EUR 4.3 billion (3.7). Total income increased on a wide front by a total of 39.4% from the level a year ago. The level of activity on the bond market remained high during the reporting period. OP arranged a total of five bond issues in the first quarter.

The most significant Corporate Banking development investments involved the upgrades of payment and finance systems. The upgrade of core payment systems and improvement of digital services will continue further.

Financial performance for the reporting period

Earnings before tax improved to EUR 101 million (9). Total income increased by 39.4%. Total expenses increased by 11.2%. The cost/income ratio improved to 44.5% (55.9) year on year.

Net interest income decreased by 0.8% to EUR 100 million (101). The loan portfolio decreased, but lending margins increased. Net commissions and fees increased to EUR 17 million (11). Net commissions and fees increased on an extensive basis.

Net investment income increased to EUR 48 million (9) as a result of higher income from derivatives business. A rise in long-term market rates reduced the CVA of derivatives. Earnings a year ago were weakened by credit risk margins that widened substantially amid the Covid-19 crisis.

Other operating income amounted to EUR 13 million (8). Reversal of impairment losses on receivables improved earnings by EUR 2 million (–47). A year ago, the adoption of the new definition of default and the Covid-19 related changes in the macroeconomic parameters used in the calculation of expected credit losses increased the impairment loss on receivables. Final net loan losses recognised for the reporting period totalled EUR 3 million (5). Non-performing receivables (gross) accounted for 2.1% (2.2) of the exposures.

Total expenses were EUR 80 million (72). Personnel costs increased by 8.1% to EUR 17 million (15). Other operating expenses increased by 12.6% to EUR 60 million (53). ICT costs remained at the previous year's level and the EU stability contribution rose by EUR 5 million.

Insurance

- Earnings before tax improved to EUR 84 million (39). Net insurance income improved as claims incurred decreased. Capital gains improved investment income.
- Insurance premium revenue increased by 0.9% and claims incurred decreased by 9.8%.
- Investment income totalled EUR 37 million (14), including the overlay approach. Net return on investments at fair value totalled EUR 84 million (–98).
- The operating combined ratio improved to 86.0% (92.7) and operating risk ratio to 58.6% (65.5). The operating cost ratio was 27.5% (27.2).
- Development investments focused on upgrading the core system and improving the accessibility of web and mobile services and enhancing opportunities to buy insurance products.

Key figures and ratios

€ million	Q1/2021	Q1/2020	Change, %	Q1–4/2020
Insurance premium revenue	371	367	0.9	1,506
Claims incurred	213	236	-9.8	951
Net insurance income	158	131	20.1	556
Non-life insurance, net commissions and fees	-7	-11	-32.5	-36
Health and wellbeing, net commissions and fees	2	2	4.2	8
Net commissions and fees	-5	-9	-	-28
Net investment income	62	-68	-	80
Other net income	-1	0	-560.4	1
Total income	213	55	290.3	609
Personnel costs	38	33	13.3	46
Depreciation/amortisation and impairment loss	9	9	-1.0	39
Other operating expenses	57	54	5.2	229
Total expenses	104	97	7.4	313
OP bonuses to owner-customers	-1	-1	-1.0	-2
Overlay approach	-25	82	-130.3	-5
Earnings before tax	84	39	115.5	288
Return on assets (ROA), %	4.73	2.20	2.53*	4.07
Return on assets, excluding OP bonuses, %	4.76	2.22	2.53*	4.10
Operating combined ratio, %	86.0	92.7		87.8
Operating risk ratio, %	58.6	65.5		61.1
Operating cost ratio, %	27.5	27.2		26.6

*Change in ratio

The Insurance segment comprises non-life insurance plus the health and wellbeing business. Non-life insurance products include non-life products sold to corporate and personal customers. The segment consists of Pohjola Insurance Ltd and Pohjola Hospital Ltd with five hospitals.

Key development investments focused on the development of electronic transaction and purchase services and the non-life insurance core system upgrade. The core system upgrade proceeded to the first implementation in March when new sales of occupational accident and occupational disease insurance products transferred to a new platform.

Customers have been satisfied with services provided by Pohjola Hospital. Among surgery customers, the NPS figure was 97 (97) in January–March.

Financial performance for the reporting period

Earnings before tax improved to EUR 84 million (39) as the balance on technical account and net investment income improved. Net insurance income increased to EUR 158 million (131). Along with Covid-19 restrictions, a reduction in economic activity, widespread remote work and traffic volumes lower than usual have reduced claims in almost all lines of non-life insurance.

Insurance premium revenue

€ million	Q1/2021	Q1/2020	Change, %
Personal Customers	211	208	1.5
Corporate Customers	160	159	0.1
Total	371	367	0.9

Premium revenue increased by 0.9% to EUR 371 million. Among personal customers, the number of loyal customer households increased. Premium revenue from corporate customers was at the previous year's level because of a decline in total payrolls associated with occupational accident and occupational disease insurance.

Claims incurred decreased by 9.8%. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 22 (24) in January–March, with their claims incurred retained for own account totalling EUR 18 million (27). Changes in the provision for outstanding claims under statutory pensions improved earnings by EUR 7 million during the reporting period while improving them by EUR 6 million a year ago.

Changes in claims for previous years, excluding the effect of the discount rate change, improved the balance on technical account by EUR 9 million (6). The non-life insurance operating risk ratio excluding indirect loss adjustment expenses was 58.6% (65.5).

Total expenses increased by 7.4%, being EUR 7 million higher than a year ago. In non-life insurance, the operating cost ratio (including indirect loss adjustment expenses) was 27.5% (27.2).

Operating combined ratio reported by non-life insurance improved to 86.0% (92.7). The operating ratios exclude the changed discount rate.

Investment

Investment income

€ million	Q1/2021	Q1/2020
At fair value through other comprehensive income	14	9
At fair value through profit or loss	50	-73
Amortised cost	0	1
Non-life insurance items	-4	-5
Associated companies	2	1
Net investment income	62	-68
Overlay approach	-25	82
Total	37	14

Investment income totalled EUR 37 million (14), including the overlay approach. Capital gains on investments reported by non-life insurance totalled EUR 24 million (8).

Non-life insurance: key investment indicators

€ million	Q1/2021	Q1/2020
Net return on investments at fair value, € million*	84	-98
Return on investments at fair value, %	-0.2	-2.8
Fixed income investments' running yield, %	0.8	1.4
	31 Mar 2021	31 Dec 2020
Investment portfolio, € million	4,150	4,102
Investments within the investment grade category, %	93	92
A-rated receivables, minimum, %	57	58
Modified duration	3.5	3.5

*Net return on investments at fair value is calculated by deducting the value change in market-consistent insurance liability from income from total investment assets.

Other Operations

- Earnings before tax totalled EUR –34 million (–20).
- The EBT included EUR 3 million (1) in capital gains on notes and bonds.
- Liquidity remained strong despite the Covid-19 pandemic.

Key figures and ratios

€ million	Q1/2021	Q1/2020	Change, %	Q1–4/2020
Net interest income	-21	-17	21.0	-59
Net commissions and fees	-1	0	33.1	-2
Net investment income	0	1	-66.6	10
Other operating income	4	3	34.1	15
Total income	-17	-13	-	-37
Personnel costs	1	1	-3.0	3
Other expenses	16	5	241.3	19
Total expenses	17	5	202.7	22
Impairment loss on receivables	0	-2	-	1
Earnings before tax	-34	-20	-	-58
Receivables and liabilities from/to the amalgamation's central cooperative and member credit institutions, net position, € billion	-9.7	-5.8	-	-10.7

Functions supporting OP Financial Group, such as Group Treasury, are centralised within Other Operations. Group Treasury is responsible for the management of the funding and liquidity of member credit institutions and the central cooperative consolidated. It is also in charge of OP Financial Group's wholesale funding together with OP Mortgage Bank. Income generated by Other Operations derives mainly from net interest income and net investment income. The most significant risk categories are market risks and credit risk. In addition, income, expenses, investments and capital which have not been allocated to the business segments are reported under Other Operations.

Financial performance for the reporting period

Other Operations earnings before tax amounted to EUR –34 million (–20). Earnings before tax at fair value were EUR –38 million (–98). Widening credit spreads caused by the Covid-19 crisis reduced the fair value reserve a year ago.

Net interest income was EUR –21 million (–17). Compared to the figure a year ago, net interest income was weakened by the Tier 2 bonds issued in the previous year after the reporting period and by senior non-preferred issued since the reporting period a year ago whose credit spread is higher than that of senior bonds.

Expenses for the reporting period were increased by the transmission within OP Financial Group of the margin exceeding the ECB's deposit facility rate based on the TLTRO programme launched in 2021.

Net investment income totalled EUR 0 million (1). Net investment income included EUR 3 million (1) in capital gains on notes and bonds.

In March 2021, the average margin of senior and senior non-preferred wholesale funding and TLTRO funding was 24 basis points (20). The cost is lowered by TLTRO funding.

In March, OP Corporate Bank participated in the seventh TLTRO III operation for EUR 5.0 billion. OP Corporate Bank's TLTRO III financing amounted to a total of EUR 13.0 billion at the end of March. In March, OP Corporate Bank issued two senior non-preferred bonds: a bond of EUR 500 million with a 5-year maturity and a bond of EUR 300 million with a 10-year maturity. Between January and March, OP Corporate Bank issued long-term bonds worth EUR 1.3 billion.

In 2020, the Governing Council of the European Central Bank modified the terms and conditions of TLTRO III to stimulate bank lending to those hardest hit by the Covid-19 pandemic. According to the modified conditions, the interest rate between 24 June 2020 and 23 June 2022 can be the ECB's deposit facility rate (–0.50% on the reporting date) minus 0.50%. For the subsequent loan maturity, the interest rate can be, at its best, the ECB's deposit facility rate. The reduced rate is conditional on fulfilling the criteria for net lending performance.

The rate for 24 June 2020–23 June 2021 was determined based on the net lending review period expired on 31 March 2021. The final interest rate will be determined when the TLTRO III operation matures. OP Financial Group assesses that it will fulfil the criteria for net lending performance for this period. In respect of the subsequent interest period, OP Financial Group will monitor the fulfilment of the criteria and, whenever necessary, change cash flow forecasts. OP Financial Group has assessed that TLTRO III funding fulfils the terms of market-based financing and is treated according to IFRS 9.

On 31 March 2021, investments by the amalgamation's central cooperative and the member credit institutions in OP Corporate Bank were EUR 9.7 billion higher than funding borrowed by them from Group Treasury. This increase in the amount was affected by liquidity deposits made by member credit institutions at OP Corporate Bank and a year-on-year increase in the amount of OP Mortgage Bank's covered bonds that has partly been channeled to Group Treasury as investments.

The Group's funding position and liquidity are strong.

On 12 April 2021, OP Corporate Bank redeemed a perpetual subordinated loan worth EUR 50 million that it issued in March 2005.

Service development

OP Corporate Bank invests in developing its operations and improving customer experience on an ongoing basis. ICT investments make up a significant portion of the costs of developing these services.

ICT costs of OP Corporate Bank's service development and production maintenance totalled EUR 58 million (54). These include licence fees, purchased services, other external costs related to projects and inhouse work. Production ICT costs increased by EUR 4 million to EUR 48 million. Total development costs rose by EUR 2 million to EUR 21 million. The capitalised development expenditure totalled EUR 11 million (9).

In the spring of 2019, OP Financial Group concluded a five-year agreement with Tata Consultancy Services Ltd (TCS) on the production of ICT services. The agreement involves the ICT infrastructure services used by OP Financial Group, such as mainframe, server and capacity services. The agreement also includes data centre and cloud services. The transfer of ICT infrastructure services to TCS was completed as planned in February 2021.

In February, OP Financial Group signed a new five-year agreement with CGI on producing IT application services in the fields of insurance and Centres of Excellence, in particular. The agreement is part of increasing the effectiveness of and reforming practices and partnerships related to IT operations.

More detailed information on OP Corporate Bank's investments can be found under each business segment's section in this Interim Report.

Group restructuring

On 10 February 2021, OP Corporate Bank plc and its Baltic subsidiaries OP Finance AS (Estonia), OP Finance SIA (Latvia) and AB OP Finance (Lithuania) signed a merger plan whereby the Baltic subsidiaries will merge into their parent company OP Corporate Bank plc through a cross-border merger. The planned date for registration of the merger is 31 October 2021.

OP Financial Group is planning a restructuring whereby Pohjola Insurance Ltd would be transferred from the ownership of OP Corporate Bank plc to the direct ownership of OP Cooperative. The plan was announced for the first time in 2014.

Personnel and remuneration

On 31 March 2021, the Group had 3,024 employees (2,916).

Personnel at period end

	31 Mar 2021	31 Dec 2020
Corporate Banking	752	741
Insurance	2,230	2,136
Other Operations	42	39
Total	3,024	2,916

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2021 consists of the performance-based bonus scheme and the personnel fund covering all personnel. Company-specific targets based on the annual plan and the Group-level strategic targets are taken into account in the metrics used in the performance-based bonus scheme and the personnel fund. In drawing up the remuneration schemes, OP has taken account of the regulation regarding the financial sector's remuneration schemes. More detailed information on variable remuneration is available in OP Corporate Bank's Report by the Board of Directors and Financial Statements 2020.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of 22 March 2021 adopted the Financial Statements for 2020 and discharged members of the Board of Directors and the President and CEO from liability. The AGM decided that no dividend be distributed and that the profit for the financial year 2020 is entered in the account of retained earnings/loss.

Timo Ritakallio, OP Financial Group's President and Group Chief Executive Officer, will continue as Chair of the Board of Directors of OP Corporate Bank in accordance with the Articles of Association.
Other re-elected Board members were Vesa Aho, Jarmo Viitanen, Pasi Sorri and Olli-Pekka Saario.

The AGM re-elected KPMG Oy Ab, a firm of authorised public accountants, to act as the auditor, with Juha-Pekka Mylén, APA, acting as the chief auditor, appointed by KPMG Oy Ab.

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.

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.

Alternative Performance Measures

Return on equity (ROE), %	$\frac{\text{Financial performance for the reporting period x (days of financial year/days of reporting period)}}{\text{Equity capital (average at beginning and end of period)}} \times 100$
Return on equity (ROE) excluding OP bonuses, %	$\frac{\text{(Financial performance for the reporting period + OP bonuses after tax) x (days of financial year/days of reporting period)}}{\text{Equity capital (average at beginning and end of period)}} \times 100$
Return on assets (ROA), %	$\frac{\text{Financial performance for the reporting period x (days of financial year/days of reporting period)}}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$
Return on assets (ROA) excluding OP bonuses, %	$\frac{\text{(Financial performance for the reporting period + OP bonuses after tax) x (days of financial year/days of reporting period)}}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$
Cost/income ratio, %	$\frac{\text{Total expenses}}{\text{Total income}} \times 100$
Investment income	Net investment income + Overlay approach
Loan portfolio	Balance sheet item Receivables from customers
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	$\frac{\text{Impairment loss on receivables x (days of financial year/days of reporting period)}}{\text{Loan and guarantee portfolio at period end}} \times 100$
Deposits	Deposits included in balance sheet item Liabilities to customers
Coverage ratio, %	$\frac{\text{Loss allowance}}{\text{Receivables from customers (on-balance-sheet and off-balance-sheet items)}} \times 100$
Default capture rate, %	$\frac{\text{New defaulted contracts in stage 2 a year ago}}{\text{New defaulted contracts during the period}} \times 100$

Non-life insurance key ratios:

Operating loss ratio, %	$\frac{\text{Claims incurred, excl. changes in reserving bases and amortisation on intangible assets arising from company acquisitions}}{\text{Insurance premium revenue, excl. net changes in reserving bases}} \times 100$
Operating expense ratio, %	$\frac{\text{Operating expenses}}{\text{Insurance premium revenue, excl. net changes in reserving bases}} \times 100$
Operating combined ratio, %	Operating loss ratio + operating expense ratio Operating risk ratio + operating cost ratio
Operating risk ratio (excl. unwinding of discount), %	$\frac{\text{Claims excl. loss adjustment expenses and changes in reserving bases}}{\text{Net insurance premium revenue, excl. changes in reserving bases}} \times 100$
Operating cost ratio, %	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue, excl. changes in reserving bases}} \times 100$

Key indicators based on a separate calculation

Key indicator	Formula	
Capital adequacy ratio, %	Total capital / Total risk exposure amount	x 100
Tier 1 ratio, %	Total Tier 1 capital / Total risk exposure amount	x 100
CET1 ratio, %	CET1 capital / Total risk exposure amount	x 100
Solvency ratio, %	Capital base / Solvency capital requirement (SCR)	x 100
Leverage ratio, %	Tier 1 capital (T1) / Exposure amount	x 100
Liquidity coverage requirement (LCR), %	Liquid assets / Liquidity outflows – liquidity inflows under stressed conditions	x 100
Net stable funding ratio (NSFR), %	Available stable funding / Required stable funding	x 100
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
Ratio of non-performing receivables to exposures, %	Non-performing receivables (gross)** / Exposures at period end	x 100
Ratio of doubtful receivables to exposures, %	Doubtful receivables (gross)*** / Exposures at period end	x 100
Ratio of performing forborne exposures to exposures, %	Performing forborne exposures (gross)*** / Exposures at period end	x 100
Ratio of performing forborne exposures to doubtful receivables, %	Performing forborne exposures (gross)*** / Doubtful receivables at period end	x 100
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	Loss allowance for receivables from customers in the balance sheet / Doubtful receivables at period end	x 100
Loan and guarantee portfolio	Loan portfolio + guarantee portfolio	
Exposures	Loan and guarantee portfolio + interest receivables + unused standby credit facilities	
Other exposures	Interest receivables + unused standby credit facilities	

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

**Non-performing receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forborne receivables related to such receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties.

***Doubtful receivables refer to receivables that are more than 90 days past due and other receivables classified as risky as well as forbearance related to such receivables or to performing receivables due to the customer's financial difficulties. Forbearance measures consist of concessions agreed at the customers' initiative to the original repayment plan to make it easier for them to manage through temporary payment difficulties. 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 doubtful receivables.

Capital adequacy and solvency

Capital adequacy for credit institutions

Capital base, € million	31 Mar 2021	31 Dec 2020
OP Corporate Bank Group's equity	4,918	4,796
The effect of insurance companies on the Group's equity is excluded	-473	-407
Fair value reserve, cash flow hedge	1	-2
Common Equity Tier 1 (CET1) before deductions	4,446	4,388
Intangible assets	-37	-40
Excess funding of pension liability and valuation adjustments	-28	-28
Planned profit distribution		
Shortfall of ECL minus expected losses	-197	-125
CET1 capital	4,185	4,195
Hybrid capital to which transitional provision is applied	27	55
Additional Tier 1 capital (AT1)	27	55
Tier 1 capital (T1)	4,212	4,249
Debenture loans	1,561	1,602
Excess of ECL minus expected losses		
Tier 2 capital (T2)	1,561	1,602
Total capital	5,773	5,852

Risk exposure amount, € million	31 Mar 2021	31 Dec 2020
Credit and counterparty risk	26,086	25,414
Standardised Approach (SA)	2,888	2,943
Central government and central banks exposure	77	78
Credit institution exposure	9	9
Corporate exposure	2,740	2,796
Retail exposure	0	0
Equity investments	11	11
Other	51	49
Internal Ratings-based Approach (IRB)	23,198	22,361
Credit institution exposure	1,039	1,029
Corporate exposure	15,889	14,455
Retail exposure	1,940	2,646
Equity investments	3,944	3,934
Other	386	406
Market and settlement risk (Standardised Approach)	1,104	1,096
Operational risk (Standardised Approach)	1,066	1,190
Valuation adjustment (CVA)	152	138
Total risk exposure amount	28,408	27,838

Ratios, %	31 Mar 2021	31 Dec 2020
CET1 capital ratio	14.7	15.1
Tier 1 ratio	14.8	15.3
Capital adequacy ratio	20.3	21.0

Ratios, fully loaded, %	31 Mar 2021	31 Dec 2020
CET1 capital ratio	14.7	15.1
Tier 1 ratio	14.7	15.1
Capital adequacy ratio	20.2	20.8

Capital requirement, EUR million	31 Mar 2021	31 Dec 2020
Capital base	5,773	5,852
Capital requirement	2,985	2,925
Buffer for capital requirements	2,788	2,927

The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the changing capital conservation buffers by country for foreign exposures.

TABLES

Income statement

EUR million	Notes	Q1 2021	Q1 2020
Net interest income	2	77	81
Net insurance income	3	157	131
Net commissions and fees	4	11	1
Net investment income	5	112	-57
Other operating income		10	10
Total income		**367**	**166**
Personnel costs		55	50
Depreciation/amortisation		12	12
Other expenses	6	124	109
Total expenses		**192**	**171**
Impairments loss on receivables	7	2	-49
OP bonuses to owner-customers		-1	-1
Temporary exemption (overlay approach)		-25	82
Earnings before tax		**152**	**27**
Income tax expense		30	5
Profit for the period		**122**	**22**
Attributable to:			
Profit for the period attributable to owners of the Parent		123	21
Profit for the period attributable to non-controlling interest		-1	2
Total		**122**	**22**

Statement of comprehensive income

EUR million	Notes	Q1 2021	Q1 2020
Profit for the period		**122**	**22**
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		-1	24
Items that may be reclassified to profit or loss			
Change in fair value reserve			
Measurement at fair value		-21	-193
Cash flow hedge		-3	9
Temporary exemption (overlay approach)		25	-82
Translation differences			0
Income tax			
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans		0	-5
Items that may be reclassified to profit or loss			
Measurement at fair value		4	39
Cash flow hedge		1	-2
Temporary exemption (overlay approach)		-5	16
Total comprehensive income for the period		**121**	**-170**
Attributable to:			
Total comprehensive income for the period attributable to owners of the Parent		122	-172
Total comprehensive income for the period attributable to non-controlling interests		-1	2
Total comprehensive income for the period		**121**	**-170**

Balance sheet

EUR million	Notes	31 March 2021	31 Dec 2020
Cash and cash equivalents		27,628	21,764
Receivables from credit institutions		13,280	11,252
Derivative contracts	15	4,596	5,370
Receivables from customers		24,477	24,485
Investment assets		18,304	18,433
Intangible assets		707	706
Property, plant and equipment (PPE)		125	136
Other assets		1,845	1,812
Tax assets		47	33
Total assets		**91,008**	**83,991**
Liabilities to credit institutions		35,984	28,888
Derivative contracts		3,561	4,265
Liabilities to customers		15,094	15,894
Insurance liabilities	8	3,590	3,326
Debt securities issued to the public	9	22,533	21,903
Provisions and other liabilities		2,405	1,982
Tax liabilities		498	492
Subordinated liabilities		2,425	2,444
Total liabilities		**86,090**	**79,194**
Equity capital			
Capital and reserves attributable to owners of the parent			
Share capital		428	428
Fair value reserve	10	125	125
Other reserves		1,093	1,093
Retained earnings		3,230	3,108
Non-controlling interests		**43**	**44**
Total equity capital		**4,918**	**4,797**
Total liabilities and equity capital		**91,008**	**83,991**

Statement of changes in equity capital

EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
	Attributable to owners						
Balance at 1 January 2020	**428**	**70**	**1,093**	**2,710**	**4,299**	**74**	**4,374**
Total comprehensive income for the period		-212		40	**-172**	2	**-170**
Profit for the period				21	**21**	2	**22**
Other comprehensive income		-212		20	**-193**		**-193**
Profit distribution						-1	**-1**
Other						-3	**-3**
Balance at 31 March 2020	**428**	**-143**	**1,093**	**2,750**	**4,127**	**71**	**4,199**

EUR million	Share capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
	Attributable to owners						
Balance at 1 January 2021	**428**	**125**	**1,093**	**3,108**	**4,753**	**44**	**4,797**
Total comprehensive income for the period		0		122	**122**	- 1	**121**
Profit for the period				123	**123**	- 1	**122**
Other comprehensive income		0		- 1	**0**		**0**
Balance at 31 March 2021	**428**	**125**	**1,093**	**3,230**	**4,875**	**43**	**4,918**

Cash flow statement

EUR million	Q1 2021	Q1 2020
Cash flow from operating activities		
Profit for the period	122	22
Adjustments to profit for the period	517	127
Increase (-) or decrease (+) in operating assets	**-1,887**	**-2,710**
Receivables from credit institutions	-1,909	-345
Derivative contracts	2	-38
Receivables from customers	-2	-961
Investment assets	53	-663
Other assets	-31	-703
Increase (+) or decrease (-) in operating liabilities	**6,790**	**2,956**
Liabilities to credit institutions	7,170	2,215
Derivative contracts	136	-26
Liabilities to customers	-800	191
Insurance liabilities	19	73
Provisions and other liabilities	265	502
Income tax paid	-38	-26
Dividends received	12	9
A. Net cash from operating activities	**5,515**	**377**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-11	-9
Proceeds from sale of PPE and intangible assets		0
B. Net cash used in investing activities	**-11**	**-9**
Cash flow from financing activities		
Subordinated liabilities, change	-10	-14
Debt securities issued to the public, change	688	-3,091
Lease liabilities	-1	- 1
C. Net cash used in financing activities	**677**	**- 3,106**
Net change in cash and cash equivalents (A+B+C)	**6,181**	**-2,738**
Cash and cash equivalents at period-start	21,846	12,902
Effect of foreign exchange rate changes*	-199	301
Cash and cash equivalents at period-end	27,828	10,465
Interest received	173	221
Interest paid	-166	-195
Cash and cash equivalents		
Liquid assets	27,628	10,141
Receivables from credit institutions payable on demand	200	324
Total	**27,828**	**10,465**

* The effect of foreign exchange rate changes is presented under changes in cash and cash equivalents, whereas previously they were presented under cash flow from financing activities. The reference year has been adjusted to correspond to the current presentation.

Segment reporting

Segment information

Q1 earnings 2021, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Net interest income	100	-2	-21	-1	77
of which internal net income before tax	-3		3		
Net insurance income		158		0	157
Net commissions and fees	17	-5	-1	0	11
Net investment income	48	62	0	1	112
Other operating income	13	1	4	-7	10
Total income	**179**	**213**	**-17**	**-8**	**367**
Personnel costs	17	38	1	0	55
Depreciation/amortisation	3	9	0		12
Other operating expenses	60	57	15	-8	124
Total expenses	**80**	**104**	**17**	**-8**	**192**
Impairments loss on receivables	2	0	0		2
OP bonuses to owner-customers		-1			-1
Temporary exemption (overlay approach)		-25		0	-25
Earnings before tax	**101**	**84**	**-34**	**0**	**152**

Q1 earnings 2020, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Net interest income	101	-1	-17	-1	81
of which internal net income before tax	0		0		
Net insurance income		131		0	131
Net commissions and fees	11	-9	0	0	1
Net investment income	9	-68	1	1	-57
Other operating income	8	2	3	-2	10
Total income	**128**	**55**	**-13**	**-3**	**166**
Personnel costs	15	33	1	0	50
Depreciation/amortisation	3	9	0	0	12
Other operating expenses	53	54	4	-3	109
Total expenses	**72**	**97**	**5**	**-3**	**171**
Impairments loss on receivables	-47	0	-2		-49
OP bonuses to owner-customers	-1	-1			-1
Temporary exemption (overlay approach)		82			82
Earnings before tax	**9**	**39**	**-20**	**0**	**27**

Balance sheet 31 March 2021, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Cash and cash equivalents	169	0	27,459		27,628
Receivables from credit institutions	198	740	13,101	-759	13,280
Derivative contracts	4,198	3	408	-13	4,596
Receivables from customers	24,774		425	-722	24,477
Investment assets	443	3,699	14,180	-18	18,304
Intangible assets	32	658	18		707
Property, plant and equipment (PPE)	4	120	1	0	125
Other assets	536	962	357	-11	1,845
Tax assets	0	18	28	0	47
Total assets	**30,353**	**6,201**	**55,977**	**-1,523**	**91,008**
Liabilities to credit institutions	561		36,137	-714	35,984
Derivative contracts	3,460	14	100	-13	3,561
Liabilities to customers	12,569	136	3,147	-759	15,094
Insurance liabilities		3,590			3,590
Debt securities issued to the public	1,173		21,387	-27	22,533
Provisions and other liabilities	980	377	1,065	-17	2,405
Tax liabilities	2	104	391	2	498
Subordinated liabilities		135	2,290		2,425
Total liabilities	**18,744**	**4,357**	**64,517**	**-1,528**	**86,090**
Equity					**4,918**

Balance sheet 31 December 2020, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Cash and cash equivalents	224	0	21,540		21,764
Receivables from credit institutions	97	620	11,180	-645	11,252
Derivative contracts	5,144	25	209	-8	5,370
Receivables from customers	24,701	0	482	-699	24,485
Investment assets	491	3,667	14,303	-28	18,433
Intangible assets	35	654	18	0	706
Property, plant and equipment (PPE)	4	130	1	0	136
Other assets	559	719	545	-11	1,812
Tax assets	0	6	27	0	33
Total assets	**31,254**	**5,821**	**48,305**	**-1,390**	**83,991**
Liabilities to credit institutions	564		29,014	-690	28,888
Derivative contracts	4,082	1	192	-10	4,265
Liabilities to customers	13,182	136	3,221	-645	15,894
Insurance liabilities		3,326		0	3,326
Debt securities issued to the public	855		21,076	-28	21,903
Provisions and other liabilities	746	333	919	-16	1,982
Tax liabilities	2	104	386	0	492
Subordinated liabilities	0	135	2,309		2,444
Total liabilities	**19,431**	**4,035**	**57,116**	**-1,388**	**79,194**
Equity					**4,797**

Notes

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

Note 1. 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 2020.

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 is official that will be used if there is any discrepancy between the language versions.

1. Critical accounting estimates and 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.

Expected credit losses

The determination of the measurement models for expected credit losses (ECL) involves several factors requiring management judgement, such as:

- selection of appropriate ECL models so that they describe the expected credit losses on the contract portfolio as well as possible
- different assumptions and expert assessments made in the models
- selection of the estimation methods of the parameters for the ECL models
- determination of the contract’s maturity for non-maturing loans (revolving credit facilities)
- determination of model risk associated with the quality of the available modelling data and other data
- proper grouping of contracts into different segments so that their ECL can be calculated using the appropriate model
- selection of macroeconomic factors in such a way that their changes correlate with the contracts’ probability of default
- forecasting future macroeconomic scenarios and their probabilities
- extra provisions based on management judgement related to a certain industry due to Covid-19, for example
- reductions in collateral value made on the basis of the geographical location of collateral based on management judgement.

Management judgement has also been used in the assessment of a significant increase in credit risk, such as in:

- the expert assessment used in the assessment of change in relative credit risk associated with private customers to ensure a true number of contracts that move to stage 2 before moving to stage 3 (so-called default capture rate)
- the selection of the absolute threshold that is based on historical default behaviour and OP Financial Group's credit risk process
- the determination of the length of a period during which the customer must prove proper payment behaviour so that the impairment stage 3 can improve to stage 2 or 1.

The actual calculation of ECL figures is performed using the ECL models without management judgement, except if a large corporate exposure in stage 3 is involved, in which case the ECL is calculated using the cash flow based ECL method based on expert assessment.

Management judgement and estimates included in the calculation of expected credit losses in respect of other than that presented above are included in the 2020 financial statements.

Note 7 Impairment loss on receivables includes information on choices made in calculating expected credit losses during the Covid-19 crisis.

2. Effective interest rate of TLTRO III loans

The effective interest rate has been calculated on TLTRO loans based on management judgement related to the fulfilment of net lending criteria for upcoming review periods. If any changes occur in this management judgement, they will be treated as changes in the loan’s carrying amount in such a way that the gross carrying amount of the loan will be recalculated in a way that it corresponds to the present value of the re-estimated cash flows that has been determined by discounting using the loan’s original effective interest rate. The resulting adjustment is recognised through profit or loss.

Note 2. Net interest income

EUR million	Q1 2021	Q1 2020
Interest income		
Receivables from credit institutions		
Interest	10	5
Negative interest	18	2
Total	28	6
Receivables from customers		
Loans	88	88
Finance lease receivables	9	9
Impaired loans and other commitments		0
Negative interest	8	5
Total	105	103
Notes and bonds		
Measured at fair value through profit or loss	0	0
At fair value through other comprehensive income	13	17
Amortised cost	0	
Total	13	17
Derivative contracts		
Fair value hedge	-27	-26
Other	2	2
Total	-26	-24
Other	1	2
Total	**122**	**104**
Interest expenses		
Liabilities to credit institutions		
Interest	18	18
Negative interest	36	16
Total	54	34
Liabilities to customers	-1	4
Notes and bonds issued to the public	25	44
Subordinated liabilities		
Subordinated loans	1	1
Other	16	11
Total	17	12
Derivative contracts		
Cash flow hedge	-41	-44
Other	-10	-31
Total	-51	-75
Other	1	1
Total	**45**	**21**
Net interest income before fair value adjustment under hedge accounting	77	83
Hedging derivatives	-51	8
Value changes of hedged items	51	-9
Total	**77**	**81**

Note 3. Net insurance income

EUR million	Q1 2021	Q1 2020
Net insurance premium revenue		
Premiums written	685	661
Insurance premiums ceded to reinsurers	-13	-7
Change in provision for unearned premiums	-321	-299
Reinsurers' share	20	12
Total	370	367
Net non-life insurance claims		
Claims paid	-221	-255
Insurance claims recovered from reinsurers	7	5
Change in provision for unpaid claims	3	12
Reinsurers' share	-1	3
Total	-211	-235
Other non-life insurance items	-2	-2
Total	**157**	**131**

Note 4. Net commissions and fees

Q1 2021, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Commission income					
Lending	12		0	0	12
Deposits	1		0	0	1
Payment transfers	9		0	-1	8
Securities brokerage	9				9
Securities issuance	3				3
Mutual funds	0	0	0		0
Asset management	4			0	4
Guarantees	3		0	0	3
Insurance operations		4			4
Health and wellbeing services		3		0	3
Other				1	1
Total	**41**	**7**	**0**	**-1**	**48**
Commission expenses					
Lending	0		0	0	0
Payment transfers	1	0	0	0	1
Securities brokerage	1		0	0	1
Securities issuance	1		0		1
Mutual funds		0			0
Asset management	1	0	0		1
Guarantees	0				0
Insurance operations		11		0	11
Health and wellbeing services		1		0	1
Other*	20	0	0	0	20
Total	**24**	**13**	**1**	**0**	**37**
Total net commissions and fees	**17**	**-5**	**-1**	**0**	**11**

* The item includes EUR 19 million in commission expenses paid to member banks arising from derivatives trading.

Q1 2020, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
Commission income					
Lending	11		0	0	11
Deposits	0			0	0
Payment transfers	8		0	-2	6
Securities brokerage	8				8
Securities issuance	1		0	0	1
Mutual funds	0		0	0	0
Asset management	3			0	3
Legal services	0				0
Guarantees	3		0	0	3
Insurance operations		3			3
Health and wellbeing services		3		0	3
Other				2	2
Total	**35**	**6**	**0**	**-1**	**41**
Commission expenses					
Lending	0		0		0
Payment transfers	1	0	0	0	1
Securities brokerage	1		0		1
Securities issuance	1		0	0	1
Asset management	1	0	0	0	1
Insurance operations		14			14
Health and wellbeing services		1		0	1
Other*	21	0	0	0	21
Total	**24**	**15**	**1**	**0**	**40**
Total net commissions and fees	**11**	**-9**	**0**	**0**	**1**

* The item includes EUR 20 million in commission expenses paid to member banks arising from derivatives trading.

Note 5. Net investment income

EUR million	Q1 2021	Q1 2020
Net income from assets at fair value through other comprehensive income		
Notes and bonds		
Interest income	5	7
Other income and expenses	-1	0
Capital gains and losses	6	3
Currency fair value gains and losses	5	4
Impairment losses and their reversal*	1	-3
Total	**17**	**11**

* Expected credit losses (ECL) on notes and bonds of insurance.

Net income recognised at fair value through profit or loss

EUR million	Q1 2021	Q1 2020
Financial assets held for trading		
Notes and bonds		
Interest income and expenses	1	1
Fair value gains and losses	-2	-7
Total	-1	-5
Shares and participations		
Fair value gains and losses	-1	1
Dividend income and share of profits		1
Total	-1	2
Derivatives		
Interest income and expenses	6	0
Fair value gains and losses	25	5
Total	31	5
Total	**29**	**1**
Financial assets that must be measured at fair value through profit or loss		
Notes and bonds		
Interest income	0	1
Fair value gains and losses	0	-2
Total	1	-2
Shares and participations		
Fair value gains and losses	50	-76
Dividend income and share of profits	12	8
Total	62	-68
Total	**62**	**-70**
Total net income from financial assets recognised at fair value through profit or loss	**91**	**-69**

Net income from investment property		
Rental income	7	6
Fair value gains and losses	2	4
Maintenance charges and expenses	-5	-6
Other	0	-1
Net income from investment property total	4	4
Net income from loans and receivables measured at amortised cost		
Loans and receivables		
Interest income	1	1
Interest expenses	0	-1
Impairment losses and their reversal	0	1
Loans and receivables total	1	2
Non-life insurance		
Unwinding of discount, Non-life insurance	-4	-5
Associated companies		
Consolidated using the equity method	2	1
Total	2	1
Total net investment income	**112**	**-57**

Note 6. Other operating expenses

EUR million	Q1 2021	Q1 2020
ICT costs		
Production	48	44
Development	10	10
Buildings	2	0
Government charges and audit fees*	32	24
Purchased services	9	8
Data communications	2	3
Marketing	1	2
Corporate social responsibility	1	1
Insurance and security costs	1	1
Other	19	16
Total	**124**	**109**

* Include EUR 9 million (7) in service charges paid to OP Cooperative.

Development costs

EUR million	Q1 2021	Q1 2020
ICT development costs	10	10
Share of own work	0	0
Total development costs in the income statement	**10**	**10**
Capitalised ICT costs	11	9
Total capitalised development costs	**11**	**9**
Total development costs	**21**	**19**
Depreciation/amortisation and impairment loss	9	9

Note 7. Impairment losses on receivables

EUR million	Q1 2021	Q1 2020
Receivables written down as loan and guarantee losses	-3	-5
Recoveries of receivables written down	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	4	-42
Expected credit losses (ECL) on notes and bonds*	0	-2
Total	**2**	**-49**

* The expected credit losses on notes and bonds in insurance operations are presented in net investment income.

Credit risk exposures and related loss allowance

Exposures within the scope of accounting for expected credit losses by impairment stage 31 March 2021

Exposures	Stage 1	Stage 2			Stage 3	Total exposure
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers (gross)						
Corporate Banking	23,673	1,145	195	1,340	490	25,503
Total	**23,673**	**1,145**	**195**	**1,340**	**490**	**25,503**
Off-balance-sheet limits						
Corporate Banking	4,306	272	88	360	62	4,728
Total	**4,306**	**272**	**88**	**360**	**62**	**4,728**
Other off-balance-sheet commitments						
Corporate Banking	6,504	395		395	103	7,002
Total	**6,504**	**395**		**395**	**103**	**7,002**
Notes and bonds						
Other Operations	13,124	31		31		13,155
Insurance	2,321	21		21	4	2,345
Total	**15,445**	**51**		**51**	**4**	**15,500**
Total exposures within the scope of accounting for expected credit losses	**49,927**	**1,864**	**283**	**2,146**	**659**	**52,733**

Loss allowance by impairment stage 31 March 2021

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	Total loss allowance
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers						
Corporate Banking	-21	-26	-2	-28	-234	-283
Total	**-21**	**-26**	**-2**	**-28**	**-234**	**-283**
Other off-balance-sheet commitments**						
Corporate Banking	-12	-1		-1	-8	-21
Total	**-12**	**-1**		**-1**	**-8**	**-21**
Notes and bonds***						
Other Operations	-2	-1		-1		-2
Insurance	-3	-1		-1	-2	-6
Total notes and bonds	**-5**	**-1**		**-1**	**-2**	**-8**
Total	**-37**	**-29**	**-2**	**-31**	**-244**	**-312**

* 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 March 2021	Stage 1	Stage 2			Stage 3	Total
		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	34,483	1,812	283	2,095	655	37,233
Loss allowance						
Corporate Banking	-32	-27	-2	-30	-242	-304
Coverage ratio, %						
Corporate Banking	-0.09%	-1.50%	-0.84%	-1.41%	-36.99%	-0.82%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**34,483**	**1,812**	**283**	**2,095**	**655**	**37,233**
Total loss allowance	**-32**	**-27**	**-2**	**-30**	**-242**	**-304**
Total coverage ratio, %	**-0.09%**	**-1.50%**	**-0.84%**	**-1.41%**	**-36.99%**	**-0.82%**
Carrying amount, notes and bonds						
Other Operations	13,124	31		31		13,155
Insurance	2,321	21		21	4	2,345
Loss allowance						
Other Operations	-2	-1		-1		-2
Insurance	-3	-1		-1	-2	-6
Coverage ratio, %						
Other Operations	-0.01%	-1.87%		-1.87%		-0.02%
Insurance	-0.13%	-3.53%		-3.53%	-44.14%	-0.24%
Total notes and bonds	**15,445**	**51**		**51**	**4**	**15,500**
Total loss allowance	**-5**	**-1**		**-1**	**-2**	**-8**
Total coverage ratio, %	**-0.03%**	**-2.53%**		**-2.53%**	**-44.14%**	**-0.05%**

Exposures within the scope of accounting for expected credit losses by impairment stage 31 December 2020

Exposures	Stage 1	Stage 2			Stage 3	Total exposure
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers (gross)						
Corporate Banking	23,609	1,190	156	1,346	499	25,454
Total	**23,609**	**1,190**	**156**	**1,346**	**499**	**25,454**
Off-balance-sheet limits						
Corporate Banking	4,048	377	69	446	65	4,558
Total	**4,048**	**377**	**69**	**446**	**65**	**4,558**
Other off-balance-sheet commitments						
Corporate Banking	6,267	262		262	99	6,628
Total	**6,267**	**262**		**262**	**99**	**6,628**
Notes and bonds						
Other Operations	13,141	50		50		13,191
Insurance	2,349	30		30	9	2,388
Total	**15,490**	**80**		**80**	**9**	**15,579**
Total exposures within the scope of accounting for expected credit losses	**49,413**	**1,909**	**225**	**2,135**	**671**	**52,219**

Loss allowance by impairment stage 31 December 2020

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Stage 2			Stage 3	Total loss allowance
EUR million		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers						
Corporate Banking	-25	-28	-1	-29	-227	-281
Total	**-25**	**-28**	**-1**	**-29**	**-227**	**-281**
Other off-balance-sheet commitments**						
Corporate Banking	-12	-1		-1	-14	-27
Total	**-12**	**-1**		**-1**	**-14**	**-27**
Notes and bonds***						
Other Operations	-1	-1		-1		-2
Insurance	-3	-1		-1	-3	-7
Total notes and bonds	**-4**	**-2**		**-2**	**-3**	**-10**
Total	**-41**	**-31**	**-1**	**-32**	**-245**	**-318**

* 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.

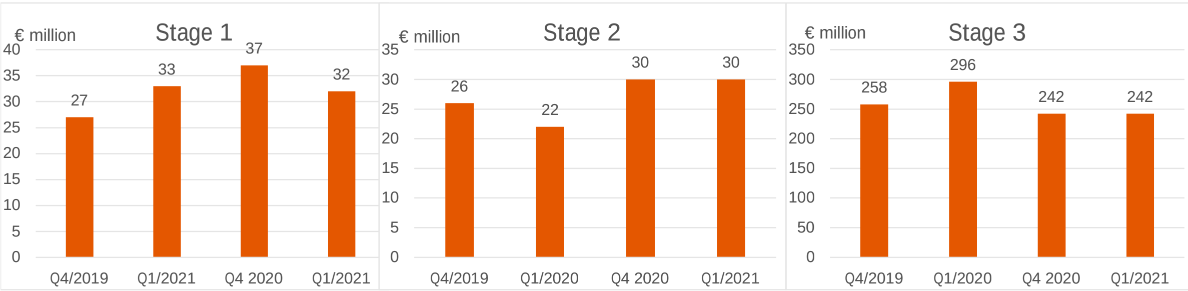
Summary and key indicators 31 December 2020	Stage 1	Stage 2			Stage 3	Total
		Not more than 30 DPD	More than 30 DPD	Total		
Receivables from customers; on-balance-sheet and off-balance-sheet items						
Corporate Banking	33,923	1,829	225	2,054	663	36,640
Loss allowance						
Corporate Banking	-37	-29	-1	-30	-242	-309
Coverage ratio, %						
Corporate Banking	-0.11%	-1.59%	-0.55%	-1.48%	-36.48%	-0.84%
Receivables from customers; total on-balance-sheet and off-balance-sheet items	**33,923**	**1,829**	**225**	**2,054**	**663**	**36,640**
Total loss allowance	**-37**	**-29**	**-1**	**-30**	**-242**	**-309**
Total coverage ratio, %	**-0.11%**	**-1.59%**	**-0.55%**	**-1.48%**	**-36.48%**	**-0.84%**
Carrying amount, notes and bonds						
Other Operations	13,141	50		50		13,191
Insurance	2,349	30		30	9	2,388
Loss allowance						
Other Operations	-1	-1		-1		-2
Insurance	-3	-1		-1	-3	-7
Coverage ratio, %						
Other Operations	-0.01%	-1.34%		-1.34%		-0.02%
Insurance	-0.13%	-3.90%		-3.90%	-36.16%	-0.31%
Total notes and bonds	**15,490**	**80**		**80**	**9**	**15,579**
Total loss allowance	**-4**	**-2**		**-2**	**-3**	**-10**
Total coverage ratio, %	**-0.03%**	**-2.30%**		**-2.30%**	**-36.16%**	**-0.06%**

The table below shows the change in loss allowance by impairment stage during January–March 2021.

Receivables from customers and off-balance-sheet items, EUR million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2021	**37**	**29**	**243**	**309**
Transfers from Stage 1 to Stage 2	-1	6		4
Transfers from Stage 1 to Stage 3	0		1	1
Transfers from Stage 2 to Stage 1	0	-2		-1
Transfers from Stage 2 to Stage 3		-2	5	3
Transfers from Stage 3 to Stage 2		0	-2	-2
Transfers from Stage 3 to Stage 1	0		-1	-1
Increases due to origination and acquisition	1	1	0	2
Decreases due to derecognition	-3	-2	-1	-5
Changes in risk parameters (net)	-2	-1	1	-2
Decrease in allowance account due to write-offs			-2	-2
Net change in expected credit losses	**-4**	**-1**	**0**	**-4**
Loss allowance 31 March 2021	**32**	**30**	**242**	**304**

During the reporting period when the economic impact of the Covid-19 pandemic levelled off, OP Financial Group has stopped separating the effects of Covid-19 from the development of other expected credit losses.

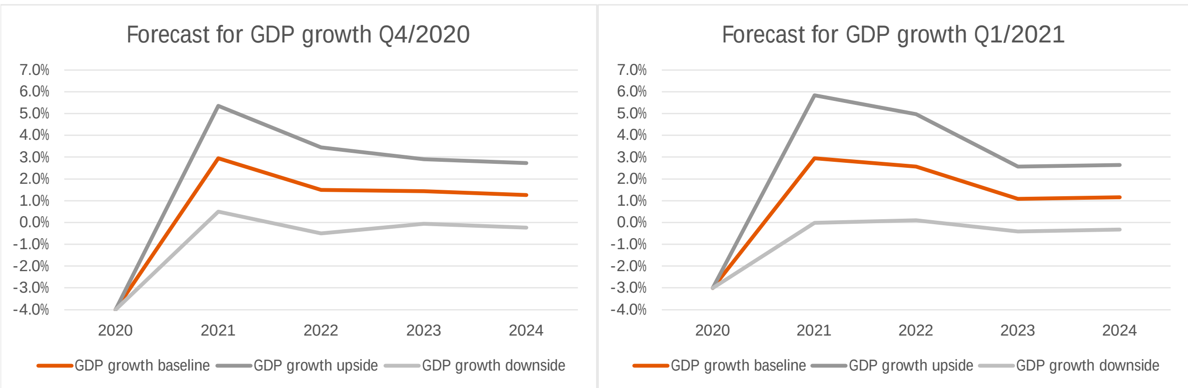
The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years, showing their growth during the Covid-19 pandemic and how they have levelled off. Recognition of actual credit losses has decreased the amount of expected credit losses in stage 3.

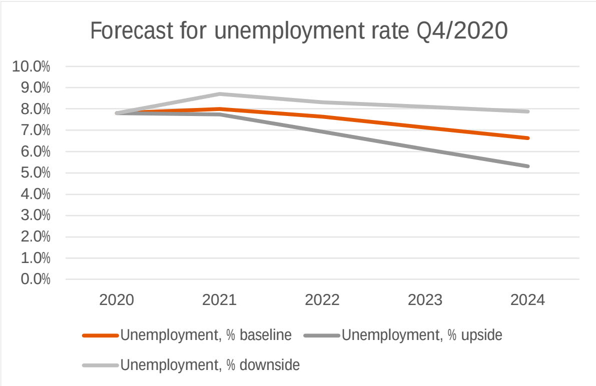


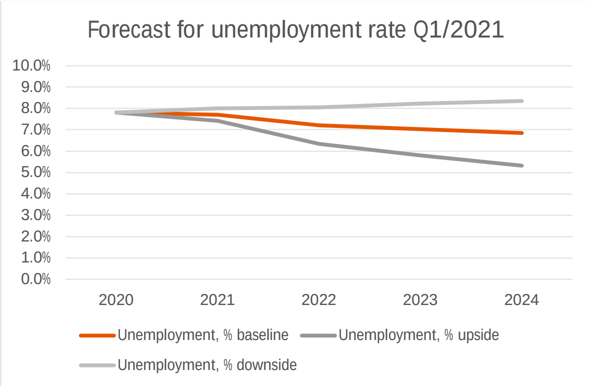
OP Corporate Bank still provides its customers with the opportunity to get a maximum of 12-month repayment holiday on their home loans. As regards corporate customers, changes in repayment schedules will be evaluated on a case-by-case basis, and guarantees provided by Finnvera will be used extensively. In loan modifications, forborne loans and customers in default are identified according to the normal set of instructions.

In ECL measurement, macroeconomic factors are updated on a quarterly basis. The ECL is measured as the weighted average under three scenarios. Scenario weights have been at normal level, or downside 20%, baseline 60% and upside 20%. During the first quarter of 2021, more positive macroeconomic forecasts decreased expected credit losses by around EUR 3 million.

The following graphs illustrate change in forecasts for GDP and the unemployment rate between Q4/2020 and Q1/2021.







Notes and bonds, EUR million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2021	**5**	**2**	**3**	**10**
Transfers from Stage 1 to Stage 3	0		0	0
Transfers from Stage 2 to Stage 1	0	0		0
Transfers from Stage 3 to Stage 1	0			0
Increases due to origination and acquisition	0		0	0
Decreases due to derecognition	-1	0	-1	-2
Changes in risk parameters (net)	0	0	0	0
Other adjustments	0	0		0
Net change in expected credit losses	**0**	**-1**	**0**	**-1**
Loss allowance 31 March 2021	**4**	**1**	**3**	**8**

The table below shows the change in loss allowance by impairment stage during 2020.

Receivables from customers and off-balance-sheet items, EUR million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2020	**27**	**26**	**257**	**310**
Transfers from Stage 1 to Stage 2	-1	7		6
Transfers from Stage 1 to Stage 3	-1		29	28
Transfers from Stage 2 to Stage 1	0	-3		-3
Transfers from Stage 2 to Stage 3		-4	28	24
Transfers from Stage 3 to Stage 2		0	-3	-2
Transfers from Stage 3 to Stage 1	0		0	0
Increases due to origination and acquisition	16	7	4	27
Decreases due to derecognition	-6	-6	-32	-44
Changes in risk parameters (net)	7	5	-7	5
Changes due to update in the methodology for estimation (net)	-5	-2		-7
Decrease in allowance account due to write-offs			-33	-33
Net change in expected credit losses	**10**	**4**	**-14**	**-1**
Loss allowance 31 December 2020	**37**	**29**	**243**	**309**
Net change in expected credit losses Q1 2020	**7**	**-4**	**39**	**41**

Notes and bonds, EUR million	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Loss allowance 1 January 2020	**4**	**1**	**3**	**8**
Transfers from Stage 1 to Stage 2	0	1		1
Transfers from Stage 1 to Stage 3	0		0	0
Transfers from Stage 3 to Stage 1	0		0	0
Increases due to origination and acquisition	2	0	1	3
Decreases due to derecognition	-1	-1	0	-2
Changes in risk parameters (net)	0	0	0	0
Changes due to update in the methodology for estimation (net)	0			0
Net change in expected credit losses	**1**	**1**	**0**	**2**
Loss allowance 31 December 2020	**5**	**2**	**3**	**10**
Net change in expected credit losses Q1 2020	**4**	**0**	**1**	**5**

Note 8. Insurance liabilities

EUR million	31 March 2021	31 Dec 2020
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,592	1,596
Other provision for unpaid claims	1,125	1,121
Reserve for decreased discount rate (value of hedges of insurance liability)	-41	16
Total	2,677	2,733
Provisions for unearned premiums	914	593
Total	**3,590**	**3,326**

Note 9. Debt securities issued to the public

EUR million	31 March 2021	31 Dec 2020
Bonds	12,374	12,666
Subordinated bonds (SNP)	2,472	1,689
Other		
Certificates of deposit	141	273
Commercial paper	7,667	7,347
Included in own portfolio in trading (–)*	-120	-72
Total debt securities issued to the public	**22,533**	**21,903**

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

Note 10. Fair value reserve after income tax

	Fair value through other comprehensive income			
EUR million	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	Total
Opening balance 1 January 2020	**31**	**38**	**0**	**70**
Fair value changes	-194	-76	9	-260
Capital gains transferred to income statement	1	-6		-5
Impairment loss transferred to income statement		0		0
Deferred tax	39	16	-2	53
Closing balance 31 March 2020	**-123**	**-27**	**7**	**-143**

	Fair value through other comprehensive income			
EUR million	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	Total
Opening balance 1 January 2021	**79**	**44**	**2**	**125**
Fair value changes	-14	41	-3	24
Capital gains transferred to income statement	-7	-17		-24
Deferred tax	4	-5	0	0
Closing balance 31 March 2021	**62**	**64**	**-1**	**125**

The fair value reserve before tax amounted to EUR 156 million (–179) at the end of the reporting period and the related deferred tax asset/liability was EUR –31 million (36). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR 1 million (–5) in the fair value reserve during the reporting period. Data on 31 March 2020 are used as comparatives.

The negative fair value reserve may recover by means of asset appreciation, capital losses and recognised impairments.

Note 11. Collateral given

EUR million	31 March 2021	31 Dec 2020
Given on behalf of own liabilities and commitments		
Pledges	1	39
Others	14,851	9,710
Total collateral given*	**14,852**	**9,749**
Secured derivative liabilities	874	1,078
Other secured liabilities	13,004	8,046
Total	**13,878**	**9,124**

* In addition, bonds with a book value of EUR 2.1 billion have been pledged in the central bank, of which EUR 1.5 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 12. Classification of financial assets and liabilities

			Fair value through profit or loss			
Assets, EUR million	**Amortised cost**	**Fair value through other comprehen-sive income**	**Financial assets held for trading**	**Must be measured at fair value through profit or loss**	**Hedging derivatives**	**Carrying amount total**
Cash and cash equivalents	27,628					27,628
Receivables from credit institutions	13,280					13,280
Derivative contracts			4,188		407	4,596
Receivables from customers	24,477					24,477
Notes and bonds	813	15,881	301	21		17,017
Equity instruments		0	18	841		859
Other financial assets	1,877					1,877
Financial assets						**89,733**
Other than financial instruments						1,275
Total 31 March 2021	**68,075**	**15,881**	**4,507**	**862**	**407**	**91,008**

Assets, EUR million	Amortised cost	Fair value through other comprehen-sive income	Financial assets held for trading	Must be measured at fair value through profit or loss	Hedging derivatives	Carrying amount total
Cash and cash equivalents	21,764					21,764
Receivables from credit institutions	11,252					11,252
Derivative contracts			5,161		209	5,370
Receivables from customers	24,485					24,485
Notes and bonds	814	16,052	332	24		17,222
Equity instruments		0	19	775		794
Other financial assets	1,839					1,839
Financial assets						**82,726**
Other than financial instruments						1,265
Total 31 December 2020	**60,154**	**16,052**	**5,511**	**799**	**209**	**83,991**

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		35,984		35,984
Derivative contracts	3,458		103	3,561
Liabilities to customers		15,094		15,094
Insurance liabilities		3,590		3,590
Debt securities issued to the public		22,533		22,533
Subordinated loans		2,425		2,425
Other financial liabilities		2,187		2,187
Financial liabilities				**85,374**
Other than financial liabilities				717
Total 31 March 2021	**3,458**	**81,813**	**103**	**86,090**

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		28,888		28,888
Derivative contracts	4,070		195	4,265
Liabilities to customers		15,894		15,894
Insurance liabilities		3,326		3,326
Debt securities issued to the public		21,903		21,903
Subordinated loans		2,444		2,444
Other financial liabilities		1,803		1,803
Financial liabilities				**78,522**
Other than financial liabilities				672
Total 31 December 2020	**4,070**	**74,257**	**195**	**79,194**

Bonds included in debt securities issued to the public are carried at amortised cost. On 31 March 2021, the fair value of these debt instruments was approximately EUR 341 million (303) higher than their carrying amount, based on information available in markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair values are higher than their amortised costs, but determining reliable fair values involves uncertainty.

Note 13. Recurring fair value measurements by valuation technique

Fair value of assets on 31 March 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	424	115	320	859
Debt instruments	123	22	177	322
Derivative financial instruments	0	4,518	78	4,596
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	14,264	1,334	284	15,881
Total financial instruments	**14,811**	**5,988**	**858**	**21,658**
Investment property			315	315
Total	**14,811**	**5,988**	**1,173**	**21,972**

Fair value of assets on 31 December 2020, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments	377	95	321	794
Debt instruments	65	38	253	356
Derivative financial instruments	0	5,309	61	5,370
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	14,219	1,536	297	16,052
Total financial instruments	**14,661**	**6,978**	**933**	**22,572**
Investment property			306	306
Total	**14,661**	**6,978**	**1,238**	**22,878**

Fair value of liabilities on 31 March 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Other		0		0
Derivative financial instruments	0	3,529	31	3,561
Total	**0**	**3,529**	**31**	**3,561**

Fair value of liabilities on 31 December 2020, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Other		0		0
Derivative financial instruments	0	4,222	42	4,265
Total	**0**	**4,223**	**42**	**4,265**

Level 1: Quoted prices in active markets

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

Level 2: Valuation techniques using observable inputs

Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. This hierarchy level includes the majority of OP Corporate Bank Group's OTC derivatives and quoted debt instruments issued by companies, governments and financial institutions which have not been included in Level 1.

Level 3: Valuation techniques using unobservable inputs

Valuation techniques whose input parameters involve uncertainty. The fair value determination of the instruments included within this level contains inputs not based on observable market data (unobservable inputs). Level 3 also includes bonds for which there is little, if any, market activity on the valuation date. This level includes the most complex OTC derivatives and derivatives with a long maturity for which the Group had to extrapolate the market data used in their value measurement, as well as certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds. Level 3 fair value is based on pricing information from a third party.

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.

Reconciliation of Level 3 items

Specification of financial assets and liabilities

Financial assets, EUR million	Financial assets at fair value through profit or loss	Derivative contracts	Fair value through other comprehen-sive income	Total assets
Opening balance 1 January 2021	**574**	**61**	**297**	**933**
Total gains/losses in profit or loss	-229	16	0	-213
Total gains/losses in other comprehensive income			0	0
Purchases	7			7
Sales	-13			-13
Transfers into Level 3	159		26	185
Transfers out of Level 3			-39	-39
Closing balance 31 March 2021	**497**	**78**	**284**	**858**

Financial liabilities, EUR million	Derivative contracts	Total liabilities
Opening balance 1 January 2021	**42**	**42**
Total gains/losses in profit or loss	-10	-10
Closing balance 31 March 2021	**31**	**31**

Total gains/losses included in profit or loss by item on 31 March 2021

EUR million	Net interest income	Net investment income	Statement of comprehensive income/ Change in fair value reserve	Total gains/ losses for the period included in profit or loss for assets/ liabilities held at period-end
Realised net gains (losses)	-234	4	0	-229
Unrealised net gains (losses)	27		0	27
Total net gains (losses)	**-207**	**4**	**0**	**-203**

Derivatives included in Level 3 comprise structured derivatives for customer needs, whose market risk is covered by a corresponding derivatives contract. The uncovered market risk does not have any effect on earnings. Level 3 derivatives relate to structured bonds issued by OP Corporate Bank, whose return is determined by the value performance of an embedded derivative instrument. The fair value change of these embedded derivatives is not presented in the above table. In addition, long-maturity derivatives have been included in Level 3 for which the Group had to extrapolate the market data used in their value measurement.

Changes in the levels of hierarchy

No major changes occurred in valuation techniques in 2021.

Note 14. Off-balance-sheet commitments

EUR million	31 March 2021	31 Dec 2020
Guarantees	456	447
Other guarantee liabilities	1,600	1,539
Loan commitments	5,572	5,364
Commitments related to short-term trade transactions	383	227
Other*	681	676
Total off-balance-sheet commitments	**8,693**	**8,254**

* Of which Non-life insurance commitments to private equity funds amount to EUR 174 million (174).

Note 15. Derivative contracts

Total derivatives 31 March 2021

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	34,026	80,676	96,577	211,278	3,290	2,380
Cleared by the central counterparty	9,909	40,326	51,417	101,652	33	37
Settled-to-market (STM)	6,463	26,034	38,190	70,687	26	30
Collateralised-to-market (CTM)	3,446	14,293	13,227	30,965	7	8
Currency derivatives	41,448	5,629	1,318	48,395	1,045	923
Equity and index-linked derivatives		2		2	0	
Credit derivatives	69	449	53	571	0	0
Other derivatives	178	471	15	664	69	27
Total derivatives	**75,721**	**87,227**	**97,962**	**260,910**	**4,404**	**3,330**

Total derivatives 31 December 2020

	Nominal values/residual maturity				Fair values*	
EUR million	<1 year	1–5 years	>5 years	Total	Assets	Liabilities
Interest rate derivatives	44,980	82,907	93,570	221,457	4,168	2,948
Cleared by the central counterparty	9,805	42,800	48,980	101,586	19	21
Settled-to-market (STM)	6,579	27,094	35,623	69,296	14	16
Collateralised-to-market (CTM)	3,226	15,706	13,357	32,290	5	5
Currency derivatives	48,909	4,121	1,880	54,910	1,032	1,067
Equity and index-linked derivatives		2		2	0	
Credit derivatives	90	82		172	1	0
Other derivatives	133	458	11	602	52	28
Total derivatives	**94,112**	**87,570**	**95,462**	**277,144**	**5,253**	**4,042**

* The fair values include accrued interest that is, excluding other than those held-for-trading derivatives, presented in the balance sheet in other assets or provisions and other liabilities. In addition, the fair value of derivatives for central counterparty clearing is offset in the balance sheet.

Note 16. Investment distribution of the Insurance segment

Investment asset portfolio allocation	31 March 2021 Fair value, EUR million*	%	31 Dec 2020 Fair value, EUR million*	%
Money market total	**504**	**12**	**461**	**11**
Money market instruments and deposits**	498	12	456	11
Derivative instruments***	6	0	5	0
Total bonds and bond funds	**2,617**	**63**	**2,684**	**65**
Governments	628	15	605	15
Inflation-indexed bonds			10	0
Investment Grade	1,643	40	1,602	39
Emerging markets and High Yield	165	4	280	7
Structured investments****	181	4	188	5
Total equities	**600**	**14**	**525**	**13**
Finland	129	3	112	3
Developed markets	280	7	237	6
Emerging markets	126	3	110	3
Fixed assets and unlisted equities	6	0	6	0
Private equity investments	59	1	59	1
Total alternative investments	**33**	**1**	**33**	**1**
Hedge funds	33	1	33	1
Total property investments	**396**	**10**	**398**	**10**
Direct property investments	251	6	251	6
Indirect property investments	145	3	148	4
Total	**4,150**	**100**	**4,102**	**100**

* Includes accrued interest income.

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

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

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

Note 17. Related-party transactions

The related parties of OP Corporate Bank Group comprise its parent OP Cooperative, consolidated subsidiaries, associated companies, key management personnel and other related party entities. OP Corporate Bank Group's key management personnel comprises OP Corporate Bank plc's President and CEO, Board members and their close family members. Related parties also include companies over which key management personnel or their close family member exercise significant influence. The other related party entities include OP Bank Group Pension Fund, OP Bank Group Pension Foundation and sister companies in OP Cooperative Consolidated.

Standard terms and conditions for credit are applied to loans granted to the related parties. Loans are tied to generally used reference rates.

Related-party transactions have not undergone any substantial changes since 31 December 2020.

Financial reporting in 2021

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

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