

OP Corporate Bank plc's Interim Report  
1 January–30 September 2021

# OP Corporate Bank plc's Interim Report 1 January–30 September 2021

Earnings before tax Q1–3/2021	Net interest income Q1–3/2021	Net insurance income Q1–3/2021	CET1 ratio 30 Sep 2021
€469 million	–4%	+14%	14.8%

- Consolidated earnings before tax improved to EUR 469 million (319). Total income increased by 24% to EUR 1,037 million (838). Investment income of EUR 214 million rose by EUR 76 million year on year. Net insurance income increased by 14% to EUR 528 million (463). Net interest income decreased by 4% to EUR 235 million (244). Total expenses increased by 10% to EUR 519 million (473). Impairment loss on receivables totalled EUR 25 million (65).
- Corporate Banking earnings before tax improved to EUR 279 million (194). Total income increased by EUR 63 million to EUR 498 million (434). Net investment income increased to EUR 128 million (104) million and net interest income to EUR 306 million (298). Earnings were also strengthened by lower impairment loss on receivables. The loan portfolio decreased in the year to September by 0.5% to EUR 24.4 billion (24.6).
- Insurance earnings before tax improved to EUR 282 million (169). Net insurance income increased by 14% to EUR 529 million (463). Investment income rose to EUR 83 million (21). The operating combined ratio improved to 81.8% (86.0).
- Other Operations earnings before tax were EUR –92 million (–43). Liquidity remained strong.
- The Group's CET1 ratio was 14.8% (15.1).
- On 2 July 2021, OP Corporate Bank plc's Board of Directors approved a demerger plan whereby the shares of Pohjola Insurance Ltd, OP Corporate Bank plc's subsidiary, will be transferred to the direct ownership of OP Cooperative. The planned date for registration of the implementation of the demerger is 29 November 2021. After the partial demerger, OP Corporate Bank plc will be engaged in corporate banking and central bank business.
- Pohjola Insurance Ltd, OP Corporate Bank's subsidiary, will sell Pohjola Hospital Ltd to Pihlajalinna Terveys Oy for EUR 31.8 million. The transaction is subject to approval by the Finnish Competition and Consumer Authority.
- OP Corporate Bank plc's Board of Directors made a decision on 27 October 2021, whereby OP Corporate Bank plc will sell all OP Custody Ltd shares to OP Cooperative. After the planned structural arrangements have been carried out, OP Corporate Bank plc no longer constitutes a reporting group.

## OP Corporate Bank plc's key indicators

Earnings before tax, € million	Q1–3/2021	Q1–3/2020	Change, %	Q1–4/2020
Corporate Banking	279	194	43,8	301
Insurance	282	169	66,7	288
Other Operations	-92	-43	-	-58
Group total	469	319	47.2	529
Return on equity (ROE), %	10.1	7.6	2.4	9.2
Return on assets (ROA), %	0.55	0.45	0.10	0.55
	30 Sep 2021	30 Sep 2020	Change, %	31 Dec 2020
CET1 ratio, %	14.8	14.6	0.2*	15.1
Loan portfolio, € million**	24,879	25,038	-0.6	24,485
Guarantee portfolio, € million	2,770	2,180	27.1	2,214
Other exposures, € million	5,847	5,134	13.9	5,423
Deposits, € million	14,500	14,231	1.9	13,300
Ratio of non-performing exposures to exposures, %***	1.9	2.1	-0.2*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.12	0.32	-0.20*	0.20

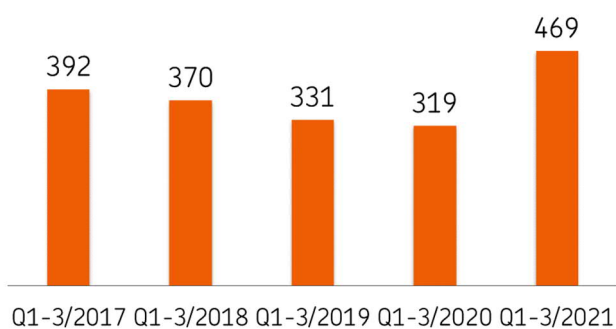
Comparatives deriving from the income statement are based on figures reported for the corresponding periods a year ago. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2020 are used as comparatives.

\*Change in ratio

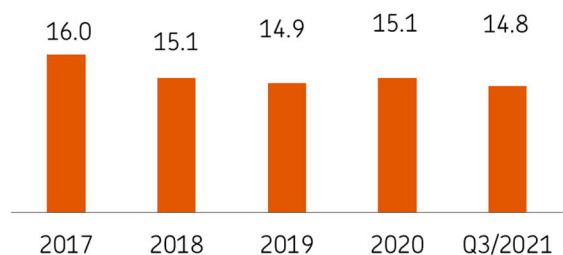
\*\* Reference data from Q3/2020 has been adjusted to correspond to the current monitoring.

\*\*\* The name and content of the ratio were 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 of this Interim Report.

Earnings before Tax, € million



Common Equity Tier1 ratio (CET1), %



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## Business environment

During the third quarter, the world economy continued to recover from the recession caused by the Covid-19 pandemic although the pace of the recovery began to slow down. Inflation in the euro area accelerated to over three per cent as energy prices went up and temporary tax reliefs came to an end.

The European Central Bank (ECB) expects the acceleration of inflation to be mainly transitory. In September, it announced that it will reduce its asset purchase rate during the fourth quarter but will not announce further measures until December.

In the financial market, long-term interest rates decreased in the summer but started to rebound in the autumn. Positive mood in the stock market faded in September due to market concerns about several risks, such as a rise in energy prices and the problems in the Chinese real estate sector.

Finnish economic development remained favourable. The financial situation of households was exceptionally positive and employment continued to improve. Mood in the housing market remained buoyant but lowered slightly from its spring level. Business confidence was high and order volumes increased markedly. Recovery continued in the service sector as Covid-19 restrictions were eased.

The economic outlook is favourable, but problems in production chains, rising costs and the uncertainty caused by the pandemic are overshadowing the outlook. The outlook for short-term market rates is stable next year too.

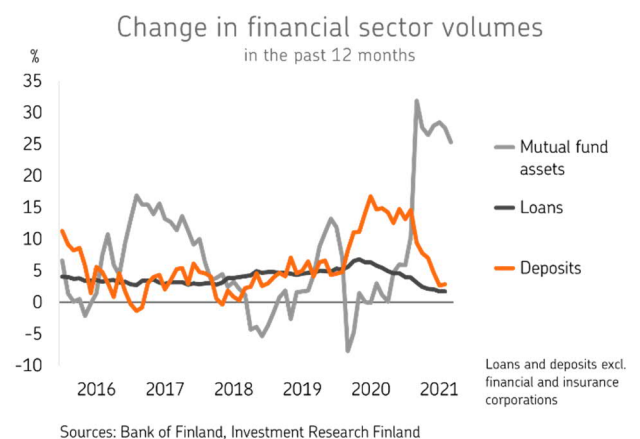
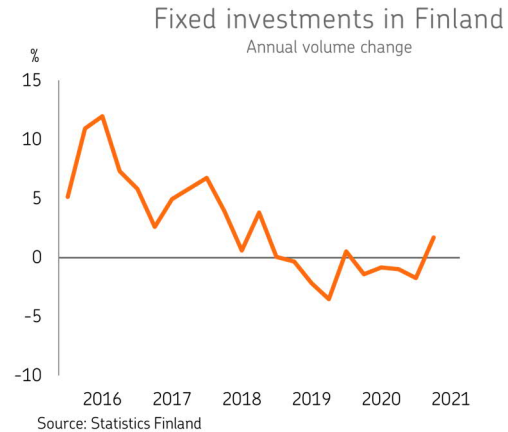
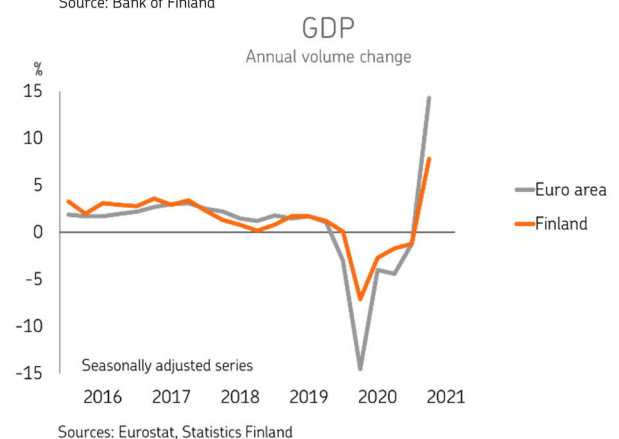
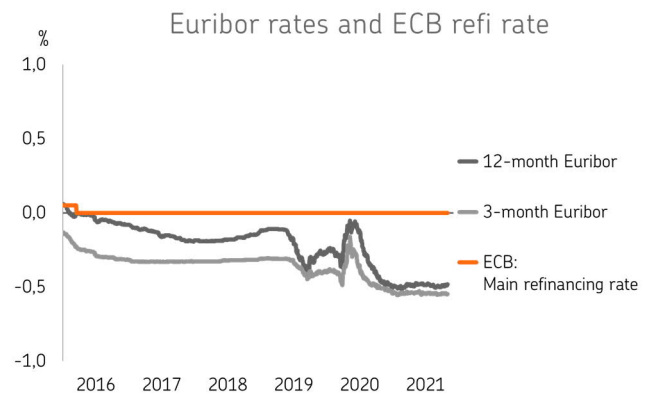
The growth rate in total loans slowed down to 1.7% from 2.1% in June. This was due to slower demand by businesses, but household demand for loans also slowed down. In August, growth in corporate loans fell to -4.7%.

Housing company loans grew by 5.0% and household loans by 4.0%, year on year. In August, the growth in home loans – the driver of growth in household loans – was 4.2%, the same as in the second quarter. Growth in consumer loans slowed down in the third quarter, standing at 1.6% at the end of August.

The growth rate of total deposits slowed down to 2.9% from 4.8% in June. In August, corporate deposits increased by 2.0% and household deposits by 6.2%.

The value of mutual funds registered in Finland increased by 4.3 billion to EUR 153.3 billion in the third quarter. After the strong July–August growth, net asset inflows and the value change turned negative in September.

In the insurance sector, the year has been favourable so far. The economic recovery has not yet increased claims incurred to their pre-pandemic level, and the capital market has been favourable.



## Consolidated earnings

€ million	Q1–3/ 2021	Q1–3/ 2020	Change, %	Q3/ 2021	Q3/ 2020	Change, %	Q1–4/ 2020
Net interest income	235	244	-3.8	82	79	3.9	325
Net insurance income	528	463	14.2	209	175	19.5	555
Net commissions and fees	16	-3	-	2	2	25.7	5
Net investment income	237	115	106.3	38	89	-57.2	233
Other operating income	21	19	9.4	4	5	-13.3	29
<b>Total income</b>	<b>1,037</b>	<b>838</b>	<b>23.8</b>	<b>335</b>	<b>349</b>	<b>-4.0</b>	<b>1,148</b>
Personnel costs	162	140	16.1	49	41	17.3	111
Depreciation/amortisation and impairment loss	38	38	0.5	13	14	-10.5	53
Other operating expenses	318	295	7.9	94	87	7.6	393
<b>Total expenses</b>	<b>519</b>	<b>473</b>	<b>9.7</b>	<b>155</b>	<b>143</b>	<b>8.6</b>	<b>557</b>
Impairment loss on receivables	-25	-65	-	-37	2	-	-53
OP bonuses to owner-customers	-2	-4	-	-1	-1	-	-5
Overlay approach	-23	23	-200.6	18	-26	-	-5
<b>Total earnings before tax</b>	<b>469</b>	<b>319</b>	<b>47.2</b>	<b>161</b>	<b>181</b>	<b>-10.6</b>	<b>529</b>

### January–September

Consolidated earnings before tax improved to EUR 469 million (319). The Group's total income increased to EUR 1,037 million (838). The overlay approach is applied to certain insurance companies' equity instruments and, including the overlay approach, total income rose by 17.9% to EUR 1,014 million. Investment income rose by EUR 76 million to EUR 214 million. The effect of the Covid-19 pandemic on capital market developments decreased investment income a year ago. Net insurance income increased by EUR 66 million to EUR 528 million. Impairment loss on receivables was EUR 25 million, or EUR 41 million lower than a year ago. A year ago, the higher amount of 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 9.7% to EUR 519 million. This year-on-year increase is explained by higher personnel costs and other operating expenses.

Net interest income decreased by 3.8% to EUR 235 million (244). Interest income from receivables from customers decreased to EUR 292 million (299). Higher interest expenses were affected by higher negative interest charges payable for central bank deposits and higher interest expenses for senior non-preferred bonds. Income from interest on central bank debt and negative deposit interest rates increased interest income. During the reporting period,

OP Corporate Bank borrowed EUR 8 billion under TLTRO funding offered by the European Central Bank to banks. The amount of TLTRO funding increased to EUR 16 billion. In the year to September, the amount of senior non-preferred bonds rose by EUR 1.8 billion to EUR 3.5 billion. Tier 2 bonds amounted to EUR 2.1 billion (2.4) at the end of the reporting period. In the year to September, OP Corporate Bank Group's loan portfolio decreased by 0.6% to EUR 24.9 billion. The deposit portfolio increased by 1.9% to EUR 14.5 billion.

Net insurance income increased by EUR 66 million to EUR 528 million. Insurance premium revenue increased by 2.0% and claims incurred decreased by 6.7%. Along with Covid-19 restrictions, a reduction in economic activity, widespread remote work and traffic volumes lower than usual reduced claims in almost all lines of non-life insurance. Within the Insurance segment, the operating combined ratio improved to 81.8% (86.0) and operating risk ratio to 55.2% (60.2).

Net commissions and fees increased by EUR 19 million to EUR 16 million. Commissions and fees increased to EUR 138 million (122). Commissions and fees were especially increased by commission income from payment transfers and lending and insurance operations. Commission expenses of EUR 122 million were EUR 3 million lower than the year before.

Net investment income increased by EUR 122 million to EUR 237 million. Net income from financial assets recognised at fair value through other comprehensive income rose by

EUR 13 million to EUR 27 million. Capital gains on notes and bonds remained at the previous year's level at EUR 7 million. Net income from financial assets recognised at fair value through profit or loss rose by EUR 101 million to EUR 210 million. The value changes in equities as well as dividends and shares of profit increased by EUR 116 million year on year. When the Covid-19 pandemic broke out last year, the fair value of equities, and notes and bonds decreased significantly. Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 15 million (–11). The figure a year ago has been adjusted to correspond to the current accounting. Rental income from investment property, EUR 20 million, rose by EUR 2 million year on year.

Net investment income reported by the Corporate Banking segment increased by EUR 24 million to EUR 128 million and that reported by the Insurance segment by EUR 107 million to EUR 106 million. Higher income from derivative transactions particularly affected higher net investment income reported by the Corporate Banking segment. Equity value changes and dividends and shares of profit mainly increased net investment income reported by the Insurance 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 23 million. A year ago, it increased earnings by EUR 23 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 214 million, increased by EUR 76 million year on year. Investment income reported by the Insurance segment increased by EUR 62 million to EUR 83 million. Return on investments by non-life insurance at fair value was 1.0% (2.9).

Other operating income of EUR 21 million rose by EUR 2 million year on year.

Total expenses increased by EUR 46 million year on year to EUR 519 million. Personnel costs rose by EUR 22 million to EUR 162 million due to an increase in the number of employees and higher provisions for performance-based bonuses. Depreciation/amortisation and impairment loss on receivables, EUR 38 million, were at the same level as a year ago. Other operating expenses increased by EUR 23 million to EUR 318 million. This increase is mainly explained by higher ICT costs and higher year-on-year service charges by OP Cooperative and charges of financial authorities.

Impairment loss on receivables, EUR 25 million, was EUR 41 million lower than a year ago. In addition, the adoption of the new definition of default in the first quarter of 2020 increased impairment loss on receivables during the second quarter of 2020. Changes made due to the Covid-19 crisis in the macroeconomic parameters used in the measurement of expected credit losses also increased impairment loss on receivables in Q3 2020. Final net loan losses recognised totalled EUR 43 million (52). Loss allowance was EUR 298 million (318) at the end of the reporting period. Non-

performing exposures accounted for 1.9% (2.2) of the exposures. Impairment loss on loans and receivables accounted for 0.12% (0.32) of the loan and guarantee portfolio.

Comprehensive income for the reporting period, EUR 394 million, increased by EUR 157 million year on year. The increase in comprehensive income is explained by the effect of the overlay approach and the change in the revaluation reserve.

OP Corporate Bank plc's Board of Directors has approved a demerger plan whereby the shares of Pohjola Insurance Ltd, OP Corporate Bank plc's subsidiary engaged in the non-life insurance business, will be transferred to the direct ownership of OP Cooperative. The planned date for registration of the implementation of the demerger is 29 November 2021. Assets recognised in the balance sheet of the non-life insurance business totalled EUR 5,158 million and liabilities EUR 4,210 million at the end of the reporting period. The arrangement will improve OP Corporate Bank Group's CET1 ratio by approximately 2 percentage points. The effect of the arrangement on the OP Corporate Bank parent company's CET1 ratio is projected to remain lower than the effect on the CET1 ratio of the Group. Following the arrangement, the non-life insurance business will no longer be included in OP Corporate Bank plc's financial reports. After the partial demerger, OP Corporate Bank plc will be engaged in corporate banking and central bank business.

Non-life insurance will focus on its core business and sell its hospital business. In the second quarter, Pohjola Hospital was classified as a non-current asset held for sale. Hospital business assets recognised in the balance sheet totalled EUR 9 million and liabilities EUR 7 million at the end of the reporting period.

## July–September

Earnings before tax for the third quarter amounted to EUR 161 million (181). Total income of EUR 335 million was EUR 14 million lower than the year before. Net insurance income increased by EUR 34 million to EUR 209 million. Earnings were weakened by lower year-on-year investment income as well as higher expenses and impairment loss on receivables. Total expenses increased by EUR 12 million to EUR 155 million. Impairment loss on receivables totalled EUR 37 million whereas their amount reversed a year ago totalled EUR 2 million.

Net interest income increased by 3.9% to EUR 82 million. Interest income decreased by 1.8% to EUR 133 million and interest expenses increased by 6.1% to EUR 56 million. Higher interest expenses were mainly due to the increase in negative interest expenses for central bank deposits. Fair value adjustments under hedge accounting increased net interest income.

Net insurance income rose by EUR 34 million to EUR 209 million. Insurance premium revenue increased by 3.0% to

EUR 399 million. Claims incurred decreased by 11.4% to EUR 189 million.

Net commissions and fees, EUR 2 million, were at the previous year's level. Commissions and fees increased by EUR 4 million to EUR 45 million. Commissions and fees were increased by commission income from payment transfers and higher commission income from lending, securities brokerage, asset management and insurance operations. Commission expenses increased by EUR 4 million to EUR 42 million. Commission expenses were mainly increased by fees paid to member banks.

Net investment income decreased in the second quarter by EUR 51 million to EUR 38 million. Net income from financial assets at fair value recognised through other comprehensive income totalled EUR 8 million (2). Net income from financial assets recognised at fair value through profit or loss fell by EUR 51 million to EUR 34 million. Income from derivatives operations decreased by EUR 30 million year on year to EUR 27 million. Income from equities decreased by EUR 15 million to EUR 7 million. Including the overlay approach applied to equity investments, which improved investment income by EUR 18 million (–26), investment income decreased by EUR 6 million year on year to EUR 57 million.

Other operating income of EUR 4 million decreased by EUR 1 million.

Total expenses rose by EUR 12 million to EUR 155 million. Personnel costs increased by EUR 7 million to EUR 49 million. Depreciation/amortisation and impairment loss decreased by EUR 2 million to EUR 13 million. Other operating expenses totalling EUR 94 million increased by EUR 7 million. ICT costs increased by EUR 4 million to EUR 52 million.

Impairment loss on receivables totalled EUR 37 million whereas their amount reversed a year ago totalled EUR 2 million. Final net loan losses recognised totalled EUR 40 million (46).

Total comprehensive income for the third quarter was EUR 129 million (206). Changes in the fair value reserve increased comprehensive income a year ago.

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

OP Corporate Bank has 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 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.

In October, OP Corporate Bank approved the principles of the future way of working, or hybrid work. These shared principles will help Group organisations and teams to plan how to work in diverse ways from multiple locations. OP Corporate Bank will in future combine in-office and remote work systematically, smoothly and productively while taking account of occupational safety. Customers' needs and business goals primarily guide the types and locations of work.

## July–September highlights

### OP Corporate Bank plc's partial demerger

On 2 July 2021, OP Corporate Bank plc's Board of Directors approved a demerger plan whereby the shares of Pohjola Insurance Ltd, OP Corporate Bank plc's subsidiary engaged in non-life insurance business, will be transferred to the direct ownership of OP Cooperative. OP Cooperative, the only shareholder of OP Corporate Bank plc, approved the partial demerger of OP Corporate Bank on 23 September 2021 as specified in the demerger plan. The planned date for registration of the implementation of the demerger is 29 November 2021. The aim of the restructuring is to simplify the structure and governance of OP Financial Group's central cooperative consolidated and to clarify its management structure. After the partial demerger, OP Corporate Bank plc will be engaged in corporate banking and central bank business. OP Corporate Bank classified the non-life insurance business as disposal groups held for distribution to owners under IFRS 5.

## 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 has agreed to follow the UN Principles for Responsible Investment since 2009. OP Financial Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

In May, OP published the annual Green Bond Report that contains a description of the green bond of EUR 500 million issued by OP Corporate Bank in February 2019, including examples of businesses and projects financed and the environmental impacts achieved. Proceeds raised with OP's first green bond were used to finance renewable energy, green buildings and sustainable land use. During 2020, it resulted in significant positive environmental impacts: almost 200,000 CO<sub>2</sub>e tonnes of avoided emissions in power generation, over 140,000 CO<sub>2</sub>e tonnes of carbon sinks



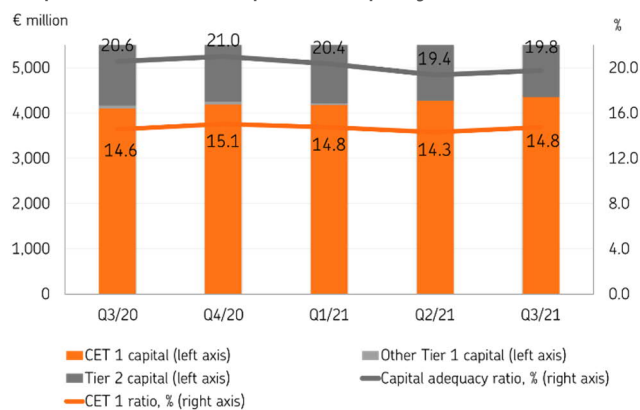
through sustainable land use, production of 390 MW of renewable energy and 20,000 m<sup>2</sup> of green certified building area.

In its loan decisions, OP Corporate Bank considers the ESG themes and risks related to environmental, social and governance factors in accordance with the EBA (European Banking Authority) Guidelines on loan origination and monitoring. In the new ESG analysis, customers are reviewed on a sector-specific basis in respect of the ESG themes. At the initial stage, the Guidelines will be applied to corporate customer exposures granted after 30 June 2021. In prior years, OP Corporate Bank has already conducted ESG analyses on its large customers, which have taken account of environmental, social and governance aspects. In corporate financing, OP Corporate Bank assesses the companies' climate change actions from the following perspectives: the company's impact on climate change, the relevance of the company's measures to mitigate climate change and the impacts of climate change on the company.

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 29% (28) at the end of September.

## Group's capital adequacy

### Capital base and capital adequacy



## Capital adequacy for credit institutions

The Group's CET1 ratio was 14.8% (15.1) on 30 September 2021.

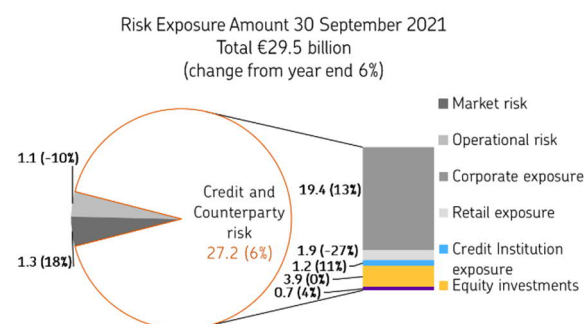
As a credit institution, the Group's consolidated capital adequacy is on a solid basis compared to the statutory requirements and those set by the authorities. The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%. The requirement for the capital conservation buffer of 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 4.4 billion (4.2) on 30 September 2021. Insurance business result is not included in the CET1 capital.

On 30 September 2021, the risk exposure amount (REA) totalled EUR 29.5 billion (27.8), or 6.1% higher than on 31 December 2021. 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. The amount of corporate exposures increased from the end of 2020. The revised Capital Requirements Directive and Regulation (CRR2) came into force in June, which increased counterparty risk associated with derivatives as anticipated. In September, OP Financial Group adopted calibrated parameters in retail and corporate exposures. The adoption slightly increased risk-weighted assets and slightly decreased expected loss. 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. OP Financial Group presents capital adequacy information in its financial statements bulletin and interim and half-year financial reports in accordance with the Act on the Amalgamation of Deposit Banks. OP Financial Group also publishes Pillar III disclosures.

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



OP Financial Group plans to adopt a simplified approach in the measurement of insurance companies' risk weights during the last quarter of 2021, which will reduce the CET1 ratio by about 0.7 percentage points. The effect on OP Corporate Bank will cease to exist along with the execution of the Group's restructuring.

OP Financial Group is in 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 scope of the IRBA may decrease OP Corporate Bank Group's CET1 ratio by around 0.4 percentage points. The final effect of the change and the implementation schedule will be specified after discussions with the supervisor and the approval process related to the scope of the IRBA.

## Liabilities under the Resolution Act

Under regulation applied to crisis resolution of credit institutions and investment firms, the resolution authority is authorised to intervene in the terms and conditions of investment products issued by a bank in a way that affects an investor's position. The EU's Single Resolution Board (SRB) based in Brussels is OP Financial Group's resolution authority. The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would focus on the OP amalgamation and on the new OP Corporate Bank that would be formed in the case of resolution.

On 14 May 2021, the resolution authority updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP Financial Group. The updated MREL is 25.8% of the risk exposure amount and 10.12% of the leverage ratio exposures. It will enter into force on 1 January 2022.

As part of the MREL, the resolution authority has set a new subordination requirement for OP Financial Group in accordance with the Single Resolution Mechanisms Regulation. The subordination requirement determines how much of the MREL must be met with own funds or with subordinated liabilities. From the beginning of 2022, the subordination requirement supplementing the MREL will be 22% of the total risk exposure amount and 10.11% of the leverage ratio exposure. From the beginning of 2024, the subordination requirement will be 24% of the total risk exposure amount and 10.12% of the leverage ratio exposure.

OP Financial Group's MREL is determined according to the leverage ratio exposures. The MREL ratio was 14.6% and the MREL ratio based on the subordination requirement with subordinated liabilities was 10.5%. The buffer for the MREL was EUR 7.2 billion and for the subordination requirement EUR 0.7 billion.

## 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.

	30 Sep 2021	31 Dec 2020
Capital base, € million*	1,467	1,205
Solvency capital requirement (SCR), € mill. *	786	762
Solvency ratio, %*	187	158
Solvency ratio, % (excl. transitional provision)	187	158

\*including transitional provisions

## Credit ratings

### OP Corporate Bank plc's credit ratings on 30 September 2021

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

### Pohjola Insurance Ltd's financial strength ratings on 30 September 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.

## Risk exposure

OP Financial Group's Risk Appetite Statement starts from the fact that the OP Financial Group assumes risks that are mainly associated with executing the Group's mission. In its risk-taking, OP Financial Group emphasises moderation, responsibility and careful action. Risk-taking is directed and limited by means of principles and limits prepared by senior management and approved by Group Executive Management.

OP Financial Group's operations are successful if it has diverse knowledge of factors affecting its customers' future, and skills in using this knowledge, in addition to capital of trust, financial capital and liquidity. Risk-taking is based on understanding matters affecting customers' future operations and success in the current business environment and in

situations with an unexpected shock or a trend-like change in the business environment.

OP Corporate Bank analyses the business environment as part of the ongoing strategy process. Megatrends and future visions behind the strategy reflect driving forces that affect the daily activities, conditions and future of OP Financial Group and its customers. Such factors shaping the business environment include sustainable development and responsibility (ESG), demographic change in the population and fast technological progress.

For example, climate and environmental changes are considered thoroughly so that their effects on the customer's future success are understood. By means of advice and business decisions, OP Financial Group wants to support its customers in bolstering their sustainable and successful business. At the same time, OP Financial Group ensures that its operations are profitable and in compliance with its core values in the long term.

Considering that OP Financial Group's business covers various areas of the financial sector on an extensive basis, unexpected external shocks may cause direct and indirect effects on the prosperity of OP Financial Group's customers and on the Group's premises, IT infrastructure and personnel, that may come in many forms. If materialised, they may affect risk exposure, capitalisation, liquidity and the continuity of daily business in various ways. The Group makes the effects of such potential shocks visible by means of scenario work.

Operational risks remained moderate as targeted. Materialised operational risks resulted in a gross loss of EUR 4 million (1). From the operational risk perspective, the implications of the Covid-19 pandemic on OP Corporate Bank Group were mild during the reporting period.

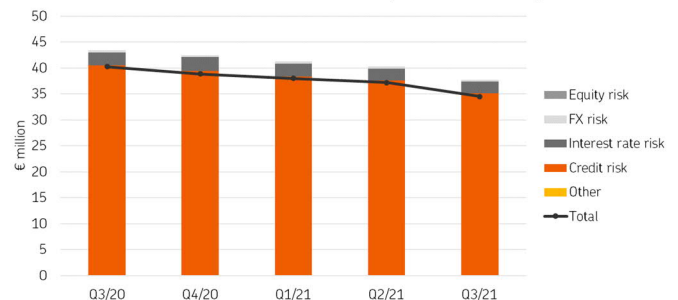
## Corporate Banking

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

Credit risk exposure by Banking remained stable and credit risk remained moderate, despite the Covid-19 pandemic.

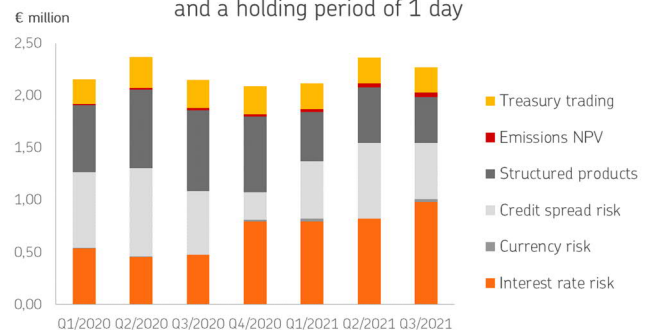
During the reporting period, the market risk level of Corporate Banking's long-term investments decreased. No major changes were made to the asset class allocation during the reporting period. The Group's VaR, a measure of market risks, was EUR 35 million (39) on 30 September 2021. The VaR risk metric includes the liquidity buffer and banking's long-term bond investments as well as derivatives that hedge their interest rate risks.

Corporate banking's market risk VaR at a confidence level of 95% and a retention period of 10 days



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

Market risk ES at a confidence level of 97.5 % and a holding period of 1 day



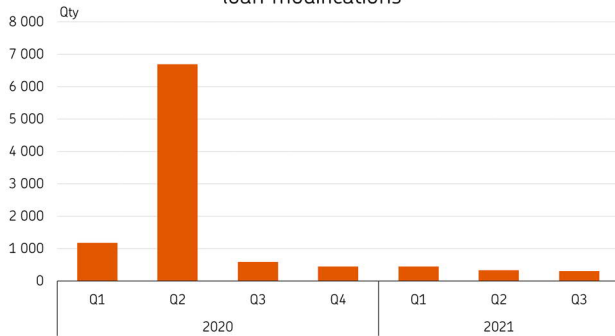
Corporate Banking's interest rate risk in the banking book measured as the effect of a one-percentage point change on a 12-month net interest income was EUR 36 million at the end of the reporting period. A rise in interest rates increases interest income risk. Interest income risk is calculated for a one-year period by dividing the sum of the interest income risk for the next three years by three.

## Corporate customers' repayment holidays and loan modifications

In the reporting period, OP Corporate Bank granted loan modifications and repayment holidays covering some 1,100 loans to corporate customers. A year ago, OP Corporate Bank granted loan modifications and repayment holidays covering some 8,500 loans to corporate customers.

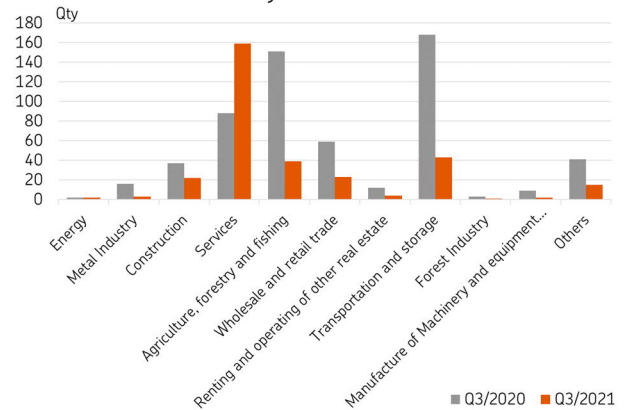
In most cases, loan modifications will remain effective until the loan maturity, whereas repayment holidays are granted for a specific period of time. Repayment holidays and loan modifications granted in the reporting period applied to exposures worth EUR 0.6 billion. Repayment holidays and loan modifications granted a year ago applied to exposures worth EUR 2.2 billion.

Corporate customers' repayment holidays and loan modifications



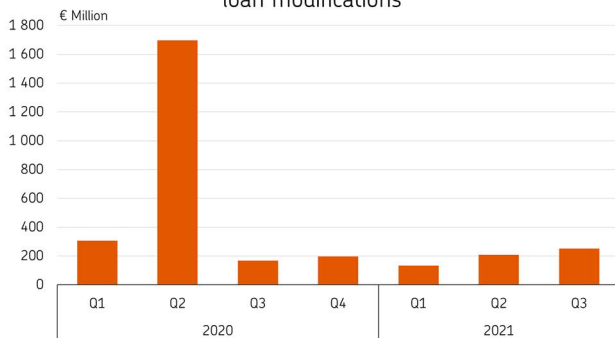
The graph shows the actual number of corporate customers' loan modifications and repayment holidays for the reporting period and by quarter in 2020. Monitoring has been brought into line with the monitoring of OP Financial Group's personal customers and the comparison data has been adjusted.

Corporate customers' repayment holidays and loan modifications by main line of business



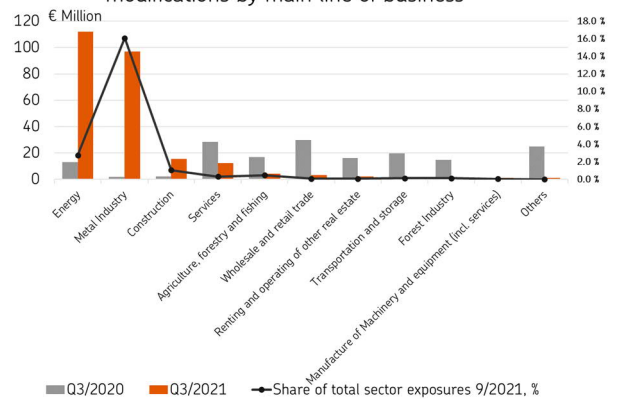
The graph shows the quantity of changes of actual corporate customer repayment holidays and loan modifications by sector for the third quarter of 2021 and 2020.

Corporate customers' repayment holidays and loan modifications



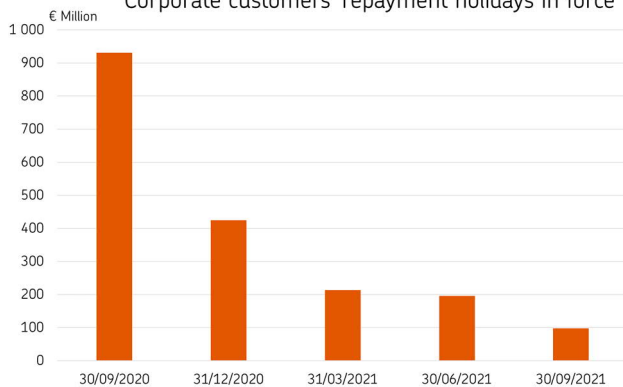
The graph shows the valid corporate customer exposures in euros for which a loan modification or a repayment holiday was implemented during each quarter. The status is presented for both the reporting period and for 2020. Monitoring has been brought into line with the monitoring of OP Financial Group's personal customers and the comparison data has been adjusted.

Corporate customers' repayment holidays and loan modifications by main line of business



The graph shows by sector the corporate exposures affected by repayment holidays and loan modifications implemented during the third quarter of 2021 and 2020. The graph also shows by sector the percentage of exposures for which a repayment holiday or loan modification was agreed.

Corporate customers' repayment holidays in force



The graph shows the total amount of exposures affected by corporate customers' repayment holidays in force.

## Forborne loans and non-performing receivables

	Performing forborne exposures (gross)		Non-performing exposures (gross)		Doubtful receivables (gross)		Loss allowance		Doubtful receivables (net)	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
More than 90 days past due, € billion			0.18	0.13	0.18	0.13	0.09	0.08	0.09	0.05
Unlikely to be paid, € billion			0.31	0.49	0.31	0.49	0.08	0.13	0.23	0.35
Forborne exposures, € billion	0.17	0.25	0.15	0.10	0.32	0.34	0.04	0.05	0.27	0.30
<b>Total, € billion</b>	<b>0.17</b>	<b>0.25</b>	<b>0.64</b>	<b>0.71</b>	<b>0.82</b>	<b>0.96</b>	<b>0.22</b>	<b>0.26</b>	<b>0.59</b>	<b>0.70</b>

### Key ratios

	30 Sep 2021	31 Dec 2020
Ratio of doubtful receivables to exposures, %	2.43	2.99
Ratio of non-performing exposures to exposures, %	1.92	2.22
Ratio of performing forborne exposures to exposures, %	0.51	0.77
Ratio of performing forborne exposures to doubtful receivables, %	21.2	25.8
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	35.6	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 exposures. 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.

On 30 September 2021, OP Corporate Bank plc had 7 (6) large customer exposures, totalling EUR 3.2 (2.7) billion. Large customer exposure refers to the amount of exposures of an individual group of connected clients which, after allowances and other techniques applied to mitigate credit risks, exceeds 10% of the capital base covering customer risk. As of June 2021, own funds covering customer exposure means Tier 1 capital under CRR II. Comparative information has been adjusted accordingly.

Exposures by the Baltic Banking were EUR 3.9 billion (3.6), accounting for 9.8% (9.2) of total banking exposures of the Corporate Banking segment.

The distribution of OP Amalgamation's loss allowance by sector is presented in the OP Amalgamation Capital Adequacy Report of 30 September 2021.

## 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

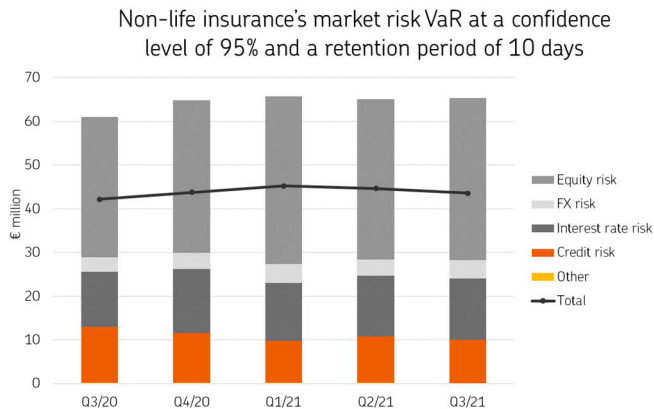
beneficiaries related to insurance liability for annuities, interest rates used in insurance liability valuation and the difference between the discount rate applied to insurance liabilities and market interest rates.

A one-year increase in life expectancy would increase insurance liability for annuities by EUR 47 million (48). A 0.1 percentage point decrease in interest rates used in insurance liability valuation would increase insurance liabilities by EUR 31 million (31). The figure a year ago has been adjusted to correspond to the current accounting.

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 the investments of the non-life insurance business division has developed steadily during the current year. The Value-at-Risk (VaR) metric, a measure of

market risks, was EUR 44 million (44) on 30 September 2021. VaR includes the company's investment balance including investments, insurance liabilities and derivatives that hedge interest rate risk associated with insurance liabilities. Data from the reference years have been adjusted to correspond to the current monitoring.

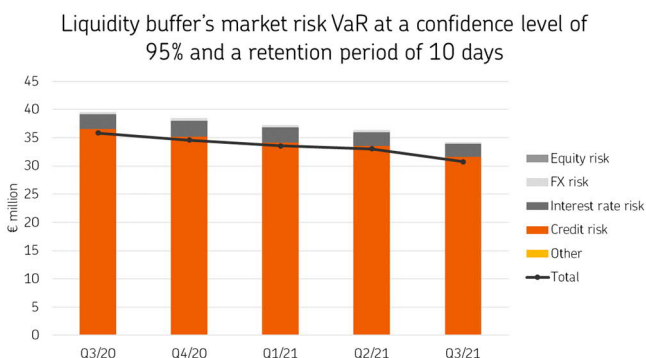


## Other Operations

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

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. The VaR risk metric that measures market risk associated with the liquidity buffer was EUR 31 million (35) on 30 September 2021. The VaR risk metric includes the long-term bond investments within the liquidity buffer and the derivative contracts that hedge their interest rate risks.



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 255% (197) at the end of the reporting period.

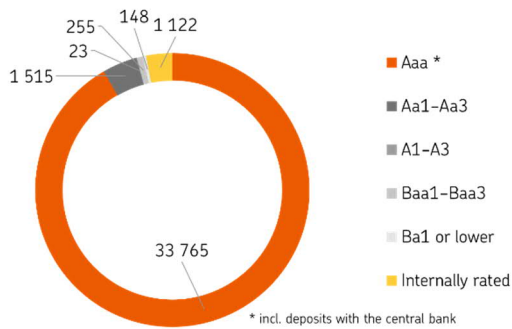
OP Financial Group monitors its long-term funding sufficiency, for example, by means of the Net Stable Funding Ratio (NSFR), which measures structural funding risk. In regulation, a minimum requirement of 100% has been set for the NSFR as of 30 June 2021. OP Financial Group's NSFR was 131% (123) at the end of the reporting period.

## Liquidity buffer

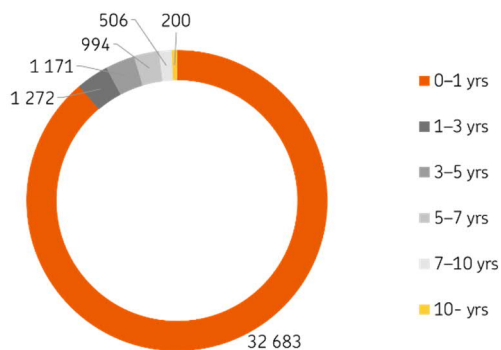
€ billion	30 Sep 2021	31 Dec 2020	Change, %
Deposits with central banks	32.0	21.6	48.7
Notes and bonds eligible as collateral	3.7	8.7	-57.5
Corporate loans eligible as collateral	0.0	0.0	-
<b>Total</b>	<b>35.7</b>	<b>30.2</b>	<b>18.2</b>
Receivables ineligible as collateral	1.1	1.0	8.1
<b>Liquidity buffer at market value</b>	<b>36.8</b>	<b>31.3</b>	<b>17.8</b>
Collateral haircut	-0.4	-0.5	-
<b>Liquidity buffer at collateral value</b>	<b>36.5</b>	<b>30.8</b>	<b>18.6</b>

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

Financial assets included in the liquidity buffer by credit rating on 30 September 2021, € million



Financial assets included in the liquidity buffer by maturity on 30 September 2021, € million



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 19.3%. These exposures increased during the year by EUR 3.6 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 279 million (194).
- Total income increased by 14.6% to EUR 498 million. Net interest income increased by 2.7% to EUR 306 million. Net investment income increased to EUR 128 million (104). Value changes in Credit Valuation Adjustment (CVA) in derivatives owing to market changes improved earnings by EUR 15 million (–13). The figure a year ago has been adjusted to correspond to the current accounting.
- Total expenses increased by 12.2% to EUR 194 million (173). The EU stability contribution represented EUR 5 million of the increase.
- The loan portfolio decreased in the year to September by 0.5% to EUR 24.4 billion.
- Impairment loss on receivables weakened earnings by EUR 25 million (66). Non-performing exposures (gross) accounted for 1.9% (2.2) of the exposures.
- The most significant development investments involved the development of finance and payment systems.

### Key figures and ratios

€ million	Q1–3/2021	Q1–3/2020	Change, %	Q1–4/2020
Net interest income	306	298	2,7	395
Net commissions and fees	39	20	100.0	36
Net investment income	128	104	23.1	140
Other operating income	25	13	89.7	16
<b>Total income</b>	<b>498</b>	<b>434</b>	<b>14.6</b>	<b>587</b>
Personnel costs	51	43	18.6	62
Depreciation/amortisation and impairment loss	8	10	-16.3	12
Other operating expenses	135	120	12.2	156
<b>Total expenses</b>	<b>194</b>	<b>173</b>	<b>12.2</b>	<b>231</b>
Impairment loss on receivables	-25	-66	-61.9	-53
OP bonuses to owner-customers	0	-2	-	-2
<b>Earnings before tax</b>	<b>279</b>	<b>194</b>	<b>43.8</b>	<b>301</b>
Cost/income ratio, %	38.9	39.8	-2.1*	39.3
Ratio of non-performing exposures to exposures, %**	1.9	2.1	-0.2*	2.2
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.12	0.32	-0.20*	0.20
Return on assets (ROA), %	1.21	0.83	45.4*	1.03
Return on assets, excluding OP bonuses, %	1.21	0.84	44.4*	0.98
	<b>30 Sep 2021</b>	<b>30 Sep 2020</b>	<b>Change, %</b>	<b>31 Dec 2020</b>
Loan portfolio, € billion	24,4	24,6	-0,5	24,0
Guarantee portfolio, € billion	3,1	2,5	23,4	2,6
Other exposures, € billion	5,8	5,1	13,9	5,4
Deposits, € billion	14,7	14,3	3,1	13,1

\*Change in ratio

\*\* The name and content of the ratio were 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 of this Interim Report.

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 September by 0.5% to EUR 24.4 billion. The guarantee portfolio totalled EUR 3.1 billion (2.5) and committed standby



credit facilities amounted to EUR 4.3 billion (3.9). Total income increased on a wide front by a total of 14.6% from the level a year ago.

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.

As the first bank in Finland, OP enabled multi-banking for businesses during the reporting period. OP's multi-banking feature makes it possible for companies to make payments from the accounts of different banks and to view their account transactions. This new feature simplifies the companies' daily business and cash flow management by providing a broader and more real-time view to their cash position. The users of OP Corporate Hub have been able to use the multi-banking feature since June. OP Corporate Hub is a digital financial management service provided by OP.

#### Financial performance for the reporting period

Corporate Banking earnings before tax improved to EUR 279 million (194). Total income increased by 14.6%. Total expenses increased by 12.2%. The cost/income ratio improved to 38.9% (39.8) year on year.

Net interest income increased by 2.7% to EUR 306 million (298). The loan portfolio grew by 1.8% in the year to September. Net commissions and fees increased to EUR 39 million (20). Net commissions and fees increased on an extensive basis.

Net investment income increased to EUR 128 million (104) as a result of higher income from derivatives business. A rise in long-term interest rates has reduced derivative receivables and their valuation adjustments recognised through profit or loss.

Other operating income amounted to EUR 25 million (13). Impairment loss on receivables weakened earnings by EUR 25 million (66). A year ago, the adoption of the new definition of default, the Covid-19 related changes in the macroeconomic parameters used in the measurement of expected credit losses and the weakening of individual customers' creditworthiness increased the impairment loss on receivables. Final net loan losses recognised for the reporting period totalled EUR 43 million (52). Non-performing exposures accounted for 1.9% (2.2) of the exposures.

Total expenses were EUR 194 million (173). Personnel costs rose by 18.6% to EUR 51 million due to higher provisions for performance-based bonuses. Other operating expenses increased by 12.2% to EUR 135 million (120). ICT costs were at the same level as a year ago. The EU stability contribution increased by EUR 5 million to EUR 24.4 million.

## Insurance

- Earnings before tax improved to EUR 282 million (169). Net insurance income improved as insurance premium revenue increased and claims incurred decreased. Capital gains improved investment income.
- Insurance premium revenue rose by 2.1% to EUR 1,151 million and claims incurred decreased by 6.4% to EUR 622 million.
- Total expenses rose by 4.8% to EUR 306 million, due to higher personnel costs.
- Investment income totalled EUR 83 million (21), including the overlay approach. Net return on investments at fair value totalled EUR 136 million (–24).
- The operating combined ratio improved to 81.8% (86.0) and operating risk ratio to 55.2% (60.2). The operating cost ratio was 26.6% (25.8).
- Development investments focused on upgrading the core system, improving the accessibility of web and mobile services and enhancing opportunities to buy insurance products.
- Pohjola Insurance will focus on its core business and sell its hospital business.

## Key figures and ratios

€ million	Q1–3/2021	Q1–3/2020	Change, %	Q1–4/2020
Insurance premium revenue	1,151	1,128	2.1	1,506
Claims incurred	622	664	–6.4	951
<b>Net insurance income</b>	<b>529</b>	<b>463</b>	<b>14.2</b>	<b>556</b>
Non-life insurance, net commissions and fees	–25	–27	–5.0	–36
Health and wellbeing, net commissions and fees	7	6	13.2	8
<b>Net commissions and fees</b>	<b>–19</b>	<b>–21</b>	<b>–10.1</b>	<b>–28</b>
Net investment income	106	–2	–	80
Other net income	–4	–1	333.8	1
<b>Total income</b>	<b>612</b>	<b>440</b>	<b>39.2</b>	<b>609</b>
Personnel costs	108	94	15.0	46
Depreciation/amortisation and impairment loss	29	27	7.6	39
Other operating expenses	168	171	–1.3	229
<b>Total expenses</b>	<b>306</b>	<b>292</b>	<b>4.8</b>	<b>313</b>
OP bonuses to owner-customers	–2	–2	1.3	–2
Overlay approach	–23	23	–200.6	–5
<b>Earnings before tax</b>	<b>282</b>	<b>169</b>	<b>66.7</b>	<b>288</b>
Return on assets (ROA), %	5.21	3.31	1.90*	4.07
Return on assets, excluding OP bonuses, %	5.24	3.34	1.90*	4.10
Operating combined ratio, %	81.8	86.0		87.8
Operating risk ratio, %	55.2	60.2		61.1
Operating cost ratio, %	26.6	25.8		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.

Pohjola Insurance will in future focus on non-life insurance and sell Pohjola Hospital. Pohjola Insurance Ltd will sell the entire share capital of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy, part of Pihlajalinna Group. As part of the transaction, Pohjola Insurance and Pihlajalinna will sign a long-term cooperation agreement on the provision of health services for customers of Pohjola Insurance.

The transaction is subject to approval by the Finnish Competition and Consumer Authority.

Key development investments focused on the development of electronic transaction and purchase services and the non-life insurance core system upgrade. The first implementation of the non-life insurance core system upgrade took place 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–September 2021.

## Financial performance for the reporting period

Earnings before tax improved to EUR 282 million (169) as the balance on technical account and net investment income improved. Net insurance income increased to EUR 529 million (463). Along with Covid-19 restrictions, a reduction in economic activity, widespread remote work and traffic volumes lower than usual reduced claims in almost all lines of non-life insurance.

### Insurance premium revenue

€ million	Q1–3/2021	Q1–3/2020	Change, %
Personal Customers	656	643	2.0
Corporate Customers	495	484	2.2
<b>Total</b>	<b>1,151</b>	<b>1,127</b>	<b>2.1</b>

Premium revenue increased by 2.1% to EUR 1,151 million. Among personal customers, the number of loyal customer households increased. Premium revenue from corporate customers increased by 2.2%. A fall in occupational accident and occupational disease insurance premium revenue continued to slow down growth.

Claims incurred decreased by 6.4%. The reported number of large claims under property and business liability insurance (in excess of EUR 0.3 million) amounted to 82 (78) in January–September, with their claims incurred retained for own account totalling EUR 74 million (89). Changes in the provision for outstanding claims under statutory pensions improved earnings by EUR 15 million (6).

Changes in claims for previous years, excluding the effect of the discount rate change, improved the balance on technical account by EUR 65 million (18). The non-life insurance operating risk ratio excluding indirect loss adjustment expenses was 55.2% (60.2).

Total expenses increased by 4.8%, being EUR 14 million higher than a year ago. In non-life insurance, the operating cost ratio (including indirect loss adjustment expenses) was 26.6% (25.8).

Operating combined ratio reported by non-life insurance improved to 81.8% (86.0). The operating ratios exclude the changed discount rate.

## Investment

### Investment income

€ million	Q1–3/2021	Q1–3/2020
At fair value through other comprehensive income	24	8
At fair value through profit or loss	90	6
Amortised cost	0	-1
Non-life insurance items	-13	-16
Associated companies	4	1
<b>Net investment income</b>	<b>106</b>	<b>-2</b>
Overlay approach	-23	23
<b>Total</b>	<b>83</b>	<b>21</b>

Investment income totalled EUR 83 million (21), including the overlay approach. Capital gains on investments reported by non-life insurance totalled EUR 62 million (8).

### Non-life insurance: key investment indicators

€ million	Q1–3/2021	Q1–3/2020
Net return on investments at fair value, € million*	136	-24
Return on investments at fair value, %	1.0	2.9
Fixed income investments' running yield, %	0.9	1.2
	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>
Investment portfolio, € million	4,196	4,102
Investments within the investment grade category, %	92	92
At least A-rated receivables, %	56	58
Modified duration	3.2	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 –92 million (–43).
- The EBT included EUR 2 million (1) in capital gains on notes and bonds.
- Liquidity remained strong.

## Key figures and ratios

€ million	Q1–3/2021	Q1–3/2020	Change, %	Q1–4/2020
Net interest income	-64	-46	-	-59
Net commissions and fees	-3	-2	-	-2
Net investment income	0	10	-97.2	10
Other operating income	14	10	42.9	15
<b>Total income</b>	<b>-53</b>	<b>-28</b>	<b>-</b>	<b>-37</b>
Personnel costs	3	3	13.3	3
Other expenses	36	13	176.3	19
<b>Total expenses</b>	<b>39</b>	<b>16</b>	<b>148.3</b>	<b>22</b>
Impairment loss on receivables	0	1	-36.9	1
<b>Earnings before tax</b>	<b>-92</b>	<b>-43</b>	<b>-</b>	<b>-58</b>
Receivables and liabilities from/to the amalgamation's central cooperative and member credit institutions, net position, € billion	-13.8	-8.5	-	-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 –92 million (–43). Earnings before tax at fair value were EUR –85 million (–29).

Net interest income was EUR –64 million (–46). Net interest income was weakened by the Tier 2 bonds issued in 2020 and by senior non-preferred bonds issued in 2021, according to the funding plan, whose credit spread is higher than that of senior bonds. Net interest income was also weakened by a non-recurring cost caused by the cancellation of interest rate hedge of a subordinated loan redeemed in April.

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 (10). Net investment income included EUR 2 million (1) in capital gains on notes and bonds.

At the end of September, the average margin of senior and senior non-preferred wholesale funding and TLTRO funding was 17 basis points (20). The cost is lowered by TLTRO funding.

OP Corporate Bank participated in the seventh TLTRO III operation for EUR 5.0 billion in March and in the eighth operation for EUR 3.0 billion in June. OP Corporate Bank's TLTRO III financing amounted to a total of EUR 16.0 billion at the end of September. OP Corporate Bank issued two senior non-preferred bonds in March, one in June and one in September. The bonds issued in March were worth EUR 500 million with a 5-year maturity and EUR 300 million with a 10-year maturity. The bonds issued in June and September were both worth 500 million with a 7-year maturity.

In January–September, OP Corporate Bank issued long-term bonds worth EUR 2.5 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 interest 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. OP Financial Group assesses that it has fulfilled these criteria. The final interest rate will be determined when the TLTRO III operation matures.

For the current interest period, OP Financial Group will monitor the conditions for the fulfilment of the criteria for net lending performance. If the management later updates its assessment of the fulfilment of the criteria for net lending performance for the current interest period, a positive earnings effect will be recognised on a one-off basis on the margin received on top of the base rate, according to IFRS 9. OP Financial Group has assessed that TLTRO III funding fulfils the terms of market-based financing and is treated according to IFRS 9.

On 30 September 2021, investments by the amalgamation's central cooperative and the member credit institutions in OP Corporate Bank were EUR 13.8 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 channelled to Group Treasury as investments.

The Group's funding position and liquidity are strong.

OP Corporate Bank redeemed on 12 April 2021 a perpetual subordinated loan of EUR 50 million that it issued in March 2005 and redeemed on 30 August 2021 a perpetual subordinated loan of EUR 40 million that it issued in November 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 161 million (155). These include licence fees, purchased services, other external costs related to projects and inhouse work. Development costs totalled EUR 53 million (54). The capitalised development expenditure totalled EUR 26 million (28).

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 2021, 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.

In May 2021, OP Financial Group signed a new five-year agreement with Accenture on producing IT application services especially in the field of banking. The agreement is part of increasing the effectiveness of and reforming practices and partnerships related to IT operations.

In June 2021, OP Financial Group signed a new six-year agreement with Elisa on the production of workstation and support services. 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 4 June and 22 June 2021, OP Corporate Bank plc and its Baltic subsidiaries OP Finance AS (Estonia), OP Finance SIA (Latvia) and AB OP Finance (Lithuania) accepted a merger plan whereby the Baltic subsidiaries will merge into their parent company OP Corporate Bank plc through a cross-border merger. The planned merger registration date is 31 October 2021.

On 2 July 2021, OP Corporate Bank plc's Board of Directors approved a demerger plan whereby the shares of Pohjola Insurance Ltd, OP Corporate Bank plc's subsidiary engaged in non-life insurance business, will be transferred to the direct ownership of OP Cooperative. The planned date for

registration of the implementation of the demerger is 29 November 2021. The aim of the restructuring is to simplify the structure and governance of OP Financial Group's central cooperative consolidated and to clarify its management structure. Following the arrangement, the non-life insurance business will no longer be included in OP Corporate Bank plc's financial reports. After the partial demerger, OP Corporate Bank plc will be engaged in corporate banking and central bank business.

Pohjola Insurance Ltd will sell the entire share capital of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy, part of Pihlajalinna Group. The corporate transaction was published on 2 July 2021. The net debt free transaction price is EUR 31.8 million. The transaction is subject to approval by the Finnish Competition and Consumer Authority.

As part of the overall restructuring, OP Corporate Bank plc's Board of Directors made a decision on 27 October 2021, whereby OP Corporate Bank plc will sell all OP Custody Ltd shares to OP Cooperative.

After the planned structural arrangements have been carried out, OP Corporate Bank plc does not constitute a reporting group under IFRS. OP Corporate Bank will in future prepare its financial statements according to IFRS.

## Personnel and remuneration

On 30 September 2021, the Group had 3,178 employees (2,916). The number of employees increased especially in the Insurance segment during the reporting period.

### Personnel at period end

	30 Sep 2021	31 Dec 2020
Corporate Banking	771	741
Insurance	2,365	2,136
Other Operations	42	39
<b>Total</b>	<b>3,178</b>	<b>2,916</b>

Variable remuneration applied by OP Financial Group and OP Corporate Bank in 2021 consists of the performance-based bonus scheme covering all personnel, and the personnel fund. Company-specific targets based on the annual plan and the Group-level strategic targets 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.

## Outlook for 2021

The world and Finnish economies continued their recovery in the third quarter, but the speed of recovery began to tail off. The recovery was strengthened by the lifting of Covid-19 restrictions, which boosted the service sectors in particular. However, industry suffered from supply chain problems caused by the rapid economic recovery and partly by the Covid-19 pandemic.

Prices of many raw materials have risen as a result of the fast recovery, pushing up inflation. Although the inflationary surge is largely expected to be transient, a rise in energy prices in the autumn revived inflation concerns in the market. Uncertainty in the stock market grew in the early autumn and interest rate expectations rose.

The recovery is expected to continue in the near term. Household and corporate finances in Finland are healthy and the mood on the housing market should remain favourable. The outlook for short-term market rates is stable. However, several factors are expected to increase uncertainty about the future. Restrictions due to the Covid-19 pandemic may still be resumed, slowing the recovery. Higher energy prices may weaken spending power and production chain problems could lead to interruptions in manufacturing. Uncertainty may also be registered in the financial market.

A sudden worsening of the pandemic would affect OP Corporate Bank in three ways: economic uncertainty and uncertainty in the financial and capital markets 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 and half-year financial 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), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year}/\text{days of reporting period})}{\text{Equity capital (average at beginning and end of period)}} \times 100$
Return on equity (ROE) excluding OP bonuses, %	$\frac{(\text{Financial performance for the reporting period} + \text{OP bonuses after tax}) \times (\text{days of financial year}/\text{days of reporting period})}{\text{Equity capital (average at beginning and end of period)}} \times 100$
Return on assets (ROA), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year}/\text{days of reporting period})}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$
Return on assets (ROA) excluding OP bonuses, %	$\frac{(\text{Financial performance for the reporting period} + \text{OP bonuses after tax}) \times (\text{days of financial year}/\text{days of reporting period})}{\text{Average balance sheet total (average at beginning and end of period)}} \times 100$
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, %	$\frac{\text{Impairment loss on receivables} \times (\text{days of financial year}/\text{days of reporting period})}{\text{Loan and guarantee portfolio at period end}} \times 100$
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



Capital adequacy ratio, %	$\frac{\text{Total capital}}{\text{Risk exposure amount}} \times 100$
Tier 1 ratio, %	$\frac{\text{Total Tier 1 capital}}{\text{Risk exposure amount}} \times 100$
CET1 ratio, %	$\frac{\text{CET1 capital}}{\text{Risk exposure amount}} \times 100$
Solvency ratio, %	$\frac{\text{Capital base}}{\text{Solvency capital requirement (SCR)}} \times 100$
Leverage ratio, %	$\frac{\text{Tier 1 capital (T1)}}{\text{Exposure amount}} \times 100$
Liquidity coverage requirement (LCR), %	$\frac{\text{Liquid assets}}{\text{Liquidity outflows – liquidity inflows under stressed conditions}} \times 100$
Net stable funding ratio (NSFR), %	$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates*	$\frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's total minimum capital requirement}} \times 100$
Ratio of non-performing exposures to exposures, %	$\frac{\text{Non-performing exposures (gross)**}}{\text{Exposures at period end}} \times 100$
Ratio of doubtful receivables to exposures, %	$\frac{\text{Doubtful receivables (gross)***}}{\text{Exposures at period end}} \times 100$
Ratio of performing forbore exposures to exposures, %	$\frac{\text{Performing forbore exposures (gross)***}}{\text{Exposures at period end}} \times 100$
Ratio of performing forbore exposures to doubtful receivables, %	$\frac{\text{Performing forbore exposures (gross)***}}{\text{Doubtful receivables at period end}} \times 100$
Ratio of loss allowance (receivables from customers) to doubtful receivables, %	$\frac{\text{Loss allowance for receivables from customers in the balance sheet}}{\text{Doubtful receivables at period end}} \times 100$
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 forbore 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 forbore exposures include forbore 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	30 Sep 2021	31 Dec 2020
OP Corporate Bank Group's equity	5,193	4,796
The effect of insurance companies on the Group's equity is excluded	-637	-407
Fair value reserve, cash flow hedge	1	-2
Common Equity Tier 1 (CET1) before deductions	4,557	4,388
Intangible assets	-30	-40
Excess funding of pension liability and valuation adjustments	-32	-28
Planned profit distribution		
Shortfall of ECL minus expected losses	-133	-125
Insufficient coverage for non-performing exposures	0	
CET1 capital	4,362	4,195
Hybrid capital to which transitional provision applies		55
Additional Tier 1 capital (AT1)		55
Tier 1 capital (T1)	4,362	4,249
Debtenture loans	1,308	1,602
Debtentures to which transitional provision applies	174	
Tier 2 capital (T2)	1,482	1,602
Total capital	5,843	5,852
<b>Risk exposure amount, € million</b>	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>
Credit and counterparty risk	26,970	25,414
Standardised Approach (SA)	3,055	2,943
Central government and central banks exposure	72	78
Credit institution exposure	4	9
Corporate exposure	2,946	2,796
Retail exposure	0	0
Equity investments		11
Other	32	49
Internal Ratings-based Approach (IRB)	23,916	22,361
Credit institution exposure	1,152	1,029
Corporate exposure	16,502	14,455
Retail exposure	1,939	2,646
Equity investments	3,933	3,934
Other	390	406
Market and settlement risk (Standardised Approach)	1,289	1,096
Operational risk (Standardised Approach)	1,066	1,190
Valuation adjustment (CVA)	201	138
Total risk exposure amount	29,526	27,838

Ratios, %	30 Sep 2021	31 Dec 2020
CET1 capital ratio	14.8	15.1
Tier 1 ratio	14.8	15.3
Capital adequacy ratio	19.8	21.0
Ratios, fully loaded, %	30 Sep 2021	31 Dec 2020
CET1 capital ratio	14.8	15.1
Tier 1 ratio	14.8	15.1
Capital adequacy ratio	19.2	20.8
Capital requirement, EUR million	30 Sep 2021	31 Dec 2020
Capital base	5,843	5,852
Capital requirement	3,103	2,925
Buffer for capital requirements	2,740	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	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
Net interest income	2	235	244	82	79
Net insurance income	3	528	463	209	175
Net commissions and fees	4	16	-3	2	2
Net investment income	5	237	115	38	89
Other operating income		21	19	4	5
<b>Total income</b>		<b>1,037</b>	<b>838</b>	<b>335</b>	<b>349</b>
Personnel costs		162	140	49	41
Depreciation/amortisation		38	38	13	14
Other expenses	6	318	295	94	87
<b>Total expenses</b>		<b>519</b>	<b>473</b>	<b>155</b>	<b>143</b>
Impairments loss on receivables	7	-25	-65	-37	2
OP bonuses to owner-customers		-2	-4	-1	-1
Temporary exemption (overlay approach)		-23	23	18	-26
<b>Earnings before tax</b>		<b>469</b>	<b>319</b>	<b>161</b>	<b>181</b>
Income tax expense		93	62	32	36
<b>Profit for the period</b>		<b>376</b>	<b>257</b>	<b>129</b>	<b>144</b>
<b>Attributable to:</b>					
Profit for the period attributable to owners of the Parent		379	256	131	144
Profit for the period attributable to non-controlling interest		-3	1	-2	0
<b>Total</b>		<b>376</b>	<b>257</b>	<b>129</b>	<b>144</b>

### Statement of comprehensive income

EUR million	Notes	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
<b>Profit for the period</b>		<b>376</b>	<b>257</b>	<b>129</b>	<b>144</b>
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		-2	-17	-3	-12
Change in revaluation reserve		15		15	
Items that may be reclassified to profit or loss					
Change in fair value reserve					
Measurement at fair value		-10	12	7	65
Cash flow hedge		-3	1	-1	-2
Temporary exemption (overlay approach)		23	-19	-18	26
Income tax					
Items that will not be reclassified to profit or loss					
Gains/(losses) arising from remeasurement of defined benefit plans		0	3	1	2
Change in revaluation reserve		-3		-3	
Items that may be reclassified to profit or loss					
Measurement at fair value		2	-2	-1	-13
Cash flow hedge		1	0	0	0
Temporary exemption (overlay approach)		-5	4	4	-5
<b>Total comprehensive income for the period</b>		<b>394</b>	<b>238</b>	<b>129</b>	<b>206</b>
<b>Attributable to:</b>					
Total comprehensive income for the period attributable to owners of the Parent		398	237	131	205
Total comprehensive income for the period attributable to non-controlling interests		-3	1	-2	0
<b>Total comprehensive income for the period</b>		<b>394</b>	<b>238</b>	<b>129</b>	<b>206</b>

## Balance sheet

EUR million	Notes	30 Sep 2021	31 Dec 2020
Cash and cash equivalents		32,221	21,764
Receivables from credit institutions		12,342	11,252
Derivative contracts	14	3,810	5,370
Receivables from customers		24,879	24,485
Investment assets		17,825	18,433
Intangible assets		30	706
Property, plant and equipment (PPE)		11	136
Other assets		976	1,812
Tax assets		25	33
<b>Total</b>		<b>92,118</b>	<b>83,991</b>
Non-current assets held for sale	1	9	
Assets classified as held for distribution to owners	1	5,158	
<b>Total assets</b>		<b>97,284</b>	<b>83,991</b>
Liabilities to credit institutions		42,136	28,888
Derivative contracts		2,859	4,265
Liabilities to customers		16,763	15,894
Insurance liabilities	1		3,326
Debt securities issued to the public	8	22,009	21,903
Provisions and other liabilities		1,762	1,982
Tax liabilities		344	492
Subordinated liabilities		2,002	2,444
<b>Total</b>		<b>87,874</b>	<b>79,194</b>
Liabilities associated with non-current assets held for sale	1	7	
Liabilities associated with assets classified held as distribution to owners	1	4,210	
<b>Total liabilities</b>		<b>92,091</b>	<b>79,194</b>
<b>Equity capital</b>			
<b>Capital and reserves attributable to owners of the parent</b>			
Share capital		428	428
Fair value reserve	9	133	125
Other reserves		1,105	1,093
Retained earnings		3,486	3,108
<b>Non-controlling interests</b>		<b>43</b>	<b>44</b>
<b>Total equity capital</b>		<b>5,193</b>	<b>4,797</b>
<b>Total liabilities and equity capital</b>		<b>97,284</b>	<b>83,991</b>

## Statement of changes in equity

EUR million	Attributable to owners					Total	Non-controlling Interests	Total equity capital
	Share capital	Fair value reserve	Other reserves	Retained earnings				
<b>Balance at 1 January 2020</b>	<b>428</b>	<b>70</b>	<b>1,093</b>	<b>2,710</b>	<b>4,299</b>	<b>74</b>	<b>4,374</b>	
Total comprehensive income for the period		-5		242	<b>237</b>	1	<b>238</b>	
Profit for the period				256	<b>256</b>	1	<b>257</b>	
Other comprehensive income		-5		-14	<b>-19</b>		<b>-19</b>	
Profit distribution						-5	<b>-5</b>	
Other				0	<b>0</b>	-13	<b>-13</b>	
<b>Balance at 30 September 2020</b>	<b>428</b>	<b>64</b>	<b>1,093</b>	<b>2,951</b>	<b>4,536</b>	<b>57</b>	<b>4,593</b>	

EUR million	Attributable to owners					Total	Non-controlling Interests	Total equity capital
	Share capital	Fair value reserve	Other reserves	Retained earnings				
<b>Balance at 1 January 2021</b>	<b>428</b>	<b>125</b>	<b>1,093</b>	<b>3,108</b>	<b>4,753</b>	<b>44</b>	<b>4,797</b>	
Total comprehensive income for the period		8	12	378	<b>398</b>	- 3	<b>394</b>	
Profit for the period				379	<b>379</b>	- 3	<b>376</b>	
Other comprehensive income		8	12	- 1	<b>19</b>		<b>19</b>	
Other						2	<b>2</b>	
<b>Balance at 30 September 2021</b>	<b>428</b>	<b>133</b>	<b>1,105</b>	<b>3,486</b>	<b>5,151</b>	<b>43</b>	<b>5,193</b>	

## Cash flow statement

EUR million	Q1-3 2021	Q1-3 2020
<b>Cash flow from operating activities</b>		
Profit for the period	376	257
Adjustments to profit for the period	467	-32
<b>Increase (-) or decrease (+) in operating assets</b>	<b>-4,485</b>	<b>-5,110</b>
Receivables from credit institutions	-960	-1,618
Derivative contracts	-51	-667
Receivables from customers	-407	-1,260
Investment assets	-3,057	-1,170
Other assets	-11	-395
<b>Increase (+) or decrease (-) in operating liabilities</b>	<b>14,514</b>	<b>12,054</b>
Liabilities to credit institutions	13,388	11,102
Derivative contracts	-12	-438
Liabilities to customers	999	1,196
Insurance liabilities	11	17
Provisions and other liabilities	129	177
Income tax paid	-81	-47
Dividends received	24	18
<b>A. Net cash from operating activities</b>	<b>10,815</b>	<b>7,140</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE and intangible assets	-26	-10
Proceeds from sale of PPE and intangible assets	0	0
<b>B. Net cash used in investing activities</b>	<b>-25</b>	<b>-10</b>
<b>Cash flow from financing activities</b>		
Subordinated liabilities, change	-288	963
Debt securities issued to the public, change	198	-305
Dividends paid	0	-5
Lease liabilities	-4	-4
<b>C. Net cash used in financing activities</b>	<b>-94</b>	<b>648</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>10,696</b>	<b>7,778</b>
<b>Cash and cash equivalents at period-start</b>	<b>21,846</b>	<b>12,902</b>
Effect of foreign exchange rate changes	-105	513
<b>Cash and cash equivalents at period-end</b>	<b>32,436</b>	<b>21,193</b>
<b>Interest received</b>	<b>561</b>	<b>752</b>
<b>Interest paid</b>	<b>-425</b>	<b>-553</b>
<b>Cash and cash equivalents</b>		
Liquid assets	32,221	21,110
Receivables from credit institutions payable on demand	215	83
<b>Total</b>	<b>32,436</b>	<b>21,193</b>

## Segment reporting

### Segment Information

	Corporate Banking	Insurance	Other operations	Group eliminations	Group total
<b>Q1-3 earnings 2021, EUR million</b>					
Net interest income	306	-5	-64	-2	235
of which internal net income before tax	-5		5		
Net insurance income		529		-1	528
Net commissions and fees	39	-19	-3	-1	16
Net investment income	128	106	0	3	237
Other operating income	25	1	14	-18	21
<b>Total income</b>	<b>498</b>	<b>612</b>	<b>-53</b>	<b>-20</b>	<b>1,037</b>
Personnel costs	51	108	3		162
Depreciation/amortisation	8	29	1		38
Other operating expenses	135	168	35	-20	318
<b>Total expenses</b>	<b>194</b>	<b>306</b>	<b>39</b>	<b>-20</b>	<b>519</b>
Impairments loss on receivables	-25	0	0		-25
OP bonuses to owner-customers		-2			-2
Temporary exemption (overlay approach)		-23			-23
<b>Earnings before tax</b>	<b>279</b>	<b>282</b>	<b>-92</b>	<b>0</b>	<b>469</b>
<b>Q1-3 earnings 2020, EUR million</b>					
Net interest income	298	-4	-46	-3	244
of which internal net income before tax	-17		17		
Net insurance income		463		-1	463
Net commissions and fees	20	-21	-2	0	-3
Net investment income	104	-2	10	2	115
Other operating income	13	4	10	-7	19
<b>Total income</b>	<b>434</b>	<b>440</b>	<b>-28</b>	<b>-8</b>	<b>838</b>
Personnel costs	43	94	3	0	140
Depreciation/amortisation	10	27	1	0	38
Other operating expenses	120	171	12	-7	295
<b>Total expenses</b>	<b>173</b>	<b>292</b>	<b>16</b>	<b>-7</b>	<b>473</b>
Impairments loss on receivables	-66	0	1	0	-65
OP bonuses to owner-customers	-2	-2		0	-4
Temporary exemption (overlay approach)		23			23
<b>Earnings before tax</b>	<b>194</b>	<b>169</b>	<b>-43</b>	<b>-1</b>	<b>319</b>



Balance sheet 30 September 2021, EUR million	For distribution to owners				Group total
	Corporate Banking	Insurance	Other operations	Group eliminations	
Cash and cash equivalents	190		32,031		32,221
Receivables from credit institutions	200	989	12,174	-1,018	12,345
Derivative contracts	3,576	4	237	-6	3,811
Receivables from customers	25,161		451	-733	24,879
Investment assets	552	3,626	17,273	-18	21,433
Intangible assets	26	664	17		706
Property, plant and equipment (PPE)	5	13	1		18
Other assets	492	842	487	-3	1,818
Tax assets	0	17	25	0	43
Non-current assets held for sale		9			9
<b>Total assets</b>	<b>30,202</b>	<b>6,164</b>	<b>62,696</b>	<b>-1,778</b>	<b>97,284</b>
Liabilities to credit institutions	620		42,239	-724	42,136
Derivative contracts	2,748	6	112	-8	2,859
Liabilities to customers	14,749	130	3,031	-1,018	16,893
Insurance liabilities		3,412			3,412
Debt securities issued to the public	1,221		20,815	-27	22,009
Provisions and other liabilities	892	362	875	-10	2,119
Tax liabilities	1	119	398	2	520
Subordinated liabilities	0	135	2,002		2,137
Liabilities associated with non-current assets held for sale		7			7
<b>Total liabilities</b>	<b>20,232</b>	<b>4,172</b>	<b>69,472</b>	<b>-1,784</b>	<b>92,091</b>
<b>Equity</b>					<b>5,193</b>

Balance sheet 31 December 2020, EUR million	For distribution to owners				Group total
	Corporate Banking	Insurance	Other operations	Group eliminations	
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
<b>Total assets</b>	<b>31,254</b>	<b>5,821</b>	<b>48,305</b>	<b>-1,390</b>	<b>83,991</b>
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
<b>Total liabilities</b>	<b>19,431</b>	<b>4,035</b>	<b>57,116</b>	<b>-1,388</b>	<b>79,194</b>
<b>Equity</b>					<b>4,797</b>

## 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. Debt securities issued to the public
9. Fair value reserve after income tax
10. Collateral given
11. Classification of financial assets and liabilities
12. Recurring fair value measurements by valuation technique
13. Off-balance-sheet commitments
14. Derivative contracts
15. Investment distribution of the Insurance segment
16. 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 measured 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 personal 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 Corporate Bank'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 measurement 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. 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.

### 3. Effect of Interest Rate Benchmark Reform on accounting policies

On 1 January 2021, OP Corporate Bank adopted a document entitled Interest Rate Benchmark Reform (Phase 2) that will amend IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16. These amendments are a continuation of the Interest Rate Benchmark Reform document (Phase 1) adopted in 2020.

The amendments to Phase 2 bring two practical reliefs, and they are applied from the date when the benchmark rate has changed. The first one applies to financial instruments carried at amortised cost so that changing contractual cash flows due to the Interest Rate Benchmark Reform is treated by updating the effective interest rate, in which case the change does not cause a direct profit or loss. This amendment will have no significant effect on OP Corporate Bank because the majority of receivables and liabilities are linked to the Euribor and the Euribor is still used as a reference interest rate. Libor-linked liabilities and receivables are only small in number. The second amendment applies to hedge accounting that is not discontinued despite the transition of the benchmark rate to another one during the hedging relationship, but the hedged risk and related cash flows are redetermined when the benchmark rate changes. Correspondingly, hedge documentation is changed in respect of the hedged risk and hedging instrument. The resulting change in valuation is presented as part of hedge effectiveness. This change will have no significant effect on OP Corporate Bank because hedges are mostly linked to the Euribor.

### 4. Classification of Pohjola Hospital as a non-current asset held for sale

Based on decisions made, OP Corporate Bank classified Pohjola Hospital as a non-current asset held for sale in the second quarter. Pohjola Hospital is a hospital chain that specialises in orthopaedic care, i.e. treatment for musculoskeletal conditions and injuries, in five Finnish cities with university hospitals: Helsinki, Tampere, Turku, Oulu and Kuopio. The company had 266 employees, on average, in 2020. Pohjola Hospital was in its entirety presented in the Insurance segment's balance sheet of 30 September 2021.

Itemised non-current assets held for sale:

Assets, € million	30 Sep 2021
Property, plant and equipment	0
Intangible assets	1
Other assets	8
Total assets (A)	9
Liabilities, € million	30 Sep 2021
Provisions and other liabilities	7
Total liabilities (B)	7
Balance sheet net worth (A-B)	2

### 5. Accounting for configuration or customisation costs in a cloud computing arrangement

In April 2021, the IFRS Interpretations Committee issued a final agenda decision on accounting for configuration or customisation costs in a cloud computing arrangement. In its agenda decision, the Committee considered whether an intangible asset, applying IAS 38, is recognised for the configuration or customisation of the application and if no intangible asset is recognised, how such configuration or customisation costs is recognised. OP Corporate Bank has begun an analysis of whether the agenda decision will have an effect on the accounting policies applied to the costs of implementing a cloud computing solution. The analysis will be carried out during autumn 2021, and any effects will be considered in the 2021 financial statements at the latest.

## 6. Classification of non-life insurance business as disposal groups held for distribution to owners

On 2 July 2021, OP Corporate Bank plc's Board of Directors approved a demerger plan whereby the shares of Pohjola Insurance Ltd, OP Corporate Bank plc's subsidiary engaged in non-life insurance business, will be transferred to the direct ownership of OP Cooperative. The planned date for registration of the implementation of the demerger is 29 November 2021. The aim of the restructuring is to simplify the structure and governance of OP Financial Group's central cooperative consolidated and to clarify its management structure. After the partial demerger, OP Corporate Bank plc will be engaged in corporate banking and central bank business.

In its third-quarter Interim Report, OP Corporate Bank classified its non-life insurance business as disposal groups held for distribution to owners under IFRS 5. Pohjola Insurance Ltd is included in the insurance business. Pohjola Insurance Ltd products include non-life products sold to corporate and personal customers. Net income generated by the non-life insurance business derives mainly from net insurance income and net investment income. The most significant risks in non-life insurance pertain to underwriting risks and investment risks.

Itemised disposal groups held for distribution to owners:

Assets, € million	30 Sep 2021
Receivables from credit institutions	4
Derivative contracts	1
Investment assets	3,608
Property, plant and equipment	8
Intangible assets	676
Other assets	842
Tax assets	18
Total assets (A)	5,158
Liabilities, € million	30 Sep 2021
Liabilities to customers	130
Insurance liabilities	3,412
Provisions and other liabilities	357
Tax liabilities	175
Subordinated liabilities	135
Total liabilities (B)	4,210
Balance sheet net worth (A-B)	948

Itemised insurance liabilities:

€ million	30 Sep 2021	31 Dec 2020
Provision for outstanding claims		
Provision for outstanding claims for annuities	1,582	1,596
Other provision for outstanding claims	1,142	1,121
Reserve for decreased discount rate (value of hedges of insurance liabilities)	-46	16
Total	2,678	2,733
Provision for unearned premiums	734	593
<b>Total</b>	<b>3,412</b>	<b>3,326</b>

Income and expenses recognised in other comprehensive income are shown below that relate to disposal groups held for distribution to owners.

Comprehensive income items, € million	Q1-3/2021
Items not reclassified to the income statement	
Gains/(losses) arising from remeasurement of defined benefit plans	-6
Change in revaluation reserve	15
Items that may later be reclassified to the income statement	
Change in fair value reserve	
Due to fair value measurement	-27
Due to cash flow hedging	
Overlay approach	23
Income tax	
On items not reclassified to the income statement	
On gains/(losses) arising from remeasurement of defined benefit plans	1
Change in revaluation reserve	-3
On items that may later be reclassified to the income statement	
On fair value measurement	5
On cash flow hedging	
Overlay approach	-5
<b>Comprehensive income items</b>	<b>4</b>

## Note 2. Net interest income

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
<b>Interest income</b>				
Receivables from credit institutions	32	20	11	9
Receivables from customers				
Loans	264	271	88	91
Finance lease receivables	28	28	9	9
Impaired loans and other commitments		0		
Total	292	299	98	101
Notes and bonds				
Measured at fair value through profit or loss	0	0	0	0
At fair value through other comprehensive income	39	48	13	15
Amortised cost	-7	0	-5	0
Total	32	48	8	15
Derivative contracts				
Fair value hedge	-82	-72	-28	-24
Cash flow hedge	0		0	
Other	4	3	1	1
Total	-78	-69	-27	-23
Liabilities to credit institutions				
Negative interest	78	33	32	25
Liabilities to customers				
Negative interest	26	19	10	8
Other	5	5	1	1
<b>Total</b>	<b>386</b>	<b>356</b>	<b>133</b>	<b>135</b>
<b>Interest expenses</b>				
Liabilities to credit institutions	46	59	13	20
Liabilities to customers	-4	9	-2	1
Notes and bonds issued to the public	68	121	21	34
Subordinated liabilities				
Subordinated loans	3	3	1	1
Other	48	42	16	17
Total	51	45	16	18
Derivative contracts				
Cash flow hedge	-116	-120	-35	-37
Other	-27	-75	-8	-16
Total	-143	-196	-43	-53
Receivables from credit institutions				
Negative interest	132	68	49	31
Other	3	4	1	1
<b>Total</b>	<b>152</b>	<b>109</b>	<b>56</b>	<b>53</b>
<b>Net interest income before fair value adjustment under hedge accounting</b>	234	246	77	82
Hedging derivatives	-64	17	-8	0
Value changes of hedged items	64	-20	13	-3
<b>Total</b>	<b>235</b>	<b>244</b>	<b>82</b>	<b>79</b>

### Note 3. Net insurance income

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
Net insurance premium revenue				
Premiums written	1,280	1,248	295	294
Insurance premiums ceded to reinsurers	-2	4	3	-3
Change in provision for unearned premiums	-140	-136	112	103
Reinsurers' share	12	11	-11	-6
<b>Total</b>	<b>1,150</b>	<b>1,127</b>	<b>399</b>	<b>388</b>
Net non-life insurance claims				
Claims paid	-663	-705	-233	-218
Insurance claims recovered from reinsurers	42	16	29	3
Change in provision for unpaid claims	5	23	38	-5
Reinsurers' share	-2	4	-22	7
<b>Total</b>	<b>-617</b>	<b>-661</b>	<b>-189</b>	<b>-213</b>
Other non-life insurance items	-4	-3	-2	0
<b>Total</b>	<b>528</b>	<b>463</b>	<b>209</b>	<b>175</b>

### Note 4. Net commissions and fees

Q1-3 2021, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total	Q3 2021
<b>Commission income</b>						
Lending	37		0	-1	36	13
Deposits	2		0	0	2	1
Payment transfers	26		0	-1	25	9
Securities brokerage	22			0	22	7
Securities issuance	6				6	1
Mutual funds	0		0		0	0
Asset management	12			0	12	4
Legal services	0				0	0
Guarantees	10		0	0	10	3
Insurance operations		12			12	4
Health and wellbeing services		10		0	10	4
Other	2		0	0	2	0
<b>Total</b>	<b>117</b>	<b>23</b>	<b>0</b>	<b>-2</b>	<b>138</b>	<b>45</b>
<b>Commission expenses</b>						
Lending	1		0		1	0
Payment transfers	3	1	0	-1	3	1
Securities brokerage	3		0		3	1
Securities issuance	2		0	0	2	1
Mutual funds		0			0	0
Asset management	3	0	2		5	2
Guarantees	0				0	0
Insurance operations		37			37	12
Health and wellbeing services		4		0	4	1
Other*	67	0	0	0	67	24
<b>Total</b>	<b>78</b>	<b>42</b>	<b>3</b>	<b>-1</b>	<b>122</b>	<b>42</b>
<b>Total net commissions and fees</b>	<b>39</b>	<b>-19</b>	<b>-3</b>	<b>-1</b>	<b>16</b>	<b>2</b>

\* The item includes EUR 66 million in commission expenses paid to member banks arising from derivatives trading. In July-September, commissions paid totalled EUR 24 million.



Q1–3 2020, EUR million	Corporate Banking	Insurance	Other operations	Group eliminations	Group total	Q3 2020
<b>Commission income</b>						
Lending	34		0	-1	33	11
Deposits	2		0	0	2	1
Payment transfers	23		0	-6	18	6
Securities brokerage	20			0	20	5
Securities issuance	7		0	0	7	3
Mutual funds	0		0		0	0
Asset management	10			0	10	3
Legal services	0				0	0
Guarantees	9		0	0	9	3
Insurance operations		9			9	3
Health and wellbeing services		9		0	9	3
Other	0		0	5	5	1
<b>Total</b>	<b>106</b>	<b>18</b>	<b>0</b>	<b>-2</b>	<b>122</b>	<b>40</b>
<b>Commission expenses</b>						
Lending	1		0		1	0
Payment transfers	2	1	0	-1	2	1
Securities brokerage	3		0		3	1
Securities issuance	1		0	0	2	0
Asset management	2	0	1		3	1
Guarantees	0			0	0	1
Insurance operations		35		0	35	11
Health and wellbeing services		3		0	3	1
Other*	76	0	0	-1	76	22
<b>Total</b>	<b>86</b>	<b>39</b>	<b>2</b>	<b>-2</b>	<b>125</b>	<b>38</b>
<b>Total net commissions and fees</b>	<b>20</b>	<b>-21</b>	<b>-2</b>	<b>0</b>	<b>-3</b>	<b>2</b>

\* The item includes EUR 70 million in commission expenses paid to member banks arising from derivatives trading. In July–September, commissions paid totalled EUR 20 million.

## Note 5. Net investment income

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
<b>Net income from assets at fair value through other comprehensive income</b>				
Notes and bonds				
Interest income	15	21	5	7
Other income and expenses	-3	3	-1	4
Capital gains and losses	7	7	0	1
Currency fair value gains and losses	7	-8	3	-7
Impairment losses and their reversal*	1	-10	0	-3
<b>Total</b>	<b>27</b>	<b>14</b>	<b>8</b>	<b>2</b>

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

### Net income recognised at fair value through profit or loss

<b>Financial assets held for trading</b>				
Notes and bonds				
Interest income and expenses	3	4	1	3
Fair value gains and losses	-4	0	-2	2
Total	-1	4	-1	5
Shares and participations				
Fair value gains and losses	-4	-2	-3	-2
Dividend income and share of profits	3	6	3	5
Total	-1	4	0	3
Derivatives				
Interest income and expenses	17	17	7	6
Fair value gains and losses	91	98	20	52
Total	108	115	27	58
<b>Total</b>	<b>106</b>	<b>123</b>	<b>26</b>	<b>65</b>
<b>Financial assets that must be measured at fair value through profit or loss</b>				
Notes and bonds				
Interest income	1	1	0	0
Fair value gains and losses	0	3	0	0
Total	1	4	0	0
Shares and participations				
Fair value gains and losses	82	-31	4	16
Dividend income and share of profits	21	12	3	3
Total	103	-19	7	19
<b>Total</b>	<b>104</b>	<b>-14</b>	<b>7</b>	<b>19</b>
<b>Total net income from financial assets recognised at fair value through profit or loss</b>	<b>210</b>	<b>109</b>	<b>34</b>	<b>85</b>

<b>Net income from investment property</b>				
Rental income	20	19	7	6
Fair value gains and losses	0	5	-2	2
Maintenance charges and expenses	-15	-20	-5	-4
Other	0	1	0	0
Net income from investment property total	5	5	0	5
<b>Net income from loans and receivables measured at amortised cost</b>				
<b>Loans and receivables</b>				
Interest income	3	3	1	2
Interest expenses	-1	-2	0	-1
Impairment losses and their reversal	2	0	0	0
Loans and receivables total	3	2	1	2
<b>Non-life insurance</b>				
Unwinding of discount, Non-life insurance	-13	-16	-4	-5
<b>Associated companies</b>				
Consolidated using the equity method	4	1	0	1
Total	4	1	0	1
<b>Total net investment income</b>	<b>237</b>	<b>115</b>	<b>38</b>	<b>89</b>

## Note 6. Other operating expenses

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
ICT costs				
Production	133	130	44	40
Development	28	26	8	7
Buildings	5	3	2	2
Government charges and audit fees*	54	41	10	7
Purchased services	25	26	8	8
Data communications	6	7	2	2
Marketing	7	7	3	2
Corporate social responsibility	1	2	0	0
Insurance and security costs	4	2	1	1
Other	55	51	16	16
<b>Total</b>	<b>318</b>	<b>295</b>	<b>94</b>	<b>87</b>

\* Include EUR 28 million (20) in service charges paid to OP Cooperative. In July–September, the share of the internal service charges was EUR 9 million (7).

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
<b>Development costs</b>				
ICT development costs	28	26	8	7
Share of own work	0	0	0	0
<b>Total development costs in the income statement</b>	<b>28</b>	<b>26</b>	<b>8</b>	<b>7</b>
Capitalised ICT costs	26	28	6	8
<b>Total capitalised development costs</b>	<b>26</b>	<b>28</b>	<b>6</b>	<b>8</b>
<b>Total development costs</b>	<b>53</b>	<b>54</b>	<b>14</b>	<b>15</b>
Depreciation/amortisation and impairment loss	31	28	11	9

## Note 7. Impairment losses on receivables

EUR million	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020
Receivables written down as loan and guarantee losses	-44	-53	-40	-46
Recoveries of receivables written down	0	0	0	0
Expected credit losses (ECL) on receivables from customers and off-balance-sheet items	19	-14	3	47
Expected credit losses (ECL) on notes and bonds*	0	1	0	0
<b>Total</b>	<b>-25</b>	<b>-65</b>	<b>-37</b>	<b>2</b>

\* 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 30 September 2021

Exposures	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total exposure
EUR million						
<b>Receivables from customers (gross)</b>						
Corporate Banking	25,331	946	263	1,209	499	27,039
<b>Total</b>	<b>25,331</b>	<b>946</b>	<b>263</b>	<b>1,209</b>	<b>499</b>	<b>27,039</b>
<b>Off-balance-sheet limits</b>						
Corporate Banking	5,328	250	141	391	60	5,778
<b>Total</b>	<b>5,328</b>	<b>250</b>	<b>141</b>	<b>391</b>	<b>60</b>	<b>5,778</b>
<b>Other off-balance-sheet commitments</b>						
Corporate Banking	6,785	218		218	83	7,086
<b>Total</b>	<b>6,785</b>	<b>218</b>		<b>218</b>	<b>83</b>	<b>7,086</b>
<b>Notes and bonds</b>						
Other Operations	13,283	23		23		13,306
Insurance	2,160	26		26	4	2,190
<b>Total</b>	<b>15,443</b>	<b>49</b>		<b>49</b>	<b>4</b>	<b>15,496</b>
<b>Total exposures within the scope of accounting for expected credit losses</b>	<b>52,887</b>	<b>1,463</b>	<b>404</b>	<b>1,867</b>	<b>646</b>	<b>55,400</b>

### Loss allowance by Impairment stage 30 September 2021

On-balance-sheet exposures and related off-balance-sheet limits*	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total loss allowance
EUR million						
<b>Receivables from customers</b>						
Corporate Banking	-21	-17	-3	-20	-233	-274
<b>Total</b>	<b>-21</b>	<b>-17</b>	<b>-3</b>	<b>-20</b>	<b>-233</b>	<b>-274</b>
<b>Other off-balance-sheet commitments**</b>						
Corporate Banking	-3	-1		-1	-11	-16
<b>Total</b>	<b>-3</b>	<b>-1</b>		<b>-1</b>	<b>-11</b>	<b>-16</b>
<b>Notes and bonds***</b>						
Other Operations	-2	-0		0		-2
Insurance	-3	-1		-1	-2	-6
<b>Total notes and bonds</b>	<b>-5</b>	<b>-1</b>		<b>-1</b>	<b>-2</b>	<b>-8</b>
<b>Total</b>	<b>-29</b>	<b>-20</b>	<b>-3</b>	<b>-23</b>	<b>-247</b>	<b>-298</b>

\* 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 30 September 2021	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total
<b>Receivables from customers; on-balance-sheet and off-balance-sheet Items</b>						
Corporate Banking	37,443	1,414	404	1,818	642	39,904
<b>Loss allowance</b>						
Corporate Banking	-24	-18	-3	-21	-245	-290
<b>Coverage ratio, %</b>						
Corporate Banking	-0.06%	-1.30%	-0.72%	-1.17%	-38.10%	-0.73%
<b>Receivables from customers; total on-balance-sheet and off-balance-sheet Items</b>	<b>37,443</b>	<b>1,414</b>	<b>404</b>	<b>1,818</b>	<b>642</b>	<b>39,904</b>
<b>Total loss allowance</b>	<b>-24</b>	<b>-18</b>	<b>-3</b>	<b>-21</b>	<b>-245</b>	<b>-290</b>
<b>Total coverage ratio, %</b>	<b>-0.06%</b>	<b>-1.30%</b>	<b>-0.72%</b>	<b>-1.17%</b>	<b>-38.10%</b>	<b>-0.73%</b>
<b>Carrying amount, notes and bonds</b>						
Other Operations	13,283	23		23		13,306
Insurance	2,160	26		26	4	2,190
<b>Loss allowance</b>						
Other Operations	-2	0		0		-2
Insurance	-3	-1		-1	-2	-6
<b>Coverage ratio, %</b>						
Other Operations	-0.01%	-1.26%		-1.26%		-0.01%
Insurance	-0.15%	-3.35%		-3.35%	-48.07%	-0.27%
<b>Total notes and bonds</b>	<b>15,443</b>	<b>49</b>		<b>49</b>	<b>4</b>	<b>15,496</b>
<b>Total loss allowance</b>	<b>-5</b>	<b>-1</b>		<b>-1</b>	<b>-2</b>	<b>-8</b>
<b>Total coverage ratio, %</b>	<b>-0.03%</b>	<b>-2.38%</b>		<b>-2.38%</b>	<b>-48.07%</b>	<b>-0.05%</b>

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

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

Loss allowance by Impairment stage 31 December 2020

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

\* 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.

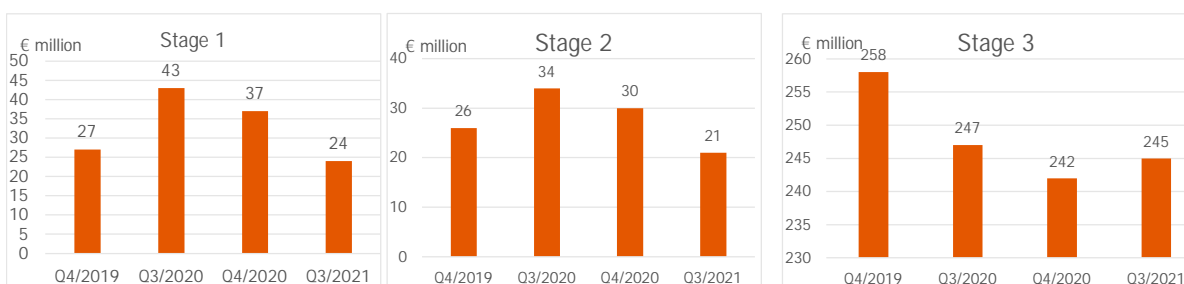
Summary and key indicators 31 December 2020	Stage 1	Not more than 30 DPD	Stage 2 More than 30 DPD	Total	Stage 3	Total
<b>Receivables from customers; on-balance-sheet and off-balance-sheet items</b>						
Corporate Banking	33,923	1,829	225	2,054	663	36,640
<b>Loss allowance</b>						
Corporate Banking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

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

Receivables from customers and off-balance-sheet Items, EUR million	Stage 1	Stage 2	Stage 3	Total
	12 months	Lifetime	Lifetime	
<b>Loss allowance 1 January 2021</b>	<b>37</b>	<b>29</b>	<b>243</b>	<b>309</b>
Transfers from Stage 1 to Stage 2	-1	6		4
Transfers from Stage 1 to Stage 3	0		7	7
Transfers from Stage 2 to Stage 1	2	-5		-3
Transfers from Stage 2 to Stage 3		-7	24	17
Transfers from Stage 3 to Stage 2		1	-3	-2
Transfers from Stage 3 to Stage 1	0		-6	-6
Increases due to origination and acquisition	5	2	8	16
Decreases due to derecognition	-15	-4	-24	-44
Changes in risk parameters (net)	-4	-2	27	21
Decrease in allowance account due to write-offs			-30	-30
<b>Net change in expected credit losses</b>	<b>-13</b>	<b>-9</b>	<b>3</b>	<b>-19</b>
<b>Loss allowance 30 September 2021</b>	<b>24</b>	<b>21</b>	<b>245</b>	<b>290</b>
<b>Net change in expected credit losses Q3 2021</b>	<b>-2</b>	<b>0</b>	<b>5</b>	<b>3</b>

In Q1/2021, OP Corporate Bank calibrated its internal rating model for retail customers to correspond to the new 2020 definition of default. This had an effect in April on the PD model under IFRS 9 and on the quantitative SICR model that is used to decide on transferring the agreement from impairment stage 1 to stage 2. OP Corporate Bank calibrated the original PD curves used in the SICR model to be comparable, in which case the calibration had no significant effect on the amount of the ECL. As part of its normal model update, OP Corporate Bank will update the actual PD model for retail customers under IFRS 9 and the quantitative SICR model during Q4/2021.

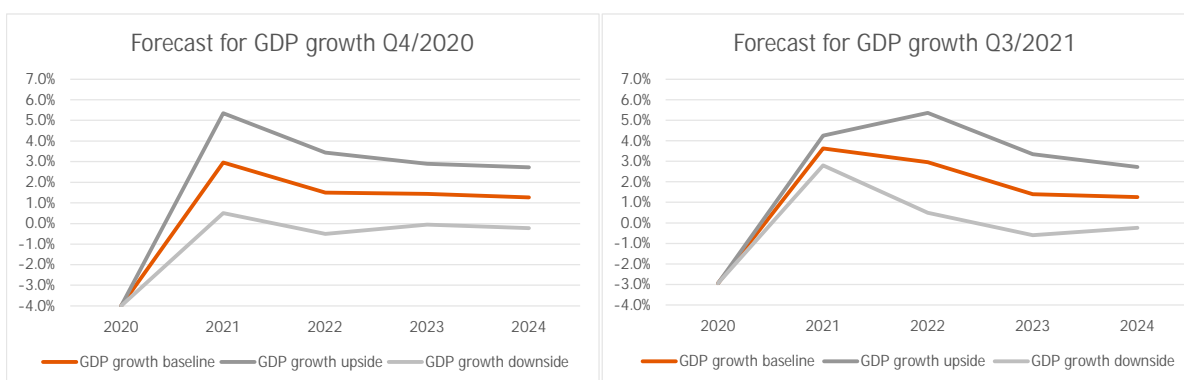
The following graphs illustrate the trend in the expected credit losses of customer receivables by impairment stage during the last few years. The graphs show their growth during the Covid-19 pandemic, how they have levelled off. Recognition of actual credit losses has decreased the amount of expected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



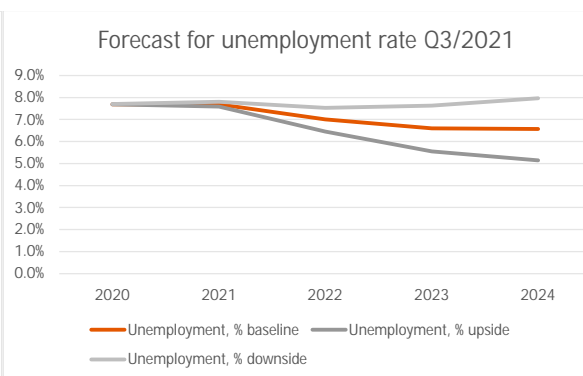
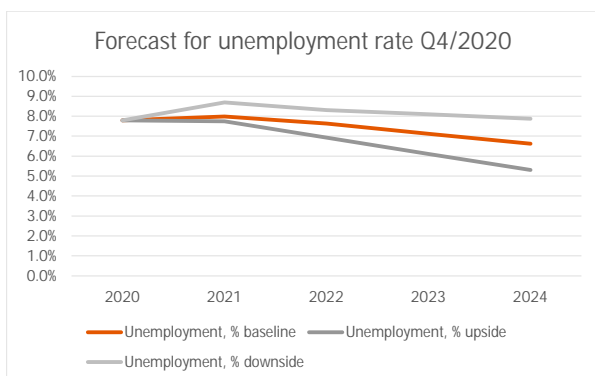
OP Corporate Bank provides its customers with the opportunity to get a maximum of 12-month repayment holiday on their home loans. As regards corporate customers, changes in repayment schedules will be evaluated on a case-by-case basis, and guarantees provided by Finnvera will be used extensively. In loan modifications, forbore 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 third quarter of 2021, the update of the macroeconomic forecasts did not have any significant effect on the ECL.

The following graphs illustrate change in forecasts for GDP and the unemployment rate.







Notes and bonds, EUR million

	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
<b>Loss allowance 1 January 2021</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>10</b>
Transfers from Stage 1 to Stage 2	0	0		0
Transfers from Stage 2 to Stage 1	0	0		0
Transfers from Stage 2 to Stage 3	0	0		0
Increases due to origination and acquisition	1		0	1
Decreases due to derecognition	-1	0	-1	-2
Changes in risk parameters (net)	0	0	0	0
<b>Net change in expected credit losses</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>
<b>Loss allowance 30 September 2021</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>8</b>
<b>Net change in expected credit losses Q3 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>Loss allowance 1 January 2020</b>	<b>27</b>	<b>26</b>	<b>257</b>	<b>310</b>
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
<b>Net change in expected credit losses</b>	<b>10</b>	<b>4</b>	<b>-14</b>	<b>-1</b>
<b>Loss allowance 31 December 2020</b>	<b>37</b>	<b>29</b>	<b>243</b>	<b>309</b>
<b>Net change in expected credit losses Q3 2020</b>	<b>5</b>	<b>2</b>	<b>-55</b>	<b>-48</b>

Notes and bonds, EUR million

	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
<b>Loss allowance 1 January 2020</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>8</b>
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
<b>Net change in expected credit losses</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>Loss allowance 31 December 2020</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>10</b>
<b>Net change in expected credit losses Q3 2020</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-1</b>

## Note 8. Debt securities issued to the public

EUR million	30 Sep 2021	31 Dec 2020
Bonds	10,890	12,666
Subordinated bonds (SNP)	3,452	1,689
Other		
Certificates of deposit	269	273
Commercial paper	7,465	7,347
Included in own portfolio in trading (-)*	-67	-72
<b>Total debt securities issued to the public</b>	<b>22,009</b>	<b>21,903</b>

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

## Note 9. Fair value reserve after income tax

EUR million	Fair value through other comprehensive Income			Total
	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	
<b>Opening balance 1 January 2020</b>	<b>31</b>	<b>38</b>	<b>0</b>	<b>70</b>
Fair value changes	15	-16	1	-1
Capital gains transferred to income statement	-3	-3		-6
Impairment loss transferred to income statement		0		0
Deferred tax	-2	4	0	1
<b>Closing balance 30 September 2020</b>	<b>40</b>	<b>23</b>	<b>1</b>	<b>64</b>

EUR million	Fair value through other comprehensive Income			Total
	Notes and bonds	Shares and participations (overlay approach)	Cash flow hedging	
<b>Opening balance 1 January 2021</b>	<b>79</b>	<b>44</b>	<b>2</b>	<b>125</b>
Fair value changes	-1	46	-3	42
Capital gains transferred to income statement	-9	-26		-35
Impairment loss transferred to income statement		3		3
Deferred tax	2	-5	0	2
<b>Closing balance 30 September 2021</b>	<b>71</b>	<b>62</b>	<b>-1</b>	<b>133</b>

The fair value reserve before tax amounted to EUR 166 million (80) at the end of the reporting period and the related deferred tax asset/liability was EUR -33 million (-16). The loss allowance on notes and bonds recognised at fair value through other comprehensive income totalled EUR 2 million (-2) in the fair value reserve during the reporting period. Data on 30 September 2020 are used as comparatives.

## Note 10. Collateral given

EUR million	30 Sep 2021	31 Dec 2020
Given on behalf of own liabilities and commitments		
Pledges		39
Others	17,637	9,710
<b>Total collateral given*</b>	<b>17,637</b>	<b>9,749</b>
Secured derivative liabilities	448	1,078
Other secured liabilities	16,004	8,046
<b>Total</b>	<b>16,452</b>	<b>9,124</b>

\* In addition, bonds with a book value of EUR 1.6 billion have been pledged in the central bank, of which EUR 1.0 billion in intraday settlement collateral. Given that the bonds are available for withdrawal without the central bank's advance permission, they are not presented in the table above.

## Note 11. Classification of financial assets and liabilities

### Fair value through profit or loss

Assets, EUR million	Amortised cost	Fair value through other comprehensive 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	32,221					32,221
Receivables from credit institutions	12,342					12,342
Derivative contracts			3,570		240	3,810
Receivables from customers	24,879					24,879
Notes and bonds	3,862	13,561	386			17,809
Equity instruments		0	17			17
Other financial assets	976					976
<b>Financial assets</b>						<b>92,053</b>
Other than financial instruments						65
<b>Total 30 September 2021</b>	<b>74,280</b>	<b>13,561</b>	<b>3,972</b>		<b>240</b>	<b>92,118</b>

Assets, EUR million	Amortised cost	Fair value through other comprehensive 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
<b>Financial assets</b>						<b>82,726</b>
Other than financial instruments						1,265
<b>Total 31 December 2020</b>	<b>60,154</b>	<b>16,052</b>	<b>5,511</b>	<b>799</b>	<b>209</b>	<b>83,991</b>

Liabilities, EUR million	Financial liabilities at fair value through profit or loss	Other liabilities	Hedging derivatives	Carrying amount total
Liabilities to credit institutions		42,136		42,136
Derivative contracts	2,742		116	2,859
Liabilities to customers		16,763		16,763
Debt securities issued to the public		22,009		22,009
Subordinated loans		2,002		2,002
Other financial liabilities		1,670		1,670
<b>Financial liabilities</b>				<b>87,437</b>
Other than financial liabilities				437
<b>Total 30 September 2021</b>	<b>2,742</b>	<b>84,579</b>	<b>116</b>	<b>87,874</b>

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
<b>Financial liabilities</b>				<b>78,522</b>
Other than financial liabilities				672
<b>Total 31 December 2020</b>	<b>4,070</b>	<b>74,257</b>	<b>195</b>	<b>79,194</b>

Bonds included in debt securities issued to the public are carried at amortised cost. On 30 September 2021, the fair value of these debt instruments was approximately EUR 250 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 12. Recurring fair value measurements by valuation technique

Fair value of assets on 30 September 2021, EUR million	Level 1	Level 2	Level 3	Total
Recognised at fair value through profit or loss				
Equity instruments		13	4	17
Debt instruments	125	15	246	386
Derivative financial instruments	6	3,717	87	3,810
Fair value through other comprehensive income				
Equity instruments		0		0
Debt instruments	12,342	765	453	13,561
<b>Total financial instruments</b>	<b>12,473</b>	<b>4,510</b>	<b>790</b>	<b>17,773</b>
Investment property			0	0
<b>Total</b>	<b>12,473</b>	<b>4,510</b>	<b>790</b>	<b>17,773</b>
<b>Fair value of assets on 31 December 2020, EUR million</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
<b>Total financial instruments</b>	<b>14,661</b>	<b>6,978</b>	<b>933</b>	<b>22,572</b>
Investment property			306	306
<b>Total</b>	<b>14,661</b>	<b>6,978</b>	<b>1,238</b>	<b>22,878</b>

<b>Fair value of liabilities on 30 September 2021, EUR million</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Recognised at fair value through profit or loss				
Other		0		0
Derivative financial instruments	0	2,831	28	2,859
<b>Total</b>	<b>0</b>	<b>2,831</b>	<b>28</b>	<b>2,859</b>

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

#### 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

<b>Financial assets, EUR million</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Derivative contracts</b>	<b>Fair value through other comprehensive income</b>	<b>Total assets</b>
<b>Opening balance 1 January 2021</b>	<b>574</b>	<b>61</b>	<b>297</b>	<b>933</b>
Transfers to assets held for distribution to owners	-336		-14	-350
Total gains/losses in profit or loss	-235	26		-209
Transfers into Level 3	245		285	530
Transfers out of Level 3			-115	-115
<b>Closing balance 30 September 2021</b>	<b>249</b>	<b>87</b>	<b>453</b>	<b>790</b>

<b>Financial liabilities, EUR million</b>	<b>Derivative contracts</b>	<b>Total liabilities</b>
<b>Opening balance 1 January 2021</b>	<b>42</b>	<b>42</b>
Total gains/losses in profit or loss	-14	-14
<b>Closing balance 30 September 2021</b>	<b>28</b>	<b>28</b>

## Total gains/losses included in profit or loss by item on 30 September 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)	-235			-235
Unrealised net gains (losses)	40			40
<b>Total net gains (losses)</b>	<b>-195</b>			<b>-195</b>

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 13. Off-balance-sheet commitments

EUR million	30 Sep 2021	31 Dec 2020
Guarantees	378	447
Other guarantee liabilities	1,740	1,539
Loan commitments	5,783	5,364
Commitments related to short-term trade transactions	652	227
Other*	504	676
<b>Total off-balance-sheet commitments</b>	<b>9,057</b>	<b>8,254</b>

\* Of which non-life insurance commitments to private equity funds amounted to EUR 174 million a year ago.

## Note 14. Derivative contracts

### Total derivatives 30 September 2021

EUR million	Nominal values/residual maturity			Total	Fair values*	
	<1 year	1–5 years	>5 years		Assets	Liabilities
Interest rate derivatives	37,238	78,276	99,105	214,620	2,895	1,989
Cleared by the central counterparty	10,704	39,009	53,325	103,038	57	51
Settled-to-market (STM)	6,856	25,292	38,736	70,884	45	41
Collateralised-to-market (CTM)	3,848	13,718	14,588	32,153	12	9
Currency derivatives	40,914	5,497	747	47,158	732	668
Equity and index-linked derivatives	2			2	0	
Credit derivatives	100	123		223	2	-17
Other derivatives	209	526	4	740	81	45
<b>Total derivatives</b>	<b>78,463</b>	<b>84,422</b>	<b>99,856</b>	<b>262,741</b>	<b>3,711</b>	<b>2,684</b>

### Total derivatives 31 December 2020

EUR million	Nominal values/residual maturity			Total	Fair values*	
	<1 year	1–5 years	>5 years		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
<b>Total derivatives</b>	<b>94,112</b>	<b>87,570</b>	<b>95,462</b>	<b>277,144</b>	<b>5,253</b>	<b>4,042</b>

\* 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 15. Investment distribution of the Insurance segment

Investment asset portfolio allocation	30 Sep 2021		31 Dec 2020	
	Fair value, EUR million*	%	Fair value, EUR million*	%
<b>Money market total</b>	<b>707</b>	<b>17</b>	<b>461</b>	<b>11</b>
Money market instruments and deposits**	702	17	456	11
Derivative instruments***	6	0	5	0
<b>Total bonds and bond funds</b>	<b>2,492</b>	<b>59</b>	<b>2,684</b>	<b>65</b>
Governments	424	10	605	15
Inflation-indexed bonds			10	0
Investment Grade	1,712	41	1,602	39
Emerging markets and High Yield	165	4	280	7
Structured investments****	191	5	188	5
<b>Total equities</b>	<b>555</b>	<b>13</b>	<b>525</b>	<b>13</b>
Finland	104	2	112	3
Developed markets	262	6	237	6
Emerging markets	114	3	110	3
Fixed assets and unlisted equities	6	0	6	0
Private equity investments	68	2	59	1
<b>Total alternative Investments</b>	<b>33</b>	<b>1</b>	<b>33</b>	<b>1</b>
Hedge funds	33	1	33	1
<b>Total property Investments</b>	<b>409</b>	<b>10</b>	<b>398</b>	<b>10</b>
Direct property investments	251	6	251	6
Indirect property investments	158	4	148	4
<b>Total</b>	<b>4,196</b>	<b>100</b>	<b>4,102</b>	<b>100</b>

\* 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 16. 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

### Schedule for Financial Statements Bulletin 2021 and Interim Reports and Half-year Financial Report in 2022:

Financial Statements Bulletin 2021	9 February 2022
Interim Report Q1/2022	4 May 2022
Half-year Financial Report H1/2022	27 July 2022
Interim Report Q1–3/2022	26 October 2022

Helsinki, 27 October 2021

**OP Corporate Bank plc**  
**Board of Directors**

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