



# OP Debt Investor Presentation Q1/2022

OP Financial Group and issuing entities  
OP Corporate Bank plc and OP Mortgage Bank

[www.op.fi/debtinvestors](http://www.op.fi/debtinvestors)

# Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. All forward-looking statements in this presentation expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of OP Financial Group and its various functions. No assurance can be given that such expectations will prove to have been correct. Accordingly, results may differ materially from those set out in the forward-looking statements as a result of various factors. OP Financial Group has used sources of information which it considers to be reliable, and the accuracy and reliability of which it has sought to establish to the best of its ability, but it can nevertheless not guarantee their accuracy or reliability.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations. Our financial reports also describe risks and factors that could affect our future performance and the industry in which we operate. Should one or more of these risks or uncertainties materialize or should any underlying assumptions prove to be incorrect, our actual financial position or results of operations could materially differ from that presented as anticipated, believed, estimated or expected. The views and other information provided are current as at the date of when such information was provided and may be subject to change without notice. OP Financial Group does not undertake and is not under any obligation to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law or applicable stock exchange regulations.

Past performance is no guide to future performance. Persons needing advice should consult an independent financial, legal or tax adviser.

# Contents

## Finnish economy

Outlook for the Finnish economy	4
OP Financial Group	8

## OP Financial Group

Financial performance	15
Loan book overview and asset quality	18
Capital position	23
Liquidity and funding	28

## OP as a responsible actor in the Finnish society

Corporate responsibility	34
Green bonds	41

## OP Mortgage Bank cover pool characteristics

OP Mortgage Bank	48
------------------	----

Appendix	55
----------	----

Contacts	58
----------	----



This presentation is targeted for debt investors interested in OP Financial Group. The aim of this presentation is to provide insights into the Finnish economy as well as OP Financial Group's financial performance and corporate responsibility actions.

For more information:  
[OP Financial Group's reports](#)  
[CFO's Results Interview](#)



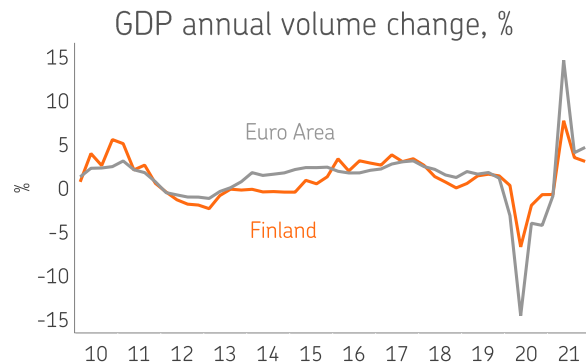
# Outlook for the Finnish Economy

# Forecasts for the Finnish economy

Published on 11 March, 2022

	2020	2021	2022f	2023f
GDP volume, annual growth %				
Finland	-2,3	3,3	2,0	1,0
Euro area	-6,5	5,2	3,2	2,0
Unemployment rate, %				
Finland	7,7	7,7	6,9	6,9
Euro area	7,9	8,0	7,5	7,5
Current account balance, % of GDP				
Finland	0,8	0,8	0,8	0,4
Euro area	2,1	2,4	2,3	2,4
General government net lending, % of GDP				
Finland	-5,5	-2,8	-1,8	-1,5
Euro area	-7,2	-7,1	-3,4	-2,5
General government debt, % of GDP				
Finland	69,5	67,5	66,5	66,5
Euro area	99,0	101,4	100,9	101,8
Inflation, %				
Finland	0,3	2,2	4,4	2,2
Euro area	0,3	2,6	5,5	2,3

Sources: Statistics Finland, Eurostat, OP



Source: Macrobond, OP

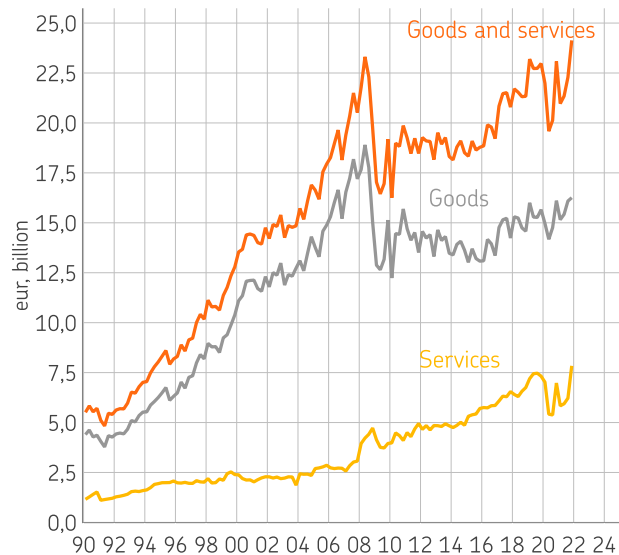


Source: Macrobond, Eurostat, StatFin, OP

# Foreign trade structure rather stable

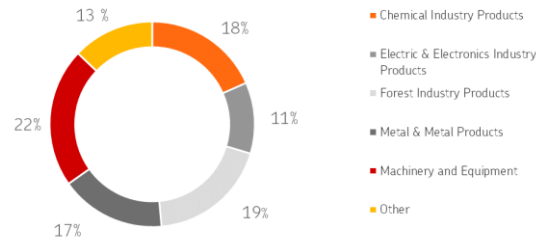
Finland is an exports-driven economy with around 40 % of GDP deriving from exports

Exports of goods and services, SA

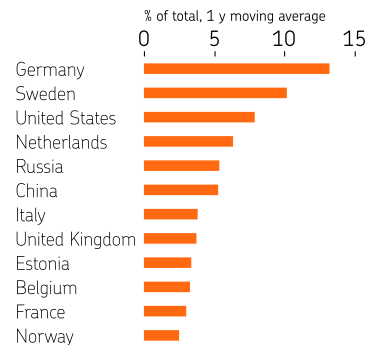


Source: Macrobond, OP

Exports by commodity group



Goods exports by country



Source: Macrobond, OP

# Finnish housing market is stable

## Characteristics

- Fully-amortizing housing market
- Average maturity of a new home loan 21 years
- 98% of home loans tied to variable interest rates
- Home loan cap (LTC) restored to pre-pandemic level of 85% (90%) and for first-home-buyers 90% (95%)

OP's  
market share  
**39%**  
in mortgages

OP's stress-test of

**6%**

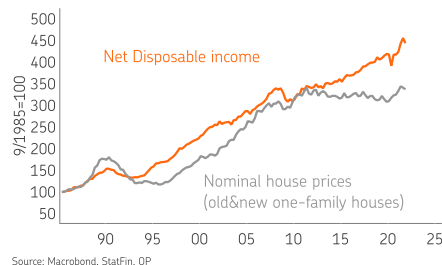
interest rate in  
25 years' maturity

**31%**

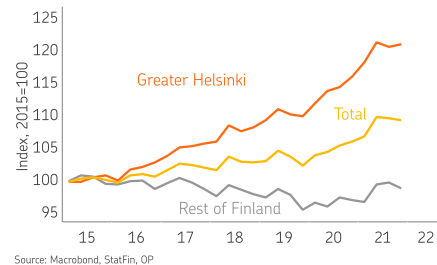
of OP's private customers'  
mortgages are protected by  
interest rate cap

## Finland

Change in house prices and net income

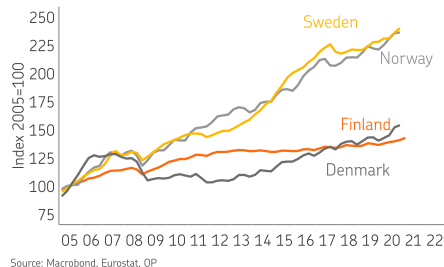


Real estate prices, old dwellings

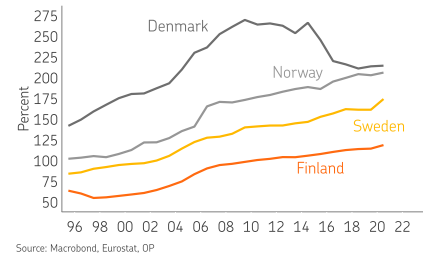


## Nordic countries

House prices

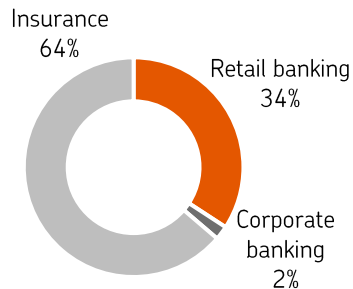


Gross Debt-to-Income Ratio



# OP Financial Group

# Co-operative OP Financial Group



€189 mn

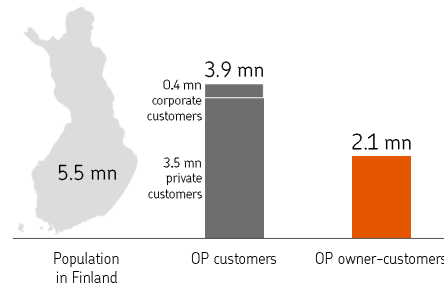
Group EBT in  
Q1/22

18.4%

CET1 ratio

€169 bn

Total assets



## Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	32%	21%

## Joint liability

Central institution, OP Cooperative, and the member credit institutions (incl. both issuing entities) of the amalgamation are jointly liable for each others' debts and commitments, by virtue of the Finnish law.

## Strong credit ratings

Moody's Aa3  
S&P AA-

OP Corporate  
Bank plc

Moody's Aaa  
S&P AAA

OP Mortgage  
Bank's covered  
bonds

# Group Structure

2.1 million owner-customers

119 OP cooperative banks

Central Cooperative

## Retail Banking

The Retail Banking segment consists of banking for private and SME customers at OP cooperative banks and at the central cooperative consolidated.

- OP Mortgage Bank\*
- OP Retail Customers plc
- Helsinki Area Cooperative Bank

## Corporate Banking

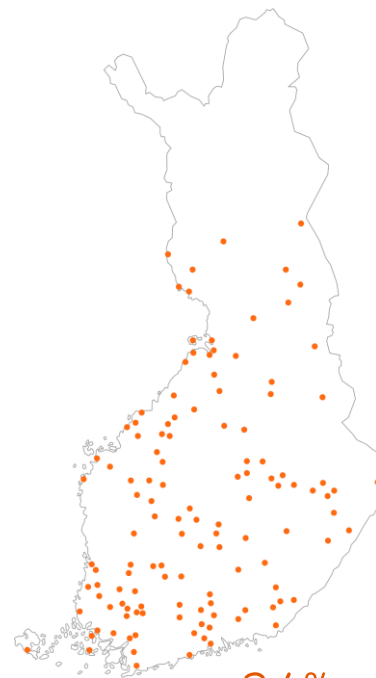
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

- OP Corporate Bank plc\*
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd

## Insurance

The Insurance segment comprises Pohjola Insurance and OP Life Assurance Company.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd



**-34%**  
number of  
cooperative banks  
since 2014

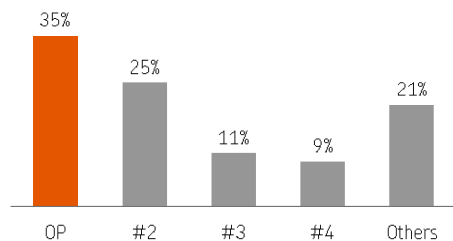
Major subsidiaries

\*Issuing entity

© OP Financial Group / OP-Public

# OP is the leading financial group in Finland

## Loans



OP's market share in

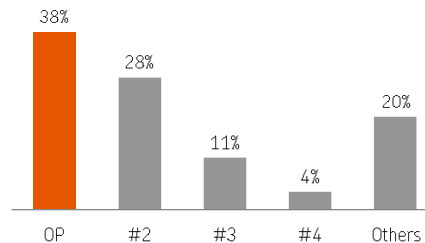
39%

Mortgages

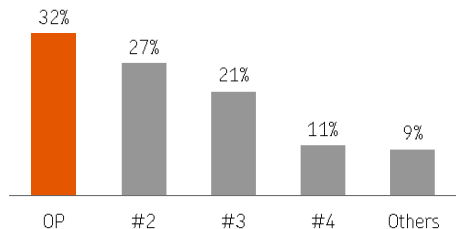
39%

Corporate loans

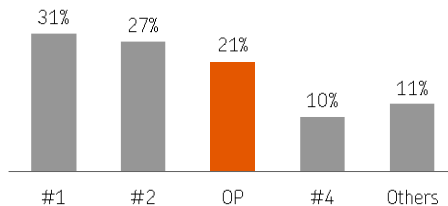
## Deposits



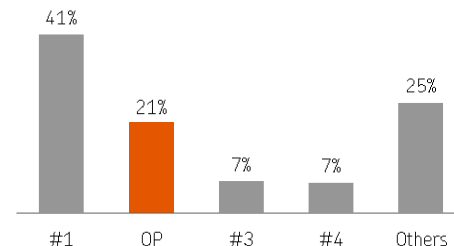
## Non-life insurance



## Life insurance



## Mutual funds



# OP's strategic priorities and long-term targets



Strong culture of risk management and compliance

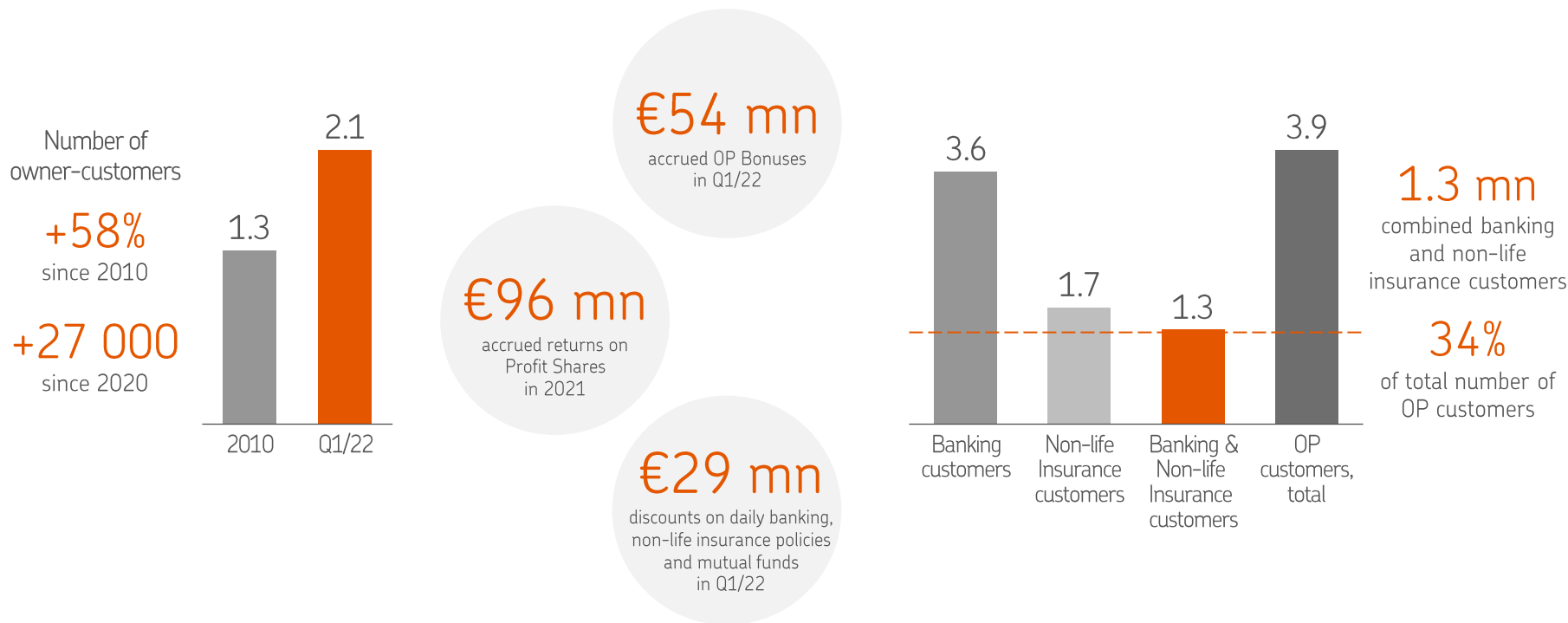
”

We aspire to be the leading and most appealing financial services group in Finland.

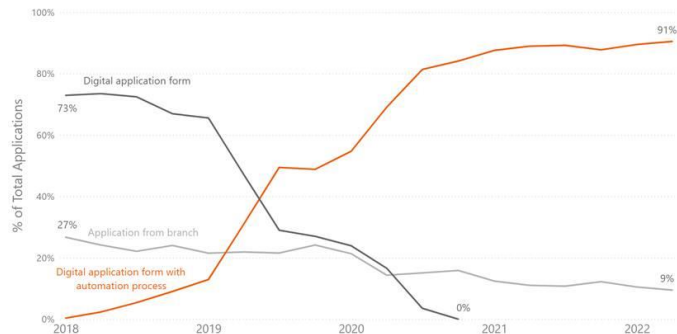
## OP Financial Group's strategic long-term targets

	31 Mar 2022	Target 2025
Return on equity (ROE) excluding OP bonuses, %	5.8	8.0
CET1 ratio, %	18.4	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 27 Insurance: 17	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

# Attractive loyalty benefits support cross-selling



# Digital customer experience

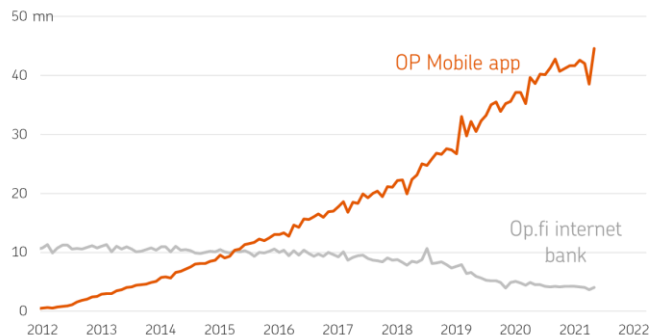


10+ years  
since OP Mobile was first released

>99%  
of OP's private customer service  
encounters occur in digital channels

>70%  
of customers classified as active users  
who login daily

Logins by month



## Key functionality areas:



### Daily banking

Transactions and money transfers

Account management, financial  
balance tools and salary data

Multi-Bank service

Card management and Apple Pay

© OP Financial Group / OP-Public



### Loans & homes

Loan and mortgage applications

Information on existing loans and  
upcoming instalments

Security for loans with interest rate  
cap and payment protection insurance



### Savings & investments

Tools for trading shares and mutual  
funds

Watchlist, notifications for exchange  
rate alarms

OP Investment Partner



### Insurance



Buy and manage

View existing claims

Report a loss and get help in case of  
an emergency

# Financial Performance

# Key financial figures Q1/22

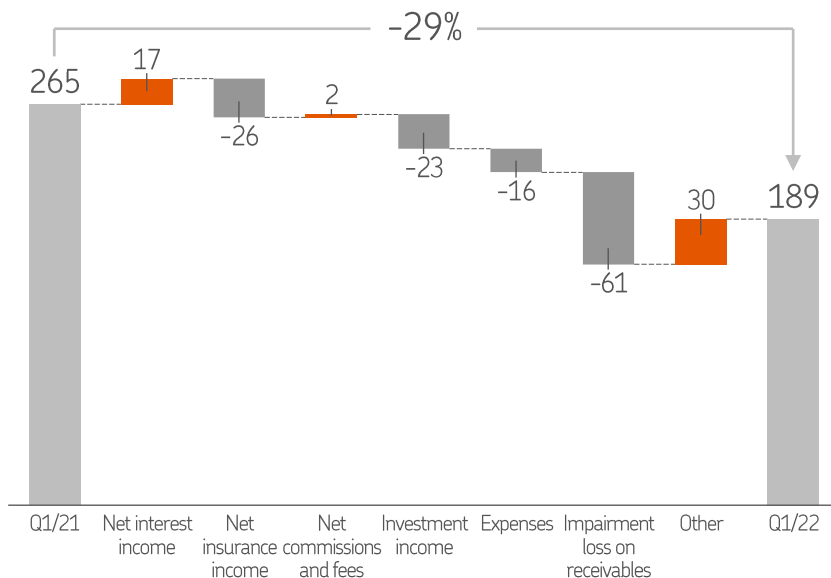
Group EBT	Total income	Total expenses	Total loans	Total deposits	Assets under management
<b>€189 mn</b> -29%	<b>€793 mn</b> -11%	<b>€523 mn</b> +3%	<b>€97 bn</b> +0%	<b>€75 bn</b> -1%	<b>€106 bn</b> -6%
Retail banking EBT €54 mn (-18%)	Net interest income €333 mn (+5%)	Personnel costs €226 mn (+2%)	Home loans €42 bn (+1%)	 In responsible investment funds €8.8 bn (2021)	
Corporate banking EBT €3 mn (-97%)	Net insurance income €131 mn (-16%)	Development cost impact €50 mn (+9%)	Corporate loans €23 bn (+1%)		
Insurance EBT €100 mn (-14%)	Net commissions and fees €272 mn (+1%)	 Issued sustainability-linked loans, green loans and credit limits €3 bn (2021)			
Other operations EBT €11 mn	Investment income €68 mn (-25%)				

”

OP Financial Group's EBT for 2022 is expected to be lower than in 2021.

# Financial performance

EBT year on year change, € mn



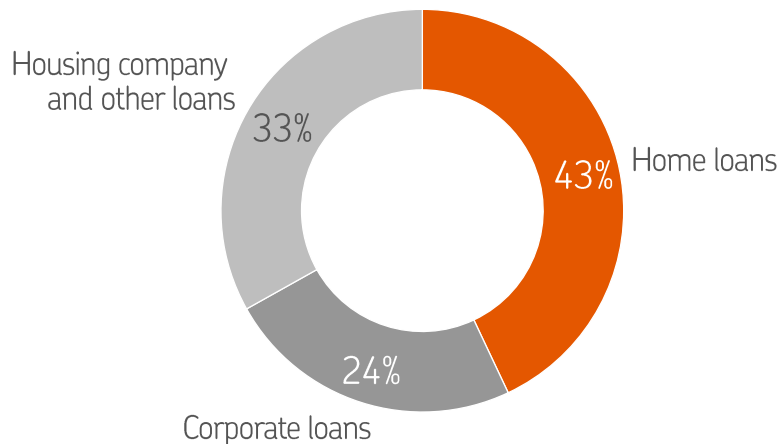
mn €	Q1/22	Q1/21	Change %
Net interest income	333	316	5%
Net insurance income	131	157	-16%
Net commissions and fees	272	270	1%
Net investment income	18	146	-88%
Other operating income	39	7	475%
<b>Total income</b>	<b>793</b>	<b>896</b>	<b>-11%</b>
Personnel costs	226	222	2%
Depreciation and impairment loss	57	64	-10%
Other operating expenses	239	221	8%
<b>Total expenses</b>	<b>523</b>	<b>507</b>	<b>3%</b>
Impairment loss on receivables	-83	-22	271%
Overlay approach	51	-55	-193%
OP bonuses to owner-customers	-49	-46	5%
<b>Earnings before tax</b>	<b>189</b>	<b>265</b>	<b>-29%</b>



# Loan Book Overview and Asset Quality

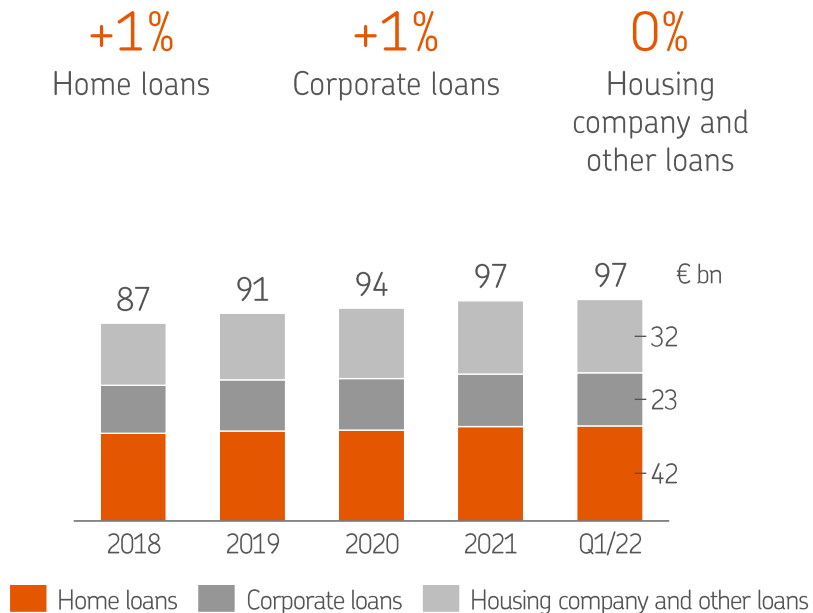
# Loan portfolio well diversified

Loan portfolio breakdown, %

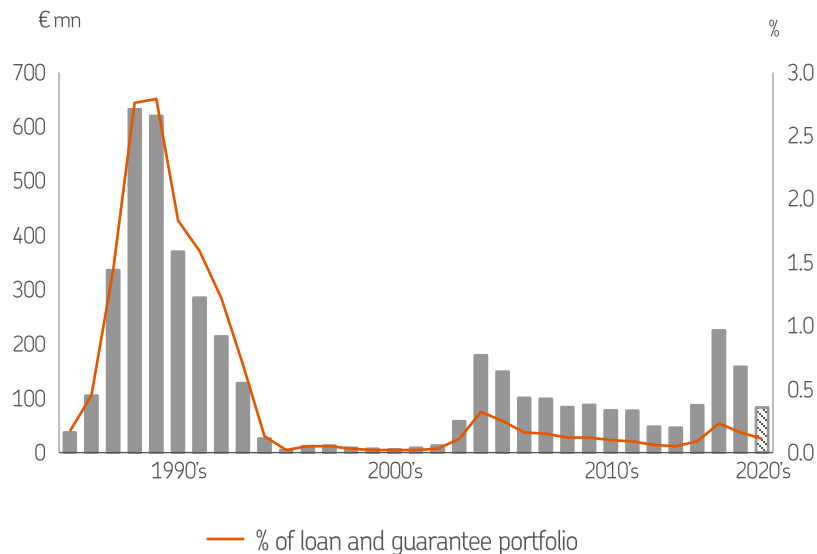


Other loans include loans for holiday homes, consumer loans, student loans, financial institutions, public sector, non-profit organisations and customers abroad

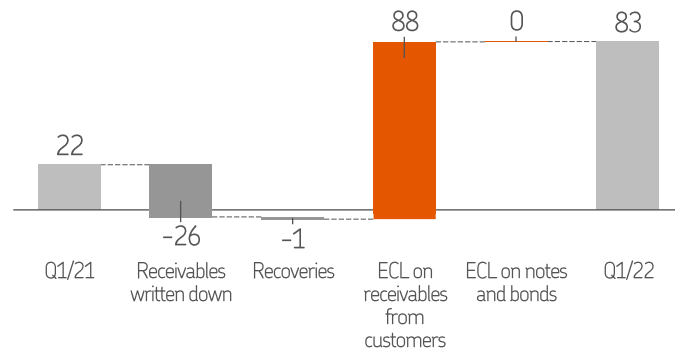
Loan portfolio growth by product group



# Impairment loss on receivables



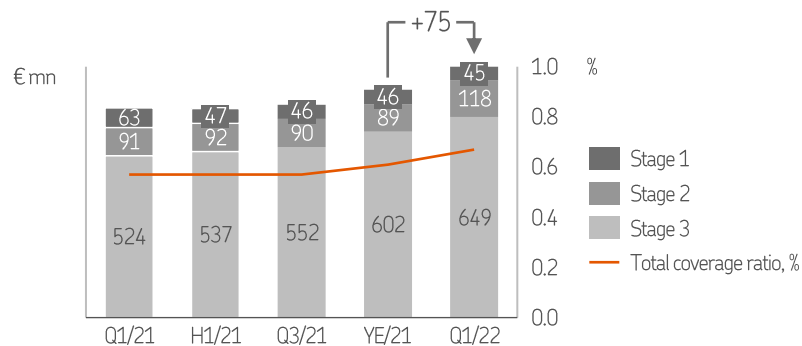
Breakdown of total impairment losses, € mn



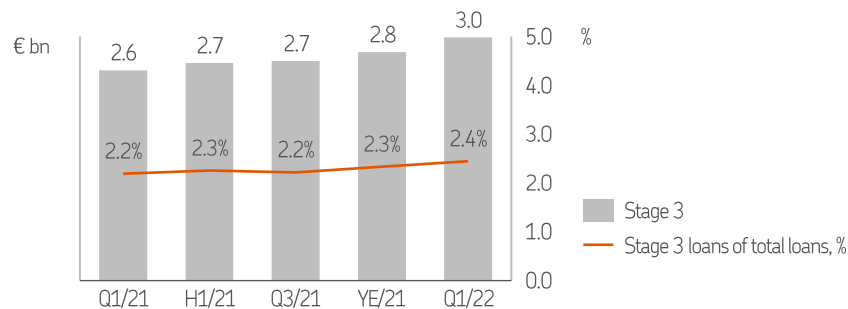
€ mn	Q1/22	Q1/21
Receivables written down	12	38
Recoveries of receivables written down	-3	-2
ECL on receivables from customers	75	-13
ECL on notes and bonds	0	0
Total impairment losses on receivables	83	22
% of loan and guarantee portfolio	0.11%	0.09%

# Credit quality and ECL

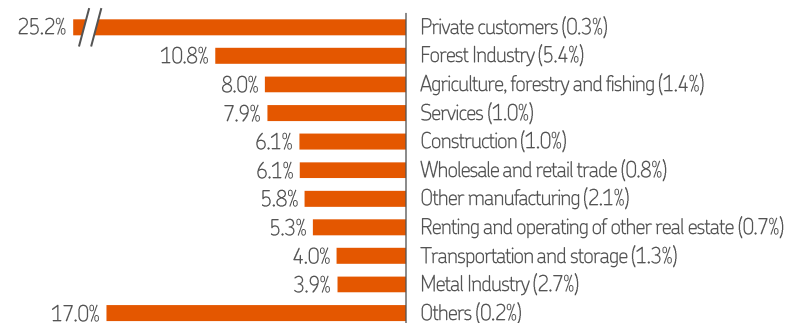
ECL allowance on receivables from customers by stage



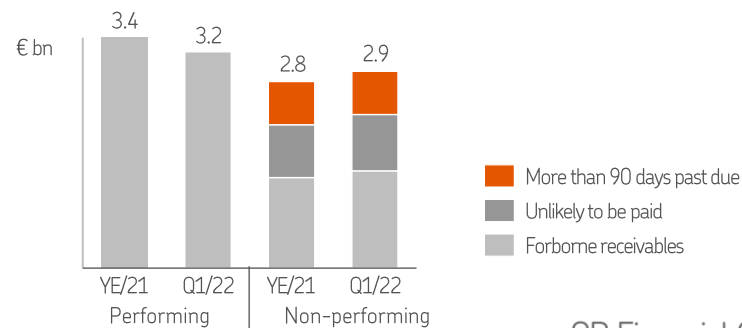
Stage 3 loans



ECL allowance by sector (% of gross exposure)

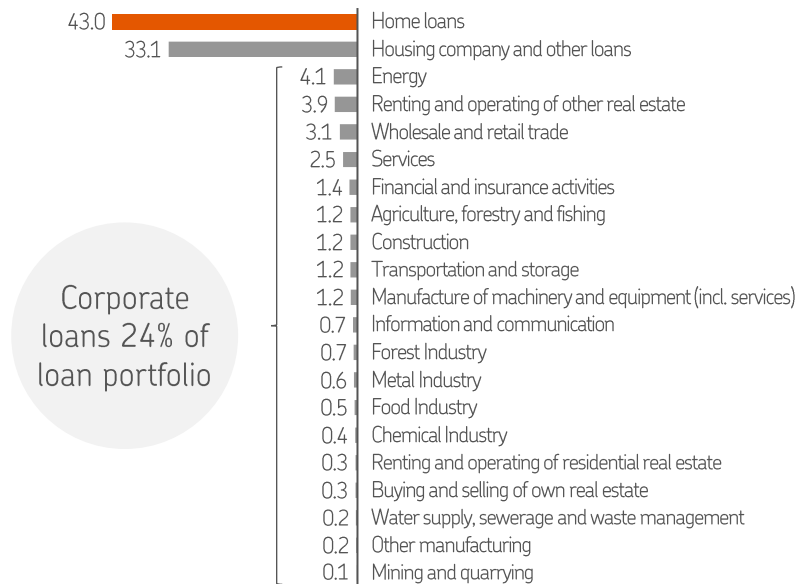


Doubtful receivables 5.2% of loan and guarantee portfolio

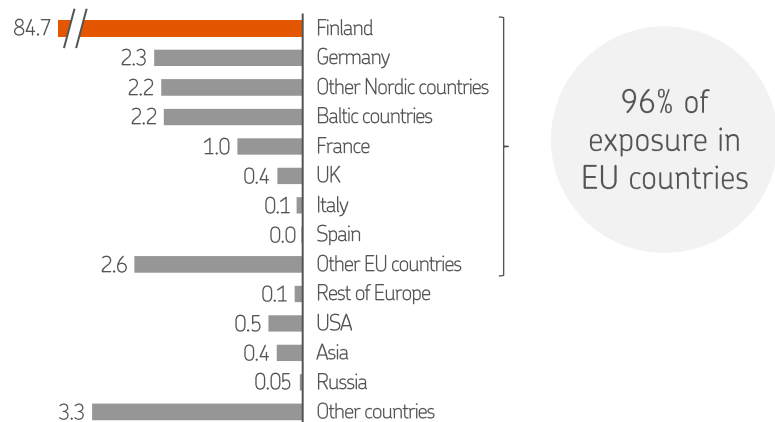


# Lending characteristics

Loan portfolio breakdown, %



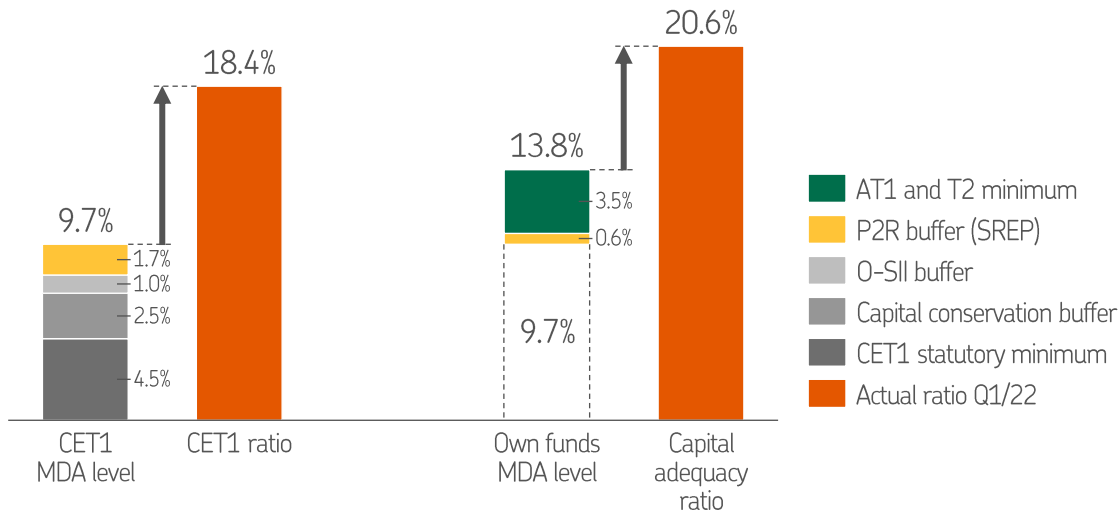
Exposure split by geographic region, %



The exposures cover all balance-sheet and off-balance-sheet items and are based on values used in capital adequacy.

# Capital Position

# Capital position well above requirement



The statutory minimum for the CET1 ratio is 4.5% and for the capital adequacy ratio 8%.

The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1% and the ECB's P2R requirement of 2.25% increase the CET1 ratio to 9.7% and the minimum capital adequacy ratio to 13.8%.

18.4%

CET1 ratio with a buffer of 8.7 percentage points above requirement

13.7%

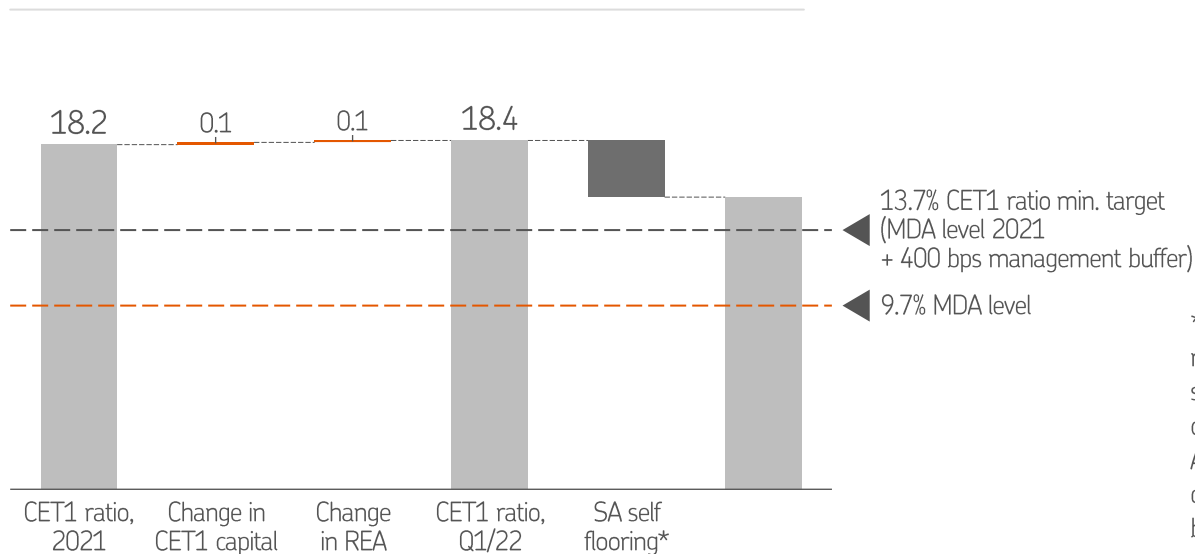
CET1 target: MDA level + 400 bps management buffer

7.6%

Leverage ratio and regulatory minimum requirement of 3%

# Strong capital position

CET1 ratio development, %



**€12.1 bn**

CET1 capital (€12.0 bn)

**€3.2 bn**

Profit Shares in CET1 capital (€3.1 bn)

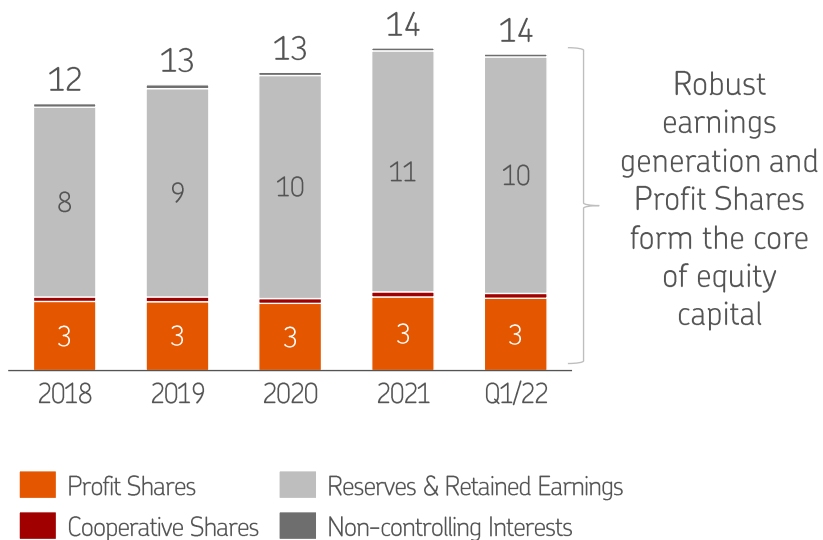
**€65.4 bn**

REA (€65.7 bn)

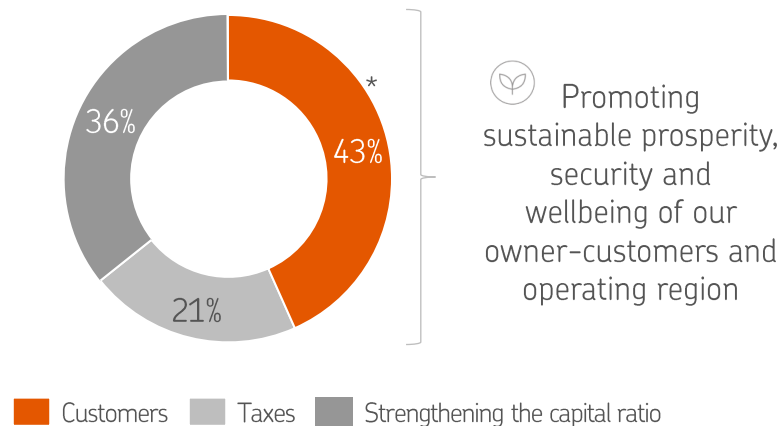
\*OP Financial Group has decided to apply a risk-weighted assets floor based on the standardised approach (SA floor) in the calculation of its capital adequacy ratio. Application of the floor is expected to decrease OP Financial Group's CET1 ratio by no more than 3 percentage points in the second quarter of 2022.

# Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %

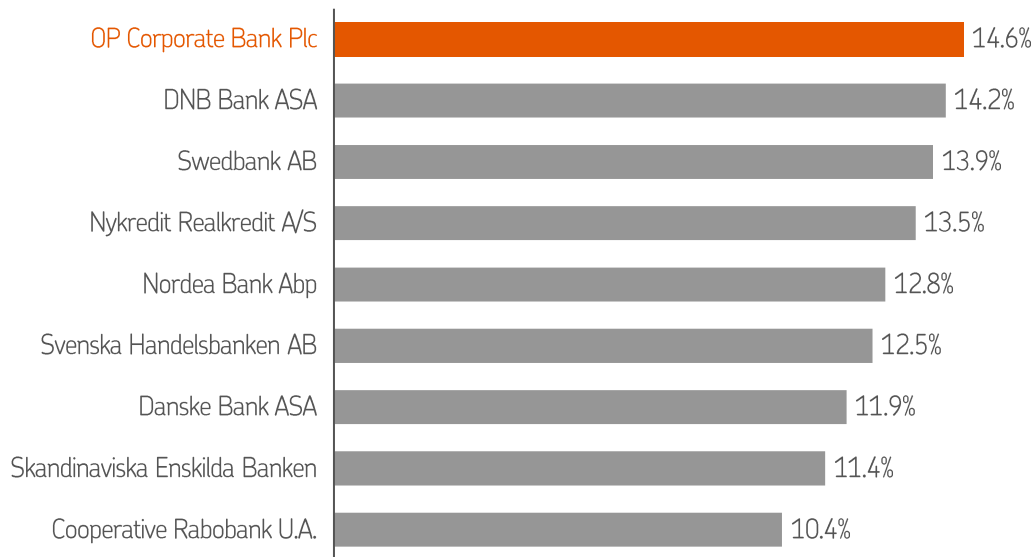


\* customer bonuses, discounts and interest on Profit Shares of owner-customers

” OP is the most value-adding company in Finland.  
(ETLA, 2020)

# S&P RAC ratio comparison

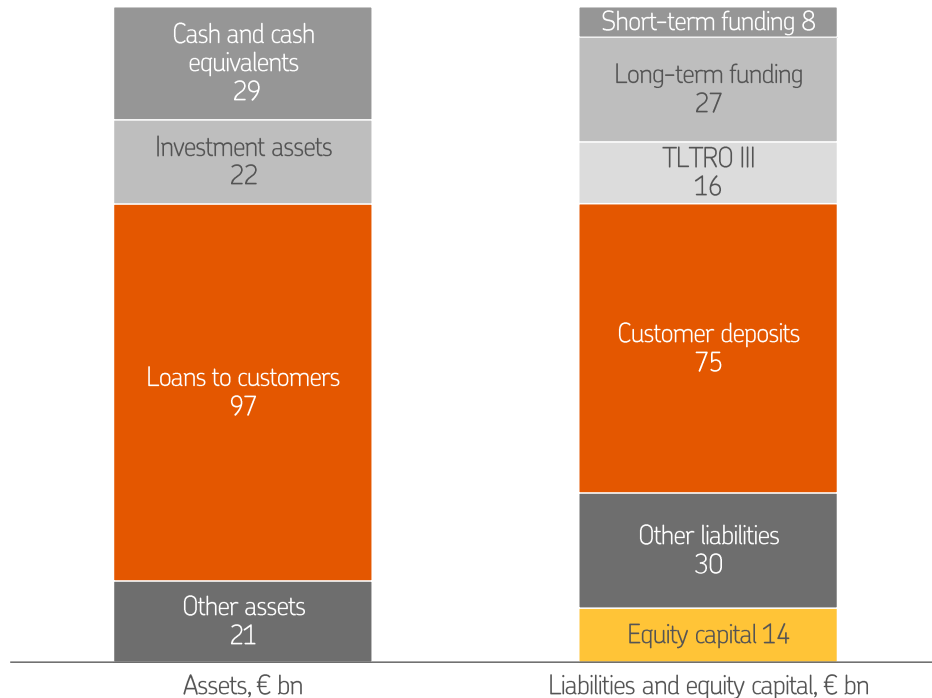
Northern European banks' S&P RAC ratios, before diversification (YE2020)



In comparison to large Nordic banks, OP has the strongest RAC ratio

# Liquidity and Funding

# Balance sheet totaled at €169 bn



Loans to customers **57%**  
 Customer deposits **44%**  
 Market-based funding **21%** } of balance sheet

Deposits within the scope of deposit guarantee **€44 bn.**  
 The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

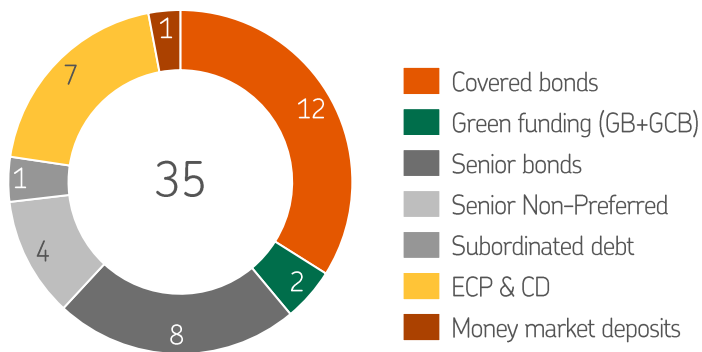
Asset encumbrance **22%** at YE2021.

Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

Other liabilities include: Insurance liabilities, liabilities from unit-linked insurance and investment contracts, derivative contracts, provisions and other liabilities, liabilities to credit institutions (excl. TLTRO III) and tax liabilities.

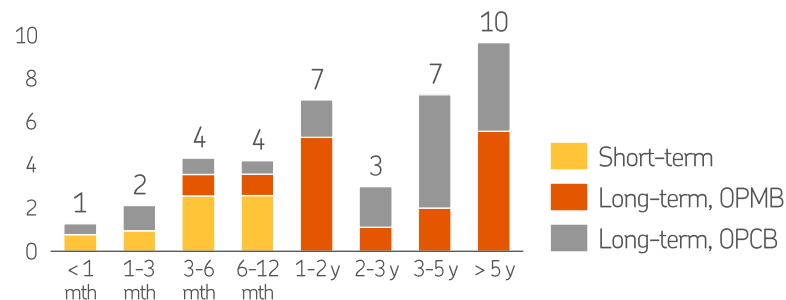
# Well-balanced funding position

Long and short-term funding, € bn

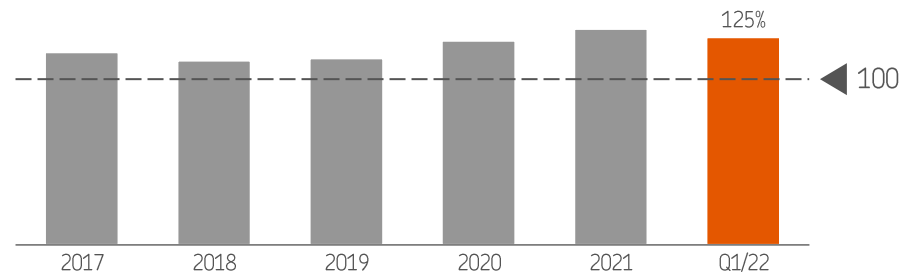


- In January, OP Corporate Bank issued a Green SNP of €500 mn

Maturity profile, € bn

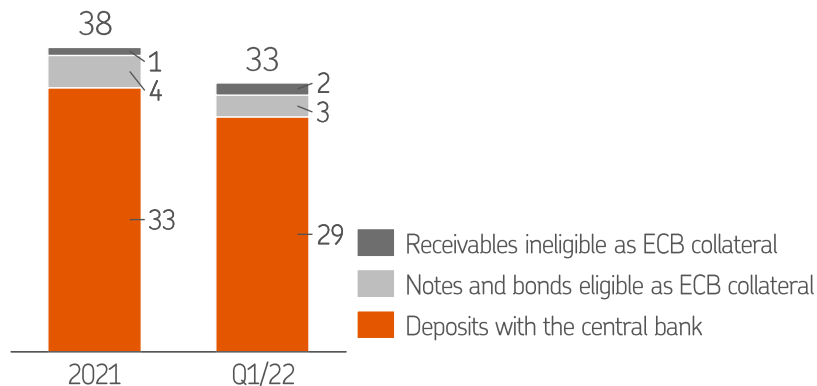


Net Stable Funding Ratio (NSFR)



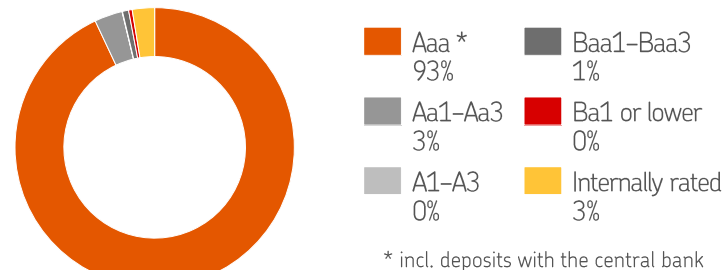
# Strong liquidity position

Liquidity buffer breakdown, € bn

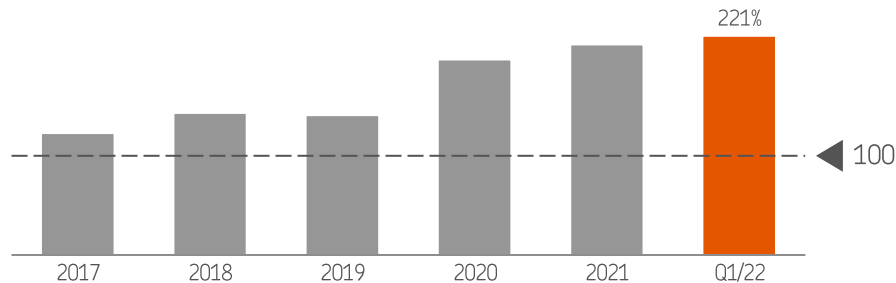


- The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

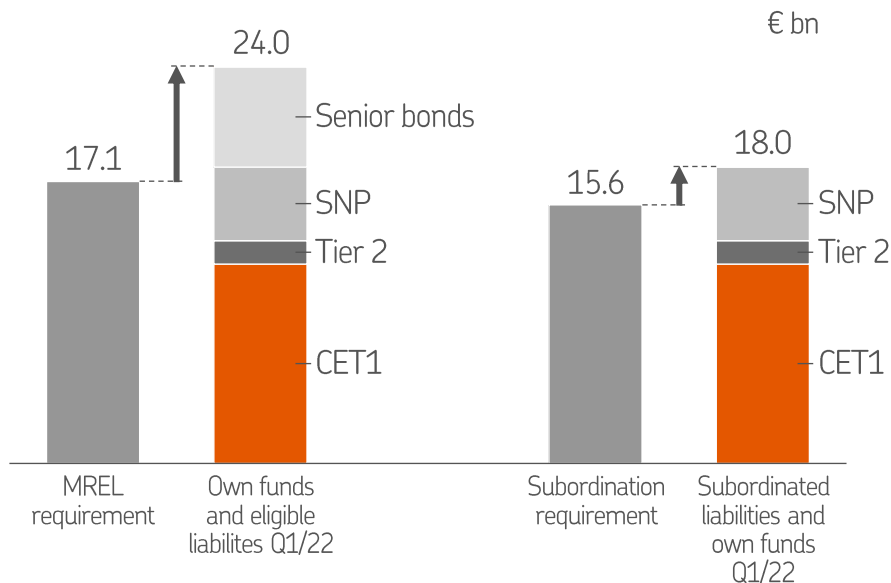
Liquidity buffer by credit rating, %



Liquidity Coverage Ratio (LCR)



# MREL requirement



## Own funds and eligible liabilities, € bn

CET1	12.1	subordinated liabilities and own funds €18 bn
Tier 2	1.4	
SNP	4.5	
Senior bonds	6.1	
Total	24.0	

## MREL requirement, €bn

26.1% of REA	17.1	MREL requirement based on total Risk Exposure Amount (REA).
9.9% of LRE	15.6	
MREL-buffer	7.0	

## Subordination requirement, € bn

22% of REA	14.4	Subordination requirement based on Leverage Ratio Exposure (LRE).
9.9% of LRE	15.6	
Subordination buffer	2.3	

# Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Mortgage Bank	2022	April	Green Covered Bond	€1 bn	5.5 yrs
OP Corporate Bank	2022	January	Green Senior Non-Preferred	€500 mn	5.5 yrs
OP Corporate Bank	2021	October	Senior Non-Preferred	£400 mn	5 yrs
OP Corporate Bank	2021	September	Senior Non-Preferred	€500 mn	7.25 yrs
OP Corporate Bank	2021	June	Senior Non-Preferred	€500 mn	7 yrs
OP Mortgage Bank	2021	March	Green Covered Bond	€750 mn	10 yrs
OP Corporate Bank	2021	March	Senior Non-Preferred	€500 mn €300 mn	5 yrs 10 yrs
OP Mortgage Bank	2020	November	Covered Bond	€1.25 bn	10 yrs
OP Corporate Bank	2020	November	Senior Preferred	€1 bn	7 yrs
OP Corporate Bank	2020	June-July	Senior Preferred	€1 bn	4 yrs
OP Corporate Bank	2020	June	Tier 2	€1 bn	10 yrs (10 non-call 5)
OP Corporate Bank	2020	June	Tier 2	SEK3.25 bn	10 yrs (10 non-call 5)
OP Corporate Bank	2020	May	Senior Preferred	€1 bn	5.25 yrs

Funding based on strong credit ratings

	S&P	Moody's
Outlook	Stable	Stable
Covered bonds	AAA	Aaa
Senior Preferred	AA-	Aa3
Senior Non-Preferred	A	A3
Tier2	A-	Baa1
Short-term issuer rating	A-1+	P-1

A man with a beard and curly hair, wearing a green jacket, is kneeling on the ground. A young girl with blonde hair and a bow, wearing a dark sweater with pink polka dots and a brown skirt, is standing next to him. She is holding a colorful, rainbow-striped balloon. The man is holding the string of the balloon. They are both smiling and looking at each other. In the background, there is a brick building and a white car. A red shopping bag with a white handle is on the ground. The text "OP as a Responsible Actor in the Finnish Society" is overlaid on the left side of the image.

# OP as a Responsible Actor in the Finnish Society

# OP's sustainability journey

## Earlier steps

## Most recent actions

- 2002 Sustainability- themed fund  
OP-Sustainable Development
- 2003 CSR reporting began
- 2009 Signing of the UN Principles for Responsible Investment
- 2012 Code of Business Ethics
- 2015 Carbon footprints measured for mutual funds
- 2016 Exclusion of carbon investments
- 2017 CR programme:  
Integration of SDG targets  
  
Target: own operations carbon neutral by 2025

2018  
Ethical principles of AI

Green Bond Framework



2019

The first Green Bond

New sustainable corporate financing products

Founding signatory of  
UNEP FI Principles for Responsible Banking

2020  
Green Covered Bond Framework



2021

Finland's first Green Covered Bond

2022  
Renewed Green Bond Framework

OP's inaugural Green SNP



2022

OP Mortgage Bank Green Covered Bond

# Climate targets aligned with the Paris Agreement

OP aims for  
carbon neutrality



2025

Zero emissions from the energy and fuels that OP uses (Scope 1 and 2).

Halving the  
emission intensity of funds



2030

OP Asset Management will halve the greenhouse gas emission intensity of OP's mutual funds by 2030 compared to the 2019 level.

By the end of 2030, direct and active investments exclude business related to coal mining or coal power generation.

Carbon neutral funds &  
corporate loan portfolios



2050

OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios by 2050.

OP Asset Management & OP Fund Management Company have made the same commitment regarding the funds they manage together.

OP Asset Management & OP Real Estate Asset Management have signed the Net Zero Asset Managers Commitment.

# OP Corporate Bank's ESG actions

## ESG integration into lending processes

ESG themes integrated into lending and OP Corporate Bank will assess how corporate customers have prepared for risks caused by the ESG factors in all significant loan decisions.

## Supporting customers through the change

Ensuring that corporate customers are prepared for the impact of climate change and supporting them on their way towards low-carbon operations. Providing green loans for projects that are environmentally useful.

## Creating a road map

A road map for reducing emissions **significantly before 2050**.

## Exclusion of financing coal

OP Corporate Bank **will not provide** finance for new coal power plants or coal mines, including companies that plan to build them.

by  
**2050**

OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios



OP Financial Group is among the first banks in Europe to have published a sector-specific emission calculation of its portfolio of exposures.

# OP is highly committed to Corporate Responsibility



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

UNEP FI, Principles for Responsible Banking & Collective Commitment to Climate Action

Following the Paris Agreement, portfolios and lending procedures reflect low-carbon, climate-resilient economy



UN Global Compact initiative  
10 principles on human rights, labour standards, environment and anti-corruption



Principles for Responsible Investment (PRI)

Commitment by OP Asset Management Ltd, OP Fund Management Company Ltd and OP Real Estate Asset Management Ltd



OECD Guidelines for Multinational Enterprises

Incl. voluntary CR principles and standards



Equator Principles

Project financing that manages risks related to environmental issues and social responsibility



CDP














Measuring the carbon footprint of funds and complying with CDP's climate change, water and deforestation initiatives

## ESG participation & cooperation

- Finland's Sustainable Investment Forum (FINSIF)
- Global Compact Nordic Network
- International Capital Markets Association's (ICMA) Green and Social Bond Principles
- Partnership agreement with Climate Bonds Initiative (CBI)
- CR network of the Finnish Business & Society association (FIBS)
- OP Asset Management Ltd: official supporter of The Task Force on Climate-related Financial Disclosures (TCFD)
- Pohjola Insurance: UN Principles of Sustainable Insurance
- WWF's Green Office


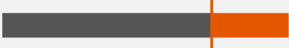



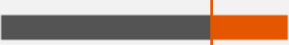






# OP's Corporate Responsibility Programme

SDG	Target	Metric	2021	2020
  	<b>We improve financial literacy in Finland</b>			
	We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	over 39,000	52,000
	We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	over 8,400	4,500
  	<b>We foster a sustainable economy</b>			
	We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits, million €	3,036	1,523
	We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds, billion €	8.8	4.9
 	Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2), tonnes CO <sub>2</sub> e	25,485*	17,922
  	<b>We support local vitality and community spirit</b>			
	We are our sector's leading promoter of physical activities in Finland through our partnerships with sports clubs and federations.	Number of people in Finland reached through sports clubs	304,000	289,000
	We increase the diversity of our personnel and take account of equality issues in everything we do.	Percentage of women in executive positions at least 40%	30%	28%
 	<b>We use our information capital responsibly</b>			
	Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	91%	100%

# ESG Ratings

OP is among the top performers in the banking sector

Rating agency	Rating	Rating scale	OP's performance relative to the industry
<b>MSCI</b> 	AA	CCC to AAA	low  high
 <b>SUSTAINALYTICS</b>	17.1 (low risk)	100 to 0 (severe to negligible risk)	low  high
<b>ISS ESG</b> 	C-	D- to A+	low  high
 <b>CDP</b> <small>DISCLOSURE INSIGHT ACTION</small>	A-	D- to A	low  high
 <b>vigeo eiris</b>	58	0 to 100	low  high

# Green Bonds

# Green bonds support OP's mission and values

”

Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region.

## OP's values



People First



Responsibility



Succeeding  
Together

## Responsible business

- Strengthening OP's responsible role in the Finnish society
- Promoting one of the 4 key themes and commitments of OP's CR programme – Fostering sustainable economy

## Promoting the green transition

- Providing customers and investors with services and products that enable sustainable choices
- Conducting business in a responsible manner: understanding customers' ESG risks better, while integrating sustainable policies into lending
- Enabling the continuity and growth of Finnish companies' sustainable business

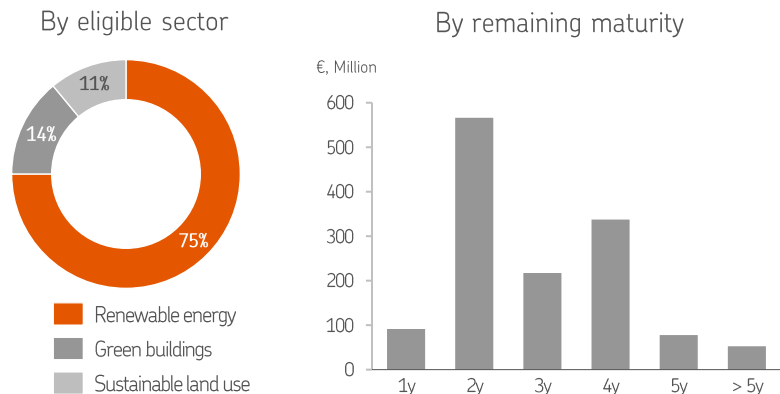
# OPCB's Renewed Green Bond Framework 2022

Use of proceeds	Project evaluation and selection	Management of proceeds	Reporting	External review and verification
<ol style="list-style-type: none"> <li>1. Renewable Energy</li> <li>2. Transmission of Energy</li> <li>3. Energy Efficiency</li> <li>4. Green Buildings</li> <li>5. Pollution Prevention and Control</li> <li>6. Environmentally Sustainable Management of Living Natural Resources and Land Use</li> <li>7. Clean Transportation</li> </ol>	<ul style="list-style-type: none"> <li>• Conventional credit process and green bond process in accordance with the eligibility criteria</li> <li>• Proceeds may be used for financing of general corporate purposes to dedicated businesses ("pure players") meeting specific eligibility criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Green Bond Register is monitored on a monthly basis</li> <li>• Quarterly internal reporting to Green Bond Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Green Bond Report published on OP's website</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainalytics' Second Party Opinion</li> <li>• Limited assurance report by an external auditor</li> </ul>



# OP Corporate Bank's Green Bond Report

## Assets included in the green bond register, YE2021



- Eligible assets worth €1,342.4 million & reserve of unallocated green assets €842.4 million.

## OP Green bond impacts, YE2021



### Renewable Energy

- 391,400 tCO<sub>2</sub>e avoided
- 1,302.5 GWh of energy generated
- 320.1 MW of energy capacity installed



### Green Buildings

- 17,892 m<sup>2</sup> of green certified building area and 6,645 m<sup>2</sup> currently under construction
- 2,069 tCO<sub>2</sub>e avoided due to reduced energy consumption



### Sustainable Land Use

- 34,722 ha of certified forests
- 36,807 tCO<sub>2</sub>e in carbon sinks

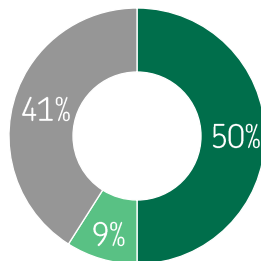
More information in [OP Corporate Bank's Green Bond Report](#)

# OP's green issuances

## OP Corporate Bank plc

### Green SNP 2022, €500 mn

- Over-subscribed by more than 3 times
- > 130 investor accounts involved



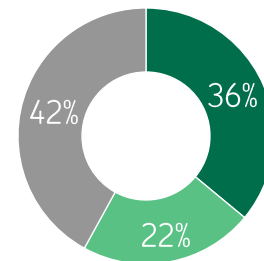
### Green Bond 2019, €500 mn

- Over-subscribed by 4 times
- ~ 100 investor accounts involved

## OP Mortgage Bank

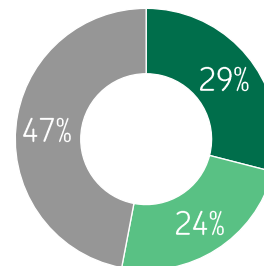
### Green Covered Bond 2022, €1 bn

- Over-subscribed by more than twice
- > 50 investor accounts involved



### Green Covered Bond 2021, €750 mn

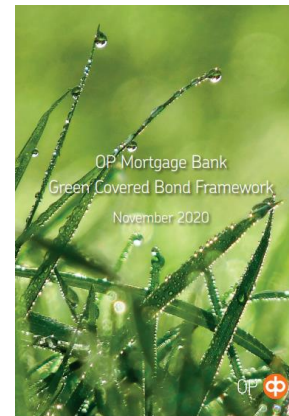
- Over-subscribed by more than twice
- > 50 investor accounts involved



Dark green
  Light green
  Conventional

# OPMB's Green Covered Bond Framework 2020

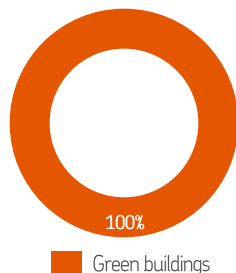
Use of proceeds	Project evaluation and selection	Management of proceeds	Reporting	External review and verification
<ul style="list-style-type: none"> <li>Eligible sector: Green buildings</li> <li>Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria</li> </ul>	<ul style="list-style-type: none"> <li>To identify eligible mortgages, data from various sources is utilized (e.g. ARA)</li> <li>The energy performance certificates (EPCs) are used to assess eligibility</li> <li>If EPCs are not available, the secondary approach is energy efficiency statistical modelling</li> </ul>	<ul style="list-style-type: none"> <li>Cover pool is reviewed as a part of the pooling process on a regular basis</li> <li>Quarterly internal reporting to Green Bond Committee</li> </ul>	<ul style="list-style-type: none"> <li>Annual Green Covered Bond Report published on OP's website</li> </ul>	<ul style="list-style-type: none"> <li>Sustainalytics' Second Party Opinion</li> <li>Limited assurance report by an external auditor</li> </ul>



# OP Mortgage Bank's Green Covered Bond Report

## Assets included in the Green Covered Bond, YE2021

By eligible sector



Average time from origination	3.8 years
Average time until maturity	18.0 years

- Eligible assets worth €2,566.7 million of which €750 million allocated to the Green Covered Bond

## OPMB Green Covered Bond impacts, YE2021



Green Buildings (in the cover pool)

- 22,435 mortgages
- 2.4 million m<sup>2</sup> of green buildings tagged as green
- 90,000 MWh avoided energy use
- 14,000 tCO<sub>2</sub>e avoided emissions



Green Buildings (allocated to €750 million bond)

- 26,000 MWh avoided energy use
- 4,100 tCO<sub>2</sub>e avoided emissions

More information at: [OP Mortgage Bank's Green Covered Bond Report](#)



# OP Mortgage Bank Cover Asset Pool Characteristics

# OP Mortgage Bank (OPMB)

- 100% owned subsidiary of OP Cooperative
- Covered bond issuing entity of OP Financial Group
- Special-purpose bank and a funding vehicle for the OP member cooperative banks
- EMTCN programme of €20 bn qualifies for the ECBC Covered Bond Label

## Joint liability

OPMB fully benefits from the joint liability among OP Cooperative and the member credit institutions, based on the Act on the Amalgamation of Deposit Banks. However, since assets in OPMB's Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors

## Covered bond ratings

Moody's

Aaa

S&P

AAA

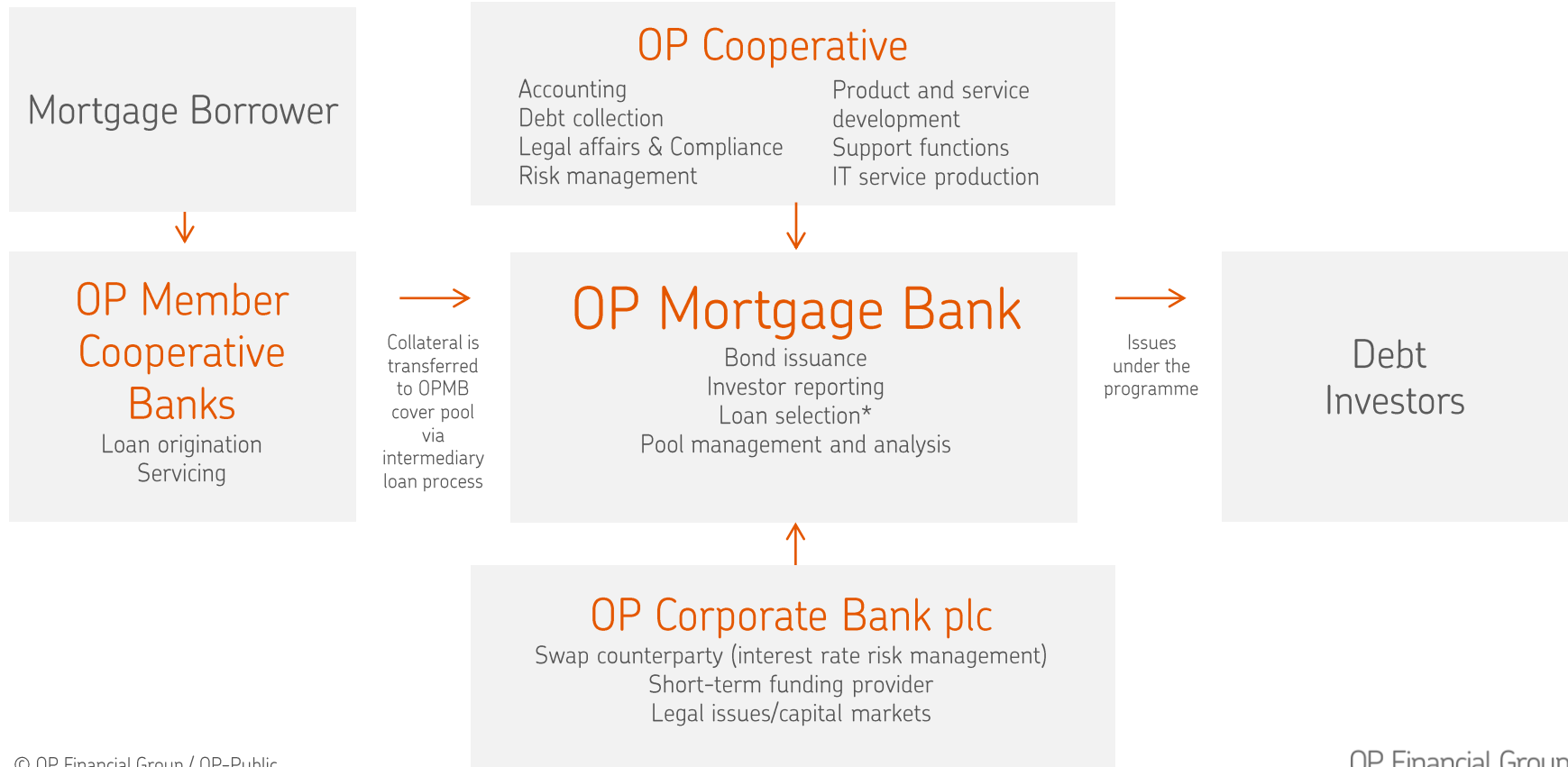
## Harmonised transparency template



<https://www.op.fi/op-financial-group/debt-investors/issuers/op-mortgage-bank/cover-asset-pool>

<https://www.coveredbondlabel.com/issuer/6/>

# Operating model and roles



# Overview of OPMB cover asset pool

<p><b>€15.7 bn</b></p> <p>Current balance</p>	<p><b>€13 bn</b></p> <p>Total amount of covered bonds, out of which <b>0.75 billion</b> is green</p>	<p><b>€57,000</b></p> <p>Average loan size</p>
<p><b>&gt;98%</b></p> <p>Tied to variable interest</p>	<p><b>47%</b></p> <p>Weighted Average indexed LTV</p>	<p><b>16%</b></p> <p>Over-collateralisation</p>

## Geographical distribution

1	Southern Finland Helsinki	47% 19%*
2	Western Finland Tampere Turku Jyväskylä	34% 7% 5% 4%
3	Eastern Finland	8%
4	Oulu region Oulu	9% 6%
5	Lapland	2%

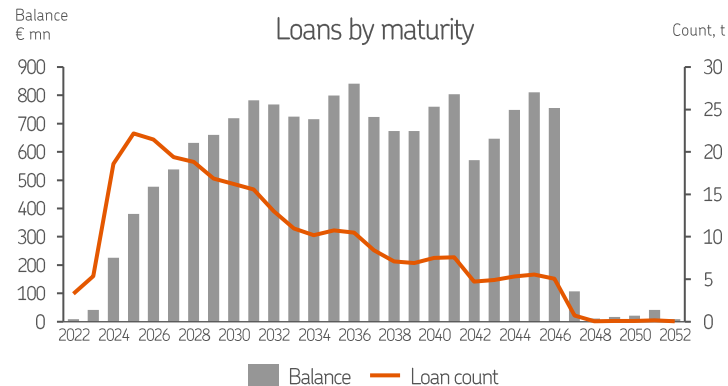
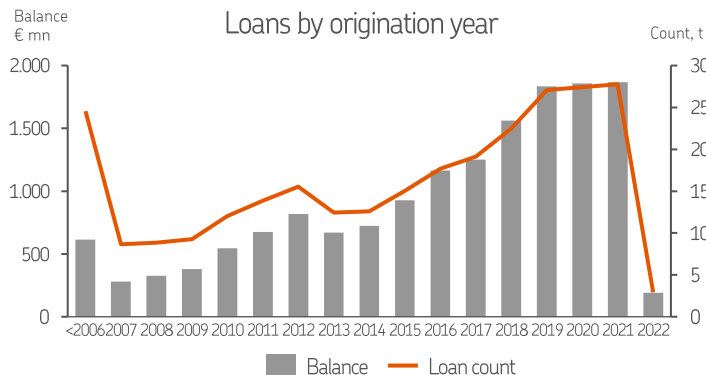
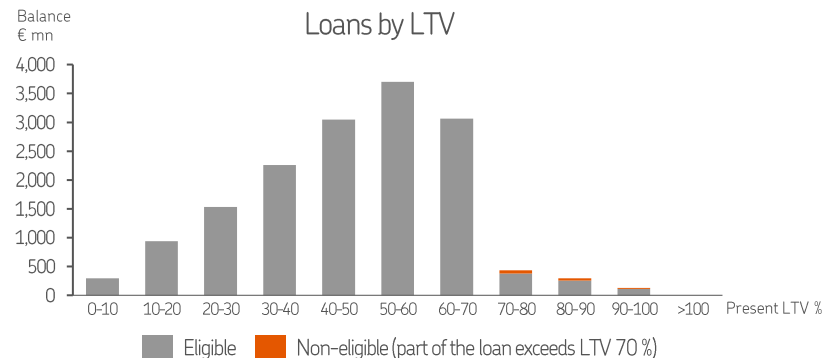


\*City-specific figures are percentages of the whole of Finland

# OPMB cover asset pool

🌱 €2.5 bn

Eligible green mortgages  
in the cover pool  
in December 2021



# Intermediary loan process

- The Finnish Covered Bond Act (2010) enables granting intermediary loans
  - The member cooperative banks are granted the opportunity to indirectly participate in the covered bond issuance process
- The intermediary loan contract is made between the member cooperative bank and OPMB
  - Intermediary loans are the way for the member cooperative banks to utilize OPMB
  - The amount of loan, interest margin/fixed interest rate and maturity of the loan are indicative during the contracting phase of the intermediary loan
  - The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans, and accepts that OPMB marks the mortgage loans as collateral in the cover pool
  - OPMB monitors the adequacy of the loans daily
- Once the mortgage loans are registered in the OPMB Covered Bond Register via intermediary loan process and they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires

# Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on residential mortgages)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by the Finnish FSA and ECB
- Assets that must be booked as non-performing (over 90 days in arrears), according to the FIN-FSA regulations, shall not be included in the Cover Pool
  - At OPMB, non-performing loans were €59 mn as at Q1/2022 (€62 mn at YE2021).
- New Act on Mortgage Credit Banks and Covered Bonds will come into force on 8th July 2022

# Appendix

# Joint liability

Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä 599/2010), OP Cooperative and the member credit institutions are jointly liable for each others' debts.

The member credit institutions include OP Corporate Bank plc, Helsinki Area Cooperative Bank, OP Mortgage Bank, OP Retail Customers plc and the member cooperative banks. Insurance companies or other group entities do not fall within the scope of joint liability.

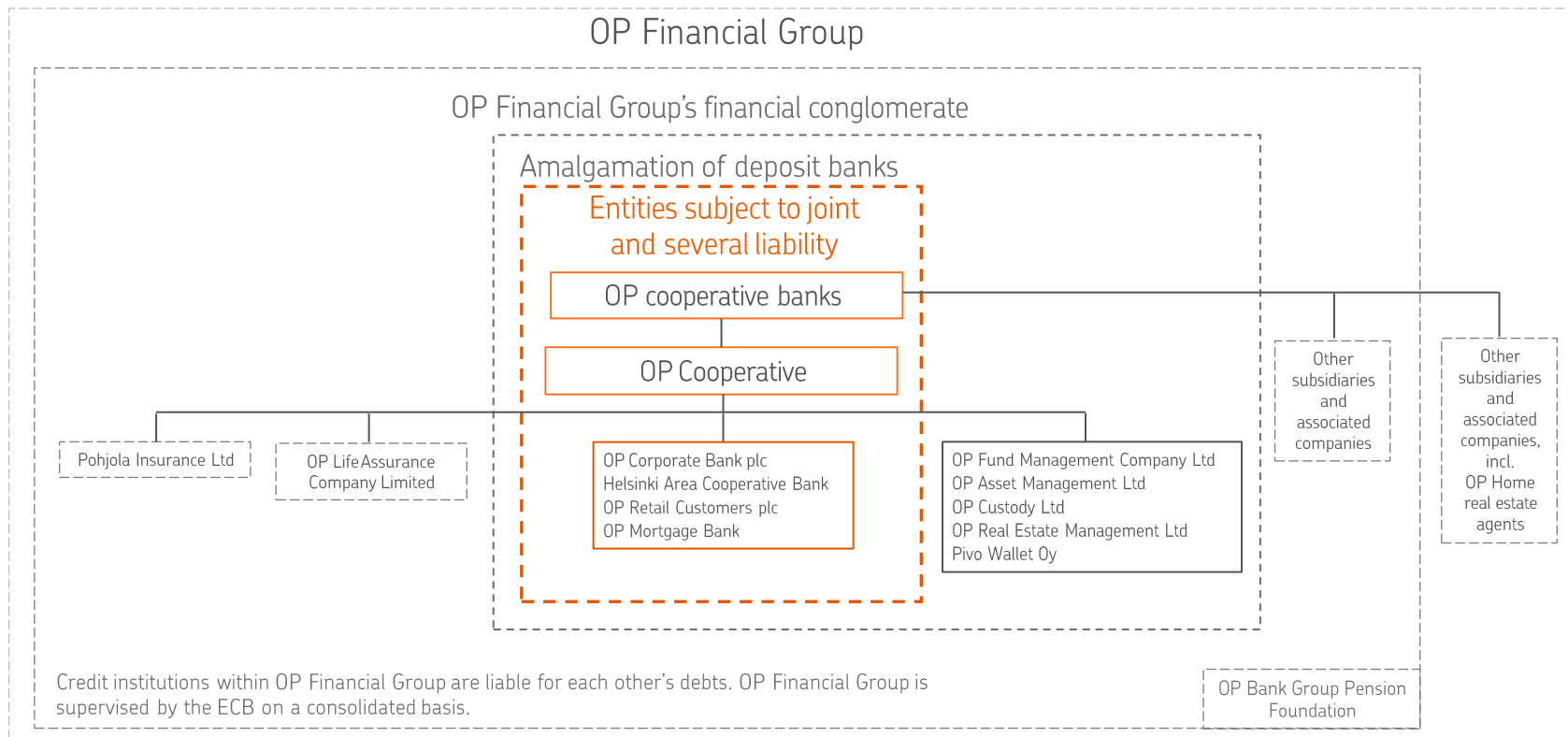
If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from OP Cooperative.

The member credit institutions must pay proportionate shares of the amount OP Cooperative has paid, and upon insolvency of OP Cooperative they have an unlimited liability to pay the debts of OP Cooperative.

OP Cooperative and the member credit institutions are under an obligation to take capital support actions to prevent a member credit institution's liquidation.

Further information on the joint liability available in the Base Prospectuses of OP Corporate Bank plc and OP Mortgage Bank.

# OP Financial Group's structure



# Contacts

# Contacts and financial calendar

## Investor Relations & Funding



Head of Investor Relations,  
CEO of OP Mortgage Bank  
**Sanna Eriksson**



Head of Long-term Funding  
**Tom Alanen**



IR Officer,  
Investor Relations  
**Sonja Kvist**



IR ESG Officer,  
Investor Relations  
**Sanna Auvinen**



Senior IR Officer,  
Rating Agency Relations  
**Eerikki Holst**



## Financial calendar 2022

Half-year Report for H1/2022  
Interim Report for Q3/2022

**27 July 2022**  
**26 October 2022**

## For more information

[www.op.fi/debtinvestors](http://www.op.fi/debtinvestors)  
[OP Financial Group's reports](#)  
[CFO's Results Interview](#)