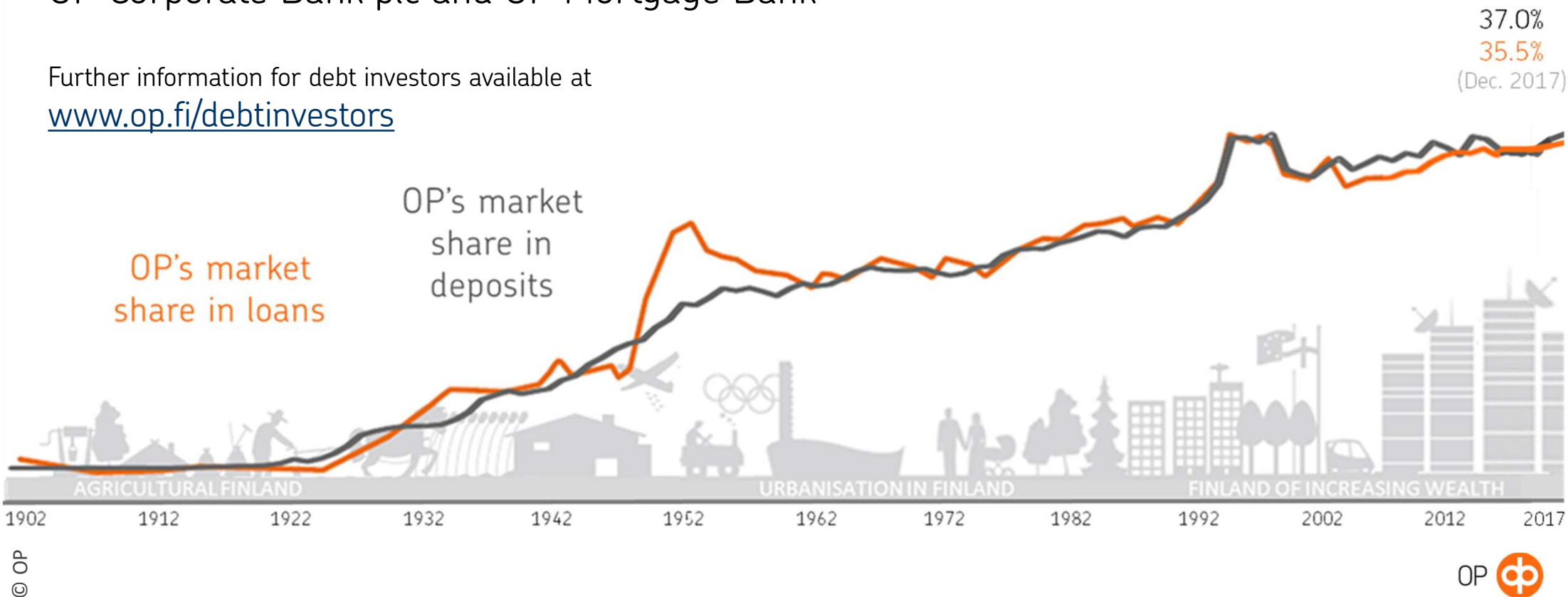


# Debt Investor Presentation H1/2018

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

Further information for debt investors available at  
[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 materialise 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 of 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

- OP Financial Group in brief
- Key financials H1/2018
- Finnish economy
- OP Financial Group
  - Management and structural changes
  - Structure, joint liability and market shares
  - Competitive advantages and strategy
  - Capitalisation, financial performance and asset quality
  - Credit ratings, liquidity and funding
- OP Mortgage Bank
- OPMB Cover Asset Pool Characteristics and ECBC Harmonised Transparency Template
- Appendices
- Debt IR contacts

# OP Financial Group in brief

## €142 bn

Balance sheet total at end-June 2018

### SOLID CAPITAL POSITION

# 19.8%

CET1 ratio  
at end-June 2018  
(Fully-loaded 19.8%)

# 22.0%

Total capital ratio  
at end-June 2018  
(Fully-loaded 21.9%)

### MARKET LEADER IN FINLAND

# 37.0%   35.5%   33.0%

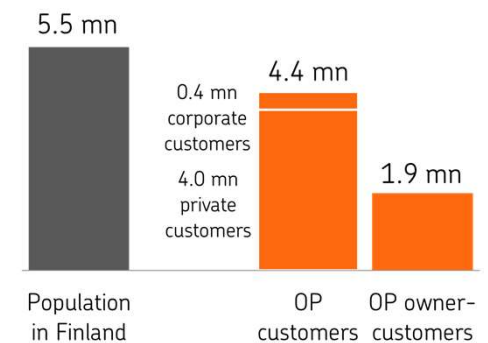
Market share  
in deposits  
Dec. 2017

Market share  
in loans  
Dec. 2017

Market share in  
non-life insurance  
2017



### FINNISH RISK EXPOSURE



### HIGH CREDIT RATINGS

Moody's Aa3  
S&P AA-

OP Corporate Bank plc

Moody's Aaa  
S&P AAA

OP Mortgage Bank's  
covered bonds

# Key financials H1/2018

## KEY P&L LINE ITEMS

Group EBT  
**€425 mn**  
 (-24%)

Total income  
**€1,520 mn**  
 (-1%)

Total expenses  
**€956 mn**  
 (+12%)

Banking EBT **€333 mn (+6%)**  
 Non-life Insurance EBT **€64 mn (-40%)**  
 Wealth Management EBT **€94 mn (+2%)**

NII **€571 mn (+7%)**  
 Net insurance income **€278 mn (+7%)**  
 Net commissions and fees **€444 mn (+2%)**  
 Net investment income **€206 mn (-17%)**

Expense growth mainly due to higher development costs from existing business lines, costs from new business as well as increased depreciation/amortisation and impairment loss

## VOLUMES (y-on-y)

Housing loans  
**+3%**

Corporate loans  
**+6%**

Deposits  
**+7%**

Insurance premium revenue  
**+3%**

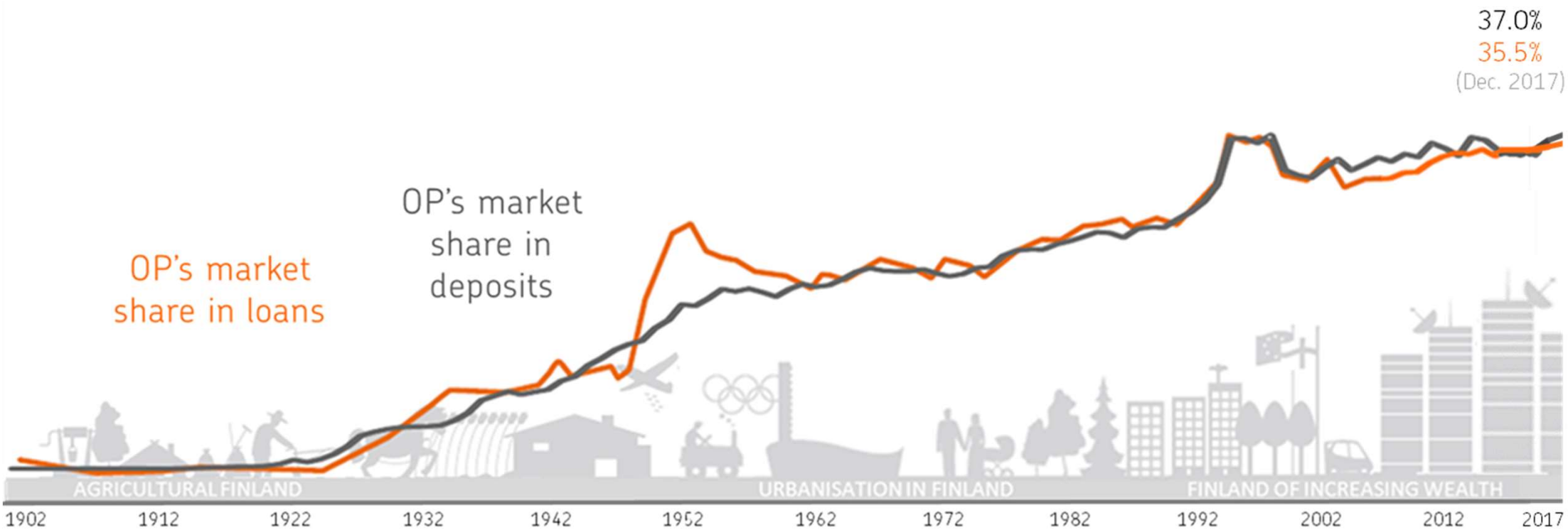
AUM (gross)  
**+2%**

## CHANGE IN OUTLOOK

In 2018, OP's EBT is expected to be at about the same level as in 2017

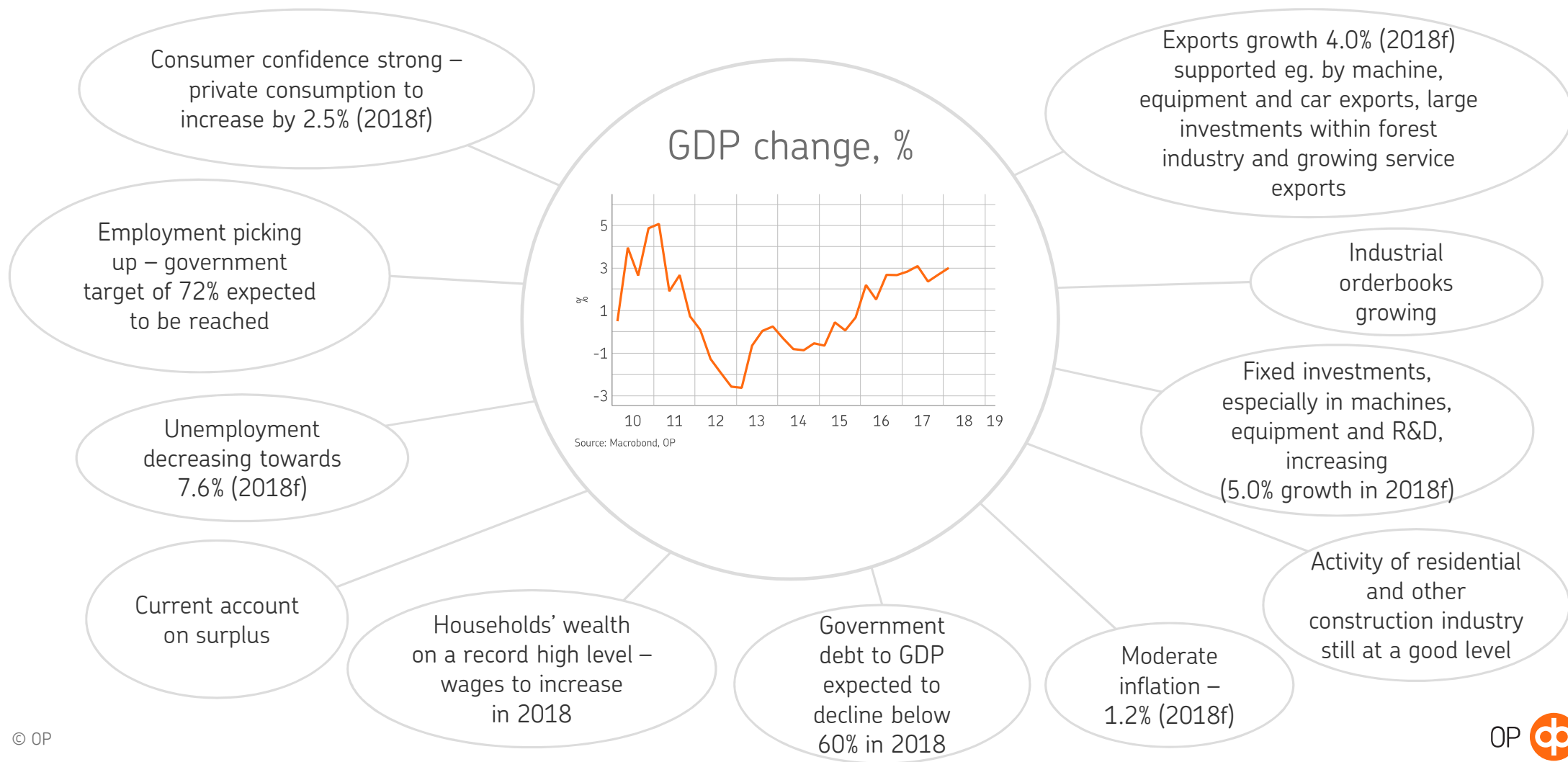
(previously: lower than in 2017)

Outlook change has been motivated by a significant non-recurring income item from the transfer of OP Financial Group's personnel's statutory earnings-related pension insurance portfolio. The final amount to be recognised in the income statement (current estimate: €240 mn) will be affected by the market conditions prevailing during the second half of the year.



## Finnish economy

# Broad-based and balanced economic expansion in Finland



# Strong economic growth continues in 2018

Forecasts for the Finnish economy, August 2018

	EUR bn				
Volume, % change on previous year	2017	2016	2017	2018f	2019f
GDP	223,8	2,5	2,8	2,8	2,1
Imports	85,4	5,6	3,5	3,6	3,8
Exports	86,3	3,9	7,5	4,0	3,6
Consumption	173,1	1,9	0,8	1,9	2,0
- Private	121,9	2,0	1,3	2,5	2,5
- Public	51,2	1,8	-0,5	0,6	0,9
Fixed investment	49,6	8,5	4,0	5,0	3,0
Other key indicators		2016	2017	2018f	2019f
Consumer price index, % change y/y		0,4	0,7	1,2	1,6
Change in wage and salary earnings, %		0,9	0,2	2,0	2,5
Unemployment rate, %		8,8	8,6	7,6	7,1
Current account balance, % of GDP		-0,3	0,7	0,4	0,3
General government net lending, % of GDP		-1,8	-0,6	-0,5	0,0
General government debt, % of GDP		62,9	61,3	59,3	57,5

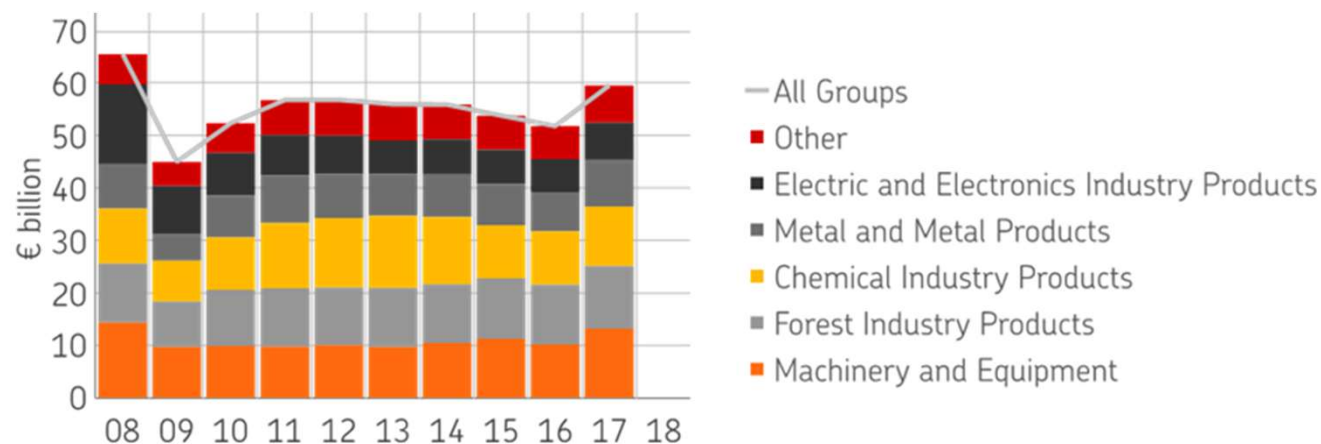
Finland is an exports-driven economy – around 40% of GDP derives from exports

Sources: Statistics Finland and OP Financial Group



# Balanced goods exports structure by commodity group

Goods exports by commodity group  
commodity group 2008-17



Source: Macrobond, Finnish Customs

Goods exports around 2/3 of  
Finnish exports



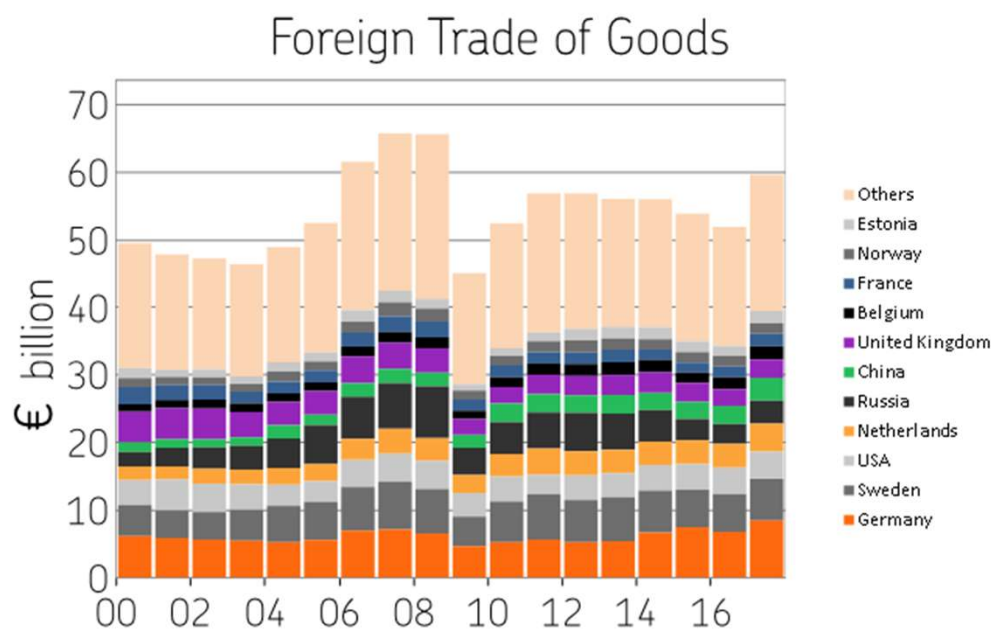
Source: Macrobond, OP

Source: Macrobond, OP  
Latest values: Q1/2018

# Diversified goods exports structure by country

Goods exports to EU member countries' 60.5% and to Euro Area 40.0% in January–April 2018

Finland's largest goods exports countries  
2000–17



Source: Macrobond, OP

Finland's biggest trading partners  
(April 2017–April 2018, 12 mth moving avg)

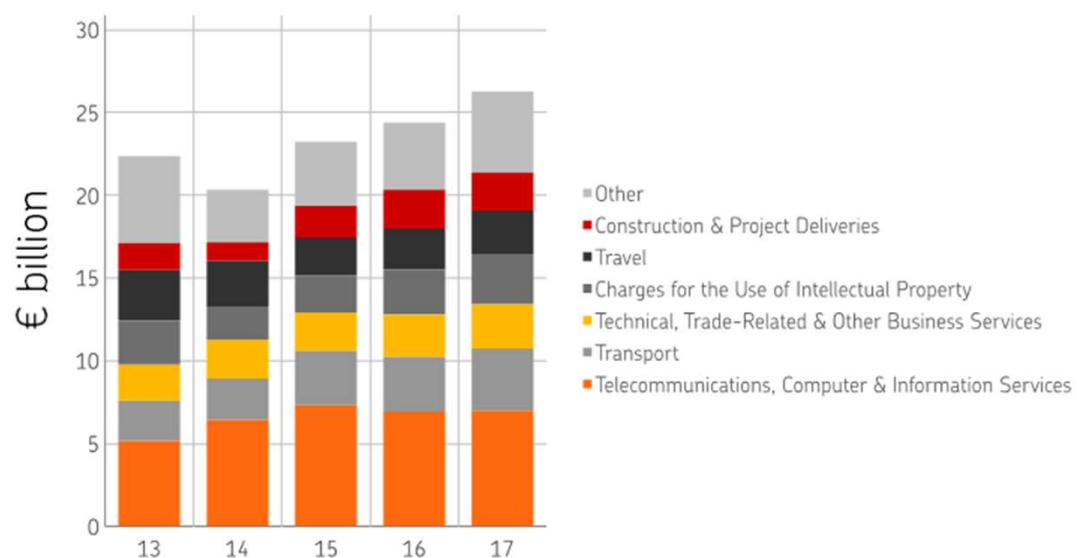


Source: Macrobond, OP

\* Poland (2.6%), Italy (2.3%), Japan (2.3%), Denmark (2.0%), Spain (1.7%), South Korea (1.6%), Turkey (1.2%), Switzerland (1.1%), India (1.0%), Australia (1.0%), Morocco (1.0%), Lithuania (0.9%), Latvia (0.9%), Canada (0.8%), Mexico (0.7%), Austria (0.6%), Cyprus (0.6%), Egypt (0.6%), Brazil (0.5%), Czech Republic (0.5%), South Africa (0.5%), Arab Emirates (0.5%), Indonesia (0.5%), Hungary (0.5%) and the remaining countries (6.1%) of which less than 0.5% each.

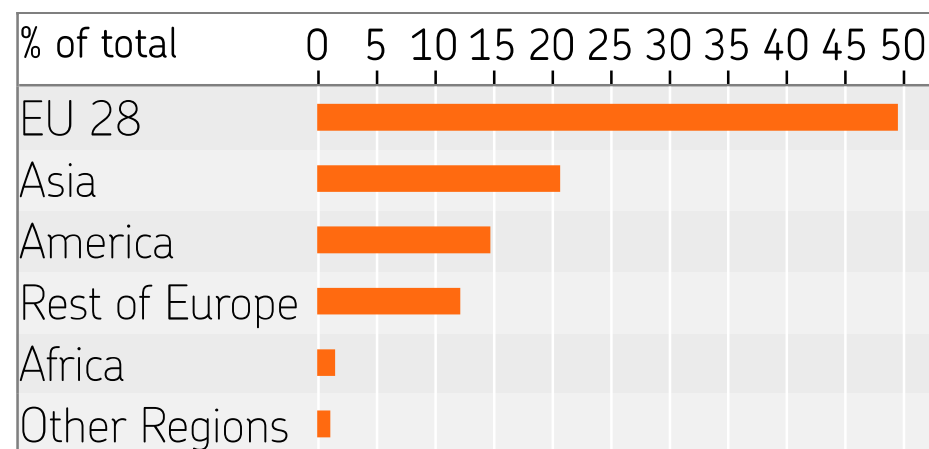
## Service exports structure rather stable

Finland's service exports by item  
2013–17



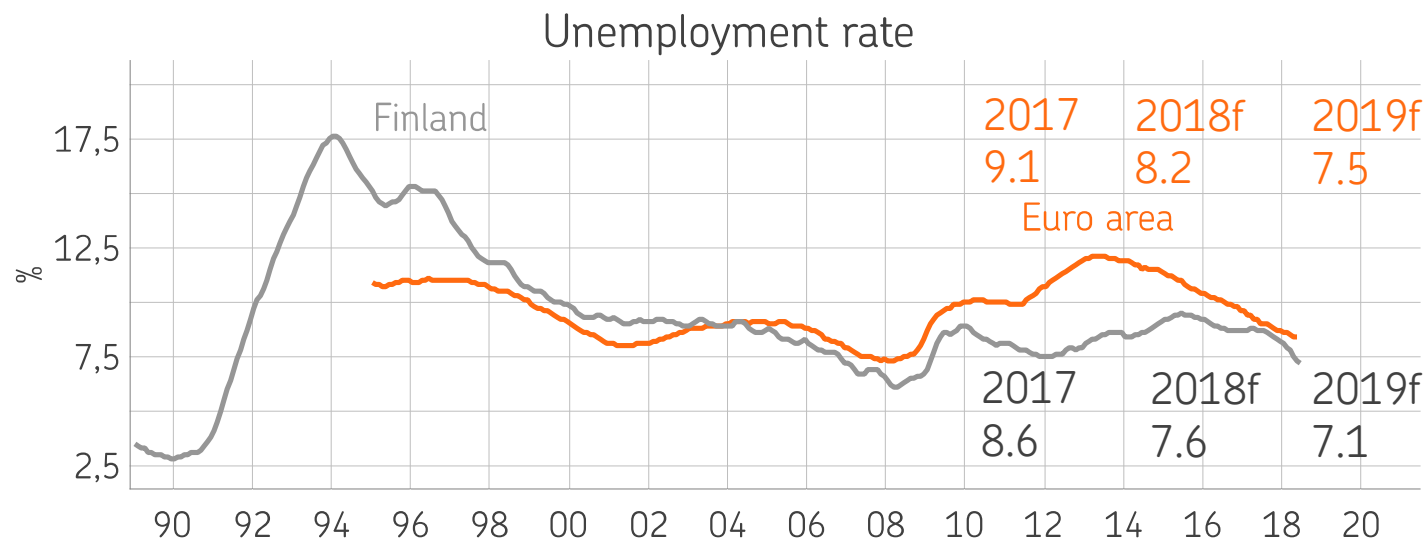
Source: Macrobond, OP

Finland's service exports by area  
(2017)



Source: Macrobond, OP

# Unemployment rate falling faster than expected



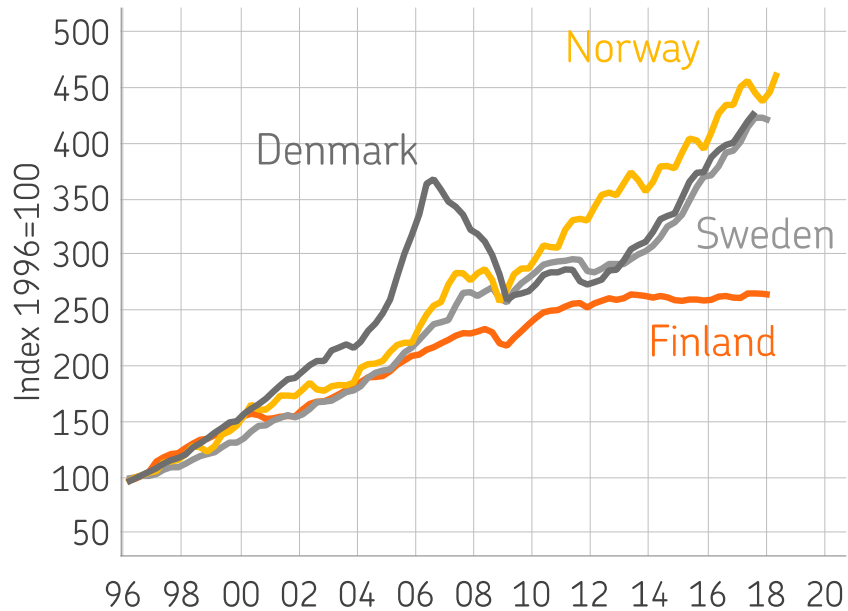
Source: Macrobond, OP

Target of the Finnish Government 72% is expected to be reached as employment trend rose to 71.8% in June 2018.

# Average house prices and households' debt

In Finland, housing market picking up and house prices increasing 1-2% on average in 2018

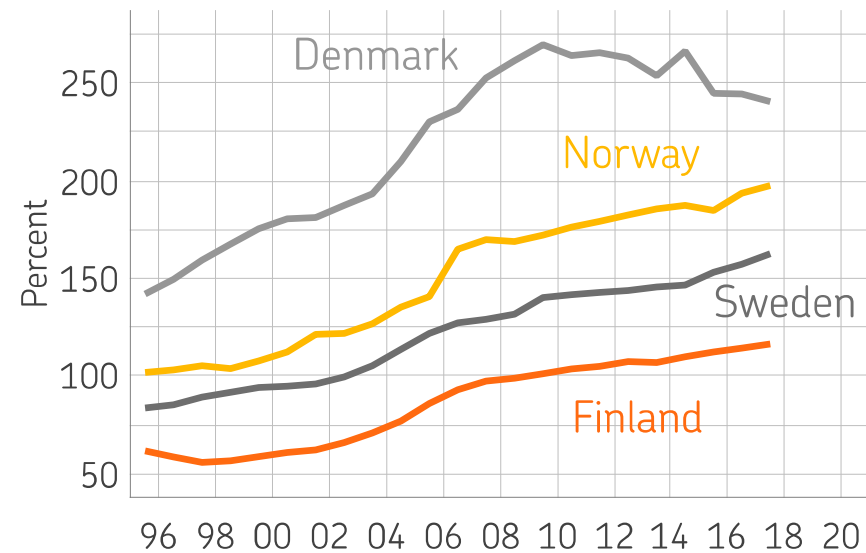
## Real Estate Prices in Nordic Countries



Source: Macrobond, OP

Latest values: Q1/2018, Denmark Q3/2017,  
Norway Q2/2018

## Gross Debt-To-Income Ratio of Households



Source: Macrobond, OP

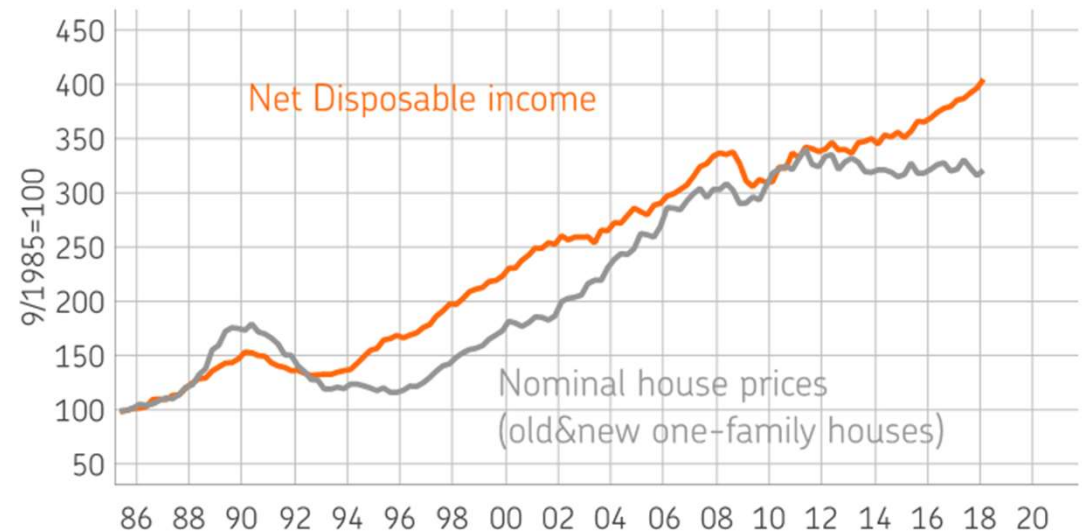
Latest values: 2017

# Finnish housing market is stable

## Characteristics of Finnish housing market

- Fully-amortizing market
- Average maturity of a new housing loan 20 years in February 2018
- 97% of housing loans tied to variable interest rates in May 2018
  - At OP, stress-tested with 6% interest rate in 25 years' maturity
- Ownership ratio 68% at YE2016
- Average price of an old dwelling 2,125 €/sq m in May 2018

## Change in nominal house prices in relation to average net income



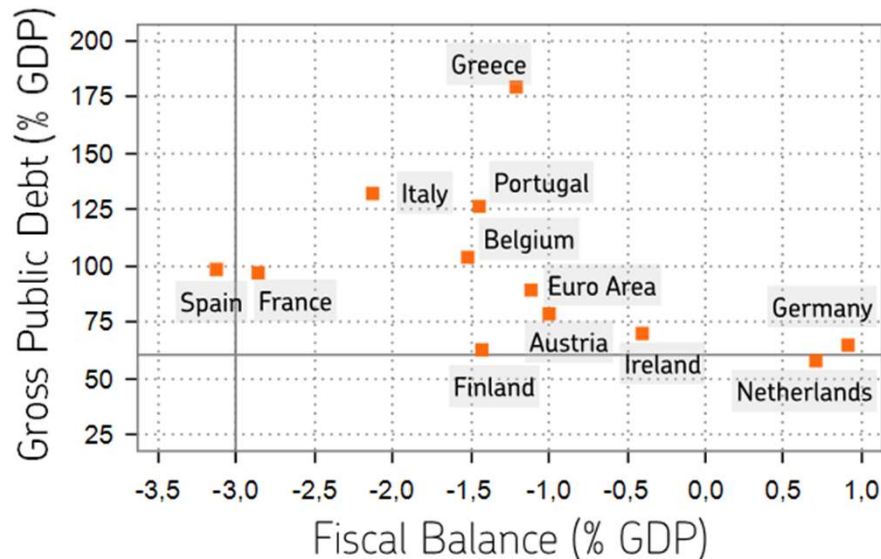
Source: Macrobond, OP

Updated: 24 July 2018

Sources: Statistics Finland and Bank of Finland

# Finland is wealthy and balanced economy in European comparison

Fiscal Balance and Public Debt  
% of GDP in 2017



Source: OP, Macrobond, European Commission estimates

Long-term sovereign credit ratings of selected  
European countries

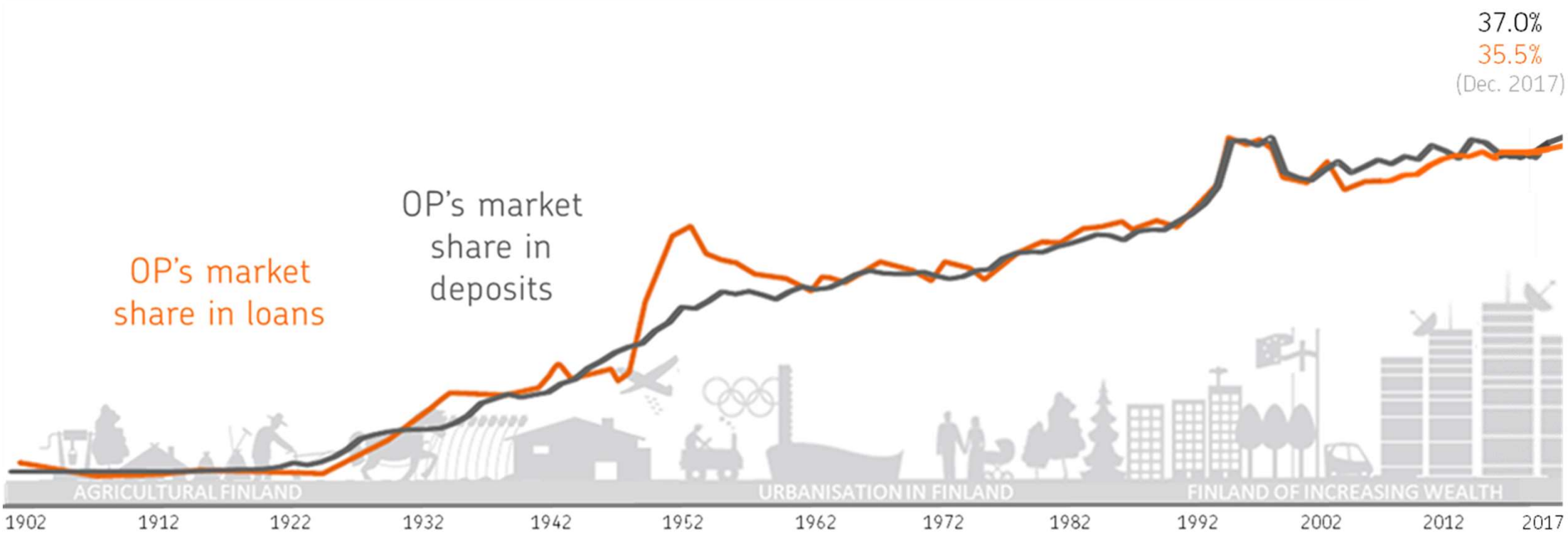
27 August 2018

	Moody's	S&P	Fitch
Germany	Aaa	AAA	AAA
Netherlands	Aaa	AAA	AAA
Austria	Aa1	AA+	AA+*
<b>Finland</b>	<b>Aa1</b>	<b>AA+</b>	<b>AA+*</b>
France	Aa2*	AA	AA
Belgium	Aa3	AA	AA-
Ireland	A2	A+	A+
Spain	Baa1	A-*	A-
Italy	Baa2**	BBB	BBB
Portugal	Ba1*	BBB-	BBB
Greece	B3*	B+*	BB-

\* Positive outlook

\*\* Rating under review

Sources: Rating agencies' websites



OP Financial Group



# OP to put customer relationships at the core of management

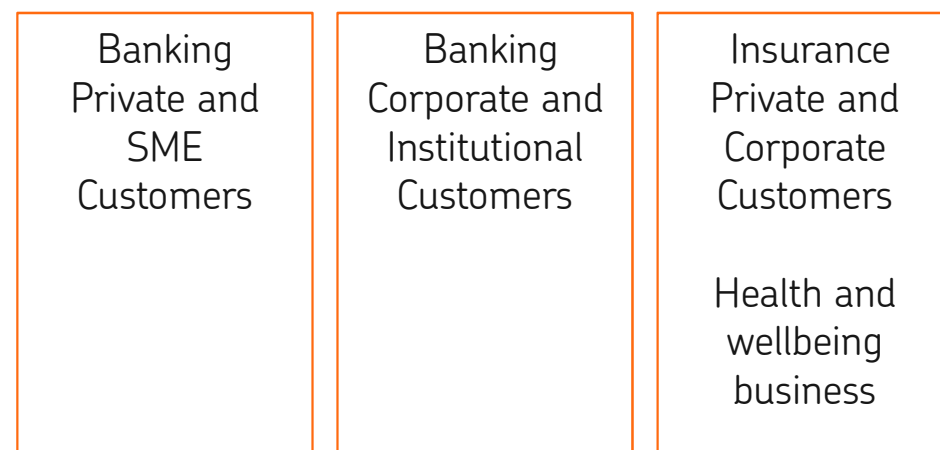
## New executive board as of 11 June 2018

- Timo Ritakallio, President and Group Executive Chair, Executive Board Chair
- Tony Vepsäläinen, Group Services, Executive Board Vice Chair
- Katja Keitaanniemi, Banking, Corporate and Institutional Customers (as of August 2018)
- Olli Lehtilä, Insurance Customers
- Harri Luhtala, Finance and Group Treasury, CEO of OP Cooperative
- Juho Malmberg, Technology and Development
- Harri Nummela, Banking, Private and SME customers
- Tiia Tuovinen, Legal Services and Compliance

## Other direct reports to President and Group Executive Chair

- Erik Palmén, Chief Risk Officer
- Outi Taivainen, EVP, HR Services
- Leena Kallasvuori, Chief Audit Executive
- Carina Geber-Teir, EVP, Brand and Corporate Communications (until September 2018, new EVP to be appointed)
- director in charge of Strategy and Reinvention (to be appointed, until then Harri Nummela, in addition to his other duties)

## New simplified business segment structure



- ✓ Reorganisation rationale: sharpening the strategic focus, maximising the benefit for customers and speeding up business success
- ✓ Planning for the organisation will continue during summer and autumn 2018

# OP Financial Group's current reporting structure

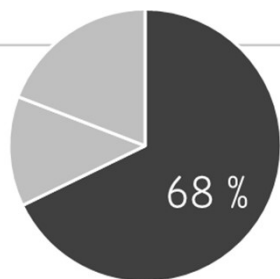
1.9 million owner-customers, of which 90% households

157 OP member cooperative banks

## OP COOPERATIVE

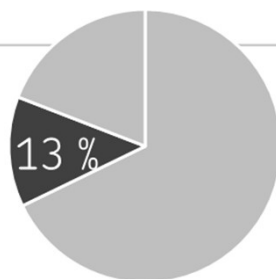
### BANKING (incl. OP Corporate Bank plc and OP Mortgage Bank)

- Retail banking
- Corporate banking
- Markets
- Baltic states
- Mortgage banking



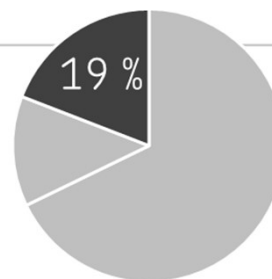
### NON-LIFE INSURANCE

- Private customers
- Corporate customers
- Baltic states \*
- Health & wellbeing



### WEALTH MANAGEMENT

- Private banking
- Institutional asset management
- Life insurance
- Mutual fund management



### OTHER OPERATIONS

- Group Treasury
- Product and service development
- Support functions

SHARE OF  
EBT  
GENERATED  
BY BUSINESS  
SEGMENTS  
IN H1/2018

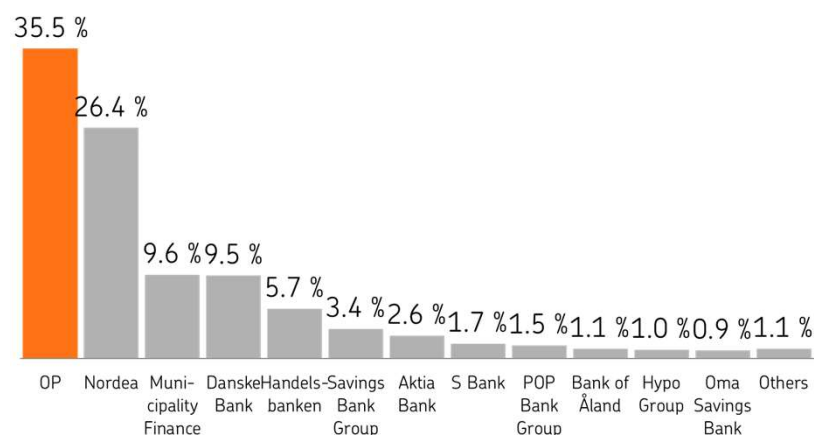
\* Baltic non-life insurance business under Seesam Insurance As, including its Latvian and Lithuanian branches, will be sold to Vienna Insurance Group (VIG). Contract of sale was signed in December 2017 and divestment should be completed during 2018, provided that it is approved by relevant authorities and that the related conditions are otherwise fulfilled.

## Joint liability within OP Financial Group

- 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 Card Company Plc, OP Customer Services Ltd 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 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.

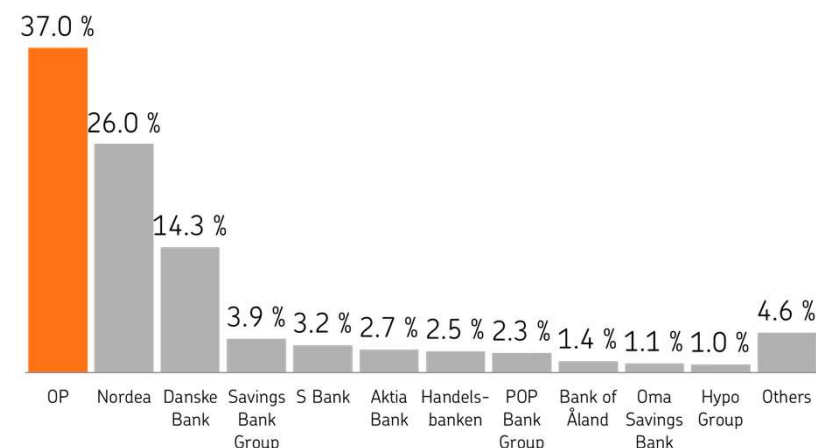
# OP – Leading financial group in Finland

Loans Dec. 2017 (Finland: €225 bn)

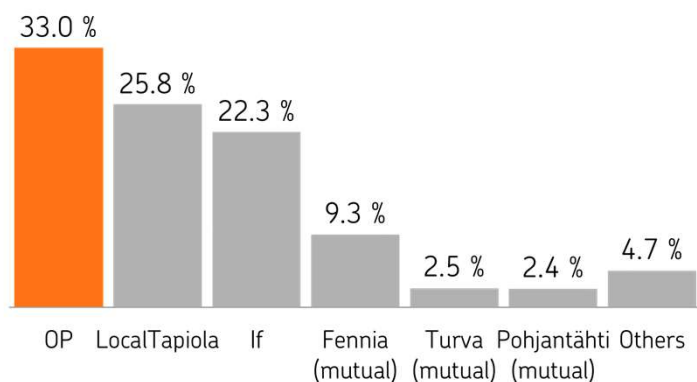


OP's market share at Dec. 2017:  
 Housing loans 39.3%  
 Corporate loans 38.7%

Deposits Dec. 2017 (Finland: €155 bn)

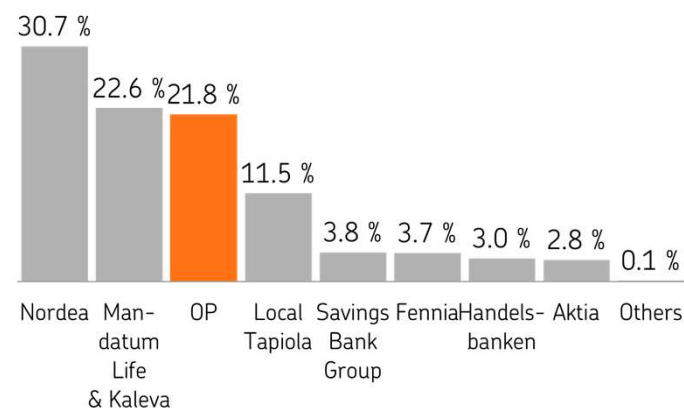


Non-life Insurance 2017 (Finland: €4.2 bn)



Market share of premiums written under Finnish direct insurance

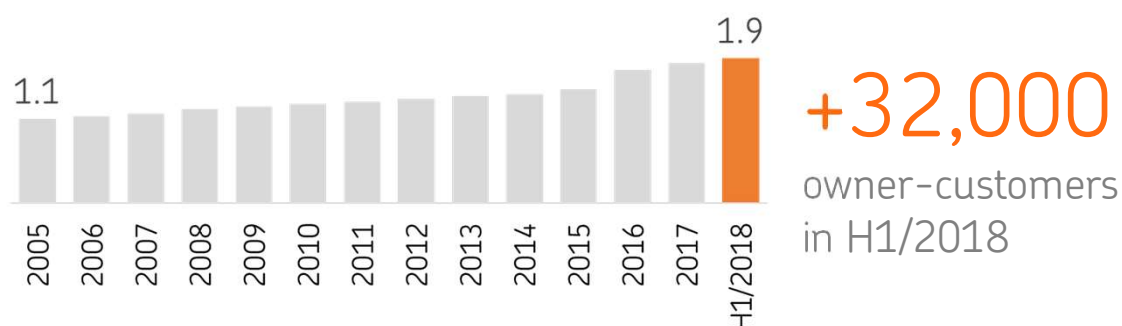
Life Insurance 2017 (Finland: €4.5 bn)



Market share of gross premiums written

# Growth in number of owner-customers and successful cross-selling supported by attractive loyalty benefits

Solid growth in number of owner-customers, mn



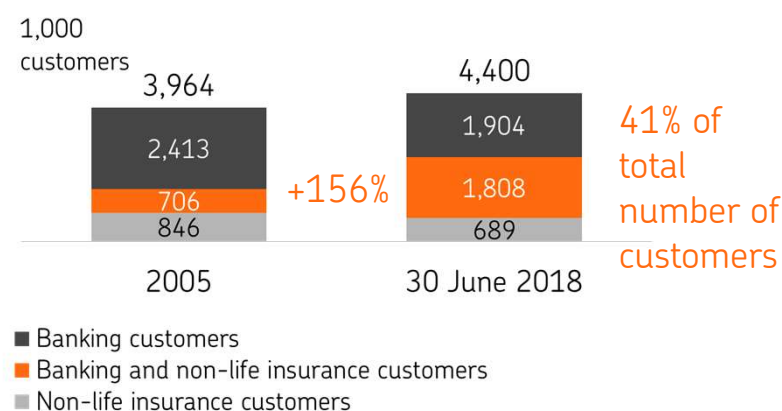
Owner-customer\* value through attractive loyalty benefits

- Accrued OP bonuses\*\* €113 mn in H1/2018 – Use of bonuses €56 mn to banking and wealth management services and €58 mn to insurances
- Investments in Profit shares €2.9 bn – Return target 3.25% in 2018
- Daily banking discount – total benefit €28 mn in H1/2018
- Non-life insurance loyalty discount – total benefit €33 mn in H1/2018
- Selling, buying and trading of most mutual funds free of charge

\* Membership fee varies depending on the OP cooperative bank (eg. 100€ at Helsinki Area Cooperative Bank)

\*\* An owner-customer's loans, savings, investments and insurance premiums generate OP bonuses 0.25% of monthly transactions

Successful integration of banking and non-life insurance customerships



**+19,000**

combined banking and non-life insurance customers in H1/2018

# Development activities within Group and core business lines

## GROUP



- Productivity of development – investments of €2 bn in developing operations and improving CX during 2016–2020 (majority to core business lines)
- Operational agility – process automation and service digitisation
- Basic system and ICT architecture renewal in order to improve competitiveness and enable new digital services
- Utilisation of UX/UI, service design, AI, analytics, big data, block chain, robotics, voice control etc. – and related competence update
- OP Lab – Group-level innovation unit

## BANKING



- Digital housing loan offer enabling real-time housing loan decision online
- OP Crowd Funding – fully digital funding platform for SMEs
- Technology platform renewal and basic system upgrade within payment transfers, card business and private customer financing
- Open Banking StartUp Partnership Programme

## NON-LIFE INSURANCE



- OP Nano fully digital home and travel insurances
- Developing online and mobile services in both insurance sales and claims reporting
- AI utilisation in claims handling process
- [www.vahinkoapu.op.fi](http://www.vahinkoapu.op.fi) platform for non-life claim help service online
- Non-life Insurance basic system upgrade

## WEALTH MANAGEMENT



- Digital sales and transactions development
- Finishing the adoption of regulatory projects (eg. MiFID II)

# Examples of the progress within new businesses

New business openings inherently linked to the core business lines and real customer needs

## HEALTH AND WELLBEING



- Linked to health insurance business
- 5 Pohjola Health hospitals
- First 2 Pohjola Health medical centres to be opened in autumn 2018
- Digital health services and processes
- Smart Health StartUp Partnership Programme

## MOBILITY



- Linked to car financing and car insurance business
- OP Kulku Electric Car as a service and OP Flexible Car
- DriveNow Car sharing service franchised by OP
- 100 EV charging stations near to OP branches
- Smart Mobility StartUp Partnership Programme

## HOUSING



- Linked to real estate brokerage services
- OP Home online marketplace for home-related services
- Smart Living StartUp Partnership Programme

## COMMERCE



- Linked to payment transfers and cash management
- Mobile and e-commerce payment solutions (eg. OP Cashier App, Payment Highway)
- Smart Commerce StartUp Partnership Programme



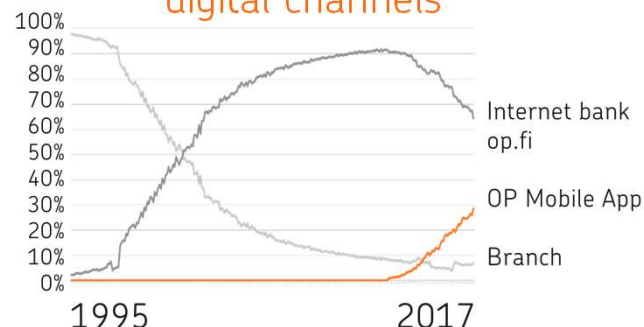
# Digital customer experience changes the role of local presence

OP Mobile App  
**19.3 mn** visits in June 2018  
**+238%** growth since Dec. 2014  
**>1 mn** users  
**+85%** growth since Dec. 2014



**80%**  
of mutual fund  
transactions made in  
digital channels

**>90% of payments in  
digital channels**



**95%**

of private customer  
encounters occur in  
digital channels



OP Internet Bank  
**8.9 mn** visits in June  
2018  
**-28%** decline since Dec.  
2014



**70%**  
of private customers'  
loss reports made in  
digital channels

**157**  
OP member  
cooperative banks  
**-24** since Dec. 2014  
**377**  
branches  
**-78** since Dec. 2014



New OP  
branch  
concept



# Recent developments within digital channels

## OP Mobile App

Fingerprint authentication  
 Mobile Key to replace key code lists  
 Daily Banking: Accounts, Cards, Payments...  
 Loans: Loan details, Financing options...  
 Non-life insurance: Loss reports, Policy details, Travel insurance cards...  
 Investments: Trading in equities and mutual funds, Investment details, Market monitoring  
 Siirto Payment – Real-time P2P money transfers with phone number



**OP Business Mobile App**  
 for corporate customers' daily banking, invoicing and monitoring receivables

**New OP Internet Bank**  
 Re-designed internet bank and website at op.fi  
 New customership digitally



**OP Accessible**  
 New saavutettava.op.fi service providing basic banking services to those who are unable to use eg. the op.fi service or OP Mobile App due to vision or hearing impairments, motoric challenges or other functional defects



**OP Cashier App**  
 for corporate customers' payment transactions and sales

## Pivo Mobile Wallet App

Contactless payment  
 Siirto Payment and Pivo P2P – Real-time money transfers with phone number  
 Siirto and Pivo payment buttons at webshops enabling purchases without key code list or card's PIN  
 Pivo wearable payment solutions  
 Pivo 2018 renewal: New user opportunities through opening the App for partnering service providers and new Pivo consumer loan



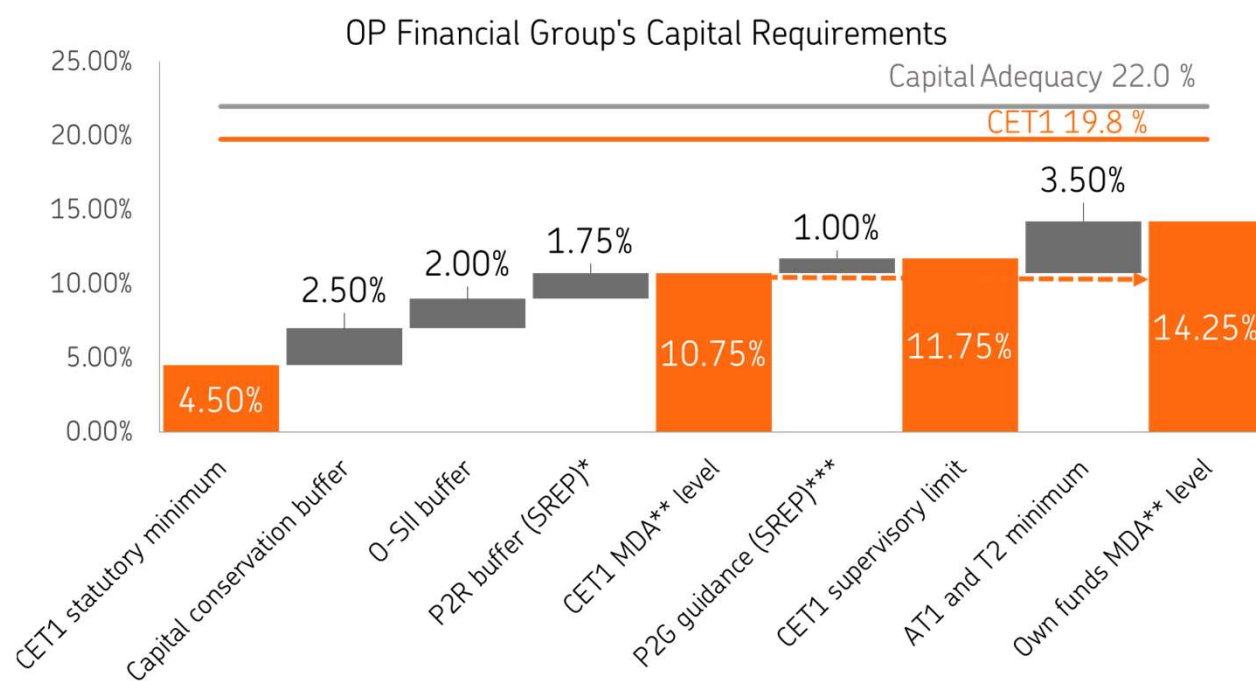
**Social media channels & op.media**  
 for customer service, employee interaction and sharing expertise

**OP Developer**  
 Open platform for external developers



# OP has solid capital adequacy compared to requirements

Management buffers 9.05% (CET1) and 7.75% (total capital ratio)



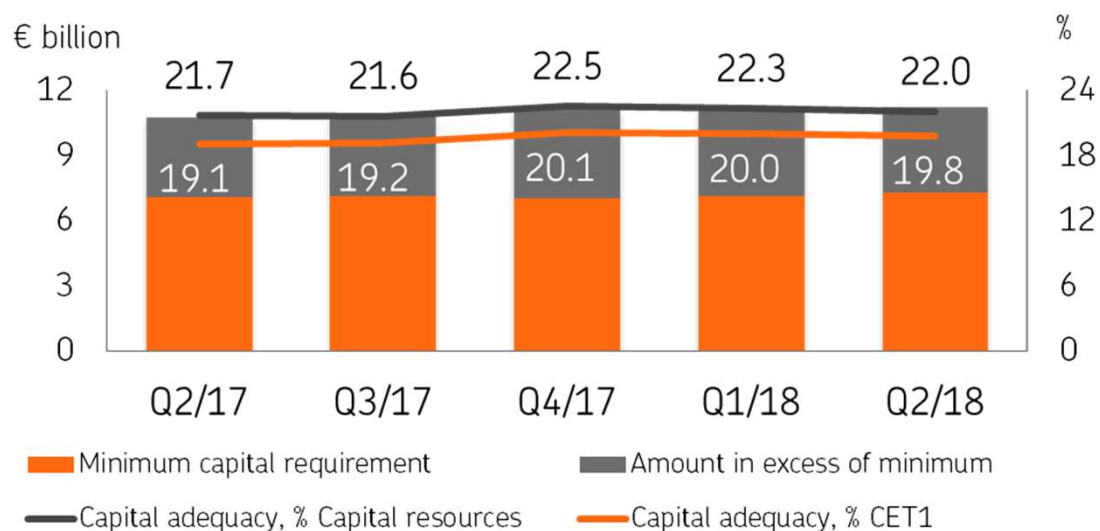
\* P2R supervisory Pillar II requirement \*\* Maximum distributable amount

\*\*\* P2G supervisory guidance, breach results enhanced supervisory measures

In June 2018, the FIN-FSA decided to set a 2% systemic risk buffer on OP Financial Group, ie. a capital buffer requirement that will enter into force on 1 July 2019. At the same time, it also confirmed OP Financial Group's O-SII buffer requirement at 2%. Considering that these capital buffer requirements are parallel buffers and the larger one is applied, the decision will have no effect on OP Financial Group's total capital adequacy requirement.

# CET1 ratio 19.8%

## Capital resources and capital adequacy



## CET1 ratio

- Target 22% by the end of 2019
- Profit shares outstanding in CET1 capital €2.9 bn
- Non-recurring improvement in CET1 ratio expected by YE2020 (subject to regulatory approval)
  - Transfer of OP Financial Group's personnel's statutory earnings-related pension insurance portfolio to Ilmarinen Mutual Pension Insurance Company would improve CET1 ratio by approx. 0.4 pps (final impact dependent on market conditions)

## REA €51.0 bn (49.2)

- €4.8 bn caused by ECB RW floors
- Avg RWs excl. RW floors:
  - 7.6% for retail exposures (AIRB) (7.5)
  - 66.0% for corporate exposures (FIRB) (64.7)
- In Feb. 2017, ECB set RW floors for OP's retail exposures, valid at least until the end of Q3/2018
  - 15.4% for mortgage-backed exposures
  - 32.7% for other private customer exposures
  - RW floors decreased CET1 ratio by 2.1 pps
- FIN-FSA's 15% RW floor on residential mortgage loans came into force on 1 January 2018 and is valid for 2 years unless renewed
  - If OP had no ECB RW floors, FIN-FSA RW floor would decrease OP's CET1 ratio by 1.3 pps

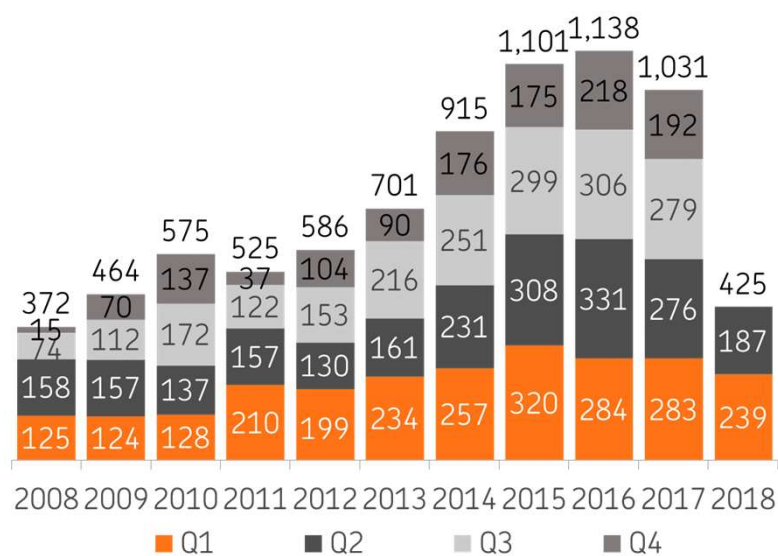
## Leverage ratio 7.7% (7.9)

- Minimum level in the draft regulations 3.0%

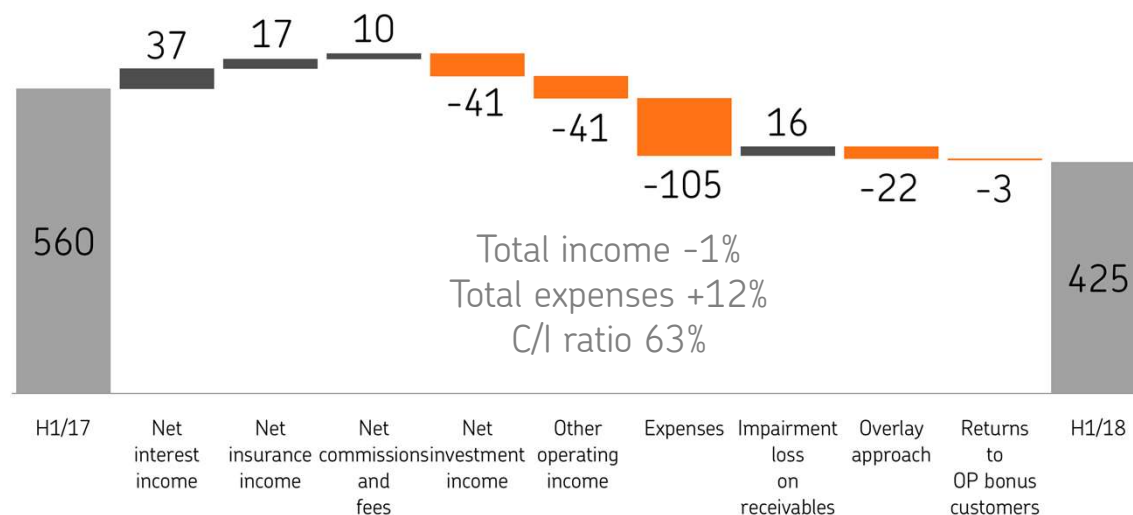
# EBT in 2018 expected to be at about the same level as in 2017

Lower EBT in H1/2018 due to decreased net investment income and other operating income as well as higher expenses

EBT by quarter 2008–18\*, € mn



EBT, y-o-y change by P&L line item\*, \*\*, \*\*\*, H1/18 vs. H1/17, € mn



\* 2017 comparatives have been changed as a result of entry into force of IFRS 15 and change in the recognition practice of loan service fees to correspond the current reporting approach.

\*\* A temporary exemption from IFRS9 (overlay approach) is applied to some equity instruments of insurance companies (reported according to IAS39), which eroded earnings for the reporting period by EUR 22 million.

\*\*\* Net insurance income includes net income from Non-life and Life insurance. Net investment income includes net trading income as well as net investment income from Non-life and Life insurance.

# OP's financial performance in H1/2018\*, \*\*

GROUP		BANKING		NON-LIFE INSURANCE		WEALTH MANAGEMENT		OTHER OPERATIONS	
EBT, € mn	425 (560) -24%	EBT, € mn	333 (314) +6%	EBT, € mn	64 (107) -40%	EBT, € mn	94 (93) +2%	EBT, € mn	-66 (45)
NII, € mn	571 (534) +7%	NII, € mn	608 (591) +3%	Insurance premium revenue, € mn	733 (710) +3%	Net commissions and fees, € mn	167 (172) -3%	NII, € mn	-23 (-45)
Net insurance income, € mn	278 (261) +7%	Net commissions and fees, € mn	281 (296) -5%	Net insurance income, € mn	273 (248) +10%	Net investment income from Life Insurance, € mn	63 (32) +98%	Net commissions and fees, € mn	1 (-28)
Net commissions and fees, € mn	444 (434) +2%	Net investment income, € mn	58 (15)	Net investment income, € mn	21 (67) -69%	Assets under management (gross), € bn	77.7 (76.4) +2%	Net investment income, € mn	55 (132) -58%
Net investment income, € mn	206 (247) -17%	Impairment loss on receivables, € mn	-6 (-23)	Operating combined ratio, %	91.9 (92.5)	Net inflows, € mn	187 (825) -77%	Long-term bonds issued to the public and TLTRO II funding, € bn	2.4 (5.0 in 2017)
Expenses, € mn	956 (851) +12%	Loan portfolio, € bn	84.4 (80.2) +5%	Operating expense ratio, %	20.8 (20.1)	Solvency II ratio*** within Life Insurance, %	168 (151)	Average margin of senior wholesale funding, TLTRO II funding and covered bonds, bps	18 (19 at YE2017)
Impairment loss on receivables, € mn	-7 (-23)	Deposits, € bn	61.4 (57.2) +7%	Solvency II ratio***, %	146 (135)				
Cost/income ratio, %	63 (55)	Cost/income ratio, %	54.9 (53.2)						

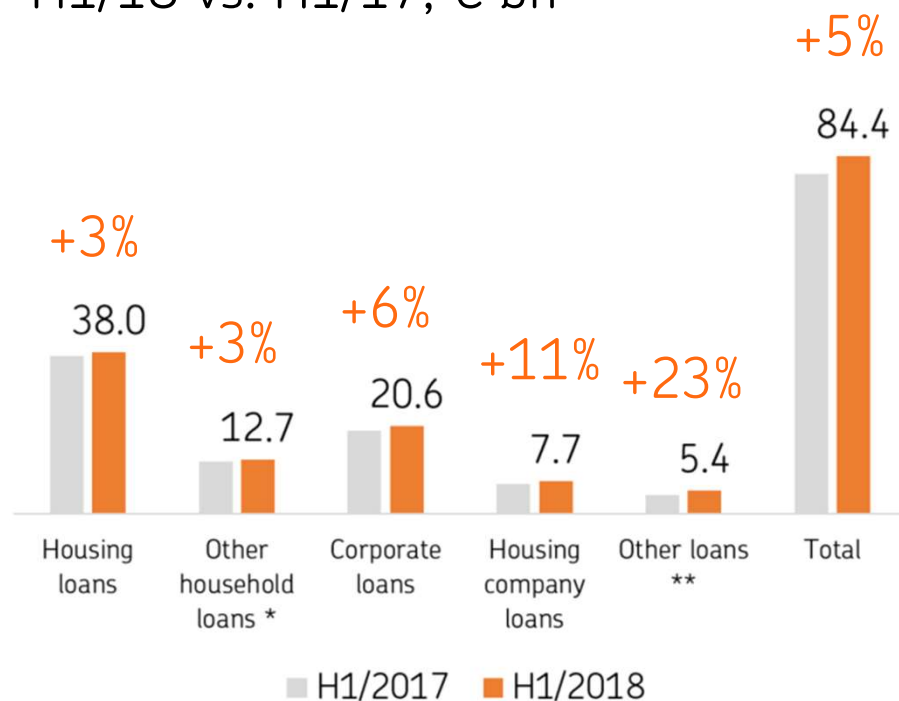
\* 2017 comparatives have been changed as a result of entry into force of IFRS 15 and change in the recognition practice of loan service fees to correspond the current reporting approach.

\*\* A temporary exemption from IFRS9 (overlay approach) is applied to some equity instruments of insurance companies (reported according to IAS39), which eroded earnings for the reporting period by EUR 22 million.

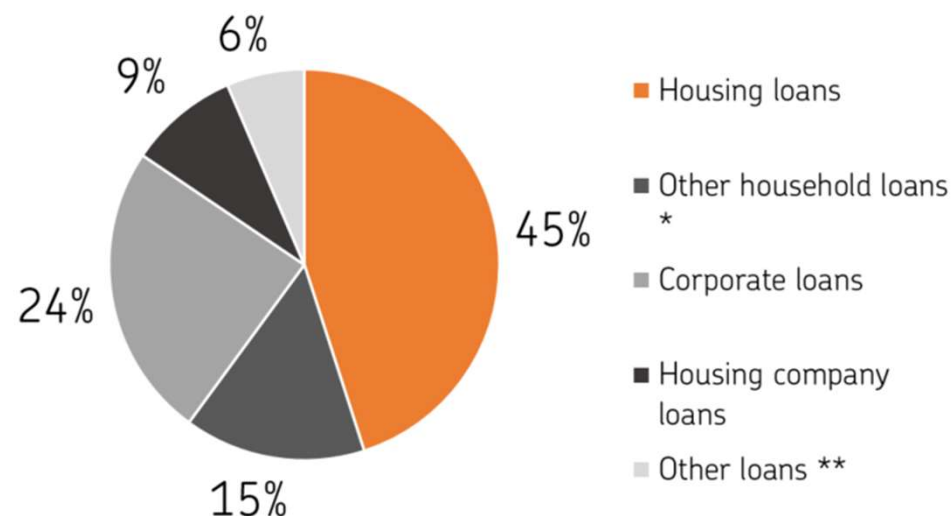
© \*\*\* Excluding transitional provision

## Loan portfolio by customer group

Loan portfolio breakdown,  
H1/18 vs. H1/17, € bn



Loan portfolio breakdown,  
H1/18, %



\* Other household loans include loans for holiday houses, consumer loans, student loans etc.

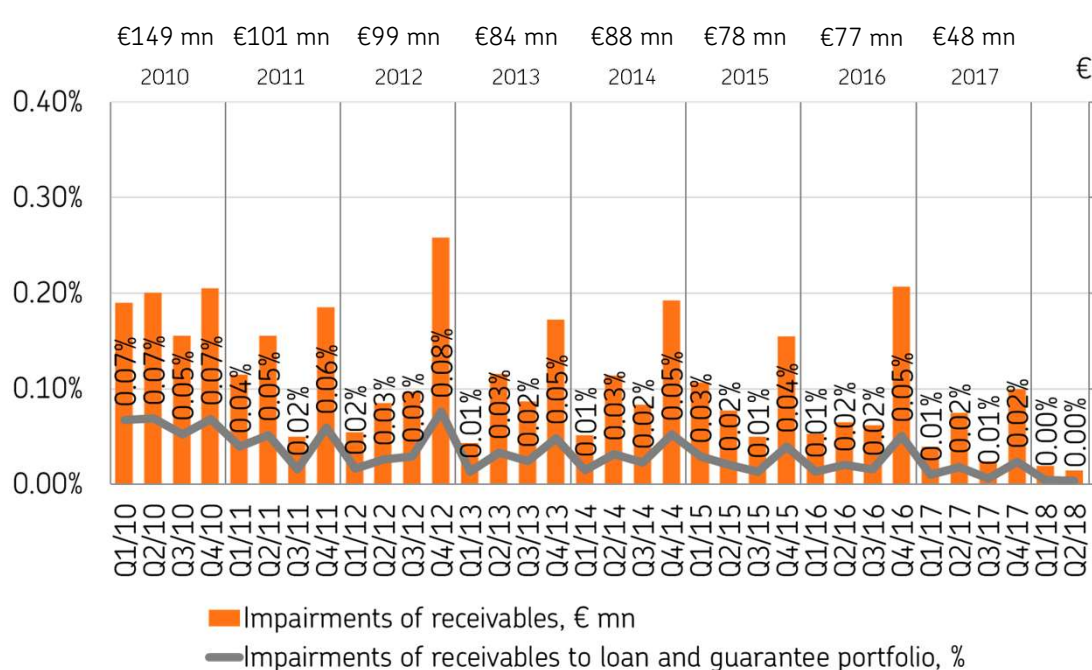
\*\* Other loans include loans to financial institutions, public sector, non-profit organisations and customers abroad



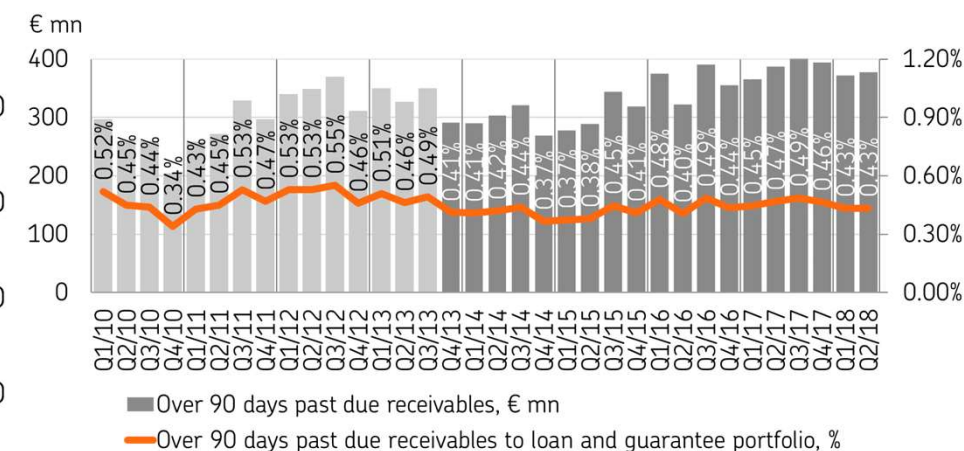
# H1/2018 impairment loss on receivables €7 mn ie. 0.01% to loan and guarantee portfolio (0.03)

Over 90 days past due receivables (€378 mn at end-June 2018) 0.43% to loan and guarantee portfolio (0.46)

## Impairment loss on receivables



## Over 90 days past due receivables\*

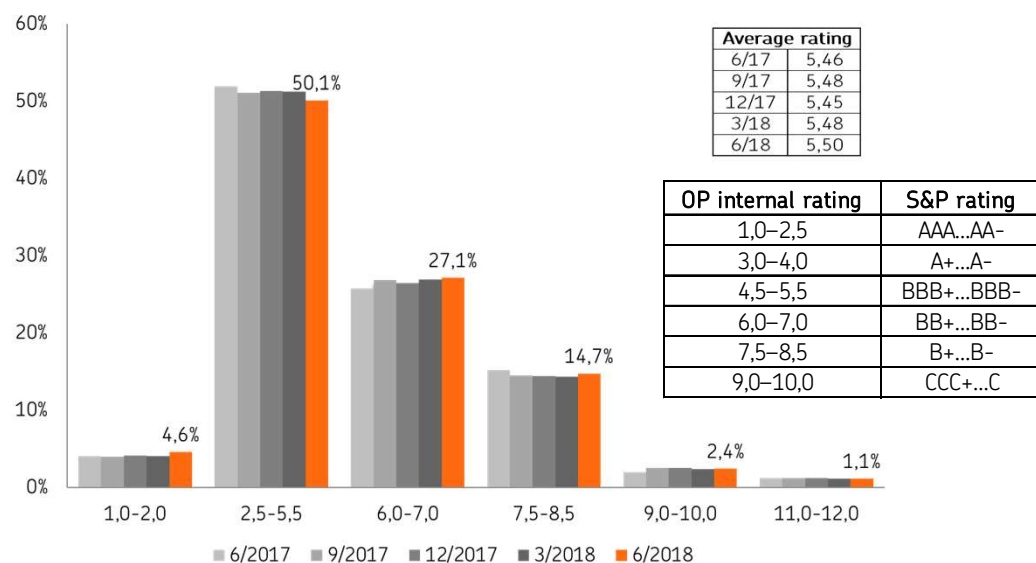


- Ratio of exposures individually assessed for impairment/ECL to gross doubtful receivables\*\* 10.9% (12.6)
- Non-performing receivables to loan and guarantee portfolio 1.2% (1.2)

# Exposures by credit rating category

IG (1.0–5.5) 55% of the exposure from Non-financial corporations and housing companies sector

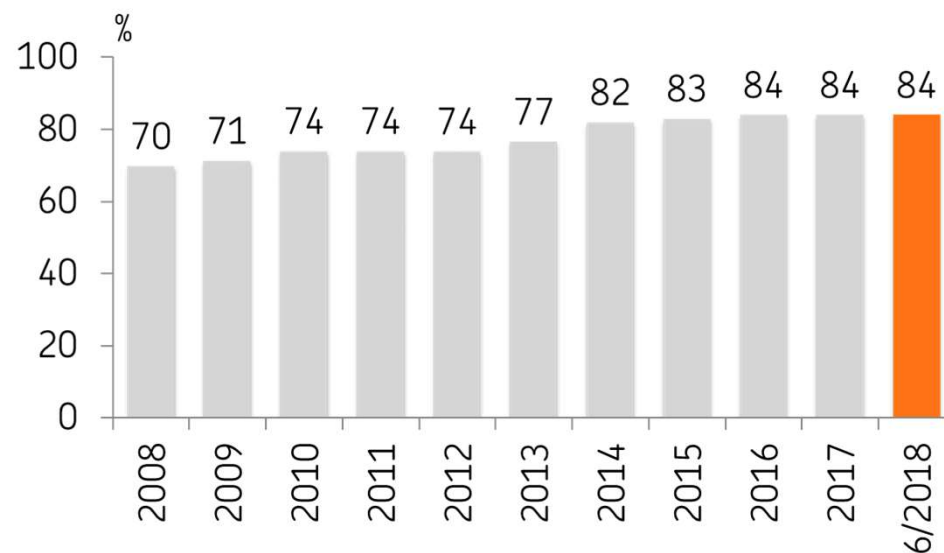
Exposures from the Non-financial Corporations and Housing Companies Sector by credit rating category  
(total corporate customer exposure €47.3 bn at end-June 2018)



Largest single customer risk to capital under FiCo capital adequacy at YE2017

5.0% (4.0)

Private Customer exposures of credit rating categories A and B, % of total exposure  
(total private customer exposure €48.9 bn at end-June 2018)



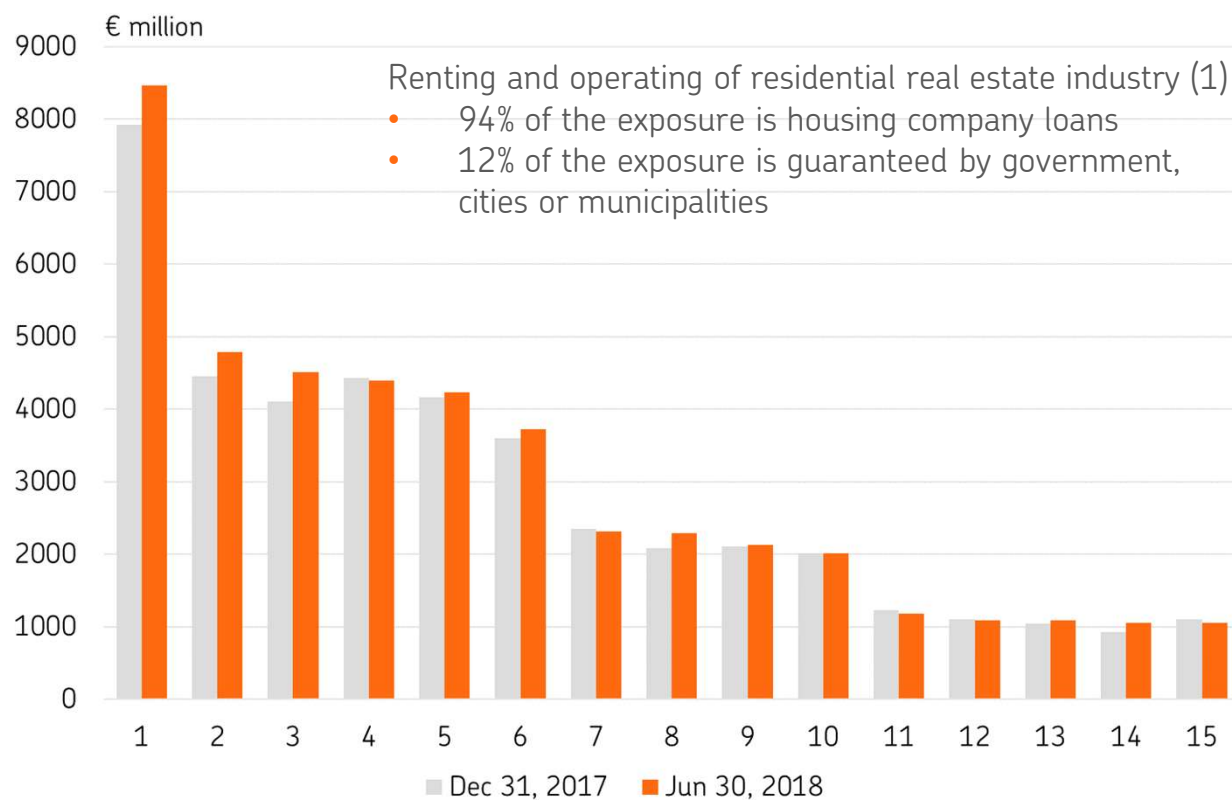
At YE2017, average PD of private customer exposures (Pillar III) with a credit rating of A and B a maximum of

0.1% (0.1)



# Corporate exposures well diversified by industry

Exposures from the Non-financial corporations and housing companies sector €47.3 bn at end-June 2018



	Dec 31, 2017	Jun 30, 2018
1 Renting and operating of residential real estate	17,4 %	17,9 %
2 Renting and operating of other real estate	9,8 %	10,1 %
3 Services	9,0 %	9,6 %
4 Energy	9,8 %	9,3 %
5 Wholesale and retail trade	9,2 %	9,0 %
6 Construction	7,9 %	7,9 %
7 Manufacture of machinery and equipment (incl. services)	5,2 %	4,9 %
8 Agriculture, forestry and fishing	4,6 %	4,9 %
9 Financial and insurance services	4,6 %	4,5 %
10 Transportation and storage	4,4 %	4,3 %
11 Forest industry	2,7 %	2,5 %
12 Metal industry	2,4 %	2,3 %
13 Chemical industry	2,3 %	2,3 %
14 Information and communication	2,0 %	2,2 %
15 Food industry	2,4 %	2,2 %

# Funding based on strong credit ratings

OP aims to maintain senior unsecured rating at AA level affirmed by at least 2 rating agencies or senior unsecured ratings at least at the main competitors' level

	Moody's (Senior unsecured/LT issuer rating)	S&P (LT issuer credit rating)
Svenska Handelsbanken	Aa2	AA-
Swedbank	Aa2	AA-
<b>OP Corporate Bank plc</b>	<b>Aa3</b>	<b>AA-</b>
Nordea Bank	Aa3	AA-
SEB	Aa2	A+
DNB Bank	Aa2*	A+**
Danske Bank	A1	A**
<b>OP Mortgage Bank***</b>	<b>Aaa</b>	<b>AAA</b>
lf****	A1	A+
<b>OP Insurance Ltd****</b>	<b>A3</b>	<b>A+</b>
Finland	Aa1	AA+

\* Negative outlook

\*\* Positive outlook

\*\*\* Covered bond rating

\*\*\*\* Insurance financial strength rating

Updated: 27 August 2018

## OP CORPORATE BANK PLC

- Moody's affirmed Aa3 rating with stable outlook on 29 June 2015
  - Uplifts from Loss-Given-Failure (+2 notches) and Government Support (+1 notch)
- S&P affirmed AA- rating and stable outlook in July 2018
  - Uplifts from Business Position (+1 notch), Capital and Earnings (+2 notches) and ALAC Support (+1 notch)

## OP MORTGAGE BANK

- Moody's affirmed Aaa rating with stable outlook in May 2018
  - TPI (Timely Payment Indicator) Leeway 5 notches
- S&P affirmed AAA rating with stable outlook in August 2017
  - 3 unused notches of jurisdictional support
  - 2 unused notches of collateral based uplift

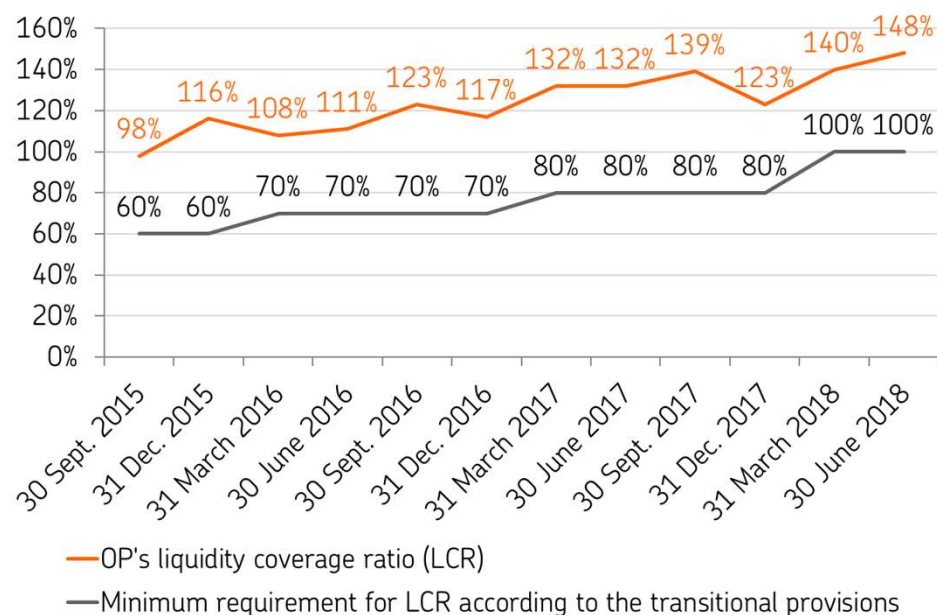
## OP INSURANCE LTD

- Moody's affirmed A3 rating with stable outlook on 15 May 2015
- S&P affirmed A+ rating and stable outlook in July 2018

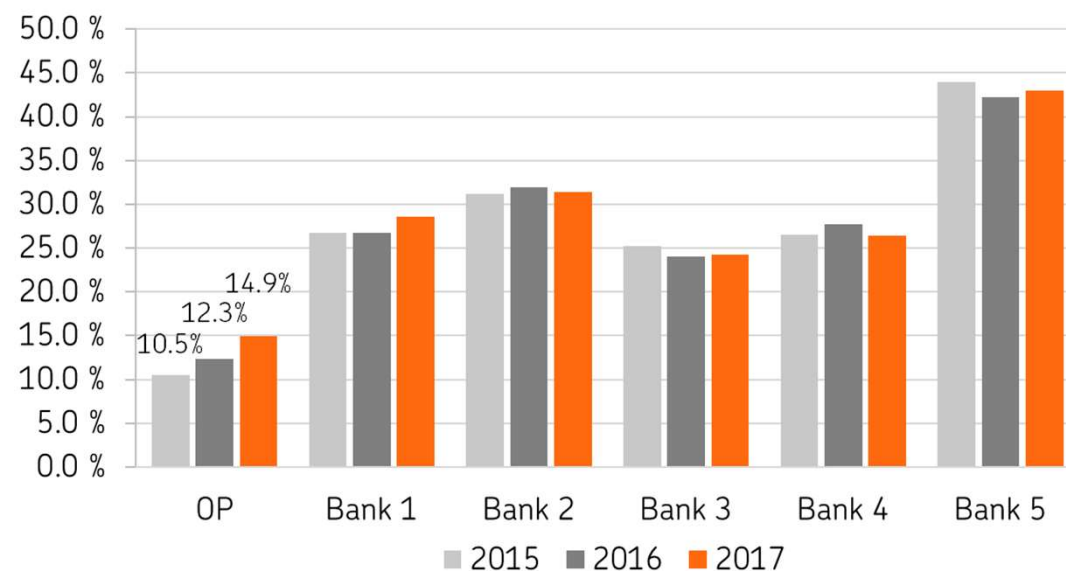
# LCR 148% at end-June 2018 and NSFR 116% at YE2017

Encumbrance ratio 14.9% at YE2017

## LCR vs. minimum requirement



## Encumbrance ratio in Nordic comparison

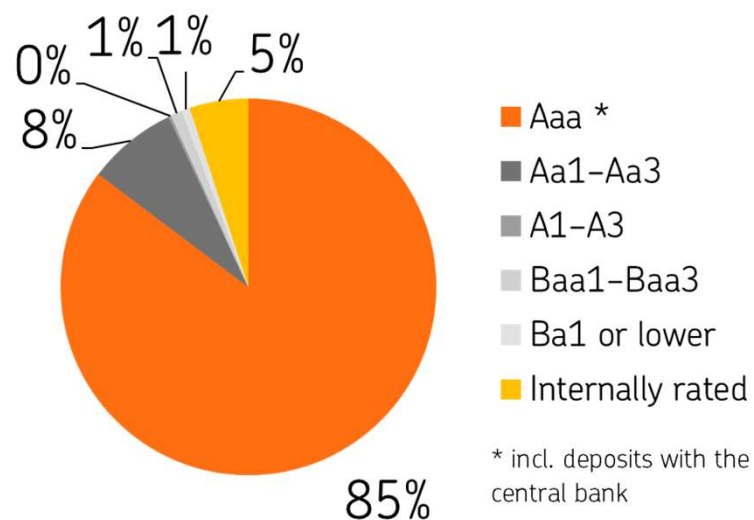


NSFR (Net Stable Funding Ratio) 116% at YE2017 (114 at YE2016)

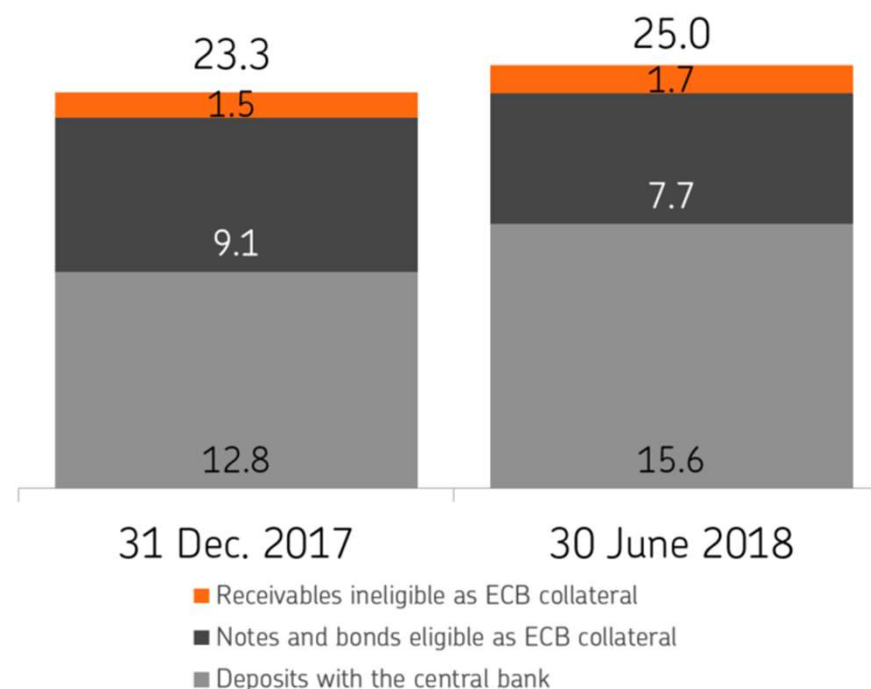
# Liquidity buffer €25.0 bn at end-June 2018

Liquidity buffer and other sources of additional funding based on the contingency funding plan are sufficient to cover funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate

Liquidity buffer by credit rating\*\*, as of 30 June 2018



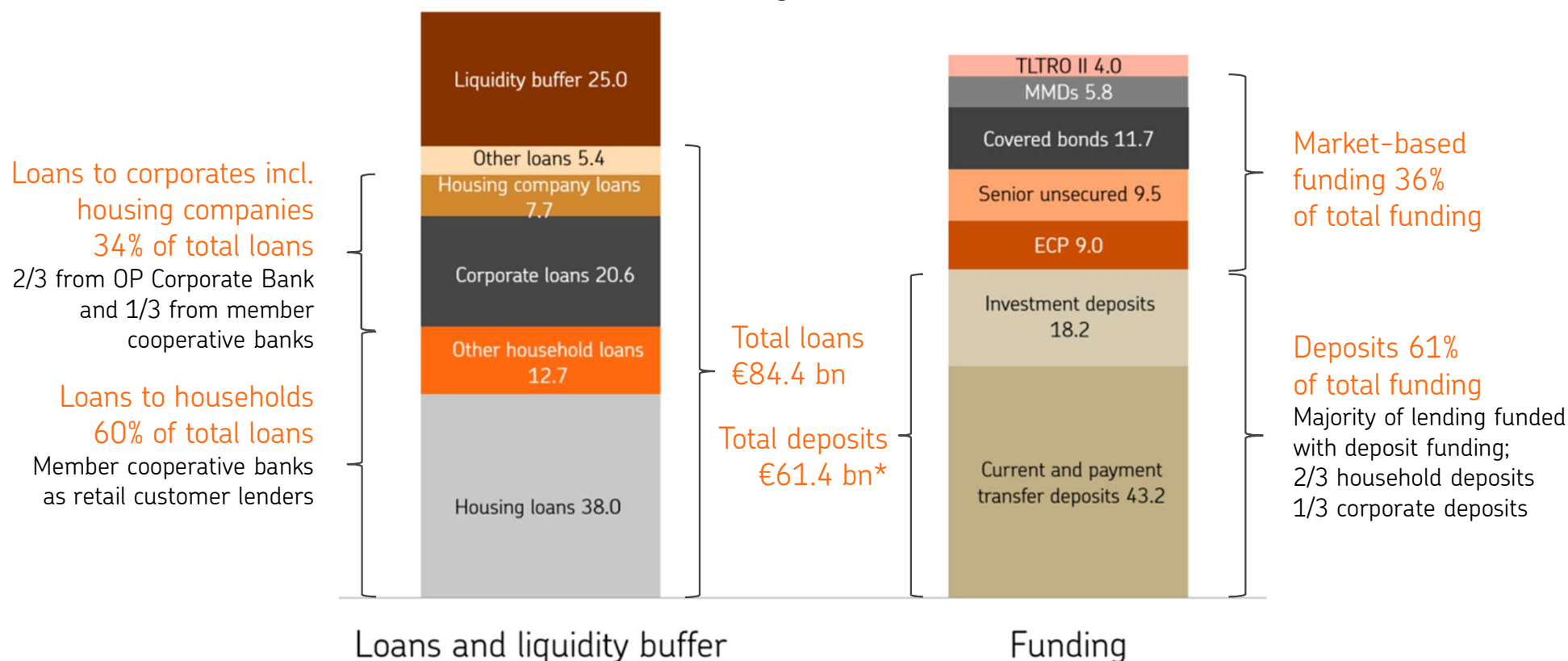
Liquidity buffer breakdown, € bn



# Loans, liquidity buffer and funding

30 June 2018

€ bn



# Maturity breakdown of wholesale funding well diversified

Issued senior unsecured and covered bonds by maturity, 30 June 2018 (€ bn)



## MREL regulation

- On 7 May 2018, the Finnish Financial Stability Authority set MREL for OP Financial Group of 12.2 billion euros, or 27.6% of the risk-weighted assets (RWA) at the end of 2016
- OP Financial Group clearly fulfils the requirement set by the authority: according to an estimate, OP Financial Group's MREL ratio was 35% at the turn of 2017
- The Senior Non-Preferred debt regulations will be incorporated into Finnish legislation during 2018
- The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would apply to OP Corporate Bank acting as a Single Point of Entry

OP issued long-term bonds worth €2.4 billion during H1/2018

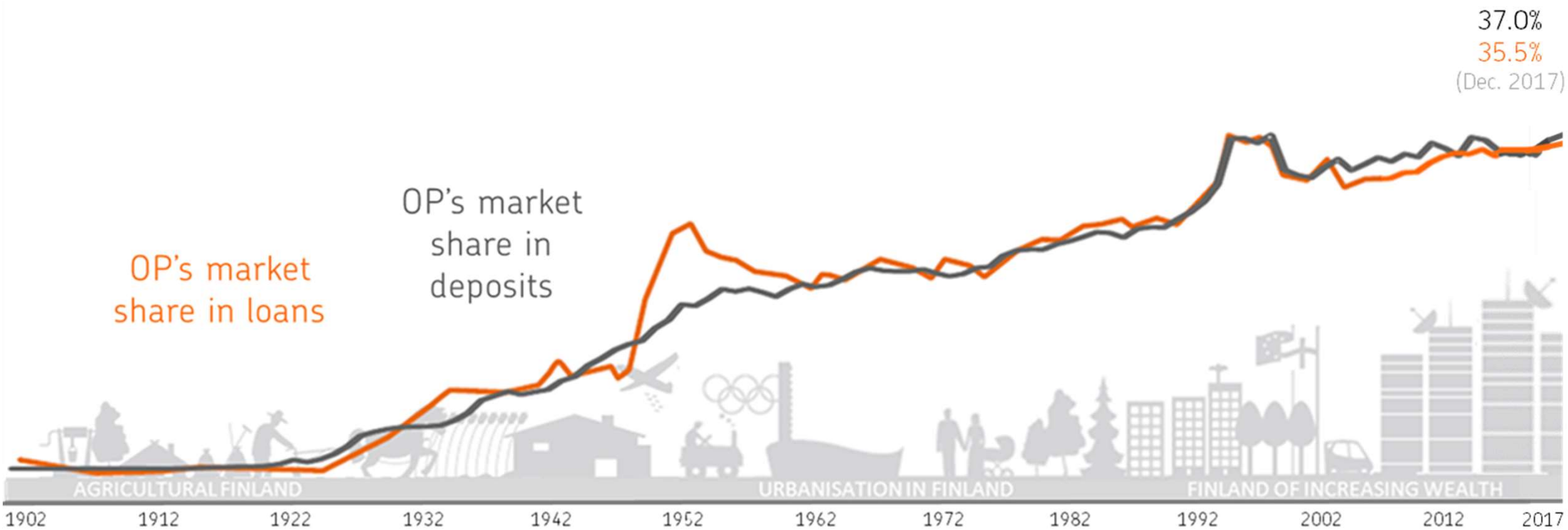
## Issued senior unsecured and covered bonds

### OP Corporate Bank plc's benchmark senior unsecured bonds 2015–18

Year	Month	Amount	Maturity	Interest rate
2018	August	€500 mn	5 yrs	m/s +22 bps
2018	May	GBP200 mn	3 yrs	Eb3 +17 bps
2018	May	Total €1 bn dual-tranche, €500 mn each	7 yrs (fixed) 3 yrs (floating)	m/s +30 bps Eb3 +20 bps
2017	April	€500 mn	5.5 yrs	m/s +27 bps
2016	January	€500 mn	5 yrs	m/s +65 bps
2015	November	Total ¥30 bn (€228 mn), 2 issues	5 yrs (floating) 5 yrs (fixed)	m/s +59.9 bps m/s +66.1 bps
2015	May	GBP300 mn	3 yrs	Eb3 +16 bps
2015	May	GBP400 mn	7 yrs	Eb3 +58 bps
2015	March	€1 bn	7 yrs	m/s +33 bps

### OP Mortgage Bank's benchmark covered bonds 2015–18

Year	Month	Amount	Maturity	Interest rate
2018	June	€1 bn	7.25 yrs	m/s -2 bps
2017	November	€1 bn	5.25 yrs	m/s -13 bps
2017	June	€1 bn	10 yrs	m/s +1 bps
2017	March	€1 bn	7 yrs	m/s -4 bps
2016	May	€1.25 bn	7 yrs	m/s +4 bps
2015	November	€1.25 bn	5 yrs	m/s +5 bps
2015	September	€1 bn	7 yrs	m/s -1 bps



# OP Mortgage Bank



## Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA and ECB
- Assets that must be booked as non-performing (over 90 days in arrears), according to FIN-FSA regulations, shall not be included in the Cover Pool
  - At OPMB, non-performing loans were €16.8 mn as of 30 June 2018

# OP Mortgage Bank (OPMB) in brief

## OPMB IN BRIEF

- Wholly-owned subsidiary of OP Cooperative
- Special-purpose bank operating under the Act on Mortgage Credit Bank Operations
  - OPMB's sole purpose is to raise funds for OP member cooperative banks by issuing covered bonds with mortgage collateral
- Outstanding covered bonds of OPMB are rated AAA by S&P and Aaa by Moody's

## OPMB & 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

OP Mortgage Bank's covered bond programme qualifies for the European Covered Bond Council's (ECBC) Covered Bond Label.



Read more about ECBC's covered bond label at [www.coveredbondlabel.com](http://www.coveredbondlabel.com)

# OP Mortgage Bank's rating buffers

## Standard & Poor's: AAA (stable)

- 3 unused notches of jurisdictional support
- 2 unused notches of collateral based uplift
- Key scores (as of 31 March 2018)
  - Available Credit Enhancement: 23.58%
  - Target Credit Enhancement: 3.39%
  - Credit Enhancement (OC) commensurate with AAA rating: 2.50%
  - WAFF\*: 12.84%
  - WALs\*\*: 6.30%

\* Weighted-average foreclosure frequency

\*\* Weighted-average loss severity

Source: Standard & Poor's Credit Market Services Europe Limited

## Moody's: Aaa (stable)

- TPI\*\*\* Leeway 5 notches
- Key scores (as of 31 March 2018)
  - CR-A\*\*\*\*: Aa2(cr)
  - CB Anchor: CR-A + 1 notch = Aa1
  - TPI: Probable-High
  - Collateral score (post-haircut): 3.4% (cap 5.0%)

\*\*\* Timely payment indicator

\*\*\*\* Counterparty risk assessment

Source: Moody's Performance Overview, OP Mortgage Bank, Mortgage Covered Bonds 2, 21 May 2018

# OPMB operating model

OPMB is a funding vehicle for the member cooperative banks

- Subject to strict eligibility criteria
  - Collateral may be transferred to OPMB via intermediary loan process

OPMB utilises the structure of OP Financial Group through, for example,

- outsourcing
  - origination and servicing of assets to member cooperative banks, and
  - risk management, IT services, accounting etc. to OP Cooperative
- cooperatively organising
  - interest rate risk management with OP Corporate Bank plc

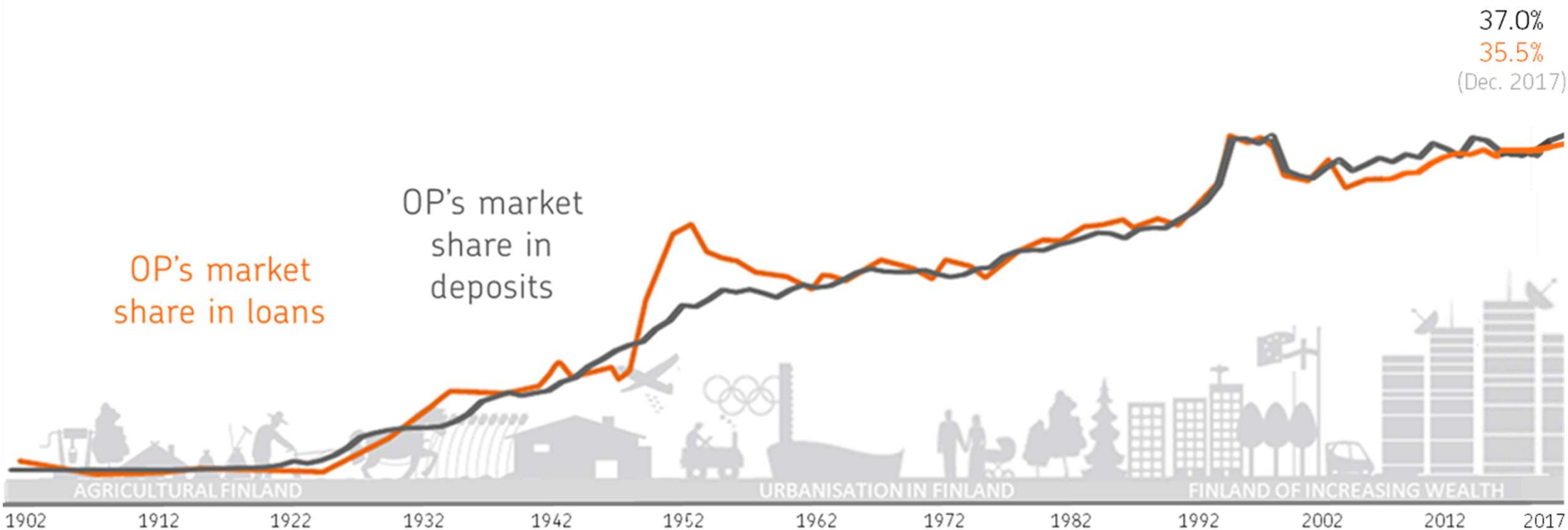
# Operating model and roles



\*) Basic lending criteria for the Group are set by OP Cooperative. OP Mortgage Bank can set additional limits.

# Intermediary loans

- 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 worthy loan portfolio for the maturity of the intermediary loans, and accepts that OPMB subscribes the mortgage loans as collateral in the cover pool
  - OPMB monitor's the adequacy of the loans daily
- Once the mortgage loans are registered in the OP MB Covered Bond Register via intermediary loan process, they serve as collateral for the covered bonds for the benefit of the noteholders as long as intermediary loan expires



## OPMB Cover Asset Pool Characteristics

Covered bonds issued after 1 Aug. 2010,  
under the Finnish Act on Mortgage Credit Banks 680/2010

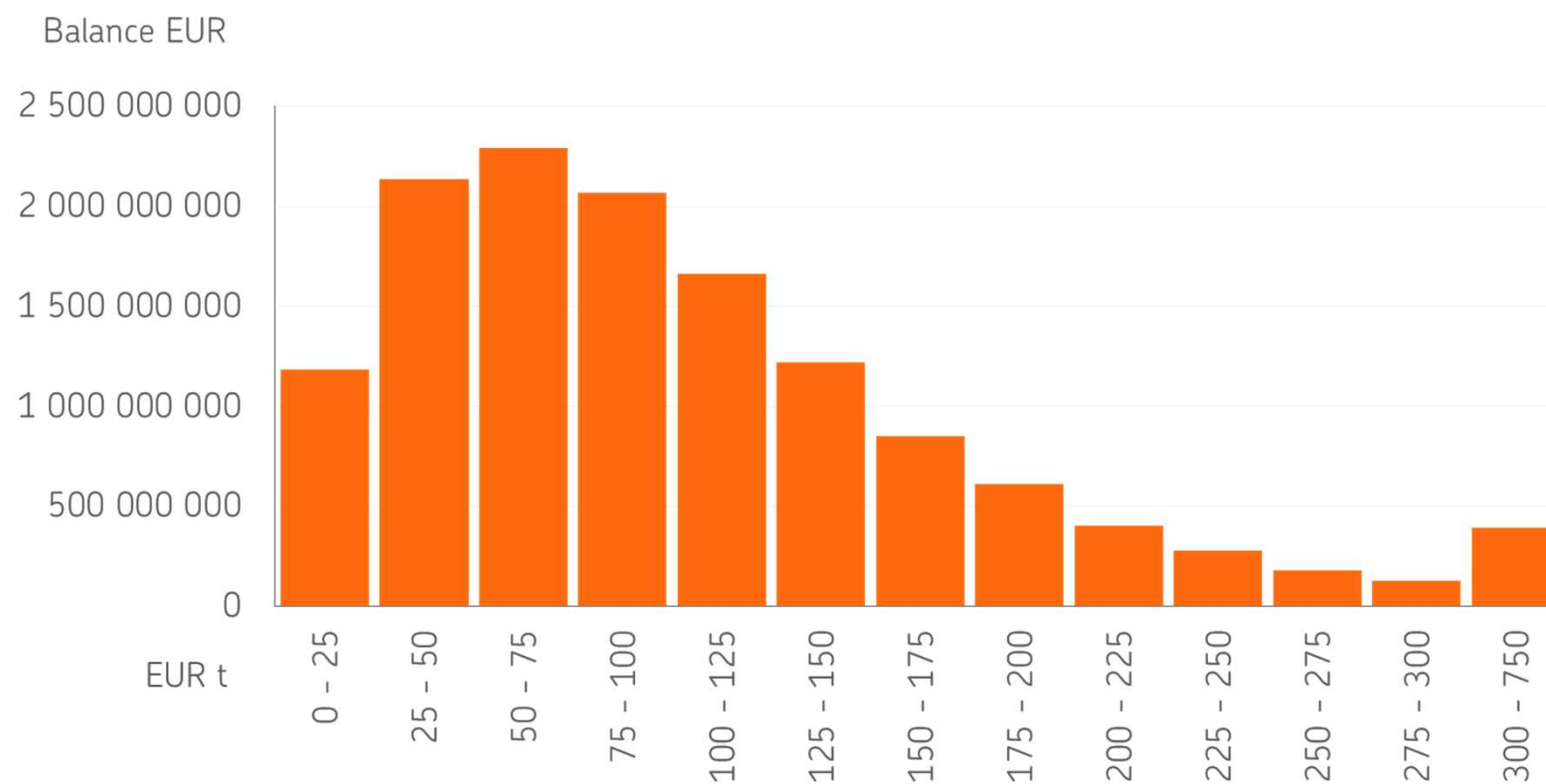
# Main Features of OP Mortgage Bank's Cover Asset Pool as of 30 June 2018

- Collateralized by Finnish mortgages
- Current balance EUR 13.41 billion
- Weighted Average indexed LTV of 45%
- Average loan size of approximately EUR 53,110
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 98% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of covered bonds issued EUR 11.735 billion



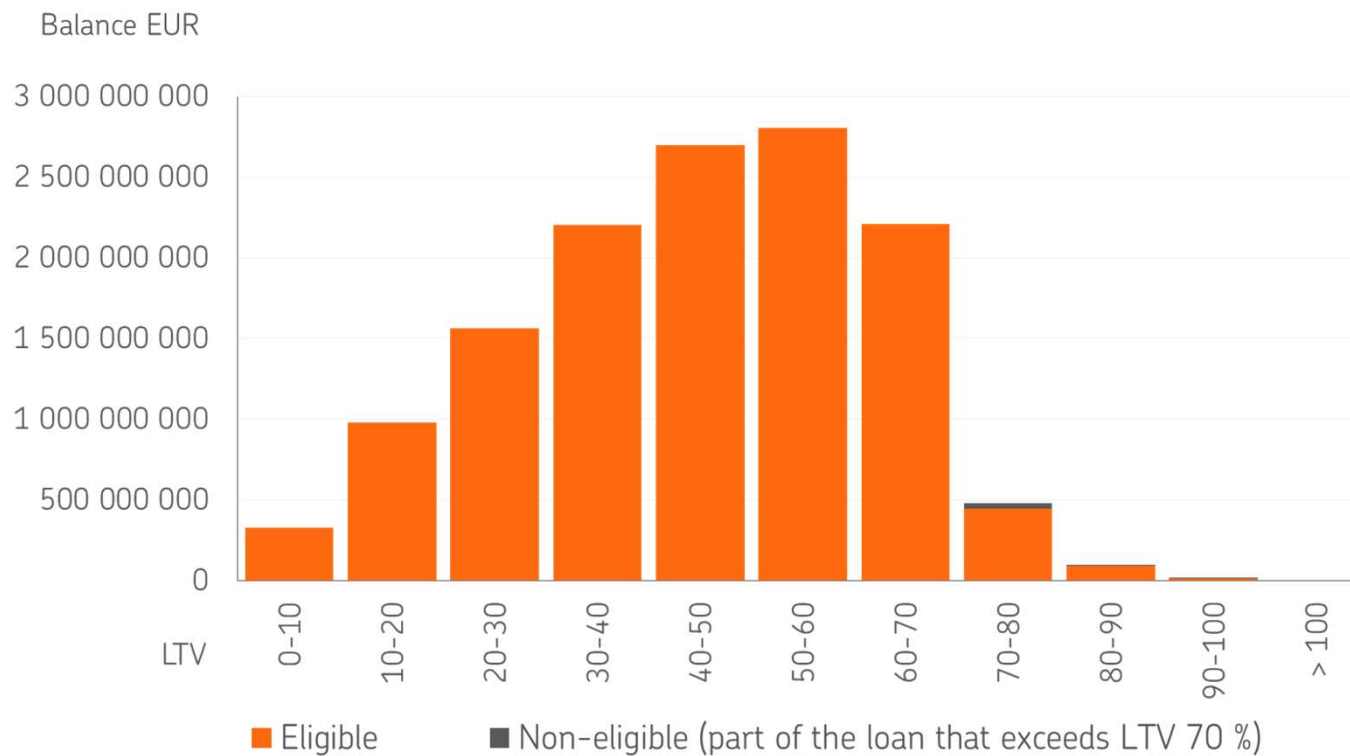
# OPMB Cover Asset Pool Characteristics

Loans by size



# OPMB Cover Asset Pool Characteristics

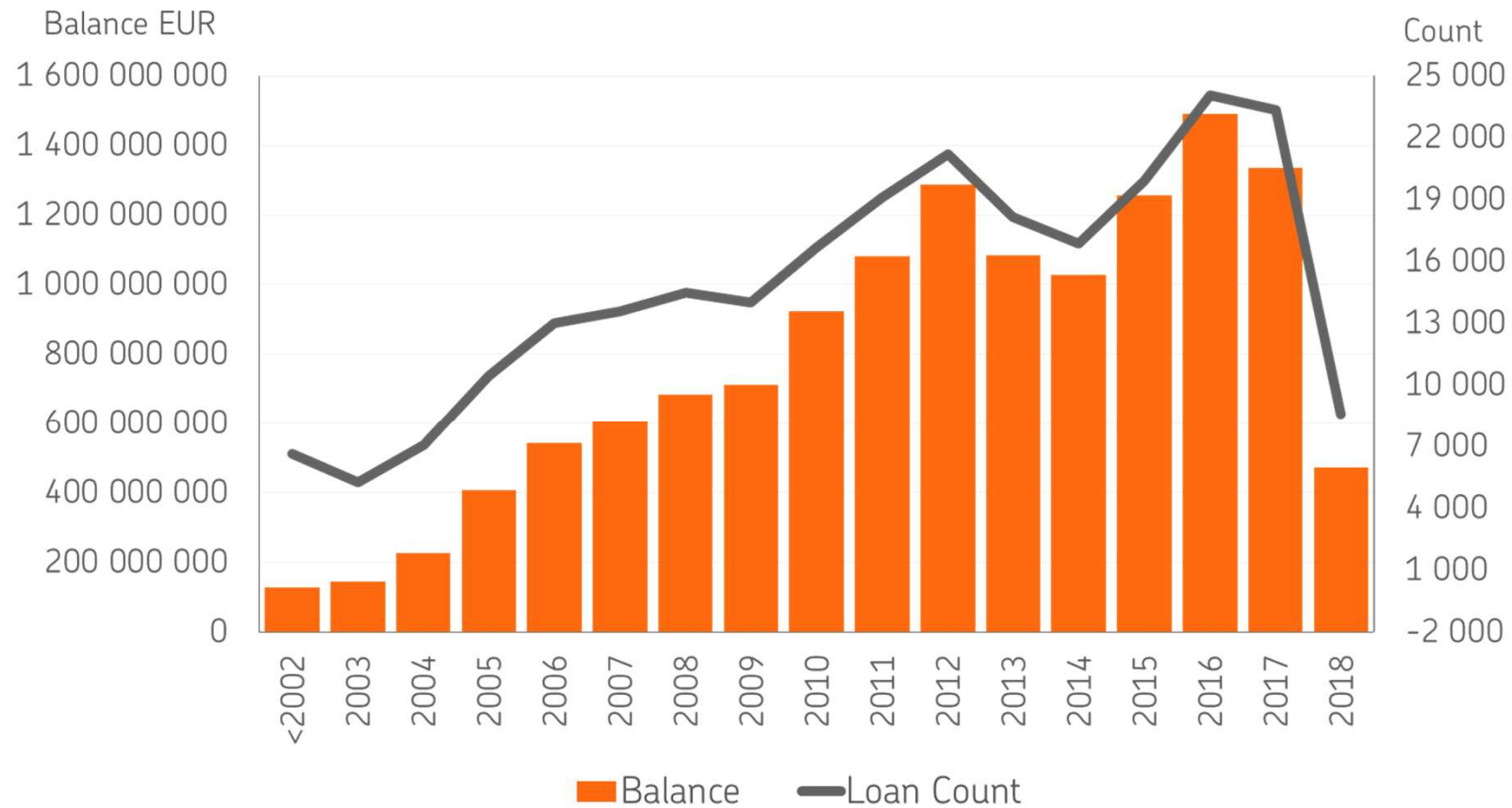
## Loans by LTV



- Total assets EUR 13.41 billion
- Eligible Cover Pool assets EUR 13.36 billion
- Weighted average indexed LTV of 45%
- Over-collateralisation 13.9% (eligible-only)

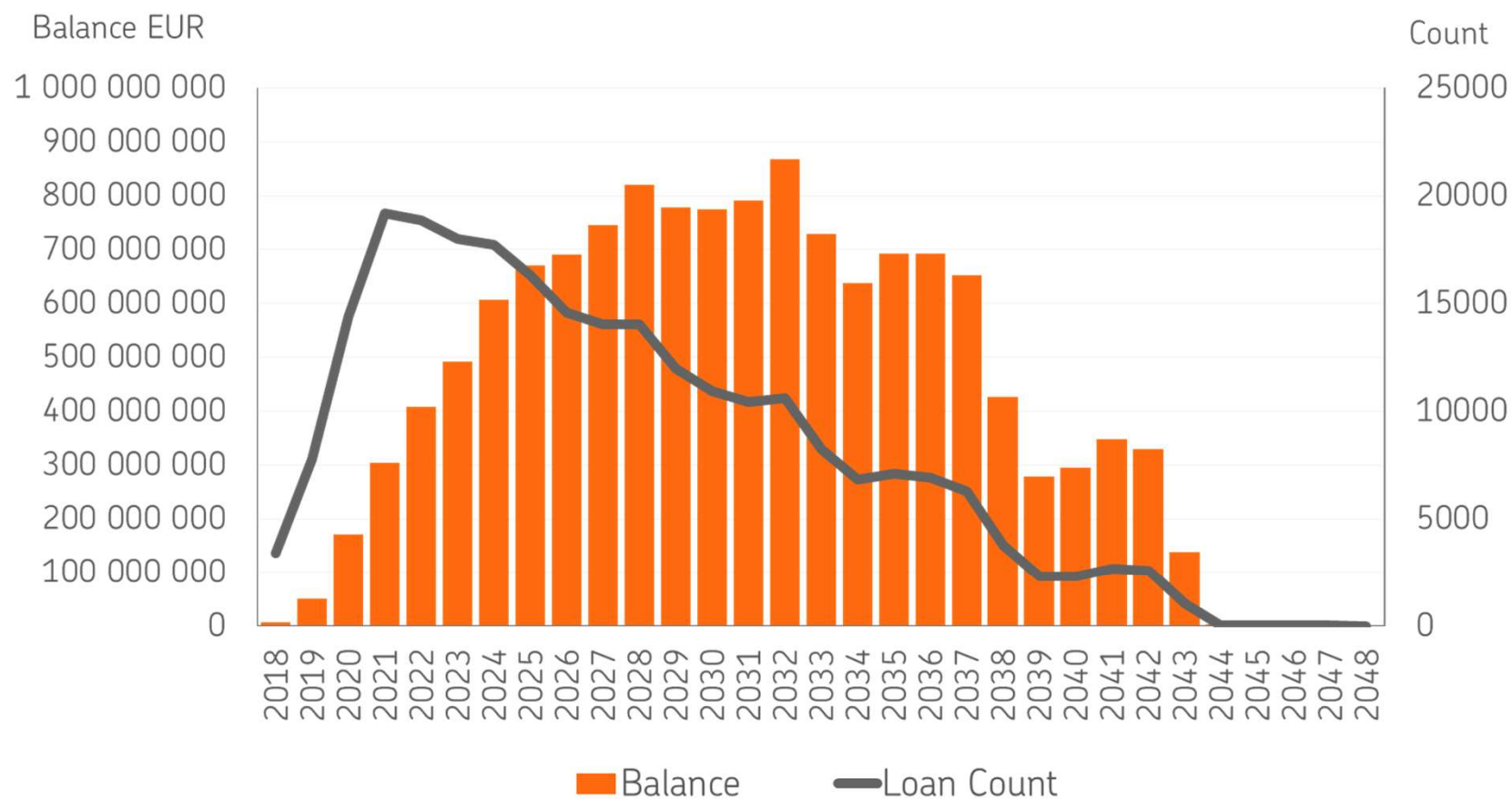
# OPMB Cover Asset Pool Characteristics

## Loans by origination year



# OPMB Cover Asset Pool Characteristics

## Loans by maturity

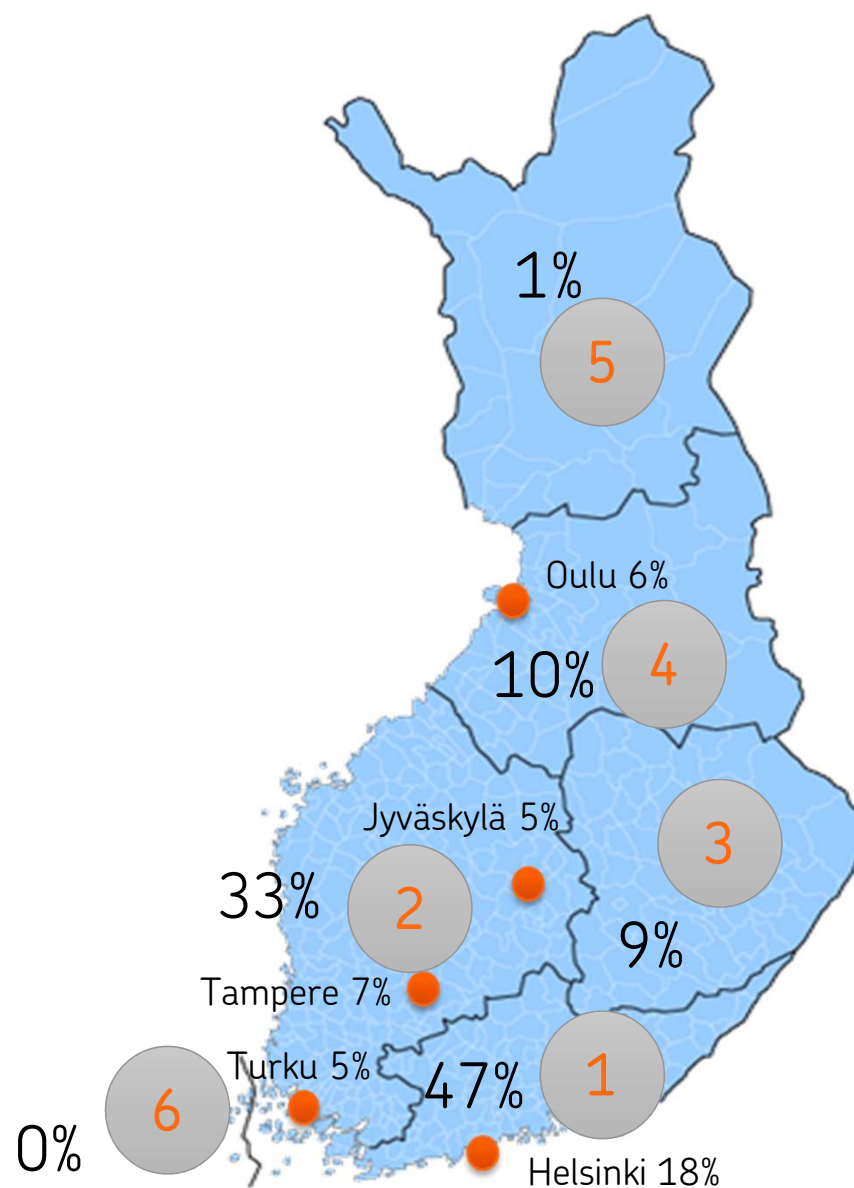


# OPMB Cover Asset Pool

## Characteristics

### Geographical distribution

- 1 Southern Finland
- 2 Western Finland
- 3 Eastern Finland
- 4 Oulu region
- 5 Lapland
- 6 Åland



## A. Harmonised Transparency Template - General Information

HTT 2018

Reporting in Domestic Currency		EUR			
CONTENT OF TAB A					
1. Basic Facts					
G.1.1.1	Country	Finland			
G.1.1.2	Issuer Name	OP Mortgage Bank			
G.1.1.3	Link to Issuer's Website	<a href="https://www.op.fi/op-financial-group/debt-investors/op-as-an-investment">https://www.op.fi/op-financial-group/debt-investors/op-as-an-investment</a>			
G.1.1.4	Cut-off date	30/06/2018			
OG.1.1.1	Optional information e.g. Contact names				
OG.1.1.2	Optional information e.g. Parent name				
OG.1.1.3					
OG.1.1.4					
OG.1.1.5					
OG.1.1.6					
OG.1.1.7					
OG.1.1.8					
2. Regulatory Summary					
G.2.1.1	UCITS Compliance (Y/N)	Y			
G.2.1.2	CRR Compliance (Y/N)	Y			
G.2.1.3	LCR status	<a href="https://www.coveredbondlabel.com/issuer/">https://www.coveredbondlabel.com/issuer/</a>			
OG.2.1.1					
OG.2.1.2					
OG.2.1.3					
OG.2.1.4					
OG.2.1.5					
OG.2.1.6					
3. General Cover Pool / Covered Bond Information					
1. General Information		Nominal (mn)			
G.3.1.1	Total Cover Assets	13409.87			
G.3.1.2	Outstanding Covered Bonds	11735.00			
OG.3.1.1	Cover Pool Size [NPV] (mn)	ND1			
OG.3.1.2	Outstanding Covered Bonds [NPV] (mn)	ND1			
OG.3.1.3					
OG.3.1.4					
2. Over-collateralisation (OC)		Legal / Regulatory	Actual	Minimum Committed	Purpose
G.3.2.1	OC (%)	2%	14%	ND1	ND1
OG.3.2.1	Optional information e.g. Asset Coverage Test (ACT)				
OG.3.2.2	Optional information e.g. OC (NPV basis)				
OG.3.2.3					
OG.3.2.4					
OG.3.2.5					
OG.3.2.6					
3. Cover Pool Composition		Nominal (mn)		% Cover Pool	
G.3.3.1	Mortgages	13407.17		99.98%	
G.3.3.2	Public Sector	0.00		0.00%	
G.3.3.3	Shipping	0.00		0.00%	
G.3.3.4	Substitute Assets	0.00		0.00%	
G.3.3.5	Other	2.70		0.02%	
G.3.3.6	Total	13,410		100%	
OG.3.3.1	a/w [if relevant, please specify]			0.00%	
OG.3.3.2	a/w [if relevant, please specify]			0.00%	
OG.3.3.3	a/w [if relevant, please specify]			0.00%	
OG.3.3.4	a/w [if relevant, please specify]			0.00%	
OG.3.3.5	a/w [if relevant, please specify]			0.00%	
OG.3.3.6	a/w [if relevant, please specify]			0.00%	

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2018

4. Cover Pool Amortization Profile		Contractual	Expected Upon Prepayments	% Total Contractual	% Total Expected Upon Prepayments
G.3.4.1	Weighted Average Life (in years)	6.29	ND3		
	Residual Life (mn)				
	By buckets:				
G.3.4.2	0 - 1 Y	2137.06	ND3	15.94%	
G.3.4.3	1 - 2 Y	1318.52	ND3	9.83%	
G.3.4.4	2 - 3 Y	1201.87	ND3	8.96%	
G.3.4.5	3 - 4 Y	1072.24	ND3	8.00%	
G.3.4.6	4 - 5 Y	980.88	ND3	7.31%	
G.3.4.7	5 - 10 Y	3568.57	ND3	26.61%	
G.3.4.8	10+ Y	3193.72	ND3	23.35%	
G.3.4.9	Total	13,410	0	100%	0%
OG.3.4.1	div 0-1 day			0.00%	
OG.3.4.2	div 0-0.5 y			0.00%	
OG.3.4.3	div 0.5-1 y			0.00%	
OG.3.4.4	div 1-1.5 y			0.00%	
OG.3.4.5	div 1.5-2 y			0.00%	
OG.3.4.6					
OG.3.4.7					
OG.3.4.8					
OG.3.4.9				0.00%	
OG.3.4.10				0.00%	
5. Maturity of Covered Bonds		Initial Maturity	Extended Maturity	% Total Initial Maturity	% Total Extended Maturity
G.3.5.1	Weighted Average life (in years)	4.31	5.30		
	Maturity (mn)				
	By buckets:				
G.3.5.2	0 - 1 Y	2100.00	1100.00	17.90%	9.37%
G.3.5.3	1 - 2 Y	1270.00	1000.00	10.82%	8.52%
G.3.5.4	2 - 3 Y	1000.00	1270.00	8.52%	10.82%
G.3.5.5	3 - 4 Y	1000.00	1000.00	8.52%	8.52%
G.3.5.6	4 - 5 Y	2250.00	1000.00	19.17%	8.52%
G.3.5.7	5 - 10 Y	4115.00	6365.00	35.07%	54.24%
G.3.5.8	10+ Y	0.00	0.00	0.00%	0.00%
G.3.5.9	Total	11,735	11,735	100%	100%
OG.3.5.1	div 0-1 day			0.00%	0.00%
OG.3.5.2	div 0-0.5 y			0.00%	0.00%
OG.3.5.3	div 0.5-1 y			0.00%	0.00%
OG.3.5.4	div 1-1.5 y			0.00%	0.00%
OG.3.5.5	div 1.5-2 y			0.00%	0.00%
OG.3.5.6					
OG.3.5.7					
OG.3.5.8					
OG.3.5.9					
OG.3.5.10					
6. Covered Assets - Currency		Nominal [before hedging] (mn)	Nominal [after hedging] (mn)	% Total [before]	% Total [after]
G.3.6.1	EUR	11,735	0.00	100.00%	
G.3.6.2	USD	0.00	0.00	0.00%	
G.3.6.3	GBP	0.00	0.00	0.00%	
G.3.6.4	NOK	0.00	0.00	0.00%	
G.3.6.5	CHF	0.00	0.00	0.00%	
G.3.6.6	AUD	0.00	0.00	0.00%	
G.3.6.7	CAD	0.00	0.00	0.00%	
G.3.6.8	BRL	0.00	0.00	0.00%	
G.3.6.9	CZK	0.00	0.00	0.00%	
G.3.6.10	DKK	0.00	0.00	0.00%	
G.3.6.11	HKD	0.00	0.00	0.00%	
G.3.6.12	KRW	0.00	0.00	0.00%	
G.3.6.13	SEK	0.00	0.00	0.00%	
G.3.6.14	SGD	0.00	0.00	0.00%	
G.3.6.15	Other	0.00	0.00	0.00%	
G.3.6.16	Total	11,735	0	100%	0%
OG.3.6.1	div If relevant, please specify			0.00%	
OG.3.6.2	div If relevant, please specify			0.00%	
OG.3.6.3	div If relevant, please specify			0.00%	
OG.3.6.4	div If relevant, please specify			0.00%	
OG.3.6.5	div If relevant, please specify			0.00%	
OG.3.6.6	div If relevant, please specify			0.00%	
OG.3.6.7	div If relevant, please specify			0.00%	
OG.3.6.8	div If relevant, please specify			0.00%	
OG.3.6.9	div If relevant, please specify			0.00%	

7. Covered Bonds - Currency		Nominal [before hedging] (mn)	Nominal [after hedging] (mn)	% Total [before]	% Total [after]
G.3.7.1	EUR	11735.00	11735.00	100.00%	100.00%
G.3.7.2	USD	0.00	0.00	0.00%	0.00%
G.3.7.3	GBP	0.00	0.00	0.00%	0.00%
G.3.7.4	NOK	0.00	0.00	0.00%	0.00%
G.3.7.5	CHF	0.00	0.00	0.00%	0.00%
G.3.7.6	AUD	0.00	0.00	0.00%	0.00%
G.3.7.7	CAD	0.00	0.00	0.00%	0.00%
G.3.7.8	BRL	0.00	0.00	0.00%	0.00%
G.3.7.9	CZK	0.00	0.00	0.00%	0.00%
G.3.7.10	DKK	0.00	0.00	0.00%	0.00%
G.3.7.11	HKD	0.00	0.00	0.00%	0.00%
G.3.7.12	KRW	0.00	0.00	0.00%	0.00%
G.3.7.13	SEK	0.00	0.00	0.00%	0.00%
G.3.7.14	SGD	0.00	0.00	0.00%	0.00%
G.3.7.15	Other	0.00	0.00	0.00%	0.00%
G.3.7.16	Total	11735.00	11735.00	100%	100%
OG.3.7.1	div [if relevant, please specify]				
OG.3.7.2	div [if relevant, please specify]				
OG.3.7.3	div [if relevant, please specify]				
OG.3.7.4	div [if relevant, please specify]				
OG.3.7.5	div [if relevant, please specify]				
OG.3.7.6	div [if relevant, please specify]				
OG.3.7.7	div [if relevant, please specify]				
OG.3.7.8	div [if relevant, please specify]				
OG.3.7.9	div [if relevant, please specify]				
8. Covered Bonds - Breakdown by interest rate		Nominal [before hedging] (mn)	Nominal [after hedging] (mn)	% Total [before]	% Total [after]
G.3.8.1	Fixed coupon	11635.00	11635.00	99.15%	99.15%
G.3.8.2	Floating coupon	100.00	100.00	0.85%	0.85%
G.3.8.3	Other	0.00	0.00	0.00%	0.00%
G.3.8.4	Total	11735.00	11735.00	100%	100%
OG.3.8.1					
OG.3.8.2					
OG.3.8.3					
OG.3.8.4					
OG.3.8.5					
9. Substitute Assets - Type		Nominal (mn)	% Substitute Assets		
G.3.9.1	Cash	0.00			
G.3.9.2	Exposures to/guaranteed by Supranational, Sovereign, Agency (SSA)	0.00			
G.3.9.3	Exposures to central banks	0.00			
G.3.9.4	Exposures to credit institutions	0.00			
G.3.9.5	Other	0.00			
G.3.9.6	Total	0	0%		
OG.3.9.1	div EU govts or quasi govts				
OG.3.9.2	div third-party countries Credit Quality Step 1 (CQS1) govts or quasi govts				
OG.3.9.3	div third-party countries Credit Quality Step 2 (CQS2) govts or quasi govts				
OG.3.9.4	div EU central banks				
OG.3.9.5	div third-party countries Credit Quality Step 1 (CQS1) central				
OG.3.9.6	div third-party countries Credit Quality Step 2 (CQS2) central				
OG.3.9.7	div CQS1 credit institutions				
OG.3.9.8	div CQS2 credit institutions				
OG.3.9.9					
OG.3.9.10					
OG.3.9.11					
OG.3.9.12					

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2018



10. Substitute Assets - Country		Nominal (mn)	% Substitute Assets	
G.3.10.1	Domestic (Country of Issuer)	0.00		
G.3.10.2	Eurozone	0.00		
G.3.10.3	Rest of European Union (EU)	0.00		
G.3.10.4	European Economic Area (not member of EU)	0.00		
G.3.10.5	Switzerland	0.00		
G.3.10.6	Australia	0.00		
G.3.10.7	Brazil	0.00		
G.3.10.8	Canada	0.00		
G.3.10.9	Japan	0.00		
G.3.10.10	Korea	0.00		
G.3.10.11	New Zealand	0.00		
G.3.10.12	Singapore	0.00		
G.3.10.13	US	0.00		
G.3.10.14	Other	0.00		
G.3.10.15	Total EU	0.00		
G.3.10.16	Total	0.00	0%	
OG.3.10.1	d/w [if relevant, please specify]			
OG.3.10.2	d/w [if relevant, please specify]			
OG.3.10.3	d/w [if relevant, please specify]			
OG.3.10.4	d/w [if relevant, please specify]			
OG.3.10.5	d/w [if relevant, please specify]			
OG.3.10.6	d/w [if relevant, please specify]			
OG.3.10.7	d/w [if relevant, please specify]			
11. Liquid Assets		Nominal (mn)	% Cover Pool	% Covered Bonds
G.3.11.1	Substitute and other marketable assets	13409.87	100.00%	114.27%
G.3.11.2	Central bank eligible assets	0.00	0.00%	0.00%
G.3.11.3	Other	0.00	0.00%	0.00%
G.3.11.4	Total	13409.87	100%	114%
OG.3.11.1	d/w [if relevant, please specify]			
OG.3.11.2	d/w [if relevant, please specify]			
OG.3.11.3	d/w [if relevant, please specify]			
OG.3.11.4	d/w [if relevant, please specify]			
OG.3.11.5	d/w [if relevant, please specify]			
OG.3.11.6	d/w [if relevant, please specify]			
OG.3.11.7	d/w [if relevant, please specify]			
12. Bond List				
G.3.12.1	Bond list	<a href="https://www.coveredbondlabel.com/issuer/">https://www.coveredbondlabel.com/issuer/</a>		
13. Derivatives & Swaps				
G.3.13.1	Derivatives in the register / cover pool (notional) (mn)	7651.98		
G.3.13.2	Type of interest rate swaps (intra-group, external or both)	intra-group		
G.3.13.3	Type of currency rate swaps (intra-group, external or both)	ND2		
OG.3.13.1	NPV of Derivatives in the cover pool (mn)			
OG.3.13.2	Derivatives outside the cover pool (notional) (mn)			
OG.3.13.3	NPV of Derivatives outside the cover pool (mn)			

## B1. Harmonised Transparency Template - Mortgage Assets

HTT 2018

Reporting in Domestic Currency		EUR	
CONTENT OF TAB B1			
7. Mortgage Assets			
7.A Residential Cover Pool			
7.B Commercial Cover Pool			
Field Number	7. Mortgage Assets		
1. Property Type Information		Nominal (mn)	% Total Mortgages
M.7.1.1	Residential	13407.17	100.00%
M.7.1.2	Commercial	0.00	0.00%
M.7.1.3	Other	0.00	0.00%
M.7.1.4	Total	13407.17	100%
OM.7.1.1	a/w Housing Cooperatives / Multi-family assets		0.00%
OM.7.1.2	a/w Forest & Agriculture		0.00%
OM.7.1.3	a/w [If relevant, please specify]		0.00%
OM.7.1.4	a/w [If relevant, please specify]		0.00%
OM.7.1.5	a/w [If relevant, please specify]		0.00%
OM.7.1.6	a/w [If relevant, please specify]		0.00%
OM.7.1.7	a/w [If relevant, please specify]		0.00%
OM.7.1.8	a/w [If relevant, please specify]		0.00%
OM.7.1.9	a/w [If relevant, please specify]		0.00%
OM.7.1.10	a/w [If relevant, please specify]		0.00%
OM.7.1.11	a/w [If relevant, please specify]		0.00%
2. General Information		Residential Loans	Commercial Loans
M.7.2.1	Number of mortgage loans	252437	0.00
OM.7.2.1	Optional information eg, Number of borrowers		
OM.7.2.2	Optional information eg, Number of guarantors		
OM.7.2.3			
OM.7.2.4			
OM.7.2.5			
OM.7.2.6			
3. Concentration Risks		% Residential Loans	% Commercial Loans
M.7.3.1	10 largest exposures	0.09	0.00
OM.7.3.1			
OM.7.3.2			
OM.7.3.3			
OM.7.3.4			
OM.7.3.5			
OM.7.3.6			

4. Breakdown by Geography		% Residential Loans	% Commercial Loans	% Total Mortgages	
M.7.4.1	European Union	100.0%	0.0%	100.0%	
M.7.4.2	Austria				
M.7.4.3	Belgium				
M.7.4.4	Bulgaria				
M.7.4.5	Croatia				
M.7.4.6	Cyprus				
M.7.4.7	Czech Republic				
M.7.4.8	Denmark				
M.7.4.9	Estonia				
M.7.4.10	Finland	100.0%		100.0%	
M.7.4.11	France				
M.7.4.12	Germany				
M.7.4.13	Greece				
M.7.4.14	Netherlands				
M.7.4.15	Hungary				
M.7.4.16	Ireland				
M.7.4.17	Italy				
M.7.4.18	Latvia				
M.7.4.19	Lithuania				
M.7.4.20	Luxembourg				
M.7.4.21	Malta				
M.7.4.22	Poland				
M.7.4.23	Portugal				
M.7.4.24	Romania				
M.7.4.25	Slovakia				
M.7.4.26	Slovenia				
M.7.4.27	Spain				
M.7.4.28	Sweden				
M.7.4.29	United Kingdom				
M.7.4.30	European Economic Area (not member of EU)	0.0%	0.0%	0.0%	
M.7.4.31	Iceland				
M.7.4.32	Liechtenstein				
M.7.4.33	Norway				
M.7.4.34	Other	0.0%	0.0%	0.0%	
M.7.4.35	Switzerland				
M.7.4.36	Australia				
M.7.4.37	Brazil				
M.7.4.38	Canada				
M.7.4.39	Japan				
M.7.4.40	Korea				
M.7.4.41	New Zealand				
M.7.4.42	Singapore				
M.7.4.43	US				
M.7.4.44	Other				
OM.7.4.1	o/w [if relevant, please specify]				
OM.7.4.2	o/w [if relevant, please specify]				
OM.7.4.3	o/w [if relevant, please specify]				
OM.7.4.4	o/w [if relevant, please specify]				
OM.7.4.5	o/w [if relevant, please specify]				
OM.7.4.6	o/w [if relevant, please specify]				
OM.7.4.7	o/w [if relevant, please specify]				
OM.7.4.8	o/w [if relevant, please specify]				
OM.7.4.9	o/w [if relevant, please specify]				
OM.7.4.10	o/w [if relevant, please specify]				

5. Breakdown by domestic regions		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.5.1	Åland Islands	0.22		0.22
M.7.5.2	Central Finland	5.49		5.49
M.7.5.3	Central Ostrobothnia	1.21		1.21
M.7.5.4	Etela-Savo	1.84		1.84
M.7.5.5	Itä-Uusimaa	0.00		0.00
M.7.5.6	Kainuu	0.74		0.74
M.7.5.7	Kanta-Häme	4.06		4.06
M.7.5.8	Kymenlaakso	2.25		2.25
M.7.5.9	Lapland	1.33		1.33
M.7.5.10	North Karelia	2.95		2.95
M.7.5.11	North Ostrobothnia	9.00		9.00
M.7.5.12	Ostrobothnia	2.14		2.14
M.7.5.13	Päijät-Häme	3.36		3.36
M.7.5.14	Pirkanmaa	9.51		9.51
M.7.5.15	Pohjois-Savo	4.29		4.29
M.7.5.16	Satakunta	3.87		3.87
M.7.5.17	South Karelia	2.52		2.52
M.7.5.18	South Ostrobothnia	1.76		1.76
M.7.5.19	Uusimaa	33.64		33.64
M.7.5.20	Varsinais-Suomi	9.83		9.83
6. Breakdown by Interest Rate		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.6.1	Fixed rate	2.07		2.07
M.7.6.2	Floating rate	97.93		97.93
M.7.6.3	Other			
OM.7.6.1				
OM.7.6.2				
OM.7.6.3				
OM.7.6.4				
OM.7.6.5				
OM.7.6.6				
7. Breakdown by Repayment Type		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.7.1	Bullet / interest only	0.00		0.00
M.7.7.2	Amortising	100.00		100.00
M.7.7.3	Other			
8. Loan Seasoning		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.8.1	Up to 12months	9.37		9.37
M.7.8.2	≥ 12 - ≤ 24 months	10.91		10.91
M.7.8.3	≥ 24 - ≤ 36 months	10.28		10.28
M.7.8.4	≥ 36 - ≤ 60 months	15.72		15.72
M.7.8.5	≥ 60 months	53.71		53.71
OM.7.8.1				
OM.7.8.2				
OM.7.8.3				
OM.7.8.4				
9. Non-Performing Loans (NPLs)		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.9.1	% NPLs			

7.A Residential Cover Pool						
10. Loan Size Information		Nominal	Number of Loans		% Residential Loans	% No. of Loans
M.7A.10.1	Average loan size (000s)	53.11				
	By buckets (mn):					
M.7A.10.2	0 - 0,025000	1190.39	95202.00		8.88%	37.71%
M.7A.10.3	0,025001 - 0,050000	2136.80	58586.00		15.94%	23.21%
M.7A.10.4	0,050001 - 0,100000	4359.35	61061.00		32.52%	24.19%
M.7A.10.5	0,100001 - 0,150000	2882.03	23826.00		21.50%	9.44%
M.7A.10.6	0,150001 - 0,200 000	1462.50	8544.00		10.91%	3.38%
M.7A.10.7	0,200001 - 0,250000	677.89	3066.00		5.06%	1.21%
M.7A.10.8	0,250001 - 0,300000	305.98	1127.00		2.28%	0.45%
M.7A.10.9	0,300001 -	392.22	1025.00		2.93%	0.41%
M.7A.10.10						
M.7A.10.11						
M.7A.10.12						
M.7A.10.13						
M.7A.10.14						
M.7A.10.15						
M.7A.10.16						
M.7A.10.17						
M.7A.10.18						
M.7A.10.19						
M.7A.10.20						
M.7A.10.21						
M.7A.10.22						
M.7A.10.23						
M.7A.10.24						
M.7A.10.25						
M.7A.10.26	Total	13407.17	252437.00		100%	100%
11. Loan to Value (LTV) Information - UNINDEXED		Nominal	Number of Loans		% Residential Loans	% No. of Loans
M.7A.11.1	Weighted Average LTV (%)	49.66				
	By LTV buckets (mn):					
M.7A.11.2	>0 - <=40 %	10558.43	252436.00		78.75%	45.70%
M.7A.11.3	>40 - <=50 %	1379.49	121555.00		10.29%	22.01%
M.7A.11.4	>50 - <=60 %	893.47	89081.00		6.66%	16.13%
M.7A.11.5	>60 - <=70 %	471.30	60825.00		3.52%	11.01%
M.7A.11.6	>70 - <=80 %	91.93	24380.00		0.69%	4.41%
M.7A.11.7	>80 - <=90 %	10.75	3474.00		0.08%	0.63%
M.7A.11.8	>90 - <=100 %	1.62	469.00		0.01%	0.08%
M.7A.11.9	>100%	0.14	112.00		0.00%	0.02%
M.7A.11.10	Total	13407.14	552332.00		100%	100%
OM.7A.11.1	a/w >100 - <=110 %				0.00%	0.00%
OM.7A.11.2	a/w >110 - <=120 %				0.00%	0.00%
OM.7A.11.3	a/w >120 - <=130 %				0.00%	0.00%
OM.7A.11.4	a/w >130 - <=140 %				0.00%	0.00%
OM.7A.11.5	a/w >140 - <=150 %				0.00%	0.00%
OM.7A.11.6	a/w >150 %				0.00%	0.00%
OM.7A.11.7						
OM.7A.11.8						
OM.7A.11.9						

12. Loan to Value (LTV) Information - INDEXED		Nominal	Number of Loans	% Residential Loans	% No. of Loans
M.7A.12.1	Weighted Average LTV (%)	44.71			
	By LTV buckets (mn):				
M.7A.12.2	>0 - <=40 %	11233.02	252437.00	83.78%	57.18%
M.7A.12.3	>40 - <=50 %	1230.54	95673.00	9.18%	21.67%
M.7A.12.4	>50 - <=60 %	669.13	58465.00	4.99%	13.24%
M.7A.12.5	>60 - <=70 %	227.94	27272.00	1.70%	6.18%
M.7A.12.6	>70 - <=80 %	39.87	6166.00	0.30%	1.40%
M.7A.12.7	>80 - <=90 %	5.91	1243.00	0.04%	0.28%
M.7A.12.8	>90 - <=100 %	0.76	206.00	0.01%	0.05%
M.7A.12.9	>100%	0.00	0.00	0.00%	0.00%
M.7A.12.10	Total	13407.17	441462.00	100%	100%
OM.7A.12.1	o/w >100 - <=110 %			0.00%	0.00%
OM.7A.12.2	o/w >110 - <=120 %			0.00%	0.00%
OM.7A.12.3	o/w >120 - <=130 %			0.00%	0.00%
OM.7A.12.4	o/w >130 - <=140 %			0.00%	0.00%
OM.7A.12.5	o/w >140 - <=150 %			0.00%	0.00%
OM.7A.12.6	o/w >150 %			0.00%	0.00%
OM.7A.12.7					
OM.7A.12.8					
OM.7A.12.9					
13. Breakdown by type		% Residential Loans			
M.7A.13.1	Owner occupied	96.27			
M.7A.13.2	Second home/Holiday houses	1.21			
M.7A.13.3	Buy-to-let/Non-owner occupied	0.54			
M.7A.13.4	Agricultural	1.98			
M.7A.13.5	Other				
OM.7A.13.1	o/w Subsidised housing				
OM.7A.13.2	o/w Private rental				
OM.7A.13.3	o/w Multi-family housing				
OM.7A.13.4	o/w Buildings under construction				
OM.7A.13.5	o/w Buildings land				
OM.7A.13.6	o/w [if relevant, please specify]				
OM.7A.13.7	o/w [if relevant, please specify]				
OM.7A.13.8	o/w [if relevant, please specify]				
OM.7A.13.9	o/w [if relevant, please specify]				
OM.7A.13.10	o/w [if relevant, please specify]				
OM.7A.13.11	o/w [if relevant, please specify]				
14. Loan by Ranking		% Residential Loans			
M.7A.14.1	1st lien / No prior ranks	100.00			
M.7A.14.2	Guaranteed	0.00			
M.7A.14.3	Other	0.00			
OM.7A.14.1					
OM.7A.14.2					
OM.7A.14.3					
OM.7A.14.4					
OM.7A.14.5					
OM.7A.14.6					

7B Commercial Cover Pool						
15. Loan Size Information		Nominal	Number of Loans	% Commercial Loans		% No. of Loans
M.7B.15.1	Average loan size (000s)					
	By buckets (mn):					
M.7B.15.2	0 - 0,100000	0.00	0.00			
M.7B.15.3	0,100001 - 0,200000	0.00	0.00			
M.7B.15.4	0,200001 - 0,300000	0.00	0.00			
M.7B.15.5	0,300001 - 0,400000	0.00	0.00			
M.7B.15.6	0,400001 - 0,500000	0.00	0.00			
M.7B.15.7	0,500001 - 0,600000	0.00	0.00			
M.7B.15.8	0,600001 - 0,700000	0.00	0.00			
M.7B.15.9	0,700001 - 0,800000	0.00	0.00			
M.7B.15.10	0,800001 - 0,900000	0.00	0.00			
M.7B.15.11	0,900001 - 1,000000	0.00	0.00			
M.7B.15.12	1,000001 -	0.00	0.00			
M.7B.15.13						
M.7B.15.14						
M.7B.15.15						
M.7B.15.16						
M.7B.15.17						
M.7B.15.18						
M.7B.15.19						
M.7B.15.20						
M.7B.15.21						
M.7B.15.22						
M.7B.15.23						
M.7B.15.24						
M.7B.15.25						
M.7B.15.26	Total	0.00	0.00	0%		0%
16. Loan to Value (LTV) Information - UNINDEXED		Nominal	Number of Loans	% Commercial Loans		% No. of Loans
M.7B.16.1	Weighted Average LTV (%)					
	By LTV buckets (mn):					
M.7B.16.2	>0 - <=40 %	0.00	0.00			
M.7B.16.3	>40 - <=50 %	0.00	0.00			
M.7B.16.4	>50 - <=60 %	0.00	0.00			
M.7B.16.5	>60 - <=70 %	0.00	0.00			
M.7B.16.6	>70 - <=80 %	0.00	0.00			
M.7B.16.7	>80 - <=90 %	0.00	0.00			
M.7B.16.8	>90 - <=100 %	0.00	0.00			
M.7B.16.9	>100 %	0.00	0.00			
M.7B.16.10	Total	0.00	0.00	0%		0%
OM.7B.16.1	o/w >100 - <=110 %					
OM.7B.16.2	o/w >110 - <=120 %					
OM.7B.16.3	o/w >120 - <=130 %					
OM.7B.16.4	o/w >130 - <=140 %					
OM.7B.16.5	o/w >140 - <=150 %					
OM.7B.16.6	o/w >150 %					
OM.7B.16.7						
OM.7B.16.8						
OM.7B.16.9						



17. Loan to Value (LTV) Information - INDEXED		Nominal	Number of Loans	% Commercial Loans	% No. of Loans
M.7B.17.1	Weighted Average LTV (%)				
	By LTV buckets (mn):				
M.7B.17.2	>0 - <=40 %	0.00	0.00		
M.7B.17.3	>40 - <=50 %	0.00	0.00		
M.7B.17.4	>50 - <=60 %	0.00	0.00		
M.7B.17.5	>60 - <=70 %	0.00	0.00		
M.7B.17.6	>70 - <=80 %	0.00	0.00		
M.7B.17.7	>80 - <=90 %	0.00	0.00		
M.7B.17.8	>90 - <=100 %	0.00	0.00		
M.7B.17.9	>100 %	0.00	0.00		
M.7B.17.10	Total	0.00	0.00	0%	0%
OM.7B.17.1	o/w >100 - <=110 %				
OM.7B.17.2	o/w >110 - <=120 %				
OM.7B.17.3	o/w >120 - <=130 %				
OM.7B.17.4	o/w >130 - <=140 %				
OM.7B.17.5	o/w >140 - <=150 %				
OM.7B.17.6	o/w >150 %				
OM.7B.17.7					
OM.7B.17.8					
OM.7B.17.9					
18. Breakdown by Type		% Commercial loans			
M.7B.18.1	Retail				
M.7B.18.2	Office				
M.7B.18.3	Hotel/Tourism				
M.7B.18.4	Shopping malls				
M.7B.18.5	Industry				
M.7B.18.6	Agriculture				
M.7B.18.7	Other commercially used				
M.7B.18.8	Land				
M.7B.18.9	Property developers / Building under construction				
M.7B.18.10	Other				
OM.7B.18.1	o/w Social & Cultural purposes				
OM.7B.18.2	o/w [if relevant, please specify]				
OM.7B.18.3	o/w [if relevant, please specify]				
OM.7B.18.4	o/w [if relevant, please specify]				
OM.7B.18.5	o/w [if relevant, please specify]				
OM.7B.18.6	o/w [if relevant, please specify]				
OM.7B.18.7	o/w [if relevant, please specify]				
OM.7B.18.8	o/w [if relevant, please specify]				
OM.7B.18.9	o/w [if relevant, please specify]				
OM.7B.18.10	o/w [if relevant, please specify]				
OM.7B.18.11	o/w [if relevant, please specify]				
OM.7B.18.12	o/w [if relevant, please specify]				
OM.7B.18.13	o/w [if relevant, please specify]				
OM.7B.18.14	o/w [if relevant, please specify]				
OM.7B.18.15	o/w [if relevant, please specify]				
OM.7B.18.16	o/w [if relevant, please specify]				
OM.7B.18.17	o/w [if relevant, please specify]				

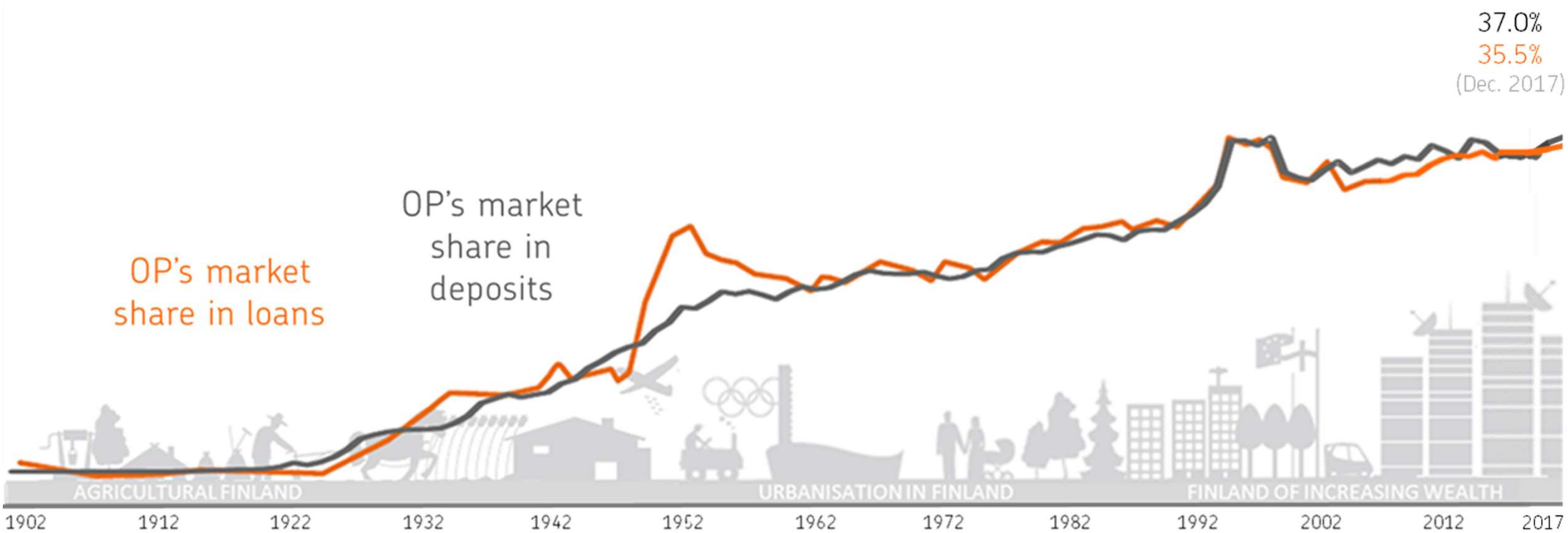


This addendum is optional

## E. Harmonised Transparency Template - Optional ECB - ECAIs Data Disclosure

HTT 2018

Reporting in Domestic Currency		EUR	
<b>CONTENT OF TAB E</b>			
1. Additional information on the programme			
2. Additional information on the swaps			
3. Additional information on the asset distribution			
Field Number	1. Additional information on the programme		
	Transaction Counterparties	Name	Legal Entity Identifier (LEI)*
E.1.1.1	Sponsor (if applicable)	OP Corporate Bank plc	S49300NQ588N7RWKBP98
E.1.1.2	Servicer	Member cooperative banks of OP Financial Group	N/A
E.1.1.3	Back-up servicer	ND2	
E.1.1.4	BUS facilitator	ND2	
E.1.1.5	Cash manager	ND2	
E.1.1.6	Back-up cash manager	ND2	
E.1.1.7	Account bank	OP Corporate Bank plc	S49300NQ588N7RWKBP98
E.1.1.8	Standby account bank	ND2	
E.1.1.9	Account bank guarantor	ND2	
E.1.1.10	Trustee	ND1	
E.1.1.11	Cover Pool Monitor	ND1	
OE.1.1.1			
OE.1.1.2			
OE.1.1.3			
OE.1.1.4			
OE.1.1.5			
OE.1.1.6			
OE.1.1.7			
OE.1.1.8			
	2. Additional information on the swaps		
	Swap Counterparties	Guarantor (if applicable)	Legal Entity Identifier (LEI)*
E.2.1.1	OP Corporate Bank plc		S49300NQ588N7RWKBP98
	3. Additional information on the asset distribution		
	1. General Information		Total Assets
E.3.1.1	Weighted Average Seasoning (months)		70
E.3.1.2	Weighted Average Maturity (months)**		155
OE.3.1.1			
OE.3.1.2			
OE.3.1.3			
OE.3.1.4			
	2. Arrears	% Residential Loans	% Commercial Loans
E.3.2.1	<30 days	8.15%	ND2
E.3.2.2	30-<60 days	0.0002	[For completion]
E.3.2.3	60-<90 days		[For completion]
E.3.2.4	90-<180 days		[For completion]
E.3.2.5	>= 180 days		[For completion]
	Reason for No Data in Worksheet E.		
	Value		
Not applicable for the jurisdiction	ND1		
Not relevant for the issuer and/or CB programme at the present time	ND2		
Not available at the present time	ND3		
Confidential	ND4		
* Legal Entity Identifier (LEI) finder: <a href="http://www.lei-lookup.com/#search">http://www.lei-lookup.com/#search</a>			
** Weighted Average Maturity = Remaining Term to Maturity			



## Appendices

# Group structure incl. major subsidiaries

1.9 million owner-customers, of which 90% households



157 OP Financial Group member cooperative banks

OP COOPERATIVE			
BANKING	NON-LIFE INSURANCE	WEALTH MANAGEMENT	OTHER OPERATIONS
<ul style="list-style-type: none"> <li>OP Corporate Bank plc* (Corporate Banking)</li> <li>Helsinki Area Cooperative Bank***</li> <li>OP Mortgage Bank*</li> <li>OP Card Company Plc*</li> <li>Member cooperative banks</li> </ul>	<ul style="list-style-type: none"> <li>OP Insurance Ltd** with its subsidiaries               <ul style="list-style-type: none"> <li>Eurooppalainen Insurance Company Ltd</li> <li>Seesam Insurance AS****</li> <li>Pohjola Health Ltd</li> </ul> </li> <li>A-Insurance Ltd</li> </ul>	<ul style="list-style-type: none"> <li>OP Asset Management Ltd*</li> <li>OP Property Management Ltd*</li> <li>OP Life Assurance Company Ltd*</li> <li>OP Fund Management Company Ltd*</li> <li>OP Corporate Bank plc* (Markets Equities)</li> </ul>	<ul style="list-style-type: none"> <li>OP Services Ltd*</li> <li>OP Customer Services Ltd*</li> <li>Pivo Wallet Oy*</li> <li>Checkout Finland Oy*, *****</li> <li>OP Corporate Bank plc* (Group Treasury)</li> </ul>

\* OP Cooperative's ownership 100%

\*\* Planned to be transferred with its subsidiaries from OP Corporate Bank plc to OP Cooperative's direct ownership in the future

\*\*\* OP Cooperative's control 2/3

\*\*\*\* Baltic non-life insurance business under Seesam Insurance As, including its Latvian and Lithuanian branches, will be sold to Vienna Insurance Group (VIG). Contract of sale was signed in December 2017 and divestment should be completed during 2018, provided that it is approved by relevant authorities and that the related conditions are otherwise fulfilled.

\*\*\*\*\* Payment Highway Oy and Checkout Finland Oy accepted a merger plan on 5 April 2018, according to which Payment Highway Oy will merge into Checkout Finland Oy. The planned date for registration of the merger is 31 August 2018.

# OP's group-level strategic targets

Main target: Above-market-average growth rate

INDICATOR	TARGET 2019	H1/2018	2017	2016	2015
Customer experience (CX)*, NPS for brand NPS for service	25 70 (over time 90)	22 59	22 58	23 53	- -
CET1 ratio	22%	19.8%	20.1%	20.1%	19.5%
Return on economic capital (12-month rolling)	22%	18.3%	20.4%	22.7%	21.5%
Expenses of present-day business (12-month rolling)	Expenses in 2020 at the same level as in 2015 (€1,500 mn)	€1,754 mn	€1,661 mn	€1,532 mn	€1,500 mn
Owner-customers, number	2.1 mn	1.9 mn	1.8 mn	1.7 mn	1.5 mn

At its meeting in June 2018, the Supervisory Board had a preliminary discussion on sharpening the OP 2016 strategy. The Supervisory Board will continue such strategy discussion at its September meeting.

\* OP's customer experience (CX) metric is based on the Net Promoter Score (NPS) that measures likelihood of recommendation. NPS for the brand gauges the overall customer experience of OP. The NPS for service measures what kind of customer experience OP manages to create in individual service encounters in all channels. NPS can range between -100 and +100.

# Health and wellbeing services expanding

## 2013–15: LAUNCHING THE HOSPITAL CONCEPT

- First Pohjola Health hospital was opened in Helsinki (early 2013)
- Innovative concept of basic healthcare and special healthcare services, examinations, surgery and rehabilitation services to private and occupational healthcare customers
- Faster care chain and more efficient claims handling process resulting to incomparable customer satisfaction (NPS among surgery customers 97 in H1/2018)

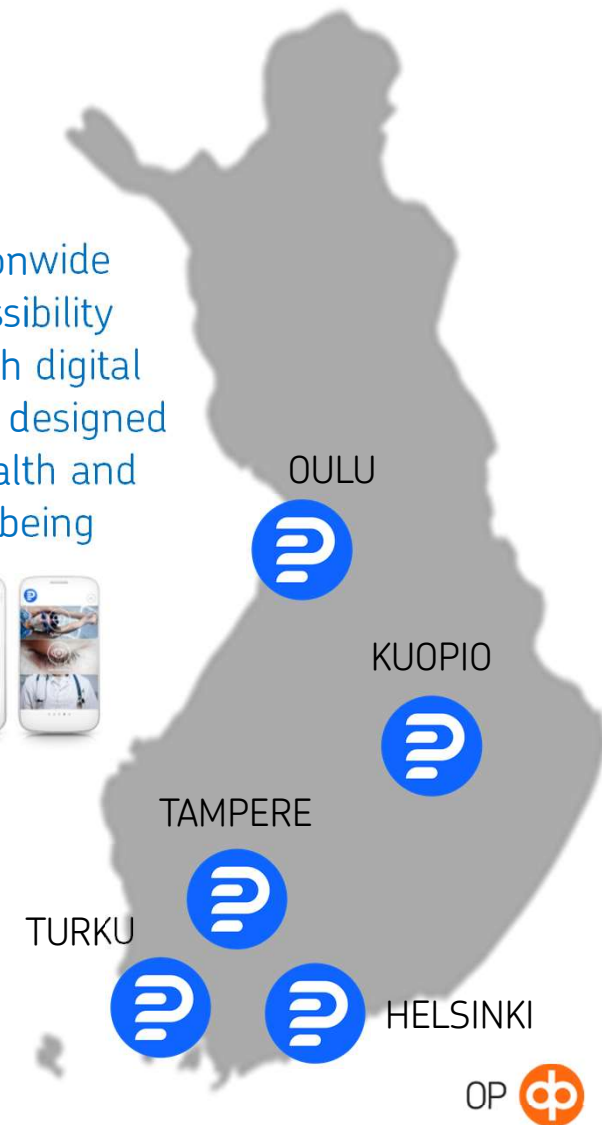
## 2016–18: EXPANSION TO UNIVERSITY HOSPITAL CITIES

- 4 more Pohjola Health hospitals were opened in Tampere (August 2016), in Oulu (May 2017), in Kuopio (August 2017) and in Turku (May 2018)

## 2018– : NATIONWIDE EXPANSION UNDERWAY

- First 2 Pohjola Health medical centres to be opened in Lappeenranta and Pori during autumn 2018 – general practitioner and specialist medical services for private and occupational healthcare customers
- Plan is to open a Pohjola Health medical centre in every province of Finland – 5 more during 2019 and 20 in total

Nationwide  
accessibility  
through digital  
services designed  
for health and  
wellbeing



# OP aims to be a forerunner in CSR within the Finnish financial sector

## INTERNATIONAL CSR COMMITMENTS



OP Financial Group signed the UN Global Compact initiative in 2011, becoming committed to the initiative's 10 principles on human rights, labour standards, environment and anti-corruption.



OP Wealth Management signed the UN Principles for Responsible Investment (UNPRI) in 2009, including OP Asset Management Ltd, OP Fund Management Company Ltd and OP Property Management Ltd.



OP signed the Montréal Carbon Pledge in 2015 and thereby committed to measure the carbon footprint of its funds. In its role as an investor, OP Wealth Management has signed CDP's climate change and water initiatives and, most recently, the deforestation initiative.



OP signed the Equator Principles in 2016 and thereby committed to project financing that manages risks related to environmental issues and social responsibility.



OP actively follows OECD Guidelines for Multinational Enterprises (incl. voluntary CSR principles and standards).

## PARTICIPATION IN CSR ORGANISATIONS

- OP is one of the founding members of Finland's Sustainable Investment Forum (FINSIF)
- OP is involved in Climate Leadership Coalition (CLC), Global Compact Nordic Network, CR network of the Finnish Business & Society association (FIBS), FIBS Diversity Charter Finland, Corporate Social Responsibility and Co-operative Affairs Working Groups of the European Association of Co-operative Banks (EACB) and the CSR working group of the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) and Communication and CSR Committee of Unico Banking Group

## CSR REPORTING

As reporting principles, OP follows the Global Reporting Initiative (GRI) G4 framework (core) and the UN Global Compact and is developing its reporting in the direction of the IIRC framework. OP also takes into account the Financial Services Sector Supplement of the GRI Guidelines.

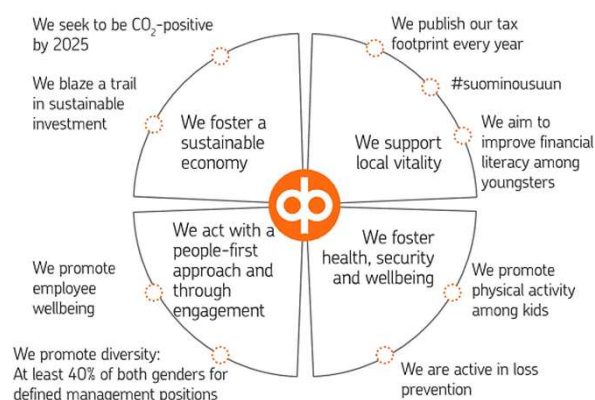
Since 2016, OP's CSR Report has been externally assured. Assurance for CSR Report 2017 was performed by KPMG.

CSR Report is integrated with the Group's Annual Report.

# CSR is an integral part of OP's business and strategy

CSR activities take economic, social and environmental responsibility into consideration

## OP's CSR PROGRAMME



## OP's CSR HIGHLIGHTS IN 2015–18 eg.

### OP Financial Group

- New CSR Programme 2017: Fostering sustainable economy, Supporting local vitality, People-first approach and acting through engagement and Fostering health, security and wellbeing
- New CSR goals 2017 eg. carbon-positivity by 2025
- New diversity target: Proportion of both genders in defined managerial positions at least 40% (women 23% at end-June 2018)
- Updated OP Code of Business Ethics – all OP employees committed to comply with the Code through designated online course
- OP joined the Commitment 2050 Programme – national commitment on sustainable development in Finland
- LEED certificates for OP HQ premises and Pohjola Health hospitals
- Solar power stations to OP HQ premises and Pohjola Health hospitals – Electricity used at OP HQ premises 100% renewable

### Wealth Management's ESG unit

- Exclusion of high-carbon companies
- Quarterly sustainability analyses on OP funds
- Active proxy voting at AGMs
- Membership in Climate Action 100+ (5yr investor engagement initiative) – thematic engagement projects on carbon, water and tax risks
- Signature of CDP's climate change, water and deforestation initiatives

### Customer openings

- Putting Finland on a new growth path (#suominousuun) initiatives
- SME financing programmes (€300 mn) guaranteed by EIF and guarantee programme (€300mn) with EIB for large and mid-sized companies to support future economic growth and employment
- Energy-saving improvement services for housing companies in cooperation with LeaseGreen since February 2018

### Society efforts

- Record-high donations of EUR 6.3 mn to Finnish universities in 2017
- Subsidies of €1.2 mn for scientific research from OP's scientific foundations in 2018
- 100 person-years of volunteering in honour of the centenary of Finland's independence project – totalling to 274 years (in cooperation with partners) and continuing at OP in 2018

## OP's CSR MATERIALITY MATRIX





# OP's and its issuing entities' performance in CSR reviews

## OP Financial Group



Source: Oekom, June 2017



Source: Vigeo, the most recent rating profile on above themes available as of April 2017

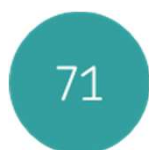
OP Financial Group



Industry: Diversified Financials  
Domicile: Finland

MarketCap: min. USD  
Ticker:

Employees: 12079



Overall ESG Score

Source: Sustainalytics, December 2017



OP's CDP Survey  
Score in 2017:  
B

Company has taken  
actions to address environmental  
issues beyond initial  
screenings or assessments.

Source: CDP ([www.cdp.net/en](http://www.cdp.net/en))

## OP Corporate Bank



Source: Imug, August 2018



Source: MSCI, June 2018

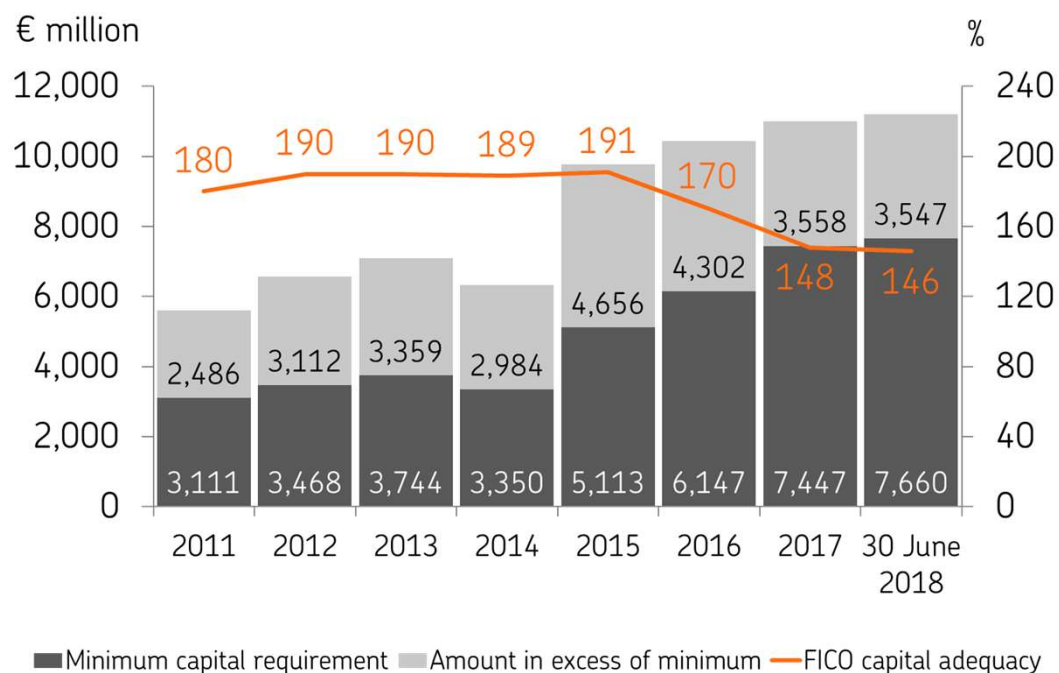
## OP Mortgage Bank



Source: Imug, June 2016



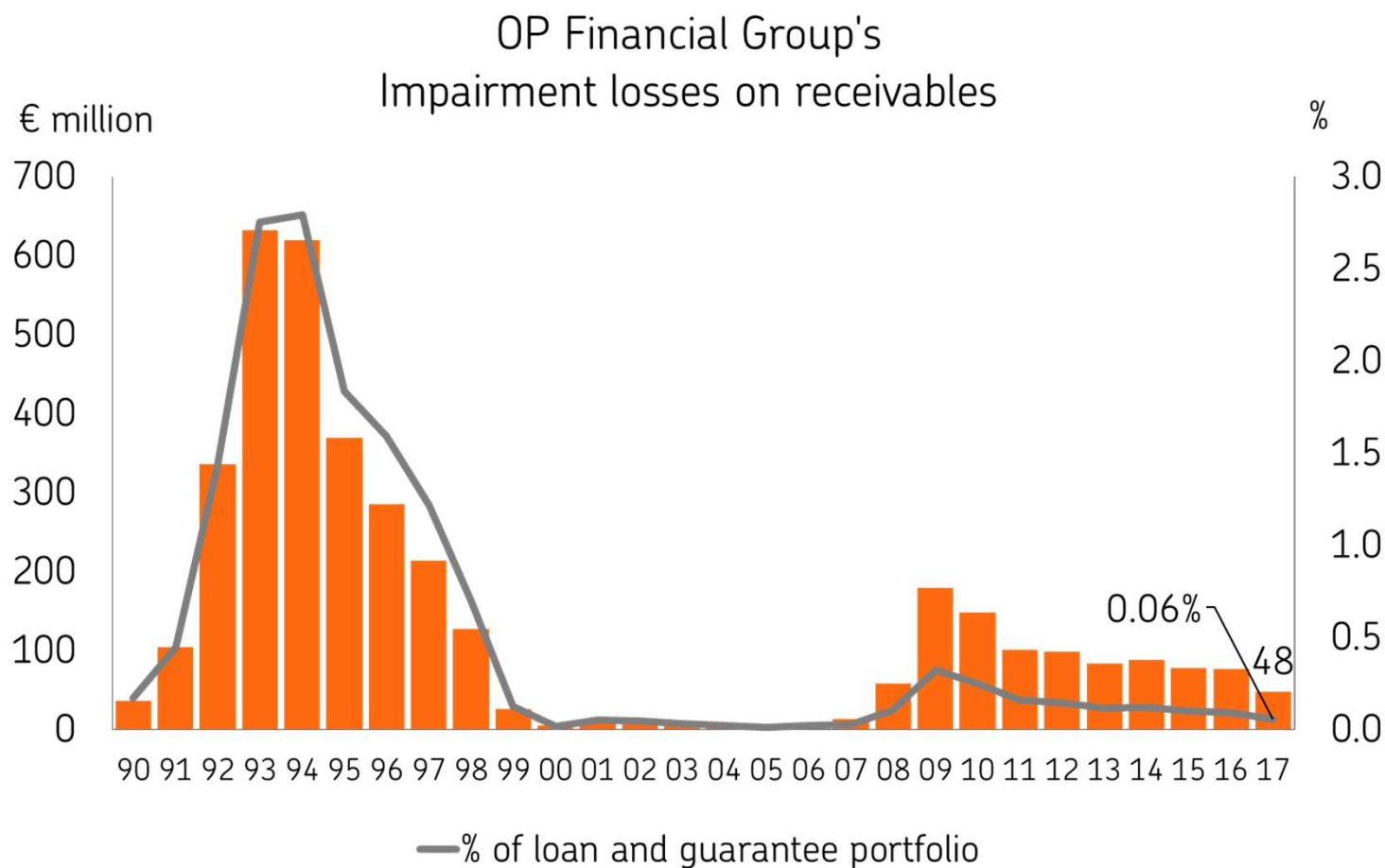
# Capital Adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



## Statutory minimum requirement 100%

- In H1/2018, capital adequacy buffer was decreased by 15 pps resulting from risk weight floors set by the ECB
- Banking capital requirement remained unchanged at 14.3%, calculated on RWA
- As a result of the buffer requirements for banking and solvency requirement for insurance companies, the minimum FiCo solvency of 100% reflects the level within which the group can operate without regulatory obligations resulting from buffers below the required level

# Impairment losses at a very moderate level



## OP Financial Group's earnings analysis

€ million	H1/2018	2017*	2016	2015
Net interest income	571	1 102	1 058	1 026
Net insurance income	278	478	558	528
Net commissions and fees	444	879	859	855
Net investment income	206	522	390	432
Other operating income	21	83	123	55
<b>Total income</b>	<b>1 520</b>	<b>3 063</b>	<b>2 989</b>	<b>2 895</b>
Personnel costs	413	758	762	781
Depreciation/amortisation and impairment loss	131	246	160	162
Other operating expenses	412	764	646	577
<b>Total expenses</b>	<b>956</b>	<b>1 768</b>	<b>1 567</b>	<b>1 520</b>
Impairment loss on receivables	-7	-48	-77	-78
OP bonuses to owner-customers	-109	-217	-206	-196
Overlay approach**	-22			
<b>Earnings before tax</b>	<b>425</b>	<b>1 031</b>	<b>1 138</b>	<b>1 101</b>

\* 2017 comparatives have been changed as a result of entry into force of IFRS 15 and change in the recognition practice of loan service fees to correspond the current reporting approach.

\*\* A temporary exemption from IFRS9 (overlay approach) is applied to some equity instruments of insurance companies (reported according to IAS39), which eroded earnings for the reporting period by EUR 22 million.

# OP Financial Group's key figures

	30 June 2018	31 Dec. 2017**	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total assets, € million	141 883	137 205	133 747	124 455	110 427	100 991	99 769	91 905	83 969
Receivables from customers, € million	84 440	82 193	78 604	75 192	70 683	68 142	65 161	60 331	56 834
Liabilities to customers, € million	67 480	65 549	60 077	58 220	51 163	50 157	49 650	41 304	36 443
Equity capital, € million	11 291	11 084	10 237	9 324	7 213	7 724	7 134	6 242	6 726
CET1 ratio, %	19.8	20.1	20.1	19.5	15.1	17.1 <sup>a</sup>	14.1 <sup>b</sup>	14.0 <sup>b</sup>	12.6 <sup>b</sup>
Capital adequacy ratio, %	22.0	22.5	23.1	22.9	17.3	19.8 <sup>a</sup>	14.1	14.0	12.8
Over 90 days past due receivables*, € million	378	394	356	319	270	292	311	296	204
Ratio of over 90 days past due receivables* to loan and guarantee portfolio, %	0.43	0.46	0.44	0.41	0.37	0.41	0.46	0.47	0.34
Loan and guarantee portfolio, € billion	87.1	84.8	81.3	77.8	73.6	71.0	67.7	62.8	59.4
Impairment loss on receivables, € million	7 <sup>d</sup>	48 <sup>c</sup>	77 <sup>c</sup>	78 <sup>c</sup>	88 <sup>c</sup>	84 <sup>c</sup>	99 <sup>c</sup>	101 <sup>c</sup>	149 <sup>c</sup>
Impairment loss on receivables / loan and guarantee portfolio, %	0.01 <sup>d</sup>	0.06 <sup>c</sup>	0.09 <sup>c</sup>	0.10 <sup>c</sup>	0.12 <sup>c</sup>	0.12 <sup>c</sup>	0.15 <sup>c</sup>	0.16 <sup>c</sup>	0.25 <sup>c</sup>
Personnel	12 446	12 269	12 227	12 130	12 356	12 856	13 290	13 229	12 504

a) As of 1 January 2014

b) Core Tier 1 ratio

c) January–December

d) January–June

\* Until 31 Dec. 2012 over 90 days past due receivables and zero interest receivables, since 31 Dec. 2013 over 90 days past due receivables

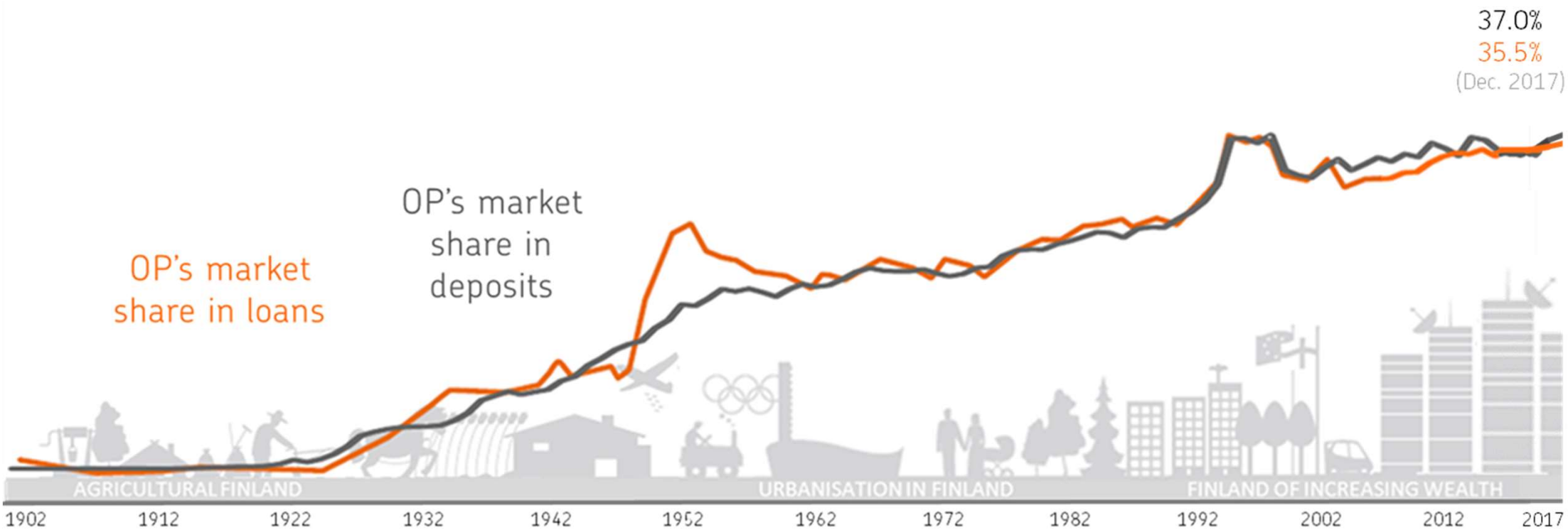
OP \*\* 2017 comparatives of balance sheet items have been changed as a result of entry into force of IFRS 15 and change in the recognition practice of loan service fees to correspond the  
 © current reporting approach.

## OP Financial Group's key ratios

	H1/2018	2017	2016	2015	2014	2013	2012	2011	2010
Average corporate loan margin, % <sup>a</sup>	1.24	1.25	1.41	1.38	1.44	1.57	1.52	1.34	1.36
Cost/income ratio, % <sup>b</sup>	63	58	52	53	56	62	63	63	59
Return on equity (ROE), %	6.0	8.0	9.4	10.3	8.1	8.9	7.0	6.8	6.9
Return on assets (ROA), %	0.5	0.6	0.7	0.7	0.6	0.7	0.5	0.5	0.5

a) OP Corporate Bank's corporate loan portfolio

b) 2017 comparatives have been changed as a result of entry into force of IFRS 15 and change in the recognition practice of loan service fees to correspond the current reporting approach.



Debt IR contacts

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For OP Financial Group's and issuing entities' financial reports and other publications, please visit OP's Debt IR website at

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