

# OP Mortgage Bank

**Type of Engagement:** Annual Review

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## Introduction

OP Mortgage Bank (“OPMB” or the “Bank”) issued two green covered bonds on March 2021 and April 2022 (collectively the “Green Bonds”) under the Euro Medium Term Covered Note Programme (“EMTCN Programme”), raising a total of EUR 1.75 billion to finance or refinance green building projects. In 2025, OPMB engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they met the use of proceeds criteria and whether OPMB complied with the reporting commitments in the OP Mortgage Bank Green Covered Bond Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in November 2020.<sup>2</sup> This is Sustainalytics’ fourth annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in March 2022, March 2023 and February 2024.<sup>3,4,5</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and OPMB’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

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<sup>1</sup> OPMB, “OP Mortgage Bank Green Covered Bond Framework”, (2020), at:

<https://www.op.fi/documents/10208/1966758/OPMB+Green+Covered+Bond+Framework+2020/d90986db-dff2-b75b-5fa7-f8af888fc6b4>

<sup>2</sup> Sustainalytics, “Second-Party Opinion: OP Mortgage Bank Green Covered Bond Framework”, (2020), at:

<https://www.op.fi/documents/10208/4208823/Sustainalytics+SPO+OPMB+Green+Covered+Bond+Framework+2020/73a45b00-9dfc-df39-626d-62fbb5a453ca>

<sup>3</sup> Sustainalytics “Annual Review: OPMB”, (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/op-mortgage-bank-annual-review-2022.pdf>

<sup>4</sup> Sustainalytics “Annual Review: OPMB”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/op-mortgage-bank-green-covered-bond-annual-review-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/op-mortgage-bank-green-covered-bond-annual-review-(2023).pdf)

<sup>5</sup> Sustainalytics “Annual Review: OPMB”, (2024), at:

[https://www.op.fi/documents/10208/4208823/Sustainalytics\\_OP+Mortgage+Bank+Annual+Review+2024.pdf/e9e9b11e-6943-4c47-a419-3d211406c2d5](https://www.op.fi/documents/10208/4208823/Sustainalytics_OP+Mortgage+Bank+Annual+Review+2024.pdf/e9e9b11e-6943-4c47-a419-3d211406c2d5)

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p>Green buildings that serve as collateral for mortgages meeting the following criteria:</p> <ol style="list-style-type: none"> <li>Acquisition and ownership: Buildings built before 2021 energy performance must be among the top 15% of similar stock (in terms of number of buildings), buildings built after 2021: primary energy demand<sup>6</sup> 20% lower than NZEB (Nearly Zero Energy Buildings) requirements.<sup>7</sup></li> </ol> <p>Primarily, existing energy performance certificates (EPCs) are used for screening. In case EPC information cannot be linked to collateral, the secondary approach will be statistical modelling. EPCs' energy label must be A or B (if issued under 2018 legislation) or equivalent (if issued under 2013 legislation). The threshold (for energy label) will be adjusted as necessary in order to fulfil EU Taxonomy Eligibility Criteria.</p> <ol style="list-style-type: none"> <li>Construction of new buildings: Primary energy demand<sup>8</sup> 20% lower than NZEB requirements for buildings built from 2021 onwards. For buildings built before YE2020 the top 15% criteria is applied.</li> <li>Building renovation: Complies with relevant local "major renovation" regulations based on the Energy Performance of Buildings Directive (EPBD)<sup>9</sup> or delivers 30% energy savings</li> <li>Individual measures and professional services: List of eligible measures and services with individual criteria as outlined in the Taxonomy.<sup>10</sup></li> </ol>	<ul style="list-style-type: none"> <li>Annual energy reduced/avoided in MWh or GWh</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>

## Issuer's Responsibility

OPMB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from OPMB's Green Bonds. The work undertaken as part of this engagement included collection of documentation from OPMB and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by OPMB. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by OPMB.

<sup>6</sup> In Finland, E-value is used to assess the energy efficiency of buildings and will be used as a proxy.

<sup>7</sup> Nearly zero-energy buildings (NZEB) are buildings with very high energy performance, as defined by each EU Member State. Since 2021, the Energy Performance of Buildings Directive has required all new buildings in the EU to meet the NZEB requirement in the respective country.

<sup>8</sup> In Finland, E-value is used to assess the energy efficiency of buildings and will be used as a proxy.

<sup>9</sup> Major renovation means the renovation of a building where: i) the total cost of the renovation relating to the building envelope or the technical building system is higher than 25% of the value of the building, excluding the value of the land upon which the building is situated; or ii) more than 25% of the surface of the building envelope undergoes renovation.

<sup>10</sup> The eligible measures and services with individual criteria are listed in the technical annex of the TEG final report of the EU Taxonomy.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>11</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. OPMB has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as of December 2024.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	OPMB reported on at least one KPI per use of proceeds category.	None

<sup>11</sup> Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation and Reported Impact

Table 3: Allocation of proceeds from the Green Bonds

Use of Proceeds Category	Project Description	Location	Amount Allocated (EUR million)
Green Buildings	The project includes acquisition, ownership and construction of energy-efficient residential buildings and apartments.	Finland	1,750
<b>Total Amount Allocated</b>			<b>1,750</b>
<b>Total Unallocated Amount</b>			<b>0</b>
<b>Net Proceeds Raised</b>			<b>1,750</b>

### Appendix 2: Reported Impact

Table 4: Reported Impact from the Green Bonds

Use of Proceeds Category	Number of mortgages <sup>12</sup>	Building area (m <sup>2</sup> )	Annual energy use avoided (MWh)	Annual carbon reductions (tCO <sub>2</sub> e)
Green Buildings <sup>13</sup>	21,286	2,100,000	58,000 <sup>14</sup>	5,500 <sup>15</sup>

<sup>12</sup> The number of mortgages that OPMB tagged as green in its cover pool under the EMTCN programme as of 31 December 2024

<sup>13</sup> Sustainalytics notes that the mortgages have been identified using the "Acquisition and ownership" and "Construction of new buildings" criteria of the Framework.

<sup>14</sup> Sustainalytics notes that the avoided energy has decreased from the previous year due to lower benchmark energy consumption (avoided energy use 2023: 59,000 MWh).

<sup>15</sup> Sustainalytics notes that the avoided CO<sub>2</sub> equivalent emissions have decreased significantly from the previous year due to lower benchmark energy consumption and much lower benchmark CO<sub>2</sub> emissions per energy consumed (avoided CO<sub>2</sub> equivalent emissions 2023: 8,800 tonnes of CO<sub>2</sub>).

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