



# OP Debt Investor Presentation Q1-Q3/2023

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.

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

OP Financial Group has applied IFRS 17 Insurance Contracts as of 1 January 2023. The 2022 figures in the income statement and balance sheet have been adjusted retrospectively. The preceding years' figures (2019, 2020 and 2021) have not been adjusted. Note 1 Accounting policies to this Interim Report provides more information on the adoption of IFRS 17 and the changes in the format of the income statement and balance sheet.

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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.





# Outlook for the Finnish Economy

# OP Group's forecasts for the Finnish economy

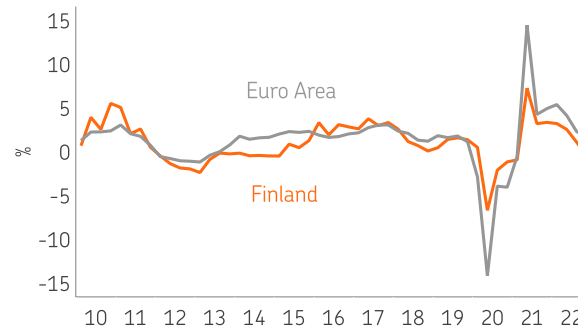
Published on 29 August, 2023

		2022	2023f	2024f	2025f
<b>GDP volume, annual growth %</b>					
	Finland	1,6	-0,3	0,0	1,2
	Euro area	3,4	0,6	0,8	1,5
<b>Unemployment rate, %</b>					
	Finland	6,8	7,1	7,4	7,4
	Euro area	6,7	6,5	6,6	6,5
<b>Current account balance, % of GDP</b>					
	Finland	-3,6	-2,0	-1,9	-2,5
	Euro area	-1,1	1,0	0,5	1,0
<b>General government net lending, % of GDP</b>					
	Finland	-0,9	-1,9	-1,6	-1,8
	Euro area	-3,6	-3,2	-2,5	-2,5
<b>General government debt, % of GDP</b>					
	Finland	72,5	76,4	78,9	79,8
	Euro area	93,2	91,1	90,8	90,1
<b>Inflation, %*</b>					
	Finland	7,2	5,0	2,5	2,1
	Euro area	8,4	5,5	2,4	2,1

\* Harmonised Index of Consumer Prices (HICP). The HICP figures differ from national inflation figures (CPI)

Sources: Statistics Finland, Eurostat, OP

Quarterly GDP growth, % y-o-y



Source: Macrobond, OP

Unemployment rate, %

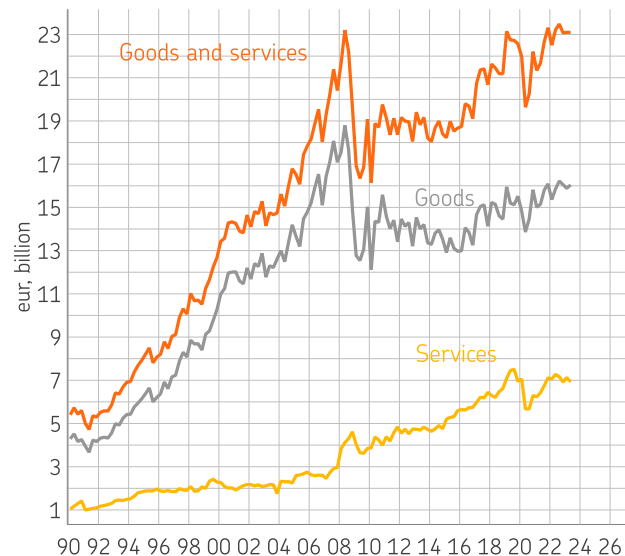


Source: Macrobond, StatFin, Eurostat, OP

# Foreign trade structure rather stable

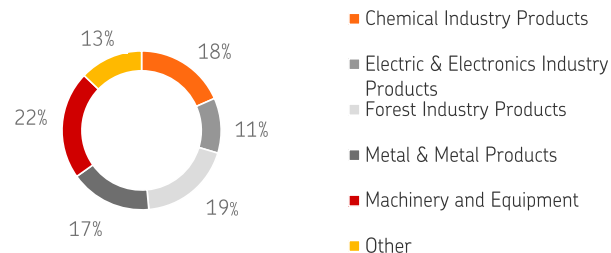
Finland is an exports-driven economy with around 40% of GDP deriving from exports

Exports of goods and services, SA

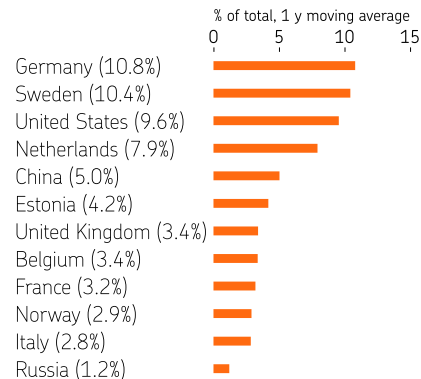


Source: Macrobond, OP

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 23 years
- 95% of home loans tied to variable interest rates
- Home loan cap (LTC) 85% and for first-home-buyers 90%

39%

OP's  
market share  
in mortgages

OP's stress-test

6%

interest rate in  
25 years' maturity

35%

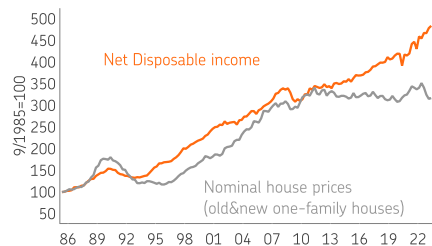
OP's private  
customers'  
mortgages covered  
by interest rate cap

€104 mn

The net benefit  
gained by customers  
from interest rate  
caps in January–  
September

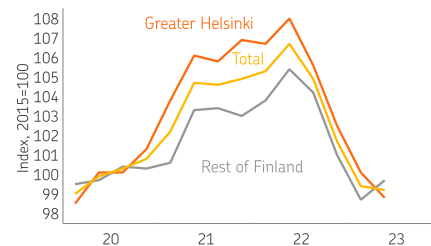
## Finnish economy

### Change in house prices and net income



Source: Macrobond, StatFin, OP

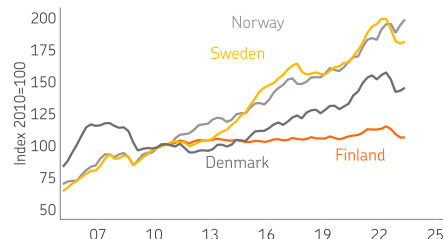
### Real estate prices, old dwellings



Source: Macrobond, StatFin, OP

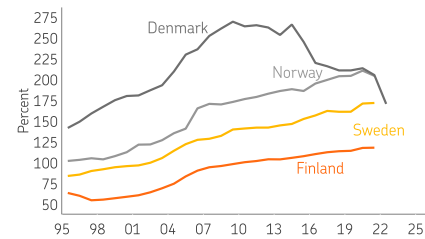
## Nordics

### House prices



Source: Macrobond, Eurostat, OP

### Gross Debt-to-Income Ratio



Source: Macrobond, Eurostat, OP



OP Financial Group

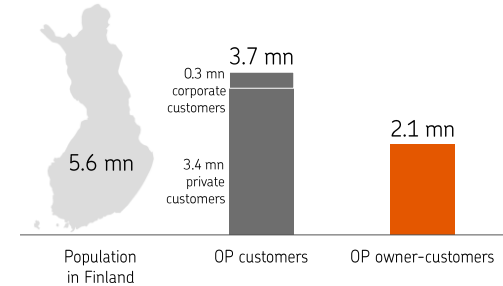


# OP is the leading financial group in Finland



19.1%  
CET1 ratio

€155 bn  
Total assets



## Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
34%	38%	33%	20%

**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-	Moody's Aaa S&P* AAA
OP Corporate Bank plc	OP Mortgage Bank's covered bonds

\* EMTCN programme

Source: Bank of Finland (Loans and Deposits 6/2023), Finance Finland (Non-life & Life Insurance 12/2022)

# OP Financial Group's business structure

2.1 million owner-customers

104 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  
Pivo Wallet Oy

## Corporate Banking

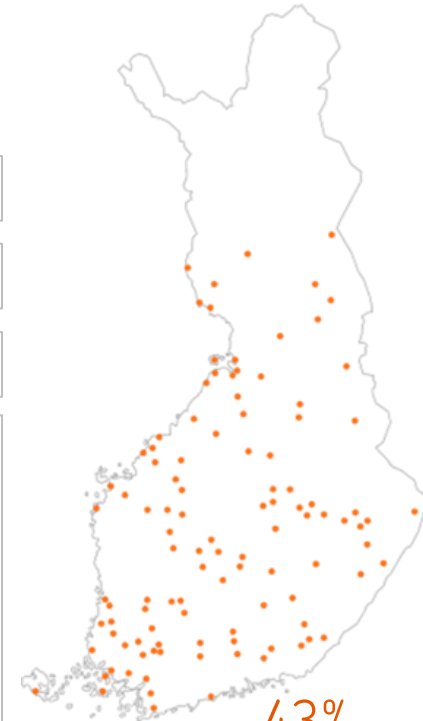
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

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

## Insurance

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

Pohjola Insurance Ltd  
OP Life Assurance Company Ltd



**-43%**  
cooperative banks  
since 2014

\*Issuing entity

© OP Financial Group / OP-Public



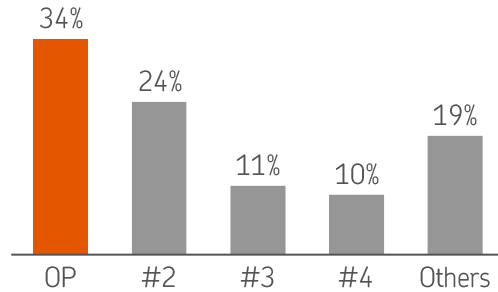
# OP is a diverse actor with strong market shares

## OP's market shares

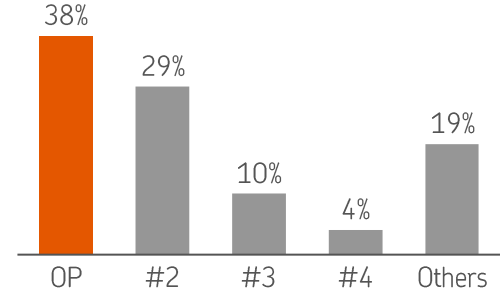
**39%**  
Mortgages

**37%**  
Corporate loans

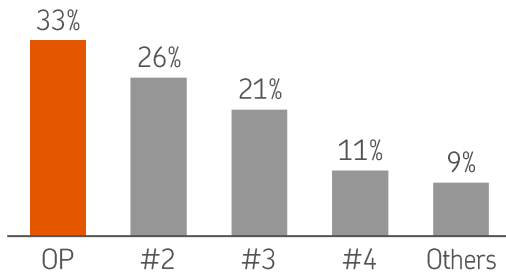
## Loans



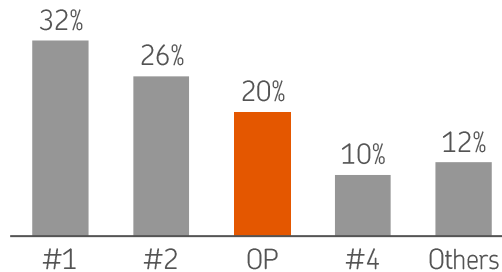
## Deposits



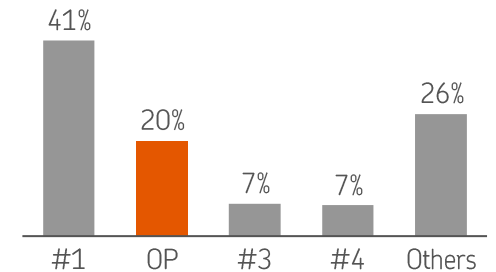
## Non-life insurance



## Life insurance



## Mutual funds



# OP's strategic priorities and long-term targets



”

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

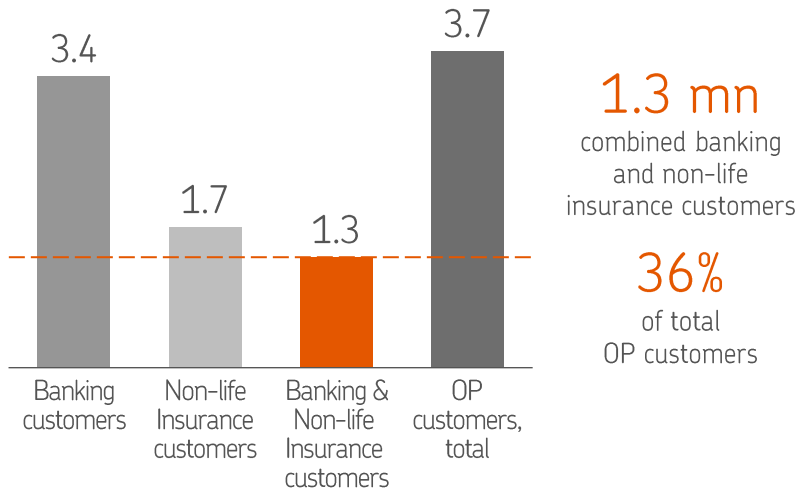
## OP Financial Group's strategic long-term targets

	Q3/2023	Target 2027
Return on equity (ROE) excluding OP bonuses, %	12.5	9.0
CET1 ratio, %	19.1	At least CET1 ratio requirement + 4 pps
Brand recommendations (bNPS) *	Banking: 1 <sup>st</sup> Insurance: 2 <sup>nd</sup>	Banking: 1 <sup>st</sup> Insurance: 1 <sup>st</sup>
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

\* Ranking in the survey on switching bank and insurer by Kantar Finland Oy

# Attractive loyalty benefits support cross-selling

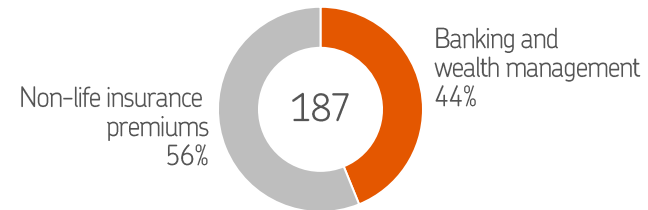
Number of customers, million



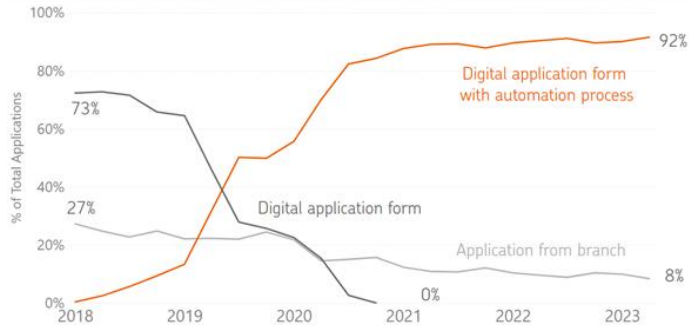
Owner-customer benefits



OP bonus usage during Q3/23, € million

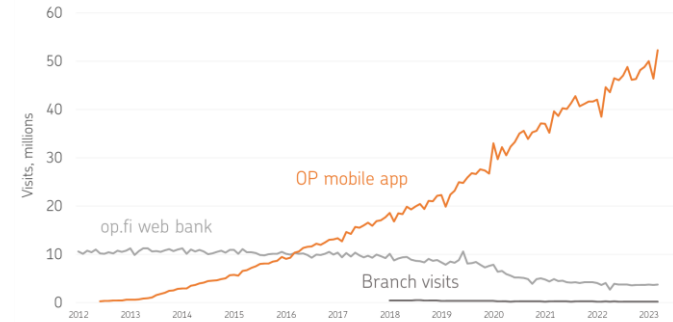


# Digital customer experience



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

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



## Key functionality areas:

### Daily banking

Transactions and money transfers

Account management, financial balance tools and salary data

Multi-Bank service

Card management, Apple Pay, and Google Pay

### 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

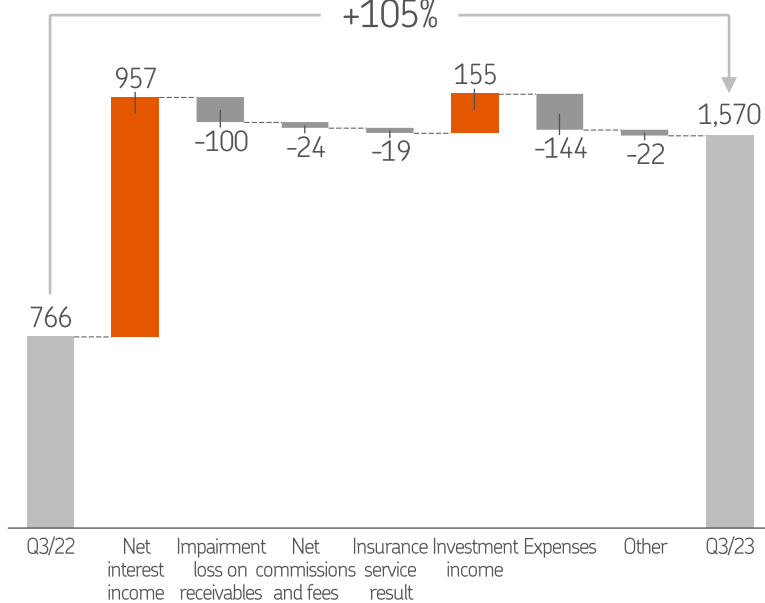


# Key financial figures Q3/23

Operating profit	Total income	Total expenses	Total loans	Total deposits	Assets under management
<p>€1,570 mn</p> <p>+105%</p>	<p>€3,492 mn</p> <p>+45%</p>	<p>€-1,564 mn</p> <p>+10%</p>	<p>€99 bn</p> <p>-1%</p>	<p>€73 bn</p> <p>-7%</p>	<p>€99 bn</p> <p>+4%</p>
<p>Retail banking</p> <p>€919 mn (+174%)</p>	<p>Net interest income</p> <p>€2,079 mn (+85%)</p>	<p>Personnel costs</p> <p>€-702 mn (+14%)</p>	<p>Home loans</p> <p>€42 bn (-1%)</p>		<p> In the end of Q3 responsible investment funds 60% of all investment funds</p>
<p>Corporate banking</p> <p>€321 mn (+46%)</p>	<p>Insurance service result</p> <p>€58 mn (-24%)</p>	<p>Development cost impact</p> <p>€-194 mn (+28%)</p>	<p>Corporate loans</p> <p>€28 bn (+2%)</p>		
<p>Insurance</p> <p>€298 mn (+103%)</p>	<p>Net commissions and fees</p> <p>€685 mn (-3%)</p>				
<p>Other operations</p> <p>€-2 mn</p>	<p>Investment income</p> <p>€294 mn (+112%)</p>				

# Financial performance

Operating profit year on year change, € million



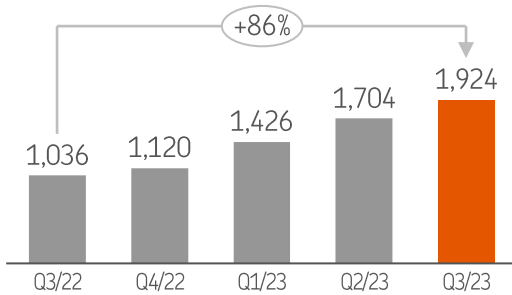
€ million

	Q3/23	Q3/22	Change %
Net interest income	2,079	1,122	85%
Impairment loss on receivables	-170	-70	142%
Net commissions and fees	685	709	-3%
Insurance service result	58	77	-24%
Insurance premium revenue	1,466	1,407	4%
Insurance service expenses	-1,369	-1,463	-
Net income from reinsurance contracts	-38	134	-
Investment income	294	138	112%
Other operating income	28	52	-46%
Personnel costs	-702	-617	14%
Depreciation and impairment loss	-137	-159	-
Other operating expenses	-725	-644	12%
Transfers to insurance service result	348	305	14%
OP bonuses to owner-customers	-188	-147	28%
<b>Total income</b>	<b>3,492</b>	<b>2,403</b>	<b>45%</b>
<b>Total expenses</b>	<b>-1,564</b>	<b>-1,420</b>	<b>10%</b>
<b>Cost/income ratio, %</b>	<b>45</b>	<b>59</b>	<b>-14%*</b>
<b>Operating profit</b>	<b>1,570</b>	<b>766</b>	<b>105%</b>

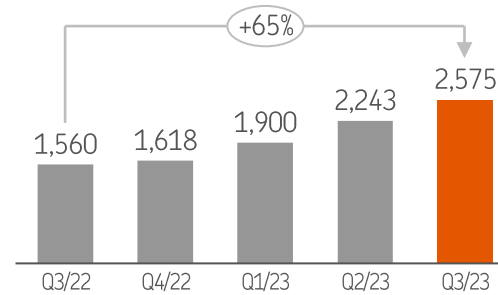
\*Change in ratio

# Rolling 12 months of selected P&L items

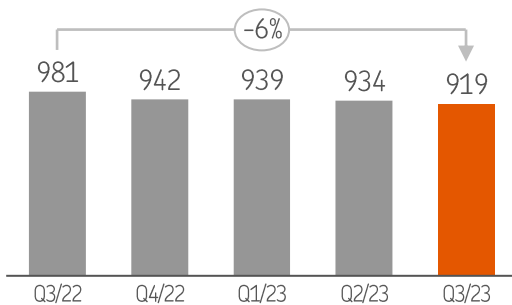
Operating profit, € million



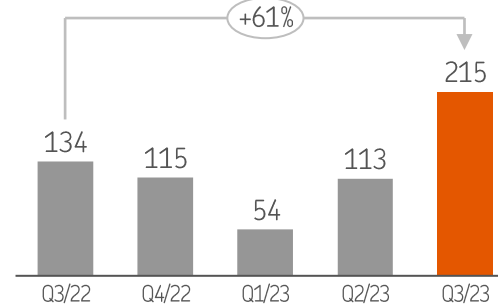
Net interest income, € million



Net commissions and fees, € million



Impairment loss on receivables, € million



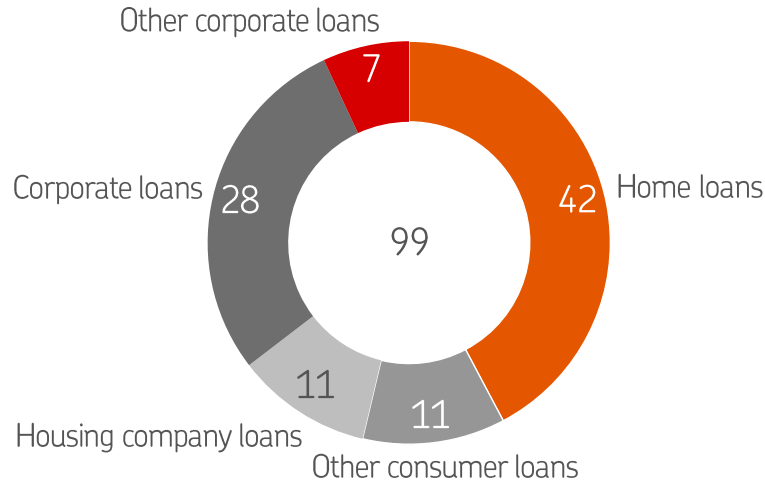


# Loan Book Overview and Asset Quality



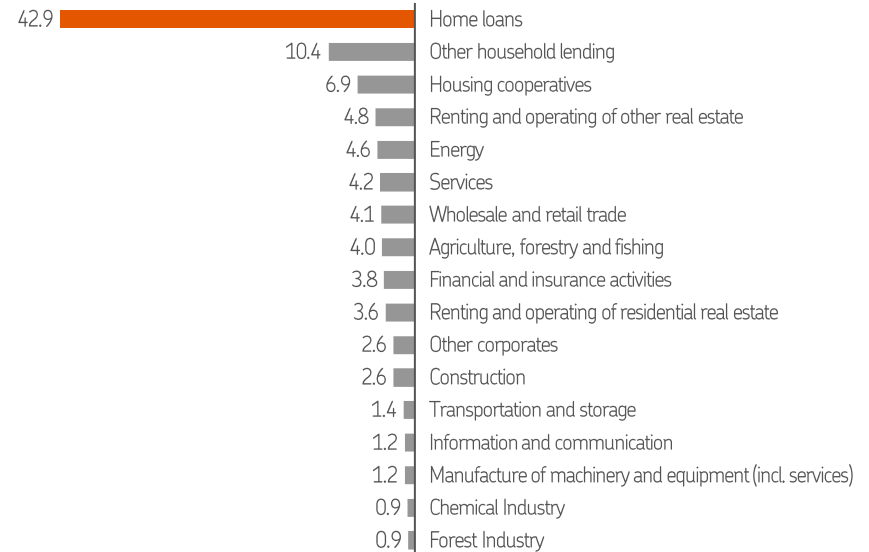
# Loan portfolio well diversified

Loan portfolio breakdown, € bn

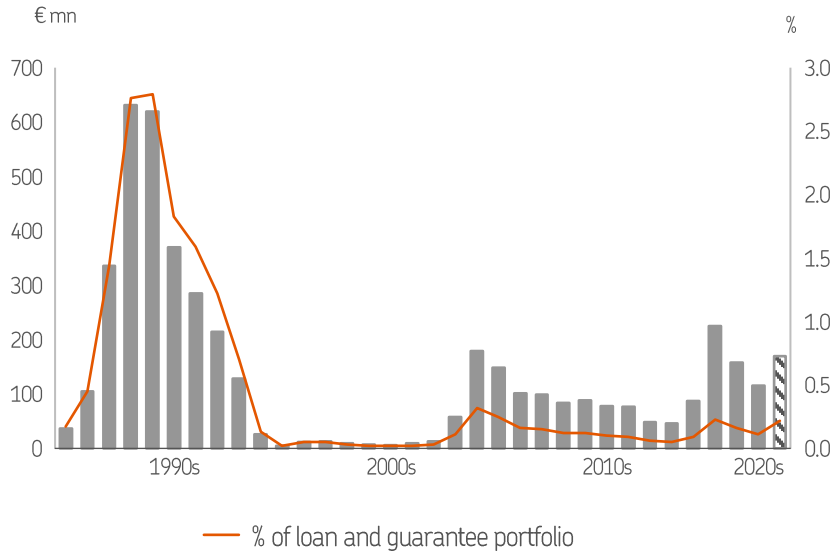


Other consumer loans include for example loans for holiday homes, student loans and consumer credits. Other corporate loans include for example loans for financial institutions, public sector and non-profit organisations.

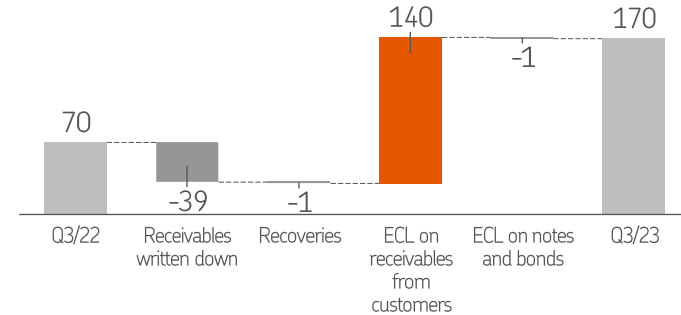
Loan portfolio breakdown, %



# Impairment loss on receivables



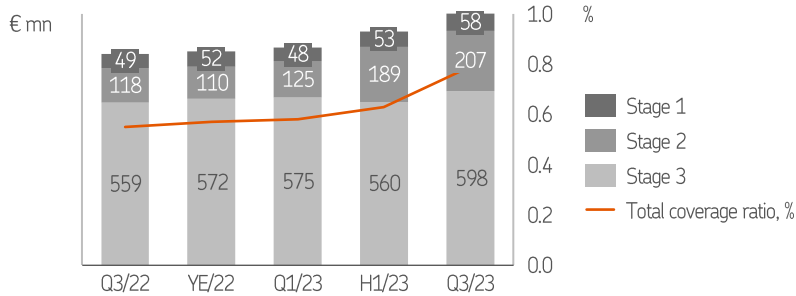
Breakdown of total impairment losses, € mn



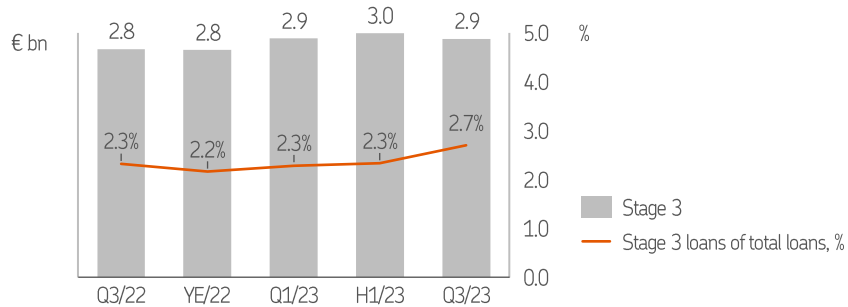
€ mn	Q3/23	Q3/22
Receivables written down	54	93
Recoveries of receivables written down	-12	-11
ECL on receivables from customers	128	-12
ECL on notes and bonds	0	1
<b>Total impairment losses on receivables</b>	<b>170</b>	<b>70</b>
<b>% of loan and guarantee portfolio</b>	<b>0.22%</b>	<b>0.09%</b>

# Credit quality and ECL

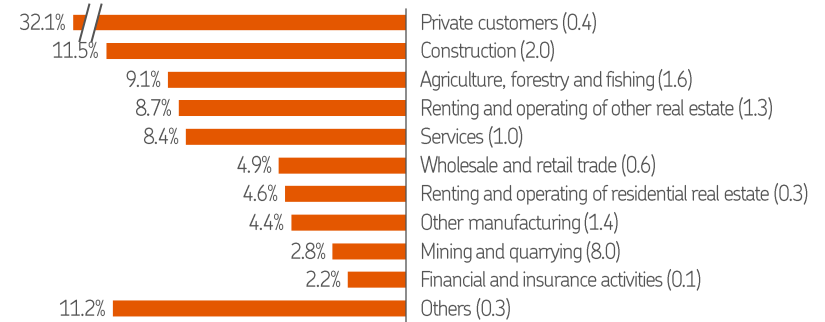
## ECL allowance on receivables from customers by stage



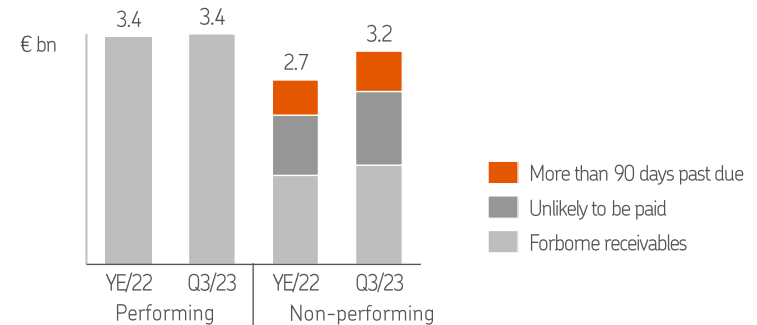
## Stage 3 loans



## ECL allowance by sector (% of gross exposure)

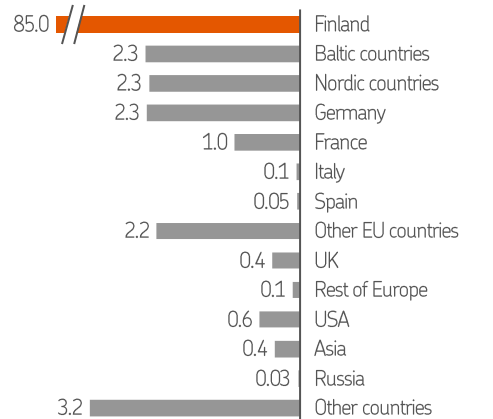


## Doubtful receivables 5.7% of exposures



# Exposures

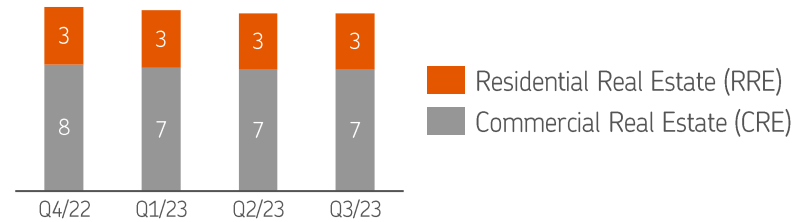
Exposure split by geographic region, %



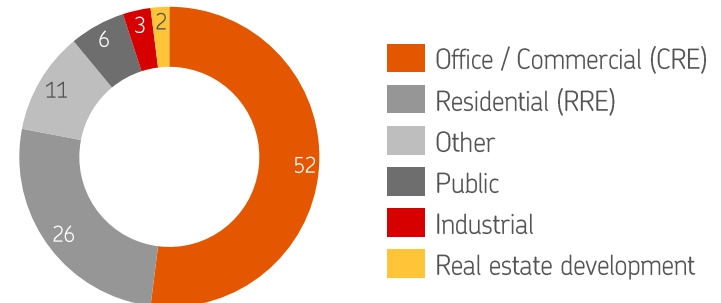
96% of  
exposure in  
EU countries

The exposures cover all balance-sheet and off-balance-sheet items and are based on values used in capital adequacy in the end of 2022.

Commercial real-estate exposure, € bn



Portfolio split between real estate types, %

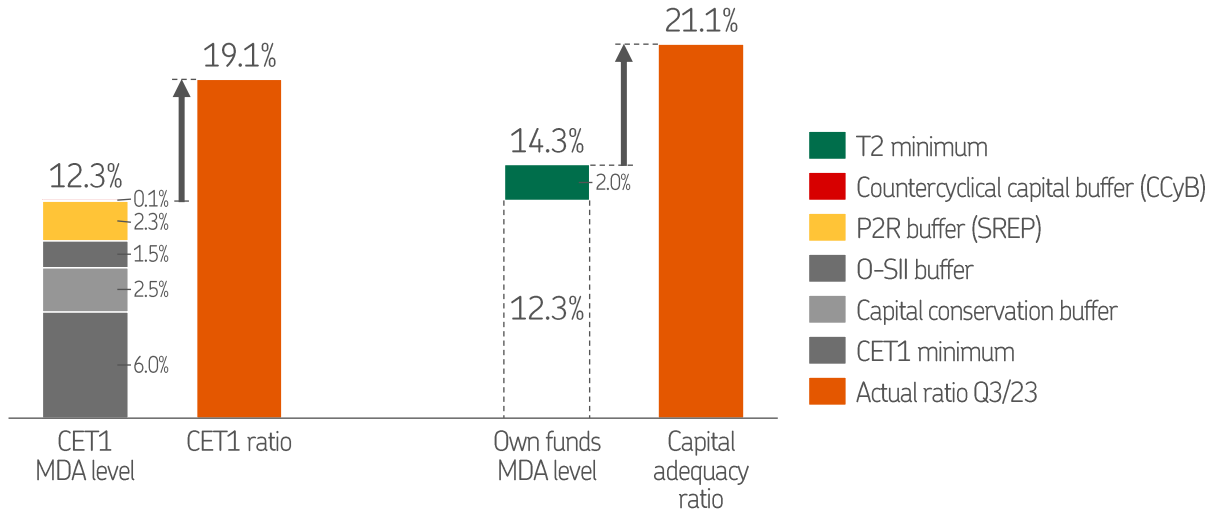




# Capital Position



# Capital position well above requirement



CET1 ratio 19.1%  
with a buffer of  
**6.8**  
percentage points  
above requirement

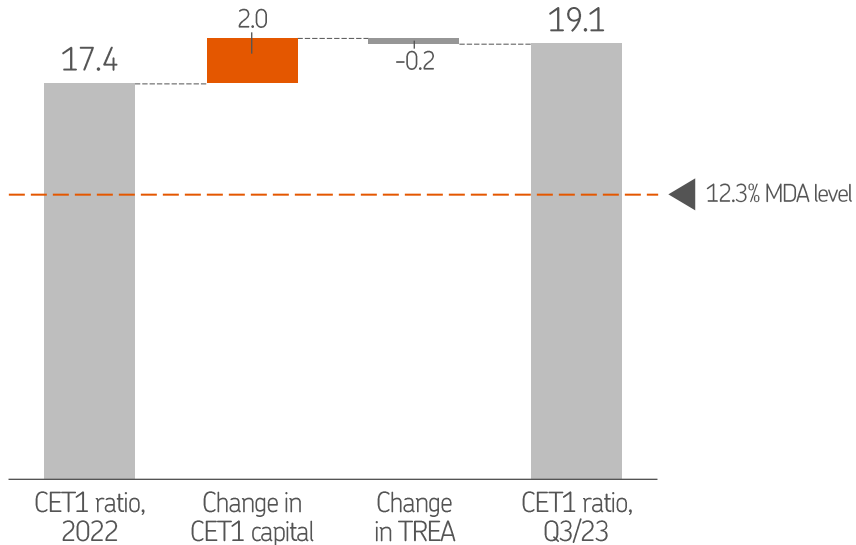
**9.7%**  
Leverage ratio and  
regulatory minimum  
requirement of 3%

The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%; the AT1 and T2 minimum requirement of 1.5% increases the minimum CET1 ratio to 6%.

The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1.5% the change in the countercyclical capital buffer for foreign exposures, and the ECB's P2R requirement increase the minimum total capital ratio to 14.3% and the minimum CET1 ratio to 12.3%, including the shortfalls of Additional Tier 1 (AT1) and Tier 2 (T2) capital.

# Strong capital position

CET1 ratio development, %



**€14.0 bn**

CET1 capital (€12.6 bn)

**€3.3 bn**

Profit Shares in CET1 capital (€3.2 bn)

**€73.3 bn**

TREA (€72.3 bn)

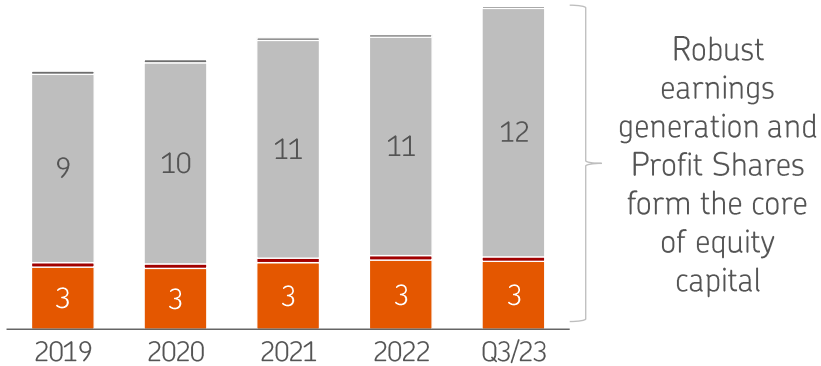
**16.3%**

CET1 strategic target: MDA level +  
400 bps management buffer

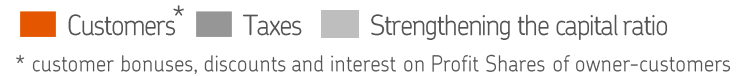
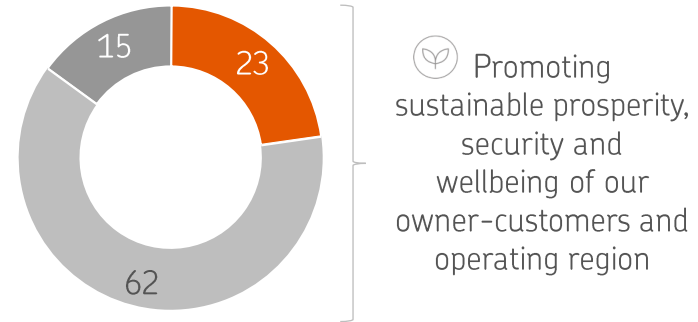
” OP has one of the strongest S&P RAC ratios  
of the world’s top 200 banks\*

# Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %



”

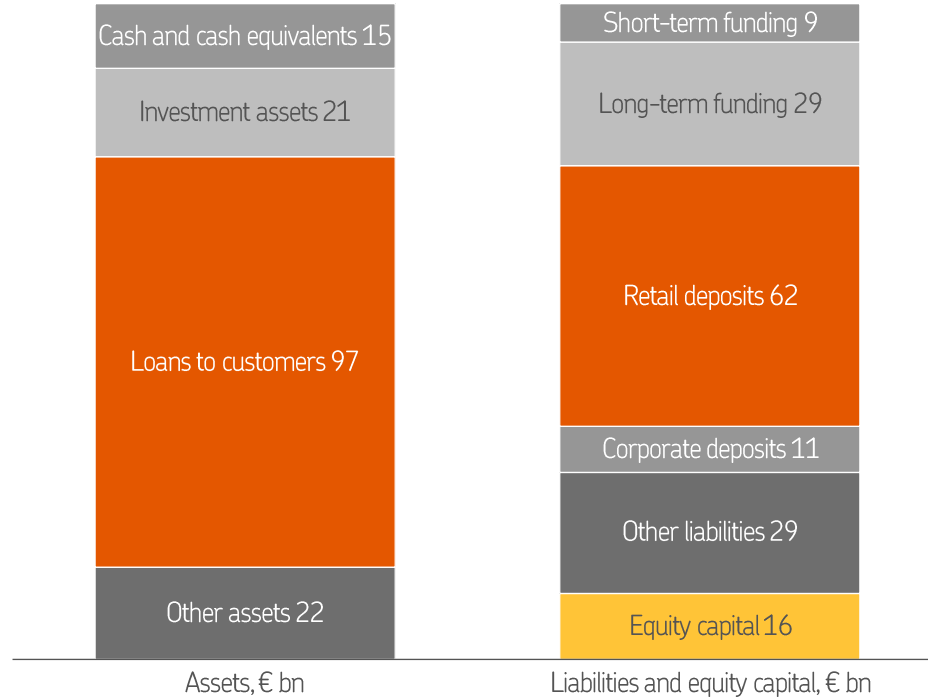
In addition to the previously announced benefits, we increase OP bonuses for 2024 by 40%. We will also waive monthly charges for daily services in 2024. The additional benefit for the owner-customers is over €170 mn.



# Liquidity and Funding



# Balance sheet totaled at €155 bn



Loans to customers **63%**  
 Customer deposits **47%**  
 Market-based funding **25%** } of balance sheet

Deposits within the scope of deposit guarantee **€45 bn**.  
 The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

Asset encumbrance **21%** at YE2022.

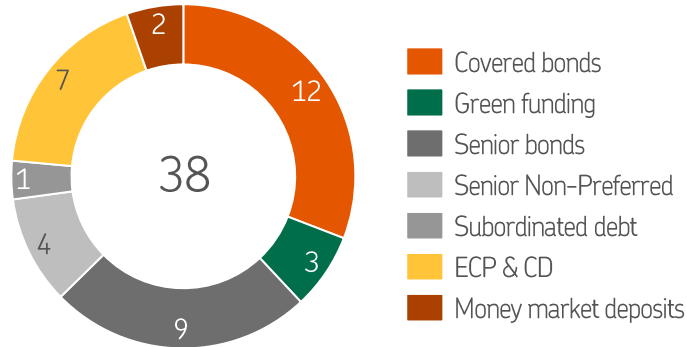
Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

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

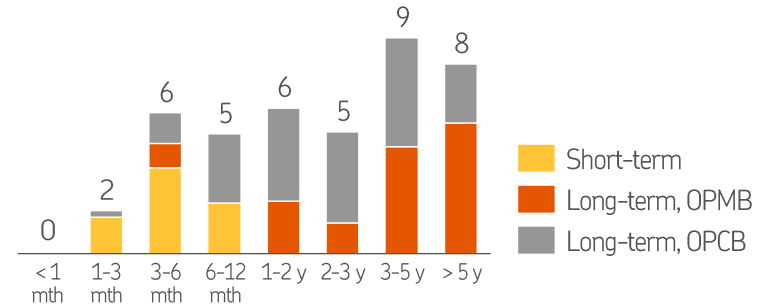
Retail deposits include all the deposits of the retail banking segment, and corporate deposits include the deposits of the corporate banking segment.

# Well-balanced funding position

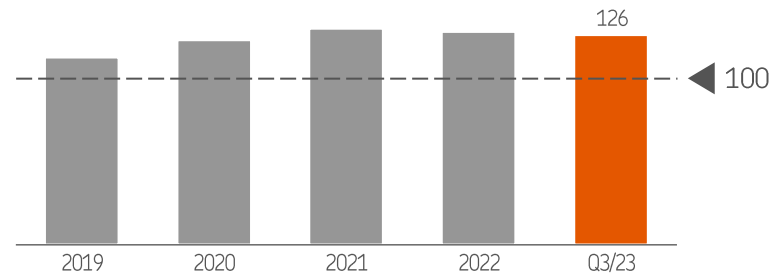
Long and short-term funding, € bn



Maturity profile, € bn

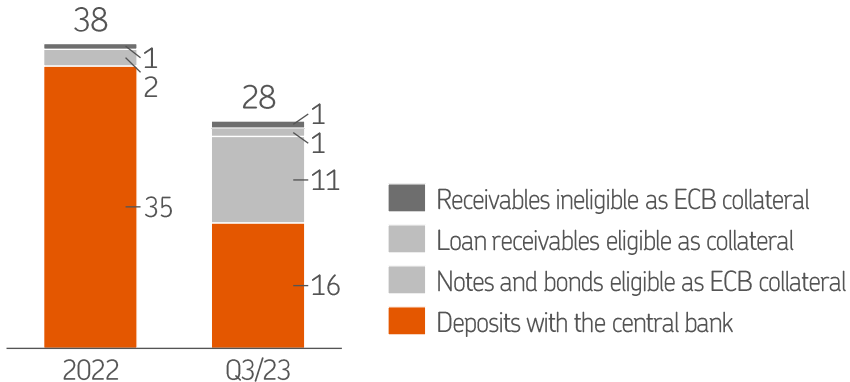


Net Stable Funding Ratio (NSFR), %



# Strong liquidity position

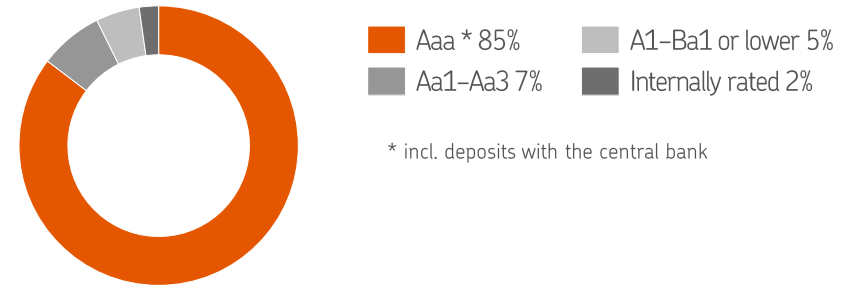
Liquidity buffer breakdown, € bn



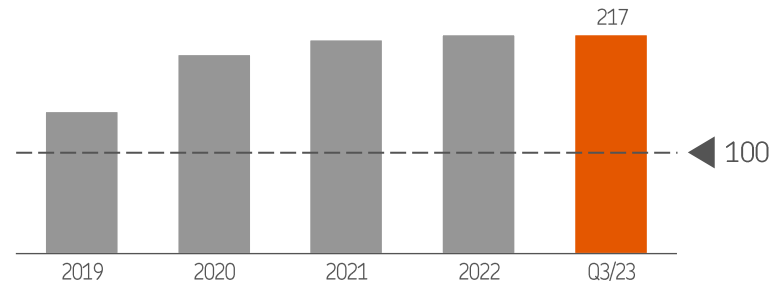
The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

The liquidity buffer included bonds with a carrying amount of EUR 256 million (0), classified at amortised cost and issued by non-OP Financial Group issuers. The fair value of these bonds amounted to EUR 250 million (0) at the end of the reporting period.

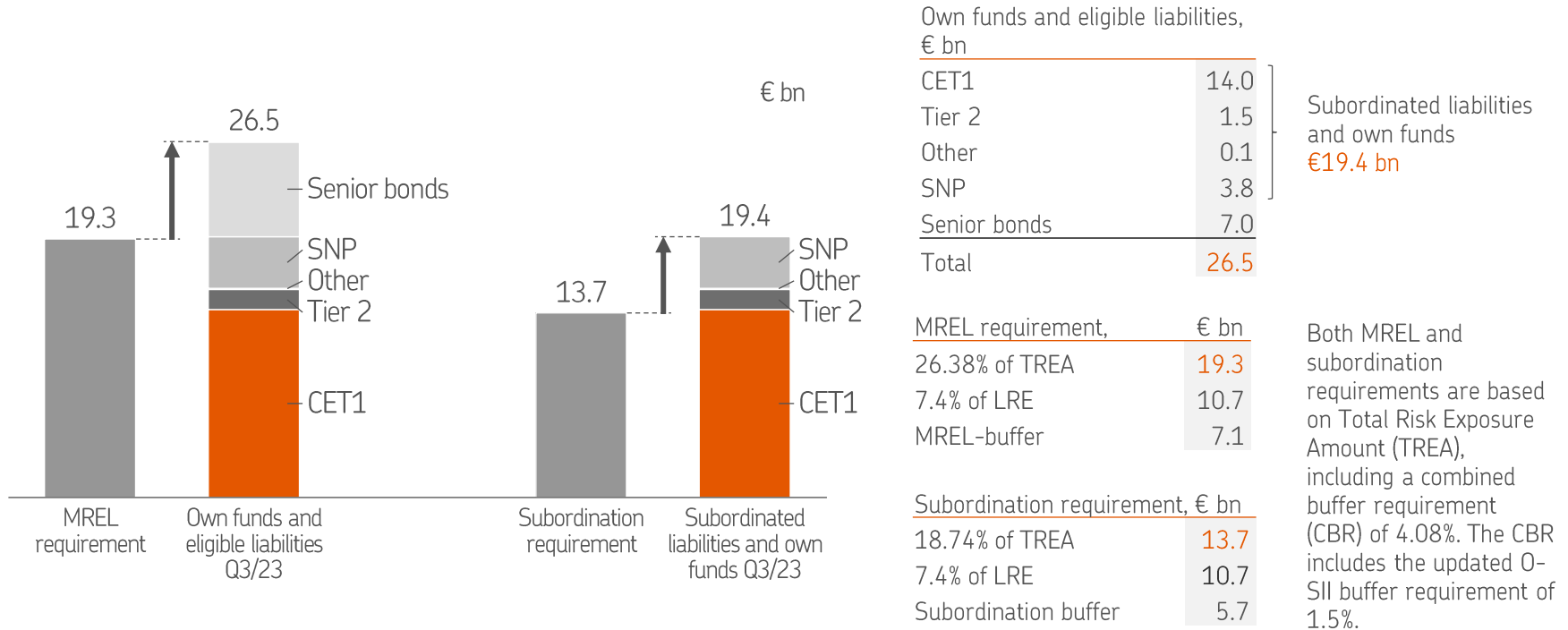
Liquidity buffer by credit rating, %



Liquidity Coverage Ratio (LCR), %



# MREL and subordination requirements



# Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Corporate Bank	2023	June	Senior Preferred	€650 mn	5 yrs
OP Mortgage Bank	2023	April	Covered Bond	€1 bn	5.5 yrs
OP Mortgage Bank	2023	January	Covered Bond	€1 bn	7 yrs
OP Mortgage Bank	2022	November	Covered Bond	€1.25 bn	3.5 yrs
OP Corporate Bank	2022	October	Senior Preferred	€500 mn	4.5 yrs
OP Corporate Bank	2022	September	Senior Preferred	€1.25 bn	3.25 yrs
OP Corporate Bank	2022	June	Senior Preferred	£350 mn	3.5 yrs

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 Mortgage Bank	2021	March	Green Covered Bond	€750 mn	10 yrs
OP Corporate Bank	2019	February	Green Senior Preferred	€500 mn	5 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



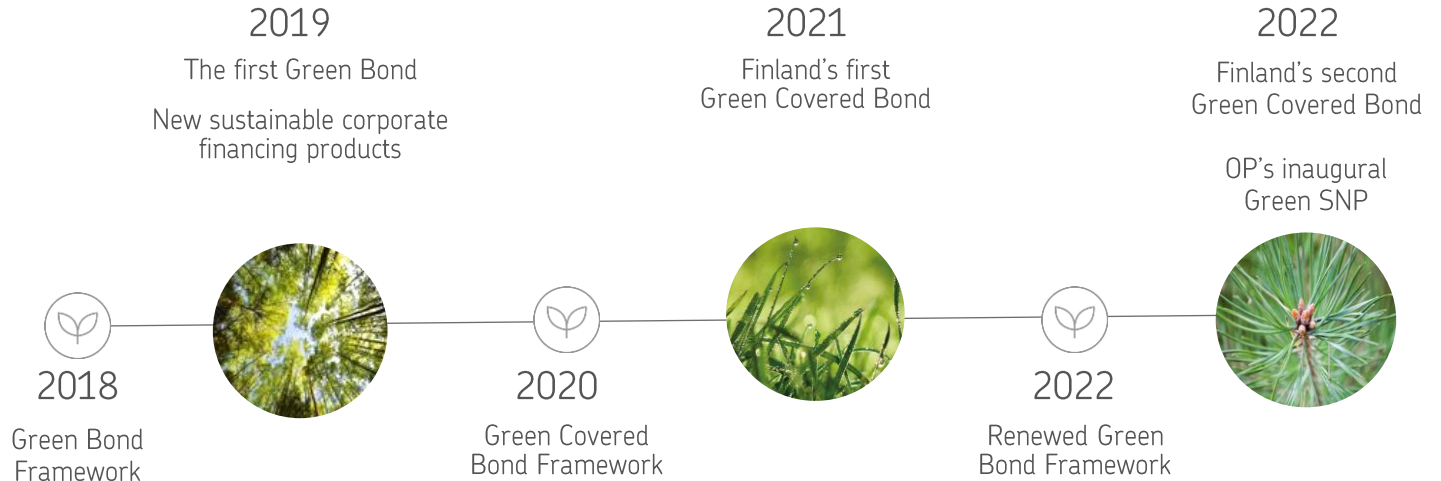
# OP as a Responsible Actor in the Finnish Society

# OP's sustainability journey

## Earlier steps

- 2002 Sustainability- themed fund  
OP-Sustainable  
Development
- 2009 Signing of the UN Principles  
for Responsible  
Investment
- 2015 Carbon footprints  
measured for mutual funds
- 2016 Exclusion of carbon  
investments
- 2018 Ethical principles of AI
- 2019 Founding signatory of  
UNEP FI Principles for  
Responsible Banking
- 2022 OP Financial Group's  
Sustainability Programme
- 2022 The Partnership for Carbon  
Accounting Financials (PCAF)

## Sustainable finance actions



# Climate targets aligned with the Paris Agreement

OP aims for  
carbon neutrality



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

Halving the  
emission intensity of funds



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.

OP Financial Group will achieve sector-specific emissions reduction targets for energy, agriculture and residential properties by 2030 compared to the 2022 level. These sectors account for 91% of the emissions in OP's loan portfolio.

Carbon neutral funds &  
corporate loan portfolios



OP Financial Group 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

## Reaching carbon neutrality

Actions to guide companies towards low-carbon operations are being expanded and to reach the bank's long-term climate target of reaching carbon neutral loan portfolios by 2050, and to reduce emissions by 25% by 2030 compared to 2022 in line with OP Financial Group's new sustainability programme.

## Supporting customers through the change

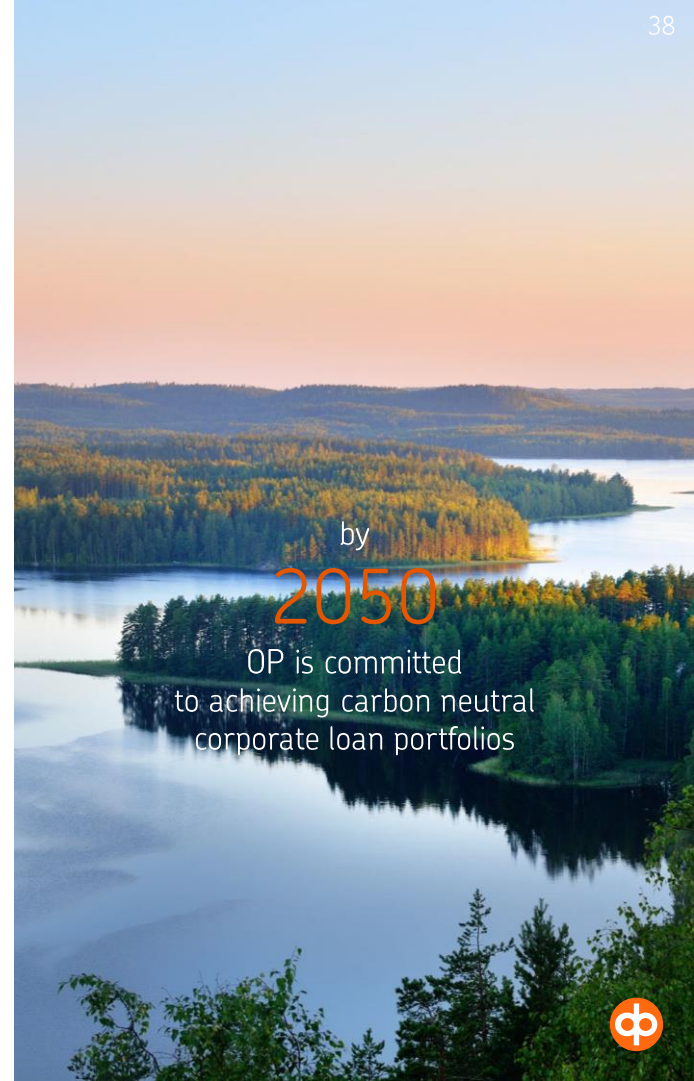
OP Corporate Bank's sustainable loan portfolio including both green and sustainability-linked loans totaled at EUR 6.2 billion in the end of Q3 2023.

## Improving visibility to climate impacts

OP Corporate Bank is actively improving its understanding of its loan portfolio's climate risks. In June 2022, OP Financial Group joined the Partnership for Carbon Accounting Financials (PCAF) which gives improved guidance on implementing the GHG Protocol in the financial sector.

## ESG integration into lending processes

The bank assesses corporate customers' exposure to ESG factors as well as their readiness to mitigate risks arising from ESG factors in all significant loan decisions. OP Corporate Bank will not provide finance for new coal power plants or coal mines, including companies that plan to build them.

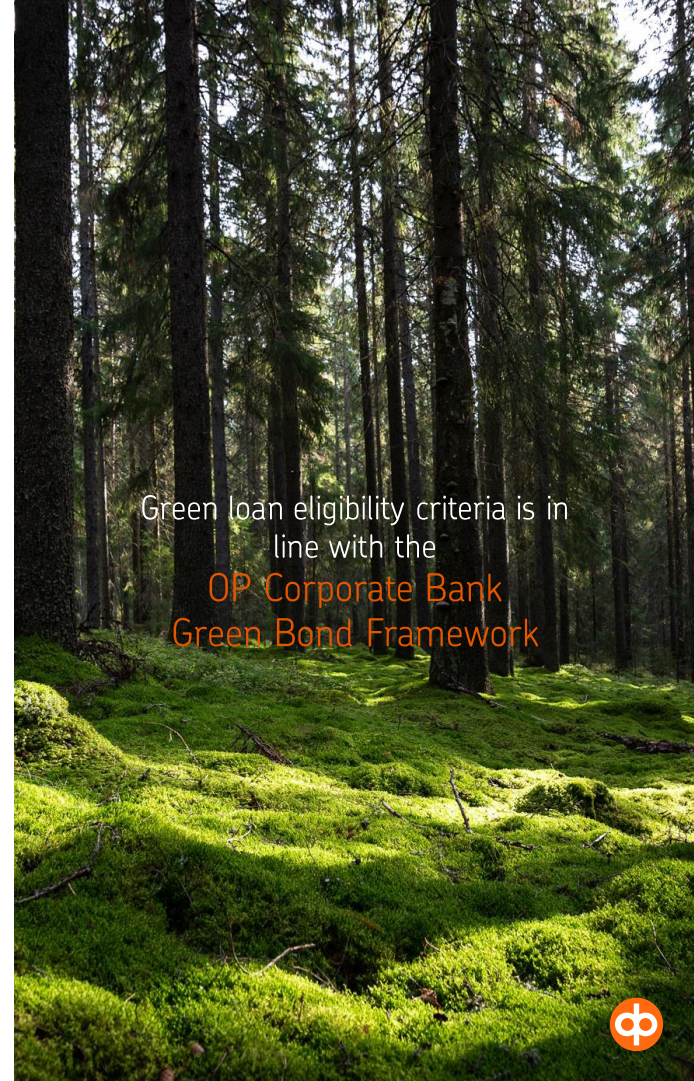


# Green Loan for SMEs and Housing Companies

OP Financial Group's Green Loan is designed for companies and housing companies for projects that are reducing their environmental impacts. It can be granted for investments in

- construction and renovation projects which improve energy efficiency
- energy efficient new construction
- certified buildings
- the use of renewable energy sources
- the sustainable use of natural resources
- building infrastructure for low emission transport

More information on Sustainable Finance solutions available at [op.fi](https://op.fi)



# 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



An investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact

Principles for Responsible Investment (PRI)

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

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)
- Equator Principles
- WWF's Green Office
- Partnership for Carbon Accounting Financials (PCAF)



Principles for Sustainable Insurance

Principles for Sustainable Insurance (PSI)

Commitment by Pohjola Insurance



BETTER POLICIES FOR BETTER LIVES

OECD Guidelines for Multinational Enterprises

Incl. voluntary CR principles and standards



DRIVING SUSTAINABLE ECONOMIES

CDP

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



# OP Financial Group's sustainability programme

We will build a sustainable tomorrow together



## Climate and the environment

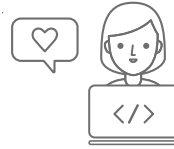
We will offer sustainable financing and investment products to our customers

We will decrease emissions across our loan and investment portfolios

We will promote the circular economy in our business and that of our customers

We will become carbon neutral by 2025

We will promote biodiversity and the wellbeing of nature



## People and communities

We will foster a diverse, inclusive and non-discriminatory culture

We will promote the wellbeing of our local communities

We will support the management of personal finances and improve financial literacy

We will help customers with special needs to manage their finances

We will identify the impact of our operations on human rights



## Corporate governance

We will integrate sustainability with all our business operations and risk-taking






We will use data and artificial intelligence responsibly

We will require our partners to commit to our Supplier Code of Conduct

We will increase diversity in our governing bodies

We will further improve the sustainability competencies of our personnel

# ESG Ratings

Rating agency	Rating	Rating scale
 MSCI	AA	CCC to AAA
 SUSTAINALYTICS	15.5 (low risk)	100 to 0 (severe to negligible risk)
 ISS ESG	C	D- to A+
 CDP <small>DISCLOSURE INSIGHT ACTION</small>	B	D- to A
 vigeo eiris	58	0 to 100

OP is among the top performers in the financial sector



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

## Promoting the green transition

- Strengthening OP's responsible role in the Finnish society
- Promoting one of the three key themes and commitments of OP's Sustainability Programme – Climate and Environment
- 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	<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>
Project evaluation and selection	Conventional credit process and green bond process in accordance with the eligibility criteria. Proceeds may be used for financing of general corporate purposes to dedicated businesses ("pure players") meeting specific eligibility criteria
Management of proceeds	Green Bond Register is monitored on a monthly basis. Internal reporting to Green Bond Committee quarterly.
Reporting	Annual Green Bond Report published on OP's <a href="#">website</a>
External review and verification	Sustainalytics' Second Party Opinion and Limited Assurance Report by an external auditor

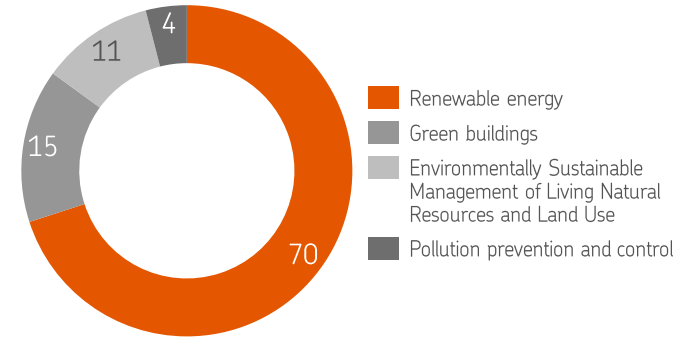


# OP Corporate Bank's Green Bond Report

## Assets included in the Green Bond register, YE2022

Eligible sector	Estimated Green Bond Impact	Allocation per Green Bond Green Bond 1 / Green Bond 2	SDGs
Renewable energy <small>(from mixed energy sources as outlined in the Green Bond Framework)</small>	514,342.3 tCO <sub>2</sub> e avoided	52% / 48%	 
	1,698.6 GWh of energy generated	53% / 47%	
	541.9 MW of energy capacity installed	51% / 49%	
Green Buildings	39,696.4 m <sup>2</sup> of green certified building area and 18,825.8 m <sup>2</sup> currently under construction	50% / 50%	
	2,936.7 tCO <sub>2</sub> e avoided due to reduced energy consumption from electricity and district heating	50% / 50%	
Pollution Prevention and Control	16,643.3 tCO <sub>2</sub> e avoided	0% / 100%	   
	118.6 GWh generated	0% / 100%	
	11.5 MW installed capacity	0% / 100%	
Environmentally Sustainable Management of Living Natural Resources and Land Use	61,550.2 hectares of certified forests	50% / 50%	
	65,853.9 tCO <sub>2</sub> e in carbon sinks	50% / 50%	

## OP Green Bond Impacts, YE2022 \*



”

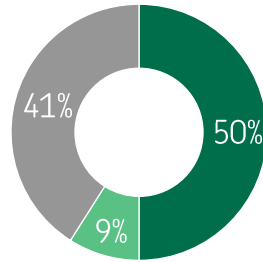
Eligible assets included in the Green Bond register (YE2022) totaled at €1,630 mn including reserve of unallocated green assets €630 mn

# OP's green issuances

## OP Corporate Bank plc

### Green SNP 2022, €500 mn

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



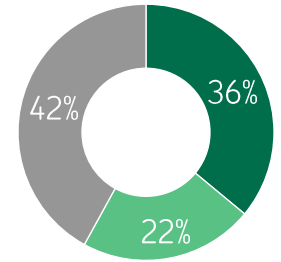
### Green Bond 2019, €500 mn

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

## OP Mortgage Bank

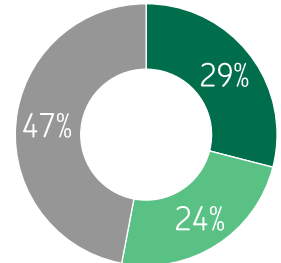
### Green Covered Bond 2022, €1 bn

- 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

### 1. Green buildings

Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria

## Project evaluation and selection

To identify eligible mortgages, data from various sources is utilized (e.g. ARA).  
The energy performance certificates (EPCs) are used to assess eligibility  
If EPCs are not available, the secondary approach is energy efficiency statistical modelling.

## Management of proceeds

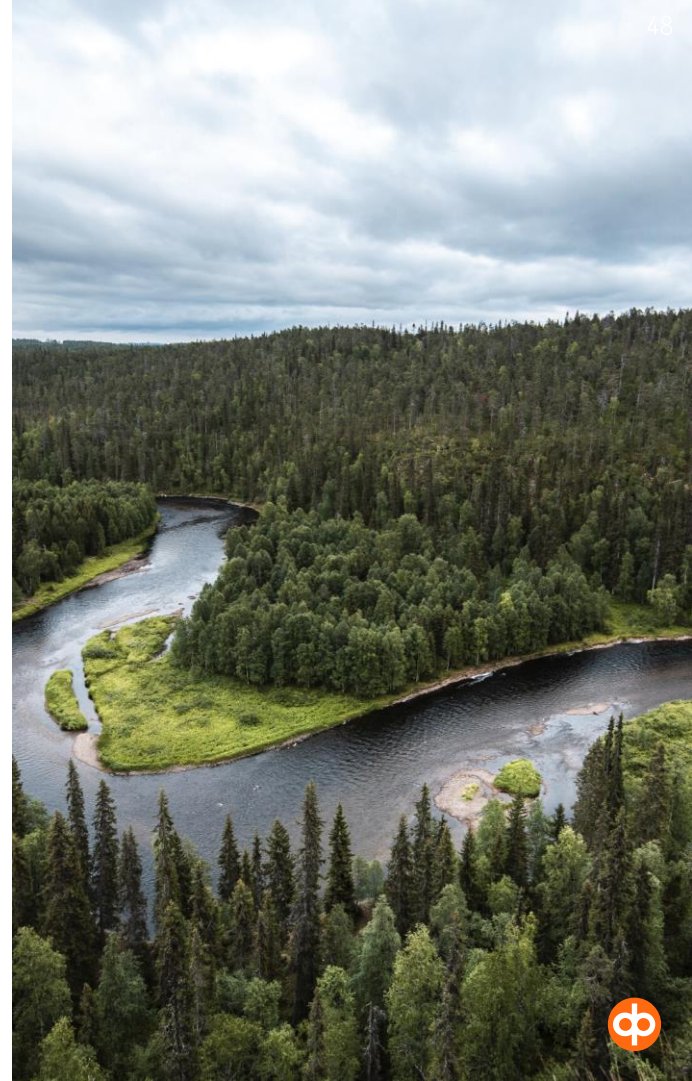
Cover pool is reviewed as a part of the pooling process on a regular basis  
Quarterly internal reporting to Green Bond Committee

## Reporting

Annual Green Covered Bond Report published on OP's website

## External review and report verification

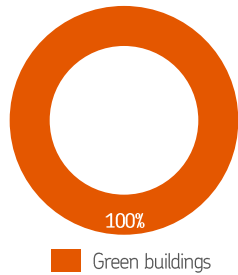
Sustainalytics' Second Party Opinion  
Limited assurance report by an external auditor



# OP Mortgage Bank's Green Covered Bond Report

## Assets included in the Green Covered Bonds, YE2022

By eligible sector



Average time from origination	3.9 years
Average time until maturity	18.9 years

Eligible assets in the cover pool worth €2,968.6 mn of which €1,750 mn allocated to the Green Covered Bonds

## OPMB Green Covered Bond impacts, YE2022



Green Buildings (in the cover pool)

- 25,467 mortgages
- 2.0 million m<sup>2</sup> of green buildings tagged as green
- 104,000 MWh avoided energy use
- 16,000 tCO<sub>2</sub>e avoided emissions



Green Buildings (allocated to €1,750 million bonds)

- 62,000 MWh avoided energy use
- 9,300 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
- New issues under the Euro Medium Term Covered Bond (Premium) Programme (EMTCB) of €25 bn rated by Moody's

## 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 Pools are ring-fenced, the covered bondholders have the right to receive what is due to them before all other creditors

## Covered bond ratings

Moody's  
**Aaa**

S&P  
**AAA**

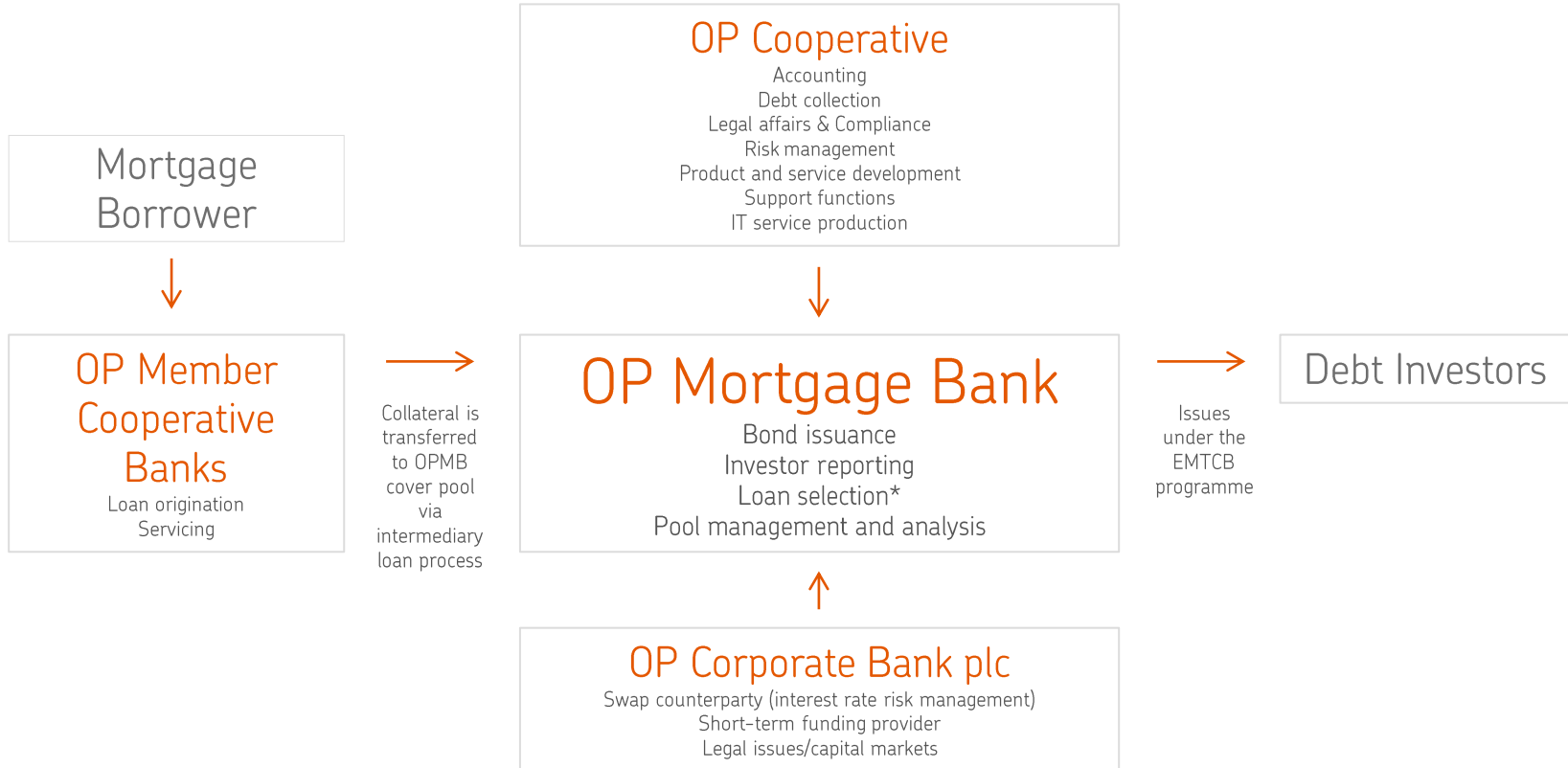
## Harmonised transparency template



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

<https://www.coveredbondlabel.com/issuer/5-op-mortgage-bank>

# Operating model and roles



# Covered Bonds under Finnish legislation

	Act on Mortgage Credit Banks and Covered Bonds (151/2022)	Act on Mortgage Credit Bank Operations (688/2010)
Applicability	Bonds issued after 8 July 2022	Bonds issued before 8 July 2022
Programmes under the Act	Euro Medium Term Covered Bond Premium (EMTCB)	Euro Medium Term Covered Note (EMTCN), Euro Medium Term Retained Covered Note (EMTRCN)
Bond qualification	European Covered Bond (Premium)	EEA Grandfathered – CRR compliant
Regulation	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB
Intermediary loans	Enables granting intermediary loans	Enabled granting intermediary loans
LTV restrictions on eligible assets	80% LTV on residential mortgages	70% LTV on residential mortgages
Legal over-collateralisation requirement	2%. In case the requirements set by CRR Article 129 are not met, the OC must be 5%.	2%
Programme documentation including information valuation, market risks, expiry and over-collateralisation	<a href="#">EMTCB Programme documentation</a>	<a href="#">EMTCN Programme documentation</a> <a href="#">EMTRCN Programme documentation</a>
Cover asset pool information including bond IDs, ECBC Harmonized Transparency Templates and legal information disclosure	<a href="#">OPMB's cover asset pools and legal information disclosure</a>	

# EMTCB programme

Bonds issued after 8 July 2022

€3.58 bn  
Current balance

€3.25 bn  
Total amount of  
covered bonds

€39,700  
Average loan size

>99%  
Tied to floating  
interest rate

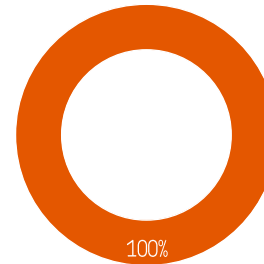
44%  
Weighted Average  
indexed LTV

10%  
Over-  
collateralisation (OC)



## Geographical loan distribution

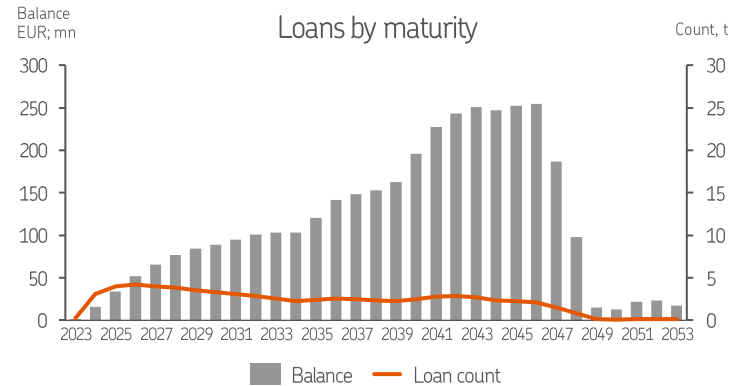
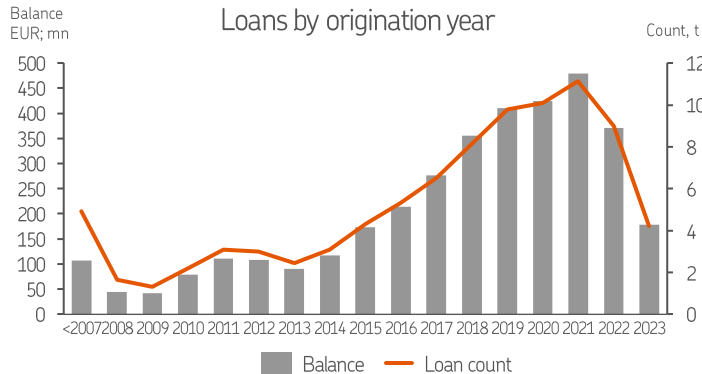
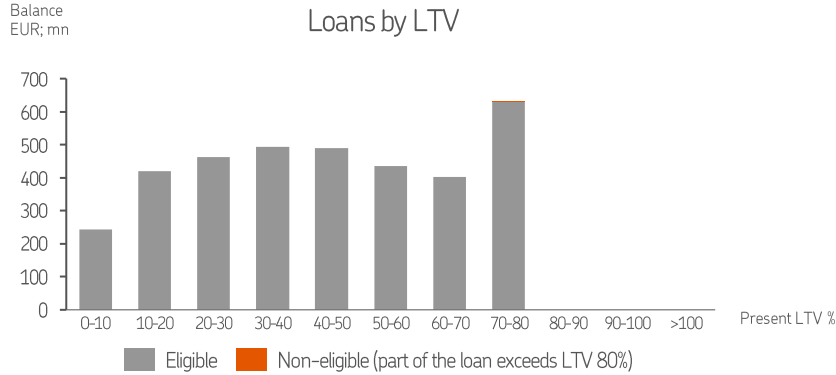
1	Southern Finland	48%
2	Western Finland	32%
3	Eastern Finland	6%
4	Oulu region	10%
5	Lapland	3%



## Loan type distribution

Residential loans

# OPMB EMTCB cover asset pool



# EMTCN programme

Bonds issued before 8 July 2022

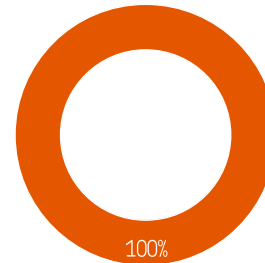
<p>€13.4 bn Current balance</p>	<p>€10.6 bn Total amount of covered bonds, out of which €1.75 bn is green</p>	<p>€65,500 Average loan size</p>
<p>&gt;99% Tied to floating interest rate</p>	<p>52% Weighted Average indexed LTV</p>	<p>27% Over-collateralisation (OC)</p>



## Geographical loan distribution

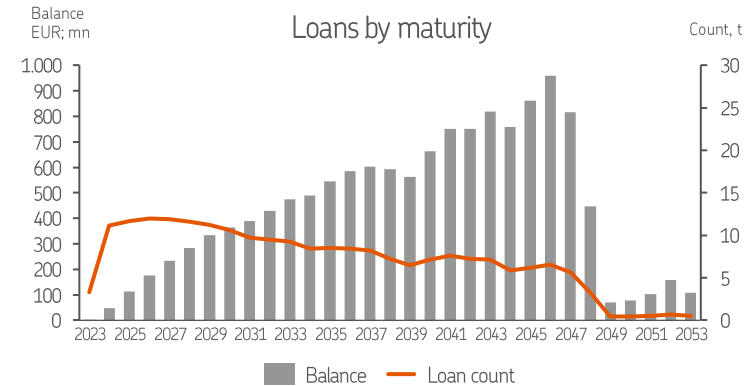
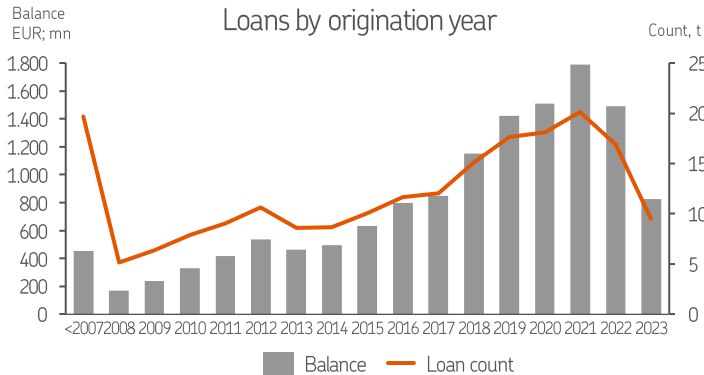
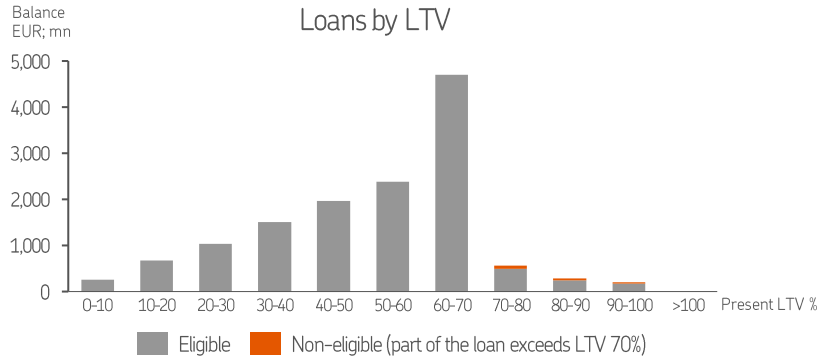
1	Southern Finland	46%
2	Western Finland	34%
3	Eastern Finland	8%
4	Oulu region	9%
5	Lapland	2%

## Loan type distribution



Residential loans

# OPMB EMTCN cover asset pool



# Intermediary loan process

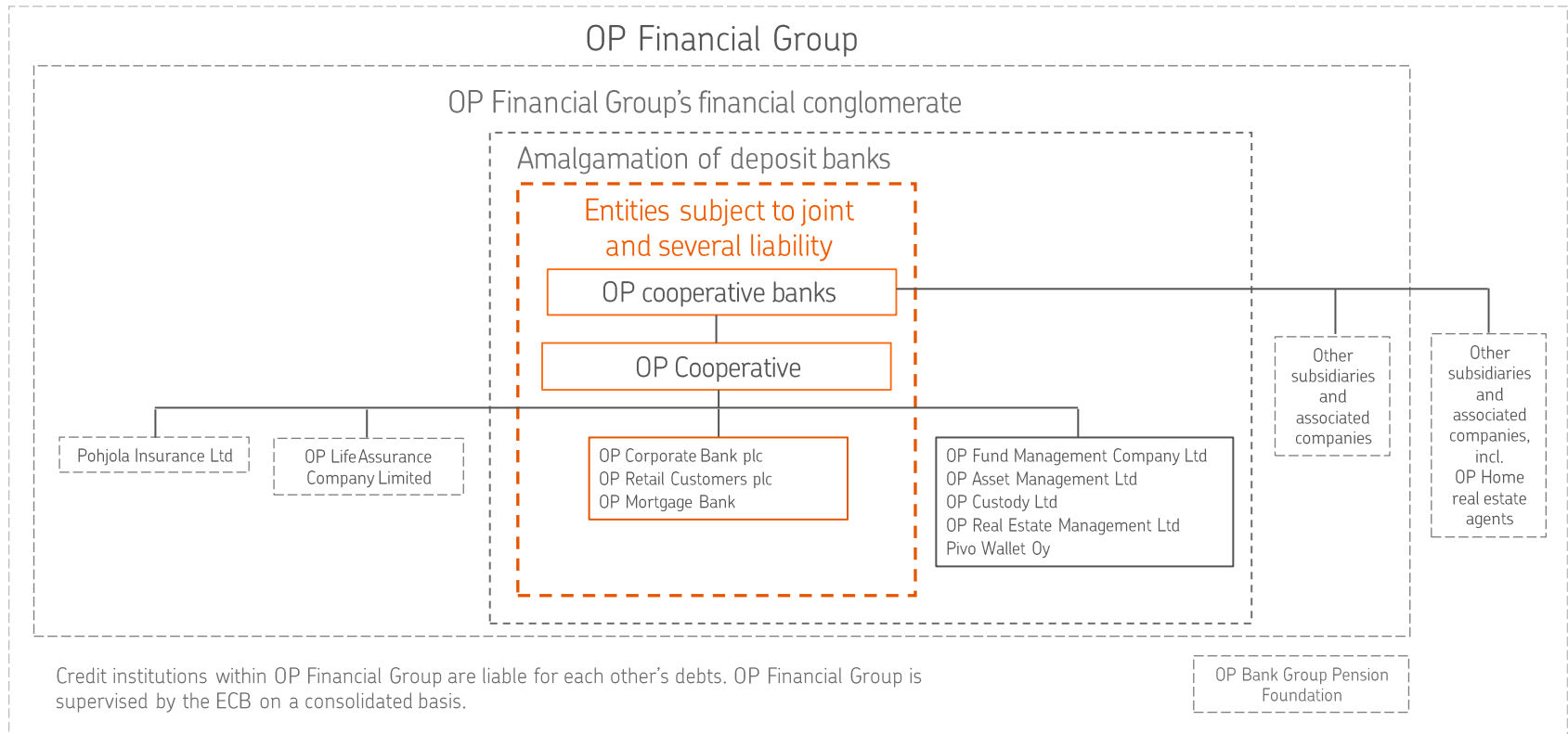
- Finnish legislation enables OP Mortgage Bank to grant intermediary loans to the member cooperative banks, who indirectly participate in the covered bond issuance process.
- In the intermediary loan process, an intermediary loan contract is made between the member cooperative bank and OPMB. The member cooperative banks allow OPMB to mark mortgages as intermediary loan collateral to the OPMB cover pool in return for funds from the emission.
- The loans eligible as collateral for a covered bond must meet the legal requirements as well as the criteria of OPMB's covered bond program and other specified criteria. The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans. OPMB monitors the adequacy of the collateral daily.
- Once the mortgage loans are registered in the OPMB cover pool via intermediary loan process, they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires.



Appendix



# OP Financial Group's amalgamation structure



# 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, 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.



Contacts



# Contacts and financial calendar

## Investor Relations & Funding



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



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



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



IR ESG Specialist  
Investor Relations  
**Venla Koljonen**



## Financial calendar 2024

Financial Statements Bulletin 2023	<b>7 February 2024</b>
Interim Report for Q1/2024	<b>8 May 2024</b>
Half-year Financial Report for H1/2024	<b>24 July 2024</b>
Interim Report for Q3/2024	<b>31 October 2024</b>

## For more information

[www.op.fi/debtinvestors](http://www.op.fi/debtinvestors)  
[ESG for Debt Investors](#)  
[CFO Results Overview](#)  
[OP Financial Group's reports](#)  
[Credit ratings](#)