



OP Financial Group's Debt Investor Presentation Q1/2024

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

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.



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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.



A woman with voluminous curly hair, wearing a white long-sleeved shirt under a dark blue vest, stands on a train platform. She is looking down at a smartphone in her hands. The platform is modern, with concrete pillars and overhead lighting. In the background, train tracks and a tunnel entrance are visible. Blue signs with the letters 'B' and 'A' are mounted on the pillars. The overall atmosphere is clean and professional.

Outlook for the Finnish Economy

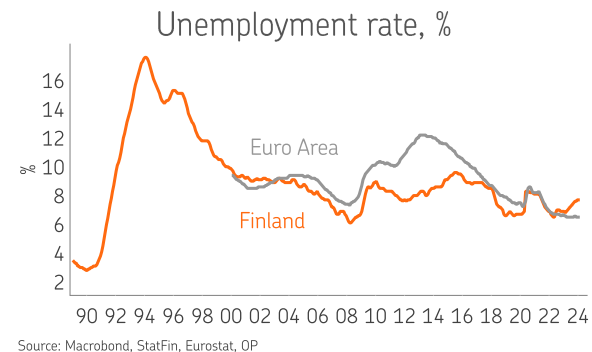
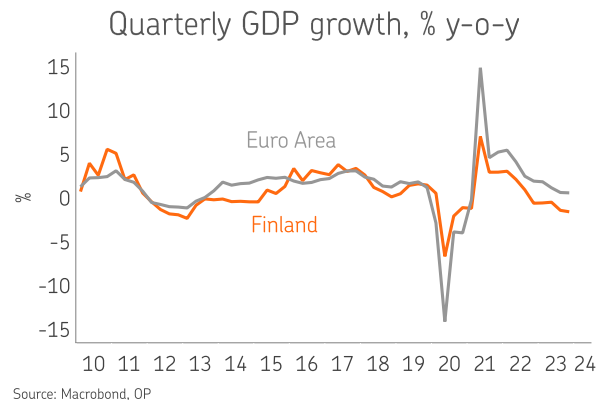
OP Financial Group's forecasts for the Finnish economy

Published on 12 April, 2024

	2022	2023e	2024f	2025f
GDP volume, annual growth %				
Finland	1,3	-1,0	-0,5	2,0
Euro area	3,4	0,5	0,4	1,6
Unemployment rate, %				
Finland	6,7	7,2	8,0	7,7
Euro area	6,7	6,5	6,6	6,3
Current account balance, % of GDP				
Finland	-2,4	-1,4	-1,9	-1,8
Euro area	-0,6	1,8	3,2	3,2
General government net lending, % of GDP				
Finland	-0,8	-2,5	-2,9	-2,2
Euro area	-3,6	-3,2	-3,0	-2,8
General government debt, % of GDP				
Finland	73,5	75,8	77,5	77,5
Euro area	92,6	90,6	89,9	89,7
Inflation, %*				
Finland	7,1	6,3	2,1	1,9
Euro area	8,4	5,5	2,3	2,0

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

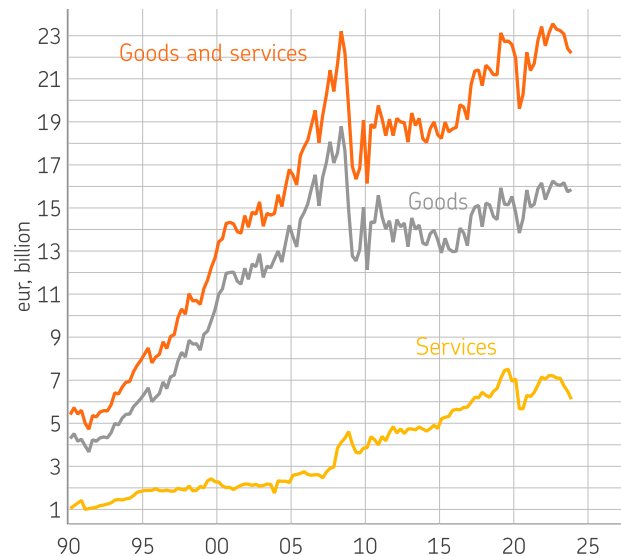
Sources: Statistics Finland, Eurostat, OP



Foreign trade structure rather stable

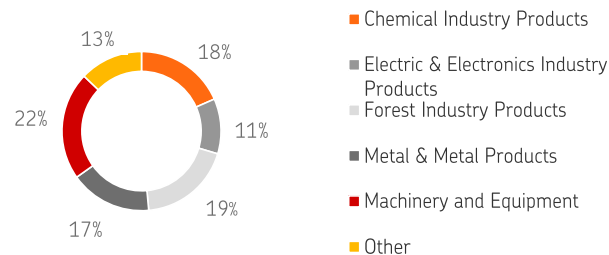
Finland is an exports-driven economy with around 40% of GDP deriving from exports

Exports of goods and services, SA

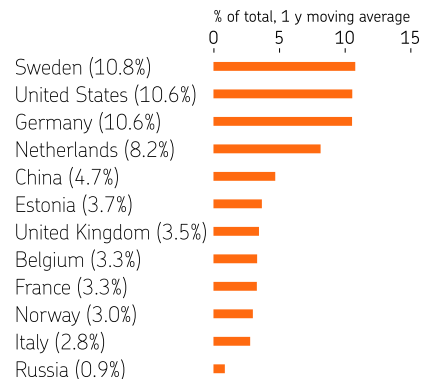


Source: Macrobond, OP

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
- 94% of home loans tied to variable interest rates
- Home loan cap (LTC) 90% and for first-home-buyers 95%

39%

OP's market share in mortgages

6%

OP's stress-test in 25 years maturity

34%

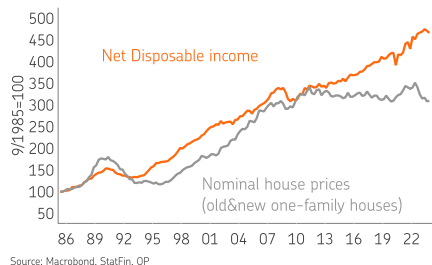
OP's private customers' mortgages covered by interest rate cap

€67m

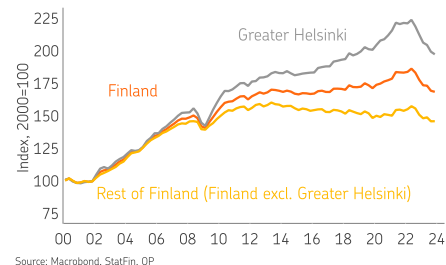
The net benefit gained by customers from interest rate caps in Q1/2024

Finnish economy

Change in house prices and net income

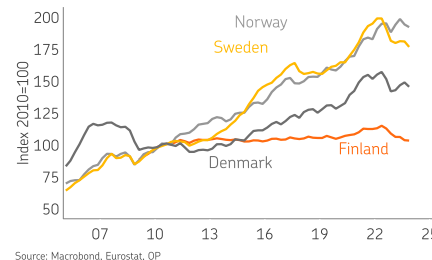


Real estate prices, old dwellings

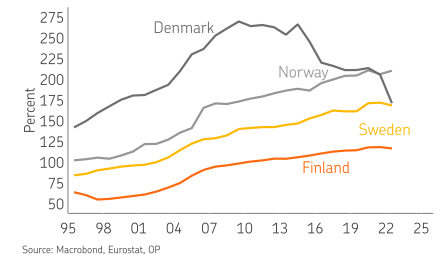


Nordics

House prices



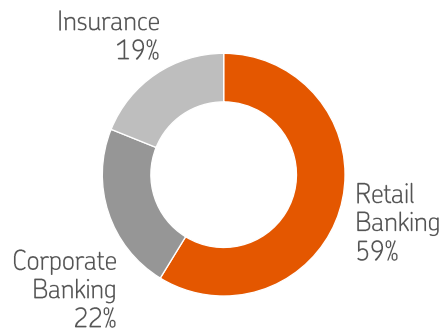
Gross Debt-to-Income Ratio



OP Financial Group



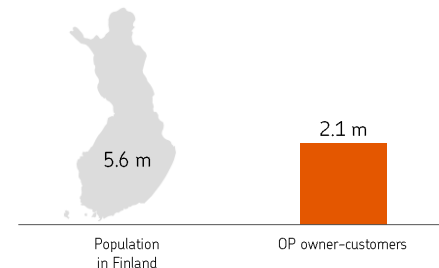
OP Financial Group in brief



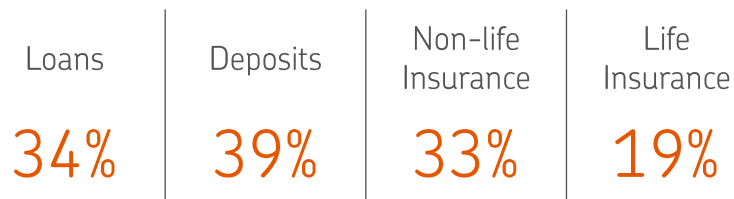
€618m
Operating profit
in Q1/2024

19.6%
CET1 ratio

€157bn
Total assets



Leading market position in Finland



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

Joint liability

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

Strong credit ratings

Moody's Aa3
S&P AA-

OP Corporate
Bank plc

Moody's Aaa
S&P* AAA

OP Mortgage
Bank's covered
bonds

* EMTCN programme



OP Financial Group's business structure

2.1 million owner-customers

102 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

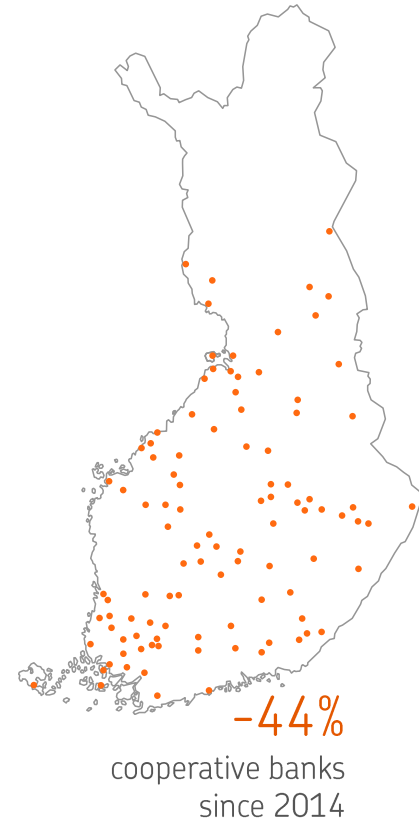
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

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



*Issuing entity



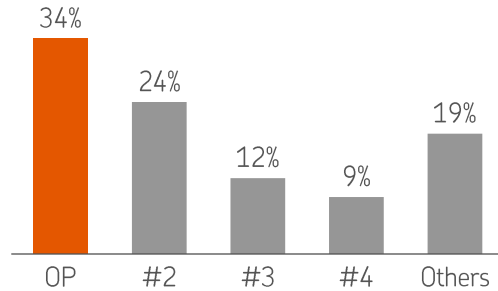
OP is a diverse actor with strong market shares

OP's market shares

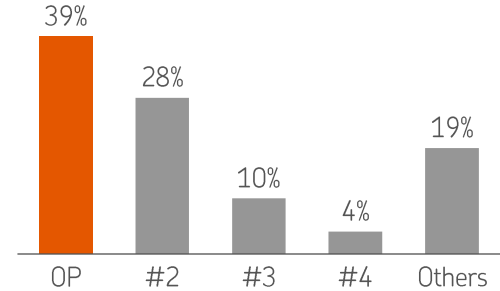
39%
Mortgages

38%
Corporate
loans

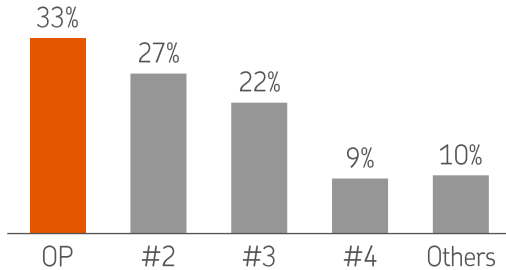
Loans



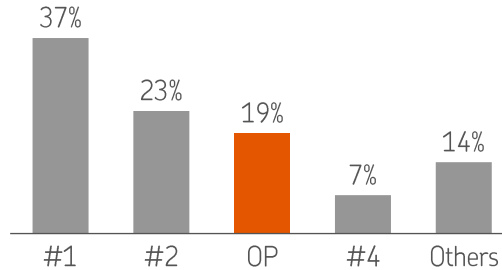
Deposits



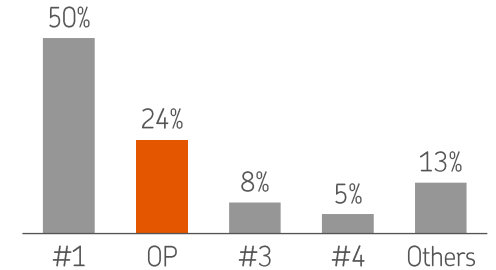
Non-life insurance



Life insurance



Mutual funds



Source: Bank of Finland (Loans and Deposits 12/2023), Finance Finland (Non-life & Life Insurance 12/2023), FIN-FSA (Mutual Funds 12/2023)



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

	Q1/2024	Target 2027
Return on equity (ROE) excluding OP bonuses, %	13.4	9.0
CET1 ratio, %	19,6	At least CET1 ratio requirement + 4 pps
Brand recommendations (bNPS) *	Banking: 1 st Insurance: 2 nd (shared)	Banking: 1 st Insurance: 1 st
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 and in a nationwide survey on SMEs by Red Note Oy

Attractive loyalty benefits support cross-selling

Owner-customer benefits

€75m

accrued OP bonuses
in Q1/24

€61m

discounts on
daily banking, non-life
insurance policies and
mutual funds in Q1/24

€44m

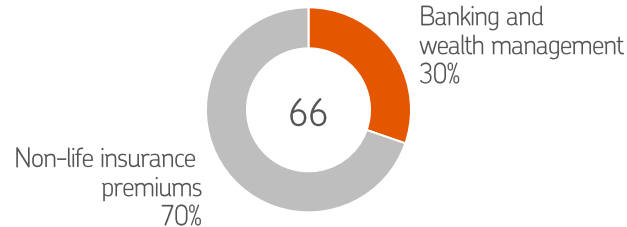
accrued estimated
returns on
Profit Shares
in Q1/24

”

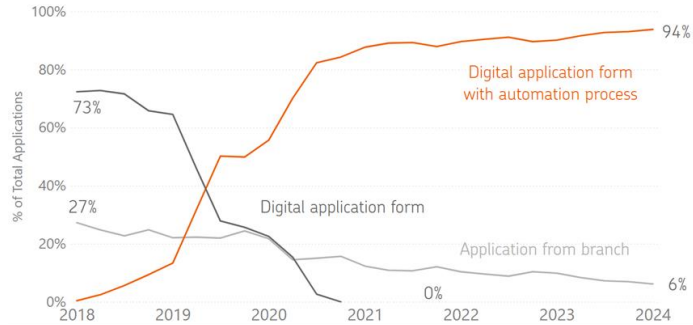
OP Financial Group will pay 40% extra on OP bonuses earned in 2024 and will not charge its owner-customers monthly fees for daily services throughout the year.

Together, these benefits will add up to around 400 million euros in value for owner-customers in 2024.

OP bonus usage during Q1/24, € million

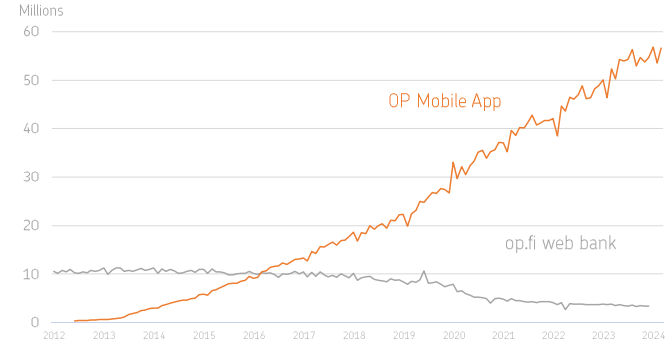


Digital customer experience



>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




OP Financial Group reports a strong Q1

- Despite the challenging business environment, OP Financial Group's operating profit fared extremely well. January–March operating profit grew by 29 per cent year on year, to EUR 618 million.
- Strong capital adequacy and excellent liquidity provide security in an uncertain and often unpredictable business environment. OP Financial Group's CET1 ratio strengthened again, to 19.6 per cent, which exceeds the minimum regulatory requirement by 7.3 percentage points. OP Financial Group is one of the most financially solid large banks in Europe. Furthermore, our liquidity remained excellent.
- All three business segments performed well. Growth was particularly strong in the Retail Banking segment, with operating profit rising by 44 per cent to 368 million euros, following favourable developments in net interest income. Corporate Banking's profit improved considerably, by 40 per cent, to 140 million euros. Earnings in the insurance segment were EUR 118 million. This was 31% higher year on year, largely because of the excellent result in investment income.
- Our customers were interested in systematically investing in funds, with 51% more new investment agreements being made than in the same period last year. The number of OP mutual fund unitholders rose to more than 1.31 million. We aim to coach our customers to help them make better financial choices, and Wealth Management is one of our growth focus areas.
- Operating profit for 2024 is expected to be at a good level but lower than that for 2023.
- Link to [Results overview by OP Financial Group's CFO](#)



Key financial figures of the first quarter 2024

Operating profit	Total income	Total expenses	Loan portfolio	Deposits	Assets under management
<p>€618m +29%</p>	<p>€1,259m +13%</p>	<p>€537m -3%</p>	<p>€98bn -1%</p>	<p>€74bn -1%</p>	<p>€107bn +4%</p>
<p>Retail banking €368m (+44%)</p>	<p>Net interest income €763m (+24%)</p>	<p>Personnel costs €256m (+15%)</p>	<p>Home loans €42bn (-1%)</p>		<p> In the end of Q1 responsible investment funds 87% of all investment funds</p>
<p>Corporate banking €140m (+40%)</p>	<p>Insurance service result €-10m (-)</p>	<p>Development cost impact €83m (+30%)</p>	<p>Corporate loans €27bn (-3%)</p>		
<p>Insurance €118m (+31%)</p>	<p>Net commissions and fees €217m (-11%)</p>				
<p>Group Functions €-5m</p>	<p>Investment income €151m (+19%)</p>				

Comparatives for the income statement are based on the corresponding figures in 2023. Unless otherwise specified, figures from 31 December 2023 are used as comparatives for balance-sheet and other cross-sectional items.



Financial performance

Loan portfolio

€98bn

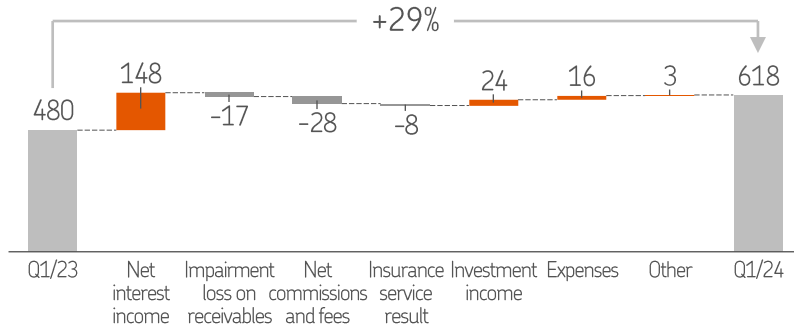
Deposits

€74bn

Assets under
management

€107bn

Operating profit, € million



€ million

	Q1/24	Q1/23	Change %
Net interest income	763	615	24%
Impairment loss on receivables	-39	-23	72%
Net commissions and fees	217	244	-11%
Insurance premium revenue	523	485	8%
Insurance service expenses	-512	-485	6%
Net income from reinsurance contracts	-21	-3	-
Insurance service result	-10	-2	-
Investment income	151	128	19%
Other operating income	9	6	38%
Personnel costs	-256	-222	15%
Depreciation and impairment loss	-33	-47	-29%
Other operating expenses	-248	-284	-13%
Transfers to insurance service result	129	120	8%
OP bonuses to owner-customers	-65	-55	17%
Total income	1,259	1,111	13%
Total expenses	-537	-553	-3%
Cost/income ratio, %	42.6	49.8	-7%*

Operating profit

618

480

29%

*Change in ratio

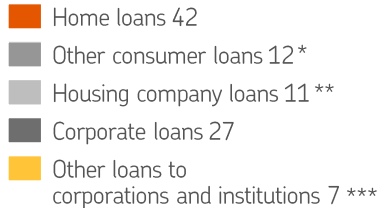
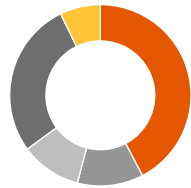


Loan book overview and asset quality



Loan portfolio diversified and focused in Finland

Loan portfolio breakdown, € billion

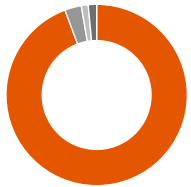


* holiday homes, student loans and consumer credits.

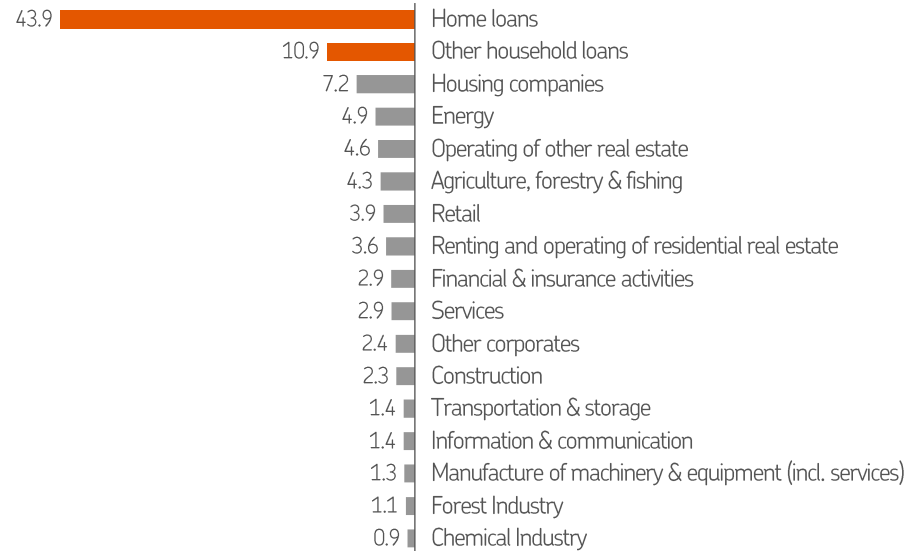
** housing companies and housing investment companies.

*** financial institutions, public sector and non-profit organisations.

Geographical split 2023, %

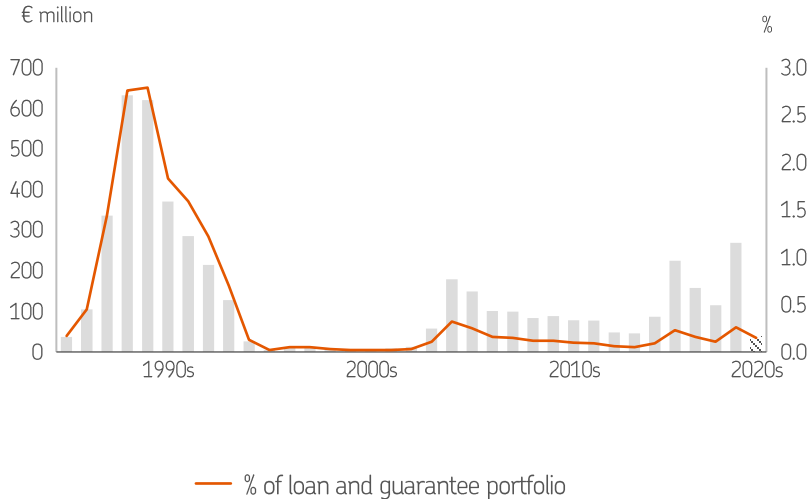


Loan portfolio breakdown, %

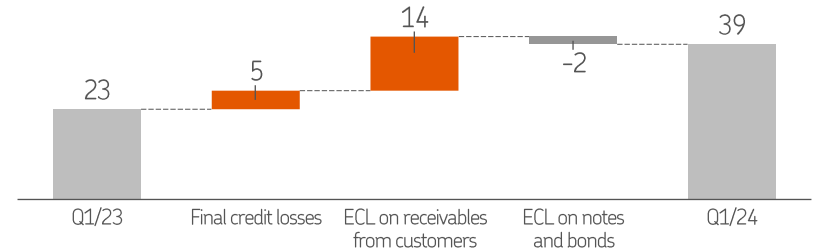


Impairment loss on receivables

Impairment levels over time



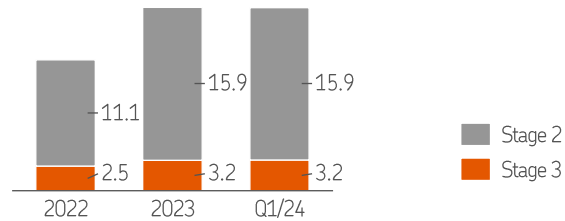
Breakdown of total impairment losses, € million



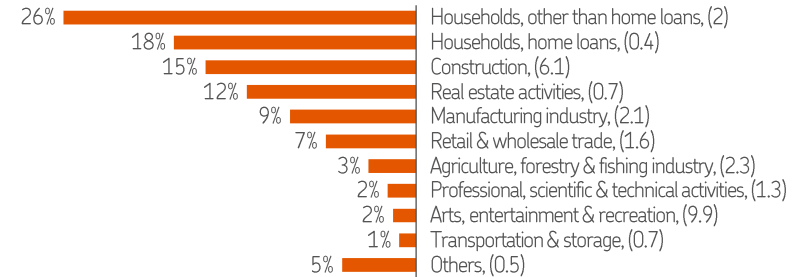
€ million	Q1/24	Q1/23
Final credit losses, net	12	7
ECL on receivables from customers	28	14
ECL on notes and bonds	0	2
Total impairment losses on receivables	39	23
% of loan and guarantee portfolio	0.15%	0.09%

Minor changes in credit quality

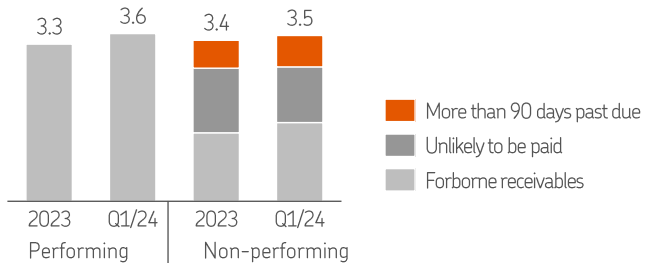
Stage 2 & 3 loans, € billion



ECL allowance by sector (% of gross exposure)



Non-performing and forbome exposures, € billion

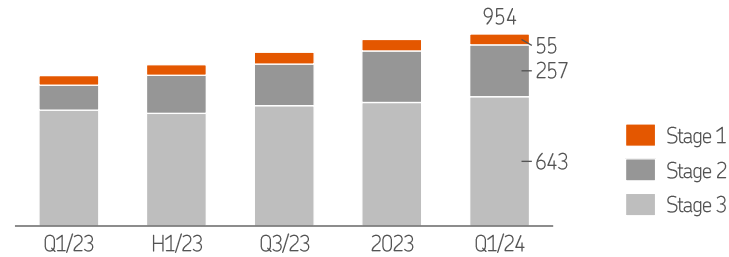


Comments on credit quality

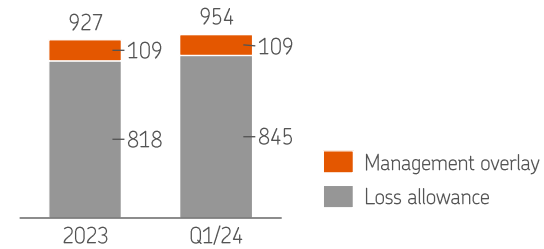
- Stage 2 loans 14.6% of receivables from customers. Coverage ratio for stage 2 loans 1.6%.
- Management overlay is included in stage 2 loans and remained unchanged during the first quarter.
- Stage 3 loans 3.0% of receivables from customers. Coverage ratio for stage 3 loans 20.0%.

Expected credit loss and management overlay

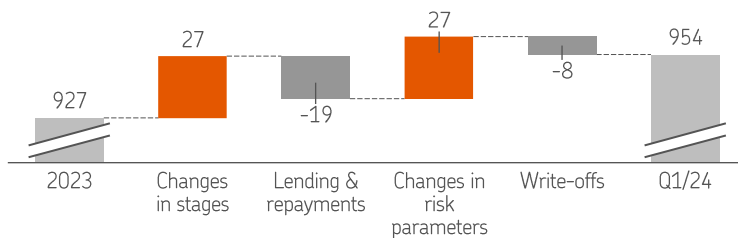
Total allowance on receivables from customers, € million



Share of management overlay in total allowance, € million



Net change in ECL, € million

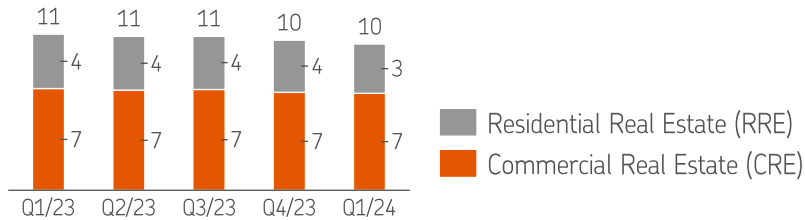


Management overlay breakdown, € million

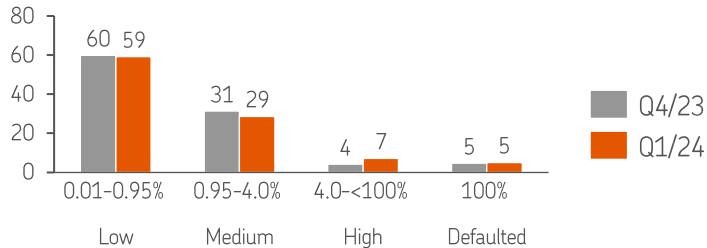
Construction industry	39
Personal customers: inflation, interest rates & value of collateral securities	36
Real estate sector	14
Improvement to the identification processes for EWS and connected clients	14
Collateral valuation of CRE backed loans	6
Total	109

Real estate less than 9% of all exposures

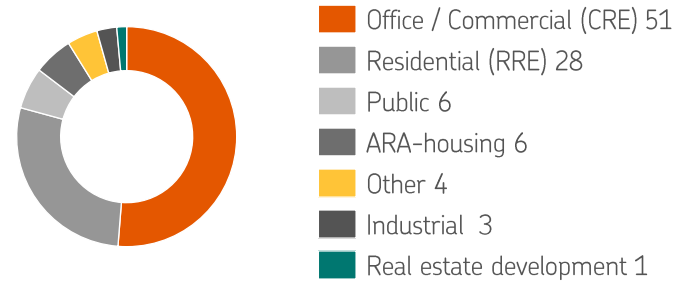
Commercial real-estate exposure, € billion



Probability of default (PD) distribution, %



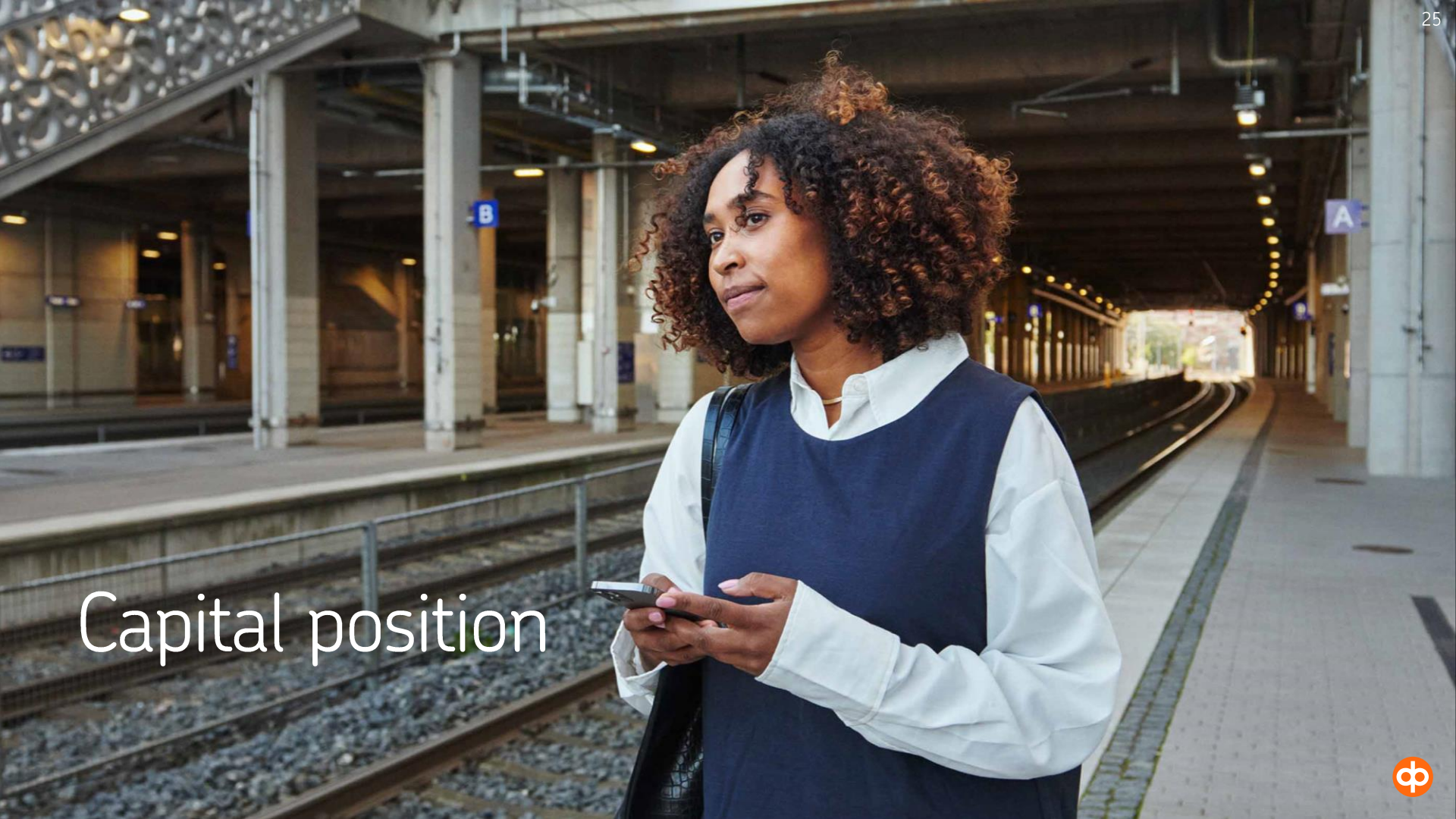
Portfolio split between real estate types, %



Comments on CRE

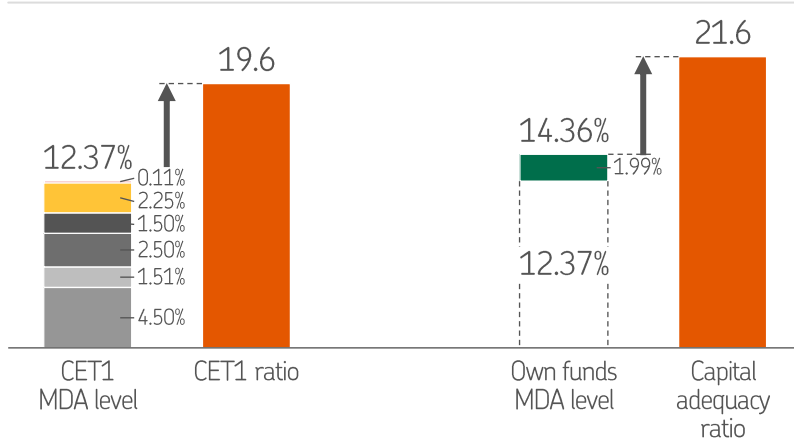
- Exposures are well spread across different types of real estate. The largest type of real estate is commercial real estate units, which includes offices.
- Non-performing exposures 4.98% (4.63%) of the real estate exposures at Q1/24.
- 63% of real estate exposure in Corporate Banking and 37% in Retail Banking

Capital position



Capital position well above requirement

CET1 ratio and requirements

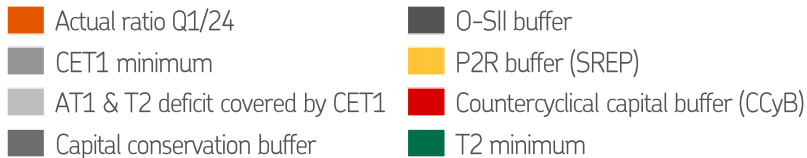


CET1 ratio 19.6%
with a buffer of
7.3
percentage points
above requirement

9.8%
Leverage ratio and
regulatory minimum
requirement of 3%

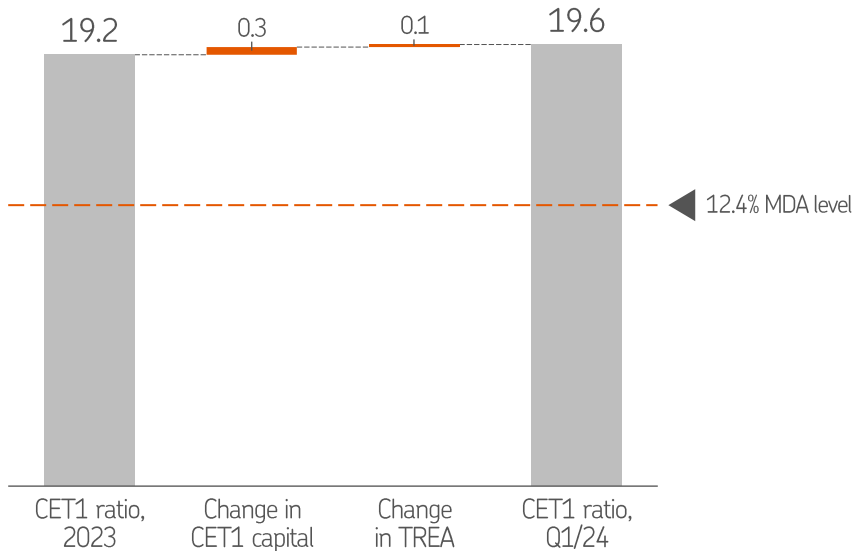
The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%; the AT1 and T2 minimum requirement of 1.5% increases the minimum CET1 ratio to 6%.

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 14.4% and the minimum CET1 ratio to 12.4%, including the shortfalls of Additional Tier 1 (AT1) and Tier 2 (T2) capital.



Strong capital position

CET1 ratio development, %



€14.4bn

CET1 capital (€14.1bn)

€3.2bn

Profit Shares in CET1 capital (€3.1bn)

€73.1bn

TREA (€73.5 bn)

16.4%

CET1 strategic target: MDA level +
400 bps management buffer

”

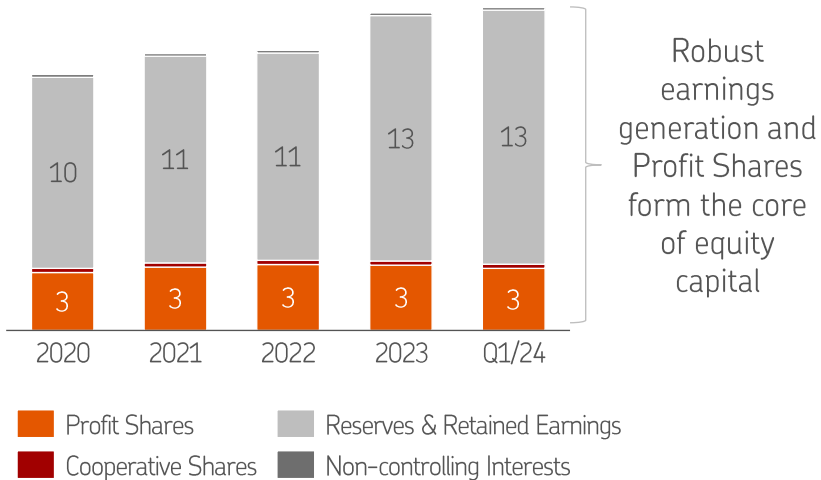
OP has one of the strongest S&P RAC ratios
of the world's top 200 banks*

*Source: Standard & Poor's. Top 200 Banks: Capital Ratios Continue To Normalize After Pandemic Peaks, 9/2023.

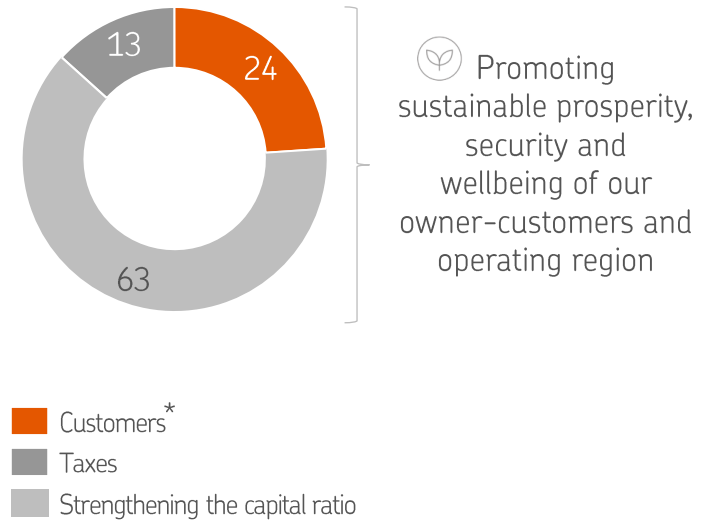


Strength of the cooperative model

Equity capital, € billion



Estimated allocation of earnings, %

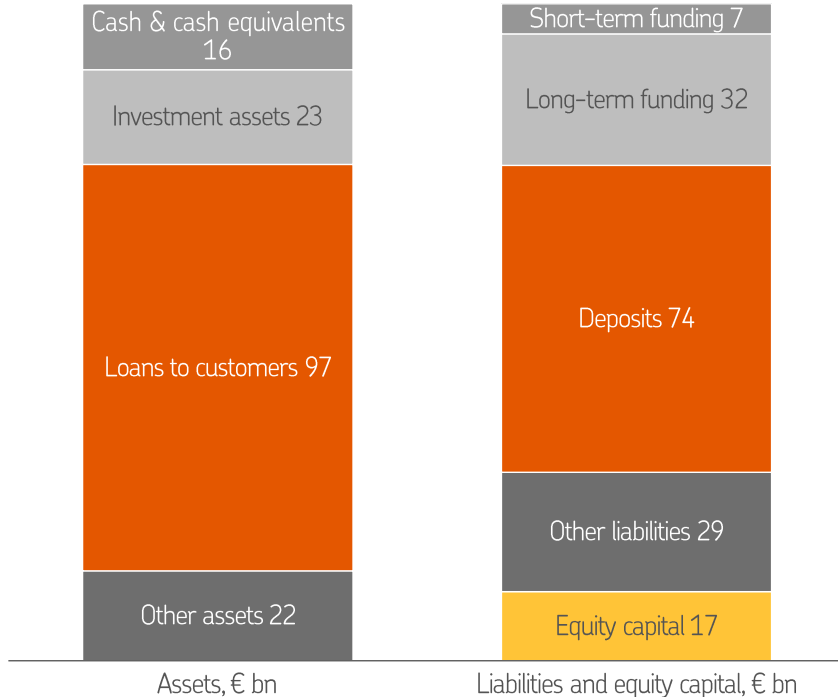


* OP bonuses, discounts and interest on Profit Shares of owner-customers

Liquidity and funding



Balance sheet totaled at €157 billion



Loans to customers **62%**
 Customer deposits **47%**
 Market-based funding **25%** } of balance sheet

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

Asset encumbrance **15%** at YE2023.

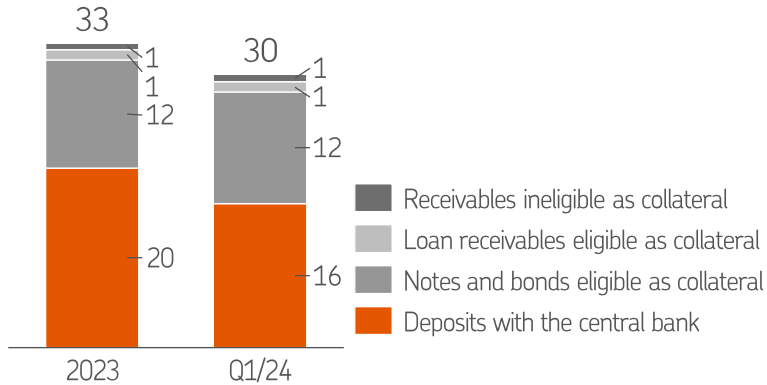
Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

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.

Household deposits account for €47bn of the deposits.

Strong liquidity position

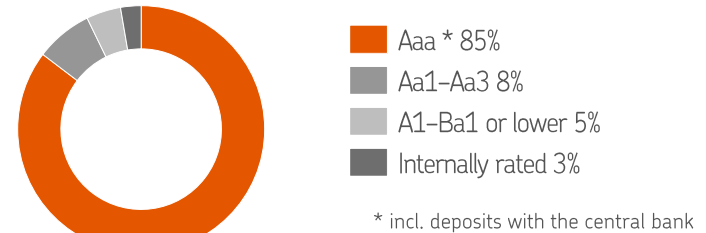
Liquidity buffer breakdown, € bn



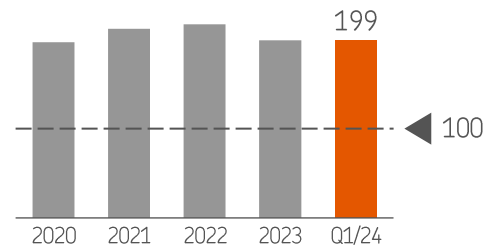
The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loan receivables eligible as collateral.

At the end of the reporting period, the liquidity buffer included bonds with a carrying amount of EUR 1,324 million, classified at amortised cost and issued by non-OP Financial Group issuers. The fair value of these bonds amounted to EUR 1,337 million.

Liquidity buffer by credit rating, %

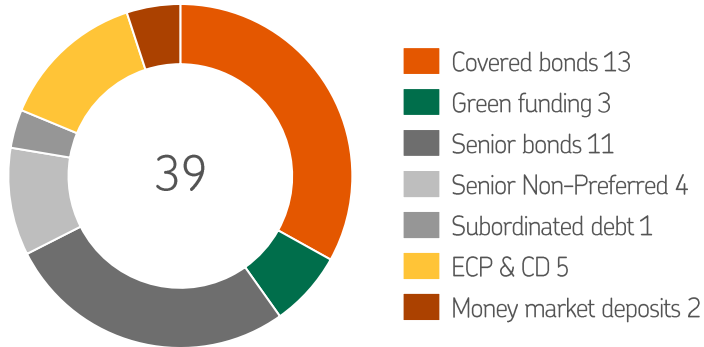


Liquidity Coverage Ratio (LCR), %



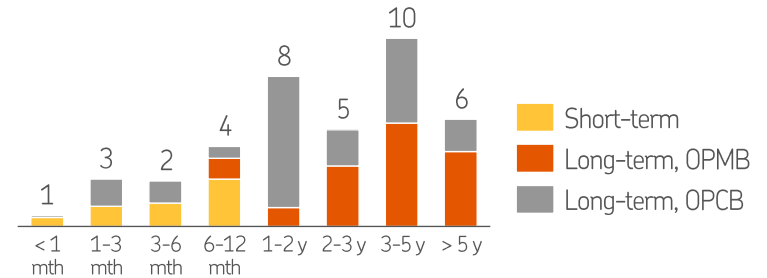
Well-balanced funding position

Long and short-term funding, € billion

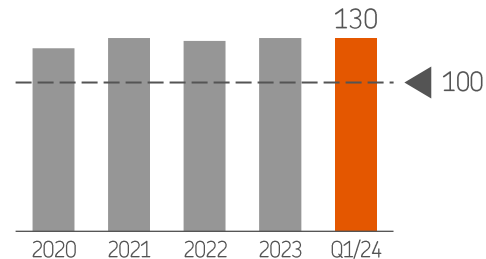


- OP Mortgage Bank issued a covered bond of €1 billion in January.
- OP Corporate Bank issued a green senior preferred bond of €500 million in March.

Maturity profile, € billion

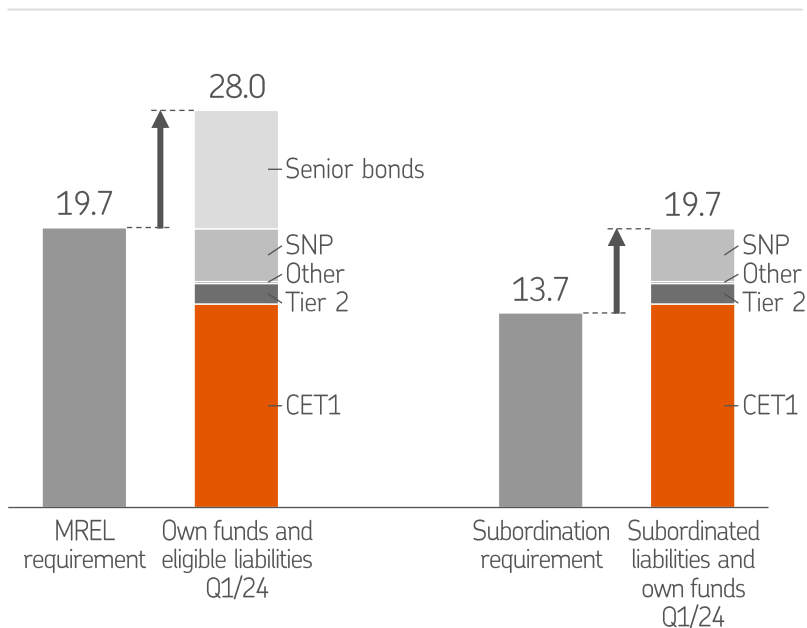


Net Stable Funding Ratio (NSFR), %



MREL and subordination requirements

MREL and subordination requirements, € billion



Own funds & eligible liabilities, € bn

CET1	14.4	Subordinated liabilities and own funds €19.7bn
Tier 2	1.5	
Other*	0.1	
SNP	3.7	
Senior bonds	8.4	
Total	28.0	

MREL requirement, € bn

27.0% of TREA	19.7
7.4% of LRE	10.8
MREL-buffer	8.3

Both MREL and subordination requirements are based on Total Risk Exposure Amount (TREA), including a combined buffer requirement (CBR) of 4.11%. The CBR includes the O-SII buffer requirement of 1.5%.

Subordination requirement, € bn

18.77% of TREA	13.7
7.4% of LRE	10.8
Subordination buffer	5.9

*Tier 2 instruments not included in own funds.

Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Mortgage Bank	2024	January	Covered Bond	€1bn	7.5 yrs
OP Corporate Bank	2023	November	Senior Preferred	€750m*	2 yrs
OP Mortgage Bank	2023	November	Covered Bond	€1bn	3.25 yrs
OP Corporate Bank	2023	June	Senior Preferred	€650m	5 yrs
OP Mortgage Bank	2023	April	Covered Bond	€1bn	5.5 yrs
OP Mortgage Bank	2023	January	Covered Bond	€1bn	7 yrs

*tapped, original €500m

Issuer	Year	Month	Type	Amount	Maturity
OP Corporate Bank	2024	March	Green Senior Preferred	€500m	3 yrs
OP Mortgage Bank	2022	April	Green Covered Bond	€1bn	5.5 yrs
OP Corporate Bank	2022	January	Green Senior Non-Preferred	€500m	5.5 yrs
OP Mortgage Bank	2021	March	Green Covered Bond	€750m	10 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's sustainability actions and Green Bonds



Recent sustainability highlights

In April, OP introduced **Sustainable Supply Chain Finance** for companies to support the sustainable transition.

OP Mortgage Bank published its annual **Green Covered Bond Report** in March. OP Corporate Bank published its annual **Green Bond Report** in April.

In March, OP Corporate Bank published its renewed **Green Bond Framework**, and the third **Green Bond** was issued.

OP published its **Biodiversity Roadmap** in December 2023. OP's operations will have a net positive impact (NPI) on nature by 2030.



Climate targets aligned with the Paris Agreement



- › OP will become carbon neutral in its operational emissions (Scope 1 & 2)



- › In corporate loan portfolio 25% reduction of emissions compared to 2022
- › OP's funds will halve their greenhouse gas emissions compared to 2019

Sector-specific targets from 2022 levels

- › In energy production: 50% reduction of emissions intensity
- › In agriculture: 30% reduction of absolute emissions
- › In home loans: 45% reduction of emissions intensity



- › Carbon neutral corporate loan portfolios
- › Carbon neutral funds managed by OP Asset Management Ltd and OP Fund Management Company Ltd

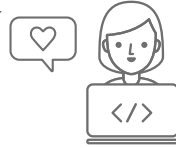
OP Financial Group's sustainability programme

We build a sustainable tomorrow together



Climate and the environment

- Offering sustainable financing and investment products to our customers
- Decreasing emissions across our loan and investment portfolios
- Promoting the circular economy in our business and that of our customers
- Becoming carbon neutral by 2025
- Promoting biodiversity and the wellbeing of nature



People and communities

- Fostering a diverse, inclusive and non-discriminatory culture
- Promoting the wellbeing of our local communities
- Supporting the management of personal finances and improve financial literacy
- Helping customers with special needs to manage their finances
- Identifying the impact of our operations on human rights



Corporate governance

- Integrating sustainability with all our business operations and risk-taking
- Using data and artificial intelligence responsibly
- Requiring our partners to commit to our Supplier Code of Conduct
- Increasing diversity in our governing bodies
- Further improving the sustainability competencies of our personnel

OP is highly committed to sustainability



PRINCIPLES FOR RESPONSIBLE BANKING



Principles for Sustainable Insurance



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

WE SUPPORT



DRIVING SUSTAINABLE ECONOMIES



BETTER POLICIES FOR BETTER LIVES



Partnership for Carbon Accounting Financials



Partnership for Biodiversity Accounting Financials



GREEN OFFICE

> Commitments

Carbon Disclosure Project (CDP)
 ILO Declaration on Fundamental Principles and Rights at Work
 Net Zero Asset Managers
 Paris Agreement
 Partnership for Biodiversity Accounting Financials (PBAF)
 Partnership for Carbon Accounting Financials (PCAF)
 Task Force on Climate-related Financial Disclosures (TCFD)
 The Montreal Pledge
 UN Principles of Responsible Banking
 UN Principles of Sustainable Insurance
 UN Principles of Responsible Investment
 UN Global Compact
 WWF Green Office

> Collaborative networks

European Association of Co-operative banks
 FIBS
 Finance Finland
 Finland's Sustainable Investment Forum
 The International Capital Market Association

> More [Commitments and policies](#)

ESG Ratings 2023

Rating agency	Rating	Rating scale
MSCI 	AA	CCC to AAA
 SUSTAINALYTICS	13.1 (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

OP is among the top performers in the financial sector



OP's Green Issuances

› OP Corporate Bank's Green Bonds

Green SP 2024, €500 million

Green SNP 2022, €500 million

› OP Mortgage Bank's Green Covered Bonds

Green Covered Bond 2022, €1 billion

Green Covered Bond 2021, €750 million

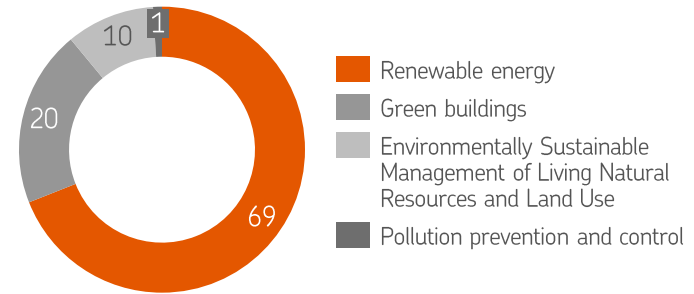


OP Corporate Bank's Green Bonds

Green Bond Framework (2024)

Use of proceeds	<ol style="list-style-type: none"> 1. Renewable Energy 2. Energy Efficiency 3. Green Buildings 4. Pollution Prevention and Control including Sustainable Water Management 5. Circular Economy 6. Clean Transportation 7. Biodiversity Conservation and Environmentally Sustainable Management of Living Natural Resources and Land Use 8. Climate Change Adaptation
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 website
External review and verification	Sustainalytics' Second Party Opinion Limited assurance report by an external auditor

OP Green Bond allocation, YE2023



” The Green Bond register totaled €1,818m, including a reserve of €818m unallocated green assets



OP Mortgage Bank's Green Covered Bonds

Green Covered Bond Framework (2020)

Use of proceeds	<p>1. Green buildings</p> <p>Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria</p>
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. Internal reporting to Green Bond Committee quarterly.
Reporting	Annual Green Covered Bond Report published on OP's website
External review and verification	Sustainalytics' Second Party Opinion Limited assurance report by an external auditor

Assets tagged as green in the cover pool, YE2023



Average time from origination	4.4 years
Average time until maturity	19.3 years

” Assets tagged as green in the cover pool worth €2,821m of which €1,750m allocated to the Green Covered Bonds

OPMB Green Covered Bond impacts, YE2023

Green Buildings (in the cover pool)

- 21,550 mortgages
- 2.0 million m² of green buildings tagged as green
- 96,000 MWh avoided energy use
- 14,000 tCO₂e avoided emissions

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

- 59,000 MWh avoided energy use
- 8,800 tCO₂e avoided emissions



A woman with voluminous curly hair is standing on a train platform. She is wearing a white long-sleeved shirt under a dark blue vest and is looking off to the side with a thoughtful expression while holding a smartphone. The platform is modern, with concrete pillars and overhead lighting. In the background, train tracks and a tunnel entrance are visible.

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 €25bn 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

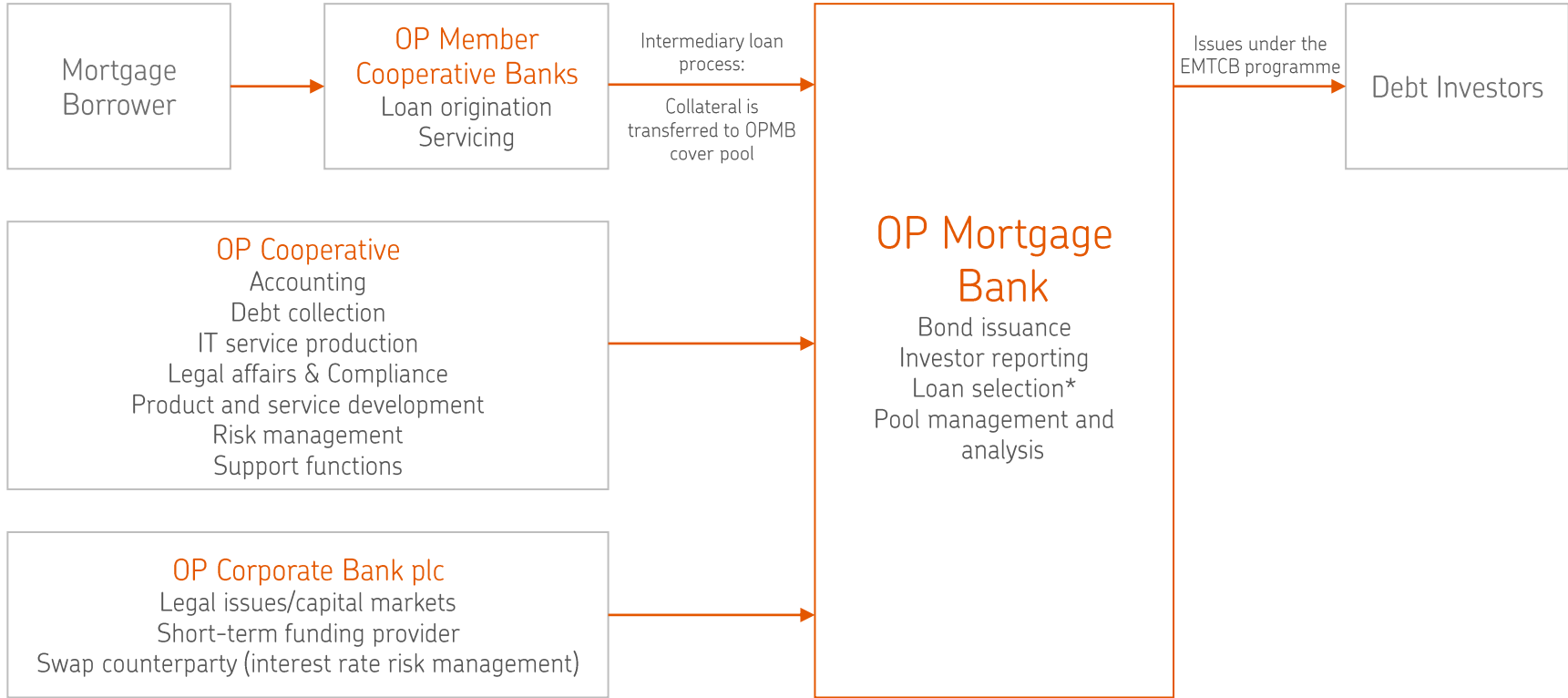
Harmonised transparency template



<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



* Basic lending criteria for the Group are set by OP Cooperative. OP Mortgage Bank has additional loan selection and cover pool eligibility criteria.

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)
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	EMTCB Programme documentation	EMTCN Programme documentation EMTRCN Programme documentation
Cover asset pool information including bond IDs, ECBC Harmonized Transparency Templates and legal information disclosure	OPMB's cover asset pools and legal information disclosure	

Euro Medium Term Covered Bond Premium (EMTCB)

Bonds issued after 8 July 2022

€5.8bn

Current balance

€5.3bn

Total amount of covered bonds

€53,800

Average loan size

>99%

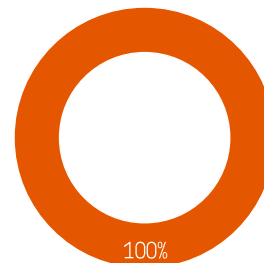
Tied to floating interest rate

50%

Weighted Average indexed LTV

10%

Over-collateralisation (OC)



Loan type distribution

Residential loans

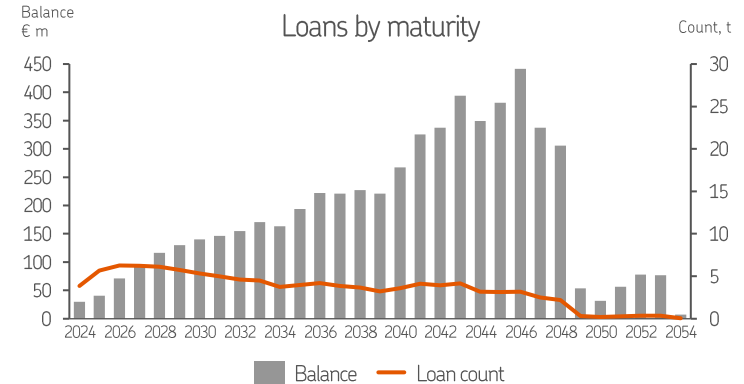
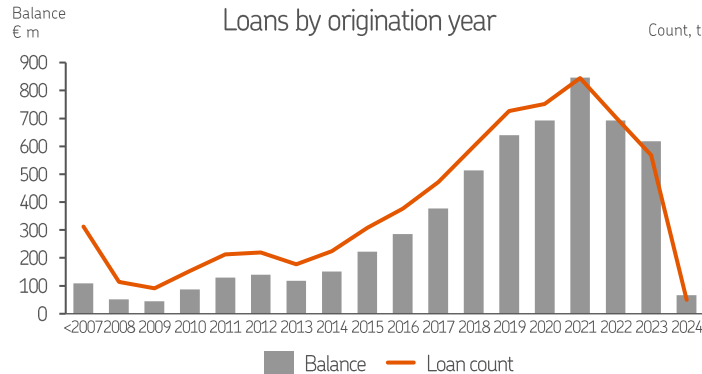
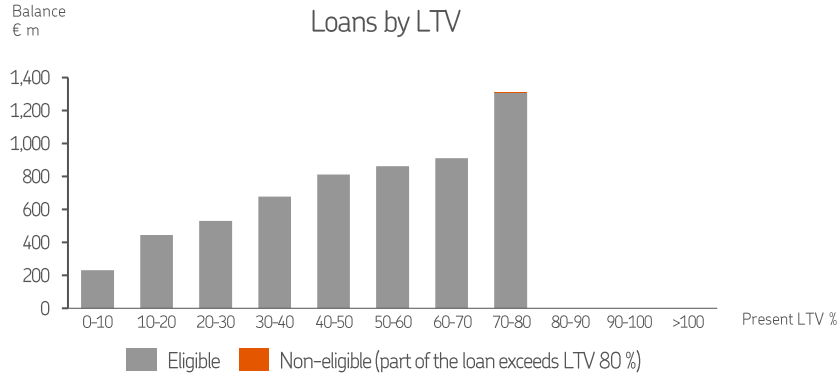


Geographical loan distribution

1	Southern Finland	53%
2	Western Finland	29%
3	Eastern Finland	5%
4	Oulu region	9%
5	Lapland	3%



OPMB EMTCB cover asset pool



Euro Medium Term Covered Note (EMTCN)

Bonds issued before 8 July 2022

€12.3bn

Current balance

€9.7bn

Total amount of covered bonds, out of which €1.75bn is green

€64,900

Average loan size

>99%

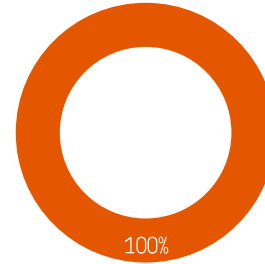
Tied to floating interest rate

53%

Weighted Average indexed LTV

28%

Over-collateralisation (OC)



Loan type distribution

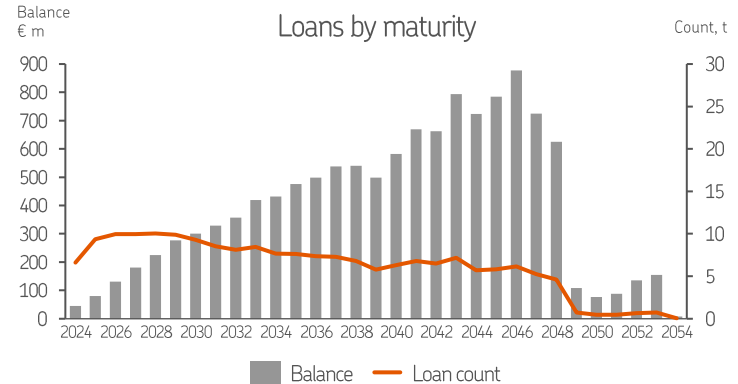
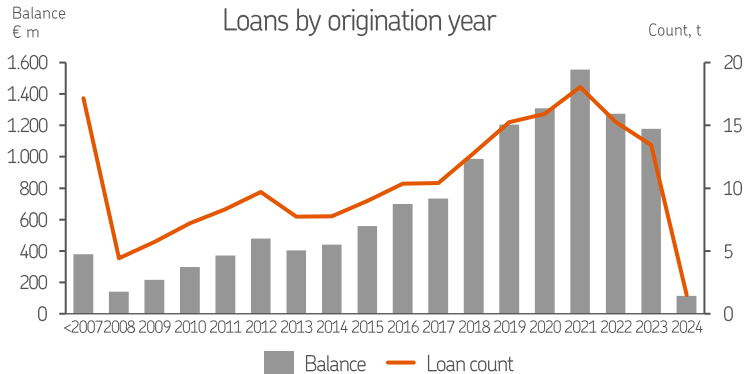
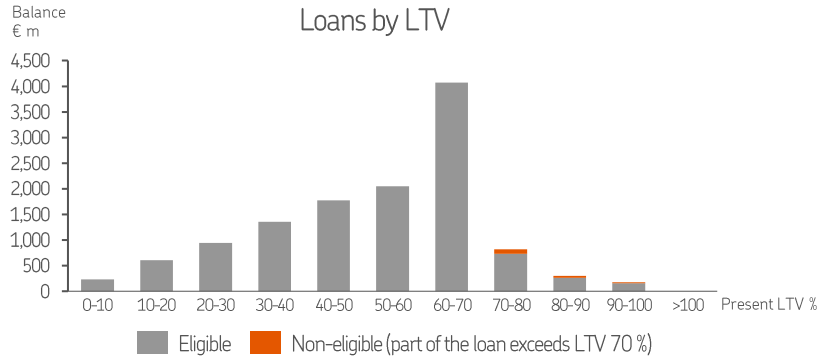
Residential loans



Geographical loan distribution

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

OPMB EMTCN cover asset pool



Intermediary loan process

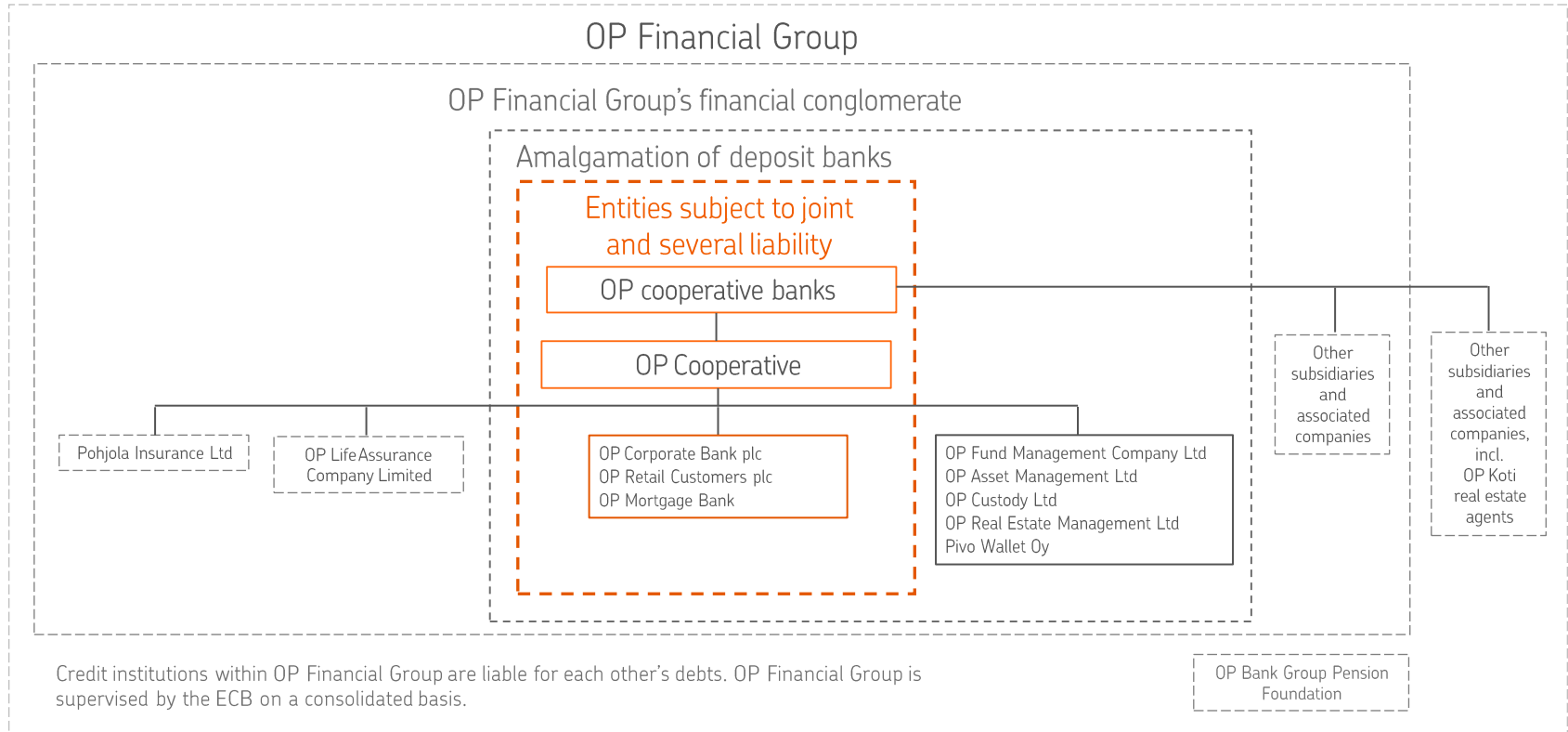
- Finnish legislation enables OP Mortgage Bank to grant intermediary loans to the member cooperative banks, who indirectly participate in the covered bond issuance process.
- In the intermediary loan process, an intermediary loan contract is made between the member cooperative bank and OPMB. The member 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



Sanna Eriksson
Head of Investor Relations
CEO of OP Mortgage Bank



Tom Alanen
Head of Long-term Funding
Treasury



Venla Koljonen
IR ESG Manager
Investor Relations



Sonja Kvist
IR Lead
Investor Relations



Jasmin Yletyinen
IR ESG Analyst
Investor Relations



Eerikki Holst
Senior IR Officer
Rating Agency Relations



Financial calendar 2024

Half-year Financial Report for H1/2024
Interim Report for Q3/2024

24 July 2024
31 October 2024

For more information

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