

OP Green Bond Investor Presentation

May 2020

OP Financial Group and senior unsecured green bond issuing entity
OP Corporate Bank plc

OP Green Bond Framework, Sustainalytics Second Opinions and Green Bond Report
available at: www.op.fi/op-financial-group/debt-investors/green-bonds

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Introduction

Green bonds support OP's responsible profile

OP Financial Group

- Y Largest financial services group in Finland and fully-owned by its customers
- Y Cooperative company form including 142 cooperative banks, the central institution OP Cooperative and member credit institutions as well as other group entities
- Y Joint liability between OP Cooperative and the member credit institutions (incl. both issuing entities) for each others' debts and commitments

"Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region, and this is embedded into everything we do."

OP's Green Bond Framework

- Y Eligible within 6 key green sectors in the Finnish economy
- Y Aligned with the ICMA Green Bond Principles (2018)
- Y Dedicated selection and evaluation process under the responsibility of the Green Bond Committee
- Y Sustainalytics as Second Opinion provider

OP Corporate Bank's inaugural Green Bond issued in Feb 2019

- Y €500 mn senior unsecured green bond (EMTN)
- Y Use of proceeds: Renewable energy, Green buildings, Sustainable land use

OP Corporate Bank's first Green Bond Report published in Feb 2020

- Y Second Opinion by Sustainalytics
- Y Auditor's Verification by KPMG Oy Ab

Various reasons to issue green bonds

Responsibility aspect

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

Corporate banking aspect

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

Funding aspect

- Diversifying the funding sources
- Expanding the investor base
- Responding to markets' green bond demand

We foster a sustainable economy

At OP, fostering sustainable economy means, for example, financing sustainable business, developing green financing products and strengthening the practices of responsible investment.



Issuance of green bonds contributes to growth in sustainable finance.



Finland on a journey towards more sustainable economy

The EU aims for climate neutrality* by 2050, Finland for carbon neutrality** by 2035

National climate change policy

- Y The National Climate Change Act (609/2015) sets requirements on the planning system for climate change policy and monitoring of the implementation of climate objectives
- Y The Act lays down Finland's long-term reduction target for all GHG emissions of at least 80% by 2050 (vs. 1990). To be updated in 2021.
- Y The National Energy and Climate Strategy adopted in 2016 specifies the key objectives and policy outlines until 2030 concerning both the emissions trading and the non-emissions trading (effort sharing) sectors
- Y **Reform of the Climate Change Act:** at the beginning of 2021 Government proposal on the reformed Climate Act is completed.
 - Y This will include an updated target for 2050 and emissions reduction targets for 2030 and 2040 in line with the path to carbon neutrality by 2035

As part of the EU climate and energy framework and the EU target to reduce GHG emissions by 40% by 2030 (vs. 1990), Finland has nationally committed to:

- Y Reducing GHG emissions by 39% in the non-emissions-trading sectors (construction, building-specific heating, housing, agriculture, transport and waste management, and industrial fluorinated gases) by 2030 (30% at EU-level) compared to 2005
- Y Increasing the share of renewable energy to 51% of end-energy consumption by 2030 (32% at EU-level) compared to 2005. Currently the share is 40% in Finland.
- Y The 2030 energy efficiency target in final energy consumption is 290 TWh which corresponds to about 405 TWh of primary energy consumption (32.5% improvement by 2030 at EU-level)



*Includes all GHGs; water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) being the primary ones in the Earth's atmosphere

**Includes CO₂ emissions

Sources: the Ministry of the Environment http://www.ym.fi/en-US/The_environment/Climate_and_air/Mitigation_of_climate_change/National_climate_policy, Finland's Integrated Energy And Climate Plan <http://julkaisut.valtioneuvosto.fi/handle/10024/161977>, European Commission: https://ec.europa.eu/clima/policies/strategies/2030_en

Carbon neutral Finland that protects biodiversity – one of the 7 key focus areas of the Finnish Government Action Plan 2019

The key economic policy objectives for the government term:

- Y The employment rate will be raised to 75 per cent and the number of people in employment will increase by a minimum of 60,000 by the end of 2023
- Y Given normal global economic circumstances, Finland's general government finances will be in balance in 2023
- Y The Government's decisions will decrease inequality and narrow the income gaps
- Y The Government's decisions will put Finland on a path towards achieving carbon neutrality by 2035

Carbon neutral Finland that protects biodiversity. Objectives:

1. Finland will achieve carbon neutrality by 2035
2. Finland aims to be the world's first fossil-free welfare society
3. We will strengthen carbon sinks and stocks in the short and long term
4. Reducing the carbon footprint of construction and housing
5. We will halt the decline of biodiversity in Finland
6. We will strengthen Finland's role as a leader in the circular economy
7. Climate-friendly food policy
8. Improving the environmental protection of mines
9. Improving the welfare of animals

Key measures include:

- Y New climate policy objectives
- Y A fair transition – guiding climate policy over the government term
- Y Protection of the Baltic Sea
- Y Circular economy as the foundation for the new economy
- Y Waste recycling
- Y Public and private consumption

In addition, many of the other strategic themes include objectives and measures that address climate change.

Outlook for the Finnish Economy

Three scenarios for the Finnish economy (April 2020)

1. Baseline scenario: a deep dive but quite rapid recovery – 50% probability

- The epidemic and the Government's restrictive measures are more or less over in 3-6 months and the economy starts to recover after that.
- A deep decline in the GDP which causes an increase in unemployment, the profits of the firms will decline as well as investments, bankruptcies increase. The debt levels of firms will increase but in a reasonable manner.

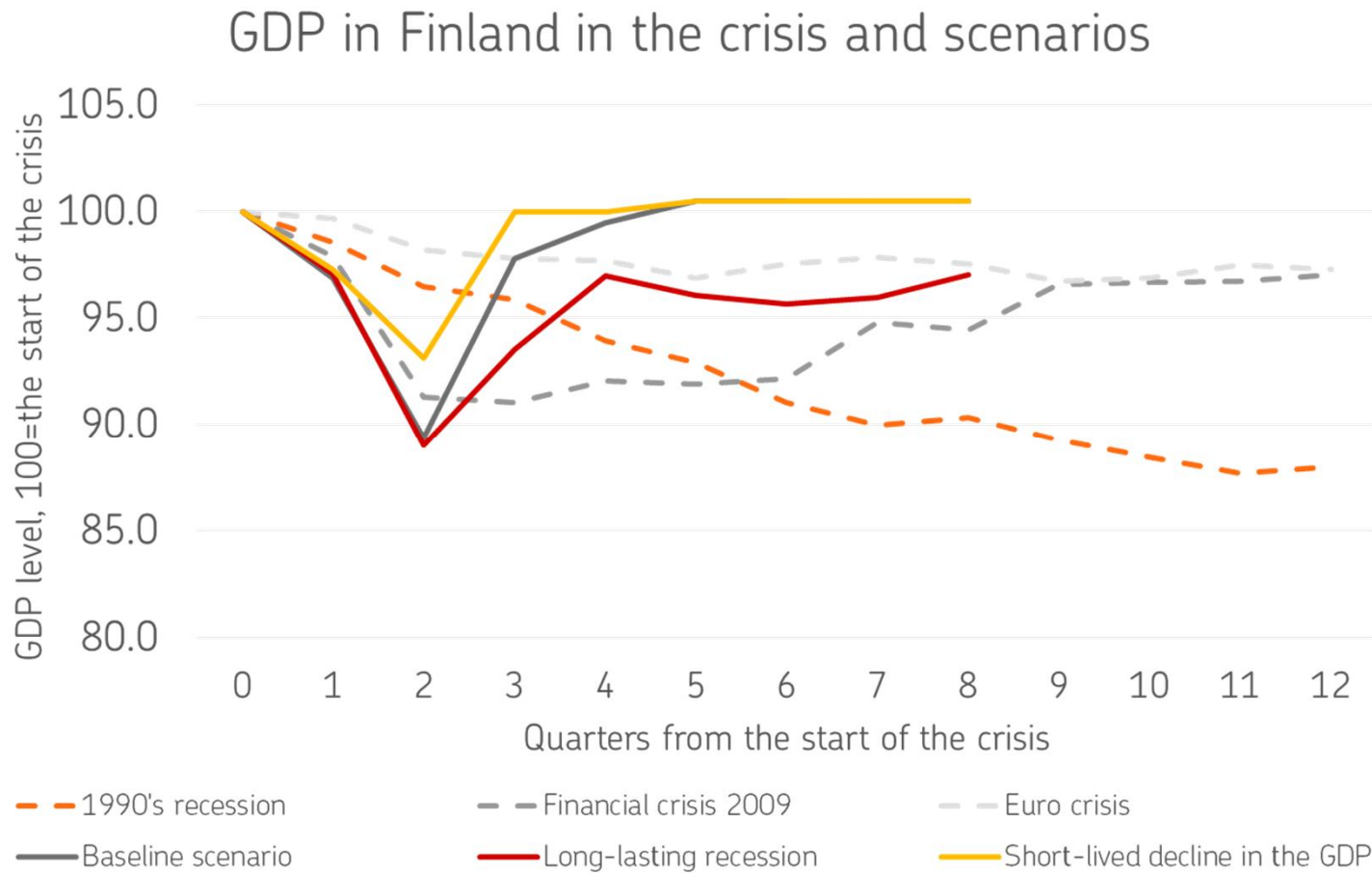
2. A long-lasting recession – 40% probability

- Similar dynamics that occurred in the Euro Crisis in 2010. Structural changes will happen in the economy which cause a slow and long-lasting recovery.
- The epidemic is hard to control and it will occur again during the next winter.
- The loss of income will be covered by taking loans but debt levels are increasing significantly. This causes a balance sheet recession, i.e. investments are postponed when the debt levels are reduced.
- Unemployment and bankruptcies increase significantly.

3. Short-lived and temporary decline in the GDP – 10% probability

- A short-lived but a deep contraction in the GDP. However, the economy will recover rapidly by utilizing stimulus provided by fiscal and monetary policies.
- The epidemic is taken under control rapidly and the debt levels increase only moderately.
- The fluctuations in the GDP are similar to those caused by seasonal matters.

Scenarios and previous crises in Finland



Source: OP

- The epidemic causes a deep decline in the GDP: Finnish GDP will decline from 6 to 10 percent in H1/2020
- The recovery will depend on when the epidemic is under control:
 - If the epidemic is under control during the summer, the economy will reach the beforehand forecasted path by the end of this year or in the beginning of next year
 - However, if the epidemic will be long-lasting, the economic dynamics will resemble the dynamics of Financial and Euro Crises
- The dynamics of the 1990's recession seem unlikely

Outcome of the three different scenarios

GDP growth in Finland, %

	OP's forecast 4 Mar 2020	Baseline scenario	Long- lasting recession	Short-lived decline in the GDP
2019	1,0	1,0	1,0	1,0
2020	0,0	-4,2	-5,9	-2,5
2021	0,5	4,8	2,1	3,0

- As of now, it seems probable that the Finnish economy is set to contract sharply this year, GDP falling by 10% on the previous year in Q2/20. On average, GDP is likely to shrink by 4-6% in 2020.
- The next year growth rate is depending on the depth of the recession and assumptions on the recovery:
 - In the baseline and the short-lived decline scenarios the level of GDP will reach the level anticipated in the forecast.
 - In the long-lasting recession scenario the level of GDP will not reach the level forecasted beforehand.

Economic response to the coronavirus crisis in Finland

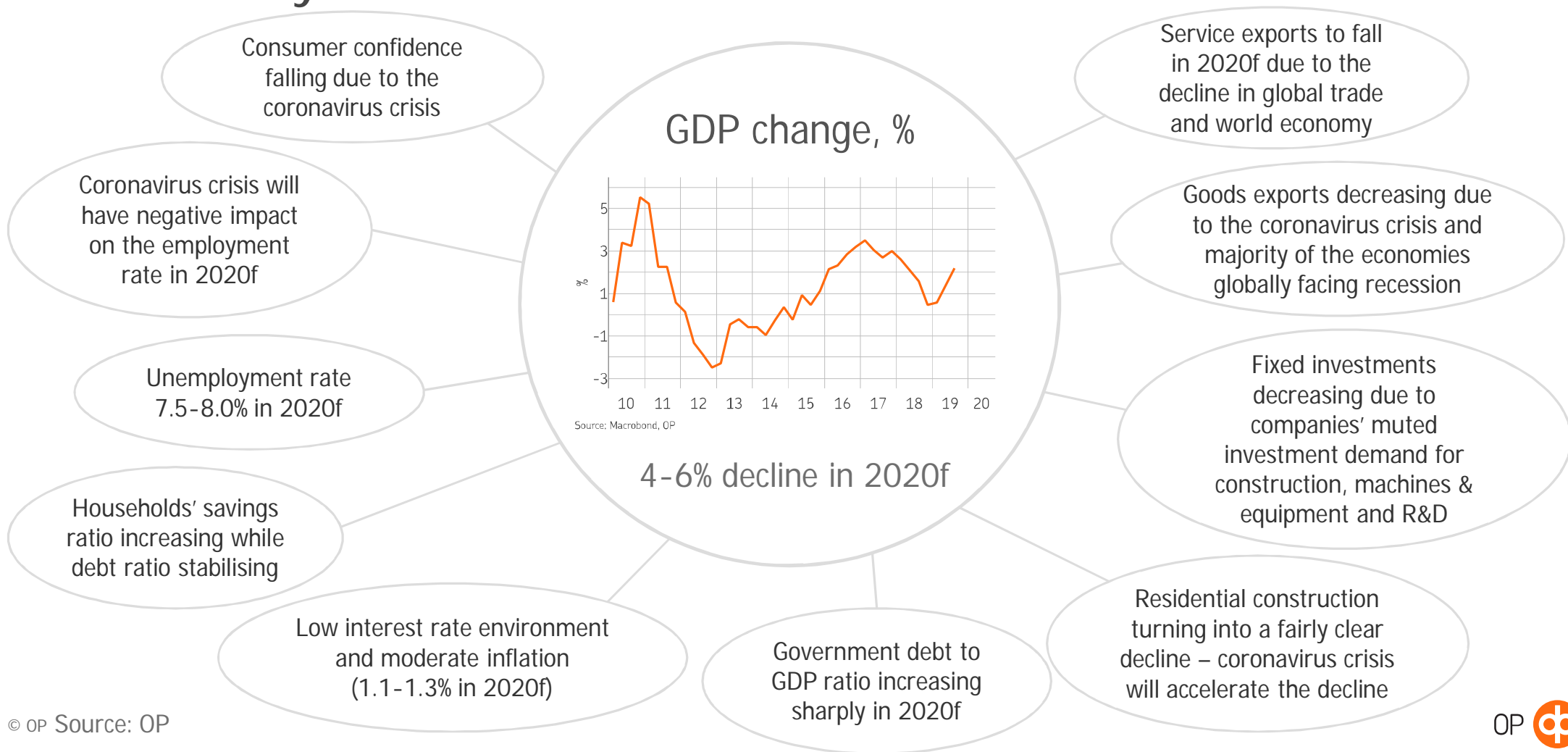
Finland (GDP €240 bn)	Sum (€ bn)	Share of GDP
Guarantees and loans	10.90	4.5 %
Expenditure, taxes and disbursements for companies	5.46	2.3 %
Expenditure, taxes and disbursements for households	0.37	0.2 %
Other expenditure	2.07	0.9 %
Postponement of taxes and payments*	3.00	1.3 %
Pension insurance contribution cuts	0.91	0.4 %
Business Finland's subsidies	0.80	0.3 %
ELY** Centres' and municipalities' funding for small enterprises and entrepreneurs	0.65	0.3 %
Rural areas and fishing industry	0.04	0.0 %
Culture and sports	0.06	0.0 %
Temporary changes in unemployment benefits	0.27	0.1 %
Parental benefits	0.09	0.0 %
Supplementary budget for healthcare	0.27	0.1 %
Protective equipment	0.60	0.3 %
For municipalities	1.00	0.4 %
Other support measures	0.20	0.1 %

* Finnish Government's estimate between €3.0-4.5 bn

** Centre for Economic Development, Transport and the Environment

Source: Pellervo Economic Research PTT

Recession inevitable in Finland in 2020f – Exceptional uncertainty in the economic outlook due to coronavirus crisis



OP Financial Group in brief

Co-operative OP Financial Group

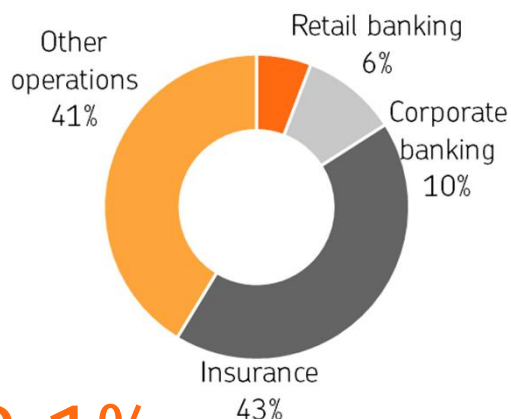
TOTAL ASSETS

€147 bn

at end-Mar 2020

EARNINGS BEFORE TAX

(excl. group
eliminations,
Q1/20)



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.

SOLID CAPITAL POSITION

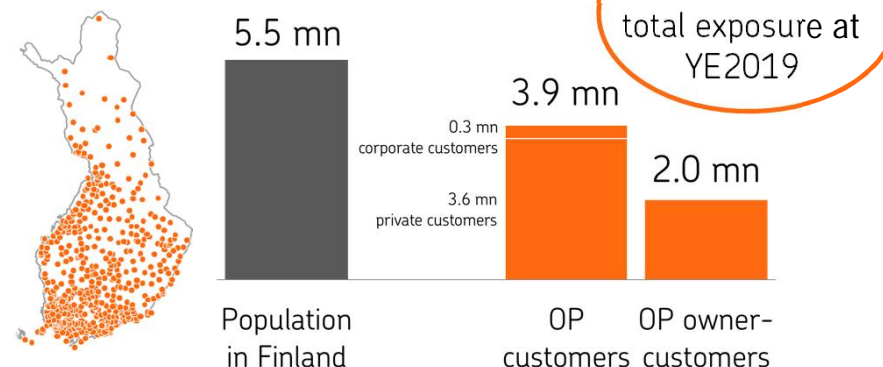
17.7% 19.0% 8.1%

CET1 ratio
at end-Mar 2020

Total capital ratio
at end-Mar 2020

Leverage ratio
at end-Mar 2020

FINNISH RISK EXPOSURE



MARKET LEADER IN FINLAND

35.5% 39.2% 33.6% 26.4%

Market share
in Loans
YE2019

Market share
in Deposits
YE2019

Market share
in Non-life
Insurance YE2018

Market share
in Life Insurance
YE2018

HIGH CREDIT RATINGS

Moody's Aa3
S&P AA-

OP Corporate Bank
plc

Moody's Aaa
S&P AAA

OP Mortgage Bank's
covered bonds



Key financials Q1/2020

Main P&L line items

Group EBT
€129 mn
 (-34%)

Retail banking EBT €8 mn (-85%)
 Corporate banking EBT €14 mn (-76%)
 Insurance EBT €59 mn (-33%)
 Other operations EBT €57 mn (+963%)

Total income
€662 mn
 (-16%)

NII €319 mn (+9%)
 Net insurance income €131 mn (+21%)
 Net commissions and fees €244 mn (+5%)
 Net investment income €-140 mn (-196%)

Total expenses
€518 mn
 (+12%)

Personnel costs €208 mn (+6%)
 Development cost impact €50 mn (40)

Volumes (Q1/20 growth)

Home loans
€39.6 bn (+0%)
 Corporate loans
€22.8 bn (+1%)
 Housing company loans
€9.5 bn (+3%)

Loans, total
€93.0 bn (+2%)
 Deposits, total
€64.8 bn (+1%)

Insurance premium revenue
 (y-on-y growth)
€367 mn (+4%)

Assets under management
€73.3 bn (-12%)

Outlook 2020

The exceptional uncertainty caused by the coronavirus pandemic weakens the income from investments and the credit risk outlook. OP Financial Group's earnings before tax for 2020 are expected to be lower than in 2019.

Previously, the EBT for 2020 were expected to be at about the same level as in 2019.

OP's measures amid the coronavirus crisis (COVID-19)

OP takes responsibility in the middle of coronavirus crisis

Supportive actions for private and corporate customers

Home loan repayment
holidays up to 12
months, free of charge

78,000 applications by
mid-April 2020

Support for senior
citizens and other high-
risk groups in running
banking & insurance
errands

Separate service hours
and dedicated
telephone line

SME loan
repayment holidays
up to 6 months,
free of charge

14,000
applications for
repayment holidays
and repayment
schedule
modifications
by mid-April 2020

Corporate loans of
max. €1 mn
80%-guaranteed by
state-owned
financing company
Finnvera

40% of Finnvera's
guarantee portfolio
for loans granted
by OP member
cooperative banks
by 9 April 2020

Payment time
flexibility for
corporate
customers'
insurance bills

Pohjola Insurance
Ltd is companies'
risk management
partner during
difficult times, too

Adjustments to
rent payments and
rent reliefs for
commercial real
estate

Offered by OP Real
Estate Asset
Management Ltd
to its rental
locations

OP takes responsibility in the middle of coronavirus crisis

Supportive actions for employees, healthcare sector and society

OP supports and recommends remote working for its employees when possible

Employees' health and security are key priorities for business continuity

OP is part of private sector company coalition aiming to increase COVID-19 testing capacity in Finland

18,000 tests in cooperation with private healthcare player Mehiläinen and its South Korean cooperation laboratory

Pohjola Hospital donates its personnel's work contribution for public healthcare

50-100 employees eg. to track COVID-19 infection chains and help in other critical tasks

OP postpones payment of €97 mn interest on profit shares (for 2019) until 1 Oct 2020

In line with the ECB and FIN-FSA recommendations aiming to support banks' lending capacity

OP digitally teaches financial literacy to young people

Way to support teachers in their remote teaching environment and help young people manage their personal finances (3,300 children reached)

OP Financial Group as responsible actor in the Finnish society

Responsibility is at the core of OP's strategy and values

In addition to our mission, our operations are guided by our values that drive us to be a responsible financial service provider and employer



People First



Responsibility



Succeeding
Together

OP's vision is to be the leading and most attractive financial services group in Finland

Continuous strategy process

- Constant assessment, reshaping and implementation
- Systematic operating environment and operating model evaluation
- Annually specified strategic priorities
- Indicators for measuring implementation of strategic priorities affirmed during annual planning

Key elements of the vision

- Leading market position, strong financial performance
- Attractive employer
- Pioneer and innovator in the financial sector
- #1 choice for our customers and partners
- Present where our customers are
- Trusted and responsible expert

Strategic priorities for 2020



BEST CUSTOMER
EXPERIENCE



MORE BENEFIT FOR
OWNER-CUSTOMERS



EXCELLENT EMPLOYEE
EXPERIENCE



FASTER GROWTH IN INCOME
THAN IN EXPENSES



PRODUCTIVE
DEVELOPMENT

OP's new strategic targets entered into force on 1 Jan 2020

Indicator	Target	31 Mar 2020	2019	2018	2017
ROE (excl. OP bonuses)	8% in 2025	4.7%	7.1%	8.1%	9.3%
CET1 ratio	Min. CET1 ratio capital requirement + 400 bps management buffer	17.7%	19.5%	20.5%	20.1%
Brand NPS* (private & corporate customers)	30 in 2025	23	26	23	22
Credit rating	At least at the level of AA-/Aa3	AA-/Aa3	AA-/Aa3	AA-/Aa3	AA-/Aa3

* OP's customer experience (CX) metric is based on the Net Promoter Score (NPS) that measures likelihood of recommendation. NPS for the brand gauges the overall customer experience of OP. NPS can range between -100 and +100.

Economic responsibility of a cooperative group



As a cooperative business, OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which its owner-customers need, ensuring its strong capital base and competitiveness.

OP allocates a substantial amount of its earnings to fulfilling its social role



Estimated earnings allocation for the reporting period (2019) that is to be confirmed after the end of the financial year

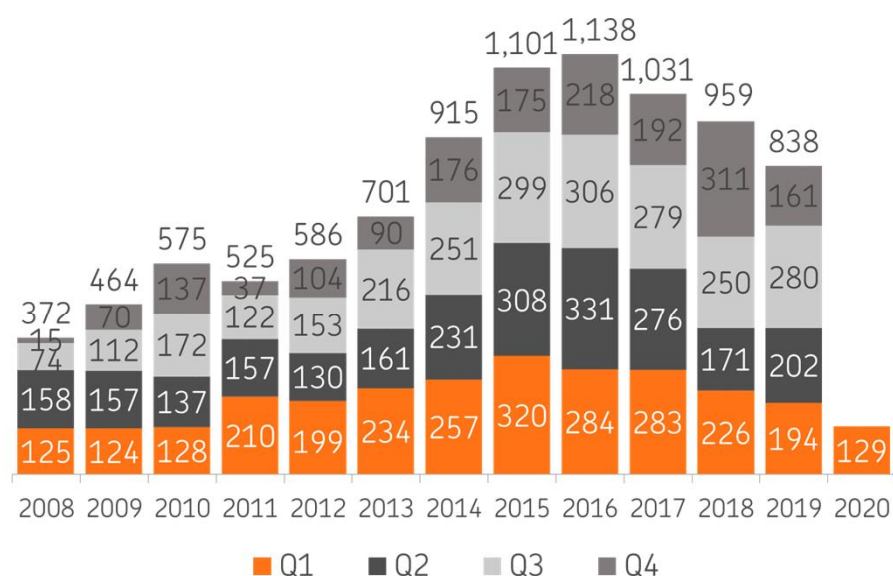
* Customers = customer bonuses, discounts and interest on contributions made by owner-customers

OP is a financial services group owned by its customers

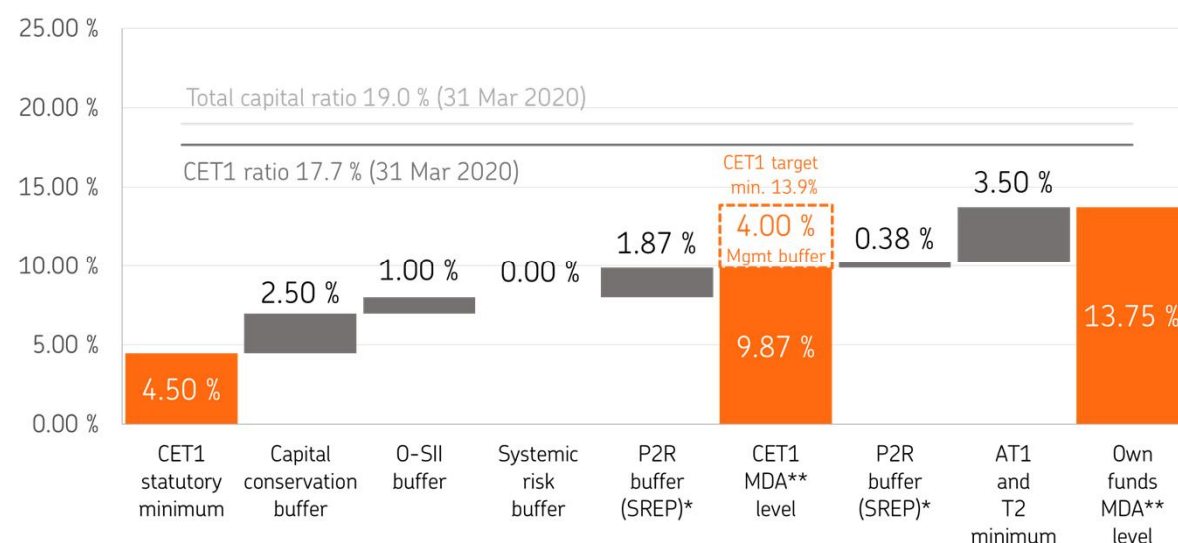
Finnish roots, Finland's most extensive service network and true customer focus make us a unique player in many ways.

Strengthening the capital ratio through earnings

Solid earnings generation in recent years
(€ mn)



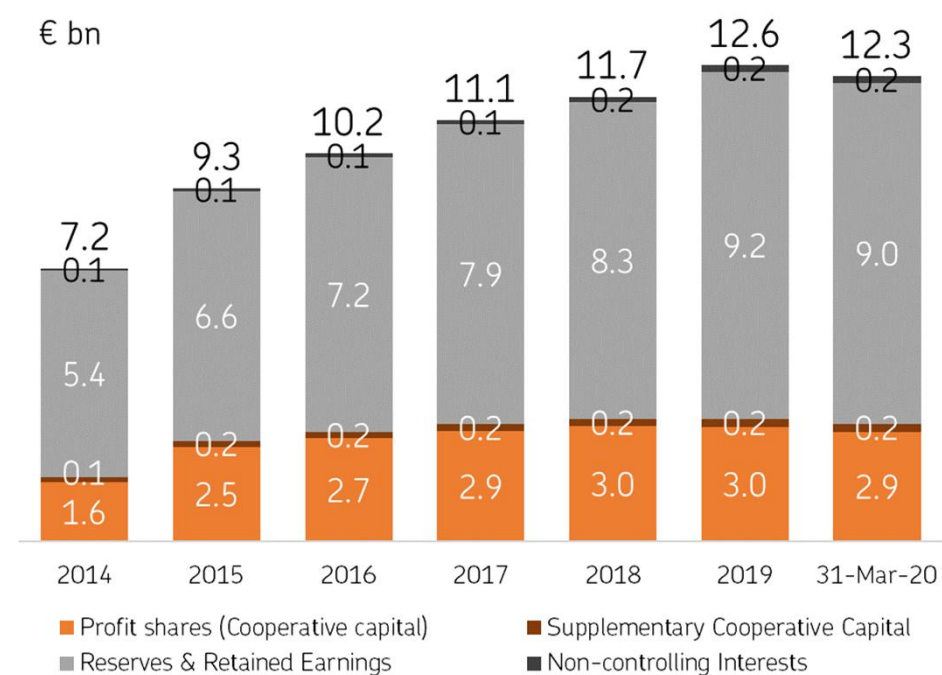
OP's capital adequacy above the minimum requirements
and the CET1 management buffer



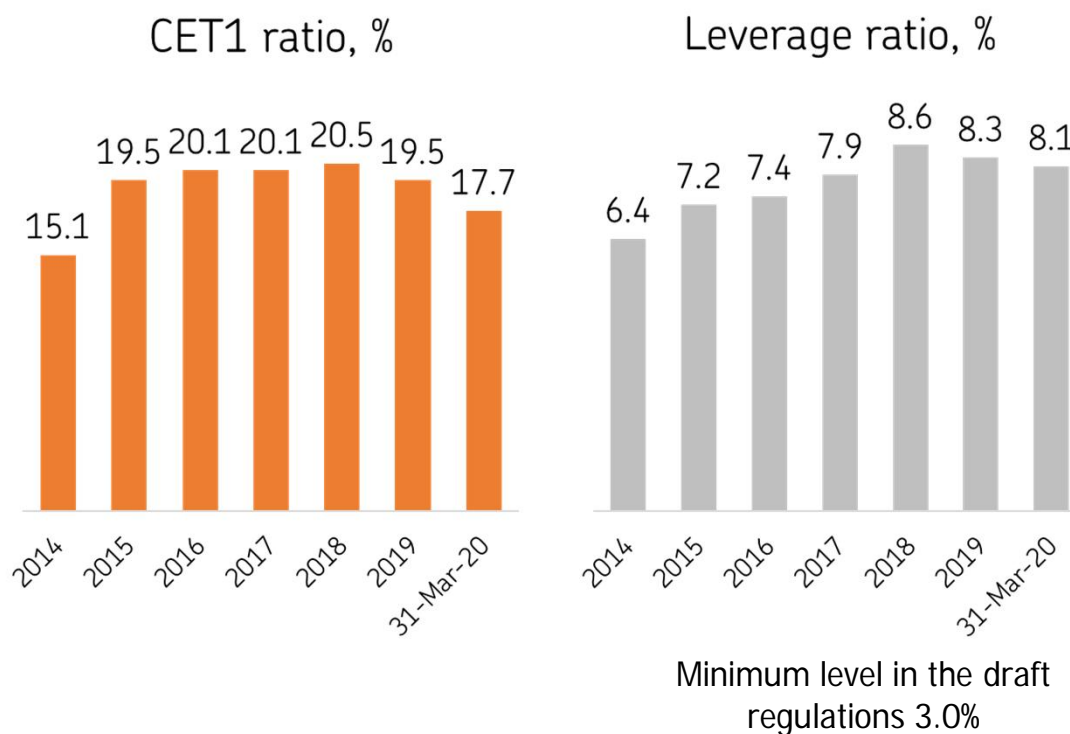
* P2R supervisory Pillar II requirement ** Maximum distributable amount

Strong track record of capital generation

Robust earnings generation and strength of the cooperative model shows in equity capital



Earnings and profit shares contribute to CET1 and leverage ratio improvement



Owner-customer relationship rationale based on cooperative company form and mission

One of OP's most important objectives for 2020 is to continue improving the customer experience and creating more value for owner-customers

Ownership

Co-operative mindset. Finnish and local. Genuinely close to customers.
OP owned by its customers.

Community spirit

Finnish roots, long history and collective values. Positive community and society impacts. Donations for charitable purposes. Collective experiences and events.



Financial benefits

OP bonuses. Discounts and benefits from banking, insurance, saving and investment services. Best service channels. Constantly renewing OP services. Benefits from OP's partners.

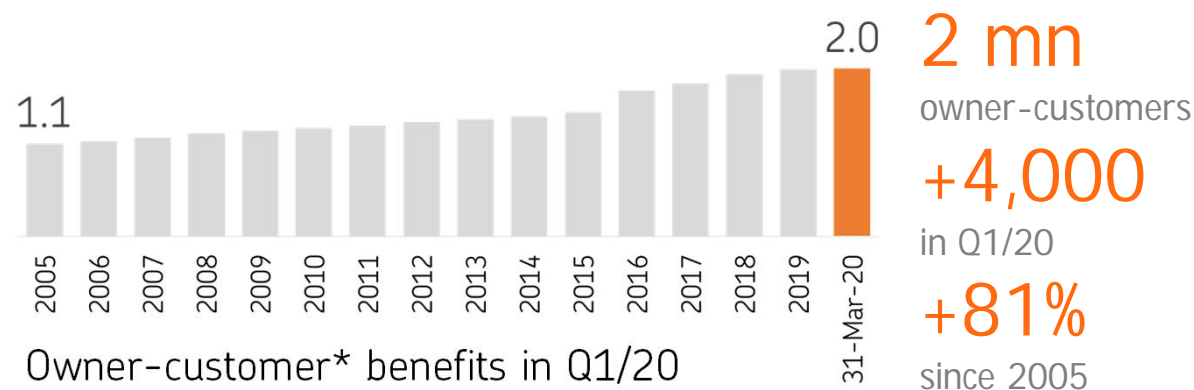
Opportunity to influence

Influencing on your own bank's decision-making. Local owner-customer community. OP cooperative bank assembly voting. Participation in product and service development.

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

Between 1999-2019, OP bonuses paid to customers totalled more than €2.5 bn

Solid growth in number of owner-customers, mn



Owner-customer* benefits in Q1/20

€65 mn

accrued OP Bonuses**

€33 mn

to banking and wealth management service fees

€32 mn

to insurance policy fees

€2.9 bn

investments in Profit Shares

€24 mn

accrued returns on Profit Shares (target 3.25% in 2020)

€8 mn

discounts on daily banking

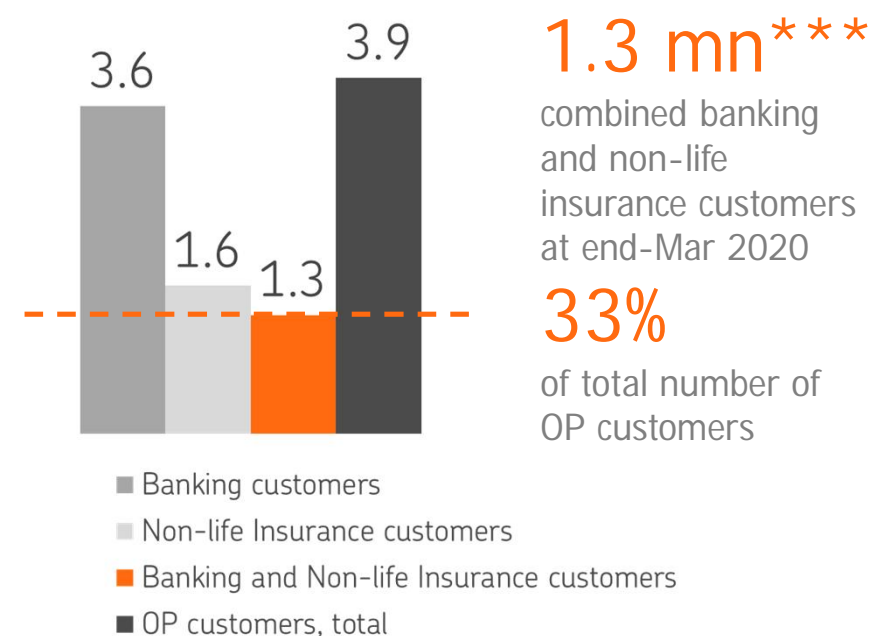
€17 mn

loyalty discounts on non-life insurance policies

€2 mn

benefit of selling, buying and trading of most mutual funds free of charge

Successful integration of banking and non-life insurance customerships, mn



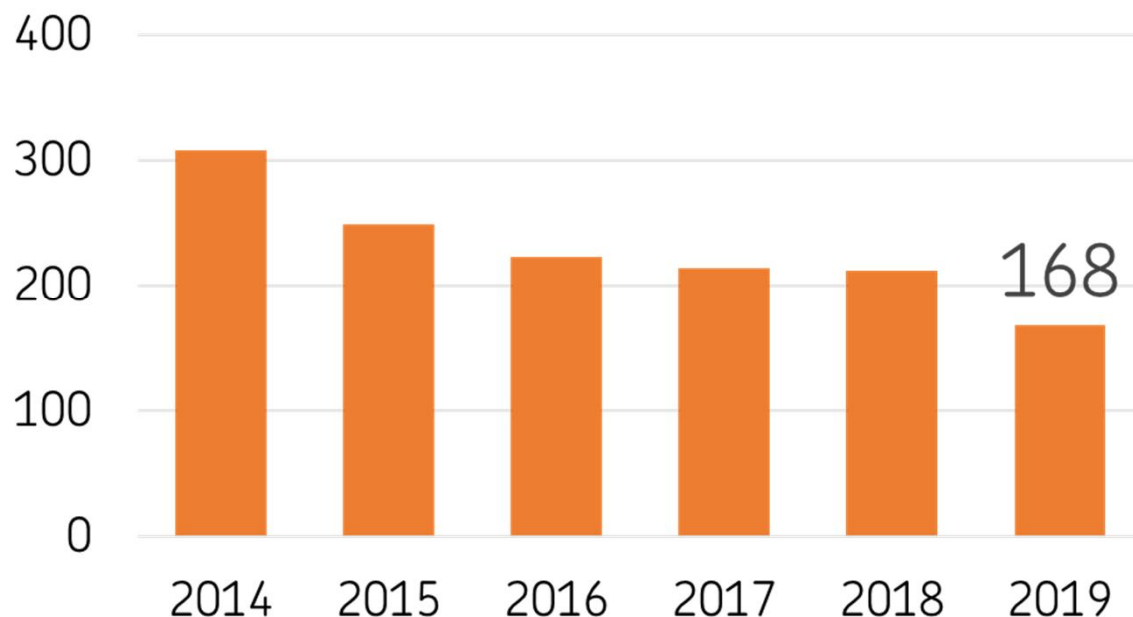
* Membership fee varies depending on the OP cooperative bank (eg. 100€ at Helsinki Area Cooperative Bank)

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

*** Calculation method applied to the number of customers has been changed as of September 2019, due to a change in definition of a party linked to a customer

OP is a major taxpayer in Finland

Income tax expense recognised in OP's income statement (€ mn)



€121 mn

corporate income tax paid
by companies belonging
to OP Financial Group
in 2018
(€187 mn in 2017)

CR at the core of OP's business and strategy

New CR programme published in Dec 2019 focuses around 4 key themes and commitments



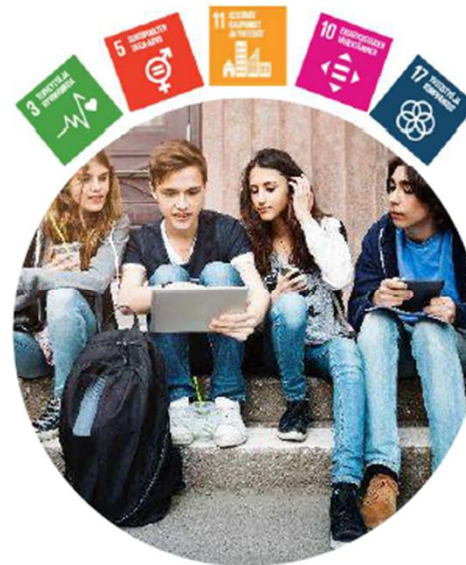
We improve financial literacy in Finland

We promote the management of personal finances and prosperity in all age groups.



We foster a sustainable economy

We support sustainable development, and mitigating climate change and adapting to it.



We support local vitality and communities

We provide jobs, promote physical activity, provide security, and create wellbeing in Finland. We promote local economic vitality.



We use our intellectual and information capital responsibly

We use customer data and artificial intelligence transparently, in the best interest of our customers.

OP's CR measures during recent years

Banking

- Green corporate loans
- Corporate loans with terms and conditions (margin) tied to ESG performance targets
- ESG analyses to identify ESG risks within corporate exposures
- SME financing programmes (€300 mn) guaranteed by EIF and guarantee programme (€300mn) with EIB for large and mid-sized companies to support economic growth and employment
- Financing of energy-saving improvements for housing companies in cooperation with LeaseGreen to cut housing companies' heating costs and carbon footprint

Insurance

- Promoting traffic safety
- Preventing losses and injuries
- Predicting impacts caused by climate change
- Pohjola Hospitals' rapid care chain to minimise losses caused by medical leaves to all parties

Treasury & ALM

- Green Bond Framework (2018) aiming to increase sustainable financing through issuing green bonds and allocating proceeds to green assets
- OP Corporate Bank's first green bond (€500 mn) issued in Feb 2019
- OP Corporate Bank's first Green Bond Report published in Feb 2020

Wealth Management

- Exclusion of high-carbon companies and measuring carbon footprint of mutual funds
- Quarterly sustainability analyses on OP funds
- Active proxy voting at AGMs
- OP and Finnfund global impact fund
- Membership in Climate Action 100+ (5yr investor engagement initiative) to impact on listed companies with the highest GHG emissions globally – thematic engagement projects on carbon, water and tax risks
- Signature of CDP's climate change, water and deforestation initiatives

OP premises & practices

- LEED Gold certificates for OP HQ and Pohjola Hospitals
- Solar power stations at OP HQ, Pohjola Hospitals and in properties of OP Real Estate Asset Management
- Energy used at OP HQ 100% renewable (34% at OP Financial Group level)
- WWF Finland Green Office system applied to OP HQ and some member cooperative banks
- Carbon footprint of OP's employees mitigated by remote work opportunity and incentives to use public transportation



OP committed to take 20 climate actions in 2020

OP aims to be carbon-neutral by 2025



We offer new financing products aiming to mitigate the climate change

We channel investments towards climate change mitigation

We support agriculture and forestry sectors towards more sustainable future

We help our customers to become aware of their own climate impacts

We support companies on their path towards more sustainable economic growth through ESG-performance-linked corporate loans

We increase knowledge of financial impacts caused by climate change

23,762 tn CO₂e

Direct GHG emissions from OP's own operations (Scopes 1 & 2) in 2019 – down by 32% since 2011

34%

Renewable energy of OP's total energy consumption



OP is highly committed to CR

International ESG commitments



UN Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Banking – signed in 2019

Commitment to align portfolios to reflect and finance low-carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius, in accordance with the Paris Agreement

Collective Commitment to Climate Action – signed in 2019

Commitment to monitor lending in accordance with the principles on sustainable and low-carbon economy, stated in Paris Agreement



Equator Principles – signed in 2016

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



Montréal Carbon Pledge – signed in 2015

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



UN Global Compact initiative – signed in 2011

10 principles on human rights, labour standards, environment and anti-corruption



UN Principles for Responsible Investment (UNPRI) – signed in 2009

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



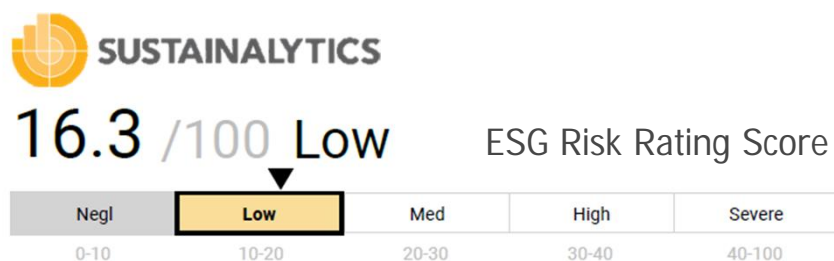
OECD Guidelines for Multinational Enterprises

Incl. voluntary CR principles and standards

ESG participation & cooperation

- Finland's Sustainable Investment Forum (FINSIF)
- Climate Leadership Coalition (CLC)
- 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)
- FIBS Diversity Charter Finland
- CR Working Group of the European Association of Co-operative Banks (EACB)
- CR Working Group of Finance Finland
- EeMAP (Energy efficiency Mortgages Action Plan) Initiative
- Pohjola Insurance Ltd & Compensate Foundation cooperation
- Pohjola Insurance Ltd & WWF Finland cooperation
- OP Asset Management Ltd: official supporter of The Task Force on Climate-related Financial Disclosures

OP's and its issuing entities' ESG rating performance



Scale: AAA-CCC



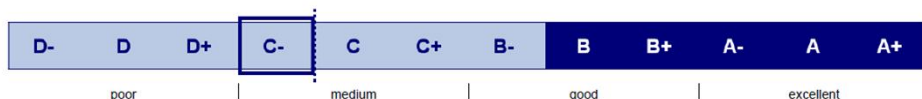
OP
Corporate
Bank's
unsecured
bonds

Source: Imug, March 2020



Source: ISS ESG 2019

Scale:



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

Scale: 1-100



OP's CDP Survey Score in 2019:

A- (Leadership)

"Company actions represent best practice to advance environmental stewardship; thorough understanding of risks and opportunities related to climate change; formulated and implemented strategies to mitigate or capitalize on these risks and opportunities."

Source: CDP (www.cdp.net/en)

Scale: A, A-, B, B-, C, C-, D, D-



OP
Mortgage
Bank's
covered
bonds

Source: Imug, March 2019

Scale: AAA-D

OP Corporate Bank's inaugural Green Bond (Feb 2019)

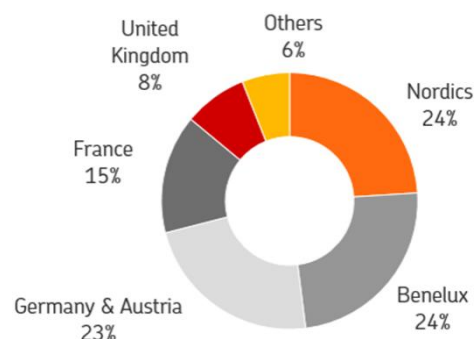
OP Corporate Bank entered the green bond market in Feb 2019

Green Bond in brief

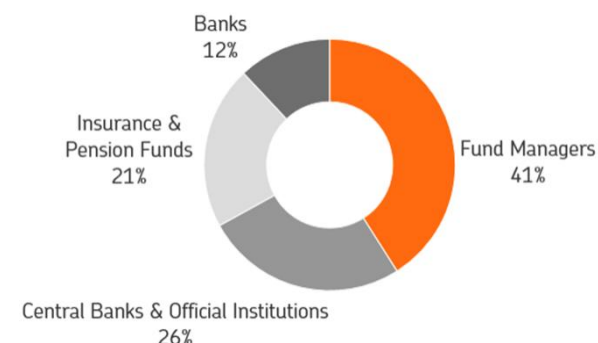
Issuer	OP Corporate Bank plc
Issuer ratings	Aa3 (Stable) by Moody's / AA- (Stable) by S&P
ISIN	XS1956022716
EMTN series number	230
Nominal amount	EUR 500 million
Issue type	Senior unsecured fixed rate notes (Senior Preferred, Green Bond)
Use of Proceeds	Green eligible projects and businesses under the OP Financial Group Green Bond Framework Renewable energy, green buildings, sustainable land use
Pricing date	19 Feb 2019
Issue date	26 Feb 2019 (T+5)
Maturity date	26 Feb 2024
Coupon (annual)	0.375%
Listing	Euronext Dublin
Second Party Opinion	Sustainalytics

- OP Corporate Bank's green bond complies with the ICMA Green Bond Principles providing current market practice, investor guidelines and issuer guidance
- The first green transaction was successful: €500 mn bond was over-subscribed by 4 times, final orderbook €2.1 bn and around 100 investor accounts involved

Investors by geography



Investors by type



OP Green Bond Framework (Nov 2018)

OP Green Bond Framework in general



Use of proceeds

- Renewable energy
- Energy efficiency
- Green buildings
- Pollution prevention and control (including Sustainable water management)
- Sustainable land use
- Clean transportation

Management of proceeds

- Green Bond Register monitoring on a monthly basis
- Quarterly internal reporting to Green Bond Committee

Project evaluation and selection

- Conventional credit process
- Green Bond Framework dedicated process
- Eligibility assessment for dedicated businesses

Reporting: Annual Green Bond Report

- Amount of proceeds allocated to green bonds
- Description of the types of business financed
- Origination timeframe and maturity profile
- Balance of net proceeds not yet allocated
- Estimated impacts of the eligible assets

External review & verification

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

Use of Proceeds, Green Bond Register and selected customer references

OP Green Bonds Eligible Use of Proceeds



Use of
proceeds

Process for
project
evaluation
and selection

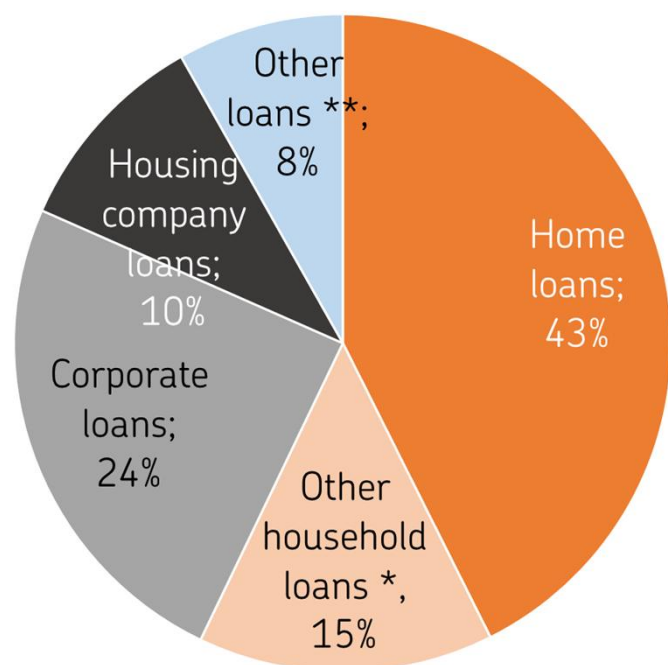
Management
of proceeds

Reporting &
External
review

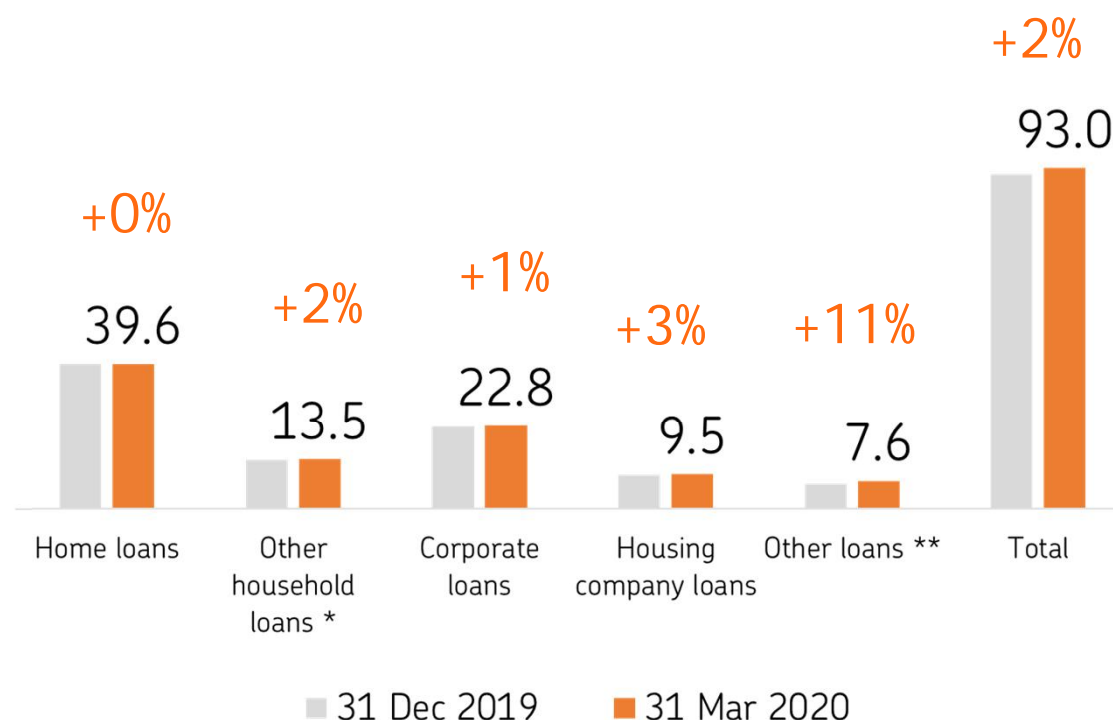
Category	Eligible assets	Sustainable Development Goals
Renewable energy	<ul style="list-style-type: none"> Onshore and offshore wind energy Solar energy Hydropower Waste-to-energy 	
Energy Efficiency	<ul style="list-style-type: none"> Lowering energy consumption & fostering energy efficiency 	
Green Buildings	<ul style="list-style-type: none"> Commercial or residential buildings Upgrade retrofits (renovations and refurbishments of buildings) leading to better energy performance or reducing energy use 	
Pollution Prevention & Control (including Sustainable Water Management)	<ul style="list-style-type: none"> Waste prevention, reduction and recycling 	
Sustainable Land Use	<ul style="list-style-type: none"> Sustainable forestry projects Conversion of energy-intensive industry and/or fossil fuel intensive lands Sustainable agriculture 	
Clean Transportation	<ul style="list-style-type: none"> Electric and hybrid vehicles Clean transportation infrastructure 	

Loan portfolio up by 2% in Q1/20

€93.0 bn Loan portfolio breakdown,
31 Mar 2020, %



Loan portfolio growth by product group,
31 Mar 2020 vs. 31 Dec 2019, € bn



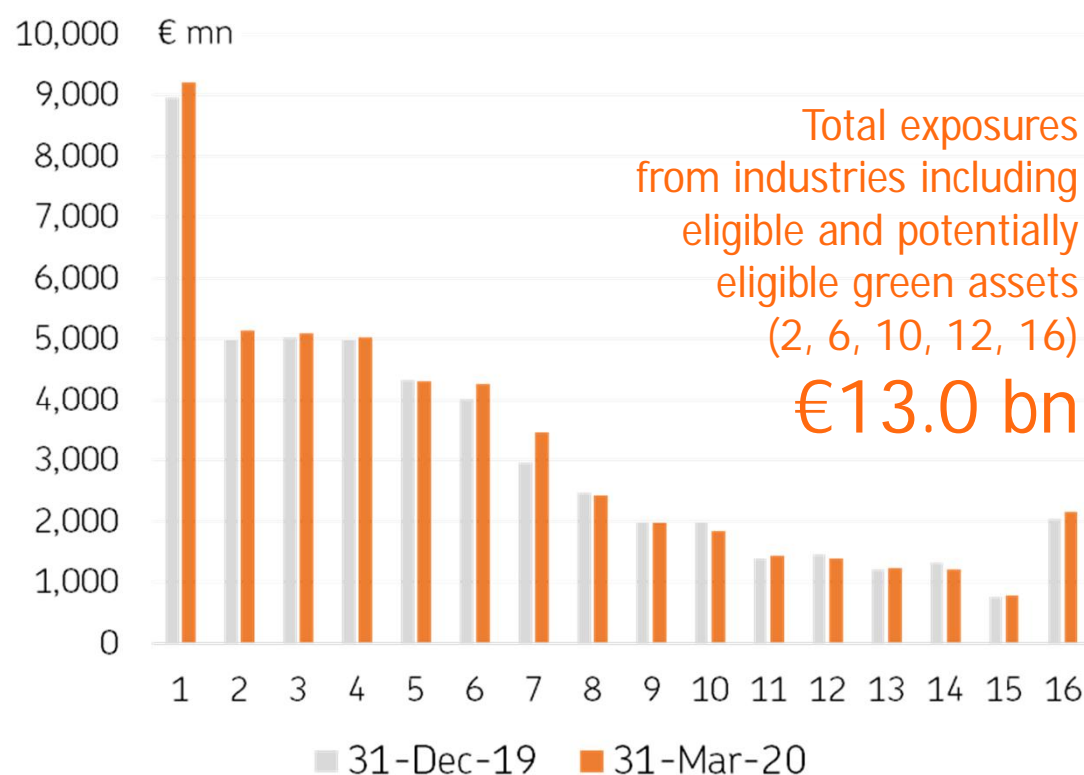
* Other household loans include loans for holiday houses, consumer loans, student loans etc.

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

Corporate exposures well diversified by industry

OP Corporate Bank aims to carry out an ESG analysis on at least 70% of its corporate exposure in order to seek more assets eligible for green bonds

Corporate exposures (IRB, net value) €50.9 bn as at 31 March 2020



No.	Industry	31-Dec-19	31-Mar-20
1	Renting and operation of residential real estate	18.0%	18.1%
2	Operating of other real estate	10.0%	10.1%
3	Trade	10.1%	10.0%
4	Services	10.0%	9.9%
5	Construction	8.7%	8.5%
6	Energy	8.1%	8.4%
7	Financial and insurance activities	5.9%	6.8%
8	Manufacture of machinery and equipment (incl. maintenance)	4.9%	4.8%
9	Other manufacturing	3.9%	3.9%
10	Agriculture, forestry and fishing	3.9%	3.6%
11	Forest industry	2.8%	2.8%
12	Transportation and storage	2.9%	2.7%
13	Metal industry	2.4%	2.4%
14	Information and communication	2.6%	2.4%
15	Food industry	1.5%	1.5%
16	Others	4.1%	4.2%

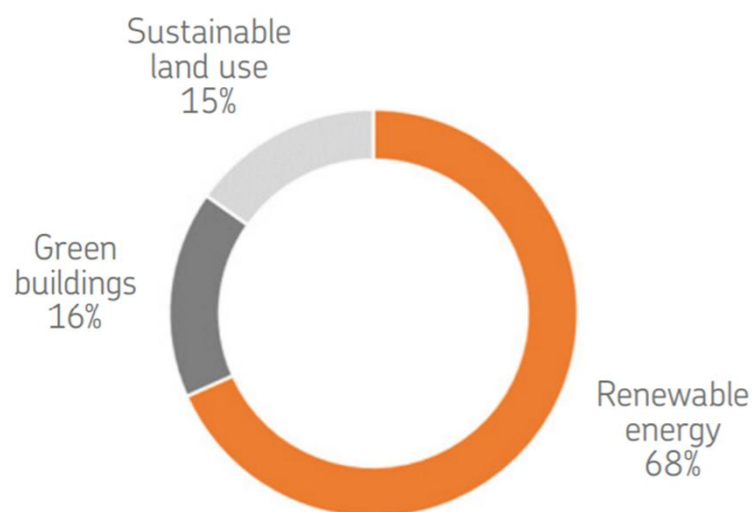
incl. Water supply and waste management 0.7% (0.7) ie. €344 mn (345)

OP's Green bond register totaled €961 mn in Dec. 2019

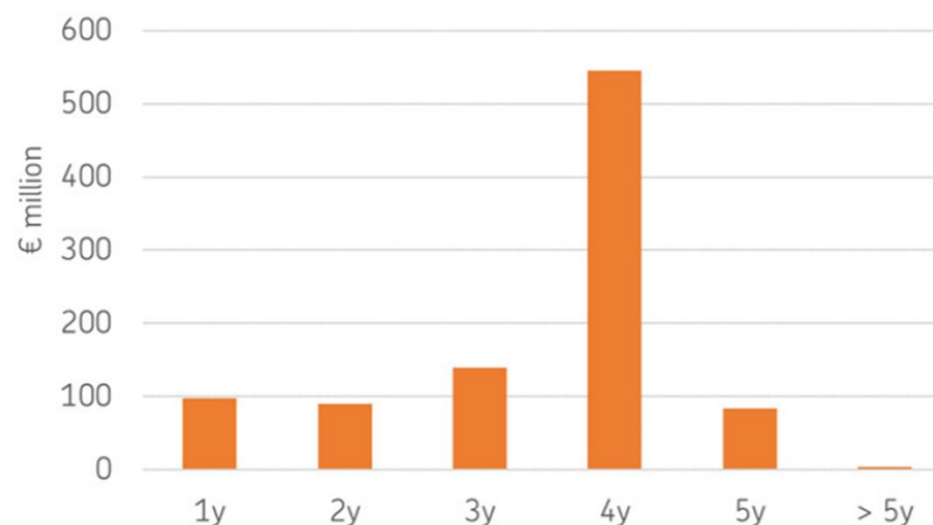
Number of loans	Number of companies	Avg. loan size	Avg. look-back period
20	15	€45.8 mn	3 years

All eligible assets concern Finnish companies (EUR) from the following eligible sectors: Renewable energy (wind power, hydropower, waste-to-energy), Green buildings, Sustainable land use (sustainable forestry)

Assets by eligible sector



Assets by maturity



Customer reference: Renewable energy

Suomen Hyötytuuli Oy

COMPANY IN BRIEF

- Suomen Hyötytuuli Oy is a Finnish wind power company, which owns 62 wind turbines with an estimated combined capacity of 186 MW.
- The assets under OP Green Bond are located in Raahe.
- The company was established in 1998 and it is co-owned by eight municipal energy utilities.

Eligible signed loans €39.3 million, maturing in 2024

- Suomen Hyötytuuli Oy is one of the pioneers of wind power production in Finland. The company was founded in 1998.
- The company's wind parks produce 600 000 MWh of clean wind power yearly, which cover e.g. the electricity needs of 37 000 detached houses.
- Wind power is considered as a clean energy production method: it does not produce CO₂ emissions to air, land or water. In addition, it does not consume water reserves. The building, transportation and demolition of a wind power park itself consumes energy, however the energy consumed in the process is "paid back" within 3 to 9 months from the starting point of the operation.

Energy Production



Customer reference: Renewable energy

S-Voima Oy – Project Solaris I

COMPANY IN BRIEF

- S-Voima was established in 2010 to fulfill a function as the electricity purchasing organization of the S Group.
- S-Voima finished one solar power project called Solaris I in 2018 and started the second project Solaris II in 2019.
- Solaris I has a total capacity of 9,1 MW in 35 locations. All solar power has been installed on S Group's rooftops.

Eligible signed loans €7 million, maturing in 2024

- Solar power is considered to be a clean energy production method: it does not produce direct CO₂ or other emissions to air, land or water. The most common ways of utilising solar power in Finland are the photovoltaic (PV) panels, which convert solar radiation into electricity.
- Total annual solar irradiation per square meter is about 1 000 kWh in Southern Finland, 900 kWh in Central Finland and some 800 kWh in Northern Finland. For comparison, the same figure is approx. 1 200 kWh in Central Europe and over 2 000 kWh in Southern Europe.
- In Finland, solar power is exceptionally well suited for cold storage, stores and shopping centers, as the peak electricity demand for cooling occurs roughly the same time of day as the sun shines.

Energy Production



Customer reference: Green buildings S Group Logistics Centers

COMPANY IN BRIEF

- The company is owned by SOK and S Group's 19 regional cooperatives.
- Company's business is to manage and rent S Group's strategically important logistics centers. The premises are leased to companies in the S Group.
- The company has received a BREEAM Excellent certification for the Sipoo Logistics Center, which is included in the Green Bond Portfolio. In October 2019 the Center had a recycling rate of 100%.

Eligible signed loans €112 million, maturing in 2023

- The new Logistics Center in Sipoo is built to meet the increased demand of goods transported to stores. This highly automated center will reduce the yearly transportation and logistics costs of the S Group.
- The company has invested in energy efficiency at the Sipoo Logistics Center. The 190 000 square meter logistics center utilizes geothermal energy and heat recovery in order to provide heat to its premises.
- The Sipoo Logistics Center is one of the largest geothermal energy users in Finland.
- After having received the BREEAM Excellent certification, the Sipoo Logistics Center is the first industrial property in the Nordic countries with such certification.



Customer reference: Sustainable land use

Finsilva Oyj

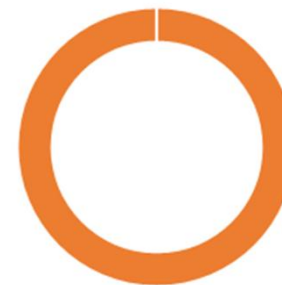
COMPANY IN BRIEF

- The most important part of Finsilva Oyj business is forestry. Finsilva Oyj also offers a variety of different lots, for example beach lots, cottage plots and farmlands.
- Finsilva Oyj places a special emphasis on the preservation of habitats of vital importance for biodiversity. The company's forests are PEFC or FSC certified.

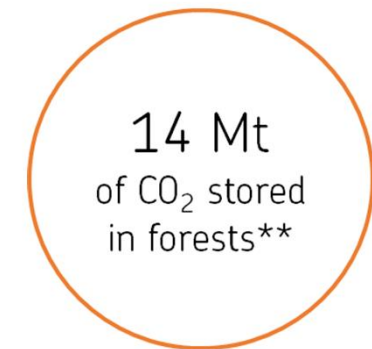
Eligible signed loans €146 million, maturing in 2024

- Finsilva Oyj owns around 133 000 hectares of forests in Finland.
- Forests in Europe currently sequester approximately 7% of the European greenhouse gas emissions.* Forests are vitally important carbon sinks.
- Maintaining forests is crucial in Finland, given that 72% of the country is under forest cover. Strengthening forest carbon sinks pave the way towards a carbon neutral economy, as biological carbon sequestration is known to be one of the most cost efficient ways to generate negative carbon emissions.*

Hectares of Forest per Country



■ Finland 133,000



* <https://www.luke.fi/en/blog/european-forests-as-carbon-sinks-2/>

** Parameters: Rough estimate is that there are 120 square meters of forest in one hectare in Finland.
One square meter of wood stores 0,9 tons of carbon dioxide

Process for project evaluation and selection

Process for Project Evaluation and Selection



Use of
proceeds

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Conventional credit process

- 1 PRE-REQUISITES**
 - Y Client selected based upon OP internal Client Selection Guidelines
 - Y Compliance with local laws and regulations
- 2 LOAN EVALUATION**
 - Thorough loan evaluation and selection performed by the relevant business units
- 3 CREDIT PROCESS**
 - Y Know-Your-Customer ("KYC") assessment
 - Y Credit risk analysis
 - Y Validation by the risk management
 - Y Credit Committee or Senior Credit Committee decision

Process for Project Evaluation and Selection



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Green Bond Framework dedicated process

The Relevant Business Units (OP Corporate Analyst team and OP Financing and Agency unit)

- Y Identify potentially eligible loans, applying the Framework's specific exclusion guidelines (weapons, nuclear or fossil-fuel energy generation, gambling and other identified risky industries)
- Y Provide financial and ESG analysis
- Y Give opinion and rationale for potential selection in the OP Green Bond Register

The Green Bond Committee

- Y Approves each loan against the OP Green Bond Eligibility Criteria
- Y Removes assets that are not aligned with the Green Bond Framework
- Y Approves the Green Bond Register quarterly

The Financing and Agency Unit team

- Y Updates quarterly the Green Bond Register

OP's Green Bond Committee composition

Chairman: an OP Financial Group's Executive Board Member

Members: Senior management representatives from:

- Finance and Group Treasury function
- Corporate Sustainability department
- Banking, Corporate and Institutional Customers business segment

Process for Project Evaluation and Selection



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Specific case of “dedicated businesses” (1/2)

Rationale for applying “dedicated businesses” process

- Ÿ As part of core mission, OP generally finances private and public sector companies on general corporate purposes basis, in the domestic Finnish market
- Ÿ A number of such domestic actors are collectively dedicated to environmentally-friendly activities and purposes (“dedicated businesses”)
- Ÿ To ensure alignment with the ICMA GBP recommendation with regards to such “pure players”, OP has established a specific, internal “Eligibility Assessment for Dedicated Businesses” and commits to report on the use of proceeds allocation to such dedicated companies

“The selection process for general purpose loans includes an additional step of selection, including a more detailed set of indicators for each eligible category, which OP Financial disclosed to Sustainalytics. The indicators include environmental life-cycle impact assessments for power plants, asset location in countries with high health and safety standards for employees and contractors and involvement of residents for the construction of new buildings. Moreover, “dedicated businesses” need to be clear of specific environmental, social or governance related controversy. Sustainalytics considers the additional criteria to be strong and contributing to mitigate risks related to the use of proceeds.”

Source: Sustainalytics Second Opinion, October 2018



Process for Project Evaluation and Selection



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Specific case of “dedicated businesses” (2/2)

- Y Each loan to be approved by the Green Bond Committee on a case-by-case basis
- Y Preparation and presentation of the relevant eligibility assessment by the OP Corporate Analyst team
- Y 3-step evaluation process:
 - **Step 1** - Exclusion criteria for specified sectors
 - **Step 2** - ESG performance assessment at company level
 - **Step 3** - Specific checklist including quantitative and qualitative criteria for each Eligible Sector, in line with the Green Bond Principles definition of “pure players”*. The dedicated businesses are expected to derive more than 90 % of their turnover from environmentally-friendly activities, in line with the Framework. Moreover, the part of the turnover that is not classified as “green” is not allowed to be in any means environmentally harmful (environmentally neutral activities).

Management of proceeds

Management of Proceeds



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- Until the full allocation of the proceeds to Eligible Assets, OP intends to maintain an aggregate amount of assets in the Green Bond Register that is at least equal to the aggregate net proceeds of all outstanding OP's Green Bonds
- However, there may be periods when a sufficient aggregate amount of Green Bond Assets has not yet been allocated to the Green Bond Register to fully cover the proceeds of each Green Bonds. Any portion of the net proceeds of Green Bonds that have not been allocated to Green Bond Assets in the Green Bond Register will be held in accordance with OP's conventional liquidity management policy
- OP Financing and Agency unit is responsible for the management of green bond use of proceeds and quarterly presents the changes in Green Bond Register to the Green Bond Committee for approval



Reporting – OP Corporate Bank's first Green Bond Report (Feb 2020)

Reporting, external review & verification



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Reporting

- Annual Green Bond Report (until full allocation) by OP's Treasury, Sustainability and Corporate Lending units, reviewed and approved by Green Bond Committee
- Provides:
 - The amount of net proceeds allocated to each of the Eligible Sector together with a description of the types of business and projects financed
 - The origination timeframe and maturity profile of the loans
 - The remaining balance of net proceeds which have not yet been allocated to Green Assets
- Disclosure on the OP's Debt IR website at <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

Second Opinion



- Sustainalytics provided a second party opinion on OP Green Bond Framework as well as Annual Review in accordance of publication of the first Green Bond Report
- Available on Sustainalytics and OP websites

Verification

- OP will request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the Green Bond proceeds to Eligible Assets
- This report is to be provided by an external auditor (KPMG Oy Ab for YE2019)

Indicative metrics for impact reporting by eligible sector (GBF 2018)



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Eligible Sector	Indicative Performance Indicator
Renewable Energy	<ul style="list-style-type: none"> • kWh of power generated from renewable energy • Tonnes of carbon dioxide (CO2) equivalent avoided
Energy Efficiency	<ul style="list-style-type: none"> • Energy saved per year (kWh/year)
Green Buildings	<ul style="list-style-type: none"> • Number of eligible buildings that received third-party-verified green building certification • Reduction in energy use (kWh/year)
Pollution Prevention	<ul style="list-style-type: none"> • Annual amount of waste reduced/avoided • Annual amount of waste recycled • Annual amount of water purified
Sustainable Land Use	<ul style="list-style-type: none"> • Total land area under sustainably certified forests • Amount organic Sustainable agriculture land financed in m² • Total land area transformed from heavily polluting land use to eco-friendly land use
Clean Transportation	<ul style="list-style-type: none"> • Number of public trams/ trains/ metros financed and location • Capacity created through financing • Number of cars avoided

Green Bond Report (Feb 2020) Highlights



- OP Corporate Bank issued its inaugural €500 million green bond in February 2019
- Proceeds allocated to Renewable Energy, Green Buildings and Sustainable Land Use¹
- As of December 2019, the Green Bond register included eligible assets worth €960.8 million (reserve of unallocated green assets €460.8 million)¹

Impacts from OP's first Green Bond²



- 328.6 ktCO₂e avoided
- 864.7 GWh renewable energy generated
- 271.5 MW renewable energy capacity installed



- 32 000 m² of green certified building area
- 1.2 ktCO₂e avoided due to reduced energy consumption



- 69 160 hectares of forest under FSC or PEFC forestry certification

Most relevant UN SDGs:

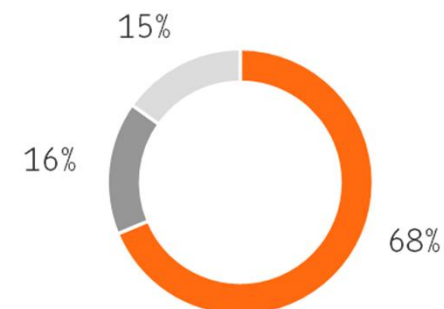


Assets included in the Green Bond register by eligible sector

■ Renewable Energy

■ Green Buildings

■ Sustainable Land Use



¹ KPMG Oy Ab has verified the allocation of proceeds to eligible loans, and Sustainalytics has reviewed OP's reporting criteria (incl. impact reporting)

² for further discussion on the impact methodology, please see OP Corporate Bank's Green Bond Report published in Feb 2020 at <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

Second Opinions and Auditor's Verification

Sustainalytics' second opinion on Green Bond Framework (Nov 2018)



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Second-Party Opinion
OP Financial Group Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the OP Financial Group Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:




USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Although the bond is not exclusively project-based, Sustainalytics considers the range of eligible categories to have positive environmental or social impacts and to advance the UN Sustainable Development Agenda. While a lookback period for refinancing is not disclosed, OP Financial committed to disclose the origination timeframe and maturity profile of loans in its annual reporting.

PROJECT EVALUATION / SELECTION OP Financial's internal process in evaluating and selecting projects is aligned with market practice, including a dedicated green bond committee, chaired by a member of the company's executive board and comprised of senior management from corporate sustainability, finance and group treasury, and the banking, corporate and institutional customers business segment. The committee approves each loan against the framework's eligibility criteria. OP Financial developed detailed internal guidelines for the loan selection that address environmental and social risk management. Sustainalytics considers this process to be aligned with market best practice.

MANAGEMENT OF PROCEEDS OP Financial has committed to establishing a green bond register for each separate green bond issuance, to earmark the proceeds and track their allocation, which is aligned with market practice.

REPORTING OP Financial intends to publish a green bond report on an annual basis, including allocation of proceeds in accordance with market standards. In addition, OP Financial intends to include information on the environmental impacts of the green bond per eligible sectors, including, kWh of renewable energy generated, tonnes of CO₂ avoided, energy savings, buildings with certification, annual amount of water purified, number of public trams/ trains/ metros financed and location, among other indicators. Sustainalytics views the impact indicators as aligned with market practice.



Evaluation date	October 2018
Issuer Location	Helsinki, Finland

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For inquiries, contact the Sustainable Finance Solutions project team:

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"Sustainalytics considers that OP Financial Group is well positioned to issue green bonds and that the OP Financial Group Green Bond Framework is credible, robust and aligns with the four core components of the Green Bonds Principles 2018."

"OP Financial Group's processes of project and business evaluation and selection as well as management of proceeds and reporting is aligned with market practice."

Sustainalytics' annual review on Green Bond Report: Use of Proceeds and Impact Reporting (Jan 2020)




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OP Financial Group		
Type of Engagement: Annual Review Date: 15 January 2020 Engagement Leader: Phoebe Wang, phoebe.wang@sustainalytics.com, (+31) 20 205 0044		
Introduction In 2019, OP Financial Group (OP Financial) issued a green bond aimed at financing Renewable Energy, Green Buildings, and Sustainable Land Use businesses and projects. In January 2020, OP Financial engaged Sustainalytics to review the assets funded through the issued green bond and provide an assessment as to whether the assets met the Use of Proceeds criteria and the Reporting commitments outlined in the OP Financial Group Green Bond Framework.		
Evaluation Criteria Sustainalytics evaluated the assets funded in 2019 based on whether the businesses and projects: <ol style="list-style-type: none"> 1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and 2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework. 		
Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.		
Table 1: Use of Proceeds and Eligibility Criteria		
Use of Proceeds	Eligibility Criteria	Indicative performance indicators
Renewable Energy	Loans to finance projects and businesses dedicated to the development, manufacturing, construction, operation, distribution and maintenance of renewable energy: <ul style="list-style-type: none"> • Offshore and onshore wind • Solar energy • Hydropower <ul style="list-style-type: none"> • Nordic (Finland, Sweden, Norway or Denmark) hydro power plants excluding construction of new large scale hydro plants (>20MW). • Refurbishment investments or refinancing of large hydro power plants (>20MW) is permitted if the size of the water reservoir is not increased and the project is assessed and deemed to be compliant with the local regulations. • Waste to energy including energy from by-products of the forest sector, excluding biomass derived from sources of high biodiversity, that compete with food sources or that deplete carbon pools. 	<ul style="list-style-type: none"> • kWh of power generated from renewable energy • Tonnes of carbon dioxide (CO2) equivalent avoided

“Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed businesses and projects, funded through proceeds of OP Financial Group’s Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. OP Financial Group has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of December 2019.”

KPMG Oy Ab's independent limited assurance report on Green Bond Report: Use of Proceeds (Jan 2020)

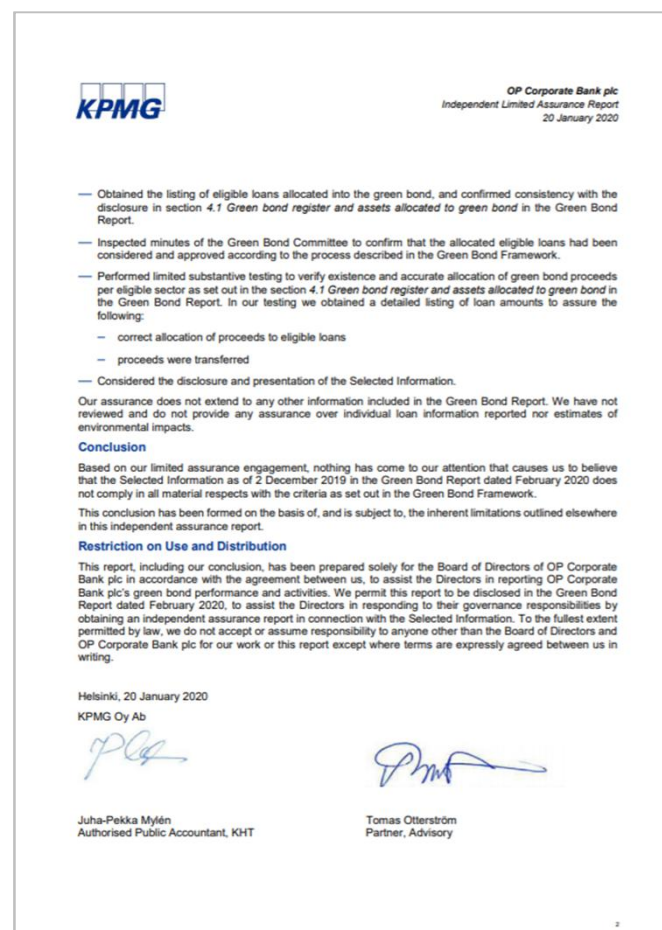
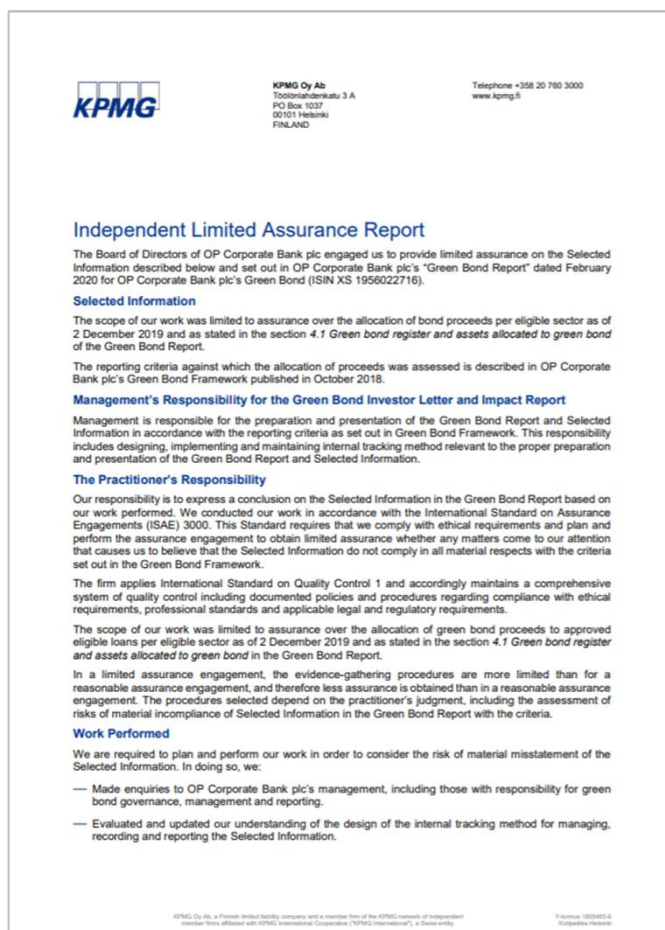


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Independent
Limited Assurance
Report by KPMG
Oy Ab available in
OP Corporate
Bank plc's Green
Bond Report,
Feb 2020
(Appendix)

[https://www.op.fi/documents/20556/30424959/Green+Bo
nd+Report+Feb+2020+incl+K
PMG+limited+assurance/dfc0
a786-c9b7-d4c6-88e5-
8f5f275f6fe0](https://www.op.fi/documents/20556/30424959/Green+Bond+Report+Feb+2020+incl+KPMG+limited+assurance/dfc0a786-c9b7-d4c6-88e5-8f5f275f6fe0)

Appendix

OP Green Bonds Eligibility Criteria in detail



Use of
proceeds

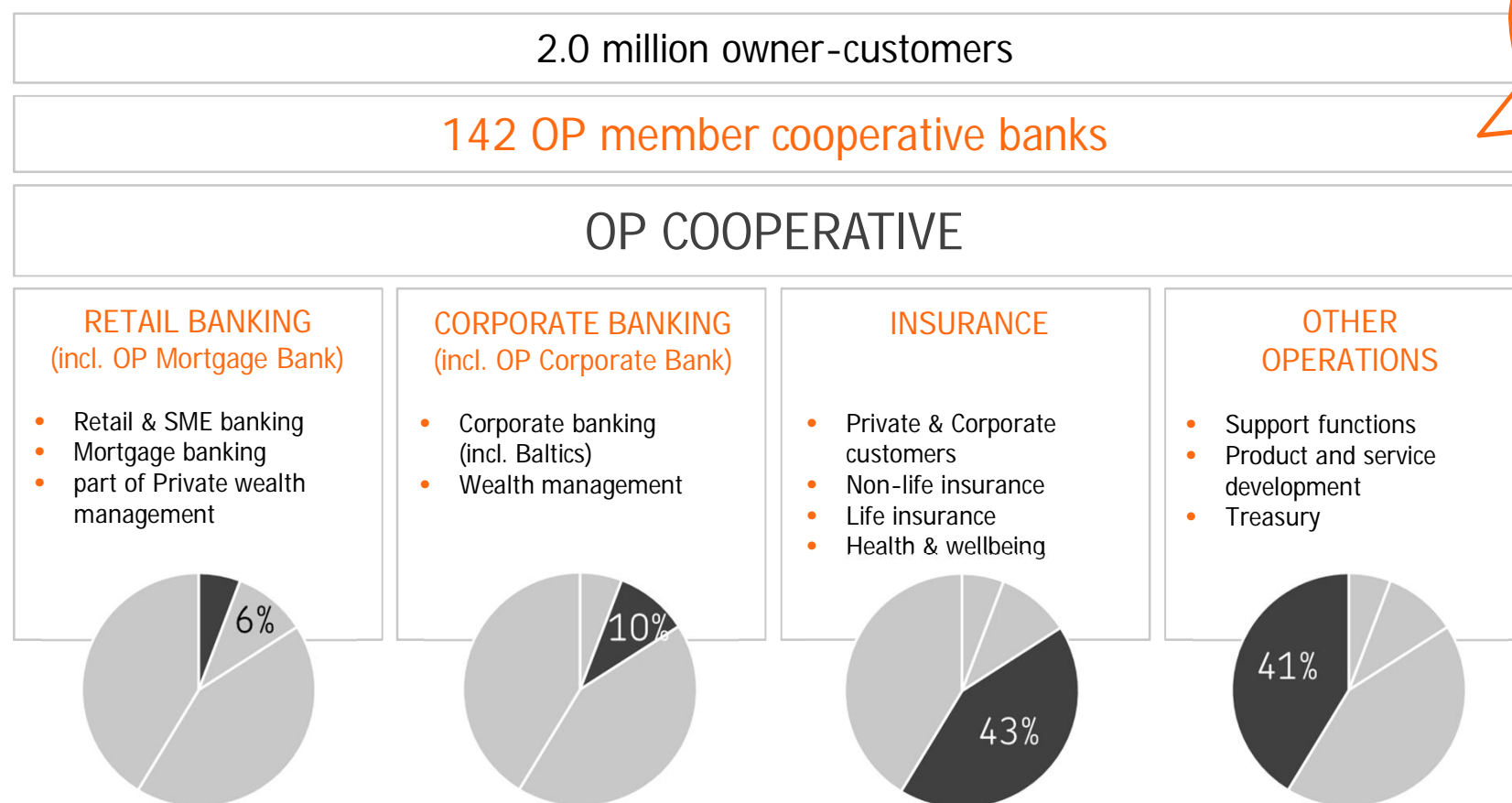
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Renewable energy	<p>Loans to finance projects and businesses dedicated to the development, manufacturing, construction, operation, distribution and maintenance of renewable energy:</p> <ul style="list-style-type: none"> Offshore and onshore wind; Solar energy Hydropower <ul style="list-style-type: none"> Nordic (Finland, Sweden, Norway or Denmark) hydro power plants excluding construction of new large scale hydro plants (>20MWh). Refurbishment investments or refinancing of large hydro power plants (>20MW) is permitted if the size of the water reservoir is not increased and the project is assessed and deemed to be compliant with the local regulations. Waste to energy including energy from by-products of the forest sector, excluding biomass derived from sources of high biodiversity, that compete with food sources or that deplete carbon pools 	Pollution Prevention & Control (including Sustainable Water Management)	<ul style="list-style-type: none"> Pollution prevention and control including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction and waste recycling. Sustainable water and wastewater management including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems. Eco-efficient and/or circular economy adapted products, production technologies and processes (such as reduction of packaging or innovation contributing to reduction and recyclability of packaging) or development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution.
Energy Efficiency	<p>Infrastructure, equipment, technology and processes that reduce energy consumption and increase energy efficiency (such as transmission and distribution infrastructure that results in reduced energy losses, smart grids or energy storage, but excluding energy efficiency improvement on fossil-fuel technologies). Efficiency improvement should be at least 10% or otherwise approved by the Green Bond Committee.</p>	Sustainable Land Use	<ul style="list-style-type: none"> Sustainable forestry projects with a certification from FSC or PEFC The conversion of land from energy-intensive industry and/or fossil fuel intensive use to greenzones, conservation areas or energy-neutral urban districts (e.g. highways to bikeways type projects) Sustainable agriculture, in the EU comprised of organic farming as certified in compliance with EU and national regulations
Green Buildings	<ul style="list-style-type: none"> Commercial or residential buildings that have obtained one of the following certification: LEED "gold" or better; BREEAM "very good" or better; the Nordic Swan Ecolabel (Svanen) certification; or any other equivalent regional recognised certification with similar standards and approved by the Green Bond Committee. New or recently built commercial or public real estate buildings that are in class B or better in the Finnish energy classification for buildings Upgrade retrofits (renovations and refurbishments of buildings): <ul style="list-style-type: none"> leading to better Energy Performance Certificates (EPCs) or leading to at least 15% lower energy use than that required by the applicable national building code for comparable buildings. 	Clean Transportation	<ul style="list-style-type: none"> Electric and hybrid vehicles or mobility as a service and the supporting infrastructure e.g. IT upgrades, signalling, communication technologies and charging infrastructure. Projects, activities and technology that support clean transportation infrastructure such as expansion and improvements of train, tram, metro networks and bicycle schemes (excluding such infrastructure that is primarily dedicated for transportation of fossil fuels).

OP Financial Group's structure



% of EBT generated in Q1/20 (excl. group eliminations)

Number of member cooperative banks estimated to decrease to 130 by YE2020, given that all planned mergers will realise

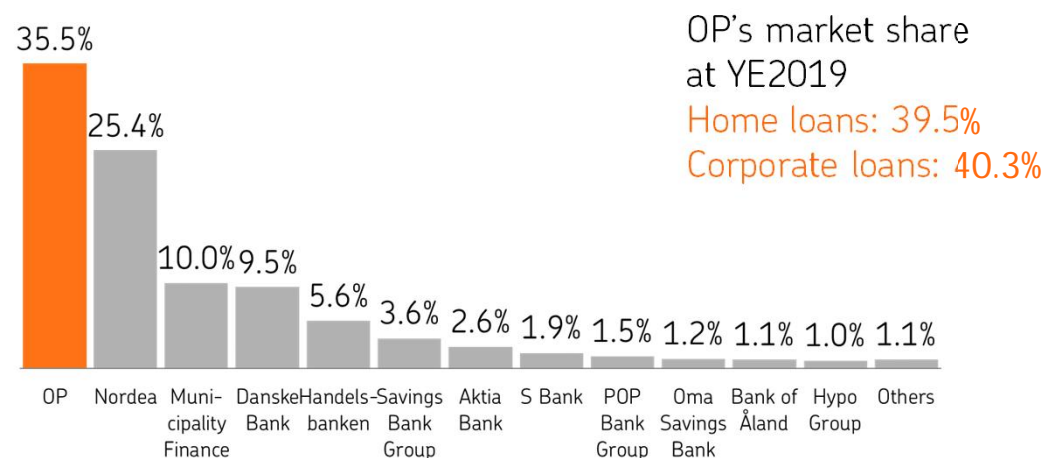
New three-tier governance structure since 1 Jan 2020

- President and Group CEO
- Board of Directors (central cooperative decision-making & supervision)
- Supervisory Council (significant decisions of principle)

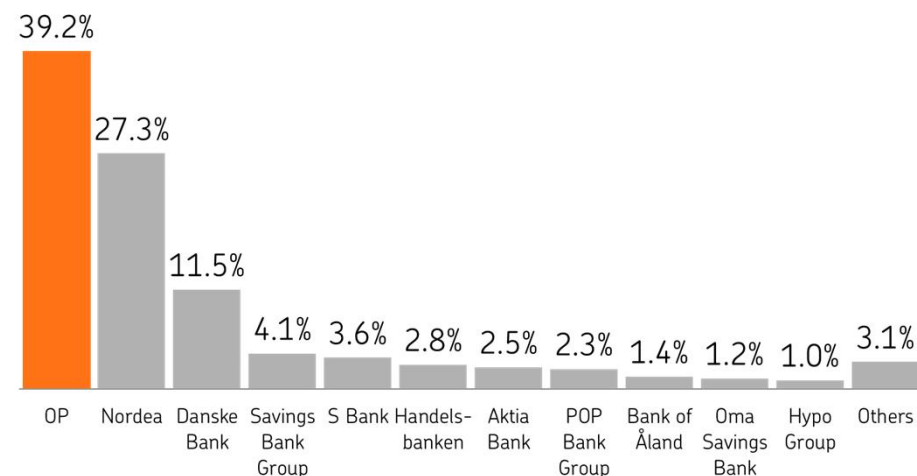
OP is the leading financial group in Finland

During its history of more than 100 years, OP has steadily increased its market share in loans and deposits

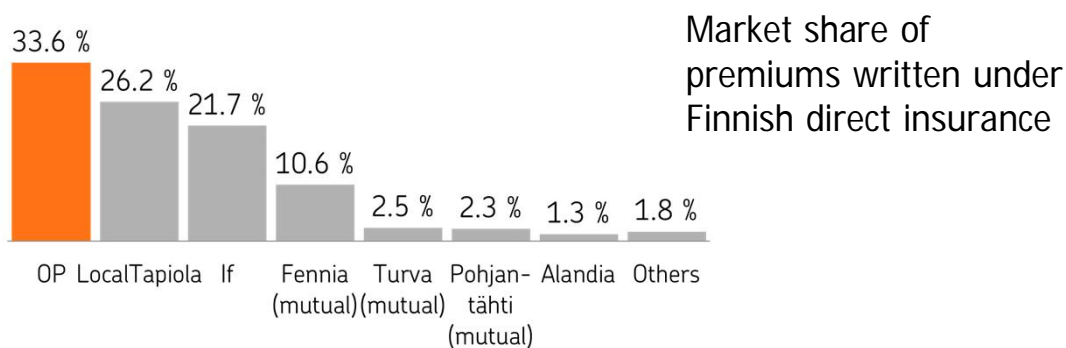
Loans, YE2019 (Finland: €247.7 bn)



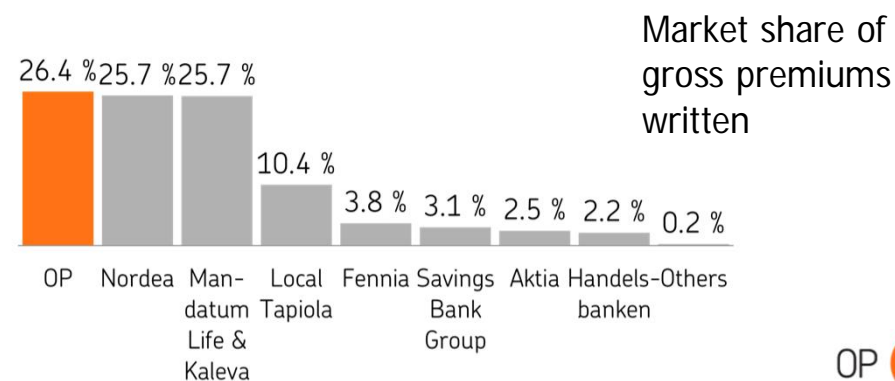
Deposits, YE2019 (Finland: €164.8 bn)



Non-life Insurance, YE2018 (Finland: €4.3 bn)



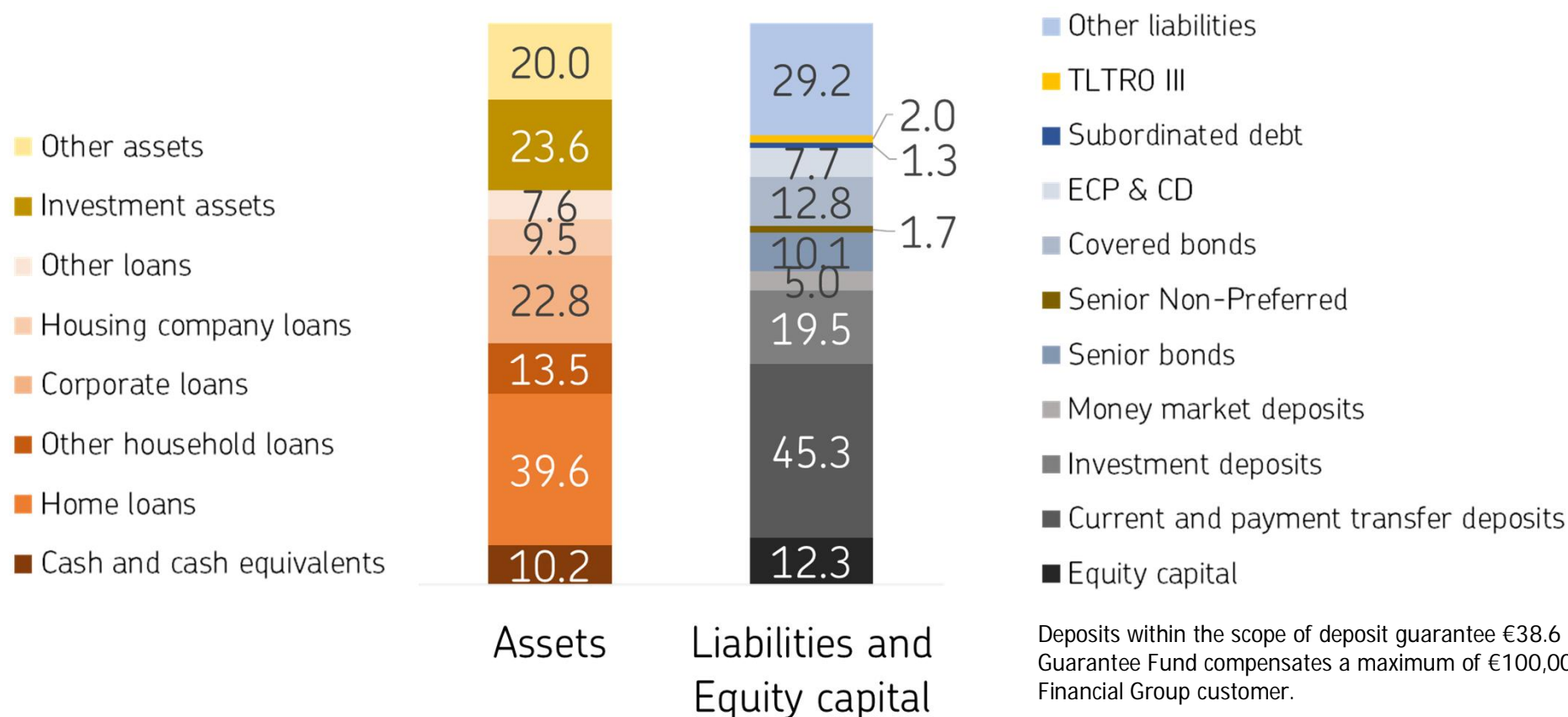
Life Insurance, YE2018 (Finland: €4.3 bn)



Source: Bank of Finland (Loans and Deposits) and Finance Finland (Non-life and Life Insurance)

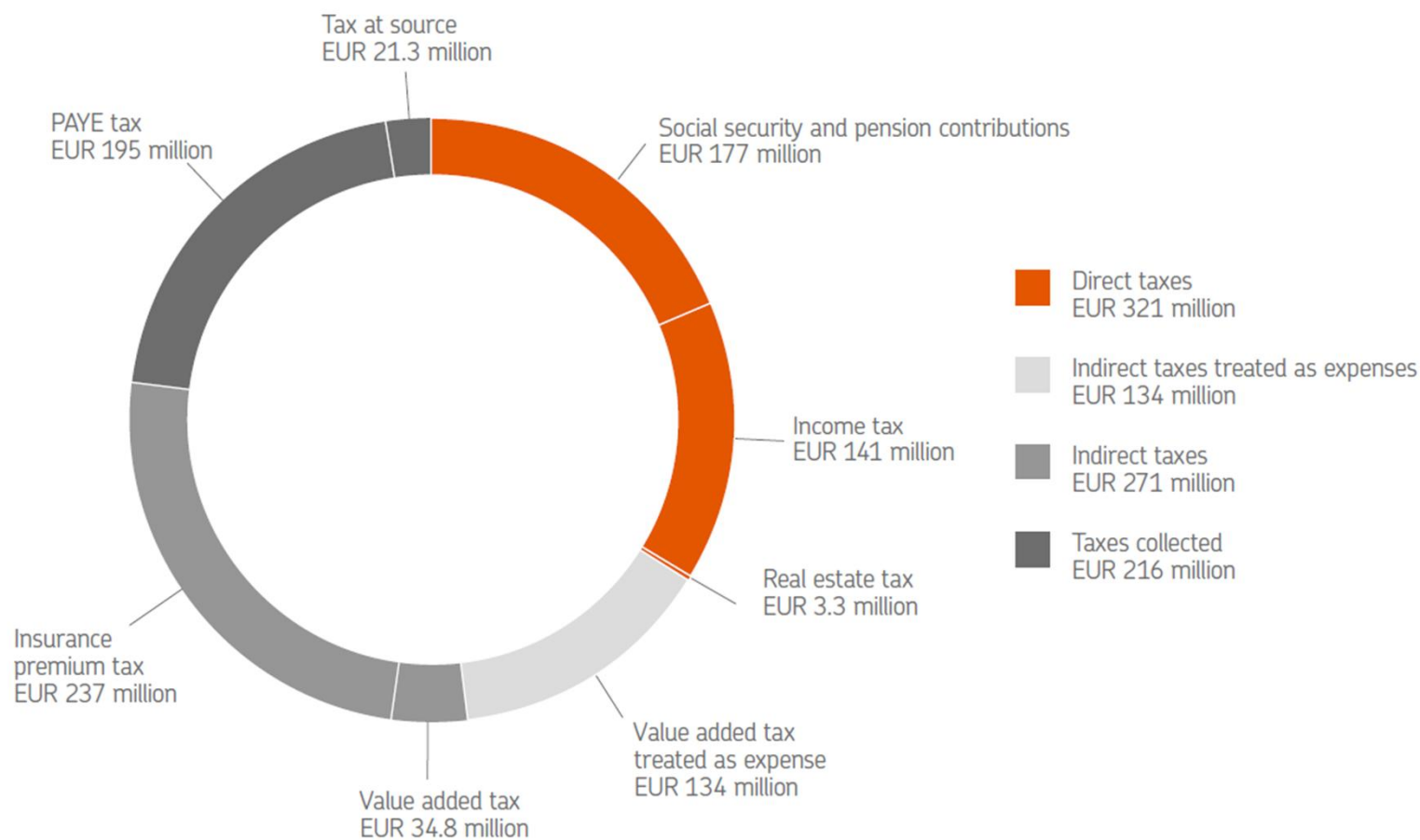
Balance sheet totaled €147 bn at end-Mar 2020

Loans 63%, deposits 44% and market-based funding 26% of the balance sheet



Other assets include: Assets covering unit-linked contracts, Derivative contracts, Intangible assets, PPE, Tax assets, Receivables from credit institutions and other assets
 Other liabilities include: Insurance liabilities, Liabilities from unit-linked insurance and investment contracts, Derivative contracts, Provisions and other liabilities, Liabilities to credit institutions (excl. TLTRO III) and Tax liabilities

OP Financial Group's tax footprint 2019



OP's CR governance, reporting and guidelines

Governance

- CR policy, CR Programme and annual CR report are confirmed by OP Cooperative's Board of Directors
- Executive Management Team's CR Committee prepares the CR Programme for the Board's approval and tracks progress against the agreed targets
- OP Cooperative's Supervisory Council reviews the CR Programme regularly and follows its implementation
- Chief Communications and Corporate Responsibility Officer is responsible for CR in respect of Group Executive Management and reports to President and Group Chief Executive Officer
- CR working groups established for each business line

CR reporting

- CR Report integrated in the Annual Report (OP Year 2019)
- Corporate Governance Statements (group- and issuer-level) & Remuneration Statement (group-level)
- Data Balance Sheet (describing eg. responsible use of data)
- CR reporting principles applied:
 - Global Reporting Initiative (GRI) Standards (Core)
 - GRI Financial Services Sector Supplement
 - UN Global Compact initiative
- CR reporting takes into account the International Integrated Reporting Council (IIRC) Framework
- OP is working towards compliance with the TCFD's (Task Force on Climate-related Financial Disclosures) recommendations
- Since 2016, OP's CR Report has been externally assured: Assurance for CR Report 2019 performed by KPMG Oy Ab

Key guidelines

- OP Financial Group's Corporate Responsibility Programme, updated in Dec 2019
- OP Financial Group's Corporate Governance Statement & Guidelines
- OP Financial Group's CR Policies
- OP Code of Business Ethics (incl. OP's climate principles) binding to all OP employees
- OP Financial Group's ethical guidelines for artificial intelligence



OP's CR Reporting and related publications



https://www.op.fi/documents/209474/33747405/OP_Year_2019.pdf/c00ae18a-4e63-f28c-fcf6-84d14d85f946



<https://www.op.fi/documents/209474/33747405/OP+Financial+Group+Corporate+Governance+Statement+2019.pdf/29eb6bf7-391b-8b47-d6ee-58b66cf7822a>



<https://www.op.fi/documents/209474/33747405/OP+Financial+Group+Remuneration+Statement.pdf/8b72512d-2020-3418-d2a6-8dfc72c6068c>



<https://www.op.fi/documents/20556/63695/Code+of+Business+Ethics/7aaf28d4-d273-42ed-8856-bf86905b0274>



https://www.op.fi/documents/20556/31489913/OP_Data_Balance_Sheet_2019.pdf/4056fa58-3ea4-f707-ea2a-cfcc07aa974d



<https://www.op.fi/documents/209474/33747536/OP+Corporate+Bank+Corporate+Governance+Statement+2019.pdf/8d684fce-1028-c24b-48a6-0edfa4bc7287>



<https://www.op.fi/documents/209474/33747595/OP+Mortgage+Bank+Corporate+Governance+Statement+2019.pdf/c77f2ca-08a6-50f7-8371-79142c7c9584>

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For OP Financial Group's and issuing entities' financial reports and other publications, please visit OP's Debt IR website at www.op.fi/debtinvestors