



OP Debt Investor Presentation H1/2022

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

www.op.fi/debtinvestors

Disclaimer

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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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OP Financial Group

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OP as a responsible actor in the Finnish society

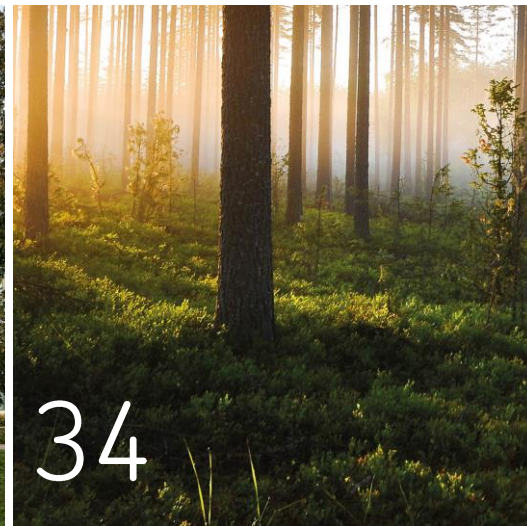
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This presentation is targeted for debt investors interested in OP Financial Group. The aim of this presentation is to provide insights into the Finnish economy as well as OP Financial Group's financial performance and corporate responsibility actions.

For more information:
[OP Financial Group's reports](#)
[CFO's Results Interview](#)

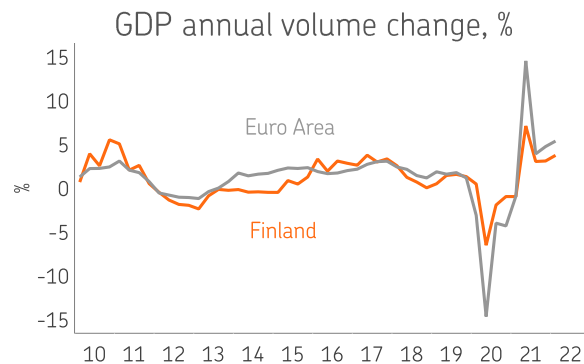
Outlook for the Finnish Economy

Forecasts for the Finnish economy

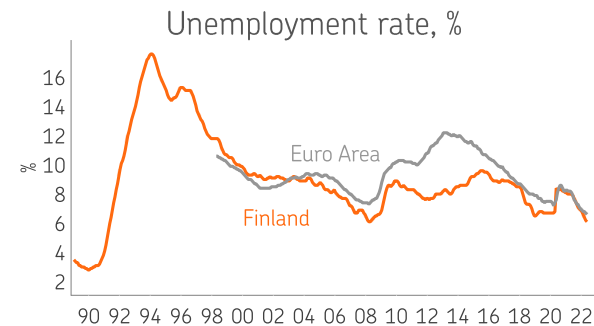
Published on 23 May, 2022

	2020	2021	2022f	2023f
GDP volume, annual growth %				
Finland	-2,2	3,0	2,0	0,6
Euro area	-6,4	5,4	3,0	1,7
Unemployment rate, %				
Finland	7,7	7,7	6,9	6,9
Euro area	7,9	8,0	6,7	6,6
Current account balance, % of GDP				
Finland	0,7	0,7	-0,3	-0,7
Euro area	2,1	2,4	2,4	2,9
General government net lending, % of GDP				
Finland	-5,5	-2,6	-2,0	-2,0
Euro area	-7,2	-7,1	-3,7	-2,5
General government debt, % of GDP				
Finland	69,0	65,8	65,8	66,4
Euro area	99,0	101,4	99,6	100,5
Inflation, %				
Finland	0,3	2,2	5,4	2,8
Euro area	0,3	2,6	6,6	3,0

Sources: Statistics Finland, Eurostat, OP



Source: Macrobond, OP

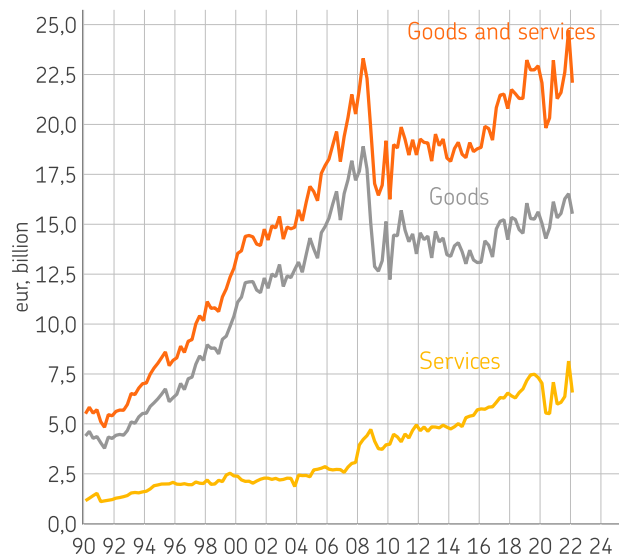


Source: Macrobond, Eurostat, StatFin, OP

Foreign trade structure rather stable

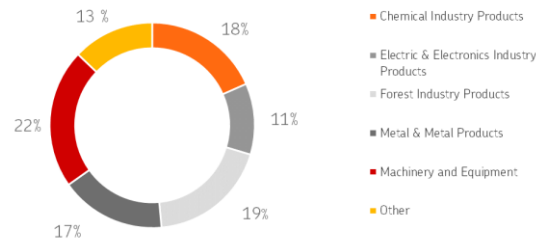
Finland is an exports-driven economy with around 40 % of GDP deriving from exports

Exports of goods and services, SA

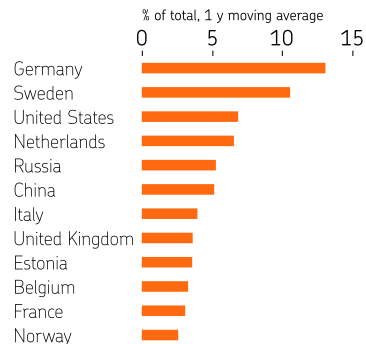


Source: Macrobond, OP

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 21 years
- 98% of home loans tied to variable interest rates
- Home loan cap (LTC) 85% and for first-home-buyers 90%

OP's
market share
39%
in mortgages

OP's stress-test

6%

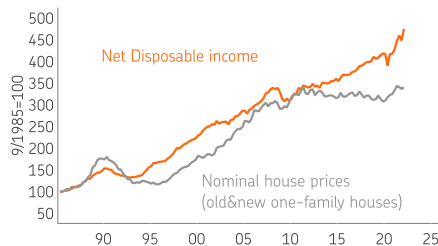
interest rate in
25 years' maturity

32%

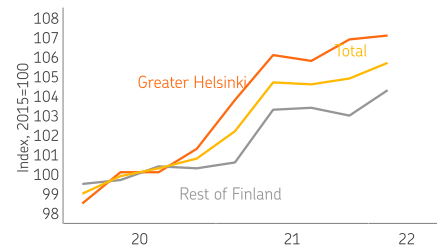
OP's private customers'
mortgages are protected by
interest rate cap

Finnish economy compared to the Euro area

Change in house prices and net income

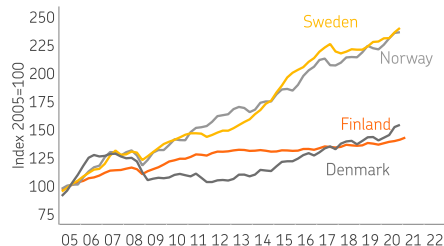


Real estate prices, old dwellings

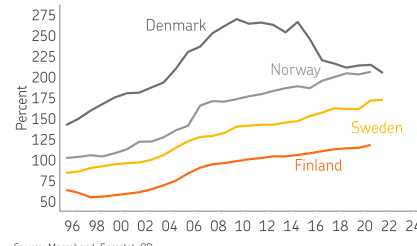


Business environment

House prices

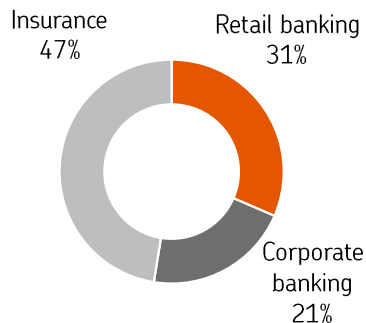


Gross Debt-to-Income Ratio



OP Financial Group

OP Financial Group in brief



€459 mn

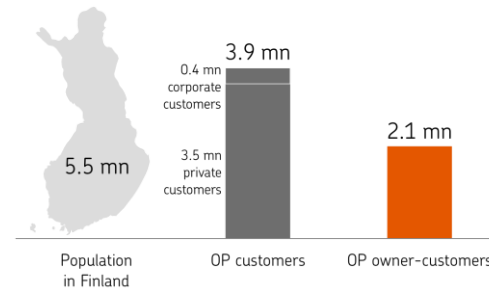
Group EBT in
H1/22

17.6%

CET1 ratio

€168 bn

Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	32%	21%

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

Group Structure

2.1 million owner-customers

117 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
- Helsinki Area Cooperative Bank

Corporate Banking

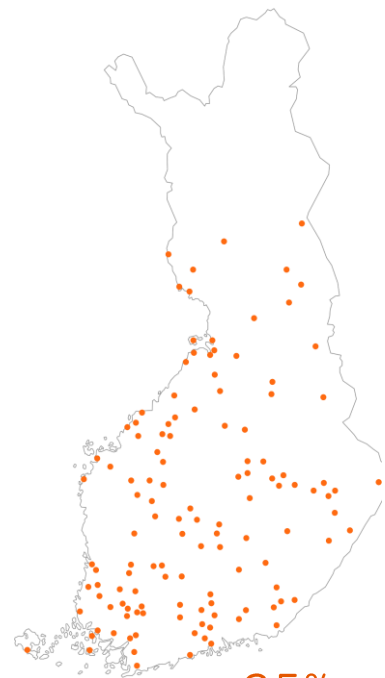
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

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

Insurance

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

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd



-35%
cooperative banks
since 2014

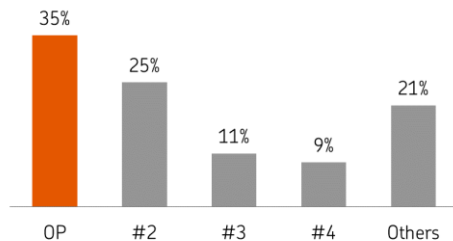
Major subsidiaries

*Issuing entity

© OP Financial Group / OP-Public

OP is the leading financial group in Finland

Loans



OP's market share in

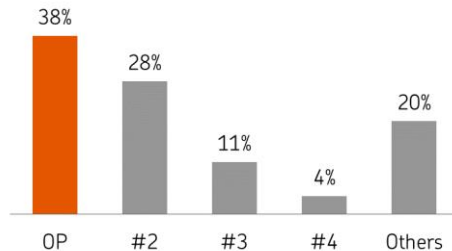
39%

Mortgages

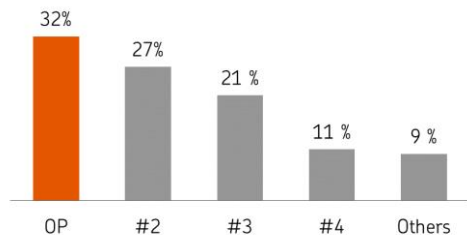
39%

Corporate loans

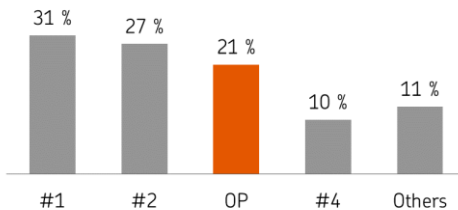
Deposits



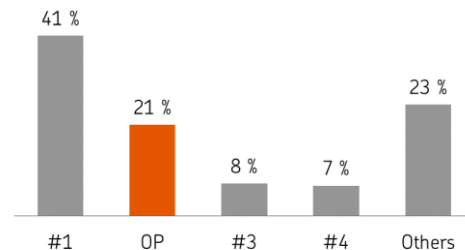
Non-life insurance



Life insurance



Mutual funds



OP's strategic priorities and long-term targets



”

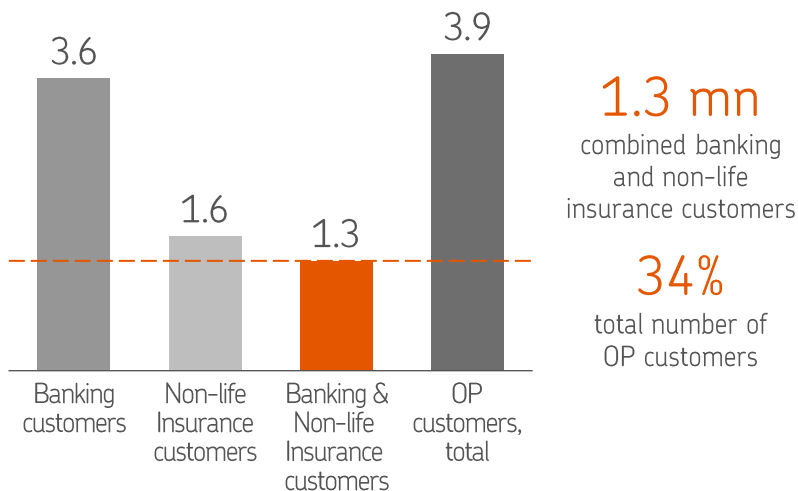
We aspire to be the leading and most appealing financial services group in Finland.

OP Financial Group's strategic long-term targets

	30 Jun 2022	Target 2025
Return on equity (ROE) excluding OP bonuses, %	6.6	8.0
CET1 ratio, %	17.6	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 28 Insurance: 17	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

Attractive loyalty benefits support cross-selling

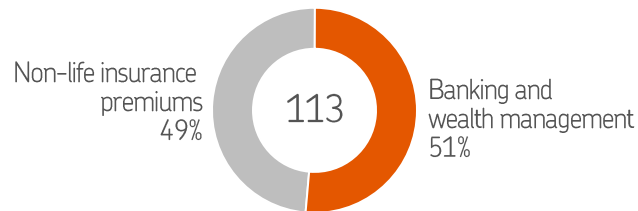
Number of customers, mn



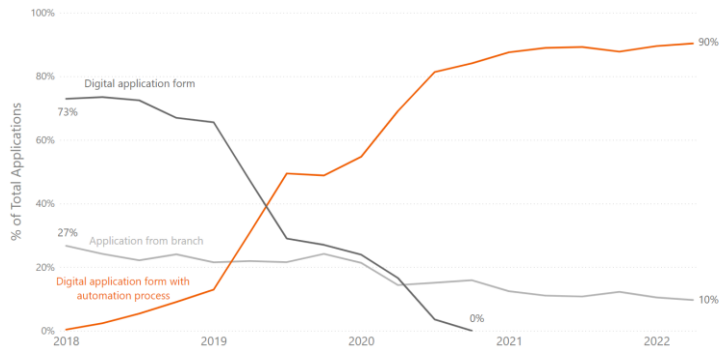
Owner-customer benefits



OP bonus usage during H1/22, € mn



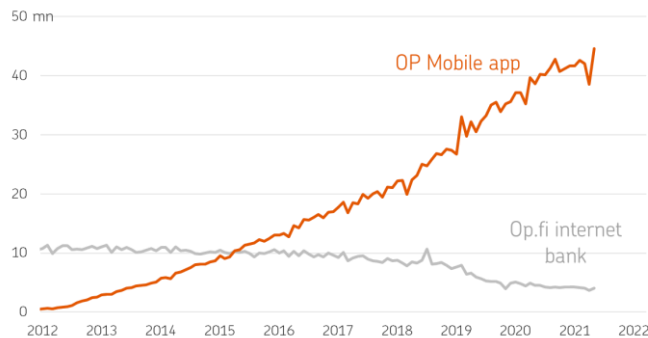
Digital customer experience



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

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

Logins by month



Key functionality areas:

Daily banking

Transactions and money transfers

Account management, financial balance tools and salary data

Multi-Bank service

Card management and Apple Pay

Loans & homes

Loan and mortgage applications

Information on existing loans and upcoming instalments

Security for loans with interest rate cap and payment protection insurance

Savings & investments

Tools for trading shares and mutual funds

Watchlist, notifications for exchange rate alarms

OP Investment Partner

Insurance



Buy and manage

View existing claims

Report a loss and get help in case of an emergency

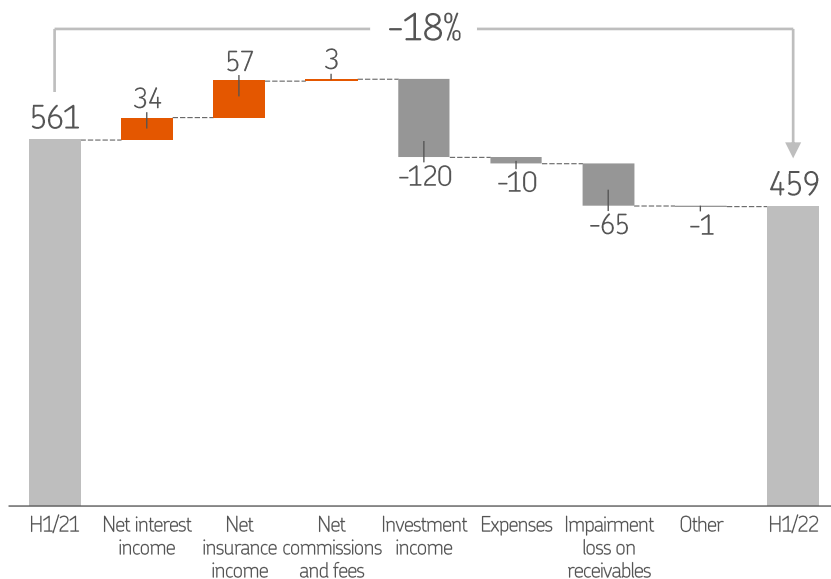
Financial Performance

Key financial figures of the first half of 2022

Group EBT	Total income	Total expenses	Total loans	Total deposits	Assets under management
€459 mn -18%	€1,505 mn -15%	€1,001 mn +1%	€98 bn +1%	€76 bn -0%	€98 bn -12%
Retail banking EBT €136 mn (-2%)	Net interest income €675 mn (+5%)	Personnel costs €451 mn (-2%)	Home loans €42 bn (+2%)	 In responsible investment funds €8.8 bn (2021)	
Corporate banking EBT €91 mn (-67%)	Net insurance income €383 mn (+17%)	Development cost impact €104 mn (+16%)	Corporate loans €23 bn (+2%)		
Insurance EBT €205 mn (-7%)	Net commissions and fees €515 mn (+0%)	 Issued sustainability-linked loans, green loans and credit limits €3 bn (2021)			
Other operations EBT €-24 mn	Investment income €44 mn (-73%)			” OP Financial Group's EBT for 2022 is expected to be lower than in 2021.	

Financial performance

EBT year on year change, € million

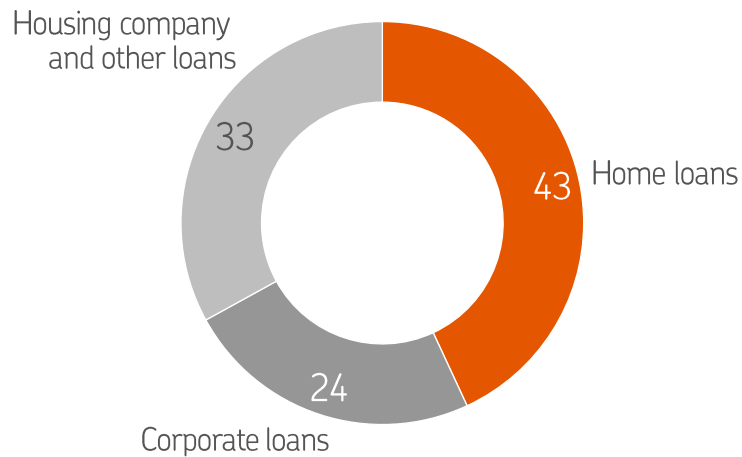


€ million	H1/22	H1/21	Change
Net interest income	675	641	5%
Net insurance income	383	326	17%
Net commissions and fees	515	512	0%
Net investment income	-113	255	-144%
Other operating income	46	43	7%
Total income	1,505	1,777	-15%
Personnel costs	451	460	-2%
Depreciation and impairment loss	110	128	-14%
Other operating expenses	440	403	9%
Total expenses	1,001	991	1%
Impairment loss on receivables	-100	-35	-
Overlay approach	157	-91	-
OP bonuses to owner-customers	-102	-98	4%
Earnings before tax	459	561	-18%

Loan Book Overview and Asset Quality

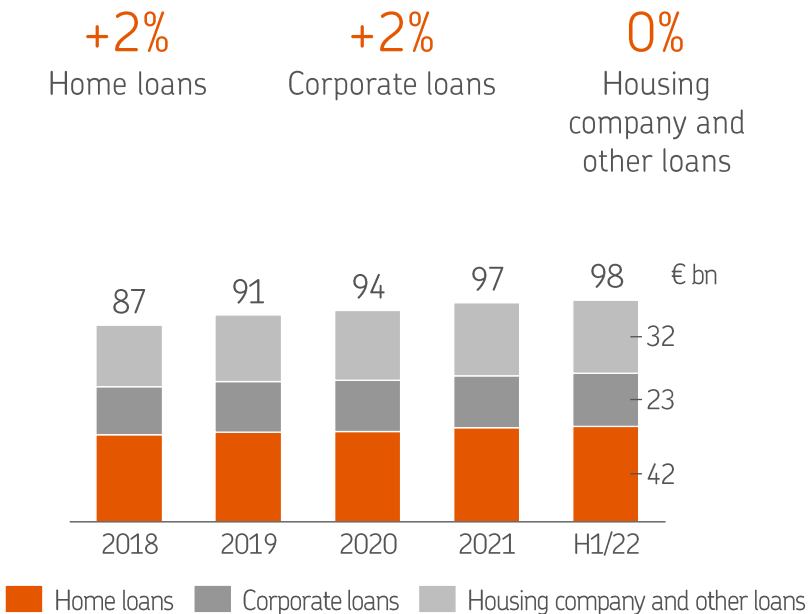
Loan portfolio well diversified

Loan portfolio breakdown, %

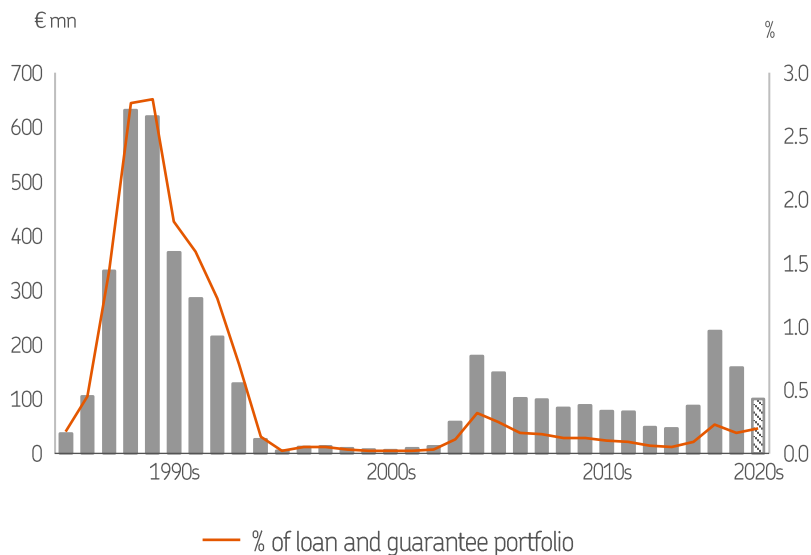


Other loans include loans for holiday homes, consumer loans, student loans, financial institutions, public sector, non-profit organisations and customers abroad

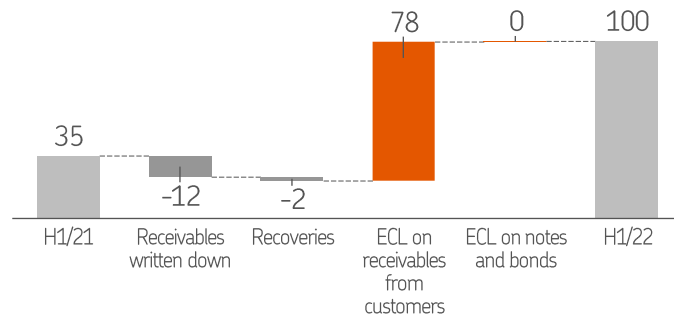
Loan portfolio growth by product group



Impairment loss on receivables



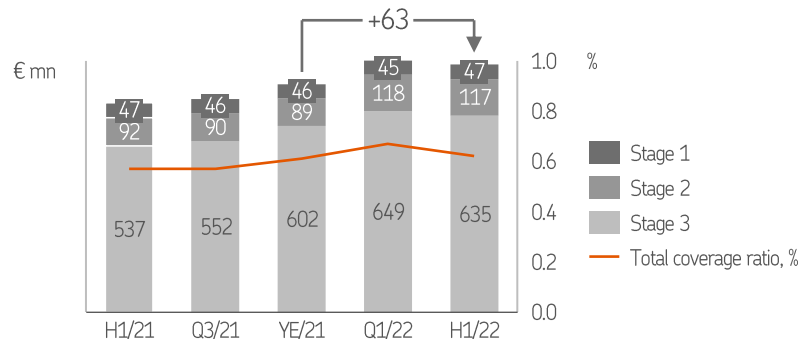
Breakdown of total impairment losses, € million



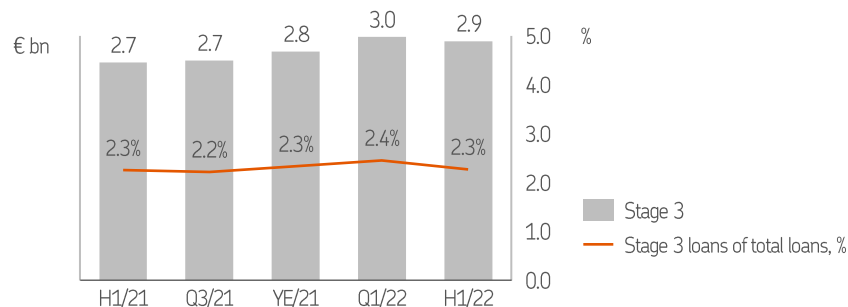
€ mn	H1/22	H1/21
Receivables written down	44	56
Recoveries of receivables written down	-7	-5
ECL on receivables from customers	63	-16
ECL on notes and bonds	0	0
Total impairment losses on receivables	100	35
% of loan and guarantee portfolio	0.20%	0.07%

Credit quality and ECL

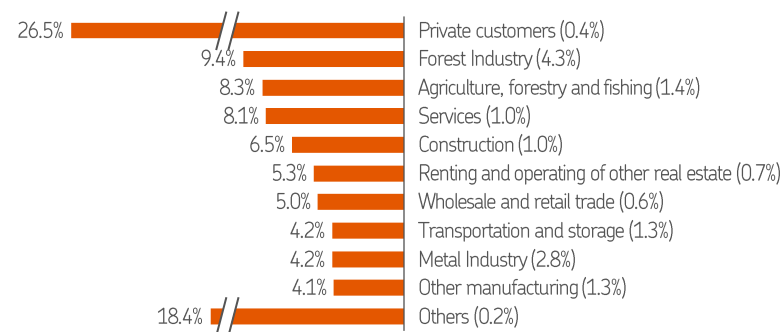
ECL allowance on receivables from customers by stage



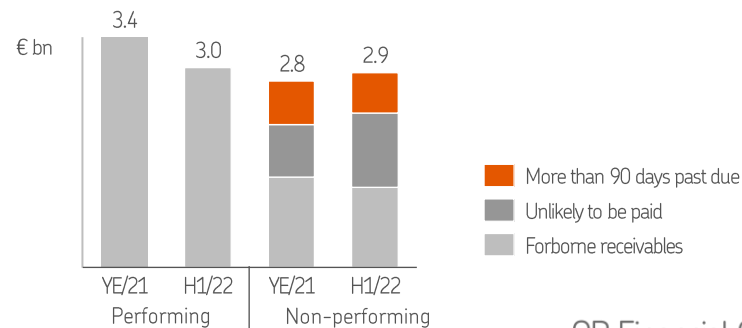
Stage 3 loans



ECL allowance by sector (% of gross exposure)



Doubtful receivables 5% of loan and guarantee portfolio

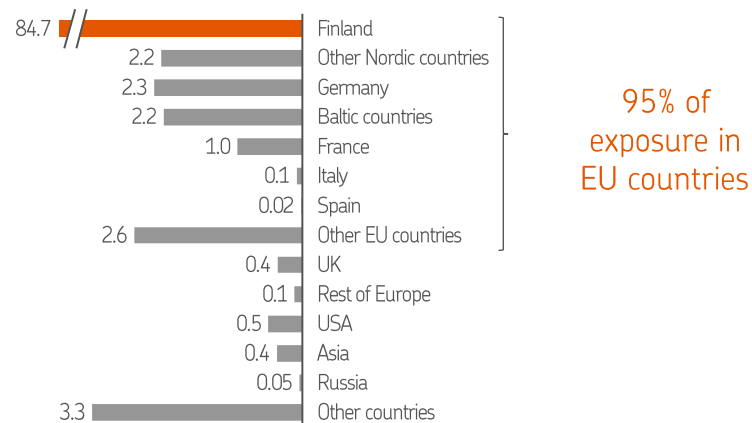


Lending characteristics

Loan portfolio breakdown, %



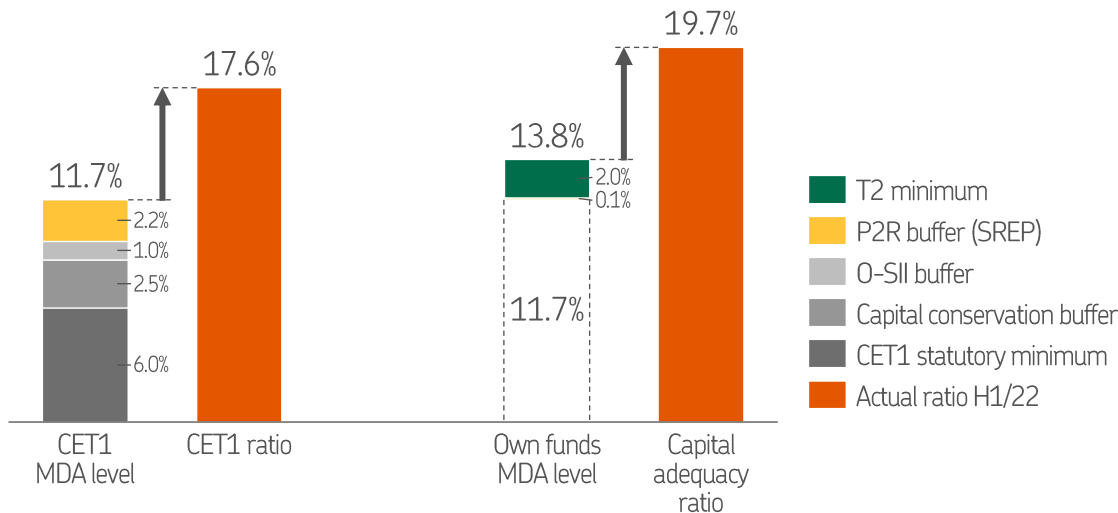
Exposure split by geographic region, %



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

Capital Position

Capital position well above requirement



17.6%

CET1 ratio with a buffer of 5.9 percentage points above requirement

15.7%

CET1 target: MDA level + 400 bps management buffer

7.8%

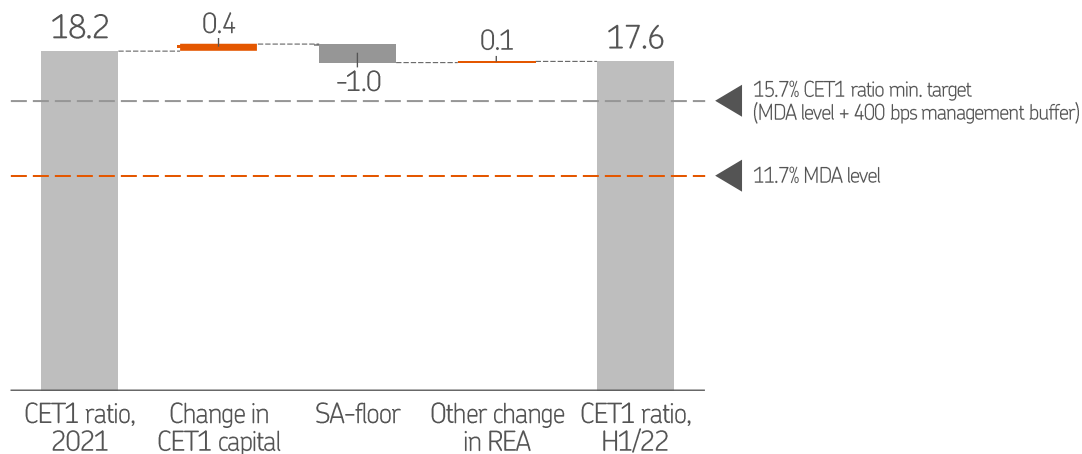
Leverage ratio and regulatory minimum requirement of 3%

The statutory minimum for the CET1 ratio is 6.0% and for the capital adequacy ratio 8%.

CET1 ratio including buffers is 11.7% and the minimum capital adequacy ratio is 13.8%. The buffers include O-SII buffer of 1% (1.5% as of 1.1.2023) and the ECB's P2R requirement of 2.25% in addition to regulatory minimums and capital conservation buffer of 2.5%.

Strong capital position

CET1 ratio development, %



€12.2 bn

CET1 capital (€12.0 bn)

€3.2 bn

Profit Shares in CET1 capital (€3.1 bn)

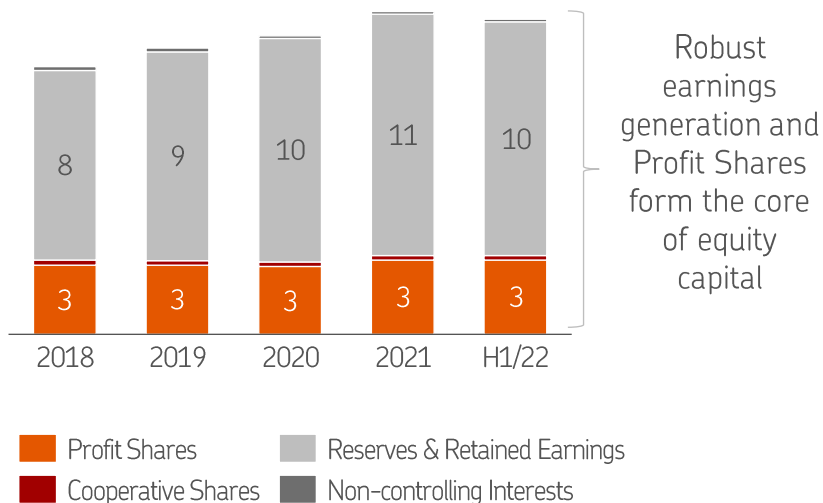
€69.3 bn

REA (€65.7 bn)

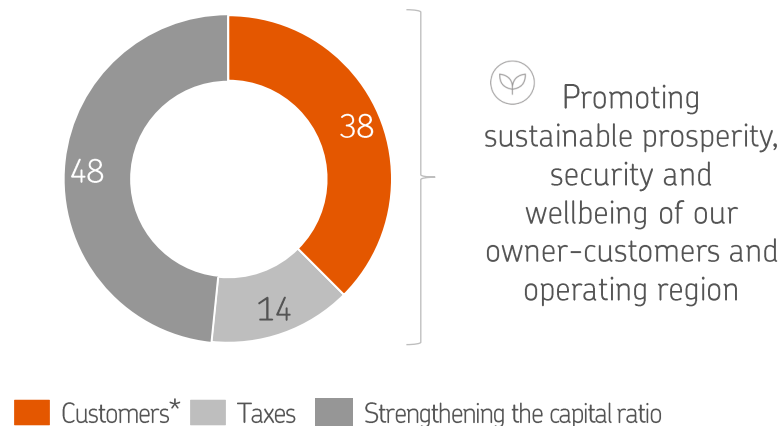
OP Financial Group adopted a risk-weighted assets (RWA) floor, based on the Standardised Approach, in the second quarter. This decreased the CET1 ratio by 1.0 percentage point.

Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %

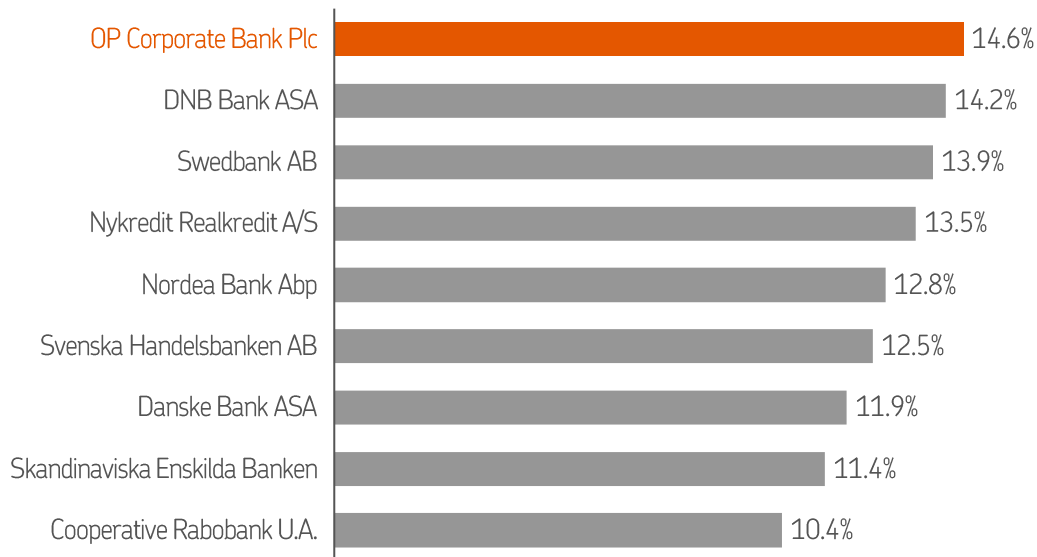


* customer bonuses, discounts and interest on Profit Shares of owner-customers

” OP is the most value-adding company in Finland.
(ETLA, 2020)

S&P RAC ratio comparison

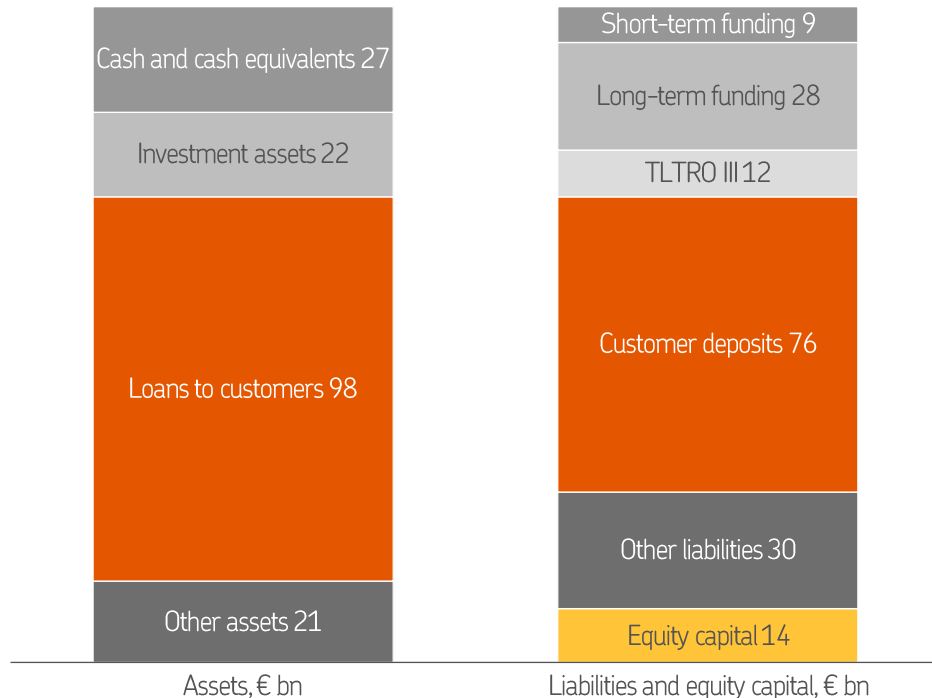
Northern European banks' S&P RAC ratios, before diversification (YE2020)



In comparison to large Nordic banks, OP has the strongest RAC ratio

Liquidity and Funding

Balance sheet totaled at €168 bn



Loans to customers **59%**
 Customer deposits **45%**
 Market-based funding **22%**

} of balance sheet

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

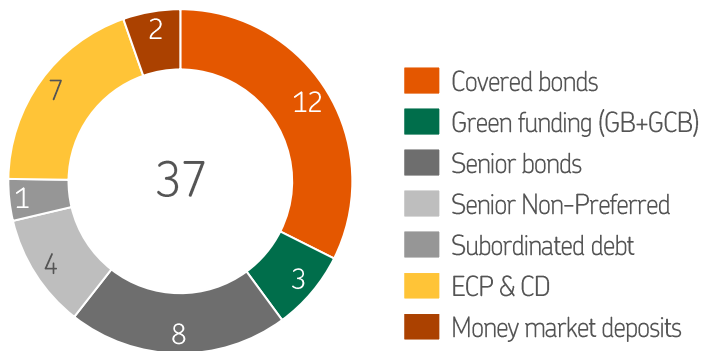
Asset encumbrance **22%** at YE2021.

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.

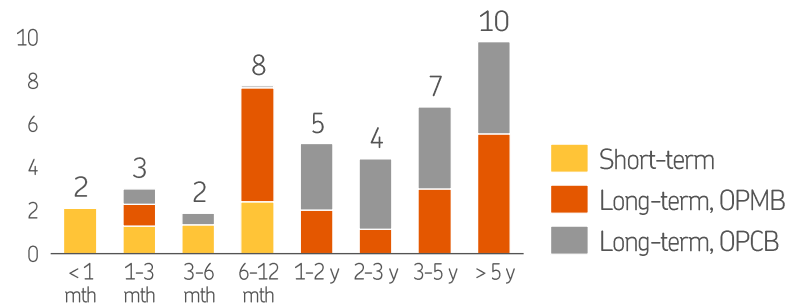
Well-balanced funding position

Long and short-term funding, € bn

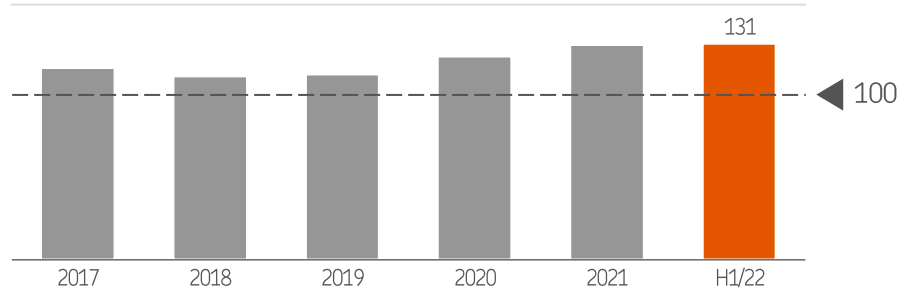


- In April, OP Mortgage Bank issued a Green Covered Bond of €1 bn
- In June, OP Corporate Bank issued a Senior Preferred of £350 mn

Maturity profile, € bn

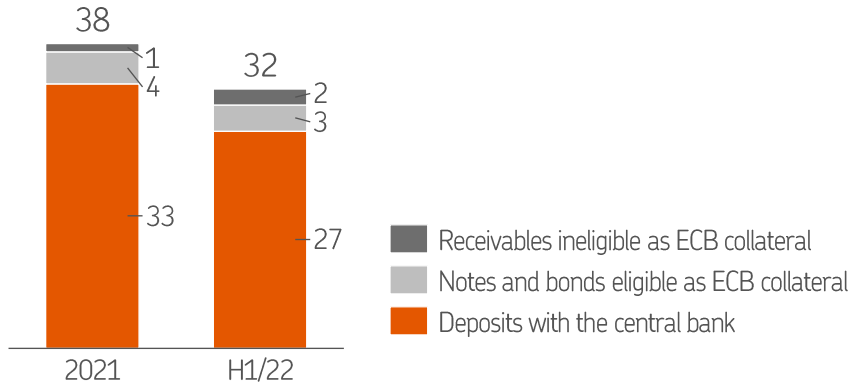


Net Stable Funding Ratio (NSFR), %



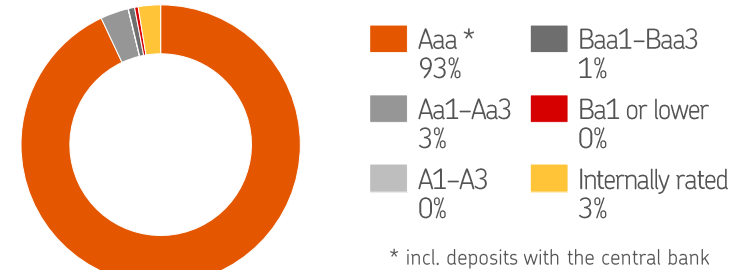
Strong liquidity position

Liquidity buffer breakdown, € bn

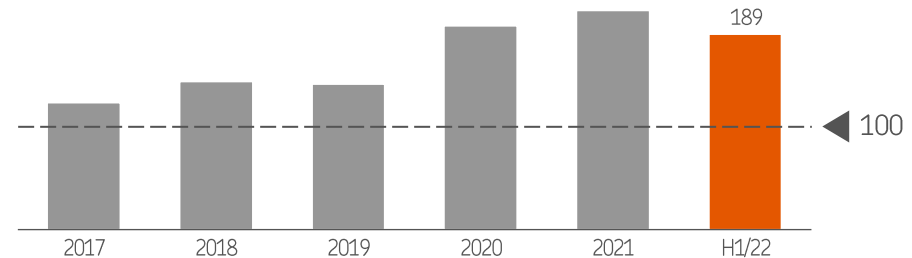


The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

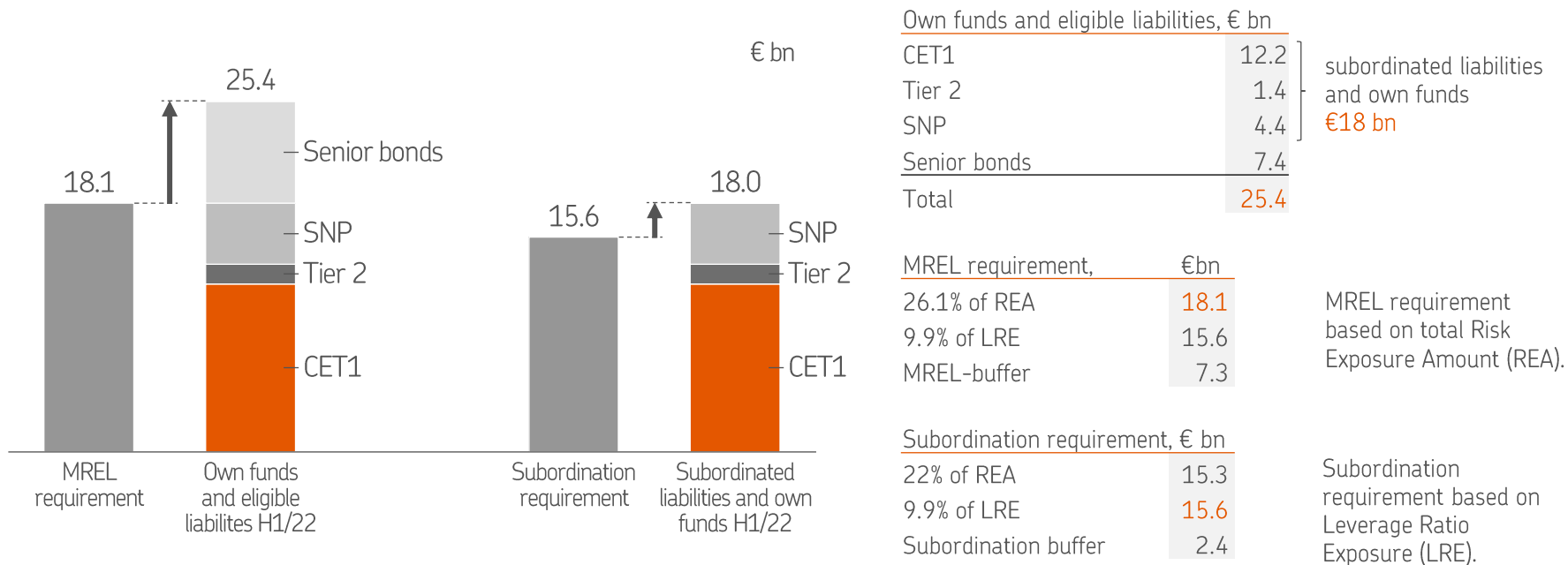
Liquidity buffer by credit rating, %



Liquidity Coverage Ratio (LCR), %



MREL and subordination requirements



Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Corporate Bank	2022	June	Senior Preferred	£350 mn	3.5 yrs
OP Mortgage Bank	2022	April	Green Covered Bond	€1 bn	5.5 yrs
OP Corporate Bank	2022	January	Green Senior Non-Preferred	€500 mn	5.5 yrs
OP Corporate Bank	2021	October	Senior Non-Preferred	£400 mn	5 yrs
OP Corporate Bank	2021	September	Senior Non-Preferred	€500 mn	7.25 yrs
OP Corporate Bank	2021	June	Senior Non-Preferred	€500 mn	7 yrs
OP Mortgage Bank	2021	March	Green Covered Bond	€750 mn	10 yrs
OP Corporate Bank	2021	March	Senior Non-Preferred	€500 mn €300 mn	5 yrs 10 yrs
OP Mortgage Bank	2020	November	Covered Bond	€1.25 bn	10 yrs
OP Corporate Bank	2020	November	Senior Preferred	€1 bn	7 yrs
OP Corporate Bank	2020	June-July	Senior Preferred	€1 bn	4 yrs
OP Corporate Bank	2020	June	Tier 2	€1 bn	10 yrs (10 non-call 5)
OP Corporate Bank	2020	June	Tier 2	SEK3.25 bn	10 yrs (10 non-call 5)

Funding based on strong credit ratings

	S&P	Moody's
Outlook	Stable	Stable
Covered bonds	AAA	Aaa
Senior Preferred	AA-	Aa3
Senior Non-Preferred	A	A3
Tier2	A-	Baa1
Short-term issuer rating	A-1+	P-1

OP as a Responsible Actor in the Finnish Society

OP's sustainability journey

Earlier steps

Most recent actions

- 2002 Sustainability- themed fund
OP-Sustainable Development
- 2003 CSR reporting began
- 2009 Signing of the UN Principles for Responsible Investment
- 2012 Code of Business Ethics
- 2015 Carbon footprints measured for mutual funds
- 2016 Exclusion of carbon investments
- 2017 CR programme:
Integration of SDG targets

Target: own operations carbon neutral by 2025

2018
Ethical principles of AI

Green Bond Framework



2019

The first Green Bond

New sustainable corporate financing products

Founding signatory of
UNEP FI Principles for Responsible Banking

2020
Green Covered Bond Framework



2021

Finland's first Green Covered Bond

2022
Renewed Green Bond Framework

OP's inaugural Green SNP



2022

OP Mortgage Bank Green Covered Bond

Climate targets aligned with the Paris Agreement

OP aims for
carbon neutrality



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

Halving the
emission intensity of funds



OP Asset Management will halve the greenhouse gas emission intensity of OP's mutual funds by 2030 compared to the 2019 level.

By the end of 2030, direct and active investments exclude business related to coal mining or coal power generation.

Carbon neutral funds &
corporate loan portfolios



OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios by 2050.

OP Asset Management & OP Fund Management Company have made the same commitment regarding the funds they manage together.

OP Asset Management & OP Real Estate Asset Management have signed the Net Zero Asset Managers Commitment.

OP Corporate Bank's ESG actions

ESG integration into lending processes

ESG themes integrated into lending and OP Corporate Bank will assess how corporate customers have prepared for risks caused by the ESG factors in all significant loan decisions.

Supporting customers through the change

Ensuring that corporate customers are prepared for the impact of climate change and supporting them on their way towards low-carbon operations. Providing green loans for projects that are environmentally useful.

Creating a road map

A road map for reducing emissions **significantly before 2050**.

Exclusion of financing coal

OP Corporate Bank **will not provide** finance for new coal power plants or coal mines, including companies that plan to build them.

by
2050

OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios



OP Financial Group is among the first banks in Europe to have published a sector-specific emission calculation of its portfolio of exposures.

OP is highly committed to Corporate Responsibility



PRINCIPLES FOR
RESPONSIBLE
BANKING

UNEP FI, Principles for Responsible Banking & Collective Commitment to Climate Action

Following the Paris Agreement, portfolios and lending procedures reflect low-carbon, climate-resilient economy



UN Global Compact initiative
10 principles on human rights, labour standards, environment and anti-corruption



Principles for Responsible Investment (PRI)

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



Equator Principles

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



CDP

















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

ESG participation & cooperation

- Finland's Sustainable Investment Forum (FINSIF)
- Global Compact Nordic Network
- International Capital Markets Association's (ICMA) Green and Social Bond Principles
- Partnership agreement with Climate Bonds Initiative (CBI)
- CR network of the Finnish Business & Society association (FIBS)
- OP Asset Management Ltd: official supporter of The Task Force on Climate-related Financial Disclosures (TCFD)
- Pohjola Insurance: UN Principles of Sustainable Insurance
- WWF's Green Office
- Partnership for Carbon Accounting Financials (PCAF)


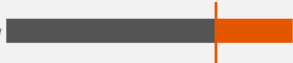



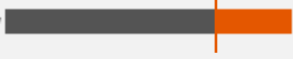



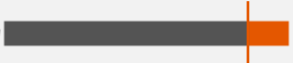


OP's Corporate Responsibility Programme

SDG	Target	Metric	2021	2020
  	We improve financial literacy in Finland			
	We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	over 39,000	52,000
	We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	over 8,400	4,500
  	We foster a sustainable economy			
 	We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits, million €	3,036	1,523
	We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds, billion €	8.8	4.9
	Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2), tonnes CO ₂ e	25,485*	17,922
  	We support local vitality and community spirit			
 	We are our sector's leading promoter of physical activities in Finland through our partnerships with sports clubs and federations.	Number of people in Finland reached through sports clubs	304,000	289,000
	We increase the diversity of our personnel and take account of equality issues in everything we do.	Percentage of women in executive positions at least 40%	30%	28%
 	We use our information capital responsibly			
	Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	91%	100%

ESG Ratings

OP is among the top performers in the banking sector

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

Green Bonds

Green bonds support OP's mission and values

”

Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region.

OP's values



People First



Responsibility



Succeeding
Together

Responsible business

- 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

Promoting the green transition

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

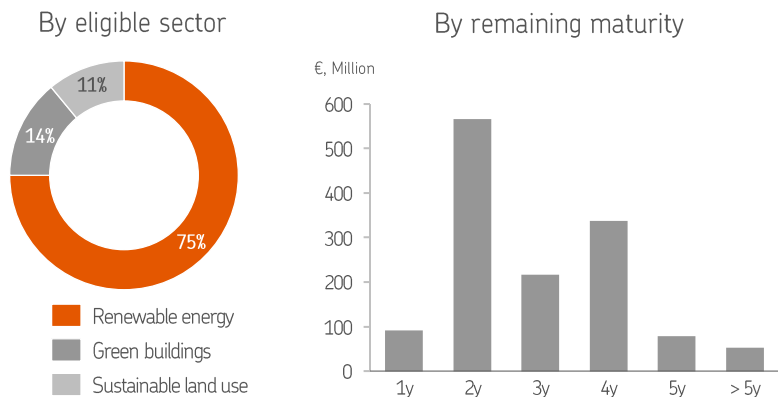
OPCB's Renewed Green Bond Framework 2022

Use of proceeds	Project evaluation and selection	Management of proceeds	Reporting	External review and verification
<ol style="list-style-type: none"> 1. Renewable Energy 2. Transmission of Energy 3. Energy Efficiency 4. Green Buildings 5. Pollution Prevention and Control 6. Environmentally Sustainable Management of Living Natural Resources and Land Use 7. Clean Transportation 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Green Bond Register is monitored on a monthly basis • Quarterly internal reporting to Green Bond Committee 	<ul style="list-style-type: none"> • Annual Green Bond Report published on OP's website 	<ul style="list-style-type: none"> • Sustainalytics' Second Party Opinion • Limited assurance report by an external auditor



OP Corporate Bank's Green Bond Report

Assets included in the green bond register, YE2021



- Eligible assets worth €1,342.4 million & reserve of unallocated green assets €842.4 million.

OP Green bond impacts, YE2021



Renewable Energy

- 391,400 tCO₂e avoided
- 1,302.5 GWh of energy generated
- 320.1 MW of energy capacity installed



Green Buildings

- 17,892 m² of green certified building area and 6,645 m² currently under construction
- 2,069 tCO₂e avoided due to reduced energy consumption



Sustainable Land Use

- 34,722 ha of certified forests
- 36,807 tCO₂e in carbon sinks

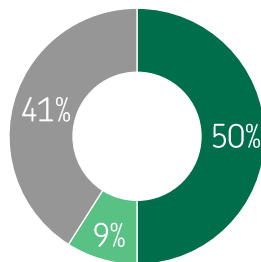
More information at: [OP Corporate Bank's Green Bond Report](#)

OP's green issuances

OP Corporate Bank plc

Green SNP 2022, €500 mn

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



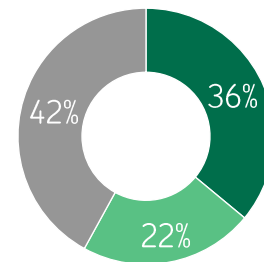
Green Bond 2019, €500 mn

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

OP Mortgage Bank

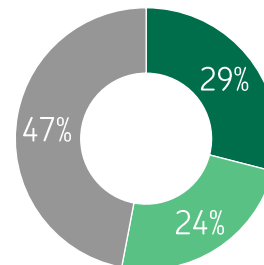
Green Covered Bond 2022, €1 bn

- Over-subscribed by more than twice
- > 50 investor accounts involved



Green Covered Bond 2021, €750 mn

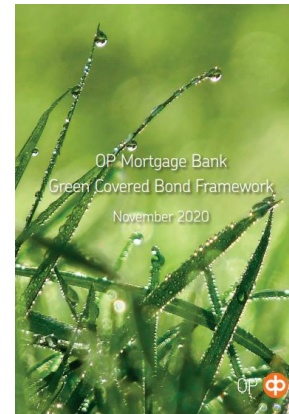
- Over-subscribed by more than twice
- > 50 investor accounts involved



Dark green
 Light green
 Conventional

OPMB's Green Covered Bond Framework 2020

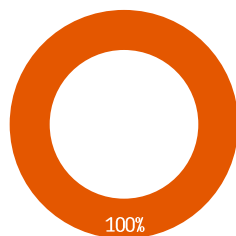
Use of proceeds	Project evaluation and selection	Management of proceeds	Reporting	External review and verification
<ul style="list-style-type: none"> • Eligible sector: Green buildings • Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Cover pool is reviewed as a part of the pooling process on a regular basis • Quarterly internal reporting to Green Bond Committee 	<ul style="list-style-type: none"> • Annual Green Covered Bond Report published on OP's website 	<ul style="list-style-type: none"> • Sustainalytics' Second Party Opinion • Limited assurance report by an external auditor



OP Mortgage Bank's Green Covered Bond Report

Assets included in the Green Covered Bond, YE2021

By eligible sector



Green buildings

Average time from origination	3.8 years
Average time until maturity	18.0 years

- Eligible assets worth €2,566.7 million of which €750 million allocated to the Green Covered Bond

OPMB Green Covered Bond impacts, YE2021



Green Buildings (in the cover pool)

- 22,435 mortgages
- 2.4 million m² of green buildings tagged as green
- 90,000 MWh avoided energy use
- 14,000 tCO₂e avoided emissions



Green Buildings (allocated to €750 million bond)

- 26,000 MWh avoided energy use
- 4,100 tCO₂e avoided emissions

More information at: [OP Mortgage Bank's Green Covered Bond Report](#)

OP Mortgage Bank Cover Asset Pool Characteristics

OP Mortgage Bank (OPMB)

- 100% owned subsidiary of OP Cooperative
- Covered bond issuing entity of OP Financial Group
- Special-purpose bank and a funding vehicle for the OP member cooperative banks
- EMTCN programme of €20 bn qualifies for the ECBC Covered Bond Label

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

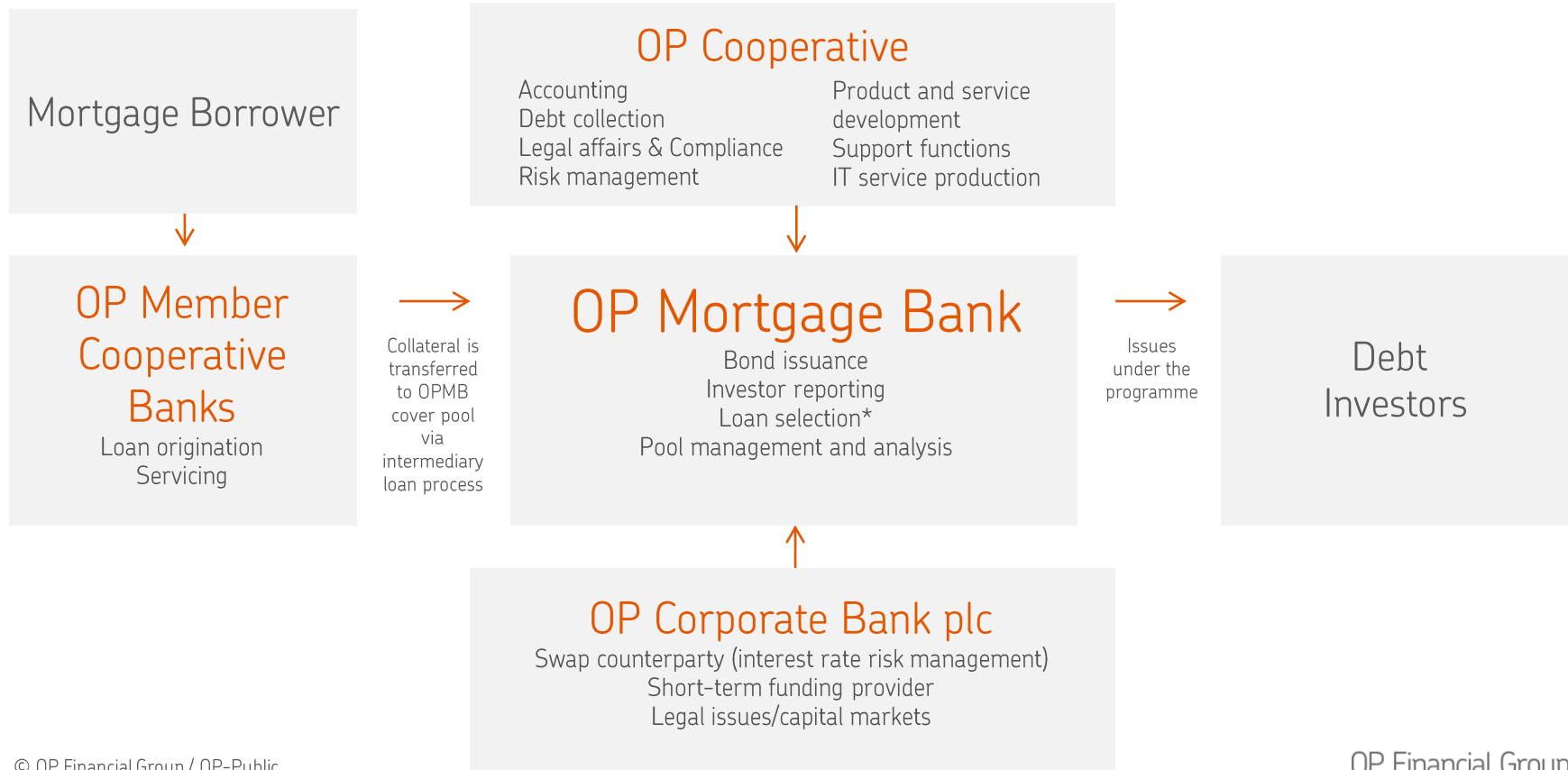
Harmonised transparency template



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

<https://www.coveredbondlabel.com/issuer/6/>

Operating model and roles



Overview of OPMB cover asset pool

<p>€16.5 bn</p> <p>Current balance</p>	<p>€15 bn</p> <p>Total amount of covered bonds, out of which €1.75 bn is green</p>	<p>€58,000</p> <p>Average loan size</p>
<p>>98%</p> <p>Tied to floating interest rate</p>	<p>51%</p> <p>Weighted Average indexed LTV</p>	<p>10%</p> <p>Over-collateralisation</p>

Geographical loan distribution

1	Southern Finland Helsinki	46% 18%*
2	Western Finland Tampere Turku Jyväskylä	35% 7% 5% 4%
3	Eastern Finland	8%
4	Oulu region Oulu	9% 5%
5	Lapland	2%

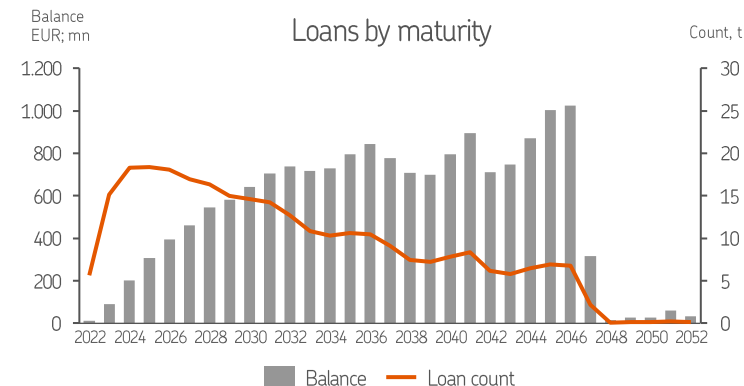
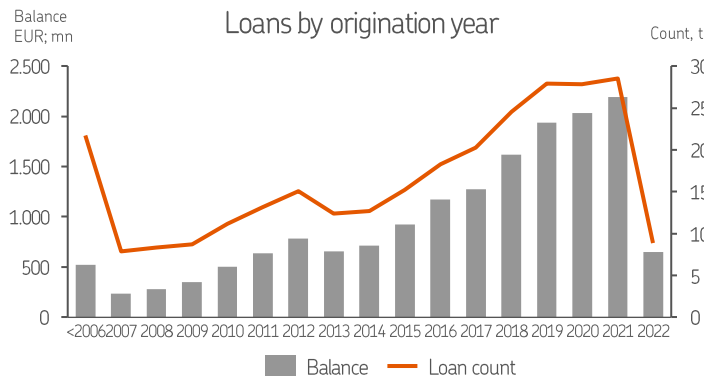
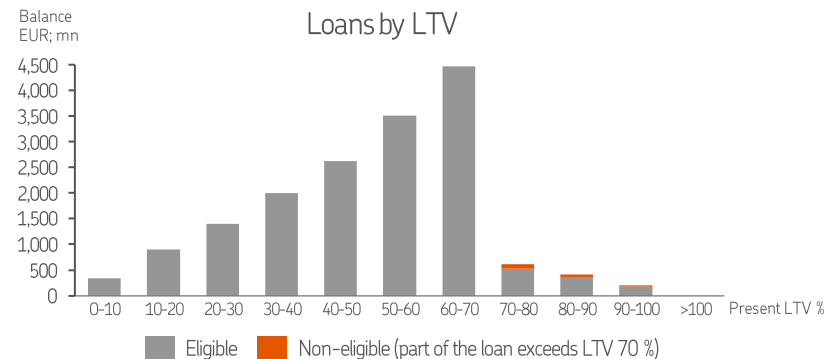


*City-specific figures are percentages of the whole of Finland

OPMB cover asset pool

🌱 €2.5 bn

Eligible green mortgages
in the cover pool
in December 2021



Intermediary loan process

- Finnish Act on Mortgage Credit Bank Operations (688/2010) enables granting intermediary loans
 - The member cooperative banks are granted the opportunity to indirectly participate in the covered bond issuance process
- The intermediary loan contract is made between the member cooperative bank and OPMB
 - Intermediary loans are the way for the member cooperative banks to utilize OPMB
 - The amount of loan, interest margin/fixed interest rate and maturity of the loan are indicative during the contracting phase of the intermediary loan
 - The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans, and accepts that OPMB marks the mortgage loans as collateral in the cover pool
 - OPMB monitors the adequacy of the loans daily
- Once the mortgage loans are registered in the OPMB Covered Bond Register via intermediary loan process and they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires

Covered bonds under Finnish legislation

The new Act came into force 8 July, 2022

Act on Mortgage Credit Bank Operations (688/2010)

- The Act will remain applicable to bonds that have been issued before 8th of July 2022
- All covered bonds that are issued in accordance with the Act will qualify as “EEA Grandfathered – CRR compliant”
- Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB
- Enables granting intermediary loans
- Segregation of assets in Covered Register
- LTV restrictions on eligible assets (70% LTV on residential mortgages)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pools and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Assets that must be booked as non-performing (over 90 days in arrears), according to the FIN-FSA regulations, shall not be included in the Cover Pool
 - At OPMB, non-performing loans were €56 mn as at Q2/2022 (€62 mn at YE2021).

Act on Mortgage Credit Banks and Covered Bonds (151/2022)

- The new Act on Mortgage Credit Banks and Covered Bonds came into force on 8th of July 2022 and repealed the old Act on Mortgage Credit Banks
- The FIN-FSA has granted OPMB a license to issue covered bonds under the new Act. Issuers must report, among other things, the position of the cover pool to the FIN-FSA quarterly or at the request of the FIN-FSA
- Enables granting intermediary loans
- All future issuances of OPMB will be done under the new Act and under the updated programme of OPMB
- All covered bonds that are issued in accordance with the new Act will qualify as “European Covered Bond (Premium)”
- OPMB will have separate cover pools for bonds issued under the old and the new Acts

Appendix

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, Helsinki Area Cooperative Bank, 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.

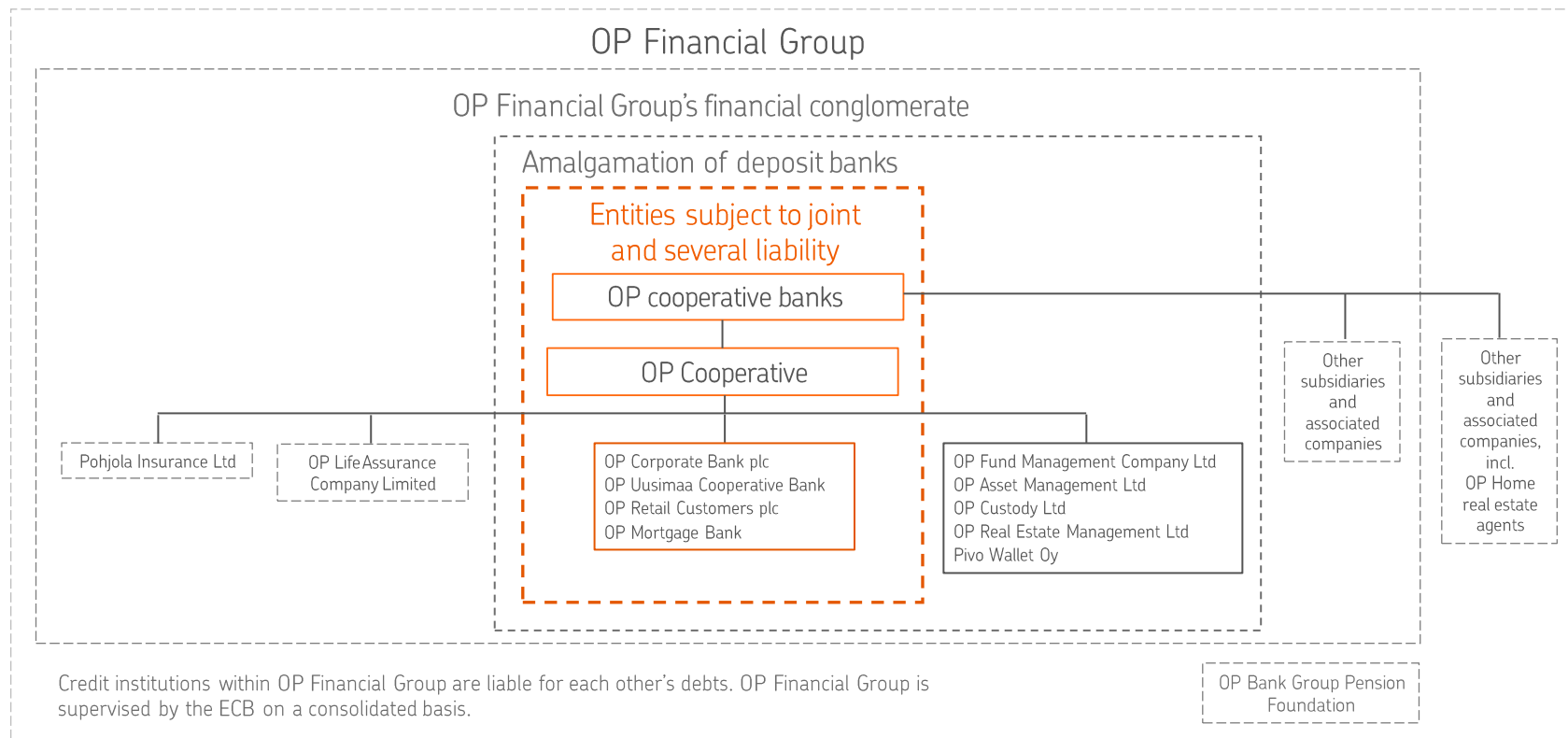
If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from OP Cooperative.

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.

OP Financial Group's amalgamation structure



Contacts

Contacts and financial calendar

Investor Relations & Funding



Head of Investor Relations
CEO of OP Mortgage Bank
Sanna Eriksson



Head of Long-term Funding
Tom Alanen



Senior IR Officer
Rating Agency Relations
Eerikki Holst



IR ESG Officer
Investor Relations
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IR ESG Specialist
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Investor Relations
Una Meriläinen



Financial calendar 2022

Interim Report for Q3/2022

26 October 2022

For more information

www.op.fi/debtinvestors

[OP Financial Group's reports](#)

[CFO's Results Interview](#)