



OP Debt Investor Presentation 2021

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

www.op.fi/debtinvestors

Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. All forward-looking statements in this presentation expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of OP Financial Group and its various functions. No assurance can be given that such expectations will prove to have been correct. Accordingly, results may differ materially from those set out in the forward-looking statements as a result of various factors. OP Financial Group has used sources of information which it considers to be reliable, and the accuracy and reliability of which it has sought to establish to the best of its ability, but it can nevertheless not guarantee their accuracy or reliability.

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

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OP Financial Group

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OP as a responsible actor in the Finnish society

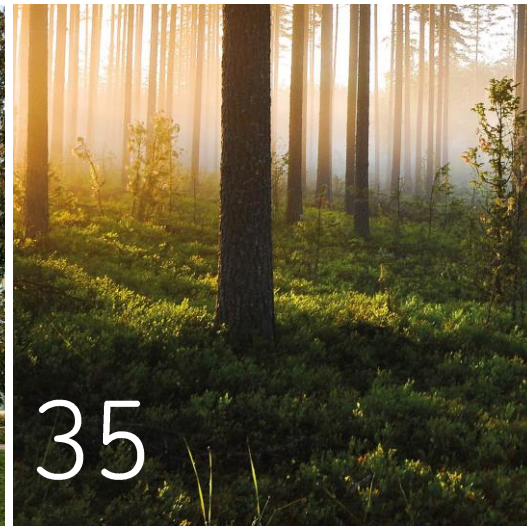
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This presentation is targeted for debt investors interested in OP Financial Group. The aim of this presentation is to provide insights into the Finnish economy as well as OP Financial Group's financial performance and corporate responsibility actions.

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

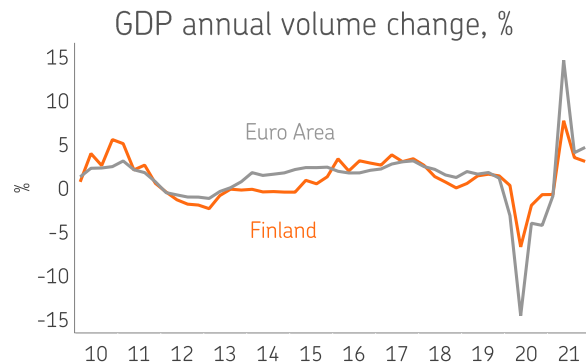
Outlook for the Finnish Economy

Forecasts for the Finnish economy

Published on 11 March, 2022

	2020	2021	2022f	2023f
GDP volume, annual growth %				
Finland	-2,3	3,3	2,0	1,0
Euro area	-6,5	5,2	3,2	2,0
Unemployment rate, %				
Finland	7,7	7,7	6,9	6,9
Euro area	7,9	8,0	7,5	7,5
Current account balance, % of GDP				
Finland	0,8	0,8	0,8	0,4
Euro area	2,1	2,4	2,3	2,4
General government net lending, % of GDP				
Finland	-5,5	-2,8	-1,8	-1,5
Euro area	-7,2	-7,1	-3,4	-2,5
General government debt, % of GDP				
Finland	69,5	67,5	66,5	66,5
Euro area	99,0	101,4	100,9	101,8
Inflation, %				
Finland	0,3	2,2	4,4	2,2
Euro area	0,3	2,6	5,5	2,3

Sources: Statistics Finland, Eurostat, OP



Source: Macrobond, OP

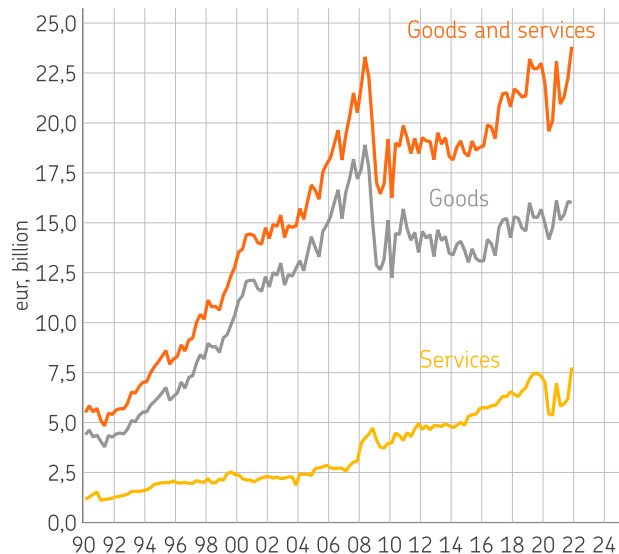


Source: Macrobond, Eurostat, StatFin, OP

Foreign trade structure rather stable

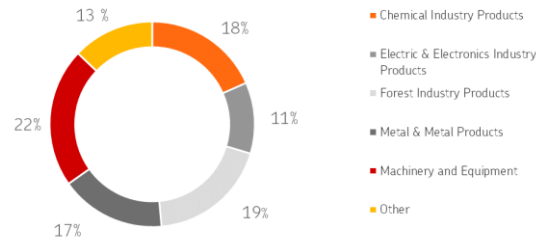
Finland is an exports-driven economy with around 40 % of GDP deriving from exports

Exports of goods and services, SA

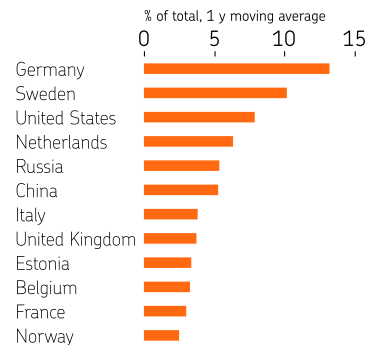


Source: Macrobond, OP

Exports by commodity group

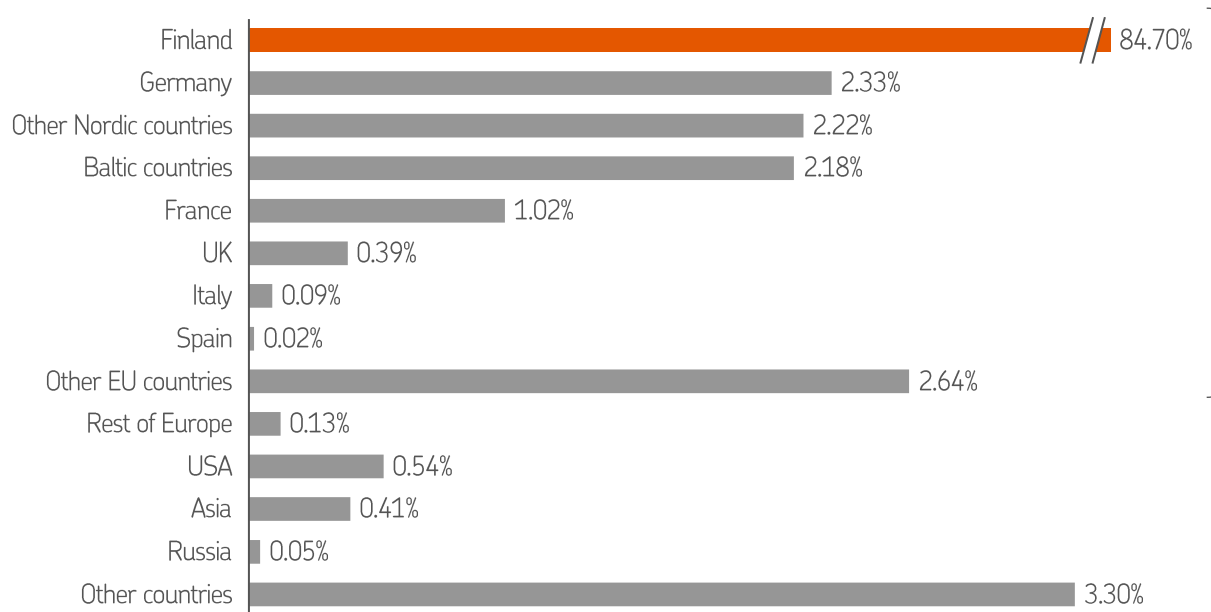


Goods exports by country



Source: Macrobond, OP

OP's exposure split by geographic region



” 96% of exposure in EU countries

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

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) restored to pre-pandemic level of 85% (90%) and for first-home-buyers 90% (95%)

OP's
market share
39%
in mortgages

OP's stress-test of

6%

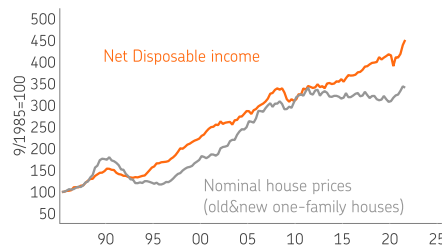
interest rate in
25 years' maturity

30%

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

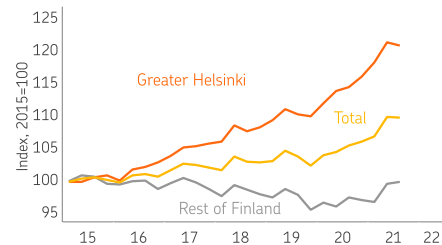
Finland

Change in house prices and net income



Source: Macrobond, StatFin, OP

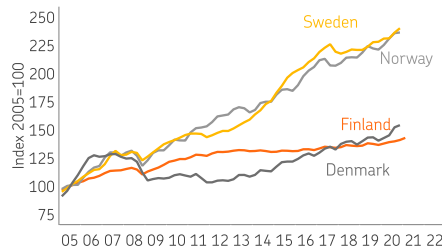
Real estate prices, old dwellings



Source: Macrobond, StatFin, OP

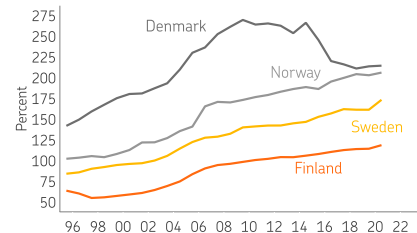
Nordic countries

House prices



Source: Macrobond, Eurostat, OP

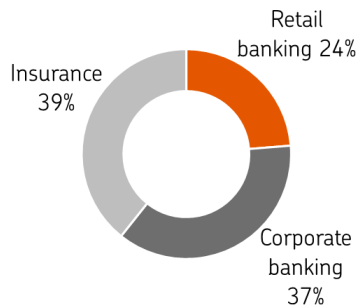
Gross Debt-to-Income Ratio



Source: Macrobond, Eurostat, OP

OP Financial Group

Co-operative OP Financial Group



€1,127 mn

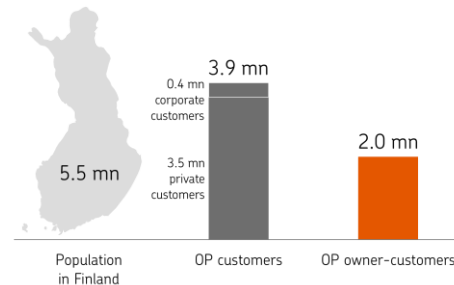
Group EBT in
2021

18.2%

CET1 ratio

€174 bn

Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	33%	22%

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 million owner-customers

121 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

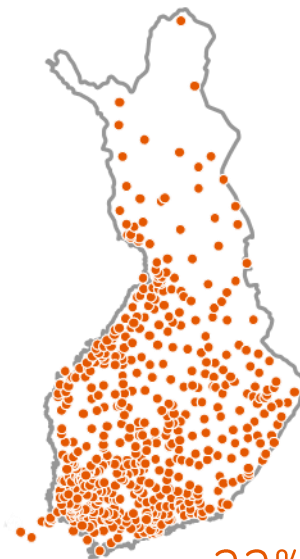
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

- 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, OP Life Assurance Company and Pohjola Hospital.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd
- Pohjola Hospital Ltd**



-33%
number of
cooperative banks
since 2014

Major subsidiaries

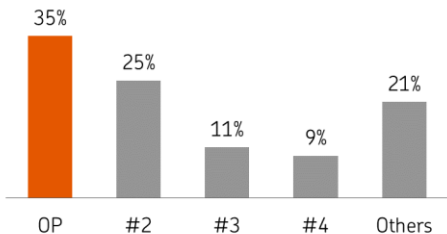
*Issuing entity

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**was sold on 1 February 2022

OP is the leading financial group in Finland

Loans



OP's market share in

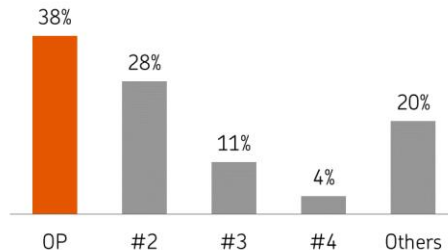
39%

Mortgages

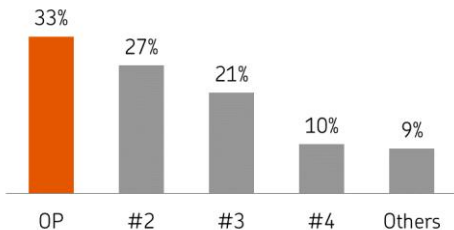
39%

Corporate loans

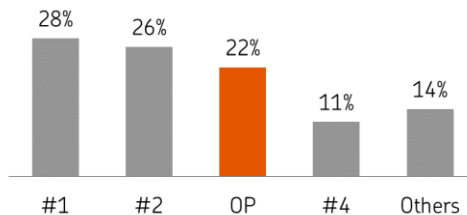
Deposits



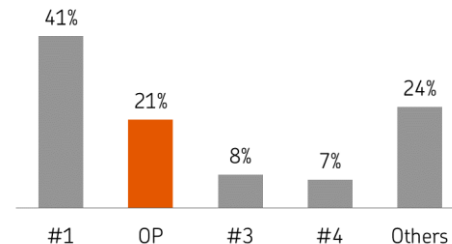
Non-life insurance



Life insurance



Mutual funds



OP's strategic priorities and long-term targets



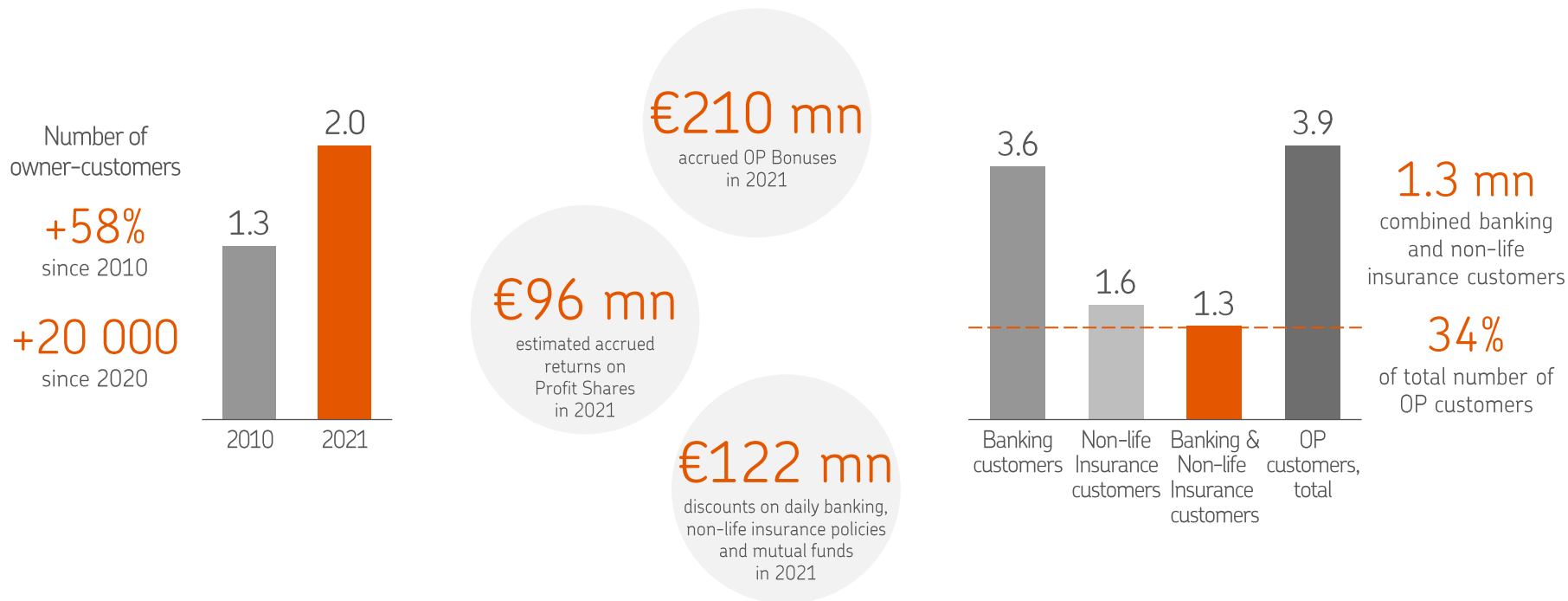
”

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

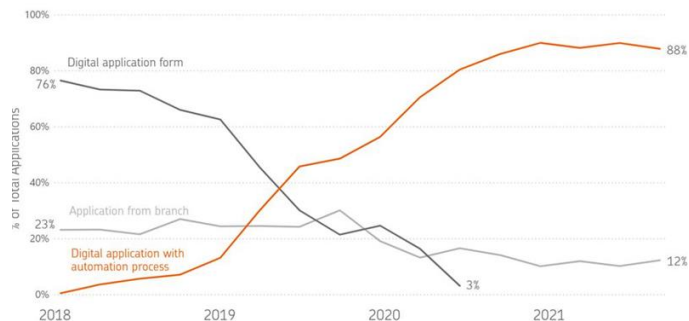
OP Financial Group's strategic long-term targets

	31.12.2021	Target 2025
Return on equity (ROE) excluding OP bonuses, %	7.8	8.0
CET1 ratio, %	18.2	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 27 Insurance: 16	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

Attractive loyalty benefits support cross-selling



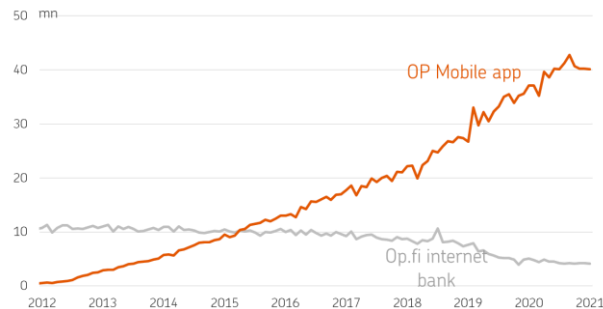
Digital customer experience



10 years
since OP Mobile was first released

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

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



Key functionality areas:



Daily banking

Transactions and money transfers

Account management, financial
balance tools and salary data

Multi-Bank service

Card management and Apple Pay

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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 2021

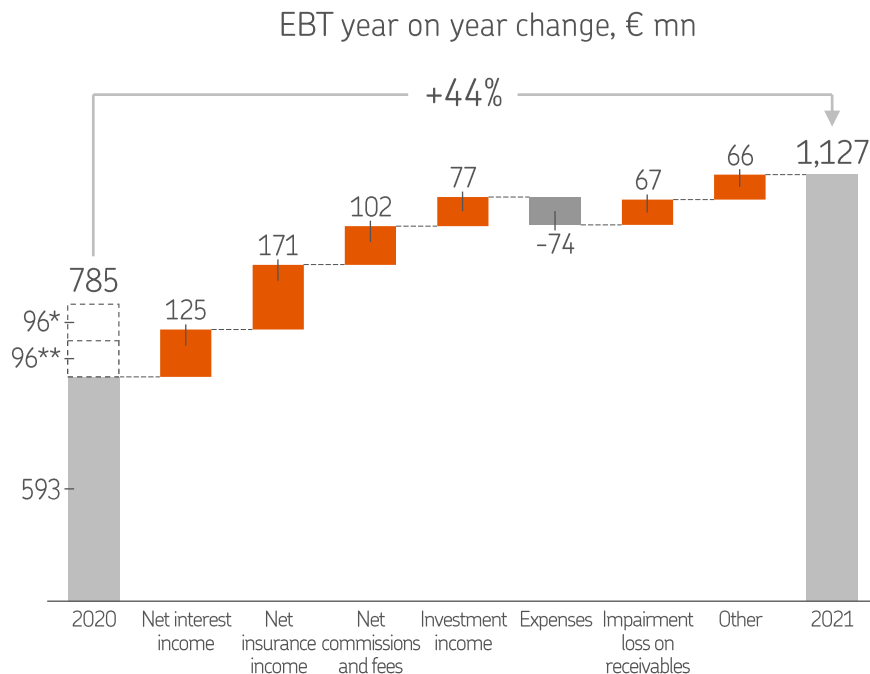
Group EBT	Total income	Total expenses	Total loans	Total deposits	Assets under management
€1,127 mn +44%	€3,616 mn +17%	€2,007 mn +9%	€97 bn +4%	€76 bn +7%	€112 bn +26%
Retail banking EBT €304 mn (+165%)	NII €1,409 mn (+10%)	Personnel costs €914 mn (+28%)	Home loans €42 bn (+4%)	 In responsible investment funds €8.8 bn	
Corporate banking EBT €474 mn (+36%)	Net insurance income €743 mn (+30%)	Development cost impact €195 mn (+7%)	Corporate loans €23 bn (+2%)		
Insurance EBT €504 mn (+45%)	Net commissions and fees €1,034 mn (+11%)	 Issued sustainability-linked loans, green loans and credit limits €3 bn			
Other operations EBT €-109 mn	Investment income €376 mn (104%)				

” OP Financial Group’s EBT for 2022 is expected to be lower than in 2021.

”

OP Financial Group's EBT for 2022 is expected to be lower than in 2021.

Financial performance



* Sale of the Vallila property

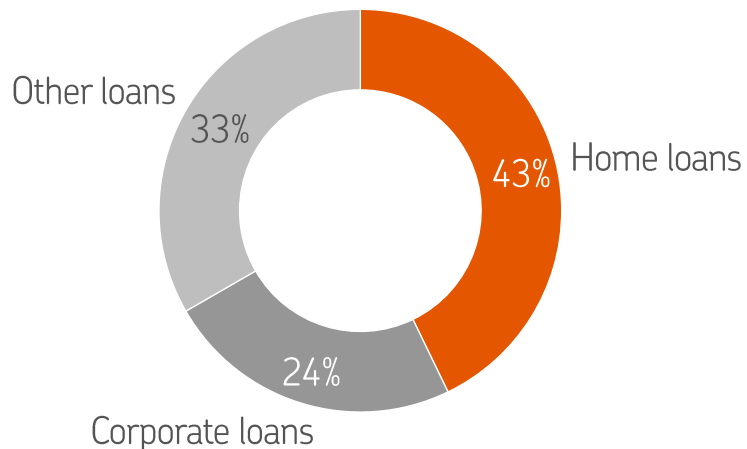
** Transfer of statutory earnings-related pension liability

	2021	2020	Change %
Income			
Net interest income	1,409	1,284	10%
Net insurance income	743	572	30%
Net commissions and fees	1,034	931	11%
Net investment income	376	184	104%
Other operating income	54	132	-59%
Total income	3,616	3,103	17%
Expenses			
Personnel costs	914	715	28%
Depreciation and impairment loss	283	273	4%
Other operating expenses	810	852	-5%
Total expenses	2,007	1,839	9%
Impairment loss on receivables	-158	-225	-30%
Overlay approach	-118	-3	-18%
OP bonuses to owner-customers	-205	-251	-18%
Earnings before tax	1,127	785	44%

Loan Book Overview and Asset Quality

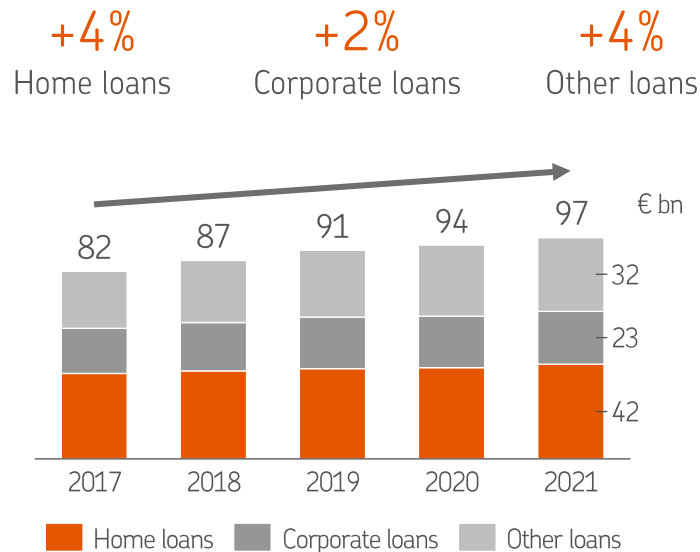
Loan portfolio well diversified

Loan portfolio breakdown, %

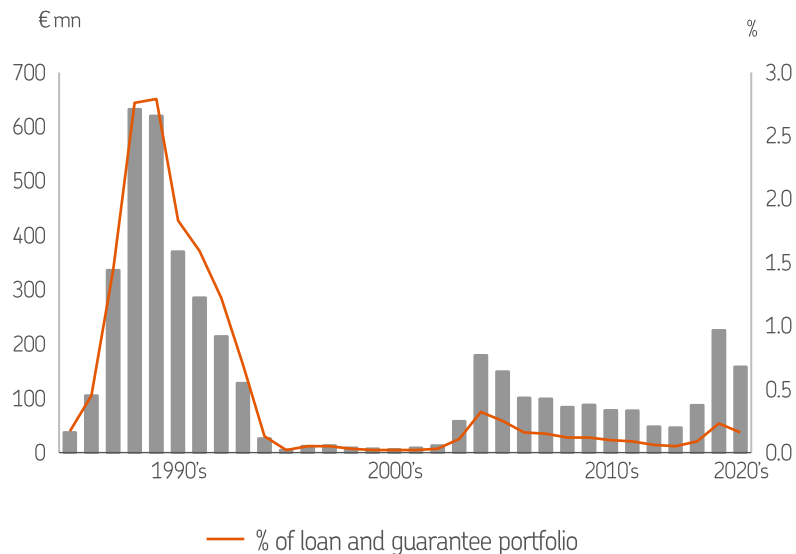


Other loans include loans for holiday homes and housing companies, consumer loans, student loans, financial institutions, public sector, non-profit organisations and customers abroad

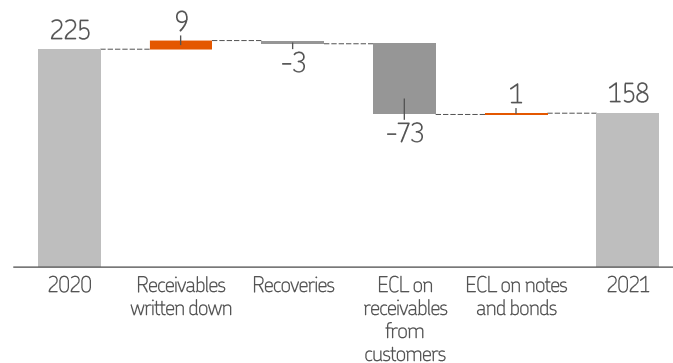
Loan portfolio growth by product group



Impairment loss on receivables



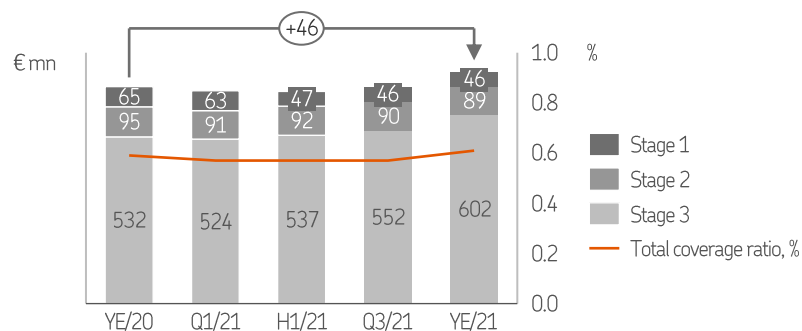
Breakdown of total impairment losses, € mn



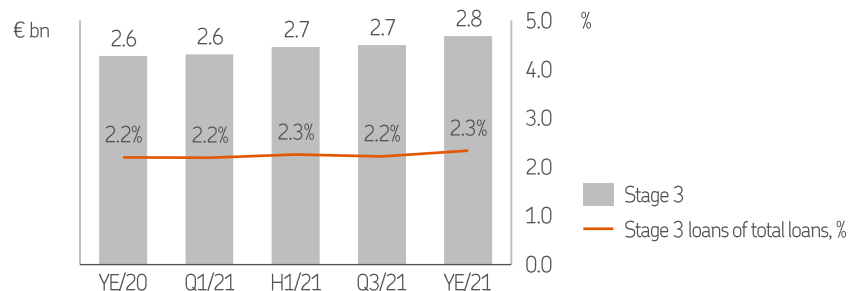
€ mn	Q1-Q4/21	Q1-Q4/20
Receivables written down	126	117
Recoveries of receivables written down	-13	-10
ECL on receivables from customers	46	119
ECL on notes and bonds	0	-1
Total impairment losses on receivables	158	225
% of loan and guarantee portfolio	0.16%	0.23%

Credit quality and ECL

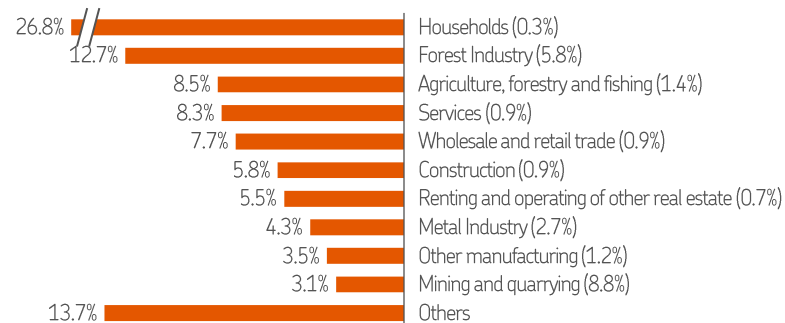
ECL allowance on receivables from customers by stage



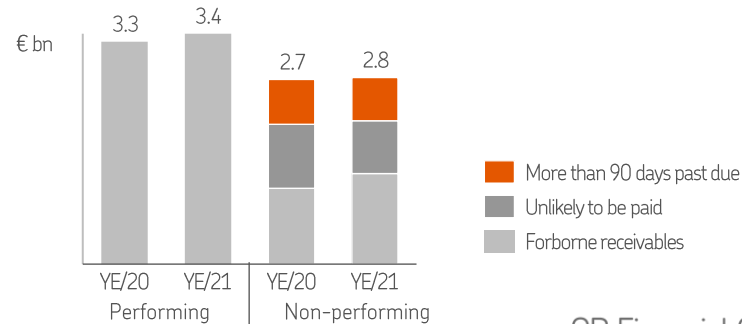
Stage 3 loans



ECL allowance by sector (% of gross exposure)

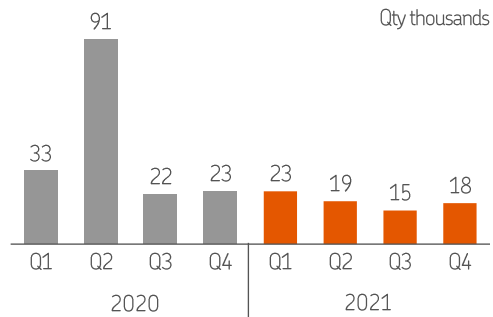


Doubtful receivables 5.3% of loan and guarantee portfolio



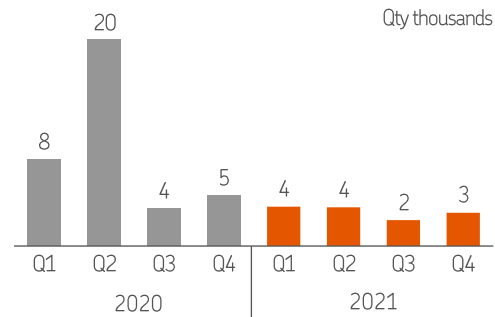
Loan modifications at pre-pandemic level

Private customers' repayment holidays



- Repayment holidays granted in Q4/2021 correspond to loan amount of **€1.2 bn** (€1.4 bn in Q4/2020).
- Repayment holidays in effect correspond to loan amount of **€2.5 bn** (€5.0 bn at YE2020).

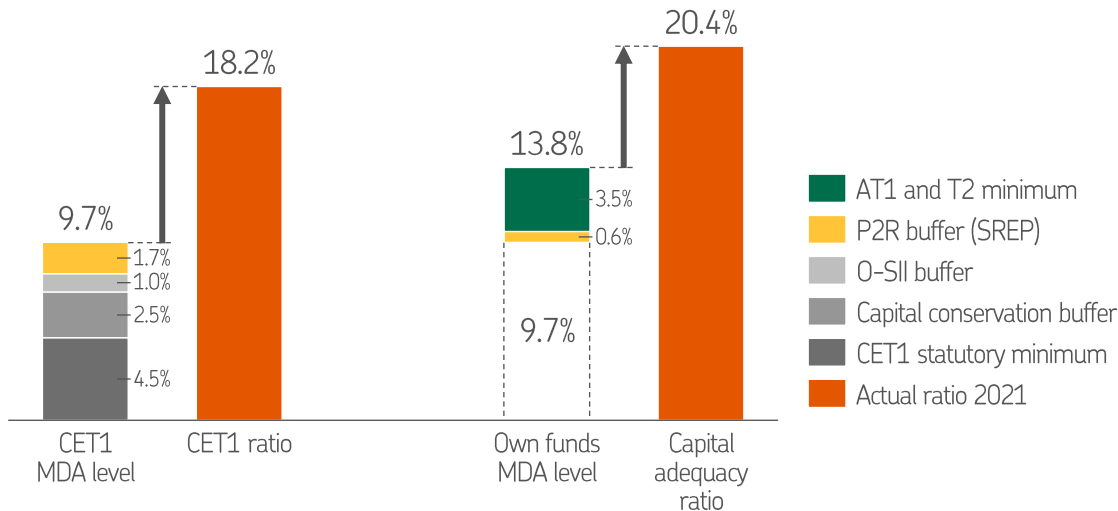
Corporate customers' loan modifications and repayment holidays



- Repayment holidays and loan modifications granted in Q4/2021 correspond to loan amount of **€1.9 bn** (€1.8 bn in Q4/2020).
- Repayment holidays in effect correspond to loan amount of **€0.8 bn** (€1.3 bn at YE2020).

Capital Position

Capital position well above requirement



18.2%
CET1 ratio with a buffer of
8.5 percentage points
above requirement

13.7%
CET1 target: MDA level +
400 bps management buffer

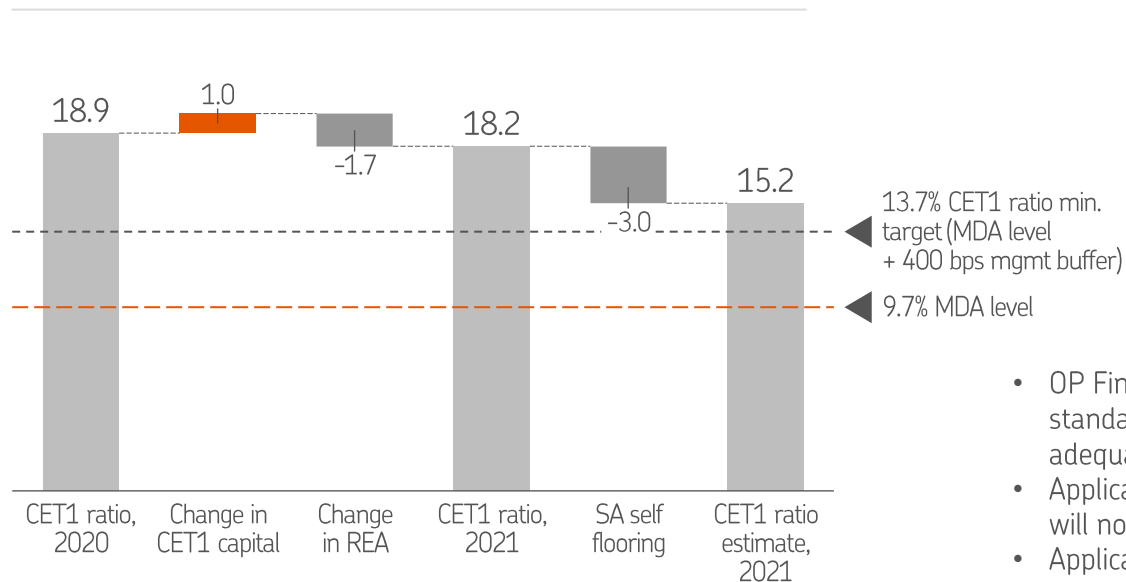
7.4%
Leverage ratio and regulatory
minimum requirement of 3%

The statutory minimum for the CET1 ratio is 4.5% and for the capital adequacy ratio 8%.

The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1% and the ECB's P2R requirement of 2.25% increase the CET1 ratio to 9.7% and the minimum capital adequacy ratio to 13.8%.

Strong capital position

CET1 ratio development, %



€12.0 bn

CET1 capital (€11.3 bn)

€3.1 bn

Profit Shares in CET1 capital (€2.8 bn)

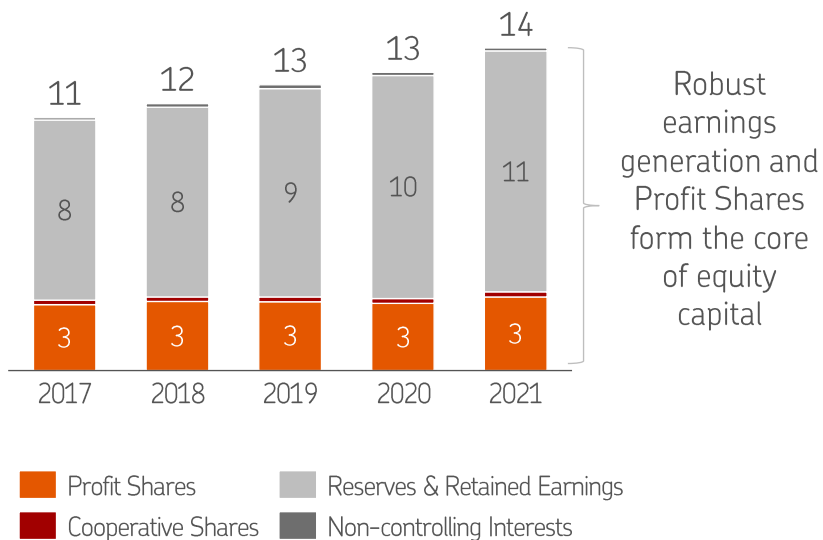
€65.7 bn

REA (€59.7 bn)

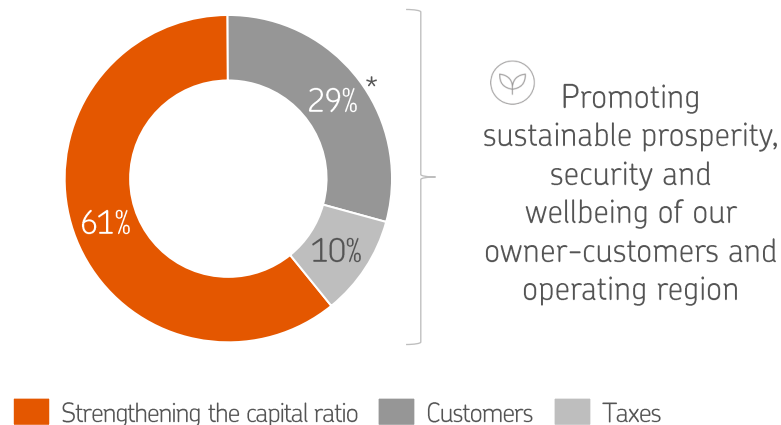
- OP Financial Group will apply an RWA floor, based on the standardised approach, in the calculation of its capital adequacy ratio in Q2/2022.
- Application of the floor is a temporary capital measure and will not affect OP Financial Group's good risk position.
- Application of the floor will decrease OP Financial Group's CET1 ratio by an estimated 3 percentage points and its FiCo ratio by an estimated 30 percentage points.

Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %



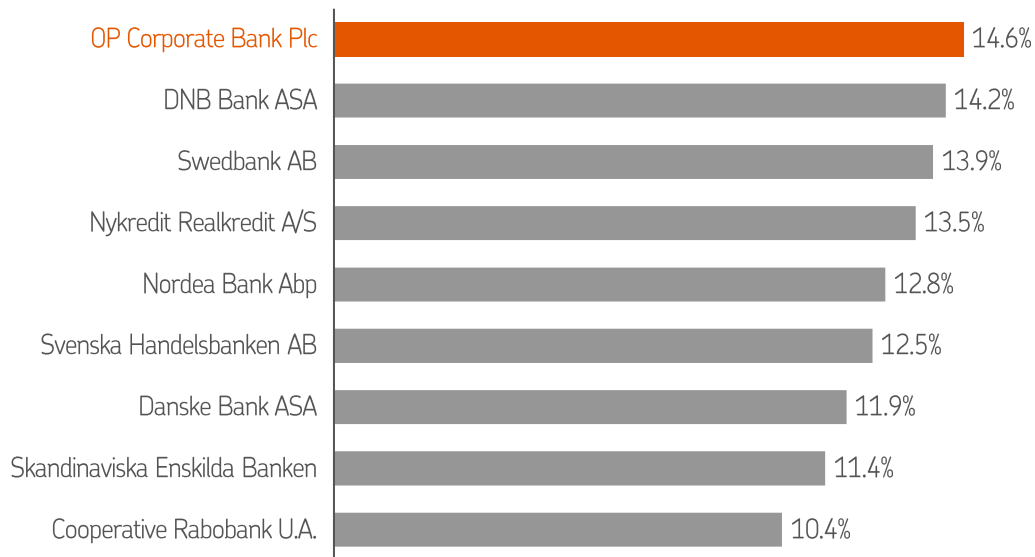
* customer bonuses, discounts and interest on Profit Shares of owner-customers

 Promoting sustainable prosperity, security and wellbeing of our owner-customers and operating region

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

S&P RAC ratio comparison

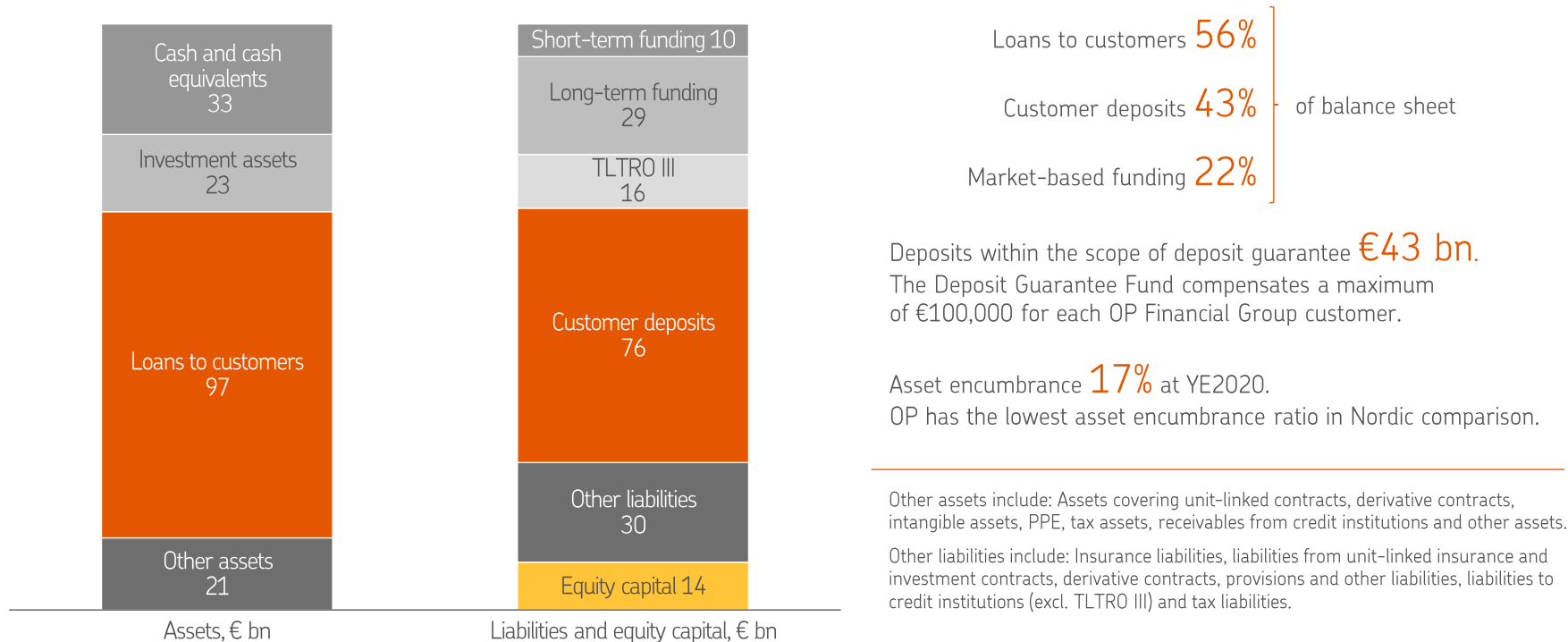
Northern European banks' S&P RAC ratios, before diversification (YE2020)



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

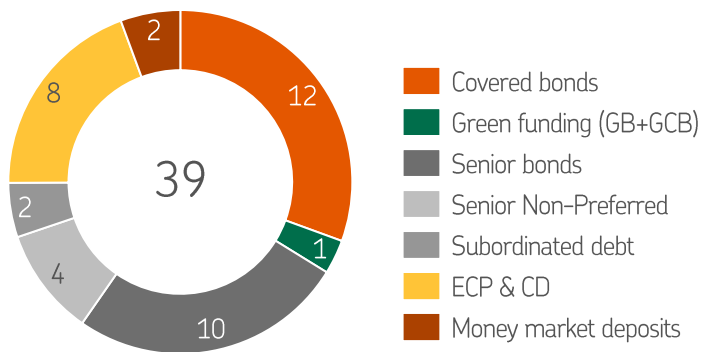
Liquidity and Funding

Balance sheet totaled at €174 bn



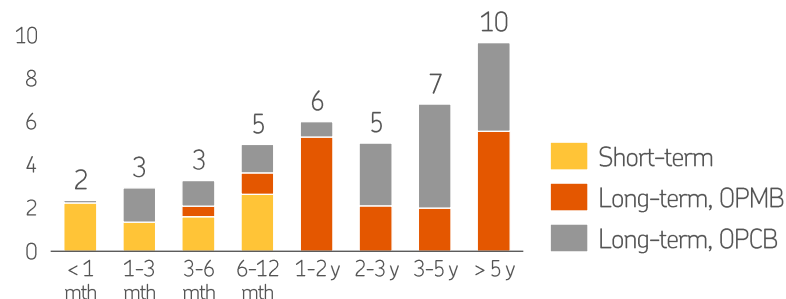
Well-balanced funding position

Long and short-term funding, € bn

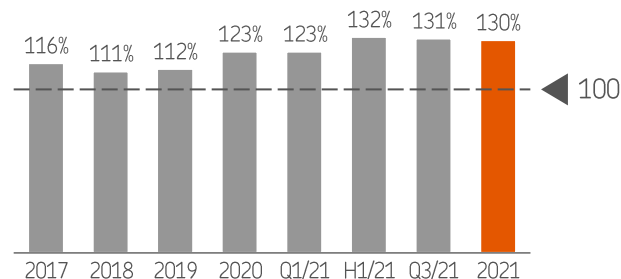


- In October, OPCB issued an inaugural £400 mn SNP

Maturity profile, € bn

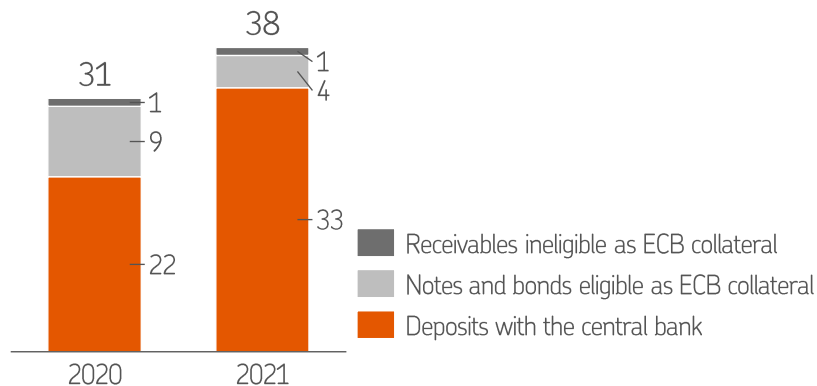


Net Stable Funding Ratio (NSFR)



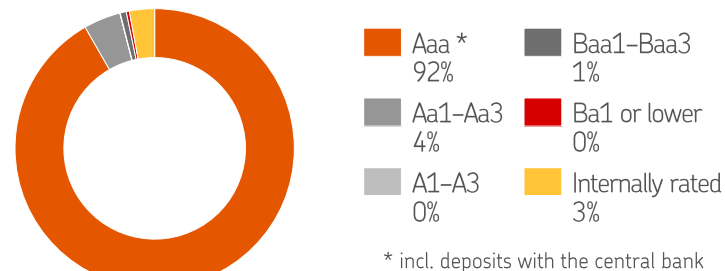
Strong liquidity position

Liquidity buffer breakdown, € bn

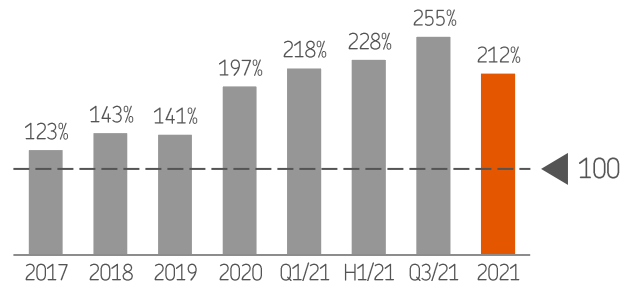


- OP participated in ECB's TLTRO III financing operation by **€5 bn in March** and by **€3 bn in June**.
- The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

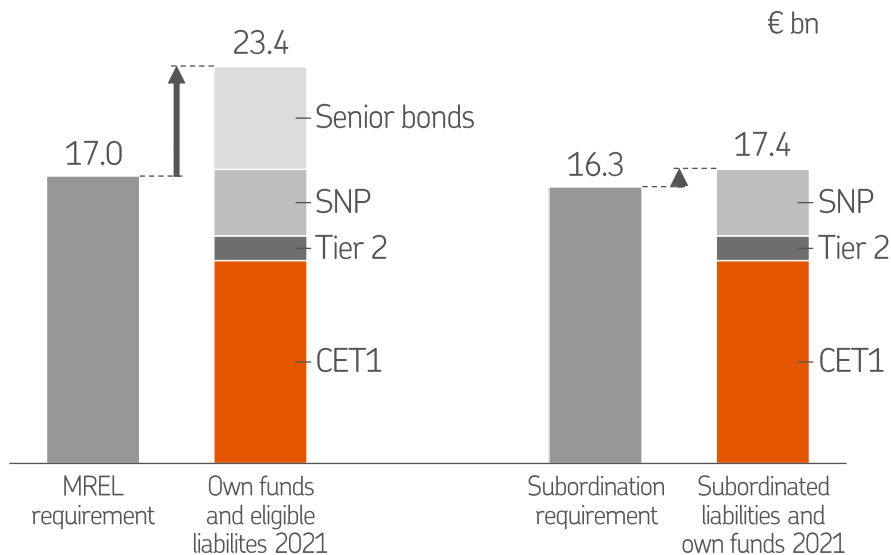
Liquidity buffer by credit rating, %



Liquidity Coverage Ratio (LCR)



MREL requirement



Own funds and eligible liabilities, € bn

CET1	12.0	subordinated liabilities and own funds €17.4 bn
Tier 2	1.4	
SNP	3.9	
Senior bonds	6.0	
Total	23.4	

MREL requirement, €bn

25.8% of REA	17.0	MREL requirement based on total Risk Exposure Amount (REA).
10.12% of LRE	16.3	
MREL-buffer	6.5	

Subordination requirement, € bn

22% of REA	14.5	Subordination requirement based on Leverage Ratio Exposure (LRE).
10.11% of LRE	16.3	
Subordination buffer	1.1	

Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
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)
OP Corporate Bank	2020	May	Senior Preferred	€1 bn	5.25 yrs
OP Mortgage Bank	2020	January	Covered Bond	€1 bn	8.25 yrs
OP Corporate Bank	2020	January	Senior Non-Preferred	€500 mn	7 yrs

Funding based on strong credit ratings

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



OP as a Responsible Actor in the Finnish Society

OP's sustainability journey

Earlier steps

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



Climate targets aligned with the Paris Agreement

OP aims for
carbon neutrality



Zero emissions from the energy and fuels that OP uses.

Emissions from OP's own operations have fallen by 27% from 2011.

Halving the
emission intensity of funds



OP Asset Management will halve the greenhouse gas emission intensity of OP's mutual funds by 2030 compared with 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



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)
- WWF's Green Office



OP's Corporate Responsibility Programme



We improve financial literacy in Finland

Target	Metric	2020
We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	52,000
We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	4,500



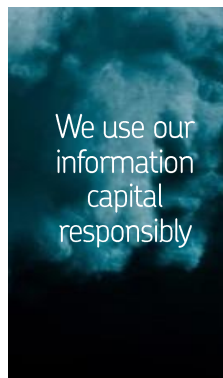
We support local vitality and communities

Target	Metric	2020
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	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%	28%



We foster a sustainable economy

Target	Metric	2020
We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits	€1.5 billion
We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds	€4.9 billion
Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2)	17,922 tonnes CO ₂ e


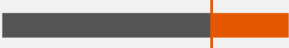



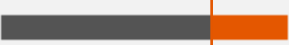






We use our information capital responsibly

Target	Metric	2020
Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	100%
We are a forerunner in the responsible use of artificial intelligence.	No. of persons who completed the online course Introduction to AI	673

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	17.1 (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

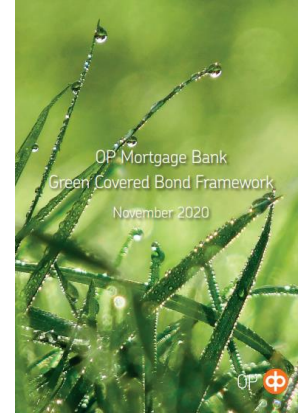
OPCB's Renewed Green Bond Framework

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



OPMB's Green Covered Bond Framework

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

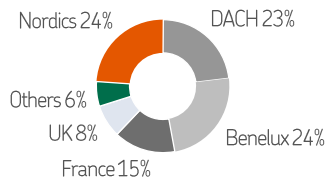


OP's green issuances

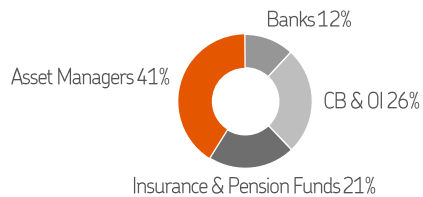
Green Bond 2019, €500 mn

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

Investors by geography



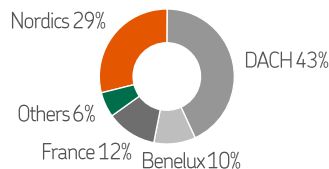
Investors by type



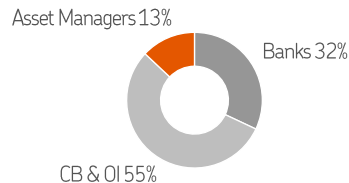
Green Covered Bond 2021, €750mn

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

Investors by geography



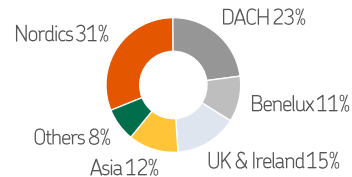
Investors by type



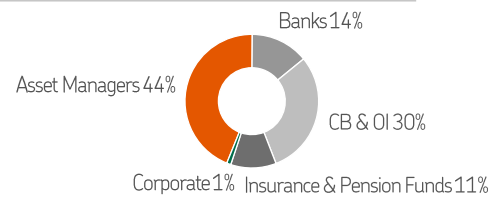
Green SNP 2022, €500 mn

- Over-subscribed by more than 3 times
- > 130 investor accounts involved
- ~ 60% green investors

Investors by geography

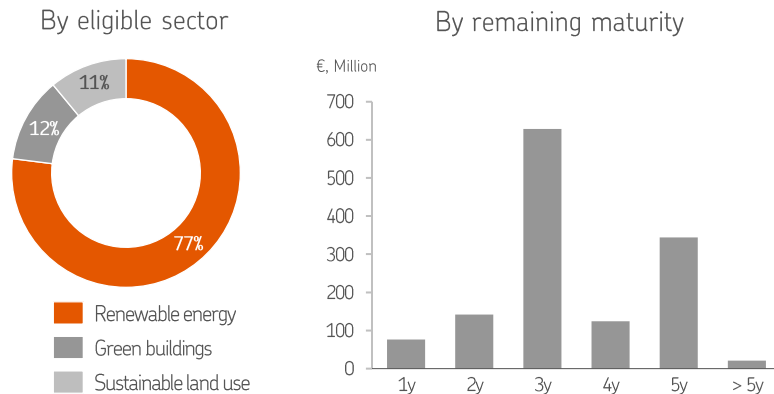


Investors by type



OP Corporate Bank's Green Bond Report

Assets included in the green bond register, YE2020



- Eligible assets worth €1,335.5 million & reserve of unallocated green assets €835.5 million.

OP Green bond impacts, YE2020



Renewable Energy

- 199 600 tCO₂e avoided
- 710.3 GWh of energy generated
- 390.5 MW of energy capacity installed and 14.1 MW currently under construction



Green Buildings

- 20 000 m² of green certified building area and 3 770 m² currently under construction
- 2 300 tCO₂e avoided due to reduced energy consumption



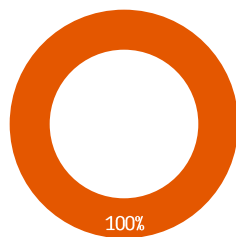
Sustainable Land Use

- 48 298 ha of certified forests
- 142 500 tCO₂e in carbon sinks

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 Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors

Covered bond ratings

Moody's
Aaa

S&P
AAA

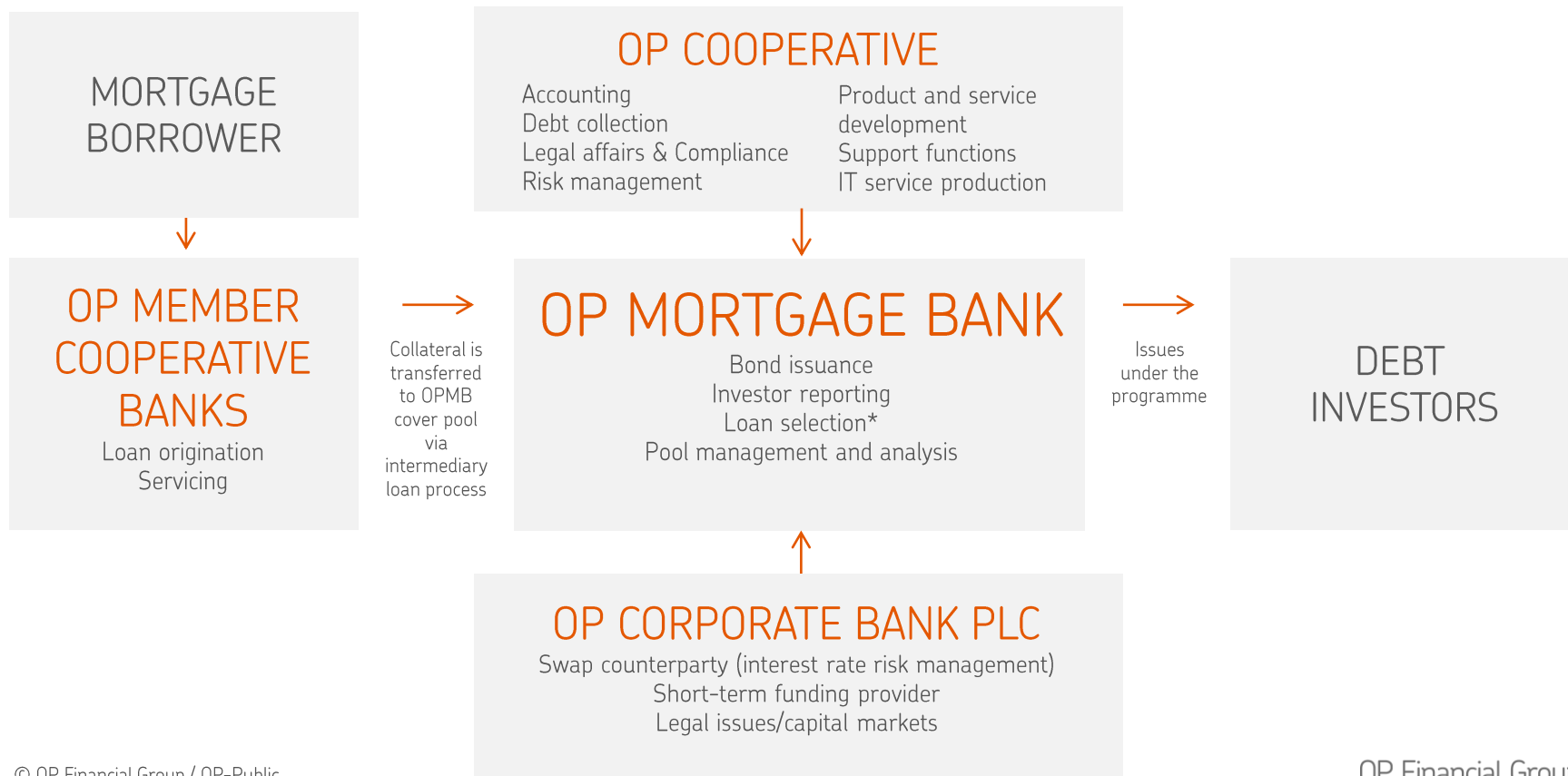
Harmonised transparency template



<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 bn</p> <p>Current balance</p>	<p>€13 bn</p> <p>Total amount of covered bonds, out of which 0.75 billion is green</p>	<p>€57,000</p> <p>Average loan size</p>
<p>>98%</p> <p>Tied to variable interest</p>	<p>47%</p> <p>Weighted Average indexed LTV</p>	<p>17%</p> <p>Over-collateralisation</p>

Geographical distribution

1	Southern Finland Helsinki	47% 19%*
2	Western Finland Tampere Turku Jyväskylä	34% 7% 5% 4%
3	Eastern Finland	8%
4	Oulu region Oulu	9% 6%
5	Lapland	2%

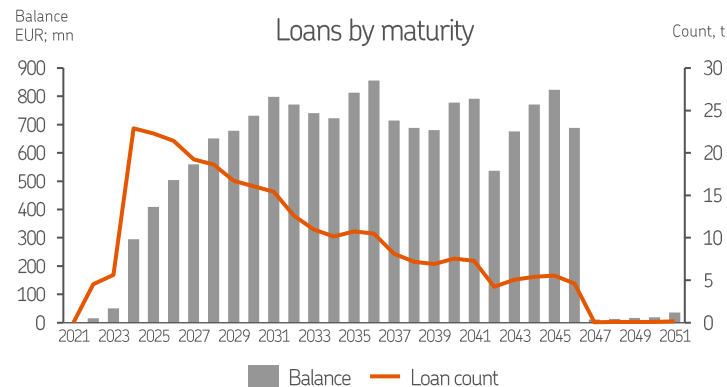
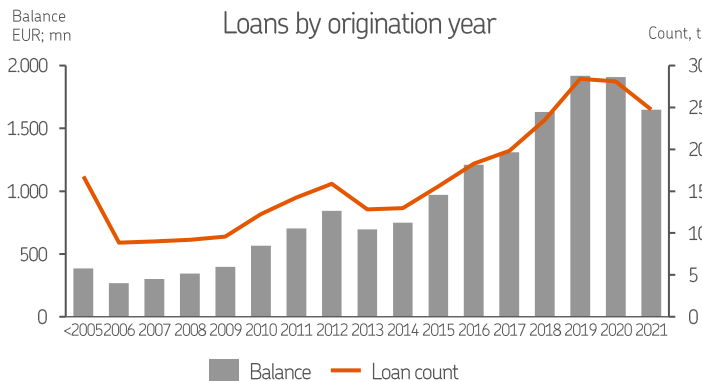
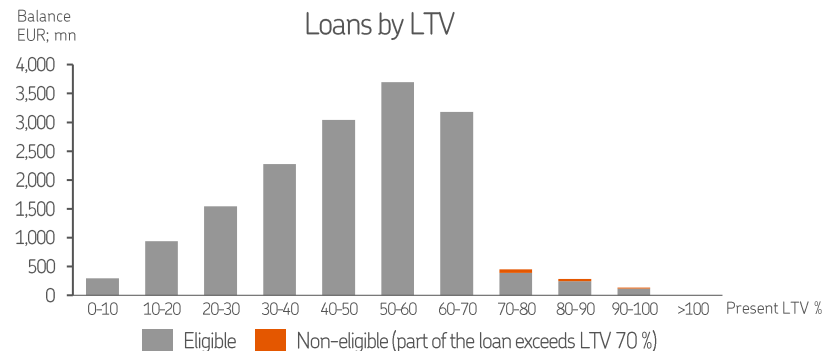


*City-specific figures are percentages of the whole of Finland

OPMB cover asset pool

🌱 €2.1 bn

Eligible green mortgages
in the cover pool
in March 2021



Intermediary loan process

- The Finnish Covered Bond Act (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

Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on residential mortgages)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by the Finnish FSA and ECB
- 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 €62 mn as at YE2021 (€56 mn at YE2020).

Appendix



OP's financial performance by business line

Q1–4 earnings 2021, EUR million	Retail Banking	Corporate Banking	Insurance	Other operations	Group eliminations	OP Financial Group	Cost efficiency
Net interest income	959	414	-2	10	29	1,409	Group C/I ratio 56% (59%)
of which internal net income before tax		-9		9			
Net insurance income			754		-11	743	
Net commissions and fees	753	204	96	-2	-18	1,034	Retail Banking C/I ratio 69% (70%)
Net investment income	-16	171	288	-5	-62	376	
Other operating income	78	97	0	684	-804	54	
Total income	1,773	886	1,135	687	-866	3,616	
Personnel costs	447	93	160	216	-1	914	Corporate Banking C/I ratio 36% (40%)
Depreciation/amortisation	69	14	66	137	-2	283	
Other operating expenses	705	211	267	444	-819	810	
Total expenses	1,221	318	493	797	-822	2,007	
Impairment loss on receivables	-84	-74	0	0	0	-158	
OP bonuses to owner-customers	-165	-20	-21		0	-205	Non-life Insurance Operating cost ratio 28% (27%)
Temporary exemption (overlay approach)			-117		-1	-118	
Earnings before tax	304	474	504	-109	-46	1,127	

Group eliminations recognized through profit or loss are mainly due to the change in accounting policies

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.

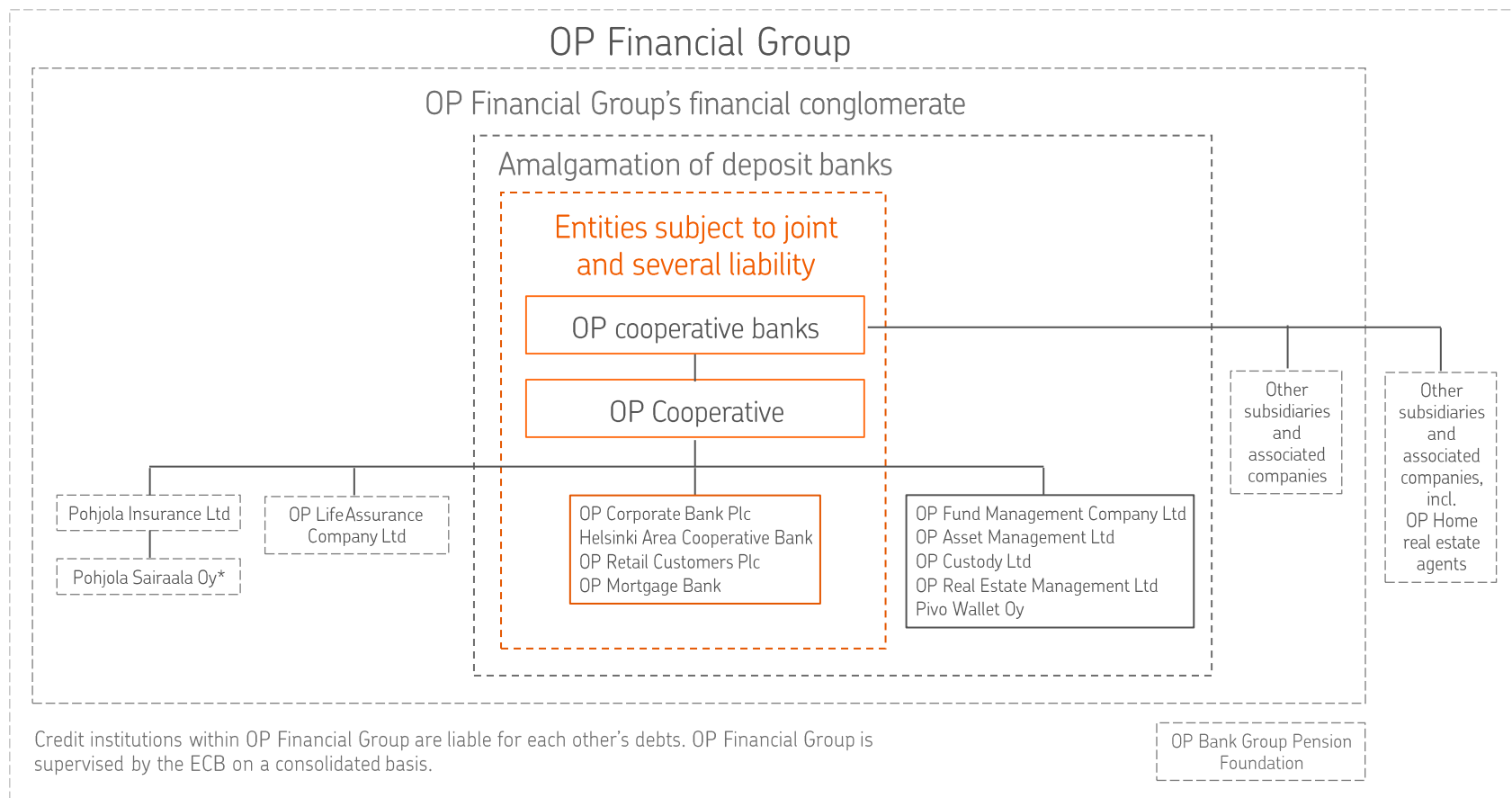
The member credit institutions include OP Corporate Bank Plc, Helsinki Area Cooperative Bank, OP Mortgage Bank, OP Retail Customers Plc and the member cooperative banks. Insurance companies or other group entities do not fall within the scope of joint liability.

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.



*was sold on 1 February 2022

Contacts

Contacts and financial calendar

Investor Relations & Funding



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CEO of OP Mortgage Bank
Sanna Eriksson



Head of Long-term Funding
Tom Alanen



IR Officer,
Investor Relations
Sonja Kvist



IR ESG Specialist,
Investor Relations
Veronika Mielck



Senior IR Officer,
Rating Agency Relations
Eerikki Holst



Financial calendar 2022

Interim Report for Q1/2022
Half-year Report for H1/2022
Interim Report for Q3/2022

4 May 2022
27 July 2022
26 October 2022

For more information

www.op.fi/debtinvestors
[OP Financial Group's reports 2021](#)
[CFO's Results Interview](#)