



Debt Investor Presentation Year 2020 Roadshow Material

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

www.op.fi/debtinvestors

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Contents

• Finland's Macro Profile	4
• OP's measures amid the coronavirus pandemic (COVID-19)	12
• OP Financial Group – Overview	15
• Year 2020 Financial Results	22
• Loan Book Overview and Asset Quality	26
• Capital Position	33
• Liquidity and Funding	38
• Corporate Responsibility and Green Bonds	44
• Debt IR Contacts	53

Finland's Macro Profile

Economic response to the coronavirus crisis in Finland

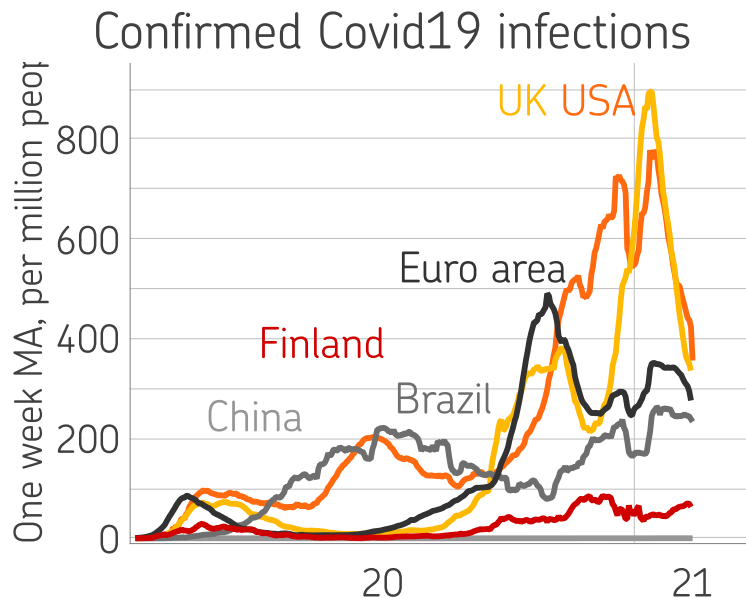
Finland (GDP €240 bn)	Sum (€ bn)	Share of GDP
Guarantees and loans	10.90	4.5 %
Expenditure, taxes and disbursements for companies	5.46	2.3 %
Expenditure, taxes and disbursements for households	0.37	0.2 %
Other expenditure	2.07	0.9 %
Postponement of taxes and payments*	3.00	1.3 %
Pension insurance contribution 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

In Finland coronavirus crisis has been subdued



- Globally, Finland has been among the best performers during the coronavirus crisis with some of the lowest reported rates as of end of January 2021 (46,000 cases and 685 deaths).
- As of end-January 2021, Finland had 8,456 cases per 1 mn population.
- Compared to 30 other European countries, Finland's GDP growth in Q2/2020 compared to Q1/2020 was affected the second least (decline of 4.4%).

Updated: 5 February 2021
Sources: Macrobond, WHO, ECDC, OP

Source: OECD

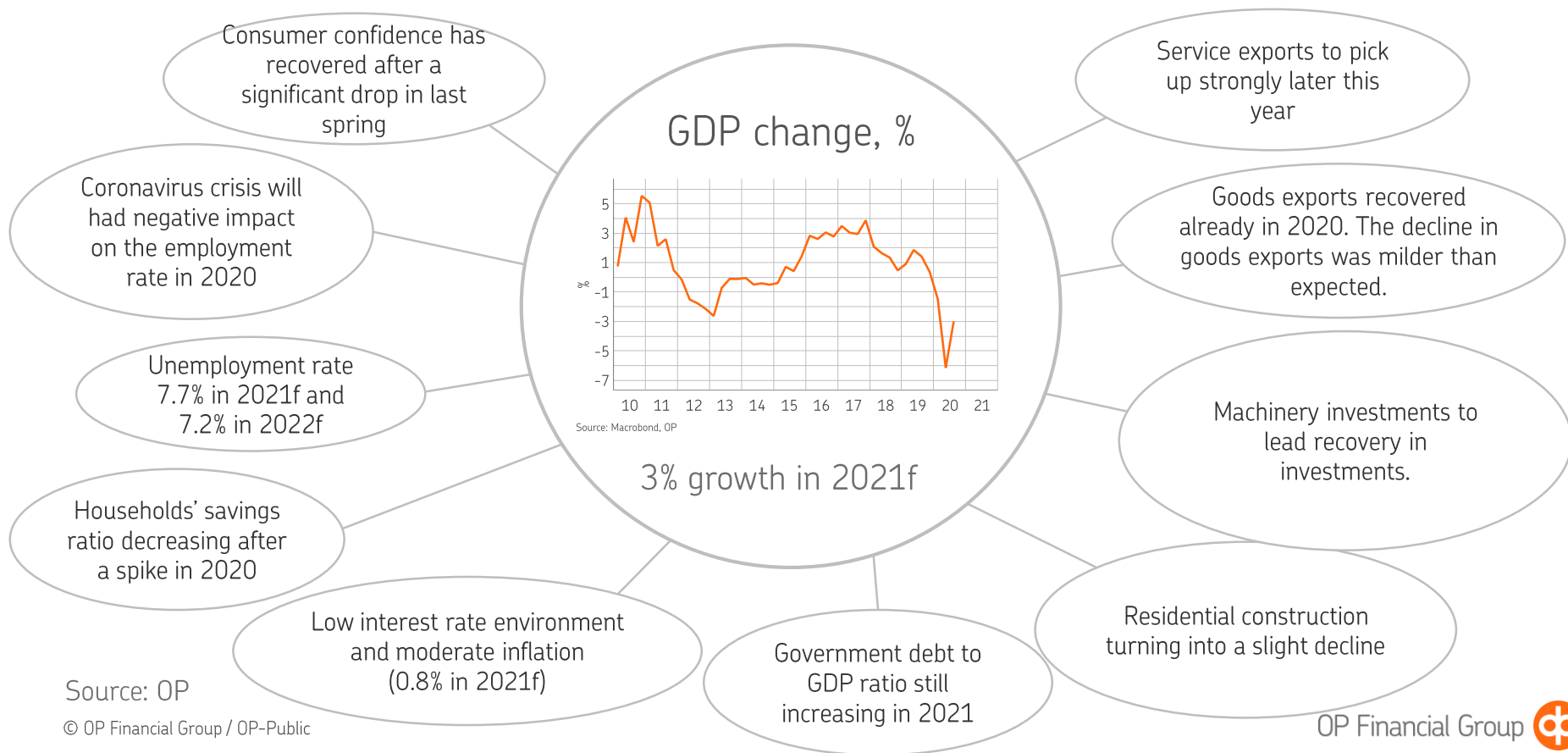
Forecasts for the Finnish economy

Published on 26 January, 2021

Volume, % change on previous year	EUR bn 2019	2019	2020f	2021f	2022f
GDP	240.6	1.1	-3.0	3.0	2.6
Imports	95.9	3.0	-7.1	7.7	6.1
Exports	96.7	8.0	-9.0	8.3	6.9
Consumption	181.7	1.0	-2.8	2.7	2.1
- Private	126.0	0.8	-4.0	3.2	2.8
- Public	55.6	1.4	0.0	1.5	0.5
Fixed investment	57.4	-1.1	-2.4	2.0	3.0
Other key indicators		2019	2020e	2021e	2022e
Consumer price index, % change y/y		1.0	0.4	0.8	1.0
Change in wage and salary earnings, %		2.1	1.8	2.5	2.0
Unemployment rate, %		6.7	7.8	7.7	7.2
Current account balance, % of GDP		-0.2	0.1	0.1	0.2
General government net lending, % of GDP		-1.0	-5.3	-4.5	-3.7
General government debt, % of GDP		59.3	69.0	70.3	70.8

Sources: Statistics Finland and OP Financial Group

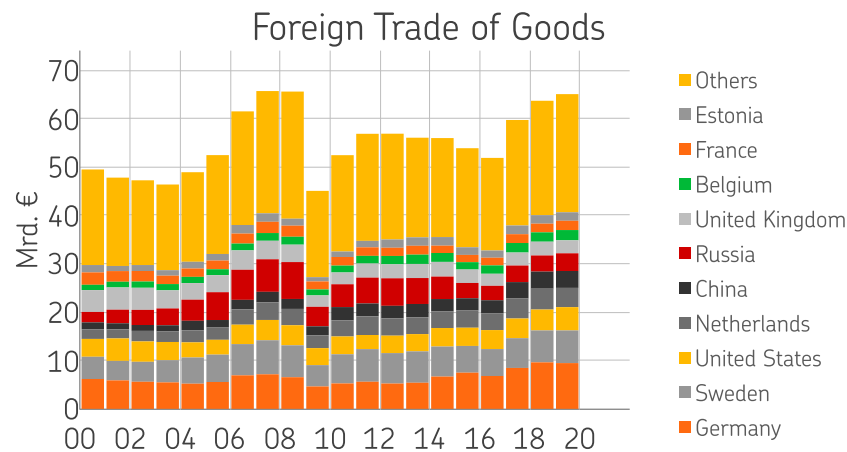
Finnish economy recovers gradually



Diversified goods exports structure by country

Goods exports to EU member countries 60.1% and to Euro Area 37.8% in 2019

Finland's largest goods exports countries
2000-19



Source: Macrobond, OP

Finland's biggest trading partners
(Dec 2019–Dec 2020, 12 mth moving avg)

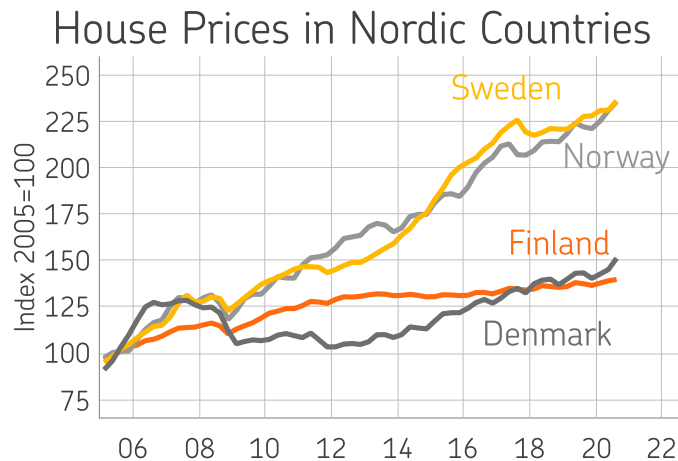


Source: Macrobond, OP

* Poland (2.8%), Japan (2.1%), Spain (1.7%), Denmark (1.7%), Switzerland (1.6%), South Korea (1.3%), Turkey (1.3%), Australia (1.1%), Latvia (1%), Lithuania (1%), Canada (0.9%), Brazil (0.9%), India (0.8%), Austria (0.8%), Chile (0.6%), Czech Republic (0.6%), Mexico (0.5%), South Africa (0.5%) and the remaining countries (11.7%) of which less than 0.5% each.

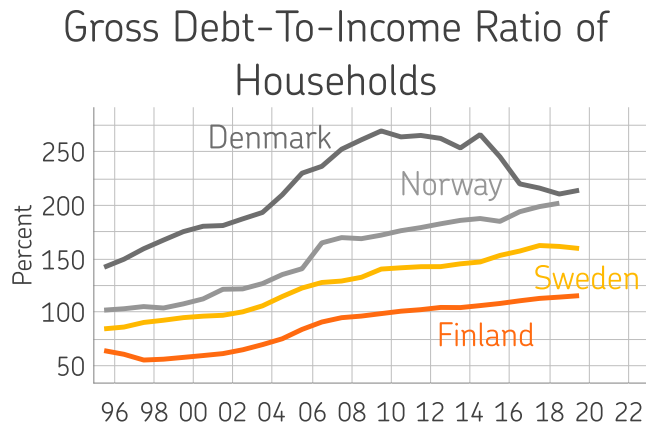
Average house prices and households' debt

In Finland, the coronavirus did not affect housing prices as much as expected



Source: Macrobond, OP, Eurostat

The House Price Index (HPI) measures price changes of all residential properties purchased by households (flats, detached houses, terraced houses, etc.), both new and existing.



Source: Macrobond, OP

Gross debt-to-income ratio of households is defined as liabilities divided by gross disposable income with the latter being adjusted for the net change in pension entitlements.

Latest values: Q3/2020

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Latest values: Finland, Sweden & Denmark
2019, Norway 2018

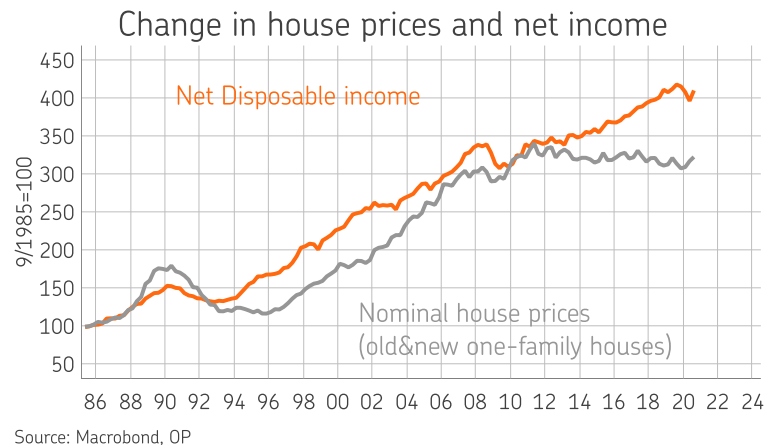
Finnish housing market is stable


Characteristics of Finnish housing market

- Fully-amortizing housing market
- Average maturity of a new home loan 21 yrs 6 mths in December 2020
- 98% of home loans tied to variable interest rates in December 2020
 - Stress-tested with 6% interest rate in 25 years' maturity at OP
- Home loan cap (LTC) was restored to 90% (95% for first-home-buyers) from 85% due to COVID-19 related support actions for housing market in late June 2020
- Home ownership rate 66% at YE2019
 - Rental market: around 50% municipalities/subsidized and around 50% privately financed/non-subsidized (of which 30% private investors, 20% professional investors)
- Average price of an old dwelling 2,207 €/sq m in November 2020 (3.0% y-o-y, preliminary information)
 - 3,999 €/sq m in Helsinki Metropolitan Area (+6.0%)
 - 1,647 €/sq m in rest of Finland (+0.0%)

Sources: Statistics Finland, Bank of Finland, RAKLI ry

Change in nominal house prices in relation to average net income





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

OP takes responsibility amid the coronavirus pandemic

Supportive actions for private and corporate customers

Customers advised to utilise digital service channels

Some branches temporarily closed due to the pandemic, in the rest of branches particular attention paid to hygiene and safe use of services, protective plexiglasses were installed.

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

Separate service hours in branches and dedicated telephone line

Repayment holidays for private customers of up to 12 months, free of charge during 16.3-21.9.2020

200,000+ applications by end-Dec 2020.

Repayment holidays for corporate loans evaluated on a case-by-case basis, free of charge during 16.3.-21.9.2020

20,000+ applications for repayment holidays and repayment schedule modifications by end-Dec 2020. In addition, guarantees provided by state-owned financing company Finnvera are available for corporate customers (corporate loans of max. €1 mn are 80%-guaranteed by Finnvera)

The number of applications has returned to its pre-pandemic level.

Adjustments to rent payments and rent reliefs for commercial real estate

Offered by OP Real Estate Asset Management Ltd to its rental locations. The lessees' need for flexible lease payment was marginal at the end of the year.

Payment time flexibility for corporate customers' insurance bills

Pohjola Insurance Ltd is companies' risk management partner also during difficult times.

OP takes responsibility amid the coronavirus pandemic

Supportive actions for employees, healthcare sector and society

OP has enabled safe working conditions for its personnel in its offices and branches

Extensive remote working is also encouraged in those jobs where it is possible. In the spring, up to 75% of OP's employees worked remotely.

Current working is a flexible combination of remote and in-office work based on employees' duties and the needs of the teams while taking into account the safety and wellbeing of employees and customers, and business performance.

Pohjola Hospital donated its personnel's (up to 100 employees) work contribution for public healthcare

Persons tracked COVID-19 infection chains and helped in other critical tasks. Pohjola Hospital paid the salaries of these persons.

OP postponed payment of €97 mn interest on Profit Shares (for 2019). Interest was paid on 8 February 2020.

As a responsible player, OP Financial Group complies with the ECB's recommendations.

9,600 lunch vouchers to families in need

Pohjola Insurance Ltd together with Hope ry donated vouchers to families in need while also supporting local restaurants.

OP Financial Group Overview

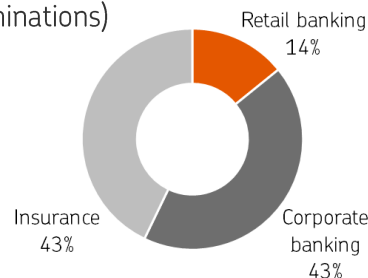
Co-operative OP Financial Group

TOTAL ASSETS

€160 bn

EARNINGS BEFORE TAX

(excl. group eliminations)



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

18.9% 21.7% 7.8%

CET1 ratio

Capital adequacy ratio

Leverage ratio

LEADING MARKET SHARES

34.9% 38.6% 33.5% 17.6%

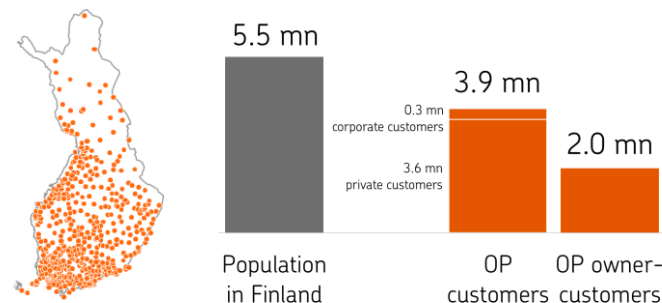
In Loans
(June 2020)

In Deposits
(June 2020)

In Non-life Insurance
(YE2019)

In Life Insurance
(YE2019)

FINNISH RISK EXPOSURE



HIGH CREDIT RATINGS

Moody's Aa3
S&P AA-

OP Corporate Bank plc

Moody's Aaa
S&P AAA

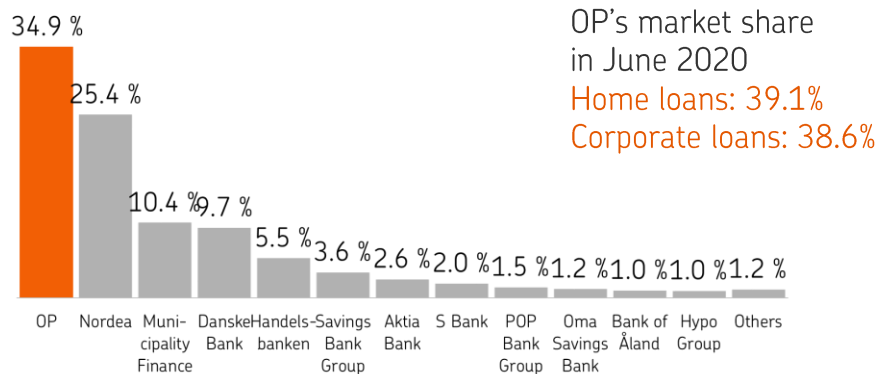
OP Mortgage Bank's covered bonds

OP Financial Group

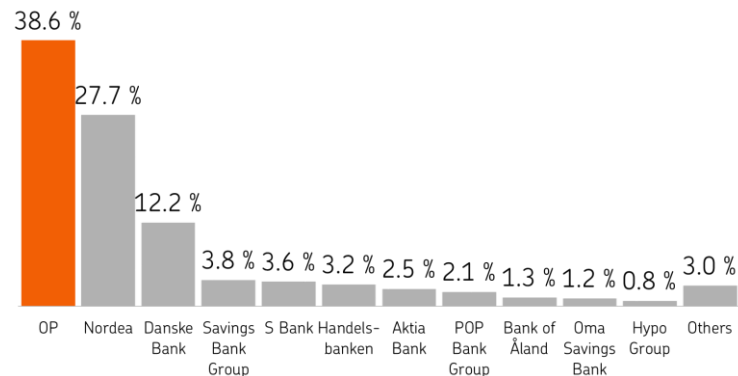


OP is the leading financial group in Finland

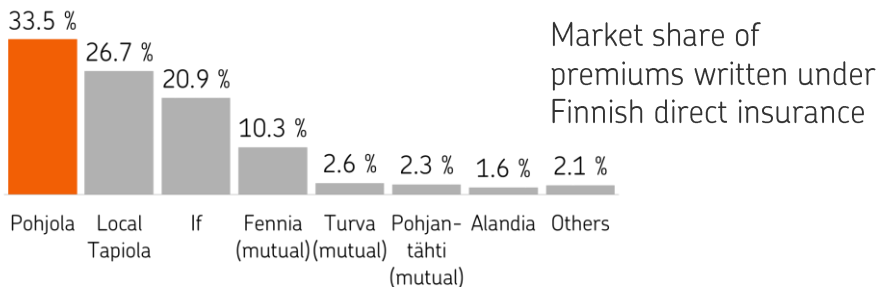
Loans, June 2020 (Finland: €256.7 bn)



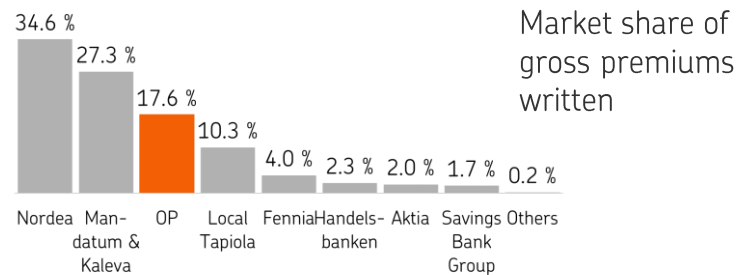
Deposits, June 2020 (Finland: €182.1 bn)



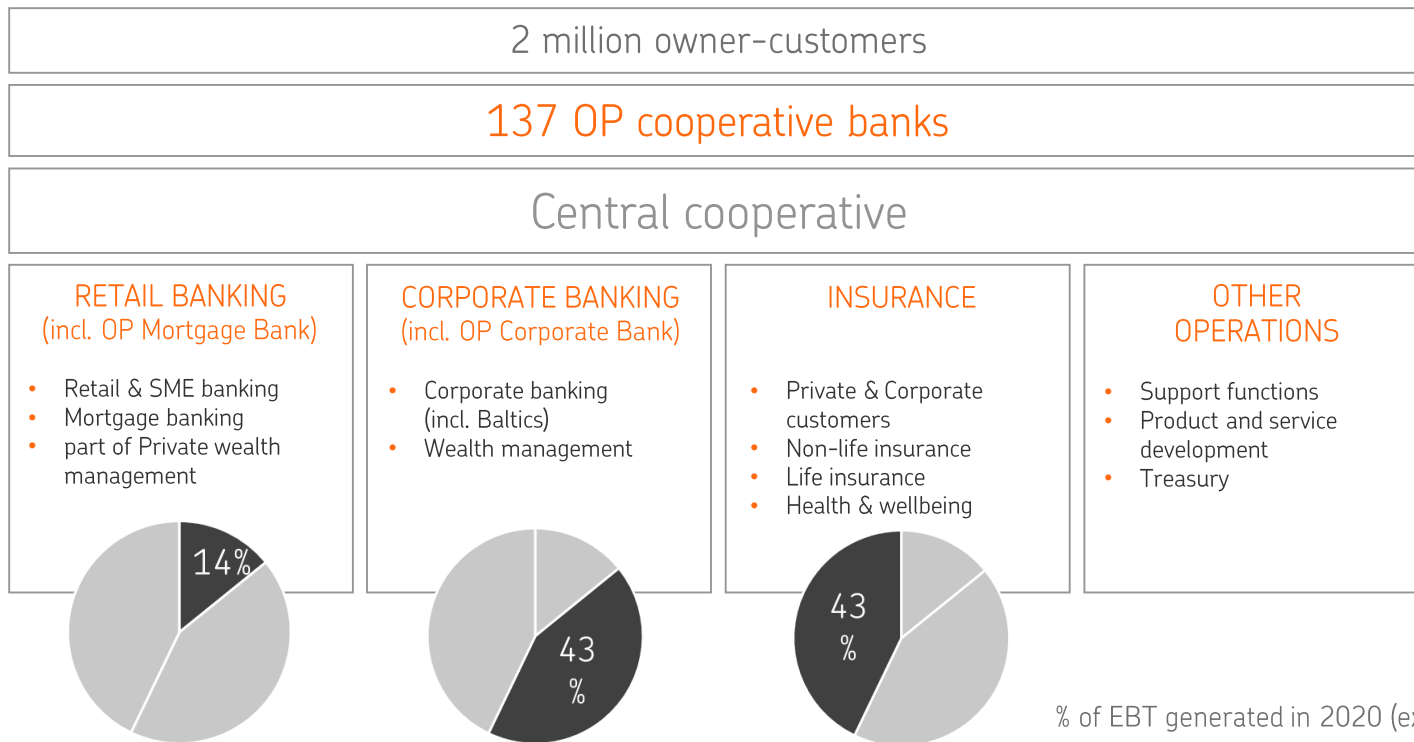
Non-life Insurance, YE2019 (Finland: €4.3 bn)



Life Insurance, YE2019 (Finland: €6.0 bn)



OP Financial Group's structure



% of EBT generated in 2020 (excl. group eliminations)

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)

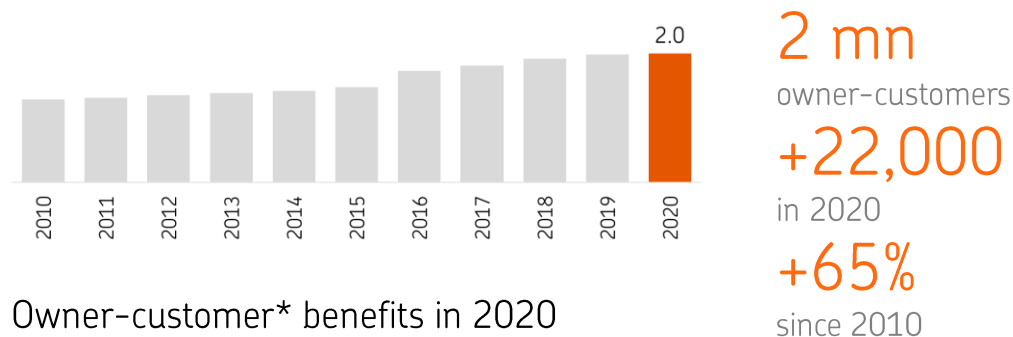
OP's strategic targets

Indicator	Target	2020	2019	2018	2017
ROE (excl. OP bonuses)	8% in 2025	6.6%	7.1%	8.1%	9.3%
CET1 ratio	Min. CET1 ratio capital requirement + 400 bps management buffer	18.9%	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.

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

Solid growth in number of owner-customers, mn



Owner-customer* benefits in 2020

€255 mn

accrued OP Bonuses**

€119 mn

to banking and wealth
management service fees

€130 mn

to insurance policy fees

€3.0 bn

investments in Profit
Shares

€95 mn

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

€27 mn

discounts on daily banking

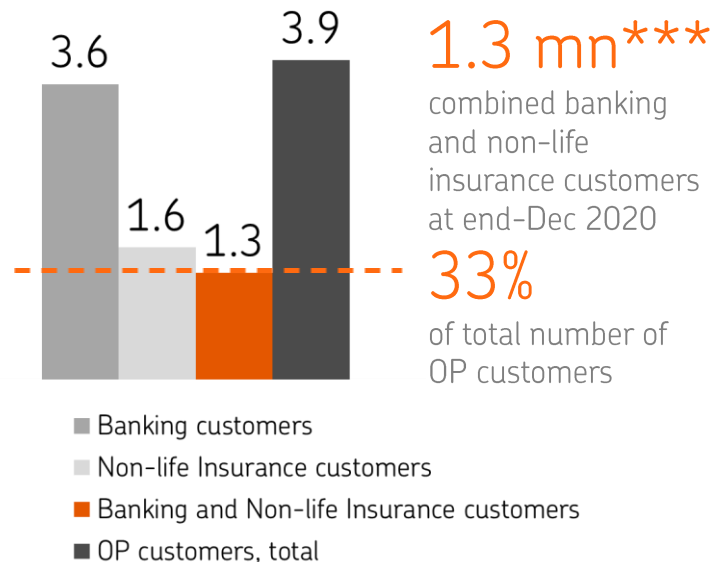
€66 mn

loyalty discounts on non-life insurance policies

€6 mn

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

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



1.2 mn active users in mobile channels

Digital service channels actively utilized amid the coronavirus pandemic

Logins and users in OP's digital channels

OP Mobile app

404 mn
logins in 2020
+34% y-on-y

Op.fi internet bank

68 mn
logins in 2020
-33% y-on-y

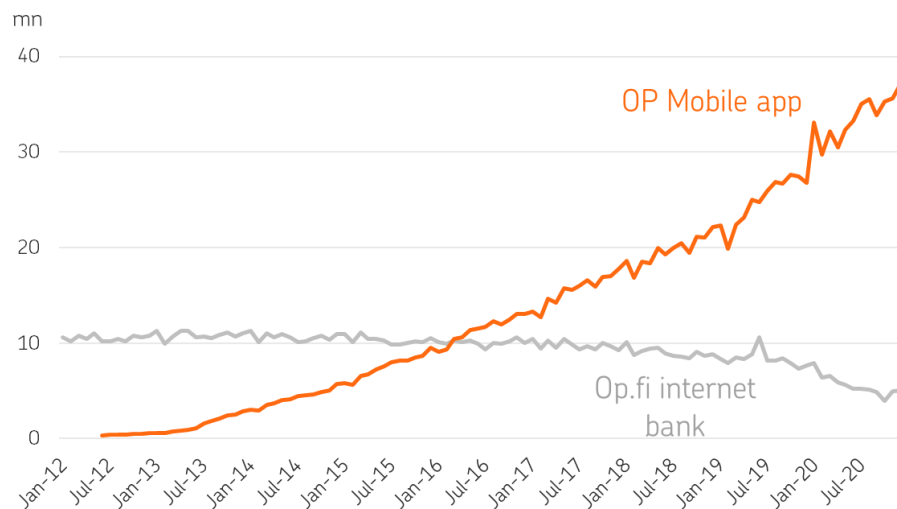
OP Business Mobile app

15 mn
logins in 2020
+50% y-on-y

Pivo Mobile Wallet app

43.7 mn
logins in 2020
-17% y-on-y

OP Mobile app is OP's main service channel:
Monthly logins to OP Mobile app vs. Op.fi internet bank



OP's Mobile Key enables authentication in multiple digital channels

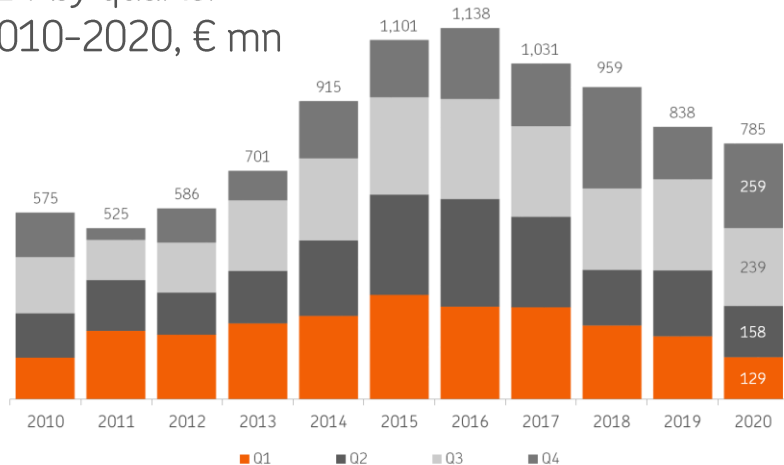
- 1.2 mn active users
- 80% of all authentications made by using Mobile Key

Year 2020 Financial Results

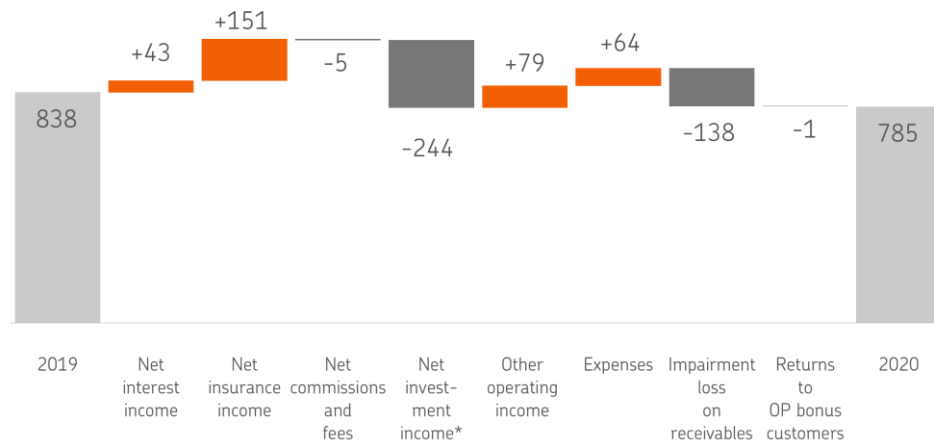
Earnings before tax amounted to EUR 785 million

In 2020, income deriving from customer business increased while lower net investment income and higher impairment loss on receivables eroded the EBT – largely caused by the coronavirus crisis

EBT by quarter
2010-2020, € mn



EBT, y-o-y change by P&L line item*, **,***
2019 vs. 2020, € mn



* A temporary exemption from IFRS9 (overlay approach) is applied to some equity instruments of insurance companies (reported according to IAS39). Overlay approach (+€102 mn) is included in the net investment income.

** Net insurance income includes net income from Non-life and Life insurance. Net investment income includes net trading income as well as net investment income from Non-life and Life insurance

***A net capital gain of €96 mn recognised on the sale of Vallila HQ property in January 2020 in other operating income

Key financials FY 2020

Main P&L line items

Group EBT
€785 mn
 (-6.3%)

Retail banking EBT **€115 mn (-51.2%)**
 Corporate banking EBT **€349 mn (12.5%)**
 Insurance EBT **€348 mn (-6.5%)**
 Other operations EBT **€3 mn**

Total income
€3,103 mn
 (-2.5%)

NII **€1,284 mn (+3.5%)**
 Net insurance income **€572 mn (+35.9%)**
 Net commissions and fees **€931 mn (-0.5%)**
 Net investment income **€184 mn (-65.3%)**

Total expenses
€1,839 mn
 (-3.4%)

Personnel costs **€715 mn (-8.6%)**
 Development cost impact **€183 mn (183)**

Majority of OP's personnel's statutory earnings-related pension insurance was transferred to Mutual Pension Insurance Company Ilmarinen at YE2018. The rest of these pension insurance liabilities transferred at YE2020 which decreased personnel costs by €96 mn in 2020. Without the transfer personnel costs increased by 3.7%.

Volumes (y-on-y growth)

Home loans
€40.0 bn (+1.2%)
 Corporate loans
€22.6 bn (+0.3%)
 Housing company loans
€9.9 bn (+7%)

Loans, total
€93.6 bn (+2.4%)
 Deposits, total
€70.9 bn (+10.8%)

Insurance premium revenue
€1,506 mn (+1.9%)

Assets under management
€89 bn (+7.2%)

Outlook 2021

OP Financial Group's earnings before tax for 2021 are expected to be lower than in 2020.

Exceptional uncertainty caused by the coronavirus pandemic increased impairment loss on receivables and weakened net investment income in 2020.

The coronavirus pandemic affected OP's core business operations in different ways

Banking

- Applications for loan **repayment holiday** and loan repayment schedule modifications in 2020
 - Private customers: over **200,000** applications
 - Corporate loans: over **20,000** applications
- All applications aren't caused by coronavirus crisis. The number of repayment holiday applications **returned to its pre-pandemic level in the summer**.
- After the restrictions set due to the pandemic were eased, loan demand started to bounce back at end-May 2020

Insurance

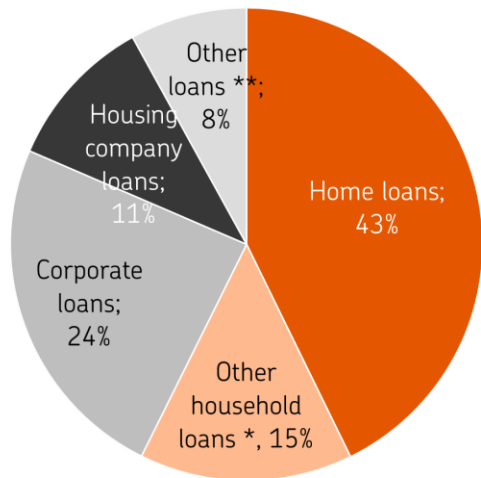
- The coronavirus pandemic increased the number of travel and business interruption insurance claims filed during the spring
- In many other insurance lines, the number of claims decreased as a result of lower activity in general
- The number of claims approached the pre-pandemic level in the autumn
- Claims incurred as a result of the pandemic totalled **EUR 37 million**.



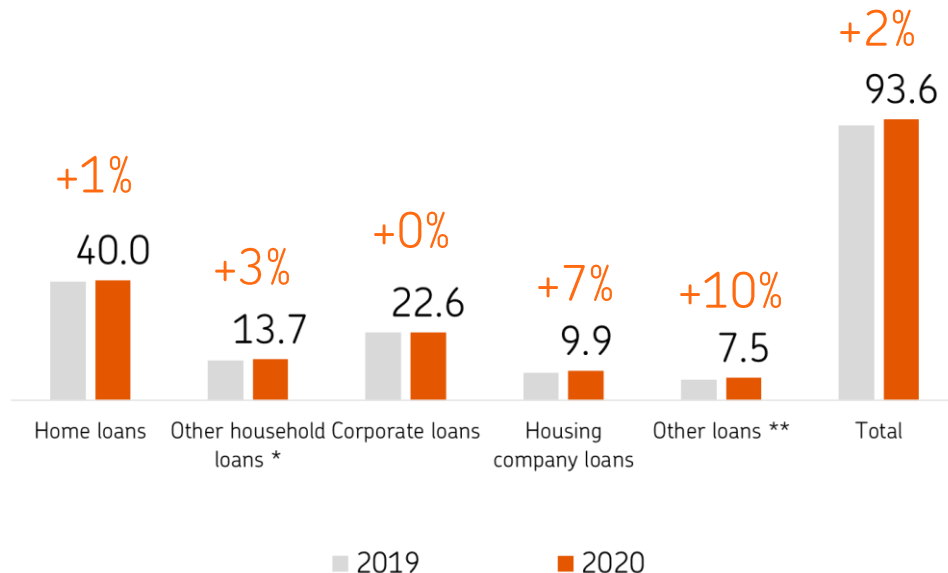
Loan Book Overview and Asset Quality

Loan portfolio up by 2% in 2020

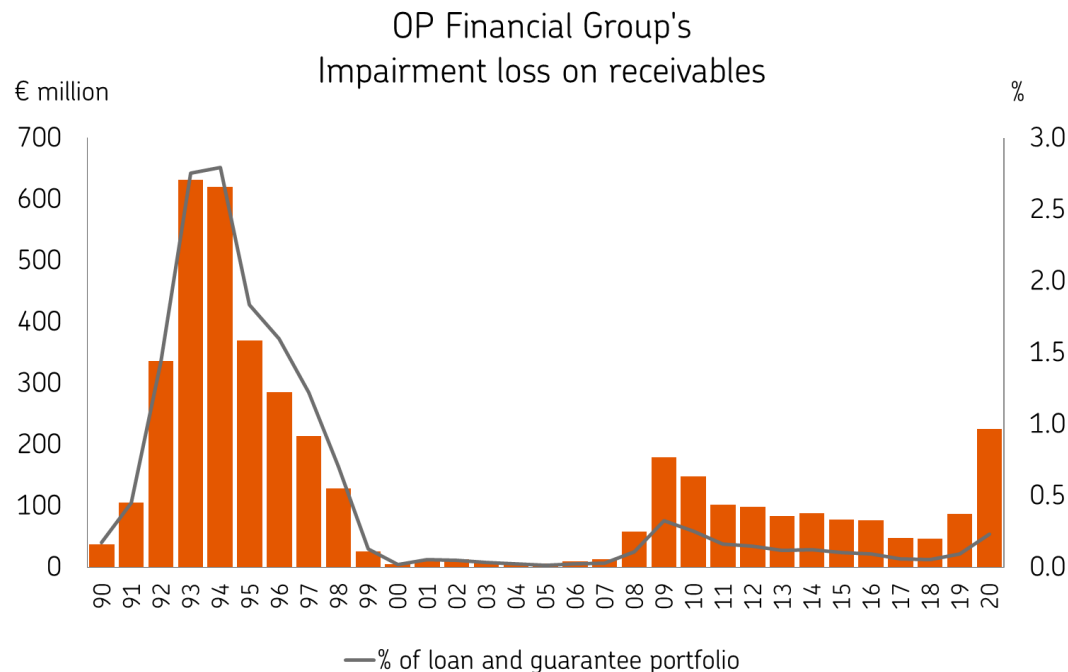
€93.6 bn Loan portfolio breakdown,
31 Dec 2020, %



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



Impairment loss on receivables up due to coronavirus crisis and the new DoD



2020:

€225 mn (87) i.e.
0.23% (0.09) of loan and
guarantee portfolio

Increase in impairment loss on
receivables mainly caused by the
coronavirus crisis (€88 mn) and the
new DoD (€44 mn)

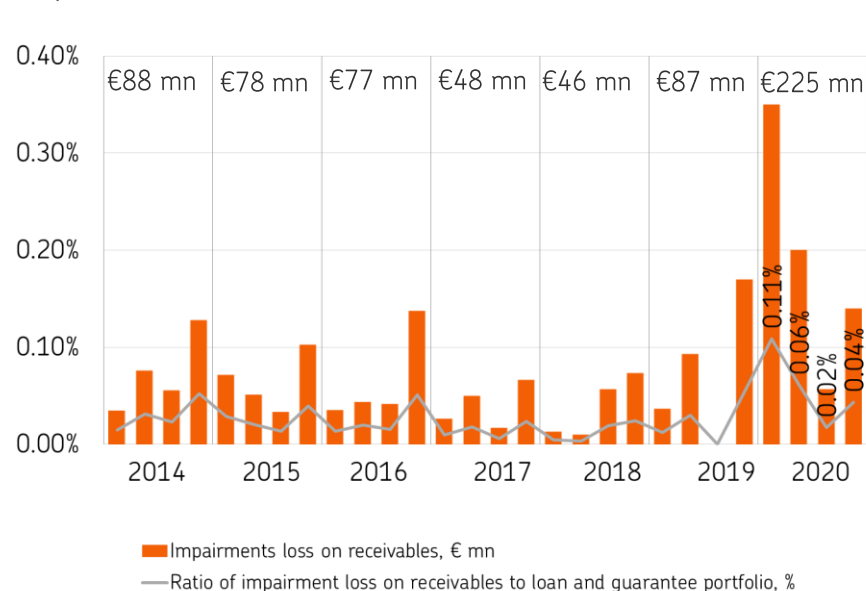
Impairment loss on receivables €225 mn in FY2020

Doubtful receivables 5.4% (3.2) of loan and guarantee portfolio

Performing forborne receivables 62% (66) of gross doubtful receivables

Effect of the coronavirus crisis on growth in ECL totalled around €88 mn in 2020

Impairment loss on receivables



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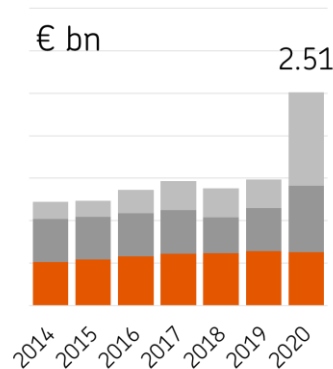
Doubtful receivables (gross)

Non-performing

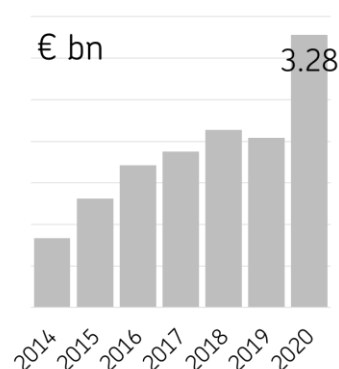
2.0% (1.1) to loan & guarantee portfolio

Performing

3.4% (2.1) to loan & guarantee portfolio



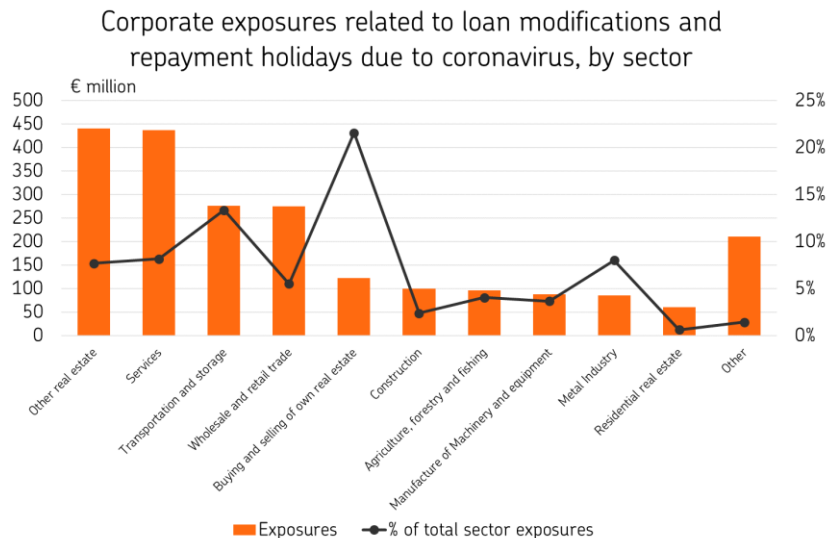
More than 90 days past due
Unlikely to be paid
Forborne receivables



Forborne receivables

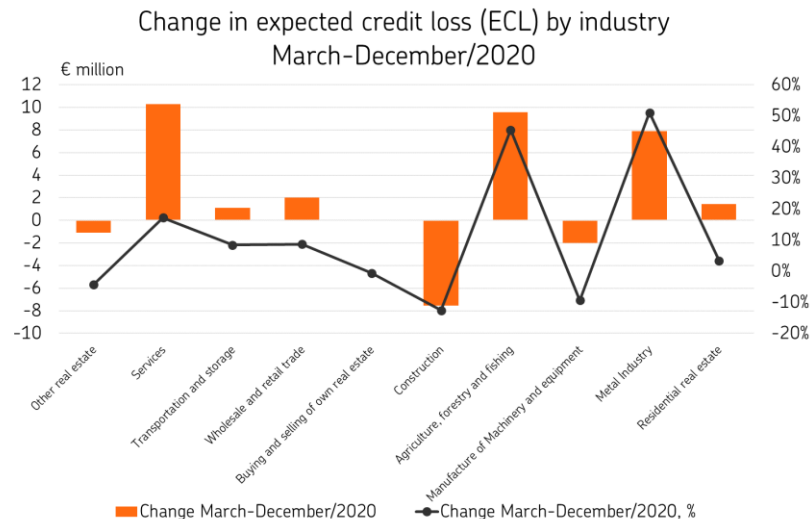
Some negative effects of the coronavirus crisis seen in certain industries of corporate exposures

In March–December 2020, repayment holidays and repayment schedule modifications were granted to customer exposures worth €8.2 bn, of which 73% concerned private customers and 27% corporate customers



20.1% of repayment holidays and loan modifications related to corporate exposures concerned the sector other real estate, 19.9% concerned the service sector (such as hotels, restaurants and tourism) and 12.6% concerned the transportation and storage sector.

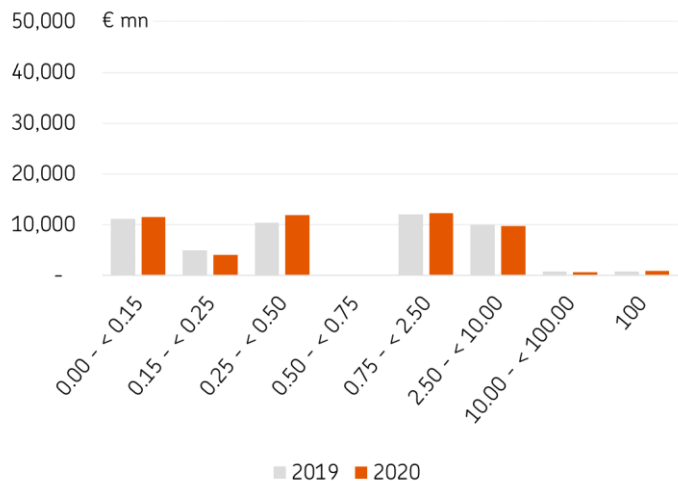
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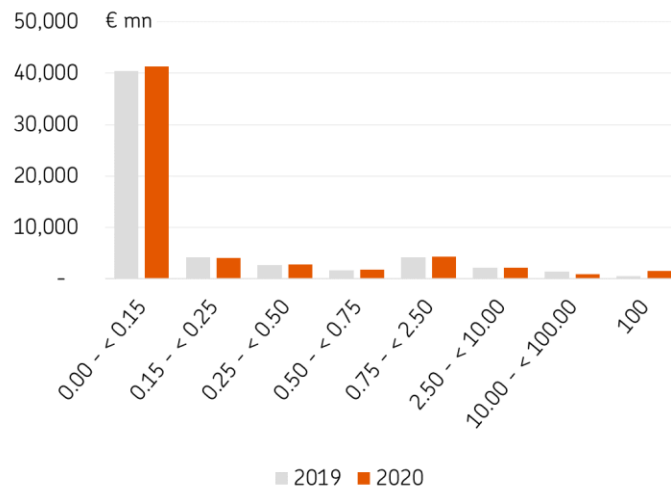
In March–December, the most significant expected credit losses were recognised in corporate exposures related to services, agriculture, forestry and fishing and metal industry.

Credit risk exposures not substantially weakened

Corporate exposures (gross value) by PD range
(€51.3 bn at YE2020)



Retail exposures (gross value) by PD range
(€58.6 bn at YE2020)

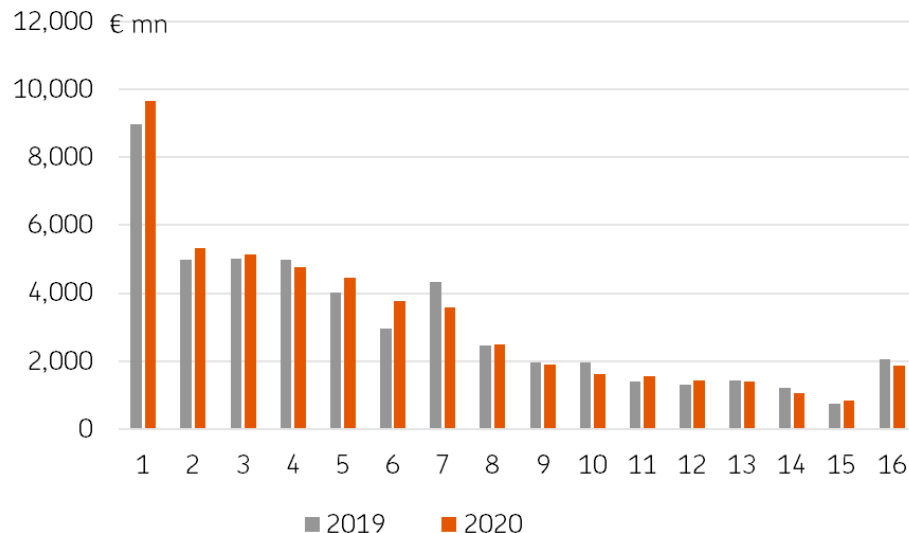


26.7% of the corporate exposures to which a repayment plan change or repayment holiday was granted concerned the highest seven rating grades, while 5.4% concerned the lowest three rating grades (20-tier internal rating system for corporate customers).

70.4% of repayment holidays granted to private customers concerned the top six rating grades, while 6.4% concerned the lowest three rating grades (16-tier internal rating system for private customers).

Corporate exposures well diversified by industry

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

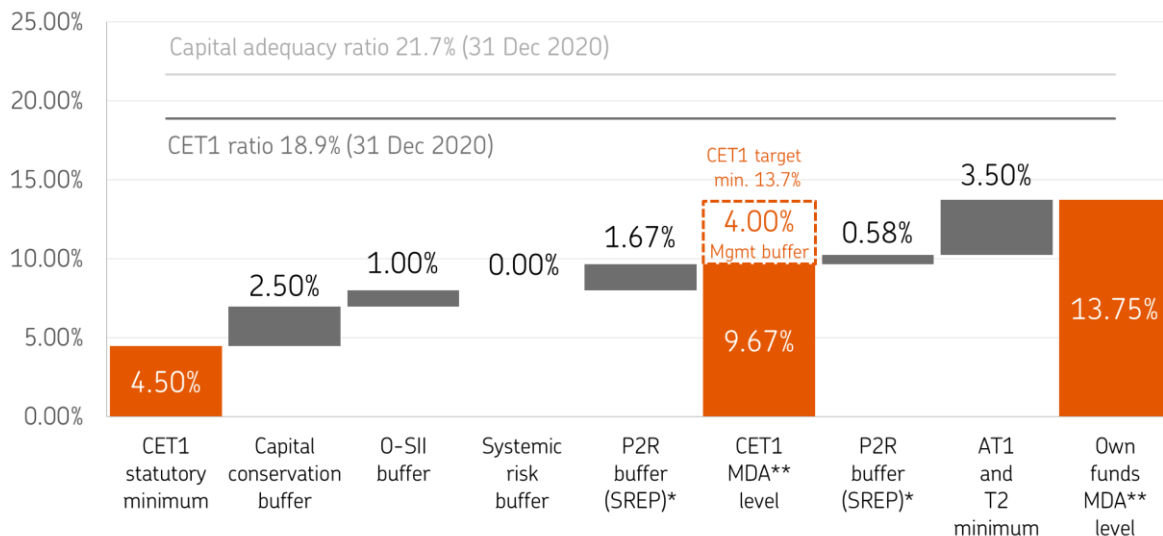


No.	Industry	2019	2020
1	Renting and operation of residential real estate	18.0%	19.0%
2	Services	10.0%	10.5%
3	Trade	10.1%	10.1%
4	Operating of other real estate	10.0%	9.4%
5	Energy	8.1%	8.8%
6	Financial and insurance activities	5.9%	7.4%
7	Construction	8.7%	7.1%
8	Manufacture of machinery and equipment (incl. maintenance)	4.9%	4.9%
9	Other manufacturing	3.9%	3.7%
10	Agriculture, forestry and fishing	3.9%	3.2%
11	Forest industry	2.8%	3.1%
12	Information and communication	2.6%	2.8%
13	Transportation and storage	2.9%	2.7%
14	Metal industry	2.4%	2.1%
15	Food industry	1.5%	1.7%
16	Others	4.1%	3.7%

Capital Position

CET1 ratio target: Management buffer min. 400 bps above CET1 MDA level – totalling to min. 13.7% (Dec 2020)

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



* P2R supervisory Pillar II requirement ** Maximum distributable amount

In April 2020, following the coronavirus crisis, the FIN-FSA lowered OP's capital requirements by cutting O-SII buffer to 1% (formerly: 2%) and systemic risk buffer to 0% (formerly: 2%). These capital buffer requirements are parallel and the larger one is applied.

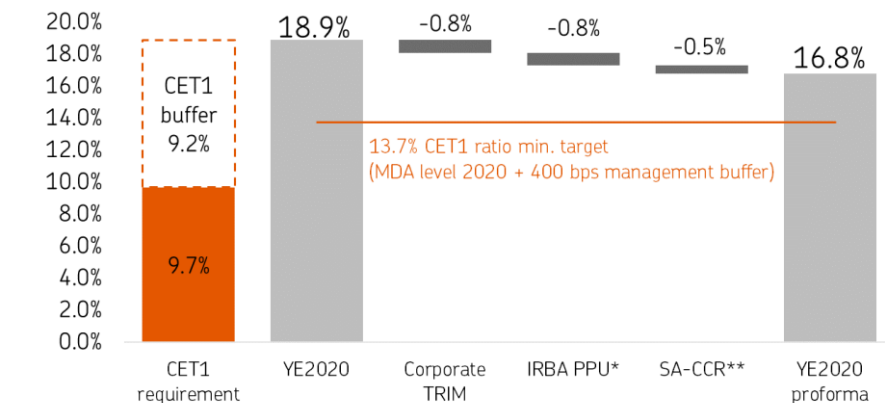
According to ECB's guidance, since Q1/20, P2R buffer is also covered with AT1 and T2 capital.

In December 2019, as part of SREP, the ECB set OP Financial Group's P2R buffer requirement at 2.25% (previously 2.00%) that entered into force on 1 January 2020.

CET1 ratio 18.9%

Decline caused mainly by loan portfolio growth and the adoption of the new DoD.

Future changes*** impacting the CET1 ratio



* Internal Ratings-Based Approach Permanent Partial Use

** Standardized Approach for Counterparty Credit Risk (CRR2 update)

*** Impacts and entry into force of these changes were estimated according to the management's best knowledge based on the information currently available

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Profit shares in CET1 capital €2.8 bn
REA €59.7 bn (55.5)

Average risk weights, YE2020

22.3% for retail exposures (17.6)

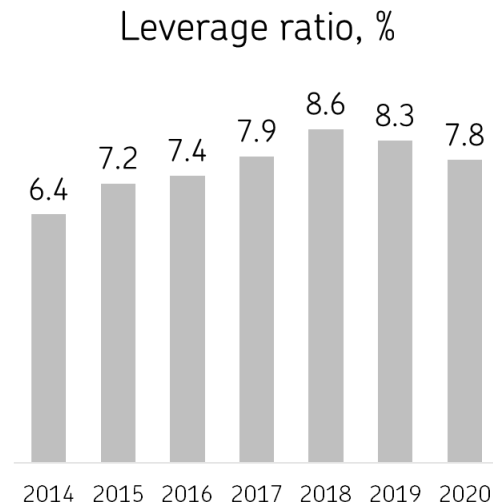
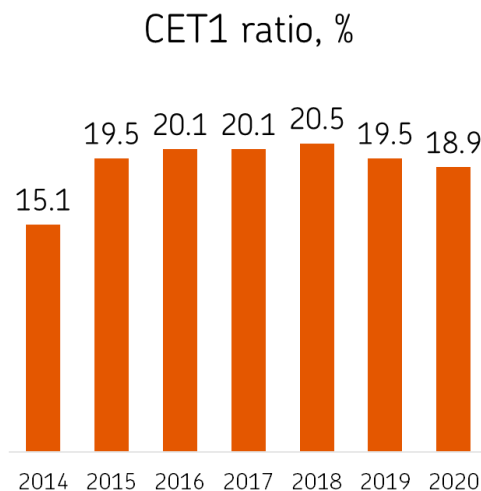
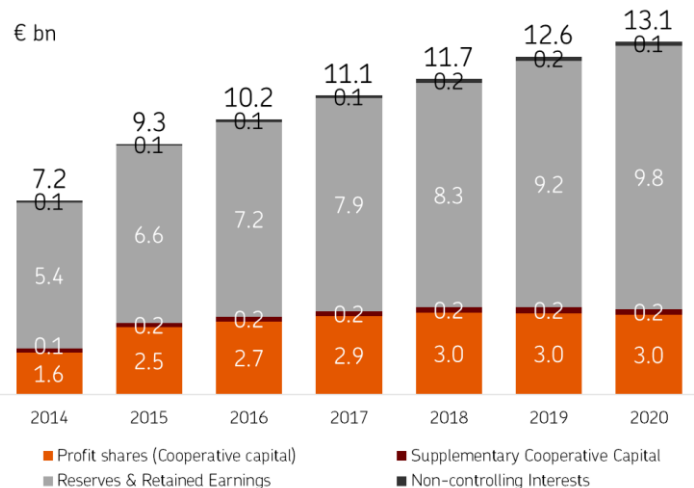
67.8% for corporate exposures (66.8)

- FIN-FSA's 15% RW floor on residential mortgage loans came into force on 1 Jan 2018 and is valid until YE2020
- In Apr 2019, ECB set RW floor of approx. 12% for home loans (TRIM) – valid until qualitative requirements met
 - No further effect on OP's CET1 ratio due to previously set higher RW floors
- In Feb 2020, ECB decision on new DoD incl. risk weighting factors for corporate and retail exposures – valid until qualitative requirements met
- In December 2020, ECB decision on increases in RW floors for retail exposures. This decision replaced the former decision from February 2017.

Strong track record of capital generation

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

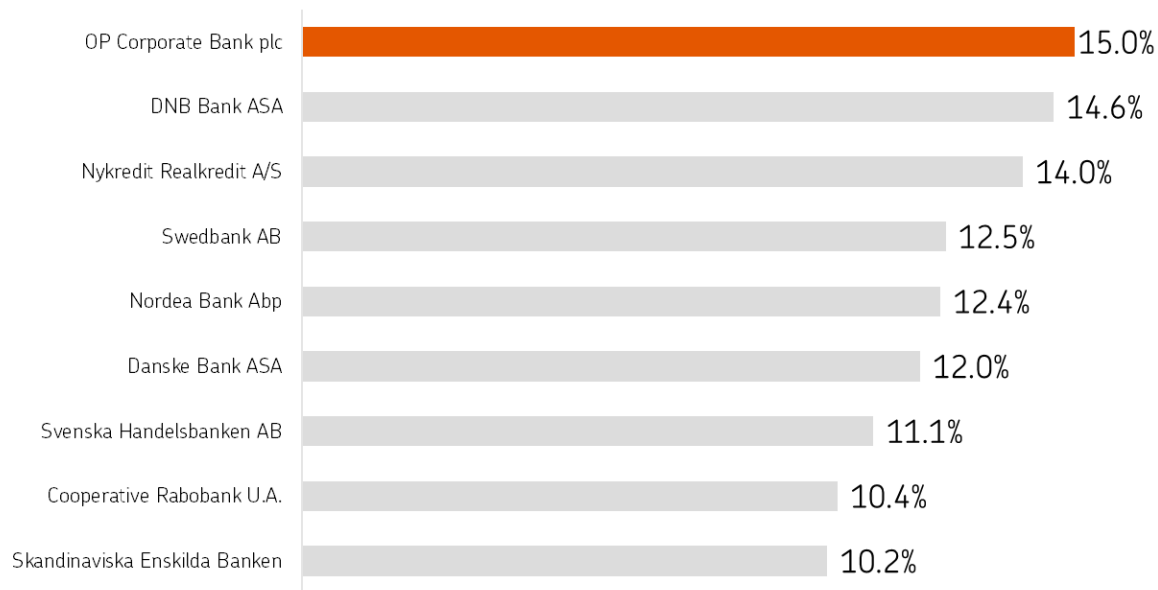
Earnings and profit shares contribute to CET1 and leverage ratio



Minimum level in the draft regulations 3.0%

OP is a clear outperformer in S&P RAC ratio comparison leaving all Nordic peers behind

Northern European banks' S&P RAC ratios, before diversification
(YE2019)

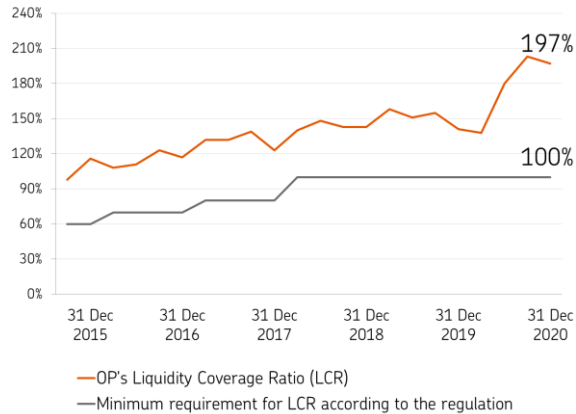


Source: Standard & Poor's, COVID-19 Puts The Brakes On Capital Strengthening For The 50 Largest European Banks, October 14, 2020

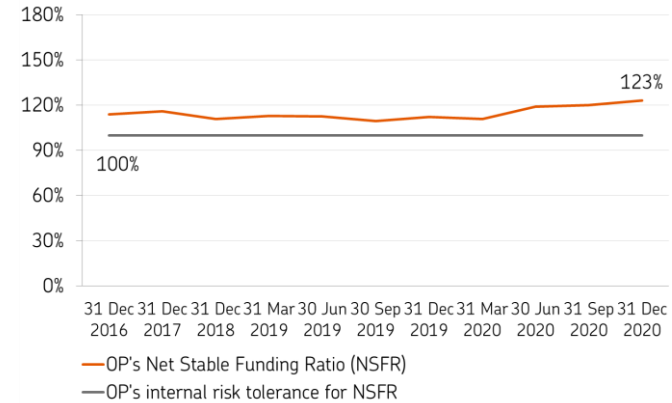
Liquidity and Funding

Despite the effects of coronavirus pandemic OP's liquidity and funding position remained good

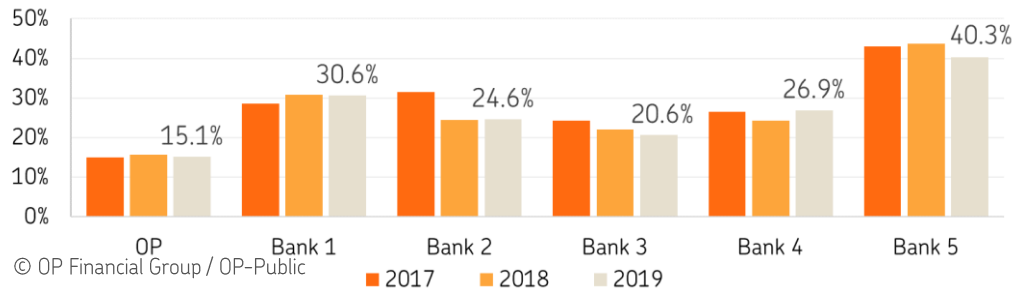
LCR vs. minimum requirement



NSFR vs. internal risk tolerance



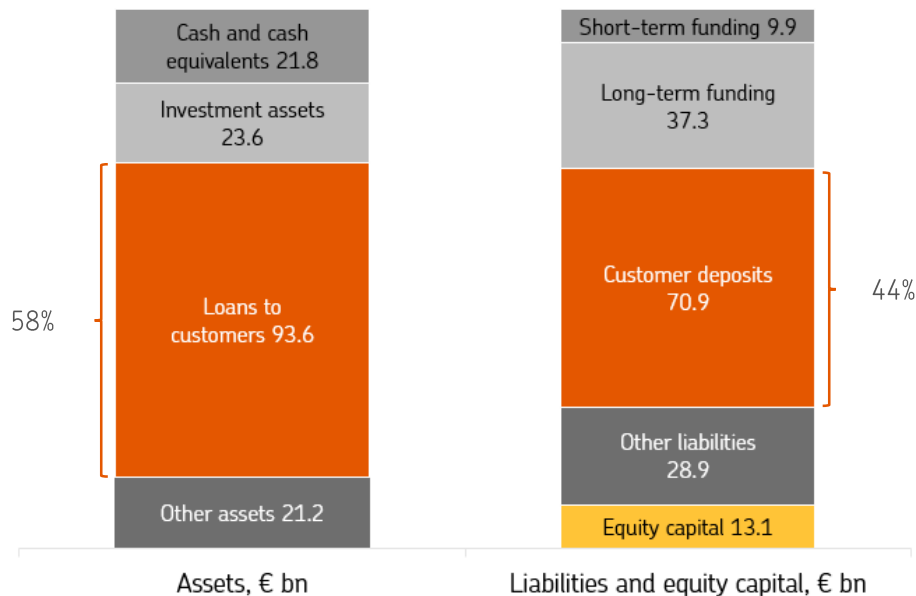
OP has the lowest Asset Encumbrance ratio in Nordic comparison



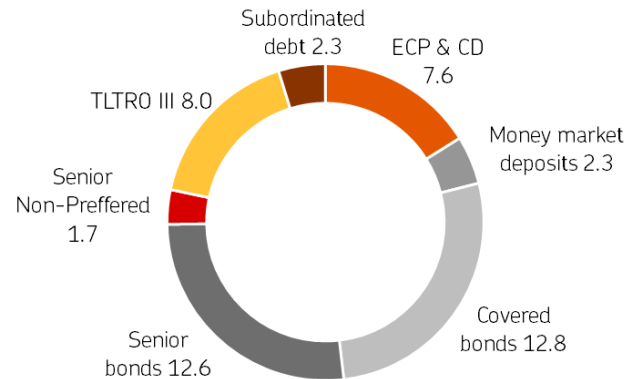
Source: Banks' Annual reports/Risk Management Reports & calculations by OP Financial Group, calculated from data reported by banks according to EBA Asset Encumbrance Disclosure Guidelines (Bank 5 ratio as reported by the bank itself)

Balance sheet totaled €160 bn at end-Dec 2020

Market-based funding 25% of the balance sheet



Long-term and short-term funding, € bn

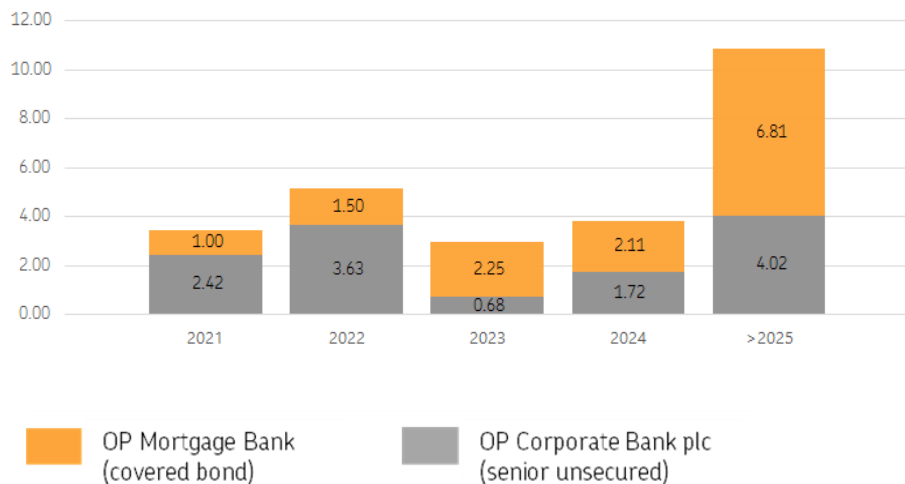


Deposits within the scope of deposit guarantee €41.2 bn. The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

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

Maturity breakdown of wholesale funding well diversified

Issued senior unsecured and covered bonds by maturity, 31 Dec 2020 (€ bn)



MREL regulation

- The SRB has set MREL for OP Financial Group at 12% of liabilities and own funds ie. 27% of the total risk exposure amount (REA) at YE2018.
- As at 31 Dec 2020 OP Financial Group
 - clearly fulfils the requirement set by the authority: MREL ratio was around 40%
 - had SNP instruments worth €1.7 bn in its balance sheet
- The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would apply to OP Corporate Bank acting as a Single Point of Entry

Issued long-term bonds €8.9 bn in 2020

OP Corporate Bank plc's benchmark bonds

Year	Month	Amount	Maturity	Cost
2020	November	€1 bn	7 yrs	m/s +48 bps
2020	June-July	€1 bn	4 yrs	m/s +50 bps
2020	June	€1 bn (T2)	10 yrs (10 non-call 5)	m/s +200 bps
2020	June	SEK3.25 bn (T2)	10 yrs (10 non-call 5)	m/s +230 bps
2020	May	€1 bn	5.25 yrs	m/s +85 bps
2020	January	€500 mn (SNP)	7 yrs	m/s +65 bps

OP Mortgage Bank's covered bonds

Year	Month	Amount	Maturity	Cost
2020	November	€1.25 bn	10 yrs	m/s + 2 bps
2020	April	€300 mn (retained)	8 yrs	Eb3 +45 bps
2020	April	€500mn (retained)	2 yrs	Eb3 +30 bps
2020	January	€1 bn	8.25 yrs	m/s +3 bps

In March 2020, OP took ECB's USD-denominated financing worth \$500 mn with a maturity of less than a year. Additionally, OP participated in ECB's TLTRO III financing operation by €6 bn (maturity 3 yrs) in June 2020.

Funding based on strong credit ratings

Target: Credit rating at least at the level of AA-/Aa3

	Moody's (Long-term debt rating)	S&P (Long-term issuer credit rating)
OP Corporate Bank plc	Aa3	AA-
Svenska Handelsbanken AB	Aa2	AA-
DNB Bank ASA	Aa2	AA-
Nordea Bank Abp	Aa3	AA-*
SEB AB	Aa2	A+
Swedbank AB	Aa3	A+
Danske Bank A/S	A3	A
OP Mortgage Bank**	Aaa	AAA
Pohjola Insurance Ltd***	A2	A+
If P&C Insurance Ltd***	A1	A+
Finland	Aa1	AA+

* Negative outlook

** Covered bond rating

*** Insurance financial strength rating

Updated: 27 January 2021

OP CORPORATE BANK PLC

- Moody's affirmed Aa3 rating with stable outlook in May 2019
 - Uplifts from Loss-Given-Failure (+2 notches) and Government Support (+1 notch)
- S&P affirmed AA- rating and changed outlook from negative to stable in January 2021
 - Uplifts from Business Position (+1 notch), Capital and Earnings (+2 notches) and ALAC Support (+1 notch)

OP MORTGAGE BANK

- Moody's affirmed Aaa rating with stable outlook in November 2018
 - TPI (Timely Payment Indicator) Leeway 5 notches
- S&P affirmed AAA rating with stable outlook in September 2019
 - 3 unused notches of jurisdictional support, 2 unused notches of collateral based uplift

POHJOLA INSURANCE LTD

- Moody's upgraded rating to A2 with stable outlook in January 2019
- S&P affirmed A+ rating and changed outlook from negative to stable in January 2021

Corporate Responsibility and Green Bonds

OP Financial Group's Corporate Responsibility Programme



We improve financial literacy in Finland

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



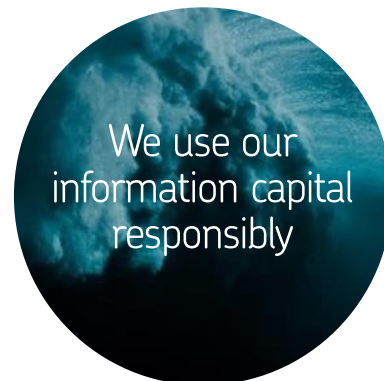
We foster a sustainable economy

We support sustainable development and mitigating climate change and help adapt to it.



We support local vitality and communities

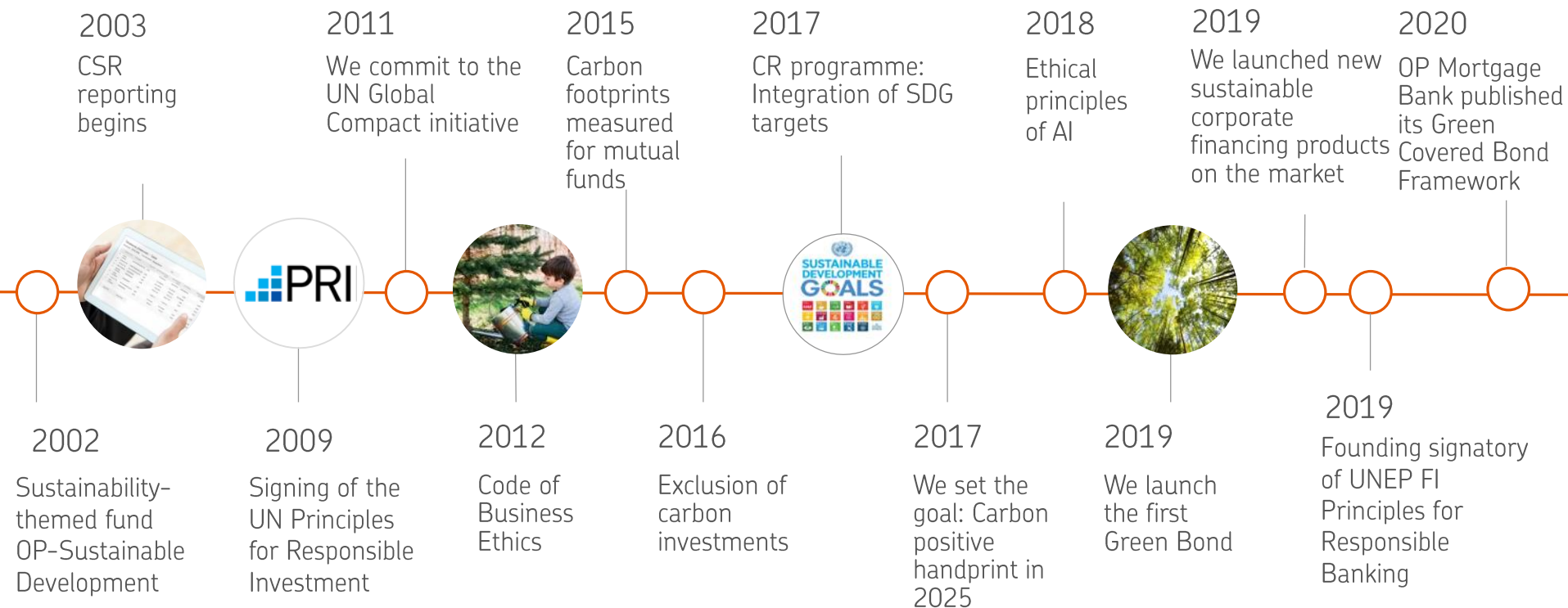
We create jobs, promote physical activity, provide security and help build wellbeing in Finland. We promote local economic vitality.








We use our information capital responsibly

We use customer data and AI transparently, in the best interest of our customers. Accessibility and having the best customer experience across all channels are at the core of developing our services.

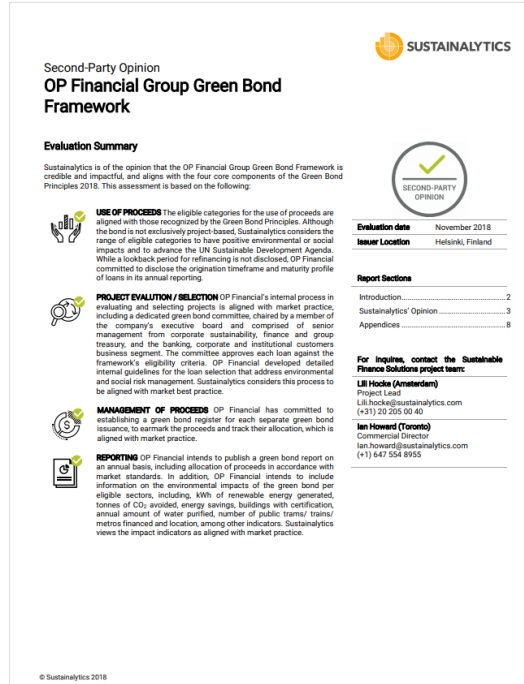
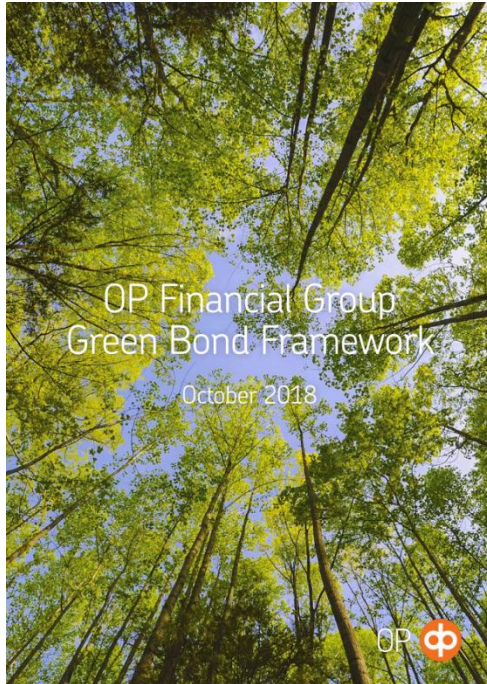
OP's CR measures during recent years



ESG Ratings – OP is among the top performers in the banking sector

ESG Rating Agency	31 Dec 2020	31 Dec 2019	Range
MSCI 	A	A	CCC to AAA
 SUSTAINALYTICS	16.0	16.3	100 to 0 (severe to negligible risk)
ISS ESG 	C-	C-	D- to A+
 CDP <small>DISCLOSURE INSIGHT ACTION</small>	A-	A-	D- to A
 vigeo eiris	53	52	0 to 100
imug (OP Corporate Bank)	CCC	CCC	D to AAA
imug (OP Mortgage Bank)	B	B	D to AAA

OP's Green Bond Framework published in 2018



- OP Financial Group published its Green Bond Framework and associated Second Opinion issued by Sustainalytics in 2018
- Eligible sectors for use of proceeds:
 1. Renewable Energy
 2. Energy Efficiency
 3. Green Buildings
 4. Pollution Prevention and control
 5. Sustainable Land Use
 6. Clean Transportation
- Currently OP Corporate Bank's Green Bond register includes corporate loans from sectors 1, 3 and 5
- OP Corporate Bank carries out ESG analyses of its corporate exposures to support credit risk assessments and seek more assets eligible for green bonds

Documents available at <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

OP Green Bonds Eligible Use of Proceeds



Use of
proceeds

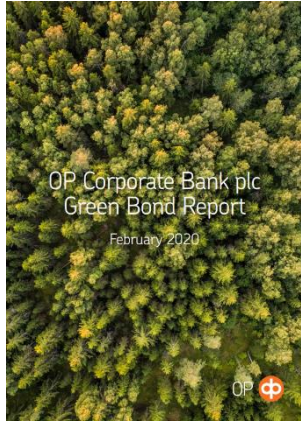
Process for
project
evaluation
and selection

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 	

OP Corporate Bank's Green Bond Report highlights



- OP Corporate Bank issued its inaugural €500 million green bond in Feb 2019 and published the first Green Bond Report in Feb 2020
- 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

Most relevant UN SDGs:



Impacts from OP's first Green Bond²



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

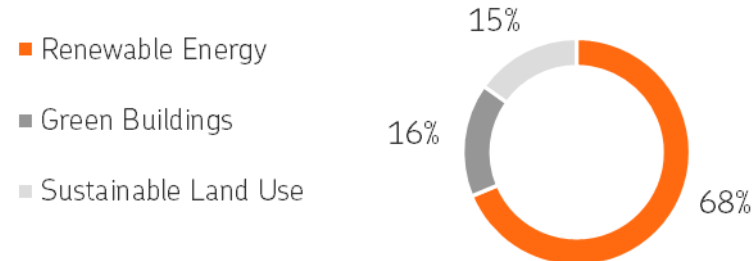


- 32 000 m² of green certified building area
- 1.2 ktCO₂e avoided due to reduced energy consumption



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

Assets included in the Green Bond register by eligible sector

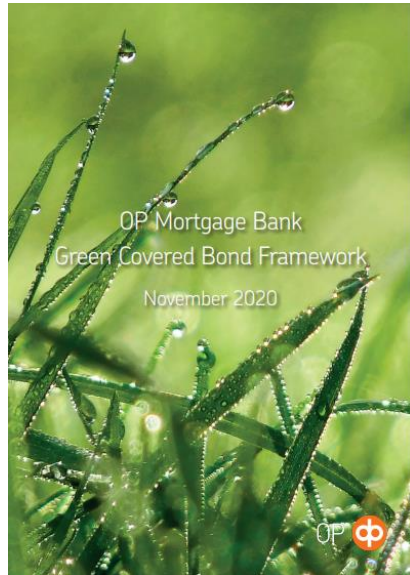


¹ KPMG has verified the allocation of proceeds to eligible loans, and Sustainalytics has reviewed OP's reporting criteria (incl. impact reporting)

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>

OP Mortgage Bank's Green Covered Bond Framework published in 2020

Aligned with ICMA Green Bond Principles and complies with the EU Green Bond Standard on a best effort basis



Use of Proceeds

- Eligible Sector: Green buildings
- Criteria: EU Taxonomy's Construction and real estate activities criteria and CBI Residential Buildings criteria

Project evaluation and selection

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

Management of proceeds

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

Reporting: Annual Green Covered Bond Report

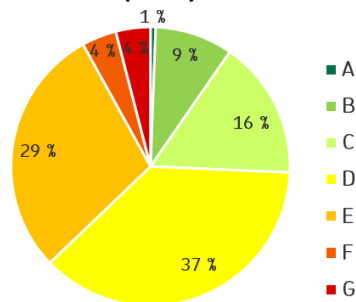
- Amount of proceeds allocated to green covered bonds
- Origination timeframe and maturity profile of mortgages
- Number of eligible mortgages
- Estimated environmental impacts of the mortgages

External review & verification

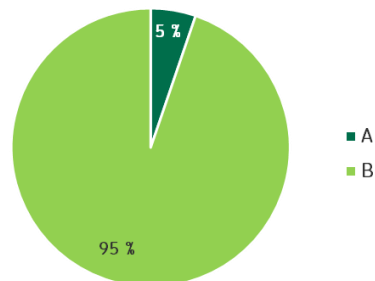
- Second Party Opinion by Sustainalytics
- Limited assurance report by an external auditor

Eligible green mortgages amount to €2.1 bn (March 2021)

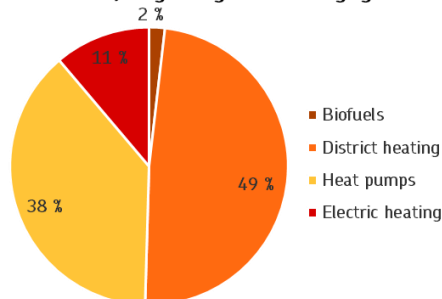
Energy label breakdown*, Finland
(2020)



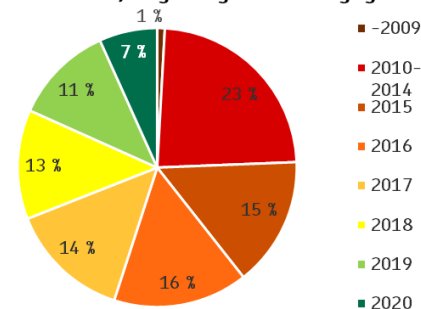
Estimated energy label breakdown*,
eligible green mortgages



Estimated main heating source
breakdown, eligible green mortgages



Estimated construction year
breakdown, eligible green mortgages



- EPCs A and B amount to approximately 10% in Finland
- Estimation is based on OP mortgages that have EPCs available

*presented as equivalent to 2018 Finnish EPC legislation

In Finland, 85% of electricity production was CO₂-neutral and 54% of district heating was produced from renewable energy sources and waste heat in 2020.

Source: Finnish Energy (ET)

Debt IR contacts

Debt IR contacts



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See also CFO's Results Interview