



OP Debt Investor Presentation Q1/2023

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.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations. Our financial reports also describe risks and factors that could affect our future performance and the industry in which we operate. Should one or more of these risks or uncertainties materialize or should any underlying assumptions prove to be incorrect, our actual financial position or results of operations could materially differ from that presented as anticipated, believed, estimated or expected. The views and other information provided are current as at the date of when such information was provided and may be subject to change without notice. OP Financial Group does not undertake and is not under any obligation to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law or applicable stock exchange regulations.

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

OP Financial Group has applied IFRS 17 Insurance Contracts as of 1 January 2023.

The 2022 figures in the income statement and balance sheet have been adjusted retrospectively. The preceding years' figures (2019, 2020 and 2021) have not been adjusted. Note 1 Accounting policies to this Interim Report provides more information on the adoption of IFRS 17 and the changes in the format of the income statement and balance sheet.

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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](#)
[CFQ's Results Overview](#)

A photograph of a person with curly hair, wearing a striped sweater and orange pants, leaning against the trunk of a large, old tree in a forest. The tree's branches are thick and gnarled, and the foliage is dense with green needles. The lighting is warm, suggesting late afternoon or early morning. The sky is visible through the canopy of the trees.

Outlook for the Finnish Economy

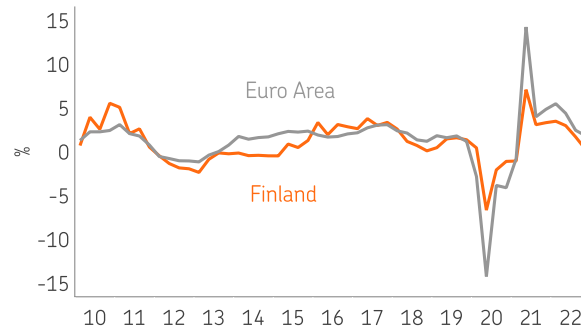
OP Group's forecasts for the Finnish economy

Published on 31 January, 2023

	2021	2022	2023f	2024f
GDP volume, annual growth %				
Finland	3,0	2,1	-0,5	0,5
Euro area	5,3	3,4	0,5	1,0
Unemployment rate, %				
Finland	7,7	6,8	7,2	7,4
Euro area	7,7	6,7	7,3	7,0
Current account balance, % of GDP				
Finland	0,4	-3,9	-2,7	-2,5
Euro area	2,4	-1,0	-1,0	-1,0
General government net lending, % of GDP				
Finland	-2,7	-0,8	-3,0	-3,0
Euro area	-4,7	-3,5	-3,0	-2,5
General government debt, % of GDP				
Finland	72,5	73,0	73,3	75,3
Euro area	97,2	97,5	100,0	101,5
Inflation, %				
Finland	2,2	7,1	5,1	2,5
Euro area	2,6	8,3	5,0	2,8

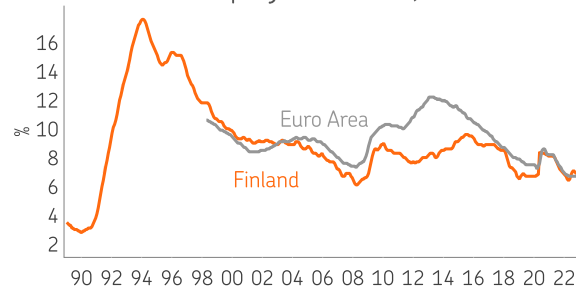
Sources: Statistics Finland, Eurostat, OP

Quarterly GDP growth, % y-o-y



Source: Macrobond, OP

Unemployment rate, %

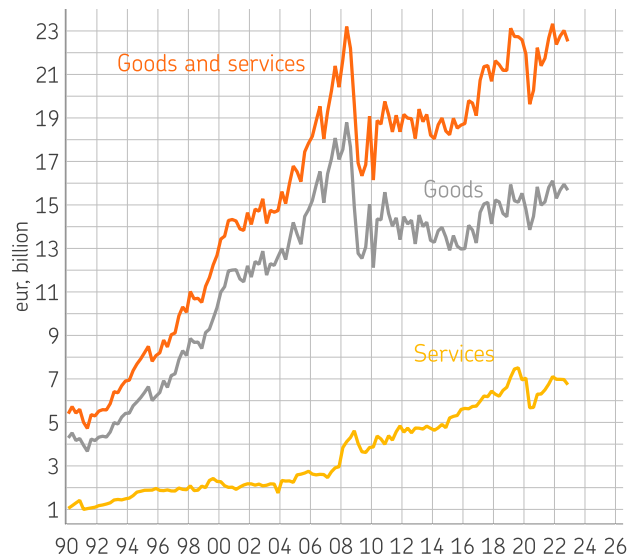


Source: Macrobond, Eurostat, StatFin, OP

Foreign trade structure rather stable

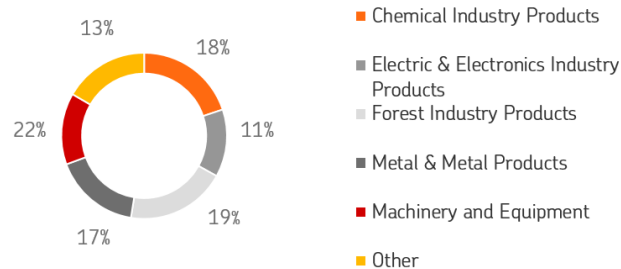
Finland is an exports-driven economy with around 40% of GDP deriving from exports

Exports of goods and services, SA

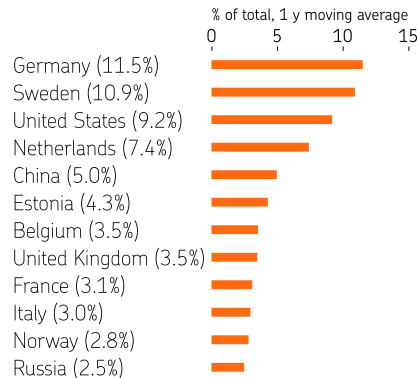


Source: Macrobond, OP

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 22 years
- 95% of home loans tied to variable interest rates
- Home loan cap (LTC) 85% and for first-home-buyers 90%

39%

OP's
market share
in mortgages

OP's stress-test

6%

interest rate in
25 years' maturity

34%

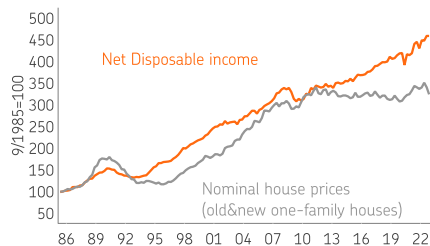
OP's private
customers'
mortgages protected
by interest rate cap

120,000

OP customers
currently benefitting
from interest rate cap

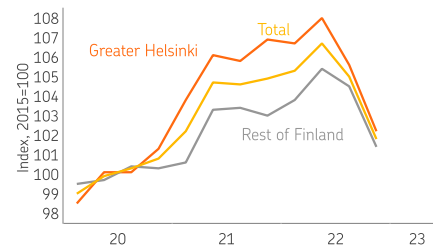
Finnish economy

Change in house prices and net income



Source: Macrobond, StatFin, OP

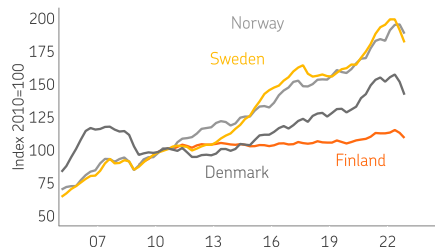
Real estate prices, old dwellings



Source: Macrobond, StatFin, OP

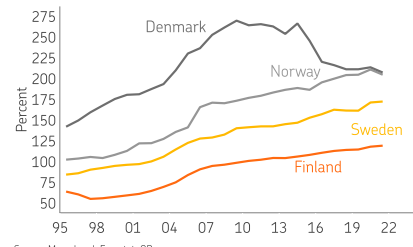
Nordics

House prices



Source: Macrobond, Eurostat, OP

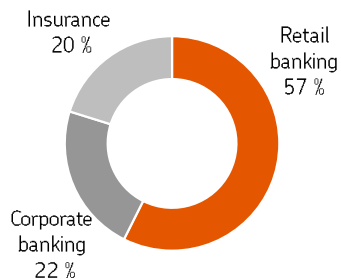
Gross Debt-to-Income Ratio



Source: Macrobond, Eurostat, OP

OP Financial Group

OP Financial Group in brief



€480 mn

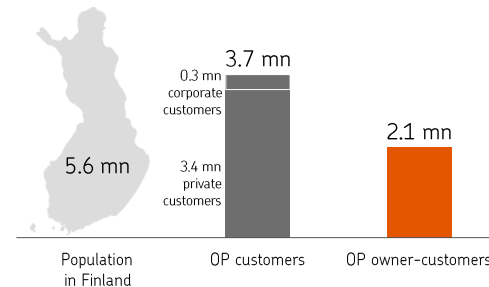
Operating profit
Q1/23

18.3%

CET1 ratio

€158 bn

Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	33%	20%

Joint liability

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

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

Source: Bank of Finland (Loans and Deposits 12/2022), Finance Finland (Non-life & Life Insurance 12/2022)

OP Financial Group's business structure

2.1 million owner-customers

106 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

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



-41%
cooperative banks
since 2014

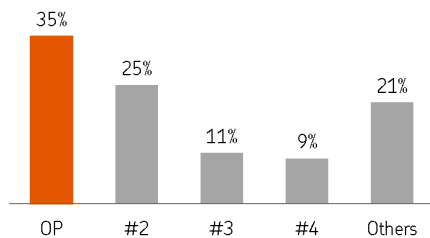
Major subsidiaries

*Issuing entity

© OP Financial Group / OP-Public

OP is the leading financial group in Finland

Loans



OP's market share in

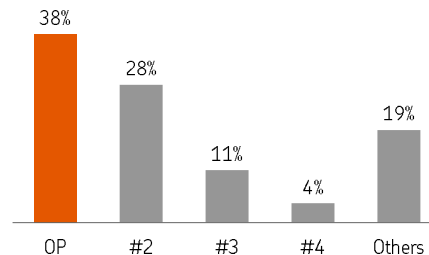
39%

Mortgages

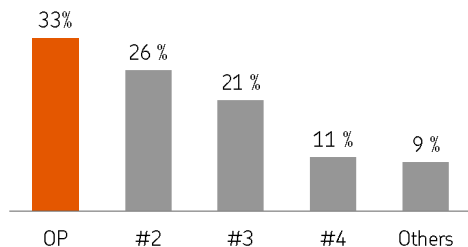
38%

Corporate loans

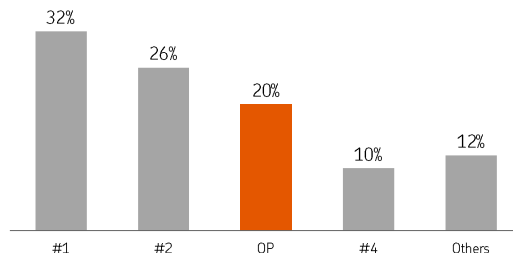
Deposits



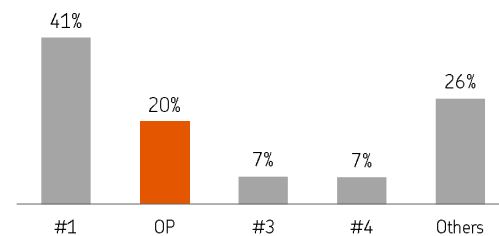
Non-life insurance



Life insurance



Mutual funds



OP's strategic priorities and long-term targets



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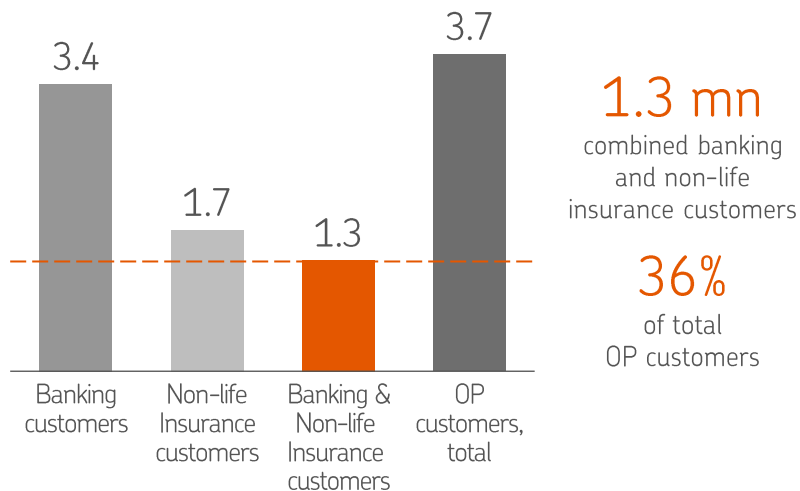
We aspire to be the leading and most appealing financial services group in Finland.

OP Financial Group's strategic long-term targets

	Q1/2023	Target 2025
Return on equity (ROE) excluding OP bonuses, %	11.8	8.0
CET1 ratio, %	18.3	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 25 Insurance: 16	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

Attractive loyalty benefits support cross-selling

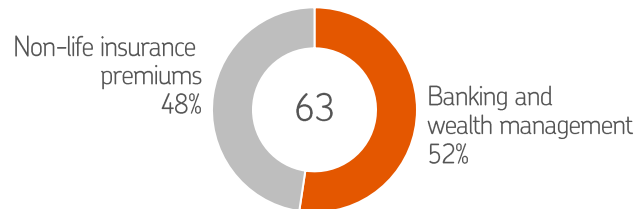
Number of customers, million



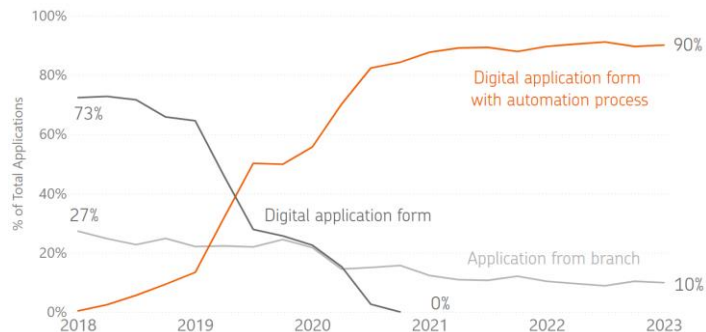
Owner-customer benefits



OP bonus usage during Q1/23, € million



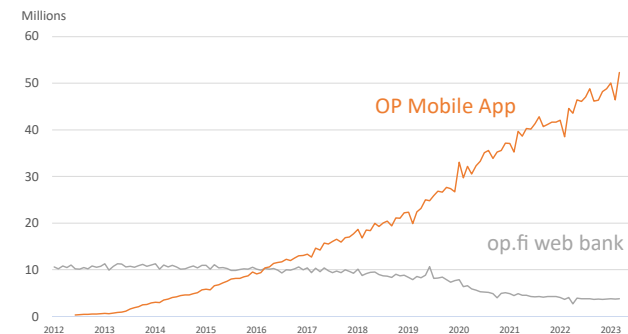
Digital customer experience



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

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

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, Apple Pay, and Google Pay

Loans & homes

Loan and mortgage applications

Information on existing loans and upcoming instalments

Security for loans with interest rate cap and payment protection insurance

Savings & investments

Tools for trading shares and mutual funds

Watchlist, notifications for exchange rate alarms

OP Investment Partner

Insurance

Buy and manage



View existing claims

Report a loss and get help in case of an emergency

A man with curly hair, wearing a striped sweater and orange pants, is leaning against a large tree trunk in a forest. The background is filled with tall pine trees and a clear blue sky. The scene is bathed in warm, golden light, suggesting late afternoon or early morning. A white horizontal line is positioned above the title text.

Financial Performance

Key financial figures 2023

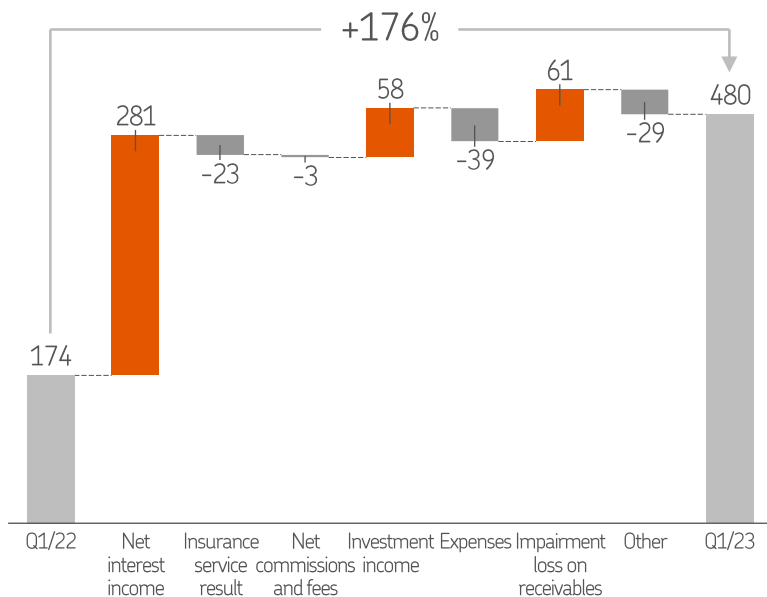
Operating profit	Total income	Total expenses	Total loans	Total deposits	Assets under management
€480 mn +176%	€1,111 mn +36%	€-553 mn +8%	€99 bn -1%	€74 bn -5%	€100 bn +1%
Retail banking €256 mn (+377%)	Net interest income €615 mn (+84%)	Personnel costs €-222 mn (+5%)	Home loans €42 bn (-1%)	 In responsible investment funds €13 bn (2022)	
Corporate banking €100 mn (-)	Insurance service result €-2 mn (-112%)	Development cost impact €-64 mn (+28%)	Corporate loans €23 bn (0%)		
Insurance €90 mn (+6%)	Net commissions and fees €244 mn (-1%)	 Issued sustainability-linked loans, green loans and credit limits €5.5 bn			
Other operations €4 mn	Investment income €128 mn (+82%)				

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Operating profit for 2023 is expected to be higher than in 2022.

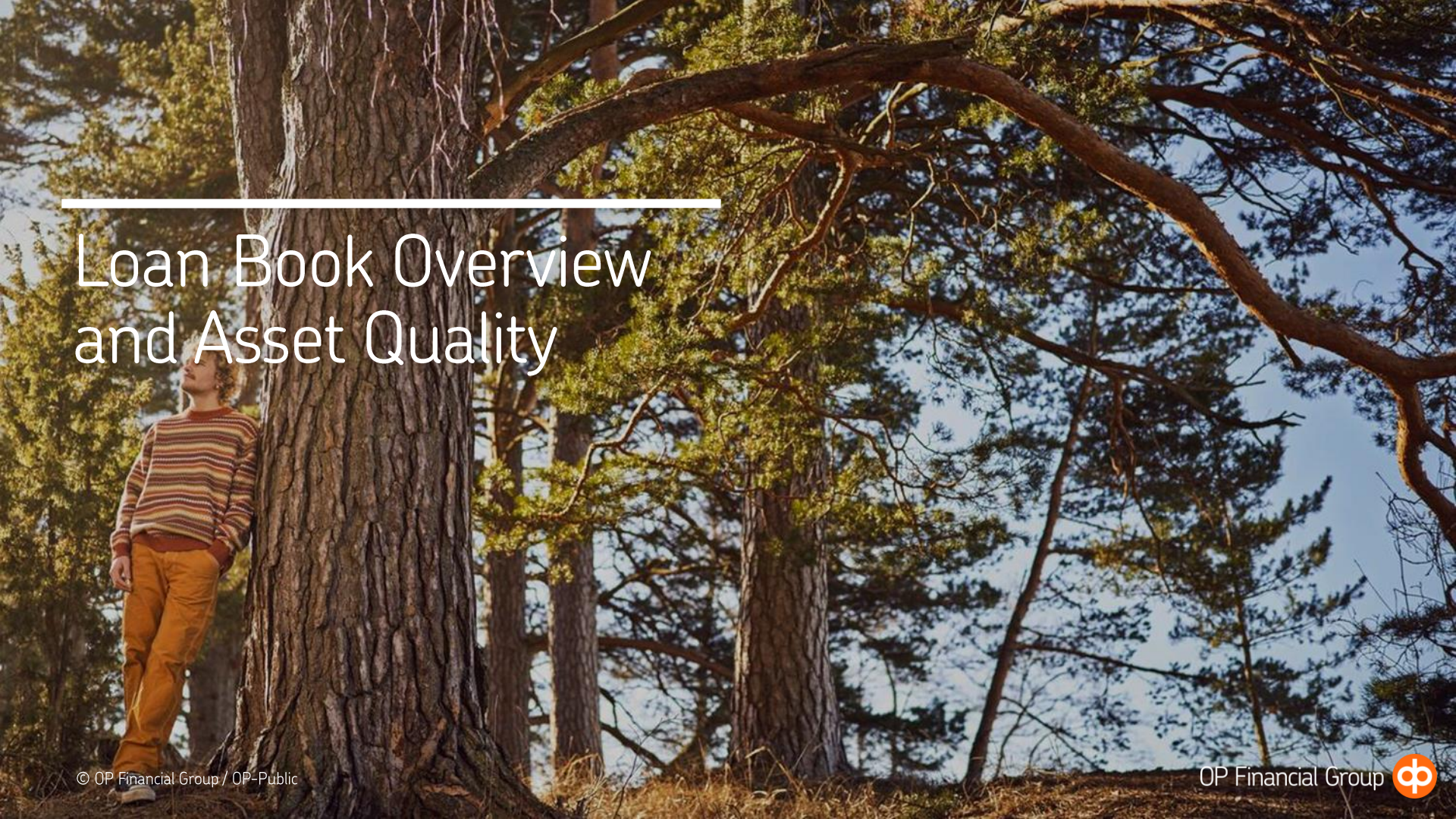
Financial performance

Operating profit year on year change, € million



€ million

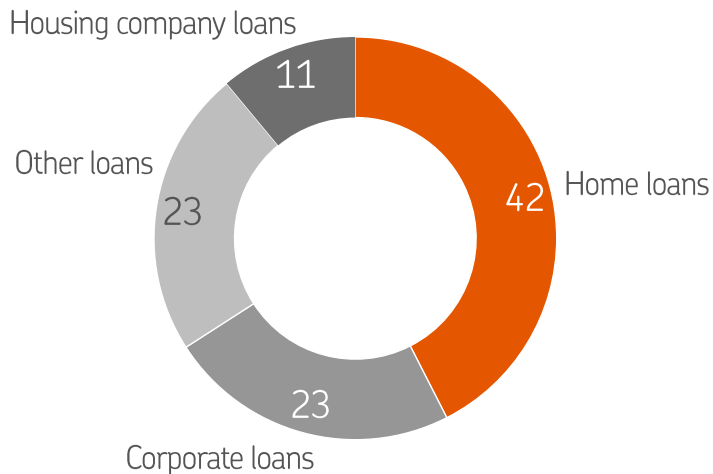
	Q1/23	Q1/22	Change %
Net interest income	615	334	84%
Impairment loss on receivables	-23	-83	-73%
Net commissions and fees	244	247	-1%
Insurance service result	-2	21	-112%
Insurance premium revenue	485	451	8%
Insurance service expenses	-485	-447	8%
Net income from reinsurance contracts	-3	16	-117%
Investment income	128	70	82%
Other operating income	6	39	-84%
Personnel costs	-222	-211	5%
Depreciation and impairment loss	-47	-57	-19%
Other operating expenses	-284	-246	16%
Transfers to insurance service result	120	106	13%
OP bonuses to owner-customers	-55	-46	22%
Total income	1,111	816	36%
Total expenses	-553	-514	8%
Operating profit	480	174	176%

A photograph of a person with curly hair, wearing a striped sweater and orange pants, leaning against the trunk of a large, ancient-looking tree in a forest. The tree's branches are thick and gnarled, with green needles visible. The background shows more trees and a clear blue sky. The overall tone is warm and natural.

Loan Book Overview and Asset Quality

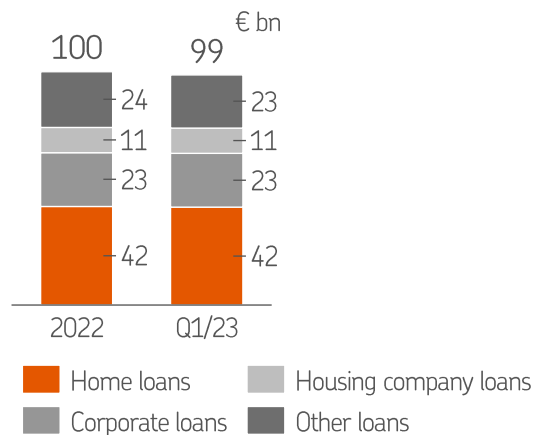
Loan portfolio well diversified

Loan portfolio breakdown, %

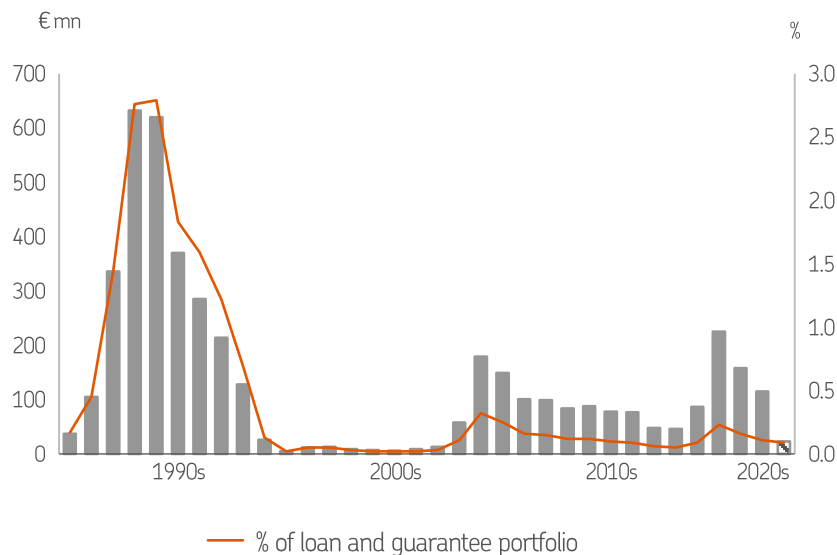


Other loans include loans for holiday homes, consumer loans, student loans, financial institutions, public sector, non-profit organisations and customers abroad

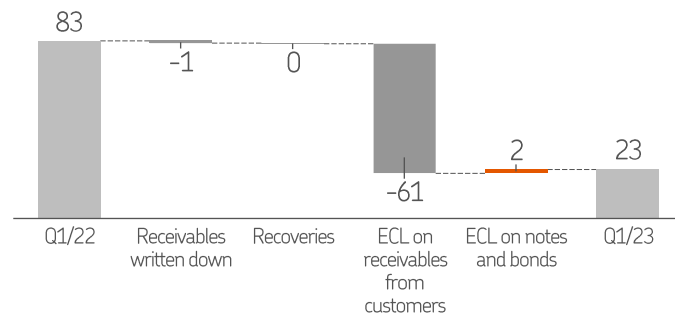
Loan portfolio by product group



Impairment loss on receivables



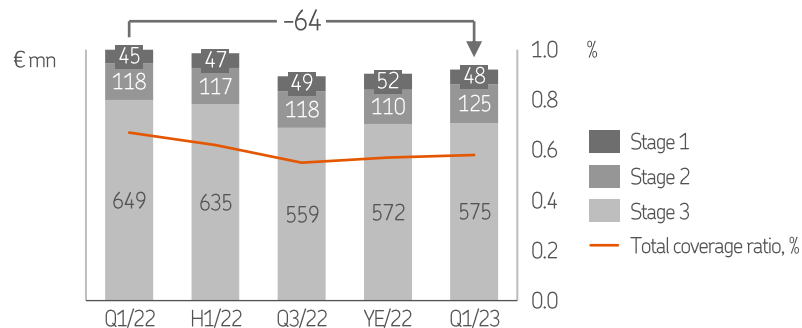
Breakdown of total impairment losses, € mn



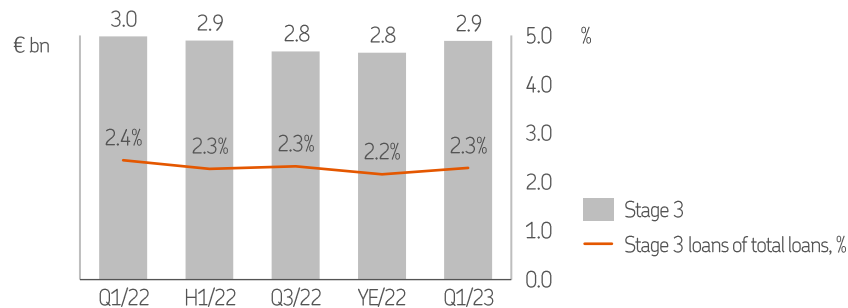
€ mn	Q1/23	Q1/22
Receivables written down	11	12
Recoveries of receivables written down	-4	-3
ECL on receivables from customers	14	75
ECL on notes and bonds	2	0
Total impairment losses on receivables	23	83
% of loan and guarantee portfolio	0.09%	0.11%

Credit quality and ECL

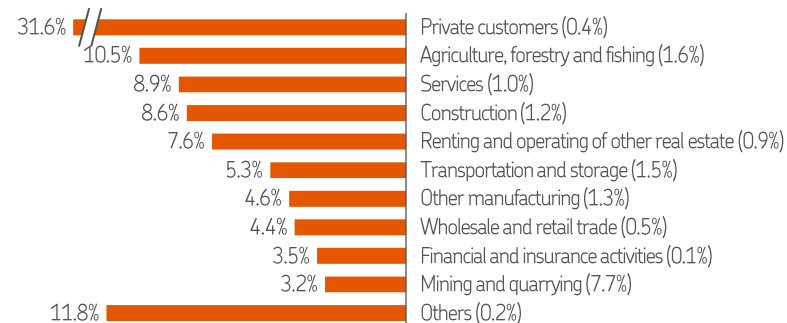
ECL allowance on receivables from customers by stage



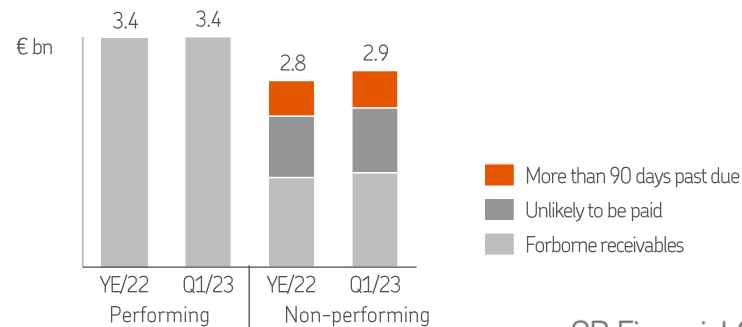
Stage 3 loans



ECL allowance by sector (% of gross exposure)



Doubtful receivables 5% of exposures

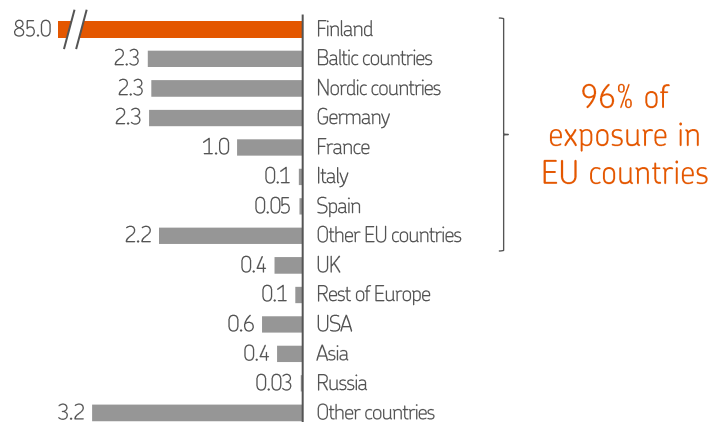


Lending characteristics

Loan portfolio breakdown, %



Exposure split by geographic region, %

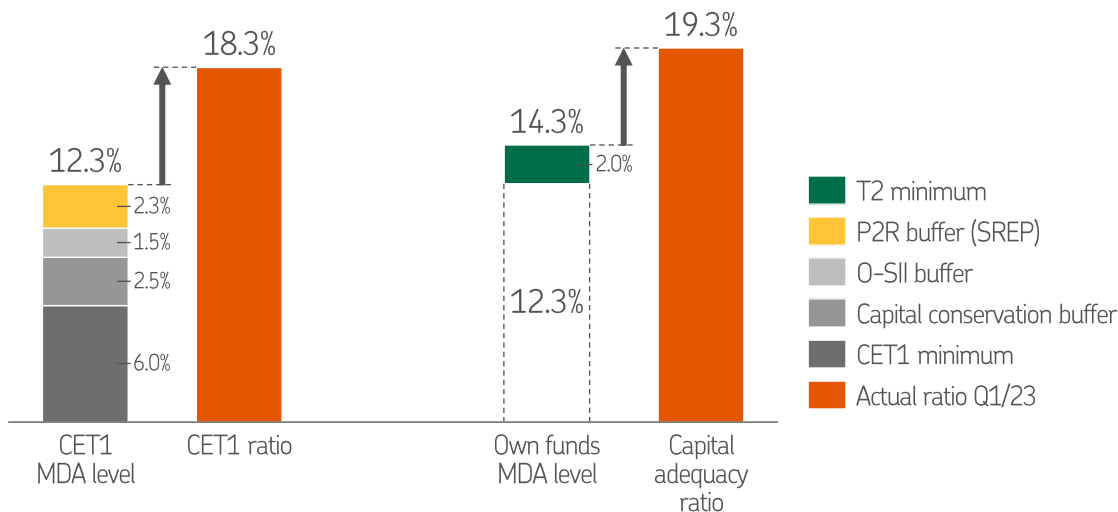


The exposures cover all balance-sheet and off-balance-sheet items and are based on values used in capital adequacy.

A photograph of a man with curly hair, wearing a striped sweater and orange pants, leaning against the trunk of a large, ancient-looking tree in a forest. The tree's branches are thick and gnarled, with dense green foliage above. The lighting is warm, suggesting late afternoon or early morning. The sky is visible through the canopy of the trees.

Capital Position

Capital position well above requirement



CET1 ratio 18.3%
with a buffer of
6.0
percentage points
above requirement

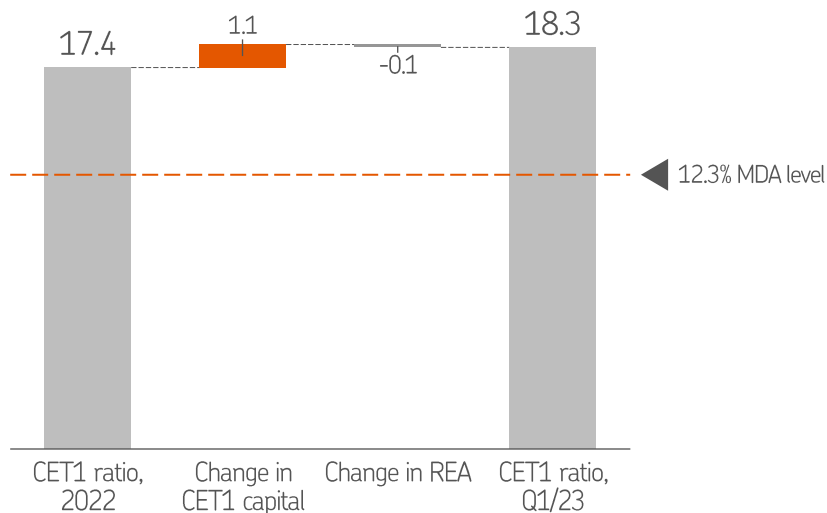
9.1%
Leverage ratio and
regulatory minimum
requirement of 3%

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

CET1 ratio including buffers is 12.3% and the minimum capital adequacy ratio is 14.3%. The buffers include the O-SII buffer of 1.5% 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, %



€13.3 bn

CET1 capital (€12.6 bn)

€3.3 bn

Profit Shares in CET1 capital (€3.2 bn)

€72.9 bn

REA (€72.3 bn)

16.3%

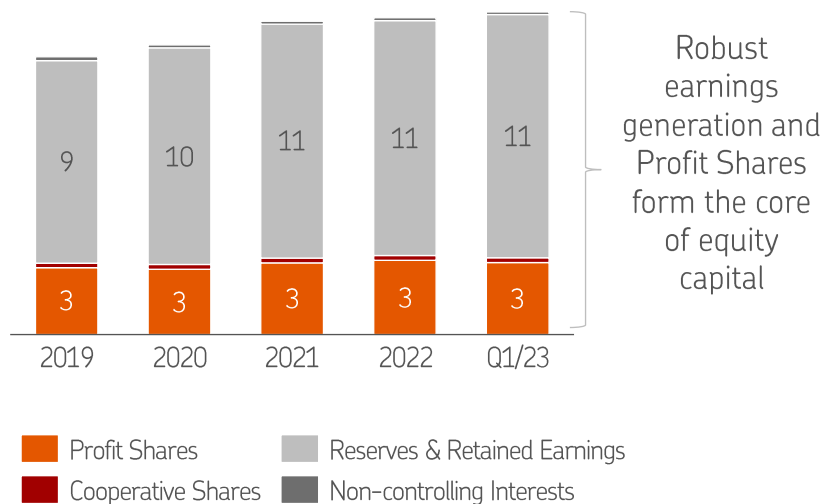
CET1 strategic target: MDA level +
400 bps management buffer

”

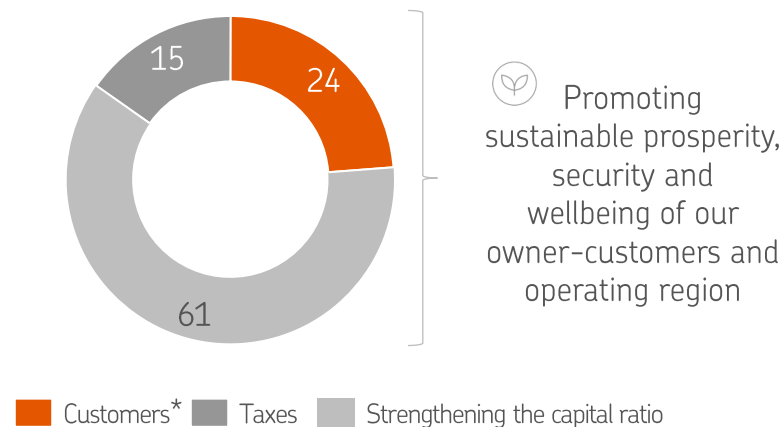
OP has the strongest S&P RAC ratio of
Northern European banks*

Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %



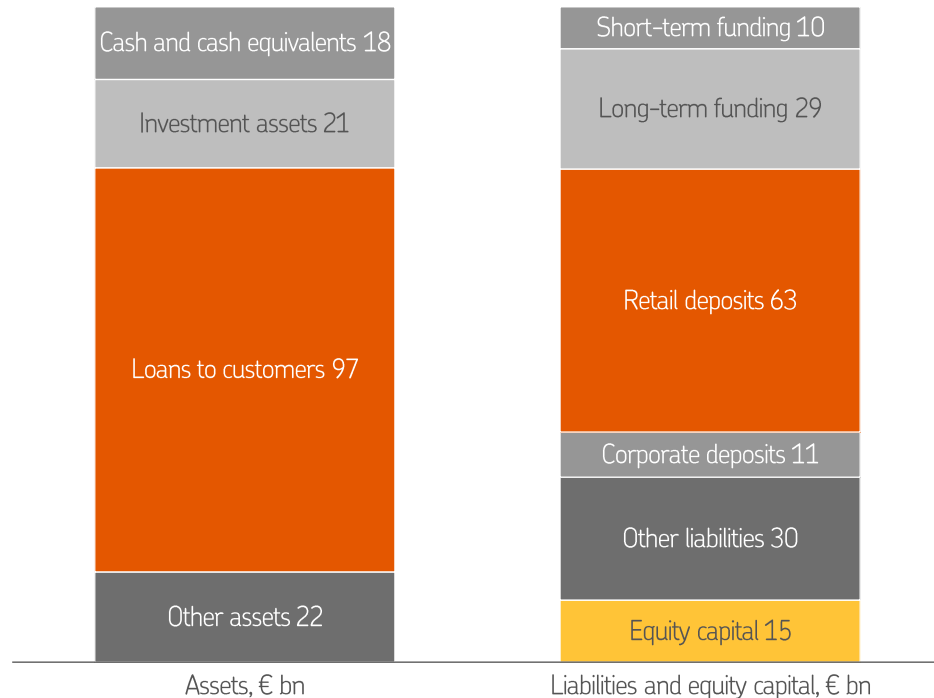
* customer bonuses, discounts and interest on Profit Shares of owner-customers

” To support its owner-customers, OP increases the OP bonuses for 2023 by 30%.

A photograph of a person with curly hair, wearing a striped sweater and orange pants, leaning against a large, textured tree trunk in a forest. The person is looking upwards. The background is filled with tall pine trees and a clear blue sky. A white horizontal line is positioned above the title text.

Liquidity and Funding

Balance sheet totaled at €158 bn



Loans to customers **62%**
 Customer deposits **47%**
 Market-based funding **25%** } 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 **21%** at YE2022.

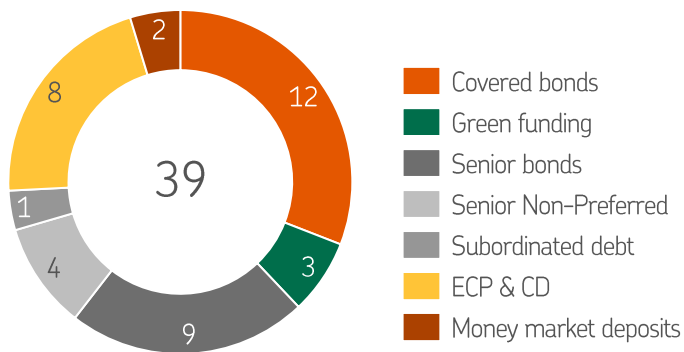
Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

Other liabilities include: Insurance liabilities, liabilities from unit-linked insurance and investment contracts, derivative contracts, provisions and other liabilities, liabilities to credit institutions and tax liabilities.

Retail deposits include all the deposits of the retail banking segment, and corporate deposits include the deposits of the corporate banking segment.

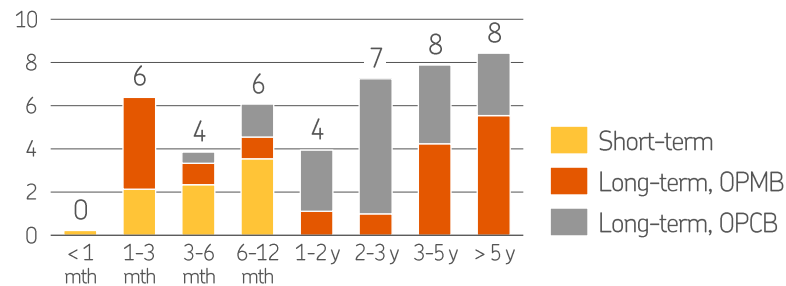
Well-balanced funding position

Long and short-term funding, € bn

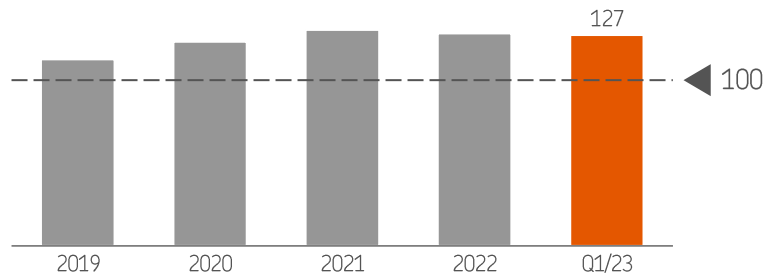


- In January, OP Mortgage Bank issued a covered bond of €1 billion.
- OP Financial Group repaid in full the EUR 12 billion in TLTRO III loans.

Maturity profile, € bn

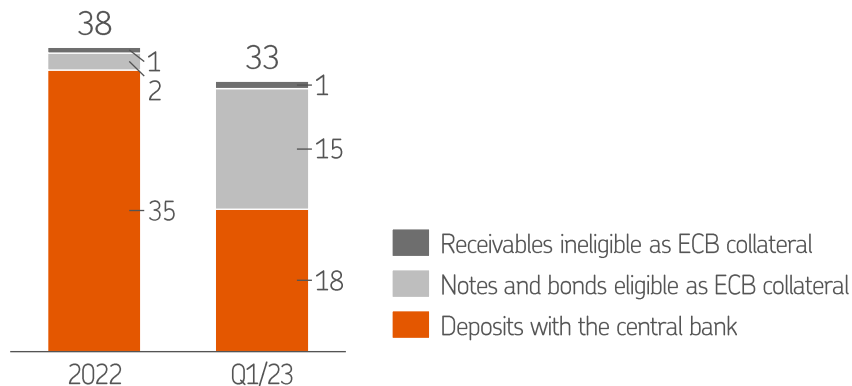


Net Stable Funding Ratio (NSFR), %



Strong liquidity position

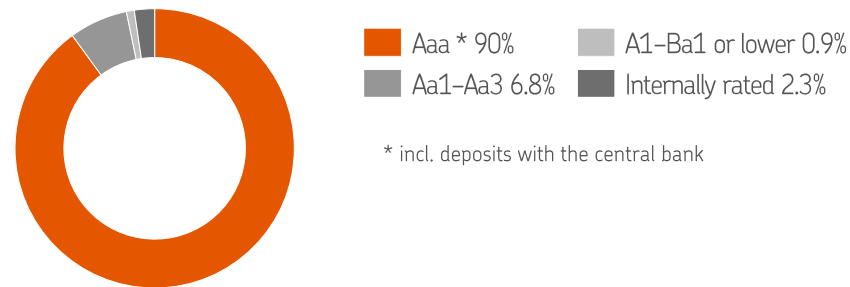
Liquidity buffer breakdown, € bn



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.

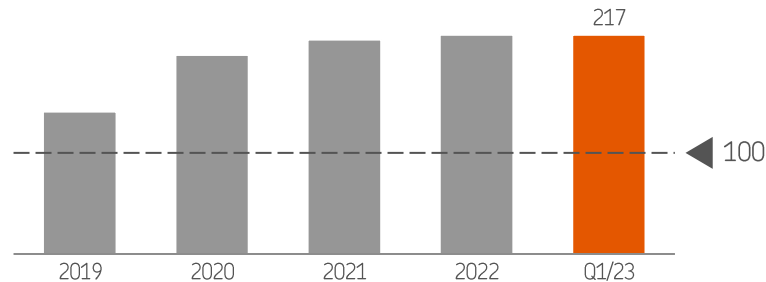
The liquidity buffer included bonds with a carrying amount of EUR 161 million (0) and classified at amortized cost, issued by issuers other than OP Financial Group. These bonds are not measured at fair value in accounting. The fair value of these bonds amounted to EUR 160 million (0) at the end of the reporting period.

Liquidity buffer by credit rating, %



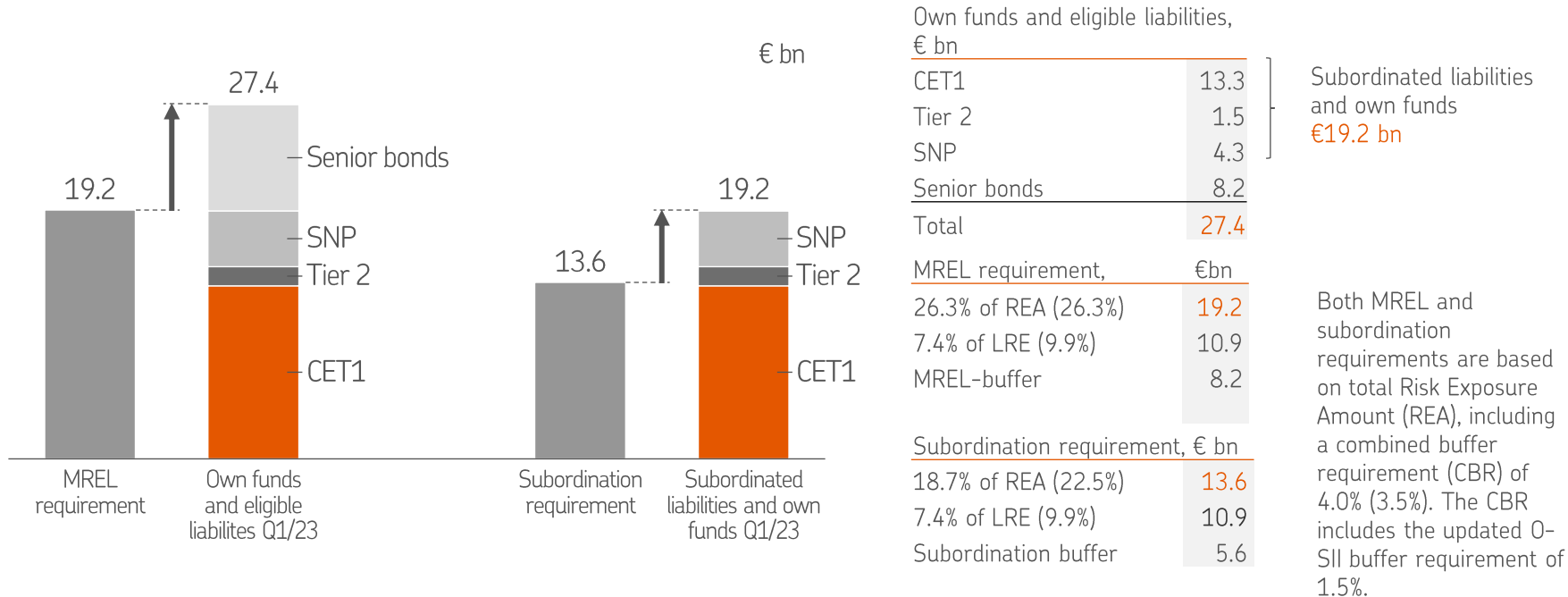
* incl. deposits with the central bank

Liquidity Coverage Ratio (LCR), %



MREL and subordination requirements

OP Financial Group's MREL and subordination requirements were updated in March



Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Mortgage Bank	2023	April	Covered Bond	€1 bn	5.5 yrs
OP Mortgage Bank	2023	January	Covered Bond	€1 bn	7 yrs
OP Mortgage Bank	2022	November	Covered Bond	€1.25 bn	3.5 yrs
OP Corporate Bank	2022	October	Senior Preferred	€500 mn	4.5 yrs
OP Corporate Bank	2022	September	Senior Preferred	€1.25 bn	3.25 yrs
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

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

A photograph of a person with curly hair, wearing a striped sweater and orange pants, leaning against the trunk of a large, old tree in a forest. The tree has thick, textured bark and many branches with green needles. The background shows more trees and a clear blue sky. The lighting is warm, suggesting late afternoon or early morning.

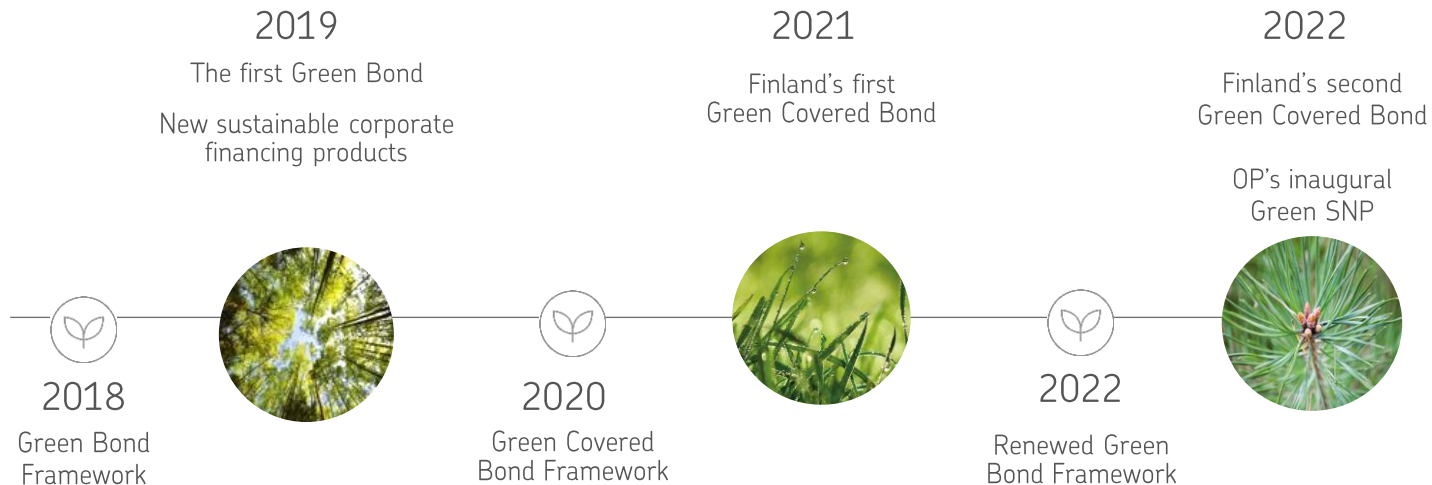
OP as a Responsible Actor in the Finnish Society

OP's sustainability journey

Earlier steps

Sustainable finance actions

- 2002 Sustainability- themed fund
OP-Sustainable
Development
- 2009 Signing of the UN Principles
for Responsible
Investment
- 2015 Carbon footprints
measured for mutual funds
- 2016 Exclusion of carbon
investments
- 2018 Ethical principles of AI
- 2019 Founding signatory of
UNEP FI Principles for
Responsible Banking
- 2022 OP Financial Group's
sustainability programme
- 2022 The Partnership for Carbon
Accounting Financials (PCAF)



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. The same commitment is made by the Cooperative banks.

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

Reaching carbon neutrality

Actions to guide companies towards low-carbon operations are being expanded and to reach the bank's long-term climate target of reaching carbon neutral loan portfolios by 2050, and to reduce emissions by 25% by 2030 compared to 2022 in line with OP Financial Group's new sustainability programme.

Supporting customers through the change

OP Corporate Bank's sustainable loan portfolio including both green and sustainability-linked loans exceeded EUR 5 billion in the end of 2022.

Improving visibility to climate impacts

OP Corporate Bank is actively improving its understanding of its loan portfolio's climate risks. In June 2022, OP Financial Group joined the Partnership for Carbon Accounting Financials (PCAF) which gives improved guidance on implementing the GHG Protocol in the financial sector.

ESG integration into lending processes

The bank assesses corporate customers' exposure to ESG factors as well as their readiness to mitigate risks arising from ESG factors in all significant loan decisions. OP Corporate Bank will not provide finance for new coal power plants or coal mines, including companies that plan to build them.

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



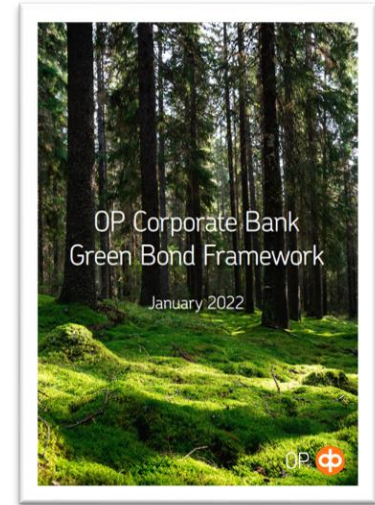
by
2050
OP Corporate Bank is committed
to achieving carbon neutral
corporate loan portfolios

Green Loan for SMEs and Housing Companies

OP Financial Group's Green Loan is designed for companies and housing companies for projects that are reducing their environmental impacts. It can be granted for investments in

- construction and renovation projects which improve energy efficiency,
- energy efficient new construction,
- certified buildings,
- the use of renewable energy sources,
- the sustainable use of natural resources,
- building infrastructure for low emission transport.

Green loan eligibility criteria is in line with the OP Green Bond Framework.



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



Principles for Sustainable Insurance (PSI)

Commitment by Pohjola Insurance



OECD Guidelines for Multinational Enterprises

Incl. voluntary CR principles and standards



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)
- Equator Principles
- WWF's Green Office
- Partnership for Carbon Accounting Financials (PCAF)



OP Financial Group's sustainability programme

We will build a sustainable tomorrow together



Climate and the environment

We will offer sustainable financing and investment products to our customers

We will decrease emissions across our loan and investment portfolios

We will promote the circular economy in our business and that of our customers

We will become carbon neutral by 2025

We will promote biodiversity and the wellbeing of nature



People and communities

We will foster a diverse, inclusive and non-discriminatory culture

We will promote the wellbeing of our local communities

We will support the management of personal finances and improve financial literacy

We will help customers with special needs to manage their finances

We will identify the impact of our operations on human rights



Corporate governance

We will integrate sustainability with all our business operations and risk-taking

We will use data and artificial intelligence responsibly


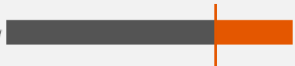



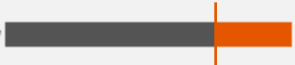



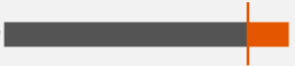
We will require our partners to commit to our Supplier Code of Conduct

We will increase diversity in our governing bodies

We will further improve the sustainability competencies of our personnel

ESG Ratings

OP is among the top performers

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>	B	D- to A	low  high
 vigeo eiris	58	0 to 100	low  high

A man with curly hair, wearing a striped sweater and orange pants, is leaning against a large, textured tree trunk in a forest. The background is filled with tall, thin trees and dense green foliage, with sunlight filtering through the leaves. A white horizontal line is positioned above the title text.

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

Promoting the green transition

- Strengthening OP's responsible role in the Finnish society
- Promoting one of the three key themes and commitments of OP's Sustainability Programme – Climate and Environment
- 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	<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
Project evaluation and selection	Conventional credit process and green bond process in accordance with the eligibility criteria. Proceeds may be used for financing of general corporate purposes to dedicated businesses ("pure players") meeting specific eligibility criteria
Management of proceeds	Green Bond Register is monitored on a monthly basis. Internal reporting to Green Bond Committee quarterly.
Reporting	Annual Green Bond Report published on OP's website
External review and verification	Sustainalytics' Second Party Opinion and Limited Assurance Report by an external auditor

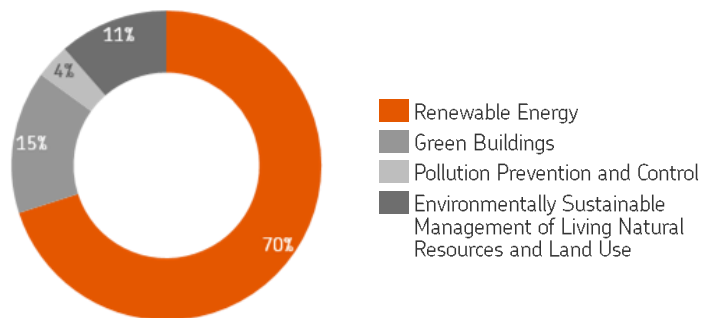


OP Corporate Bank's Green Bond Report









Assets included in the Green Bond register, YE2022

Eligible assets worth €1,630 million including reserve of unallocated green assets €630 million.

Breakdown by use of proceeds category



OP Green Bond Impacts, YE2022 *

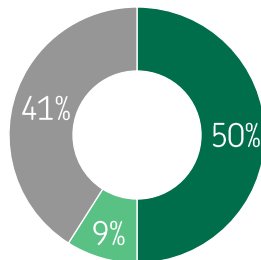
Eligible sector	Estimated Green Bond Impact	SDGs
Renewable energy (from mixed energy sources as outlined in the Green Bond Framework)	514,342.3 tCO ₂ e avoided	 
	1,698.6 GWh of energy generated	
	541.9 MW of energy capacity installed	
Green Buildings	39,696.4 m ² of green certified building area and 18,825.8 m ² currently under construction	
	2,936.7 tCO ₂ e avoided due to reduced energy consumption from electricity and district heating	
Pollution Prevention and Control	16,643.3 tCO ₂ e avoided	   
	118.6 GWh generated	
	11.5 MW installed capacity	
Environmentally Sustainable Management of Living Natural Resources and Land Use	61,550.2 hectares of certified forests	
	65,853.9 tCO ₂ e in carbon sinks	

OP's green issuances

OP Corporate Bank plc

Green SNP 2022, €500 mn

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



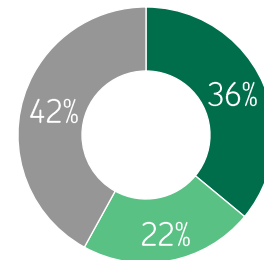
Green Bond 2019, €500 mn

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

OP Mortgage Bank

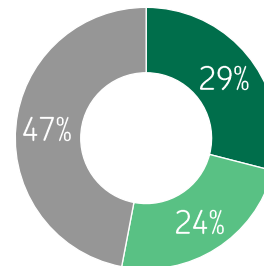
Green Covered Bond 2022, €1 bn

- 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

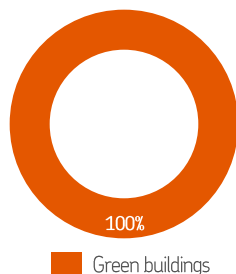
Use of proceeds	1. Green buildings Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria
Project evaluation and selection	To identify eligible mortgages, data from various sources is utilized (e.g. ARA) The energy performance certificates (EPCs) are used to assess eligibility If EPCs are not available, the secondary approach is energy efficiency statistical modelling
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 published on OP's website
External review and report verification	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 Bonds, YE2022

By eligible sector



Average time from origination	3.9 years
Average time until maturity	18.9 years

Eligible assets in the cover pool worth €2,968.6 million of which €1,750 million allocated to the Green Covered Bonds

OPMB Green Covered Bond impacts, YE2022



Green Buildings (in the cover pool)

- 25,467 mortgages
- 2.0 million m² of green buildings tagged as green
- 104,000 MWh avoided energy use
- 16,000 tCO₂e avoided emissions



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

- 62,000 MWh avoided energy use
- 9,300 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
- New issues under the Euro Medium Term Covered Bond (Premium) Programme (EMTCB) of €25 bn rated by Moody's

Joint liability

OPMB fully benefits from the joint liability among OP Cooperative and the member credit institutions, based on the Act on the Amalgamation of Deposit Banks. However, since assets in OPMB's Cover Asset Pools are ring-fenced, the covered bondholders have the right to receive what is due to them before all other creditors

Covered bond ratings

Moody's

Aaa

S&P

AAA

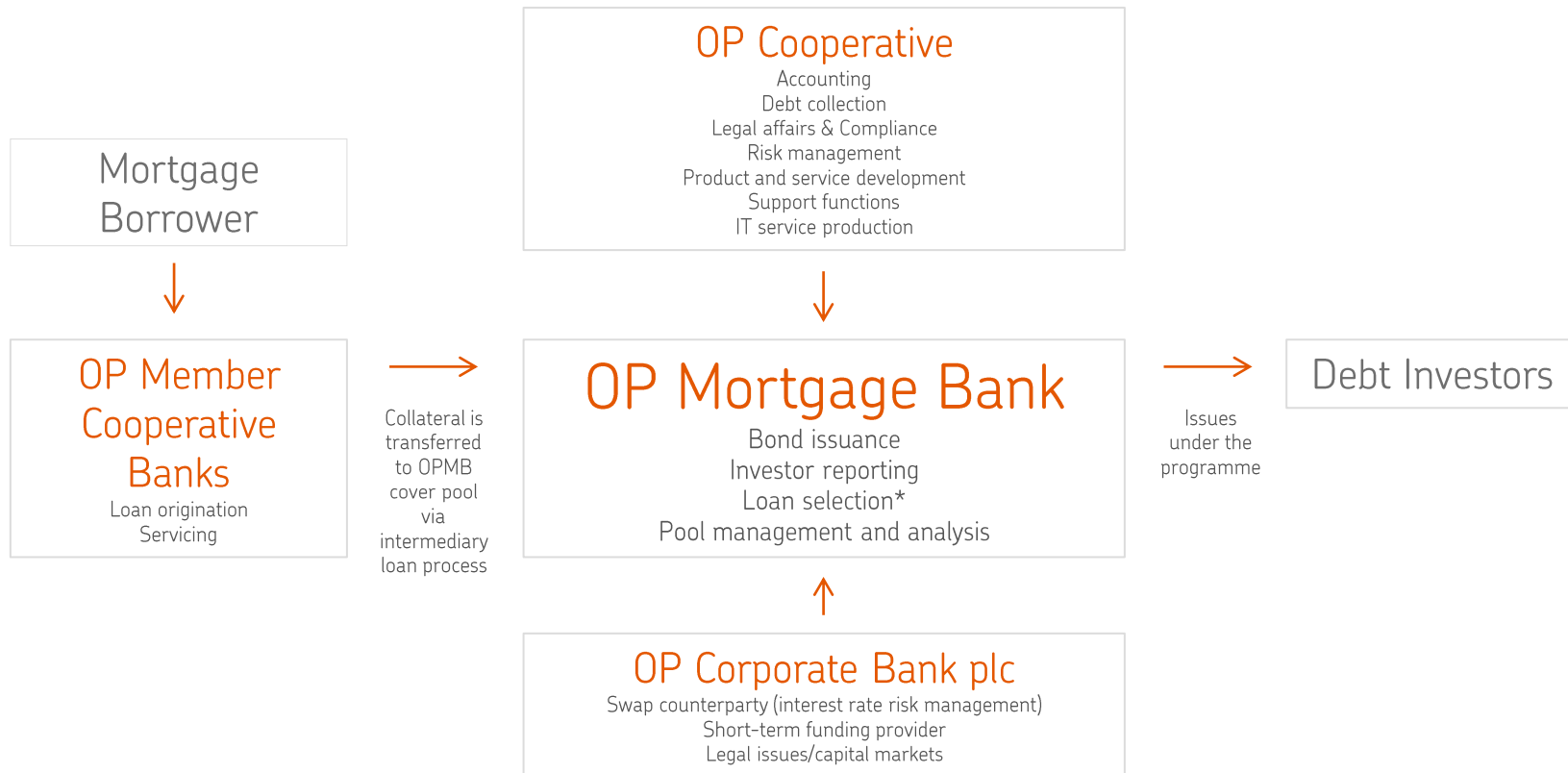
Harmonised transparency template



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

<https://www.coveredbondlabel.com/issuer/5-op-mortgage-bank>

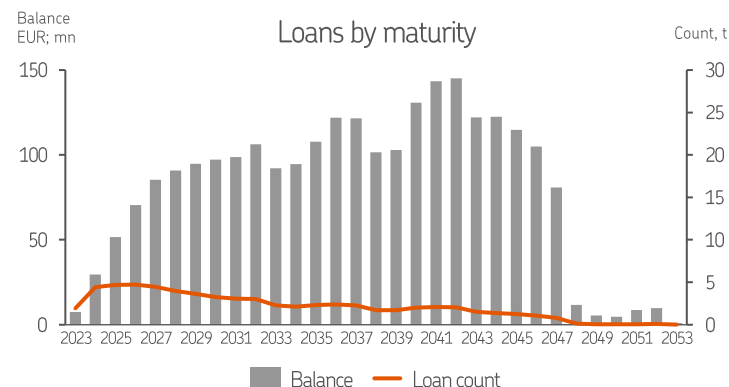
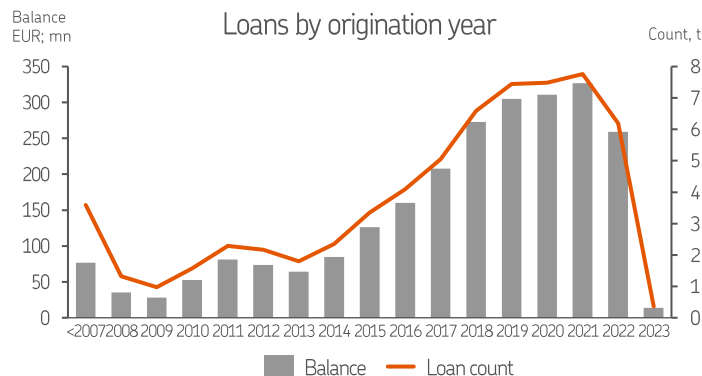
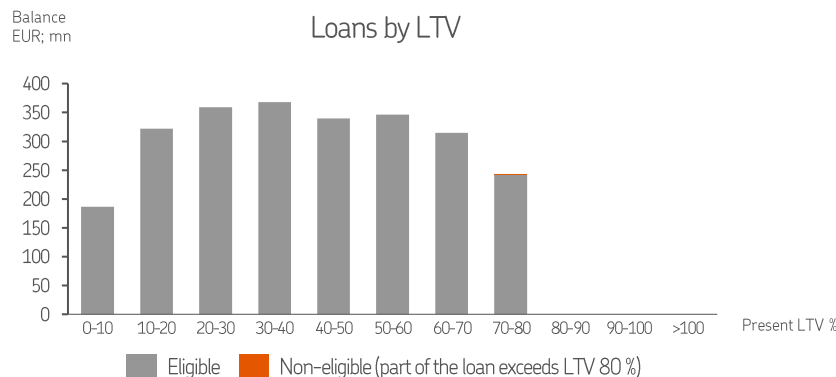
Operating model and roles



Covered Bonds under Finnish legislation

	Act on Mortgage Credit Banks and Covered Bonds (151/2022)	Act on Mortgage Credit Bank Operations (688/2010)
Applicability	Bonds issued after 8 July 2022	Bonds issued before 8 July 2022
Programmes under the Act	Euro Medium Term Covered Bond Premium (EMTCB)	Euro Medium Term Covered Note (EMTCN), Euro Medium Term Retained Covered Note (EMTRCN)
Bond qualification	European Covered Bond (Premium)	EEA Grandfathered – CRR compliant
Regulation	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB
Intermediary loans	Enables granting intermediary loans	Enabled granting intermediary loans
LTV restrictions on eligible assets	80% LTV on residential mortgages	70% LTV on residential mortgages
Legal over-collateralisation requirement	2%. In case the requirements set by CRR Article 129 are not met, the OC must be 5%.	2%
Programme documentation including information valuation, market risks, expiry and over-collateralisation	EMTCB Programme documentation	EMTCN Programme documentation EMTRCN Programme documentation
Cover asset pool information including bond IDs, ECBC Harmonized Transparency Templates and legal information disclosure	OPMB's cover asset pools and legal information disclosure	

OPMB EMTCB cover asset pool



EMTCB programme

Bonds issued after 8 July 2022

€2.48 bn
Current balance

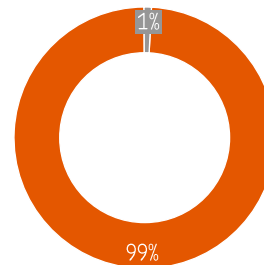
€2.25 bn
Total amount of
covered bonds.

€38,500
Average loan size

>99%
Tied to floating
interest rate

41%
Weighted Average
indexed LTV

10%
Over-
collateralisation (OC)



Loan type distribution

Residential loans
Housing company loans



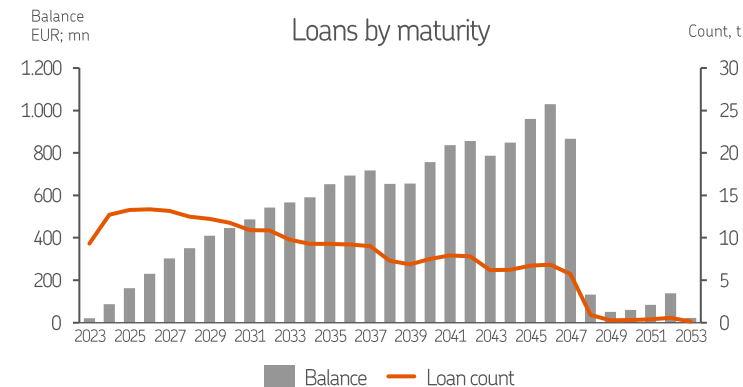
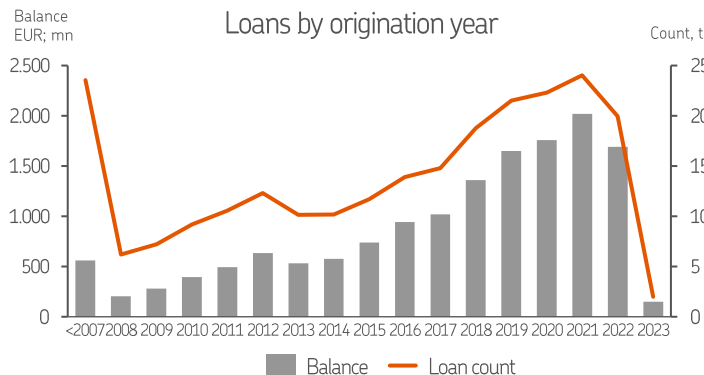
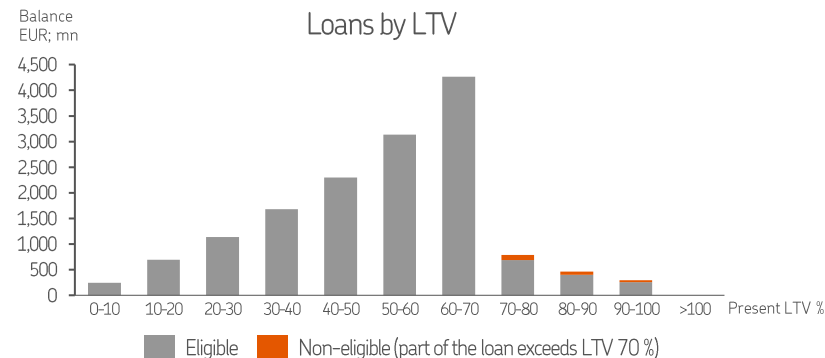
Geographical loan distribution

1	Southern Finland	47%
2	Western Finland	33%
3	Eastern Finland	7%
4	Oulu region	11%
5	Lapland	2%

OPMB EMTCN cover asset pool

€3.0 bn

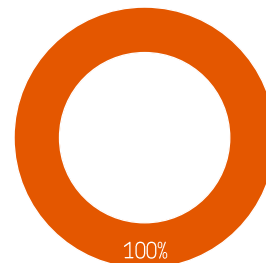
Eligible green mortgages
in the cover pool
in December 2022



EMTCN programme

Bonds issued before 8 July 2022

<p>€14.9 bn</p> <p>Current balance</p>	<p>€13 bn</p> <p>Total amount of covered bonds, out of which €1.75 bn is green</p>	<p>€63,000</p> <p>Average loan size</p>
<p>>99%</p> <p>Tied to floating interest rate</p>	<p>52%</p> <p>Weighted Average indexed LTV</p>	<p>16%</p> <p>Over-collateralisation (OC)</p>



Loan type distribution

Residential loans



Geographical loan distribution

1	Southern Finland	47%
2	Western Finland	34%
3	Eastern Finland	8%
4	Oulu region	9%
5	Lapland	2%

Intermediary loan process

- Finnish legislation enables OP Mortgage Bank to grant intermediary loans to the member cooperative banks, who indirectly participate in the covered bond issuance process.
- In the intermediary loan process, an intermediary loan contract is made between the member cooperative bank and OPMB. The member cooperative banks allow OPMB to mark mortgages as intermediary loan collateral to the OPMB cover pool in return for funds from the issuance.
- The loans eligible as collateral for a covered bond must meet the legal requirements as well as the criteria of OPMB's covered bond program and other specified criteria. The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans. OPMB monitors the adequacy of the collateral daily.
- Once the mortgage loans are registered in the OPMB cover pool via intermediary loan process, they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires.

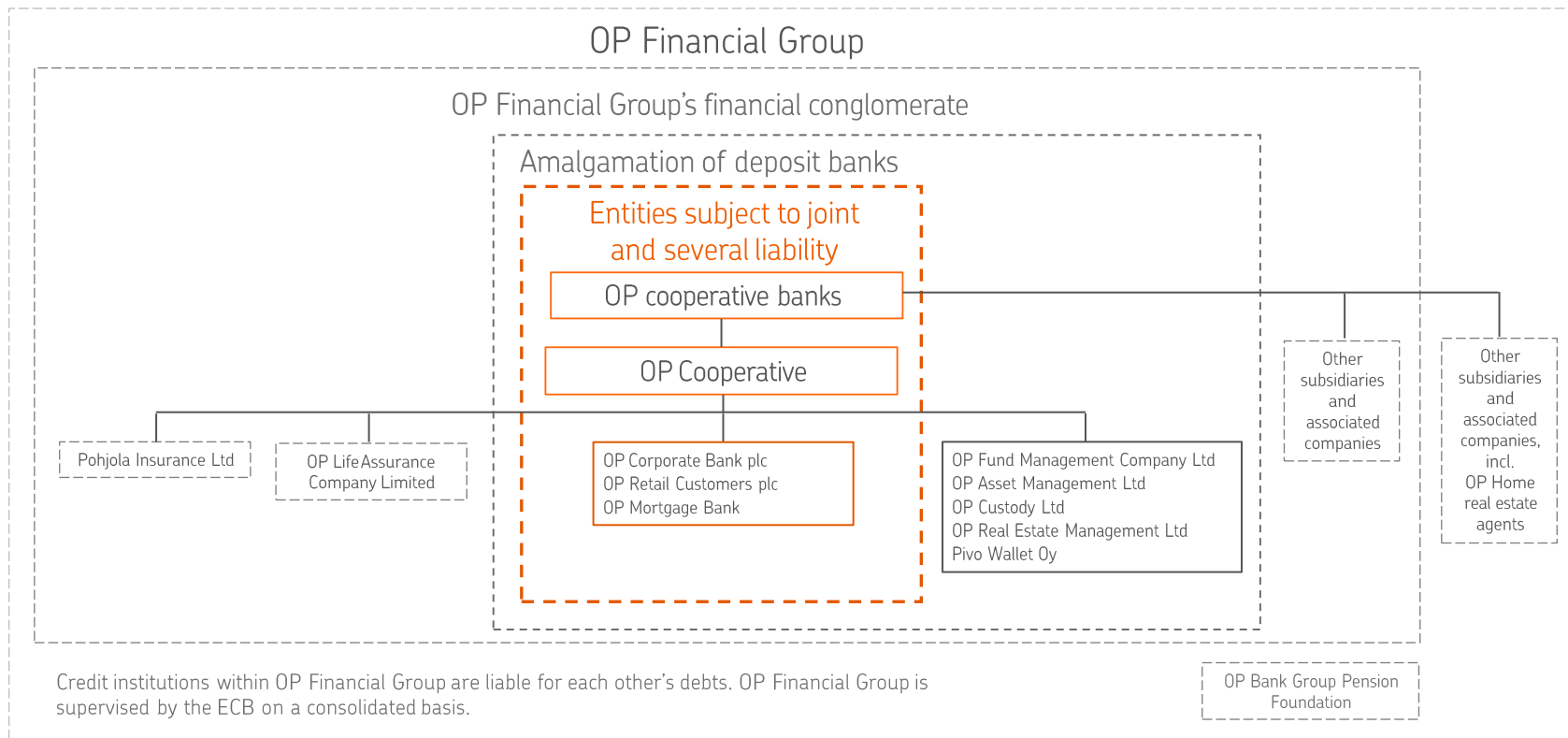
Appendix

OP Financial Group applies IFRS 17 Insurance Contracts as of 1 January 2023.

- In the income statement, Insurance service result replaces Net insurance income. Insurance service result includes insurance revenue, insurance compensation and insurance operating expenses. The share of reinsurance of insurance revenue and compensation is presented in their own rows.
- The new method of recognition changed the non-life intra-year timing of insurance service result. Expected losses are immediately recognised in the income statement, which decreases earnings for the first quarter.
- In life insurance, recognition of the loss component changed the timing of earnings between years, too.
- The investment result is recognised at fair value in the income statement. The impact of economic assumptions, such as the changes in interest rates, on the value of insurance contract liabilities is recognised in net finance income. Net investment income and net finance expenses together indicate the profitability of investment operations.

€ million	Q1/23	Q1/22
Insurance revenue	485	451
Insurance service expenses	-485	-447
Net income from reinsurance	-3	16
Insurance service result	-2	21
Net finance expenses	-223	837
Net investment income	317	-802
Investment income	94	35
Net commissions and fees	10	12
Other net income	0	32
Total expenses	-129	-118
Transfers to insurance service result	120	106
OP bonuses to owner-customers	-3	-2
Operating profit	90	85

OP Financial Group's amalgamation structure



Joint liability

Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä 599/2010), OP Cooperative and the member credit institutions are jointly liable for each others' debts.

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

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

The member credit institutions must pay proportionate shares of the amount OP Cooperative has paid, and upon insolvency of OP Cooperative they have an unlimited liability to pay the debts of OP Cooperative.

OP Cooperative and the member credit institutions are under an obligation to take capital support actions to prevent a member credit institution's liquidation.

Further information on the joint liability available in the Base Prospectuses of OP Corporate Bank plc and OP Mortgage Bank.

Contacts

Contacts and financial calendar

Investor Relations & Funding



Head of Investor Relations
CEO of OP Mortgage Bank
Sanna Eriksson



Head of Long-term Funding
Treasury
Tom Alanen



Senior IR Officer
Rating Agency Relations
Eerikki Holst



IR ESG Officer
Investor Relations
Sanna Auvinen



IR ESG Specialist
Investor Relations
Venla Koljonen



Financial calendar 2023

Half-year Financial Report for H1/2023 **25 July 2023**
Interim Report for Q3/2023 **25 October 2023**

For more information

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