

Debt Investor Presentation FY/2015

OP Financial Group and issuing entities

OP Corporate Bank plc and OP Mortgage Bank

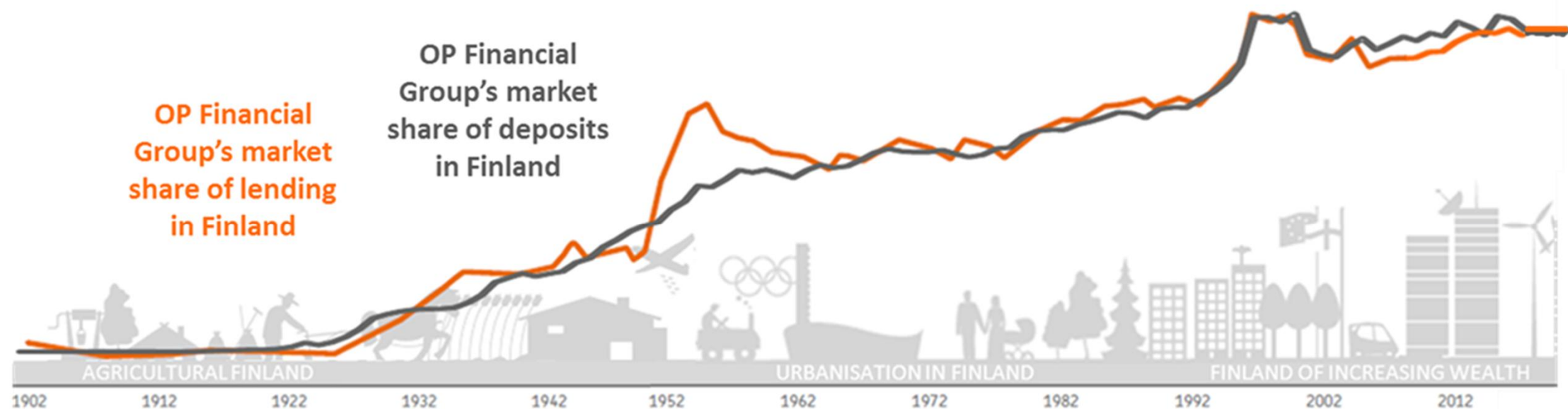
www.pohjola.com > Investor Relations > Debt Investors

YE2014:

36.4%

YE2014:

34.2%



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 materialise 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 of 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.

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Leading financial group in Finland

Issuing entities: OP Corporate Bank plc and OP Mortgage Bank

€125 bn Total assets at YE2015

SOLID CAPITAL POSITION

19.5%

CET1 ratio at YE2015

MARKET LEADER IN FINLAND

>30%

Market share in loans, deposits and non-life insurance

FINNISH RISK EXPOSURE

95%

of retail and corporate exposures in Finland
as of 31 Dec. 2015

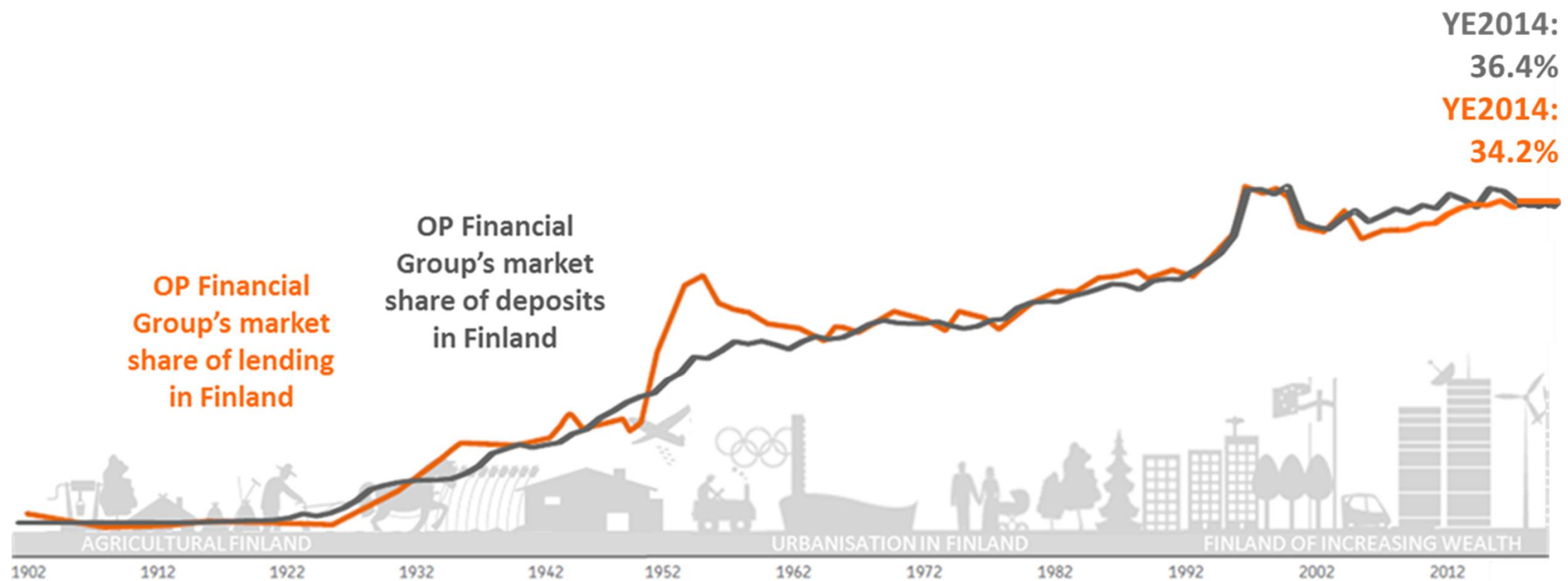
HIGH CREDIT RATINGS

Moody's Aa3 / S&P AA-

OP Corporate Bank plc

Moody's Aaa / S&P AAA

OP Mortgage Bank



Finnish Economy

Factors that form the basis for Finnish Economy

High level of education

Working-age population highly educated in terms of tertiary-level degrees and technical expertise

More diversified industry structure than earlier and new innovations

More balanced exports breakdown by commodity group and new openings eg. within bioeconomy

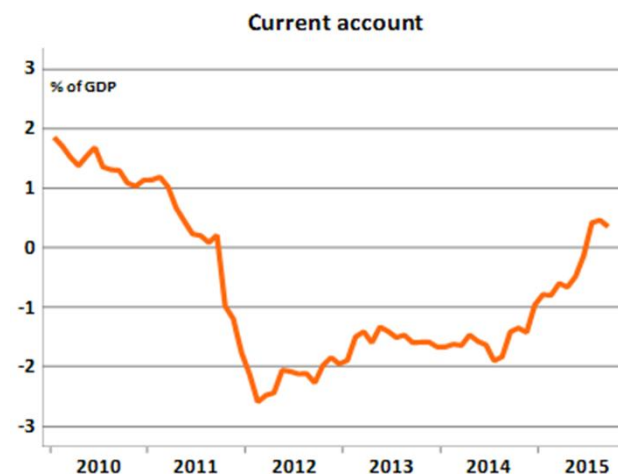
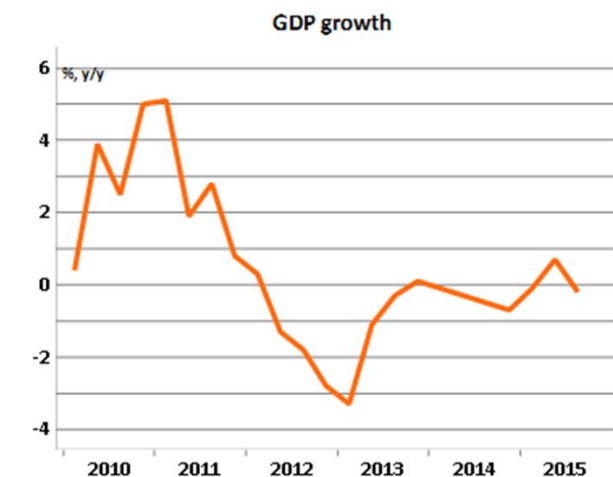
Stable, transparent and effective society and administrative infrastructure

Stable consensus-based political framework and well-functioning social security system

Wealthy and balanced economy

Modest government debt, consistent macroeconomic policy and sound fiscal policy management

Sluggish growth but improving economic balance



Forecasts for the Finnish Economy

Published 26 January 2016

	2014 € bn	2014 % change	2015f	2016f	2017f
GDP	205,2	-0,4	0,1	0,8	1,6
Imports	79,4	0,0	-2,3	1,5	3,0
Exports	77,8	-0,7	-1,5	1,0	3,5
Consumption	164,5	0,3	0,8	0,9	1,0
Private consumption	113,6	0,5	1,2	1,2	1,3
Public consumption	50,9	-0,2	0,0	0,2	0,2
Fixed investment	41,6	-3,3	-2,8	3,0	3,5

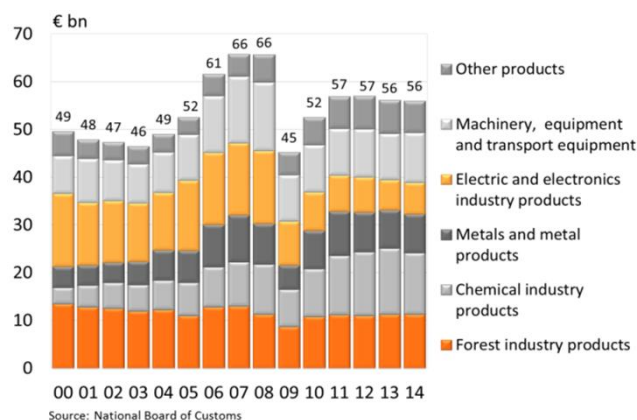
Other key indicators

	2014	2015f	2016f	2017f
Consumer price index, % change y/y	1,0	-0,2	0,2	1,0
Unemployment rate, %	8,7	9,4	9,3	9,0
Current account balance, % of GDP	-0,9	0,3	0,9	0,8
General government debt, % of GDP	59,3	62,6	65,2	67,0
General government deficit, % of GDP	-3,2	-3,3	-3,0	-2,7

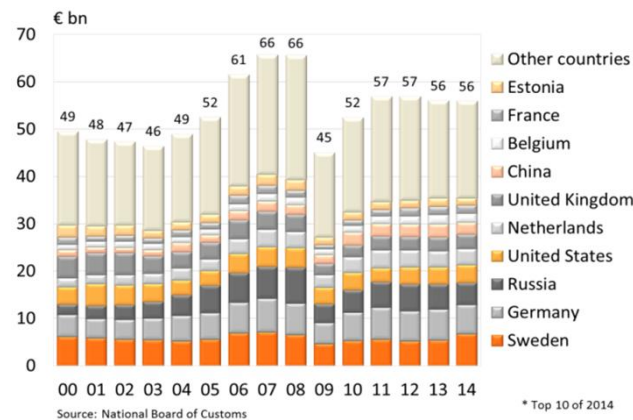
Sources: Statistics Finland and OP

Goods exports by product group and by country**

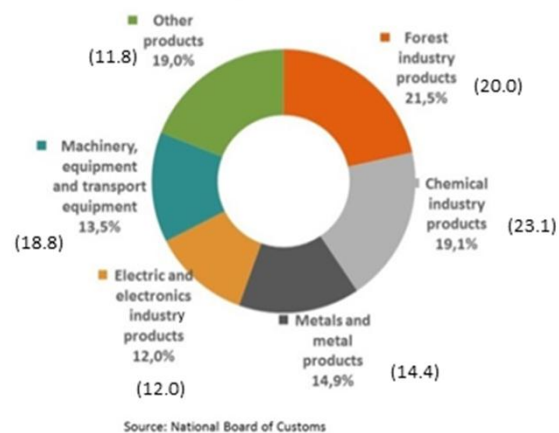
Exports by commodity group



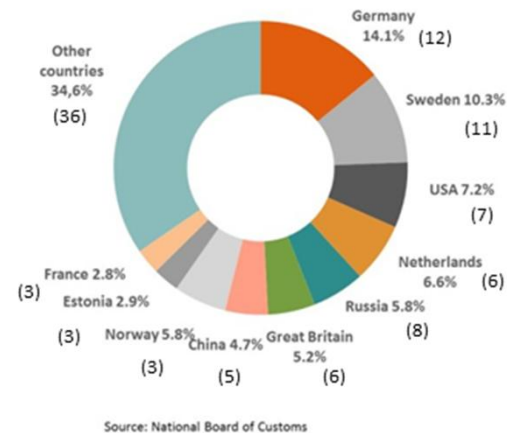
Finlands' largest* export countries



Goods exports by product group
January-October 2015 (2014)

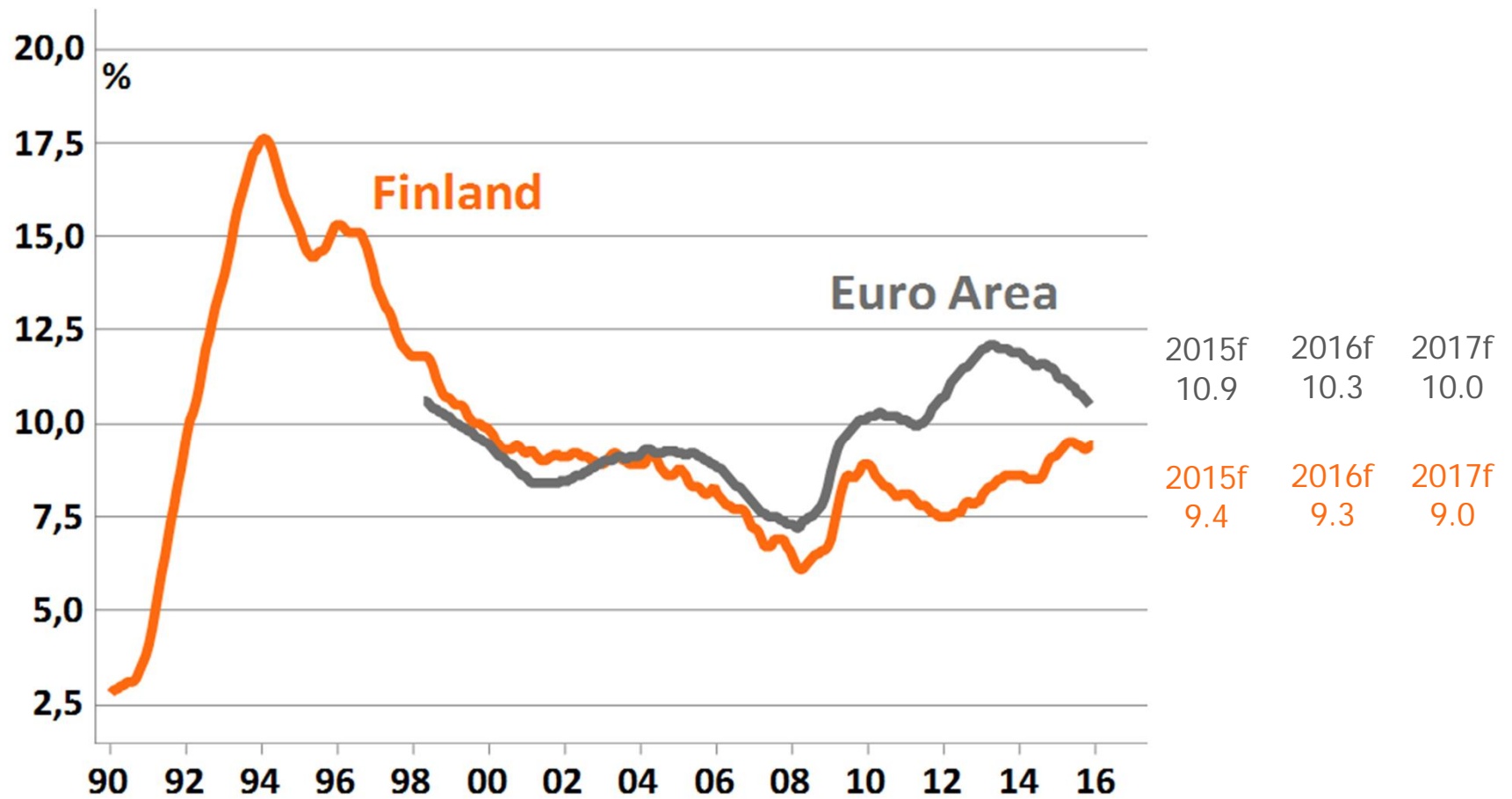


Goods exports by country
January-October 2015 (2014)



** In January-October 2015, EU member countries' share of goods exports was 58.7%

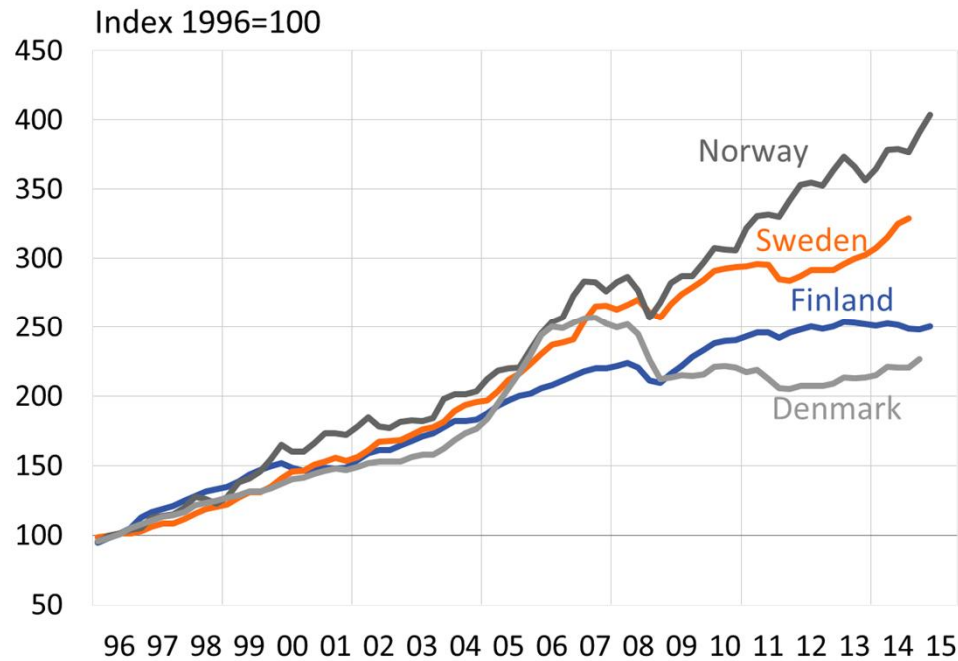
Unemployment rate to fall slightly



Lähde: Macrobond, OP

Average house prices and households' debt

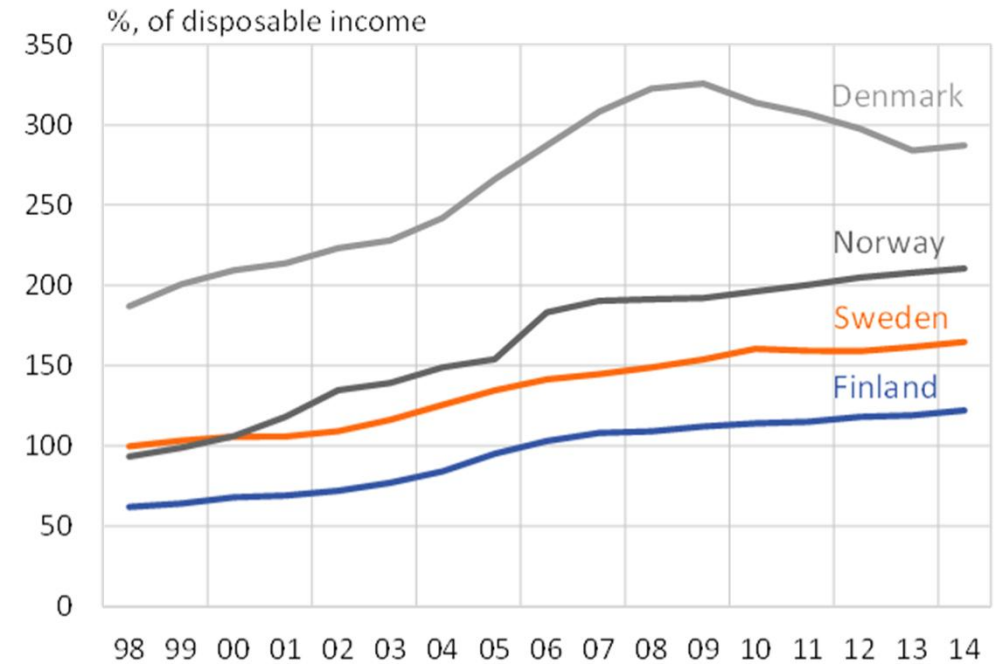
Average house prices



Sources: Macrobond, Statistics Sweden

Latest values: Finland and Norway Q2/2015, Denmark Q1/2015 and Sweden Q4/2014.

Households' debt ratio



Sources: Central Banks, Statistics Finland

Latest value: 2014

Stable outlook in the Finnish housing market

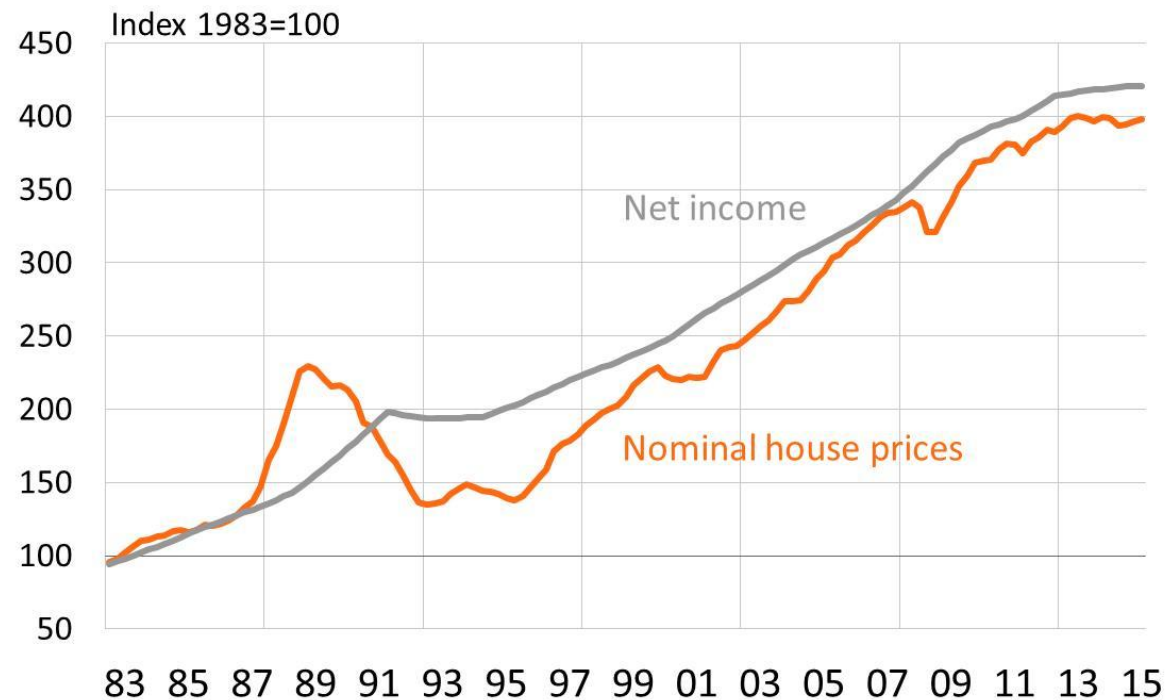
Characteristics of Finnish housing market

- Ownership ratio of households around 69%
- Average size of homes 80.0 m²
- Typical maturity of new loans 16.9 years
- Variable interest rates: around 94% of loans to households
- Fully-amortizing market
- Interest relief in taxation (max. €3,600 / household)
- Capital gains tax-exempt after 2 years

As of 26 January 2016

Sources: Statistics Finland, Bank of Finland and Finnish Tax Administration

Changes in house prices and net income

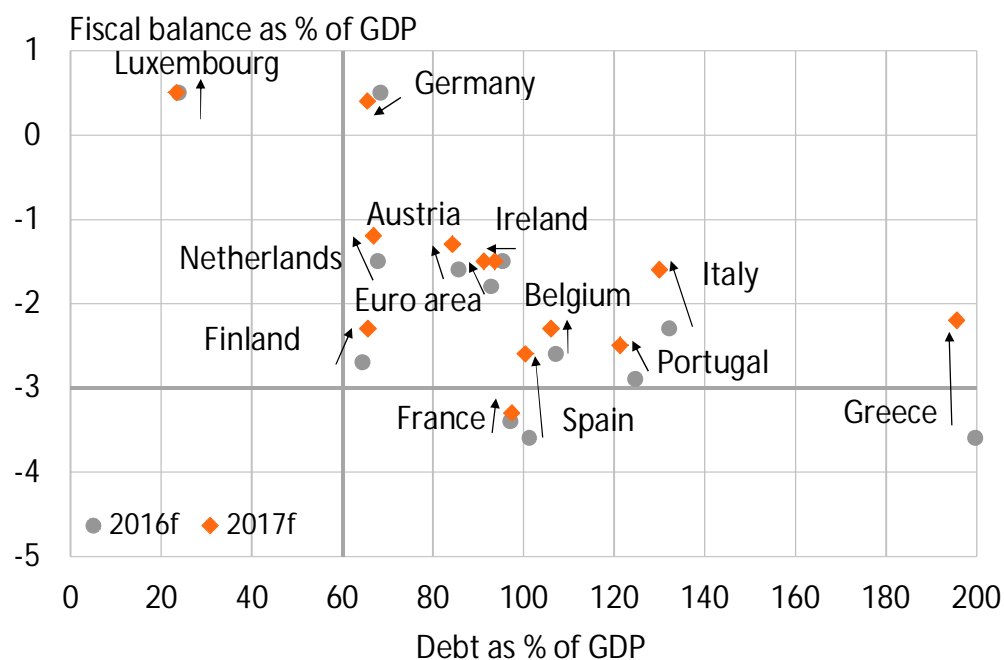


Source: Statistics Finland

Over a long period of time, house prices in real terms have risen gently and as per the average net income the increase has been stable.

Fiscal balance and sovereign credit ratings for Euro area

Fiscal Balance, Forecasts for 2016 and 2017



Sources: Statistics Finland, European Commission, November 2015

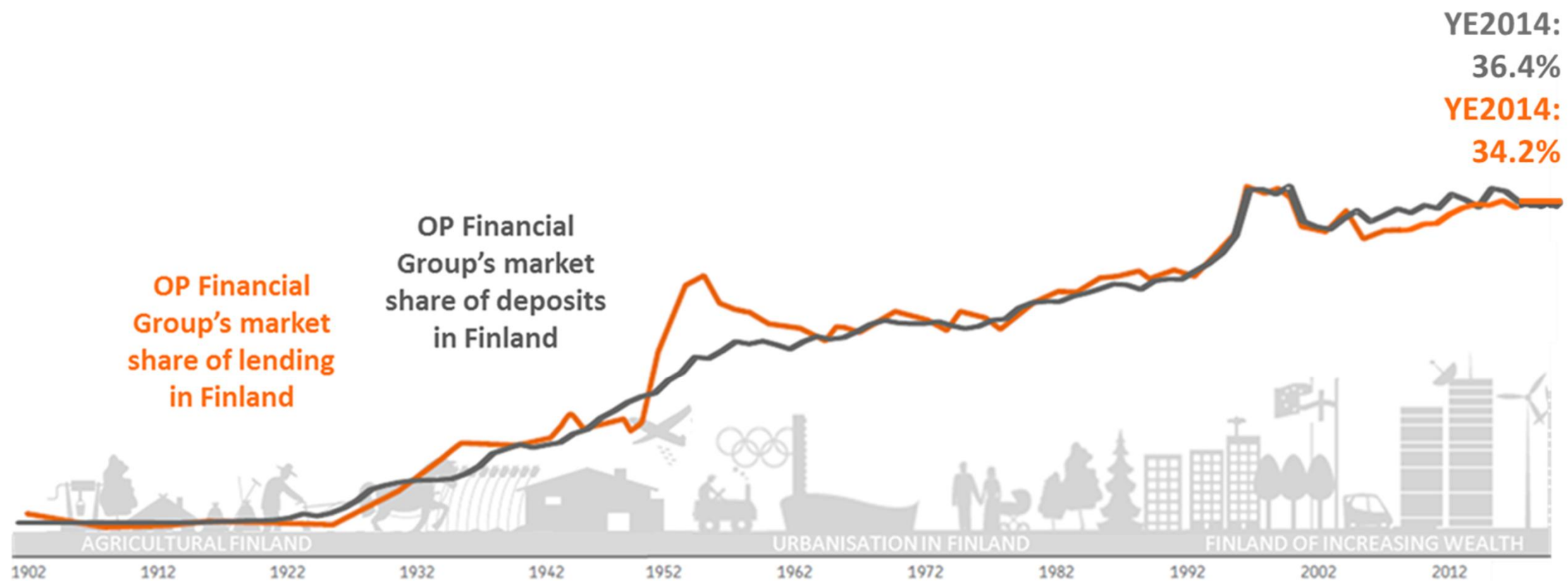
Long-term sovereign credit ratings for Euro area 4 April 2016

	Moody's	S&P	Fitch
Germany	Aaa	AAA	AAA
Luxembourg	Aaa	AAA	AAA
Netherlands	Aaa	AAA	AAA
Finland	Aaa*	AA+*	AA+
Austria	Aaa*	AA+	AA+
France	Aa2	AA*	AA
Belgium	Aa3	AA	AA*
Estonia	A1	AA-	A+
Slovakia	A2	A+	A+
Malta	A3	BBB+**	A
Latvia	A3	A-	A-
Lithuania	A3	A-	A-
Ireland	Baa1**	A+	A
Slovenia	Baa3	A-**	BBB+**
Spain	Baa2	BBB+	BBB+
Italy	Baa2	BBB-	BBB+
Portugal	Ba1	BB+	BB+
Cyprus	B1	BB-**	B+**
Greece	Caa3	B-	CCC

* Negative outlook

** Positive outlook

Sources: Rating agencies' websites



OP Financial Group

OP Financial Group

1.5 million owner-customers,
of which 90% households



178 OP Financial Group member cooperative banks

OP Cooperative

Central institution of the Group in charge of overall supervision and steering

Banking

- Retail banking
- Corporate banking
- Markets
- Baltic States
- Mortgage banking

OP Corporate Bank plc
OP Mortgage Bank

Non-life Insurance

- Private customers
- Corporate customers
- Baltic States
- Health & well-being

Wealth Management

- Private banking
- Institutional asset management
- Life insurance
- Mutual fund management

- Finance & Treasury (incl. central bank)
- Risk Management
- Group Steering
- etc.

Recent changes in company names under OP brand



Previously

Pohjola Bank plc

Pohjola Insurance Ltd

Pohjola Asset Management Ltd

Helsinki OP Bank Ltd



Now (as of April 2016)

OP Corporate Bank plc

OP Insurance Ltd

OP Asset Management Ltd

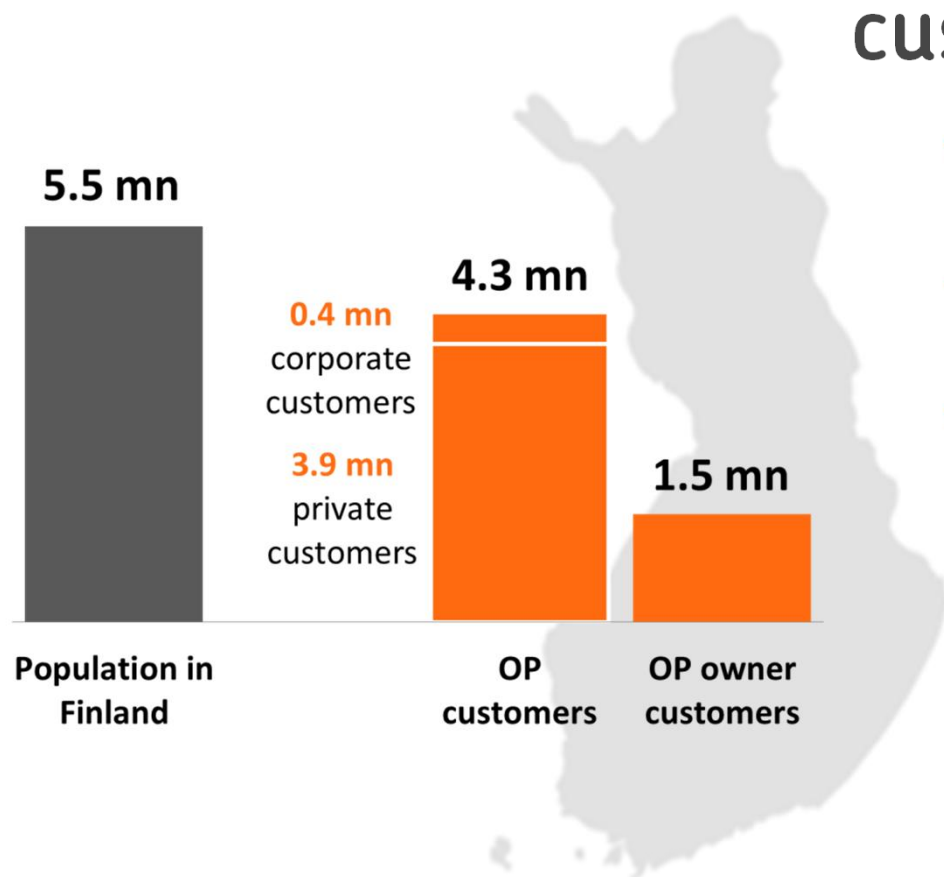
Helsinki Area Cooperative Bank
(OP Helsinki)

Joint liability within OP Financial Group

- 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.
- 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 support actions to prevent a member credit institution's liquidation.
- The member credit institutions include OP Corporate Bank plc, Helsinki Area Cooperative Bank, OP Mortgage Bank, OP Card Company Plc, OP Process-Services Ltd and the member cooperative banks. Insurance companies or other group entities do not fall within the scope of joint liability.
- Further information on the joint liability is available in the EMTN Base Prospectus.

Customer-owned OP Financial Group

– over 120 years of stable growth together with customers



- ✓ Comprehensive financial services offering under strong and well-known OP brand
- ✓ Best loyalty benefits, OP bonuses, supporting cross-selling
- ✓ Close to customers through the most extensive service network
 - 178 member cooperative banks
 - 6 former POP Group member banks joined OP Financial Group in May 2015
 - Around 450 branches, of which around 350 providing both banking and non-life insurance services
 - Over 12,000 employees and around 270 tied insurance agents

Strategic focus areas within business segments

Group-level emphasis on digitisation, integration between business segments, capital adequacy, cost-efficiency and profitable growth

Banking

Retail banking

- Leading position in the Helsinki metropolitan area by 2025

Corporate banking

- Increasing market share among medium-sized companies through regional banks

Leading the way in home-related services and consumer finance

Non-life Insurance

Maintaining the market leadership

- Cross-selling and growth potential among private and SME customers
- Renewal of products and pricing
- Claims handling as competitive advantage

Wealth Management

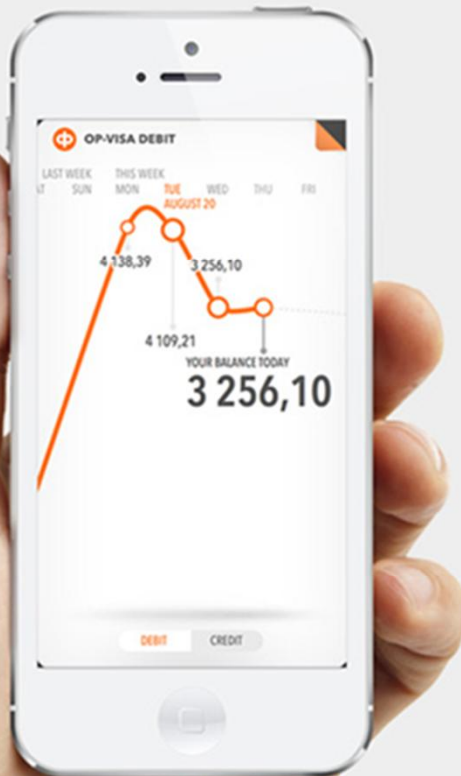
Intensified efforts to become leading wealth manager

- Growth at a rate above the market in unit-linked policies
- Improved customer satisfaction
- Increased number of customers

In December 2015, OP decided to begin to update the strategy on a comprehensive basis.

Digitisation requires investments in technology, customer experience and service design

New digital OP Financial Group



- Over 90% of daily service encounters in digital service channels
- Average number of visits/month in 2015
 - Op.fi internet bank: 10.3 mn
 - OP Mobile App: 7.6 mn
 - Pivo Mobile Wallet App: 1.7 mn
- Over 1.6 mn eServices agreements at YE2015
- 554,000 customers receiving their insurance mail electronically at YE2015
- 40% of mutual fund subscriptions in electronic channels in 2015
- New features in digital channels in 2015 eg.
 - Fingerprint authentication on OP Mobile App
 - New loss report service on OP Mobile App
 - Up to 50% of all loss reports and up to 75% of loss reports on personal injuries under voluntary insurance filed online
 - Contactless payment for Pivo Mobile Wallet App

Providing financial services through local presence and digital channels



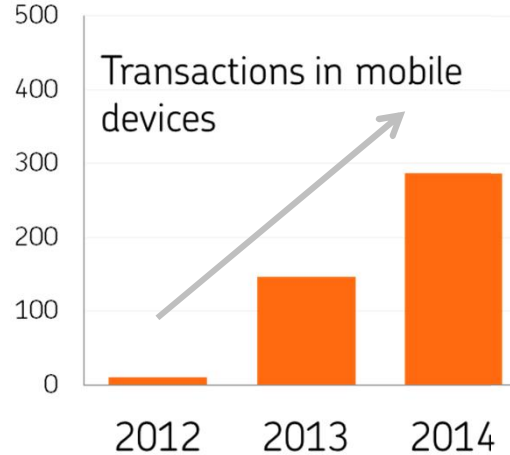
178

OP member cooperative banks with around

450

branches all over Finland

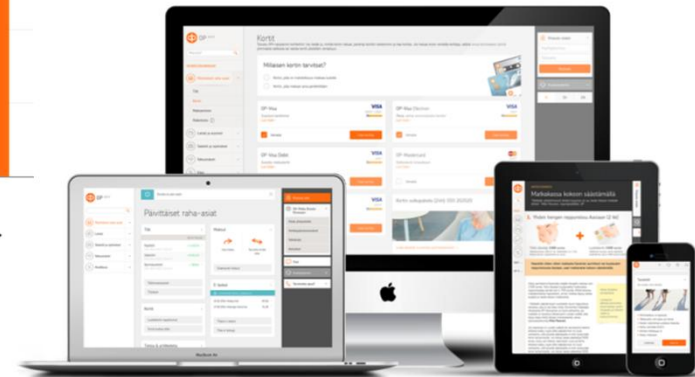
Number of transactions (mn)



OP Mobile App



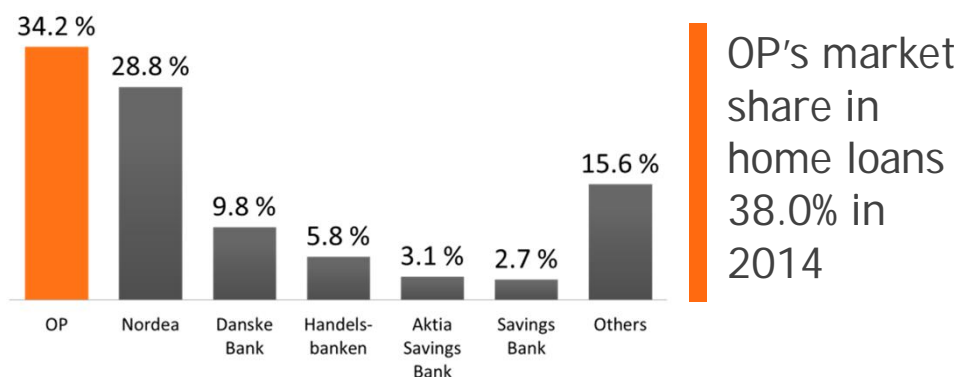
Pivo Mobile Wallet



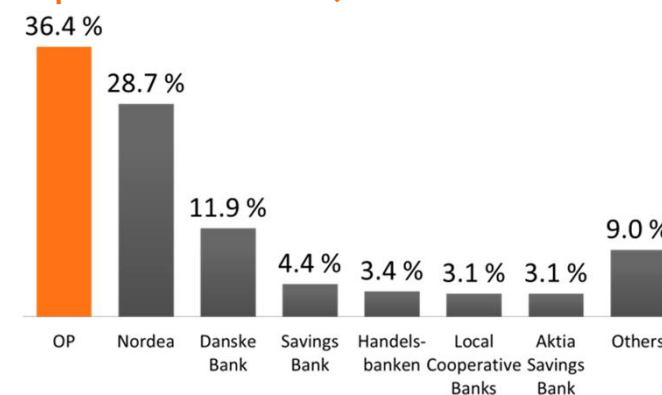
New op.fi

OP – Leading financial group in Finland

Loans 2014 (Finland: €206 bn)

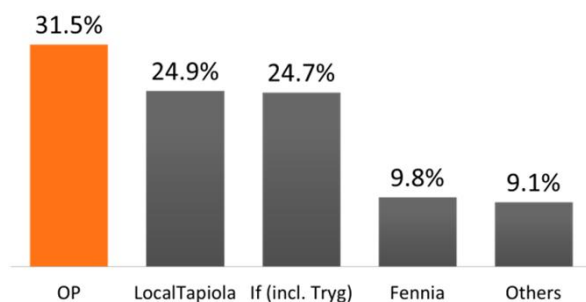


Deposits 2014 (Finland: €133 bn)



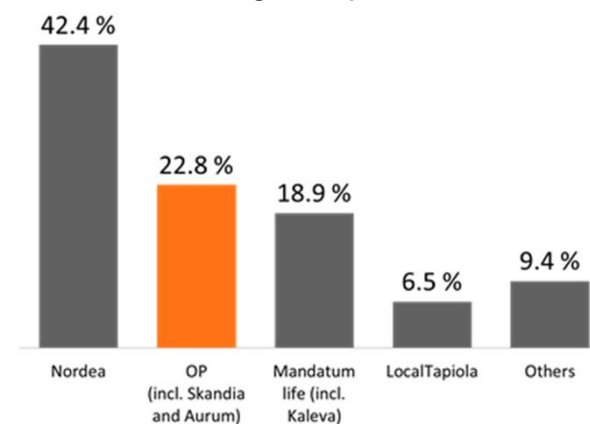
Non-life Insurance 2014 (Finland: €4.4 bn)

Market share of premiums written under Finnish direct insurance



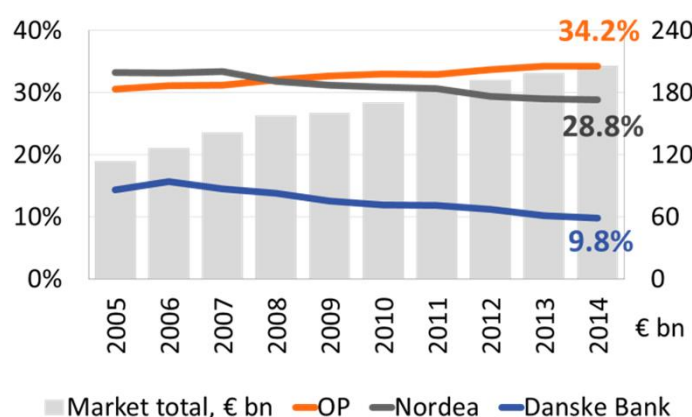
Life Insurance 2014 (Finland: €6.0 bn)

Market share of gross premiums written

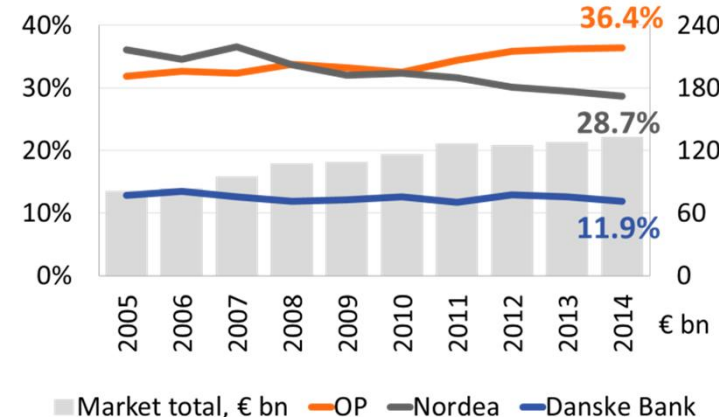


Successful integration between banking and insurance as a source of OP's long-term growth

Loans

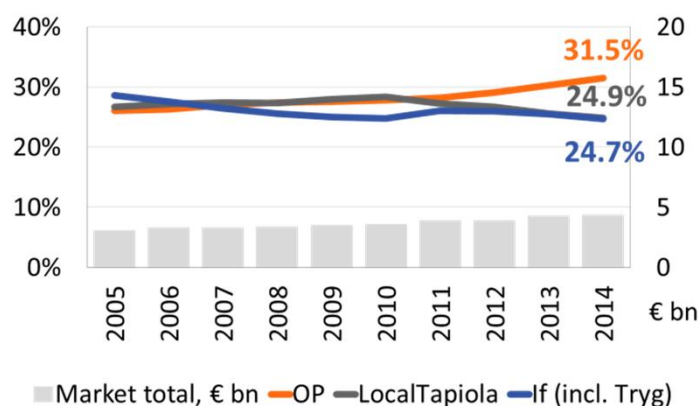


Deposits



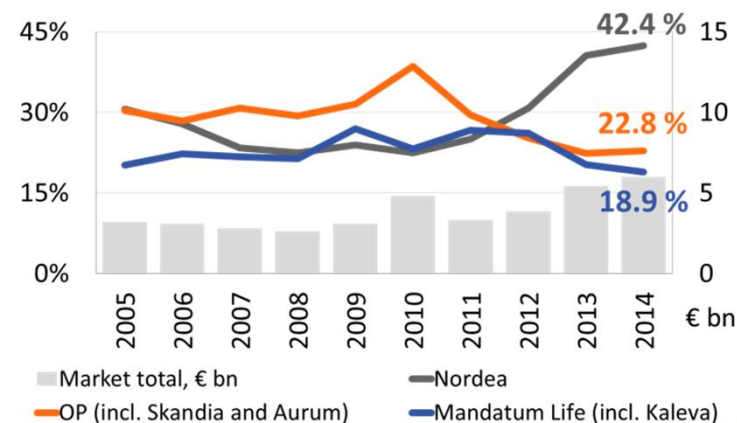
Non-life Insurance

Market share of premiums written under Finnish direct insurance

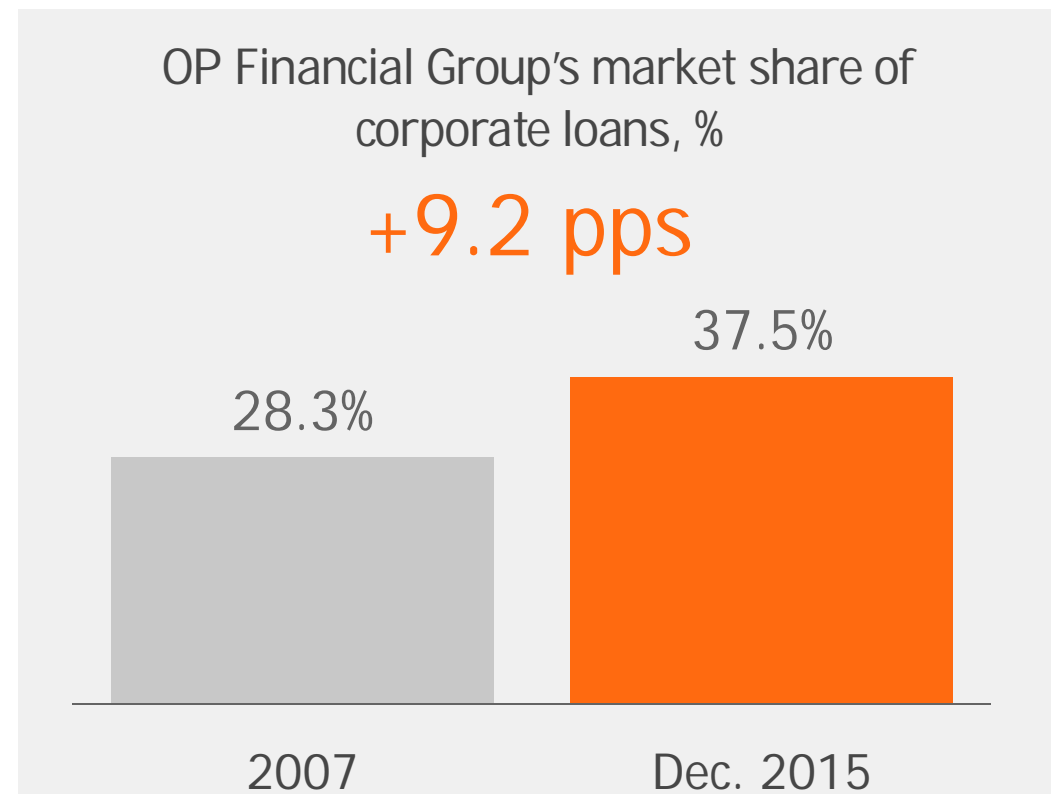
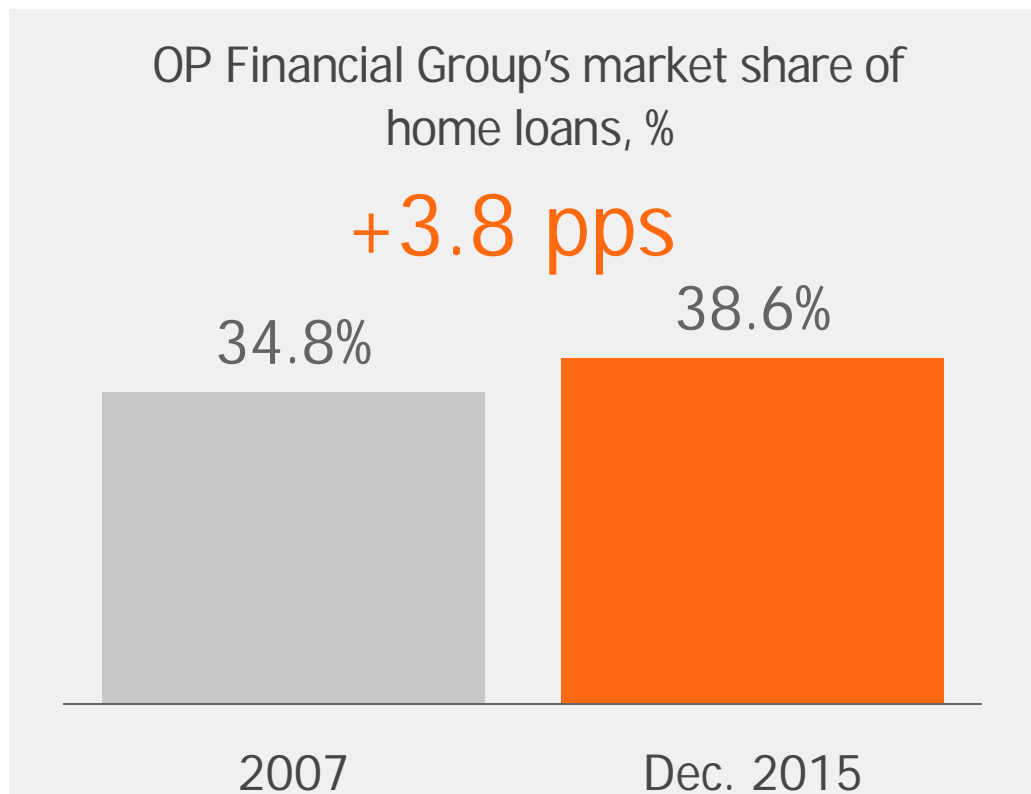


Life Insurance

Market share of gross premiums written



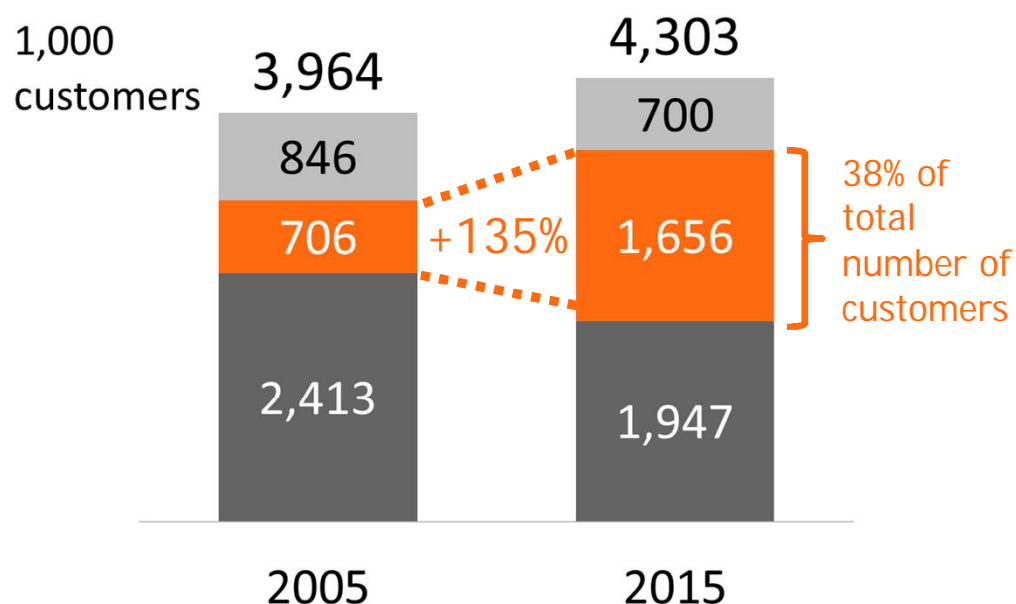
Putting Finland on a new growth path – OP exists to serve its customers



Significant Customer Potential

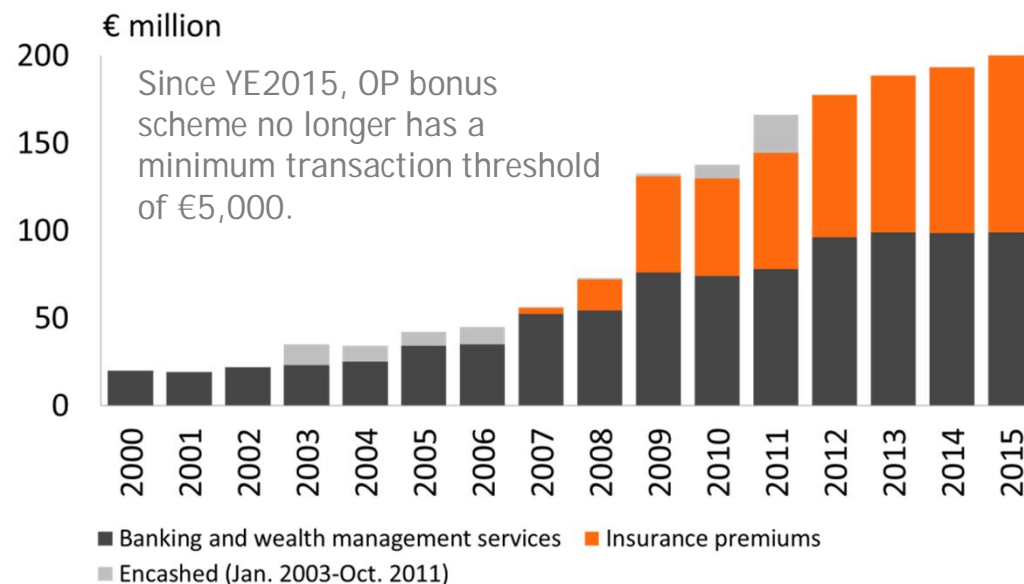
Cross-selling between OP Financial Group member cooperative banks and
Non-life Insurance based on strong bancassurance business model

Number of customers shared by Banking and
Non-life Insurance increased by 66,000 in 2015



- Non-life insurance customers
- Banking and non-life insurance customers
- Banking customers

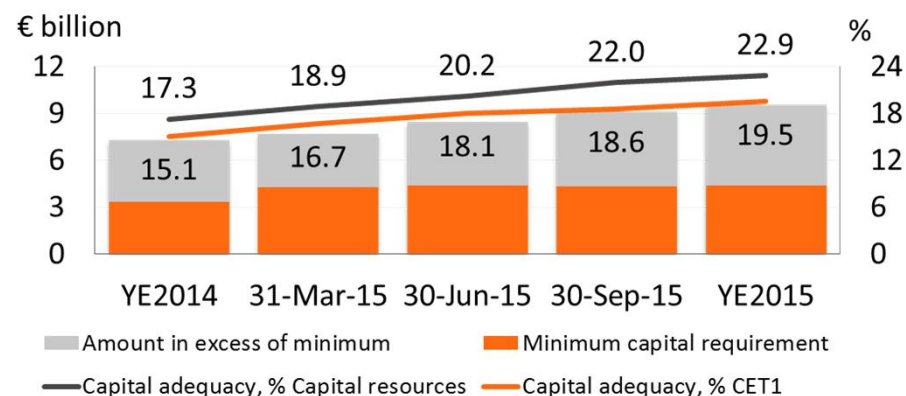
In 2015, OP bonuses to customers €197 mn (2005: €42 mn) and
use of bonuses €200 mn



In 2015, insurance premiums paid using bonuses totaled €101 mn and OP bonuses were used to pay 2,023,000 insurance premiums, with 273,000 paid in full using bonuses only.

CET1 ratio 19.5% thanks to strong EBT growth

Capital base and CET1 ratio (CRR/CRD4)



Leverage ratio* of banking operations 7.2% at YE2015 (6.4)
 Minimum requirement under regulation drafts: 3.0%

Average RW for retail exposures 7.4% (8.5) and for corporate exposures 65.1% (70.7) at YE2015

Internal Ratings Based Approach (IRBA) applied to retail and some corporate and credit institution exposures since December 2011.
 Foundations Internal Ratings Based Approach (FIRBA) applied to corporate and credit institution exposures.

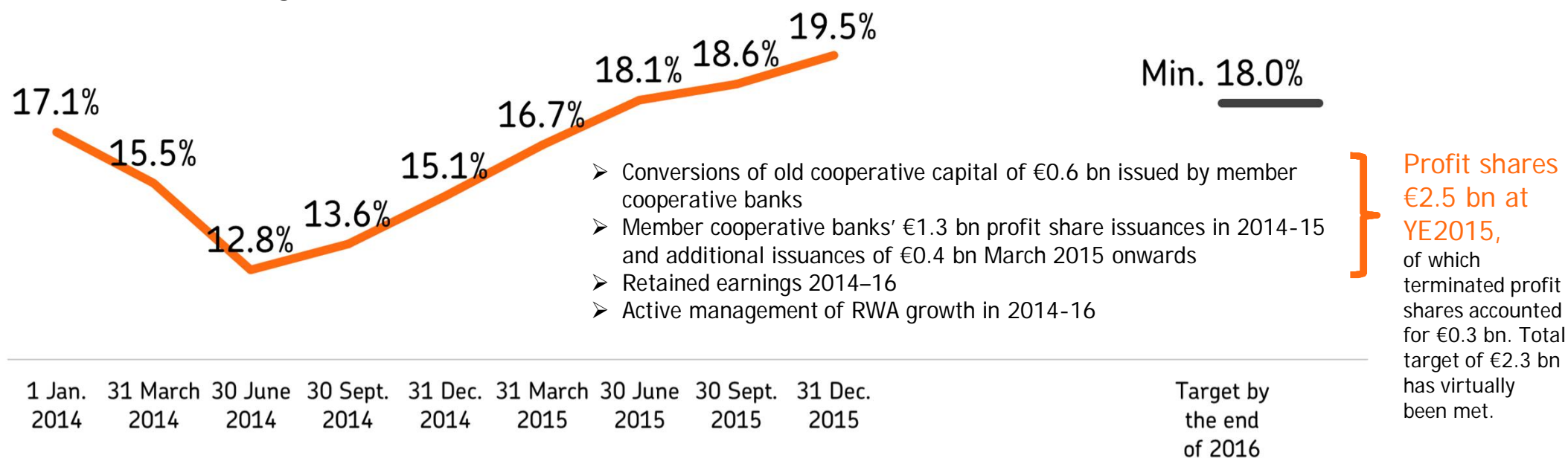
- In October 2015, OP received permission from the ECB to treat insurance holdings within the conglomerate as RWA (RW approx. 280%) according to the previous practice (CRR article 49). However, the ECB has the option of cancelling the permission as part of the harmonisation of supervisory options. OP's CET1 ratio would decrease by no more than 0.6 pps if the permission was cancelled and OP transferred to the deduction treatment of insurance holdings.
- Since the beginning of 2015, the capital conservation buffer requirement has been 2.5% of RWA. In July 2015, Fin-FSA set the requirement for the O-SII buffer for OP at 2%, effective since 7 Jan. 2016. In December 2015, Fin-FSA decided not for the time being to impose a countercyclical capital buffer requirement on banks, but began preparations for setting higher risk weights on housing loans in an effort, according to the Authority, to prepare for an increased systemic risk.
- The ECB has imposed on OP a discretionary capital requirement buffer as part of the supervisory review and evaluation process (SREP). When taking account of the requirement for CET1 capital, the discretionary capital requirement buffer is 9.75%

*) According to the current interpretations of the new regulations

Actions to maintain strong capital adequacy and strengthen profitability

In YE2015, CET1 ratio was improved by profit share issuances (+2.2 pps), adoption of updated PD model (+0.8 pps) and gains arising from the remeasurement of defined benefit pension plans (IAS19, +0.9 pps)

CET1 RATIO (target 18.0%): 19.5% at YE2015



RETURN ON ECONOMIC CAPITAL* (12-mth rolling target 20.0%): 21.5% at YE2015

➤ Target level requires EBT of more than €1 bn

* Return on economic capital, % = (Earnings + customer bonuses after tax (value rolling 12 month) / Average economic capital * 100

EBT improved by 20% to €1,101 mn (915) in 2015

Income up by 5% and expenses down by 2% in 2015

Banking

EBT, € mn	642 (+12%) 2014: 571
Net interest income, € mn	1,108 (+1%) 2014: 1,092
Net commissions and fees, € mn	663 (+1%) 2014: 655
Impairments of receivables, € mn	77 2014: 86
Loan portfolio, € bn	75.2 (+6%) YE2014: 70.7
Deposits, € bn	51.9 (+7%) YE2014: 48.8
Cost/Income ratio, %	53.8 2014: 56.1

Non-Life Insurance

EBT, € mn	259 (+16%) 2014: 223
Insurance premium revenue, € mn	1,396 (+7%) 2014: 1,310
Operating combined ratio*, %	87.3 2014: 89.4
Operating expense ratio, %	17.7 2014: 18.4
Return on investments at fair value, %	2.3 2014: 6.7
Solvency II ratio**, %	139 YE2014: 117

Wealth Management

EBT, € mn	213 (+28%) 2014: 167
Net commissions and fees, € mn	196 (-6%) 2014: 208
Assets under management, € bn	68.5 (+12%) YE2014: 61.3
Cost/Income ratio, %	45.6 YE2014: 40.8
Return on investments at fair value within Life Insurance, %	2.4 2014: 6.0
Solvency II ratio** within Life Insurance, %	149 YE2014: 100

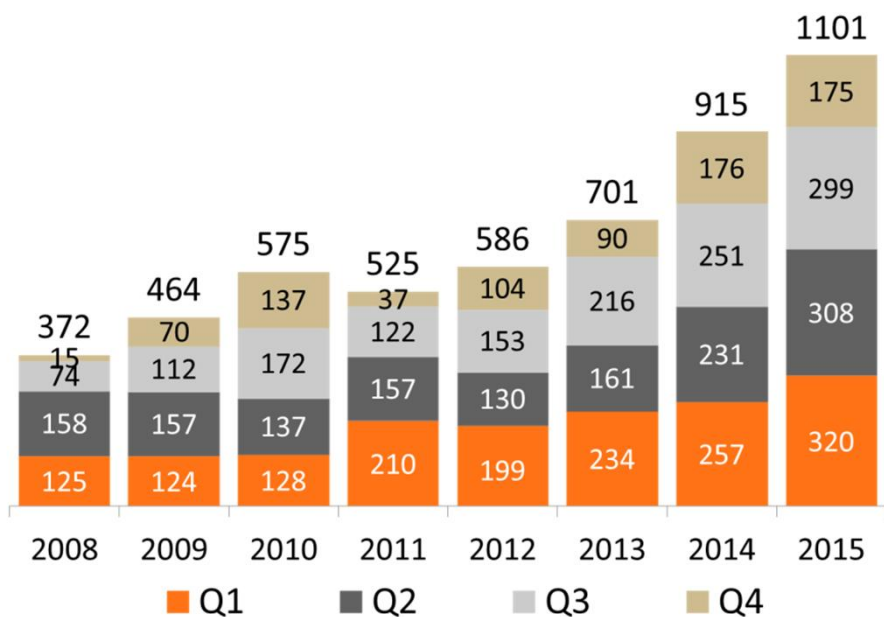
* Ratio for the corresponding period a year ago has been changed to correspond to the treatment of change of the discount rate applied since the beginning of 2015.

** According to the Solvency II draft (EU 138/2009), excl. effects of transitional provisions. Use of transitional provisions is subject to permission from the Finnish FSA.

OP's EBT for 2016 expected to be at about the same level as in 2015

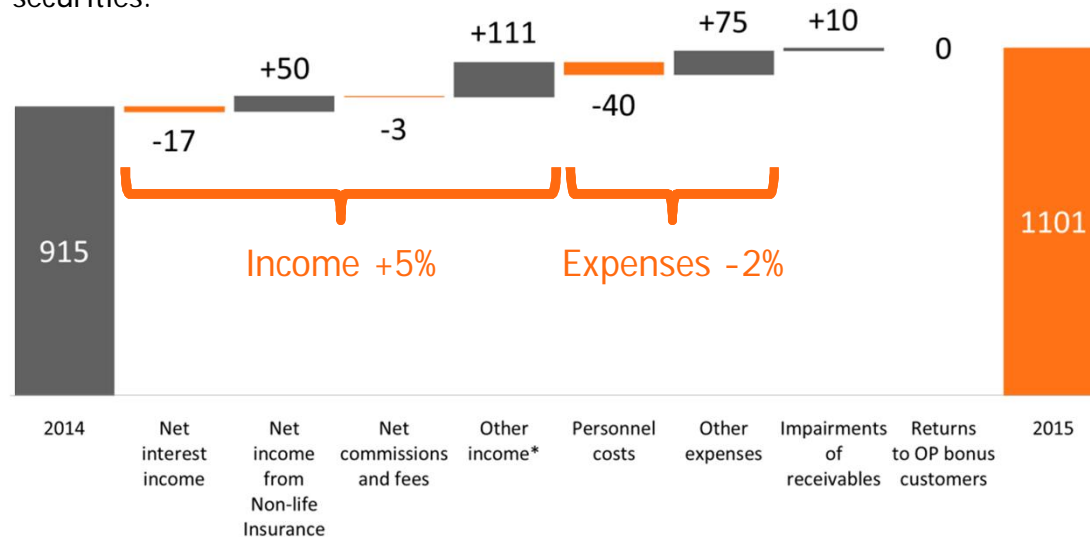
EBT in 2015 was all-time high and exceeded the previous record of 2007 by nearly 10%

EBT by quarter 2008–15, € mn



EBT, y-o-y change 2015 vs. 2014, € mn

Net income from Non-life and Life Insurance was up by 9% and 41%, respectively, thanks to good profitability. Net trading and net investment income improved by 19% thanks to good performance in derivatives trading as well as capital gains on securities.

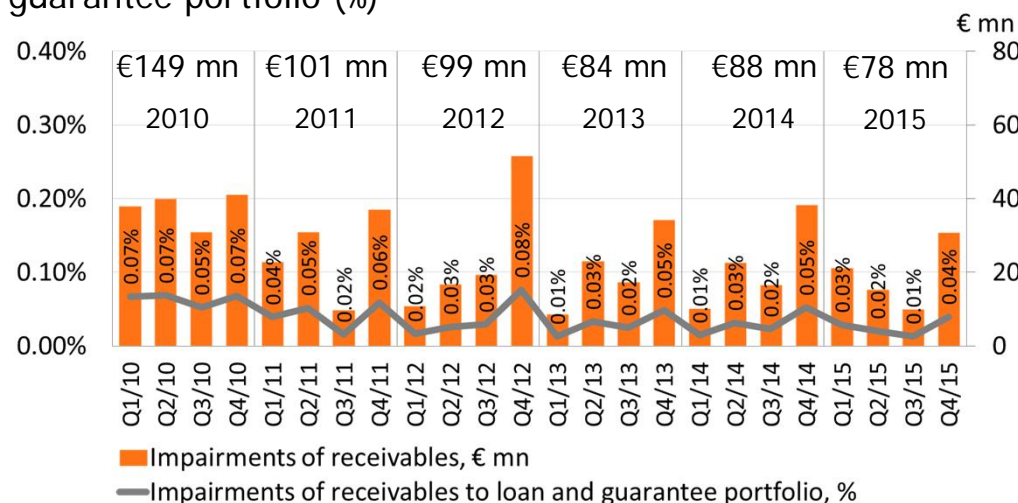


* Other income includes net income from Life Insurance, net trading income, net investment income and other operating income

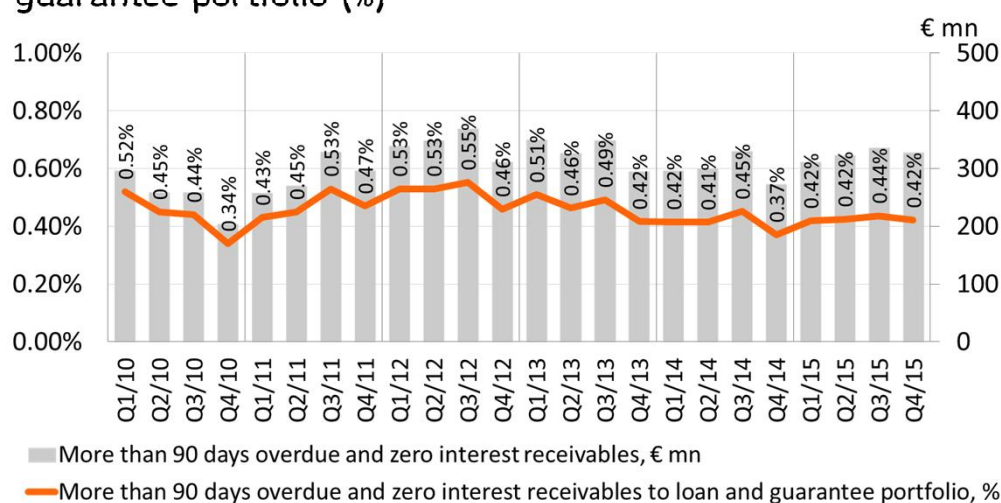
2015 impairment loss on receivables 0.10% to loan and guarantee portfolio (0.12)

More than 90 days overdue receivables (€328 mn at YE2015)
0.42% to loan and guarantee portfolio (0.37)

Impairment loss on receivables (€ mn) to loan and guarantee portfolio (%)



More than 90 days overdue receivables (€ mn) to loan and guarantee portfolio (%)



At YE2015, ratio of exposures individually assessed for impairment to doubtful receivables*

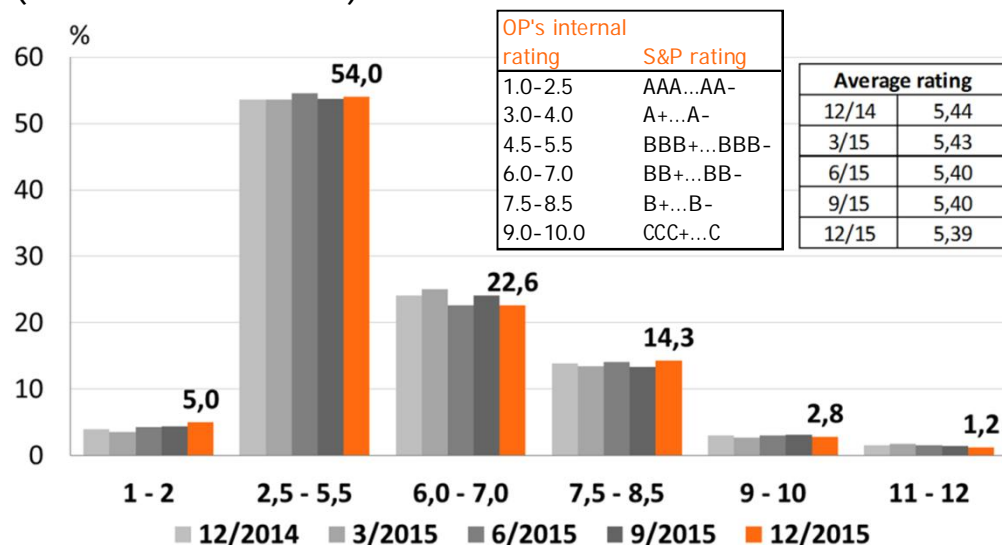
17.3% (20.3)

*) Doubtful receivables refer to receivables that are more than 90 days overdue, other receivables classified as risky and forbore receivables. Definitions of non-performing and renegotiated receivables correspond with the EBA's guidelines on forbore and non-performing receivables since Financial Statements of 2014 and the comparative information has been restated accordingly ever since. According to the new definition, for example, the probation period of forbore receivables was extended considerably, increasing the level of doubtful receivables compared to the previous definition. Additionally, comparative figures related to doubtful receivables have been restated as a result of the adoption of IFRS 10 Consolidated Financial Statements.

Exposures by Credit Rating Category

IG exposure (1.0-5.5) 59% of total exposure from the Non-financial Corporations and Housing Associations Sector at YE2015 (58)

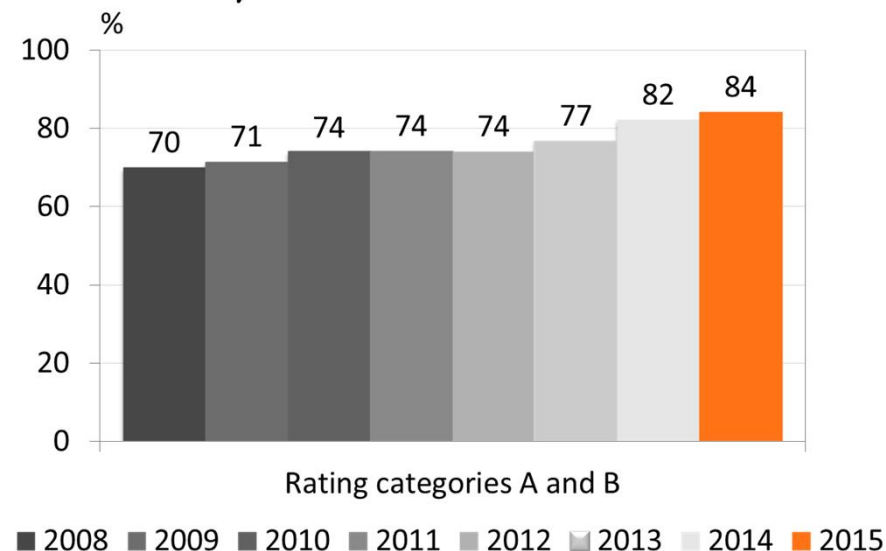
Exposures from the Non-financial Corporations and Housing Associations Sector by credit rating category (€35.0 bn at YE2015)



Largest single counterparty-related customer risk to Group's own funds covering customer risk at YE2015

5.7% (6.6)

Private Customer exposures of credit rating categories A and B (€40.0 bn, total private customer exposures €47.4 bn at YE2015)



At YE2015, average PD of private customer exposures (Pillar III) with a credit rating of A and B a maximum of

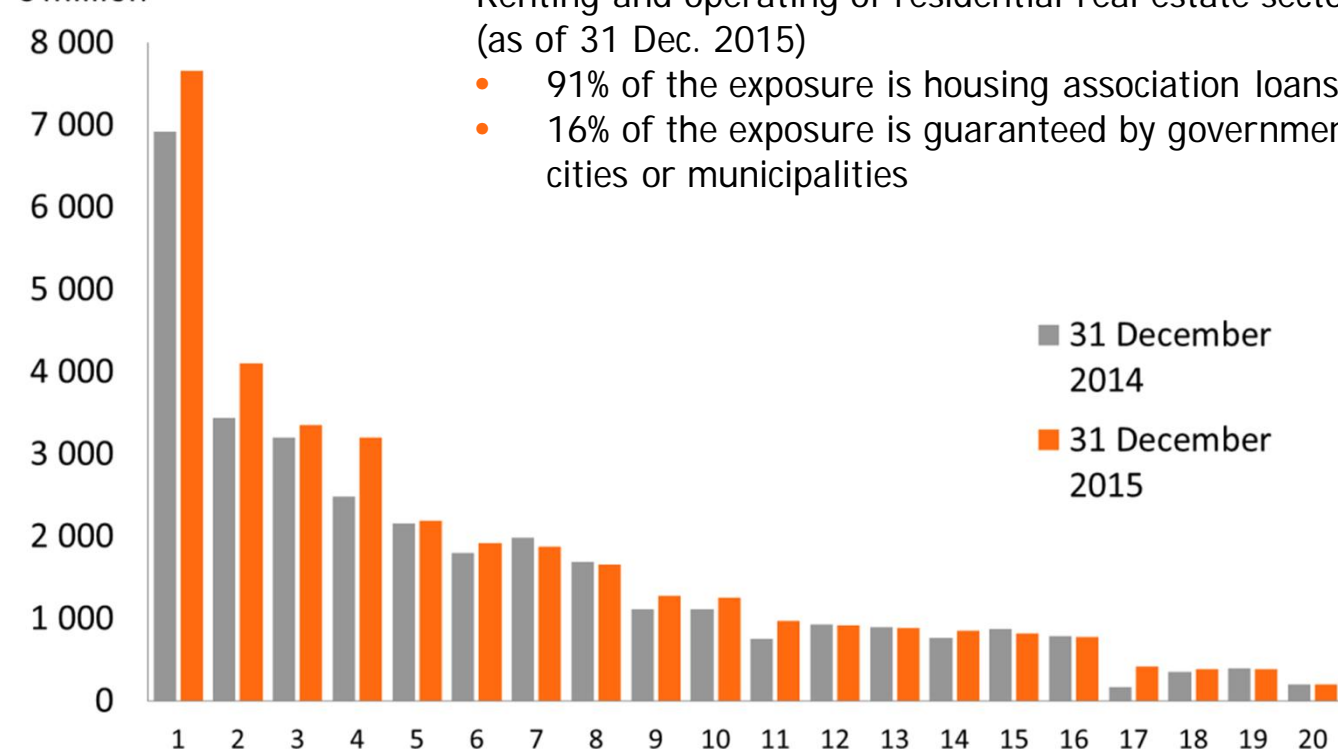
0.1% (0.1)

Exposures from the Non-financial Corporations and Housing Associations Sector by Industry

€35.0 billion at YE2015

	31 Dec 2014	31 Dec 2015
1 Renting and operating of residential real estate	21.6 %	21.9 %
2 Renting and operating of other real estate	10.7 %	11.7 %
3 Wholesale and retail trade	10.0 %	9.6 %
4 Energy	7.8 %	9.1 %
5 Services	6.7 %	6.2 %
6 Manufacture of machinery and equipment (incl. services)	5.6 %	5.5 %
7 Construction	6.2 %	5.4 %
8 Transportation and storage	5.3 %	4.7 %
9 Forest Industry	3.5 %	3.6 %
10 Agriculture, forestry and fishing	3.5 %	3.6 %
11 Financial and insurance services	2.4 %	2.8 %
12 Food Industry	2.9 %	2.6 %
13 Information and communication	2.8 %	2.5 %
14 Chemical Industry	2.4 %	2.4 %
15 Metal Industry	2.7 %	2.3 %
16 Real estate investments	2.4 %	2.2 %
17 Other industries	0.5 %	1.2 %
18 Water supply, sewerage and waste management	1.1 %	1.1 %
19 Other manufacturing	1.2 %	1.1 %
20 Mining and quarrying	0.6 %	0.6 %

€ million



Renting and operating of residential real estate sector (as of 31 Dec. 2015)

- 91% of the exposure is housing association loans
- 16% of the exposure is guaranteed by government, cities or municipalities

Funding Based on Strong Credit Ratings

Rating target: AA rating affirmed by at least 2 credit rating agencies
(or at least at the main competitors' level)

	Moody's (Senior unsecured/LT issuer rating)	S&P (LT issuer credit rating)
Handelsbanken	Aa2	AA-*
OP Corporate Bank plc	Aa3	AA-*
Nordea	Aa3	AA-*
Swedbank	Aa3	AA-*
SEB	Aa3	A+
DNB	Aa2*	A+*
Danske Bank	A2	A
OP Mortgage Bank***	Aaa	AAA
OP Insurance Ltd****	A3	A+*
If****	A2**	A
Finnish government	Aaa*	AA+*

* Negative outlook

** Positive outlook

*** Covered bond rating

**** Insurance financial strength rating

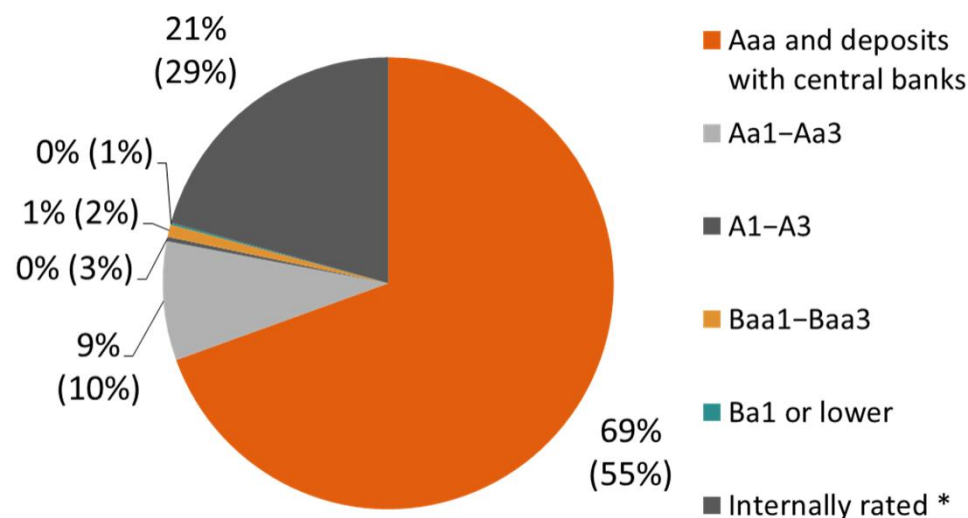
Updated: 4 April 2016

- S&P affirmed AA- rating with negative outlook for OP Corporate Bank plc and downgraded rating for OP Insurance Ltd from AA- to A+ with negative outlook on 2 December 2015. AAA rating with stable outlook for OP Mortgage Bank was affirmed in June 2015.
- Moody's affirmed Aa3 rating with stable outlook for OP Corporate Bank plc on 29 June 2015 and A3 rating with stable outlook for OP Insurance Ltd on 15 May 2015. Aaa rating with stable outlook for OP Mortgage Bank was affirmed in November 2015.

Liquidity buffer

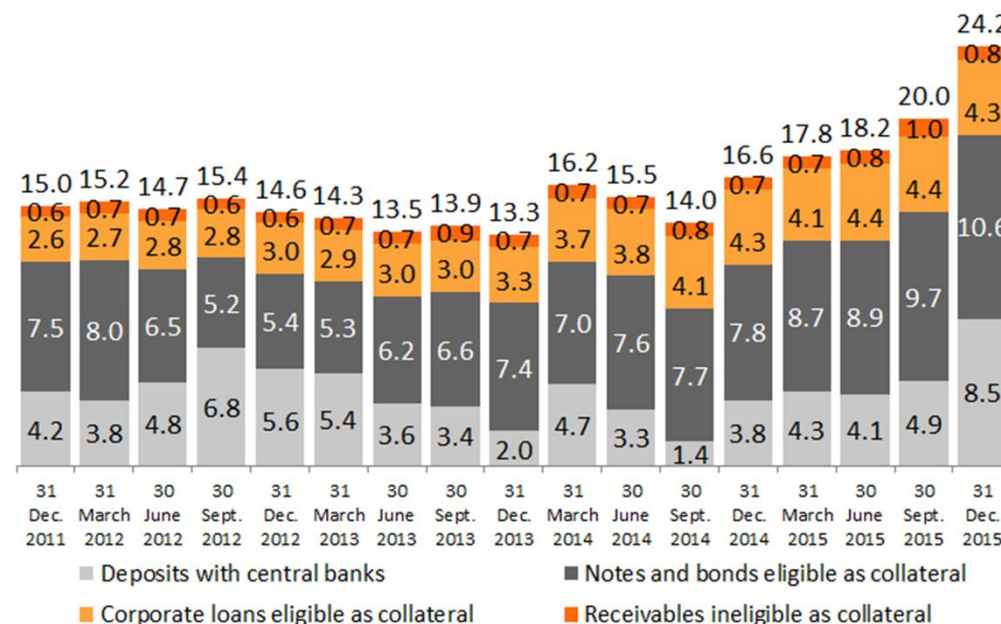
According to the transitional provisions, the LCR must be at least 60% during the fourth quarter of 2015 and at least 100% as of the beginning of 2018. In accordance with the European Commission Liquidity Delegated Act, OP Financial Group's LCR ratio was 116% at YE2015.

Liquidity buffer (€24.2 bn) by credit rating at YE2015 (YE2014)



*) Internally rated: corporate loans (86%) and the remainder externally non-rated notes and bonds issued by public-sector entities and companies, both eligible as ECB collateral.

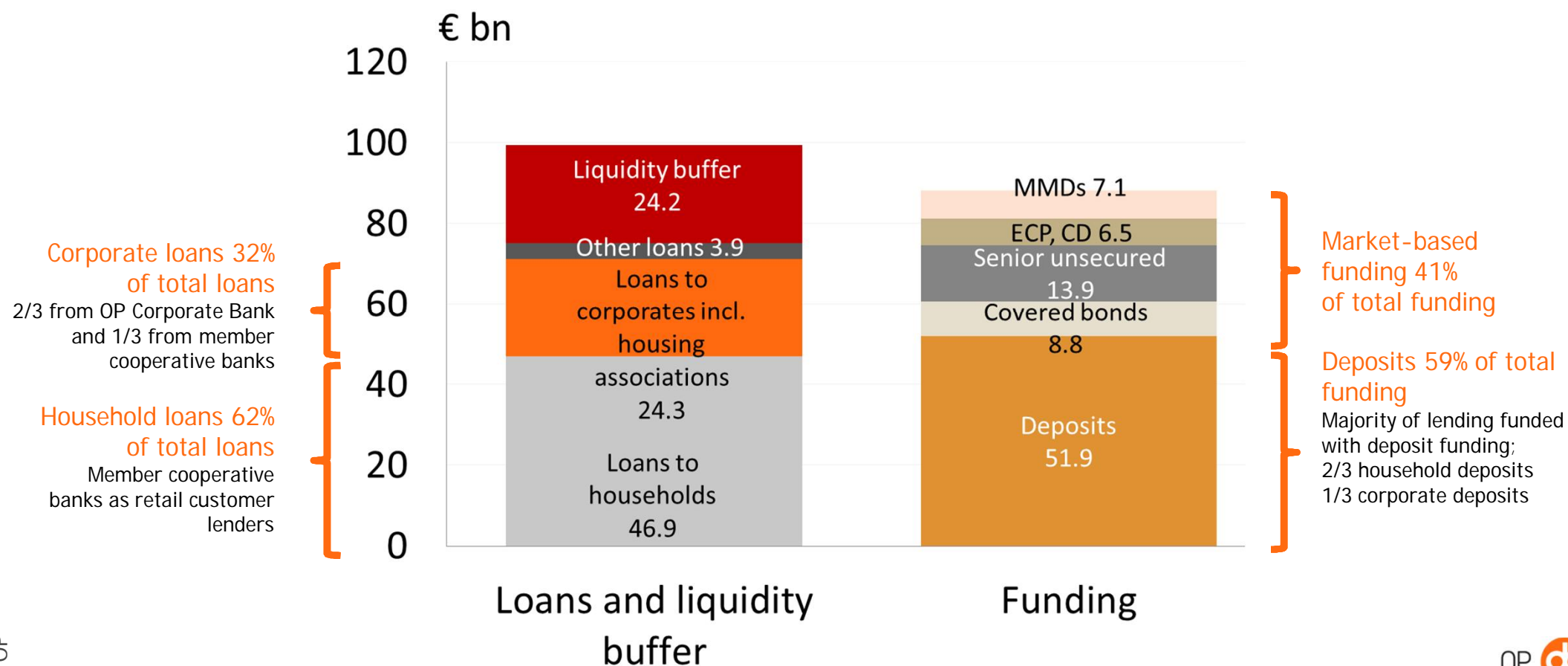
Liquidity buffer breakdown**, € bn



**) The liquidity buffer plus other items based on OP Financial Group's contingency funding plan can be used to cover the Group's maturing wholesale funding for at least 24 months.

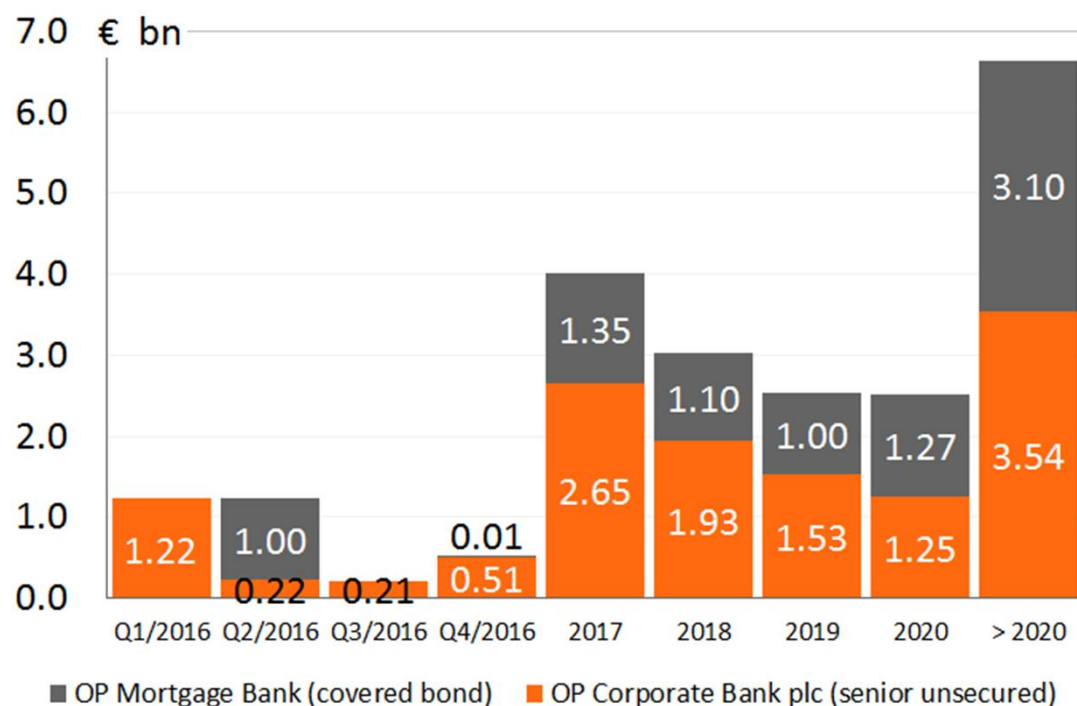
Loans and Funding Structure

YE2015



Issued Senior Unsecured and Covered Bonds

Issued senior unsecured and covered bonds by maturity, YE2015

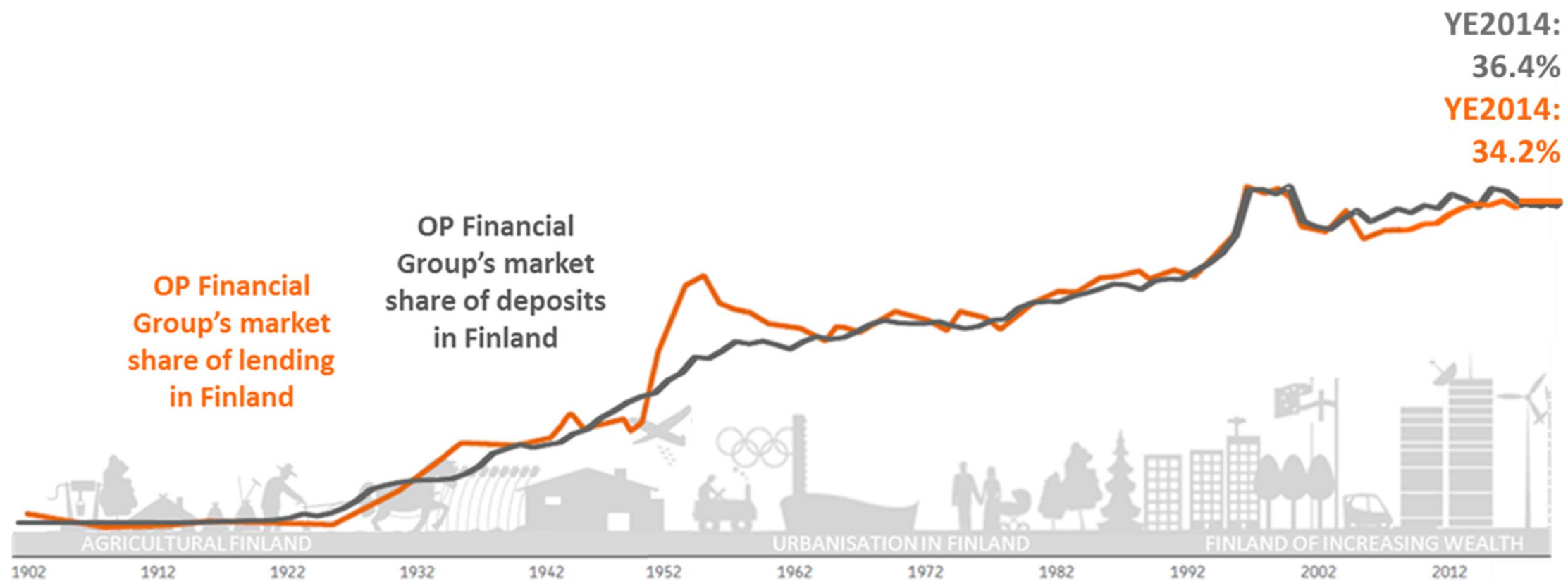


OP Corporate Bank plc's senior unsecured benchmark bonds 2014–16

Year	Month	Amount	Maturity	Interest rate
2016	January	€500 mn	5 yrs	m/s + 65 bps
2015	November	Total ¥30 bn (€228 mn), 2 issues	5 yrs (floating) & 5 yrs (fixed)	m/s + 59.9 bps & m/s + 66.1 bps
2015	May	GBP300 mn	3 yrs	Eb3 + 16 bps
2015	May	GBP400 mn	7 yrs	Eb3 + 58 bps
2015	March	€1 bn	7 yrs	m/s + 33 bps
2014	June	CHF300 mn	7 yrs	CHFm/s + 30 bps
2014	June	Total ¥60 bn (€432 mn), 2 issues	3 yrs (fixed) & 5 yrs (fixed)	m/s + 28.6 bps & m/s + 48.4 bps
2014	June	€750 mn	5 yrs	m/s + 48 bps
2014	March	€750 mn	7 yrs	m/s + 67 bps
2014	March	€750 mn	3 yrs	Eb3 + 36 bps

OP Mortgage Bank's covered bonds 2014–16

Year	Month	Amount	Maturity	Interest rate
2015	November	€1.25 bn	5 yrs	m/s + 5 bps
2015	September	€1 bn	7 yrs	m/s - 1 bps
2014	November	€1 bn	10 yrs	m/s + 4 bps
2014	June	€1 bn	5 yrs	m/s + 5 bps
2014	March	€1 bn	7 yrs	m/s + 14 bps



OP Mortgage Bank

Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA and the ECB

OP Mortgage Bank (OPMB) in brief

- OP Mortgage Bank is a special-purpose bank operating under the Act on Mortgage Credit Bank Operations.
- OP Mortgage Bank's sole purpose is to raise funds for OP Financial Group member banks by issuing covered bonds with mortgage collateral.
- The outstanding covered bonds of OP Mortgage Bank are rated AAA by S&P and Aaa by Moody's.
- OP Mortgage Bank is a wholly-owned subsidiary of OP Cooperative.
- OP Mortgage Bank fully benefits from the joint liability based on the Act on the Amalgamation of Deposit Banks. However, since assets in its Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors.

OP Mortgage Bank's covered bond programme qualifies for the European Covered Bond Council's (ECBC) Covered Bond Label.



Read more about ECBC's covered bond label at www.coveredbondlabel.com

OP Mortgage Bank's rating buffers

Standard & Poor's: AAA (stable)

- 3 unused notches of jurisdictional support
- 2 unused notches of collateral based uplift
- Key scores (as of 31 March 2015)
 - Available Credit Enhancement: 22.29% (TCE* commensurate with AAA rating 3.96%)
 - WAFF**: 11.67%
 - WALS***: 7.36%

* Target credit enhancement

** Weighted-average foreclosure frequency

*** Weighted-average loss severity

Moody's: Aaa (stable)

- TPI*** Leeway 5 notches
- Key scores (as of 31 Dec. 2015)
 - CR-A: Aa2(cr)
 - CB Anchor: CR-A + 1 notch = Aa1
 - TPI: Probable-High
 - Collateral score (post-haircut): 3.4% (cap 5.0%)

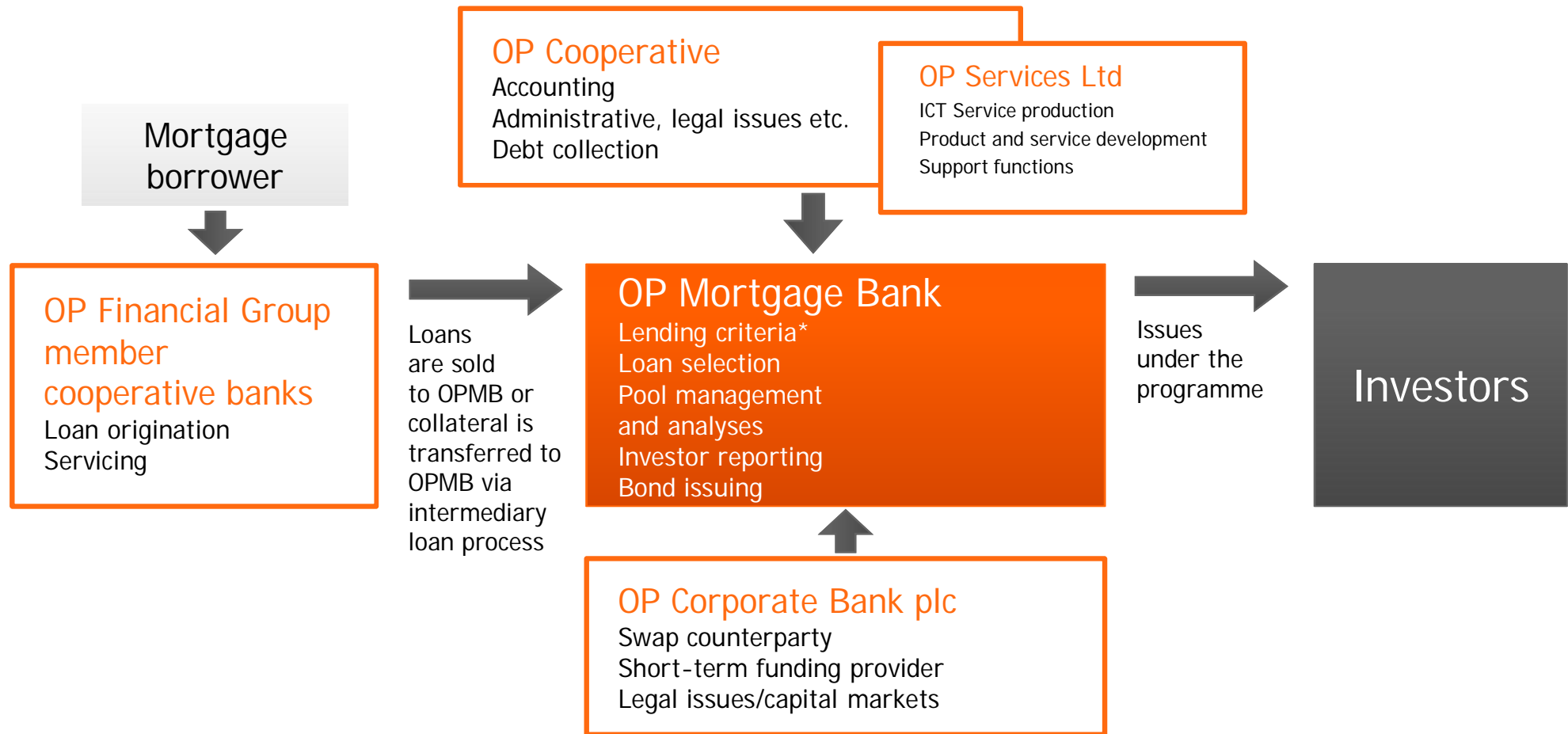
*** Timely payment indicator

**** Counterparty risk assessment

OPMB Operating Model

- OPMB is a funding vehicle for the member banks:
 - Subject to strict eligibility criteria:
 - Existing loans may be sold from member banks to OPMB.
 - Collateral may be transferred to OPMB via intermediary loan process.
 - Member cooperative banks may originate directly into OPMB's balance sheet acting as a broker agent.
- OPMB utilises the structure of OP Cooperative and outsources for example:
 - origination and servicing of assets to member cooperative banks
 - risk management, IT services, accounting etc. to OP Cooperative
 - has organised interest rate risk management in cooperation with OP Corporate Bank plc

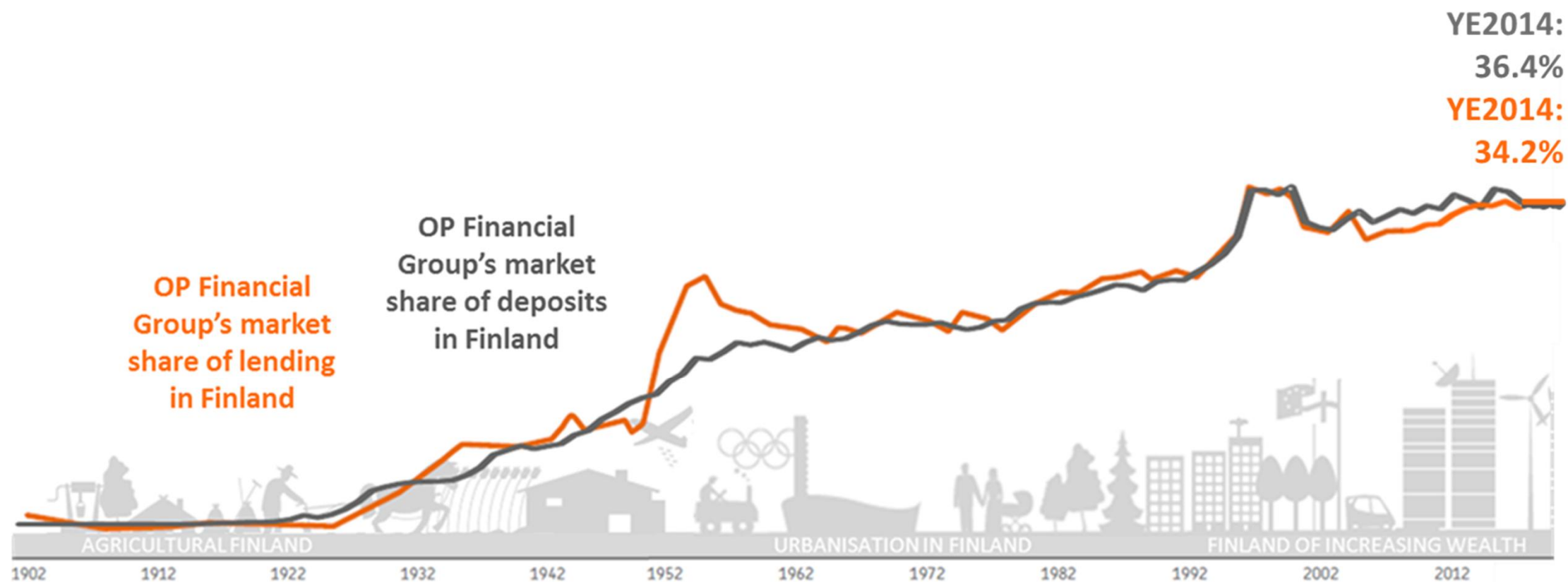
Operating Model and Roles



*) Basic lending criteria for the Group are set by OP Cooperative. OP Mortgage Bank can set additional limits.

Intermediary Loans

- The Finnish Covered Bond Act (2010) enables granting intermediary loans
 - The member cooperative banks are granted the opportunity to indirectly participate in the issuing of a covered bond
 - Intermediary loans are the third way for the member banks to utilize OPMB along with selling loans and granting loans from OPMB
- The intermediary loan contract is made between the member cooperative bank and 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 bank commits to preserving adequate intermediary loan worthy loan portfolio for the maturity of the intermediary loan, and accepts that OPMB subscribes the loans as collateral in the cover pool
 - OPMB monitor's the adequacy of the loans daily
 - The OC is provided by OPMB
- Once the mortgage loans are registered in the covered register, whether they are entered via intermediary loan process or true sales, they serve as collateral for the covered bonds for the benefit of the noteholders.



OPMB Cover Asset Pool Characteristics

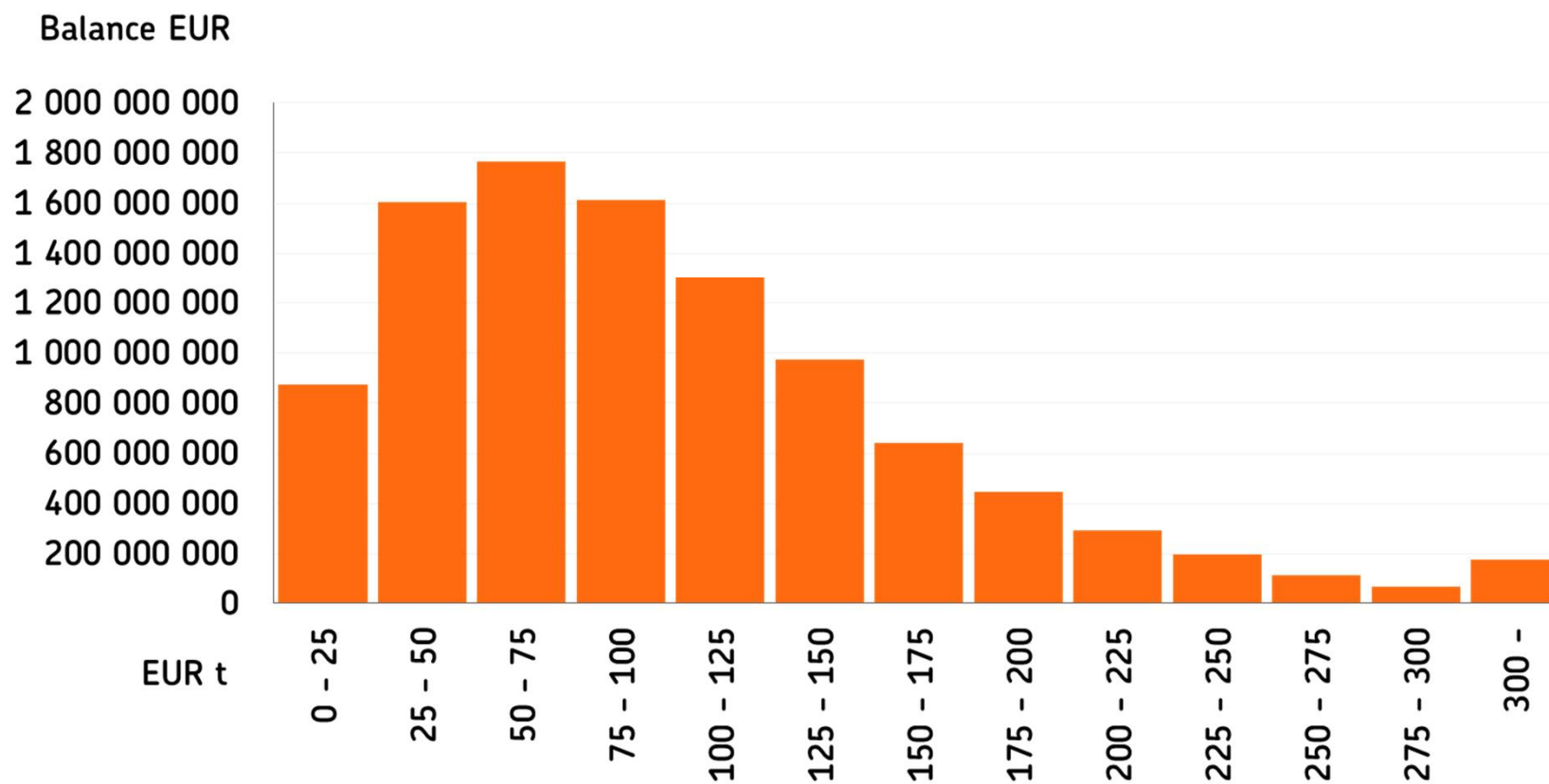
Covered bonds issued after 1 Aug. 2010,
under the Finnish Act on Mortgage Credit Banks 680/2010

Main Features of OP Mortgage Bank's Cover Asset Pool as of 31 December 2015

- Collateralized by Finnish mortgages
- Current balance EUR 10.05 billion
- Weighted Average indexed LTV of 49%
- Average loan size of approximately EUR 53,713
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 95% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of covered bonds issued EUR 8.845 billion

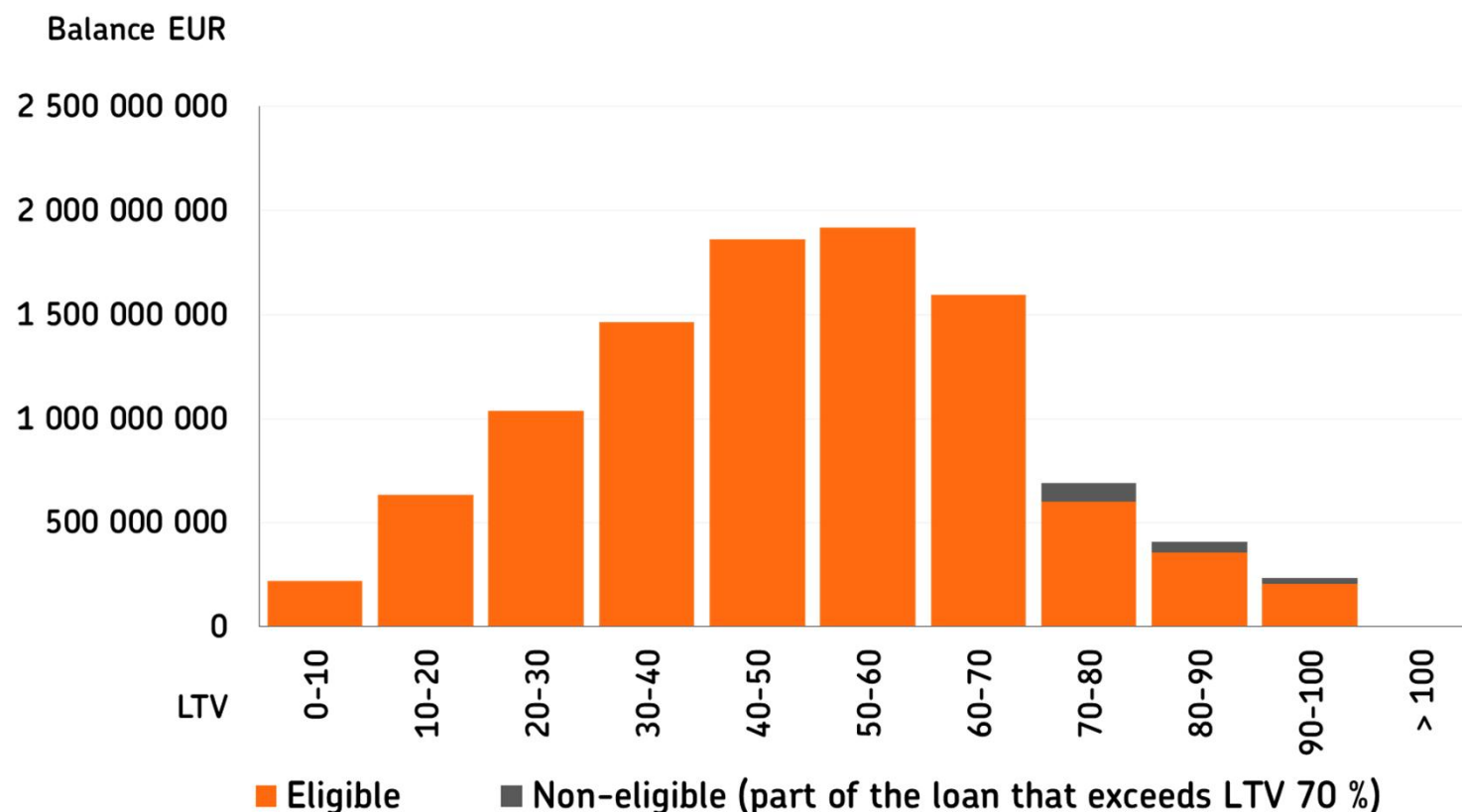
OPMB Cover Asset Pool Characteristics

Loans by size



OPMB Cover Asset Pool Characteristics

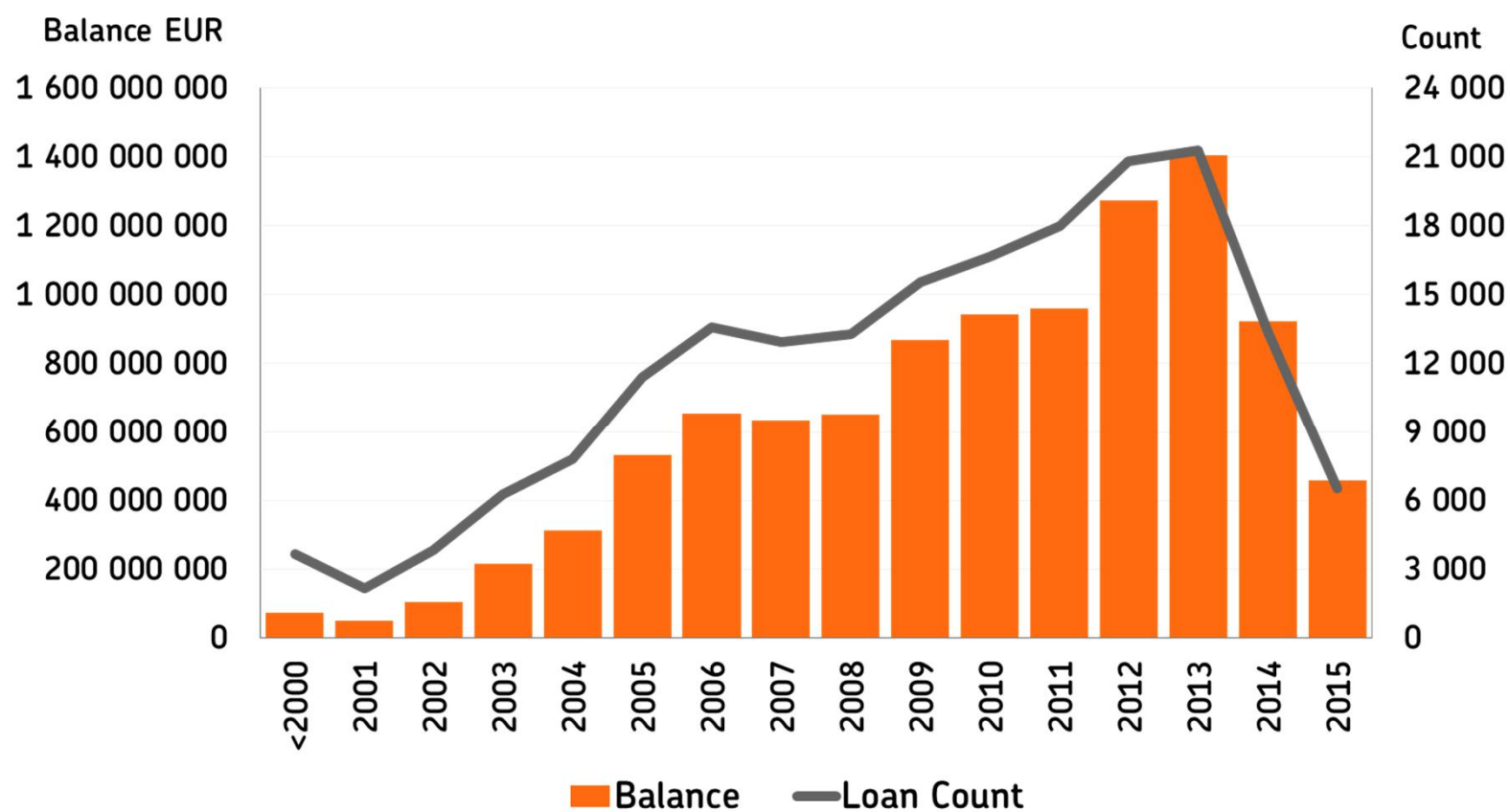
Loans by LTV



- Total assets
EUR 10.05 billion
- Eligible Cover Pool
assets
EUR 9.87 billion
- Weighted average
indexed LTV of 49%
- Over-
collateralisation
13.7%

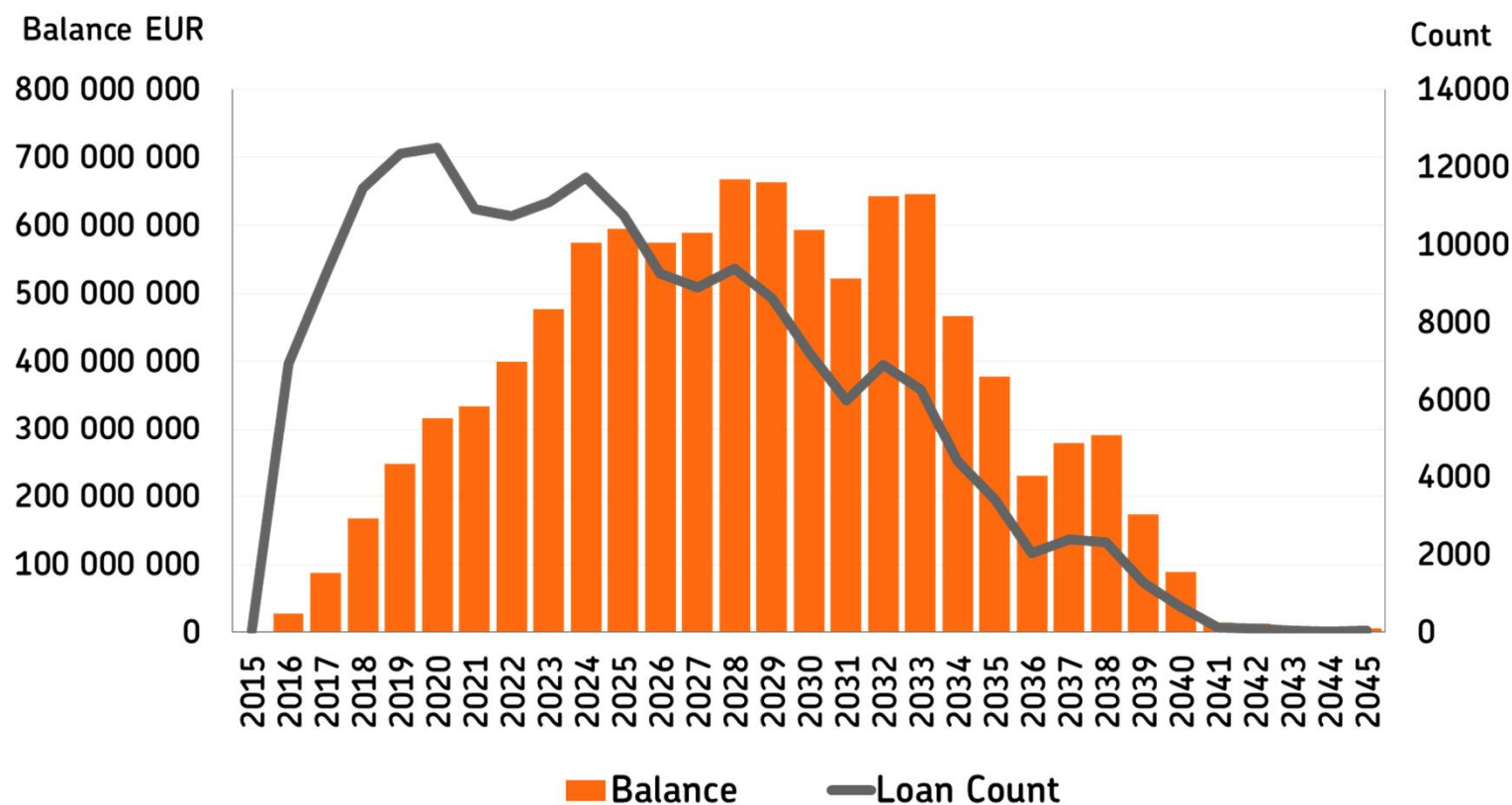
OPMB Cover Asset Pool Characteristics

Loans by origination year



OPMB Cover Asset Pool Characteristics

Loans by maturity

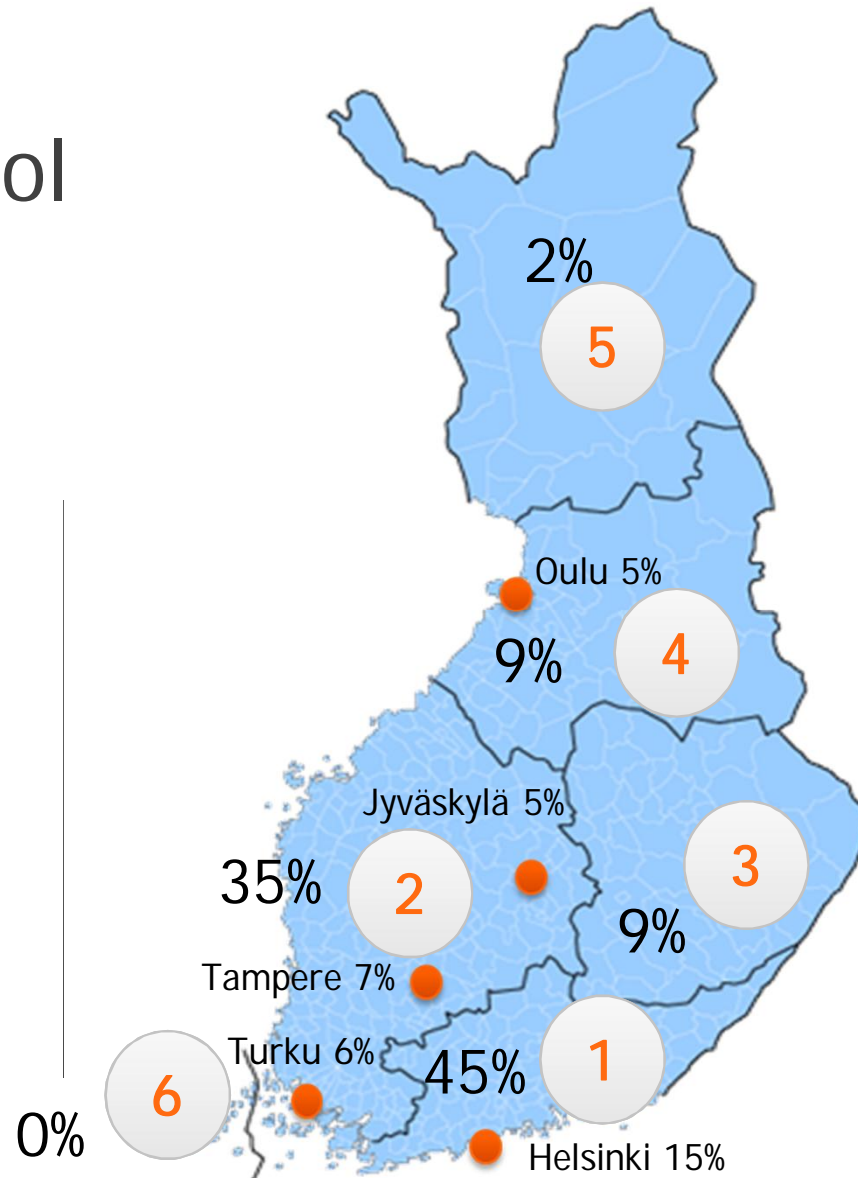


OPMB Cover Asset Pool

Characteristics

Geographical distribution

- 1 Southern Finland
- 2 Western Finland
- 3 Eastern Finland
- 4 Oulu region
- 5 Lapland
- 6 Åland



OPMB Cover Asset Pool

OPMB Cover Asset Pool as of 31 Dec. 2015

Issuer and rating

Issuer:	OP Mortgage Bank	CRD-compliant
Owner:	OP Cooperative	Yes
Pool ID:	OP Mortgage Bank, Cover Asset Pool	
Supervisory authority:	ECB, FFSA	
Reporting date:	31/12/2015	
Long Term Rating	S&P	Moody's
Covered bond issuer	AAA	Aaa
Owner	AA-	Aa3

Outstanding covered bonds

Outstanding benchmark covered bonds*

ISIN	MEUR	Currency	Issue date	Maturity	Coupon	Fix/FRN
XS0611353086	1,000	EUR	01/04/2011	01/04/2016	3.25%	Fix
XS0646202407	1,000	EUR	11/07/2011	11/07/2018	3.50%	Fix
XS0785351213	1,250	EUR	23/05/2012	23/05/2017	1.63%	Fix
XS1045726699	1,000	EUR	17/03/2014	17/03/2021	1.50%	Fix
XS1076088001	1,000	EUR	11/06/2014	11/06/2019	0.75%	Fix
XS1144844583	1,000	EUR	28/11/2014	28/11/2024	1.00%	Fix
XS1285892870	1,000	EUR	04/09/2015	04/09/2022	0.63%	Fix
XS1324085569	1,250	EUR	23/11/2015	23/11/2020	0.25%	Fix

	MEUR
Non-benchmark bonds	345
Total of outstanding bonds	8,500
of which repos	0

*) All benchmark covered bonds issued by OP Mortgage Bank fulfill the eligibility criteria for their classification as a Level 1 or Level 2 asset in accordance with Chapter 2 of the LCR delegated act.

Bond redemptions (MEUR)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-	Sum
Total		1,010	1,350	1,100	1,000	1,270	1,000	1,000		1,115		8,845

Source: OP Mortgage Bank Cover Asset Pool, Finnish National Template as of 31 Dec. 2015

OPMB Cover Asset Pool as of 31 Dec. 2015

Cover Pool

Cover pool assets (MEUR)	Volume	%	Cover pool items	Type of loan collateral (MEUR)	Volume	%
Loans (up to LTV limit)	10,053	100%	Number of loans	Single-family housing	5,732	57%
Substitute assets			Number of clients	Flats	4,321	43%
Other	0	0	Number of properties	Multi-family housing	0	0%
Eligible assets*	9,731	97%	Average loan size (EUR)	Commercial	0	0%
Other eligible assets	0	0		Forest & agricultural	0	0%
Total assets	10,053			Public sector	0	0%
*) calculated according to section 16 in MCBA				Sum	10,053	100%

Volumes in stratification tables are presented as: LTV Distribution - whole loans. Other sections - Loans up to LTV limit / Total assets

Interest rate type on loans, MEUR	Volume	%	Repayments, MEUR	Volume	%
Floating	9,999	99%	Amortizing	10,038	100%
Fixed	54	1%	Interest only*	15	0%
Sum	10,053	100%	Sum	10,053	100%

*) Contract-level information, not customer-level information

LTV distribution (indexed)	<=10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	Eligible assets	>70% up to 100%	Total loans
Loan volume, MEUR	218	632	1,037	1,463	1,861	1,920	1,594	8,725	1,329	10,053
Percentage	2%	6%	10%	15%	19%	19%	16%	87%	13%	100%

OPMB Cover Asset Pool as of 31 Dec. 2015

Cover Pool

Loan maturity MEUR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-	Sum
Contractual amortizations	16	1,030	999	944	847	765	693	621	569	516	3,054	10,053
Percentage	0.16%	10.24%	9.93%	9.39%	8.42%	7.61%	6.90%	6.18%	5.66%	5.14%	30.38%	100.00%
Seasoning			0-12 M	12-24 M		24-36 M		36-60 M		> 60 M		Sum
Loan volume, MEUR			477	938		1,423		2,204		5,011		10,053
Percentage			5%	9%		14%		22%		50%		100%
Credit quality												
Past due			31-60 d	60-90 d		>90 d		Sum				
Loan volume, MEUR			0	0		0		0				
Percentage			0.00%	0.00%		0.00%		100.00%				
Impaired Loans												
Impaired loans, %			%									

OPMB Cover Asset Pool as of 31 Dec. 2015

Key ratios

Key ratios		Calculated according to:
OC, accounting	11.7%	Eligible assets, section 16 in Mortgage Credit Bank Act
OC, nominal	13.7%	Total assets, including loan balances up to 100% LTV limit
OC, NPV	35.2%	Eligible assets, section 16 in Mortgage Credit Bank Act
WALTV (indexed)	48.1%	Eligible assets, section 16 in Mortgage Credit Bank Act
WALTV total (indexed)	48.7%	Total assets, including loan balances up to 100% LTV limit
Remaining average maturity (MCBA)	Years	Calculated according to:
Assets	6.5	Section 17 in Mortgage Credit Bank Act
Liabilities	4.1	Section 5.4.3 Finnish FSA regulation and guidelines 6/2012 Mortgage bank authorisation procedure and risk management

Currency risk	Before hedges		Hedges		After hedges	
	Pool assets	Covered bonds	Pool assets	Covered bonds	Pool assets	Covered bonds
SEK						
EUR						
USD						
Other						
Sum	0	0	0	0	0	0

According to Section 13 of the MCBA, collateral entered in the register of covered bonds must be in the same currency as the covered bond.

This also applies to derivatives contracts concluded to hedge against risks relating to covered bonds and the assets placed as collateral for them.

OPMB Cover Asset Pool as of 31 Dec. 2015

Key ratios

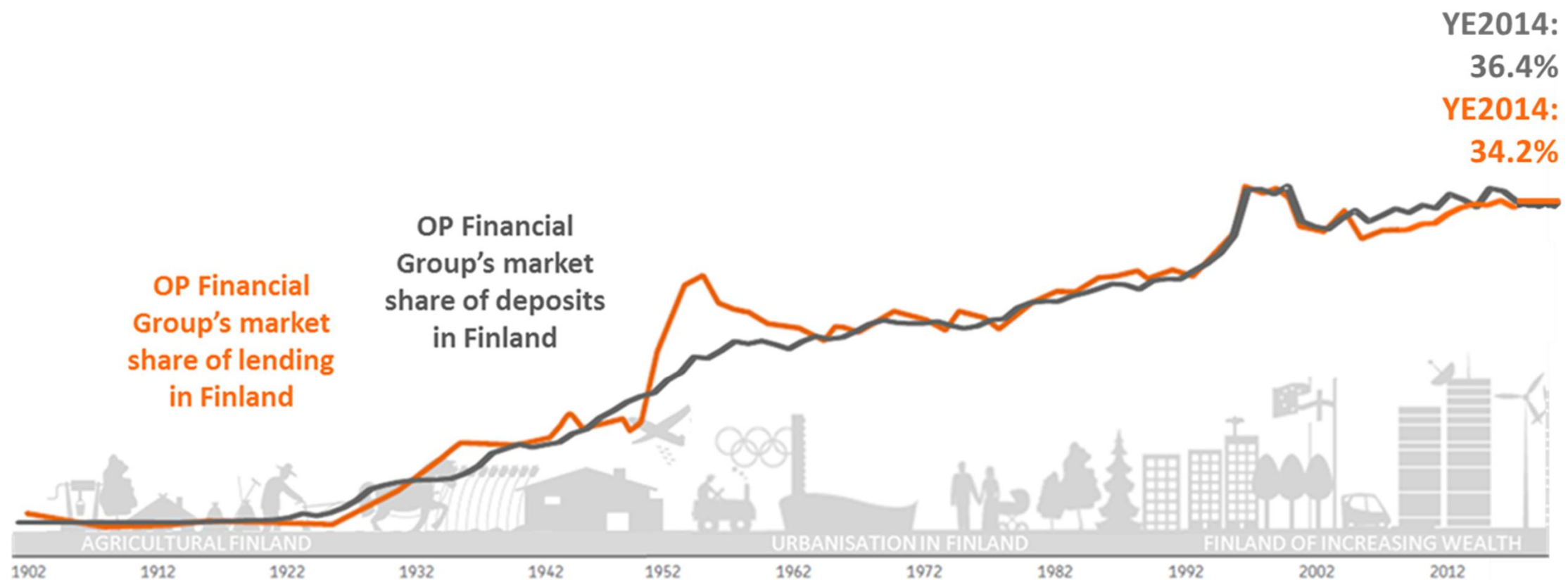
	Before hedges		Hedges		After hedges	
Interest rate risk	Pool assets	Covered bonds	Pool assets	Covered bonds	Pool assets	Covered bonds
Floating	9,768	200	9,840	8,845	9,823	8,845
Fixed	54	8,645			0	0
Capped floating	231		213		231	
Sum	10,053	8,845	10,053	8,845	10,053	8,845

Accrued interest cash flows, MEUR	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y
Interest income	97	89	95	102	108	108	106	101	96	85
Interest expense	14	11	25	35	43	51	39	30	24	18
Net	84	78	70	68	65	57	67	71	72	67

Calculation method used: Contractual maturities

Calculated according to:
Section 17 in Mortgage Credit Bank Act

Section 5.4.4 Finnish FSA regulation and guidelines 6/2012 Mortgage bank authorisation procedure and risk management



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Debt Investor Relations Contacts



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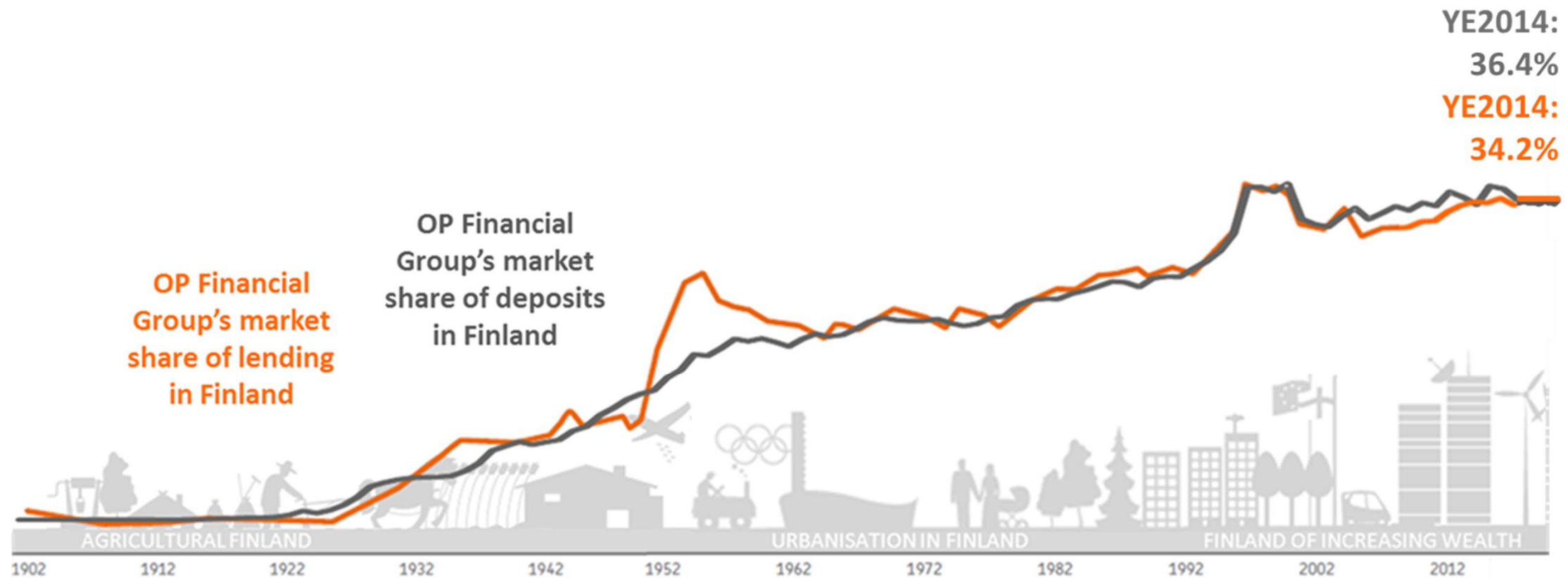
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Financial reports and background material online

- OP Financial Group: www.op.fi (English) > OP Financial Group > Media > Material service > OP Financial Group publications
- OP Corporate Bank plc: www.pohjola.com > Media > Material Service
- OP Mortgage Bank: www.op.fi (English) > OP Financial Group > Media > Material service > Subsidiaries' publications



Appendices

Bioeconomy as one of the new growth areas

- Branch of the economy using biological natural resources to produce products, energy, food and services.
- Clean, environment saving technologies and efficient recycling are typical to bioeconomy.
- The significance of the forestry sector in Finland has been and will be great, as over one half of Finland's bioeconomy today relies on forests.
- The objective of the Bioeconomy Strategy is to push bioeconomy output up to €100 bn by 2025 and to create 100,000 new jobs.

16% of the total Finnish economy (i.e. turnover of €60 bn)

13% of total employment in Finland (i.e. 300,000 persons)

26% of total Finnish exports (i.e. €14 bn)

Structure of OP Financial Group incl. OP Cooperative's main subsidiaries

1.5 million owner-customers, of which 90% households



178 OP Financial Group member cooperative banks

OP Cooperative

Banking

- OP Corporate Bank plc*
- Helsinki Area Cooperative Bank*** (OP Helsinki)
- OP Mortgage Bank*
- OP Card Company Plc*
- Member cooperative banks

Non-life Insurance

- OP Insurance Ltd** with its subsidiaries

Wealth Management

- OP Asset Management Ltd*
- OP Life Assurance Company Ltd*
- OP Fund Management Company Ltd*

- Finance & Treasury
- Risk Management
- Group Steering
- etc.

* OP Cooperative's ownership 100%

** Planned to be transferred to OP Cooperative's direct ownership in the future as a result of the completion of OP Cooperative's public voluntary bid for all OP Corporate Bank plc shares

*** OP Cooperative's ownership 2/3

OP Financial Group's long-term financial targets

		Target	2015	2014	2013	2012
Group level	Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates, %	≥ 160	207	189	219*	190
		18.0 by the end of 2016				
	Common Equity Tier 1 ratio (CET1), %	18.0	19.5	15.1	17.1*	14.1**
	Return on economic capital, %****	20.0	21.5	16.5	15.2	14.7
	Growth differential between income and expenses, pps***	> 0	21.1	14.0	-2.8	-4.2*****
	Rating: AA rating affirmed by at least 2 credit rating agencies (or at least at the main competitors' level)	2	2	2	2	2
Banking	Growth differential between income and expenses, pps****	> 0	4.1	9.6		
Wealth Management	Growth differential between income and expenses, pps****	> 0	18.6	18.6		
Non-life Insurance	Operating combined ratio, %	< 92	87.3	89.4	86.9	90.5

* As of 1 Jan. 2014

** Core Tier 1 capital adequacy

*** During 3 years

**** 12 mth rolling

In 2012, OP decided on an efficiency-enhancement programme, the objective of which was to achieve annual cost savings of €150 million by the end of 2015.

The set objective was achieved as planned.

Expansion of health and wellbeing business requires investments in service development, technology and expertise

Health and wellbeing as part of Non-life Insurance

- First Omasairaala hospital was founded in Helsinki in 2013
 - Faster clinical pathway
 - More efficient claims handling process
 - Incomparable customer satisfaction (NPS >90%)
- 4 new Omasairaala hospitals to be opened
 - In Tampere in August 2016
 - Later on in Oulu, Kuopio and Turku
- New innovative services in the field of specialised medicine and occupational health in addition to orthopaedics
- Omasairaala Oy will be renamed Pohjola Health Ltd in August 2016 and thereafter hospitals will go under name Pohjola Sairaala



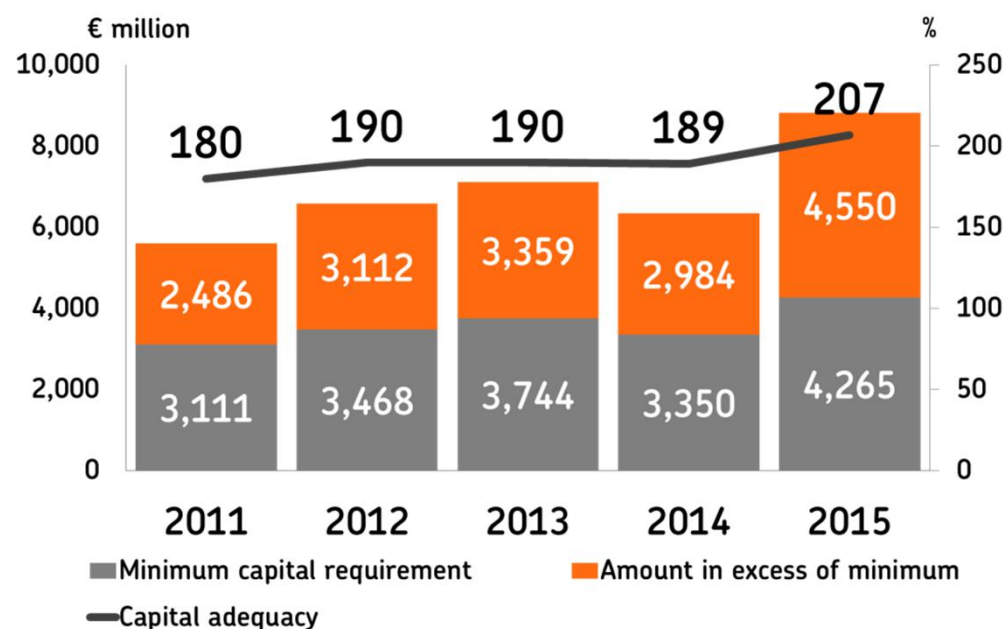
Profit Share* issuances by OP Financial Group member cooperative banks

- To achieve and maintain OP Financial Group's minimum CET1 target of 18%, OP Financial Group member cooperative banks began to issue profit shares in March 2014.
- In March 2015, OP Cooperative's Executive Board decided to continue profit share issuances until the target level of €2.3 billion is achieved.
- **Issuance supported by nationwide marketing campaign**
 - Profit share issuances by YE2015 totalled €2.5 billion, of which terminated profit shares accounted for €0.3 billion. Total target of €2.3 billion has virtually been met.
- **Issuance capacity**
 - Profit shares are sold in almost all OP Financial Group member cooperative banks.
- **Return target confirmed annually, 3.25% in 2016 (same as in 2014–15)**



*) A profit share is, as stated in the OP Financial Group Bylaws, an owner-customer's voluntary capital contribution to the Group cooperative bank's equity.

Capital Adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



- Statutory minimum requirement 100%
- OP Financial Group's minimum target 160%
- In 2015, capital adequacy buffer was
 - increased by earnings, profit share issuances and lower RWA, and
 - decreased by 54 pps by the Capital Conservation Buffer of 2.5% adopted in consolidated capital adequacy in Finland at the beginning of 2015
- Capital Conservation Buffer of 2.5% increased the consolidated capital adequacy requirement from 8% to 10.5%, calculated as percentage of RWA
- Solvency II and O-SII buffer will reduce the capital adequacy ratio under the Act on the Supervision of FICOs from 207% (as at YE2015) to 156% at the beginning of 2016. Negative impact of the O-SII buffer will be around 22 pps.

CSR at OP Financial Group

Corporate social responsibility is responsibility for the economic, social and environmental impacts of business operations. Financial sector plays a key role in promoting the stability of the whole society.

OP's corporate social responsibility programme



International commitments



CARBON DISCLOSURE PROJECT

OP Asset Management Ltd and OP Fund Management Company Ltd signed the UN Principles for Responsible Investment (UNPRI) in 2009, among the first Finnish asset managers.

CSR reporting



OP Financial Group has prepared its Corporate Social Responsibility Report in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

OP Financial Group's earnings analysis

€ million	2015	2014	2013	2012	2011	2010
Net interest income	1 026	1 043	915	1 002	1 030	917
Net income from Non-Life insurance	639	589	524	433	312	382
Net income from Life Insurance	278	197	175	108	72	100
Net commissions and fees	704	707	694	584	574	563
Other income	247	217	267	243	173	210
Total income	2 894	2 753	2 575	2 371	2 160	2 172
Total expenses	1 520	1 555	1 598	1 494	1 358	1 286
Returns to OP bonus customers	195*	195*	193*	192*	176*	163*
Earnings before impairment loss on receivables	1 179	1 003	784	684	626	723
Impairment loss on receivables	78	88	84	99	101	149
Earnings before tax	1 101	915	701	586	525	575
Change in fair value reserve	-219	152	-39	698	-400	225
Earnings before tax at fair value	883	1 067	662	1 283	125	800

* Returns to owner-customers and OP bonus customers

OP Financial Group's key figures

	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total assets, € million	125 145	110 427	100 991	99 769	91 905	83 969
Receivables from customers, € million	75 192	70 683	68 142	65 161	60 331	56 834
Liabilities to customers, € million	58 220	51 163	50 157	49 650	41 304	36 443
Equity capital, € million	9 324	7 213	7 724	7 134	6 242	6 726
CET1 ratio, %	19.5	15.1	17.1 ^a	14.1 ^b	14.0 ^b	12.6 ^b
Capital adequacy ratio, %	22.9	17.3	19.8 ^a	14.1	14.0	12.8
More than 90 days overdue receivables, € million	328	273	295	311	296	204
Ratio of more than 90 days overdue receivables to loan and guarantee portfolio, %	0.42	0.37	0.42	0.46	0.47	0.34
Loan and guarantee portfolio, € billion	77.8	73.6	71.0	67.7	62.8	59.4
Impairment loss on receivables, € million	78 ^c	88 ^c	84 ^c	99 ^c	101 ^c	149 ^c
Impairment loss on receivables / loan and guarantee portfolio, %	0.10 ^c	0.12 ^c	0.12 ^c	0.15 ^c	0.16 ^c	0.25 ^c
Personnel	12 130	12 356	12 856	13 290	13 229	12 504

a) As of 1 January 2014

b) Core Tier 1 ratio

c) January-December

OP Financial Group's key ratios

	2015	2014	2013	2012	2011	2010
Average corporate loan margin, % ^a	1.38	1.44	1.57	1.52	1.34	1.36
Cost/income ratio, %	53	56	62	63	63	59
Return on equity (ROE), %	10.3	8.1	8.9	7.0	6.8	6.9
Return on assets (ROA), %	0.7	0.6	0.7	0.5	0.5	0.5
Solvency ratio (Solvency II), Non-life Insurance, % ^b	139	117	125	n/a	n/a	n/a
Solvency ratio (Solvency II), Life Insurance, % ^b	149	100	99	n/a	n/a	n/a
Operating combined ratio, Non-life Insurance, %	87.3	89.4	86.9	90.5	89.8	89.7

a) OP Corporate Bank's corporate loan portfolio

b) According to Solvency II draft (EU 138/2009) excl. effects of transitional provisions. Use of transitional provisions is subject to permission from the Finnish FSA.